

# SME WEEKLY NEWS

(12 October 2020 – 16 October 2020)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>25% of SMEs face closure risk amid new wave of Covid-19</b></p>	<p>Up to one-quarter of Malaysia's SMEs are at risk of closure over the next few months because of the Covid-19 pandemic, says SME Association of Malaysia. Many SMEs have started to face the possibility of being wound up, adding it is unfortunate that the second wave of Covid-19 infections has come just after the six-month loan moratorium ended. As such, the recovery of SMEs' businesses is very much dependent on how well the country curbs the spread of the pandemic. The association said that the government's grants to encourage more SME participation in digital platforms is helpful for them, as they get to expand their sources of income. The government too has pushed the commercial banks to provide as much assistance as they can to SMEs, including by extending the loan repayment period. A survey carried out by the SME Association in August among 1,713 members revealed that 20% of the respondents were considering permanently shuttering their business in the next six months. The survey also found that 22% of the respondents have sufficient cash flow to last them for a month, while 27% can sustain till November and 31% until December.</p> <p><i>(Source: The Edge Markets, 12 October 2020)</i></p>
<p><b>SINGAPORE</b></p> <p><b>Singapore SMEs digitalised, leveraged data at higher rates than global peers amid pandemic</b></p>	<p>As they tackled challenges arising from the Covid-19 pandemic, SMEs in Singapore digitalised their businesses and leveraged data at higher rates than their peers in Australia, New Zealand, North America and Canada. This is according to a study of more than 1,000 SME owners and 1,000 SME customers across the five markets, commissioned by Xero, a cloud accounting platform that focuses on small businesses. About 62% of Singapore SMEs surveyed used online business solutions during the pandemic, as they sought to manage operations more efficiently and better engage with customers. This yielded a 30% increase in overall cloud adoption from 2019, the largest increase among the five markets surveyed. Singapore SMEs were more likely to leverage customer data analytics (37%) than relied on instinct (20%) to inform their strategy. In Singapore, businesses used data-driven insights to tackle the top two challenges during the pandemic, which were retaining existing customers (38%) and attracting and retaining new customers (36%). The survey also found that consumers in Singapore are more price-sensitive than their global peers, as 51 % said they purchased from SMEs because of lower prices. This was significantly higher than in the other regions and the global average of 24%.</p> <p><i>(Source: Business Times, 12 October 2020)</i></p>
<p><b>PHILIPPINES</b></p> <p><b>Up to 15,000 SME loans set for release</b></p>	<p>The Small Business Corporation is close to releasing the proceeds of loan applications secured since June as it looks to assist micro enterprises to get back on their feet. SB Corp., the financing arm of the Department of Trade and Industry, got scolded by lawmakers in June due to its slow approval process for loan requests. The agency initially set up a 1-billion pesos loan facility for affected MSMEs under the COVID-19 Assistance to Restart Enterprises program, but said it could take until July and August to use up the fund allotment despite strong demand for credit among struggling firms. The Bayanihan to Recover as One Act which took effect in September set aside 39.5 billion pesos as capital infusion to Philippine Guarantee Corp., Development Bank of the Philippines, and Land Bank of the Philippines to allow them to extend more loans to ailing companies, including small businesses. The loanable amount is between 10,000 and 200,000 pesos for microenterprises, while small enterprises may borrow up to 500,000 pesos. Loans through SB Corp.'s program carry zero interest but charge a 4% service fee deducted upfront. Borrowers can repay their debt between one and three years, which may include a grace period of between three and 12 months.</p> <p><i>(Source: CNN Philippines, 12 October 2020)</i></p>