

# SME WEEKLY NEWS

(19 November 2018 – 23 November 2018)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>Bank Islam strives in uplifting SMEs, offers training and financial assistance</b></p>	<p>Bank Islam Malaysia Bhd (Bank Islam), in collaboration with Centre for University-Industry Collaboration, Universiti Utara Malaysia (CUIC-UUM), held a certificate handover ceremony for 33 SME (Small and Medium Enterprise) Development Programme participants. The programme was a form of an investment by the bank by assisting entrepreneurs in creating employment and providing access to services, training, guidance and financial assistance and business support. Through the programmes, SMEs were equipped with knowledge and skills through training and modules in entrepreneurship; sales and marketing, operation management, and human resources development, among others. Since the establishment of SME banking in January, Bank Islam had started its moves in assisting the growth of SME industry. To date, Bank Islam had provided over RM2.3 billion financing to SME customers from both the commercial and SME banking. In future, Bank Islam will focus on increasing financial assistance to SMEs that would help strengthen the economy and at the same time contribute to the country's economic resilience.</p> <p><i>(Source: News Straits Times, 23 November 2018)</i></p>
<p><b>SINGAPORE</b></p> <p><b>Singapore government to boost cloud capabilities of SME tech suppliers</b></p>	<p>Singapore is looking to bolster the cloud pedigree of SME technology providers through a state-funded capability development programme. The new GoCloud programme will help SME suppliers to re-architect traditional monolithic software or build new containerised applications. Through training courses, these suppliers can learn more about building a DevOps culture within their organisations, harnessing automation tools to speed up application delivery and using cloud platforms to scale their business and serve new markets. In addition, expert coaches will be on-hand to guide SME tech suppliers in specific projects to rebuild or turn their applications into cloud-native software within a few months. Infocomm Media Development Authority (IMDA) said it will fund up to 50% of development costs in eligible projects. The GoCloud programme is expected to benefit 200 SME tech suppliers. The Singapore government has also developed a cloud-native Singapore Government Technology Stack, a set of technology building blocks that provides shared software and infrastructure services of which agencies can use to build and test new applications quickly.</p> <p><i>(Source: Computer Weekly, 22 November 2018)</i></p>
<p><b>LAOS</b></p> <p><b>IFC facilitates discussion for improved access to SME-Finance in Lao PDR</b></p>	<p>IFC, a member of the World Bank Group, is promoting improved access to SME finance in Lao PDR by facilitating a business enabling environment and developing market solutions for serving SMEs. SMEs in the country face a financing gap of \$1.2 billion and only 12.4% of SMEs have a bank loan or credit line with banks. Of this, women-owned SMEs face a financing gap of \$340 million. To help remove the financial hindrance to SME growth, IFC, in collaboration with Bank of Lao PDR, held a workshop on 'Financial Solutions for SMEs in Lao PDR'. The aim was to underline the need for a robust financial infrastructure and a favorable operating environment that encourages financial institutions to expand lending to SMEs in the country. With support from Japan and Switzerland, IFC has been working with Lao government to strengthen a legal framework that enables the development of efficient and effective financial infrastructure in the country. The establishment of an online secured transaction registry system, an electronic credit information system, and a national payment system has significantly supported financial institutions' lending activities. IFC has also partnered with local banks such as ACLEDA Laos and Banque Franco Lao Ltd. to increase their lending to local SMEs.</p> <p><i>(Source: Web Wire, 20 November 2018)</i></p>

**PHILIPPINES**

**AIM study:  
Corruption, red tape  
hurt SME growth**

According to a study by Asian Institute of Management (AIM), corruption in the bureaucracy and tight competition make it doubly difficult for small enterprises to grow. In a survey, titled 'Drivers of Philippine SME Competitiveness', SMEs pointed out that corruption, tight competition, as well as low quality of products as primary hindrances in growing their business. Among 480 respondents that took part in the survey, 32.7% claimed they have to shell out money to give gifts or tokens to government officials for their requests and permits to be granted. The report added SMEs also have to deal with difficult government regulations, lack of government projects for SMEs, low quality of infrastructure necessary for trade, lack of management skills, lack of information on the industry and access to inputs and supplies. The report disclosed that the primary enablers of growth are good management skills of the owners and managers, good employee skills and good quality of product. In terms of government regulation, SMEs find tax regulations and procedure in applying for a business permit as hindrances for growth, as well as regulations for exports and imports. The report noted the differences in how small and medium firms perceive the degree by which regulations obstruct their operations. Tax regulation is a bigger headache for small enterprises, while medium businesses are more concerned in the process for securing a business permit.

*(Source: Business Mirror, 19 November 2018)*

## BAG MAKER BANKS ON PARTNERSHIP

GOOD partnerships can help a business grow further as Patrick Lim, owner of Greenroom136, has found. When the local customised bag maker wanted to grow his business internationally, one of his challenges was to ensure a good delivery experience for his customers.

“We were handling the logistics on our own and we had to go to the post office to get the delivery settled. The challenge was that the lead time was very long and the cost, high. And our customers who are waiting for their packs would get anxious if there is no visibility for the parcel. And in many instances, we have had to compliment them with free bag because we weren’t sure whether they would be receiving their parcels or not. This will kill us in the long run,” he notes.



Lim decided that he needed to cut his courier time not just for the peace of mind of his customers, but also for his own. He looked around for a courier company that would take up his case and came across DHL to help him with his logistics woes. The partnership helped him shorten his delivery time and helped garner better reviews. This enabled Greenroom136 to grow its presence in the US market.

Lim started the company in 2011. From the get-go, he was eyeing the export market as a way to sustain the business. He was well aware that his customised bags, priced RM800-RM1,000 each, on average, may not be within the affordability of regular consumers in Malaysia. Greenroom136’s overseas orders doubled within a year of it working with DHL. Overseas orders now make up 80% of its orders.

“We were previously selling, on average, 40 customised bags per month. After our partnership with DHL, it grew. Today, we average about 200 customised bags a month,” says Lim. He hopes to also venture into a physical store of his own to widen its touch point with potential customers. Greenroom136 is in the midst of building a stronger workshop to sustain its growth plans.

Managing Director of DHL Express Singapore, Christopher Ong notes that the last few years have been extremely exciting for online businesses because of the Internet. “The internet is a great leveller. In Malaysia, we’ve seen explosive growth of the B2C exporting out of Malaysia, mainly to developed countries like the US, Australia and Canada,” says Ong who was previously overseeing the Malaysia and Brunei operations.

Ong says there is a common misconception that large courier companies like DHL only worked with corporate companies. More than half its customer base are SMEs, he adds. “We are trying to support SMEs by teaching them how to sell online through working with our partners. The prices that you can get for your products when they are sold overseas are much higher,” he says.

He observes that seller behaviour these days are driven by trends set by younger consumers. “Everything needs to be instant. And good ratings and speed of delivery are paramount. That’s why we work closely with SMEs to educate them. It’s not all about cost, it’s about the experience. For online buyers, the buying experience must be as good as the delivery experience because you don’t have physical presence. So the only time there’s physical contact is during the delivery. If you have a fantastic delivery experience, chances are you’ll buy again,” he says.

Ong says the courier company hopes to inspire more SMEs to look at the export market as far too many of them are still very focused on the local trade. It is also scaling up its sales team to work more closely with SMEs.

*(Source: The Star, 19 November 2018)*