

Abstract

The Small and Medium Sized Enterprises (SMEs) carry a significant weight in the European economies with their share in number of enterprises, total employment and value added being very substantial. These firms are the major source of new employment generation and they also actively participate in international trade activities. However, these firms face important challenges in doing business like finding customers, availability of skilled labor force, cost of inputs and access to finance. This thesis investigates the issue of access to finance for SMEs in Europe using a cross-country survey data set. Specifically, the possible association of three firm characteristics, namely age, size and exporter status, with access to finance will be examined using quantitative methods. Moreover, given the rich set of countries, how the country conditions like financial deepening, the sovereign debt crises and investment-saving imbalances affect these associations will be studied in detail. Overall, this thesis is expected to contribute to the relevant literature, by displaying the effects of firm characteristics on access to finance for SMEs and the cross-country differences with important implications for related economic policies, and to provide suggestions which can be taken into account by policymakers as possible feasible solutions to ease the problem.

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