

AECM response to the consultation on a European Savings and Investments Union

The European Association of Guarantee Institutions (AECM) appreciates the opportunity to provide feedback on the European Commission's initiative to establish a European Savings and Investments Union (SIU).

Guarantee institutions are key enablers of bank financing to SMEs. The operations of guarantee institutions rely almost exclusively on their partnership with bank financial intermediaries that provide loans to SME clients. In that sense, we would like to emphasise the critical role that bank financing plays and will continue to play for a certain portion of - perhaps more traditional - SMEs across Europe to support their operations and growth.

While deepening capital markets integration is essential for providing diverse financing options and fostering economic growth, it should not come at the expense of bank financing. Both capital markets and bank financing play complementary roles in the financial ecosystem. Ensuring a balanced approach that strengthens both avenues is crucial for meeting the varied financing needs of SMEs.

AECM fully supports the development of a SIU that includes the integration of both banking and capital markets, to provide more opportunities to the entire spectrum of SMEs, without neglecting those that will continue to rely on traditional loans from their banks.

We therefore call upon the Commission to address the remaining barriers within the Banking Union that hinder the flow of bank financing to SMEs. This includes enhancing cross-border banking operations and reducing regulatory fragmentation (e.g. insolvency law). Moreover, we call to strengthen the role of guarantee institutions, as they are key enablers of SME financing. This involves simplifying the regulatory framework, providing incentives for banks to collaborate with guarantee institutions, and increasing funding for EU budgetary guarantees.

We believe that by addressing these issues, the SIU can significantly enhance the financial landscape for SMEs across Europe, enabling them to thrive and contribute to the EU's economic and social objectives.

About us

The 47 members of the **European Association of Guarantee Institutions (AECM)** are operating in 32 countries in Europe. They are either private/mutual sector guarantee schemes or public promotional institutions or banks. Their mission is to support SMEs in getting access to finance. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure. By guaranteeing for these enterprises, guarantee institutions address effectively this market failure and facilitate SMEs' access to finance. The broader social and economic impact of this activity includes the following:

- Job creation and preservation of jobs by guaranteed companies
- Innovation and competition: crowding-in of new ideas leading to healthy competition with established market participants
- Structure and risk diversification of the European economy
- Regional development since many rural projects are supported
- Counter-cyclical role during crises

SME guarantees generally pursue a long-term objective and our members, if public, private, mutual or with mixed ownership structure, have a promotional mission.

AECM's members operate with counter-guarantees from regional, national, and European level. At the end of the year 2023, AECM's members had about EUR 207 billion of guarantee volume in portfolio, thereby granting guarantees to around 4.7 million SMEs. AECM's members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU (counter-)guarantees from the very beginning in 1998.

Have a look at our [AECM brochure](#) and at our most recent publications:

[Priorities for the legislative period 2024-2029](#)

[AECM considerations for the Multiannual Financial Framework 2028-2034](#)

[AECM Statistical Yearbook 2023](#)

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