A DIGITAL FINANCIAL PROFILE OF A SMALL ENTERPRISE: A TOOL FOR CREDIT APPLICATION READINESS

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Abstract. *This paper proposes a digital financial profile to help small enterprises prepare credit applications. The profile organises information on business activity, receipts, expenses, existing obligations, and financing needs. A hypothetical calculation illustrates the proportion of reported customer receipts supported by traceable records. The proposed profile is intended to improve information organisation and identify unresolved questions. It is not a credit score, a substitute for financial statements, or a guarantee of loan approval.*

Keywords: *small enterprise, digital financial profile, credit application, financial records, documentation coverage, financing readiness.*

INTRODUCTION

Preparing a credit application requires an enterprise to present its activities in a form that a lender can examine. Incomplete financial records can complicate this process. The World Bank identifies the lack of reliable financial and credit information as an obstacle to SME financing and discusses how digital accounting and payment information can provide additional insight into business operations.

The challenge is therefore not simply to collect more documents, but to organise relevant information and explain its meaning.

This paper aims to propose a concise digital financial profile that helps an enterprise prepare a consistent, traceable information package before submitting a credit application.

RESEARCH METHOD

The paper uses documentary analysis and conceptual design. The proposed profile is structured around the information needed to explain a financing request. A hypothetical calculation demonstrates documentation coverage. No actual borrower data are analysed, and no improvement in approval rates or processing times is claimed.

RESEARCH ANALYSIS

Profile Structure

For this study, a digital financial profile means an electronic summary linked to supporting records. It follows a simple sequence:

Business activity → financial records → existing obligations → financing request.

The profile should explain what the enterprise does, how it receives income, what payments it must make, and why financing is required. Digital accounting information can support a consolidated view of income, expenses, and financial conditions, as discussed in the World Bank report.

Five components are proposed:

I. Business overview: main activities, operating history, sales channels, and seasonal features.
II. Financial summary: customer receipts, operating expenses, cash balances, and unusual movements.
III. Obligations register: existing loans, repayment schedules, and other material commitments.
IV. Financing statement: requested amount, intended use, timing, and proposed repayment source.
V. Evidence index: supporting documents, reporting periods, update dates, and information gaps.

Each material figure should be traceable to a source. Where information is incomplete, the limitation should be stated rather than replaced with an unsupported estimate.

Documentation Coverage

The profile may include a simple measure of the proportion of reported customer receipts supported by traceable records:

$$DC = \frac{\text{Documented customer receipts}}{\text{Total reported customer receipts}} \times 100\%.$$

Assume that an enterprise reports customer receipts of 100 monetary units and provides supporting records for 85 units. Documentation coverage is therefore:

$$DC = \frac{85}{100} \times 100\% = 85\%.$$

Source: Author's hypothetical example.

The remaining 15% requires clarification. Both amounts should cover the same period, and duplicate records should not increase the documented total.

This proposed measure describes documentation coverage only. It does not confirm the accuracy of every record, establish profitability, or represent a loan approval threshold. A fully documented enterprise may still lack sufficient funds to service the requested debt.

Application Readiness Check

Before submission, the enterprise can review the profile using four questions:

- Can important figures be traced to supporting records?

- Have business receipts been distinguished from personal transfers and financing inflows?
- Are existing obligations and relevant expenses included?
- Are the financing purpose and unresolved information gaps clearly explained?

Simple financial-management practices are relevant to this organisational approach. Drexler, Fischer and Schoar (2014) examine simplified financial rules for small entrepreneurs, providing a related reference for keeping preparation procedures understandable and manageable.

The profile should be checked again before an application is submitted. Its summary and supporting records should cover clearly identified periods. Information should be shared through an appropriate, authorised process rather than through unrestricted access to all business records.

CONCLUSION

A digital financial profile can be designed as a practical link between everyday business records and a credit application. Its proposed contribution is to organise information, preserve connections to evidence, and make unresolved questions visible.

The documentation coverage calculation offers a limited readiness indicator, not an assessment of credit risk. The profile should therefore remain separate from the lender's creditworthiness evaluation.

Further research could examine whether this approach reduces repeated information requests and improves consistency between application summaries and supporting records.

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