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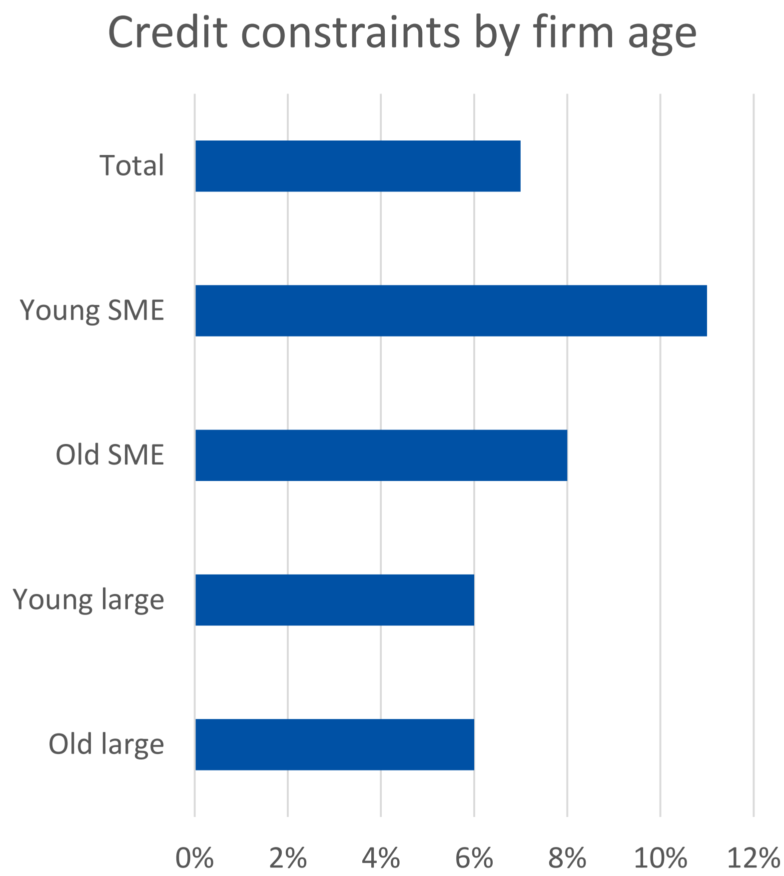
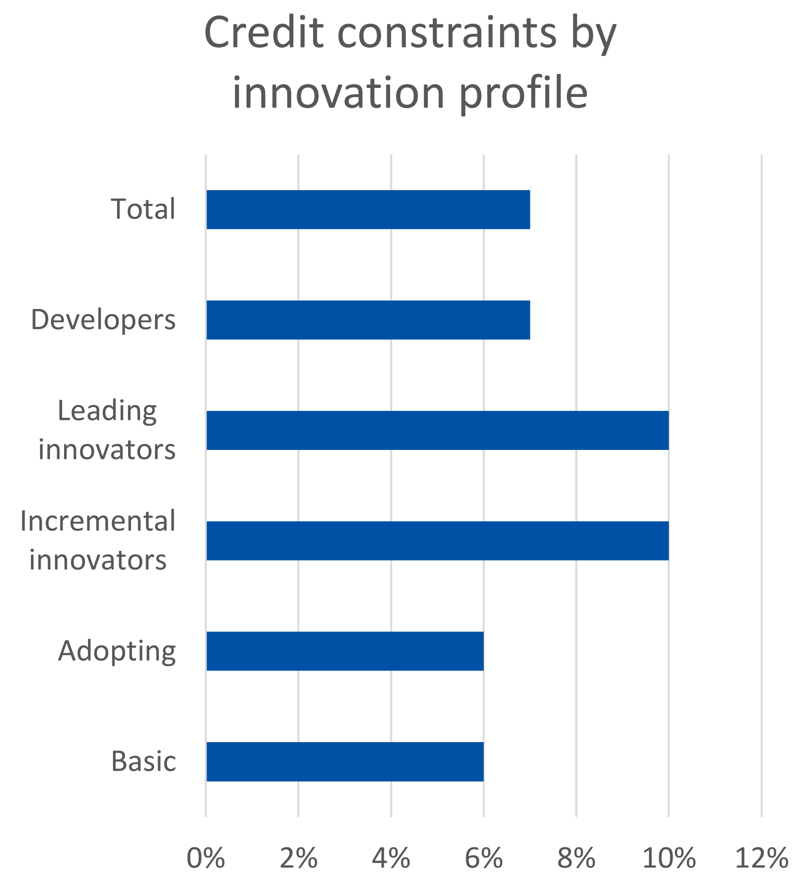
INNOVATIVE FIRMS AND ACCESS TO BANK FINANCE

EIB Investment survey of non-financial corporations

- Unique survey addressing 12,500 firms in Europe (with 5+ employees), covering manufacturing, services, construction and infrastructure sector.
- Representativeness at high scientific standards for:
  - the EU 28 (as a whole)
  - each Member country (separately)
  - 4 industry grouping (within each Member country – for most countries), and
  - 4 size classes (within each Member country – for most countries)
- Focus on investment and investment finance and linked to balance sheet data of the firms
  - Complements national surveys by offering full comparability among countries

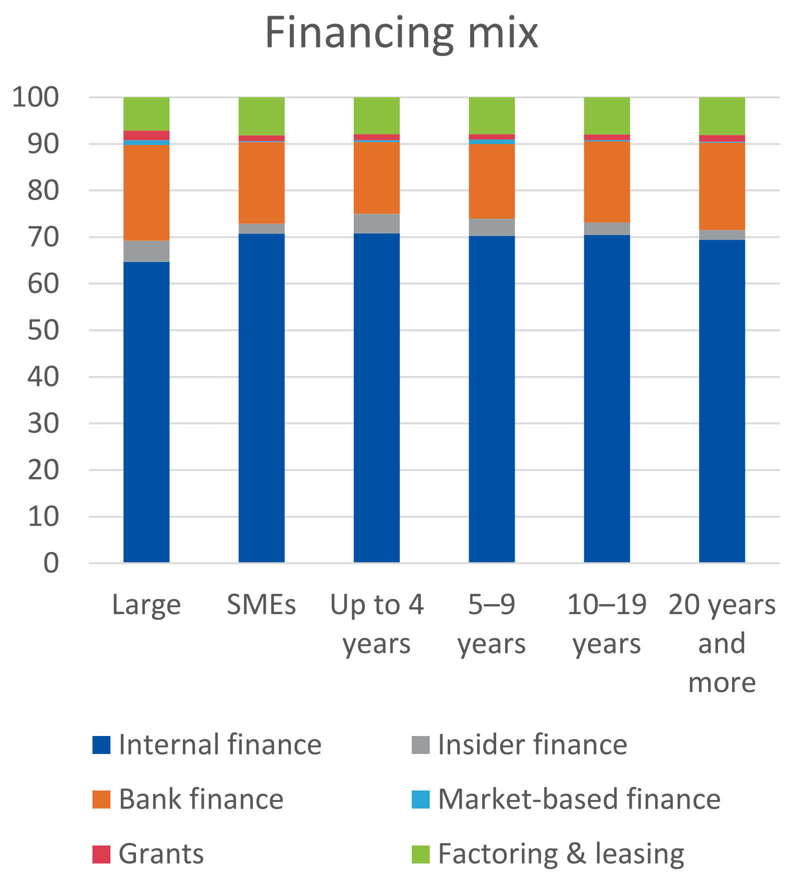
SMEs and innovative companies are 50% more likely to be credit constrained





A pecking order of investment finance

- Smaller and younger firms rely more on internal and insider finance.
- Intangible investment is financed mostly by internal finance.
- External finance goes mostly to financing tangible investment.



General macro-financial stability will benefit from more equity

- More capitalized firms are more resilient to systemic banking problems.
- More diversified forms of finance, including more equity, are empirically associated with more innovation.
- Innovative firms need more patient and risk-taking investors.

European companies are averse to new equity

- Less than 1% of firms prefer more equity finance than they currently have.
- Keeping the cost of financing constant, firms overwhelmingly prefer debt to equity.
- Firms are willing to pay a significant premium on the cost of debt and a large part of this is explained by aversion to equity dilution.

More on http://www.eib.org/about/economic-research/

European Investment Bank

The EU bank

60 years

improve lives. together.