



**Asia-Pacific
Economic Cooperation**

2014/SMEWG38/022

Agenda Item: 11.2

Credit Guarantee Mechanisms for Promoting SME Financial Inclusion

Purpose: Information
Submitted by: Chinese Taipei



**38th Small and Medium Enterprises Working
Group Meeting
Taichung, Chinese Taipei
26-27 March 2014**




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Economic Cooperation

38th APEC SMEWG Meeting Item 11.2.1

Credit Guarantee Mechanisms for Promoting SME Financial Inclusion

Chinese Taipei
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Background of SMEG

- ◆ **Supervisory Agency:** Small and Medium Enterprise Administration (SMEA), MOEA
- ◆ **Establishment:** July 9, 1974
- ◆ **Nature:** Non-profit organization
- ◆ **Sources of Capital Funds:** Donations from governments, banks and other agencies
- ◆ **Leverage:** Up to 20 times net worth
- ◆ **Contracted Banks:** 40, with more than 3,000 branches

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 **Operations of Granting Credit Guarantee (1/2)**

◆ Indirect Guarantee




```

    graph LR
      SMEs[SMEs] --> Banks[Banks]
      Banks --> SMEG[SMEG]
  
```

- Extend guarantees to SMEs via 40 contracted banks with more than 3,000 branches
- Documents channeled via internet

◆ Direct Guarantee




```


    graph LR
      SMEs1[SMEs] --> SMEG1[SMEG]
      SMEG1 --> SMEs2[SMEs]
      SMEs2 --> Banks[Banks]
      Banks --> SMEG2[SMEG]
  
```

- Comply with the government industrial policies to enhance development of core industries
- Focus on SMEs with intellectual property or engaging in cultural and creative industries

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 **Operations of Granting Credit Guarantee (2/2)**

◆ Counterpart Guarantee



```

    graph LR
      SMEs[SMEs] --> Donating[Donating agencies]
      Donating --> Banks[Banks]
      Banks --> SMEG[SMEG]
  
```

◆ Risk Sharing : Donating Agencies/ SMEG

- 3 big enterprises/ SMEG: 50%/50%
- 3 central government agencies/ SMEG: 50%/50%
- 5 big city governments/ SMEG: 40%/60%
- 7 county governments/ SMEG: 30%/70%

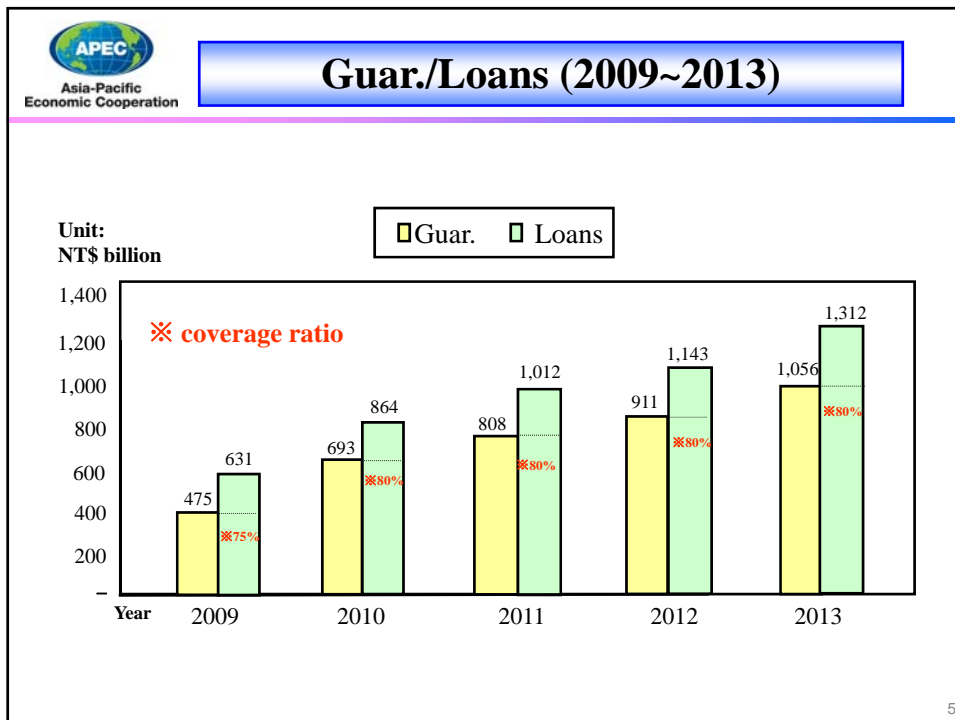
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High Coverage and Low Fee-rate for Micro Business/Start-up Loans

- ◆ **Coverage ratio:**
 - Average 80% for SMEs**
 - 90% to 95% for micro business and start-ups**
- ◆ **Guarantee fee rate:**
 - Average 0.75% for SMEs**
 - Fixed 0.5% for micro businesses and start-ups**

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Performance

As of the end of Dec. 2013:
No. of SMEs Oversized: 2,541 663 enterprises
 Listed in stock market: 281 } --43.56% of the total
 Listed in OTC* market: 382 } (1,522 enterprises)

*OTC: over-the-counter

Outstanding Guaranteed Enterprises:

National Award of SMEs	}	859 SMEs
National Quality Award		
Rising Star Award		
SME Innovation Research Award		
Employment Creation Contribution Award		
		--63.35% of the total(1,356 SMEs)

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Torchbearer Institute (TI)

- ◆ From its inception in **July 2005** to **Dec. 2013**
- ◆ **Forum: 19; Lecture: 79; Course: 73**
- ◆ **Total participants: 17,907**




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Thank You!

