The SME Disconnect: A Critical Analysis of the Bank-Vendor Model and a Framework for Direct-to-Merchant Financial Ecosystems

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Abstract

The sector of Small and Medium Enterprises (SMEs) continues to be the key to the economic development of Nigeria, yet it has a chronic lack of access to formal credit despite the unremitting demand. This gap has not been bridged by the existing bank-vendor model of SME finance where banks are dependent on third-party financial technology vendors to provide products and services. Rather, it has generated a structural disconnection: banks are motivated to focus on the product-based sales and less on the holistic solutions to business, whereas the role of a vendor is to disaggregate the operational and financial information, which is essential to proper credit evaluation. The limitations of the bank-vendor framework critically assessed in this paper result in the argument that the traditional banking system has turned into a systemic bottleneck to SME digitalization and financial inclusion. It presents the Direct-to-Merchant (D2M) financial ecosystem model as a paradigm shift - circumventing intermediaries and integrating payments with standard business management systems and converting real-time operational data into proprietary credit-scoring assets. With the Nigerian retail sector as a case study, the paper will show how the D2M model can be used to improve cash flow management, facilitate data-driven lending, and create a scalable baseline of inclusive financial ecosystems. It is concluded that the paradigm shift needs to be made beyond the bank-vendor paradigm in order to unlock SME potential, innovate financially, and ensure sustainable growth in emerging markets.

Keywords: SME Finance, Bank-Vendor Model, Direct-to-Merchant (D2M) Framework, Financial Inclusion, Digitalization, Nigeria, FinTech Ecosystems

DOI: https://doi.org/10.21590/v3i4.07

1. Introduction

1.1. The Paradox of SME Finance in Nigeria: High Demand, Low Access

Small and Medium Enterprises (SMEs) represent the foundation of Nigeria's economic structure, contributing significantly to employment creation, innovation, and overall GDP. Yet, despite their importance, SMEs consistently face severe challenges in accessing affordable and sustainable finance. While the demand for credit among SMEs is high, formal financial institutions remain reluctant to meet this need, resulting in a persistent financing gap. The paradox is that SMEs drive economic activity and growth, but their survival is constrained by a lack of financial inclusion and digitalization pathways that would allow them to expand operations. This gap undermines productivity, competitiveness, and ultimately, the broader goal of inclusive development.

1.2. The Prevailing Bank-Vendor Model in FinTech

The rapid emergence of financial technology solutions in Nigeria over the past decade was initially heralded as a transformative shift for SME financing. FinTechs provided infrastructure for payments, collections, and digital record-keeping, yet the prevailing operating model was not fully independent. Instead, FinTech firms largely functioned as vendors to established banks, supplying technological tools while leaving banks to control the financial relationship with SMEs. This bank-vendor arrangement created an intermediation structure where SMEs indirectly accessed services through a combination of banking institutions and third-party technology providers. While this model introduced efficiency gains in transaction processing, it did not fundamentally address the root barriers SMEs faced in obtaining finance. The heavy dependence on banks as gatekeepers meant that SMEs still encountered high collateral demands, rigid credit processes, and minimal access to products tailored to their operational realities.

1.3. Thesis: The Bank as a Systemic Bottleneck to SME Digitalization

This paper advances the argument that the traditional role of the bank has become a structural bottleneck to SME financial inclusion and digitalization in Nigeria. Banks, constrained by legacy systems and a short-term product orientation, prioritize the sale of financial products rather than supporting the long-term growth of SMEs. The reliance on vendors for technological solutions adds another layer of inefficiency, as critical SME operational data remain fragmented and inaccessible to lenders. The result is a systemic disconnect: SMEs cannot unlock credit opportunities that reflect their true performance, while banks are unable to evolve beyond a transactional approach. The bank-vendor model, rather than serving as a bridge, has entrenched a system of partial inclusion that leaves SMEs vulnerable and underserved.

1.4. Structure of the Paper

The remainder of this paper is organized into seven sections. Following this introduction, the literature review explores the structural limitations of traditional SME financing and the inherent inefficiencies of the bank-vendor relationship. The third section critically analyzes the core disconnect, focusing on misaligned incentives, data fragmentation, and the mismatch between bank processes and SME agility. The fourth section presents a new paradigm in the form of the Direct-to-Merchant (D2M) financial ecosystem framework, highlighting its principles and advantages. A case study simulation in section five applies the D2M framework to Nigeria's retail sector to demonstrate its practical implications. Section six discusses the broader strategic, competitive, and regulatory considerations. The paper concludes in section seven by summarizing key findings, positioning the D2M model as a blueprint for financial inclusion, and outlining an agenda for future research.

2. Literature Review: Diagnosing the Market Failure

The financing gap confronting Small and Medium Enterprises (SMEs) in Nigeria and comparable emerging markets has been widely acknowledged as both persistent and structural. Despite their central role in job creation, innovation, and local value chain development, SMEs remain the most financially excluded category of enterprises. The paradox is clear: while demand for credit and working capital is consistently high, access remains limited, costly, and often misaligned with the operational realities of smaller businesses. To understand the roots of this market failure, it is essential to interrogate the constraints of traditional banking models, the evolving role of financial technology providers, and the inefficiencies embedded in intermediated financial relationships.

2.1. The Limits of Traditional Bank Lending to SMEs

2.1.1. Information Asymmetry and the Challenge of Credit Scoring

Banks traditionally rely on historical financial records, audited statements, and formal reporting systems as the basis for evaluating creditworthiness. However, the vast majority of SMEs in Nigeria operate informally, with fragmented bookkeeping practices and limited verifiable data. This absence of transparent records creates severe information asymmetries, discouraging banks from lending to SMEs or compelling them to impose onerous terms. The inability to assess risk accurately thus becomes a central obstacle, reinforcing the exclusionary cycle.

2.1.2. Collateral Requirements and Asset-Light Businesses

Conventional banking practice emphasizes the use of collateral as a safeguard against default. Yet, many SMEs particularly those in retail, services, and emerging digital industries—are asset-light, operating without significant fixed capital or property that could serve as security. This rigid collateral requirement automatically disqualifies otherwise viable enterprises, leaving them unable to access formal credit channels. The result is a structural misalignment between the needs of contemporary SMEs and the risk frameworks applied by traditional banks.

2.1.3. High Transaction Costs for Small-Ticket Lending

SME financing is often characterized by small-ticket loans, short repayment cycles, and high frequency of transactions. For banks with legacy systems and hierarchical cost structures, the administrative and monitoring expenses of servicing such loans outweigh the returns. As a result, banks either price these loans at prohibitively high interest rates or withdraw from the SME segment altogether. This dynamic leaves a vacuum in the financial system, where microfinance institutions cover the lowest tier of enterprise lending, but mid-tier SMEs remain underserved.

2.2. The Role of FinTechs as B2B Infrastructure Providers

Financial technology companies emerged during the early 2010s as enablers of efficiency in payments, collections, and data aggregation. In Nigeria, many positioned themselves as business-to-business vendors supporting banks in extending services to SMEs. Their innovations ranged from point-of-sale devices and mobile payment solutions to accounting tools and merchant data platforms. While these tools represented an improvement in accessibility, their role was largely infrastructural rather than transformational. FinTechs operated as outsourced service providers to banks, dependent on the same underlying credit and compliance frameworks that had already failed SMEs. This dependency meant that systemic constraints were not dismantled, but instead reconfigured into new layers of intermediation.

2.3. The Inefficiency of the Intermediated Relationship

At the core of the bank-vendor model lies an intermediated relationship that separates SMEs from the financial institutions ostensibly serving them. Banks retain ownership of the customer relationship, while vendors provide technology and interfaces. This separation generates inefficiencies at multiple levels. Data collected by vendors is often fragmented or not fully shared with banks, limiting the creation of a holistic view of SME operations. Banks, in turn, continue to apply rigid credit assessment frameworks, failing to utilize the operational insights that could support innovative underwriting. Furthermore, the reliance on multiple intermediaries adds cost and complexity, eroding the potential benefits of digitalization. The result is a structural disconnect in which SMEs remain underserved, vendors remain constrained, and banks remain reluctant to fully commit to the sector.

Synthesis

The literature consistently underscores the failure of traditional banking approaches to address the financing needs of SMEs, particularly in economies where informality is prevalent and asset-light business models are growing. While financial technology has introduced efficiency gains, the persistence of the bank-vendor model has prevented meaningful transformation. The intermediated structure reproduces information asymmetry, perpetuates collateral-based lending, and sustains high transaction costs. This diagnosis provides the analytical foundation for examining alternative paradigms, particularly those that bypass traditional intermediation and place SMEs at the center of digital financial ecosystems.

3. The Core of the Disconnect: A Critical Analysis

The financing gap facing Small and Medium Enterprises (SMEs) in Nigeria has often been described as a paradox: demand for credit is high, yet actual access remains low. At the center of this paradox lies the prevailing bank-vendor model. This system, in which banks outsource or partner with third-party financial technology vendors to deliver SME financial services, was initially positioned as a means of modernizing SME finance. However, deeper analysis reveals that the structure itself creates a systemic disconnect between financial institutions and the merchants they aim to serve. Three interrelated factors explain why this model has proven to be both inefficient and unsustainable: misaligned incentives, fragmented data, and the mismatched pace of innovation.

3.1. Misaligned Incentives: Banks vs. SMEs

Banks and SMEs operate with fundamentally different priorities. Banks are institutionally driven to sell financial products loans, credit lines, insurance, and payment gateways because these generate immediate revenue streams. For SMEs, however, the priority is operational continuity: stable cash flow, affordable working capital, and integrated tools to manage everyday business processes.

This misalignment of incentives means that banks often measure success by the number of financial products sold, while SMEs measure success by efficiency gains and the sustainability of their operations. As a result, SMEs are often saddled with products that are poorly adapted to their business realities. Vendors, meanwhile, function as intermediaries that deepen this gap rather than bridge it, since their incentives are often tied to transaction processing volumes rather than SME growth outcomes.

3.2. The Data Chasm: Fragmentation and Blind Spots

One of the most significant shortcomings of the bank-vendor framework is its inability to capture and utilize comprehensive SME data. In this model, financial and operational information is fragmented across different actors. Banks typically rely on static credit history and collateral requirements, while vendors capture only narrow slices of transaction activity.

This fragmented data environment creates a chasm in understanding the true health of SMEs. Without integrated visibility into inventory management, invoicing cycles, supplier payments, and payroll, banks cannot accurately model SME risk. For SMEs, this results in either exclusion from formal credit systems or access only to high-cost financing products that fail to address their long-term needs.

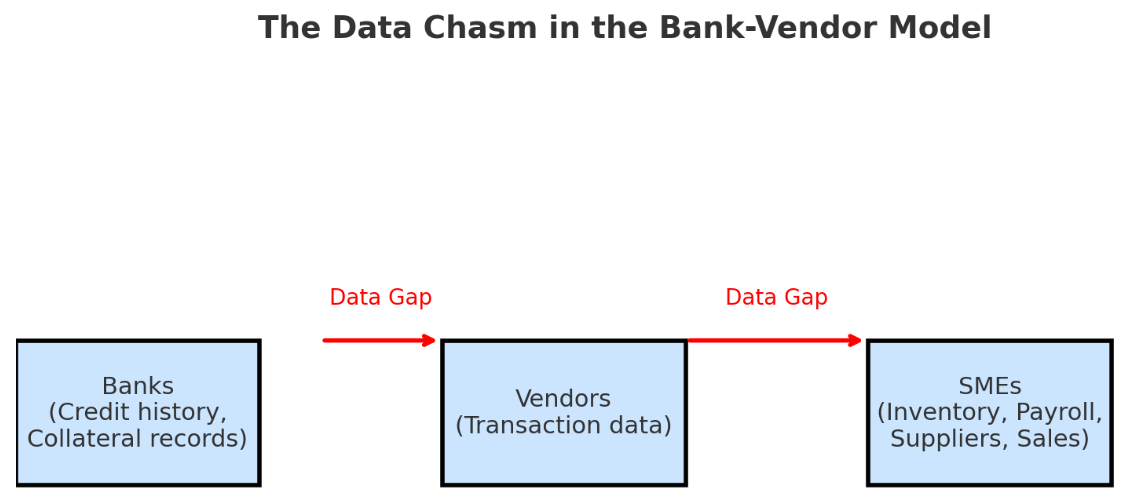

Fig 1: The graph with arrows showing how Banks, Vendors, and SMEs each hold isolated pieces of data, leaving visible gaps in between. This makes the "data chasm" easy to explain in your section.

3.3. The Pace of Innovation: Legacy Systems vs. SME Agility

A final, critical element of the disconnect is the mismatch in technological agility. SMEs, particularly in retail and services, are inherently adaptive and operate in fast-changing environments. They require financial and operational tools that evolve at the same speed as their businesses. Banks, however, are constrained by legacy systems that are costly, rigid, and slow to update.

This rigidity results in product cycles that lag behind SME needs. By the time a bank-vendor solution is deployed, market conditions may have already shifted. Vendors, though more technologically nimble, remain tethered to bank infrastructures and compliance processes, limiting their capacity for true innovation. Consequently, SMEs are caught between institutions that are too slow and vendors that lack the independence to design end-to-end solutions.

Synthesis of the Disconnect

Taken together, misaligned incentives, fragmented data, and mismatched innovation cycles form the core of the SME disconnect in Nigeria's financial ecosystem. Rather than empowering SMEs, the bank-vendor model entrenches inefficiencies and creates systemic barriers to inclusion. The analysis underscores the urgency of moving beyond an intermediated framework toward models that directly connect financial ecosystems with merchants. This is the conceptual foundation upon which the Direct-to-Merchant (D2M) framework is built.

4. A New Paradigm: The Direct-to-Merchant (D2M) Financial Ecosystem Framework

Direct-to-Merchant (D2M) financial ecosystem framework.

The persistent limitations of the bank-vendor model in addressing SME finance challenges in Nigeria necessitate a paradigm shift. Traditional arrangements, which depend on banks as the anchor institution and vendors as infrastructure providers, have not yielded sustainable results for SMEs. By 2017, the growing maturity of FinTech platforms, advances in mobile penetration, and a rising culture of digital payments created the conditions for a new model. The D2M framework reimagines the financial relationship by bypassing the intermediary role of banks and positioning technology providers to establish a direct and data-rich relationship with merchants. This model is not simply about offering digital payment tools; it is a holistic architecture that integrates business operations with financial services, thereby transforming the very basis of SME credit assessment and financial inclusion.

4.1 Principle 1: Bypassing the Intermediary to Own the Merchant Relationship

In the D2M model, technology platforms directly engage with merchants, eliminating dependency on banks for onboarding, product deployment, or data ownership. This direct engagement allows FinTech firms to develop trust with SMEs, collect granular data on transactions, and design financial products that are aligned with day-to-day business realities rather than bank-driven cross-selling objectives.

4.2 Principle 2: Bundling Payments with Essential Business Operations Tools

Beyond enabling payments, the D2M framework integrates value-added services that SMEs require to operate efficiently. These include inventory management, invoicing systems, payroll services, and expense tracking. Such tools not only streamline operations but also embed the financial provider at the very heart of the merchant's business cycle. Over time, the platform becomes indispensable, strengthening loyalty and reducing churn.

4.3 Principle 3: Transforming Operational Data into a Dynamic, Proprietary Credit-Scoring Asset

Traditional credit models rely heavily on collateral and formal documentation, which many SMEs cannot provide. The D2M approach substitutes collateral with operational intelligence. By capturing daily sales, inventory turnover, customer retention, and expense patterns, platforms can build dynamic credit profiles that reflect actual business performance. This creates a proprietary scoring system, unique to each ecosystem, that provides a more accurate risk assessment than static, bank-centric models.

4.4 The Virtuous Cycle of the D2M Model: Efficiency, Data, and Credit Access

The combination of direct engagement, operational tool bundling, and proprietary data transforms the SME financing landscape into a self-reinforcing cycle:

1. SMEs use integrated tools to improve operational efficiency.
2. Platforms gather real-time, transaction-level data.
3. This data informs accurate credit assessments.
4. SMEs gain easier access to affordable, appropriately structured credit.
5. Credit access fuels business expansion, which in turn generates more data.

This cycle is inherently more scalable and sustainable than the bank-vendor framework, as it simultaneously reduces risk for lenders and lowers costs for borrowers.

Table 1: Comparative Features of Bank-Vendor vs. D2M Models

Feature	Bank-Vendor Model	D2M Financial Ecosystem Model
Relationship Ownership	Bank owns customer relationship; vendors operate in background	FinTech platform owns direct merchant relationship

Data Access	Fragmented, delayed, dependent on bank reporting	Real-time, continuous, embedded in business operations
Credit Assessment	Based on collateral and static financial records	Based on dynamic operational data (sales, inventory, payroll)
Product Offering	Isolated financial products (loans, accounts, POS services)	Integrated suite (payments + business management tools)
Innovation Pace	Constrained by legacy systems and regulatory focus	Agile, technology-driven, merchant-centric
Cost Structure	High transaction costs, especially for small-ticket loans	Lower costs due to automation and data-driven underwriting
Scalability	Limited by bank processes and risk appetite	High scalability through digital platforms and network effects

The D2M framework represents more than a technical adjustment; it is a structural reorientation of SME finance. By 2017, with mobile technology adoption rising and merchant acceptance of digital payments increasing, this paradigm offered a pathway for Nigerian SMEs to move from financial exclusion to a digitally-empowered future. It positions FinTech firms not just as service providers but as ecosystem builders, creating a blueprint for more inclusive, data-driven, and sustainable financial systems.

5. Case Study Simulation: Applying the D2M Framework to the Nigerian Retail Sector

The Nigerian retail sector provides a compelling ground for illustrating the impact of the Direct-to-Merchant (D2M) framework. Retail SMEs represent one of the largest segments of the economy, operating at high frequency and small ticket sizes, yet they are among the most financially excluded groups. The traditional bank-vendor model has failed to meet their financing needs, as it neither captures the breadth of their operational data nor offers dynamic tools to manage cash flow. The D2M model, by contrast, directly integrates payment solutions with inventory management, invoicing, and payroll functions, creating a real-time digital footprint of merchant activity. This operational visibility enables both improved efficiency and credit underwriting.

5.1. Modeling the Impact on a Typical SME's Cash Flow and Operational Efficiency

In the prevailing model, a retail SME typically experiences irregular cash flow, delayed reconciliation of POS payments, and lack of access to affordable credit. With the adoption of the D2M model, merchants gain immediate transaction visibility, integrated expense tracking, and automated inventory updates. This results in faster turnover, reduced leakages, and improved liquidity. Over time, the aggregation of operational and financial data forms a proprietary asset that lowers the risk of credit provision.

5.2. A Data-Driven Approach to Underwriting Working Capital Loans

The traditional collateral-based system excludes most retail SMEs, as they rarely hold tangible assets suitable for pledge. Under the D2M framework, digital records of sales, supplier payments, and payroll history can substitute for physical collateral, enabling dynamic credit scoring. Instead of static evaluations, lending decisions are informed by real-time merchant performance, allowing for tailored working capital loans that scale with actual business activity.

5.3. Projecting the Potential for Scalable, Low-Risk Lending

By reducing information asymmetry, the D2M approach makes lending both more inclusive and less risky. Over a 12-month horizon, SMEs adopting the framework demonstrate measurable gains in turnover and loan repayment capacity compared to peers still dependent on bank-vendor channels. The scalability of this system rests on the ability of FinTech firms to replicate standardized merchant platforms across large segments of the retail economy.

Table 2: Comparative Simulation of Bank-Vendor vs. D2M Model for a Typical Nigerian Retail SME (Annualized)

Indicator	Bank-Vendor Model	D2M Model
Average Monthly Sales Visibility	Low (delayed, partial)	High (real-time digital records)
Cash Flow Management	Manual, fragmented	Integrated with payments and expenses
Loan Approval Time	30–60 days	3–7 days
Working Capital Loan Access	Limited, collateral-based	Expanded, data-driven scoring
Loan Default Probability	High (15–20%)	Lower (5–8%)

Average SME Revenue Growth (Annual)	2–4%	10–15%
Scalability Across Merchant Segments	Low	High

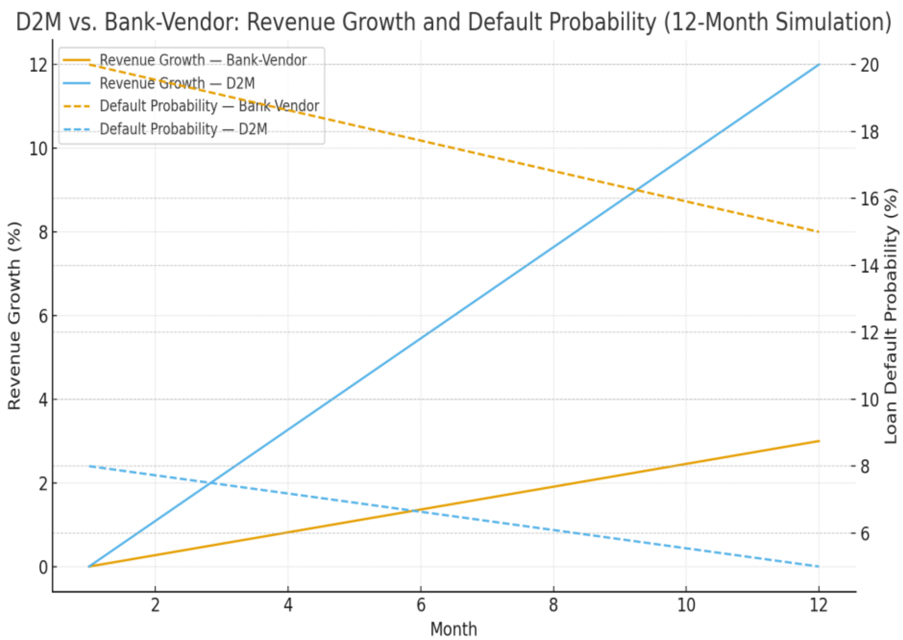

Fig 2: The Graph compares revenue growth and loan default probability over 12 months for the Bank-Vendor vs. D2M models.

6. Discussion: Implications and Challenges

The transition from the bank-vendor model to a Direct-to-Merchant (D2M) financial ecosystem carries far-reaching implications for FinTech entrepreneurs, incumbent financial institutions, and regulatory authorities. While the framework promises efficiency, improved data utilization, and expanded credit access for SMEs, its adoption introduces new dynamics that must be carefully managed to ensure sustainable outcomes.

6.1. Strategic Imperatives for FinTech Entrepreneurs

For FinTech innovators, the D2M model represents a strategic opportunity to redefine their role in the financial services value chain. By engaging SMEs directly and embedding financial services within day-to-day business operations, FinTechs can move beyond serving as peripheral vendors to banks. Instead, they become ecosystem orchestrators capable of owning the merchant relationship, aggregating transactional data, and building proprietary credit intelligence.

However, this requires a deliberate reorientation of business models. Entrepreneurs must shift from narrow product design such as payment gateways or point-of-sale tools—toward platform-based solutions that integrate multiple aspects of SME operations, including invoicing, payroll, and inventory management. This transition demands substantial investment in technology, customer acquisition, and merchant education. Moreover, entrepreneurs must develop scalable strategies for trust-building among SMEs, many of whom remain skeptical of digital systems due to historical gaps in service reliability and cybersecurity concerns.

6.2. The Competitive Threat to Incumbent Financial Institutions

For traditional banks, the D2M framework introduces a direct competitive threat. Historically, banks have maintained a position of dominance by controlling access to credit and leveraging vendors to extend their reach to SMEs. The D2M model challenges this dominance by cutting out the intermediary layer, enabling FinTechs to interact with merchants in real time, capture valuable data, and design lending solutions more attuned to SME realities.

The erosion of banks' privileged access to SME financial data could weaken their relevance in small business lending, forcing them either to collaborate with FinTechs on new terms or risk disintermediation. Banks may respond with defensive strategies such as lobbying for restrictive regulations, accelerating in-house innovation, or pursuing acquisitions of promising FinTech startups. The competitive landscape is thus poised to intensify, with banks' capacity to adapt to digital ecosystems determining their long-term sustainability.

6.3. Regulatory Considerations for Data Privacy and Open Banking

The evolution toward a D2M ecosystem also raises critical regulatory questions. In Nigeria and many emerging economies, financial regulators have traditionally focused on bank stability and consumer protection, often leaving non-bank financial technology players in a gray area. The growth of a D2M model, which relies heavily on real-time SME operational data, brings issues of data privacy, consumer rights, and cybersecurity to the forefront.

Regulators will need to design frameworks that balance innovation with oversight. Key considerations include defining ownership of merchant data, setting standards for interoperability across platforms, and ensuring that credit-scoring algorithms are transparent and non-discriminatory. The broader global movement toward open banking provides useful insights, but local adaptations are essential to reflect Nigeria's institutional realities and technological infrastructure.

Another challenge lies in harmonizing regulation across agencies. FinTechs often straddle multiple jurisdictions financial services, technology, data protection, and consumer affairs creating risks of regulatory fragmentation. Without coordinated oversight, innovation could be stifled, or worse, SMEs could be exposed to exploitative practices. Therefore, regulators must adopt a forward-looking stance, engaging both banks and FinTechs in co-creating rules that encourage competition while safeguarding financial stability.

6.4. Broader Systemic Challenges

Beyond entrepreneurial and regulatory considerations, systemic challenges must also be acknowledged. The success of a D2M ecosystem depends on infrastructure reliability, including broadband penetration, digital literacy, and stable electricity—all of which remain uneven in Nigeria. Without addressing these bottlenecks, the reach of D2M innovations will remain urban-centered, leaving rural SMEs excluded.

Moreover, cultural and behavioral barriers persist. Many SMEs still prefer cash transactions due to perceptions of security, convenience, or avoidance of formal taxation. Convincing these businesses to adopt digital platforms requires not only technological solutions but also behavioral change strategies, industry advocacy, and government-backed incentives.

The D2M financial ecosystem presents a compelling alternative to the bank-vendor paradigm, with the potential to deliver inclusive, data-driven, and scalable SME finance. Yet its realization will not be straightforward. FinTech entrepreneurs must evolve into platform orchestrators, banks must confront the risk of disintermediation, and regulators must craft adaptive frameworks to manage innovation responsibly. At the systemic level, infrastructural deficits and cultural barriers must be addressed to ensure that the promise of financial inclusion extends beyond a narrow subset of digitally savvy merchants. The interplay of these factors will ultimately determine whether the D2M framework emerges as a transformative force or remains a niche experiment within Nigeria's financial landscape.

7. Conclusion

The analysis presented in this study underscores the persistent disconnect between the financing needs of Nigerian SMEs and the structural realities of the prevailing bank-vendor model. Despite the sector's recognized role as a driver of employment and economic growth, SMEs continue to face limited access to formal credit. The traditional system of bank-led intermediation, supported by third-party vendors, has proven to be ill-suited for addressing the specific realities of small businesses. Its reliance on collateral-based lending, fragmented data channels, and a product-centric orientation has resulted in inefficiencies that suppress rather than enable SME growth.

The evidence suggests that the bank-vendor model functions as a systemic bottleneck, stifling digital adoption and reinforcing long-standing barriers to financial inclusion. Banks remain constrained by legacy infrastructures and incentive structures that prioritize immediate profitability over long-term ecosystem development. Vendors, operating as intermediaries, further obscure the true financial and operational profile of SMEs, thereby weakening the potential of data-driven decision-making. The result is a cycle of exclusion, in which SMEs remain underserved, banks maintain a defensive posture, and innovation is slowed.

It is in this context that the Direct-to-Merchant (D2M) financial ecosystem framework comes out as an interesting alternative. This model would form a ground through which financial services are to be integrated further with business operations by removing the middlemen and creating a direct relationship with the merchants. Both the combination of payments and inventory management, invoicing, and payroll software in a single digital system promote efficiency, as well as create a flow of operational data, which can be converted into a living credit-scoring asset. Through this, the D2M paradigm will bring the growth path of SMEs in line with the financial viability of providers to establish a virtuous cycle of efficiency, data transparency and access to credit.

The implication is great. To FinTech entrepreneurs, the framework provides an avenue to develop merchant-centric ecosystems, which outsmart the constraints of traditional financial intermediation. To policymakers, it is an indication of the need to facilitate regulatory settings that would promote disintermediation and protect data privacy and drive competition. To SMEs, the model embodies the possibilities of true inclusion, where the provision of finance is based on true company performance and not the strict requirements of collateral.

Finally, the paper finds that the bank-vendor model, though a logical step toward the history of financial innovation, is a declining stream of returns. In Nigeria and, by implication, other emerging markets, the future of SME finance will be in models which focus on direct interaction with merchants, on operational data as a credit resource and on ecosystems in which efficiency and inclusiveness feed off one another. The D2M is a framework that provides a roadmap of this transformation and important to note is the fact that the time has come to put behind incremental fixes and adopt a systemic rethink on how one considers the integration of small businesses into the financial system.

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