

Loan Guarantee Schemes: Private and Public Examples

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Abstract—Guarantee schemes have been introduced in the economic and financial system as response to difficulties of SMEs for the access to the banking credit. Guarantee companies first appeared at the 19e century. Last wave of the development of those schemes appeared at the decade of 1990's in particular to the new countries members of the EU. Guarantee schemes are presented as public owned guarantee companies, private ones mainly through a mutual form, but also under a mixed form. The paper based on guarantee schemes of five countries tries to investigate the differences that can exist within different guarantee companies. This investigation is based on some indicators that are time of response to the demand of guarantee, threshold of guarantee, acceptance of applications for guarantee, jobs created or saved and bureaucratic issues. It appears that guarantee companies have not the same reaction to the demand of SMEs and some of them are much more active.

Keywords— DIFASS, Guarantees, Loans.

I. INTRODUCTION

DIFFICULTIES to access on the banking credit for small and medium-sized enterprises (SMEs) and particularly small enterprises created historically the necessity of an organization that could interfere between the demanding of loan and the lender, usually a banking institution. The difficulty is accentuated when the company cannot or does not want to offer sufficient collateral; that is especially evident for young entrepreneurial, start-up companies or small ones that have very few tangible assets to offer [1].

This necessity was covered by the Guarantees. Guarantees are provide by a guarantee company on behalf of the demanding for loan company to the financial institution, mainly a bank. This guarantee replaces the missing collateral by the company and permits the bank to offer the demanded loan, that otherwise would not be offered [2]. In connection to this, there were made research upon the importance of guarantee for SMEs [3], [4]. The Guarantee process is based on the financial commitment undertaken from the guarantee society to the bank according to which the guarantee society will repay part of the loan if the benefited SMEs is unable to honor his payment. The guarantee usually can cover up to 80% of the bank loan, leaving 20% of the risk with the lender. The SME remains liable for the loan. The guarantee process oblige the SME customer to pay a once-off processing fee and

an annual guarantee fee, which are variable from guarantee institution to guarantee institution. Guarantee schemes are presented under several forms depending on the public involvement or not (that is rather a cooperative-mutual organization based on regional or professional chambers), the existence of counter guarantee society or the existence of a unique institution or several ones working on a regional or professional basis. In some countries we find both systems, public and private. A further distinction is an historical one since we have “old” guarantee systems established even at the beginning of the 20th century, and the “new”, established mainly the decade of 1990's at the European Union countries. This paper aims to examine some cases of both private and public involvement at the guarantee schemes, trying to evaluate various aspects of this process. It focuses on five examples provided in different countries, Germany, Greece, Italy, Romania and UK. After the introduction, in Section II an historic overview is presented. Section III presents the results of the five examples while Section IV offers the conclusions.

II. ORIGIN AND EVOLUTION

A. An Historic Overview

Guarantee schemes appeared as mutual guarantee companies. They were associations of small merchants and/or small companies. Their creation was an answer to difficulties for the access to financing, especially to economic crisis periods. Their development was reinforced by government's support.

Contemporary institutions have been the result of the evolution of simple structure appeared at the 19e century, (an historic presentation of the origin and evolution is offered by [5], see also [6]). At 1848, in Belgium, the “Union de Credit de Bruxelles” was created with target to attract funds in favor of its members offering guarantees to the investors. On 1872 this structure was legally recognized. The necessity to help small companies and handicraft to get financing resulted on 1917 to the creation of Mutual Guarantee Companies in France. After the First World War, in order to rebuild the economy, the legislation on guarantees and especially mutual guarantees has been developed. The legislation permitted the development of Mutual Guarantees schemes till 1945, in France and Belgium in particular. In France with the Mutual guarantee Companies and in Belgium with the Credit Companies that have been created on 1929. In France was created on 1939 the “Caisse Nationale des Marchés de l' Etat” that has been the catalyst for the guarantees schemes since the CNME regrouped the different mutual guarantee companies. After the Second World War the necessity for the rebuild of the European economy favored the development of guarantee companies. Thus the mutual guarantees companies, favored by

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the governments, were introduced in Germany, on 1954, and Italy on 1956. In Germany, the Credit Guarantee Associations were created on the model of Mutual Guarantee companies. They were created by the initiative of National Federation of Trades Craft and with the agreement of the Ministry of Federal Economy and the Regional states of the Federal Republic of Germany. Later, these associations have been regrouped to the Federal Union Credit Guarantee Associations. In Italy, the guarantee schemes were introduced on the basis of the framework law on crafts, permitting the creation of cooperatives for the offer of mutual guarantees. In Belgium, the government created on 1959 the "Fonds de Recautionnement de l'Etat" having as goal to fix the limits for the offer of guarantees. Companies did not agree on the limits; thus the new form was chosen according to which, the offer of guarantees of mutual companies would be to the limit of their possibilities; those guarantees would be covered partially and automatically by the state's fund.

The oil crisis on the decade of 1970's provoked the development of the guarantee schemes in response to economic and financial problems created at the developed economies. This decade new guarantee schemes appear in Spain in order to favor the industrial development. First mutual guarantee companies work on a regional basis and were characterized by a limited capitalization and professionalism. The introduction of the Institute for the Small and Medium Industrial Enterprise (ISMIE) provoked main changes based on the fusion of those companies, a bigger capitalization and professionalism of those companies. On 1990, the ISMIE begins its disinvestment towards the MGC in favor to Autonomous Communities. The ISMIE has the role for the creation and consolidation of the SOGASA, the Company for subsidiary guarantees. The SOGASA assumes a part of the MGC risk. On 1994 according to new legislative measures, the "Compania Espanola de Reafianzamiento" is created. It is the new organization for the counter guarantee for the guarantees offered by MGC. The CER resulted from the fusion of SOGASA and the Joint Company for the Second Guarantee. In France, in 1984, the MGC were converted to financial institutions according to the Law for the Banking institutions. Parallel the MGC of the Law of 1917 conserved their original status of cooperative commercial companies. Thus there are two categories of MGC in France, those related to Popular Banks and those regrouped to the "Association Française des Sociétés Financières". In Germany in 1990, the Federation of Mutual Guarantee, a public organization, was created. On 1992, in Paris, the European Association of Mutual Guarantee, (Association Européenne de Caution Mutuelle, (AECM)) was created [7]. The association regrouped the main national organizations of MGC of the countries: Belgium, France, Germany, Italy and Spain. The target of AECM is the representation of MGC to international instances, the financing of SME's and the collaboration for the management of MGC. Further the development of the guarantee schemes in the other European countries as well.

Actual System: Guarantee schemes are presented under several forms distinguished by:

- the public involvement or not (that is rather a cooperative-mutual organization based on regional or professional chambers),
- the existence of counter guarantee society,
- the existence of a unique institution or several working on a regional or professional basis; in some countries we find both systems, public and private.

1. The Public Involvement

In this kind of system the public is involved financially by offering the sources for the creation of the guarantee company. Usually sources are provided by national sources and sources from European Union structural funds. There several examples and within them we can note (see [7]):

The Austrian Wirtschaftsservice GmbH (AWS), a business development bank for the federal state created under the public support (AECM 2012). It provides loans, grants, guarantees and warranties for SME financing and the funding of their projects.

The Belgian SOWALFIN Plc. (Société Wallonne de Financement et de Garantie des Petites et Moyennes Entreprises) was created by the Walloon Government in 2002. The purpose of SOWALFIN is to ensure access to finance for SMEs in Wallonia, through subordinated loans, risk capital or guarantees.

The Bulgarian National Guarantee Fund (NGF EAD) created by public funds. NGF is constituted fully of public capital with the participation of federal, regional and local public entities in the Guarantee Scheme. It acts as subsidiary of Bulgarian Development Bank (BDB).

The Estonian public based guarantee scheme under the company KredEx Fund.

The French Oséo that is a public company offering guarantees to loans for investments especially to promote innovation.

The Greek, National Fund for Entrepreneurship and Development - SA ETEAN substituted the SA Guarantee Fund for Small and Very Small Enterprises created entirely by public funds, including national and European Union funds.

The Italian Societa Gestioni Fondi per l' Agroalimentare (SGFA) that is a state owned institution and created in order to support policies of the Italian Ministry of Agriculture for the farmers.

In the Baltic countries we have in Latvia the Latvian Guarantee Agency (LGA), a state owned Limited Liability Company with the Ministry of Economics as a shareholder. In Lithuania we have the JSC Investicijų ir verslo garantijos - INVEGA that is a state owned guarantee institution with the Ministry of Economics as a shareholder. Within the same country a second guarantee company, the Rural Credit Guarantee Fund (Garfondas) is a financial institution, under public support, established in 1997 by the Ministry of Agriculture of the Republic of Lithuania.

In Romania guarantee schemes were created under the public initiative, the National Credit Guarantee Fund for SMEs (NCGFSME/FNGCMM) operating as a national SME credit guarantee scheme; the Ministry of Economy, Trade, and

Business Environment is the sole shareholder. The Rural Credit Guarantee Fund - NFI SA provides guarantees to loans granted by banks to the local councils for the development of rural infrastructure, as well as other financial instruments issued by the lending institutions to the beneficiaries of programs financed from European funds.

In Slovenia the public intervention consists to the Public Fund of Republic of Slovenia for Entrepreneurship or shortly the Slovene Enterprise Fund (SEF). Its target is to improve the access of SMEs to financial resources which includes state aid for different development investments for SMEs, financial sources for start-ups and micro-financing.

a) The Mutual Schemes

The mutual schemes are presented especially to countries having a long history of guarantees schemes (see [7]). Of the most important are those in Belgium with the Mutual Guarantee Companies (SCM). They are cooperatives of mutual type, with SMEs as members.

In France with the "Fédération Nationale des SOCAMA" was created by entrepreneurs on a mutual basis. SOCAMA is exclusive partner of Banque Populaire. The 26 regional implemented SOCAMAs (Sociétés de caution mutuelle artisanales) help to facilitate the access to medium-term loans issued by Banques Populaires to entrepreneurs by providing guarantees. The SOCAMAs are run by professionals, (elected representatives from Chambers of Trade and Business Associations), brining their expertise into the local credit committees.

In Italy the AssoConfidi working on a mutual basis (since 1957) is the Italian umbrella organization of the 6 national mutual guarantee federations: Fedartfidi, Federconfidi, Federascomfidi, Fincredit, Federfidi and Coldiretti. It is a platform for the exchange on joint interests and it represents the members both at national and at European level. The federations of Confidi have been set up by a number of business associations that represent entrepreneurs in crafts, industry, retail, service industry, etc. There is therefore also a sectoral specialization of the guarantee schemes and their respective subsidiaries.

In Luxembourg, under a mutual character, the MCAC - Mutualité de Cautionnement et d'Aide aux Commerçants (Luxembourg) was created in 1969 by CLC, Horesca and the Luxembourgish Chamber of Commerce, as a cooperative corporation. The mutuality provides guarantees to SMEs to support access to finance. In general, no projects or economic sector represented in the Chamber of Commerce are excluded for a possible guarantee.

In Portugal, the scheme is presented under the private Mutual Guarantee Societies (MGS). These are financial institutions supervised by the central bank and working with a specific law but respecting all the banking and Basel III regulations on capital and provisions requirements. The MGS are held by SME, Banks, SME Organizations and Public authorities, the last both through SPGM, the SME Agency (IAPMEI), the Tourism Agency (TP) and the Agriculture Agency (IFAP). The majority of the share capital is held by

beneficiaries SMEs.

In Spain the Sociedades de Garantía Recíproca, (SGR), are the Mutual Guarantee Societies. SGR are founded as a specific type of Ltd Liability societies with variable capital that counts two types of shareholders: "participatory" members (SMEs hold 62% of the capital) and "protective" members (local authorities 23%, banks 11%, chambers of commerce and other entities that are involved in SME development 4%).

b) The Private Schemes

They are presented in several countries usually with public and/or mutual guarantee schemes (see [7]).

In Austria a private, form is provided by two specialized banks working under the joint brand NÖBEG, namely NÖBEG Guarantees ltd. and NÖBEG Equity financing ltd. They provide guarantees for loans to finance start-ups, investments, internationalization and business transfer. In Belgium on a regional private form, works the PMV NV that is an independent investment company within Flanders. It acts on behalf the Flemish Region. In Germany the German Guarantee Banks function on a regional basis. They are credit institutions within the meaning of the German Banking Legislation. Their purpose is to help SMEs and entrepreneurs of the liberal professions to access loan and/or equity financing. In Romanian the Loan Guarantee Fund for Private Entrepreneurs- NBFi (RLGF), a financial institution that was founded in 1992 at the initiative of the Romanian state was privatized in year 1999 in response to government policies, RLGF role is to support the private sector by facilitating the access to financing.

c) The Counter Guarantee Mechanism

Its function is to cover guarantees issued especially from private-mutual guarantees schemes (see [7] and [8]). Usually those guarantee companies are created by the mutual and private guarantee companies with the participation of the public and other financial institutions.

In Portugal, the counter-guarantee mechanism is presented by the Fundo de Contragarantia Mútuo (FCGM). This fund is managed by SPGM and provides automatic coverage from 50% to 90% to all guarantees issued by the private MGS. SPGM also acts as shared services centre to all entities of the Portuguese Mutual Guarantee Scheme (both the FCGM and the MGS have the Accounting services, Financial Department, IT & Communications, Legal Department and Recoveries, as well as payroll services and institutional marketing based at SPGM). In Italy, the SGFA offers indirect guarantee, a counter-guarantee mechanism to the benefit of the private Confidi of the agricultural federation. In Romania, the Counter guarantee Fund was funded, by a governmental decision, as an independent institution with a commercial statutory status, having as main shareholders the state with 68%. The sole and main activity of the institution is the counter-guarantee of the guarantees issued by the guarantee funds to SMEs for loans and other financial instruments offered by loan institutions. In Spain the Compañía Española de Reafianzamiento, S.A (CERSA) provides counter-guarantees at a rate from 30% to

75% that depends of political priorities, as innovation and types of operations, as investments.

B. Evolution of Guarantees

The evolution is examined through two indicators, the accumulated volume of guarantees and the guarantees granted per year. Data are provided by AECM.

The total volume of active guarantees in portfolio is defined as the total monetary outstanding amount of guarantees commitments, in the off-balance records of the financial statements by the end of the year.

Since 2000, a continued growth of the amount of outstanding guarantees is evident. Since the crisis period, 2009-2011, this amount grew up considerably, passing from about 55 billion Euros at 2007 and 2008 to almost 80 billion Euros on 2010 and 2011. On 2000 it was almost 30 billion Euros and till 2007 it followed a moderate growth [7]. The strong growth on crisis period was the consequence of the growth of new guarantees granted especially on 2009 (almost 35 billion Euros this year) but also on 2010 and 2011 as a consequence of the crisis [7].

III. ANALYSIS OF THE CHOSEN LOAN GUARANTEE SCHEMES

The analysis was both quantitative and qualitative in order to achieve triangulation effect. Best practice benchmarking process for analysis of loan guarantee schemes was chosen. This process is an essential tool for continuous improvement of quality [9]. R. Camp recognized the following 12 stage of benchmarking: select subject, define the process, identify potential partners, identify data sources, collect data and select partners, determine the gap, establish process differences, target future performance, communicate, adjust goal, implement, review and recalibrate [10]. In case of support policy benchmarking can be defined as improving the efficiency of a scheme by: identifying, analyzing, adapting and implementing solutions used by most effective institutions.

For the purpose of the article best practice benchmarking was used to evaluate various aspects of the processes in relation to best practice processes within the group of loan guarantee funds. The section focuses on identifying and analyzing the following stages, according to the methodology of Camp:

Select subject: time, efficiency.

Process: applying, defining the conditions, achieving goals.

Potential partners: loan guarantee funds from the European Union countries because they act in the similar legal conditions.

Data sources: the documents of loan guarantee funds.

Select partners: Institutions from Difass (Development of interregional financial assistance to SMEs and of non-grant instruments) project were selected. The project is part-financed by the Interreg IV C program. Difass facilitates access to finance for SMEs by exchanging innovative support instruments. There are 26 partners from various regions in the European Union the project. They have exchanged experiences and support the transnational transfer of selected

examples of good practice towards other regions. The partners had to prepare the synopsis and Good Practice Factsheets. That enables access to data and makes a scientific analysis. The schemes from the following countries were analyzed: The United Kingdom, Germany, Italy, Greece and Romania.

The gap: time of decision making, indicators of effectiveness.

Process differences: submitting and accepting applications, requirements.

A. Analysis of Partners: Loan Guarantee Schemes

The British Enterprise Finance Guarantee (EFG) is a loan guarantee scheme. It was aimed at encouraging lending to SMEs. The scheme was introduced in 2009 in response to the financial crises. EFG replaced the previous Small Firms Loan Guarantee Scheme. It address market failure in the provision of debt finance by support for enterprises which lack the adequate security or financial track record needed to apply for commercial loans. The scheme is led by the Department for Business Innovation and Skills (BIS) but it is administered by a managing agency with 43 commercial lenders. They account for 90% of the guarantees and act as approved agents for the scheme. It is funded by a State budget of 33 700 thousands of pounds in 2011. Costs include an annual premium of 2% over the standard interest rate for the guarantees in addition to the normal costs charged by the lenders. EFG is for British SMEs in most sectors with an annual turnover of over 41 millions of pounds which has not any sufficient or insufficient additional security to lenders. Agricultural, fisheries, coal, transport and forestry sectors are not eligible for the scheme. EFG guarantees range from 1,000 to 1 million pounds with repayment terms from 3 months to 10 years [11].

The German Buergschaftsbank Mecklenburg-Vorpommern (BMV) aims to provide a guarantee for established SMEs. The scheme is for those SMEs and self-employed professionals that are located in the Mecklenburg-Vorpommern State of Northern Germany but it is not for entrepreneurs or start-up businesses. BMV provide guarantees of up to 70% of the value of the loans for loans ranging from 35 000 euro (25 000 euro guarantee) and the maximum 150 000 euro (105 000 euro guarantee). The term of each guarantee is dependent on the aim of the loan. Guarantees for loans to buy:

- inventories and supplies have a maximum lifetime of 8 years,
- investments 15 years,
- structural property for example buildings or construction up to 23 years [12].

The Italian Regional Guarantee Fund purpose is to facilitate access to credit for Sardinian SMEs. It was set up in 2009 as a result of regional policies. Guarantees are supposed to enable SMEs to access new sources of funding or refinance existing loans. The management of the Fund is entrusted to SFIRS, which is the in-house financial company of the Autonomous Region of Sardinia. SFIRS was set up to implement the guarantee policies and plans of the Regional Centre for Planning. The Fund enables co-counter and/or direct guarantees on financial transactions granted by 13 Consortia

Fidi (Guarantee Consortium), 9 banks and leasing companies. The Fund is supported by a total budget of 243,2 million euro. 5 million euro comes from regional resources; 5 million euro is from national resources and 232,2 million euro from the EU. The scheme is open to sectors in the trade, manufacturing, construction, tourism, service industry and in some cases the agricultural sector. SMEs must have their headquarters in the Sardinian region and be up to date with tax and social security contributions. Micro, small and medium-sized enterprises are eligible for the scheme. The percentage of guarantee is different and depends on the nature of the guarantee:

- direct guarantees can reach 60% of the loan (maximum of 80% in cases of innovative investments)
- counter-guarantee can achieve up to 80% of the guarantee granted by the Consortia ConFIDI
- the co-guarantee system grants up to 40% of the credit guaranteed equal to the guarantee granted by ConFIDI [13].

The Greek National Fund for Entrepreneurship and Development (ETEAN) is a national program supervised by the Bank of Greece which purpose is to facilitate the access of Micro Businesses and SMEs to the financial market. It was set up in 2011 as a legal entity and successor to the Guarantee Fund for Small and Very Small Enterprises. It was the result of a different approach based on mutual guarantees at the beginning [8]. ETEAN is located in Athens and has no regional branches. It operates through networks of approved banks. SMEs can apply to any of the banks participating in the scheme, which act as agents requesting the guarantee facility from ETEAN. The fund operates in association with 13 Commercial lenders, including 5 cooperative banks, which act as approved agents. ETEAN manages a fund provided by the Greek government and the European Union. It is owned by the Greek State bearing an initial share capital of 1.7 billion euro. The scheme is open to every micro, small and medium-sized enterprise from start-up, new and established business and any legal business operating in the region. Letters of guarantee are valid for a maximum of two years with guarantees ranging from 10 to 150 thousands euro [14].

The purpose of the Romanian National Loan Guarantee Fund (FNGCIMM) is to support SMEs, which lack adequate security to access finance by providing commercial banks and other financial institutions with guarantees for a range of different funding instruments. It was introduced in 2001 by the Romanian Government. The scheme was set up as a joint-stock non-banking institution, with the Ministry of Economy, Trade and Business Environment appointed as the sole shareholder. FNGCIMM operate in 22 regions throughout the country with administrative tasks undertaken by 3 subsidiaries, 4 branches and 8 representative organizations. FNGCIMM SA-IFN has 30 Guarantee Agreements with commercial banks and financial institutions. The scheme is available to all types of SMEs in Romania with the exception of businesses involved in the arms and ammunition, gambling and betting companies. The scheme provides guarantees of up to 80% of the amount of a loan [15].

B. Analysis of the Gap and Process

The first gap concerns decision making: time from submitting an application formula to the decision of loan guarantee fund. The results are in the Table I. In the first column there are different types of schemes considering as the best practices: BMV from Germany and FNGCIMM from Romania. The second column concerns days of decision making. The third one is about the threshold (maximum amount) of guarantee. In the table there is also the arithmetic mean for all BMV guarantees and for all analyzed schemes.

TABLE I
BEST PRACTICE OF DECISION MAKING IN ANALYZED SCHEMES

Scheme	Days	Threshold of Guarantee (Euro)
BMV Express	1	105 000
BMV Classic I	14	120 000
BMV Classic II	21	1 000 000
All BMV - mean	12	
All schemes - mean	15,75	
FNGCIMM	7	2 500 000

Source: Own estimations based on the Difass synopsis.

BMV offers three types of guarantees: Express, Classic I and Classic II. The differences are: time of decision making and amount of guarantee. It is supposed that this is a result of using Lean Management process. BMV Express can be considered as the best practice as the decision is made only in one day and the mean for all analyzed schemes was nearly 16 days. The question is why there are such differences. The answer is the results of qualitative analysis. First, public administration is not involved at decision making. Second, there is simple and standardized application process. Third, the scheme is divided in 3 categories: BMV Express/ Classic I/ Classic II. The threshold of BMV Express is but only 105 thousand euro. If a company needs more guarantee, it has to apply for BMV Classis I or Classic II. The latest makes a decision in 21 day what is above the mean for all schemes.

Another good practice is the fund from Romania – FNGCIMM. It takes 7 days for decision making – what is longer than BMV Express – but the possibly amount of guarantee is much higher (2.6 million euro). It results from direct relationship with local agents for example banks. That enables a faster response to any questions of companies. There is also only medium level of difficulty of the application process.

The next gaps concerns efficiency of the analyzed schemes in the year 2011. In the first column of Table II some indicators of analyzed loan guarantee schemes were presented:

- accepted applications/submitted applications - how many of the submitted applications were accepted by the managers of the scheme;
- guarantee/budget – how many percent of the budget was used for the guarantee,
- accepted applications/employed personnel – how many applications were evaluated by one employee,
- guarantee/new and saved jobs – how much guarantee was needed to create new job or to save job,

- guarantee/accepted applications – how much guarantee was for one accepted application,
- new and saved jobs/accepted applications. – how many new jobs or how many jobs were saved per one accepted application.

The indicators have one thing in common: the higher amount of an indicator the better process of a scheme. In the table there is also the arithmetic mean for all analyzed schemes.

TABLE II
BEST PRACTICE OF EFFICIENCY IN ANALYZED SCHEMES IN 2011

Indicator	Scheme	Amount
1 Accepted applications/submitted applications (in %)	BMV Express	91,9%
	All scheme - mean	84,7%
2 Guarantee/budget (in %)	EFG	8561,7%
	All scheme - mean	380%
3 Accepted applications/employed personnel	EFG	451 accepted applications/1 employee
	All scheme - mean	278 accepted applications/1 employee
4 Guarantee/new and saved jobs	FNGCIMM	9 210 euro/1 job
	All scheme - mean	18 256 euro/1 job
	EFG	17 952 euro/1 job
5 Guarantee/accepted applications	FNGCIMM	173 882 euro/1 accepted application
	All scheme - mean	94 639 euro/1 accepted application
6 New and saved jobs/accepted applications	FNGCIMM	18 jobs/1 accepted application
	All scheme - mean	9 jobs/1 accepted application

Source: own estimations based on the Difass synopsis.

Taking into consideration first indicator, BMV Express is the best practice. Approximately 92% of submitted applications by companies were accepted. The reason could be fact that the procedure is run by a local bank who knows the customers. It is also important that in this scheme there are clearly defined standards of credit requirements.

In the next two indicators the best practices comes from the United Kingdom. The British EFG has the highest leverage of the budget for issuing guarantees. EFG is also the best in terms of accepted applications per one employer. High efficiency of the scheme is also proved by supporting data. Subtracting the costs from the benefits, it gives a net economic benefit of 1,1 billion pounds. EFG has given considerable welfare gain to the UK economy during the credit crunch.

Analyzing the fourth indicator two best practices is detectable. Romanian FNGCIMM needs only 9 210 euro for one new and saved job. It is considerably lower than the mean, which is 18 256 euro. However, the labor costs in Romania are much lower than in other analyzed countries. In connection to this, EFG can be regard as the best practice in the economically developed countries of the EU.

Taking into consideration the next indicator, the best practice is from Romania because FNGCIMM gives about 174 thousands euro guarantee per one accepted application. It is

nearly double as the mean for all analyzed loan guarantee schemes. It is probably connected with removing the need for personal real estate security what reduces the costs for guarantee letters and makes bank financing more flexible. Romanian FNGCIMM is also the best in the last indicator because there are 18 new and saved jobs per 1 accepted application what is as double as the mean. It is clear that the Romanian scheme focuses on creating and saving jobs.

IV. CONCLUSION

History of loan guarantee funds in Europe is quite long. Nevertheless, they have been changing particularly in the last two decades. One can assure that these schemes have been improving during this time in order to meet the demand of companies and requirements of banks. That should contribute to increase the economic growth. Nowadays loan guarantee funds are functioning in many countries in Europe. There is but variety in this field. There are public, private and mixed schemes. There are also counter-guarantees. The existence of the schemes which were mentioned above is connected with political and economic issues. The differences are also in the amount of guarantee or provisions. Although the schemes are usually offered for small and medium-sized enterprises, not every of them can be a beneficiary. Probably, the importance of guarantee funds for enterprises has increased in the last few years because of economic crises in most countries in Europe. Governments have but often problems with public debt in these times so it is hard to find more money for the funds. In connection to this it is important to focus on improvement on existing schemes using among others international exchange of experience. However, appropriate method for example benchmarking have to be used. A quantitative analysis helps to indicate the best practices. A qualitative analysis contributes to better understanding of the processes and find the reasons of success. Another question is implementation of the best practices and that should be the aim for the further research. The paper using some indicators as the time of response to the guarantee demand, the threshold of guaranteed, the applications accepted per total, the jobs created or saved due to loans guaranteed. Results show differences within the five cases examined with a prevalence of BMV. It remains, nevertheless that specific conditions determine the scheme chosen in every country and region.

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