Let me join DPM Cevdet Yilmaz in expressing our condolences for the events that occurred this weekend in Paris, that touched us all. To me personally it means that we need to work even harder for a better future.

I am happy to be part of the launch of the SME Finance Forum's Global Membership Network, which I believe can be of great practical assistance and support to SMEs around the world.

Your excellencies, ladies and gentlemen, I would first like to thank Deputy Prime Minister Mr. Cevdet Yilmaz and Ms. Aysen Kulakoglu. By hosting this important initiative in your capacity as co-chairs of GPFI and the Turkish G20 presidency, you are giving it the attention it deserves.

I am also grateful to Mr. Jin-Yong Cai, Ms. Gloria Grandolini, Mr. Peer Stein, Mr. Matthew Gamser and other officials from the World Bank and the IFC. Also donors, including DFID, USAID, Korea, Germany, Canada and the Netherlands for managing and supporting the Forum.

During the last few years, we have seen a huge shift in the understanding of financial inclusion's importance, thanks in part to the leadership of the G20 and the efforts of the GPFI.

In September in New York, the UN member states agreed on a new development agenda for the next 15 years, and that agenda includes multiple references to financial inclusion as a tool to help achieve the new Sustainable Development Goals.

From our perspective here today, Goal 8 on the agenda is particularly significant. It recognizes the importance of providing micro and small and medium-sized enterprises with access to financial services as a means of promoting inclusive and sustainable economic growth and employment.

So why do SMEs matter so much? Small and medium-sized enterprises account for more than half of the world's gross domestic product and employ almost two-thirds of the global workforce. They also bring vibrancy, innovation, and broader choice to the marketplace.

In my country—the Netherlands—SMEs employ 68 percent of our labour force. And many of these firms are very small firms—90 percent have nine employees or less. This often surprises people who know more about our very large, international, famous firms.

But small and medium-sized enterprises in the Netherlands still find it difficult to get the financing they need to grow and create jobs. Nearly half of all small businesses experience lack of access to finance as a major barrier to growth.

Traditionally, SMEs in the Netherlands relied on bank financing. But after the economic crisis in 2008, the supply of financing declined and SMEs suffered the most. We should recognize that in an economic downturn, supporting SMEs is vital as it also consequently preserves jobs and internal demand.

The story is similar in developing and emerging economies, where the finance constraints are even worse. In some low-income countries, only 18 percent of SMEs have a bank loan or a line of credit.

These SMEs have inadequate or absolutely no collateral, and suffer from information asymmetries in the financial market. Most of the capital stock that SMEs own is movable assets, such as inventory, receivables or equipment. However, these assets are often not accepted as security by banks due to inadequate legal frameworks or...
non-existence of movable collateral registries.

Female-owned businesses warrant special attention. While the Findex showed us that financial inclusion have been improving among women in the last three years, the gender gap stayed steady at 9 percent. The situation is even worse in some regions, where the gap between men and women actually reaches 18 percent.

This gender gap in finance obviously affects female-owned businesses very negatively. Therefore, it is not a surprise that the average growth rate of women's enterprises is significantly lower than that of SMEs run by men. There is a USD 300 billion credit gap for female-owned small and medium-sized enterprises globally. Indeed 80 percent of female-owned SMEs with credit needs are un-served or under-served. Globally, women are 20 percent less likely than men to have borrowed formally from a financial institution.

This is due in part to a lack of information about women's credit history. Non-financial issues such as gaps in legal capacity, property rights, and inheritance laws also make it much more difficult for female entrepreneurs to access financing.

So we do need to direct our attention to the challenges and bottlenecks that are stifling SMEs worldwide, with particular attention to women's businesses.

Experiences in many countries have proven the effectiveness of reforms such as the establishment of credit bureaus and collateral registries for movable assets. In China, for example, reforms from 2006 until 2010 enabled increased lending in movables by 24 percent over the same period. Similarly, in Liberia more than USD 200 million of loans have been secured against movable collateral in the first six months after the establishment of the registry.

In this context, I would like to congratulate the G20 on the Action Plan for SME Financing, which commits the G20 to credit reporting, movable collateral and insolvency reforms.

At the same time, we need to find new business models and tap new mobile and other technologies to provide improved finance that is more cost-effective throughout the whole lifecycle of a company. Here, there are many hopeful signs of progress. Particularly promising for small businesses are the partnerships emerging between mobile operators, banks and internet-based companies using big data. These partnerships give SMEs more access to financial services. Equally important are the efforts being made in many countries to enable banks to correctly assess the financial requirements of small businesses that have outgrown the micro level.

The SME Finance Forum has been working steadily to connect key players around the world, online and in person, to learn from one another and move the field forward. Still, we do have a long way to go. In my view we have a great need for a global network such as the one we are launching today that builds on the work of the Forum, bringing together knowledge and experience on this issue.

Together we can reduce existing gaps in the credit and financing market for SMEs. As part of the network, innovators, and financial institutions of all shapes and sizes can create the conditions necessary for the market to offer affordable and convenient financial services for small businesses to grow.

So please join me in congratulating the members of the Global Membership Network, many of whom are here today, for their foresight, their leadership, and their commitment on the issue of SME finance.

I am looking forward to hearing more about the progress and get updated on this. I wish you success today and tomorrow. It is very important to keep this agenda ongoing. Thank you.

[2] 200 million businesses globally are unable to get the credit they need, both for working capital and investments. IFC 2010.