



## **“The voice of SMEs in Europe”**

### **Press Release**

FOR IMMEDIATE RELEASE

#### **Code of conduct between banks and SMEs: UEAPME deplores failure of negotiations and looks for alternatives**

**Brussels, 10<sup>th</sup> December 2003.** UEAPME, the European SME employers’ organisation deeply regrets the failure of bank representative organisations to agree on a European Code of Conduct between banks and SMEs that could improve the relationship between credit institutions and small businesses. UEAPME is particularly disappointed with the lack of commitment shown by some of the European bank representative organisations with regard to establishing more transparent credit rating procedures.

“Over the years, many SMEs have become frustrated by the opacity with which banks apply credit rating systems when an SME asks for a loan. Many SMEs are troubled by the rules behind the credit rating systems of banks, which increases the feeling of apprehension and frustration towards banks. That is why we have asked the banks to put forward in a very clear way the rules guiding the rating systems” **Hans-Werner Müller**, UEAPME’s Secretary General said today.

Amongst others things, UEAPME has requested that SMEs should be informed of which important elements and factors define their loan rating and what steps they can take to improve their rating.

The European Commission at the request of the Industry Council launched the initiative for a code of conduct at the beginning of 2002. Under the Commission’s guidance, the main European banking associations and the European business associations (EUROCHAMBRES, UEAPME and UNICE) began the negotiations more than one year ago. These talks have now failed, as only the European Saving Banks Group was ready to sign the voluntary code negotiated by the stakeholders.

On the eve of the implementation of Basel II, having a voluntary tool would have ensured a trust-based relationship between banks, SMEs and other stakeholders. UEAPME thanks the European Commission’s effort to establish the code, but given the refusal of two bank sector representatives to agree on a voluntary document, it will now reconsider asking the Parliament and the Council for binding legislation in this field.

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