



With the support of



Brussels, 19 March 2020

## European Banking and SME Organisations move forward industry-wide dialogue on access to credit

Dear Executive Vice-President Dombrovskis,

First of all, we would like to express our appreciation and gratitude to you for having engaged with the business and banking industries upon the signature of the **'High-level Principles on Feedback Given by Banks on Declined SME Credit Applications'** (simply: the **SME Feedback Principles**, or the **Principles**), and for attending the presentation and signing ceremony in June 2017. As you are aware, the Principles are aimed at improving the dialogue between a company seeking finance and a bank through the provision of better information by both in relation to financing requests that cannot be accommodated in full.

Upon signature, it was agreed that members of the EU banking associations would encourage discussions at the national level and that they would enter into a structured dialogue with their SMEs representative counterparties, while promoting the agreed Principles at the European level. In addition, the signatories agreed to undertake a joint stock-taking exercise two years after the approval of the Principles.

Today, following a productive and cooperative discussion among signatories, we are pleased to inform you that **the stock-taking exercise on the status of implementation of the Principles was successfully concluded in 2019**, demonstrating positive and encouraging outcomes as set out in the attached appendix.

The cross-reference of data available has shown that at national level, banking and SME associations have, in the vast majority of cases, established a structured dialogue on the expectations of both sides from the SME Feedback process, allowing for different initiatives aimed at implementing the Principles or to facilitate the discussions on SME access to finance in the different jurisdictions.

As a matter of fact, in recognition of the substantial value generated by the comprehensive dialogue among our associations throughout this exercise, **we intend to broaden the ongoing industry-led discussions by continuing our exchange of information in the form of a series of regular coordination meetings (e.g. once or twice a year, as deemed useful) among banks and SMEs representatives (on an open and inclusive basis) to discuss the wider spectrum of issues related to SME access to finance that pertain to the EU level.** Such discussions will complement those at the national level, which we will continue to encourage in the spirit of the agreed Principles.

We will update the European Commission on the outcomes of our discussions as well as on the broader issues relating to SME access to finance.

Yours Sincerely,



With the support of



Signatories

Hervé Guider  
General Manager

**European Association of Co-operative Banks (EACB)**

Marcel Roy  
Secretary General

**European Association of Public Banks (EAPB)**

Wim Mijs  
Chief Executive Officer

**European Banking Federation (EBF)**

Luca Bertalot  
Secretary General

**European Mortgage Federation /  
European Covered Bond Council (EMF/ECBC)**

Chris de Noose  
Managing Director

**European Savings and Retail Banking Group (ESBG)**

With the support of

Markus J. Beyrer  
Director General  
**BusinessEurope**

Arnaldo Abruzzini  
Chief Executive Officer  
**Eurochambres**

Véronique Willems  
Secretary General  
**SMEUnited**

## APPENDIX – Results of the Joint Stocktaking Exercise

TABLE – COUNTRY RESULTS		
Country	Result	Further Action needed
Austria	Green	No
Belgium	Green	No
Bulgaria	Green	No
Czechia	Green	No
Cyprus	Green	No
Denmark	Green	No
Finland	Green	No
France	Green	No
Germany	Green	No
Greece	Yellow	Further actions to be taken
Hungary	Orange	Dialogue between national organizations to be strengthened
Ireland	Green	No
Italy	Green	No
Latvia	Green	No
Luxembourg	Green	No
Malta	Orange	Dialogue between national organizations to be strengthened
Netherlands	Green	No
Poland	Green	No
Portugal	Green	No
Romania	Orange	Dialogue between national organizations to be strengthened
Spain	Green	No
Sweden	Green	No
United Kingdom	Green	No

### Color code

**Green**= Implementation reported by both sectors

**Yellow**= Partial implementation / Implementation reported by one sector

**Orange**= Work in progress

### I - The stocktaking exercise

Given the agreement to conduct a stocktaking exercise two years after the signature of the Principles in 2017, the signatory associations representing the European banking sector and SMEs undertook this process in 2019. The exercise assessed the progress made at national level with key input of the national Bank and SME associations and focused on their actions to promote adherence to the SME Feedback Principles of individual banks and to inform SMEs of the agreed principles on adequate feedback.

### II - The numbers of the stocktaking exercise

The exercise is based on data obtained from dozens of national industry and banking sector representative associations which unfold considerable results for 23 EU Member States.

In 83% of the surveyed countries, the stocktaking exercise unveils that an adequate level of feedback from banks to SMEs in case of denied credit applications seems to be provided. The implementation modalities differ and some of them put forward national best practices that can serve as examples for others.

In the remaining 17% of countries, efforts continue to be made in order to support the dialogue at national level between the banking sector and SMEs on the high-level principles.

### III –Best practices

Among the different actions undertaken at national level, we see an increased interest from both banks and SMEs representatives to step forward in the same direction. We have flagged two examples of best practices below:

#### Code of Conduct on SME lending:

According to which Banks are bound to provide feedback on rejections (motivating the decision), guide on different forms of lending and refer to an alternative financing parties if requested. In this case, entrepreneurs report positively when asked about feedback on rejections and on referrals.

#### Memorandum of Understanding:

According to an agreement signed by the national banking and SMEs associations, banks inform SMEs, clearly and transparently, about the procedures through which the company may request and obtain feedback. Banks adhere to the initiative by written form, undertaking to implement it within 30 days and to provide information about the implementation process.