



## Fairness - Facilitating Access to Capital

FAIRNESS is an SME-oriented Erasmus Plus project that has the objective of supporting SMEs to access various sources of capital available. The MSE Institute is the lead partner from Malta, with the other four project partners coming from Italy, Bulgaria, Cyprus, and Austria. In order to create training modules designed to help SMEs access these sources of finance, the project team carried out research with stakeholders in all five jurisdictions in respect of the various financial solutions available to SMEs. The ultimate project objective is to create an online training tool to help SMEs be better prepared to apply for funding from the various and appropriate sources of capital in their jurisdiction.

The project team conducted research in each of the five jurisdictions in order to assess and analyse the various types of capital available to Small and Medium-Sized Enterprises, their level of complexity, and how easy it is to access these sources of finance.

It was interesting to note that, generally, respondents tended to assess the sources of capital based on their level of appropriateness for SMEs. Bank loans and overdrafts are generally the most appropriate, whereas unsurprisingly, the capital markets for equities and bonds, venture capital, and guarantee schemes are generally perceived to be the least appropriate.

Bank overdrafts and loans offer the highest level of ease of access, whilst capital markets and venture capital are the least accessible. This somewhat reflects the level of complexity perceived to be associated with the various products, with bank finance being seen as least complex, and capital markets being the most complex, closely followed by venture capital. The level of complexity also reflects the documentation that is required in order to apply for the respective source of capital. Naturally, bank finance is generally seen to be a short-term (overdraft) to medium-term (loan) source of finance, whereas capital markets and venture capital are more medium- to long-term.

Finally, the research shows that bureaucracy, financial resources required, and the processing of applications appear to present the biggest challenges to SMEs when applying for various sources of finance.

The next phase of the FAIRNESS project is to design and create the learning material that would be tailored to address the different issues raised for each finance product type, with a view to supporting SMEs in their efforts to access capital in an effective and efficient manner. More information on this next phase will be published shortly.

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