

SME WEEKLY NEWS

(10 April 2017 – 14 April 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>Over-regulation of fintech firms hogs limelight at forum</p>	<p>The need for alternative financing options for SMEs and the over-regulation by authorities faced by fintech (financial technology) companies were among the key arguments raised at a discussion among stakeholders of the financial sector. The session at IFN Forum Asia 2017 titled “Will Fintech disrupt the future of capital-raising?” saw representation from the traditional banking sector and fintech companies as well as the SME segment. Deputy CEO (II) of SME Corp Malaysia, Mohd Rithauden Makip noted that Malaysia had been progressive in terms of facilitating the entry of fintechs, particularly to cater to the needs of the SMEs. “SMEs represent about 97% of business establishments in Malaysia and this means many of them will require financing. Fintech companies provide alternative financing opportunities for these smaller firms,” he said. He also cited that Bank Negara’s financial stability and payment systems report which stated that there was a RM21.8 billion gap in financing for SMEs could be filled by alternative financing such a crowdfunding and peer to peer lending. The report had stated that in 2015, banks had rejected SME financing applications totalling RM25.1 billion.</p> <p style="text-align: right;"><i>(Source: The Star, 11 April 2017)</i></p>
<p>MALAYSIA</p> <p>P2P platform aims to disburse up to RM20mil to local SMEs</p>	<p>Peer-to-peer (P2P) financing platform, Funding Societies aims to disburse between RM10 million and RM20 million to 100 to 200 SMEs in Malaysia in 2017. The Singapore-based Funding Societies, run by Modalku Ventures Sdn Bhd in Malaysia, is one of six P2P operators recognised and regulated by the Securities Commission. Funding Societies recently initiated a partnership with RHB Banking Group to support Malaysian SMEs. Group Managing Director of RHB Bank, Datuk Khairussaleh Ramli said Funding Societies would provide a platform for SMEs to borrow directly from investors. RHB Bank would then via its subsidiary Malaysian Trustees Bhd, carry out due diligence on the SMEs to verify the destination of the funds and to ensure that they are being channelled for the right uses. “Individuals can invest via this P2P platform from as low as RM100. Our platform charges a 2% management fee. From a credit management perspective, we’re more stringent but more flexible than banks. We hope to attract 2,000 investors from Malaysia in the next 12 months,” said the co-founder of Funding Societies, Kelvin Teo.</p> <p style="text-align: right;"><i>(Source: New Straits Times, 12 April 2017)</i></p>
<p>SINGAPORE</p> <p>SPH's new bilingual portal to help SMEs get up to speed</p>	<p>Singapore Press Holdings (SPH) launched a new bilingual portal for Singapore SMEs. The portal called sgsme.sg curates SME-related news and features from English and Chinese publications and websites, and aims to build an online community of SMEs. The new portal features Just Ask, a platform for Singapore’s SME community to ask questions and respond to topics of relevance to their businesses. Apart from crowd-sourced answers, selected questions will also be fielded by a panel of experts from accounting, banking, legal and other backgrounds. Questions and replies may be posted in English or Chinese, and will be reviewed for relevance and accuracy. SPH said that the portal hopes to connect SME owners and entrepreneurs to specialised service providers, government agencies, trade associations and others with an interest in the SME scene.</p> <p style="text-align: right;"><i>(Source: The Business Times, 11 April 2017)</i></p>

<p style="text-align: center;">THAILAND</p> <p>More SMEs apply for factory licenses this year</p>	<p>The Industry Ministry is expecting more investments from the private sector at the latter half of the year after signs of local economic recovery and the investment green lights from the Board of Investment of Thailand (BOI). Director-General of Department of Industrial Works, Mongkol Pruekwatana revealed that operators of 1,154 factories requested for the Ror Ngor 4 permit which is a license for operating a factory from January to March 2017, an increase of 0.96% year-on-year. The Permanent Secretary of the Ministry of Industry, Somchai Harnhirun is confident that the number of factories registered this year will exceed last year's 5,000, amounting to more than 500 billion baht of investment value. He credited the positive projection to the Board of Investment's approval to promote businesses that relate to energy, auto parts, and petrochemicals.</p> <p style="text-align: right;"><i>(Source: Pattaya Mail, 11 April 2017)</i></p>
<p style="text-align: center;">PHILIPPINES</p> <p>First Circle raises \$1.3 mill for its SME lending service</p>	<p>First Circle, a fintech startup enabling SME lending in the Philippines, has raised \$1.3 million. SME lending is more challenging in emerging markets as there is lack of data on customers and banks tend to prioritize larger, more established clientele where the risk is perceived to be lower. Thus, First Circle aims to give less established companies the footing to grow their businesses at a more rapid rate. The company also made the processes more SME friendly, reducing the wait time, which can traditionally be as much as a month, to days and simplifying the paper trail involved. To date, it has paid out over \$5 million in loans. Co-founder and CEO of First Circle, Patrick Lynch said that the company typically provides \$10,000 with over a payback duration of three months. "We look at markets where there are low levels of SME financing, increasing ecommerce penetration, and sub-optimal availability of capital," he said.</p> <p style="text-align: right;"><i>(Source: Tech Crunch, 13 April 2017)</i></p>
<p style="text-align: center;">INDONESIA</p> <p>Cisco offers special package to SMEs</p>	<p>US's computer networking company, Cisco Systems, says it considers SMEs in Indonesia as its potential market to boost its services. Indonesia SMEs needed to transform from traditional to digital modes in order to survive in the more competitive market, said Country Manager of Cisco Systems Indonesia, Budi Santoso Sutanto. For that, SMEs need to prepare many things, including protection for their computer networks. "Most of the companies in Indonesia do not have awareness of malware (malicious software) that affects their networks and it takes time to be noticed. We offer security network services that can detect the malware in six hours, much earlier than other providers, which need about three months to detect the problem," he said. Cisco has served Indonesian businesses mainly in the financial services industry, ecommerce, e-learning and the internal networks of private companies.</p> <p style="text-align: right;"><i>(Source: The Jakarta Post, 12 April 2017)</i></p>
<p style="text-align: center;">INDONESIA</p> <p>Govt aims to boost SME exports to African countries</p>	<p>The Trade Ministry is looking to diversify its export market to African countries to reach the targeted 5.6% increase in non-oil and gas exports to US\$138.7 billion in 2017. These export destinations are deemed suitable for SMEs to tap as they are still in the early stages of industrialization, despite their rich natural resources. "Almost all the products used in Africa are imported. And, the standards it sets are not as high as in Europe or the United States," said Ari Satria, the Trade Ministry's secretary-general for export development. Thus, the government is planning to form FTAs with South Africa, Kenya, Nigeria and Mozambique this year. "One of the challenges is that for our goods to enter African markets, we have to pay tariffs ranging between 30 to 40%," Ari said. President Joko Widodo said previously that Indonesia needed to look into other export markets aside from the top five countries, namely the US, China, Japan, India and Singapore.</p> <p style="text-align: right;"><i>(Source: The Jakarta Post, 14 April 2017)</i></p>

WORKING HIS WAY AROUND OBSTACLES

For Managing Director of Writebest Manufacturing Sdn Bhd, Yong Yoon Ming, his journey as an entrepreneur is a sum of ups and downs that have brought him to where he is today. The manufacturer of visual communication products, such as whiteboards, notice boards and other display boards, learnt about the realities of life when he was just nine years old. "My father passed away when I was four. Being raised mainly by my relatives, we moved around quite often and my birth certificate went missing," says Yong. Because of that, he could not register for his primary three education and he had to find ways to earn his own livelihood.



He did many odd jobs and worked his way to becoming a general worker in a wholesale stationery shop. However, the stationery shop was a sole proprietorship and Yong ended up having to do everything, from cleaning to sales. However, for Yong, the entrepreneurial path seemed to be the only way out. He did not have much to start with; it took RM150 to start his own trading company in 1988. The money was mainly used to buy invoice books, print his own name cards and purchase some stationeries to start trading. He did not have own transport to deliver the goods, Yong's friends were kind and lend him their motorbike during the day to go around and take orders for stationery from various bookshops. And during the night, where some of his friends were allowed to drive home their company's van, he would borrow their van to deliver the stationeries.

Four years into the business, he was supplying stationery to over 100 bookshops in the Klang Valley, Negeri Sembilan and Pahang. Yong dealt with over 1,000 types of stationery. He also received orders for products that he was not familiar with – whiteboards. He had difficulty sourcing for whiteboards and decided not to deal with that product for a while. Meanwhile, Yong had bigger problems on his hands. He found out that his employee had been taking in additional stock without his knowledge and selling them on the side. Yong was saddled with a RM300,000 debt for the unpaid stock to the supplier. He closed down his trading business and looked for another way to make up for the debt. His thoughts turned to the elusive whiteboards and Yong felt this could be something he could manufacture. While he would need to pay for these materials upfront, he reasoned that they were inexpensive. But Yong found out that manufacturing whiteboards were a lot easier said than done.



He then restarted his operations in 1994 in Cheras with three workers, but the product did not turn out well. There were bubbling effects which caused the surface of the whiteboards to be rough. "I realised it was because of the glue that we used. We changed it and after a while, we got our product right," he says. With things going well in his new venture, Yong quickly repaid his debts to his former stationery suppliers. He also maintained a good relationship with these suppliers and they helped him push his whiteboards out to the market. Life certainly took on a different twist; from being a debtor, he is now a

supplier. Business was brisk and within two years, he was debt-free. Yong also started selling directly to stationery shops and with business growing, he figured it was time to think about branding his products. He thought of marketing his products under the name Goodwrite, as the translated

name sounded good in Chinese. “But my friends, who were more educated, said it didn’t sound right in English and they suggested Writebest instead,” he recalls. The name stuck and he established the company proper in 2001. They also moved to a factory space in Hulu Langat and started manufacturing other whiteboard accessories such as whiteboard stands and sliding cabinets for whiteboards. Writebest also started exporting whiteboards in 2006 to countries such as Australia, Singapore and Brunei.

In 2008, they moved into their own 5.7-acre factory in Hulu Langat, Selangor and staff count grew to 180. Although the company supplies small items, ranging from RM5 for an A4-sized whiteboard to RM1,000 for a non-reflective whiteboard, Writebest managed to achieve a revenue of RM30 million in 2016. The company has over 2,000 suppliers distributing its products to schools, hardware shops, advertising agencies and others. Yong also expects the company to participate in more overseas exhibition as 30% of its revenue currently comes from markets abroad.

(Source: The Star, 10 April 2017)

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