

## LENDING TO SMALL AND MEDIUM-SIZED ENTERPRISES BY ALPHA BANK

VENTER GABRIELA-MIHAELA<sup>1</sup>, PETERI ANGELA<sup>1</sup>, GALCSIK MARIA<sup>1</sup>,  
PETROVICI DANIEL-ANDREI<sup>1</sup>, ȘIRBULESCU ELENA CLAUDIA\*<sup>1</sup>

<sup>1</sup>University of Life Sciences "King Mihai I" from Timisoara/  
Faculty of Management and Rural Tourism, Romania

\*Corresponding author's e-mail: claudiasirbulescu@usab-tm.ro

**Abstract.** For small and medium-sized enterprises (SMEs) access to finance is paramount to growth and innovation. Financing SMEs from bank loans remains a first option that sometimes faces barriers. In this paper we analyze the financing of SMEs by Alpha Bank. The bank offers financing to SMEs that need support according to the specifics of their activity, coming up with customized solutions for the development of growth potential, producing the multiplier effect at the level of the national economy. Alpha Bank's lending to large companies has made significant progress, and SME financing has reached its highest level lately. Alpha Bank also comes to the aid of start-ups by providing support to entrepreneurs at the beginning of the road. Also, the bank signed from 2021 an agreement with the Agency for Financing Rural Investments to intensify the absorption of European Funds allocated through the National Rural Development Program.

**Keywords:** lending, funds, costs, benefits.

### INTRODUCTION

Financing small and medium-sized enterprises (SMEs) is a priority for Romania, taking into account the potential to create their jobs, the contribution to innovation and economic development and growth [1,2,5].

In March 2022, the Minister of Finance approved the Government Ordinance, which will finance small and medium-sized enterprises (SMEs) in construction, agriculture, production area and the intermediation area, with 7.5 billion lei. There were also approved the SME Prod programs, which make the transition from the consumer economy to production, and the Rural Invest program. For the two programs, the financing is 4 billion lei. As for the construction program, it refers to SMEs and small-scale investments, respectively to territorial administrative units, with 2.5 billion lei guarantee ceiling [13,14,16].

Innovation is a new program, which will also support Romanian companies that will want to access foreign markets, support for export but also the transposition of investments and patents [12].

Most SMEs that applied for loans under the SME Invest Romania program had a stable financial situation and a risk of insolvency from medium to low, according to a study [7]. The risk of insolvency for a company is a relevant indicator. On the basis of this, banks decide if the company is eligible and can get a loan. If this indicator is low, the company qualifies for the loan.

In Romania, SMEs are mostly facing insufficient funding. This is greatly influenced by the reluctance of banking institutions or private equity investors. According to Badulescu, banks aim to "create value in the conditions of an accepted and controlled risk" [3].

It is increasingly complicated for SMEs to move forward without loans from banks, which are vital. According to Chisulescu, SMEs are financed with the help of commercial loans and often turn to informal sources of financing [4].

The granting of loans by financial institutions to SMEs involves risk-taking and in some cases financial losses. Thus, banks are cautious when SMEs request their null support by accessing loans [6,8,11].

The loan involves the monetary relationship created between the lender, who grants the loan and the client who benefits from financing through the obtained loan [7,9].

The purpose of the article was determined by the interest shown for the evolution of the banking system that seeks to make available to its customers a wide range of products, in this case SMEs. The general objective is the analysis of SME financing solutions by Alpha Bank Romania.

### MATERIALS AND METHODS

The authors of the paper have proposed to present the solutions for financing SMEs by Alpha Bank. As a method, in order to achieve the project of the work, we have presented the financing solutions and opportunity offered to Alpha Bank to SMEs.

Alpha Bank Group is one of the largest banking and financial groups in Greece that was created in 1879 by J.F. Costopoulos, which also includes Alpha Bank Romania. At international level, the Group's activity runs up to the United Kingdom, Luxembourg and Cyprus. In Romania, it is among the top 10 banks, carrying out universal bank operations. [10].

In order to carry out the work, the information used was collected from Alpha Bank's website, analyzed, along with information collected from economic sites.

### RESEARCH RESULTS

The contemporary economic life is influenced by the activity of financial institutions from a quantitative and qualitative point of view, respectively by the volume and diversity of banking products sold on the market and by the banking policy aimed at the efficiency of production, but also the efficiency of banking [15]. We can appreciate that the footprint of banks is found in all areas of economic and social life.

Through the loan agreement, the benefits must be ensured for the bank, in the form of additional profit, and the client, who has the possibility to expand his business, to carry out an efficient activity that ensures the obtaining of a result that will allow the repayment of the loan and the payment of interest.

Alpha Bank Romania provides financing to small and medium-sized enterprises. Financing solutions are presented in Figure 1.

<b>SME FINANCING</b>	Short-term financing OPTIMM financing Medium and long-term financing APIA Financing SME Invest component AGRO SME Invest component SME PROD component Garant Construct component Rural Invest component Innovation component SME Leasing Program
<b>NON-REIMBURSABLE FUNDS</b>	Financing investments in rural areas - AFIR Start-Up Nation Woman Manager

**Figure 1. Types of loans for SMEs offered by Alpha Bank**

Sources: [www.alphabank.ro](http://www.alphabank.ro) [10]

**SME financing** includes:

**Short-term financing** (Figure 2). Alpha Bank finances SMEs, by granting the credit line for work expenses. Through the credit line, the necessary subsidies are provided for the company's expenses and give them the opportunity to put into practice all their plans.

On the lines of credit, the work reserves are created that will help the development of the daily activity, by covering the financing needs arising from daily or seasonal expenses, long-term production processes of manufacturing, disproportion between receipts and payments and giving the possibility of applying ideas, whatever they may be.

Conditions of granting	Costs	Guaranteed	Benefits
Minimum 12 months of occupation; The existence of an annual balance sheet at least, submitted and introduced to the Financial Administration.	Variable interest; granting commission; FNGCIMM/ FGCR commission related to the support provided (if applicable)	FNGCIMM warranty; the FGCR guarantee for the applicant in the agricultural field; Real estate guarantees; promissory note "in white" issued by your company and evaluated by the majority shareholders; Security mortgage on accounts; Collateral cash; Other guarantees agreed by the bank.	Revolving character. The financing is re-registered with each repayment of the capital. 12 months The financing period can reach up to 12 months. The repayment of the loan can be executed at any time, no later than the due date.

**Figure 2. Features of short-term financing**

Sources: data processed by authors on the [www.alphabank.ro](http://www.alphabank.ro)

By **financing OPTIMM** (Figure 3) a growth line is made available to SMEs for FNGCIMM guaranteed working capital. OPTIMM is a guarantee and financing solution, which allows beneficiaries to have access to bank financing in addition to assets to guarantee them.

Destination	Financing budget	FNGCIMM warranty	Other additional warranties	Benefits
Working budget	max. 500.000 RON	max. 80% of the financing value (max. 400.000 RON);	guarantee contracts with at least one natural person resident in Romania or citizen of an EU state, or at least one legal person registered in Romania, which has the capacity of administrator / shareholder / associate of the beneficiary	At any time the refund can be made Credit period maximum 24 months

**Figure 3. Characteristics of OPTIMM financing**

Sources: data processed by authors on the [www.alphabank.ro](http://www.alphabank.ro)

**Medium and long-term financing** is the solution for developing your own business through loans for projects and loans for investments.

**Loans for financing contracts, special projects** can be: medium-term loans, the bank granting 75% of the capital to contracts or projections in different fields such as IT, industrial, real estate; drawdown's from the loan can be made according to the financing needs, in stages, in the desired currency, depending on the character of the approval and any of the group firms involved in the project.

**Investment loans** refer to loans attributed to the expansion of the company (equipment, construction of headquarters, acquisitions of materials), but also for the commissioning of investment projects. One can benefit from the bank's experience during the project, in the real estate investment sector, support and advice are received in achieving useful cash flow for obtaining financing, but also during the project. The loan is approved on a long-term basis with the privilege of a period of goodwill harmonized with the project. The bank finances 75% of the investment on a flexible guarantee scheme. It benefits from a guarantee from FGCR and FNGCIMM within the limit of 80% of the loan granted to agricultural activities [14].

Financing APIA	SAPS	Measure 14	Animal husbandry	Breed improvement, Financing of beneficiaries of transitional national aid and/or coupled support in the livestock sector
Beneficiaries	Legal entities that carry out agricultural activities	Legal entities whose activity is carried out in the agricultural dome	Organizations or associations of livestock breeders	Active farmers, legal entities and/ or individuals who carry out activity in the agricultural dome
Maximum amount	Up to 90%	Up to 90%	Up to 90%	The amount of financing will be equal to the entire amounts resulting from the multiplication of the amount in lei for 2022 by the quantities / animals attested with the certificate for each aid / support graphics related to the livestock sector.
Destination	Subsidization of working capital for the evolution of current activities			
Costs	Interest rate: ROBOR 6M + 2% No additional fees			

**Figure 4. Characteristics of Alpha SME APIA Financing**

Sources: [www.alphabank.ro](http://www.alphabank.ro) [10]

**APIA** financing (Figure 4) ensures the financing of current businesses until the subsidy is collected, based on the certificate issued by APIA.

**SME Invest.** The Romanian Government comes to the aid of SMEs with this program. Through the **SME Invest** program, the entrepreneurial framework in Romania is supported. The maximum amount that is granted is 10 million lei, the state guaranteeing up to 90% of the loan value.

Through the **SME Invest** Program, subsidies are offered to those in the business environment who are in an economic impasse due to the lack of liquidity, due to the pandemic.

**The AGRO SME Invest sub-program** is aimed at small enterprises with a market hoarding and SMEs in agriculture, food, fisheries and aquaculture.

As a working resource, the maximum amount of loans granted through the SME Invest Romania program and the AGRO SME Invest sub-program at most 5 million lei (Figure 5).

For the respondents, the maximum benefit of the loans granted through the SME Invest Romania program and the AGRO SME Invest subprogram is at most 10 million lei.

**The SME PROD program** supports entrepreneurship in Romania. The maximum amount granted for this loan is worth 10 million lei [10].

The sectors eligible for this program are: sugar production, meat harvesting and canning, fat and oils, etc. As a working resource, the maximum capital of the loans granted through the SME PROD program is at most 5 million lei. For investments, the maximum capital of the loans granted through the SME PROD program is at most 10 million lei.

	Beneficiaries	State aid	Loan amount	Period	Interest
Working capital	Microenterprises Small businesses Medium-sized enterprises Authorized natural persons Small enterprises with medium market capitalization	90%	5 million lei	Maximum 36 months without the possibility of extension	ROBOR 3M +2.5%
Investments	Microenterprises Small businesses Medium-sized enterprises Authorized natural persons Small enterprises with medium market capitalization	90%	10 million lei	Maximum 72 months including 18 months grace period	ROBOR 3M +2.0%

**Figure 5. Features of the Program SME Invest and AGRO IMM Invest**

Sources: [www.alphabank.ro](http://www.alphabank.ro) [10]

**The Garant Construct program** supports the entrepreneurial framework in Romania. Through this program, a loan worth 15 million lei is granted. The state granted guarantees up to 90% of the loan amount (Figure 6). Garant Construct supports the financing assigned to the implementation of projects on energy efficiency, investments in the green energy area, the objectives implemented by SMEs in terms of the environment in the field of constructions and territorial administrative units [10]. The warranty period is up to 72 months. From the moment of granting the loan, the interest expenses are financed up to 12 months in a percentage of 100%. For investment loans we have a non-reimbursable structure of the guaranteed financing amount of up to 10%. As a working resource, the maximum capital of the loans granted through the Garant Construct program is at most 5 million lei. For investments, the maximum capital of the loans granted through the Garant Construct program is at most 10 million lei.

	Beneficiaries	State aid	Loan amount	Period	Interest
Working capital	Microenterprises Small businesses Medium-sized enterprises Authorized natural persons Individual enterprises Familiar Enterprises Administrative-territorial units	90%	5 million lei	Maximum 36 months with the possibility of extension	ROBOR 3M +1.9%
Investments	Microenterprises Small businesses Medium-sized enterprises Authorized natural persons Individual enterprises Familiar Enterprises Administrative-territorial units	90%	10 million lei	Maximum 72 months including 18 months grace period	ROBOR 3M +1.9%

**Figure 6. Features of the Garant Construct Program**

Sources: [www.alphabank.ro](http://www.alphabank.ro) [10]

*The Rural Invest Program* supports the entrepreneurial framework in the agricultural area of Romania. The maximum amount to be granted for this loan is 15 million Lei [10]. Rural Invest supports SMEs in rural areas and small towns in the implementation of projects, for business development, who want to locate their production in these areas. The period for conferring the guarantee is up to 72 months in the case of investment loans and 36 months in the case of credit lines. From the moment of granting the loan, the interest expenses are financed up to 24 months in a percentage of 100%. The beneficiaries of the Rural Invest Program may refinance their credit lines and/or investment loans for financing the working sources, except for those that are guaranteed with the SME Invest Program and the Agro SME Invest Sub-program. Through the Innovation Component provides liquidity for carrying out the current activity and financing the investments of their SMEs, encouraging and stimulating the development of SMEs that own an innovation component, those that make inventions and innovations, and those that promote the export of SMEs. As a working resource, the maximum capital of the loans granted through the Innovation Component is at most 5 million lei. For investments, the maximum capital of the loans granted for the Innovation Component is at most 10 million lei.

*The SME Leasing program* offers the financing of equipment and machinery.

This program is a governmental one that urges and encourages SMEs to develop, by granting the state guarantees of 60% to 80% for those who buy used or new mobile goods necessary for carrying out daily activities.

Program features: the currency of the loan is in RON, the margin is 3.5%; the information interest is ROBOR 3M; the subsidy period is a maximum of 72 months; the advance is between 0 - 20%; the financed capital is a maximum of 5 million lei.

Group of goods financed: work facilities; machinery or machinery for daily activities; apparatus or tools to ensure the manufacturing process; ICT and IT equipment; coaches, vans, trailers / semi-trailers [10].

Lending from **non-reimbursable funds** includes:

**Financing of investments in rural areas – RIFA.** Through these financings, the implementation of projects with the component of European funds and investments in agriculture is supported, through protocols signed with RIFA. Financing solutions are offered to investors and farmers in the rural environment, in association with RIFA, by financing ineligible expenses and own contributions (including VAT), financing and supporting intermediate payment tranches and favoring non-cash related to the implementation of projects such as their bank letters, letters of credit, etc. [10].

**The Start-Up Nation 2022 program** has stimulated the establishment and development of small and medium-sized companies and the development of their economic performance, a project implemented by the Ministry of Entrepreneurship and Tourism (MAT) with the help of the Agencies for Small and Medium Enterprises, Investment Attraction and Export Promotion (AIMMAIPE).

Alpha Bank comes with personalized ideas to enhance the development potential for all categories of Start-Ups and SMEs that need support adapted to the specifics of their activity.

Through this program are allocated non-reimbursable amounts in the amount of 100,000 lei maximum / beneficiary, but not higher than 95% of the amount of eligible expenses for applicants who fulfill the creation and maintenance of a job through the Program and 200,000 lei maximum / beneficiary, but not more than 95% of the amount of eligible expenses for applicants who meet the creation and support of two jobs through the Program.

**The Woman Manager program** supports the development of entrepreneurial culture among women managers in the SME sector.

It stimulates and supports the establishment and development of private economic structures owned and led by women, by improving economic performance, intelligent, sustainable economic growth based on digitalization, sustainable development and innovation.

Maximum non-refundable amounts of 100,000 lei/beneficiary are allocated, but not more than 95% of the total eligible expenses for applicants who assume the creation and maintenance of a place of job through the Program and a maximum of 200,000 lei/beneficiary, for applicants who create and I maintain two jobs [10].

## CONCLUSIONS

The SME sector plays an important role in shaping the economy, providing more than two thirds of the private sector workforce, contributing to Romania's economic development.

In this article, the authors presented the solutions for financing SMEs, offered by Alpha Bank. SMEs can obtain financing from Alpha Bank as a result of the approval of the state aid scheme SME Invest Plus and its components - SME Invest Romania, Agro IMM Invest, SME PROD, Garant Construct, Innovation and Rural Invest.

The SME Invest Romania component ensures the support of the entrepreneurial environment in our country, without identifying the access to finance of SMEs, including professionals, by obtaining loans for investments or loans / credit lines for working capital, guaranteed by FNGCIMM on behalf of the Romanian state, through the Ministry of Finance.

In conclusion, Alpha Bank Romania actively participates in the proposals for the development of the private sector – through SME INVEST PLUS through its components: IMM Invest Romania, Agro IMM Invest, SME Prod, Rural Invest, Innovation and Garant

Construct. Alpha Bank also offers financing solutions through the protocol with the Agency for Financing Rural Investments (RIFA), to farmers and investors in rural areas.

#### REFERENCES

- [1]. **AGĂNENCEI M. A., VENTER G., PÎRVULESCU L., SÎRBULESCU C.**, 2022, Aspects regarding the financing of SMEs by the romanian banking system, *Analele Universității din Oradea, Fascicula Ecotoxicologie, Zootehnie și Tehnologii de Industrie Alimentară*, XXI (A), 281-289
- [2]. **ARMEANU D., ISTUDOR N., LACHE L.**, 2014, The role of SMEs in assessing the contribution of entrepreneurship to GDP in the Romanian business environment, *Amfiteatru Economic*, 17(38), 198-215
- [3]. **BĂDULESCU D.**, 2010, Financing of SMEs: dimensions of need and answers of different credit structures, *Theoretical and Applied Economy*, XVII, no. 7 (548), pp. 22-35
- [4]. **CHISULESCU B.S.**, 2018, Analiza accesului IMM-urilor la finanare, *Revista Română de Statistică - Supliment*, 11, 28-37
- [5]. **DIETRICH A.**, 2010, Explaining Loan Rate Differentials between Small and Large Companies: Evidence from Switzerland, *Small Business Economics*, 38(4), 481-494
- [6]. **FEHER A., SÎRBULESCU C., PAȘCALĂU R., BĂNEȘ A., RAICOV M., BODNAR K., PRIVOCZKI Z.**, 2021, The small and medium-sized enterprises in the face of the Covid-19 Pandemic, *Lucrări Științifice, Management Agricol*, XXIII (2), 278-285
- [7]. **MITU A.**, 2020, Credite și creditare pe piața bancară. Tendințe și provocări, Editura Centrului de Informare și Documentare Economică, București
- [8]. **STĂNESCU C., NEDELESCU M.**, 2010, Developments in the Romanian Banking System, *Romanian Economic Business Review*, 5(4-1), 97-103
- [9]. **TOBES F., MEILA E.D., SÎRBULESCU C.**, 2018, Study regarding credit granting to nongovernmental clients from the West Region by the banking system, *Lucrări Științifice, Management Agricol*, XX (3), 271-278
- [10]. \*\*\* <https://www.alphabank.ro>, accessed on 25.09.2022
- [11]. \*\*\* <https://www.banknews.ro>, accessed on 11.10.2022
- [12]. \*\*\* <https://ec.europa.eu>, accessed on 20.10.2022
- [13]. \*\*\* <https://economie.hotnews.ro>, accessed on 17.10.2022
- [14]. \*\*\* <https://www.fngcimm.ro/imm-invest>, accessed on 22.10.2022
- [15]. \*\*\* <https://profitfirmeromania.ro>
- [16]. \*\*\* <https://www.zf.ro>, accessed on 26.10.2022
- [17]. \*\*\* [www.wall-street.ro](http://www.wall-street.ro), accessed on 28.10.2022