



*“The voice of crafts and SMEs in Europe”*

## **Capital Market Union can make a difference, but will not solve all SME finance problems**

*Improved Capital Markets would help start-ups and fast growing SMEs, but traditional SMEs will stay dependent on bank lending*

Brussels, 18 February 2015 – UEAPME, the European Craft and SME organisation, welcomed today’s publication of a green paper on the Capital Market Union. Indeed, better functioning capital markets in the European Union would be an important contribution to improve access to finance for SMEs in Europe. Better access to capital markets would be especially helpful to start-ups and fast growing SMEs, for which bank lending is not an adequate form of finance. A better developed capital market would allow companies to realise more investments, and higher equity ratios in their balance sheets would make companies less vulnerable in difficult periods. However, UEAPME warns against seeing a Capital Market Union as a solution for all access to finance problems for SMEs. The overwhelming majority of traditional SMEs will depend on bank lending, also in the future. Therefore, UEAPME asks to include measures which will increase the capacity of bank lending to small enterprises, especially at local and regional level.

UEAPME offers the following quotes from Secretary General **Peter Faross** on today’s green paper:

*“Underdeveloped capital markets in Europe are one of the reasons why Europe lacks investments”,* said UEAPME Secretary General Peter Faross welcoming today’s launch of a Capital Market Union initiative by the European Commission.

*“Especially for start-ups and for SMEs aiming to grow, a better access to capital markets and investors can make the difference, because these companies are not able to finance such risky projects with classical bank loans”,* explains Mr Faross. *“Currently, such projects are too often not realised due to capital markets being unable to link investors with these companies.”*

*“However, the European Commission must not forget that for the majority of SME bank lending will stay the main source of external finance. Therefore, a Capital Market Union alone will not solve Europe’s problem with financing SMEs,”* warns Faross, *“and asks for additional measures to improve the capacity of banks to lend to SMEs.”*

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**EDITORS’ NOTES:** UEAPME is the employers’ organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 80 member organisations covering over 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information please visit <http://www.ueapme.com/> or follow [@UEAPME](https://twitter.com/UEAPME) on Twitter.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

Gerhard Huemer, Economic and Fiscal Policy Director, Tel. +32 (0)2 230 7599, Email: [g.huemer@ueapme.com](mailto:g.huemer@ueapme.com)  
Jenny Manin, Press and Communications Officer, Tel. +32 (0)496 520 329, Email: [pressoffice@ueapme.com](mailto:pressoffice@ueapme.com)