

SME WEEKLY NEWS

(5 November 2018 – 9 November 2018)

Countries	Highlights
<p>MALAYSIA</p> <p>More small businesses seek alternative financing</p>	<p>SMALL businesses tend to look to banks for financing, but CEO of Funding Societies Malaysia, Wong Kah Meng notes an increasing demand among SMEs for alternative financing such as peer-to-peer (P2P) lending. In recent months, the P2P platform has disbursed some RM10mil to RM12mil a month compared to about RM1mil monthly a year ago. The platform is expecting strong growth over the next few years as awareness on P2P improves. Funding Societies is one of the six P2P financing operators registered under the Securities Commission Malaysia. To help fill the financing gap for the SME market, Funding Societies focused on providing businesses with shorter-term financing. P2P platforms enable small businesses to crowdsource funds with less documentation than what is required by a bank. It could also be a quicker way of obtaining funds. Bills hosted on Funding Societies for below RM500,000 are typically taken up within minutes, which allows it to disburse the funds to companies within days. Approval rate for SMEs looking to raise funds on the platform is 70%. While SMEs seem more open to try other sources of funding, the challenge for P2P players is to be at the 'top of their minds when they need you'. There is still a lot of awareness needed to educate the market.</p> <p style="text-align: right;"><i>(Source: The Star, 5 November 2018)</i></p>
<p>THAILAND</p> <p>SCB downgrades SME loan view</p>	<p>Siam Commercial Bank (SCB) expects to fall short of its 7% growth target for SME loans this year. The bank estimates that SME lending will expand by a mere 3% in 2018 after loan growth at the end of September 2018 was less than 1% from the end of last year. SCB now expects new SME loans of 70-80 billion baht this year, as opposed to its target of 100 billion baht. The SME portfolio increased marginally to 348 billion baht at the end of September 2018 from 340 billion at the beginning of the year. The marginal growth could be partly due to the bank's lending restructuring, in which loans by companies with annual sales above 500 million baht were transferred from the SME business unit to corporate banking. Although Thailand's economy has slowly gaining momentum, the effect has not trickled down to small businesses and low-income earners. Moreover, the sharp decline in Chinese arrivals has dampened tourist growth, while US-China trade dispute has also weighed on economic sentiment. To encourage alternative financing, the bank is cooperating with OSMEP to encourage SMEs to list on Market for Alternative Investment (MAI) as an alternative source of funding.</p> <p style="text-align: right;"><i>(Source: Bangkok Post, 9 November 2018)</i></p>
<p>SINGAPORE</p> <p>DBS speeds up SME payments from QR code purchases</p>	<p>In an all-out push to get SMEs to adopt digital payment solutions, DBS will be launching Singapore's first mobile-based QR payment collection solution that will enable SMEs to receive funds instantly from their customers and vendors. The solution named DBS MAX will be available to all DBS SME and corporate customers from 26 November. DBS MAX addresses concern on late payment by enabling SMEs to receive payment from their customers and vendors through a mobile app in real-time. This does away with the need for businesses to wait two working days for cheques and credit card payments to be cleared. SMEs, in turn, enjoy better cash flow and benefit from a more efficient working capital cycle. Once DBS MAX app is installed onto SMEs' mobile device, all business owners or employee needs to do is to generate a QR code on their mobile devices before letting the customer scan it, and the transaction is complete when a payment notification is received instantly. The app is integrated with PayNow, thus removes the need for payment terminals and automates book-keeping as well as provides SME owners with flexibility on-the-go.</p> <p style="text-align: right;"><i>(Source: Finextra, 9 November 2018)</i></p>

SINGAPORE

**SME arrears rise
in Q3 as trade
war deepens**

Based on study by information services firm, Experian, delayed payments were most evident in commerce-wholesale & transport/storage sectors. The negative impact of escalating tensions between the US and China is starting to weigh on SMEs as sectors with larger exposure to global trade repaid their debts at a slower pace. The proportion of SMEs in the commerce-wholesale sector who were able to make their payments on time declined from 45% to 41% quarter-on-quarter in Q3 2018. The downward trend is also observed for transport/storage sector where the on-time SME payments fell from 43% to 39% over the same period. Similarly, these two sectors posted a marginal increase in SMEs who were more than 90 days delinquent. The proportion of SMEs in the commerce-wholesale sector who were running late on their payments rose slightly from 9% to 11%, while for the transport/storage sector, it increased from 11% to 13%. Business sentiment also soured amongst SMEs as measured in the SBF-DP SME Index. The firm revealed that SMEs have generally been more cautious due to the trade wars, but have been tempered by opportunities in Southeast Asia paired with an uptick in spending due to the year-end festive season.

(Source: Singapore Business Review, 8 November 2018)

PUTTING THEIR LENS ON SUCCESS

PATIENCE, perseverance and being consistent are some of the key factors that have helped coloured contact lenses producer, Maxvue Vision Sdn Bhd succeed in establishing their brand presence internationally. Founded by CEO, Selvam Kanniah and his wife, Viji Ramasamy Pillai in 2004, Maxvue Vision started out as a contact lens trader, sourcing from Asian suppliers and exporting them to European distributors.

The company grew out of a chance business opportunity, when a foreign customer of Viji's at her old sales job for a perfume company in Singapore asked if she knew where to source for branded contact lenses.



Her resourcefulness in researching the matter eventually led to them attracting the interest of contact lens buyers. About two years into the business, they made the decision to create their own brand in order to have more control over the products.

Selvam attributes their successful growth in early years to two particular platforms: international industry trade shows and online trading site Alibaba. In its early years, Maxvue Vision was the only Malaysian company with a booth at international eyewear trade shows in Milan, Paris

and Hong Kong. Selvam said that being patient and consistently present at the trade shows really paid off as the company has since expanded its brand presence to over 60 countries and counting.

Selvam added it was important not to neglect branding. They could not make profits in the first few years because tens of thousands of ringgit had to go back into advertising and marketing their brand which paid off once they had secured a big enough network of buyers.

Selvam also acknowledged that saturation in the industry is slowly becoming a challenge for them. While Alibaba was very useful in helping to secure business in their early years, he notes that activity on the site has slowed down. The Malaysian market is highly competitive now with more than 40 brands here. Despite that, we can see our brand presence here is still growing," he said.

Maxvue Vision sets itself apart from other industry players by using colourful and eye-catching packaging designs to sell their ColourVue contact lens. This was the key factor that has helped Maxvue Vision to grow in their early years as coloured contact lenses were considered a niche product back then. Their ColourVue line has some of the largest variety of designs in the market, having expanded from 30 designs to around 200 today.



Maxvue Vision was currently seeing an annual sales volume growth of 10 to 15%. Their profits have not been growing for the time being as they have been bringing their prices down in order to stay competitive. Exports still make up about 90% of their business, which help fund their expansion in Malaysia. As Maxvue Vision had focused its efforts on international trade shows, the company naturally expanded overseas much faster than it did in Malaysia. "But we are confident that by end of 2019, we can secure at least 25% of the market share for coloured contact lenses in Malaysia," said Selvam.

(Source: The Star, 8 November 2018)