

SME WEEKLY NEWS

(21 August 2017 – 25 August 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>43% of SMEs say financing still an issue</p>	<p>The ACCCIM's SME Survey Report 2017 found that 43% of 808 SMEs being surveyed highlighted that obtaining financing is still an issue. Of this, 62% said it had resorted to commercial banking as a sourcing platform despite the rise of alternative financing. Also noted is the lack of awareness of financing schemes such as KOJADI SME Loan Scheme, BNM's Funds for Small and Medium Industries 2 (FSMI2), SME Corp BAP, MIDF Soft Loan Scheme for SME and SME Bank Financing Program for SME, as some 27% claimed to not be aware of these schemes. Meanwhile, ACCCIM's Chairman of SMEs, Koong Lin Loong said many SMEs interested in listing on the newly launched Leading Entrepreneur Accelerator Platform but still lack information on it. The survey also found that respondents are yet to understand the Employment Insurance System (EIS) that could effective as early as January 2018. The EIS is an unemployment insurance scheme for retrenched staff, which includes employees made redundant due to business restructuring or closure and whose employers abscond or become bankrupt.</p> <p style="text-align: right;"><i>(Source: The Sun Daily, 23 August 2017)</i></p>
<p>THAILAND</p> <p>State-owned banks launch joint SME loan initiative</p>	<p>In collaboration with Thai Credit Guarantee Corporation, three state-owned banks i.e. Krungthai Bank, Government Savings Bank, and Small and Medium Enterprise Development Bank will together provide loans totalling 31.5 billion baht to SMEs. This is part of the loan guarantee programme worth 81 billion baht approved by the Cabinet in August 2017. SMEs will be exempted from paying the loan guarantee fee of 7% for the first four years. The government and commercial banks will together pay the loan-guarantee fee to the Thai Credit Guarantee Corporation. This fee is normally paid by the SME seeking the loan. The government will pay 4% while commercial banks who join the programme will pay the balance 3%. The scheme will be valid until June 30, 2018. This programme aims to provide loans to some 27,000 SMEs and it is expected to create 108,000 jobs. This move is expected to generate cash flow of up to Bt371 billion in the country.</p> <p style="text-align: right;"><i>(Source: The Nation, 24 August 2017)</i></p>
<p>MYANMAR</p> <p>Myanmar banks hike lending to SMEs in bid to lift the economy</p>	<p>SMEs in Myanmar will soon get greater access to finance as private bank, namely KBZ Bank plans to extend more credit to boost the economy. KBZ Bank is the largest private bank in Myanmar with the largest retail network. About 85% of the bank's account holders were SMEs, while corporations held the remaining 15%. In terms of loans, 14% of the bank's total credit goes to SMEs while corporates get 86%. A micro business could get up to 50 million kyats (Bt1.2 million), small businesses could borrow up to 100 million kyats while mid-sized businesses could secure a loan between 100 and 500 million kyats. Borrowers must repay within five years. Meanwhile, the bank aims to support start-ups by providing advice, financial literacy training and tailored banking solutions. It also aims to help female business owners to avoid gender inequality in Myanmar's business climate, help SMEs in rural areas by leveraging its extensive branch coverage, and facilitate business matching to SMEs.</p> <p style="text-align: right;"><i>(Source: Myanmar Times, 27 August 2017)</i></p>

PATIENCE IS HIS VIRTUE

Patience is an important factor in Tay Seng Huat's daily business dealings with his customers. It helps the group managing director of Pedini Cucine (M) Sdn Bhd to maintain a good working relationship with them. Being an interior design and custom built furniture manufacturer, Tay deals with all kinds of clients. Building a home is one of the most expensive investments one would make in their lifetime, it is only natural that his clients want the results to be perfect.

As a rule of thumb, priority and a lot of attention is given to the living room as it creates the first impression for visitors. It is the most important space in the house, followed by the kitchen, he says. Then, he has to ensure that the various bedrooms are suited to the style and taste of the client. On top of all this, he has to look into wiring points, lighting, piping and other interior furnishings such as curtains and sofa sets.



Tay has come a long way from his early days in the industry. Before he called the shots on interior designs, he was doing piling works in Singapore. After he got married, Tay decided to build his own business to give his family a better life. So in 1992, he started selling solid doors. It was a simple product and every house needs a door, he reasons, especially if they are doing renovation. He rented a shop lot in a shopping mall in Cheras selling over 20 door designs. He did everything on his own, from sales to delivery.

Coincidentally, there was an interior design firm located next to his shop. "Although I was operating the shop on my own, I noticed that my neighbours were not able to get any sales. So one day, I helped them to explain things to their clients and eventually I started getting commissions for getting projects for them," Tay says. Soon, Tay took over the interior design company and one of the staff became his partner until his recent retirement.



After three years of running the interior design firm, Tay stopped the solid door trading business in 1996 to focus on interior design and customised furniture manufacturing activities. His decision and hard work paid off. "In the early days, we worked seven days a week and 16 hours a day," he says. Tay has managed to grow the company well with his patience. Pedini Cucine achieved revenue of RM18 million in 2016 and the company has grown to a staff of 50. "Our people are the real capital," he says, adding that most of the staff has been with him for over 10 years.

The focus on quality has taken the company far. To date, it has a portfolio of over 1,000 satisfied customers. It also invested in software since 1999 to help its designers utilise 3D drawings to increase their productivity. Although it cost over RM15,000 per licence then, Tay says all these investments are part and parcel of doing business. Additionally, it also helps clients get a better view and understanding of the design plans, which would help them make better decisions.

(Source: The Star, 21 August 2017)

Economics and Policy Division
SME Corp. Malaysia
28 August 2017