



22 September 2014

EP SME INTERGROUP MEETING ON 23 SEPTEMBER 2014

ACCELERATING SOLUTIONS FOR IMPROVING SME ACCESS TO FINANCE

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An EIB 2013 report has clearly stated that inadequate supply of finance has constrained investment by SMEs since 2008. BUSINESSEUROPE therefore calls for acceleration of action in four directions:

- enhancing the lending capacity of banks
- expanding the non-lending financing routes
- encouraging innovative financing approaches
- making full use of the leverage effect of public funds.

1. Enhancing the lending capacity of banks

Two measures are key:

- Implementing the Banking Union in an effective way
- Facilitating a revival of the securitisation market within a properly regulated environment, in a way that creates a renewed interest for the securitization of SME loans.

2. Expanding the non-lending financing routes

Very important is to secure the possibility for banks and insurance companies to be involved in implementing alternatives to lending

- This means that the rules calibrating the capital requirements for banks and insurance companies will need to ensure that the riskiness of assets is correctly assessed.



We should not have a situation where banks and insurance companies are unduly discouraged to invest in assets that are essential for SME growth, such as:

- equity,
- securitised SME loans' portfolios
- and covered SME bonds.

But of course regulation is not the panacea. The Commission should also work with support measures, like:

- Assisting the market-based development of alternatives to lending: mezzanine finance, equity funds and venture capital
- Facilitating SME access to financial markets

This should be done by disseminating best practices regarding the establishment of bond markets allowing SMEs to issue bonds cheaply and easily.

- Encouraging the creation of a European private placement market.
- Crowdfunding should also be promoted through sharing of best practices, and not via a regulation driven agenda. Crowdfunding being still in its early stages, there is a danger that too burdensome and premature national and EU regulatory action could stop its development.

Digital technologies have a lot of potential for accelerating the financing of SMEs (for example, via electronic matchmaking platforms). The pan-European deployment of such technologies should be encouraged.

3. Making full use of the leverage effect of EU funds.

The EU budget and EIB Group resources should be further used to develop SME-g geared EU financial instruments, in particular in the context of the Juncker investment plan in preparation.

The Spring 2014 Communication of the Commission on the long-term financing of the European economy includes many of the above strategic lines. BUSINESSEUROPE looks forward to cooperating with the new Commission for developing relevant practical initiatives.
