

SME WEEKLY NEWS

(28 December 2020 – 31 December 2020)

Countries	Highlights
<p>MALAYSIA</p> <p>Malaysia remains among 30 most competitive economies in the world'</p>	<p>The economic stimulus packages unveiled following the Covid-19 pandemic are the largest in the history of Malaysia and among the largest in Asia, which is predicted to contribute more than four percentage points to the country's economic growth. Prime Minister, Tan Sri Muhyiddin Yassin said a recovery trend and a positive impact on the economy could be seen from the third quarter of 2020, which was the result of various stimulus packages and the reopening of the economy. The country's GDP performance improved by registering a contraction of 2.7% compared to a contraction of 17.1% in the second quarter of 2020. The unemployment rate showed encouraging development with a reduction to 4.7% from 5.1% in the previous quarter. To date, 10.6 million Malaysians had received the Bantuan Prihatin Nasional, while RM12.928 billion was spent to help 326,136 employers retain 2.67 million workers through the Wage Subsidy Programme. A total of 830,314 SMEs also received the Special Prihatin Grant, while eight million individuals and SME borrowers enjoyed bank loan moratorium. Malaysia was among the first countries in the world to announce a blanket moratorium for six months, followed by a targeted moratorium.</p> <p><i>(Source: New Straits Times, 31 December 2020)</i></p>
<p>PHILIPPINES</p> <p>JICA, BSP to create SMEs credit risk database</p>	<p>Japan International Cooperation Agency (JICA) and Bangko Sentral ng Pilipinas (BSP) will be creating a credit risk database (CRD) of local enterprises to boost financing for SMEs, which will be undertaken for three years. The initiative will include the creation of a scoring model based on a database built from information gathered from banks. The CRD system helped improve credit access of SMEs using a tool that analyzes credit risk information. BSP Governor, Diokno said SMEs locally need more access to financing. Prior to Covid-19, SME loans from local banks accounted for 8.8% of total business loans and 6.1% of total loans. Part of the reason why access of SMEs to financing is low is the lack of credit history of these firms, giving a perception that SMEs are high-risk borrowers. He also said SMEs lacked "acceptable collateral" that banks require before these firms can be given the loans. The project is a tangible step in building a sustainable financing ecosystem for SMEs. Banks will benefit from the robust credit scoring models built on the database to supplement or to validate their internal scoring models. This will particularly be useful to those without a credit scoring model. The CRD will enhance the credit risk management system of banks.</p> <p><i>(Source: Business Mirror, 29 December 2020)</i></p>
<p>CAMBODIA</p> <p>125 SMEs to receive help on online commerce</p>	<p>125 SMEs are set to gain grants and training on online commerce through a new \$500,000 investment from Ministry of Commerce of the Kingdom of Cambodia, the Enhanced Integrated Framework (EIF) and UN Development Programme (UNDP). The funds will fuel an innovative six-month incubation and training initiative and small grants programme to help SMEs move online, sell online, and, for some, sell to overseas customers through a new online marketplace (B2B2C) being developed by Ministry of Commerce (MoC). This is a joint initiative between the Ministry of Commerce and UNDP which will form one of the key components of Cambodia's e-commerce acceleration project called Go4Ecam, aims to boost domestic and international opportunities for SMEs through a digital platform and create over 10,000 new jobs by 2022 as one of the main objectives of GoleCAM. In support of Cambodia's response to COVID-19, UNDP is working to reskill workers, support the onboarding of 1,000 SME business into the e-commerce market and promote the adoption of e-commerce in the country through an advocacy campaign to create a robust regulatory environment with support from the Government of Australia.</p> <p><i>(Source: Khmer Times, 29 December 2020)</i></p>

THAILAND**BoT alters SME
group definitions
for soft loans**

The Bank of Thailand (BoT) has redefined the eligibility of SMEs business groups for its soft loan programme in an attempt to facilitate better loan access and increased loan amounts. The regulator defines an SME business group, one of the criteria for loan approval, by separating individual relationships from a legal entity. Effective on 1 January 2021, the definition of an SME business group will cover legally married husbands and wives as individuals seeking loans, while only taking a parent company, which has shares exceeding 50% in a subsidiary, into account for corporations looking to obtain loans. The existing definition allows loan approvals for individuals by assessing the relationships between people who are closely related and can be interpreted as providing credit to the same person. For a loan that falls under the definition of both an individual and a corporation, a relationship between individuals and juristic persons will not be accounted for, effective on Jan 1. The existing definition takes into account the relationship between shareholders and juristic persons. An entity can apply for the Bank of Thailand's soft loan programme with a maximum credit line of 500 million baht, but no more than 20% of the existing outstanding loans as of 31 December 2019.

(Source: The Bangkok Post, 29 December 2020)

Economics and Policy Division
SME Corp. Malaysia
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