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The need for cooperation of Public
Policies and Private Sector in order to
create an innovation driven
ecosystem

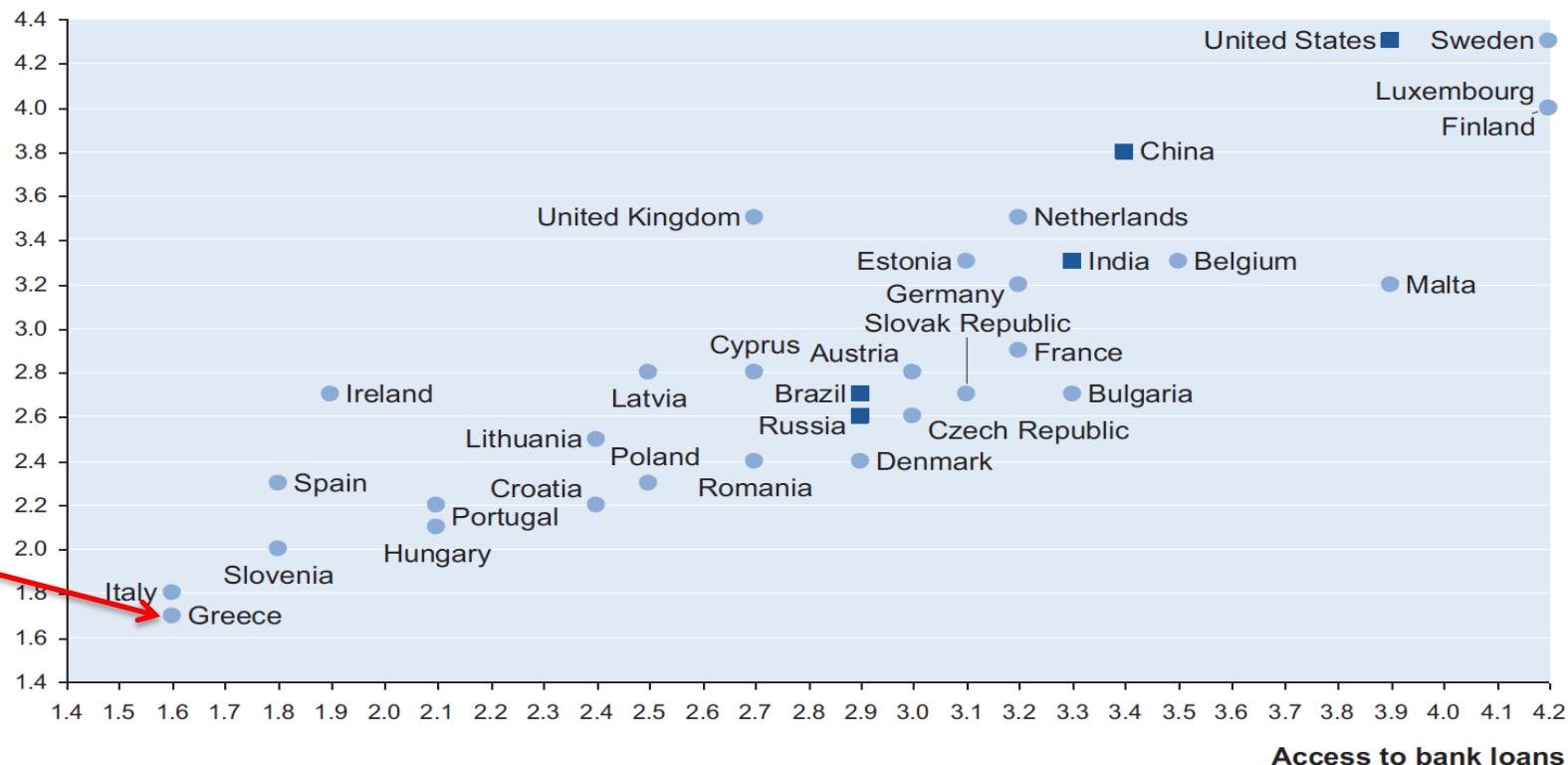
Topics for discussion

1. The problem in Greece
2. The general problem
3. The solution

1. The problem in Greece

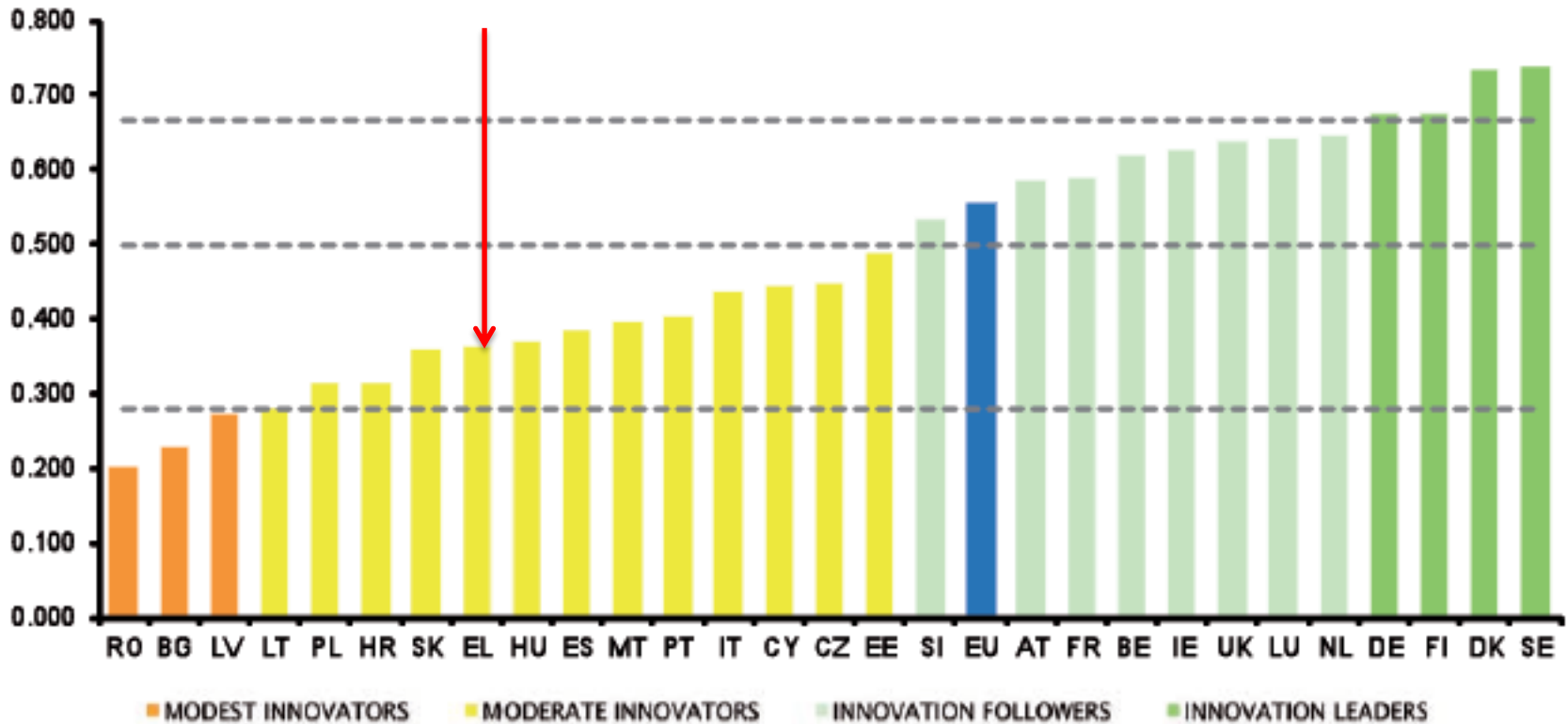
Access to Venture Capital and Bank Loans in EU-28, the United States and BRIC Countries (Brazil, Russia, India, China), Average of Survey Respondent Scores per Country

Access to venture capital



Survey questions: Access to venture capital: In your country, how easy is it for entrepreneurs with innovative but risky projects to find venture capital?
(1 = extremely difficult, 7 = extremely easy); Access to bank loans: In your country, how easy is it to obtain bank credit with only a good business plan and no collateral? (1 = extremely difficult, 7 = extremely easy)

Figure 3: EU Member States' innovation performance



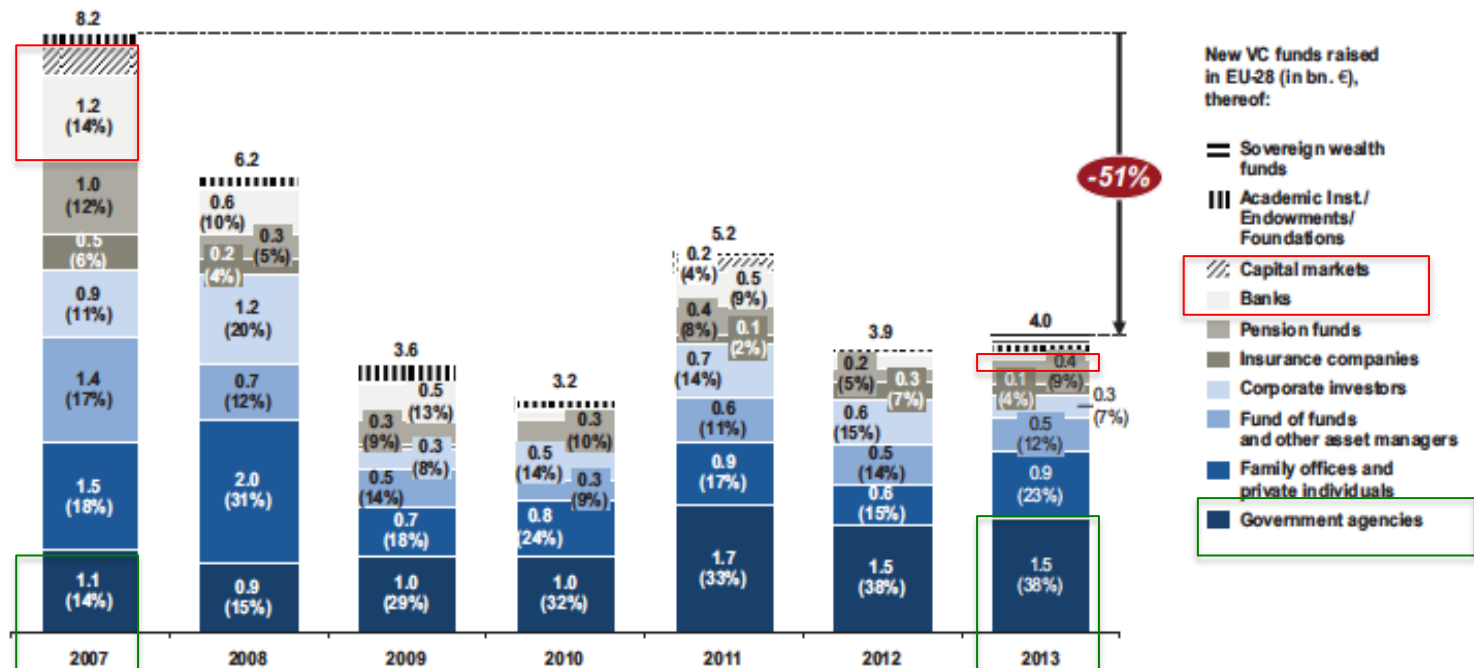
Note: Average performance is measured using a composite indicator building on data for 25 indicators going from a lowest possible performance of 0 to a maximum possible performance of 1. Average performance reflects performance in 2012 due to a lag in data availability.

Source: Innovation Union Scoreboard 2015

2. The general problem

Figure 13: New Venture Funds Raised in Europe by Investors, 2007-2013 (Incremental Amount Raised per Year in Billion Euro and as a Percentage of Total)

Source: European Private Equity and Venture Capital Association (EVCA)



THE STRUCTURE OF THE TRADITIONAL FINANCIAL SYSTEM

		FUNCTIONS		FINANCIAL INSTITUTIONS
1	MARKETS	LOANS	MONEY MARKETS	STOCK EXCHANGE - INVESTMENT BANKS
		EQUITY PARTICIPATION	CAPITAL MARKETS	STOCK EXCHANGE - INVESTMENT BANKS
2	BANKS	LOANS		COMMERCIAL BANKS
		EQUITY PARTICIPATION		UNIVERSAL BANKS

The «failures» of the traditional financial system

1. THE **MARKETS** MEET THE NEEDS **ONLY** OF BIG AND ESTABLISHED COMPANIES
2. THE **BANKING SYSTEM** MEETS THE NEEDS OF THE “MATURE” COMPANIES. THIS IS TRUE, ESPECIALLY FOR SMEs

But:

- It does not meet their capital needs
- In addition mostly does not meet the need for loans of small and very small enterprises



CAPITAL MARKETS AND SMEs IN THE EU

A lot of SMEs don't get all the financing they ask from banks in Europe

In the euro area, 35% of SMEs didn't get the complete financing they asked their banks for in 2013



It is more costly for SMEs to get a loan from a bank than for bigger companies, especially in countries worst hit by the crisis

Access to credit information on SMEs isn't generally available: this makes it both harder for the SMEs to receive capital market financing and difficult for investors to invest in SMEs

Around 25% of all companies and around 75% of owner-managed companies do not have a credit score



Securitisation of SMEs' loans in the EU is half the pre-crisis level



Banking and Finance

This is the proof

3. The solution

The solution

The last years in E.U. there is an initiative for the development of a new – an alternative financial system,

in order to overcome the “failures” of the market

The structure of the alternative financial system

Set up of new institutions – other than banks and the markets:

THE MOST IMPORTANT: Financial Institutions

Other institutions of the alternative financial system:

- Non banking Micro Finance Institutions
- Business Angels
- Venture Capital
- Crowd funding
- ...
-

The alternative financial system in Greece

The most important institution of the
alternative financial system in
Greece, is ETEAN S.A.

The most important and urgent target of ETEAN S.A., is to take initiatives, in order to promote the economic development in Greece

The initiatives of ETEAN S.A.

1. Set up of a non banking Micro Finance Institution (MFI)
2. Provision of venture capital through TANEO
3. Set up of a new Financial Instrument for making loans to innovative firms

ETEAN S.A. in close cooperation with:

- Ministry for Research and Innovation
- General Secretariat for Industry of Ministry of Economy, Development and Tourism

will aim 2 targets:

