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SME NEWSLETTER

Volume VI

Contents

Message from the Chairman

My dear colleagues:

It is my pleasure to present to you the latest “SME newsletter” for 2016. This publication is a compendium of relevant reports, analyses and educational news, many of them abbreviated, concerning the SME sector in the region.

The Confederation of Asia Pacific Chamber of Commerce, (CACCI) diligently surveyed the media of the region and analyzed the current situation of SMEs in various countries.

This year 2016 shows the realization of many government and private plans promoting SME all over Asia. Australian SMEs are benefiting from tax reduction, more people are trained to become SME bosses in Bangladesh, Malaysia is assisting SMEs with incubation facilities, and in the Philippines, banks are expanding funding for SMEs.

A glance at this newsletter shows overall improvements all across Asia Pacific, yet challenges remain, notably in funding and market access, to make Asia Pacific a sustainable region of economic growth and free enterprise.

CACCI considers that an exporting SME will encourage and force entrepreneurs’ innovation and desire for self-betterment. Thus, CACCI’s interest in promoting business expansion beyond our borders by enhancing communications and know-how.

CACCI would like also to invite all our members to celebrate together the 50 years anniversary of CACCI at the 30th CACCI Conference on November 23-25 in Taipei.

Besides renowned speakers from academia, business world and government, this year CACCI is dedicating a complete conference’s session to SMEs. Titled “Promoting SME Development for Sustainable and Inclusive Growth”, the Session 2 will feature three prominent speakers: Johnny Yun-Lung Yeh (SME administrator of Taiwan’s Ministry of Economic Affairs), Datuk Wira Jalilah Baba (President of Malaysia ICCI) and Adbul Matlub Ahmad (President of Bangladesh FBCCI). I will be moderating this very interesting session.

Please make your reservation and tell your constituents and colleagues. CACCI will be a great host, along with local organizers, CIECA (Chinese International Economic Cooperation Association), CNAIC (Chinese National Association of Industry & Commerce) and CTBC Bank. In the meantime, enjoy your reading!

George Abraham
Chairman of SME Development Council
CACCI

Improving SME competitiveness: To target or not to target? What businesses, and how?

World Bank, Christine Qiang & Maria Andersen, July 8 2016

Globally, small and medium-sized enterprises (SMEs) make up 95% of all businesses, employ 70% of the workforce, and are frequently argued to be the “missing link” between growth and inclusiveness. In the words of Anabel Gonzalez, Senior Director of the World Bank Group’s Trade & Competitiveness (T&C) Global Practice, SMEs hold the potential to be “an engine of growth and employment,” but “they face hurdles in competing in domestic and international markets.”

Marion Jansen, Chief Economist of the International Trade Centre, shared her insights on this question in April, when she presented ITC’s new SME Competitiveness Outlook at the inaugural event of a new learning series organized by the Investment Climate Applied Research team. Drawing on the input of thought leaders, case studies and detailed country profiles, the report’s framework organizes relevant micro-, meso-, and macro-data from well-known sources (including the Bank Group’s Enterprise Surveys) along three pillars - connect, compete and change - illustrating that advancements in SME competitiveness must cut across three layers: the firm’s own capabilities, the immediate business environment, and the broader national environment (from customs tariffs to the efficiency of government procedures).

While it is common knowledge that SMEs are far less internationalized than large firms, the report finds that access to information about export opportunities is the Number One bottleneck that SMEs face. By both mapping out new export markets for a country’s existing exportable products and identifying the top products with diversification potential, the report provides an interesting combination of trade-potential analysis and SME policy guidance.

Indonesia, for example, was found to hold unrealized export potential for tin, rubber and palm oil within the Asia Pacific region, while the SME analysis showed that firm-level constraints were the main factors holding back local SMEs eager to capitalize on these opportunities. Moreover, an analysis of Colombia revealed that the country has not been realizing its full export potential to OECD countries. The main issues for Colombian SMEs appear to be less related to firm-level constraints than related to the general investment climate - in particular, in terms of customs efficiency.

We all know by now that there is a distinction between the majority of small firms in developing countries that fail to expand beyond a few employees (‘survivalists’) and a small group of high-performance firms (‘gazelles’) that experience rapid growth (Nichter & Goldmark, 2009). In fact, in developing countries, the productivity gap between large firms and SMEs is double that observed in developed countries. Closing that gap could yield large payoffs that are more likely to reach the bottom of the income pyramid. The argument is that, because SMEs are, on average, less productive than large firms, employees are paid lower wages. To remedy this situation and help elevate those at the bottom of the pyramid, the development community in the past decade has committed billions of dollars worldwide to support SMEs.

Source: Jansen, M., 2016: "SME Competitiveness Outlook 2015." Presentation at the World Bank

Yet, at the May 2016 Business Environment Forum, hosted by the T&C Investment Climate practice, Professor Michael Klein gave an interesting presentation that addressed the question, "Does Size Matter?" His talk shed light on whether or not firm size is a special factor in spurring job growth. Ultimately, he argued that it is neither firm size nor the quantity of created jobs that matter: Instead, the key factor is the firm's potential to create productive and sustainable jobs. Policies aiming to improve SME growth opportunities should address "across-the-board" regulatory obstacles in the business environment (along the lines of the "Doing Business" indicators) that are size-insensitive but that bring disproportionately greater benefits to SMEs.

Beyond the enabling environment, "identifying and cultivating high-potential SMEs remains a significant challenge." For investors and government support programs, as Professor Klein outlined, the question becomes how to place bets on firms with strong growth potential. Having more experienced entrepreneurs, and using market tests linking SMEs to lead firms, to multinationals or to larger domestic firms, seem to be sensible pointers. But there remains a large knowledge gap in understanding the impact of interventions that try to target high-growth businesses in developing countries.

http://blogs.worldbank.org/psd/improving-sme-competitiveness-target-or-not-target-what-businesses-and-how

Important to strengthen ASEAN SMEs: Ong Keng Yong

Channel News Asia, Calvin Hui, August 4 2016

Singapore's Ambassador-at-Large Ong Keng Yong was the keynote speaker at the ASEAN Summit 2016. (Photo: Calvin Hui)

SINGAPORE - As the ASEAN Economic Community continues to take shape, it is important to strengthen SMEs, Singapore's Ambassador-at-Large Ong Keng Yong said on August 4.

Currently, SMEs comprise almost all of private enterprises across the ASEAN region, but only account for around 10% to 30% of total exports.

Speaking as a keynote speaker at the ASEAN Summit 2016, organised by RHTLaw Taylor Wessing, Mr Ong acknowledged that progress in ASEAN economic integration has been "quite impressive".

However, he added that there are various challenges facing SMEs. These include a relatively lower level of labour productivity when compared to the United States, access to finance, a reluctance to internationalise and look beyond national borders.

Mr. Ong, who is also a former ASEAN Secretary-general, highlighted several recommendations to meet these challenges, including elevating the ASEAN SME Advisory Board to the level of ASEAN SME Ministers Meeting. This will mean more attention is paid to SMEs, which is separate from the ASEAN Trade Ministers grouping.

He also suggested providing more support services to enhance the competitiveness of SMEs, as well as ensuring a systematic approach towards financing and capital.

http://www.channelnewsasia.com/news/singapore/important-to-strengthen/3013388.html

SMEs: ASEAN's 'untapped resource'

The Manila Times, Mayvelin U. Caraballo, May 12 2016

SMEs remain one of the Association of Southeast Asian Nations' (ASEAN) untapped resources and governments has a critical role to play in the sector's success.

This was the message of experts in a recent forum organized by state think tank Philippine Institute for Development Studies (PIDS), Asian Development Bank (ADB), Department of Trade and Industry, Management Association of the Philippines, and Financial Executives of the Philippines.

The experts agreed that the contribution of SMEs, particularly in terms of job generation and contribution to gross domestic product (GDP) in ASEAN is increasing and that much can still be done to unleash the sector's potential.

Currently, SMEs comprise the largest number of firms in the region. They generate the majority of jobs and substantially contribute to ASEAN's GDP.

ADB's Vice President for Knowledge Management and Sustainable Development Bambang Susanto stressed in his keynote address the importance of opening access and opportunities for micro and small and medium enterprises.

To help SMEs play their role in the domestic, regional, and global production networks, Susanto suggested that the ASEAN Economic Community (AEC) must build the physical connectivity of SMEs, raise their labor productivity and skills to standards of global value chains, and improve their access to finance.

PIDS Senior Research Fellow Erlinda Medalla and ADB Advisor Ganeshan Wignaraja discussed how to improve SMEs' access to market and investment opportunities.

"SMEs play a role not just as a vehicle for poverty reduction but also as an engine of growth," said Medalla. She emphasized the sector's employment and value-added contributions to the Philippine, which peaked at 65% and 35%, respectively.

Across Southeast Asia, Wignaraja noted that SME employment makes up 74% of all jobs, and contributes 41% of the GDP of ASEAN economies.

Yet, Wignaraja lamented that these contributions are not yet reflected in international trade, highlighting that high-performing SMEs make up only 21% of direct exports across ASEAN economies.

Credit gap

Many factors obstruct the growth of SMEs, but one of the often problems is the lack of access to finance and credit, Wignaraja said, noting that the current banking and credit structure does not know how to deal with SMEs.

Bank requirements on collateral and business and finance plans are strict. Unable to comply and lacking financial literacy, SMEs are often forced to rely on informal resources, Wignaraja observed.

According to Wignaraja, total credit gap, or the difference between formal credit provided to SMEs and estimated SME financing needs in ASEAN amounts to as much as $52.8 billion.

Wignaraja also pointed out that as China begins to slow down and move out of labor-intensive industries, firms in countries like the Philippines, Malaysia, and Thailand will have more business opportunities as suppliers of a range of products.

“International trade itself has fundamentally changed in the 21st century and is no longer about direct exports. Instead, trade increasingly means global supply chains where different production on stages are located across geographical space and linked by trade in intermediate inputs and final goods,” Wignaraja pointed out.

Meanwhile, Medalla said the Philippines does not have much of a choice whether or not it wants to partake in this new landscape.

In an increasingly economically integrated ASEAN, she said, “SMEs have to work within a globalized setting.”

However, she added that “not all SMEs can export, and they do not need to. The goal should be for them to have all the opportunities to participate and engage in business in order to help them grow and contribute in sustaining the expansion of the economy.”

To do this, Medalla enumerated a number of factors that the Philippines has to address to encourage SMEs to participate in value chains.

She reiterated Wignaraja’s point about addressing the lack of access to finance and credit, but added that enabling the environment for SME firms to develop competitiveness and connectivity must be prioritized as well.

Government role

While Wignaraja believes that much of the work must be done by business and private sector in boosting labor productivity, improving the investment climate, raising infrastructure spending, improving information and communication technology infrastructure, and increasing financial access for SMEs, both experts are in agreement that the government also has a critical role to play in SMEs’ success.

“Government’s role is to enable and facilitate the linkages and access to markets, finance, and technology, and to remove various barriers to entry and exit. The role of the new Competition Law will be very important,” Medalla said.

Policymakers should also concentrate on enhancing strategic opportunities. Medalla said the kind of policies needed depends on which SME sector policymakers intend to help.

She recommended policies that would raise SMEs' capability to comply with AEC standards, such as developing the halal industry, improving trade facilitation, and identifying standards to enable them to access a "duty-free" ASEAN market.

She also recommended helping each sector gain competitive advantage through industry clustering, sharing services facilities, and developing industry roadmaps.

"The opportunities are there in the supply chains," said Wignaraja, adding that the business sector has to adopt smart strategies to capture opportunities to participate in the production networks, and policymakers must create the enabling business environment for SMEs to thrive.

http://www.manilatimes.net/smes-aseans-untapped-resource/261691/

SMEs in developing countries

The Economist, June 4 2016

Caught in the middle

Big and tiny firms often find it easier to borrow than medium-sized ones

KAMPALA - The name of the Grand Global Hotel suggests no want of ambition. But the project ran into financial problems before building work had even finished, says its owner, Emmanuel Tugume. His bank raised interest rates, and would not make allowances for delays in construction. Mr Tugume eventually got a loan from GroFin, a specialist business lender, and now his hotel is thriving. But his experience with Uganda's banks still rankles. "They do not adjust to people like us," he says. "They look after the big-time clients."

Small and medium-sized enterprises (SMEs) all over the world grumble about access to finance, but the problem is worse in developing regions. Around two-thirds of SMEs in poor countries cannot borrow as much as they would like, compared with a sixth in the rich world, says the International Finance Corporation, the corporate-lending arm of the World Bank. It put the "credit gap" for small but formal businesses in developing countries at around $1 trillion in 2011. Throw in informal firms, and the shortfall is even greater.

Plenty of outfits lend to very poor people hoping to start a business. But such "micro-credit" is typically minute, fleeting and expensive. It channels funds to tiny, unproductive businesses, often with no employees. More substantial firms, with greater potential for growth, have to look elsewhere. “The poor are being stuffed with micro-credit,” says Milford Bateman, a consultant, “while SMEs are being starved.”

Banks are hardly rushing to step in. They remain the biggest source of finance for SMEs in the developing world: commercial banks supply around 58% of their funding, while state-owned ones stump up 30%. But they are often reluctant to lend more. Many small-business owners have little collateral, patchy records and non-existent credit histories. It takes time for customers to arrive or crops to grow. Far safer, many banks conclude, to lend to established clients or to the government.

That leaves a gap—the so-called “missing middle”—for newer, more specialist lenders. GroFin, which helped Mr Tugume, tries to limit defaults the old-fashioned way, by trying hard to get to know its borrowers. “Every business has records,” says Arigye Munyangabo, one of its managers in Uganda, “but sometimes they are in the customer’s head.” Regular visits and business mentoring help tease out that hidden information. GroFin charges slightly above-market rates, but has no shortage of clients: in 12 years, it has provided $260m of funding to SMEs across Africa and the Middle East.

Other firms are experimenting with different lending models. EFTA, in Tanzania, offers small businesses hire-purchase schemes for equipment. The business can use the equipment while paying off the loan, but EFTA owns it until the three-year lease period is over. This arrangement sidesteps the need for collateral: EFTA can just take back the machinery if the borrower doesn’t pay (it installs devices in tractors that can disable them remotely). Only 5-6% of its loans by value end in repossession.

These specialist lenders are nimble, and often get a leg-up from development agencies and philanthropists. But most of them are relatively small. If lending to SMEs is really to grow, banks will have to become more enthusiastic. One factor that might help is the data revolution, which is making it easier to weigh risks.

Digitisation, for example, is assisting businesses to keep better records and banks to monitor them. Commercial Bank of Africa is partnering with Strands, a fintech software company, to help businesses take their payments and records online: one advantage will be more detailed data for credit decisions. Numida, a startup in Uganda, is developing an app that allows traders to track transactions on their phones. Lenders, it hopes, will agree cheaper loans for clients that are willing to share these records.

Others are looking for new kinds of data altogether. The Entrepreneurial Finance Lab, a spin-off from a research initiative at Harvard University, is trying out psychometric testing as a way of assessing credit risk. Would-be borrowers complete a short online survey and the software quickly generates an alternative credit score, based on attributes like conscientiousness and confidence. “We want to collateralise people’s human capital,” says Asim Khwaja, a Harvard professor and co-founder of the project. Trials in Latin America suggest that this approach can help to reduce defaults, thereby paving the way for more lending.

Whizzy data are cheaper than the relationship banking of old. As smartphones spread, gathering and digesting information about a small business’s performance will vastly reduce the need for the labour-intensive approach of firms like GroFin. But algorithms can only go so far. Developing countries also need better institutions, from registries of collateral to commercial courts. Nimrod Zalk, an adviser to the South African government on industrial policy, stresses the need for big companies to nurture SME suppliers. He talks admiringly of the role played by KfW, a development bank, in financing German manufacturers. Such changes take time, however. Building a financial ecosystem is a lot harder than downloading an app.

http://www.economist.com/news/finance-and-economics/21699931-big-and-tiny-firms-often-find-it-easier-borrow-medium-sized-ones-caught

Australian SMEs laud proposed tax cuts

The Mercury, May 6 2016

Tax cuts for Australian small to medium enterprises (SME's) handed down in the 2016 Federal Budget have largely been welcomed by the SME community.

According to cloud accounting and SME specialists Reckon, who surveyed more than a thousand business owners, the tax cuts were seen as a positive development by 44% of Australian SMEs.

The result is a significant boost in sentiment compared to Reckon’s pre-Budget polling, which revealed 37% of SMEs were anticipating new policies would negatively affect their bottom line.

Only one in five of businesses surveyed post-budget said the changes would impact them negatively.

Lowering of the tax rate to 27.5% from 28.5% for small businesses was considered as having the most positive impact, with 39% of survey respondents citing this as the most valuable improvement.

Extending access to instant write-offs for equipment purchases was the second highest ranking result (31%).

The budget is also expected to deliver further employment opportunities and job creation with 11% of SMEs reporting that, as a direct result of the new policies, additional staff hiring will be possible.

The changes to the youth employment program (Jobs PaTH), including a total of $750 million in support measures, could also boost employment amongst SME's, with 21% of those surveyed stating they would consider taking on an intern or employing a young jobseeker as a result.

"The increase in SME sentiment is very positive for the Australian economy," Reckon CEO Clive Rabie said.

"We have seen previously that businesses felt their views on how to improve business conditions were not being heard. This budget marks the second SME-friendly package in the past two years and will deliver significant tax breaks, which directly challenges the perception that the government is not interested in small business.

"Australian SMEs are the engine room of the economy so it is hard to understate the importance of positive sentiment which is increasingly expressed by businesses at the moment."

http://www.themercury.com.au/news/breaking-news/australian-smes-laud-proposed-tax-cuts/news-story/a21512d98f8bef9706cd1568af9d8327

Australian SMEs are positive about future

Sydney Morning Herald, June 10 2016

Small businesses owners want creative solutions to the challenges they face.

Rounding the halfway mark of the election campaign, small businesses are not feeling cheery. Almost half of SMEs expect the economy to decline in the next 12 months, and 24% are saying projected income is slowing, according to the MYOB biannual Business Monitor survey.

On the plus side, newer start-ups and young businesses remain positive about the future.

An example of the latter is Henry Brydon's Sydney-based "adventure platform;' We Are Explorers, which was launched in September 2014.

MYOB Chief Executive Tim Reed says many SME operators are still concerned about the underlying strength of the Australian economy. Photo: Jessica Hromas

"This week I have decided to step away from my normal full-time job and devote everything to the business," Brydon told Fairfax Media.

We Are Explorers partners with brands such as Harley Davidson and North Face to create media content about exploring the great outdoors in New South Wales, and is projected to turn over $100,000 this year.

"My goal at the moment is to create a successful business that survives for the first year or two. What I want from the government is some thinking outside the box. They should be thinking a few steps beyond just financial support, and finding ways to put me in front of people that could help support my business," he said.

That nascent stage of his business means We Are Explorers needs opportunities more than anything else.

"To be quite frank, I've been so busy with two full-time jobs, non-stop, for me it's a case of knuckling down and cracking on with the work," said Brydon. "I think governments do understand that small business is the root of the economy and perhaps naively I think that they do have our backs."

Brydon's business demonstrates just how crucial new businesses are to the economy of Australia.

"The latest MYOB Business Monitor clearly shows many SME operators are still concerned about the underlying strength of the Australian economy," said CEO Tim Reed, referring to the survey that takes in more than 1000 companies.

Business Monitor Survey results:

- 42% of SMEs believe the economy will decline during the next 12 months

- Only 24% of SMEs are optimistic about Australia's economic future
- Two in five business owners (41%) expect their revenue to remain the same during the next 12 months
- Nearly one in four operators (24%) felt they had less business in the pipeline compared with 19% in the previous Business Monitor survey (October 2015)
- Cash-flow concerns are the No. 1 pressure point for SMEs, increasing from 22% to 26%
- Interest rates have also jumped from 10th place to fifth on the list of business pressures

http://www.smh.com.au/small-business/growing/new-businesses-the-one-bright-spot-in-sme-confidence-survey-20160609-gpfj2r.html

Bangladesh Bank to train up to 10,200 youths for SMEs

UNB, January 4 2016

Bangladesh Bank has taken a programme to train up some 10,200 youths in order to improve their skills for the country’s growing small and medium enterprise (SME) sector, reports UNB.

Bangladesh Bank governor Atiur Rahman yesterday launched the programme tiled “Skills for Employment Investment Program (SEIP)” undertaken by its SME and Special Programme Department.

Eight NGOs which were hired by the central bank will provide the training to the youths in the next three years in 12 trades of five industrial sectors, including ICT, garment, light engineering, automobile and industrial electrical maintenance.

Bangladesh Bank’s deputy governor SK Sur Chowdhury and additional secretary to the Finance Ministry Jalal Ahmed were present at the function at Bangladesh Bank with BB executive director Nirmal Chandra Bukt in the chair.

http://www.theindependentbd.com/printversion/details/28995

BIBD launches SME 360 to help Brunei's SMEs

The Brunei Times, Koo Jin Shen, April 15 2016

BIBD's branch at The Mall in Gadong. The Islamic financial institution launched a one-stop solution for SMEs yesterday. Picture: BT File

BANDAR SERI BEGAWAN - Bank Islam Brunei Darussalam (BIBD), the country's largest financial institution launched a one-stop solution for corporate and small-medium enterprises.

According to a press statement issued by BIBD, the SME 360 offering was launched during His Royal Highness Prince Haji Al-Muhtadee Billah, the Deputy Sultan's working visit to the Darussalam Enterprise Business Support Centre in Anggerek Desa.

In the statement, Mubashar Khokhar, BIBD Managing Director commented that, "Today's launching, along with all our other products and services, aligns us closer towards His Majesty's vision of the country in developing a dynamic and sustainable economy. Along with building on our relationship with DARe, we will be pursuing more partnerships with government institutions to create improved solutions and opportunities."

"We are also very thankful and supportive of the efforts and policies in place by the Government of His Majesty."

Khokhar said that BIBD is confident that SME 360 will create more avenues for SMEs to grow and develop more business and industry leaders in Brunei Darussalam.
The SME 360 offering provides a comprehensive banking solution that complements the needs of businesses, especially SMEs, which includes dedicated relationship management team, financial solutions and digital payments.

The dedicated relationship management team provides access to sound banking advice and financing solutions which include working capital, property, bridging, supply/procurement contract, trade finance, and guarantees.

On top of that, businesses will have access to BIBD's array of digital payment solutions including card merchant services, e-tunai, e-bayar, MasterCard Internet Gateway Service, and Corporate Internet Banking.

Interested and budding entrepreneurs are encouraged to call the BIBD Contact Centre to get more information and arrange an appointment.

http://www.bt.com.bn/business-national/2016/04/15/bibd-launches-sme-360-help-sme-growth#sthash.j8l6UGM7.dpbs

Cambodian minister urges online registration for SMEs

The Cambodia Daily, Kang Sothear, February 2 2016

More than half a million small and medium-sized enterprises (SMEs) in Cambodia will be encouraged to register online with the government in an effort to strengthen tax collection, the industry minister said.

Speaking on the sidelines of the Industry and Handicrafts Ministry's annual meeting, Cham Prasidh said that some 95% of SMEs in the country were not registered, making it difficult for the government to collect tax revenue.

"At least 80% have never paid taxes," Mr. Prasidh said. "So how much will they pay when they are registered? Without tax revenue, in terms of economics, how can we pay salaries to employees, teachers, soldiers, doctors and road builders?"

He said that the ministry - which Prime Minister Hun Sen charged with registering SMEs in 2014 - would teach firms how to use the online registration system.

Last month, the Ministry of Commerce launched an online business registration portal for larger firms as part of its ongoing efforts to streamline registration and curb bribery.

https://www.cambodiadaily.com/news/minister-urges-online-registration-for-smes-107144/

First satellite-based Internet access for Indonesia's SMEs

Jakarta Globe, Jakarta, April 4 2016

PT. Telekomunikasi Indonesia, Tbk (Telkom) remains indisputably committed to serving the small, medium enterprises (SME) segment. Through its Division of Business Service (DBS), the state-owned enterprise has launched a new service 'MangoSTAR', which will make it easier for SMEs anywhere to have internet access. With the MangoSTAR, Telkom is increasingly optimistic that it will be able to narrow the digital divide in the country, as well as to support achieving three million SMEs Goes Digital target until the end of 2016.

“MangoSTAR is a new satellite technology-based internet access solution known as Very Small Aperture Terminal (VSAT). We set it up in a more attractive package that is very suitable for SMEs in areas where it is difficult to connect them into the physical network access (copper or fiber optic),” Telkom director of enterprise & business service Muhammad Awaluddin said during the MangoSTAR launch in Jakarta (4/4).

"MangoStar is another proof of Telkom's promise to introduce telecommunications access to the rest of Indonesia regardless of the location. In fact, MangoStar is the only broadband services via satellite in Indonesia that can download with up 2 Mbps and upload with 0.5 Mbps speed," Awaluddin added.

Technology-wise, internet access can be provided via ADSL or fiber optic Copper (Fiber To The Home/FTTH), radio access and VSAT. Copper network (FTTH) and radio access the mainstay for operators in urban areas. But in remote areas, VSAT is the mainstay due to difficulties in developing the network. Thanks to the VSAT managed by MetraSat (a subsidiary of TELKOM), it can be connected directly to the satellite.

MangoSTAR service is available in various packages at affordable monthly fees with guaranteed delivery and service. Telkom also provides a variety convenience for additional internet access quota top ups through http://www.blanja.com. In addition to the internet access, customers can enjoy other benefits such as free to air television broadcast services without reducing their bandwidth quota. Most importantly, the SMEs can get free memberships at www.smartbisnis.co.id, www.jarvis-store.com and 25% discount for subscription for those who upgrade their packages as well as free membership to user seller at www.blanja.com. "MangoSTAR is a truly innovative service. VSAT services are typically marketed in wholesale, now it is available by retail especially for SMEs in Indonesia," Awaluddin said.

Awaluddin also said that in concept, the launch of MangoSTAR is part of the 3C strategy, namely connectivity to meet the demand for internet access availability for SMEs; content through which SMEs can immediately take advantage of a variety of content available in www.smartbisnis.co.id and commerce in which SMEs can directly market their products through www.blanja.com. By the end of the year, Telkom targets to serve 5,000 customers. Within 2 weeks before the launch, Telkom has received numerous requests from various locations such as Jambi, Mentawai and Kalimantan.

"Indonesia's geographic condition requires Telkom to master technologies for telecommunications access. MangoSTAR's availability for SMEs is expected to support the achievement of three million SMEs Goes Digital until the end of 2016 and it is a proof of Telkom's dedication for the country," Awaluddin said.

http://jakartaglobe.beritasatu.com/advertorial/first-satellite-based-internet-access-solution-indonesias-smes/

Indonesian women-owned SMEs: A golden opportunity for local financial institutions

IFC, March 20, 2016

The development of Indonesia's MSME sector has become a top priority in the government's quest to generate employment and economic growth. However, it is the microenterprises that dominate the sector, constituting 99% of all enterprises and employing 89% of the private sector`s workforce (Table 1). Therefore they have an important role in generating employment even though their contribution to economic growth is limited.

	Assets (excluding land and building)	Annual sales	Number (2013)	Employment (2013)
Micro	< 50 million IDR	< 300 million IRD	57,189,393	104,624,466
Small	50 – 500 million IDR	300 million – 2.5 billion IDR	654,222	5,570,231
Medium	500 – 10 billion IDR	2.5 billion – 50 billion IDR	52,106	3,949,385
Corporates	> 10 billion IDR	> 50 billion IDR	5,006	3,537,162

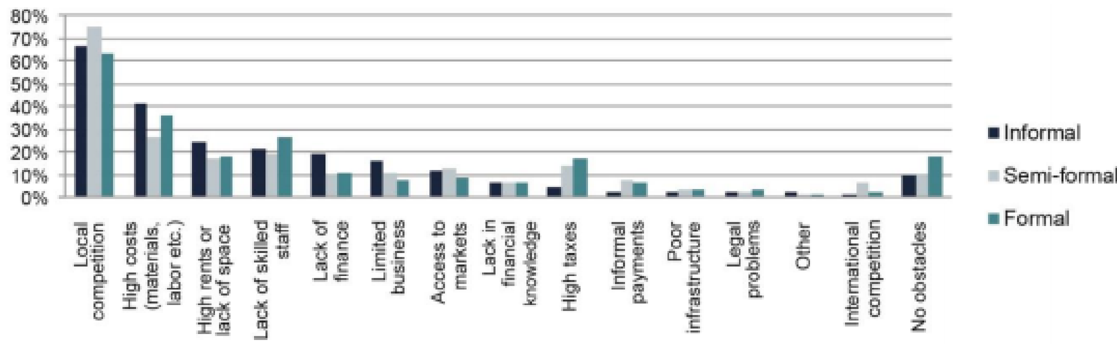
Source: SME Law 20/2008, Ministry of Cooperatives and SMEs

For Indonesia to escape the middle income trap – or, to not hit a barrier in its economic development for cross-over to the higher income group -- it must bridge the 'missing middle', i.e. increase the number of SMEs and their productivity. SMEs are widely acknowledged to be a major contributor for raising income levels of a country.

These can be the vital link that helps Indonesia make the switch from a labor-based economic model to one that is more capital based. So far, cheap labor-based microenterprises have dominated the economic landscape of Indonesia. SMEs have also fared badly in comparison to corporates for their contribution to GDP. While 5,000 corporates contribute 38% to GDP, the contribution of 700,000 SMEs just about equals to 22% (Figure 1).

To overcome the middle income trap, microenterprises will have to grow into small and medium-sized enterprises, and increase their productivity to be able to pay higher wages, leading to a broad middle-income class.

Indonesia`s SME sector is small in comparison to its microenterprise sector and is far less productive than the corporate sector. However, SMEs will play an important role in generating income on a broader level if the country is to avoid the middle income trap. The SME sector has been growing more dynamically in past years compared to the microenterprise or corporate sector.



Eliminating certain constraints and improving access to finance could further boost its growth. While the number of SMEs and number of employees has been increasing quickly, investments lagged behind so that average productivity per employee has been falling. Indeed, the growth in fixed capital formation decreased markedly and is considered responsible for lower GDP growth rates. Although most SMEs evaluated their business outlook as generally positive, they have been reluctant to obtain finance for investment purposes.

There are three major areas that need to be addressed by the government and the financial sector to strengthen SMEs and their contribution to the economy.

First, about half of the SMEs are either informal or obtain semi-formal status, mostly due to administrative formalities and the high cost of obtaining the formal status. It has been seen that only businesses with a turnover above Indonesia n rupiah 1 billion will opt for formalization. Informal status makes SMEs ineligible for a number of business development opportunities.

For instance, it excludes them from active participation in the value chain as producers, suppliers, service providers, often in close relationships with larger businesses.

Second, investments require long-term financing. Most SMEs make use of short-term finance to cover their liquidity needs through, what seems to them, the most accessible sources. These are primarily either profits retained from own businesses or borrowings from family or friends. Thus, investment loans that banks offer are seldom made use of. Only 11% of the surveyed SMEs did so, mostly because loans from informal sources deliver better value and convenience as compared to banks.

Third, not only SMEs but specifically those owned by women are strong contributors to economic growth and employment. They need to be offered better growth opportunities. Women-owned SMEs represent almost half of the market. They are most often informal and their businesses are smaller in size, though not weaker in terms of performance.

Some challenges are perceived and experienced by women stronger than by men because of the limitations in time, mobility and resources, in addition to cultural and social aspects. At the same time, more often than men, women are interested in advisory, training and information sharing and are more demanding of the quality of services that banks or government support programs provide.

http://www.ifc.org/wps/wcm/connect/677906e9-398d-45c1-8f87-84e503292f50/SME+Indonesia+Final_Eng.pdf?MOD=AJPERES

Kazakhstan to issue $712M to support SMEs

Azernews, Nigar Abbasova, June 15 2016

President Nursultan Nazarbayev instructed the government to allocate additional 240 billion Kazakh tenges (nearly $712 million) in the second half of 2016 to stimulate the economic growth in the country.

Funds are expected to be directed for the provision of support to small and medium-sized businesses, lending and implementation of programs of individual housing construction.

Financial means will also be allocated for the implementation of a number of infrastructural projects including improvement of life quality in rural areas, completion of the ferry crossing at the Kuryk port and modernization of Astana airport.

Measures are expected to give a stimulus for the growth of the country’s economy.

Kazakhstan's economy depends heavily on the oil sector. It accounts for an estimated 20% of GDP, 50% of fiscal revenues, and 60% of exports

Among the major trading partners of Kazakhstan are Russia, U.S., Uzbekistan, China, Turkey, U.K., Germany and Ukraine. Kazakhstan major exports include the oil, ferrous and nonferrous metals, machinery, chemicals, grain, wool, meat, coal. Major imports of the country are machinery and parts, industrial materials, gas, and vehicles.

http://www.azernews.az/region/98025.html

Efforts to increase SME products in Malaysia: Hamzah

The Sun Daily, Adrian, May 9 2016

Minister of Domestic Trade, Co-operatives and Consumerism Datuk Seri Hamzah Zainudin (R) visits a Fama booth after launching the 'Buy Malaysia' campaign 2016. — Sunpix by Amirul Syafiq Mohd Din

KUALA LUMPUR - The Domestic Trade, Cooperatives and Consumerism Ministry hopes to increase the number of local Small Medium Enterprises (SME) products in various hypermarkets nationwide to 30% by 2020.

Its minister Datuk Seri Hamzah Zainuddin revealed that although there are some 5,000 local SME products (or around 10% to 15%) in the hypermarket last year, a lot more can be done to increase the figure as there are great potential for these products.

"If we wish to increase the figure, then it is important to ensure the product is of good quality and affordable," Hamzah told reporters after officiating Giant Hypermarket's 'Buy Malaysia Product' campaign and the opening of Giant's latest outlet in Setapak.

Hamzah explained that if the figure can be increased to 30%, then it means the standard of local products is on par with international products.

He added that the ministry would not mind loosening some of its criteria if the hypermarkets can help SMEs' market their products.

http://www.thesundaily.my/news/1794942

Google Malaysia to assist SMEs bridge digital gap

New Straits Times Online, Marina Emmanuel, May 26 2016

GEORGETOWN - Google Malaysia is set to continue assisting small and medium businesses (SMBs) in the country to go digital and prioritise an online presence, as more Malaysians take to their smartphones and mobile devices. "Today's battle for customers is won in `micro moments' - the spontaneous moments of decision-making and preference-shaping that dictate outcomes throughout the entire consumer journey, which is happening with consumers on smartphones.

"We think there is tremendous growth potential for Malaysian SMBs, given the mobile-first nature of Internet users here," said managing director of Google Malaysia, Vietnam, Philippines and New Emerging Markets Sajith Sivanandan in a statement, in conjunction with `Go Digital' workshop held here in collaboration with SME Corporation Malaysia (SME Corp) and Maxis.

The day-long workshop is part of Google Malaysia's roadshow, held previously in Kuala Lumpur and soon in Kota Kinabalu, to help more Malaysian SMBs take advantage of the Internet and grow their businesses. Malaysian small and medium enterprises are defined by SME Corp as manufacturing companies with a sales turnover not exceeding RM50 million or full-time employees not exceeding 200 workers; or services and other sector companies with a sales turnover not exceeding RM20 million or full-time employees not exceeding 75 workers.

Google Malaysia said through the roadshow, it will help Malaysian businesses that have either no online presence or are looking to step up their digital presence both domestically and internationally. At the workshop, Google Malaysia highlighted two Malaysian SMBs - LSN Sewing Machines and 123Cheese.my that successfully harnessed digital marketing to steer their businesses ahead. Both companies have since gone digital, and said to have resulted in their customers and potential customers now finding them easily online.

Google Malaysia said in a statement that with over 20 million Internet users, Malaysia is a mature Internet market filled with online savvy, mobile-first consumers. "According to Google's Consumer Barometer 2015 study, 71% of Malaysians own smartphones and they use them for various activities from searching for information, watching videos, navigating to destinations and checking traffic to managing their shopping lists," it added.

http://www.nst.com.my/news/2016/05/147962/google-malaysia-assist-small-and-medium-businesses-bridge-digital-gap

Incubation centre to be set for Malaysian SMEs

New Straits Times Online, Fazleena Aziz, April 21 2016

PUTRAJAYA - The Secretariat for the Advancement of Malaysian Entrepreneurs (SAME), a unit under the Prime Minister's Department, has received cooperation from TAR University College to set up an incubation centre, a module for small medium entreprises (SMEs) in the country. Minister in the Prime Minister's Department Datuk Seri Dr Wee Ka Siong said preparation would be completed in two months for the centre.

"We are in the midst of discussion and preparation but we have received approval from TAR University College to establish the centre. "The centre will be a model to guide SMEs to become successful in their businesses while offering a comprehensive approach and business solutions," he said after holding a dialogue session with the Malaysian Champions business club, hosted by SAME, today.

Malaysian Champions features 80 award-winning prestigious SMEs in various fields coming together to offer their experience, challenges, expertise and guidance for those alike. The centre will feature not only former bankers but also the Special Task Force to Facilitate Business (Pemudah), Federation of Malaysian Manufacturers (FMM) and the SME Association. 185 reads Minister in the Prime Minister's Department Datuk Seri Dr Wee Ka Siong the incubation centre for SMEs will be a model to guide SMEs to become successful in their businesses. Bernama pix.

http://www.nst.com.my/news/2016/04/140599/incubation-centre-be-established-smes

Malaysia government continues developing SMEs: Ahmad Maslan

The Sun Daily, June 16 2016

SUNGAI BESAR - The government will continue to undertake various initiatives to develop and strengthen the small and medium enterprise (SME) sector as it represents 98% of businesses in the country.

Deputy International Trade and Industry Minister Datuk Ahmad Maslan (pix) said to date, 653,158 SMEs were registered with the ministry, with 19.5% of them based in Selangor.

"Sometimes, people have mistakenly thought a SME is just about baking cookies in the backyard, instead it represents the overall trade sector that includes manufacturing and class F contractors," he told reporters.

Ahmad said the government recognised the sector as the backbone of the country's economy, hence it introduced and implements various initiatives and grants to help eligible SMEs grow.

On the Bumiputera Economic Empowerment Agenda, he said about 21% of the programmes have been implemented by the ministry and its agencies as at the end of the first quarter of this year.

"The MIDF (Malaysian Industrial Development Finance Bhd), for example, has approved RM13.2 billion in financing and loans to 10,283 companies, of which RM4.6 billion was disbursed to 2,535 Bumiputra entrepreneurs.

"As for SME Corp, it has approved 1,005 financial aid under its Business Accelerator Programme, with 363 or 36% for SMEs in Selangor which amounted to RM75.9 million," he added.

http://www.thesundaily.my/news/1841034

"Small is the New Big" – Malaysian SMEs help energize economy

World Bank, July 5 2016

WASHINGTON D.C. - 98% of business establishments in Malaysia are small and medium enterprises (SMEs). These businesses are responsible for nearly 36% of the country's GDP, 65% of the country's employment, and nearly 18% of Malaysia's exports.

SMEs have been at the core of Malaysia's economic transformation since the 1990s to an upper-middle income nation and are an important driver of employment and growth.

"In terms of numbers, SMEs are significant, and they form the backbone of Malaysia's economy," said Dato Hafsah Hashim, chief executive of SME Corporation Malaysia at a recent event organized by the new World Bank Group Knowledge and Research Hub in Kuala Lumpur in partnership with the Trade & Competitiveness Global Practice. "To us in Malaysia, small is the new big."

Hafsah, who is responsible for coordinating and overseeing policies for the overall development of SMEs in Malaysia, helped create and is now implementing the 2012-2020 SME Masterplan. Designed in conjunction with the World Bank Group, and described by Malaysia's Prime Minister as a "game changer," the Masterplan includes a structured framework to advance SME development.

A shopkeeper in front of his shop in Little India, Kuala Lumpur. Photo: Trinn Suwannapha / World Bank

By 2020, Malaysia aims to push SMEs' contribution to GDP to 41%, and the share of the country's exports from SMEs to 23%.

"Malaysia's transition to a high-income economy will highly depend on SMEs' contribution to GDP growth," said Anabel Gonzalez, Senior Director of the Bank Group's Trade & Competitiveness Global Practice. "In addition, SMEs have a significant role to play in creating opportunities for women and youth."

Malaysia's SME growth has outpaced that of the overall economy, but the country's target of 8% SME growth through 2020 will be tough to maintain, given that the overall economy is growing only at about 5% annually, according to Hafsah.

"Our overall vision is to have globally competitive SMEs across all sectors that enhance wealth creation and contribute to the social wellbeing," said Hafsah.

Secondary goals include increasing business formation by 6% on average per year and increasing the number of high growth and innovative firms by 10% per year.

The Relevance of Data

An important element to boosting SMEs in Malaysia is understanding them. The surprising results of the country's first-of-its-kind census in 2004 showed that the vast majority of SMEs were in the services sector, while only about 7% were in the manufacturing sector and even less in agriculture.

"I believe in the principle that what you can't measure you can't plan and if you can't plan you can't manage," Hafsah said, referring to the need to survey businesses and understand their subsectors. “The SME policy has evolved over the years in line with the overall country’s development agenda.”

Focus on Innovation

A key element of Malaysia’s Masterplan that has worked thus far is the focus on innovation and technology adaptation. For example, Malaysia targeted the green light-emitting diode (LED) business as a focus for SMEs and has seen huge growth over the years and good international exposure. In 2016, Malaysian firms sold RM116.9 million in LEDs, compared to just RM65.6 million in 2012. Future areas of focus will be medical devices, oil and gas, ship-building and repair, and aerospace. Each sector will receive specific attention for a 12-month period in an effort to kick-start activity in that area.

The TUBE youth development program is another example of innovation, this time meant to spark the entrepreneurial spirit among young Malaysians. Based on a boot camp concept, the program sends participants to a jungle for a week to test their leadership, discipline and teamwork skills. Those who make it through the camp continue on to year-long apprentice training programs.

“This strategy is simple: entrepreneurship is not a 100-meter burst. It is a marathon and needs a lot of energy and a lot of stamina. If they can’t get through one week, we feel they can’t get through the entrepreneurship journey,” said Hafsah, who called the program her ‘pride and joy’. “We want to create employment providers, not employment seekers.”

To ensure continued SME growth and contribution to Malaysia’s economy, over the next few years Hafsah said Malaysia has to encourage the private sector to adapt to changes, have a pool of skilled personnel who can be absorbed in the market and get better at closing the productivity gap to be globally competitive.

“We have achieved a great deal thus far,” explains Hafsah. “But there is a long road ahead for us to become a high-income nation.”

http://www.worldbank.org/en/news/feature/2016/07/05/small-is-the-new-big---malaysian-smes-help-energize-drive-economy

PNG SME Master Plan Launched

Papua New Guinea Today, February 22 2016

PNG Prime Minister, Peter O'Neill receives the SME Master Plan 2016 - 2030

A bold blueprint that will stimulate Papua New Guinea's Small to Medium Enterprises, SME, over the next 14 years was launched by Trade Minister, Richard Maru and Prime Minister, Peter O'Neill in Port Moresby.

Named as the SME Policy and Master Plan 2016 – 2030, its key objectives includes growing 500,000 SMEs, create employment opportunities in the form of 2 million jobs with the sector, ensure fair distribution of national wealth from the mere 10% of local ownership to 70% and support and inclusive and sustainable economic growth.

Minister Maru said there was no other way to grow the country's economy, but through the SME and agriculture sectors.

"We cannot continue to rely on the extractive industry and you know why – when the extractive resources stop, we starve and that's why we have created this master plan to guide the SME towards the national objectives that we aspire to achieve in the next 14 years," said Minister Maru.

The resonant message of more interaction between SMEs, the agriculture sector and government was a predominant facet of emphasis from various speakers during the 2016 Leaders' Summit in Port Moresby, which concluded on Thursday.

It was resonant enough to prompt Prime Minister O'Neill to dedicate K200 million this year towards implementing key goals within the SME Master Plan.

http://news.pngfacts.com/2016/02/sme-master-plan-launched.html

Philippine's SMEs outsourcing more: BPO firm

The Manila Times, Kristyn Nika M. Lazo, July 6 2016

More SMEs as well as new businesses are now increasingly open to outsourcing which can enhance their savings and business processes.

Juan Paolo Araneta, head of Prople's business development and project management group, said that based on their clients' experience, businesses that resort to outsourcing for their business processes save 15 to 20% in operational costs and experience "process improvements."

Araneta said SMEs and new businesses are "more open" to outsourcing in some of their business processes and operations compared to large companies that do not approve of outsourcing right away because of the need for corporate deliberations.

He explained that businesses may be doing well in certain sectors they are in, but may not have the investments in proper infrastructure or efficiencies for business processes such as finance and accounting, and data management and storage.

In such situations, SMEs tend to tap outsourcing firms that have the technical knowhow and available infrastructure, which can result in 15 to 20% savings for SMEs.

These SMEs also benefit from the technical industry knowledge that outsourcing firms provide, which will allow for "process improvements" such as work efficiency and reduction in the number of full time employees (FTEs) needed for a single project.

Mandaluyong-based Prople is engaged in providing value added business solutions to SMEs, new companies, and some large multinationals through outsourcing. These solutions include financial, accounting, HR, payroll, and data management services.

The Information Technology and Business Process Association of the Philippines (iBPAP) said it expects the Philippine business process outsourcing (BPO) industry to hit $25 billion in revenues and generate 1.3 million jobs by end-2016.

iBPAP attributes robust growth in the BPO sector to the expansion of services from voice to non-voice services, mainly in knowledge process outsourcing (KPO) and health information management (HIM). Other segments that show solid growth are IT and engineering services, animation and gaming development, legal process outsourcing, and marketing services.

Other than Metro Manila, BPO companies have also expanded and located to provincial growth areas, mainly in the so-called top 10 next wave cities. These are: Baguio, Cagayan de Oro, Dagupan, Dasmariñas, Dumaguete, Lipa, Malolos, Naga, Sta. Rosa in Laguna and Taytay in Rizal.

http://www.manilatimes.net/outsourcing-attracting-more-sme-clients-bpo-firm/272108/

RCBC to expand funding of Philippine's SMEs

Business World Online, June 22 2016

RIZAL Commercial Banking Corp. (RCBC) has secured a P2-billion allocation from state-pension fund Social Security System (SSS) for its lending to local firms and social facilities.

The banking arm of the Yuchengco-led conglomerate said in a statement yesterday that the fund will be used to expand the lending business of the listed lender to small businesses and social facilities.

"The SSS funding is intended to further spur the bank's lending activities to the commercial or middle markets and small entrepreneurs as well as for the expansion of educational, health care and social empowerment facilities," RCBC EVP and Head of the National Corporate Banking Group Michael O. De Jesus was quoted as saying.

RCBC said in particular, targeted businesses are those engaged in agribusiness, food processing, manufacturing, commercial production, trading business and other service-oriented facilities such as hospitals, schools, and other vital social institutions.

"The loan may be used for additional working capital, acquisition of equipment and upgrade of facilities, among others," the bank added.

It noted that the funding from SSS will enable the listed bank to surpass its first quarter loan portfolio of P302 billion, 12% higher from the previous year's level. Average loan volumes of corporate, consumer and small and medium enterprises (SMEs) in the first quarter increased 15%, 18% and 13%.

RCBC said interest income from its lending business accounts for 81% of the bank's total interest income. "RCBC's rapid deployment of SME lending centers shows its commitment to boost its loan portfolio in the SME market," the bank said.

From just four centers in 2007, RCBC said it now has 13 lending centers with 14 lending satellite offices nationwide, complemented by a team of specialized account officers under its Commercial and SME Banking Segment and Retail Banking Group.

"RCBC shares the pension fund's aim to stimulate economic growth through financial assistance that results in more employment opportunities," Mr. De Jesus said.

"It is our duty at RCBC to contribute to the country's social development goals and nurture the growth of business particularly among SMEs, which make up 99% of registered businesses in the country," he added.

The bank had said it is trying to expand loans to SMEs by promoting the use of its digital channels -- enterprise banking, cash management facility, online portals.

Net income of RCBC grew by 12.43% in the January to March period to P1.8 billion from the P1.6 billion seen during the same quarter last year on the back of the continued expansion of its core businesses.

RCBC booked a P5.1-billion unaudited consolidated net income for 2015, up 15.2% compared to the P4.4 billion it earned the previous year.

The bank has 475 consolidated network nationwide and 1,405 automated teller machines as of end-March.

http://www.bworldonline.com/content.php?section=Finance&title=rcbc-gets-funding-to-expand-sme-business&id=129321

Easing access to SMEs' crowdfunding can kick-start the economy

South China Morning Post, Andrew Sheng, February 19 2016

Andrew Sheng believes the US move to allow start-ups to sell securities to the investing public through regulated platforms will inspire similar moves in Asia, which will benefit its bright and restless youth.

The year has started with such doom and gloom in financial markets that everyone thinks start-ups may be the future of jobs and growth. But small and medium-sized enterprises, which are the major providers of jobs in any economy, are also typically long on passion and short of cash and funding.

Conventional stock markets raise funds for large corporations and it takes a long track record in earnings and reputation before SMEs can find the sponsors and funding to list. Crowdfunding is now the buzzword for start-ups but, until recently, it was illegal to raise equity (in the form of tradable securities) from the public unless approved by regulators. That process is not only costly but complicated for SMEs.

Crowdfunding became popular in the US when website platforms started to raise money for charities (and political donations) in small amounts from the public. The US Securities and Exchange Commission (SEC) has issued new rules, effective from May 16, that allow companies to use crowdfunding to sell securities to the investing public. This revolutionises SMEs' access to funding and also gives investors access to equity in start-ups.

Traditionally, start-ups get their equity from family and friends. Since the arrival of the internet, some enterprising firms have tried to access capital from strangers, through "start-up exchanges" and other platforms. The risks of investing in such unregulated platforms are twofold – the possibility of investing in fraudulent companies and also being cheated by the platform. Unregulated peer-to-peer (P2P) platforms in China are now shutting down and losing investor trust because quite a few are scams.

To protect the public, the SEC generally bans companies and private funds from offering securities unless the transaction has been registered with the commission or there is an exemption from registration. Exemptions are only made for certain securities, such as hedge and venture funds with higher risks, if the investor is “accredited”. This means that if the investor is rich and experienced enough, he or she would be allowed to buy these exempted funds or securities because the principle of “buyer beware” fully applies.

The definition of rich enough is someone with an annual income of US$200,000 (US$300,000 including a spouse’s income) and whose net worth (excluding primary residence) including their spouse’s is more than US$1 million. In Hong Kong, the broad definition of a professional investor is one with net assets of over HK$8 million.

With crowdfunding, however, the door is now wide open to anyone to invest in these start-ups. So how can the SEC protect investors? The protection is again twofold. The first is by telling investors how to judge how much they can risk investing in these assets. The second is to ensure that the crowdfunding platforms are actually run by broker-dealers or funding portals regulated by the SEC or the Financial Industry Regulatory Authority.

Each crowdfunding investor should learn how much they can afford to invest. The investor is subject to both an income and wealth test. If the income or net worth is less than US$100,000 (excluding primary residence), then they can invest within one year up to US$2,000 in crowdfunding security, or 5% of annual income or net worth, whichever is less. If the annual income or net worth is more than US$100,000, then the investor can invest up to 10% of annual income or net worth, whichever is less, but not exceeding US$100,000.

Since the crowdfunding portal or broker-dealers are regulated, the chances of fraud are reduced, though not zero. Companies or start-ups cannot access crowdfunding directly from the public but must use the regulated portals or broker-dealers.

The real issue about start-ups is finding the right expertise to coach them on how to make their ideas and ventures more commercial, professional and fundable

Furthermore, to safeguard themselves, crowdfunding investors are advised to do their homework thoroughly. They need to understand fully their speculative risks, illiquidity, cancellation restrictions, difficulties of valuation, limited disclosure and information, fraud, lack of professional advice, and most of all, that they are betting not on assets, but on individuals or teams. Young start-ups often make many mistakes. Thus, the risks could be very high and the chances of success are not great. But some do make it big.

The good news is that once the SEC takes the lead in clarifying the rules for crowdfunding, other regulatory agencies in Asia will be able to adapt these rules to help create a local ecosystem for crowdfunding. Last year, the Malaysian Securities Commission published guidelines to facilitate equity crowdfunding. The Hong Kong Securities and Futures Commission consulted on the subject in 2014, but has yet to introduce specific laws or regulations.

The real issue about start-ups is finding the right expertise to coach them on how to make their ideas and ventures more commercial, professional and fundable. This is highly intensive work, which is currently not taught in universities, but mostly learnt on the job.

Policymakers throughout Asia pay a lot of lip service to the need to help nurture SMEs, but the record is so far uneven. Throwing money at the problem is not the right answer. Crowdfunding is not the be-all and end-all of helping SMEs, but the SEC guidelines are a good start.

http://www.scmp.com/comment/insight-opinion/article/1914058/how-rules-easing-access-crowdfunding-can-kick-start-economy

Singaporean SMEs' challenges abroad

Strait Times, Madam Coco Zhang, June 13 2016

Companies venturing overseas say market knowledge and brand protection are key

For small and medium-sized enterprises (SMEs), venturing abroad involves both understanding the foreign market and protecting their own brands.

Ahead of the Internationalisation Forum on June 23 organised by Human Capital Singapore, The Straits Times interviewed four SMEs that have either expanded to foreign markets or intend to do so.

China and India, with their large populations driving fresh demand for goods and services, are marked out as the main markets for expansion, along with South-east Asia.

"The business landscape has changed over the years in India. They are now more pro-business and outward-looking," said Mr. Koh Seng Choon of Christopher Benjamin Consultancy Services, which offers advice for firms and companies on entering China and India.

Yet, many SMEs hold back, wary of the different business cultures.

"Working with the Chinese, it is important to be alert, many things are done based on connections," said Ms. Lisa Zou, founder of Tong Chiang Holdings, a food delivery firm.

The right partner

We have chosen to work with the largest Chinese medicine producer in the world so that we can be assured of the quality of the management in China.

Madam Coco Zhang, executive director of Kin Teck Tong, on working with China's healthcare conglomerate Taiji Group.

Madam Cheah Bee Chew of Origin Herbal Hair Treatment takes steps to secure trademarks and relevant legal protection for her products. Another crucial issue for many is finding the right partner.

"We have chosen to work with the largest Chinese medicine producer in the world so that we can be assured of the quality of the management in China," said Madam Coco Zhang, executive director of Kin Teck Tong, a traditional Chinese medicine firm, referring to China's healthcare giant, Taiji Group.

Mr Johnny Tan, director of J's Salon, which specialises in hair and beauty treatments, believes Singapore's strong reputation as a trustworthy country for doing business helps firms looking abroad. J's Salon is looking at setting up a franchise operation, and is investigating the possibility of doing business in the United Arab Emirates.

Stepping out into the world seems daunting, but Mr. Koh emphasises that it is a matter of understanding the market. Singapore businesses also often do not have "enough staying power and give up too easily", he said.

On working with Singapore businesses, deputy general manager of China-based Taiji Group, Ms. Yan Yu, commended Singapore businesses' understanding of the international business climate.

"On the other hand, the matching of their expertise to China's needs, awareness of China's economic policies... are areas Singapore businesses can work on," she said.

Taiji Group recently set up an overseas headquarters and is in negotiations with Kin Teck Tong for the exclusive distributorship of Taiji's mineral water in Singapore. They are expected to sign an agreement at the forum on June 23.

http://www.straitstimes.com/business/companies-markets/smes-challenges-abroad

Expand SME lending in Sri Lanka

Ceylon Today, Ishara Gamage, March 3 2016

Central Bank of Sri Lanka (CBSL) urged Sri Lanka's banking community to expand its small and medium sector (SME) finance to uplift rural community.

Governor Arjuna Mahendran speaking at a function in Colombo yesterday, made this request at the launching ceremony of the 'Access to Finance Action Plan' which was developed by the CBSL Regional Development Department.

Ceylon Finance Today: Central Bank of Sri Lanka (CBSL) urged Sri Lanka's banking community to expand its small and medium sector (SME) finance to uplift rural community.

Governor Arjuna Mahendran speaking at a function in Colombo yesterday, made this request at the launching ceremony of the 'Access to Finance Action Plan' which was developed by the CBSL Regional Development Department.

He said the government is planning to introduce The Community Reinvestment Act (CRA) to encourage the banking and finance sector to help meet the banking needs of the communities in which they operate, including low- and moderate-income neighbourhoods, consistent with safe and sound operations.

Members of the public may submit comments on a bank's performance. Comments will be taken into consideration during the examination. A bank's CRA performance record is taken into account in considering an institution's application for deposit facilities. The governor accused that some bankers bring regionally raised deposits to Colombo and lend it to large conglomerates.

"They must reinvest a considerable amount of its regional raised funds to that community, otherwise it is unethical," he said. Meanwhile, Sri Lanka's Banks' Association urged CBSL to expand its regional presence to provide project proposal assistance for SMEs.

Speaking at the occasion, CBSL Regional Development Department Head Asoka Handagama said the government led SME policy framework aims to promote high potential, promising SMEs and improve the business environment.

The major policy interventions are identified in six core areas, he said. Those were, enabling environment, modern appropriate technology, entrepreneurial culture and skills development, access to finance, market facilitation and research and development.

http://ceylontoday.lk/22-119900-news-detail-expand-sme-lending.html

New DBS BusinessClass app for Taiwanese SMEs

China Post, Courtesy of DBS, July 15 2016

TAIPEI, Taiwan -- DBS has announced the release of the Traditional Chinese (Taiwan) version of the "DBS BusinessClass" app, a community platform that connects SME owners with new teams to help enterprises gain professional knowledge and share practical experience through online consulting and mutual interaction during the business expansion process, achieving their ambitions for business expansion.

DBS recently won Euromoney's "2016 World's best digital bank" award, recognizing the efforts of DBS in digital financial services. Jerry Chen, general manager of DBS (Taiwan), stated that DBS combines innovative thinking with customer needs to provide pleasant banking experiences through the power of digital technology; innovative services. With the launch of "DBS BusinessClass," DBS is well on its way to fulfilling its promise to become the best partner for SMEs, and helps SMEs grow steadily.

http://www.chinapost.com.tw/business/2016/07/15/472289/DBS-releases.htm

Cash credit for Turkish SMEs triples over 5 years

Daily Sabah, February 14 2016

Cash credits given to small and medium-sized enterprises (SME) increased at an annual average of 30% between 2010 and 2015, reaching $388 billion in 2015 from $125 billion in 2010, according to data from the Turkish Banking Union (TBU).

This means that within five years, cash credits given to the SMEs grew faster than the total credit stock for those years and increased their share of total credit stock from 23.6% in 2010 to 26% in 2015.

Consisting of 99.8% of all enterprises in Turkey, SMEs are the highest growing grouping with a yearly growth rate of 31% and 26%, respectively.

http://www.dailysabah.com/money/2016/02/15/cash-credit-for-turkish-smes-triples-over-5-years

New law to fuel Vietnamese SMEs boom

Vietnamnews.vn, June, 14 2016

HÀ NỘI - Việt Nam is drafting a law on extending support to SMEs. It is part of the government's determined efforts to promote the development of the business community and double the number of firms to one million by 2020.

The planning and investment ministry will submit the draft law to the government next month and to the second meeting of the 14th National Assembly (NA) for discussion.

Agricultural products being processed at Nam Huy Dong Thap Company in southern Dong Thap Province. A law on extending support to SMEs company is being drafted. — Photo Vũ Sinh

This will be the first time support for SMEs is legalised in order to provide a comprehensive approach. SME's account for 97% of businesses in Việt Nam, contribute more than 40% to the gross domestic product (GDP) and generate 52% of jobs.

Deputy Minister of Planning and Investment Đặng Huy Đông said Vietnamese SMEs were facing several difficulties in loan, land and technology access and market expansion, partly explaining the private sector's modest competitiveness and vulnerability to policy and social vagaries, Đông said.

The ministry's statistics reveal that as of the end of 2015, the outstanding loans of SMEs accounted for just 23% of the total outstanding loans, although they make up 97% of the business community.

Đông said legalising support for SMEs was not a subsidy, adding that all forms of support will be compliant with international commitments.

At a three-day consultation conference held by the ministry in HCM City, Deputy Head of HCM City's NA Deputy Delegation Trần Du Lịch said the draft should turn a spotlight on the strategic significance of SME development in the industrialisation process, adding that SME development support would promote social progress and equity.

Experts at the conference said the draft should define the roles of local authorities in giving assistance to businesses, as seen in other countries. Business associations also agreed to set up a national SME development council.

Experts also said support for business households that played an important role in the economy should also be considered.

While state-owned enterprises (SOEs) were undergoing a thorny restructuring process, Việt Nam has recognised the private sector, mainly comprising SMEs, as an important driver of the nation's economic development.

Deputy Prime Minister Vương Đình Huệ said at the first-ever Việt Nam private economic forum that the government would improve the business climate to enhance national competitiveness and ensure a level playing ground for businesses.

SMEs

- Revenue of less than VNĐ100 billion / Labour force less than 300 employees
- Support (in the latest draft)
- Discrimination against SMEs banned
- Banking credit access: Banks with at least 30% of outstanding SME loans will receive government support
- Setting up of mutual funds and start-up funds encouraged
- 5% reduction in corporate tax rate for five years from the date of SMEs' inception
- 20% of public procurement budget to be used to purchase SMEs' goods and services

http://vietnamnews.vn/economy/298139/new-law-to-fuel-smes-boom.html#VAQDsPcJhLtfjWFy.97

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