



Micro, Small & Medium Enterprises Business Loan Guarantee Scheme (MSMEBLS)

Working with Partner Banks



Presentation Outline:

1. Introducing the Product
2. Key objective
3. Example of how the scheme works
4. Key features of the scheme
5. Requirements to accessing the scheme
6. Process in accessing the scheme
7. How applicable is the MSMEBL guarantee scheme

Key Objective of the Guarantee Scheme

- The key objective of the MSMEBL guarantee scheme is to support MSMEs with their business loan applications with financial institutions (ANZ, BSP, POB) with a guarantee of 90% of the collateral shortfall.

*(**Policy Objective 4** – Put in place mechanism for MSMEs to access appropriate Business Financing).*

Example of how the guarantee works...

Applied Loan amount	\$100,000
Security provided by borrower	\$40,000
Unsecured portion of loan	\$60,000
Scheme guarantee 90% of unsecured amount (\$60,000)	\$54,000
Partner bank takes 10% risk of unsecured amount (\$60,000)	\$6,000

Key features of the MSMEBLS

- Maximum loan eligible: \$1 million
- Minimum loan eligible: \$20,000
- Maximum amount of guarantee: \$300,000
- The Scheme Guarantees 90% of unsecured portion of loan.
- Maximum guarantee term: 5 years
- Priority is – Micro, Small & Medium Enterprises involved in Rural or Export Business ventures.

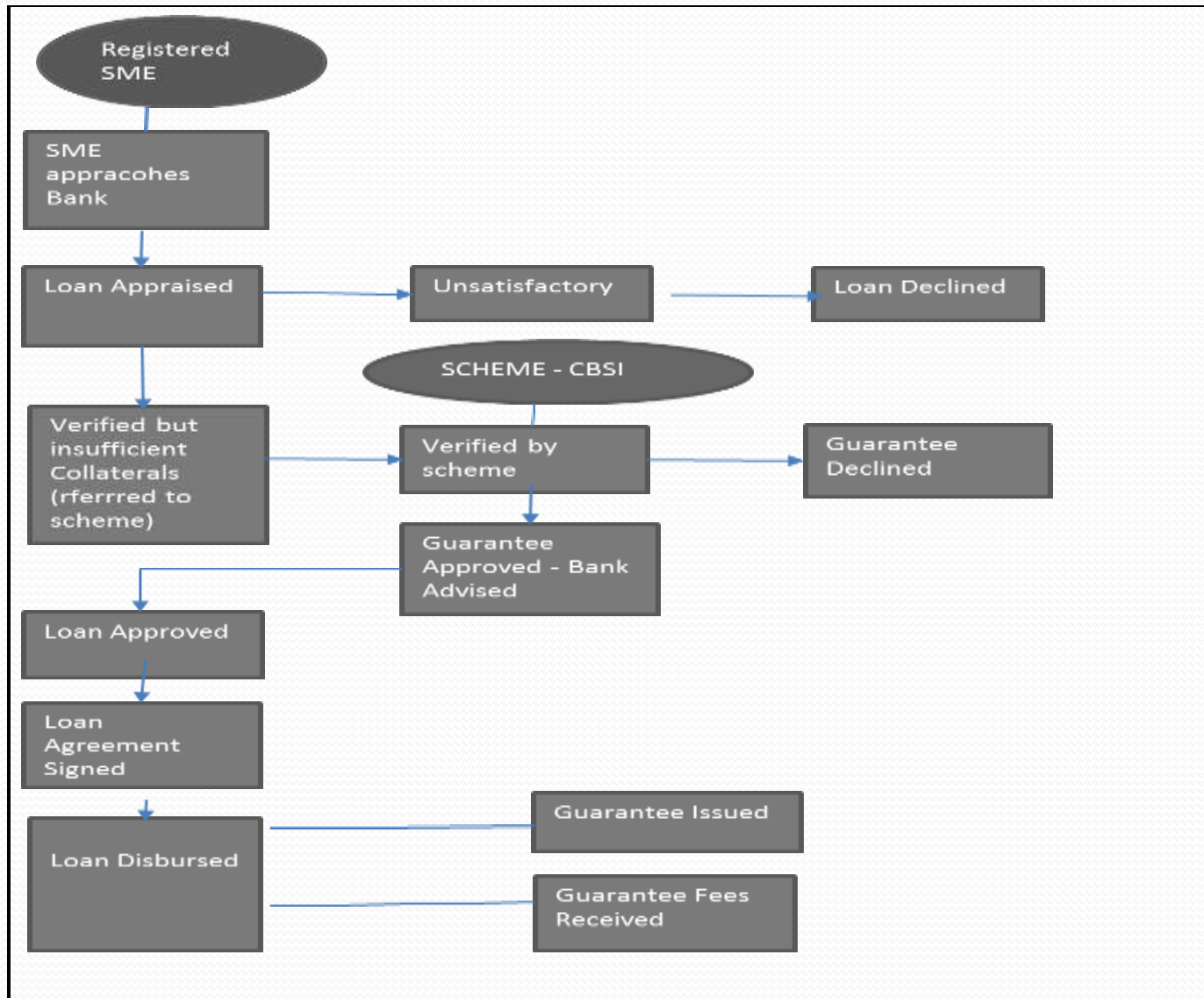
What are the requirements and the process involved in accessing the scheme?

- The Key requirements in most business loan application includes:
 - ❖ Business Bank account
 - ❖ Business is registered (certificate)
 - ❖ Business plan/proposal
 - ❖ Financial statistics/projections
 - ❖ Statement of securities
 - ❖ Other requirements– vary from bank to bank

What is the Process involved in accessing the guarantee scheme?

- 4 players in the process
 1. Customer – meeting the requirements
 2. Commercial Banks – appraisal of loan
 3. CBSI – appraisal of nomination
 4. MCILI - advisor
- The process – see flow chart.

Flow Chart - Process



How applicable is the scheme to support Investment in the Tourism Sector?

- ❑ The scheme is intended to support loans for business development only. It does not include building of private residences or purchase of items for personal use.
- ❑ Business loans can be in the following category:
 - ✚ Agriculture – production or processing
 - ✚ Timber & wood industries
 - ✚ Fishing
 - ✚ Tourism
 - ✚ Small scale industry or manufacturing
 - ✚ Retail trading
 - ✚ Professional services or
 - ✚ Transport services.
- ❑ under the MOU terms of agreement, the scheme will be reviewed after every 3 years

Concluding remarks...

Thank you.

“Bring on the sound business proposal to make use of the opportunity available”