

afi Alliance for
Financial Inclusion
Bringing smart policies to life

Session 3: SME Finance, the Engine for Growth

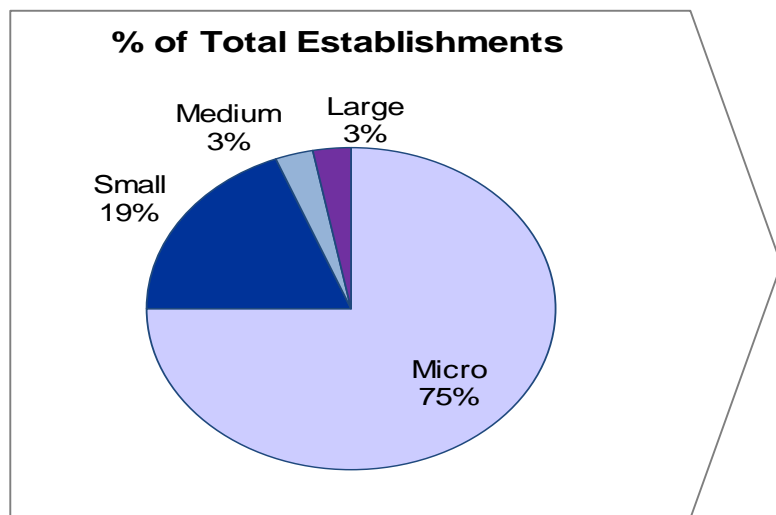
Session 3: SME Finance, the Engine for Growth

**1st Eastern European and Central Asia (ECA)
Regional Forum on Financial Inclusion Policy**

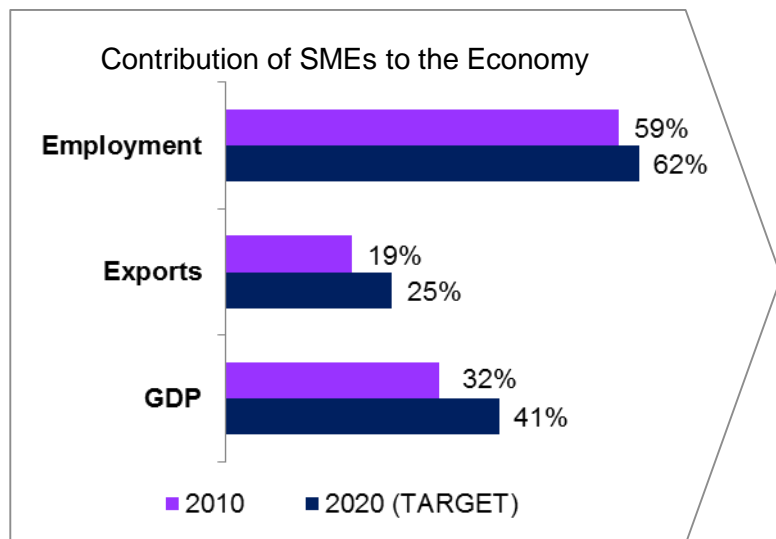
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SMEs are a critical component of growth in the Malaysian economy



- SMEs encompasses 97% of formal business establishments
- 90% of SMEs operate in the services sectors
- Micro enterprises is the largest group within SMEs (75%)



- SMEs only contribute ~ 1/3 of the country's GDP
- Cohesive effort needs to be mobilised effectively to realise SMEs' potential as driver of economic growth
- The SME Masterplan macro targets:
 - enhance SMEs' contribution to economy by 2020



SME Masterplan identified 6 focus areas to accelerate growth of SMEs



INNOVATION AND TECHNOLOGY ADOPTION

Encourage greater innovation & technology adoption by SMEs



HUMAN CAPITAL DEVELOPMENT

Enhance human capital and entrepreneurship development among SMEs



ACCESS TO FINANCING

Ensure that creditworthy SMEs have access to financing for working capital and investment



MARKET ACCESS

Expand the market access for goods and services produced by SMEs



LEGAL AND REGULATORY ENVIRONMENT

Ensure that the legal and regulatory environment is conducive for the formation and growth of SMEs, while protecting the broader interest of the society

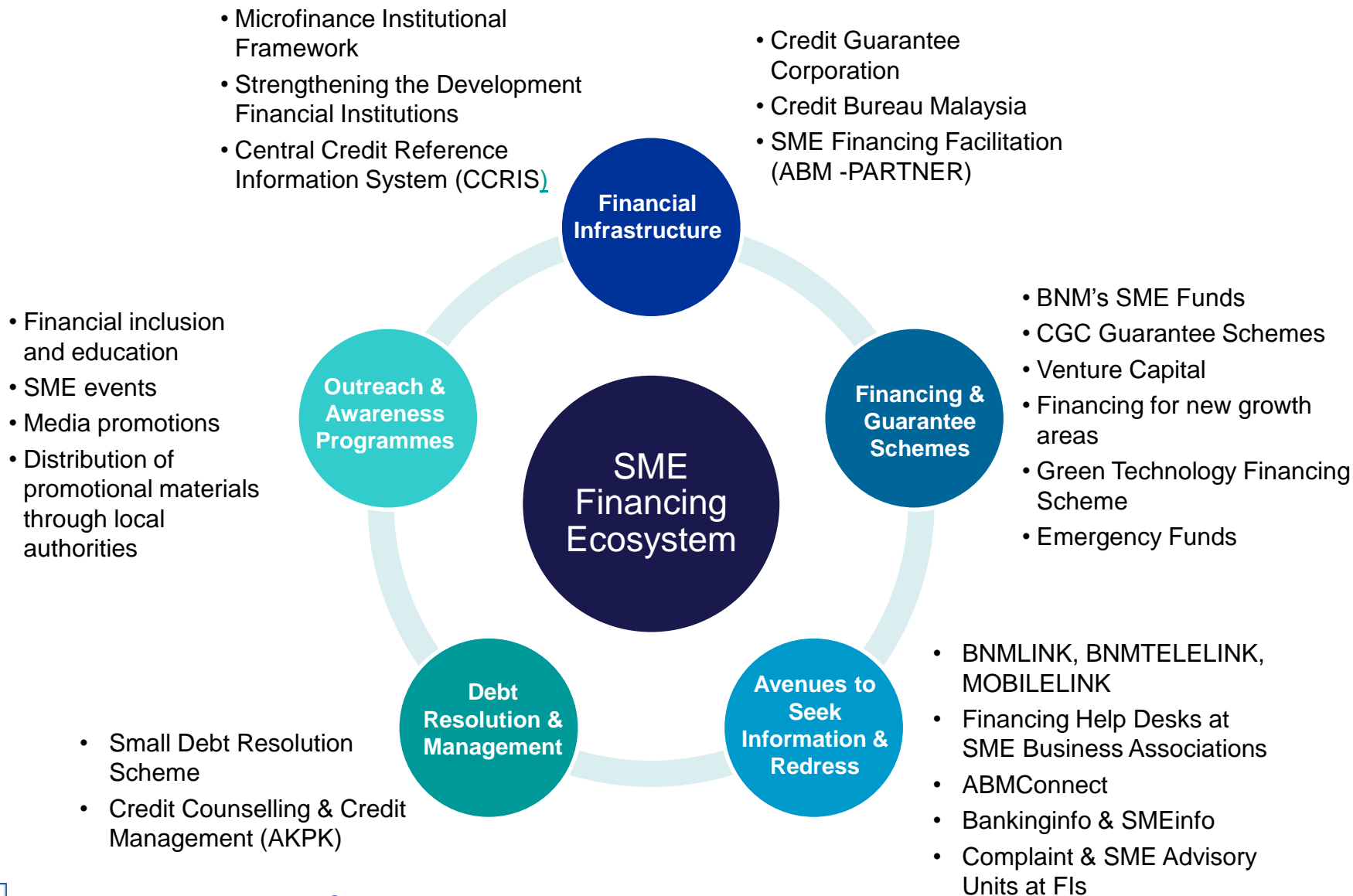


INFRASTRUCTURE

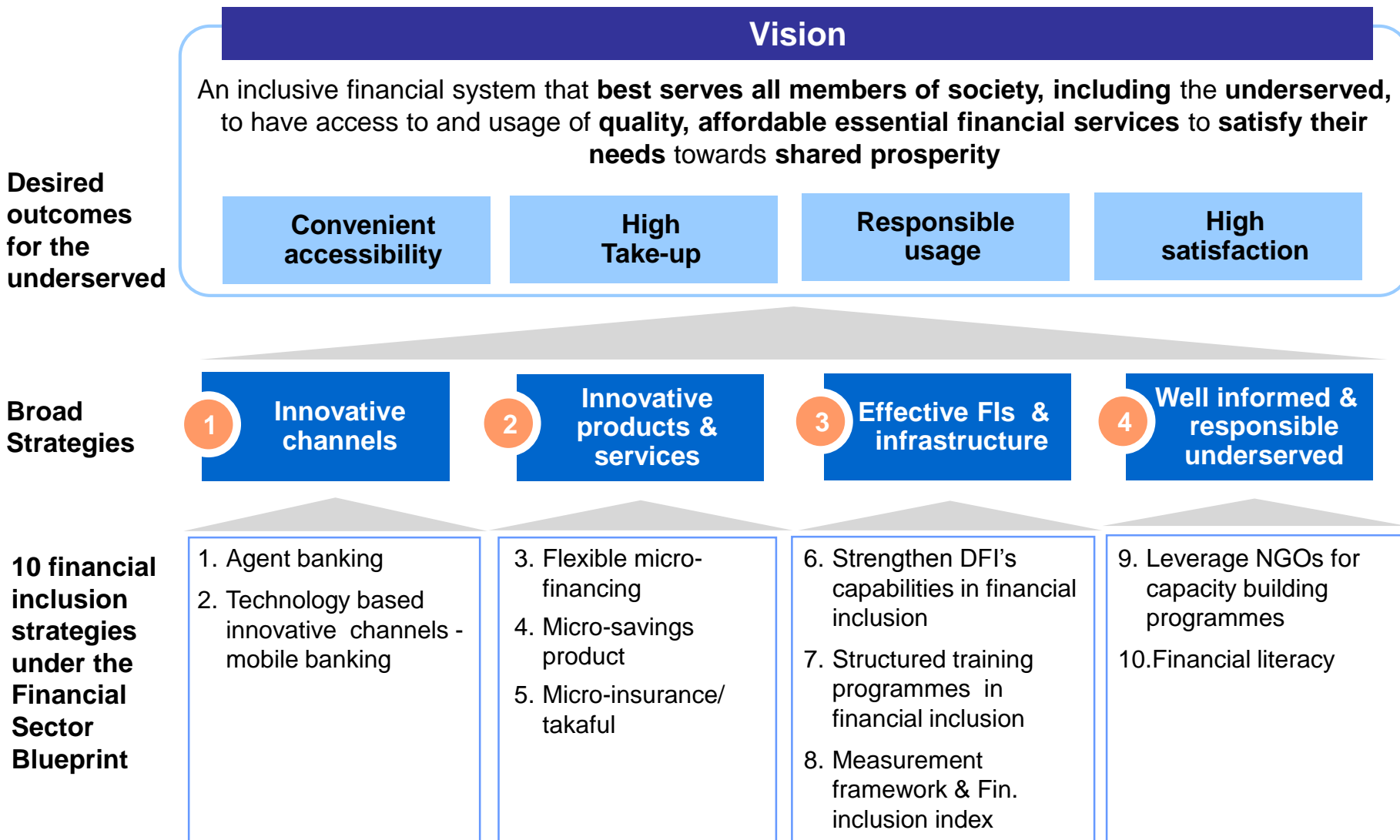
Improve the infrastructure required for SMEs to operate effectively



The strategy: SME financing ecosystem underpinned by five main pillars



A framework under the Financial Sector Blueprint (2011 – 2020) to enhance financial inclusion



Various initiatives will be undertaken to address information gap issues

Key initiatives

Enhanced role of FIs	<ul style="list-style-type: none">• Develop more innovative SME products• Streamline and simplify loan application process<ul style="list-style-type: none">– AIBIM & ADFIM to adopt ABMPARTNER• Train-the-Trainers' on SME financing by FIs<ul style="list-style-type: none">– FIs staff to provide guidance on requirements & advise appropriate avenues e.g. CGC• Enhance effectiveness, quality and sustainability of advisory services:<ul style="list-style-type: none">– Strengthening of DFIs' advisory services– Enhancement of the Client Charter on SME financing by FIs
Enhanced role of non-FI lenders	<ul style="list-style-type: none">• SME Corp to review effectiveness of SME Info Portal• CGC and SME Corp to intensify product awareness efforts
SME guidebook	<ul style="list-style-type: none">• BNM and SME Corp to develop SME guidebook<ul style="list-style-type: none">– Guidebook will be disseminated to SMEs via business chambers, FIs, other ministries and partners
Enhanced MF framework	<ul style="list-style-type: none">• BNM to continue to enhance the microfinance framework• BNM to continue surveillance work on this industry

Expected outcomes

1. Elevate SMEs' awareness on various financing avenues and initiatives
2. Enable SMEs to get better chances to obtain financing in the future
3. Increase ease and convenience in acquiring information and advisory on financing matters
4. Strengthen FIs' capabilities in providing quality advisory services to SMEs

