

## The challenges and benefits of alternative finance for SMEs (New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments)

This chapter presents key findings and policy implications from the study. It discusses the new reality in SME finance, with changing conditions in bank lending and limitations to financing for new, innovative and fast-growing companies. It highlights the need to broaden the range of financial instruments for SMEs and entrepreneurs and illustrates the range of options available across the risk-return spectrum, including asset-based finance, alternative debt, hybrid tools and equity instruments. It briefly illustrates the main features of these instruments and comments on recent trends and policies to support their development across OECD and non-OECD countries. It concludes by discussing common obstacles to the SME sector to fully reap the benefits of a more diversified financial offer and suggests some key areas of policy action.

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