

How to Assist the Development of SMEs

Jack S. G. Huang

President, Taiwan Business Bank

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How Financial Institutions Can Help Assist the Development of SMEs

- **current role of financial institutions in assisting the development of SMEs**
- **suggestions for financial institutions to reinforce the current role**
- **financial institutions' suggestions for SMEs**

Current Role of Financial Institutions in Assisting the Development of SMEs

- **different roles in corresponding stages of development: founding stage, growth stage, maturity stage, transformation stage**
- **role of Taiwan Business Bank**
- **measures of increasing knowledge of characteristic of different industries**
- **measures of helping SMEs acquire financing and achieve sound management**
- **measures of dealing with SMEs' inadequate disclosure of financial status**

Role of Financial Institutions in Assisting the Development of SMEs ---Founding Stage

demand for capital

- founding of enterprises
- development &
- marketing of products
- capital expenditure &
working capital

help from financial institutions

- consultancy in founding procedures
- incubating consultancy
 - technology, management
- providing financing
 - funding of starting up and
R & D



Role of Financial Institutions in Assisting the Development of SMEs

---Growth Stage

demand for capital

- facilities for expansion
- mass production & inventory management
- boost of marketing capacity
- sound management

help from financial institutions

- medium/long-term capital
- short/medium-term working capital
- electronic financial management
- consultancy in financial management & operation



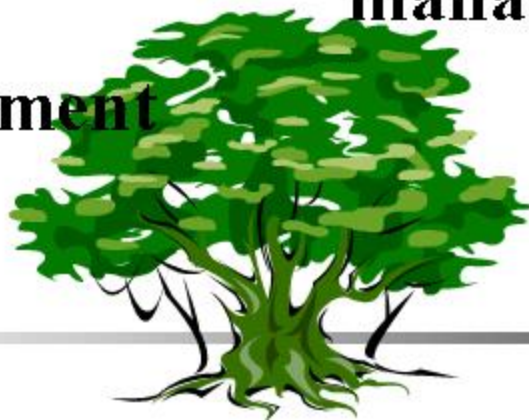
Role of Financial Institutions in Assisting the Development of SMEs ---Maturity Stage

demand for capital

- expansion of production capacity
- diversification & exploration of new grounds
- improvement of financial structure
- improvement of management

help from financial institutions

- medium/long-term capital
- funds for R&D
- electronic financial management
- consultancy in financial management & operation



Role of Financial Institutions in Assisting the Development of SMEs

---Transformation Stage

demand for capital

- development of new products
- transformation of core business
- mergers & acquisitions

help from financial institutions

- funds for R&D
- funds for operation of core business
- capital for M&A

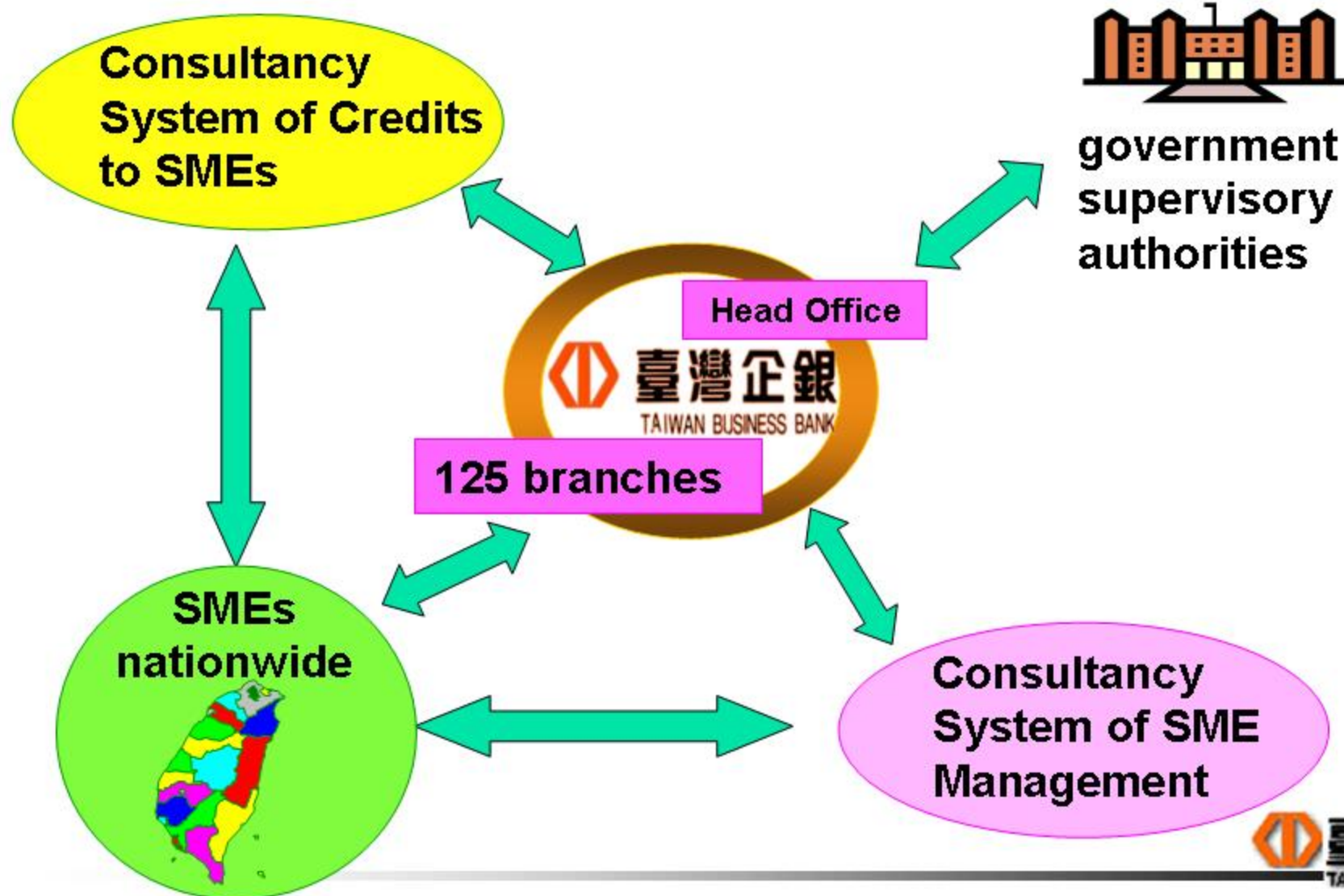


Role of Taiwan Business Bank

Taiwan Business Bank, established in accordance with Banking Act Article No.96, is a specialized bank that, by law, provides medium/long-term credits to SMEs. The mission of the bank is aimed at improving their production facilities, enhancing their financial structure, and ensuring the health of their management.

A Coherent and Comprehensive Strategy

-Structure of credits and consultancy extended to SMEs by TBB



Measures of Increasing Knowledge of Characteristics of Different Industries

- **installing research department to gather relevant information on various industries on which extension of credits can be based**
- **working with relevant agencies, such as Industrial Technology Research Institute, Institute for Information Industry and Chung-Hua Institute for Economic Research, to gather relevant information**
- **forging promotion projects in collaboration with various industries so as to breed important emerging industries**

Measures of Helping SMEs Acquire Financing and Achieve Sound Management

- **working with relevant consultancy agencies, such as Taiwan Small Business Integrated Assistance Center and Chinese Management Association, to help SMEs establish sound financial systems and accounting systems**
- **working with relevant agencies in management consultancy system, such as Corporate Synergy Development and China Productivity to improve SMEs' production, product quality, marketing, organization structure, internal control and IT**

Measures of Dealing with SMEs' Inadequate Disclosure of Financial Status

- Financial institutions should adopt the policy of frequent field study of their customers in order to better understand customers.
- In the assessment of SMEs, financial institutions should take into account of SMEs' inherent limitations besides gauging their credit rating and financial statements.
- Financial institutions should encourage SMEs to adopt operations of financial EDI, factoring and on-line financing, so that they can be kept informed of SMEs' most current condition.
- Financial institutions should attempt to become SMEs' core bank so as to make up for the opacity endemic to SMEs.

TBB's Outstanding Track Record in Extending Credits to SME

TBB extends SME credit products in line with government policies aimed at spawning a favorable environment in which SMEs are able to flourish.

Youth Startup Loans

Micro Business Startup Loans

R & D Loans

SME Grass Root Loans

SME Upgrading Loans

Traditional Industry Loans



TBB's Outstanding Track Record in Extending Consultancy to SMEs

- **TBB has been delegated as manager bank to extend credit products in line with government policies.**
- **TBB ranks first in the total amount of loans referred to Small & Medium Business Credit Guarantee Fund.**
- **Abroad as well as domestically, TBB has been awarded an impressive number of prizes for its outstanding track records in extending credits to SMEs.**
- **TBB has outstanding track records in extending credits in line with government policies aimed at spawning a favorable environment in which SMEs are able to flourish.**



Suggestions for Financial Institutions to Reinforce the Current Role in Assisting the Development of SMEs

- **Financial institutions should develop a wide range of financial products corresponding to the needs in different stages of enterprises.**
- **Government should establish data bank, so that performance of enterprises can be correctly appraised.**
- **Financial Institutions should establish effective two-way communication channels with SME Consultancy Systems.**
- **Expand the function of SME Credit Guarantee Fund.**
- **Financial institutions should strengthen the willingness to extend credits to SMEs and Emerging Industries.**

Financial Institutions' suggestions for SMEs

- **improve ability of R&D and innovation**
- **ensure a healthy accounting system and management**
- **wisely utilize SME credit products in line with government policies**
- **wisely utilize government R&D resources**
- **wisely utilize SME consultancy system**



Thanks