

Voice from Foreign Financial Institutions

Ms. Zarina Nor Binti Ismail, Assistant Vice President / Head Credit Operations 1, SME Bank, Malaysia (Participated in Seminar in Japan,



Recently, 7 participants from SME Bank of Malaysia (SME Bank) attended the seminar held at the JFC-Micro Training Institute in Tokyo, Japan sponsored by the Policy Research Institute, MOF, Japan (PRI). This seminar is part of the programs organized under the technical cooperation between JFC-Micro, PRI and SME Bank. Essentially, the main objective of the technical cooperation is to improve SME Bank's credit analysis methods for micro and small enterprises (MSEs) and startups, including shortening the turnaround time. The 5-day seminar was to give an in-depth understanding to the Malaysian team particularly to finance start-ups (from both theoretical and practical aspects), to observe and understand the credit analysis process at JFC-Micro branches, to learn other infrastructures available to support credit analysis (namely organization structure in JFC, credit risk management and the management and utilization of information in JFC-Micro). The seminar provided insights into the best practices in evaluating start-ups as well as other credit infrastructures available at JFC-Micro. The systematic and structured training module for credit analysts are also critical to ensure the staff are well trained and equipped with necessary knowledge in conducting credit analysis. (at the branches) We noticed there is an efficient and smooth process flow from receipt of applications to loan processing, decision-making to issuance of contract documents. We believe the intended objective of the seminar has been achieved. Nonetheless, we foresee positive results in the long run especially with continuous support and assistance by PRI, and JFC-Micro team of experts.

Mr. Chongchet Boonkerd / Acting President, SME Development Bank of Thailand

In year 2000, through the Technical Assistance Program of JICA, NLFC provided technical assistance to SME Development Bank of Thailand (SMEBT) (then, Small Industry Finance Corporation) to jointly develop the appropriate methodology for loan analysis of the bank which such methodology has been utilized and developed continuously up until now. Further cooperation has been established when NLFC joint in the “MOU among Financial Institutions Dealing with SMEs” which is a symbol of multi-lateral cooperation among financial institutions who shares the same goal of promoting SME in APEC region. The MOU has been initiated by SMEBT during the APEC Finance Ministerial Meeting in Bangkok in 2003 aiming to promote SMEs in APEC region through the network of financial institutions, which currently has 14 members from 11 economies.



SMEBT would like to show our appreciation on the role of NLFC in sharing their long experiences in SME financing with SMEBT and other development finance institutions in the region through various international stages; e.g. International CEO Forum of the Development Finance Institutions; Conference of APEC Financial Institutions Dealing with SME: Sustaining SME Development through Banking Knowledge Sharing; and etc.. Due to the fact that the concept for SME financing is different from commercial financing, the long history of NLFC in promoting small businesses in Japan would be a good guideline for new financial institutions like SMEBT and others in developing countries. We look forward to further cooperation with NLFC and to the prosperity of SMEs in the region.

Ms. Ha Thi Hanh / General Director, Vietnam Bank for Social Policies

NLFC is the first institution that has transferred its know-how and expertise to VBSP, established in January 2003.

After reaching agreements on the contents of technical cooperation in June 2003, NLFC has held seminars 6 times in both Japan and Vietnam. In seminars, NLFC has on ducted



not only lectures but also practical roll-playing and case-studies, and transfer its over 55 years' experience to us so that we can easily understand.

The reason why NLFC's technical cooperation is useful is that they have made efforts to adjust their valuable experience in Japan to Vietnamese and VBSP's ways. As the result, at the end of 2005, under NLFC's guidance, we completed "Credit Analysis Sheet" and "Credit Analysis Manual", and introduced them to all branch offices. This is the first time for VBSP to complete "Credit Analysis Manual", which could be also useful for staff training. From this point, we can say that this technical cooperation is the most effective one. Moreover, in February 2006, we reached agreements on further 2 years' technical cooperation, which would transfer know-how regarding loan management and loans to newly established enterprises, in addition to credit analysis techniques.

As I heard that NLFC's role for supporting Micro and Small Enterprises (MSEs) was recognized to be necessary in the argument over the reform of government financial institutions in Japan, I am glad as if it were our case as an institution with same policy views. We would do our best in order to learn NLFC's know-how as much as possible from now on.

Comments in a Symposium at the Annual Meeting of "APEC Financial Institutions Dealing with SMES"



I'm surprised that the number of NLFC's loan customers is 1.33 million. This is the evidence how much NLFC contributes to MSEs in Japan. In addition, a remarkable fact is that most of the loans are provided without real estate collateral.



When I heard that NLFC has positively supported business startups in the fields where credit analysis is so difficult, I remember a proverb, "A banker is a fellow who lends you his umbrella **when it is shining.**" I recognized that NLFC is "a financial institution lending an umbrella **when it is raining.**"

From a Trainee Participating in “Micro and Small Business Finance Seminar in Cambodia”

In February 2006, I participated in the seminar held jointly by NLFC and National Bank of Cambodia.

As many entrepreneurs in Cambodia are not familiar with accounting and do not have financial statements, it is very difficult to analyze them from financial aspects. Therefore, NLFC’s case-study styled seminar was very useful. Especially, through the case-study “Companies without financial statements”, I learned how to grasp sales and expenses from interviews and field surveys, and now I make the best use of the techniques in my day-to-day business.

The seminar style by NLFC was interactive and practical; I could not only attend the lectures but also answer questions through group discussions.

