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# SME NEWSLETTER



Volume VIII

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## Message from the Chairman

My dear colleagues:

It is my pleasure to present to you the latest "SME Newsletter", Volume VIII for 2018. This publication is a compendium of relevant reports, analyses and educational news, many of them abbreviated, concerning the SME sector in the region.

The first part of 2018 shows clear progress in SME development in Asia. The funding challenge in Malaysia is being solved by online platforms. Singapore pushes for SME internationalization. In Taiwan, banks are expanding SME financing, and in Indonesia, lower taxation is considered key to further develop SMEs' expansions.

It appears that SMEs' role in the regular economy is gaining importance and more diverse funding channels are now explored. Moreover, in places like Turkey, SMEs transformation is underway.

SME development is going mainstream which only augurs better opportunities to individuals willing to risk their fortunes and efforts as entrepreneurs.

Prospects for SME development for 2018 looks strong indeed. Enjoy your reading!

**George Abraham**  
*Chairman of SME Development Council*  
**CACCI**

## CGC launches imSME, Malaysia's first SME loan/financing referral platform

ADFIAP, 13 February 2018



Credit Guarantee Corporation Malaysia Berhad (CGC) has launched Malaysia's first SME Loan/Financing referral platform for the benefit of the country's vibrant micro, small and medium enterprises (MSME), commonly known as SMEs. The "imSME" platform would serve as an online one-stop-center for SME loan/financing by providing an array of financing products and services offered by the participating banks and agencies.

CGC targets over 2000 SMEs to benefit from the newly launched imSME by end of this year.

The imSME, represents "I am mSME" which covers micro, small and medium-sized entrepreneurs. It is the first online SME loan/financing referral platform in the country, mooted by Bank Negara Malaysia (BNM) and powered by CGC.

"What we are going to witness is another quantum leap in the SME ecosystem, where SMEs can explore various financing options offered by the banks and benefit from the financial products that suits them best, all in one single platform", said Minister of Finance II Datuk Seri Johari Abdul Ghani at the launch of imSME at Sasana Kijang.

The imSME is targeted at all SMEs, currently facing difficulties in securing financing from the financial institutions (FIs), for various factors. It is a unique online platform that enable SMEs to search and find loan/financing product that best fits their needs, faster and at their convenience. The effort is to further strengthen the SMEs' self-service capabilities while enhancing their total online experience in line with the central bank's call for the SME sector to embrace financial technology (FinTech) to remain competitive.

Currently, there are fourteen (14) financial institutions (FIs) and development financial institutions (DFIs) participating in the imSME namely; Affin Bank Berhad (Affin Bank), AmBank (M) Berhad (AmBank), Bank Pertanian Malaysia Berhad (AgroBank), Bank Simpanan Nasional (BSN), Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat), CIMB Bank Berhad (CIMB), Hong Leong Bank, Malayan Banking Berhad (Maybank), Oversea-Chinese Banking Corporation Limited (OCBC), OCBC Al-Amin Bank Berhad, Public Bank Berhad, Public Islamic Bank Berhad, RHB Bank Berhad (RHB), and SME Bank.

In total, these 14 FIs and DFIs have a network of over 2,400 branches throughout Malaysia and over 60 financial products for SMEs hence making it easy for SMEs to discuss with their preferred financier once the match is selected.

"This is just the beginning of imSME which will be developed in three (3) phases. Currently, we are launching phase one (1) with search, referral and matching capabilities. Further

enhancements in the next two (2) phases will include psychometric assessment, incorporate more products, with additional banks and agencies to ensure more options within the ecosystem and data analytics. These enhancements are expected to take place within the next 24 months,” said CGC’s Chairman, Dato ‘Agil Natt.

CGC President/CEO, Datuk Mohd Zamree Mohd Ishak said the launch of imSME underlines the aspirations of CGC to bridge the financing gap for SMEs by offering financing products and services of participating FIs and DFIs on the imSME platform.

“We want to redefine the SME financing landscape in Malaysia to keep up with evolving global trends. This is an opportunity not just for the SMEs, but also for the young and emerging entrepreneurs in Malaysia to connect their businesses with the right financing options for future growth,” said Zamree.

Currently, our partnering agencies with capacity building programs are Centre for Entrepreneur Development and Research (CEDAR), Institut Keusahawanan Negara (INSKEN) and Malaysian Institute of Accountants (MIA), SME Corp Malaysia as well as peer-to-peer (P2P) financing platforms licensed by Securities Commission of Malaysia namely Fundaztic by Peoplender Sdn Bhd, Funding Societies Malaysia by Modalku Ventures Sdn Bhd and QuickKash by ManagePay Systems Bhd.

Since the soft launch in November 2017, 321 SMEs have submitted their applications of which 64 matched with the available products at imSME, and five (5) were approved, valued over RM500,000. For more information on imSME, visit [www.imsme.com.my](http://www.imsme.com.my).

<http://www.adfiap.org/news/cgc-launches-imsme-malaysias-first-sme-loan-financing-referral-platform/>

## **SME Bank Malaysia: Highlighting successful SMEs via TV**

### **ADFIAP, 10 April 2018**

When it comes to SME development, the Small and Medium Enterprise Development Bank Malaysia Berhad (SME Bank) is always top of mind. The Bank has been continuously innovating and developing programs that benefit SMEs. One such program that the Bank has recently launched was the “SUKSES” (SUCCESS) TV Programme, an avenue for in-depth discussion on issues and challenges faced by the SME entrepreneurs and sharing their success stories.

The program is an intervention initiative of SME Bank to nurture and develop the champions of Malaysia’s SMEs. It is also a platform for an intellectual discourse on issues pertaining to SMEs, its development, challenges and achievements. Furthermore, it is also an avenue for the entrepreneurs to promote their products and services without incurring an exceptional high media cost if they were to do it on their own, and serves as a platform to inculcate the culture of entrepreneurship amongst Malaysians, especially the next generation entrepreneurs.



The program is also an initiative of SME Bank to support the Government's agenda of increasing SME GDP contribution to 41% by the year 2020.

SME Bank's "Sukses TV Programme" won ADFIAP's 2018 ADFIAP Outstanding Development Project Award, under the SME Development Category.

<http://www.adfiap.org/news/sme-bank-malaysia-highlighting-successful-smes-via-a-tv-program/>

## Trà Vinh plans to support SMEs development

**Vietnam news, 24 May 2018**

TRÀ VINH - The Mekong Delta province of Trà Vinh targets 4,000 enterprises by 2020, with more than 30 per cent and 15 percent of them owned by women and ethnic minorities, respectively.



This was announced at a conference in the locality, held by the provincial Department of Planning and Investment and Trà Vinh SME Development Project's management authority. The event discussed plans to support the development of small- and medium-sized enterprises (SMEs).

According to Phạm Văn Bé Sáu, deputy director of the provincial Department of Planning and Investment and Trà Vinh SME Development project, local SMEs are set to

create 22,000-25,000 jobs per year from now until 2020, bringing a monthly income of VNĐ4.5-4.7 million for each labourer.

These SMEs are expected to contribute 50 per cent and between 45-50 per cent to the province's gross regional domestic product (GRDP) and the local budget, respectively.

Trà Vinh is currently home to 2,153 enterprises, 98 per cent of which are SMEs, firms that usually struggle to access support policies, preferential loans, technologies and consumption markets.

To promote SMEs' development, local authorities will continue to perfect policies to create a healthy business environment. Attention has been paid to providing financial assistance to enterprises and building and upgrading infrastructure systems.

Start-up activities have been fostered in the locality to encourage household businesses to transform into enterprises. Sáu said Trà Vinh planned to spend VNĐ2.66 trillion (US\$116.7 million) to support local businesses during 2018-20.

From 2012-20, SMEs operating in the province are allowed financial assistance worth CAD12.1 million (\$9.4 million) for their production and business activities, including CAD11 million worth of non-refundable assistance funded by the Canadian Government. — VNS

<http://vietnamnews.vn/economy/448593/tra-vinh-plans-to-support-development-of-smes.html#FbXjbHVqOb2Kaapo.97>

## Turkish SMEs must succeed in digital transformation

**Hurriyet Daily News, Erdal Saglam, 6 March 2018**

Just like their peers in the rest of the world, Turkish companies must focus more closely on technological developments and digital transformation.

Within this context digital transformation in large firms as well as in small and medium sized companies (SMEs) is crucial both for their own interests and for the Turkish economy as a whole. I recently attended a meeting in Antalya, organized jointly by the Turkish Enterprise and Business Confederation (TÜRKONFED) and İş Bankası, which brought together digital leaders and SMEs as part of the “Digital Anatolia” project.

From the high attendance I could see that SMEs are aware of the importance of this transformation. As part of the project, reports on the state of digital transformation in the world and Turkey have been published and digital leaders have organized meetings in several provinces across the country to raise awareness of the issue among SMEs.

A report, produced in cooperation with Boğaziçi Counseling for Business (BCB), will be published assessing the current state of digitalization and problems regarding digitalization in the agriculture, automotive and textile industries, identified as pilot sectors and in their sub-sectors.

The report will also include recommendations regarding the digital transformation' process. Ahead of the meeting, TÜRKONFED president Tarkan Kadooğlu appeared very enthusiastic about the project while speaking to journalists.

In his speech at the meeting, Kadooğlu requested incentives for digital infrastructure investments such as “cloud computing, industry 4.0, the internet of things, and artificial intelligence” in the industrial, services and agriculture sectors.

He said the use of information technologies in SMEs should be encouraged through incentives and support, while also calling for more investment in human resources, education, e-commerce and mobile commerce. The latter two elements constitute the backbone of the “Digital Anatolia” project.



“Turkey should develop the appropriate transformation model by itself,” Kadooğlu said. Şahismail Şimşek from İş Bankası noted that the term “digitalization” was once associated only with tech companies but now it is used by everyone. Digital transformation has had an impact on all industries and companies, and the way banking transactions are conducted has also been transformed, he said.

### **Discipline, obedience and intelligence**

TÜRKONFED vice president Ali Eroğlu pointed to opportunities that the agriculture sector offers for digitalization.

He particular referred to New Zealand and Australia as exemplifying how value added was increased by employing digital technologies in agriculture and stock farming.

Before the experts delivered their speeches regarding the digital transformation', cloud computing and payment systems, Özyeğin University's founding rector Prof. Dr. Erhan Erkut gave a presentation on “the transformation of institutions.”

Erkut began his presentation by stating that “the values of the 20th century - discipline, obedience and intelligence – have now become commonplace. In the 21st century, taking the initiative, creativity, and passion are required in order to compete.”

Erkut stated that the most important job of a manager is to identify staff at the organization with entrepreneurial skills and hiring people with such skills, clearing the way for them to move forward. He also suggested that “the game has changed,” as startup costs have declined, the ranking of large companies are changing fast, and tech companies are boosting their capital accumulation. But in order to make progress in the areas he mentioned, SMEs must either change their mindset to pave the way for innovations and creativity or they will disappear.

<http://www.hurriyetdailynews.com/opinion/erdal-saglam/turkish-smes-must-succeed-in-digital-transformation-128279>

## **The First MicroFinanceBank opens banking service center in Dushanbe**

### **Asia Plus, Official Release, 13 February 2018**

In line with its expansion plan, The First MicroFinanceBank (FMFB) opened its new Banking Service Center (BSC) in Dushanbe city, Tajikistan, at 34 Aynee Street, taking to 37 the total number of its Business outlets across the country. The new BSC is strategically located to provide easy access for FMFB's wide and growing customer base in the area, and is outfitted with state-of-the-art technologies, enabling it to provide efficient and effective services to the Bank's customers.

The BSC in Dushanbe will offer customers access to all of the Bank's competitive and innovative products and services. Through this BSC the customers will be able to get Express



credits up to USD50k secured by gold collaterals within 30 minutes. The SME customers are supported with affordable loans up to TJS1,800k to grow their businesses.

The Director of the Bank, Mr. Yodgor Faizov – Chief Executive Officer, AKF Tajikistan, and Mr. Yenten Lama –Chief Executive Officer, FMFB, inaugurated the BSC at a function attended by various dignitaries. The Head Office management staff and FMFB’s clients were also present at the opening ceremony. “The opening of this BSC in Dushanbe is in line with

the decree signed by The Leader of Nation, President Emomali Rahmon on declaring 2018 as the Year for Tourism and Folk Crafts in Tajikistan. Therefore, this opening will enable the office to offer a comprehensive mix of innovative services and products for individuals and businesses alike” expressed Mr. Faizov, AKF Chief Executive Officer.

Mr. Yenten Lama, Chief Executive Officer of FMFB, took the opportunity to thank all the Bank staff for a good performance in 2017 despite the challenges. He said that this new BSC was a reflection of the Bank’s confidence and positive view of the future economic growth.

The First MicroFinanceBank provides a comprehensive range of financial services to SME and Microfinance customers to help the development of its customers and the economy – by increasing access to credit, improving savings products and providing efficient and cost-effective remittance services to all Tajiks. The Bank also provides the full spectrum of banking services to Corporate customers for cash and settlement, international transfers and foreign exchanges operations. For effective accounts control and management, the customers are provided with Internet banking, debit cards and payroll management programs. In addition to the Head Office in Dushanbe, the Bank has branches in Gharm, Khorog, Khujand, Kulyab, Kurgantube and two branches in Dushanbe city, which are supported by a network of 30 BSCs serving the semi-urban and rural areas of the country.

<http://www.asiaplus.tj/en/news/tajikistan/economic/20180213/the-first-microfinancebank-opens-banking-service-center-in-dushanbe>

## Hua Nan Financial to increase lending to SMEs

**Taipei Times, Crystal Hsu, 3 March 2018**

State-run Hua Nan Financial Holding Co. in Taiwan aims to boost its profit margin this year by diversifying its sources of income and achieving a higher capital utilization rate.

The bank-focused conglomerate said it intends to step up lending operations for small and medium-sized enterprises (SMEs), which could account for 70 percent of its loan book and raise the bank’s interest rate spread.

“Hua Nan Financial will shore up its legal compliance system and capital utilization rates this year, while pressing ahead with efforts to support firms in the five-plus two sectors,” chairman Wu Tang-chieh (吳當傑) told a news conference.

Hua Nan Commercial Bank (華南銀行), the holding firm’s main subsidiary and source of income, is to increase loans to the “five plus two” industries by NT\$15 billion (US\$512.12 million), in line with the Cabinet’s plan to stimulate local development of an “Asian Silicon Valley,” and “smart” machinery, “green” energy, biomedicine and defense industries, as well as a new agricultural business model and a circular economy.

The lender has built a clientele list of 8,000 in those sectors, with a total of NT\$400 billion in outstanding loans in December last year, Wu said, adding that loans to firms involved in “green” energy development amounted to NT\$76 billion.

Hua Nan Bank would refrain from loan book expansion, but would seek to widen interest spread by 6 basis points this year, from an average of 1.4 percent last year, the bank executive vice president Jonathan Huang (黃俊智) said.

Net interest income, a critical gauge of banks’ profitability, hovered around 1.07 percent last year, he said. The focus on SMEs and overseas operations would help expand the margin following interest rate hikes in the US and other countries, he said.

The lender is looking at a 5 percent increase in SME lending from NT\$400 billion, company data showed. The bank of 180 branches would keep mortgage operations flat this year, as the local property market has yet to come out of price correction pressures, although transactions have improved, Huang said.

Overall, the financial holding reported a net income of NT\$12.09 billion last year, or earnings per share of NT\$1.09. The showing represented a 14.29 percent decline from NT\$14.09 billion recorded in 2016.

<http://www.taipeitimes.com/News/biz/archives/2018/03/03/2003688566>

## ADB tells Sri Lanka to setup \$10M fund for SME financing

Ceylon Today, Mario Andree, 18 March 2018



The Asian Development Bank recommended the Government to setup a pilot fund of US\$ 10 million to fund Sri Lankan start-ups and small businesses as the demand for equity capital seems to be growing.

The Bank estimated a US\$ 200 million demand for equity financing by start-ups over the next five years in addition to US\$ 500 million to



US\$1Billion in risk capital from established SMEs.

According to the Bank the Government could play a catalytic role by directly investing in the fund, alongside private investors.

The Bank said that the Government had the option of pursuing a loan from ADB to fund the project.

“To support the growth of the SME sector, the Government, particularly the Ministry of Finance, is recommended to consider operationalizing the fund as a pilot project that could be expanded based on its successful performance over time” the ADB said in a report.

“The fund would create an avenue to address capital constraints of SMEs, unlocking their future growth potential and result in meaningful development outcomes, the Bank said.

Small and Medium Enterprises are the bedrock of Sri Lanka’s economy, accounting for 75% of the total number of enterprises active in the country, providing 45% of employment, and contributing 52% to its gross domestic product.

The Bank said by strengthening the sector, the Government has the opportunity to meet a number of import policy priorities and development impact goals, such as creating a larger number of higher-quality skilled jobs, expanding youth employment opportunities, enabling and incentivizing innovation, boosting Sri Lanka’s export and developing the local capital markets.

<http://www.ceylontoday.lk/news-search/SME/news-more/299>

## New SME business card from HNB

**Sri Lanka Times Online, JJ, 10 May 2018**



# HNB

Small and Medium Enterprise (SME) customers will benefit mostly following the launch of a new SME Business Card by the Hatton National Bank from Sri Lanka in partnership with Mastercard International at an event at the HNB Towers.

The new business card will facilitate SME businessmen to attend to business transactions with local and international banks. Meanwhile plans are afoot by the HNB to launch another SME Credit Card to facilitate retail business transaction in Sri Lanka. HNB’s Deputy General Manager Jude Fernando said the uniqueness of HNB was that they are totally different to other banks approaching SME’s at grass-root levels to help expand with their businesses.

HNB’s Managing Director/CEO Jonathan Alles said their initial plan was to sell 1000 SME Business cards in June and to sell another 7000 more business cards this year. He said their ultimate target is to sell 20,000-30,000 cards and a new App will be launched shortly targeting entrepreneurs and businessmen alike. Several new business cards were handed over to HNB Corporate clients. (JJ)

<http://www.sundaytimes.lk/article/1043183/new-sme-business-card-from-hnb>

## On the job coaching of export SMEs

### The Ceylon Chamber of Commerce

The International Trade Centre (ITC) in collaboration with the Government of Sri Lanka is implementing a four-year EU funded project, EU – Sri Lanka Trade-Related Assistance Project, aiming at strengthening Sri Lanka's inclusive trade-led growth and regional integration through increased trade competitiveness of Sri Lankan SMEs in regional/SAARC and EU markets.

The project has already developed an e-learning curriculum to support SMEs complying with Sri-Lanka cross-border procedural and regulatory requirements in relation with export transactions to EU and SAARC markets. After the completion of this e-learning training, trainees will be equipped with practical information on how to improve their company compliance with import/export administration requirement.



**The  
Ceylon  
Chamber of  
Commerce**

As a component of this project, ITC, in collaboration with the Ceylon Chamber of Commerce (CCC), has planned to offer on-the-job coaching on export management to selected companies that have enrolled their staff in the e-learning programme. The objective of this on-the-job coaching is to assist selected companies to review their internal organization and internal processes with a view to enhance their ability to reduce their transaction costs and to improve their compliance with administrative requirements. The on-the-job coaching will also allow the coaches to provide additional training and tips to the company employees that had not participated to the e-learning curriculum.

As the key implementing partner of on the job coaching for export SMEs, the Chamber will be responsible for successful implementation of following activities in collaboration with ITC;

Develop a coaching kit including: interview questions to assess the company performance in managing trade transactions, organisational and procedural checklists, standard job description, SME freight-desk structure, export management standard operating procedures

Identify 10 national coaches with a relevant experience in export formality management

Organize a 5 days' train-the-coach event to build national coach understanding of the coaching kit and build their capacity to provide on-the-job trainings to SMEs.

Organize coach-the-coach sessions through which an international consultant will accompany the national coaches in their first on-the-job coaching mission. Facilitate the organization of 50 on-the-job coaching missions

<http://www.chamber.lk/index.php/15-projects/62-on-the-job-coaching-of-export-smes>

# Focusing on innovation can help SMEs get ahead

**As Singapore's economy matures, slower growth will be a reality.**

**The Strait Times, Edmund Khoo Kim Hock, 24 May 2018**

I agree that a fundamental survival skill for small and medium-sized enterprises (SMEs) is their ability to quickly step up to fill the shoes of multinational corporations (MNCs) that are offshoring their businesses out of Singapore (Help SMEs to renew economic growth, by Mr Liu Fook Thim; May 17).

The present shorter cycles between economic growth and downturns are limiting new opportunities for expansion and causing companies to focus more on cost management.



Economic slowdown is not always a bad thing as it may be a springboard to innovation and growth in the longer term.

In order to compete successfully in the region, Singapore must transform to maintain our key competitive advantage (Adopting tech solutions pays off for SMEs; May 16).

For SMEs to create real value, they must generate new products and services. This will pave the way for local enterprises to grow through collaboration with MNCs to meet global demands, and not just the needs of the domestic market. Without the financial muscle and economies of scale that multinationals possess, SMEs face far more stringent credit guidelines from banks to fuel their expansion.

The Economic Development Board and Enterprise Singapore can help develop local private sector businesses to contribute to supply chains, thus giving us a competitive advantage in the global market. This will involve introducing schemes that will help local businesses tap opportunities for expansion.

Recognising that SMEs have to take a giant step up to fill the void, the Government should give tax incentives and grants to help businesses strengthen their capabilities, navigate through the muddy waters of restructuring, develop their workers and even finance expansion overseas.

While MNCs and government-linked companies have reason to be optimistic about future growth, owing to greater support from the powers that be, the same cannot be said for smaller local companies. Only by focusing on innovation while preserving a level playing field of support can SMEs get up to speed.

We can become the preferred destination for start-ups and modest enterprises to develop their ideas, revolutionise growth areas and adopt new technologies to become core contributors to our future economy.

<https://www.straitstimes.com/forum/letters-in-print/focusing-on-innovation-can-help-smes-get-ahead>

# Inaugural SBF Overseas Market Workshop to Japan

## **Singapore companies take a first-hand look at new technologies, innovative solutions and opportunities for collaboration**

**Singapore Business Federation, May 2018**

Twenty-eight participants from 23 companies, led by Mr Eugene Wong, Vice Chairman of SBF's China and North Asia Business Group and Chairman of CrimsonLogic, attended SBF's first overseas market workshop to Japan, held between 16 and 20 April 2018.

The workshop, supported by Enterprise Singapore, is aimed at giving Singapore companies a first-hand look at the development of new technologies and innovative solutions used by Japanese companies and is part of SBF's greater efforts to expose companies to new ideas, trends, developments, and technologies which can help open up new avenues of growth for their businesses.

Sharing his thoughts, Mr Wong said: "Japan as we know is recognised as a leading developer of new inventions, especially in the development and ingenious application of artificial intelligence and robotics for a wide range of industries. Singapore companies can tap on Japan's expertise and innovations for a wide range of opportunities both for Singapore and as partners for collaboration in third country markets."

Over the five-day workshop, the Singapore participants visited leading technology innovators in Tokyo, Chiba and Kanagawa prefectures, such as ACSL, a leader in the development of UAVs in Japan, and logistics solution and technology developers such as Hitachi Transport System, Isuzu Motors and Yamato Transport. Participants also met executives from Softbank Group Corp., ABEJA.INC and Aucfan Co., Ltd to learn about the technology investments made by their respective funds and clients to augment existing businesses.

The delegation was also briefed by the Japan External Trade Organisation (JETRO) and the Japan Innovation Network (JIN) on the Japanese government's programmes to promote innovation.

To foster closer collaboration between Singapore and Japanese business communities, the delegation was hosted to a business dialogue and networking session with Japanese companies by the ASEAN Japan Business Council and the Japan Chamber of Commerce and Industry (JCCI).

Describing the Japan trip as enriching and eye-opening, Mr Darren Kho, Managing Director of Lexbuild Wheels & Rail, appreciated the sharing and exchange of best practices by Singapore and Japanese companies. Sharing his thoughts on the programme, Mr Kho said: "I greatly appreciated the great networking among the delegates as well as with the Japanese business counterparts that may open up new potential business collaborations."

Mr Johnny Teo, Global Markets Director (Northeast Asia and Oceania), said "Singapore and Japan enjoy close trade and investment ties. SBF's inaugural overseas market workshop to Japan provides a valuable platform for our local companies to gain insights into the latest technologies and innovations there and establish contacts for potential collaborations."

Summing up the trip, Mr Eugene Wong described this First SBF organised Overseas Market workshop to Japan as very rewarding as it brought together a cross-section of Singapore companies ranging from technology developers and logistics services providers to investors from venture capital funds, as well as manufacturers and other users of the technologies and logistics services to learn from highly innovative Japanese companies featured in this workshop.

He said: “Singapore SMEs need to go out and see the world and learn new innovative business models, I encouraged SMEs to tap on SBF as it regularly organises business delegations and study visits to overseas markets of interest to help Singapore businesses establish new contacts, tap into overseas market opportunities, as well as help Singapore businesses explore collaboration and form alliances for business opportunities.”

<http://www.sbf.org.sg/inaugural-sbf-overseas-market-workshop-to-japan-provides-singapore-companies-a-first-hand-look-at-new-technologies-innovative-solutions-and-opportunities-for-collaboration-in-japan>

## Enterprise Singapore internationalize SMEs



Singapore - International Enterprise Singapore and SPRING came together on 1 April 2018 as a single agency to form **Enterprise Singapore**. This new government agency championing enterprise development, aims to help growing Singapore companies (either locally or overseas) build capabilities, innovate and internationalise. The new agency, besides supporting the growth of Singapore as a hub for global trading and startups, also serves as the national standards and accreditation body, with the goal of building trust in Singapore’s products and services through quality and standards.

### One agency to champion enterprise growth

Given the business world’s rapid pace, and technology’s disruptive features, it is essential that Singapore remains right at the centre of it all, maximizing opportunities and facing competition effectively. Enterprise Singapore will work with businesses - from startups to SMEs and high-growth companies – as a single agency to support their growth.

### Developing resilient and competitive industries

To enable businesses navigate today’s enterprise landscape, Enterprise Singapore adopts a company-centric approach by providing programmes and support catered to companies’ stage of growth, the industry they belong, and the overseas market that they are targeting.

Together with its extensive network of local and overseas partners, Enterprise Singapore supports the efforts to enhance industry and enterprise competitiveness through the 23 Industry Transformation Maps (ITMs). Enterprise Singapore will work with companies to capture new market share through upgrading and innovation; adoption of new technologies to improve productivity; facilitate expansion into overseas markets; and strengthen leadership capabilities.

<https://www.enterprisesg.gov.sg/about-us/overview>



## Jumbo: Singaporean seafood chain expands in Shanghai

Singapore - We all know and love local seafood chain Jumbo's famous chili crab, but did you know that they are expanding their offerings all over the world too? From a single seafood restaurant in 1987, Jumbo now has over 20 restaurants in Singapore, China and Japan. But expanding overseas wasn't always smooth sailing. Find out how they turned their initial failures into a recipe for success with assistance from Enterprise Singapore.



By the mid-1990s, about a decade after its first restaurant opened its doors at East Coast Parkway, Jumbo Seafood - and its famous crab dishes - has become a household name in Singapore.

"Jumbo became profitable and popular very quickly," said CEO Ang Kiam Meng, whose father was one of the founders of the seafood chain. "We focused on providing good food and good service, and our reputation grew."

Flushed with this domestic success, and recognising the competitiveness and limited size of Singapore's Food & Beverage (F&B) market, the company yearned to venture overseas. That led Jumbo to open its first international restaurant in Indonesia in 1995.

The attempt, however, was a huge flop. "We failed," said Mr Ang, with a chuckle. "It was all due to our inexperience in opening branches (overseas). These were earlier years of training. The school fees we had to pay."

Following this early defeat, it took Jumbo almost 20 years before it tried to go overseas again. It was only in 2013 that the company opened its second international outlet - this time in Shanghai.

Almost immediately after its inaugural Chinese launch, it became clear that the company's second stab at overseas expansion was going to take a decidedly different turn from the first: Jumbo is now thriving in China.

In less than three years, the company has opened three outlets in Shanghai, all well-received by both critics and customers alike. So, what changed? According to Mr Ang, almost everything.

Jumbo conducted extensive market surveys prior to choosing China as their target market, and engaged a consultancy company who helped them conduct focus groups research. The restaurant chain also approached IE Singapore (now Enterprise Singapore), which helped it navigate the complexities of the Chinese market and connected the company with local contacts.

"In Indonesia, we hadn't been aware of IE," said Mr Ang. "But in China, they helped us in various ways... They were very helpful. When you're in a foreign land, you know very little about the place and so every help you can get is important, no matter how big or how small. IE helped us get a good start and avoid early struggles."

A focus on strong branding and public relations (PR) has also been critical to Jumbo's success in China. When the company opened its first outlet in Shanghai, it simultaneously went through an “internal rethink and restructure,” he shared, which involved improving its branding strategy.



“It's very important for companies to take stock internally. Every five years, you need to look back and tidy up the back of the house before you move on,” he added.

In 2014, Jumbo was also involved in IE's year-long PR project in

Shanghai, which served to promote greater awareness of Singapore's F&B industry among Chinese consumers and local media.

It was an initiative that Mr Ang called “very important” for boosting Jumbo's reputation locally in Shanghai. “PR is very different from advertising as it tends to be more neutral and [thus] more convincing. It's a very good move for companies,” he said. “It's actually helped Jumbo a lot.”

### Eye on the prize

Jumbo has a unique plan for overseas expansion too. In view of their success in Shanghai, Mr Ang wants to “focus on Shanghai and really (flesh out) all the opportunities there” before venturing elsewhere.

Eventually, he sees them expanding to other parts of China and other countries too. “If I open 10 shops, I'd rather open them in one city than in 10 cities. I want to focus on doing one thing first. That way, I can maximise human resources, and do a really good job,” he explained.

“In the next three to five years, we want to establish our name in Shanghai. People from all parts of China and, really, all over the world come to Shanghai for business and for leisure, so it's a good platform for us to highlight our brand.”

### The 'Four-Grade Philosophy'

Ultimately, Mr Ang credits a commitment to excellence as being the underlying factor for Jumbo's continued success — not just overseas, but domestically too. “It's very easy, though expensive, to open a restaurant; but it's very hard to run a successful restaurant,” he said.

There are four ingredients to success, which he calls “our four-grade philosophy”. “It's great food, great service, great value and a great environment — in that order. The quality of food is of utmost importance. Take a hawker stall. A hawker might be abusive and the environment is not great, but people are willing to queue up because the food is good,” he said.

“If you have these four (elements), especially the first two, you'll be successful.”

<https://www.enterprisesg.gov.sg/inspiring-stories/jumbo>

## Rizal MicroBank taps Lendr for loans

**The Philippine Star, Catherine Talavera, 6 May 2018**

Manila - Yuchengco-led Rizal MicroBank has partnered with digital lending platform Lendr in a bid to reach a wider market for its agricultural and business loans.

“This partnership with Lendr also provides our customers the convenience of applying for a loan which they can now do at the comfort of their homes through their computer or mobile device,” said Raymundo Roxas, Rizal MicroBank president.

“Being in Lendr complements our branches, allowing us to reach more people to avail of our agribusiness and small business loans,” Roxas added.

Lendr is a financial service offered by FINTQ, the financial technology arm of PLDT-led Voyager Innovations.

“We are delighted to have Rizal MicroBank in Lendr and provide them a channel that can expand their reach, particularly in far-flung areas. We always aim to help our partners grow their business through our digital platforms,” said Lito Villanueva, FINTQ managing director.

Under the partnership, prospective borrowers can apply for loans through Rizal MicroBank’s Lendr website ([rizalmicrobank.lendr.com.ph](http://rizalmicrobank.lendr.com.ph)) by simply creating an account.

Once the account is created, users may choose what type of loan they want to apply for.

Among loans offered are SME/ business loan for (PITAKA SmallBiz Term Loan) and agri loan for (PITAKA AgriBiz Term Loan).

“Indicate the details of your loan and Lendr will show a computation of the monthly amortization and interest rate. Complete the application form, attach all required documents and click Submit,” Roxas said.

Lendr has an expansive loan offerings from partner banks and financial institutions in the Philippines. Apart from traditional salary, personal, home and auto loan products, it offers mobile crop loan, medicine loan, MSME loan, Overseas Filipino loan and truck and equipment loan, among others.

The company has disbursed loans in excess of P35 billion since it was introduced in 2015, registering a compounded growth rate of over 60 percent compared to the industry rate of 17 percent.

Lendr was cited as the Consumer Finance Product of the Year by the Asian Banker, the first fintech-initiated service to win such recognition.

<https://www.philstar.com/business/2018/05/06/1812438/rizal-microbank-taps-lendr-loans>

## Digitalization of MSMEs

Philippine Star, Joey Concepcion, 26 April 2018



I was recently invited by FINTQ, PLDT's financial technology arm, to their FINTQ on Q which is a roundtable series with thought leaders where I discussed digitalization of MSMEs.

We are indeed in the world of smart phones and digital advancement. I was relating to the audience how our house maids are all on their phones during the evening and would hardly wake up the next morning. Yes, smart phones are now vital in our everyday lives. Our phones are more attached to us. My kids used to have desktops, then had laptops. Now, they're on their smartphones all the time. Our lifestyle has changed extremely.

Most of the large corporations which started as offline businesses are now somehow challenged because they are disrupted. Many of the modern companies today started online. This only proves that we are really evolving. There are advantages and disadvantages that we all must adjust to.

In the next few years, I believe the Philippines will have a large contribution to global digitalization. Our entrepreneurs now want to be players in the online space. This is why I am a believer that the way forward for many micro and small entrepreneurs is to go and participate in the growing digital economy. They will just have to be mentored to maximize their money and market opportunities.

That is why I commend FINTQ for opening DigiHub, which is a great venue for mentorship. With the digital solutions available, small entrepreneurs will have to be mentored for them to scale up in the online market. In the end, we can mentor everyone, but it will be useless without money to grow their business and a market to sell their products. I am glad that many banks and corporations are willing to create programs for the MSMEs.

Bossing Awards officially launched by PLDT chairman and CEO Manny V. Pangilinan together with Jovy Hernandez, SVP and head of PLDT and Smart Enterprise Business Groups; Bossing Roberto Claudio of Toby's Sports; Eric Alberto, chief revenue officer of PLDT and Smart and president and CEO of ePLDT; Bossing Bernie Liu of Golden ABC; Bossing and presidential adviser for entrepreneurship Joey Concepcion; Bossing Tony Tan Caktiong of Jollibee Foods Corp.; and Mitch Locsin, head of PLDT SME Nation.

Lito Villanueva, FINTQ's managing director, also announced that FINTQ is partnering with financial institutions for agri-financing, including digital lending in the curriculum for Go Negosyo's agri-mentoring program. Mentoring the Mentors is also key in encouraging MSMEs and guiding in the digitization process through a mobile-based platform by bringing in the digital icons and best practices. I am glad FINTQ can further collaborate with all players in the Go Negosyo ecosystem to progress with the mindset and their organizations to go digital all the way.



Additionally, our long-time partner in the advocacy, PLDT, officially launched the search for the next batch of MVP Bossings. I remember that I was part of the initial batch of the MVP Bossings who are entrepreneurs who have triumphed in their businesses and have become an inspiration to other entrepreneurs. For the past few years, PLDT SME Nation, PLDT's arm for MSME development, has recognized over 100 MVP Bossings including Felix Ang, Vicki Belo, Tennyson Chen, Julie Gandionco, Injap Sia, Dennis Uy, Tony Tan Caktiong, among others.



The MVP Bossings recognizes the accomplished owners of micro, small and medium enterprises in celebration of the Filipino entrepreneurial spirit. This year's event will coincide with the 90th and 10th anniversary celebrations of PLDT Inc. and PLDT SME Nation, respectively, which will make the celebration more special. They will also include two new special awards for Excellence in Local Government and Excellence in Corporate Social Responsibility to be given this year.

As Jovy Hernandez, SVP and head of PLDT and Smart Enterprise Business Groups, said, these Bossings are “a testament to the endless possibilities local entrepreneurs can achieve if they continue to be fearless in pursuing their ideas – no matter how impossible they think it is.”

During my speech, I shared the importance of the 3MS: Mentorship, Money and Market. I also related how important it is for entrepreneurs to go digital and be more technologically innovative in order to further scale up. “We are moving from offline to online. It may be a disruptor to some of us in the offline industry, but (online)paves the way for our micro and small entrepreneurs to create their own destiny.”

I also added, “I don't think offline will completely disappear. I think it will be complimentary to online. But we need these two to be able to help our micro and small entrepreneurs.”

With these players, both PLDT, FINTQ and the other organizations who can help our micro and small entrepreneurs scale up by going digital, we are assured that there will be a brighter future for our country.

<https://www.philstar.com/business/2018/04/26/1809360/digitalization-msmes>



# What ASEAN SMEs need to transform

**Business World, Henry M. Tan, 18 March 2018**



For almost all countries in the Association of Southeast Asian Nations (ASEAN), small and medium-sized enterprises (SMEs) are the primary engines for economic growth and development. With the creation of the ASEAN Economic Community (AEC) in 2015, reports have indicated that anywhere from 88.8% to 99.9% of total businesses in ASEAN member nations are SMEs, and account for 51.7% to 97.2% of total employment. On its website, the ASEAN also highlights the importance of SMEs in income and employment generation, gender and youth empowerment and sustainable economic growth.

Given the significant role of SMEs in the region's ongoing development, Ernst & Young (EY) Singapore, United Overseas Bank of Singapore and Dun & Bradstreet recently conducted a study of 1,235 SMEs in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam to find out whether ASEAN SMEs were transforming rapidly enough for the future. The study offers a broad look at current conditions, challenges and opportunities for SMEs. To narrow down the focus, this article will consider what the report views as key areas for effective and competitive transformation.

## Technology

Unsurprisingly, many ASEAN SMEs (60%) see the need to invest in technology over other fixed assets in 2018 to help drive business performance. Specifically, 70% of SMEs are looking to invest in software to enhance digital and mobile engagement, such as through websites, social media and apps. That being said, respondents also indicated interest in cutting-edge areas such as robotics process automation, artificial intelligence and 3-D printing.

What we should note, however, is that most SMEs are still considering tools such as licensed software, customer relationship management and content database management that are hosted or run from their own systems. The study also shows that, at the moment, few SMEs are considering the use of Software-as-a-Service (SAAS), and are not aware of the efficiencies that pay-per-use software can bring to the organization, such as in business processes like accounting, invoicing and payroll.

SAAS offers more flexibility and scalability for small businesses since they only pay for what they use, and can easily add on new functionalities as the business expands or the number of users grow, without the need for significant additional capital investment.

## Financing

Currently, most ASEAN SMEs are generally satisfied with their primary financial providers, with 47% of respondents intending to retain their current financial service relationships. It is noteworthy, though, that 37% of ASEAN SMEs would like to elevate their level of engagement with their financial service providers, and be given more personalized attention and differentiated products, rather than simply being considered a retail customer. This is particularly the case for SMEs that have global or regional operations — they need financial service providers that don't just offer efficient transaction and operational support, but can also serve as

international trade partners, providing banker's guarantees, services for import and export operations, as well as support in managing international credit risk.

Interestingly, 16% of ASEAN SMEs want to explore new nontraditional bank and financing providers. This is particularly the case for newer SMES that do not yet have a solid financial track record or those operating in cyclical industries with limited affordable and timely financing choices. Some SMES have also reported that loan approvals can take from 15 days to many weeks, which is clearly an area of improvement for financing institutions.

In such cases, more ASEAN SMEs are considering exploring alternative financing platforms, such as crowdfunding, private equity finance and government financing. For example, in Thailand, the Digital Economy Promotion Agency helps innovative software firms qualify for financing from the state-owned Thai Credit Guarantee Corp.

More opportunities are opening up for non-bank digital SME lenders, such as peer-to-peer (P2P) crowdfunding platforms specifically tailored for SMEs, notably in areas such as invoice financing, online trade financing and e-commerce financing. The report mentions that there are already various P2P financing platforms available, globally and regionally, with some platforms specifically emerging in Southeast Asia, such as Crowdo, CoAssets, Funding Societies and B2B FinPAL.

### Government support

Given the pivotal role of ASEAN SMEs in sustaining regional economic development, it becomes even more vital for member governments to help sustain SME development. Some of the areas where respondents hope to get more government support are as follows:

- Creating sustainable business environments through simplified legal and regulatory frameworks and good governance
- Developing capital and infrastructure in emerging markets
- Assisting in capital funding, technical and creative support
- Providing guidance and support in Information Technology (IT) and digital innovation
- Providing support manpower and talent management

Many respondents indicated that, among these important areas, they would find the most value in government assistance to adopt digital technologies for greater automation and better cost efficiencies, as well as regulatory environments that do not penalize innovative risk taking. Some other steps that ASEAN governments may take, if they do not already exist, are: establishing a credit bureau that helps establish credit standings for smaller enterprises; creating government credit guarantee institutions to help SMEs qualify for loans; incorporating bankruptcy regimes into financial development agendas; establishing industrial parks with appropriate infrastructure; hosting industry clusters to position their countries in new sectors, such as biomedical, digital science, and global arbitration, among others; and reducing regulatory red tape to help SMEs overcome cumbersome regulations, foreign investment limits and other limitations.



While the existing level of government support in ASEAN member countries is encouraging, more can still be done. In the Philippines, for example, the government has created programs that support SMEs, such as the Credit Surety Fund, which helps cooperatives manage and administer credit surety funds to give micro and SME entrepreneurs, cooperatives and nongovernment organizations better access to financing; the

Pondo Para sa Pagbabago at Pag-asenso, a microfinancing initiative that aims to eradicate usurious money lending practices and help micro businesses find alternative legal microfinancing facilities; and the National Retail Payment System, which defines high-level policies, standards and governance principles covering retail payment operations and infrastructure, with the objective of developing digital consumer payments and more efficient retail payment systems.

### **Optimistic outlook**

Currently, most of the respondents have an optimistic outlook despite global economic challenges in the areas of higher costs, reduced productivity and the inability to leverage new technologies quickly. This positive attitude may likewise be buoyed by the robust expectations for a successful and sustainable AEC integration.

With better digital and technological platforms, more supportive credit and financing options, and strong government support, it is very likely that ASEAN SMEs will better be able to progressively transform into economic powerhouses, both individually as companies and collectively as a regional business community.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinion expressed above are those of the authors and do not necessarily represent the views of SGV & Co.

*Henry M. Tan is a Tax Partner of SGV & Co. and the Program Director of the Entrepreneur Of The Year Philippines program.*

<http://bworldonline.com/asean-smes-need-transform/>

## PNG Governor Parkop committed to harness SMEs potential

Papua New Guinea Today, 19 May 2018



Economic empowerment of women will not only help improve the status of women in Papua New Guinea (PNG) but also contribute to the country's greater economic and social future, according to National Capital District (NCD) Governor Powes Parkop.

"Traditionally women have been wealth creators in PNG. They are the ones who raise pigs, do the gardening apart from caring for their families. This is the strength and potential women have in PNG to

improve their own lives and status, and to contribute to a greater social and economic outcome for the nation. This potential must be harnessed to make equality real and to create more wealth for the nation," he said.

Governor Parkop was speaking at a small ceremony today at Nature Park for awarding of 114 Savings Account Passbook for women from Morata who had undergone basic financial literacy training funded by National Capital District Commission (NCDC) at end of 2016 under program initiative by late women's champion and Commissioner of the Board of NCDC Ms Janet Sape called Givim Han Long Life.

NCDC has reaffirmed its commitment in ensuring women involving in small-to-medium businesses in the city are empowered as a pathway for helping nationals to take full or major control over the country's economy.

NCD Governor Powes Parkop said empowerment of women on all fronts was a catalyst to fully advance the country's development.

"What makes a society, a city or nation great-for a brighter future-is by empowering their women. This is a proven pathway that is in our tradition and so we must tap or harness this to secure a better future both economically and socially. It will benefit women and the entire nation said Mr Parkop.

He reminded fellow menfolk to recognize this potential and abilities in women, and to learn to treat them as equal citizens and not as ill-perceived norms and cultures.

Many of the women receiving the passbook were illiterates and they underwent a financial literacy program that qualified them to have their passbook bank accounts opened with Women's Micro Bank.

It was facilitated by Rural and Urban Women Empowerment Foundation, a non-government organisation based at the Morata suburb.

Governor Parkop paid tribute to late Janet Sape as a passionate and strong advocate for women's empowerment particularly economic empowerment and equality. He also thank Ms Janet Banebo the Executive Director of Urban and Rural Development Foundation for maintaining the program with the passing of Ms Janet Sape. Governor Parkop said NCDC provided start-up capital of K300, 000 for the establishment of the bank and to support Women in Business which was the main driving force behind the Women's Micro Bank.

He expressed his gratitude to the bank and was happy that the fruit of that investment has produced 20, 000 customers nationwide whilst over 9000 of the members were women in business.

He noted in the past that under his leadership NCDC has also allocated K1 million in the National Development Bank to support SMEs under a micro finance scheme during his second term in office but was disappointed that the result was poor due to bad attitude as poor preparation of recipients.

He said he was proud, however, to see the bank grow from strength to strength, indicating more support to further their investment including funding for more micro-credit scheme again given the focus and purpose of the Women's Micro Bank.

Governor Parkop said, having a passbook account, is only 'the beginning of the journey where a huge celebration awaits when they reach their destination.' Parkop further stated that he was planning to build trade centres for women at strategic locations in the city in order to make this transformation materialized.

He added that the government was upgrading the 6-mile market, when completed, will become an SME centre with kiosks or small shops which will show case this progress from just daily market to starting real businesses.

<http://news.pngfacts.com/2018/05/parkop-committed-to-harness-full.html>

## **India helps set up SME incubation center in PNG**

**Papua New Guinea Today, 15 February 2018**

A team from the Indian government will be coming to Papua New Guinea to assist in carrying out feasibility studies in Morobe province to build a major SME Incubation centre.

Planning Minister Richard Maru was responding to the Morobe Governor Ginson Saonu who questioned how the K30 million parked for SME cooperation will be used to benefit the people of Morobe. Maru said the PNG government has asked for assistance in this area and hence a team from India was coming. He said the same concept will be rolled out to other provinces also.

<https://www.pngfacts.com/news/india-govt-to-assist-setting-up-sme-icubation-center-in-pngs-morobe-province>



## Pakistan CB Governor supports greater SME role in economy

Dawn, 23 March 2018



*State Bank Governor Tariq Bajwa is addressing an SME seminar at the Sialkot Chamber of Commerce and Industry*

Sialkot - State Bank of Pakistan (SBP) Governor Tariq Bajwa has pledged to make access to financing easier for the promotion of agriculture, small and medium enterprises (SMEs) and housing sectors.

Addressing exporters and bankers at the Sialkot Chamber of Commerce and Industry, Bajwa said the SBP was committed to removing all the obstacles from the smooth functioning of these sectors.

He said the SBP was working to facilitate efficient credit allocations for SMEs, calling them critical for sustainable and inclusive

economic growth. The central bank has also simplified the procedure of loans applications, he added.

The governor said the SBP would soon give a “special barrier” to all the commercial banks for controlling the interbank rates and minimising the difference of foreign currencies rates to help SMEs as well.

He said that the SBP has also ensured maximum provision of prize bonds of all denominations at all banks across the country for public facility within the next few months.

The governor also mentioned the State Bank’s efforts to operationalise the Exim Bank which has faced a setback due to capitalisation issue, adding that it would help the country’s importers and exporters.

Bajwa assured the country’s business community about the continuity of the government’s effective economic and trade policies for strengthening the national economy and promotion of sustainable trade activities in the country.

He urged the Sialkot business community to focus on diversifying from traditional to non-traditional export products besides focusing on exploring new international markets. He added that the environment in Pakistan is conducive to foreign investment in Pakistan, as the investment and business-friendly policies and special packages of incentives have been attracting foreign investors to Pakistan.

The governor said that attempts are under way to boost the country’s exports, as well as creating a strong industrial base through provision of maximum job opportunities to unemployed youths.

<https://www.dawn.com/news/1397000>

# Top trends for SMEs in 2018

## The Herald Sun

THERE'S no rest for the modern-day business owner. In order to keep relevant and on a customer's radar, SMEs need to adapt at a dizzying rate. Here's what you need to keep a look out for.



We have teamed up with the Telstra Business Awards to help you be ready for life's next big challenges and opportunities.

To launch, sustain and grow a small to medium-sized enterprise (SME), owners and their teams must adapt and adopt at a dizzying rate. And the pace is placed to pick up even more in 2018. The top trends for SMEs in 2018 revolve around advances in technology, workplace dynamics and relationships; the

constant changes can be overwhelming but every change is an opportunity to give your business a competitive edge.

## SHIFT IN WORKPLACE DYNAMICS

Since 2010, the number of registered co-working spaces across the world has grown by over 2000%. Technology has made it easier than ever before to start a business, and these micro, small and medium-sized businesses are setting up shop alongside each other in co-working spaces. It's part of an overall shift in workplace dynamic that's focused on collaboration, flexibility and accessibility. Even traditional offices dedicated to one company are poised to evolve in that direction this year.

## ADVANCES IN APPLICATION OF DETAILED ANALYTICS

Advertising used to be fairly broad stroke. You could target a gender, a location, an age group and maybe one interest. Today, largely thanks to the popularity of social media channels, businesses have affordable access to incredibly specific customer data. This year, the data may become more specific, but the more important forecast for SMEs is the tools that will make it possible to apply that data optimally. Click segmentation tools in email marketing is a good example of dividing data that's already quite specific into even more specific groups.



## BUILDING COMMUNITY TO CUT THROUGH THE CROWDED SOCIAL SPACE

For a few years now, social channels have been a bit of a free-for-all. When Facebook's ad platform launched, SMEs could finally develop and execute advertising campaigns affordably and serve them directly to highly relevant audiences. Since then, ad reach has become increasingly restrictive and the

platform has recently modified its algorithm to restrict ad delivery further. Facebook has suggested that advertisers should focus on community-building as a foundation to their ad performance.

### **MASTERING THE ART OF ADVERTISING, WITHOUT ADVERTISING**

To build a strong community, brands will have to stop advertising to their audience and start engaging with them on an authentic level. Emphasis on authenticity has been kicking around the social space for a while, but now that it's a key part of effective marketing, this is the year that SMEs need to wrap their marketing plan around it. Contemporary consumer behaviour indicates that people want to see who you are and what your business is about ... not be subjected to a sales pitch. Where to start? Switching from recorded video to live video every now and then is a simple first step.

### **NORMALISING ARTIFICIAL INTELLIGENCE**

On the flip side of that, we have the opposite of authentic human connection: Artificial intelligence. Chat bots used to be silly and annoying, but machine learning has come a long way. In 2018, AI technology will continue to revolutionise customer service and sales for businesses that can apply it effectively. And as it becomes more common, customers will begin to expect it as the standard first touchpoint with a company. Just be sure to have a backup contact point that customers can turn to if they end up needing to speak to a human.

### **GROWING POPULARITY OF CROSS-PROMOTIONAL MARKETING**

Cross-promotion is becoming one of the most important areas of marketing for SMEs and beyond. Cross-promo, collaborations or brand partnerships are an incredibly effective and affordable way to raise brand awareness and ultimately, increase revenue through that exposure. Cross-promo takes many forms, from a simple social post that displays products from two companies together, to more involved collaborations like a co-designed product. If you choose cross-promo partners wisely, the potential for shared audience growth is staggering.



### **ADAPTING TO HOW CUSTOMERS WANT TO PAY**

Remember the good old days when people peeled off notes to pay for things? 2018 will be near unrecognisable from that time. Last year, we saw a dramatic shift in payment structure preferences for online shoppers. Previously, instalment payments (or lay-by) were reserved for bricks-and-mortar stores, but e-commerce tools like zipPay and AfterPay have taken the

concept digital. Except for one thing – it's even more attractive than traditional lay-by because you get the goods right away then pay off the balance in interest-free instalments. Expect to see zipPay, AfterPay and similar tools not only grow in popularity, but evolve in 2018.

### **WORK SMARTER WITH DATA**

It's often hard for SMEs to understand which areas of their business to focus on – with limited time and resources, getting a holistic view of where they are at is a difficult task. Look for online

tools like the Business Benchmark Report available for entrants of the Telstra Business Awards. After answering a series of questions, it will create a personalised look at your business and highlight areas that are in need of attention along with some first steps for action.

<http://www.heraldsun.com.au/feature/special-features/top-trends-for-smes-in-2018/news-story/75232bec49eca6c3222c6e26121dc07b>

## Rules for SME loans relaxed: Bangladesh CB governor

**The Daily Star, 9 March 2018**

Classification and provisioning rules will be relaxed for loans going to small and medium enterprises in order to encourage banks to lend more to SMEs.

“The SME loan rules will be relaxed in favour of banks but the share of the loan in the manufacturing sector will have to be higher than those in the trading and other sectors,” said Bangladesh Bank Governor Fazle Kabir.

He made the announcement while addressing the inaugural session of “Banker-SME Women Entrepreneurs Gathering and Product Showcasing Fair-2018” at the Bangladesh Shishu Academy.

The SME & Special Programmes Department of the central bank organised the three-day fair. Speaker of parliament Shirin Sharmin Chaudhury opened the event.

Currently, banks have to maintain a provision of 0.25 percent against SME loans whereas it is 1 percent for other sectors. At present, 20 percent of all bank loans are supposed to go to SMEs, and the BB will raise it to 25 percent by 2025, said Kabir.

Of the 25 percent SME loan, a minimum 10 percent will have to go to women entrepreneurs, he said. The total SME loan in the banking sector stood at Tk 744,102 crore as of September last year. Women borrowers got only 3.5 percent of the loans.

“There is an allegation that women entrepreneurs don't get support from banks due to a lack of confidence,” the governor said. Kabir asked banks to encourage branch managers to provide loans to women entrepreneurs.

“Bank managers will have to keep confidence in female entrepreneurs and guide them,” said the governor. Speaker Shirin Sharmin Chaudhury echoed Kabir, saying banks would have to extend loan facilities to women entrepreneurs.

Shaikh Md Salim, a general manager of the central bank, asked banks to take necessary steps so that female clients don't face any harassment in getting loans. At the event, 25 banks disbursed about Tk 14 crore in loans to SME entrepreneurs.

<http://www.thedailystar.net/business/rules-be-relaxed-sme-loans-governor-1545517>



# Rosy outlook for Cambodia's SMEs

The Phnom Penh, Cheng Sokhornng, 8 January 2018



*Te Taingpor, president of the Federation of Association for Small and Medium Enterprises of Cambodia (Fasmec) at his office in Phnom Penh. (Heng Chivoan)*

Te Taingpor, the president of the Federation of Association for Small and Medium Enterprises of Cambodia (Fasmec), sits down with The Post's Cheng Sokhornng to discuss recent positive developments and remaining challenges for small and medium enterprises (SMEs) in Cambodia.

## **What is the situation like for SMEs in Cambodia?**

If we look at the economic growth of Cambodia, the GDP has grown 7 percent annually. That means our economy is growing and stable, which also means healthier small and medium enterprises. I have noticed that our domestic market has presented domestic products better this past year, much better than before, when they were rarely seen in our domestic market. Looking at the registration of SMEs, there was a growth in registrations because the government and relevant ministries are trying to transform the commerce and improve it. The Ministry of Industry and Handicrafts enhanced the one-window service and decentralised the system to the provinces, and also there is online registration through the Ministry of Commerce.

## **What are the potential markets for SMEs?**

There are a lot of opportunities for SMEs to enter the market. If we look at only the domestic market, there are 15 million people [in Cambodia], which SMEs could use to generate the thousands of dollars in revenue each year from them. If we look at the Asean market, around 600 million people are demanding daily products and food.

At the same time, we have the tax-exempt status from European countries. Those are all potential markets, and good opportunities for us to catch up, but the question is: When we will be able to supply that demand, and how will we be able to export?

## **How many SMEs export to the international market?**

According to the export data of Cambodia, our exporting is mainly dependent on the shoe and garment sectors, which account for 70 percent of the total exports of Cambodia. Except those two, there is only rice, sugar and rubber, which account for 20 percent. The SMEs cannot even reach 10 percent of the export market.

## **What can be done to promote SMEs competitiveness?**

In order to promote the SMEs for competing in the local market, which is flooded with imported products from other countries, we have to build the capacity of SMEs in regards to production efficiency, focus on the standard of products, and reduce the cost of production while also



increasing the scale of production. That will help SMEs better meet domestic demand. We hope that the government will open the SMEs bank this year, which will have the investment size of \$100 million, in order to fulfil the financial needs of SMEs.

The government should also work on how to protect or limit the imported products by controlling the import tariffs, quality, and standards in order to give a chance to SMEs to compete in local markets. Additionally, the government should consider exempting any tax payment, such as value-added tax, as well as supporting the techniques and skills to remove technical barriers that block our domestic products from reaching the international market, especially the Chinese market.

*This interview has been edited for length and clarity.*

<https://www.phnompenhpost.com/business/business-insider-rosy-outlook-cambodias-smes>

## Blockchain can change how SMEs conduct businesses: Report

**The Hindustan Times, Tech, Indo Asian News Service, 12 March 2018**

Smart contracts distributed through blockchain is expected to make delayed payment and unilateral changing of a deal a thing of the past.



*Blockchain is considered an incorruptible digital ledger that can document all kinds of transactions and data.  
(Getty Images/iStockphoto)*

Smart contracts based on blockchain technology can effectively prevent delay in payments for delivered goods and make it impossible to unilaterally alter original contracts, a local think tank said.

The report by Korea Small Business Institute (KOSBI) said blockchains can open new horizons for how small and medium enterprises (SMEs) conduct business with their larger contractors, Yonhap news agency reported.

Blockchain, often associated with cryptography and virtual currency, is considered an incorruptible digital ledger that can document

all kinds of transactions and data.

The system is designed for a wide range of data sharing among a vast number of computers that are all linked together in a “chain” that theoretically cannot be tampered with.

Park Jae-sung, a research fellow at KOSBI, claimed that a contract distributed through the blockchain system will make delayed payment and unilateral changing of a deal a thing of the past.

He added that because smart contracts that are linked to virtual currency can be set in advance so immediate payments are made when contractual conditions are met, there is no way for a big company to withhold or delay payment.

“To create such an environment, it is imperative that a kind of public blockchain be developed and set up so it can be used by companies,” the research fellow was quoted as saying.

He said that the first smart contract should be reached between SMEs and the government and state-run corporations so their feasibility and utility can be checked.

In addition, the researcher stressed that blockchains are widely hailed as a next-generation technology that can bring about considerable innovation.

<https://www.hindustantimes.com/tech/blockchain-smart-contracts-can-change-how-smes-conduct-businesses-report/story-IPpH841d6MBbBHir5aUyvK.html>

## MSMEs get big push as Indian government banks on small businesses

**Hindustan Times, New Delhi, P. Suchetana Ray, 2 February 2018**

Union Budget 2018 proposes to revamp system of sanctioning of loans through linking with GSTN.



*The micro, small and medium enterprises sector has a 31% share in the economy and employs 117 million people. (Reuters File Photo)*

Calling micro, small, and medium enterprises (MSMEs) a “major engine of growth and employment generation in the country”, Union finance minister Arun Jaitley announced a slew of measures to boost the sector — from tax sops to credit support to flexible employment options.

With a focus on improving lending to the MSME sector, under peril due to the twin disruptions of demonetisation in 2016 and the introduction of the Goods and Services Tax in July 2017, the budget allocated Rs 3 lakh crore for loans under the PM Mudra Yojana, which funds such

firms. The government has also proposed revamping the system of sanctioning of loans to SMEs by linking this with the GST Network.

The budget also allocated Rs 3,794 crore to MSME sector for giving credit support, capital and interest subsidy for innovations.

“Government will soon announce measures for effectively addressing non-performing assets and stressed accounts of MSMEs. This will enable larger financing of MSMEs and also considerably ease cash flow challenges faced by them,” Jaitley said in his budget speech.

The MSME sector has a 31% share in the Indian economy and employs over 117 million people, but despite the low number of MSME accounts that turn into bad debts, most lenders are chary of lending to such firms.

According to the Economic Survey 2018, MSMEs accounted for Rs 65,800 crore or 11.8% of the total bad debt of state-run banks.

The budget announced the reduction of corporate tax to 25% for all MSMEs with a turnover of less than Rs 250 crore. Previously, this lower tax rate was applicable to only those with a turnover of less than Rs 50 crore.

“It is a welcome step as this tax rationalisation will lead to better cash flow in the hands of MSMEs. This in turn can be used for expansion and more job creation,” said Sanjay Bhatia, managing director of Hindustan Tin Works Ltd, an MSME.

But a few experts pointed to the drawback in the tax sop.

“While it is a welcome move, it is also an example of not fully thinking through the implications of the proposal. For example, the MAT (Minimum Alternate Tax) rate for MSMEs is at a high rate of 20%. Hence, a larger, across the board reduction would have been a better approach,” said Abhishek Goenka, partner and leader, PwC India. He added that the turnover threshold could lead to innovative structuring of companies looking to benefit from the lower tax.

To make doing business easier for MSMEs the Budget proposed e-assessment of income tax and pre-notice for indirect tax. Both provisions would reduce human intervention in tax disputes. But concerns of delayed payments continue for the sector along with high cost of borrowing which impacts margins.

“New reforms or strengthening of the existing MSME Development Act (are needed) to address the issue of delayed payments faced by MSMEs. As per recent reports, across MSMEs, a total of ~10,000 crore is pending,” said R Narayan, CEO Power2SME, a buying club for MSMEs.

<https://www.hindustantimes.com/india-news/msmes-get-big-push-as-govt-banks-on-small-businesses/story-9XHBSJxzyJrub6uvmdyZsO.html>

## **Kadin welcomes move to reduce SMEs income tax**

**The Jakarta Post, 9 March 2018**

The Indonesian Chamber of Commerce and Industry (Kadin) has lauded President Joko “Jokowi” Widodo’s move to reduce the annual income tax rate for small and medium enterprises (SMEs) from 1 percent to 0.5 percent.

The decision, which was made during a Cabinet meeting, had been a direct response to Kadin’s proposal, according to Kadin chairman Rosan Perkasa Roeslani. “This is very positive. We welcome to government’s response to our proposal, which we had made on a number of occasions,” Rosan said during Food Security Summit 4 as reported by [kompas.com](http://kompas.com).



*Indonesian Chamber of Commerce and Industry (Kadin) chairman Rosan P. Roeslani (JP/Anton Hermansyah)*

He said the tax cut would boost the growth of SMEs.

During the Cabinet meeting, President Jokowi initially proposed a 0.25 percent tax rate for SMEs, but Finance Minister Sri Mulyani Indrawati argued that the figure was too low.

Under Government Regulation (PP) No. 46/2013, SMEs with a turnover threshold of Rp. 4.8 billion (US\$348,480) annually were required to pay 1 percent income tax.

Directorate General of Taxation spokesman Hestu Yoga Saksama said the government would immediately revise related regulations following Jokowi's decision. (bbn)

<http://www.thejakartapost.com/news/2018/03/09/kadin-welcomes-govt-move-to-reduce-income-tax-for-smes.html>

## Indonesian government lowers tax for SMEs online

### Only 36 million people out of Indonesia's 260 million pay taxes

**Jakarta Globe, Adinda Normala, 20 January 2018**

Jakarta. Indonesia will cut final income tax on small and medium enterprises by half and also impose taxes on e-commerce businesses to even the playing field between traditional brick and mortar and digital businesses, Finance Minister Sri Mulyani Indrawati said (19/01).

Under a current regulation, businesses earning less than Rp 4.8 billion (\$360,600) a year are exempted from paying income tax and value added tax. They only have to pay a final tax of 1 percent of their total sales. The current income tax rate stands at 25 percent of profit, while the VAT is at 10 percent of sales.

"We are currently formulating [the rules] with the players [...] The basic principle is to have the playing of field on the same level," Sri Mulyani told reporters.

The minister said the government is planning to lower the income tax for small and medium enterprises (SME) to 0.5 percent of their sales. SMEs or individuals selling exclusively on e-commerce marketplaces will also be required to pay the tax. Sri Mulyani said the sales threshold will also be lowered.

In the e-commerce roadmap rolled out in 2016 as part of the 14th economic policy reform package, the government expects up to \$130 billion in e-commerce transactions in 2020.



"The majority of supplier merchants [for the e-commerce business] are SMEs. We are planning to revise the government regulation to lower the level," Sri Mulyani said, adding that the regulation will not burden businesses.

The government has also included an income tax reduction for SMEs to be implemented in this year's state budget. Sri Mulyani said the process of collecting the tax has not been decided yet.

The Ministry of Finance is currently formulating details on future tax regulations on e-commerce businesses. The government aims to issue the regulation by mid-year, as it is still coordinating with other related ministries and agencies.

<http://jakartaglobe.id/business/govt-lower-income-tax-conventional-online-smes/>

## 'BumiSME' platform converges all Bumiputera SMEs

**NSTP TEAM, 30 March 2018**



Kuala Lumpur - Prime Minister Datuk Seri Najib Razak announced the setting up of a new Bumiputera small and medium enterprises association as a platform to converge all such SMEs from various backgrounds.

Najib said "BumiSME" would be led by SME Corp chairman Tan Sri Mohamed Al Amin Majid as its pro-tem committee chairman.

"If we take a look, there are many Bumiputera business associations and chambers in this

country. Alhamdulillah, these bodies play an important role for the involvement of Bumiputera in the country's economy.

"Today, I am excited to see 34 Bumiputera (business) associations from across the nation gathered here. But none of them are specifically for Bumiputera SMEs. Hence, I announce the formation of BumiSME."

A RM10 million fund would be channeled to the association through SME Corp, to be used to organise BumiSME's first annual mega exposition fiesta and national Bumiputera SME sale, said Najib.

"In the expo, all Bumiputera entrepreneurs will put on display and sell their products on a huge scale, whether in (the form of) business-to-business or business-to-consumer. I am thoroughly excited at the idea of this expo, as it will be the first and biggest to be held."

<https://www.nst.com.my/news/nation/2018/03/351136/bumisme-formed-platform-converge-all-bumiputera-smes>



# Broadening access to SMEs financing in Malaysia

**The Association of Banks in Malaysia, 26 Mar 2018**

REFERRING to the article “Banks are losing their premium” (StarBizWeek, March 17), The Association of Banks in Malaysia (ABM) would like to clarify that there are several key processes involved, such as completion of security documentation and compliance of terms and conditions, from the time a loan is approved to the disbursement of the loan sum to the borrower.

The duration required to complete these processes would depend on the type of loan and its security structure. In the case of a clean and unsecured loan, the processes are very straightforward and would usually not require a long turnaround time from approval to disbursement.

Conversely, loans that are backed by property may require the consent of relevant authorities/third parties that are outside the control of the banks. Further, cases which require certain conditions precedent to be met may involve a longer processing period after the loan has been approved by the bank and before it can be disbursed.

Examples of situations where there may be perceived delays in loan disbursements include:

- Cases where the consent of existing debenture holders is required for collateral to be shared by other creditors; and
- Outstanding issues on the part of the borrower, which may include pre-disbursement conditions not being met (such as increase in paid-up capital, execution and submission of relevant documents, settlement of legal fees/expenses before the solicitors send the Advice of Release, etc.).

It is not in our member banks' interest to delay the disbursement of loans as it lengthens the processing time, leads to inefficiencies and jeopardises the relationship with their customers. Moreover, from a revenue perspective, the banks would not be able to recognise any income from the loans until the funds have been disbursed to their customers.

SMEs in search of loans/financing are invited to explore the new online ImSME platform, [www.imsme.com.my](http://www.imsme.com.my), which was developed by Credit Guarantee Corporation Malaysia Berhad (CGC) and supported by Bank Negara Malaysia. The portal serves as an online referral platform for SME loans/financing and is aimed at bridging the SMEs' loan/financing needs by broadening their access to an array of loan/financing products and service options that are offered by participating financial institutions and agencies.

<https://www.thestar.com.my/opinion/letters/2018/03/26/broadening-access-to-financing-for-smes/>



#### **About CACCI:**

Founded in 1966, the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) is a regional non-governmental association principally composed of the national chambers or associations of commerce and industry in Asia and the Western Pacific. Its current membership of 28 countries and independent economies cuts across national boundaries to link businessmen and promote economic growth throughout the Asia-Pacific region. CACCI holds Consultative Status in the Roster Category of United Nations' Economic and Social Council (ECOSOC)

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