

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
- Min-ki Jeon Manager of International Affairs at Korea Credit Guarantee

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.