

8 April 2020

**Position of the Polish Financial Supervision Authority
on bank financing of micro-, small and medium-sized enterprises as part of the
Supervisory Stimulus Package**

Considering that:

- A. Article 31f of the *Act of 2 March 2020 on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and emergencies caused by them*, as amended by Article 1 point 17 of the *Act of 31 March 2020 amending the Act on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and emergencies caused by them, and certain other statutory laws* ('Special Act on COVID'), concerns changes of the terms and conditions of repayment of a loan and/or credit granted by a bank under the *Act of 29 August 1997 – the Banking Law* ('Banking Law') to a micro-, small or medium-sized enterprise as defined in the *Act of 6 March 2018 – the Business Law* (jointly: 'SMEs') before 8 March 2020, provided that a customer classified as an SME was assigned a positive credit score not earlier than on 30 September 2019;
- B. The Position of the Polish Financial Supervision Authority ('UKNF') of 31 March 2020 on bank financing of corporate customers in the face of the COVID-19 pandemic, expressed as part of the Supervisory Stimulus Package, refers in point A only to bank financing of corporate customers other than SMEs, i.e. the corporate customers that are not subject to special statutory rules introduced for micro-, small and medium-sized enterprises as part of the Anti-Crisis Shield (i.e. Article 31f of the Special Act on COVID);
- C. The banking community notes that there are no rules that would apply in the case where a customer classified as an SME was not assigned a credit score on or after 30 September 2019 (because, for example, the customer did not use any bank financing at that time) but they have had a positive business activity history; the lack of a credit score excludes that customer from the scope of Article 31f(1) of the Special Act on COVID;
- D. The banking community has identified the need to find solutions to allow banks – in the face of COVID-19 – to provide financing also to the SMEs that do not meet the requirements laid down in Article 31f of the Special Act on COVID due to the lack of a credit score assigned on or after 30 September 2019 and asked the UKNF to join them in their efforts to create solutions to allow banks to provide secure financing to such customers at the time of the COVID-19 pandemic;

The UKNF hereby expresses the following position:

1. According to information received from banks, when providing financing to SMEs, banks apply an approach to the requirements concerning the documents referred to in Article 70(2) point 2 of the Banking Law that considers the specific features of SMEs and aims to properly reduce the formalities connected with the scope of documents required from SMEs as part of the ‘economic recovery programme’ (as defined in Article 70(2) point 2 of the Banking Law). That approach allows banks – as part of the current practice of application of Article 70(2) point 2 of the Banking Law, also in the face of the COVID-19 pandemic and related challenges – to maintain a pragmatic approach to the scope of information and documents required from SMEs under Article 70(2) point 2 of the Banking Law.
2. In order to respond to the banking community’s demands for an opinion of the UKNF on the possibility of securing banks’ exposures to SMEs with the guarantees provided by Bank Gospodarstwa Krajowego (BGK), where credit exposures are secured with a BGK guarantee covering 80% of the amount of credit, the UKNF agrees that such a guarantee may be treated as a guarantee that meets the requirement of ‘special security’ to the extent covered by the guarantee but the bank will be required to obtain additional collateral, corresponding to at least the other 20% of the amount of credit, to provide full protection against any loss whatsoever. The collateral may be provided by the SME, its owners or third parties. The assessment of quality of the collateral and its adequacy as the collateral for the portion of credit not secured with a BGK guarantee remains the responsibility of the bank.

The UKNF believes that the approach proposed in point 2 above on one hand paves the way for secure bank financing of the SMEs that despite their good business activity history have not been assigned a positive credit score on or after 30 September 2019 and, on the other hand, ensures proper allocation of risks and distribution of economic incentives between the funding banks, such SMEs and their owners.

The UKNF expects banks – according to their declarations – to make full use of the opportunities for secure financing for enterprises, including SMEs, offered in particular in the Special Act on COVID and developed through a joint action of the banking community and the UKNF, and to ensure an appropriate level of access to credit for enterprises, which is a key factor in addressing the economic impact of the COVID-19 pandemic.



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