

Executive summary (New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments)

Bank lending is the most common source of external finance for many SMEs and entrepreneurs, which are often heavily reliant on traditional debt to fulfil their start-up, cash flow and investment needs. However, traditional bank finance poses challenges to SMEs, in particular to newer, innovative and fast growing companies, with a higher risk-return profile. Capital gaps also exist for companies undertaking important transitions in their activities, as well as for SMEs seeking to de-leverage and improve their capital structures. Yet, for most enterprises, there are a few alternatives to traditional debt.

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