

Reader's Guide

Indicators

SME and entrepreneurship financing trends are monitored through core indicators, listed in Table 1, selected on the criteria of usefulness, availability, feasibility and timeliness (see Annex A for a detailed description). In detail, the core indicators describe and monitor the following key dimensions:

Table 1. Core indicators in Financing SMEs and entrepreneurs, 2020

Core indicators	Unit	What they show
The allocation and structure of bank credit to SMEs		
Outstanding business loans, SMEs	Volumes in national currency	SME demand for and access to bank credit. A stock indicator measuring the value of an asset at a given point in time, and thus reflecting both new lending, as well as bank loans that have accumulated over time along with loan repayments.
Outstanding business loans, total	Volumes in national currency	
Share of SME outstanding loans	% of total outstanding loans	
New business lending, total	Volumes in national currency	SME demand for and access to bank credit. It is a flow indicator, measured over one year, which tends to respond faster to short-term developments and is therefore more volatile than stocks.
New business lending, SMEs	Volumes in national currency	
Share of new SME lending	% of total new lending	
Short-term loans, SMEs	Volumes in national currency	The structure of SME debt, i.e. the share of outstanding credit with an initial maturity of less than one year and more than one year, respectively. This could be considered as a proxy to gauge the purpose of SME bank loans, i.e. for operational and investment needs.
Long-term loans, SMEs	Volumes in national currency	
Extent of public support for SME finance		
Government loan guarantees, SMEs	Volumes in national currency	These indicators illustrate the extent and uptake of government programmes and instruments supporting SMEs' access to finance.
Government guaranteed loans, SMEs	Volumes in national currency	
Direct government loans, SMEs	Volumes in national currency	
Credit costs and conditions		
Interest rate, SMEs	%	The cost of SME loans and how it compares to large firms.
Interest rate, large firms	%	
Interest rate spread	Percentage points	
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	Proxies the conditions SMEs face when applying for bank credit.
Percentage of SME loan applications	SME loan applications/ total number of SMEs, in %	The (unmet) demand for and utilisation of credit by SMEs, and willingness of banks to lend.

Rejection rate	1-(SME loans authorised/ requested), in %	
Utilisation rate	SME loans used/ authorised, in %	
Non-bank sources of finance		
Venture and growth capital investments	Volumes in national currency and year-on-year growth rate in %	The take-up and ability to access non-bank finance instruments, including external equity for start-up, early development and expansion stages, as well as asset-based finance, such as leasing, hire purchases, factoring and invoice discounting.
Leasing and hire purchases	Volumes in national currency	
Factoring and invoice discounting	Volumes in national currency	
Financial health		
Non-performing loans, total	% of total business loans	The incidence of late or non-payments for SME loans, compared to the overall corporate sector. This proxies the (relative) riskiness of lending to SMEs.
Non-performing loans, SMEs	% of total SME loans	
Payment delays, B2B	Number of days	The occurrence of payment delays in the B2B sector, i.e. the difficulty in paying and being paid, to capture the extent of cash flow problems.
Bankruptcies, SMEs	Number and year-on-year growth rate in %	A proxy for the overall business environment in which SMEs operate and the ability of small firms to survive economic downturns and credit crunches.

Data collection

The Scoreboard data are provided by experts designated by participating countries. Most of the indicators are derived from supply-side data provided by financial institutions, statistical offices and other government agencies. This is supplemented by national and regional demand-side surveys in order to provide a more comprehensive view of the evolution in financing trends and needs. Indicators cover access to finance for employer firms, that is, for SMEs which have at least one employee, and are operating a non-financial business. The data in the present edition cover the period 2007 to 2018, assessing trends over the medium term, both in the pre-crisis period (2007), the financial crisis (2008 and 2009) and the period afterwards. Specific attention is placed on developments occurring in 2017, 2018 and the first half of 2019. In addition, information on government policies to ease SMEs' access to finance is also collected on a systematic basis.

The published print version includes a chapter on emerging trends in SME and entrepreneurship finance, drawing on information provided by participating countries, a thematic chapter, focusing for this edition on the potential to collateralise SMEs' intangible assets, annexes, and a two-page snapshot for every participating country. This snapshot summarises the state of play regarding SME access to finance in each country, while the full country profiles will be available on the OECD website only.

Cross-country comparability

At the individual country level, the Scoreboard provides a coherent picture of SMEs' access to finance over time and monitors changing conditions for SME financing, as well as the impact of policies. There are limits to possible cross-country comparisons, however. Firstly, the statistical definition of an SME differs among participating countries; while the European Union definition is the most commonly used, participating countries outside of the Union usually define an SME differently, which complicates cross country comparisons (see Annex A for detailed definitions of SMEs across participating countries).

In addition, differences in definition and coverage for indicators hamper comparability, with a number of countries in which it is not possible to adhere to the "preferred definition" of the core indicators. A proxy has been adopted in these instances. For this reason, all country profiles include a table, which provides the definition adopted for each indicator and a reference to the data source. Despite these limitations, it is

still possible to compare general trends across countries, though, as the differences in the exact composition of the single indicator are muted when evaluating rates of change.

Methodological advances and recommendations for data improvements

There are important methodological and structural improvements in recent editions of this report. More detailed information regarding the source and definition of core indicators have been provided for participating countries. Since June 2016, the Scoreboard data are available on the OECD.Stat website. Data on core indicators can be consulted, downloaded and put to further use, thereby addressing a longstanding demand to improve access to the data, and exposure of the publication to a wider audience. In addition, more information is provided on the uptake of financial instruments other than straight debt, and further endeavours will be undertaken in this area for future editions of the publication. Country profiles in the printed edition of this publication are abbreviated to two pages with key facts and the table with core indicators, while the full profiles remain available online. Finally, efforts are ongoing to increase the coverage of participating countries and to harmonise the data from already participating countries.

A summary of recommendations to further improve data collection and reporting of core indicators are outlined in Box 1 (see Annex A for a more detailed discussion), as well as in Chapter 1 of this publication. These are deemed necessary for countries to progress in the harmonisation of definitions and facilitate inter-temporal and cross-country analysis of trends in SME and entrepreneurship finance.

Box 1. Recommendations for improving the reporting of core indicators

1. Improve reporting of SME loan variables by:

- Systematically separating reporting of financial information for non-employer and employer-firms;
- Providing both stock and flow data for SME loans;
- Detailing the loans' composition, with indication of the different underlying products (e.g. overdrafts / lines of credit / leases / business mortgages or credit cards / securitised loans), and disclose such elements in the loan definition.

2. Fill gaps in available data and work towards more comprehensive information for other core indicators in the Scoreboard, including

- Offer more comprehensive information on government programmes that ease SMEs' access to finance.
- Provide data on non-performing loans for SMEs and for large firms, the latter to be used as a benchmark.
- Provide more comprehensive data on alternative sources of financing, including crowdfunding and business angel investments
- Collect information on SME loan fees, in addition to interest applied on the loans.
- Compile more complete information on the uptake and use of non-bank financing instruments, asset-based finance in particular.
- Detail the definition of collateral and improve reporting, using demand-side surveys to compensate for lack of supply-side data.



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