

SECTION 7: Scheduling and Milestones Recommended

	Recommendation	Action to be taken	Action by (Target date)
	Issue 1: Reduction in Demand of the Scheme and fee based income		
1	To give priority to the existing good borrowers that have track record with SME Bank and also other financial institutions.	Revised Policy and Procedures on application by existing good customers.	Product Development <i>(by 30 Sep 2010)</i>
2	The credit rating will be increased one step higher than the previous rating implemented by the Bank.	Revised Risk Credit Rating for applicant	Credit and Product Development <i>(by 30 Sep 2010)</i>
3	The existing good customers will be identified and be given fast track for Credit Guarantee Scheme approval, whereby less documentation and collateral is required.	Revised Policy and Procedures on application by existing good customers.	Credit and Product Development <i>(by 30 Sep 2010)</i>
4	The management is suggested to improve the delivery and driven it by Key Performance Index (KPI) for	Established KPI	Human Resource Development <i>(by 30 Sep 2010)</i>

	every staff that involved in the administration and operation of the Credit Guarantee Scheme. i.e. competent, dedicated and knowledgeable.		
5	The target for monthly approval and number of complaint received from the customers will be cascaded to every branches for them to market.	Established KPI	Human Resource Development and Branch Management Office <i>(by 30 Sep 2010)</i>
6	The Bank's client charter will need to be revisited and revised to ensure that the timeframe of delivery is acceptable by the current market practice.	Revised Client Charter on timeframe of delivery to customers	System and Methods <i>(by 30 Sep 2010)</i>
7	The process flow on claims starts from loan default until the payment of claim needs to be revisited and revised for improvement. The claim payment process from SME Bank to the Participating Financial Institution should be	Renegotiate with Participating Financial Institution to amend claims process procedure	Product Development <i>(by 31 Dec 2010)</i>

	shortened.		
8	The management is suggested to promote and educate the public on the benefit of Credit Guarantee Scheme through the SME Bank branches. This is a part of SME Bank's vision to become SME Hub by Year 2010.	Promotion thru media and others	Corporate Communication, Branch Management Office and Branches <i>(Ongoing)</i>
9	The management is suggested to focus on giving guarantees to quality customers . The management is suggested to study on opportunity available in the niche market and to utilise it to generate profit in long term.	Enhanced marketing strategy	Credit and Branch Management Office <i>(by 30 Sep 2010)</i>
10	Proper assessment is required to be performed at the initial stage of application process until the selection committee. The management on regular basis emphasis to the	Regular meeting with Participating Financial Institution to emphasis on their co responsibilities	Product Development, Trade Finance & Insurance and Branch Management

	Participating Financial Institution on their responsibilities on the utilisation of facility.		Office (Ongoing)
11	The management should impose additional collateral requirement to minimise its losses in event of loan default.	Revised Policy and Procedures on securities requirement (including Financing Guidelines)	Credit, Product Development and Branch Management Office <i>(by 30 Sep 2010)</i>
12	The management is suggested to review and revise on the risk sharing basis between the guarantor and the lender from the first disbursement to final payment of the loan made by the borrower.	Revised contractual agreement with Participating Financial Institution and SME Bank	Product Development, Legal, Risk Management and Trade Finance & Insurance <i>(by 31 Dec 2010)</i>
Issue 2: Increase in claims			
13	The management is recommended to revise the credit review process such as increase the credit rating on	Revised Policy and Procedures on application by existing good customers.	Credit, Product Development and Branch Management

	<p>new applications. The selection committee must impose more stringent rules to ensure that only serious borrowers are granted the credit guarantee facility.</p>		<p>Office <i>(by 30 Sep 2010)</i></p>
14	<p>Regular meeting with the Participating Financial Institution is required to ensure that the supervision of the loan is continuously maintained and the borrower is continuously reminded to clear all overdue starts from one month in arrears.</p>	<p>Regular meeting with Participating Financial Institution</p>	<p>Branch Management Office and Trade Finance & Insurance <i>(Ongoing)</i></p>
15	<p>The management is recommended to visit regularly the borrower and to get the 'first hand information' on the guaranteed business operations. This is to prevent any abuse of loans for other purpose, which is different from the one that is agreed</p>	<p>Regular visit on borrowers</p>	<p>Branches and Credit Administration <i>(Ongoing)</i></p>

	during the arrangement.		
16	The management is suggested to impose requirement on additional collateral , especially on <i>new borrowers</i> that do not have any history track record with SME Bank.	Revised Policy and Procedures on securities requirement (including Financing Guidelines)	Credit, Product Development and Branch Management Office <i>(by 30 Sep 2010)</i>
17	On the <i>new set up</i> , the management is advised to include additional securities as part of the requirement of Credit Guarantee Scheme since they do not have any history of doing business but have potential.	Revised Policy and Procedures on securities requirement (including Financing Guidelines)	Credit, Product Development and Branch Management Office <i>(by 30 Sep 2010)</i>

18	<p>The management is recommended to revisit contractual agreement between SME Bank and the Participating Financial Institution, and the borrower. Any defect or potential dispute in the Contractual Agreement and Letter of Offer/Acceptance could cause delay in liquidating the securities or taking action on the concerned parties, whereby it should protect the interest of SME Bank as guarantor.</p>	<p>Revised contractual agreement with Participating Financial Institution and SME Bank</p>	<p>Product Development, Legal, Risk Management and Trade Finance & Insurance <i>(by 31 Dec 2010)</i></p>
19	<p>The management is recommended to revisit the current organisational structure of Trade Finance and Insurance Department and the branches of SME Bank, including the work flow process and manpower requirement. Sufficient, competent and dedicated</p>	<p>Revised manpower and organisational structure of Trade Finance and Insurance and Branches</p>	<p>Human Resource Development <i>(by 30 Sep 2010)</i></p>

	<p>manpower is required in handling these activities to ensure the quality of delivery.</p>		
<p>Issue 3: Viability of the scheme</p>			
20	<p>The management is suggested to perform regular Cost and Benefit Analysis and maintain robust Forecast & Target on profit generated from credit guarantee.</p>	<p>Established forecast and analysis on the benefit and returns on the scheme</p>	<p>Finance and Budget Committee <i>(Ongoing)</i></p>
21	<p>It is also recommended that Weekly Meeting on Performance of the credit guarantee be conducted by Trade Finance and Insurance Department and Branch Management Office, who represents the branches.</p>	<p>Regular internal meeting</p>	<p>Trade Finance and Insurance and Branch Management Office. <i>(Ongoing)</i></p>
22	<p>The management is suggested to revisit the workflow process and policy & procedure on operations of</p>	<p>Review workflow (including Policy & Procedures) on quarterly basis</p>	<p>Credit, Branch Management Office and Trade Finance &</p>

	credit guarantee regularly to identify any areas that could be simplified without jeopardising the internal control and interest of SME Bank.		Insurance <i>(by 30 Sep 2010)</i>
Issue 4: Reducing capacity to issue Letter of Guarantee.			
23	To strengthen the management of Credit Guarantee Scheme, the management is recommended to revisit the manpower requirement of Trade Finance and Insurance Department and the branches such as the experience, competency and sufficiency of staff, current organisation structure and work flow process.	Revised manpower and organisational structure of Trade Finance and Insurance and Branches	Human Resource Development <i>(by 30 Sep 2010)</i>
24	The management also must impose Key Performance Index (KPI) on every staff that involves in these activities.	Established KPI	Human Resource Development <i>(by 30 Sep 2010)</i>