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Report on an EU SME referral scheme

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REPORT ON AN EU SME REFERRAL SCHEME

Contents

1. INTRODUCTION

In the Capital Markets Union (CMU) Action plan published in September 2020, the Commission committed to analysing **the merits and feasibility of setting up a referral scheme to require banks (and other providers of funding) to direct small and medium enterprises (SMEs) to alternative providers of funding in case they turn down their funding application**. The aim of such a scheme would be to facilitate SMEs' access to a wider set of funding options.

The present report lays out the outcome of this analysis. It sets out the perceived problems, current rules and their limitations (**Section 2**) and the objectives of the scheme, provides background on SME funding and rejected loan applications (**Section 3**) and analyses the merits of a number of possible solutions to the identified problems (**Section 4**). It also considers a number of ongoing developments that might impact the feasibility of a referral scheme in the future and that might thus warrant an update of the analysis (**Section 5**).[1]While this document mainly presents the state of play of SME rejection of loan applications and explores possible ways forward, it does not constitute or seek to constitute a formal impact assessment, as governed by 'better regulation' standards.[2] Consequently, it should not be considered as a document presenting new envisaged policy avenues that would engage the Commission.

2. EU AND NATIONAL INITIATIVES AND THEIR LIMITATIONS

In order to support companies whose credit application has been turned down, EU prudential regulation for banks[3] gives the right to SMEs and other corporates to ask for a bank's feedback in writing regarding the bank's rating decision when they apply for bank credit. Such feedback is particularly important in case of a negative credit decision in order for the companies in question to better target their subsequent search for financing. There are no statistics on how many SMEs whose credit was declined actually sought feedback from the bank and used the information provided by the bank to improve their credit application or seek funding elsewhere. However, according to a stocktaking exercise conducted in 23 Member States in 2019, in 83% of the surveyed countries banks were generally reported to provide an adequate level of feedback to SMEs in case of denied credit application, although the implementation modalities differed across banks and across Member States[4].

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[1] The present report uses the SME definition from the Commission recommendation 2003/361 of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises: "The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million."

Other SME definitions exist, such as:

1. the SME definition from CRR (Article 501(2)): "an SME is defined in accordance with Commission Recommendation 2003/361/EC (*); among the criteria listed in Article 2 of the Annex to that Recommendation only the annual turnover shall be taken into account";
2. the SME definition from the markets in financial instruments directive (Article 1(1)): "companies that had an average market capitalisation of less than EUR 200 000 000 on the basis of end-year quotes for the previous three calendar years".

[2] See: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2021:219:FIN; https://ec.europa.eu/info/sites/default/files/swd2021_305_en.pdf

[3] Article 431 of Regulation (EU) No 575/2013 (Capital Requirements Regulation or CRR): https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R0575

[4] https://www.ebf.eu/wp-content/uploads/2020/04/Joint-Associations-letter-on-the-implementation-of-the-HLPs-on-SME-feedback-Appendix.pdf

During the last phase of the implementation of the 2015 CMU Action plan[5], the Commission worked closely with banking and SME associations to create high-level principles for the feedback given by banks to SMEs on rejected credit applications[6]. These principles were agreed between industry representatives in 2017 and contain a commitment by banks to inform SMEs about their legal right to obtain feedback, as well as to provide this feedback in an appropriate format and language. However, they do not include a commitment from banks to voluntarily provide such feedback, nor an obligation to redirect SMEs to alternative providers of finance. It is still to be seen whether these high-level principles had any tangible impact on the ground, in particular in helping SMEs get feedback on their rejected credit.[7]

Those SMEs whose credit applications have been rejected by a bank may obtain information about alternative sources of funding in numerous ways. These include one-stop shop platforms on access to finance and on-line navigating tools to help SMEs identify relevant, publicly supported funding schemes or the most suitable private alternative finance options. In addition, Member States have taken legislative initiatives aiming at better disseminating credit information on SMEs to alternative funding providers. For example, in some Member States the public sector provides online information about available funding programmes both at national level (such as programmes provided by national development banks) and at EU level. Similarly, private information sources also exist.

Examples of online information about funding options that are available to SMEs in the EU include EU-level websites "Access to finance" or "Starting a business"[8] on YourEurope portal, the website "Existenzgruender" run by the German Federal Ministry for Economic Affaris and Climate Action[9], the website "Starting a business" run by the Belgian Federal Public Service Economy[10] and the Danish website "Virksomhedsguiden" managed by "Erhvervsstyrelsen", a public entity in charge of promoting the competitiveness of Danish businesses.

Nevertheless, in the current situation, neither the existing EU legislation nor national rules oblige banks and other financial services providers to inform SMEs about alternative sources of funding or to direct them towards alternative solutions. Similarly, at present, no use is made of the information that banks have in order to address the lack of resources and experience of SMEs to look for alternative solutions. Alternative sources of funding, including equity-based funding, are promoted amongst SMEs to some extent, although not consistently and often not by institutions declining credit. Finally, investors often struggle to get access to SME information, and even more so to standardised SME information.[11]

In light of the above, many SMEs may not be sufficiently aware of alternative financing opportunities, and of where and how to seek them out, also given the lacking financial

[5] Action Plan on Building a Capital Markets Union COM/2015/0468 final: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015DC0468

[6] https://www.ebf.eu/wp-content/uploads/2017/06/High-level-principles-on-feedback-given-by-banks-on-declined-SME-credit-applications.pdf

[7] https://www.ebf.eu/wp-content/uploads/2020/04/Joint-Associations-letter-on-the-implementation-of-the-HLPs-on-SME-feedback-Appendix.pdf

[8] https://europa.eu/youreurope/business/finance-funding/getting-funding/access-finance/index_en.htm

[9] https://www.existenzgruender.de/DE/Home/inhalt.html

[10] https://economie.fgov.be/nl/themas/ondernemingen/een-onderneming-oprichten

[11] An initiative that may help match SMEs and investors is the recent Commission proposal on establishing a European Single Access Point (ESAP). According to the proposal, which is currently being debated by co-legislators, listed companies will be required to file their publicly disclosed financial and sustainability-related information in a machine-readable format onto the ESAP platform. The ESAP platform would offer free, public and easy access to this information. The objective of ESAP is to improve the access to and the readability of publicly disclosed company financial and sustainability-related information. In this context, the ESAP legislative proposal provides for a possibility for SMEs (or any other intermediary acting on its behalf) to voluntarily upload information to the ESAP platform. . The Commission proposal foresees a template for the voluntary submission of financial information to be developed in a level 2 measure (as regards voluntary disclosure of SME's sustainability-related information, see footnote 26). That being said, it would be up to the SME to pro-actively submit their financial and/or sustainability-related information onto the ESAP.

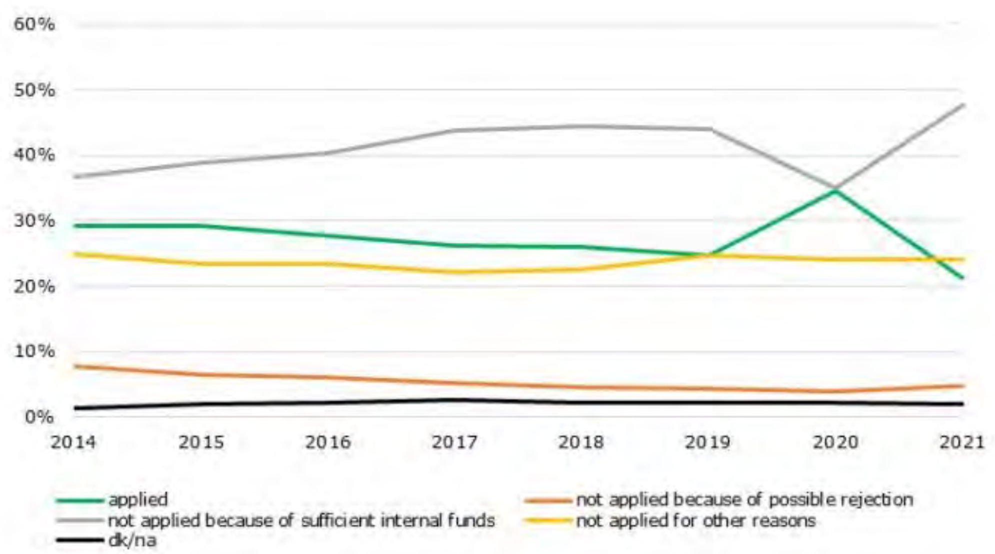
literacy. The additional costs of identifying and applying elsewhere after facing a rejection, which may remain considerable, may deter SMEs from taking further action, which limits their chances to scale up and grow.

An SME referral scheme could go one step further and require banks to proactively channel rejected SMEs in need of financing towards alternative finance providers, thus reducing the cost of searching for SMEs. This report compares a number of approaches for developing an SME referral mechanism against the current situation. It builds on the input received from a call for feedback run from 12 March 2021 to 30 April 2021[12], additional input submitted by stakeholders and exchanges held with representatives of SMEs, banking industry and investor community.

3. AVAILABLE DATA ON SME ACCESS TO FINANCE AND REJECTED LOAN APPLICATIONS

In the period between April and September 2021, 21% of EU SMEs that deemed bank loans relevant for their business applied for a bank loan[13]. This figure follows a slightly decreasing trend since 2014, with an outlier in the period between April and September 2020, where the figure reached 35%[14].

figure 40 Proportion of SMEs in the EU27 that applied for bank loans or did not apply because of possible rejection, sufficient internal funds or other reasons, in the period between April and September during 2014-2021. The proportions relate to SMEs that indicated bank loans are relevant to their enterprise



Source: Survey on the access to finance of enterprises (SAFE) Analytical Report 2021, November 2021, European Commission

[12] Summary of the consultation is published alongside this report.

[13] Survey on the access to finance of enterprises (SAFE) Analytical Report 2021, November 2021, European Commission https://ec.europa.eu/growth/system/files/2021-11/Analytical%20report%202021.pdf. Please note that the definition of SME in the SAFE report is broader that the definition in the Commission recommendation 2003/361, since it only considers the headcount criterion. In the SAFE report, SMEs are defined as enterprises with 1-249 employees (hence, enterprises without paid staff are excluded). Within SMEs, a distinction is made between micro enterprises (1 -9 employees), small enterprises (10 -49 employees) and medium-sized enterprises (50 - 249 employees).

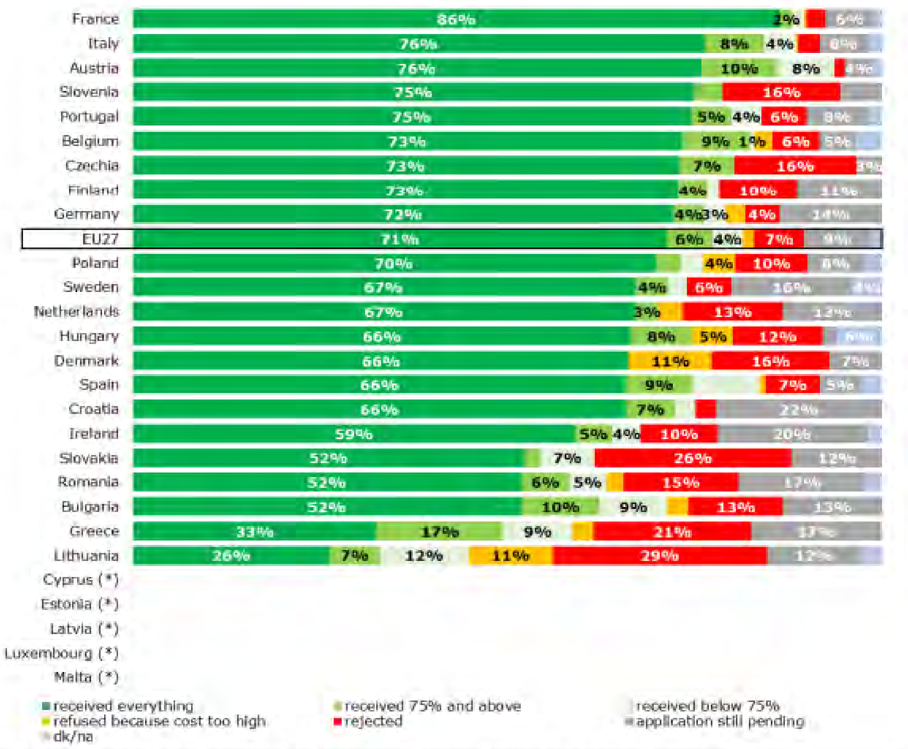
[14] This figure can be explained by the availability of government-backed loan facilitation schemes across the EU, in the context of the COVID-19 pandemic.

Amongst the EU SMEs that applied for a loan in the period between April and September 2021, on average:

- 71% of applications were granted in full;
- 10% were granted a part of the amount applied for (6% received at least 75% of the requested amount and 4% received less than 75% of the requested amount);
- 7% of these bank loan applications were rejected.[15]

The following graph shows that the outcomes of applications for bank loans by SMEs vary across EU Member States. In the period between April and September 2021, the proportion of SME loan applications rejected was highest in Lithuania (29%) and Slovakia (26%).

figure 43 Obtained result of SMEs in the EU27 that applied for bank loans, by country in 2021. The proportions relate to SMEs that indicated that bank loans are relevant to their enterprise.

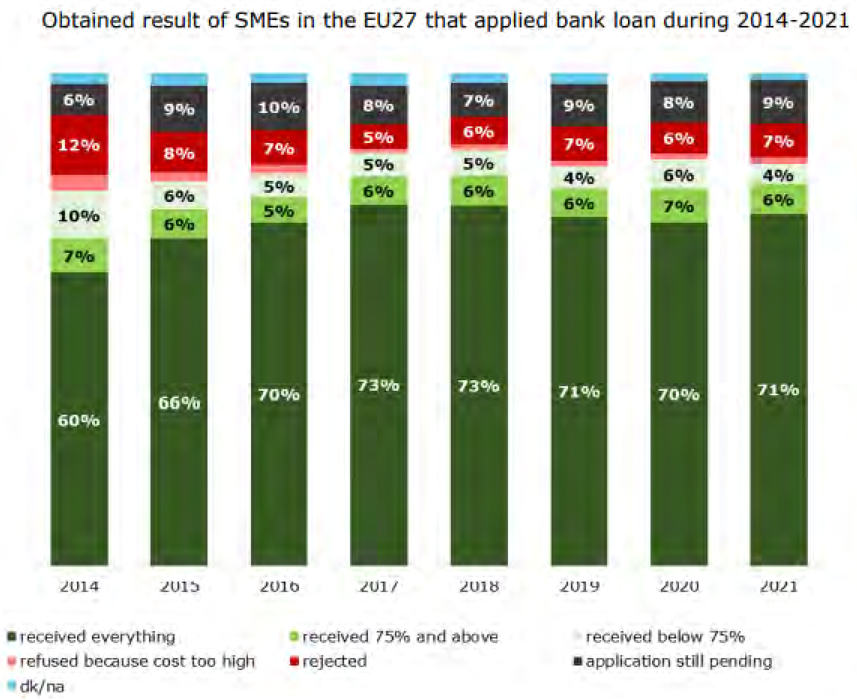


* *Results are not reliable, because of too low a number of observations.*

Source: Survey on the access to finance of enterprises (SAFE) Analytical Report 2021, November 2021, European Commission

[15] In remaining cases, either the cost was deemed too high, or the application was still pending at the time of the survey, or the data was not available.

Finally, the share of rejected SME loans remained rather stable between 2014 and 2021, between 5 and 8% (see graph below).



Source: Survey on the access to finance of enterprises (SAFE) Analytical Report 2021, November 2021, European Commission

While no conclusive data was found on the reasons for the rejections by banks of the SME loan applications, the following reasons have been evoked by various stakeholders in the industry:

1- **Mismatch in the nature or the amount of funding needed:** bank funding may not be best suited for specific types of companies. As banks often guarantee credit with collateral, start-ups, pre-revenue and innovative companies without collateral to guarantee the loan are not the best candidates for a bank loan. In the case of seed or pre-seed financing, companies have no revenue and no collateral. More mature start-ups which already have revenue may still be deemed as too risky for a bank to finance. These types of companies may instead be more interesting for equity funding providers such as business angels, venture capitalists or private equity investors – depending on the stage of growth of the company.

2- **Too low creditworthiness of the company:** banks may reject an SME credit application because of too low creditworthiness of the company (or sometimes inability of SMEs to demonstrate a track record to underpin a creditworthiness assessment). In this case, alternative lending platforms may still be interested to offer a loan/funding to an SME, although most likely at a higher interest rate.

3- **An SME does not match the bank's sectoral / geographical criteria:** an SME may be a creditworthy borrower, but nevertheless not match a specific bank's sectoral or geographical criteria. In this case, other banks or other providers of funding may be interested in providing the loan instead.

Finally, there is currently no available data on what SMEs do after their credit application has actually been rejected: do they give up on their plans, postpone them or find other sources of financing?

4. Feasibility of an SME referral scheme

The main aim of an SME referral scheme would be to increase the probability that viable SMEs or viable SME projects, whose loan applications have been rejected by a bank, obtain financing from another source, be it from another bank or an alternative finance provider, so that the SMEs' operations are not unduly hampered by financing constraints. In addition, in keeping with the main objectives of the Capital Markets Union initiative, such a scheme could also aim to enlarge investment opportunities for investors and alternative finance providers and to raise awareness amongst SMEs about alternative forms of financing.

In order to achieve these aims, the SME referral scheme should ideally help address the following issues:

1. Allow SMEs to find another provider of funding in case their credit application has been turned down.
2. Address the lack of resources and experience of SMEs to look for alternative solutions by building on the information that banks have.
3. Promote equity-based sources of funding amongst SMEs.
4. Address the issue of lack of standardised SME information
5. Address a pronounced home bias in EU investment both by expanding the universe of alternative providers of funding for an SME outside those present in home Member State, and by enabling EU investors to identify more easily cross-border investment targets and hence better diversify their investment geographically.

There could be different ways of approaching these issues, involving legislative avenues.

4.1. Referral to designated providers

Under this approach[16], banks could refer SMEs whose loans were rejected directly to alternative funding platforms (including alternative debt funding platforms, crowdfunding platforms, matchmaking platforms and supply chain finance platforms) and direct investors, such as private equity and venture capital funds, subject to SME's consent. The referral scheme would cover banks, funding platforms and providers from several Member States, aiming to foster cross-border investment by connecting SMEs with funding platforms and providers from different Member States.

The alternative funding platforms and providers that could participate in the scheme would be selected on the basis of a call for expression of interest. The criteria considered to designate funding platforms and providers would include compliance with existing rules and licensing

[16] In the analysis of this approach, past experience of the already existing similar schemes, such as the UK bank referral scheme, was considered. A description of the UK bank referral scheme is presented in Annex 2 of this document.

requirements, data security and management, type of funding provided, relevance to SME funding and volume of financing provided to SMEs.

The designated banks would be selected based on a set of criteria, which would include the bank's market share for SME loans within the Member States it is operating in and the share of the total lending that is provided to SMEs.

It would need to be determined which institution would be in charge of first, administrating the scheme and second, supervising the scheme. The administration of the scheme could inter alia include running the open calls for application, selecting funding platforms and providers, as well as verifying their eligibility, including compliance with licensing requirements. The supervision of the scheme could inter alia include monitoring ongoing compliance by banks and funding platforms and providers with the legal requirements, where necessary pursuing investigations and sanctioning these entities, including by revoking their right to adhere to the scheme.

The referral scheme could also be designed as an open access model that would be accessible to all alternative providers of funding, without a need for them to be *ex-ante* formally designated by a supervisor. This may, however, raise serious fraud/abuse issues as well as conflict of interest issues, and would require putting in place appropriate safeguards. It would also make any oversight of the scheme more complex.

Such a bank referral scheme would be beneficial to SMEs that would be redirected, upon their consent, towards other finance providers therefore increasing their chances of finding alternative sources of funding, perhaps more tailored to their needs. This would also raise awareness of SMEs about other sources of financing aside from bank loans.

When their bank loan application was unsuccessful, SMEs would no longer have to incur the cost of seeking themselves for a new finance source/provider as they would be directly referred by their bank to alternative funding platforms or providers. Thereby the lack of information and experience regarding where to look for more funding would be alleviated.

Through the scheme, alternative funding providers, including equity funding providers, would receive an influx of new clients that may not have been aware of the existence of this type of funding providers, or of how to reach out to them. This could potentially allow SMEs to improve their funding structures, currently tilted towards debt, with more equity-based funding. However, as part of the scheme, banks would have to contact equity-based funding providers directly with the information they have from the rejected SME credit applications. This implies that there is certain risk that equity funding providers might receive the type and form of SME information that is not fully useful to them (as risk capital investors) and that they might therefore discard. While the information transferred to the funding platforms and providers might not, on its own, be sufficient for an equity funding provider to form an informed investment decision, it could be sufficient for a first filtering of SMEs that this equity provider might need to do to identify a possible target group. Overall, this approach would therefore contribute to a better access to equity-based financing by SMEs.

The information that would be forwarded by banks to the designated funding platforms and providers would not be standardised. The credit institutions would send the existing information they hold about the rejected SME applications directly to the designated funding platforms and providers without compiling it in a standardised format.

Finally, the scheme would aim to foster cross border investment through the referral of the SME to funding providers and platforms outside of the SME's home member state. This approach would have the potential to address the home bias in EU investment by channeling potential SME clients / investments to non-domestic funding platforms and providers, and by expanding the universe of alternative providers of funding for an SME outside those present in home Member State.

Costs for banks would likely be low. Banks would be mandated by law to refer the information they already have on SMEs to the designated platform. They would not be required to produce further analysis or additional material. Banks are therefore likely to incur negligible administrative and human resources costs related to the handling of the referral (seeking agreement of an SME, preparing and submitting the information). In view of the degree of automation in banks' systems generally and in their processing of SME loan applications specifically[17], the preparation and submission of the data could be automatised at a fairly low extra cost. The scheme will not give rise to significant additional liability for banks (other than in respect of completeness and accuracy of the information to be transferred).

Costs for supervisors might be high. Supervisors would have to determine and periodically reassess the list of participating banks, designated platforms and funding providers. On the latter, supervisors would incur costs related to running a rolling call for applications for funding platforms and funding providers applying to the scheme, evaluating the applications and designating the participating funding platforms and providers. In particular, supervisors would have to analyse and make sure all the funding providers included within the scheme can provide adequate funding to SMEs based on a list of criteria to be precisely defined (time in business, volume of funding provided to SMEs, relevance to SME funding, regulated provider etc.)[18]. Finally, supervisors would incur possible extra costs related to ongoing supervision and enforcement, specifically related to the operation of the bank referral scheme.

Costs for funding providers on the receiving end would likely be negligible. Funding platforms and funding providers would incur some limited human resources costs related to applying for the scheme. In fact, this approach would reduce search costs for alternative funding providers, by transmitting to them targeted information on a flow of additional potential clients (SMEs) that they will be able to tap into (although funding providers would still incur the costs related to processing and analysing unstandardised information). Funding providers using the services of funding platforms would, in some cases, incur fees to access the designated platforms (depending on the business model of the given funding platform). It may be assumed, however, that alternative funding providers interested in finding new SME clients or investments would have already subscribed to these types of platforms, irrespectively of whether the considered approach is implemented or not. Therefore, the marginal cost of this approach for funding providers subscribing to funding platforms is deemed negligible.

There should be no **costs for SMEs**. On the contrary, it would reduce funding search costs for SMEs by referring them directly to the designated funding platforms and funding

[17] This point has largely been confirmed in targeted exchanges with the banking industry.
[18] According to the results of the call for feedback, the main criteria to select funding providers should be that they are a regulated provider, their degree of relevance towards SME funding and to a lesser extent, their experience in the sector and the volume of finance they could provide SMEs.

providers. This approach would require an amendment to the Capital Requirements Regulation.

Practical feasibility (including uptake potential)

The feasibility to implement this approach at the moment is considered as low at the current stage. The call for feedback to designate funding platforms and equity providers and the supervision would be quite complex, time consuming and expensive for the supervisor to manage. One of the main reasons for this would be the scope of the scheme which would have to involve a large amount of alternative finance platforms and equity providers with a specific geographical distribution throughout the Member States.

In addition, this approach appears to have limited potential to foster cross-border investment and address the persistent problem of home-bias in the EU. Firstly, the majority of alternative finance platforms only operates in one or few markets, with few platforms active in all European markets[19]. The scheme would, therefore have to rely largely on domestic or regional alternative finance platforms or providers who would only be able to connect investors and SMEs within the same country. Secondly, unless the information is standardised (banks would only be required to transmit the information in the existing form to the designated entities), it would be difficult for funding providers across Member States to evaluate (in a cost-efficient way) and understand the information they would receive, including due to differences in languages and format. Alternatively, it could be envisaged to harmonise the format for the data to be transmitted by banks. For example, in case a template for the voluntary submission of financial information is developed as part of the ESAP regulation[20] in a level 2 measure (as tabled in the Commission proposal, and subject to ongoing negotiations with the co-legislators), the format and type of information that would be transmitted by banks could be identical to that template. In the case where no standardised template is developed under the ESAP regulation, a dedicated template might need to be defined for the purpose of the scheme (in a level 2 measure). The introduction of any standardised format could, however increase the costs of the introduction of a referral scheme for banks.

In the absence of common format, the only investors and platforms that could properly and efficiently evaluate the SME information could most likely be those based in the same Member State. Therefore, the scheme would function primarily on a national basis and not address the home-bias problem. In addition, even within one Member State, the lack of a standardised, fully machine-readable format for the SME information would make it difficult for the designated funding platforms and providers to discern and compare all the information they would receive on SMEs.

[19] https://www.jbs.cam.ac.uk/wp-content/uploads/2021/06/ccaf-2021-06-report-2nd-global-alternative-finance-benchmarking-study-report.pdf (p. 77)

[20] "Proposal for a Regulation establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability"; "Proposal for a Regulation amending certain Regulations as regards the establishment and functioning of the European single access point" or "Proposal for a Directive amending certain Directives as regards the establishment and functioning of the European single access point"; https://ec.europa.eu/info/publications/211125-capital-markets-union-package_en

4.2. STANDARDISED SME INFORMATION SHEET

Under this approach, the finance provider turning down an SME credit application would be required, upon approval by the SME, to fill out a standardised financial information sheet. The latter would contain the basic financial information of the SME included in their credit application, as well as its credit history in case of an existing client. The sheet could also potentially include a comparison of relevant ratios and indicators versus other companies within the same sector. The latter comparison can be generated by the bank in an automatised way.

The standardised financial information sheet could build on already existing national approaches. In Spain, a bank that cancels a line of credit to an SME that is an existing client is required by law[21] to fill in a so called "Standardised SME information sheet", containing the available SME's financial information including: credit information (including both positive and negative information on repayment history), historical financial data, risk assessment and an extract with the funding cash flows of the latest periods. It follows a standardised template, allowing to understand and to compare the financial situation of different SMEs. The information sheet has to be delivered free of charge to SMEs being refused a renewal of their credit line. However, credit institutions may charge a small fee for the information sheet delivered upon request by a client, which has not been refused a renewal of a credit line. It is notable to mention that in order to create this information sheet, the Bank of Spain had to create a standardised risk assessment methodology as each bank has their own ways of assessing risk. This standardised risk methodology is exclusively used for the purpose of filling in the SME information sheet.

However, in this particular case, the information sheet includes only the given bank's information on the rejected SME. Therefore, the sheet does not contain a full picture of the SME's repayment behaviour on all outstanding credit liabilities (in case the SME has outstanding loans with other banks).

Once the information sheet is created by the rejecting bank, the SME receives this information in PDF format free of charge and can use it when they wish to apply for financing from another source. Since a lot of the information included in the document is private, the information sheet is not made public or uploaded to any public platform.

If set up at EU level, such a scheme could target both existing client SMEs that have had their funding cut and new client SMEs whose credit application has been rejected by banks. In case a template for the voluntary submission of financial information is developed as part of the ESAP regulation[22] (in a level 2 measure), the format and information that would be included in the information sheet could be identical to that template. In the case where no standardised template is developed under the ESAP regulation, a dedicated template might need to be defined for the purpose of the scheme (in a level 2 measure).

Lastly, the SME information sheet considered as part of this approach would not include a standardised EU-level risk assessment methodology at this juncture. The appropriateness and

[21] Circular 6/2016 of the Bank of Spain: https://www.boe.es/buscar/act.php?id=BOE-A-2016-6606

[22] "Proposal for a Regulation establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability"; "Proposal for a Regulation amending certain Regulations as regards the establishment and functioning of the European single access point" or "Proposal for a Directive amending certain Directives as regards the establishment and functioning of the European single access point"; https://ec.europa.eu/info/publications/211125-capital-markets-union-package_en

feasibility of establishing a harmonised risk assessment methodology at EU level would require an assessment of approaches that cannot be conducted in the framework of this report.

In this scheme, SMEs receive a standardised sheet of information, which they can use when approaching other banks or other providers of funding. Therefore, this scheme does not *per se* aid SMEs in looking for alternative finance providers. It rather gives them another tool to use when seeking funding themselves.

Although this information sheet is a useful tool, the burden and cost remain on SMEs to seek other sources of funding. It may, however partially reduce the cost of seeking, because it could limit additional efforts by SMEs to prepare the information required by other prospective investors/creditors.

The SME information sheet is tailored for credit and for banks, as they are the intended recipients. The information contained in the SME information sheet might not, on its own, be sufficient for an equity funding provider to form an informed investment decision, although it could help perform a first screening. In addition, the SME information sheet does not *per se* promote or is designed to seek alternative sources of funding, such as equity-based funding**.** This approach also does not incentivise SMEs to reach out to equity providers instead of banks or alternative lenders. Furthermore, the information that banks request does not fully overlap with the information that equity providers may need to perform a first screening of a company[23], reducing the usefulness of the SME information sheet for them. If the SME information sheet was to be amended in order to include data relevant for equity providers this would greatly increase the costs for banks as they would have to ask for additional information that they do not ask during the credit application process. SMEs may therefore be, in any event, requested to supplement the data in the SME information sheet to match the needs of equity providers.

This approach could at least partially address the issue of the lack of standardised SME information, by making the information of rejected SMEs more comparable across the EU[24].

Finally, the standardised, machine-readable character of the SME information sheet would have the potential to facilitate cross-border provision of funding to SMEs**.** This approach, however, could not proactively direct SMEs to look for financing options outside their home Member State; rather they would just be provided with an additional tool when approaching funding providers which the SME would have to seek for itself. Therefore, in terms of fostering cross-border investment, this approach would have a rather limited impact as well.

Costs for banks would likely be low. Banks would incur negligible administrative and human resources costs related to the production of the information sheet (seeking agreement of the SME, preparing and submitting the standardised information). In view of the degree of automation in banks' systems generally and in the processing of SME loan applications specifically[25], the preparation and submission of the data can be automatised at a fairly low extra cost. In addition, banks could charge a small fee for the SME information sheet when it is delivered upon request by a client which has not been refused a renewal of a credit line. This would compensate for the limited administrative and human resources costs related to

[23] Shown in Annex 1. Circular 6/2016 of the Bank of Spain: https://www.boe.es/buscar/act.php?id=BOE-A-2016-6606
[24] Comparability of financial information would, however, remain to be restricted by differences in national accounting rules (GAAPs).
[25] See footnote 17.

the production of the information sheet. The scheme would not give rise to significant additional liability for banks (other than in respect of completeness and accuracy of the information to be introduced in the information sheet).

Costs for supervisors would likely be low. Other than the development of relevant secondary legislation (most likely an implementing technical standard) to introduce a standardised SME information sheet, this approach would not require any additional resources from supervisors. Supervisors would, however, be responsible for generally enforcing compliance with the legal requirements. Therefore, under this approach, the costs incurred by the supervisor are likely to be low.

Funding providers on the receiving end would not incur additional costs. This approach would require no additional resources from alternative funding platforms or providers of funding. On the contrary, it would reduce costs of information search and acquisition by funding providers by facilitating the first screening of SMEs based on the standardised information sheet.

SMEs would not incur additional costs. This approach would require no additional resources from SMEs. On the contrary, it would reduce funding search costs for SMEs by equipping them with a ready-to-use document summarising all their financial information in a clear, comparable and intelligible way, and which they can approach other funding providers with.

This approach would require an amendment to the Capital Requirements Regulation.

Practical feasibility (including uptake potential)

The practical feasibility of this approach is high. The most important consideration would be the development of a sufficiently informative and easier to compare standardised information sheet that would provide adequate information for as broad a group of alternative funding providers as possible and that would create the least possible amount of burden for the banks that fill in these sheets. Since the standardised information sheet would be made available free of charge to SMEs, it is expected that SMEs would effectively use the sheet in their future discussions with other funding providers.

4.3. SME INFORMATION UPLOADED ONTO ESAP

Under this approach, banks turning down an SME credit application would be required, upon approval by the SME, to upload a set of financial information in a machine-readable format onto ESAP, on behalf of the SME[26]. Banks would not be authorised to charge the SME for uploading this information onto the ESAP platform[27].

[26] Under this approach, only financial information held by banks is taken into account. Exchanges with SME representatives showed that some of them would be willing to publicly disclose their sustainability-related information. The potential benefit for SMEs would be to gain more visibility and potentially attract and offer alternative sustainable funding. Sustainability-related information may, however, not be shared by SMEs with banks in the credit application, except in the specific case of green loans.
The CSRD proposal foresees that the Commission would adopt sustainability reporting standards (or "templates") that non-listed SMEs could use on a voluntary basis. In the case where such templates for voluntary disclosure of sustainability-related information were to be developed, this approach could explore a possibility to require banks to follow these templates (if that information is already held by the bank). In the alternative case where no such templates were developed, banks would be free to choose the template to submit that information. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0189

[27] Banks would however be authorised to charge SMEs for this service in case the SME's loan application was not rejected by the bank, but that the SME would still want the bank to upload its information onto the ESAP platform on its behalf.

This approach would plug into the forthcoming ESAP, for which a legislative proposal was tabled by the Commission on 25 November 2021[28]. According to the Commission proposal, which is currently debated by co-legislators, listed companies will be required to file their publicly disclosed financial and sustainability-related information in a machine-readable format onto ESAP. ESAP would offer free, public and easy access to this information. The objective of ESAP is to improve the access to and the readability of publicly disclosed company financial and sustainability-related information. The ESAP legislative proposal also provides for a possibility for SMEs (or any other intermediary acting on its behalf) to voluntarily upload any financial and/or sustainability-related information, which it wishes to be made public, to a collection body. That collection body will be in charge of submitting the relevant information to the ESAP platform, which will make the information publicly accessible free of charge. It is yet to be defined whether a template for the voluntary submission of financial information will be developed under the ESAP legislative package (in a level 2 measure)[29].

This approach would make use of the possibility for companies to voluntarily submit information on ESAP outside the scope of mandatory information, provided the ESAP proposal is adopted. When filling in the SME financial information on behalf of the SME, the bank would use the information, it already holds on this SME, i.e. the information contained in the SME's application[30]. When giving approval to the bank to forward the information to the relevant collection body (that is in charge of submitting the information in either a data extractable format or machine-readable format to the ESAP platform), SMEs would follow a "core and more" approach. Since the publication of SMEs' financial information is voluntary, SMEs would be free to choose the datafields that they are willing to make public on the ESAP platform (these datapoints would fall under the "core" and would be disclosed publicly on the ESAP platform). The remaining datafields would remain private (the "more", those SMEs could be free to share with potential investors and funding providers bilaterally, after a first contact has been established). In case a template for the voluntary submission of financial information is developed under the ESAP regulation (in a level 2 measure), banks could be required to submit the SME's information following that template. In case no standardised template is defined under the ESAP regulation, banks would be free to choose how to present the submitted datapoints[31].

Publishing a set of financial information of SMEs that were refused a bank loan (however, without labelling it as such) would give SMEs more visibility amongst potential funding providers and investors. Potential funding providers and investors, on the other side, might find such information useful to perform a first screening of potential clients/companies to invest in.

This approach would require an amendment to the Capital Requirements Regulation. No amendments to the ESAP proposal would, however, be necessary.

[28] "Proposal for a Regulation establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability"; "Proposal for a Regulation amending certain Regulations as regards the establishment and functioning of the European single access point" or "Proposal for a Directive amending certain Directives as regards the establishment and functioning of the European single access point"; https://ec.europa.eu/info/publications/211125-capital-markets-union-package_en

[29] As regards voluntary disclosure of SME's sustainability-related information, see footnote 26.

[30] Under the ESAP legislative proposal, for the voluntary submission of information, the data issuer (in this case the SME) would be responsible for complying with GDPR requirements.

[31] They would, however need to provide the metadata about the documents submitted. This metadata will be defined as part of implementing technical standards. As regards voluntary disclosure of SME's sustainability-related information, see footnote 26.

SMEs whose loan applications have been rejected by a bank might still be of interest to a variety of funding providers (i.e. other banks or alternative funding). In order to perform a first screening of the rejected companies, the funding providers would need to access at least some of the data included in the SME's credit application.

Under this approach, SMEs would not be directly referred to specific funding providers. Instead, information about the SME would be made publicly available, allowing funding providers to browse through standardised company information published on ESAP easily and for free.

In addition, by requiring banks to upload the information onto ESAP on behalf of SMEs, this approach would make it easier for SMEs wishing to publish their information to do so, notably when they lack resources or experience to file the information on their own. This approach would help – at least to an extent - address the lack of resources and experience of SMEs in looking for alternative funding solutions by putting the responsibility on banks to upload rejected SMEs' information on ESAP. However, once the information is published, the onus would be on funding providers to proactively contact SMEs identified on the ESAP, and on SMEs to provide additional information to these providers, upon their request and where appropriate.

Furthermore, by making SME information publicly available, this approach would make it easier for alternative funding providers, including equity funding providers, to screen potential investment opportunities. While the information contained on ESAP might not, on its own, be sufficient for an equity funding provider to form an informed investment decision, it could be sufficient for a first filtering of SMEs that this equity provider might need to do to identify a possible target group. Overall, this approach would therefore contribute to a better access to equity-based financing by SMEs.

In the case where a template for the voluntary submission of financial information is developed under the ESAP regulation (in a level 2 measure), this approach would contribute to improving the public access to standardised SME information by allowing willing SMEs whose loan application has been rejected to publish (some of) their financial information in a standardised and machine-readable format[32]. However, the information reported in the data fields that an SME would consent to sharing would be only fully comparable across SMEs of the same Member State, as accounting standards (GAAPs) are not harmonised across the EU. In the alternative case where no standardised template would be defined under the ESAP regulation, this policy measure would also contribute (although to a lesser extent) to improving the public access to standardised SME information by allowing SMEs to publish some of their financial information in a data extractable (but non-standardised) format.

The fact that it would be available on ESAP would improve the flow of SME financial information to funding providers, including banks and alternative funding providers, and including across borders. This would contribute to addressing the home bias in EU investment by providing visibility to SMEs among funding providers from across the single market and by enabling EU investors to identify more easily cross-border investment targets.

[32] As regards voluntary disclosure of SME's sustainability-related information, see footnote 26.

Costs for banks would likely be low. According to the Impact Assessment Report accompanying the ESAP proposal[33], the annual recurring costs for data preparers are estimated up to EUR 800. These include the costs of filing, acquiring a legal entity identifier (LEI), the digital certificate and the signing tool. This estimate is higher bound since it considers that systematic upload fees would be charged by collection bodies. One-off costs for preparers (e.g. registration with a collection body) are estimated to be negligible.

Under this approach, the costs for banks are likely to be even lower:

- The acquisition of an LEI would be incurred by SMEs, not by banks (which only act as intermediaries in the submission of the SMEs data).
- Banks would already have incurred the costs of registration with a collection body, of acquiring the digital certificate (a qualified information seal proving the credibility of the source) and of the signing tool (a software). Indeed, following the ESAP proposal, banks would be required to file their own publicly disclosed information onto ESAP.

Therefore, the marginal costs incurred by banks to submit information on behalf of rejected SMEs are likely to be low. They would consist in upload fees, if any, charged by the collection bodies. In addition, banks will incur negligible administrative and human resources costs related to the handling of the referral (seeking agreement of the SME, preparing and submitting the information). In view of the degree of automation in banks' systems generally and in processing of SME loan applications specifically[34], the preparation and submission of the data can be automatised at a fairly low extra cost[35].

There would likely be no **costs for funding providers** on the receiving end. Following the ESAP proposal, the information published on ESAP would be available for free to the public, since its objective is to facilitate easy and free access to company information to all, including to funding providers. Therefore, funding providers screening the SME data would not incur extra costs. The ESAP proposal provides for a possibility for ESMA to charge fees to users that require very large volumes of data or frequently updated information. This is, however, likely to be the case for the entities that use large volumes of company data in their usual line of duty, for example when conducting research or further analytical work. Therefore, the marginal cost of this approach for funding providers is likely to be negligible.

Costs for SMEs are likely to be negligible. The objective of this approach is to help address SME's lack of resources and experience in seeking alternative funding when their loan application has been rejected. In that sense, this approach would reduce search costs for SMEs. If an SME agrees to a subset of its application information being uploaded onto ESAP by the bank, it may need to acquire a specific LEI. For instance acquiring an LEI of the GLEIF would cost between EUR 45 to EUR 70 per year[36].

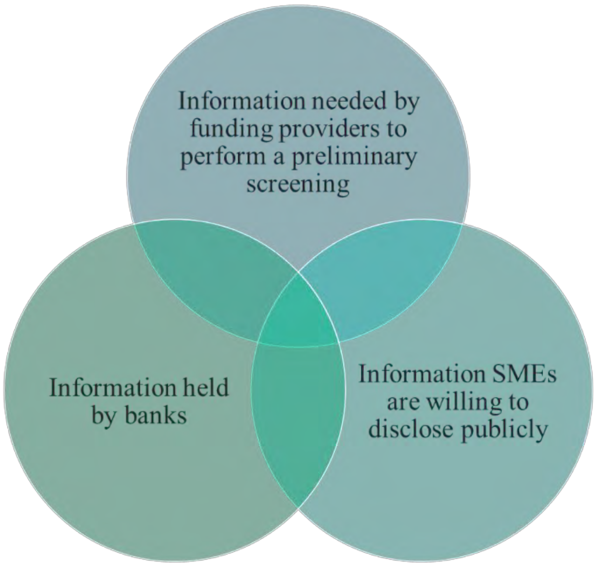
Costs for the supervisor would likely be negligible. Considering the ESAP project is negotiated[37] independently from this proposal, implementing this approach would not result

[33] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021SC0344 (p. 72)
[34] See footnote 17.
[35] Whether or not a template for the voluntary submission of information is developed under the ESAP regulation (in a level 2 measure). Indeed, in the case no template is developed, it is expected that banks would use the in-house templates used in the processing of the credit application, resulting in negligible extra costs related to the preparation of the data.
[36] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021SC0344 (p. 191)
[37] It was included in the package of the CMU proposals tabled by the Commission on 25 November 2021, and it is currently being reviewed by Council and the European Parliament.

in any additional costs for the supervisor. The supervisor would, however, incur limited extra costs related to enforcement of the requirement applying to banks.

Practical feasibility (including uptake potential)

Several categories of funding providers may be interested in SMEs rejected by banks: equity providers (business angels, venture capitalists, private equity investors), alternative lending providers and other banks. It is, however, necessary to verify whether the information needed by the given provider to perform a preliminary screening is also held by banks and whether SMEs would be willing to disclose that information publicly on ESAP. The diagram below illustrates the intersection of the three conditions which have to be met.



Based on industry outreach performed as part of the present report the intersection of the three fields above is rather limited (dark green).

Building on feedback from SME representatives in the call for feedback and in subsequent exchanges, most (in particular smaller) SMEs may be feeling quite reluctant to publicly disclose some (or even most) of the data that funding providers would need to perform a preliminary analysis of the company. For instance, both equity providers and lending platforms would require some financial data related to the profitability and the liquidity of the company for instance (see Annex 1). Client concentration (how a company's revenue is distributed across its client base) is another piece of information that may be important for funding providers to undertake their preliminary analysis. Based on industry feedback, SMEs are, however often attached to the privacy of their data, in particular of their financial information, and would usually not be willing to publicly disclose more information than what would be legally required from them. Indeed, disclosing data relative to their financial situation or to their client base may give away important information to SMEs' competitors, clients and/or employees.

Nevertheless, comparing the feedback received from alternative funding providers and SME representatives, the limited amount of information that SMEs would actually be willing to share from the SME loan application, would be insufficient for funding providers to perform a preliminary screening of a company: either because it is typically not included in a loan application (e.g. company's long-term strategy and its competitive advantage) or because an SME would not be willing to reveal it publicly (e.g. financial indicators).

Therefore, under current circumstances, it would be difficult to ensure that this approach could deliver a result that would allow funding providers (equity or lending) to benefit significantly from the limited amount of publicly disclosed information from the SME loan application. The uptake potential of an efficient approach delivering significant benefits to alternative funding providers is therefore low.

5. CONCLUSION

This report presents three alternative approaches to setting up an SME referral scheme. Each approach contains an analysis of its practical feasibility (including uptake potential).

The two approaches involving a referral to designated providers and a standardised SME information sheet are seen as inferior to the approach involving uploading SME information onto ESAP for a number of reasons. In particular, the approach involving a referral to designated providers is considered as excessively burdensome and costly to run from a supervisor's point of view, with only a limited impact for SMEs. The approach involving the delivery by banks to the SMEs of a standardised SME information sheet would not *per se* put SMEs in direct touch with alternative finance providers but would rather allow SMEs to approach them more effectively (i.e. with a standardised information sheet). The third approach, involving uploading SME information onto ESAP, could have the most potential to address the identified issues effectively and with the least costs for stakeholders. Under this approach, banks turning down an SME credit application could be required, upon the SME's consent, to upload information directly onto the public ESAP platform, making them more visible to investors.

Nevertheless, in view of the ongoing negotiations on the ESAP proposal (including on the format for voluntary submission of data by SMEs) and SMEs' current stance on the data privacy, it may be appropriate to wait for an actual setup of ESAP (should it be agreed), before considering possibilities for referring SME information to ESAP. In this regard, the voluntary uptake of ESAP by SMEs would be a relevant consideration.

As ESAP is being implemented, both SMEs and alternative funding providers can be expected to become more familiar with the platform and make use of it as a means to seek and offer alternative funding.

In parallel, the principles of "open finance" could also be further investigated as a possible alternative avenue. Under these principles, banks and other funding providers could share the SME information directly amongst each other, subject to SME's consent. Banks and potentially alternative funding providers could allow authorised funding providers to access SME information, subject to their consent, in a standardised and machine-readable format, while safeguarding the private character of that information (i.e. not making it broadly publicly available).[38] Other models for open finance solutions also exist and could be considered.

ANNEX 1 – EXAMPLES OF TEMPLATES FOR SME INFORMATION

ANNEX 2 – CASE STUDY: UK BANK REFERRAL SCHEME

ANNEX 3 – SUMMARY OF RESPONSES TO CALL FOR FEEDBACK FROM STAKEHOLDERS

[38] The open finance approach would be distinct from the approach pursuing data referral to a restricted pool of designated providers pre-selected by a supervisor based on a call for expression of interest. The open finance approach is likely not to trigger comparable burden in terms of management and supervision of the scheme.

ANNEX 1 – EXAMPLES OF TEMPLATES FOR SME INFORMATION

Equity providers (business angels, venture capitalists, private equity investors)

Based on industry outreach performed as part of the present report, the data that equity providers needed to perform a preliminary screening of companies include the following:

- Name of the company
- Sector
- Location
- How much funding the company is looking for, and what the funding will be used for
- The problem the company is solving
- Description of the company's competitive advantage
- Overview of the team (skillset, experience)
- *Optional*: financial forecasts and underlying assumptions
- *For more mature businesses which already have sales*:
    - financial information (EBITDA, net debt, revenue trends, margins)
    - client concentration

Alternative lending providers

Based on industry outreach performed as part of the present report, the data that alternative lending platforms would need to perform a preliminary screening of companies include the following:

1. Project description
- Purpose of the loan (what shall be financed?)
- Impact on liquidity and profitability

2. Contact details of the borrower

3. Financing requirement / financing request / loan details
- Requested loan amount
- Requested credit period (in months)

4. Legal form / shareholder relationships
- Legal form
- Owners, persons involved, managing directors / board members
- Companies in the network

5. Management / corporate governance
- Details on the managing director
- Personal bankruptcies of the managing directors (past 7 years) yes / no
- All shareholders of the company natural persons: yes / no

- Changes at the management level in the last 2 years

6. Financial and credit information

a. Asset situation / liquidity

- Company equity
- Investment coverage (financing with matching maturities)
- Dynamic leverage
- Working capital
- Debt servicing ability (cash flow - debt servicing)

b. profitability

- Sales of the last financial year
- Sales for the last three months
- Operating profit (EBITDA)
- Return on sales
- Return on equity

7. Minimum documents

- Current annual financial statements (at least 2 years retrospectively if available)
- Current BWA of the last 3 months
- Earnings and liquidity forecast for the next 12 months
- Current overview of liabilities
- Income tax return along with all attachments from the last two years
- Income tax assessments for the last two years
- Account transactions for the last 90 days from the main business account

Spanish SME information sheet[39]

In Spain, a bank that cancels a line of credit to an SME that is an existing client is required by law to fill in a standardised document called the "Standardised SME information sheet", containing the SME's financial information. This document follows the below standardised template.

Modelo-Plantilla del documento «Información Financiera-PYME»

ÍNDICE

1. Datos identificativos
2. Declaraciones a la Central de Información de Riesgos del Banco de España
3. Datos comunicados a empresas que presten servicios de información sobre la solvencia patrimonial y el crédito
4. Historial crediticio
   i) Relación de los créditos históricos y vigentes, y de los importes pendientes de amortización
   ii) Relación cronológica de las obligaciones impagadas y situación actual de impagos
   iii) Relación de concursos de acreedores, acuerdos de refinanciación o extrajudiciales de pagos, embargos, procedimientos de ejecución y otras incidencias judiciales
   iv) Relación de contratos de seguros vinculados al flujo de financiación
5. Extracto de los movimientos realizados durante el último año en los contratos del flujo de financiación del acreditado
6. Calificación del riesgo del acreditado
   6.1 Calificación del riesgo
   6.2 Posición relativa del acreditado respecto a su sector de actividad

NOTA

Para su cumplimentación, referir a la Circular 6/2016, de 30 de junio, del Banco de España, a las entidades de crédito y a los establecimientos financieros de crédito, por la que se determinan el contenido y el formato del documento "Información Financiera-PYME" y se especifica la metodología de calificación del riesgo previstos en la Ley 5/2015, de 27 de abril, de fomento de la financiación empresarial.

[39] Circular 6/2016 of the Bank of Spain: https://www.boe.es/buscar/act.php?id=BOE-A-2016-6606

1. DATOS IDENTIFICATIVOS

Nombre de la entidad (1): ______________________
Nombre del acreditado (2): ______________________
NIF del acreditado (3): ______________________
Fecha del documento (4): ______________________

(1) Nombre de la entidad emisora del documento «Información Financiera-PYME». Denominación social completa, incluida su forma social, utilizando en todo caso el alfabeto latino, sin emplear abreviaturas, excepto en la forma social, que sí aparecerá abreviada.

(2) Nombre de la entidad receptora del documento «Información Financiera-PYME». Nombre y apellidos o denominación social completa del acreditado, incluida, en su caso, su forma social, utilizando en todo caso el alfabeto latino, sin emplear abreviaturas, excepto en la forma social, que sí aparecerá abreviada.

(3) Se identificará el NIF del acreditado, considerando los siguientes aspectos:
– Para las personas físicas de nacionalidad española, el Número de Identificación Fiscal (NIF) (Real Decreto 1065/2007, de 27 de julio).
– Para las personas físicas que carezcan de la nacionalidad española, el Número de Identificación de Extranjero (NIE) que se le asigne (Real Decreto 557/2011, de 20 de abril) o, cuando éste no sea obligatorio, el NIF que tengan asignado por realizar operaciones de transcendencia tributaria.
– Para las personas jurídicas y entidades sin personalidad jurídica, incluidas las sucursales en España de empresas extranjeras, el NIF (Orden EHA/451/2008, de 20 de febrero).

(4) Formato AAAAMMDD.

2. DECLARACIONES A LA CENTRAL DE INFORMACIÓN DE RIESGOS DEL BANCO DE ESPAÑA

NOTA

En este apartado se incluirán las declaraciones a la Central de Información de Riesgos siguiendo lo establecido en la norma 4 de la Circular 6/2016, de 30 de junio, del Banco de España.

3. DATOS COMUNICADOS A EMPRESAS QUE PRESTEN SERVICIOS DE INFORMACIÓN SOBRE LA SOLVENCIA PATRIMONIAL Y EL CRÉDITO

NOTA

En este apartado se incluirán los datos a los que se refiere la norma 5 de la Circular 6/2016, de 30 de junio, del Banco de España.

4. HISTORIAL CREDITICIO

4.i) Relación de los créditos históricos y vigentes, y de los importes pendientes de amortización

NOTA (Estas notas y aclaraciones formarán parte del documento «Información Financiera-PYME»)

Para el formato y contenido de los campos indicados en las tablas siguientes, se considerarán las instrucciones y las definiciones establecidas en la norma 6 de la Circular 6/2016, de 30 de junio, del Banco de España, así como en los módulos B.2 y C.1, del anejo 2, «Instrucciones para elaborar los módulos de datos», de la Circular 1/2013, de 24 de mayo, del Banco de España, sobre la Central de Información de Riesgos. Adicionalmente, deberán considerarse las aclaraciones realizadas a continuación.

(1) En este cuadro se recogen también aquellas operaciones que, conforme a la normativa contable aplicable a las transferencias de activos, se han dado de baja, total o parcialmente, del activo de la entidad por haberse cedido el riesgo a un tercero, pero la entidad conserva la gestión de esas operaciones frente a sus titulares.
(2) Se incluirán todos aquellos productos de activo vigentes a la fecha de elaboración del documento «Información Financiera-PYME», así como aquellos productos de activo cancelados durante los cinco años anteriores a la fecha de la notificación o a la fecha de solicitud, tal y como se especifica en la norma 6 de la Circular 6/2016, de 30 de junio, del Banco de España. El código de la operación podrá ser aquel con el que se identifica la operación en el módulo B.2, del anejo 2, «Instrucciones para elaborar los módulos de datos», de la Circular 1/2013, de 24 de mayo, o cualquier otra referencia o código determinado por la entidad. Pero, en todo caso, se utilizará el mismo código de operación o referencia, para identificar a la misma operación en las diferentes tablas de datos del documento «Información Financiera-PYME».
(3) Este campo se informará siguiendo los valores establecidos en el campo «Límite máximo a disposición del prestatario al inicio de la operación», del módulo B.2, del anejo 2, «Instrucciones para elaborar los módulos de datos», de la Circular 1/2013, de 24 de mayo.
(4) Para las operaciones canceladas durante los cinco años de referencia, estos campos se informarán como «n/a» (no aplicable).
(5) Este campo incluirá tanto el riesgo con disponibilidad inmediata como el riesgo con disponibilidad condicionada.
(6) Para las operaciones canceladas antes de junio de 2015 se indicará «n/a» (no aplicable).
(7) Se incluirán también el resto de las garantías personales aportadas por el acreditado relacionadas con la operación pero no incluidas en el propio contrato de la operación.
(8) El campo «Otras observaciones» se utilizará para reflejar aquella información necesaria para el mejor entendimiento de los datos presentados en las tablas.

Relación de créditos históricos y vigentes y de los importes pendientes de amortización (1)										
Código de la operación (2)	Tipo de producto	Finalidad de la operación	Principal o nocional al inicio de la operación	Fecha de formalización o emisión	Fecha de vencimiento	Límite máximo a disposición del acreditado al inicio de la operación (3)	Límite actual del riesgo asumido por la entidad (4)	Riesgo disponible asumido por la entidad (4) (5)	Principal asumido por la entidad: importe no vencido (4)	Estado de refinanciaciones y reestructuraciones (4)

Garantías reales y personales (6)				
Código de la operación (2)	Garantía real principal: Tipo de garantía principal	Garantía real principal: Cobertura de la garantía principal	Garantía personal principal: Tipo de garantía personal principal (7)	Garantía personal principal: Cobertura de la garantía personal principal (7)

Otras observaciones (8)

4.ii) Relación cronológica de las obligaciones impagadas y situación actual de impagos

NOTA (Estas notas y aclaraciones formarán parte del documento «Información Financiera-PYME»)

(1) Marcar esta casilla con una X en caso afirmativo.

(2) Marcar esta casilla con una X cuando en los últimos cinco años no se hayan declarado importes vencidos a la Central de Información de Riesgos.

(3) En este cuadro se incluirán también las obligaciones impagadas y la situación actual de impagos de las operaciones que, conforme a la normativa contable aplicable a las transferencias de activos, se han dado de baja, total o parcialmente, del activo de la entidad por haberse cedido el riesgo a un tercero, conservando la entidad la gestión de esas operaciones frente a sus titulares.

(4) Estos campos, se informarán como «n/a» (no aplicable) para aquellas fechas de información anteriores a junio de 2015.

(5) Estos campos incluirán tanto los importes registrados en cuentas de activo como los registrados en cuentas de orden.

(6) El campo «Otras observaciones» se utilizará para reflejar aquella información necesaria para el mejor entendimiento de los datos presentados en las tablas.

El acreditado se encuentra actualmente al corriente de pagos (1)	
El acreditado ha cumplido íntegramente con sus obligaciones de pago (2)	

Relación cronológica de las obligaciones impagadas y situación actual de impagos (3)						
Fecha de declaración de la información	Código de la operación	Fecha del primer incumplimiento (4)	Fecha del último incumplimiento (4)	Principal asumido por la entidad - importe vencido	Int. y comisiones vencidos asumidos por la entidad (5)	Intereses de demora asumidos por la entidad (5)

Otras observaciones (6)

4.iii) Relación de concursos de acreedores, acuerdos de refinanciación o extrajudiciales de pagos, embargos, procedimientos de ejecución y otras incidencias judiciales

NOTA (Estas notas y aclaraciones formarán parte del documento «Información Financiera-PYME»)

Para el formato y contenido de los campos indicados en las tablas siguientes, se considerarán las instrucciones y las definiciones establecidas en la norma 6 y en el anejo 2 de la Circular 6/2016, de 30 de junio, del Banco de España, respectivamente. Adicionalmente, deberán considerarse las aclaraciones realizadas a continuación.

(1) Este campo se informará siguiendo los valores establecidos en el campo «Situación de la persona», del módulo A.1, del anejo 2, «Instrucciones para elaborar los módulos de datos», de la Circular 1/2013, de 24 de mayo.

(2) El campo «Otras observaciones» se utilizará para reflejar aquella información necesaria para el mejor entendimiento de los datos presentados en las tablas.

Relación de concursos de acreedores, acuerdos de refinanciación o extrajudiciales de pagos		
Situación del acreditado (1)	Fecha de inicio de la situación	Fecha de finalización de la situación

Relación de embargos, procedimientos de ejecución y otras incidencias judiciales		
Código de la operación	Fecha de inicio del procedimiento	Trámites legales realizados para recuperar la operación

Otras observaciones (2)

4.iv) RELACIÓN DE CONTRATOS DE SEGUROS VINCULADOS AL FLUJO DE FINANCIACIÓN

Para el formato y contenido de los campos indicados en las tablas siguientes, se considerarán las instrucciones y las definiciones establecidas en la norma 6 y en el anejo 2 de la Circular 6/2016, de 30 de junio, del Banco de España, respectivamente. Adicionalmente, deberán considerarse las aclaraciones realizadas a continuación.

(1) El campo «Otras observaciones» se utilizará para reflejar aquella información necesaria para el mejor entendimiento de los datos presentados en la tabla siguiente.

Código de la operación	Ramo del seguro	Compañía aseguradora	Suma asegurada	Fecha de caducidad

Otras observaciones (1)

5. EXTRACTO DE LOS MOVIMIENTOS REALIZADOS DURANTE EL ÚLTIMO AÑO EN LOS CONTRATOS DEL FLUJO DE FINANCIACIÓN DEL ACREDITADO

NOTA

Se aportarán los correspondientes extractos, siguiendo lo establecido en la norma 7 de la Circular 6/2016, de 30 de junio, del Banco de España.

6. CALIFICACIÓN DEL RIESGO DEL ACREDITADO

6.1 Calificación del riesgo

	Calificación	Orden de importancia (5)
Situación financiera (1)		
Variables cualitativas (2)		
Variables conductuales (3)		

Calificación del riesgo (4)	

NOTAS

Para la calificación del riesgo del acreditado establecida a continuación, se considerará lo dispuesto en el capítulo 3 de la Circular 6/2016, de 30 de junio, del Banco de España.

(1) Los valores sobre los que se debe informar en el campo «Situación financiera» serán los definidos en la norma 12 de la Circular 6/2016, de 30 de junio, del Banco de España.

(2) Los valores sobre los que se debe informar en el campo «Variables cualitativas» serán los definidos en la norma 14 de la Circular 6/2016, de 30 de junio, del Banco de España.

(3) Los valores sobre los que se debe informar en el campo «Variables conductuales» serán los definidos en la norma 16 de la Circular 6/2016, de 30 de junio, del Banco de España.

(4) Los valores sobre los que se debe informar en el campo «Calificación del riesgo» serán los definidos en la norma 10 de la Circular 6/2016, de 30 de junio, del Banco de España.

(5) El orden de importancia adoptará los valores del 1 al 3, siguiendo los criterios establecidos en la norma 10 de la Circular 6/2016, de 30 de junio, del Banco de España.

6.2 Posición relativa del acreditado respecto a su sector de actividad

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

Empresa
Denominación social — NIF — CNAE

Sector
Agregado — Tamaño — CNAE

Área de análisis	Ratio (%)	Valor en la empresa Año: N	Posición en el sector Año:
Actividad	T1. Tasa de variación de la cifra neta de negocios		
Margen	R05. Resultado económico neto / cifra neta de negocios		
Rentabilidad	R10. Resultado económico neto / total activo		
	R12. Resultado después de impuestos / fondos propios		
Liquidez	R21. Activos financieros a corto plazo y dispon. / total activo		
Capital circulante	R20. Capital circulante / cifra neta de negocios		
Endeudamiento	R24. Deudas con entidades de crédito / total patrimonio neto y pasivo (*)		
Solvencia	R22. Fondos propios / total patrimonio neto y pasivo		
Capacidad de reembolso de intereses	R08. Gastos financieros / resultado económico bruto (*)		

(*) Nótese que en el gráfico de estas ratios se ha invertido el orden de los cuartiles.

NOTA: La información sectorial proporcionada en este informe ha sido obtenida utilizando la base de datos facilitada por la Central de Balances del Banco de España: base RSE (ratios sectoriales de las sociedades no financieras). Banco de España (Central de Balances)/Registros de España (Registros Mercantiles-CPE)/Comité Europeo de Centrales de Balances.
Las variables analizadas no se evalúan en las empresas con denominador cero o negativo, lo que afecta tanto a las distribuciones estadísticas como a las empresas acreditadas de las que se obtiene este informe.

- Área en la que se encuentra el 25 % de las empresas en la situación menos favorable
- Área en la que se encuentran las empresas que están por debajo de la mediana
- Área en la que se encuentran las empresas que están por encima de la mediana
- Área en la que se encuentra el 25 % de las empresas en la situación más favorable

AVISO: La empresa podrá obtener de la Central de Balances de forma gratuita, previa aportación de información adicional, un estudio individual más pormenorizado con datos sectoriales de contraste. Para más detalles, véase http://www.bde.es/f/webbde/SES/cenbal/ventajas/ficheros/es/estudio_individual.pdf

ANNEX 2 – CASE STUDY

The UK introduced a bank referral scheme in 2016. The main features of the scheme are set out in the UK Act 2015 No.1946[40]. As per this scheme, a designated bank refusing an SME finance application above GBP 1,000 must provide all specified information that it holds in relation to the application to all *designated* finance platforms, after having asked the permission of the concerned SME. A distinction is made between finance providers and finance platforms. Platforms are understood as intermediaries connecting finance providers with finance seekers, without providing funding themselves.

For the purpose of the UK scheme, SMEs are those with a turnover of up to GBP 25m and with an address in the United Kingdom. Applications for the following products in GBP are within the scope of the referral scheme: overdrafts, loans, invoice finance, asset finance (excluding operating leases), and credit cards. These are also the products typically covered by the designated finance platforms.

While the HM Treasury designates banks and finance platforms for the purposes of the scheme, the British Business Bank (state-owned economic development bank) administers the scheme on behalf of the HM Treasury. In order to select the designated platforms, the British Business Bank carried out an expression for interest and selected three platforms: Alternative Business Funding, Funding Options and Funding Xchange. With regard to the designated banks, the British Business Bank selected the 5 largest banks in the country (Barclays, HSBC, Lloyds, RBS and Santander) and 4 regionally focused banks (Allied Irish Bank, Bank of Ireland, and Northern Bank (Danske Bank) focused on North Ireland and Clydesdale bank focused on Scotland). The British Business Bank's role regarding the referral scheme involves carrying out due diligence for platforms that apply to be designated[41] and ensuring designated banks' compliance with the scheme's requirements.

The designated finance platforms do not provide the funding per se but act as intermediaries between companies and finance providers. The banks simply relay the information to the designated alternative finance platforms. Once the information is available in these platforms, SMEs can be contacted by interested alternative finance providers. Platforms generate income from the service they provide. This can be achieved in a number of ways, such as by charging lenders to be included on the platform or by fees charged based on funding provided. Businesses are not charged to use platforms.

In the period between the start of the scheme in 2016 and September 2020, more than 45,000 eligible small businesses whose applications were rejected from one of the designated banks have been referred under the scheme[42]. In total, more than GBP 56 million of funding was secured by over 2,500 small businesses through the scheme. Of this total, between 1 July 2019 and September 2020 alone, 889 small businesses raised over GBP 23 million of funding thanks to the scheme. The number of referrals and deals closed, however, declined during the Covid-19 pandemic, after the setup of UK credit guarantee schemes such as the Bounce Back Loan Scheme, which may have reduced SME's need for the Bank Referral Scheme. Nevertheless, the three quarters (Q3 2019 – Q1 2020) before the Covid-19 pandemic were the most successful in terms of deals made since the beginning of the scheme, while the two

[40] UK act 2015 No. 1946: https://www.legislation.gov.uk/uksi/2015/1946/pdfs/uksi_20151946_en.pdf
[41] There are currently nine banks which have been designated by the UK Treasury to participate in the scheme, and three finance platforms.
[42]https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/947409/201208_Bank_Referral_Scheme__Official_Statistics.pdf

highest numbers of quarterly referrals were recorded in Q1 and Q2 of 2020. This may indicate that the scheme was picking up and was being increasingly useful to SMEs.

	Deals	Total value (£)	Average value (£)
Q4 2016	26	399,000	15,346
Q1 2017	112	1,850,912	16,526
Q2 2017	81	1,232,350	15,214
Q3 2017	127	1,362,890	10,731
Q4 2017	162	2,223,194	13,723
Q1 2018	224	4,608,310	20,573
Q2 2018	167	4,380,003	26,228
Q3 2018	169	4,625,997	27,373
Q4 2018	211	4,210,887	19,957
Q1 2019	220	3,847,205	17,487
Q2 2019	196	4,140,207	21,124
Q3 2019	280	5,102,098	18,222
Q4 2019	260	6,369,742	24,499
Q1 2020	234	4,216,990	18,021
Q2 2020	43	2,341,665	54,457
Q3 2020	72	5,397,957	74,972
Total	2,584	56,309,407	21,792

Total quarterly funding, including the number of deals, the total value and the average value of the loan. Source: UK Bank Referral Scheme: December 2020, HM Treasury

ANNEX 3 – SUMMARY OF RESPONSES TO CALL FOR FEEDBACK FROM STAKEHOLDERS

1. Introduction

In order to inform the feasibility report on an EU SME referral scheme, DG FISMA conducted a call for feedback from stakeholders over the period 12 March to 30 April 2021. This call for feedback took the form of a questionnaire containing 41 questions, allowing respondents to provide their opinion on various elements pertaining to a potential referral scheme. DG FISMA received 31 responses from a broad variety of stakeholders.

The present summary report seeks to give a qualitative representation of the contributions received and does not aim to be exhaustive or provide detailed statistical data. Like the questionnaire on which it is based, it sequentially covers the topics of respondents' characteristics, the criticality of the problem, the scope of the referral scheme, its governance, its regulation and supervision, possible compliance costs, and IT and data formats.

This report should not be regarded as the official position of the Commission and its services and thus does not bind the Commission. The contributions to this report cannot be considered as a representative sample of the EU population.

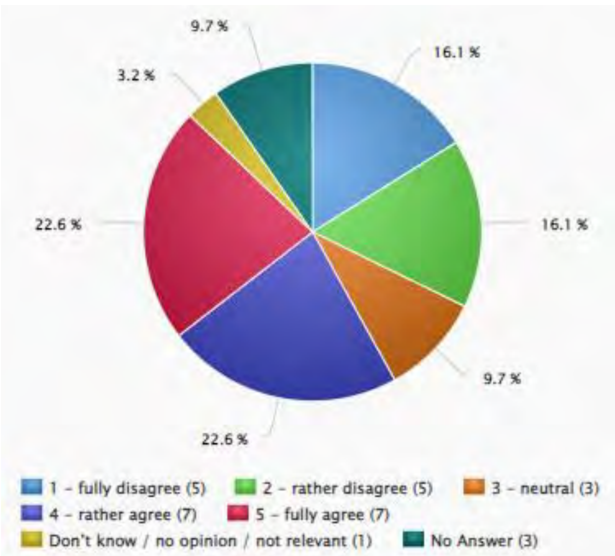
2. Characteristics of the respondents

Respondents presented a wide geographic variety, with all EU Member States as well as non-EU countries represented. The type of organisations most widely represented were business associations, which accounted for 58% of the total, followed by company/business organisations (19%) and public authorities (10%). The sector of activity with the strongest representation was the banking sector (58%), followed by investment management (19%) and insurance (10%).

3. Criticality of the problem

The questionnaire enquired about respondents' views as regards the potential of a referral scheme to address different types of financing challenges faced by SMEs. Asked whether a referral scheme would improve access to financing by SMEs, 45% of respondents replied that they "rather agree" or "fully agree", whereas 32% "rather disagree" or "fully disagree" (see Figure 1 below).

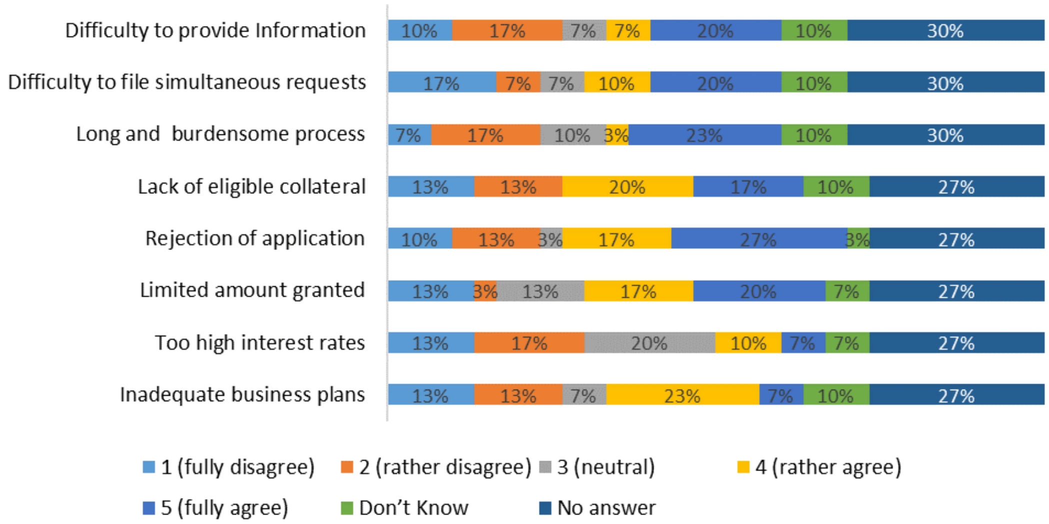
Figure 1: Would a referral scheme improve access to financing by SMEs?



Respondents were further asked whether they considered that particular pre-defined obstacles to SME financing could be addressed by an SME referral scheme. This question was asked separately with respect to SMEs' access to bank loans, non-bank lending and equity financing.

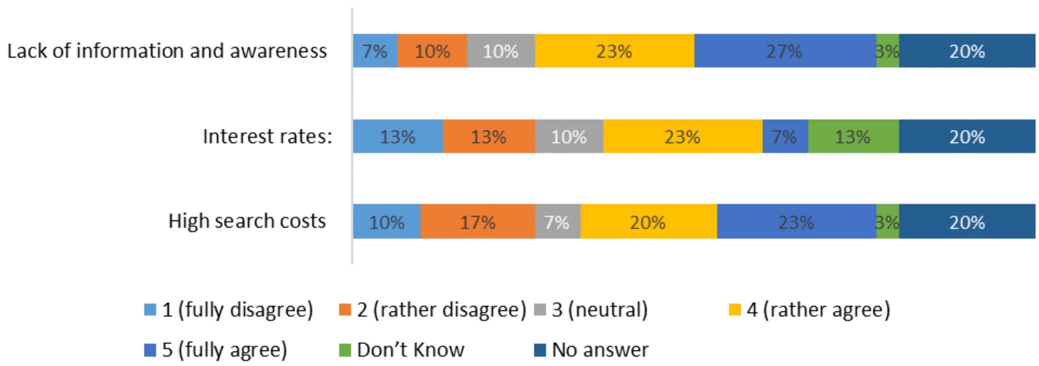
As regards bank lending, the percentage of respondants that "rather agree" or "fully agree" that the predefined obstacles to obtaining bank lending could be addressed by a referral scheme ranged from 17% (for "Too high interest rates") to 44% (for "Rejection of application"), depending on the obstacle in question (see Figure 2 below).

Figure 2: Access to bank lending - would an SME referral scheme be able to address these obstacles?



As regards non-bank lending, the percentage of respondents that "rather agree" or "fully agree" that the predefined obstacles could be addressed by a referral scheme ranged from 30% (for "Interest rates") to 50% (for "Lack of information and awareness"), as shown in Figure 3 below.

Figure 3: Access to non-bank lending - would an SME referral scheme be able to address these obstacles?



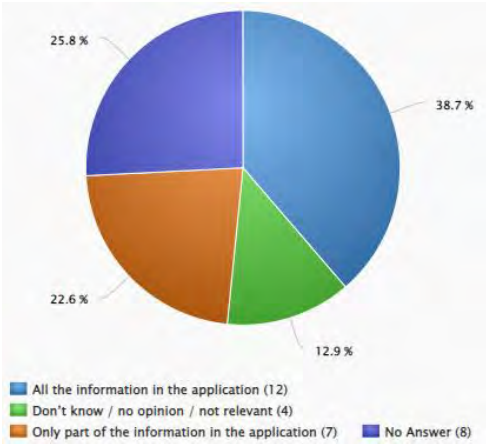
As regards equity financing, the percentage of respondents that "rather agree" or "fully agree" that the predefined obstacles could be addressed by a referral scheme ranged from 16% (for "Interest rates") to 39% (for "Lack of information and awareness").

4. Scope and governance of the referral scheme

Respondents were asked which *types of financing providers* SMEs should be referred to under a potential referral scheme. Of the 16 types of potential providers listed, three were selected by a majority of respondents: Lending-based crowdfunding platforms (55%), Credit providers authorised under national legislation (55%) and Banks offering supply chain finance and working capital solutions (52%). Also, 65% of respondents considered that a referral scheme should provide SMEs with information on the national points of contact for accessing EU-funded programmes for SMEs.

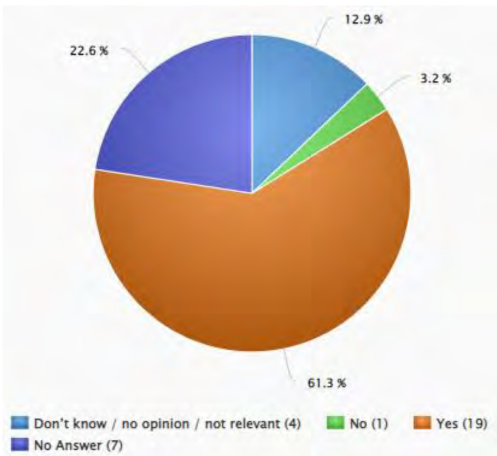
As the regards the *information to be transferred*, 38% of respondents considered that the referring entity should transfer all the information contained in the credit application to the receiving entity, while 23% would prefer the transfer of only part of the information (see Figure 4 below). Those respondents who considered that "Only part of the information in the application" should be transferred notably raised confidentiality concerns with respect to a full information transfer.

Figure 4: Amount of information to be transferred



As regards the *format of this information*, 61% of respondents considered that all the information should be provided in a standardised format (see Figure 5 below). Some of these respondents argued that a standardised format would help ensure a level playing field amongst applicants and that it would ease and accelerate the process for all parties involved, including by allowing a higher degree of automation and lower costs. Some respondents further opined that the format should be simple to minimise the administrative burden imposed on the referring entities.

Figure 5: Standardisation of information to be transferred



As regards the geographical scope of the referral scheme, 48% of respondents consider that any potential scheme should be limited to EU SMEs. These respondents asserted that non-EU SMEs were not usual clients of finance providers established in the EU, and that their different legal regimes would create additional difficulties for credit institutions. In contrast, 13% of respondents consider that it should also include non-EU SMEs, with members of the European Free Trade Association cited as potential beneficiaries. Respondents were also asked about the benefits of cross-border referral of SMEs. Views were split on this subject, with 29% considering that SMEs should only be referred to domestic finance providers and platforms, with 32% considering that referrals should also be cross-border.

Finally, respondents were asked whether, in addition to referrals from banks to alternative finance providers, additional channels for referrals between potential participants in a referral scheme should be considered, namely: referrals from finance providers and platforms to banks, referrals amongst banks, and referrals amongst finance providers and platforms. For each of these additional channels, the percentage of respondents in favour of requiring referrals was slightly higher than the percentage of those opposing such a requirement (namely 39% vs. 32%, 36% vs. 29% and 42% vs. 19%, respectively).

5. Regulation and supervision

The vast majority of respondents (68%) considered that all designated finance providers and platforms should be regulated under EU or national financial regulation. The majority of respondents (52%) was in particular concerned that they might otherwise incur a risk of fraud and scams. Also, the vast majority of respondents did not favour a change in the regulatory and supervisory framework for regulated designated finance providers.

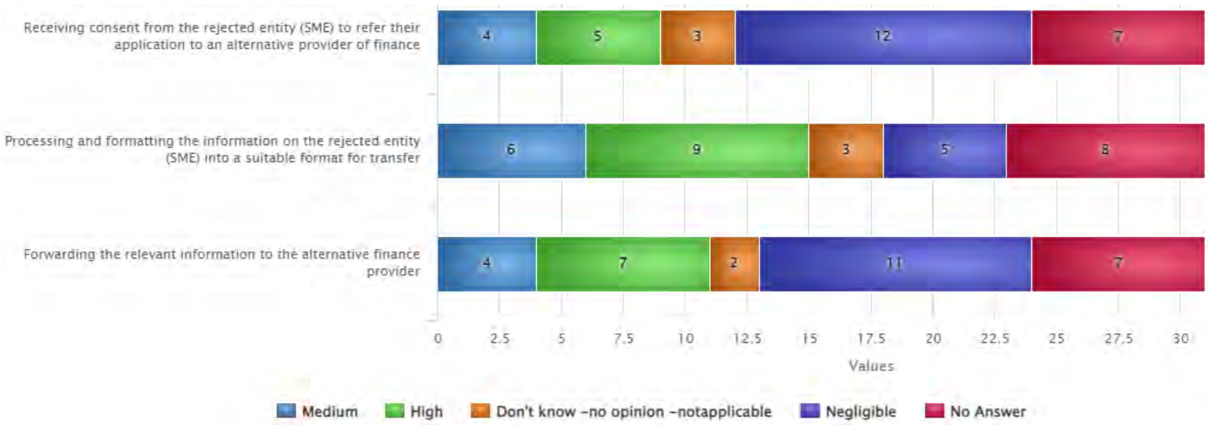
A more limited number of respondents was concerned that the referring entity might incur liability risks, for example with respect to data privacy (29%) or linked to the success or failure of the application for finance (23%).

6. Compliance costs

While views amongst respondents differed substantially as regards the expected costs of an SME referral scheme, they consistently estimated the costs for the referring entities to be higher than those for the receiving entities.

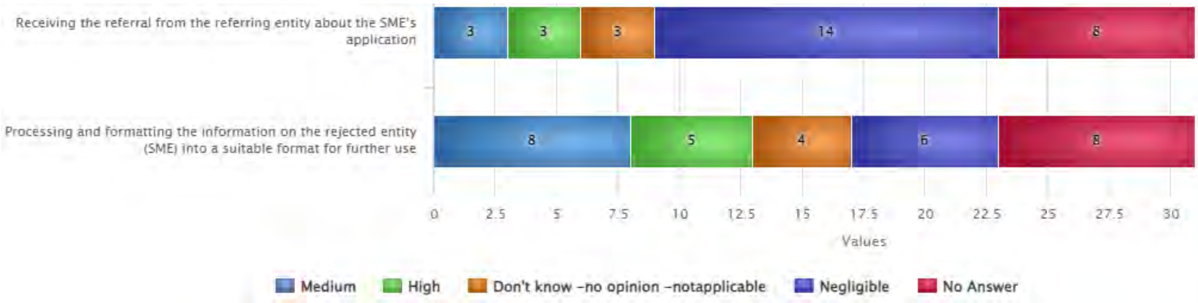
As shown in Figure 6 below, the highest cost for the referring entity was expected to be associated with the processing and formatting of the information on the rejected entity into a suitable format for transfer, which 29% (9 out of 31 respondents) of respondents expected to be "high".

Figure 6: Cost for the referring entity



Similarly, the highest cost for the receiving entity was expected to be associated with the processing and formatting of the information on the rejected entity into a suitable format for further use, but only 16% of respondents considered these to be "high" (see Figure 7 below).

Figure 7: Costs for the receiving entity



7. IT and data formats

Respondents generally considered that an appropriate use of IT and data formats could lower costs for participants, while improving the usability of the information transferred between them. According to 48% of respondents, automation could reduce variable costs, and 36% of respondents would support the use of structured data formats, such as XHTML, iXBRL, XML, etc., allowing for machine readability of the underlying SME information. In each of these cases, only one respondent disagreed.

As regards the delivery of the information, respondents exhibited a strong preference for a centralised hub (36%), while only 13% considered that the means of communication should be left to the discretion of the referring entity.

Respondents' views were split with respect to the preferred language to be used by the referring entity, with equal shares of respondents (35%) preferring either the language of the Member State of the referring entity or a language that is customary in the sphere of international finance.

8. Existing schemes

Asked about their awareness of and view on existing schemes aimed at helping SMEs access funding when their credit applications have been rejected, respondents pointed to the schemes in France, the UK, Finland and Denmark. Each of the schemes mentioned takes very different approaches to support SMEs, including via credit mediation, a referral by banks to alternative funding providers or online guidance for SMEs on various pertinent issues.