



Ministerio de
Economía y
Competitividad

Tesoro Público

SME Financial information report

Law 5/2015 for the promotion of business financing

Workshop on Advisory Support for SME Access to Finance
Brussels, Monday 12 September

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SMEs play an essential role in Spain's economy...

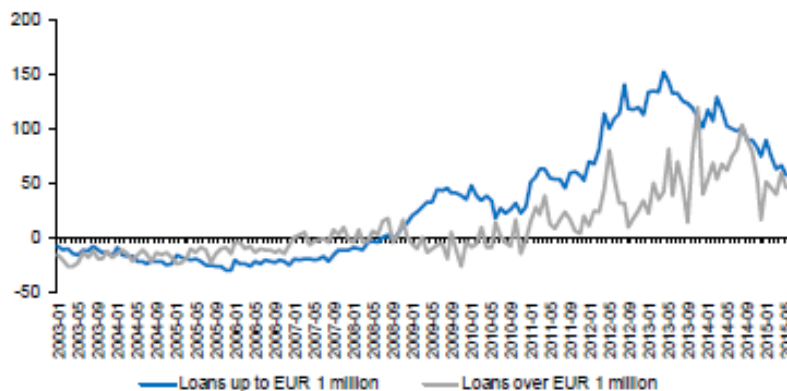
1. SMEs — basic figures

	Number of enterprises			Number of persons employed			Value added		
	Spain		EU-28	Spain		EU-28	Spain		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	2 221 793	94.5 %	92.7 %	4 377 967	40.6 %	29.2 %	111	26.1 %	21.1 %
Small	111 628	4.7 %	6.1 %	2 076 136	19.3 %	20.4 %	82	19.4 %	18.2 %
Medium-sized	14 625	0.6 %	1.0 %	1 447 890	13.4 %	17.3 %	73	17.4 %	18.5 %
SMEs	2 348 046	99.9 %	99.8 %	7 901 993	73.3 %	66.9 %	266	62.8 %	57.8 %
Large	2 738	0.1 %	0.2 %	2 876 627	26.7 %	33.1 %	157	37.2 %	42.2 %
Total	2 350 784	100.0 %	100.0 %	10 778 620	100.0 %	100.0 %	423	100.0 %	100.0 %

... and were hard hit by the crisis

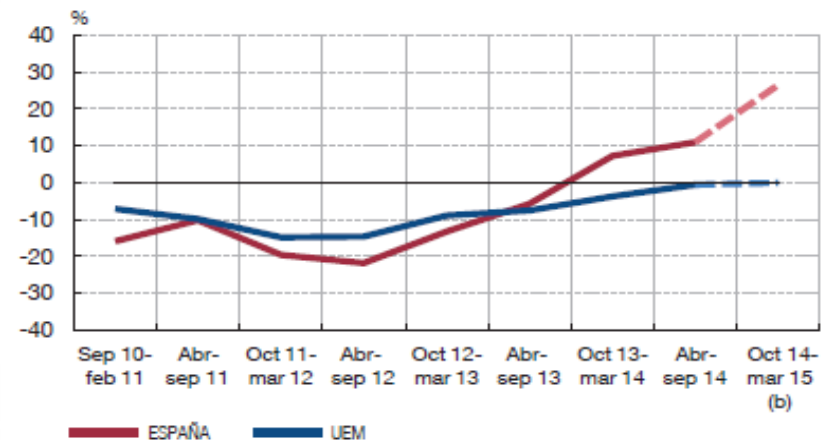
EC

Difference between the interest rate on a bank loan to a firm in Spain and the euro area
Basis points



Source: ECB.

EVOLUCIÓN DE LA DISPONIBILIDAD DE PRÉSTAMOS BANCARIOS (a)





- **Objectives**

a) Reducing the risk of unexpected termination of liquidity lines necessary to finance working capital.

- ***It enhances the ability of SMEs to plan their liquidity and bridge gaps more effectively***

b) Contributing to more transparency in the relationships between SMEs and banks.

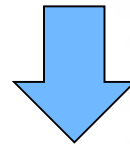
- ***This transparency should allow for better risk pricing and help performing SMEs find alternative funding in the event of a withdrawal or reduction in financing.***



New obligations for Credit Institutions regarding SME or Self-employed workers

A. CI to not renew, or reduce $\geq 35\%$ the funding flow

→ **3 months in advance warning (within ten days and free)**



Deliver "SME Financial Information report"

SME: EC Recommendation 2003/361 concerning the definition of micro, small and medium-sized enterprises

Funding flow: art. 1 Law 5/2015 \approx working capital funding



B. SMEs can also solicit the report at any time from the credit institution on payment of a fee.

KEY ISSUES:

- 1. Statutory right of SMEs to receive financial and credit risk information from credit institutions (unwaivable right)**
- 2. Exceptions:**
 - i. If there are "objective reasons that the SME's financial situation has deteriorated suddenly and significantly after the date when notification should have been given".*
 - ii. breaches of contractual obligations by the SME borrower*
- 3. Consequences of lack of notification?**
- 4. Standardized format and methodology by Bank of Spain (Circular 6/2016).**
- 5. Entry into force: 12 October**



CONTENT of SME Financial Information report

The content is mainly based on the information provided by each CI to Bank of Spain Central Credit Register

- **Data availability**
- **Standardization and comparability**

a) Credit History for the last 5 years:

- Current and historical loans***
- Current and chronological defaults / statement that SME has met in full all tax obligations***
- Data communicated to credit reporting agencies***
- Insolvency proceedings, refinancing agreements***
- Insurance contracts linked to funding flow***

b) Credit rating



Credit rating methodology

MAIN GOALS

- ✓ *No interference with CI management criteria*
- ✓ *Simple application*
- ✓ *Easy to understand by SMEs*

Methodology: Rating (3 groups of variables) + Comparative position report

- ***Financial situation (financial statement analysis)***
- ***Qualitative variables (knowledge about the SME)***
- ***Behavioral variables (assessment of the behavior)***

+

Report about the comparative position of the SME or the self-employed in its economic sector.

Informe-plantilla sobre la posición del acreditado respecto a su sector de actividad

Imprimir Informe

Empresa
Denominación sc Prueba 3, S.A.

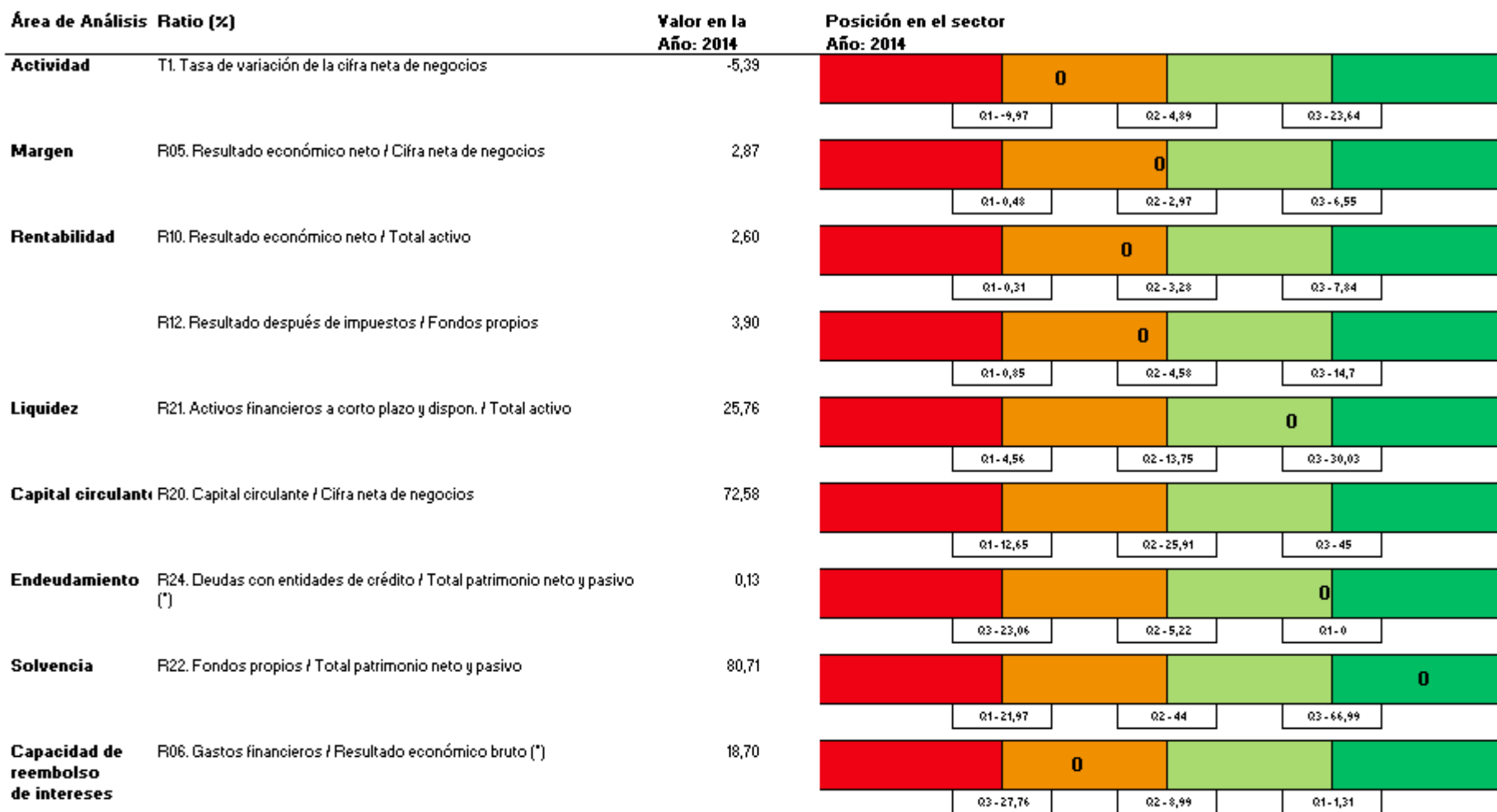
NIF
A99999999

CNAE
2892

Sector
Agregado Fabricación de otra maquinaria para usos específicos

Tamaño
Total tamaños

CNAE
C289



(*) Nótese que en el gráfico de esta ratio se ha invertido el orden de los cuantiles.



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THANK YOU