

SME WEEKLY NEWS

(4 December 2017 – 8 December 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>Malaysia moving towards cashless society</p>	<p>To embrace the digital economy, Bank Negara Malaysia (BNM) has taken various step to enhance the e-payment platform, hence moving the country towards a cashless society. Governor, YBhg. Tan Sri Muhammad Ibrahim said effective July 1, 2018 the Instant Transfer fee of 50 Sen will be waived for up to RM5,000 per transaction by individuals and small medium enterprises (SMEs). However, the cheque fee would be increased from 50 Sen to RM1.00, beginning Jan 2, 2021 to reflect the higher processing cost. BNM embarked on the 10-year e-payment road map in 2011 and to date, the total cheque volume has declined 42% from 205 million in 2011 to only 120 million this year. Since 2009, the industry has invested RM893 million to enhance the e-payment infrastructure and will invest a further RM346 million to expand the Point-of-Sale (POS) terminal network and RM40 million to develop the real-time retail payment platform.</p> <p style="text-align: right;"><i>(Source: Bernama, 8 December 2017)</i></p>
<p>MALAYSIA</p> <p>MIDF to continue supporting SMEs on journey towards industry 4.0</p>	<p>Malaysian Industrial Development Finance Bhd (MIDF) will continue supporting local SMEs on their journey towards the Industry 4.0 in approving RM2.1 billion under the Soft Loan Scheme for Automation and Modernation (SLSAM). Deputy Minister of International Trade and Industry, YBhg. Datuk Chua Tee Yong said the federal Government had allocated RM1.1 billion for SLSAM and another RM450 million is to be given between year 2018 to 2020. He said MIDF would continue supporting local companies to withstand stiff competition with various offerings of financial assistance packages and towards this end, was currently managing soft loan schemes totalling RM2.4 billion. He also said the recent Budget 2018 announcement is indeed vital to business communities as it provides support to all sectors, particularly SMEs, with total allocation to this segment at RM22.2 billion. He said globally, a few sectors are aggressively shaping up towards the Industry 4.0, such as Electrical & Electronics, Automotive, Industrial Manufacturing, Chemicals, Logistics and Engineering and Construction with estimated investments up to US\$907 billion until 2020.</p> <p style="text-align: right;"><i>(Source: Bernama, 4 December 2017)</i></p>
<p>INDONESIA</p> <p>Alibaba reaches out to Indonesian SMEs through its Alibaba Global Course</p>	<p>ALIBABA Group continues its mission to encourage global business transformation in the digital era by holding the Alibaba Global Course (AGC) in Indonesia. Approximately 1,000 SME owners participated in the course which aims to improve the ability of SMEs to understand the e-commerce industry. Speakers came from Taobao University and also included pioneers of the domestic digital economy such as Tokopedia, Lazada Indonesia, UCWeb, and Alibaba.com. At a press conference, Alibaba Group vice president Brian Wong said that the AGC is in line with its mission to help Indonesian entrepreneurs in the digital economy. According to Wong, AGC will continue its programme through its partners in Indonesia such as Tokopedia and Lazada. Wong also says that Indonesia is an important market for Alibaba given its similarity with China in terms of the massive market. He says that Alibaba's local portfolio, which includes Tokopedia and Lazada will help them to deliver on this mission. Wong however, admits that logistics and payment systems are the main challenges to e-commerce in Indonesia.</p> <p style="text-align: right;"><i>(Source: Digital News Asia, 8 December 2017)</i></p>
<p>THAILAND</p>	<p>Thailand ranks 7th out of 10 Asian countries in terms of regulatory advancement and</p>

Thailand lags in fintech development in Asia

financial attractiveness on a Taiwanese consulting firm's FinTech Competitiveness Index. Singapore, Hong Kong, Japan, South Korea and Taiwan top the index, followed by Malaysia, Thailand, Indonesia, Vietnam and the Philippines. The Thailand 4.0 policy lays out a solid foundation for the country's financial technology (fintech) development. Digital banking penetration in Thailand is close to 19% — far from Taiwan's 92% and Singapore's 94%. Credit card usage in Thailand stands at 3.7%, compared with 51% for Taiwan and 31% for Singapore. But Thailand scores high in terms of regulatory advancement, behind only Singapore, South Korea and Hong Kong. Thai regulators offer a regulatory sandbox for testing and learning about new services, and have forged international collaboration along with the Bank of Thailand and the Monetary Authority of Singapore on fintech cooperation. Regulators have also kicked off the open application programming interface (API) initiative for the open use of data. Banks need to increase their data capability, particularly in regard to SMEs' credit scoring, whereby transaction data is analysed from their SME customers including turnover, customer profile, inventory and delivery. Thailand already operates innovative fintech solutions in several areas including payment, alternative financing (such as person-to-person lending), insurance, robot advising, blockchain, personal finance management, and technical services (business-to-business digitised workflow management).

(Source: Bangkok Post, 7 December 2017)

MEGA PLAYER IN SEALS BUSINESS

THE founders of security seals manufacturer Mega Fortris (M) Sdn Bhd had their first brush with innovation after their first client returned their goods. "When we had our first order from a chemical company, we were just so happy that we made a lot of secondary processes to make sure the seals that we got from our supplier were intact," recalled group executive chairman Datuk Dr Nick Ng. But luck was not on their side, said Nick. Sometime after delivering the goods, Nick and his brother, group chief executive officer Adrian Ng, received a call from the customer noting that their seals could not be locked. So the brothers took the initiative to fix the seals themselves. Nick reckoned that they were forced to innovate.

The Ng brothers founded Mega Fortris as a security seals trading firm in 1996. But that experience with their first customer quickly turned the company into a seals manufacturing outfit. Security seals are used to seal containers to prevent them from being tampered with. They are used in many industries including gaming, agriculture, airline, logistics, healthcare, transportation and oil and gas. Mega Fortris produces a wide variety of seals such as bolt seals, cable seals and plastic padlock seals. Over the years, Nick has been actively working on the designs for its seals. He described himself as a one-man research and development (R&D) team. He emphasised that a seal had to not only be functional, it should also look good and ensure security.



Mega Fortris' success, he said, was in its ability to introduce new products to the market that met these criteria. "We were the ones that introduced the transparent container where you can see the locking mechanism but you can't fiddle with it. Anytime you attempt to fiddle with it, they will detect your marks. You need a lot of engineering expertise to think of all the locks and safety features. But aesthetics are also part of our innovative effort," Nick highlighted. "In the industry, you tend to see a lot of people imitating others, particularly with products coming out of China. But the

difference with us is that we innovate our own designs and our designs differentiate us from the rest. "We survived because we were different in our products and in how we marketed them. That became a very important criterion in how we established our network," said Adrian.

Adrian said a proper R&D team was set up about 15 years ago with about four people in the team currently. "A lot of our ideas are conceptualised from our customers' needs. From there, we design the product. When we design something, that product has to be applicable to many customers," he elaborated. Mega Fortris allocates about 3% to 5% of its revenue to R&D and tooling departments every year. The company generated sales of a little more than RM100mil last year. Nick noted that Mega Fortris was one of the few security seal manufacturing companies in the world that had a tooling department. This enables the company to make their own moulds to produce the seals, which means that they do not need to outsource any part of the manufacturing process. Apart from just physical security seals, the company is also moving towards providing end-to-end security solutions incorporating seals. He views Mega Fortris as among the top five security seal players in the world today. But the brothers are already aiming to be number one in the world in the next three years. The company has been enjoying double-digit growth and exports currently make up 94% of its annual revenue. "Our passion since day one has stayed the same. We eat, sleep and breathe security seals. All of us do that. "It has become a big part of our lives. It's been 20 years," said Adrian.

(Source: The Star, 8 December 2017)

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