Part 4

4.2

Policy brief 11

Developing a Strategic Policy Framework (SPF) using the 17 Sustainable Enterprises Policy Pillars

ACCESS TO FINANCIAL SERVICES

Entrepreneurs cannot start in the first place if they have no access to seed capital: for good ideas to be realized they need initial investment.

Financial policies which concern changes in the interest rate, access to financial markets for new banks, operating conditions for banks and financial institutions that cater to enterprises, as well as commercial law dispositions that regulate contracts between lender and borrower are the basic parameters for investment, production, and employment creation.

- Enterprises need at each stage of their evolution access to a range of affordable financial products and services.
- Access to finance is as much determined by the financial market (efficiency, competitiveness, and responsiveness) as by financial policies that create conditions for allocative efficiency in enterprise finance.
- A condition for sustainability is the efficiency in the use of financial resources, both self-generated and external (debt, equity).
- Excessive fees for lenders and borrowers make credit unaffordable (in particular for entrepreneurs in need of start-up capital).
- Financial nationalism that seeks to protect domestic credit lines by discouraging cross-border lending reduces the pool of financial services for enterprises.
- There needs to be sufficient policy and regulatory incentives to encourage financial institutions to lend to SMEs.
- There needs to be sufficient financial instruments (i.e. venture capital) to develop innovative enterprises.
- Information about financial services needs to be well disseminated to the business community.