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Access to finance for SMEs:

**THE ITALIAN
AGREEMENT**

Preliminary remarks

- In Italy there are more than 4,5 million enterprises;
- 99.8% are MSMEs;
- Employees in MSMEs are 81.7% of all employees in the country;
- GDP from MSMEs is 72.5% of the whole GDP;
- Micro entities (less than 10 employees) are 94.8% of all MSMEs

Problems of Micro Enterprises

- No clear distinction between personal and business assets;
- Balance sheet not detailed;
- Limited financial expertise;
- Asymmetry of information in financial data between banks and enterprises.



Any

Solution???

Formal agreement

A formal agreement among

- CNDCEC: Association of Professional Accountants;
- Unioncamere: Union of Business Registers;
- ABI: Italian Bankers Association

has been signed on the 22nd October 2010 in Naples

Aim of the agreement

- To reduce the asymmetry of information between banks and enterprises;
- To improve the quality of financial information both for enterprises and for the system;
- To increase access to finance to MSMEs;
- To improve the truthfulness of the data in the balance sheet;
- To improve the formality of economic behaviour;
- To improve the legality, in the whole society, of economic behaviour

Contents of the agreement

To create a list of Professional Accountants in every Chamber of Commerce that are “expert” in financial analysis.

These Professional Accountants, when required by banks or firms, will analyse the balance sheet of the enterprise and will give an attestation about the economic data of the firm

Advantages of the attestation

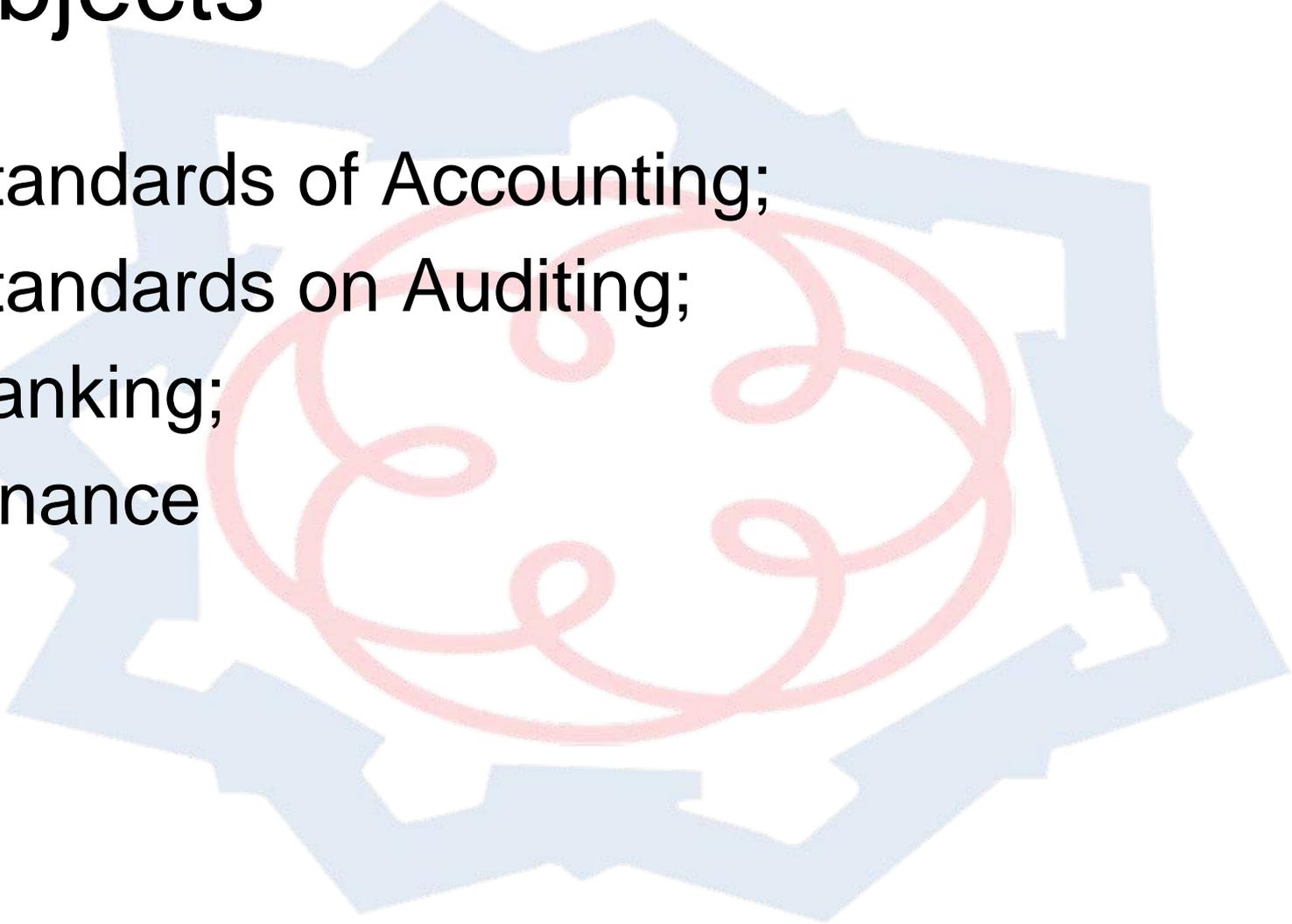
Enterprises that have an attestation given by a Professional Accountant will be facilitated by banks in obtaining access to finance in terms of easier procedures, saving time and reducing costs

Expert Accountant

- Someone who has been working as Professional Accountant for 15 years;
- A younger Professional Accountant who has attended a specific course on the subjects defined in the agreement;
- A Professional Accountant who keeps attending courses on these subjects every year

Subjects

- Standards of Accounting;
- Standards on Auditing;
- Banking;
- Finance



Professional Accountant

- Must be independent both from the enterprise and from the bank;
- Must be allowed by the enterprise to check any data he needs;
- Has to have a professional insurance that specifically includes this kind of attestation;
- Is responsible for the attestation he/she gives

Importance of the agreement

For the first time Professional Accountants have been publicly recognised as technical advisors able to be a “trait d’union” between banks and enterprises.

Professional Accountants represent, with their knowledge, a bridge for the communication between banks and enterprises

Challenges in implementing the agreement

- Has the agreement been properly advertised?
 - ↳ Among Professional Accountants?
 - ↳ How well has this been promoted within the banks?
- Do the procedures to distribute loans in the banks already consider this agreement?

Challenges in implementing the agreement

Other organisations involved that didn't signed the agreement:

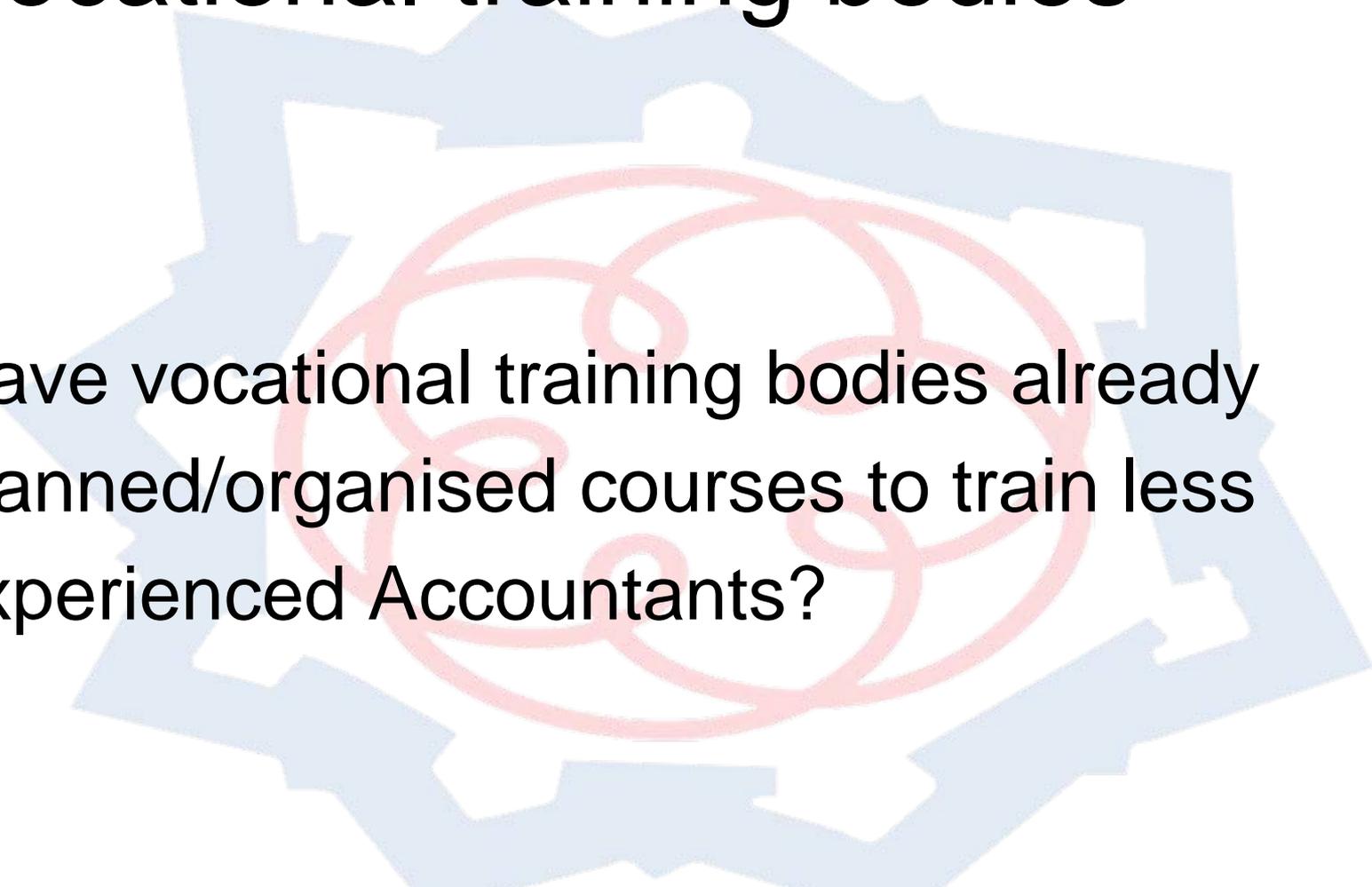
- Professional indemnity insurers;
- Vocational training bodies

Professional indemnity insurers

Insurances didn't sign the agreement but a proper insurance is necessary for Professional Accountants to be in the list of the Chamber of Commerce.

Do insurances already have products that include this kind of attestation?

Vocational training bodies

The background of the slide features a large, light blue gear-like shape with a complex, multi-pointed perimeter. Overlaid on this is a red circular pattern consisting of several overlapping, concentric-like loops that form a central, somewhat abstract design.

Have vocational training bodies already planned/organised courses to train less experienced Accountants?

Situation after one year

The agreement is being implemented. ABI already signed provisions with the biggest banks in Italy (e.g.. Unicredit, Bnp, Mps) and informed the smallest banks through meetings that took place with Chamber of Commerce.

The experimentation will start in four regions (Tuscany, Venetian, Puglia, Piedmont)

Situation after one year

The Chambers of Commerce are ready to implement the list of Professional Accountants that are considered expert.

CNDCEC has begun to organise courses to train Professional Accountants in the specific subjects proposed in the agreement

Future developments

During the experimentation data about the implementation will be available.

After the experimentation, should the agreement be a success, the implementation of the project will be extended to all the other regions



THANK YOU!

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