



Weekly Update on Mitigation of COVID-19 Crisis - #8 - 05/11/20

How governments and IFIs are supporting SMEs through the lockdown:

For a detailed summary of mitigation actions being taken by national governments, see <u>this page</u> produced and updated by the **IMF**.

- ✓ **The Bank of England and the UK Treasury** discussed an innovative extension to the COVID Corporate Financing Facility (CCFF) which would <u>encourage swift payment of SMEs' invoices</u>. The new scheme would allow large companies to transfer their obligations to SMEs into a state-owned SPV, which would then pay the obligations and issue commercial paper to be bought by the CCFF.
- ✓ **State-backed credit guarantees** emerged as an increasingly important tool to support SMEs in developing countries:
 - o In **Pakistan**, the finance ministry announced that it will be guaranteeing <u>40% of the principle</u> for bank loans offered to SMEs.
 - o In **India**, the government is considering a 20% quarantee on working capital loans for MSMEs.
 - **Turkish central bank** figures revealed that credit guarantees have been partially responsible for driving a 60% increase in lending since the start of the crisis in Turkey.

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

- ✓ **Nigeria's First Bank** provides non-financial services to SME clients with a series of <u>"SME clinics"</u> webinars, where SME clients can learn and share information about how to get through the COVID-19 crisis.
- ✓ **Maha, a Myanmar based microfinance** provider published a detailed record of how the institution has navigated regulatory changes, increased client distress and the pandemic itself. You can read <u>Maha's COVID-19 diary here</u>.
- ✓ **Singapore's DBS** launched its "DBS P-Card" last week, using the current crisis as an opportunity to introduce innovative practices into the logistics sector, the P-Card allows <u>logistics SMEs to fully digitize</u> payments and collections, reducing the current reliance on paper invoices and cash.

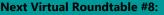
How tech and FinTech players continue to propose innovative approaches:

- ✓ German SME lending platform **creditshelf** announced that it has received €62 M in funds, including €30 M from the European Investment Fund, to set up the "<u>Creditshelf Loan Fund.</u>" The diversified fund will help **creditshelf** meet increased demand in Germany for SME financing.
- ✓ **Simpl**, a technology company that works with merchants and financial institutions, operates an app, which enables digital payments between consumers and local neighborhood stores, reported a <u>30%-35% increase in the app-based transactions</u> for essential products, precipitated by the lockdown.
- ✓ From April 24th to 26th, over 20,000 people participated in the **EUvsVirus hackathon**, developing solutions for COVID-19 related challenges. **Bankera Business Care** won top prize for digital finance for its solution that offers short-term financing to help-smeet-liquidity-needs.

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May 14 – 8 am EDT

DFIs Preserving SMEs Liquidity and
Solvency (click)

Virtual Roundtable Recap:

Reducing financial vulnerabilities for women entrepreneurs during COVID-19

