



Weekly News Update on Mitigation of COVID-19 Crisis #12 - 06/08/20

How governments and IFIs are supporting SMEs through the lockdown:

For a detailed summary of mitigation actions being taken by national governments, see [this page](#) produced and updated by the IMF.

- ✓ **The European Investment Bank** and the **Cassa Depositi e Prestiti** [provided EUR 1.5 B](#) to SMEs in Italy, to tackle the COVID-19 crisis. The loans will have favorable interest rates and long maturities of up to 10 years.
- ✓ **The government of Israel** increased the size of its state loan guarantee fund for SMEs by [USD 2.3 B to a total of USD 6.3 B](#). This expansion opens a new track for high-risk SMEs.
- ✓ **The government of the Republic of Korea** published its [new economic policies](#) to recover from the COVID-19 crisis. It will give a 30% rent reduction to businesses located in free economic zones, free trade zones and foreign investment zones. It will also provide a total of USD 86 B worth of SME products and services that will be purchased through the government's procurement system.
- ✓ **The Ministry of Economy of Ukraine** approved proposals for legislative changes that will allow SMEs, impacted by the COVID-19 pandemic, to access financial resources by obtaining loans with a [partial state guarantee](#). The aim is to improve access to finance for SMEs in Ukraine.
- ✓ **The Ministry of Economy of Brazil** along with the National Bank of Economic and Social Development launched an [Emergency Credit Access Program](#), with the objective of facilitating access of SMEs to new loans by providing guarantees. It is estimated that the Program will be able to serve companies that employ a total of 3.3 M workers.
- ✓ **The People's Bank of China along with several other governmental agencies** launched the Pratt & Whitney [small and micro enterprise loan extension](#) support tool with a budget of USD 57 B. They will use quarterly monetary policy tools to purchase small and micro credit loans from eligible local corporate banking financial institutions.
- ✓ **China's Banking and Insurance Regulatory Commission** stated that it will [issue guidance](#) to major banks aimed at achieving 40 percent growth in their lending to SMEs, The Commission will also fully implement policies allowing SMEs to delay interest payments and will increase funding support for poverty alleviation efforts.

How banks and other financial service providers are adapting to the prolonged crisis:

- ✓ **Visa** has announced Cybersource, a new [contactless-payment initiative](#) to help SME vendors conduct contact-free sales as business begin to reopen. Visa also recently launched Authorize.net, a new platform that helps SMEs build a digital presence.
- ✓ Women bankers and entrepreneurs in **Ghana** have created a [COVID-19 Stimulus Investment Fund](#) that will invest approximately \$2,500 - \$5,000 in WSMEs as they cope with the impacts of COVID-19. The fund,

whose total size is yet to be determined, aims to provide WSMEs with initial funding to support growth and will offer structure, branding tools, and digitization support to help these businesses achieve success.

- ✓ **Microsoft, PwC Nigeria, and VISA** are partnering with **Sparkle**, a [new all-digital bank](#) offering financial services to individuals and SMEs in Nigeria. Sparkle offers an online platform and mobile app to make digital banking more accessible for Nigerians. Sparkle recently joined **Women's World Banking**.
- ✓ The **Federation of Thai Industries (FTI)** will work with Thai government banks to offer a new service called [Advisory Clinic @ F.T.I. Connect](#) to provide financial consulting services to SMEs and offer liquidity-improvement loans to businesses affected by lockdown-conditions.

How FinTech companies can adapt to the new normal:

- ✓ European small business lender **IWOCA** announced the launch of [IwocaPay](#), a tool to help businesses work through the COVID-19 crisis. The tool aims at reducing the risk in payment terms and encourage SMEs to offer trade credit.
- ✓ MENA FinTech **PayTab** announced a [strategic partnership](#) with Dubai based **Invoice Bazaar**. The objective of the collaboration is to support e-commerce SMEs with working capital requirements through Invoice Bazaar's banking partner network.
- ✓ UK Invoice insurance provider **Nimbla** teamed up with SME credit risk assessment platform, **Wiserfunding**, to assist SMEs with the availability and pricing of commercial credit insurance. [The partnership](#) was announced after the publication of research from the British Chamber of Commerce showing that most SMEs have just three months or fewer of cash reserves to keep them afloat.
- ✓ UK based FinTech **SumUp**, a payment service company, launched [an online payment tool](#) to help businesses conduct operations while observing social distancing measures. This new tool allows merchants to showcase their products remotely and helps them with facilitating payments.
- ✓ Latin American FinTech **Dank**, which operates an app for freelancers and SMEs, reported a [20% weekly growth of the number of new users](#), since the coronavirus outbreak and lockdown.

Noteworthy insights and analysis on COVID-19 and the future of SMEs:

- ✓ **IFC** published a new report titled "[COVID-19 and the Insurance Industry: Why a Gender-Sensitive Response Matters](#)." The report highlights actionable ways and best practices insurers can use to address the needs of WSMEs during the pandemic.
- ✓ An article in the **Gulf News** highlights the [dramatic growth and importance of WSMEs](#) in the Middle East in the past decade, with one in three start-ups in the region founded or led by a woman.
- ✓ A **World Bank** blog post from **Pratibha Chhabra, Shalini Sankaranarayanan, and Collen Masunda** emphasizes the [importance of credit reporting](#) in formulating policy responses to COVID-19. In this piece they argue that without reliable credit information, creditors will likely only lend to existing clients, excluding new customers, which will likely have a significant impact on MSMEs.
- ✓ On **World Environment Day**, the **International Chamber of Commerce** and **Exponential Roadmap Initiative** announces a new partnership titled "[The SME Exponential Race to Zero](#)". The partnership seeks to develop a global platform that helps SME's increase their business resilience through concrete climate action support and financial resources designed for a post-COVID-19 world.

For more industry news, visit the SME Finance Forum's [LinkedIn Discussion Group](#).