

Session 3

A New Regime of MSME Financing for Economic Diversification in Asia and the Pacific

ADB Launch Seminar of the Asia SME Monitor 2024
20 Nov 2024



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SULIT

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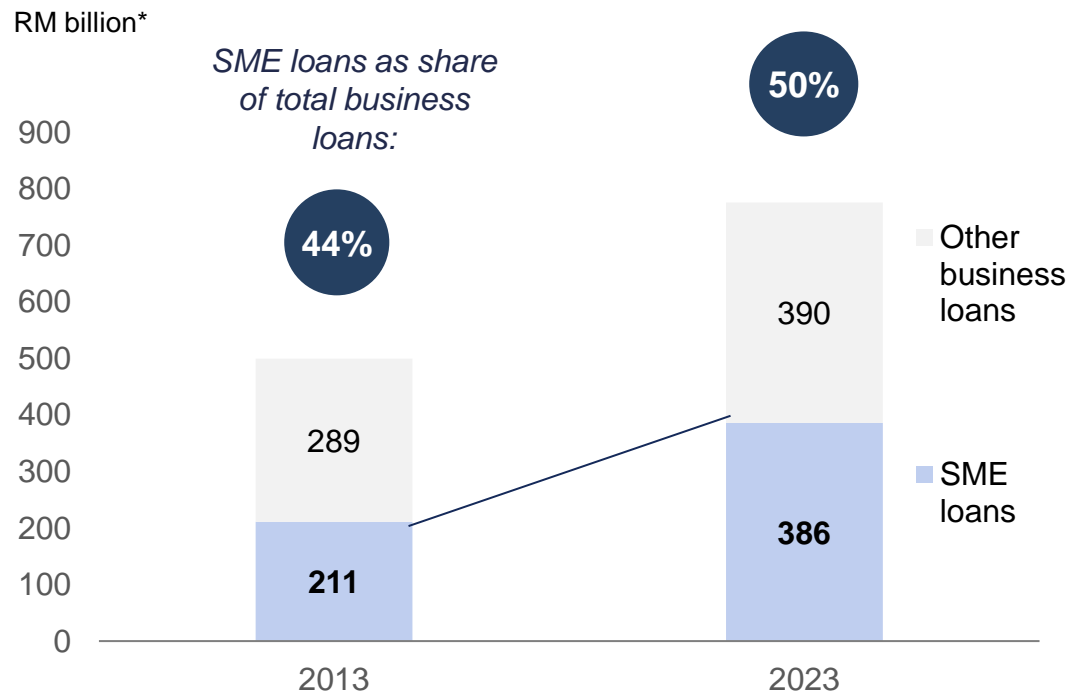
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Financing to SMEs has doubled in last decade, with wider inclusion among SMEs

SME loans comprise almost half of total business loans, doubling in last decade

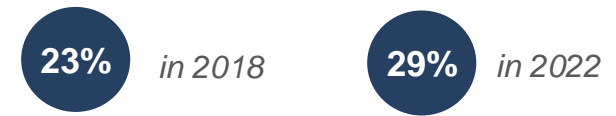
Outstanding Total Business Loans from Banking System and DFIs



Nearly 30% of all SMEs have financing accounts

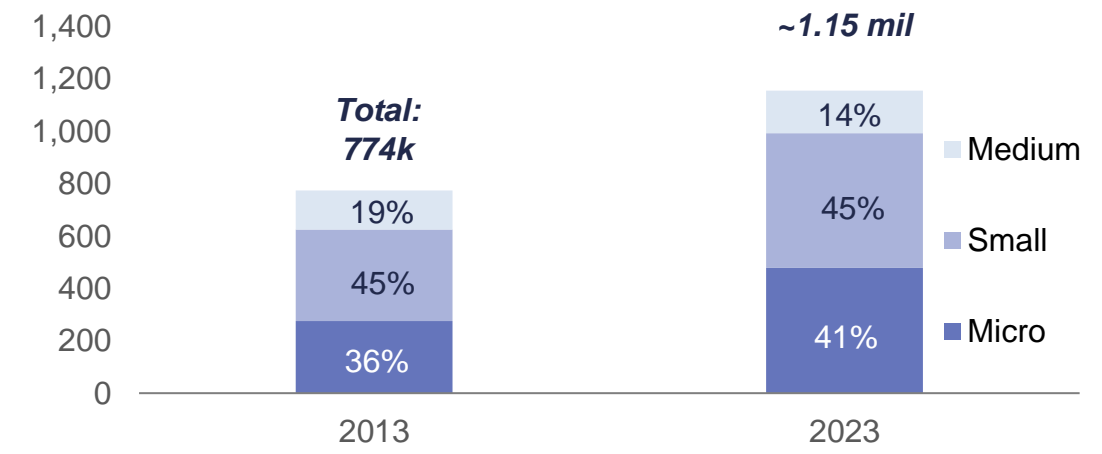
Outstanding SME Borrowers

SME borrowers as a share of total SME establishments:



Outstanding SME Accounts by SME Size

No. of accounts ('000)



Note: *RM100 billion = USD 22.5 billion as of 30 May 2024
 Source: Department of Statistics, Malaysia, and Bank Negara Malaysia



A holistic SME financing ecosystem underpins intermediation



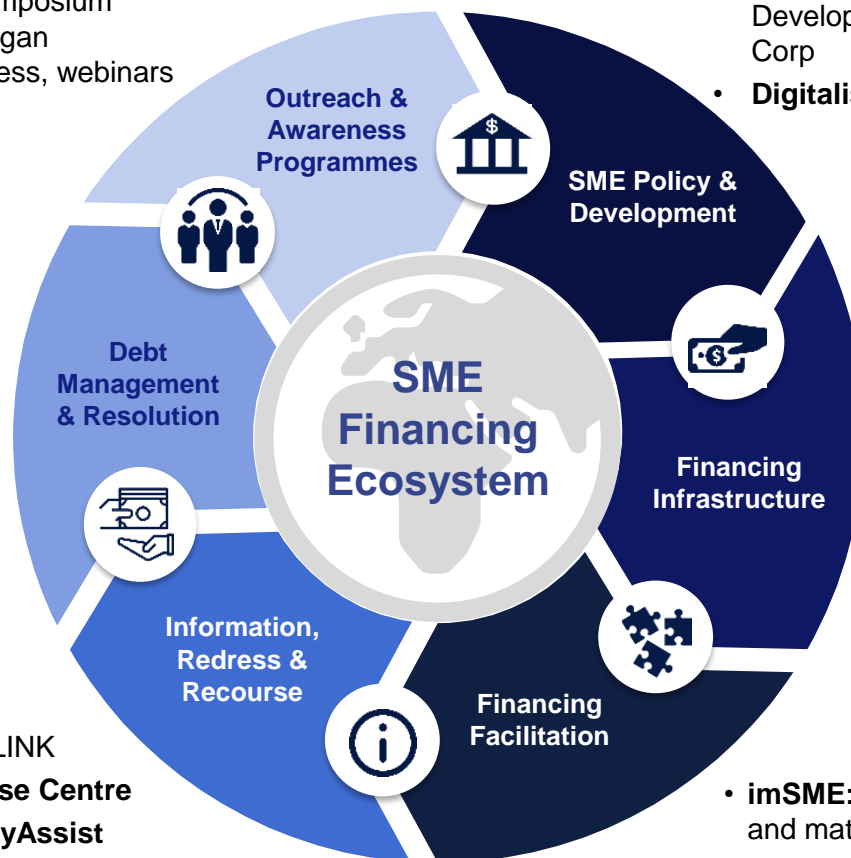
- **Interagency** collaboration
- **Financial Literacy Month** and National Financial Literacy Symposium
- Karnival Celik Kewangan
- Social media awareness, webinars



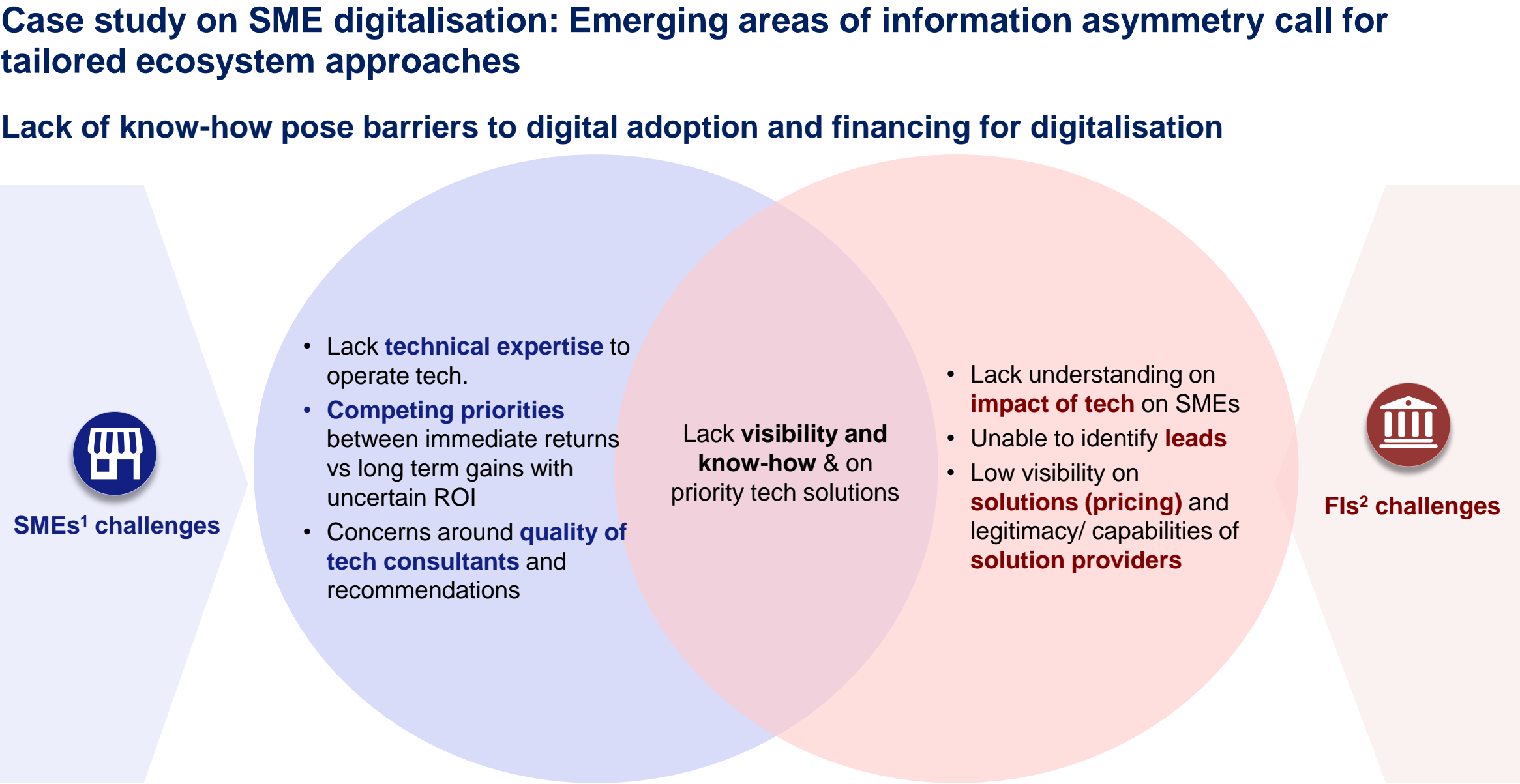
- **Loan rescheduling & restructuring** by banks
- Credit Counselling and Debt Management Agency (**AKPK**)
- Small Debt Resolution Scheme (SDRS@AKPK)



- **BNMLINK & BNMTLELINK**
- **National Scam Response Centre**
- One-stop info centers: **MyAssist MSME, SMEinfo**
- Ombudsman for Financial Services
- Complaints & Advisory @ FIs



- **SME development:** KUSKOP, National Entrepreneur and SME Development Council (NESDC), SME Corp
- **Digitalisation:** MDEC, MOSTI, etc



Source:
 1. Engagement with SMEs, FMM survey, MDEC study, World Bank
 2. Engagement with FIs on general tech, sampling of rejections



Case study: Unique “ecosystem enablers” key to address SMEs’ barriers..

..with spillover benefits for channeling financing flows



Clear Digitalisation Pathway

- Phased transformation roadmap into digitally mature operating model. Provides visibility on priority set of technologies incl. sector-specific use cases, benefits, and cost range
- *Facilitates financing flows and appropriate fin. size (i.e. mitigate inflated invoices)*



CTO-as-a-Service

- Diagnose SMEs’ pain points and recommend relevant solutions, with handholding
- Mixed approaches, including inherent expertise to structured frameworks
- *Provides inroads for financing flows*



Maturity Assessment

- Assess current state and capacity of business to undertake digitalization projects (e.g. leadership, staff skillset, infra)
- *Mitigates risk of white elephants*



Vetted Solution Providers




















- Online portal collates list of solution providers for SMEs’ easy reference, with vetting process.
- *Manages vendor delivery risk and provides inroads for financing flows*



Capacity Building

- Provide training to management and operating staff to upgrade skillsets and effectively harness digital solutions
- *Mitigates risk of white elephants*

Case study: Pilots point to whole-of-nation approach in realising digitalization and other national aspirations

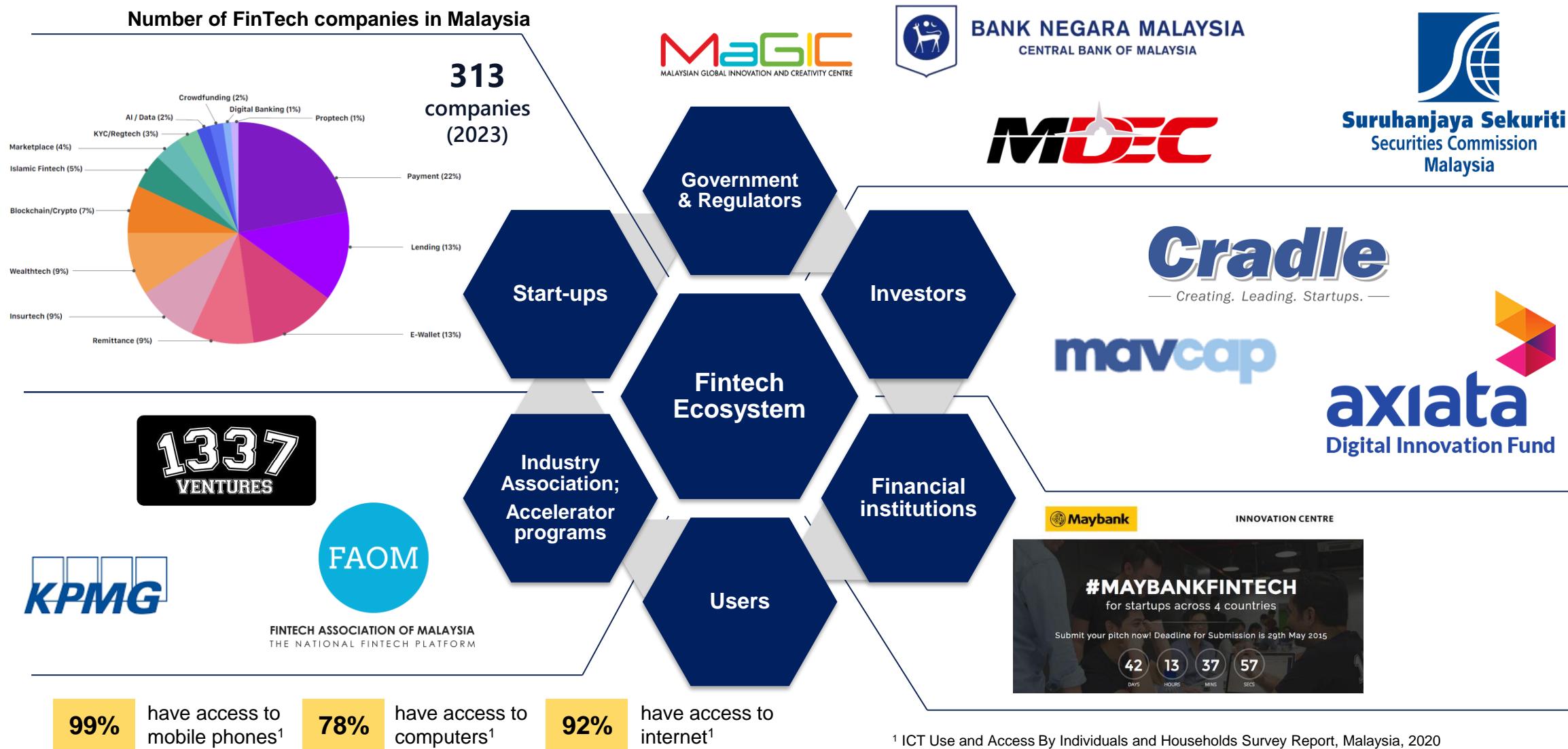
Pilots	Digitalisation Pathway	CTO-as-a-Service	Maturity Assessment	Vetted Tech Solution Provider	Capacity Building	Funding
1 SMART manufacturing/ IR4.0	Data collection > analytics > automated intelligence > lights-out manufacturing 	 	Readiness Assessment 	>400 verified providers for IR4.0 or Smart Manufacturing technology solution >40 tech partners/providers with SHRDC incl. open-source software	 	6 FIs onboarded¹   
2 Healthcare Digitalisation	WIP : Electronic medical records, smart wards, telemedicine etc  	N/A	N/A	Telcos white-label solutions ² and deploy via wide customer base  	  	 
3 Moving forward: Scale digitalization for all (NMDR by MDEC)	Solution “packs” rel. to digital maturity, e.g. data mgmt. & analytics, strategic sourcing, CRM for more matured		Digital Maturity Assessment	MDEC (and MCMC's) vetted solution providers	Streamlined from various Ministries/ Agencies and provided on platform	To link FIs when platform ready



Add. Info



Regulatory principles of parity, proportionality, and neutrality key for a vibrant fintech ecosystem



¹ ICT Use and Access By Individuals and Households Survey Report, Malaysia, 2020



On climate, BNM aims to support FIs and the real sector transition to a greener economy...

Key thrusts of BNM's climate strategy:

Starting with ourselves

Engagement & capacity building

Integrating climate risk within macroeconomic & financial stability assessments

Strengthening regulatory & supervisory expectations for managing climate risks

Creating an enabling environment for green financing & investment



Expected Outcomes

Expected Outcomes

A resilient and vibrant financial sector to support an orderly transition to a greener economy.

- Financial system **resilience** against climate and environment-related risks
- Financial system as **enabler & facilitator** for an orderly transition to a low-carbon economy
- **Leading by example** through sustainable operations of BNM

...with the Joint Committee on Climate Change (JC3) as a key enabler for public-private partnership

