

Weekly Member Update on Mitigation of COVID-19 Crisis

Strategies public sector institutions have used to increase support for SMEs:

- Japan, France and the UK, together with [other governments](#), **have introduced direct support for SMEs**, including credit guarantees and the paying of worker's wages from government funds.
- The UK, for example, will begin to provide government backed loans to SMEs on Monday 23 March. The guarantees total 15% of national GDP or US\$330 billion. [80% of the wages of every employee](#) furloughed will be paid by the state.
- Numerous governments have introduced **tax relief measures for SMEs**. For example, the French government has announced [wide-ranging deferral](#) of business taxes due in March 2020; businesses forced to shutter as a result of the outbreak will be eligible for a tax rebate.
- **US legislators are expected to pass** a US\$1 trillion-plus stimulus package, which will include capacity for hundreds of billions of dollars in SME lending.
- For those interested in the potential for an even more radical government response, consider [this paper](#) from Gabriel Zucman and Emmanuel Saez.

How banks and financial institutions are playing a key role:

- **Australian banks** have developed a relief package for small businesses impacted by COVID-19. The plan will allow companies to defer loan repayments for six months, a step that would potentially save up to [\\$4.6 billion](#).
- **DBS SME Banking** in Singapore has introduced measures to help SMEs cope with the crisis. These include enhanced cash flow support, new digital and bridging loans, extended insurance coverage, and e-learning opportunities; more information may be found [here](#).
- **JP Morgan Chase** will deploy \$8 million to assist vulnerable and underserved small businesses operating in the US, Europe and China. The investment primarily aims to lower the cost of funding for the most vulnerable [SMEs](#).

How financial innovation can find new sources of resilience:

- **Fintech companies enabling remote work and client communications** have reported a [boom in new business](#) as the crisis has intensified.
- **Automated lending firm Kabbage** has introduced a nationwide program encouraging consumers to buy gift certificates for SMEs suffering through the crisis; the online hub for the program can be accessed [here](#).
- **Facebook** has launched a \$100 million [assistance program](#) to help SMEs affected by the crisis. Cash grants and advertising credits will be available for up to 30,000 eligible small businesses across thirty countries.
- **Ant Financial** has advanced [innovations to support SMEs](#) in their transition to remote working and digital sales. These measures will potentially benefit more than 8.5 million small and micro businesses across China.