

Understanding the Impact of the MSME Financing Gap in Mexico



MSME role in Mexico

Medium, small, and micro enterprises (MSMEs) are a major part of the Mexican economy.

4.5M

MSMEs across the country

78%

Approximately 78% of the private sector workforce is employed by MSMEs

52%

Account for HALF (52%) of Mexico's GDP

How MSMEs are underserved:

Despite their prevalence, MSMEs face significant financial challenges that prevent them from reaching their full potential.

~9%

Low SME financial inclusion: only ~9% have access to credit

~60%

of SMEs discourage from taking loans, mostly because of high costs, complex process and low odds of approval

~18%

MSME loans account for only ~18% of total outstanding business loans, while representing 52% of the GDP



Traditional lending is an option for few businesses.

~12%



~50%

Mexican MSMEs have an **avg. interest rate of ~12%**, almost **2X** the rates for large enterprises*

of SMEs' that applied for a loan and **got rejected**

These constraints contribute to a productivity gap between MSMEs and large enterprises, with MSMEs representing 78% of the workforce but only 52% of the GDP.

Equitable solutions to the funding gap will boost Mexican businesses, increase employment opportunities and grow the national GDP.

One step further: Establishing a working capital platform with national scale could contribute to unlocking up to 1.1% of GDP and up to 1.3% employment growth.

\$30B USD

of Potential working capital unlocked for MSMEs in Mexico due to LE and MSME transactions

Up to 1.1%

of economic value creation potential as a percentage of current GDP

Up to 0.8 - 1.3%

jobs creation potential (0.5M - 0.8M)



Details about the study:

C2FO and McKinsey used public and non-public data sources, including government economic data, to assess SMEs' contribution to Mexico's GDP and employment in 2022. The study adopted a rigorous top-down and bottom-up method to calculate the working capital opportunity for SMEs, highlighting the difference between working capital needs and the current gap in funding those needs.

About C2FO

Learn more about C2FO's suite of working capital solutions for businesses, its global network, and its worldwide impact by visiting C2FO.com.

* Figures reflect 2022 data.