

United Nations Economic and Social Commission for Asia and the Pacific

MSME Financing Series No. 6

Small and Medium-Sized Enterprises Lending Approaches: The Role of Banks in Asia



Copyright © United Nations, 2022. All rights reserved.

The views expressed in this publication are those of the author(s) and do not necessarily reflect the views and policies of the United Nations or other international agencies. Mention of any firm does not imply endorsement by the United Nations.

Links contained in the present publication are provided for the convenience of the reader and are correct at the time of issue. The United Nations takes no responsibility for the continued accuracy of that information or for the content of any external website.

Reproduction and dissemination of material in this publication for education or other non-commercial purposes are authorized without prior written permission from the copyright holders, provided the source is fully acknowledged.

Enquiries on this report can be sent to:

Director
Macroeconomic Policy and Financing for Development Division
United Nations Economic and Social Commission for Asia and the Pacific
United Nations Building, Rajadamnern Nok Avenue
Bangkok 10200, Thailand
Escap-mpdd@un.org

How to cite this report:

United Nations, Economic and Social Commission for Asia and the Pacific, *Small- And Medium-Scale (SME) Lending Approaches: The Role of Banks In Asia*, MSME Financing Series No. 6 (Bangkok: United Nations, 2022), available at <https://www.unescap.org/kp/2022/small-and-medium-sized-enterprises-lending-approaches-role-banks-asia>

Photo credit: iStock-1051617040

About this series

Micro, small and medium-sized enterprises (MSME) make a significant contribution to economic growth and job creation across Asia and the Pacific. However, they often encounter difficulties in accessing finance. Women-headed MSME's are particularly underserved by financial institutions due to economic, regulatory and socio-cultural factors. In recent decades, governments and related agencies have set up mechanisms to facilitate the flow of finance. The result has been an increase in financial inclusion but the extent to which the financing gap has been reduced is not well known.

To gain more understanding about this issue, key questions need to be addressed, including the following: Is finance still a constraint, including for certain classes of enterprises, such as medium-sized ones? What mechanisms, such as credit guarantees, collateral support, and directed credit, have been the most beneficial in closing the gap? Is there gender disparity in access to finance? And are there public and/or private sector measures to overcome any existing regulatory, normative and contextual barriers to women entrepreneurs' equal access to finance? How have demand-side programmes, such as financial literacy, aided MSMEs? And how have FinTech and digital finance helped to increase access to finance?

To seek answers to these and other important questions, the Economic and Social Commission for Asia and the Pacific (ESCAP) developed *A Framework for Country Studies on MSMEs Access to Finance in Asia and the Pacific*. The Framework provided direction for the preparation of detailed national studies on MSMEs' access to finance in selected countries of Asia and the Pacific. The studies were prepared by researchers and specialized consultants under the guidance of a lead country agency with policy responsibilities in MSME financing. In some of the studies, an advisory committee composed of representatives from departments, agencies, financial institutions, and organizations involved in MSME promotion and financing provided direction and support to the authors.

This series presents the Framework along with national studies that were prepared following its guidelines. Each national study is expected to contribute, through policy analyses and recommendations, to policy discussions on how to improve access to finance by MSMEs. The preparation of national studies based on a common framework is also expected to facilitate comparisons across countries to share experiences, identify good practices, and understand common challenges.

Some of the studies contributed to ESCAP capacity building projects. The studies for Cambodia and Nepal were funded by the United Nations Regular Programme of Technical Cooperation, and the studies for Bangladesh and Samoa were funded by the Government of Canada, through Global Affairs Canada, in the context of ESCAP's Catalysing Women's Entrepreneurship Programme. The preparation of these four studies benefitted from a partnership between ESCAP and the United Nations Capital Development Fund (UNCDF). The latter contributed financial support for the Nepal study through UNNATI-Access to Finance (A2F) Project funded by the Government of Denmark.

In addition to the country studies, the series includes two thematic studies on ways in which commercial banks and digital technologies can contribute to improving access to finance by MSMEs. These studies were prepared for the Global Initiative Towards the post-Covid-19 Resurgence of the MSME Sector, a joint United Nations Development Account project implemented by multiple agencies.

About this report

This report was commissioned by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and was prepared by David Munro.

The report was funded by a joint project implemented by UNCTAD, UNDESA and the UN regional commissions entitled "Global Initiative Towards the post-Covid-19 Resurgence of the MSME Sector." The project aimed at building capacities of governments, financial institutions, and micro, small and medium-sized enterprises (MSMEs) to facilitate the latter's recovery from the Covid-19 pandemic. In the context of this project, ESCAP prepared training materials on various areas related to MSME financing.

Contents

About this series.....	i
About this report.....	ii
Abbreviations.....	v
Glossary.....	vi
Acknowledgements.....	viii
Overview and key messages	ix
1. Introduction	1
A Brief History of Payments	1
Bank SME Financing.....	2
2. Characteristics of SMEs and the Challenges They Present to Traditional Bank Lenders.....	3
Microfinance	3
SME Finance	3
3. Fundamentals of a Successful SME Lending Program.....	6
The Necessity of Establishing Creditworthiness.....	6
Credit Scoring	8
Cash-Flow-Based Analysis and Approval Regimen	9
The Need for Cost-Effective Analysis and Approval Protocols	9
4. Components of a Lending Program	10
Clear Eligibility Requirements	10
Sound Loan Documentation.....	10
Loan Product Offerings	11
The Analytical Framework: Online Application and Approval Process	11
Submission of Financial Statements or Creation of Financial Statements	12
Sources of Credit Information	19
Loan Guarantees	20
Policy Issues: How Government Policies May Incentivize Commercial Bank Lending to SMEs	21
Portfolio Management Issues/Risk Management Concerns, Including Follow-Up, Monitoring and Past Dues Management.....	23
Security and Collateral.....	23
Common Shortcomings of SME Lending Programs – Things to Avoid	24
A Note on Marketing an SME Lending Program	25

5. SME Lending in Asia	25
Three Exemplary Banks	26
6. Conclusion	32
Annex: Bank Responses to Queries Regarding their Lending Processes	35

Abbreviations

ADB	Asian Development Bank
BPMS	Business process management software
CAR	Capital adequacy ratio
CGC	Credit guarantee corporation
CIB	Credit information bureau
CoGS	Cost of goods sold
CRM	Credit risk management
DFC	Development Finance Corporation (US)
EBRD	European Bank for Reconstruction and Development
EMDEs	Emerging market developing economies
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
FY	Fiscal year
GDP	Gross domestic product
ICRRS	Internal credit risk rating system
IFC	International Finance Corporation
JASME	Japan Agency for SMEs
KODIT	Korea Credit Guarantee Fund
METI	Ministry of the Economy, Trade and Industry
MSME	Micro, small and medium-sized enterprises
NGO	Non-governmental organisation
NPL	Non-performing loans
OECD	Organisation for Economic Co-operation and Development
RO	Relationship officers
SBA	Small Business Administration
SME	Small and medium enterprises
SOD	Secured overdraft
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_31322

