



News Update on Mitigation of COVID-19 Crisis #17 – 08/28/20 - 09/21/20

How governments and IFIs are supporting SMEs through the lockdown:

For a detailed summary of mitigation actions being taken by national governments, see [this page](#) produced and updated by the IMF.

- ✓ **Qatar** announced a three-month extension of its [National Guarantee Programme](#), launch in April. In addition, Qatar raised the ceiling of the guarantees to USD 1.4 B, allowing banks to offer more interest-free loans to businesses impacted by COVID-19.
- ✓ The **Hong Kong Mortgage Corporation Limited** extended the application period for principal moratorium for the 80% and the 90% Guarantee Products, which are part of the [SME Financing Guarantee Scheme](#), from 12 months to 18 months, until March 31, 2021. These measures should reduce cash flow pressures facing SMEs.
- ✓ The **Irish Department of Business, Enterprise and Innovation** announced [a new EUR 2 B COVID-19 Credit Guarantee Scheme](#) to support the domestic market. The scheme allows eligible SMEs to access low interest loans for up to five and a half years, enabled by an 80% government guarantee to participating banks. **Ireland** also allocated EUR 15 M to re-open the COVID-19 Loan Fund. The [Microfinance Ireland COVID-19 Loan scheme](#) aims to assist businesses with fewer than ten employees.
- ✓ The **Federal Government of Nigeria** launched [the National MSME Survival Fund and the Guaranteed Off-take Stimulus Schemes](#) to support businesses impacted by the pandemic. The two stimulus schemes aim to provide USD 195 M of financial assistance to 1.7 M MSMEs across the country.
- ✓ **Germany** approved the [draft for 2020 Annual Tax Act](#), according to which investments by SMEs will receive more tax incentives with a deduction of 50%.
- ✓ **Bangladesh** has allocated more than USD 11.8 B, close to 4% of its GDP, to support those economic sectors, which are negatively affected by COVID-19. A share from this [stimulus](#) (USD 11.8 M) is directed to cottage, micro, small and medium enterprises (CMSMEs), 5% of which is allocated to women-owned CMSMEs.
- ✓ **Asian Development Bank** approved USD 250 million in [concessional financing](#) to support **Cambodia** in revival of SMEs impacted by COVID-19 crisis, among other initiatives. The plan aims to increase economic resilience of Cambodia.

How banks and other financial service providers are adapting to the prolonged crisis:

- ✓ The **European Bank for Reconstruction and Development** and **Raiffeisen Bank Albania** reached an agreement on a [risk-sharing facility of EUR 50 M](#) to increase their lending to SMEs. The partnership advances the Raiffeisen Bank Albania's capacity of risk diversification and managing more sophisticated risk profiles.
- ✓ British Business Bank's commercial subsidiary **British Business Investments** made a [USD 38 M investment](#) in **Shawbrook Bank**, aiming to support SMEs in the United Kingdom.
- ✓ The COVID-19 [financial assistance initiatives](#) at the **CIMB Group** has benefited around 16,000 SMEs during the pandemic. Post-moratorium, the bank will continue to assist its SME clients through its Targeted Assistance Programme. Its digital platform, CIMB Clicks, experienced a surge in transactions between SMEs and their customers in the Malaysian market during lockdown.
- ✓ **Standard Chartered Bank** and **Credit Guarantee Corporation Malaysia (CGC)** signed an [agreement](#) to provide USD 24 M in financing to help SMEs solve their liquidity problems post COVID-19. As a result of this agreement, Standard Chartered became the highest contributor of financial assistance among foreign banks operating in Malaysia.
- ✓ **UniCredit** and the **European Investment Bank** signed an [agreement](#) to provide new resources aimed at stimulating the recovery of the Italian economy. The EIB will allocate EUR 200 M to UniCredit to lend to SMEs and mid-caps.

How FinTech companies can adapt to the new normal:

- ✓ The Colombian ecommerce delivery company, **Rappi**, now allows its SME customers to complete the [digital onboarding process](#) in less than three minutes. [Rappi partnered with Jumio](#), one of the leading providers of AI-powered end-to-end identity verification and ongoing authentication solutions, to work on verifying the identities of its new clients.
- ✓ A [webcast](#) on World of Open Account (WOA) explores how **XinFin**, a hybrid blockchain protocol/platform, will reshape the trade finance space and provide MSMEs with more accesses to unconventional liquidity sources.
- ✓ With support from the United Nations Capital Development Fund, **Ecobank** and **iPay Solutions** will introduce a new digital solution named [Digistore](#) to empower MSMEs in Ghana. The platform will enable MSMEs to maximize sales by marketing and selling products in a digital and cashless manner.
- ✓ **Mauritius Commercial Bank (MCB)** launched a [new mobile app](#) for SMEs built on the **Backbase Digital-First Banking Platform**. This milestone marks the first step in the collaboration between Backbase and MCB, accelerating MCB's digital transformation.
- ✓ The **FinTech Lenders Association of Indonesia** offered [assistance](#) to the **Indonesian** government with disbursing its USD 8.3 B allocated to SME support through the country's national economic recovery program (USD 47.1 B).
- ✓ Hong Kong's investment bank, **AMTD Group**, invested [USD 11.5 M in five Singaporean FinTech startups](#). Member **Funding Societies**, SME digital financing platform, is one of the investees.
- ✓ **Supply@ME** announced a [business alliance](#) with **Epic SIM** for inventory funding and client company origination. Epic is a FinTech platform for working capital solutions, which enables SMEs to present their development projects to investors.
- ✓ **Sparkle**, a Nigerian digital banking startup, announced a new [partnership](#) with **Visa**, which will help consumers support local SMEs through the expansion of easy-to-use digital payment system across Nigeria.
- ✓ **Tradeplus24**, SME focused FinTech backed by Credit Suisse, joined the Australian Finance Group's panel of finance providers to offer its [loan product](#). Tradeplus24 model underwrites SME's account receivables, using insurance, which removes risk for funders. As a result, SMEs can optimize their balance sheet in a more convenient and affordable way.
- ✓ **CreditShelf**, a leading credit platform for digital SME finance in Germany, launched a EUR 62 M direct lending fund in response to the pandemic. In the first half of 2020, the alternative lender has seen a [41.6% increase in the SME lending revenues](#) with nearly 30% increase in lending volume.
- ✓ **CRIF Realtime** will provide its new scoring solutions, [Credit Passport](#), to companies in ELITE (London Stock Exchange Group's (LSEG) global business support and capital raising platform for private companies), which includes over 1400 innovative SMEs from 45 countries. The product is a real time credit report based on open banking data, which will facilitate credit decisions.

Reflections and Insights on COVID-19 and the future of SMEs:

- ✓ Neha Mehta, in her [article](#) on the **AltFi** explores how Fintech can leverage AI, alternative data and analytics to provide faster, cost-effective, and transparent financial solutions to women-led SMEs, especially during the pandemic.
- ✓ **Xero**, a cloud-based accounting software platform out of New Zealand, published [two reports](#) on how COVID-19 has impacted SMEs economically and emotionally across multiple countries.
- ✓ Fahmida Khatun in her [article](#) on the **Strait Times** examines the severity of the pandemic's impact on MSMEs in the economies of the Asia Pacific region. MSMEs, which constitute 96% of all businesses in the region, are a major force of economic growth, face disruptions in their supply chains and business operations.
- ✓ Maria Ramos and Achim Steiner in their [article](#) for the **Project Syndicate** assessed the role of digitalization in the financial market during the COVID-19 pandemic. Big data and algorithmic analysis have accelerated funding to SMEs, and the emerging e-commerce platforms have been functioning as an arena for transactions between individuals and SMEs.
- ✓ Mercy Mangeny, Jason Musyoka, and Arielle Molino in their [article](#) for the **Next Billion** offered advice to angel investors looking at SMEs in East Africa. The regional economy is heavily dependent on SMEs, which need angel investors' support for survival in the short-term. However, angel investing in East Africa is still in its nascent stage.

For more industry news, visit the SME Finance Forum's [LinkedIn Discussion Group](#).