

ការរៀបចំអាជីវកម្មខ្នាតតូច និងមធ្យមឲ្យក្លាយជាអាជីវកម្មស្តង់ដា
Standardize Small and Medium Enterprise(SME)

Mr. Neak Niporn

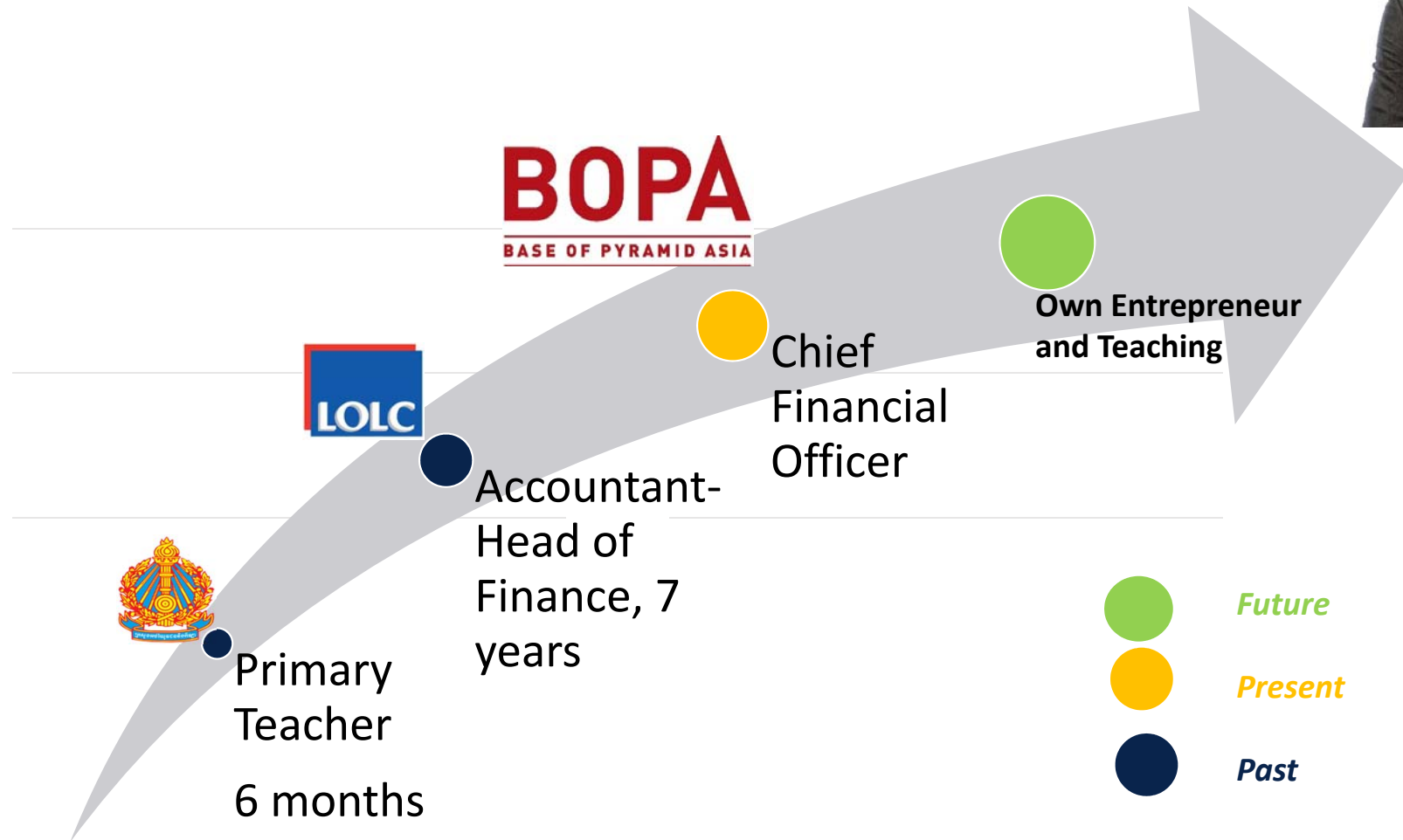
8 years experience in international Company.

HP: 015522168/068522168/077522168

E-mail: neakniporn@gmail.com



My Journey





Contents

01

Objective Summary

02

Classification for SME

03

Criteria for Standard Business



I. Objective Summary

- ▶ Participants would gain knowledge :
 - ❑ Universal definition of SME
 - ❑ Provide roadmap for small business owner who want to start-up/upgrade to a standard or sustainable development.



2. Classification for SME

► Universal Definition of SME

- EU: Employee up to 250 persons and revenues up to €50 million £ USD 58M
- China: Employee up to 300 persons and revenues from ¥10 to 300 million (£ USD1.4M to USD 43.4M)

Source: <http://blogs.worldbank.org/psd/a-universal-definition-of-small-enterprise-a-procrustean-bed-for-smes>

2. Classification for SME (Cont.)

► Local Definition of SME

Cambodia:

- Employee from 5 person defined by banking industry
- General Department of Taxation

Category	Revenue	Or Employee
Small	[USD 62,500-USD 175,000]	[10-50]
Medium]USD 175,000-1,000,000]	[51-100]
Large	> USD 1,000,000	>100

2. Classification for SME (Cont.)

► Tax Incentive for SME

Affective 02 October 2018

Cambodia:

- 3 years
- 5 years for using local raw material from 60% up or increment employees 20% or SME cluster.

តារាង. វិស័យអាទិភាព

សម្រាប់គោលដៅនៃអនុក្រឹត្យនេះ វិស័យអាទិភាពត្រូវបានកំណត់ដូចខាងក្រោម៖

១- ផលិតផលកសិកម្ម ឬកសិ-ឧស្សាហកម្ម

២- ផលិត និងកែច្នៃម្ហូបអាហារ

៣- កម្មន្តសាលដែលផលិតទំនិញប្រើប្រាស់ក្នុងស្រុក, កែច្នៃកាកសំណល់, និងផលិតទំនិញសម្រាប់វិស័យទេសចរណ៍

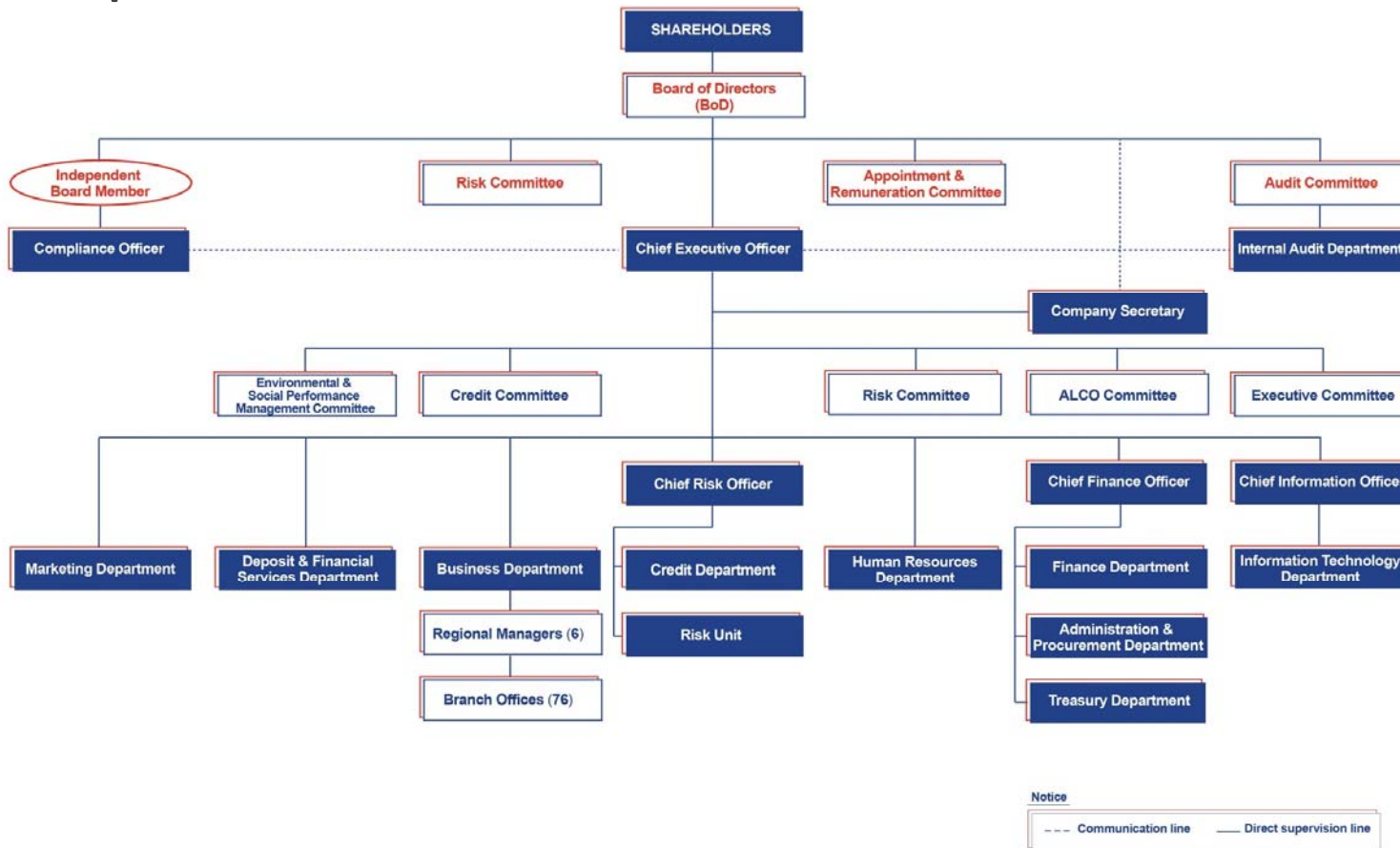
៤- កម្មន្តសាលដែលផលិតនូវផលិតផលសម្រេច ឬផ្នែកឬគ្រឿងបង្ក ដើម្បីផ្គត់ផ្គង់ឱ្យកម្មន្តសាលដទៃទៀត

៥- ស្រាវជ្រាវ និង អភិវឌ្ឍន៍បច្ចេកវិទ្យាព័ត៌មាន រួមទាំងការផ្គត់ផ្គង់សេវាគ្រប់គ្រងតាមប្រព័ន្ធបច្ចេកវិទ្យាព័ត៌មាន ដែលមានលក្ខណៈនវានុវត្តន៍

៦- សហគ្រាសដែលស្ថិតក្នុងតំបន់ប្រមូលផ្តុំសហគ្រាសចុះក្នុង និងមធ្យម, និងសហគ្រាសដែលអភិវឌ្ឍន៍តំបន់នេះ ។

3. Criteria for Standard Business

I. Good Corporate Government

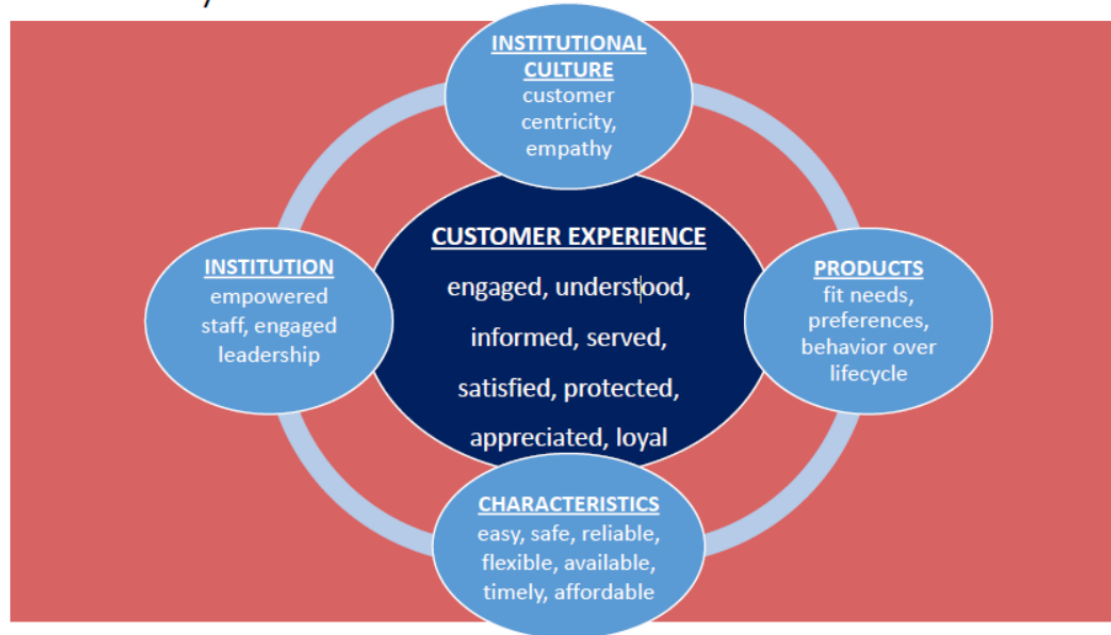


3. Criteria for Standard Business (Cont.)

II. Good Customer Profile

- How many percent of customers loyalty?
- Why customer choose you products/Services?

Client Centricity Model



3. Criteria for Standard Business (Cont.)

III. Good Internal Control & Financial Performance

A. Current

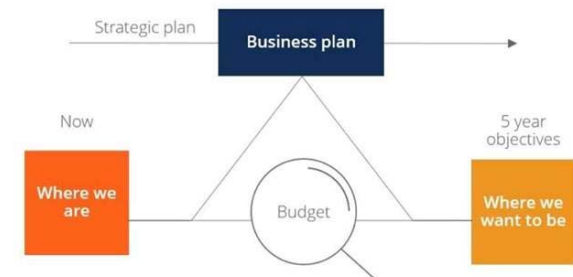
- ▶ Financial and Accounting System
- ▶ Sustainable Development
- ▶ Effective Internal control System
- ▶ Digital Innovation
- ▶ Effective Financial Leverage



B. Future

▶ Business Plan and Financial Projection

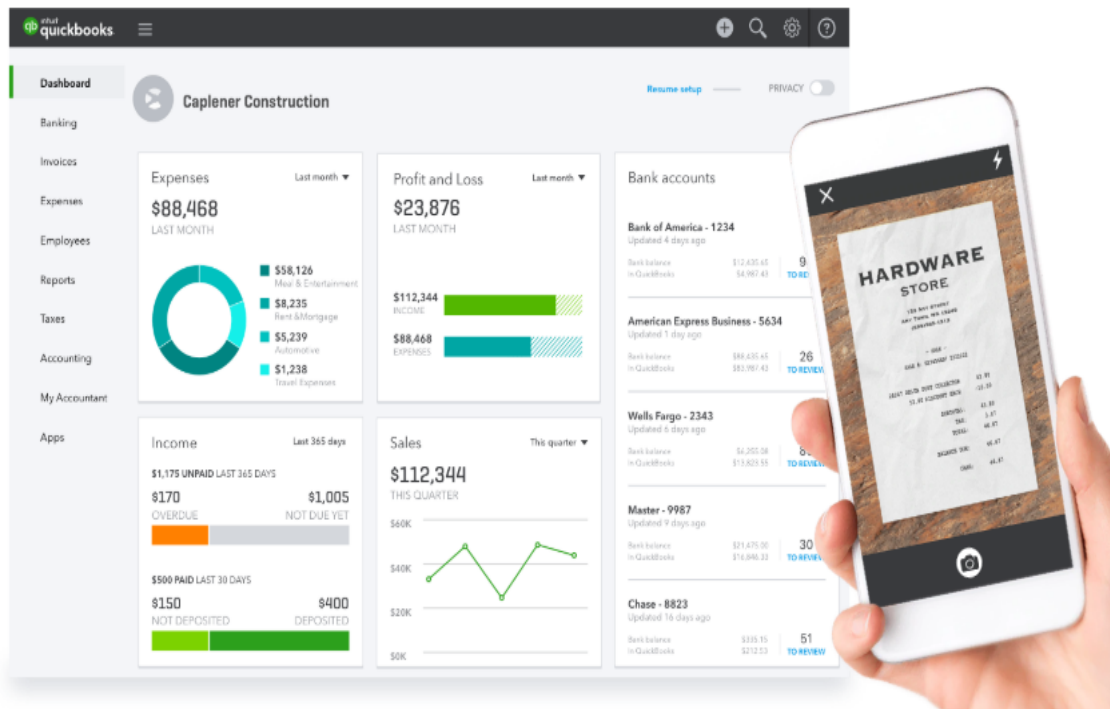
The importance of budgets



3. Criteria for Standard Business (Cont.)

Financial and Accounting System

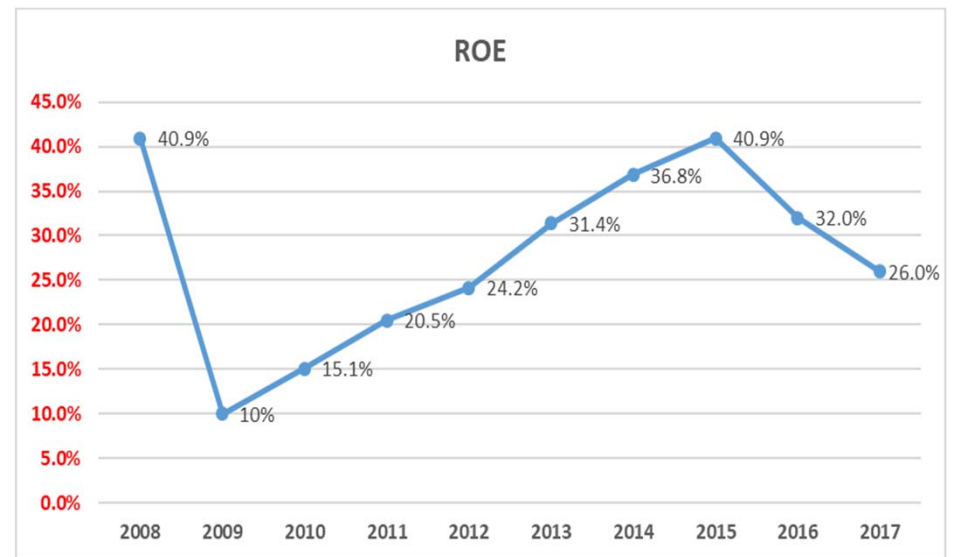
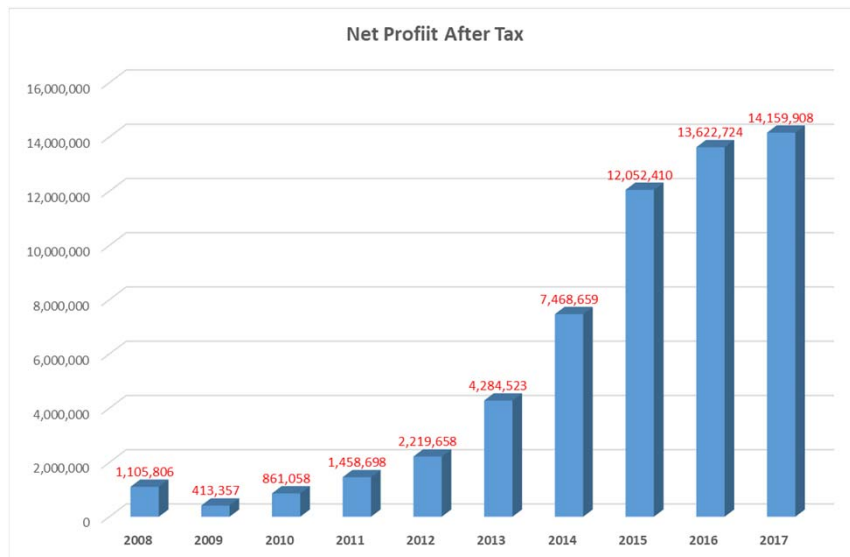
- Able to produce daily or at least month of the financial result:
- Simple Start-up business:



3. Criteria for Standard Business (Cont.)

Sustainable Development

In USD	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Profit After Tax	1,105,806	413,357	861,058	1,458,698	2,219,658	4,284,523	7,468,659	12,052,410	13,622,724	14,159,908
Return on Equity (ROE)	40.9%	10%	15.1%	20.5%	24.2%	31.4%	36.8%	40.9%	32.0%	26.0%



3. Criteria for Standard Business (Cont.)

Effective Internal Control System

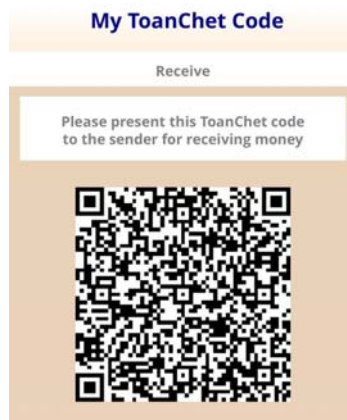


Digital Innovation

1) Payment System

- a) E-Commerce
- b) Internet banking
- c) Credit Card
- d) Overdraft Facility

Cashless in China



3. Criteria for Standard Business (Cont.)

Digital Innovation

FINCA's Fintech Innov

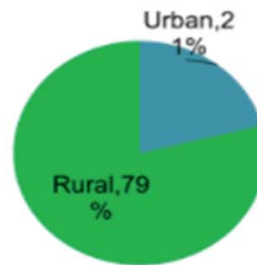
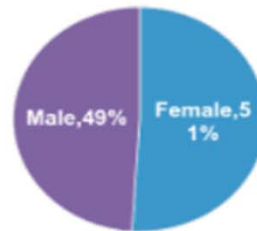
FINTECH CAMBODIA STARTUPS Global Index

FINTECH
SINGAPORE
fintechnews.sg

IN THE WORLD

Population: 15.3 Million
GDP Growth Rate: 7.63 %
Internet Penetration: 32%
Internet Users: 5 Million
Mobile Penetration: 166%
Mobile Users: 26 Million
Remittance:
• 2014: 363 Million \$
• 2015: 450 Million \$

Smartphone Users: 6 Million
Smartphone Penetration:
39.5%
Bank Account Penetration:
22%
Credit Card Penetration: 5%



SOURCES

- Trading Economics
- We Are Social
- Asia Foundation
- Phnompenh Post
- World Bank

f @FintechCambodia

t @FintechCambodia

3. Criteria for Standard Business (Cont.)

Digital Innovation

2) Channel Communication

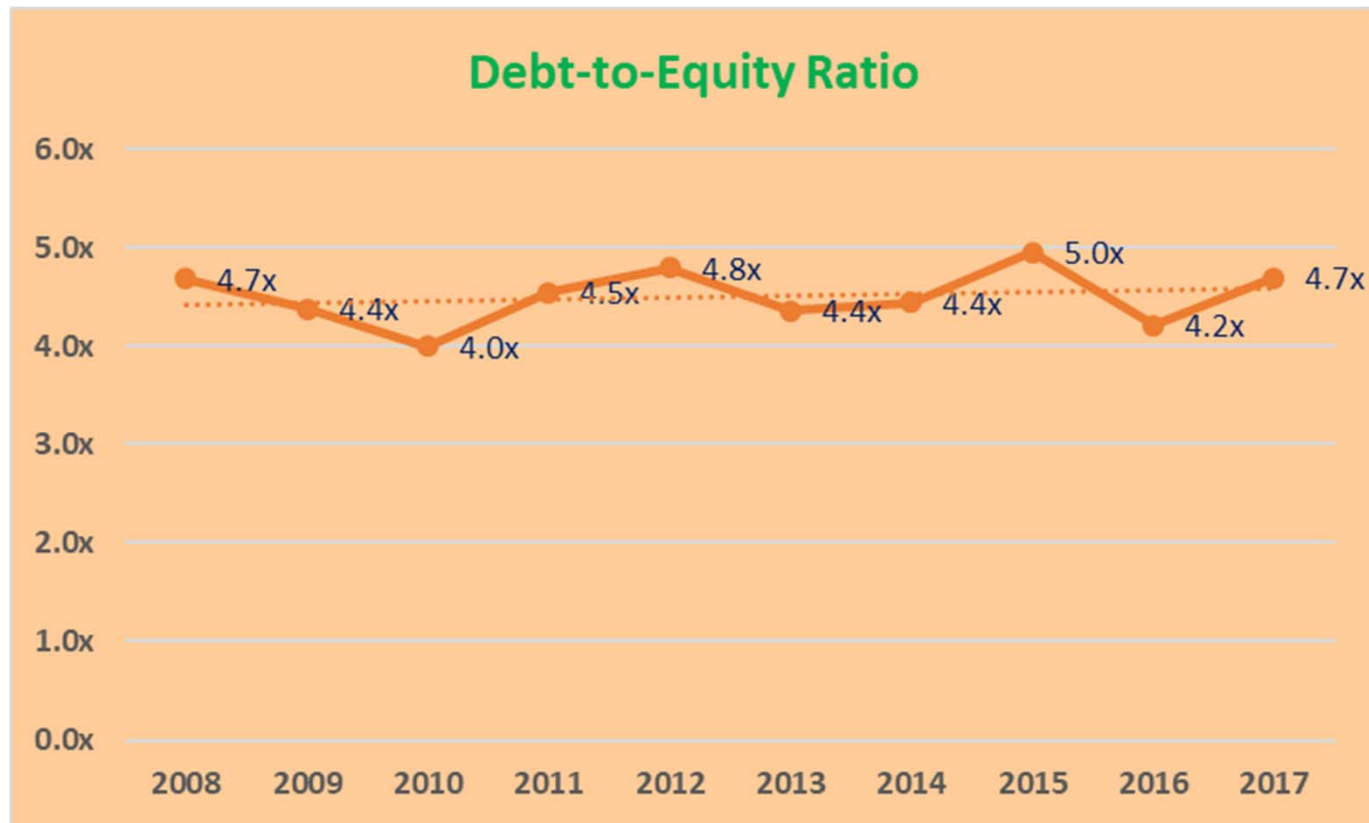
- a) WhatsApp
- b) Telegram
- c) Messenger
- d) Lync
- e) Skype

Personal banking information



3. Criteria for Standard Business (Cont.)

Effective Financial Leverage



3.Criteria for Standard Business (Cont.)

Business Plan and Financial Projection

01

Bottom Up

Start from Officer to Management level



- Set new target client each loan officer
- Set pricing , or product
- Risk

02

Top Down

Shareholder/BOD level=> Ground Level



- ROE, ROA
- Operating Cost
- Risk

03

CEO/COO/CFO



- Consolidate for business plan meeting.
- Seek Board Approval Business Plan

3.Criteria for Standard Business (Cont.)

Highlight of Financial Projection

In Million USD

VIII- Balance Sheet	2014	2015	2016	2017	2018	2019	2020
Cash and cash equivalent	\$ 14.6	\$ 26.8	\$ 37.3	\$ 52.9	\$ 60.2	\$ 90.8	\$ 121.4
Gross loan portfolio	\$ 115.4	\$ 188.4	\$ 285.2	\$ 421.9	\$ 592.0	\$ 847.6	\$ 1,171.5
Loan loss provision	\$ (0.1)	\$ (0.5)	\$ (1.3)	\$ (2.5)	\$ (4.1)	\$ (6.8)	\$ (10.5)
Other assets	\$ 3.2	\$ 6.0	\$ 6.2	\$ 8.3	\$ 14.8	\$ 21.9	\$ 34.5
Net fixed assets	\$ 1.2	\$ 1.6	\$ 3.8	\$ 4.7	\$ 5.3	\$ 6.1	\$ 6.3
Total assets	\$ 134.3	\$ 222.3	\$ 331.2	\$ 485.2	\$ 668.2	\$ 959.6	\$ 1,323.2
Deposit	\$ -	\$ 0.3	\$ 10.2	\$ 23.0	\$ 50.9	\$ 99.7	\$ 157.8
Other liabilities	\$ 4.7	\$ 8.0	\$ 11.8	\$ 17.3	\$ 24.1	\$ 35.0	\$ 48.2
Senior loans	\$ 103.9	\$ 174.1	\$ 244.6	\$ 349.9	\$ 467.2	\$ 653.2	\$ 878.1
Subordinated loans	\$ 2.0	\$ 4.0	\$ 12.0	\$ 9.6	\$ 7.2	\$ 4.8	\$ 2.4
Total liabilities	\$ 110.5	\$ 186.3	\$ 278.6	\$ 399.8	\$ 549.4	\$ 792.7	\$ 1,086.5
Registered capital	\$ 5.7	\$ 5.8	\$ 25.6	\$ 35.2	\$ 34.9	\$ 34.5	\$ 34.5
Retained earning	\$ 10.6	\$ 18.2	\$ 8.9	\$ 24.9	\$ 47.1	\$ 79.5	\$ 126.8
Net profit current year	\$ 7.5	\$ 12.1	\$ 18.1	\$ 25.2	\$ 36.8	\$ 52.9	\$ 75.4
Total equity	\$ 23.8	\$ 36.0	\$ 52.6	\$ 85.4	\$ 118.8	\$ 166.9	\$ 236.7
Total liabilities and equity	\$ 134.3	\$ 222.3	\$ 331.2	\$ 485.2	\$ 668.2	\$ 959.6	\$ 1,323.2

Check

IX- P&L Statement	2014	2015	2016	2017	2018	2019	2020
Interest incomes	\$ 27.5	\$ 41.6	\$ 64.9	\$ 89.0	\$ 125.0	\$ 170.7	\$ 233.2
Interest expenses	\$ 7.9	\$ 12.1	\$ 20.1	\$ 29.2	\$ 40.6	\$ 55.5	\$ 75.4
Net interest margin	\$ 19.6	\$ 29.5	\$ 44.8	\$ 59.8	\$ 84.4	\$ 115.2	\$ 157.8
Non interest income (net)	\$ (0.3)	\$ 0.4	\$ 1.2	\$ 2.1	\$ 2.6	\$ 4.7	\$ 8.3
Operating incomes	\$ 19.3	\$ 29.8	\$ 46.0	\$ 61.9	\$ 87.1	\$ 119.9	\$ 166.1
Operating expenses	\$ 9.9	\$ 14.3	\$ 21.7	\$ 27.9	\$ 37.4	\$ 48.0	\$ 63.5
Loan loss expenses	\$ 0.1	\$ 0.5	\$ 1.6	\$ 2.4	\$ 3.7	\$ 5.8	\$ 8.3
Grant incomes	\$ 0.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre-tax incomes	\$ 9.4	\$ 15.1	\$ 22.7	\$ 31.5	\$ 46.0	\$ 66.1	\$ 94.3
Tax expenses	\$ 1.9	\$ 3.0	\$ 4.5	\$ 6.3	\$ 9.2	\$ 13.2	\$ 18.9
Net profit after taxes	\$ 7.5	\$ 12.1	\$ 18.1	\$ 25.2	\$ 36.8	\$ 52.9	\$ 75.4

Check

3.Criteria for Standard Business (Cont.)

Highlight of Financial Projection

X- Key Ratios	2015	2016	2017	2018	2019	2020
GLP/Total Assets	84.72%	86.13%	86.95%	88.60%	88.32%	88.54%
Deposit-to-Loan Ratio	0.15%	3.57%	5.44%	8.59%	11.76%	13.47%
Total liabilities-to-Equity (Sub-debts as debt)	5.18x	5.30x	4.68x	4.62x	4.75x	4.59x
Total liabilities-to-Equity (Sub-debts as equity)	4.56x	4.13x	4.11x	4.30x	4.59x	4.53x
CAR (Equity/TA)	16.19%	15.87%	17.60%	17.78%	17.40%	17.89%
CAR (Regulatory equity/ RWA)	16.86%	18.24%	18.66%	16.98%	16.09%	16.26%
ROE	40.92%	42.00%	35.17%	36.19%	37.19%	37.42%
ROA	6.96%	6.56%	6.12%	6.41%	6.53%	6.62%
Average Portfolio Yield	27.96%	27.03%	26.00%	24.51%	23.58%	22.94%
Average Cost of Funds	8.79%	9.00%	8.96%	8.98%	8.68%	8.40%
Operating Expenses/Ave GLP	9.85%	9.66%	8.37%	7.99%	7.20%	6.68%
Cost-to-Income (incl provisions)	64.52%	66.06%	65.84%	64.59%	62.86%	61.34%
Cost-to-Income (excl provisions)	63.39%	63.73%	63.22%	61.78%	59.64%	57.96%
PAR > 30 days	0.24%	0.45%	0.60%	0.70%	0.80%	0.90%
Write off / GLP	0.21%	0.26%	0.28%	0.34%	0.36%	0.38%
Liquidity (Liquid Assets / Total Assets)	6.95%	6.56%	7.15%	6.21%	6.95%	6.95%
Liquidity (Liquid Assets / Total GLP)	8.20%	7.62%	8.23%	7.01%	7.87%	7.85%

3.Criteria for Standard Business (Cont.)

Highlight of Financial Projection-Cash Flow

USD	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
CASH FLOWS												
Cash & Bank beginning of the month	1,230,613	1,177,126	1,666,731	1,593,521	1,710,768	1,661,572	2,114,353	849,523	874,297	1,685,579	879,061	2,077,542
OPEX	(53,487)	(45,011)	(73,210)	(17,860)	(49,196)	(80,784)	(14,830)	(68,077)	(48,959)	(56,518)	(51,518)	(51,518)
Actual payments (Board and Incentive)												(28,665)
OPERATING CASH FLOW	(53,487)	(45,011)	(73,210)	(17,860)	(49,196)	(80,784)	(14,830)	(68,077)	(48,959)	(56,518)	(51,518)	(80,183)
CASH FLOW FROM INVESTMENTS	-	534,616	-	135,107	-	58,027	(1,250,000)	92,851	(639,759)	(750,000)	(250,000)	(480,583)
Shareholder capital, raised						1,000,250			1,500,000		1,500,000	
Debt Project												
Debt Project Interest Payment												
TNC Repayment of convertible debt						(507,500)						
TNC Interest Payment						(17,212)						
CASH FLOW FROM FINANCING	-	-	-	-	-	475,538	-	-	1,500,000	-	1,500,000	-
ESTIMATED BANK BALANCE END OF MONTH	1,177,126	1,666,731	1,593,521	1,710,768	1,661,572	2,114,353	849,523	874,297	1,685,579	879,061	2,077,542	1,516,776

SWOT

S

Strengths

- ▶ Supportive and active shareholders & Management the title.
- ▶ Good ROE, ROA, and good portfolio quality;
- ▶ Strong and effective internal control (branch support team,
- ▶ financial control, and independent internal auditor
- ▶ Responsive and dynamic management team;

W

Weaknesses

- ▶ Offline IT system.
- ▶ For replacing the Long distance to get to service area.

O

Opportunities

- ▶ GDP is projected 7% growth over past and future;
- ▶ Growth in foreign investment in the Kingdom;
- ▶ Large population are in the productive age
- ▶ Supportive regulator enable the healthy competition

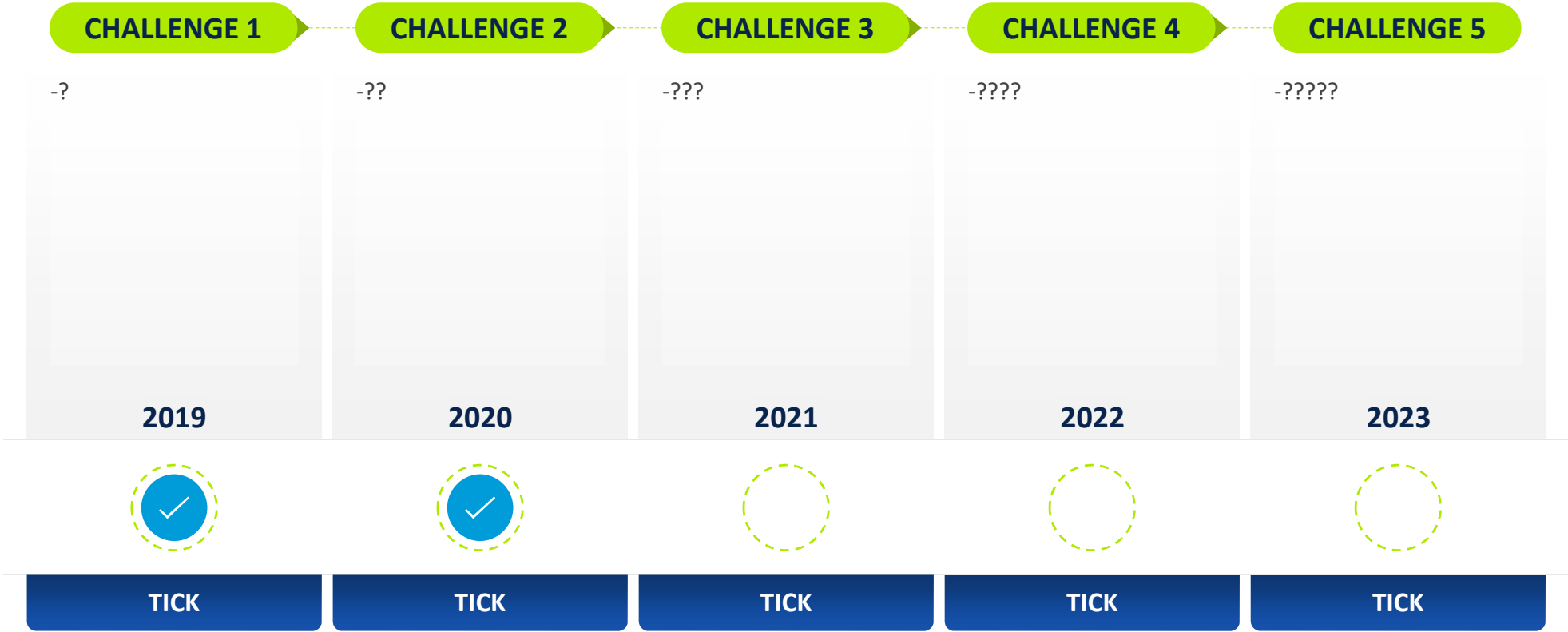
T

Threats

- ▶ Natural disasters;
- ▶ Agriculture commodity price fluctuations;
- ▶ Competing technology products and services of competitors;
- ▶ Limit source of Funding



Road Map Status



Welcome Questions

01. ?

03. ??

02. ??

04. ???

