



“The voice of SMEs in Europe”

Press Release

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SME finance: cooperative banks and small businesses join forces

Brussels, 4 December 2007. Cooperative banks play a crucial role in SME finance in Europe – a function that must be strengthened and not destroyed, according to UEAPME, the European craft and SME employers’ organisation. More than 100 participants gathered in Brussels today (Tuesday) at the EU Committee of the Regions to attend the first European Forum “Cooperative Banks and SMEs” organised by UEAPME, the European Association of Co-operative Banks (EACB) and the International Confederation of Popular Banks (CIBP). Speakers included Mr Philippe de Fontaine Vive, Vice-President of the European Investment Bank (EIB), representatives of the European Investment Fund (EIF), SME federations and the European Commission. The event will be closed this afternoon by Commission Vice-President Günter Verheugen.

“Cooperative banks have traditionally been the main credit providers for small businesses, offering a financing backbone for Europe’s ‘classe moyenne’ without which many small enterprises would simply not exist. It is a pity that this role is not always fully recognised”, commented UEAPME Secretary General **Hans-Werner Müller**. In fact, cooperative banks have some specific characteristics such as their decentralised networks, their local origins and their proximity to the community, which enable them to be a privileged partner for SMEs. However, cooperative banks are increasingly under pressure, on one side from the EU level that often sees them as a problem for the internal market, and on the other side from bigger banking institutions that would like to cherry-pick and absorb their most profitable parts. Against this background, explained Mr Müller, it is crucial that SMEs and cooperative banks join forces to ensure that the current system is kept and not jeopardised.

The Forum’s morning session closed by Mr Müller was divided into two panels, the first of which was dedicated to the cost of financing tools for SMEs. While it is indeed true that providing low-volume financing is proportionally more expensive, speakers agreed that this is not always negative per se. For instance, client fidelity is usually retained more easily by cooperative banks despite the higher costs. However, a certain degree of standardisation, including when communicating about financial offers, could contribute to reducing the costs incurred, provided that the services remain focused on the needs and on the reality of SMEs. Another common point among the organisers of the event was the support for all efforts to simplify existing procedures and regulations, such as the recent initiatives taken in this field by the European Commission.

The second panel focused on how to provide risk sharing solutions for SMEs, at a time when banks are more and more reluctant to finance riskier projects. The results of the 5th Roundtable between Banks and SMEs clearly showed that risk capital is relatively available only from 5 million EUR upwards and for high-potential projects – requirements that are not tailored for classical SMEs. It is therefore increasingly evident that the public sector must intervene to allow a dynamic development of the SME sector. A number of new products were developed to this end in the last years by the EIB, the EIF, national institutions and promotional banks. The European Commission also stepped in by allowing the use of structural funds (through the JEREMIE programme) and by promoting pilot projects under its Competitiveness and Innovation Programme (CIP).

“Our discussions today highlighted two ‘take home messages’ that cannot and should not remain unheard. First of all, cooperative banks and SMEs need each other: collaboration and good relations are crucial in this respect, and today’s Forum is a testimony of our goodwill. Secondly, when markets are not willing or ready to take risks alone, public support becomes vital”, concluded Mr Müller.

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EDITORS’ NOTES: UEAPME is the employers’ organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 84 member organisations, which represent crafts and SMEs across Europe, covering over 12 million enterprises with 50 million employees. UEAPME is a European Social Partner.

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