

### Evidence-based public policies for SMEs

The object of Subproject 2 consists of collecting and processing data and information through field and desk research, to conduct a study of modern available financial instruments in relation to the needs of Greek SMEs according to their size, activity, and stage of their business life cycle (start-ups, new, existing). The research aims to identify the actual needs of Greek SMEs with the purpose of formulating proposals and improving the institutional framework for providing support to businesses. The research sample consists of micro, small, and medium-sized enterprises.

### SUBPROJECT 2

#### RESEARCH - STUDY FOR THE ENHANCEMENT OF THE FINANCIAL LIQUIDITY OF GREEK SMEs WITH MODERN FINANCIAL TOOLS

The aforementioned research was carried out by the Directorate for Entrepreneurship and SMEs within the framework of implementing the Action "Adaptation of the National Observatory for SMEs to the needs of the new Development/Industrial Policy 2020-2023." Its objective was to conduct field research on the following:

- Documenting available modern financial instruments.
- Documenting available sources of financing.
- Documenting the existing regulatory framework for the operation of specialized financial instruments in the European Union and Greece.
- Presenting the corresponding good practices in other EU member states.
- Investigating instruments in combination with the needs of SMEs according to their size, activity, and stage of the business life cycle.

The goal of the research was to highlight critical issues regarding matters such as types of financing, collaboration schemes during the design and implementation of financial instruments, purpose/objective of financing coverage, problems, and difficulties in accessing financing, parameters of new financial instruments, and success factors of the new financial instruments.

The research was conducted using a structured questionnaire on a total of 1,247 Greek SMEs based on a weighted sample by size, region, and legal form. Half of the businesses in the sample (622) are micro in size, 37% (459) are small, and 13% (166) are medium-sized. Additionally, individual interviews were conducted with executives of organizations and services involved in the design and implementation of financial instruments (Hellenic Development Bank, Hellenic Financial Mediation Service, Hellenic Investment Bank,

Bank of Greece, General Secretariat for Industry, General Secretariat for Private Investments, General Secretariat for Public Investments, European Investment Bank, European Investment Fund, Union of Cooperative Banks of Greece).



The research yielded the following conclusions:

- The three most significant problems faced by SMEs are taxation, liquidity, and bureaucracy. Liquidity emerged as the second most significant problem and is linked to the ability to access financing, as it serves as a crucial factor of businesses' creditworthiness.
- External Financing is a matter of low interest for SMEs due to the high fear of bank financing rejection because of frequent failure to meet the required evaluation criteria.
- Complete lack or insufficient external financing drives businesses to rely on own capital, resulting in failure to implement further development investment plans and in delays in debt repayment.
- Greek SMEs are more familiar with the use of own capital, to a limited extent with bank loans and government support programs, while they lack familiarity with modern financial instruments such as leasing, factoring, and venture capital.
- A significant portion of SMEs stated that they are not aware of any financial instrument, a trend more prevalent among micro enterprises.
- Regarding the obstacles to obtain a bank loan, 31% of the sample indicated high interest rates, followed by required legal documentation, insufficient collateral/guarantees, and the inability to secure financing via current financial instruments.
- The most important measure for supporting enterprises in the immediate future was identified as the implementation of tax reforms, followed by measures to facilitate equity-based funding (venture capital, business angels, etc.).

As part of the study, good practices from abroad were examined, and the following proposals were submitted:

- Creation of a dedicated digital information platform, ensuring its publicity, including a financing calculator, and providing information regarding the conditions for obtaining a loan.
- Specialized training and guidance to address the lack of financial literacy, particularly for small and micro enterprises, as well as entrepreneurship related issues.
- Establishment and further development of entrepreneurship structures for startups, such as incubators, technology parks, accelerator programs, and co-working spaces.
- Development and specialization of the legal framework for business angels.
- Development of microcredits and encompassing loan disbursement, support services, and monitoring of the enterprise, not only for loan repayment but for administrative and operational support, as well.

Alongside this study, the Directorate for Entrepreneurship and SMEs has created a dedicated digital tool on the website of the General Secretariat for Industry of the Ministry of Development at the link [https://www.ggb.gr/el/finance\\_sme](https://www.ggb.gr/el/finance_sme).

Its main purpose is to document all sources of financing for SMEs from the European Union (European Structural and Investment Funds, European Union programs in collaboration with the European Investment Bank, European Investment Fund, and European Strategic Investment Fund, European Bank for Reconstruction and Development, etc.) and other international organizations.

This digital tool:

- Was selected in 2019 as a good practice for informing and raising awareness among SMEs about financing matters within the work of the SME Envoy Network of the European Commission, given its citizen-oriented approach.
- Participated in the process of the Digital Governance Awards for 2023, organized by the Ministry of Digital Governance and won the 2nd prize in the "Best Applied Idea" category in the field of "Economy, Development, and Entrepreneurship".



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Εταιρειών - Επιχειρήσεων  
Partnership Agreement  
2014 - 2020

EPAnEK 2014-2020  
OPERATIONAL PROGRAMME  
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ENTREPRENEURSHIP  
INNOVATION

European Union  
European Structural  
and Investment Funds