

To the  
Vice-President of the European Commission  
Commissioner Kristalina Georgieva  
Berlaymont  
Rue de la Loi 200  
B-1000 Bruxelles

And to the kind attention of  
Mr Andreas Schwarz  
Deputy Head of Cabinet VP Georgieva

Berlin / Brussels / Rome, June 15<sup>th</sup> 2016

Subject: Our proposals following our meeting on May 25<sup>th</sup> 2016

Dear Ms Vice-President Georgieva,

As president of the **Bundesverband Mittelständische Wirtschaft** ([www.bvmw.de](http://www.bvmw.de)) and of the Confederation of SME Associations <European Entrepreneurs CEA-PME> ([www.cea-pme.com](http://www.cea-pme.com)), as well as in the name of Prof **Maurizio Casasco**, the president of our Italian partner CONFAPI ([www.confapi.org](http://www.confapi.org)) and vice-president of European Entrepreneurs CEA-PME, I would like to express to you my sincere gratitude for having received our delegation on May 25<sup>th</sup> this year at your offices, to discuss the needs and points of view of the European *Mittelstand* (SMEs).

We noticed with pleasure that you have a very good understanding of the needs and requirements of European SMEs in the different countries and we are sure that you will always do your utmost to promote sound policies for SMEs.

During our meeting we also talked about the **performance of the EIB** in making available a part of its funds to SMEs, as instructed by the European Parliament. Of course, we recognise the great steps ahead for the current Commission and the new management of the EIF in managing loans and guarantee funds, including all funds entrusted to this organisation (COSME Funds, EFSI, etc.). Nevertheless, we have collected **unquestionable, empirical evidence from our members** that they are still encountering difficulties in obtaining the EIB's SME loan guarantees through their local banks, in spite of what Mr Hoyer states in public.

This obviously has several reasons (bureaucratic overload at EIF and ECB for smaller banks, low interest rates in general, too small banks with too many badly performing loans, SMEs being insufficiently informed, lack of an efficient public bank like KfW in many Member States, etc.), but we understand the biggest reason to be the fundamental **incompatibility between public interest** (reducing risks and interest rates for SMEs in order to remain stable and grow steadily) **and the profit interests of private banks** that manage these funds on behalf of EIB and EIF.

Though this may not be surprising, it will regardless always make it very difficult to comply with the EP's and our requests. We think that the **dogma of not competing with private banks, of "not crowding out", needs to be (at least partly) overcome** - especially in times of economic crisis and in the case of structural weakness of important parts of the banking system.


As entrepreneurs we undoubtedly consider **competition** as one of the best ways to improve market performance. That should also apply to the banking system. Therefore, we propose the following for your kind attention, Ms Vice-President, to verify feasibility within the existing EU-laws or the need for action to improve these laws:

1. Increase the role of **mutual lending funds** like **Confidi** in Italy, and of **public banks like KfW** in Germany, in managing EIB/EIF funds, also promoting these models in other member states.
2. Use own online channels directly on behalf of EIB/EIF to **pre-assess SME's creditworthiness**, including also the **"immaterial capital"** of SMEs, with qualitative criteria like number and dimension of clients; level of instruction; loyalty to the company and professional experience of employees, etc. (pls. see our EU-project InCaS - Intellectual Capital Statement - as an example here: [www.psych.lse.ac.uk/incas](http://www.psych.lse.ac.uk/incas)) and issue **"European SME Credit Vouchers"** to be used with the EIF-accredited banks (with related online database of listed companies) - a sort of **SME rating by the EU**.

3. Examine the possibility of setting up a new **European SME Loan Guarantee Bank**, separated from the EIB and with part of the EIB's funds. Branches in all Members States and European Regions could be e.g. Confidi Funds, cooperative and public banks. The business model could be similar to the German KfW, and this bank should manage the services mentioned under point 2 (pre-assessment creditworthiness, EU-SME Rating Agency).

I hope that these proposals will pique your interest. I would like to reiterate what a great pleasure it was meeting with you.

With my very best regards,



**Mario Ohoven**  
President of BVMW e.V. (D)  
President of European Entrepreneurs CEA-PME