



News Release

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Scotiabank Launches New \$400 Million Fund for SMEs

Scotiabank announced today that it will be launching a new \$400 million fund to provide financing for Small and Medium Enterprise Development. The three categories of business that will immediately benefit are Start up business, existing enterprises and entrepreneurs approved by the **MSME** Alliance. SME start ups will access funding from *ScotiaRunning Start*, while existing SMEs wanting to boost their businesses can apply to *ScotiaBusiness Builder*. Qualified members of the MSME Alliance programme will be supported by *ScotiaMSME Alliance Fund*. Entrepreneurs who are granted approval for their business under this programme will pay a fixed interest rates ranging from 8.625% to 12.125% per annum.

Under the new SME Development Fund, J\$100 million has been committed to start up enterprises trying to access funds from **ScotiaRunning Start**. The Bank will finance up to 90% of the start-up costs, up to a maximum of J\$7.5million.. Funds received from this pool can be used to secure new capital equipment, assist with day-to-day working capital, purchase inventory, cover short-term cash needs and accounts receivable, build business management capacity. The interest rate will be fixed at 9.875% for a maximum loan term of 7 years. A moratorium on principal will be considered for a period of 2 years with repayments in 10 semi-annual installments over 5 years as an option.

Existing business who are applying for loans under **ScotiaBusiness Builder**, can access funds from a pool of J\$200 million, whether they are new or existing Scotiabank SME customers. These loans are not for refinancing of current loans but will be facilitated to improve the efficiency and productivity of the business as well as to enhance record-keeping capabilities. A maximum loan of J\$5 million and the minimum is \$1 million will be granted to any one business. Interest rates ranges from 8.625% to 12.125%, depending on the risk profile, for maximum loan term of 3 years.

Micro, Small and Medium Sized Enterprises (MSMEs) who are part of the MSME Alliance will be able to access \$100 million financing. To qualify for funds under the **ScotiaMSME Alliance Fund**, members must participate in and receive a credit rating from the Enterprise-wide Risk Management and Financial Programme, ERMFP.

The maximum loan which will be granted to any one project is J\$5 million and the minimum is \$1 million, per business. Depending on the risk profile, interest rates will range from 8.625% to 10.875% p.a. for a maximum loan term of 5 years. The MSME

Alliance currently consists of 22 member associations, including the National Association of Hairdressers and Cosmetologists, Hardware Merchants Association, Jamaica Wood Products and Furniture Association and the National Association of Taxi Operators.

President and CEO of Scotiabank, William Clarke said that “ Scotiabank was very excited to be associated with the continued development of the small business sector in a manner that will result in real benefits to the small business owner, small business employees and ultimately to us as consumers of goods and services.” He noted that while there were several initiatives undertaken in recent months to provide support to the sector, small business leaders continue to ask for further assistance, a better understanding of their business operations and the challenges they face in servicing their customers needs.

“Our objective at Scotiabank is therefore to provide need specific business financing while empowering the entrepreneurs to sustain their business through the life cycle while allowing them to grow and prosper. This will allow us to gradually change the business culture, to develop the entrepreneurial spirit beyond the mindset of necessity entrepreneurship to one of opportunity entrepreneurship – creating a sustainable business and a competitive advantage” Mr. Clarke said.

Scotiabank’s Small Business Banking product which was introduced a year ago is positioned as a combination of financial and business advisory solutions with the value proposition of “**working together to grow your business**” and are currently upgrading the business management skills of our officers so as to add value to every conversation with our entrepreneurs.

This new loan facility is one is a series of funds that that Scotiabank has introduced to the Jamaican economy in just over a decade. Other similar facilities have been provided for the development of agriculture, tourism, export sectors, also stimulating job creation. These include the Economic Growth fund I and II (1998 and 1999), Micro Enterprise Financing I and II (2002 and 2007), Production Loan Fund (2006) and funds to DBJ for on lending to the Agriculture and Tourism sector. A total of \$5.5 Billion dollars was made available and was fully utilized.

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