



# Fintech firms offer key help for SMEs to recover

— Hellorf

## Zhu Shenshen

Shanghai-based finance technology firms are offering help for small businesses hit by the pandemic, covering loans, transaction payments, exports and digital upgrades.

Smaller businesses are the backbone of China's economy. They are a prime employer of millions of workers. Their ability to survive and prosper again is the key to getting the post-lockdown economy up and running.

New York-listed FinVolution, an online finance platform headquartered in the Pudong New Area, has set up a new platform for small and medium enterprises.

Since the pandemic broke out, it has served hundreds of thousands of small businesses, offering services like vehicle and house property valuations, merchant payment code applications, social security payment and corporate group insurance, all done online.

Over 90 percent of the small- and micro-economy sector is concentrated in the service industry, covering wholesale and retail, accommodation and catering and residential services. Those in Shanghai have been seriously hit by the pandemic.

"With product and services upgrades, it not only increases the loyalty of users,

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but becomes a new profit growth point for the company," said Zhang Feng, CEO of FinVolution.

In the first quarter, FinVolution served 507,000 SMEs, 66.2 percent growth from a year ago. Its SME loans reached 9.8 billion yuan (US\$1.5 billion), accounting for a quarter of the total. Each business loan was about 7,107 yuan on average, mainly targeting individual and small businesses.

In the quarter, its revenue reached 2.45 billion yuan, 15.8 percent up from a year earlier, with 145 million registered users, the company said.

Shanghai-based XTransfer, which offers cross-border financial and payment services for SMEs, is also helping

SME clients, including many global traders.

In May, XTransfer opened five new offline and localized centers in Shaoxing, Wuhan, Cixi, Chengdu and Changzhou, offering customized and offline services besides its usual online and digital services. The company helps clients counter challenges such as supply chain issues and yuan rate changes.

More localized centers will debut nationwide this month as the company "firmly believes in the strength and resilience of Chinese foreign trade enterprises," said Bill Deng, founder and chief executive of XTransfer.

The China SME Export Index, released by the China Council for the Promotion of International Trade and XTransfer, remained steady in April. China's SME foreign trade receipts grew 7.8 percent year on year in April, 7.9 percentage points lower than March's level but much higher than the 1.9 percent growth in total value of exports of goods in April published by Customs.

In the first four months, the export value in cities like Shaoxing and Chengdu continued growing up to 35 percent. In Shanghai, the situation in various industries was mixed.

In Shanghai, XTransfer's clients in the car components and pesticide industries are facing challenges, covering supply

and logistics lockdowns and surging costs of warehousing and shipping.

One semiconductor materials SME, also an XTransfer client, has returned business to normal levels, with clients in South Korea and the United States.

The pandemic has forced SMEs to speed up digital upgrades and seek global market opportunities, said industry insiders.

Shanghai's small firms are facing challenges, but they may gradually stabilize and rebound in the longer term, said Yang Changyong, a researcher at the Academy of Macroeconomic Research, a national thinktank under the National Development and Reform Commission.

Shanghai is supporting software and information services firms, including FinVolution and XTransfer, to stabilize economic development and seize strategic digital transformation opportunities and new industrial tracks and to accelerate the resumption of work and production, Zhang Ying, vice director of the Municipal Commission of Economy and Informatization, said last Wednesday.

In the next stage, Shanghai will push up support for SMEs in 15 sectors, such as digital transformation, rental reduction and tax and finance support, the commission said.