



**TAIWAN  
SMEG**

Small & Medium Enterprise Credit Guarantee Fund of Taiwan

點亮 希望 · 璀璨綻放

# KPI and KSF of a Credit Guarantee Institution --Case in Taiwan

by

Yun-sen Jiang

Head of Client Services Dept., Taiwan SMEG

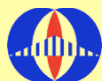
28<sup>th</sup> ACSIC Conference

Bali, Indonesia

Nov.18, 2015

# Outline

- **Background**
- **Operations of Credit Guarantee**
- **Public Relations**
- **KPI of CG and KSF of a CGI**

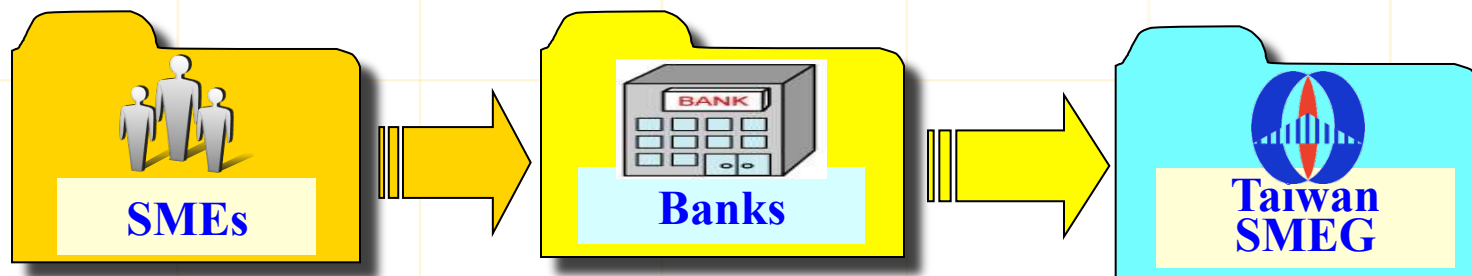


# Background

- **Establishment:** July 9, 1974
- **Nature:** Non-profit organization under supervision of Ministry of Economic Affairs
- **Sources of Capital Funds:** Donations from government, banks and other agencies
- **Leverage:** Up to 20 times net worth
- **Employees:** 326
- **Contracted Banks:** 40, with more than 3,000 branches

# Granting Credit Guarantee<sup>(1/3)</sup>

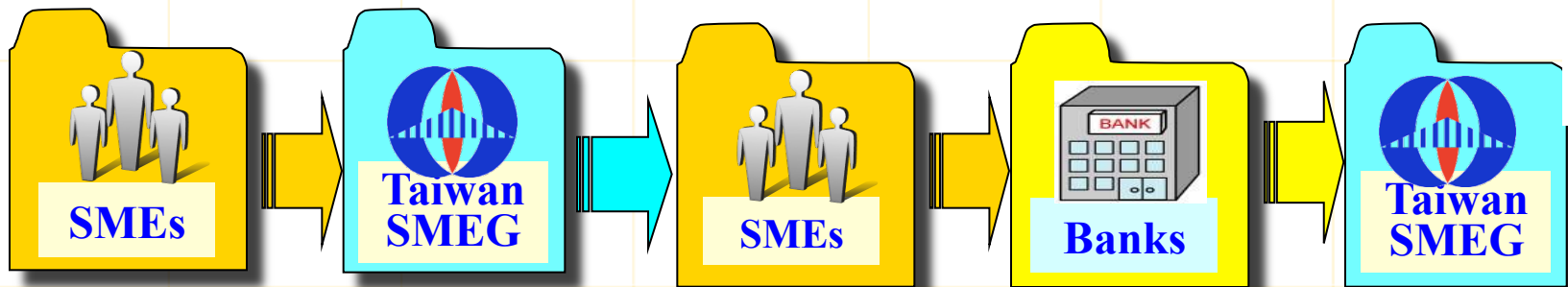
## ● Apply to Banks (Indirect Guar.)



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

# Granting Credit Guarantee<sup>(2/3)</sup>

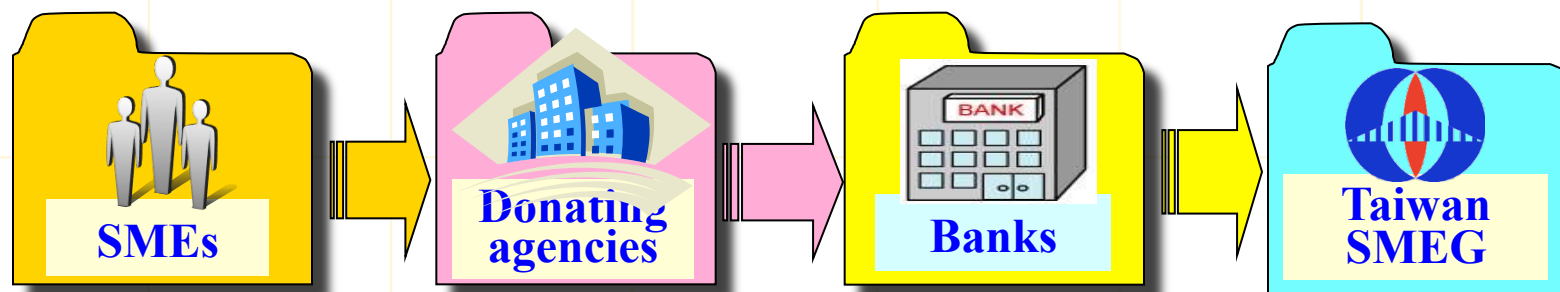
## ● Apply to Taiwan SMEG (Direct Guar.)



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

# Granting Credit Guarantee<sup>(3/3)</sup>

## ● The Counterpart Guarantee



### Risk Sharing of Donating Agencies/Taiwan SMEG

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

# Coverage and Fee-rate

- **Coverage ratio:**

**Average around 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 business and start-ups**

# Weather the Impact of Financial Crisis<sup>(1/2)</sup>

(Nov. 2008~ Dec. 2015)

## For SME Loans:

- Coverage Ratio: 70% to 80%
- Ceiling guaranteed loan amount for an enterprise: NT\$100 million to NT\$120 million
- Additional guaranteed loans for domestic investment: NT\$100 million
- Additional guaranteed loans secured by public construction contract: NT\$30 million (2015.1.1.~2015.12.31.)
- Guarantee fee rate: 0.75% to 0.50%



# Weather the Impact of Financial Crisis<sup>(2/2)</sup>

(Nov. 2009~ Dec. 2014)

## **For Non-SME Loans:**

- **Ceiling guaranteed loans**

**Working capital: NT\$60 million**

**Capital expenditure: NT\$200 million**

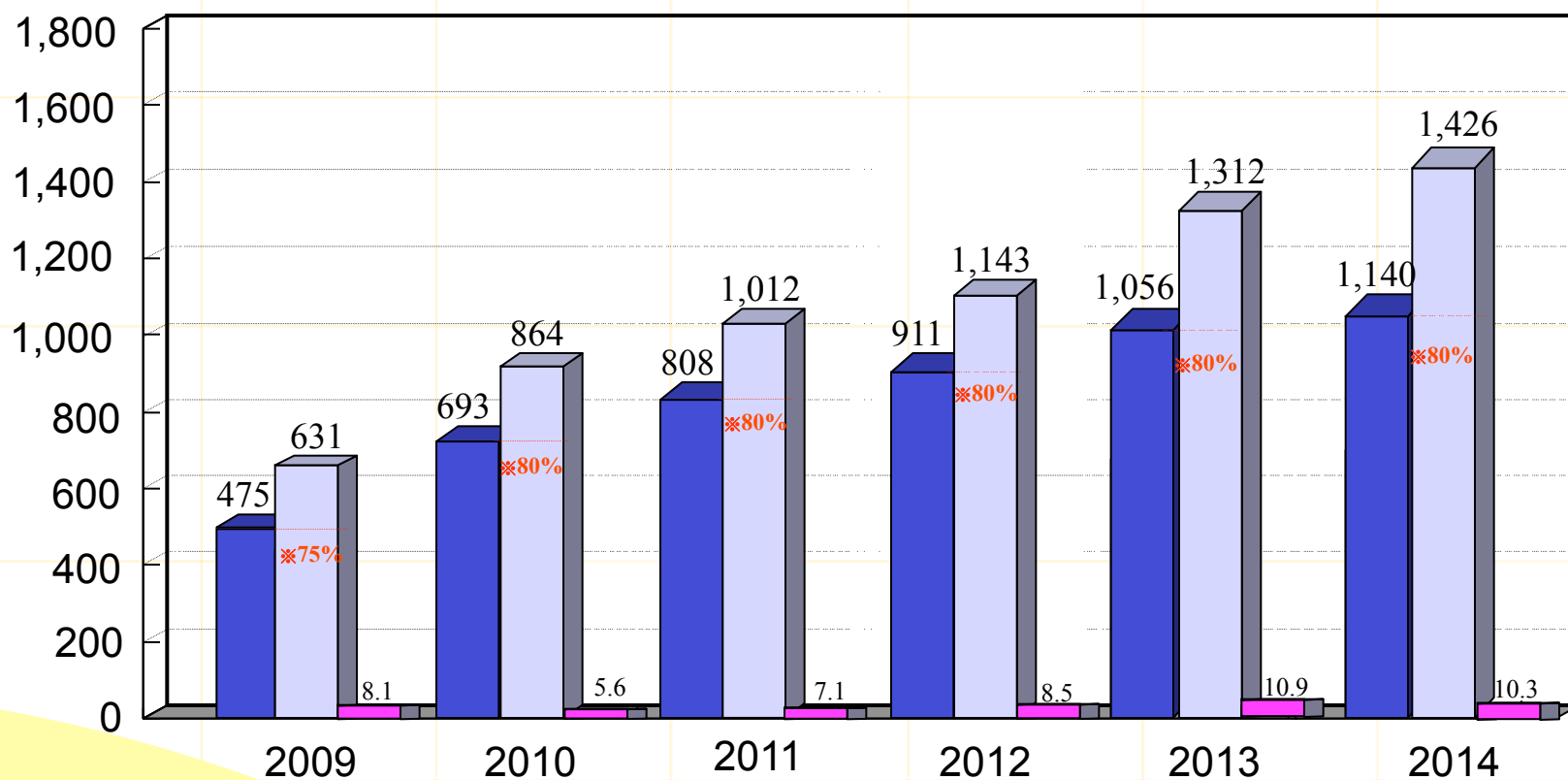
- **Coverage ratio: Max. 70%**

- **Guarantee fee: 0.75%**

# Guar./Loans (2009~2014)

Unit:  
NT\$ billion

■ Guar. ■ Loans ■ Default



# Public Relations

- Website of Taiwan SMEG
- CG Workshops for Banks' Lending Staff
- SMEG E-Monthly Newsletter
- SMEG Torchbearer Institute (TI)
- TI E-Newsletter

# Website of Taiwan SMEG

**TAIWAN SMEG** Small and Medium Enterprise Credit Guarantee Fund of Taiwan  
Chinese Counterpart Guar. Torchbearer Institute

Home About Us Services Relations Chart Credit Guarantee Other Regulations Guarantee Management Performance Journal ACSIC

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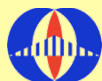
[http://www.smeg.org.tw/index\\_english.htm](http://www.smeg.org.tw/index_english.htm)

A good financing partner for SMEs

A road to a brighter future

3rd, 4th & 5th Fls., No. 6, Sec. 1, Roosevelt Rd.  
Zhongzheng District, Taipei City 10066, Taiwan, R.O.C.  
TEL: (886)2-2321-4261  
FAX: (886)2-2394-7317; (886)2-2321-4682  
E-mail: [mail@smeg.org.tw](mailto:mail@smeg.org.tw)  
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# CG Workshops for Banks' Staff

From **Jan. 1, 2014** to **Dec. 31, 2014**

- **Workshops: 84**
- **Total participants: 6,537**





# SMEG Torchbearer Institute (TI)

From its inception in **July 2005** to **Dec. 2014**

- **Forum: 22; Lecture: 88; Course: 79**
- **Total participants: 19,464**



## KPI of CG

- Guar. amount
- No. of guar. enterprises
- NPG amount
- Recoveries of CG claim payment

## KSF of a CGI

- **Government**
- **Credit Guarantee Institution (CGI)**
- **Banks**

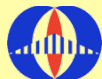


# Government

- Comprehensive SME development policy
- Laws and regulations on credit guarantee and banking industry
- Integrated SME assistance system
- Budget to fund the CGI

# Banks

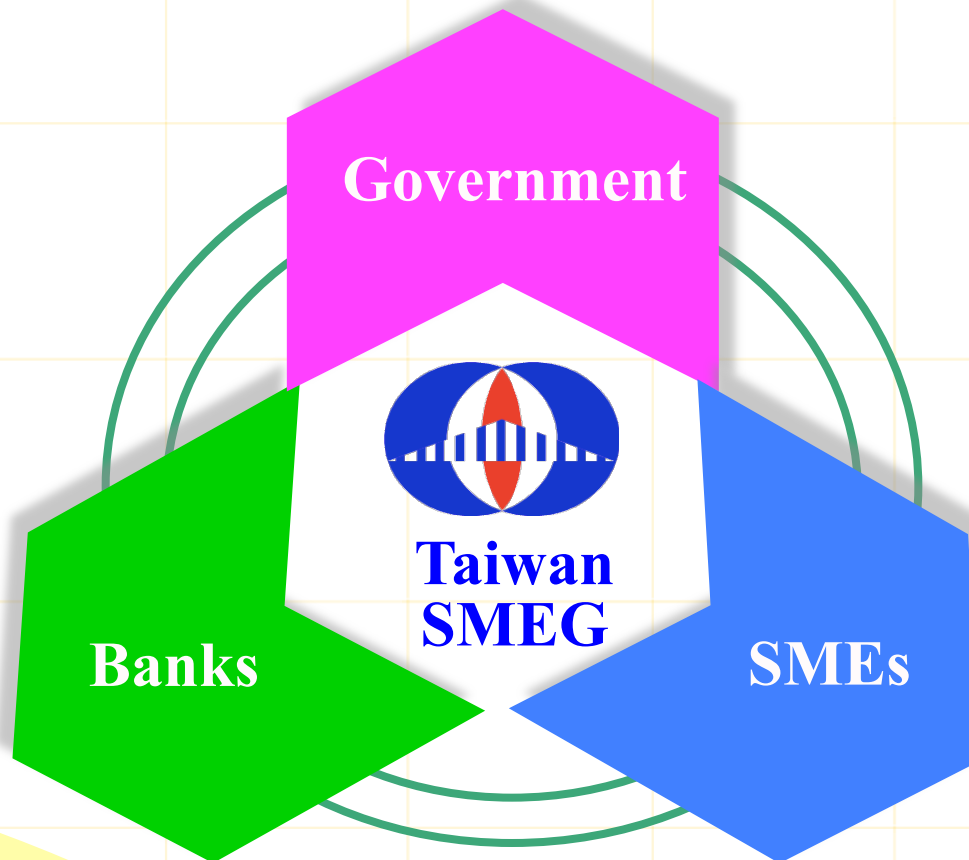
- Well-trained and experienced lending officers
- Sound credit appraisal and risk management system
- Efficient credit information exchange system among banks
- Specific bank/department for SME-lending
- Donations to CGI



# CGI

- Well-designed procedures for dealing with credit guarantee applications
- Clear criteria for handling claims
- Adequate design of follow-up and risk management measures
- Efficient communication mechanism with banks
- Frequent interactions with SMEs and start-ups

# Taiwan SMEG Bridges Government, Banks and SMEs



# Thank You!

TAIWAN  
SMEG

