



Weekly Update on Mitigation of COVID-19 Crisis - #8 - 05/11/20

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 Bank of England and the UK Treasury** discussed an innovative extension to the COVID Corporate Financing Facility (CCFF) which would [encourage swift payment of SMEs' invoices](#). The new scheme would allow large companies to transfer their obligations to SMEs into a state-owned SPV, which would then pay the obligations and issue commercial paper to be bought by the CCFF.
- ✓ **State-backed credit guarantees** emerged as an increasingly important tool to support SMEs in developing countries:
 - In **Pakistan**, the finance ministry announced that it will be guaranteeing [40% of the principle](#) for bank loans offered to SMEs.
 - In **India**, the government is considering a [20% guarantee](#) on working capital loans for MSMEs.
 - **Turkish central bank** figures revealed that credit guarantees have been partially responsible for driving a [60% increase in lending](#) since the start of the crisis in Turkey.

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

- ✓ **Nigeria's First Bank** provides non-financial services to SME clients with a series of "[SME clinics](#)" – webinars, where SME clients can learn and share information about how to get through the COVID-19 crisis.
- ✓ **Maha, a Myanmar based microfinance** provider published a detailed record of how the institution has navigated regulatory changes, increased client distress and the pandemic itself. You can read [Maha's COVID-19 diary here](#).
- ✓ **Singapore's DBS** launched its "DBS P-Card" last week, using the current crisis as an opportunity to introduce innovative practices into the logistics sector, the P-Card allows [logistics SMEs to fully digitize](#) payments and collections, reducing the current reliance on paper invoices and cash.

How tech and FinTech players continue to propose innovative approaches:

- ✓ German SME lending platform **creditchelf** announced that it has received €62 M in funds, including €30 M from the European Investment Fund, to set up the "[Creditchelf Loan Fund](#)." The diversified fund will help **creditchelf** meet increased demand in Germany for SME financing.
- ✓ **Simpl**, a technology company that works with merchants and financial institutions, operates an app, which enables digital payments between consumers and local neighborhood stores, reported a [30%-35% increase in the app-based transactions](#) for essential products, precipitated by the lockdown.
- ✓ From April 24th to 26th, over 20,000 people participated in the **EUvsVirus hackathon**, developing solutions for COVID-19 related challenges. **Bankera Business Care** won top prize for digital finance for its solution that offers short-term financing to [help SMEs meet liquidity needs](#).

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