

## **Finance for SMEs: call to deliver internal market for finance and better information flow**

Fragmented European rules for lenders and borrowers and a lack of risk culture are the major obstacles to a more favourable investment climate for small and medium sized enterprises, according to participants in a EUROCHAMBRES event on access to finance held on 3 November in Brussels.

Other obstacles identified by the participating entrepreneurs are:

- Slowness of decision making process for debt or equity financing
- Barriers – largely regulatory - to acquiring financing from other member states
- Tax regimes that discourage investment

Entrepreneurs also highlighted the difficulties they encounter acquiring adequate start-up capital and supplementary financing to support growth and innovation. Revealingly, bank borrowing is increasingly disregarded as a potential source of financing, highlighting the alarming mismatch that has developed between European banks' services and the needs of key sections of the business community

Miquel Valls I Maseda, Vice-President of EUROCHAMBRES, commented: *"It is clear that many entrepreneurs face huge problems in trying to acquire the type of finance they need at the time when they need it most. This asymmetry must be addressed as a matter of urgency by the EU's leaders for the new term."*

### **Recommendations to improve SME financing**

Recommendations for the new Commission highlight the need to create a genuine single market, not only for finance, to ensure growth and better support for entrepreneurs seeking investment, to put in place more equity-friendly tax regimes and, in the longer run, to foster a more entrepreneurial and risk-taking culture.

Other recommendations include:

- As the range of financing options seems set to become increasingly fragmented, provide guidance to SMEs on options, plus investment-readiness support via intermediaries
- Address regulatory obstacles to acquiring and offering cross-border financing to make the single market a reality for investors and entrepreneurs alike
- Work with member states to provide more equity investment friendly tax regimes

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