ADVISORY

MAHMOOD INSIGHT

OMAN VISION 2040 / SMALL BUSINESS FINANCE

Oman wants small businesses to grow.

Why is finance still so hard to reach?

Oman does not lack small-business finance programmes. It lacks a published way to show whether they work. This essay argues for publishing the baseline, testing three pilots on public contracts, publishing what happened, and expanding only what the evidence supports.

01 Build the case

02 Reach finance

03 Put it to work

04 Grow stronger

What should owners, banks and government each change - and how will Oman know what works?

Mahmood Al Hattali

AN OPINION ESSAY · SEPTEMBER 2026

01 / THE ARGUMENT

More than a decade after the target, the applicant is still invisible.

Since 2013, Omani banks have been asked to direct at least 5% of their lending to small and medium enterprises.[2] In 2022, according to the IMF, the actual share was 3.7%, and the same paper estimates, without a date, that non-performing loans have at some point approached one-third of SME lending.[1] Old and imprecise as they are, those two numbers are usually read as a story about banks: too little lending, and too much of it bad.

I read them differently. Thirteen years after the target was set, no published source shows how many viable small businesses applied for finance, how many were declined and why, how long the successful ones waited for cash, or what happened to them afterwards. Whether any institution holds that picture internally is itself unknown. We know the lending total. The journey behind it is hidden. And without that journey, nobody - not the regulator, the banks, the SME Development Authority or the public bodies that fund guarantees - can tell whether a programme is reaching the right businesses or merely putting a new label on loans that would have happened anyway.

> **A lending target measures the bank's balance sheet. It says nothing about the owner's journey.**

That is the argument of this essay, and it leads to one recommendation: publish the baseline, run three small pilots where the government is already the customer, publish what happened, and expand only what works.

The case is built in five steps. It starts with one owner in Bahla, because the finance question only makes sense from the owner's side of the table. It then looks at what Oman already has, and why the owner still meets it as a series of separate doors. It takes the bank's side seriously, because a loan that does not work for the lender will not be made twice. It shows what is missing - measurement - and what a fair test of public money would look like. Finally, it proposes where to start: public contracts, three pilots, one accountable lead and a 90-day plan.

A reader who wants only the proposal can turn to pages 8 to 10. A reader who wants to know which sectors need which kind of finance will find a map in the appendix. Everyone else should meet the owner first.

02 / START WITH THE OWNER

A kiln, a customer and a financing gap

Picture a pottery workshop in Bahla. A hotel group has placed the largest order the owner has ever received. The old kiln cannot produce that volume on time, and a new one costs more than the workshop has in the bank.

The owner sees growth. The bank sees a small business asking for a loan and asks the obvious questions: what happens if the hotel pays late, or if the next order never comes? Both views are fair, and most discussions of SME finance go wrong at exactly this point, by treating the owner and the bank as opponents. They are not. They are two people looking at the same business with different information.

The owner's job is to close that gap. That means real sales records rather than estimates, a supplier quotation for the kiln, household spending kept separate from the business, and a cash-flow forecast that still works in a difficult month. The system's job is to make closing the gap possible: practical help preparing the file, a financing route that fits the need, and a decision within a known time, with reasons if the answer is no.

What the owner brings

Real sales records, a supplier quotation, separate household and business spending, and a forecast that survives a difficult month.

What the system provides

Practical help with the file, a financing route that fits the need, and a timely decision with reasons.

Two things follow from this. A good business can arrive with a weak file, and it should not be declined for that alone. A tidy file can also hide debt the business cannot afford, and good advice helps both sides see the difference. Sometimes the right answer for the workshop is a smaller kiln, an upgrade in two stages, or more of the owner's own money in the deal. If the cash flow cannot cover the repayments, another loan does not solve the problem; it deepens it. Neither a lending target nor a guarantee changes that arithmetic.

So the question is not how to lend more to small businesses. It is what must change so that a sound business can reach suitable finance. The next three sections answer it in turn: what already exists, what the bank sees, and what nobody measures.

03 / WHAT OMAN ALREADY HAS

Support exists. The owner still sees separate doors.

Oman is not starting from nothing. The SME Development Authority lists financing programmes for working capital, assets, crafts and contracts.[12] For suppliers to Oman Investment Authority companies, a programme listed by the Authority, with applications through Development Bank, offers up to OMR 500,000, subject to committee decision.[13] In February 2026, Development Bank and Sohar Islamic announced a guarantee covering 50-80% of a facility depending on the project.[15] The commercial banks have their own propositions: NBO describes contract and purchase-order finance against assigned receivables, Oman Arab Bank bundles accounting support with its SME offer, and Sohar International runs a dedicated SME unit.[5][6][7]

Two doors that still appear in older guidance are closed. Royal Decree 107/2020 abolished the former SME authority and the Al Raffd Fund and transferred their assets and obligations to the new Authority.[14] They belong to Oman's support history, not its current financing routes.

So the Bahla owner has somewhere to go. The frustration is what happens next. Advice is available in one place, the application is lodged in another, the credit decision is taken somewhere else, and nobody shows the owner what happens between those stops or how long each one takes. Each institution can honestly say it did its part. The owner experiences a series of separate doors, and a referral that leads nowhere looks, from the outside, exactly like one that leads to a loan.

> **The missing piece is not another programme. It is a connected route.**
>
> Preparation, application, decision, payment and result need to form one journey that the owner, and the system, can see.

Three changes would connect the route without creating a new institution. The Authority could follow every referral to a clear next step and record where applications stop. Development Bank could publish, for the OIA programme, the eligibility rules, the expected decision time and the actual time to cash. The new guarantee's sponsors could publish take-up, terms and results before anyone decides whether to expand it. None of this requires new money. All of it requires the institutions to accept that the owner's journey, not their own activity, is the thing being measured.

A connected route only helps, though, if a bank is willing to lend at the end of it. The next question is the bank's.

04 / THE BANK'S SIDE

A small-business loan must work for the bank too.

Any serious proposal has to begin with an uncomfortable fact: the bank must make money on the loan. A facility of OMR 30,000 can take almost as much time to assess and service as one of OMR 300,000 while earning a fraction of the margin; the arithmetic is illustrative, but every SME lender will recognise its shape. Pass every cost to the owner and the loan becomes unaffordable; force the bank to absorb it and lending to the segment shrinks, whatever the target says.

The useful question is narrower: which cost, risk or delay stops a sound deal, and what removes it? There are three, and each remedy leaves the credit decision with the bank.

Repeated applications	The owner prepares a new file for every institution. One reusable file, with practical bookkeeping help, cuts the cost on both sides. The bank still makes its own credit assessment.
Slow payment by a large buyer	The supplier has delivered but waits months for cash. Clear acceptance and payment dates, and finance against buyer-verified invoices, turn a delay into a bankable asset and cut the bank's assessment time. The bank still checks disputes and buyer risk.
Not enough collateral	The business is sound but owns nothing the bank can take. Suitable asset finance, or a capped partial guarantee, fills part of the gap. The bank still carries part of the risk and tests affordability.

The last of these is where policy most often overreaches. A guarantee reduces the bank's loss after a default; it does not make a weak business strong, and one generous enough to make the bank indifferent to the outcome simply moves bad credit onto the state. The 50-80% range announced in February is the kind of parameter a pilot should test rather than assume. The IMF's non-performing loan estimate needs similar care: non-performing status means serious repayment trouble, while expected credit loss is the provision a bank sets aside from day one.[3] [4] Neither says how many businesses have closed.

For the Bahla workshop, the decision turns on the hotel order, its margin and the cash flow in the quiet months. If the business is viable but short of cash, collect overdue invoices and restructure early. If there is no credible route back, the answer is debt advice and an orderly exit, not another loan that postpones the loss and enlarges it.

Every one of those judgements depends on information. That is where Oman's system is weakest.

05 / THE MISSING PICTURE

We know the lending total. The applicant journey is hidden.

How many SME financing applications reach Omani banks each year? How many are complete when they arrive? How many are approved, declined, withdrawn or still pending, and how long does each step take? How many approved offers are accepted, when does the cash arrive, and what does the business look like two years later? No public source reviewed for this essay brings those answers together in a comparable form.

The figures that do exist are warning lights rather than measurements. The 3.7% share refers to 2022, and the estimate that non-performing loans approached one-third of SME lending carries no observation date.[1] The 2013 reforms that set the 5% target also required banks to file monthly lending and quarterly application returns, which suggests the raw material may already sit inside banks and the Central Bank.[2] What fields are collected today, and what is published, is unclear. If the returns exist, the first task is not a new survey but publishing them, in the four stages below, in a form the rest of the system can use.

Four stages would give Oman the picture it lacks.

1	**Application**	Complete or incomplete on arrival? What was missing, and when was it supplied?
2	**Decision**	Approved, declined, withdrawn or pending? Why, and how long did it take?
3	**Disbursement**	Was the offer accepted? When did the cash arrive, and at what total cost?
4	**Outcome**	Repayment, survival, jobs and guarantee claims, followed to closure.

The mechanics are not complicated. A secure reference number follows each case without naming the owner. Results are reported by sector, size, age and governorate. The clock starts when the file is complete, so neither side is blamed for the other's delays. Publication shows the typical wait and how long the slowest tenth waited, because averages hide the cases that drive owners away. And someone asks the businesses that never applied why they stayed away, because a system can look efficient simply by discouraging demand.

Measuring the journey answers the first question: who gets finance, and how. It does not yet answer the second, which is whether public money changed the answer. That needs a test of its own.

06 / THE PUBLIC-MONEY TEST

If public money is used, what changed because of it?

Public support for a loan is justified when it does something the market would not have done alone: it unlocks a sound loan that would otherwise have been declined, lowers its price, reduces the collateral demanded, extends the term or brings the cash forward. A subsidy attached to a loan the bank would have made anyway has spent public money to change a label.

Telling the two apart is possible if the test is built in from the start. Where the bank has already looked at the file, record its decision and terms before the support is applied and again after. In a phased rollout, follow similar eligible firms waiting for a later phase, and explain openly why each group was chosen. An independent evaluator, appointed and paid by the fiscal authority rather than by the programme, should then estimate how much of the finance would not have happened without the support, and say where that estimate is uncertain. At pilot scale it will be rough; the pilots test process and design, and the baseline in section 05 answers the harder question over time.

The public account

Administration, subsidies and claims paid, less fees and recoveries. Outstanding guarantees, expected losses and concentration by buyer or sector, kept separate from cash already spent.

The owner's account

Total price, collateral, personal guarantees, time to cash and whether the finance fitted the need. Then repayment, survival, jobs, and whether dependence on support falls over time.

Keeping the two accounts side by side prevents the commonest failure of guarantee schemes: reporting the loans made and forgetting the losses that fall due years later. Cash already spent and commitments that may fall due later must never be added together.

> **A guarantee must never become a place to hide losses.**
>
> Set loss and concentration limits before launch. If they are breached, stop new commitments, fix the design and honour the guarantees already issued.

The same test applies to the alternatives. The public sector can help by paying its own invoices on time, improving the advice available or building capability, and each may do more for less than a guarantee. Compare cost against result; where support works, its success shows up as firms needing it less over time, not more. All of this argues for starting small, where the buyer, the payment schedule and the data are already within reach.

07 / THE PUBLIC CONTRACT

Start where the government is already the customer.

Public contracts are the right place to begin for three reasons. The buyer is known and creditworthy. The payment schedule is within the buyer's control, and for state and OIA-company buyers within reach of policy. And the intent exists: Oman Investment Authority's "Omani dimension", as reported by Oman Observer, links commercial return to benefit inside Oman.[8] For a small supplier that means: deliver, get paid, be ready for the next customer.

An award letter creates the opportunity; the cash comes months later, after mobilisation, delivery and acceptance. That gap is where a small supplier fails, and the buyer can close it without promising anyone a loan: before a tender is issued, the buyer, willing lenders and sector advisers work through the delivery and payment cycle together, so a winning supplier knows what finance is available and a bank knows what it is being asked to fund.

Stage	What should happen
Before tender	Publish work packages a capable small business can deliver, with qualification rules, acceptance milestones and payment dates, and the financing structure lenders have agreed to offer the winning bidder, subject to its own credit assessment.
After award	The lender assesses the supplier, contract margin, cash need and cancellation risk, then confirms whether receivables can be assigned.
During delivery	The buyer verifies work and pays on schedule. The lender finances eligible costs or accepted invoices. Disputes follow a defined route and deadline.
After payment	Repay the facility, record performance, help the supplier compete beyond one buyer.

Late payment shifts the financing burden to the supplier.

A public buyer that wants small businesses to grow pays for accepted work on schedule. That discipline does more than most guarantees.

None of this weakens procurement, provided the pre-tender session is open to any licensed lender, its outputs are published with the tender, and no lender that takes part gains preference in the award. Criteria are published, conflicts disclosed, related parties screened, and the procurement authority reviews the arrangement first.

08 / THREE PILOTS

Sixty suppliers. Three tests. A 12-month evaluation.

Other countries offer design lessons, not templates. Saudi Arabia's Kafalah runs different products for different needs; the question for Oman is whether sector-specific products reach businesses a general product misses.[9] The UK's Growth Guarantee Scheme covers 70% of the lender's loss with the borrower fully liable; the question is which guarantee level and fee improve access once claims and recoveries are counted.[10] India's TReDS platforms connect supplier, buyer and financier around an accepted invoice; the lesson is to fix the transaction - acceptance, duplicate invoicing, settlement - before building the platform.[11] Each is a question a pilot can answer. Three are proposed, with public or OIA-company buyers only, covering up to 60 suppliers and OMR 2.7 million. None is a new product: each would run through the existing Development Bank route and the February 2026 guarantee. The pilot is the measurement, not the money.

01 / Maintenance and small industry

Mobilisation finance and equipment leasing for public facility and industrial buyers, against clear work and acceptance milestones.

20 suppliers — OMR 25,000-75,000 per facility

Portfolio cap · OMR 1,000,000 — Claims cap · OMR 100,000

02 / Food and fisheries supply chains

Seasonal cash and cold-chain equipment against public supply contracts with clear delivery and quality standards.

20 suppliers — OMR 10,000-50,000 per facility

Portfolio cap · OMR 700,000 — Claims cap · OMR 70,000

03 / Technology and business services

Milestone finance for defined work with a paying public customer. Unproven ideas are out of scope; they need equity or grants, not a guarantee.

20 suppliers — OMR 15,000-60,000 per facility

Portfolio cap · OMR 1,000,000 — Claims cap · OMR 100,000

Because the receivable is assigned from a public buyer, the bank's main protection is the buyer, not the guarantee. The guarantee covers performance and cancellation risk as a first-loss tranche capped at 10% of each portfolio (OMR 270,000 in total), sized to the pilot's risk and published with its reasoning; if claims approach the cap, that is itself a finding. The proposed guarantor is Development Bank, within the range announced in February 2026 and subject to its agreement; no new sovereign guarantee is created. Coverage, fees and recovery sharing are agreed before the first loan; progress is reviewed at six months and evaluated at twelve. Success means new access, not old risk moved onto the state.

09 / WHO DELIVERS, AND WHEN

One committee. One accountable lead. Ninety days.

The gaps described in this essay lie between institutions, not inside them, which is why another programme would not close them. What is needed is a joint committee that brings the existing institutions together without creating another queue for the owner. I propose a secretariat in the SME Development Authority, chaired by the minister responsible for the Authority with the Ministry of Finance as deputy chair, and one programme director named in the founding decision, reporting to the chair and accountable for delivery.

01	**Public buyers and sector leads**	Select deliverable projects, set acceptance and payment terms, and remove recurring obstacles.
02	**Ministry of Finance**	Approve the guarantee envelope and loss reporting, fund the evaluator, and commit funds before promises are made.
03	**CBO, as observer**	Invited to consider extending the existing SME return to the four stages in section 05, and publishing it in aggregate through its own releases.
04	**Participating banks**	Decide independently, explain their terms, and report the four stages for pilot loans to the evaluator.
05	**Authority, Development Bank and advisers**	Give applicants one route through readiness and eligibility checks, without duplicating existing programmes.
06	**Owners and sector representatives**	Bring operating evidence and test service quality, with no vote on their own applications.
07	**Independent evaluator**	Appointed by the Ministry of Finance, not the committee. Designs the baseline, runs the non-applicant survey and publishes the evaluation.

The committee reviews delivery monthly and publishes progress quarterly, and includes owners from different governorates and sectors and both conventional and Islamic providers. File-sharing meets confidentiality and data-protection rules, with informed consent where required. Conflicted members step aside, and owners may challenge a broken process but not pressure a lender to approve.

Days 1-30

Map and connect

Map the programmes and the data. Name the accountable officials and the willing buyers.

Days 31-60

Design and approve

Select supplier groups and contracts. Agree limits, reporting and budget.

Days 61-90

Decide and launch

Approve and launch the first pilot. Publish the baseline for all three.

10 / THE CONCLUSION

Growth is the real test.

Back in Bahla, the pottery owner needs four answers. Is the kiln affordable? What evidence does the bank need? When will a decision arrive? And if the answer is no, what can be fixed? Today the honest reply to all four is "it depends", and nobody can say on what. That is the problem this essay set out to name, and it is not solved by a higher target, a larger guarantee or a new programme.

It is solved by making the journey visible. Once Oman can see who applies, who is declined and why, how long the cash takes and what happens afterwards, every other decision becomes easier: which programmes to expand, which to close, where a guarantee changes the outcome and where it only changes the label. Public contracts are the place to build that visibility first, because the buyer, the payment schedule and the data are already within the government's reach.

> **A mandate can point the way. The system must make it workable.**
>
> Government makes the opportunity credible and pays on time. Banks assess fairly and price clearly. Owners keep records, deliver and repay.

Viable firms need a clear route. Banks must keep their credit discipline. And Oman must judge progress by more than the size of the SME portfolio, because a portfolio can grow while the businesses inside it fail.

Vision 2040 becomes real on the ground when a viable Omani business can make its case, reach suitable finance, use it productively and grow without taking on debt it cannot afford. That is the route worth building.

My recommendation: publish the baseline, run the three pilots, publish what happened, and expand only what works.

APPENDIX / THE FUNDING MAP

One SME label. Twelve very different cash cycles.

A fisher, a software firm and a seasonal restaurant each need finance shaped around a different cash cycle, which is why a single "SME product" so often fits none of them. This map suggests likely fits. The right facility still depends on licensing, viability and repayment capacity, and may be conventional or Sharia-compliant.

Agriculture & food
Farms, livestock, nurseries, food processors
Seasonal cash; equipment finance

Fisheries & marine
Fishers, aquaculture, ice and seafood processing
Vessels, cold-chain assets; seasonal cash

Small industry
Fabrication, packaging, furniture, garments
Machinery, materials; order finance

Oil, gas & mining services
Maintenance, inspection, testing, HSE suppliers
Mobilisation, equipment; receivables

Technology & professional services
Software, cyber, cloud, accounting, engineering
Milestone finance; equity for unproven ideas

Logistics & transport
Hauliers, couriers, warehouses, fleet services
Vehicle leasing; working capital

Construction & technical trades
Builders, electricians, plumbers, HVAC
Mobilisation; certified progress payments

Tourism & hospitality
Guesthouses, tours, restaurants, events
Fit-out, equipment; seasonal repayments

Energy & environment
Solar, efficiency, recycling, water services
Asset and contract finance

Health, education & care
Clinics, labs, pharmacies, training, childcare
Premises and equipment; working capital

Crafts & creative work
Pottery, textiles, silver, jewellery, media
Tools, stock; equipment in stages

Commerce & microbusiness
Shops, e-commerce, home producers, services
Stock finance; small assets; short-term working capital based on payment history

For the owner: begin with the work and the repayment source.

Bring records and a quotation or contract. Check the Authority's programmes and, for an OIA contract, the Development Bank route. Compare offers. Ask three things: the total cost, the decision date and, if declined, what is missing.[12][13]

SOURCES

Sources and reading notes

[1] IMF • April 2025 • SIP 2025/035

Paragraph 4 and Figure 3: the 3.7% share refers to 2022. The estimate that non-performing loans approached one-third of SME loans has no explicit observation date. Paper completed 18 December 2024. Neither figure is presented as current. The paper discusses the 5% benchmark but does not establish today's reporting fields.

[2] AMJ • 2013 reforms

Contemporary legal summary of the 5% minimum and the monthly lending and quarterly application returns. Secondary evidence; not the original CBO circular or proof of current reporting practice.

[3] Basel Committee • 2017 guidelines

General distinction between non-performing exposures and forbearance. Not a statement of current Oman-specific thresholds or legal treatment.

[4] IFRS Foundation • IFRS 9

Basis for the general expected-credit-loss distinction. The essay does not determine the classification or provisioning of any individual facility.

[5] NBO • Collateral-Free Lending

Official page: contract and purchase-order finance against assignment of receivables without additional collateral. Eligibility and individual assessment still apply. No ranking is implied.

[6] Oman Arab Bank • Tumouhi

Official financial and business-support proposition, including accounting assistance. The selected page is not a census of all OAB credit products.

[7] Sohar International • SME Loans and Support

Official description of a dedicated unit and medium- and long-term SME loans. A published proposition does not establish lending outcomes.

[8] Oman Observer • 3 September 2026

Report on OIA's "Omani dimension". Used for the domestic-benefit principle, not as a statistical release or as evidence of an SME loan guarantee.

SOURCES

Sources and reading notes

[9] Kafalah • Product catalogue

Official product differentiation. No claim of causal success or automatic suitability for Oman.

[10] British Business Bank • Growth Guarantee Scheme

Official terms: 70% lender guarantee, borrower fully liable, lender discretion. Other eligibility and term changes are outside this essay's comparison.

[11] RXIL • TReDS overview

Official operator description of receivables financing. No performance or causal-impact claim. Oman adaptations are the author's proposals.

[12] SME Authority • financing programmes

Official catalogue includes working capital, assets, crafts, contracts and OIA-linked opportunities.

[13] SME Authority • OIA contracts programme

Programme 7: up to OMR 500,000, subject to committee decision and conditions; applications through Development Bank. The ceiling is not utilisation.

[14] Royal Decree 107/2020 • Articles V-VII

Published English translation: Al Raffd and the former authority abolished, with assets and obligations transferred to the new SME Authority in August 2020.

[15] ONA via Times of Oman • 17 February 2026

Announcement: Development Bank-Sohar Islamic guarantee, 50-80% coverage depending on project. Does not establish utilisation or a market-wide guarantee.

About this essay: independent opinion by Mahmood Al Hattali, based on public sources reviewed in September 2026. The Bahla workshop is illustrative. The three pilots, their caps, the committee structure and the roles named for institutions are the author's proposals, not approved budgets, recorded demand or current assignments; any implementation would need the relevant approvals, and legal and procurement review. The historical figures cited are warning lights, not current measures of access or failure. The author has no commercial engagement with any institution, programme or role described here and is not seeking one through this essay.

ABOUT THE AUTHOR

Mahmood Al Hattali

Independent banking, payments and fintech practitioner · Founder, Mahmood Insight Advisory · Muscat, Oman

Mahmood Al Hattali has spent 18 years in Omani banking, most recently as Head of Products & Segmentations at Bank Dhofar, where he was responsible for the retail product range, customer segments and the performance of the retail book. Before that he held senior product and business roles at Bank Muscat.

His work spans the whole of the payments stack in Oman: the national switch and payment rails, wallets, merchant acceptance and the commercial side of open banking, as well as advisory and tender work for fintech and digital-finance ventures. He has sat on both sides of the table, as a bank building products for small businesses and as an adviser to the fintechs trying to serve them differently.

Through Mahmood Insight Advisory he now writes and advises independently on bank performance, retail banking strategy and payments in Oman and the Gulf. This essay is part of a series that applies the same discipline to public questions: state the argument, show the evidence, and say plainly what is not yet known.

He holds an MBA from Strathclyde Business School and a BBA (Hons) from the University of Queensland.

MAHMOOD INSIGHT ADVISORY

Independent analysis and advisory for banks, fintechs and policymakers in Oman and the GCC.

THIS SERIES

Independent essays on Oman's banking and payments questions, published in Arabic and English.

E mahmoodssh@gmail.com M +968 9507 2766

in linkedin.com/in/mahmood-al-hattali-8a06a952