

# Access to Finance of Households and Firms in the Western Balkans

**March 2015**

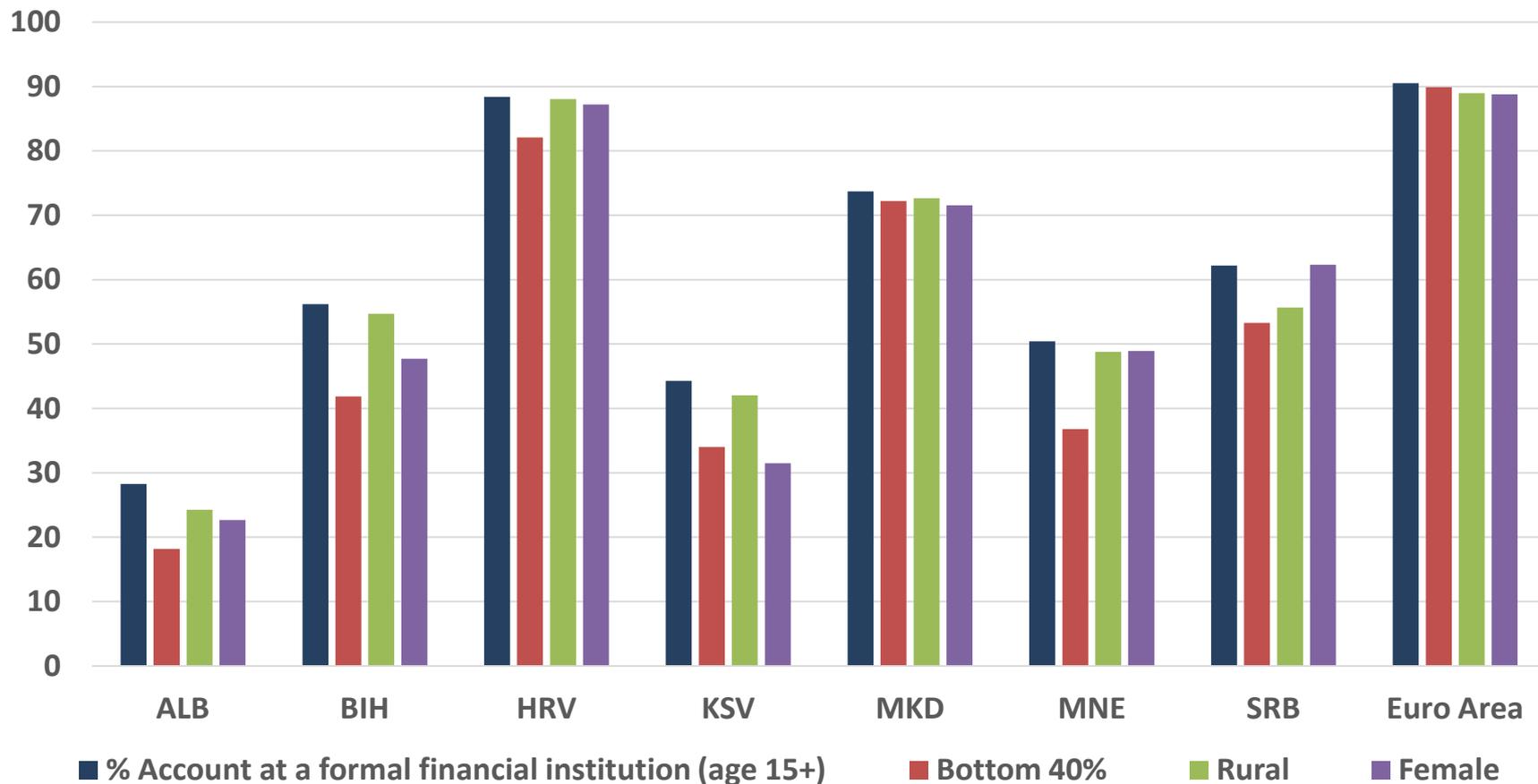


**WORLD BANK GROUP**

Finance & Markets

# Throughout the WBS, access to finance remains low compared to European standards...

Access to Finance

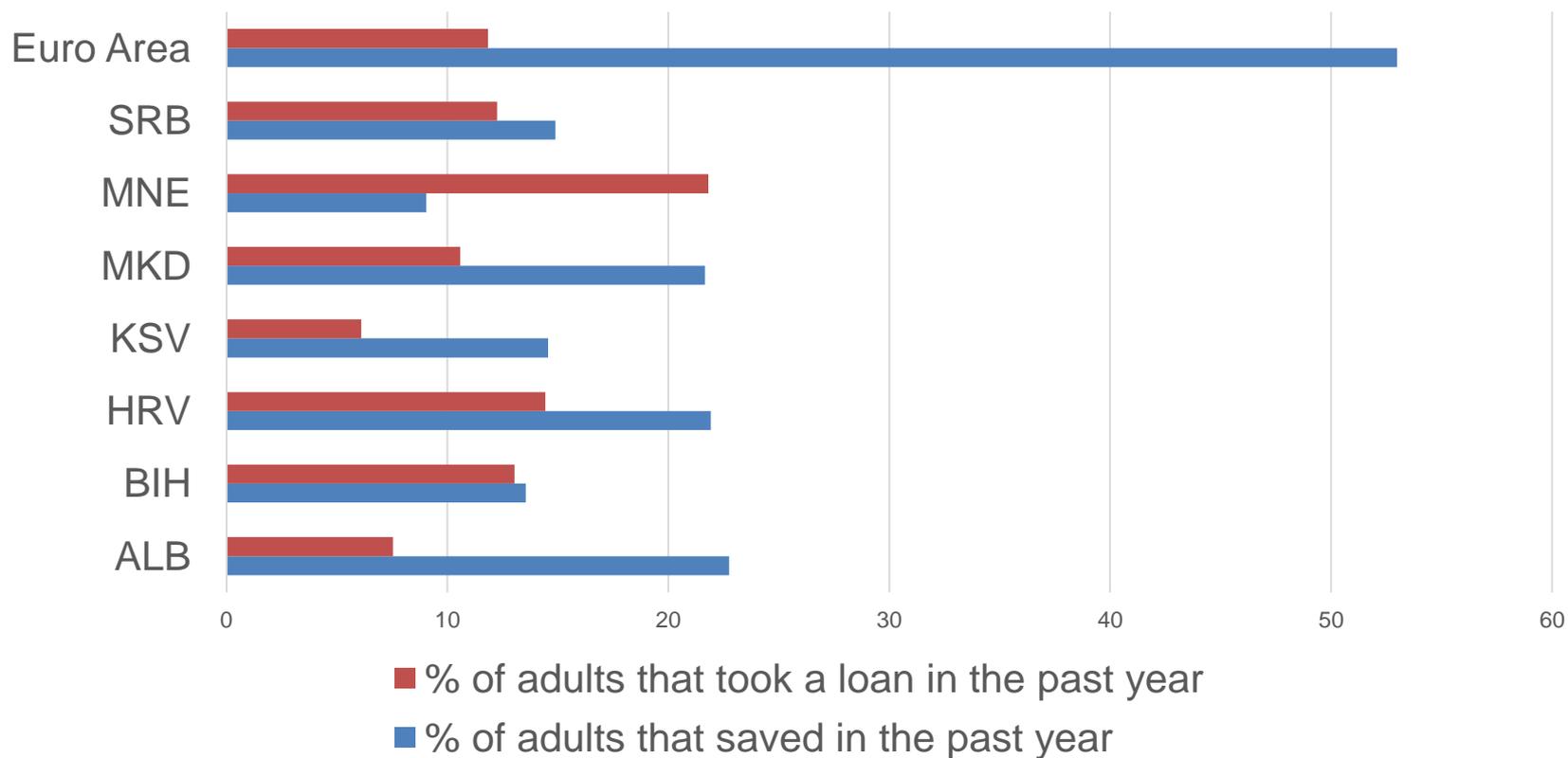


*Constraints remain especially for the lower income countries in the region, the bottom 40 percent of income earners and women.*



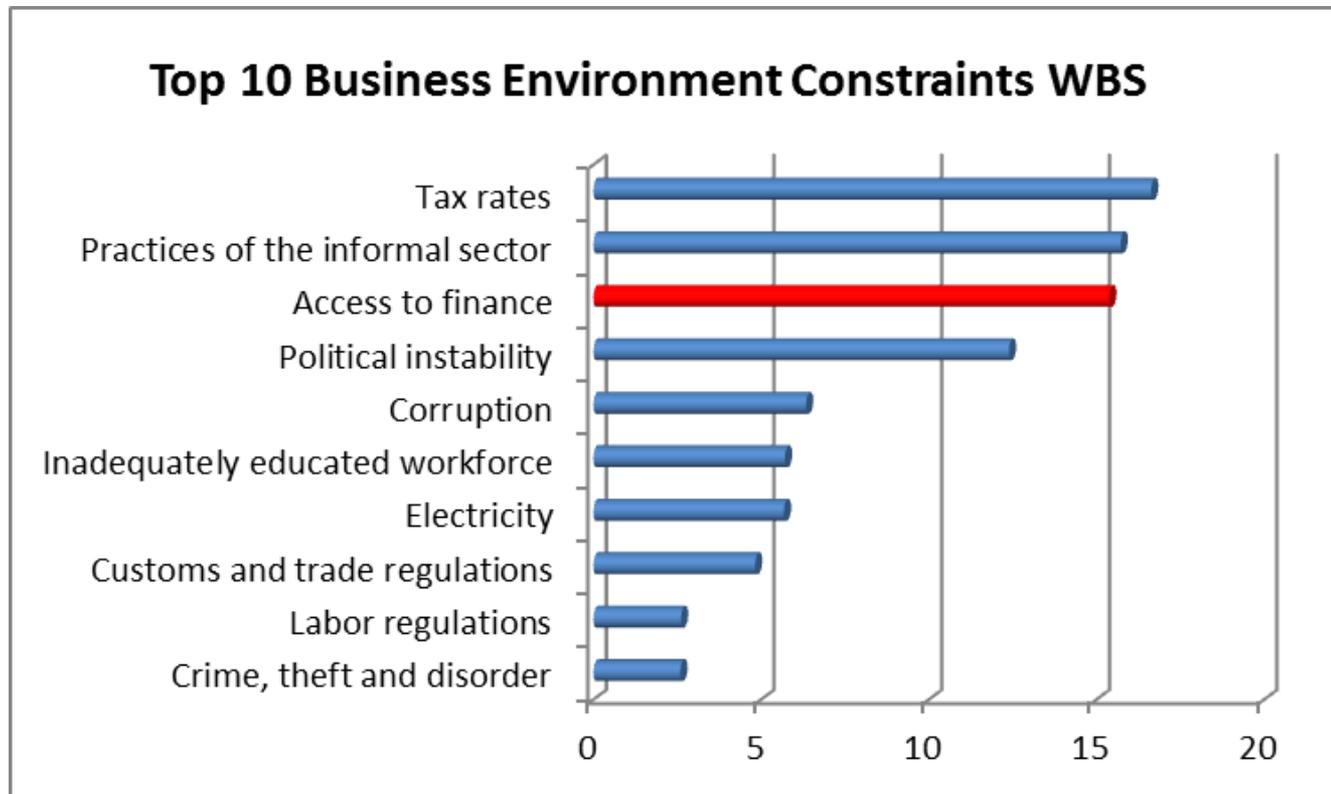
# In particular the use of savings products lags behind....

## Usage of Financial Services



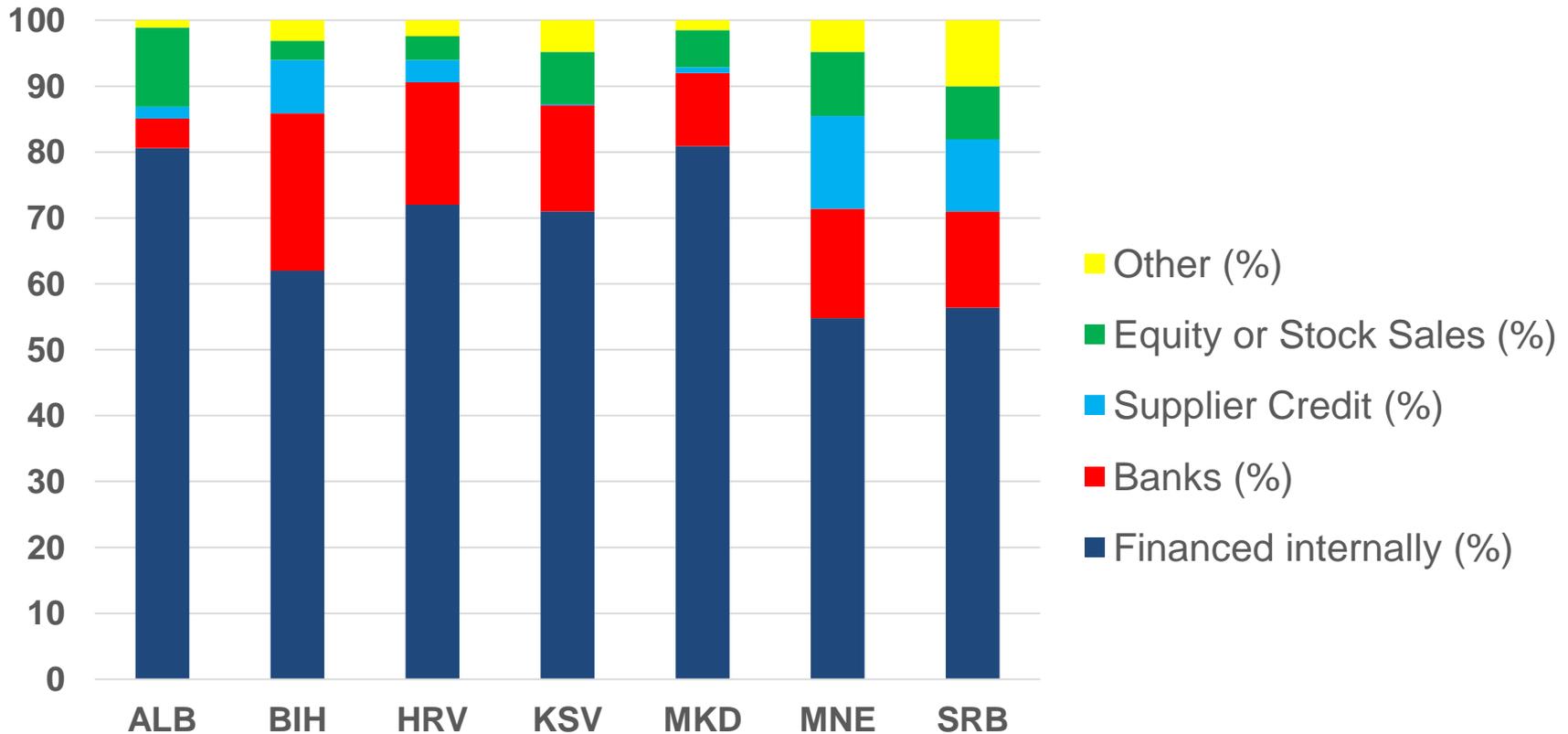
# Access to financial services of enterprises remains a key obstacle in the WBS...

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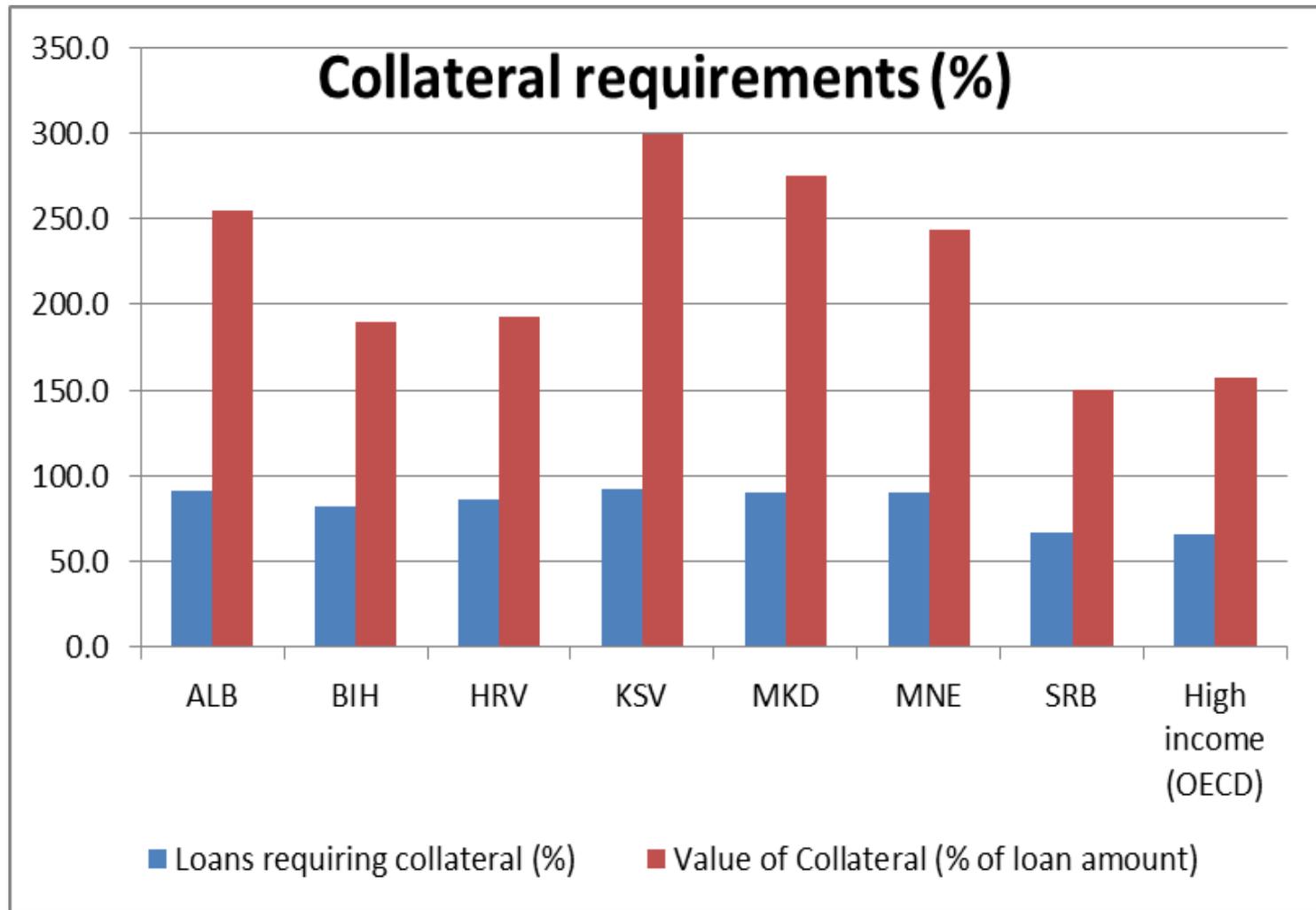


# Enterprise surveys conducted by the WBG show strong dependence on internal funds in the region...

## Sources of Financing of New Investments

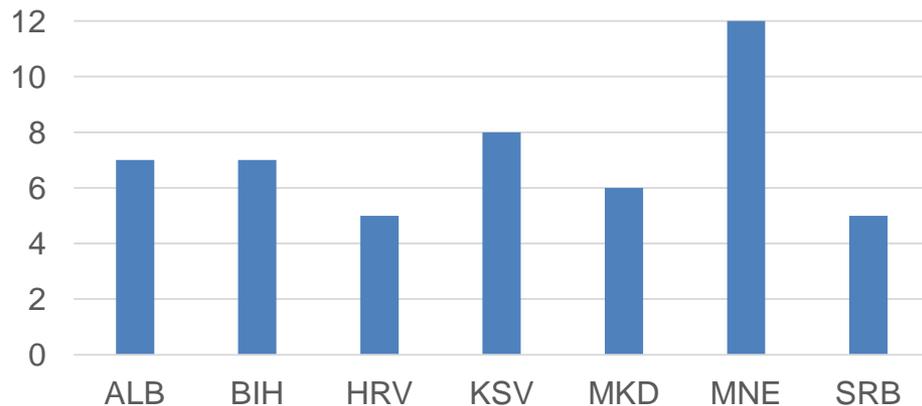


## Lending is highly dependent on collateral...

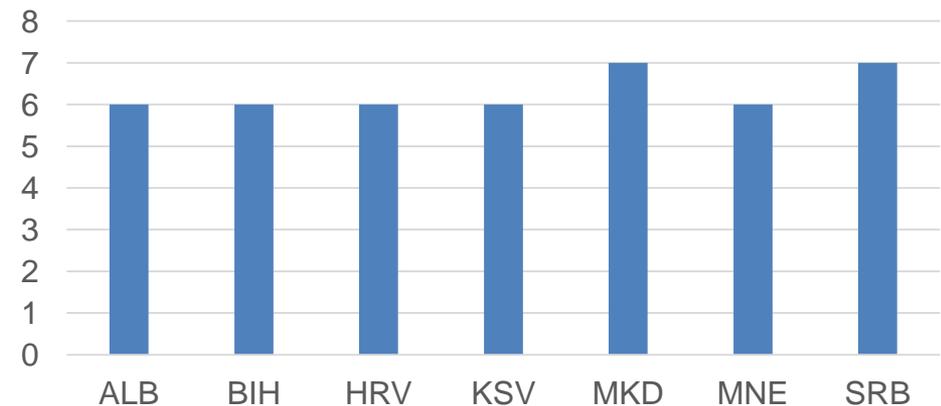


# The enabling environment for Enterprise Finance would benefit from further improvement...

Strength of legal rights index  
(0-12)



Depth of credit information  
index (0-8)

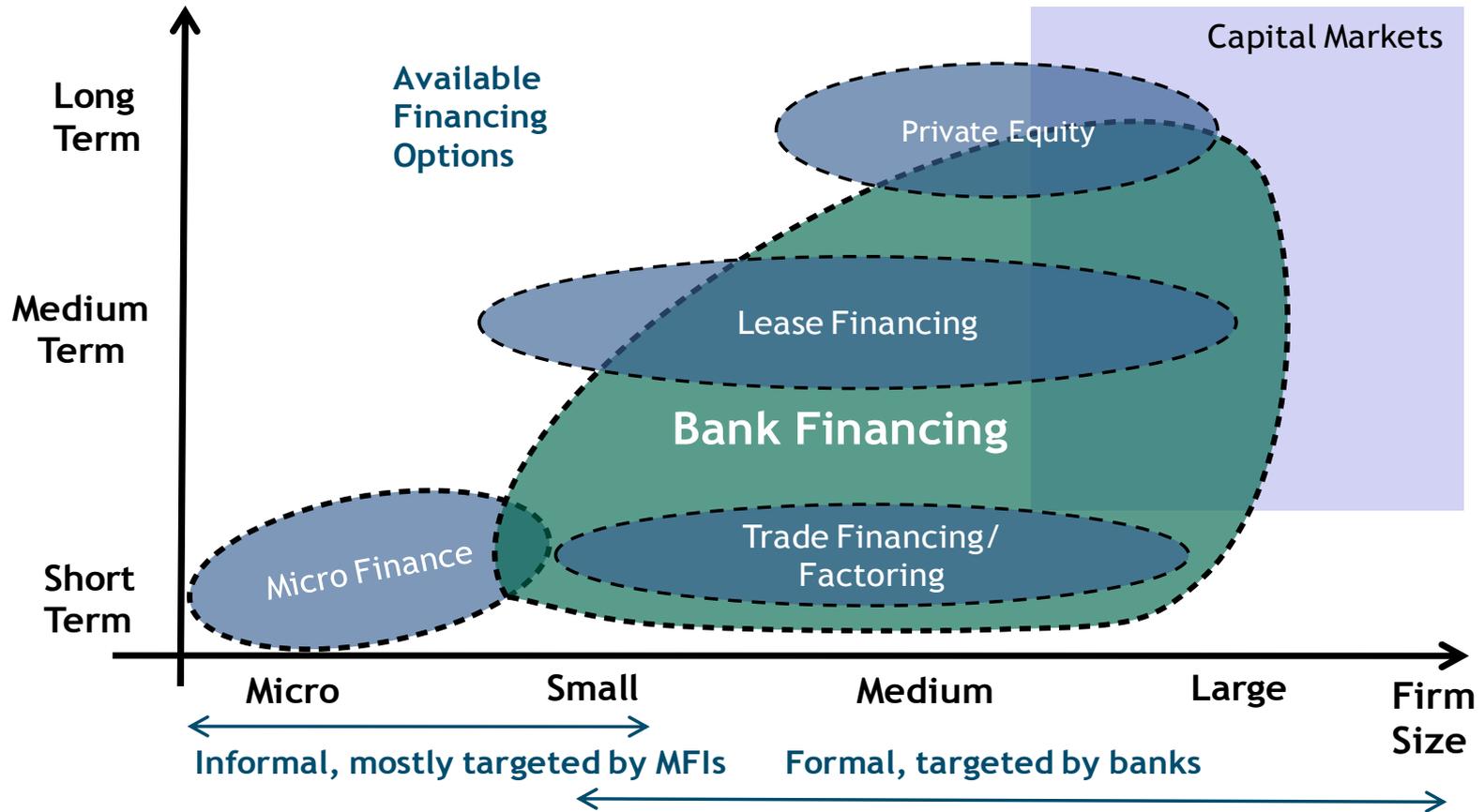


- **Legal Rights Index [Collateral Regimes], DB:** measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending by reducing the probability of default or losses of lenders given default.
- **Depth of Credit Information Index, DB:** measures rules and practices affecting the coverage, scope, and accessibility of credit information available through either a public credit registry or a private credit bureau.



# Financing needs are broad and vary by stage of development...

Financing Needs



# Enterprise Finance – Policy Responses

<i>Constraints</i>	<i>Responses</i>
<b>Information asymmetry</b>	Credit Reporting Systems, Reliable Financial Information
<b>Usable collateral</b>	Secured Transactions Frameworks (including movable assets registries)
<b>Weaknesses in NPL resolution</b>	Insolvency and Creditor Rights' Framework
<b>Lack of Financing Sources and Products</b>	Credit lines, Guarantee Schemes, State Banks, SME Exchanges, Reforms to encourage leasing, factoring
<b>SME Financial Capability</b>	Financial Education, Training, Awareness Campaigns



# The World Bank Group and Enterprise Finance

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- The World Bank offers a comprehensive set of instruments to support policy and legal reforms, financial infrastructure development, guarantee mechanisms, regulatory standards, financing platforms, etc.
- Instruments include financing, policy advice, data, and technical assistance.

## *BiH*

Line of credit to enhance access to finance for SMEs

*Centre for Financial Reporting Reform – CFRR* in Vienna, Austria, is responsible for the World Bank's corporate financial reporting activities across the Europe and Central Asia region.



## *Select WBG activities in the WBS*

## *Montenegro*

Technical assistance for a streamlined legal framework to resolve NPLs (FinSAC)

## *Croatia*

Export Financing Guarantee Project

## *Western Balkans TA Facility*

Focused on strengthening the policy dialogue between the Bank and the authorities in the Balkans on the main issues and constraints to sustainable financial sector development.



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# Thank you!

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