

Country snapshots

3. Australia

Key facts on SME financing

According to the Australian Bureau of Statistics (ABS), there were 2,565,367 small and medium-sized enterprises (SMEs) in Australia in 2021-22. SMEs account for 99.8% of all enterprises in Australia and employed more than 8.1 million people in 2021-22, which equates to around 66% of employment in the private sector.

The Australian economy has shown resilience to global headwinds, supported by a post-pandemic rebound in household spending, strong employment growth and a rise in wages. According to economic forecasts produced by the Australian Department of the Treasury, most recently reported in the 2023-24 Budget in May 2023, real GDP growth is expected to slow to 1½% in 2023-24, and then strengthen to 2¼% in 2024–25. This near-term outlook for Australia is unchanged from the October Budget.

Interest rates for both SMEs and large businesses have returned to pre-pandemic levels. SME interest rates in Australia have increased from 3.10% in 2021 to 5.48% in 2022. The interest rate spread between SME loans and large enterprise loans, which remained elevated at above 160 basis points since 2012, declined to 99 basis points in 2022. The low spread between interest rates for large and small businesses mainly reflects the fact that a high share of SME credit was fixed at low interest rates during the pandemic and some of these loans are yet to roll off onto higher interest rates.

New lending to SMEs increased from AUD 104.4 billion in 2021 to AUD 116.1 billion in 2022, mostly driven by lending to medium businesses. In 2021-22, the share of SME outstanding loans stood at 45.1% of total outstanding business loans. Growth in new lending to SMEs was strong in the first half of 2022, however, slowed down significantly since October 2022 given higher borrowing costs and a weaker appetite for new finance.

The total amount of venture capital invested by registered Early Stage Venture Capital Limited Partnerships (ESVCLPs) and Venture Capital Limited Partnerships (VCLPs) increased in 2019-20 by 54.6%, totalling AUD 1.5 billion, decreased in 2020-21 by 8.0% to AUD 1.4 billion, before rising to a high of AUD 2.1 billion in 2021-22, an increase of 48.4%. In 2021-2022, Australia saw a record surge in venture capital investment driven by an increased number of mega deals (AUD 50 million and above). This momentum did not carry forward into the second half of 2022 with both the number of deals and average deal size declining sharply – especially in later-stage funding rounds. Despite this downturn investment levels continue to exceed those observed pre-Covid, helped in part by a rise in deal size at the pre-seed and seed stage.

Leasing and hire purchase volumes dropped by 13.4% through the year to AUD 8.9 billion in 2022, this compares to an increase of 4.8% in 2020 and a decrease of 1.9% in 2021.

The number of bankruptcies per 10,000 businesses fell from 53 in 2012 to 29 in 2019, then continued to decrease during the pandemic in response to COVID-19 related policies before reaching its historical low of 15 in 2021-22. In March 2020, the Australian Government announced a series of temporary changes to bankruptcy law to protect otherwise viable businesses from bankruptcy. These measures expired on 31

December 2020. Permanent reforms, including a new formal debt restructuring process and a simplified liquidation pathway, came into effect on 1 January 2021, which are available to incorporated businesses with liabilities of less than AUD 1 million.

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 improving the operating environment for businesses, increasing incentives for investment, and enhancing rewards and opportunities for private endeavours. Policies aiming to increase long-term opportunities for SMEs include 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	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	AUD billion	189	204.6	204.7	225.2	235.9	239.9	243.1	251.4	261.5	271.4	281.4	283.7	426.6	421.3	436	476.2
Outstanding business loans, total	AUD billion	629	690.8	653.3	636.4	665.5	685.7	694.5	723.5	764.1	800.4	820.1	861.3	873.0	877.6	941.3	1056
Share of SME outstanding loans	% of total outstanding business loans	30.0	29.62	31.33	35.38	35.46	35.00	35.01	34.75	34.22	33.91	34.31	32.94	48.86	48.01	46.33	45.09
New business lending, total	AUD billion	375	336.1	265.5	265.8	310.7	273.8	292.4	360.5	391.7	341.8	346.0	346.9	..	517.3	426.8	612.9
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	..	80	104.4	116.1
Share of new SME lending	% of total new lending	20.7	23.77	26.20	31.04	26.25	26.91	27.06	23.69	23.27	25.37	23.03	22.11	..	15.50	24.46	18.94
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	0.92	1.08	0.98	0.90
Interest rate, SMEs	%	8.66	8.04	7.60	8.40	8.02	7.13	6.54	6.27	5.63	5.36	5.28	5.33	4.18	3.40	3.10	5.48
Interest rate, large firms	%	7.95	6.34	5.94	7.02	6.74	5.50	4.77	4.60	3.90	3.49	3.43	3.72	2.48	1.63	1.50	4.50
Interest rate spread	% points	0.71	1.70	1.66	1.38	1.28	1.62	1.77	1.67	1.73	1.86	1.85	1.61	1.70	1.77	1.60	0.99
Non-bank finance																	
Venture and growth capital	AUD billion	516	373	259	126	451	250	234	293	554	909	947	1 190	1 032	1 596	1 469	2 179
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-27.7	-30.6	-51.3	257.9	-44.6	-6.40	25.21	89.08	64.08	4.18	25.66	-13.3	54.65	-7.96	48.33
Leasing and hire purchases	AUD billion	9.25	9.28	6.73	6.55	6.90	8.75	7.34	8.77	9.86	8.89	10.14	9.71	10.04	10.53	10.33	8.95
Factoring and invoicing	AUD billion	54.8	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	11	10	11	11	..
Bankruptcies, Unincorporated	Number	5045	4 427	4 426	5 616	5 266	5 858	4 761	4 007	4 088	4 350	4 168	4 291	3815	3 353	2 265	2 321

Bankruptcies, Unincorporated	Per 10 000 enterprises	42	36	36	45	43	50	42	35	34	36	34	36	26	23	24	16
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	8 324	4 943	4 511	4 912
Bankruptcies, Corporates	Per 10 000 companies	48	55	56	54	57	55	54	41	45	36	31	31	30	17	16	14
Bankruptcies, Total	Per 10 000 businesses	45	47	47	50	51	53	49	39	41	36	32	32	29	19	18	15
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	244	246	266	281
Outstanding business credit, Private trading corporations	AUD billion	500	555	514	500	514	524	531	556	592	626	636	663	619	621	664	688

Note: Data from 2019 onwards in the indicators of outstanding stock of loans and new lending are collected using a revised SME definition, so caution is necessary when conducting any comparison across time.

Source: See Table 3.4.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

4. Austria

Key facts on SME financing

As in many EU countries, SMEs contribute substantially to Austria's economy. In 2021, 99.8% of all firms were SMEs, employing approximately 66% of the labour force. The capital structure of SMEs in Austria is traditionally biased towards debt financing, and 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.

In 2022, the outstanding business loans amounted to EUR 201.4 billion, which is an increase of around 9% compared to 2021. These are the holdings of non-financial corporations in Austria, according to the monetary statistics. In the Granular Credit Data Collection (GKE), conducted by the Austrian Central Bank (OeNB), Austrian credit institutions reported a total utilization to businesses of EUR 199.5 billion as of 31 December 2022. Of this, EUR 92.3 billion was awarded to the SME segment in Austria: EUR 28.8 billion to micro-enterprises, EUR 30.2 billion to small companies and EUR 33.3 billion to medium-sized companies.

In the case of non-financial corporations, EUR 4.28 billion were flagged as non-performing. This resulted in a nonperforming loans (NPL) ratio of 2.14%, which is almost the same as the year before (2.15%). EUR 3.05 billion were reported as non-performing in the SME sub-segment. This resulted in an NPL ratio for SMEs of 3.31%. In 2021, the NPL ratio for SMEs was slightly lower registering 3.09%.

The share of SMEs' new business lending was smaller than in previous years, with almost 12%. Interest rates have increased quite significantly, with an average interest rate of 2.08% in 2022 for loans up to EUR 1 million, compared to 1.63% in 2021. In 2022, interest rates for larger firms with loans over EUR 1 million were lower compared to SME interest rates at 1.82% but have also increased compared to 2021 when the interest rates for large firms were 1.34%.

When it comes to non-bank finance, venture capital declined by 65% compared to 2021. On the other hand, leasing and hire purchases as well as factoring and invoicing both showed a steady upward trend since 2014. Leasing and hire purchases increased almost 9%, factoring and invoicing by almost 18%.

Payment delays increased slightly in the B2B sphere, from 12 days in 2021 to 14 days in 2022. However, in the B2C sphere there was an improvement, with a 6-day payment gap in 2022, compared to 10 days in 2021. Bankruptcies have reached pre-crisis levels, with around 10 bankruptcies per 1 000 firms. Overall, there were 4 913 bankruptcies in 2022, an increase of almost 60% compared to the previous two years, which were exceptional and cannot be seen as representative. The 2022 figure is closer to the figures registered prior to the pandemic. Of the 4 913 companies that went bankrupt, 4 903 were SMEs, which also corresponds to the share of SMEs in the national economy.

Table 4.1. Scoreboard for Austria

Indicator	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	162.9	169.8	184.5	20.4
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	71266	60096	61035	62139
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	8 639	9214	8 282	7283
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	12.12	15.33	13.57	11.72
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	1 969	1640	1691	1464
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	6 670	7574	6591	5819
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	22.79	17.80	20.42	20.10
Government loan guarantees, SMEs	EUR million	173	143	158	167	172	204	192	279	301	366	4898*	2115*	344
Government guaranteed loans, SMEs	EUR million	226	185	207	211	225	258	282	414	395	568	5508*	2492*	514
Government direct loans, SMEs	EUR million	607	633	539	594	490	543	454	744	690	749	793	874	700
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	1.80	1.59	1.63	2.08
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	1.32	1.36	1.34	1.82
Interest rate spread	in %	0.47	0.37	0.48	0.51	0.53	0.41	0.38	0.35	0.44	0.48	0.23	0.29	0.26
Non-performing loans, total	In %	..	2.71	2.81	2.87	3.74	3.39	2.67	2.37	1.88	1.77	1.58	1.46	1.39
Non-bank Finance														
Venture and growth capital (seed, start-up, later stage)	EUR million	43	97	44	59	60	112	57	108	86	81	105	701	182
Venture and growth capital (growth capital)	EUR million	34	118	29	26	45	85	29	179	49	88	146	156	117
Venture and growth capital (total)	EUR million	77	215	73	85	105	197	85	287	135	169	251	857	299
Venture and growth capital (growth rate)	In %	-31.5	177.61	-66.3	17.76	22.56	87.97	-56.6	235.47	-53	24.98	49.11	240.86	-65.12
Other														
Payment delays, B2B	Days	11	12	11	12	13	4	4	2	1	1	14	12	14
Payment delays, B2C	Days	11	11	9	9	9	1	4	1	1	5	9	10	6
Bankruptcies, total	Number	6 657	6 194	6 266	5 626	5 600	5 422	5 534	5 318	5 224	5235	3106	3076	4913
Bankruptcies, per 1 000 firms	Number	18	17	17	15	15	11	12	11	11	11	7	6	10

* Note: this temporary increase is related to COVID-19 crisis response measures.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

5. Belgium

Key facts on SME financing

In 2022, SMEs dominated the business enterprise landscape in Belgium, accounting for 99.8% of all firms.

The outstanding stock of SME loans was stable on an annual basis (+0.9%) compared with an increase of 4.5% the previous year. This relative stability can be explained by the global economic context and the significant support measures taken by the Belgian government in the context of the COVID-19 crisis.

SME interest rates increased significantly to 2.06% in 2022. The interest rate spread between loans charged to large enterprises and loans charged to SMEs remains virtually unchanged at 15 basis points.

Survey data illustrates that lending conditions eased between 2013 and the end of 2015 and remained relatively stable until the end of 2018. A deterioration of credit conditions for SMEs has been reported since the fourth quarter of 2018, and the latest figures from third quarter 2023 confirm this trend.

After a fall in leasing volumes of -8.14% in 2020, this activity recovered in 2021 and 2022 with an annual growth rate of 13% and 13.9% respectively. High inflation, which pushed up asset prices, and the announcement of a number of tax changes for vehicles supported this strong growth in 2022.

The factoring business has also expanded significantly over the last two years, with annual growth rates of 21.6% in 2021 and 25% in 2022. This increase can be attributed to the potential decline in factoring experienced in 2020 as a result of the COVID-19 pandemic, followed by robust developments in the last two years.

The amount of venture and growth capital investments fluctuates considerably due to the small number of deals conducted annually. After nearly doubling from 2020 to 2021, these investments decreased by 26.1% in 2022, totaling EUR 1.1 billion.

After a steady decline from 2016 to 2020, average payment delays for business-to-business transactions rose to 11 days in 2022. This is slightly below the annual average of 12.7% for the reference period (2009-2022).

The number of registered bankruptcies increased to 9 265 (+42%) in 2022. This increase can be explained by the end of various support measures for businesses taken in the context of the COVID-19 crisis, including the end of the moratorium on bankruptcies. However, the total number of bankruptcies remains lower than the number recorded in 2019 (10 598).

Policy initiatives to ease SMEs' access to finance have been taken at both the federal and regional levels. In 2021 and 2022, policy measures were primarily aimed at protecting healthy businesses in the context of COVID-19 and the energy crises resulting from the Russo-Ukrainian conflict.

For example, the 'Overbruggingslening' aims to support Flemish companies, including those in agriculture, horticulture, fisheries, and aquaculture, that have acute liquidity needs due to the war in Ukraine, rising energy costs, and the overall increase in price levels. The terms of this loan include a minimum loan amount of EUR 10 000 and a maximum amount of EUR 2 million.

Another case in point is the “Fonds de transition” programme, which started in September 2022. The objective of the programme is to finance SMEs in Brussels that need to transform their business models and production lines in order to meet regional and European environmental and climate objectives. The financing terms include amounts ranging from EUR 80 000 to EUR 1.5 million through loans, bank co-financing, quasi-equity debt or minority equity stakes in companies.

The Chèque-Entreprise Relance par le numérique or Business Voucher Digital Recovery programme in Wallonia started in November 2022 and is set to end on 31 August 2023. The objective of the programme is to help SMEs boost their digitalization, online activities, and cybersecurity. Public intervention amounts to 90% of the amounts concerned with variable ceilings for each phase, for a total subsidy of EUR 15 000.

In light of escalating energy prices and their subsequent effect on production costs and professional expenses, the Federal Government has launched the ‘Droit Passerelle Energie’ initiative to support self-employed workers, helpers, and assisting spouses who opt to pause or terminate their independent activity due to diminished profitability. This scheme offers an allowance for a duration of up to 12 months and maintains healthcare and disability benefits for up to 4 quarters without needing contributions.

Table 5.1. Scoreboard for Belgium

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	123.9	130.9	133.8	138.0*	*
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	184.1	193.0	200.0	201.8*	*
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	67.31	67.8	68.39	68.41*	*
Outstanding short-term loans, SME	EUR billion	37.4	40.4	34.1	35.4	36.5	34.5	33.8	31.4	30.9	32.0	33.6	36.7	36.7	34.7	35.1*	*
Outstanding long-term loans, SME	EUR billion	59.7	66.1	72.2	77.2	79.3	82.5	83.9	80.3	84.8	90.8	97.8	103.4	109.6	115.5	124.4*	*
Share of short-term lending, total	% of total business lending	45.14	45.31	38.37	37.71	36.46	31.45	30.90	31.13	29.58	29.62	29.05	29.60	28.07	25.39	25.44*	*
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	520	777	1 021.5	569.4
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	993	1 318	2 086.6	1 106
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	1.58	1.55	1.57	2.06
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	1.31	1.40	1.44	1.91
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	0.27	0.15	0.13	0.15

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	33.87	33.07	35.09	33.21
Rejection rate	(SME loans authorised/ requested)	..	..	0.52	5.13	6.44	10.40	10.91	5.88	5.71	6.13	5.07	2.75	3.39	7.62	5.59	6,77
Utilisation rate	SME loans used/ authorised	77.80	79.05	80.69	80.07	80.16	77.45	77.79	79.76	79.62	80.01	79.86	80.39	80.64	80.58	80.09	*
Non-bank finance																	
Venture and growth capital	EUR million	306	385.20	463.93	269.97	291.14	350.79	2451.09	457.12	449.78	691.92	562.91	546.84	853.72	737.14	1526.14	1127.24
Venture and growth capital (growth rate)	%, year-on-year growth rate		26%	20%	-42%	8%	20%	-9%	43%	-2%	54%	-19%	-3%	56%	-14%	107%	-26%
Leasing and hire purchases	EUR million	4406	4856	3756	4005	4439	4450	4121.7	4357	4800	6010	5800	668.4	6382	5863	6628	7549
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	84.8	81.7	99.4	124.2
Other indicators																	
Payment delays, B2B	Number of days	..	..	17	17	15	19	18	19	13	10	8	9	7	3	12	11
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	9 878	10 598	7 203	6 533	9 265
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	7.29	-32.03	-9.30	41.82
Bankruptcies, SMEs	Number	7 679	8 476	9 418	9 570	10 222	10 583	11 739	10 736	9 760	9 168	9 967	9 878	10 596	7 197	6 532	9 265
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate		10.39	11.21	1.44	6.94	3.45	10.96	-8.62	-8.90	-6.11	8.77	-0.75	7.17	-32.09	-9.24	41.84

Note: * Data were compiled before for the last trimester /December. As these data will not be published before a reform of these statistics, the data used for 2021 correspond to the last available month (November 2021).

6. Brazil

Key facts on SME financing

Micro and small enterprises (MSEs) form an essential part of the Brazilian economy, accounting for 93.7% of all legally constituted companies (20.3 million) according to the Enterprise Map as of December 2023.

The reference interest rate of *Banco Central do Brasil* (Special Clearance and Escrow System - SELIC) has gradually declined, from 14.15% per annum in December 2015 to 2.0% in January 2021. The previous period of a 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. Since January 2021, the reference interest rate increased substantially, returning to the standard seen previously in 2016, reaching 13.75% in August 2022 and being adjusted to 12.25% in the second semester of 2023, which impacted SME loans.

The stock of SME loans fell in 2015 and new lending to SMEs declined in 2014 and 2015. Both observations contrast with lending to large businesses, where the outstanding stock of loans, as well as new lending, was up in 2014 and 2015. A sharp rise in both new lending and outstanding stock of loans was observed in 2020 due to measures adopted in the context of the COVID-19 pandemic (especially through programmes such as Pronampe and PEAC). The level of lending (stock and flows) was maintained in 2021 and 2022, reflecting an increase in the share of SME loans over total loans.

Since 2008, large companies have received a larger share of business loans than SMEs. The government has taken on a more active role in this area, often with the aim of providing financial services to small businesses excluded from traditional 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.

In the area of equity finance, the regulatory framework for angel investors was revised in 2016 and further adjusted in 2017, removing some long-standing barriers for investors in SME markets, in particular by offering more legal protection in the case of company closures, more flexibility in the type of 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, fostering financing digital companies and more competitive market.

In October 2023, the Brazilian government created a Ministry for Entrepreneurship, Micro and Small Enterprises, highlighting the importance of SMEs in the Brazilian agenda.

Table 6.1. Scoreboard for Brazil

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	BRL billion	251	332	365	448	533	609	666	711	682	566	488	497	533	700	821	938
Outstanding business loans, total	BRL billion	501	682	775	930	1 107	1 279	1 460	1 623	1 734	1 565	1 436	1 441	1 427	1 754	1 923	2 101
Share of SME outstanding loans	% of total outstanding business loans	50.08	48.61	47.10	48.15	48.15	47.62	45.65	43.78	39.36	36.13	33.97	34.48	37.36	39.93	42.67	44.66
New business lending, total	BRL billion						1 240	1 267	1 266	1 281	800	777	921	1 055	1 317	1 487	1 729
New business lending, SMEs	BRL billion						786	783	782	727	381	367	415	484	579	592	694
Share of new SME lending	% of total business lending						63.43	61.78	61.75	56.79	47.62	47.26	45.07	45.92	43.96	39.83	40.11
Outstanding short-term loans, SMEs	BRL billion	89	98	90	107	136	146	150	145	133	110	103	111	117	94	130	134
Outstanding long-term loans, SMEs	BRL billion	147	198	232	292	369	459	515	564	548	456	385	386	416	606	690	805
Share of short-term SME lending	%	37.69	33.04	28.08	26.83	26.94	24.20	22.51	20.50	19.49	19.41	21.09	22.31	21.88	13.48	15.89	14.31
Government guaranteed loans, SMEs	BRL billion	40	46	93	51	705	810	705	2 777	3 420	3 793	3 022	484	294	44 062	60 420	79 028
Direct government loans, SMEs	BRL billion	17	24	26	27	31	35	36	43	46	39	33	26	20	22	20	22
Non-performing loans, total	% of all business loans	1.54	1.55	2.67	1.84	2.02	2.22	1.84	1.88	2.39	3.15	2.99	2.45	2.08	1.20	1.34	1.64
Non-performing loans, SMEs	% of SME loans	2.83	2.83	4.99	3.56	3.95	4.4	3.7	3.8	5.4	6.9	6.30	4.63	3.62	2.16	2.62	3.48
Interest rate, SMEs	%						19.7	23.8	25.3	35.0	34.5	26.5	22.4	24.6	11.6	17.9	23.7
Interest rate, large firms	%						10.2	13.8	14.4	17.5	18.8	14.3	11.0	8.7	6.2	10.6	16.1
Interest rate spread	% points						9.5	10.0	10.9	17.5	15.7	12.2	11.5	15.9	5.4	7.2	7.7

Note: Regarding the government guaranteed loans indicator, the 2020 figure considers two of the emergency credit programmes launched by the federal government in the context of the Covid-19 pandemic (National Program to Support Micro and Small Enterprises – Pronampe, and Emergency Employment Program – Pese). In both cases, relevant federal government guarantees are provided for loans.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

7. Canada

Key facts on SME financing

In 2022, Canadian small businesses establishments (1-99 employees) constituted 98% of all businesses. Small businesses employed 6.6 million individuals at the enterprise level, or 41.1% of the private sector labour force.

Supply-side survey data show that outstanding debt held by all businesses increased in 2022 to CAD 1 236 billion. Lending to small businesses increased to CAD 140.4 billion (from CAD 125.7 billion in 2021). As a result, small businesses' share of total outstanding business loans in 2022 was 11.4%.

Small business credit conditions tightened in 2022. The average interest rate charged to small businesses increased from 4.1% in 2021 to 6.2% in 2022, with an average business prime rate (the rate charged to the most creditworthy borrowers) of 4.1% (from 2.5% in 2021). The business risk premium (measured as the difference between the average small business interest rate and the business prime rate) stood at 2.1%, reflecting a tightening in access to financing for small businesses in Canada. Bank of Canada survey results indicate that lenders reported that overall business lending conditions tightened towards the end of the second half of 2022. Borrowers also reported tightening of credit conditions during the same period.

In 2022, the small business 90-day delinquency rate fell to 0.33% after reaching 0.66% in 2021 and 0.76% in 2020.

Total venture capital (VC) investment levels in Canada reached a peak of CAD 14.4 billion in 2021, followed by a decline to CAD 9.8 billion in 2022.

The Business Development Bank of Canada (BDC), a crown corporation with the mandate to support Canadian entrepreneurship, had CAD 47.8 billion in financing and investments, as of 31 March 2022, committed to 95 000 clients operating across Canada. As the most active VC investor in Canada, the BDC invests both directly into firms and indirectly through external VC funds, with the objective of making Canadian VC a financially viable and attractive asset class for private sector investors and institutional investors.

The Government of Canada has further supported the development Canada's VC ecosystem by convening public, private, and institutional sources of financing through its Venture Capital Action Plan (VCAP) and Venture Capital Catalyst Initiative (VCCI). Taken together, the Government of Canada has invested CAD 761 million, resulting in a combined total of over CAD 3 billion in capital raised from public and private sources to help Canadian companies start up and grow.

The Government of Canada has established a number of programmes to provide support targeted to entrepreneurs from underrepresented groups. The Government has made total investments of nearly CAD 7 billion in the Women Entrepreneurship Strategy (WES); of CAD 265 million in the Black Entrepreneurship Program (BEP); of CAD 38 million for Futurpreneur, a programme to support youth entrepreneurs; and of CAD 150 million for the Indigenous Growth Fund launched by the National Aboriginal Capital Corporations Association alongside with the BDC. The Aboriginal Entrepreneurship Programme also provides support

to First Nations, Inuit and Métis Nation entrepreneurs by lowering the cost of business financing and offering business support services.

The Government of Canada launched Canada's Export Diversification Strategy in Fall of 2018. In total, the Export Diversification Strategy is a CAD 1.1 billion investment over six years, that aims to help Canadian businesses access new markets and increase Canada's overseas exports by 50% by 2025.

Table 7.1. Scoreboard for Canada

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	CAD billion	83.4	83.4	86.4	85.7	90.1	87.7	92.2	93.5	97.4	99.6	104.1	105.7	109.8	117.9	127.5	140.4
Outstanding business loans, total	CAD billion	479.8	534.0	482.3	489.5	514.4	557.3	602.1	658.5	739.0	774.7	834.1	918.2	984.9	1000.7	1097	1236
Share of SME outstanding loans	% of total outstanding business loans	17.39	15.61	17.92	17.50	17.52	15.75	15.31	14.20	13.18	12.86	12.49	11.51	11.15	11.71	11.63	11.36
New business lending, total	CAD billion	..	..	..	..	126.2	141.6	151.0	168.7	188.4	204.0	233.9	269.7	285.7	287.7	317.8	361.3
New business lending, SMEs	CAD billion	..	..	..	..	20.2	21.7	22.8	23.2	24.0	22.8	25.2	27.2	26.8	26.7	28.9	31.1
Share of new SME lending	% of total new lending	..	..	..	..	15.99	15.30	15.10	13.74	12.73	11.16	10.78	10.08	9.39	9.30	9.11	8.60
Outstanding short-term loans, SMEs	CAD billion	15.1	..	..	..	6.9	..	..	15.6	..	..	24.2	..	..	15.6	..	..
Outstanding long-term loans, SMEs	CAD billion	21.1	..	..	..	12.8	..	..	12.4	..	..	32.4	..	..	23.8	..	..
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	19.50	39.62	31.52	19.66
Government loan guarantees, SMEs	CAD billion	1.20	1.30	1.20	1.30	1.30	1.08	1.06	1.01	1.11	1.30	1.54	1.75	1.89	3.27	3.91	3.98
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	8.10	9.92	11.35	13.18
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	5.30	4.80	4.09	6.21
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	3.60	2.77	2.45	4.11
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	1.70	2.03	1.64	2.10
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	72.73	61.10	57.77	62.02
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	26.71	16.10	16.70	17.69
Rejection rate	Percentage of businesses' debt financing requests that were rejected.	..	..	..	9.0	8.0	7.0	9.0	12.8	7.0	9.0	9.5	9.0	8.3	8.4	5.5	7.1

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

8. Chile

Key facts on SME financing

In general, as of September 2023, inflation has continued to fall, although it remains high, in a context where activity and demand have continued to advance in their adjustment process, cost pressures have been reduced and two-year inflation expectations stand at 3%.

From a subnational perspective, GDP grew in all regions, registering a rise of 2.4% for the country. It was estimated that in 2023 it would fall between -1.75% and -0.75% and increase between 2 and 3% in 2024. To a large extent, the downward correction for 2023 and 2024 responds to the new assumption for trend growth.

The Internal Revenue Service (SII) provides a size classification according to total annual sales of businesses. MSMEs concentrate 98.56% of companies according to SII records for the tax year 2021, excluding companies without information from the total universe of companies (i.e. excluding informal entities). MSMEs only accounted for 13.93% of total annual sales in UF.

According to the Quarterly Survey of Bank Credit Conditions of the Central Bank of Chile in Q4 2022, the conditions for the supply of credit to companies remain limited. The fraction of entities reporting more demanding loan standards for large firms and SMEs reached 39% and 36%, respectively, which is slightly lower than the figures reported during the previous quarter.

As in previous years, in 2022, Chile developed a solid economic relief plan through the so-called ‘Chile Apoya Plan’, an inclusive recovery plan including 25 measures to boost job creation, support smaller firms, and address the rise in the cost of living, among others.

In the case of smaller firms, support was channelled through Production Development Corporation (Corfo) and Technical Cooperation Service (Sercotec). These institutions sought to expand the coverage of support programmes for reactivation and the creation of special support instruments focused on tourism and culture sectors, with a special focus on gender parity and fostering cooperatives. The programmes allowed to assist more than 120 000 MSMEs and cooperatives from all regions of the country, for a total of USD 1 billion.

Additionally, for MSMEs a new stream to access credit guarantees was delivered by the creation of the Fogape Chile Apoya bill. Unlike the previous two Fogape bills (2020 and 2021), the state guarantee for loans is exclusively for MSMEs.

In 2021, the guarantee programmes granted by the Corfo, such as COBEX, Pro Inversión and FOGAIN, benefited almost 32,000 companies, reflecting an increase of 62.3% compared to the same period of 2021, granting more than 40,000 operations with Corfo Guarantees of more than USD 1.3 million. 89% of the guarantees were allocated to micro and small firms.

Venture capital funds, supported by Corfo programmes, continue to be an important source of financing for technology-based companies with high growth capacity. Although in 2020 there was a 14% drop in investments compared to 2019, mainly due to the effects of the pandemic, in 2021 and 2022, venture

capital investment experienced a year-on-year growth of 30% and 23% respectively, growing from CLP 49 billion in investment in 2020 (about USD 63 million) to CLP 77 billion (about USD 89 million) in 2022.

In the case of non-bank financing, in 2022 the Corfo MiPymes Credit Programme allowed 82,000 companies to access financing through non-bank financial institutions, mobilising almost USD 255 million in credits, factoring and leasing.

In 2022, the Superintendence of Insolvency and Reentrepreneurship (Superir) worked on the modernisation project of regulation No. 20,720, with the aim of providing relief by reallocating resources and creating new procedures for micro and small enterprises in order to ease their experience.

Finally, the Commission for the Financial Market (CMF) has been leading the discussion of the Fintech bill. The bill was approved by the Congress in December 2022, and promulgated on January 2023. The Law establishes a flexible regulatory framework for a number of companies that offer financial services but are not currently regulated or supervised by the Financial Market Commission. These include crowdfunding platforms, financial transaction platforms and custodians, intermediation and order routing.

Additionally, a new framework is created for the development of a regulated Open Finance System, in which Chilean citizens and firms will be able to share, with prior consent, their financial information, with the aim of accessing better products and services.

Table 8.1. Scoreboard for Chile

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans. SMEs	CLP billion	6.8	7.6	8.1	9.3	10.1	11.5	11.8	13.7	15.8	17.3	18.7	19.8	20.8	23.9	25.3	25.8
Outstanding business loans. total	CLP billion	40.9	49.9	46.3	48.1	57.2	64.6	69.8	76.4	84.9	88.7	90.3	99.5	108.5	111.8	125.9	133.9
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	19.2	21.4	20.1	19.3
New business lending. total	CLP billion	..	..	..	53.3	58.0	58.0	58.1	63.9	67.8	67.4	67.7	71.4	77.1	70.8	70.4	85.8
New business lending. SMEs	CLP billion	..	..	..	2.6	3.1	3.8	3.8	4.4	5.1	5.1	5.6	5.63	5.8	8.7	6.5	4.2
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	7.5	12.3	9.2	4.9
Outstanding Short-term loans. SMEs	CLP billion	..	..	..	1.6	2.0	2.3	1.8	1.8	1.9	1.8	1.8	1.9	1.8	1.1	0.9	1.0
Outstanding Long-term loans. SMEs	CLP billion	..	..	..	1.0	1.1	1.5	2.0	2.5	3.2	3.3	3.8	3.8	4.0	7.6	5.6	3.2
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	31.0	12.6	13.2	24.8
Government loan guarantees. SMEs	CLP billion	0.2	0.3	0.8	1.1	1.3	1.9	1.9	1.6	1.7	1.8	1.7	1.6	1.7	7.7	6.1	2.2
Government guaranteed loans. SME	CLP billion	0.3	0.5	1.3	1.8	2.0	2.9	3.1	2.3	2.4	2.6	2.6	2.5	2.6	10.3	8.4	3.4
Direct Government loans. SMEs	CLP billion	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
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	2.4	2.1	1.9	4.4

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	5.9	4.7	4.1	2.2
Interest rate. SMEs	%	..	..	..	..	..	..	11.8	10.3	9.3	9.3	8.4	8.3	7.7	5.4	6.4	11.2
Interest rate. large firms	%	..	..	..	..	..	..	4.7	4.0	3.8	4.0	3.7	3.8	3.7	3.1	2.9	7.2
Interest rate spread	% points	..	..	..	..	..	..	7.1	6.3	5.5	5.3	4.7	4.5	4.0	2.3	3.6	4.0
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 authorised/ requested)	41.4	..	15.0	..	..	..	12.3	..	14.7	..	9.4	..	..	..	..	..
Utilization rate	SME loans used/ authorised	86.6	..	91.0	..	..	..	87.9	..	96.7	..	89.3	..	..	..	..	..
Non-bank finance																	
Venture and growth capital	CLP billion	0.02	0.02	0.02	0.02	0.03	0.04	0.03	0.04	0.03	0.05	0.02	0.04	0.05	0.04	0.06	0.07
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	18.3	-12.0	29.6	22.5
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	8.7	8.4	8.8	8.8
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	4.7	4.4	4.7	5.6
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	60.5	53.8	48.5	47.5
Bankruptcies. SMEs	Number	122	127	125	136	146	146	164	6	154	295	285	397	368	368	354	314
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	15.36	0.00	-3.8	-11.3

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

9. Colombia

Key facts on SME financing

Access to finance is one of the main elements for strengthening and keeping entrepreneurs and micro, small and medium-sized enterprises (MSMEs) growing, allowing them to invest in order to increase their productivity, competitiveness and consolidation in the market. In times of economic distress, obstacles to access formal financing sources, significantly limit MSMEs' ability to invest in upgrading their operations or in innovation, as they are required to have liquidity buffers to face economic uncertainty.

In 2022, for example, there were a range of factors that led to economic uncertainty becoming a global challenge for enterprises. The large-scale aggression of Russia against Ukraine, global inflation, major economic slowdowns, the lack of raw materials, an energy crisis, and a rise in interest rates have made the economic outlook tense. As a result of this, markets suffered high volatility.

In Colombia, uncertainty was felt in spite of relatively good internal economic performance compared to other countries in the region. On the one hand, the rise in interest rates and high inflation during the year has been a source of concern, and on the other hand, relative uncertainty could have emerged as a result of the change of government. Notwithstanding, GDP grew by 7.3% in 2022, and 310 000 new enterprises were established, which represents 1% more than in 2021. Of the newly established businesses, 62.5% are enterprises led by women (Confecámaras, 2023^[1]).

The results of the Entrepreneurial opinion survey, conducted by Fedesarrollo, demonstrated that trust by traders increased and reached 22.6% in December 2022 due to greater optimism about the current situation, in comparison with 19.2% in November of the same year. However, it is important to note that this percentage is below the 41.3% recorded in the same period in 2021 (Fedesarrollo, 2022^[2]).

The entrepreneurial opinion survey also provides information regarding the main sources of finance used by MSMEs. Findings show that 50.6% of micro-enterprises indicated their own resources as the most important source of finance, 39% mention profit reinvestment, 23.9% choose traditional bank loans. Nevertheless, promoting financial inclusion and bridging the gap in access to finance as a mechanism to reduce business informality in Colombia continues to be an internal challenge.

In relation to the destination of credit resources, the majority of SMEs in the three main sectors (manufacturing, services, and trade) used credit resources to finance working capital. The second most frequent use of resources was the consolidation of liabilities, and the third use was the purchase or lease of machinery. Particularly, this last use was evident in companies in the industrial sector.

On the other hand, despite the lack of sources to accurately calculate business informality¹, estimates show that the percentage of informal businesses in Colombia is high. According to data reported in the Household Survey, it is estimated that over 57.6% of businesses are informal, with the percentage even higher in rural regions at 84.7%, correlating with limited access to financing. In the country, only 15.8% of microenterprises have access to credit products, 63.6% for small enterprises, and 77% for medium-sized enterprises (Banca de Oportunidades, 2023^[3]).

Table 9.1. Scoreboard for Colombia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	COP billion	25.6	28.6	26.6	29.1	40	46.8	51.6	55.2	58.2	62.1	64.9	68.5	63.9	68.0	77.6	83.01
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	261.2	272.4	294.8	345.04
Share of SME outstanding loans	% of total outstanding business loans	32.7	30.2	27.7	25.6	29.7	30.6	30.1	28.0	25.7	25.5	25.8	27.0	24.48	25	26.3	24.1
New business lending, total	COP billion	67.7	76.0	77.2	79.0	77.7	95.4	104	117	118	117	153	160.1	118.6	112.5	138.7	146
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	29.68	25.44	29.4	39.07
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	25.03	22.6	21.2	26.8
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	11.39	11.26	13.28	16.2
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	52.62	56.77	64.3	66.7
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	17.69	16.6	17.1	19.6
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	11.48	15.20	18.1	17.2
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	16.27	23.66	27.1	26.9
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	2.51	3.1	2.4	1.6
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	3.44	3.6	3.3	2.6
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	13.03	13.34	12.3	12.4	21.8
Interest rate, large firms	%	12.61	14.74	9.41	7.16	8.90	8.61	7.54	8.02	8.66	11.02	9.16	6.32	6.05	5.3	5.2	13.9
Interest rate spread	% points	5.13	5.43	5.45	5.06	5.64	6.24	5.77	6.02	6.92	7.20	6.21	6.71	7.30	7.0	7.1	7.9
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	91.92	93.3	93.3	91.7
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	25	35	27.7	
Rejection rate	1-(SME loans authorised/ requested)	2	4	9	5	3	4	7	3	7.5	4	8	7	26	30	29.2	
Utilisation rate	SME loans used/ authorised	98	96	91	95	97	96	93	97	92.5	96	92	93	88	70	..	
Non-bank finance																	
Venture and growth capital	COP billion	..	..	..	..	..	..	..	..	1.83	2.91	4.23	5.61	5.70	..	..	..

Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	..	..	..	59.3	45.5	32.69	1.57	..	..	..
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	..	23	28.8	..
Other indicators																	
Payment delays, B2B	Number of days	49	50	61	62	59	55	56	65	66	85	95	101	80.01	..	..	..
Bankruptcies, SMEs	Number	..	1	12	18	40	59	76	83	85	131	193	443	608	661	691	..
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	..	1100	50	122.2	47.50	28.81	9.21	2.41	54.12	47.33	129.5	37.25	8.72	4.54	..

Note

1. Formalisation is a mean for companies to be economically, environmentally and socially included in the markets, increase productivity rates, access the financial system, and become sustainable. Although a percentage of companies in Colombia are not completely formal, there are several in the transition to formality.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

10. Czech Republic

Key facts on SME financing

In 2021, there were roughly 1.23 million active enterprises in the Czech Republic. 99.86% of these firms were SMEs with less than 250 employees each. Micro-firms dominated the business landscape, comprising 96 % of all SMEs in 2022. The total number of SME employees decreased by 36 000 in 2020 compared to 2019 and remained constant in 2021. Given the situation caused by the coronavirus epidemic, this decrease can be considered moderate.

In 2022, SME investment was assessed as favorable for established companies due to high bank liquidity. Banking and non-banking institutions, private individuals, venture capital funds offer a wide portfolio of financial products. However, between 2021 and 2022, there was a sharp decline in new business loans. Interest rates for SMEs increased by 113% in 2022 compared to 2021 in reaction to high inflation and the unstable geopolitical and economic situation.

SMEs are very vulnerable, especially in terms of financing, and have a higher perception of financial risk due to more frequent rejections of loan applications. Although, the situation in this area was improving until 2021, it reversed in 2022 in reaction to the geopolitical and economic turmoil. The 2022 SAFE Survey by ECB states that the share of SMEs in the Czech Republic, which mention the access to finance as being no obstacle, decreased from 47% in 2021 to 37% in 2022. In terms of access to common methods of financing, the Czech Republic is above average in several indicators showing the quality of SMEs' access to finance. The most important direct sources of external financing for SMEs are credit lines or overdrafts (49%), bank loans (40%) and leasing (48%). So far, venture capital financing is relevant for only 2% of companies. In terms of the use of financing, between 2020 and 2022, investment in the development of new products or services has slightly decreased (from 25% to 22%). Most sources of finance are intended to finance either fixed investments or inventories and working capital. The share of companies that have stated that costs for materials and energy have increased rose dramatically from 2020 to 2022 (from 30% to 88%).

Alternative sources of financing include venture capital, angel investments, bond issuance, crowdfunding and state support. The Czech Republic is characterised by a weaker investment environment, which undermines the establishment of new companies and the financing of new SME projects. While crowdfunding has become a popular tool for obtaining the necessary financial resources, capital financing was underdeveloped compared to similarly sized EU economies for a long time. There was a lack of willingness to invest in the early stages of business development (pre-seed, seed, start-up and later stage venture). Investments in these entities are high risk for investors and banks, mainly due to the absence of relevant corporate history, lack of collateral or lack of information to assess their credit risk or valuation of their intangible assets. The situation changed drastically after three venture capital funds with public investments were established, and the venture capital supply in the Czech market is comparable to that of the other similarly sized EU economies. Venture capital and growth capital investments peaked in 2021, reaching EUR 751 million. In 2022, there was a drop of 63%, which may be due in part to incomplete data. The market for angel investments is barely visible and fragmented. However, the situation for innovators

in the idea or start-up phase is still complicated. Consequently, the Czech government plans to establish another 3 pre-seed and spin-off co-investment funds in 2023.

The SMEs Support Strategy in the Czech Republic for the period 2021-2027 (SME 2021+) aims to increase the productivity and competitiveness of SMEs, and, at the same time, to strengthen their international position, inter alia in the field of research and innovation or the use of advanced technologies and skills. The Strategy represents the key strategic document for the preparation of the European Union (EU) cohesion policies over the 2021–27 programming period in the area of enterprise development. This includes the Operational Programme Technologies and Applications for Competitiveness (OP TAC), with a total allocation of CZK 81.5 billion. In 2021, the National Recovery Plan (NRP) was established, drawing its sources from the Recovery and Resilience Facility and offering CZK 191 billion to finance post-pandemic recovery. Government support for SMEs and entrepreneurs primarily consists of measures in the areas of investment and operational financing, export support, support of the energy sector, development of entrepreneurial skills and financial literacy of entrepreneurs, technical education and research, and development and innovation.

There are several financing tools, such as government loan guarantees (National Development Bank – former Czech-Moravian Guarantee and Development Bank), financing and insuring schemes for exporting SMEs (Czech Export Bank and Export Guarantee and Insurance Corporation) and government loans (EXPANZE). Most common are, however, direct grants. These are awarded from calls launched by OP TAC and NRP.

Table 10.1. Scoreboard for the Czech Republic

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	794.7	829.8	837.16	879.41
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	1097.4	1133.1	1135.1	1199.8	1244.5
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	70.14	73.10	69.7	70.6
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	521.11	590.21	715.8	470
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	92.27	119.82	87.3	70.1
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	17.71	20.30	12.2	14.9
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	22 107	20 917	18 246	11 747
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	70 166	98 904	69 105	58 348
Share of short-term SME lending	% of total SME lending	..	..	59.67	58.36	59.97	52.54	41.28	35.31	58.2	50.3	43.8	31.5	21.15	26.4	20.3
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	9 786	22 423	9 676	14 005
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	13 534	30 431	13 876	19 562
Direct government loans, SMEs	CZK million	286	209	629	1 090	782	101	86	65	7	291	1 440	2 407	2 627	3 979	2 964

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	38 596	35 871	46 615	45 599	42 103
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	3.80	3.26	3.23	6.93
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	3.10	2.13	2.12	7.69
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	0.70	1.13	1.11	-0.76
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	18.7	149.8	41.7	750.7	277.4
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	14.8	800.1	-73.83	1 697	-63
Leasing and hire purchases	CZK billion	25.7	26.9	27.3	30.4	32.9	35.4	40	50.1	49.3	55.1	56.7	57.8	53.6	65.3	69.2
Factoring and invoice discounting	CZK billion	134	99.7	111.9	128.2	130.6	145.4	163.9	136.9	131	156.3	174.3	184	183	234.4	285.9
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	38	24	39.00	48	43
Bankruptcies, SMEs	Number	758	1 114	1 739	2 590	3 843	6 052	9 101	9 077	8 040	7 202	6 052	8 521	7 911	7 052	5 835
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate		47	56.1	49	48.4	57.5	50.4	-0.26	-11.4	-10.4	-16	40.8	-7.16	-10.86	-17.26

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

11. Denmark

Key facts on SME financing

In 2021, not counting non-employer enterprises, SMEs accounted for 98.7% of all enterprises and 38.7% of all full-time employees in Denmark.

New lending to SMEs from financial institutions increased from DKK 50 billion to 57 billion between 2021 and 2022, representing a 14% increase. The 2022 level was slightly higher than the average in the period 2014-2022. The share of new SME lending compared to total new lending was 7.35% in 2022, which is below the average of 10.43% in the period 2014-2022.

Interest rates for SMEs as well as for large firms had been steadily declining since 2008 until a few years back. The interest rates for SMEs have been increasing each year since 2019 from 1.85% to 2.72% in 2022, resulting in a widening interest rate spread. The 2022 interest rate spread reached 1.16 percentage-points, up from 0.78 percentage-points in 2019 ascribed to a slight increase each year.

Venture and growth capital financing from Danish private equity firms increased in 2021 and 2022 and reached a record high level of EUR 1224 million in 2022. The overall increase results from an increase in growth capital as venture investments experienced a 52% decrease from the high level of 2021 to 2022. The 2022 levels of venture and growth capital were significantly higher than any year between 2010 and 2020.

Average payment delays increased over the last 3 years and stood at their highest level for the period 2014-2022, at 14 days in 2022. The number of bankruptcies among SMEs increased from 1 768 in 2021 to 2 351 in 2022, explained in part by the phasing out of the COVID-19 support schemes.

In 2022, government loan guarantees decreased from DKK 2.260 billion in 2021 to 1 542 million, and government guaranteed loans decreased from DKK 2.478 billion in 2021 to 1.780 billion in 2022.

On 1 January 2023 the Export and Investment Fund of Denmark (EIFO) was established through a merger of three previous state funds: The Growth Fund, Denmark's Green Investment Fund and EKF Denmark's Export Credit Agency. EIFO provides a single point of access for Danish companies requiring government financing and aims to improve growth in a green way.

Table 11.1. Scoreboard for Denmark

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, total	DKK billion	732	809	814	812	809	830	860	914	940	989	1 033	1 080	1 126	1 168	1302	1442
New business lending, total	DKK billion	332	385	318	313	292	241	303	474	519	508	521	570	597	505	517	780
New business lending, SMEs	DKK billion	41	35	28	35	34	39	37	55	73	51	52	49	68	56	50	57
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	8.60	11.36	11.08	9.73	7.49
New short-term loans, SMEs	DKK billion	26	26	22	23	24	20	22	34	35	31	29	27	24	26	25	39
New long-term loans, SMEs	DKK billion	14	9	6	23	10	19	15	21	38	21	23	22	44	30	25	19
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	35.66	46.04	50.20	67.25
Government loan guarantees, SMEs	DKK million	210	178	209	769	1 192	1 222	783	658	668	620	514	529	512	7972	2260	1542
Government guaranteed loans, SMEs	DKK million	..	..	..	..	17	61	286	746	1 076	1 257	1 377	1 225	1 246	2 934	2478	1780
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	1.85	1.93	2.02	2.72
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	1.07	1.03	0.90	1.56
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	0.78	0.90	1.11	1.16
Non-bank finance																	
Venture and growth capital	EUR million	263	205	159	280	186	270	241	230	339	554	532	699	475	424	1076	1224
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	31.47	-32.03	-10.90	150.3	12.4
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	3.0	3.0	14.0	11	14
Bankruptcies, SMEs	Number	..	..	2 563	2 583	1 938	1 958	1 698	1 328	1 584	1 853	1 888	2 013	2 153	1 841	1768	2351
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	6.95	-14.49	-3.97	32.98

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

12. Estonia

Key facts on SME financing

In 2021, Estonian SMEs employed 81% of the workforce. In 2020 they accounted for 80.5% of total value added, and in 2021 for 82.1% of total value added. In 2021, 94% of all enterprises were micro-enterprises, i.e. companies with less than 10 employees. Micro-enterprises employed 31.7% of the workforce and accounted for 31.5% of total value added in 2021.

Since 2021, outstanding business loans to SMEs have been increasing after a previous decline. During the COVID-19 crisis, SME outstanding loans declined despite the provision of cheap guarantees and direct loans from the government. This can be explained by the increase in SME interest rates in 2020, as well as the provision of public support through non-debt channels such as employment support and the deferral of taxes and instalments. Furthermore, under the Estonian corporate income tax system all reinvested profits are tax-free. Thus, companies have a strong incentive to re-invest 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. Since then, interest rates have been increasing, reaching 3.28% in 2018 and 4.08% in 2020. Interest rates had a slight decrease in 2021, at 3.75%, but reached 4.08% in 2022. For larger loans, the interest rate also moved upward to 3.44% in 2022. In 2020, the interest rate spread reached a high for the last decade at 1.31%, but decreased to 0.65% in 2022.

Venture and growth capital have been growing steadily in recent years but had a rapid growth in 2021. Estonia has a well-developed start-up community that has good potential for raising venture capital. In 2021 companies raised EUR 962 million, a 112% year-on-year growth rate. In 2022 companies raised EUR 1 302 million, a 35% year-on-year growth.

Leasing and hire purchases turnover declined sharply during the COVID-19 crisis in 2020 but increased again reaching EUR 805 million in 2022.

Table 12.1. Scoreboard for Estonia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	1.56	1.508	1.660	1.681
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	7.18	7.518	8.175	8.987

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	21.7	20.06	20.31	18.70
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	8.15	7.368	8.810	9.576
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	2.91	2.587	3.010	2.650
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	35.65	35.11	34.17	27.67
Short-term loans, SMEs	EUR million	480.5	475.1	377.1	317.8	325.9	302.3	317.4	333.4	300.8	314.8	320.1	299	263	199	187	211
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	1.30	1.308	1.473	1.469
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	16.86	13.22	11.25	12.57
Government loan guarantees, SMEs	EUR million	15	23	52	66	53	60	52	66	66	93	61	72	75	112.60	94.0	100.56
Government guaranteed loans, SMEs	EUR million	27	39	86	122	116	122	100	111	112	171	100	118	145	188.13	140.10	153.72
Direct Government loans, SMEs	EUR million														85.1	10	3.79
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	0.70	0.59	0.29	0.23
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	2.19	2.09	0.84	0.56
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	3.85	4.08	3.75	4.08
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	2.56	2.77	2.81	3.44
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	1.29	1.31	0.93	0.65
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	364	453	962	1302
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	-5.00	293.7	-68.8	200.2	-34.3	530	40.6	9.4	157.9	19.3	-19	71.9	112.48	35.38
Leasing and hire purchases	EUR million	891.2	709.6	222.8	281.3	519.4	649.6	545.7	537.2	543	676	718	811	729	545	775	805
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	3451	2582	2989	3756
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	..	6.4	..	...	..
Bankruptcies, SMEs	Number	202	423	1055	1028	623	495	459	428	376	335	343	273	271	341	103	98
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	109.4	149.4	-2.56	-39.4	-20.5	-7.27	-6.75	-12.1	-10.9	2.39	-20.4	-1	25.8	-69.79	-4.85

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

13. Finland

Key facts on SME financing

The Finnish economy had seen five years of continuous growth before the COVID-19 pandemic. The COVID-19 pandemic and the uncertainty in the global economy resulted in a recession in Finland as GDP declined 2.9% in 2020. The growth rate has gradually recovered since, at 3.0% in 2021 and 2.1% in 2022.

Due to the economic downturn caused by the pandemic, the Finnish Government supported companies in 2021 with EUR one billion in direct support (grants), a loan scheme of EUR 258 million and a guarantee scheme of EUR 301 million. Of all direct support paid due to the COVID-19 pandemic, 71% went to service sectors. By size category, EUR 297 million of support was paid to micro-enterprises, EUR 524 million to small enterprises, EUR 138 million to medium-sized enterprises and EUR 41 million to large enterprises. A total of 37,921 companies received some type of support due to the pandemic in the year 2021.

A total of 57,970 companies received COVID-19 subsidies in 2020 and 2021, to which EUR 2,278.9 million were paid, i.e. approximately 39,300 euros per recipient. There were a total of 59 016 companies that received some kind of COVID-19 support in 2020 and 2021 (including loans and guarantees). If we add to this figure the non-employers, the number of companies that received some kind of COVID-19 support comes to about 106,100 companies.

For the first months of 2022, the outlook for SMEs had clearly improved after the pandemic, and economic expectations rose strongly. However, the situation changed rapidly as, following Russia's invasion of Ukraine, the prospects for investment and private consumption weakened due to prolonged and accelerated price increases, decreases in foreign trade, and increased uncertainty. The exceptional situation is directly reflected in the outlook for small and medium-sized enterprises for short-term economic development. As a result, expectations fell sharply.

SMEs are expected to significantly reduce their investments in the near future. With the exception of manufacturing, in all main industries, there is a larger share of companies reducing rather than increasing their investments. The weak development of investment expectations is linked to the exceptionally high uncertainty about the continuation of the war, the rise in interest rates and the rate of economic growth. Even though GDP growth was 2.1% in 2022, the growth rate was 3.0% in 2021.

The outstanding business loans reached a record-high level in 2022 (in total EUR 100 billion). The new business lending was also a record-high, totalling EUR 45 billion. The volume of new lending to SMEs, however, decreased in 2022 in comparison to the years 2016 – 2020. The SMEs received around EUR 8 billion in new loans in year 2022 (the figure was EUR 9.8 billion in 2020 and EUR 8.1 billion in 2021). The share of new SME lending was 17.9%, the lowest level since year 2010 (15.6%).

The average interest rate for SMEs was 3.17% in 2022 (2.02% in 2020). The average interest rate charged from large companies was instead 1.88% in 2022, in comparison to 1.19% in 2021. The interest rate for large companies was at higher level last time in 2014 (1.96%). The credit spread between small and large business loans indicates a tightening of credit terms for SMEs compared to large enterprises. The interest rate spread was 1.29% in 2022, 0.94% in 2021 while it was 0.66% in 2020.

The structure of corporate finance is changing very slowly. Bank-centricity is still common in the financing of SMEs, although it has decreased. Public actors like Business Finland and ELY centers have maintained their position as the most important options for bank loans together with Finnvera. Especially, growth-oriented companies applied for funding from Business Finland and venture capitalists (SME-barometer 2/2022¹).pl

Average B2B payment delays surged to 17 days in 2020. There was a significant increase in payment delays following the COVID-19 pandemic and during the economic downturn in Finland. Since the harsh first COVID year of 2020 the situation has improved significantly, with payment delays falling to 10 days in 2022. However, payment periods are still twice as long as they were in 2015 -2018.

The number of bankruptcies decreased markedly by 19% in 2020 from the previous year. Part of the decline is explained by the temporary amendment of the bankruptcy law (1 May 2020), which prevented bankruptcies of those enterprises whose financial difficulties would most likely be temporary due to the COVID-19 pandemic restrictions. In 2022, the number of bankruptcies has returned to the pre- COVID-19 pandemic level, totalling 2 666.

Finnish startups have once again raised a record amount of funding. The amount invested increased by almost half a billion from the previous year, totalling EUR 1.8 billion in 2022. The amount of funding raised by Finnish startups has increased tenfold in the last ten years. There have been especially great leaps in the last four years, and the long-term development has also been positive.

Table 13.1. Scoreboard for Finland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	79.3	85.3	91.0	96.9	94.1	100.1
New business lending, total	EUR billion	42.7	54.4	50.9	54.4	37.4	34.9	39.5	35.5	34.6	35.9	36.4	35.2	35.6	41.4	40.3	45.2
New business lending, SMEs	EUR billion	11.6	11.9	9.9	8.3	7.9	7.7	7.3	6.7	8.1	8.6	8.9	9.1	8.7	9.7	8.08	8.09
Share of new SME lending	% of total new lending	27.11	21.85	19.56	15.25	21.11	22.23	18.55	18.99	23.37	23.87	24.54	25.85	24.39	23.63	20.06	17.9
Short-term loans, SMEs	EUR million	..	..	..	839	1615	1613	1312	1149	1301	1361	1374	1359	1124	1414	1117	1383
Long-term loans, SMEs	EUR million	..	..	..	3 314	6 287	6136	6018	5583	6789	7219	7561	7747	7566	8249	6971	6710
Share of short-term SME lending	% of total SME lending	..	..	..	20.20	20.44	20.82	17.90	17.07	16.08	15.86	15.38	14.92	12.93	14.63	13.81	17.09
Government loan guarantees, SMEs	EUR million	389	414	426	393	450	383	351	440	496	563	535	549	598	1100	839	702
Direct government loans, SMEs	EUR million	371	453	521	378	358	283	274	283	351	259	224	194	183	105	148	119
Non-performing loans, total	% of all business loans	..	..	..	..	..	..	..	..	1.96	1.47	1.27	3.72	3.75	3.91	2.08	1.79
Non-performing loans, total (amount)	EUR million	..	..	..	..	..	..	..	..	1 423	1 119	994	3 170	3416	3785	1955	1788
Interest rate, SMEs	%	5.39	5.58	3.02	2.66	3.23	2.86	2.81	2.74	2.39	2.23	2.14	2.21	2.13	2.02	2.13	3.17
Interest rate, large firms	%	4.83	5.08	2.24	1.93	2.59	2.07	1.91	1.92	1.46	1.33	1.35	1.24	1.33	1.33	1.19	1.88
Interest spread	% points	0.56	0.50	0.78	0.73	0.64	0.79	0.90	0.82	0.93	0.90	0.79	0.97	0.80	0.66	0.94	1.29

Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	33	34	36	42	41	38	36	33	31	30	30	37	41
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	21.31	18.96	20.75	18.7
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	6.11	8.74	7.77	8.46
Non-bank finance																	
Venture and growth capital	EUR million	189	218	146	351	148	185	173	168	190	219	203	338	678	714	1034	1186
Venture and growth capital (growth rate)	%, year-on-year growth rate	..	15.34	-33.0	140.4	-57.8	25.0	-6.49	-2.89	13.10	15.26	-7.31	66.50	70.35	5.31	44.82	14.7
Leasing and hire purchases	EUR million	..	..	1 067	1 361	1 658	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	2	17	11	10
Bankruptcies, SMEs	Number	2 254	2 612	3 275	2 864	2 947	2 961	3 131	2 986	2 574	2 408	2 168	2 546	2 623	2 135	2 473	2 656
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	-9.97	17.44	3.02	-18.6	15.8	7.39

Note

1. The SME Barometer is published twice a year by the Federation of Finnish Enterprises, Finnvera and the Ministry of Economic Affairs and Employment.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

14. France

Key facts on SME financing

France has approximately 4.2 million small and medium-sized enterprises (SMEs), which account for 99.9% of the total business population. The total number of firms has increased by 7.7% between 2020 and 2022.

The stock of outstanding business loans to SMEs soared in 2020 by 28%, partly due to the Government loan guarantees scheme as a response to the pandemic crisis. The stock of outstanding business loans to SMEs stabilised at 348 558 million in 2022, an increase of 32% relative to 2019. As a result, the share of SME outstanding loans in total business loans has risen slightly, exceeding the pre-crisis average by 1.3 percentage points.

In recent years, SME demand for short-term loans has fluctuated significantly. The pandemic crisis fuelled SME demand for short-term credit with the stock of SMEs short-term outstanding loans increasing by 125% year on year in 2020 and the share of SME short-term loans in total business loans rising by 72%. The trend shifted in 2021 as SMEs started repaying their short-term loans. By 2022, the share of SME short-term loans dropped to 9.3% due to SMEs' preference for long-term credit.

Interest rates for SMEs and large companies increased in 2021 and 2022 after a major drop in 2020, but stabilised in 2022 above the pre-crisis level. The interest rate gap between SMEs and large companies widened in 2022. Access to financing for SMEs has become slightly more difficult, as indicated by the rising rejection rate exceeding pre-crisis levels.

In 2022, private equity investments declined by 9%, following an exceptional year in 2021. Nonetheless, the number of companies funded through private equity rose significantly, marking a 14.5% increase compared to 2021 and exceeding the average level observed between 2012 and 2021. Investments in venture and growth capital (EUR 5.1 billion invested, +11% vs. 2021) and expansion capital (EUR 5.4 billion invested, +3% vs. 2021) are on the rise. The sub-total of venture capital, growth capital and expansion capital investments has grown 4.4 times in 10 years.

Crowdfunding continues to grow, despite macro-economic, geopolitical and health-related turbulence. Since 2015, the annual volume of equity crowdfunding provided through the platforms grew by a multiple of 14. Crowdfunding platforms benefit from a specific regulatory framework since 2014 which enables them to operate without a minimum amount of equity.

Factoring volumes increased by 15.5% in 2022, as did the number of ongoing operations (+ 7.9%). Activity development has been important since the pandemic crisis, with a 30% increase of volumes compared to 2020.

The plan *France 2030* seeks to position France as a leader in innovation in key sectors. Following a decrease in investments in 2020, it recovered in 2021. Investments in digital, healthcare and consumer goods account for 73% of total investment.

In 2020, the French government initiated a EUR 100 billion recovery plan ('France Relance'). Stemming from COVID-19 crisis responses, this plan, grounded in three pillars (environment, competitiveness, and cohesion), seeks to overhaul the economy and generate new employment opportunities. Additionally, the French government has introduced measures to address inflation and high energy costs, including energy assistance programmes such as capping electricity prices.

The financial stability of French companies was impacted by both the COVID-19 crisis and the rise in gas and electricity prices. Strengthening the balance sheet was a critical concern to safeguard the investment capacity of SMEs and mitigate the risk of insolvency. Credit mediation and loan programmes remained crucial in supporting SMEs.

Table 14.1. Scoreboard for France

Indicator	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt														
Outstanding business loans, SMEs	EUR Billion	199 413	209 955	213 698	216 199	219 231	224 487	232 926	243 431	253 324	263 367	336 197	337 906	348 558
Outstanding business loans, total	EUR Billion	974 427	1 012 699	1 010 201	1 026 553	1 037 246	1 080 039	1 131 846	1 196 423	1 263 254	1 342 067	1 514 613	1 541 624	1 666 273
Share of SME outstanding loans	% of total outstanding business loans	20.5	20.7	21.2	21.1	21.1	20.8	20.6	20.3	20.1	19.6	22.2	21.9	20.9
New business lending, total	EUR Billion	9 052	34 600	7 752	1 565	18 942	35 009	43 799	56 141	58 737	51 560	141 309	43 683	91 896
Outstanding short-term loans, SMEs	EUR Billion	38 066	40 268	41 045	42 738	43 219	43 444	43 805	44 640	44 776	44 351	99 496	57 444	28 560
Outstanding long-term loans, SMEs	EUR Billion	134 211	142 457	146 236	146 049	148 620	152 314	158 883	166 645	175 189	184 879	198 717	243 500	279 925
Share of short-term SME lending	% of total SME lending	22.1	22.0	21.9	22.6	22.5	22.2	21.6	21.1	20.4	19.3	33.4	19.1	9.3
Government loan guarantees, SMEs	EUR Billion	5 326	4 231	4 157	4 394	4 783	4 984	5 229	5 103	5 095	4 805	5 873	5 315	6 366
Government guaranteed loans, SMEs	EUR Billion	11 883	9 826	8 465	8 925	7 800	8 000	8 400	8 900	8 700	8 500	116 800	21 000	13 810
Non-performing loans, total	% of all business loans	4.6	4.0	4.1	4.3	4.1	4.0	3.9	3.6	3.3	2.5	2.2	1.9	1.8
Interest rate, SMEs	%	2.5	3.1	2.4	2.2	2.1	1.8	1.5	1.4	1.5	1.4	1.0	1.3	1.9
Interest rate, large firms	%	1.6	2.2	1.7	1.5	1.3	1.2	1.1	1.1	1.0	0.9	0.7	1.1	1.3
Interest rate spread	% points	0.9	0.9	0.7	0.7	0.8	0.6	0.4	0.3	0.4	0.5	0.3	0.2	0.6
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending			9.4	8.5	7.3	6.3	5.2	4.3	4.2	3.8	3.6	2.8	4.8

Percentage of SME loan applications	SME loan applications/ total number of SMEs			38.4	35.6	35.7	37.9	37.9	37.2	36.7	36.3	39.3	31.7	33.4
Rejection rate	1-(SME loans authorised/ requested)			11.12	8.00	6.61	7.55	6.21	5.14	4.36	2.55	2.38	4.18	8.91
Utilisation rate	SME loans used/ authorised	86.4	87.0	87.6	87.3	87.5	87.2	87.0	86.8	86.8	87.0	88.7	89.1	88.5

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

15. Georgia

Key facts on SME financing

As of June 2023, 99.7% of active enterprises in Georgia were SMEs¹. In 2022 SMEs accounted for 60.1% of business sector employment, 34.5% of business sector turnover and 51.4% of output in the business sector.

In recent years, credit to SMEs rose significantly, amounting to a staggering 412.5% increase from GEL 1 400 million in 2010 to GEL 7 174 million in 2022.² Throughout this period, total business loans grew by more than 261%, and the proportion of SME loans as a percentage of total business loans grew from 33.8% to 48%. In 2021 and 2022, credit to SMEs increased by 15.2% and 7.5%, while total business loans increased by 11.1% in 2021 and decreased by 0.1% in 2022. Accordingly, the share of SME loans in business loans increased to 44.53% in 2021 and to 47.94% in 2022.

The average interest rate charged to SMEs in Georgia is high by OECD standards, but it has significantly declined over the last decade, from 17.5% in 2010 to 9.3% in 2020. Because of financial tightening interest rates rose to 9.9% in 2021 and 11% in 2022. Also from 2018, the interest rate spread has shown a declining trend. The interest rate spread was 0.76 percentage points in 2021 and 0.14 percentage points in 2022.

In 2022, the overall volume of non-performing SME loans amounted to GEL 659 million (a decrease of 12% with respect to 2021). Despite a significant decrease in non-performing loans, the amount is still higher than it was before the pandemic. The share of non-performing SMEs loans is now at 5.3% (1.2 p.p. decrease from the last year).

The government of Georgia has prioritised SME development as the main source of private sector growth, job creation and innovation. For instance, the Innovation and Entrepreneurship Policy is one of the successful reforms the Georgian Government has conducted. Through 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 objective 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, training 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 SMEs at different stages of development.

Table 15.1. Scoreboard for Georgia

Indicators	Units	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt															
Business loans, SME	GEL million	..	1 400	1 548	1 738	2 051	2 422	3 621	3 992	5 176	6 620	8 121	9 987	11 501	12 364
Business loans, total	GEL million	3 097	4 145	4 821	5 344	6 080	7 268	9 575	10 500	12 000	14 687	19 070	23 042	25 828	25 791
Business loans, SMEs	% of total business loans	..	33.8%	32%	32%	33.7%	33.3%	38%	38%	43.1%	45.1%	42.6%	43.0%	44.5%	47.9%
Non-Performing Loans, total	GEL million	926	784	666	810	791	988	1 202	1 380	1 337	1 480	1 414	3 203	2 255	1 838
Non-performing loans, SMEs	GEL million	..	145	134	111	102	101	161	206	221	407	400	974	749	659
Non-performing loans, total	% of all business loans	..	16.1%	11%	12%	10.7%	10.6%	9.8%	10.1%	7.7%	6.6%	4.9%	8.4%	5.2%	4.1%
Non-performing loans, SMEs	% of total SME loans	..	10.3%	8.7%	6.4%	5.0%	4.2%	4.4%	5.2%	4.3%	6.1%	4.9%	9.8%	6.5%	5.3%
Interest rate, SME	%	..	17.5%	16%	15%	12.9%	11.6%	13%	10.2%	10.4%	10.5%	9.9%	9.3%	9.9%	11%
Interest rate, large firms	%	..	14.9%	15%	13%	11.4%	10.2%	10%	9.6%	9.3%	9.3%	8.7%	8.4%	9.1%	10.8%
Interest rate spread		..	2.6%	1.0%	2.3%	1.5%	1.4%	2.4%	0.6%	1.0%	1.2%	1.2%	0.9%	0.9%	0.8%
Collateral, SMEs	%	..	..	..	..	95.6	..	..	..	..	..	..	..	..	..
Rejection rate	%	..	..	..	..	4.6	..	..	..	..	..	..	..	..	..
Utilization rate	%	..	..	..	..	95.4	..	..	..	..	..	..	..	..	..
Other indicators															
Procedures of enterprises' liquidation (incl. bankruptcy)	Number	52	2 094	3 176	2 524	1 775	1 785	1 560	229	293	153	208	147	..	..
Procedures of enterprises' liquidation (incl. bankruptcy)	Year-on-year growth rate (%)	-14.75	3 927	51.67	-20.5	-29.68	0.56	-12.6	-85.3	28	-47.78	35.95	-29.33	..	..

Notes

1. According to the methodology introduced by the Georgian National Statistics Office in 2016 to gather statistics on the country's SMEs and in pursuant of the National Strategy of SME development.
2. Figures are inflation-adjusted, with 2010 as the base year.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

16. Germany

Policy developments

German SMEs have felt the burden of the pandemic, but generally they have come through the crisis years with few bruises. Rapid adjustments to business models and, above all, strong growth in digital sales of products and services have often proved to be lifesaver and prevented worse outcomes (KfW, 2021^[4]).

Despite all the coronavirus worries, 2021 was a very good year for SMEs. Seemingly unimpressed by the pandemic, sales and employment returned and employment returned to pre-crisis levels.

At the start of 2022, businesses confronted the current crisis on a solid foundation (KfW, 2022^[5]). Even as the burdens from the pandemic are easing, the economic situation has worsened as a consequence of Russia's war of aggression against Ukraine. The escalation of the conflict has led to enormous uncertainty.

The impact of the war, in combination with directly and indirectly perceivable consequences of sanctions (such as loss of export markets, energy price increases, rising inflation, supply chain disruptions and production losses), has been afflicting many businesses (KfW, 2022^[5]). Despite all stress factors, the damage to SMEs is still moderate.

However, the economic outlook for 2024 is muted, prospects for investment and turnover are dim and, not least, businesses are feeling the implications of tighter monetary policy (KfW, 2023^[6]).

It became apparent already at the end of the last year that the situation in the credit market was becoming more difficult for businesses. They reported that banks were taking an increasingly restrictive position in loan negotiations (KfW, 2023^[6]).

To some extent, this reflects the now higher interest rate environment, which companies might perceive as more restrictive lending. But banks are also applying more conservative lending criteria, reflecting the current economic uncertainty. There is, however, no sign of a credit crunch, and banks have sufficient surplus capital and enough lending capacity to finance German SMEs.

The task now is to support SMEs in the transformation to more sustainability and climate protection, which requires massive investments in the decarbonisation of our economy. For this purpose, the differentiated range of funding from the ERP Special Fund is available and is constantly being further developed.

Programmes

Credit-based financing for start-ups, succession, growth, innovation and digitalisation in the sustainable transformation

The ERP Special Fund [ERP: European Recovery Program] provides a differentiated and well-established system of promotional loan instruments for different start-up phases. The KfW promotional loans have been established on the market for several decades and are available with attractive conditions for financing investments, including investments in climate-neutral and digital transformation. The German

government supports SMEs with its credit-based ERP funding instruments, which are open to all business sectors. These programmes are passed on to the final borrowers by the Kreditanstalt für Wiederaufbau (KfW), the Federal Promotional Bank, via the house banks (private banks, cooperative banks savings banks). Various programmes cover the investment and working capital needs of newly established and established SMEs (up to 500 million euros turnover).

In order to provide SMEs with the best possible support in the period after the Corona pandemic and in the transformation to a sustainable and digital economy, the promotional programmes for small and medium-sized enterprises were restructured at the beginning of 2022:

The ERP Start-Up Loan-StartGeld (ERP-Gründerkredit-StartGeld) is available for start-ups, freelancers and small businesses that have been active on the market for less than five years and require little start-up capital.

Small and medium-sized enterprises ERP-SME-Promotional-Loan (ERP-Förderkredit KMU) and larger SMEs KfW-Promotional-Loan-For-Large-Mid-Sized Companies (KfW-Förderkredit großer Mittelstand) now each have their own promotional programme for financing projects as well as start-ups and company takeovers. The improved conditions of the ERP and KfW promotional loan programmes allow SMEs to finance their projects at favourable and attractive conditions. Young enterprises and those in regional assisted areas continue to receive particularly strong support.

For companies affected by Russia's attack on Ukraine or the sanctions against Russia and Belarus, the KfW Special Programme UBR (Ukraine, Belarus, Russia) 2022 (KfW-Sonderprogramm UBR) 2022 was available until 31 December 2023.

Innovation and digitization support in Germany include the ERP-Digitisation-and-Innovation-Loan (ERP-Digitalisierungs- und Innovationskredit) and the ERP-Mezzanine for Innovation (ERP-Mezzanine für Innovationen).

The KfW-Loan-for-Growth¹ (KfW-Kredit für Wachstum), which supports larger projects in the area of innovation and digitalisation, including investments and working capital.

The KfW-Syndicated-Loan-Sustainable-Transformation (KfW-Konsortialkredit Nachhaltige Transformation) offers larger companies flexible financing for ambitious, sustainable and transformative measures that meet the technical criteria of the EU taxonomy.

Equity and venture capital financing

INVEST grant for venture capital

INVEST is a funding programme of the Federal Ministry for Economic Affairs and Climate protection. It was launched in 2013 and further developed in 2017 and 2023 to support private investors who want to invest in young and innovative companies. Under this programme, business angels who invest in innovative start-ups receive an acquisition grant of 25% of the investment amount. The investor must provide at least EUR 10 000 to the company. A maximum of EUR 100 000 in acquisition grants is approved per investor. In addition, natural persons can receive a lump-sum tax compensation with the exit grant amounting to 25 % of the profit made from the sale of his/her shares supported with the acquisition grant. The exit grant is limited to 25% of the investment amount of the INVEST shares, and the shares must be held for at least three years.

KfW Capital

As 100% subsidiary of KfW Group, KfW Capital invests in German and European venture capital and venture debt funds since its establishment in October 2018, thereby strengthening the funds' capital base. The aim of KfW Capital is to improve access to capital for innovative technology-oriented growth

companies in Germany through financially strong funds. KfW Capital has doubled the annual amount of funding to EUR 400 million from 2021 onwards. Funding takes place particularly as part of the ERP-VC Fund Investments programme as well as of the ERP/Future Fund Growth Facility as a module of the 'Zukunftsfonds' (Future Fund).

ERP-Financing-Instruments in cooperation with the European Investment Fund (EIF)

ERP Special Fund and EIF have been cooperating very successfully in the field of equity and mezzanine financing for nearly twenty years. This makes an important contribution to ensuring that innovative start-ups in Germany have access to capital. The financing instruments include, amongst others, the ERP/EIF Venture Capital Fund of Funds with a total fund volume of EUR 3.7 billion.

Zukunftsfonds (Future Fund)

The 'Zukunftsfonds', set up by the Federal Government in 2021, is providing EUR 10 billion until the end of 2030 for a venture capital fund for forward-looking technologies ('Future Fund') at the KfW to foster the German venture capital market. Factoring in the contributions from private together with public-sector partners, the Future Fund, with financial contributions from the ERP Special Fund, aims to mobilise at least EUR 30 billion in start-up funding. The overarching principle of the Future Fund is to broaden the German VC market, requiring a substantial private-sector investment contribution, also for the sake of market principles and in compliance with European competition and state aid rules. The new fund addresses various development phases of start-up financing – with a special focus on start-ups going through the capital-intensive scale-up phase – with a set of closely interlinked modules, comprising both a qualitative and quantitative expansion of existing instruments as well as the development of new modules to increase start-up funding. Within the Future Fund, the ERP/Future Fund Growth Facility, with a total of EUR 2.5 billion, as well as the GFF-EIF Growth Facility, with a volume of up to EUR 3.5 billion, increase fund volumes and facilitate larger financing rounds for the period up to 2030. In 2023 the European Tech Champions Initiative has been launched with a total fund size of up to EUR 3.75 billion to tackle the European scale-up gap; Germany is contributing EUR 1 billion alongside the EIB-Group and several contribution Member States. A fund of funds for growth capital (Growth Fund for Germany) aims in particular to mobilise capital of institutional investors for start-ups. The KfW programme Venture Tech Growth Financing (VTGF) was expanded in 2022 with a volume of up to EUR 1.3 billion to strengthen the area of venture debt in Germany. The DeepTech & Climate Fund (up to EUR 1 billion) directly invests into deep tech and climate tech start-ups together with private investors. Since 2023 it has invested in several start-ups.

With the launch of the EUR 1 billion fund-of-funds "Wachstumsfonds Deutschland", a key module of the Future Fund to provide institutional investors with attractive investment opportunities in the Venture Capital asset class has been realized. It is funded primarily by private resources. Besides the Federal Government and KfW Capital as anchor investors, the fund has more than 20 major institutional investors including insurers, superannuation funds, foundations, asset managers and large family offices. The Wachstumsfonds Deutschland invests in German and international VC funds. This will significantly improve access to urgently needed growth capital for start-ups and innovative technology firms while strengthening Europe and Germany as an innovation location.

Further instruments and components of the Future Fund have been implemented throughout the year 2023, e.g. improving the access to venture capital for female founders and investors with the Emerging Manager Facility. Under this programme, KfW Capital is investing in smaller private venture capital (VC) funds managed by women or gender-diverse teams. These teams are often very young first-time entrants to the VC market ("emerging managers". Overall, EUR 200 million is available from the Future Fund for the new programme until 2030.

Furthermore, HTGF Growth Facility with a volume of EUR 660 million will be launched as a co-investment fund to provide additional growth capital to particularly promising companies in the investment portfolio of the HTGF Seed Funds (HTGF I to IV), and RegioInnoGrowth will address start-ups and SMEs which are typically not addressed by venture capital funds.

High-Tech Gründerfonds (HTGF)

The High-Tech Gründerfonds (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 million is provided, with a total of up to EUR 4 million usually being available per company. In February 2023 the fourth fund, HTGF IV, with a volume of EUR 493.8 million was closed.

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.

Note

1. This programme is to be renamed "KfW -Syndicated-Loan-Innovation and Digitalisation" in the near future.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

17. Greece

Key facts on SME financing

During 2021 and 2022, economic activity rebounded significantly, covering most of the lost ground from the pandemic shock. Real GDP increased by 8.4% in 2021 after shrinking by around 9% in 2020. This strong growth trend continued in 2022 during which real GDP grew by 5.9%. This is mainly due to private consumption, a significant increase in investments and the recovery of tourism. The uptick in investments in 2022 is related to a significant increase in new business lending, which almost doubled in 2022 after a decade of relatively low volume and a decrease of 26.8% in 2021 vis-à-vis 2020. Still, new lending to SMEs grew proportionally less, by 35%, compared to an impressive 87% increase in new loans for all firms' sizes. As a result, the share of SMEs in new loans dropped to 20.5%, down from 28.3% in 2021.

However, despite the economic recovery and the increase in new lending, outstanding credit to all businesses in 2022 remains below the level of 2020. Nonetheless, in 2020 the decline in the outstanding stock of SME loans was driven by a significant removal of non-performing loans (NPLs) from Greek banks' balance sheets (from 36.1% of total loans in 2019 to 28.5% of total loans in 2020) through the introduction in late 2019 of the "Hercules" asset-protection scheme.

As a result of ECB monetary policy tightening, interest rates for both SMEs and large firms increased in 2022, after a downward trend that lasted for nine years. Interest rates climbed to 4.28% for large firms and to 3.23% for SMEs. The spread between the two decreased marginally by 0.05 but remains above 1% for the third year in a row.

Credit conditions tightened significantly, and access to finance continues to be a central problem for Greek SMEs, according to the most recent ECB Survey on Access to Finance of Enterprises (SAFE), which documents increased collateral requirements for more firms and an increase in loan rejection rate for Greek SMEs in 2022.

The percentage of SME non-performing loans was 9.18% in 2022 and has declined for the eighth year in a row since 2016 when it reached 43.2%. This decline is explained by public programmes such as the Hercules Programme that assists commercial banks in securitising and removing NPLs from their balance sheets. Accordingly, 5.63% of all business loans were non-performing in Greece in 2022.

In 2022, alternative sources of finance were in a small decline in Greece and remained at low volumes in general. Venture capital financing amounted to EUR 325 million, which represented a decrease of 35% compared to 2021. It should be noted though, that 2021 was an exceptional year with EUR 500 million of total volume in funding, and that the equity finance ecosystem in Greece exhibits a general growth trend since it started from a relative low volume. This positive trend is evident if we take in to account the 2020 funding volume, which was merely EUR 150 million, but nevertheless constitutes a quadrupling from the 2016 volume of EUR 38 million. Factoring increased significantly to EUR 2.98 billion compared to EUR 2.37 billion in 2021. Leasing and hire purchase activities increased slightly, reaching EUR 2.7 billion compared to EUR 2.5 billion in 2017.

As a response to the COVID-19 pandemic, the Greek government put in place several measures to tackle the impact of the crisis on SMEs. One of the measures in place was the "COVID-19 Guarantee Fund".

During the first cycle, the guarantee rate was set at 80% per loan, while the maximum guarantee was set at 40% for a loan portfolio to SMEs and 30% for a loan portfolio to large companies, while at the third cycle the cap rate for micro enterprises loan portfolio was set at 60%. The total Fund resources reached EUR 2 million. In the second cycle of the Fund the provision of the guarantee paid by the companies is fully subsidised. 75% to 90% of the new loans of the second cycle of the Guarantee Fund are addressed with priority to MSMEs. As a result, the Fund reached an amortised amount of EUR 6.4 million by the end of 2022, during an operation period of two years.

Table 17.1. Scoreboard for Greece

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	35.2	32.0	25.5	..
Outstanding business loans, total	EUR billion	102	124	124	117	113	101	97	95	89	88	82	76.4	67.3	66.6	57.9	64
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	52.3	48.1	43.99	..
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	7.9	16.2	11.85	22.19
New business lending, SMEs	EUR billion	..	12.5	13.0	4.4	5.2	4.1	3.7	2.3	3.2	2.8	3.1	3.3	3.2	6.0	3.4	4.54
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	16.05	31.8	28.39	20.46
Outstanding short-term loans, SMEs	EUR billion	..	..	..	..	..	..	..	18.1	17.6	18.8	17.0	15.1	13.4	9.5	6.93	..
Outstanding long-term loans, SMEs	EUR billion	..	..	..	..	..	..	..	30.1	29.3	29.6	27.7	25.9	21.7	22.5	18.56	..
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	..	37.6	37.6	38.9	38.0	58.4	61.6	42.3	37.37	..
Government loan guarantees, SMEs	EUR billion	..	..	..	..	..	..	0.37	0.31	0.24	0.56	1.08	1.2	1.3	3.9	3.97	4.05
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	28.6	25.5	19.1	8.8	5.63
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	..	41.2	44.1	43.2	42.5	38.1	36.1	28.5	16.4	9.18
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	4.66	4.31	3.9	3.79	4.28
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	3.64	2.8	2.7	3.23
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	0.85	0.67	1.1	1.09	1.05
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	18.5	18.4	13.72	28.5
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	23.9	31.3	21.93	23.23
Rejection rate	1- (SME loans authorised/ requested)	..	..	25.8	24.5	33.8	28.3	26.0	21.5	19.9	18.2	16.2	20.5	11.4	12.3	10.35	14.96

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	84.1	147.1	150	500	325
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	72	-49	50	-60	..	..	160	193	3	17	88.8	74.87	1.99	233.3	-35
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	3.39	3.32	2.52	2.69
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	1.96	1.89	2.37	2.98
Other indicators																	
Payment delays, B2B	Number of days	..	25	34	30	35	40	43	41	36	47	47.	33	17	..	50	36
Bankruptcies, SMEs	Number	513	359	355	355	445	415	392	330	189	108	123	114	63	57	53	..
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	-30	-1	0	25	-7	-6	-16	-43	-43	14	-7	-23.2	-9.52	-7.02	..

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

18. Hungary

Key facts on SME financing

According to the preliminary data of the Hungarian Central Statistical Office, at the end of 2021, 892 106 enterprises operated in Hungary, 99,89% of which (891 137 enterprises) qualified as SMEs. Hungarian SMEs make up 75% of total employment and generated 61% of value added.

The COVID-19 pandemic in early 2020 created a protracted international crisis situation, which had an impact on the Hungarian economic ecosystem.

The rapid economic growth after the coronavirus crisis ended with a sharp downturn. In February of 2022, the large-scale aggression of Russia against Ukraine escalated in the region's vicinity, causing another crisis for the Hungarian economy. As a result of the war, SMEs have to deal with drastically increased energy costs, shortages of basic and raw materials, rising transport costs, regulatory changes, and value chain disruptions. The energy bill increased from EUR 6.8 billion to EUR 16.6 billion.

In 2022, even under such unforeseen circumstances, the level of employment activity and the dynamics of the economy were maintained. The unemployment rate fell to 3.6% compared to 6.2% in the EU. Peak employment was registered in September, with 4.7 million people employed, which represented an increase of 60,000 people compared to the same period in the previous year and exceeds the employment level in 2019 before the outbreak of COVID.

The gross investment rate of non-financial corporations, which is the gross fixed capital formation divided by gross value added in 2021 and 2022 was between 33% and 35% respectively, which is high compared to the values of other EU member states. In 2022, a record amount of EUR 7 billion of foreign capital (FDI) flowed into the country, and it was expected to reach up to EUR 10 billion in 2023.

Despite all the negative effects that were caused by Russia's aggression against Ukraine, the energy crisis and the significant increase of inflation, not experienced for decades, the Hungarian GDP grew by 4.6% in 2022. This value equates to growth 1.2 percentage points higher than the EU average.

Growth was supported by strong performance in the construction sector, expanding retail sales and the strong performance of the majority of service sectors.

The stock of foreign direct investment capital in Hungary peaked according to the Global Innovation Index Report. The net FDI inflows in ratio of the GDP increased to 61% by the end of 2022, which is a strong value in the European Union.

The 14% annual growth rate of Hungarian banks' outstanding corporate loans was the fourth highest when compared to other EU countries. Based on preliminary data, outstanding loans to the micro, small and medium-sized enterprise segment expanded by 13% year on year, with significant continued support from the Széchenyi Card Programme (SCP). The average interest rate on market-based corporate loans was generally in line with the rise in interest rates. In 2022 the interest rate was 10.99% for SMEs and 11.18% for large firms.

A rise in demand for foreign currency loans as well as for short-term loans was seen in this period.

Central banks reacted to the high inflation caused by the war with high interest rates, which had a negative impact on corporate lending. The high interest rates dried up credit markets and justified targeted, stimulative lending by the state. The Government's Széchenyi Card Programme MAX+ and the Baross Gábor Loan Programme supported the SME sector's access to credit financing through state-subsidised loan and guarantee schemes. The state-subsidised loan schemes are typically available at an annual interest rate of 5-6%, while market loans can have interest rates of up to 20%. As part of the fight against soaring interest rates and energy prices, the Government introduced an interest freeze on retail loans, which could help more than 60 000 SMEs. The interest freeze was implemented on November 2022 until December 2023.

Overall, the data suggests a mixed picture for the private equity and venture capital market in Hungary. While there was a decline in the total number of companies receiving investments (from 255 in 2021 to 198 in 2022), there was a significant increase in the total investment amount (from EUR 174.5 million in 2021 to EUR 220.1 million in 2022). The substantial increase in total investment suggests that despite the decrease in the number of companies, there was a focus on backing high-potential companies and making larger investments. This is especially notable in the buyout category, where the investment amount increased significantly from EUR 18.129 million in 2021 to EUR 63.076 million in 2022.

The growth in start-up investments and VC-backed growth capital also indicates continued interest in supporting early-stage and scaling companies in Hungary. This suggests that investors and venture capitalists are still optimistic about the potential for growth and innovation within the start-up ecosystem. Additionally, the decrease in the number of companies receiving investments could be reflective of a more selective investment approach or consolidation within the market.

A decrease in new funds raised may indicate a potential slowdown in private equity and venture capital activity within the country. It could suggest a decrease in investor confidence or reduced interest in funding startups and growth-stage companies.

The National Capital Holding was registered in November 2022 and started its operations on 1 January 2023. It oversees the operation of the Holding's funds: the MFB Invest Zrt., the EXIM Invest Zrt. and their subsidiaries and implements new economic stimulative programmes such as the Baross Gábor Capital Programme.

Table 18.1. Scoreboard for Hungary

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	4 411	4 674	4 691	5 122	5 626	6 199	7 175
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	8 715	9 836	10 853	12 540
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	62.37	59.31	54.7	58.77	57.2	57.12	57.22
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	4 670	4 738	5 569	5 430
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	2 417	2 113	2 509	2 313
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	2 252	2 624	3 059	3 117

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	51.77	44.61	45.06	42.60
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	707.1	1 193	1 413	1 526
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	934.8	1 561	1 726	1 908
Non-performing loans, total (amount)	HUF Billion	..	..	..	832	1 155	1 272	1 124	961	697	577	526	472	334	336	355	316
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	3.83	3.42	3.6	3.96
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	3.5	6.18	1.39	1.14	1.6
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	2.97	1.88	3.53	10.99
Interest rate, large firms	%	8.97	10.28	11.07	..	..	8.9	5.9	4.1	2.4	2.8	1.8	2.0	1.3	1.58	2.77	11.18
Interest rate spread	% points	1.22	0.97	1.24	..	..	0.80	1.50	1.00	2.30	1.40	1.50	0.44	1.67	0.30	0.76	-0.19
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	74.46	53.65	77.79	82.11	67.88	7.70	72.51
Utilisation rate	SME loans used/authorised	..	..	..	..	..	..	81.5	..	..	..	..	..	..	..	..	..
Non-bank finance																	
Venture and growth capital	HUF Billion	3.95	13.78	0.72	6.98	11.31	19.36	15.88	18.76	27.74	12.1	11.47	28.66	28.8	45.84	46.84	36.48
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	249.00	-94.8	869.72	61.96	71.22	-18	18.13	47.89	-56.5	-4.97	149.88	..	..	..	..
Leasing and hire purchases	HUF Billion	..	..	..	..	..	..	..	..	..	490.5	483.26	538.4	677.45	734.32	749.76	845.75
Factoring and invoicing	HUF Billion	..	..	..	..	..	..	..	..	..	46.47	107.85	66.72	55.21	41.45	32.36	49.34
Other indicators																	
Payment delays, B2B	Number of days	16	19	19	15	22	20	..	17	17	4	-1	5	1	18	5	11
Bankruptcies, total	Number	153	168	212	232	279	301	376	644	488	377	322	401	370	225	228	384
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	-8	-39	1.15	69

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

19. Ireland

Key facts on SME financing

SMEs accounted for 99.8% of all active enterprises in Ireland in 2021. They also accounted for 60.1% of total persons employed. Over half of all SMEs (55.9%) in the Irish business economy in 2020 were in the services sector.

Total SME bank debt has fallen from EUR 60 billion in 2010 to EUR 18.4 billion in 2022. Much of the decline can be attributed to SMEs' deleveraging real estate-related debt since the great financial crisis (GFC).

Gross new lending to core SMEs (all non-financial and non-property related sectors) was EUR 3 billion in 2022. This reflected a year-on-year increase of EUR 102 million, marking the largest year-on-year increase in almost three years. Survey data from the SME Credit Demand Survey show that SMEs in Ireland are choosing to access bank credit less. For 79% of SMEs, having sufficient internal funds was the reason for not seeking credit.

Loan approval rates are broadly unchanged, with 90% of all applications for the period April – September 2022 (excluding “still pending”) either being fully or partially approved.

The interest rate on new SME loan drawdowns increased by 112 basis points over the quarter and now stands at 5.23%. Rates on new SME loans increased across all sectors over the quarter and over the year to Q4 2022.

The Government of Ireland has implemented a range of measures to assist SMEs, including primary producers, in dealing with the rising costs of energy, together with an increased inflationary environment, as a consequence of the conflict in Ukraine. In January 2023, the Ukraine Credit Guarantee Scheme worth EUR 1.2 billion was launched. This is aimed at providing low-cost working capital to SMEs, primary producers, and small mid-caps, and is available through a growing number of lenders which include banks and credit unions. In September, the EUR 500 million Growth and Sustainability Loan Scheme was launched, with the aim of providing longer-term lending. Loans under these schemes are currently available through two of the main banks, with other lenders expected to take part in the scheme. Prior to that, in July 2022, the SME Energy Efficiency Loan Scheme (EELS) was launched under the Climate Action Plan. Its purpose is to assist SMEs, including primary producers, to invest in the energy efficiency of their enterprises. This scheme will close for applications at the end of 2023. The Government introduced a Temporary Business Energy Support Scheme in 2023 to assist businesses with the increase in cost of their electricity bills. The Government also introduced the Business Users Support Scheme for Kerosene for businesses that were impacted by the increased cost of Kerosene during 2022.

Since commencement of its lending in March 2015, Ireland's national promotional bank, the Strategic Banking Corporation of Ireland (SBCI) is working closely with the Department of Enterprise, Trade and Employment, the Department of Agriculture, Food and the Marine and the Department of Finance in the design of and implementation of a number of credit-related support and investment schemes, such as;

- Credit Guarantee Scheme;

- Brexit Loan Scheme;
- Brexit Impact Loan Scheme;
- the COVID-19 Working Capital Scheme;
- the COVID-19 Credit Guarantee Scheme;
- the Future Growth Loan Scheme;
- SME Energy Efficiency Loan Scheme
- Ukraine Credit Guarantee Scheme;
- Growth and Sustainability Loan Scheme.

Currently, the last three schemes listed above are open for loan applications.

The overriding objective of these schemes is to provide flexible funding for those firms that require it. More details on these schemes are provided in the full country profile.

Credit Review was established in 2010 and continues to be crucial to assist SMEs and farm borrowers who have been refused bank credit, including an SBCI product. It helps SMEs who have had an application for credit of up to EUR 3 million declined or reduced by the participating banks, and who feel that they have a viable business proposition. This is a strictly confidential process between the business, Credit Review, and the bank.

Table 19.1. Scoreboard for Ireland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	14.25	12.79	12.66	12.54
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	28.80	25.58	24.63	25.24
Share of SME outstanding loans	% of total outstanding loans	..	..	..	63.89	67.82	67.51	66.89	67.32	64.78	57.54	57.04	50.96	49.47	50.02	51.43	49.67
New business lending, SMEs	EUR Million	..	..	..	2 284	2 211	1 990	1 905	2 401	2 646	3 235	3 682	3 468	3 618	2 914	2 905	3 007
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	2.52	2.43	4.78	4.36
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	0.69	0.46	7.88	6.97
Share of short-term SME lending	% of total SME lending	89%	88%	89%	86%	87%	85%	83%	75%	61%	67%	77%	75%	80%	84%	38%	39%
Non-performing loans, total	% of all business loans	..	..	..	..	..	..	..	..	..	..	..	14	7.4	4.7	5.4	6.9
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	41	41	27	26	18.7	22.6	11.1	6.8	8	9.8	8.1
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	4.2	4.17	3.88	4.2
Interest rate, large firms	%	5.95	6.19	3.22	2.86	3.33	2.81	2.76	2.96	2.37	2.18	2.24	2.15	2.47	2.23	1.99	3.29
Interest rate spread	% points	0.28	0.5	0.76	1.03	1.36	1.54	1.6	1.8	2.63	2.25	1.98	2.21	1.75	1.94	1.89	0.91
Collateral, SMEs	% of SMEs needing collateral	..	..	..	..	..	..	..	41	40	46	41	39	42	34	42	53

Percentage of SME loan applications	SME loan applications/total SMEs	..	..	..	..	36	39	36	31	30	23	21	20	20	18	17	17
Rejection rate	1-(SME loans authorised/requested)	..	..	..	..	30	24	20	14	15	16	15	14	14	15	9	10
Utilisation rate	SME loans used/authorised	..	..	..	..	..	..	81	82	84	75	75	83	76	..	..	..
Non-bank finance																	
Venture and growth capital	EUR Million	226	243	288	310	274	269	285	401	522	888	994	738	820	925	1330	1331
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	7.53	18.61	7.67	-11.5	-2	5.95	40.65	30.3	70.1	11.92	-25.7	11.1	12.8	44	0
Other indicators																	
Bankruptcies, SMEs	Number	344	613	1 245	1 386	1 410	1 317	1 119	1 007	816	642	720	543	678	492	345	462
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	78.2	103.1	11.33	1.73	-6.6	-15	-10	-19	-21.3	12.15	-24.6	24.86	-27.4	-29.9	33.91

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

20. Israel

Key facts on SME financing

As of 2022, there were 660 000 businesses in Israel, 99.5% of which were SMEs (i.e., companies employing up to 100 workers). In an average year, 55 000-60 000 businesses are created and about 40 000 closed down formally, with another 5 000-10 000 becoming 'silent' businesses, waiting for economic or personal development. In 2021, 64 825 new companies were established and 40 192 were closed. Removal of government support measures might result in many enterprises shutting down in the post-crisis period. In 2022 the record was broken with 71 006 new businesses according to the Central Bureau of Statistic.

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) focuses on leading technology-based start-ups and SMEs, the SMBA caters to all SMEs in Israel's main economic sectors through business management training and coaching, subsidized access to finance (for example, through the national loan guarantee program) and the work of the business development centres (MAOF centres).

Table 20.1. Scoreboard for Israel

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	NIS 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	273.7	280.1	314.2	344.6
Outstanding business loans, total	NIS 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	488.2	512.36	591.9	696.9
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	59.1	56.07	54.67	53.09	49.45
Government loan guarantees, SMEs	NIS million	27	17	121	164	116	116	215	232	257	184	144	166	220	4 170	365	119
Government guaranteed loans, SMEs	NIS million	170	109	757	1 028	890	1 057	1 951	2 112	2 340	1 838	1 618	1 618	1 887	21 951	2,634	918
Non-performing loans, total	% of all business loans	..	..	..	..	..	..	..	..	2.77	2.18	1.57	1.25	1.55	1.76	1.23	0.83
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	..	..	2.13	1.77	1.5	1.31	1.52	1.77	1.35	1.03

Interest rate, SMEs	%	..	..	..	..	..	..	..	..	..	3.96	3.83	4.02	4.06	4.02	3.81	3.67	4.8
Interest rate, large firms	%	..	..	..	..	..	..	..	..	..	2.95	2.97	3.05	2.98	2.88	2.45	2.54	3.86
Interest rate spread	% points	..	..	..	..	..	..	..	..	..	1.02	0.86	0.97	1.08	1.14	1.36	1.13	0.94
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	4.86	6.35	8.30	10.40	25.60	15.74	
Venture and growth capital (growth rate)	%, year-on-year growth rate	..	18.0	-46.1	8.8	70.3	-9.5	28.0	41.8	26.4	12.2	7.3	30.7	30.7	32.3	146.2	-38.5	
Other indicators																		
Payment delays, B2B	Number of days	..	..	..	..	..	..	..	..	..	57.2	53	28	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	..	..	..	..	..	..

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

21. Italy

Key facts on SME financing

Small and medium-sized enterprises (SMEs) form the backbone of the business community, accounting for a large share of value added and employment.

The Italian economy experienced a more subdued expansion in 2022 after the sharp recovery of the previous year, which made up for two-thirds of the exceptional contraction that occurred during the pandemic. GDP growth was weighed down by heightened uncertainty following the large-scale aggression of Russia against Ukraine, rising energy and food prices, and the shift towards tighter monetary policy.

Weak cyclical conditions swiftly affected credit markets: lending to SMEs came to a halt and eventually declined at a sustained pace, ending a period of expansion fuelled by support measures adopted during the pandemic. In early 2023, loans to large enterprises also began to contract slightly.

After remaining broadly relaxed during the pandemic, credit supply policies gradually tightened, partly as a result of banks' higher perceived risk. Business borrowing rates rose, reflecting the process of monetary policy normalisation; however, collateral requirements remained stable and low by historical standards.

Credit quality remained good. The ratio of SME new non-performing loans to outstanding loans stood at a historically low level. The stock of non-performing exposures continued to decline, also as a result of the still high volume of disposals.

Equity financing for SMEs soared in the early-stage segment reached an unprecedented peak since 2007, also thanks to a very active institutional entity investing in young companies with high growth prospects. Conversely, after the upsurge recorded in 2021, expansion capital declined for both SMEs and large companies alike.

Business-to-business payment delays reached a 15-year low in 2022, after falling well below pre-pandemic levels in the previous year. The widespread decline of the indicator was more pronounced for micro firms than for SMEs and large enterprises.

After the increase observed in 2021, judicial liquidations started to fall again, well below the pre-pandemic values, partly thanks to firm support measures and economic recovery. The Business Crisis and Insolvency Code finally entered into force in July 2022, with the aim of better tackling corporate crises.

Financial support measures, introduced or stepped up in recent years, continued to help firms cope with the heightened uncertainty surrounding the macroeconomic developments.

Credit guarantee schemes, which have traditionally played a key role in facilitating SME access to finance, were strengthened during the pandemic. The preferential programme for the granting of public guarantees by the Central Guarantee Fund and SACE was extended several times.

In application of the European Commission's Temporary Crisis Framework for State aid measures in support of the economy following Russia's war against Ukraine, further measures were introduced to address firms' liquidity needs, including a new regulation on public guarantees until the end of 2022,

providing for the granting of the Central Guarantee Fund and SACE guarantees to companies hit by a contraction of activity due to the consequences of the war, and an increase in the coverage of the Fund's guarantees for financing aimed at improving the efficiency or diversification of energy production or consumption.

Table 21.1. Scoreboard for Italy

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	EUR billion	187	191	193	210	206	204	196	192	188	175	169	166	160	166	165	162
Outstanding business loans, total	EUR billion	998	1067	1057	1122	1134	1118	1061	1026	1016	984	959	960	931	984	992	983
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	17.3	17.2	16.9	16.7	16.4
Short-term SMEs	loans EUR billion	59	56	52	50	48	47	42	39	35	31	28	27	26	19	17	17
Long-term SMEs	loans EUR billion	115	120	125	136	133	128	122	115	112	103	101	100	97	112	114	110
Total short and long-term loans, SMEs	EUR billion	174	177	177	186	181	175	164	154	147	134	129	127	123	131	132	127
Share of short-term loans, SMEs	% of total short and long-term SME loans	34.0	31.9	29.3	27.0	26.5	26.7	25.7	25.3	23.8	22.9	21.8	21.3	20.8	14.6	13.2	13.6
Direct government loans, SMEs	EUR million	337	373	255	276	273	252	390	597	392	418	431	439	633	1 338	3 186	1 658
Government guaranteed SMEs (CGF)	EUR million, loans 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	19 376	124 387	93 555	53 860
Government guarantees, SMEs (CGF)	loans 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	13 342	105 921	67 642	42 136
Non-performing loans, SMEs	EUR million	..	22 864	27 949	35 221	38 025	43 792	48 358	53 704	56 181	54 937	50 594	47 337	45 713	42 736	40 436	40 509
Non-performing loans, SMEs	% of total SME loans	..	12.0	14.5	16.8	18.4	21.5	24.6	28.0	30.0	31.4	29.9	28.6	28.5	25.7	24.5	25.1
Interest rate, SMEs	%	6.3	6.7	3.8	4.0	5.2	6.0	5.7	4.8	4.2	3.5	3.3	3.4	3.4	2.3	2.8	5.3
Interest rate, large firms	%	5.7	5.7	2.4	2.4	3.6	4.0	3.8	2.9	2.2	2.1	2.1	2.1	1.7	1.5	1.6	3.3
Interest rate spread	%	0.6	1.0	1.4	1.6	1.6	2.0	2.0	1.9	1.9	1.4	1.2	1.3	1.7	0.8	1.2	2.0
Collateral, SMEs	%	54	54	52	53	55	54	56	56	57	58	58	57	57	53	52	52
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	4.2	4.6	4.1	5.8	2.8	2.6
Utilisation rate	SME loans used / authorised	79.7	80.7	80.7	82.8	84.4	86.6	87.2	87.7	87.4	85.3	85.0	85.4	84.7	83.4	84.1	84.5
Non-bank finance																	
Venture investments (early stage), SMEs	capital EUR million	66	115	98	89	82	135	82	43	74	103	133	324	270	355	587	1179
Growth investments (expansion), SMEs	capital EUR million	295	440	260	263	500	504	438	230	170	155	161	125	143	133	325	204

Growth investments (expansion), total	capita	EUR million	641	796	371	583	674	926	914	1179	333	710	337	816	896	354	858	483
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The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

22. Japan

Key facts on SME financing

Japanese SMEs accounted for 99.7% of all businesses and employed 33 million individuals, approximately 69.7% of the private sector labour force in 2021.

Lending to SMEs declined continuously between 2007 and 2012, with a total decrease of 6.6% over that period. In 2013, the volume of outstanding SME loans shifted upward and has increased consistently since then: JPY 323.6 trillion in 2021 and JPY 335.9 trillion in 2022.

Average interest rates on new short-term loans in Japan have been very low and declined further between 2007 and 2022, falling from 1.64% to nearly a quarter of that amount (0.42%) because of the policy of monetary easing. Long-term interest rates on new loans followed a broadly similar pattern, more than halving from 1.73% in 2007 to 0.78% in 2022.

Japanese venture capital investments peaked at JPY 193 billion in FY2007, before decreasing by 29.5% and 36.0% in FY2008 and FY2009, respectively. After fluctuating for the following five years, the volume of VC investments started to increase in 2015. Since then, VC investments have been on a rapid rise, except for a sharp drop amid the disruption of the COVID-19 pandemic in 2020, and reached their highest value of JPY 341 billion in FY2021. The Government of Japan endeavours to increase the number and scale of startups.

Leasing volumes to SMEs plummeted in the aftermath of the global financial crisis, dropping by almost 40% between 2007 and 2009. Subsequently, with the recovery of domestic capital investment demand, the volumes have been on an upward trend and recovered to JPY 2.7 trillion in 2019. More recently, the amount of leasing decreased to JPY 2.1 trillion in 2021 and rose slightly to JPY 2.2 trillion in 2022.

SME bankruptcies, which account for more than 99% of all bankruptcies in Japan, decreased from 15,500 in 2008 to 6000 in 2021. With COVID-19 financing support measures, the number of SME bankruptcies was curbed at approximately 6,000 in 2021, the lowest level over the last 57 years, before experiencing an increase of 6.6% in 2022.

Total non-performing business loans have declined continuously since FY2013, after having experienced erratic movement over the FY2007-12 period. In FY2019, total NPLs decreased to JPY 10.3 trillion, followed by increases to JPY 11.5 trillion in FY2020 and 12.6 trillion in FY2021.

The Japanese Government offers financial support for SMEs in the form of credit guarantees and direct loans. In 2020, as a response to the COVID-19 crisis, government-affiliated and private financial institutions provided interest-free and unsecured loans. As of March 2022, the total amount of outstanding SME loans was approximately JPY 314 trillion (provided by domestically licensed banks and credit associations); the outstanding amount of the credit guarantee programme was JPY 41.9 trillion (covering 1.58 million SMEs); and the outstanding amount of the direct loan programme was JPY 29.8 trillion, (covering 1.33 million of Japan's 3.58 million SMEs).

While the Japanese economy continued to recover moderately from the COVID-19 crisis, its growth rate in FY2022 was 1.4%, affected by the global energy and food price hikes and the global economic slowdown. GDP growth is projected at 1.3% in FY2023 as of July 2023, attributed to a recovery in personal

consumption, including service consumption, and an increase in corporate capital investment, although a slowdown in exports is expected to put downward pressure on the economy.

Table 22.1. Scoreboard for Japan

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	281.4	286.6	314.9	323.6	335.9
Outstanding business loans, total	JPY trillion	358.2	369.2	360.7	346.9	346.8	349.6	356.5	365.3	376.2	388.5	400.3	415.0	424.7	459.3	460.0	480.1
Share of SME outstanding loans	% of total outstanding business loans	72.81	70.18	70.17	71.58	70.82	69.68	69.34	68.90	68.69	68.37	68.80	67.81	67.48	68.56	70.35	69.96
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	21.08	20.8	40.5	41.9	40.4
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	10.3	10.3	11.5	12.6	..
Non-performing loans, total	% of all business loans	4.77	4.63	4.66	4.79	4.96	4.95	4.29	3.81	3.40	3.04	2.62	2.48	2.43	2.50	2.74	..
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	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	1.00	1.05	1.00	1.10	1.40
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	0.60	0.60	0.47	0.44	0.42
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	0.76	0.72	0.76	0.73	0.78
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	0.60	0.60	0.48	0.46	0.44
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	0.85	0.85	0.78	0.76	0.75
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	..	..	..	..	..	29.4	28.2	26.8	26.0	..
Non-bank finance																	
Venture capital investments (all stages total)	JPY billion	193	136	87	113	124	102	181	117	130	152	197	277	289	224	341	..
Venture capital investments (all stages total)	%, year-on-year growth rate	..	-29.5	-36	29.89	9.73	-17.7	77.45	-35.4	11.11	16.92	29.61	40.61	4.33	22.49	52.23	..
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	67.80	71.40	73.7	72.1	70.0	..
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	32.20	28.60	26.3	27.9	30.0	..

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	2664	2700	2329	2129	2230
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	8.2	8.4	7.8	6.0	6.4
Bankruptcies, SMEs	% , year-on-year growth rate	..	10.76	-0.82	-14	-4.22	-4.81	-10.2	-10.4	-9.43	-4.17	-0.50	-1.93	1.74	-7.27	-22.4	6.60
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	8.2	8.4	7.8	6.0	6.4
Bankruptcies, total	% , year-on-year growth rate	..	11.04	-1.06	-14	-4.41	-4.79	-10.5	-10.3	-9.44	-4.15	-0.49	-2.02	1.80	-7.28	-22.4	6.60

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

23. Kazakhstan

Key facts on SME financing

In 2022, SMEs made up 96.9% of all businesses in Kazakhstan. The share of people employed by SMEs was 45.8% of the total employed population. SMEs contributed 36.5% to the country's GDP that same year.

SME lending was on the rise in Kazakhstan since 2014 up to 2017. In 2017-2019 the SME loan portfolio was showing a negative trend. In 2022 the SME loan portfolio increased by 20.1%. At the same time, new lending to SMEs increased by 16.4% over the last year. Due to the fact that the portfolio of loans to SMEs increased, the share of loans to SMEs in the total portfolio of business loans also grew to 34.1%. The increase in lending dynamics is largely due to a significant improvement in the operating environment, relaxed quarantine restrictions, the offer of new products, and the development of digital channels and ecosystems.

Interest rates for SMEs have fluctuated over the last years, growing steadily from a record low of 11.5% in 2014 to 14% in 2016. In 2022, the rate was 17.2%, while that of large enterprises was 15.9%. This growth is due to the increase in the base rate by the National Bank of the Republic of Kazakhstan.

Among non-bank sources of finance, leasing has the largest market and is steadily growing. In 2021, leasing and hire purchases were almost 8 times higher than their 2010 level. The development of leasing and the growth of its indicators is due to several reasons. First, there is a growing need for industrial, transport and agricultural enterprises to update and expand the fleet of machinery and equipment. Second, many enterprises have problems providing collateral for loans from STB, while leasing companies are more flexible in their collateral policy. Third, the procedure for making lease payments is one of the biggest advantages of leasing. The agreement may optimally take into account the interests of all parties, since the size and period of payments are determined on the basis of a joint agreement.

Non-performing loans (NPL) with arrears of more than 90 days in banks' portfolio among both total loans and SME loans slightly increased in 2022 from 3.3% to 3.4%. 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.

Since 2010, the government, through "Damu" Entrepreneurship Development Fund, has provided subsidizing of interest rate expense and loan guarantees for SMEs under the "Business Roadmap" Programme. A new financial instrument in Kazakhstan, loan guarantees are becoming popular very quickly, escalating from just three guarantees in 2010 to 50 789 guarantees at the end of 2022.

Table 23.1. Scoreboard for Kazakhstan

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	2 109	2 515	3 772	4 530
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	7 771	7 742	8 857	9 637
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	27.14	32.49	48.72	47.01
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	9 720	9 757	12 345	12 713
New business lending, SMEs	KZT billion	1 870	1 273	753.1	690.1	794.5	1 050	889.7	1 198	1 279	1 984	1 524	1 737	1 670	2 439	3 727	4 338
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	17.18	25.00	30.19	34.12
Short-term loans, SMEs	KZT billion	296	298	236	206	219	277	199	392	390	826	411	388	335	345	1 923	1 026
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	1 976	1 774	1 780	1 804	3 504
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	16.43	15.87	16.25	51.60	23.65
Government loan guarantees, SMEs	KZT million	..	..	..	339	2 060	3 854	3 336	7 284	11 021	11 952	17 016	21 728	33 789	103 112	171 109	202 021
Government guaranteed loans, SMEs	KZT million	..	..	..	677	4 238	10 991	7 090	15 423	26 964	26 903	42 783	51 216	89 054	265 817	348 983	365 787
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	239.5	207 588	213 304	184 000
Non-performing loans, total	% of all business loans	..	..	..	..	..	29.80	31.15	23.55	7.95	6.72	9.31	7.38	8.13	7.55	3.30	3.40
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	22.33	22.40	11.74	12.69	8.79	9.58	9.33	14.58	11.90	4.40	3.90
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	12.66	12.72	12.92	17.20
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	11.32	11.17	11.99	15.88
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	1.34	1.54	0.93	1.32
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	347.4	479.3	491.6	..
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	3 129	2 763	3 028	3 029
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	-10.42	-11.70	9.59	0.03

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

24. Korea

Key facts on SME financing

In 2022, the Korean economy experienced weakened growth attributed to sluggish exports and external challenges despite improved domestic consumption. In 2023, the economic outlook predicted a continued slowdown due to global economic challenges, rising market interest rates, and the need for cautious macroeconomic policies and financial stability measures, especially concerning potential defaults in real estate and corporate debt.

In 2022, despite a sharp increase in benchmark interest rates, Korea witnessed a steady rise in corporate debt, with a surge in defaults in real estate portfolios and tightening conditions in the corporate bond and short-term funding markets.

In 2022, a rapid increase in the base interest rate led to a significant uptick in interest rates on loans to both large corporations and SMEs, widening the interest rate gap between them.

Venture investment reached a record KRW 7.68 trillion in 2021, experiencing a notable 78.4% year-on-year surge. However, in 2022, the impact of rising benchmark interest rates led to a contraction in the venture investment scale to KRW 6.76 trillion, representing an 11.9% decrease compared to the previous year, with early-stage companies being the only category to see an increase in investments.

Since 2015, Korea experienced a consistent decrease in the proportion of non-performing loans, with the non-performing loan ratio dropping from approximately 2.56% in 2015 to 0.68% in 2022.

The average payment delay for short-term SME loans decreased from 13.3 days in 2016 to a low of 7.4 days in 2018 but reversed from 2019 onwards, experiencing a continuous increase to 9.2 days in 2022.

Since April 2020, Korea has implemented the "Loan Maturity Extension and Repayment Deferral System" to aid SMEs facing temporary liquidity challenges due to COVID-19, offering support for maturity extension until September 2025 and repayment deferral until September 2023, with gradual repayment options until September 2028.

Additionally, special guarantee programmes for individuals with medium to low credit ratings and the Hope Loan Plus initiative aim to provide financial support to small businesses affected by the pandemic, offering loans and guarantees based on specific eligibility criteria and creditworthiness.

Table 24.1. Scoreboard for Korea

Indicators	Units	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt finance															
Outstanding business loans, SMEs	KRW trillion	443	441	455	462	489	522	561	610	655	696	747	836	922	993
Outstanding business loans, total	KRW trillion	531	541	586	618	654	706	756	776	817	857	906	1 020	1 114	1 222
Share of SME outstanding loans	% of total business loans	83.5	81.5	77.7	74.7	74.7	74.0	74.2	78.6	80.2	81.2	82.4	82.0	82.8	81.3
Outstanding Short-term loans, total; loans for operation	KRW trillion	373	372	388	395	405	419	426	414	419	429	462	528	558	611
Outstanding Long-term loans, total; loans for equipment	KRW trillion	158	169	197	223	249	287	330	362	398	428	444	492	555	610
Share of short-term loans; loans for operation	KRW trillion	70.3	68.7	66.3	63.9	61.9	59.3	56.3	53.4	51.3	50.1	51.0	51.8	50.1	50.1
Government loan guarantees, SMEs	KRW trillion	56	56	55	57	59	60	61	63	66	67	69	80	85	87
Government guaranteed loans, SMEs	% of SME business loans	12.7	12.7	12.2	12.3	12.2	11.5	10.9	10.3	10.0	9.7	9.2	9.6	9.2	8.8
Direct government loans, SMEs	KRW billion	4 812	3 098	2 957	3 149	3 715	3 270	3 902	4 551	4 666	4 415	4 358	6 290	6 010	5 440
Non-performing loans, total	% of all business loans	1.6	2.6	1.73	1.66	2.39	2.09	2.56	2.06	1.76	1.88	1.45	1.17	0.91	0.68
Non-performing loans, SMEs	% of all SME loans	1.8	3.11	2.17	1.96	2.11	1.94	1.64	1.3	1.11	1.10	0.94	0.79	0.60	0.56
Interest rate, SMEs	%	6.18	6.52	6.36	5.93	5.11	4.69	3.95	3.63	3.62	3.82	3.71	3.06	2.92	4.13
Interest rate, large firms	%	5.62	5.98	5.81	5.50	4.87	4.51	3.79	3.40	3.31	3.45	3.38	2.83	2.74	3.84
Interest rate spread	%	0.56	0.54	0.55	0.43	0.24	0.18	0.16	0.24	0.31	0.37	0.33	0.23	0.19	0.29
Rejection rate	%, 1 – (SME loans authorised/requested)	..	..	..	..	..	6.9	3.7	12.2	12.9	15.5	10.4	16.1	19.1	..
Non-bank finance															
Venture and growth capital	KRW billions	867	1 091	1 261	1 233	1 385	1 639	2 086	2 150	2 380	3 425	4 278	4 305	7 680	6 764
Venture and growth capital (growth rate)	%	19.7	25.8	15.6	-2.2	12.3	18.4	27.2	3.1	10.7	43.9	24.9	0.63	78.4	-11.9
Leasing and hire purchases	KRW trillions	14.4	20.4	21.6	20.6	22.6	25.5	28.3	29.5	32.9	34.7	36.1	39.0	39.3	42.5
Other indicators															
Payment delays, SMEs	Number of days past due date	9.9	12.1	11.7	9.1	9.7	10.0	9.2	13.3	8.9	7.4	8.4	8.5	8.6	9.2
Bankruptcies, total	Number	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Bankruptcies, growth rate	Year-on-year growth rate, %	..	..	..	..	..	..	..	..	..	..	..	..	..	..

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

25. Latvia

Key facts on SME financing

Latvia had been experiencing stable economic growth rates exceeding the EU average until the COVID-19 pandemic. From 2013 to 2019, GDP grew by 2.9% per year on average.

The COVID-19 pandemic has had a significant impact on economic development for the global economy and Latvia was not the exception. In 2020, GDP shrank by 2.3%. Nonetheless, the extensive government and EU funds support measures, as well as the improvement of the epidemiological situation in 2021, contributed to the recovery of Latvia's economy, and GDP grew by 4.3%.

The recovery of Latvia's economy from the COVID-19 pandemic crisis was interrupted by the large-scale aggression of Russia against Ukraine. On 24 February 2022, when Russia invaded Ukraine, the geopolitical situation and prospects for economic development deteriorated. Energy and food prices rose significantly, intensifying the inflation pressure at a time when the cost of living around the world had already skyrocketed as the world was recovering from the pandemic. The global economy was also affected by disruptions in raw material supply chains due to the war. In 2022, GDP grew by 2.8%, i.e. the lowest growth since 2017, excluding the drop of 2020 due to the COVID-19 pandemic. However, despite the war in Ukraine, the decline in GDP was smaller than predicted due to strong private consumption and export growth.

Further economic development in the medium term depends on the situation in the external environment and progress in reforms. The highest risk to the growth of Latvia is related to global economic development, in particular the geopolitical situation. Further development of the EU's economic performance is equally important. In the medium term, economic advantages of Latvia are mainly based on the achievement of macroeconomic stability, as a result of which Latvia's credit ratings have improved, as well as on the efficiency of planned aid programmes of the EU funds and on the improvements in the business environment. Latvia owes its economic competitiveness to technological factors, improvements in production efficiency, increased innovation, and to a lesser extent cheap labour and low resource prices. In the medium term, Latvia's growth rates may reach a 4-5% increase per year. If the war in Ukraine continues, the pace of economic recovery might be slower.

In Latvia, 99.8% of economically active merchants and commercial companies are SMEs, 91.1% of which are micro-enterprises.

In 2022, SMEs in Latvia continued their recovery, with SME value added growing by 7.9% and SME employment increasing by 1.7%. However, as value added growth is not adjusted for inflation, in the high-inflation environment of 2022, growth in real terms has been lower (SME value added growing by 6.7% and SME employment increasing by 0.7%).

As economic operators are experiencing the effects of the large-scale aggression of Russia against Ukraine, including supply chain disruptions, market shocks, uncertainty, and inflation, the government has developed solutions to overcome the crisis and stabilise the market by offering various financial instrument programmes.

Currently, state support programmes are introduced via the JSC Development Finance Institution Altum (henceforth – 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 25.1. Scoreboard for Latvia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	3 922	3 648	3 598	4 119
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	5 481	5 017	4 961	5 418
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	71.57	72.71	72.52	76.03
New business lending, total	EUR million	..	..	..	..	1 708	1 914	1 965	1 268	1 346	1 795	1 347	1 312	1 558	1 650	1 825	2 533
New business lending, SMEs	EUR million	..	..	..	..	1 506	1 625	1 613	1 020	947	1 399	974	1 012	1 075	855	1 113	1 573
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	69.01	51.81	61.0	62.1
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	1 179	975	764	968
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	2 743	2 673	2 834	3 151
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	30.1	26.7	21.2	23.5
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	4.4	2.5	1.3	0.6
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	3.8	2.3	1.8	0.9
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	4.0	4.4	4.2	4.0
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	2.9	2.9	2.7	3.1
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	1.1	1.5	1.5	0.85
Non-bank finance																	
Venture and growth capital	EUR million	..	..	..	..	..	..	..	37.95	51.98	79.37	101	118	157.5	147.6	211.6	117.9
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	..	..	36.97	52.69	27.76	16.45	33.38	-6.29	43.36	-44.29
Leasing and hire purchases	EUR million	1 576	1 594	1 145	841	810	867	875	864	932	939	1 034	1 102	1 075	944.1	873.5	958.6

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Factoring and invoice discounting	EUR million	227.2	301.9	149.1	60.68	90.96	96.15	108	114.5	151.8	166	152.6	173.4	161.8	137	167.3	142.8
Other indicators																	
Bankruptcies, SMEs	Number	..	1 292	2 202	2 714	898	884	820	959	803	731	590	592	580	375	242	302
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	..	70.43	23.25	-66.91	-1.56	-7.24	16.95	-16.37	-8.85	-19.29	0.34	-2.03	-35.34	-35.47	24.79

Note: * The reduction of SME bankruptcies can be explained by the fact that due to the rapid spread of Covid-19, on 12 March 2020 the government had declared a state of emergency which lasted until 10 June 2020. On 9 November 2020 repeatedly the government had declared a state of emergency which lasted until 6 April 2021. During this period creditors were prohibited from submitting an application for insolvency proceedings of a legal person.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

26. Lithuania

Key facts on SME financing

Continued high inflation, tightening financing conditions and deteriorating trade prospects are slowing down Lithuania's economic growth. With high inflation constraining consumption both in Lithuania and in export markets, the number of Lithuanian firms facing insufficient demand rose slightly in 2022, mostly in the trade and industrial sectors.

SMEs account for 99.6% of all enterprises operating in Lithuania, the majority of them (84.6%) being micro-enterprises. Most SMEs (73.2%) have chosen the legal form of private limited liability company and are primarily engaged in wholesale or retail trade activities (more than one-fourth of all SMEs). The share of employees working in SMEs is around 70%, while the share of gross value added generated by SMEs is close to 56%.

In 2022, companies borrowed very actively, mainly because of high demand for working capital driven by higher prices of raw materials and intermediate goods. These conditions have led to NFCs' (non-financial corporations) significant short-term borrowing. However, the level of indebtedness of SMEs operating in Lithuania is relatively low and internal resources remain their main source of funding.

As a result of a decrease in demand for bank credit among large NFCs and structural changes in their loan portfolios, the share of SME loans over total business loans increased by 17 p.p. since 2019 and the level remained elevated in 2021 and 2022 (57% and 58.7% respectively).

In Lithuania, most NFC loans are granted at variable interest rates. Thus, rising key interest rates affect the majority of borrowers. However, the interest rate spread between small and large loans has been contracting since 2019, indicating that interest rate-related credit conditions began to be more accommodative to SMEs, and in 2022, the average interest rates of small loans were just 0.1 percentage points higher than for large ones. On the other hand, the surveys of commercial banks suggest that in 2022, lending standards to SMEs have tightened, although did not reach the levels of 2020. In Q1 2023, a decline in demand for corporate loans was identified by one-third of the surveyed banks.

In 2022, NFCs also borrowed extensively from each other. The peer-to-peer business loan portfolio increased by as much as 31.3% year-on-year and amounted to EUR 7 billion at the end of 2022. State aid measures and EU funds were also significant sources of finance, whereas venture capital investments have been steadily growing since 2016. In 2022, demand for alternative financing (e.g., private capital or risk funds, crowdfunding, etc.) was quite low.

The government supports SMEs by ensuring that they benefit from favourable conditions to obtain the necessary financing to start and develop their business. When a company does not have sufficient collateral, it can apply to the state-controlled enterprise UAB Investicijų ir verslo garantijos (INVEGA), which provides various options of loan guarantees, factoring, leasing and export credit repayments. INVEGA also provides an option for different preferential loans through alternative financing or crowdfunding and loans with preferential rates from the different Venture Capital funding services. In addition, municipalities provide different support schemes to SMEs; for example, when starting a business, entrepreneurs can expect support to cover their set-up costs, part of the interest payments, as well as

other support. To reduce the impact of the crisis caused by the large-scale aggression of Russia against Ukraine, direct loans to business entities affected by the war have been introduced.

Table 26.1. Scoreboard for Lithuania

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	EUR million	..	..	..	..	..	..	..	3 143	3 231	3 404	3 723	3 920	3 670	4 390	4 790	5 790
Outstanding business loans, total	EUR million	8 409	9 864	7 978	6 816	6 906	7 047	6 828	7 530	7 610	8 310	8 830	9 250	8 700	7 400	8 400	9 870
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	..	..	..	41.74	42.44	40.91	42.13	42.38	42.18	59.41	57.02	58.66
New business lending, total	EUR million	10 420	6 395	2 084	2 764	3 761	4 560	4 745	4 799	3 994	3 966	4 836	4 442	3 777	3 000	4 803	5 326
New business lending, SMEs	EUR million	8 996	4 336	1 330	1 892	2 452	2 948	3 206	3 075	2 398	2 731	2 948	2 628	2 284	2 022	3 356	3 481
Share of new SME lending	% of total new lending	86.33	67.80	63.84	68.46	65.19	64.65	67.56	64.07	60.05	68.85	60.97	59.16	60.48	67.40	69.87	65.36
Share of short-term SME lending	% of total SME lending													22.44	22.45	19.87	19.15
Government guaranteed loans, SMEs	EUR million									148.4	218.8	241.6	224.5	188.7	257.7	315.8	356.8
Non-performing loans, total (NFCs)	% of all business loans	..	..	..	..	..	..	..	10.31	6.25	6.25	5.04	4.05	2.95	3.52	1.74	1.48
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	..	17.54	14.11	11.18	8.59	6.60	4.83	4.88	2.16	1.87
Interest rate, SMEs	%	6.13	6.72	5.06	4.64	5.04	4.04	3.45	3.27	3.13	2.76	2.80	3.29	3.30	3.17	2.89	3.50
Interest rate, large firms	%	5.70	6.27	4.32	3.90	4.17	3.24	2.74	2.66	2.35	2.18	2.16	2.56	2.91	2.81	2.60	3.40
Interest rate spread	% points	0.43	0.45	0.74	0.74	0.87	0.80	0.71	0.61	0.78	0.58	0.64	0.73	0.39	0.36	0.29	0.10
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending							69.80	62.10	69.00	64.50	64.40	67.70	69.90	61.20	38.90	67.30
Percentage of SME loan applications	SME loan applications/ total number											36.33	27.10	27.70	26.72	41.67	42.12

	of SMEs																	
Rejection rate	1-(SME loans authorised/requested)	..	..	..	..	15.4	30.8	11.5	21.3	14.3	19.4	22.5	43.2	43.8	43.49	34.76	38.28	
Non-bank finance																		
Venture and growth capital	EUR million													178	159	39	391	339
Venture and growth capital (growth rate)	%, Year-on-year growth rate														-10.7	-75.2	892.4	-13.3
Leasing and hire purchases	EUR million	..	..	..	1 756	1 547	1 452	1 527	1 521	1 660	2 111	2 463	2 950	3 000	2 810	3 000	3 410	
Factoring and invoice discounting	EUR million	..	..	..	151	200	231	348	359	407	434	517	464	453	220	338	429	
Other indicators																		
Payment delays, B2B	Number of days	..	..	..	..	..	..	..	..	..	..	..	3	3	2	16	12	12
Bankruptcies, SMEs	Number	606	957	1844	1637	1274	1401	1554	1686	1983	2741	2979	2091	1609	790	808	1193	
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	57.9	92.7	-11.2	-22.2	10.0	10.9	8.5	17.6	38.2	8.7	-29.8	-23.1	-50.9	2.3	47.6	

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

27. Luxembourg

Key facts on SME financing

According to the latest available data, SMEs (firms that employ less than 250 employees) accounted for 99.5% of all non-financial firms in Luxembourg in 2020. SMEs employed approximately 66% of the labour force and generated 59% of the economy's total value added.

New loans to all enterprises continued to decrease in 2022, marking the lowest level since records began. New loans to SMEs also decreased in 2022, but at a slower pace than loans to all enterprises. The share of new lending to SMEs increased to 17.2%, surpassing the previous peak of 16.1% in 2011. It should be noted that, due to limited data availability, loans to SMEs are proxied by loans that amount to a maximum of EUR 1 million.

Interest rates experienced a sharp rise in the second half of 2022, a trend that continued into 2023. As of August 2023, the interest rate for SME loans reached 4.79%. For loans exceeding EUR 1 million, the interest rate was lower, at 2.81%.

Over the period 2007-2022, interest rates for SMEs remained consistently higher than those for large firms. In 2022, the interest rate for SMEs was 1.73%, compared to 1.47% for large firms. In absolute terms, this translates to a spread of 0.26 percentage points. In relative terms, interest paid by SMEs is approximately 17.9% higher than interest paid by large firms in 2022. The gap in interest rates between SMEs and large firms widened further in 2023. As of August 2023, SME loans had an interest rate of 4.79%, while large firms were charged a lower rate of 2.81%. This difference represents a 1.98 percentage point spread, meaning SMEs pay about 70% more in interest compared to large firms.

Alternative forms of financing, such as venture capital, may be important for SMEs seeking finance. In 2022, nearly EUR 225 million of venture capital was invested in Luxembourg's firms. The largest portion of all venture capital funding was invested in firms active in the financial and insurance industry (EUR 178 million).

In 2022, government-guaranteed loans reached EUR 157.7 million, showing a significant increase from EUR 112.3 million in 2021, EUR 128.7 million in 2020, and just EUR 14.8 million in 2019. This trend underscores the countercyclical nature of these loans and highlights the government's commitment to supporting SME financing during the COVID-19 pandemic.

The government has also emphasised innovation within SMEs. In 2022, SMEs accounted for 76% of Research, Development, and Innovation (RDI) projects financed by the Ministry of the Economy.

The number of bankruptcies among all firms in Luxembourg stood at 1011 cases in 2022, marking a 12.7% decrease from the 1158 reported in 2021.

Table 27.1. Scoreboard for Luxembourg

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	95 633	84 091	62 083	56 126	50 775
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	10 184	8 682	9 336	8 760
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	10.92	12.11	13.98	16.63	17.25
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	0.42	0.57	0.46	0.60
Government loan guarantees, SMEs	EUR million													8.7	72.0	41.1	130.5
Government guaranteed loans, SMEs	EUR million													14.8	128.7	112.3	157.7
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	1.65	1.57	1.37	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	1.12	1.10	0.98	1.47
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	0.53	0.47	0.40	0.26
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	27.02	22.68	27.77	17.20
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	113 098	173 872	199 386	72 608	225 269
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	188.99	-83.6	171.14	111.77	-69.4	-55.2	230.97	13.00	34.10	-69.9	91.22	53.74	14.67	-62.1	210.25
Factoring and invoice discounting	EUR million	..	..	349	321	180	299	407	339	..	..	..	..	..
Other indicators																	
Bankruptcies, Total	Number	659	574	693	918	978	1 050	1 049	850	873	961	904	1 191	1 262	1 198	1 158	1 011
Bankruptcies, Total (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	5.96	-5.07	-1.28	-12.69

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

28. Malaysia

Key facts on SME financing

Over the years, there have been various initiatives implemented to enhance the MSME financing ecosystem in Malaysia. Access to finance is a critical enabler for MSMEs to start operations, invest and grow, withstand shocks, transition to the sustainable and digital economy and participate in the supply chains. In 2022, total financing outstanding and approvals to support MSME relief and recovery exceeded that of 2021. MSME outstanding loans stood at RM355 billion in 2022, compared to RM320 billion in 2021, while the share of MSME lending in proportion to business loans rose to reach 48% in 2022, from 45% in 2021. Banking institutions remain the main source of financing for MSMEs, providing more than 90% of total financing.

The financing ecosystem for MSMEs has been strengthened considerably over the years and continued to be enhanced amid the pandemic. The existence of a stronger and more effective ecosystem which played a pivotal role in providing critical financial support to MSMEs in distress was hugely instrumental in facilitating the recovery of the Malaysian MSME during these uncertain times.

While alternatives to traditional debt finance are particularly important for start-ups, high-growth and innovative MSMEs, the development of alternative financing techniques may be relevant to the broader population of MSMEs. Capital gaps exist also for firms seeking to implement important transitions in their activities, such as ownership and control changes, as well as for MSMEs seeking to leverage and improve their capital structures. Excessive reliance on debt financing compared to equity will lead to higher cost, as loans to indebted firms tend to have higher interest rates and increase the risk of financial distress and bankruptcy. Thus, the Government's decision to allocate more funds into alternative financing from the capital market and innovative platforms, such as equity crowdfunding (ECF), peer-to-peer (P2P), private equity and venture capital, will further support the financial needs and open opportunities for businesses, particularly MSMEs. Alternative fundraising avenues via ECF and P2P financing rose in 2022 and continued to support the funding needs of MSMEs, with a total of 7,218 MSMEs enabled to raise more than RM4.4 billion.

Malaysia's financial system is the outcome of continuous efforts and reforms over decades, core building blocks were established and have placed Malaysia's financial sector on a stronger footing, not only to withstand the shocks of the pandemic and natural disaster, but also to become a source of strength to cushion the impact to the economy which is highlighted in the Financial Sector Blueprint 2022 - 2026 and one of the key initiatives is the enhancements to the financing ecosystem for micro, small and medium enterprises (MSMEs). As Malaysia continue to build on these foundations, it is crucial that the Malaysian financial system keeps pace with emerging developments.

Looking ahead, various megatrends are expected to shape the future economic and financial landscape. The pandemic has accelerated certain developments – accentuating some pre-existing vulnerabilities while also giving rise to opportunities for reforms that are long overdue.

Table 28.1. Scoreboard for Malaysia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, MSMEs	MYR billion	128.0	138.9	141.6	141.2	165.3	187.0	211.0	243.7	274.4	299.7	315.7	297.6	278.4	305.1	320.0	355.7
Outstanding business loans, total	MYR billion	290.7	328.3	343.1	375.3	422.0	461.6	499.8	545.9	588.1	615.9	623.8	658.9	675.0	680.6	713.1	748.5
Share of MSME outstanding loans	% of total outstanding business loans	44.03	42.30	41.28	37.61	39.17	40.52	42.22	44.64	46.66	48.66	50.60	45.17	41.24	44.82	44.87	47.51
New business lending, total	MYR billion	164.0	129.5	105.2	141.4	171.7	166.1	140.8	148.6	156.6	145.8	159.5	159.0	164.7	137.9	149.6	338.5
New business lending, MSMEs	MYR billion	63.2	58.9	50.9	62.2	75.2	82.9	78.3	77.7	72.0	74.6	70.7	69.6	71.2	66.8	72.3	155.0
Share of new MSME lending	% of total new lending	38.57	45.52	48.37	43.99	43.81	49.92	55.61	52.28	45.94	51.17	44.31	43.79	43.21	48.40	48.36	45.80
Share of short-term loans outstanding	% of total MSME lending	..	..	..	..	..	..	..	..	..	..	..	..	..	..	23.30	23.83
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	8.99	10.83	13.43	21.74	13.16
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	3 682	3 968	5 922	6 078	3 549
Impaired financing, total (amount)	MYR billion	24.2	20.3	18.2	23.6	21.4	18.5	17.8	17.9	18.9	20.5	20.8	21.3	23.7	23.4	23.5	27.0
Impaired financing, total	% of all business loans	8.31	6.18	5.30	6.29	5.06	4.01	3.56	3.28	3.22	3.33	3.34	3.23	3.51	3.44	3.29	3.61
Impaired financing, MSMEs (amount)	MYR billion	12.1	9.9	8.9	10.6	9.6	8.6	8.2	8.6	8.9	8.9	10.1	10.2	10.3	9.8	10.1	12.8
Impaired financing, MSMEs	% of all MSME loans	9.44	7.12	6.28	7.50	5.78	4.58	3.89	3.51	3.24	2.96	3.19	3.43	3.70	3.21	3.14	3.60
Interest MSMEs	rate, %	6.06	6.39	5.50	5.69	5.74	5.72	5.53	5.77	5.99	6.01	5.82	6.06	6.05	4.91	4.68	4.98
Collateral, MSMEs	% of MSMEs accounts with newly approved loans with collateral pledged	..	..	..	..	..	..	..	..	..	..	..	..	..	..	54.49	49.68
Non-bank finance																	
Venture and growth capital	MYR million	479	477	597	453	253	230	264	318	365	569	418	613	566	334	1 063	1 275
Leasing and Factoring	MYR million	..	..	..	..	721	918	1 099	1 170	1 086	834	1 280	..	..	..	..	..

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

29. Mexico

Key facts on SME financing

In Mexico, approximately 29.6% of the micro, small and medium-sized enterprises (MSMEs) had access to finance from any source between 2019 and 2021, according to the National Survey of Enterprise Financing (ENAFIN) 2021, conducted by the National Institute of Statistics and Geography (INEGI), which is representative of a sample framework of 266 270 MSMEs of 6 workers or more.

In 2022, the average interest rate for loans to MSMEs was 14.26%, which was 2.4 percentage points higher than the previous year, in line with the contractionary monetary policy stance of the Bank of Mexico, in the aftermath of its efforts to restrain inflationary pressures linked to the global macroeconomic conditions. Between the firms, the interest rate varied according to the amounts of the loans and the size of the borrowing company. For large companies, the average interest rate was approximately 10.68%, which means that the spread with MSMEs' loans is 3.58 percentage points (see Table 30.1).

The Mexican government has several funds that have been used to develop more specific programmes. For instance, amid the COVID-19 pandemic, the government implemented additional programmes to support SMEs in strategic sectors such as retail trade, manufacturing, lodging services, food and beverage preparation, restaurants, and the dough and tortilla industry, in order to contribute to economic reactivation.

Also, the institutional framework on the domestic financial market has allowed the entrance of several Fintech institutions, not only as payment aggregators but as non-banking lenders. According to Finnovista, there were 650 Fintech operating in the Mexican ecosystem at the end of 2022, 65% more than the number in 2019 (394 institutions). Also, 145 of these institutions in 2022 were in the lending segment, which represents an increase of 40.7% when compared to 2021 (103 institutions). This phenomenon has contributed to increasing competition and generating a market environment that eases access to funding. However, there is still room for these entities to improve the credit conditions for MSMEs, in particular in the offer of longer loan maturities and lower interest spreads.

Table 29.1. Scoreboard for Mexico

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, MSMEs	MXN billion	...	...	178.1	198.8	230.2	275.3	321.0	359.3	401.3	459.4	501.0	506.4	492.3	462.2	460.7	487.1
Outstanding business loans, total	MXN billion	...	...	890.7	968.4	1 135.2	1 219.4	1 336.7	1 445.3	1 681.5	2 386.8	2 835.7	3 106.0	3 157.4	3 113	3 179.	3 540
Share of MSME outstanding loans	% of total outstanding business loans	...	...	20.0	20.5	20.3	22.6	24.0	24.9	23.9	19.2	17.7	16.3	15.6	14.8	14.5	13.8
New business lending, total	MXN billion	...	...	...	1 310.5	1 624.8	1 806.2	1 949.7	2 009.8	2 253.7	2 621.6	4 605.1	5 195.2	5 602	6 003.	5 723	10 795
New business lending, MSMEs	MXN billion	...	...	...	250.4	304.5	367.8	426.3	468.0	517.3	544.2	911.0	825.6	795.8	658.4	740.0	1 070
Share of new MSME lending	% of total new lending	...	...	...	19.1	18.7	20.4	21.9	23.3	23.0	20.8	19.8	15.9	14.2	11.0	12.9	9.9
Outstanding short-term loans, MSMEs	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, MSMEs	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 MSME lending	% of total MSME 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, MSMEs	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	0.8	1.4	...	...
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	131.2	139.1	34.0	39.7	...	...
Direct government loans, SMEs	MXN billion	...	...	29.5	30.8	53.3	63.0	88.1	135.4	183.8	6.5	6.5	6.8	5.7	5.3	4.3	1.2
Non-performing loans, total	% of all business loans	...	...	2.0	1.9	2.2	2.0	3.5	3.1	2.6	1.8	1.7	1.7	1.8	1.9	1.7	2.0
Non-performing loans, MSMEs	% of MSME loans	...	...	4.6	4.5	4.2	3.8	3.9	4.3	4.0	4.1	4.5	5.0	5.8	5.9	4.6	3.8
Interest rate, MSMEs	%	19.9	16.2	12.1	11.9	11.4	11.2	9.9	9.2	9.1	11.0	17.0	17.7	13.9	11.7	..	..
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	8.3	6.3	..	..
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	5.5	5.5	..	..
Non-bank finance																	
Venture and growth capital	USD billion	4.1	2.1	...	...	2.1	4.7	2.1	7.2	13.2	5.2	4.6	3.6	0.7	1.3	0.3	...
Venture and growth capital (growth rate)	%, Year-on-year growth rate	...	-49.6	...	...	...	128.1	-54.5	238.4	83.2	-60.9	-11.6	-21.8	-80.6	94.3	...	...

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

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

30. The Netherlands

Key facts on SME financing

The Dutch economy recovered quickly after the initial effects of the COVID-19 crisis, however, in 2022 and 2023, SMEs were challenged by the consequences of the large-scale aggression of Russia against Ukraine and the widespread effect of inflation. Despite these challenges, the need for external financing from SMEs has gradually decreased during recent years. Some trends have continued with banks being still the main channel for SME financing, although their share is becoming relatively smaller compared to alternative sources of financing.

New lending by the three major banks to SMEs stood at approximately EUR 12.7 billion in 2022. The vast majority of SME loan is provided via the three major banks. This represents a strong decrease compared to 2021 and 2020, when it stood at EUR 15.5 billion in 2021 and EUR 18.1 billion in 2020. The total outstanding business loans to SMEs decreased slightly, from EUR 122.4 billion in 2021 to EUR 121.7 billion in 2022. It should be noted that not all banks active in the field of SME finance are taken into account by these figures¹.

Bank loans continue to be the main source of external financing for SMEs in the Netherlands, although alternative sources of finance are gaining more importance among SMEs. According to the latest Financing Monitor 47% of financing applications in 2022 were made at an alternative financier² or a combination of an alternative and a bank finance. Only 53% of the applications were made at a bank. Financing needs smaller than EUR 1 million are more often made by an alternative financier. Alternative financiers provide debt, equity or asset-based finance, for example leasing or crowdfunding.

Total venture and growth capital investments in the Netherlands have shown a strong decrease in 2022 compared to 2021, however, it should be noted that 2021 was an exceptional year with several very large funding rounds. In 2022, EUR 2565 million was invested compared to EUR 4397 million in 2021. Since 2016 venture and growth capital investments have shown a strong increase, as only EUR 727 million was invested in 2016. Despite the lower figure of venture and capital investments in 2022 compared to 2021 the number of investments, measured in number of deals, did increase from 345 in 2021 investments to 419 in 2022.

Investments to SMEs and innovative start-ups from regional development agencies and the national promotional institution (NPI), Invest-NL, has strongly increased with EUR 324 million invested in 2022 compared to EUR 119 million in 2021. In particular, more investments to later-stage ventures were made. This could be partially explained by the increase of investments made by the NPI Invest-NL, which was created in 2019 and whose aim is to help SMEs through financing or the development of a viable business case.

Investments via private equity have also shown a gradual increase in recent years with total investments exceeding the EUR 10 billion mark for the first time, a total investment of EUR 10,113 billion.

The number of bankruptcies increased in 2022 with a year-to-year increase of 21%, this amounted to 1854 bankruptcies. The total number of bankruptcies in 2020 was the lowest in two decades. The number of voluntary business terminations was higher with the highest level so far. In 2022, 47% more companies

closed compared to 2021, although in 2021 the number of closures was relatively low. The crisis in Ukraine and the ensuing energy crisis has been a difficult challenge for Dutch SMEs with many being unable to (fully) calculate the increase of costs in their prices. Therefore, the Dutch government introduced a price cap for energy-intensive SMEs in 2022. SMEs with an energy bill of at least 7% of revenues are able to receive compensation for the increase in energy prices.

The Dutch government increased focus of its investments, focusing more on DeepTech. A specific DeepTech Fund was introduced with a focus on increasing the availability of scale-up finance. Furthermore, the Seed Capital scheme will focus increasingly on DeepTech funds, especially early stage funds.

Due to the increase of alternative financiers SMEs find it more difficult to acquire suitable financing. In a response the Dutch government has announced to develop a financing hub in order to support SMEs in their processes of acquiring external finance.

Table 30.1. Scoreboard for the Netherlands

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	EUR billion	..	..	..	..	..	..	143.3	136.0	130.4	124.1	125.9	127.1	124.5	121.0	122.4	121.7
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	320.5	308.9	311.6	322.9
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	..	..	41.4	41.1	35.2	35.6	38.3	39.1	38.8	39.2	39.3	37.7
New business lending, total	EUR billion	..	..	..	123.0	124.9	110.0	97.3	83.7	146.7	122.7	129.8	130.6	122.8	119.4	144.9	146.3
New business lending, SMEs	EUR billion	..	..	..	10.2	19.5	18.7	18.8	18.0	18.2	16.0	20.9	18.2	17.06	18.1	15.5	12.7
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	13.8	15.2	10.7	8.66
Outstanding short-term loans, SMEs	EUR billion	..	..	..	..	..	..	30.1	26.8	23.1	19.8	17.9	16.6	15.2	11.5	10.4	10.8
Outstanding long-term loans, SMEs	EUR billion	..	..	..	..	..	..	113.3	108.2	107.3	104.3	107.9	110.0	109.3	109.4	98.8	110.8
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	21.0	19.8	17.7	15.9	14.3	13.1	12.2	9.5	9.55	8.93
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	586	1485	618.1	348.3
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	10.0	10.8	9.5	8.1	8.8	9.2	7.7	7.2	6	4.79
Interest rate SMEs	rate, %	5.4	5.7	4.5	6.0	6.4	5.1	4.3	4.1	4.4	3.7	2.9	4.1	3.7	3.3	3.1	3.8
Interest rate large firms	rate, %	..	..	..	..	3.5	3.6	3.4	2.8	2.4	3.2	2.5	2.1	2.9	1.7	1.7	2.9
Interest rate spread	rate % points	..	..	..	..	2.9	1.5	0.9	1.3	2.0	0.5	0.4	2.0	0.8	1.6	1.4	0.9

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	55	54	41	50
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	11.4	10.4	8.5	7.9
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	7,4	9,4	7,8	14,3	4,7
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	84.0	79.0	77	91
Non-bank finance																	
Venture and growth capital	EUR million	498.0	691.0	526.5	291.2	612.8	417.5	398.6	681.1	788.3	727.7	930.2	1093	1224.13	1704.66	4396.6	2565.2
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	38.7	-23.8	-44.7	110.4	-31.8	-4.53	70.86	15.7	-7.68	27.8	17.52	11.98	39.25	157.9	-41.6
Leasing and hire purchases ¹	% of SMEs	..	..	..	..	..	3888	4191	4292	5205	5551	5975	7150	7743	6631	6896	6916
Factoring and invoice discounting	% of SMEs	..	..	..	..	..	..	..	..	..	..	..	5816	6473	4815	5843	8037
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	1.0	20.0	-2.0	11	13
Bankruptcies, SMEs	Number	3 589	3 842	6 942	6 162	5741	6870	7825	5889	4485	3730	3018	2818	2986	2521	1440	1705
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	7.0	80.7	-11.2	-6.83	19.67	13.90	-24.74	-23.84	-16.83	-19.09	-6.63	6.07	-15.66	-42.88	18.40

Notes

1. Not all Dutch banks are included in the DNB graph 5.14, only the three major banks.
2. All financiers except for banks are considered alternative financiers.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

31. New Zealand

Key facts on SME financing

In 2019, New Zealand was ranked as the number one country in the world for ease of doing business as recognized by the World Bank. As a small open economy, with a population of 5 million, SMEs play a significant role in the New Zealand economy.

SMEs account for 98.8% of all New Zealand businesses. Additionally, Māori-led SMEs, who are indigenous in New Zealand and Treaty partners to the Crown, mostly fall into the sectors of agriculture, fisheries, or the technical and scientific space. In New Zealand, SMEs are defined as businesses with 0-49 employees.

Aligning with global economic inflationary trends, the New Zealand consumer price index peaked at 7.3% in June 2022. In addition, severe weather events have contributed to inflationary pressures. In January 2023, Auckland and surrounding areas experienced catastrophic flooding. In February 2023, Cyclone Gabrielle hit the Northern Island. Both events caused widespread damage to buildings, businesses, and infrastructure, with damage to farms and orchards likely to see loss of primary production beyond 2023.

In response to inflationary pressures, the Reserve Bank of New Zealand increased the official cash rate (OCR) from 0.25% in 2020 to 5.5% in 2023. As a result, interest rates for SMEs increased from 8.7% to 11.5% during 2022. Despite these changes, the stock of SME outstanding business loans increased from NZD 74.3 billion in 2021 to NZD 77.6 billion in 2022, although the share of SME outstanding business loans as a percentage of the total outstanding business loans fell from 60.3% in 2021 to 58.4% in 2022.

Other indicators show a slight increase in SME non-performing loans, from 0.6% in 2021 to 0.7% in 2022. Business-to-business late payments increased from 5.9 days in 2020 to 6.0 days in 2021. The annual number of bankruptcies continued a downward trend from 1863.0 in 2017 to 525.0 in 2022. The decrease in bankruptcies, while going against global trends, is also reflective of the various government policy responses to COVID-19 for SMEs referenced in the 2022 New Zealand profile.

In alternative financing, New Zealand early-stage capital markets saw a decline in capital from NZD 411.8 million in 2021 to NZD 329 million in 2022. A decrease in investment was also prevalent in the mature and later stage ventures.

As mentioned in the New Zealand profile of the 2022 edition of the SME Financing Scoreboard, to cushion the impact of COVID-19, the New Zealand Government had implemented various policies to support SMEs. Recent policy responses have included grants and financing for businesses that were impacted by the cyclone, as well as continuing some COVID-19 programmes with adjustments.

Table 31.1. Scoreboard for New Zealand

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	72.6	70.8	74.3	77.6
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	120.5	116.3	123.2	132.9
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	60.2	60.9	60.3	58.4
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	0.6	0.6	0.4	0.4
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	0.7	1.0	0.6	0.7
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	9.0	8.4	8.7	11.5
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	9.9	15.1	14.1	13.3
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	128.7	158.0	257.6	186.6
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	15.6	22.8	63.0	-27.6
Other indicators																	
Payment delays, B2B	number of days	..	..	..	..	15.7	13.5	12.7	10.4	7.1	5.9	5.8	5.9	6.6	5.9	6.0	..
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	1 319	1 102	782.0	525.0
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	11.2	-16.5	29.0	32.9

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

32. Norway

Key facts on SME financing

98% of all firms in Norway employ between 1 to 50 people. The SME definition in Norway differs from the definition in use in most EU countries. To contribute to cross-country comparison and make the Scoreboard indicators also relevant to Norway, Statistics Norway used firms with less than 250 as well as those with less than 50 employees to analyse the Norwegian SME population along the indicators covered in the OECD Scoreboard.

After three years of increase, the outstanding stock of SME loans fell in 2016 and 2017, then increased again from 2018 to 2022. The SME share of overall business lending in 2022 stood at the highest level at nearly 40%. The majority of SME lending in Norway is long-term, accounting for an average of over 80%.

Venture and growth capital investments followed almost the same trend as the SME loans. After three years of increase, the venture and growth capital investments fell in 2016 but increased again in 2017 and reached a milestone of over NOK 100 million in 2020.

Most of the equity investments for new enterprises, those founded within previous two years, are channelled to large enterprises. The proportion of venture and growth capital allocated to new SMEs has been within the range of 16% and 21% from 2016 to 2022.

The number of bankruptcies had the highest level in 2019 and the lowest level in 2021 during the 2013-2022 period. In 2019 and 2020, 2 105 and 2 093 bankruptcies were registered respectively, while the corresponding figure in 2021 was 1 449. The low number of bankruptcies in 2021 was likely a result of the government support for business that were implemented together with the temporary Reconstruction Act to remedy financial problems during the pandemic.

Table 32.1. Scoreboard for Norway

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	NOK billion	359	451.1	416.4	433.8	454	452.8	433	474.9	550	530.3	509.3	561.5	618.3	652.3	678.3	773.2
Outstanding business loans, total	NOK billion	837.2	1 033	1 031	1 057	1 125	1 131	1 195	1 289	1 409	1 413	1 484	1 517	1 678	1 717	1 738	1 945
Share of SME outstanding loans	% of total outstanding business loans	42.88	43.65	40.40	41.03	40.35	40.04	36.23	36.84	39.04	37.54	34.33	37.01	36.84	38.00	39.02	39.76
Outstanding short-term loans, SMEs	NOK billion	69.15	83.9	69.9	72.95	75.9	85.43	81.13	90.5	100.2	85.30	87.06	100.6	107.2	89.04	102.2	149

Outstanding long-term loans, SMEs	NOK billion	289.8	367.2	346.5	360.1	378.1	367.4	351.9	384.4	449.8	445	422.3	460.9	511.1	563.2	576.2	624.2
Non-bank finance																	
Venture and growth capital	NOK billion	39.89	29.6	14.6	30.30	39.3	37.7	63.3	74.55	75.1	51.52	52.8	75.	99.4	102.4	102.1	131.2
Venture and growth capital	%, Year-on-year growth rate	..	-25.80	-50.75	107.9	29.56	-3.98	67.72	17.91	0.73	-31.40	2.54	42.00	32.50	3.07	-0.28	28.43
Other indicators																	
Bankruptcies, total	Number	952	1 427	2 059	1 804	1 725	1 525	1 774	1 829	1 794	1 781	1 843	2 067	2 105	2 093	1 449	1 713
Bankruptcies, total	%, Year-on-year growth rate	..	49.89	44.29	-12.38	-4.38	-11.59	16.33	3.10	-1.91	-0.72	3.48	12.15	1.84	-0.57	-30.77	18.22

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

33. People's Republic of China

Key facts on SME financing

In China, SMEs play a key role in maintaining economic dynamism and boosting innovation and entrepreneurship. SMEs contribute approximately 50% of tax revenue, 60% of GDP, 70% of technological innovation, and 80% of urban employment. In 2022, there were about 52 million SMEs in China, and the number of newly registered enterprises reached an average of 23 800 per day.

Outstanding business loans for Micro and Small Enterprises (MSEs) increased to CNY 59.7 trillion in 2022, up 19.4% from 2021. The share of outstanding business loans for MSEs has been relatively stable for the past two years, at 46.52% in 2021 and 49.12% in 2022, respectively. The ratio of short-term loans to total loans for SMEs increased from 40.76% to 42.22% over 2020-21. This ratio increased to 43.1%, up 0.88 percentage points in 2022.

In 2022, interest rates for SMEs and large firms were 4.45% and 4.29%, down 0.07 and 0.24 percentage points, respectively, compared to 2021. The interest rate spread between SMEs and large enterprises was positive, and the difference rose from -0.01% to 0.16% in 2021-22 (the difference rose from -0.22% to -0.01% in 2020-21). In recent years, China has improved and implemented the policy of cutting taxes and fees on debt finance. In 2022, SMEs were on average charged 1.42% of the total value of bank loans in the form of extra loan fees, slightly down 0.39 percentage points with respect to the previous year. In 2022, the 1-year interest rate in the shadow banking sector¹ ranged from 11.78% - 13.11%, with a spread of about 7.3% - 8.7% compared to formal bank loans. In 2022, the shadow banking assets reached CNY 50.3 trillion, a significant decrease of CNY 3.29 trillion, and the ratio of shadow banking assets to GDP dropped to 41.6%, the lowest level since 2013.

In 2022, the rejection rate of SME loan applications was stable at around 3.61%, and the utilisation rate of SME bank loans has remained at a high rate of 87.69%. On average, 58.38% of SMEs tried to apply for a bank loan.

In 2022, SMEs obtained CNY 252.0 billion from STAR Market, CNY 179.6 billion from Shenzhen Venture Board, and CNY 16.38 billion from Beijing Stock Exchange, up by 24.22%, 21.78%, and 117.81% respectively, compared to the previous year. Venture capital, leasing and factoring, online lending and crowdfunding continue to remain important sources of SME financing.

In 2020, the ratio of non-performing loans to total MSE loans was 2.81%, down 0.28 percentage points from 2019. The bankruptcy rate for SMEs was 3.48% in 2022 according to survey data, up 6.42% from the previous year.

In 2022, the National Financing Guarantee Fund supported 45.6 million SMEs, totalling CNY 70.91 billion. The National SME Development Fund raised nearly CNY 90 billion and invested in more than 1 100 projects. Special funds for SME Development account for over CNY 5.65 billion in total. Rewards and subsidies to reduce financing guarantee fees account for about CNY 3 billion.

In 2022, the Chinese government has continued to alleviate financing difficulties and reduce costs for SMEs, including tax and fee reduction, subsidies, financing guarantees, expansion of financing channels,

improving financial services, and enhancing the connection between industry and finance. China has carried out special projects to clear up arrears in payments to SMEs, focusing on the development of technology-based SMEs.

Table 33.1. Scoreboard for the People's Republic of China

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	RMB billion			13616	17139	21168	25356	28585	33302	35300	40517	46477					
Outstanding business loans, total	RMB billion			24940	30292	35017	39283	44019	52162	53895	62578	71545	78728	86123	97307	107482	121547
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					
Outstanding business loans, Small and Micro Enterprises	RMB billion											30743.7	33492.3	36900	42700	50000	59700
Share of outstanding loans, Small and Micro Enterprises	% of total outstanding business loans											42.97	42.54	42.85	43.88	46.52	49.12
New business lending, total	RMB billion																
Share of short-term loans, total	% of total business lending							42.12	43.12	42.4	40.35	38.06	35.77	34.35	32.86	30.61	29.6
Share of short-term SME lending	% of total SME lending							56.1	49.24	47.56	54.69	40.97	41.62	39.09	40.76	42.22	43.1
Direct government loans, SMEs	RMB billion				1222.6	1550	1813.4	2082.4	2470	2820							
Non-performing loans, total	% of all business loans			2.58	1.76	1.26	1.21	1.25	1.49	2.04	2.07	2.05	2.29	2.24	1.95		
Non-performing loans, SMEs	% of all SME loans			3.83	2.52	1.75	1.65	1.66	1.97	2.59	2.6	2.58					
Non-performing loans, Small and Micro Enterprises	%							2.01	2.2	2.74	2.68	2.74	3.16	3.09	2.81		
Interest rate, SMEs	%							8.39	7.51	5.23	4.77	5.78	5.17	4.86	4.84	4.52	4.45
Interest rate, large firms	%							7.72	7.47	5.26	4.89	5.4	5.07	5.11	5.06	4.53	4.29
Interest rate spread	% points							0.67	0.04	-0.03	-0.12	0.38	0.1	-0.25	-0.22	-0.01	0.16
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending			50.55	51.64	51.59	52.98	54.52	54.76	55.67	52.05	50.28	50.18				
Collateral, Small and Micro Enterprises	% of Small and Micro Enterprises needing collateral to obtain bank lending							55.8	56.96	58	54.2	52.4	52.5	53.2	50.9		
Percentage of SME loan applications	SME loan applications / total number of SMEs									69.88	63.06	53.09	58.36	54.79	57.94	56.67	58.38
Rejection rate	1 – (SME loans							6.19	11.97	11.72	6.13	4.07	3.69	4.05	3.79	3.59	3.61

	authorised / requested)																
Utilisation rate	SME loans used / authorised							93.51	94.75	94.48	94.03	89.91	86.26	84.32	84.55	87.66	87.69
Non-bank finance																	
Venture and growth capital (stock)	RMB billion	111.3	145.6	160.5	240.7	319.8	331.3	263.9	293.3	336.1	376.5	411	476.9	563.6	627.2	728.3	
Venture and growth capital (growth rate, stock)	%, 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	16.03	18.18	11.28	16.12	
Venture and growth capital (incremental)	RMB billion						25.11	27.90	37.44	46.56	50.55	84.53	52.72	86.68	63.6	101.1	
Venture and growth capital (incremental)	%, Year-on-year growth rate							11.11	34.19	24.36	8.57	67.22	-37.63	64.42	-26.63	58.96	
Leasing and hire purchases	RMB billion	24	155	370	700	930	1550	2100	3200	4440	5330	6060	6650	6654	6504	6323	5850
Factoring and invoicing	EUR million		55 000	67 300	154 550	274 870	343 759	378 128	406 102	352 879	301 635	405 537	411 573	403 504	433 162	469 575	576 885
Other indicators																	
Payment delays, B2B	Number of days							95.91	72.31	64.44	65.21	44	38				
Bankruptcies, SMEs	%							7.57	7.24	5.46	4.73	3.7	2.85	3.09	4.06	3.27	3.48
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate								-4.36	24.59	13.37	21.78	-22.97	8.42	31.39	-19.46	6.42

Note

1. The shadow banking sector primarily encompasses special purpose vehicles (SPV), entrusted loans, trust loans, non-equity private funds, and online P2P lending institutions.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

34. Peru

Key facts on SME financing

In 2022, Peru's economy grew by 2.7%, primarily driven by private consumption, leading to the expansion of the commerce and services sectors. However, the country faced challenges such as increased financing costs, inflation and social unrest. In 2023, SMEs and entrepreneurs were projected to encounter similar challenges. The business environment could be further complicated by both social conflicts and climate-related issues.

SMEs play a major role in the Peruvian economy, contributing to over 30% of value added and approximately 7% to exports. They have a particularly strong presence in sectors such as commerce, services, and manufacturing. Regarding the business landscape, SMEs comprise 99.4% of all enterprises and contribute significantly to employment, accounting for 90.5% of private employment. This highlights the importance of supporting their growth, as they are considered drivers for the development of the Peruvian economy.

SMEs accounted for a significant share of all outstanding loans in 2022, reaching 30.9%, driven by an 8.9% increase in the number of formal enterprises accessing the formal financial system. Between 2010-2019, the share of all outstanding loans was around 25% on average, a figure that experienced a positive increasing of 7 p.p. Thus, since 2020, the share on average was 32%. It should be noted that there was also observed growth in the number of SMEs, expanding at an average annual rate of 12.3%, going from 1 780 thousand companies in 2020 to 2 246 thousand companies in 2022.

While banks remained the primary lenders, alternative financing options such as factoring and invoice discounting gained some attention, although fluctuations have been observed in their usage in recent years. Moreover, over-indebtedness is a concern, as the majority of SMEs rely on a single institution, and small business loans face higher interest rates, posing affordability challenges.

In 2022, the interest rate spread between large companies and SMEs in Peru was 19.9 percentage points. It is important to note that the interest rates for small business loans experienced an increase from 24.0% in December 2021 to 27.1% in December 2022. Therefore, this upward trend suggests that despite the narrowing spread, the cost of borrowing for these enterprises has increased.

The government of Peru has implemented several programmes to address financing constraints and support businesses during the COVID-19 pandemic. These programmes include Reactiva Perú, FAE-Mype, PAE-Mype, FAE-Agro, FAE-Turismo, Programa de Garantías COVID-19, and FAE-TEXCO. These initiatives aim to provide favourable financing conditions and ensure the continuity of resilient businesses across sectors.

Table 34.1. Scoreboard for Peru

Indicator	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt														
Outstanding business loans, SMEs. As of 30 June	PEN Billion	17.18	19.75	23.23	26.62	30.14	32.44	32.46	34.11	35.56	36.48	61.92	73.63	66.12
Outstanding business loans, total. As of 30 June	PEN Billion	65.99	75.04	81.49	97.20	112.21	127.37	130.02	134.62	147.30	149.53	189.21	223.05	213.76
Share of SME outstanding loans	% of total outstanding business loans	26.04	26.31	28.50	27.39	26.86	25.47	24.97	25.34	24.14	24.39	32.73	33.01	30.93
New business lending, total	PEN Billion				264 129	244 850	249 880	226 035	219 435	244 928	241 292	281 590	273 983	327 359
New business lending, SMEs	PEN Billion				241 949	224 537	228 624	207 603	201 133	225 421	222 626	263 860	248 707	293 979
Share of new SME lending	% of total new lending				91.6	91.7	91.5	91.8	91.7	92.0	92.3	93.7	90.77	89.80
Government loan guarantees, SMEs	PEN Billion	..	..	..	..	..	..	400	..	..	..	..	..	..
Direct government loans, SMEs	PEN Billion	30.98	49.06	59.57	219.92	365.33	369.45	389.18	320.85	399.83	367.95	387.01	373.92	316.37
Non-performing loans, total	% of all business loans	2.20	1.78	1.65	1.96	2.14	2.37	2.46	3.33	3.40	3.15	2.93	3.48	5.00
Non-performing loans, SMEs	% of all SME loans	7.83	6.33	5.19	6.30	7.11	8.42	9.03	8.69	10.53	10.94	6.63	9.81	16.43
Interest rate, SMEs	%	27.63	27.09	25.96	24.66	23.41	25.59	26.37	26.57	26.31	25.28	20.23	24.03	27.05
Interest rate, large firms	%	4.98	6.03	6.60	6.49	6.37	6.29	6.86	6.75	6.00	5.93	4.39	3.80	7.20
Interest rate spread	% points	22.65	21.06	19.35	18.17	17.04	19.30	19.52	19.82	20.31	19.35	15.84	20.22	19.85
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	38.52	51.02	43.26	48.39		43.40			
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	5.06	5.77	4.63	5.93		4.00			
Utilisation rate	SME loans used/ authorised	..	..	..	..	94.94	94.23	95.37	94.07		96.00			
Non-bank finance														
Leasing and hire purchases	PEN Billion	3 374	3 846	4 301	3 978	4 128	3 966	3 530	3 440	3 110	3 000	3 204	2 212	1 605
Factoring and invoice discounting	PEN Billion	768.98	754.27	719.99	779.45	809.13	819.41	835.50	833.89	1006.19	947.14	724.63	762.88	605.27
Other indicators														
Bankruptcies, all businesses	Number	162 948	168 261	233 287	152 758	225 384	242 842	259 443	362 091	199 303	183 442	859 595	247 397	218 568

Note: *Preliminary data.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

35. Poland

Key facts on SME financing

For the last three years, the Polish economy, as is the case with the European and global economy, has been strongly affected by the effects of the pandemic and the Russian aggression against Ukraine. Global turmoil and the energy crisis provoked by Russia have increased inflation around the world, especially in Europe, which had a significant impact on SMEs.

In 2021, there were 2 356 thousand non-financial enterprises in Poland, which is 4.2% more than the previous year, and 36.4% more compared to 2010. In 2021 SMEs made up 99.8% of all non-financial enterprises in Poland, numbering 2 352.2 thousand SMEs in total. As in previous years, non-financial enterprises are dominated by the presence of microenterprises, which were responsible for 97.1% share in the structure of the entire population in 2021. Among all size classes, the microenterprises recorded the greatest increase in the number of units in the years 2010–2021.

In 2022, the banking sector remained stable. As a result of the reforms implemented after the 2008-2009 global financial crisis, the Polish banking system has generally become more resilient to shocks, due to stronger capital and liquidity buffers. In 2022, a slight increase in debt was observed among both large companies and SMEs.

The stock of outstanding business loans and SME loans increased in 2022, which could be driven by an increase in credit demand. The share of non-performing loans (both total and SME) decreased slightly in 2022. The average interest rate, both for SMEs and large companies, increased in 2022. Similarly, the interest rate spread also rose to 1.23 percentage points.

According to PFR Ventures, the value of the venture capital market in 2022 was only slightly lower than the year before. Considering the global downward trend, this is a positive sign. The total number of transactions increased, but their average value fell from EUR 1.6 million in 2021 to EUR 1.4 million in 2022.

Despite the difficult business environment, the Warsaw Stock Exchange achieved stable financial results in 2022. The Warsaw Stock Exchange Capital Group generated PLN 389.3 million in revenue in 2022, which means a low, single-digit decrease (4.5%) compared to the record level from 2021. Last year, the Group recorded record shares in the profits of associates, which reached PLN 28.3 million and were 15.9% higher year-on-year.

In 2020, the government launched a number of tools to support domestic entrepreneurs. The “Anti-crisis Shield” included the so-called Financial Shields in the form of financial subsidies for SMEs and in the form of preferential financing for large companies, which were worth a combined total of PLN 71.37 billion (July 2021). Bank Gospodarstwa Krajowego provided support worth more than 240 billion (April 2023) –in the form of accessible guarantees. The Anti-crisis Shield also covered other measures such as social insurance exemptions, subsidies to the remuneration of employees and idle-time benefits. The government support under the Anti-crisis Shield had amounted in total to over PLN 236 billion as of July 2021. These measures have significantly mitigated the effects of the crisis in the non-financial corporate sector.

The measures on price mitigation taken so far have been addressed to a wide audience in order to remedy the situation on many levels. Measures to reduce the negative impact of high inflation include, among others:

- An anti-inflation shield that has reduced taxes on certain products, including energy;
- The Energy Shield, which introduced allowances and compensations for the purchase of energy raw materials for certain groups, including vulnerable entities;
- The Solidarity Shield, which set the maximum electricity prices, including for SMEs, PLN 785/MWh

Table 35.1. Scoreboard for Poland

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																
Outstanding business loans, SMEs	PLN Billion	125.3	127.22	127.00	159.02	164.81	163.93	175.63	185.78	193.63	206.57	208.48	208.68	199.94	191.19	210.55
Outstanding business loans, total	PLN Billion	233.3	222.08	219.69	264.51	272.25	277.96	300.92	327.27	344.93	366.02	388.25	395.60	376.73	396.46	436.59
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	52.75	53.07	48.22	48.23
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	42.20	31.24	33.56	40.66
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	158.13	160.56	148.83	160.80
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	21.93	19.53	21.06	16.29	18.40	20.18
Government loan guarantees, SMEs	PLN Billion	..	..	..	..	..	7.00	9.65	8.90	9.36	9.91	10.17	11.56	23.58	34.17	37.82
Government guaranteed loans, SMEs	PLN Billion	..	..	..	..	..	12.24	17.43	15.86	16.43	17.80	18.17	20.71	33.70	46.24	51.81
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	8.70	8.43	9.00	7.42	6.45
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	11.32	11.16	12.18	10.93	9.70
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	3.77	3.07	2.64	5.10
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	3.07	2.93	2.63	3.87
Interest spread	% points	-0.25	-0.46	0.31	0.12	0.12	0.02	0.12	0.10	0.09	0.19	0.51	0.70	0.14	0.01	1.23
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	..	..	..	38.92	30.33	..	..	..	..

Percentage of SME 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 growth capital	and EUR Million	96.4	70.7	112.7	197.5	127.1	198.2	89.3	140.3	190.7	195.8	350.4	193.7	249.2	266.7	295.4
Venture growth (growth rate)	and % 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	78.93	-44.72	21.72	7.04	10.75
Leasing and hire purchases	and PLN Billion	24.09	21.43	23.92	27.79	26.90	30.42	34.29	37.83	51.01	58.19	66.44	61.49	50.19	71.68	68.41
Factoring invoice discounting	and PLN Billion	45.51	53.16	88.61	95.33	113.06	129.59	152.68	171.64	192.74	222.49	269.63	315.02	311.34	399.82	476.92

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

36. Portugal

Key facts on SME financing

In 2021, SMEs comprised 99.9% of enterprises in Portugal, employed 71.5% of the labour force and were responsible for 56.8% of the turnover and 66.8% in total investment, including large and non-financial enterprises.

In 2021, the total stock of business loans increased 1% compared to 2020. In 2022, there was a decrease of -0.4% compared to 2021. In sum, in 2022, the share of SME outstanding business loans to total business loans stayed around 80% as has been the case for the last five years.

In 2021 and in 2022, short-term loans gradually increased, by 6.4% and 5.2%, respectively. On the other hand, long-term loans increased by 2.7% in 2021 and decreased 1.8% in 2022. The Portuguese financial system became restrictive concerning business loans to SMEs.

In 2020, the share of government-guaranteed loans in total SME loans had a steady acceleration, with an increase of 23.3%, demonstrating the sustained public efforts to support SME access to finance, during the COVID-19 crisis. In 2021, total government-guaranteed loans slightly increased to 3.2%, compared to 2020, and registered a decrease of -17.5% in 2022.

The average interest rate for SME loans decreased to 2.48% in 2020, marking the sixth consecutive year of decline. However, in 2021, it had a slight increase to 2.51%, and in 2022 an even larger increase to 3.18%, which reflects a setback in SME financing conditions.

Trends in venture capital have been uneven. Total venture capital investments in 2022 increased to EUR 72 million, a rise of 7.5% compared to 2021.

Late payments are still a problematic issue for Portuguese SMEs in both business-to-business (B2B) transactions and payments from public authorities, having been steadily decreasing in the last five years, with no relevant oscillations. In 2022, 41.8% of SMEs reported experiencing late payments. In addition, the time difference between agreed and actual payment is 13 days (increased by 1 day since 2021) in B2B transactions and 10 days (decreased by 12 days since 2021) for the public sector.

Concerning bankruptcies, 2020 closed with a decline of 2.3% compared to 2019, with 2 502 bankruptcies, despite the impact of the COVID-19 crisis on the economy. This decline can be explained in part by government measures that have allowed companies to avoid filing for bankruptcy during the COVID-19 crisis. In 2021, there was also a decrease, with 1 571 bankruptcies (-37.2%) and in 2022, there was again another decrease, with 1 309 bankruptcies (-16.6%).

The number of small and medium-sized businesses supported by the EIF's European Guarantee Fund have significantly increased year after year, from 12 000 in 2021 to 26 000 in 2022. The same strong results were achieved in terms of jobs supported, which increased from 188 000 in 2021 to 340 000 in 2022. This result is due to the large amounts signed in 2021 under the European Guarantee Fund. The EIF has provided support in Portugal under a wide range of programmes and mandates, such as COSME, *InnovFin*, and the Cultural and Creative Sectors Guarantee Facility. The EIF made five equity investments

in 2022, committing EUR 123 million, which leveraged EUR 500 million of equity finance. These figures highlight the largest volumes ever committed by the EIF to Portuguese venture capital and private equity funds.

Table 36.1. Scoreboard for Portugal

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	EUR billion			90.2	88.2	87.0	79.7	73.9	70.3	65.8	61.3	57.4	54.1	52.5	58.9	60.9	60.3
Outstanding business loans, total	EUR billion	102	115.8	117.8	114.6	113.8	105.3	99.3	86.5	82.2	77.3	73.1	69.5	67.0	73.9	75.6	75.3
Share of SME outstanding loans	% of total outstanding business loans			76.61	76.96	76.45	75.68	74.41	81.30	80.13	79.36	78.53	77.69	78.35	79.73	80.06	80.16
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	32.7	33.5	20.8	22.0
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	11.8	11.8	7.6	7.4
Share of new SME lending	% of total new lending	44.9	42.7	49.9	19.7	31.6	27.5	24.1	28.7	35.2	37.8	37.7	35.5	36.1	35.2	36.5	33.7
Short-term loans, SMEs	EUR billion	..	..	24.7	22.7	21.3	15.3	13.4	11.5	9.5	9.5	8.9	7.3	6.5	8.1	8.7	9.1
Long-term loans, SMEs	EUR billion	..	..	65.6	65.5	65.7	64.4	60.5	58.7	56.3	51.9	48.5	46.8	46.0	50.8	52.1	51.1
Share of short-term SME lending	% of total SME lending	..	27.34	27.34	25.77	24.47	19.21	18.13	16.37	14.51	15.43	15.53	13.50	12.38	13.89	14.32	15.20
Government guaranteed loans, SMEs	EUR billion	..	..	5	6.8	6.1	6.0	5.8	5.5	5.6	5.7	6.1	6.2	6.3	13.6	14.0	11.5
Non-performing loans, total	% of all business loans	1.50	2.20	3.90	4.10	6.00	9.40	11.80	14.20	15.20	15.00	12.70	7.80	4.60	3.32	2.30	2.05
Non-performing loans, SMEs	% of all SME loans			4.67	5.00	7.33	11.76	14.82	16.50	17.89	17.62	14.65	8.83	5.15	3.87	2.66	2.43
Interest rate, SMEs	%	7.05	7.64	5.72	5.45	7.41	7.59	6.82	5.97	4.6	3.83	3.42	3.13	2.93	2.48	2.51	3.18
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	1.85	1.70	1.72	2.66
Interest rate spread	% points	1.76	1.72	1.87	2.25	2.01	2.16	1.85	1.60	1.35	1.14	1.28	1.20	1.08	0.78	0.80	0.52
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	76.25	81.16	82.63	82.15	83.09	80.14	81.84	79.60	80.98	83.13	86.95	89.88	89.60	88.73
Non-bank finance																	
Venture and growth capital	EUR million	129	92	70	74	26	53	106	106	102	18	29	30	69	42	67	72

Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-28.7	-23.9	5.7	-64.9	103.9	100.0	0.0	-3.8	-82.4	61.1	3.5	130.0	-39.1	55.8	7.5
Leasing and hire purchases	EUR million	..	..	53.24	52.42	3.442	3.037	2.666	2.425	2.345	2.295	2.175	2.204	1.879	1.866	467	497
Factoring and invoice discounting	EUR million	..	..	621	733	402	338	376	476	547	441	418	930	855	513	99	113
Other indicators																	
Payment delays, B2B	Number of days	40	33	35	37	41	40	35	33	21	20	20	12	18	12	12	13
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	2 560	2502	1571	1309
1309Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	35.1	8.1	7.2	16.0	40.9	-9.8	-33.4	17.3	-23.2	-14.4	-13.1	-5.0	-2.3	-37.2	-16.7

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

37. Serbia

Key facts on SME financing

SMEs dominate the Serbian business economy, accounting for 99% of all enterprises. In 2022, SMEs employed more than 64% of the labour force and accounted for 60% of total gross value added and for 65.6% of turnover. Sector-specific data indicates that most SMEs belong to the trade sector (22.9%), followed by the manufacturing sector (14.7%), professional, scientific and innovative activities (14%), and transportation and storage (9.8%).

According to the preliminary results from the 2022 SME lending conditions survey conducted by the National Bank of Serbia in 2023, the stock of SME loans in 2022 decreased by 6.6% year-on-year to EUR 8.5 billion (while compared to pre-crisis 2019, it represents an increase of 18.4%, which in absolute terms is an increase of EUR 1.3 billion). The decrease in 2022 compared to 2021 was partly due to the repayment of subsidized loans provided to SMEs aimed to support them during the COVID-19 crisis. The share of outstanding SME loans in total corporate loans decreased to 27.9% (from 33.2% in 2021). Long-term loans decreased as well and amounted to 86.0% of total SMEs loans.

New bank lending to SMEs in 2022 amounted EUR 5.2 billion (0.6% higher relative to 2021). The share of new SMEs loans among total corporate loans decreased by 2.4 percentage points to 34.7% in 2022.

Interest rates for SME loans in/or indexed to foreign currencies increased to 5.1% in 2022 (from 4.3% in 2021 and 3.8% in 2020). However, the interest rate spread between large companies and SMEs decreased to 1.9 percentage points (from 2.0 percentage points in 2021). On the Serbian dinar-denominated loans side, interest rates reached 6.7%, 1.8 percentage points higher compared to 2021 when it reached 4.9%, while the spread between large companies and SME decreased to 2.5 percentage points (from 2.8% in 2021).

The rejection rate (the percentage of SME loan applications that are rejected considering the total number of loans) was 16.6% in 2022 (20.5% in 2021), while the utilisation rate (the percentage of used SME loans among all SME loans that were approved) was 96.5% in 2022 (97.0% in 2021). At the same time, the share of SME loans requiring collateral (excluding bills of exchange) was 37.2% in 2022 (43.3% in 2021).

The share of NPLs in total SMEs loans slightly increased to 3.8% (compared to 3.5% in 2021), due to decreased stock of loans to SMEs. On the other hand, the NPLs of the whole corporate sector decreased to 1.9% in 2022 from 2.6% in 2021.

Table 37.1. Scoreboard for Serbia

Indicator	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt														
Outstanding business loans, SMEs	EUR Million	4 202	4 320	4 352	4 061	4 779	5 340	5 552	5 802	6 488	7 140	8 194	9 043	8 450
Outstanding business loans, total	EUR Million	19 777	20 028	20 460	19 154	18 724	18 677	18 362	19 150	20 847	22 394	24 622	27 273	30 250
Share of SME outstanding loans	% of total outstanding business loans	21.25	21.57	21.27	21.20	25.52	28.59	30.24	30.30	31.12	32	33.28	33.16	27.93
New business lending, total	EUR Million	..	8 862	9 043	7 093	6 765	8 461	10 130	10 966	12 339	13 629	11 425	13 944	15 005
New business lending, SMEs	EUR Million	3 190	3 323	2 771	2 302	2 717	3 332	4 038	4 688	5 478	6 087	4 927	5 170	5 199
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	45	43.13	37.08	34.65
Outstanding short-term loans, SMEs	EUR Million	1 436	1 308	1 257	1 386	1 405	1 348	1 380	1 451	1 480	1 347	1 013	1 200	1 181
Outstanding long-term loans, SMEs	EUR Million	2 766	3 012	3 096	2 675	3 374	3 993	4 172	4 350	5 008	5 793	7 181	7 843	7 269
Share of short-term SME lending	% of total SME lending	34.17	30.28	28.87	34.13	29.40	25.24	24.86	25.01	22.81	19	12.36	13.27	13.98
Government subsidized loans, SMEs*	EUR Million	523	390	569	342	750	126	13	14	15	14	357	349	206
Non-performing loans, total	% of all business loans	20.70	22.33	19.19	24.52	24.64	21.71	17.22	10.41	5.05	3.17	2.82	2.64	1.94
Non-performing loans, SMEs	% of all SME loans	21.00	22.64	26.15	28.05	27.08	26.69	20.16	9.91	6.9	4.65	4.62	3.55	3.80
Interest rate, SMEs	%	10.06	9.72	8.15	8.03	7.25	6.31	5.69	4.58	4.23	3.98	3.70	4.27	5.06
Interest rate, large firms	%	7.36	7.88	6.60	6.34	5.18	3.87	3.13	2.78	2.30	2.56	2.09	2.26	3.12
Interest rate spread	% points	2.70	1.85	1.55	1.70	2.07	2.44	2.56	1.79	1.93	1.42	1.61	1.98	1.95
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	44.51	45.59	53.00	55.06	53.13	53.79	42.70	53.85	53.09	52.77	50.55	43.31	37.23
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)	27.13	15.77	32.02	32.18	25.15	24.52	28.18	28.32	17.09	6.51	19.27	20.46	16.55
Utilisation rate	SME loans used/ authorised	67.76	83.83	86.11	87.92	86.47	87.86	88.05	90.58	94.99	98.24	96.08	96.99	96.47

Note: *Stock of loans subsidized by the government realized through the bank as an agent.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

38. Slovak Republic

Key facts on SME financing

SMEs dominate the Slovak economy, accounting for 99.6% of the business population (excluding self-employed individuals). The number of SMEs increased by 3.9% in 2022, and micro-enterprises accounted for a considerable portion of this growth, growing by 4.2% year-on-year.

Although the interest rate increased in 2022, the volume of existing and new bank loans increased, year-on-year. The amount of outstanding business loans has been growing since 2013, increasing by 12.9% from EUR 17 344 million in 2021 to EUR 19 583 million in 2022. More than half of SMEs' outstanding business loans (62.46%) were long-term, while short-term loans accounted for 37.54% (EUR 7 451 million) of SMEs' outstanding business loans.

Favourable credit conditions and the availability of supporting financial instruments during COVID-19 increased interest in bank financing for all size categories of enterprises. In 2022, the volume of SMEs' new business lending increased year-on-year by 31.8% to EUR 5 720 million and the share of SMEs in the total volume of new lending increased by 4.1 percentage points to 43.13%.

The share of non-performing SME loans among all SME loans was higher (3.21%) than the share of non-performing loans among all business loans (2.73%) in 2022. In the year-on-year comparison, the share of SMEs' non-performing loans decreased by 0.65%.

Interest rates on SME loans fell from 3.8% in 2012 to 2.4 % in 2021. In 2022, the interest rate on SME slightly increased to 2.9% as the result of the change in policy interest rates set by European Central Bank (ECB) to help bring inflation back down.

After 2017'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 has been a gradual recovery in the amount of venture capital investments. In 2022, the amount of venture capital investments increased year-on-year by 28.5 %, totalling EUR 36.05 million. The majority of investments were focused on established SMEs – to expand production capacities, to develop market potential or further development of products or services. Compared to SME bank financing, the amount of venture capital is still negligible.

The payment discipline of enterprises has improved. Average business-to-business (B2B) payment delays decreased by 7.7% year-on-year to 12 days in 2022.

Since 2020, the government has implemented several policies that seek to improve SMEs' access to finance and introduced new instruments to support SME financing during COVID-19. As the situation with COVID-19 improved throughout 2022, the volume of SME government loan guarantees, the guaranteed loans and SME government direct loans decreased significantly. The total volume of SME government loan guarantees decreased from EUR 293.5 million in 2021 to EUR 95.2 million in 2022. As a result of the decrease in government loan guarantees, there was also a significant decrease in the volume of guaranteed loans – from EUR 553.1 million in 2021 to EUR 360.6 million in 2022. The volume of SME government direct loans provided by the state banks and the Slovak Business Agency fell less rapidly in 2022 – by 12.7 % to EUR 186.5 million. In the context of mitigating the impact of the energy crisis the first

support schemes have been launched in 2022 and will have a significant impact on SME subsidies in the following year.

Table 38.1. Scoreboard for the Slovak Republic

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	15.1	15.3	16.2	17.3	19.5
Outstanding business loans, SMEs ⁽²⁾	EUR billion	..	..	..	..	..	5.9	6.7	6.9	7.4	8.7	8.9	9.2	9.7	10.7	11.9	14.1
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	19.6	20.0	20.8	23.3
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	79.81	77.77	80.95	83.42	83.95
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	9.50	10.72	9.31	11.26	11.12	13.26
New business lending, SMEs ⁽²⁾	EUR billion	..	..	..	..	..	2.36	2.63	2.6	3.09	3.13	3.17	3.46	3.22	4.20	4.34	5.72
Share of new SME lending	% of total new lending	..	..	..	..	..	20.2	22.16	20.83	26.2	36.14	33.37	32.29	34.54	37.30	39.02	43.13
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	5 683	5 926	6 547	6 445	7 451
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	9 437	9 329	9 661	10 899	12 132
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	37.59	38.84	40.39	37.16	38.05
Government loan guarantees, SMEs	EUR million	82	99	81	70	84	87	38	26	60	46	32	39	32	407	294	95
Government guaranteed loans, SMEs	EUR million	115	157	143	139	167	136	157	186	244	184	88	145	153	774	553	361
Direct government loans, SMEs	EUR million	117	160	139	146	168	209	152	159	172	177	120	132	204	245	213	186
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	3.70	3.44	3.16	2.73
Non-performing loans, SMEs ⁽²⁾	% of all SME loans	..	..	..	..	..	10.4	9.9	10.3	9	8.1	6.65	5.68	4.55	4.60	3.86	3.21
Interest rate, SMEs	%	5.5	4.6	3	3.2	3.2	3.8	3.6	3.8	3.4	3.1	3.0	3.0	2.9	2.6	2.4	2.92
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	100	100	100	100	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	22	28	23	21
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	20	..	15	..	13	5	13	10	12	8	26	11
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	30,65	37.85	28.06	36.05
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	467.6	23.49	-25,87	28.47

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other indicators																	
Payment delays, B2B	Number of days	20	8	13	17	20	21	19	17	4	2	6	0	2	14	13	12
Bankruptcies, SMEs	Number	169	251	276	344	363	339	377	409	350	273	285	252	241	177	268	290
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	-4.37	-26.6	51.41	8.21

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.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

39. Slovenia

Key facts on SME financing

SMEs represent most business entities (99.8% of all of them), of which 90.8% are micro enterprises. In 2022, SMEs contributed 66.9% to the added value of the economy and employed 73.3% of all employees in Slovenia.

In Slovenia, the percentage of established female entrepreneurs has been increasing for three years in a row and reached 37% in 2022, thus above the average level European countries.

As a result of increased business uncertainty due to rise in input prices, uncertainty in supply chains, lower consumer demand, and tightening bank financing conditions including higher interest rates and other costs and conditions, companies were more concerned about the availability of finance. In 2023, access to finance became increasingly constrained.

Interest rates for SMEs declined in recent years, from 6% in 2011 to 2.5% in 2020. However, due to the rising inflationary pressure, the interest rates steadily increased in 2021-2022 period. For example, the monthly base interest rate in December 2022 was 0.8% and an annual base interest rate was 9.84%.

The government policy response has been primarily through the SID Bank and the Slovene Enterprise Fund. The SID bank, the national development bank, acts as a fund of funds manager for European cohesion funds (ERDF) and managed the EU funds directly or indirectly through the commercial banks or Slovene Enterprise Fund. It also implemented several loan funds. Additionally, the Slovene Enterprise Fund, acts as a public fund and a financial institution of Ministry of Economy, Tourism and Sports, offering favourable financial resources; grants (for innovative startups, for digital transformation of SMEs, etc.); seed capital; and microloans.

In addition to bank lending from commercial banks and the SID development bank, the government of the Republic of Slovenia has also implemented a range of measures to fill the gaps in SME access to finance and complement other financial measures. These policies include:

- Blended finance for innovative startups (EUR 2.1 million per year for 40 innovative startups). The government provide grants blended with mentoring and training.
- Blended finance for early-stage start-ups. The government provide seed capital in the form of convertible loans and equity capital blended with mentoring and training.

Table 39.1. Scoreboard for Slovenia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
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	4.80	4.74	4.94	5.57
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	9.29	9.09	9.57	10.76
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	51.69	52.13	51.62	51.75
New business lending, total	EUR billion				15.29	18.57	13.71	9.42	8.60	6.98	6.07	5.22	5.65	5.32	6.25	5.53	5.27
New business lending, SMEs	EUR billion				5.89	7.21	5.79	3.64	3.61	2.86	2.86	2.91	2.94	2.26	3.16	2.38	2.41
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	53.16	51.91	43.05	45.82
Outstanding short-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	0.72	0.63	0.62	0.83
Outstanding long-term loans, SMEs	EUR billion	5.21	5.59	5.71	6.91	6.70	6.34	3.96	3.53	3.51	3.58	3.82	3.88	4.08	4.11	4.32	4.73
Share of short-term SME lending	% of total SME lending	28.62	31.19	27.33	28.54	31.55	33.47	30.51	18.22	14.70	17.87	17.26	17.72	14.94	13.37	12.55	14.96
Government loan guarantees, SMEs	EUR million	3.28	22.22	45.20	32.93	19.15	3.07	1012	552.1	0.00	520	710	0.00	0.00	155.9	12.86	-
Non-performing loans, total	% of all business loans	2.52	3.60	6.66	11.16	17.44	22.86	20.31	17.51	15.24	16.82	12.91	8.41	4.46	3.85	2.29	1.82
Non-performing loans, SMEs	% of SME loans	3.77	5.68	8.93	14.68	22.25	28.37	27.57	25.88	24.48	22.92	16.77	10.42	5.98	4.99	3.77	3.17
Interest rate, SMEs	%	7.07	7.46	6.95	5.82	6.01	5.89	5.84	5.19	3.73	3.00	2.77	2.60	2.48	2.53	2.3	2.82
Interest rate, large firms	%	5.55	6.07	4.61	5.02	5.17	4.87	4.52	4.19	2.92	2.19	2.26	2.05	1.64	1.79	1.52	1.92
Interest rate spread	% points	1.52	1.39	2.33	0.79	0.83	1.02	1.32	1.00	0.81	0.81	0.51	0.55	0.84	0.73	0.78	0.9

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

40. Spain

Key facts on SME financing

In 2022, the GDP of the Spanish economy grew strongly, by 5.8%, reaching pre-pandemic levels in 2022 Q3. The economy showed a strong recovery during the first semester but decelerated afterwards as the reopening effects from the pandemic vanished and in the face of extraordinary events such as the large-scale aggression of Russia against Ukraine which exacerbated the rise in commodity prices. The rise in inflation was intense and persistent. After reaching a peak in the summer, the rate of headline consumer price variation began to decline, but core inflation remained high. The ECB's monetary policy tightening was sharp by historical standards, and financial conditions for companies became more restrictive.

The Survey on the Access to Finance of SMEs in the Euro Area (SAFE survey) reveals a deterioration in the perception of Spanish SMEs regarding the availability of bank credit since early 2022. Additionally, according to the SAFE survey, in 2022, there was an increase in the loan rejection rate to 6.39% (5.87% in the previous year). The demand for credit, proxied by loan applications, was also weak in this cycle, both due to the rise in interest rates and the deterioration of the macroeconomic environment and increased uncertainty.

In 2022, total outstanding business loans (excluding credit to sole proprietors) decreased slightly by 0.6% and reached EUR 470 billion, while outstanding SME loans experienced a greater decrease of 3.8%, to a total of EUR 228 billion. As a result, SME loans currently account for a share of 48.5% of total loans, 1.5 percentage points less than the previous year.

At the end of 2022, 4.21% of loans for productive activity in Spain were non-performing (NPLs), 0.8 pp lower than in December 2020. This decline – which was maintained during the first half of 2023- is mainly explained by a fall in non-performing assets of around 17% (numerator).

In this sense, the economic policy measures implemented during the pandemic have been important in maintaining the repayment capacity of debtors. In the case of companies, the operations guaranteed by the ICO have been important to expand credit under advantageous conditions, thus reducing impairments. On the other hand, the number of bankruptcies by non-financial corporations stood at 5 374 in 2022, which represents a rise of 21% compared to the previous year and an increase of 53% relative to 2020. This rise can largely be explained by recent reforms. First, the insolvency moratorium implemented to support businesses after the COVID-19 pandemic (in force since April 2020), ended on 30 June 2022). Secondly, the reform of the Spanish Bankruptcy Law entered into force on September 26, 2022, which enable a fresh start more appealing to sole proprietors and owners of small incorporated firms that had pledged personal guarantees to obtain funds for their businesses.

The volume of venture capital investment in Spain reached EUR 5.2 billion in 2022, which represents an increase of almost 20% compared to 2020.

Table 40.1. Scoreboard for Spain

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	EUR billion	..	..	..	..	..	..	..	293	258	247	263	229	219	241	237	228
Outstanding business loans, total	EUR Billion)	893	952	915	896	840	708	609	545	518	493	477	446	435	471	473	470
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	..	..	..	53.79	49.85	50.10	55.14	51.35	50.34	51.17	50.11	48.51
New business lending, total	EUR Billion)	991	929	868	665	527	485	393	357	393	323	339	347	348	357	299	359
New business lending, SMEs	EUR Billion	394	357	263	210	174	146	134	147	165	170	184	175	174	173	151	173
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	50	48.5	50.5	48.2
Outstanding short-term loans, SMEs	EUR	379	346	246	196	166	139	126	135	154	153	163	157	156	129	132	161
Outstanding long-term loans, SMEs	EUR	15	11	17	14	8	7	9	11	12	17	21	18	17	44	20	11
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	90.2	74.6	86.8	93.6
Direct government loans, SMEs	EUR Million	10 592	13 127	20 825	24 929	27 674	53 519	63 110	56 160	51 369	46 047	41 234	37 728	32 676	30 774	27 883	24 942
Non-performing loans, total	% of all business loans	0.74	0.74	6.19	7.87	11.32	15.48	20.31	18.49	14.62	13.10	10.26	6.87	5.41	4.98	4.76	4.21
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	1.71	1.71	1.56	3.44
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	1.15	1.39	1.04	3.23
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	0.56	0.32	0.52	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	23.39	20.79	19.16	18.85
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	33.87	42.44	22.07	21.16
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	4.38	3.85	5.87	6.39
Non-bank finance																	
Venture and growth capital	EUR Million	..	3 336	3 596	3 600	2 675	2 145	1 473	2 247	1 902	1 886	2 446	2 984	4 196	4 165	5 193	..
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	7.79	0.11	-25.7	-19.8	-31.3	52.5	-15.4	-0.8	29.7	22	40.6	-0.7	24.7	..
Other indicators																	
Payment delays, B2B	Number of days	5	3	13	10	4	8	8	15	12	7	5	2	0	3	2	..
Bankruptcies, SMEs	Number	894	2 550	4 463	4 187	4912	6627	7517	5096	3927	3305	3 310	3 346	3 744	3508	4437	5374

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	185.2	75.02	-6.18	17.32	34.91	13.43	-32.2	-22.9	-15.8	0.15	-1.81	-11.9	-6.3	26.5	21.1

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

41. Sweden

Key facts on SME financing

SMEs' dominance in the Swedish business landscape, with 99% representation, underscores their crucial role in the economy, but the contrasting value-added contributions between micro and large enterprises reveal an intricate economic structure where size matters significantly.

The 5% growth in SME debts and 7% increase in total business loans in 2021 signal a robust financing landscape, reflecting both the demands of SMEs and the broader economic momentum in Sweden.

The Swedish Central Bank's adjustments to the repo rate between 2018 and 2023, especially in the last two years, highlight a strategic alignment with macroeconomic conditions, aiming to maintain borrowing costs and economic stability amidst external shocks like the pandemic.

Due to a surge in inflation, the Central Bank raised the repo rate from 0.00% to 3.75% over the period between April 2022 and July 2023. These adjustments aimed to address the rapidly growing inflationary pressures in the economy.

The moderate decline in SME bankruptcies in 2020 and a sharp reduction in 2021, followed by a slight increase in 2022, illustrate the effectiveness of government interventions and the nuanced impact of the pandemic, reflecting both resilience and ongoing challenges.

The recent years emphasize the complex interplay of recovery from the pandemic, global conditions, and credit dynamics in Sweden, requiring continued adaptability, strategic planning, and support for sustained growth and stability in the SME sector.

The Swedish government's active interventions during the COVID-19 pandemic, evidenced by the moderate decline in SME bankruptcies and subsequent sharp reduction, signify a targeted and effective support strategy for the business sector. The Central Bank's adjustments to the repo rate and the overall lending environment suggest a conscious effort to manage economic stability, likely factoring in inflationary pressures in the broader macroeconomic context.

Table 41.1. Scoreboard for Sweden

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																
Outstanding business loans, SMEs	SEK Billion	..	..	..	..	930	964	1 003	1 073	1 173	1 290	1 413	1514	1492	1564	..
Outstanding business loans, total	SEK Billion	..	..	..	..	2 683	2 722	2 812	2 901	2 962	3 189	3 831	3754	3868	4157	..
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	34.66	35.39	35.67	36.99	39.60	40.46	36.89	40.33	38.57	37.63	..
Outstanding short-term loans, SMEs	SEK Billion	..	..	..	..	211	217	249	262	316	339	355	397	384	439	..
Outstanding long-term loans, SMEs	SEK Billion	..	..	..	..	719	747	754	811	857	951	1058	1177	1108	1125	..
Share of short-term SME lending	% of total SME lending	..	..	..	..	22.71	22.50	24.83	24.44	26.92	26.28	25.12	26.22	25.73	28.06	..
Direct government loans, SMEs	SEK Million	1 716	3 231	2 112	2 023	2 161	2 200	2 354	3 241	3 324	2 559	1 857	2292	3930	2513	2851
Non-performing loans, total	% of all business loans	0.46	0.83	0.78	0.65	0.70	0.61	1.24	1.17	1.04	1.12	0.49	0.58	0.51	0.42	0.30
Interest rate, SMEs	%	5.66	2.43	2.59	4.17	4.07	3.29	2.71	1.75	1.56	1.50	1.53	1.87	2.08	2.02	2.89
Interest rate, large firms	%	4.84	1.71	1.64	3.01	3.03	2.64	2.15	1.35	1.21	1.14	1.05	1.03	1.29	1.32	2.31
Interest rate spread	% points	0.82	0.72	0.95	1.16	1.04	0.65	0.56	0.40	0.34	0.37	0.48	0.84	0.79	0.70	0.58
Non-bank finance																
Venture and growth capital	EUR Million	620.34	437.5	733.5	443.2	339.3	372.7	386.5	298.4	314	535.3	574.8	593.4	1 873.7	2 342.8	2 308.4
Venture and growth capital (growth rate)	%, Year-on-year growth rate	7.44	-29.47	67.66	-39.59	-23.44	9.84	3.72	-22.79	5.23	70.47	7.37	3.24	215.78	25.04	-1.47
Other indicators																
Payment delays, B2B	Number of days	..	..	..	..	20.00	24.00	15.00	9.00	9.00	10.00	14	15	..	..	..
Bankruptcies, SMEs	Number	3 139	3 913	3 342	3 449	3 808	3 777	3 355	2 998	2 822	3 019	3 392	3 603	3 445	1 635	1 840
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	12.36	6.22	-4.39	-52.54	12.54

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

42. Switzerland

Key facts on SME financing

Only 0.3% of all Swiss enterprises are large, and SMEs continue to dominate the enterprise landscape, constituting 99.7% of all firms.

Switzerland exhibited a real GDP growth of 2.6% in 2022, compared with 5.4% the previous year (2021).

Total outstanding SME loans rose by 5.0% in 2022, reaching CHF 534 billion, an even higher growth rate compared to the 2021 figure of 4.4%. The most significant growth was recorded among micro enterprises with an increase of 6.4%. While small and medium-sized enterprises recorded a growth rate of 1.9% respectively 2.8%.

Over the 2007-2022 period, SME loans expanded by 65.4%, while overall corporate lending rose by 73.4%.

Lending standards remained broadly unchanged in 2022, with robust loan demand by firms throughout 2022, while demand for loans by households slowed slightly in the second half of 2022.

The average interest rate charged to SMEs increased since its low point of 1.74% in 2021 reaching 2.56% in 2022, while the interest rate spread between large and small companies decreased to its minimum since 2007 to 46 basis points.

In 2022, venture and growth capital investments experienced a 79.5% increase, driven mainly by a rise in growth capital, after the registered rise by 14.4% in 2021. These increases follow the sharp decrease of 89.3% in 2020 due to the COVID-19 pandemic.

Turning to the developments in online alternative finance, the volume of crowdfunding declined for the first time in 14-years as well as the number of active platforms, which fell from 37 to 35. The largest volume share within the various crowdfunding categories continues to come from crowdlending followed by crowdinvesting. The volume of crowd supporting/crowd donating has decreased compared to 2021.

Payment delays in the business-to-business sector remained substantially stable compared with 2021 dropping from 13 to 12 days in 2022. They are still higher than before the COVID-19 pandemic (8 days in 2019). The liquidity problems caused by the pandemic are still an effect.

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 the 2007-2010 period, declined slightly in 2011, and continued to grow from 2012 to 2018. The Parliament amended the Federal Law on Financial Aid for Loan Guarantee Organisations: since 1 July 2019, the law allows for guarantees up to CHF 1 million (previously, the ceiling was CHF 500'000).

The Swiss Federal Council has adopted three measures in particular to support SME financing during and beyond the pandemic: bridging credits through a guarantee programme, credits through a guarantee programme specific for start-ups and a hardship support programme (mainly non-repayable contributions) for companies which were, due to the nature of their economic activities, particularly affected by the consequences of the COVID-19 crisis. These special COVID guaranteed credit programmes require full repayment of the credit in principle within eight years. At the end of 2023, approximately 13% of Swiss companies still benefit from these credits.

Table 42.1. Scoreboard for Switzerland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	462 978	487 554	508 923	534 554
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	606 497	648 133	674 025	696 532
Share of SME outstanding loans	% of total outstanding business loans	80.4	80.9	79.3	79.3	78.5	78.6	78.8	76.4	76.9	76.5	76.7	75.6	76.3	75.2	75.5	76.7
Government loan guarantees, SMEs	CHF million	104	148	187	215	210	219	227	238	244	254	255	263	285	315	322	315
Interest rate, SMEs	rate, %	..	..	2.21	2.11	2.08	2.01	1.99	2.05	2.07	2.04	2.09	1.96	1.83	1.76	1.74	2.56
Interest rate, large firms	rate, %	..	..	1.35	1.23	1.16	1.11	1.16	1.16	1.30	1.25	1.30	1.33	1.30	1.29	1.15	2.10
Interest rate spread	rate % points	..	..	0.86	0.88	0.92	0.90	0.83	0.89	0.78	0.79	0.79	0.63	0.53	0.47	0.59	0.46
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	82.92	83.93	84.19	84.56
Utilisation rate	SME loans used/ authorised	71.0	70.0	71.0	70.0	69.0	71.0	72.0	72.0	71.8	71.7	70.6	70.3	70.1	71.5	71.3	71.8
Non-bank finance																	
Venture and growth capital	and EUR million	319.8	300.9	308.5	330.1	227.6	245.8	216.8	237.2	394.3	452.4	1195.9	772.9	1 670	901.7	1032	1903.6
Venture and growth (growth rate)	and %, 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	-35.37	116.07	-46.01	14.45	79.48
Other indicators																	
Payment delays, B2B	Number of days	12	13	13	11	10	9	9	7	7	7	7	6	8	13	13	12
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	6 241	6 004	4897	5127	6799
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	-6.99	-3.8	-18.44	4.78	32.61

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

43. Thailand

Key facts on SME financing

In 2022, there were approximately 3.19 million SMEs in Thailand, which constituted 99.5% of all enterprises.

According to the criteria defined by the Ministry of Industry, SMEs are categorized by the number of employees and income. Meanwhile, for SME non-performing loans, the definition is based on credit line per bank not exceeding 500 million THB.

In 2022, outstanding SME loans were THB 3.387 trillion, representing 34.58% of all outstanding business loans, decreasing 4.4% in share of all outstanding loans from the previous year. 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.

In 2022, SMEs' credit tended to contract mainly due to repayments on maturing soft loans. However, the BOT need to continue implementing debt restructuring measures with an emphasis on rolling out measures that would address debt problems of the vulnerable groups in a well targeted and sustainable manner.

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. In Thailand, credit guarantees are provided in the form of portfolio guarantees, which allow Financial Institutions (FIs) to select SMEs that are qualified as independently viable. As a result, the viability of each individual SME is determined by their own assessment and criteria.

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.

To proactively boost SMEs' financial access, the Bank of Thailand (BOT) has promoted innovative financial services and products for SMEs, such as digital personal loans and digital factoring. Furthermore, BOT has introduced infrastructure to support operational efficiency and a competitive environment in the financial sector, including a central web service to deal with double-financing for invoice finance. In addition, the government has launched and developed capacity-building programmes to enhance SMEs' competitiveness and access to finance.

During the COVID-19 pandemic, the BOT collaborated with the government in introducing financial and loan measures to support Thai people and businesses, particularly SMEs heavily affected by the crisis. These measures include loan payment holidays for all SMEs to reduce their financial burden and a soft loan facility to provide liquidity to severely affected SMEs. As part of the loan facility, the BOT also provided funding to financial institutions at low funding rate to channel liquidity to businesses in need.

Table 43.1. Scoreboard for Thailand

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Outstanding business loans, SMEs	THB billion	2 753	2 565	2 749	3 145	3 481	3 968	4 266	4 511	4 574	4 703	4 893	4 877	3 214	3 385	3 387
Outstanding business loans, total	THB billion	5 117	4 863	5 298	6 080	6 515	7 189	7 495	7 583	7 950	8 123	8 344	8 884	8 756	9 358	9 793
Share of SME outstanding loans	% of total outstanding business loans	53.81	52.75	51.89	51.74	53.44	55.21	56.92	59.49	57.54	57.91	58.65	54.90	36.59	36.17	34.58
Government loan guarantee, SMEs	THB billion	..	..	73	113	180	244	270	309	331	353	373	388	451	626	651
Non-performing loans, total	% of all business loans	5.77	5.32	3.96	2.97	2.36	2.15	2.15	2.55	2.83	2.91	2.94	2.98	3.11	2.97	2.72
Non-performing loans, SMEs	% of all SME loans	..	7.11	5.38	3.97	3.46	3.29	3.11	4.04	5.29	5.5	6.02	6.10	6.83	6.96	6.68

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

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

44. Türkiye

Key facts on SME financing

SME lending grew sharply, by 88.6%, in 2021-2022 period. In the same period, the share of outstanding SME loans in outstanding total business loans rose to 33.6%, below the Scoreboard median (47%).

Venture and private equity investments show an erratic pattern. In 2020, venture and private equity investments increased sharply by 506% from 2019. By 2021, these investments increased 225.96% year-on-year amounting to TRY 17.86 billion. That growth momentum continued into 2022. In 2022, new venture capital investments increased 47.07% year-on-year basis and exceeded TRY 17 billion marking a record high. Such impressive growth in the last years can be explained by the change of the legal framework in order to support entrepreneurship in Türkiye. Similarly, tax incentives for investors who invest in venture capital and private equity funds also supported the growth of the VC industry.

The share of non-performing loans (NPLs) for both total business loans and SME loans decreased significantly in 2022, to 2.18% and 2.81%, respectively. This was mostly the result of some temporary regulation changes in the definition of NPLs and of the increase in the total amount of SME loans.

The number of bankruptcies did not change much in 2021 and 2022. Company closures, including sole proprietorships, totalled 55 835 enterprises in 2022, lower than the figure in 2021.

In 2014, the government introduced a law regarding funds of funds, which enables the Ministry of Treasury and Finance (MoTF) to transfer capital to a fund of funds under certain conditions. In 2017, this law was changed to enable the MoTF to invest also in venture capital funds. The total amount of resources committed to the funds by the MoTF as of 3/6/2022 is TRY 3 billion, excluding fees and charges to be paid to the funds.

Moreover, a renewed Crowdfunding Communiqué has been prepared and issued in October 2021 in order to bring the debt-based crowdfunding model into the capital markets legislation, in addition to already existing equity-based crowdfunding model.

KOSGEB is the main body for executing SME policies in Türkiye. It provides 17 different support programmes and support for SMEs with considerable outreach throughout Türkiye.

Technology-oriented and industry-oriented supports are among KOSGEB's most prominent supports offered in recent years. KOSGEB has played an important role in the R&D, innovation and entrepreneurship ecosystem with technology-oriented support since its establishment. Products in medium-high and high technology areas and products that will contribute to the current account are localized and commercialized with these support programmes. Thanks to the incubation centers established by KOSGEB, it has pioneered the transformation of startups.

In 2022, KOSGEB launched the Living Cultural Heritage Business Support Programme to strengthen businesses operating in traditional, cultural and vanishing professions, to ensure that their experience is passed on to future generations and to revitalize traditional crafts.

The criteria used to identify SMEs in Türkiye have been updated with the SME Regulation published in the Official Gazette of Türkiye dated May 25, 2023. Under this Regulation, the SME definition has changed to include more enterprises within the scope of support. The annual turnover or annual balance sheet limit, which is one of the criteria for becoming an SME was increased from TRY 250 million to TRY 500 million.

Like most Mediterranean countries, Türkiye is highly vulnerable to the impacts of climate change. In recent decades, flooding, heatwaves, droughts, wildfires, landslides and extreme windstorms have affected the country with increasing frequency and intensity. To support Türkiye's climate action, "Türkiye Green Industry Project" was initiated in partnership with the World Bank which will provide USD 450 million of financing. With this project through KOSGEB, SMEs' renewable energy and green transformation investments will be supported and R&D projects aimed at circular economy and carbon emission reduction will be supported through TÜBİTAK.

Table 44.1. Scoreboard for Turkey

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	615.3	848.8	1 074	2 026
Outstanding business loans, total	TRY billion	190.6	250.3	262.7	353.2	459.0	528.8	715.5	884.6	1 100	1 314	1 610	1 890	2 070	2 756	3 914	6 034
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	29.72	30.8	27.44	33.59
Government loan guarantees, SMEs	TRY million	72.7	236	500.6	707.5	901.6	973.2	996.1	1 261	1 950	4 205	142 019	55 796	51 523	126 212	13 836	57 905.9
Government guaranteed loans, SMEs	TRY million	113.8	340.8	670.2	981.9	1 250	1 312	1 303	1 622	2 513	5 250	157 587	63 809	64 018	157 639	16 813	67 602.5
Direct government loans, SMEs	USD million	552	842	997	855	1 174	928	2 632	1 709	1 764	1 749	284.5	457	200	1 878	1 766	674
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	5.96	4.7	3.35	2.18
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	9.21	6.4	5.25	2.81
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	600	3640	11865	17450.6
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	-33.55	506.2	225.96	47.07
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	48.7	57.3	83.203	117.98
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	34.0	44.6	59.543	127.29
Other indicators																	
Bankruptcies, total	Number	52	47	50	68	72	141	69	99	108	222	130	105	97	68	108	109

Bankruptcies, (growth rate)	Total	% , year-on-year growth rate	..	-9.6	6.4	36.0	5.9	95.8	-51.1	43.5	9.1	105.6	-41.44	-19.23	-7.62	-29.8	58.8	0.9
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Notes: * The data presented in this section do not refer to outstanding values but show the new investments each year.

** The data (2020) refer only to the data on the guarantees and loans used under the Treasury-Backed Guarantee System, which does not include the data that is related to KGF equity guarantees.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

45. Ukraine

Policy developments

Since the start of Russia's full-scale military invasion of Ukraine, Ukraine's economy has been operating in the face of unprecedented security challenges. The aggressor state has focused considerable efforts on the purposeful destruction of energy, transport and other critical infrastructure, production capacities of individual enterprises. Direct and indirect economic losses from destruction have already estimated by hundreds of billions of dollars and continue to grow daily.

The massive destruction, combined with other factors, such as a significant reduction in solvent demand in the domestic market, the destruction of logistics routes, the loss of traditional sales markets, deficiency or a significant increase in prices for some resources, the imbalance of the labor market due to large-scale internal migration led to the fact that many enterprises have significantly reduced their activities or even completely suspended their work. As a result, the fall of the economy in 2022 was 28.8%.

The logical consequence of the economic decline, the loss of Ukraine's access to international capital markets and an unprecedented increase in defense spending (defense spending in 2022 increased by more than 10 times) was the imbalance of the state budget (tax revenue in 2022 decreased by 14.2%, while costs increased by 81.4%) and an increase in public debt (in 2022 the state debt increased by 15 billion US dollars).

In such a difficult situation, the possibilities of the government and the central bank to improve the conditions for business financing are extremely limited. However, the Government takes anti-crisis measures aimed at minimizing the impact of the war on business, in particular, such as:

- implementation of a mild fiscal policy;
- extension and improvement of state programs that provide partial compensation of interest rate on loans and guarantees of government loans;
- implementation of programs of irrevocable financial support for business (providing grants);
- implementation of the state program of business relocation, which suffered from the war;
- cancellation of the need to obtain the vast majority of permits and licenses for doing business.

At the same time, the efforts of the National Bank are primarily aimed at:

- uninterrupted functioning of the financial system in conditions of war and cyber threats;
- preservation of liquidity of the banking sector, in particular through active refinancing of banks;
- maintaining control over inflationary processes;
- stabilisation of the exchange rate.

The increase in credit risks caused by hostilities led to tightening credit standards by financial institutions and reducing the demand for corporate lending. As a result, during the second half of 2022 and the first half of 2023, the corporate loan portfolio had a steady downward trend.

The situation with corporate lending improved slightly in the second half of 2023. Economic growth and higher business credit demand ensured the gradual growth of the corporate loan portfolio. This was also

facilitated by a significant reduction in the NBU discount rate at the end of 2023 to 15%, while from June 2022 to July 2023 it was 25%.

The state program of preferential lending for business “Affordable loans 5-7-9%” continues to play a key role in lending of small and medium-sized businesses. Despite the fact that in some periods the activity under this program decreased significantly (in October 2022, the volume of gross debt within this program decreased for the first time since its introduction), even in such a situation it continued to be the main driver of corporate lending. As of 1.1.2024 since the beginning of a full-scale invasion within the framework of the state program “Affordable loans 5-7-9%”, 44 142 loan agreements totaling UAH 177.2 billion have been concluded.

In turn, in 2023, government carried out a change in the design of the program, in particular, identified the following priority areas of financing such as business that creates the greatest added value (separate sectors of the processing industry), energy modernization projects, business in the areas of high military risk zone. Thus, this program of preferential lending remains not only a means of supporting and developing business, but also an instrument that contributes to a radical change in the structure of the economy as a whole.

Additionally, it can also be noted about the introduction and development of state programs of irrevocable financial assistance under the common name eRobota. Although the amount of assistance provided within the framework of this project is still not very significant (as of 1.1.2024, almost 11 000 grants were provided for the total amount of almost UAH 6 billion), but the implementation of this program contributes to improving the employment situation, reviving business activity, increases the survival of the most vulnerable small business, which is especially important in conditions of high cost of credit resources.

Like corporate lending, the retail loan portfolio also had a steady tendency to decline since the beginning of a full-scale invasion. The resumption and growth of retail lending began only in April 2023. Despite the long-term growth over several months (an average of 2.6% monthly), as of November 2023, loans for individuals are still a quarter lower than before a full-scale invasion.

One of the key factors that contributed to the stabilization of the situation of financing of medium and small businesses was the preservation of inflationary processes. The growth of consumer prices at the end of 2022 despite the full-scale war and high world inflation was moderate (the consumer price index increased by 26.6%) due to a set of crisis measures of the NBU and the government, as well as financial support of international partners. An important role in maintaining the control of inflationary processes was played by fixing the exchange rate. Maintaining exchange rate stability not only directly hindered the growth of the cost of goods and services, but also mitigated the fundamental price pressure, positively affecting the inflationary expectations of citizens and businesses.

The fall of Ukraine’s economy in 2022 as a result of a full-scale invasion was the deepest in the modern history of Ukraine. However, the high ability of businesses and households to adapt, successful actions of the Ukrainian defense forces, receiving significant international assistance, as well as balanced state policy allowed to minimize this decline and move to the recovery of the economy and its growth in the shortest possible time.

Table 45.1. Scoreboard for the Ukraine

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																	
Outstanding business loans, SMEs	UAH billion	..	..	..	..	..	..	..	..	..	..	443	445	432	451	468	455

Outstanding business loans, total	UAH billion	271	460	482	520	597	626	716	809	807	837	845	874	761	737	774	773
Share of SME outstanding business loans	% of total outstanding business loans	..	..	..	..	..	..	..	..	..	..	52.42	50.86	56.77	61.23	60.41	58.83
New business lending, total	UAH billion	627	724	685	958	1 079	1 121	1 330	1 231	1 213	1 446	1 407	2 011	2408	2498	2794	2011
New business lending, SMEs	UAH billion	..	..	..	..	..	..	..	..	..	..	..	678	799	792	1124	728
Share of new SME lending	% of total new lending	..	..	..	..	..	..	..	..	..	..	..	33.74	33.18	31.68	40.22	36.19
Outstanding short-term loans, SMEs	UAH billion	..	..	..	..	..	..	..	..	..	..	200	215	213	243	274	262
Outstanding long-term loans, SMEs	UAH billion	..	..	..	..	..	..	..	..	..	..	243	230	218	208	194	193
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	..	..	..	..	45.12	48.34	49.42	53.8	58.58	57.51
Government loan guarantees, SMEs	UAH billion	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3.6	28.4
Government guaranteed loans, SMEs	Thousands issued	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4.2	16.7
Interest rate, SMEs	%	..	..	..	..	..	..	..	..	..	..	..	17.35	17.51	13.84	11.59	15.14
Interest rate, large firms	%	..	..	..	..	..	..	..	..	..	..	..	15.52	14.09	8.68	7.39	13.76
Interest rate spread	%	..	..	..	..	..	..	..	..	..	..	..	1.82	3.42	5.16	4.21	1.37
Non-bank finance																	
Venture and growth capital	UAH billion	..	61.2	75.9	100.3	121.6	148.7	173.3	202.9	232.2	225.6	257.2	296.2	338.7	407.8	518.9	526.8
Venture and growth capital (growth rate)	%	..	..	24.01	32.22	21.20	22.34	16.51	17.07	14.43	-2.83	14.01	15.19	14.32	20.40	27.26	1.52
Leasing and hire purchases	UAH billion	12	8	2	3	9	9	25	6	5	10	13	22	26	26	40	12
Factoring and invoice discounting	UAH billion	0	1	2	6	7	12	10	24	17	17	31	48	56	85	72	47
Other indicators																	
Bankruptcies, all businesses	Number of subjects of entrepreneurial activity	..	..	..	..	..	9 540	7 168	6 098	6 292	6 007	4 920	4 075	3260	3173	3319	3404
Bankruptcies, all businesses (growth rate)	%	..	..	..	..	..	..	-24.86	-14.93	3.18	-4.53	-18.10	-17.17	-20.00	-2.7	4.60	2.56

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

46. United Kingdom

Key facts on SME finance

The developments in SME finance markets in the United Kingdom in 2022 reflected the difficulties faced by the global economy. While the impact of the Covid-19 pandemic waned, major challenges emerged that affected the use of finance by SMEs. In particular, the large-scale aggression of Russia against Ukraine contributed to a sharp rise in input costs. This subsequently led to a large rise in the inflation rate which, in turn, resulted in the Bank of England raising the Bank Rate. The war also increased uncertainty about the outlook for the UK and other major economies.

Gross flows of bank lending (excluding overdrafts), the main component of SME finance markets, rose by 13% in 2022 to GBP 65.1 billion in nominal terms. This was the second-highest on record. The rise was largely driven by increased lending by challenger and specialist banks. However, gross repayments rose by 12% to GBP 73.6 billion, a record high. This led gross repayments to exceed gross lending for the second consecutive year. Consequently, net lending remained negative and widened to GBP 8.4 billion, the largest fall on record. The outstanding stock of bank lending fell but remained high at GBP 197 billion.

Among the commonly used forms of alternative finance, the use of asset finance and working capital products rose in 2022 while that of equity finance fell. Asset finance new business rose by 11% to GBP 22.5 billion, a new record high. This was in part due to pandemic-related disruption to supply chains easing for some sectors and SMEs needing to replace aging equipment. Among working capital products, invoice finance and asset-based lending rose by 30% to GBP 10.7 billion while overdrafts were up by 4% to GBP 6.1 billion. The rise in the use of working capital finance reflects that the higher input costs left many SMEs struggling to maintain cash flow. In contrast, the value of SME equity finance fell by 11% to GBP 16.7 billion and the number of announced deals was down by 7% to 2,702. The falls were due to concerns about potential over-valuations and a more challenging exit environment as well as higher interest rates making equity finance less attractive.

Similarly, the value of alternative finance lending from providers including marketplace, non-bank balance sheet and platform lenders is likely to have fallen in 2022. Around GBP 3.4 billion of SME business and property lending via such providers has been reported thus far, down from GBP 4.4 billion by those the British Business Bank has data for in 2021. The full results for 2022 of some providers are yet to be published but they are unlikely to change the picture significantly.

The UK government, the Department for Business and Trade as well as the British Business Bank will continue to work with a wide range of partners to support businesses across the UK as they look to invest and grow.

Table 46.1. Scoreboard for the United Kingdom

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																
Outstanding business loans, SMEs	GBP billion	..	..	..	189	176	166	167	164	166	165	166	168	213	209	197
Outstanding business loans, total	GBP billion	..	..	..	504	472	448	435	430	449	466	477	490	530	526	540
Share of SME outstanding business loans	% of total outstanding business loans	..	..	..	37.5	37.3	37.1	38.4	38.3	36.9	35.5	34.8	34.2	40.2	39.8	36.5
New business lending, total	GBP billion	..	..	..	..	146	163	190	205	234	259	273	259	329	241	277
New business lending, SMEs	GBP billion	..	..	..	..	38	43	53	58	59	57	58	57	105	58	65
Share of new SME lending	% of total new lending	..	..	..	..	26.1	26.4	28.2	28.2	25.3	22.2	21.2	22.0	31.9	23.9	23.5
Government loan guarantees, SMEs	GBP million	..	61	51	31	43	50	45	34	31	32	30	30	57 630	11 262	1 730
Government guaranteed loans, SMEs	GBP million	..	626	528	324	284	335	297	227	207	216	199	203	61 206	13 291	2 470
Direct government loans, SMEs	GBP million	..	..	..	..	0.8	60.6	70.6	61.9	82.6	106.9	85.4	89.8	126.4	134.7	121.5
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	3.41	2.15	2.45	3.91
Interest rate, large firms / PNFCs *	%	3.49	2.35	2.10	2.25	2.41	2.20	2.45	2.11	2.60	2.43	2.70	2.64	1.87	2.12	3.23
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	0.77	0.28	0.33	0.68
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	25	31	31	34	40	45	55	41	39	15	14	22
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	7	6	4	5	4	3	2	2	2	6	7	3
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	31	32	23	18	19	20	24	25	16	15	45
Non-bank finance																
Venture and growth capital	GBP billion	..	..	..	1.7	1.8	1.9	3.1	4.2	4.1	6.9	7.2	8.6	9.5	18.8	16.7
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	3	9	62	35	-2	68	4	19	10	98	-11
Leasing and hire purchases	GBP billion	..	..	..	12.0	12.8	13.5	14.8	16.3	17.0	19.3	19.8	20.6	16.3	20.3	22.5
Factoring and invoice discounting	GBP billion	..	8.5	8.6	9.2	9.6	9.8	10.6	10.6	10.8	11.8	12.0	11.8	7.8	8.2	10.7

		Other indicators														
Bankruptcies, SMEs	Thousands	..	25.1	21.4	22.2	21.4	18.9	17.6	15.9	16.1	15.7	17.3	18.5	13.4	14.9	23.4
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	..	-14.7	3.7	-3.6	-11.7	-6.9	-9.7	1.3	-2.5	10.2	6.9	-27.6	11.2	57.0

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

Sources: Bank of England, British Business Bank, BVA BDRC SME Finance Monitor, Beauhurst, Financing and Leasing Association, UK Finance and the Insolvency Service.

The full country profile is available at: <https://doi.org/10.1787/fa521246-en>.

47. United States

Key facts on SME finance

The U.S. economy in 2022 continued to navigate an unprecedented global pandemic and weathered an additional price shock to energy and food caused by the large-scale aggression of Russia against Ukraine. Despite these and other challenges, the economy remained resilient with moderate output growth, strong employment growth, and inflation that peaked and then started to moderate late in the year.

The large-scale aggression of Russia against Ukraine in February created acute supply constraints on energy, food, and other commodities that raised inflation globally. In addition, in the first half of the year, COVID-19 continued to weigh on economies across the world, especially when its Omicron variant caused cases and fatalities to surge in the United States and abroad. Already grappling with transitory inflation after the height of the pandemic, the U.S. economy witnessed a four decades-high level of inflation, peaking at 9.1% in June of 2022.

2022 saw a pivot from many years of accommodative financial conditions. Monetary policy turned to fighting inflation and fiscal policy focused on strategies to complement that fight, while also working to guide the economy to stable and steady growth in 2022 and in the future. Even before the year began, government spending and deficits fell closer to pre-pandemic trends. As a result of the historic pace of U.S. economic and labour market recovery, the federal government spent about USD 1 trillion less on pandemic and economic support in 2022 than in 2021, slashing the U.S. federal budget in half. In March, the Federal Reserve began to reverse its asset purchase programme and started what became a swift series of interest rate hikes; stock markets and residential investment declined quickly. Faced with tightening monetary conditions, the U.S. economy showed signs of adjustment. GDP growth slowed, with a 6.5% increase in nominal GDP in the fourth quarter compared to 7.7% in the third quarter of 2022. Some measures of labour market tightness and inflation began to moderate, with inflation showing an easing at the end of the year.

Borrowing, including business loan originations and commercial and industry (C&I) loans, continued to grow at a slower pace in line with GDP, driven by an increase in consumer spending and companies increasing inventories. Tightening of lending conditions occurred gradually throughout the year and was most widely reported for premiums charged on riskier loans, costs of credit lines, and spreads of loan rates over the cost of funds. U.S. household and business indebtedness and debt servicing ability remained stable, with the effect of rising interest rates being offset by higher business earnings.

While some economic indicators exhibited a modest response to rising interest rates, labour conditions and consumer spending were less affected. The labour market was characterized by an unemployment rate near a historically low level, robust payroll gains, a high level of job vacancies, and elevated nominal wage growth. The civilian unemployment rate was a stable 3.5% as of December 2022, and a consistently large number of job openings implied a continual imbalance between labour supply and labour demand. Growth in consumer spending was stronger than expected and could be attributed to the strong labour market and households spending down excess savings accumulated during the pandemic.

Though SMEs reported progress in achieving post-pandemic operational recovery, they were less optimistic regarding future business conditions. The U.S. Census Small Business Pulse Survey indicated that most small businesses had either returned to normal operations or expected to return to normal operations within two to three months, with the fastest expected recoveries occurring in the utilities and finance and insurance industries. However, rising inflation and labour shortages following the pandemic hampered small business owners' expectations of better business conditions. According to the National Federation of Independent Businesses (NFIB), while SMEs recorded high levels of job openings, almost all of them reported few or no qualified candidates for the positions they were trying to fill. 75% of small business owners surveyed in the NFIB Optimism Index reported lower profit trends, most frequently attributed to a rise in the cost of materials. Nevertheless, 89% of owners reported that their credit needs were satisfied or that they were not interested in a loan.

Following record-breaking growth in 2021, venture capital deal value decreased each quarter in 2022 for a year-over-year decline of 28.8%. This reflects increasing interest rates, less attractive risk-return profiles, and therefore a relatively lower upside potential for venture capital asset classes compared to years prior. Late-stage deal value suffered the biggest hit of roughly 35%, while total angel and seed deal value actually increased.

Table 47.1. Scoreboard for the United States

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt																
Outstanding business loans, SMEs. As of 30 June	USD billion	616	604	569	530	523	519	524	534	551	589	626	638	887	800	
Outstanding business loans, total. As of 30 June	USD trillion	2.512	2.451	2.256	2.298	2.482	2.647	2.79	2.974	3.21	3.348	3.5	3.688	4.235	3.931	4.197
Share of SME outstanding loans	% of total outstanding business loans	24.53	24.65	25.22	23.05	21.06	19.60	18.80	17.94	17.17	17.58	17.88	17.30	20.95	20.34	
New business lending, SMEs	USD: Index	94.7	74.2	80.7	94.6	103.6	111.5	122.7	134.1	130.33	132.5	144.1	146.2	135.8	146.4	143.7
Government loan guarantees, SMEs	USD billion	71	73	77	84	88	93	98	101	106	113	120	122	639	453	179
Government guaranteed loans, SMEs	Number of loans (thousands)	388	385	366	354	337	323	316	313	316	321	326	322	5,389	6,445	1,425
Direct Government Loans, SMEs	USD billion													176	240	358
Non-performing loans, total	% of all business loans	1.88	3.91	3.46	2.01	1.34	1.00	0.80	0.87	1.57	1.34	1.03	1.11	1.24	1.09	1.06
Non-performing loans, SMEs	% of all SME loans	2.62	3.24	2.62	1.90	1.44	1.21	1.22	1.22	1.28	1.34	1.41	1.55	1.87	1.37	1.29
Interest rate, SMEs	%	6.32	4.1	4.33	4.22	4	3.74	3.59	3.53	3.63	4.28	5.04	5.27	3.29	3.13	4.37
Interest rate, all firms*	%	5.09	3.25	3.25	3.25	3.25	3.25	3.25	3.26	3.51	4.10	4.90	5.28	3.54	3.25	4.85
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	..	..	..	92.9	94.3	92.2	51.1		
Percentage of SME loan applications	Approved SME loan applications/	..	..	..	..	..	..	..	..	..	55.2	64.7	66.6	62.3	64.1	63.4

	total number received															
Rejection rate	1-(SME loans approved/received)	..	..	..	..	..	..	..	..	..	35.3	33.4	37.7	35.9	36.6	
Utilisation rate	SME loans used/authorised	..	..	..	..	..	..	..	..	..	37.8	37.6	31.9	33.3	33.2	
Non-Bank Finance																
Venture and growth capital	USD billion	37.2	27.7	31.9	45.3	41.6	49.7	74.1	86.7	84	89.9	145.7	150.3	170.9	346	246.28
Venture and growth capital (growth rate)	%, Year-on-year growth rate	-2.36	-25.54	15.16	42.01	-8.17	19.47	49.09	17.00	-3.11	7.02	62.07	3.16	13.71	102.46	-28.82
Leasing and hire purchases	USD billion	608.3	463.6	372.7	375.8	387	401.3	411.5	404.7	388	387.2	397.1	386.7	360.8	323.6	375.4
Factoring and invoice discounting	USD billion	109	96.5	103.6	114.5	84.5	91.3	106.5	103.6	97.5	94.8	95.7	91.3	69.9	102.8	109.8
Other Indicators																
Payment delays, B2B	Percent of Domestic Invoices Overdue	..	..	..	..	..		42.5	47.6	48.4	48.8	50	45.1	45.8	50	49
Bankruptcies, all businesses	Number (in thousand)	43.5	60.8	56.3	47.8	40.1	33.2	27.0	24.7	24.1	23.2	22.2	22.7	21.7	14.3	13.5
Bankruptcies, all businesses (growth rate)	%, Year-on-year growth rate	53.8	39.7	-7.5	-15.1	-16.2	-17.1	-18.8	-8.3	-2.5	-4.0	-4.0	2.46	-4.9	-33.8	-6.04

Note: Interest rates for all firms refer to the bank prime loan rate, which is the interest rate posted by the majority of the top 25 U.S. chartered commercial banks.

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