

Part I. Country snapshots

This chapter contains a snapshot view of SME and entrepreneurship finance developments, as well as the scoreboard with core indicators, for countries covered in this report. A more comprehensive discussion is provided in the full country profiles published online.

3. Australia

According to the Bureau of Statistics (ABS), there were 2 309 436 small and medium sized enterprises (SMEs) in Australia in 2017-18. SMEs account for 99.8% of all enterprises in Australia and employ more than 7.6 million people, which equates to around 68% of employment in the private sector.

The Australian economy has completed its 27th consecutive year of economic growth, and has performed remarkably well in adjusting from the investment phase of the mining boom towards broader-based sources of growth. Real GDP grew by 2.9% in 2017-18.

Interest rates are historically low for both SMEs and large businesses. SME interest rates in Australia have gradually declined from 8.6% in 2007 to 5.29% in 2018. The interest rate spread between SME loans and large enterprise loans increased from 96 basis points in 2007 to 183 basis points in 2008, and remained high at 200 basis points in 2017. However, the interest rate spread declined to 173 basis points in 2018.

New lending to SMEs declined in two consecutive years since 2015 (4.9% in 2016 and 8.1% in 2017) after a period of growth, having risen by 7.4% (2013), 7.9% (2014) and 6.7% (2015). Total outstanding SME loans increased by 3.8% in 2016 and 3.7% in 2017. In 2018, the share of SME outstanding loans stood at 29.48% of total outstanding business loans.

Total valuations of all investments by Venture Capital and Later Stage Private Equity (VC&LSPE) investment vehicles rose by 4.7% in 2015-16 and by 14.8% in 2016-17, from AUD 8 802 million reported as at 30 June 2015 to AUD 11 001 million as at 30 June 2018. Leasing and hire purchase volumes dropped from AUD 9 546 million in 2007 to a low of AUD 6 904 million in 2009. Leasing and hire purchase volumes have recovered since, rising to AUD 12 529 million in 2018, an increase of about 9% over the previous year.

The number of bankruptcies per 10 000 businesses increased from 45 in 2007 to 54 in 2013. It has since reached a ten-year low of 32 in 2018.

The Australian Government has a comprehensive SME agenda aimed at promoting growth, employment and opportunities across the economy. Its policies for promoting SMEs focus on reducing red tape, improving the operating environment for businesses, increasing incentives for investment, and enhancing rewards and opportunities for private endeavour. Policies aiming to increase long-term opportunities for SMEs include innovative finance and crowd-sourced equity funding; competition and consumer policies; taxation and business incentives; export financing; and small business assistance.

Table 3.1. Scoreboard for Australia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	AUD billion	188.7	203.9	203.6	223.6	234.3	238.3	241.4	250.0	260.4	270.4	280.3	285.4
Outstanding business loans, total	AUD billion	710.3	771.3	720.7	705.1	713.8	736.8	748.6	783.3	833.6	879.6	907.3	968.1
Share of SME outstanding loans	% of total outstanding business loans	26.57	26.43	28.25	31.71	32.82	32.34	32.24	31.91	31.24	30.74	30.90	29.48
New business lending, total	AUD billion	375.0	336.1	265.5	265.8	310.7	273.8	292.4	360.5	391.7	341.8	346.0	346.9
New business lending, SMEs	AUD billion	77.5	79.9	69.6	82.5	81.6	73.7	79.1	85.4	91.2	86.7	79.7	76.7
Share of new SME lending	% of total new lending	20.67	23.77	26.20	31.04	26.25	26.91	27.06	23.69	23.27	25.37	23.03	22.11
Non-performing loans, total	% of all business loans	0.50	2.07	3.27	3.55	3.16	2.68	2.03	1.39	1.01	1.13	0.78	0.81
Interest rate, SMEs	%	8.56	7.99	7.56	8.29	7.94	7.07	6.43	6.18	5.58	5.29	5.23	5.29
Interest rate, large firms	%	7.60	6.16	5.85	6.67	6.37	5.29	4.29	4.15	3.59	3.20	3.23	3.56
Interest rate spread	% points	0.96	1.83	1.71	1.62	1.57	1.78	2.14	2.03	1.99	2.09	2.00	1.73
Non-bank finance													
Venture and growth capital	AUD billion	6.94	8.32	7.90	8.91	8.70	7.65	8.35	7.91	8.80	9.21	10.58	11.00
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	19.83	-4.95	12.77	-2.38	-12.05	9.10	-5.28	11.32	4.67	14.78	4.03
Leasing and hire purchases	AUD billion	9.55	9.34	6.90	7.14	7.58	8.69	7.55	8.69	10.37	9.47	11.52	12.53
Factoring and invoicing	AUD billion	54.76	64.99	63.10	58.66	61.42	63.36	63.27	62.39	64.40	..	..	..
Other indicators													
Payment delays, B2B	Number of days	..	..	..	..	22	20	20	15	13	14	12	10
Bankruptcies, Unincorporated	Number	5 045	4 427	4 426	5 616	5 266	5 858	4 761	4 007	4 088	4 350	4 168	4 291
Bankruptcies, Unincorporated	Per 10 000 enterprises	42	36	36	45	43	50	42	35	34	36	34	36
Bankruptcies, Corporates	Number	7 489	9 067	9 465	9 605	10 439	10 583	10 854	8 822	10 093	8 511	7 819	8 052
Bankruptcies, Corporates	Per 10 000 companies	48	55	56	54	57	55	54	41	45	36	31	31
Bankruptcies, Total	Per 10 000 businesses	45	47	47	50	51	53	49	39	41	36	32	32
Invoice payment days, average	Number of days	53	56	54	53	54	53	54	53	47	..	..	..
Outstanding business credit, Unincorporated business	AUD billion	111	117	119	122	125	131	136	142	150	157	164	165
Outstanding business credit, Private trading corporations	AUD billion	500	555	514	500	514	524	531	556	592	626	636	663

The full country profile is available at

<https://doi.org/10.1787/061fe03d-en>

4. Austria

As in many EU countries, SMEs contribute substantially to Austria's economy. In 2017, 99.6% of all firms were SMEs employing approximately 67.4% of the labour force.

The capital structure of SMEs in Austria is traditionally biased towards debt financing, whereas limitations on access to risk-finance are still apparent. Bank lending is therefore an important factor affecting the availability of external financing for SMEs. However, access to finance is generally not a major concern for Austrian SMEs.

Since 2014, new loans for SMEs have been relatively stable, with a short setback in 2016. As new loans to all enterprises have recovered since 2016, reaching EUR 64.4 billion in 2018, the share of new SME loans in all new business loans decreased slightly to 12.7%. This development is followed by a significant decline in short-term loans (less than 6 months) since 2009. Overall, the annual growth rate of business loans to non-financial corporations has been positive and outperformed the Euro Area.

In Austria, the public sector has established various credit guarantee programmes (e.g. via public promotional banks such as the aws) to increase the willingness of banks to provide loans to SMEs as they transfer the associated risk. Therefore, bank lending to SMEs has been much more resilient and had already recovered pre-crisis levels in 2016. In the light of historically low bank lending rates, debt financing continued to be attractive, supporting lending to the corporate sector. The average base rate on new loans to non-financial corporations up to EUR 1 million, which serves as a proxy for SME interest rates, is declining since the end of 2011 and amounted to 1.82% end of 2018.

In Austria, limitations on access to risk-finance (e.g. Venture Capital) are still apparent and have always been considered to be a particular weakness of the Austrian innovation system. Official data reported by Invest Europe regularly show ups and downs and no clear trend toward an ever increasing risk-capital market size. Due to the relatively small total market volume, large single investments - mostly in the Buyout segment - have disproportional effects. In 2018, the total venture and growth capital volume was EUR 123.4 million.

In terms of bankruptcies per 1 000 firms, a stable development is recorded since 2015, with a total of 11 cases in 2018. The continuous decline of insolvencies is, however, not only a result of the current favourable economic performance of Austria, but also attributed to the low interest rates, which disproportionately benefit weak-performing, highly indebted companies.

According to the European Payment Index, the general payment behaviour in Austria - B2B as well as B2C - is better than the EU average. In 2018, the average B2B payment delay decreased slightly by 1 day and is now at +1 day. The average B2C payment delay remained unchanged at +1 day.

Recent initiatives of the Austrian Government aim at fostering access to finance for innovative, young SMEs and reducing administrative barriers to improve the start-up ecosystem:

The aws Digital and Growth Fund will be initiated as a new boost for the non-dynamic Austrian Venture Capital Market to mobilise private venture capital and trigger investments for innovative tech-startups and scale-ups. The digitalisation of various administrative procedures (e.g. e-foundation of companies) was successfully implemented to reduce the administrative burden for companies and startups in particular. The implementation of regulatory sandboxes will reduce the administrative burden for startups and SMEs, so they can try new concepts and products under market conditions within a limited period.

Table 4.1. Scoreboard for Austria, 2010-18

Indicator	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt										
Outstanding business loans, total	EUR billion	135.5	138.8	140.4	140.3	136.6	137.2	135.6	143.8	153.0
New business loans, total (flows)	EUR million	74 896	73 041	80 867	73 460	73 126	61 711	55 543	64 418	64 438
New business loans, SMEs (flows)	EUR million	9 414	9 476	9 347	8 884	8 237	8 116	7 499	8 304	8 182
Share of new SME loans	% of total business loans	12.57	12.97	11.56	12.09	11.26	13.15	13.50	12.89	12.70
short-term loans, SMEs (flow)	EUR million	5 139	4 944	4 901	4 536	4 016	3 345	3 010	2 539	1 998
long-term loans, SMEs (flow)	EUR million	4 275	4 532	4 446	4 348	4 221	4 771	4 489	5 765	6 184
Share of short-term SME lending	in %	54.59	52.17	52.43	51.06	48.76	41.21	40.14	30.58	24.42
Government loan guarantees, SMEs	EUR million	173	143	158	167	172	204	192	279	301
Government guaranteed loans, SMEs	EUR million	226	185	207	211	225	258	282	456	441
Government direct loans, SMEs	EUR million	607	633	539	594	490	543	454	649	545
Interest rate, SME, loans up to EUR 1m	in %	2.43	2.92	2.46	2.28	2.27	2.02	1.92	1.80	1.82
Interest rate, large firms, loans over EUR 1m	in %	1.96	2.55	1.98	1.77	1.74	1.61	1.54	1.45	1.38
Interest rate spread	in %	0.47	0.37	0.48	0.51	0.53	0.41	0.38	0.35	0.44
Non-performing loans, total	In %	..	2.71	2.81	2.87	3.74	3.39	2.67	2.37	1.88
Equity										
Venture and growth capital (seed, start-up, later stage)	EUR million	43	97	44	59	60	112	57	108	78
Venture and growth capital (growth capital)	EUR million	34	118	29	26	45	85	29	179	46
Venture and growth capital (total)	EUR million	78	216	73	86	105	197	85	287	123
Venture and growth capital (growth rate)	In %	-31.53	177.61	-66.31	17.76	22.56	87.97	-56.63	235.47	-56.94
Other										
Payment delays, B2B	Days	11	12	11	12	13	4	4	2	1
Payment delays, B2C	Days	11	11	9	9	9	1	4	1	1
Bankruptcies, total	Number	6 657	6 194	6 266	5 626	5 600	5 422	5 534	5 318	5 224
Bankruptcies, per 1 000 firms	Number	18	17	17	15	15	11	12	11	11

The full country profile is available at

<https://doi.org/10.1787/061fe03d-en>

5. Belarus

According to the National Statistical Committee, the Belarusian SME sector consists of 111 214 legal entities (including SOEs and companies in mixed ownership with fewer than 250 employees), which amounts to 78.3% of total businesses as of January 1 2019.

Micro, small and medium enterprises, as well as individual entrepreneurs and their employees, account for 30.7% of total employment (30.4% in 2014).

Gross value added produced by SMEs amounts to 28.8% (28.4% in 2017) and their share of GDP remains at the last year's level, which was 24.6%.

Outstanding SME loans (in both national and foreign currencies) increased by 19%, as compared with the beginning of 2018. As of January 1, 2019, total outstanding SME loans stood at BYN 9.88 billion.

Ensuring SME access to finance is an essential component of the general business support policies of the Belarusian government.

Financial support for SMEs has two basic dimensions. First, there is state support, i.e. public funding provided by central and local budgets and by the Development Bank of the Republic of Belarus (DBRB). The second dimension of financial support for SMEs involves non-governmental support provided by commercial and non-profit entities using various forms and methods of financing.

Table 5.1. Scoreboard for Belarus

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	BYN billion	..	..	..	..	..	..	..	7.74	8.49	7.59	8.30	9.88
Outstanding business loans, total	BYN billion	2.10	3.22	4.77	6.61	11.59	16.18	20.54	25.11	30.90	28.70	29.73	32.46
Share of SME outstanding loans	%	..							30.83	27.46	26.46	27.91	30.42
New business lending, total	BYN billion	4.11	5.95	7.43	10.96	16.63	27.07	29.23	33.03	38.31	45.10	56.99	69.33
New business lending, SMEs	BYN billion	..	..	..	..	..	..	..	10.77	12.10	13.13	18.29	26.59
Share of new SME lending	%	..							32.62	31.57	29.11	32.09	38.36
Outstanding short-term loans, SMEs	BYN billion	..	..	..	..	..	..	..	2.07	2.00	1.81	2.17	2.97
Outstanding long-term loans, SMEs	BYN billion	..	..	..	..	..	..	..	5.67	6.49	5.78	6.13	6.90
Share of short-term SME lending	%	..							26.76	23.55	23.88	26.14	30.11
Direct government loans, SMEs	BYN million	..	..	..	..	..	..	5.43	4.76	6.45	5.05	5.98	7.09
Non-performing loans, total	%	0.82	0.80	1.05	0.84	0.35	0.51	1.04	1.65	2.60	4.78	4.81	1.39
Non-performing loans, SMEs	%	..	..	..	..	..	..	..	2.06	5.18	6.95	3.34	1.71
Interest rate, SMEs	%	..	..	..	..	..	..	..	..	..	20.20	12.17	9.92
Non-bank finance													
Leasing and hire purchases	BYN billion	..	..	..	..	..	..	..	..	1.05	1.11	2.10	3.39
Factoring and invoice discounting	BYN thousand	..	..	..	..	..	..	..	..	..	..	..	126.8
Other indicators													
Bankruptcies, SMEs	Number	1725	1850	2047	2364	2410	1919	1970
Bankruptcies, SMEs (growth rate)	%							7.25	10.65	15.49	1.95	-20.37	2.66

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6. Belgium

In 2016, SMEs dominated the business enterprise landscape in Belgium, accounting for 99.85% of all firms.

The outstanding stock of SME loans expanded 4.5% in 2018, 2.6 percentage points down from its growth rate the previous year.

SME interest rates continued to decrease, and averaged 1.6% in 2018. The interest rate spread between loans charged to large enterprises and loans charged to SMEs was 25 basis points in 2018.

Survey data illustrates that lending conditions eased between 2013 and the end of 2015, and have remained relatively stable until the end of 2018. A deterioration of credit conditions has been reported for the fourth quarter of 2018 and the first quarter of 2019.

After having receded moderately in 2017 (-3.49%), leasing volumes expanded 4.62% in 2018. Overall, factoring continues to be more widely used by Belgian companies. Factoring expanded strongly in 2018, growing 9.62% during the year and achieving rates of more than 10% every year between 2012 and 2017 (with the exception of 2016, where the factoring growth rate was 2.74%). Factoring contributed to almost 17% of GDP in 2018, as opposed to only 6.3% of GDP in 2008.

Venture and growth capital investments continue to show considerable variation due to the small number of deals conducted every year. Total venture and growth capital investments decreased 5.38% in 2018, after having decreased 9% in 2017.

Average payment delays for business to business transactions decreased steadily during the last ten years. After having decreased from a 17-day average in 2009 to an 8-day average in 2017, payment delays expanded to a 9-day average in 2018.

After a steady decrease of bankruptcies during the 2014-2016 period, the number of registered failures rose to 9 968 (+8.7%) in 2017 before receding again in 2018 to 9 860 (-1.08%).

Policy initiatives to ease SMEs' access to finance are taken at the federal and regional level.

The Flemish region launched the Co-financing+ initiative, allowing companies to borrow up to four times their own contribution with a minimum of EUR 350 000 and a maximum of EUR 700 000.

The Brussels-Capital region launched the Bruseed initiative. Bruseed is a capital raising tool for innovative early-stage companies who provide loans, equity participations and convertible loans up to EUR 250 000.

The Federal government supported the signing of a new Code of Conduct for SME Financing. This code of conduct will contribute to improve the information provided to entrepreneurs contracting loans and limit funding loss indemnity to EUR 2 million.

Table 6.1. Scoreboard for Belgium

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR billion	82.8	89.1	88.9	93.9	100.0	109.6	109.5	100.7	104.4	108.0	115.7	121.0
Outstanding business loans, total	EUR billion	134.2	149.4	141.8	150.6	153.7	167.6	162.0	151.7	164.6	163.4	173.6	180.3
Share of SME outstanding loans	% of total outstanding business loans	61.72	59.62	62.73	62.35	65.07	65.43	67.60	66.39	63.44	66.12	66.66	67.09
Outstanding short-term loans, total	EUR billion	37.4	40.4	34.1	35.4	36.5	34.5	33.8	31.4	30.9	32.0	33.6	36.4
Outstanding long-term loans, total	EUR billion	59.7	66.1	72.2	77.2	79.3	82.5	83.9	80.3	84.8	90.8	97.8	103.8
Share of short-term lending, total	% of total business lending	38.52	37.91	32.08	31.45	31.50	29.48	28.74	28.08	26.71	26.05	25.58	25.95
Government loan guarantees, SMEs	EUR million	..	156.5	411.9	553.9	317.5	266.0	480.2	265.6	448.2	398.3	458.4	612.2
Government guaranteed loans, SMEs	EUR million	..	312.7	832.7	888.4	561.7	484.3	826.1	476.7	805.6	735.9	828.3	1130.3
Direct government loans, SMEs	EUR million	..	113.7	142.2	141.9	148.3	170.5	235.6	..	..	..	..	..
Interest rate, SMEs	%	5.45	5.70	3.01	2.51	2.88	2.32	2.06	2.09	1.83	1.72	1.66	1.60
Interest rate, large firms	%	4.72	5.05	2.09	1.70	2.22	1.74	1.76	1.77	1.60	1.34	1.40	1.35
Interest rate spread	% points	0.73	0.65	0.92	0.81	0.66	0.58	0.30	0.32	0.23	0.38	0.26	0.25
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	74.30	71.90	78.60	..	..	..	..	..	..
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	22.22	26.46	30.20	29.33	29.36	39.33	36.61	36.71	37.18	35.38
Rejection rate	1-(SME loans authorised/ requested)	..	..	0.52	5.13	6.44	10.40	10.91	5.88	5.71	6.13	5.07	5.51
Utilisation rate	SME loans used/ authorised	77.80	79.05	80.69	80.07	80.16	77.45	77.79	79.76	79.62	80.11	79.63	80.48
Non-bank finance													
Venture and growth capital	EUR million	502.26	507.83	618.05	363.60	411.11	445.36	438.09	580.86	548.18	843.14	767.18	725.89
Venture and growth capital (growth rate)	%, year-on-year growth rate	..	1.11	21.70	-41.17	13.07	8.33	-1.63	32.59	-5.63	53.81	-9.01	-5.38
Leasing and hire purchases	EUR million	4405.9	4856.4	3756.4	4005.5	4439.0	4450.2	4121.7	4356.9	4800.5	6009.6	5800.1	6068.4
Factoring and invoicing	EUR million	19.2	22.5	23.9	32.2	36.9	42.4	47.7	55.4	61.2	62.8	69.6	76.3
Other indicators													
Payment delays, B2B	Number of days	..	..	17	17	15	19	18	19	13	10	8	9
Bankruptcies, total	Number	7 680	8 476	9 420	9 570	10 224	10 587	11 740	10 736	9 762	9 170	9 968	9878
Bankruptcies, total (growth rate)	%, year-on-year growth rate	..	10.36	11.14	1.59	6.83	3.55	10.89	-8.55	-9.07	-6.06	8.77	-0.90
Bankruptcies, SMEs	Number	7 652	8 443	9 391	9 531	10 187	10 526	11 680	10 675	9 728	9 134	9 935	9 860
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate	..	10.34	11.23	1.49	6.88	3.33	10.96	-8.60	-8.87	-6.11	8.77	-0.75

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<https://doi.org/10.1787/061fe03d-en>

7. Brazil

Micro and small-sized enterprises (MSEs) form an essential part of the Brazilian economy, accounting for 98.5% of all legally constituted companies (11.5 million), for 27% of GDP, and for 41% of the total payroll.

The reference interest rate of *Banco Central do Brasil* (Special Clearance and Escrow System - SELIC) has been gradually declining, from 14.15% per annum in December 2015, to 13.65% in December 2016, 6.9% in December 2017 and 6.4% in December 2018. The previous period of rate hike (from 7.25% in March 2013 to 14.25% in September 2016) led to high interest rates on loans for large corporate borrowers (14.8%) and SMEs (30.6%), leading to a shrinking demand for new SME loans. Interest rates have increased more for micro-enterprises and SMEs than for large businesses. However, this trend was reversed when the central bank decreased its rate at the end of 2016, thus decreasing interest rates for SMEs.

The stock of SME loans fell in 2015 and new lending to SMEs declined in 2014 and 2015. Both observations are in contrast with lending to large businesses, where the outstanding stock of loans, as well as new lending was up in 2014 and 2015.

Since 2008, large companies have been receiving a larger share of the business loans granted compared to SMEs. The government has taken on a more active role in this area, often with the aim to provide financial services to small businesses, excluded from classic financial institutions. Developments include a micro-credit programme, a quota to use 2% of demand deposits of the National Financial System to finance loans to low-income individuals and micro entrepreneurs, and a strong increase in the number of agencies where financial services are provided.

The regulatory framework for angel investors has been revised in 2016 and further adjusted in 2017, removing some long-standing barriers for investors in SME markets, most notably by offering more legal protection in the case of company closures, more latitude to investment and more information sharing between recipients and investors. In addition, new regulations concerning investment-based crowdfunding and Fintech were introduced in 2017 and 2018.

SEMPE, the Under-Secretariat for Micro and Small Enterprises (Ministry of Economy - ME) is the main body of the Brazilian government responsible for formulating, coordinating, articulating and defining public policy guidelines aimed at strengthening, expanding and formalising artisans, individual entrepreneurs and micro and small enterprises. In addition, SEMPE/ME leads the articulation of actions aimed at improving the business environment and at contributing to the expansion and sustainability of micro and small enterprises, with the aim to contribute to employment and income generation.

Table 7.1. Scoreboard for Brazil

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Outstanding business loans, SMEs	BRL billion	281.13	347.21	388.58	476.96	564.12	629.56	681.31	692.26	656.25	578.29	523.36	524.68
Outstanding business loans, total	BRL billion	506.61	689.55	780.83	935.86	1 114.03	1 286.53	1 460.03	1 623.01	1 734.61	1 565.18	1 436.38	1 440.78
Share of SME outstanding business loans	% of total outstanding business loans	55.49	50.35	49.76	50.97	50.64	48.93	46.66	42.65	37.84	36.95	36.44	36.42
New business lending, total	BRL billion	..	..	..	..	..	917.83	948.01	992.11	1 027.21	817.48	735.23	813.87
New business lending, SMEs	BRL billion	..	..	..	..	..	566.88	562.21	532.2	490.9	408.98	398.48	429.13
Share of new SME lending	% of total business lending	..	..	..	..	..	61.76	59.3	53.64	47.79	50.03	54.20	52.73
Outstanding short-term loans, SMEs	BRL billion	105.57	109.37	104.07	119.57	150.72	158.58	161.9	155.96	141.47	122.28	116.75	125.36
Outstanding long-term loans, SMEs	BRL billion	160.04	200.91	240.04	309.64	386.91	469.35	518.06	534.8	513.04	454.62	403.23	396.71
Share of short-term SME lending	%	39.75	35.25	30.24	27.86	28.03	25.25	23.81	22.58	21.61	21.20	22.45	24.01
Government guaranteed loans, SMEs	BRL billion	0.07	0.08	0.11	0.05	2.21	2.01	1.74	2.02	2.84	3.27	5.05	4.14
Direct government loans, SMEs	BRL billion	10.09	11.76	13.85	14.47	17.16	18.93	22.12	24.12	27.21	29.06	30.46	29.18
Non-performing loans, total	% of all business loans	1.51	1.53	2.65	1.82	2.01	2.21	1.84	1.88	2.39	3.15	2.99	2.45
Non-performing loans, SMEs	% of SME loans	2.64	2.79	4.68	3.39	3.63	4.18	3.56	3.9	5.43	6.7	5.67	4.29
Interest rate, SMEs	%	..	..	..	..	..	19.7	23.7	25.2	34.8	31.7	25.1	21.50
Interest rate, large firms	%	..	..	..	..	..	9.0	12.0	13.3	16.4	17.4	9.0	8.60
Interest rate spread	% points	..	..	..	..	..	10.7	11.7	11.9	18.4	14.3	16.1	12.90

The full country profile is available at

<https://doi.org/10.1787/061fe03d-en>

8. Canada

In 2018, Canadian small businesses (1-99 employees) constituted 98.0% of all businesses and employed 8.4 million individuals, or 69.8% of the private sector labour force.

Supply-side survey data show that outstanding debt held by all businesses increased in 2018 to CAD 898 billion. Lending to small businesses increased to CAD 105.1 billion. Small businesses' share of total outstanding business loans was 11.7%.

Small business credit conditions have remained relatively stable since 2011. The average interest rate charged to small businesses in 2018 increased to 5.7% with an average business prime rate of 3.6%. The business risk premium reverted to its 2014 level of 2.1%, the lowest level since the 2009 recession reflecting an easing in access to financing for small businesses in Canada.

The small business 90-day loan delinquency rate has returned to pre-recession levels. In 2018, the 90-day loan delinquency rate reached 0.55%.

Total venture capital (VC) investment levels in Canada has had over eight straight years of growth reaching CAD 3.8 billion in 2017 followed by a modest decline in 2018 to CAD 3.7 billion. These are the highest levels of VC investment recorded in Canada since 2001.

In 2018-19, the Government of Canada continued its commitment to support entrepreneurship and the growth of SMEs.

The Business Development Bank of Canada (BDC), a crown corporation, with its mandate to support Canadian entrepreneurship had CAD 31 billion in financing, as of March 31, 2018, committed to 56 000 clients operating across Canada.

The government of Canada has also made CAD 450 million available for the Venture Capital Catalyst Initiative (VCCI) to increase late-stage venture capital available to Canadian entrepreneurs. VCCI will inject more than CAD 1.5 billion into the Canadian innovation capital market by leveraging funds from the public sector and private sector.

Futurpreneur Canada, a not-for-profit organisation, which provides financing, mentoring, and business support tools to young entrepreneurs, also received CAD 38 million in funding over five years, starting in 2019-20 to continue its support of Canada's next generation of entrepreneurs.

Supporting women entrepreneurs continues to be one of the key focus areas for the government of Canada. In Budget 2018, the government announced approximately CAD 2 billion investment in the first Women Entrepreneurship Strategy. It provides support by increasing access to financing, talent, networks, and expertise to encourage more women to start and grow their businesses, as well as to work with them to move into exporting.

Table 8.1. Scoreboard for Canada

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	CAD billion	83.4	83.4	86.4	85.7	89.1	87.2	91.1	94.0	96.1	99.2	102.5	105.1
Outstanding business loans, total	CAD billion	479.8	534.0	482.3	489.5	503.2	548.0	592.6	642.9	716.2	772.4	823.7	897.5
Share of SME outstanding loans	% of total outstanding business loans	17.39	15.61	17.92	17.50	17.71	15.90	15.38	14.62	13.42	12.84	12.45	11.71
New business lending, total	CAD billion	..	..	..	..	126.2	141.6	151.0	168.7	188.4	204.0	233.9	269.7
New business lending, SMEs	CAD billion	..	..	..	..	20.2	21.7	22.8	23.2	24.0	22.8	25.2	27.2
Share of new SME lending	% of total new lending	..	..	..	..	15.99	15.30	15.10	13.74	12.73	11.16	10.78	10.1
Outstanding short-term loans, SMEs	CAD billion	15.1	..	..	..	6.9	..	..	15.6	..	..	24.2	..
Outstanding long-term loans, SMEs	CAD billion	21.1	..	..	..	12.8	..	..	12.4	..	..	32.4	..
Share of short-term SME lending	% of total SME lending	41.62	..	43.40	36.30	35.13	39.00	46.00	55.71	47.20	36.20	42.8	30.10
Government loan guarantees, SMEs	CAD billion	1.20	1.30	1.20	1.30	1.30	1.10	1.10	1.50	1.20	1.3	1.4	1.8
Direct government loans, SMEs	CAD billion	4.40	4.10	5.50	4.70	6.00	5.80	4.60	6.50	6.70	7.9	8.0	8.4
Interest rate, SMEs	%	7.50	..	6.20	5.80	5.30	5.40	5.60	5.10	5.10	5.30	5.20	5.70
Interest rate, large firms	%	6.10	..	3.10	2.60	3.00	3.00	3.00	3.00	2.80	2.70	2.90	3.64
Interest rate spread	% points	1.40	..	3.10	3.20	2.30	2.40	2.60	2.10	2.30	2.60	2.30	2.06
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	47.7	..	56.1	66.7	64.8	76.0	56.0	66.6	80.0	74.0	64.1	70.0
Percentage of SME loan applications	SME loan applications/ total number of SMEs	17.0	..	14.0	18.0	24.0	26.0	30.0	27.0	23.0	26.0	26.0	27.0
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	9.0	8.0	7.0	9.0	12.8	7.0	9.0	9.5	9.0
Non-bank finance													
Venture and growth capital	CAD billion	..	..	..	..	..	..	1.88	2.06	2.24	3.19	3.78	3.69
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	..	9.7	8.7	42.3	18.4	-2.4
Other indicators													
90-Day Delinquency Rate Small business	%	0.71	1.13	1.52	0.87	0.62	0.55	0.41	0.41	0.60	0.55	0.52	0.55
90-Day Delinquency Rate Medium business	%	0.03	0.05	0.3	0.13	0.02	0.01	0.01	0.03	0.03	0.03	0.03	0.07
Leasing request rate	%	20.8	..	1.00	2.00	7.00	8.00	11.0	7.90	8.00	9.00	7.2	9.00
Leasing approval rate	%	93	..	76	97	97.3	95	95	98.6	94	94	97.6	96.0
Bankruptcies, SMEs	Per 1 000 firms with employees	7.00	6.60	5.90	4.60	4.30	3.80	3.60	3.40	3.30	3.10	2.84	2.79
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	-5.71	-10.6	-22.0	-6.52	-11.6	-5.26	-5.56	-2.94	-6.06	-8.39	-1.76

The full country profile is available at
<https://doi.org/10.1787/061fe03d-en>

9. Chile

After 4 years of negative growth in Chile, the year 2018 saw an increase in GDP by 4%, driven mainly by domestic demand (4.7% increase). According to the Central Bank of Chile, growth expectations for 2019 are between 2.75% and 3.5%.

According to the Commission for the Financial Market (CMF), credit activity, measured as the growth of credit placements, grew by 9.35% in 2017-2018. However, the participation of SMEs in outstanding commercial loans decreased in 2018 to 19.9%. Microenterprises and small businesses are responsible for the increase of outstanding SME loans, and Banco Estado has been the key financial institution working to improve access of SMEs to financing, together with the Corporation for the Promotion of Production (CORFO).

According to the bank credit survey of the Central Bank of Chile, credit conditions were more restrictive for SMEs during 2018 and relatively stable throughout the year. This contrasts with large companies, for which credit conditions showed very favourable levels compared to other periods. According to the Central Bank, the demand for credit is weaker, due mostly to large companies. Indeed, SMEs maintained their levels of credit demand. On the other hand, the interest rate differential between large companies and SMEs was reduced from 4.7% in 2017 to 4.5% in 2018, its lowest level since 2013.

According to the data of the fifth Longitudinal Enterprises Survey (ELE), which surveyed more than 339 022 companies between 2016 and 2017, the rejection rates of loans to SMEs decreased significantly from 12.4% in 2015 to 9.4% in 2017. The utilisation rate for SMEs was 89.3%, the second highest rate since 2007. On the other hand, the rate of application for credit by SMEs decreased from 30.4% in 2015 to 26.7% in 2017.

With respect to venture capital funds, Production Development Corporation (CORFO) and Start-Up Chile's programmes are the main instruments of SME capital financing, although other private and public initiatives have also developed. Venture capital investments increased again in 2018, reaching an investment of more than CLP 39 billion.

A novelty concerning SME financing is the development of the Fintech industry in Chile, which has grown by 34% in 2017 and 29% in the last year. This rapid growth highlights a thriving ecosystem comprised of more than 84 companies that offer a wide range of financial services for SMEs, ranging from payments and remittances to loans and crowdfunding and scoring services. This was taken into account by the Ministry of Finance, which announced in April 2019 the sending to Congress of a Bill that will regulate and strengthen this industry.

Although the average payment delays for SMEs have decreased in recent years, they continue to be high and unfavourable for SMEs, considering one of the main reasons (declared by these companies) for applying for financing is the availability of capital. The Government has made progress in this area through the promulgation of the Law of Payment in 30 Days, which seeks to obtain certainty in the terms and amounts of the invoices, along with the right to compensation in the case of a breach of deadlines. At the beginning of 2020, a report will be issued that will reflect the impact of this practice on the average term of payment for large companies and SMEs.

Table 9.1. Scoreboard for Chile

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans. SMEs	CLP trillion	6.8	7.6	8.1	9.3	10.1	11.5	11.8	13.7	15.8	17.3	18.7	19.8
Outstanding business loans. total	CLP trillion	40.9	49.9	46.3	48.1	57.2	64.6	69.8	76.4	84.9	88.7	90.3	99.5
Share of SME outstanding loans	% of total outstanding business loans	16.7	15.2	17.5	19.3	17.7	17.9	16.9	18.0	18.6	19.5	20.7	19.9
New business lending. total	CLP trillion	..	..	..	53.3	58.0	58.0	58.1	63.9	67.8	67.4	67.7	71.4
New business lending. SMEs	CLP trillion	..	..	..	2.6	3.1	3.8	3.8	4.4	5.1	5.1	5.6	5.63
Share of new SME lending	% of total new lending	..	..	..	4.9	5.3	6.5	6.6	6.8	7.5	7.6	8.2	7.8
Outstanding Short-term loans. SMEs	CLP trillion	..	..	..	1.6	2.0	2.3	1.8	1.8	1.9	1.8	1.8	1.9
Outstanding Long-term loans. SMEs	CLP trillion	..	..	..	1.0	1.1	1.5	2.0	2.5	3.2	3.3	3.8	3.8
Share of short-term SME lending	% of total SME lending	..	..	..	60.2	63.3	60.3	47.8	41.9	36.9	35.8	32.8	33.3
Government loan guarantees. SMEs	CLP trillion	0.2	0.3	0.8	1.1	1.3	1.9	1.9	1.6	1.7	1.8	1.7	1.6
Government guaranteed loans. SME	CLP trillion	0.3	0.5	1.3	1.8	2.0	2.9	3.1	2.3	2.4	2.6	2.6	2.5
Non-performing loans. total	% of all business loans	...	...	2.5	2.2	2.1	2.2	2.4	2.6	2.4	2.1	2.3	2.5
Non-performing loans. SMEs	% of all SME loans	..	..	5.9	6.1	5.5	5.4	6.1	6.1	5.9	5.3	5.2	5.9
Interest rate. SMEs	%	..	..	..	..	..	..	11.8	10.3	9.3	9.3	8.4	8.3
Interest rate. large firms	%	..	..	..	..	..	..	4.7	4.0	3.8	4.0	3.7	3.8
Interest rate spread	% points	..	..	..	..	..	..	7.1	6.3	5.5	5.3	4.7	4.5
Collateral. SMEs	% of SMEs needing collateral to obtain bank lending	44.0	..	49.8	..	..	..	72.8	..	68.1	..	59.9	..
Percentage of SME loan applications	SME loan applications/total number of SMEs	32.9	..	32.4	..	..	..	26.4	..	24.6	..	26.2	..
Rejection rate	1-(SME loans authorized/requested)	41.4	..	15.0	..	..	..	12.3	..	14.7	..	9.4	..
Utilisation rate	SME loans used/authorized	86.6	..	91.0	..	..	..	87.9	..	96.7	..	89.3	..
Non-bank finance													
Venture and growth capital	CLP billion	26.7	19.3	22.2	27.1	33.9	43.1	30.8	43.2	34.7	40.0	21.9	39.2
Venture and growth capital (growth rate)	% year-on-year growth rate	..	-27.8	15.3	22.0	25.1	27.0	-28.5	40.1	-19.6	-100	-45.3	79
Leasing and hire purchases	CLP billion	3.0	3.6	3.5	3.8	4.5	5.0	5.6	6.2	6.6	6.7	7.8	8.2
Factoring and invoicing	CLP billion	2.0	2.0	1.4	1.9	2.4	2.6	2.6	2.6	2.8	3.0	3.8	4.4
Other indicators													
Payment delays. B2B	Number of days	..	..	..	75.8	74.9	56.7	52.7	55.2	58.0	54.9	56.0	51.8
Bankruptcies. SMEs	Number	122	127	125	136	146	146	164	6	154	295	285	397
Bankruptcies. SMEs (growth rate)	% year-on-year growth rate	..	4.1	-1.6	8.8	7.4	0.0	12.3	-96.3	2 467	91.6	-3.4	39.0

The full country profile is available at

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10. Colombia

Access to finance is one of the main conditions for strengthening entrepreneurship and growth of SMEs. It allows them to prosper and make investments in order to increase their productivity and competitiveness. It is more difficult for these companies to invest, to modernise their operations, and to innovate or cope with crises when they do not have sufficient access to formal financing.

Since 2006, the National Association of Financial Institutions (ANIF) has been running the Great SME Survey (Anif - Asociación Nacional de Instituciones Financieras, 2019^[1]), which gathers the opinion of a sample of SME entrepreneurs from the largest sectors, namely industry, trade and services.

The SME indicator Anif – IPA is constructed with the results of this survey. The indicator constitutes the main thermometer for the economic climate for formal and informal SMES. It compares the evolution of the following variables: economic situation, sales volumes, general performance expectations and sales expectations.

It is estimated that two out of three SMEs are informal in Colombia, according to the study “Demand for Financial Inclusion in Colombia” (Superintendencia Financiera de Colombia, 2015^[2]). Having made this clarification, results from the Great SME Survey – GEP, which is conducted on a sample of the business fabric that is considered to be formal, are presented.

According to the results of the last survey round, bank credit has remained the main source of financing for formal SMEs. On average and in the three largest sectors, 40% of SMEs companies requested credit to the financial system. This percentage amounted to 39% in the industrial sector, 41% in the commerce sector and 40% in the services sector. Loan applications remained stable during the last year.

Moreover, 45% of SMEs did not have recourse to alternative sources of financing during the second half of 2018. For the remaining 55%, external providers were the most important source of alternative funding, followed by own resources. Leasing, reinvestment of profits, factoring and the non-banking market did not exceed 8% for any macro sector. In addition, the survey reveals that resources from private equity funds or entrepreneurial support have marginal importance.

During the first half of 2018, resources were allocated by SMEs as follows: working capital (63%), consolidation of liabilities (22%), purchase or leasing of machinery (11%) and remodelling or adjustments (9%).

With a business fabric such as that made up of SMEs in Colombia, it is important to highlight the benefits of access to credit. These include greater growth in sales, greater margins of production and investment in machinery and equipment compared to the companies that do not have access to credit. SMEs that cannot enter the financial system are often forced to resort to informal sources of financing, such as non-bank loans that do not adapt to their needs and have high costs.

The Great SME Survey showed that SMEs are not requesting credit for several reasons. The main reason put forward is that they do not need it; next, SMEs invoke the high costs associated with interest and commissions; and third, they mention the number of procedures for obtaining it, coupled with their distrust in the financial system. SMEs’ lack of recourse to credit is considered a problem of self-exclusion associated with different factors, including the belief that the loan application will be rejected and the ignorance of the importance of financial products for the development of their activity. SMEs often do not perceive financing as a necessity despite the fact that this business segment has a high financial dependence. All these factors are highly correlated with the weak financial education of SMEs.

Table 10.1. Scoreboard for Colombia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	COP billion	25.61	28.59	26.58	29.12	39.97	46.76	51.6	55.23	58.17	62.09	64.88	68.50
Outstanding business loans, total	COP billion	78.4	94.7	95.9	113.8	134.8	152.8	171.3	197.2	226.3	243.2	251.8	253.6
Share of SME outstanding loans	% of total outstanding business loans	32.67	30.19	27.70	25.58	29.66	30.61	30.11	28.01	25.70	25.53	25.77	27.01
New business lending, total	COP billion	67.7	76.0	77.2	79.0	77.7	95.4	104.0	117.0	117.7	117.3	153.3	160.09
New business lending, SMEs	COP billion	13.2	13.5	15.22	16.91	21.09	23.53	23.57	24.69	25.53	25.3	34.11	35.48
Share of new SME lending	% of total new lending	19.50	17.76	19.71	21.39	27.13	24.67	22.65	21.10	21.70	21.57	22.25	22.05
Outstanding short-term loans, SMEs	COP billion	4.98	7.52	6.14	6.41	10	11.55	12.36	12.93	13.8	13.59	14.44	12.86
Outstanding long-term loans, SMEs	COP billion	20.63	21.07	20.44	22.71	29.97	35.22	39.24	42.3	44.37	48.5	50.44	55.63
Share of short-term SME lending	% of total SME lending	19.45	26.30	23.10	22.01	25.02	24.70	23.95	23.41	23.72	21.89	22.26	18.78
Government loan guarantees, SMEs	COP billion	0.56	1.39	1.82	1.94	5.46	6.19	7.14	7.51	7.72	10.52	11.53	9.40
Government guaranteed loans, SMEs	COP billion	2.23	2.59	2.98	3.16	7.26	9.12	10.81	11.96	12.69	15.37	16.51	15.22
Non-performing loans, total	% of all business loans	0.95	1.27	1.59	1.07	1.00	1.03	1.08	1.33	1.34	1.51	2.36	2.61
Non-performing loans, SMEs	% of all SME loans	2.52	3.66	5.05	3.68	1.76	1.81	1.99	2.45	2.25	3.12	3.71	3.84
Interest rate, SMEs	%	20.09	23.13	20.43	18.66	14.34	14.68	13.24	13.54	14.69	16.87	15.37	18.17
Interest rate, large firms	%	12.53	14.24	10.09	7.23	9.28	9.25	7.98	8.33	8.78	11.00	9.16	13.57
Interest rate spread	% points	7.56	8.89	10.34	11.43	5.06	5.43	5.26	5.21	5.91	5.86	6.21	4.60
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	79.25	87.54	86.28	87.31	90.04	90.12	90.02	89.30	91.04	91.71	92.15	91.75
Percentage of SME loan applications	SME loan applications/ total number of SMEs	49	53	44.6	49.6	47	44	43.3	39.6	42.6	34	40	40
Rejection rate	1-(SME loans authorised/ requested)	2	4	9	5	3	4	7	3	7.5	4	8	7
Utilisation rate	SME loans used/ authorised	98	96	91	95	97	96	93	97	92.5	96	92	93
Non-bank finance													
Venture and growth capital	COP billion	..	..	..	..	..	..	..	..	1.83	2.91	4.23	5.61
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	..	..	..	59.3	45.5	32.69

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Leasing and hire purchases	COP billion	..	..	..	..	..	..	..	..	33.34	39.45	41.98	50.17
Factoring and invoice discounting	COP billion	5.77	6.04	7.15	7.01	12.85	10.55	17.56	23.75	31.47	25.77	25.53	26.58
Other indicators													
Payment delays, B2B	Number of days	49	50	61	62	59	55	56	65	66	85	95	101
Bankruptcies, SMEs	Number	33	95	149	159	178	116	156	141	164	200	246	198
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	187.9	56.84	6.71	11.95	-34.8	34.48	-9.62	16.31	21.95	23.00	-19.51

The full country profile is available at

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11. Czech Republic

In 2018, there were roughly 1.155 million active enterprises in the Czech Republic. 99.83% of these firms were SMEs with less than 250 employees each. Together, they employed almost 1.88 million people, or 57.68% of the Czech Republic's workforce. Micro-firms dominated the business landscape, comprising 96.4% of all SMEs in 2018 (roughly stable from 2017).

SME interest rates increased by 25.6 % in 2018 vis-à-vis 2017. It is the first year of increasing after the period 2008-17, when SME interest rates continued dropping year-on-year (by 55.1% in total). The recent development in interest rates was likely caused by tightening a monetary policy by the Czech National Bank (CNB) from 2017 onwards, which decided to increase interest rates from 0.50 to 0.75 percentage points in 2018.

Venture capital investments peaked in 2008, and then declined dramatically to 2017. This trend changed in 2018, with VC investments amounting to EUR13.9 million, 33.6% of their 2008 value. Growth capital fell even more steeply, from EUR 191.9 million in 2009, to EUR 4.9 million in 2016. In 2018, it dropped to 3.5 million.

Government support for enterprises and entrepreneurs primarily comprises measures with respect to developmental and operational financing, export support, support of the energy sector, development of entrepreneurial skills and financial literacy of entrepreneurs, technical education and research, as well as development and innovation.

In December 2012, the Czech government adopted a Small and Medium Sized Enterprises Support Strategy 2014-20 (SME 2014+), which represents the key strategic document for the preparation of the European Union (EU) cohesion policies over the 2014–20 programming period in the area of enterprise development. This includes the Operational Programme Enterprise and Innovations for Competitiveness (OPEIC), and similarly important national SME support programmes.

SME 2014+ also acknowledges the need to support social enterprises and strengthen social entrepreneurs' education. The SME 2014+ is implemented through national programmes that support enterprises, such as the GUARANTEE, ENERG, VADIUM or Inostart programmes; and via the OPEIC.

SME 2014+ aims to motivate entrepreneurs to utilise available funding for the development of their businesses through national and EU programmes. This includes several tools, such as government loan guarantees (Czech-Moravian Guarantee and Development Bank), financing schemes for exporting SMEs (Czech Export Bank) and innovative businesses (INOSTART programme), as well as a programme to draw financial resources from the EU structural fund (OPEIC), which provides support to SMEs through grants, preferential loans and guarantees.

The Czech-Moravian Guarantee and Development Bank (CMGDB) is a specialised state-owned banking entity with a primarily mission of facilitating SME access to financing. Next to the programmes GUARANTEE and EXPANSION, the CMGDB launched two new programmes – ENERG and VADIUM, financed by the national budget. In June 2017, the CMGDB launched a new programme ENERG, earmarked for SMEs located in the capital of Prague. Entrepreneurs can obtain an investment loan of up to CZK 20 million for investment projects that spur energy savings in the company. In July 2018, the Bank launched a new programme VADIUM, which provides small entrepreneurs with guarantees (of up to CZK 50 million) for bids in public tenders. In 2018, the Bank also became an intermediary for equity investments from the Central Europe Fund of Funds (CEFoF), administered by the European Investment Fund. CEFoF will invest into innovative SMEs and small mid-caps in a later stage venture and growth phase, with a volume of financial resources of at least EUR 80 million.

Table 11.1. Scoreboard for the Czech Republic

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt												
Outstanding business loans, SMEs	CZK billion	555.03	527.55	550.08	587.91	589.68	610.79	621.39	652.59	702.81	725.63	762.99
Outstanding business loans, total	CZK billion	850.76	784.07	783.54	831.21	840.59	871.58	890.23	935.36	994.86	1036.1	1097.39
Share of SME outstanding loans	% of total outstanding business loans	65.24	67.28	70.20	70.73	70.15	70.08	69.80	69.77	70.64	70.03	69.53
New business lending, total	CZK billion	866.11	780.87	667.98	599.09	694.94	500.50	544.73	607.59	510.58	457.94	461.84
New business lending, SMEs	CZK billion	207.24	147.74	123.40	124.12	129.83	86.66	97.76	118.28	100.46	101.24	97.92
Share of new SME lending	% of total new lending	23.93	18.92	18.47	20.72	18.68	17.31	17.95	19.46	19.68	22.11	21.20
Outstanding short-term loans, SMEs	CZK million	..	..	73 626	72 433	77 853	45 531	40 360	41 742	36 974	33 918	29 835
Outstanding long-term loans, SMEs	CZK million	..	..	49 772	51 684	51 977	41 129	57 404	76 475	63 490	67 325	68 090
Share of short-term SME lending	% of total SME lending	..	..	59.67	58.36	59.97	52.54	41.28	35.31	36.80	33.50	30.47
Government loan guarantees, SMEs	CZK million	3 529	6 369	6 593	472	1 534	3 251	4 010	6 913	3 530	4 014	6 485
Government guaranteed loans, SMEs	CZK million	5 094	9 550	10 070	630	2 215	4 616	5 771	9 947	5 055	5 758	9 287
Direct government loans, SMEs	CZK million	286	209	629	1 090	782	101	86	65	7	291	1 440
Non-performing loans, total	CZK million	35 340	61 904	70 166	67 876	61 480	62 032	58 694	52 677	50 307	43 225	39 999 (P)
Interest rate, SMEs	%	5.57	4.64	4.01	3.73	3.48	3.13	3.76	2.70	2.50	2.50	3.14
Interest rate, large firms	%	4.84	3.46	3.34	2.63	2.43	1.89	2.00	1.80	1.80	1.90	2.62
Interest rate spread	% points	0.73	1.18	0.67	1.10	1.05	1.24	1.76	0.90	0.70	0.60	0.52
Non-bank finance												
Venture and growth capital	EUR million	104.0	219.7	153.8	18.3	9.5	23.3	34.6	12.4	9.4	16.3	17.4
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	111.2	-30.0	-88.1	-48.1	145.4	48.3	-64.0	-24.6	73.9	6.7
Other indicators												
Payment delays, B2B	Number of days	18.00	19.00	14.00	14.00	15.00	14.00	14.00	14.00	19.00	16.00	15.00
Bankruptcies, SMEs	Number	873	1 280	1 301	1263	1345	1379	1228	1001	904	769	649
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	46.62	1.64	-2.92	6.49	2.53	-10.95	-18.49	-9.69	-14.93	-15.60

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12. Denmark

In 2016, not counting non-employer enterprises, SMEs accounted for 98.2% of all enterprises in Denmark.

The share of new business lending directed towards SMEs has decreased since 2015 and stood at 8.6% in 2018, which is low by international standards. However, this is mainly the result of an increase in loans to large businesses, as new lending to SMEs remained stable between 2016 and 2018.

Survey data illustrates that credit conditions in Denmark have become much more favourable since 2011, when almost 40% of SMEs described their financial conditions as poor. Between December 2017 and December 2018, the share of SMEs describing their financial conditions as poor decreased from 17.2% to 16.3%. For new small enterprises, the demand for loans increased and credit standards were relaxed between the first quarter of 2015 and the third quarter of 2018. However, in the last quarter of 2018 and the first quarter of 2019, demand has decreased and credit standards have tightened.

SME interest rates have decreased from an average of 6.6% in 2008, to 2.3% in 2018. Since interest rates for large enterprises declined even more during this period, the interest rate spread between small and large firms widened from 0.9% in 2008 to 2% in 2013. Since then, however, the spread has consistently decreased, reaching 1.3% in 2018.

Due to an increase in the venture capital investments of Danish private equity firms, total venture and growth capital investments increased by 29% between 2017 and 2018, reaching their highest level to date. This is the net effect of a sharp increase in venture capital investments in the later stages but a decrease in growth capital investments compared to 2017.

Average payment delays remained at an all-time low of 2 days in 2018, after a decline from 4 to 2 days in 2017, continuing their downward trend since 2012.

Vækstfonden (The Danish Growth Fund) is a government backed investment fund created in 1992. Vækstfonden offers guarantees and loans to established SMEs and entrepreneurs, invests equity in young companies with growth potential, and engages in fund-of-funds activities by investing in venture and small/mid-cap funds.

The amount of government loan guarantees and government-guaranteed loans developed in opposite directions between 2012 and 2017. The issuance of government loan guarantees in most years decreased while a continuously higher proportion was accounted for by government-guaranteed loans. However, the trend reversed between 2017 and 2018. Government loan guarantees issued to SMEs increased from a total loan amount of DKK 514 million in 2017 to DKK 529 million in 2018, while the amount of government guaranteed loans on the other hand decreased from DKK 1 377 million in 2017 to DKK 1 225 million 2018.

Table 12.1. Scoreboard of Denmark

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, total	DKK billion	732	809	814	812	809	830	860	914	940	989	1 033	1 080
New business lending, total	DKK billion	332	385	318	313	292	241	303	474	519	508	521	568
New business lending, SMEs	DKK billion	41	35	28	35	34	39	37	55	73	51	52	49
Share of new SME lending	% of total new lending	12.29	9.15	8.96	11.21	11.70	16.25	12.07	11.51	14.10	10.12	10.08	8.62
New short-term loans, SMEs	DKK billion	26	26	22	23	24	20	22	34	35	31	29	27
New long-term loans, SMEs	DKK billion	14	9	6	23	10	19	15	21	38	21	23	22
Share of short-term SME lending	% of total SME lending	64.70	74.57	78.79	50.00	70.53	51.49	60.25	62.38	48.48	60.00	55.63	55.09
Government loan guarantees, SMEs	DKK million	210	178	209	769	1 192	1 222	783	658	668	620	514	529
Government guaranteed loans, SMEs	DKK million	..	..	..	..	17	61	286	746	1 076	1 257	1 377	1 225
Interest rate, SMEs	%	5.97	6.59	5.33	4.39	4.38	3.91	3.78	3.44	2.99	2.74	2.36	2.27
Interest rate, large firms	%	5.23	5.68	3.63	2.49	2.40	2.14	1.73	1.65	1.53	1.34	1.23	0.98
Interest rate spread	% points	0.75	0.91	1.70	1.90	1.97	1.77	2.04	1.79	1.45	1.40	1.12	1.29
Non-bank finance													
Venture and growth capital	DKK million	263	205	159	280	186	270	241	230	339	554	532	684
Venture and growth capital (growth rate)	%. Year-on-year growth rate	..	-22.34	-22.45	76.57	-33.49	45.13	-10.81	-4.73	47.66	63.33	-4.03	28.65
Other indicators													
Payment delays, B2B	Number of days	7.2	6.1	12.0	12.0	13.0	12.0	10.0	9.0	4.0	4.0	2.0	2.0
Bankruptcies, SMEs	Number	..	..	2 563	2 583	1 938	1 958	1 698	1 328	1 584	1 853	1 888	2 013
Bankruptcies, SMEs (growth rate)	%. Year-on-year growth rate	0.78	-24.97	1.03	-13.28	-21.79	19.28	16.98	1.89	6.62

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13. Estonia

In 2017, Estonian SMEs employed 79% of the workforce and accounted for 79.2% of total value added. 91.6% of all firms were micro-enterprises, i.e. firms with less than 10 employees, employing 34% of the workforce and accounting for 29.9% of total value added in 2017.

Lending to Estonian SMEs contracted significantly in the aftermath of the financial crisis, with new SME loans almost halving from EUR 3.6 billion in 2007 to EUR 1.9 billion in 2010. Following the rebound of the Estonian economy, new SME lending began to slowly pick up again after 2011, but remained below pre-crisis levels in 2018, as was the case for outstanding SME loans.

Under the Estonian corporate income tax system, all reinvested profits are tax-free. Thus, companies have incentives to reinvest their profits, which may be an explanation for the low demand for loans. Loans under EUR 1 million, which are used as a proxy to describe SME loans, may have become unreliable to depict SME activities. This is because the high inflation rates in recent years may have pushed SMEs to contract larger loans.

The base interest rate on SME loans up to EUR 1 million decreased steadily from 4% in 2012 to slightly below 3% in 2016. After that, interest rates started to increase again reaching 3.28% in 2018. For larger loans, the interest rate has risen for the last three years in a row to 2.12%.

Venture and growth capital has been growing steadily on recent years. Estonia has a well-developed start-up community that has good potential for raising venture capital. The year of 2018 was a record year, with companies raising EUR 329 million, a 21% year-on-year growth.

Leasing and hire purchases turnover declined sharply between 2008 and 2009, and only recovered somewhat in 2011. After that, recovery was stronger and total turnover grew by 13% in 2018. Factoring was also much more important in 2018 than in previous years, reaching EUR 3 billion. This is close to EUR 700 million more than the year before.

Payment delays, bankruptcies and non-performing loans increased sharply in the aftermath of the financial crisis, peaking in 2009-10, but began to level off post-2010. In 2017, non-performing loans amounted to a 1.99% share of total SME loans (slightly higher than the previous year), while SME bankruptcies decreased by 20% year-on-year. The share of non-performing loans in total loans decreased strongly to 0.81%, with SME NPLs slightly increasing from 1.94% to 1.99% in 2018.

The Estonian government provides loan guarantees to all types of companies. Government loan guarantee volumes have been much higher in recent years than in the past (especially over 2007-08), but have overall followed an erratic pattern since 2009. In 2018, government loan guarantees to SMEs increased by 18.5%, and so did total guaranteed loans. Higher economic activity also improves demand for guarantees.

KredEx, a state owned financing institution, remains an investor in several fund-of-funds. The Baltic Innovation Fund, which has been running since 2012, in the EstFund, since 2016, offering private and venture capital. KredEx also provides the management of the fund-of-funds Early Fund II via the subsidiary AS SmartCap. With the support of these funds, a total of nearly EUR 700 million is being invested in the rapidly developing companies of the region.

Table 13.1. Scoreboard for Estonia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR billion	2.44	2.49	2.13	1.90	1.68	1.61	1.65	1.70	1.67	1.71	1.81	1.70
Outstanding business loans, total	EUR billion	6.80	7.20	6.86	6.46	5.95	6.15	6.25	6.44	6.80	7.34	6.93	7.17
Share of SME outstanding loans	% of total outstanding business loans	35.83	34.55	31.01	29.37	28.28	26.24	26.45	26.40	24.56	23.23	26.1	23.7
New business lending, total	EUR billion	8.55	7.31	4.46	4.26	5.06	5.61	6.17	6.41	6.68	6.99	7.19	7.92
New business lending, SMEs	EUR billion	3.60	3.52	2.13	1.87	1.96	2.12	2.37	2.46	2.25	2.37	2.55	2.63
Share of new SME lending	% of total new lending	42.09	48.21	47.70	43.82	38.63	37.80	38.43	38.42	33.73	33.84	35.5	33.26
Short-term loans, SMEs	EUR million	480.53	475.13	377.13	317.84	325.92	302.35	317.41	333.41	300.81	314.86	320.18	299
Long-term loans, SMEs	EUR billion	1.96	2.01	1.75	1.58	1.36	1.31	1.34	1.37	1.37	1.39	1.49	1.40
Share of short-term SME lending	% of total SME lending	19.73	19.09	17.74	16.76	19.39	18.74	19.20	19.62	18.00	18.46	17.7	17.63
Government loan guarantees, SMEs	EUR million	15	23	52	66	53	60	52	66	66	93	61	72
Government guaranteed loans, SMEs	EUR million	27	39	86	122	116	122	100	111	112	171	100	118
Non-performing loans, total	% of all business loans	0.61	3.71	8.76	8.53	5.91	3.79	2.01	1.97	1.56	1.62	1.35	0.81
Non-performing loans, SMEs	% of all SME loans	0.95	3.59	7.36	8.17	6.31	5.18	3.27	2.96	2.79	2.88	1.94	1.99
Interest rate, SMEs	%	6.11	6.71	5.34	5.06	4.92	4.02	3.41	3.36	3.04	2.96	2.99	3.28
Interest rate, large firms	%	5.68	6.13	4.21	3.90	3.76	3.05	2.86	2.68	2.05	2.08	2.12	2.13
Interest rate spread	% points	0.43	0.58	1.14	1.16	1.16	0.98	0.56	0.68	0.99	0.88	0.87	1.15
Non-bank finance													
Venture and growth capital	EUR million	..	4.74	4.51	17.8	5.53	16.6	10.9	68.7	96.6	105.7	272.6	329
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	-5.00	293.72	-68.84	200.24	-34.34	530	40.6	9.4	157.9	20.7
Leasing and hire purchases	EUR million	891.17	709.63	222.77	281.29	519.37	649.60	545.75	537.16	543	676	718	811
Factoring and invoicing	EUR billion	1.29	1.41	0.99	0.91	1.13	1.92	1.98	2.09	2.239	2.09	2.29	3 034
Other indicators													
Payment delays, B2B	Number of days	9	8.1	12.7	12.8	10.2	10.1	9.4	7	6.9	6	5.5	..
Bankruptcies, SMEs	Number	202	423	1055	1028	623	495	459	428	376	335	343	273
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	109.41	149.41	-2.56	-39.40	-20.55	-7.27	-6.75	-12.15	-10.90	2.39	-20.41

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14. Finland

The Finnish economy continued to grow in 2018. The uncertainty in the global economy, however, slowed down exports and corporate investments. Low interest rates supported investments and the availability of SME financing.

In Finland, 99.3% of all employer firms were SMEs in 2017 (84 043 SMEs), employing 66.6% of the labour force. The vast majority of them (76.5%) were micro-enterprises with less than 10 employees. The decline in the number of employer firms levelled off in 2017 after a few years of downswing, whereas the number of self-employed has been increasing.

The volume of new lending to SMEs continued to increase in 2018, almost approaching the pre-crisis level. New business lending to SMEs grew by 5.5% in 2018 in comparison to the previous year. Meanwhile, total new lending to all enterprises declined by 2.2%. SMEs' strong demand for loans was supported by the bright economic situation and positive expectations regarding economic growth in Finland in 2018.

The base rate on small loans of up to EUR 1 million, which is used as an interest rate proxy for loans to SME, remained quite stable during 2010–2017, with the average interest rate at around 2.8%. In 2018, the interest rate on small loans increased to 3.9%. On the other hand, the interest rate charged on loans over EUR 1 million has remained at around 1.3% for three consecutive years. The widening of credit spread between small and large business loans indicates a tightening of credit terms for SMEs compared to large enterprises.

A record-high figure of EUR 479 million was invested into start-ups and early stage growth companies in Finland in 2018. Of the total sum, foreign investments accounted for EUR 291 million. Finnish Venture Capital (VC) funds invested EUR 101 million and business angels invested EUR 36 million. Foreign VC funds allocated EUR 103 million of direct investments into Finnish companies. The amounts of investments from both Finnish and foreign VC funds has grown significantly from the previous year.

Ample availability of bank financing lowered the demand for public sector financing from Finnvera. Finnvera is a financing company owned by the government of Finland and the country's official export credit agency. The volume of direct government loans to SMEs has decreased yearly since 2015 from EUR 385 million to EUR 203 million. Moreover, the introduction of EU guarantee programmes targeted at SMEs has increased availability of SME loans intermediated by banks and reduced the demand for loans provided by Finnvera.

Table 14.1. Scoreboard for Finland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, total	EUR billion	48.4	57.6	54.1	56.5	60.4	63.3	66.7	68.4	72.5	76.0	78.1	85.3
New business lending, total	EUR billion	42.7	54.4	50.9	54.4	37.4	34.9	39.5	35.6	35.0	36.4	37.1	36.3
New business lending, SMEs	EUR billion	11.6	11.9	9.9	8.3	7.9	7.7	7.3	6.8	8.4	9.1	9.6	10.1
Share of new SME lending	% of total new lending	27.11	21.85	19.56	15.25	21.11	22.23	18.55	19.21	24.14	24.92	25.90	29.95
Short-term loans, SMEs	EUR million	..	..	..	839	1 615	1 613	1 312	1 250	1 655	1 864	2 046	2 384
Long-term loans, SMEs	EUR million	..	..	..	3 314	6 287	6 136	6 018	5 583	6 789	7 219	7 561	7 747
Share of short-term SME lending	% of total SME lending	..	..	..	20.20	20.44	20.82	17.90	18.29	19.60	20.52	21.30	23.53
Government loan guarantees, SMEs	EUR million	416	438	474	447	497	408	379	476	522	570	540	563
Direct government loans, SMEs	EUR million	385	468	593	397	369	342	284	287	385	275	241	203
Non-performing loans, total	% of all business loans	..	..	..	..	..	..	..	..	4.07	3.07	2.68	3.72
Non-performing loans, total (amount)	EUR million	..	..	..	..	..	..	..	..	1 423	1 119	994	3 170
Interest rate, SMEs	%	5.39	5.58	3.02	2.66	3.23	2.86	2.81	2.94	2.96	2.76	2.75	3.92
Interest rate, large firms	%	4.83	5.08	2.24	1.86	2.59	2.07	1.91	1.92	1.46	1.33	1.35	1.34
Interest rate spread	% points	0.56	0.50	0.78	0.80	0.64	0.79	0.90	1.02	1.50	1.43	1.40	2.58
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	33	34	35	41	41	38	35	34	31
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	13.85	18.42	20.79	21.50	21.85	27.70	21.97	23.89	19.99	20.35
Rejection rate	1-(SME loans authorised/ requested)	..	..	6.98	4.92	3.12	8.08	7.06	6.71	6.24	5.59	6.76	4.15
Non-bank finance													
Venture and growth capital	EUR million	144	191	119	319	120	149	133	134	175	203	207	315
Venture and growth capital (growth rate)	%, year-on-year growth rate	..	32.6	-37.7	168.1	-62.4	25.0	-10.7	1.0	30.6	16.0	2.0	52.2
Leasing and hire purchases	EUR million	..	..	1 067	1 361	1 566	1 765	1 658	1 858	..	..	..	..
Other indicators													
Payment delays, B2B	Number of days	6	5	7	7	7	7	6	6	5	5	5	5
Bankruptcies, SMEs	Number	2 254	2 612	3 275	2 864	2 947	2 961	3 131	2 986	2 574	2 408	2 160	2 534
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate	..	15.9	25.4	-12.5	2.9	0.5	5.7	-4.6	-13.8	-6.4	-10.3	17.3

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<https://doi.org/10.1787/061fe03d-en>

15. France

France has approximately 4 million small and medium enterprises (SMEs). They account for 99.9% of all enterprises.

Outstanding SME loans increased by more than 4.3% between 2017 and 2018, reaching EUR 254 135 million in 2018. After having decreased between 2014 and 2017, the spread between interest rates charged to SMEs and to large firms increased in 2018, reaching 0.45 percentage points. Furthermore, SMEs' access to bank lending remains high: 88% of SMEs' requests for cash credits were fully or almost fully granted as of Q4 2018.

Private equity investments in French firms have continued to increase in 2018 to EUR 14.7 billion, up 2.8% compared to 2017. The average yearly growth rate over 2013-2018 is around 16.4%.

Factoring volumes have continuously increased in France since 2009.

Payment delays reached 13.3 days in 2015, the highest since the crisis, and have been steadily decreasing since 2015 to just under 11 days in 2018.

For the third year since recovery, the number of SME bankruptcies has remained under 60 000, staying stable over 2017-2018 at around 54 000.

In terms of government policies responding to the financing constraints faced by SMEs, in 2018, credit mediation continued to assist French enterprises via an online platform. In line with the trend from 2017, the number of requests has continued to decrease in comparison with previous years, partly due to the better dynamism of economic growth, as well as to the overall global easing of access to bank financing. The share of mediation applications that are accepted stabilised at around 66% in 2018.

The Government is also involved in reducing business-to-business payment delays. The transparency, anti-corruption and economic modernisation law enacted in December 2016 strengthened the legislative framework to fight against business-to-business payment delays. The maximum fine for firms that do not respect legal payment delays was raised to two million. Moreover, a "name and shame" procedure was introduced. Henceforth, there is a systematic advertising of decisions on fines on the website of the Ministry of Economy and Finance. As a result, three firms were required to pay record fines of more than EUR 500 000 in 2018. It remains the case that the largest firms are responsible for the largest payment delays. While the longest delays (superior to 30 days) have decreased in number since 2017, the share of firms with timely payments has decreased from 44% to 41.8%.

Better access to financing for very small firms has also been the focus of public policy. Since 2016, Bpifrance has distributed online development loans to address the investment financing needs of firms from 3 to 50 employees with tangible and intangible investment projects. This measure, implemented in some regions, is being expanded and diversified in certain regions. In addition, the Banque de France set up a network of correspondents in every region since 2016 to break the isolation of entrepreneurs and to solve financing issues.

Table 15.1. Scoreboard for France

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR Billion	180.5	189.1	189.6	199.7	210.3	214.0	216.5	219.2	224.2	232.8	243.7	254.1
Outstanding business loans, total	EUR Billion	868.5	927.1	938.4	974.0	1012.2	1009.6	1025.9	1036.0	1078.2	1130.0	1193.7	1257.2
Share of SME outstanding loans	% of total outstanding business loans	20.78	20.40	20.21	20.50	20.77	21.20	21.11	21.16	20.80	20.60	20.41	20.21
New business lending, total	EUR Billion	86.4	67.6	-9.5	9.1	34.6	7.8	1.6	18.9	35.0	43.8	56.1	58.7
Outstanding short-term loans, SMEs	EUR Billion	43.1	42.7	37.5	38.1	40.3	41.1	42.8	43.3	43.5	43.9	44.7	44.9
Outstanding long-term loans, SMEs	EUR Billion	115.2	123.3	127.8	134.4	142.6	146.5	146.3	148.6	151.9	158.6	166.7	175.8
Share of short-term SME lending	% of total SME lending	27.20	25.70	22.70	22.09	22.05	21.91	22.65	22.55	22.27	21.66	21.15	20.33
Government loan guarantees, SMEs	EUR Billion	5.9	6.9	11.3	11.9	9.8	8.5	8.9	7.8	8.0	8.4	8.9	8.7
Government guaranteed loans, SMEs	EUR Billion	2.7	3.2	5.8	5.3	4.2	4.2	4.4	4.8	5.0	5.2	5.1	3.7
Non-performing loans, total	% of all business loans	3.70	3.66	4.71	4.56	3.96	4.06	4.25	4.14	4.05	3.90	3.62	3.28
Interest rate, SMEs	%	5.10	5.42	2.86	2.48	3.11	2.43	2.16	2.08	1.78	1.50	1.40	1.48
Interest rate, large firms	%	4.52	4.76	1.96	1.57	2.23	1.72	1.46	1.30	1.19	1.14	1.10	1.03
Interest rate spread	% points	0.58	0.66	0.90	0.91	0.89	0.71	0.70	0.78	0.59	0.35	0.30	0.45
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	9.42	8.52	7.28	6.33	5.17	4.34	4.22
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	38.42	35.64	35.73	37.88	37.90	37.17	36.72
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	..	11.12	8.00	6.61	7.55	6.21	5.14	4.36
Utilisation rate	SME loans used/ authorised	87.69	87.77	87.17	86.37	87.03	87.64	87.32	87.49	87.17	86.98	86.76	86.85
Non-bank finance													
Venture and growth capital	EUR Billion	2.0	2.4	2.4	2.9	3.5	2.4	2.5	3.2	4.6	4.7	4.4	5.1
Venture and growth capital (growth rate)	%, Year-on-year growth rate	24.73	21.34	-1.08	22.22	21.34	-32.46	3.35	30.98	42.55	2.54	-7.38	15.87
Leasing and hire purchases	EUR Billion	9.3	9.5	9.0	8.5	8.1	6.6	6.1	5.7	7.1	7.7	7.8	8.1
Factoring and invoice discounting	EUR Billion	21.2	22.5	18.8	20.7	22.5	22.6	24.8	25.6	28.0	31.0	36.1	37.6
Other indicators													
Payment delays, B2B	Number of days	12.18	11.90	11.80	11.98	12.18	11.83	12.08	12.21	13.28	11.90	11.12	10.79
Bankruptcies, SMEs	Number (thousands)	51.3	55.5	63.2	60.3	59.4	61.1	62.5	62.4	63.0	58.0	54.4	54.0
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	8.23	13.75	-4.53	-1.39	2.71	2.37	-0.22	0.99	-7.90	-6.14	-0.81

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16. Georgia

In 2016, pursuant to the National Strategy of SME Development, the Georgian National Statistics office introduced a new methodology and new definitions to gather statistics on the country's SMEs. According to the new methodology, as of 2018, 99.70% of active enterprises in Georgia are SMEs. In total, SMEs account for 63.3% of total private employment and contribute to 53.0% of total business sector turnover and 59.1% (GEL 24.1 million) of value of all production in the business sector (GEL 40.9 million).

In line with the recent economic expansion, credit to SMEs rose significantly year over year, amounting to a staggering 242.1% increase from GEL 938 million in 2010 to GEL 3 211 million in 2018. Throughout this period, total business loans grew more than 176%, and the proportion of SME loans as a percentage of total business loans grew from 36.4% to 45.1%, the highest point over the period.

The average interest rate charged to SMEs in Georgia is high by OECD standards, but has significantly declined over the decade, from 16.5% in 2010 to 12.3% in 2018. However, the interest rate charged to SMEs has been increasing over the last two years, from 9.7% in 2016, to 10.36% in 2017, and finally to 12.3% this year. As a result, the interest rate spread between large enterprises and SMEs grew to 3%, from 1.06% in 2017.

Although precise data on the availability and use of alternative financial instruments is lacking, available evidence strongly suggests that Georgian SMEs are very dependent on the banking sector for meeting their financing needs and that non-bank instruments still play a very marginal role. However, the rapid growth of micro-financing organisations should not be neglected.

According to the World Bank Group's Doing Business indicator, Georgia improved its "ease of doing business" rank to 9th in 2018, and to 6th in 2019. The Ease of Doing Business 2019 report shows that by allowing voluntary value added tax registration at the time of business registration, Georgia reduced its relative gap to the best regulatory performance the most in 2017/18. Previously, entrepreneurs had to make a separate visit to the Revenue Service for value added tax registration after company registration. Georgia also enhanced its existing one-stop shop for business incorporation, allowing entrepreneurs to start a company through a single procedure. Currently, the country has the lowest number of procedures required to start a business and to register a property. In addition to the business registration procedures, Georgia simplified the tax system, and the enforcement of contracts. Paying taxes was made easier by levying income tax on distributed profits rather than on taxable profits.

Georgia facilitated the enforcement of contracts by introducing random and automatic assignment of cases to judges across courts. Most notably, the country improved its insolvency framework by making insolvency proceedings more accessible for debtors and creditors, improving provisions on the treatment of contracts during insolvency, and granting creditors greater participation in important decisions during the proceedings. According to the information from the Public Registry Agency, after a 28% growth in the number of liquidation procedures in 2017, the indicator saw a 47.78% decrease in 2018, reaching 153 cases total.

In 2018, the overall volume of non-performing SME loans exceeded GEL 407 million, the highest level since 2010, and the share of non-performing SMEs loans is now at 6.1%. The lowest level was reached in 2014 when the share of non-performing SMEs loans was 4.2%. Over the past year, the volume of non-performing SME loans increased by 84%, amounting to a 1.8% increase in the share of all SME loans.

Georgia ranks 48th among the 129 economies featured in the Global Innovation Index 2019. Georgia ranks 3rd among the 26 lower middle-income economies and 4th among the 19 economies in Northern Africa and Western Asia. Between 2018 and 2019, the rank increase for Georgia is a mix of improved performance and new availability of innovation-related data. Its most notable gains this year include indicators such as Patent families in two or more offices, High-technology imports, Exports of Information and communication (ICT) services, and Industrial designs by origin.

Government of Georgia has prioritised SME development as the main source of private sector growth, jobs creation and innovation. Among the successful reforms Georgian Government has conducted are the Innovation and Entrepreneurship Policy. Through the budgetary support, in 2014, the Ministry of Economy and Sustainable Development of Georgia established two sister agencies, Georgia's Innovation and Technology Agency (GITA) and Enterprise Georgia, with the main aim of promoting SME development and strengthening SME competitiveness. Both agencies provide financial support to SMEs, as well as a broader range of services that includes access to special infrastructure, mentoring, trainings and various advisory services. In addition to the establishment of these two agencies, the government of Georgia has introduced several private sector development programmes, which include financial and technical assistance components to support small and medium-sized enterprises at different stages of development.

The Global Competitiveness Report 2018 ranks Georgia at 66th place out of 140 economies. Venture capital availability, lack of workforce diversity and low quality of vocational training remain as problematic factors for the Georgian economy. Despite the low global ranking, Georgia tops Eastern Partnership countries in terms of SME access to finance according to the 2016 SME Policy Development Index Dimensions, and is increasing government efforts in this regard. Government initiatives have thus far focused on decreasing entry barriers to SMEs by simplifying business registration, reducing taxes for small businesses and introducing robust regulatory initiatives.

Table 16.1. Scoreboard for Georgia

Indicators	Units	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business loans, SME	GEL million	..	1 400	1 548	1 738	2 051	2 422	3 621	3 992	5 176	6 620
Business loans, total	GEL million	3 097	3 843	4 501	4 989	5 663	6 715	8 433	10 500	12 000	14 687
Business loans, SMEs	% of total business loans	..	36.4	34.4	34.8	36.2	36.1	42.9	38.0	43.1	45.1
Non-Performing Loans, total	GEL million	926	784	667	810	791	988	1 200	1 380	1 337	1 480
Non-performing loans, SMEs	GEL million	..	144	134	111	102	101	161	206	221	407
Non-performing loans, total	% of all business loans	..	16.1	11.5	12.2	10.7	10.6	9.8	10.1	7.7	6.6
Non-performing loans, SMEs	% of total SME loans	..	10.3	8.7	6.4	5	4.2	4.4	5.2	4.3	6.1
Interest rate, SME	%	..	16.50	15.50	14.50	11.60	10.70	12.70	9.70	10.36	12.3
Interest rate, large firms	%	..	13.60	14.10	12.80	11.20	10.00	11.40	9.90	9.30	9.3
Interest rate spread		..	2.90	1.40	1.70	0.40	0.70	1.30	-0.20	1.06	3.0
Collateral, SMEs	%	..	..	..	..	95.6	..	..	..	..	..
Rejection rate	%	..	..	..	..	4.6	..	..	..	..	..
Utilization rate	%	..	..	..	..	95.4	..	..	..	..	..
Procedures of enterprises' liquidation (incl. bankruptcy)	Number	52	2 094	3 176	2 524	1 775	1 785	1 560	229	293	153
Procedures of enterprises' liquidation (incl. bankruptcy)	Year-on-year growth rate (%)	-14.75	3 926.92	51.67	-20.53	-29.68	0.56	-12.61	-85.3	28	-47.78

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17. Germany

Policy developments

In general, SMEs' access to finance is currently very good in Germany. The continued period of low interest rates has led to favourable conditions for bank finance, which is still the most important source of financing for German SMEs. Thus, the majority of SMEs report no or few difficulties to finance their investments through bank loans. However, where the market supply is not sufficient, the Federal Government provides a wide range of financial instruments to support SMEs, potential entrepreneurs and innovative start-ups so that they can implement new projects, products, processes and services.

A key area of support is broad-based support for start-up and growth projects. The focus in recent years has been on the politically important area of financing innovation and supporting venture capital for start-ups, which has greatly expanded over the last legislative period.

As a result, the German venture capital market has considerably developed over the last years. Thanks to numerous public funding programmes at the federal and the state level, Germany's VC market has observed a very positive development, especially in the early-stage financing of start-ups. In international comparison, however, the German VC market is still relatively small. Particularly in the second and third growth phase (with financing volumes of EUR 50 to 150 million), German start-ups often face a lack of financing opportunities. One reason for this is that there are still relatively few venture capital funds in Germany that invest in the growth phase. However, an increasing number of funds are emerging with a volume of EUR 500 million or more, which allows for larger financing rounds.

Programmes

Credit-based financing for start-ups

The ERP Special Fund provides for a differentiated and well-established system of promotional loan instruments for different start-up phases. The loan programmes [ERP-Gründerkredit Startgeld] # ERP Start-Up Loan - Start-Up Money, [Gründerkredit Universell] # ERP Start-Up Loan - Universal and [ERP-Kapital für Gründung] # ERP Capital for Start-Ups provide low-interest loans with a long maturity for start-ups as well as business succession. In some of these programmes, banks providing the financing are relieved from a portion of the credit default risk. ERP-Capital for Start-Ups provides subordinated loans with favourable interest rates in order to strengthen the company's equity base and thereby to facilitate further external financing.

ERP-Innovationsfinanzierung # ERP innovation financing

ERP Innovation financing was restructured as of 1 July 2017 with the aim to promote the digital transformation of SMEs by providing an expanded range of innovation financing, with an explicit focus on digitisation projects.

The ERP Digitisation and Innovation Loan serves to finance digitisation and innovation projects as well as investments and working capital for innovative companies. Funding goes to established commercial companies and to professional service providers. The programme has been refined further over the last year and is now also available to business starters and young companies. The funding takes the form of a

low-interest loan of up to EUR 25 million per project and up to EUR 7.5 million per financing need of innovative companies. Funding is provided both for investments and for working capital. The bank processing the application can be relieved of up to 70% of its liability.

High-Tech Gründerfonds (HTGF) # High-tech Start-up Fund

The High-tech Start-Up Fund (HTGF) is an early-phase funding programme for highly innovative and technology-oriented companies whose operative business activities started less than three years ago. To be eligible for financing, projects must have shown promising research findings, be based on innovative technology, and the market situation for the product must be bright. In addition to providing capital, the fund ensures that the management of young start-ups receives the necessary help and support. An initial funding amount of up to EUR 1 000 000 is provided, with a total of up to EUR 3 million usually being available per company. In the first phase of the fund (up to November 2011), a total of EUR 272 million was available. The follow-up fund (HTGF II) provides total funding of EUR 304 million. A third fund, HTGF III, was launched in autumn 2017. In addition to the support from the Economic Affairs Ministry and the German Promotional Bank (KfW), more than 30% of the EUR 319.5 million fund has been provided by 33 private investors – either well-established SMEs or large corporations.

Mikromezzaninfonds # Micro-Mezzanine Fund

The Micro-Mezzanine Fund was launched in 2013 and provides dormant equity of up to EUR 50 000 for small companies and business starters and of up to EUR 150 000 for companies within the special target group. The fund's special target group are companies that provide training, are operated by women or people with a migrant background, or were founded by persons who were formerly unemployed. Social enterprises operating commercially are also eligible to apply for financing on the terms of the special target group, as are companies with a focus on environmentally-compatible production. Both the European Social Fund (ESF) and the European Recovery Programme (ERP) finance the fund. The volume of the first fund was EUR 74.5 million. The current fund (MMF II) has a volume of EUR 153.2 million.

KfW Capital (German Promotional Bank Capital)

On the basis of a decision by the Bundestag, the Ministry for Economic Affairs, the Ministry of Finance and the KfW have drafted an overall concept for an organisationally independent, growth-oriented venture capital company; it started operations as "KfW Capital" in October 2018. KfW plans to double the annual amount of funding provided by KfW Capital to EUR 200 million by 2020. This initially takes place primarily via investments in venture capital funds, particularly as part of the ERP-VC Fund Investments programme, which has been in place since 2015. In addition, KfW Capital is a partner in the High-tech Start-up Fund and coparion. Finally, KfW Capital aims to improve the quality of the venture capital funding. The aim is to develop a product structure in which the individual financing phases are coordinated throughout the entire company lifecycle. In total, the expansion should result in funding commitments of around EUR 2 billion in the next ten years or so.

Venture Tech Growth Financing

At the end of 2018, the KfW programme Venture Tech Growth Financing commenced operations. As part of this programme, the German Promotional Bank (KfW) can issue EUR 50 million of venture capital loans to innovative fast-growing tech companies each year. Over the entire funding period, EUR 500 million in funding will be made available together with private-sector investors to start-ups in the growth phase.

INVEST-Zuschuss für Wagniskapital # INVEST – Grant for Venture Capital

INVEST is a grant programme run by the Federal Ministry for Economic Affairs and Energy. It has been set up in 2013 and was further developed in 2017 to support private investors who want to acquire a stake in young and innovative companies. Under this programme, business angels that invest in innovative start-ups receive an acquisition grant worth 20% of the sum invested. In addition, natural persons can receive an exit grant if they sell their shares. The amount provided is equivalent to 25% of the capital gains from

the sale and thus more or less covers the tax imposed on the profit from the sale. The shares must be held for a minimum of three years. Both grants are tax-free for the investor. Funding can be provided for a maximum of EUR 500 000 of investment per investor and per year. The maximum amount eligible for funding that can be invested in a single company per year is EUR 3 million.

18. Greece

99.9% (almost 100%) of Greek enterprises are SMEs, and the majority of SMEs are micro-enterprises. On average, micro-enterprises contribute more to employment and add more value in Greece than in other European countries.

The financial crisis and the ensuing sovereign debt crisis has had a profound impact on the Greek economy since 2010.

Bank funding dried up for Greek SMEs in the aftermath of the financial crisis. In 2009, new lending shrank more than a tenfold from 2007 and 2008 levels. Although lending to SMEs recovered somewhat in 2010, data show a clear downward path in SME lending over the 2011-16 period. In 2016, new loans to SMEs more than halved compared to 2014. In 2017, however, SME lending slightly increased, following a 7-year period of consistent decline. The same trend further continued in 2018. Nevertheless, SME lending volumes were still far below their 2008-09 levels.

The SME interest rate has decreased in recent years, but remains much higher compared to other Eurozone economies, illustrating that the accommodative stance of the European Central Bank (ECB) has had relatively little impact on Greek SMEs. The interest rate spread between SMEs and large firms remained stable in 2017 compared to 2016 but increased in 2018, as the reduction of large firms' interest rate was higher than the reduction of SME interest rates during this period (2014-2018).

Leasing and hire purchases also decreased severely as a result of the economic crisis and remained well below pre-crisis levels in 2017. By contrast, factoring and invoice discounting activities have remained relatively stable over 2008-17. They increased strongly in 2018, following a more moderate increase over 2014-2017.

The Greek government operates a number of loan guarantee programmes. These programmes gained pace between 2010 and 2011, but the sovereign debt crisis prevented Greece from continuing such support in 2012. As a result, loan guarantees declined 50% that year, and have continued to decline ever since. The Greek government announced various actions in 2017, such as the establishment of the Intermediate Entrepreneurship Fund and the Western Macedonian's Regional Development Fund. These funds complement The Entrepreneurship Fund II and The Energy Saving Fund II established in 2016 and started to provide loans in 2018. Both funds use European Structural Investment Funds and national financial sources, as well as programmes for the provision of short-term and long-term export credit insurance to SMEs.

The government also supports equity financing through minority participation in venture capital funds, venture capital companies, and similar vehicles. Additionally, the Greek Government, with the cooperation of the European Investment Fund, announced the launch of EquiFund in 2016, a private equity fund since 2018 invests in high value-added and innovative early and growth stage companies.

Furthermore, various legislative tools continue to be used by the Government with the cooperation of the Central Bank of Greece to address the serious increase of non-performing loans (NPLs) among Greek SMEs.

In 2019 and according to Law 4608/2019, the Greek government established the Hellenic Development Bank (HDB), which took place through the transformation and administrative capacity building of two

existing entities, the Hellenic Fund for Entrepreneurship and Development S.A. (ETEAN S.A.) and its subsidiary, the New Economy Development Fund S.A. (TANEO SA). HDB's scope is to improve SMEs' access to finance, to foster innovation, to facilitate investments in infrastructure, to encourage equity investments and other alternative financing sources and to provide business support to SMEs, mainly through shared-risk loans and guarantee facilities, as well as financial expertise to the public sector. The first phase of transformation was completed in April 2019, with the adoption of the new legal framework (Law 4608/2019). The second phase is estimated to be completed by the end of 2019. HDB will deploy a list of new products by using both public and private funds for the support of SMEs within the next five years. HDB will target projects that will have an impact on sustainable growth, regional development, job creation and investments, while at the same time being financially autonomous and sustainable.

Table 18.1. Scoreboard for Greece

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR billion	..	..	..	44.9	41.6	39.1	48.1	48.1	46.9	48.4	44.7	41.1
Outstanding business loans, total	EUR billion	102	124	124	117	113	101	97	95	89	88	82	76.4
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	38.5	36.8	38.8	49.7	50.6	52.6	55.3	54.4	53.8
New business lending, total	EUR billion	..	36.5	36.3	20.7	29.4	21.8	24.3	14.9	6.9	5.8	7.3	11.4
New business lending, SMEs	EUR billion	..	12.5	13.0	4.4	5.2	4.1	3.7	2.3	1.2	1.1	1.1	1.2
Share of new SME lending	% of total new lending	..	34.2	35.6	21.4	17.8	18.9	15.0	15.6	17.0	18.4	15.5	10.18
Outstanding short-term loans, SMEs	EUR billion	..	..	..	..	..	..	..	18.1	17.6	18.8	17.0	15.1
Outstanding long-term loans, SMEs	EUR billion	..	..	..	..	..	..	..	30.1	29.3	29.6	27.7	25.9
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	..	37.6	37.6	38.9	38.0	58.4
Government loan guarantees, SMEs	EUR billion	..	..	..	..	..	..	0.37	0.31	0.24	0.56	1.08	1.2
Non-performing loans, total	% of all business loans	4.60	4.30	6.70	8.70	14.2	23.4	31.8	29.4	31.0	30.3	30.5	32.5
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	..	41.2	44.1	43.2	..	..
Interest rate, SMEs	%	6.57	6.82	4.62	5.53	6.77	6.87	6.51	5.80	5.38	5.32	4.91	4.64
Interest rate, large firms	%	5.32	5.71	3.52	4.27	5.74	5.92	5.77	5.55	4.82	4.61	4.20	3.81
Interest rate spread	% points	1.25	1.11	1.10	1.26	1.03	0.95	0.74	0.25	0.56	0.71	0.71	0.83
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	51.4	40.5	49.4	46.7	45.9	46.2	49.2	39.8	25.7	20.7
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	37.9	39.6	30.8	29.9	21.4	25.5	18.8	21.5	17.5	23.0
Rejection rate	1-(SME loans authorised/	..	..	25.8	24.5	33.8	28.3	26.0	21.5	19.9	18.2	16.2	20.5

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	requested)												
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	..	..	..	..	..	..
Non-bank finance													
Venture and growth capital	EUR million	19.0	32.7	16.7	25.0	10.1	..	4.8	12.6	36.8	38.0	44.5	83.2
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	72	-49	50	-60	..	..	160	193	3	17	86.9
Leasing and hire purchases	EUR billion	7.28	7.87	7.50	7.28	6.85	6.22	3.36	4.08	4.72	4.40	4.25	3.96
Factoring and invoice discounting	EUR billion	1.28	1.73	1.77	1.73	1.49	1.53	1.41	1.69	1.69	1.72	1.74	1.93
Other indicators													
Payment delays, B2B	Number of days	..	25	34	30	35	40	43	41	36	47	47.	33
Bankruptcies, SMEs	Number	513	359	355	355	445	415	392	330	189	108	123	114
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	-30	-1	0	25	-7	-6	-16	-43	-43	14	-7

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19. Hungary

According to the preliminary data of the Hungarian Central Statistical Office, at the end of 2017, 724 000 enterprises operated in Hungary, 99.86% of which — i.e. 723 000 enterprises — qualified as SMEs.

In 2018, the Hungarian economy expanded at an exceptional rate, exceeding analysts' expectations. The swift rise of Hungarian GDP was substantially influenced by corporate investment growth. In parallel with output and investments, the loans taken out by companies increased more than predicted during the year.

Corporate credit increased by 13.5 per cent annual growth rate in 2018. Half of the expansion was linked to the SME sector. Loans to SMEs rose by 10 percent year-on-year, within which the micro-firm segment expanded the most, with a 14% year-on-year increase.

Banking competition intensified according to Hungarian National Bank's (MNB) report. This trend was accompanied by an improvement in economic prospects and an easing of credit terms. Based on the banks' responses to the Lending Survey, credit conditions were eased for all corporate size categories in the fourth quarter, which mainly affected non-price conditions.

The Funding for Growth Scheme and the Market-based Lending Scheme both contributed to incentivising the SME lending market, however they did not have any significant impact on the lending structure in 2018. Based on the experience gained from these, at the beginning of 2019 the MNB will launch the Funding for Growth Scheme Fix (FGS fix) with more targeted features: a total amount of HUF 1 000 billion to finance new investments by SMEs.

The interest rate on small-amount HUF loans has remained unchanged. There was no major change in the average interest rate of forint loans below EUR 1 million, as they came in at 2.44 per cent, respectively.

2018 was one of the most active years in the history of the Hungarian venture capital and private equity market. Not only the number of transactions but also the total amount invested increased significantly. The majority of transactions were made at the seed stage.

The proportion of guaranteed loans and the ratio of government-backed loan guarantees to GDP is at an exceptionally high level in Hungary, in comparison to other European countries.

Table 19.1. Scoreboard for Hungary

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	HUF Billion	5 280	5 823	5 379	4 783	4 797	5 014	5 064	4 831	4 942	4 889	4 802	5 296
Outstanding business loans, total	HUF Billion	8 466	9 613	8 959	8 770	8 825	7 892	7 648	7 761	7 355	7 073	7 545	8 562
Share of SME outstanding loans	% of total outstanding business loans	62.36	60.58	60.05	54.54	54.36	63.53	66.21	62.25	67.20	69.13	63.65	61.86
New business lending, SMEs	HUF Billion	3 851	4 384	3 660	3 531	3 585	3 870	4 662	4 302	3 665	4 187	4 443	3 743
Short-term loans, SMEs	HUF Billion	2 473	2 966	2 832	2 775	2 767	3 052	2 654	2 570	2 424	2 708	2 727	2 002

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Long-term loans, SMEs	HUF Billion	1 377	1 418	828	756	818	818	2 008	1 732	1 241	1 478	1 274	1 741
Share of short-term SME lending	% of total SME lending	64.23	67.66	77.37	78.59	77.18	78.86	56.93	59.75	66.14	64.69	68.16	53.48
Government loan guarantees, SMEs	HUF Billion	308.8	352.1	409.2	377.1	343.4	251.9	350.0	346.2	348.7	469.3	525.7	725.5
Government guaranteed loans, SMEs	HUF Billion	381.4	436.4	600.3	472.0	437.2	314.8	458.0	433.8	429.4	568.6	731.0	894.2
Non-performing loans, total (amount)	HUF Billion	..	..	..	832	1 155	1 272	1 124	961	697	577	526	472
Non-performing loans, total	% of all business loans	3.10	4.70	10.10	12.8	17.4	17.7	16.1	13.7	9.6	5.4	3.3	5.5
Non-performing loans, SMEs	% of all SME loans	..	5.40	8.90	12.8	15.9	20.5	18.6	20.7	13.7	6.3	4.4	3.8
Interest rate, SMEs	%	10.19	11.25	12.31	8.99	9.38	9.7	7.4	5.1	4.7	4.2	3.3	2.44
Interest rate, large firms	%	8.97	10.28	11.07	..	..	8.9	5.9	4.1	2.4	2.8	1.8	2.0
Interest rate spread	% points	1.22	0.97	1.24	..	..	0.80	1.50	1.00	2.30	1.40	1.50	0.44
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	..	71	64.5	60.1	53.4	..
Rejection rate	1-(SME loans authorised/requested)	..	..	..	..	..	..	68.8	67	84.4	71.6	49.2	..
Utilisation rate	SME loans used/authorised	..	..	..	..	..	..	81.5	..	..	..	..	..
Non-bank finance													
Venture and growth capital	HUF Million	3 949	13 782	720	6 982	11 308	19 361	15 880	18 759	27 742	12 070	11 470	28.6
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	249.00	-94.78	869.72	61.96	71.22	-17.98	18.13	47.89	-56.49	-4.97	149.88
Leasing and hire purchases	HUF Million	..	..	..	..	..	..	..	..	..	274 766	243 743	..
Factoring and invoicing	HUF Million	..	..	..	..	..	..	..	..	..	126 038	25 951	..
Other indicators													
Payment delays, B2B	Number of days	16.30	19.00	19.00	15.00	22.00	20.00	..	17.40	17.40	..	..	..
Bankruptcies, total	Number	153	168	212	232	279	301	376	644	488	377	322	401
Bankruptcies, total (growth rate)	%, Year-on-year growth rate	..	10.35	25.65	9.5	20.4	7.9	24.7	71.3	-24.2	-22.9	-14.4	24.34

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20. Indonesia

Based on data published by Ministry of Cooperatives and SMEs of Republic of Indonesia, there were 64 194 057 SMEs in 2018, which made up 99.99% of the total business population and employed more than 116 million people. In this report, SMEs consist of micro, small and medium-sized enterprises.

Outstanding loans to all businesses stood at IDR 5 931.61 trillion in 2018, with 19.68% of that amount (IDR 1 167.45 trillion) allocated to SMEs. Outstanding loans continued to grow in double digits in the past eight years (2011-18), with an average yearly growth rate of 16.42%. Outstanding loans to SMEs also rose by 14.82% in this period.

Despite total outstanding loans increasing significantly, non-performing loans (NPLs) remained under 5%. In fact, in the last three years (2016-18), NPLs have been declining both for SMEs (from 4.05% to 3.35%) and for total business (from 2.96% to 2.40%).

The share of short-term loans fell by 16.29% in the 2011-18 period, from IDR 120.80 trillion in 2011 to IDR 101.11 trillion in 2018. Meanwhile long-term loans in the same period grew by 192.49% from IDR 235.9 trillion in 2011 to IDR 1 038.05 trillion in 2018, with a yearly average of around 17.58%. The increasing trend in long-term loans illustrates lenders' higher trust in Indonesian SMEs.

In the period of 2011-2018, interest rates on loans declined for all business, from 14.53% to 12.69% for SMEs and 1.27 percentage points for large company from 12.28% to 11.01%. Interest rates are declining in Indonesia but are still very high compared to the average in other countries.

Financing distributed by the Venture Capital Company shows a significant increase, reaching out IDR 8.46 trillion in 2018, a 94.59% increase compared to 2012. Every year in the 2012-2018 period, the amount of financing grew constantly, with an average growth rate of 13.02%.

Other non-bank finance indicators also gained momentum. Leasing and hire purchases increased by 7.01% in 2018. This indicator shows around 207.54% growth in total during the 2007-2018 periods. Factoring activities exhibit similar trends. During 2007-2018, factoring experienced strong growth (603.80%). Factoring increased by around 16.28% in 2018.

Most SMEs in Indonesia are experiencing problems in accessing financing. Based on this observation, Indonesian Government launched a financing scheme called People Business Credit Programme or Kredit Usaha Rakyat (KUR) in 2007. KUR's objective is to increase SMEs access to finance and works as a bridge for SMEs to obtain a financing scheme from a financial institution. A total of IDR 499.32 trillion have been allocated as part of this programme during 2007-18 and distributed to all provinces in Indonesia. KUR has managed to maintain high-quality credit, with a very low NPL rate. In 2018, the NPL rate for KUR stood at just 0.24%.

Table 20.1. Scoreboard for Indonesia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	IDR trillion	110.1	127.0	127.4	389.0	476.8	551.5	637.3	733.0	792.1	952.2	1 059.2	1 167.5
Outstanding business loans, total	IDR trillion	1 001.9	1 307.7	1 307.8	1 777.8	2 217.5	2 726.8	3 321.2	3 707.7	4 093.9	4 908.4	5 320.1	5 931.6
Share of SME outstanding loans	% of total outstanding business loans	10.99	9.71	10.20	21.86	21.46	20.19	19.15	19.74	19.32	19.38	19.90	19.68
Outstanding short-term loans, SMEs	IDR trillion	..	..	..	102.6	120.8	141.7	195.0	215.4	100.1	115.0	94.3	101.11
Outstanding long-term loans, SMEs	IDR trillion	..	..	..	286.1	354.9	408.7	440.9	516.5	623.8	729.0	901.0	1 038.1
Share of short-term SME lending	% of total SME lending	..	..	..	26.40	25.39	25.74	30.67	29.43	13.83	13.63	9.47	8.88
Government guaranteed loans, SMEs	IDR trillion	..	..	17.2*	..	..	34.2	40.9	40.3	22.8	94.4	96.7	120.33
Direct government loans, SMEs	IDR trillion	..	0.04	0.41	1.07	1.15	1.25	1.43	1.15	1.56	1.25	0.41	0.04
Non-performing loans, total	% of all business loans	4.08	3.20	3.35	2.55	2.16	1.87	1.77	2.16	2.49	2.40	2.63	2.40
Non-performing loans, SMEs	% of all SME loans	4.80	3.87	4.22	3.97	3.43	3.23	3.19	4.00	4.20	3.35	3.89	3.35
Interest rate, SMEs	%	16.30	16.79	16.60	14.89	14.53	13.99	14.14	14.54	13.99	12.69	13.06	12.69
Interest rate, large firms	%	12	13	13	12.73	12.28	11.60	11.88	12.48	12.51	11.01	11.39	11.01
Interest rate spread	% points	4.14	3.30	3.79	2.16	2.25	2.39	2.26	2.06	1.48	1.68	1.67	1.68
Non-bank finance													
Venture and growth capital	IDR trillion	..	..	..	..	..	4.3	6.0	6.9	7.2	8.5	7.1	8.46
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	38.70	14.68	4.38	17.69	16.26	18.93
Leasing and hire purchases	IDR trillion	36.5	50.7	46.5	53.7	76.6	105.1	117.4	111.0	105.4	97.7	104.8	112.20
Factoring and invoice discounting	IDR trillion	2.2	2.2	2.0	2.3	3.9	5.1	7.7	9.4	10.7	11.5	13.3	15.48

Note: This table contains data from both bank and non-bank sources. Due to availability, post-2016 data includes non-bank data. Another table that includes only non-bank data is to be found in the "Non-bank sources of SME financing" part of the full profile. Data for venture and growth capital, leasing and hire purchases, factoring and invoice discounting are for all businesses, including large enterprises. *Data for 2007-2009.

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21. Ireland

Irish SMEs account for 99.8 percent of all active enterprises and to just over 68% of those employed.

Debt levels of Irish businesses are declining steadily, and have reduced 43% since 2010, from EUR 27.1 billion to EUR 15.5 billion in 2018.

Gross new lending to core SMEs was EUR 3.5 billion in 2018, representing a 3.2% annual decrease.

Loan approval rates continue to be stable, with 86% of all applications for the period April – September 2018 (excluding “still pending”) either being fully or partially approved.

The interest rate spread of 2.15, between large (2.15%) and small loans (4.3%), remains in line with 2017, when it had fallen for the first time since 2007.

The amount of venture capital raised by Irish SMEs declined in 2018, to EUR 738 million, marking a 26% decrease on 2017 figures. Figures for Q1 2019 show that while there was again a decline in funding raised, in underlying terms there has been an increase in activity, with 75 companies receiving funding in Q1 2019 compared to 43 in the same quarter last year.

Bankruptcies decreased again in 2018 after an increase was recorded in 2017, this continues the trend of overall decline since their peak in 2011. Figures for 2018 show a 25% decline compared to 2017 figures, bringing bankruptcies down to their lowest level since 2007.

Significant progress has been made towards resolving SME NPLs in recent years and NPL trends continue to move in a downward trajectory.

In order to mitigate the impact on credit conditions in Ireland due to uncertainties surrounding Brexit, the government has sought to introduce various mitigation measures for SMEs, including the Brexit Loan Scheme. While not targeted specifically at those impacted by Brexit, the Future Growth Loan Scheme and the Business Finance Advisory Hub also aim to aid viable SMEs access appropriate credit.

Some of the main policies introduced to encourage access to credit for small and medium businesses include:

- The Supporting SMEs Online Tool, a cross-government initiative, where small businesses receive a list of available government supports based on their responses to a short questionnaire.
- The Strategic Banking Corporation of Ireland, an initiative designed to increase the availability of funding to SMEs at a lower cost and on more flexible terms than has recently been available on the Irish Market.
- The Credit Guarantee Scheme which encourages additional lending to small businesses by offering a partial government guarantee to banks against losses on qualifying loans to eligible SMEs.
- The Microenterprise Loan Fund which provides support in the form of loans for up to EUR 25 000, available to start-up, newly established, or growing micro enterprises with viable business propositions employing less than 10 people.
- The Credit Review Office which helps SME or Farm borrowers who have had an application for credit of up to EUR 3 million declined or reduced. The Credit Review Office also examines cases where borrowers feel that the terms and conditions of their existing loan, or new loan offer, are unfairly onerous or have been unreasonably changed to their detriment.

Table 21.1. Scoreboard for Ireland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR Billion	..	..	..	27.1	27.34	25.7	24.52	21.4	19.31	16.11	15.82	15.06
Outstanding business loans, total	EUR Billion	56.08	59.57	52.5	42.42	40.31	38.06	36.65	31.79	29.82	28	27.74	29.55
Share of SME outstanding loans	% of total outstanding	..	..	..	63.89	67.82	67.51	66.89	67.32	64.78	57.54	57.04	50.96
New business lending, SMEs	EUR Million	..	..	..	2 284	2 211	1 990	1 905	2 401	2 646	3 235	3 682	3 468
Outstanding short-term loans, SMEs	EUR Billion	17.26	15.02	10.93	6.05	3.81	3.06	3.02	2.39	1.79	2.03	2.52	2.45
Outstanding long-term loans, SMEs	EUR Billion	2.12	1.93	1.34	0.93	0.58	0.54	0.6	0.78	1.09	1	0.73	0.81
Share of short-term SME lending	% of total SME lending	88%	87%	88%	85%	85%	82%	80%	67%	39%	51%	71%	67%
Non-performing loans, total	% of all business loans	..	..	..	..	17.69	23.66	26.14	23.88	17.16	13.92	10	7.7
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	41	41	27	26	18.7	22.6	11.1
Interest rate, SMEs	%	6.23	6.67	3.98	3.88	4.68	4.34	4.3	4.78	4.77	4.65	4.28	4.3
Interest rate, large firms	%	5.95	6.19	3.22	2.86	3.33	2.81	2.76	2.98	2.43	2.18	2.13	2.15
Interest rate spread	% points	0.28	0.48	0.76	1.02	1.35	1.53	1.54	1.8	2.34	2.47	2.15	2.15
Collateral, SMEs	% of SMEs needing collateral	..	..	..	..	..	..	..	41	40	46	41	39
Percentage of SME loan applications	SME loan applications/ total SMEs	..	..	..	..	36	39	36	31	30	23	21	20
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	30	24	20	14	15	16	15	14
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	81	82	84	75	75	83
Non-bank finance													
Venture and growth capital	EUR Million	226	243	288	310	274	269	285	401	522	888	994	738
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	7.53	18.61	7.67	-11.54	-2	5.95	40.65	30.3	70.1	11.92	-25.75
Other indicators													
Bankruptcies, SMEs	Number	344	613	1 245	1 386	1 410	1 317	1 119	1 007	816	642	720	543
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	78.2	103.1	11.33	1.73	-6.6	-15.03	-10.01	-18.97	-21.32	12.15	-24.58

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22. Israel

Small and medium enterprises (SMEs) constitute the overwhelming majority of companies in Israel. As of 2017, there were 559 567 businesses in Israel and 99.5% of them were SMEs which employed up to 100 workers each.

SME and entrepreneurship policies in Israel are primarily designed by the Ministry of Economy and Industry and implemented by the Israel Innovation Authority (IIA) and the Small and Medium Business Agency (SMBA). While the IIA (formerly known as the Chief Science Office) is focusing on leading technology-based start-ups and SMEs, the SMBA is catering to all SMEs in Israel's main economic sectors through business management training and coaching, subsidised access to finance (for example, through the national loans guarantee programme) and provision of business development centres (MAOF centres).

A central credit database for household and SME was launched in April 2019. The database is expected to improve competition and data accessibility in the Israeli credit market. In January 2017, a law that separates credit card companies and banks was passed as part of a series of moves to enhance competition in the banking industry, and lower financing costs for SMEs. In February 2019 Bank Leumi completed the sale of Leumi Card (the bank's credit card company) to Warburg-Pincus, an American private equity firm. In April 2019 Bank Hapoalim issued 65% of Isracard (the bank's credit card company) in an IPO, after failing to find a buyer. The bank has to sell the rest of its holdings not later than January 2021.

In 2017, the Knesset (Israel's legislature) passed the Ethics of Payments to Suppliers Law (known in the EU as Late Payments Directive). This law determines the maximum period within which payments can be made to suppliers for the sale of goods, provision of services or performance of work. The purpose of the law is to reduce the payment period for the business sector, thereby diminishing the need for working capital credit among SMEs, and to increase transparency in payments.

Table 22.1. Scoreboard for Israel

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	ILS billion	169.3	171.2	161.6	173.8	177.7	187.0	186.7	211.9	244.6	259.6	266.1	281.8
Outstanding business loans, total	ILS billion	413.9	460.9	425.2	438.9	458.6	450.4	445.7	447.9	415.6	435.5	444.4	476.9
Share of SME outstanding loans	% of total outstanding business loans	40.9	37.14	38.01	39.6	38.75	41.52	41.89	47.31	58.86	59.61	59.88	59.09
Government loan guarantees, SMEs	ILS million	27	17	121	164	116	116	215	232	257	184	144	144
Government guaranteed loans, SMEs	ILS million	170	109	757	1 028	890	1 057	1 951	2 112	2 340	1 838	1 600	1 604
Non-performing loans, total	% of all business loans	..	..	..	..	..	..	..	..	2.77	2.18	1.57	1.25
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	..	..	2.13	1.77	1.5	1.31
Interest rate, SMEs	%	..	..	..	..	..	..	..	..	3.96	3.84	4.02	4.06
Interest rate, large firms	%	..	..	..	..	..	..	..	..	2.95	2.89	3.05	2.98
Interest rate spread	% points	..	..	..	..	..	..	..	..	1.02	0.95	0.97	1.08
Non-bank finance													
Venture and growth capital	USD billion	1.76	2.08	1.12	1.22	2.08	1.88	2.95	3.77	4.75	5.10	5.52	6.47
Venture and growth capital (growth rate)	%, year-on-year growth rate	..	18.2	-46.2	8.9	70.5	-9.6	57.3	27.6	26.1	7.2	8.3	17.3
Other indicators													
Payment delays, B2B	Number of days	..	..	..	..	..	..	..	..	..	57.2	53	28
Bankruptcies, SMEs	Number	..	..	2 061	2 834	3 737	5 000	5 610	5 322	5 175	7 900	..	..
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate	37.51	31.86	33.8	12.2	-5.13	-2.76	52.66

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23. Italy

Small and medium-sized enterprises dominate the business landscape in Italy, accounting for nearly 80% of the industrial and service labour force, and generating about two-thirds of turnover and value added.

Weak cyclical conditions in the second half of the year swiftly affected lending markets: after increasing at a sustained pace throughout 2018, business loans resumed their decline in the first half to 2019. Credit weakened slightly for large firms, but contracted markedly for smaller ones, exacerbating an already sluggish loan dynamics.

Credit standards remained loose overall, but gradually tightened from the second half of 2018, owing to higher funding costs for banks and a gloomier economic outlook. Business borrowing rates stood at historically low levels, but collateral requirements remained stable at a high level compared with the past.

Credit quality continued to improve, partly reflecting the cyclical upswing observed in recent years: the ratio of SME new non-performing loans to outstanding loans fell below the levels observed before the global financial crisis. The stock of non-performing loans dropped further, mainly as a result of large sales.

Equity financing for SMEs rose sharply in 2018 compared to the previous year, driven by an unprecedented growth in the early stage segment; resources devoted to firms of all sizes almost tripled, after plummeting by more than 40% in 2017.

Business-to-business payment delays stabilised overall, but the economic slowdown gradually led to a worsening in payment patterns: both agreed timeframes and average delays in the settlement of invoices increased somewhat for smaller firms.

Bankruptcies fell for the fourth year in a row, down by nearly 7% compared to the previous year and well below the peak observed in 2014.

The wide range of policies enacted or ramped up in response to the financial crisis gradually shifted in recent years from a broad-based countercyclical support to more targeted initiatives aimed at pursuing specific goals.

Credit guarantee schemes traditionally played a crucial role in easing SME access to finance. The Central Guarantee Fund continued to expand its activity, reaching a new high in 2018: it provided EUR 13.7 billion in guarantees for EUR 19.3 billion worth of loans. Its recent reform, aimed at better fitting the need of the potential beneficiaries through the introduction of a new evaluation system of firms' creditworthiness, came into effect in early 2019.

Long-term individual savings plans (piani individuali di risparmio or PIR) were introduced in early 2017 to channel private savings towards investments in financial instruments issued by Italian companies. In order to foster the development of small and medium-sized enterprises, the 2019 Budget Law amended the rules on PIR funds by requiring them to invest part of the portfolio in financial instruments issued by Italian SMEs and in venture capital funds. However, these investments were relatively risky and characterised by low liquidity, partly owing to the limited size of the markets for securities issued by smaller firms. Since January 2019, net subscriptions virtually dried up following legislative changes.

Initiatives have been recently undertaken to support the development of a more mature innovation ecosystem. The National Innovation Fund, established by the 2019 Budget Law, is slated to become one of the leading European venture capital operators, acquiring qualified minority stakes in start-ups, scale-ups and innovative SMEs, while acting as a catalyst for private and international capital.

Table 23.1. Scoreboard for Italy, 2007-18

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR billion	187	191	193	210	206	204	196	192	188	175	170	165
Outstanding business loans, total	EUR billion	998	1067	1057	1122	1134	1118	1061	1025	1016	985	960	959
Share of SME outstanding loans	% of total business loans	18.7	17.9	18.3	18.7	18.2	18.2	18.5	18.7	18.5	17.8	17.7	7.2
Short-term loans, SMEs	EUR billion	59	56	52	50	48	47	42	39	35	31	28	27
Long-term loans, SMEs	EUR billion	115	120	125	136	133	128	122	115	112	103	101	100
Total short and long-term loans, SMEs	EUR billion	174	177	177	186	181	175	164	155	147	134	130	127
Share of short-term loans, SMEs	% of total short and long-term SME loans	34.0	31.9	29.3	26.9	26.4	26.6	25.7	25.3	23.8	22.9	22.0	21.3
Direct government loans, SMEs	EUR million	337	373	255	276	272	252	390	597	392	418	431	684
Government guaranteed loans, SMEs (CGF)	EUR million, flows	2 300	2 353	4 914	9 119	8 378	8 190	10 811	12 935	15 065	16 703	17 462	19 314
Government loan guarantees, SMEs (CGF)	EUR million, flows	1 146	1 160	2 756	5 225	4 435	4 036	6 414	8 392	10 216	11 570	12 260	13 731
Non-performing loans, SMEs	EUR million	..	22 865	27 953	35 243	38 033	43 812	48 387	53 715	56 189	54 947	50 604	46 928
Non-performing loans, SMEs	% of total SME loans	..	12.0	14.5	16.8	18.4	21.5	24.6	28.0	30.0	31.3	29.8	28.4
Interest rate, SMEs	%	6.3	6.3	3.6	3.7	5.0	5.6	5.4	4.4	3.8	3.2	3.1	3.1
Interest rate, large firms	%	5.7	4.9	2.2	2.2	3.3	3.8	3.4	2.6	2.1	1.8	1.8	1.8
Interest rate spread	%	0.6	1.4	1.4	1.5	1.7	1.8	2.0	1.8	1.7	1.4	1.3	1.3
Collateral, SMEs	%	54	54	52	53	55	54	55	55	56	57	57	57
Rejection rate	% of firms reporting that they had not obtained some or all of the credit requested	3.1	8.2	6.9	5.7	11.3	12.0	8.9	8.4	6.0	4.0	4.3	4.6
Utilisation rate	SME loans used / authorised	79.7	80.7	80.7	82.8	83.6	85.7	86.7	87.2	86.9	84.7	84.4	84.8
Non-bank finance													
Venture capital investments	EUR million	66	115	98	89	82	135	82	43	74	103	133	324

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
(early stage), SMEs													
Growth capital investments (expansion), SMEs	EUR million	295	440	260	263	500	504	438	230	170	155	161	125
Growth capital investments (expansion), total	EUR million	641	796	371	583	674	926	914	1179	333	710	337	816
Other indicators													
Payment delays, B2B (all firms)	Average number of days	..	20.4	21.3	17.3	16.2	17.5	17.3	16.1	15.0	13.4	12.3	12.2
Bankruptcies, total	Number	6 163	7 509	9 379	11 238	12 160	12 544	14 133	15 694	14 743	13 536	12 073	11 254
Bankruptcies, total	%, Year-on-year growth rate	..	21.8	24.9	19.8	8.2	3.2	12.7	11.0	-6.1	-8.2	-10.8	-6.8
Incidence of insolvency, total	per 10 000 enterprises	11.5	13.7	17.0	20.3	21.6	22.0	25.0	27.9	26.4	24.1	21.5	20.0

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24. Japan

Japanese SMEs accounted for 99.7% of all businesses and employed 34 million individuals, or approximately 70.1% of the private sector labour force in 2014.

Lending to SMEs decreased every year between 2007 and 2012, reaching a total decrease of 6.6% over that period. In 2013, outstanding SME loans rose by 1.5%, and have continued to increase since then, reaching JPY 271.5 trillion in 2016 and JPY 282.1 trillion in 2017 (+3.9%).

Average interest rates on new short-term loans in Japan were very low and declined continuously between 2007 and in 2017, more than halving from 1.64% to 0.61%. Long-term interest rates on new loans followed a broadly similar pattern, declining from 1.7% in 2007 to 0.8% in 2017, and were thus only slightly higher than short-term interest rates.

Japanese venture capital investments peaked in FY 2007 at JPY 193 billion, and decreased by 29.5% and 36% in FY 2008 and 2009 respectively. Since 2009, VC investments have been inconsistent. In 2017, VC investments totalled JPY 197 billion, a 29.6% increase from 2016.

Leasing volumes to SMEs plummeted in the aftermath of the financial crisis, dropping by almost 40% between 2007 and 2009. Between 2010 and 2013, leasing volumes recovered. In 2016, leasing volumes were JPY 2.56 trillion and they increased slightly to JPY 2.57 trillion in 2017, but still remain well below 2007 levels.

SME bankruptcies, which account for more than 99% of all bankruptcies in Japan, decreased by more than 40% between 2007 and 2017, reaching a 27-year low of 8 397 (-0.5% from 2016).

Total non-performing business loans have continuously declined since 2013, after having experienced erratic movement over the 2007-12 period. In 2016, total NPLs declined by 2.91% to JPY 11 787 billion in 2016 and by 2.52% to JPY 10 483 billion in 2017.

The Japanese Government offers financial support for SMEs, in the form of a credit guarantee programme and direct loans for SMEs. In March 2018, the total amount of outstanding SME loans was approximately JPY 267 trillion (provided by domestically licensed banks and credit associations). The outstanding amount of the credit guarantee programme was JPY 22.2 trillion (covering 1.3 million SMEs), and the outstanding amount of the direct loan programme was JPY 21.2 trillion, (covering 1 million of Japan's 3.81 million SMEs).

Table 24.1. Scoreboard for Japan

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt												
Outstanding business loans, SMEs	JPY trillion	260.8	259.1	253.1	248.3	245.6	243.6	247.2	251.7	258.4	265.6	275.4
Outstanding business loans, total	JPY trillion	374.5	385.0	379.3	366.1	366.9	370.4	369.7	387.2	395.2	405.1	415.5
Share of SME outstanding loans	% of total outstanding business loans	69.64	67.31	66.72	67.82	66.94	65.76	66.87	65.00	65.38	65.57	66.29
Value of CGCs loan guarantees (Government loan guarantees, SMEs)	JPY trillion	29.4	33.9	35.9	35.1	34.4	32.1	29.8	27.7	25.8	23.9	22.2
Non-performing loans, total (amount)	JPY trillion	17.1	17.1	16.8	16.6	17.2	17.3	15.3	13.9	12.8	11.8	10.5
Non-performing loans, total	% of all business loans	4.56	4.45	4.42	4.54	4.68	4.66	4.14	3.60	3.23	2.91	2.52
Prime lending rate for short-term loans	%	1.88	1.68	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Prime lending rate for long-term loans	%	2.30	2.40	1.65	1.60	1.40	1.20	1.20	1.10	1.10	0.95	1.00
New short-term interest rate (Not only for businesses)	%	1.64	1.53	1.23	1.10	1.04	1.02	0.91	0.88	0.80	0.67	0.61
New long-term interest rate (Not only for businesses)	%	1.73	1.67	1.46	1.29	1.21	1.16	1.10	1.00	0.94	0.80	0.80
Outstanding short-term interest rate (Not only for businesses)	%	1.67	1.49	1.26	1.19	1.10	1.03	0.88	0.85	0.78	0.62	0.58
Outstanding long-term interest rate (Not only for businesses)	%	2.05	1.99	1.76	1.65	1.54	1.42	1.30	1.19	1.10	0.97	0.90
Non-bank finance												
Venture capital investments (all stages total)	JPY billion	193	136	87	113	124	102	181	117	130	152	197
Venture capital investments (all stages total)	%, year-on-year growth rate	..	-29.53	-36.03	29.89	9.73	-17.74	77.45	-35.36	11.11	16.92	29.60
Venture capital (seed and early stage)	% (share of all stages)	..	..	36.80	32.50	44.30	57.80	64.50	57.20	62.80	68.30	62.90
Venture capital (expansion and later stage)	% (share of all stages)	..	..	63.20	67.50	55.70	42.20	35.50	42.80	37.20	31.70	37.1
Leasing, SMEs	JPY billion	3 471	2 822	2 100	2 139	2 231	2 284	2 645	2 363	2 604	2 566	2 570
Other indicators												
Bankruptcies, SMEs	Thousands	14.0	15.5	15.4	13.2	12.7	12.1	10.8	9.7	8.8	8.4	8.4
Bankruptcies, SMEs	%, year-on-year growth rate	..	10.76	-0.82	-13.96	-4.22	-4.81	-10.18	-10.37	-9.43	-4.17	-0.50
Bankruptcies, total	Thousands	14.1	15.6	15.5	13.3	12.7	12.1	10.9	9.7	8.8	8.4	8.4
Bankruptcies, total	%, year-on-year growth rate	..	11.04	-1.06	-13.95	-4.41	-4.79	-10.47	-10.35	-9.44	-4.15	-0.49

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25. Kazakhstan

In 2018, SMEs made up 96.7% of all businesses in Kazakhstan. The share of people employed by SMEs was 37.5% of the total employed population. SMEs contributed 28.9% to the country's GDP that same year (according to preliminary data for 9 months of 2018).

SME lending was on the rise in Kazakhstan since 2014 up to 2017. In 2017-2018 the SME loan portfolio has decreased. In 2018 the SME loan portfolio has decreased by 15.2%, at the same time, new lending to SMEs (over the period) increased by 14.0% over the last year. Due to the fact that the portfolio of loans to SMEs decreased, the share of loans to SMEs in the total portfolio of business loans also decreased to 28.3%. Despite the growth of new lending to SMEs (for the period), their share in the total amount of new business lending decreased to 18.5%. This indicates the growth of new lending (for the period) to large enterprises.

Interest rates for SMEs have fluctuated over the reference period, growing steadily from a record low of 11.5% in 2014 to 14.0% in 2016. In 2018, the rate was 12.7%, while that of large enterprises was 11.2%.

Among non-bank sources of finance, leasing has the largest market and is steadily growing. In 2018, leasing and hire purchases were almost 4.6 times their 2010 level.

Non-performing loans with arrears of more than 90 days (NPL) in banks' portfolio among both total business loans and SME loans decreased in 2018 to 7.4% and 9.3% respectively. Commercial banks fulfil requirements of the National Bank of Kazakhstan concerning maximum appropriate NPL level of no more than 10% of the total loan portfolio.

An important role in maintaining SMEs' access to lending is played by the state, which places funds in commercial banks to provide concessional lending to SMEs during shortages of liquidity in the market. The largest placement of state funds for SME lending took place in 2018. The main part of loans was allocated in 2014-2016 to support SMEs in the manufacturing industry at a rate of 6% per annum, which are issued by banks on a revolving basis. Despite the fact that the largest part of the funds was allocated in 2014-2016, these funds are still used for lending to SMEs on a revolving basis. In addition, the State allocates new funds annually.

Since 2010, the government, through "Damu" Entrepreneurship Development Fund, has provided subsidised interest rate expense and loan guarantees for SMEs under the "Business Roadmap 2020" Programme. A new financial instrument in Kazakhstan, loan guarantees are becoming popular very quickly, escalating from just three guarantees in 2010 to 4 853 at the beginning of 2019.

Table 25.1. Scoreboard for Kazakhstan

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	KZT billion	1 508	1 571	1 708	1 389	1 341	1 412	1 283	1 788	2 060	3 105	2 789	2 364
Outstanding business loans, total	KZT billion	5 220	5 605	5 879	5 892	6 849	7 534	8 110	8 532	9 027	9 234	8 568	8 348
Share of SME outstanding loans	% of total outstanding business loans	28.89	28.02	29.06	23.58	19.58	18.74	15.83	20.95	22.83	33.62	32.55	28.32
New business lending, total	KZT billion	7 764	5 373	3 742	3 291	4 795	5 774	6 109	8 044	7 345	7 724	7 615	9 412
New business lending, SMEs	KZT billion	1 870	1 273	753.10	690 15	794 48	1 050	889 71	1 198	1 279	1 984	1 524	1 737
Share of new SME lending	% of total new lending	24.08	23.70	20.13	20.97	16.57	18.18	14.56	14.90	17.41	25.68	20.02	18.46
Short-term loans, SMEs	KZT billion	296	298	236	206	219	277	199	392	390	826	411	366
Long-term loans, SMEs	KZT billion	1 211.2	1 273	1 472	1 183	1 122	1 135	1 084	1 395	1 670	2 279	2 377	1 820
Share of short-term SME lending	% of total SME lending	19.66	18.96	13.82	14.83	16.34	19.64	15.51	21.95	18.93	26.60	14.75	16.75
Government loan guarantees, SMEs	KZT million	..	..	..	339	2 060	3 854	3 336	7 284	11 021	11 952	17 016	21 728
Government guaranteed loans, SMEs	KZT million	..	..	..	677	4 238	10 991	7 090	15 423	26 964	26 903	42 783	51 216
Direct government loans, SMEs	KZT billion	5.5	125.2	257.4	132.9	82.7	78.2	85.8	188.4	236.9	247.3	230.5	272.9
Non-performing loans, total	% of all business loans	..	..	..	..	..	29.80	31.15	23.55	7.95	6.72	9.31	7.38
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	22.33	22.40	11.74	12.69	8.79	9.58	9.33
Interest rate, SMEs	%	14.28	15.67	14.01	13.34	12.49	12.10	12.46	11.48	12.95	14.01	13.66	12.71
Interest rate, large firms	%	12.77	14.88	14.04	12.72	11.08	10.58	10.07	10.01	13.47	14.49	12.39	11.22
Interest rate spread	% points	1.51	0.79	-0.03	0.62	1.41	1.52	2.39	1.47	-0.52	-0.48	1.27	1.49
Non-bank finance													
Leasing and hire purchases	KZT billion	..	..	..	60.4	80.1	84.5	106.8	129.0	126.6	167.0	176.5	277.6
Factoring and invoicing	KZT million	..	..	..	..	..	7 889	15 125	33 160	37 655	..	..	..
Other indicators													
Bankruptcies, total	Number	0	2	3	8	36	77	125	143	257	516	1 978	3 493
Bankruptcies, total (growth rate)	%, year-on-year growth rate	50.00	166.67	350.00	113.89	62.34	14.40	79.72	100.78	283.33	76.59

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26. Korea

The share of outstanding SME loans has increased continuously from 2014, with a KRW 41 trillion increase in 2018. Meanwhile, the stock of outstanding loans for large firms decreased during the same period, by approximately KRW 0.5 trillion, resulting in an increase in the share of outstanding SME loans.

Outstanding short-term loans as a share of total loans have declined continuously between 2007 (75%) and 2018 (50%). Both the level of outstanding short-term loans and the level of outstanding long-term loans have increased continuously from 2007. However, the growth rate of outstanding short-term loans has been higher than that of outstanding long-term loans.

While the level of government guaranteed loans has been on the rise since 2011, government guaranteed loans to SMEs as a share outstanding business loans to these firms has decreased continuously from 2012. Between 2017 and 2018, the volume of government-guaranteed loans rose by 2.8%. The amount of direct lending to SMEs in 2018 was KRW 4.4 trillion, which is about 0.6% of all outstanding business loans to SMEs.

Since 2013, the rate of non-performing loans has decreased continuously. 1.1% of all SME loans were non-performing in 2018, below the 2017 figure (1.17%). On the other hand, 1.88% of all business loans were non-performing in 2018, indicating that large business loans are more liable to be non-performing than SME loans.

Interest rates for SMEs increased by about 0.2 percentage points from 3.62% to 3.82% in 2018. On the other hand, interest rates for large firms increased by about 0.14 percentage point from 3.31% to 3.45% in 2018, resulting in higher interest rate spread between loans to SMEs and to large firms. However, SME interest rates are still quite low on average.

Venture and growth capital investments increased rapidly in 2018. The growth rate of venture and growth capital was 43.89%, with investments going from KRW 2.38 trillion to KRW 3.42 trillion.

Leasing and hire purchases volumes rose by 0.05% in 2018, which implies that these instruments were stable in 2018.

Since the global financial crisis, the number of bankruptcies has steadily decreased. Payment delays decreased by 1.5 days, on average, in 2018.

Table 26.1. Scoreboard for Korea

Indicators	Units	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	KRW trillion	369	422	443	441	455	462	489	522	561	610	655	696
Outstanding business loans, total	KRW trillion	425	511	531	541	586	618	654	706	756	776	817	857
Share of SME outstanding loans	% of total business loans	86.8	82.6	83.5	81.5	77.7	74.7	74.7	74.0	74.2	78.6	80.2	81.2
Outstanding Short-term loans, total; loans for operation	KRW trillion	319	375	373	372	388	395	405	419	426	414	419	429
Outstanding Long-term loans, total; loans for equipment	KRW trillion	106	136	158	169	197	223	249	287	330	362	398	428
Share of short-term loans; loans for operation	KRW trillion	75.0	73.4	70.3	68.7	66.3	63.9	61.9	59.3	56.3	53.4	51.3	50.1
Government loan guarantees, SMEs	KRW trillion	40	43	56	56	55	57	60	60	61	63	66	68
Government guaranteed loans, SMEs	% of SME business loans	10.8	10.0	12.7	12.7	12.2	12.3	12.2	11.5	10.9	10.3	10.0	9.7
Direct government loans, SMEs	KRW billion	2 480	2 635	4 812	3 098	2 957	3 149	3 715	3 270	3 902	4 551	4 666	4 415
Non-performing loans, total	% of all business loans	0.81	1.41	1.6	2.6	1.73	1.66	2.39	2.09	2.56	2.06	1.76	1.88
Non-performing loans, SMEs	% of all SME loans	0.99	1.93	1.8	3.11	2.17	1.96	2.11	1.94	1.64	1.3	1.11	1.10
Interest rate, SMEs	%	7.04	7.61	6.18	6.52	6.36	5.93	5.11	4.69	3.95	3.63	3.62	3.82
Interest rate, large firms	%	6.27	6.81	5.62	5.98	5.81	5.50	4.87	4.51	3.79	3.40	3.31	3.45
Interest rate spread	%	0.76	0.79	0.56	0.54	0.55	0.43	0.24	0.18	0.16	0.24	0.31	0.37
Rejection rate	%, 1-(SME loans authorised/requested)	..	..	..	..	..	..	..	6.90	3.70	12.20	12.90	15.50
Non-bank finance													
Venture and growth capital	KRW billions	992	725	867	1 091	1 261	1 233	1 385	1 639	2 086	2 150	2 380	3 425
Venture and growth capital (growth rate)	%	..	-26.9	19.7	25.8	15.6	-2.2	12.3	18.4	27.2	3.1	10.7	43.9
Leasing and hire purchases	KRW trillions	10.3	11.7	7.1	10.6	11.1	10.5	11.9	13.2	15.0	17.4	20.2	21.2
Other indicators													
Payment delays, SMEs	Number of days past due date	11.0	12.1	9.9	12.1	11.7	9.1	9.7	10.0	9.2	13.3	8.9	7.4
Bankruptcies, total	Number	2 294	2 735	1 998	1 570	1 359	1 228	1 001	841	720	555	494	469
Bankruptcies, growth rate	Year-on-year growth rate, %	..	19.2	-26.9	-21.4	-13.4	-9.6	-18.5	-16.0	-14.4	-22.9	-11.0	-5.1

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27. Latvia

Growth of the Latvian economy was considerably faster in 2017 and 2018 than in the previous years. Export, investments, private and public consumption are growing steadily. Export volumes have reached their highest-ever level. An increase is observed in almost all sectors of the national economy. Overall, in the three first quarters of 2018, the gross domestic product (GDP) increased by 4.7% achieving a higher increase than in 2017, when GDP increased by 4.6%. Taking into account economic growth in countries of the European Union (EU), as well as investments available from EU funds, economic growth is expected to remain stable also in 2019, even though at a slower rate.

In Latvia, 99.8% of economically active merchants and commercial companies are SMEs, and 92.1% of these SMEs are micro-enterprises.

Loans to SMEs dominate in the banking sector's lending to non-financial corporations (NFCs), as SMEs play an important role in the domestic economy of Latvia – loans to SMEs comprised 74% (at the end 2018) of total loans to domestic NFCs. The outstanding amount of banking sector loans to SMEs decreased in 2018 by 8.3%. However, to a large extent this is attributed to structural changes in the Latvian banking sector (for instance, the withdrawal of the credit institution's licence). Excluding one-off effects, the SMEs loan stock did not change significantly (-1.0% year-on-year). In 2018, the new lending (flow) to SMEs was slightly higher than in 2017 (by 3.9%). Overall, the economic environment remains favourable, driven by investment growth and domestic demand. The balanced economic growth is expected to continue (the Bank of Latvia forecasts 2.9% real GDP growth in 2019) and will support credit demand.

Venture and growth capital increased in 2017 from EUR 79.4 million to EUR 120 million. In 2018, 3 new acceleration funds in addition to several seed, start-up and growth capital funds were introduced to the market to facilitate the development of venture capital investments.

The state promotes access to funding (through its micro-lending, start-up, and loans programme) for firms lacking the financial credibility (collateral, net worth, cash flow and credit history) that is necessary to access funding from commercial banks or private investors.

Currently, state support programmes are introduced via the JSC Development Finance Institution Altum (ALTUM), a state-owned development finance institution offering aid and financial tools to various target groups. ALTUM develops and implements state aid programmes to compensate for market shortcomings that cannot be resolved by private financial institutions.

Table 27.1. Scoreboard for Latvia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR million	7 727	8 672	8 376	7 764	7 035	6 154	5 404	4 939	4 771	4 942	4 482	4 110
Outstanding business loans, total	EUR million	8 865	10 359	9 681	8 888	8 212	7 474	7 058	6 379	6 274	6 373	5 887	5 591
Share of SME outstanding loans	% of total outstanding business loans	87.16	83.71	86.52	87.34	85.67	82.34	76.57	77.43	76.05	77.55	76.1	73.52
New business lending, total	EUR million	..	..	..	..	1 708	1 914	1 965	1 268	1 346	1 795	1 347	1 312
New business lending, SMEs	EUR million	..	..	..	..	1 506	1 625	1 613	1 020	947	1 399	974	1 012
Share of new SME lending	% of total new lending	..	..	..	..	88.20	84.90	82.08	80.47	70.39	77.95	72.3	77.19
Outstanding short-term loans, SMEs	EUR million	2 653	3 203	3 262	3 009	2 682	2 349	1 852	1 570	1 672	1 371	1 287	1 229
Outstanding long-term loans, SMEs	EUR million	5 048	5 409	4 912	4 701	4 353	3 805	3 552	3 369	3 099	3 571	3 195	2 894
Share of short-term SME lending	% of total SME lending	34.4	37.2	39.9	39	38.1	38.2	34.3	31.8	35.1	27.7	28.7	29.8
Non-performing loans, total	% of all business loans	0.7	3.2	20.2	20.8	16.4	9.7	6.9	5.9	4.4	2.7	3.1	2.5
Non-performing loans, SMEs	% of all SME loans	0.8	3.7	22.4	23.4	18.8	11.7	8.4	7.2	5.7	3.3	3.8	3.3
Interest rate, SMEs	%	8.3	8.9	7.9	7.1	5.8	4.5	4.5	4.7	4.5	4.4	3.8	3.8
Interest rate, large firms	%	6.6	7.1	5.2	4.3	4	3.6	3.8	3.3	3.1	2.5	2.6	2.7
Interest rate spread	% points	1.7	1.8	2.7	2.8	1.8	0.9	0.7	1.4	1.4	1.9	1.2	1.1
Non-bank finance													
Venture and growth capital	EUR million	..	..	..	..	..	..	..	37.95	51.98	79.37	101	118
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	..	..	36.97	52.69	27.76	16.45
Leasing and hire purchases	EUR million	1 576	1 594	1 145	841	810	867	875	864	932	939	1 034	..
Factoring and invoice discounting	EUR million	227.24	301.90	149.13	60.68	90.96	96.15	108.01	114.47	151.81	165.99	152.64	..
Other indicators													
Bankruptcies, SMEs	Number	..	1 620	2 581	2 549	822	880	820	959	803	730	588	..
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	59.32	-1.24	-67.75	7.06	-6.82	16.95	-16.27	-9.09	-19.45	..

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28. Lithuania

SMEs account for 99.6% of all enterprises operating in Lithuania, the majority of them (81.9%) being micro-enterprises. Most SMEs (80.4%) have chosen the legal form of private limited liability company and are primarily engaged in wholesale or retail trade activities (almost a third of all SMEs).

Equity capital and credits issued by non-banks (e.g. trade payables) are the main sources of funding for SMEs. As of 2017, equity capital financed almost half of SMEs' assets, while slightly more than a third of assets were acquired through non-bank credits. Nevertheless, banks play an important role in financing SMEs. As of 2017, almost 13% of all SME assets were financed via bank loans.

Although SMEs account for the vast majority of enterprises and create almost 70% of gross value added, their share of total business loans remains considerably smaller. By the end of 2018, this share amounted to 40% of the total portfolio of loans to non-financial enterprises. Furthermore, even though outstanding SME loans have been growing (+ 23% and + 5 % over 2014-18 and 2018 respectively), their share in the total portfolio of loans to non-financial enterprises has barely changed over the years.

Previously, SMEs rarely used alternative sources of financing in Lithuania. However, when banks started to tighten funding conditions in 2018 and 2019, the need for such sources significantly increased. The survey of non-financial enterprises conducted by the Bank of Lithuania in H1 2019 indicates that 35% of micro-enterprises need alternative sources of financing (e.g. crowd funding, business angels, equity funds), i.e. 10 percentage points more than six month ago. Regardless of this figure, a very small share of these enterprises are using such sources. For example, while there are clear legal regulations for crowdfunding in Lithuania and a significant number of enterprises providing such services, surveys show crowdfunding was actively used by only 1.2% of the surveyed micro-enterprises. Nevertheless, the popularity of alternative financing sources is increasing. For example, in 2018 new loans issued by crowd funding platforms contained EUR 8.54 million (EUR 1.29 million in 2017) while new loans issued by MFIs declined (see Table 28.1).

The government supports SMEs by ensuring that they benefit from favourable conditions to obtain the necessary financing to start a business. Loans with preferential rates are granted under the EU Entrepreneurship Promotion Fund over the 2014-20 period. SMEs may also get loans with preferential rates from the Venture Capital Fund II. Moreover, when a company does not have sufficient collateral, it may apply to the state-controlled enterprise *UAB Investicijų ir verslo garantijos* (Investment and business guarantees, INVEGA), which provides a guarantee of loan repayment. In addition, municipalities provide significant support to SMEs: when starting business, small enterprises may expect their set-up costs, part of interest payments and other expenses to be compensated.

Table 28.1. Scoreboard for Lithuania

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR million	..	..	..	..	..	..	..	3 143	3 231	3 404	3 723	3 920
Outstanding business loans, total	EUR million	8 409	9 864	7 978	6 816	6 906	7 047	6 828	7 404	7 740	8 611	9 252	9 700
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	..	..	..	42.45	41.74	39.53	40.24	40.41
New business lending, total	EUR million	7 759	9 452	7 252	4 868	3 792	3 220	3 236	3 128	4 275	4 248	4 639	4 028
Government guaranteed loans, SMEs	EUR million									148.4	218.8	241.6	
Non-performing loans, total (NFCs)	% of all business loans	..	..	..	..	..	..	..	10.31	8.39	6.25	5.04	4.05
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	..	17.54	14.11	11.18	8.59	6.60
Interest rate, SMEs	%	6.61	6.33	4.70	4.55	4.97	3.35	3.47	3.19	2.97	2.96	2.79	3.52
Interest rate, large firms	%	6.04	5.76	4.26	4.35	4.44	3.27	2.86	1.65	2.03	2.27	2.07	3.07
Interest rate spread	% points	0.57	0.57	0.44	0.20	0.53	0.08	0.61	1.54	0.94	0.69	0.72	0.45
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending							76.20	70.40	67.10	71.70	79.10	73.10
Rejection rate	1-(SME loans authorised/requested)	..	..	..	19.1	15.6	19.0	10.2	22.8	8.6	10.5	15.6	27.0
Non-bank finance													
Leasing and hire purchases	EUR million	..	..	..	1 756	1 547	1 452	1 527	1 521	1 660	2 111	2 463	2 880
Factoring and invoice discounting	EUR million	..	..	..	151	200	231	348	359	407	434	517	464
Other indicators													
Payment delays, B2B	Number of days	..	..	..	..	..	..	..	..	..	26	27	30
Bankruptcies, SMEs	Number	606	954	1 842	1 637	1 272	1 401	1 552	1 685	1 983	2 732	2 970	2 090
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	57.43	93.08	-11.13	-22.30	10.14	10.78	8.57	17.69	37.77	8.71	-29.63

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29. Luxembourg

SMEs account for 99.5% of all non-financial firms in Luxembourg. In 2016, SMEs employed approximately 67% of the labour force and generated 65% of economy's total value added.

New business lending to all firms increased in 2018 compared to 2017 but remained well below the peak of 2008. New loans to SMEs (defined as loans below EUR 1 million) continued to increase in 2018 but at lower pace than loans to all enterprises. Therefore, the share of new SMEs lending decreased to 10.89%, which is lower than the 12.8% of 2017.

In 2018, the interest rate for SMEs amounted to 1.73%, down from 5.72% in 2008. The interest rates for SMEs remained systematically higher than the interest rate for large firms over the period 2007-18, with a gap of 46 basis points in 2018. In relative terms, interests payed by SMEs are 36.8% higher than interest payed by large firms.

Alternative forms of financing such as venture capital and factoring may hold high potential for SMEs seeking finance. In 2018, nearly EUR 112 million of venture capital were invested in Luxembourgish firms.

Bankruptcies in Luxembourg increased from 904 in 2017 to 1191 in 2018, marking the peak of the 2007-2018 period.

The simplified limited liability company (SARL-S), also dubbed "1-1-1 companies" (one person, one euro, in one day), is gaining popularity. In the period January-July 2018, 10.3%, of all registrations had the legal form of SARL-S compared to the 7.7% in 2018 and 6% in 2017. The SARL-S is intended to facilitate the development of new business activities and it can be created more quickly than a regular SARL-S.

Table 29.1. Scoreboard for Luxembourg

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
New business lending, total	EUR million	113 817	181 792	166 287	111 898	111 568	105 854	100 444	92 349	83 076	87 809	80 264	95 853
New business lending, SMEs	EUR million	12 800	14 555	14 754	15 441	17 979	15 593	13 713	10 765	10 142	9 395	9 698	10 440
Share of new SME lending	% of total new lending	11.25	8.01	8.87	13.80	16.11	14.73	13.65	11.66	12.21	10.70	12.08	10.89
Non-performing loans, total	% of all business loans	0.12	0.18	0.44	0.48	0.64	0.59	0.52	0.41	0.40	0.27	0.38	0.40
Interest rate, SMEs	%	5.51	5.72	2.81	2.71	2.68	2.22	2.05	2.08	1.88	1.75	1.76	1.73
Interest rate, large firms	%	4.96	4.97	2.59	2.30	2.62	1.86	1.64	1.47	1.42	1.20	1.21	1.26
Interest rate spread	% points	0.54	0.75	0.21	0.41	0.06	0.35	0.41	0.62	0.46	0.55	0.55	0.47
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	18.20	..	25.80	16.40	23.00	26.15	18.93	32.28
Non-bank finance													
Venture and growth capital	EUR thousand	103 343	298 650	49 021	132 917	281 484	86 212	31 090	128 472	144 368	196 346	59 145	112 046
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	188.99	-83.59	171.14	111.77	-69.37	-55.23	230.97	13.00	34.10	-69.85	89.44
Factoring and invoice discounting	EUR million	..	..	349	321	180	299	407	339	..	..	..	..
Other indicators													
Bankruptcies, SMEs	Number	659	574	693	918	978	1 050	1 049	850	873	961	904	1 191
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	-12.90	20.73	32.47	6.54	7.36	-0.10	-18.97	2.71	10.08	-5.93	31.75

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30. Malaysia

SMEs represent the vast majority of firms in the Malaysian economy, outnumbering large enterprises, both in terms of number and employment. According to the released Economic Census 2016, SMEs accounted for 98.5% of total business establishments in Malaysia in 2015.

Finance is becoming increasingly important for Malaysian companies, as reflected by the 9.3% growth in outstanding SME loans in 2016 (MYR 299.8 billion, from MYR 274.4 billion in 2015). Outstanding SME loans continued to grow in 2017, albeit at a slightly slower pace, increasing by 5.3% to MYR 315.7 billion. As total outstanding loans did not grow as rapidly, the share of SME lending in total business lending increased to 50.6% in 2017, from 48.7% in 2016 and 46.7% in 2015.

The annual average interest rate on SME loans by banking institutions (BIs) decreased from 7.8% in 2015 to 6.6% in 2016, but again increased slightly to 7.0% in 2017.

As of the end of December 2017, there were a total of 110 registered corporations within the Venture Capital and Private Equity sector (101 venture capital corporations (VCC) or venture capital management corporations (VCMC) and 9 private equity managing corporations (PEMC) or private equity corporations (PEC)). A total of MYR 7.0 billion are under management within these funds, which represents an increase of 7.7% year-on-year. Investments made in 2017 decreased significantly by 26.6%, to MYR 417.8 million, from MYR 569.5 million in 2016.

In 2017, the Credit Guarantee Corporation Malaysia Berhad (CGC) recorded a lower approval value of MYR 3.4 billion, as compared to MYR 4.2 billion in 2016, mainly due to the increased penetration to the microenterprise market segment, with lower average financing size. This is evidenced by the double-digit growth of 14.0% in the number of SME accounts approved, from 7 568 in 2016 to 8 637 in 2017.

Impaired financing, a proxy for non-performing loans, of the overall financial sector stood at 3.3% of total business loans, stable from 2016 and 2015 (3.3% and 3.2% respectively). Despite the rapid expansion of bank credit to SMEs, SME impaired financing substantively decreased from a peak of 7.5% in 2010, to 3.2% in 2017, and was thus almost on par with the share of large firms.

Since its inception in 2004, the National SME Development Council (NSDC) has continued to steer SME development in Malaysia by setting the strategic direction, and by formulating policies to promote the growth of SMEs across all sectors. The success of the NSDC can be measured through a number of outcomes, such as the adoption of a national definition for SMEs, the development of an SME database and statistics, the monitoring and analyse of SME performances to facilitate policy formulation, the streamlining dissemination of information on SMEs, the development of SME financial infrastructures and the endorsement of the formulation of an SME Masterplan.

More recently, the policy focus of the authorities has been to further expand the non-bank possibilities for risk capital, particularly to enhance access to finance for SMEs that are innovative, high-growth and active in new growth areas. The advent of Financial Technologies (FinTech) is transforming the financial landscape and these are expected to offer more financing alternatives to SMEs, including equity crowdfunding, investment account platforms (IAP) and peer-to-peer (P2P) lending.

Table 30.1. Scoreboard for Malaysia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt												
Outstanding business loans, SMEs	MYR billion	128.0	138.9	141.6	141.2	165.3	187.6	211.0	243.7	274.4	299.8	315.7
Outstanding business loans, total	MYR billion	290.7	328.3	343.1	375.3	422.0	465.1	499.8	545.9	588.1	616.0	623.8
Share of SME outstanding loans	% of total outstanding business loans	44.00	42.30	41.30	37.60	39.17	40.34	42.22	44.64	46.66	48.66	50.60
New business lending, total	MYR billion	163.1	129.0	104.9	141.1	171.4	169.5	178.8	196.4	179.3	178.7	200.0
New business lending, SMEs	MYR billion	63.2	58.9	50.9	62.2	75.2	84.7	78.3	77.7	72.0	74.6	70.7
Share of new SME lending	% of total new lending	38.77	45.70	48.50	44.06	43.90	49.94	43.78	39.57	40.12	41.77	35.33
Share of short-term SME loans outstanding	% of total SME lending	..	..	..	..	..	..	28.73	26.52	24.18	23.61	24.10
Share of long-term SME loans outstanding	% of total SME loans	..	..	..	..	..	..	71.27	73.48	75.82	76.39	75.90
Guarantee and Financing Schemes	No. of accounts (in thousands)	13.00	10.37	14.07	7.67	7.50	2.15	2.37	6.84	8.23	7.57	8.64
Guarantee and Financing Schemes	MYR million	4 567	3 014	3 112	2 495	2 861	1 066	1 546	3 175	3 356	4 224	3 380
Impaired financing, total (amount)	MYR billion	..	20.2	18.1	23.6	21.3	18.4	17.7	17.9	18.9	20.5	20.8
Impaired financing, total	% of all business loans	..	6.16	5.29	6.28	5.05	3.97	3.55	3.27	3.21	3.32	3.33
Impaired financing, SMEs (amount)	MYR billion	..	9.9	8.9	10.6	9.6	8.5	8.2	8.6	8.9	8.9	10.1
Impaired financing, SMEs	% of all SME loans	..	7.12	6.28	7.50	5.78	4.53	3.89	3.51	3.24	2.96	3.19
Interest rate, SMEs	%	..	6.39	5.50	5.69	5.74	5.72	6.06	7.18	7.81	6.60	7.00
Interest rate, large firms	%	..	6.08	5.08	5.00	4.92	4.79	3.79	5.41	5.11	5.06	4.82
Interest rate spread	% points	..	0.31	0.42	0.69	0.82	0.94	2.28	1.77	2.69	1.54	2.17
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	49.11	51.85	46.08	41.56	43.58
Non-bank finance												
Total investment as at end of the period	MYR billion	1.78	1.93	2.59	3.39	3.59	2.76	3.43	3.25	2.22	2.92	2.45
Total investment as at end of the period	%, Year-on-year growth rate	53.90	8.13	34.06	31.05	5.81	23.12	24.52	5.45	31.58	31.61	16.05
Leasing and Factoring	MYR million	..	..	..	..	721	918	1 099	1 170	1 086	834	1 280

Note: Malaysia uses the term "Impaired financing" instead of "non-performing loans" and "Total investment as at end of the period" instead of "Venture and growth capital".

The full country profile is available at

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31. Mexico

In Mexico there are 4 million SMEs, of which 97.4% are microenterprises that represent 12.4% of total gross production (TGP) and employ 47.2% of the workforce.

In 2018, the average interest rates varied according to the amounts of the loans and the size of the borrowing company. For large companies, the average interest rate was approximately 11.78%; For SMEs, the average was 17.70%.

In recent years, the Mexican government has developed a series of initiatives to support entrepreneurs and strengthen the access of SMEs to finance. These initiatives have included programs to promote the entrepreneurship of young people and women and programs to strengthen alternative financial instruments, in particular the use of venture capital by SMEs.

Guarantee funds have also been used to develop more specific programmes. For example, government initiatives were developed to support the provision of credit to previously ignored companies, such as construction companies, travel agencies, real estate development, rural tourism, small taxpayers and government SME providers.

Finally, the increase in competition among financial intermediaries has generated a significant improvement in credit conditions, which has resulted in longer loan maturities and lower interest rates.

Table 31.1. Scoreboard for Mexico

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	MXN billion	...	...	199.0	220.9	256.8	310.9	423.6	481.7	548.1	738.1	821.3	..
Outstanding business loans, total	MXN billion	...	...	975.1	1054.3	1218.7	1299.5	1424.7	1518.7	1758.3	2059.6	2357.5	..
Share of SME outstanding loans	% of total outstanding business loans			20.4	21.0	21.1	23.9	29.7	31.7	31.2	35.8	34.8	..
New business lending, total	MXN billion	...	...	...	79.3	164.4	80.8	125.3	93.9	239.6	301.3	297.9	..
New business lending, SMEs	MXN billion	...	...	...	21.9	35.9	54.1	112.6	58.2	66.4	190.0	83.2	..
Share of new SME lending	% of total new lending				27.7	21.8	67.0	89.9	61.9	27.7	63.1	27.9	..
Outstanding short-term loans, SMEs	MXN billion	11.1	41.3	39.1	30.8	30.0	36.9	34.3	12.5	17.7	21.7	32.1	23.8
Outstanding long-term loans, SMEs	MXN billion	10.8	22.4	38.5	36.6	44.2	60.1	80.9	89.0	90.1	107.1	99.1	115.3
Share of short-term SME lending	% of total SME lending	50.6	64.8	50.4	45.7	40.4	38.0	29.8	12.3	16.4	16.8	24.5	17.1
Government loan guarantees, SMEs	MXN billion	0.8	1.1	1.9	2.3	3.0	3.0	3.7	4.3	3.2	2.7	1.9	4.0
Government guaranteed loans, SMEs	MXN billion	21.9	63.8	77.7	67.4	74.3	96.9	115.1	101.6	107.8	128.8	84.3	84.3
Direct government loans, SMEs	MXN billion	...	...	29.5	30.8	53.3	63.0	88.1	135.4	183.8	111.1	131.2	139.1
Non-performing loans, total	% of all business loans			1.9	1.9	2.2	2.1	3.6	3.2	3.1	2.3	2.2	1.6
Interest rate, SMEs	%	19.9	16.2	12.1	11.9	11.4	11.2	9.9	9.2	9.1	11.0	17.0	17.7
Interest rate, large firms	%	7.4	8.0	8.1	7.9	7.7	7.6	6.6	6.0	6.0	8.1	10.6	11.8
Interest rate spread	% points	12.4	8.3	3.9	4.0	3.8	3.6	3.4	3.2	3.1	2.9	6.4	5.9
Non-bank finance													
Venture and growth capital	USD billion	4.1	1.7	1.8	4.3	2.5	4.0	1.8	6.9	11.9	4.5	4.0	1.6
Venture and growth capital (growth rate)	%, Year-on-year growth rate	...	-57.2	2.4	139.9	-41.2	60.9	-54.8	278.3	71.9	-61.8	-12.1	-60.9

Note: Venture capital data were updated for previous years by the by AMEXCAP (association for the private equity industry in Mexico).

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32. The Netherlands

The recovery of the Dutch economy continued in 2018, with GDP showing a year-on-year growth rate of 1.8%, and unemployment decreasing a further 1.3 percentage point to 3.6%, close to the lowest percentage since 2009.

New lending to SMEs stood at EUR 18 billion in 2018. This represents a slight decrease compared to 2017, when it stood at EUR 21 billion. Total outstanding business loans also decreased slightly, from EUR 328 billion in 2017 to EUR 325 billion in 2018.

Bank loans continue to be the main source of external financing for SMEs in the Netherlands. However, according to CPB's 2019 policy brief, Dutch SMEs had recourse to bank finance less often than their European counterparts did. On the other hand, the percentage of requested loans that were fully authorised rose from 74% in 2015 to 84% in 2018. The interest rate for SME firms (2-250 employees) is higher than for large firms by 2.0 percentage points (respectively 4.1% and 2.1%). The interest rate for large firms decreased by 40 basis points in 2018.

The sum of venture and growth capital investments in the Netherlands has fluctuated over the last decade with peaks in 2008 (EUR 691 million), 2015 (EUR 788 million), 2017 (the highest point so far with EUR 930 million) and 2018 (EUR 868 million). Since 2014, total private equity investments have not dipped below the EUR 700 million mark.

The average number of days before receiving a B2B payment was 28 days in 2018, with the average contractual term being 27 days, as was the case in 2017. The average number of days of delay to receive a B2B payment therefore remains 5 days, a decrease from 2015 by one day, and a considerable decrease compared to preceding years. The number of bankruptcies continued to decrease in 2018, with a year-on-year decrease of 4.4%. The number of bankruptcies is at a lower level than in 2007.

Several programmes are in place to support SMEs' access to finance. These include different guarantee schemes, like the Guarantee Scheme for SMEs (BMKB). Another is Qredits, a microcredit institution, introduced SME loans of various sizes in 2013. Furthermore, the Netherlands is creating a National Promotional Institution named Invest-NL. This institution is due to be established by the end of 2019. The aim of Invest-NL is, among other things, to help SMEs through financing or the development of viable business cases.

Table 32.1. Scoreboard for the Netherlands

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR billion	..	..	..	..	..	..	143.3	136.0	130.4	124.1	125.9	127.1
Outstanding business loans, total	EUR billion	258.0	304.8	313.5	313.9	342.1	349.1	346.5	330.5	370.2	349.1	328.3	325.3
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	..	..	41.4	41.1	35.2	35.6	38.3	39.1
New business lending, total	EUR billion	..	..	..	123.0	124.9	110.0	97.3	83.7	146.7	122.7	129.8	130.6
New business lending, SMEs	EUR billion	..	..	..	10.2	19.5	18.7	18.8	18.0	18.2	16.0	20.9	18.2
Share of new SME lending	% of total new lending	..	..	..	8.3	15.6	17.0	19.3	21.5	12.4	13.0	16.1	13.9
Outstanding short-term loans, SMEs	EUR billion	..	..	..	..	..	..	30.1	26.8	23.1	19.8	17.9	16.6
Outstanding long-term loans, SMEs	EUR billion	..	..	..	..	..	..	113.3	108.2	107.3	104.3	107.9	110.0
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	21.0	19.8	17.7	15.9	14.3	13.1
Government loan guarantees, SMEs	EUR million	..	400.0	370.0	945.0	1040.0	590.0	415.0	473.0	523.0	710.0	646.0	643.0
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	10.0	10.8	9.5	8.1	8.8	9.2
Interest rate, SMEs	%	5.4	5.7	4.5	6.0	6.4	5.1	4.3	4.1	4.4	3.7	2.9	4.1
Interest rate, large firms	%	..	..	..	..	3.5	3.6	3.4	2.8	2.4	3.2	2.5	2.1
Interest rate spread	% points	..	..	..	..	2.9	1.5	0.9	1.3	2.0	0.5	0.4	2.0
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	47.0	45.0	44.0	47.0	50.0	43.0	29.0	34.0	40.0	59.0
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	29.0	22.0	18.0	22.0	21.0	21.0	16.0	14.0	18.0	12.8
Rejection rate	1-(SME loans authorised/ requested)	..	..	31.0	10.0	13.0	28.0	28.0	27.0	7.0	18.0	17.0	16.0
Utilisation rate	SME loans used/ authorised	..	..	72.0	75.0	70.0	50.0	54.0	44.0	89.0	73.0	83.0	84.0
Non-bank finance													
Venture and growth capital	EUR million	498.0	575.0	506.1	323.3	660.0	419.4	389.3	589.9	714.2	704.3	731.2	868.0

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	15.5	-12.0	-36.1	104.1	-36.5	-7.2	51.5	21.1	-1.4	3.8	18.7
Leasing and hire purchases	% of SMEs	..	..	..	..	..	..	..	..	9.0	16.0	12.0	21.0
Factoring and invoice discounting	% of SMEs	..	..	..	..	..	..	..	..	..	..	..	2.0
Other indicators													
Payment delays, B2B	Number of days	13.2	13.9	16.0	17.0	18.0	18.0	17.0	16.0	6.0	5.0	5.0	5.0
Bankruptcies, SMEs	Number	3 589	3 842	6 942	6 162	6 117	7 349	8 376	6 645	5 271	4 399	3 291	3 144
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	7.0	80.7	-11.2	-0.7	20.1	14.0	-20.7	-20.7	-16.5	-25.2	-4.5

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33. New Zealand

New Zealand has been recognised as the number one country in the world for ease of doing business with the shortest time to start a business; and the first in the world for corruption transparency.

SMEs, when defined as businesses with 0-49 employees, make up 99% of New Zealand businesses.

The upward trend of bank lending to businesses has continued in 2018 with an increase of 4.92% from 2017 to NZD 113.0 million. This was also true for SME bank lending, which reached NZD 68.2 million up from NZD 64.6 million in 2017. This did not significantly affect the share of SME lending of total business lending as it only increased by 0.4% to 60.4%.

Overall the New Zealand financial system is resilient to economic risks. However, it is vulnerable to severe risks, particularly the highly indebted New Zealand households and dairy farms. It is also vulnerable to international risks that could cause a major global economic recession.

Lending conditions for other sectors were also favourable in the second half of 2018. This was particularly true for commercial property loans.

Non-performing loans for all businesses have remained at the same low levels to the past three years at 0.5%. Non-performing loans for SMEs have decreased since 2017 from 0.9% to 0.6% in 2018, now being only slightly above the percentage of total non-performing business loans.

Interest rates for SMEs increased by 0.1% from 2017 to 2018, returning to 2015 levels of 9.4% after a brief decrease in 2016 and 2017. Data on interest rate spread and large business interest rates is no longer available since the Reserve Bank of New Zealand stopped the survey gathering this data.

After a rapid increase from 2016 to 2017, debt finance rejection rates for SMEs have decreased to 9.03% in 2018. This was significantly lower than the 11.7% rejection rate in 2017. The decrease in rejection rates could be caused by the increase in SME outstanding loans as banks were lending more money to SMEs in 2018. The data for rejection rates in New Zealand only includes businesses with 6-49 employees. This could affect the statistics as smaller and micro-businesses are likely to be rejected, which will not be included in the data available.

Growth in the New Zealand venture capital markets has been strong. In 2018, NZD 111.3 million were invested in seed and early stage ventures. This is an increase of 28% from the previous year.

New Zealand has eight licensed peer-to-peer lenders and eight licensed crowdfunding providers. These have been an increasingly popular source of funding for both individuals and businesses over the past few years.

Bankruptcies have continued their downward trend over the last three years to a new low of 1 486 in 2018. This figure only includes personal insolvencies but not corporate liquidations. However, many SME owners rely on their personal assets to finance their business.

Payment delays for business-to-business transactions have stayed almost the same at 5.8 days in 2017 to 5.9 days in 2018. SME payment delays decreased significantly from 6.3 days in 2017 to 5.8 days in 2018. The government has continued promoting e-Invoicing, which will be introduced in late 2019 with the aim to address payment delays. The government is also looking into other ways to address unfair payment terms and delays.

Table 33.1. Scoreboard for New Zealand

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	NZD billion	..	..	31.6	32.4	32.1	30.9	32.4	34.2	36.5	60.4	64.6	68.2
Outstanding business loans, total	NZD billion	80.0	87.6	80.4	78.9	79.9	83.0	85.4	89.0	95.0	101.6	107.7	113.0
Share of SME outstanding loans	% of total outstanding business loans	..	..	39.3	41.1	40.2	37.2	37.9	38.4	38.4	59.4	60.0	60.4
Non-performing loans, total	% of all business loans	..	..	1.7	2.1	1.8	1.5	1.1	0.8	0.6	0.5	0.5	0.5
Non-performing loans, SMEs	% of all SME loans	..	..	2.7	2.9	2.8	2.7	2.4	1.6	0.7	1.1	0.9	0.6
Interest rate, SMEs	%	12.2	11.2	9.8	10.1	10.0	9.6	9.5	10.3	9.4	9.2	9.3	9.4
Interest rate, large firms	%	9.0	8.2	5.7	6.3	6.1	6.0	5.4	6.0	5.4	4.6	..	..
Interest rate spread	% points	3.2	3.0	4.1	3.8	4.0	3.5	4.2	4.3	4.0	4.6	..	..
Rejection rate	% (SME loans rejected/requested)	6.9	11.6	18.4	20.9	11.4	14.6	9.4	8.4	10.6	4.8	11.7	9.0
Non-bank finance													
Venture and growth capital (seed and early stage)	NZD million	29.5	32.6	43.2	53.1	34.8	29.9	53.1	56.4	61.2	69.0	87.0	111.3
Venture and growth capital (seed and early stage) (growth rate)	%, year-on-year growth rate	..	10.3	32.8	22.8	34.5	14.1	77.6	6.3	8.5	12.6	26.2	28.0
Other indicators													
Payment delays, B2B	number of days	..	..	..	..	15.7	13.5	12.7	10.4	7.1	5.9	5.8	5.9
Bankruptcies, total	number	3 585	2 504	2 564	3 054	2 714	2 417	2 188	1 921	1 979	1 996	1 863	1 486
Bankruptcies, total (growth rate)	%, year-on-year growth rate	..	-30.2	2.4	19.1	-11.1	-10.9	-9.5	-12.2	3.0	0.9	-6.7	-20.2

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34. People's Republic of China

In China, more than 98.64% of all firms are small businesses with 300 or fewer employees, contributing to over 60% of total GDP, 50% of tax income, 75% of job creation and 68% of exports. In 2018, new business creation reached record highs with a total 67.0 million new companies being created, up by 10.4% compared to 2017.

The stock of SME loans increased to CNY 46 477.3 billion in 2017, up 14.7% from 2016. The SME loan share increased from 54.60% to 64.96% over 2014-17. The ratio of short-term loans to total loans for SMEs decreased from 56.10% to 41.62 % over the same period. The ratio of SME loans backed by collateral dropped to 50.28% in 2017, down 1.77 percentage points.

In 2018, interest rates for SMEs and large firms were 5.17% and 5.07%, down 0.61 and 0.33 percentage points, respectively, compared to 2017. The interest rate spread between SMEs and large enterprises has narrowed to 0.1, which means lower financing costs for SMEs. In addition, SMEs were on average charged extra loan fees amounting to about 1.3% of the total bank loan volume. In 2018, the 1-year interest rate in the shadow banking sector ranged from 13%-15%, with a spread of about 9% from formal bank loans.

In 2018, the rejection rate of loan applications for SMEs was 3.69%, down 0.38 percentage points compared to 2017. On average, only 58.36% of loan amounts requested were finally granted. The utilisation rate of SME bank loans was 86.26%.

In 2018, SMEs obtained CNY 167.5 billion from the Shenzhen SME Board, and CNY 98.6 billion from Shenzhen Venture Board, and CNY 60.4 billion from National Equities Exchange and Quotations (NEEQ). Venture capital, leasing and factoring, online lending and crowdfunding continue to remain important sources of SME financing.

In 2018, payment delays for B2B slightly decrease to 38 days, 6 days down compared to the previous year. The ratio of SME non-performing loans to total SME loans was 2.58%, 0.53 percentage points higher than the ratio of non-performing loans for all businesses. The bankruptcy rate for SMEs was 2.85% in 2018 according to survey data, down 22.97% from the previous year.

National Financing Guarantee Fund was established with a registered capital of CNY 66.1 billion in 2018. This fund focuses on assisting small business, and its business covers re-guarantees for SME credit loans or direct PE investments. The National SME development fund had completed 208 investment projects totalling CNY 6.05 billion. National Guide Fund for Venture Investment in Emerging Industries account for an aggregate investment of over CNY 22.5 billion in 2018. Finally, Special Funds for SME Development continued to support SMEs by intensively investing in supporting innovative cities, promoting innovation and entrepreneurship and supporting financing guarantee.

The Chinese Government implemented a national strategy to support financing SMEs and entrepreneurship. During 2009-18, China put forward a series of policy adjustments, such as a differentiated deposit-reserve ratio policy and a sole credit allocation plan for SMEs, to encourage financial institutions to expand SME credit. Broader policy adjustments and reforms were carried out, targeted at easing SME access to diversified financing sources.

Table 34.1. Scoreboard for the People's Republic of China

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	RMB billion	..	..	13 616	17 139	21 168	25 356	28 585	33 302	35 300	40 517	46 477	..
Outstanding business loans, total	RMB billion	..	..	24 940	30 292	35 017	39 283	44 019	52 162	53 895	62 578	71 545	..
Share of SME outstanding loans	% of total outstanding business loans	..	..	54.60	56.58	60.45	64.55	64.94	63.84	65.50	64.75	64.96	..
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	56.10	49.24	47.56	54.69	40.97	41.62
Direct government loans, SMEs	RMB billion	..	..	..	..	1 550	1 813	2 082	2 470	2 820	..	..	..
Non-performing loans, total	% of all business loans	..	..	..	..	1.26	1.21	1.25	1.49	2.04	2.07	2.05	..
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	1.75	1.65	1.66	1.97	2.59	2.60	2.58	..
Interest rate, SMEs	%	..	..	..	..	..	..	8.39	7.51	5.23	4.77	5.78	5.17
Interest rate, large firms	%	..	..	..	..	..	..	7.72	7.47	5.26	4.89	5.40	5.07
Interest rate spread	% points	..	..	..	..	..	..	0.67	0.04	-0.03	-0.12	0.38	0.10
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	51.59	52.98	54.52	54.76	55.67	52.05	50.28	..
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	..	..	..	69.88	63.06	53.09	58.36
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	..	..	6.19	11.97	11.72	6.13	4.07	3.69
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	93.51	94.75	94.48	94.03	89.91	86.26
Non-bank finance													
Venture and growth capital (stock)	RMB billion	111	146	161	241	320	331	264	293	336	377	411	..
Venture and growth capital (stock, growth rate)	%, Year-on-year growth rate	..	30.80	10.26	49.93	32.88	3.59	-20.34	11.15	14.59	12.02	9.16	..
Venture and growth capital (incremental)	RMB billion	..	..	..	..	..	25.11	27.90	37.44	46.56	50.55	84.53	..
Venture and growth capital (incremental, growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	11.11	34.19	24.36	8.57	67.22	..
Leasing and hire purchases	RMB billion	24	155	370	700	930	1 550	2 100	3 200	4 440	5 330	6 060	6 650
Factoring and invoice discounting	EUR billion	..	55.0	67.3	154.6	274.9	343.8	378.1	406.1	352.9	301.6	405.5	411.5
Other indicators													
Payment delays, B2B	Number of days	..	..	..	..	..	..	95.91	72.31	64.44	65.21	44.00	38.00
Bankruptcies, SMEs	Percentage of all SMEs	..	..	..	..	..	..	8	7	5	5	4	3
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	-4.36	-24.59	-13.37	-21.78	-22.97

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<https://doi.org/10.1787/061fe03d-en>

35. Peru

Peru's Central Reserve Bank (CRB) forecasts an annual growth of 4.0% in 2019, following similar growth in 2018 and thanks to a better performance of internal private consumption. It is also expected that the terms of trade will experience a slight improvement from -2.9% to -0.7%, due to a reduction on import prices. In addition, the Central Reserve Bank expects to maintain its interest rate to stimulate the economy (2.75%), given that the inflation rate is stable at around 2.0% and that the output gap is negative.

Outstanding business loans grew by 4.9% in 2018. Based on preliminary data, SME outstanding business loans amounted to 20.8% of all outstanding business loans in 2018, which is slightly lower than the share observed in 2017 (21.5%).

It is also important to point out that 2.83% of all outstanding business loans were non-performing loans, a slight increase from 2017 (2.75%). Non-performing loans in the SME sector experienced a insignificant deterioration from 9.05% in 2017 to 10.13% in 2018. On the other hand, the interest rate spread between SME loans and large firm loans fell slightly from 14.6 to 13.7 percentage points by the end of year 2018, according to the Central Reserve Bank.

In 2018, 99.6% of Peruvian enterprises were SMEs (including micro-enterprises, which employ less than ten persons), and they employed 89.1% of the private sector's workforce. Compared to 2017, the SME sector grew by 16.0% in 2018 (in terms of the number of SMEs), a significant recovery compared to recent years, according to the National Tax Administration Bureau. Among these formal enterprises, only 5.5% acceded to the formal financial system in 2018, decreasing from 5.9% in 2017. The reason behind this decrease is that the amount of formal enterprises created on 2018 was much higher than in previous years. Importantly, direct government loans from public banks decreased by 12.3%.

As many as 90.8% of the outstanding loans to SME were provided by private banks, with other types of financial institutions granting the remaining 9.2%. It is important to note that it is not necessary for an enterprise to be formal to obtain a formal credit, because entrepreneurs can access credit as individuals.

Table 35.1. Scoreboard for Peru

Indicator	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt										
Outstanding business loans, SMEs. As of June 30	PEN Billion	16.20	18.65	21.88	24.77	28.21	30.37	32.57	32.54	33.04
Outstanding business loans, total. As of June 30	PEN Billion	71.41	81.29	87.57	104.22	120.35	139.38	146.39	151.13	158.46
Share of SME outstanding loans	% of total outstanding business loans	22.69	22.95	24.98	23.77	23.44	21.79	22.25	21.53	20.85
New business lending, total	PEN Billion	3.99	2.64	2.12	2.78	3.70	1.13	3.03	7.37	12.65
New business lending, SMEs	PEN Billion	3.41	2.29	1.88	2.26	3.30	0.82	2.77	6.59	8.03
Share of new SME lending	% of total new lending	85.42	86.77	88.61	81.27	89.39	72.85	91.68	89.32	63.46
Government loan guarantees, SMEs	PEN Billion	..	..	..	..	..	..	400	..	..
Direct government loans, SMEs	PEN Billion	26	20	26	143	224	234	268	237	208
Non-performing loans, total	% of all business loans	1.93	1.55	1.41	1.56	1.79	1.98	2.29	2.75	2.83
Non-performing loans, SMEs	% of all SME loans	7.82	6.31	5.21	6.27	6.99	8.42	9.07	9.05	10.13
Interest rate, SMEs	%	27.81	25.08	24.41	22.91	22.36	22.83	23.48	23.05	21.55
Interest rate, large firms	%	7.15	8.29	9.06	8.46	8.32	7.90	8.26	8.41	7.83
Interest rate spread	% points	20.66	16.79	15.35	14.45	14.05	14.93	15.22	14.64	13.72
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	37.82	47.13	58.98	..	..
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	5.07	5.25	0.00	..	..
Utilisation rate	SME loans used/ authorised	..	..	..	..	2948.07	94.75	0.00	..	..
Non-bank finance										
Leasing and hire purchases	PEN Billion	3 267	3 723	4 182	3 807	3 955	3 691	3 540	3 923	2 948
Factoring and invoice discounting	PEN Billion	675	679	657	697	717	740	786	925	916
Other indicators										
Bankruptcies, all businesses	Number	69 427	89 982	85 190	83 079	87 586	..

Note: *Preliminary data.

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36. Poland

Since the financial crisis of 2009, Poland's GDP has grown constantly. It reached 5.1% in 2018. SMEs contribution to GDP is steadily increasing. The banking sector is overall sound.

SMEs are the backbone of the Polish economy. In 2017, Polish SMEs employed over 6.7 million employees – 68.3% of all enterprise employees – and accounted for 55.6% of value added by all enterprises and 46.3% of all investment outlays.

The stock of SME outstanding loans in 2018 decreased year-on-year and currently accounts for 53.7% of total business lending. The vast majority of SME loans are long-term loans. The share of SME non-performing loans decreased for the sixth year in a row in 2018.

Venture capital and growth investments have increased significantly since 2014. In 2018, they grew by 78.2% year-on-year.

SME interest rates increased compared to 2017, from 2.95% to 3.4%. The figure in 2018 is lower by 1.9 percentage points than the value at its peak, in 2008. Interest rates for large enterprises stood at 2.9%. The interest rate spread reached 0.5 percentage points in 2018.

Poland offers multiple instruments to support SMEs' access to finance, both at the national and at the regional level. Under the De Minimis Guarantee Scheme, SMEs can obtain loan guarantee covering up to 60% of the loan amount, up to a maximum of PLN 3.5 million. Since its launch in 2013, over 141 000 thousands SMEs have been granted a guarantee under this scheme.

Guarantees and other forms of financial support for SMEs are also offered as part of European Union (EU) cohesion funds as well as other EU programmes (e.g. Programme for the Competitiveness of Enterprises and small and medium-sized enterprises – COSME, Programme for Employment and Social Innovation – EaSI).

Table 36.1. Scoreboard for Poland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	PLN Billion	..	125.31	127.22	127.00	159.02	164.81	163.93	175.63	185.78	193.63	206.57	208.48
Outstanding business loans, total	PLN Billion	..	233.28	222.08	219.69	264.51	272.25	277.96	300.92	327.27	344.93	366.02	388.25
Share of SME outstanding loans	% of total outstanding business loans	..	53.72	57.29	57.81	60.12	60.54	58.97	58.36	56.77	56.14	56.44	53.70
Outstanding short-term loans, SMEs	PLN Billion	..	31.93	31.25	31.52	38.45	39.88	37.37	40.46	41.60	42.81	43.93	39.30
Outstanding long-term loans, SMEs	PLN Billion	..	90.18	93.24	93.73	116.22	122.23	123.43	130.25	138.33	145.05	156.36	161.89

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Share of short-term SME lending	% of total SME lending	..	26.15	25.10	25.17	24.86	24.60	23.24	23.70	23.12	22.79	28.09	24.27
Government loan guarantees, SMEs	PLN Billion	..	..	..	..	..	..	7.00	9.65	8.90	9.36	9.91	10.17
Government guaranteed loans, SMEs	PLN Billion	..	..	..	..	..	..	12.24	17.43	15.86	16.43	17.80	18.17
Non-performing loans, total	% of all business loans	..	6.50	11.58	12.40	10.37	11.78	11.61	11.33	10.31	9.11	8.28	11.32
Non-performing loans, SMEs	% of all SME loans	..	7.46	13.35	14.59	12.33	13.06	12.99	12.75	12.29	10.97	10.04	8.70
Interest rate, SMEs	%	..	5.37	3.82	4.31	4.57	4.86	3.85	3.52	3.00	2.86	2.95	3.43
Interest rate, large firms	%	..	5.62	4.28	4.00	4.45	4.74	3.83	3.40	2.90	2.77	2.76	2.92
Interest rate spread	% points	..	-0.25	-0.46	0.31	0.12	0.12	0.02	0.12	0.10	0.09	0.19	0.51
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	..	..	..	38.92	30.33	..
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	..	..	..	..	78.55	80.12	..
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	..	..	..	..	..	37.20	31.78	..
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	..	..	..	66.44	61.83	..
Non-bank finance													
Venture and growth capital	EUR Million	147.5	96.4	70.7	112.7	197.5	127.1	198.2	89.3	140.3	190.7	195.8	349.0
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-34.65	-26.70	59.44	75.28	-35.62	55.93	-54.96	57.07	35.97	2.69	78.23
Leasing and hire purchases	PLN Billion	27.11	24.09	21.43	23.92	27.79	26.91	30.42	34.29	37.83	51.01	58.19	66.44
Factoring and invoice discounting	PLN Billion	30.34	45.51	53.16	88.61	95.33	113.06	129.59	152.68	171.64	192.74	222.49	269.63

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37. Portugal

In 2017, SMEs comprised 99.7% of enterprises in Portugal, employed 72.4% of the labour force and were responsible for 58.1% of the turnover of the non-financial business economy.

In 2018, the global stock of business loans further decreased by 4.8% year-on-year, below the decrease in SME lending which stood at 6.2%. The share of SME loans in total business loans remained slightly above 85% since 2015. It should be noted that the share of SME loans is above 80% for more than a decade.

The decline in SME lending was more pronounced in short-term SME loans, having dropped by 62% over the 2010-18 period. Despite this long term trend, since 2016, the share of short-term in total SME loans is rising. In 2018, such loans registered an increase of 1.8% compared to the previous year, whereas long-term SME loans decreased by 1.6% year-on-year.

The share of government guaranteed loans in total SME loans grew significantly, from 5.4% in 2009 to 10.5% in 2018, demonstrating the sustained public efforts to support SMEs' access to finance.

The average interest rate for SME loans decreased to 3.13% in 2018, marking the sixth year in a row of decline, after the 2012 peak of 7.6%. The interest rate spread between SMEs and large firms increased from 1.9 to 2.2 percentage points between 2009 and 2012, and decreased since then, to 1.2 percentage point in 2018, indicating an improvement in SME financing conditions.

After a continuous decline in venture capital investments since 2007, there were signs of recovery since 2012. Total venture capital investments in 2015 increased again to EUR 59 million, +354% compared to their 2011 value. Nevertheless, the amount of venture capital invested dropped again to EUR 21 million in 2016, a 64.4% decrease from 2015, but recovered in the last two years, and in 2018, total venture capital investments reached EUR 32 million, with an increase of 23.1% year-on-year.

Payment delays rose from 35 days in 2009 to 41 days in 2011, and then almost halved again from 40 days in 2012 to 12 days in 2018, decreasing steadily in the last five years.

Following four years of continuous increase (2009-12) in the number of bankruptcies, 2018 ended with a new 13.1% reduction from 2017, with 2 694 bankruptcies, at pre-crisis levels.

SMEs' access to finance has been a major priority for the government. In this context, several credit lines were made available to facilitate SMEs' access to credit. The government programmes "SME Invest/Growth and *Capitalizar*" offered credit lines with a total stock of EUR 20.2 billion, and long-term maturities (up to 7 years). They also offer preferential conditions, such as subsidised risk-sharing public guarantees, which cover between 50% and 75% of the loan. These credit lines aim to support fixed investment as well as SME working capital.

On the equity side, several venture capital funds and business angels co-investment vehicles have been implemented, totalling EUR 270 million for venture capital investments in the start-up and expansion phases (2017-2020). To reinforce the entrepreneurial ecosystem, the government created in 2018, a venture capital fund with the European Investment Fund (EIF), totalling EUR 100 million, the "Portugal Tech".

The Portuguese Government approved a strategic program, "Capitalizar", to support the capitalization of Portuguese companies, relaunch investment and facilitate SMEs' access to funding, mainly through:

- Financial instruments of direct or indirect participation in companies;
- Special financing instruments to quasi-equity capital;
- Tax measures to encourage firm capitalisation.

Table 37.1. Scoreboard for Portugal

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR billion	83.8	91.7	92.3	90.8	87	79.8	73.6	70.9	68.1	66.8	62.7	58.8
Outstanding business loans, total	EUR billion	102	112.4	114	111.5	107.3	98.8	91.8	86.3	79	77.3	72.6	69.1
Share of SME outstanding loans	% of total outstanding business loans	82.17	81.57	80.96	81.45	81.13	80.75	80.13	82.19	86.2	86.4	86.4	85.2
New business lending, total	EUR billion	64.3	61.8	46.3	45.6	45	45.6	49.1	41.2	33.8	29.8	28.8	31.6
New business lending, SMEs	EUR billion	28.9	26.4	23.1	9	14.2	12.5	11.9	11.9	11.9	11.3	10.9	11.2
Share of new SME lending	% of total new lending	44.9	42.78	49.97	19.72	31.63	27.52	24.16	28.79	35.2	37.88	37.74	35.56
Short-term loans, SMEs	EUR billion	..	..	28.9	26.7	23.8	16.7	14.2	11.4	9.8	10.2	10.1	10.3
Long-term loans, SMEs	EUR billion	..	..	58.8	59.2	56.1	53.2	47.8	47.3	46.1	44.6	43.1	42.4
Share of short-term SME lending	% of total SME lending	..	..	32.94	31.09	29.77	23.91	22.94	19.41	17.48	18.69	18.98	19.5
Government guaranteed loans, SMEs	EUR billion	..	..	5	6.8	6.1	5.7	5.8	5.5	5.6	5.7	6.1	6.2
Non-performing loans, total	% of all business loans	1.83	2.44	4.22	4.59	6.94	10.54	13.46	15.05	15.91	15.85	13.46	9.43
Non-performing loans, SMEs	% of all SME loans	4.14	4.38	4.95	5.41	8.18	12.33	15.77	17.32	17.92	17.88	15.1	10.38
Interest rate, SMEs	%	7.05	7.64	5.71	6.16	7.41	7.59	6.82	5.97	4.6	3.83	3.42	3.13
Interest rate, large firms	%	5.29	5.92	3.84	3.91	5.4	5.43	4.97	4.37	3.25	2.69	2.14	1.93
Interest rate spread	% points	1.76	1.72	1.87	2.25	2.01	2.16	1.85	1.6	1.35	1.14	1.28	1.2
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	85.95	86.3	85.16	84.76	83.42	84.88	88.88	88.78	89.71	89.57
Non-bank finance													
Venture and growth capital	EUR million	120.8	65.3	60.8	68.9	110.7	59.6	127.6	175.9	114.9	44.9	70.8	364.5
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-45.9	-6.9	13.4	60.6	-46.2	114.1	37.9	-34.7	-60.9	57.5	414.6
Leasing and hire purchases	EUR billion	..	..	5.3	5.2	3.4	3	2.7	2.4	2.3	2.3	2.2	2.2
Factoring and invoice discounting	EUR million	..	..	621	733	402	338	376	476	547	441	421	454
Other indicators													
Payment delays, B2B	Number of days	39.9	33	35	37	41	40	35	33	21	20	20	12
Bankruptcies, SMEs	Number	2 612	3 528	3 815	4 091	4 746	6 688	6 030	4 019	4 714	3 620	3 099	2 694
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	35.1	8.1	7.2	16	40.9	-9.8	-33.3	17.3	-23.2	-14.39	-13.1

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38. Russian Federation

The definition of SMEs in the Russian Federation differs from the EU definition, hindering accurate international comparisons.

There are more than 6.2 million micro, small, and medium-sized enterprises in Russia (as of May 2019), accounting for about 22.3% of GDP and employing around 26.3% of the workforce.

New SME loans doubled between 2008 and 2013, but in 2014 there was slight decline (-6%) which was followed by a sharp 28% drop in 2015. In 2016, the downward trend continued (-3%). This movement reversed in 2017 and 2018, as new SME loans increased respectively by 15% and 11%.

In 2018, the continuous (2014-2017) decline in outstanding SMEs loans turned into weak growth (+1%).

Lending conditions tightened considerably in 2014-2015, with an increase of the central interest rate from 5.5% to 17%, but this trend reversed in 2016-2018, when interest rates sharply decreased as a result of an easing of monetary policy, and the launch of new state programmes of preferential lending for SMEs.

The interest rate spread between loans charged to SMEs and to all non-financial enterprises increased in 2015, shrank more than twofold in 2016, and increased slightly again in 2017. In 2018, the decline continued and the indicator reached its historical minimum.

Venture capital (VC) and Private equity (PE) have grown steadily over the 2008-13 period, doubling from 2008 and reaching USD 26.3 billion by the end of 2013. In 2014, there was a slight decrease of 1%, which in the next 2 years was followed by a strong decline (14% in 2015 and 13% in 2016). In 2017, the decline was replaced by low growth (4 %). In 2018, this trend continued, with 8% growth.

Non-performing SME loans doubled between 2013 and 2017 from 7.08% to 14.93% of all loans. In 2018 this indicator decreased slightly, but remained at high levels (12.38%).

In 2018, government initiatives to legalise self-employment were launched. The pilot project started in four regions. In addition, a large-scale state programme to promote entrepreneurship was launched.

One of the factors that could limit the development of entrepreneurship in 2019 is the increase in the tax burden (growth in VAT rate from 18% to 20%).

Table 38.1. Scoreboard for the Russian Federation

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt												
Outstanding business loans, SMEs	RUB billion	2 523	2 648	3 228	3 843	4 494	5 161	5 117	4 885	4 469	4 170	4 215
Outstanding business loans, total	RUB billion	12 997	12 412	13 597	17 061	19 580	22 242	27 785	29 885	28 204	29 219	32 229
Share of SME outstanding loans	% of total outstanding business loans	19.41	21.33	23.74	22.53	22.95	23.20	18.42	16.35	15.84	14.27	13.08
New business lending, total	RUB billion	..	18 978	20 662	28 412	30 255	36 225	38 530	34 236	35 580	38 453	45 005
New business lending, SMEs	RUB billion	4 090	3 003	4 705	6 056	6 943	8 065	7 611	5 460	5 303	6 117	6 816
Share of new SME lending	% of total new lending	..	15.82	22.77	21.31	22.95	22.26	19.75	15.95	14.90	15.91	15.15
Government loan guarantees, SMEs	RUB billion	..	..	..	24	28	30	22	..	102	141	146,4
Government guaranteed loans, SMEs	RUB billion	..	..	..	51	62	65	48	..	172	234	312
Non-performing loans, total	% of all business loans	..	5.83	5.43	4.30	4.57	4.31	4.59	5.61	6.91	6.66	6.51
Non-performing loans, SMEs	% of all SME loans	2.93	7.56	8.80	8.19	8.39	7.08	7.71	13.64	14.23	14.93	12.38
Interest rate, SMEs	%	..	..	..	..	..	..	16.09	16.44	13.03	10.84	10.08
Interest rate, large firms	%	..	..	..	..	..	..	12.94	12.95	11.70	9.41	9.17
Interest rate spread	% points	..	..	..	..	..	..	3.15	3.49	1.33	1.43	0.91
Non-bank finance												
Venture and growth capital	USD million	14 327	15 192	16 787	20 092	24 126	26 251	25 991	22 386	19 566	20 398	22 065
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	6.04	10.50	19.69	20.08	8.81	-0.99	-13.87	-12.60	4.25	8.17
Leasing and hire purchases	RUB billion	..	..	..	..	2 530	2 900	3 200	3 100	3 200	3 450	4 300
Factoring and invoice discounting	RUB billion	361	725	1 230	1 600	1 650	1 400	1 530	1 850	2 630

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39. Serbia

SMEs dominate the Serbian business economy, accounting for 99% of all enterprises. In 2018, SMEs employed more than 65% of the labour force and accounted for 57.4% of total gross value added and for 37% of total exports. Sector-specific data indicates that most SMEs belonged to the trade sector (26.0%), followed by the manufacturing sector (15.4%), professional, scientific and innovative activities (12.8%), and transportation and storage (10.0%).

Results from the 2018 SME lending conditions survey conducted by the National Bank of Serbia indicate that SME financing conditions continued to improve, prolonging a trend that started in 2014. These improvements are linked to the country's achievement and maintenance of a more macro-economically stable environment, as well as to the Central Bank's relaxation of monetary policy and successful work on resolutions for dealing with NPLs, which have lowered the country's risk premium.

In 2018, new bank lending to SMEs increased by 17.2% year-on-year. The share of new SMEs loans among total corporate loans likewise increased by 1.8 percentage points to 44.5% in 2018. The stock of SMEs loans in 2018 increased by 12% year-on-year to EUR 6.5 billion. As a result, the share of outstanding SME loans in total corporate loans stood at 31.2%. Long-term loans amounted to 77.2% of total SMEs loans.

Lending conditions as captured by interest rate levels continue to improve. Interest rates for SME loans in or indexed to foreign currencies decreased to 4.2% in 2018 (from 4.6% in 2017 and 5.7% in 2016), however the interest rate spread between large companies and SMEs increased slightly to 1.9 percentage points (from 1.8 percentage points in 2017). On the Serbian dinar-denominated loans side, interest rates on loans to large companies decreased faster than interest rates on SME loans, thus the interest rate spread on RSD-denominated loans increased to 2.4 percentage points (from 1.9 percentage points in 2017). More specifically, interest rates on RSD-denominated loans to SMEs declined from 6.9% in 2017 to 6.3% in 2018.

The rejection rate (that is, the percentage of SME loan applications that are rejected) decreased to 17.1% in 2018 (from 28.3% in 2017), while the utilisation rate (the percentage of used SME loans among all SME loans that were approved) increased to 95% in 2018 (from 90.6% in 2017). At the same time, the share of loans requiring collaterals (excluding bills of exchange) decreased to 53.1% in 2018 (from 53.8% in 2017).

The share of NPLs in total SMEs loans continued to improve in 2018 and stood at 6.1% (compared to 9.9% in 2017). This is a strong signal supporting the successful implementation of the NPL Resolution Strategy, which affected not only the SME segment but the whole corporate sector, whose NPL share decreased to 5% in 2018 from 10.4% in 2017.

Table 39.1. Scoreboard for Serbia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR Million	2 858	3 994	3 966	4 202	4 320	4 352	4 061	4 779	5 340	5 552	5 802	6 497
Outstanding business loans, total	EUR Million	13 598	19 044	19 268	19 777	20 028	20 460	19 154	18 724	18 677	18 362	19 150	20 847
Share of SME outstanding loans	% of total outstanding business loans	21.02	20.97	20.58	21.25	21.57	21.27	21.20	25.52	28.59	30.24	30.30	31.16
New business lending, total	EUR Million	..	..	..	..	8 862	9 043	7 093	6 765	8 461	10 130	10 966	12 339
New business lending, SMEs	EUR Million	2 027	3 409	3 015	3 190	3 323	2 771	2 302	2 717	3 332	4 038	4 688	5 495
Share of new SME lending	% of total new lending	..	..	..	..	37.49	30.64	32.45	40.16	39.38	39.86	42.75	44.53
Outstanding short-term loans, SMEs	EUR Million	1 000	1 265	1 356	1 436	1 308	1 257	1 386	1 405	1 348	1 380	1 451	1 483
Outstanding long-term loans, SMEs	EUR Million	1 858	2 729	2 610	2 766	3 012	3 096	2 675	3 374	3 993	4 172	4 350	5 013
Share of short-term SME lending	% of total SME lending	34.98	31.67	34.20	34.17	30.28	28.87	34.13	29.40	25.24	24.86	25.01	22.83
Government guaranteed loans, SMEs	EUR Million	0	0	298	523	390	569	342	750	126	13	14	15
Non-performing loans, total	% of all business loans	..	14.56	19.84	20.70	22.33	19.19	24.52	24.64	21.71	17.22	10.41	5.05
Non-performing loans, SMEs	% of all SME loans	6.72	10.56	18.86	21.00	22.64	26.15	28.05	27.08	26.69	20.16	9.91	6.15
Interest rate, SMEs	%	10.69	10.90	10.57	10.06	9.72	8.15	8.03	7.25	6.31	5.69	4.58	4.23
Interest rate, large firms	%	6.32	8.04	7.23	7.36	7.88	6.60	6.34	5.18	3.87	3.13	2.78	2.30
Interest spread	% points	4.37	2.85	3.35	2.70	1.85	1.55	1.70	2.07	2.44	2.56	1.79	1.93
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	31.62	38.78	43.14	44.51	45.59	53.00	55.06	53.13	53.79	42.70	53.85	53.09
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	..	..	..	14.94	16.46	16.89	15.46
Rejection rate	1-(SME loans authorised/ requested)	18.66	17.25	28.42	27.13	15.77	32.02	32.18	25.15	24.52	28.18	28.32	17.09
Utilisation rate	SME loans used/ authorised	71.75	81.66	88.20	67.76	83.83	86.11	87.92	86.47	87.86	88.05	90.58	94.99

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40. Slovak Republic

SMEs dominate the Slovak economy, accounting for 99.5% of the business population (excluding self-employed individuals). The number of SMEs increased by 1.7% in 2018, and micro-enterprises accounted for a considerable portion of this growth, growing by 1.8% year-on-year.

Credit conditions and access to finance for SMEs improved in 2018, which was reflected not only in an increase in the volume of existing and new bank loans but also in a decline in non-performing loans. The amount of outstanding business loans has been growing since 2013, increasing by 5.2% in 2018 from 2017, to EUR 15 281 million. More than half of SMEs' outstanding business loans (61.8%) were long-term, while short-term loans accounted for 38.2% (EUR 5 842 million) of SMEs' outstanding business loans.

Favorable credit conditions increased interest in bank financing for all size categories of enterprises. Despite a decrease in the share of SMEs in the total volume of new lending, the volume of SMEs' new business lending increased year-on-year by 8.4%.

The share of non-performing SME loans among all SME loans was higher (5.7%) than the share of non-performing loans among all business loans (4.1%) in 2018. Both shares, however, decreased in 2018.

Interest rates on SME loans fell from 3.8% in 2012 to 3.0% in 2017 and remained unchanged in 2018. The drop in SME interest rates over these years has been making finance available to more SMEs. Interest rates for self-employed entrepreneurs reached 5.2% in 2018, 0.1 percentage points lower than in the previous year. This improvement in SMEs' access to credit financing indicates that credit conditions have been gradually improving over the reference period.

After last year's significant decline in the volume of venture and growth capital caused by the closure of funding support under the JEREMIE initiative for the 2007-2013 programming period, there was a recovery in 2018. The amount of venture capital investments increased year-on-year by 85.6% to EUR 5.4 million in 2018. The majority of investments were focused on established SMEs – to expand production capacities, to develop market potential or further development of product or service. Compared to SME bank financing, the amount of venture capital invested in 2018 is still negligible.

The payment discipline of SMEs has not changed over the past 3 years - average business-to-business (B2B) payment delays remained stable at 19 days.

SME bankruptcies, which totalled 252 over the year, accounted for 98.4% of all bankruptcies in 2018. Despite the decreasing trend, the number of SME bankruptcies for 2018 is still higher than in the pre-crisis period.

The government has continued to implement several policies that seek to improve SMEs' access to finance. Primarily, these consist of loan and guarantee provisions to SMEs by specialised state banks (The Slovak Guarantee and Development Bank and Eximbank) and the Slovak Business Agency.

Table 40.1. Scoreboard for the Slovak Republic

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs ⁽¹⁾	EUR billion	9.1	12.1	12	12	10.6	11	10.7	11.9	13.2	13.5	14.6	15.3
Outstanding business loans, SMEs ⁽²⁾	EUR billion	..	..	..	..	..	5.9	6.7	6.9	7.4	8.7	8.9	9.2
Outstanding business loans, total	EUR billion	13.9	15.7	15.2	15.2	16.1	15.5	15.1	14.8	16.1	16.9	18.1	18.9
Share of SME outstanding loans ⁽¹⁾	% of total outstanding business loans	65.7	77.12	79.39	79.39	65.77	71.11	71.07	80.22	81.7	79.81	80.46	80.66
New business lending, total	EUR billion	8.49	9.44	7.56	9.12	10.69	11.69	11.88	12.5	11.78	8.67	9.5	10.72
New business lending, SMEs ⁽²⁾	EUR billion	..	..	..	..	..	2.36	2.63	2.6	3.09	3.13	3.17	3.46
Share of new SME lending	% of total new lending	..	..	..	..	..	20.2	22.16	20.83	26.2	36.14	33.37	32.29
Outstanding short-term loans, SMEs	EUR million	4 609	4 797	4 981	4 987	4 188	4 481	4 532	5 385	5 766	5 394	5 695	5 842
Outstanding long-term loans, SMEs	EUR million	4 527	7 295	7 051	7 059	6 412	6 557	6 202	6 517	7 404	8 129	8 832	9 439
Share of short-term SME lending	% of total SME lending	50.45	39.67	41.4	41.4	39.51	40.6	42.22	45.24	43.78	39.89	39.21	38.23
Government loan guarantees, SMEs	EUR million	82	99	81	70	84	87	38	26	60	46	32	39
Government guaranteed loans, SMEs	EUR million	115	157	143	139	167	136	157	186	244	184	88	116
Direct government loans, SMEs	EUR million	117	160	139	146	168	209	152	159	172	177	120	132
Non-performing loans, total	% of all business loans	..	..	6.8	8.4	8.3	7.9	8.3	8.6	7.4	6.5	5	4.12
Non-performing loans, SMEs ⁽²⁾	% of all SME loans	..	..	..	..	..	10.4	9.9	10.3	9	8.1	6.65	5.68
Interest rate, SMEs	%	5.5	4.6	3	3.2	3.2	3.8	3.6	3.8	3.4	3.1	3	3
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	100	100	100	100	100	100	100	100	100	100	100	100
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	17	..	16	..	23	18	22	17
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	20	..	15	..	13	5	13	10
Non-bank finance													
Venture and growth capital	EUR million	7	8	14.4	11.4	11.5	7	9	9	12.7	17.1	2.9	5.4
Venture and growth capital (growth rate)	%, year-on-year growth rate	..	14.3	80	-20.8	0.9	-39.1	28.6	-0.3	41.7	34.4	-83	85.57
Other indicators													
Payment delays, B2B	Number of days	20	8	13	17	20	21	19	17	24	19	19	19
Bankruptcies, SMEs	Number	169	251	276	344	363	339	377	409	350	273	285	252
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate	..	48.5	10	24.6	5.5	-6.6	11.2	8.5	-14.4	-22	4.4	-11.6

Note: (1) SME loans classified according to the national/ EU definition of SMEs; (2) No EU definition used - SME loans classified based on banking standards.

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41. Slovenia

Slovenian SMEs employ 72% of the workforce in the business economy (436 000 persons employed), and produce 64% of the value added (EUR 13 billion). Micro firms account for more than one third of all employment in the business economy, while the share of large firms in both employment and value added are below the OECD average, in line with the small size of the economy.

Firms manufacturing coke and petroleum are comprised only of SMEs. Otherwise, SMEs dominate mostly the service sector in terms of employment. Relative to the OECD average, the share of SMEs is significantly higher in the ICT sector and in manufacture of machinery. On the other hand, employment in textiles and apparel and in electrical equipment manufacturing activities is relatively more concentrated in large companies. (OECD, forthcoming publication).

Table 41.1. Scoreboard for Slovenia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Outstanding business loans, SMEs	EUR billion	7.30	8.12	7.86	9.67	9.79	9.53	5.70	4.31	4.12	4.35	4.61	4.71
Outstanding business loans, total	EUR billion	16.80	19.94	19.86	20.83	20.09	18.64	14.14	11.21	10.04	9.31	9.31	9.18
Share of SME outstanding loans	% of total outstanding business loans	43.45	40.71	39.59	46.43	48.75	51.14	40.29	38.47	41.01	46.79	49.52	51.33
New business lending, total	EUR billion	..	..	..	10.25	12.38	9.21	6.71	5.99	4.95	3.92	3.48	3.64
New business lending, SMEs	EUR billion	..	..	..	6.09	7.17	5.81	3.78	3.30	2.88	2.23	2.21	2.13
Share of new SME lending	% of total new lending	..	..	..	59.36	57.93	63.06	56.34	54.99	58.07	56.90	63.55	58.54
Outstanding long-term loans, SMEs	EUR billion	2.09	2.53	2.15	2.76	3.09	3.19	1.74	0.79	0.61	0.78	0.80	0.83
Share of short-term SME lending	% of total SME lending	5.21	5.59	5.71	6.91	6.70	6.34	3.96	3.53	3.51	3.58	3.82	3.88
Government loan guarantees, SMEs	EUR million	28.62	31.19	27.33	28.54	31.55	33.47	30.51	18.22	14.70	17.87	17.26	17.72
Non-performing loans, total	% of all business loans	3.00	4.00	8.00	13.00	20.00	27.00	25.00	23.00	21.00	10.00	8.00	5.00
Non-performing loans, SMEs	% of SME loans	4.00	7.00	11.00	15.00	23.00	29.00	36.00	39.00	35.00	17.00	11.00	7.00
Interest rate, SMEs	%	7.11	7.51	7.09	5.80	6.00	5.89	5.84	5.14	3.66	2.93	2.73	2.98
Interest rate, large firms	%	5.69	6.25	5.06	5.07	5.17	4.84	4.48	4.16	2.84	2.15	2.24	2.01
Interest rate spread	% points	1.42	1.26	2.03	0.72	0.83	1.05	1.36	0.97	0.82	0.78	0.49	0.97

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42. South Africa

Although estimates vary, the number of micro, small and medium enterprises (SMEs) in South Africa rose by 3%, from 2.18 million in the first quarter of 2008 to 2.25 million in the second quarter of 2015 (Bureau for Economic Research (BER), 2016). Of the 2.25 million SMEs, 1.5 million were informal, concentrated in the trade (wholesale and retail) and accommodation sector.

The evidence regarding firm dynamics in South Africa suggests that scaling up is a significant challenge for most SMEs. For instance, average annual growth rates are positively related with firm size, such that larger firms exhibit higher average growth. Lack of access to markets, technology, business infrastructure, information etc., are some of the constraints for SMEs scaling up.

According to the South African Reserve Bank data on bank statistics, total SME credit exposure to banks was ZAR 617 billion at the end of 2017, which accounts for 28% of total business loans. As indicated below, the low level of SME financing appears to be emanating from the demand side as the vast majority of SMEs indicates that they do not borrow from financial institutions, particularly banks.

Owner-funded capital represents, by far, the most widely used source of finance, followed by investments by family and business partners.

SME non-performing loans in the banking sector have declined since 2010, falling from 5.2% to 2.5% in 2017. The economic recovery following the 2009 recession and prudent lending criteria have likely contributed to the improvement. At 2.53% in 2017, the ratio of non-performing loans of SMEs was higher than that of total corporates (1.3%) by more than one percentage point.

Government funding for SMEs is provided through grants and financing by development finance institutions (DFIs). The outstanding direct government loans to SMEs at the end of 2017 amount to ZAR 11.48 billion, which accounted for 1.8% of all SME loans.

Credit guarantees are also in use in South Africa. ZAR 297 million were provided in 2017 by the IDC and SEFA up from ZAR 243 million in 2016, after having declined significantly in 2013 and in 2014.

The South African Government is also working on the establishment of a registry for movable assets and of a database with credit information. Both initiatives aim to make lending less risky and should therefore make bank financing more widely available.

Table 42.1. Scoreboard for South Africa

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt												
Outstanding business loans, SMEs	ZAR million	..	423 691	411 212	388 090	411 280	454 012	512 504	545 271	579 823	638 525	617 846
Outstanding business loans, total	ZAR billion	..	1 441	1 276	1 373	1 481	1 648	1 791	1 965	2 323	2 377	2 239
Share of SME outstanding loans	% of total outstanding business loans	..	29.39	32.23	28.26	27.76	27.55	28.61	27.75	24.96	26.87	27.59
Government loan guarantees, SMEs	ZAR million	8	99	226	201	439	227	105	105	223	243	298
Direct government loans, SMEs	ZAR million	..	4 829	4 909	5 915	6 900	7 383	7 269	8 748	10 565	10 898	11 481
Non-performing loans, total	% of all business loans	..	1.40	2.96	2.91	2.11	1.97	1.84	1.54	1.64	1.48	1.29
Non-performing loans, SMEs	% of all SME loans	..	2.89	5.23	5.20	4.07	3.36	2.92	2.94	2.51	2.55	2.53
Non-bank finance												
Venture and growth capital	ZAR million	468	551	242	194	211	288	183	273	372	872	..
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	17.74	-56.08	-19.83	8.76	36.49	-36.46	49.18	36.26	134.41	..
Other indicators												
Bankruptcies, SMEs	Number	3 151	3 300	4 133	3 992	3 559	2 716	2 374	2 064	1 962	1 934	1 868
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	4.73	25.24	-3.41	-10.85	-23.69	-12.59	-13.06	-4.94	-1.43	-3.41

The full country profile is available at

<https://doi.org/10.1787/061fe03d-en>

43. Spain

99.7% of all non-financial corporations (NFCs) in Spain in December 2017 were SMEs, employing 63.8% of the business labour force. Of these, micro-enterprises dominated with a share of 89.8% of all enterprises.

The expansion of the Spanish economy continued in 2018. GDP growth was 2.6%, somewhat down on 2017. Growth remained very intensive in employment creation. The slight slowdown observed was in line with expectations, but the composition of GDP was very different: domestic demand continued to be very robust, set against the significant slowdown in exports. Activity and world trade were affected by the tightening of global financial conditions and heightening uncertainty over trade conflicts and the Chinese authorities' difficulties in redressing this economy's debt.

After an intense contraction of the SME lending during the financial crisis, the activity and business performance of NFCs in general recovered, in particular those SMEs in particular, which began to grow in 2014, and continued all along the period 2015-2018, as did the improvement in their financing conditions.

Short-term loans, for the first year in the recent period, recorded a reduction as a percentage of total loans. In the case of SMEs, at end-2018, 89.7% of lending was short term, which is a higher share than for large corporations and implies that SMEs are more dependent on credit institutions in the refinancing process than large enterprises.

As regards SME credit conditions, the trend of declining interest rates and interest rate spreads, along with a stabilisation of credit conditions, initiated in 2012, continued. The interest rate spreads between loans to SMEs and large corporates also continued to narrow over the same period, progressively falling from the peak 230 basis points (bp) in 2012 to 20 bp in 2018.

General government financing to non-financial corporations has stabilized in the last 3 years. In particular, financing to SMEs during 2018, showed a very moderate increase. This was, however, compatible with a greater availability of liquid funds and easier credit conditions from private-sector banks, so that SMEs found it easier to access private credit rather than public financing.

The economic recovery and the higher demand, along with improved credit conditions, were also evidenced in lower company mortality (bankruptcies). This was also favoured by various insolvency legislation reforms that have stimulated agreements between creditors and the business continuity.

The latest available information on venture capital investments which relates to 2017, indicates equity financing and the related investments with respect to the seed, start-up and expansion stages in that year (EUR 1 146 million) decreased by 1.2 vis-a-vis 2016.

Table 43.1. Scoreboard for Spain

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	EUR billion	..	..	..	..	..	..	..	293	258	247	263	229
Outstanding business loans, total	EUR Billion)	893	952	915	896	840	708	609	545	518	493	477	446
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	..	..	..	53.79	49.85	50.10	55.14	51.35
New business lending, total	EUR Billion)	991	929	868	665	527	485	393	357	393	323	339	347
New business lending, SMEs	EUR Billion	394	357	263	210	174	146	134	147	165	170	184	175
Share of new SME lending	% of total new lending	39.76	38.43	30.30	31.58	33.02	30.10	34.10	41.18	41.98	52.63	54.28	50.43
Outstanding short-term loans, SMEs	EUR	379	346	246	196	166	139	126	135	154	153	163	157
Outstanding long-term loans, SMEs	EUR	15	11	17	14	8	7	9	11	12	17	21	18
Share of short-term SME lending	% of total SME lending	96.19	96.92	93.54	93.33	95.40	95.21	93.33	92.47	92.77	90.00	88.59	89.71
Government loan guarantees, SMEs	EUR Million	5 550	7 700	11 000	10 100	12 000	11 000	13 000	9 100	7 600	6 500	3 110	0
Government guaranteed loans, SMEs	EUR Million	5 210	7 053	5 906	7 236	7 502	4 974	2 064	938	273	109	42	30
Direct government loans, SMEs	EUR Million	10 103	12 384	19 916	23 740	26 221	23 599	23 648	22 588	21 481	20 734	20 525	20 625
Non-performing loans, total	% of all business loans	..	..	..	5.81	7.84	10.43	13.62	12.51	10.12	9.11	7.79	..
Interest rate, SMEs	%	5.96	5.51	3.63	3.78	4.95	4.91	4.79	3.86	3.01	2.44	2.15	1.89
Interest rate, large firms	%	5.33	4.30	2.16	2.57	3.36	2.61	2.69	1.99	1.97	1.56	1.56	1.69
Interest rate spread	% points	0.63	1.21	1.47	1.21	1.59	2.30	2.10	1.87	1.04	0.88	0.59	0.20
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	35.19	34.36	31.45	30.00	31.22	28.24	25.89	26.04	24.05
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	38.07	36.25	34.67	31.89	31.49	34.36	33.81	32.80	28.14	28.60
Rejection rate	1-(SME loans authorised/ requested)	..	..	22.74	15.87	12.83	18.47	12.85	9.77	7.87	6.95	4.75	5.95
Non-bank finance													
Venture and growth capital	EUR Million	..	3 336	3 596	3 600	2 675	2 145	1 473	1 437	1 112	1 160	1 146	..
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	7.79	0.11	-25.69	-19.81	-31.33	-2.44	-22.62	4.32	-1.21	..
Other indicators													
Payment delays, B2B	Number of days	5.00	5.00	14.00	12.00	6.00	9.00	16.00	11.00	9.00	8.00	8.00	..
Bankruptcies, SMEs	Number	894	2 550	4 463	4 187	4912.00	6627.00	7517.00	5096	3927	3305	3 310	3 250
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	185.23	75.02	-6.18	17.32	34.91	13.43	-32.21	-22.94	-15.84	0.15	-1.81

The full country profile is available at

<https://doi.org/10.1787/061fe03d-en>

44. Sweden

In 2017, around 99% of limited liability companies with employees in Sweden were SMEs. They accounted for about 53% of total employment and 45% of GDP.

The stock of SME debt from banks and other financial institutions was SEK 1 290 billion in 2017, up by 10% in comparison with 2016. SME debt as a share of total outstanding debt was just above 40% in 2017, a slight increase from the previous year.

Surveys of bank managers' views on business loan volumes indicate that loans to SMEs have increased since Q1 2012 and continue to increase; this development is concurrent with decreasing low interest rates on bank loans over the period.

The repo rate – the main policy rate of the Swedish Central bank (*Sw. Riksbanken*) remains negative, but was increased in January 2019 from -0.5% to -0.25%. The repo rate dipped below zero in February 2015, and has remained negative ever since.

Private equity investments in Swedish companies in the venture and growth stages stood at EUR 499 million in 2018, an increase of 1.67% from the previous year. Alternative finance volumes in Sweden totalled EUR 196 million in 2018, of which EUR 126 million was alternative business funding.

Almi's lending decreased by 27% to SEK 1 857 million in 2017. The Swedish National Export Credits Guarantee Board issued guarantees totalling SEK 2.2 billion to SMEs in 2018, a 29% increase from 2017.

The Swedish parliament (*Riksdag*) adopted a proposal to address the structure of public financing for innovation and sustainable growth in June 2016 (the government's bill 2015/16:110). A primary aim of the revised public financing structure is to clarify and simplify the system of state venture capital (VC) financing. Its purpose is also to improve the efficiency of public resources and contribute to the development and renewal of Swedish industry. A key feature of the new structure is the establishment of a new joint stock company, Saminvest AB, a fund of funds that invests in privately managed VC firms focusing on development-stage companies. In 2018, Saminvest AB invested in 6 VC funds, which in turn made 56 investments in growth firms.

Table 44.1. Scoreboard for Sweden

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	SEK Billion	..	..	..	..	..	930	964	1 003	1 073	1 173	1 290	..
Outstanding business loans, total	SEK Billion	..	..	..	..	..	2 683	2 722	2 812	2 901	2 962	3 189	..
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	..	34.66	35.39	35.67	36.99	39.60	40.46	..
Outstanding short-term loans, SMEs	SEK Billion	..	..	..	..	..	211	217	249	262	316	339	..
Outstanding long-term loans, SMEs	SEK Billion	..	..	..	..	..	719	747	754	811	857	951	..
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	22.71	22.50	24.83	24.44	26.92	26.28	..
Direct government loans, SMEs	SEK Million	1 422	1 716	3 231	2 112	2 023	2 161	2 200	2 354	3 241	3 324	2 559	1 857
Non-performing loans, total	% of all business loans	0.08	0.46	0.83	0.78	0.65	0.70	0.61	1.24	1.17	1.04	1.12	0.49
Interest rate, SMEs	%	4.86	5.66	2.43	2.59	4.17	4.07	3.29	2.71	1.75	1.56	1.50	1.53
Interest rate, large firms	%	3.99	4.84	1.71	1.64	3.01	3.03	2.64	2.15	1.35	1.21	1.14	1.05
Interest rate spread	% points	0.87	0.82	0.72	0.95	1.16	1.04	0.65	0.56	0.40	0.34	0.37	0.48
Non-bank finance													
Venture and growth capital	EUR Million	566.3	504.8	361.7	699.4	422.4	335.5	357.3	375.6	280.8	290.9	491.2	499.4
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-10.86	-28.34	93.37	-39.61	-20.58	6.50	5.13	-25.25	3.61	68.83	1.67
Other indicators													
Payment delays, B2B	Number of days	..	..	..	..	..	20.00	24.00	15.00	9.00	9.00	10.00	14
Bankruptcies, SMEs	Number	2 469	3 139	3 913	3 342	3 449	3 808	3 777	3 355	2 998	2822.00	3 019	3 392
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	27.14	24.66	-14.59	3.20	10.41	-0.81	-11.17	-10.64	-5.87	6.98	12.24

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<https://doi.org/10.1787/061fe03d-en>

45. Switzerland

Only 0.8% of all Swiss enterprises are large and SMEs continue to dominate the enterprise landscape, constituting 99.2% of all firms.

Switzerland exhibited a real GDP growth of 2.5% in 2018, an increase of 1.4 percentage points from 2017.

Total outstanding SME loans rose by 4.6% in 2018, reaching CHF 441 billion, a higher growth rate compared to the 2017 figure of 2.4%.

Over the 2007-18 period, SME loans expanded by 36.6%, while overall corporate lending rose by 45.4%.

Lending standards remained unchanged in 2018, while demand for credit slightly increased.

The average interest rate charged to SMEs decreased in 2018 to 1.96% after the 2017 increase, while the interest rate spread between large and small companies decreased to 71 basis points.

Venture and growth capital investments experienced in 2018 a 33.8% decrease, following a large increase in 2017.

Crowdfunding activities are increasing rapidly (+38% in 2018), also supported by the lack of specific crowdfunding legislation. Recently, the government has taken steps to make the regulatory framework friendlier to the industry, and particularly to financial technology companies.

Payment delays in the business-to-business sector have significantly decreased over the last few years, from 12 days in 2008 to 6 days in 2018, illustrating that liquidity problems have significantly diminished.

In Switzerland, there are four guarantee cooperatives that help promising SMEs obtain bank loans of up to CHF 500 000. Loan guarantee volumes increased steadily over 2007-2010, declined slightly in 2011, and continued to grow in the following six years. The Parliament amended the Federal Law on Financial Aid for guarantee organisations: since 1 July 2019, the Law allows for guarantees up to CHF 1 million.

Table 45.1. Scoreboard for Switzerland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	CHF million	323 093	344 840	343 866	363 566	377 630	384 438	404 793	402 346	403 681	412 005	422 065	441 332
Outstanding business loans, total	CHF million	401 647	426 489	433 485	458 689	480 922	489 116	513 631	526 532	525 042	538 709	550 365	583 934
Share of SME outstanding loans	% of total outstanding business loans	80.44	80.86	79.33	79.26	78.52	78.60	78.81	76.41	76.89	76.48	76.69	75.58
Government loan guarantees, SMEs	CHF million	104	148	187	215	210	219	227	238	244	254	255	262
Interest rate, SMEs	%	..	..	2.21	2.11	2.08	2.01	1.99	2.05	2.07	2.04	2.09	1.96
Interest rate, large firms	%	..	..	1.35	1.23	1.16	1.11	1.16	1.16	1.30	1.25	1.30	1.25
Interest rate spread	% points	..	..	0.86	0.88	0.92	0.90	0.83	0.89	0.78	0.79	0.79	0.71
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	76.00	75.01	76.56	76.75	74.86	78.78	79.64	79.88	81.86	81.70
Utilisation rate	SME loans used/ authorised	71.00	70.00	71.00	70.00	69.00	71.00	72.00	72.00	71.76	71.68	70.59	70.30
Non-bank finance													
Venture and growth capital	EUR million	319.8	300.9	308.5	330.1	227.6	245.8	216.8	237.2	394.3	452.4	1195.9	790.7
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-5.91	2.53	7.00	-31.05	8.00	-11.80	9.41	66.23	14.73	164.35	-33.88
Other indicators													
Payment delays, B2B	Number of days	12	13	13	11	10	9	9	7	7	7	7	6
Bankruptcies, SMEs	Number	4 314	4 221	5 215	6 255	6 661	6 841	6 495	5 867	6 098	6 684	6 710	6 878
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	-2.16	23.55	19.94	6.49	2.70	-5.06	-9.67	3.94	9.61	0.39	2.50

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46. Thailand

In 2016, there were approximately 3.01 million SMEs in Thailand, which constituted 99.7% of all enterprises. They altogether contributed to 42.2% of the country's GDP and accounted for 78.5% of total private sector employment.

According to the criteria defined by the Ministry of Industry, SMEs are categorized by the number of employees and the value of total fixed assets (excluding land).

SMEs are able to access financing through commercial bank loans. In 2017, outstanding SME loans totaled THB 4 220 624 billion, representing 50.47% of all outstanding business loans. Furthermore, SMEs are able to source funds from other financial institutions, the capital market, crowdfunding and venture capital.

Some SMEs still face problems including collateral constraints and a lack of credit history, which limit their access to bank loans. Government policies have been put into place to address these constraints.

For example, the Thai Credit Guarantee Corporation (TCG) provides credit guarantees for viable SMEs to ensure that SMEs with insufficient collateral have access to bank loans.

Moreover, The Business Collateral Act B.E. 2558 (2015) simplified the process of security interest creation and expanded the types of collateral which SMEs can register and use to secure loans.

In addition, to boost SMEs' financial access in a sustainable manner, the government has also launched capacity-building programmes to enhance SMEs' competitiveness.

Table 46.1. Scoreboard for Thailand

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Outstanding business loans, SMEs	THB billion	2 365	2 410	2 222	2 376	2 743	3 084	3 513	3 710	3 918	3 989	4 220
Outstanding business loans, total	THB billion	4 629	5 117	4 863	5 298	6 080	6 723	7 473	7 774	8 017	8 066	8 362
Share of SME outstanding loans	% of total outstanding business loans	51.06	47.09	45.70	44.85	45.11	45.87	47.00	47.73	48.87	49.45	50.47
Government loan guarantee, SMEs	THB billion	..	..	..	73	113	180	244	270	309	331	353
Non-performing loans, total	% of all business loans	8.23	5.77	5.32	3.96	2.97	2.36	2.13	2.07	2.55	2.88	3.01
Non-performing loans, SMEs	% of all SME loans	..	..	7.11	5.38	3.97	3.46	3.29	3.11	3.5	4.35	4.37

Source: Bank of Thailand and Thai Credit Guarantee Corporation (Outstanding loans and non-performing loans include only Thai commercial banks, excluding specialized financial institutions).

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<https://doi.org/10.1787/061fe03d-en>

47. Turkey

SME lending grew steadily over the whole 2007-2018 period, with the exception of a minor decline of 1.6% in 2009. SME loans grew by 19% in 2018. The share of SME loans in total business loans remained broadly stable, at 32.3%, slightly below the Scoreboard median (38%).

Venture and private equity investments show an erratic pattern. After reaching a peak in 2011, investments remained subdued in the years after, until 2017, when new investments surpassed 2011 levels for the first time. In 2018, a 108% increase from 2017 was observed. Non-performing loans (NPLs) ratio for both business loans and SME loans rose significantly in 2018, to 4.01% and 6.69%, respectively. Nevertheless, these levels remain lower than the previous peak levels in 2009.

The number of bankruptcies decreased from 131 firms in 2017 to 105 in 2018. Company closures, including sole proprietorships, totalled 38 698 enterprises in 2018, decreased from 42898 enterprises in 2017, highlighting that bankruptcies (upon court verdict) constitute a relatively uncommon phenomenon in Turkey.

In 2012, the Turkish Government enacted a law to stimulate the development of the business angel industry. A secondary legislation came into force in 2013. The purpose of the law and the secondary legislation was the establishment of a legal framework and the provision of generous tax incentives for licensed angel investors.

The government also introduced regulation regarding fund of funds, which enables the Ministry of Treasury and Finance to transfer capital to a fund of funds under certain conditions in 2014. In 2017, the fund of funds law, which regulated capital contribution of the Ministry of Treasury and Finance (Turkish Treasury) to funds of funds was changed. With this change Ministry of Treasury and Finance has the authority to invest not only fund of funds but also venture capital funds. Secondary legislation of Direct Investment to Venture Capital Funds came into force on 5 June 2018.

KOSGEB constitutes the main body for executing SME policies in Turkey. It provides 11 different support programmes and supports collateral costs for SMEs with considerable outreach throughout Turkey.

In 2018, KOSGEB made some changes in its support programmes with a vision to give priority to SMEs that produce innovative, technological and high value-added products, who want to carry these products to international markets and who are export-oriented. In this direction, KOSGEB made innovations in its support models in order to extend the technology to the base through SMEs, strengthen the manufacturing industry, support domestic and national production for the production of imported products domestically, increase internationalization and enable large and small business cooperation. Additionally, in the field of entrepreneurship, KOSGEB has established a new entrepreneurship model with a focus on medium-high and high-tech fields.

At the end of 2018 KOSGEB has introduced a new loan interest support programme. The new model provides resource efficiency, facilitates access to finance for enterprises in high value added sectors and is easily accessible throughout the year. SMEs can be classified as Entrepreneurial Enterprises, Project Oriented Enterprises, Technology Based Enterprises and Enterprises in Strategic Priority Sectors. Classified SMEs can benefit from investment, working capital, export and emergency support loan types with subsidised loan rates. In 2016, Turkey passed a bill on movable collateral in commercial transactions.

The goal of the reform is to increase access to finance against valuable tangible and intangibles assets such as receivables, machinery, inventory and stock, which comprise 78% of SMEs' total assets. This reform led to the creation of 22 361 security rights in 2017, 2018 and the first six months of 2019, amounting for security right to TRY 526.3 billion, USD 41.6 billion US Dollars and EUR 30.2 billion Euros and actual financial amount is TRY 51.1 billion Turkish Liras, USD 8.2 billion, and EUR 1.03 billion. The most used assets are receivables, machines and inventories respectively.

Table 47.1. Scoreboard for Turkey

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs	TRY billion	76.5	84.6	83.3	125.5	162.8	199.7	271.4	333.3	388.7	420.5	513.2	611.3
Outstanding business loans, total	TRY billion	190.6	250.3	262.7	353.2	459.0	528.8	715.5	884.6	1 100.1	1 314.4	1 609.8	1 890.2
Share of SME outstanding loans	% of total outstanding business loans	40.14	33.80	31.70	35.52	35.47	37.77	37.94	37.67	35.34	32.00	31.88	32.34
Government loan guarantees, SMEs	TRY billion	0.1	0.3	0.6	0.9	1.1	1.1	1.1	1.4	1.6	5.3	236.7	94.5
Government guaranteed loans, SMEs	TRY billion	0.1	0.4	0.8	1.3	1.6	1.6	1.5	1.9	2.3	7.2	262.6	107.9
Direct government loans, SMEs	USD million	552	842	997	855	1 174	928	2 632	1 709	1 764	1 749	284.5	457
Non-performing loans, total	% of all business loans	3.8	3.7	4.91	3.43	2.61	2.82	2.69	2.64	2.68	2.9	2.81	4.01
Non-performing loans, SMEs	% of all SME loans	3.62	4.79	7.64	4.49	3.1	3.17	3.12	3.27	3.92	4.9	4.71	6.69
Non-bank finance													
Venture and growth capital*	TRY million	13.7	0.9	6.3	47.6	373.2	110.1	335.5	124.4	135.3	343.2	435.1	904
Venture and growth capital (growth rate)*	%, year-on-year growth rate	..	-93.76	639.58	652.9	684.82	-70.5	204.78	-62.93	8.77	153.64	26.79	108
Leasing and hire purchases	TRY billion	11.7	14.4	11.1	10.7	15.1	17.2	25.0	29.5	36.7	44.0	52.0	60.7
Factoring and invoice discounting	TRY billion	6.2	5.6	8.4	12.4	14.2	16.3	20.1	24.7	25.0	31.0	41.6	31.4
Other indicators													
Bankruptcies, total	Number	52	47	50	68	72	141	69	99	108	222	131	105
Bankruptcies, Total (growth rate)	%, year-on-year growth rate	..	-9.6	6.4	36.0	5.9	95.8	-51.1	43.5	9.1	105.6	-41.0	-19.8

Note: (*) The data presented in this section do not refer to outstanding values but show the new investments each year.

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<https://doi.org/10.1787/061fe03d-en>

48. Ukraine

SMEs prevail in the Ukrainian economy, accounting for 99.98% of the total business population (both legal enterprises and individual entrepreneurs). SMEs employ almost 81% of the labour force and generate 65% of total sales. Most SMEs belong to the trade sector (26.16%), agriculture (14.19%) and industry (11.82%)

In the wake of the economic crisis of 2014, employment and value added among SMEs have shown growth since 2016. Over all sectors and regions, employment in SMEs increased by 1%. The recovery continued in 2017 and 2018.

Today, the state policy is focussing specifically on SMEs, particularly on the financing of SMEs. This is evidenced by the approval of the Strategy for Small and Medium-sized Enterprise Development in Ukraine (hereafter - SME Development Strategy) in 2017 and of the Action Plan for Implementing the Strategy of SME Development in Ukraine (hereafter - Action Plan) in 2018. The access of SMEs to finance is one of the key priorities of these two programmes, which will run until 2020.

In Ukraine, banks play an important role in financing SMEs. There are fourteen banks operating on the market that actively provide services to SMEs at the national level and eight at the regional level. However, indicators on the size of the banking system only became available recently (the National Bank of Ukraine started to publish data on credit and credit rates by borrower size on 23 November 2017). That is, it is possible to analyse the dynamics only in a short-term perspective for now.

Results from the survey on SME lending conditions conducted by the National Bank of Ukraine show that businesses' demand for credit is growing. In particular, an increase is predicted for SME lending, as well as for short-term and national currency loans for businesses.

At the same time, according to another survey conducted by the European Business Association in 2018, 52% of respondents indicated that credits are "expensive" and difficult to obtain. Only 19% of respondents considered that credits are accessible.

The main driver for demand is businesses' need for working capital, which they are mostly unable to cover with their own funds. Additionally, banks indicate an increase in the approval of SMEs' credit applications and a gradual easing of lending standards for SMEs. Financial institutions expect further growth in the demand for all types of business loans. The most optimistic predictions concern SME loans.

In 2018, new SMEs loans accounted for 33% of total new business lending.

State banks as well as commercial banks in Ukraine have a range of financial and consulting services which target SMEs specifically. These include bank guarantees, blank credits for SMEs of all sizes, bill avalization, receipt of new and used transport vehicles, machinery and equipment, etc.

The following trends in Ukrainian SMEs financing can be outlined: financing of firms in the agricultural sector, financing of innovative enterprises, regional financial support programmes, state financial support programmes and international support programmes through Ukrainian banks. In particular, measures include the compensation of agricultural equipment costs, credit secured with future harvests, investment financing, energy efficiency loans, lines of credit without collateral, structured trade financing, etc.

Emphasis is being placed on the financing of innovative enterprises and start-ups. Thus, different ministries have established funds that aim at encouraging inventions and scientific approaches in business ventures.

The funds introduce grants and financing mechanisms after the company has gone through competitive selection. Furthermore, regional programmes play an important role in SMEs' financing.

Most state programmes focus on themes such as financial support at the start of the business, support for agricultural companies, tax and duty privileges, and “green tariffs”.

International support programmes, which are implemented through Ukrainian banks, provide credit funds to Ukrainian SMEs that meet the programme's requirements. Usually, the programmes targets entrepreneurs in rural areas and SMEs that operate in strategic sectors (agriculture, forestry and fisheries, manufacturing, hospitality, provision of electricity, gas and steam). The international support programmes involves the provision of a grant and targeted programmes by donor organisations.

While international financing is usually less costly than bank financing, most international donor programmes take the availability of transparent information and reporting into account, which the majority of SMEs lack.

Table 48.1. Scoreboard for Ukraine

Indicator		Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt														
Outstanding loans, SMEs	business	UAH billion	..	..	..	..	..	..	..	..	..	..	443	445
Outstanding loans, total	business	UAH billion	271	460	482	520	597	626	716	809	807	837	845	874
Share of SME outstanding loans		% of total outstanding business loans	..	..	..	..	..	..	..	..	..	..	52.42	50.86
New lending, total	business	UAH billion	627	724	685	958	1 079	1 121	1 330	1 231	1 213	1 446	1 407	2 011
New lending, SMEs	business	UAH billion	..	..	..	..	..	..	..	..	..	..	..	678
Share of new SME lending		% of total new lending	..	..	..	..	..	..	..	..	..	..	..	33.74
Outstanding loans, SMEs	short-term	UAH billion	..	..	..	..	..	..	..	..	..	..	200	215
Outstanding loans, SMEs	long-term	UAH billion	..	..	..	..	..	..	..	..	..	..	243	230
Share of short-term SME lending		% of total SME lending	..	..	..	..	..	..	..	..	..	..	45.12	48.34
Interest rate, SMEs		%	..	..	..	..	..	..	..	..	..	..	..	17.35
Interest rate, large firms		%	..	..	..	..	..	..	..	..	..	..	..	17.70
Interest rate spread		%	..	..	..	..	..	..	..	..	..	..	..	-0.35
Non-bank finance														
Venture and growth capital		UAH billion	..	..	..	0.020	0.024	0.059	0.089	0.039	0.132	0.088	0.259	0.337
Venture and growth capital (growth rate)		%	..	..	..	..	20.00	145.83	50.85	-56.18	238.46	-33.33	194.32	30.08
Leasing and hire purchases		UAH billion	12	8	2	3	9	9	25	6	5	10	13	22
Factoring and invoice discounting		UAH billion	0	1	2	6	7	12	10	24	17	17	31	48
Other indicators														
Bankruptcies, businesses	all	Number of subjects of entrepreneurial activity	9 540	7 168	6 098	6 292	6 007	4 920	4 075
Bankruptcies, businesses (growth rate)	all	%	-24.86	-14.93	3.18	-4.53	-18.10	-17.17

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<https://doi.org/10.1787/061fe03d-en>

49. United Kingdom

Developments in 2018 showed a marked divide between continued growth in alternative sources of finance and little change in bank lending. The main measures of bank lending to SMEs remained flat in nominal terms: driven, in no small part, by continued economic uncertainty and increasing SME reluctance to use external finance to invest and grow.

The outstanding stock of bank lending to SMEs, the principal component of SME finance markets, continued to decline in real terms. Total stock at GBP 166 billion at year end 2018 was significantly below historic levels against a backdrop of benign credit conditions, increasing credit availability and persistently low interest rates. Gross flows of bank lending in 2018 were little changed on 2017, closely matched by repayments, resulting in a slightly reduced net lending figure of GBP 0.5 billion in 2018.

More positively, outside of bank lending, there was an increase in usage of other types of finance signalling a more diverse funding environment for SMEs. The most commonly used forms of alternative finance, invoice finance (2%) and asset finance (3%), showed continued if slower growth in 2018, whilst the value of equity finance received by SMEs also increased (5%). Moreover, P2P business lending and P2P invoice finance grew apace in 2018, by 18% and 105% respectively, albeit from much smaller 2017 baselines.

On the demand side a range of indicators signalled generally low or declining SME demand for external finance despite conditions remaining broadly accommodative. UK Finance data show deposits held by SMEs rose to a record high in Q4 2018 to almost GBP 195 billion, a 15% increase on the previous year. At the same time there has been a continued reduction in SME usage of overdrafts.

More broadly, just 36% of SMEs reported using any type of external finance in 2018, compared to 44% in 2012. A majority (8 in 10) of SMEs who reported retaining good credit balances said this reduced their need for external finance. A similar percentage of SMEs have growth plans based on what they can afford to self-fund, and almost three quarters report they would accept a slower rate of growth rather than borrow. Overall, a much smaller proportion of SMEs (3%) applied for new and renewed bank facilities in 2018.

Reluctance to use external finance could reflect recent increases in economic uncertainty. Almost 1 in 4 SMEs report political uncertainty and the current economic climate as major obstacles to growth. Despite these concerns, one in two SMEs still aspire to grow over the next 12 months and fewer SMEs are citing access to finance as a major obstacle.

The UK Government, the Department for Business, Energy and Industrial Strategy and the British Business Bank will continue to work with a wide range of partners to promote and encourage SME access to, and take up of, external finance throughout the devolved nations and regions of the United Kingdom. For example, in June 2018 the British Business Bank launched a new website that offers independent and impartial information on different finance options for scale-up, high growth and potential high growth businesses.

On the supply side the British Business Bank has introduced the British Patient Capital programme, to enable long term investment into high growth potential companies across the UK, and further extended the ENABLE Guarantee programme to provide funding to banks supporting smaller housebuilders to access external finance.

Table 49.1. Scoreboard for the United Kingdom

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt												
Outstanding business loans, SMEs	GBP billion	..	..	..	189	176	166	167	164	166	165	166
Outstanding business loans, total	GBP billion	..	..	..	504	472	448	435	430	449	466	467
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	37.5	37.3	37.1	38.4	38.3	36.9	35.5	34.8
New business lending, total	GBP billion	..	..	..	..	146	163	190	205	234	259	273
New business lending, SMEs	GBP billion	..	..	..	..	38	43	53	58	59	57	58
Share of new SME lending	% of total new lending	..	..	..	..	26.1	26.4	28.2	28.2	25.3	22.2	21.1
Government loan guarantees, SMEs	GBP million	..	61	52	32	43	51	45	34	31	32	30
Government guaranteed loans, SMEs	GBP million	..	626	529	326	288	337	298	226	207	216	199
Direct government loans, SMEs	GBP million	..	..	..	..	0.8	60.6	70.7	62.0	82.6	106.8	85.5
Interest rate, SMEs	%	4.54	3.47	3.49	3.52	3.71	3.60	3.43	3.33	3.22	3.16	3.44
Interest rate, large firms / PNFs *	%	3.49	2.35	2.10	2.25	2.41	2.20	2.45	2.11	2.60	2.43	2.70
Interest rate spread	% points	1.05	1.12	1.39	1.27	1.30	1.40	0.98	1.22	0.62	0.73	0.74
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	25	31	31	34	40	45	56	41
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	7	6	4	5	4	3	2	2
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	31	32	23	18	19	20	17
Non-bank finance												
Venture and growth capital	GBP billion	..	..	..	1.9	1.6	1.6	2.2	2.4	2.7	4.2	4.2
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	-16.8	-0.6	40.5	9.9	8.6	57.0	0.5
Leasing and hire purchases	GBP billion	..	..	..	11.4	12.2	12.9	14.4	15.8	16.7	18.3	18.8
Factoring and invoice discounting	GBP billion	..	..	..	9.4	9.5	9.9	11.1	10.6	10.8	11.8	12.0
Other indicators												
Bankruptcies, SMEs	Thousands	..	..	..	22.3	21.4	20.0	17.6	15.9	17.9	18.5	18.7
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	-3.9	-11.6	-6.9	-9.8	12.1	3.6	1.4

Note: * Break in data series and definition from 2016.

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50. United States

During the 2010-18 recovery period, U.S. real GDP posted an average annual growth rate of 2.3%. While this growth rate was slightly lower than the 2.9% average recorded during the longer post-WWII period, it was sufficient to absorb excess labour supply created during the 2008-09 recession. The employment-to-population ratio rose continuously from 42% during March of 2010 to 45% during July of 2018, not far from the recent peak ratio 47% recorded during March of 2000. During this period, the index of real output per hour posted an average annual growth rate of 0.7%, while the index of real compensation per hour posted an average annual growth rate of 0.6%.

Net formation of employer firms and employer SMEs rebounded modestly since 2012, but as of 2015 they both stood 2.5% lower than their peak 2007 levels. However, the Bureau of Labor Statistics point to a continued growth during 2016 and 2017 with levels surpassing 2007 highs.

SME loan origination (flow data) indicates the new supply of loans to SMEs. It posted solid gains from October 2009 through September 2015, but then declined during the next sixteen months, bottoming during February 2017. 2018 marked a slight uptick in new lending to SMEs. Stock data show the value of small loans going to businesses declined continuously from 2008Q2 to 2013Q3, but then posted a modest recovery thereafter.

Since early 2010, bankers have been loosening lending standards for loans to large firms and SMEs, and SME surveys report that loan availability is near historical highs. However, the same data sources point to soft demand for SME loans. Interest rates for SME loans posted dramatic declines during 2006Q3 to 2009Q3, and then posted a flat to modest downward trend up to 2015Q4, when they started to rise.

At USD 29 trillion, SBA's loan guarantees are remaining at high levels. The number of guarantees have underperformed their dollar value, but nonetheless stood about 24% higher than 2009 lows as of the end of 2017. Like other SBA capital access programmes, SBIC financing rebounded strongly during the 2010-15 period, reaching USD 6.3 billion during 2015, more than tripling the USD 1.9 billion low recorded in 2009. More recently, and partly mirroring the decline in the overall VC market, the SBIC programme experienced a 4.7 and 4.4% decline during 2016 and 2017 respectively. The pattern of venture capital deals mirrors the pattern seen in the SME loan markets, where the number of contracts underperform their dollar value. As of 2017, the number of VC deals has not surpassed the 2014 high of 10 509, all the while their dollar value as of 2018 stood at 132, much higher than the previous 2015 high of USD 82.2 billion.

Total bankruptcy filings have been on a continuous decline since 2011. Business bankruptcies started their continuous decline a year earlier. As a result, business bankruptcies during 2018 were 63% lower than 2009 peak levels. Delinquency rates of SME loans are at or near historical lows, with 31-90 days delinquency rates ranging 1.0-1.5%, and 91-180 delinquency rates remaining below 0.5%.

Table 50.1. Scoreboard for the United States

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt													
Outstanding business loans, SMEs. As of June 30	USD billion	687	711	695	652	608	588	585	590	599	613	619	633
Outstanding business loans, total. As of June 30	USD trillion	2.28	2.57	2.52	2.30	2.35	2.55	2.67	2.87	3.07	3.32	3.46	3.62
Share of SME outstanding loans	% of total outstanding business loans	30.1	27.7	27.6	28.4	25.9	23.1	21.9	20.6	19.5	18.5	17.9	17.5
New business lending, SMEs	USD: Index	119	94	74	77	97	100	105	120	147	140	140	145
Government loan guarantees, SMEs	USD billion	21	16	15	22	19	23	23	24	28	29	32	29
Government guaranteed loans, SMEs	Number of loans (in thousand)	108	66	57	66	52	54	53	61	70	69	71	63
Non-performing loans, total	% of all business loans	1.22	1.88	3.91	3.46	2.01	1.34	1.00	0.80	0.87	1.57	1.33	1.12
Non-performing loans, SMEs	% of all SME loans	2.14	2.62	3.24	2.62	1.90	1.44	1.21	1.22	1.22	1.28	1.34	1.41
Interest rate, SMEs	%	7.96	5.16	3.82	4.09	3.95	3.76	3.55	3.39	3.33	3.46	4.94	5.16
Interest rate, large firms	%	8.05	5.09	3.25	3.25	3.25	3.25	3.25	3.25	3.26	3.51	4.10	4.90
Interest rate spread	% points	-0.09	0.08	0.57	0.84	0.70	0.51	0.30	0.14	0.07	-0.05	0.84	0.26
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	..	..	..	..	92.90	94.30
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	..	..	..	..	..	55.20	67.30
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	..	..	..	..	..	..	44.80	32.70
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	..	..	..	..	47.50	46.60
Non-bank finance													
Venture and growth capital	USD billion	36	37	27	31	44	42	47	72	82	76	82	132
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	3.1	-27.0	15.6	42.1	-6.1	13.6	51.6	14.3	-8.0	8.4	59.4
Leasing and hire purchases	USD billion	595	613	508	449	361	376	395	401	416	382	388	391
Factoring and invoice discounting	USD billion	..	..	..	..	146	100	111	130	105	99	98	104
Other indicators													
Payment delays, B2B	Percent of Domestic Invoices Overdue	..	..	..	..	..	..	25.9	..	46.6	..	40.3	..
Bankruptcies, all businesses	Number (in thousand)	28.3	43.5	60.8	56.3	47.8	40.1	33.2	27.0	24.7	24.1	23.2	22.2
Bankruptcies, all businesses (growth rate)	%, Year-on-year growth rate	43.8	53.8	39.7	-7.5	-15.1	-16.2	-17.1	-18.8	-8.3	-2.5	-4.0	-4.0

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