

SME WEEKLY NEWS

(17 June 2019 – 21 June 2019)

Countries	Highlights
<p>MALAYSIA</p> <p>SME Bank to be a game changer in Malaysia's SME ecosystem</p>	<p>SMEs can look forward to a new initiative called National SME Digital Platform which is set to be a game changer for them. To be spearheaded by SME Bank, it will provide a clear demarcation on targeted segments, as well as create synergy between players in the SME ecosystem and change the way the businesses are assisted. Under the digital platform, the SME Insight will classify and look at SMEs in close detail and provide leads for selected agencies in the ecosystem. Through financial assistance, it provides traditional scoring together with robotic process automation using AI, where SMEs can expect shorter turnaround time per proposal. With the use of AI, the data of the borrower can be profiled, not only on the ability to pay, but also on the willingness to service the loan. The platform would leverage on e-commerce platforms and provide front-end component of online business for SMEs through its marketplace. For that matter, SME Bank has signed a MoU with Orion XL, Commerce.Asia and Telekom Malaysia. To date, SME Bank has assisted more than 17,000 SMEs since its inception in 2005 with financing of RM30 billion.</p> <p style="text-align: right;"><i>(Source: New Straits Times, 18 June 2019)</i></p>
<p>SINGAPORE</p> <p>Over half of SMEs still in early stages of digital maturity</p>	<p>Based on Ernst & Young (EY) report, about 55.5% of SMEs in Singapore is still in the early stages of digital maturity, with digitalisation programs remaining largely unaligned with the broader enterprise strategy and multiple initiatives running in parallel across business functions. As most SMEs are still in the early stages of digitalisation, the top three challenges they encounter are lack of access to digital talent (64.7%); pressure to focus on the short-term benefits of digitalisation (64.7%) and digital risks (64.4%). In Singapore, the top three challenges are limitations from legacy infrastructure (63.1%), lack of digital talent (60.0%) and uncertainty around how to optimise digital technologies and align with the broader enterprise strategy (53.8%). Amidst digitisation efforts, the study found that in Singapore, transformative technologies (81.5%) are already a top investment priority among SMEs, followed by current technologies (67.7%) and fixed assets (58.5%). Looking ahead, SMEs in Singapore expect transformative technologies (81.5%) to continue to take investment precedence, followed by current technologies (69.2%) and fixed assets (53.8%).</p> <p style="text-align: right;"><i>(Source: Singapore Business Review, 19 June 2019)</i></p>
<p>INDONESIA</p> <p>Indonesian companies tap P2P funds in fintech boom</p>	<p>Small businesses in the Asia Pacific, facing a capital crunch, are turning to new funding sources, according to Economist Intelligence Unit (EIU) research. In fact, financial technology (fintech) investments in South East Asia have shifted from digital payments and mobile wallets to wealth management, insurance and peer-to-peer financing since 2017, Moody's Investors Service also said in a separate report. The fintech industry is expanding in ASEAN in tandem with other Internet businesses, reflecting generally growing consumer preferences for digital services that are convenient, customised and speedy. In Indonesia, peer-to-peer lending (P2P) platforms reportedly transacted some US\$1.4 billion in 2018, up from US\$20 million in 2016. Indonesia being the region's biggest market, attracted about two-fifths of all fintechs investment in the region as at October 2018, according to United Overseas Bank. Google and Singapore's Temasek have forecast that the country's digital economy will be worth US\$100 billion in 2025, which is more than 10 times its value in 2015.</p> <p style="text-align: right;"><i>(Source: Business Times, 17 June 2019)</i></p>

MYANMAR

Myanmar Business Environment Index: Key takeaways

The Myanmar Business Environment Index (MBEI) is based on a nationwide survey of 4,874 firms, many of which are SMEs - in services and manufacturing sectors. The index is a tool for policymakers, investors and citizens to understand the strengths and weaknesses the country's economic governance. It also provides necessary data for the local government to pursue extensive economic governance reforms. Among the key takeaways of the index are:

- extremely low access to vital information, with only 3.6% of firms reported having access to state or region budget, and only 4.3% had access to new investment plans;
- business environment remains biased, in favour of businesses with connections to elite decision makers. About 64% of firms claimed that the government has shown favouritism in land access for businesses with strong connections;
- recruitment of qualified workers, particularly skilled technicians and managers, is a major problem; with more than half of respondents found it difficult to recruit manual rank-and-file workers, technicians, accountants, supervisors, and managers'; and
- poor transport and power infrastructure remains a key business concern with 51% of companies cited they are dissatisfied with road quality and electrical power.

(Source: Myanmar Times, 17 June 2019)

THE BAGMAN COMETH

BAGS come in all shapes and sizes. While many try to make a fashion statement, Datuk Liew Bin says those that provide solutions for a particular purpose will be the standouts, proving themselves to be the must-have accessories of the time. The founder and CEO of Bagman Corp Sdn. Bhd. started out as an umbrella salesman before establishing his own company in 1994 to produce tailor-made bags.



Bagman grew as a contract manufacturer, selling over 100 million pieces of bags over the last 20 years. But as the original equipment manufacturer (OEM), market became more competitive and retaining customers became more challenging. Thus, Liew started looking at building his own brand – Terminus – about seven years ago. The brand caters to five broad categories, namely, the executive range, sports/athletics, baby/parent, women and travel or leisure.

The brand's growth in the market is noticeable. The Terminus boutique has grown to some 10 outlets in Malaysia and monthly production stands at more than 1,000 units. It also has consignment stores in Hong Kong. According to Liew, corporate sales and OEM business still make up around 90% of its annual revenue, with sales from its own branded products contributing the remaining 10%. Liew hopes to achieve a balanced 50% contribution from each division in the next three years.

Bagman currently operates both physical and online stores. Sales coming from the digital channels are growing in tandem with increasing consumers' preference for buying online. But Liew acknowledges that the company currently lacks the expertise and access to the right marketing channels to be effective in promoting its products online. He is keen to form strategic partnerships that would help Bagman explore more opportunities in the consumer product segment. This, of course, includes tying up with parties with expertise in digital marketing and online sales management to help the company expand in this area.



The brand's patented designs and other intellectual properties form a large part of Bagman's assets. Nonetheless, his efforts at the forefront in developing this fully homegrown brand is starting to bear fruit.

Terminus has started to make progress in exporting its bags to markets such as Hong Kong, and even Europe, via online sales. The markets in these regions are highly competitive and Liew has to ensure that Terminus' unique designs are indeed a strong enough point for it to have a foothold in the market.

(Source: The Star, 17 June 2019)

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