Challenge Statement – Digitising SME Trade Finance

We're seeking innovative solutions that leverage future payments technology to accelerate payments and improve liquidity for SMEs, using digital trust innovation.

Application Window: 17/02/2026 – 15/03/2026, inclusive.

The Problem

- Cash Flow Crisis: Late payments cost UK SMEs £22,000 per year on average
- Payment delays contribute to 50,000 business closures annually
- B2B payment processes are fragmented, manual, and inefficient
- SMEs struggle with cashflow management due to extended payment terms
- Access to affordable trade finance is limited for small businesses
- Existing systems lack transparency in payment verification and settlement

The Opportunity

We're looking for solutions that can form part of a unified, digital 'procurement-to-pay' service for SMEs, enabled by future payment technologies (e.g. digital GBP, stablecoins, tokenised deposits). This could include:

- Streamlined procurement processes
- Automated verification
- Accelerated settlement
- Provision of access to embedded low-cost liquidity products such as trade finance
- Reduced B2B payment delays impacting SME cashflow
- Tackling inefficient trade credit systems

Eligibility

- Startups and early-stage SMEs
- Available to attend in person sessions in Edinburgh (travel costs will not be reimbursed):
    - A 2-3 day workshop during the Exploration Phase (late April – early May 2026)
    - A Pitch Event to showcase your solution (May 2026)
- Solutions currently at Technology Readiness Level (TRL) 3-4
- Commitment to advance your solution to TRL 5 through a funded 3-month Development Phase (June – September 2026)
- Demonstrate economic benefit to Scotland (see Applicant Information Pack for details)

Scope of the Challenge: Re-imagining SME Procurement and Payments

Solutions should focus on one or more of the following areas:

1. Accelerated B2B payments using digital assets technologies
2. Embedded Trade Finance & Liquidity
3. Procurement-to-Pay workflow and automation
4. Transparency & Trust Infrastructure

Technology in Scope for this Challenge

To assess whether your solution or concept sits within the remit of the Digital Trust Innovation Challenge, please review our definition of Digital Trust here.

Applications

Tokenisation & Digital Assets

Transforming value exchange in digital economies with improved liquidity, efficiency and inclusive access to assets.

Future of Payments

Reimagining payments systems for the next decade

Improved Supply Chains

Improved quality, sustainability and productivity, with reduced fraud, across value chains

Digital Wallets

Streamlining processes with greater user control over personal data and reduced reliance on intermediaries

Technology Areas

Blockchain

Shared, immutable Ledgers of transactions, with autonomous execution of agreements

Privacy Enhancing Tech

Enabling collaboration and innovation without compromise of privacy and confidentiality

Quantum Ready Cryptography

Protecting today's society from quantum computing attacks tomorrow

Technology Readiness Level

Technology readiness levels are a measurement system used to assess the maturity level of a technology, from initial concept to full deployment. They help define expectations for project scope and outcomes – read more here.

We welcome applications from solutions at TRL 3-4, with an expectation to reaching TRL 5 by participating in the funded Development Phase. Please demonstrate a clear path to achieving this in your application. This approach allows for meaningful progress while ensuring readiness for further development or investment.

TRL Definitions:

- TRL 3: Experimental proof of concept
- TRL 4: Technology validated in lab
- TRL 5: Technology validated in relevant environment