

MEDIA RELEASE

MEF WELCOMES KUSKOP'S RM100 MILLION FINANCING INITIATIVE TO SUPPORT MSMEs AS KEY ECONOMIC DRIVERS

Petaling Jaya: MEF welcomes the launch of the BR PROSPER-i and SME Bank SUCCESS financing programs with a total allocation of RM100 million under the Ministry of Entrepreneur Development and Cooperatives (KUSKOP), describing the initiative as timely and well-targeted in addressing persistent financing constraints faced by MSMEs.

MEF President, Datuk Dr. Syed Hussain Syed Husman, said that access to affordable and appropriate financing remain one of the most critical challenges confronting MSMEs, particularly in an operating environment characterized by rising input costs, tighter margins, global economic uncertainty and increasing demands for productivity, digitalization and compliance.

"MSMEs form the backbone of the Malaysian economy, accounting for more than 97 per cent of business establishments and providing employment to the majority of the workforce. However, many viable MSMEs continue to face structural difficulties in accessing financing that is affordable, timely and aligned with their business realities," he said.

Datuk Dr. Syed Hussain noted that unlike large corporations and MNCs, most MSMEs operate with limited cash reserves and rely heavily on stable cash flow to meet daily operational commitments such as wages, supplier payments, utilities and statutory obligations. In many cases, financing is required not for aggressive expansion, but to ensure business continuity, workforce retention and gradual productivity improvements.

"Conventional financing channels may not always suit MSME operating models due to stringent collateral requirements, lengthy approval processes and cost structures that place additional strain on cash flow. Targeted financing initiatives

such as BR PROSPER-i and SME Bank SUCCESS help to ease these pressures by providing more accessible and competitively priced funding options,” he added. MEF views the financing facilities offered through Bank Rakyat and SME Bank as practical interventions that will help MSMEs stabilize cash flow, manage short-term cost pressures and invest incrementally in technology adoption, process improvements and workforce upskilling.

“Access to sustainable financing enables employers to retain employees, improve operational efficiency and strengthen their resilience. These are essential foundations for long-term business growth and competitiveness, particularly for SMEs navigating an increasingly challenging business environment,” Datuk Dr. Syed Hussain said.

MEF also commended YB Tuan Steven Sim, Minister KUSKOP, inclusive approach in ensuring that financing support reaches a broad cross-section of the business community, including micro-enterprises and underserved segments. Such efforts are crucial to strengthen domestic supply chains, supporting regional economic activity and promoting inclusive growth.

“MSMEs are not merely contributors to the economy, they are its primary engine. Every measure that strengthens MSMEs has a direct multiplier effect on job creation, household income and domestic demand. Supporting MSMEs ultimately supports economic stability and social well-being,” he said.

MEF emphasized that MSMEs also play a critical role in workforce development by providing employment opportunities for young workers, first-time job seekers and semi-skilled employees. Strengthening employment sustainability and human capital development.

MEF encourages employers and MSME operators to fully leverage the financing facilities made available, while underscoring the importance of sound financial management, prudent business planning and good governance to ensure longer term viability.

MEF reiterates its full support for YB Steven Sim, Minister of Entrepreneur Development and Cooperatives and KUSKOP's continued efforts to enhance access to financing and build a more resilient, inclusive and private sector-driven economy, with SMEs firmly positioned as key economic drivers and job creators.

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