

Credit insurance trends and recent developments

Credit insurance

ICIEC to provide services in Dubai

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) will open its first foreign representation office in Dubai. The Government of the United Arab Emirates (UAE) has signed an agreement to host and support the corporation. The establishment of an ICIEC office in the UAE is expected to increase promotion and marketing of the corporation's services in export credit insurance and foreign investments, particularly among other ICEIC member countries in the region, such as Kuwait, Qatar, Iran, and Pakistan.

(Trade Finance Magazine, June 2007)

Fortis and China Export & Credit Insurance Corporation (Sinosure) sign a cooperation agreement

The two sides agreed to extend joint cooperation in developing financial products, exchanging market information and promotional activities. Through close cooperation with Sinosure, Fortis will offer attractive financing solutions to companies in need, said Luc Henrard, CEO in Fortis' Asia-Pacific.

(International Trade Finance Magazine, July 2007)

Asian Development Bank extends Pakistan US\$400 million special funds

The Asian Development Bank (ADB) has signed a loan agreement with Pakistan under which the ADB agreed to extend US\$400 million funding for restoring facilities and improving livelihoods in the October 2005 earthquake-affected areas. The loan carries interest of 1% per year and maturity of 40 years with a grace period of 10 years. The fund will help in financing reconstruction of rural houses.

(Pakistan Press International Information Services, 2007)

ECIC South Africa signs a co-operation agreement with SACE

An agreement between South Africa's Export Credit Insurance Corporation (ECIC) and Italy's state-owned credit insurance company, Istituto per i Servizi Assicurativi del Commercio Estero (SACE), was signed during an Italian trade delegation to South Africa. According to ECIC, the cooperation will support joint Italian and African export

operations towards third-party countries. South Africa has been labeled a focus country by Italy.

(International Trade Finance, August 2007)

Indonesian Government to boost capital of Askrindo

The Government will provide Rp 1 trillion (US\$111 million) to Indonesia's credit insurance company (PT ASURANSI KREDIT INDONESIA - Askrindo) to strengthen the capital of the state-owned company, which provides guarantee for loans extended to small and medium enterprises. According to the Finance Minister, Sri Mulyani Indrawati, the capital injection is to increase the performance of the company.

(Asia in Focus, July 2007)

African Development Bank opens office in Malawi

The African Development Bank (AfDB) has formally opened a field office in Lilongwe, with an opening ceremony attended by the foreign affairs minister, Mr. Joyce Banda, and the AfDB representative, Mr. Frank Kufakwandi. The presence of a field office is expected to strengthen relations, in-country activity and knowledge, and create a focal point for project implementation. In April 2007, the AfDB approved a US\$22 million loan in support of the country's poverty reduction strategy.

(Global Insight Daily Analysis, July 2007)

AfDB launches national micro-finance project in Gambia

In cooperation with the Gambian Government, the AfDB has launched a microfinance project aimed at elevating the living conditions in rural areas of Gambia. The project has three components: an entrepreneurship and market development scheme, a micro-finance scheme, and project management. An AfDB study in 2005 found that 53% of the Gambian population was food-poor and that 74% of Gambia's poorest resides in rural areas. It is hoped that extending financial services available to this section of the population will allow individuals to participate in the economy beyond subsistence farming and other non-surplus generating activities.

(Global Insight Daily Analysis, May 2007)

Turkish Credit Insurance License for Atradius

Atradius has received a license for selling domestic and export credit insurance in Turkey. Atradius' main competitor, Coface, already obtained a license earlier in 2007. The Atradius branch office in Istanbul will serve Turkish companies, exporters, and local subsidiaries of International companies.

(International Trade Finance, September 2007)

Kazakhstan: Bank TuranAlem receives credit line from Bank Hapaolim

The credit will finance 85% of the value of medium and long-term contracts relating to Israeli exports to Kazakhstan. According to Bank TuranAlem, the line is targeted particularly at the purchase of Israeli goods and services in irrigation and agriculture, telecommunications, medical devices and healthcare, infrastructures, education, environmental and other sectors.

(International Trade Finance, September 2007)

Arab Trade Finance Programme signs a \$40m credit line agreement with the Central Bank of Tunisia

The agreement aims to finance Tunisia's foreign trade. The credit line brings the total credit line that ATFP has granted to Tunisian national agencies to 20, and up to a total worth of US\$338 million. The ATFP has also signed a credit line agreement worth US\$40 million with the Central Bank of Egypt.

(International Trade Finance, September 2007)

Raiffeisenbank gets best rating in Russia

Standard & Poor's Ratings Services and Fitch Ratings assigned ratings to ZAO Raiffeisenbank Austria in Moscow. The newly assigned ratings, together with the existing foreign currency deposit rating of Moody's (Baa2), make Raiffeisenbank the best-rated bank in Russia. Raiffeisenbank is among the ten largest banks in Russia providing a broad range of corporate, investment and retail banking services. The bank intends to finalize its merger with Impexbank by the end of 2007 further developing its regional network and strengthening its position mainly in the SME and retail areas.

(Oreanda News Agency, October 2007)

SERV changes its cover terms for Jordan and Nigeria

SERV, Swiss Export Risk Insurance, announced that it is now open for all types of deals into Jordan. The only restriction is for

medium-term private sector deals. Meanwhile, in Nigeria SERV has opened to short-term public sector transactions and short-term bank deals.

(International Trade Finance, October 2007)

Banking sector

Deutsche Bank launches a subsidiary in Algeria

The Deutsche Bank operations were established in partnership with local finance advisory company, Strategica. Deutsche Securities Algeria applied for licences from the Banque d'Algerie and the Commission de Surveillance des Operations de Bourse. According to Deutsche bank, Algiers will become its business centre for the entire Maghreb region, offering a complete range of banking services to local firms.

(International Trade Finance Magazine, July 2007)

IFC to give loan to Bangladesh Exim Bank

The Export Import (Exim) Bank of Bangladesh will receive a US\$5 million loan to enhance its Trade Finance Programme. The International Finance Corporation (IFC), the private sector arm of the World Bank Group, approved its first loan to an Islamic bank. The IFC programme supports trade with emerging markets worldwide and promotes the flow of goods and services in developing countries. It provides partial or full guarantees against underlying trade instruments and covers the payment risk of participating issuing banks. It said the trade finance programme would provide Exim Bank with risk coverage in a difficult market and a global network that would help grow its trade finance business.

(United News of Bangladesh Limited, June 2007)

Swedbank opens its first Asian branch

Swedbank obtained a financial licence from China Banking Regulatory Commission and a business licence from the State Administration of Industry and Commerce to open branches in the Chinese mainland in April. The Shanghai branch was an upgrade of Swedbank's existing representative office. Swedbank will be able to apply for a licence to offer Yuan services after three years of operation, including two straight years of profit. The bank plans to provide mainly full lending and deposit-taking services in foreign currencies, targeting Swedish, Nordic and Baltic companies doing or planning to do business in the mainland, as well as Chinese firms doing business in Europe.

(International Trade Finance, July 2007)

Ratings of six Kazakh banks downgraded

Moody's have lowered the credit rating of six leading banks in Kazakhstan as concerns over a liquidity crisis increased. Kazakh banks have borrowed heavily to finance a consumer-spending boom caused by the country's newfound oil wealth. Moody's estimates the total borrowings amount to US\$40 billion, accounting for over half of their non-equity funding. Moody's changed the outlook on deposit and debt ratings from stable to negative at Halyk Bank, Alliance Bank, Bank CentreCredit and Temir Bank.

Kazkommertsbank's financial strength rating was downgraded to D- from D with a negative outlook. Bank TuranAlem's foreign currency debt ratings were variously downgraded.

(The Financial Times, November 2007)

Libya: Five foreign banks short-listed for privatisation

Five foreign banks – Société Générale (France), Intesa Sanpaolo (Italy), Jordan-based Arab Bank, Bahrain's Arab Banking Corporation and the Moroccan Attijariwafa Bank group – have been shortlisted for the privatisation of Al-Wahda Bank, Libya's fifth largest bank. The privatisation will be managed by Rothschild and will assign 19% of Al-Wahda's capital. This is the second Libyan bank privatisation, following the sale of 19% of Sahara Bank to BNP Paribas of France in September 2007. The successful bidder will be announced in February 2008.

(Agence France-Presse, November 2007)

Moroccan bank plans expansion

Banque Marocaine du Commerce Extérieur (BMCE) revealed its plan to expand its reach across sub-Saharan Africa through its subsidiary investment bank, MediCapital. According to BMCE, it will face competition from African and Nigerian, as well as global investment, banks. MediCapital would first focus on French-speaking Africa. But the group plans to open four branches a year over the next decade to give it reach across the continent.

(Financial Times, November 2007)

SMEs

HSBC to open more SME centers in Hong Kong

HSBC plans to open three district centres in Hong Kong on the second half of 2007, after opening an SME flagship centre in July 2007. The bank would open three SME centres in

Kwai Hing, Tsimhatsui, and Kowloon Bay in 2007. HSBC has launched SME services in Singapore, Malaysia and South Korea.

(Hong Kong Commercial Daily News, 12 July 2007)

BI launches programs to support SMEs

Bank Indonesia has launched four programs focusing on strengthening of micro and SMEs in Indonesian provinces to help accelerate real sector growth. The programs will deploy teams to examine and find solutions to the problems hampering the strengthening of the real sector in different regions. Bank Indonesia will also provide online services and business data and information for SMEs. The information service, which would provide both micro and macro information, was expected to help improve the intermediation role of the banks in channelling loans to SMEs.

(The Jakarta Post, July 2007)

KCB unveils small business service

Kenya Commercial Bank provides a new banking solution for SMEs that offers a six-month grace period for all loans. The bank will also offer loans based on SME's business propositions (assets purchased, cash flow and profitability) rather than collateral.

(All Africa, June 2007)

Bank Audi Syria offers freelancer SME credits

In July, Bank Audi Syria announced the launch of a credit programme for SMEs, which provides credits for holders of freelance businesses, such as physicians, pharmacists, cosmetic specialists and hairdressers, barbers and craftsmen. The credits, ranging from 1 million Syrian pounds (US\$19,200) to 5 million pounds (US\$95,800) will be extended for purchase of tangible assets and increase of production capacity. The funds may also be used to open letters of credit for purchase of goods or assets. Credits will be repaid over periods ranging from one to five years on a monthly or quarterly basis.

(Syrian News Digest, July 2007)

Azerbaijan: ADB to provide loans to SMEs

The ADB will provide affordable credit to SMEs of Azerbaijan in an effort to help the country develop industries beyond the oil sector. According to the ADB, it is extending up to US\$6 million in loans to Azerbaijan's Bank of Baku, a commercial bank that mainly serves retail customers, accounting for 60% of the retail sector of Azerbaijan. ADB's assistance is expected to help strengthen the

banking sector of Azerbaijan, which is currently unable to effectively mobilize liquidity for SME investment.

(Global Banking News , October 2007)

Thailand's SME bank reduces lending rates

In an attempt to boost private investment before the end of this year, the Small and Medium Enterprise Development Bank of Thailand has cut lending rates by 0.25%. Its minimum lending rate is 7.25%, with MFR 7.75%, LSR 7.50%, MHR 4% and the rate for SME exporters 7%.

(Thai News Service, October 2007)

SMEs in India to have their own stock exchange

Infrastructure Leasing and Financial Services (IL&FS) of India has started a process of setting up a national stock exchange for SMEs by integrating trading and settlement platforms of regional stock exchanges. The objective is to provide capital market access to SMEs that cannot meet the listing criteria of the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). A company should have minimum market capitalization of Rs 25 crore for listing on the NSE, while the BSE has a criterion of minimum paid up capital of Rs 10 crore.

(The Times of India, 12 July 2007)

FINEP to allocate financing for SMEs in Brazil

Brazilian Government's Financing Agency for Studies and Projects (FINEP) will allocate R\$150 million (US\$82.53 million) for innovation projects of SMEs. Approximately 1,500 SMEs will benefit from the fund. According to FINEP, the financing will not be repayable. The agency's president declared

that this initiative was a risk that the Government would share with the companies to develop useful products for the Brazilian society.

(Latin America News Digest, October 2007)

E-finance

Kuwait's Boubyan Bank adopts Internet banking solution

One of the newest banks in Kuwait, Boubyan Bank, has adopted Internet Banking Solution, based on Sybase Financial Fusion's e-finance suite. The bank aims to provide easy access for its customers.

(Global Banking News, June 2007)

Bank of America closes deal with Bolero International

Customers of Bank of America can use Bolero's automated platform across multiple banking relationships for trade finance activities. According to Bank of America, banks must embrace multi-banking services in trade finance as an inevitable future requirement.

(International Trade Finance, October 2007)

US Co. brings technology to rural Uganda

US Co., an American company, and the Finance Ministry of Uganda are working together to introduce electronic banking to millions of Ugandans, particularly in rural areas. According to the finance chief, they are trying to expand Uganda's financial system to provide more than 90% of the population with access to financial services.

(Associated Press, November 2007)