

SME WEEKLY NEWS

(6 August 2018 – 10 August 2018)

Countries	Highlights
<p>MALAYSIA</p> <p>AmBank and Digi partner to lower barriers for SMEs to adopt e-payments</p>	<p>AmBank continues to step up its digital strategy by opening up its wide merchant network to accept Digi's vcash QR code as an additional payment service. The e-payment partnership takes on a two-pronged approach. Firstly, AmBank's merchant point-of-sale (POS) terminals will be enabled to accept vcash QR code transactions. Secondly, Digi will be signing up SME merchants under the Master Merchant programme with AmBank. This will translate to more merchants accepting vcash payments. The objective of the partnership is to drive growth for SMEs across different industry verticals, that's how easy and adaptable this vcash solution really is. The partnership aims to enable 10,000 terminals in the next 12 months to accept Digi's e-payment solution. By doing so, Digi and AmBank are able to leverage on their respective fields of expertise and iterate upon existing offerings to provide an innovation that makes sense for SMEs from both a cost and growth perspective. Also, SMEs adopting these next generation payment terminals are able to future proof their business now, at no additional cost.</p> <p style="text-align: right;"><i>(Source: The Star, 6 August 2018)</i></p>
<p>MALAYSIA</p> <p>SST preferred by SMEs compared to GST</p>	<p>The SST is a preferred taxation system among SMEs as it imposes tax at only one level compared to the previous GST where tax was imposed at every level, from manufacturers to wholesalers, retailers and consumers. President of Malaysia SME, Datuk Michael Kang said the implementation of the SST was likely to benefit and profit the industry players compared to GST. "Many of our members did not understand the GST well which resulted in some being penalised for making mistakes. As a result, they had to bear the cost, resulting in increase in prices of goods and services offered," he said. Kang said there were more than a million operators and manufacturers of goods and services in the country, but with the SST, only 40,000 of them would be involved in the implementation of the SST. Kang, however, called on the government to provide a grace period of one to two months for the SMEs to familiarise themselves with the reintroduction of SST, after it was implemented on Sept 1.</p> <p style="text-align: right;"><i>(Source: News Straits Times, 9 August 2018)</i></p>
<p>MYANMAR</p> <p>Govt embraces digital registration system for businesses</p>	<p>With the Myanmar Companies Law being enforced, investors intending to start business in the country must register their firms online at Myanmar Companies Online (MyCO) website from 1 August onwards. The Ministry of Industry (MOI) had also announced at the end of July 2018 that SMEs should register for SME Member Cards online. The online registration option comes as a boon to business owners and entrepreneurs. Previously, they had to go to the regional office to register and the whole process takes 2-3 months. With online registration now available, it will be most convenient. The move, which aims to facilitate trade, has been lauded by traders, who agree that the option to register online will save time and raise productivity. Traders for a total of 81 goods have also been allowed to apply for licenses to trade online under the Fully Online Licensing system implemented by the Department of Trade under the Ministry of Commerce. Myanmar currently exports 32 products and imports 49, which makes up the total of 81 goods. The exports include sunflower seeds, sugar and cement, while imports include metals, jewellery and machinery.</p> <p style="text-align: right;"><i>(Source: Myanmar Times, 7 August 2018)</i></p>

INDONESIA

**Google Indonesia eyes
10 million SME
partners by 2020**

Google is eyeing 10 million SMEs in Indonesia to avail themselves of its business services by 2020. The company had begun to offer training courses for SMEs in Indonesia in 2015 and currently served 1 million SME customers, Marketing Head of Google Indonesia, Veronika Utami said, adding that the participating SMEs and their products appeared in Google's search engine. Some SMEs saw annual growth of up to 80 percent after they began to utilize the Google facility. Policy Head of Google Indonesia, Putri Alam said SMEs could use Google to market their products in other countries so that they could expand their exports. With Google, the probability to get foreign buyers is four times higher than if they rely only on their outlets," Putri said, adding that Google wanted to support the government's efforts to promote digital business services.

(Source: The Jakarta Post, 10 August 2018)

OLD BUT STILL GOLD

Sales of smartphones are moving along swimmingly and app entrepreneurs are birthed every other day, putting smiles on many faces. But there are those who also make a good living off the secondary market. “There’s actually a huge demand for used phones. And as new devices get more expensive, there will be greater demand for used devices,” says Julius Lim, CEO of CompAsia Sdn Bhd. CompAsia is an integrated trader in the used devices industry.



Lim started CompAsia to buy and sell used PCs. However, he noticed that growth was really in the mobile phone space. People change their phones once a year, he notes, but change their PC once every four years. “That’s when I saw tremendous growth in mobile phones and focused on the mobile business from 2015 onwards. Today, 99% of our business is in smartphones,” he says. That focus has served him well. CompAsia’s business has grown by leaps and bounds. Last year, the company turned in revenue of RM85mil, up from over RM20mil the previous year. For 2018, Lim hopes to close the year with sales of RM300mil.

While potential demand is strong, Lim notes that one of the biggest challenges for CompAsia is in securing sufficient supply of used devices. As such, CompAsia works with mobile operators, big retail chains and device producers across the region through various types of programmes to collect back devices when customers opt to upgrade their smartphones.

The company is currently present in Malaysia, Singapore, the Philippines, Thailand, Hong Kong, Taiwan, and most recently, India. Lim is looking at setting up an office in Indonesia before the end of the year and in Vietnam next year. Earlier this year, CompAsia bought a significant stake in India-based Instant Consumer Tech Pte Ltd, which developed the Instacash app. The app enables consumers to run several diagnostic tests on their phones and quotes them a price for the device. Should the consumer agree to sell the phone at that price, CompAsia would arrange for the device to be picked up and pay the consumer. The app was recently launched in Malaysia and Lim is looking at a rollout to the rest of South-East Asia soon.

“Our target by 2020 is to sell 6 million to 7 million devices. And we know there is not going to be sufficient supply for us to reach that target unless we build all these other channels. And this Instacash app will help us build that consumer-to-business (c2b) portion of the supply chain. We hope that out of that 6 million to 7 million devices, the c2b should contribute about 1 million devices.

CompAsia has also expanded into physical stores for better brand awareness. At the moment, CompAsia’s used devices can be bought through its online store, through mobile phone dealers and through its stores in Pontian, Muar, Puchong and up-and-coming in Shah Alam. It will also be opening up stores in the Philippines this year.

With significant room left for growth, he is targeting to hit sales of RM1bil in the next few years. He notes that even with this target, the company is nowhere near to capturing a tiny share of the market. He is also eyeing a listing exercise by 2020. Lim is excited about CompAsia’s prospects.

(Source: The Star, 6 August 2018)

Economics and Policy Division
SME Corp. Malaysia
15 August 2018