

“Maximising the Capital Market opportunity for SMEs and Start-ups”

A wide and deep reform of capital markets in Europe is needed, but there is no silver bullet answer to how to maximise funding opportunities for SMEs and Start-ups. It is a simple goal, but a complex task which requires the creation of the right “ecosystem”, according to an experts panel at a recent event in Brussels organised by ACCA (the Association of Chartered Certified accountants) and Barclays, in collaboration with UEAPME and EGIAN (The European Group of International Accounting Networks and Associations).

Providing better access to investment finance for SMEs and start-ups has for many years been a key priority of the EU, which is lagging substantially behind the United States in this regard. Improving financing of the economy through further developing and integrating capital markets is how the new European Commission plans to tackle the issue.

As the public consultation on the Commission’s Green Paper closed, Barclays and ACCA, in collaboration with UEAPME and EGIAN, brought stakeholders together to address the issue of **“Maximising the Capital Market opportunity for SMEs and Start-ups”** and to discuss with experts a range of issues related to helping start-ups and SMEs raise finance as easily as large companies.

Cyrus Ardalan, Vice-Chairman Barclays & Chairman of ICMA opened the discussion: *“The Capital Markets Union project is one of the most important initiatives in recent years. There is a role for a wide and deep reform of our Capital Markets – and pre-capital markets - in Europe to deliver long term, patient and risk-bearing finance. That is a simple goal, but a complex task. Capital markets will provide not only the supply but more importantly the type of capital with risk return characteristics best suited to financing growth companies and innovation. The development of these markets will be challenging and involve the creation of an Eco-system that can bring issuers, investors and intermediaries together in a mutually reinforcing way”.*

Peter Ujvari, Member of the ACCA Global Forum on Corporate Reporting, who moderated the roundtable session said *“The adverse impact of the financial crisis on SMEs’ access to finance has been exacerbated by a number of persistent market failures that predated the crisis, and which continue to be largely unaddressed nowadays. The CMU consultation precisely aims to remedy this, and seeks to identify ways to knocking down barriers to the single market for capital from the bottom up. This is welcome. We need to unlock liquidity, and to create diversity and options for SMEs but also for investors”.*

The debate revealed that even though there is no “silver bullet answer” to how we can maximise funding for SMEs – Europe needs other reforms, such as deepening the internal single market and thorough structural reforms in every member states – there are a number of important steps that need to be taken. The main goal of the Green

Paper – to overcome the current fragmentation of the markets by changing the structure of the EU financial system towards a better/more diversified mix of market based finance and bank credit - was broadly welcomed by all speakers.

Panellists discussed the role that securitisation and other alternative finance channels – such as crowdfunding, angel investing and venture capital - could play, as well as the possible steps to allow retail and institutional funds to be mobilised more effectively for productive investment. The audience also heard views on possible standardisation of SME lending information and of accounting rules for SMEs, on changes to be made to the Prospectus Directive, and the issue of Private Placement. The debate also revolved around the need for longer-term changes to address bottlenecks to cross-border investment in areas such as insolvency, company law and tax. The need to review/remove legislative but also administrative barriers, both at EU and national levels, and the need for the right accompanying incentives, were clearly highlighted.

Anthony Carey, chair of the EGIAN Listed Company Audit Market Focus Group reminded the audience of the importance of creating a European Mittelstand and of valuing the contribution of entrepreneurs to society. He said *“entrepreneurs are a key source of innovation and competition. We need to focus on the ‘M’ companies and particularly high growth medium-sized companies as they are a vital generator of jobs across the EU. Business advisers, especially accountants, have an important role to play in spotting and helping high growth SMES to achieve their full potential. Understanding the people issues is crucial to their being valuable advisers to entrepreneurs.*

Gerhard Huemer Director of Economic Policy at UEAPME, the European SME Association, concluded that *“debt financing will stay the main source of external finance for the overwhelming majority of the small enterprises. Therefore, the Capital Market Union cannot compensate for non-functioning bank finance and additional measures are needed to make banks again able to finance SMEs sufficiently. At the same time, the creditworthiness of SMEs has to be improved by tax systems which treat equity and debt financing equally, better financial education, as well as better information about SMEs.”*

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For further information:

Notes to Editors

About ACCA

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ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. It offers business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its **170,000** members and **436,000** students in **180** countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of **92** offices and centres and more than **8,500** Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. It believes that accountants bring value to economies in all stages of development and seek to develop capacity in the profession and encourage the adoption of global standards. ACCA's core values are aligned to the needs of employers in all sectors and it ensures that through its range of qualifications, it prepares accountants for business. ACCA seeks to open up the profession to people of all backgrounds and remove artificial barriers, innovating its qualifications and delivery to meet the diverse needs of trainee professionals and their employers. More information is here: www.accaglobal.com

About Barclays

Barclays is an international financial services provider engaged in personal banking, credit cards, corporate and investment banking and wealth management with an extensive presence in Europe, the Americas, Africa and Asia. Barclays' purpose is to help people achieve their ambitions – in the right way.

With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs approximately 135,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

For further information about Barclays, please visit our website www.barclays.com.

About UEAPME

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UEAPME is the employers' organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 80 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner.

For further information please visit <http://www.ueapme.com/> or follow [@UEAPME](https://twitter.com/UEAPME) on Twitter.

About EGIAN

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1. EGIAN (the European Group of International Accounting Networks and Associations) represents 25 international accounting networks and associations operating throughout Europe and globally.

In representing so many networks and associations of the European accounting profession, EGIAN members have a combined global workforce of more 300,000 professional accountants, all working in the public interest and contributing to a diverse and growth orientated economy. EGIAN's member firms are separate and independent legal entities. EGIAN does not itself provide accounting or consultancy services. All such services are provided by its members practicing on their own account.

2. The EGIAN Listed Company Audit Market Focus Group have worked actively on EU Audit Reform for four years bringing a collective voice on the views of the Mid-Tier of the Profession especially regarding the audit market and the regulation of auditing. The members of the Focus Group are Baker Tilly, Crowe Horwath, Geneva Group, Grant Thornton, HLB, Kreston, Mazars, Moore Stephens, Nexia, PKF, PrimeGlobal, Roedl & Partner and RSM. All the above International networks have the global reach, resources and technical capability needed to serve larger listed companies.

3. Further information about EGIAN will be found on its website (www.egian.eu)