



# Comparative Study AECM-REGAR Guarantee Activity Survey

Brussels - JULY 2020 - Buenos Aires

# About the Survey

## *REGAR survey*

- The survey was undertaken between 21<sup>st</sup> May and 19<sup>th</sup> June 2020
- 25/34 members from 13 countries participated. They were asked about their perception of the guarantee activity and the financial economic environment, both of 2019 and 2020
- Since Covid measures started in different moments in each country, perceptions may vary
- The design of this survey is similar to that carried out by AECM in order to be able to carry out comparative analyses, from the situation of each entity or guarantee system in Latin America and Europe

## *AECM survey*

- The survey was undertaken between 4<sup>th</sup> February and 13<sup>th</sup> March 2020 and several times extended due to the covid crisis. The last reply was registered on 17<sup>th</sup> June 2020
- Members who replied already before the start of lockdown measures in Europe had the possibility to update their initial replies
- 35/48 members from 23 countries participated
- The results are unweighted
- REGAR and AECM's joint Spanish and Portuguese members were counted only in the AECM survey in order to prevent double counting
- A more in-depth analysis and a comparison with previous years can be found in chapter IV of the [AECM Statistical Yearbook 2019](#)

# Executive Summary

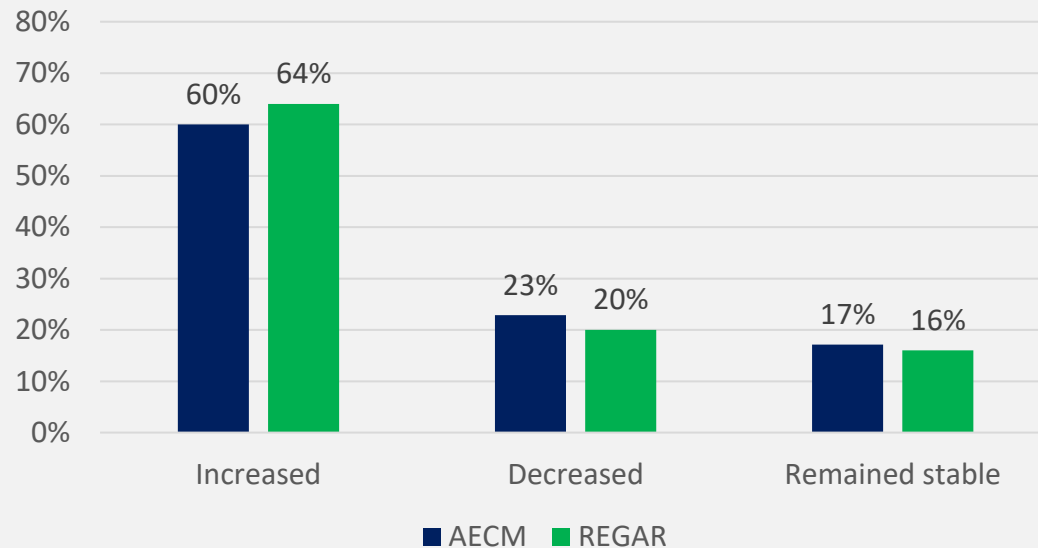
This year, the Guarantee Activity Survey both in Latin America and in Europe was undertaken in unusual times. On both continents, the COVID-19 pandemic hit governments, companies and citizens unprepared. Small and medium-sized companies suffered and suffer considerably from lockdown measures, taken by most governments, and their economic and social consequences. Guarantee institutions in Europe and in Latin America reacted in no time setting up support measures to allow SMEs to bridge these difficult times.

It goes without saying, that the COVID-19 outbreak had a strong impact on the results of our surveys. This can be impressively seen by the broadly expected increases both in the demand for guarantees and in the guarantee activity. For both questions, we obtained strikingly similar results in Latin America and Europe. Concerning SMEs' access to bank financing, Europeans are quite cautious in their expectations for 2020. Latin Americans are slightly less pessimistic.

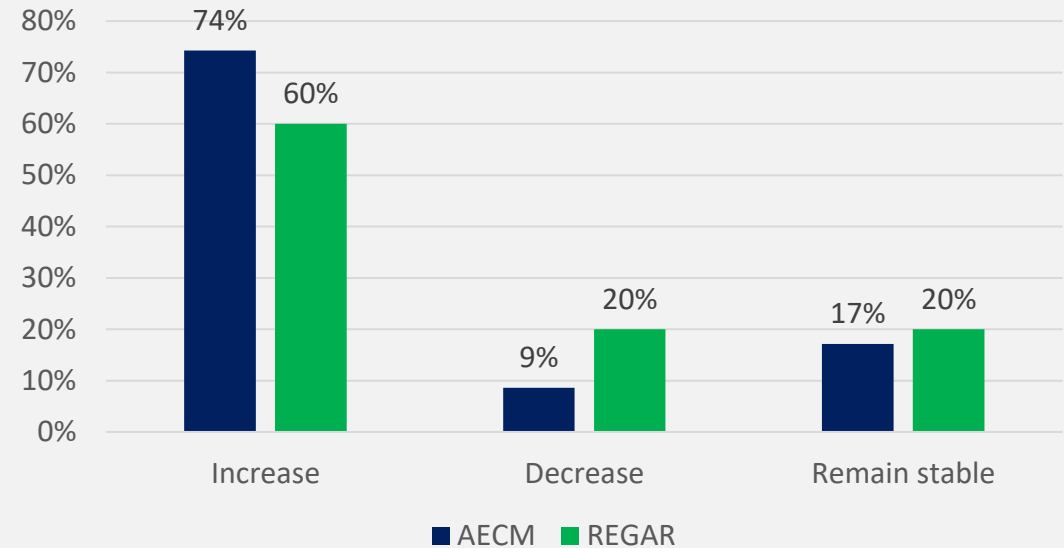
The challenge that guarantee institutions foresee for the rest of the year and by 2021 is to design products that can meet the needs of SMEs that may be seriously affected.

Have a look at the comparative results of the REGAR and the AECM survey on the following pages.

*Demand observed in 2019*



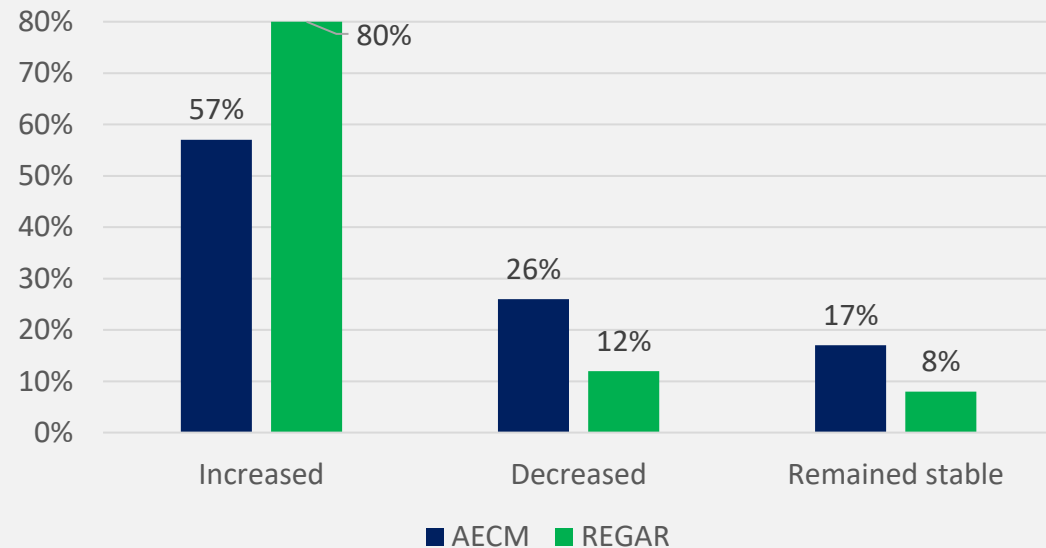
*Demand expected for 2020*



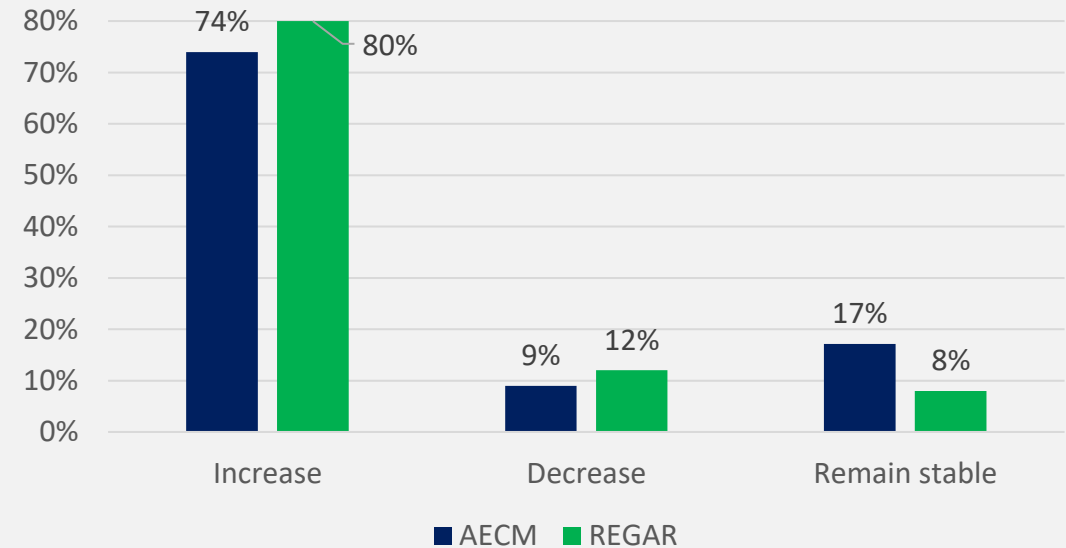
- Perceptions of the demand in 2019 were remarkably similar in Europe and Latin America
- Almost 2/3 of respondents on both continents observed an increase in the demand and only 20-23% registered a decrease in demand

- Europeans are more “optimistic” about the demand in 2020 than Latin Americans are
- The extraordinarily widespread expectation for increasing demand in Europe is mainly due to covid lockdown measures

## Activity observed in 2019



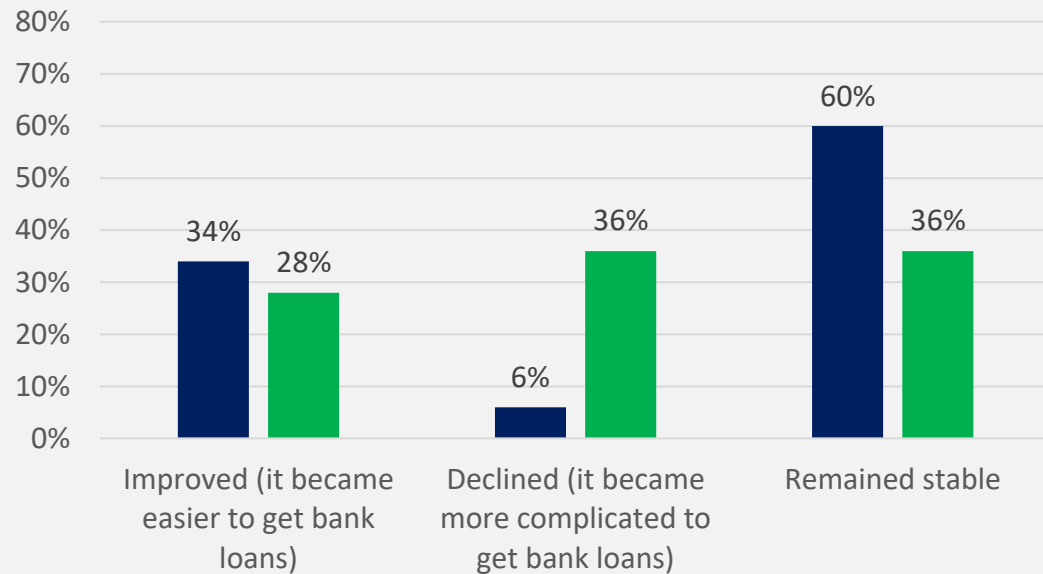
## Activity expected for 2020



- The development of the guarantee activity in 2019 was mainly positive and significantly more positive in Latin America than in Europe
- While impressive 80% of Latin American schemes observed an increase, this was the case for 57% of European schemes

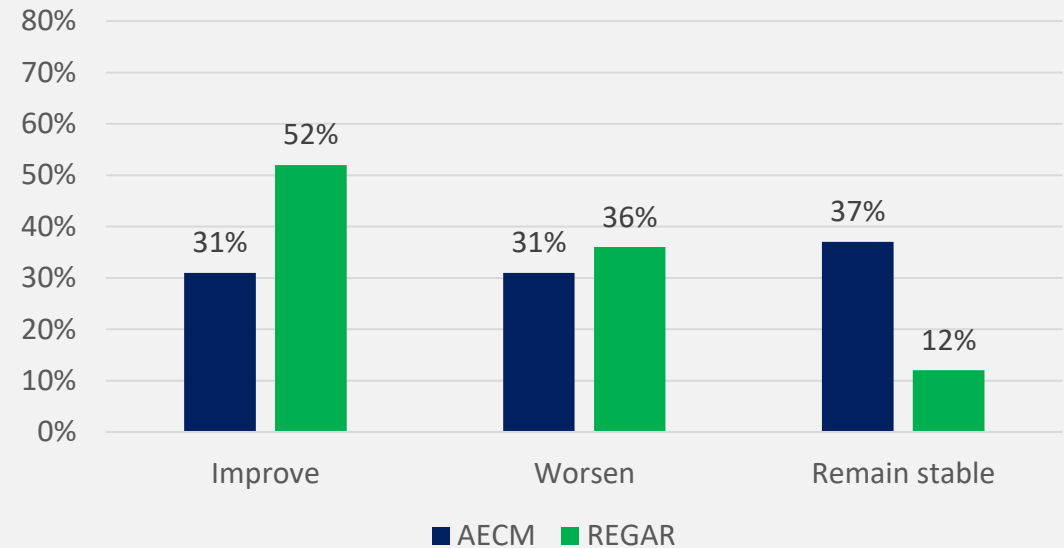
- Both in Latin America and Europe, guarantee institutions rolled-out support measures for SMEs suffering from the economic consequences of the covid pandemic. This is probably the reason for the extraordinarily high expectation for an increasing activity in 2020.

*Bank Financing observed in 2019*



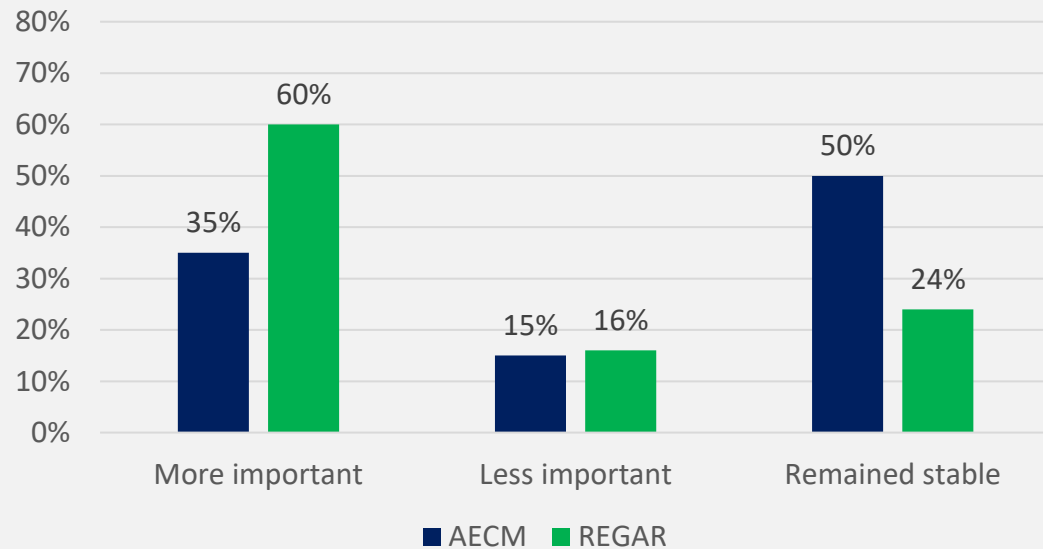
- While SMEs' access to bank financing in Europe remained largely stable in 2019, the picture was quite mixed in Latin America where more than one third of respondents observed that it became more complicated for SMEs to get a bank loan

*Bank Financing expected for 2020*

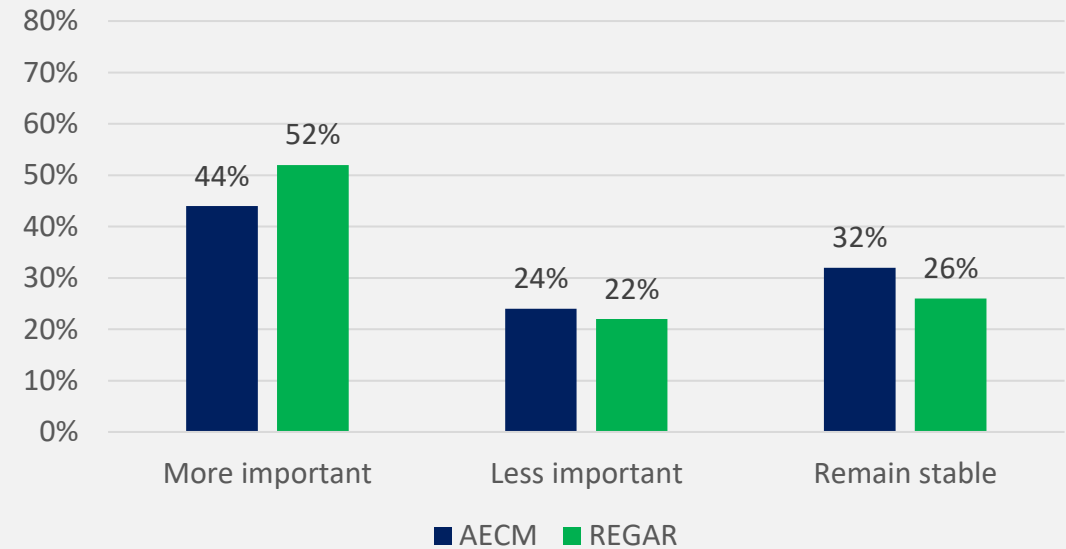


- Latin American schemes are more optimistic for 2020 with regard to SMEs' access to bank lending, a slight majority expects an improvement
- Both in Europe and in Latin America, roughly a third of respondents expect SME lending to deteriorate

*Alternative Financing observed in 2019*

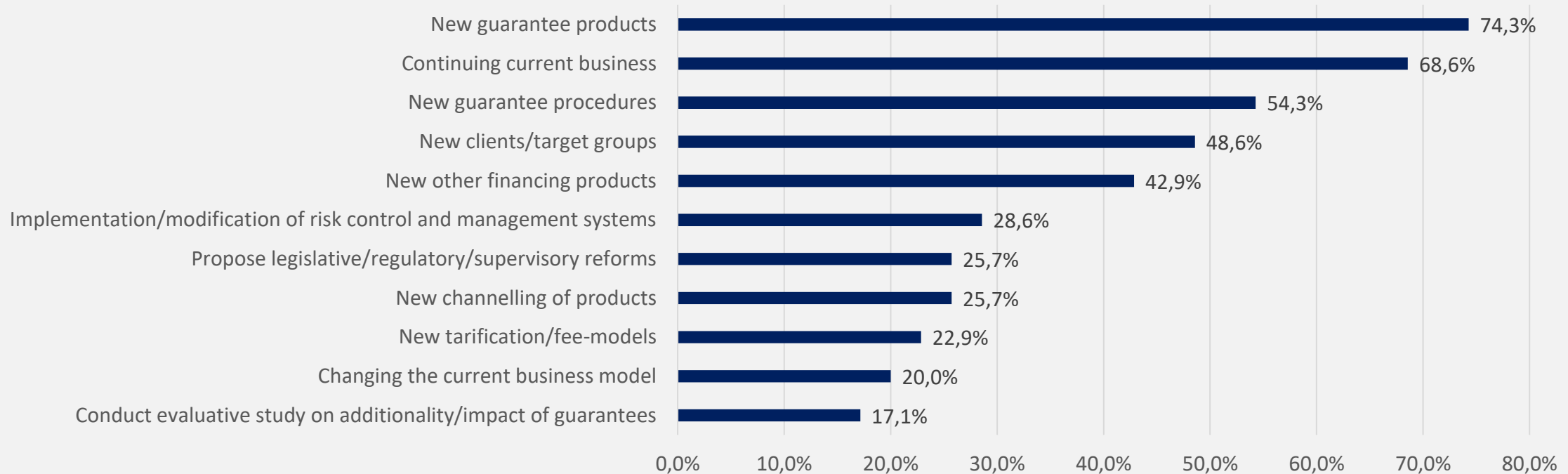


*Alternative Financing expected for 2020*



- Whereas alternative financing instruments for SMEs in Latin America became more important, most Europeans observed a stabilisation
- Only a minority on both continents observed a loss in significance of alternative financing instruments

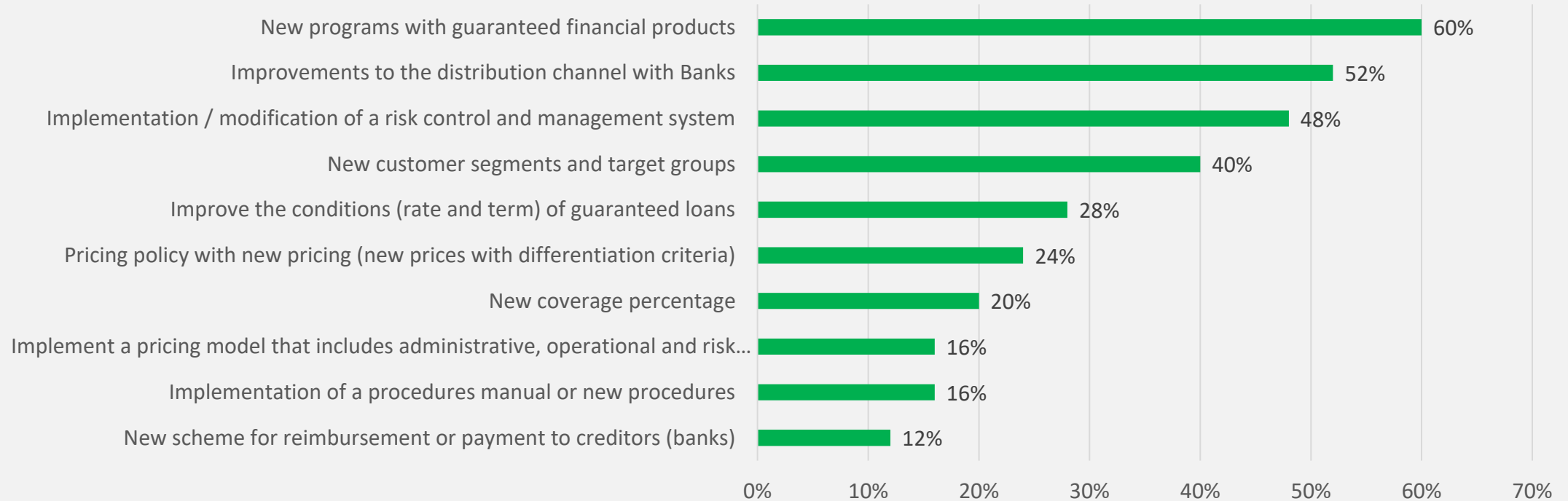
- Most respondents on both continents expect alternative financing instruments to become more important in 2020. However, one third of respondents expects the contrary to happen



- Both in Europe as in Latin America, most guarantee institutions will strongly focus on developing/implementing new guarantee products
- In Europe, continuing current business and developing/introducing new guarantee procedures are second and third ranked priorities of guarantee institutions...



# Focus for 2020 - REGAR



- ...while in Latin America, reaching the SME's turns the second objective for the year and the implementation/modification of a risk control and management system, the third one.



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