

Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard

Full country profile: The Netherlands

31. The Netherlands

Key facts on SME financing

The recovery of the Dutch economy halted in 2020¹, with GDP showing a year-on-year negative growth rate of -3.7%, and unemployment increasing 0.7 percentage point to 3.9%², though still close to the lowest percentage since 2009. The negative growth rate and the increasing unemployment rate can be explained by the corona crisis and the consequent measures aimed to prevent the spreading of the corona virus.

New lending to SMEs stood at EUR 18.1 billion in 2020. This represents an increase compared to 2019, when it stood at EUR 17.1 billion. Total outstanding business loans decreased slightly, from EUR 320.5 billion in 2019 to EUR 308.9 billion in 2020³.

Bank loans continue to be the main source of external financing for SMEs in the Netherlands. However, according to CPB's⁴ 2019 policy brief, Dutch SMEs had recourse to bank finance less often than their European counterparts did. On the other hand, the percentage of requested loans that were fully authorised rose from 74% in 2015 to 84% in 2018. The interest rate for SME firms (2-250 employees) is higher than for large firms by 1.6 percentage points (respectively 3.3% and 1.7%). The interest rate for large firms decreased by 120 basis points in 2020⁵.

Total venture and growth capital investments in the Netherlands have shown, with a few exceptions, steady growth and in 2020 accelerated growth. In 2017, VC investments amounted to EUR 930 million, in 2018 EUR 1093 million, in 2019 EUR 1224 million, and in 2020 the highest point so far with 1704 million. Since 2014, total private equity investments have not dipped below the EUR 700 million mark⁶.

The average number of days before receiving a B2B payment was 25 days in 2020, with the average contractual term being 27 days. The average number of days of delay to receive a B2B payment therefore is -2 days, a decrease from 2019 by twenty-two days. In 2019 a very high number of B2B payments days of delay was reported. The average number in 2020 is more in line with the average number in 2018, improving it by 3 days. The number of bankruptcies decreased in 2020, with a year-on-year decrease of 15.8%. The number of bankruptcies is at a lower level than in 2018⁷.

Several programmes are in place to support SMEs' access to finance. These include different guarantee schemes, such as the Guarantee Scheme for SMEs (BMKB), or Qredits, a microcredit institution which introduced SME loans of various sizes in 2013. Furthermore, the Netherlands created a National Promotional Institution (NPI) named Invest-NL in 2019, whose aim is to help SMEs through financing or the development of a viable business case.

Because of the COVID-19 crisis and the consequent measures to prevent the spreading of the virus, since March 2020 the Dutch government has put in place several new programmes to address the issue of SME insolvencies due to over-leveraging. For example, next to an allowance for wage costs (NOW) and an allowance for fixed costs (TVL), corona or "c" versions of the national guarantee schemes have been introduced, such as the BMKB-C and the Guarantee Scheme Small Credits Corona (KKC). Moreover, Qredits and regional development agencies (ROMs) have provided bridge loans.

Table 31.1. Scoreboard for the Netherlands

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR billion	..	..	..	..	..	..	143.3	136.0	130.4	124.1	125.9	127.1	124.5	121.0
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
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
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
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
Share of new SME lending	% of total new SME lending	..	..	..	8.3	15.6	17.0	19.3	21.5	12.4	13.0	16.1	13.9	13.8	15.2
Outstanding short-term loans, SMEs	EUR billion	..	..	..	..	..	..	30.1	26.8	23.1	19.8	17.9	16.6	15.2	11.5
Outstanding long-term loans, SMEs	EUR billion	..	..	..	..	..	..	113.3	108.2	107.3	104.3	107.9	110.0	109.3	109.4
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
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
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	10.0	10.8	9.5	8.1	8.8	9.2	9.6	8.7
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
Interest rate, large firms	%	..	..	..	..	3.5	3.6	3.4	2.8	2.4	3.2	2.5	2.1	2.9	1.7
Interest rate spread	% points	..	..	..	..	2.9	1.5	0.9	1.3	2.0	0.5	0.4	2.0	0.8	1.6
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
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
Rejection rate	1-(SME loans authorised/ requested)	..	..	31.0	10.0	13.0	28.0	28.0	27.0	7.0	18.0	17.0	16.0	16.0	21.0
Utilisation rate	SME loans used/ authorised	..	..	72.0	75.0	70.0	50.0	54.0	44.0	89.0	73.0	83.0	84.0	84.0	79.0
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

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
Leasing and hire purchases ¹	% of SMEs	..	..	..	..	..	..	..	..	9.0	16.0	12.0	21.0	23.0	20.0
Factoring and invoice discounting	% of SMEs	..	..	..	..	..	..	..	..	..	..	..	2.0	3.0	1.0
Other indicators															
Payment delays, B2B	Number of days	13.2	13.9	16.0	17.0	18.0	18.0	17.0	16.0	6.0	5.0	5.0	1.0	20.0	-2.0
Bankruptcies, SMEs	Number	3 589	3 842	6 942	6 162	6 117	7 349	8 376	6 645	5 271	4 399	3 291	3 144	3209	2703
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	7.0	80.7	-11.2	-0.7	20.1	14.0	-20.7	-20.7	-16.5	-25.2	-4.5	2.07	-15.77

Source: See Table 31.3.

SMEs in the national economy

The recovery of the Dutch economy halted in 2020⁸, with GDP showing a year-on-year negative growth rate of -3.7%, and unemployment increasing 0.7 percentage point to 3.9%⁹, though still close to the lowest percentage since 2009. The negative growth rate and the increasing unemployment rate can be explained by the corona crisis and the consequent measures aimed to prevent the spreading of the corona virus.

SMEs comprised 99.8% of all Dutch enterprises and employed 64.9% of the labour force in 2020¹⁰.

Table 31.2. Distribution of firms in the Netherlands, 2020

Firm size (full time employees)	Number	%
All firms	1 243 427	100
SMEs (0-250)	1 241 703	99.8
Micro (0-10)	1 190 624	95.8
Small (10-49)	42 126	3.4
Medium (50-250)	8 953	0.2
Large (250+)	1 724	0.1

Note: These are estimates for 2020 produced by DIW Econ, based on 2008-2018 figures from the Structural Business Statistics Database as well as provisional data for 2019-2020 from the National Accounts Database and the Short-Term Business Statistics Database (Eurostat).

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 2020 stood at EUR 18.1 billion, which represents a slight increase in comparison to 2019, when the indicator stood at EUR 17.06 billion. Total outstanding business loans decreased from EUR 320.5 billion in 2019 to EUR 308.9 billion in 2020.

Credit conditions

Interest rates for SME firms (2-250 employees) are higher than for large firms by 1.6 percentage points. They stand respectively at 3.3% and 1.7%. Interest rates for large firms decreased by 120 basis points in 2020. Collateral requirements for SMEs have generally increased since 2015, but figures have fluctuated over the years. Since 2018 there is a small decrease noticeable.

The percentage of SMEs with a demand for financing has fluctuated over the last couple of years between 20% and 24%. The percentage of requested financing authorised has decreased by five percentage points in 2020, reaching 79%. However, this is not a significant change. This percentage is slightly lower for micro-firms (77%)¹¹.

Alternative sources of SME financing.

There was a substantial increase in equity investments in 2014, indicating rising demand from small and large firms alike for this source of financing. The sum of venture and growth capital investments in the Netherlands shows, except from a few exceptions, a steady growth and the last year an accelerated growth. In 2017 (EUR 930 million), in 2018 (EUR 1093 million) in 2019 (EUR 1224 million) and in 2020 (the highest point so far with 1704 million). After years of gradual increase the usage of factoring and leasing as a source of financing decreased in 2020. For factoring the number went from EUR 7.7 billion to EUR 6.6 billion and for factoring from EUR 6.5 billion to EUR 4.9 billion.

Other indicators

The average number of days before receiving a B2B payment was 25 days in 2020, with the average contractual term being 27 days. The average number of days of delay to receive a B2B payment therefore is -2 days, a decrease from 2019 by twenty-two days. In 2019 a very high number of B2B payments days of delay was reported. The average number of days of delay in 2020 is more in line with the average number of delay in 2018 improving it by 3 days.

The number of bankruptcies decreased in 2020, with a year-on-year decrease of 15,8%. The number of bankruptcies is at a lower level than in 2018¹².

The number of bankruptcies continued to decrease in 2018, with a year-on-year decrease of 4.47%. The number of bankruptcies in 2020 has dipped below its 2007 and 2018 level. In fact, the number of bankruptcies in 2020 is not even one-third of the number of bankruptcies in 2013, decreasing from 8 376 to 2 703 in 2020. This sharp decline is a result of COVID-19 support measures which interfered with normal economic dynamics. Despite the decline in bankruptcies, the number of voluntary business termination was 20% higher, mainly caused by the closure in single person companies.

Government policy response

After a decline in government loan guarantees in 2010-2013, volumes increased to EUR 710 million in 2016, only to drop to EUR 646 million in 2017, EUR 643 million in 2018 and EUR 586 million in 2019. The 2010-2013 decrease can mainly be attributed to a decrease in demand by SMEs (due to a delay in investments), and stricter credit standards from banks, which led to a reduction in the size of some of the loan facilities (BMKB, GO and Growth Facility) offered. In 2020 government loan guarantees rose to a level of EUR 1485 million. This can be contributed to the introduction of corona variants of these guarantee schemes.

The Guarantee Scheme for SMEs (BMKB) helps SMEs that have a shortage in collateral to obtain credit from banks and accredited alternative financiers. The state guarantees the loan segment for which collateral is lacking and thereby lowers the risk for financiers. Financiers are more willing to provide a loan

if that loan is partially guaranteed. The scheme guarantees 67.5% of a new loan for start-ups and for small credit requests, 60% of a new loan for innovative firms, and 45% of a new loan for existing companies, with a maximum guaranteed amount of EUR 1,5 million.

The Guarantee for Entrepreneurial Finance (GO) was launched in March 2009. It provides banks with a 50% guarantee on new bank loans, ranging from EUR 1.5 million to EUR 150 million. The GO thus substantially lowers the risk for banks issuing credit to entrepreneurs.

In 2020 the Guarantee Scheme for SMEs Corona (BMKB-C), the Guarantee for Entrepreneurial Finance Corona (GO-C) and the Guarantee Scheme Small Credits Corona (KKC) were introduced for all companies that have liquidity needs caused by Covid-19. The BMKB-C scheme guarantees 67.5% of a new loan for any company, with a maximum guaranteed amount of EUR 1.5 million. The GO-C provides banks with a maximum 90% guarantee on new bank loans to a maximum of EUR 150 million. The KKC provides banks and accredited alternative financiers with a 95% guarantee on new credits, ranging from EUR 10.000 to EUR 50.000.

In 2013, the government introduced a fund of funds for later-stage venture capital investments, the Dutch Venture Initiative I (DVI-I), in cooperation with the European Investment Fund (EIF). DVI-II, was launched in 2016. In November 2020 the Dutch Future Fund (DFF) was launched by the EIF in close collaboration with Invest-NL for innovative start- and scale-ups.

In 2021 the government launched the Dutch Alternative Credit Instrument (DACI) together with Invest-NL and EIF. DACI will offer funds to non-bank credit providers, with which these providers can in turn provide financing for SMEs .

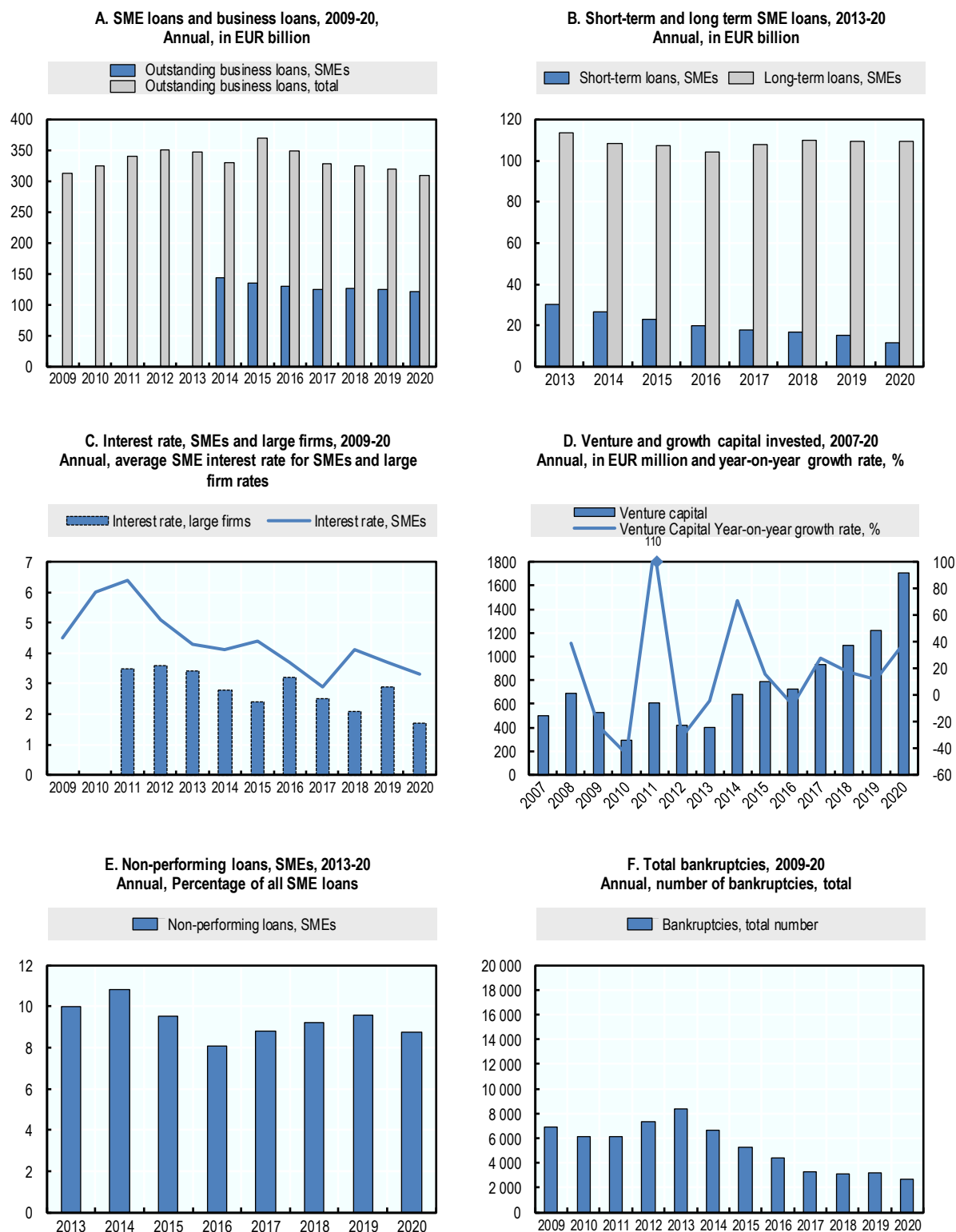
In 2009, a successful microcredit institution, Qredits , was launched, supported by the government and national banks. In December 2013, Qredits introduced SME loans (EUR 50 000 - EUR 150 000). The maximum loan amount was increased to EUR 250 000 in November 2014. Since June 2016, Qredits also offers flexible loans up to EUR 25 000 for entrepreneurs who need working capital finance. Qredits also developed a programme that provides coaching and advice to micro-entrepreneurs. The government supported this initiative financially. Since the corona crisis in 2020 Qredits has been offering bridging loans to entrepreneurs. Lastly, since 2021 Qredits is offering Time-Out Arrangement (TOA)-credits for entrepreneurs who make use of the *Wet Homologatie Onderhands Akkoord (WHOA)*, and want to make a restart with their company. The WHOA came into force on the 1st of January 2021 .

Currently, several instruments for the financing of innovation are in place. Among them are seed capital, regional development agencies, a business angel co-investment fund and proof-of-concept funding. Under the seed capital instrument, funds are issued to investment funds that mainly invest in tech start-ups. The task of the regional development agencies (ROMs) is to boost business development, innovation and investments. They do so by taking shares in innovative companies. Additionally, they attempt to attract foreign companies in order to foster innovation and employment. In the corona crisis in 2020 the ROMs have offered bridging loans specifically aimed at innovative enterprises. The business angel co-investment fund selects several business angels to co-invest with. The selected business angels choose the companies to invest in.

In April 2014, a credit desk ('de Financieringsdesk') at the Netherlands Chamber of Commerce (KVK) was established for entrepreneurs as a central information point for financial questions.

Since 2018 the Dutch government supports the *Stichting MKB Financiering (SMF)*. This foundation contributes to the further professionalization and self-regulation of the alternative finance sector.

Figure 31.1. Trends in SMEs and entrepreneurship finance in the Netherlands



Source: See Table 31.3

StatLink  <https://doi.org/10.1787/888934306737>

Table 31.3. Sources and definitions for the Netherland's 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)

Notes

¹ For more information see: [Bbp, productie en bestedingen; kwartalen, mutaties, nationale rekeningen \(cbs.nl\)](https://www.cbs.nl/en-gb/onderzoek-en-publicaties/2020/11/bbp-productie-en-bestedingen-kwartalen-mutaties-nationale-rekeningen)

² For more information see: <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/80590ned/table?ts=1533886271304> (Unemployment as percentage of the Dutch labour force, 'national definition'). This percentage is from December 2020).

³ See Netherlands Mastercoreboard 2020, from dnb data tables: t5.14 and t5..2.7.4

⁴ CPB Policy brief on *Dutch SME bank financing, from a European perspective 2019*. This policy brief confirms that Dutch SMEs are applying for relatively few bank loans, and that those applications are relatively often rejected by the banks. This applies to all businesses but more so to SMEs. The 2009–2018 period shows a steady trend, although in recent years the difference with the eurozone average number of applications has grown, while for the number of rejections the difference has decreased.

https://www.cpb.nl/sites/default/files/omnidownload/Policy%20Brief%20SME%2009072019_0.pdf

⁵ See Netherlands Country Profile, SME Financing Scoreboard 2020, from Financemonitor (CBS) 2020 and <https://dashboards.cbs.nl/v2/Financieringsmonitor2020/>

⁶ See Netherlands Country Profile SME Financing Scoreboard 2020, and from Financemonitor (CBS) 2020 the dashboard <https://dashboards.cbs.nl/v2/Financieringsmonitor2020/>

⁷ See Netherlands Country Profile SME Financing Scoreboard 2020, from Intrum Justitia Report 2020, page 4 and CBS StatLine <https://opendata.cbs.nl/> .

⁸ For more information see: [Bbp, productie en bestedingen; kwartalen, mutaties, nationale rekeningen \(cbs.nl\)](https://www.cbs.nl/en-gb/onderzoek-en-publicaties/2020/11/bbp-productie-en-bestedingen-kwartalen-mutaties-nationale-rekeningen)

⁹ For more information see: <https://opendata.cbs.nl/statline/#/CBS/nl/dataset/80590ned/table?ts=1533886271304> (Unemployment as percentage of the Dutch labour force, 'national definition'). This percentage is from December 2020).

¹⁰ See Netherlands-2020 SBA Factsheet EU Commission Report page 2. The labour force in 2020 for SME's is 3 888 546.

¹¹ See Financemonitor 2020 (CBS), page 5.

¹² See Netherlands Country Profile Financing SMEs Scoreboard 2020, from Intrum Justitia Report 2020, page 4 and CBS StatLine <https://opendata.cbs.nl/> .



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