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European Microfinance – Relevance, Efficiency And Impact

Abstract

Microfinance aims at providing basic financial services such as loans, savings and insurance to socially and financially excluded persons and micro-entrepreneurs. Among these services, microcredit is the most recognizable instrument of microfinance. Microcredit supplies financial means to start up businesses and to finance microenterprises.

Microfinance originated in poor countries. In recent years, however, it has also gained some recognition in European countries. This article presents the relevance, efficiency and impact of microfinance policy and its policy instruments with respect to support for microenterprises in the European Union.

Keywords: *microfinance, EU policy, social and financial exclusion*

1. Introduction

This paper focuses on access to capital as one of the components of starting up and running a business. The need to acquire capital is faced by enterprises of various sizes and types at different stages of their development. It is also a common need faced by unemployed persons who would like to start their own business.

Access to capital is key to the proper functioning of enterprises, regardless of their size. However, even in prosperous economies enterprises encounter

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obstacles in acquiring funds. Uncertainty and information asymmetry between the party seeking capital (the enterprise) and the party providing capital (the financial institution) create barriers of a structural nature, especially for micro, small and medium-sized enterprises (MSMEs). MSMEs are defined according to their staff headcount, turnover, or annual balance-sheet total (Commission of the European Communities 2003), as follows:

- medium-sized enterprise - employs fewer than 250 persons, with an annual turnover that does not exceed EUR 50 million or whose annual balance-sheet total does not exceed EUR 43 million;
- small enterprise - employs fewer than 50 persons and has an annual turnover and/or annual balance sheet total which does not exceed EUR 10 million;
- microenterprise - employs fewer than 10 persons and has an annual turnover and/or annual balance sheet total which does not exceed EUR 2 million.

It can be argued that the younger and smaller an enterprise is, the more challenging is its financing. At the present time, which is marked by crisis,¹ microenterprises and the self-employed encounter more difficulties acquiring capital from traditional sources. It is even more difficult for members of ethnic minorities or women entrepreneurs.

In recent years, the conditions for business have worsened, particularly with regard to the financing of MSMEs by the banking sector. This situation highlights the growing role of microfinance, which is a potentially important instrument to counteract the negative effects of the crisis and to support a balanced growth that would promote social inclusion. This paper concentrates on microfinance, with special emphasis placed on microcredit as its most recognizable instrument, one which also plays a significant role in raising capital for small and medium-sized enterprises. The aim of this paper is to present and analyze the policies of the European Union aimed at developing microfinance, and to assess the effects of the measures taken. The study describes the European experience in micro funding by presenting the specifics of European microfinance, types of microfinance institutions, and the policies and regulations concerning microfinance services. The outcomes of the considerations should serve as a basis for drawing conclusions on how to improve the efficiency of the programs and the sources of financing.

The lack of capital is most acute for small and medium-sized enterprises, which play a significant role in economies as they stimulate structural changes and create workplaces. Raising funds has always been a significant obstacle for their activity, despite the fact that their demand for capital may be relatively small. European countries offer many different sources of funding for business activities, although not every enterprise has access to them, especially among the

¹ The crisis from 2007, which in the opinion of many continues and is in a subsequent stage.

group comprised of microenterprises. Table 1 below presents the most important development barriers for European SMEs, in %, for the years 2010, 2012, 2014.

Table 1. The most important development barriers for European SMEs in % (in euro area)

Type of barrier	Type of enterprise								
	Micro			Small			Medium		
	2010	2012	2014	2010	2012	2014	2010	2012	2014
Finding customers	29.7	26.0	22.3	23.1	22.8	22.4	24.6	24.6	25.5
Competition	14.2	12.8	13.6	14.7	12.4	13.6	17.0	14.9	14.9
Access to finance	17.2	17.2	13.3	16.6	15.4	12.2	12.0	13.4	9.8
Costs of production or labour	11.4	14.3	13.9	13.9	13.8	13.2	14.1	12.9	13.8
Availability of skilled staff or experienced managers	8.7	9.2	13.0	15.3	16.8	17.5	15.6	15.6	17.0
Regulatory constraints	6.6	11.7	14.1	6.0	11.3	14.4	6.3	12.2	13.8
Other/Don't know/No answer	12.2	8.8	9.8	10.4	10.4	6.7	10.4	6.4	5.2

Source: own elaboration based on: European Central Bank, Data of the Survey on the access to finance of enterprises, <https://www.ecb.europa.eu/stats/money/surveys/sme/html/index.en.html>, (accessed on 11.06.2015).

Access to finance was, in 2010 and 2012, the second most pressing concern (after finding customers) among European microenterprises. It was cited by approximately one in seven respondents. In 2014 access to finance was the most important problem for only 13.3% of the respondents in this group.

Raising funds has always been a significant obstacle for SMEs' activity, even though their demand for capital may be relatively small, particularly in the case of microenterprises (see Table 2 below).

Table 2. The amount of loans in the European SMEs sector (2009-2011)

Use and size of the loans	Enterprise		
	Micro	Small	Medium
No loan	54.0	44.4	40.3
Less than EUR 25,000	17.5	9.4	3.5
EUR 25,000 - EUR 100,000	17.9	18.3	9.3
EUR 100,000 - EUR 1,000,000	7.6	22.2	27.0
More than EUR 1,000,000	0.9	3.9	17.3
Don't know/No answer	2.1	1.7	2.6

Source: own elaboration based on: European Central Bank 2011, *SMEs Access to Finance*, <https://www.ecb.europa.eu> (accessed on 11.06.2015).

Taking into consideration the problem of lack of capital and the relatively small demand for it, improvement of the access to finance may be possible by use of microfinance instruments.

2. Microfinance in the European dimension

Microfinance is that part of finance that is directed towards the poor strata of society. Unlike the traditional financial instruments, its mission is to counteract social and financial exclusion. Microfinance serves two purposes: 1) economic, as it promotes self-employment by providing funds to the poorest; and 2) social, as it counteracts poverty and promotes social inclusion.

Although microfinance originated in Asia,² it is now present in other continents of the globe, including Europe, which means that this segment of finance can develop not only in poor countries, but also in highly developed ones or in the countries that have experienced economic transformation. Microfinance combines financial and non-financial services and is by definition not-for-profit. Its existence, however, makes economic sense, which results from, *inter alia*, the promotion of job opportunities.

Microfinance is characterized by the microscale of services provided. The notion comprises basic financial instruments such as microcredit/microloans,³ microleasing, microsavings, microinsurance and microtransfers. The term microcredit is used in reference to small loans granted to those people who are excluded from the traditional finance system or who lack access to banks to support them in starting or developing a business. Microfinance also includes social services, education and consulting, and mobile microfinance (Pluskota 2013, p. 39).

There are a great many differences between microfinance in Europe and in the developing countries. The differentiating features include: main goal; scope of services; traditions; types of borrowers and microfinance institutions; and the interest rates of microloans (see Table 3 below).

² The idea originated in Asia in the 1970s. It was further propagated by the Nobel Prize that was awarded to Muhammed Yunus, founder of Grameen Bank in Bangladesh, in 2006. The idea of Grameencredit is based on the assumption that poor people and their skills are not sufficiently or adequately used. According to Yunus, charity does not eradicate poverty, it just postpones it.

³ The Polish terminology makes a distinction between the terms “credit” and “loan”. A credit is granted by banks for specific purposes and in accordance with the regulations of the Banking Law. Loans, on the other hand, may be granted by any natural or legal person in accordance with the provisions of the Civil Code. Thus, the term “microcredit” should be used in reference to those institutions which hold a banking license, and the term “micro loan” should be applied to other institutions that do not hold such a license. For the purposes of this study, the terminology has been unified and further on the term “microcredit” is used to denote both of these instruments.

Table 3. Differences in microfinance between Europe and the developing countries

Differentiating feature	Microfinance in Europe	Microfinance in developing countries
Scope of services	Mainly microloans	All microfinance services: microloans, microsavings, microsecurities, money transfers
Traditions	In the 1990s in Central and Eastern Europe; in the 21st century in Western Europe	The 1970s
Borrowers	Socially-excluded persons, first-time entrepreneurs, entrepreneurs in need of microloans	Poor and extremely poor persons
Main goal	To develop entrepreneurship, to activate the job market, to counteract social exclusion	to counteract poverty
Type of institution	Formal, bank institutions are important	Non-formal sources of finance
Interest rates	Balanced	Highly unbalanced and high (amounting to dozens of percent)

Source: Mikołajczyk, Kurczewska 2011, pp. 44-45.

Microfinance in Europe has not, however, developed as quickly as in poor countries, which results from the following factors:

- an underdeveloped entrepreneurial spirit,
- welfare and social security (social protection),
- precise legal regulations for the business sector,
- easy access to consumer credit,
- highly developed banking systems and the accompanying regulations,
- impediments to the development of microcredit institutions, such as the lack of subsidies and/or guarantees for long-term activity.

The **crucial** aspect of microfinance in Europe is the differences between Western Europe and Central and Eastern Europe. Differentiating features include the reasons for developing micro finance, types of policy, and types of microfinance institutions (compare Table 4 below).

Table 4. Differences in microfinance between Western Europe and Central and Eastern Europe

Differentiating feature	Central and Eastern Europe	Western Europe
Reasons for developing microfinance	Political transformation, building a market economy	A desire to stimulate the job market and to promote self-employment, particularly among socially-excluded persons
Type of policy	economic	socio-economic
Type of microfinance institutions	independent financial institutions	various semi-independent institutions, including private, non-profit, or public

Source: Carboni, Caldron, Garrido, Dayson, Kicklul 2010, p. 5.

The interest that is generated by microcredit in the EU stems from the fact that even here some social groups experience social and financial exclusion. In 2009, 24.2% of the EU-27 population (119.6 million people) lived in households facing poverty or social exclusion. The percentage varies in individual member states and ranges between 7-50% (European Union 2013, p. 170). Poverty is a threat to, above all, women, young people and single parents. Financial exclusion is a major problem not only in poor countries but also in the member states of the EU. Financially-excluded persons constitute a section of the population that do not have a bank account, savings, loans, or insurance. The European considerations for microcredit are substantial also in the economic context, as microcredit is of some interest to microenterprises. The number of the microenterprises exceeds 19.1m, which is 92.2% of all the enterprises in the EU states (Wymenga, Spanikova, Barker, Konings, Canton 2012, p.15). One of the factors of social and financial exclusion is long-term unemployment. Thus microcredit may promote self-employment and affect the state of the economy.

The definition of microcredit varies among the member states of the European Union. It depends on the social environment, the economic situation and the policies of a given country. Generally, within the European Union microcredit is defined as an instrument for micro-enterprises, the unemployed, and professionally inactive persons who are planning to start up a business but who have limited access to traditional banking services. The amount of the loan does not usually exceed EUR 25,000 (European Commission 17.7.2012, p. 4). The European Commission refers to this amount in the EU microcredit programmes; however many European stakeholders define microcredit as loans with both much smaller or much higher amounts.

Microcredit is directed towards funding business start-ups and the development of a business. There are two group of borrowers in Europe:

- unemployed persons or in danger of losing their job, and those who face difficulties in entering the job market or are socially and financially excluded;
- entrepreneurs, mostly micro-entrepreneurs, who face problems with access to funds for starting up or developing their enterprises or those who are just in need of microloans.

In the European countries, it is primarily the banks that are involved in microcredit (Directive 2000/12/EC), but there are also microfinance institutions which are subject to the Banking Directive. Similarly to banks, these institutions aim at profit. Also other specialized institutions which share certain features, such as providing small loans for the poor, women and the unemployed, are involved in microcredit. Table 5 below presents the models of microcredit activity in Europe.

Table 5. Models of microcredit activity in Europe

Microcredit providers in Europe	
Banking model	Non-banking model
<ul style="list-style-type: none"> • commercial banks • cooperative banks • guarantee banks • savings banks • microcredit banks 	<ul style="list-style-type: none"> • non-profit institutions • guarantee institutions • foundations • charity organizations • credit unions

Source: Pluskota 2013, p. 145.

In some member states, the microcredit provided by non-governmental organizations and promoting social inclusion plays a key role. Depending on the legal regulations and the tradition of the country, such organizations take the legal form of associations and non-profit or charity organizations (Mikołajczyk, Kurczewska 2011, pp. 36-37).

3. Microcredit policy and its instruments in the European Union

As was mentioned earlier, the benefits of microfinance - which were first recognized in poor countries - have also come to be appreciated in the European Union. The European Union has recognized the importance of microfinance and the need to intensify measures aimed at improving its accessibility. As early as towards the end of the 20th century new initiatives that aimed at the promotion of this segment were launched. Table 6 presents the stages in the way the problem of microfinance has been addressed in European policy.

The objectives of microfinance in Europe include:

- to create jobs and promote entrepreneurship;
- to promote small and medium-sized enterprises and economic development;
- to counteract social exclusion and to reduce poverty.

Therefore microfinance in the EU is situated between three political platforms:

- policy towards the corporate sector, particularly towards the development of small and medium-sized enterprises;
- regional policy which focuses on increasing economic and social cohesion between the individual regions of Europe;
- policy of employment and social inclusion directed towards the creation of employment and increasing social inclusion through the promotion of entrepreneurship and self-employment.

Table 6. Microfinance in the policy of the European Union

Years	Initiator	Type of activity
1998-2002	Experts, interested groups, European Commission (DG Enterprise and Industry, DG Employment, Social Affairs and Inclusion)	Primarily research and scientific projects, recommendations for the second round table – banks and SMEs
2000-2002	Council of the European Union, European Investment Bank, European Commission	Microcredit Guarantee Window within the Multi-annual Programme for Enterprises and Entrepreneurship 2000-2005
2003	DG Enterprise and Industry, national governments, experts	Work on the project: Microcredit for Small Business and Business Creation: Bridging a Market Gap
2003-2005	DG Employment, Social Affairs and Inclusion, experts	Creation of the European Microfinance Network – EMN, studies of microfinance as a means to fight social exclusion
2003	Council of the European Union	Conclusions to activate microfinance
2004	European Microfinance Network, DG Enterprise and Industry	First conference on microfinance in Brussels
2005	European Commission, European Parliament, Council of the European Union	Incorporation of microcredit into Integrated Guidelines for Growth and Jobs
2005-2006	DG Regional Policy, European Investment Bank	JEREMIE initiative (Joint European resources for micro, small and medium-sized enterprises)
2007	European Commission, European Microfinance Network	European initiative for the development of microcredit in support of economic growth and employment
2008	European Commission, European Investment Bank	JASMINE initiative (joint action to support microfinance institutions in Europe)
2009	European Parliament	To strengthen efforts towards development of microcredit in support of growth and employment
2009-2010	European Commission	Launching of The European Progress Microfinance Facility (Progress Microfinance) in support of employment and combating social inclusion
2011	European Commission	Proposal for the Programme for Social Change and Innovation (2014-2020)

Source: own elaboration.

The emergence of microfinance issues in the policy of the EU is due to the interest in and concern for the development of small and medium-sized enterprises. It was, however, *A European initiative for the development of microcredit in support of growth and employment* (Commission of the European Communities 13.11.2007) that finally addressed the issues of microcredit in a comprehensive manner. The initiative identified four priority areas for action:

- to improve the legal and institutional environment in the Member States;
- to create a climate for employment and entrepreneurship;
- to promote best practices;
- to provide additional capital for microfinance institutions.

A step towards the implementation of this programme was the launching of JASMINE initiative by the European Commission and the European Investment Bank (EIB) in 2008. It offered mentoring for those non-banking institutions that provided funds in the form of microcredit, and an EIB financing channel which amounted to a total of EUR 20 million. JASMINE provides support for microfinance institutions in terms of increasing their funds and transparency. It strengthens these institutions through counselling and training in administration, risk management, information systems, and marketing.

On 3 June 2009, the Commission issued the *Communication A Shared Commitment for Employment* (Commission of the European Communities 3.6.2009), in which it stressed the need to offer a new chance to the unemployed and to provide opportunities to those groups of citizens that face obstacles in accessing the traditional credit market. It was pointed out that, apart from the existing instruments, there is a need for further actions towards greater economic and social cohesion by supporting the activities of the European Investment Bank (EIB), the European Investment Fund (EIF), and other international financial institutions. The Commission therefore announced a proposal for a new microfinance instrument for the whole of the European Union, in order to effectively introduce microfinance to groups at risk of poverty and to integrate the support for entrepreneurship, social economy and microenterprises. As a result, on 2 July 2009 the Commission adopted two legislative proposals:

- to launch the European Progress Microfinance Facility (EPMF),
- to use the Progress⁴ programme funds in order to finance this facility.

At the beginning of 2010 the European Parliament and the Council reached an agreement on the aforementioned proposals, which resulted in signing the joint decision to launch the European Progress Microfinance Facility (EPMF) for employment and social inclusion (**Decision No 283/2010/EU**). The Decision entered into force on 8 April 2010, amending Decision No 1672/2006/EC of the European Parliament and of the Council of 24 October 2006. Microfinance Progress is now the most recognizable instrument which facilitates integrated support for microcredit. Although the primary objective is still to recapitalize

⁴ The *European Programme for Employment and Social Solidarity Progress* has been in operation since 2006 as a facility to promote the development and coordination of EU policy in the field of employment, social inclusion and social security, working conditions, and combating discrimination and working for the equality of men and women (Decision No 1672/2006/EC).

microcredit institutions, it contains a new component, namely guaranties (see Table 7 below). Progress Microfinance is funded by the Commission and the European Investment Bank (EIB), and implemented and managed by the European Investment Fund (EIF).

Table 7. The European Progress Microfinance Facility's (EPMF) objectives

The European Progress Microfinance Facility, implemented by European Commission in 2010 (Decision No 283/2010/EU of the European Parliament and of the Council of 25 March 2010)	
<p>Objective 1</p> <p>To provide easier access to microloans for persons who want to set up or develop micro-enterprises, including for the purpose of self-employment. This, in turn, should lead to a larger number of granted microloans in the EU</p>	<p>Objective 2</p> <p>To provide easier access to microloans by reducing the risks to the lender, thus reaching out to the persons who, under commercial rules, would not be considered creditworthy.</p>

Source: own elaboration.

The new financial perspective for 2014-2020 presents a new regulation by the European Union with regard to the *Programme for Social Change and Innovation, EaSI* (European Commission 6.10.2011). The EPMF, first initiated in 2010, will operate in its current phase until 2016, with a successor instrument planned under the EaSI. The Commission proposed to combine three - so far separate - forms of European support - Programme Progress, EURES and EPMF. The main areas of support for changes in social innovations are supposed to be limited to labour market and social issues, which require a greater cohesion and efficiency of the actions taken by the European Union. Over EUR 958.19 million is planned to be spent on the implementation of the programme between 2014-2020. The funds have been divided into three complementary axes of action:

- Progress axis – it is proposed that 60% of the total programme budget should be directed to finance this axis, which is supposed to support research initiatives including evaluative ones and to elaborate innovative solutions within the employment and social policies of the EU and the EU regulations on working conditions;
- EURES axis – designed to support mobility on the European labour market by introducing systemic solutions for the exchange of information on job vacancies and the formalities related to employment;
- EPMF axis – aimed at promoting microfinance and social entrepreneurship. It is supposed to facilitate access to funds for those enterprises that are in the most difficult situation on the market and for the individuals that are at risk of social and occupational exclusion. Separate support in this area is provided for microenterprises. In addition, separate support is supposed to be directed towards an increase in the institutional potential of microcredit providers.

The EU policy for the development of microfinance in the Member States was hindered by the crisis of 2008, the negative effects of which affected the banking sector, i.e. financial intermediaries, in such a way as to reduce the propensity to lend money, to small enterprises in particular. Despite this, both the number of micro loans granted (after a temporary drop in 2009) and the volume of such loans demonstrate a steady increase (see Table 8 below).

Table 8. Number and volume of micro loans granted, 2005– 2011

Micro loans	2005	2006	2007	2008	2009	2010	2011
Number	27, 000	35, 553	42,750	90, 605	84, 523	178, 572	204, 080
Volume (in million Euros)	210	295	394	802	828	779	1,047

Source: Kraemer-Eis, Conforti 2009, p. 14; Bendig, Unterberg, Sarpong 2012, p. 22.

In 2011, over 204,000 micro loans were granted in a total amount over EUR 1 billion. The average value of a micro loan in the European Union stands at EUR 10,012, and the contract is usually concluded for 3 years. In most cases the borrowers are people who are excluded from the financial system (47%), women (27%), the unemployed (38%) and members of ethnic minorities (13%). The average interest rate amounts to 9% (2% - 36%). Microcredit is most frequently provided for new enterprises rather than existing ones. For many lenders (55%), the target group consists of registered enterprises which employ less than five people.

From the financial institutions' perspective, it is excluded persons and persons who start a business that belong to the target group of European microcredit, with 47% of microcredit institutions aiming at excluded persons, 44% at women, 41% targeting ethnic minorities and/or immigrants, 32% of the institutions addressing the needs of the unemployed, while 30% of the institutions do not define their target group.

The assessment of the effectiveness of the European microfinance policy must, first of all, take into account the EPMF implemented in 2010, with 2011 being the first year the programme was in operation. By the end of 2012, the European Investment Fund had concluded contracts with 23 entities, from several EU countries, which were involved in microcredit. The characteristics of these entities confirm the fact that microfinance institutions make up a very heterogeneous group. Banks, non-banking, and public institutions belong to this group. Since March 2012, the providers of micro loans in Belgium, Bulgaria, Spain, Holland, Poland, Romania and Lithuania have generated microcredit for a total value of EUR 26.8 million. In terms of numbers, this translates into 2,933 granted micro loans. EIF estimates that these results are consistent with a typical scenario of enlarging the microcredit portfolio within 2-3 years of the conclusion of the contract with credit providers (European Commission 17.7.2012).

The evaluation of the European Commission provides evidence of the effectiveness of EPMF in increasing access to finance for microenterprises: 17% of the borrowers that responded to the survey had formerly been rejected when applying for financing in the conventional credit market. At the same time, 68% of the individuals covered in the survey applied for a credit for the first time, while 56% assumed that it would have been impossible for them to receive a loan under similar conditions elsewhere. The efficiency of the programme can be assessed first of all by progress on implementation of the portfolios. The overall objective of EPMF was to disburse 46,000 microloans by 2020, worth an estimated amount of EUR 500 million. As of September 2013, microcredit providers had disbursed a total of 13,252 microloans with an overall aggregate value of EUR 124.6 million.

It is also useful to analyse the leverage achieved by the instruments when looking at the efficiency of the programme.⁵ The utilised guarantee instrument had a leverage of 12.37, with EUR 20.96 million committed and microloans with an aggregate volume of EUR 259.2 million to be disbursed. The leverage for the funded instruments is agreed with each intermediary in their agreement with the EIF. The latest data indicates an estimated leverage effect of the funded instruments of 4.41 against the EU budget contribution to the committed funds, i.e. net commitments of EUR 111.5 million are expected to result in approximately EUR 204 mln micro-lending. (Attström, Kuhn, Blagoeva, Beavor 2015, pp. 12-16).

In addition to the priority of providing microcredit, EPMF is also supposed to have an impact on social issues and employment. This is based on the information from the microcredit providers that have received funds from this facility.

4. Conclusions

The microfinance sector has found its place in the economy of the European Union, which proves that the issues of exclusion can apply to both highly developed countries and those that aspire to this status. Microcredit, which is the most characteristic instrument of microfinance, varies in many aspects, starting from its definition and through to the social groups that are the

⁵ Estimates in 2010 suggest that every euro committed in guarantees could generate at least six euros in microcredit, while the funded instruments were expected to have a leverage effect of between one and three. The overall intended target in terms of the leverage effect was that the funds committed from the EU budget of approx. EUR 100 m should generate at least EUR 500 m in microcredits, i.e. a leverage effect of approximately five.

recipients and the institutions which are the intermediaries in providing microcredit. What should be emphasized, however, is the determination of the European Union to improve the conditions for the development of microcredit. The EU microcredit policy has its origin in the programmes and initiatives undertaken for the benefit of the MSMEs sector, out of which microenterprises have become the most important group of recipients.

At present the EPMF, which was launched in 2010, is the main facility that promotes microfinance in order to support various institutions that grant micro loans. The first two years of the programme have demonstrated that many different entities from different EU Member States have applied for support.

The premises of the *Programme for Social Change and Innovation* clearly indicate that the European Union still considers the issues of the development and strengthening of microfinance as a priority, which is associated with innovativeness and social entrepreneurship.

European microfinance is addressed to specific groups of recipients – microenterprises and people excluded from the traditional banking services sector. Both of these groups are treated as “difficult” in the area of lending, so the European Union governing bodies use various incentives for financial institutions to create a market for this group of borrowers. Such initiatives can also be observed in Poland.

The microfinance market in Poland has been gradually developing since the economic transition, and it gained momentum when Poland joined the European Union. Although the institutions on the market have both a banking and non-banking character, they all present a market approach towards the entities that use the financial instruments. Their weakness, however, is a reluctance to finance the smallest enterprises, which are most at risk of bankruptcy. Both types of the institutions in Poland use the cheaper money and risk hedging instruments offered in the European Union program (EPMF). In Poland, there are two accredited institutions: BIZ Bank (former FM Bank), and InicjatywaMikro.

The ways to improve access to capital for the microenterprise sector in Poland are as follows:

- to enhance trust in the credit market – there are many potential borrowers whose creditworthiness is negatively assessed by banks. What should be taken into consideration, however, is the social responsibilities of businesses and good practices;
- to develop a credit guarantee system;
- to foster synergy in those activities that create the microfinance segment;
- to create an institutional base by implementing regulations that encourage the private sector to invest in microfinance (e.g. tax relief);

- to expand microfinance in such a way as to include smaller intermediaries, implement flexible contracts, and open microfinance operations to non-banking institutions;
- to simplify the regulations and procedures for public support;
- to deliver low-interest capital with clear rules, which would be supported by training and consulting (microloans should not only be easily available but also cheap);
- to monitor the entities receiving microloans, to evaluate the instruments, and to support the entities throughout their development, not only at the start up phase;
- to raise awareness of microfinance, to provide information for both lenders and borrowers (The first European Microfinance Day, 20th October 2015, was “What if we could turn job seekers into job creators?”);
- to involve local governments, which can also benefit from microfinance via a reduction in social exclusion and unemployment.

It is believed that positive effects should be soon seen in Polish economy as there will be more enterprises, a reduction in the informal sector, and less emigration as starting up businesses will be much easier.

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Streszczenie

EUROPEJSKIE MIKROFINANSE – ISTOTNOŚĆ, SKUTECZNOŚĆ, ODDZIAŁYWANIE

Mikrofinanse wiążą się z oferowaniem osobom wykluczonym społecznie, finansowo i mikroprzedsiębiorcom podstawowych usług finansowych, takich jak kredyt, oszczędności czy ubezpieczenia. Mikrokredyt jest w tej grupie najbardziej rozpoznawalnym instrumentem mikrofinansów. Pozwala rozpocząć własną działalność gospodarczą, a także stanowi źródło finansowania istniejących mikroprzedsiębiorstw.

Mikrofinanse zaistniały w krajach ubogich, jednak w ostatnich latach zyskały uznanie także w krajach europejskich. Celem artykułu jest prezentacja istotności, skuteczności i oddziaływania polityki mikrofinansowej i jej instrumentów na wspieranie mikroprzedsiębiorstw w Unii Europejskiej.

Słowa kluczowe: mikrofinanse, polityka UE, wykluczenie finansowe i społeczne