

Why Banks Need *A New NFS Playbook*

Moving From NFServices to NFSolutions

This report is a companion document to the Innovation Hub on Non-Financial Solutions at the SME Finance Forum in Johannesburg, South Africa on September 17, 2025.



KOREFUSION

Strategy consulting and M&A advisory to win in the international fintech industry.

Strategy Consulting for *International Payments* and Fintech

Our *Expertise*:

- Faster/ Real-Time Payments
- Account-to-Account Payments
- Merchant Acquiring & Payment Processing
- Cross-Border Payments & Remittances
- Consumer Credit & Card Products
- SME & Commercial Payments
- P2P & P2M Payments
- Open Banking
- Consumer Credit & Card Products
- Super Apps, Digital Business & SaaS Platforms
- Alternative Payments Methods

Our *Services*:

- Board & C-Level Advisory
- Commercial Due Diligence
- Build-Buy-Partner Decisions
- Payments Trends Analysis
- Market Sizing & Market Entry
- Value Propositions & Product Testing
- Competitive Benchmarking
- Consumer & Customer Insights
- M&A Services by KoreFusion Capital

28

Years of our leadership team
shaping payments strategy

89%

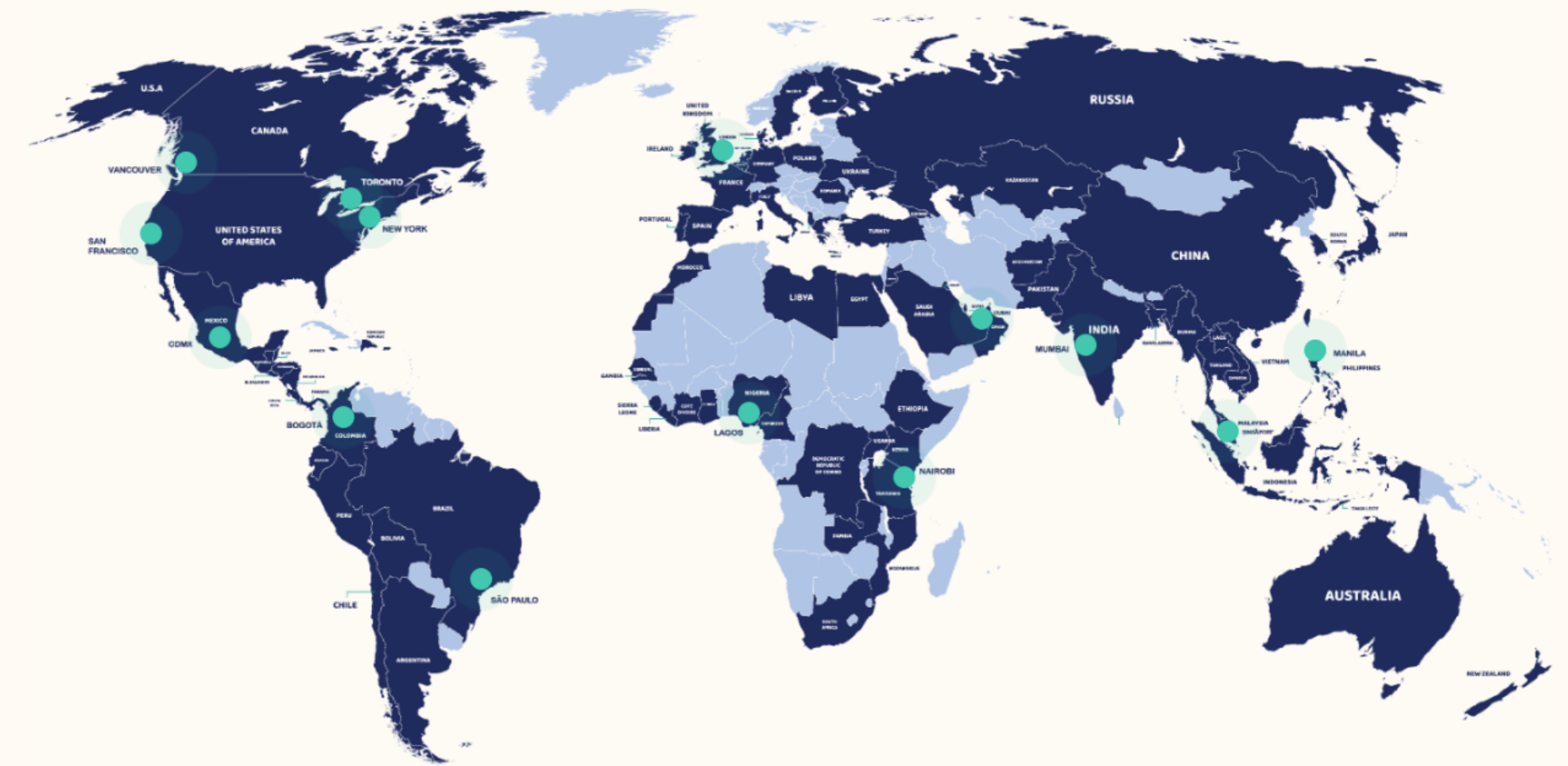
Of our projects come from
returning clients.

475+

Projects completed in the last ten years

81

Countries and counting



● Team Locations ● Where we have worked

About the *Authors*



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A Note from the KoreFusion Team

Dear Reader,

Small and medium enterprises (SMEs) are the backbone of economies worldwide, yet their needs are evolving faster than many financial institutions can keep pace with. Access to capital remains critical, but it is no longer sufficient. SMEs now expect providers to deliver broader support – tools that help them operate more efficiently, reach new customers, and stay compliant.

This paper explores the strategic importance of Non-Financial Services (NFS) for banks and other financial institutions serving SMEs. It highlights why NFS are becoming central to SME engagement, how it can strengthen financial offerings, and where opportunities lie for providers to differentiate and grow.

While the paper underscores the challenges traditional banks face from fintechs, platforms, and digital providers, it also shows how banks remain well positioned to win – if they move quickly. It offers a path forward, with practical ways to embed NFS into strategies and secure long-term advantage.

This document is a companion to the Innovation Hub on Non-Financial Solutions at the SME Finance Forum in Johannesburg, South Africa, on September 17, 2025. It summarizes KoreFusion's research and key findings on SME pain points, and is designed to support meaningful discussions at the Forum and beyond.

Please read on, join us in the conversation, and explore how your institution can lead in shaping the future of SMEs.

We are always glad to hear from you at hello@korefusion.com.

Sincerely,

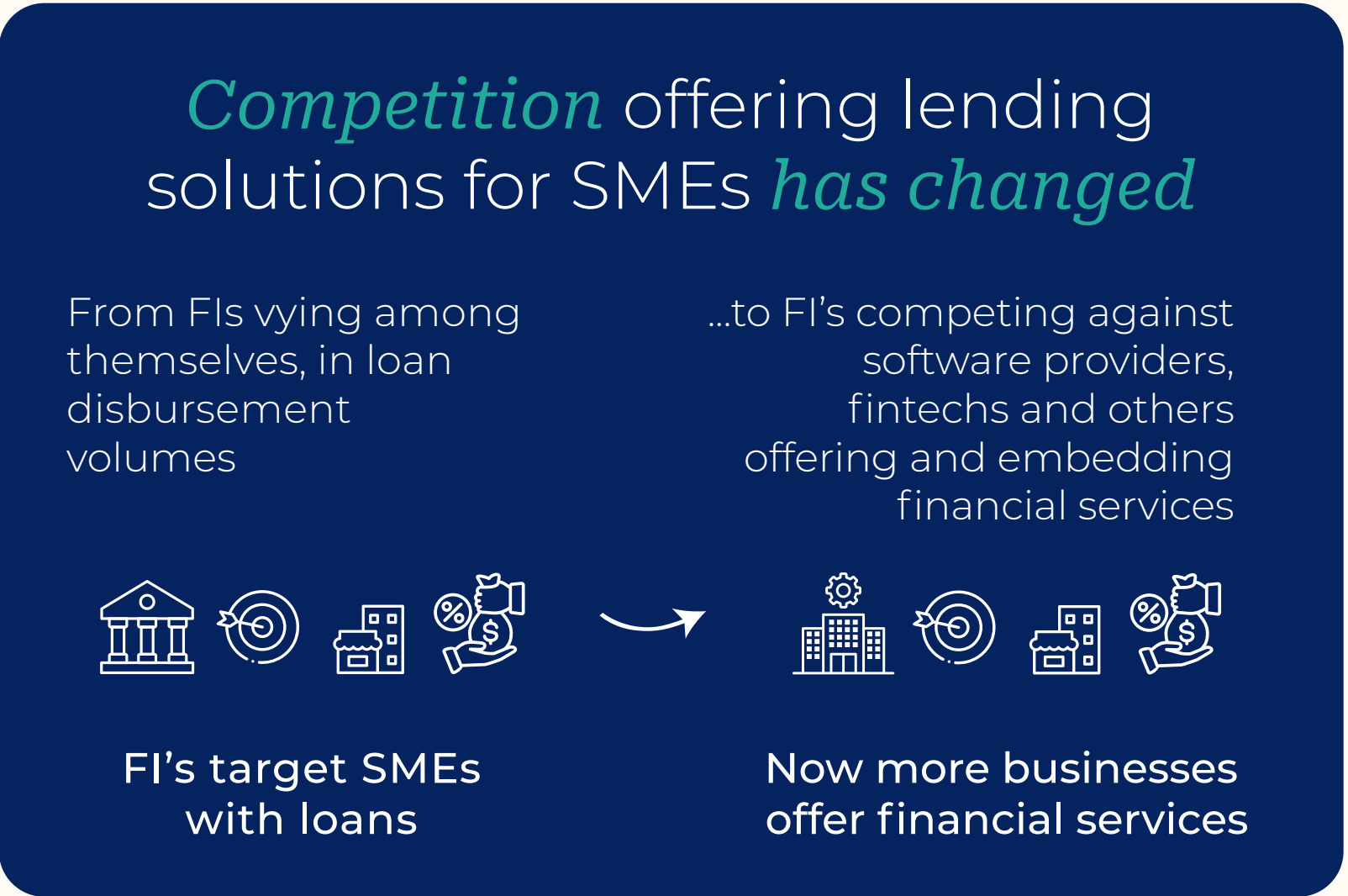
The KoreFusion Team

Traditional Financial Institutions (FI) are *Facing Increased Competition*

The traditional business of financial institutions is confronting increased competition.

SME financing has long been viewed primarily through the lens of Financial Institutions offering direct lending solutions. Banks, microfinance institutions, and development lenders have focused on capital provision with success often measured in loan disbursement volumes. Where competition existed, it was largely about rates and terms.

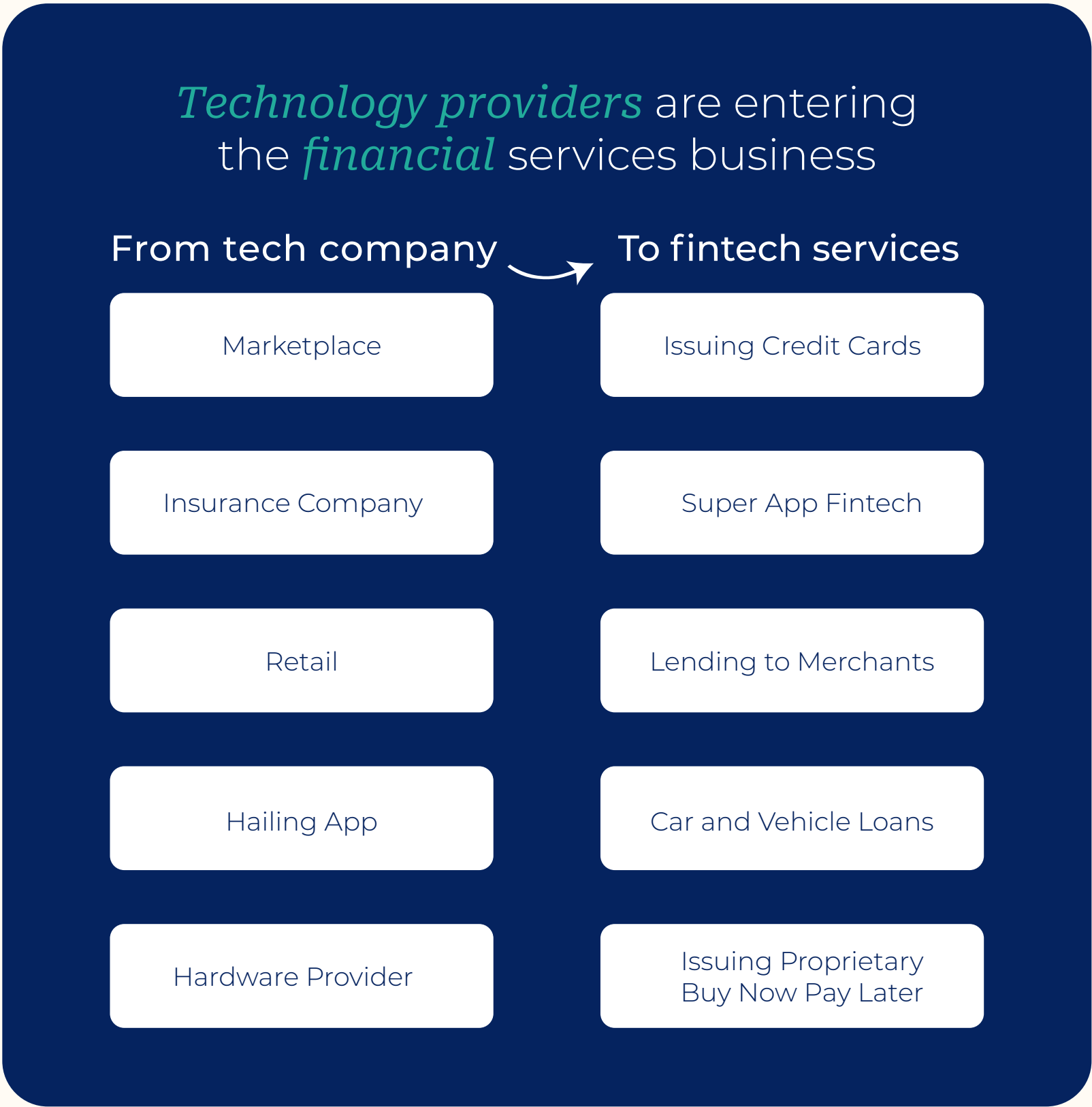
But today's reality is far more complex.



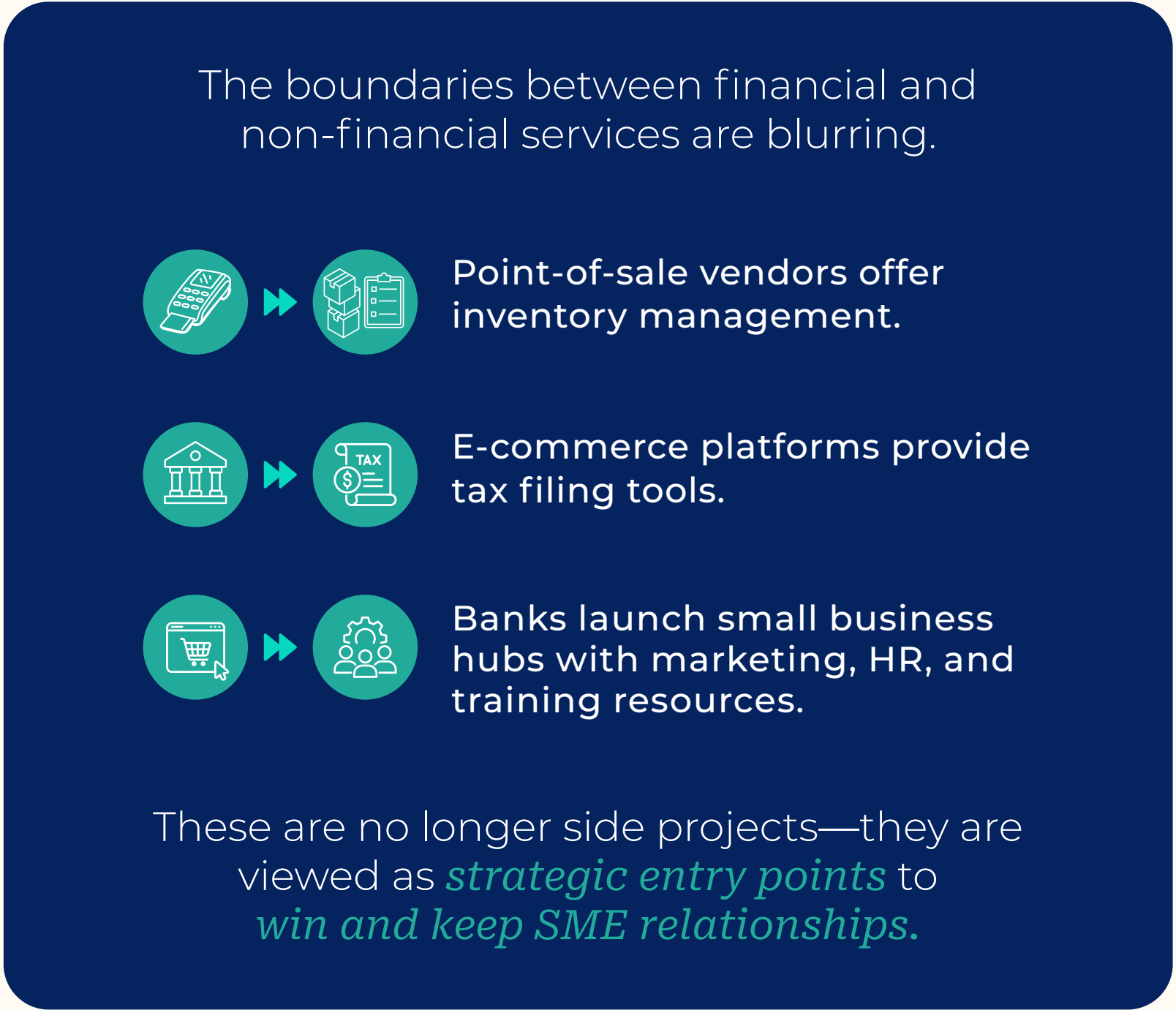
SMEs are diverse in size, sector, and ambition and today's SME enablement ecosystem is broader, faster-moving, and more interconnected. Operational capacity, customer reach, and compliance readiness are increasingly just as critical to SMEs' success as access to capital.

To address these needs, SMEs rely on a growing range of non-financial services. Beyond traditional suppliers and distributors, essential support now comes from providers of inventory systems, utilities, digital marketing platforms, accounting software, and more.

With the rise of fintech and platform business models, many of these service providers are crossing into the financial space, offering credit, payments, and other embedded solutions.



At the same time, traditional financial institutions are expanding beyond loans and deposits into areas once considered far outside their remit.



Importantly, many of these initiatives aim to improve the health and long-term growth and financial acumen of SMEs.

The most innovative providers—whether fintechs, vertical SaaS providers, or traditional financial institutions—are deliberately extending their role across the SME operational value chain. They recognize that SMEs increasingly want holistic solutions and that while NFS are not directly financial, they can significantly improve an SME's access to capital and financial health while reinforcing their relationship with the SME.

What are *NFS*?



The SME *Operational Value Chain* and Jobs to Be Done

An SME's Operational Value Chain can be seen as a series of “jobs to be done,” with a mix of both back office and front office activities required to run and grow the business.

Historically, Financial Institutions played a limited role with a focus on the “Get Capital” and “Get Paid” stages.

KoreFusion’s research shows that
SMEs interact with more than **+40** *different types of partners*

both *financial* and *non-financial* across their Operational Value Chain

This includes:

 Banks	 Suppliers
 Fintechs	 Distributors
 Technology Vendors	 Utilities
 Marketing Agencies	 and more

Today, SMEs expect their providers to play across multiple stages of the operational chain and are increasingly looking beyond traditional banks to find support.

On average, SMEs work with **2.8** financial service providers, but...

-  **54%** of SMEs are unhappy with their bank.
-  **39%** want to switch to a fintech or neobank.
-  **36%** would be open to getting financing from their supplier.

Our research also shows that **SMEs spend a disproportionate amount of time on Non-Financial Services unrelated to the core of the business.**

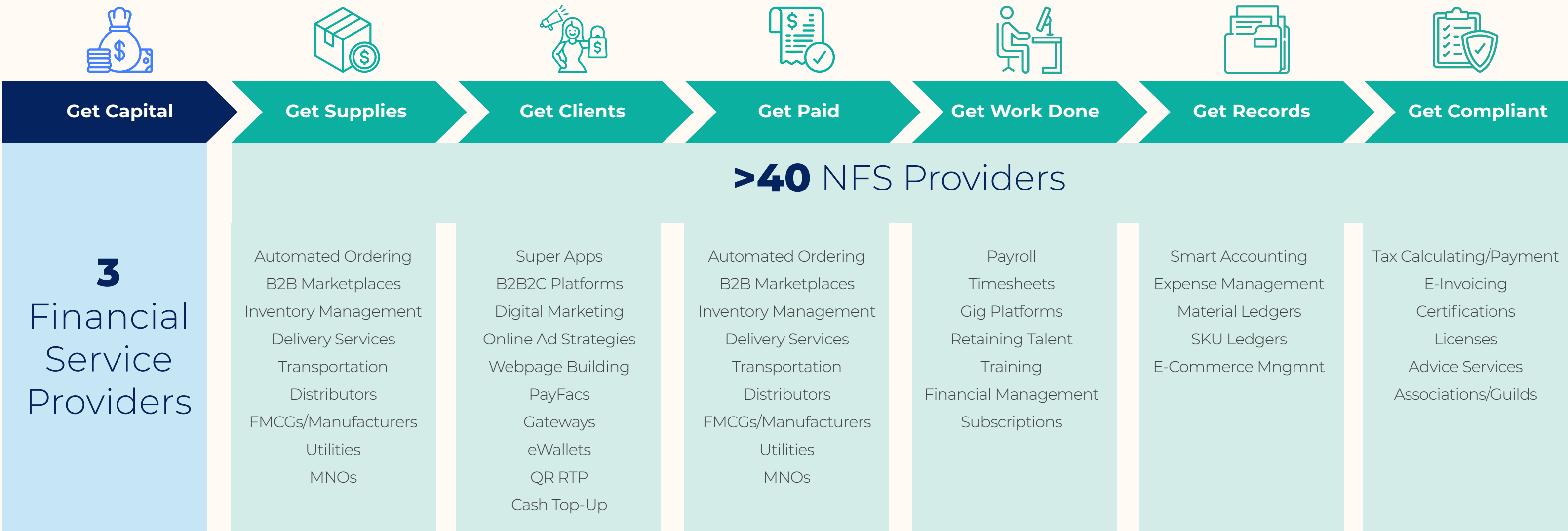
This time drain affects both their operational capacity and financial health. Time spent also impacts who SMEs grow to trust and rely on the most.

Providers that can help SMEs address these operational challenges are often well placed to also offer—and successfully cross-sell—financial services.

The competitive landscape has shifted. **NFS is no longer optional for financial lenders who want to remain relevant and defend their client relationships.**

Traditional Banks are Outnumbered 13 : 1
across the SME Operational Value Chain

SME Operational Value Chain



Why *Should Financial Institutions Care About* NFS?

In today’s SME market,
core financial products alone
rarely win or keep a client

Non-Financial Services

 create more frequent engagement

 generate richer data

 and strengthen relationships

while opening
new avenues for growth 

Retention & Loyalty



SMEs are more likely to stay with providers that help them run their business, not just finance it. Bundled solutions such as POS terminals with inventory tools can create powerful “stickiness.”

Revenue & Positioning



NFS can generate new income streams while positioning the issuer as a full-service partner rather than a commoditized lender or transaction processor.

Data & Insight



NFS usage produces valuable operational and transactional data, enabling better credit assessment, risk management, and product design.

Defensibility



Fintechs, super-apps, and large merchants are integrating NFS with financial products to “own” the SME relationship. Offering NFS helps issuers remain the primary partner rather than a background utility.

SME Health



NFS may also help SMEs learn how to better administer their business and finances, thereby contributing to their growth prospects and mitigating financial risk for lenders.

NFS is not a departure from core financial services—it is a way to amplify them.

By addressing a broader set of SME needs, issuers can protect existing relationships, attract new ones, and capture value that might otherwise go to competitors.



50% of the traditional banking and lending stack is already offered to SMEs by NFS providers

Why are Financial Institutions *Well-Placed to Offer NFS*

Banks prioritize their pain points but not those of SMEs



70% of SMB owners use their personal accounts instead of an SMB account



75% of banks offer credit cards but only **33%** offer receipt capture



76% of banks use digital account opening but only **49%** offer integrations with accounting software



78% of banks offer payroll solutions but only **29%** offer corporate funded cards for payroll, benefits, and incentives



Why are *Financial Institutions Well Placed* to Offer NFS?

KoreFusion research confirms that:



67%

of banks already have:



Trusted relationships with SMEs or their owner



Detailed knowledge of their SME clients



Broad distribution networks

While *fintechs* and platforms *have been quick* to expand into Non-Financial Services,

Banks have inherent advantages that make them strong contenders in this space.



42% of SME owners in business after five years want a bank loan to expand their business

Key SME pain points
FIs are well-positioned to address through Non-Financial Services

Difficulty accessing affordable credit



Using NFS such as digital bookkeeping or e-invoicing tools to generate richer data, improving credit assessment and enabling tailored, lower-cost financing.

Time lost on supplier management



Offering or integrating B2B marketplaces, automated ordering, and inventory management solutions to streamline procurement.

Limited digital presence



Providing website-building, e-commerce, and digital marketing services to help SMEs reach new customers.

Manual compliance processes



Delivering tax filing, licensing, and certification tools to reduce administrative burden and risk.



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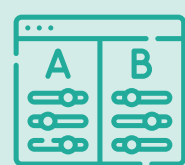
NFS are No Longer Just a Nice to Have: *The Benefits are Too Important*



NFS are becoming central to how SMEs choose, value, and remain loyal to their providers.



Banks today operate in an environment where product parity in lending and payments is common.



Competitive advantage can be built through broader engagement in the SME value chain.

SMEs want support in operations and knowledge

35% Want tips to run & grow the business

30% Want more integration with tools to manage costs & payments

25% Want specialized customer service & access to live channels

20% Want help separating business tools & finances from personal ones

But...

30% Of banks don't offer any business insights or training

50% Of banks have no integration to third-party cash flow forecasting or e-invoicing solutions

80% Of banks have not fully adapted to modern media channels

50% Of banks offer limited SME product information and support channels

FIs Should Seek Partnerships or *Risk Being Replaced*



By embedding Non-Financial Services delivered through partnerships



Banks can:



solve operational bottlenecks,



deepen client engagement, and



create new pathways to offer financial products.

With rising SME expectations and an increasingly diverse partner ecosystem, *a channel partner approach makes strategic sense.*

By integrating with, partnering, or co-distributing through other providers in the value chain, banks can:



become part of more of the SME's daily activities



gain visibility, data, and loyalty



and expand their value proposition.



KOREFUSION

Banks Need to *Put the SME First*

Despite newcomers and product innovation,
common *SME challenges remain*:



Reduce time managing
inventory and suppliers



Optimize manual HR &
Admin processes



Help attract and keep
clients



Improve financial
management and
cashflow cycles



Stay compliant with licenses and taxes

A focus on solving these challenges will help banks
move from NFServices to NFSolutions and NFSupport

Payments are a *Natural First NFS for Banks*

Payments remain the most common starting point for SME engagement—and often the first step toward a broader provider relationship. Yet even here, the growth potential is significant.

In emerging markets, our analysis confirms the *potential to digitize payment acceptance for 177 million SMEs*

+55%

Over 55% of SMEs operate in person-to-merchant (P2M) segments, offering large opportunities for merchant enablement.

20%

Only 20% currently accept card payments.

36M

Around 36 million SMEs remain entirely cash-only.

These acceptance gaps represent not only a payments opportunity but a gateway for providers to offer integrated operational tools—from digital commerce to inventory management—that connect directly to financial products.

Payments help you:

Strengthen Loyalty

The data underscores that financial institutions that expand into NFS can directly address high-friction pain points, strengthen loyalty, and preempt competitive threats from fintechs, super-apps, and large merchants.



Mitigate Credit Risk

Payments data offers a unique window in the functioning of a business and its cash flow.

Data can be used to improve underwriting decisions and reduce credit risk exposure.

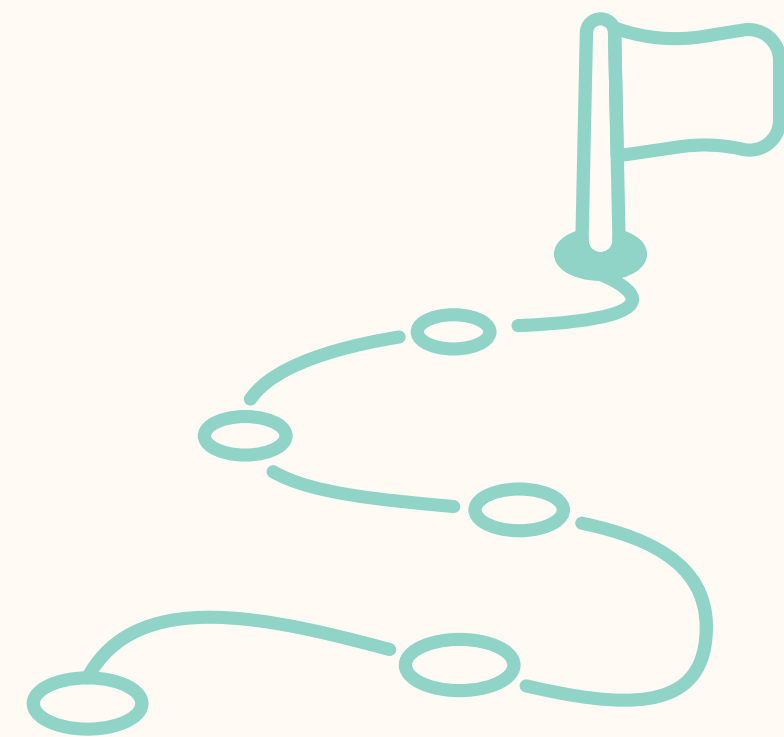


Improve Retention

Banks that combine financial products with targeted NFS—especially those linked to acceptance, digital commerce, and operational efficiency—can improve retention, deepen relationships, and defend against competitive threats.



The Path to *NFSolutions*



Put the SME first



Lead with payments



Define your narrative



Realize you need to partner with NFS providers and brands



Embrace APIs

KoreFusion's Global SME Research Can Help *Define your NFS Narrative*

Our analysis covered *4 global SME research programs* across *45 countries* in the last *3 years*



SME Taxonomies

Segmentation by size, business model, and payment acceptance.



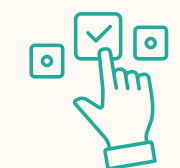
FI Offerings Audit

Mapping of Financial Lending, Payment Solutions and NFS capabilities used by SMEs.



SME Operational Value Chain Survey

How SMEs spend their time, and with which suppliers.



SME Owner Preferences Survey

Drivers for selecting financial providers.

This multi-year research program has created one of the most comprehensive datasets on NFS adoption and potential in the SME segment.

Let's *Connect*

We provide insights and advice across international payments and financial services.

You can leverage our knowledge and consulting services to make strategic decisions that will help you succeed in your markets and expand your growth opportunities by utilizing this robust system of multiple global studies and our experience in shaping payment strategies across 81 countries.



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K O R E F U S I O N

