

# SME WEEKLY NEWS

(19 August 2019 – 23 August 2019)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>Majority of Malaysian SMEs yet to adopt Industry 4.0, say industry experts</b></p>	<p>Lack of structure and collaboration between public and private sectors in pushing through the country's Industry 4.0 Blueprint has led to a dismal number of local SMEs taking the leap to upgrade to Industry 4.0 (I4.0) technology, industry experts say. CEO of Penang Skills Development Centre (PSDC), Muhamad Ali Hajah Mydin estimated that only 10% to 15% of SMEs in the country had taken steps to adopt I4.0 technology, particularly SMEs dealing with tier one MNCs. The blueprint was launched in October 2018 with RM2 billion loans announced but many in the industry do not know how to apply or access the loans. There were no structured paths or clarity for SMEs to move forward or to take advantage of the facilities offered by the government under the blueprint. According to the President of Industry 4.0 Malaysia Association, up to date, only 90 companies were found to be viable for subsidies under the blueprint, of which the target set is to assist at least 500 companies. Another reason why SMEs are reluctant to embrace I4.0 were the repercussions in terms of costs and workforce.</p> <p style="text-align: right;"><i>(Source: The Daily Mail, 19 August 2019)</i></p>
<p><b>SINGAPORE</b></p> <p><b>Schneider Electric launches automation starter pack for SMEs</b></p>	<p>SMEs will get more help to automate their business, in the form of an automation starter pack of services, hardware &amp; software launched by Schneider Electric. The SME Jumpstart Automation Package will use augmented reality and cloud-based monitoring to improve machine management and maintenance and get them started on automation journey. The package aims to help SMEs find critical information more quickly by converting technical documents and diagrams into PDF files for easy retrieval from an online database, for example. Workers will also be able to virtually open electrical cabinet doors to access hidden parts of machines during operation, and simultaneously, receive step-by-step instructions to guide its maintenance activities. The package allows SMEs to leverage digital learning tools to transform the workforce and remotely track machines and performance data while reducing support costs by up to 50%. Schneider Electric will work with SMEs to identify the parts of the business to be automated and customise the solutions to their needs. SMEs will also get subscription-based access to EcoStruxure Machine Advisor, which will help to manage machines by monitoring machine status, logging service &amp; maintenance activities and planning &amp; executing preventive maintenance. The Machine Advisor offers a 3-5% increase in productivity and 30-50% reduction in machine downtime.</p> <p style="text-align: right;"><i>(Source: The Business Times, 21 August 2019)</i></p>
<p><b>MYANMAR</b></p> <p><b>Myanmar Citizens Bank to increase SME access to finance</b></p>	<p>Myanmar Citizens Bank (MCB) inked an agreement with International Finance Corporation (IFC) to increase financing access for small businesses &amp; individual. The IFC will provide advice to public lenders to transform and modernise its business operations to better serve small businesses. The project will focus on optimising products &amp; channels, improving branch &amp; sales networks, optimising credit &amp; risk management strategies as well as streamlining organisational management. Successful implementation of the project will then strengthen SMEs and retail banking segments and will help thousands of businesses in Myanmar gain access to better banking. The Findex study in 2017 estimated that around 26% of adults in Myanmar have an account at a financial institution, only 7% of SMEs have a line of credit or loan and 56% of enterprises in Myanmar do not have a savings or checking account. The IFC says the project is in line with the government's Sustainable Development Plan to 2030 and with IFC's goals to end extreme poverty and boost shared prosperity.</p> <p style="text-align: right;"><i>(Source: Myanmar Times, 19 August 2019)</i></p>

<p><b>PHILIPPINE</b></p> <p><b>BSP setting up MSME credit risk database</b></p>	<p>The central bank is working to establish a credit risk database to help deserving MSMEs tap funds. Bangko Sentral ng Pilipinas (BSP) has been working with Credit Information Corp. (CIC) in building a strong and reliable credit information system. They are also working with Government of Japan to establish a Credit Risk Database (CRD) to produce scoring models predicting the creditworthiness of SMEs that will help improve their access to finance through risk-based lending and lessen the dependence of banks on collateral. MSMEs account for 99.6% of the country's enterprises and generate 61.6% of employment, but contribute just 3.32% to GDP. Despite the fact that MSMEs account for bulk of the Philippines business community, they account for only 6.2% of total banking loans and 9.2% of total business loans. The Governor cited that MSMEs are reluctant to approach banks due to lack of collateral and credit history needed for loan application, with banks regarding them as 'low-profit-high-risk' enterprises. BSP and Cooperative Development Authority, has implemented the Credit Surety Fund which enables cooperatives, businessmen and MSMEs to boost their credit worthiness by providing security cover of up to 80% of bank loans. As at September 2018, there were 54 CSFs with over 17,000 loan beneficiaries in the country.</p> <p style="text-align: right;"><i>(Source: Business World, 19 August 2019)</i></p>
<p><b>CAMBODIA</b></p> <p><b>Ministry urges SMEs to join CSX</b></p>	<p>The government has called on local SMEs to list on the stock exchange as a way of enhancing access to funding and enabling expansion. Secretary of State of the Ministry of Industry and Handicrafts, said limited access to finance remains one of the top challenges for Cambodian SMEs and urged them to join the Cambodia Securities Exchange (CSX). To become a publicly listed company, SMEs must first formalise, by registering with the government and ensure they follow standard accounting practices. As outlined in the country's Industrial Development Policy 2015-2025, the government's goal is to have at least 80% of SMEs officially registered by 2025. At least 50% of those firms must follow proper accounting and bookkeeping standards. Firms that keep their accounting books up-to-date will also receive support and incentives from the government, including training and technical assistance. In early January, Prime Minister released a sub-decree that gave huge tax incentives to companies listed on the local bourse, which include a 50% reduction of the income tax and the cancellation of tax debt for firms that list in the next three years. In Cambodia, microenterprises are businesses that employ 10 employees or fewer, while SMEs have more than 11.</p> <p style="text-align: right;"><i>(Source: Khmer Times, 20 August 2019)</i></p>

## EX-SERVICEMAN BUILDS BUSINESS IN RETIREMENT

Cake entrepreneur, Mat Husin Ismail is beaming with satisfaction every time he talks about his successful business which he embarked on 19 years ago, after he opted to retire from the army. The business, called Baulu dan Kek Kak Long, specialises in making bahu, a local delicacy comprising mini sponge cakes.

His cake shop in Paya Jaras, Sungai Buloh, which produces about 5,000 pieces of bahu every day with the assistance of four workers, began almost two decades ago at his home with a humble investment of RM5, 000 including several small ovens. The cakes are delivered to various outlets throughout the Klang Valley, while larger sponge cakes are also made based on orders from individual customers – and business is so good, that he is planning to expand.



Mat Husin shares that it was not all smooth sailing from the beginning. In fact, before specialising in the cake business, he had tried his hand at other ventures including hairdressing, pizza-making and selling pre-paid mobile phone cards. “It’s normal for those with higher academic qualifications to earn higher salaries, but if people with lower qualifications like me want to earn that same high salaries, we have to venture into business,” he says.

His experiences taught him that it was not easy to succeed in business, as he faced all kinds of challenges and needed to be patient and focused. However, according to Mat Husin who served in the army for 18 years, the advantage which former army personnel enjoy is that it is easy to receive loans to start a business but they need to provide evidence of how their businesses perform.

He also advises entrepreneurial enthusiasts, including ex-servicemen, to get experience in doing business before starting out on their own, and the best way to gain experience is to work for six months as a junior staff and learn the ins and outs of a particular business. “Don’t be over-ambitious when going into business and utilise your money wisely,” he says, suggesting that if one had RM100,000 at hand, only RM20,000 should be used for a business venture, as the balance could be relied on in the future if the business failed or needed to be adapted.

Most importantly, he says: Don’t rely on others to run your business. “In a food business, for example, if the cook runs away, your business will close. Learn to be a skillful cook so that business can continue.”

*(Source: The Star, 19 August 2019)*

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