Questions and Answers on *Pembiayaan Mikro* and Micro Enterprise Fund

PEMBIAYAAN MIKRO

1. What is micro financing *(Pembiayaan Mikro)*?

- Micro financing are small business loans ranging from RM500 to RM50,000 for micro enterprises. Micro financing is meant for business financing only, such as for working capital and for capital expenditure. It is not a personal loan.

2. What are micro enterprises?

The National SME Development Council defines micro enterprises as follows:

Manufacturing and Manufacturing Related Services sectors	Primary Agriculture and Services sectors
Businesses with less than: • RM250,000 annual sales turnover; or • Five full-time employees.	Businesses with less than: • RM200,000 annual sales turnover; or • Five full-time employees.

3. Who is eligible for micro financing?

- All micro enterprises with viable businesses.
- Micro financing is available to businesses in all economic sectors. Certain participating financial institutions may provide micro financing facilities to borrowers in specific sectors only.

4. Who are the participating financial institutions that offer micro financing?

- There are 3 development financial institutions i.e. Agrobank, Bank Rakyat, Bank Simpanan Nasional.
- A total of 6 commercial banks i.e. Alliance Bank, AmBank CIMB Bank, EONCAP Islamic Public Bank, United Overseas Bank.

5. Where can I apply for micro financing?

- At branches and affiliates/agents of participating financial institutions that display the National Microfinance Logo. Loan applications will be assessed and processed by the respective participating financial institutions.

- To obtain further information on where to apply for micro financing, customers are advised to contact the relevant participating financial institutions that provide micro financing. Please refer to the *Comparative Table on Microfinance Product Features* for Hotline numbers of each participating financial institution

6. What does the National Microfinance Logo look like?

PEMBIAYAAN MIKRO

7. What are the key features of micro financing?

- Loan Size : Ranges from RM 500 to RM 50,000
- Purpose of Financing : Business purposes i.e. for working capital or capital expenditure.
- Loan Tenure : Varies from 1 month to 10 years
- Collateral Requirement : No collateral requirement
- Loan Application : Simple application form (as simple as 2 pages)
- Loan Documentation : Minimal documents, such as Identity Card, proof of business (i.e. business registration/ license/permit), proof of income (i.e. bank statement), utility bills (i.e. electricity, water, phone bills)

Please refer to the *Comparative Table on Microfinance Product Features* for more details on eligibility criteria for each participating financial institution.

8. Do I need to have a guarantor?

- Most participating financial institutions do not require any guarantors.
- Some financial institutions will require guarantors when the loan applied for is above a certain amount. Please refer to the *Comparative Table on Microfinance Product Features* for more details on this.

9. What is the interest rate charged on micro financing loans?

- Commercial interest rates are set by the respective participating financial institutions based on assessment of the borrower's risk profile.
- The participating financial institutions will be able to provide more detailed information on the interest rates and product features of their micro financing products.

10. How fast will my loan application take to be processed?

- The committed duration to approve a loan is 1 to 10 working days, upon obtaining complete information/ documents from the applicant.
- Upon approval of the loan, committed duration taken to disburse a loan is 1 – 7 working days.
- Please refer to the *Comparative Table on Microfinance Product Features* for committed loan processing times at each participating financial institution.

11. Is there a lending quota for micro financing that needs to be achieved?

- No. All viable micro businesses are eligible for micro financing, and approval of loan applications will rely solely on creditworthiness of borrowers.

12. Should I encounter difficulties in applying for micro financing and have related issues, who should I contact?

- If you have any difficulties applying for micro financing at any of the branches or affiliates/agents of the participating financial institutions offering micro financing, please contact their micro financing Hot line to seek assistance.

- Please refer to the *Comparative Table on Microfinance Product Features* for Hot line numbers of each participating financial institution.

MICRO ENTERPRISE FUND

13. What is the purpose of the Micro Enterprise Fund (MEF)?

- To increase access to micro financing for micro enterprises with viable businesses, in the current more challenging business environment.
- The fund is administered by Bank Negara Malaysia and is available from 5 November 2008 to 31 December 2009. A total of RM200 million has been allocated by Bank Negara Malaysia for this purpose.

14. Who is eligible to apply for MEF?

- Any micro enterprise that is eligible to apply under *Pembiayaan Mikro* is eligible to apply for MEF. Please refer to the response to Question 3 above.

15. Where can micro enterprises apply for the MEF?

- Micro enterprises can apply for MEF at any of the participating financial institutions of *Pembiayaan Mikro*. Please refer to the list of participating financial institutions provided under Question 4 above.

16. Who will be able to get financing from MEF?

- Any micro enterprise that is deemed to be a viable business by a participating financial institution will be able to obtain financing.

17. How do I obtain more information on the micro financing product features offered by each participating financial institution?

- The micro financing product features of each participating financial institution is published in the *Comparative Table on Microfinance Product Features*. This Comparative table can be obtained from the BNM Website (www.bnm.com.my), BankingInfo Website (www.bankinginfo.com.my) and the SMEinfo Portal Website (www.smeinfo.com.my). This table is updated as and when there are

changes to the product features by any participating financial institution.

18. What do I do if my loan application is rejected?

- You can try to apply at another participating financial institution. Different participating financial institutions have different eligibility criteria.

19. What do I do if the bank rejects me without a proper reason?

- All banks are required by Bank Negara Malaysia to provide you with a reason for being rejected. If you are rejected without a reason, you can contact the following at Bank Negara Malaysia to submit your complaint:

  BNMLINK (Customer Service Walk-In Centre)
  Ground Floor, Block D, Bank Negara Malaysia
  Jalan Dato' Onn, 50480 Kuala Lumpur
  (Operating Hours: Monday to Friday, 9.00 a.m. – 5.00 p.m.)

  BNMTELELINK (Customer Service Call-In Centre)
  Tel: 1-300-88-5465 or 1-300-88-LINK
  Fax: 03-2174 1515
  Email: bnmtelelink@bnm.gov.my

20. Is refinancing allowed under the MEF?

- No, the fund is not meant for refinancing of existing loans.

21. Can I get financing from different banks to a total of amount of more than RM 50,000?

- Yes. Even if you have an outstanding micro financing loan of RM50,000, you can approach another participating financial institution to submit a new micro financing loan application. However, your credit evaluation will be based your repayment capacity and your total outstanding loan amount with all financial institutions.

Bank Negara Malaysia

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