

INSIGHT FOR BUSINESS

Foreword

In turbulent times, a clear perspective of the challenges facing businesses is more important than ever. IFAC/The Banker's survey of small business lending offers market intelligence for lenders, accountants and SME owners alike. By Ian Ball, CEO of the International Federation of Accountants.

WELCOME TO THIS SPECIAL REPORT on how lenders and the accountancy profession are addressing the financing and capital needs of small and medium-sized enterprises (SMEs) around the globe. The International Federation of Accountants (IFAC), an organisation comprised of 157 accountancy organisations in 123 countries and jurisdictions, initiated a survey with *The Banker* to better understand the challenges that lenders are facing with respect to small business lending and how the accountancy profession can best support them in their decision making. The strong response by more than 500 bankers to the survey, conducted over a six-week period, indicates how important this issue is to them.

As countries strive to get back on sound economic footing, it is especially critical that small businesses are given every opportunity to grow and expand. While recent job losses have been widespread, small businesses' historical overall rate of net job creation makes them a key player in strengthening the global labour market and in contributing to economic growth. To fulfil their potential, new, as well as established and thriving small businesses, need access to adequate financing.

SURVEYING LENDING TRENDS


IFAC, together with its members, has long supported the interests of SMEs. IFAC recognises that in the current economic climate, SMEs' needs are even more urgent. The SME lending survey was designed with input from the leadership of accountancy organisations that have extensive experience with SMEs. The survey results are intended to help professional accountants to determine how they can best support their SME clients in qualifying for and obtaining the financing necessary to grow their businesses.

The results of the survey expand upon work already carried out in this area by the

Organisation for Economic Development and Co-operation, national governments and national accountancy organisations. The results provide a snapshot of SME lenders' current practices and areas of concern, and offer insight into the types of services that the accountancy profession can provide to help lenders to gauge the level of risk involved in lending to small businesses.

I urge lenders, accountants, and most especially owners of SMEs to consider the results of this research. Lenders can learn how their counterparts around the globe are evaluating the financing requests and financial position of small business borrowers. Accountants will get a clearer perspective on how they can 'step up to the plate' to better serve their clients and the small business lending community. And owners of SMEs can gain further insight into lender expectations. IFAC's Small and Medium Practices (SMP) Committee, together with IFAC's leadership, will also be carefully considering the results to determine whether any further initiatives are required to support SMEs in this area.

Although there are indicators that the global economy is heading towards recovery, we cannot be fully confident of this just yet. The crisis – and its threats to the growth and expansion of small business – is still very much with us. Efforts are needed on a number of fronts to help small businesses to thrive. For IFAC this means, in addition to the provision of standards and guidance, speaking out on SME financing and also calling for regulators and others to consider how their actions impact on SMEs. Too often, SMEs suffer as a result of the unintended consequences or disproportionate compliance costs of new regulations and laws.

The following articles shed light on some of the unique challenges facing SMEs in this economic environment and how IFAC supports SMPs and others in delivering high-quality services to this constituency. 

Ian Ball,
CEO, IFAC



IFAC: SUPPORT FOR ACCOUNTANCY AND BUSINESSES

IFAC (www.ifac.org) is the global organisation for the accountancy profession, dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies.

IFAC is comprised of 157 accountancy organisations in 123 countries and jurisdictions, representing more than 2.5 million accountants in public practice, education, government service, industry and commerce.

The IFAC website features numerous resources to assist professional accountants and businesses of all sizes in addressing issues related to the financial crisis. A special section of the website is devoted to SMEs and SMPs: <http://www.ifac.org/SMP/>