



## Weekly News Update on Mitigation of COVID-19 Crisis #16 - 07/06/20

### 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.

- ✓ **The European Investment Bank** signed an [agreement with Santander Leasing](#) for a synthetic securitization of a portfolio of leasing receivables amounting to USD 500 M to lend to Polish SMEs. This operation will allow Santander Bank Polska Group to help the companies impacted by the COVID-19 crisis.
- ✓ The **Ministry of Finance of the government of Chile** announced [a series of modifications](#) to the regulations of the Guarantee Fund for Small Business Owners (Fogape), aimed at improving access to finance for SMEs. One of the main modifications is the reduction of the maximum deductible from 5% to 2.5%.
- ✓ The **Netherlands** announced the details of the [SMEs Fixed Allowance package](#). SMEs, which incurred costs due to closing during the crisis, can apply for one-time compensation for their fixed costs (up to EUR 50,000) from June 30 through October 30, 2020.
- ✓ **The Ministry of Finance of Hungary** allocated [USD 319 M in development funding](#) for SMEs. Companies can apply for tenders announced within the framework of two operational programs, GINOP and VEKOP, which provide funding to support SME growth.

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

- ✓ **Khan Bank**, the largest commercial bank in Mongolia, announced a new partnership with **DataStax** to [implement new digital services](#). Khan Bank will modernize its IT infrastructure used for retail and digital banking services by re-architecting their applications to take advantage of microservices application designs.
- ✓ Banks in the **United Kingdom** have begun preparing a [code of conduct](#) for responding to SMEs that default on government-sponsored COVID-19 stimulus loans, amid estimates that up to 80% of borrowers could fail to pay in full.
- ✓ The **European Investment Bank Group** and **BBVA** are partnering to provide a total of EUR [1.42 B in financing to Spanish SMEs and mid-caps](#) through two new agreements meant to support liquidity needs and operational costs in response to the pandemic.
- ✓ **World Bank Group** announced the creation of a USD 750 M [MSME Emergency Response](#) program to support cash flow to MSMEs in India impacted by COVID-19. MSMEs in India employ about 150-180 million people and account for 30% of India's GDP, thus supporting this sector is integral to India's overall economic stability.

## How FinTech companies can adapt to the new normal:

- ✓ Malaysia-based FinTech, **Razer**, introduced [#RazerForLife](#) initiative that aims to support local Malaysian SMEs in their migration towards cashless transactions. SMEs that join the program (offered until December 31, 2020) will not have to pay MDR fees, subject to certain terms and conditions. The FinTech said it plans to add 50,000 more touchpoints for merchants by the end of 2020.
- ✓ UK-based Fintech **SumUp**, a payments service provider, teamed up with **Google** in order to [enable merchants using Google My Business to add support links](#) to gift cards to their profiles on Google. The goal of this partnership is to helping SMEs speed up their economic recovery, as they have been struggling to maintain operations during the COVID-19 crisis.
- ✓ **Zeller** [secured USD 6.3 M in seed funding in a round](#) led by Australian venture capital heavyweight Square Peg Capital. Zeller will offer SMEs a range of alternative products for payments and financing.
- ✓ **Google** announced that it is [expanding its service offerings in India](#), by allowing local SMEs to apply for loans via the Google Pay for Business app. Google will also be rolling all of its SME-related services into one platform, which includes Google My Business with Google Maps listing, and Google Pay Spot.
- ✓ Alibaba's Online Bank, **MYbank**, unveiled a [five-year plan that aims at acquiring more SME customers](#) and better serving SMEs across China. Part of the plan includes leveraging supply chain finance to support millions of SMEs and working with 2,000 county and village managers for rural lending.

## Noteworthy insights and analysis on COVID-19 and the future of SMEs:

- ✓ **CGAP** released the results of its first [COVID-19 global microfinance survey](#), which shows that microfinance institutions have been placed under significant pressure due to the pandemic and have taken extraordinary measures to preserve portfolio quality, with looming uncertainty as to when normalcy will return.
- ✓ **VillageCapital** published a new report titled "[The State of Financial Health Startups in the Middle East & North Africa](#)" highlighting the role of FinTech investment for SMEs in MENA and how it can work to improve financial health of marginalized communities.
- ✓ A new article from **Forbes** notes that the COVID-19 crisis in general and application process for Paycheck Protection Program in particular exposed SMEs' needs to improve their accounting, invoicing, bill payments, and payment acceptance services and this presents a [USD 370 B market opportunity for banks and credit unions](#).
- ✓ **Atradius Collections** published a guide on how to [optimize collections during the pandemic](#), providing tips for renegotiating payment terms and streamlining the accounts receivable process.
- ✓ **McKinsey** released a new report on the [impact of COVID-19 on African banks](#), noting that the pandemic could result in African banking revenues decreasing by 23% to 33% between 2019 and 2021. The report goes on to issue guidance on how financial institutions can mitigate the impact of the virus and shape a stronger future.

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