

Annex A. Methodology for producing the national scoreboards

Financing SMEs and Entrepreneurs: An OECD Scoreboard provides a framework to monitor trends in SMEs' and entrepreneurs' access to finance – at the country level and internationally – and supports the formulation and evaluation of policies in this domain.

The individual country profiles present data for a number of core indicators, which measure trends in SME debt and equity financing, credit conditions, solvency and policy measures. The set of indicators and policy information provide governments and other stakeholders with a consistent framework to evaluate whether SME financing needs are being met, to support the design and evaluation of policy measures, and to monitor the implications of financial reforms on SME access to finance. Consistent time series for country data permit an analysis of national trends in participating countries. It is mainly by comparing trends that insights are drawn from the varying conditions in SME financing across countries. The focus on analysis of changes in variables, rather than on absolute levels, helps overcome existing limitations to cross-country comparability of the core indicators, due to differences in definitions and reporting practices.

This Annex describes the methodology for producing the national country profiles, discusses the use of proxies in case of data limitations or deviation from preferred definitions, and addresses the limits in cross-country comparability. It also provides recommendations for improving the collection of data on SME finance.

Scoreboard indicators and their definitions

Core indicators

Trends in financing SMEs and entrepreneurs are monitored through 17 core indicators, which assess specific questions related to access to finance. These core indicators meet the following criteria:

- **Usefulness:** the indicators must be an appropriate instrument to measure how easy or difficult it is for SMEs and entrepreneurs to access finance and to help policy makers formulate or adjust their policies and programmes.
- **Availability:** the data for constructing the indicators should be readily available in order not to impose new burdens on governments or firms.
- **Feasibility:** if the information for constructing the indicator is not publicly available, it should be feasible to make it available at a modest cost, or to collect it during routine data exercises or surveys.
- **Timeliness:** the information should be collected in a timely manner so that the evolving conditions of SME access to finance can be monitored. Annual data may be more easily available, but should be complemented by quarterly data, when possible, to better capture variability in financing indicators and describe turning points.
- **Comparability:** the indicators should be relatively uniform across countries in terms of the population surveyed, content, method of data collection and periodicity or timeliness.

Data sources and preferred definitions

The data in the national Scoreboards are supplied by country experts with access to the information needed from a variety of supply-side and demand-side sources.

Most of the Scoreboard indicators are built on supply-side data, that is, data provided by financial institutions and other government agencies. There are several indicators which are based on demand-side surveys of SMEs. However, not all countries undertake such surveys. Use is made of quantitative demand-side data, as collected by SME surveys, to complement the picture and improve the interpretative power of the OECD Scoreboard. Whereas a plethora of qualitative SME surveys (i.e. opinion surveys) exist, quantitative demand-side surveys are less common. Experience shows that qualitative information based on opinion survey responses must be used cautiously. The broader perception of entrepreneurs about access to finance and credit conditions, emanating from such opinion surveys, has its own value though and complements the hard data provided in the quantitative analysis. Furthermore, the cross-country comparability of national surveys remains limited, as survey methodologies and the target population differs from country to country. Comparable demand-side surveys are undertaken on a regular basis by the European Central Bank and the European Commission, which provide an example of the benefits that can come from standardised definitions and methodology across countries when conducting demand-side surveys.

In order to calculate monitor the core indicators, data are collected for 22 variables. Each variable has a preferred definition (see Table A A.1.), intended to facilitate time consistency and comparability. In a number of cases, however, it is not possible for countries to adhere to the “preferred definition” of an indicator, due to data limitations or differences in reporting practices, and a proxy is used instead. For this reason, in each country profile the data are accompanied by a detailed table of definitions and sources for each indicator.

Table A A.1. Preferred definitions for core indicators

Indicator	Definition/ Description	Sources
Outstanding business loans, SMEs	Bank and financial institution loans to SMEs, amount outstanding (stocks) at the end of period; by firm size using the national definition of SME or, if necessary, loan amounts less than EUR 1 million or an equivalent threshold that is deemed appropriate on a case-by-case basis	Supply-side data from financial institutions
Outstanding business loans, total	Bank and financial institution business loans to all non-financial enterprises, outstanding amounts (stocks)	Supply-side data
New business lending, total	Bank and financial institution business loans to all non-financial enterprises over an accounting period (i.e. one year), flows	Supply-side data
New business lending, SMEs	Bank and financial institution loans to SMEs over an accounting period (i.e. one year), flows; by firm size using the national definition of SME or, if necessary, loan amounts less than EUR 1 million or an equivalent threshold that is deemed appropriate on a case-by-case basis	Supply-side data
Short-term loans, SMEs	Loans equal to or less than one year; outstanding amounts or new loans	Supply-side data
Long-term loans, SMEs	Loans for more than one year; outstanding amounts or new loans	Supply-side data
Government loan guarantees, SMEs	Government guarantees available to banks and other financial institutions, stocks or flows	Supply-side data
Government guaranteed loans, SMEs	Loans guaranteed by government, stocks or flows	Supply-side data
Direct government loans, SMEs	Direct loans from government, stocks or flows	Supply-side data
Interest rate, SMEs	Average annual rates for new loans, base rate plus risk premium; for maturity less than one year; and amounts less than EUR 1 million	Supply-side data
Interest rate, large firms	Average annual rates for new loans, base rate for loans equal to or greater than EUR 1 million; for maturity less than one year	Supply-side data
Collateral, SMEs	Percentage of SMEs that were required to provide collateral on latest bank loan	Demand-side survey
Percentage of SME loan applications	SME loan applications divided by the total number of SMEs in the country, in %	Supply-side data or survey
Rejection rate	1-(SME loans authorised/ requested), in %	Supply-side survey

Utilisation rate	SME loans used/ authorised, in %	Supply-side survey
Venture and growth capital investments	Seed, start-up, early stage and expansion capital (excludes buyouts, turnarounds, replacements)	VC association (supply side)
Leasing and hire purchases	New production of hire purchases and leasing, which covers finance leases and operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks.	Business associations (supply side)
Factoring and invoice discounting	Factoring turnover volumes which includes invoice discounting, recourse factoring, non-recourse factoring, collections (domestic factoring), export factoring, import factoring and export invoice discounting (international factoring)	Business associations (supply side)
Non-performing loans, total	% of total business loans	Supply-side data
Non-performing loans, SMEs	% of total SME loans	Supply-side data
Payment delays, B2B	Average number of days delay beyond the contract period for the Business to Business segment (B2B)	Demand-side survey
Bankruptcies, SMEs	Number of enterprises ruled bankrupt; or number bankrupt per 10 000 or 1 000 SMEs	Administrative data

Share of SME loans in total business loans: This ratio captures the allocation of credit by firm size, that is, the relative importance of SME lending in the national credit market. The business loan data, which are used in the construction of several indicators in the Scoreboard, include overdrafts, lines of credit, short-term and long-term loans, regardless of whether they are performing or non-performing loans. In principle, this data does not include personal credit card debt and residential mortgages.

Share of SME new lending in total new business lending: This ratio equally captures the allocation of credit by firm size, but for new loans (flows). Flows, which are measured over an accounting period (i.e. one year), are expected to reflect short-term events and are therefore more volatile than stocks, which measure the value of an asset at a given point in time, and thus reflect latest flows, as well as values that may have cumulated over time, net of depreciation.

Share of short-term loans in SME loans: This ratio shows the debt structure of SMEs or whether loans are being used to fund current operations or investment and growth needs. However, caution has to be used in interpreting this indicator, because it is affected by the composition of short-term loans versus long-term loans in the SME loan portfolio of banks. Indeed, the share of long-term loans could actually increase during a financial crisis, because it is easier for the banks to shut off short-term credit.

SME government loan guarantees, SME government guaranteed loans, SME direct government loans: These indicators show the extent of public support for the financing of SMEs in the form of direct funding or credit guarantees. By comparing government loan guarantees with guaranteed loans, information can be drawn on the take up of government programmes and on their leverage effect.

SME interest rates and interest rate spreads: These indicators describe the tightness of the market and the (positive or negative) correlation of interest rates with firm size.

Collateral required: This indicator also shows tightness of credit conditions. It is based on demand-side surveys where SMEs report if they have been explicitly required to provide collateral for their last loan. It is not available from supply-side sources, as banks do not generally divulge this information.

SME rejection rate: This indicator shows the degree to which SME credit demand is met. An increase in the ratio indicates a tightening in the credit market as more credit applications have been turned down. A limitation in this indicator is that it omits the impact of “discouraged” borrowers. However, discouragement and rejection seem to be closely correlated, as the number of discouraged borrowers tends to increase when credit conditions become tighter and a higher proportion of credit applications are refused.

SME utilisation rate: This ratio also captures credit conditions, more precisely the willingness of banks to provide credit, and is therefore sometimes used in addition to or instead of the rejection rate. An increase of this ratio indicates that a higher proportion of authorised credit is being used by entrepreneurs and SMEs, which usually occurs when credit conditions are tightening.

Venture capital and growth capital investments: This indicator shows the ability to access external equity in the form of seed, start-up, early stage venture capital as well as expansion capital and is ideally broken down by the investment stage. It excludes buyouts, turnarounds and replacement capital, as these are directed at restructuring and generally concern larger enterprises.

Leasing and hire purchases: This indicator contains information on the use of leasing and hire purchases. New production of leasing includes finance leases and operating leases of all asset types (automotive, equipment and real estate) as well as the rental of cars, vans and trucks.

Factoring and invoice discounting provides information on factoring turnover volumes, including invoice discounting, recourse factoring, non-recourse factoring, collections (domestic factoring), export factoring, import factoring and export invoice discounting (international factoring).

SME non-performing loans/SME loans: This indicator provides information about the relative performance of SME loans in banks' portfolio, that is, the riskiness implied by exposure to SME loans. It can be compared with the overall ratio of non-performing loans to all business loans to determine whether SMEs are more risky.

Payment delays: This indicator contributes to assess SME cash flow problems. Business-to-business (B2B) payment delays show supplier credit delays and how SMEs are coping with cash flow problems by delaying their payments and are more relevant to assess cash flow problems compared with business-to-consumer or business-to-government data.

SME bankruptcies or bankruptcies per 10 000 or per 1 000 SMEs: This indicator is a proxy for SME survival prospects. Abrupt changes in bankruptcy rates demonstrate how severely SMEs are affected by economic crises. However, the indicator likely underestimates the number of SME exits, as some SMEs close their business even when not being in financial difficulties. Bankruptcies per 10 000 or per 1 000 SMEs are the preferred measures, because this indicator is not affected by the increase or decrease in the total number of enterprises in the economy.

Inflation-adjusted data

Differences in inflation levels across countries hamper comparability of trends over time. For the second time in the 2017 edition of this report, indicators in the trends chapter therefore have been adjusted for inflation when appropriate. For this purpose, the GDP deflator from the OECD Economic Outlook publication, deflating nominal values into real values, is used. This deflator is derived by dividing an index of GDP (measured in current prices) by a chain volume index of GDP. It is therefore a weighted average of the price indices of goods and services consumed by households; expenditure by government on goods, services and salaries; fixed capital assets; changes in inventories; and exports of goods and services minus imports of goods and services.¹ It is a very broad indicator of inflation and, given its comprehensiveness, it is thus suitable to deflate current price nominal data into a real terms prices basis for measures of national income, public expenditure and other economic variables with a focus beyond consumer items.

Inclusion of median values

In order to facilitate interpretation of the data, median values of core indicators are included when appropriate in Chapter 1 of this publication. This enables a better assessment of how participating countries are positioned in terms of the assessed core indicators on SME financing. Given the limited comparability of some indicators, this relative position needs to be interpreted carefully and within the country-specific

¹ OECD (2009), *OECD Factbook 2009: Economic, Environmental and Social Statistics*, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/factbook-2009-en>

context, however. Median values rather than average values are displayed because they are less sensitive to outliers in the data.

SME target population

The SME target population of the Scoreboard consists of non-financial “employer” firms, that is, firms with at least one employee besides the owner/ manager, which operate a non-financial business. This is consistent with the methodology adopted by the OECD-Eurostat Entrepreneurship Indicators Programme to collect data about business demography. The target group excludes firms with no employees or self-employed individuals, which considerably reduces the number of firms that can be considered SMEs. For most of the countries in the report, data are available for this target population. However, not all countries collect data at the source and compile them in accordance with these criteria. Therefore, in a few cases data include financial firms and/or self-employed individuals. This is mostly the case in countries reporting financial indicators based on loan size, rather than the target population, or when sole proprietorships/ self-entrepreneurs cannot be distinguished from the SME population at the supply-side level of reporting.

Timeframe for data collection

The data in the present report cover the period 2007 to 2017, which includes three distinct economic stages: pre-crisis (2007), crisis (2008-09) and recovery (2010-17). Specific attention is given to the period 2016-17, in order to identify the most recent trends in SME finance and policies.

Data sources

Deviations from preferred definitions of indicators

Data limitations and country-level specific reporting practices imply that the national Scoreboards may deviate from the preferred definitions of some core indicator. Some of the main deviations in definition of variables and data coverage are discussed below.

SME loans

The OECD Scoreboard aims to collect business loan data that include overdrafts, lines of credit, short-term loans, and long-term loans, regardless of whether they are performing or non-performing loans. Additionally, it aims to exclude personal credit card debt and residential mortgages. However, for some countries, significant deviations exist from this preferred SME loan definition. For instance, in some cases, credit card debt is included in SME loans, and it cannot be determined which part corresponds to consumer credit card debt and which part is business credit card debt. In other cases, lines of credit and overdrafts are excluded, while a number of other products are indeed included in SME loans, such as securitised loans, leasing and factoring.

In some countries, central banks do not require any reporting on SME lending. In these cases the SME loans are estimated from SME financial statements available from tax authorities.

SME loans requested, authorised and used

The indicators on SME loans authorised and SME loans requested, which are used to calculate the rejection rate, are obtained from demand-side surveys. However, not all countries undertake such surveys, or, if they do, the results are not necessarily comparable. This also constitutes an area, where substantial data improvements could be made, such as enriching the analysis by the inclusion of an indicator on the level of discouragement to apply for a bank loan. To capture discouragement, this indicator should ideally be

analysed in tandem with the number of loan applications. If both, loan applications and rejection rates decrease over the same period, this would suggest a higher level of discouragement. As presumably the least credit-worthy firms are deterred from applying for a loan, this could also be indicative of the average riskiness of SME lending.

Another potential improvement concerns the granularity and level of detail of the data; it might be possible to distinguish the rejection rate according to the type of loan (e.g. specific rejection rates on overdrafts, term loans, credit card loans and so on), to separate partial rejections from full rejections, including more analysis on the (likely) reason(s).

A similar problem holds true for the utilisation rate; which consists of SME loans used divided by SME loans authorised. A decline in this ratio suggests that the credit market is easing, or that banks have been providing more credit than has been used. Again, not every country has reliable survey data on the SME loans used and caution is warranted when making comparisons across countries.

Government loan guarantees and guaranteed loans

The report includes data on government loan guarantees and on the value of loans backed by government guarantees. Supply-side data are the best source of information on loan guarantees. There are many sources for such guarantees: local, regional or central governments. In some countries, an important volume of guarantees is also provided by mutual guarantee schemes. These are private schemes that typically benefit from public support, in the form of direct funding or counter-guarantees. However, the various loan guarantees schemes, public, private and mixed, are not always consolidated to obtain national figures. Therefore, the OECD Scoreboard reports mostly on government loan guarantees which are readily available at central government level. This is also a way to avoid the double-counting of guarantees that have multiple layers, given the existence of counter-guarantees at other levels (regional or supra-national). Still, cross-country differences exist in the degree to which the reported data include all government guarantee programmes, or only large ones.

In some cases, lack of awareness and reporting make it difficult to collect data on guaranteed SME loans. In fact, SMEs are not always aware that their loan is backed by a government guarantee and banks do not usually report this information. When these guaranteed SME loans are reported, they usually represent the full value of the loan and not the portion of the loan that is actually backed by a public institution guarantee. Nevertheless, this figure has a value of its own when compared to the total amount of SME loans outstanding. Also, it allows the calculation of the leverage effect of government guarantees to SMEs (ratio of guaranteed SME loans to corresponding government guarantees).

SME credit conditions

Significant differences exist across countries in the calculation for SME interest rates. While there is agreement that “fees” should be included in the “cost” of the SME loans, it appears to be particularly difficult to determine which “fees”, among the various charges applied to firms, to include in the interest rates. In most cases, the interest rate charged on SME loans, net of any fee, is reported. The additional fees, however, represent a rather significant cost for SMEs that is not being captured by the current indicators built on supply-side data, particularly in the case of small SME loans. In this regard, demand-side surveys could be used to collect information on the total cost of funding.

Central banks usually do not collect key pieces of information on SME access to finance, such as the collateral required for SME loans. Banks consider this to be confidential information. A rough approximation can be obtained from demand-side information, that is, the percentage of SMEs required to provide collateral on new loans. This measure is currently used in the OECD Scoreboard, and more transparent reporting by banks on the terms of their SME lending is recommended to improve information on SME credit conditions.

Equity financing

The present report monitors external equity, that is, venture and growth capital. Venture capital is usually reported by stage of development: seed, start-up and early expansion capital. Later stage expansion capital, referred to as growth capital, is also reported. Buyouts, turnarounds and replacement capital are excluded from venture and growth capital. Country classification systems do not always break down private equity data into these categories and most do not break it down by firm size. Indeed, at present, the lack of a standard international definition of venture capital limits cross-country comparability. Also, venture capital data are sometimes collected by private venture capital associations, which rely on voluntary reporting and whose membership may be incomplete. There is a need for greater standardisation of venture capital data reporting, in terms of both the definition used for the different stages of investment, and the methodology employed to collect data.²

Asset-based finance

Most of the indicators of the Scoreboard relate to bank finance, although in practice SMEs and entrepreneurs also rely on other financing options. Including statistics on the use of asset-based finance allows for a more complete overview of trends of access to finance for SMEs and entrepreneurs. Asset-based financing covers a variety of instruments whereby a firm obtains cash based on the value of a particular asset, rather than on credit standing. These instruments include asset-based lending, factoring, hire purchases and factoring.

Asset-based lending is any sort of lending secured by an asset (such as accounts receivable, inventory, real estate, equipment). As these loans are usually issued by banks, information on asset-based loans is already covered in the indicator on SME loans, and a separate indicator is not required. More detailed information on the composition of bank loans would, however, shed light on the importance of asset-based lending and what assets are most often used as a security.

The indicator on leasing covers either the new production (i.e. a flow indicator) of finance leases and operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks. Leasing is an agreement whereby the owner of an asset provides the right to use the asset for a specified period of time in exchange for a series of payments. Information on hire purchases, which are agreements where the purchaser agrees to pay for the goods in parts or percentages over a number of months and which is very similar to leasing is also covered.. Factoring is a type of supplier financing where firms sell their credit-worthy accounts receivable at a discount and receive immediate cash. Data on factoring turnover volumes includes all turnover that is covered by invoice discounting, recourse factoring, non-recourse factoring, collections (domestic factoring), export factoring, import factoring and export invoice discounting (international factoring).

It is important to note that these data usually do not distinguish between SMEs and large corporations, and a breakdown of data according to the size of the lessees does not exist in most countries, although research indicates that leasing and other forms of asset-based finance are very often used by SMEs. Increasing the number of countries providing data and deriving information on the take-up of asset-based finance by firm size, either directly or through a proxy, constitutes an important avenue for future research.

Non-performing loans

There is also a great deal of latitude in how banks define non-performing loans. The generally accepted threshold of 90-day arrears, i.e. payments of interest and principal past due by 90 days or more, is indeed used by many of the Scoreboard countries, but not all. Even when this same threshold is adopted, there is

² See Annex C in OECD (2013), *Entrepreneurship at a Glance 2013*, OECD Publishing, Paris, for a detailed discussion on the international comparability of venture capital data.

a great deal of variation across countries in the measurement of SME non-performing loans. In some cases, these are measured as a percentage of the entire SME loan portfolio and in other cases they are not. In addition, it is common practice to classify loans that are unlikely to be repaid in full as non-performing, even when the threshold of 90-day arrears is not met. The circumstances, under which loans are considered unlikely to be repaid, and hence deemed non-performing, vary substantially across countries and financial institutions. Caution is therefore warranted when interpreting this data.

When compared to the non-performing loans ratio of large firms, this indicator provides a good description of the performance of SME loans on a national level, irrespective of the particularity of the national definition. In addition, if the changes in the non-performing ratio are analysed over time, the indicator has value for cross-country comparisons.

Payment delays and bankruptcies

Payment delays and bankruptcy data are usually collected for all enterprises and not broken down by firm size. Since SMEs account for more than 97% of the enterprises in the participating countries, the national figures for payment delays and bankruptcy rates were used in this report. However, bankruptcies are hard to compare across countries because of different bankruptcy costs, legislation and behaviour in the face of bankruptcy. In some cases, bankruptcy procedures take a long time and so bankruptcies only show up in later periods rather than during the crisis period.

Payment delays are reported as delays beyond the contractual date on a B2B or on a broader B2B and B2C basis. Reporting of payment delays is important, given that it captures an additional source of cash flow constraints for SMEs. The reporting of both indicators and the comparison of B2B with B2C delays can also be used to uncover whether and how SMEs make use of such payment delays to resolve short-term cash flow issues in lieu of working capital credit facilities.

Differences in definitions of an SME

One of the biggest challenges to comparability is represented by existing differences in the statistical definition of an SME by banks and national organisations across countries. Greater harmonisation continues to prove difficult due to the different economic, social and political concerns of individual countries. In addition, within-country differences exist: some banks and financial institutions do not use their national statistical definitions for an SME but a different definition to collect data on SME financing.

In many cases, the national authorities collect loan data using the national or EU definition for an SME, based on firm size, usually the number of employees or the annual turnover (see Box A A.1).

Box A A.1. What is an SME?

While there is no universal definition of an SME and several criteria can be used in the definition, SMEs are generally considered to be non-subsidiary firms which employ less than a given number of employees. This number of employees varies across countries. The most frequent upper limit designation of an SME is 250 employees, as in the European Union. However, some countries set the limit at 200, while the United States considers SMEs to include firms with fewer than 500 employees. Small firms are mostly considered to be firms with fewer than 50 employees while micro-enterprises have less than 10. Medium-sized firms have between 50 and 249 employees. Turnover and financial assets are also used to define SMEs: in the EU, the turnover of an SME cannot exceed EUR 50 million and the annual balance sheet should not exceed EUR 43 million

Source: OECD (2006), The SME Financing Gap (Vol. I): Theory and Evidence, OECD Publishing, Paris

In other cases, the SME loan data are based not on firm size but rather on a proxy, that is, loan size.³ However, the size of the SME loan can differ among countries and sometimes even among banks within the same country.

Several reasons are advanced for not compiling financial statistics based on firm size including:

- Banks do not collect data by firm size;
- It is too expensive to collect such data;
- Breaking down loan data by firm size would jeopardise confidentiality and are not gathered or communicated as a consequence.

Experience gained from the OECD Scoreboard suggests that loan data broken down by firm size are already in the financial system but are not extracted unless banks are under a regulatory obligation to provide them. Experience also suggests that the challenges mentioned above could be addressed quite easily. For instance, confidentiality requirements in theory could be met through the use of judicious sub-grouping. In this case, resolution of this issue could be found if national regulatory authorities were to make the provision of this information mandatory for banks.

Table A A.2. Difference between national statistical and financial definitions of SMEs

Country	National statistical definition of SMEs	Indicator	Definition of SMEs used
Australia	Size of firm: less than 200 employees	Business loans, SMEs	Loan size: amounts outstanding under AUD 2 million
		Interest rate, SMEs	Loan size: amounts outstanding under AUD 2 million
Austria	Size of firm: 1 – 249 employees	Business loans, SMEs	Loan size: amounts up to EUR 1 million
		Short- and long-term loans, SMEs	Loan size: amounts up to EUR 1 million
		Government loan guarantees and government guaranteed loans, SMEs	Firm size: enterprises with less than 250 employees

³ Recent studies by the World Bank provide evidence that loan size is an adequate proxy for size of the firm accessing the loan. See for instance Ardic O.P., Mylenko N., Saltane V. (2012), "Small and medium enterprises: a cross-country analysis with a new data set", Pacific Economic Review, Vol. 17, Issues 4, pp. 491-513.

		Direct government loans, SMEs	Firm size: enterprises with less than 250 employees
		Rejection rate	Firm size: enterprises with less than 250 employees
		Interest rate, SMEs	Loan size: amounts up to EUR 1 million
Belgium	Size of firm: less than 250 employees	Business loans, SMEs	Firm size: enterprises with less than 250 employees
		SME loans authorised and used	Firm size: enterprises with less than 250 employees
		Interest rate, SMEs	Loan size: amounts up to EUR 1 million
Brazil	annual turnover of up to BRL 4.8 million	Outstanding business loans, SMEs	Loan size: amounts up to BRL 100 million
			Measured on a client-facility-month basis
Canada	Size of firm: 1-499 employees	Business loans, SMEs	Loan size: amounts up to CAD 1 million
		Short- and long-term loans, small businesses	Firm size: enterprises with 1-99 employees
		Government guaranteed loans, SMEs	Firm size: annual sales (turnover) lower than CAD 5 million
		Direct government loans, SMEs	Firm size: annual sales (turnover) less than CAD 25 million
		Risk premium for small businesses	Firm size: enterprises with 1-99 employees
		Loans authorised and requested, small businesses	Firm size: enterprises with 1-99 employees
		Collateral, small businesses	Firm size: enterprises with 1-99 employees
Chile	Annual sales of firm: up to UF 100 000	Business loans, SMEs	Loan size: amounts up to UF 18 000
		Short- and long-term loans, SMEs	Loan size: amounts up to UF 18 000
		Government guaranteed loans, SMEs	Firm size: annual sales up to UF 100 000 or annual exports up to UF 400 000
		Direct government loans, SMEs	Less than 12 hectares and capital up to UF 3 500
		Loans authorised and requested, SMEs	Firm size: annual sales up to UF 100 000
		Non-performing loans, SMEs	Loan size: amounts up to UF 18 000
		Short-term and long-term interest rate, SMEs	Loan size: amounts up to UF 18 000
		Payment delays, SMEs	Loan size: amounts up to UF 18 000
China	The definition of SMEs differs according to sector.		The definition of SMEs differs according to sector.
		Short- and long-term loans, SMEs	The definition of SMEs differs according to sector.
		Government loan guarantees, SMEs	The definition of SMEs differs according to sector.
		SME government direct loans	The definition of SMEs differs according to sector.
		Non-performing loans, SMEs	The definition of SMEs differs according to sector.
		SME loans requested, authorized and used	The definition of SMEs differs according to sector.
		interest rates, SMEs	The definition of SMEs differs according to sector.
		Collateral, SMEs	The definition of SMEs differs according to sector.

		Loan fees, SMEs	The definition of SMEs differs according to sector.
Colombia	Size of firm: less than 200 employees	Business loans, SMEs	Firm size: enterprises with less than 200 employees
		Non-performing loans, SMEs	Firm size: enterprises with less than 200 employees
		Government guaranteed loans, SMEs	Firm size: enterprises with less than 200 employees
		Interest rate, SMEs	Firm size: enterprises with less than 200 employees
		Collateral, SMEs	Firm size: enterprises with less than 200 employees
Czech Republic	Size of firm: less than 250 employees	Business loans, SMEs	Loan size: amount up to CZK 30 million
		(New business loans, SMEs – flows)	Loan size: amount up to CZK 30 million
		Business loans, SMEs (Outstanding business loans, SMEs – stock)	Firm size: up to 250 employees
		Interest rate, SMEs	Loan size: amount up to CZK 30 million
Denmark	Size of firm: less than 250 employees	Business loans, SMEs	Loan size: amounts up to EUR 1 million
		Short- and long-term loans, SMEs	Loan size: amounts up to EUR 1 million
		Government loan guarantees, SMEs	Firm size: up to 250 employees
		Interest rate, SMEs	Loan size: amounts up to EUR 1 million
Estonia	Size of firm: less than 250 employees	Business loans, SMEs	Loan size: amounts up to EUR 1 million
		Government loan guarantees, SMEs	Loan size: amounts up to EUR 1 million
		Non-performing loans, SMEs	Loan size: amounts up to EUR 1 million
		Interest rate, SMEs	Loan size: amounts up to EUR 1 million
Finland	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Loan size: up to EUR 1 million
		Short- and long-term loans, SMEs	Firm size: less than 250 employees
		Value of government guaranteed loans, SMEs	Firm size: less than 250 employees
		Loans authorised and requested, SMEs	Loan size: up to EUR 1 million
		Interest rate, SMEs	Loan size: up to EUR 1 million
France	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Firm size: number of employees (less than 250), turnover (less than EUR 50 million), total assets of legal units (less than EUR 43 million) and independent; bank must inform the Central Credit Register when it grants a loan of more than EUR 25 000
		Short- medium- and long-term loans	Firm size: number of employees (less than 250), turnover (less than EUR 50 million), total assets of legal units (less than EUR 43 million) and independent; bank must inform the Central Credit Register when it grants a loan of more than EUR 25 000

		Share of the outstanding loans of failing companies, SMEs except micro-enterprises	Firm size: number of employees (less than 250), turnover (less than EUR 50 million), total assets of legal units (less than EUR 43 million) and independent; bank must inform the Central Credit Register when it grants a loan of more than EUR 25 000
		Interest rate, SMEs	Loan size: less than EUR 1 million
		Bankruptcies, SMEs	Firm size: number of employees (less than 250), turnover (less than EUR 50 million), total assets of legal units (less than EUR 43 million) and independent
Georgia	Less than 100 employees and turnover below GEL 1.5 million	Business loans, SMEs	Less than 100 employees and turnover below GEL 1.5 million
		Non-performing loans, SMEs	
		Interest rate, SMEs	
		Collateral SMEs	
Greece	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Firm size: number of employees (less than 250 employees), turnover (less than EUR 50 million) and total assets (less than EUR 10 million)
		Interest rate, SMEs	Loan size: less than EUR 1 million
		Collateral, SMEs	Loan size: less than EUR 1 million
Hungary	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Firm size: number of employees (less than 250 employees), turnover (less than EUR 50 million) and total assets (less than EUR 10 million)
		Overdraft loans, SMEs	Firm size: number of employees (less than 250 employees), turnover (less than EUR 50 million) and total assets (less than EUR 10 million)
		Investment loans, SMEs	Firm size: number of employees (less than 250 employees), turnover (less than EUR 50 million) and total assets (less than EUR 10 million)
		Direct government loans, SMEs	Firm size: number of employees (less than 250 employees), turnover (less than EUR 50 million) and total assets (less than EUR 10 million)
		Government guaranteed loans, SMEs	Firm size: number of employees (less than 250 employees), turnover (less than EUR 50 million) and total assets (less than EUR 10 million)
		Non-performing loans, SMEs	Firm size: number of employees (less than 250 employees), turnover (less than EUR 50 million) and total assets (less than EUR 10 million)
		Average interest rate, SMEs	Loan size: amounts up to EUR 1 million
Ireland	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Firm size
		Short- and long-term loans, SMEs	Loan size: less than EUR 1 million
		Interest rates, SMEs	Loan size: less than EUR 1 million

Israel ^[i]	Size of firm: less than 100 employees and annual turnover of up to NIS 100 million	Business loans, SMEs	Loan size: amounts of NIS differ depending on the bank
		Interest rate small firms and medium firms	Loan size: amounts of NIS differ depending on the bank
Indonesia	SMEs are defined as enterprises with a maximum turnover maximum of 50 billion rupiah or maximum assets (exclude building land asset) maximum of 10 billion rupiah		
Italy	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Firm size: less than 20 workers
		Short- and long-term loans, SMEs	Firm size: less than 20 workers
		Government guaranteed loans, SMEs	Firm size: less than 250 employees
		Direct government loans, SMEs	Firm size: less than 250 employees
		Loans authorised and used, SMEs	Firm size: less than 20 workers
		Non-performing loans, SMEs	Firm size: less than 20 workers
		Interest rate, average SME rate	Firm size: less than 20 workers
		Collateral, SMEs	Firm size: less than 20 workers
		Venture and expansion capital, SMEs	Firm size: less than 250 employees
	Payment delays, SMEs	Firm size: turnover of up to EUR 50 million and less than 250 employees	
Japan	Varies by sector	Business loans, SMEs	The definition of SMEs differs according to sector.
		Bankruptcies, SMEs	The definition of SMEs differs according to sector. Only enterprises with debts of at least JPY10 million are included.
Kazakhstan	Less than 250 employees in addition to an annual income criterium		
Korea	Varies by sector	Business loans, SMEs	The definition of SMEs differs according to sector.
		Short- and long-term loans, SMEs	The definition of SMEs differs according to sector.
		Government loan guarantees, SMEs	The definition of SMEs differs according to sector.
		Direct government loans, SMEs	The definition of SMEs differs according to sector.
		Loans authorised and requested, SMEs	The definition of SMEs differs according to sector.
		Non-performing loans, SMEs	The definition of SMEs differs according to sector.
		Interest rate spread, SME and large firm rates	The definition of SMEs differs according to sector.
		Payment delays, SMEs	The definition of SMEs differs according to sector.
Latvia	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Interest rate, SMEs	Loan size: Loans of less than EUR 250000
Lithuania	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)		

Luxembourg	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	SME loans	Loan size: Loans of less than EUR 1 million
		SME interest rate	Loan size: Loans of less than EUR 1 million
Malaysia	Manufacturing sector: Sales turnover not exceeding RM 50 million or full-time employees not exceeding 200. Services and other sectors: Sales turnover not exceeding RM 20 million or full-time employees not exceeding 75.	SME loans	Firm size: Sales turnover not exceeding RM 50 million or full-time employees not exceeding 200 for firms operating in the manufacturing sector and sales turnover not exceeding RM 20 million or full-time employees not exceeding 75 for firms operating in services and other sectors,
		SME short-term loans	Firm size: Sales turnover not exceeding RM 50 million or full-time employees not exceeding 200 for firms operating in the manufacturing sector and sales turnover not exceeding RM 20 million or full-time employees not exceeding 75 for firms operating in services and other sectors,
		SME long-term loans	Firm size: Sales turnover not exceeding RM 50 million or full-time employees not exceeding 200 for firms operating in the manufacturing sector and sales turnover not exceeding RM 20 million or full-time employees not exceeding 75 for firms operating in services and other sectors,
		SME non-performing loans	Firm size: Sales turnover not exceeding RM 50 million or full-time employees not exceeding 200 for firms operating in the manufacturing sector and sales turnover not exceeding RM 20 million or full-time employees not exceeding 75 for firms operating in services and other sectors,
		SME loans authorised	Firm size: Sales turnover not exceeding RM 50 million or full-time employees not exceeding 200 for firms operating in the manufacturing sector and sales turnover not exceeding RM 20 million or full-time employees not exceeding 75 for firms operating in services and other sectors,
		SME loans requested	Firm size: Sales turnover not exceeding RM 50 million or full-time employees not exceeding 200 for firms operating in the manufacturing sector and sales turnover not exceeding RM 20 million or full-time employees not exceeding 75 for firms operating in services and other sectors,
		SME interest rate	Firm size: Sales turnover not exceeding RM 50 million or full-time employees not exceeding 200 for firms operating in the manufacturing sector and sales turnover not exceeding RM 20 million or full-time employees not exceeding 75 for firms operating in services and other sectors,

Mexico	Firm size: up to 100 or 250 employees, depending on the sector	SME loans	The definition depends on the number of employees and the annual revenues of the borrower
		SME guaranteed loans/direct loans	Firm size: up to 100 or 250 employees, depending on the sector
		SME loans requested and authorized	Firm size: up to 100 or 250 employees, depending on the sector
		SME interest rate	Firm size: up to 100 or 250 employees, depending on the sector
The Netherlands	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Loan size: up to EUR 1 million
		Short- and long-term loans, SMEs	Loan size: up to EUR 1 million
		Government loan guarantees, SMEs	Firm size: up to 250 employees
		Loans authorised and requested, SMEs	Firm size: up to 250 employees
		Collateral, SMEs	Size of firm up to 50 employees
New Zealand	No unique national definition.	Interest rates, SMEs	Loan size: up to NZD 1 million
		Loan authorised, SMEs	Firm size: enterprises with 6-19 employees
		Loan requested, SMEs	Firm size: enterprises with 6-19 employees
Norway	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Firm size: less than 250 employees
Portugal	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Firm size: EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million, Com Recommendation 2003/361/EC)
		Short- and long-term loans, SMEs	Firm size: EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million, Com Recommendation 2003/361/EC)
		Government guaranteed loans, SMEs	Firm size: EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million, Com Recommendation 2003/361/EC)
		Loans authorised and requested, SMEs	Firm size: EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million, Com Recommendation 2003/361/EC)
		Non-performing loans, SMEs	Firm size: EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million, Com Recommendation 2003/361/EC)
		Interest rates, SMEs	Loan size: up to EUR 1 million (prior to 2010) and loans up to EUR 0.25 million (in 2010)

		Collateral, SMEs	Firm size: EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million, Com Recommendation 2003/361/EC)
Russian Federation	Less than 250 employees, not more than RUB 1000 million	Business loans, SMEs	Firm size: Less than 250 employees, not more than RUB 1000 million
		Government loan guarantees, SMEs	Firm size: Less than 250 employees, not more than RUB 1000 million
		Government guaranteed loans, SMEs	Firm size: Less than 250 employees, not more than RUB 1000 million
		Non-performing loans, SMEs	Firm size: Less than 250 employees, not more than RUB 1000 million
Peru	SMEs are defined by annual turnover	Outstanding business loans, SMEs	Defined by annual sales of the borrower
Serbia	Up to 250 employees, turnover up to EUR 10 million, total assets up to EUR 5 million	Business loans, SMEs	Firm size, in accordance with national statistical definition.
		Interest rate, SMEs	Loan size: up to EUR 1 million.
Slovak Republic	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Firm size: less than 250 employees (including natural persons)
		Short- and long-term loans, SMEs	Firm size: less than 250 employees (including natural persons)
		Government loan guarantees, SMEs	Firm size: less than 250 employees (including natural persons)
		Government guaranteed loans, SMEs	Firm size: EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million, Com Recommendation 2003/361/EC)
		Direct government loans, SMEs	Firm size: less than 250 employees (including natural persons)
		Direct government loans, SMEs	Firm size: less than 250 employees (including natural persons)
		Collateral, SMEs	Firm size: EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million, Com Recommendation 2003/361/EC)
		Venture capital, SMEs	Firm size: EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million, Com Recommendation 2003/361/EC)
Slovenia	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Short- and long-term loans, SMEs	Firm size: less than or equal to 250 employees and asset value less than or equal to EUR 17.5 million.
		Direct government loans, SMEs	Firm size: less than or equal to 250 employees and asset value less than or equal to EUR 17.5 million.
		Interest rate, SMEs	Firm and loan size: enterprises with less than 250 employees and amounts less than EUR 1 million.

Spain	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Loan size: less than EUR 1 million
		Short- and long-term loans, SMEs	Loan size: less than EUR 1 million
		Government guaranteed loans, SMEs	Firm size: less than 250 employees
		Interest rate, SMEs	Loan size: less than EUR 1 million
		Venture capital, SMEs	Firm size: less than 250 employees
		Payment delays, SMEs	Firm size: EU definition
		Bankruptcies, SMEs	Firm size: EU definition
Sweden	EU definition (less than 250 employees and annual turnover below EUR 50 million and/ or balance sheet below EUR 43 million)	Business loans, SMEs	Firm size: 1-249 employees
		Short- and long-term loans, SMEs	Firm size: 1-249 employees
		Government guaranteed loans, SMEs	Firm size: 0-249 employees
		Government loan guarantees, SMEs	Firm size: 0-249 employees
		Direct government loans, SMEs	Firm size: 0-249 employees
		Loans authorised, SMEs	Firm size: 0-249 employees
		Interest rates, SMEs	Loan size: up to EUR 1 million
Switzerland	Size of firm: less than 250 employees	Business loans, SMEs	Firm size: less than 250 employees
		Government guaranteed loans, SMEs	Firm size: less than 250 employees
		Loans used, SMEs	Firm size: less than 250 employees
		Collateral, SMEs	Firm size: up to 249 employees
		Interest rates, SMEs	Loan size: less than CHF 1 million
Thailand	Number of employees and fixed capital: less than 200 employees and fixed capital less than THB 200 million	Business loans, SMEs	Firm size: sales less than THB 400 million and/or a credit line less than THB 200 million.
		Short- and long-term loans, SMEs	Firm size: sales less than THB 400 million and/or a credit line less than THB 200 million.
		Government guaranteed loans, SMEs	Firm size: sales less than THB 400 million and/or a credit line less than THB 200 million.
		Loans authorised and requested, SMEs	Firm size: sales less than THB 400 million and/or a credit line less than THB 200 million.
		Non-performing loans, SMEs	Firm size: sales less than THB 400 million and/or a credit line less than THB 200 million.
		Interest rate, SME average rate	Firm size: sales less than THB 400 million and/or a credit line less than THB 200 million.
		Payment delays, SMEs	The National definition of SMEs differs according to sector.
Bankruptcies, SMEs	The National definition of SMEs differs according to sector.		
Turkey	Less than 250 employees and TRY 40 million in assets	Business loans, SMEs	Firm size
		SME non-performing loans	Firm size
United Kingdom	Size of firm: less than 250 employees	Business lending, SMEs	Firm size: turnover of up to GBP 25 million
		Interest rates, SMEs	Firm size: turnover up to GBP 25 million
		Collateral, SMEs	Firm size: less than 250 employees, including non-employer enterprises
United States	Size of firm: less than 500 employees	Business loans, SMEs	Loan size: up to USD 1 million.
		Short-term loans, SMEs	Loan size: up to USD 1 million.

	Government guaranteed loans, SMEs	Varies by industry
	Collateral, SMEs	Loan size: up to USD 1 million

Impact of diversity in definitions

The many limitations in data collection above outlined limit the possibility to make cross-country comparisons using the raw data. However, it is possible to observe general trends for the indicators, both within and across countries, using growth rates. When analysing trends, the differences in the exact composition of the indicators are muted by the fact that the changes in the indicators over time are being examined instead of levels. Additionally, if the indicators are analysed as a set, it is possible to form an overview of the country trends in SME financing. It is precisely comparing trends that the Scoreboard sheds light on changing market conditions and policies for financing SMEs and entrepreneurs.

However, again, caution is required in cross-country comparisons, especially as concerns the use of flow variables and stock measures. Flows, which are measured over an accounting period (i.e. one year), capture changes of a given variables and are therefore more volatile than stocks, which measure levels, i.e. the value of an asset at a given point in time, and thus reflect latest flows, as well as values that may have cumulated over time, net of depreciation. The comparison of flows and stock measures can be particularly problematic when growth rates are considered. In fact, a negative growth rate of a flow variable can be compatible with a positive growth rate of the same variable measured in stocks. This would be the case if the stock variables increases over time but the absolute increase by which the stock variables grows becomes smaller. Similarly, a negative growth rate of a loan stock does not necessarily mean a decline in SME lending, but could be attributed to maturing loans exceeding the value of new loans granted. Such difficulties underline the importance of complementing stock data with flows of new loans.

Recommendations for data improvements

Standardised template

To enable more timely collection of data and better cross-country comparison in the future, it is necessary for countries to advance in the harmonisation of data content and in the standardisation of methods of data collection. The adoption of a standardised table for data collection and submission on SME finance has contributed to improve the process of data collection for the Scoreboard, while allowing for some customisation at the country level, and should thus be further pursued, as country coverage increases. The systematic use of the template is furthermore intended to facilitate the timely publication of the data on core indicators on the OECD.Stat website, from which it can then be customised, manipulated and downloaded.

The long-term objectives of timeliness, comparability, transparency and harmonisation of data should continue to be pursued actively by national authorities. To that end, national authorities should work with financial institutions to improve the collection of data on SME and entrepreneurship finance, by:

- Requiring financial institutions to use the national definition for an SME based on firm size.
- Requiring financial institutions to report on a timely basis to their regulatory authorities SME loans, interest rates, collateral requirements, by firm size and broken down into the appropriate size subcategories, as well as those SME loans which have government support.
- Working towards international harmonisation of data on non-performing loans.
- Encouraging international, regional and national authorities as well as business associations to work together to harmonise quantitative demand-side surveys in terms of survey population, questions asked and timeframes; encourage the competent organisations to undertake yearly surveys.
- Promoting the harmonisation of the definition of venture capital in terms of stages of development.

Core indicators

Since the Scoreboard pilot exercise was launched in 2009-10, with the participation of 11 countries, important progress has been made in terms of standardisation and comparability of information. As country coverage increases, it is important that good practices in data collection and reporting be shared among countries, but also that further advancement be made in the harmonisation of core indicators. A number of areas can be identified to improve the monitoring over time of trends at the country level and across countries.

First, it is of paramount importance to improve reporting of SME loan variables. Key areas for refinement include:

- Separate reporting of financial information for non-employer and employer-firms, so as to harmonise the financial data with the SME definition employed in national statistics. The separation would also allow for a more in-depth evaluation of financing trends at the country level, distinguishing between funding that is directed to businesses that generate employment from that directed to self-employers, which may however represent an important share of the country's business activity.
- Collection of stock and flow data for SME loans. These two indicators are complementary and should be jointly analysed in order to draw a comprehensive picture of the evolution of the SME lending portfolio.
- Information on the composition of lending portfolios, broken down by different products (overdrafts/ lines of credit/ leases/ business mortgages or credit cards/ securitised loans). Greater granularity in the reporting of business loans would allow for the identification of the underlying elements of the SME business loan portfolio. This represents a necessary first step towards pursuing greater harmonisation in the definition of SME loans across countries, or, at least identifying a common "base composition" for more meaningful cross-country comparisons.

Second, it is also necessary to fill the gaps in available data and work towards more comprehensive information for other core indicators in the Scoreboard:

- Government guarantees: Provide consolidated figures, which take into account the entire range of public guarantee programmes, while excluding double counting related, for instance, to the counter-guarantee of the same lending portfolio. Include additional information on the scope and coverage of public guarantee schemes, in particular information on the volume of outstanding guarantees, the public contribution to the fund's capitalisation, and the value of the loans supported by public guarantees. The Scoreboard data should be complemented, in the policy section of country profiles, by the monitoring of the take-ups and phasing out of these guarantee schemes.
- Government guaranteed loans: Provide the corresponding loans backed by the reported government guarantees so as to allow for the calculation of a leverage ratio. Optimally, the guaranteed portions of these loans should be also reported.
- Non-performing loans (NPLs): Provide the NPL ratio for SME loans, together with the overall NPL ratio of the business loan portfolio or the NPL ratio for large firms. The latter would be used as a benchmark against which the performance and quality of the SME loan portfolio is measured.
- Asset-based finance: Obtain data broken down by firm size or a functioning proxy of firm size. Currently, business associations usually do not make the distinction according to the use of these instruments by firm size, which limits the understanding of the importance of these non-bank financial instruments for SMEs.
- SME loan fees: Provide information on the standard practice of the commercial banking sector with respect to loan fees charged to SME loans in addition to the interest rate, at a national level. If possible, use demand-side surveys to collect information on this indirect cost on SME lending.
- Collateral: Improve the description of what constitutes collateral and use demand-side survey information to compensate for lack of supply-side data on collateral.

Medium and long-term objectives

In the medium to long term, it is necessary for countries to continue to make progress in the harmonisation of definitions and to improve transparency and accounting practices by financial institutions. In this regard, the following steps should be considered by governments to improve the collection of data on SME and entrepreneurship finance:

- Require financial institutions to use the national definition for an SME based on firm size.
- Require financial institutions to report on a timely basis to their regulatory authorities SME loans, interest rates, collateral requirements, by firm size and broken down into the appropriate size subcategories, as well as those SME loans which have government support.
- Work towards international harmonisation of data on non-performing loans.
- Encourage international, regional and national authorities, as well as business associations to work together to harmonise quantitative demand-side surveys in terms of survey population, questions asked and timeframes; encourage the competent organisations to undertake yearly surveys.
- Promote the harmonisation of the definition of venture capital in terms of stages of development



From:
Financing SMEs and Entrepreneurs 2020
An OECD Scoreboard

Access the complete publication at:
<https://doi.org/10.1787/061fe03d-en>

Please cite this chapter as:

OECD (2020), “Methodology for producing the national scoreboards”, in *Financing SMEs and Entrepreneurs 2020: An OECD Scoreboard*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/f0ea4efc-en>

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