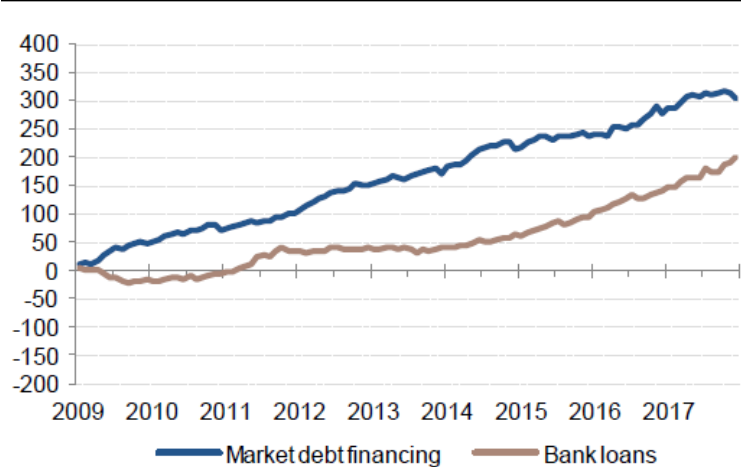


A nighttime cityscape featuring a dense cluster of illuminated skyscrapers, including the Burj Khalifa, and a complex highway interchange with light trails from traffic. The scene is set against a dark blue sky with some clouds.

Capital market access for SMEs and Midcaps in Europe:
Dealing with information asymmetry

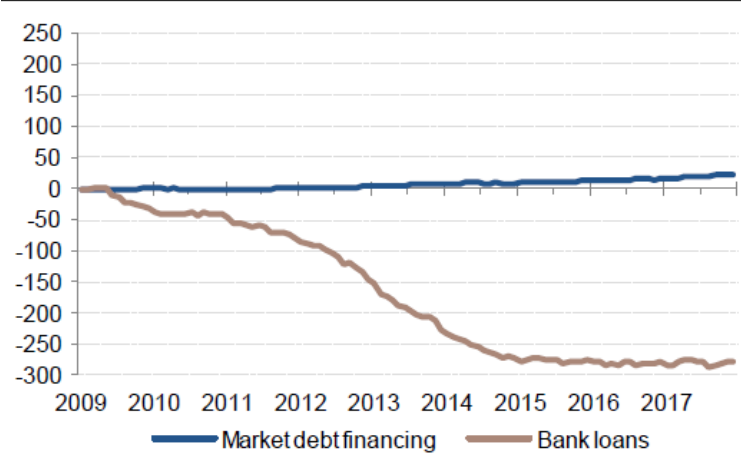
Alternative Debt Funding growth in Europe varies a lot due to strong competition from banks and idiosyncratic local specificities

France – cumulative (loans & debt) net flows to NFCs (€bn)

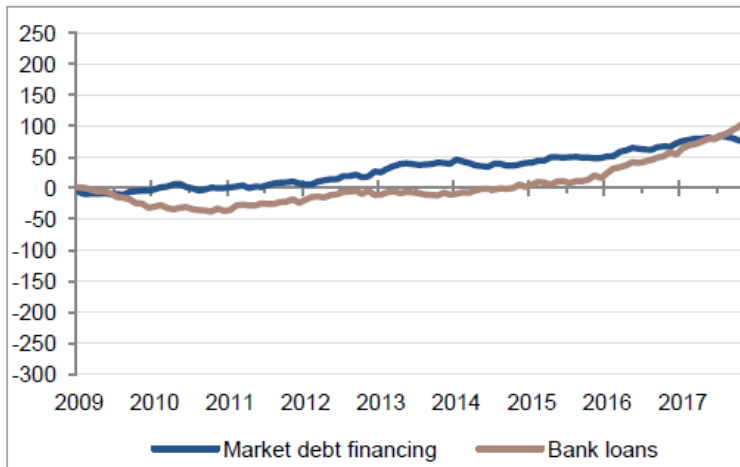


Source: SG Cross Asset Research/Global Asset Allocation, ECB

Spain – cumulative (loans & debt) net flows (€bn)

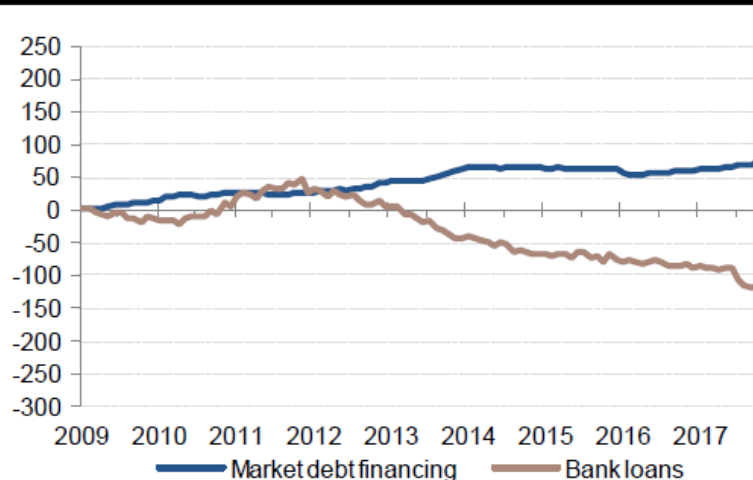


Germany – cumulative (loans & debt) net flows (€bn)



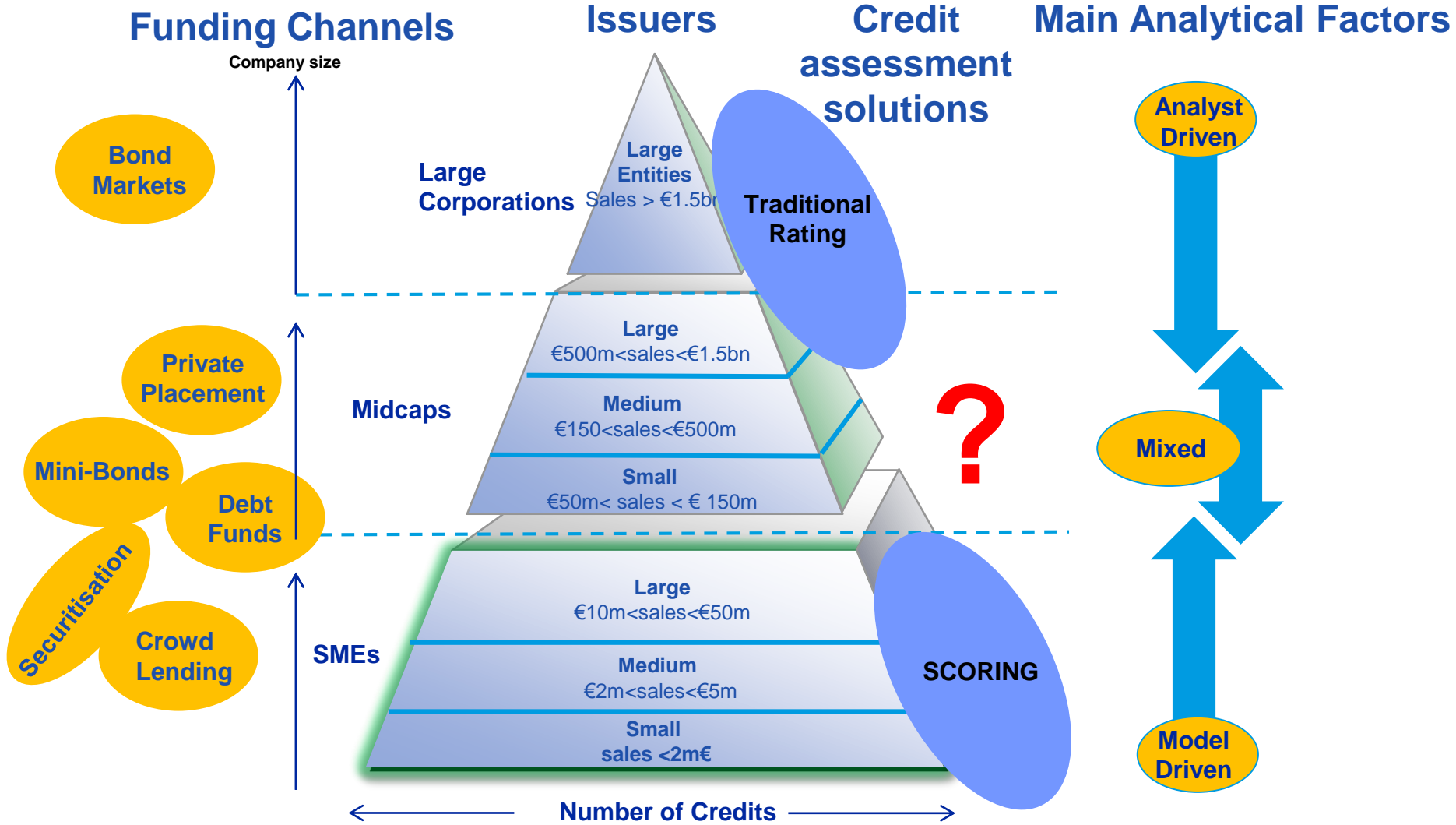
Volume basis is 100 as at January 2009

Italy – cumulative (loans & debt) net flows (€bn)



Source: SG in the mood for loans. Cross asset research. February 2018.

This is particularly true for large SMEs and Midcaps as asymmetry of information is limiting funding capabilities for alternative investors. Euler Hermes and Moody's Investors Service are collaborating to develop new solutions



Alternative lenders to large SMEs and MidCaps in Europe are trying to develop locally and internationally by leveraging new technologies and access to risk data to reduce asymmetry of information to compete against well established classical lenders

- » Direct lending platforms are developing qualitative origination and cost efficient funding processes
- » Asset-Managers are enhancing their risk monitoring tools to improve their line by line assessments of portfolios for regulatory and fiduciary obligations
- » Arrangers are developing solutions to identify potential candidates for Private Placement faster and more accurately
- » Market participants are looking for pan-European comparable credit assessments solutions to expand outside of their core country to originate transactions
- » Direct lending and securitization market participants are looking for independent coherent cross-border credit assessments for non granular portfolios

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