



## MEDIA RELEASE

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#### **SME operators need easy access to business finance**

Cost of borrowing, lack of trust towards banks, complicated application procedures, high collateral requirements, and short-term loan repayment periods are some of the many barriers that prevent small and medium-sized enterprises (SMEs) from seeking commercial bank loans in PNG.

Although the SME policy released in 2016 promised to support and facilitate the growth of SMEs with the hope that this will eventually boost employment and contribute to the country's GDP, the firms still find it difficult to access commercial loans.

In the PNG National Research Institute (PNG NRI) research paper titled "[\*Government should consider removing barriers that restrict small and medium-sized enterprises to access bank loans\*](#)", the authors, Wendy Morona, Cadet Research Officer and Dr Francis Odhuno, Program Leader, Economic Policy Research Program argue that despite sufficient liquidity in the PNG banking sector, SMEs are still finding it difficult to access commercial lending.

Yet credit is important for the SMEs not just for growing their businesses, but also for creating and retaining jobs. The SMEs need funding support now more than ever to rebuild their businesses especially at this time of the COVID-19 pandemic.

Hence, in order to realise such ambitious SME policy targets such as creating millions of jobs, the authors suggest that the Government should consider removing barriers that restrict the SMEs from accessing bank loans.

The authors pointed out that it is necessary for the government to continue to fund SMEs while at the same time intervening and collaborating with financial institutions to give easier access to obtaining loans.

Read full paper in [\*Spotlight Volume 13, Issue 16\*](#) on the PNG NRI website <https://www.pngnri.org>.

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