

PROGRAMME: BMV EXPRESS (Quick Guarantee)

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1. SUMMARY OF GOOD PRACTICE

▪ Overview & Aims

The purpose of the BMV Express 'quick guarantee' loan scheme is to help viable, SMEs and self-employed professionals access the finance needed to help them compete and grow their business. Providing lenders with up to 70% guarantee of the value of each individual loan approved and proposed by the lender, the Buergschaftsbank Mecklenburg-Vorpommern (BMV) aim to provide a simple, fast track guarantee service for established SMEs. Guarantees can be advised in 24 hours and can be used to guarantee loans to finance investments, inventories and equipment, but cannot be used for rescheduling of debts

▪ Key Resources

– Programme Partners

Funding: Funding Body & SME Contribution

BMV provide guarantees of up to 70% of the value of the loans for loans ranging from €35,000 (€25,000 guarantee) and the maximum €150,000 (€105,000 guarantee). Smaller value loans can be made available in exceptional cases. BMV charges include €150 for processing each application plus 1% pa of credit amount. (Loans guaranteed by BMV attract lower interest rates).

Eligibility Criteria

Open to SMEs and self-employed professionals located in the Mecklenburg-Vorpommern State of Northern Germany. The scheme is not open to entrepreneurs or start-up businesses.

– Terms & Conditions

The term of each guarantee is dependent on the purpose of the loan. Guarantees for loans to purchase inventories and supplies have a maximum lifetime of 8 years; investments 15 years and structural property i.e. buildings/construction up to 23 years.

2. IMPLEMENTATION

BMV have three guarantee instruments:

Guarantee Scheme	Threshold	Typical Assessment (Days)
BMV Express	€105,000	24 hours
BMV Classic (Self Competence Guarantee)	€120,000	14 days (to allow for the time needed to source coaching/consulting services provided)
BMV Classic (Approval Panel Guarantee)	€1M	3 weeks

Businesses seeking finance approach the local Bank holding their business account who complete an interactive online application enabling an instant assessment. Eligible applications are then automatically forwarded to the guarantee bank, i.e. BMV, for assessment and decision. Applications for loan guarantees of €1M or more must be supported by a statement from the Chamber of Commerce and are subject to a Panel review.

Approval of the guarantee is subject to the provision of 5 key requirements:

- One annual financial statement, (or cash statement for businesses trading for < 18 months)
- Personal capital i.e. assets
- A positive balance after withdrawals. A positive EBITDA (Earnings before Interest, Taxes, Depreciation & Amortisation)
- No negative indicators (no account overdraft > 30 days, court orders, statutory declarations etc)
- A credit rating (Creditreform) of < 300

With a purpose built software package developed by an external software provider and BMV staff, the online process provides the facility for instant assessments.

▪ **Key Stats - Key Results in 2012**

KEY MEASURE	ESTIMATED TOTAL
Applications Submitted	74
Applications Accepted	68 (91.9%)
Funding Granted	€3,894K
Funding Generated By Beneficiary	€5,563K

3. KEY LEARNING POINTS AND OPPORTUNITIES

- **What worked well**
 - Procedure run by local bank who know their customers
 - Good collaboration between local bank (public or private bank)
 - No public administration is involved at decision-making
 - An easy/simple application process; standardised process, real time response and approval
- **Strengths**
 - Approval/guarantees within 24 hours. Clearly defined standards of credit worthiness (5 criteria)
 - Competitive 'cost of finance', despite costs associated with the guarantee
- **Weaknesses**
 - Start-ups and entrepreneurs excluded. Funding criteria excludes rescheduling of debts
- **Transferability**
 - Possible to promote scheme/process to other regions subject to gaining regional commitment
 - Good opportunities for an existing guarantee bank to create and implement a similar product
- **Legacy**
 - Proven, fast process. Provides a sustainable guarantee to stabilise SMEs/businesses

FURTHER INFORMATION:

<http://www.youtube.com/watch?v=iKa-38gJz6E>
<http://www.buergschaftsbank-mv.de/>
<http://www.techologiezentrum.de>