Access to finance for SMEs and increasing the diversity of SME funding in a Capital Markets Union

European Parliament resolution of 15 September 2016 on access to finance for SMEs and increasing the diversity of SME funding in a Capital Markets Union (2016/2032(INI))

The European Parliament,

– having regard to its resolution of 5 February 2013 on improving access to finance for SMEs¹,

– having regard to its resolution of 27 November 2014 on the revision of the Commission’s impact assessment guidelines and the role of the SME test²,

– having regard to its resolution of 28 April 2016 on the European Investment Bank (EIB) – Annual Report 2014³,

– having regard to its resolution of 25 February 2016 on the European Central Bank Annual Report for 2014⁴,

– having regard to its resolution of 9 July 2015 on building a Capital Markets Union⁵,

– having regard to its resolution of 25 November 2015 on tax rulings and other measures similar in nature or effect⁶,

– having regard to its resolution of 19 January 2016 on the Annual Report on EU Competition Policy⁷,

– having regard to its resolution of 19 January 2016 on stocktaking and challenges of the EU Financial Services Regulation: impact and the way forward towards a more efficient and effective EU framework for Financial Regulation and a Capital Markets Union¹,

¹ OJ C 24, 22.1.2016, p. 2.
⁷ Texts adopted, P8_TA(2016)0004.
– having regard to its resolution of 8 September 2015 on family businesses in Europe²,

– having regard to the debate of 13 April 2016 on the basis of the oral questions on behalf of the PPE, S&D, ECR, ALDE and GUE/NGL-groups on the review of the SME supporting factor³,

– having regard to the Commission communication of 7 December 2011 entitled ‘An action plan to improve access to finance for SMEs’ (COM(2011)0870),


– having regard to the Commission communication entitled ‘Guidelines on state aid to promote risk finance investments’⁴,

– having regard to Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions⁵,

– having regard to the December 2015 European Central Bank ‘Survey on the Access to Finance of Enterprises in the euro area – April to September 2015’,

– having regard to the second consultative document of the Basel Committee on Banking Supervision on Revisions to the Standardised Approach for credit risk of December 2015,


– having regard to the Commission staff working document entitled ‘Crowdfunding in the EU Capital Markets Union’ (SWD(2016)0154),

– having regard to Commission recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro-, small and medium-sized enterprises⁶,

– having regard to the European Central Bank monthly bulletin of July 2014⁷,

– having regard to the Commission communication of 28 January 2016 entitled ‘Anti-Tax Avoidance Package: Next steps towards delivering effective taxation and greater tax transparency in the EU’ (COM(2016)0023),

¹ Texts adopted, P8_TA(2016)0006.
⁴ OJ C 19, 22.1.2014, p. 4.
– having regard to the Commission proposal of 30 November 2015 for a regulation on the prospectus to be published when securities are offered to the public or admitted to trading (COM(2015)0583),

– having regard to the European Banking Authority’s report on SMEs and the SME supporting factor1,


– having regard to Rule 52 of its Rules of Procedure,

– having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Committee on Budgets, the Committee on Regional Development and the Committee on Culture and Education (A8-0222/2016),

A. whereas micro-, small and medium-sized enterprises and mid-caps play an important role for the European economy in terms of employment and growth, with SMEs accounting for 67 % of total employment, 71.4 % of the increase in employment and 58 % of the value added in the non-financial business sector in the EU in 20142;

B. whereas no single express definition of SMEs, other than the categorisations ‘small undertakings’ and ‘medium-sized undertakings’ under the Accounting Directive, is currently stated in the legislation of the Union;

C. whereas European SMEs are very diverse and include a vast number of micro-enterprises, which often operate in traditional sectors, and a growing number of new start-ups and fast-growing innovative enterprises; whereas these business models face different problems and, therefore, have different financing needs;

D. whereas most European SMEs operate mainly at national level; whereas relatively few SMEs are involved in cross-border operations within the EU, while those which export outside the Union constitute a tiny minority;

E. whereas 77 % of outstanding SME funding in Europe is provided by banks3;

F. whereas the financing of SMEs should be as broadly based as possible in order to ensure optimal access to finance for SMEs at every stage of the development of an enterprise; whereas this includes an adequate regulatory environment for all funding channels such as bank financing, capital market financing, promissory notes, leasing, crowdfunding, venture capital, peer-to-peer lending, etc.;

G. whereas institutional investors such as insurance companies make an important contribution to SME financing through the passing and transformation of risks;

1 EBA/OP/2016/04, 23.3.2016.
3 ECB survey on the Access to Finance of Enterprises in the euro area – April to September 2015.
H. whereas in its report on SMEs and the SME supporting factor (SF) of March 2016 the EBA found that there is no evidence that the SME SF has provided additional stimulus for lending to SMEs compared with large corporates; whereas, however, it recognised that it may be too early to draw any strong conclusion, given the limitations of its assessment, in particular limitations as regards the data available, the relatively recent introduction of the SME SF, the fact that overlying developments might have hampered the identification of the SME SF effects and the use of large corporates as the control group; whereas the EBA found instead that, in general, better capitalised banks lend more to SMEs and that smaller and younger firms have a higher probability of being credit constraint than large and older firms; whereas it also notes that the SME SF was introduced by the legislator as a precautionary measure in order not to jeopardise lending to SMEs;

I. whereas the financing of micro-, small and medium-sized enterprises, despite having recently registered some improvement, suffered more from the crisis than the financing of large enterprises, and whereas SMEs in the euro area have experienced, and still continue to some extent to face, a tightening in banks’ collateral requirements;

J. whereas, since the first round of the surveys on the access to finance of enterprises (SAFE), ‘finding customers’ has remained the dominant concern for euro area SMEs, while ‘access to finance’ has ranked lower in terms of concerns; whereas the latest survey, published in December 2015, showed that the availability of external funding for SMEs differs significantly across countries in the euro area; whereas access to finance remained a larger concern for SMEs than for large enterprises;

K. whereas national/regional promotional banks play an important role in catalysing long-term finance; whereas they have stepped up their activities, with the aim of counterbalancing the necessary deleveraging process in the commercial banking sector; whereas they also play an important role in implementing EU financial instruments beyond the scope of the European Fund for Strategic Investments;

L. whereas improving access to finance for SMEs should not lead to a lowering of financial standards and regulation;

M. whereas, in Switzerland, the WIR Bank constitutes a complementary currency system that serves SME businesses mainly in hospitality, construction, manufacturing, retail and professional services; whereas the WIR offers a clearance mechanism in which businesses can buy from one another without using Swiss francs; whereas, however, WIR is often used in combination with the Swiss franc in dual-currency transactions; whereas trade in WIR has a share of 1-2% of Swiss GDP; whereas the WIR has proved to be counter-cyclical with GDP, and even more so with the number of unemployed;

N. whereas, as of April 2015, the 2011 Late Payment Directive had reportedly been correctly transposed by only 21 of the 28 Member States, despite the deadline having passed over two years hitherto;

O. whereas the Commission warns in the Alert Mechanism Report 2016 that, on the one hand, ‘growth has become more reliant on domestic demand sources, in particular a more pronounced recovery in investment’ and, on the other hand, ‘although consumption has

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1 ECB survey on the Access to Finance of Enterprises in the euro area – April to September 2015.
recently strengthened, domestic demand remains subdued partly in light of significant deleveraging pressures in several Member States’;

P. whereas Council Directive 2004/113/EC prohibits gender discrimination in access to goods and services, including financial services; whereas access to funding has been found to be one of the main barriers experienced by female entrepreneurs; whereas women entrepreneurs tend to start off with less capital, borrow less and use family rather than debt or equity finance;

**Diverse funding needs of a diverse SME sector**

1. Acknowledges the diversity of SMEs, including micro-enterprises, and mid-caps in the Member States, which is reflected in their business models, size, geographical position, socioeconomic environment, stages of development, financial structure, legal form and different level of entrepreneurial training;

2. Recognises the challenges that SMEs are facing, owing to differences in financing conditions and needs for SMEs between Member States and regions, notably as regards the quantity and cost of available funding, which are influenced by factors specific to SMEs and to the country and regions in which they are established, including economic volatility, slow growth and higher financial fragility; notes also other challenges for SMEs such as access to customers; highlights that capital markets are fragmented and regulated differently across the EU and that some of the integration achieved has been lost due to the crisis;

3. Underlines that the need for diverse and improved public and private funding options for SMEs does not end after the start-up phase, but that it continues throughout their lifecycle, and points out that a long-term strategic approach is required in order to safeguard business funding; stresses that access to finance is also of importance for the transfer of businesses; calls on the Commission and the Member States to support SMEs in this process, including in the first years of operation; notes the need for a diversified, tailor-made approach in terms of regulation and in terms of initiatives to be supported; points out that there is no one-size-fits-all model of finance, and calls on the Commission to support the development of a broad range of tailored programmes, instruments and initiatives, in order to support businesses in their start-up, growth and transfer phases, taking into account their size, turnover and financing needs; notes that women’s enterprises are more often than men’s enterprises in services and otherwise based on immaterial resources; notes that the low proportion of women running SMEs is partly due to more difficult access to finance; regrets that the European Progress Microfinance Facility, whose objective is to promote equal opportunities for women and men, had a 60:40 male-to-female ratio for microloans in 2013; calls on the Commission therefore to make sure that its programmes aimed at facilitating access to finance for SMEs do not disfavour women entrepreneurs;

4. Calls on the Commission to assess discrimination faced by SMEs run by other vulnerable groups of society;

5. Believes that a diversified, well-regulated and stable financial services sector offering a wide range of cost-efficient tailor-made funding options best serves the actual funding needs of SMEs and the real economy, enabling long-term sustainable development; underlines the importance of traditional models of banking, including small regional banks, savings cooperatives and public institutions in this regard; notes in this respect the
need to ensure equal focus on improving access to finance for micro-enterprises and sole traders;

6. Encourages SMEs to consider the whole EU as their home market and to use the potential of the single market for their financing needs; welcomes the Commission’s initiatives supporting SMEs and start-ups in an upgraded single market, and urges the Commission to continue drafting proposals tailored to the needs of SMEs; believes that the Startup Europe initiative should assist small innovative companies by supporting them until they become operational; underlines, in this context, the importance of convergence of rules and procedures across the Union and the implementation of the Small Business Act; calls on the Commission for a follow-up to the Small Business Act which would further assist businesses in overcoming both physical and regulatory barriers; recognises, in this context, that innovation is a key driver of sustainable growth and employment in the EU and that specific attention should be given to innovative SMEs; emphasises the potential role of EU cohesion policy and the EU regional fund as a source of SME funding; calls on the Commission and the Member States to ensure coordination, consistency and synergies between European instruments and programmes for SMEs such as the European Structural and Investment Funds; calls on the Commission and the Member States to promote a holistic approach to the dissemination of information on all EU funding opportunities; urges the Member States and the Commission to make significant progress towards further simplification so as to make funding more attractive for SMEs;

7. Recalls that a more harmonised legal and business environment supportive of timely payments in commercial transactions is key for access to finance; underlines, in this context, the financial problems suffered by SMEs and the situation of uncertainty experienced by suppliers generated by late payments of larger companies, public institutions and authorities; calls on the Commission to assess during the review of the Late Payment Directive the introduction of specific measures aimed at easing payments for SMEs; calls on the Commission to make public its report on the implementation of the Late Payment Directive, expected for 16 March 2016 and, if appropriate, to formulate new proposals to minimise risk to cross-border payments and of disruption to cash flow, in general;

8. Welcomes the Commission’s initiative to restart work on the establishment of a genuine European market in retail financial services with the publication of the Green Paper on Retail Financial Services (2015); asks the Commission to pay particular attention to the specificities of SMEs and ensure that cross-border activities in the field of retail financial services lead to better access to finance for SMEs;

9. Notes that start-ups and micro-enterprises in particular find it difficult to obtain appropriate funding and to identify and meet regulatory financial requirements especially at the development stage; notes the lack of harmonisation in national SME-creation legislation; encourages the Member States to continue their efforts to reduce administrative hurdles and to create one-stop shops as hubs for all regulatory requirements for entrepreneurs; encourages the Member States, the EIB and national promotional banks, in this context, to provide information on financing options and loan guarantee schemes;

10. Welcomes the Commission’s initiative to identify undue barriers and obstacles to the financial sector in order to provide funding to the real economy, in particular SMEs, including micro-enterprises; stresses the fact that achieving a well-functioning European capital market is one of the most important initiatives for the financial sector; underlines
the importance of simplifying or modifying rules which gave rise to unintended consequences for SMEs or inhibited their development; stresses that this should not lead to an unnecessary lowering of financial regulatory standards, while allowing simplification of legislation; underlines further that new proposals from the Commission must not lead to more complex regulation that can affect investments negatively; believes that a European approach to financial regulation and the Capital Markets Union should duly take into account international developments in order to avoid unnecessary divergences and duplications in legislation and keep Europe as an attractive place for international investors; stresses that the European economy must be attractive for a high level of foreign direct investment (FDI), including greenfield FDI, stimulating not only capital markets but also private equity industry as well as venture capital and investments in European industry; believes further that the Commission and the Member States should adopt a strategic plan to support SME financing with a view to their internationalisation;

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

12. Calls on the Commission and the Council to pay more attention to the demand-side concern of SMEs, to reflect it in a more appropriate manner in the recommendation on the economic policy of the euro area, in the country-specific recommendations and in the ex-post assessment of the Member States’ compliance with the recommendations;

Bank lending to SMEs

13. Acknowledges that bank lending is traditionally the most important external financing source for SMEs in the Union, as bank funding accounts for over three quarters of SME financing, compared with under a half in the US, making SMEs particularly vulnerable to a tightening of bank lending; notes that the financial crisis contributed to a fragmentation in bank funding and bank lending conditions; deplores the existing, albeit gradually decreasing, gaps between credit conditions for SMEs located in different euro-area countries, which also reflect differences in risk perception and economic conditions; notes the contributions of the Banking Union in addressing this fragmentation; invites the Member States to fully implement Directive 2004/113/EC and to collaborate with the financial sector regarding their obligation to ensure full and equal access to bank lending for SMEs; underlines the important and well-developed role of banks with specific regional and local knowledge in providing funding to SMEs owing to their long-term relationship with these companies; stresses that, where there are well-developed local banks, they have proven effective in lending to SMEs and avoiding losses; underlines therefore the importance of developing local banks;

14. Underlines that while digitalisation is advancing and therefore new sources of financing are emerging, the local presence of traditional credit institutions especially in islands and archipelagos, as well as in rural, remote and peripheral areas, remains essential for SMEs’ access to finance;

15. Encourages banks to consider the whole EU as their home market and to use the potential of the single market to provide financing to SMEs, including SMEs that are not based in the same Member State as the bank in question;

16. Encourages the Commission to study the possibility of introducing ‘funding for lending’ programmes that would make ECB money available to banks with the sole purpose of
lending to SMEs; calls on the Commission to assess the possibilities of developing new initiatives for attracting investments;

17. Highlights the important role of national and regional promotional banks and institutions in financing the SME sector; recalls their central part in the EFSI SME window and the role they play in the involvement of Member States in EFSI projects; considers the EFSI to be an important source of funding for SMEs; believes that the EIB/EIF should step up their efforts to provide SMEs with expertise to access funding and tools to facilitate contacts with investors such as, inter alia, the European Angels Fund; calls on the Commission to assess the role of the national/regional promotional banks as a catalyst for long-term finance for SMEs, and in particular to identify and disseminate best practices and to encourage Member States where no such entities currently exist to set up national/regional promotional banks on this basis; calls on the Commission and the Member States to promote inclusive growth and to ensure enhanced coordination and consistency among all EU investment policies targeted at SMEs including the EFSI, EU regional funds and the European Investment Fund (EIB);

18. Reiterates that it is also important to enhance the SME lending capacity of banks and to increase their ability to lend to SMEs; points out that financing by capital markets alone will not succeed in providing sufficient funding and appropriate financing solutions including access to capital for SMEs; notes that a diversification of credit sources would lead to greater stability of the financial sector;

19. Highlights that a healthy, stable and resilient banking sector and Capital Markets Union is a prerequisite for strengthening SMEs’ access to finance; notes that the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV), and in particular the higher level and quality of capital, are a direct response to the crisis and form the core of the renewed stability of the financial sector; welcomes the fact that the Commission considers lending to SMEs to be one of its priority areas in the CRR Review; notes that the Commission explores possibilities for all Member States to benefit from local credit unions to operate outside the scope of the EU’s capital requirements rules for banks; highlights the need for prudent legislation for credit unions that ensures both financial stability and opportunities for credit unions to provide credit at competitive rates;

20. Notes multiple regulatory requirements for banks and its possible negative effects on lending to SMEs, while recalling that the requirements were put in place as a response to the financial crisis; emphasises the need to avoid double reporting requirements and multiple reporting channels, and more generally an unnecessary administrative burden on credit institutions, in particular smaller banks; calls on the Commission to assess the effects of regulatory requirements for banks as regards SME lending, with the support of the EBA and the Single Supervisory Mechanism (SSM);

21. Notes that lending to SMEs was not the cause of the financial crisis; recalls the decision of the co-legislators to introduce the SME supporting factor into the CRR/CRD IV framework and that it was designed to leave the capital requirements for SME lending consistent with Basel II rather than Basel III levels; emphasises the importance of the SME supporting factor for maintaining and increasing bank lending to SMEs; notes the EBA report of March 2016 on the SME supporting factor; is concerned about the possible negative impact of its removal; welcomes the Commission’s intention to keep the supporting factor, to further assess it and to examine whether the threshold should be raised in order to further increase SMEs access to bank lending; calls on the Commission to examine the possibility of recalibrating the supporting factor, including size and
threshold, and to examine possible interactions with other regulatory requirements, as well as external elements such as geographical position and socioeconomic environment, with a view to raising its effect; calls on the Commission to explore the possibility of making the factor permanent; calls on the Basel Committee for Banking Supervision (BCBS) to back the SME supporting factor and to consider lowering the capital charges for exposures on SMEs;

22. Stresses that prudent risk assessment and the evaluation of qualitative information is one of the banks’ major strengths, in particular for complex SME lending; takes the view that knowledge and awareness of SMEs’ particularities within the banking community should be further enhanced; underlines the confidential nature of credit information that banks receive when assessing the creditworthiness of SMEs;

23. Welcomes the various ongoing initiatives to improve the availability of standardised and transparent SME credit information, which have the potential to enhance investors’ confidence; stresses nevertheless the need to apply the principle of proportionality when requesting such credit information;

24. Underlines that proportionality is a guiding principle by which the European institutions, the European supervisory authorities and the SSM are bound when developing and implementing regulations, standards, guidelines and supervisory practices; calls on the Commission to provide, in agreement with the co-legislators, further guidance to the European supervisory authorities and the ECB/SSM on how the proportionality principle should be applied, and to urge that it be maintained, without lowering current regulatory standards, while allowing legislation to be simplified;

25. Highlights the benefits of third-party guarantees in loan agreements for entrepreneurs; demands that greater account be taken of these third-party guarantees when it comes to the evaluation of credit ratings as well as prudential rules and supervisory practices;

26. Recalls that credit institutions must, upon request, provide SMEs with an explanation of their rating decisions; calls on the Commission to assess the implementation of this provision and to strengthen the provisions outlined in Article 431(4) of the CRR, and to encourage giving feedback to SMEs; notes the Commission’s ongoing discussions with relevant stakeholders with a view to improving the quality and consistency of such feedback; notes that this feedback might be the starting point to find sources of information and advice on non-bank finance;

27. Notes that credit ratings are an important and sometimes determining element of investment decisions; draws attention to the existence in some Member States of in-house credit assessment systems (ICAS) managed by the national central banks in order to assess the eligibility of collateral and which enable SMEs to obtain an assessment of their creditworthiness; calls on the Commission, the ECB and national central banks to further investigate whether and how these systems can be used in order to help SMEs access capital markets;

28. Calls on the Commission and the EBA to provide more guidance on the implementation of the current forbearance regulation; asks the Commission to conduct an impact assessment on the current forbearance regime for non-performing loans, recalls that non-performing loans on banks’ balance sheets are hampering the delivery of new loans, especially for SMEs; stresses that the introduction of a de minimis limit for minor violations would help to prevent an unnecessary and unjustified drop in the
creditworthiness of the SME; notes the ongoing consultation of the Basel Committee on Banking Supervision (BCBS) on definitions of non-performing exposures and forbearance;

29. Notes that limits to the purchase of government bonds by banks or an increase in the weighting of these bonds could increase credit costs and increase the competitive gap in the EU unless it is done under certain conditions;

30. Takes note of the measures adopted by the ECB on 10 March 2016 and, in particular, the new series of four targeted longer-term refinancing operations (TLTRO II), which will incentivise bank lending to the real economy; underlines that monetary policies alone would not be sufficient to boost growth and investments and that they have to be accompanied by appropriate fiscal policies and structural reforms;

31. Stresses the importance of public institutions as an alternative to private banking as a source of funding for SMEs;

32. Calls on the Commission to consider proportionality as regards the early repayment of loans across the EU, such as a cap to limit costs for SME’s and more transparency in contracts for SMEs;

Non-bank sources for SME funding

33. Calls on the Member States to foster a risk-taking and capital market culture; reiterates that financial education for SMEs is not only key to increasing bank lending but also to expanding the use and acceptance of capital market solutions as well as to encouraging women and young people to start and expand their businesses, allowing for a better assessment of costs, benefits and the associated risks; stresses the importance of clear financial information requirements; encourages the Member States to include the basic principles of financial education and business ethics in the pre-university and university curricula, fostering young people’s involvement in SMEs’ activities; calls on the Member States and the Commission to enhance the financial literacy and access to financial skills and knowledge of SMEs and to ensure that best practices are shared; points out, however, that SMEs themselves also bear a responsibility in this regard;

34. Highlights the benefits of leasing for SMEs by releasing a company’s capital for additional investment in sustainable growth;

35. Notes that the Capital Markets Union represents an opportunity for filling both the regulatory gaps in the current framework and for harmonising cross-border regulation; points out that where bank lending does not fulfil the financial and business needs for SMEs, a vacuum in capital is created; points out that the ongoing development of the CMU and Banking Union must be accompanied by recurring efforts to converge EU processes and procedures and to evaluate the existing financial regulatory framework, in particular with regard to its effects on SMEs and overall macro-financial and macroeconomic stability; stresses that such an evaluation should be done taking into account recommendations as to the practicality of introduced measures; 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; believes that in a comprehensive and well-designed Capital Markets Union all market participants with the same relevant characteristics should face a single set of rules, have equal access to a set of financial instruments or services and be treated equally when
they are active in the market; welcomes the Commission’s CMU Action Plan, which aims to ensure easier access for SMEs to more diverse funding options; highlights that bank-based and capital-based financing models should be complementary;

36. Recalls the sizeable cost for SMEs to access capital markets such as debt and equity markets; stresses the need for a proportionate regulation, with less complex and burdensome disclosure and listing requirements for SMEs to avoid duplication, and to reduce the cost of their access to capital markets, but without putting investor protection or systemic financial stability at risk; notes the introduction of a minimum disclosure regime for SMEs in the Commission proposal for a new Prospectus Regulation currently under discussion; notes that the regulation should not create too high hurdles when moving from a one-size category to another, for example, or between listed and non-listed companies; is therefore of the opinion that a staged approach with gradually increasing regulatory requirements should be preferred; refers in this context to the SME growth markets provided for through MiFID II, and urges the rapid implementation of this instrument;

37. Emphasises the importance of the transparency, standardisation and public availability of SME financing information for banks, investors, supervisors and other stakeholders in order to understand the risk profile and take informed decisions and to reduce financing costs; believes that the creation of a European database collecting information on business strategies and financing needs of SMEs, where they could voluntarily insert their data and keep them up to date, could serve this purpose; calls on the Commission to consider a single SME identification number; draws further attention to the potential offered by structures associating banks and non-bank actors in order to provide support to SMEs; welcomes the Commission’s SME information strategy, especially the identification of the most relevant support and advisory capacities for SMEs seeking alternative funding in each Member State and promoting best practice examples at EU level and the investigation of possibilities to support pan-European information systems matching SMEs and alternative funding providers;

38. Recalls that accounting standards are crucial inasmuch as they frame the way information is provided to supervisors and investors and insofar as the administrative burden imposed on companies differs depending on the accounting standards applying; takes note of the ongoing discussions on the expediency of designing specific common accounting standards for SMEs and looks forward to further reflections being conducted on this issue;

39. Underlines the potential of new innovative financial technology (FinTech) for better matching SMEs with potential investors; calls on the Commission and the Member States to encourage the development of FinTech initiatives and to explore potential risks and the need for an appropriate harmonised EU regulatory framework without stifling innovation;

40. Highlights the need to foster innovation through lending platforms; encourages banks to regard the use of such innovative technologies as an opportunity; stresses that alternative funding sources offer solutions for start-ups, female entrepreneurs and innovative SMEs in particular; calls on the Commission to explore the need for, and potential of, a harmonised EU framework for alternative funding sources with a view to increasing the availability of this type of funding across the EU for SMEs; recalls that for the system to be efficient both the SME and the lender must be fully aware of the potential risks/opportunities linked to the funding mechanism; notes that the existing laws and rules on crowdfunding differ significantly across Member States and do not appear to have promoted cross-border activities; welcomes the Commission’s assessment of the existing
framework for crowdfunding; supports the approach taken of continued market monitoring and monitoring of regulatory developments and encouraging a closer alignment of regulatory approaches, sharing of best practice and facilitating cross-border investment; recalls, at the same time, that crowdfunding and peer-to-peer lending should not be overregulated, as this would impede their development; calls on the Commission to encourage new platforms for private equity financing such as mezzanine finance and business angels; calls on the Commission to encourage safe lending to companies by private individuals through peer-to-peer lending or retail bonds; stresses the need to ensure that these new forms of financing are fully compliant with relevant tax and financial legislation, so that they do not become a tool for tax avoidance or financial opacity; stresses the need to review current legislation in this regard;

41. Notes the Commission’s proposals for a framework for simple, transparent and standardised (STS) securitisation and the calibration of the prudential requirements for banks; notes that there may be both risks and benefits associated with SME securitisation; notes the possible impact of these proposals on bank lending to and investment in SMEs; stresses the need for transparency as regards the underlying risks and the need to contribute to the stability of the financial system;

42. Notes that the heterogeneity of national insolvency legislation and the related legal uncertainty constitute one of the barriers to cross-border investment in SMEs and start-ups; believes that simplified and harmonised rules in the area would support start-ups, micro-, small and medium-sized enterprises and improve the EU’s business environment; welcomes therefore the Commission’s decision to address this issue through a legislative proposal, as stated in its CMU Action Plan, and looks forward to this future proposal; believes that the Commission should consider various options for implementing an EU insolvency framework and deliver recommendations for Member States so that they can adopt or implement legislation for effective and transparent insolvency regimes and a timely restructuring process and for removing the administrative and regulatory burdens imposed on SMEs as stated in the country-specific recommendations;

43. Underlines the potential of venture capital and risk capital finance, especially for non-listed start-ups and innovative SMEs; notes that these markets are underdeveloped in the EU; welcomes the Commission’s initiative to revise the EuVECA and EuSEF legislation; underlines furthermore the urgent need for the Commission to tackle the fragmentation along national borders in the whole European investment funds sector;

44. Underlines the influence of the design of corporate and income tax structures and possible tax reliefs on the internal financing capacity of SMEs; draws attention to the fact that in many Member States taxation of SMEs and of some multinational undertakings varies widely, which adversely affects the competitiveness of SMEs and significantly reduces the effectiveness of financing of SMEs from various sources; points out that, owing to unfair tax practices by some multinational companies, SMEs experience up to 30% more taxation than they would do in the event of fair tax practices, which consequently affects their internal financing capacity; welcomes, in that context, the Commission’s Anti-Tax Avoidance Package with a view to achieving simpler, more effective and fairer taxation in the EU; points out that Member States should strive for a fair, effective and transparent taxation system that attracts finance and investments in order to create better possibilities for SMEs to start up and grow; highlights the need to introduce financial exemptions for SMEs, primarily in their initial phase, to enable them to have enough funds for the subsequent periods of their lifecycle; underlines the need for a taxation policy that reduces
the overall tax burden and lowers taxes for work and enterprises; stresses the importance of addressing the debt equity tax bias;

45. Points out that direct state aid, which does not distort the benefits of competition, is sometimes necessary in order to provide the funds needed for start-ups, micro-, small and medium-sized enterprises, especially where the socioeconomic conditions do not allow for another source of access to finance; underlines the importance of transparency regarding public schemes and state aid supporting investment in SMEs, as well as the emergence of new institutions for financing and investment;

46. Urges the Member States to examine and build on the experience of the Swiss WIR founded in 1934 and which rests on a credit clearing association between SMEs, given that the WIR acts successfully as a macroeconomic stabiliser in times of tightening of credit or liquidity crises;

47. Calls for the Commission to deliver an annual report to the European Parliament, outlining the status of implementation initiatives and its impact on the improvement of access to financing for SMEs in Europe; calls on the Commission to include its own assessment of the strategic direction and recommended changes where applicable;

48. Calls on the Commission to audit the existing instruments such as the structural funds and other relevant programmes as to the adequacy of their financial support to SMEs with respect to the pursued objectives and, where appropriate, as to their cushioning impact of the crisis on SMEs;

49. Recognises the increasing importance of micro-enterprises and SMEs in the cultural and creative sectors for investment, growth, innovation and employment, but also in their key role in preserving and promoting cultural and linguistic diversity;

50. Emphasises that, with the publication of the results of the Commission’s ‘Survey on access to finance for cultural and creative sectors’ in October 2013, it has emerged that cultural and creative enterprises have huge difficulties in obtaining access to credit and an estimated financial shortfall of between EUR 8 billion and EUR 13,3 billion;

51. Underlines that Eurostat figures show that 2.9 % of the EU’s workforce, i.e. 6.3 million people, were employed in the cultural and creative sectors in 2014, which is comparable to the proportion of the workforce employed in the banking and insurance sector; stresses furthermore that the cultural and creative sectors make up nearly 4.5 % of the European economy, with nearly 1.4 million small and medium-sized businesses generating and distributing cultural and creative content all over Europe, and that employment in the cultural and creative sectors has continuously increased since 2008, while being among the fastest growing sectors of the European economy, generating about 4.2 % of total EU GDP;

52. Recognises that culture and innovation are crucial factors in helping regions attract investment; highlights the fact that employment in the cultural and creative sectors is unlikely to be offshored, as it is connected to specific cultural and historical competences which also contribute to safeguarding a wide range of traditional arts and crafts; highlights the importance of supporting SMEs that operate in minority or lesser-used languages, which protect and promote the cultural and linguistic diversity of Europe, and the importance of support for start-up projects by young people concerned with cultural protection and heritage;
53. Stresses that further promoting and investing in cultural and creative industries will be beneficial in creating new jobs and combating the youth unemployment rate, given the large number of young people pursuing studies in this area; notes that, according to a recent study, the cultural and creative sectors employed more 15-29-year-olds than any other economic sector (19.1 % of total employment in these sectors versus 18.6 % in the rest of the economy); encourages the Member States to enhance the development of cultural and creative competences and to set up business skills development networks between educational and training systems, creative companies and cultural and arts institutions in order to foster an interdisciplinary approach; encourages the EU and the Member States to expand solutions to encourage talent and skill development within the cultural and creative sectors by, for instance, providing innovative and flexible grants for supporting creativity and innovation and talent development;

54. Points out that, according to the survey conducted in 2013 by the Commission, barriers to access to finance in the cultural and creative sectors have very specific characteristics, in that they have greater difficulty in attracting capital and investment owing to a limited database, a lack of readily available information on sources of funding, a lack of business skills, dependence on public investment schemes, and a lack of sufficient information resulting from problems in assessing risks and valuing intangible property such as intellectual property rights;

55. Stresses therefore that, in order to improve access to finance in the cultural and creative sectors, sector-specific solutions to accessing finance are needed, namely the development of expertise in assessing the specific risks posed by a lack of tangible collateral, a dependence on intangible assets and the uncertainty of market demand in times of digital change; notes that this expertise is needed in both micro-enterprises and SMEs and in financial institutions; stresses that intellectual property rights can be accepted as collateral; underlines the importance of a harmonised legislative framework with provisions on tax and intellectual property in the EU, which could help to attract investment and funding for cultural and creative SMEs;

56. Welcomes the launch of the Guarantee Facility of the Creative Europe programme, despite the fact that it has been extensively delayed, as this is one of the key means of addressing the pressing need for accessing loan financing for innovative and sustainable projects in the cultural and creative sectors, encompassing micro-enterprises, SMEs, smaller non-profit associations and NGOs, and one of the key means for guaranteeing the necessary fair remuneration of the creators; welcomes the initiative of the integrated training scheme of the Guarantee Facility offered to bankers and financial intermediaries; strongly recommends that the necessary measures be put in place over the course of 2016, as in the original Commission proposal; recalls that the financing gap is expected to exceed EUR 1 billion per year according to the Commission’s ex-ante assessment, and that this gap is the amount in investments lost as companies with sound business strategies and good risk profiles are either refused a loan or decide not to apply for one altogether because they lack sufficient collateral assets;

57. Welcomes the new report published by the Member States expert group on access to finance for the cultural and creative sectors, a report drafted through the open method of coordination, and emphasises that the recommendations made therein are to be implemented by the Commission so as to create more efficient and innovative instruments and also to facilitate access to finance;

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1 Cultural Times – The first global map of cultural and creative industries, December 2015.
58. Instructs its President to forward this resolution to the Council and the Commission.