

Call for feedback to stakeholders on the feasibility assessment for a potential EU referral scheme

Fields marked with * are mandatory.

Introduction

The capital markets union (CMU) action plan

In the [capital markets union action plan published in September 2020](#), the Commission committed to analysing by **Q4 2021 the merits and feasibility of setting up a referral scheme to require banks (and other providers of funding) to direct small and medium enterprises whose funding application they have turned down to providers of alternative funding**. The objective of this scheme, if implemented, will be to facilitate SMEs' access to a wider set of funding options, including alternative funding options.

The objectives of the feasibility study are to:

- analyse the scale of the problem (SMEs failing to secure financing)
- balance possible benefits of wider and more diversified sources of financing that such referral scheme can offer to SMEs with possible additional burden (including IT setup and maintenance costs) for banks or other providers of financing, who would be under an obligation to refer SMEs
- if supported by a positive result of the feasibility study, formulate possible options for the scope, features and governance of the potential scheme.

EU-level measures to support SMEs whose credit applications were rejected

Currently, Article 431 of [Regulation \(EU\) No 575/2013 \(Capital Requirements Regulation or CRR\)](#) gives the right to SMEs to ask for feedback in writing when they apply for bank credit. Such feedback is particularly important in case of a negative credit decision.

During the last phase of [CMU 1.0 \(2015 CMU action plan\)](#), the Commission worked closely with and endorsed an industry initiative by banking associations and SME associations to seek commitments from banks to voluntarily provide this input: the [High-level principles on feedback given by banks on declined SMEs credit applications](#). The high-level

principles do not include redirecting SMEs to alternative providers of finance. The feedback is usually based on why the credit was denied and less on alternative channels of financing. Also, the impact of this initiative has largely depended on the uptake by the industry.

The existing EU legislation does not currently oblige banks and other financial services providers to inform SMEs about alternative sources of funding. Given the general lack of SME financial literacy, many SMEs may not be sufficiently aware of alternative financing opportunities, and of where to seek them out. The additional costs of identifying and applying elsewhere after facing a rejection may deter SMEs from taking further action, which limits their chances to scale up and grow.

A bank referral scheme would go one step further and require banks to proactively channel rejected SMEs in need of financing towards alternative finance providers.

SME credit applications rejection rates in the EU

In the period between April and September 2020, 35% of EU27 SMEs that deemed bank loans relevant for their business applied for a loan ([Survey on the access to finance of enterprises \(SAFE\) Analytical Report 2020, November 2020, European Commission](#)). Amongst them, on average:

- 70% of application were granted in full
- **13% were granted a part of the amount applied for** (7% received at least 75% of the requested amount and 6% received less than 75% of the requested amount)
- **6% of these bank loan applications were rejected**

Source: Survey on the access to finance of enterprises (SAFE) Analytical Report 2020, November 2020, European Commission

The graph below shows the evolution of outcomes of SME bank loan applications between 2014 and 2020.

Source: Survey on the access to finance of enterprises (SAFE) Analytical Report 2020, November 2020, European Commission

The following graph shows that the outcomes of applications for bank loans by SMEs vary across EU27 Member States. In the period between April and September 2020, the proportion of SME loan applications rejected was highest in the Netherlands (27%), Greece, Romania and Poland (20%).

Source: Survey on the access to finance of enterprises (SAFE) Analytical Report 2020, November 2020, European Commission

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.

Existing referral schemes and affiliated schemes

A bank referral scheme has been in place in the UK since 2016. 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. If the business does not agree to such information being provided, the bank must send to the business the generic platforms information. The regulations ([UK act 2015 No. 1946](#)) also place a duty on designated finance platforms to provide finance providers with access to information that the platform has received, providing the finance provider has requested it. The regulations define timeframes for each step to be completed by the bank and the finance platform.

For the purpose of the UK scheme, small and medium businesses are those with a turnover of up to GBP 25m and with an address in the United Kingdom. Applications for the following products in sterling are within the scope of the regulations: overdrafts, loans, invoice finance, asset finance (excluding operating leases), 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 HM Treasury. This involves collecting the data from platforms, as well as carrying out due diligence for platforms that apply to be designated.

There are currently nine banks – [AIB Group \(UK\) Plc \(t/a First Trust Bank\)](#), [Bank of Ireland \(UK\) Plc](#), [Barclays Bank Plc](#), [Clydesdale Bank Plc](#), [Northern Bank Ltd \(t/a Danske Bank\)](#), [HSBC Bank Plc](#), [Lloyds Banking Group Plc](#), [Royal Bank of Scotland Group Plc](#) and [Santander UK Plc](#) – which have been designated by the UK Treasury to participate in the scheme, and three finance platforms– [Alternative Business Funding Ltd](#), [Funding Options Limited](#) and [FundingXchange Limited](#). The designated finance platforms do not provide the funding per se but act as intermediaries between companies and 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.

Since the beginning of the scheme in November 2016, more than 45,000 eligible small businesses who were rejected for finance from one of the big banks have been referred under the scheme (« [Bank Referral Scheme: Official Statistics](#) », [HM Treasury, 23 December 2020](#)). In total, more than GBP 56 million of funding was secured by over 2,500 small businesses through the scheme. Of this total, since 1 July 2019, 889 small businesses raised over GBP 23 million of funding thanks to the scheme. The number of referrals and deals closed declined during the 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 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.

Some EU Member States introduced national measures aiming at supporting SMEs whose credit application has been refused but which do not constitute a referral scheme per se. For example, the [Credit Review Office](#) in Ireland re-assesses SME rejected credit applications. In Spain, when banks deny or cancel financing facilities to an existing SME client, they are required ([Circular 6/2016 of the Bank of Spain](#)) to provide the SME with a standardised “SME information sheet” with credit information that the SME can use to approach other finance providers.

Purpose of the present call for feedback

The present call for feedback aims at gathering evidence and feedback from stakeholders on:

- whether there is a potential for a referral scheme to help SMEs whose funding applications have been rejected by a bank (or other providers of funding)
- options for the scope, features and governance of such a possible scheme

The call for feedback will feed into the feasibility study.

Please note that for the purpose of this call for feedback, options for the scope, features and governance of the referral scheme are open and can depart from existing schemes described in section 4.

Please find below a few definitions used for the purpose of this call for feedback:

- **SMEs** are defined as per the [EU recommendation 2003/361](#). The factors determining whether a company is an SME are (1) **staff headcount** and (2) either **turnover** or **balance sheet total**, as per the following table:

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Entity category	Staff headcount	Turnover	Balance sheet total
Medium-sized	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

- the **referral scheme** consists in a legal requirement for banks (and possibly other providers of funding) to proactively offer to an SME whose financing application they are turning down, to forward the information included in the application to other finance providers or finance platforms, provided the SME has given its consent. **All other aspects of the scheme (scope, features, governance) remain open at this stage and are the subject of the below questions.**
- 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. These may include crowdfunding platforms, matchmaking platforms and some supply chain finance platforms for instance.
- the **rejected entity** is the SME whose funding application has been rejected. The **referring entity**, is the entity (a bank, and possibly another finance provider or finance platform) to which the information sharing requirement applies. The **receiving entity**, is the entity (a finance provider, possibly another bank or a finance platform), which the referring entity refers a rejected entity to.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-b1@ec.europa.eu.

More information on

- [this call for feedback](#)
- [the call for feedback document](#)

- [capital markets union](#)
- [the protection of personal data regime for this call for feedback](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association

- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

Veli-Matti

* Surname

Mattila

* Email (this won't be published)

veli-matti.mattila@financefinland.fi

* Organisation name

255 character(s) maximum

Finance Finland (FFI)

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

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Member State of your organisation. In case your organisation is active in several countries, please select all applicable Member States

- | | | | |
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| <input type="checkbox"/> Austria | <input checked="" type="checkbox"/> Finland | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> France | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Spain |
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| <input type="checkbox"/> Croatia | <input type="checkbox"/> Greece | <input type="checkbox"/> Netherlands | <input type="checkbox"/> All EU-27 |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Hungary | <input type="checkbox"/> Poland | <input type="checkbox"/> Non-EU country(ies) |
| <input type="checkbox"/> Czechia | <input type="checkbox"/> Ireland | <input type="checkbox"/> Portugal | |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Italy | <input type="checkbox"/> Romania | |
| <input type="checkbox"/> Estonia | <input type="checkbox"/> Latvia | <input type="checkbox"/> Slovak Republic | |

* Field of activity or sector (if applicable):

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable

The Commission will publish all contributions to this call for feedback. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, ‘business association, ‘consumer association’, ‘EU citizen’) country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default are based on the type of respondent selected.

* **Contribution publication privacy settings**

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only organisation details are published: The type of respondent that you responded to this call for feedback as, the name of the organisation on

whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this call for feedback as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

Criticality of the problem

Question 1. To what extent would you agree that SMEs face difficulties to access **bank loans** in your Member State / in the Member States you are active in?

Please select the Member States for which you want to provide a specific response, or select the "all EU-27" option if your answer is common to all Member States :

Please select as many answers as you like:

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| <input type="checkbox"/> Austria | <input checked="" type="checkbox"/> Finland | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> France | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> Germany | <input type="checkbox"/> Malta | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Croatia | <input type="checkbox"/> Greece | <input type="checkbox"/> Netherlands | <input type="checkbox"/> All EU-27 |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Hungary | <input type="checkbox"/> Poland | <input type="checkbox"/> Non-EU country(ies) |
| <input type="checkbox"/> Czechia | <input type="checkbox"/> Ireland | <input type="checkbox"/> Portugal | |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Italy | <input type="checkbox"/> Romania | |
| <input type="checkbox"/> Estonia | <input type="checkbox"/> Latvia | <input type="checkbox"/> Slovak Republic | |

To what extent do you agree the elements below represent obstacles faced by SMEs when accessing bank loans in Finland?

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
It is difficult to provide all the necessary information requested by the bank	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is not possible to file the same request at several banks simultaneously with the same information	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is a very long and administratively burdensome process	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of eligible collateral	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rejection of application	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limited amount granted	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Too high interest rates	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequate business plans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your answer to question 1 for Finland:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In Finland the availability of financing to the SMEs is good and the amount of rejected applications is low. This is reflected e.g. in the results of the SAFE Survey.

In addition, the public information services for SMEs are quite extensive and there are several sources of information (e.g. Finnvera, Business Finland and regional Centres for Economic Development, Transport and the Environment (so called ELY-centres)). There are also private consultants helping companies to get financing.

Also the Finnish venture capital market is active and the providers of equity financing have their own central organisation which gives information about funding possibilities for different kinds of SMEs.

Question 1.1 To what extent do you agree that the above obstacles could be addressed by a referral scheme for SMEs?

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
It is difficult to provide all the necessary information requested by the bank	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is not possible to file the same request at several banks simultaneously with the same information	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is a very long and administratively burdensome process	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of eligible collateral	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rejection of application	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limited amount granted	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Too high interest rates	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inadequate business plans	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 1.1:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We see no need for a mandatory referral scheme in Finland.

Question 2. To what extent would you agree that SMEs face difficulties to access non-bank, lending-based financing in your Member State / in the Member States you are active in?

Please select the Member States for which you want to provide a specific response, or select the "all EU-27" option if your answer is common to all Member States :

Please select as many answers as you like:

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| <input type="checkbox"/> Austria | <input checked="" type="checkbox"/> Finland | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> France | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> Germany | <input type="checkbox"/> Malta | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Croatia | <input type="checkbox"/> Greece | <input type="checkbox"/> Netherlands | <input type="checkbox"/> All EU-27 |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Hungary | <input type="checkbox"/> Poland | <input type="checkbox"/> Non-EU country(ies) |
| <input type="checkbox"/> Czechia | <input type="checkbox"/> Ireland | <input type="checkbox"/> Portugal | |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Italy | <input type="checkbox"/> Romania | |
| <input type="checkbox"/> Estonia | <input type="checkbox"/> Latvia | <input type="checkbox"/> Slovak Republic | |

To what extent do you agree the elements below represent obstacles faced by SMEs when accessing non-bank, lending-based financing in Finland?

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
Lack of information and awareness about non-bank, lending-based providers;	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest rates;	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
High search costs to find information about the finance providers;	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your answer to question 2 for Finland:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see the answer to question 1.

Question 2.1 To what extent do you agree that the above obstacles could be addressed by a referral scheme for SMEs?

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
Lack of information and awareness about non-bank, lending-based providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest rates:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
High search costs to find information about the finance providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 2.1:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see the answer to question 1.

Question 3. To what extent would you agree that SMEs face difficulties to access equity-based financing in your Member State / in the Member States you are active in?

Please select the Member States for which you want to provide a specific response, or select the "all EU-27" option if your answer is common to all Member States :

Please select as many answers as you like:

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|-----------------------------------|---|--|--|
| <input type="checkbox"/> Austria | <input checked="" type="checkbox"/> Finland | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> France | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> Germany | <input type="checkbox"/> Malta | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Croatia | <input type="checkbox"/> Greece | <input type="checkbox"/> Netherlands | <input type="checkbox"/> All EU-27 |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Hungary | <input type="checkbox"/> Poland | <input type="checkbox"/> Non-EU country(ies) |
| <input type="checkbox"/> Czechia | <input type="checkbox"/> Ireland | <input type="checkbox"/> Portugal | |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Italy | <input type="checkbox"/> Romania | |
| <input type="checkbox"/> Estonia | <input type="checkbox"/> Latvia | <input type="checkbox"/> Slovak Republic | |

To what extent would you agree that SMEs face difficulties to access equity-based financing in Finland?

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
Lack of information and awareness about equity-based providers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High search costs to find information about equity-based providers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your answer to question 3 for Finland:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see the answer to question 1.

Question 3.1 To what extent do you agree that the above obstacles could be addressed by a referral scheme for SMEs?

	1 (fully disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (fully agree)	Don't know - No opinion - Not applicable
Lack of information and awareness about non-bank, lending-based providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interest rates	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High search costs to find information about the finance providers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your answer to question 3.1:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In general, Finance Finland does not see any need for a mandatory referral scheme. There is already enough information about financing available for SMEs. If a credit application is declined it usually means that there are fundamental problems in the business model or e.g. solvency of the company. A mandatory referral scheme is not a suitable tool to address these kinds of problems.

In addition, the scheme would increase overall costs of financial intermediation affecting also those companies whose applications are approved. It should be emphasized that SMEs must take care of their own risk management, including the funding risk. They should tailor their business model, ownership structure, capital etc. so that the risk of a funding gap is minimised.

Question 4. Do you think that the COVID-19 pandemic has affected the usefulness and importance of establishing a bank referral scheme?

- 1 - Fully disagree
- 2 - Rather disagree
- 3 - Neutral
- 4 - Rather agree
- 5 - Fully agree
- Don't know / no opinion / not relevant

Please explain your answer to question 4:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Even during the economic crisis created by the pandemic Finnish banks have continued to lend to their customers. In addition, banks have offered payment holidays and other changes in the terms and conditions of loans to help their customers during the pandemic. At the same time also the public sector has provided funding to SMEs via Finnvera, Business Finland and other public institutions. Banks have also cooperated closely with Finnvera and utilised its loan guarantee programmes for SME lending.

Question 5. Do you agree or disagree that a referral scheme would - alone or in a combination with other measures - improve access to financing by SMEs?

- 1 - Fully disagree
- 2 - Rather disagree
- 3 - Neutral
- 4 - Rather agree
- 5 - Fully agree

- Don't know / no opinion / not relevant

Please explain your answer to question 5:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There is already enough funding available for SMEs. If a credit application is declined, it usually implies that there are fundamental problems with e.g. the business model, capital level or ownership structure of the company. These problems should be addressed by other means, not by a mandatory referral scheme. Given the common regulatory environment for all Finnish banks, it would be surprising if the decisions by different banks would vary with any significance, in such binary an issue as if the customer is creditworthy or not (after a positive credit decision the pricing may obviously differ between banks as it is a function of several institution-specific variables). Therefore it is very difficult to see any referral scheme truly adding value. However, it would certainly bring additional costs.

Scope

Question 6. Which of the providers below do you think should be included in the scope of potential providers of financing and platforms to which to refer SMEs as part of the scheme?

Platforms are understood as intermediaries connecting finance providers with finance seekers. These may include crowdfunding platforms, matchmaking platforms and some supply chain finance platforms for instance

a) Credit providers (please select as many answers as you like)

- Credit institutions under [CRR/CRD](#)
- AIFMs that manage loan originating [AIFs](#)
- Lending-based crowdfunding platforms providing lending under the [ECSP](#)
- Credit providers authorised under national legislation
- Credit providers that are currently not regulated
- Other credit providers

Please specify what are the other credit providers you refer to:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If a mandatory scheme is established it should cover all providers of debt financing, possibly also equity financing, in order to maintain a level playing field. It is highly questionable what could be the benefits of this scheme compared to the costs of its establishment and supervision

b) Equity finance providers (please select as many answers as you like)

- Investment-based crowdfunding platforms providing equity investment under ECSP
- Managers of venture capital funds
- Business angels / private investor syndicates
- Managers of private equity funds
- Other equity finance providers

c) Supply chain finance and working capital providers (please select as many answers as you like)

- Banks offering supply chain finance and working capital solutions
- Other platforms offering supply chain finance and working capital solutions

d) Others (please select as many answers as you like)

- Insurance companies
- Other institutional investors
- Matchmaking platforms
- Advisory centres

Question 7. Are there any other providers of financing or platforms that you believe should be included but have not been mentioned above?

- Yes
- No
- Don't know / no opinion / not relevant

Question 8. A number of EU funded programmes focus on SMEs. Should the new referral scheme provide information on the national points of contact for accessing these EU programmes?

- Yes
- No
- Don't know / no opinion / not relevant

Question 9. What information should be sent by the referring entity to the receiving entities?

- All the information in the application
- Only part of the information in the application
-

Don't know / no opinion / not relevant

Question 10. Should the information be provided in a standardised format?

- Yes
- No
- Don't know / no opinion / not relevant

Please explain your answer to question 10:

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 11. Should the scheme include only EU or also non-EU SMEs?

- EU SMEs only
- EU and non-EU SMEs
- Don't know / no opinion / not relevant

Please explain your answer to question 11:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 12. What criteria should be looked at in designating receiving entities (finance providers and platforms, possibly banks) that are in the scope of the scheme?

Please select as many answers as you like:

- Relevance to SME funding
- Time in business
- Regulated provider
- Volume of financing facilitated/provided to SMEs
-

Other

Question 13. What criteria should be looked at in designating referring entities ?

Please select as many answers as you like:

- Size
- Share of SME funding activities
- Other

Governance

Question 14. Should the designation of referring entities and of receiving entities be done at EU level or at national level?

- At EU level
- At national level
- Don't know / no opinion / not relevant

Question 15. Which institution should designate the receiving entities and the referring entities?

Please select as many answers as you like:

- National promotional bank
- National Treasury
- National supervisors
- Other national institution
- European Securities and Markets Authority
- European Insurance and Occupational Pensions Authority
- European Banking Authority
- European Investment Bank Group
- Other EU institution
- Other

Question 16. Should designated referring entities refer rejected SMEs to domestic finance providers and platforms or also to providers in other Member States within the single market?

- Only to domestic finance providers and platforms
- Both to domestic finance providers/platforms and across borders within the single market
- Don't know / no opinion / not relevant

Question 17. Do you think that the referral requirement should apply to all participants of the scheme when they reject an SME funding application: i.e. not only from banks to finance providers and platforms but also from finance providers and platforms to banks, and amongst banks and finance providers and platforms?

a) From providers and platforms to banks:

- Yes
- No
- Don't know / no opinion / not relevant

Please explain your answer to question 17 a):

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

b) Amongst banks:

- Yes
- No
- Don't know / no opinion / not relevant

Please explain your answer to question 17 b):

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

c) Amongst finance providers and platforms:

- Yes
- No
- Don't know / no opinion / not relevant

Please explain your answer to question 17 c):

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Regulation and supervision

Question 18. Would it be problematic if the scheme were open to both regulated and non-regulated finance providers and platforms?

- Yes
- No
- Don't know / no opinion / not relevant

Which challenge(s) would you expect?

Please select as many answers as you like:

- Level playing field issue between regulated and non-regulated entities
- Risk of fraud and scams
- Other

Question 19. Do you consider that all designated finance providers and platforms should be regulated (under EU or national financial regulation)?

- Yes
- No
- Don't know / no opinion / not relevant

Question 19.1 In light of the regulatory challenges identified above, should the existing regulatory framework be maintained or changed?

a) Credit providers

	Regulatory framework should be maintained	Regulatory framework should be changed	Don't know - No opinion - Not applicable
Credit institutions under CRR/CRD	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
AIFMs that manage loan originating AIFs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lending-based crowdfunding platforms providing lending under the ECSP	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit providers authorised under national legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit providers that are currently not regulated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other credit providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) Equity finance providers

	Regulatory framework should be maintained	Regulatory framework should be changed	Don't know - No opinion - Not applicable
Investment-based crowdfunding platforms providing equity investment under ECSP	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers of venture capital funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business angels / private investor syndicates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers of private equity funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other equity finance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

c) Supply chain finance and working capital providers

	Regulatory framework should be maintained	Regulatory framework should be changed	Don't know - No opinion - Not applicable

Banks offering supply chain finance and working capital solutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other platforms offering supply chain finance and working capital solutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Others

	Regulatory framework should be maintained	Regulatory framework should be changed	Don't know - No opinion - Not applicable
Insurance companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other institutional investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Matchmaking platforms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Advisory centres	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 20. In the same vein, should the existing supervisory frameworks be maintained or changed to ensure a level-playing field and avoid regulatory arbitrage?

a) Credit providers

	Regulatory framework should be maintained	Regulatory framework should be changed	Don't know - No opinion - Not applicable
Credit institutions under CRR/CRD	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
AIFMs that manage loan originating AIFs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lending-based crowdfunding platforms providing lending under the ECSP	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit providers authorised under national legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other credit providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) Equity finance providers

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	Regulatory framework should be maintained	Regulatory framework should be changed	Don't know - No opinion - Not applicable
Investment-based crowdfunding platforms providing equity investment under ECSP	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers of venture capital funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business angels / private investor syndicates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers of private equity funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other equity finance providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

c) Supply chain finance and working capital providers

	Regulatory framework should be maintained	Regulatory framework should be changed	Don't know - No opinion - Not applicable
Banks offering supply chain finance and working capital solutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other platforms offering supply chain finance and working capital solutions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

d) Others

	Regulatory framework should be maintained	Regulatory framework should be changed	Don't know - No opinion - Not applicable
Insurance companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other institutional investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 21. Once finance providers and platforms (as receiving entities) have been designated by the relevant body, should their inclusion into the scope of the scheme as receiving entities be voluntary or mandatory?



Inclusion of designated finance providers and platforms into the scope of the scheme as receiving entities should be **voluntary**

- Inclusion of designated finance providers and platforms into the scope of the scheme as receiving entities should be **mandatory**
- Don't know / no opinion / not relevant

Question 21.2 Please explain your answer to question 21 and 21.1:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 22. Should rejected SMEs be referred, after giving their consent, to the whole list of designated finance providers and platforms, even if not all might be relevant?

- Yes
- No
- Don't know / no opinion / not relevant

Question 23. Assuming that the referred SME would provide consent prior to their application referral, in your view, would there be any potential liability risks for the referring entity (i.e. GDPR compliance, data privacy)?

- Yes
- No
- Don't know / no opinion / not relevant

Please specify what liability risks there would be for the referring entity:

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Assuming the referral would contain anything else but just sharing the contact information of another bank, the referring bank would be exposed to all standard liability risks related to sharing customer specific information.

Question 24. In your view, would there be any risks of liability for the referrer regarding the subsequent success or failure of the application?

- Yes
- No
- Don't know / no opinion / not relevant

Compliance costs

Question 25. What set-up and ongoing compliance costs do you expect arising from such referral scheme for the stakeholders below? Where possible, please base your answer on actual costs if there are existing similar schemes or provide estimates:

a) For referring entities (banks, other finance providers and finance platforms):

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Implementing a referral scheme on top of everything else would include several, completely additional and heavy processes for banks.

b) For receiving entities (banks, other finance providers and finance platforms):

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Receiving banks would need to create additional process for data verification and registry keeping.

Question 26. A referring entity within the scope of the referral scheme would have to refer each rejected applicant (SME) to other providers of finance and / o r f i n a n c e p l a t f o r m s .

In your view, what would be the associated costs for the referring entity for each of the following actions?

	Negligible	Medium	High	Don't know - No opinion - Not applicable
--	------------	--------	------	--

Receiving consent from the rejected entity (SME) to refer their application to an alternative provider of finance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Processing and formatting the information on the rejected entity (SME) into a suitable format for transfer	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Forwarding the relevant information to the alternative finance provider	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 26.1 What other elements could create costs for the referring entity?

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The industry would need to agree and create a specific media for all the information flows between institutions. To achieve relevant cover, it would easily mean a double-digit number of institutions.

Question 27. A receiving entity within the scope of the referral scheme would have to receive information pertaining to each rejected applicant (SME) being referred to them.

In your view, what would be the associated costs for the receiving entity for each of the following actions?

	Negligible	Medium	High	Don't know - No opinion - Not applicable
Receiving the referral from the referring entity about the SME's application	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Processing and formatting the information on the rejected entity (SME) into a suitable format for further use	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 27.1 What other elements could create costs for the receiving entity?

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

IT and data formats

Question 28. Could the referral scheme be automated, thus reducing variable costs?

- Yes
- No
- Don't know / no opinion / not relevant

Question 29. In order to improve the usability of the information, would you support the use of structured data formats, such as XHTML, iXBRL, XML, etc., allowing for machine readability of the underlying SME information?

- Yes
- No
- Only on a voluntary basis
- Don't know / no opinion / not relevant

Please explain your position providing your arguments, and where appropriate, concrete examples and evidence to support your answers:

1000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 30. How should information be delivered by referring entities to receiving entities?

Please select as many answers as you like:

- In a decentralised manner (between referring entities and receiving entities)
- Through a centralised hub
- Means of communication should be left to the discretion of the referring entity
- Other

Question 31. How should the information be accessible by receiving entities?

Please select as many answers as you like:

- Through Application Programming Interfaces (APIs)
- Bulk download
- Through a web portal
- In PDF
- Other

Question 32. The SME-related information should be delivered by referring entities to receiving entities:

Please select as many answers as you like:

- in the language of the Member State of the referring entity
- in a language that is customary in the sphere of international finance
- in multiple or all EU languages where a digital translation solution is possible

Question 33. Would these technological solutions be easily accessible to all parties (in terms of costs, onboarding etc)?

- Yes
- No
- Don't know / no opinion / not relevant

Possible challenges

Question 34. Do you expect challenges linked to fraudulent behaviour to be:

-

Negligible

- Substantial but manageable
- Substantial and critical for at least some of the actors involved
- Don't know / no opinion / not relevant

Question 35. What safeguards should be put in place to avoid fraudulent behaviour?

a) of referring entities:

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

b) of receiving entities (banks or finance providers and platforms):

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

c) of rejected entities (SMEs):

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 36. What other challenges do you expect for the stakeholders involved: banks, finance providers and platforms, SMEs, supervisory/designating authorities? For each challenge, please specify whether you would expect them to be negligible, substantial but manageable or substantial and critical for at least some of the actors involved (if so, which ones?):

a) Banks:

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

b) Finance providers and platforms:

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

c) SMEs:

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

d) Supervisory authorities / designating authorities:

500 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 37. What mitigating measures to the challenges above would you recommend ?

Please select as many answers as you like:

- Mitigating measures to the other challenges above faced by banks
- Mitigating measures to the other challenges above faced by finance providers and platforms
- Mitigating measures to the other challenges above faced by SMEs
-

Mitigating measures to the other challenges above faced by supervisory authorities / designating authorities

Question 38. You expect challenges linked to raising awareness / promotion of the scheme among SMES to be:

- Negligible
- Substantial but manageable
- Substantial and critical for at least some of the actors involved
- Don't know / no opinion / not relevant

Question 39. How to raise awareness/promote such referral schemes among SMEs?

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Existing schemes

A bank referral scheme has been in place in the UK since 2016. The Credit Review Office in Ireland re-assesses SME rejected credit applications. In Spain, when banks deny or cancel financing facilities to an existing SME client, they are required to provide the SME with a standardised "SME information sheet" with credit information that the SME can use to approach other finance providers.

Question 40. Are you aware of similar or related schemes aiming at helping SMEs access funding when their credit applications have been rejected, in EU and non-EU countries?

- Yes
- No
- Don't know / no opinion / not relevant

How many of these schemes you are aware of would you like to detail here?

- 1 scheme
- 2 schemes
- 3 schemes
- 4 schemes

- 5 schemes
- none

Question 41. Is there anything else that you would like to bring to the attention of Commission services in respect to a potential EU referral scheme for SMEs?

3000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The regulator should be very careful in creating additional burden for banks regarding risks that only can be managed outside the banking sector. In this case such a risk is the funding risk. The best way for banks to support SMEs in the risk management is transparency and cost efficiency on the sectoral level. Those two attributes would be jeopardized by a requirement to absorb (even part of) the financing risk on behalf of SMEs.

Useful links

[More on this call for feedback \(https://ec.europa.eu/info/publications/finance-consultations-2021-eu-referral-scheme_en\)](https://ec.europa.eu/info/publications/finance-consultations-2021-eu-referral-scheme_en)

[Call for feedback document \(https://ec.europa.eu/info/files/2021-eu-referral-scheme-consultation-document_en\)](https://ec.europa.eu/info/files/2021-eu-referral-scheme-consultation-document_en)

[More on capital markets union \(https://ec.europa.eu/info/business-economy-euro/growth-and-investment/capital-markets-union_en\)](https://ec.europa.eu/info/business-economy-euro/growth-and-investment/capital-markets-union_en)

[Specific privacy statement \(https://ec.europa.eu/info/files/2021-eu-referral-scheme-specific-privacy-statement_en\)](https://ec.europa.eu/info/files/2021-eu-referral-scheme-specific-privacy-statement_en)

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

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