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G20 Research Group
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International Organisation Research Institute
at the National Research University Higher School of Economics, Moscow
present

2013 St. Petersburg G20 Summit Final Compliance Report

7 September 2013 to 30 September 2014

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2. Macroeconomics: Credit Access

“[Members have committed to a wide range of reforms to strengthen the foundations for strong, sustainable and balanced growth over the long term by improving] credit access.”

G20 St. Petersburg Leaders’ Declaration

Assessment

	Lack of Compliance	Partial Compliance	Full Compliance
Argentina	-1		
Australia		0	
Brazil		0	
Canada		0	
China			+1
France		0	
Germany		0	
India			+1
Indonesia			+1
Italy	-1		
Japan		0	
Korea			+1
Mexico		0	
Russia		0	
Saudi Arabia		0	
South Africa		0	
Turkey	-1		
United Kingdom		0	
United States			+1
European Union		0	
Average		+0.10	

Background

The G20 first addressed financial inclusion at the Pittsburgh Summit in September 2009, where G20 members committed to “improving access to financial services for the poor.”¹⁹³ They created the Financial Inclusion Experts Group (FIEG) to increase access to financial services, such as credit, to the poor¹⁹⁴ and scaling-up models of small and medium enterprises financing.¹⁹⁵

On 11-12 November 2010, in Seoul, G20 members delivered the Financial Inclusion Action Plan, which provides a set of practical recommendations for policymakers worldwide, called the G20 Principles for Innovative Financial Inclusion (Principles).¹⁹⁶ Moreover, following the 2010 Seoul

¹⁹³ Leaders’ Statement, the Pittsburgh Summit (Pittsburgh). 24-25 September 2009. Date of Access: 3 February 2014.

¹⁹⁴ G-20 Financial Inclusion Initiative: SME Finance Challenge. US Department of the Treasury website (Washington). 2009. Date of Access: 2 February 2014. <http://www.treasury.gov/resource-center/international/g7-g20/Documents/G20%20Financial%20Inclusion%20Fact%20Sheet%20for%20posting.pdf>

¹⁹⁵ Scaling-Up SME Access to Financial Services in the Developing World, FIEG, SME Finance Sub-Group. GPFI Website. Date of Access: 5 February 2014. http://www.gpfi.org/sites/default/files/documents/G20_Stocktaking_Report_0.pdf

¹⁹⁶ G20 Principles for Innovative Financial Inclusion. GPFI. GPFI Website. Date of Access: 2 February 2014. <http://www.gpfi.org/sites/default/files/documents/G20%20Principles%20for%20Innovative%20Financial%20Inclusion%20-%20AFI%20brochure.pdf>

Summit, the Global Partnership for Financial Inclusion (GPFI) was launched. GPFI, a platform for G20 members and other stakeholders, while supporting financial inclusion generally, was also created to implement the Financial Inclusion Action Plan.¹⁹⁷ The lack of financial inclusion may contribute to slower economic growth and tenacious income inequality while economies with a better access to financial services tend to grow faster.¹⁹⁸

On 19 April 2012, the Organization for Economic Cooperation and Development (OECD) and the G20 organized a joint event to address and find solutions to tackle the major challenge of access to finance for Small and Medium-sized Enterprises.¹⁹⁹

On 5-6 September 2013, during the G20 Summit in St. Petersburg, G20 members recognized the need to “increase the momentum of the global recovery, generate higher growth and better jobs, while strengthening the foundations for long-term growth.”²⁰⁰

Commitment Features

For the purpose of this compliance report, credit access will be defined as “improving the degree to which financial services are available to all at a fair price ... Access essentially refers to the supply of services.”²⁰¹

These actions can include but are not limited to: (1) taking advantage of the technological advances in developing financial infrastructure to lower transaction costs, (2) encouraging transparency, openness and competition to incentivize current institutions to expand service coverage, (3) and enforcing prudential regulations in order to provide the private sector with the right incentives.²⁰²

Financial infrastructure supports every formal financial transaction from paying a bill, to buying a house, to saving for retirement. Credit bureaus, collateral registries, and payment, remittance, and securities settlement systems are all vital parts of a country’s financial infrastructure. Technological support for financing may be including leasing and factoring, electronic finance, and mobile finance. For instance, in the case of an automated payments system supported by a strong legal and regulatory framework, lower operating costs gained from reducing manual processes translates to lower transaction costs.²⁰³

¹⁹⁷ About GPFI, GPFI website. Date of Access: 2 February 2014. <http://www.gpfi.org/about>

¹⁹⁸ Why Financial Inclusion? GPFI. GPFI website. Date of Access: 2 February 2014. <http://www.gpfi.org/about/why-financial-inclusion>

¹⁹⁹ A Joint OECD / G20 GPFI Special Event on SME Finance. (Paris) 19 April 2012. OECD website. Date of Access: 4 February 2014. <http://www.oecd.org/cfe/smes/50105000.pdf>

²⁰⁰ G20 Leaders Declaration, St Petersburg Summit (St. Petersburg). 5-6 September 2013. Date of Access: 3 February 2014.

²⁰¹ Finance for All?: Policies and Pitfalls in Expanding Access. Demirgüç-Kunt, Beck and Honohan. (Washington DC) 2008. The World Bank website. Date of Access: 5 February 2014.

http://siteresources.worldbank.org/INTFINFORALL/Resources/4099583-1194373512632/FFA_book.pdf

²⁰² Finance for All?: Policies and Pitfalls in Expanding Access. Demirgüç-Kunt, Beck and Honohan. (Washington DC) 2008. The World Bank website. Date of Access: 5 February 2014

http://siteresources.worldbank.org/INTFINFORALL/Resources/4099583-1194373512632/FFA_book.pdf

²⁰³ Finance for All?: Policies and Pitfalls in Expanding Access. Demirgüç-Kunt, Beck and Honohan. (Washington DC) 2008. The World Bank website. Date of Access: 5 February 2014.

http://siteresources.worldbank.org/INTFINFORALL/Resources/4099583-1194373512632/FFA_book.pdf

Boosting openness and competition is also an important part of widening access, because they spur incumbent institutions to pursue profitable ways of providing services to beforehand excluded segments of the population and increase the speed with which access-improving new technologies are adopted.²⁰⁴

Finally, proper regulations and a supervisory framework are mandatory to avoid reckless or improper expansion of the private sector.

As the commitment does not specify a target population to increase credit access, for the purpose of this report, compliance will be based on the G20 member taking a wide range of reforms to increase credit access for individuals and for firms.

Scoring Guidelines

-1	Member does NOT (1) take advantage of the technological advances in developing financial infrastructure to lower transaction costs, NOR (2) encourage transparency, openness and competition to incentivize current institutions to expand service coverage, NOR (3) enforce prudential regulations in order to provide the private sector with the right incentives
0	Member does one or two of the following: (1) takes advantage of the technological advances in developing financial infrastructure to lower transaction costs; (2) encourages transparency, openness and competition to incentivize current institutions to expand service coverage; OR (3) enforces prudential regulations in order to provide the private sector with the right incentives
+1	Member does (1) take advantage of the technological advances in developing financial infrastructure to lower transaction costs, AND (2) encourage transparency, openness and competition to incentivize current institutions to expand service coverage, AND (3) enforce prudential regulations in order to provide the private sector with the right incentives

Lead Analyst: Melanie Wallace

Argentina: -1

Argentina has not complied with its commitment to undertake reforms to improve credit access.

In 2013, the use of electronic means of payment including transfers of funds through home banking, mobile banking, business e-banking, and ATMs had increased. From September 2012 to September 2013, instant transactions increased by 47 per cent in frequency and 78.5 per cent in total amount.²⁰⁵

There is no evidence that Argentina has taken steps to increase credit access since September 2013 and thus receives a score of -1.

Analyst: Jonathan F. Rybicki

Australia: 0

Australia has partially complied with its commitment to improve credit access.

²⁰⁴ Finance for All?: Policies and Pitfalls in Expanding Access. Demirgüç-Kunt, Beck and Honohan. (Washington DC) 2008. The World Bank website. Date of Access: 5 February 2014.

http://siteresources.worldbank.org/INTFINFORALL/Resources/4099583-1194373512632/FFA_book.pdf

²⁰⁵ Financial Stability Report, Central Bank of Argentina September 2013. Date of Access: 1 March 2014. <http://www.bcra.gov.ar/pdfs/polmon/bef0213i.pdf>

A broad range of programs aimed at financial literacy and provision of credit access exist in Australia. Many of these programs involve partnerships between The Commonwealth, state governments, national banks, and not-for-profit organizations working to ensure financial services are accessible to all.²⁰⁶

On 12 March 2014, Australia implemented Part IIIA of the Privacy Act 1988, which moves Australia away from ‘negative’ credit reporting and permits more comprehensive, ‘positive’ credit reporting.²⁰⁷ With this change, credit providers will be able to make more responsible and more equitable lending decisions, and ultimately to greater overall activity in the financial system. Recent immigrants and individuals with limited credit history, like young people, stand to benefit most from this new law.”²⁰⁸

On 26 May 2014, the Australian Secretary for the Department of Foreign Affairs and Trade, Peter Varghese, entered into a three-year agreement with the Pacific Financial Inclusion Programme (PFIP) worth AUD14.51 million. The programme is aimed at increasing financial services for disadvantaged households across the Pacific. The goal of the PFIP, established by the United Nations Development Program (UNDP) and the United Nations Capital Development Fund (UNCDF) is to add one million Pacific Islands to the formal financial sector by 2019. To do so, PFIP pledged to facilitate access to financial services, create national-level financial education initiatives and financial access policy.²⁰⁹

On 1 July 2014, Dun & Bradstreet published a report indicating positive outlook for commercial borrowing in Australia. The Australian Bureau of Statistics reported a “seasonally-adjusted” increase of 5.8 per cent in business lending for April. The report highlights the increase in overall optimism and improvement in business expectations as contributing factors. Moreover, interest rates are expected to remain at record lows, which create more incentive for businesses to take on debts.²¹⁰

Australia has taken some steps to improve credit access and has thus earned a score of 0.

Analysts: Jessica Coper and Kei Zamaninoor

Brazil: 0

Brazil has partially complied with its commitment to improve credit access.

On 24 September 2013, Brazilian Finance Minister Guido Mantega met with international investors during his visit to New York to discuss infrastructure projects in his country. The minister emphasized that Brazilian banks have shown interest in participating in financing investment opportunities in Brazil,

²⁰⁶ Measuring Financial Exclusion in Australia, The Centre for Social Impact for National Australia Bank (Sydney) June 2013. Date of Access: 22 March 2014.

²⁰⁷ Credit Reporting Reform, Office of the Australian Information Commissioner (Sydney) 12 March 2014. Date of Access: 22 March 2014. <http://www.oaic.gov.au/privacy/privacy-law-reform/credit-reporting-reform>

²⁰⁸ Financial inclusion to improve with new laws, Dun & Bradstreet (Sydney) 12 March 2014. Date of Access: 22 March 2014. http://dnb.com.au/Header/News/Financial_inclusion_to_improve_with_new_laws/indexdl_10767.aspx

²⁰⁹ Australia Supports Financial Inclusion in the Pacific, United Nations Capital Development Fund, 26 May 2014. Date of Access: 10 October 2014. <http://www.uncdf.org/en/content/australia-supports-financial-inclusion-pacific>

²¹⁰ Bright signs for credit growth, Dun & Bradstreet (Australia) 1 July 2014. Date of Access: 4 October 2014. http://dnb.com.au/Header/News/Bright_signs_for_credit_growth/indexdl_10914.aspx

noting that these steps are necessary in order to facilitate long-term investment by the private sector in the country.²¹¹

On 11 December 2013, Mantega announced that the Investment Support Programme (PSI) was extended into 2014 in order to maintain the evolution of investment in the country. Although the minister advised that rates would be adjusted slightly, they would remain competitive. He explained that the line rate of the PSI for capital goods will increase from 4 per cent to 6 per cent, and the rate of export financing line will increase from 5.5 per cent to 8 per cent.²¹²

On 4 June 2014, Mantega announced that the government has decided to reduce Tax on Financial Transactions (IOF) levied on foreign loans taken by companies and banks. Such actions will encourage borrowing abroad and the entry of foreign investment. The measures from 360 days to 180 days minimum average maturity of external funding that will have zero incidence rate of IOF. For an operation of less than six months, IOF will follow at 6 per cent according to Decree No. 8263. In his announcement the minister stated that “the measure is an additional credit opportunity,” as it is intended to help smaller banks and businesses with immediate liquidity problem by allowing them to access credit abroad with stabilized rates.²¹³

On 5 June 2014, Mantega defended the government’s decision to increase the amount of credit received by public banks. During a Council for Economic and Social Development (CDES), Mantega noted that “public banks are profitable, efficient, and have lower default levels than private banks [and] have quite reasonable yields.” The minister went on to say that Brazil has experienced a “true revolution in credit,” as the amount of credit in the country has nearly doubled in the last 14 years and now accounts for over 55 per cent of GDP. However, Finance Minister Mantega also stressed that the National Bank for Economic and Social Development (BNDES) remains important for the development of the country, as 75 per cent of companies have some sort of bank funding. He also discussed the PSI, which finances the acquisition of capital goods with lower interest rates.²¹⁴

As agreed to in the BRICS Sixth Summit of 14-16 July 2014, Brazil signed the Memorandum of Understanding on Cooperation among BRICS Export Credit and Guarantees Agencies with other BRIC members.²¹⁵ This aims to support increasing trade opportunities among the relevant nations. Moreover, with the inclusion of the Cooperation Agreement on Innovation within BRICS Interbank Cooperation Mechanism, Brazil has attempted to enhance and strengthen its financial ties with other BRICS countries.

²¹¹Modelo de Concessões é Atrativo e Lucrativo, Diz Mantega, Ministerio da Fazenda (New York) 24 September 2014. Date of Access: 10 June 2014. <http://www.fazenda.gov.br/divulgacao/noticias/2013/setembro/201cmodelo-de-concessoes-e-atrativo-e-lucrativo201d-diz-mantega>

²¹² Mantega Announces Extension of the Investment Support Program for 2014, Ministerio de Fazenda (Brasilia) 4 June 2014. Date of Access: 10 June 2014. <http://www.fazenda.gov.br/divulgacao/noticias/2013/dezembro/mantega-anuncia-prorrogacao-do-programa-de-sustentacao-do-investimento-para-2014>

²¹³ Government reduces IOF External Lending, Ministerio de Fazenda (Brasilia) 4 June 2014. Date of Access: 10 June 2014. <http://www.fazenda.gov.br/&prev=/search%3Fq%3Dbrazil%2Bministry%2Bof%2Bfinance%26espv%3D2%26biw%3D1280%26bih%3D899>.

²¹⁴ Mantega Highlights the Performance of Public Banks In Developing, Ministerio da Fazenda (Brasilia) 5 June 2014. Date of Access: 10 June 2014. <http://www.fazenda.gov.br/&prev=/search%3Fq=brazil+ministry+of+finance%26espv=2%26biw=1280%26bih=899>.

²¹⁵VI BRICS Summit, Ministry of External Relations. Date of Access: 7 October 2014.

<http://brics6.itamaraty.gov.br/category-english/21-documents/223-sixth-summit-declaration-and-action-plan>

Brazil has undertaken several measures to improve credit access, and has fulfilled two of the three requirements for this commitment. Brazil has therefore been awarded a score of 0 for improving credit access.

Analysts: Antonia Tsapralis and Tasneem Ara (Rea)

Canada: 0

Canada has partially complied with its commitment to improve credit access and financial inclusivity.

On 11 February 2014, Canadian Minister of Finance Jim Flaherty tabled the 2014 Budget in the House of Commons. The budget included several measures designed to expand financial services and credit access available to Canadians. As part of the 2014 Budget, the Canadian government announced that it would be increasing support to smaller banks by improving their access to funding and appointing advisors to help mentor newer financial institutions. The government expects this move to increase the competition in the financial services market for Canadians, resulting in lower borrowing rates and greater access to credit. The Government of Canada also announced that it would provide greater support for provincial credit unions, in order to expand or merge, or to enter nationwide credit markets. The government expects that the creation of several credit providers on a federal level will further improve Canadians' access to credit.²¹⁶

Thus, Canada receives a score of 0 for improving credit access.

Analysts: D. Reid Dobell and Arturo Sparks

China: +1

China has partially complied with its commitment to a wide range of reforms to strengthen the foundations for a strong, sustainable and balanced growth over the long term by improving credit access.

On 22 November 2013, the People's Bank of China (PBC) hosted the finance IC card public services application experience exchange and enhancement symposium. The symposium shed light on the success of finance IC card application in public services, communicated the pilot city program experience, analyzed current challenges, and proposed 2014's requirement of increasing application of finance IC cards. PBC Party committee member, PBC vice-governor Li Dongrong urged listeners to learn from the success of the pilot cities finance IC card program in public services areas, to enhance the usage rate and usability of finance IC cards, and to promote financial services development through the application of finance IC cards.²¹⁷

On 22 November 2013, the China Banking Regulatory Commission (CBRC) issued a presidential decree of revision on the "Pilot Administrative Measures for Consumer Finance Companies." The decree is intended to gradually expand the geographic regions that Consumer Finance Company could operate in and fulfill the requirement of pilot establishment of private sector consumer finance companies bearing

²¹⁶ Federal Budget 2014: Ottawa Plans Boost for Small Banks, Financial Post (Ottawa) 11 February 2014. Date of Access: 18 February 2014. <http://business.financialpost.com/2014/02/11/federal-budget-2014-ottawa-plans-boost-for-small-banks/>.

²¹⁷ PBC Hosted the Finance IC Card Public Services Application Experience Exchange and Enhancement Symposium, the People's Bank of China (Beijing) 22 November 2013. Date of Access: 27 February 2014. http://www.pbc.gov.cn/publish/goutongjiaoliu/524/2013/20131122171309070533896/20131122171309070533896_.html

their own risks. The change includes a greater number of recognized shareholder's types and less restriction on geographic regions of operations.²¹⁸

On 28 November 2013, the PBC governor Zhou Xiaochuan announced that private capital supporting small and medium financial institutions could be established under certain qualifications. This allows the financial system to be more comprehensive and increase financial market openness through welcoming more competition from financial institutions of the private sector. According to the guidance of the Third Plenary Session of the 18th Communist Party of China (CPC) Central Committee, CPC enables private capital to enter financial services area in order to encourage an open and transparent market system. The governor also announced several measures taken to improve the modern financial enterprise mechanism, such as fewer restrictions on private capital and foreign capital into the financial services sector (more qualified private and foreign institutions investors and higher investment limit) and the encouragement of market-oriented delegation methods rather than government appointment of management. He also encouraged financial innovation to enrich the financial products offered and financial market depth.²¹⁹

On 4 December 2013, the Payment and Clearing Association of China hosted an Internet Finance Forum in Beijing on the future of Internet finance development. PBC governor Liu Shiyu emphasized that Internet finance is a form of innovative finance channel with prominent capability of small-amount, convenience and fast service, which solves many problems in the traditional finance systems. He proposed to combine Internet finance with traditional financing systems to create a broader and more complete financial system.²²⁰

In March 2014, the PBC together with six other departments issued the Guidelines on Improving Financial Services for Poverty Alleviation and Development. This initiative provides lower lending rates of agro-supporting central bank loans to poorer areas by one percent of the prevailing rates. On 30 March, PBC improved incentive mechanisms for central bank to support smaller businesses and enterprises at the Executive Meeting of the State Council. By the end of June, central bank loans to small and micro enterprises were 26.1 billion Yuan.²²¹

China has taken a variety of steps to improve credit access and has thus been awarded a score of +1.

Analysts: Xue (Snow) Yuan and Tasneem Ara (Rea)

France: 0

France has partially complied with its commitment to improve credit access and financial inclusion.

²¹⁸ CBRC Issued A Presidential Decree of Revision On the "Pilot Administrative Measures for Consumer Finance Companies", China Banking Regulatory Commission (Beijing) 22 November 2013. Date of Access: 26 February 2014. <http://www.cbrc.gov.cn/chinese/home/docView/6527B19E3ABF49D4861BFA1A3DACE04C.html>

²¹⁹ Zhou Xiaochuan: Enhance Financial Reform and Openness to Accelerate the Comprehensiveness of the Financial Market System, People's Bank of China. 28 November 2013. Date of Access: 28 February 2014. http://www.pbc.gov.cn/publish/goutongjiaoliu/524/2013/20131128174634334873326/20131128174634334873326_.html

²²⁰ Innovation and Risk Management: Promoting the Healthy Sustainable Development of Internet Finance, the People's Bank of China (Beijing) 5 December 2013. Date of Access: 27 February 2014. http://www.pbc.gov.cn/publish/goutongjiaoliu/524/2013/20131205162227322135899/20131205162227322135899_.html

²²¹ China's Monetary Policy Report, Quarter Two 1 August 2014. Date of Access: 7 October 2014. [http://www.pbc.gov.cn:8080/image_public/UserFiles/english/upload/File/2014MPRQ2\(after Nancy\)\(1\).pdf](http://www.pbc.gov.cn:8080/image_public/UserFiles/english/upload/File/2014MPRQ2(after Nancy)(1).pdf)

On 13 February 2014, the Ministry of Economics and Finances has adopted the “Loi Consommation” (Consumption Law).²²² It requires merchants to offer an alternative to revolving credit for all credit purchases over EUR1000.^{223,224}

On 5 March 2013, the Minister of Finance, Pierre Moscovici, the Minister Productive Recovery, Arnaud Montebourg, and the Minister of Small and Medium-Sized Enterprise, Innovation and Numeric Economy, Fleur Pellerin, signed the renewal of the Mediation du Credit (Credit Mediation). Mediation du Credit provides free and confidential support to businesses requiring financial solutions with respect to creditors and banks. Mr. Moscovici emphasized the criticality of expanding its role to help businesses secure additional funding.²²⁵

On 30 April 2014, the Bank of France and the Chamber of Commerce and Industry of Paris launched the Charter of Euro Private Placements (EPPs) to improve non-bank financing to mid-market businesses.²²⁶ The EPP market increased from EUR3.2 billion in 2012 to EUR3.9 billion in 2013 but a great deal of work remains, as European capital-expenditure funding needs for medium-sized businesses are forecasted to increase substantially in the next five years.²²⁷

On 11 September 2014, the European Council (EC) issued a memo on industrial competitiveness in the EU, indicating that access to finance was still limited across the Eurozone, including France. While large businesses are able to obtain finance, difficulties persist for small and medium-sized ones. The EC signalled the importance of facilitating credit access, in order to promote development and growth.²²⁸

It should be noted that French businesses, small or corporate, can already choose among a diverse set of financial institutions, private or public, to access credit.²²⁹ Also, according to the EU 2014 Winter Economic Forecast, favourable corporate lending conditions have led the French industrial sector to rebound on investment in equipment.²³⁰

²²² La loi relative à la consommation : un objectif, améliorer le quotidien des Français, Ministry of Economics and Finance (Paris) 19 March 2014. Date of Access: 20 March 2014. <http://www.gouvernement.fr/gouvernement/la-loi-relative-a-la-consommation-un-objectif-ameliorer-le-quotidien-des-francais>

²²³ Press Release about the Law Consumption, Ministry of Economics and Finance (Paris) 13 March 2014. Date of Access: 20 March 2014. http://www.economie.gouv.fr/files/files/directions_services/dgccrf/presse/communiquer/2014/validation_loi_conso1145.pdf.

²²⁴ Loi Consommation: lutte contre le surendettement, Ministry of Economics and Finance (Paris). Date of Access: 26 October 2014. <http://www.economie.gouv.fr/loi-consommation/mesure/lutte-contre-surendettement>

²²⁵ La médiation du crédit aux entreprises prolongée de deux ans, Trésor – Direction Générale (Paris) 5 March 2014. Date of Access: 15 March 2014. https://www.tresor.economie.gouv.fr/6930_la-mediation-du-credit-aux-entreprises-prolongee-de-deux-ans.

²²⁶ Lancement de la charte des Euro Private Placement, Ministère des Finances et des Comptes de Publics (Paris) 30 April 2014. Date of Access : 7 August 2014. <http://www.economie.gouv.fr/lancement-de-la-charte-des-euro-private-placements>.

²²⁷ High-Yield Bonds and Loans: Slow but Steady Progress (October 2014) Date of Access: 5 October.

<http://www.ipe.com/investment/investing-in/high-yield-bonds-and-loans-slow-but-steady-progress/10003295.article>

²²⁸ Progress in industrial competitiveness per EU country (Brussels) 11 September 2014. Date of Access: 6 October 2014. http://europa.eu/rapid/press-release_MEMO-14-526_en.htm

²²⁹ Rapport sur la situation économique et financière des entreprises, Observatoire du Financement des Entreprises (Paris) January 2014. Access Date: 15 March 2014. <https://www.tresor.economie.gouv.fr/File/398140>.

²³⁰ European Economic Forecast: Winter 2014 (Brussels) February 2014. Access date: 5 October. http://ec.europa.eu/economy_finance/publications/european_economy/2014/pdf/ee2_en.pdf

France has signalled its commitment to improving credit access, specifically to mid-market enterprises through non-traditional bank lending. Therefore, France has been awarded a score of 0.

Analysts: Jessica Coper and Peter Praizic

Germany: 0

Germany has partially complied with its commitment to improve credit access.

Recent surveys showed that credit constraints for German companies had dropped to a historical low, especially in manufacturing and construction industries. Only 19.2 per cent of firms surveyed indicated that their access to bank credit was restricted.^{231, 232}

On 28 February 2014, another survey showed German firms to have better access to credit than those in other Eurozone economies.²³³ In a profile of German industry by the European Commission, Germany was found to have a “very hospitable business and political environment for SME’s,” although the report also acknowledged Germany’s aging population as a threat to the future of German competitiveness.²³⁴

On 17 April 2014, the regulations for the Investment Grant for Business Angels (Invest Zuschuss für Wagniskapital) were amended to meet the requirements of both private investors (business angels) and young and innovative companies. This move should help improve access to finance for small technology companies seeking equity.²³⁵

On 29 April 2014 the ERP-Wirtschaftsplangesetz (KfW) 2014, a plan to support SME and start-up financing, was passed. The Ministry of Economic Affairs and Energy sponsors the loans using EPR funds.²³⁶

On 31 May 2014, the CES reported that credit constraints for German companies had dropped to a new historical low. Only 17.4 per cent of German companies reported having their access to bank loans restricted, down from 19.2 per cent at the end of 2013. In all four industries surveyed – manufacturing, construction, wholesaling, and retailing – measurements of credit constraint dropped.²³⁷

²³¹ Credit Constraints Drop to Historical Low, Ifo Institute (Munich) 20 December 2013. Date of Access: 6 October 2014. <http://www.cesifo-group.de/ifoHome/facts/Survey-Results/Konjunkturtest/Kredithuerde/Archiv/2013/Kredithuerde-20131220.html>

²³² Credit Constraints hit Record Low for German Firms -Survey, Reuters (Berlin) 28 February 2014. Date of Access: 2 March 2014. <http://uk.reuters.com/article/2014/02/28/germany-credit-ifo-idUKL6N0LX2MT20140228?feedType=RSS&feedName=rbsFinancialServicesAndRealEstateNews>.

²³³ Credit Constraints hit Record Low for German Firms -Survey, Reuters (Berlin) 28 February 2014. Access Date: 2 March 2014. <http://uk.reuters.com/article/2014/02/28/germany-credit-ifo-idUKL6N0LX2MT20140228?feedType=RSS&feedName=rbsFinancialServicesAndRealEstateNews>.

²³⁴ Enterprise and Industry, European Commission (Brussels) 31 January 2014. Access Date: 2 March 2014. http://ec.europa.eu/enterprise/policies/finance/data/enterprise-finance-index/situations-in-member-states/de/index_en.htm

²³⁵ Bundesministerium für Wirtschaft und Energie, Bundesanzeiger (Berlin) 17 April 2014. Date of Access: 7 August 2014. http://www.exist.de/imperia/md/content/pdf_sonstiges/investitionszuschuss-wagniskapital-richtlinie.pdf.

²³⁶ ERP-Wirtschaftsplangesetz 2014, Bundesanzeiger Verlag (Berlin) 23 April 2014. Date of Access: 7 August 2014. http://www.bgbl.de/banzxaver/bgbl/start.xav?startbk=Bundesanzeiger_BGBl&jumpTo=bgbl114s0413.pdf#_bgbl__%2F%2F*%5B%40attr_id%3D'bgbl114s0413.pdf'%5D__1407426978271.

²³⁷ German Companies Enjoy Increasingly Easy Access to Bank Loans, Ifo Institute (Munich) 31 May 2014. Date of Access: 6 October 2014. <http://www.cesifo-group.de/ifoHome/facts/Survey-Results/Konjunkturtest/Kredithuerde/Archiv/2014/Kredithuerde-20140530.html>

Bloomsberg News reported in early July 2014, that small German shipping firms have started to face a “credit crunch.” The article reported that European banks, under the leadership of Germany’s HSH Nordbank AG, Commerzbank AG, and Norddeutsche Landesbank Girozentrale, have “curbed” lending or have stopped lending to shipping companies altogether. The reason cited by the banks for this decision was “vessel overcapacity” and “non-performing loans.” The article went on to report that private-equity firms and institutions like the Industrial & Commercial Bank of China Ltd. have increased their investments in the European shipping industry, to provide much-needed credit following the decision of Germany’s banks.²³⁸

On 30 September 2014, the CES released its most recent report on credit constraints on German firms. This report showed that credit constraints for German firms had risen slightly to 18.4 per cent. The Ifo Institute reported that small firms felt credit constraints more severely than larger firms, at least in the manufacturing sector. Nevertheless, the report concluded that German firms continue to enjoy very good access to bank loans overall.²³⁹

Germany has taken steps to promote increased funding to SMEs. Thus, Germany receives a score of 0.

Analysts: Liam Maloney and Timmy Shin

India: +1

India has complied with its commitment to improve credit access and financial inclusion.

On 28 October 2013, Deepali Pant Joshi, Executive Director of the Reserve Bank of India (RBI), announced plans to extend India’s Financial Inclusion Plan (FIP) for another three years from 2013 to 2016. Joshi reiterated RBI’s commitment to opening credit markets even further, targeting small businesses and individual households, and increasing financial literacy in the region. Joshi praised the role of technology in facilitating credit access to all.²⁴⁰

On 6 December 2013, the Finance Ministry requested that the country’s financial institutions extend a greater percentage of available credit to the nation’s most vulnerable, noting that 40% of the people in farming villages do not have adequate access to financial services.²⁴¹

According to the Consultative Group to Assist the Poor (CGAP), access to financial services have traditionally been hampered by language, documentation, and social barriers. The widespread adoption of Aadhaar, or a unique identification number, and biometric data would help circumvent these barriers. On 7 January 2014 RBI’s Committee on Comprehensive Financial Services for Small Businesses and Low Income Households cited Aadhaar, which has already been received by over 560 million people, as critical to the success of its goal to provide adults over the age of 18 with a bank account by 1 January

²³⁸ Small German Shipping Firms to Fade on Credit Crunch, PwC Says, Bloomberg (London) 3 July 2014. Date of Access: 6 October 2014. <http://www.bloomberg.com/news/2014-07-03/small-german-shipping-firms-to-fade-on-credit-crunch-pwc-says.html>

²³⁹ Credit Constraints Increase Slightly, But Financing Conditions for Germany Companies Remain Very Favourable, Ifo Institute (Munich) 30 September 2014. Date of Access: 6 October 2014. <http://www.cesifo-group.de/ifoHome/facts/Survey-Results/Konjunkturtest/Kredithuerde/Archiv/2014/Kredithuerde-20140930.html>

²⁴⁰ Speech on Financial Inclusion delivered by Dr. Deepali Pant Joshi, Executive Director, Reserve Bank of India at the Vun Dun and Bradstreet Conclave on Financial Inclusion, Reserve Bank of India (Kolkata) 28 October 2013. Date of Access: 6 August 2014. http://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=853.

²⁴¹ Finance ministry asks FIs to provide more credit to farmers, Hindustan Times (New Delhi) 16 February 2014. Date of Access: 17 February 2014. <http://www.hindustantimes.com/business-news/finance-ministry-asks-fis-to-provide-more-credit-to-farmers/article1-1159699.aspx>.

2016.²⁴² This development should also help ensure access to sufficient, tailored, and affordable credit for all Indian households.²⁴³

In a speech delivered on 29 January 2014, RBI Executive Director Joshi discussed the second phase of its plan to establish banking services in poorer, unbanked villages throughout the country.²⁴⁴ RBI reported that in the first phase, nearly 74,000 villages with a population of more than 2000 people were provided with a banking outlet. Under the second FIP, the RBI has identified the remaining 490,000 unbanked villages with populations of less than 2000 people, which are on target for expansion by March 2016.

On 22 February 2014, RBI released the *Guidelines for Licenses of New Banks in the Private Sector*, whereby applications for setting up new banks in the private sectors were invited.²⁴⁵ This initiative is part of India's plan to increase financial inclusion in the country. On 2 April 2014, the RBI granted "in-principle" approval for banking licenses to infrastructure financing firm IDFC and Bandhan, among a pool of 25 applicants including large corporations such as ADAG Group, Aditya Birla, and Bajaj Group.²⁴⁶

On 1 April 2014, the First Bi-Monthly Monetary Statement 2014-2015 stated that "on financial inclusion, the fourth pillar, the recommendations of the Mor Committee on accelerating the flow of credit to those at the bottom of the pyramid and enlargement of catchment area of the Business Correspondents (BCs), including through possible inclusion of new entities as BCs, are under examination."²⁴⁷

On 6 May 2014, RBI outlined its plan for the opening of bank accounts in the names of minors as part of its financial inclusion policy. Furthermore, on 21 May 2014 RBI recommended to banks that more ATMs should be accessible to those with disabilities.²⁴⁸

On 9 June 2014, the RBI announced further simplification of Know Your Customer (KYC) rules for bank accounts. The new rules require a customer to submit only one proof of address when opening a bank account or undergoing periodic update. This could significantly boost financial inclusion for migrant workers and transfer employees in India.²⁴⁹

²⁴² India's Unique ID Could Generate Big Boost in Financial Access, Consultative Group to Assist the Poor (Washington) 30 January 2014. Date of Access: 17 February 2014. <http://www.cgap.org/blog/indias-unique-id-could-be-about-generate-big-boost-access>.

²⁴³ Report, Committee on Comprehensive Financial Services for Small Businesses and Low Income Households (India) 7 January 2014. Date of Access: 17 February 2014. <http://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/CFS070114RFL.pdf>.

²⁴⁴ Strategy adopted for Financial Inclusion, Speech delivered by Dr. Deepali Pant Joshi, Executive Director, Reserve Bank of India at a workshop organized by Government of Madhya Pradesh, Reserve Bank of India (New Delhi) 24 January 2014. Date of Access: 6 August 2014. http://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=871.

²⁴⁵ RBI Releases Guidelines for Licensing of New Banks in the Private Sector, Reserve Bank of India (Mumbai) 22 February 2014. Date of Access: 6 August 2014. http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=28191.

²⁴⁶ Bandhan first microfinance institution to get banking licence, The Economic Times (New Delhi) 2 April 2014. Date of Access: 6 August 2014. http://articles.economictimes.indiatimes.com/2014-04-02/news/48801146_1_bandhan-financial-services-chandra-shekhhar-ghosh-banking-licence.

²⁴⁷ First Bi-monthly Monetary Policy Statement, 2014-2015, Reserve Bank of India (Mumbai) 1 April 2014. Date of Access: 6 August 2014. http://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=30911.

²⁴⁸ Monetary and Credit Information Review: Opening Bank Accounts in the name of Minors. 29 May 2014. Date of Access: 4 October 2014. <http://rbi.org.in/Scripts/PublicationsView.aspx?Id=15760>

²⁴⁹ One Documentary Proof of Address – RBI further simplifies KYC Norms for Bank Accounts, Reserve Bank of India (Mumbai) 9 June 2014. Date of Access: 6 August 2014. <http://rbi.org.in/scripts/NotificationUser.aspx?Id=8931&Mode=0>.

On 21 August 2014, the RBI published its Annual Report on credit delivery and financial inclusion. Citing its improvements to banking infrastructure, RBI's report indicates that the next step in ensuring financial inclusion is to increase individual use of bank accounts. Banking literacy thus continues to be a top priority for the RBI. Additionally, credit delivery to various sectors of the economy has been increased through FIPs and improving credit delivery procedures, particularly in regards to small and micro-businesses, as well as communication technology solutions.²⁵⁰

On 17 September 2014, Union Minister Kalraj Mishra announced that he was engaged with public sector banks to improve credit access flows, and to help small-, micro-, and medium-sized businesses access capital quicker and at a lower cost. Union Minister Mishra also announced a plan to open incubation centers for entrepreneurs in 500 districts across the country.²⁵¹

On 29 September 2014, the Confederation of Indian Industry (CII) announced the implementation of an Online Finance Facilitation centre for SMEs, with the goal of providing advisory and credit facilitation support. The objective is to aggregate financing options from various financial institutions to promote transparency and facilitate financing decisions.²⁵²

India has instituted a number of reforms to improve credit access, has provided incentives for expansion of coverage, has taken steps to promote transparency, and has taken advantage of technological advances. India has therefore earned a score of +1.

Analysts: D. Reid Dobell and Peter Praizic

Indonesia: +1

Indonesia has complied with its commitment to undertake reforms to improve credit access.

In its 2013 Annual Report, the Indonesian Financial Services Authority (OJK) stated that guarantee activities have increased by 6.7 per cent to RP98.4 billion in Indonesia. Guarantee companies are highly important for Indonesia's credit market as they help promote government programs intended to broaden credit access to MSMEs.²⁵³

In April 2014, the Bank of Indonesia issued regulation No. 16/8/PBI/2014.²⁵⁴ This initiative is intended to promote Indonesia's Digital Financial Services Program, which enables customers to access financial services and payment systems via technological means, such as mobile-based devices or web-based tools. This initiative will significantly increase access to financial services for financially illiterate Indonesians.²⁵⁵

²⁵⁰ IV: Credit Delivery and Financial Conclusion. 21 August 2014. Date of Access: 3 October. <http://rbi.org.in/Scripts/AnnualReportPublications.aspx?id=1122>

²⁵¹ Govt to help MSMEs access bank loans at cheaper rates: Mishra - Says govt plans to open 500 district-level incubation centres across the country to train youth to become entrepreneurs (New Delhi) 17 September 2014. Date of Access: 1 October 2014. http://www.business-standard.com/article/pti-stories/govt-to-help-msmes-access-bank-loans-at-cheaper-rates-mishra-114091700659_1.html

²⁵² Credit access facility for SMEs in HP (Chandigarh) 29 September 2014. Date of Access: 1 October 2014. http://www.business-standard.com/article/sme/credit-access-facility-for-smes-in-hp-114092901194_1.html

²⁵³ Annual Report 2013, Indonesia Financial Services Authority (Jakarta) 25 July 2014. Date of Access: 11 October 2014 http://ojk.go.id/Files/201407/LaporanTahunanOJK2013_1406197747.pdf

²⁵⁴ Peraturan Bank Indonesia Nomor 16/8/PBI/2014 tentang Perubahan Atas Peraturan Bank Indonesia Nomor 11/12/PBI/2009 tentang Uang Elektronik (Electronic Money), Bank Indonesia (Jakarta) 8 April 2014. Date of Access: 6 August 2014. http://www.bi.go.id/id/peraturan/sistem-pembayaran/Pages/PBI_16814.aspx

²⁵⁵ New rule means more players in e-money, the Jakarta Post. April 17 2014. Date of Access: 12 October 2014. <http://www.thejakartapost.com/news/2014/04/17/new-rule-means-more-players-e-money.html>

On 8 April 2014, the Indonesian Financial Services Authority (OJK) issued Regulation No. 5/POJK.05/2014, which establishes a credit guarantee company. The company serves as a key policy tool to expand credit markets and to improve financial inclusion, particularly in regional areas. Indonesia now has 16 regional credit guarantee companies, which have provided incentives to increase financial intermediation in regional areas.²⁵⁶

On 14 August 2014, the Governor of Bank Indonesia launched the “National Non-Cash Movement in Jakarta.” The aim of this initiative is to increase the public’s literacy and promote widespread use of non-cash payment instruments in Indonesia, which are intended to be more efficient, secure and reliable. Bank Indonesia believes that this movement and continued buy-in by other state banks will increase access to the electronic payment system for the Indonesian population.²⁵⁷

On 30 September 2014, the OJK announced that it would impose limits on the interest rates that banks can offer. This follows increased competition between Indonesian banks to attract funds from investors, which led to an increase in credit interest rates. The OJK’s efforts are intended to prevent negative impacts of current competition in interest rates of banking funds.²⁵⁸

On 13 August 2014, PT Pemeringkat Efek Indonesia (Pefindo) announced its plan to set up a credit bureau in Indonesia. The new bureau will be the first institution in Indonesia that will provide information about individuals’ credit history to lenders. The service provided by the bureau will allow lenders to adjust their interest rates for debtors with different creditworthiness.²⁵⁹

On 10 September 2014, OJK’s Chairman of Board of Commissioners, Muliawan D. Hadad, stated that OJK, in cooperation with Bank Indonesia, will increase its efforts to improve financial access for micro-, small- and medium- sized enterprises and regional development banks. The main purpose of this policy is to expand the business activity of finance companies in economically disadvantaged regions. The program will also include easier access to insurance for Indonesia’s low to middle class population.²⁶⁰

Indonesia has taken a variety of steps toward the improvement of credit access and therefore receives a score of +1.

Analysts: Jessica Coper and Kei Zamaninoor

Italy: -1

Italy has not complied with its commitment to improve credit access and financial inclusion.

Italian institutions have signalled a strong commitment to the implementation of the Risk Sharing Instruments (RSI) guarantee scheme, managed by the European Investment Fund (EIF) and supported

²⁵⁶ Peraturan Otoritas Jasa Keuangan tentang Perizinan Usaha dan Kelembagaan Lembaga Penjaminan, Otoritas Jasa Keuangan (Jakarta) 8 April 2014. Date of Access: 6 August 2014. <http://ojk.go.id/peraturan-otoritas-jasa-keuangan-tentang-perizinan-usaha-dan-kelembagaan-lembaga-penjaminan>.

²⁵⁷ Bank Indonesia Launches National Non-Cash Movement, Bank Indonesia (Jakarta) 14 August 2014. Date of Access: 3 October 2014. http://www.bi.go.id/en/ruang-media/siaran-pers/Pages/sp_165814.aspx

²⁵⁸ Press Release: OJK Stipulates Maximum Interest Rate for Banking Fund, Indonesia Financial Services Authority (Jakarta) 1 October 2014. Date of Access: 3 October 2014. <http://ojk.go.id/en/press-release-ijk-stipulates-maximum-interest-rate-for-banking-fund>

²⁵⁹ Pefindo aims to launch Indonesia’s first credit bureau, Jakarta Post (Jakarta) 13 August 2014. Date of Access: 11 October 2014. <http://www.thejakartapost.com/news/2014/08/13/pefindo-aims-launch-indonesia-s-first-credit-bureau.html>

²⁶⁰ OJK Stimulates Financial Access for UMKM and BPD Development, Indonesia Financial Services Authority (Jakarta) 11 September 2014. Date of Access: 11 October 2014. <http://ojk.go.id/en/ojk-stimulates-financial-access-for-umkm-and-bpd-development>

by the European Investment Bank (EIB) and the EU. Financial institutions that sign agreements under the RSI serve as intermediaries of the EIF to provide credit to research-based and innovative SMEs and Small Mid-Caps.²⁶¹ Since September 2013, six Italian financial institutions have signed agreements with the EIF under the RSI scheme: Alba Leasing (October 2013), Banco Popolare (December 2013), Credito Valtellinese (July 2013), ICCREA Bancalmpresa (January 2014), Credem Group (February 2014), and Deutsche Bank Italy (May 2014).^{262, 263, 264, 265, 266, 267} These agreements support lending of up to EUR7.5 million with total agreements ranging from EUR40 million to EUR120 million per financial institution.

There is no evidence that Italy has taken steps to improve credit access and is therefore awarded a score of -1.

Analysts: Justice Durland and Digvijay Mebra

Japan: 0

Japan has partially complied with the commitment to improve credit access.

On 7 November 2013, the FSA announced a request for enhancement of securing bridge loans in relation to the support program for small and medium enterprises and small business owners.²⁶⁸

On 26 November 2013, the FSA requested facilitation of financing for small and medium enterprises and small business owners for the year-end.²⁶⁹

On 25 December 2013, the FSA announced their participation in the International Conference on Financial System Stability, Regulation and Financial Inclusion to be held on 27 January 2014. The conference would be co-hosted by the Asian Development Bank Institute (ADBI) and the International Monetary Fund (IMF) to examine challenges facing financial authorities, specifically with respect to

²⁶¹ Risk Sharing Instrument for Innovative Research oriented SMEs & Small Mid-Caps, European Investment Fund (Luxembourg) Accessed 13 October 2014. http://www.eif.org/what_we_do/guarantees/RSI/index.htm

²⁶² First RSI leasing deal in Italy following signature with EIF and Alba Leasing for innovative SMEs, European Investment Fund (Luxembourg) 17 October 2013. Accessed 13 October 2014.

http://www.eif.org/what_we_do/guarantees/RSI/news/2013/alba-leasing.htm

²⁶³ EIF and Banco Popolare sign RSI guarantee agreement in Italy, European Investment Fund (Luxembourg) 7 December 2012. Accessed 13 October 2014. http://www.eif.org/what_we_do/guarantees/RSI/news/2012/rsi_Banco_Popolare.htm

²⁶⁴ EIF and Credito Valtellinese Group sign a EUR 100m agreement to support innovative businesses in Italy, European Investment Fund (Luxembourg) 24 July 2013. Accessed 13 October 2014.

http://www.eif.org/what_we_do/guarantees/RSI/news/2013/credito_valtellinese.htm

²⁶⁵ Additional RSI guarantee agreement in Italy for innovative businesses, European Investment Fund (Luxembourg) 31 January 2014. Accessed 13 October 2014. http://www.eif.org/what_we_do/guarantees/RSI/news/2014/iccrea.htm

²⁶⁶ EIF and Credem Group sign a EUR 80m agreement to support SMEs, European Investment Fund (Luxembourg) 7 February 2014. Accessed 13 October 2014. http://www.eif.org/what_we_do/guarantees/RSI/news/2014/credem.htm

²⁶⁷ RSI guarantee agreement in Italy for innovative businesses, European Investment Fund (Luxembourg) 26 May 2014. Accessed 13 October 2014. http://www.eif.org/what_we_do/guarantees/RSI/news/2014/DB-Italy.htm

²⁶⁸ FSA's Request for Enhancement of Bridge Loans in Relation to the Support Program for Small and Medium Enterprises and Small Business Owners, Japan Financial Services Agency (Tokyo) 7 November 2013. Date of Access: 28 February 2014. <http://www.fsa.go.jp/news/25/ginkou/20131107-1.html>

²⁶⁹ FSA requested facilitation of financing for small and medium enterprises and small business owners for the year-end, Japan Financial Services Agency (Tokyo) 26 November 2013. Date of Access: 28 February 2014. <http://www.fsa.go.jp/news/25/ginkou/20131126-3.html>

financial stability, competitiveness of the financial industry, and measures to promote financial inclusion to promote financing for SMEs.²⁷⁰

On 4 March 2014, the FSA requested and encouraged heads of local and national banking associations to facilitate loans and financing for SMEs.²⁷¹

On 27 June 2014, the FSA implemented minor changes to the 2009 Act on Temporary Measures to Facilitate Financing for SMEs by relaxing eligibility requirements.²⁷²

Japan has taken some actions to encourage credit access for SMEs and is therefore awarded a score of 0.

Analysts: Justice Durland and Digvijay Mehra

Korea: +1

Korea has complied with its commitment to improve credit access.

On 11 November 2013, the Korean Ministry of Strategy and Finance announced a decision to ease foreign exchange transaction regulations. This action is intended to expand the scope of foreign exchange transaction-related business by nonbank financial institutions, and to promote the use of the won in foreign exchange related settlements.²⁷³

On 27 November 2013, Korea's Financial Services Commission (FSC) announced a plan to strengthen competitiveness of Korea's Financial Industry, "10-10 Value-Up Plan," intended to raise the added value that the financial industry generates up to 10 per cent of the gross domestic product over the next 10 years. The plan includes diversifying funding channels for SMEs and establishing a 'tech credit bureau'.²⁷⁴ On 20 February 2014, the FSC published the Financial Policy Direction for 2014, which specified the Korean government's intention to establish the technology credit bureau to aggregate data in disparate institutions to be used in technology evaluation and loan application reviews. The aim is to facilitate lending to technology firms by allowing ideas or technology to be used as collateral.²⁷⁵

On 15 January 2014, the Korean government announced directions for its three-year Plan for Economic Innovation. The plan focuses on reforming the public sector, promoting a creative economy

²⁷⁰ FSA announced the notice of International Conference on Financial System Stability, Regulation and Financial Inclusion on 27 January 2014, Japan Financial Services Agency (Tokyo) 25 December 2013. Date of Access: 28 February 2014. <http://www.fsa.go.jp/en/news/2013/20131225.html>

²⁷¹ Regarding Facilitation of Finance for Small and Medium Enterprise, Japan Financial Services Agency (Tokyo) 4 March 2014. Date of Access: 6 October 2014. <http://www.fsa.go.jp/news/25/ginkou/20140304-1.html>

²⁷² Conditions of Changes to the 2009 Act on Temporary Measures to Facilitate financing for SMEs, Japan Financial Services Agency (Tokyo) 4 March 2014. Date of Access: 6 October 2014. <http://www.fsa.go.jp/news/25/ginkou/20140627-9.html>

²⁷³ Government to Ease Foreign Exchange Transaction Regulations, Korean Ministry of Strategy and Finance (Seoul) 11 November 2013. Date of Access: 28 February 2014. <http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=3434&bPage=6>

²⁷⁴ Plan to Strength Competitiveness of Korea's Financial Industry, Korean Financial Services Commission (Seoul) 27 November 2013. Date of Access: 28 February 2014. <http://www.fsc.go.kr/downManager?bbsid=BBS0048&no=87518>

²⁷⁵ Financial Policy Direction for the Year of 2014, Korean Financial Services Commission (Seoul) 20 February 2014. Date of Access: 28 February 2014. <http://www.fsc.go.kr/downManager?bbsid=BBS0048&no=89223>

and overseas market exploration, boosting domestic demand, and fostering small business.²⁷⁶ The plan aims to improve the economy through economic innovation and domestic demand stimulation.²⁷⁷

On 22 January 2014, in the Third Ministerial meeting on the Economy, Deputy Prime Minister Hyun Oh-seok indicated that the Korean government would increase financial support to SMEs and to the working class by contributing an additional 16.7 trillion into the market.²⁷⁸

On 26 August 2014, the FSC released its action plan to further promote creative finance. Creative finance refers specifically to efforts to facilitate technology finance, foster venture capital markets to finance start-ups and venture businesses; and cultivate innovation-friendly culture in the financial sector.²⁷⁹

Through the FSC, Korea has initiated multiple policy reforms to strengthen the foundations for sustainable and balanced growth over the long term by improving credit access.

Thus, Korea is awarded a score of +1.

Analysts: Xue (Snow) Yuan and Digvijay Mehra

Mexico: 0

Mexico has partially complied with its commitment to improve credit access.

On 31 October 2013, Fideicomisos Instituidos en Relación con la Agricultura (FIRA) launched an online web tool that allows producers to more easily establish credit standing and identify financial intermediaries with financing capacity.²⁸⁰

On 30 May 2014, Agriculture Trust Funds, FIRA, and the National Savings Bank and Financial Services (BANSEFI), signed a cooperation agreement to facilitate access to financial services for quality producers with small-scale units. This agreement would formalize coordination actions through specific work programs, such as training support, technical assistance, and consulting on cooperative savings and loans, in order to adopt best practices in credit processes and risk management.²⁸¹

On 4 June 2014, FIRA Director General, Rafael Gamboa and President of INEGI, Eduardo Sojo Garza-Aldape, signed a collaboration agreement whereby FIRA will gain access to INEGI, statistics, systems and reporting tools.²⁸² The agreement will allow FIRA to expand their coverage of financial services to technology-based medium enterprises and the rural agri-food sector. Director General

²⁷⁶ 3-Year Plan for Economic Innovation Directed Towards Reform, Growth and Balance, Korean Ministry of Strategy and Finance (Seoul) 15 January 2014. Date of Access: 28 February 2014.

<http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=3502&bPage=3>

²⁷⁷ Deputy Prime Minister Highlights Key Parts of “3 Year Plan for Economic Innovation” in Anticipation of Formal Announcement, Korean Ministry of Strategy and Finance (Seoul) 19 February 2014. Date of Access: 28 February 2014.

<http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=3535&bPage=1>

²⁷⁸ Government to Unveil Measures to Prevent Data Theft Recurrence, Korean Ministry of Strategy and Finance (Seoul) 22 January 2014. Date of Access: 28 February 2014. <http://english.mosf.go.kr/pre/view.do?bcd=N0001&seq=3506&bPage=2>

²⁷⁹ Action Plan to Promote Creative Finance, Korean Financial Services Commission (Seoul) 26 August 2014. Date of Access: 6 October 2014. <http://www.fsc.go.kr/downManager?bbsid=BBS0048&no=92516>

²⁸⁰ Podrán identificar productores oportunidades de acceso al crédito a través de portal de FIRA en internet, FIRA (Mexico) 31 October 2013. Date of Access : 11 June 2014. <http://www.fira.gob.mx/SalaPrensaXml/Pdf?pdfNum=178>.

²⁸¹ Firman BANSEFI y FIRA Convenio para Fortalecer Cooperativas de Ahorro y Prestamo, FIRA (Mexico) 30 May 2014. Date of Access: 11 June 2014. <http://www.fira.gob.mx/SalaPrensaXml/Pdf?pdfNum=189>

²⁸² Impulsara FIRA cobertura y acceso al crédito para Pymes Rurales con herramientas y sistemas digitales del INEGI, FIRA (Mexico) 4 June 2014. Date of Access : 11 June 2014. <http://www.fira.gob.mx/SalaPrensaXml/Pdf?pdfNum=190>.

Gamboa noted that signing this agreement will help promote access to finance in the field, which is the main objective of FIRA.²⁸³

On 26 June 2014, Mexico hosted the International Forum of Financial Inclusion in Mexico City.²⁸⁴ Mexico's efforts to host events that foster knowledge sharing and best practices in financial inclusion signal its partial commitment to expanding access to credit through technological advances and policy innovations.

Mexico has taken advantage of some technological advances in developing financial infrastructure and made progress towards improving access to credit for segments of the population.

Therefore, Mexico receives a score of 0.

Analysts: Antonia Tsapralis and Emma Stanton

Russia: 0

Russia has partially complied with its commitment to improve credit access.

On 23 December 2013, Russian President Vladimir Putin signed the Federal Law on Consumer Credit Loan. The law provides for the new requirements to consumer loan agreements, measures to protect creditors' and borrowers' interests and introduces methods to calculate the total cost of a loan and procedures for the recovery of arrears.²⁸⁵

On 3 February 2014, Russian Prime Minister Dmitry Medvedev revealed plans to establish the Loan Guarantee Agency in Russia. The new agency is meant to act as a coordination centre for national guarantee institutions. It would provide counter guarantees to a system of regional guarantee organizations and thus enhance the ability of banks to provide loans to small and medium-sized enterprises (SMEs).²⁸⁶

On 5 May 2014, Dmitry Medvedev signed a regulation on the establishment of the Loan Guarantee Agency. The authorized capital of the Agency is RUB50 billion (USD1.3 billion). According to the Agency's five-year business plan, its aggregate amount of guaranteed loans to SMEs will reach RUB440 billion (about USD11.5 billion).²⁸⁷ On 30 June 2014, the Agency, acting as a complement to the existing system of regional loan guarantee agencies, started its operations. The Agency also signed cooperation agreements aimed at improving the conditions of bank lending to SMEs with the biggest Russian banks, including Sberbank, VTB24, Gazprombank and Rosselkhozbank.²⁸⁸

Russia has taken measures to improve credit access by encouraging transparency, openness and competition to incentivize current institutions to expand service coverage and enforce prudential

²⁸³ Impulsara FIRA cobertura y acceso al credito para Pymes Rurales con herramientas y sistemas digitales del INEGI, FIRA (Mexico) 4 June 2014. Date of Access : 11 June 2014. <http://www.fira.gob.mx/SalaPrensaXml/Pdf?pdfNum=190>.

²⁸⁴ International Forum for International Inclusion, Alliance for Financial Inclusion (Bangkok), 26 July 2014. Date of Access: 5 October 2014. <http://www.afi-global.org/library/photo-galleries/international-forum-financial-inclusion-mexico>.

²⁸⁵ The Law on Consumer Credit is Signed, President of Russia. 23 December 2013. Date of Access: 19 September 2014. <http://kremlin.ru/news/19875>.

²⁸⁶ Meeting on measures to support small and medium-sized business, Government of Russia 3 February 2014. Date of Access: 19 September 2014. <http://government.ru/en/news/10207>.

²⁸⁷ A decree establishing Loan Guarantee Agency signed, Federal Web Portal for Small and Medium Sized Enterprises 6 May 2014. Date of Access: 19 September 2014. <http://en.smb.gov.ru/sme/news/219.html>.

²⁸⁸ Working meeting with Economic Development Minister Alexei Ulyukayev, President of Russia (Moscow) 7 July 2014. Date of Access: 19 September 2014. <http://eng.kremlin.ru/news/22625>.

regulations in order to provide the private sector with the right incentives. However, no actions to use the technological advances in developing financial infrastructure to lower transaction costs have been registered.

Thus, it receives a score of 0.

Analyst: Andrey Shelepov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitments to improve credit access in the country.

On 22 January 2014, global rating agency Fitch Ratings reported that Saudi banks continue to see strong performances due to high oil prices and mass government spending on infrastructural projects and non-oil private sectors. Business growth and reduced loan impairment charges have led to strong financial performances for Saudi banks. Banks are expected to continue expanding their loan portfolios throughout 2014.²⁸⁹

On 5 February 2014, Kafalah, an SME financing guarantee program developed by the Ministry of Finance and Saudi banks, announced the launch of its sixth campaign for SME financing. The program is intended to bridge the gap in the financing resources available to SMEs, to expand entrepreneurialism, and to create job opportunities for Saudi youth. The campaign involves collaboration with the World Bank, the Institute of Banking, and the Media and Banking Awareness Committee to increase financial literacy of Saudi participants.²⁹⁰

On 23 February 2014, the Saudi Industrial Development Fund (SIDF) released data on the success of Kafalah in driving SME lending. According to the SIDF, Kafalah provided guarantees worth SAR3.59 billion by the end of 2013, and extended financing by SAR7.18 billion. This reduces the risk incurred by the banks, and therefore encourages them to loan more to entrepreneurs. The head of Kafalah's research unit, Ahmed Yehya, stated that "the plan focuses on the importance of removing the barriers limiting the development of SMEs and intensifying the government and private initiatives to support it."²⁹¹

Thus, Saudi Arabia has been awarded a score of 0 for collaborating with the banking sector to increase lending to SMEs.

Analyst: Monica Khosravi

South Africa: 0

South Africa has partially complied with its commitment to improve credit access and financial inclusion.

On 10 October 2013 the South African Government presented its National Credit Amendment Bill. The Bill addressed several key policy issues in the South African credit system, including strengthening the National Credit Regulator, predatory or reckless lending, resolving credit disputes, the certification of debt counselors, and the unconstitutional nature of several provisions in the previous National Credit

²⁸⁹ Saudi banks' performance to remain strong in 2014, Arab News 22 January 2014. Date of Access: 4 October 2014. <http://www.arabnews.com/news/513021>

²⁹⁰ Kafalah loans to Saudi SME's total SR7.2b, Saudi Gazette (Jeddah) 5 February 2014. Date of Access: 26 February 2014. <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentid=20140206194904>

²⁹¹ Saudi Arabia sees potential in SME growth, Zawya (Dubai) 23 February 2014. Date of Access: 26 February 2014. http://www.zawya.com/story/Saudi_Arabia_sees_potential_in_SME_growth-ZAWYA20140223050551/

Bill.²⁹² The South African Government intended for the Bill to clarify existing regulations while strengthening others in order to stabilize the credit market in the country.²⁹³

The South African Government's Department of Trade and Industry and the National Credit Regulator also recommended automatically erasing poor credit records on loans of fewer than ZAR10,000. The Cabinet stated that they intended for this amendment to allow financially stable South Africans who could afford to borrow to access credit when it would have otherwise been impossible.²⁹⁴

On 19 August 2014, Moody's Investors Service downgraded the long-term local-currency deposit ratings of the four largest South African banks from A3 to Baa1. Moody's believes that there is lower likelihood for South African authorities to support creditors if need arises. Weak economic growth and the continuum of "high consumer indebtedness" are cited as important factors that will result in increased costs to banks.²⁹⁵ In this regard, Bloomberg reported that this downgrade may result in a sovereign-debt reduction as the cost of borrowing will rise for banks. The downgrade is considered to be a "response to the central bank's decision to impose losses on holders of African Bank's debt."²⁹⁶

South Africa has increased the clarity of the regulations that govern the credit market, and increased access to credit for poorer South Africans but did so by denying lenders important information on borrowers' credit histories.

South Africa therefore receives a score of 0.

Analysts: D. Reid Dobell and Kei Zamaninoor

Turkey: -1

Turkey has not complied with its commitment to undertake reforms to strengthen the foundations for strong, sustainable, and balanced growth over the long term by improving credit access.

In a November 2013 report, the Central Bank of the Republic of Turkey (CBRT) posted loan growth figures that had strengthened and converged toward previous years' averages following a fluctuation in financial markets. The improvements in loan growth were attributed to the CBRT's supportive liquidity policies and a surge in domestic demand. Total loan growth was initially driven by retail loans, however since June 2013 the primary driver of loan growth has been corporate loans. The growth of corporate loans is partially a result of increases in lira-denominated SME loans and foreign exchange denominated corporate loans.²⁹⁷

²⁹² Presentation on the National Credit Amendment Bill, Department of Trade and Industry, Republic of South Africa (Johannesburg) 10 October 2013. Date of Access: 17 February 2014. http://www.mpuleg.gov.za/assets/b_47b_-_2013_1-%28from-dti%29.pdf

²⁹³ Presentation on the National Credit Amendment Bill, Department of Trade and Industry, Republic of South Africa (Johannesburg) 10 October 2013. Date of Access: 17 February 2014. http://www.mpuleg.gov.za/assets/b_47b_-_2013_1-%28from-dti%29.pdf

²⁹⁴ Who Needs Credit Amnesty?, iafrica.com (Cape Town) 5 November 2013. Date of Access: 17 February 2014. <http://business.iafrica.com/personal-finance/885917.html>.

²⁹⁵ Moody's downgrades four South African bank; on review for further downgrade, Moody's Investors Service (Global) 19 August 2014. Date of Access: 5 October 2014.

https://www.moody.com/research/Moodys-downgrades-four-South-African-banks-on-review-for-further--PR_306571

²⁹⁶ African Bank Contagion Sweeps From Lenders to Sovereign, Bloomberg (NYC) 21 August 2014. Date of Access: 5 October 2014. <http://www.bloomberg.com/news/2014-08-20/african-bank-contagion-sweeps-from-lenders-to-sovereign.html>

²⁹⁷ Financial Stability Report, Central Bank of the Republic of Turkey November 2013. Date of Access: 2 March 2014. <http://www.tcmb.gov.tr/yeni/eng/>

The Second Turkey Access to Finance for Small and Medium Enterprises Project facilitated by the World Bank continues to expand the access for Turkish small and medium enterprises to medium and long-term financing. In a report published on 28 October 2013 on the implementation status and results of the program, USD383.6 million has been successfully distributed to 518 beneficiary enterprises.²⁹⁸

On 7 January 2014, a press release from the Turkish Banking Regulation and Supervision Agency, reported that loans have increased by 27.1 per cent from the same period last year. Increasing asset sizes in the Turkish banking sector have been leading to the highest recorded rises in banking sector assets among emerging economies.²⁹⁹

On 27 February 2014, the New York Times published a report, stating that credit card debt is endangering millions of low-income Turks who have been awarded extensive credit lines. The boom in consumer credit is viewed as a serious risk for Turkish lenders who are operating in an environment experiencing slowing economic growth, political turmoil, and a decreasing willingness of foreign investors to provide financing. However, in a presentation made to the IMF-World Bank in October 2014, the Governor of the CBRT showed how a tight monetary policy stance and macroprudential measures have been keeping loan growth rates (including deposits and credit card loans) at reasonable levels over recent months.³⁰⁰

As a destination for emerging market capital, Turkey has been using the influx of capital on consumer goods and real estate rather than on new businesses that would support long-term growth. Even though the Turkish Central Bank raised official interest rates to reduce the strains of high debt levels and encourage further investment from foreign entities, the higher cost of borrowing is likely to slow the economy.³⁰¹

Even though Turkey has seen recent successes in easing volatile loan growth rates, it has not implemented new policies to increase credit access for individuals or SMEs since September 2013.

Thus, Turkey has been awarded a score of -1.

Analyst: Jonathan F. Rybicki

United Kingdom: 0

The United Kingdom has partially complied with the commitment to improve credit access.

On 20 December 2013, the British government published a consultative paper entitled “Competition in banking: improving access to SME credit data.” The paper outlined proposed changes to existing legislature to assist lenders in assessing applications for loans to SMEs to improve the cost and quality of services offered. The government recognizes the importance of responsible lending to small

²⁹⁸ Implementation Status and Results for the Second Turkey Access to Finance for Small and Medium Enterprises Project, The World Bank 28 October 2013. Date of Access: 2 March 2014. http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/ECA/2013/10/28/090224b081fef44a/1_0/Rendered/PDF/Turkey000Secon0Report000Sequence005.pdf

²⁹⁹ Turkish Banking Sector Non-Consolidated Main Indicators, Banking Regulation and Supervision Agency November 2013. Date of Access: 2 March 2014. http://www.bddk.org.tr/websitesi/english/Announcements/Press_Releases/1277711_basin_aciklamasi__kasim_2013_.pdf

³⁰⁰ Balanced Growth Prospects in Turkey, Central Bank of the Republic of Turkey, IMF-World Bank Autumn Meetings October 2014. Date of Access: 14 October 2014. <http://www.tcmb.gov.tr/wps/wcm/connect/7a85ae54-0b91-49cf-bac7-b36699837d88/IMF+W.pdf?MOD=AJPERES>.

³⁰¹ Credit Card Debt Threatens Turkey's Economy, The New York Times, 27 February 2014. Date of Access: 2 March 2014. http://www.nytimes.com/2014/02/28/business/international/credit-card-debt-threatens-turkeys-economy.html?_r=0

businesses and intends to enact these amendments through the Small Business, Enterprise and Employment Bill.³⁰²

The most recent “Doing Business” report from the World Bank noted that the United Kingdom ranks on top in terms of access to credit.³⁰³

The UK was found to have proposed regulation for P2P lending platforms, which would increase confidence in this alternate source of credit.^{304,305}

The Bank of England reported in its 2014 Q1 Credit Conditions Survey that both “the availability of secured credit to households” and the “overall availability of credit to the corporate sector” increased in the first quarter of 2014. According to the report, this was the sixth consecutive quarter that respondents to the survey reported an increase in the availability of credit. It was also reported that small businesses, medium-sized companies, and large corporations alike had bigger demands for lending in the first quarter of 2014, which was expected to grow in the second quarter.³⁰⁶

The Bank of England reported in its 2014 Q2 Credit Conditions Survey that while the “availability of secured credit to households” increased slightly in the second quarter of 2014, the “overall availability of credit to the corporate sector” remained unchanged.³⁰⁷

On 26 June 2014, in its half-yearly report on the risks facing the financial system, the Bank of England announced a policy that would “restrict the amount that homeowners can borrow relative to their income.” This policy also stipulated that affordability tests for those applying for mortgages would be tightened as well.³⁰⁸

On 18 September 2014, the Council of Mortgage Lenders (CML) indicated that British lending to homeowners and potential homeowners fell from GBP19.7 billion in July to GBP8.6 billion in August. Additional regulations on mortgage lending announced by the government and the central bank are cited as having contributed to this. Experts estimate that this drop in lending indicates a tightening of the UK housing market.³⁰⁹

³⁰² Competition in Banking Improving Access to SME credit data, gov.uk (London) 20 December 2013. Date of Access: 2 March 2014. <https://www.gov.uk/government/consultations/competition-in-banking-improving-access-to-sme-credit-data>

³⁰³ Doing Business 2014, World Bank/IFC (Washington DC) Date of Access: 2 March 2014.

<http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Annual-reports/English/DB14-Full-Report.pdf>

³⁰⁴ Banking Without banks, The Economist (London) 1 March 2014. Date of Access: 2 March 2014.

<http://www.economist.com/news/finance-and-economics/21597932-offering-both-borrowers-and-lenders-better-deal-websites-put-two?zid=310&ah=4326ea44f22236ea534e2010ccce1932>

³⁰⁵ The Financial Conduct Authority outlines how it will regulate crowdfunding (London) 24 October 2013. Date of Access: 24 October 2014. <http://www.fca.org.uk/news/the-financial-conduct-authority-outlines-how-it-will-regulate-crowdfunding>

³⁰⁶ Credit Conditions Survey 2014 Q1, Bank of England (London) 3 April 2014. Date of Access: 6 October 2014

<http://www.bankofengland.co.uk/publications/Pages/other/monetary/ccs/ccs1404.aspx>

³⁰⁷ Credit Conditions Survey 2014 Q2, Bank of England (London) 23 June 2014. Date of Access: 6 October 2014.

<http://www.bankofengland.co.uk/publications/Pages/other/monetary/ccs/ccs1406.aspx>

³⁰⁸ Bank will not act on house prices yet, says Carney, The Guardian (London) 26 June 2014. Date of Access: 6 October 2014. <http://www.theguardian.com/business/2014/jun/26/bank-of-england-limit-large-loans-housebuyers-mortgage-lenders>

³⁰⁹ Mortgage lending slows, is this the tipping point for the UK housing market?, The Telegraph (London) 18 September 2014. Date of Access: 6 October 2014. <http://www.telegraph.co.uk/finance/economics/11103959/Mortgage-lending-slows-is-this-the-tipping-point-for-the-UK-housing-market.html>

The UK has taken some steps to ensure that credit access be improved and diversified. While restricting access to credit, regulations on mortgage lending are aimed at improving confidence in credit markets.

The United Kingdom has been awarded a score of 0 on its commitment to improve access to credit for firms and individuals.

Analysts: Liam Maloney and Timmy Shin

United States: +1

The United States has fully complied with its commitment to improving credit access and financial inclusion. It has encouraged technological innovation to support small businesses, created greater transparency to empower market participants, and increased the number of loans issued to startups.

On 25 September 2013, Overseas Private Investment Corporation (OPIC) – a governmental development finance institution – announced it would collaborate with Citi Financing to deliver up to USD200 million in financing for small businesses in Africa, Middle East, Asia, Eastern Europe, and Latin America. This expansion of microfinance will connect SMEs from the developing world to mainstream financial systems and increase their access to funding. It will also facilitate relationships between overseas SMEs and existing domestic Citi clients.³¹⁰ This collaboration will broaden the service coverage of Citi Financing, but also stimulate competition amongst foreign banking institutions by encouraging new entrants into the market.

On 14 November 2013, Small Business Administration (SBA) signed a strategic alliance memorandum with Operation HOPE, Inc., the first non-profit social investment bank in the United States. This partnership aims to drive economic development through financial education, fostering entrepreneurial empowerment, and improving access to capital for small businesses.³¹¹

On 27 January 2014, SBA amended its policies to lower barriers for SME owners to access credit by changing program eligibility and administration criteria. The SBA also took steps to ensure that participants thoroughly understand program requirements before and after acquiring funding.³¹²

On 7 February 2014, the President instructed his Rural Council, in coordination with various other departments, to commit to connecting rural businesses to export and investment information. This is in relation to the “Made In Rural America” initiative and includes introducing businesses to an online

³¹⁰ OPIC and Citi to Leverage up to \$200 Million in Financing to Connect Micro and Small Enterprises with Corporate and Financial Institutions, OPIC (Washington) 25 September 2013. Date of Access: 27 February 2014. <http://www.opic.gov/press-releases/2013/opic-and-citi-leverage-200-million-financing-connect-micro-and-small-enterprises-corporate-and-financial-ins>

³¹¹ SBA Signs Strategic Alliance with Operation HOPE to Foster Entrepreneurship and Economic Empowerment, US Small Business Administration (Washington) 14 November 2013. Date of Access: 26 February 2014. <http://www.sba.gov/content/sba-signs-strategic-alliance-operation-hope-foster-entrepreneurship-and-economic-empowerment>

³¹² SBA Amends Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Program Policy Directives, US Small Business Administration (Washington) 27 January 2014. Date of Access: 26 February 2014. <http://www.sba.gov/content/sba-amends-small-business-innovation-research-sbir-and-small-business-technology-transfer-sttr-program-policy-directives>

platform to “connect [them] with export and investment resources and coordinate support from across the federal government.”³¹³

Thus, the US has been awarded a score of +1 for its efforts to improve financial literacy, support for technological advancement, and investment in financial collaborations that decrease barriers to financing for entrepreneurs.

Analyst: Monica Khosravi

European Union: 0

The European Union has partially complied with its commitment to improve credit access.

On 18 October 2013, a European Commission memo stated that the European Commission is taking action to rapidly bridge the market gap in the provision of financing for small and medium-sized enterprises (SMEs) by providing EUR3.5 billion of additional funding each year from 2014 to 2020.³¹⁴ The memo named two recent proposals: a proposal for the Markets in Financial Instrument Directive (MiFID) to sustain the development of stock markets specialized in SMEs, and a proposal for a modification of the Transparency Directive to give better information on listed SMEs.

On 16 December 2013, the European Commission announced a EUR15 billion investment in job-creating projects in the first two years at the launch of the new Horizon 2020 program.³¹⁵ Under Horizon 2020, a single or group of SMEs will be able to apply for funds to finance a project of economic and preferably also societal relevance. Horizon will focus on creating competitive industries, focusing on leadership in enabling and industrial technologies; access to risk finance; and innovation in SMEs.³¹⁶

On 17 December 2013, the European Union adopted the legislative package for cohesion policy for 2014-2020, a continuation of the special support instruments 2007-2013 program. The Cohesion Policy emphasizes support for small and medium-size enterprises with the objective of doubling support from EUR70 to EUR140 billion over seven years.³¹⁷ The memo again named the MiFID proposal to sustain the development of stock markets specialized in SMEs and the proposal to modify the Transparency Directive to give better information on listed SMEs.³¹⁸

In April 2014, the European Central Bank assessed the financial situation of SMEs during the period of October 2013 to March 2014. The report showed that accessibility to financial services is one of the main concerns for many SMEs. Forty-two per cent of SMEs in Greece and 23 per cent in Ireland

³¹³ FACT SHEET: Opportunity For All: Establishing a New “Made In Rural America” Export and Investment Initiative, The White House, Office of the Press Secretary (Washington) 7 February 2014. Date of Access: 8 November 2014. <http://www.whitehouse.gov/the-press-office/2014/02/07/fact-sheet-opportunity-all-establishing-new-made-rural-america-export-an>

³¹⁴ EU Access to Finance Days – helping to shape an SME-friendly financing market, European Commission (Brussels) 18 October 2013. Date of Access: 26 February 2014. http://europa.eu/rapid/press-release_MEMO-13-909_en.htm

³¹⁵ Horizon 2020 launched with €15 billion over first two years, European Commission (Brussels) 11 December 2013. Date of Access: 28 February 2014. http://europa.eu/rapid/press-release_IP-13-1232_en.htm

³¹⁶ BILAT USA 2.0, SME opportunities in Horizon 2020, 25 November 2013. Date of Access: 26 February 2014. <http://www.euussciencetechnology.eu/sites/default/files/SME%20opportunities%20in%20H2020.pdf>

³¹⁷ One trillion euro to invest in Europe’s future – the EU’s budget framework 2014-2020, European Commission (Brussels) 19 November 2013. Accessed 26 February 2014. http://europa.eu/rapid/press-release_IP-13-1096_en.htm

³¹⁸ EU Access to Finance Days – helping to shape an SME-friendly financing market, European Commission (Brussels) 18 October 2013. Date of Access: 26 February 2014. http://europa.eu/rapid/press-release_MEMO-13-909_en.htm

believed 'access to finance' was a major issue that obstructed them to develop a better financial infrastructure.³¹⁹

The European Union obtained a score of 0 for improving credit access.

Analysts: Justice Durland and Arturo Sparks

³¹⁹ Survey on the Access to Finance of Small and Medium-Sized Enterprises in the Euro Area. European Central Bank (Frankfurt am Main) April 2014. Date of Access: 6 October 2014.
<http://www.ecb.europa.eu/pub/pdf/other/accesstofinancesmallmediumsizedenterprises201404en.pdf?da920468528300ff549d8cc95522eb81>