FINANCING SWEDISH SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs): METHODS, PROBLEMS AND IMPACT

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Abstract

Small and Medium-sized Enterprises (SMEs) are the seeds for a vital entrepreneurial economy. The Swedish SMEs, in particular, are very important for the future development of the Baltic Region. Financing these firms is an issue of great significance and a subject to care for. In this paper, we looked at established financing methods for Swedish SMEs. The same methods are also used in other Western economies, in particular North American region, and thus large degree of overlapping was unavoidable. We also analyzed the impact of these methods on firm survivability using the Survival Index Value (SIV®) model. The SIV® model is a new tool to evaluate small firm performance, introduced recently by Dr. Adli Abouzeedan. We outlined some of the most common problems related to financing of Swedish SMEs and we proposed possible solutions.

Keywords: Small and Medium-sized Enterprises, SMEs, SIV model, SIV® model, Financing, Debt Financing, Equity Financing, Banks, Factoring, Disintermediation, Venture Capital, Angles, Swedish, Sweden, North Europe, European Union, EU, Baltic Region

1. Introduction

According to US Small Business Administration (1997, p. 44-45) Small businesses use a variety of financing sources, including “*internal*” sources such as owners’ savings, business retained earnings, and depreciation; “*informal external*” sources, such as friends and business associates; *financial intermediaries*, such as banks and finance companies; and the public markets, where standardized financial instruments are sold to a large number of buyers. According to Stickney (1996, p. 7). A firm obtains financing for it business activities from creditors and owners. Short-term creditors, such as banks, suppliers, employees, and governmental units, provide financing for receivable, inventories, and operating expenses. Long-term creditors, purchasers of firms’ bonds and lassoers, usually provide financing for property, plant, and equipment. Owners provide financing directly through capital contributions and indirectly by permitting firms to retain earnings rather than distribute dividends. According to Grimaud (1995), globalization of markets allows business to turn increasingly to international markets to raise money. According to Altman (1980), credit-scoring approaches advocated by many such as Abate (1969), Orgler (1970, 1975), Edmister (1971), Altman (1971) and Bates (1973), are essentially loan-review procedures since the inputs are based upon the existing *portfolio*

Referring to Winborg (2000, p. 47), in comparison with large, listed businesses, the financial situation conditions in small businesses are fundamentally different (see Ang, 1991), among other things, due to the fact, that in most small businesses, ownership and management are not separated as in large listed businesses (Fama and Jensen, 1983).

Referring to Berggen, Olosson, and Silver (2000), research in the field of small and medium-sized enterprises (SMEs) has expanded rapidly over the past two decades (See landstöm and Johannisson, 1998). With the new knowledge about the contribution SMEs make to the total employment (see Birch, 1979; Davidson, Lindmark, and Olofsson, 1994, 1996) and the decreasing number of employees within the larger companies due to downsizing, many policymakers see SMEs as imperative in creation of new employment opportunities (Storey, 1997). In Sweden this trend has been further highlighted by the recent development where Swedish multinational corporations are moving production as well as research abroad. The problem with expected growth of the SMEs seems to be that while policymakers expect these firms to seek growing, they are not always welling to do so (Curran, 1986). Referring to Berggren, Olofsson, and Silver (2000), the majority of the studies focusing on the financial conditions for SMEs investigate how different financial intermediate, such banks and venture capital companies, evaluate firm (see Deng, Moutinho, and Meidan, 1991; Shanmugam and Bourkee, 1992; Hall and Hofer, 1993). Referring to Berggren, Olofsson, and Silver (2000), over the past couple of years some researchers have focused and studied the mechanisms that are in play when it comes to financial search activity in SMEs, influenced in part by models that have been developed in larger enterprises (see Donaldson, 1984; Myers, 1984). The results from these studies indicate that small business managers are very reluctant to take on new external finance (see Reed, 1996). The first section of this paper is a general introduction about the subject. The second section investigating the financing forms of SMEs. The material displayed handles this subject in general without necessary confined it to specific country. In third section, we look at firm performance and the analysis capacity of the SIV® model in relationship to the financing method. In the fourth section we look at problem facing financing Swedish SMEs in particular. We analyse the possible causes of theses problems and we propose suitable solutions.

2. Forms of SMEs Financing

2.1 Internal Sources

Kotey (1999) pointed that; an analysis of the financial structure of small businesses indicates that the bulk of their funds are from personal savings of the owner-manager and retained profits from business operations (see Thompson Lighthouse & Co., 1996; Johns, Dunlop, and Sheenan, 1989). Referring to Kotey (1999) again, small businesses also rely heavily on short-term credit (suppliers credit, credit cards and bank overdraft), which is renewed several times and used as long-term finance (Davidson and Duta, 1991; Thompson Lighthouse & Co., 1996; Johns, Dunlop, and Sheenan, 1989). Kotey (1999) pointed out that, the proportion of long-term debt in the financial structure of small firms is relatively small with the bulk in the form of personal loans (Thompson Lighthouse & Co. 1996). Kotey (1999) commented that however, there are limitations to use of personal equity and short-term debt as principal sources of finance. In reference to him again, this is because inflation erodes the equity base of the business over time and may not be able to provide additional funds to meet increases in working capital requirements even where growth is curtailed (Vickery, 1987). According to Kotey (1999), in addition to their relatively high cost, short-term funds will increase the financial risk of the firm if earnings from business assets (particularly non-current assets and non-working capital) are not properly matched with interest and principal payments on these funds (Pierson *et al*, 1998). Referring to Kotey (1999), liquidity will become a problem and may eventually lead to insolvency. In reference again to Kotey (1999), under-capitalism in small businesses is therefore associated with insufficient long-term funds (Finelly, 1984; Davidson and Dutia, 1991), particularly long-term debt funds. Referring to Jansson and Johansson (1996, p. 10), in early 1990s, the profitableness of Swedish companies was declining due to recession, and the financial costs increased, but the solvency ratio figures remained stable because of the lower company tax and because the latent tax liability on the so called "untaxed reserves" was also lowered.

2.2 Informal External Sources

Banks remain the most important supplier of the six traditional types of small business financing. An ample supply of funds and continued high borrowing costs characterized small business financial markets in 1996. (US Small Business Administration, 1997, p. 45). According to Leighton (1984), the Canadian banks think they have found a solution to the problem of SMEs defaultness on loans in the form of commercial banking units (CBUs), specialized bank branches that focus on commercial credit. The CBUs provides small-business people with financial expertise they cannot get from a non-specialist branch manager (Leighton, 1984).

2.3 Financial Intermediaries (Debt Financing)

Referring to Winborg (2000, p. 23), right up until 1985, the Swedish banking sector was slightly regulated, in that the Bank of Sweden stipulated the valid interest rate and amount of lending for a certain period. Due to these restrictions, some businesses were rationed out of the market, in that the supply of capital was not enough to meet the demand. This was especially true for relatively risky businesses. This credit rationing of debt capital was caused by the national banking regulations, which are out of the control of the banks. In 1985, these regulations were loosened, implying that the banks were now much more independent in deciding upon which credit policy to follow. The deregulation resulted in a substantial expansion in the amount of lending, initiated in late 1985. Winborg (2000, p. 22), used material on development of the financial conditions of Swedish small businesses over the years 1979-1992 from Gandemo (1994; 1998). Referring to Winborg (2000, p. 22), from the findings presented in these two studied (see Gandemo, 1994; 1998), it could be concluded that the equit-to-asset ratio in Swedish small businesses has improved over the period examined. According to Winborg (2000, p. 48), comparing the financial structure of large and small UK businesses, Hughes (1996) showed that small businesses are relatively more reliant on short-term debts in comparison with large businesses. He concluded that this finding could, to a great extent, be explained by the fact that small businesses face greater problems in attracting long-term debts those large businesses. According to Kotey (1999), many researchers argue that financial institutions are unwilling to lend to small businesses on long-term basis because of the high risk and costs associated with such loans (Levisky and Prascada, 1988). Referring to Kotey (1999) again, small businesses have high-risk ratings because they lack a track record of performance on the basis of which their credit rating could be assessed (Binks and Ennew, 1996).

Commercial Banks According to US Small Business Administration (1997, p. 54-57), small business lending can be defined at three loan-size-under $1 million, under $250,000, and under $100,000. Referring to Vandervie (1997), it is generally difficult for owners of start-up business to work with lenders, who base their decisions on a company's operating history or its customer base. Referring back to him, many large American banks are developing a new class of business-loans including small business lines of credit- thereby increasing their lending category. Their share of the smaller loans under $100,000 increased significantly in value especially in the number of loan made. Still, small banks with assets under $500 million remain the major suppliers of loans in the under $100,000 size category (US Small Business Administration, 1997, p. 57).

Non-Commercial Banking Small-business lending is increasing for nonblank institutions, such as GE Capital Small Business Finance Corps, at the expense of commercial banks. According to Arndorfer (1996), while the banking industry still holds the bulk of the small-business market, it would ignore the surging nonblank competition at its own peril – as its history of losing market share in large commercial attests.

2.4 Financial Intermediaries (Equity Financing)

According to Jansson and Johansson (1996, p. 5), though there is daily information about the desire of the Swedish SMCs to grow, but due to restrictive lending in banks, few financing alternatives exist. From the banks side, according to Jansson and Johansson (1996, p. 5), there is a lot of talk about the excessive lending capacity of banks and the lack of qualified borrowers.

Venture capital Funds Referring to Vandervie (1997), equity financing options range from a joint-venture partnership with a bigger or better-financed company: an agreement with a venture capitalist, who injects capital into the company in exchange for a stake in future profits; the private sale of a stake in the company to select investors, known as a private placement; or the sale of an interest in the company, represented by a set number of share, on a public market such as the New York Stock Exchange or The Nasdaq Stock market. As enlightened us by Vandervie (1997), equity financing is characterized by high return and is attracted by fast growth, exit strategy, giving up some control, strong market niche, good management and attractive industry. As pointed out by Grimaud (1995), small businesses are turning increasingly to risk capital of for new financing, and may also seek out strategic partners, use project financing or set up limited partnerships. Wealthy individuals with a available funds-known as “angels”-also investment in small businesses. Referring to Winborg (2000, p. 25-26), most of venture capital Swedish actors had entered the market with short-terms in sight. However, few of them were aware of the long-term orientation characterizing these investments, and many of them lacked experience from developing small and young innovative businesses. As a consequence of this awakening, some of the actors left the venture capital industry, while some merged with other actors. At the end of the 1980s, a few actors were still active in the industry. According to Winborg (2000, p. 25), the role of the venture capital market is to provide equity capital and competence to non-quoted businesses with a growth potential (see Manigart and Sapienza, 2000). The venture capital market includes a formal as well as informal market, referring to institutional venture capital companies respectively, private investors or business angels (Mason and Harriton, 2000). According to Winborg (2000, p. 25), in the late 1970s, the equity-to-asset ratio among Swedish small businesses was declining, and their potential for strengthening this ratio by generating internal funds was considered rather weak. The low equity-to-asset ratio further increases the banks' reluctance to provide debt finance to small business in general. As a result, it was assumed that many small businesses had to postpones investments and business opportunities. Against this background, the Swedish government initiated an investigation concerning possible ways to increase the supply of external equity capital to small businesses. Referring to Winborg (2000, p. 25), the main conclusion of this investigation was that necessary steps to develop the Swedish venture capital market must be undertaken (SOU 1981:95). On the basis of how the US venture capital market had developed, the investigation proposed the establishment of a special stock market for Swedish small businesses, which was realized some years later (called the OTC market). Referring to Winborg (2000, p. 27), during the later part of the 1990s, Swedish formed venture capital market became more and more specialized, in that some groups pf venture capital companies started to concentrate their investments to certain industries. Furthermore, the major part of the venture capital investments were made in businesses that were in the later stages of development. This implies that the supply of formal venture capital to businesses in early stages (seed stages and start-ups) was relatively limited and that businesses in some industries (for example information technology) found it easier to attract venture capital than businesses in other industries. Winborg (2000, p. 27-28), research in the USA and the UK has indicated that the informal venture capital market i.e. venture capital provided by individuals often with an entrepreneurial career, is five times the amount of formal venture capital market (Mason and Harrison, 2000). Many private investors take an active role in the businesses, in which they invest, contributing competence and contracts besides the capital as such (Landström, 1993; Mason and Harrison, 2000). Enlightened by Bergman et al (1999), most probably, the tax regulations have harmed the development of a Swedish informal venture capital market.

Finance Companies Referring to Small Business Administration (1997, p. 61), finance companies have continued to penetrate the small business loan market s over the past twenty years. Lending by finance companies continued to increase in 1996, although at a much slower pace than in the previous year. Banks have lost market shares, but only slightly, to nonblank lenders in the market for small business credit between 1987 and 1993.

2.5 Public Markets

Referring to Winborg (2000, p. 48), the fact that most small businesses are not listed on any stock market implies that these businesses face great problems in attracting equity from new owners, that these businesses face relatively low information requirement, and that most small businesses face relatively low information requirements, and most small businesses lack a ready market valuations of its shares. On the other hand, the integration between the roles of manager and owner, typical in small businesses, mean that the small business manager is much more independent vis-à-vis external parties, in particular capital market parties, compared to the manager(s) of the large, listed businesses. As ownership and management most often are separated in large businesses, the manger has, to a greater extent, to consider the interests and ambitions of the owners (Fama and Jensen, 1983).

Factoring Referring to Guttman (1994), many small businesses are using factoring as a way to get needed financing. Factoring involves selling accounts receivable to a lending company, which then advances around 80% of their value. The lender raises funds through notes, debentures, commercial paper and short-term borrowing. It then purchases the accounts receivable of a cash-hungry company and advances the company about 80 percent of the value of these invoices. The lender, or factor, usually takes over the task of collecting the receivables. For decades, factoring was centered in the textile and apparel industries, but recently fledgling electronics manufacturers, computer start-ups and small health care firms have tapped into this source of financing.

Disintermediation In reference to Grimaud (1995), this is yet another method of raising capital economically and quickly. Businesses are bypassing banks and issuing shares directly to bearers by financing commercial paper, for instance.

Stock Market According to Grimaud (1995), stock markets are paying more attention to new businesses, especially in areas of high technology. And stockbrokers, now aware of this heightened interest, are hiring specialists, who can better understand these emerging businesses and their intellectual capital.

2.6 Government Agencies

Different countries have different agencies, which are supporting SMEs, and they try to care for the needs for this group of firms. The ones, which are of specific importance, are:

Small Business Administration (SBA) As pointed out by (Stubblefield A., 1995), the Small Business Administration (SBA), a USA government agency, rarely makes loans directly. In general, its lending activities are directed toward encouraging and motivating banks to lend to small businesses and start-up ventures by guaranteeing up to 90 percent of the loan amount to qualified borrowers. Even though the SBA guarantees banks against losses on small-business loans, it does not, in general, make loans directly to small business nor does is it compete with banks.

The Canadian Program Referring to Kutner (1994), the Canadian government has revived in 1994 the Small Business Financial program to provide alternative financial sources to cash-trapped small businesses. Such programs are the Small Business Development Bonds (SBDB) and Small Business Bonds (SBB) are alternatives to the traditional financing avenues. Canadian corporations cannot issue SBBs. Only individuals and partnerships that are in financial difficulty were allowed to issue such bonds. Both SBB and SBDB are debt instruments and are treated as equities and the interest payments are treated as dividends for both the lender and the borrowers. As such the issuer is not entitled to a deduction for the interest payments.

Swedish Business Development Agency (NUTEK) The Swedish Business Development Agency (NUTEK), as stated in their website (See NUTEK, 2002a), promotes the start-up of new Swedish companies and increased growth in existing companies by financing the early phase of technology-business development projects with high technical and commercial risk. Referring to NUTEK (2002a), the decision's aim is to make it possible for companies to discuss development questions and financing solutions in an unsophisticated way with a capable and easy-to-reach partner who can give a comprehensive survey of public efforts to stimulate and support company development. According to NUTEK (2002b), there are a number of financing firms support used including: capital contribution, Loan/Credit, conditioned loan, depreciation loan, capital against royalty, guarantee and tax reduction. This is besides information feeding and consultation services SMEs. Referring to NUTEK (2002c, p. 3), The Swedish Business Development Agency is Sweden's central public authority for industrial policy. The agency's task is to promote sustainable growth throughout the country. Through business financing, information and advice, and through support for programs and the processes the agency is working to strengthen the conditions of Swedish industry and to promote regional growth (NUTEK, 2002c, p. 3). According to NUTEK (2002c, p.4), the agency can offer financial support for business development in companies, funding for development projects in various prioritized geographical area, and financial assistance to organizations promoting industrial development and competitiveness. Referring again to NUTEK (2002c, p. 4), the agency offers companies market-complementary financing often involves provision of funds with a greater economic risk that private financiers can offer or it can be a question of projects to speed up progress, to stimulate novel ideas and to develop new markets. It can also be a matter of assistance to enterprises in regionally prioritized areas, support for companies who want to increase commercial co-operation in the Baltic Sea Region or measures to stimulate women's entrepreneurship and co-operative businesses.

3. SMEs Performance and SIV® Model

3.1 Background

Evaluation of firm performance is a very important aspect when policymakers, consultant, investors and bank officers decide to grant support to enterprises. There is wide range of firm performance models. Abouzeedan and Busler (2002a, 2003a) analysed the most important of them. They found the SIV® model of specific important, since this model was structured having SMEs in focus. The SIV® is a performance model, which uses survivability as an indicator. The model was developed by Dr. Adli Abouzeedan as part of Ph.D. program at Washington International University (see Abouzeedan, 2001; Abouzeedan and Busler, 2002b). SMEs performance factors are widely spread in literature, which cause difficulty in studying this topic. Abouzeedan (2002a) developed a system to classify and categorize these factors. Known as the SPF-classification system, the scheme divided these factors into two groups "*internal*" and "*external*". Each of these two groups is divided further into five subgroups. Abouzeedan (2003a) used the system to run a topology analysis of the existing models. He found the SIV® model to be the one with the widest coverage of performance factors spectrum. To facilitate better strategy for the usage of the existing firm performance models, Abouzeedan (2002b, 2003b) developed a new tool called the ASPEM diagram. Abouzeedan and Busler (2003b) developed further the SIV® model by introducing the concept of "Survivability Coefficient". The "Survivability Coefficient" is the slope of the Survival Progression Indicator (SPI) line. The SPI line is one of the two graphical components of the Survival Index Diagram (SID). The other component being, the Survival Index Curve (SIC) (see Abouzeedan, 2001; Abouzeedan and Busler, 2002b; Abouzeedan and Busler, 2003b). Abouzeedan and Busler (2003c) used the SIV® model to evaluate the impact of different financing methods on survivability of North American SMEs.

3.2 Investment Capital Effect on Survival Index Value

The source of SMEs financing at the initial stage have a clear effect on the performance of these firms. According to the SIV® model (Abouzeedan, 2001; Abouzeedan and Busler, 2002b, Abouzeedan and Busler, 2003b), the higher the percentage of the cheaper kind of financing sources the higher SI values would be. The cheapest kind of financing will be own capital, coming next the less expensive form of financing using help from family and friend with either no interest rate or low interest rate. The sources with highest interest rate (e. g. banks, financing companies, venture capital) are the one which most expensive and thus effect most negatively the possibility of firm survival. As pointed before, Abouzeedan (2002a) presented a new system named, the SPF classification systems, to classify the factors affect firm performance. An important group within that system is the *enhancement parameters* group. They refer to parameters, which enhance and promote better performance of the company. In his analysis of the SIV® model using this systems, Abouzeedan (2002a, 2003a), classified the Initial Investment Capital and the Self-financed Initial Capital as *enhancement* parameters. Abouzeedan and Busler (2002a, 2003a) investigated the existing performance model of SMEs. Most of them have components related the capital costs of firm needs. According to Hughes (1997), in an effort to minimise the finance gap in small business and to take the advantage of the opportunities it offers, governments and private agencies have increased their supply of funds to small business sector over the last decade. As noticed by to Kotey (1999), small business owners cite inadequate finance, particularly long-term debt finance, as a major constraint to growth (see Binks and Ennew, 1996) and a major cause of failure (see Davidson and Dutia, 1991). The impact of each of the financing methods of SMEs on survivability, based on the SIV® model, is outlined in Table I.

4. Problems of Swedish Small and Medium-sized Enterprises (SMEs) Financing

According to Jansson and Johansson (1996, p. 1), the main capital sources for financing growth of Swedish SMEs will be probably bank loans and retained earnings in the future. However, these resources cannot satisfy the total need by themselves. Referring to Winborg (2000, p. 23), right up until 1985, the Swedish banking sector was highly regulated, in that the Bank of Sweden stipulated the valid interest rate and amount of lending for a certain period. In 1985, these regulations were reduced, implying that the banks were now much more independent in deciding upon which credit policy to follow. The deregulations resulted in a substantial expansion in the amount of lending, initiated in late 1985. Referring to Winborg (2000, p. 23-24), the expansion of the amount of lending was further caused by strong trade conditions (rapid and continuous growth), high inflation making the real rate of interest low, and a tax system favoring the use of debt financing (Lybeck, 1994). Referring to Winborg (2000, p. 24), it is fair to say that the real estate sector was strongly overloaded, in comparison with potential (rental) incomes. Gradually; more and more companies within the sector suspended their payments to external actors (financing companies and banks, among others). The financial difficulties spread to the financial of the real estate companies, the financing companies. The financing companies were in turn financed by the banks, and in some cases owned by banks, and therefore the financial difficulties later reached also the banking sector. The huge financial crisis was a fact. Referring to Winborg (2000, p. 24), from

1990 and onwards the banks were confronted with huge credit losses, which in turn made the actors within the bank sector very restrictive and focused on getting securities for every engagement. Furthermore, the banks increased their interest margins as away to meet the huge losses made. It seems fair to argue that the financial gap for small businesses, in terms

TABLE I

Swedish SMEs Financing methods and their effect on survivability

Financing method		Cost level	Expected
Source category	Source		SI value
Internal	Owners savings	L	H
	Business returned earnings	L	H
	Depreciation	L	H
“informal” external	Friends	M	M
	Informal business associates	M	M
Financial intermediaries (Debt financing)	Commercial Banks	H	L
	Non-commercial banks	H	L
Financial intermediaries (Equity financing)	Venture capitalists	H	L
	Financial companies	H	L
Public markets	Factoring	M	M
	Disintermediation	M	M
	Stock markets		
Government agencies	SBA (American programs)	M	M
	SBB (Canadian programs)	M	M
	SBDB (Canadian programs)	M	M
	NUTEK (Swedish programs)	M	M

of debt capital, increased. However, and according to Wingborg (2000, p. 24), at this time the financial gap was a result of actions taken by the bank themselves (unlike the situation up until 1985 when market regulations caused a gap). Referring to Winborg (2000; p. 24-25), over the last few years, competition in the Swedish banking sector has increased dramatically (Svensson, 1999), due to the fact that national niche banks and foreign banks have entered the Swedish credit market. Referring to Winborg (2000, p. 28), as a way to stimulate private investments by private investors in small businesses, the Swedish government in 1995, decided to introduce a tax deduction for venture capital investments made by individuals in small businesses not quoted on the market, the so called "Venture Capital Deduction" (Ternell, 1996). Referring to Winborg (2000, p. 23), despite increasing financial costs and or less constant profitability levels, the equity-to-asset ratio was improved in Swedish small businesses in the early 1990s. This effect, could, to a large extent, be explained by the major taxation reforms undertaken in Sweden in the late 1980s and early 1990s (Gandemo, 1998). According to Reinhardt (1995, p. 24), the lender, due to that level of security and guarantees is unmotivated to help the SMEs in risk zone to get out of the situation by injection additional capital. Instead the lender shift easily to another companies, which are less risky, knowing that he is going to get the money back, even the first firm collapsed. In Table II, we outlined the most persistent financing problems of Swedish SMEs. They include: limited self-financed capital, tough requirements of bank loans to weaker groups, preference of larger loans rather than smaller loans (under 100,000 SEK) and finally, high level of security for banks compared to customers. We also proposed possible own solutions to these problems based on analysis of their causes.

TABLE II

Swedish SMEs Financing Problems, Probable Causes, and Proposed Solutions

Problem	Reason	Possible Solution
Limited self-financed capital	Regulations related to wealth-accumulation	Tax-reduction on personal income
	Regulations related to transformation of Wealth between generations	More liberal laws regarding wealth transformation between generations
Tough requirements of bank loans to weaker groups (immigrants and women)	Underestimation of entrepreneurial capacity of these groups	Banks should be encouraged to take initiative
		Utilizing governmental institutions as guarantors
Preference to larger loans than smaller one under 100,000 SEK	Better return on granted larger loans	Enlighten the banks to the value of a larger number of smaller loans and the potential market for that
	Desire to reduce lending administrative costs	Constructing a specific bank units directed toward smaller-size companies/customers.
Low level of risk taken by banks, which cause prefernce to new firms and not existing ones	References to banks relative to customer in financial laws	Changing the regulations to achieve balance between risks taken by banks and risk taken by customers

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