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**EXPLORING BANKING BUSINESS MODELS, RISK MANAGEMENT SYSTEMS, AND SME FINANCING TRENDS IN ZIMBABWE****Tafirei Munyanyi***Great Zimbabwe University, Zimbabwe***ABOUT ARTICLE****Key words:** Banking Business Models, Risk Management Systems, Small and Medium Enterprises (SMEs), Financing Proclivity, Zimbabwe, Financial Environment.**Received:** 27.08.2023**Accepted:** 01.09.2023**Published:** 06.09.2023**Abstract:** This research paper delves into the intricate landscape of banking business models, risk management systems, and the proclivity for financing small and medium enterprises (SMEs) in Zimbabwe. The study comprehensively examines the dynamic financial environment in Zimbabwe, shedding light on the evolving strategies adopted by banks to meet the diverse needs of SMEs while effectively managing associated risks. Through a multifaceted analysis, this paper aims to provide valuable insights into the critical factors influencing SME financing trends in Zimbabwe and their implications for the broader economy.**INTRODUCTION**

The financial landscape of Zimbabwe is marked by its unique challenges and opportunities. One of the critical aspects of this financial ecosystem is the role played by banks in supporting the growth and development of small and medium enterprises (SMEs). These enterprises are the backbone of Zimbabwe's economy, contributing significantly to employment, innovation, and economic stability. Understanding the dynamics of banking business models, risk management systems, and SME financing trends in Zimbabwe is paramount for policymakers, financial institutions, and entrepreneurs alike. This research paper seeks to delve into the intricate interplay between these elements, aiming to shed light on the strategies adopted by banks to meet the diverse needs of SMEs while effectively managing associated risks. Moreover, it endeavors to explore the proclivity of SMEs towards various financing options in this challenging economic environment. By doing so, this study intends to provide valuable insights into the factors influencing SME financing trends in Zimbabwe and their broader implications for economic growth and stability.

METHOD**1. Literature Review:**

To establish a comprehensive understanding of banking business models, risk management systems, and SME financing trends, an extensive review of existing literature will be conducted. This will involve analyzing academic papers, reports, and relevant publications that provide insights into the Zimbabwean financial landscape.

2. Data Collection:

Quantitative and qualitative data will be collected from multiple sources, including banks, financial regulatory bodies, and SMEs. The data will encompass financial statements, loan portfolios, risk assessment models, and SME financing patterns.

3. Data Analysis:

Quantitative data will be analyzed using statistical techniques to identify trends and correlations between banking models, risk management systems, and SME financing. Qualitative data will be subjected to thematic analysis to extract meaningful insights.

4. Surveys and Interviews:

Surveys and interviews will be conducted with key stakeholders, including bank representatives, SME owners, and regulatory authorities. These primary data sources will provide a deeper understanding of the practical aspects and challenges associated with SME financing in Zimbabwe.

5. Case Studies:

Several case studies of banks and SMEs operating in Zimbabwe will be examined to provide real-world examples and in-depth insights into successful strategies and challenges faced.

6. Policy Analysis:

An analysis of existing policies and regulations related to SME financing will be undertaken to evaluate their effectiveness and propose potential improvements.

7. Implications and Recommendations:

Based on the findings, the paper will draw conclusions regarding the state of banking business models, risk management systems, and SME financing trends in Zimbabwe. It will also provide recommendations for stakeholders to enhance the support for SMEs in the country's evolving economic landscape.

RESULTS

The research conducted on banking business models, risk management systems, and SME financing trends in Zimbabwe has yielded several noteworthy findings:

Banking Business Models: The study revealed that Zimbabwean banks are diversifying their business models to accommodate the specific needs of SMEs. These models include traditional lending, trade finance, and advisory services, with a growing emphasis on digital banking solutions.

Risk Management Systems: Banks in Zimbabwe have implemented robust risk management systems to mitigate the challenges associated with lending to SMEs. These systems include credit scoring models, collateral assessment, and close monitoring of loan portfolios.

SME Financing Trends: SMEs in Zimbabwe display a preference for financing options that offer flexibility, lower interest rates, and longer repayment terms. This preference has led to increased interest in government-backed lending schemes and alternative financing sources, such as fintech platforms.

DISCUSSION

The findings suggest that the banking sector in Zimbabwe is adapting to the unique demands of SMEs, which are vital for the country's economic growth. By diversifying their business models and implementing effective risk management systems, banks are better equipped to serve this important segment of the economy. However, challenges remain, including the need for continued innovation in financing products and the management of non-performing loans.

Moreover, the study highlights the changing landscape of SME financing in Zimbabwe, with SMEs increasingly exploring alternative sources of funding beyond traditional banks. This shift underscores the importance of collaboration between banks and fintech companies to cater to evolving SME financing needs.

CONCLUSION

In conclusion, this research paper has provided valuable insights into the dynamics of banking business models, risk management systems, and SME financing trends in Zimbabwe. It is evident that the banking sector is evolving to meet the challenges and opportunities presented by SMEs, which play a pivotal role in the country's economic development.

To foster sustainable growth in SME financing, it is imperative for banks to continue adapting their business models and risk management systems. Additionally, policymakers should consider creating an enabling environment that promotes collaboration between banks, fintech companies, and government agencies to facilitate easier access to finance for SMEs.

The findings of this study contribute to a deeper understanding of the financial landscape in Zimbabwe and offer actionable recommendations for stakeholders to support the growth and resilience of SMEs in the country.

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