



# Financing SMEs and Entrepreneurs: An OECD Scoreboard

**Marco Marchese**  
Economist Centre for Entrepreneurship (OECD)

## Economic and Technical Cooperation

*Workshop to launch the Public Policy Index for MSMEs in Latin America and the Caribbean (IPPALC): Pacific Alliance and South America*

*Puerto Vallarta, Mexico*

*15 and 16 May 2017*

*SP/TLIPPMIPYMESALC: APS/Di N° 10-17*

Copyright © SELA, May 2017. All rights reserved.  
Printed in the Permanent Secretariat of SELA, Caracas, Venezuela.

---

The Press and Publications Department of the Permanent Secretariat of SELA must authorize reproduction of this document, whether totally or partially, through [sela@sela.org](mailto:sela@sela.org). The Member States and their government institutions may reproduce this document without prior authorization, provided that the source is mentioned and the Secretariat is aware of said reproduction.



# Financing SMEs and Entrepreneurs: An OECD Scoreboard

OECD SME and Entrepreneurship Division (SMEE)



# Outline

---

- I. Rationale and Objectives
- II. Scoreboard indicators
- III. Data challenges
- IV. Outline of the publication
- V. Joining the Scoreboard
- VI. Informal Steering Group on SME and Entrepreneurship financing



# SME and entrepreneurship financing: the need for a solid evidence base

---

## Rationale:

Lack of a solid evidence base to assess SMEs' and entrepreneurs' access to finance **a longstanding issue**

Onset of the 2007 financial crisis and assessment of its impact on SMEs and entrepreneurs called to mind that policy makers and major stakeholders (e.g. financial institutions) lack **comparable and timely statistical data** on SME access to finance necessary to:

- **Monitor** SME financing trends and needs
- **Evaluate** SME financing policies and programmes



# Financing SMEs and Entrepreneurs: An OECD Scoreboard - Objectives

---

1. Provide a tool for policy makers to **monitor** and **better understand** in a timely manner SME business financing conditions
2. Highlight important **economic and policy developments**
3. Guide governments to **assemble meaningful indicators and favour harmonisation** of definitions and data collection methods
4. Assist governments in **designing and evaluating policies and programmes** and support the regular **exchange of good policy and practices**
5. Monitor the **implications of financial reforms** on SME access to finance and **judge policy effectiveness.**



# Scoreboard current indicators

DEBT	
1. Outstanding business loans, total and SMEs	7. Interest rates, SMEs and large firms
2. New business lending, total and SMEs	8. Collateral, SMEs
3. SME short-term and long-term loans (stock or flow)	9. SME loan applications
4. Government loan guarantees, SMEs	10. Rejection rate, SMEs
5. Government guaranteed loans, SMEs	11. Utilisation rate
6. Direct government loans, SMEs	
ALTERNATIVE	OTHER
12. Venture and growth capital investments	15. Non-performing loans, total and SMEs
13. Leasing and hire purchases	16. Payment delays, B2B
14. Factoring and invoice discounting	17. Bankruptcies, SMEs



# Criteria for selection of indicators

---

1. **Availability:** they must be based on existing data or
2. **Feasibility:** data that could be made available easily
3. **Usefulness:** they must assist policy makers in assessing the situation
4. **Timeliness:** they must be produced annually or quarterly to serve as a tool for monitoring
5. **Comparability:** they must cover the same target population of SMEs for the same time period; target population are firms that are non-financial and independent and have at least 1 employee





# Data challenges (1)

## Differences in the statistical and financial definitions of an SME, across and within countries

Country	National statistical definition, number of employees	Definition used by financial institutions: loan size or firm size
Canada	Small 1-99; medium 100-499	Size of loan: small <CAD 500 000
Finland	<250	Size of loan, up to EUR 1 million or size of firm
France	<250 (number of employees is one of three criteria)	Size of firm
Italy	<250	Firm size; in Bank of Italy statistics, small firms are defined as limited partnerships, general partnerships, informal partnerships, <i>de facto</i> companies and sole proprietorships with fewer than 20 workers
Korea	Varies by sector	Size of firm
Netherlands	<100	Guarantee schemes <250; or < EUR 1 million
New Zealand	<20	
Sweden	<200	By size of liabilities
Switzerland	<250	Size of firm
Thailand	< 200 and fixed capital < THB 200 million	Size of firm: sales less than THB 400 million and size of loan: credit line less than THB 200 million
United States	<500	Size of loan



## Data challenges (2)

### Differences in **definition of indicators**

Examples:

- SME interest rates (fees component)
- SME loans (overdrafts, financial leasing, exclusion of sectors)
- Non-performing loan (cut-off period and criteria)

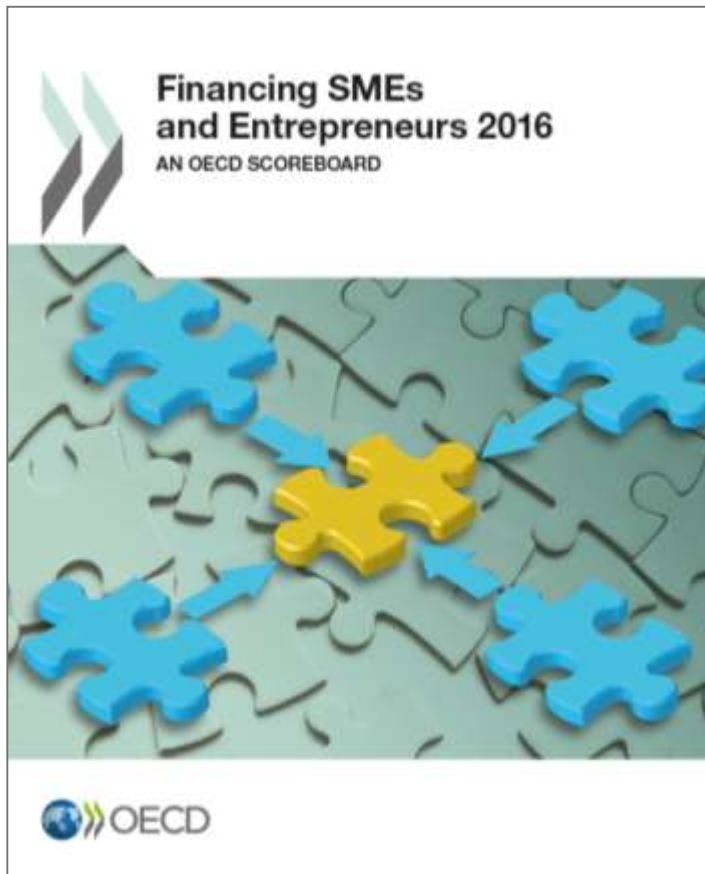
### Uneven **data availability and proxies**

Examples:

- Some central banks do not require any reporting on SME lending: estimation of SME loans from balance sheets
- Guarantees: local, regional or central government guaranteed loans not always consolidated to obtain national figures



# Outline of the publication



2017 edition cover **39 countries**  
and **data from 2007-15**

Includes:

- Chapter on **emerging trends and policies**
- **Thematic chapter** (e.g. fostering markets for SME finance)
- Individual **country profiles** (abridged and full)
- **Methodological annex** (recommendations for data improvement)



# Example: Scoreboard for Serbia, 2007-15

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Debt</b>										
Outstanding business loans, SMEs	EUR million	2 858	3 994	3 966	4 202	4 320	3 887	3 626	4 170	4 698
Outstanding business loans, total	EUR million	13 598	19 044	19 268	19 777	20 028	20 460	19 154	18 724	18 681
Share of SME outstanding loans	% of total outstanding business loans	21	21	21	21	22	19	19	22	25
New business lending, total	EUR million	..	..	..	..	8 862	9 043	7 093	6 765	8 463
New business lending, SMEs	EUR million	2 027	3 409	3 015	3 190	3 323	2 847	2 339	2 796	3 157
Share of new SME lending	% of total new lending	..	..	..	..	37.49	31.48	32.98	41.34	37.30
Outstanding short-term loans, SMEs	EUR million	1 000	1 265	1 356	1 436	1 308	1 058	1 208	1 233	1 153
Outstanding long-term loans, SMEs	EUR million	1 858	2 729	2 610	2 766	3 012	2 829	2 418	2 937	3 544
Government guaranteed loans, SMEs	EUR million	0.25	0.19	297.90	522.71	390.28	540.94	329.23	686.54	109.50
Non-performing loans, total	% of all business loans		14.56	19.84	20.70	22.33	19.19	24.52	24.64	21.71
Non-performing loans, SMEs	% of all SME loans	6.72	10.56	18.86	21.00	22.64	26.39	28.36	27.96	27.65
Interest rate, SMEs	%	10.7	10.9	10.6	10.1	9.7	8.6	8.5	8.0	6.6
Interest rate, large firms	%	6.32	8.04	7.23	7.36	7.88	7.17	6.89	5.82	4.48
Interest rate spread	% points	4.37	2.85	3.35	2.70	1.85	1.39	1.61	2.17	2.09
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	31.62	38.78	43.14	44.51	45.59	54.86	57.01	54.10	54.09
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	..	..	..	0.154
Rejection rate	SME loans authorised/ requested (%)	18.66	17.25	28.42	27.13	15.77	31.51	31.87	24.68	27.86
Utilisation rate	SME loans used/ authorised (%)	71.75	81.66	88.20	67.76	83.83	86.43	88.09	86.80	95.05
<b>Other indicators</b>										
Payment delays, B2B	Number of days	..	..	33	31	35	28	28..	..	..



# Country profile structure

---

- Full profile online (~10-15 pages) , 2-page country snapshot in printed version
- Structure
  - i. Key facts on SME financing
  - ii. SMEs in the national economy
  - iii. SME lending
  - iv. Credit conditions
  - v. Alternative sources of SME financing
  - vi. Other indicators
  - vii. Government policy response
  - viii. References



# An increasing number of non-OECD countries are participating in the exercise

---

- 31 OECD countries...
- ...and an **increasing number of non-OECD economies** joining
  - Thailand (in 2012)
  - Serbia and Russian Federation (in 2013)
  - Colombia (in 2014)
  - China (in 2015)
  - Georgia and Malaysia (in 2016)
  - Brazil (in 2017)



# Joining the Scoreboard

---

- How to join?
  - Nomination of **country expert** from relevant national body (national statistical office, central bank, ministry, SME agency)
  - **Data sources:** Central Banks, Financial Supervisory Authorities and government agencies (supply side), SME surveys (demand side)
- Benefits of joining
  - Provides **framework to monitor** access to finance of SMEs and evaluate policy initiatives
  - **Platform** to build national data capacity and infrastructure, and discuss emerging trends, best policy practices
  - Facilitates the **harmonisation** of definitions and data sources to improve **comparability**



## Steps for joining

---

- **Nominate a national country expert** as the main contact point for OECD Secretariat (by end-January)
- **Get familiarised** with data and country profile template (February)
  - Capacity building workshop in Spring (~March) on preferred indicator definitions, proxies, demand-side surveys and other possible data sources
- **Launch of data collection process** for 2018 Scoreboard edition: May 2017
  - Capacity building workshop in summer 2017 (~June) on data collection and draft of country profile
- **Submit data and prepare draft country profile** in coordination with OECD Secretariat by end of August.