

ACCESS TO FINANCE AND THE ROLE OF CREDIT GUARANTEE SCHEMES IN SUPPORTING A EUROPEAN UNION CANDIDATE COUNTRY: A REGULATORY CONTEXT

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Abstract

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Small and medium-sized enterprises (SMEs) are a cornerstone of the Albanian economy, contributing substantially to employment and output. This paper explores the main challenges SMEs face in accessing finance and evaluates the effectiveness of public and European Union (EU)-supported financial instruments, with a particular focus on credit guarantee schemes (CGS) (Bennett et al., 2005). Despite their economic significance, SMEs continue to face financing constraints due to high interest rates, stringent collateral requirements, limited start-up lending, and low trust in financial institutions. The analysis combines descriptive and comparative methods using both primary and secondary data. Primary data were collected through a survey of 300 SMEs — 50 from each of six key sectors (trade, production, agriculture, services, handicrafts, and others) — across six regions with high SME concentrations. Results reveal that 92 percent of SMEs are unaware or poorly informed about CGS, and only 1 percent have received support. Statistical testing shows that company age significantly affects financing choices (χ^2 significance = 0.025 < 0.05), while company size does not (χ^2 significance = 0.378 > 0.05), although smaller firms exhibit greater financing needs. The paper concludes with policy recommendations to enhance SME access to finance through improved awareness and more inclusive support mechanisms of CGS¹.

Keywords: SMEs, Access to Finance, Credit Guarantee Schemes, Financial Constraints

Authors' individual contribution: Conceptualization — E.Sh.; Methodology — E.Sp. and V.C.; Investigation — S.K.; Resources — E.Sh.; Writing — E.Sh. and E.Sp.; Supervision — A.R.

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¹ **Declaration of generative AI and AI-assisted technologies in the writing process:** During the preparation of this work the authors used AI technologies in order to improve the language (such as Grammar) of the manuscript. After using this tool/service, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication.

1. INTRODUCTION

Small and medium-sized enterprises (SMEs) are the backbone of both the European and Albanian economies, contributing significantly to innovation, employment, and sustainable development. In Albania, SMEs represent more than 99% of all active enterprises and employ approximately 82.5% of the national workforce (Di Bella et al., 2023). They account for 78.2% of total value added and 73.1% of national investment, underscoring their critical role in driving inclusive economic growth (Institute of Statistics [INSTAT], 2023).

Over the past decade, Albania has undergone a notable structural transformation, shifting from an agrarian economy to one increasingly dominated by services and industry. This evolution, largely driven by urbanization, emigration, and private sector expansion, has strengthened the position of SMEs but also revealed persistent structural weaknesses, particularly in access to finance.

The Albanian banking sector provides roughly 88% of SME financing (Organisation for Economic Co-operation and Development [OECD], 2022). However, strict collateral requirements — often between 120% and 150% of loan value — alongside high interest rates and limited risk appetite for start-ups, constrain the ability of smaller firms to secure adequate funding (World Bank, 2020). As a result, many SMEs depend on non-bank financial institutions (NBFIs) or informal lending channels. By 2024, total SME lending reached approximately €400 million, with the average loan size rising from €7,500 in 2023 to €8,400 in 2024 (OECD, 2022).

To address these financing barriers, several public and donor-supported credit guarantee schemes (CGS) have been launched. These include the Albania agribusiness support facility (AASF) (€36 million), the Italo-Albanian SME program (€5 million), and the KfW Rural Credit Guarantee Fund (€33,8 million), as well as temporary COVID-19 guarantee programs aimed at sustaining liquidity and employment (World Bank, 2020). These schemes seek to lower collateral requirements, enhance banks' risk management capabilities, and promote credit flow to SMEs.

Despite progress, challenges persist. Surveys by the Bank of Albania and the OECD (2022) reveal that credit standards remain stringent due to incomplete financial reporting, limited credit history, and perceived high risk. SMEs continue to face high borrowing costs, short repayment periods, weak advisory services, and limited awareness of available financial instruments. Financial literacy remains low (Shehi et al., 2025), while cultural preferences for sole proprietorship — characteristic of roughly 65% of Albanian entrepreneurs — limit access to partnerships and external financing.

Theoretically, SME financing depends on both internal factors (such as size, age, profitability, and governance) and external factors (including financial market development, regulatory quality, and credit support mechanisms). Information asymmetry and perceived default risk often lead to heterogeneous interest rates and loan maturities, disproportionately affecting younger and smaller firms (Honohan, 2008; Arping et al., 2008). CGS programs, by sharing risk between lenders and the public sector, aim to

correct these market failures (Levitsky, 1993). However, limited awareness and uneven design reduce their effectiveness.

This study, therefore, aims to: a) identify the main constraints to SME credit, including determinants of interest rate and maturity heterogeneity; b) examine the role and awareness of public and European Union (EU)-supported CGS; and c) assess how firm-specific factors influence access to finance. By combining national statistics with survey data, the study contributes to a deeper understanding of SME financing in Albania and provides evidence-based recommendations for enhancing financial inclusion and competitiveness.

The paper is structured as follows. Section 2 reviews international and Albanian literature on CGS and SME finance. Section 3 outlines the research methodology. Section 4 presents and analyzes the empirical results. Finally, Section 5 concludes with key findings, recommendations, and limitations.

2. LITERATURE REVIEW

2.1. Conceptual foundations of credit guarantee schemes

Access to finance remains a universal barrier for SMEs due to information asymmetry, insufficient collateral, and perceived credit risk (Klapper et al., 2008; Balkenhol, 1990). CGS mitigates these barriers by offering partial guarantees on SME loans, reducing lenders' exposure to default (Levitsky, 1993). Oussouadi and Cherkaoui (2024) demonstrate that CGS effectiveness depends on factors such as eligibility criteria, coverage ratios, and firm characteristics. Similarly, Yoshino and Taghizadeh-Hesary (2016) show that well-designed schemes enhance credit flow and stimulate investment in emerging economies. Malhotra et al. (2007) and Deelen and Molenaar (2004) classify CGS into mutual guarantee systems, where SMEs collectively underwrite each other's loans, and government-backed partial guarantees — both aimed at improving access in underdeveloped credit markets. CGS are often more flexible than co-financing programs and have proven effective in fostering job creation and investment (Arping et al., 2008). However, their long-term success depends on prudent design, transparent governance, and effective monitoring (Honohan, 2008).

2.2. Global evidence on credit guarantee schemes performance

Empirical evidence across regions demonstrates the diverse outcomes of CGS implementation. Klapper et al. (2008) categorize partial credit guarantee funds worldwide and find that their impact varies by institutional context and financial market maturity. Comparative research from Chile, Egypt, India, and Poland confirms that CGS can expand credit access and lender confidence when appropriately structured (Bennett et al., 2005). However, challenges remain. Latin American studies reveal that limited government support, weak risk-sharing, and administrative inefficiencies undermine long-term sustainability (Llisterri et al., 2006). Similar structural issues are evident in developing economies with unstable financial systems or large informal sectors (Cinaj et al., 2024). In Mexico, Benavides and Huidobro (2005) find that public

guarantee programs increase credit availability but suffer from poor targeting and high administrative costs. In Malaysia, Boocock and Shariff (2005) show that guarantees improve rural SMEs' financing access, though operational and risk management practices require continuous improvement. Likewise, Cowan et al. (2012) find that partial guarantees reduce credit rationing but must be tailored to regional and sectoral needs.

European experience with mutual guarantee associations — particularly in Spain and Italy — illustrates how collective action and social capital can effectively reduce risk and promote SME financing (De Gobbi, 2002, 2003). In Albania, Banushi et al. (2021) observe that public agricultural guarantee programs face transparency and governance challenges similar to those reported internationally.

2.3. Sustainability and innovation in credit guarantee schemes

Sustainability is central to CGS's success. Without sound governance, adequate capitalization, and proper risk management, schemes can become financially unsustainable (Gudger, 1997; Gudger & Food and Agriculture Organization of the United Nations, 1998). Recent empirical work by Gai et al. (2023) shows that public guarantees increase SME profitability but can temporarily worsen financial health, leading to short-term over-indebtedness. Emerging technologies offer opportunities to address these weaknesses. Leo et al. (2024) propose the adoption of distributed ledger technologies (DLT) such as blockchain to enhance transparency, operational efficiency, and accountability in CGS management. Furthermore, Shehi et al. (2025) emphasize the role of financial literacy in supporting access to financial products, while Ilollari et al. (2022) demonstrate that trust and service quality in banking influence participation in financial programs, including CGS. Poorly designed schemes can generate moral hazard and excessive risk-taking (Honohan, 2008). To counter this, Green (2003) advocates embedding CGS within broader financial inclusion strategies that incorporate education, market information, and institutional strengthening.

2.4. International best practices

Best practices in CGS design emphasize public-private collaboration, transparent eligibility, and clear performance evaluation (Levitsky, 1997; Commission of the European Communities, 1995). Deelen and Molenaar (2004) recommend combining risk-sharing mechanisms with robust monitoring systems. Recent analyses by the OECD (2024) and OECD et al. (2024) highlight that successful CGS supports inclusive growth, digitalization, and environmental sustainability. These findings echo European and Latin American experiences, where guarantee schemes have evolved into integral components of SME development and innovation strategies.

2.5. Synthesis

Overall, the literature demonstrates that CGS can significantly enhance SME access to finance when effectively designed, governed, and monitored. Their

impact depends on institutional quality, stakeholder coordination, and integration with complementary policies such as financial literacy and business support services. For Albania, adopting best practices — strong governance, adaptive risk management, and cross-sector collaboration — is essential to ensure the sustainability and inclusiveness of CGS.

3. RESEARCH METHODOLOGY

3.1. Research design and data sources

This study employed a descriptive and comparative research design, integrating both primary and secondary data to investigate financing constraints and the effectiveness of CGS for SMEs in Albania. Secondary data were drawn from reputable domestic and international institutions, including the OECD, World Bank, International Monetary Fund (IMF), Bank of Albania, INSTAT, local financial agencies, and relevant empirical studies (Banushi et al., 2021; Nikolla et al., 2023; Oussouadi & Cherkaoui, 2024; Shehi et al., 2025; Ilollari et al., 2022; Yoshino & Taghizadeh-Hesary, 2016; OECD, 2022; World Bank, 2020; Di Bella et al., 2023; Malhotra et al., 2007; Gudger & Food and Agriculture Organization of the United Nations, 1998; OECD et al., 2024). These sources provided the analytical baseline for understanding SME financing patterns, institutional frameworks, and public or EU-supported financial instruments.

3.2. Primary data collection and sampling

Primary data were collected through a structured questionnaire (Appendix) that captured SMEs' financing practices, constraints, and awareness of support schemes. The survey combined open-ended questions, allowing respondents to elaborate on their experiences, with a smaller set of closed-ended items enabling statistical comparison. A quota-based stratified sampling design ensured representation across six major sectors: trade, production, agro-processing, services, handicrafts, and artisan enterprises, with 50 firms per sector (Nikolla et al., 2023). Stratification also considered geographical distribution (Tirana, Durrës, Vlora, Korce, Fier, and Shkodra), reflecting the regions with the highest SME concentration (OECD, 2022; INSTAT, 2023). Due to the absence of a comprehensive SME registry, enterprises within each stratum were selected using a convenience-based method. Data collection was conducted over a three-month period in the third quarter of 2024 and achieved a 100% contact rate, with nearly all respondents completing the survey. All questionnaires were administered face-to-face with senior management, ensuring accurate reporting of financial practices and experiences.

3.3. Descriptive profile of respondents

A total of 300 SMEs participated in the study, of which 283 firms (94.3%) reported having a credit history. The average firm age was seven years, indicating a relatively young yet financially active SME segment. The dataset revealed distinct patterns in loan characteristics across four categories of financing. Only three SMEs (1%) had benefited from

guaranteed loans supported by public funds or EU projects. These loans were, on average, €160,000 in value, carried a notably low effective interest rate of 4.44%, required full collateral coverage (100%), and had an average maturity of approximately six years. By contrast, non-guaranteed loans associated with public or EU projects were accessed by 280 SMEs. These loans averaged €24,500, with a much higher interest rate of 15.78% and collateral coverage averaging 78% of the loan amount. Their average maturity was only two years, and the market value of pledged collateral was, on average, 331% of the loan value, suggesting significant over-collateralization. Among firms obtaining non-guaranteed but collateral-secured loans, 144 SMEs reported an average loan size of €47,200, an interest rate of 10.07%, and full collateral coverage (100%). The average maturity period was close to three years, and the market value of collateral reached about 459% of the loan amount, further demonstrating the high collateral burden imposed by financial institutions. Finally, 136 SMEs obtained non-guaranteed and non-collateralized loans, typically small short-term credit lines averaging only €9,000, carrying the highest interest rate (19.93%), and a maturity period of approximately two years. Taken together, these findings underscore a pronounced gap between guaranteed and non-guaranteed lending conditions. Loans supported by public guarantee mechanisms were not only larger and longer-term but also far more affordable. In contrast, the overwhelming majority of SME loans in Albania remained short-term, high-interest, and heavily collateralized, revealing persistent structural constraints in the SME credit market and the limited penetration of CGS instruments.

3.4. Data reliability, validity, and analysis tools

To ensure measurement reliability, internal consistency of closed-ended items was evaluated using Cronbach's alpha ($\alpha = 0.82$), indicating high reliability. Construct and content validity were reinforced through expert review, pilot testing with 15 SMEs, and alignment with prior studies (Shehi et al., 2025). Feedback from the pilot led to refinement of ambiguous items and improved comprehension. Quantitative data were analyzed applying descriptive statistics, cross-tabulations, and Chi-square tests of independence to assess relationships between firm characteristics and financing outcomes. Qualitative data were processed, where open-ended responses were thematically coded, categorized, and quantified to identify recurring patterns of financing behavior, awareness, and perceived barriers.

3.5. Qualitative interviews and triangulation

To complement the survey, semi-structured interviews were conducted with business managers and representatives of financial institutions. These interviews explored collateral practices, interest rate determination, and awareness of CGS programs (OECD et al., 2024; Di Bella et al., 2023). Respondents highlighted limited dissemination of CGS information, complex administrative procedures, and a lack of institutional coordination as major obstacles to participation. This mixed-methods

design allowed for triangulation between quantitative and qualitative evidence, enhancing the credibility and interpretive richness of findings.

3.6. Analytical framework and alternative approaches

A deductive analytical framework guided hypothesis testing regarding the relationships between firm characteristics (size, age, sector) and financing outcomes. For instance, Chi-square tests examined associations between firm age and financing choice or firm size and CGS utilization. Although the current cross-sectional design provided robust descriptive insights, alternative approaches could further strengthen causal inference. Random sampling would enhance generalizability but remains limited by incomplete SME registries. Panel data analysis could trace financing dynamics over time, and quasi-experimental methods could estimate the causal effect of CGS participation on credit uptake. Case study or action-research approaches could also yield a sector-specific understanding of financing barriers.

3.7. Summary

The methodological design integrates robust quantitative analysis with contextual qualitative evidence, yielding a comprehensive understanding of Albania's SME financing environment. The inclusion of loan-level data demonstrates the considerable disparity between guaranteed and non-guaranteed financing conditions and emphasizes the critical policy role of CGS in alleviating collateral pressures, reducing borrowing costs, and promoting broader SME financial inclusion.

4. RESEARCH RESULTS AND DISCUSSION

Albania is making progress towards the EU, and for this, we need modern, innovative, and competitive enterprises, which require a healthy business environment for investment and employment. The Albanian market has been dominated by micro businesses both in number and annual turnover and in total value added, but SMEs are becoming even more productive. Economic efficiency increases with the size of the enterprise. In terms of the sector's perspective, SMEs are mostly focused on the trade sector. In the services and trade sectors, there is a dominance of micro and small enterprises, while in the industry and construction sectors, there is a significant dominance of medium-sized businesses. The Albanian financial sector is still in a development phase.

SMEs' surveys focus on many aspects of the business environment, with a focus on their financing. Identifying the influencing factors plays an important role in designing and implementing appropriate strategies for the sustainable economic growth of Albania. The contacts are 300 entrepreneurs in the areas of agro processing, services, production (fashion), trade, who were distributed in some of the largest cities in Albania due to the greater concentration of SMEs, and precisely in Durrës, Tirana, Fier, Korce, Vlora, and Shkodra. According to the data collected, most of them, with 56% are microenterprises, followed by another 27% representing small enterprises (10–49 employees),

and the remaining 17% are medium-sized enterprises (50–249 employees). As for the distribution by sectors, 22% of them belong to the service sector, followed by another 20% of the trade sector, and the rest are small craft businesses and artisans.

4.1. Financing and longevity

The hypothesis that the age of companies/businesses influences the choice of financing method — its analysis through the Chi-square independence test — shows that this influence is statistically significant, as the value of the Pearson coefficient asymptotic

significance (2-sided) = 0.025 < 0.05. Therefore, the development of companies/businesses over time, in a certain way, serves as an indicator in the selection of the type of financing. This is also based on the type of economic activity, performance, management and vision, as well as the ability to secure guaranteed revenues, which together with other factors serve as internal factors — but also on the availability of information and the possibility of obtaining financing, whether in the form of loans or support schemes from public funds or foreign projects, which are considered external factors (see Table 1).

Table 1. Chi-square test of the type of financing and the longevity of companies in the market

Test statistics	Value	df	Asymptotic significance (2-sided)
Pearson Chi-square	2.871 ^a	6	0.025
Likelihood ratio	3.084	6	0.798
Linear-by-linear association	0.979	1	0.322
N of valid cases	300		

Note: ^a 0 cell (0.0%) has an expected count less than 5. The minimum expected count is 5.68.

4.2. SMEs and the opportunity of financing through credit guarantee schemes

This hypothesis has also been analyzed through the Chi-square test, from which it can be observed that the value of the Pearson Chi-square coefficient, measured through the asymptotic significance (2-sided) = 0.378 > 0.05, shows that the size of

the enterprise — based on the number of employees — does not act as a barrier to applying for or benefiting from support schemes, regardless of their conditions.

In fact, it is precisely small enterprises that have a greater need for this type of support, regardless of how many of them benefit from it or the value of the support (see Table 2).

Table 2. Chi-square test on company/business size and the possibility of financing through support schemes

Test statistics	Value	df	Asymptotic significance (2-sided)
Pearson Chi-square	3.091 ^a	3	0.378
Likelihood ratio	3.058	3	0.383
Linear-by-linear association	1.156	1	0.282
N of valid cases	300		

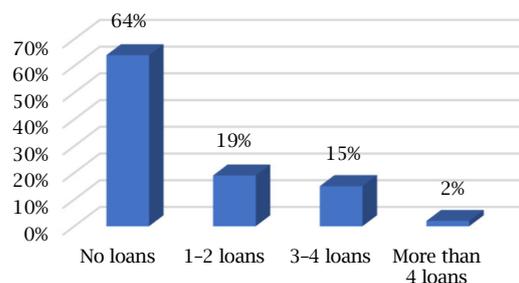
Note: ^a 3 cells (37.5%) have expected count less than 5. The minimum expected count is 3.00.

The effectiveness of a firm or its lending opportunities also depends on its longevity and market experience. But we see that 58% are relatively new firms (age: less than five years) compared to the 8% occupied by firms with over 20 years in the market. Based on the analysis of the collected data, it is noted that out of 283 of them who answered this question, only three of them managed to secure a guaranteed loans with public funds/EU projects loan in the amount of 160,000 euros with an interest rate of 4.44% and with collateral that covers 100% of the loan received, with a maturity of 5.5 years. Non-guaranteed loans with public funds/EU projects have been confirmed by 280 of them at the maximum value of 24,500 euros, with a return rate (interest) of 15.78% and a maturity of 2.1 years, with a collateral value of 78%. While non-guaranteed loans covered with collateral by SMEs have been confirmed by 144 medium enterprises, where the maximum secured value of these loans is 47,200 euros, with a return rate of 10.07% and a maturity of 2.94 years, the market value of collateral (as % of loan amount) has a value of 459%. Loans without guarantees and without collateral are generally the loans of micro and small businesses. Based on the results, we find that these loans have a very high effective interest rate (average: 19.93%), the minimum loan amount (average: €9,000) (see Table A.1 in Appendix). Loan maturity also varies by type: loans with public

guarantees have the longest term (average: 5.54 years), while those without collateral and guarantees have the shortest term (average: 1.87 years, which mainly belong to micro and small businesses), reflecting the lower confidence banks have in the business' ability to handle long-term commitments. In the following we will present key findings from the interviews.

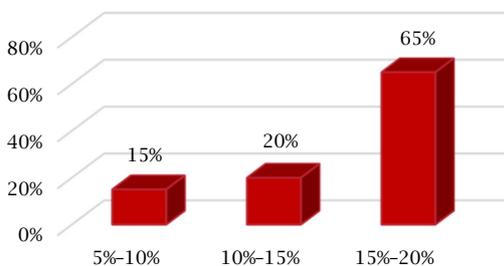
On the other hand, when asked about the possibility of obtaining loans, the majority of them, 64%, stated that they have no loans, followed by another 19% who have 1–2 loans, then 15% are those who have 3–4 loans and only a very small part of them, represented by 2%, stated that they have received more than 4 loans for their economic activity.

Figure 1. How many loans do you still have active (number)?



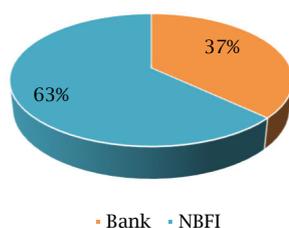
About 36% of the interviewed businesses stated that they could get loans depending on the need, such as for the construction of a warehouse, for inventory, raw materials, auxiliary materials, or machinery/equipment. On the other hand, 64% of them did not receive a loan in the first two years, due to higher interest rates, lack of collateral, short-term solvency, lack of trust, etc. While 54% of businesses surveyed in the field of trade, production, services, artisan, and agricultural sectors said that they received a loan of 1-2 million ALL, only 8% of them had received a small loan of up to 1 million ALL. Their requests have been for even larger amounts, but the banks and NBFIs have approved these amounts. As a result, they have had to go on another additional loan or to another NBFI to replenish the required amount, or are limited in investment by taking more time to efficiently place the launched project or repay the obligations to suppliers, also paying penalties.

Figure 2. What is the average interest rate?



Most of the 65% have received high interest rates of 15-20% followed by another 20% who have taken loans with interest rates ranging from 10-15% and the remaining 15% of those who have taken loans with interest rates of 5-10%. In three cases, they stated that these funds were provided by the government through the guarantee fund because of COVID-19, even with interest rates lower than 5%. But none of them understood the meaning of effective interest rates to calculate the real effect of their loans on their monthly cash flow and expenses. As for the institutions where the loan was secured, most of them, represented by 63%, stated that they had secured their need for credit from other non-banking institutions. The remaining 37% had managed to get a bank loan. They had the opportunity to meet all the conditions and criteria required by banks, but also to obtain interest rates better than 63% of those that were credited by NBFIs.

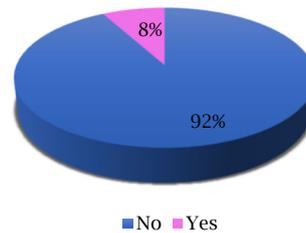
Figure 3. Have you taken loans from a bank or financial institution?



While the businesses financed by the NBFIs said that they were trying to find support from the banks

to buy the loans they had taken from the NBFIs, but again, apart from the very long time for treatment, they encountered hesitation and disregard from the bankers, telling you that you have a lot risk and it is not convenient for us to waste time with you while we better treat the practice of large businesses which take loans in much larger amounts, have some businesses as well as have political support that will not let them go bankrupt even in case of difficulties financial. Question — “Do you know what guarantee funds/schemes are?” 92% of businesses did not have knowledge, did not use, and were not supported by guarantee funds, and only 8% of them knew what they were, and they cited the guarantee fund for COVID-19, funded by the government of Albania.

Figure 4. Do you know what guarantee funds/schemes are?



4.3. Discussions

The analysis highlights that SMEs in Albania play a critical role in economic development, yet they face persistent challenges in accessing finance, particularly due to high interest rates, collateral requirements, and low trust from financial institutions. The findings show that the age of a company significantly affects its financing choices, with more established firms having greater access to loans, while company size does not significantly limit access to support schemes. Most SMEs rely on NBFIs for funding, reflecting banks’ cautious approach toward smaller or newer enterprises, which contributes to higher effective interest rates and shorter loan maturities. The overwhelming lack of awareness and utilization of CGS (92% of SMEs are unaware) indicates a major gap in financial literacy and access to public or EU-supported funding. To strengthen SME development, policies should focus on raising awareness of financial instruments, expanding access to guaranteed funding, and creating a more supportive business environment for micro, small, and medium enterprises (MSMEs).

5. CONCLUSION

This paper provides a comprehensive analysis of SME financing in Albania, highlighting both the critical role these enterprises play in the national economy and the structural challenges they face in accessing financial resources. SMEs account for over 95% of Albanian enterprises and contribute significantly to employment and investment, yet start-ups, micro, and small businesses face severe financing constraints due to high interest rates, large collateral requirements, short loan maturities, and limited financial literacy. The study demonstrates that the age of a company significantly affects financing choices, with older SMEs enjoying better

access to credit, while company size appears less influential. Despite the availability of public and EU-supported instruments, such as CGS, the majority of SMEs remain unaware or unable to utilize them, reflecting weak institutional frameworks, poor dissemination of information, and limited guidance in loan applications. Banks dominate SME lending, but NBFIs and informal sources fill critical gaps, often at higher cost, indicating both the potential and the limitations of the current financial system.

The findings of this study are important for future research as they provide empirical evidence on the factors influencing SME financing in a developing EU candidate country context, highlighting the interplay between firm characteristics, financial literacy, and institutional support. Future studies can build on these results to evaluate the effectiveness of specific interventions, including CGS reforms, financial education programs, and innovative lending instruments, while also comparing Albania with other transitioning economies to identify best practices.

However, this research has limitations. The data are drawn from a sample of 300 SMEs concentrated in six urban regions, which may not

fully capture rural enterprises or those in niche sectors. Additionally, the study relies on self-reported survey data, which could be influenced by respondent bias or incomplete knowledge about financial instruments. Finally, the analysis primarily considers observable characteristics of firms and financial schemes, leaving out more nuanced behavioral and market dynamics that may influence lending outcomes.

In conclusion, the study confirms that improving SME access to finance requires a multi-faceted approach: strengthening CGS, raising awareness, reducing collateral barriers, and expanding financial literacy; reforming legal and institutional frameworks to align with EU standards; and promoting SME modernization, diversification, and long-term sustainability. Policymakers, financial institutions, and international donors should collaborate to create inclusive, transparent, and supportive mechanisms that allow MSMEs to thrive, ultimately fostering sustainable economic growth and successful EU integration. This research thus provides a foundation for evidence-based policy and offers actionable insights for stakeholders seeking to strengthen the Albanian SME ecosystem.

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APPENDIX A

Table A.1. Information from small and medium-sized enterprises regarding financing (loans)

Questionnaire results	SME interviewed (n = 300), SMEs with credit history (n = 283), average age of SME = 7 years			
	Guaranteed loans with public funds/EU projects (n = 3)	Non-guaranteed loans with public funds/EU projects (n = 280)	Non-guaranteed loans covered with collateral by SMEs (n = 144)	Non-guaranteed and non-collateralized loans by SMEs (n = 136)
Average loan amount (euro)	160,000	24,500	47,200	9,000
Effective interest rate (%)	4.44%	15.78%	10.07%	19.93%
Collateral coverage (as % of loan amount)	100%	78%	100%	NA
Maturity (years)	5.54 \approx 6	2.1 \approx 2	2.94 \approx 3	1.87 \approx 2
Market value of collateral (as % of loan amount)	NA	331%	459%	NA

Source: Survey data statistically processed by the authors.

APPENDIX B

Hello. This questionnaire is being conducted as part of a study regarding the difficulties that SMEs face in benefiting from support schemes with the aim of their development. Your answers will be entirely confidential and will be used only for study purposes.

Thank you!

Section 1. General information

1. What is the location of the company/business?

- 1) Tirana 2) Durrës 3) Vlora 4) Korçë 5) Fier 6) Shkodër

2. What sector does your company operate in?

- 1) Manufacturing and processing 3) Agriculture 5) Production
2) Trade 4) Services 6) Artisanal production/services

3. How many permanent (non-seasonal) employees does your company/business have?

- 1) 1-4 employees 2) 5-9 employees 3) 10-49 employees 4) 50-249 employees

4. How many years has the company/business been operating? _____ years

5. What is your position in the company/business?

- 1) Senior manager 2) Middle manager 3) Owner/co-owner 4) Other (specify) _____

6. How do you obtain financing for an investment?

- 1) Loan 2) Income from profits 3) Support schemes from the government and foreign financial institutions 4) Other (specify) _____

Section 2. Information on financing schemes

7. Do you have information about financing schemes from the government or foreign institutions such as the EU, etc.?

- 1) Yes 2) No

a) If yes, have you ever applied to these schemes?

- 1) Yes 2) No

b) If yes, did you receive financing?

- 1) Yes 2) No

8) Please complete the table below for each case in which you were part of these schemes.

No.	Alternative	Guaranteed loan (public funds or EU projects)	Unsecured loan (public funds or EU projects)	Unsecured loan covered by SME collateral	Unsecured loan without collateral from an SME
1	What was its duration? (in years)				
2	What was its value? (in euro)				
3	What was the interest rate? (in %)				
4	Coverage of collateral (in relation to loan %)				
5	Market value of the collateral (in %)				

9) What is your opinion about these schemes?

10) Do you think these schemes offer more assurances than loans?

1) Yes 2) No

11) Have you applied for a loan during your activity?

1) Yes 2) No

12) Did you receive the loan?

1) Yes 2) No

13) Where did you obtain the loan — from a bank or an NBFi (other financial institutions)?

1) Yes 2) No

a) If yes, did the bank ask you for additional information during the time you applied for the loan?

1) Yes 2) No

14) What do you think about loan applications?

15) In your view, what are the main challenges related to obtaining loans?

16) Do you currently have a loan with lending institutions (banks or NBFIs)?

1) Yes 2) No

17) If yes, how many loans have you taken (in number)?

1) 1 loan 2) 2 loans 3) 3 loans 4) 4 loans 5) More than 4 loans

18) What were the reasons for taking the loan?

19) Do lending institutions provide transparent and symmetric information online from their official websites?

1) Fully 2) Partially 3) A little 4) Not at all

20) Do SMEs have the possibility to choose the right lending institution that offers the best loan conditions?

1) Yes 2) Partially 3) No

a) If not, what are the reasons in your view?