

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 2022¹. It should be noted that not all banks active in the field of SME finance are taken into account by these figures².

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 financier³ 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 2022.⁴

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 billion⁵.

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	%	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

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Interest rate, large firms	%	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	% 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	1093.205	1224.128	1704.660	4396.6	2565.162	
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
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	

Source: See Table 30.2.

Macroeconomic and financing conditions

The Dutch economy showed significant recovery for the second year in a row after the COVID-19 pandemic, with GDP growing by 4.5% in 2022 and 4.9% in 2021⁶, and unemployment decreasing to 3.6% in 2022 Q4⁷. Simultaneously, in 2022, inflation also reached multi-decade highs, with inflation reaching 10% YTD⁸. The rise in inflation can be explained by the removal of COVID-related policy restrictions in March and the hikes in energy prices as the result of the the large-scale aggression of Russia against Ukraine.

As a result of the rise in inflation and economic uncertainty and the hikes in the interest rates set by the European Central Bank, the financing conditions for SMEs have deteriorated. There has been a steep increase in the interest rates⁹ for SMEs while banks have indicated a lower demand from enterprises for bank loans¹⁰. The demand for external financing has also further decreased in 2022 with 16% of the companies indicating to have an external need for finance compared to 19% a year before.

SMEs in the national economy

SMEs comprised 99.8 % of all Dutch enterprises and employed 64.5% of the labour force in 2021 which is almost equal to the EU average. The added value of SMEs is estimated at EUR 272 billion which accounts for 61.4 % of the total added value by enterprises. This is above the EU average where SMEs account for 51.8 % of total added value¹¹.

SME lending

The Dutch Central Bank uses loan size (rather than the size of the borrower) to define SME loans. Furthermore, each bank uses its own reporting system, which makes the aggregation of loan data challenging.

New lending to SMEs in 2022 stood at EUR 12.7 billion, which represents a slight decrease in comparison to 2021, when the indicator stood at EUR 15.5 billion. However, it should be noted that this figure only includes loans of up to EUR 1 million because an SME distinction is not possible above EUR 1 million. It also includes lending to Dutch banks outside of the Netherlands and includes renegotiations of existing contracts. Total outstanding business loans increased from EUR 311.6 billion in 2019 to EUR 323.0 billion in 2022¹².

Credit conditions

While the interest rates for SME firms (2-250 employees) are higher than for large firms, the spread narrowed in 2022. The interest spread was 0.9 percentage points in 2022. They stand respectively at 3.8% for SMEs and 2.9% for large firms. Interest rates for large firms increased by 120 basis points in 2022 while interest rate for SMEs increased by 70 basis points. Collateral requirements for SMEs have generally increased since 2015, but figures have fluctuated over the years. The companies requiring collateral stood at 50% in 2022 compared to 41% in 2021.

The percentage of SMEs with a demand for financing has fluctuated over the last couple of years between 16% and 24% although the need for external finance seems to become smaller. In 2022 this need reached the lowest point so far with only 16% of the SMEs indicating that they have a need for external finance. Micro firms especially have a lower need of external finance. The percentage of requested financing authorised has increased by fourteen percentage points in 2022, reaching 91%¹³. This is the highest figure since the survey was first conducted in 2018.

Alternative sources of SME financing

Alternative sources of SME financing keep becoming more important. In 2022 the amount of financing provided by alternative financiers increased with 21% to EUR 3.89 billion. This number is probably an underestimation since only a small part of the alternative financiers report their figures. This number also excludes venture capital and private equity, which have also gained a prominent role in SME financing.¹⁴

Crowdfunding has become a prominent source of financing with a y-o-y increase of 31%. Direct lending is also becoming more important as a source of financing. In 2021 direct lenders provided EUR 311 million of financing, in 2022 this figure rose to EUR 534 million, an increase of 72%. Lately, several tech companies have also announced the ambition to become more active in the field of SME financing via embedded financing.

Other indicators

In 2022, payment delays declined slightly in the Netherlands. The average number of days before receiving a B2B payment was 52 days in 2022, with the average contractual term being 39 days. The average number of days of delay to receive a B2B payment therefore is 13 days, which is an increase from 2021 by two days. This is still lower than 2019 when the B2B payment delay period averaged around twenty-two days¹⁵.

Government policy response

BMKB-Green

In response to the steep increase in energy prices, the government introduced the BMKB-Green in 2022. This is a specific guarantee scheme within the existing BMKB aimed at increasing the accessibility of financing for green investments. This guarantee scheme is specifically aimed at SMEs and provides a lower provision rate and a higher guarantee percentage (from 50% to 75%). The maximum duration of the guarantee has also been extended from six to twelve years. The BMKB-Green will be available until 1st of July 2027.

Name of the programme: BMKB-Green	
Start date:	End date: 1-7-2028
Objectives: enhance access to loans for sustainability investments	
Source of funding: Government guarantee	
Delivery agents and type: RVO, guarantee	
Main targeted beneficiaries (eligibility criteria): SMEs up to 2,5 million	
Financing terms: Banks or Alternative Financiers are responsible for the financing terms.	
Programme terms: Guarantee 75%	
Actual cost: Budget EUR 150 mln. per year.	
Uptake by beneficiaries: Na	
Relevant link to the programme website (if available): BMKB-Groen (rvo.nl)	
Evaluations undertaken: No (X), Yes (). If yes and available, please add link to review	
Similar local or regional programmes (if independent):	

Seed Capital Scheme

In 2021 a specific tender focused on seed funds in deep-tech investments was organized within the Seed Capital scheme. The Seed Capital scheme is a Fund of Fund scheme to support early-stage funds. The government provides an interest free loan to an investment funds. This loan has a maximum term of 12 years. The government provides up to 50% of the total fund size, with a maximum contribution of 50%. At least 3 independent shareholders contribute the same amount or more. The government contributes 33 million euro per year . This money is used to invest in tech startups that have been active for a maximum of 7 years since their first commercial sale. Per company the maximum investment is EUR 2 million. Specific tenders in the field of deep-tech will be held more often in the future.

Name of the programme: Seed Capital Scheme	
Start date: 1-7-2005	End date: 1-1-2025
Objectives: strengthen private early stage start-up funds	
Source of funding: Fund-of-Funds	
Delivery agents and type: RVO, loan to funds	
Main targeted beneficiaries (eligibility criteria): start-ups with financing need between 100.000 to 3,5 million euros	
Financing terms: Equity / subordinated debt investments in highly innovative companies.	
Programme terms: loan upto 50% of total funds size and a maximum funds size of 10 million. A minimum of three private	

parties contribute the remaining finance.
Actual cost: 33 million euros per year
Uptake by beneficiaries: 33 million p/a.
Relevant link to the programme website (if available): Seed Capital (rvo.nl)
Evaluations undertaken: No (), Yes (X). If yes and available, please add link to review: Dialogic » Evaluatie SEED-Capital-regeling, Groeifaciliteit en Dutch Venture Initiative
Similar local or regional programmes (if independent): no

Deep-Tech Fund

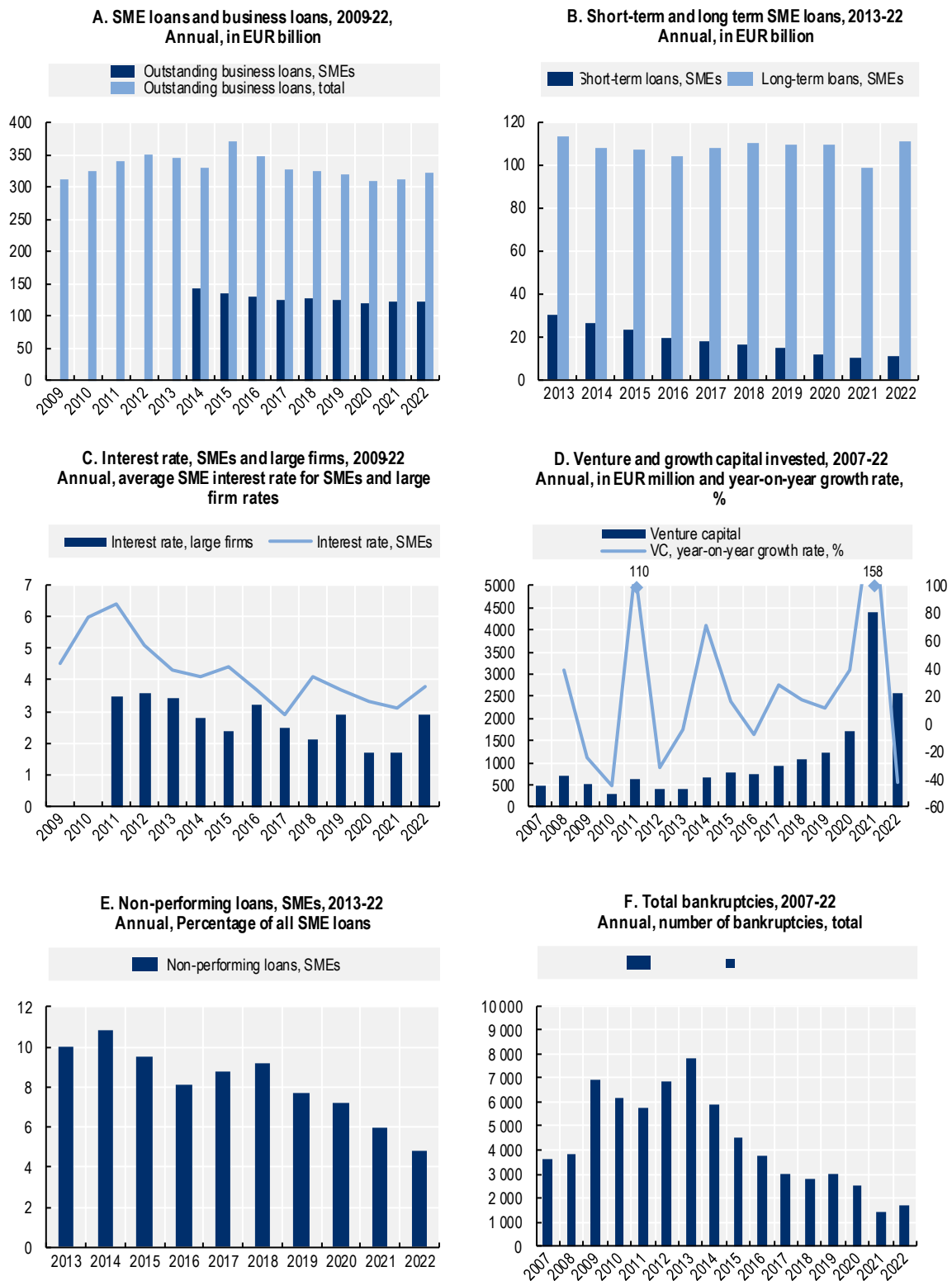
In 2021 the government also launched a specific Deep-tech Fund with a total size of EUR 250 million. Invest-NL, the national promotional institution, will be responsible for the management of the fund. This fund will focus on companies in a later stage compared to the seed capital funds. In most cases, the companies have developed new technologies which do not have a direct market application yet. These companies are often very capital intensive in order to be able to successfully scale.

Name of the programme: Deep-tech Fund	
Start date: 2021	End date:
Objectives: enhance venture capital for deep-tech investments	
Source of funding: Direct Investments	
Delivery agents and type: Invest-NL, direct investments	
Main targeted beneficiaries (eligibility criteria): deep-tech companies	
Financing terms: Equity investment	
Programme terms: direct investments	
Actual cost: Budget of 250 million	
Uptake by beneficiaries: N.A.	
Relevant link to the programme website (if available):	
Evaluations undertaken: No	
Similar local or regional programmes (if independent):	

Financing Hub

Another new development was the announcement in 2022 of the development of a so-called 'financing hub'. Most SMEs use the bank as the primary source of orientation when searching for external financing. However, this number has been in decline. Recent years many new providers of SME financing have entered the market, as well as new forms of financing. While this development gives SMEs more choice, it also brings forward the challenge of finding the most suited financier/type of financing. Therefore, the Dutch government is developing, together with public organizations and financiers, a financing hub. While the hub is still in development, the goal is to create a central place where SMEs can start their search for external financing via a matching tool and support in finding external financing.

Figure 30.1. Trends in SME and entrepreneurship finance in the Netherlands



Source: See Table 30.1

Table 30.2. Sources and definitions of the Netherlands' Scoreboard

Indicator	Definition	Source
Debt		
Outstanding business loans, SMEs	Total new loans to small and medium sized enterprises, defined as the total amount of new loans of up to EUR 1 million, including renegotiations. Total new loans to small and medium sized enterprises, defined as the total amount of new loans of up to EUR 1 million, including renegotiations.	Dutch National Bank
Outstanding business loans, total	Total loan amount outstanding for all Dutch firms.	Dutch National Bank
New business lending, total	Total new loans amount outstanding for all Dutch firms.	Dutch National Bank
New business lending, SMEs	New loans amount (up to EUR 1 million) outstanding to Dutch SMEs.	Dutch National Bank
Outstanding short-term loans, SMEs	Lending by the three Dutch major banks to Dutch SMEs, outstanding loans (up to EUR 1 million) with a duration of one year.	Dutch National Bank
Outstanding long-term loans, SMEs	Lending by the three Dutch major banks to Dutch SMEs, outstanding loans (up to EUR 1 million) with a longer than one year.	Dutch national Bank
Government loan guarantees, SMEs	Government guaranteed loans to all SMEs by BMKB and Growth Facility and GO. Before 2014 the share of SMES in guarantee schemes was estimated. For 2014 and later actual figures are used	Netherlands Enterprise Agency (RVO)
Non-performing loans, SMEs	(Gross) Non-performing loans and advances of NFC's divided by (Gross) Total loans and advances of NFCs PM Dutch firms/firms with loans or advances at Dutch banks (both Dutch and foreign firms)	Dutch National Bank
Interest rate, SMEs	Average fixed rates (SMEs defined as firms with less than 250 employees in 2007-2009 and defined as firms with less than 50 employees in 2010 and 2011 and defined as firms with 50-250 employees from 2012 on). From 2018 SMEs defined as firms with 2-250 employees.	Financemonitor (CBS) Dashboard
Interest rate, large firms	average fixed rates	Financemonitor (CBS) Dashboard
Collateral, SMEs	The proportion of SME's (2-250 employees) which were required to provide collateral on last financing. SMEs defined as enterprises with less than 50 employees until 2015.	Financemonitor (CBS) Dashboard
Percentage of SME loan applications	Percentage of SMEs (2-250 employees) that made a finance application (not solely loans) (SMEs defined as firms with less than 250 employees in 2007-2009 and defined as firms with less than 50 employees in 2010 and 2011 and defined as firms with 50-250 employees from 2012-2015).	Financemonitor (CBS) Report
Utilisation rate	Finance applications authorised in full to SMEs (2-250 employees for 2015-2017) (defined as firms with less than 250 employees in 2007-2009 and defined as firms with less than 50 employees in 2010 and 2011 and defined as firms with 50-250 employees from 2012-2014).	Financemonitor (CBS) Report
Non-bank finance		
Venture and growth capital	Investments (venture and growth capital) in Dutch companies by domestic or foreign private equity companies.	NVP
Leasing and hire purchases	Percentage of SMEs requiring external finance and having applied for it which had recourse to this instrument, as opposed to other types of instruments. Since 2018 the factoring and leasing data are divided because Statistics the Netherlands (CBS) performed the analysis instead of Panteia.	Financemonitor (CBS) Report
Factoring and invoice discounting	Percentage of SMEs requiring external finance and having applied for it which had recourse to this instrument, as opposed to other types of instruments. Since 2018 the factoring and leasing data are divided because Statistics the Netherlands (CBS) performed the analysis instead of Panteia.	Financemonitor (CBS) Report
Other indicators		
Payment delays, B2B	Average number of days for business-to-business. All enterprises	Intrum Justitia European Payment Report 2018
Bankruptcies, SMEs	Number of organisations (pronounced bankrupt) and institutions with more than 2 employees	Statistics the Netherlands (CBS)

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ECB, Bank Lending Survey
European Commission: Annual Report on European SMEs 2022/2023
Intrum: European Payment Report 2022
Nederlandse Vereniging van Participatiemaatschappijen
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Notes

¹ DNB table 5.14 & 5.2.7.4.

² Not all Dutch banks are included in the DNB graph 5.14, only the three major banks.

³ All financiers except for banks are considered alternative financiers.

⁴ Nederlandse Vereniging voor Participatiesmaatschappijen

⁵ Nederlandse Vereniging voor Participatiemaatschappijen

⁶ [CBS: GDP, output and expenditure](#)

⁷ [CBS: monthly labour participation and unemployment](#)

⁸ [CBS: inflation 10 percent in 2022 \(news article\)](#)

⁹ [DNB: dashboard interest rates](#)

¹⁰ Bank Lending Survey

¹¹ SME performance review: https://single-market-economy.ec.europa.eu/smes/sme-strategy/sme-performance-review_en

¹² DNB, table 5.2.7.4.

¹³ See Financieringsmonitor 2022 (CBS). Based on DNB table 5.2.7.4.

¹⁴ [Stichting MKB financiering](#): annual report on alternative finance

¹⁵ Intrum European Payment Report 2022



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