



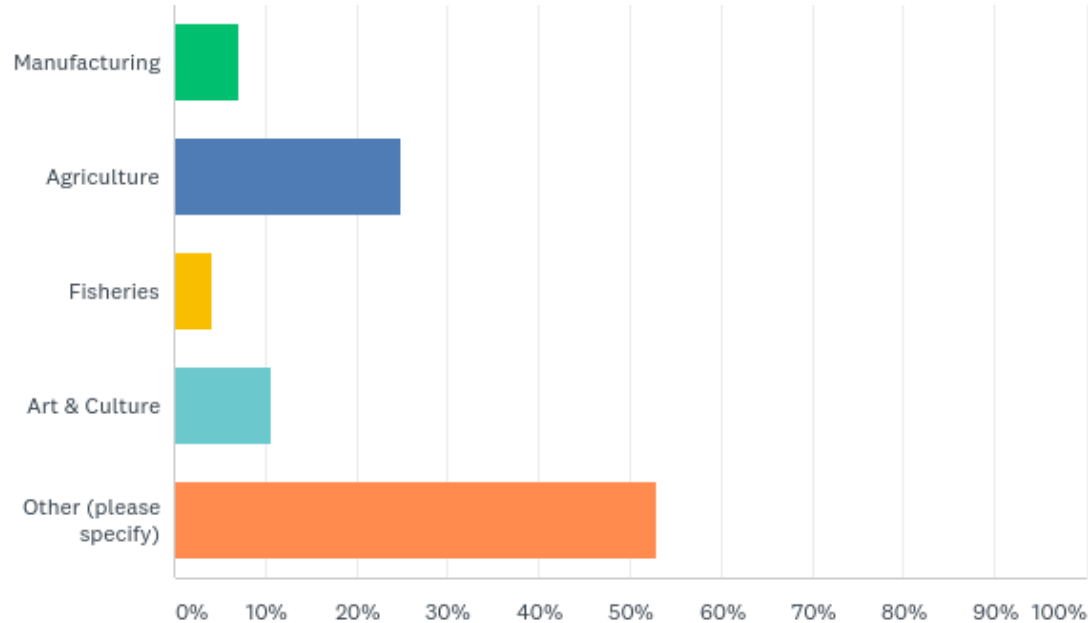
Central Bank of Seychelles

MSME Survey: Access to Credit Media Presentation

August 29, 2018

140 Total Responses	
Mahe	83
Praslin	43
La Digue	14

Q1: Sector/Industry



Other category:

- Snacks and Take Away
- Tailoring

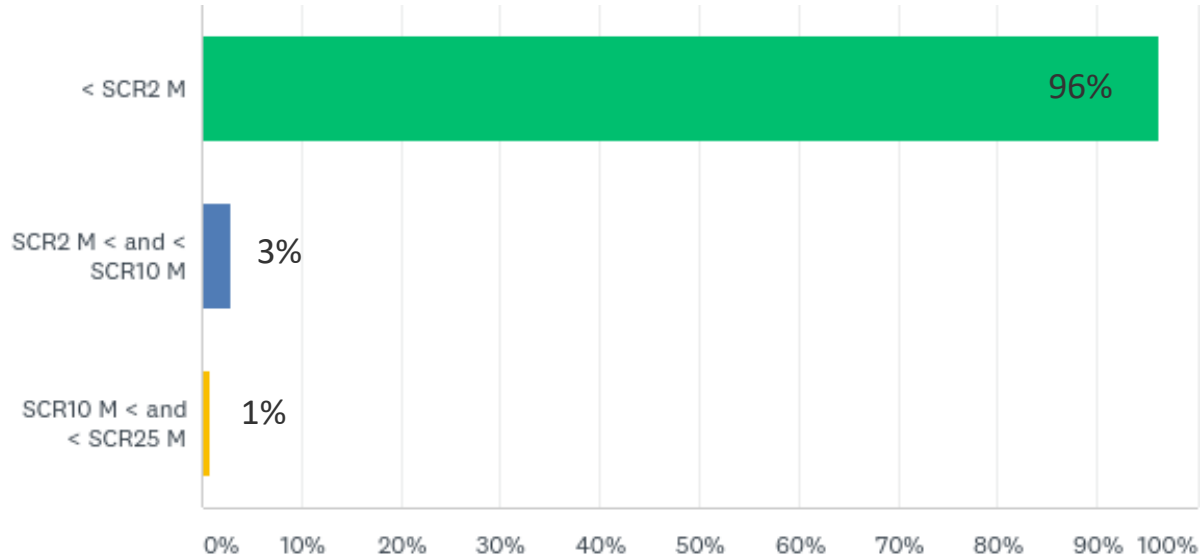
No. of years in operation:

- from a few months to 38+ years

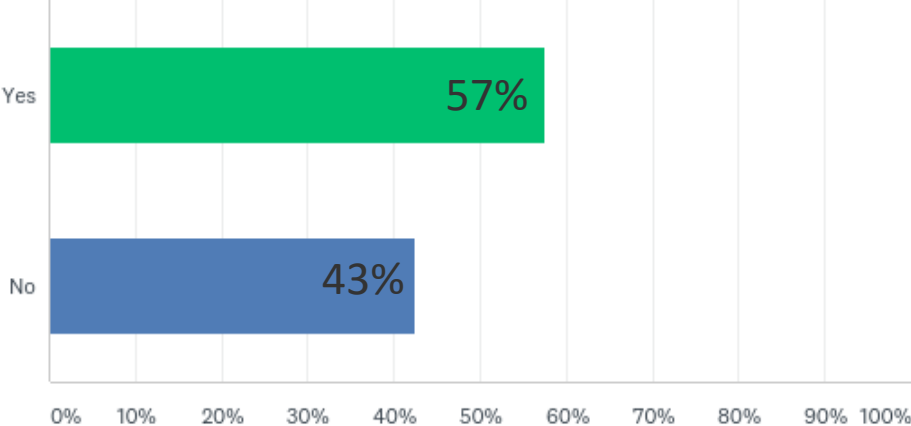
No. of employees:

- from sole trader to 50+ employees

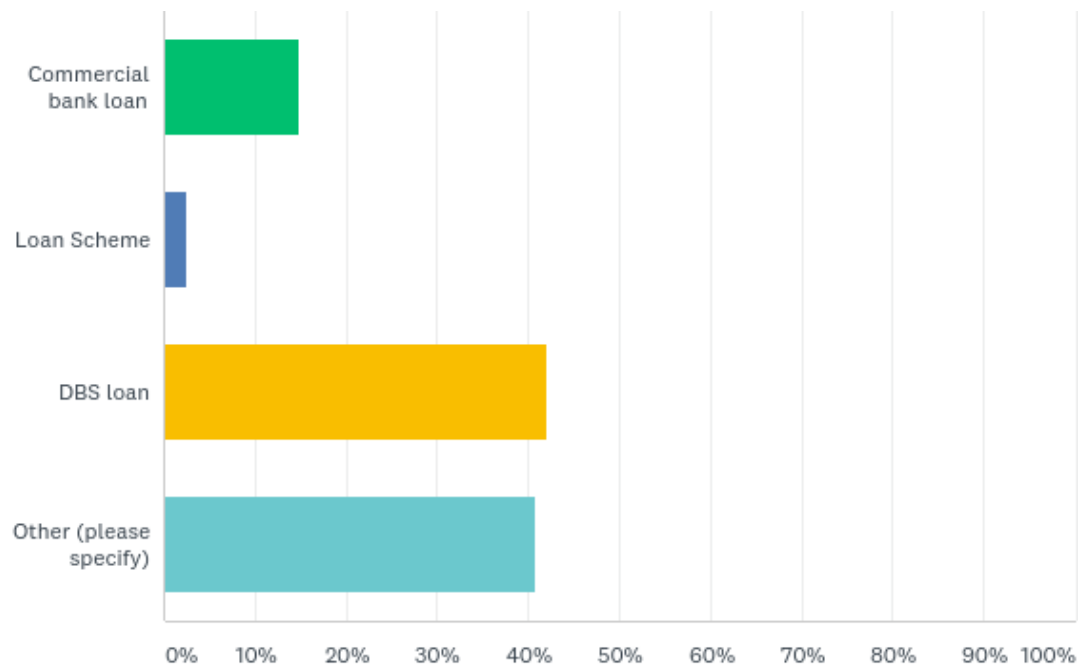
Q2: Please state your annual turnover



Q3: For initial startup, were you required to take a loan?

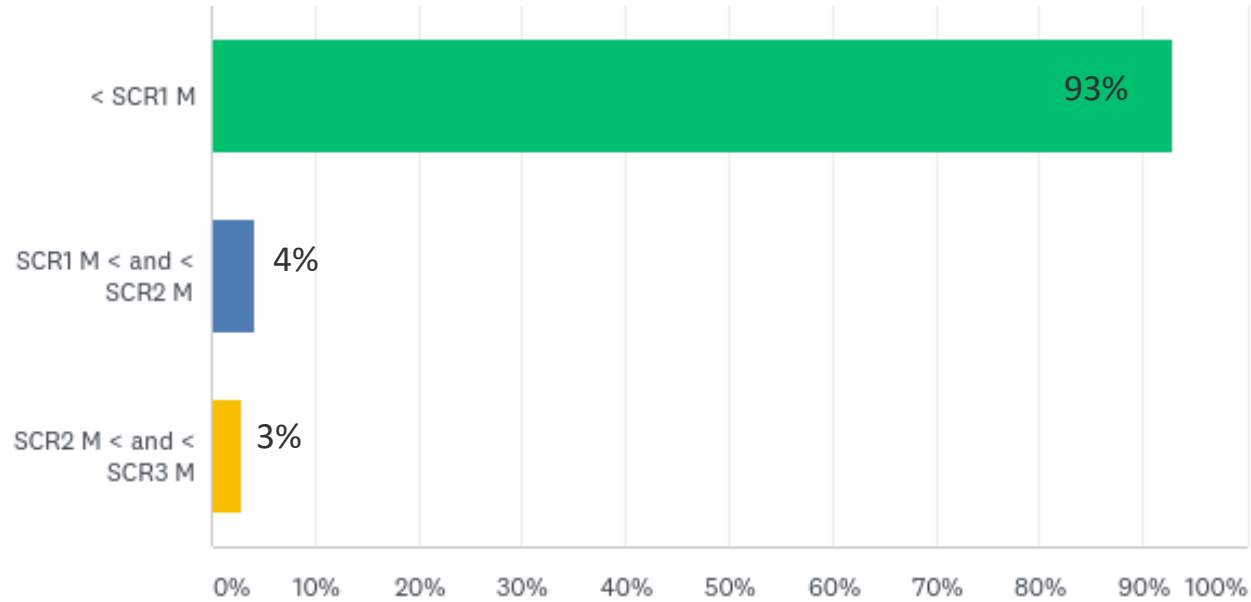


Q4: If yes, what type of financing was used?

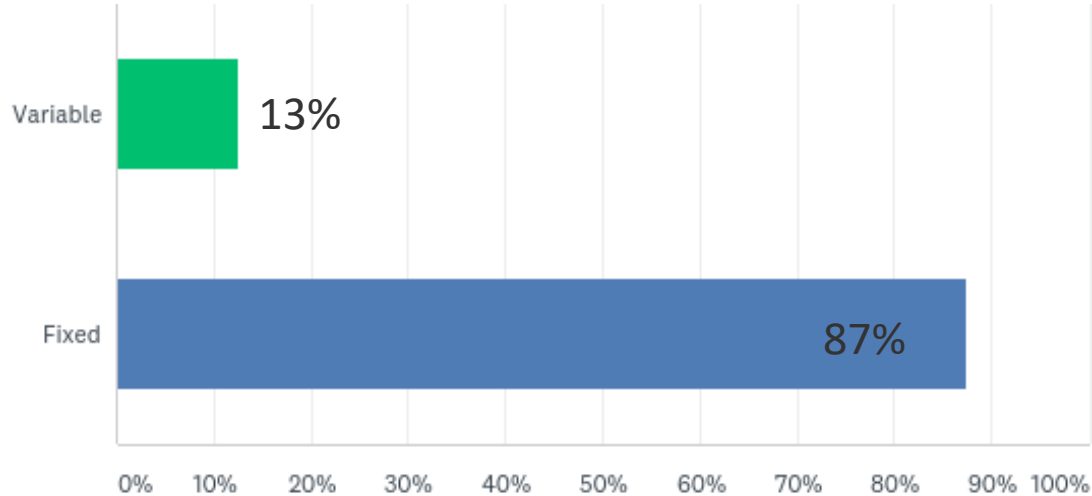


Financing (Loan)	
Commercial bank (including SME Scheme)	15%
SBFA	2%
DBS	42%
Others (e.g. SIDEC/SENPA, grants)	41%

Q5: Details of financing (Loan Amount)



Q6: Type of interest



Type of interest:

varied: different rates for different portions of total loan

Fixed: i.e. has not changed so far

Interest paid:

0% - 29%

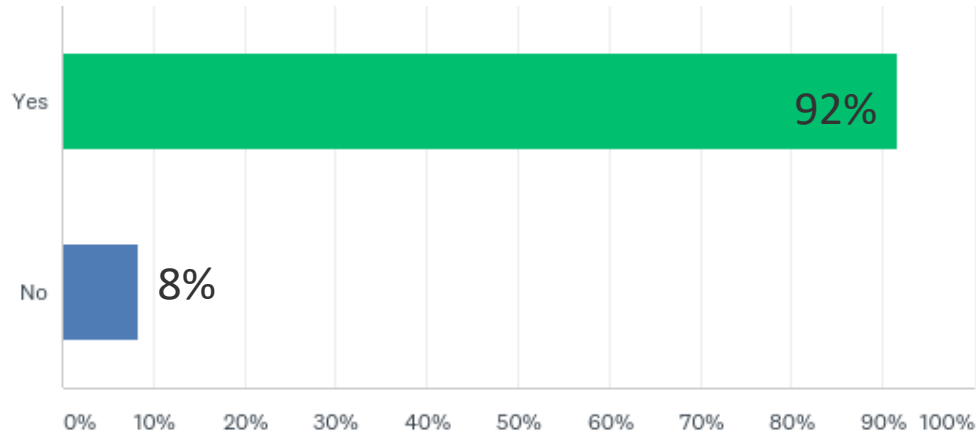
Loan schedule:

1-20 yrs

Grace period:

0 -12 mths

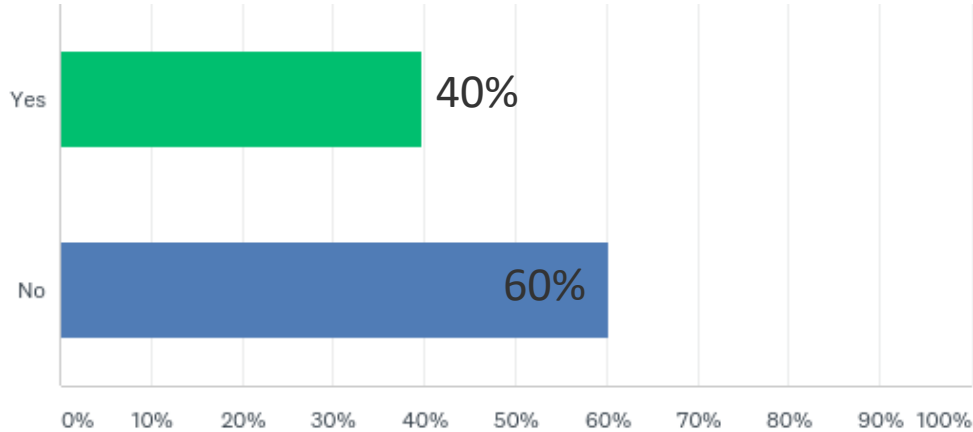
Q7: Was collateral required?



Collateral:

- 1 - 2 guarantor(s)
 - pledge on equipment
 - mortgage on house/land
- Loans with no collateral were mostly government funds with no interest (R25K), in low amount, had personal contributions...

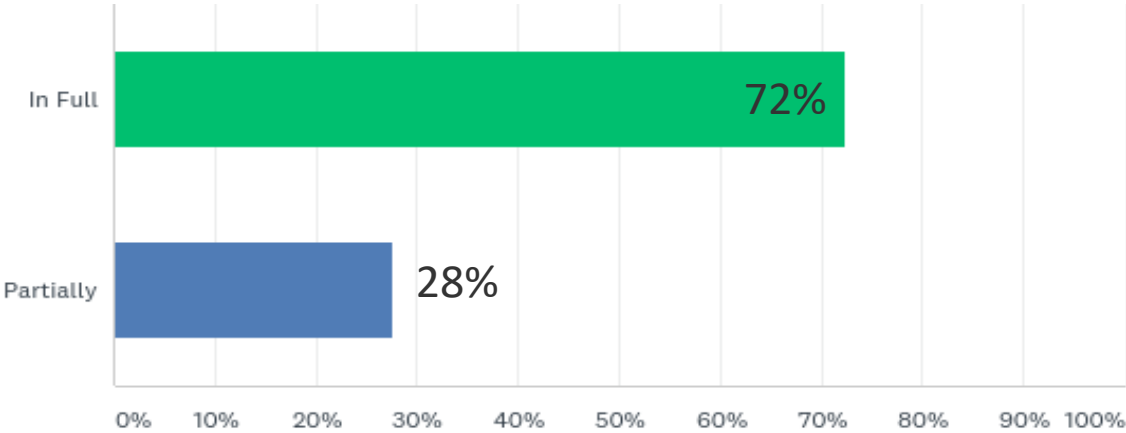
Q8: Was a personal contribution required?



Personal contribution:

- SCR3,000 – SCR175,000
- Or 5% - 25% of loan

Q9: If loan was disbursed, was it in full or partial?

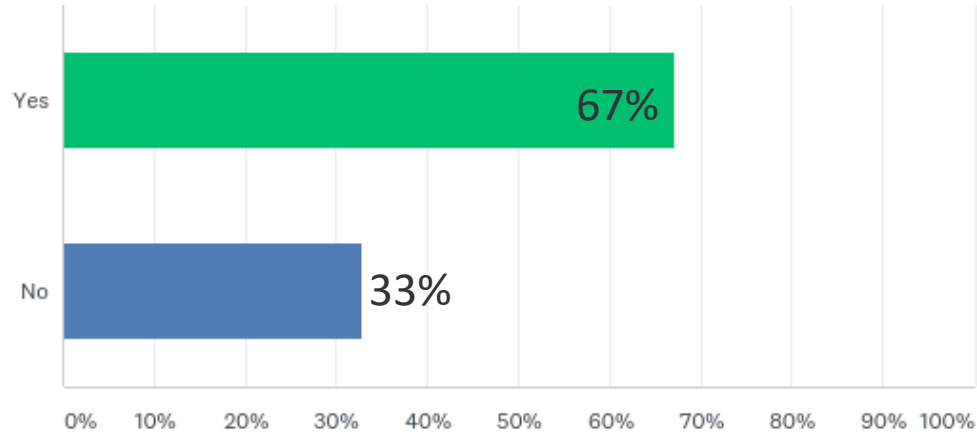


Q10: Please state any difficulties encountered

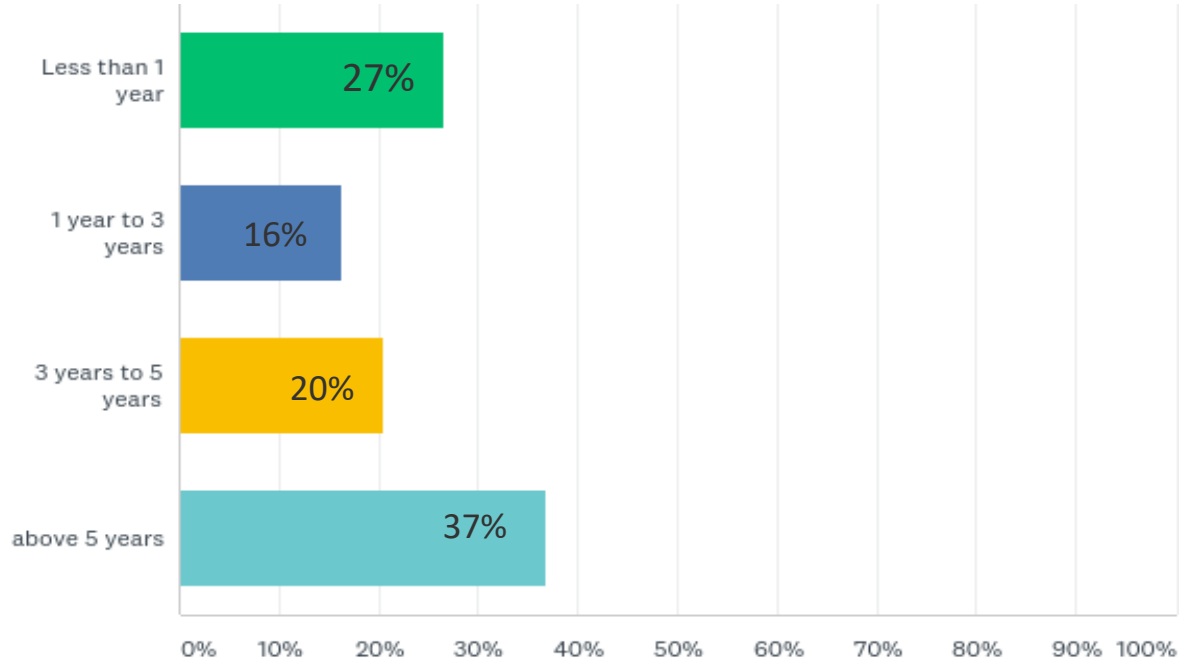
Difficulties from most to least common:

- **Administrative issues** (too many paper work, bureaucracy, KYC)
- **Loan application process** too lengthy and costly
- **Approval process** (documents required and processing time)
- Difficult to meet **collateral requirement** / Cannot get a **guarantor**
- **Loan disbursement** (1st instalment insufficient, takes too long)
- **Refusal at the onset** (do not meet requirements/terms & conditions)
- Could not **understand the available loan facilities**
- **Others** (not aware of any schemes, poor bank services, no confidentiality with the CIS, lack or/and expensive raw materials, authorities not supportive enough)

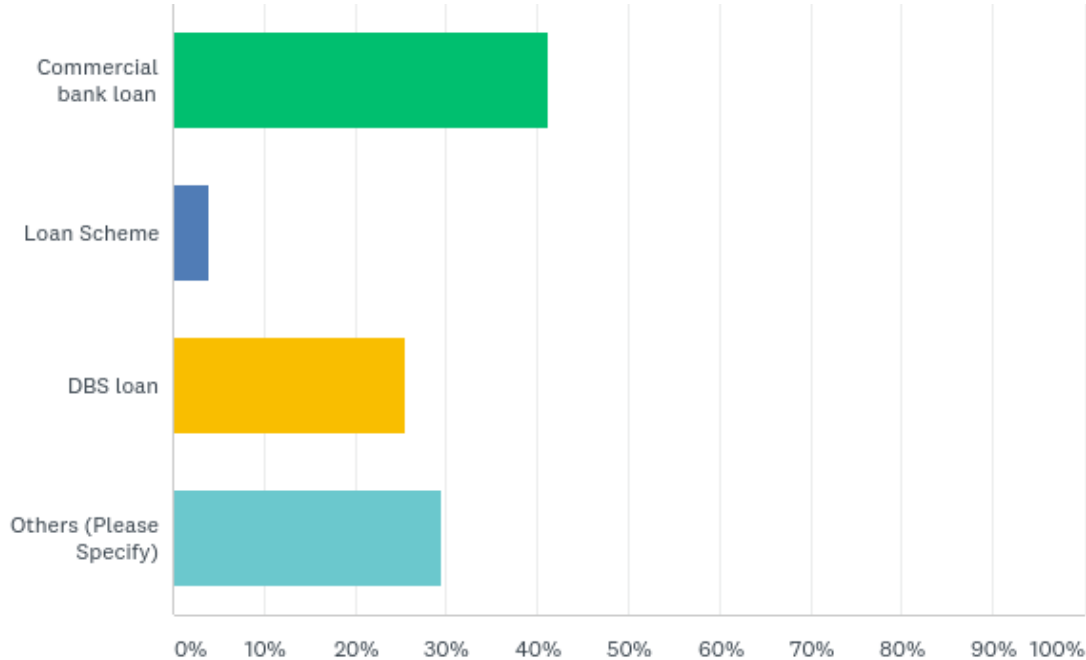
Q11: Have you sought additional financing after your initial startup?



Q12: If yes, specify when

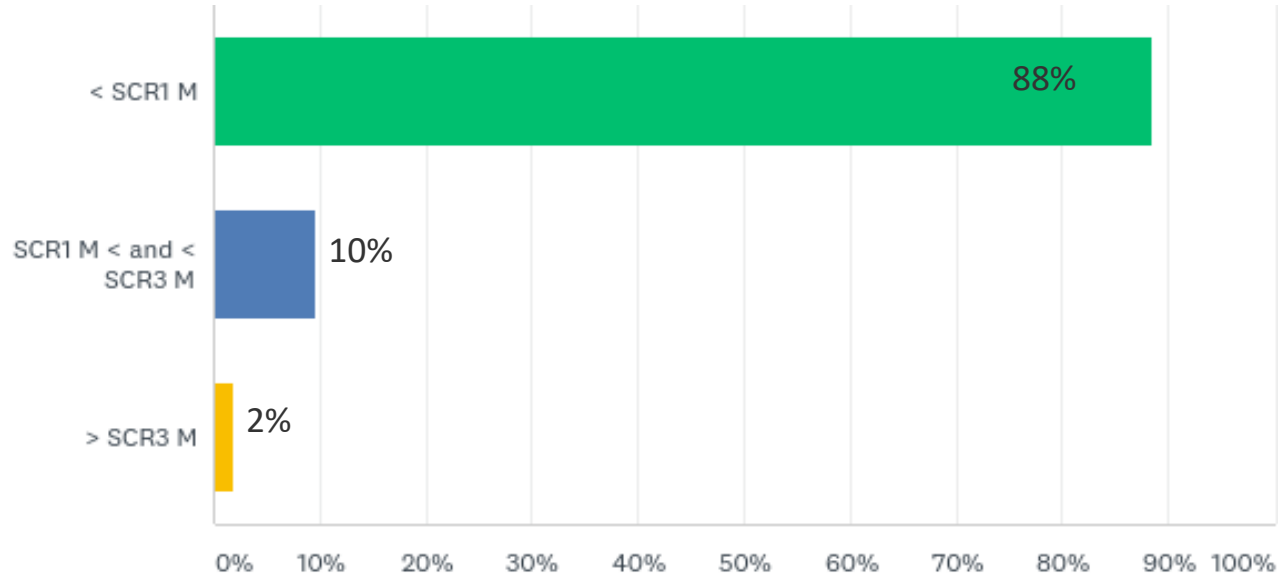


Q13: If yes, what type of financing was used?

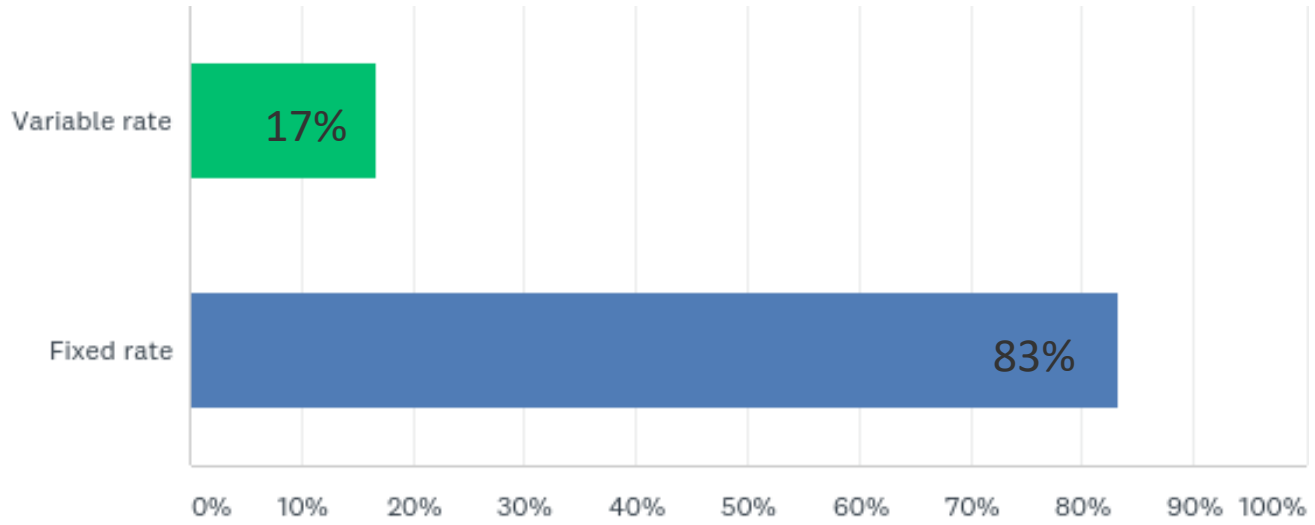


Type of Financing	Percentage
Commercial banks	41%
Loan Schemes(SMEs, SBFA, SENPA)	4%
DBS	25%
Others (e.g. own funds, govt. grants)	29%

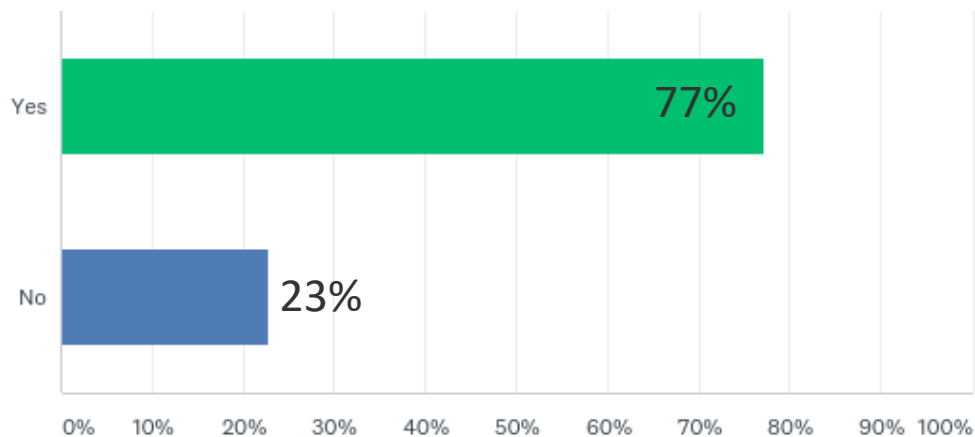
Q14: Additional Loan amount



Q15: Type of interest charged on additional financing



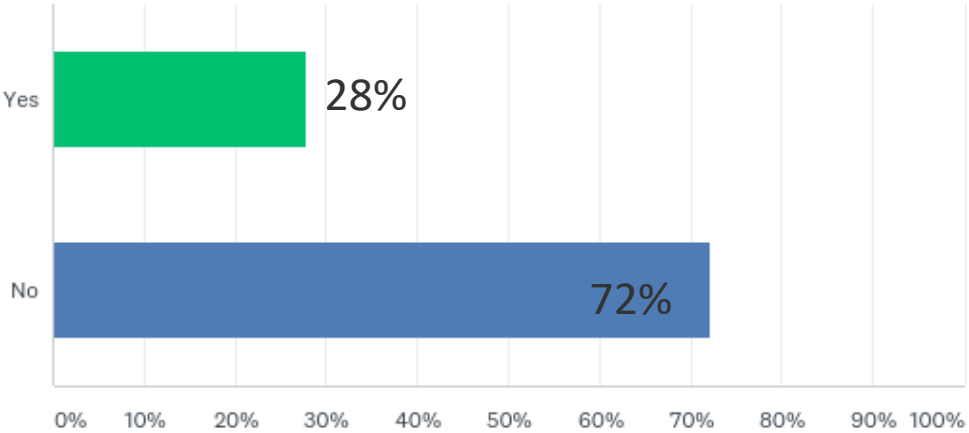
Q16: Was collateral required?



Collateral:

- 1 to 4 guarantors
- pledge on equipment
- mortgage on property/lease agreement

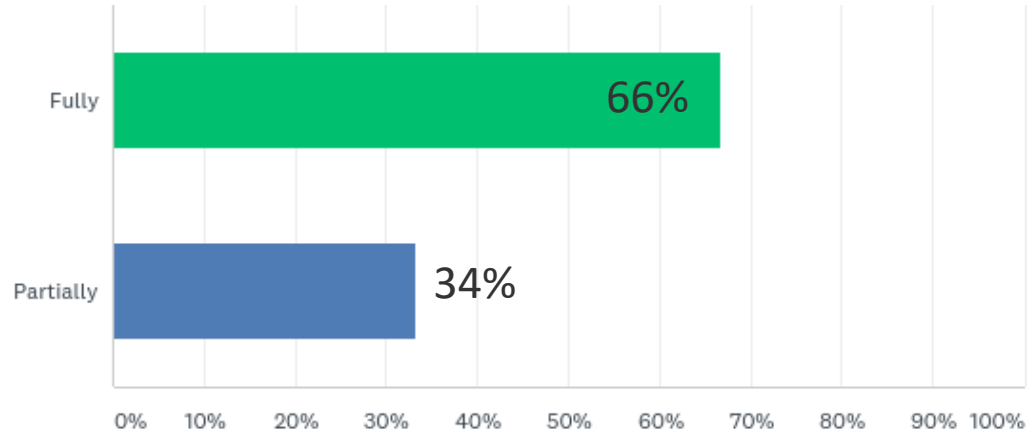
Q17: Was a personal contribution required?



Personal contribution:

- 5% - 20%
- SCR4,000 – SCR700,000

Q19: If loan was disbursed, was it in full or partial?



Q18: Please state any difficulties encountered

Difficulties from most to least common:

- **Administrative issues** (paper work, bureaucracy, KYC)
- **Approval process** (documents required and processing time)
- **Loan disbursement** (takes too long, received funds not adequate)
- **Loan application process** too lengthy and costly
- **Collateral requirement** too much
- Cannot get a **guarantor**
- **Refusal at the onset** (terms & conditions not met)
- **Others** (Not enough support from relevant authorities, funds not granted for working capital, loans could not be rescheduled)

Main Challenges raised by Sector: **Manufacturing**

- Loan approval process too long (4-6 months)
- Interest and fees on loans are too high
- Issues at banks: staff refuses loan, not necessarily the managers
- Business climate not healthy; no support available from authorities, no follow ups

Main Challenges raised by Sector: Fisheries

- Too much focus on Mahe, Praslin neglected
- Lack of business facilities e.g. ice plant location makes it difficult to transport ice, raises costs
- Not enough knowledge about available loan facilities
- No follow ups/support by the authorities

Main Challenges raised by Sector: **Agriculture**

- Banks' refusal to pledge land that is leased from government
- Lack of support from government, banks and Farmer's Association
- Interest rates too high on loans to farmers – discourages borrowing
- Lack of agricultural land to expand business and make project more viable
- Misallocation of external grants to agricultural sector
- Lack of value-added production

Main Challenges raised by Sector: **Art and Culture**

- Difficulty getting a loan due to inability to meet collateral requirements
- Banks do not give working capital for a loan
- CIS allows access to customers' confidential information to other parties
- Poor bank services
- No assigned location for small businesses
- Relevant authorities need to help in educating new entrants in the business on how to manage their finances
- Lack of local raw materials

Main Challenges raised by Sector: **Others**

- Difficulties to obtain the required collateral and guarantor
- Cost (mortgage fee, legal document, business plan) of obtaining a loan too high
- Difficult to get loan for working capital
- Seed capital grant of R50,000 from SENPA insufficient
- SENPA should educate small business on how to obtain loans
- High operation costs
- Need for SENPA offices on La Digue and Praslin

From the perspectives of banks

Main reasons why MSME loan application is unsuccessful/ Main challenges

1. Failed credit history (based on CIS record)
2. Project proposals not viable
3. Applicants are unable to do a proper project memorandum/business plans and cash flow analysis
4. Lack of variety, innovative ideas or value added projects that could make a difference to the economy/business environment
5. Most banks would not entertain request for loans in sectors that are already saturated e.g. car hire
6. Documents with registrar is an issue as the process is lengthy
7. A rise in informal sector businesses (mostly in retail – “aste revann”) seeking credit facilities
8. Most banks do not accept a pledge over government leased land for agriculture loans as the lease is too short-term
9. Insufficient collateral or security

THANK YOU