SME Finance
and
Hometown Investment Trust Funds

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ASEAN 2030

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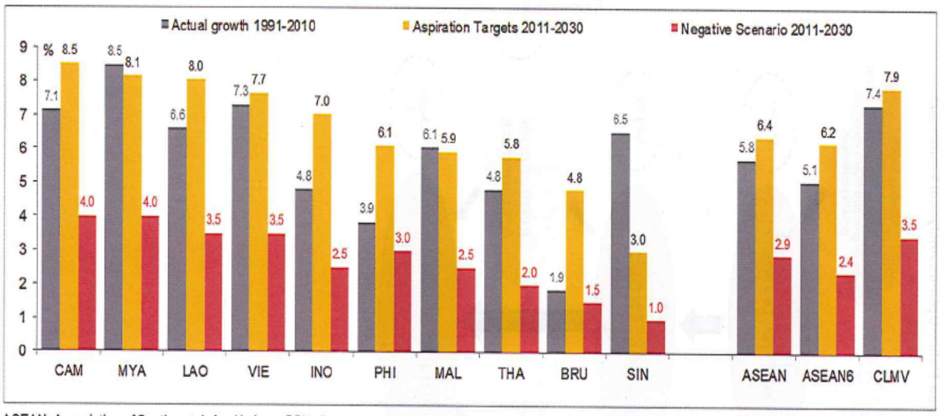
Toward a Borderless Economic Community

Figure 2.2. ASEAN GDP Growth to 2030: Aspirations vs. Negative Scenario
Actual 1991-2010 growth; aspiration targets and negative scenario for 2011-2030



Conditions for Sustainable Growth

1 Political stability and Macroeconomic Stability
Sound monetary&fiscal policy and exchange rate

2 Support equitable growth, Income equality
Housing Policy, Inheritance tax
Savings are kept in abroad

3 Central–Local government relations and
Fiscal sustainability. Local government bond

4 Promote competitiveness and innovation
Financing for venture business and SMEs
→ Hometown Investment Trust Funds

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5 Protect the environment
and stable energy supply

6 Develop financial market
Financial Inclusion, financial regulation and financial education (Access to finance)

7 Education and Healthcare ***public school***

8 Enhance seamless connectivity
Infrastructure investment, free trade

9 Improve governance issues, transparency 5

Characteristics of Asian Financial Market

1, Bank-dominated financial system
2, small share of bond markets
Needs for long term financing
3, Lack of long term investors such as pension funds and insurance companies
4, High percentage of SME
5, Large share or Micro Credit (Finance companies), Lack of venture capital

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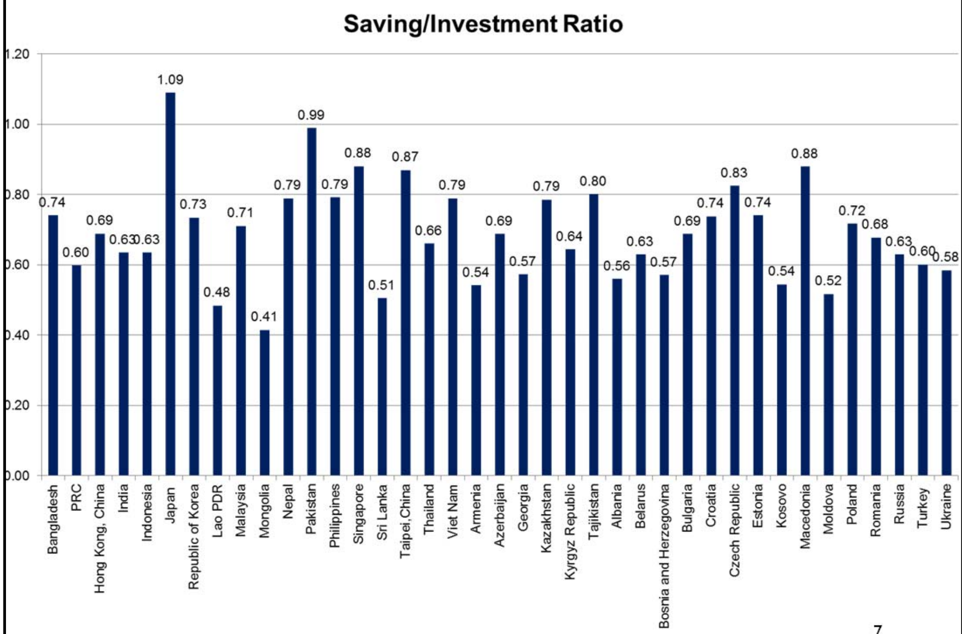

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Where do Asian savings go?

Table 1. Savings and Investment Ratios in Asia

Economy	Savings/GDP Ratio (%)			Investment/GDP ratio (%)		
	2007	2010	2011	2007	2010	2011
PRC Mainland	51.9	53.4	53.8	41.7	48.2	48.7
Hong Kong, China	33.3	29.9	29.2	20.9	23.7	23.8
Indonesia	27.3	33.3	31.1	24.9	32.5	32.9
Japan	28.5	23.8	23.9	23.7	20.2	21.4
Republic of Korea	31.5	31.9	29.6	29.4	29.2	28.2
Malaysia	37.5	32.9	33.1	21.6	21.4	21.8
Philippines	22.1	24.8	22.3	16.9	20.5	20.5
Singapore	48.4	46.0	45.8	21.1	23.8	26.0
Thailand	32.8	30.6	30.4	26.4	25.9	25.6

Note: Savings rate = gross national saving/GDP; Investment rate = gross capital formation/GDP.
Source: IMF, *World Economic Outlook Database*.

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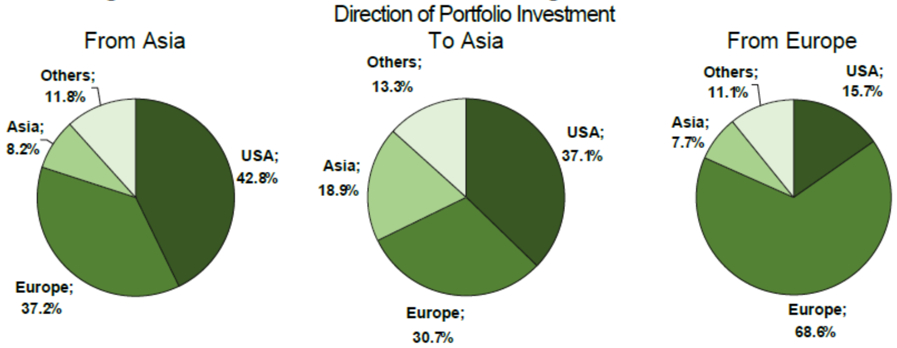
Figure 1. Portfolio Investment from the Asian Region to the World and Vice Versa

Direction of Portfolio Investment



Source: IMF, Coordinated Portfolio Investment Survey (CIPS).

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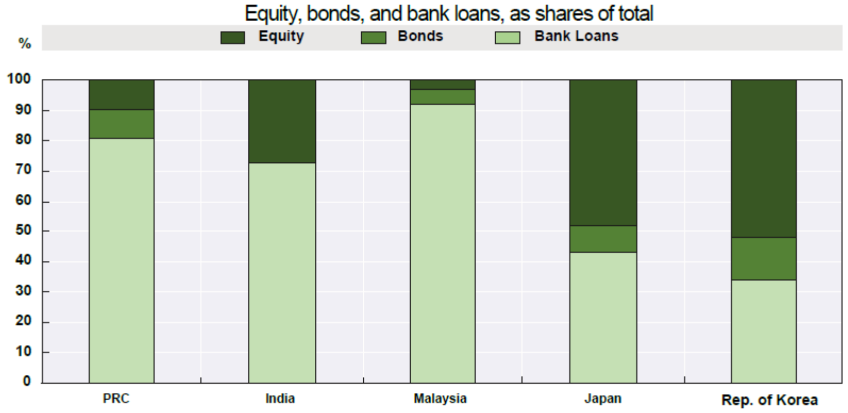
Bank-Dominated Financial Systems and the Economic Importance of SME

Figure 2. Size of Financial Markets in Asia

Equity, bonds, and bank loans, as shares of total



Source: Shigesuke Kashiwagi, Nomura Holdings Inc., FSA Financial Research Center International Conference, Japan, Tokyo, February 2011.

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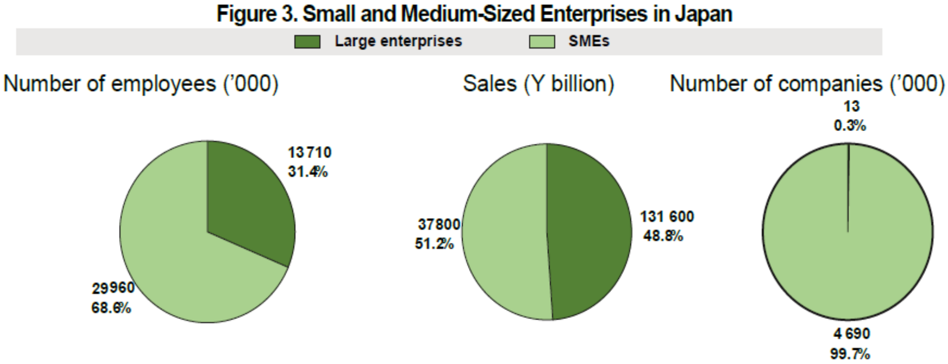
Figure 3. Small and Medium-Sized Enterprises in Japan



Source: White Paper on SMEs, Japanese Government, METI, 2011.

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Table 2. Small and Medium-Sized Enterprises in the PRC

Item	2007	2008	2009	2010	2011*	2012*
Number of SMEs						
SMEs (number)	333,858	422,925	431,110	449,130	316,498	334,321
SMEs to total (%)	99.1	99.3	99.3	99.2	97.2	97.3
Employment by SMEs						
SME employees ('000)	60,521	68,671	67,877	72,369	59,357	...
SMEs to total (%)	76.8	77.7	76.9	75.8	64.7	...
SME Exports						
SME exports (CNY billion)	4,303	4,773	4,152	4,919	4,142	4,423
SMEs to total exports (%)	58.6	57.9	57.6	54.7	41.6	41.5

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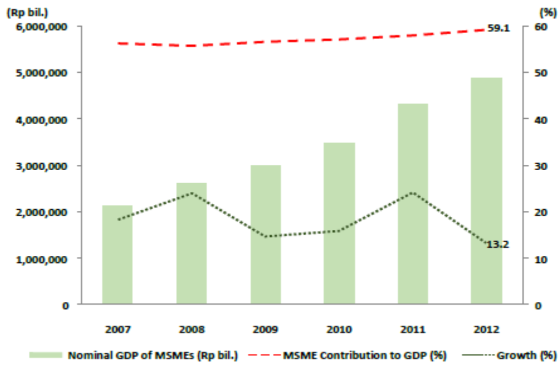
Figure 4. SME Contribution to GDP in Indonesia



MSME = micro, small, and medium sized enterprise.
Note: Data include micro enterprises.
Source: Ministry of Cooperatives and SMEs of Indonesia.

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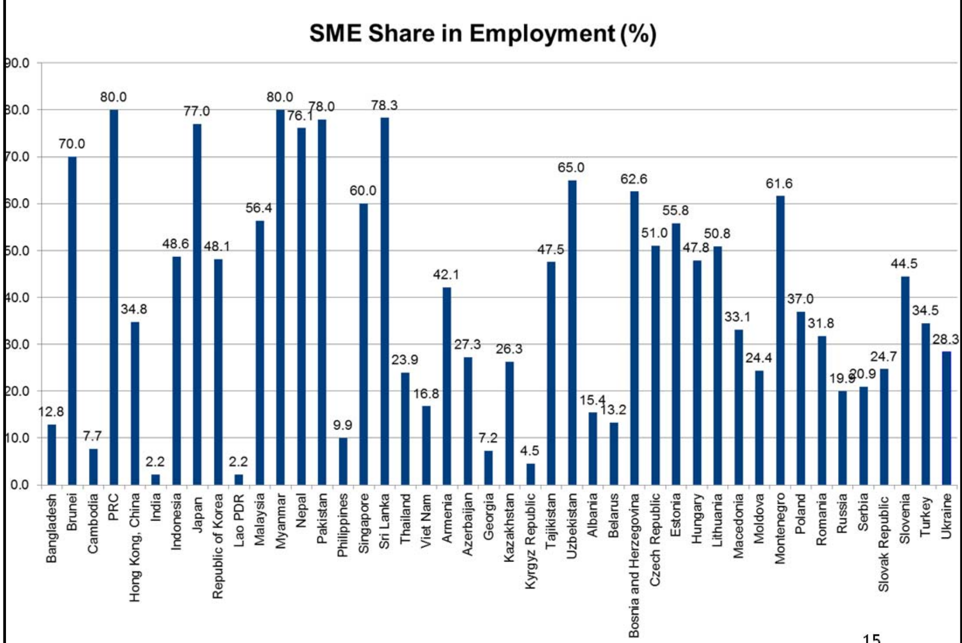
SMEs in Thailand

Type of Enterprise	No. of Enterprises (% of total)	No. of employment (% of total)	GDP Mill. Baht (% of total)
SMEs	2,366,227 (99.6%)	8,900,567 (76.0%)	3,244,974 (38.2%)
Large Enterprise and Others	9,141 (0.4%)	2,810,767 (24.0%)	5,239,226 (61.8%)
Total	2,375,368 (100%)	11,711,334 (100%)	8,484,200 (100.0%)



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3. SME database and stable finance

- SME database
- Database provided by the credit