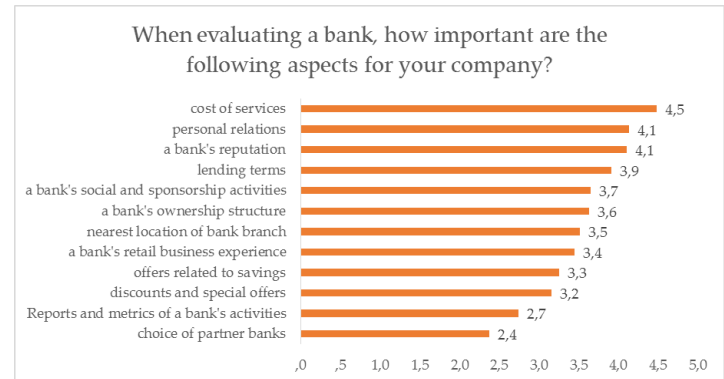


Our analysis examines the factors that domestic entrepreneurs deem important in assessing a bank, and to what extent were companies hampered by the bankruptcies of some financial institutions at the beginning of 2015. The April 2015 HCCI Research Institute of Economics and Entrepreneurship (IEER) business climate study database was used which was based on the responses from 3,224 business leaders.

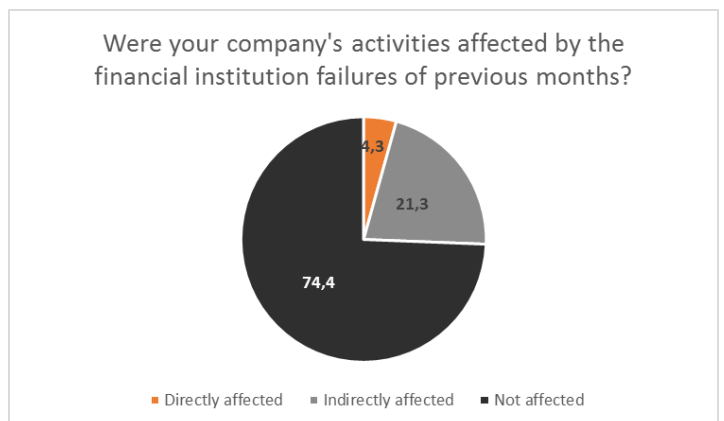
Bank Selection

The cost of services is the most crucial aspect in the choice of a bank by a company, the importance of which was an average of 4.5 points as evaluated by firms on a scale from 1 to 5 points. Following this, companies attributed the greatest importance to personal relations and the bank's reputation (an average of 4.1 points). The importance of lending terms was given 3.9 points by firms. The bank's social sponsorship activities, the bank's ownership structure, location of the nearest bank branch, experience of the retail side of the bank's business, and special offers related to savings offers and discounts all were given an importance point average of between 3.2 and 3.7 by companies. Reports and metrics of a bank's activities (average 2.7 points) and the choice of partner banks (an average of 2.4 points) were the least important when companies took into account when choosing a bank.

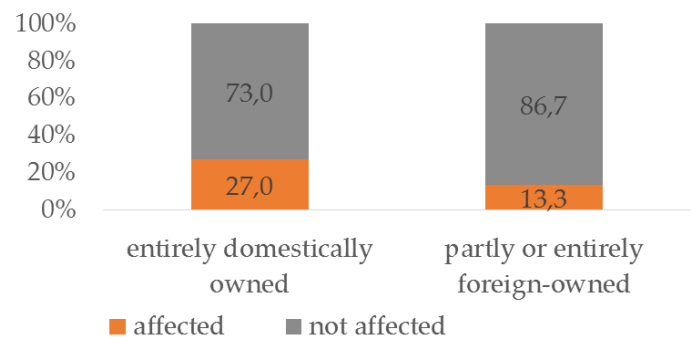


How were companies affected by the bankruptcies of some financial institutions in recent months?

A quarter of companies declared that their operations were hindered because of the bankruptcies of some financial institutions in recent months: 4.3% of them directly and 21.3% were indirectly affected by the events.



Those firms that were affected by the bankruptcies of some financial institutions in any way (either directly or indirectly) will be treated as a single category in the rest of the analysis. Firms with less than 50 employees were the most affected by bank failures: 27% of them had their operations hindered in some way by the events. Among the larger firms the proportion of those affected was at around 20% (in the case of companies with 50-249 employees it was 21%, for larger companies it was 18%), but this was still lower than what was observed in smaller firms. According to foreign ownership an even more marked difference between companies emerges. Purely domestic-owned firms accounted for 27% that were affected by the bankruptcies of financial institutions, while a much smaller share of 13% for companies with foreign ownership (whole or part). Foremost those companies involved in retail, construction and tourism were hampered by bank failures: 31, 29, and 28% respectively. Among those companies belonging to the services sector, the figure is slightly lower at 25%. Companies operating in the area of transport and industrial production were least affected (17 and 19%).



Macroeconomic trends: COSME 2014-2020 programme overview

Under the 2014-2020 programming period, the small and medium-sized enterprises have an opportunity to apply directly or indirectly for the European Union financial support. In the following we will present the COSME – Programme for Competitiveness of Enterprises and Small and Medium-sized Enterprises, which has been established with specific emphasis to the needs of SMEs. The key priorities of the COSME are guided by the “Small Business Act for Europe”. The total budget of the programme amounts at €2.3 billion.

Aim of the COSME 2014-2020 programme

The aim of the COSME programme is to support SMEs in the following areas: facilitating access to finance for small and medium-sized enterprises (SMEs); improving access to markets; improving favourable conditions for business creation and growth and supporting entrepreneurs.

The total budget of the COSME (2014-2020) is planned at €2.3 billion, of which large share (min 60%) will be allocated for improving access to finance for SMEs and more than 20% for access to markets. Annual budget is planned at €275 million in 2014 and €264 million in 2015.

COSME programme is directly managed by the European Commission, the Executive Agency for Small and Medium-sized Enterprises (EASME).

Accessing finance

COSME aims to improve access to finance for SMEs in their start-up, growth and transfer phases through loans and an equity instrument.

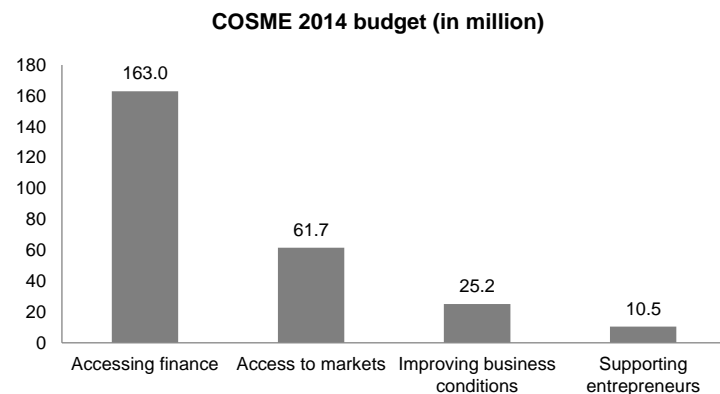
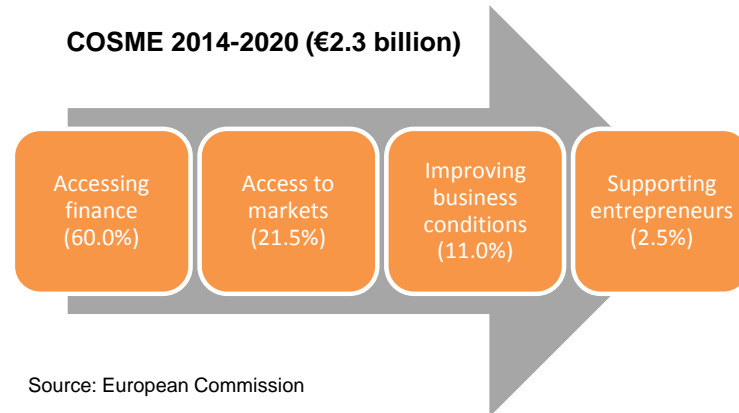
The **Loan Guarantee Facility** is the debt financial instrument, which provides guarantees and counter-guarantees to financial intermediaries. It is expected that between 220,000 and 330,000 SMEs will benefit through this instrument during the programme period.

Another financial instrument is an **Equity Facility for Growth** for enhancing the supply of risk capital. This financial instrument supports risk capital funds which invest in SMEs mainly in expansion and growth stage. The number of the expected beneficiaries is between 362 and 544 during the programme lifetime.

The annual budget for accessing finance amounts around €163 million in 2014 and 2015. These financial instruments are indirectly available to SMEs. The [Access to Finance](#) portal provides more information about available financial intermediaries in Hungary.

Access to markets

COSME is focused on improving SME access to the markets within and outside the EU, with a budget of around €61 million in 2014 and more than €57 million in 2015. It



funds the Enterprise Europe Network that provides information about funding international business, technology transfer, research funding, EU law and standards. The network consists of around 600 business support organization from more than 50 countries. Eight Hungarian organizations are the members of the Network. The Enterprise Europe Network [website](#) provides more details about support for Hungarian SMEs.

Improving business condition

Also, COSME objective is to improve the conditions for the competitiveness and sustainability of EU SMEs, with a special focus on SMEs involved in the tourism sector. The 2014 budget for the achievement of this objective amounted at €24 million while the 2015 budget amounts around €34 million. COSME supports actions related to the reduction of the administrative and regulatory burden, clustering and business networking, the improvement of national/ regional policies for fostering competitiveness and sustainability of SMEs.

Supporting entrepreneurs

The fourth COSME objective is to promote the entrepreneurship and entrepreneurial culture, with a budget of €10 million in 2014 and €9 million in 2015. The COSME activities are oriented towards entrepreneurship education, improving the business environment for entrepreneurship and promotion of the role models. Target groups under this goal are the specific groups, such as new, young and women entrepreneurs.

New entrepreneurs are supported by the programme [Erasmus for Young Entrepreneurs](#). This is an exchange programme for building skills and knowledge of new entrepreneurs by working with experienced entrepreneurs. Under the programme Erasmus for Young Entrepreneurs a call for proposals is opened until 3 June 2015. The aim of the call is to enlarge and support the network of intermediary organisations which will implement the programme at the local level. The call for proposals can be found [here](#).

In 2015, women entrepreneurs will be supported by the E-Platform for Women Entrepreneurship and European Network of Business Angels for Women Entrepreneurs.

Sources:

Website of the COSME programme

http://ec.europa.eu/growth/smes/cosme/index_en.htm

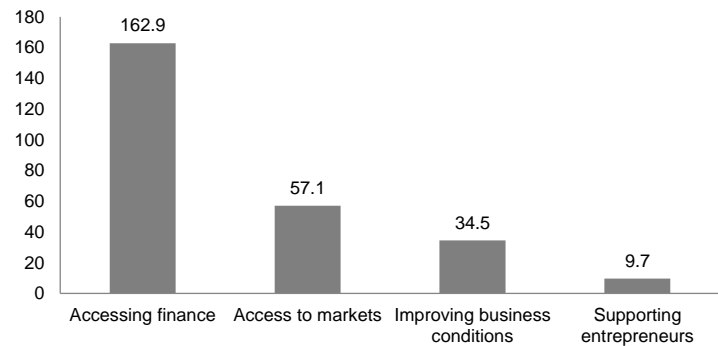
COSME work programme 2015

<http://ec.europa.eu/DocsRoom/documents/7322?locale=en>

COSME work programme 2014

<http://ec.europa.eu/DocsRoom/documents/5973?locale=en>

COSME 2015 budget (in million)



Source: European Commission

The Erasmus
for Young
Entrepreneurs
local contact
point in
Hungary

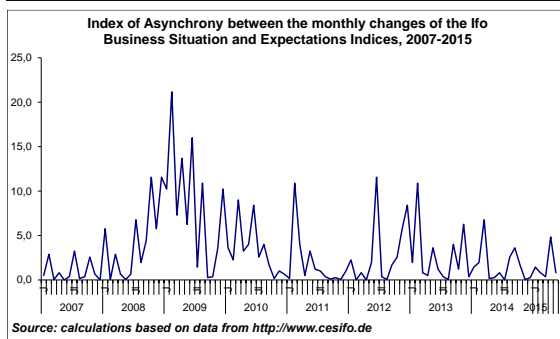
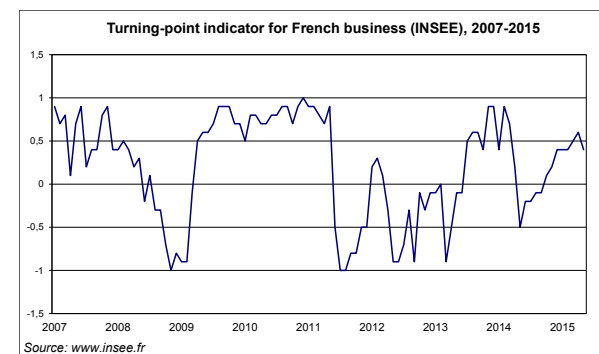
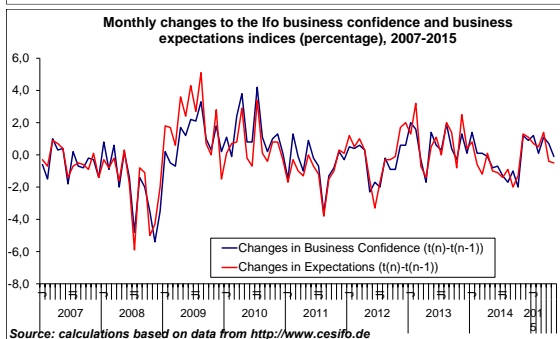
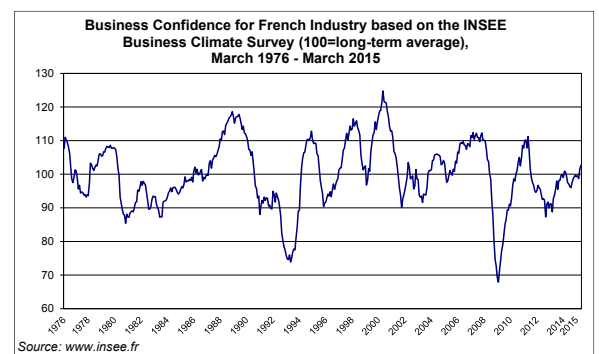
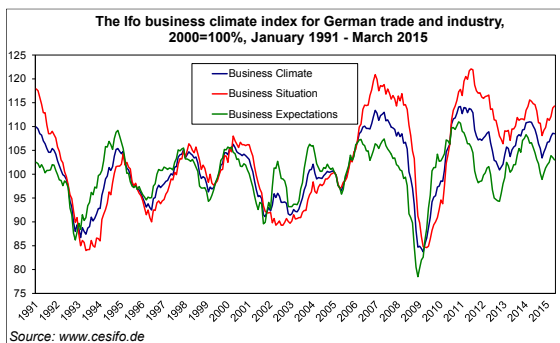
- Central Transdanubian Regional Innovation Agency
- Chamber of Commerce and Industry Veszprém
- DemNet
- Hungarian Investment and Trade Agency
- NESsT EUROPE Nonprofit Ltd.
- TENDERAUDITOR Korlátolt Felelősségű Társaság

Source: Erasmus for Young Entrepreneurs Programme

International trends

The Ifo Business Climate Index for German trade and industry edged downwards to 108.5 points in May from 108.6 points last month. Assessments of the current business situation have increased by 0.4 points in May, which means they climbed to their highest level since May 2014. Companies expressed slightly less optimism about the months ahead, the index of the expectations dropped by 0.5 points. The gap between the current business situation and the expected developments, as calculated by the IEER Index of Asynchrony, decreased to 0.8 points in May from 4.8 points in April, so the business confidence index showed lower uncertainty than in the previous month. According to Ifo analysts, companies were once again more satisfied with their current business situation, but the majority was less optimistic about the business outlook than in the previous month. The German economy remains on track. (Source: Ifo, <http://www.cesifo-group.de>)

Results from the May survey by the French statistical office (INSEE) show that the business climate in industry in France has improved slightly, the composite indicator which measures it has increased compared to the previous month. The composite indicator has increased to 102.6 points, thus it exceeds its long-term average (100). The turning-point indicator has sunk but still is in the zone indicating a favourable short-term economic situation. The balance on opinions on past change in production continued increasing in May. The balance of opinions on personal production expectations has also increased compared to the previous month and it is above its long-term average. The balance of general production expectations, which represents business managers' opinion on French industry as a whole, has decreased in May, for the first time since October. It has decreased by 3.4 points compared to the previous month and dropped below its long-term average. (Source: INSEE, <http://www.insee.fr>)



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