

Omitting overlaps

► The subsequent step will of course be inter-ethnic collaboration. The first step is to bring Chinese SMEs into the mainstream. Even records from SME Bank show that Chinese borrowers have increased tremendously.

Some of the Chinese SMEs, because of the language barriers, they don't approach the bankers.

Q: Is this still a realistic problem, given that banks now have dedicated SME departments?

WKS: You see commercial banks, they are not interested to do SME banking for any amount below RM200,000. In the past we had small boutique banks. These days, we no longer have these small banks. Instead, they (Chinese SMEs) go for ah long (loan sharks). This is a serious problem for the Chinese community.

Let us say that I am a small contractor. I have four workers, and it suddenly increases to 10. I now want to bid for a job as a subcontractor. I need RM100,000 as capital to roll on the money. If I get the money, I get the job. With my expertise, I can definitely make RM50,000 profit.

However, these businesses are too small for banks, so they go for loan sharks.

In some parts of Malaysia, there are entire ah long towns, they do business by surviving on the very high interest. So there is a need. You go to any commercial bank, they are not interested in small amounts.

You want banks to give loans to SMEs - they will only give to those established companies and give about RM2 million. But with the same amount, you could help 20 entrepreneurs by giving them 100k each!

Q: So in correcting this funding gap, is it incumbent on SAME getting funds from the government to disburse to SMEs is that correct?

WKS: There are two prongs to this - first, yes, to get funds from the governments. Of course, SEED, they got some money from the government.

[SEED is the Secretariat for the Empowerment of Indian Entrepreneurs]

And there are also funds available from SME Corp. And we need to do more publicity to promote it. We act as a troubleshooter - if there are problems with these agencies, we

will try our best to solve those problems. So this is the role of SAME.

Q: In view of the fact that the government actively begun scaling back on providing grants to government agencies, what are you expecting from the government in terms of a budget?

WKS: As far as grants are concerned, I would say people love grants, because they can take it for

granted. They don't have to pay back. However it is not sustainable. So for the Chinese, even with KOJADI, we give them money and we expect them to pay back. Therefore, the KOJADI NPL is very low.

This started in the Chinese New Villages three years ago. Under this micro-credit scheme, the NPL is only 1%. It is not so much about grants - people want the opportunity to just do some business. SME Corp will be given some

money to be disbursed elsewhere and that is colour-blind. That is part of the money that we should tap into.


We are not taking up [SME Corp's budget], but actually it was there and meant for all, but people don't utilise it. So we have to help to promote and utilise the funds.

On top of that, we'd love to have some kind of budget to help the Chinese SMEs, just like how there is help for Indian SMEs and Bumiputera SMEs.

We are working on the exact figures [for our budget] now, we are hoping to get some and then we can exclusively help those who really need our help - but not grants rather, seed funds.

But I have to stress that we are not usurping any agencies' budgets, least of all SME Corp. The purpose of SAME is to help connect needful SMEs to those funds. At the same time we are getting our own funds from the government, soon.

We need to consolidate all these funds. We don't think this is a zero sum game, where we take a budget [from other government agencies].

Ultimately, we need to kick-start businesses so it can be sustainable for all. 



Source: Secretariat for the Advancement of Malaysian Entrepreneurs



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