




March 2023

# SME NEWSLETTER

Volume XII



## Table of Contents

ICC publishes new SME guide to trade sanctions .....	4
Non-bank funding replaces COVID stimulus measures for SMEs one in five plan to divest or merge operations .....	4
Top three things SMEs want in a new lender in 2023 .....	6
Supply chain problems continue to plague SMEs .....	7
 Scientific research expenses of Azerbaijani SMEs increase by 36 percent .....	9
FBCCI, Bengal Commercial Bank team up for easy loans to CSMEs .....	10
Limited designs, outdated tech plaguing SMEs .....	11
Net zero is out of reach unless we help SMEs decarbonise too .....	13
Building a roadmap for Digital Transformation of SMEs in Central India .....	14
BSE SME platform witnesses strong momentum; more SMEs line up for listing .....	15
 Transforming SMEs in the current EVs era .....	16
Future readiness: Why smaller businesses' success matters .....	17
New Vistas open for SME Growth .....	20
Vietnam private equity company ABB seeks \$100m for 2 <sup>nd</sup> fund .....	21
 Malaysian MSMEs post higher revenue in 2022 .....	22
Eximbank signs MOU with POSCO International for supply chain stabilization .....	24
MCA hopes new 2023 Budget will prioritise SMEs .....	25

## Table of Contents

Budget 2023: Special attention to SME ..... 26

Digitalising, revolutionising small industries must be new SME policy: PCJCCI ..... 28



SEC: 67% of MSMEs are experiencing credit constraints..... 29

Digital finance channels drive success of millennial MSMEs ..... 30

IPOP HL and IBP partnership boosts IP protection for indigenous people, MSMEs..... 31

Support for Singapore SMEs targeted at firms prepared to restructure, raise productivity: DPM Wong ..... 32



7 things SMEs need to know about the 2023 Singapore Budget..... 35

Budget 2023: Lower taxes, more facilities and loans for small businesses..... 38

Government tender process to be simplified for SMEs, more weight given to sustainability ..... 39

Prospects for SME growth this year rest on success of China’s reopening: OCBC ..... 42

Budget 2023: S\$1 billion top-up to Singapore Global Enterprises Initiative; S\$150 million for SME co-investments..... 42

Convergence of Monetary and Fiscal Policies For optimising SME profitability ..... 43

Seylan Bank guides SMEs towards expanding their footprint in the export sector ..... 46



Rate hikes, corporate debt drag on lending to SMEs ..... 47

Major event addresses ways to safeguard SMEs against cyber threats ..... 49

IFC helps Uzbekistan’s Ipoteka-Bank boost lending for smaller businesses, women entrepreneurs ..... 51



3 reasons to make VietinBank the best SME bank in Vietnam ..... 52

Many export opportunities for enterprises through digital platforms in 2023 ..... 54

## Message from the Chairman

My dear colleagues:

It is my pleasure to present to you the latest “SME Newsletter”, Volume XII for 2023. This publication is a compendium of relevant reports, analyses and educational news, many of them abbreviated, concerning the SME sector in the region.

The review starts with Australia’s sanctions guidance for SMEs and changes in SME financing procedures. Azerbaijan increased SME funding and Bangladesh continues SME support in many areas and in India, digitalization drive reaches SMEs as well.

Malaysia SMEs are participating in EV areas and banks are more interested in supporting SMEs. Turkey is helping SMEs face cyber threats and to conclude the tour, Vietnam measures to finance SMEs include not only government entities but regular banks too. While in Singapore, the national budget aims to boost SMEs.

This review of the region shows that after the devastating effects of the pandemic on the SMEs business, the sector is recuperating in many areas on its own, sometimes with government support and also with the support of banks and other industries that see on SMEs real opportunities for economic growth. The road ahead is positive. Enjoy your reading!



**George Abraham**

*Chairman of SME Development Council  
CACCI*

## ICC publishes new SME guide to trade sanctions

ACCI, 18 Oct 2022



### Sanctions: Basic Guide for SMEs

The ICC Institute of World Business Law Task Force on Compliance has released a guide to support SMEs to comply with and stay informed about the latest trade sanctions.

This guidance note defines trade sanctions, assesses their main impacts on SMEs and proposes measures to minimise risks of non-compliance. To access the free guide, click [here](#).

Australian readers may also find the resources on the DFAT website [here](#) to be of assistance.

## Non-bank funding replaces COVID stimulus measures for SMEs one in five plan to divest or merge operations

ScotPac, Media Release, 23 January 2023

A quarter of Australian SMEs added non-bank funding facilities in 2022 following the termination of government COVID stimulus and support programs, more than double the figure of 12% a year earlier. A further 20% of SMEs said they intended to divest or merge their operations in 2023.

The findings, contained in the latest round of ScotPac's bi-annual SME Growth Index report, coincided with the Australian Tax Office (ATO) recommencing standard debt collection activities in mid-2022 following two years of 'lighter touch compliance.' According to CreditorWatch, external administrations leapt 26% from October to November 2022, and were up 24% year-on-year.

The most prominent Government stimulus measure during the pandemic was the JobKeeper payment, which was administered by the ATO. Almost 30% of SMEs surveyed by ScotPac said they accessed JobKeeper or some other form of pandemic-related government stimulus.

Since the end of stimulus payments, the top three replacement funding strategies reported by SME recipients were:

- Raising equity (45%)
- Increasing borrowings (39%)

- Reassessing funding methods (33%)

Craig Michie, ScotPac Group Executive, Client Acquisition and Asset Finance, said 2023 was shaping up as a year for SMEs to sit down with their advisors and thoroughly re-evaluate their financial positions and options.

'For many SMEs, the support they received from Government during the pandemic period was their first experience of external finance,' Mr Michie said.

'It opened the eyes of business owners to the power of working capital, and that has prompted a lot of SME owners and operators to investigate the potential to leverage finance options as part of their strategic planning for 2023.

'We encourage all SMEs to speak with their brokers and other advisors this year about appropriate finance solutions for their situations, whether that is funding an asset or acquisition, taking on new employees, or repaying the tax office,' Mr Michie said.

Scotpac is Australia and New Zealand's largest non-bank business lender, providing funding to small, medium and large businesses from start-ups to enterprises exceeding \$1 billion revenues.

Mr Michie said ScotPac has the breadth of products and experience to help more businesses in more situations than any other non-bank lender.

### **About the SME Growth Index**

ScotPac's bi-annual SME Growth Index, is Australia's longest running research report on SME sentiment towards revenue growth prospects.

The Round 17 research was conducted by East & Partners who interviewed 718 SME enterprises with annual revenues of A\$1-20 million in August 2022.

The SMEs surveyed have operated continuously for an average of 13.9 years and manage an average of 59 full time employees.

Sectors represented in the survey included Manufacturing (14.5%), Business Services (14.1%), Retail (11.4%), Wholesale (11.0%), Personal / Other Services (10.6%), Construction (9.6%) and 28.8 all other industries including Transport, Mining, Agriculture, Media, Accommodation, Finance (non-bank) and Electricity.

ScotPac is Australia and New Zealand's largest non-bank SME business lender, providing funding to small, medium and large businesses from start-ups to enterprises exceeding \$1 billion revenues. For more than 30 years ScotPac has helped thousands of business owners succeed, offering fast and flexible funding. From simple to complex, small to large, start up, growth or turnaround – ScotPac can help with a range of funding from Invoice, Trade or Asset Finance to Home Loans and Business Loans.

For more information contact: Todd Hayward, mobile 0412 205 151

## Top three things SMEs want in a new lender in 2023

*ScotPac, Media Release, 17 January 2023*

Speed, ease and dependable customer service! These are the common themes Australian SMEs are looking for when sourcing new business finance or refinancing existing loan facilities in 2023.

Topping the list for SMEs was the onboarding process, with an overwhelming 95% of businesses saying they want the least amount of paperwork and administrative hurdles – up from 90% at the outset of the pandemic in March 2020.

The next most critical factor was rapid credit approval, with 72% of SMEs nominating it as key to their decision making, up from 67% in March 2020.

And rounding out the top three, 36% of SMEs reported consistently high levels of customer service were highly valued, up from 31% in March 2020.

The insights were contained in the latest round of ScotPac's bi-annual SME Growth Index Report. Other top findings related to SMEs seeking a new loan or a refinance facility included:

Word-of-mouth referrals are an important pathway to finding a new lender for 35% of SMEs.

5% of SMEs are swayed by their existing transaction banking relationships, and only 3% nominated reputation as a relevant factor.

SMEs are becoming more discerning when it comes to choosing a finance partner, with 85% now shopping around for the right features and benefits, up from 77% in March 2020.

Craig Michie, ScotPac Group Executive, Client Acquisition and Asset Finance, said the findings were a good reflection of the priorities for most Australian SMEs and the increasingly competitive nature of business finance.

'Most SME owners and operators want to focus their time and energy on running their business, not producing copious spreadsheets for prospective finance partners,' Mr Michie said.

'ScotPac has built its business around providing SMEs with quick approvals and the certainty that fuss-free funding will be available when they need it, so they can act quickly and confidently as opportunities arise.

'We specialise in lending to businesses and have used that knowledge and leading-edge technology to make the process as quick and easy as you will find anywhere.

'When you add the ability for brokers and their clients to deal directly with the credit approver and have ongoing the support of a dedicated relationship manager, it's a winning formula for business owners,' Mr Michie said.

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## **Supply chain problems continue to plague SMEs**

### ***Australian Broker, Jayden Fennell, 20 December 2022***

A new survey by SME lender ScotPac has found 100% of Australian SMEs have been hit by supply chain disruptions and, as a result, two in three are increasing their prices.

ScotPac's SME Growth Index Report shows that three out of four SMEs reported their cost base expanded in the six months to September 2022 by an average of 15% due to inflation and other input cost rises. Almost two-thirds of SMEs increased pricing for their products and services by an average of 14.5%, while one in three said they were absorbing rising costs.

Interestingly, 5% of SMEs lowered their prices in a bid to stand out from their competitors.

ScotPac CEO Jon Sutton (pictured above) said 718 SMEs engaged in the latest round of the SME Growth Index Report.

“Larger SMEs (\$5 million to \$20 million in revenue) told us they experienced average production and other input cost rises of 20%, compared to 12% for smaller SMEs (\$1 million to under \$5 million in revenue) and larger SMEs increased the price of their goods and services by an average of 18%, compared to an average increase of just 1.5% for smaller SMEs,” Sutton said.

“The key areas of advice SMEs felt they needed to better navigate supply chain disruptions included alternate business funding tools such as invoice finance (25%), general risk advice and guidance (20%) and new supplier network referrals (16%).”

There were many sectors represented in the survey. These included manufacturing (14.5%), business services (14.1%), retail (11.4%), wholesale (11.0%), personal/other services (10.6%), construction (9.6%) and 28.8% all other industries including transport, mining, agriculture, media, accommodation, finance (non-bank) and electricity.

Sutton said despite the easing of COVID-19 restrictions in 2022 and more SMEs forecasting positive revenue growth in the months ahead, severe pockets of supply chain disruption were still being felt by SMEs.

“Supply chain disruptions affect a huge range of the goods and services we rely on every day and the businesses that supply them,” he said.

“Anyone who has tried to buy a new car in the past two years will have first-hand experience. Earlier in December 2022, we have seen reports of pallet shortages that could impact the delivery of food, groceries and medicines to supermarkets and pharmacies across the country, which again will affect the cost of doing business.”

Sutton said a lot of business owners ScotPac worked with were looking to invest in making their supply chains more resilient by purchasing reserve inventory, building or leasing warehouse space, sourcing additional suppliers or adding digital solutions.

“ScotPac has the breadth of products and experience to help more businesses invest in their supply chain than any other non-bank lender, however, we know that many SMEs are not sure how to fund purchases or upgrades,” he said.

“That is why we encourage SMEs to talk to their advisors about releasing working capital through options like invoice or asset finance, because you may have more solutions available than you realise.”

In November, ScotPac launched a new Partner Portal, delivering brokers digital tools to help them quickly find the right solutions for their clients.

ScotPac group executive, client acquisition and asset finance Craig Michie said the Partner Portal was developed in response to a clear gap in the market for a time-saving digital platform for brokers.



“Broking has become more sophisticated, competitive and reliant on digital trends in recent years and the aim of the Partner Portal is to help brokers achieve more in less time,” Michie said.

“The portal allows brokers to quickly navigate loan products and secure fast finance for clients. This includes our easy new instant asset finance approvals, which have contributed to 300% growth in digital applications in the past six months.”

## **Scientific research expenses of Azerbaijani SMEs increase by 36 percent**

*Azernews, Qabil Ashirov, 13 February 2023*



Azerbaijan aims to grow the specific weight of the high and medium-high technology industry by 15 percent by 2026, Azernews reports, citing Chairman of the Board of the Small and Medium Business Development Agency (KOBIA) Orxan Mammadov speaking at the Azerbaijani-Israeli Innovation Forum.

"In the '2022-2026 socio-economic development strategy' approved last year, qualitatively new development models for the medium term were defined. Productivity, which is the foundation of a competitive economy, has been established through

innovation and modern technologies. For this purpose, it is planned to stimulate the application of innovations in the private and public sectors, prepare a system of targeted fiscal privileges for start-ups and investors, create an innovation cluster, as well as to implement other measures. As a result, by 2026, it is expected to increase the specific weight of the high and medium-high technology industry in the total added value to 15%," Orxan Mammadov said.

The chairman added that is important to integrate scientific innovations into business in order to organize business activities according to modern requirements and increase competitiveness.

"In 2021, scientific research expenses by SMEs amounted to AZN21.4m or roughly \$13m. Despite approximately 36 percent increase compared with the previous period, in

order to achieve the set goals, there is a need to increase this indicator in the public and private sectors," Orxan Mammadov said.

He also pointed out that KOBIA presents the Startup certificates as a continuation of the measures taken toward the improvement and development of the innovative business and startup ecosystem.

"The Startup certificate exempts the entrepreneur from profit and income tax for a period of 3 years. This also raises the interest of local and foreign investors in the startup and facilitates its access to foreign markets. About 90 certificates have been presented so far," he concluded.

## **FBCCI, Bengal Commercial Bank team up for easy loans to CSMEs**

*The Daily Star, Star Business Report, 11 January 2023*

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) teamed up with Bengal Commercial Bank today to extend loan assistance to help cottage, small and medium entrepreneurs (CSMEs) run their businesses.

FBCCI Secretary General Mohammad Mahfuzul Hoque and Managing Director of the Bengal Commercial Bank Tarik Morshed signed an agreement in this regard at the Dhaka office of the FBCCI, the federation said in a statement.

In 50 years of independence of Bangladesh, the contribution of the SME sector in the economy is not very large, but this sector has a great contribution in creating employment, FBCCI President Md Jashim Uddin said at the event.

The SME sector contributes around 40 per cent of the total employment of the country, he said. The small entrepreneurs will be able to expand their businesses besides creating employments if they are provided with more financial support, he said.

"The non-governmental organisations have been collecting almost 100 per cent of the loans from rural areas even with high interest. If our banks show interest, it is possible to get money from small entrepreneurs easily. The SME entrepreneurs don't want to be defaulters."

The FBCCI president also urged the trade bodies to help small entrepreneurs to get loans on easy terms.

"We have already signed agreements with 15 associations to ensure that small and medium entrepreneurs get loans on easy terms," said Tarik Morshed.

"Last year, around 23 per cent of our disbursed loans went to the SME sector. We want to distribute at least 55 per cent to the SME sector this year," he said.

"That is why we have emphasised on setting up branches and sub-branches at the marginal level. We are going to open a new branch in Rangpur in January."

FBCCI Senior Vice President Mostofa Azad Chowdhury Babu also spoke.

## **Limited designs, outdated tech plaguing SMEs**

*The Daily Star, Star Business Report, 30 November 2023*

Limited knowledge of designs and outdated technologies are common problems plaguing almost all clusters of small and medium-sized enterprises (SMEs) around Bangladesh, said speakers at a seminar.

Visitors go through products made of pewter at the 10th National SME Fair-2022 in Bangabandhu International Conference Center in Dhaka. Organised by the SME Foundation to expand markets through product diversification, the fair will run till December 3, open from 10:00am to 8:00pm. The photo was taken by Rashed Shumon

Limited knowledge of designs and outdated technologies are common problems plaguing almost all clusters of small and medium-sized enterprises (SMEs) around Bangladesh, said speakers at a seminar.

According to SME Foundation, clusters are a concentration of enterprises within a geographical location producing similar products or services and having common strengths, weaknesses, opportunities and threats.

Most SME clusters produce almost similar products throughout their life but customers' choices are changing every day and they are not willing to purchase products of the same design, quality or shape at a high price, they said.

As a result, they are attracted to imported good-looking products, even when those are of a lower quality and cost more, they added.

The seminar on "The Role of Cluster-Based SMEs in Countering the Global Economic Recession" was organised by SME Foundation at Bangabandhu International Conference Center in Dhaka.

Existing technologies of different SME clusters should be updated through appropriate development projects to increase productivity and product quality, they said.

The government could grant bonded warehouse facilities to let area-based associations import raw materials to facilitate export of their products, they added.

There will always be a demand for uniquely designed products, said Khalid Mahmood Khan, co-founder of Kay Kraft, which retails fashionwear, accessories, home textile, handicrafts and handloom-made products.

Entrepreneurs need to think in the same way and the latest technologies have to be used to create new designs and products keeping in tune with the times, he said.

Amid the need to curtail imports for the pressure on foreign currency reserves, focus should be on making products whose raw materials are available in the country, he said.

Again, there is a big market for such products in the country, he added. In addition, there should be more connections among the clusters and associated institutes, Khan added.

SME Foundation should take steps to prevent new designs of entrepreneurs from getting copied within a couple of days, which causes financial losses, urged Nilufar Yasmin, an entrepreneur from Rajshahi.

Entrepreneurs can now directly connect with retailers, which helps increase their profit margin to some extent amid the ongoing economic downturn, said Suborna Barua, an associate professor of the department of international business at the University of Dhaka.

Testing products is a prerequisite to grading a product but there are almost no relevant facilities in any cluster, said Nazneen Ahmed, country economist of UNDP Bangladesh.

Access to finance is one of the oldest problems for Bangladeshi entrepreneurs for a lack of knowledge about product quality and quality certifications, she said.

"As a result, they are lagging behind even with quality products in a few sectors," she added.

Most clusters have the potential to grow further but availability of skilled manpower is limited and entrepreneurs are not willing to develop skills at their own cost, Ahmed said.

Clusters could be considered as miniature economic zones without a boundary and various central support services could be designed for them, she added.

According to SME Foundation, there are currently 177 clusters in the country comprising 70,000 entities with an annual turnover of around Tk 30,000 crore.

Including all the standalone entities around the country, there were 78.8 lakh such business establishments in 2013, according to the Bangladesh Bureau of Statistics Economic Census 2013.

Of the roughly 10 lakh SMEs and 68 lakh cottage industries in Bangladesh, 7.21 per cent are being run by women.

Cottage, micro, small and medium enterprises account for nearly a fourth of Bangladesh's gross domestic product.

## **Net zero is out of reach unless we help SMEs decarbonise too**

*The South China Morning Post, Chee Yik Wai, 7 December 2022*

- SMEs, a major contributor of industrial emissions, are very much left out of the global climate strategy
- We need to start treating them like small countries and applying 'loss and damage'-style solutions



**A demonstration at the COP27 climate summit on November 12 in Sharm el-Sheikh, Egypt. The global debate on corporate emissions has often focused on big companies, especially fossil fuel producers, neglecting SMEs (Photo: AP)**

The COP27 UN climate change conference in the Egyptian resort town of Sharm el-Sheikh ended with a victory of sorts for developing countries with the “loss and damage” deal. But the role of small and medium-sized enterprises in making the critical transformation to net zero is still not getting the attention it deserves.

The global debate on corporate emissions has often focused on big companies, especially fossil fuel producers, when SMEs are a major culprit too. As a group, SMEs are responsible for 60-70 per cent of industrial pollution in Europe alone, according to the Organization for Economic Cooperation and Development.

Reaching net zero is impossible without a strong global SME decarbonisation strategy, especially when they are an integral part of global supply chains. Yet discussions on the role of SMEs in decarbonisation remain largely limited to the local level in many countries, and the perspectives of SMEs and entrepreneurs are not considered in global climate policies.

## Building a roadmap for Digital Transformation of SMEs in Central India

*Hindustan Times, 17 January 2023*

As the leading Digital Marketing Agency in Chhattisgarh, Vaya Media exists to prove to all SMEs claiming 'there is no business' that 'there is no business without reach'



Vaya Media was born in 2019 with Vineet Ramani's, Founder of Vaya Media & VIDA, vision to transform companies from Traditional to Modern. As the leading Digital Marketing Agency in Chhattisgarh, Vaya Media exists to prove to all SMEs claiming 'there is no business' that 'there is no business without reach'.

Upon realising the potential of Tier-2 and Tier-3 brands, Vaya Media was founded to help brick-and-mortar businesses jump on the Digital bandwagon and compete with the digitally-advanced top brands head-to-head, making them a household name in their city and beyond, if not the country.

As a startup pioneering the wave of Digital Marketing in Central India, Vaya Media's biggest challenge was not acquiring clients but convincing them of the potential of digital platforms, especially since the transition from traditional marketing meant going beyond their comfort zone.

Since its inception, Vaya Media has soared to incredible heights. With over 35+ committed experts, they have helped 130+ homegrown and overseas clients across different industries break through the clutter and thrive in the digital age. The agency has associated itself with businesses across various industry verticals like healthcare, real estate, education, fashion, and construction. A few of their esteemed clients include FabIndia USA, Delhi Public School, Pahlajani Women's Hospital, CG Shashan, SheJobs, Shree Narayana Hospital and many more.

At Vaya Media, the team is referred to as the Vaya Media Army. While the Vaya Media Army comprises curious thinkers from diverse backgrounds, the common thread is the burning desire to go above and beyond to conceive influential campaigns and help ground-level companies build their empire. Brand positioning is the key focus of every campaign to help clients stand out from the competition in a crowded market.

However, as Vineet continued to expand his workforce, he observed a severe knowledge gap that needed to be addressed. Thus, VIDA was founded to provide the learners of Raipur with real-world agency-based training without making them leave their hometown. VIDA stands for Vaya Institute of Digital Marketing and Advertising.



“VIDA is the first agency-based institute in Chhattisgarh. Though Digital Marketing is a lucrative career option and an in-demand skill, I saw a disparity between the availability and demand for qualified digital marketers in Raipur,” shares Vineet.

“It has been 4 years since Vaya Media’s existence, but it seems like yesterday. We still have many challenges to conquer and victories to add to our crown. Having planted our footprints on international soil, we intend to expand even further with the help of the Vaya Media Army of growth hackers,” concluded the rising entrepreneur.

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## **BSE SME platform witnesses strong momentum; more SMEs line up for listing**

*The Hindustan Business Online, Balachandar, 30 November 2022*

About 50 SMEs get listed on the SME Platform during 2022, mobilising ₹694 crore



BSE SME and Startups, a platform of the Bombay Stock Exchange (BSE) that facilitates the listing of small and medium enterprises (SMEs) and start-ups, and helps them raise funds from public, has been seeing good momentum in the listing of SMEs in the post-Covid period, supported by awareness programmes, change in

the mindset of entrepreneurs to unlock values, and growing business opportunities for SMEs.

During 2022, 50 companies got listed on the SME Platform, launched in 2012, and mobilised a total capital of ₹694 crore. In 2021, 27 SMEs were listed, raising ₹382 crore. The year 2020 saw 17 companies getting listed and raising ₹103 crore, while in 2019, 33 SMEs were listed and mobilised ₹462 crore. About 407 companies got listed on the SME platform with a market cap of ₹63,620 crore as on September 30. These companies have raised ₹4,492 crore.

“In the post-Covid period, we have seen a good number of listing happening from SMEs, much more than what anyone could expect. In the last one month alone, we saw

more than 10 SMEs getting listed on our SME platform,” Ajay Thakur, Head – BSE SME & Startup, told businessline. He said that SMEs from across segments were getting listed.

### **‘Good potential seen’**

Every year, the listing number only moves up, signaling growing confidence among SMEs. “Of course, it takes much effort to convince the SMEs, as there are apprehensions about listing. While it is a long way to go, we see a change in mindset and an increasing number of entrepreneurs are keen to unlock the value of their companies by listing. Overall, we see a good potential for about 500 SMEs to get listed on our platform every year,” he added.

Anand Chari, Deputy General Manager of BSE SME & Startup, said the organisation had been trying to burst the myth around compliance requirements for SMEs. We have been conducting road shows in overseas markets to tell investors about the SME platform so that they can invest their money in these companies.

He also outlined the benefits that SMEs enjoy due to listing, including increased credibility among bankers, investors, and others. While it improves visibility to attract good talent, these SMEs are also able to get more business.

Thakur said that the Tamil Nadu government had taken a proactive step by providing a 50 per cent subsidy for the listing expenses or ₹30 lakh, whichever is higher. “This is the biggest decision taken by any State government, which will motivate many SMEs from Tamil Nadu to go for listing. A few other State governments have also announced a subsidy of ₹5 lakh for SMEs going for listing,” he added. BSE has signed up with other State governments, banks and professional institutions to propagate the benefits of listing.

“SMEs’ next paradigm shift can happen in the capital market, as it is a no-cost or low-cost fundraising opportunity to scale their business. This resolves challenges of raising funds for capex and opex needs,” said M K Anand, an MSME expert and founder of SEE CHANGE.

## **Transforming SMEs in the current EVs era**

*The Jakarta Post, 20 December 2022*

The automotive industry has long been recognized as an engine of economic growth, job creation and technological development for many nations, with Indonesia no exception. Indonesia is a host to global automotive manufacturers, with 22 assembly plants throughout the country.



The industry's significance is reinforced by its long and complex supply chains that require automotive producers to link up with multiple partners, as the assembly of each vehicle can require 7,000-8,000 components. These components are generally supplied by at least 1,000 vendors, where Small and Medium Enterprises (SMEs) dominate the supply chain.



**An electric bus driver passes Jl. Ahmad Yani in Surabaya, East Java**

Additionally, SMEs' involvement in the automotive industry is not only concentrated in the production phase but covers broader services, including after-sales, where 95 percent of automotive repair businesses are considered SMEs. The deep involvement of SMEs in the automobile-industry trajectory has generated positive multiplier effects that ripple out through the nation's economy.

## **Future readiness: Why smaller businesses' success matters**

*The Jakarta Post, Olivier M. Schwab and Olivier Woeffray Geneva, Switzerland, 15 December 2022*

Small and medium-sized enterprises (SMEs) and mid-sized companies are the backbone of many countries' economies, so we must work together to ensure their success and their impact on some of the World's biggest and most pressing issues. Smaller companies represent 90 percent of all companies and are responsible for nearly 70 percent of both jobs and gross domestic product (GDP) worldwide.

Taking a closer look at these companies, it is therefore perhaps unsurprising that the World Economic Forum's "Future Readiness of SMEs and Mid-Sized Companies: A Year On" report finds that smaller businesses have what it takes to enable widespread growth, innovation and sustainability in our global, regional and local economies.

Big boost for SMEs: GO-FOOD has grown to become the number one online food delivery service in Indonesia and Southeast Asia, with 400,000 merchant partners as of today in Southeast Asia, of which 96 percent are Micro, Small and Medium Enterprises (MSMEs). The revenue of GO-FOOD's MSME partners has increased by 3.5 times on average since they first joined the platform.



Now is the time to harness this potential. SMEs at the frontline of global turbulences

The post-COVID era is significantly more challenging than most people had initially hoped. Heightened geopolitical tensions, the energy crisis, supply chain disruptions, hyperinflation and extreme weather events are just a few of the difficulties

that will make the coming decade a demanding one.

SMEs and mid-sized companies are often at the frontline of such turbulence. Indeed, some estimates of small business closures as a result of COVID-19 are as high as a third closing down permanently due to the shock of the pandemic.

This leads many of those that remain to be absorbed by a focus on survival and growth, which in turn often prevents them looking at other elements that are essential for them to thrive in the long term.

According to the report, the top challenge currently preoccupying 67 percent of executives of SMEs and mid-sized companies is survival and expansion and almost half of them highlight talent as one of their main challenges.

By comparison, just 25 percent say that one of their main areas of focus is technology and innovation and only 7 percent highlight sustainability as a key challenge. So the question we must ask is this: how can smaller companies not only ensure their immediate survival, but are also in a position to leverage their unique abilities to ensure their long-term success and future readiness?

Being future ready includes three different core capabilities:

First, long-term growth: Ability to generate lasting financial strength driven by innovative business models, products and/or services.

Second, societal impact: Ability to not only address both positive and negative potential externalities but, most importantly, that any business outcomes affect society positively and in line with environmental, social and governance goals.

Third, adaptive capacity: Ability to develop high levels of resilience and agility, enabling the company to bounce back in difficult times and to identify and seize opportunities as they emerge, and to create disruption in business models of the future.

This will not only enable them to thrive but also to successfully shape the nature of growth, innovation and sustainability of our global, regional and local economies.

To ensure impact, future readiness capability building should not be developed as ad hoc initiatives, but instead be embedded into key corporate strategies and decision-making processes – ideally from the very start so that it becomes part of the fundamental building blocks of the company itself.

Given the current context, we found that a focus on adaptive capacity – resilience and agility – can be of particular relevance for a step change in the future readiness of smaller companies, particularly in volatile and uncertain environments.

Research has shown that SMEs and mid-sized companies tend to be less resilient than their larger counterparts, but they in turn display much higher levels of agility. Working on resilience can help a business move out an overwhelming focus on the short term and overwhelming focus on survival, while making the most of their high level of agility – one of smaller companies' most important competitive advantage.

To boost resilience, SMEs and mid-sized companies can learn from the below depending on their level of maturity:

**Emergence:** Authentic leaders positively and strongly impact the future readiness of their companies. They lead with a vision and values, self-awareness, self-regulation, positive modelling and encouraging authenticity. They tend to empower employees, which subsequently motivates the latter to increase their efforts towards fulfilling the organizational mission.

**Development:** Talent fit is to be understood as a major driver of resilience for smaller companies. In this context, the “right” people believe in the company’s purpose, work collaboratively with others and have complementary qualities like resourcefulness and passion in fulfilling their roles. Smaller companies can appeal to values and provide an environment aligned with these values.

**Consolidation:** While leaders and talent fit significantly impact the resilience and future readiness of smaller companies, more mature companies need to focus on developing business frameworks such as orientation, business model flexibility, networks, digital infrastructure and governance. Using governance as an explicit business strategy is key, particularly as it is generally new territory for small companies. In addition, we have identified three opportunity areas where smaller businesses can leverage their high levels of agility.

**Digital:** Smaller companies can take advantage of their quicker communication channels and close relationships to initiate and execute digital transformation at a faster rate than larger corporations, which often struggle to overcome inertia and motivate employees for change. **Sustainability:** Conduct a systematic and holistic business life cycle analysis, then leverage this data to inform the strategizing and prioritizing of low-carbon initiatives and build connect actions to the level of maturity of the organization in the sustainability space.

Talent: Prioritize and communicate organizational culture and values, using informal HR practices to the company's advantage, plus prioritize employee-organization match as much as (or more than) skills and experience.

While SMEs and mid-sized companies can do a lot of the work needed themselves, there is also a need for the wider ecosystem and policy environment to support them. This was highlighted as one of the major challenges for these companies, with 24 percent and 25 percent of them ranking funding and access to capital as well as policy environment respectively.

One particular area in which this can be done is through digital trade and the implementation of targeted measures aimed at harmonizing and driving interoperability of trade data across borders and supply chains to help small companies trade internationally. It is also important to recognize the impact the wider policy environment has on their ability to thrive.

Policy-makers, investors and other stakeholders must ensure they do what is in their capacity to contribute to building the future readiness of this segment of the economy. SMEs and mid-sized companies have a unique ability and strengths to pivot their business models to be future ready. We must help them reach their full potential.

Olivier M. Schwab is managing director, World Economic Forum. Olivier Woeffray is practice lead, strategic intelligence, World Economic Forum.

## **New Vistas open for SME Growth**

*The Financial Tribune, 7 December 2022*



The Securities and Exchange Organization (SEO) has paved the way to help ease share trading of small and medium-sized enterprises via the Iran Fara Bourse (IFB).

In the past only legal persons or investors from state-owned organizations could buy shares of SMEs. The SEO has now made it possible for professional investors to buy shares of SMEs, SENA reported.

Henceforth all real persons whose portfolio is 50 billion rials (around \$136,986) or higher over the past six months, or their trade in Tehran Stock Exchange or IFB, the junior equity exchange, reached at least 20 billion rials (\$54,644) in six months, can buy SME shares.

## Vietnam private equity company ABB seeks \$100m for 2<sup>nd</sup> fund

*The Nikkei Asia, Nguyen Thi Bich Ngoc, 4 January 2023*

Plans to back small and midsize enterprises in nation's growing economy



Vietnam has recently emerged from strict COVID-19 lockdowns in the wake of the pandemic (Reuters)

HANOI - Vietnam-based private equity (PE) company ABB is raising a \$100 million second fund, according to a top executive at the firm.

ABB, which is associated with local investment banking company Asia

Business Builders, expects to close fundraising in the first half of the year. It launched its first \$20 million PE fund in 2018, which has now fully invested.

The second vehicle will continue to back growing Vietnamese small and midsize enterprises (SMEs) that are already making money or substantial revenue, said Peter Sorensen, co-founder and managing partner at ABB.

The first fund -- ABB I -- raised capital from Asian and European limited partners, including the Dutch Good Growth Fund, said Sorensen, adding that he expects around 40% to 50% of the capital for ABB II to come from development finance institutions (DFI), while he will raise the remainder from regional family offices and local investors.

"As we expect to have more DFI financing, we will [more deeply] integrate ESG practices in our investments," he told DealStreetAsia. ESG refers to environmental, social and corporate governance.

With a larger corpus, the new fund will write bigger checks at \$8 million to \$10 million, a segment that, according to Sorensen, is less competitive because pan-regional investors and even other local PE managers are investing to the tune of several tens of millions of dollars.

ABB takes minority positions in its SME portfolio companies and works along with management teams to help grow their businesses, the managing partner said.

"Our pipeline is looking very good. The M&A business gives us better origination of deals, while we have a strict policy between our private equity and M&A advisory businesses," Sorensen said. "They are complementary to each other."



He said ABB's advisory business targets more mature companies that have already gone through the PE cycle, addressing the concerns of possible conflict between his company's two different businesses.

The merchant banking team was formed in 2013, and the PE arm was launched after the company closed over \$200 million worth of strategic merger and acquisition (M&A) transactions in Vietnam.

The investment banking business has advised M&A transactions in Vietnam such as Japanese energy infrastructure company Toenec's acquisition of Hawee Mechanical & Electrical, Noritz's acquisition of home appliances producer Kangaroo, FWD Insurance's purchase of GINET Vietnam, and Japanese buyout firm Advantage Partners' investment in fashion retailer Elise.

ABB I has invested in local SMEs such as DTP Education Solutions, retail pharmacy chain Trung Son Care, industrial services provider Care Solutions, KA Logistics and smart-living platform Aplus Home.

While acknowledging the pressure of delivering distribution to paid-in capital to investors amid competition for deals by general partners focusing on Vietnam, Sorensen said there are a lot of opportunities to look at smaller transactions in companies with \$10 million to \$30 million in revenue, which still have a lot of room to absorb capital to grow. "They have the jewel, and we can help them polish [it]," he said.

As Vietnam emerged from COVID-19 lockdowns in 2021, gross domestic product grew 8.02% in 2022 -- the fastest expansion in 25 years and exceeding the government's target of 6.5%.

Mekong Capital and VinaCapital are the two prominent names in the local PE industry, while other players in the midmarket segment include Vietnam Investment Group, SSI Asset Management and Excelsior Capital Vietnam Partners.

For the original story from DealStreetAsia, click [here](#).

DealStreetAsia is a financial news site based in Singapore that focuses on private equity, venture capital and corporate investment activity in Asia, especially Southeast Asia, India and greater China. Nikkei owns a majority stake in the company.

## **Malaysian MSMEs post higher revenue in 2022**

***New Straits Times, NST Business, 10 February 2023***

KUALA LUMPUR - Most micro SMEs (MSMEs) in the country have seen their revenues increase year-on-year in 2022, according to Alliance Bank Malaysia Bhd's MSME Business Outlook 2023.

The report said a total of 71.6 per cent of Malaysian MSMEs saw their revenues increase in 2022, and almost half of the businesses (46 per cent) said revenues had returned to pre-pandemic levels or exceeded expectations.

"This indicates an encouraging recovery momentum by the MSMEs in 2023, which is backed by Malaysia's strong gross domestic product growth of 9.3 per cent in the first three quarters of 2022," Alliance Bank said today.

Despite the projected weaker global economy and a possible impending recession in 2023, one in three (32.9 per cent) MSMEs are optimistic in making business decisions and willing to take bolder strides for better future gains.



**Alliance Bank group chief SME and commercial banking officer Raymond Chui said MSMEs play a significant role in growing the Malaysian economy**

"MSMEs play a significant role in growing the Malaysian economy as the sector contributes 11.7 per cent to the country's total exports and provide employment to 47.8 per cent of the population.

"By supporting MSMEs grow, we are also helping them maximise their impact and contribution to the economy," said Alliance Bank group chief SME and commercial banking officer Raymond Chui.

The ringgit depreciation is cited as the biggest concern among MSMEs this year, especially for import-driven businesses. Other key concerns include higher cost of doing business, lower sales and reduced domestic demand.

Insufficient cash flow and working capital are also the common barriers to MSMEs' growth aspirations, where 42.9 per cent of respondents expect cash flow to be an issue for them to capture business opportunities in 2023.

"It is important that MSMEs have convenient access to financing to grow their businesses. We understand that MSMEs face their own unique challenges such as limited access to financing and difficulty navigating complex financial regulations.

"As such, banks must consider new ways to facilitate the growth of MSMEs by providing them with solutions tailored to their business needs.

The report captured the responses from over 300 MSMEs surveyed by Alliance Bank in November and December 2022.

## Eximbank signs MOU with POSCO International for supply chain stabilization

*Korea Times, Yoon Ja-young, 12 December 2022*

The Export-Import Bank of Korea (Eximbank) signed an MOU with POSCO International and S&S INC for the stabilization of supply chains and the growth of small companies.

The trading affiliate of steel giant POSCO has been purchasing car components from small and medium-sized enterprises (SMEs) and mid-tier manufacturers in Korea for export to global car giants such as FCA and GM.

S&S INC is one of those local SMEs manufacturing car components that have been exported via POSCO International.

Following the MOU, Eximbank will provide 500 billion won in financing by 2025 so as to strengthen the value chains of local businesses in the global supply chain, help balance growth between conglomerates and SMEs and promote exports through its online supply chain factoring program.



**Export-Import Bank of Korea (Eximbank) Chairman and President Yoon Hee-sung, center, poses with POSCO International CEO Joo Si-bo, left, and Yang Joon-ho, an executive of S&S INC, after signing an MOU at the bank headquarters in Yeouido, Seoul (Courtesy of Eximbank)**



Specifically, it plans to make it easier for SMEs engaged in indirect exports to access policy financing, by enhancing convenience in transactions through its online supply chain factoring program as well as its corporate finance platform, which was launched in April to offer corporate financing services online.

Through the online supply chain factoring platform, which is scheduled to launch in January 2023, the bank will be purchasing accounts receivables of the SMEs engaged in indirect exports before their due date. As an example, Eximbank will be purchasing the accounts receivables of S&S INC before its due date, based on the high credit ratings of POSCO International. That will help the SME enjoy better liquidity and a better financial structure as it can cash out.

Eximbank expects the measure to strengthen supply chains that link local SMEs with POSCO International and global car companies.

"We hope the MOU will help bolster the competitive edge of local car component manufacturers in the global supply chain as well as with their liquidity management," Eximbank Chairman and President Yoon Hee-sung said.

"By cooperating with Eximbank, we will be contributing to the stabilization of global automotive supply chains as well as helping local hidden champion firms, equipped with competitive technology, on their road to overseas markets," POSCO International CEO Joo Si-bo said.

## **MCA hopes new 2023 Budget will prioritise SMEs**

*The Strait Times. Bernama, 4 February 2023*



**MCA president Datuk Seri Dr Wee Ka Siong hoped the new 2023 Budget will prioritise help for small and medium enterprises (SMEs) (NSTP)**

PONTIAN - MCA president Datuk Seri Dr Wee Ka Siong hoped the new 2023 Budget will prioritise help for small and medium enterprises (SMEs).

The former transport minister said SMEs provided almost 65 per cent of jobs in the country, but there were businesses that had yet to fully recover after the Covid-19 pandemic.

The SME sector contributed 38.3 per cent to country's growth domestic product (GDP) and provided employment for over seven million people.

Wee said he hoped the government would look at ways to assist SMEs.

The Movement Control Order (MCO) to curb the spread of Covid-19 resulted in a decline of all Malaysia's economic sectors.

"The business sector, including SMEs faced severe challenges due to the new policies and amendments to the Employment Act. The sector is also facing a shortage of workers and it is one area that needs quick remedial action so that SMEs can continue to survive.

"The MCA has also prepared a memorandum to be handed to the government and that includes proposals for the revival of the SME sector," he said after attending a Chinese New Year Open House organised by the Tanjung Piai Parliamentary Constituency at Dewan Tunku Ibrahim Ismail, Pekan Nanas, here.

Wee said business owners and entrepreneurs were eagerly waiting for the government's assistance after the 15th General Election.

Wee said the MCA memorandum also had proposals for the welfare of the people.

It is hoped that many issues would be discussed in detail during the parliament session which starts on Feb 13, he added.

"I also hope the government will also look at the shortage of eggs and overcome the problem since the fasting month is around the corner and followed by Hari Raya Aidilfitri," he said.

On Jan 24, Wee was reported as saying that a memorandum related the 2023 Budget would be handed to Prime Minister Datuk Seri Anwar Ibrahim with proposals on the economy, SMEs and education.

## **Budget 2023: Special attention to SME**

*The Straits Times, Mohamed Basyir, 22 January 2023*

KUALA LUMPUR - Small and Medium Enterprises (SMEs) will be given special focus in the forthcoming 2023 Budget.

Prime Minister Datuk Seri Anwar Ibrahim said the budget which will be tabled on Feb 25, will prioritise the SME sector.

He said the SME sector is unique in the country as it is the base of the country's economic strength, while large conglomerates occupy only a small portion at the top.

"We want to strengthen the SMEs which have been largely affected by the longest-ever PKP (Movement Control Order), where many suffered huge losses and closed down their businesses.

"We will give attention to this be it for the technology, services or the agro-industry sectors (of SME)," he said.

The Prime Minister said this in a speech at the Kuala Lumpur and Selangor Chinese Assembly Hall (KLSCAH) Chinese New Year Open House here today.

Present were the prime minister's wife Datuk Seri Dr Wan Azizah Wan Ismail, Transport Minister Anthony Loke, Science and Technology Minister Chang Lih Kang, and Deputy Trade and Industry Minister Liew Chin Tong.



***Prime Minister Datuk Seri Anwar Ibrahim said that the budget, which will be tabled on February 25, will prioritise the SME sector (Bernama)***

Anwar said the government's focus is towards economic recovery whereby all races in the country are given the necessary support.

He also explained that interracial conflicts can also be overcome as the nation progresses towards economic growth.

Anwar's confidence in the country's economic progress stems from the fact that global powerhouse economies have set their eyes on Malaysia.

"Malaysia has a good capacity. "China, India, America, Europe and others are looking at Malaysia. "We will ensure Malaysia continues to remain an investment attraction among the ASEAN countries," he added.

## **Digitalising, revolutionising small industries must be new SME policy: PCJCCI**

*Daily Times, APP, 9 February 2023*

Pakistan-China Joint Chambers of Commerce and Industry (PCJCCI) President Moazzam Ali Ghurki suggested that digitalising and revolutionising small industries should be the new SME policy of Pakistan.

Sharing his views at a think-tank session, held here at the PCJCCI offices, he added that all sorts of innovation and entrepreneurship takes place at domestic markets and in small industries, which later move out and lead to higher exports and foreign exchange earnings. Ghurki said, "The small shopkeeper, the 'rerhi wallas', the unskilled labourers possess the largest number of small and medium enterprises and if we make this sector progress, we will have a more egalitarian development." He also suggested that trade policy should not only be for promoting exports but for promoting all trades both at home and abroad. "We have to redesign our trade policy centered to encourage competition, create opportunities and provide an enabling environment for domestic markets to flourish in an innovative and exciting new approach," he added.

Ghurki said that the domestic markets and small industries in Pakistan primarily included retail and wholesale traders, restaurants and hotels, construction, transport storage and communication, financial and real estate and personal services. These were the sectors where the poor and middle-class were hidden, he said adding, "We do not need to reinvent the wheel, it is only through competition with foreign markets and services that our domestic markets will improve and benefit through knowledge spillovers, learning by doing and exposure to new technologies and management systems."



## **SEC: 67% of MSMEs are experiencing credit constraints**

*BusinessWorld, Justine Irish D. Tabile, 16 February 2023*



The Securities and Exchange Commission (SEC) has called for financing options for micro, small and medium enterprises (MSMEs) as 67% of them are still experiencing credit constraints.

“Most of them rely on internal resources for their capital needs. While those who apply for traditional bank loans face tedious documentation, high interest rates,

and mandatory collateral requirements,” SEC Chairperson Emilio B. Aquino said in a press release.

The regulator said the MSME network accounts for 99.5% of the total businesses in the Philippines. MSMEs also hire more than half or 63% of the local workforce, which constitutes 25% of the country’s total exports and contributes 40% to the country’s gross domestic product.

“In our bid for financial inclusion, we recognize that there really is a need to broaden the financing instruments available for MSMEs,” Mr. Aquino said.

In line with this, the SEC committed to rolling out roadshows that will present financing options like crowdfunding to MSMEs and startups.

Crowdfunding is a fundraising activity that allows startups and MSMEs to get funding from the public through an online platform.

Under SEC Memorandum Circular No. 14, Series of 2019 or the Rules and Regulations Governing Crowdfunding, MSMEs are no longer required to register securities before they can solicit investments from the public, provided that it will be conducted through a crowdfunding intermediary that is registered with the regulator.

At present, the SEC recognizes three registered crowdfunding intermediaries, which are Investree Philippines, SeedIn Technology, Inc., and Eastern Securities Development Corp.

The SEC held its first roadshow at the Pinnacle Hotel in Davao City which was attended by companies, national government agencies and local government units.

The roadshow was led by the newly created SEC Office for the Advancement of Strategic Investments in SMEs (OASIS).

Mr. Aquino said that with the new programs and initiatives being introduced by the SEC, the commission is hopeful that the present 286 listed companies on the Philippine Stock Exchange will increase.

The SEC will be doing a monthly roadshow, targeting Cebu, Cagayan de Oro, Zamboanga, Bacolod, Legazpi, Iloilo, Tarlac, Baguio, the Calabarzon (Cavite, Laguna, Batangas, Rizal, and Quezon) region, and Metro Manila.

## **Digital finance channels drive success of millennial MSMEs**

*Business Mirror, Byroderick Abad, 11 February 2023*

MILLENNIAL micro, small and medium enterprise (MSME) owners are given more capitalization to grow their businesses by alternative online funding platforms, according to a research of Cambridge Center for Alternative Finance (CCAF) at the University of Cambridge Judge Business School and the Asian Development Bank Institute (ADBI).

About 42 percent of the survey respondents, comprised of 25- to 34-year-old sole traders with a handful of employees from five member-countries of the Association of Southeast Asian Nations (Asean), report that micro-lending, crowdfunding, and Buy-Now-Pay-Later channels are crucial to enhance their productivity and expand their markets.

The Asean Access to Digital Finance Study concludes that alternative fundings on the web are important in giving them access to capital. Other reasons they adopted them are better customer service, flexible terms, ease and speed of getting money compared to traditional sources.

Amylene “Aimee” Dingle could attest to that after building her successful food stall with just a P1,000 loan from Tala (<https://tala.ph/borrow/>). To her, securing finances through this online lending platform is like a partnership with a “companion that supports me and helps me achieve my goals. It’s so easy to get a loan from it. I can always count on it.”

Dingle’s success story shows how digital lending and capital-raising platforms are opening more opportunities for those who have difficulty getting funds. Unemployed with no savings and access to obtain bank loans, she just learned about Tala through a Facebook ad. After downloading the app, she applied for a P1,000 loan. A few minutes later, she got a text message of the approved loan which she could pick up at the nearest remittance center.

With that amount, she purchased cold cuts, hamburgers and hot dogs to sell to her neighbors. It was the beginning of her small food stall. In just 30 days, she paid back the

loan together with the 15 percent interest and small processing fee Tala charged her. Her business has continued since then.

Due to diligent repayment, Dingle can apply for the maximum amount of credit that Tala offers. Now, her business has grown, nearly doubling her household's income, and enabling their family to move to a quiet and clean neighborhood.

"We made our loans to be flexible and easy to access so that more people, especially the unbanked, can gain the life-changing opportunities they deserve. We're very proud that Aimee was able to use our services and we hope to continue helping her and many more," Tala General Manager Donald Evangelista said.

## **IPOPHL and IBP partnership boosts IP protection for indigenous people, MSMEs**

*Business Mirror, Andrea San Juan, 10 February 2023*

The Intellectual Property Office of the Philippines (IPOPHL) has inked an agreement with the Integrated Bar of the Philippines (IBP) to support Indigenous Cultural Communities (ICCs) and micro, small, and medium enterprises (MSMEs) in protecting their intellectual property (IP) rights.

"Through the memorandum of agreement [MOA], IPOPHL and IBP will work to assist local communities with IPs and potential GIs [geographical indications] and handhold them toward the registration of their IPs and GIs," IPOPHL Director General Rowel S. Barba said during the MOA signing on January 24, 2023 in Taguig City.

The IPOPHL chief said he hopes the partnership can bring "better appreciation and protection" of ICC products that will promote cultural heritage, strengthen intellectual property rights of indigenous cultural communities.

"We hope this partnership can bring better appreciation and protection of ICC products that will promote cultural heritage, strengthen IP rights of ICCs and inform and educate the public on IP," Barba added.

For its part, IBP, the national organization of lawyers in the Philippines, will be providing pro bono legal assistance to ICCs once they register their IP assets, particularly in the prosecution and enforcement of their IP rights as owners.

IBP Executive Vice President and Eastern Visayas Governor Antonio C. Pido said partnering with IPOPHL would allow IBP "to provide assistance to marginalized communities and the indigenous peoples' communities so that they will have more faith in our legal system."

According to IPOPHL, the signing of the MOA comes after the Implementing Rules and Regulations for GI registration took effect in November 2022.

GIs are signs used on products that have a specific quality or reputation due to their geographic origins. IPOPHL said the Guimaras Mangoes was filed as the first GI application in the country. Other formerly registered collective marks such as the Bikol Pili and the Tau Sebu T'nalak have also been identified as potential GIs, said IPOPHL.

Aside from helping indigenous cultural communities, IPOPHL said the partnership aims to assist MSMEs in fully utilizing their trademarks through IPOPHL's Juana Make a Mark and Juan for the World programs by providing them with legal aid if needed.

Meanwhile, IPOPHL said those who register their trademarks abroad through the Madrid System, the international route for trademark registration, may also expect financial assistance from IBP to cover an application's basic fee – about P49,627 – for a colored mark and about P35,888 for a black and white.

According to IPOPHL, the Juana Make a Mark enables women and women-led enterprises to register their trademark at a reduced cost.

Meanwhile, the Juan for the World aids MSMEs in registering their trademarks through the Madrid Protocol – the international route for trademark application – “with private and public sectors providing them with financial and technical business assistance.”

## **Support for Singapore SMEs targeted at firms prepared to restructure, raise productivity: DPM Wong**

*The Strait Times, Ovais Subhani, 24 February 2023*

SINGAPORE – Amid the challenges of rising costs, the main thrust of support for small and medium-sized enterprises (SMEs) is focused on companies that are prepared to take steps to raise productivity and expand their business, Deputy Prime Minister Lawrence Wong said on Friday.

This support will help the firms thrive in the longer term and is in line with the Government's continued balanced approach in its economic development strategies to stay competitive by nurturing local businesses, upskilling workers and attracting foreign investments.

Mr Wong, who is also Finance Minister, noted that significant resources continue to be put in to grow local enterprises.



Between 2019 and 2022, the amount of support extended to SMEs via a host of existing schemes doubled, while the number of local enterprises that were given support to build new capabilities, innovate and expand overseas increased by about 60 per cent.

“But the main thrust of our support for SMEs is focused on helping those who are prepared to take steps themselves to restructure their businesses, raise their productivity, and venture into new markets and products,” Mr Wong said as he addressed MPs’ comments on the Budget statement delivered on February 14.



**Deputy Prime Minister Lawrence Wong noted that significant resources continue to be put in to grow local enterprises. (ST PHOTO: KUA CHEE SIONG)**

Attracting quality foreign investments is another area of focus, as it helps local enterprises by transferring technical know-how and expertise.

Using the medical technology (medtech) sector as an example, Mr Wong said multinational enterprises like Waters Corp, Illumina and ResMed have brought cutting-edge capabilities to Singapore through their investments.

“Over the years, they have sunk roots here and contributed to the growth of our medtech ecosystem. They have developed strong partnerships with local companies such as Richport, Nanofilm and Sunningdale, enabling our local enterprises to improve their capabilities and scale up their businesses to reach out to more customers,” he said.

Even as attracting foreign investment is becoming more challenging amid intensifying competition and geopolitical tensions, Singapore has been able to adapt.

“We are seeing healthy flows of investments, capital and talent into Singapore, and we are seizing these opportunities to build capabilities, strengthen our value proposition and ultimately create more jobs and opportunities for Singaporeans,” said Mr Wong.

He added that Singapore must leverage its competitive advantages – high-quality infrastructure, stable policy environment and access to talent – while managing its inherent and permanent constraints, especially in the areas of manpower, land and energy.

“We will always be a little red dot. Manpower resources will always be insufficient. Land will always be limited, and we will always be energy-constrained. And so we cannot compete on the basis of cost alone. Instead, we must focus on differentiating ourselves in terms of quality and value,” he said.

At the same time, economic growth must also translate into better jobs and opportunities for workers.

Mr Wong said unproductive jobs will become obsolete, and in their place, new, better and more productive roles will be created. “This churn is an integral part of healthy economic growth. But it does create uncertainty for workers,” he added.

To support this workforce transition, the Government will continue to focus on targeted re-employment and training support.

“We want to provide some cushion while the workers undertake training to upgrade their skills and take on new roles that better fit their abilities and aptitudes, and ultimately, we want to help Singaporeans bounce back stronger from any setback that they may encounter throughout their careers.”

Several MPs, including Mr Edward Chia (Holland-Bukit Timah GRC) and Mr Derrick Goh (Nee Soon GRC), had asked whether the Government’s policy focus has moved from a pro-growth to a pro-redistribution approach.

In response, Mr Wong said: “Let me set the record straight. We remain focused on growing the economic pie. Because only then can Singaporeans build better lives for themselves and their families, and only then will we have the resources we need to redistribute, strengthen our social compact and progress as one people.”

# 7 things SMEs need to know about the 2023 Singapore Budget

*Osome Content Team, 16 February 2023*

Singapore's Budget 2023 sets out measures to boost local businesses and encourage innovation, amid uncertainties in the global economy. Find out what the measures are, and how it impacts your small business.



Amid uncertainties in the global economy, Singapore's Budget 2023 sets out measures to boost local businesses and encourage innovation. On 14 Feb 2023, Deputy Prime Minister Lawrence Wong announced a S\$4 billion top-up for the National Productivity Fund, and a new Enterprise Innovation Scheme, alongside other measures.

Read on to find out how these measures can help your small business.

## **(1) S\$4 Billion Top-Up for the National Productivity Fund**

In order to attract investments, Mr Wong will top up the National Productivity Fund with S\$4 billion. The National Productivity Fund's scope will also be expanded to include investment promotion as a supportable activity. Mr Wong believes that these efforts will lead to long-term support for education initiatives, strategies, as well as productivity.

## **(2) Enterprise Innovation Scheme**

To allow businesses to obtain larger tax deductions for activities including conducting research and development locally, a new Enterprise Innovation Scheme was put in place. With Singapore's emphasis on innovation, this scheme will enhance tax deductions for the following key activities:

- Registration of intellectual property such as trademarks, patents, and designs
- Innovation with tertiary institutions such as polytechnics and the Institute of Technical Education (ITE)
- R&D conducted locally
- Training through SkillsFuture Singapore-approved courses, which are aligned to the Skills Framework

- Acquisition and licensing of intellectual property rights, applicable to taxpayers with less than S\$500 million in revenue

Furthermore, enterprises can get up to 250 per cent tax deduction of qualifying expenditure on some of the key activities. The tax deduction will be increased to 400 per cent of qualifying expenditure, for every key activity held annually from Year of Assessment (YA) 2024 to 2028. Other than S\$50,000 on the key activity of innovation with polytechnics and ITE, the other four key activities will have a cap of S\$400,000.

According to Mr Wong, enterprises that fully utilise Enterprise Innovation Scheme can enjoy tax savings of almost 70 per cent of their investment. Companies that have yet to profit, or lack profits to maximise the advantages from the tax deductions, can convert 20 per cent of their YA's qualifying expenditure into a cash payout of a maximum of S\$20,000.

### **(3) Energy Efficiency Grant**

To provide businesses with assistance on immediate challenges, the Energy Efficiency Grant will be extended for another year, till 31 March 2024. These measures will continue to lend support to businesses in the food manufacturing, food services, and retail sectors to invest in energy efficiency, in a bid to reduce the effects of higher electricity prices.

### **(4) Enterprise Financing Scheme**

Similarly, the current enhancements to the Enterprise Financing Scheme will also be extended till 31 March 2024, to facilitate local enterprises' access to financing. Among the enhancements are a 70-per cent Government risk-share for trade loans, as well as support for domestic construction projects through project loans.

### **(5) Singapore Global Enterprises Initiative**

To develop local enterprises, S\$1 billion will be parked under the Singapore Global Enterprises initiative. This initiative was implemented in 2022, with the aim of helping budding local enterprises evolve into globally leading businesses. This support will come in the form of customised and dedicated help, such as working with professionals to enhance the businesses' core leadership teams and nurturing a strong talent pipeline.

**(6) SME Co-Investment Fund**

Under the SME Co-Investment Fund, another S\$150 million will be put aside to invest in up-and-coming small- and medium-size enterprises (SMEs). So far, the Government has put in S\$1 billion in this fund and invested in approximated 60 local companies – which has in turn catalysed roughly S\$2 billion of extra investments into these companies.

**(7) Higher Monthly CPF Contribution By 2026**

Central Provident Fund (CPF) contributions to employees will be raised from the current monthly salary ceiling of S\$6,000 to S\$8,000 by 2026. To give employers and employees time to adjust, this change will happen progressively over four years. On 1 Sep 2023, the monthly salary ceiling will be raised to S\$6,300. On 1 Jan 2024, it will increase further to S\$6,800. By 1 Jan 2025, the ceiling will reach S\$7,400, and by 1 Jan 2026, it will hit S\$8,000. However, there will not be any changes to the CPF annual salary ceiling, which includes contributions from additional wages.

**Adjustments to the CPF monthly salary ceiling**

	CPF monthly salary ceiling	CPF annual salary ceiling
Current	S\$6,000	
From 1 Sep 2023	S\$6,300	
From 1 Jan 2024	S\$6,800	\$102,000
From 1 Jan 2025	S\$7,400	
From 1 Jan 2026	S\$8,000	

**Stay Focused on Growing Your Business**

Every company’s finances differ – if you need help in getting more customised advice or figure out how Budget 2023 will affect your SME, simply reach out to our experienced accountants in Singapore. That’s not all, we also help companies with accounting tasks so you can bid those paperwork woes goodbye and focus on your core business.



## Budget 2023: Lower taxes, more facilities and loans for small businesses

*New Straits Times, 24 February 2023*



NSTP file pic

KUALA LUMPUR - The government will reduce taxes on the first RM150,000 of revenue of micro, small and medium enterprises (MSMEs) to 15 percent, from 17 per cent.

Announcing this during the 2023 Budget, Prime Minister Datuk Seri Anwar Ibrahim said the reduction allowed savings of up to RM3,000 for SMEs.

He said the government would also allocate RM50 million to build 3,000 stalls and kiosks for small traders nationwide.

"I have often said why do we have big buildings, when the lives of those running small businesses were not taken care of.

"While the country already has enough and famous mega projects and landmarks, I also want the country to be famous for good hawker facilities, with the stalls being clean and hygienic."

In addition, Anwar said RM176 million would be provided to upgrade business facilities, including premises under Majlis Amanah Rakyat (Mara), Kuala Lumpur City Hall, Perbadanan Usahawan Nasional Bhd (PUNB) and UDA Holdings Bhd (UDA).

He said government agencies would provide up to RM40 billion in loan facilities and financing guarantees for MSMEs.

"MSMEs and small vendors are provided loans under agencies such as Bank Negara Malaysia, BSN and the National Entrepreneurial Group Economic Fund (Tekun), with available funds amounting to RM1.7 billion ringgit.

"Among them, RM300 million is set aside to support MSMEs by women and youth entrepreneurs.

"BSN will provide over RM1 billion, with a focus on MSMEs and hawkers, while Tekun will provide RM330 million, including RM10 million to help youths from poor families earn income through businesses.

"They will be given start-up capital to start delivery services using motorcycles."

He said the government had also agreed to cover test fees for B2 class motorcycle licences, as well as licences for taxis, buses and e-hailing.

"For SMEs, almost RM10 billion in loans will be made available by Bank Negara Malaysia (BNM), to ease the financial burden of SMEs and support their business development."

## **Government tender process to be simplified for SMEs, more weight given to sustainability**

*The Straits Times, Claire Huang, 27 February 2023*

SINGAPORE - Small and medium-sized enterprises (SMEs) will be able to bid for government contracts under a new category by end-2023 that comes with simpler and fewer conditions.

The new category, called Tender Lite, will allow more suppliers to participate in tenders with value higher than \$90,000 but below \$1 million. It is projected to cover more than 70 per cent of all government tenders that are currently awarded to SMEs.

"First, by simplifying government rules and processes, we enable businesses to save time and money when they transact with the Government. Second, by helping businesses build capabilities to enhance their competitiveness and access new



opportunities, both locally and abroad,” said Senior Minister of State for Finance and Transport Chee Hong Tat in Parliament.

About 80 per cent of government contracts are awarded to SMEs annually, he said, adding that this helps the businesses build track records and develop capabilities to tap new growth areas.



**A new category called Tender Lite will allow more suppliers to participate in tenders with value higher than \$90,000 but below \$1 million. (ST PHOTO: LIM YAOHUI)**

Another change – businesses no longer need to resubmit the same financial statements and company profile when responding to different government quotations and tenders.

As part of improvements to GeBIZ, the government-wide procurement system, a supplier file repository will be introduced by the year end, said Mr Chee. About 3,000 firms stand to benefit from this.

The additions are part of changes to the government procurement process that the Ministry of Finance (MOF) will be rolling out, which also includes introducing sustainability considerations for large construction and information and communication technologies (ICT) tenders by 2024.



Up to 5 per cent of evaluation points for tenders will be allocated to sustainability-related considerations from next year. This will apply to construction projects with an estimated minimum value of \$50 million and ICT projects of at least about \$10 million.

The aim is to include environmental sustainability requirements and evaluation criteria in all government procurement within the next five years, Mr Chee said.

To drive businesses' sustainability reporting, he said public consultations will be held later this year.

“Businesses that can provide good sustainability-related information can gain competitive advantage, expand into markets, and potentially access cheaper funds through green financing,” Mr Chee noted.

He also urged companies to step up digitalisation as the government will use the electronic invoice submission channel, or InvoiceNow, for all its vendors in the next few years.

The e-invoicing network was launched in 2019 by the Infocomm Media Development Authority.

So far, about 55,000 businesses have adopted InvoiceNow, which is supported by 200 service providers.

In response to MPs Liang Eng Hwa (Bukit Panjang) and Saktiandi Supaat (Bishan-Toa Payoh GRC), who asked how the Government ensures fiscal sustainability, Mr Chee pointed to measures like audits and regular reviews.

The current government expenditure is about 18 per cent of gross domestic product (GDP). Even as expenditure exceeds 20 per cent of GDP by 2030, Singapore's government expenditure as a percentage of GDP is still significantly lower than most developed countries, Mr Chee said.

He noted that MOF conducts regular reviews of ministries' budgets to identify areas for improvement and ensures every ministry uses its allocated resources efficiently and effectively.

For example, some \$1 billion in savings was achieved in 2022 for major government infrastructure projects by using stringent cost-effectiveness evaluations, he said.

Other forms of savings include integrating different projects, like the upcoming East Coast Integrated Depot, as well as combining tenders for office supplies and catering services of various agencies.

## Prospects for SME growth this year rest on success of China's reopening: OCBC

*Business Times, Paige Lim, 26 January 2023*



Goh says more time is needed to see greater take-up of the existing Enterprise Sustainability Programme and Energy Efficiency Grant, which were launched in October 2021 and September 2022 respectively

SINGAPORE'S SMEs barely stayed in growth territory in OCBC's latest quarterly index of their performance, and their prospects this year will depend on how China's reopening

pans out, said OCBC's head of global commercial banking Linus Goh.

"If China is all humming and clicking as it had been before, then it will be quite a significant influence on growth, not just for Singapore but also for the region," said Goh in an interview with The Business Times.

The OCBC SME Index declined to 50.2 in the fourth quarter of 2022, from 51.9 the previous quarter. But this was still the eighth straight quarter of year-on-year expansion, indicated by a reading of...

## Budget 2023: S\$1 billion top-up to Singapore Global Enterprises Initiative; S\$150 million for SME co-investments

*The Business Times, Renald Yeo, 14 February 2023*

TWO schemes which saw promising outcomes in 2022 will receive additional financing from the government in Budget 2023, Finance Minister Lawrence Wong said.

The Singapore Global Enterprises initiative, which helps promising companies with customised assistance in areas such as innovation, internationalisation and fostering of partnerships with other companies, will receive a S\$1 billion shot in the arm in Budget 2023.

This is to develop a “healthy pipeline” of companies with a strong track record of international success, and move them “to the next level”, Wong said.



**The Singapore Global Enterprises initiative, which helps companies with customised assistance in areas such as innovation, internationalisation and fostering of partnerships with other firms, will receive a S\$1 billion shot in the arm in Budget 2023 (Bloomberg)**

Support under the initiative will include specialised capability building programmes tailored to individual corporate needs; working with experts

to strengthen core leadership teams; accelerating internationalisation plans; and building robust talent pipelines.

An additional S\$150 million will also be set aside for the SME (small and medium-sized enterprise) Co-Investment Fund, Wong said, after the government saw “positive outcomes” from previous funding rounds under the fund.

“As our companies grow, we will support them in accessing capital to scale up and be globally competitive,” said Wong.

The fund is used to co-invest with fund managers.

To date, S\$1 billion has been committed to such investments in SMEs supporting their growth, Wong said, with investments in some 60 Singapore-based companies. This has translated to around S\$2 billion of additional investments in those companies from the private sector.

Total revenue of these companies have more than doubled after the investments, Wong added, with over half having developed new capabilities or expanded beyond Singapore.

## **Convergence of Monetary and Fiscal Policies For optimising SME profitability**

*Ceylon Today, Srimal Fernando, 5 December 2023*

A new global economic geography has been evolving throughout the past few years. An economic alteration is presently taking shape in the Indian Ocean Region (IOR) within

an international context where neo-liberal economic expectations are dominant. One of the most important policy interventions introduced by the post-Cold War era was to support Small and Medium Enterprises (SME) expansion. SMEs are a noteworthy driver of economic development. Within the international financial framework, the five Indian Ocean islands of Mauritius, Seychelles, Sri Lanka, the Maldives and Réunion have been left to their strategies.

Fiscal and monetary policies stimulate the growth of these island nations. A diversified economy is crucial to protect these five Indian Ocean Islands from a global economic crisis. SMEs play a vital role in the industrial modes of development of these island nations. Similar to other small island economies, these nations too have several economic shortcomings. Despite having a moderate to low Gross Domestic Product (GDP) per capita income inconsistency, endures to being an issue in these islands, as economic growth has not been equitably disseminated among the population at large.



Goods and services cost more when inflation is high. SMEs have been relentlessly disturbed by the high rates of inflation in the contemporary global economy. Either the Covid pandemic or the economic crises affected many SMEs. The five island nations in the Indian Ocean, when faced with the economic crisis desired to limit or conclude production in their SMEs and tighten product lines. These SMEs need more turnover reserves with a private-public partnership for their production rates to advance to their original scale. One of the biggest encounters that the SME sector in these island nations faces is the lack

of a cohesive approach by the Government to develop this sector. These nations should take action to encourage domestic consumption and also introduce competence-building 'sustenance facilities' for the banks and the SME sector. These initiatives would play a fundamental role in the national economy of these island nations. This article touches on the influence of the SME sector in the five island States in the Indian Ocean.

### **Sri Lanka's dependency on SMEs**

Sri Lanka is facing an unmanageable Debt and a severe 'balance of payments' crisis that is having an undesirable impact on its SMEs. However, when Sri Lanka espouses a series of effective measures for this sector, economic growth will steadily resume impetus. The SME sector plays a key role in economic growth and poverty mitigation. The key driver of Sri Lanka's economy is the Micro Small and Medium Enterprises (MSMEs) which contribute to over half of the country's GDP. Small Islands such as Sri Lanka have a combination of both large and small businesses. Generally, MSMEs are

spread across wide-ranging social clusters, including rural and low-income areas. The SME sector has been recognised as a vital strategic sector in the overall policy objectives of Sri Lanka. This sector makes up a large part of Sri Lanka's economy, with over one million SMEs accounting for approximately 75 per cent of all businesses. These businesses contribute up to fifty-two per cent of the GDP.

Sustainable growth will necessitate a substantial shift from external to domestic demand. It is vital that Sri Lanka and its development partners, endure to support and enable MSMEs. In addition, the South Asian Free Trade Area (SAFTA) and the India-Sri Lanka Free Trade Agreement (ISFTA) can benefit SMEs. Facilitating SMEs is essential for getting the maximum potential result from the present efforts to heighten the economy and overcome the present-day economic crisis.

### **Stabilising Maldives' SME performance**

SMEs in the Maldives make a notable impact towards the economy, both in terms of development and employment creation.

The Government's policy to promote and support MSMEs in the Maldives is set out in the SME Act 2013. Almost eight thousand businesses registered in the Maldives are SMEs (Maldives Financial Review, 2021). According to the study, 80 per cent of businesses registered in each atoll are SMEs. While four economic hubs will be developed across the archipelago, the government is also pursuing professionals to establish a transshipment harbour in the North and South of Maldives.

### **The importance of SME policy for Mauritius, Seychelles and the Reunion**

The recent growth of the Mauritian economy has been driven by growth in the financial and retail sectors. The broader SME sector accounts for a substantial portion of the Mauritian GDP according to the census of small establishments released in 2018 estimating a forty per cent contribution (Ministry of Industrial Development, SMEs and Cooperatives Industry Policy & Strategic Plan 2020-2025). The Mauritius Budget 2022-23 has revealed the purpose of the Mauritius Investment Corporation to set up a Venture Capital Fund of five billion Mauritian Rupees aimed at SMEs and mid-market enterprises.

Seychelles has the highest GDP per capita in Africa at US\$ 13,306 (2021). With an economy vastly reliant on tourism, growth is expected to peak at 10.9 per cent in 2022 (World Bank, 2021). SMEs are the leading employment creators in this small island contributing towards nearly forty per cent of the country's total employment rate. The Ministry of Investment, Entrepreneurship and Industry have been placing much emphasis on supporting MSMEs. According to the Development Bank of Seychelles, its citizens will receive an SME incentive scheme to finance the development of SME businesses. Also working towards promoting and providing innovative services to benefit existing and to-be entrepreneurs are the Seychelles Investment Board (SIB) and the Seychelles Bureau of Standards (SBS).



The island of Réunion situated in the middle of the Indian Ocean is a French overseas territory and an outermost region (OR) of the European Union. SMEs that carry out specific activities in Réunion could benefit from a 50 per cent allowance on taxable income. Around a thousand (eib.2017) MSMEs will be able to benefit from digital transformation. The digital sector could generate thousands of additional direct jobs.

### **Accelerating the economic stabilisation process**

The Covid-19 pandemic and the financial crisis had a strong impact on export-oriented enterprises in the five Indian Ocean islands. SMEs are critical for local economic development. The largest issue that export-oriented SMEs are currently facing is insufficient market demand. Clearly, the survival and resilience of SMEs are essential for recovery.

## **Seylan Bank guides SMEs towards expanding their footprint in the export sector**

*Ceylon Today, 28 November 2023*



As a responsible banking entity that seeks to harness the potential of individuals and businesses in Sri Lanka, Seylan Bank has identified SME Exports as a sector with much potential to contribute to the national economy, the bank said issuing a press release.

Acquiring foreign revenue is one of the critical needs at present. While worker remittances have been a key contributor to the growth of foreign reserves, the drop in worker remittances and the use of unofficial channels to remit money has affected the country's available reserves, driving down the country's revenue

sources. Within this context, increasing exports plays a key role in strengthening the process.

According to Malik Wickramanayake, Deputy General Manager – Operations, local exporters hold the key to helping Sri Lanka emerge from the crisis. Thus, Seylan Bank has made it a goal to encourage exporters, especially within the SME sector, thereby supporting the country to navigate through the hard times.



“We have identified local SME exporters as an area of focus because there is so much potential here. In addition, despite a significant portion of SMEs entering the export sector, they sometimes lack guidance on best practices to expand their business. Therefore, the bank has taken considerable efforts to empower SME exporters to become knowledgeable and competent trading partners for their overseas buyers,” explained Wickramanayake.

SMEs with demonstrable sophistication in dealing with foreign contacts along the export chain, will have greater success in retaining business, which makes sharing knowledge and expertise to develop these ventures a necessity. Led by Wickramanayake, the Trade Team at Seylan Bank has identified the infinite potential of exports beyond the traditional fare, and therefore have a diversified portfolio of SME exporters under their wing, ranging from cinnamon, tea, seafood and apparel.

“The department plays a mentoring role especially tailored for SMEs, since some of these entities are fairly new to the export sector. From guidance on increasing their bottom line, negotiating terms for export, and post shipment finance to assisting with imports of raw material required for exports, the bank imparts its proven expertise for the benefit of our SME clients,” he adds.

Furthermore, Seylan Bank provides comprehensive advisory services, as the bank has understood that the highly technical nature of trade can prove to be a barrier for entry for most SMEs. Exporters receive guidance on approaches and solutions to the diverse challenges they face in the trade process, from sorting out the immense amount of documentation to the practical aspects such as capturing the right export markets to get their businesses off the ground.

“It is important to fund and support local SMEs to bring foreign revenue into the country and Seylan Bank is dedicated towards facilitating this national enterprise. In addition to working closely to push our existing business partners to channel more funds through us, we are also exploring new potential groups we can establish relationships with,” concluded Wickramanayake.

## **Rate hikes, corporate debt drag on lending to SMEs**

*Taipei Times, Chen Cheng-hui, 8 February 2023*

Central bank rate hikes and debt repayments by corporations dragged growth in local banks' lending to SMEs last year compared with the previous year, the Financial Supervisory Commission said.

However, last year's new loans totaled the third-highest on record, commission data showed. The economy heavily depends on exports, and SMEs indirectly contribute to exports by supporting large manufacturers in the supply chain, analysts said.



**Signage for First Commercial Bank is pictured at a branch in Taipei in an undated photograph (Photo First Commercial Bank)**

Interest rate adjustments, an economic slowdown and volatile markets, domestically and worldwide, could affect SMEs' appetite for loans used as corporate working capital or for other purposes such as real-estate purchases, they said.

Last year, new SME loans extended by domestic banks decreased to NT\$594.56 billion (US\$19.79 billion), down from NT\$876.29 billion a year earlier and NT\$914.49 billion in 2020, commission data showed.

The figures for 2020 and 2021 were the highest and second-highest on record respectively, the data showed.

The commission has been encouraging banks to extend more loans to companies affected by the COVID-19 pandemic in the past few years, and the new SME loans last year reached 169.87 percent of the commission's annual target of NT\$350 billion, it said.

State-run First Commercial Bank approved NT\$63.5 billion in new loans for SMEs last year, the highest among all local banks, commission data showed.

It was followed by CTBC Bank with NT\$51.8 billion, Bank SinoPac with NT\$47.3 billion, state-run Land Bank of Taiwan with NT\$43.7 billion and E.Sun Commercial Bank with NT\$37.5 billion, the data showed.

Aggregated SME loans by domestic banks came to NT\$9.28 trillion at the end of last year, accounting for 65.32 percent of all corporate loans extended by banks, up 0.59 percentage points from the previous month, the commission said.

The nonperforming loan ratio for SME loans was 0.26 percent as of December 31, flat from a month earlier, it added.

## Major event addresses ways to safeguard SMEs against cyber threats

*Daily Sabah, Timur Sirt, 2 December 2022*

An event held within the framework of Türkiye's national cyber security strategies sought to address industry challenges and measures to be taken to safeguard particularly small and medium-sized businesses against cyber threats.

Held in cooperation between Türk Telekom, one of Türkiye's leading information and communication technologies companies, and the Istanbul Chamber of Commerce (ITO), the "Cyber Security in SMEs" seminar highlighted the importance of data security in the digital transformation journey of SMEs, which have an important place in the Turkish economy.

The event also shared evaluations on the current situation, current developments and strategies in the field of cyber security.



**The "Cyber Security in SMEs" seminar highlighted the importance of data security in the digital transformation journey of SMEs, which have an important place in the Turkish economy (Courtesy of Türk Telekom)**

It marks expanded efforts by Türk Telekom and ITO, which seek to assist in smooth digital transformations for SMEs, which form the backbone of the economy, and to ensure that they gain advantages in global competition.

The seminar was held at ITO headquarters in Istanbul within the scope of the European Union-supported “My Digital SME” project.

The event was organized during the “Cyber Security Week” by the Turkish Cyber Security Cluster and stressed the importance of data security in the digital transformation journey of SMEs and the need to protect the digital infrastructures of enterprises with up-to-date systems.

The importance of cybersecurity, the measures to be taken and the current solutions to strengthen SMEs in this field were discussed at the event attended by nearly 300 company representatives.

### **Solution for cyber risk**

Türk Telekom Corporate Sales Deputy General Manager Mustafa Eser said such events were a guide for enterprises on their digitalization paths, also stressing the comprehensive technology support the company is extending to SMEs.

“Within the scope of our hardware, service and consultancy services, we offer the new generation technologies that are most suitable for the existing technology infrastructures, business practices and digital transformation needs of SMEs,” Eser said.

“On the other hand, we are developing strategic approaches to the protection of data, the most important element of digital transformation. While adopting innovations that will make our SMEs decouple from the competition, we offer comprehensive solutions so that they can protect themselves against cyber risks.”

He stressed the importance the company attaches to the protection of digital infrastructures of enterprises with up-to-date systems.

“With our 360-degree security services at Türkiye’s largest Cyber Security Center, we offer our customers security services against the cyberattacks of the near future and today. In addition to our products, services and services, we are always on the side of businesses with our cloud services and data center,” Eser noted.

### **Digital solution platform**

The “My Digital SME” project, developed by ITO and supported by Türk Telekom as a strategic partner, aims to meet the digital transformation need of members in Istanbul, featuring a reliable and comprehensive institutional approach.



The platform facilitates the digital transformation of enterprises by providing services such as training and consulting in nine different transformation areas to SMEs in the manufacturing and service sectors.

In this context, Türk Telekom supports SMEs with content, presentations and training they can benefit from in the international arena and under competitive conditions while offering products, services and solutions that will facilitate their digital transformation.

## **IFC helps Uzbekistan's Ipoteka-Bank boost lending for smaller businesses, women entrepreneurs**

*Tashkent Times, 22 August 2022*

IFC is providing a financing package to one of Uzbekistan's leading banks to boost access to finance for the country's thousands of MSMEs and narrow the financing gap, especially for women entrepreneurs.

IFC's \$20 million financing package to Ipoteka-Bank will be disbursed in Uzbek soums. A quarter of the financing will be earmarked for women-owned businesses as part of IFC's Banking on Women Program. In addition, the Women Entrepreneurs Finance Initiative (We-Fi) is providing performance-based incentives of up to \$160,000 to help the bank boost access to finance for women-owned businesses.



IFC is providing a financing package to one of Uzbekistan's leading banks to boost access to finance for the country's thousands of micro, small and medium enterprises (MSMEs) and narrow the financing gap, especially for women entrepreneurs.

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based incentives of up to \$160,000 to help the bank boost access to finance for women-owned businesses.

The new loan builds upon IFC's original \$35 million pre-privatization transaction with the bank in 2020 and preceding advisory engagement.

"IFC's long-term financing and ongoing advisory services give us the foundation and support we need to transform into a commercially-run institution with improved profitability and a focus on SMEs, including women-led businesses. With IFC's support,



Ipoteka-Bank has already enhanced its SME banking capability, which is reflected in our SME portfolio more than tripling over the past couple of years,” said Elyor Inomjonov, Chairman of Ipoteka-Bank’s management board.

Smaller businesses comprise close to 90 percent of all businesses in Uzbekistan, providing nearly three-quarters of all jobs and almost 55 percent of the country’s GDP in 2021. However, many have unmet financing needs, with the gap estimated at \$10.2 billion. Women-owned SMEs—nearly a quarter of all businesses—have a financing gap of around \$1 billion (MSME Finance Gap Database).

The financing also reflects IFC’s strategic goal of supporting Uzbekistan’s privatization program and helping drive private investments into the country’s banking sector, where the number of state-owned banks is still high.

“Smaller businesses are the engine of economic growth, but still struggle to access the support they need to grow and create jobs,” said Cassandra Colbert, IFC Senior Manager, Central Asia. “Our cooperation with Ipoteka-Bank will not only help address that issue but also help the bank continue its move towards greater private ownership, creating opportunities for investors and setting an example for other local banks.”

IFC has been working to transform Ipoteka-Bank since 2017 by enhancing its commercial operations, corporate governance, and risk-management practices, paving the way for this investment.

## **3 reasons to make VietinBank the best SME bank in Vietnam**

*Thanh Nien, 30 August 2022*

For two consecutive years, VietinBank was voted by The Asian Banker as "The Best SME Bank in Vietnam". What has created the impression and recognition from a prestigious global organization like The Asian Banker? Join us to find the answer!

According to The Asian Banker: VietinBank is considered as the best bank targeting the small and medium-sized enterprise (SME) customer segment in Vietnam.

### **Listen to customers**

In the two years 2020 - 2021, the returning waves of the Covid-19 pandemic have greatly affected businesses, especially SME businesses. While direct transactions are limited by the epidemic, the business and financial needs of enterprises still need to be ensured.

At that time, VietinBank listened to the needs of customers to come up with appropriate solutions.

In addition to traditional solutions, VietinBank has spent a lot of resources to research and expand the connection of digital banks to best serve SME businesses. This is also a plus point for VietinBank to maintain the "throne" of the SME segment for two consecutive years in the ranking of The Asian Banker.



**Mr. Nguyen Thanh Tung - Director of VietinBank Corporate Banking Division on behalf of VietinBank received the Best SME Bank Award in Vietnam 2022**

### Understanding customers

Not only the ecosystem of products and services is built and filled according to the needs of SME businesses; VietinBank also makes a mark in understanding customers. Accordingly, VietinBank excels with: Preferential interest rates and fees; chain

products or industry-specific products that support specific business groups such as products and services for groups Schools and ecosystems (Schools - Parents, students - Officials, staff, etc.) school staff)

In particular, VietinBank also provides Business Connection activities - helping businesses expand their customers and develop business opportunities on a larger scale. This is the added value that only banks with strong potential can bring to customers.



**VietinBank was awarded the Best SME Bank in Vietnam by The Asian Banker for two consecutive years (2021 - 2022)**

### Service digitization

Digitization has become an inevitable trend in all industries. VietinBank has brought many services for SME businesses to the digital platform such as: Account Management Service (retrieve account information online); Spend management (implementation, transfer transactions); Payment management (Support efficient cash flow management service); Send documents fast (we transfer); The service automatically notifies the bank when there is a transaction sent by the customer;

Automatically notify by email to customers that the original documents need to be returned; Automatically notify customers, bank staff when due, overdue delivery of

original documents...); Diverse, highly customizable reports; Support tracing, sending service request, beneficiary directory, secure mailbox, electronic activity...

Especially from the beginning of 2022, VietinBank has provided more solutions on Digital Technology, linking a payment account and a set of account identifiers to identify and separate accounts receivable / payable. This service allows businesses to actively design the structure of account identifiers according to their management criteria, helping businesses to recognize early and accurately payments, multi-channel, multi-modal transactions, update Instant information, reduce personnel costs and manual debt clearance time, optimize account structure, support revenue and expense management split reports.

It is VietinBank's strong listening, understanding and digitization that has brought the Bank the award of Best SME Bank in Vietnam for two consecutive years. According to The Asian Banker: VietinBank still maintains its growth strength and ensures good financial ratios in the SME segment, making a great contribution to the total revenue of the whole line.

## **Many export opportunities for enterprises through digital platforms in 2023**

*Vietnam News, 20 December 2022*

Vietnamese small and medium enterprises (SMEs) have many digital export opportunities when Vietnam becomes a new global production area.



**Mê Trang Coffee Joint Stock Company has had access to the international market through e-commerce platforms for years. Photo courtesy of the firm**

HANOI - Vietnamese SMEs have many digital export opportunities when Vietnam becomes a new global production area.

Alibaba.com – one of the leading B2B E-commerce platforms, has announced the 2023 Annual Digital B2B Outlook Ebook for the Vietnam market. The exclusive ebook by AliResearch gathers contributions and efforts from businesses, academics and research institutions, to help businesses accelerate digital transformation. The ebook highlights current global market trends and explains how Alibaba.com in Vietnam can help SMEs overcome a string of difficulties and uncertainties in 2022, towards a successful future.

According to ebook, with the lingering shocks of the pandemic, more and more businesses will move to digital. The relative stability of digital sales will be what many companies need to maintain their operation in the coming year. This trend also implies that B2B online sellers are likely to see greater competition.

Andrew Zheng, Vice President of Alibaba.com, said: “We discovered some lessons that B2B businesses can learn to apply in the new year. The first lesson is that a stable B2B e-commerce platform is crucial. As e-commerce flourishes, finding a destination to sell as well as sourcing is very important. The second lesson is the value of strengthening partnerships with trusted suppliers. As a business owner or chief operating officer, you know there will be fluctuations, so you need partners who can together face the movement with you.”

When moving to digital, digital marketing has always been a great attraction to enterprises, especially since there is 93 per cent interaction through search engines. With digital marketing, new entrants can take action immediately to get a piece of those interactions. The possibility that the number of companies using digital tools for administrative purposes will also increase.

Some long-term trends take place constantly, such as the rise of personalised experiences and video marketing in B2B e-commerce. But some new trends will take centre stage, such as the reduced time consumers spend online.

Vietnam export volume has increased rapidly over the past year, contributing to successful growth over the past decade, and emphasising Vietnam manufacturing to the global market. There are many reasons for this growth, from political events and a shift in the structure of foreign investment to the pandemic and global supply chain problems. Each piece has come together, making Vietnam an important player in the global economy. Vietnam is also a member of Free Trade Agreements (FTAs) and a member of the Regional Comprehensive Economic Partnership (RCEP). This creates even more opportunities for SMEs in new foreign markets.

Roger Lou, Country Manager of Alibaba Vietnam, said: “Vietnam has always been one of Alibaba’s most strategic markets. Currently, Vietnam supplies mainly to the US, Europe, Japan, Korea and Asia Pacific countries. We continue to expand investment in Vietnam and establish a local ecosystem, including domestic partners, local customer service and development teams and market operations teams to continuously improve the organisational capacity of local teams.”

According to Alibaba.com, to be successful on the platform, sellers need to have good negotiation skills, a strong country origin and a low minimum order quantity. Investing in platform operations is essential to help sellers reach more customers. Efficient day-to-day operations allow sellers to secure more orders. More than 30 per cent of sellers have dedicated staff to operate online stores that can secure more than six important orders on the platform each year. For sellers operating through a third-party reseller, about 1 to 10 orders are viable in the first year.

**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 25 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)

Published by: **The Secretariat, Confederation of Asia-Pacific Chambers of Commerce and Industry**

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