Qoyod Report

SME Financing in Saudi Arabia: SAR 489 Billion, with Micro Enterprises Leading Growth

A Saudi Central Bank data read of the financing map for micro, small and medium enterprises: the size of credit facilities and their growth path, the split by enterprise size and by lender, the official revenue classification, the role of the Kafalah programme, and four elements that determine your financing readiness.

2026

QOYOD

qoyod.com/reports

Financing is the difference between a good idea and a working business. Saudi Central Bank data shows that door opening at a record pace: total credit facilities extended to micro, small and medium enterprises reached SAR 489.2 billion at the end of the first quarter of 2026, up 27.6% year on year. But the most important number in this report is not the total, it is who captured the growth: financing to micro enterprises jumped 66.5% in a single year and multiplied eightfold over five years. This report reads the financing map in official numbers, then answers the practical question: what does a lender actually require before saying yes?

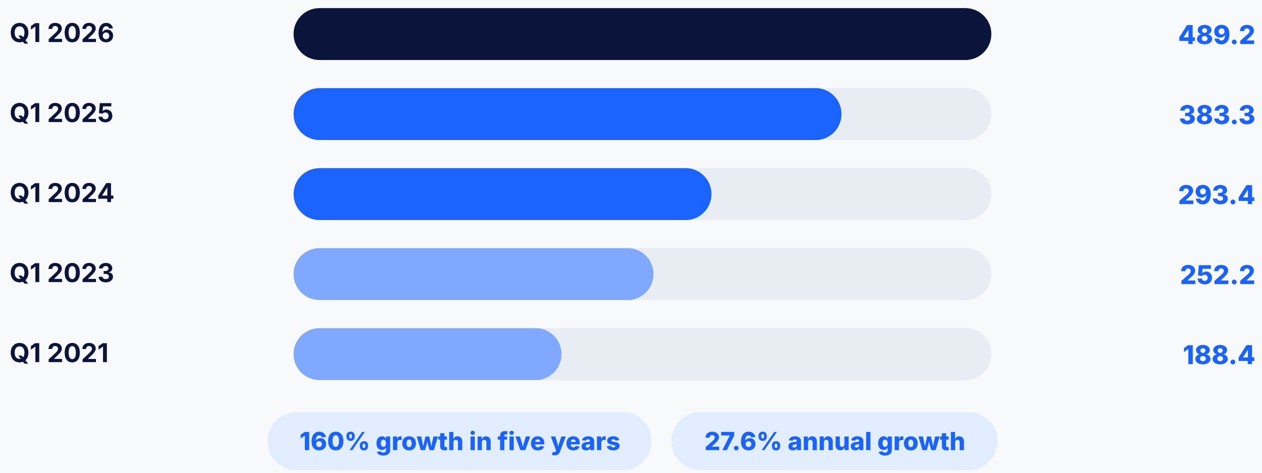
SAR 489.2B	27.6%	66.5%	8x
total MSME credit facilities at the end of Q1 2026	annual growth in total credit facilities	growth in micro enterprise financing in one year	growth in micro enterprise financing over five years

SAR 489 billion: the size of financing today

According to Table 14 of the Saudi Central Bank Monthly Statistical Bulletin, total credit facilities extended by banks and finance companies to micro, small and medium enterprises reached SAR 489.2 billion at the end of Q1 2026, against SAR 383.3 billion in the same quarter of 2025, an annual growth rate of 27.6%.

Extending the line backwards shows the scale of the shift. At the end of Q1 2021 the figure was only SAR 188.4 billion. Financing directed to this segment has therefore grown 160% in five years, a high growth rate by the standards of any financing segment.

Growth path of credit facilities to micro, small and medium enterprises (SAR billion)



Source: Saudi Central Bank, Monthly Statistical Bulletin June 2026, Table 14. Figures are total facilities from banks and finance companies, including on-balance and off-balance sheet facilities.

The real story: micro enterprises lead

The total alone hides the most important finding in the data. Breaking financing down by enterprise size shows the smallest segment growing fastest by a wide margin: micro enterprise financing grew 66.5% in one year, against 21.6% for small and 21.1% for medium enterprises.

Credit facilities by enterprise size in Q1 2026 and annual growth

Micro	Small	Medium
SAR 89.1B	SAR 169.7B	SAR 230.4B
18.2% of the total, up 66.5% year on year	34.7% of the total, up 21.6% year on year	47.1% of the total, up 21.1% year on year

micro share rose from 14% to 18.2%

Source: Saudi Central Bank, Monthly Statistical Bulletin June 2026, Table 14. Percentages are Qoyod calculations from the published figures.

This shift deserves a pause. Five years ago, at the end of Q1 2021, micro enterprise financing stood at just SAR 11.1 billion. Today it is SAR 89.1 billion, eight times higher. Its share of total financing rose from 14% only a year ago to 18.2% today.

The practical meaning is clear: the very small business is no longer outside the bank financing circle. The door that was nearly closed a few years ago is now the fastest growing channel in the market, a trend consistent with Saudi Vision 2030 targets for raising the SME share of financing.

Who lends: banks or finance companies?

The split by lender shows banks are the main channel by a wide margin. Of the SAR 489.2 billion total, banks provided SAR 466.7 billion, or 95.4%, while finance companies provided SAR 22.5 billion, or 4.6%.

Sources of financing in Q1 2026

Banks	versus	Finance companies
SAR 466.7B		SAR 22.5B
95.4% of total facilities extended to enterprises		4.6% of total facilities extended to enterprises

the banking channel is the main route

Source: Saudi Central Bank, Monthly Statistical Bulletin June 2026, Table 14.

That share has a direct practical consequence for a business owner: the banking channel is the primary route to financing, and credit assessment generally rests on financial statements, credit history and consistent cash flow, though the details differ from one lender to another. Readiness for financing therefore starts in the books, not on the day of the bank visit.

Where does your business sit? The official revenue classification

Before talking about financing, a business must know its classification, because the classification determines which financing products and government programs apply to it. The unified definition issued by the Small and Medium Enterprises General Authority is based on revenue first, and on headcount when revenue data is unavailable, as with new businesses.

Classification	Annual revenue	Employees
Micro	SAR 0 to 3 million	1 to 5
Small	SAR 3 to 40 million	6 to 49
Medium	SAR 40 to 200 million	50 to 249

Note that the first classification criterion is revenue, not headcount. That means a business which does not know its annual revenue figure precisely does not know its classification, and therefore does not know which financing door belongs to it. A revenue figure does not come from an estimate, it comes from organised books.

Kafalah: the guarantee that opens the bank's door

The best known obstacle facing a small business is not a lack of willingness from the bank, it is a lack of collateral. This is why the Kafalah program for guaranteeing SME financing was created, to carry part of the financing risk on the business's behalf.

According to a statement by the programme's chief executive reported by Ajel, guaranteed financing reached SAR 14.1 billion during 2025 alone, through more than 7,000 guarantees benefiting 5,463 enterprises and enabling SAR 19.7 billion in total financing, up 5% in total financing enabled versus 2024. Cumulatively, from the programme's launch in 2006 to the end of 2025, it approved more than 73,000 guarantees benefiting over 27,000 enterprises, with total financing of approximately SAR 131 billion against guarantees worth more than SAR 93 billion, and 46 enterprises graduated to the Nomu parallel market.

The Kafalah programme from 2006 to the end of 2025

Guarantees approved	more than 73,000
Enterprises that benefited	more than 27,000
Value of guarantees provided	more than SAR 93 billion
Total financing enabled	about SAR 131 billion

SAR 14.1 billion guaranteed in 2025 alone

a guarantee covers missing collateral, not missing books

Source: statement by the Kafalah programme chief executive, reported by Ajel, cumulative figures to the end of 2025.

One essential point is often misunderstood: the guarantee addresses a shortage of physical collateral, it does not address a weak financial file. The bank still studies the application and decides; the guarantee only reduces its risk. A business needs both: a sound financial file, and a guarantee to cover what is missing.

What a lender actually requires

After all these numbers the practical question remains: why is one application approved and another declined? The answer usually lies not in the size of the business but in the readiness of its financial file. Four elements recur in every credit assessment:

First, regular financial statements. An income statement and balance sheet covering consecutive periods, not figures assembled at year end. A lender reads the trend, not the snapshot.

Second, a clear separation between the business and its owner. Mixing personal spending with business spending makes profit impossible to verify, and is one of the fastest routes to a declined application.

Third, cash flow that proves the ability to repay. Book profit does not pay instalments, cash does. A consistent record of collecting from customers is an integral part of that picture.

Fourth, sound tax and regulatory compliance. VAT returns filed on time, electronic invoicing compliant with the Zakat, Tax and Customs Authority, and, for businesses subject to the requirement, financial statements filed when due.

Four elements that determine your financing readiness

Regular financial statements over consecutive periods	basis of assessment
Business accounts separated from the owner's	condition of verification
Cash flow proving ability to repay	source of repayment
Tax and regulatory compliance on time	gate to approval

readiness is built months before the application, not days

Prepared by Qoyod based on standard credit assessment criteria. Indicative; requirements vary by lender.

These four elements are not built in the week before a bank visit, they accumulate through consistent accounting operations. Qoyod is an Arabic cloud accounting system that records revenue and expenses by line, produces an income statement and balance sheet at any time, issues electronic invoices compliant with the Zakat, Tax and Customs

Authority, and produces a customer debt ageing report that tracks uncollected invoices across consecutive comparison periods. So when the moment to apply arrives, the numbers are ready rather than assembled in a rush.

For the cash side in detail see the Cash Flow in Saudi Arabia report, for the impact of late collection see the Payment Collection report, and for the wider sector picture see Saudi SMEs in 2026.

Recommendations

Five practical steps to take away from the figures in this report:

- Work out your classification first. Your annual revenue determines whether you are micro, small or medium, and the financing products available to you follow from that.
- Build your financial statements monthly, not annually. A lender reads a twelve month trend, and late books mean a weak file no matter how good the business is.
- Separate the business account from your personal account. Without that separation profit cannot be proven, a recurring reason for decline that has nothing to do with the quality of the business.
- Ask about Kafalah if collateral is the obstacle. The program is designed precisely to close that gap, but it does not compensate for weak financial statements.
- Put your tax compliance in order before applying. Returns filed on time and compliant electronic invoicing are part of the creditworthiness picture.

SAR 489 billion, 27.6% growth in a year, and micro enterprise financing multiplying eightfold in five years: these are the numbers of a financing market that has opened its doors to Saudi businesses at an unprecedented level. And the business that captures its share is not necessarily the largest, it is the one that reaches the door with its financial file ready.

Sources

1 Saudi Central Bank: Monthly Statistical Bulletin June 2026, Table 14 'Credit Facilities Provided To Micro, Small And Medium Enterprises' (the primary source for all financing figures, size breakdowns and lender splits in this report).

2. Saudi Central Bank: the unified enterprise classification issued by the Small and Medium Enterprises General Authority, revenue and headcount thresholds, as published in the footnote to Table 14.
3. Saudi Press Agency: the Kafalah program issues more than 3,534 guarantees worth over SAR 9 billion in financing during the first half of 2025.
4. Kafalah program for guaranteeing SME financing: programme overview and its role in covering the collateral gap.
5. Zakat, Tax and Customs Authority: VAT obligations and compliant electronic invoicing.