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OCBC BANK INCREASES SUPPORT FOR SMALL AND EMERGING BUSINESSES WITH NEW LOAN SCHEME

Revolving short term loan closes the gap in cash flow financing with a flexible repayment and re-drawing structure

Singapore, 15 January 2018 – Small and emerging businesses seeking buffer funds that can be promptly deployed in times of urgent need can cross one item off their new year's wish list.

OCBC Bank officially launched the OCBC Business Revolving Short Term Loan on 2 Jan 2018. The loan offers funding of up to \$200,000 and is tailored for small and emerging businesses that have been in operation for at least two years and need cash flow financing from time to time.

The uniqueness of this loan scheme lies in its flexibility and cost effectiveness. The former stems from its revolving nature – business owners can draw down, repay and redraw from this line of credit, giving them a readily available source of cash that they can fall back on in a pinch. Repayment is also flexible as there is no early repayment fee.

As a result of these distinctive features, in the 10 weeks since the loan's full soft launch in November 2017, more than \$6 million in loans have been approved.

The loan is useful for SMEs, which may for various reasons face frequent funding crunches that could have a serious bearing on their cash flow positions. For instance, according to the 2017 SME Financing Survey conducted by SPRING Singapore in partnership with Dun & Bradstreet¹, three in five SMEs currently face delays in receiving payments from customers. The SMEs surveyed also continued to rank delays in customers' payments as their top finance-related concern. This same concern was echoed by SMEs that participated in the 2017 Development Survey by DP Information Group². 35 percent of the SMEs surveyed said that they faced finance-related issues with 81 percent having experienced delays in receiving payment from customers.

On a happier note, SMEs may also need additional working capital in anticipation of a continued strong business outlook. According to Ministry of Trade and Industry (MTI), the Singapore economy grew 3.5 percent in 2017³. MTI expects the economy to grow by 1.5 to 3.5 percent this year⁴.

¹ More than 1,800 SME respondents across various industries, revenue bands and stages of development; conducted between June 2017 and September 2017.

² 2,522 SMEs took part in this survey.

³ <https://www.mti.gov.sg/NewsRoom/Pages/Singapore%E2%80%99s-GDP-Grew-by-3.1-Per-Cent-in-the-Fourth-Quarter-of-2017.aspx>

⁴ <https://www.mti.gov.sg/NewsRoom/Pages/MTI-Forecasts-GDP-to-Grow-by-3.0-to-3.5-Per-Cent-in-2017-and-1.5-to-3.5-Per-Cent-in-2018.aspx>

Against this backdrop, SMEs may be looking to ramp up their businesses. The loan's extra cash injection will allow them to hire more manpower, buy more supplies or even expand overseas.

Customers who took up the loan during the soft launch cited the following benefits as reasons for applying for the loan:

- **Flexibility**

They can draw down, repay and redraw from this same single line of credit whenever the need arises, instead of applying for a succession of loans which is inconvenient and time consuming. Customers can choose to repay drawdowns in either 6 or 12 months, and there is no penalty for early repayment.

Drawdown requests are easily made via email and the funds can be made available in as little as two working days.

- **Cost Effectiveness**

Interest is payable just on drawn-down amounts. As business owners are likely to make drawdowns only when they need funds, they will pay interest only on the amounts used, thus optimising their borrowing costs. This contrasts with term loans which are lump-sum disbursements that might never be fully used – but for which interest has to be paid on the full amount.

There is also no one-time fee for the setting up of the facility which means more savings that can be channeled to business operations.

Said Ms Christie Chu, Head of Emerging Business, Global Commercial Banking, OCBC Bank, "With one in two businesses banking with us, we know the needs of small businesses intimately. Having enough and even extra cash on hand is critical as many of these businesses go through an up-and-down cash cycle dictated by external factors such as seasonal trends and economic conditions.

"There might therefore be an urgent need for cash at any point in time which the OCBC Business Revolving Short Term Loan could meet so businesses can seize a great opportunity or simply ensure that there is sufficient working capital to keep operations going."

First Gourmet Pte Ltd, which owns brands such as Zaffron Kitchen, Zaffron Banana Leaf, Prata Wala and Ottoman Kebab & Grill, is one customer that took up the loan during its soft launch.

Said Mr Joseph Lee, Director of First Gourmet Pte Ltd: "This loan will provide extra funding for our business whenever the need arises. For instance, it is now the peak season for the F&B industry with Chinese New Year around the corner so we will need more working capital. We are also investing in activities such as franchising and going international. The loan offers the flexibility of an overdraft but at a lower interest rate, which is why we signed up for it."

For more information, please visit <https://www.ocbc.com/business-banking/loans/short-term-revolving-loan.html>

SOCIAL MEDIA ASSETS

Official hashtags: #ocbcbank #SMEs #financing #cashflow
#businessrevolvingshorttermloan

Keywords:

OCBC, business revolving short term loan, SMEs, small businesses



Suggested tweet: OCBC Bank has officially launched the OCBC Business Revolving Short Term Loan for small and emerging businesses that need cash flow financing. (143 characters)



Suggested Facebook post: OCBC Bank has officially launched the OCBC Business Revolving Short Term Loan for small and emerging businesses that need cash flow financing. The uniqueness of this loan scheme lies in its flexibility and cost effectiveness; the former stems from its revolving nature – business owners can draw down, repay and redraw from this line of credit, giving them a readily available source of cash that they can fall back on in a pinch. Repayment is also flexible as there is no early repayment fee.

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About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world’s most highly-rated banks, with an Aa1 rating from Moody’s. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World’s Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank’s key markets are Singapore, Malaysia, Indonesia and Greater China. It has more than 600 branches and representative offices in 18 countries and regions. These include over 330 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and more than 100 branches and offices in Hong Kong, China and Macao under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com.
