



## Weekly News Update on Mitigation of COVID-19 Crisis #11 – 06/01/20

### 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**.

- ✓ **HKMC Insurance Limited**, a subsidiary of **the Hong Kong Mortgage Corporation Limited**, announced enhancements to the [SME Financing Guarantee Scheme](#) including raising the maximum loan amount of the 80% and 90% guarantee products to US\$ 2.3 M and US\$ 1 M, respectively.
- ✓ The **Ministry of Economic Development of the Russian Federation** announced that the banks approved [US\\$ 838 M](#) of interest free loans, which are subsidized out of the federal budget. The purpose of these loans is to allow micro and small business to continue paying salaries. Since April 24, medium and large business also became eligible to apply for these loans.
- ✓ The **European Investment bank** is providing a [loan of up to EUR 250 M](#) to the Institut Catalá de Finances (ICF) of Spain to support SMEs, which are the most vulnerable to the COVID-19 impact.
- ✓ The government of **Ghana** designed [three new policies](#) aimed at deepening financial inclusion and accelerating digital payments – National Financial Inclusion and Development Strategy, Digital Financial Services Policy and Cash-Lite Roadmap. In the context of the COVID-19 pandemic, these policies reinforce the government’s firm commitment to digitizing Ghana’s economy.
- ✓ The government of **the Philippines** secured two loans worth a total of [US\\$ 1.25 B](#) from the **Asian Infrastructure Investment Bank (AIIB)** and the **World Bank** to help in its COVID-19 mitigation efforts. The World Bank’s US\$ 500 M loan aims at providing funding to the most vulnerable sectors of the economy and the SMEs.
- ✓ **Development Bank of Nigeria** (DBN) disbursed over US\$ 259 M to over 100,000 MSMEs in 2019, creating 3,192 jobs. In an address at DBN’s [first virtual general meeting](#), Managing Director Tony Okanachi announced that 52% of these loans went to youth and women owned businesses, emphasizing the importance of continuing inclusive lending in response to the pandemic.

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

- ✓ The **European Bank for Reconstruction and Development** issued [US\\$ 100 M in financial aid](#) to **QNB Alahli**, Egypt’s second-largest private bank, as part of their Coronavirus Solidarity Package. The aid will be directed to businesses most impacted by COVID-19 lockdown procedures in Egypt, with a specific emphasis on SMEs.
- ✓ Sri Lanka’s **Commercial Bank of Ceylon** announced that it will provide [US\\$ 54 M](#) to SMEs impacted by COVID-19, prioritizing loans to women-run business, agriculture, and export-oriented businesses.

- ✓ **Thailand's Board of Investment (BoI)** will join **Small and Medium Enterprise Development Bank of Thailand** and **Export-Import Bank of Thailand** to provide benefits to SMEs impacted by the crisis. These organizations also co-organized an [online seminar](#) titled "SME Solution for the COVID-19 Crisis" that aided entrepreneurs interested in obtaining support from BoI.
- ✓ **Santander InnoVentures** invested US\$ 5 M in **a55**, an alternative [financing platform](#) that underwrites SMEs in Latin America. a55 offers revenue-backed credit lines to companies with recurring revenue using its unique digital platform, earning acclaim as the COVID-19 crisis shifts the need for online financial services providers.

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

- ✓ Indian Fintech firm [Zaggle, teamed up with Visa](#) in order to support multiple payment solutions for SMEs. Businesses will be able to use Zaggle's applications to automate routine business processes and reduce operational costs. They will also be able to take advantage of faster credit solutions offered through a unique card. The FinTech firm is planning to introduce the "Founders Card," which is a credit card designed specifically for founders and CEOs of Indian startups and SMEs.
- ✓ Mexican [FinTech Clip](#) released a remote payment feature. As a result of this new feature, SMEs can process credit and debit cards with a few taps on their phone.
- ✓ [UK FinTech Starling Bank](#) raised GBP 40 M to support its SME lending, bringing the total raised by this London FinTech to GBP 100m this year. Starling Bank's SME lending portfolio amounts to GBP 500M, which is 2.6% of the UK's SME banking market.
- ✓ **UK based ANNA ("Absolutely No Nonsense Admin")**, a mobile-first banking, tax accounting and financial service assistant aimed at small and medium businesses and freelancers, closed a [\\$21 million round of investment](#) from a single investor – the ABHH Group. ANNA will use the investment to expand its operations into Europe.
- ✓ The **Mohammed Bin Rashid Fund**, financial arm of Dubai SME, in partnership with **Beehive**, a regulated peer-to-peer lending platform operating in MENA, launched a [US\\$ 5.4 M capital guarantee scheme](#), funded by Dubai SME.

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

- ✓ The **European Central Bank** released results of its latest [survey on the access to finance of enterprises](#) (SAFE), covering trends in demand for and availability of external financing for enterprises in Euro area between October 2019 to March 2020.
- ✓ An article from **S&P Global** asserts that the United Kingdom is [relying too heavily on old technology](#) for their Coronavirus Business Interruption Loan Scheme (CBILS), which delays application processing.
- ✓ **OnDeck**, a global online SME lending platform, shared a [new presentation](#) on early changes in borrower behavior in response to the pandemic, highlighting which industries have been hit the hardest.
- ✓ **Consumer Matters** podcast released an [episode](#) with **SME Finance Forum's** CEO Matthew Gamser, in which they discuss how SMEs should rely on data-driven companies to survive the COVID-19 crisis.
- ✓ A new article from Daniel Döderlein in **Forbes** asserts that **Facebook Shops** will [change how SMEs interact](#) with banks and traditional financial institutions.

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