

## Richard Young's speech on SME Credit Rating Project (3-5 mins)

We subscribe to the view that Small and Medium Enterprises have a critical role to play in the productivity and resilience of any economy; as well as in the strength and stability of the society. It has been estimated that there exist more than 18,000 SMEs in Trinidad and Tobago, employing approximately 200,000 persons or close to 35% of the workforce and contributing nearly 28% of GDP. These figures echo the sentiments that we all share that the growth and development of the SME sector is a critical element of economic diversification and sustainable employment.

Perhaps more than any other area of business activity, Small and Medium enterprises epitomize that inextricable link between economics and human and social development. Where SMEs thrive, individuals and communities have the greater opportunity for progress and for contribution to national development. For many, the SME sector has become an formal type of business, for some it has become a form of creative expression and economic freedom that allows them the flexibility of being their own boss, not that working for yourself and starting up your own small enterprise is any easier than working for anyone else, it is not without its many risk and challenges. However the truth is, this number might only grow larger. Unlike years ago where persons sought after long tenure and many would never consider venturing out on to their own until they were matured in business at least, there is a new breed of entrepreneurs, the youth entrepreneur. Not all their enterprises will turn out to grow billion dollar industries like facebook but nevertheless they are moving away from traditional employment, they are unafraid to chart their future courses with boundless imagination and creativity. To add to the rising number of SMEs was the experiences in the aftermath of a global recession, where persons decided to invest their severance payouts into small businesses. The saying is true, "necessity is the mother of all inventions. As unemployment increased and the job market shrunk some turned to self employment. In the end that necessity unleashed innovation and the opportunity to flex our minds in creating new opportunities and ventures.

Still the challenges remained amidst the growing prevalence and role SMEs played in overall social and economic development and diversification. The greatest challenge being the abilities of SME's to access capital to diversify and grow their businesses. It was to this end and the recognition of the important role SMEs play in our society and a keen understanding of the challenges they face that pushed the Bankers Association to the next stage of pursuing the SME credit rating project. The Bankers' Association of Trinidad and Tobago (BATT) in collaboration with the Inter-American Development Bank have embarked on a project titled, Improving Access to Finance for Small and Medium Enterprises (SME's) in Trinidad and Tobago. The Project will commence this morning with the official signing here at the opening of banking week. The project will commence January 2011 with an official signing at the opening ceremony of Banking Week and be executed over the next 12 months. The proposed programme is based on the nature of the challenges plaguing the SME sector and the role that

these enterprises can play in employment creation and poverty reduction. The actual credit rating will be conducted using proven methodology developed and tested by CariCRIS, the credit rating agency. It is through the cooperation of the commercial banks along with the funding and guidance provided from the Inter-American Development Bank that we are able to launch such a forward focused project that will lend to the development of our SME sector.

The goal of the project is to facilitate growth and diversification of the SME sector in Trinidad and Tobago by improving SME access to finance. The objective of this project is to improve SME access to credit by piloting an SME rating methodology that will assist financial institutions in assessing, structuring and pricing credit facilities for SME clients. This pilot project for Trinidad and Tobago will demonstrate to credit officers a proven approach to the objective assessment of SME business performance and credit worthiness. The direct beneficiaries to this programme will include 25 SMEs selected by BATT to undergo a comprehensive credit assessment and rating exercise designed to improve their ability to access financing required for growth and expansion. Finally BATT will work through business associations and support organizations to sensitize the SME community as to the business benefits of structured credit rating, including key inputs required in terms of financial and management information. Yes we the members of the Bankers' Association appreciate the contributions made by our SME sector and are committed to facilitating the development of this vital industry. And now it gives me great pleasure to welcome to the stage to speak some more on the SME Credit Rating Project, Mr. Iwan Sewberath Misser, Country Representative of the Inter-American Development Bank. Welcome Mr. Messir.