

## **Maybank to expand Retail SME financing regionally**

*- targets RM28 billion financing by end 2016*

Maybank intends to aggressively expand its financing to the Retail SME (RSME) segment across the region following its success in Malaysia which has seen it record compounded annual growth rate (CAGR) of more than 30% in loans since the full roll out of the RSME model in 2013. At the same time, the Group intends to boost micro-financing in Malaysia as it taps into the potential of the small business community which is also fast expanding.

Speaking at a media briefing in Kuala Lumpur today, Maybank Group Head, Community Financial Services (CFS), Datuk Lim Hong Tat said that the RSME segment has been an integral part of Maybank's retail business since it was repositioned to further leverage on the Group's distribution franchise in 2011.

RSMEs refer to businesses with an annual turnover of up to RM25 million, and total group exposure of RM5 million.

"Our RSME business was a newly created segment which we identified as having great potential when we started our CFS transformation programme in 2011," he said. "In line with this, we introduced multi-pronged initiatives such as expanded touch points for improved access; faster loan processing turnaround time; innovative yet simple product packaging and hassle-free processes."

"Today, our initiatives have borne fruit with our total Malaysian RSME loans doubling over the last 5 years to RM10.2 billion in December 2015 and deposits rising almost 50% to RM58.4 billion," he explained. "We also have one of the fastest loan processing turnaround time in the industry and are continuing to grow this segment not only through our financing support but also through our educational initiatives for this community which include roadshows, seminars and financial literacy programmes."

Datuk Lim added that the Group was now focusing on building its RSME portfolio regionally given the increasing emphasis by the countries on the SME segment as they seek to tap into opportunities from the formation of the ASEAN Economic Community.

"ASEAN economies are powered by the SME segment which generates about 50% of employment and some 40% of GDP on average," he said. "The SME industry itself is growing by between 8-28% CAGR in these markets and presents an untapped potential for growth."

Datuk Lim said that given the existing Maybank consumer franchise in Singapore, Indonesia, the Philippines, Cambodia, Laos and Brunei, the Group has progressively introduced its RSME model in these countries to meet the demand of customers there.

"We started introducing our RSME business model into these markets since 2014 and have been encouraged by the success of our initiatives which included improvement of processing time by over 50% in key markets and well as introduction of specific products with better financing flexibility to meet local customer requirements," he added.

This has resulted in our total RSME loans growing by over 35% from RM16.31 billion in 2014 to RM22.1 billion at the end of 2015, added Datuk Lim. Of these, loans from the regional

markets excluding Malaysia also rose 35% from RM8.81 billion in 2014 to RM11.9 billion in 2015.

“We intend to build the RSME segment as a pillar of growth across ASEAN, and offer our customers a distinct value proposition leveraging on “speed” and our “hassle free” access to financing,” he said.

“With the strong outlook in the region for SMEs, we expect our total RSME loan portfolio to grow to RM28 billion this year from RM22.10 billion recorded as at end 2015,” he said.

Datuk Lim said Maybank will also continue to engage with the community via non-financial initiatives including capacity and capability building programmes. So far, more than 6,000 SMEs nationwide have benefitted from these programmes and there are plans to further expand these initiatives in the region.

Meanwhile, Datuk Lim explained that Maybank will be strengthening its micro-credit financing business in Malaysia to assist small entrepreneurs and support the Government in its efforts to raise the living standards of the lower income group.

The micro-credit segment targets businesses having turnover of up to RM300,000 or less than 5 full-time employees. As at end December 2015, Maybank had disbursed a total of RM36.23 million over the last 3 years to micro businesses, benefiting over 4,500 customers.

Maybank has a structured micro-credit business model and offers loans from as low as RM1,000 to RM50,000 for this segment.

“We see micro credit financing as a growing market and also take it as part of our corporate responsibility in line with our mission of humanising financial services,” he explained.

Also present at the media briefing were Maybank Head of CFS, Malaysia, Datuk Hamirullah Boorhan and Head of SME Banking, Mohd Zaini Aris.