

## **SME Automation and Digitalisation Facility: Lending a Helping Hand to SMEs in Times of Need**

Small and medium enterprises (SMEs) are the engines of the economy in just about every country. In Malaysia, SMEs comprised 98.5% (almost one million) of all businesses and provided 66.2% of total employment in 2018.

Due to the COVID-19 pandemic, many of these businesses have had to come to a halt, venture online to sell their goods and services, or change direction entirely, just to survive.

To help SMEs affected by the outbreak, Bank Negara Malaysia (BNM) has allocated RM3.3 billion under an exclusive fund just for SMEs. This fund is intended to provide support to SMEs in sustaining their businesses, safeguarding jobs and encouraging domestic investments.

Three financing facilities are offered under the fund, namely Special Relief Facility (SRF), Agrofood Facility (AF), and SME Automation and Digitalisation Facility (ADF). In this article, we will focus on ADF.

A total of RM300 million has been allocated to the ADF, as incentives for SMEs to improve productivity and efficiency by automating processes and digitalising operations.

Financing of up to RM3 million can be allocated for each eligible SME, which is defined as a company with at least 51% of shares held by Malaysians. Available for a tenure of up to 10 years at a financing rate of 4.00% p.a., this facility can be used for the purchase of machinery, equipment, and ICT including software, hardware, IT solutions and services, as well as other intangible assets. However, the ADF cannot be used to refinance existing facilities.

SMEs can now apply for the ADF from 6 March 2020 to 31 December 2020. Eligible SMEs can apply directly to participating financial institutions which consist of commercial banks, Islamic banks and development financial institutions regulated by BNM. The participating banks include [Affin Bank](#), [SME Bank](#) and [BSN](#). SMEs can also apply online through the business financing referral platform at [imsme.com.my](https://imsme.com.my).

In the meantime, the Malaysia Digital Economy Corporation (MDEC) has embarked on the #DigitalvsCOVID campaign, which links local SMEs with various tech companies that provide digital solutions and services.

To help SMEs on their digitalisation journey while adapting to remote working during the MCO period, a total of 80 technology companies, including digital marketing companies, virtual workspace providers, and fintech solution providers, are providing their services either pro bono or at a discounted rate. For a complete list of companies participating in this initiative, please visit: <https://mdec.my/home/c19techrelief/>

SMEs are encouraged to utilise these facilities and assistance provided to jump-start their automation and digitalisation journey, while braving the uncertainties of the MCO and post-MCO economic climate.

The Ministry of International Trade and Industry (MITI) is driving the Industry4WRD initiative to transform the manufacturing industry in Malaysia towards Industry 4.0 adoption. To find out how you can be ready for industry 4.0, visit MITI's website at <https://www.miti.gov.my/index.php/pages/view/4832>.