As governments around the world continue to grapple with uncertain economic prospects and important social challenges, they are looking to small and medium-sized enterprises (SMEs) and entrepreneurs as an important source of economic growth and social cohesion. Appropriate access to finance is a critical prerequisite to enable these businesses to invest, innovate and create jobs, and the issue has been climbing steadily up the policy agenda in recent years. But effective policy responses for SME finance require coherent and meaningful evidence.

**Financing SMEs and Entrepreneurs 2016: An OECD Scoreboard** provides a comprehensive framework to assess the financing needs of SMEs and entrepreneurs and whether they are met, thanks to data on debt, equity, asset-based finance and framework conditions, complemented by an overview of policy measure to ease SMEs’ access to finance. The 2016 edition, covering 37 countries, includes a thematic chapter on business angel investments, which are an important source of finance for fast-growing, innovative small businesses, but where data issues are particularly pronounced.

**Objectives**
The Scoreboard’s objective is to collect data on SME and entrepreneurship financing in order to:

- Improve the understanding of SME financing needs and provide the basis for a more informed policy discussion;
- Give finance suppliers a better understanding of their clients’ needs, enabling them to design more appropriate products and services;
- Allow policy makers to better assess the impact of their policy measures, and to feed into the design and evaluation of government policies and programmes;
- Help governments monitor the implications of financial reforms on SMEs’ and entrepreneurs’ access to finance.

**Detailed profiles are presented for 37 countries:** Australia, Austria, Belgium, Canada, Chile, The People’s Republic of China, Colombia, the Czech Republic, Denmark, Estonia, Finland, France, Georgia, Greece, Hungary, Ireland, Israel, Italy, Japan, Korea, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Portugal, the Russian Federation, Serbia, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Thailand, Turkey, the United Kingdom and the United States.

The country profiles present data to measure trends in SME debt, asset-based and equity financing, solvency and policy measures by governments. The report also contains a discussion on methodological issues, including recommendations for data improvements.

Since its inception in 2012, the Scoreboard has become an important international reference for monitoring developments and trends in SME finance.
Key findings

The financing situation of SMEs and entrepreneurs appears to have turned the corner in 2014. Lending to SMEs generally improved, including in countries where credit had contracted the most after the financial crisis. Nevertheless, small businesses, and particularly new and innovative ones, continue to have difficulties in accessing external financing.

Credit conditions eased, but remain much tighter for SMEs than for large enterprises. Credit conditions improved in the majority of Scoreboard countries, with a reduction of more than one percentage point in the average interest rate charged to SMEs in Chile, Italy and Mexico. Nevertheless, compared to large enterprises, SMEs continue to face higher interest rates, tighter borrowing terms and credit rationing.

SME bankruptcies are on a downward trend. In contrast to previous years, a majority of participating countries observed a drop in SME bankruptcies between 2013 and 2014. In Australia, Portugal and Spain, bankruptcies fell by more than 20% year on year.

SMEs remain too reliant on bank financing. Some non-bank financial instruments, such as business angel investments, factoring, peer-to-peer lending and crowdfunding, have been gaining traction in recent years. However, these sources of financing reach only a small share of SMEs. At the same time, venture capital investments and factoring generally stagnated in 2013 and 2014. The G20/OECD High-Level Principles on SME Financing call for the availability of a diverse range of financing instruments for SMEs.

Credit guarantees continue to be the most widespread policy tool for SME finance. New features have been introduced in recent years, such as offering SMEs pre-approval of a guarantee before the loan request is made; combining financial support with coaching support; experimentation with collateralising intangible assets, such as intellectual property rights; and providing guarantees for specific innovative projects.

Policy makers are also placing increasing focus on alternative finance instruments and high-growth enterprises. In an effort to diversify the sources of finance for SMEs, new policy initiatives seek to foster equity-type financial instruments mainly through the creation of co-financing mechanisms, the provision of tax incentives and adjustments to the regulatory framework. In addition, policies are targeting young innovative firms more explicitly in some countries.

SME financing will continue to be fragile in the medium term. Further bank deleveraging will continue to impact SME lending disproportionately, especially in countries where the banking system is burdened by high levels of SME non-performing loans. Macro-economic prospects are uncertain, characterised by downward risks, especially for emerging economies. Disappointing economic growth would likely have negative effects on SMEs’ access to finance and financing conditions, putting at risk the gains realised in 2014.