

# SME WEEKLY NEWS

(18 November 2019 – 22 November 2019)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>SME Bank sets aside RM1b for local ECRL contractors</b></p>	<p>SME Bank has set aside a RM1 billion fund for local contractors involved in the civil works packages of the East Coast Rail Link (ECRL) project. The allocation will provide local contractors with the necessary financing facilities they need to complete the project by Dec 2026. It was made available through MoU which was inked between SME Bank, Malaysia Rail Link Sdn Bhd (MRL) and China Communications Construction Sdn Bhd (CCC-ECRL). Finance Minister, Lim Guan Eng said each qualified local contractor would have access up to RM50 million in funds through a combination of term financing and revolving credit, while anything above the RM50 million limit would be evaluated on a case-by-case basis. The signing of the revised EPCC (engineering, procurement, construction and commissioning contract has increased the portion for local participation of the ECRL civil works from 30% to 40%. Pre-qualification exercise for the ECRL civil works has shortlisted 331 local construction companies as potential tenderers. Out of this, 71% are Bumiputera companies.</p> <p style="text-align: right;"><i>(Source: News Straits Times, 18 November 2019)</i></p>
<p><b>PHILIPPINES</b></p> <p><b>UnionBank, UBX become first Philippine partners for the MAS Business Sans Borders</b></p>	<p>Monetary Authority of Singapore (MAS) and Union Bank of the Philippines (UnionBank) through its Fintech subsidiary, UBX signed a MoU together, making UnionBank the first Philippine partner for the MAS Business Sans Borders (BSB) project which empower SMEs globally. BSB is an open connector of participating SME-centric platforms. By connecting separate platforms, BSB helps SMEs access a much larger combined ecosystem of buyers, sellers, logistics service providers, financing and digital solution providers. BSB uses Artificial Intelligence (AI) to enable SMEs to access and discover fair prices in a larger global marketplace, and easily utilise digital and financial solutions. Through this partnership, UBX's SME platform, Sentro will be integrated into BSB. This will create more growth and expansion opportunities for Philippine SMEs through the member partners of the system. Sentro is a comprehensive marketplace of products and solutions curated for Philippine SMEs to help them grow their businesses and empower them to go digital.</p> <p style="text-align: right;"><i>(Source: Business Insider, 18 November 2019)</i></p>
<p><b>INDONESIA</b></p> <p><b>Indosurya finance receives 50 million euro to support SMEs</b></p>	<p>Multi-finance company, PT Indosurya Inti Finance (Indosurya Finance) has received funding credit facilities totaling 50 million euro, equivalent to Rp 775.5 billion, from two large international financial institutions: Proparco from France and FMO from the Netherlands. These funds will be earmarked to finance various practices of SMEs in Indonesia through working capital loans, SME financing products owned by Indosurya Finance. Amid the liquidity issues faced by finance companies in Indonesia, Indosurya Finance remains trusted to get funding of 50 million euros for the SME financing sector, the first time the company has received a credit facility from these two international financial institutions. This loan is estimated to be able to provide support to around 400 SMEs whose funding will be assisted through Indosurya Finance. Proparco acted as lead arranger in this five-year syndicated loan process by lending funds amounting to 30 million euros, while FMO, a Dutch development bank, provided loans of 20 million pounds.</p> <p style="text-align: right;"><i>(Source: The Jakarta Post, 19 November 2019)</i></p>

## MAKING PAYMENTS FASTER AND CHEAPER

The push to go cashless will be a boon for payment platform, Billplz. With merchants having to offer more digital payment options to their customers, the CEO of Billplz, Nazroof says the company currently processes about RM2mil to RM3mil a day on its platform and the amount is expected to increase as the market grows. "The market is massive. Cumulatively, we haven't even hit 10% of Malaysia's GDP. And every year, you see half a million new market participants entering the marketplace. That's how hungry the market is," he says.



Billplz is not a payment gateway, but it is a payment platform to integrate competing payment gateways for the merchant so that they can get the best deals. "The merchants decide which payment gateways or methods they want to integrate into the platform. So, PayPal and Boost, for example, are not our competitors. We integrate them for merchants based on their request," he explains.

The business model is built to ensure its merchants are able to pay and get paid faster on its platform at the lowest cost possible. That motto has helped Billplz grow quickly over the last nine years. Back in 2010, the convergence of online and offline retail made online payments an absolute necessity. Thanks to that, Billplz currently has a base of 1,900 active merchants and revenue has been growing three-fold every year over the last 4 years.

The company is now planning to expand its offerings for small businesses. "One problem we see is SMEs have a problem with compliance. Some don't even know the difference between cashflow and revenue. And that makes it hard for them to meet the compliance standards in terms of payroll, for example. So what we want to do is integrate our payment with compliance. From handling payments, we want to handle where payments go in terms of payroll, paying vendors, audit and so on, and help them with compliance along that value chain," Nazroof shares. Being able to comply with standards will help SMEs have better documentation, which will come in handy for loan and grant applications. This will inevitably open up more doors for the companies.

Nazroof is optimistic of Billplz's progress and is eyeing regional markets in the near horizon. "In the last five years, we've been focusing on making sure all our settlements and technology are in place. Finally, we are confident with what we have and we are ready to go above ground." Billplz is currently raising its series-A round and hopes to close in a total of RM24mil by next year. The company is drawing in a lot of interest from high-networth individuals and family offices.

The funds will be used for product development as well as for acquisitions as the company aims to maintain its growth rate. "We've been growing 3-fold every year. Last year, our revenue was RM2.2mil and this year will be about RM6mil. From now on, we'll have to start looking at hockey-stick growth, and the only way to do that is via acquisitions," he says. They are eyeing smaller payment gateways, accounting firms or other finance-related companies that will help grow its payment and compliance business.

They hope to keep up growth to hit the RM550mil-revenue mark by 2024 to prepare the company for an initial public offering. With growth expected to continue tripling, the challenge will be to ensure that it has the right team to keep up with its expansion plans. "What we are lacking is the experience. That's why we also focus on building up our ecosystem of engineers, and the developers' community. But growth is not just about hiring a lot of people. We also look at how well we can optimise our talents and automate things," they share.

*(Source: The Star, 18 November 2019)*

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