

Banks remain committed to partnering SMEs

WE would like to respond to "Banks not keen on funding SMEs, says association" (*The Star*, May 21) on behalf of our member banks, comprising the 23 commercial banks in Malaysia.

There is no prejudice whatsoever on the part of the commercial banks against small and medium enterprises (SMEs), and they do give loans to SMEs with good financial records.

As explained in our dialogues with the SMEs and the SME trade associations, commercial banks are in the business of lending. It will not make sense for them to turn away opportunities to do business.

The decision whether or not to lend and/or to approve a loan application is made on a case-to-case basis after a thorough credit

appraisal by applying a reasonable and consistent set of criteria, including the viability of the business. Banks will not hesitate to lend to viable businesses.

Contrary to claims that access to lending is limited for SMEs, there had, in fact, been an overall increase in the total number of loans approved for SMEs.

Recent data showed that, on an annual basis, loan approvals for SMEs rose by 27.3% in the first quarter of 2011 and total loans disbursed to SMEs (including individual businesses) in 2010 amounted to RM147.2bil.

SMEs which are unable to service their loans for any reason are encouraged to promptly contact their financiers/bankers to restructure their loans or work out

new loan repayment schedules.

The Association of Banks in Malaysia (ABM) and the other relevant governmental agencies emphasise the range of financing options open to SMEs in our on-going engagements.

Avenues of financing for SMEs are not limited to general commercial bank loans only, and SMEs (especially new start-ups with little or no performance record) ought to explore other types of more suitable support which are available, such as micro-financing and/or the various grants and funds offered by the Government.

Further, SMEs which face challenges in keeping proper financial records or drawing up a plausible business proposal or plan or which wish to seek advice on

matters relating to their business, are encouraged to approach the One Referral Centre of SME Corporation Malaysia (SME Corp) for assistance at 1-300-88-1301.

On our part, ABM, together with its member banks, remains committed to partnering SMEs in the true sense of the term.

Through Phase 1 of our Partner initiative launched in November 2010, we have simplified and streamlined the processes and procedures for applying for an SME loan.

We are pleased to inform that to date, eight of the 14 participating commercial banks have adopted the Partner application form. The full set of documents for Phase 1 is available on our website at www.abm.org.my.

ABM has since embarked on Phase 2 of Partner and has identified the next set of initiatives to be considered. Consultative sessions with the SME trade organisations will commence shortly to ensure that the initiatives will be relevant.

ABM also provides avenues for SMEs to highlight issues which they may face with their banks in connection with their SME loans or loan applications.

SMEs may contact the ABMConnect toll-free line at 1-300-88-9980 or write in to eABMConnect via our website so that we can address general queries on financing or specific issues.

CHUAH MEI LIN,
Executive Director, ABM.