REPORT

on improving access to finance for SMEs
(2012/2134(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Philippe De Backer
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Improving access to finance for SMEs

(2012/2134(INI))

The European Parliament,

– having regard to the Commission Communication ‘An action plan to improve access to finance for SMEs’ (COM(2011)0870),


– having regard to the Commission Report ‘Minimizing regulatory burden for SMEs – Adapting EU regulation to the needs of micro-enterprises’ (COM(2011)0803),

– having regard to the Commission programme for the competitiveness of enterprises and SMEs, the ‘COSME’ programme (COM(2011)0834),

– having regard to the ‘Small Business Act for Europe’ (COM(2008)0394), which recognises the central role of SMEs in the EU economy and aims to strengthen the role played by SMEs and to promote their growth and job-creating potential by alleviating a number of problems which are thought to hamper the development of SMEs,

– having regard to the Commission Communication of 23 February 2011 on the review of the ‘Small Business Act for Europe’ (COM(2011)0078) and Parliament’s resolution of 12 May 2011 thereon¹,

– having regard to the Commission proposal for a regulation of the European Parliament and the Council on European Venture Capital Funds (COM(2011)0860),

– having regard to the Commission proposal for a regulation of the European Parliament and the Council on European Social Entrepreneurship Funds (COM(2011)0862),

– having regard to the Commission and European Central Bank study of 2011 on the SMEs’ Access to Finance Survey,

– having regard to the Special Report 2/2012 of the Court of Auditors on financial instruments for small and medium-sized enterprises co-financed by the European Regional Development Fund,

– having regard to its resolution of 7 September 2010 on developing the job potential of a new sustainable economy²,

– having regard to Rule 48 of its Rules of Procedure,

¹ Texts adopted, P7_TA(2011)0235.
having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Employment and Social Affairs, the Committee on Internal Market and Consumer Protection, the Committee on Regional Development and the Committee on Legal Affairs (A7-0001/2013),

A. whereas poorly designed regulation of the financial industry, combined with the severe and pervasive effects of the financial, economic and debt crisis, may cause more difficult access to finance for SMEs;

B. whereas it is crucial to create and develop the necessary tools and lay down the right conditions to enable the Union to boost growth in the eurozone and in the Union as whole;

C. whereas bank loans are the main source of financing for SMEs in the European Union;

D. whereas, according to ECB data, lending rates for SMEs vary greatly among Member States and there are imbalances in access to liquidity, with high rejection rates as regards lending for business projects in some countries;

E. whereas SMEs account for more than 98% of Europe’s businesses and provide more than 67% of jobs in the Union; whereas they are thus the backbone of the European Union’s economy and important drivers of European long-term economic growth and sustainable job creation opportunities within the 27 Member States;

F. whereas 85% of all new jobs in the EU between 2002 and 2010 were created by SMEs, in particular by new firms; whereas 32.5 million people in the EU are self-employed;

G. whereas there are different kinds of SMEs which all have different needs;

H. whereas actions supporting SMEs and entrepreneurship are regulated by the ‘Small Business Act’, which Member States have committed themselves to implementing together with the European Commission;

**General issues**

1. Welcomes the Commission’s Action Plan and its broad set of proposals and recommendations regarding SMEs;

2. Agrees with the Commission that the European Union’s economic success, excellence and cohesion largely depend on sustainable growth and job creation based on SMEs committed to providing quality products and services; highlights the importance of encouraging economic growth across the spectrum of companies; emphasises that SMEs are part of a broader ‘ecosystem’ of enterprises; notes that in this ‘ecosystem’ there is also a need to ensure an equal focus on improving access to finance for microenterprises and sole traders; notes that larger companies rely extensively on a broad network of smaller SMEs;

3. Stresses that, because of the aggravating effect of the financial and economic crisis, many SMEs have difficulty in accessing finance, and that SMEs need to comply with new and sometimes more stringent regulatory criteria than before; stresses that banking institutions which have benefited during the crisis from state aid, as well as other implicit forms of
subsidy provision such as public guarantees and liquidity support from central banks and the European Central Bank, should be subject to targets for their financing amounts and conditions for SMEs; encourages the Commission to continue its efforts in promoting national-level implementation of the ‘Think Small First’ principle, which implies a further simplification of the regulatory and administrative environment for SMEs;

4. Underlines the fact that when simplifying the regulatory and administrative environment for SMEs, adequate protection for employees needs to be provided in the fields of social security and occupational health and safety; calls on the Commission and the Member States to tackle possible discrimination in access to finance in the case of SMEs run by disadvantaged people or social groups;

5. Notes that in recent years considerable efforts have been made to reduce red tape;

6. Highlights the importance of strengthening the local banking system; underlines the responsibility and the functions of banks, ranging from European- to local-scale banks, in terms of investing wisely in the economy and more specifically in SMEs; notes the differences between Member States in the cost of borrowing for SMEs and in access to financing for SMEs resulting from the adverse macroeconomic context, which might have negative competitive implications in border areas; points out that, even though SMEs’ problems in accessing credit still vary among Member States, the results of the October 2011 ECB Bank Lending Survey show a significant overall tightening of credit standards for loans to SMEs and demonstrate that reducing investments to a minimum can lead to a credit crunch; acknowledges, in addition, that there is a significant demand for micro-credits in the EU;

7. Reiterates that revised public procurement and concession contract rules should not hamper SMEs’ and micro-enterprises’ access to the procurement market;

8. Recalls that in Europe the main source of financing for SMEs is the banking sector; believes that because of the fragmentation of the banking sector and the subsequent great divergence in lending rates and credit offer among countries, a differentiated approach to improving SMEs’ access to funding is necessary, taking into account the country-specific circumstances;

**The diversity of Small and Medium Enterprises**

9. Reminds the Commission that SMEs across Europe are very heterogeneous, ranging from very traditional, family-run businesses to fast-growing enterprises, high-tech firms, micro-enterprises, social enterprises and start-ups, and that approaches to assisting them must be equally diverse;

10. Points out that in the current situation where insufficient access to appropriate sources of risk capital, particularly in the early stages, continues to be one of the most significant constraints on the creation and development of growth-oriented firms, the Commission’s Action Plan places a lot of emphasis on venture capital as a possible mode of growth finance; underlines nonetheless that this kind of funding is adequate only for a small number of SMEs and that bank loans remain the main source of funding;
11. Stresses that there is no one-size-fits-all mode of finance and calls on the Commission to support the development of a broad range of tailored programmes, instruments and initiatives, ranging across equity (such as business angels, crowd funding and multilateral trading facilities), quasi-equity (such as mezzanine finance) and debt instruments (such as small-ticket company bonds, guarantee facilities and platforms), in partnerships between banks and other operators involved in SME financing (accountancy professionals, business or SME associations or chambers of commerce), in order to support businesses in their start-up, growth and transfer phases, taking into account their size, turnover and financing needs;

12. Stresses that the Commission should emphasise the important role that the stock market can play in improving access to liquidity for both SMEs and investors at different stages; recalls that stock markets designed specifically for SMEs are already in place in the eurozone and that they were designed in response to specific market and financing requirements;

**Vulnerability of SMEs**

13. Asks the Commission to subject new regulations relevant to SMEs to an overall and inclusive impact assessment, including a comprehensive test, taking into account the needs and challenges that SMEs have to face;

14. Highlights the fact that SMEs are often at the end of a long delivery life cycle and hence are the ones affected most by late payments and short payment periods; welcomes, therefore, the Commission’s initiative of strongly encouraging Member States to accelerate the implementation of the Late Payments Directive;

15. Underlines the fact that the Commission surveys show that not only access to finance but also access to skills, including managerial skills and financial and accountancy knowledge, are critical factors for SMEs in accessing funds, innovating, competing and growing; believes that the delivery of EU financial instruments should therefore be accompanied by the provision of appropriate mentoring and coaching schemes and knowledge-based business services;

16. Considers it necessary to support SMEs at local level in order to develop policies to promote entrepreneurship, improve the situation of SMEs throughout the course of their lifetime and help them gain access to new markets; believes that recognition and exchange of good practices are key elements in this policy;

**Professionalising entrepreneurship**

17. Notes that entrepreneurs’ lack of knowledge of basic finance limits the quality of business plans and, consequently, the success of credit applications; calls on the Member States, therefore, to provide professional training support for potential entrepreneurs and to provide support for partnerships between banks, chambers of commerce, business associations and accountancy professionals;

18. Believes that female entrepreneurship is an untapped resource for the growth and competitiveness of the EU, which should be fostered and strengthened, and that all the obstacles facing women in the labour market should be removed;
19. Believes that developing entrepreneurship skills and programmes to learn how the market, economy and the financial system operate, function and interact should be included in basic education systems; believes that a well prepared business plan is the first step towards better access to finance and viability; calls on the Commission and the Member States to include financial education in their education programmes without any delay; supports in this connection the ‘Erasmus for Young Entrepreneurs’ programme, designed to promote an entrepreneurial culture and develop the single market and competitiveness;

20. Believes that what is needed is a special strategy for start-ups and financial tools to implement innovative projects and develop the creativity of young entrepreneurs;

21. Highlights the fact that in some Member States there is already some best practice in the field of improving preparation of entrepreneurs; calls on the Commission to support its implementation in other Member States;

22. Stresses that informing entrepreneurs and potential entrepreneurs and banks in simplified terms and on a regular basis about training initiatives, EU funding and programmes for SMEs is indispensable at national, regional and local level, as they need to take advantage of all the available opportunities and measures; calls on the Commission to ensure that national SME organisations are properly informed of EU initiatives and policy proposals;

23. Calls for increased communication efforts from the EIB group to promote financial schemes vis-à-vis the SME community in cooperation with SME organisations;

24. Points out that guidance for entrepreneurs who have gone bankrupt is indispensable, given that 15% of businesses that close do so as a result of bankruptcy; supports the simplification and shortening of bankruptcy procedures in order to give the entrepreneurs in question a second chance, as businesses set up by re-starters might perform better;

Transparency

25. Notes that creditors’ knowledge of credit tools is generally better than that of entrepreneurs and that entrepreneurs should communicate better with creditors about their business plan and their long-term strategy; stresses that this information gap creates difficulties when a credit application is being discussed; recognises that there is a need on the part of SMEs to get specially tailored advice on credit opportunities; calls on the Commission to foster the sharing of best practices on specific solutions concerning dialogue, cooperation and exchange of information between creditors and entrepreneurs; calls on the Commission to strengthen the dialogue and cooperation between entrepreneurs and creditors;

26. Emphasises that creditors should set clear and specific criteria on applying for finance in a transparent manner; stresses that when a creditor fully or partially rejects a credit application, the creditor must inform the entrepreneur adequately and constructively of the reasons for the rejection; calls on the Commission to define clear guidelines on this constructive approach to transparency;

27. Notes that when repaying a loan early, SMEs have to pay the funding loss, and often an additional fine, to the creditor, which results in a total cost that is too high to bear; calls on
the Commission to propose more transparency in all contracts on early repayment for SMEs and to study the possibility of a cap to limit the costs of this kind of operation;

28. Notes that SMEs are being confronted with increasingly stringent requirements, including personal guarantees, in order to obtain financing from credit institutions; notes that increased interest rates might lead to an increase in non-price terms and conditions, including personal guarantees; considers, therefore, that the legislation required to regulate the financial industry must explicitly protect and stimulate effective lending to the real economy, in particular to SMEs;

29. Calls on the Member States to reduce the administrative burden at the start-up and during the lifetime of the SME, given the differences between countries in this field that are hindering the completion of the single market; stresses that it is important to reduce the number of days required to start up a new business; asks the Commission to study the best potential practices to be implemented in Member States; calls on the Commission to assess the possibility of introducing a single SME identification number, stored in a single European database for SMEs, including all financial data, allowing SMEs to apply more easily for EU and national programmes and funding; points out that when introducing an SME identification number such as this, attention must be paid to data protection principles;

30. Welcomes the Commission’s proposal to promote the use of qualitative ratings as a tool to complement the standard quantitative assessment of SMEs’ creditworthiness;

**New ways of funding**

31. Welcomes the Commission’s new funding programmes, which take account of the specific characteristics of SMEs; calls on the Commission to develop further EU funding tailor-made for SMEs; underlines the fact that fragmentation of funding should be avoided and that funding can be effective only when it is able to cover a substantial part of what is needed by the SMEs in question;

32. Strongly believes that the financial envelope for the debt and equity finance instruments under the COSME Programme and under Horizon 2020 should be substantially increased, and access to them for SMEs considerably improved;

33. Takes the view that the Commission should explore ways to improve the European quasi-equity market, in particular mezzanine finance; recommends that the Commission investigate how to strengthen the EIF Mezzanine facility for Growth and that it look into new mezzanine products such as a guarantee for mezzanine loans; recommends also that data and analysis regarding financial instruments be provided in order to reduce barriers for financial intermediaries who may wish to explore the lending market for mezzanine capital in the EU;

34. Calls for at least 20 % of the Horizon 2020 budget to be allocated to financing innovation in SMEs;

35. Notes that capital guarantees are widely appreciated and used by SMEs and credit institutions; welcomes the efforts of the Commission on this issue; calls on the Member
States to implement an appropriate framework for capital guarantees;

36. Calls on the Commission to provide an appropriate, tailored regulatory framework for issuers of funding to SMEs that does not prove burdensome for them and also wins investors’ confidence (under the European legislation on accounting standards, the Prospectus Directive, the Transparency Directive, the Market Abuse Directive and the MIFID);

37. Welcomes the agreement reached at the European Council meeting of 28 and 29 June 2012 to increase the EIB’s capital by EUR 10 billion, which will enable the EIB group to boost its lending capacity within the Union by approximately EUR 60 billion over the period 2012-2015 and leverage some EUR 180 billion of total investment, and thus play a welcome role as part of the concerted efforts to boost the European economy; welcomes the fact that the EIB in its lending priorities specifically identified the need to extend the range of banking partners for SME lending so as to include new financial and non-conventional intermediaries; stresses that this new commitment must not undermine the parallel efforts to strengthen and improve the joint EIB-Union budget instruments used to share risk and take equity stakes; in light of this, calls on the Commission to strengthen and optimise the risk-sharing instruments of the European Investment Bank and the European Investment Fund programmes for portfolios of equity or mezzanine financing granted by financial institutions (intermediaries) to SMEs; recognises that cohesion policy is one of the main sources of financial support for SMEs and that funding programmes under the Structural Funds, a reduction in red tape and increased speed and efficiency are essential to fostering the recovery of the EU economy and its competitiveness;

38. Calls on the Commission to establish a permanent European Guarantee Platform under the European Investment Fund to ease SMEs’ access to finance, which would improve the development of guarantees or lending products based on European guarantees and reduce bank capital requirements and risk exposure for financial intermediaries;

39. Encourages the EIB to build further on its Project Microfinance initiative and in so doing to foster its contribution to delivering on EU policy priorities in the area of social inclusion;

40. Notes that in some Member States there is a record amount of household savings in bank accounts, while in other Member States deposits are reducing because of the effects of the crisis; stresses that creating a proper framework of incentives to activate these household savings should facilitate SMEs’ access to finance, both domestic and cross-border, and boost the EU economy; calls on the Commission to come forward with a proposal on the activation of these savings, for example by introducing incentives based on the best practices existing in the Member States;

41. Notes that SMEs contribute to getting people into work in regions where employment levels are lower, stimulating an increase in employment and helping to meet the current needs of the inhabitants, thus having a positive effect on the development of local communities; believes, therefore, that the development of SMEs is one way of reducing disparities at national level;

42. Welcomes the support provided to SMEs and micro-enterprises through initiatives such as
the PSCI, the Creative Europe Programme (including the Cultural and Creative Sector Loan Guarantee Facility), COSME and Horizon 2020, all of which provide new ways of developing the skills and knowledge that enable SMEs and micro-enterprises to develop dynamically;

43. Calls on the Commission and the Member States to address ways of improving access to finance for SMEs aiming to provide innovative works, supplies or services to the public sector; calls in particular for measures to improve financing conditions by ensuring that venture capital and other relevant funding streams fully recognise the growth potential of innovative enterprises working with public-sector partners, both on pre-commercial procurement projects and in the context of Innovation Partnerships;

44. Stresses that a fair, open and transparent EU regulatory framework for public procurement and the proportionate, transparent and non-discriminatory enforcement of Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services¹ are indispensable in order for SMEs to gain better access to public contracts and actually be able to deliver on such contracts;

45. Adds that measures must be taken to ensure that the simplification of cross-border activity for SMEs does not at the same time facilitate cross-border activity in the context of fictitious self-employment, especially in the construction sector;

46. Instructs its President to forward this resolution to the Council, the European Central Bank, the European Investment Bank, the Commission and the governments and parliaments of the Member States.

EXPLANATORY STATEMENT

Small and medium-sized enterprises (SMEs) are very important for the European Union. They are the backbone of the European economy and are important drivers of economic growth in the European Union. SMEs contribute enormously to the creation of employment within the 27 Member States of the European Union.

But SMEs are vulnerable. And this became clear in the aftermath of the crisis. Because of the crisis some creditors became more prudent to grant a credit to SMEs. Sometimes too prudent, while investing too little could cause a credit crunch. Furthermore the new and stringent rules on e.g. financial institutions and capital requirements implemented by both the EU and national authorities made the access to finance for SMEs more difficult. Also, SMEs are often at the end of a long delivery life circle and thus are the ones that are affected the most by late payments and the payment periods as being used nowadays.

When discussing the problems for SMEs to access finance with the stakeholders, various issues were identified. It seems to be that creditors are not in every Member State more prudent when granting a loan to SMEs. In some Member States there is a record amount invested in SMEs these last years.

On the other hand all stakeholders agree that European and national authorities should be careful when establishing new capital requirement rules. As there is no overall impact assessment that covers all the different rules implemented, the consequences to the financial sector and the access to finance of SMEs is most uncertain. Nevertheless an overreaction of creditors to the new capital requirements should be avoided as well.

Other structural problems, which already existed and have no direct link with the crisis, were mentioned as well. One of the major difficulties when negotiating a credit contract is the information gap between SMEs and creditors. Both parties agree that better communication should improve the creditors’ understanding of the need for a credit for the SME and the SMEs’ understanding of the different credit options. On the other hand would more regular monitoring of the SMEs’ financial situation and basic financial knowledge facilitate a more swift negotiation.

The lack of transparency when e.g. early repaying a loan is a problem to the SMEs as well. The funding loss and extra fine are not always well defined in advance. Sometimes the total cost of an early repayment is even so high that it’s unaffordable for SMEs, which makes it impossible to review their investment and credit decision.

Because of stricter capital requirements creditors often ask for extra personal guarantees, in addition to the regular bank guarantees. This can form an extra barrier for entrepreneurs to start-up or further invest in their SME.

The stakeholders themselves suggested some solutions that could improve the access to finance for SMEs: (1) professionalization of the sector; (2) better cooperation and information exchange between SMEs and creditors (3) more regular monitoring the financial situation of
the SME; (4) establishing clear rules on the use of (personal) guarantees; (5) establishing clear rules on early repayment of credit, possible fines and the calculation of profit loss.

In the ‘Action plan to improve access to finance for SMEs’ the Commissions comes forward with some good proposals and solutions. But as there is no such thing as ‘a SME’, we would like to stress that there is not a one-size-fits-all solution and that the different kinds of SMEs have all different needs.

Therefore, we welcome the proposal of the Commission, but we would like to stress that venture capital, which has been rightly emphasised by the Commissions’ action plan, is only an adequate mode of growth funding for a small number of SMEs. Hence we ask the Commission to also support alternative funding mechanisms.

In this time of crisis, households tend to chose saving in stead of consuming. In some Member States there is a record amount of household savings on bank accounts. We therefore like the Commission to study how the EU and Member States can facilitate activating savings by e.g. introducing tax incentives.

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Economic and Monetary Affairs

on improving access to finance for SMEs
(2012/2134(INI))

Rapporteur: Anthea McIntyre

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Stresses that SMEs provide about 90 million jobs in the EU, with 30 % deriving from micro-enterprises, and that 85 % of all new jobs between 2002 and 2012 were created by SMEs, in particular by new firms1;

2. Notes that SMEs contribute to the activation of the population in regions where employment levels are lower, stimulating an increase in employment and helping meet the current needs of the inhabitants, thus having a positive effect on the development of local communities; believes, therefore, that the development of SMEs is one way of reducing disparities at national level;

3. Points out that SMEs can only create growth and jobs if favourable finance opportunities are also available for investments with a higher risk profile;

4. Notes that venture capital is only used by 7 % of European SMEs and that 60 % of businesses say that venture capital is not applicable to them; notes also that an additional 22 % are not comfortable doing business with venture capital funds2

5. Emphasises that loan funds, which are targeted on micro-businesses, small businesses and unemployed people wishing to start a business, result in the stimulation of local entrepreneurship and in particular of investment accountability, thus promoting job

2 ECB and European Commission, “SMEs’ Access to Finance” surveys, 2009-2011
creation;

6. Welcomes, therefore, the opportunities offered to SMEs for investment by the Structural Funds; believes it is necessary, however, that such access should be facilitated for SMEs and that they should be better informed about these possibilities;

7. Notes that access to affordable finance is crucial for funding business investment, so as to ensure that businesses reach their growth potential, and to facilitate new business start-ups, especially very small enterprises and social economy enterprises, thereby contributing to future growth, preserving current jobs and promoting job creation; stresses that access to finance is especially important for young people setting up a business and for entrepreneurs coming from or employing people from a socially disadvantaged background;

8. Points out that without a deposit it is impossible for SMEs and notably micro-enterprises to gain access to credit, and that every effort to secure bank guarantees for business creation should be encouraged; stresses that, particularly in periods of economic crisis, funding under European and national programmes should be targeted as a matter of priority on SMEs in order to create employment opportunities; calls on the Member States to examine how best to simplify their procedures in order to ensure that capital can be accessed in a non-bureaucratic fashion, thus helping deliver growth, job creation and innovation;

9. Welcomes the support provided to SMEs and micro-enterprises through initiatives such as PSCI, the Creative Europe Programme (including the Cultural and Creative Sector Loan Guarantee Facility), COSME and Horizon 2020, all of which provide new ways of developing the skills and knowledge that enable SMEs and micro-enterprises to develop dynamically;

10. Suggests facilitating and promoting access to social and environmental information about businesses by means of a label, in order to attract investment funds more easily;

11. Stresses that, despite successful EU initiatives such as the Late Payments Directive, serious barriers exist, such as restricted access to finance and the high cost of finance, which impact on SMEs’ ability to preserve existing jobs and create new ones;

12. Calls for rules to be introduced requiring credit institutions to provide a rapid response to a financing request from an SME;

13. Urges the Member States to speed up implementation of the Late Payments Directive, given that the economic sustainability of SMEs has been seriously compromised by the observed slowdown in payments for business transactions at a time of great economic hardship;

14. Welcomes the offer by the Commission to act in cooperation with the social partners so as to play a coordinating role in the exchange of best practices between Member States regarding SME funding;

15. Stresses the important role played by the European Investment Bank in taking direct
specific measures to facilitate access to funding, especially for small businesses and micro-enterprises;

16. Calls for simple rules to be laid down, except where duly specified, to separate the assets of a company from those of the director, even if the head of the company carries out that activity on an individual basis;

17. Calls on the Commission and the Member States to explore the possibility of using the best market screening mechanisms to promote SME internationalisation and to create strategic planning support instruments for them;

18. Points out the benefits of new forms of financing through innovative schemes and non-bank routes, such as peer-to-peer lending schemes, micro-lending, SME bonds and invoice products, which can provide vital investment for social businesses and ‘self-start-ups’;

19. Notes the potential value of national or regional investment banks, which can provide affordable finance to SMEs where commercial banks and other sources of private finance are not accessible;

20. Notes that a lack of knowledge and information can affect the supply of both debt and equity finance to SMEs, resulting in potentially viable businesses being refused finance, which inhibits the development or creation of viable SMEs and micro-enterprises; recognises that ‘one-stop shops’ and e-government can help alleviate this problem by providing all relevant information to SMEs in an easily accessible manner;

21. Calls on the Commission, in cooperation with the Member States, to take action to provide comprehensible, comprehensive and specialised information at regional and local level for SMEs seeking funding, so as to facilitate their access to funding opportunities and reduce the information deficit, which is a major reason for SMEs being limited by restricted access to funding, which in turn impacts on their ability to create employment opportunities;

22. Stresses the need to examine the obstacles to cross-border investments at EU level, with a view to encouraging the cross-border take-up of funding on the one hand and preventing tax evasion and tax avoidance on the other;

23. Stresses the need for Member States to facilitate SMEs’ access to finance by means of transparent procedures, with a view to enhancing economic competitiveness, sustaining employment levels and combating unemployment;

24. Welcomes the strengthened SME test, which ensures that all available options are evaluated regularly during the development of new legislative proposals in such a way as not to place disproportionate burdens on SMEs or micro-enterprises; stresses, however, that such measures should not apply to provisions regarding health and safety at work;

25. Recognises that the administrative burdens and financial risks related to accessing finance can result in stress and other negative health impacts for both employees and owners of SMEs and micro-enterprises; emphasises the need for employment and social regulation
to contribute to the wellbeing of entrepreneurs and their employees without creating additional barriers to their success;

26. Calls on the Commission and the Member States to consider the strong social and economic arguments in favour of using existing EU initiatives to equip potential and existing SME owners with the skills, tools and knowledge that are required for successful financial management.
RESULT OF FINAL VOTE IN COMMITTEE

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<th>Date adopted</th>
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<td>Result of final vote</td>
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<td>Members present for the final vote</td>
<td>Regina Bastos, Heinz K. Becker, Jean-Luc Bennahmias, Phil Bennion, Pervenche Berès, Vilija Blinkevičiūtė, Alejandro Cercas, Emer Costello, Frédéric Daerden, Karima Delli, Sari Essayah, Richard Falbr, Thomas Händel, Marian Harkin, Nadja Hirsch, Danuta Jazłowiecka, Martin Kastler, Ádám Kósa, Jean Lambert, Veronica Lope Fontagné, Olle Ludvigsson, Thomas Mann, Elisabeth Morin-Chartier, Csaba Øry, Konstantinos Poupakis, Sylvana Rapti, Licia Ronzulli, Nicole Sinclaire, Joanna Katarzyna Skrzydlewska, Andrea Zanoni, Inês Cristina Zuber</td>
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<tr>
<td>Substitute(s) present for the final vote</td>
<td>Georges Bach, Edite Estrela, Sergio Gutiérrez Prieto, Filiz Hakaeva Hyusmenova, Svetoslav Hristov Malinov, Anthea McIntyre, Antigoni Papadopoulou, Evelyn Regner, Csaba Sógor</td>
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<tr>
<td>Substitute(s) under Rule 187(2) present for the final vote</td>
<td>Jens Geier, Åsa Westlund</td>
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OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION

for the Committee on Economic and Monetary Affairs

on improving access to finance for SMEs
(2012/2134(INI))

Rapporteur: Jorgo Chatzimarkakis

SUGGESTIONS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the Commission’s Action Plan and the measures taken to make access to finance easier for SMEs;

2. Welcomes the Commission’s initiative aimed at facilitating access to long-term investment funds for companies under the Single Market Act;

3. Notes that 99% of all European businesses are SMEs, providing 85% of employment, and that in many cases networks of smaller SMEs provide reliable support to larger companies; believes that SMEs are thus the driving force in the European economy, and have prime responsibility for the creation of employment, sustainable growth and innovation;

4. Points out that SMEs across Europe are very heterogeneous in terms of the business models they use and the investment and innovation criteria they apply, and therefore face different types of financing challenge; stresses that this should be reflected in their finance modes and recommends differentiated methods of analysis and support for each investment model;

5. Notes that the financial crisis in the EU led to a number of European bank failures and that, as a result, on the one hand lenders are less willing to grant credit to SMEs, thereby hindering SMEs’ access to finance, while on the other hand companies’ trust in lending institutions was damaged, discouraging them from applying for credit; is concerned that an increasingly capital- and risk-sensitive banking sector is asking for more collateral and
higher risk premiums, with both of these requirements resulting in insufficient financing and missed business and employment opportunities in this very large sector of the economy; regards, therefore, the availability of credit and loan guarantee schemes as crucial to exploiting the growth and job potential offered by SMEs;

6. Stresses that the increased taxation imposed by fiscal adjustment plans in Member States under intervention is making life very difficult for SMEs and consumers; calls for measures allowing SMEs to apply more easily for EU and national programmes and funding; urges the Commission to come forward with an impact assessment study on fiscal adjustment, specifically focusing on SMEs;

7. Points out that special attention must be given to the fact that the economic crisis has led to the bankruptcy of many viable businesses; calls, therefore, on the Member States and the Commission to provide financial support as a second chance for entrepreneurs to start up a new business;

8. Calls on the Member States to create fast-track procedures and one-stop shops for SMEs in order to enhance the setting-up of new businesses and facilitate their access to international markets; calls on the Commission to establish greater coherence between the various programmes providing guarantees, and a good balance between national and EU schemes supporting the financing of innovation or the provision of venture capital to SMEs;

9. Calls on the Commission further to improve cooperation with national development banks and commercial banks in order to pool experience, exchange best practices, develop synergies and identify ways in which EU SME financing programmes can be simplified and streamlined, and to take action enabling the existing investment banks for SMEs to expand their operations in other Member States in accordance with the conditions in place in those Member States;

10. Calls on the Commission and the Member States to support business angels and provide adequate fiscal incentives for this funding model; calls, furthermore, on the Commission and the Member States to promote cooperative finance programmes involving experienced retired executives and finance providers;

11. Calls on the Commission and the Member States to provide more information on EU initiatives to support SME funding, including the Programme for the Competitiveness of Enterprises and SMEs (COSME);

12. Considers that the mobilisation of household savings is a crucial instrument for stimulating investment in SMEs; urges the Commission to submit as soon as possible a proposal seeking to enhance the mobilisation of available capital for SMEs;

13. Stresses the importance of better access to information for SMEs; calls, therefore, on the Commission and the Member States to provide entrepreneurs, via a single European website, with complete and valid information, available in all EU languages with useful references, on access to adequate financing;

14. Calls on the Commission and the Member States to address ways of improving access to
finance for SMEs aiming to provide innovative works, supplies or services to the public sector; calls in particular for measures to improve financing conditions by ensuring that venture capital and other relevant funding streams fully recognise the growth potential of innovative enterprises working with public-sector partners, both on pre-commercial procurement projects and in the context of Innovation Partnerships;

15. Highlights the need to raise awareness of entrepreneurship among students and their teachers; stresses the importance of offering trainee entrepreneurs appropriate education courses on access to funding;

16. Calls on the Member States to reduce bureaucratic burdens and simplify procedures which hinder the setting-up of new businesses and create obstacles for SMEs in keeping their businesses running, especially in the light of the Commission communication of 23 November 2011 entitled ‘Minimising regulatory burden for SMEs – Adapting EU regulation to the needs of micro-enterprises’ (COM(2011)0803); highlights, in this connection, the importance of the Commission and the Member States applying the SME test consistently in all relevant policy areas;

17. Asks the Commission to propose simplified and less costly regulations and guidelines, especially for programmes intended to support low-volume SME financing in the form of guarantees and mezzanine or equity instruments;

18. Underlines the importance of reducing the formalities required to start up a new business and asks the Commission to study best practice in all Member States and to promote the dissemination of success stories;

19. Calls on the Member States to facilitate SMEs’ access to funds by simplifying the rules on data submission and to promote online data repositories for certificates and other supporting documents;

20. Calls on the Member States to transpose the Late Payment Directive\(^1\) as soon as possible;

21. Stresses the importance, with a view to ensuring the supply of funds for investment in SMEs, of helping SMEs to attract investors, particularly by assisting them to become more professional in developing convincing business plans;

22. Calls on the Commission and the Member States to address tax simplification and the related administrative procedures for SMEs and to remove the remaining burdens, in order better to support investment, to facilitate more cross-border trade and to stimulate productivity and growth;

23. Stresses that a fair, open and transparent EU regulatory framework for public procurement and the proportionate, transparent and non-discriminatory enforcement of Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services\(^2\) are indispensable in order for SMEs to gain better access to public contracts and actually be

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\(^1\) OJ L 48, 23.2.2011, p. 1.
able to deliver on such contracts;

24. Adds that measures must be taken to ensure that the simplification of cross-border activity for SMEs does not at the same time facilitate cross-border activity in the context of fictitious self-employment, especially in the construction sector;

25. Considers that, in order to be sure that funds reach SMEs, a monitoring system should be put in place to ensure that banks use funds and guarantees to increase their SME lending; takes the view that this could include reporting schemes and a code of conduct for SME lending banks.
# RESULT OF FINAL VOTE IN COMMITTEE

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| **Members present for the final vote** | Pablo Arias Echeverría, Birgit Collin-Langen, Lara Comi, Anna Maria Corazza Bildt, Cornelis de Jong, Vicente Miguel García Ramón, Thomas Händel, Sandra Kalniete, Edvard Kožušník, Toine Manders, Franz Obermayr, Sirpa Pietikäinen, Phil Prendergast, Mitro Repo, Zuzana Roithová, Heide Rühle, Christel Schaldemose, Andreas Schwab, Catherine Stihler, Róza Gräfin von Thun und Hohenstein, Gino Trematerra, Bernadette Vergnaud, Barbara Weiler |
| **Substitute(s) present for the final vote** | Raffaele Baldassarre, Regina Bastos, Jürgen Creutzmann, Ashley Fox, Marielle Gallo, María Irigoyen Pérez, Morten Løkkegaard, Emma McClarkin, Konstantinos Poupakis, Sylvana Rapti, Marc Tarabella, Patricia van der Kammen, Kerstin Westphal |

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Economic and Monetary Affairs

on improving access to finance for SMEs
(2012/2134(INI))

Rapporteur: Vladimír Maňka

SUGGESTIONS

The Committee on Regional Development calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the EU Action Plan on improving access to finance for micro-, small and medium-sized enterprises (SMEs), in line with the priorities of the Europe 2020 strategy, so as to enable them to surmount the difficulties they are facing during the current economic and financial crisis;

2. Points out that SMEs, which are the backbone of the EU economy, have been hard hit by the above-mentioned crisis; acknowledges that ensuring sufficient and timely access to finance for SMEs stimulates and reinforces the economic growth, job creation, labour productivity and social cohesion which are vital for the prosperity of all EU regions, while generating strong local, regional and national development and protecting jobs;

3. Supports an increase in the capital of the European Investment Bank (EIB) as a means of improving the provision of loans to SMEs and undertaking new investments with a view to relaunching economic activity, creating employment and generating wealth;

4. Acknowledges that, at a time of fiscal constraint and reduced lending capacity in the private sector, cohesion policy is one of the main sources of support for the EU’s SMEs and the main investment tool for convergence and sustainable development of the EU; understands that future financial support – coordinated with other sectoral measures in support of SMEs – should be focused on strengthening the research and innovation capacity of SMEs, boosting their performance in order to generate further employment and foster the recovery of the EU economy and the restoration of its competitiveness;

5. Highlights the need further to stimulate simplification of administrative procedures at the
European, national, regional, local and cross-border levels in order to establish a clear and transparent legal framework, endeavouring to limit the regulatory complexity which is often an obstacle for beneficiaries, especially SMEs, when applying for EU funds, for example by creating a one-stop agency for applicants, shortening the authorisation procedures for obtaining finance and paying out subsidies more promptly;

6. Supports the Commission’s decision to create a broad range of tailored new financial instruments in the future regulatory cohesion policy targeted at SMEs, in order to improve, step up the provision of information about those financial instruments, together with their use and the monitoring of their activities; recommends that the use of structural funds, together with EIB financing, be further explored, inter alia for the purpose of financing venture capital funds and funds which can multiply their value for money by generating additional financing for SMEs.
# RESULT OF FINAL VOTE IN COMMITTEE

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<td>François Alfonsi, Luis Paulo Alves, Victor Boştinaru, John Bufton, Salvatore Caronna, Nikos Chrysogelos, Francesco De Angelis, Tamás Deutsch, Rosa Estaràs Ferragut, Danuta Maria Hübner, María Irigoyen Pérez, Séan Kelly, Mojca Kleva, Constanze Angela Krehl, Ramona Nicole Mănescu, Iosif Matula, Erminia Mazzoni, Jens Nilsson, Lambert van Nistelrooij, Jan Olbrycht, Younous Omarjee, Ewald Stadler, Georgios Stavrakakis, Oldřich Vlasák, Kerstin Westphal, Hermann Winkler</td>
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<td><strong>Substitute(s) present for the final vote</strong></td>
<td>Jan Březina, Andrea Cozzolino, Ivars Godmanis, Karin Kadenbach, Lena Kolarska-Bobińska, Vilja Savisaar-Toomast, Elisabeth Schroedter</td>
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28.11.2012

OPINION OF THE COMMITTEE ON LEGAL AFFAIRS

for the Committee on Economic and Monetary Affairs

on improving access to finance for SMEs
(2012/2134(INI))

Rapporteur: Rebecca Taylor

SUGGESTIONS

The Committee on Legal Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the Commission’s action plan to improve access to finance for SMEs, in particular with regard to improving the European regulatory framework for venture capital; stresses the need for solutions that cater for the special needs of SMEs and which support their development in a manner reflecting their size, turnover and credit requirements;

2. Stresses the lack of specialised financial and legal knowledge available to a majority of SMEs, which renders their access to capital difficult; points out, in addition, that SMEs often find European legislation an administrative burden and hard to interpret, which also affects their access to capital;

3. Calls on the Commission to consider, as a matter of urgency, a broader and more effective review of EU financial and regulatory legislation which currently burdens SMEs following its examination of the tax obstacles to cross-border venture capital investments in the EU; considers that, following this wider review, the Commission should bring forward proposals to exempt SMEs where regulatory provisions disproportionately affect them and there is no sound reason for including them in the scope of the legislation, or to consider ‘tailor-made’ approaches or lighter regimes when an exemption would not be suitable;

4. Stresses that an ever-increasing number of SMEs are winding up or entering bankruptcy, with a knock-on effect in terms of job losses; notes that the growth measures adopted by
the EU to date have clearly not been sufficiently effective, and calls on the Commission, as a matter of urgency, to adopt measures dedicated more specifically to access to capital for SMEs, their revitalisation and boosting employment;

5. Notes that there is a lack of cross-border activity in the European Union as regards access to finance for SMEs, particularly in terms of new means of financing such as crowd-funding, business angel platforms and, generally, peer-to-peer lending, which provide funding for SMEs that might not otherwise obtain approval from more standard financial intermediaries;

6. Highlights the lack of legal coherence in the EU with regard to these new means of funding and calls on the Commission to consider the main differences within Member States and to provide guidance for these new means of finance, which can also provide high growth and job-creating potential;

7. Calls on the Commission to make the revitalisation of SMEs and support for them the focal point of its future policies, and stresses that a future outlook for Europe based solely on the provision of services will not generate growth;

8. Insists that the Commission must apply the SME Test, including specific consideration of microenterprises, and the ‘Think Small First’ principle when preparing draft legislation, and carry out impact assessments on all legislative proposals, in particular those of a financial nature, in order to ensure that all options applicable to SMEs are duly assessed, identified and dealt with at an early stage, and must take these into consideration in order to minimise the impact on SMEs when legislative proposals are drafted; considers it essential that the Commission seek to minimise the regulatory burden falling on SMEs in further drafts and provide an explanation for any exemptions;

9. Stresses that the driving force behind the European economy has until now been the hundreds of thousands of SMEs that have made product quality and manufacturing excellence a characteristic of European products in comparison with those of global competitors;

10. Points out that the difficulties small and medium-sized enterprises experience in accessing credit often stem from their not knowing about the instruments available to them; calls for the Commission to ensure that Member States provide SMEs with greater support, education and training with regard to funding issues and to consider cooperating more closely with SME representative bodies to develop this training; urges the Commission also to set up simplification programmes in order to improve access to European financing programmes;

11. Welcomes the Commission’s initiative of strongly encouraging Member States to accelerate the implementation of the Late Payments Directive as such late payments are extremely detrimental to SMEs’ financial planning and are often the root cause of their bankruptcy; in this connection, calls on the Commission to carefully assess the payment by public authorities of the credit they have received;

12. Highlights the fact that discrimination can occur in access to finance in the case of SMEs run by women, ethnic minorities, people with disabilities and members of other minority
groups, and calls on the Commission and Member States to recognise this potential for discrimination and to request, as one way of tackling this discrimination, that lenders provide detailed justification when refusing SMEs access to capital;

13. Calls on the Commission to design specific financing strategies for Member States, business networks and consortia formed by small and medium-sized enterprises.
## RESULT OF FINAL VOTE IN COMMITTEE

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<td>Sergio Gaetano Cofferati, Eva Lichtenberger, Angelika Niebler, József Szájer, Axel Voss</td>
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# RESULT OF FINAL VOTE IN COMMITTEE

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<td><strong>Members present for the final vote</strong></td>
<td>Burkhard Balz, Elena Băsescu, Jean-Paul Besset, Sharon Bowles, Udo Bullmann, George Sabin Cutaş, Leonardo Domenici, Derk Jan Eppink, Diogo Feio, Elisa Ferreira, Ildikó Gáll-Pelcz, Jean-Paul Gauzès, Sven Giegold, Sylvie Goulard, Liem Hoang Ngoc, Gunnar Hökmark, Wolf Klinz, Rodi Kratsa-Tsagaropoulou, Philippe Lamberts, Werner Langen, Astrid Lulling, Ivari Pädar, Alfredo Pallone, Antolin Sánchez Presedo, Olle Schmidt, Edward Scicluna, Peter Simon, Theodor Dumitru Stolojan, Kay Swinburne, Sampo Terho, Marianne Thyssen, Corien Wortmann-Kool, Pablo Zalba Bidegain</td>
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<td><strong>Substitute(s) present for the final vote</strong></td>
<td>Herbert Dorfmann, Sari Essayah, Vicky Ford, Ashley Fox, Robert Goebbels, Sophia in ‘t Veld, Petru Constantin Luhan, Thomas Mann</td>
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