



ICMA

International
Capital
Market
Association

SME funding – Part II

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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?