



## Funding Societies bags US\$50 mil credit facility with HSBC

Funding Societies has announced the signing of a US\$50 million (RM223 million) credit facility with HSBC Singapore to continue expanding the firm's reach to underserved SMEs in the region.

The SME digital financing platform noted that the commercial lending in the Asia Pacific is projected to grow at a compound annual growth rate (CAGR) of 16.5%, generating a revenue of more than US\$7 trillion (RM31.27 trillion) by 2028.

This makes up about 25% of the global market size of US\$27.4 trillion (RM122.4 trillion), it said.

[RM1 = US\$0.239]

It noted that the SMEs segment is anticipated to grow at the fastest rate, however closer to home in Southeast Asia, many SMEs are still struggling to secure funding and it is estimated that there is a US\$320 billion funding gap in the region.

According to Funding Societies, digital financing is projected to emerge as the largest contributor to fill that gap and improve that experience.

The company claimed that it has a disbursement track record of over more than US\$2.6 billion through more than 5.1 million transactions across the region.

In Malaysia alone, it said it has disbursed more than RM1 billion in financing to businesses.

Through this new facility, Funding Societies said it will be able to channel the funds via its range of tailored financing solutions across SME segments across all of its five markets.

Co-founder and group chief executive officer of Funding Societies | Modalku, Kelvin Teo (pic), said the company is honored to receive such a sizeable facility from a global bank such as HSBC.

"HSBC's foresight, global capabilities, and scalable approach further equip us to better satisfy the underserved SME segments in the region.

"We appreciate HSBC's confidence in us and are excited about this signing," said Teo.

Head of Funding Societies Malaysia, Chai Kien Poon, said, "In Malaysia, we will continue to look for collaborative opportunities with partners across various sectors so we can help these SMEs reach their full economic potential in the recovery phase.

"For the fintech and digital financing spaces to make headway, synergistic efforts with financial institutions and industry players are vital to better serve SMEs."

Funding Societies said SMEs make up 97% of all enterprises in Southeast Asia bringing 40% of GDP value across the region. Malaysian MSMEs account for 97.4% of all establishments in Malaysia in 2021 according to the **Department of Statistics Malaysia (DOSM)**.

Collectively, they contribute 37.4% to the national GDP amounting to RM572.6 billion in value, it added.

Funding Societies bags US\$50 mil credit facility with HSBC Regina Lee (pic), head of commercial banking at HSBC Singapore, said, "We are thrilled to support Funding Societies as they expand their reach to serving underserved SMEs in the region."

This announcement comes at the heels of Funding Societies' most recent acquisition of regional digital payments platform CardUp subject to regulatory approvals, as part of a series of efforts to diversify its services beyond financing.

The digital financing platform said it also achieved several strategic milestones including its Series C+ equity raise of US\$144 million in February, its recent investment into Bank Index in Indonesia, and market entry into Vietnam – its fifth market.

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