SME WEEKLY NEWS

(5 August 2019 – 9 August 2019)

Countries	Highlights
MALAYSIA **IMB-Axiata partnership to offer financing solutions to SMEs in Malaysia, Indonesia**	CIMB Group has entered into a partnership with fintech services provider, Axiata Digital Capital (ADC) to provide financing solutions to potentially 700,000 SMEs in Malaysia and Indonesia via ADC's micro lending platform, Aspirasi. CIMB said through this collaboration, it aims to fulfill SMEs' unique needs based on their different business life stages. CIMB will also extend end-to-end support for SMEs to expand their businesses both within their home market and off-shore, by leveraging on CIMB's strong regional footprint and network. Aspirasi offers a novel digital loan application journey with instant underwriting and fast disbursement. Earlier in March 2019, CIMB announced its commitment to disburse RM15 billion to 100,000 SMEs in 2019-2020. To reach the goal, the bank has partnered with Credit Guarantee Corp Malaysia Bhd (CGC) to provide SMEs access to RM2 billion in financing through CGC's Portfolio Guarantee-i scheme. In addition, CIMB has also invested RM300 million in tech and data for its commercial banking business over the next five years, to support the growth of the SME sector which grew by 6.2% in Malaysia and 10% in Indonesia in 2018. *(Source: The Sun Daily, 9 August 2019)*
MALAYSIA **Malaysia hopes APEC 2020 delegates will spur growth**	With business sentiment seems to slow down globally and domestically, Malaysia hopes the 16,000 delegates to the Asia-Pacific Economic Cooperation (APEC) summit beginning December this year until November 2020 will help to spur the economy. Besides being the host for APEC 2020, next year will also be a Visit Malaysia Year with the Government setting a target of 30 million tourist arrivals and RM100 billion in tourist receipts. These two events are going to be key government initiatives intended to create more activity in the country. In 2018, APEC economies contributed 77.6% of total trade with Malaysia, accounting for 77.8% of exports and 77.3% of imports. The economies also contributed 74% of FDI in manufacturing sector with a total of RM1 billion investment implemented in that sector. Apart from contributions to Malaysia's trade, investment & business facilitation, APEC has vastly contributed to capacity building in areas of pertinence to the country. Malaysia itself has executed 22 fully funded projects from 2013-2018, utilising US$2.7 mil of APEC funds. Other areas of capacity building would also include development of SMEs, gender empowerment, science, technology & innovation, digital economy, energy, health and human capital development. *(Source: The Edge Markets, 8 August 2019)*
MALAYSIA **MATRADE teams up with Aker Solutions to grow energy SMEs**	MATRADE and Aker Solutions have established a partnership to further grow the global footprint of Malaysian SMEs in the energy industry. The collaboration, is targeted towards local companies to leverage on Aker Solutions' procurement network, via a customised business matching engagement programme between Malaysian manufacturers and different procurement teams within Aker Solutions. The group's engagement with existing and potential Malaysian suppliers are part of its commitment to develop local competencies and provide opportunities into the energy industry. For the first phase of engagement, 50 participants from 35 local SMEs were selected for a series of customised briefings and workshops sessions with Aker Solutions' team in Malaysia. These sessions focused on products and services required by Aker Solutions, allowing the participants to understand the group's sourcing needs and be part of its supply chain network. MATRADE urged Malaysian companies to reach out to the agency, to inquire how they could expand their businesses abroad as it has a number of exporters development and export promotion programmes. *(Source: The Sun Daily, 8 August 2019)*

SINGAPORE **Free training programme by Google, UOB to help SMEs transform digitally, expand overseas**	About 400 leaders in SMEs will get to go through a free new training programme from Google and United Overseas Bank (UOB) by end of next year to transform digitally and expand overseas, in a move to help them seize opportunities in the digital economy. The SME Leadership Academy is a 3-day programme consisting of interactive discussions and lessons by business leaders from Google, UOB and other organisations. The programme, which was launched by Ministry for Trade and Industry, was developed based on feedback from more than 100 SMEs across various industries that include retail, engineering, manufacturing and travel. These SMEs also went through pilot batches of the programme, and identified the top three obstacles for SMEs in the digital economy. These are internal hurdles such as not having effective digitalisation strategies, lack of talent with sufficient digital know-how and capacity & resource constraints. According to Google and UOB, SMEs which go through this programme will learn how to generate digital marketing strategies, how to implement data-driven HR solutions and how to use other kinds of software to boost their efficiency. *(Source: The Straits Times, 5 August 2019)*
VIETNAM **Banks cut lending rates unexpectedly to aid businesses**	Some banks have unexpectedly announced they would cut interest rates on Vietnamese đồng loans to support firms in 2019, starting August 2019. Under the move, State-owned banks, including Agribank, VietinBank, Vietcombank and BIDV have reduced the rate by 0.5-1.0 ppt per year for loans to firms in the Government's priority sectors. BIDV has applied the new maximum rate at 5.5% per year (down 1ppt), of which the rate cut is offered to priority businesses in the fields of export, supporting industries and advanced technology. BIDV launched two preferential credit packages worth a combined VNĐ70 trillion (US$3 billion), with an interest rate cut by 0.5ppt per year versus last month's rate. The first credit package is worth VNĐ60 trillion for SMEs and the short-term package is worth VNĐ10 trillion for micro firms and start-ups. Vietcombank has also applied interest rates for Vietnamese đồng short-term loans at a maximum of 5.5% per year (down 1ppt), of which the rates are applicable to old and new loans taken out by borrowers in priority sectors. Aside from State-owned commercial banks, domestic joint stock banks have joined the provision of preferential rates. According to Techcombank, customers who are retailers, SMEs are subject to its preferential interest rates. This is the second time year-to-date that local banks have lowered lending rates to support corporate customers. Early this year, four State-owned commercial banks – Vietcombank, Vietinbank, BIDV and Agribank – reduced their rates by 0.5ppt for firms in priority sectors, including agriculture businesses, firms producing goods for exports, SMEs, enterprises operating in auxiliary industries and high-tech enterprises including start-ups. *(Source: VietNam News, 5 August 2019)*

FINDING GOLD IN THE GOLDEN YEARS

Reuben Anandraj Solomon, director of Senior Care Management Sdn. Bhd. (SCM) left a promising job in a bank to start a senior care centre. He first noted the demand for such service when his family needed to find a place for an aged relative who was living alone and refused to move with the family. Searching for a comfortable home wasn't easy even though the family was willing to pay a premium. Most homes in the local market are crowded and understaffed for the elderly.

Reuben then started visiting few homes, including those in overseas, to get a better idea of what is available and lacking in the market. Satisfied with his findings, he pooled together some RM600,000 from his family and friends to start SCM. Opened in October 2016, the centre reached full capacity within six months. In fact, there was a waiting list after that.

"We don't want to crowd the place. This is a premium home, not an institution. The care-giving needs to be personalised and old people need the space to continue their lifestyle," he adds. By the second year, Reuben knew that the business had the potential to grow further and sought out partnerships to expand its services and grow the brand.

One of the main challenges of operating a senior care home is the high staff turnover. It doesn't provide much of a career progression for young staff. So they need to improvise by offering above-market rate incentives and benefits to retain staff. While this increases costs – wages make up 60% of its operating cost – Reuben says that it is necessary to ensure that SCM has enough caregivers to provide personalised care, with a ratio of 1 caregiver to 2 residents.

Care-giving can be a thankless job and getting passionate employees is crucial in ensuring quality service for customers. To help its staff focus on care-giving work, the company has invested in technology to ease administrative and reporting work. Its inventory is digitalised to automate stock-taking and it has developed a software that allows family members of its occupants to monitor their vital signs and keep track of updates.

Reports have noted that Malaysia is at risk of becoming an ageing population. This would mean greater demand for aged health care and services. This trend gives SCM plenty of room to grow in the future. SCM is in the midst of setting up its second centre in KL, with a capacity of over 50 beds. Once in operation, the centre will certainly double its revenue. SCM's turnover currently averages at about RM1.1mil. He targets to open another five centres in five years time, with homes ranging from 20 to 50 beds, while venturing into Penang and Johor where he sees healthy demand.

All in all, SCM is turning out to be a much bigger business than Reuben had expected it to be. But the business is not without its challenges. Unlike countries such as Australia and the US where retirement homes are well established, there is still a stigma here about sending one's parents to live in homes. But as more couples juggle between working full-time and taking care of the family, Reuben foresees a growing acceptance for these homes.

"Old people also need to maintain their lifestyles. We keep them active with exercise and we bring them out for movies sometimes. You need to treat them with respect and dignity. Their lives cannot stop just because they are old," Ruben says. He hopes that there will be more support from the government and the community for this sector in order for senior citizens to continue enjoying their lifestyles well into their old age.

(Source: The Star, 5 August 2019)

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