SME WEEKLY NEWS

(16 October 2017 – 20 October 2017)

Countries	Highlights
MALAYSIA **Financio and Microsoft to help SMEs modernise their business**	Financio, a wholly-owned entity within Asian Business Software Solutions Sdn Bhd (ABSS) has signed a strategic agreement with Microsoft to empower Malaysia SMEs and accelerate their digital transformation journey. As part of this partnership, Microsoft will offer Office 365 as a complimentary service for Financio's current customers. Through Financio, businesses can leverage accounting technology to boost productivity, drive collaboration and stay on top of their finances. With Financio, users can track sales, purchases and miscellaneous transactions through a simplified dashboard, and automatically generate financial reports and tax records or forward transactions to recipients via email and inventory tracking. Through 'Financio Connect', businesses can also collaborate seamlessly and share documents on the platform. Start-ups and micro SMEs can expect to save at least 100-man hours and RM2,000 a year by moving from spreadsheets to accounting automation. *(Source: New Straits Times, 17 October 2017)*
SINGAPORE **A fifth of SMEs sees disruptive technology as top business challenge**	A survey by the Singapore Chinese Chamber of Commerce & Industry (SCCCI) showed that challenges from disruptive technology was a top business challenge for over 20% of respondents. The study also revealed that rising business cost remained the top business challenge listed by respondents, at 68%. The SCCCI has proposed that the government extend and enhance schemes such as the Productivity and Innovation Credit Scheme (PIC) for another three years to continue the productivity improvement momentum of businesses. PIC allows businesses to enjoy 400% in tax deductions - up to S$400,000 - or 60% in cash pay-outs up to S$100,000, for investments in innovation and productivity improvements. The business chamber also wants the government to tackle the concerns of cost and resource constraint to speed up SMEs' adoption of e-commerce in the digital economy, as well as leverage manpower statistics to help businesses improve their recruitment process to get workers with the right skills. *(Source: The Business Times, 16 October 2017)*
SINGAPORE **New option for SMEs to manage forex costs**	Businesses will be able to manage their foreign exchange costs more efficiently with the launch of the DBS Corporate Multi-Currency Account yesterday. It allows businesses to transact and manage up to 13 currencies in separate e-wallets but all via one single account. In addition, there is no need to maintain a minimum balance in different currency accounts but the business has to maintain a minimum balance of $10,000 in their account. Previously, IE Singapore's Internationalisation Survey showed that overseas revenue for companies based in Singapore grew by 4.2% y-o-y, of which 53% of total revenue for Singapore-based SMEs came from overseas. With more businesses making and collecting payments in different currencies, the account will especially benefit SMEs who previously did not have access to such multi-currency accounts to manage cross-border payments and transactions. It is also suitable for the growing number of Singapore-based companies with overseas suppliers and vendors as they can save on administration and foreign exchange costs. *(Source: The Straits Times, 18 October 2017)*

MYANMAR **Central Bank of Myanmar approves loans without collateral**	The Central Bank of Myanmar (CBM) has allowed local banks to provide loans without the need for collaterals. In Myanmar, access to funds is the main barrier in the way of growth and development of SMEs. This is because loans issued to businesses are approved based on collateral –typically property or land - and are mostly over periods of just one year. As such, relaxing the loan collateral system is necessary to help more SMEs qualify for loans. However, businesses should not expect to always be handheld by the government and should learn to stand on their own feet. One way is by using mobile technology to create new ways of doing business or facilitating existing operations. For example in Myanmar, mobile phone penetration has grown to over 100% in 2017 compared to just 4% four years ago. Leveraging on this, SMEs can create new business models in areas like mobile financial services, such as devising better solutions for cross-border payments. There are many ways to bypass the challenges of cross-border transactions such as exploring the use of bitcoins and other cryptocurrencies. *(Source: Myanmar Times, 16 October 2017)*
INDONESIA **Pinjam brings pawn services online to aid SMEs**	It is not always easy for businesses or SMEs to obtain business loans. Thus, Indonesian startup, Pinjam has steeped in to fill this gap by offering online pawn services and business loans. Launched in 2015, Pinjam helps to connect users to pawnbrokers. Pinjam has assisted 2,000 customers and has 30,000 members, most of which are SME players. The site has a user growth rate of 20% to 30% per month. By the end of 2016, 70% of Pinjam's users were involved in pawn transactions ranging from two million rupiah (US$148) to five million rupiah (US$370) while 30% sought business loans between 25 million rupiah (US$1,850) to 50 million rupiah (US$3,700). Pinjam provides 24-hour real-time online estimation to help customers estimate the price of their collateral goods. They offer flexible financing periods ranging from one to 16 weeks with interest rates from 0.5% to 1.75% depending on the loan period, services and products. *(Source: Digital News Asia, 18 October 2017)*

TOYS OF THE TRADE

Never put all your eggs in one basket. The business environment can change pretty quickly and having a diversified business gives one the option to manoeuvre through choppy waters. This strategy has ensured the survival of Sri Cinmal Sdn Bhd when circumstances were not favourable, says its Managing Director, Edward Chan Khen Loke.

Chan's family started out in the toy business. His late father started a toy stall in Kuala Lumpur in the late 1930s and eventually set up Cheap Hin Sdn Bhd to sell imported toys from Hong Kong. However, he realised that the logistic cost to import the toys was too high as they were charged based on the space that they utilise although the toys were very light. Hence, he decided to manufacture the toys locally. They managed to export their products to as far as Canada and New Zealand while stocking up their toy shop in KL. In 1983, Cinmal was set up to take over the manufacturing operations. Cheap Hin was to focus on the wholesale and retail of toys.

Chan's father explored the potential of creating coin boxes for companies to use as branding tools. This would particularly work for banks to encourage parents and children to deposit their money with these banks. However, this demand did not last for long. The banking sector started consolidating after the Asian Financial Crisis in 1997 and there were fewer banks to go around. The coin box segment, after enjoying a bull run production of over 1.5 million pieces, came to a grinding halt.

Thankfully, Chan's father was not complacent even though business was good in the earlier days. He looked into every opportunity that came his way. Instead of only focusing on manufacturing toys and coin boxes, Chan feels blessed that his late father then diversified the business to manufacture balloons. For a good eight years, Cinmal enjoyed good growth exporting balloons to the US. Up till 1996, the company had sold some 100 million pieces of balloons. Their products were sold to Australia, New Zealand, the UK, Singapore and also to the local market.

But the thing about good times is, they don't last forever. In 1996, their US client's warehouse was destroyed in an earthquake and two years later, they ceased operations. Although things were not as good as before, they still had a good enough market for their products locally. Balloons were increasingly used as a branding platform for companies and Cinmal continued to serve banks, hypermarkets and other consumer products companies.

Chan and his cousin took over the reins of Cinmal in 2000 after his father passed away. They continued to look for ways to diversify the business to ensure that the family-based company would continue to survive any challenges that came its way. In 2014, the company started a T-shirt printing segment for sporting events. They served a niche area where only small quantities of t-shirts were needed.

While the company has evolved from the earlier days as a toy products manufacturer into a basket of different things today, Chan believes the company still has legs to run. Last year, Cinmal achieved a revenue of RM2 million and still employed 43 people. Despite all the challenges, the business still survives.

(Source: The Star, 16 October 2017)

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