

## Yellow Pages partnering with Funding Societies

The synergistic collaboration is in line with both Funding Societies' mission to improve livelihoods of SMEs and Telekom Malaysia Berhad's Digital Malaysia aspiration, by allowing greater access to digital financing solutions to underserved and unserved SMEs.

Through this collaboration, eligible businesses on the Yellow Pages platform can apply for financing from Funding Societies without needing to visit a physical branch to help them expand their business, bridge cyclical cash flow gaps and manage common operational expenses.

Interested SMEs can apply for financing by visiting [www.yellowpages.my/fundingsocieties](http://www.yellowpages.my/fundingsocieties)

### How do I apply?

Step 1:	Go to <a href="http://www.yellowpages.my/fundingsocieties">www.yellowpages.my/fundingsocieties</a>
Step 2:	Complete the application form and click on the 'apply' button
Step 3:	You will need to prepare the following documents to complete the application; <ul style="list-style-type: none"><li>• Your IC (front and back)</li><li>• Copy of all Director(s) NRIC/Passport</li><li>• Latest 6 months business bank statement</li></ul> <i>(additional documents / information may be requested if required)</i>
Step 4:	You'll be contacted within 2 working days after submitting your application

### Who is Funding Societies?

Launched in February 2017, Funding Societies is Malaysia's first and largest peer-to-peer (P2P) financing platform registered with Securities Commission Malaysia. The regional platform (operating in Malaysia, Singapore, Indonesia and Thailand) offers short term financing solutions to SMEs and investment opportunities to individuals and institutions who wish to support Malaysian SMEs.

Peer-to-peer financing is also known as debt crowdfunding. This is when multiple investors contribute to raising funds requested from the SME to grow their business.

### The financing options available

Funding Societies provides a range of financing options for Issuers (Borrowers) that best suit their requirements:

## Broad range of financing solutions to meet SMEs' various needs

	Business Term Financing	Accounts Receivable Financing <sup>1</sup>	Accounts Payable Financing	Micro Financing
<b>Description</b>	Working capital financing	Cash advance against invoices	Purchase order financing	Working capital financing for micro SMEs
<b>Repayment terms</b>	Instalment of principal & interest	Bullet repayment upon maturity		Instalment of principal & interest
<b>Interest rate<sup>2</sup></b>		10 – 18% p.a.		18% p.a.
<b>Tenure</b>	1 – 18 mths	Up to 120 days		3 – 18 mths
<b>Quantum</b>	RM50k - 1M	RM50k – RM1M (piecemeal / line facility)		RM3k – 100k
<b>Security required</b>	Personal Guarantee	Invoice cash flows for notified structure; Personal Guarantee	Personal Guarantee	Personal Guarantee

<sup>1</sup> On notified & non-notified basis. <sup>2</sup> The platform will charge an origination fee of between 1 – 5% (of financing amount), vary by product & tenure.

Our Accounts Receivable Financing comprises of two structures,

- Notified – Invoice debtor is notified that the invoice has been assigned to us for the Issuer to obtain financing in advance. In this case, the debtors will pay directly to our escrow account, reducing the risk of default. The reduced risk means that notified Invoice Financing listings are often offered with lower interest rate than non-notified Invoice Financing
- Non-notified – Invoice debtor is not aware that the Issuer has assigned the invoice to us for financing. The debtor will continue to liaise with the Issuer and pay directly to the Issuer. Once the Issuer receives the payment from their invoice debtor, they make the payment to us. In case their invoice debtor pays them late, the Issuer is still liable to pay late interest and penalty fees for late repayment to investors.

### What is the minimum criteria to qualify for financing?

There are 4 pre-requisite criteria that have to be fulfilled by prospective Issuer before a financing application can be considered by Funding Societies.

The 4 criteria are as follows:

1. Incorporated in Malaysia with minimum 30% local (Malaysian) shareholding;
2. Either a sole proprietorship, partnership, incorporated limited liability partnerships, private limited company or an unlisted public company;
3. Operated for at least 6 months (microfinancing) / 1 year (other financing products); and
4. Annual turnover of at least RM 60,000 (microfinancing) / RM 1,000,000 (other financing products).

### What are the documents required for financing application?

For Business Term Financing, Accounts Payable Financing, and Accounts Receivable Financing option, the documents required may vary depending on the tenure, the financing amount and the credit assessment made. Once you have submitted the online application, Funding Societies team will reach out for the required documents as per your financing needs.

For **Micro Financing** option, the following documents are required by Funding Societies:

1. NRIC (front and back) of all directors of the Company
2. Latest 6 months business bank statement

Kindly note that the documents mentioned above are not exhaustive. Our team will be in touch with you should there be any further documents required.

### **How are interest rates determined?**

Our proprietary credit-scoring system adopts a risk-based pricing model to determine interest rates. In assessing the credit profile of the SMEs (and interest rate charged), several factors are taken into consideration including financial, non-financial and behavioural factors.

On average, interest rate charged ranges from 10 to 18% per annum on a simple interest basis for unsecured financing.

### **What are the costs and fees involved?**

There are no costs or fees to apply for financing.

An origination / utilisation fee will only be charged to Issuer upon successful disbursement of the financing amount, to cover our operational costs such as credit due diligence process, trustee fees etc.

The origination fee varies by product, tenure and quantum (*generally, origination fee of between 1 - 5% of financing amount*).

*Note: stamping fee borne by Issuers.*

### **How is financing funded?**

Once Issuer has passed our credit assessment and accepted the financing offer, we will host the financing request for crowdfunding on Funding Societies' platform.

Investors will be notified of the investment opportunity via email / mobile app and they will then decide on the amount to invest in a particular investment until the requested financing amount is achieved. The crowdfunded amount will be disbursed to Issuers by the next working day.

### **How long does it take to process my application?**

General guidelines from full documentation to decision (may vary from case to case),

Business Term Financing, Accounts Payable Financing, and Accounts Receivable Financing	5 working days
Micro Financing	2 working days

**Can I apply for another financing if I already have an active financing with Funding Societies?**

Yes, you may apply for a subsequent financing with Funding Societies. Usually a period of 6 months is required before the same Issuer is eligible to apply for another financing.

However, as this will be considered a new financing, you may be required to pay off the full outstanding amount of the existing financing before the new financing is extended. This depends on the conditions set by our team and vary on a case by case basis.

**Can I make early repayment?**

We encourage Issuers to make early repayments to save on financing interest if they are able to. There are no early repayment fees for Accounts Receivable Financing and Accounts Payable Financing.

For Business Term Financing and Micro Financing, a 2% early repayment fee will be imposed on the amount repaid early to partially compensate investors on the loss of the residual interest.