

SME WEEKLY NEWS

(24 July 2017 – 28 July 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>LEAP Market to take SME growth to next level: PM</p>	<p>Bursa Malaysia's new Leading Entrepreneur Accelerator Platform (LEAP) Market will help take the growth of SMEs to the next level, says Prime Minister Datuk Seri Najib Tun Razak. LEAP is a new qualified market which provides SMEs with an alternative and efficient fund raising platform and visibility through the capital market where wealthy investors can lend money via the capital market to the SMEs. "LEAP is designed to address the funding gap for SMEs and provides investors with new investable asset class. The availability of such platform will further aid the SME development and support broader economic activities," said CEO of Bursa Malaysia, Datuk Seri Tajuddin Atan. Bursa Malaysia and its four strategic partners, namely MDEC, MTDC, SME Corp. Malaysia and TERAJU will support in the identification of potential SMEs to be listed on the LEAP market and also collaborate to jointly develop the SME financing eco-system and capacity building. To date, 11 SMEs have engaged LEAP's advisors to assist them in the listing process.</p> <p style="text-align: right;"><i>(Source: The Star Online, 25 July 2017)</i></p>
<p>MALAYSIA</p> <p>Digital economy's contribution to GDP expected to exceed 20% by 2020</p>	<p>The contribution of Malaysia's digital economy to GDP is expected to exceed the 20% target by 2020 from the current 17%. Deputy Minister of Communications and Multimedia, Datuk Jailani Johari, said he was confident the target could be achieved earlier than 2020, as Malaysia had started making waves in the digital economy. This is especially with the recent launch of Digital Free Trade Zone (DTFZ) and lately, the Malaysia Digital Hub. The Malaysia Digital Hub offered start-ups an opportunity for global expansion, access to high-speed broadband and fibre optic connectivity, funding and facilitation opportunities, a workforce-ready ecosystem, technologically-focused and a holistic convenience and lifestyle experience. "Malaysia can also leverage on the Regional Comprehensive Economic Partnership and the DTFZ, where our SMEs can benefit from partnerships with big players like Alibaba," he said. The global digital economy has been growing at an impressive rate of 10% a year, more than triple the rate of overall global economic growth.</p> <p style="text-align: right;"><i>(Source: The Star Online, 27 July 2017)</i></p>
<p>SINGAPORE</p> <p>OCBC digitalises account processing for SMEs</p>	<p>Banking giant, OCBC has launched a digital initiative that makes it easier for customers particularly SMEs to process a new bank account. Business banking managers at 36 OCBC branches will now be using iPads for the opening of business accounts, eliminating the need for hardcopy forms. With this end-to-end, digitalised account opening process, SME owners will be able to open up their bank account in as quickly as 30 minutes. "As the platform has access to a real-time database of ACRA Business Profiles, customer information can be pre-populated, thereby reducing the time needed for Business Banking Managers to fill in customer details," the group explained. The digital platform allows customers to only sign once instead of a minimum of 10 times in the traditional processing of accounts. The digitalisation of OCBC's business banking account opening process is in line with the bank's strategy of investing in its digital capabilities to enhance customer experience. Other innovations launched by OCBC include the OCBC Business Mobile Banking app.</p> <p style="text-align: right;"><i>(Source: Singapore Business Review, 24 July 2017)</i></p>

<p>SINGAPORE</p> <p>Skills platform to link Singapore's SMEs with job seekers</p>	<p>Singapore's start-ups and SMEs will now have a dedicated platform that links employers with fresh graduates and job seekers. The skills-focused career development platform, called talentguru, is powered by the latest big data analytics technology to help address the skills gap and manpower shortage challenges in Singapore's Infocomm Media (ICM) industry. The platform is focused on building capacity in the industry by enhancing the pipeline of ICM talent and deepening the pool of local skills. Singapore Infocomm Technology Federation (SiTF) is making extra effort to help SMEs and start-ups attract and retain talent. In recognition of its efforts, SPRING has appointed SiTF as a Partner for SME Talent Programme, to help strengthen the ICM talent pipeline for SMEs and provide meaningful internship opportunities for local students. Over the next three years, talentguru seeks to engage 500 companies and 10,000 users, facilitating the placement of 3,000 ICM professionals and 1,000 students. It also hopes to train 300 internship mentors in SMEs.</p> <p style="text-align: right;"><i>(Source: SMB World Asia, 25 July 2017)</i></p>
<p>SINGAPORE</p> <p>Prompt payments by SMEs fall to 2-year lows as firms hold on to cash</p>	<p>Only 37% of SMEs have paid their debts on time in the 2Q 2017, the lowest in two years, according to credit information company, DP Information Group (DP Info). This is a sharp drop from 52% recorded in 1Q 2017 and is the lowest level since the 2Q 2015 where the percentage of on-time payments was at 35%. This behaviour is likely due to SMEs holding on to cash to fund growth and inventory, said DP Info. The percentage of severely delinquent debt which is defined as debts unpaid for at least 90 days, remained at 14%, the same rate as in 1Q 2017. The General Manager of DP Info, Sonny Tan said that possible explanation for the change in payment behaviour is that SMEs are managing their cash flow by prioritising which debts to pay first.</p> <p>He said, "We are seeing fewer on-time payments, which means SMEs are taking longer to pay debts, rather than not being able to make payment. This shows SMEs need money for other things, such as funding growth opportunities in anticipation of greater demand in the second half of the year." According to DP Info's SBF-DP SME Index, SMEs expect an improvement in their sales in the 2Q 2017. They are keen to pursue business expansion by increasing their market share, targeting new markets or introducing new products and services. So, SMEs may be choosing to use their resources to fund business expansion instead of making prompt payments on their bills.</p> <p style="text-align: right;"><i>(Source: The Straits Times, 26 July 2017)</i></p>
<p>MYANMAR</p> <p>Over 1,000 SMEs to receive loans</p>	<p>The government has recommended over 1,000 SMEs to receive loans from banks, according to the Central Department of Small and Medium Enterprises Development (CDSMED). "First of all, SMEs which want to borrow have to apply for membership for the CDSMED. The department provides recommendations for any member who wants to take a loan. Financial institutions will offer loans after assessments have been made for the SMEs that we recommended in accordance with their procedures," said the department. Currently, loans are being extended to SMEs by the Small and Medium Industry Development Bank (SMIDB), KBZ Bank, Yoma Bank and other domestic banks. But the loans require collateral and a minimum of two-year operating experience. These present difficulties for new businesses to have access to those financial resources.</p> <p style="text-align: right;"><i>(Source: Myanmar Times, 24 July 2017)</i></p>

NO STOPPING THIS TRAFFIC SYSTEM

Accountability is an important element in running a successful business, says Director of Sena Traffic Systems Sdn Bhd, William Tan Wei Lun. The twenty-five-year-old has learned never to run away from problems. It is a principle that his father, Datuk Tan Boon Hock, adhered to and managed the intelligent traffic management system company by. Thanks to Senior Tan's principle, the company survived the financial crisis of the late 1990s and stands to this day. Back in 1997, the company won a bid for a government contract to replace traffic lights in Kuala Lumpur. It would have been a straight-forward project to work on, except, the economic condition wasn't in their favour.

During the Asian Financial Crisis, the ringgit depreciated significantly within a year starting from July 1997. The rapid depreciation of the local currency caught businesses flat-footed. The fluctuation of the local currency meant that the contract had to be carried out at a loss. Tan realised he would lose at least RM500k from the project if he were to proceed. Although the project was already awarded to them, Tan's partner backed out. But Tan did not and still got the project rolling. "My father's philosophy was simple, it is unfair to the Government and taxpayers if we decided not to proceed with a project just because it was loss-making. When people trust you and give you a project, you must complete it, regardless of the cost," William says.

He and his team then managed to complete the replacement of old traffic lights with new ones that had timing features at 40 junctions in the Kuala Lumpur area. Dealing with traffic lights wasn't Tan's forte, but the experience taught him a lot about traffic lights and their installation and Tan started to see potential in this business segment.



In 2000, when the economy was recovering, Tan bid for a new traffic light project in Putrajaya. With a reputation of delivering results in the toughest of times, Tan got the contract to set up new traffic lights at 120 junctions in Putrajaya from year 2000 to 2005. The company managed to turn a profit from this project as the value of the ringgit had stabilised by then.

Over the years, Tan wanted to develop traffic light solutions that could automatically respond to traffic conditions, thereby controlling traffic. Such a solution would enable a traffic light to display the green light for a longer period of time when it senses more cars on the road. This would ensure a smooth and safe traffic flow. Thus, in 2008, Tan set up Sena Traffic to take a more serious look into how they could develop an intelligent traffic management system. Developing the software from scratch was an uphill climb. It involved integrating telecommunication technology with sensors and computer software that could analyse real-time information; an artificial intelligence (AI).

To develop all this, Sena Traffic invested over RM5mil in the first year and has invested over RM15mil to-date. The company also received a government grant of RM1.8mil for research and development. They managed to put up their first traffic light system in 2010 in Kuala Lumpur and ever since, they have gotten a few contracts from the Government to implement the system at over 230 junctions in the Klang Valley, Johor and Negeri Sembilan. The company, with a staff of 115, achieved a revenue of RM30mil in 2016 and William says they are expected to implement their system at up to 500 junctions in Malaysia by year 2018.

(Source: The Star, 24 July 2017)

Economics and Policy Division
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31 July 2017