

March 8, 2018

**Submitted electronically**

European Commission  
Directorate-General for Financial Stability,  
Financial Services and Capital Markets Union  
Rue de Spa 2  
1049 Brussels, Belgium

Re: Public consultation on EU funds in the area of investment, research & innovation,  
SMEs and single market

Dear Sir or Madam:

The European Network of Credit Unions (ENCU) appreciates the opportunity to comment on the European Commission's *Public consultation on EU funds in the area of investment, research & innovation, SMEs and single market*.<sup>1</sup> Credit unions are consumer-owned, not-for-profit financial cooperatives that promote financial inclusion in underserved European communities by offering their members affordable and easily understandable financial products. There are approximately 1,000 credit unions in the European Union (EU) with more than EUR 20 billion in total assets and 7 million physical person members.<sup>2</sup>

ENCU notes that the EU budget remains a small part of the total public expenditure in the EU, accounting for less than 1% of EU income, but this share is declining which in turn places pressure to be more efficient and focus on areas where its impact is greatest.

Credit unions in the EU can play a vital role in supporting the economy by providing sources of business credit to local communities and Small and Medium-sized Enterprises (SMEs). Programs such as the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME)<sup>3</sup> can support credit unions in providing SME financing and the benefits to their local communities can be significant.

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<sup>1</sup> The European Commission's *Public consultation on EU funds in the area of investment, research & innovation, SMEs and single market* (Jan. 2018), available at [https://ec.europa.eu/info/consultations/public-consultation-eu-funds-area-investment-research-innovation-smes-and-single-market\\_en](https://ec.europa.eu/info/consultations/public-consultation-eu-funds-area-investment-research-innovation-smes-and-single-market_en).

<sup>2</sup> See "Credit Unions in Europe;" [http://creditunionnetwork.eu/cus\\_in\\_europe](http://creditunionnetwork.eu/cus_in_europe).

<sup>3</sup> See generally "COSME financial instruments"; [https://ec.europa.eu/growth/access-to-finance/cosme-financial-instruments\\_en](https://ec.europa.eu/growth/access-to-finance/cosme-financial-instruments_en) (last visited Mar. 7, 2018).

In particular, COSME's Loan Guarantee Facility which provides loan guarantees up to 50% of the transaction can enable credit unions to provide SMEs access to capital that otherwise would not be available due to the SME's perceived higher risk or lack of sufficient collateral.

As such, when considering whether these programs are indispensable or whether they should be homogenized for budgetary purposes (as per the Reflection Paper on the Future of EU Finances), we instead would urge the EU to consider reducing the administrative burdens associated with these programs and tailoring them towards specific industries such as credit unions who can be effective in meeting the objectives of providing financing for SMEs.

To that end our responses to the survey questions are as follows:

**Question 29.** *The Commission has preliminarily identified a number of policy challenges which programmes/funds in this area of investment, research & innovation, SMEs and single market could address. How important are these policy challenges in your view?*

	Very important	Rather important	Neither important nor unimportant	Rather not important	Not important at all	No opinion
Facilitate transition to low carbon and circular economy and resilience to climate change, support security of supply	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Foster research and innovation across the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support industrial development	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Support education, skills and training	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



	Very important	Rather important	Neither important nor unimportant	Rather not important	Not important at all	No opinion
Ensure a clean and healthy environment and the protection of natural resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Facilitate digital transition of the economy, industry, services and society	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure that existing rules are applied and enforced consistently across the EU	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure smooth circulation of goods both within EU and at EU borders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Ensure fair conditions of competition in the EU	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promote security of citizens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support labour mobility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support capital flows and investment	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



	Very important	Rather important	Neither important nor unimportant	Rather not important	Not important at all	No opinion
Facilitate access to finance, in particular to SMEs	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promote financial stability	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improve quality of public institutions (including digitalisation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Reduce unemployment and social disparities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Ensure safe, sustainable transport and mobility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Promote and protect public health	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Promote a safe and sustainable food chain	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support social investment and social innovation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Ensure a high level of consumer protection and effective redress	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



	Very important	Rather important	Neither important nor unimportant	Rather not important	Not important at all	No opinion
Provide reliable and comparable statistics	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Question 31:** *To what extent do the current policies successfully address these challenges?*

	Fully addressed	Fairly well addressed	Addressed to some extent only	Not addressed at all	No opinion
Facilitate transition to low carbon and circular economy and resilience to climate change; support security of supply	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Foster research and innovation across the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support industrial development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support education, skills and training	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure a clean and healthy environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>



	Fully addressed	Fairly well addressed	Addressed to some extent only	Not addressed at all	No opinion
and the protection of natural resources					
Facilitate digital transition of the economy, industry, services and society	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure that existing rules are applied and enforced consistently across the EU	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure smooth circulation of goods both within EU and at EU borders	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure fair conditions of competition in the EU	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Promote security of citizens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support labour mobility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support capital flows and investment	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilitate access to finance, in	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>



	Fully addressed	Fairly well addressed	Addressed to some extent only	Not addressed at all	No opinion
particular to SMEs					
Promote financial stability	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improve quality of public institutions (including digitalisation)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Reduce unemployment and social disparities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Ensure safe, sustainable transport and mobility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Promote and protect public health	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Promote a safe and sustainable food chain	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Support social investment and social innovation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensure a high level of consumer protection and effective redress	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provide reliable and	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Fully addressed	Fairly well addressed	Addressed to some extent only	Not addressed at all	No opinion
comparable statistics					
Other (please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Question 33:** *To what extent do the current programmes/funds add value, compared to what Member States could achieve at national, regional and/or local levels?*

- To a large extent
- To a fairly good extent
- To some extent only
- Not at all
- Don't know

**Question 34:** *Please specify how the current programmes/funds add value compared to what Member States could achieve at national, regional and/or local levels. Please clearly indicate to which policies, programmes and funds your answer refer.*

The COSME Loan Guarantee Facility which provides loan guarantees up to 50% of the transaction, without charging a guarantee fee. Such low-cost guarantees can enable credit unions to provide SMEs access to capital that otherwise would not be available due to the SME's perceived higher risk or lack of sufficient collateral, and because national, legal and regional SME loan guarantee schemes typically charge higher guarantee fees that make the loans less affordable for SME borrowers. The no-fee COSME programme can assist credit unions who are member-owned not-for-profit cooperative financial institutions provide much needed financing to SME's which in turn creates competitiveness and sustainability of the EU's enterprises and encourages an entrepreneurial culture and promotes growth. Because of their cooperative nature, credit unions can often provide this service in an area where large banks sometimes choose not to compete and often at prices lower than those of larger banks.

**Question 35:** *Is there a need to modify or add to the objectives of the programmes/funds in this policy area? If yes, which changes would be necessary or desirable? Please clearly indicate to which policies, programmes and funds your answer refer.*



While the overall objective of these programs is appropriate, the objectives could include a component encouraging the reduction of the administrative burden of beneficiary of the program so as to not impede the intended results.

**Question 36:** *The Commission has preliminarily identified a number of possible obstacles, which could prevent the current programmes/funds from achieving their objectives. To what extent do possible obstacles prevent the current programme/funds from achieving their objectives?*

	To a large extent	To a fairly large extent	To some extent only	Not at all	Don't know
Too complex procedures leading to high administrative burden and delays	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insufficient administrative capacity to manage programmes	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of flexibility to react to unforeseen circumstances	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insufficient synergies between the EU programmes/funds	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Difficulty of combining EU action with other public interventions and private finance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insufficient critical mass	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Insufficient use of financial instruments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Lack of information/communication	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insufficient scope	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Lack of EU standards and EU rules	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>



	To a large extent	To a fairly large extent	To some extent only	Not at all	Don't know
Inadequate facilities to support enhanced cooperation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Out of date and inadequate IT capabilities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insufficient involvement of citizens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other (Please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Question 38:** The Commission has preliminarily identified a number of steps that could help to further simplify and reduce administrative burdens for beneficiaries under current programmes/funds. To what extent would these steps be helpful in your view?

	To a large extent	To a fairly large extent	To some extent only	Not at all	Don't know
Alignment of rules between EU funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Fewer, clearer, shorter rules	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More reliance on national rules	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
A stable but flexible framework between programming periods	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Extension of the single	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

	To a large extent	To a fairly large extent	To some extent only	Not at all	Don't know
audit principle					
Better feedback to applicants	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
More structured reporting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
User-friendly IT tools	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
E-governance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adequate administrative capacity	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please specify below)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

**Question 40:** *How could synergies among programmes/funds in this area be further strengthened to avoid possible overlaps/duplication? For example, would you consider grouping/merging some programmes? Please clearly indicate to which policies, programmes and funds your answer refer.*

Merging the programmes for efficiency should not be the sole objective or criteria to decide the fate of the programme, rather the efficacy of the program itself should be the primary driver. Homogenizing various programs will likely lead to loss of the efficacy of the program. If a program is not performing the focus should be on reducing the administrative burdens, looking at what changes can be made to tailor it to a particular group (such as credit unions) and focusing on how to maximize the results of the programme such as by reducing or eliminating guarantee fees charged by the programme. Simply merging for the sake of efficiency may end up being the bureaucratic poison pill to an otherwise productive programme.



The European Network of Credit Unions appreciates the opportunity to comment on the Commission's *Public consultation on EU funds in the area of investment, research & innovation, SMEs and single market*. Please do not hesitate to contact me or Jim Rusagara by email at [info@creditunionnetwork.eu](mailto:info@creditunionnetwork.eu) or phone at +32 2 626 9500 or +32 488 809 437 (mobile) should you have any questions regarding our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew T. Price". The signature is fluid and cursive, with a long horizontal stroke at the beginning and a large, looped "P" at the end.

Andrew T. Price  
Regulatory Counsel  
European Network of Credit Unions  
World Council of Credit Unions