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INTERNATIONAL EXPERIENCE OF BANK LENDING TO SMALL AND MEDIUM-SIZED ENTERPRISES

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Annotation. The article explores the nature of small and medium-sized enterprises. Herein the main indicators of small, medium and large enterprises have been analyzed. The features and problems of

bank lending to small and medium-sized enterprises have been found. Recommendations for solving the problems considering international experience have been given.

Key words: *small and medium-sized businesses, bank lending, financial support, the central bank, international experience.*

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The most common and available organizational forms of doing business internationally are small and medium-sized enterprises. Small and medium-sized enterprises both in Ukraine and in the EU make up 99.8 per cent of all businesses, provide for about 70 per cent of the population with jobs, and get 55.5 per cent of the total income of all entities.

The scarcity of own resources encourages such enterprises to seek financing. Small and medium-sized enterprises are financed mainly by small banking institutions, such as land banks, savings banks, mutual credit banks and cooperative banks. In

Ukraine, the main source of funding such companies were personal funds (65 per cent), while in developed countries they were funded by bank loans (at least 60 per cent).

It has been found that low interest of banks in lending to small and medium-sized enterprises is due to difficulties in identifying borrowers that work illegally and practice double-entry bookkeeping, as well as to the lack of collateral for such loans, etc.

It has been proved that such measures will facilitate solving the problems of bank lending to small and medium-sized enterprises: establishing a specialized credit bureau for corporate clients; improving legal security; integration of experience of central banks in developed countries concerning lending stimulation; creating loan guarantee schemes; interest rate subsidies; state stimulation of banks to expand microlending and other kinds of crediting; development of financial leasing.

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