



Critical analysis on the risk appetite of commercial banks in financing SMMEs Africa: contracts awarded by government departments in South Africa, Limpopo Province- Hasani Elia Zitha

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Short Communication

The value contribution of Small, Micro and Medium Enterprises (SMMEs) in the economic mainstream around the globe has since gained traction from both business and private sector. The traction is centered on its power to create and expand employment opportunities, develop entrepreneurial skills and enhance market opportunities. To this end, SMMEs are regarded as the backbone of any economy and the main driver of economic growth. Although the picture of their potential in the economy is well painted, it is regrettable to realize the number of challenges that threatens their survival and growth. In South Africa, government departments, State Owned Enterprises and municipalities award contracts to SMMEs to render services, goods or works. It has been noted with great concern that there are SMMEs who fail to execute their contractual obligations due to lack of access to finance resulting resulted in them surrendering their contracts.

This article considers this as a missed opportunity for growth and sustainability by SMMEs whilst on the other end it has a major effect on service delivery. The above state of affairs is despite the existence of commercial banks and their potential to contribute towards the solution as one of the major role players in the financial sector.

The purpose of the conceptual paper is to give a critical analysis on the risk appetite of commercial banks in financing SMMEs with specific attention to contracts awarded by government departments and State Owned Enterprises in South Africa. Critical analysis on the risk appetite of commercial banks in financing SMMEs Africa: contracts awarded by government departments in South Africa, Limpopo Province.

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