SESSION #25: The Evolving Role of Credit Guarantees – from Crisis to Recovery

Speakers:
- Katrin Sturm, Secretary General of AECM
- Homam Hashem, General Director of Kafalah
- Mahmut Sahin, Deputy Division Manager, Corporate Communication and Product Management at Kredi Garanti Fonu
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Main takeaways:
- As the public and private relief programs gradually come to an end in the post-COVID era, the SMEs encounter the risks of over-indebtedness and insolvency wave. Hence, there is a need for risk sharing for debt and equity.
- Entering the recovery period, the ability of SMEs to pay back dues to the lenders will put high stress on the loan guarantee programs. The credit guarantee institutions must start considering rescheduling loans to avoid potential losses.
- The financial institutions are seeing worsened loan portfolios and more insolvencies, in addition to the cost of necessary investments in digitalization. The expertise from guarantee institutions is critical in supporting the banks to identify valuable investments in growth, sustainability, and innovation.