

## **SECTION 6: Summary and Conclusion**

SME Bank has a mandated role to develop Small and Medium Sized entrepreneurs and becoming a centre for these SMEs, namely SME Hub by Year 2010, whereby the Credit Guarantee Scheme has its role to partly support this mission. Due to the relevancy of the scheme, the management of SME Bank has been provided the recommendations as explained in the research paper to improve its service and delivery of the scheme.

In summary, the management could resolve these issues by revising the current policy and procedures on securities requirement for new set up, good existing customers and other potential borrowers. Priorities should be given to existing good rating customers that have good track records and history with SME Bank. A fast track for approval on the scheme is also recommended to the management as an appreciation by the Bank to its customers.

The Key Performance Indexes (KPIs) for every staff that involved should be revisited, whereby their KPIs must be tied back to the performance of the scheme. This will ensure that every staff will performed up to their very level best to achieve its objective and target. The client charter on deliver is also suggested to be revisited, particularly on the time frame of approval. The availability and appropriateness of resources must be considered to estimate the realistic time period to be proposed by the management.

The management is recommended to simplify on the current workflow, if necessary. Too many red tapes may cause unnecessary delay and the potential borrower to shy away from SME Bank for any facility. The marketing strategy in educating the public, particularly SMEs needs to be in place to ensure that the objective and benefit is clearly being informed.

Regular meeting with the Participating Financial Institution is required to ensure that both parties be jointly responsible in supervising the borrowers and to minimise any event of default by them. This should also cover the risk sharing basis that expects to increase the ownership and responsibility of the loan by the lender and guarantor, whereby the contractual agreement between both parties need to be revised.

Furthermore, the issue of increase in claim payment due to non performing loan could be tackled by imposing more stringent requirement and increasing its security requirement to ensure that only serious customers are granted with credit guarantee facility and reducing its potential losses. The management is suggested to make regular visit to the borrowers' premise to build the relationship and to prevent misuse of fund for other purpose.

Lastly, the manpower and organisational structure of the Trade Finance and Insurance and the branches need to be enhanced to ensure that the objective of the scheme can be achieved.

In conclusion, the favourable performance of Credit Guarantee Scheme for SME Bank is very much depending on the success of implementation of the recommendations. The Bank is expected to boost up its guarantee fee income and its claim payment to a better rate that directly improved its viability and capacity to issue further guarantee.