

For business.
For growth.
For life.

SME BANK

 **SME
BANK**
www.smebank.com.my

FINANCING FOR SME

Group Managing Director,
SME Bank



VISION

A full-fledged specialised financial institution, an international benchmark for nurturing SME excellence.



MISSION

To develop SMEs to be the nation's engine of growth, in line with the Government's economic agenda.

AEC 1 The Profile of ASEAN Economic Community

DEMOGRAPHIC (population):

ASEAN : 625 million
-Youth : 60%

ASEAN's Trading Partners (48% of global population or 3.5 billion):

- ASEAN + Korea : 670 million
- ASEAN + Australia-New Zealand: 645 million
- ASEAN + Japan: 745 million
- ASEAN + China: 1.97 billion
- ASEAN + India: 1.84 billion



ECONOMIC(GDP):

ASEAN GDP: USD2.4 trillion (2013)
GDP Growth : 4.4%
GDP per Capita : USD4,000 (2013)
Forecasted GDP (2011-2016): 6%

Total Trade : USD2.5 trillion (2014)
-Intra-ASEAN : USD608 billion
- Ratio to GDP : 104.7%

Total FDI : USD122.4 billion (2013)
-Intra-ASEAN : USD21.8 billion
Tourist Arrivals : 102 million
- Intra-ASEAN : 45%

Malaysian Companies in the Region

>1000 MALAYSIAN COMPANIES

Accounting and Audit, Banking, Garment, Oil Palm Plantation, Telecommunication, Engineering, Financial Services, Hotel, Oil and Gas, Manufacturing, Machinery and Equipment, Electrical and Electronics, IT, Logistics, Hospitality Services, Garments, Automotive, Agriculture (Rubber), Insurance, Properties and Construction, Glassware and Airlines

COUNTRIES NO. OF MALAYSIAN COMPANIES *

Thailand	250
Singapore	150
Indonesia	200
Philippines	89
Cambodia	66
Brunei	32
Viet Nam	25
Myanmar	20
Lao PDR	18

Source: MIDA
*The list of number of companies is not exhaustive 39



AEC 2

AEC – Opportunities and Challenges



Market access via single integrated market offering increase business opportunities

Ease of doing business for SMEs to venture into intra-ASEAN export market

Undertake outsourcing activities and specialisation of production

Opportunities for Malaysia to participate in infrastructure development projects

Job opportunities for Malaysian professionals and skilled workers

Market Access

Competition & Capacity Building

Enhancing competitiveness and efficiency by expanding domestic production facilities for the larger markets

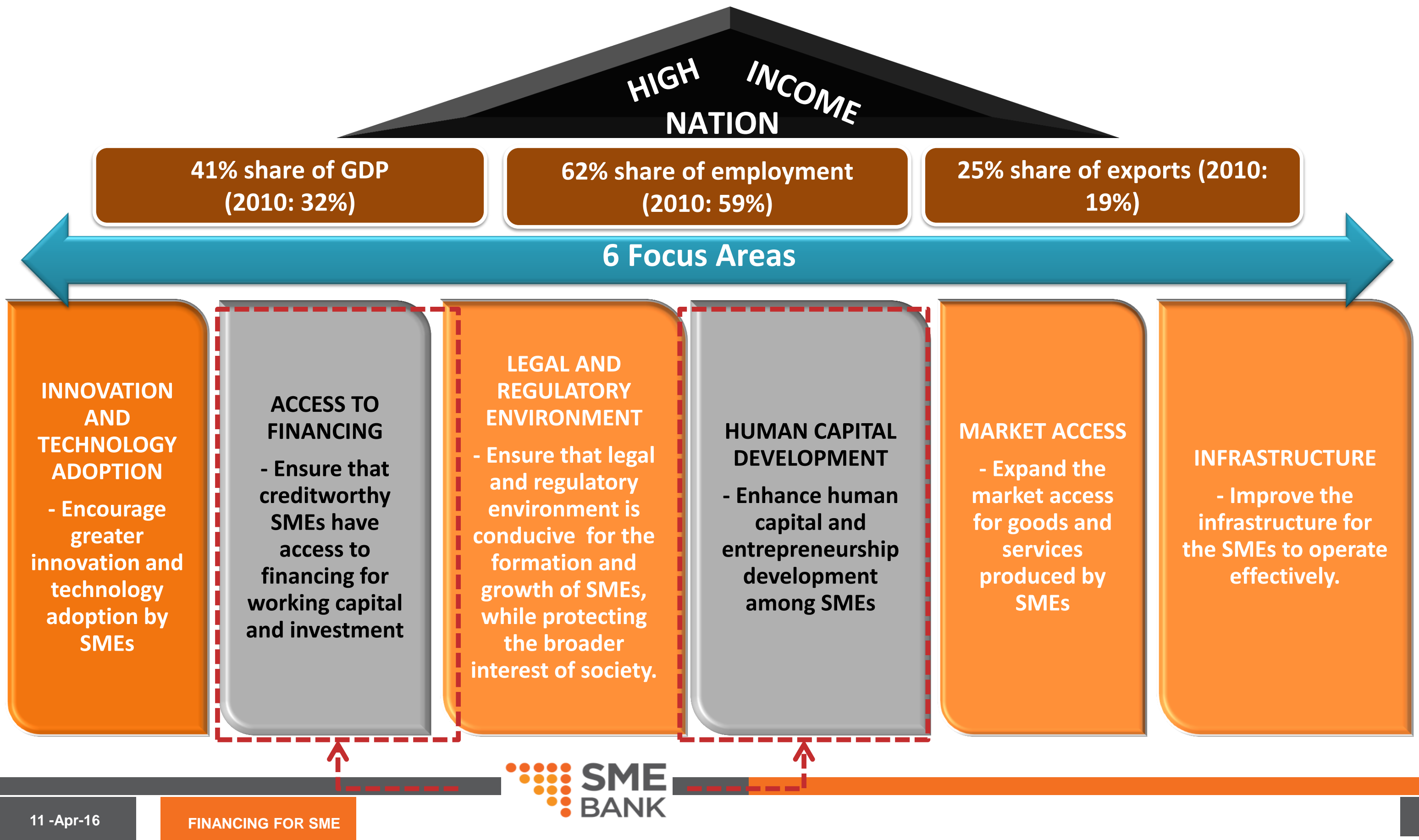
Benefit from lower cost of production due to and cheaper and abundant natural resources i.e. oil and gas, timber, minerals, palm oil and rubber.

Prompt focus and strategize on comparative advantage and develop niche and creative product offerings

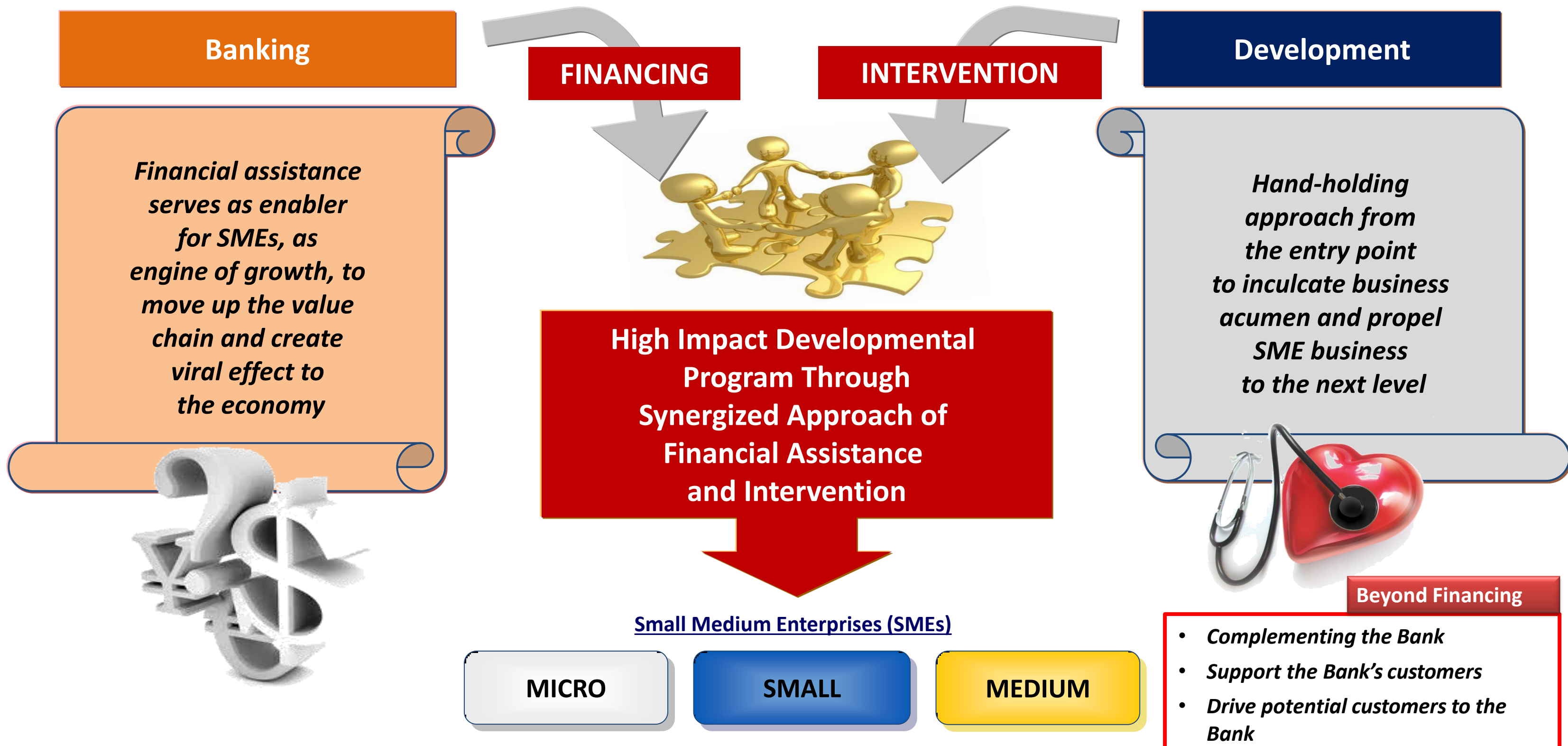
Exploit economies of scale for standardized products and pool skilled labor from the harmonized technical regulations and mutual recognition agreements (MRAs)

SME expansion through strategic partnerships in addressing resources constraint and capitalizing on wider supply chain

AEC 3 SME Bank's Role in the SME Masterplan 2012-2020



AEC 4 SME Bank & CEDAR: Complementing Roles



AEC 5 Developmental and Capacity Building – the Role of CEDAR

CEDAR'S Entrepreneur Development Roadmap

Phase	Target	Stage	Focus	Strategic Programmes	
MATURITY	LARGE SMEs	7	HARVESTING <i>(Diversifying Wealth Creation)</i>	•Harvesting strategies	• Turning your business into a PLC
	MEDIUM	6	EXPANSION <i>(Turning Auto-Pilot On)</i>	•Financial Management •Business Modeling •Strategic Business Planning	•Business Systemization •Succession Planning
GROWTH	SMALL	5	SUSTAINABILITY <i>(Building a Balanced Business)</i>	•Pro-Biz •Financial Management •Business Modeling	•Strategic Business Planning •Business Turnaround Programme
	MICROS	4	GROWTH <i>(Capture Market Share and Getting Out of Chaos)</i>	•Pro-Biz •Financial Management	•Managing Entrepreneurial Growth •Business Modeling
3		SURVIVABILITY <i>(Hand-to-Mouth Strategy)</i>	•Young Entrepreneur Programme •Intel® Learn Easy Steps •Simple Steps to Profits	•Financial Management Made Simple •Business Modeling •Pro-Biz	
INFANCY	START-UPS	2	FOUNDATION <i>(Mastery of Essential Knowledge/Skills)</i>	•PIUS •Young Entrepreneur Programme	•Intel® Learn Easy Steps •Simple Steps to Profits •New Venture Creation and Business Modeling
		1	IDEATION <i>(Identifying and Refining Idea Potential)</i>	•PIUS •Young Entrepreneur Programme	•Intel® Learn Easy Steps •New Venture Creation and Business Modeling

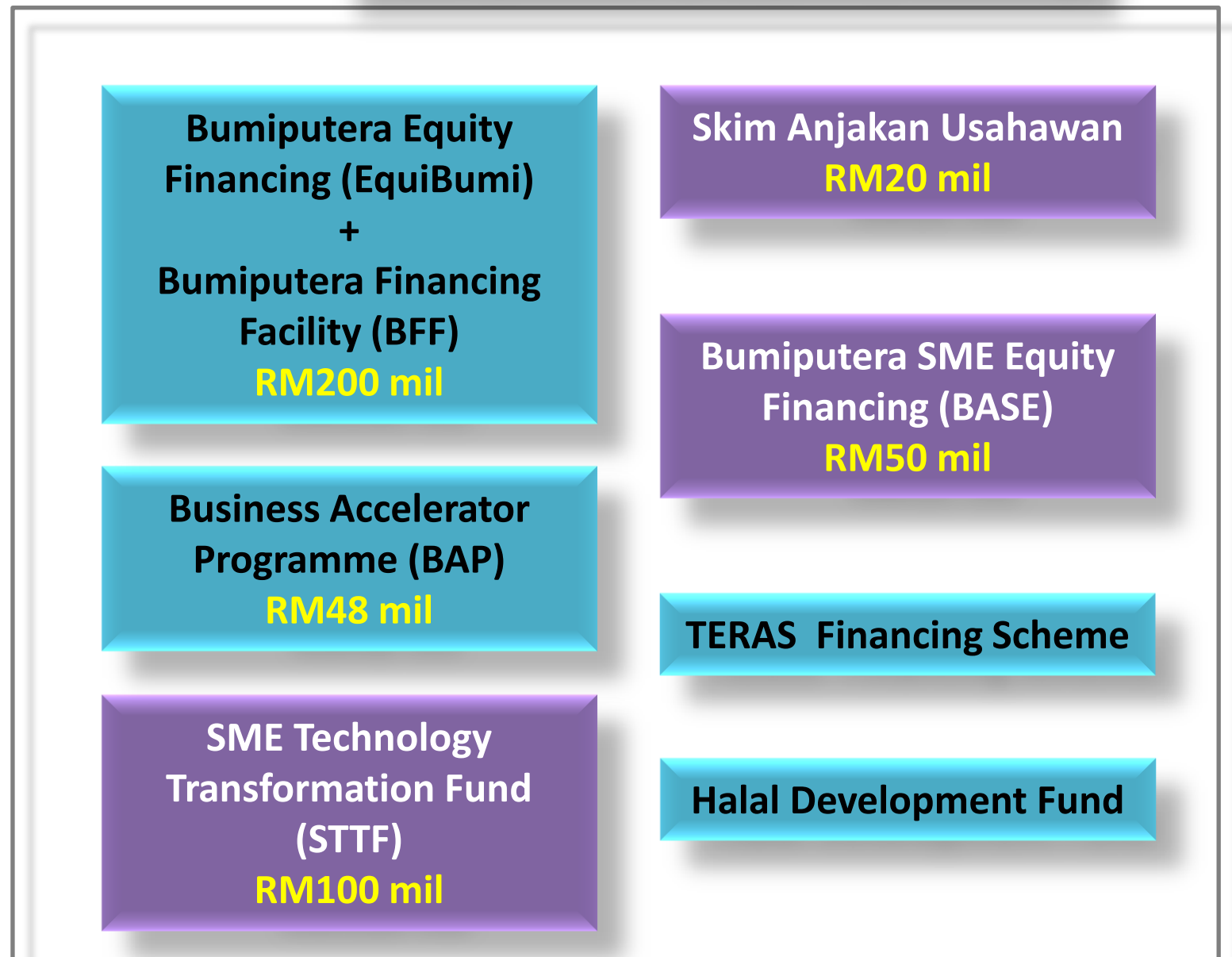
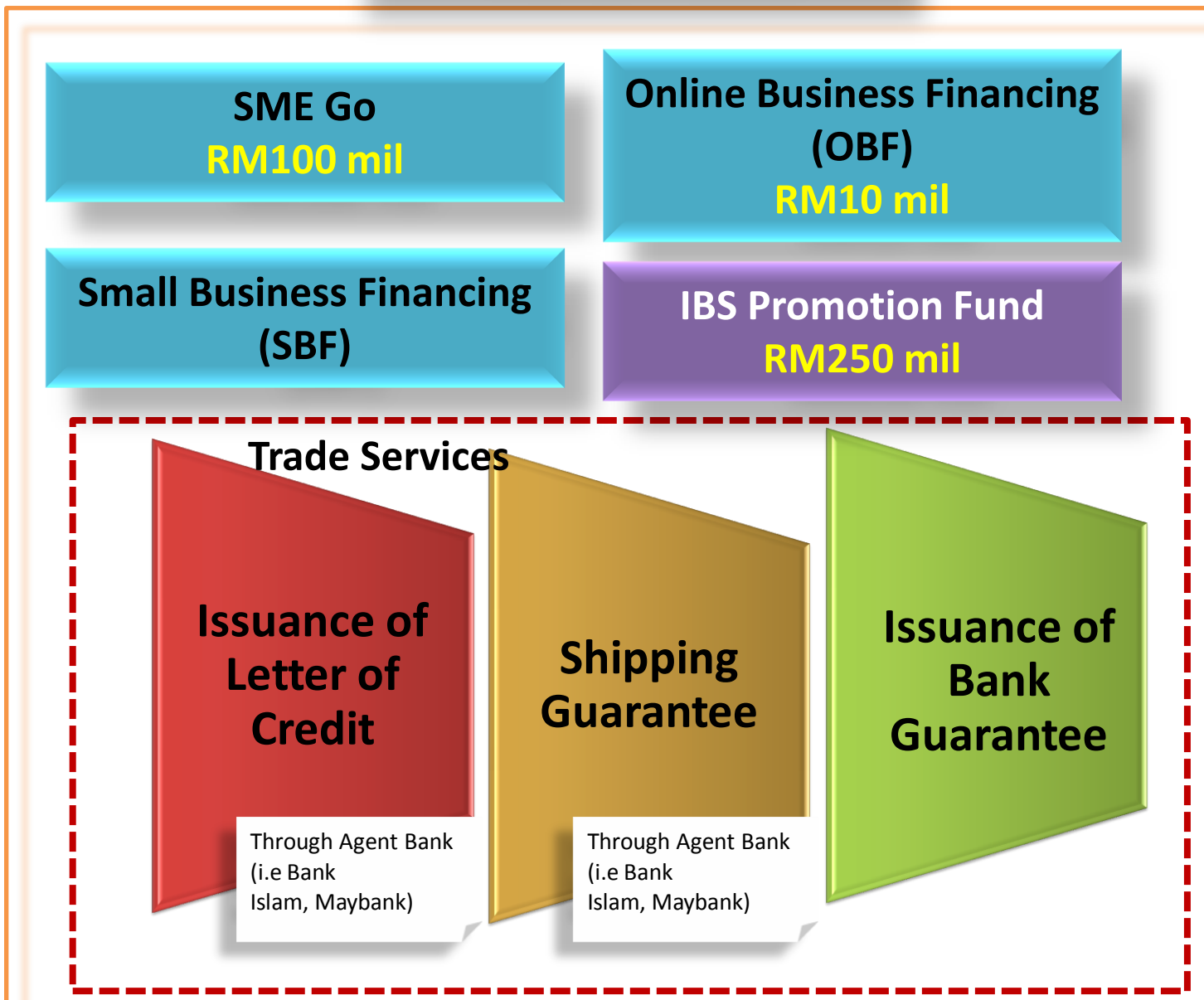
AEC 6 SME Bank's Financing Role in Addressing Market liberalisation



Offers financing options to equip SMEs in addressing:

Market Access

Competition & Capacity Building



AEC 7 Addressing Market Access



IBS Promotion Fund

A financing program for purchase of fixed asset, renovation of factory and working capital requirement for Small and Medium Enterprise (SME) entrepreneurs who apply the IBS method.



SME-GO

A financing program that was developed to support Going-Export (Go-Ex) programme under Malaysian External Trade Development Corporation (MATRADE). It is in-line with the Government's initiatives to guide and enhance the growth of exports for Malaysian SMEs.



Small Business Financing (SBF)

A financing to assist entrepreneurs under this segment on their working capital needs to enhance their products marketability (which includes certification costs) and/or enhance its business operations.



Online Business Financing Program

A one-of-a-kind initiative designed to help entrepreneurs establish a viable online business presence with cooperation with Malaysian Association of Bumiputera ICT Industry and Entrepreneurs (NEF) to provide financing packages to eligible members of NEF involved in online businesses.

AEC 8 Addressing Competition & Capacity Building



Bumiputera SME Equity Financing (BASE)

Financing for acquisition of shares in Shariah-compliant companies for the Purpose of to take-over, control, expansion or diversification



SME Technology Transformation Fund (STTF)

SME Technology Transformation Fund (STTF) has been designed to assist the entrepreneurs in ensuring your products and services are given the boost to penetrate new markets with quality offering.



Skim Anjakan Usahawan

Financing to SMEs, particularly small Bumiputera companies that have been in operation for a minimum of 2 years for their business expansion



Halal Development Fund

A special fund in collaboration with Halal Development Corporation (HDC) with the objective to support entrepreneurs involved in Halal-related sectors.

AEC 9 Addressing Competition & Capacity Building (contd)



Bumiputera Financing Fund (BFF)

A financing to assist Bumiputera Small Medium Enterprises (SMEs) to finance the acquisition of Government-Linked Companies (GLCs) subsidiaries engaged in non-core activities.



Business Accelerator Programme (BAP)

A collaborative effort program with SME Corp. Malaysia with the objective of providing financial assistance to SMEs in strengthening their core business, building capacity and capability, and facilitating access to financing.



EquiBumi

A financing to assist credible Bumiputera Companies (Acquirer) to take over listed companies or companies with potential to be listed on Bursa Malaysia Securities Berhad (Target Company).



TERAS Financing Scheme

Collaborative effort with TERAJU in financing eligible Bumiputera SME companies under TERAS and Non Teras program.

AEC 10 Addressing Competition & Capacity Building (contd)



Advance entrepreneurship development programme especially designed to accelerate the business growth of high-potential women entrepreneurs



Strategically designed programme with the core purpose of coordinating, training, coaching, and monitoring selected Bumiputera vendors.



An Integrated coaching-cum-financing programme aimed at enabling graduates to start and develop their business to be commercially viable and sustainable.



This holistic entrepreneurship development programme was developed to support the government's agenda to reduce the number of Asnaf and is targeted to those looking to start or expand their business.



Advance entrepreneurship development programme especially designed to accelerate the business growth of high-potential SMEs.



A unique platform for industry experts to share their knowledge and experience to the community of entrepreneurs



Essential basic entrepreneurship development programme aimed at providing aspiring young entrepreneurs with the necessary skill- sets to start, develop and grow a new business.

THANK YOU

والسلام



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AEC 11 ... ASEAN SME Bank, the next step forward

NEED FOR ASEAN SME BANK!



- ✓ **SME: An unserved and underserved market**
 - Sizeable gap SME financing in ASEAN with opportunity to serve
- ✓ **SME contribution to GDP relative to Access to Financing**
 - Limited access to financing despite high contributions to their country's GDP and employment and being critical drivers of economic growth.
 - SMEs contribution to GDP between 30% and 60% and to employment between 60% and 90% .
 - SME loan volumes are less than 60% of their contribution to GDP, and constitute less than 20% of total loans.
 - This presents a sizeable opportunity for banks to target and increase lending to the SME market.

SME Access to Finance¹ (%)

