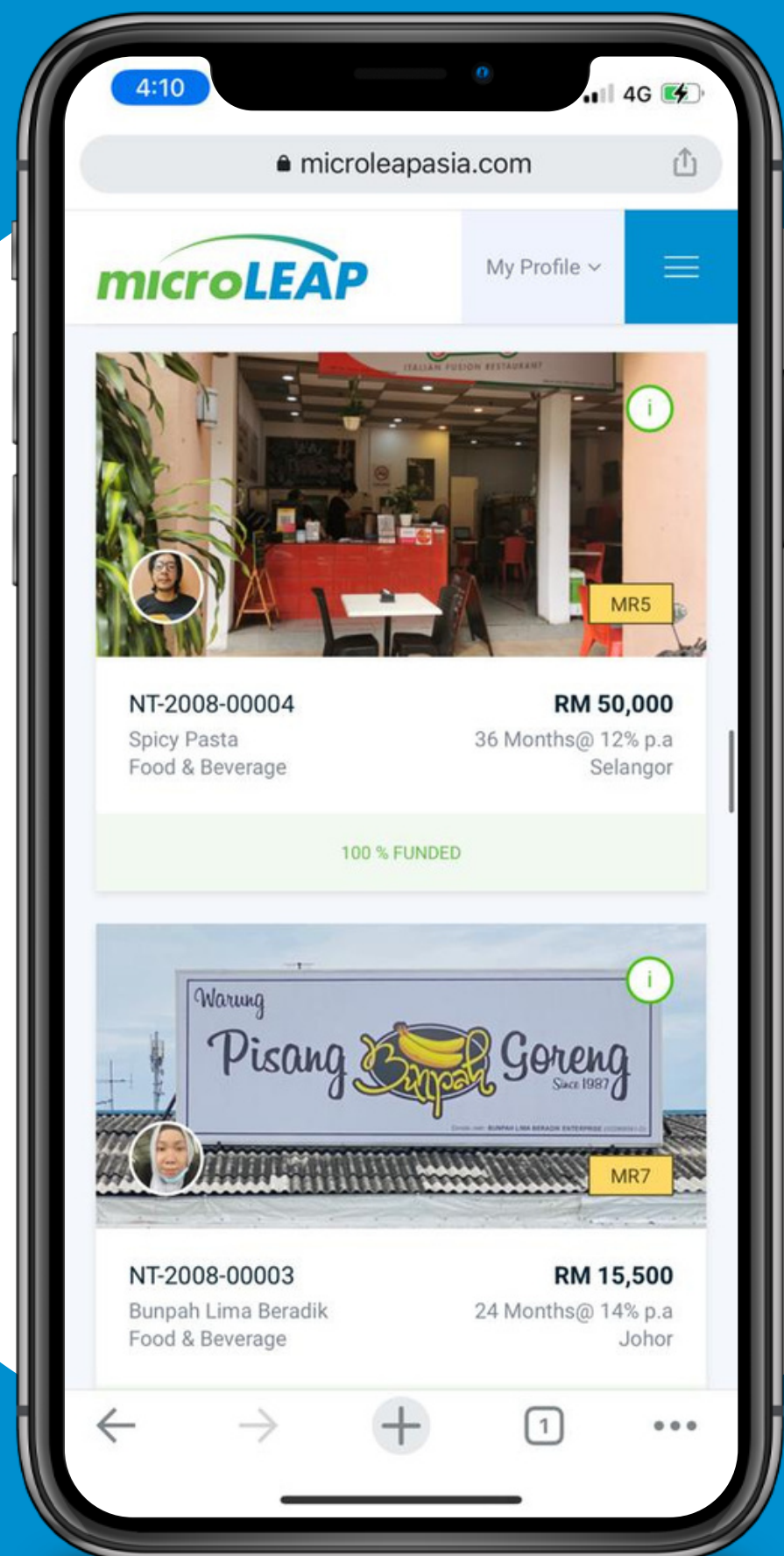


17th May 2023

# Re-size or Remain: Dilemma of Business Owners During Recession Fears

Brought to you by: microLEAP

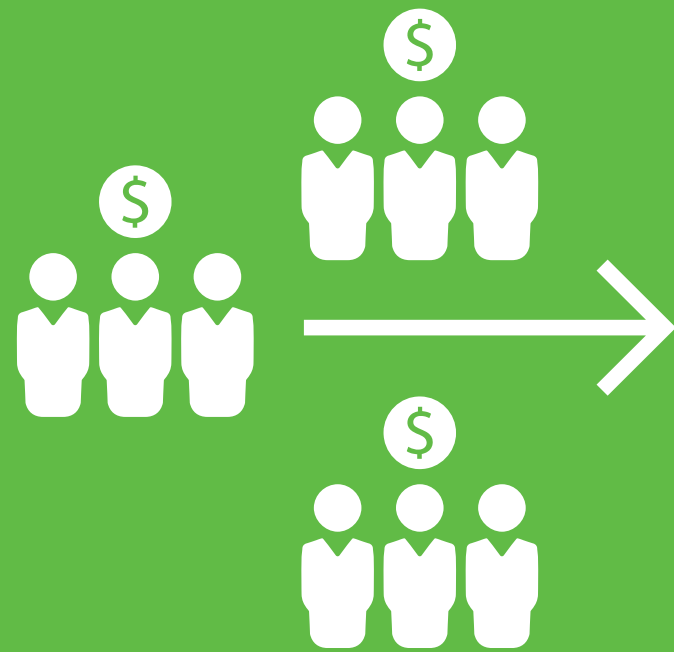
Tunku Danny Mudzaffar  
Founder & CEO



# What is microLEAP?

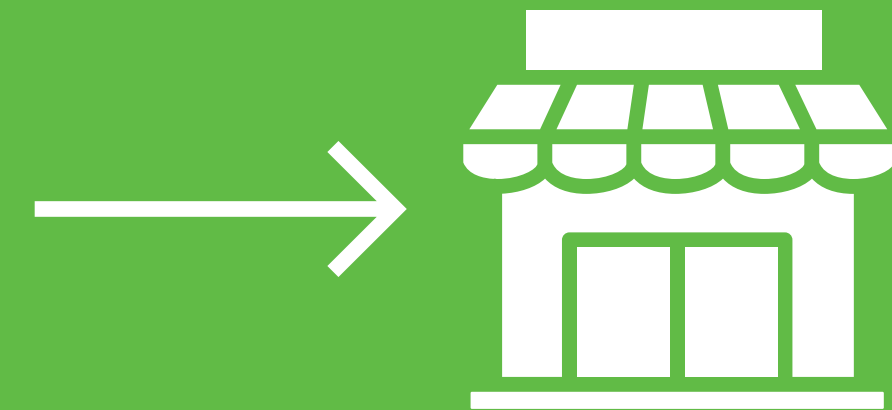
Shariah-Compliant & Conventional P2P (Peer-to-Peer) Financing Platform

Regulated by:



**P2P Investors (Lenders)**

- RM50 minimum investment amount
- Individuals, Corporates and Institutions



**Issuer (Borrower)**

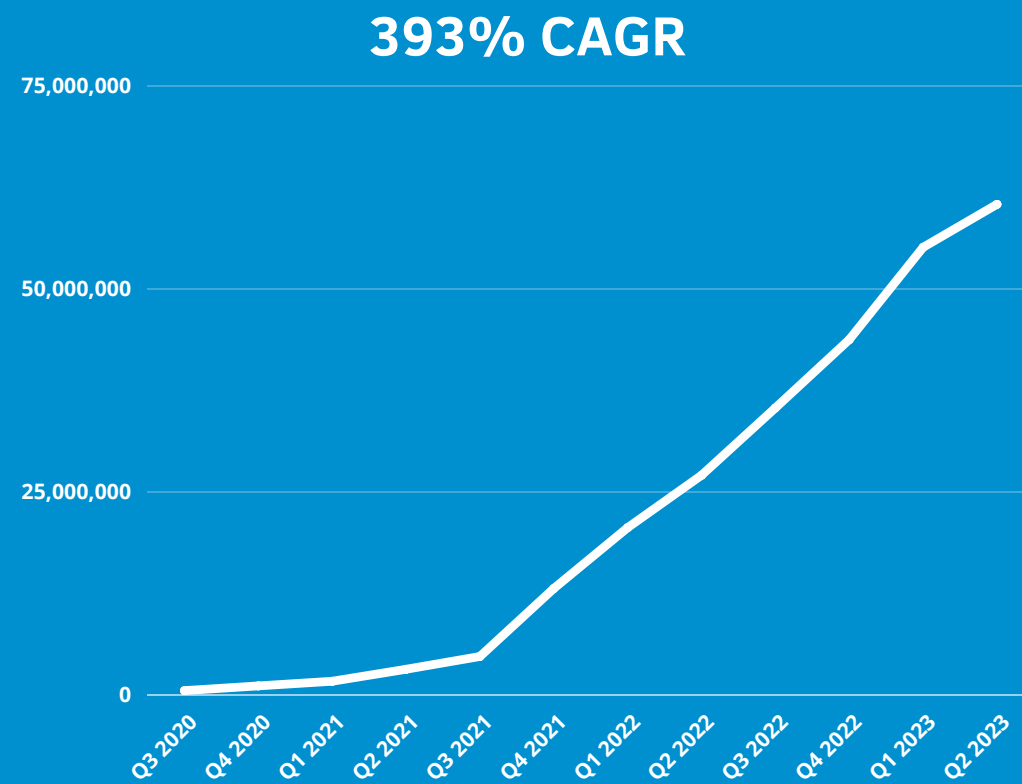
- microLEAP: RM1,000 to RM50,000
- microLEAP+: financing up to RM500,000
- Personal Financing is prohibited

[www.microleapasia.com](http://www.microleapasia.com)

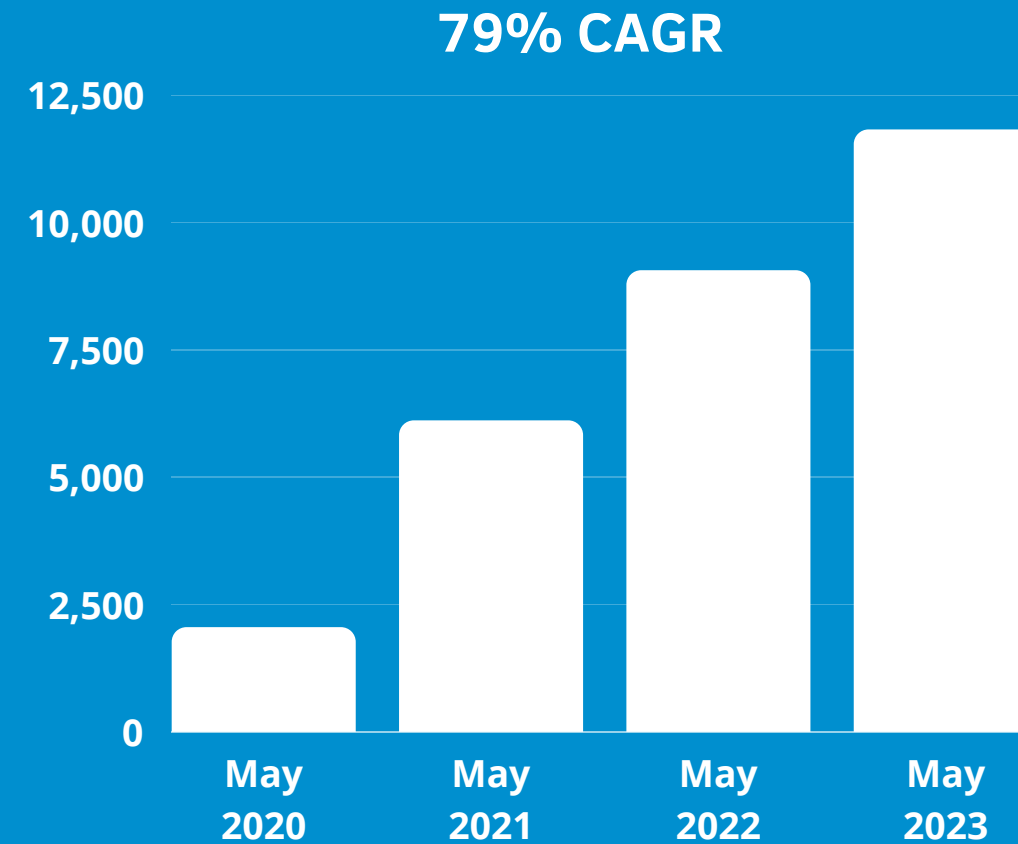
# What is microLEAP?

As of 12th May 2023

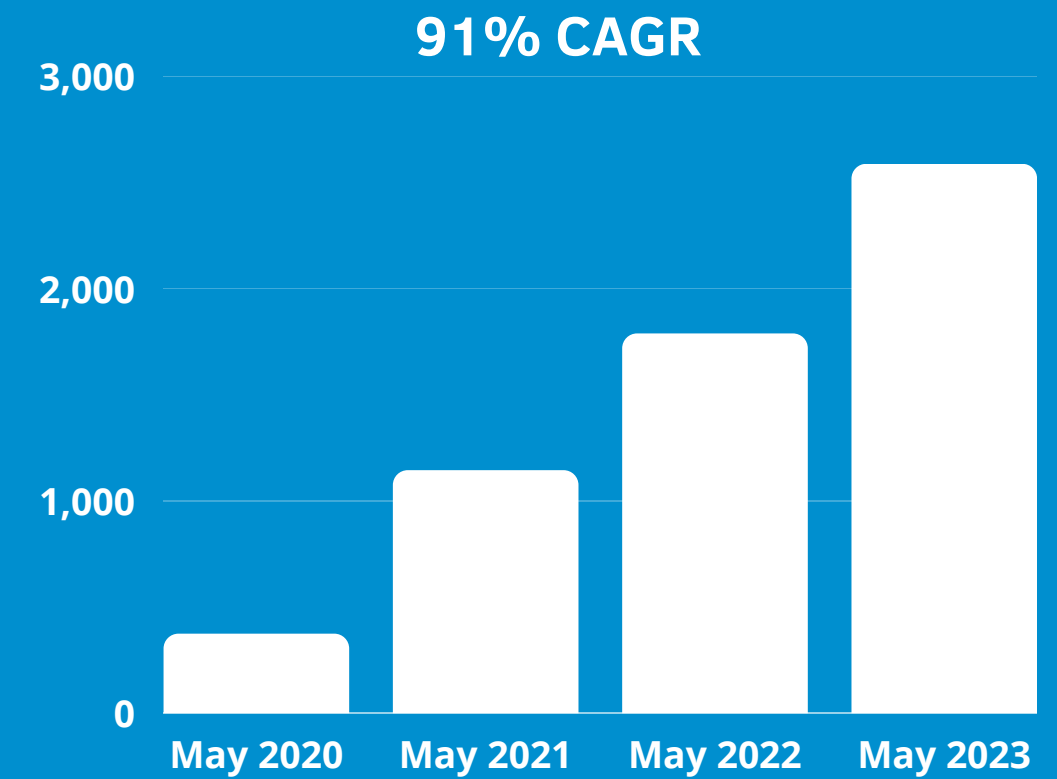
Go-Live Oct 2019



**Funding Disbursed**  
**RM60,401,000**



**Registered Users**  
**11,823**



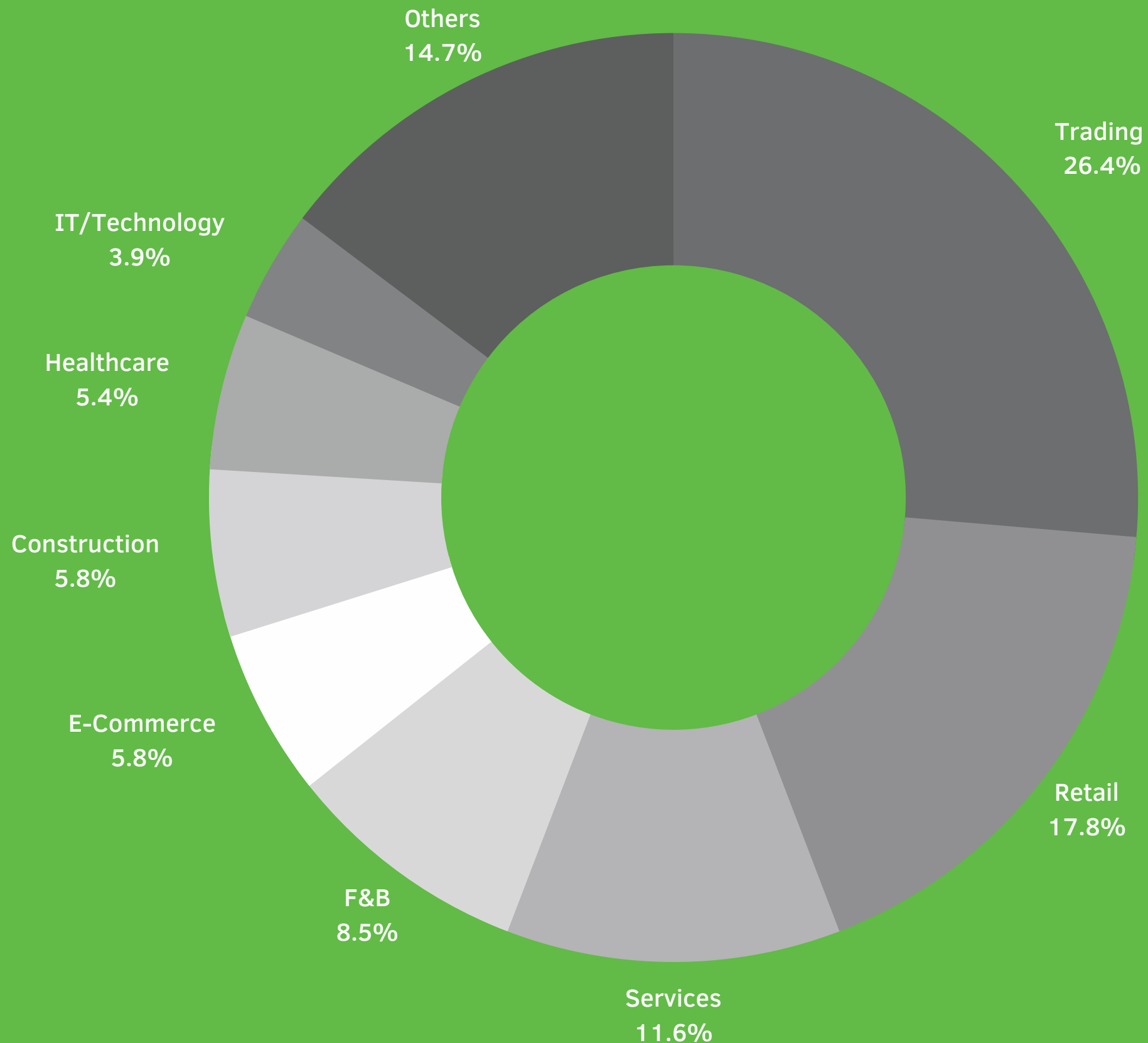
**P2P Investors**  
**2,586**

**Over RM60 Mil Of Shariah-Compliant Funds Disbursed**

Shariah-Compliant	250 Notes	RM60.28mil (99.8%)
Conventional	8 Notes	RM119k (0.2%)



# What is microLEAP?



## Businesses Funded

### KEY FIGURES

Number of Investment Notes	258
Average Financing Amount	RM234,112
Average Tenor	22 months
Total Financing Disbursed	RM60,401,000
Default Rate	1.29%

# What is microLEAP?

## Investor (lender) Referral Fees

Actively looking for Investors

Referral Fees for Financial Planners / Unit Trust Agents

Do contact us:

[hello@microleapasia.com](mailto:hello@microleapasia.com)

03-7954 0002



# Re-size or Remain: Dilemma of Business Owners During Recession Fears

- Global Economy
- Malaysia Economy
- On The Ground
- Resize or Remain?

Link back to In Real Life - microLEAP



# Global Economy

## IMF Forecast



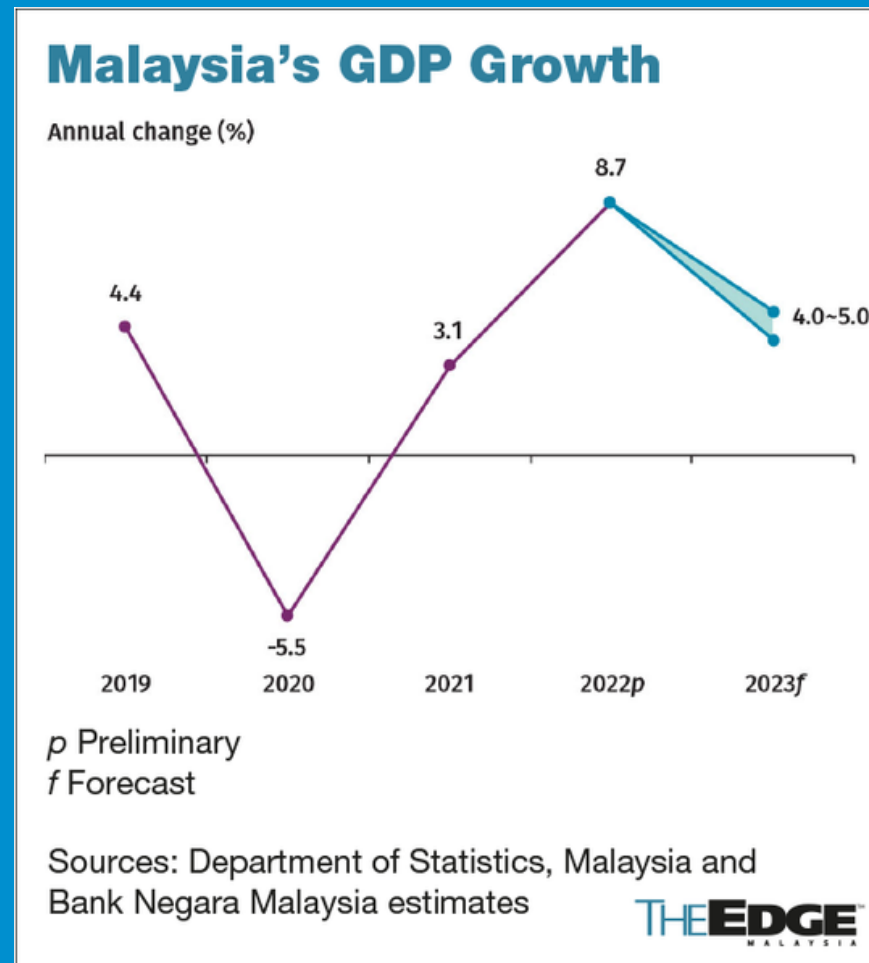
### World Economic Outlook, April 2023: A Rocky Recovery

The baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023.

Re-size or Remain: Dilemma of Business Owners During Recession Fears

# Malaysia Economy

## Malaysia's Economic Growth Forecast



### Bank Negara Malaysia (BNM)'s Forecast

BNM expect GDP growth to ease to 4%-5% in 2023, which is within the government's official forecast of 4.5% growth.

In 2022, Malaysia's economy achieved the highest growth rate over two decades, expanding by 8.7%.

Re-size or Remain: Dilemma of Business Owners During Recession Fears



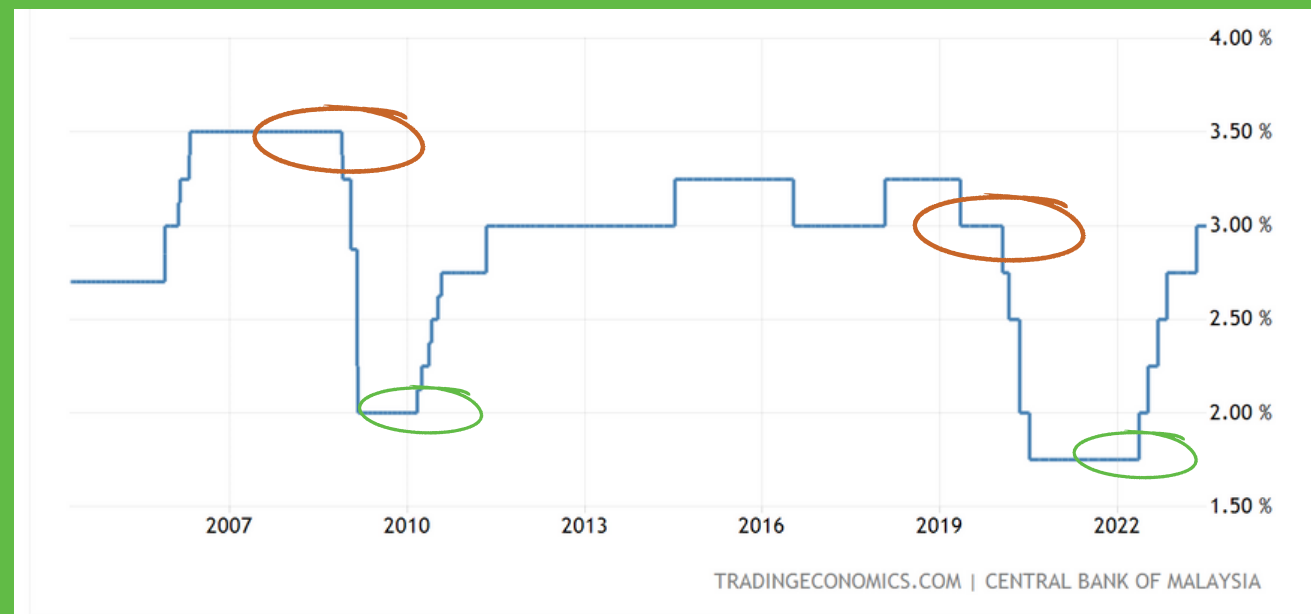
# Malaysia Economy

4-5% GDP growth looks good, why worry?

## Rising Interest Rates

BNM has increased the OPR (Overnight Policy Rate) 5 times since early 2022 to counter inflation and to also counter the rise of the USD

## Malaysia's Interest Rates



A sharp fall in interest rates in every recession (2008's Great Recession and 2020's Covid-19 Recession) followed by a sharp uptick in interest rates as the country recovers and the economy normalises

Re-size or Remain: Dilemma of Business Owners During Recession Fears

# On The Ground

4-5% GDP growth looks good, why worry?

## In Real Life - microLEAP

We are seeing an increase in late payments and a small rise in our Default Rates

With interest rates increasing, some of our Issuers (borrowers) that have bank loans struggle to keep up with payments, especially after the Covid loan moratorium was lifted

### microLEAP Default Rates

Oct 2019 - June 2022: 0%

July 2022 - May 2023: 1.29%

### P2P Financing Malaysia Default Rates

Ranges from 0.1% to 13%

Vs Malaysia Banks NPL (Non-Performing Loans, i.e. loans overdue for more than 90 days) is 1.8% Feb 2023

Re-size or Remain: Dilemma of Business Owners During Recession Fears



# On The Ground

## Which sectors are hit during a recession?

Discretionary spending decreases and this leads to a drop in consumer demand

### Doesn't do well

- Construction
- Arts & Entertainment
- Manufacturing
- Travel
- Services - e.g. hair salons, pet stores

### Does well

- Education
- Health Care
- IT

## In Real Life - microLEAP

Types of companies that have defaulted include those in construction, interior design, cleaning services, shirt printing, chocolate production, beauty salons and event management make up the 1.29% Default Rate

All micro-financing (RM1k - RM50k)

Our Invoice Financing Issuers are still at 0% Default Rate

Re-size or Remain: Dilemma of Business Owners During Recession Fears



# Re-size or Remain: Dilemma of Business Owners During Recession Fears

## What should a business owner do?

1. Cut or reduce unnecessary costs - Reduce staff, spend less on Opex and Capex
2. Protect cash flow - Seek grants, loans (if you can afford them), other assistance
3. Nurture your existing customer base - Keep them close during the tough times
4. Support the employees you're retaining - keep them happy, allow them to work from home, keep company morale up

## In Real Life - microLEAP

- Start of Covid lockdown March 2020 - Team of 6 people
- Height of Covid Recession April 2021 - Team of 8 people
- Recovery from Covid Recession July 2022 - Team of 11 people
- As of now May 2023 - Team of 14 people