SME Funding

Problem statement – why SMEs need debt capital; reducing role of banks; include large pools of capital, only willing to invest in size; possibility of securitising, pooling exposure to SMEs in some way. International markets not open to them because of ‘name recognition’ issue and size.

Some solutions:
- EuroPP
- France
- NL-UK
- Italy (? On-exchange/platform trading, transparent, retail friendly, levers off deep retail bond culture)
- Germany – Schuldscheine
- Spain ‘alternative bond market’ (MARF)

Questions for discussion
Questions for discussion

» Is it a problem of demand or supply?
» What are the frictional costs associated with lending to SMEs?
  • Are there portfolio effects?
  • Or concentration risks?
» Which interventions have helped and which have not?
» Due diligence – who is best placed to do this?