Finanzierungsbedarf europäischer Unternehmen

Dr. Helmut Krämer-Eis
Chief Economist, Head of Research & Market Analysis
European Investment Fund
Our unique approach
We design financial instruments that share risks with our partners multiplying public resources and increasing the supply of finance

Our resources
- European Commission
- European Investment Bank
- Local authorities & National Promotional Institutions
- Other investors*

Our approach
- We design and deploy financial instruments that target funding gaps
- Equity risk sharing
- Debt risk sharing

Our partners
- 600+ Funds
- 400+ Banks

Small businesses
- More than €5 investment and lending to small businesses

5x leverage of public resources**

*Includes EIF’s own resources and other external resources including private investors.

**On aggregate based on 2019 transactions. Depending on the instrument and the transaction, the leverage achieved can range from 4x to 40x.

Our products help small businesses at every stage of development
Our shareholders

We have diverse public and private shareholder base

European Investment Bank (EIB) 59.1%

European Union, represented by the European Commission 29.7%

36 Financial Institutions from European Union Member States, the United Kingdom and Turkey 11.2%

*As of March 2020.
Our resources

Four types of mandators providing €60.7bn to improve SME access to finance

- European Investment Bank
- European Commission
- Local Authorities & National Promotional Institutions (NPIs)
- Other external investors*

Notes: Mandate level data based on contributions committed by the mandator as reflected in the funding agreement since inception, running total per annum, rounded to 1dp. Data excludes securitisation transactions with the EIB, EIF own resources and reflows. *External resources including private investors.

Source: MM reporting, data as at 31/12/2019.
**Figure 5**: Country specific impact of COVID-19 on 2020 GDP growth (Summer vs Spring forecast)

![Graph showing GDP growth impact](image)

Source: Authors, based on European Commission (2020a, 2020b)

**Figure 6**: Rate of change in insolvencies, 2019-2020(f)-2021(f)*

![Graph showing insolvency rates](image)

*Note: 2020 & 2021 values are forecasted. The jump in Estonian insolvencies is a consequence of changes in their legal framework.

Source: Authors, based on Euler Hermes (2020)
SMEunited - SME Business Climate Index

SME BCI
SME BCI South & Peripherhy
SME BCI North & Centre
Figure 8: Confidence indicators by sector and Consumer confidence (EU-27)

Source: Authors, based on Eurostat data
Figure 9: Percentage of SMEs ranking access to finance as a highly important issue

Source: Authors, based on ECB SAFE (ECB, 2020) data
Figure 11: Small loans to NFCs (< EUR 250th), new business volumes in the Euro area (12 months backward moving averages)

Source: Authors, based on ECB Data

Figure 12: Evolution of loan issuance (NBV*) to NFC in the wake of the COVID-19 pandemic in Euro area countries

Growth in loan issuance in Q2/2020 (small vs large loans, vis-à-vis Q2/2019)

*Note: NBV = New Business Volumes, of loans other than revolving loans and overdrafts, convenience and extended credit card debt, summed over all maturities, to non-financial corporations.

Source: Authors, based on ECB Data
Note: SME lending is approximated by considering new business volumes of loans smaller than EUR 250th.

Source: Authors, based on ECB Data
Figure 52: Securitisation issuance Europe versus US (annual issuance 2000 – 2020, bnEUR)

Figure 53: SMESec issuance in Europe (volume and share of total securitisation, bnEUR and %)

Source: Authors, based on AFME data
Figure 17: Indexed real growth of PE/VC investments in Europe (Q4/2019 = 100), by data provider

Source: Authors, based on data from Invest Europe, PitchBook, Prequin, Dealroom, Unquote, CB Insights.
VC Investments, percentage of GDP (2019, or latest available) (by country of portfolio company)

Figure 19: Activity levels in the European VC market over time

Source: Authors, based on Invest Europe data
Q. How do you expect the state of your business to change over the next 12 months? / Over the next 12 months, how do you expect the business environment for BA activities in your main target country to change?

Q. On a scale of 1 to 10, how confident are you in the long-term growth prospects of… the VC (PE MM) industry in your market / the European VC (PE MM) industry?
Figure 77: Investments in European Fintech companies (VC/PE/M&A), (EU-27, mEUR)

Source: Authors, based on PitchBook data.

Figure 79: Crowdfunded volumes

Source: Authors, based on Cambridge Centre for Alternative Finance (2020) data.
The ESAF Index

SMEs typically rely on a variety of financing products to fund their investments and daily operations. Therefore, SME access to finance is a complex phenomenon, difficult to measure using individual indicators.

The ESAF Index aims to summarise the state of SME financing in the EU27 + UK in one simple statistic. To do so, it aggregates 15 different indicators that cover different aspects of the SME financing markets into four subindices, using equal weighting and geometric aggregation techniques.

The individual indicators are grouped into four subindices:

Bank Lending Index
- Percentage of SMEs using bank loans
- Percentage of SMEs using grants or subsidised bank loans
- Percentage of SMEs not applying because of possible rejection
- Interest rate for loans under EUR 250th
- Interest rate spread vs large loans

Credit & Leasing Index
- Percentage of SMEs using overdraft
- Percentage of SMEs not applying because of possible rejection
- Percentage of SMEs using leasing or hire-purchase
- Median interest rate charged for bank overdraft application

Equity Index
- Venture Capital Investments / GDP
- Value of IPO market / GDP
- Percentage of SMEs using equity capital

Macro Index
- Gap between actual and potential GDP
- Bank non-performing loans to total gross loans
- Percentage of SMEs not feeling finance constraint

An elaborate description of its methodology can be found in Gvetadze et al. (2017).

Figure 16: The EIF SME Finance Index: country comparison and evolution over time

Source: Torfs (2020)
Figure 82: World uncertainty index

*Note: The World Uncertainty Index is computed by counting the frequency of the word “uncertain” (or the variant) in Economist Intelligence Unit country reports. The index is then normalised by total number of words and rescaled by a factor 1000.

Source: Ahir et al (2020) and Loaza et al (2020)
ESG is becoming mainstream

**ESG ratings**

**Green securitization / ESG CLOs**

EBA (2019): “Institutions should include environmental, social and governance (ESG) factors as well as risks and opportunities related to ESG in their risk management policies, credit risk policies and procedures. Institutions should adopt a holistic approach, and incorporate ESG considerations in their credit risk policies and procedures”

**Green deal**

**SDG, PRI, Paris Alignment, …**

**Green Washing**

**Green Bonds**

**Green Recovery**
**Business model**
- Due Diligence to assess and validate the intermediary’s strategy & policy (not on the SME)
- Full delegation for loan origination and equity investments
- Focus on SMEs: In one year we guarantee approximately 275,000 SMEs across Europe through a wide network of financial institutions

**Policy & commercial reasons**
- EIF is a policy-driven institution & ESG consideration is what society (rightfully) expect from us
- ESG is a commercial necessity and a business opportunity (risk ↓, return↑)

**Approach**
- From restricted sectors to proactive pursuit of sustainable development
- But: Need to adapt the ESG approach to reflect SME reality and to intermediated model
- ESG questionnaire/scoring to assess each intermediary
- Specific products (e.g. impact investing, inclusive finance, innovation) proactively pursue SDG targets
- Full endorsement of Paris Alignment (reduce footprint, make no harm, transition)
- Signatory of PRI (Principles for Responsible Investment)

- The COVID recovery can be green, shall be green!
If we believe in small big things can happen

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To find out more please visit us at:
www.eif.org/news_centre/research/index.htm

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A selection of our research papers

Annual publications
1. European SME Access to Finance (ESAF) Index
2. European Small Business Finance Outlook
3. Market Sentiment Surveys
4. EIF VC Survey
5. EIF Business Angels Survey

The economic impact of VC investments supported by the EIF
The real effects of our venture capital investments comparing 782 SMEs with their counterfactuals

April 2019

The VC Factor
In collaboration with Invest Europe, our expertise in the field of SME performance analysis and economic impact assessment has been used to shed light on 9,000 VC backed start-ups in Europe

December 2019

ESG considerations in VC and BA investment decisions
A testimony from 538 VC firms/BAs in Europe on the integration of ESG considerations and impact investing

June 2020