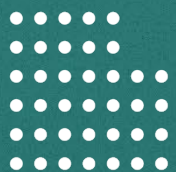


Built to Reach

How institutional
accountability shapes the
reach of financial systems



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215 Spadina Avenue, Suite 220
Toronto, Ontario, Canada M5T 2C7
socialcapitalpartners.ca | info@socialcapitalpartners.ca | [LinkedIn](#) | [Bluesky](#)

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Author

Michelle Arnold, Policy Manager, Social Capital Partners

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Executive Summary

- A financial system's ability to meet a broad range of viable financing needs depends not only on its competitiveness and regulation, but also on the types of institutions it contains.
- Research shows that stakeholder-accountable financial institutions — institutions accountable to members, public bodies or communities, rather than just investors — provide longer-term and more flexible financing and maintain credit more consistently through downturns. They include cooperative banks and credit unions, public financial institutions and mission-oriented financial institutions.
- This paper compares the G7 countries and Australia using three complementary indicators: the balance-sheet weight of cooperative and public financial institutions, the reach of public SME guarantees, and the infrastructure behind mission-oriented finance. Collectively, these indicators provide an overall picture of each country's stakeholder-accountable financing capacity.
- This analysis **places Canada among the weakest countries examined**. Its stakeholder-accountable asset base is marginal within a large and concentrated banking system, its guarantee program is modest and delivered predominantly through large banks and its mission-oriented institutions operate through separate frameworks, without common recognition or shared infrastructure.
- The results are directionally consistent with SME financing outcomes. Countries with stronger indicator scores generally direct a larger share of business lending to SMEs, at narrower SME-to-large-firm rate spreads.
- Capacity is not fixed. Canada has strong foundations and other countries show that stakeholder-accountable financing capacity can be built deliberately. Canada can broaden the reach of its financial system through efforts on two pillars:

01

Protect and optimize the infrastructure Canada already has

Canada's established credit unions, public financial institutions and guarantee programs remain constrained in scale and reach. Removing barriers to credit union growth, strengthening public institutions and optimizing guarantee programs would help fill market gaps.

02

Build the infrastructure the mission-oriented sector lacks

Canada's mission-oriented institutions need shared infrastructure to grow, including accreditation, capital, common data, capacity building and stronger networks connecting finance with communities and support organizations.

Introduction

A strong financial system connects viable enterprises with the capital they need to grow. Its ability to do so depends not only on its scale but on its reach. Even where a system holds vast pools of investable capital, viable enterprises can struggle to secure financing that fits their needs. When these gaps persist, investment and entrepreneurship suffer, productivity lags and the economy becomes less resilient.¹ The challenge for policymakers today is to understand why some financial systems are better than others at meeting a broad range of financing needs.

Policy debates generally approach this issue through the lenses of competition and regulation. Discussions about competition ask whether institutions face enough pressure to offer better prices, services and choices. Debates over regulation ask whether the rules governing capital, risk and conduct are appropriately designed. Both matter, but neither captures composition, a third and highly consequential feature of financial systems. Composition asks what kinds of institutions make up the financial system and whether, taken together, they equip it to meet a broad range of financing needs.

This paper focuses on one particularly important dimension of composition, institutional accountability. Accountability is crucial because it shapes the objectives an institution can pursue, which in turn impacts the pressures and incentives it faces when allocating capital.

The distinction examined in this paper is between investor-accountable and stakeholder-accountable financial institutions. Investor-accountable institutions answer primarily to investors and are expected to prioritize risk-adjusted financial returns. Stakeholder-accountable institutions answer primarily to members, public authorities or communities. They are expected to advance the interests of those stakeholders alongside financial returns.



Composition is a highly consequential feature of a financial system. It asks whether the institutions that make up the system equip it to meet a broad range of financing needs.

¹ Built to Exclude

While both types of institutions are important, international research demonstrates that stakeholder-accountable institutions tend to direct more financing toward small and medium-sized enterprises (SMEs), provide longer-term financing, offer more flexible and favourable terms and maintain financing more consistently through downturns.

But compelling evidence about the financing behaviour of individual institutions only serves to set up a larger argument with much broader implications. All countries have some stakeholder-accountable institutions. The system-level question is whether a country has built enough stakeholder-accountable financing capacity to make that kind of financing broadly available. While causation is difficult to establish, available cross-country data is directionally consistent with the idea that countries that have built this capacity tend to have better enterprise-financing outcomes, including a larger share of business lending going to SMEs and a narrower interest-rate spread between SMEs and larger firms.

Because countries have built stakeholder-accountable financing capacity in different ways, no single comparative statistic can capture it. This paper therefore compares the G7 countries and Australia using three complementary indicators:

- Indicator 1 - the balance-sheet presence of cooperative and public financial institutions;
- Indicator 2 - the strength and reach of public SME loan guarantees; and
- Indicator 3 - the infrastructure supporting mission-oriented finance.

Together, the indicators provide an overall picture of each country's stakeholder-accountable financing capacity.

The analysis places Canada among the weakest countries examined.

Its credit unions and public financial institutions represent a meaningful asset base, but they occupy a limited position within an unusually large and concentrated banking system. Canada's main SME guarantee program is relatively modest in scale and delivered predominantly through large banks. Its mission-oriented financing sector, including Indigenous Financial Institutions², Community Futures organizations and community and social finance entities, provides real and often mature financing capacity, but operates through separate policy



² **Note:** Some scholarship places Indigenous financial institutions among public entities, on the basis that they are owned and controlled by nations and communities and operate under mandates those communities set. This paper groups them with mission-oriented institutions because the comparison being drawn is with certified and accredited lender categories in other countries. The alternative reading is a reasonable one and does not change the assessment of Canada's position.

frameworks without common recognition or shared infrastructure.

While it is clear that Canada, particularly outside Quebec, has work to do, the analysis does not point to a single model Canada should emulate. France and Germany rely heavily on cooperative and public financial institutions. Japan combines a substantial cooperative sector with extensive statutory guarantee infrastructure. The United States and the United Kingdom have intentionally cultivated the growth of a mission-oriented financing sector alongside an otherwise commercially dominated banking system. While these arrangements have each emerged from different histories, they all reflect sustained policy attention to the composition of their financial systems.

Canada should chart its own path in building and sustaining stakeholder-accountable financing capacity. This paper provides a diagnostic foundation for that work. It begins by explaining why financial-system composition matters, how accountability shapes financing decisions, and what stakeholder-accountable institutions do differently. It then compares stakeholder-accountable financing capacity across the G7 and Australia, draws out broader findings and considers what they mean for Canada.

Why financial-system composition matters

Financial intermediation is the process through which financial institutions direct capital to businesses and others seeking financing. It includes evaluating financing opportunities, managing risk and deciding where and on what terms to lend or invest. An institution’s accountability structure shapes these decisions by influencing the objectives it pursues and the pressures it faces. The mix of accountability structures within a financial system therefore helps determine the range of financing it provides.

Investor-accountable and stakeholder-accountable institutions

This paper classifies financial institutions according to the constituencies or mandates that influence their financing decisions. On that basis, it distinguishes between two broad categories:

INVESTOR-ACCOUNTABLE	STAKEHOLDER-ACCOUNTABLE
Investor-accountable institutions are structured, governed and funded such that the financial return to investors is the binding operating objective. Their accountability runs principally to shareholders and other capital providers through	Stakeholder-accountable institutions ³ have a member, public, community or mission constituency with enforceable influence over financing decisions. That accountability is embedded in ownership, statute, charter,

³ Investigating Diversity in the Banking Sector in Europe: Key Developments, Performance and Role of Cooperative Banks.

INVESTOR-ACCOUNTABLE	STAKEHOLDER-ACCOUNTABLE
governance, investor agreements and market discipline.	certification, capital restrictions or reporting obligations.
An institution is investor-accountable where: ■ Its controlling capital or residual economic claims are held by return-seeking investors;	An institution is stakeholder-accountable where: ■ It has a defined non-investor constituency or public/mission mandate;
■ Its governance, funding model, compensation structure, investor agreements, or market discipline makes risk-adjusted financial return a binding operating constraint; and,	■ That constituency or mandate is embedded in ownership, statute, certification, charter, capital restrictions, or reporting obligations; and,
■ No non-investor constituency has enforceable authority to materially constrain lending or investment decisions (beyond constraints imposed via regulation, ESG commitments or participation in public programs).	■ The accountability mechanism plausibly influences lending or investment behaviour.

Note: A small number of institutions combine investor and stakeholder features. For the purposes of this paper, they are classified according to the accountability mechanism that most significantly constrains their financing decisions. Material boundary cases are identified in the country analysis.

Investor-accountable institutions perform essential functions, including mobilizing capital at scale and providing standardized financing where risks can be readily measured. The category is also heterogeneous, extending well beyond mainstream banks. Private credit funds, for example, regularly provide financing that large banks will not. The distinction drawn here is not whether investor-accountable institutions can provide non-standard financing, but whether they are structured to prioritize and sustain it. Because they are ultimately accountable for delivering risk-adjusted returns to investors, they face persistent pressure to prioritize opportunities that are familiar, readily measurable and scalable, even when viable opportunities exist outside those parameters.

Stakeholder-accountable institutions can play an important complementary role. Because members, communities or a public constituency have influence over their financing decisions, they have greater scope to sustain financing in market segments that investor-accountable institutions may neglect.

Three forms of stakeholder-accountable institutions

Stakeholder-accountable financing does not happen through a single organizational form. It includes at least three broad families of institution, each embedding stakeholder accountability differently.



Cooperative banks and credit unions

These institutions are member-owned and their activity is typically concentrated in services to members, including SME loans, consumer credit and mortgages, rather than wholesale markets, trading and complex structured products.⁴ Stakeholder accountability is structural. Ownership is dispersed among members on a one-member, one-vote basis, capital is accumulated through retained earnings, and surplus is either returned to members or reinvested in the institution.



Public financial institutions

These institutions are publicly owned and operate under legislated public mandates. Their functions vary widely and can include direct enterprise lending, infrastructure and development finance, SME guarantees, export support and agricultural lending. They are heterogeneous, varying in mandate scope (broad development versus sector-specific), geographic reach (national versus subnational), primary function (direct lending versus guarantee provision versus wholesale finance), funding model (deposit-funded versus wholesale-funded), and profit disposition (returning earnings to government versus retaining and reinvesting them).⁵ Accountability runs to government through statutory mandates, legislative oversight, and appropriations processes.



Mission-oriented financial institutions

These institutions provide financing under a defined social or economic mission. The word "mission" can suggest charity, but these are lenders that expect to be repaid, and their borrowers are often viable businesses that mainstream institutions decline for structural rather than credit reasons (e.g. the loan is too small to be worth underwriting, the collateral doesn't fit standard models, or the enterprise operates in a sector or region the banks have pulled back from). They take varied forms (e.g. community development financial institutions (CDFIs), community loan funds, impact investment vehicles, and Indigenous-controlled financial institutions) and deploy capital through both debt and equity instruments.

⁴ [Banking Business Models Monitor](#)

⁵ [Investigating Diversity in the Banking Sector in Europe: Key Developments, Performance and Role of Cooperative Banks.](#) Marois, T.

Stakeholder accountability is achieved through regulatory and institutional scaffolding (e.g. charter constraints, certification regimes, mission-locked capital, and external accountability mechanisms that bind the institution to its defined constituency).

What stakeholder-accountable institutions do differently

The case for stakeholder-accountable financial institutions rests on whether differences in institutional structure produce meaningful differences in financing outcomes. This section outlines evidence across countries, methodologies and institutional forms that points to four recurring patterns. Stakeholder-accountable institutions tend to reach more SMEs and underserved borrowers, provide longer-term financing, offer more favourable or flexible terms and maintain financing more consistently through economic cycles.

01 Lend more to SMEs and underserved borrowers

Cross-country research on business financing shows that stakeholder-accountable institutions often provide a larger share of SME lending than their overall market position would suggest. The European cooperative banking sector provides approximately one-third of all SME financing across Europe despite only holding about 20 per cent of total banking assets.⁶ In Canada, credit unions provided 21 per cent of the debt financing extended to SMEs in 2023, despite holding approximately 8 per cent of total banking assets.⁷

Mission-oriented financial institutions also expand access to financing, particularly in underserved communities. In the UK, CDFIs provided £287 million in loans in 2023, with 99 per cent of borrowers indicating that they had been declined by their bank.⁸ In the US, 64 per cent of CDFI lending went to census tracts marked by high unemployment, high poverty, or a majority non-white population.⁹

Part of the reason that stakeholder-accountable institutions can reach these borrowers is that they tend to be smaller and locally rooted. Research indicates that this increases their ability to gather and use the informal information needed to assess a small enterprise.^{10,11} Some small investor-accountable banks, including many US community banks, also lend this way. The difference accountability makes is not

⁶ The Strength of the Cooperative Banking Business Model. **Note:** See the key statistics from 2024 documenting continued growth across 2,400 locally operating banks serving 228 million customers and 91 million members across Europe.

⁷ CCUA's Response to The Department of Finance Consultation on Strengthening Competition in Canada's Financial Sector

⁸ Ripples of Finance, Waves of Change

⁹ U.S. Community Development Lenders Looking to Expand Impact, Footprint

¹⁰ Relationship Lending and Lines of Credit in Small Firm Finance

¹¹ Information Production and Capital Allocation: Decentralized versus Hierarchical Firms

whether an intermediary *can* lend this way, but whether it does so consistently. Stakeholder-accountable institutions are set up to make this kind of lending their main job. Investor-accountable banks, even small ones, remain under pressure to move their capital toward the highest available return.

02 Provide longer-term financing

Long-term loans make up a larger share of lending by stakeholder-accountable institutions than by investor-accountable banks.¹² This matters because long-term finance insulates firms from refinancing shocks, making long-horizon fixed investment feasible, which, in turn, contributes to economic growth.¹³

The clearest evidence of this is from public financial institutions. In Germany, the public savings bank sector provided 45 per cent of long-term lending to enterprises in 2012, against just 20 per cent from commercial banks.¹⁴ More systematically, a World Bank survey of development banks found that 90 per cent offer long-term loans and 54 per cent of their loans carry maturities exceeding ten years, making them a major source of patient capital.¹⁵

Mission-oriented lenders show the same orientation. In the US, CDFI loan products typically run three to ten years, and federal infrastructure such as the CDFI Bond Guarantee Program exists specifically to supply them with long-term ‘patient’ capital, enabling CDFIs to operate with longer time horizons.^{16 17}

Research suggests that this orientation toward long horizons comes down to how these institutions are structured. Cooperative banks rely heavily on retained earnings, while public savings banks and public financial institutions draw on public endowments, allowing capital to accumulate with less payout pressure. These features can enable institutions to absorb losses early in a lending relationship and bear the higher information and monitoring costs of serving harder-to-assess borrowers.¹⁸

03 Offer more favourable or flexible terms

Stakeholder-accountable intermediaries tend to offer more favourable terms, though the advantages can take different forms across institution types.

¹² [Long-term finance provision: National development banks vs commercial banks](#)

¹³ [Global Financial Development Report: Conceptual Framework, Stylized Facts, and the Role of the Government](#)

¹⁴ [Stakeholder Banks: Benefits of banking diversity](#)

¹⁵ [Global Survey of Development Banks](#)

¹⁶ [Community Development Financial Institutions \(CDFIs\): Overview and Selected Issues](#)

¹⁷ [CDFI Loan Fund Capitalization: The Continued Importance Bank-CDFI Partnerships](#)

¹⁸ [Alternative Banking and Financial Crisis: Explaining the competitive advantage of alternative banks: Towards an alternative banking theory?](#)

The clearest evidence on pricing comes from the cooperative and mutual sector. A study using Bank of England data found that mutual institutions charged lower mortgage rates and paid higher deposit rates than banks.¹⁹ This is reinforced by research on the UK Building Societies Act, indicating that institutions that converted from mutual to shareholder ownership widened their mortgage-deposit spreads (the gap between rates charged to mortgage holders and rates paid to depositors) after demutualization.²⁰ Although these studies concern household financial products, they show that changes in ownership and accountability structure can affect how financial benefits are distributed between institutions and their customers. US research also shows that credit unions offer higher deposit rates and lower loan rates than commercial banks across nearly every product category.²¹

Public financial institutions can offer favourable terms when public backing reduces their funding costs. KfW, Germany's federal development bank, raises money at a lower cost than commercial banks and passes that advantage through partner institutions in lower-rate, longer-term loans.²² This advantage is not specific to Germany. In a global survey of development banks, the large majority borrowed on government-guaranteed terms, enabling lending at lower rates.²³

For mission-oriented lenders, flexibility can be as important as price. US research found that CDFIs were more likely than conventional banks to restructure troubled loans. Although CDFIs in the study had higher delinquency rates, they wrote off fewer loans overall. Research showed that CDFIs ultimately wrote off only 12 per cent of troubled loan balances as uncollectable, compared with roughly 30 per cent at conventional banks.²⁴

04 Maintain financing more consistently across economic cycles

Across studies of European cooperatives, Western European savings banks, and public banks in over 100 countries, the consistent finding is that stakeholder-accountable institutions' lending is less pro-cyclical than that of investor-accountable intermediaries.

A panel study of 5,677 commercial, cooperative, and public savings banks across 17 Western European countries found that investor-accountable banks actively shift their portfolio risk in response to interest rate changes, while stakeholder-accountable

¹⁹ [Measuring corporate diversity in financial services: A diversity index.](#)

²⁰ [The effect of UK building society conversion on pricing behaviour](#)

²¹ [Credit Union and Bank Rates](#)

²² [The Future of National Development Banks: National Development Banks as Active Financiers: The Case of KfW](#)

²³ [Global Survey of Development Banks](#)

²⁴ [20 Years of CDFI Banks and Credit Unions](#)

institutions hold steadier through the cycle, and their loan loss provisions show a smaller cyclical component.²⁵

The pattern is consistent with the differing structural incentives of investor-accountable and stakeholder-accountable institutions. Investor-accountable institutions face continuous capital market pressure to defend short-term returns, which forces them to reprice risk as conditions change. Stakeholder-accountable institutions, without that pressure, can maintain more consistent underwriting standards across the cycle.

A separate analysis of 1,633 banks across 111 countries finds that in countries with effective governance, as defined by the World Bank's Government Effectiveness Index, public-bank lending is not merely less procyclical but outright countercyclical.²⁶

These advantages come with trade-offs. Relationship-based underwriting, technical assistance and loan restructuring can raise operating costs, while public or mission obligations may require institutions to accept lower returns. Public financial institutions can also be vulnerable to political influence. Whether stakeholder-accountable institutions deliver their intended benefits depends heavily on clear mandates, effective governance and adequate capitalization.

Comparing stakeholder-accountable financing capacity across the G7 and Australia

The preceding section makes the case that financial institutions with different accountability structures tend to produce different financing outcomes. But that evidence concerns the behaviour of individual institutions. The system-level question is whether a country has built the capacity to make those financing functions broadly available.

This paper takes the next step by analyzing and comparing stakeholder-accountable financing capacity across the G7 and Australia. The sample includes the G7 countries and Australia because their economies are broadly comparable to Canada in development and institutional setting and because Canadian policymakers regularly use them as benchmarks.

A three-indicator diagnostic

Countries build stakeholder-accountable financing capacity through different mixes of cooperative, public and mission-oriented financial institutions. A system-level diagnostic must account for all three families, but their distinct makeups do not allow them to be easily measured or compared. As

²⁵ Monetary policy, ownership structure, and risk-taking at financial intermediaries;

²⁶ Bertay, A. C., Demirgüç-Kunt and Huizinga, H., A. Bank ownership and credit over the business cycle: Is lending by state banks less procyclical?

a result, this paper develops a three-part diagnostic to assess the routes through which system-level capacity is created and sustained.

Because the three indicators below examine different aspects of capacity using different kinds of evidence, each is assessed separately rather than aggregated into a composite score. Read together, however, they provide a system-level picture of how stakeholder-accountable financing capacity is organized within each country.

Indicator **Stakeholder-accountable balance-sheet position**

1 *How large is the stakeholder-accountable share of the banking system, and of the economy?*

This indicator assesses the direct balance-sheet presence of cooperative and public financial institutions. These are the two institutional families for which balance-sheet assets provide a meaningful basis for cross-country comparison. The indicator measures this primarily by examining public and cooperative deposit-taking institutions' share of banking-system assets as an indication of their significance within the banking sector. It also includes a second contextual measure that compares the total assets of cooperative and public financial institutions, including non-deposit-taking public financial institutions, with the size of the economy.

Indicator **Public SME guarantee infrastructure**

2 *How strong and accessible are public guarantee programs for SME lending?*

This indicator assesses the financing capacity created through public SME loan guarantee programs. A guarantee is stakeholder accountability operating at one remove. Typically, a public body with a statutory mandate assumes part of the risk, enabling participating lenders to provide financing they might not otherwise offer. Where the programs are well built, that public mandate shapes financing decisions across the whole banking system. Because guarantees are generally recorded as contingent liabilities rather than assets, this capacity is not captured by the asset-based measures used in the first indicator. The indicator therefore examines the strength and reach of each country's primary SME guarantee program.

Indicator **Mission-oriented financing infrastructure**

3 *How developed is the infrastructure that lets mission-oriented institutions operate and grow?*

This indicator assesses whether mission-oriented financial institutions have the recognition, access to capital and shared infrastructure needed to operate widely, scale and attract investment. The indicator examines how each country has organized and supported mission-oriented finance as a durable and accessible sector.

Country context

The indicators are applied to financial systems with very different histories and institutional structures. Before applying the diagnostic, the following profiles provide the country-level context needed to interpret the results.

Australia

Australia's financial system is centred on four large commercial banks, with a comparatively small mutual banking sector and limited direct public enterprise-financing capacity. It has no permanent general SME guarantee program. Mission-oriented finance remains limited to a small number of institutions and initiatives without a dedicated recognition or capitalization framework. Public measures such as the Australian Business Securitisation Fund support access to wholesale funding for smaller lenders, but primarily by deepening capital-market channels rather than building stakeholder-accountable institutions.²⁷

Canada

Canada's banking system is dominated by a small number of large, publicly traded national banks.²⁸ Its stakeholder-accountable institutional base includes Desjardins and other credit unions, ATB Financial, and the federal public financial institutions Business Development Bank of Canada (BDC), Export Development Canada (EDC) and Farm Credit Canada (FCC). The Canada Small Business Financing Program (CSBFP) provides a standing public guarantee program, but at relatively modest scale. Mission-oriented finance includes longstanding networks of Indigenous Financial Institutions and Community Futures organizations, as well as community and social finance institutions operating outside those networks. Some networks receive durable support through dedicated federal programs, while many other mission-oriented institutions lack comparable recognition and support.

France

Cooperative banking groups, including Crédit Agricole, BPCE and Crédit Mutuel, occupy a central position in French retail and SME finance. The public sector includes La Banque Postale, the public postal bank; Bpifrance, which has a dedicated enterprise-financing mandate; and the much larger Caisse des Dépôts, whose mandate also spans housing, infrastructure, local-government finance and strategic investment. Bpifrance administers the principal SME guarantee program, with guarantees delivered through a banking system in which cooperative groups play a major role. France also has a statutory framework for social and solidarity economy enterprises, but it does not establish an equivalent category for mission-oriented financial institutions, beyond a narrow microcredit designation.

²⁷ Australian Office of Financial Management - Operations

²⁸ Built to Exclude

Germany	Germany's banking system rests on three pillars: a private pillar of commercial banks, a public pillar of local public savings banks (Sparkassen) and regional public banks (Landesbanken), and a cooperative pillar of member-owned banks (Volksbanken and Raiffeisenbanken). The public and cooperative pillars provide a large share of household and SME finance, while KfW, the federal development bank, supplies national promotional finance. Public loan guarantees are provided by regional, member-owned guarantee banks (Bürgschaftsbanken), with the underlying loans delivered primarily through savings and cooperative banks. Germany has a thin mission-oriented financing sector, but many of the functions that sector might provide in other countries are performed through the public and cooperative pillars.
Italy	Italy's banking system is dominated by commercial banks but retains a regional cooperative credit sector, now organized principally through two cooperative banking groups, Iccrea and Cassa Centrale. Its public sector includes BancoPosta, Poste Italiane's banking arm; Cassa Depositi e Prestiti, a general-purpose public investor; and Mediocredito Centrale, which has a more direct enterprise-financing role. The national SME guarantee fund, the Fondo Centrale di Garanzia, provides broad coverage that extends to cooperatives and non-profit entities. Mission-oriented finance is recognized mainly through a legally defined category of microcredit providers, giving it a clear but relatively narrow institutional form.
Japan	Large commercial banks operate alongside a substantial cooperative sector that includes Shinkin banks, credit cooperatives and labour banks, as well as public institutions such as Japan Post Bank and Japan Finance Corporation. Japan's guarantee program is delivered through 51 Credit Guarantee Corporations and reinsured by Japan Finance Corporation. Guarantees flow through commercial, regional, and cooperative lenders. Japan has little mission-oriented financing infrastructure as a distinct sector, with many of those financing functions instead performed by cooperative and public institutions.
United Kingdom	The UK banking system is dominated by a small number of large commercial banks. Its once-substantial mutual sector contracted sharply after the Building Societies Act 1986 allowed member-owned building societies to convert to shareholder ownership. ²⁹ The publicly owned British Business Bank provides public support primarily through guarantees and wholesale finance rather than direct lending. The UK has also deliberately developed a CDFI sector through

²⁹ [Banks That Used to be Building Societies](#)

tax-based accreditation, dedicated wholesale capital and participation in public guarantee programs.

United States The US has a financial system dominated by commercial banks and capital markets, alongside a comparatively small stakeholder-accountable sector composed principally of credit unions, mutual banks and the Farm Credit System. The federal role in general SME finance operates mainly through the Small Business Administration's loan-guarantee programs. Mission-oriented finance is well developed. The CDFI Fund certifies and capitalizes a national sector that includes loan funds, banks, credit unions, venture funds and microlenders. The US configuration therefore relies less on public or cooperative banking and more on guarantees and dedicated mission-oriented infrastructure.

Results by indicator

The three indicators are described separately below, beginning with how they are constructed and followed by the cross-country results. The results for all three indicators are then combined into a single comparison.

Indicator 1: Stakeholder-accountable balance-sheet position

The most directly comparable measure of the institutional presence of stakeholder-accountable financing capacity is the balance-sheet weight of stakeholder-accountable institutions. Indicator 1 assesses this primarily by comparing the assets of stakeholder-accountable deposit-taking institutions with total banking-sector assets (Measure A). It also includes a second contextual measure, comparing the total assets held by stakeholder-accountable institutions, inside and outside the banking sector, with GDP (Measure B).

Together, the measures show a) how central stakeholder-accountable institutions are within the banking system and b) how large the broader stakeholder-accountable asset base is relative to the economy. The second measure is used to indicate whether a low banking-system share reflects a genuinely thin institutional base or one that is substantial relative to the economy but outweighed within the banking system by investor-accountable institutions.

Measure A: Position within the banking system

Measure A expresses the assets of stakeholder-accountable deposit-taking institutions as a share of total banking-sector assets.

The comparison is limited to the banking sector because broader measures of financial intermediation are not consistently comparable across countries. In particular, international statistics often attribute non-bank assets to the country in which a fund is legally domiciled rather

than the country in which its financing activity occurs, materially distorting comparisons involving countries such as France and Germany.

The measure leaves out public financial institutions that do not take deposits because they do not belong in a banking denominator and are captured instead by Measure B. It also leaves out mission-oriented financial institutions because they do not typically operate within the formal banking system and because consistent data on their assets is difficult to obtain.

It is also important to note that both the numerator and denominator reflect consolidated assets, which include the international operations of domestic banks. Because a group's international operations are counted at full scale, this could in principle inflate the standing of countries whose stakeholder-accountable sector is built on large international groups. The largest such case, France's cooperative groups, is stress-tested in Appendix A.3, showing that even when a substantial share of their assets is set aside as international, France remains in the High tier.

Table 1. Balance-sheet weight of stakeholder-accountable institutions, relative to the total assets of the banking sector, eight comparator countries, 2024.

Country	Share of Assets	Tier
Germany	54%	High
France	53%	High
Japan	27%	High
Italy	13%	Medium
United States	10%	Medium
Canada	8%	Low
United Kingdom	7%	Low
Australia	3%	Low

Note: High at or above 25 per cent, Medium from 10 per cent to below 25 per cent, Low below 10 per cent. See Appendix A for data sourcing and methodology.

France, Germany and Japan record the highest stakeholder-accountable positions. France's is driven by its large cooperative banking groups and La Banque Postale, while Germany combines its public savings banks with its cooperative network. Japan's is supported by its cooperative and mutual banking sector, but two boundary cases warrant attention. Japan Post Bank conducts relatively little direct enterprise lending, while Norinchukin Bank, the central institution of Japan's agricultural cooperative system, holds much of its balance sheet in global securities investments. Excluding either institution moves Japan to the medium tier, and excluding both would place it just below Italy (see Appendix A.3).

Italy and the US occupy the middle tier. Italy’s position comes from its cooperative banking groups and BancoPosta, while the US position is overwhelmingly attributable to credit unions. Canada, the UK and Australia occupy the low tier, with stakeholder-accountable institutions accounting for a relatively small share of banking-system assets in each country.

The results show a clear divide between systems where stakeholder-accountable institutions are central to the banking architecture and those where they occupy a much smaller position.

Measure B: Scale relative to the economy

Measure A alone cannot show whether a low share reflects a thin institutional base or a meaningful base outweighed by a much larger investor-accountable banking sector. Measure B addresses that question by comparing the total assets of stakeholder-accountable institutions with GDP. It carries forward the deposit-taking institutions included in Measure A and adds national non-deposit public financial institutions whose primary mandate is enterprise financing. It does not affect the Indicator 1 rating in Table 5.

The added institutions include KfW, Bpifrance, Japan Finance Corporation and the Business Development Bank of Canada, but exclude general-purpose public investors such as France’s Caisse des Dépôts and Italy’s Cassa Depositi e Prestiti. Although these institutions finance enterprises, they do so as part of much broader mandates spanning areas such as housing, infrastructure, local-government finance and strategic investment. Because their enterprise-financing assets cannot be consistently isolated, including their full balance sheets would overstate the capacity captured by the measure. Appendix A.1 provides the full inclusion criteria.

Table 2. Stakeholder-accountable assets relative to GDP, 2024

Country	Stakeholder-accountable assets, % of GDP
France	171%
Germany	113%
Japan	111%
Canada	34%
United Kingdom	18%
Italy	17%
United States	11%
Australia	7%

Note: See Appendix A for data sourcing and methodology.

France, Germany and Japan remain well ahead on scale relative to the size of their economies. Below them, the ordering changes from Measure A, with Canada moving ahead of Italy, the UK and the US.

This is the context Measure B provides. Canada's low Measure A rating does not reflect absent institutions. It has Desjardins and a number of other significant credit unions and a mature set of public financial institutions, which together amount to a real stock of stakeholder-accountable assets for an economy of Canada's size. That base is simply small against the banking system it sits inside, which is unusually large and concentrated.

Canada and Japan show the greatest divergence between the two measures: in each, the share relative to GDP is about four times the share of banking assets. But whereas stakeholder-accountable institutions hold more than a quarter of Japan's banking assets, they hold less than a tenth of Canada's. The US and Australia have relatively thin stakeholder-accountable asset bases, while the UK's position reflects the long contraction of its mutual sector. Canada stands out as having meaningful institutional foundations that remain marginal within its banking system.

Indicator 2: Public SME guarantee infrastructure

Through a loan guarantee, a government or publicly mandated body agrees to absorb all or part of the loss if a borrower defaults, reducing the participating lender's risk and enabling financing that might otherwise be declined.

Because the loan remains on the lender's balance sheet and the guarantee is recorded as a contingent liability, this public risk-bearing capacity is largely invisible in Indicator 1. Indicator 2 therefore assesses each country's main SME guarantee program.

Temporary crisis programs and separate sector-specific schemes are excluded so that the comparison captures the enduring capacity in each country. Because guarantee programs cannot be compared through a single balance-sheet measure, they are assessed across four dimensions (Appendix B provides the program-selection, scoring and aggregation methodology).

1. **Scale:** The financial weight and enterprise reach of the standing guarantee architecture.
2. **Accessibility:** The range of enterprises eligible for support, the financing needs that can be accommodated and the geographic availability of the program.
3. **Delivery channel:** Whether program design enables participation by a diverse range of financial institutions and whether delivery runs through diverse institutions.
4. **Institutional durability:** Whether the guarantee architecture has a stable mandate, enduring administrative capacity, a durable public framework and transparent reporting.

Table 3. Public SME guarantee infrastructure, qualitative assessment, eight comparator countries.

Country	Scale	Accessibility	Delivery channel	Institutional durability
Japan	High	High	Medium	High
France	Medium	High	Medium	High
Germany	Low	Medium	High	High
Italy	High	Medium	Medium	Medium
United States	Medium	Medium	Medium	Medium
United Kingdom	Low	Medium	Medium	Medium
Canada	Low	Medium	Low	Medium
Australia	Low	Low	Low	Low

Note: Full scoring rationale in Appendix B.

Japan stands out for scale, accessibility and institutional durability. Its 51 Credit Guarantee Corporations, reinsured through Japan Finance Corporation, reach close to half of Japanese SMEs.³⁰ The Credit Guarantee Corporations operate under legislation dating back to 1953, and guarantees are broadly available across enterprise types and financing uses. A diverse range of lenders participate in the system, but this reflects the structure of Japanese banking rather than a deliberate preference for stakeholder-accountable channels.

France, Germany and Italy show different strengths. France's Bpifrance system has a durable institutional foundation and broad accessibility. Its guarantees are delivered through a diverse banking system with a substantial cooperative component, although the program does not deliberately favour stakeholder-accountable lenders. Germany pairs a durable guarantee system with delivery through local savings and cooperative banks but remains modest in scale and constrained in breadth of financing uses. Italy's fund operates at substantial scale and is designed to include mutual guarantee institutions, but most activity now runs through banks. Eligibility is broad, although non-profit entities are subject to much lower financing limits.

The US and UK both occupy the middle ground on accessibility, delivery channel and institutional durability, but the US programs operate at greater scale. Eligibility is constrained in the US by the exclusion of non-profit borrowers, while the UK offers broader access through a smaller scheme. Both involve some diversity in delivery, including Certified Development Companies in the US and

³⁰JFC: Feature of Operations

an accredited lender network in the UK, but financing remains concentrated in investor-accountable channels. Both also have durable institutional homes, although their program terms and structures have changed over time.

Canada's CSBFP is small but available to for-profit and non-profit businesses across most sectors. However, share purchases are ineligible and working-capital financing is capped. Credit unions and caisses populaires may participate, but historical evidence indicates that delivery is concentrated among large banks. Australia has no permanent general SME guarantee program.

Indicator 3: Mission-oriented financing infrastructure

The first indicator captures direct stakeholder-accountable balance-sheet presence, while the second captures public SME guarantee infrastructure. Neither adequately captures the contribution of mission-oriented intermediaries, including CDFIs, Indigenous Financial Institutions, community loan funds, impact funds, and similar vehicles.

Consistent and comparable data on assets held or capital deployed by mission-oriented institutions is not available. Additionally, while mission-oriented assets can be substantial, their dollar value is an incomplete proxy for the capacity of the sector because loans to underserved borrowers often have more impact than their dollar value suggests. Indicator 3 therefore uses a qualitative assessment of the infrastructure that enables mission-oriented intermediaries to form, operate and expand as an indirect measure of sector capacity. It assesses each country against five dimensions.

1. **Legal and regulatory recognition:** The sector's recognition as a distinct category in financial law and regulation.
2. **Government capitalization or wholesale funding:** The availability of a dedicated mechanism for channelling public capital into the sector.
3. **Breadth of coverage:** The sector's geographical reach and institutional diversity.
4. **Policy legitimacy and government engagement:** The sector's formal role in government policy, consultation and programs.
5. **Data infrastructure:** Availability of comparable data.

Table 4. Mission-oriented financing infrastructure, qualitative assessment, eight comparator countries.

Country	D1 Legal recognition	D2 Public capital	D3 Breadth of coverage	D4 Policy legitimacy	D5 Data infrastructure
United States	High	High	High	High	High
United Kingdom	Medium	High	Medium	High	Medium
France	Medium	Medium	Medium	Medium	Medium

Country	D1 Legal recognition	D2 Public capital	D3 Breadth of coverage	D4 Policy legitimacy	D5 Data infrastructure
Italy	Medium	Low	Medium	Medium	Medium
Canada	Low	Medium	Medium	Medium	Low
Germany	Low	Low	Low	Low	Low
Australia	Low	Low	Low	Low	Low
Japan	Low	Low	Low	Low	Low

Note: Full scoring rationale in Appendix C.

The US rates high across all five dimensions. US federal legislation created a statutory CDFI category, national certification, a dedicated capitalization fund, and standardized reporting. Nearly 1,300 certified institutions operate across the country and span several institutional forms.³¹

The UK rates high on public capital and policy legitimacy and medium elsewhere. Its laws and tax programs provide partial recognition, while Better Society Capital and the British Business Bank supply dedicated wholesale funding.³² Without a unified certification regime or official registry, however, the sector remains less institutionally embedded than its US counterpart.

France and Italy use alternative legal frameworks and rate medium overall. France recognizes social and solidarity enterprises rather than mission-oriented lenders (apart from a narrow microcredit category), with public financing distributed through a number of different channels. Italy formally recognizes microcredit operators, but the category is narrower and its data remain fragmented.

Canada rates medium overall. Indigenous Financial Institutions and Community Futures provide longstanding national networks, while the Indigenous Growth Fund and Social Finance Fund supply dedicated capital. However, federal support for mission-oriented institutions remains fragmented and is organized through separate frameworks. Canada has no cross-cutting statutory category, accreditation system, official registry or consolidated data. It has moved beyond isolated programs, but its institutions do not yet operate within a recognized and consistently supported national sector.

Germany, Japan and Australia rate low overall as each has very little standing infrastructure related to mission-oriented financial institutions.

³¹ CDFI Fund

³² British Business Bank announces Community ENABLE Funding program to increase the availability of funding to social impact sector lenders

What the three indicators show

The comparison table below is intended to show how each country's capacity is organized, rather than to produce a single overall ranking.

Table 5. Stakeholder-accountable financing capacity across the three indicators, eight comparator countries.

Country	Balance-sheet position (Indicator 1)	Public SME guarantee infrastructure (Indicator 2)	Mission-oriented financing infrastructure (Indicator 3)
France	High	High	Medium
Germany	High	High	Low
Japan	High	High	Low
United States	Medium	Medium	High
Italy	Medium	Medium	Medium
United Kingdom	Low	Medium	Medium
Canada	Low	Low	Medium
Australia	Low	Low	Low

Note: The three indicators use the same rating labels but derive them differently. Indicator 1 applies defined thresholds to Measure A. Indicator 2 assigns a High rating where two or more of its four dimensions are High, and a Low rating where two or more are Low, while Indicator 3 reflects the typical condition across its five dimensions. The full rules are set out in Appendices B.1 and C.1.

There is no single template for system-wide stakeholder-accountable financing capacity.

France has broad-based strength across direct institutional presence, public guarantees and mission-oriented infrastructure. Germany and Japan rely primarily on large cooperative and public financial sectors combined with strong guarantee programs, with little mission-oriented infrastructure as a distinct sector. The US and the UK have less direct institutional presence, but more developed mission-oriented sectors alongside their guarantee programs.

Most systems in the sample have meaningful strength on more than one indicator. France, Germany, and Japan combine substantial direct banking presence with strong public guarantee programs. The US and the UK combine guarantee programs with mission-oriented infrastructure.

Canada has meaningful institutional foundations, but they do not yet add up to system-wide capacity. Its cooperative and public financial institutions form a significant asset base relative to the economy and its Indigenous, rural and social-finance networks provide real and often mature

financing capacity. But stakeholder-accountable deposit-taking institutions occupy a limited position within the banking system, the public guarantee program remains modest and narrow, and mission-oriented institutions operate through separate frameworks without common recognition and shared infrastructure.

Stakeholder-accountable financing capacity and enterprise-financing outcomes

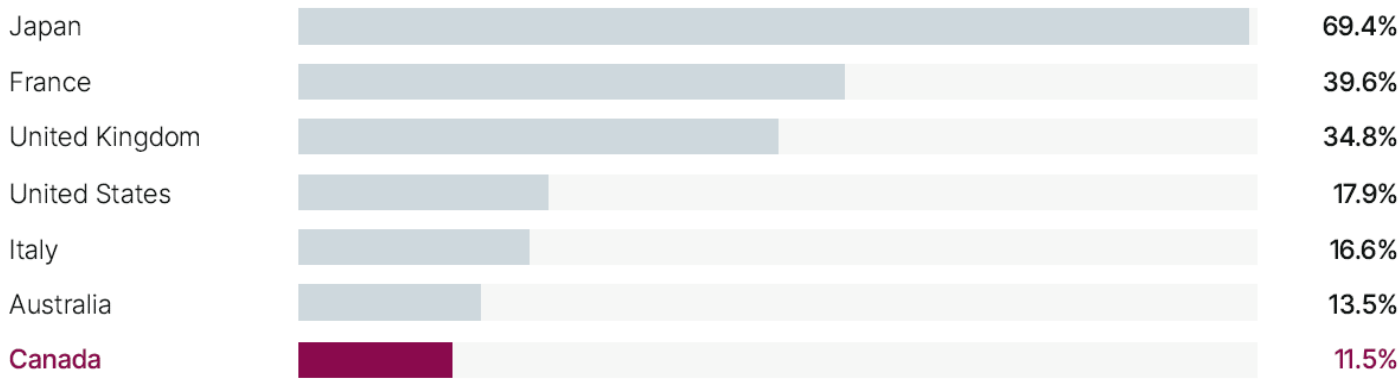
The three indicators provide a comparative profile of stakeholder-accountable financing capacity. They do not establish that this capacity directly generates better financing outcomes. A clean cross-country causal test is difficult because definitions and reporting conventions differ and many other variables shape lending. Still, it is useful to ask whether the diagnostic broadly tracks actual outcomes. Two important measures suggest that it does.

SME share of outstanding business lending

France and Japan, the two countries with the highest capacity profiles for which comparable data exists, show significantly larger SME loan shares than US, Italy, Australia, and Canada. Australia and Canada, which have the weakest overall diagnostic profiles, also record the lowest SME loan shares.

The UK and Italy depart from this pattern, but their SME definitions likely contribute to the difference. Italy counts only firms with fewer than 20 employees, a narrow cutoff that tends to reduce the reported SME share. The UK uses a turnover threshold of £25 million with no employee limit, capturing larger firms and increasing the reported SME share. These differences do not fully explain the results, but they run in the direction of the observed departures.

Figure 1. Proportion of outstanding loans held by SMEs, 2018–2024 (median)



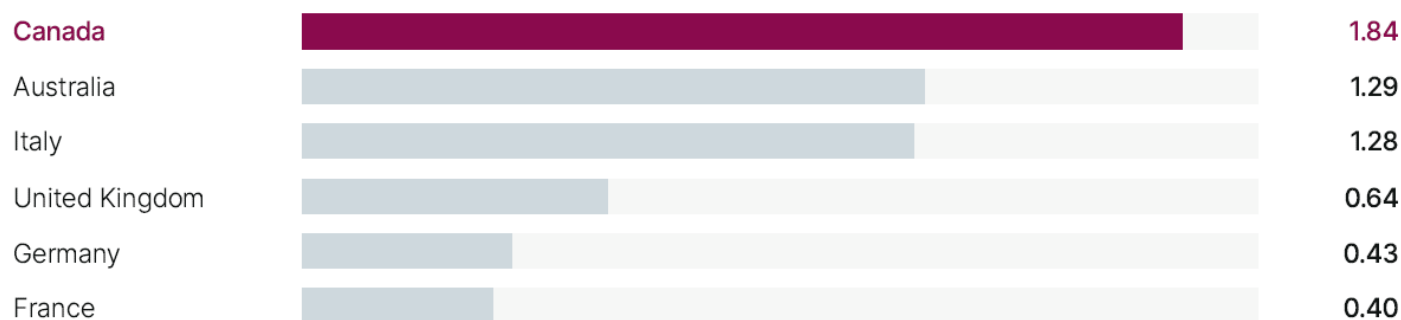
Source: OECD Financing SMEs and Entrepreneurs Scoreboard, 2018–2024 medians, except Australia, for which national data replace the Scoreboard’s broader turnover-based measure. The Australian figure reports lending of AUD 1 million or less to firms with annual turnover of AUD 50 million or less, making it more comparable to the loan-size measures used for Canada and the

United States. Definitions are not fully harmonized; Appendix D sets out the definition used for each country. Data is not available for Germany.

SME-large-firm interest rate spread

A similar pattern holds for borrowing costs. SMEs pay higher interest rates than large firms in every country for which data are available, but the size of the gap varies considerably. France and Germany, among the higher capacity profiles in the sample, have the narrowest spreads. Canada and Australia, among the weakest, have the widest. Data are not available for Japan and the US.

Figure 2. Interest rate spread, SME against large firms, 2018–2024 (median, percentage points)



Source: Figures show the median difference between interest rates charged to SMEs and large firms from 2018 to 2024, in percentage points. Data are drawn from the OECD Scoreboard, which does not report a comparable spread for Germany. The German figure is constructed from the European Central Bank's MFI interest-rate statistics on new lending to non-financial corporations, using loans of EUR 250,000 to EUR 1 million as a proxy for SME lending and loans above EUR 1 million as a proxy for large-firm lending. Appendix D sets out the definition used for each country.

Implications for Canada

This paper's analysis finds that Canada has some meaningful stakeholder-accountable institutions, but their overall financing capacity is weak across the system. The analysis also suggests that this capacity is not fixed. The profiles of the other countries in the sample indicate that this capacity can be and has been built deliberately. It follows that Canada has a real opportunity to improve the composition of its financial system. Two priorities emerge:

01

Protect and optimize the cooperative and public infrastructure Canada already has.

Canada's cooperative financial sector represents substantial underlying capacity, even if it is marginal within the larger banking system. International experience shows that this capacity can either be preserved or lost. Germany has maintained

its public and cooperative banking pillars, while the UK allowed much of its mutual sector to disappear through demutualization.

Canada should protect its cooperative base and address policy or regulatory barriers that unnecessarily constrain its growth. This includes ensuring that capital rules appropriately recognize member equity and making it easier for credit unions to operate across provincial boundaries.

Canada should also use its public financial institutions and guarantee programs more deliberately to address structural financing gaps. This will require efforts to review the mandates, scale and delivery channels of BDC, EDC, FCC and the CSBFP and assess whether they are sufficiently aligned with the financing needs that the existing system does not reliably meet.

02

Build the infrastructure the mission-oriented sector lacks.

Canada already has longstanding mission-oriented financial institutions, but lacks the shared infrastructure to connect, support and grow them. Building a stronger system will require action across a range of areas, including accreditation and common recognition, institutional capitalization and wholesale funding, shared data and reporting, capacity building, and coordination among financing institutions, capital providers, communities, project developers, and business and technical support organizations.

These elements can be advanced through different institutions and policy tools. Together, they would make the sector easier to recognize and finance, strengthen its capital deployment capacity and help connect viable enterprises and projects with appropriate financing.

Both priorities assume the continuation of a strong commercial banking sector while recognizing the important complementary role that stakeholder-accountable institutions play in ensuring that Canada's financial system is strong and far-reaching.

Conclusion

The central finding of this paper is that the institutional composition of a financial system is an important contributing factor in its ability to meet a broad range of enterprise financing needs. Investor-accountable institutions play an important role in any financial system, but their accountability structures create persistent pressure to move capital toward standardized and scalable transactions, leaving a swath of viable enterprises underfinanced. Evidence reviewed in this paper indicates that stakeholder-accountable institutions can help fill this gap.

This paper assesses stakeholder-accountable financing capacity at the system level, using a three-indicator diagnostic that measures the different routes countries take to build it. The analysis places Canada's overall profile among the weakest in the sample.

The cross-country profiles indicate that high-capacity systems share a commitment to cultivating and sustaining stakeholder-accountable financing capacity, which suggests that Canada's position is not fixed. By adopting the expansion of stakeholder-accountable financing capacity as a deliberate policy objective, Canada could extend the reach of its financial system. This would require protecting and strengthening the stakeholder-accountable institutions and public guarantee mechanisms Canada already has as well as building the connective infrastructure that mission-oriented finance lacks.

The case for building this capacity is increasingly urgent. In a period of geopolitical uncertainty and persistent productivity weakness, Canada needs to ensure that viable enterprises are not left unfunded simply because their needs do not align with the structural incentives of the institutions that dominate its financial system.

IN CLOSING

The reach of a financial system depends not only on how competitive and well-regulated it is, but also on the types of institutions it contains. Canada has strong stakeholder-accountable foundations and an opportunity to ensure those institutions play a meaningful role in enterprise financing. Doing so would support entrepreneurship and business growth, ultimately increasing productivity, strengthening resilience and bolstering economic sovereignty.³³

³³ Built to Exclude

Appendix A — Stakeholder-accountable balance-sheet position

This appendix documents the methodology, source data, and judgement calls underlying Indicator 1. It sets out how stakeholder-accountable institutions are defined and counted, how the two measures reported in the body are constructed, which institutions were included or excluded and why, the institution-level data and sources for each of the eight comparator countries, and the sensitivity of the results to the largest judgement calls.

A.1 Methodology

The two measures

Indicator 1 reports two measures, drawn from the same institution-level data but addressing different questions.

- The primary measure, Measure A, assesses stakeholder-accountable deposit-takers' assets as a share of total banking-sector assets. It asks how large a role stakeholder-accountable institutions play within the banking system, and it is the measure on which the tiering in Table 5 rests.
- Measure B assesses scale relative to the economy. It measures total stakeholder-accountable assets, including qualifying non-deposit national public financial institutions and cooperative systems, as a share of GDP. It addresses whether a low share on Measure A reflects a weak institutional base or a real asset base outweighed by very large commercial banks. Measure B should be read in support of Measure A, not as an equal alternative to it.

Basis of measurement

Both the stakeholder-accountable numerator and the banking-sector denominator are measured on a consolidated basis, by nationality of the parent group. Because each group is counted at its full size, the measure reflects the scale of stakeholder-accountable banking groups inclusive of their international and wholesale operations, rather than their domestic activity alone. The sensitivity checks in A.3 explore the largest instances of this effect.

National supervisory sources differ in how completely the denominator series covers the institutions in the numerator. The ECB consolidated data used for France, Germany, and Italy cover all domestic banking groups, including the cooperative and public institutions being counted. The national series used for Canada, the UK, Japan, Australia, and the US cover the banking sector more narrowly, so some numerator institutions sit outside them. So that Measure A is measured on the same basis in every country, as a share of a banking sector that includes the stakeholder-accountable institutions being counted, those institutions are added to the denominator. The Bank of Japan series used for Japan also excludes the accounts of banks' overseas offices, so the assets of their overseas branches are added as well. The adjustments are set out per country in A.2.

Reference year, currency conversion, and GDP

The reference year is 2024. All figures are reported in US dollars, converted at year-end 2024 exchange rates from the FSB Global Monitoring Report on Nonbank Financial Intermediation 2025 monitoring dataset.

Currency	Rate (local currency per USD, year-end 2024)
AUD (Australia)	1.6144
CAD (Canada)	1.4388
EUR (France, Germany, Italy)	0.9626
JPY (Japan)	156.9545
GBP (United Kingdom)	0.7981
USD (United States)	1.0000

GDP figures are from the IMF World Economic Outlook database (October 2024), in national currency, converted to US dollars at the same rates. A small number of institutions report on fiscal years ending in early 2024 (the Japanese cooperative and public institutions, ATB Financial, Farm Credit Canada, and Nationwide Building Society). In those cases, their most recent fiscal-year figures are used as the closest available basis for the 2024 reference year.

What counts as stakeholder-accountable

Four categories of institution are counted on the stakeholder-accountable side. They are counted because they are the stakeholder-accountable institutions for which total asset data is available. All four enter Measure B, whereas only the two deposit-taking categories enter Measure A, since non-deposit institutions do not sit inside a banking-sector denominator.

- **Cooperative and mutual deposit-takers (COOP).** Credit unions, cooperative banks, mutual banks, building societies, and their central institutions, counted on the basis of member ownership. Central institutions (for example DZ Bank in Germany, the Shinkin Central Bank in Japan) are counted as cooperative on the basis of the ownership and accountability structure of the network they serve.
- **Publicly-owned deposit-takers (PUB-DT).** Savings banks and public retail banks. Subnational public deposit-takers (the German Sparkassen and Landesbanken, Canada's ATB Financial, the Bank of North Dakota) are included on the same basis as national ones.
- **National-scope non-deposit-taking public financial institutions (PFI).** Promotional and development lenders that hold financing assets on their own balance sheet and operate on a national or federal scale. Included in Measure B only.

- **Non-deposit cooperative enterprise-finance systems (COOP-ND).** Cooperative financial systems that hold financing assets on their own balance sheet, operate at national scale, and have a primary enterprise-finance mandate. Included in Measure B only. The Farm Credit System is the only institution in this category in the sample.

The public financial institution inclusion framework

Because public financial institutions vary widely in ownership, function, and mandate, inclusion in Measure B is governed by four tests.

- **Ownership.** The institution must be publicly or cooperatively owned, not merely publicly controlled or influenced. Government control in the absence of government ownership does not qualify.
- **Function.** The institution must hold financing assets on its own balance sheet rather than principally guarantee loans originated and held by other institutions. Guarantee commitments are contingent liabilities rather than financing assets and are assessed under Indicator 2.
- **Standing intermediary.** The institution must be a standing financial intermediary with a balance sheet, not a grant or appropriations vehicle.
- **Enterprise mandate.** The institution's primary mandate must be the financing of businesses. Institutions whose primary mandate is infrastructure, energy, or housing finance are excluded as outside that mandate. The test is applied to each institution's primary mandate as a whole.

The enterprise-mandate test reflects the paper's subject, which is enterprise financing. Its application removed two large general-purpose public investors from the count: France's Caisse des Dépôts and Italy's Cassa Depositi e Prestiti, both of which finance enterprises within a much broader mandate spanning housing, infrastructure, local-government finance, and strategic equity, and whose primary mandate is therefore general public investment rather than enterprise financing. France's SFIL was also removed as its primary mandate is local-government finance. These exclusions reduce the scale figures for France and Italy, with the effect running against the paper's argument. The Development Bank of Japan is retained. Although its lending spans infrastructure and energy alongside corporate finance, its statutory mandate and portfolio are anchored in financing enterprises.

Public financial institutions with an explicitly external mandate, that is, export credit agencies such as Export Development Canada, the Japan Bank for International Cooperation, the Export-Import Bank of the United States, and Export Finance Australia, pass the enterprise-mandate test on the basis that they finance domestic firms' export activity.

Classification decisions

Some institutions sit close enough to the boundary of the stakeholder-accountable definition that their treatment warrants explanation:

- **Japan Post Bank (included).** It is a listed company, and the government's look-through economic interest had fallen to roughly one-fifth by 2024, with the parent's stake scheduled to fall below half.³⁴ It retains statutory universal-service obligations and a legislated public role, which is the basis for inclusion, but a reasonable analyst could classify it as investor-accountable. It is one of the largest single institutions in the sample and the effect of excluding it is quantified in A.3.
- **Norinchukin Bank (included).** The central institution for Japan's agricultural cooperative system, counted as cooperative on the basis of ownership. Its balance sheet is overwhelmingly a global securities-investment portfolio funded by the cooperative system rather than domestic cooperative lending. Much of its balance sheet is neither domestic nor lending, a further instance of the international-scale caveat that attaches to the consolidated basis generally. The effect of excluding it is quantified in A.3.
- **Shoko Chukin Bank (included).** A deposit-taking SME lender counted as a publicly-owned deposit-taker. Shoko Chukin was privatized in 2025; it is included here because the reference year is 2024, during which the government holding remained in place.
- **Australian mutual ADIs (broad basis).** Australia's mutual sector is measured on the customer-owned banking basis, which includes mutual banks. Most Australian mutuals are now licensed as mutual banks rather than as credit unions or building societies, so the narrower APRA statistical category captures only a fraction of the member-owned sector. The broad basis is the one consistent with the cooperative and mutual deposit-taker definition above. The sensitivity to this choice is shown in A.3.
- **Federal Home Loan Banks (excluded).** The Federal Home Loan Banks are member-owned institutions, but they are excluded from Indicator 1 entirely. They are not deposit-taking institutions and therefore do not enter the banking-composition numerator, and they are excluded from Measure B because their primary function is wholesale funding to member financial institutions rather than enterprise finance. Their exclusion avoids treating financial-system liquidity infrastructure as stakeholder-accountable enterprise-finance capacity.
- **Farm Credit System (included in Measure B only).** The Farm Credit System is treated as a non-deposit cooperative enterprise-finance system (COOP-ND). It is excluded from Measure A because it is not a deposit-taking banking-sector institution. It is included in Measure B because it is cooperatively owned, holds financing assets on its own balance sheet, is a standing financial intermediary, and has a farm-business finance mandate, which falls within the enterprise-finance scope of this paper.

³⁴ [Japan Post Group Annual Report 2024](#)

- **Fannie Mae and Freddie Mac (excluded).** Excluded throughout. Notwithstanding federal conservatorship, they remain private shareholder-owned corporations and do not satisfy the public or cooperative ownership test.

Denominator sources

The banking-sector denominator for the composition measure is drawn on a consolidated basis from the following sources:

- **France, Germany, Italy:** European Central Bank Consolidated Banking Data (total assets, domestic banking groups, Q4 2024).
- **United Kingdom:** the summed consolidated total assets of the seven major UK-headquartered banking groups (HSBC, Barclays, Lloyds, NatWest, Santander UK, Standard Chartered, Nationwide), which together represent the substantial majority of UK-headquartered banking assets. Santander UK is the one departure from the parent-nationality basis, since its parent, Banco Santander, is Spanish. It is included because it is a UK-incorporated ring-fenced bank, separately capitalized, supervised by the Prudential Regulation Authority, and reporting its own consolidated accounts. It is also one of the largest retail and SME lenders in the UK, so leaving it out would understate the banking system. Groups reporting in US dollars are converted to sterling at the year-end 2024 rate before summing. The other building societies and credit unions in the numerator sit outside this base and are added to it.
- **Canada:** The Office of the Superintendent of Financial Institutions M4 consolidated balance sheet return (December 2024), which reports federally regulated Canadian banking groups on a worldwide consolidated basis. Desjardins, the other credit unions, and ATB Financial are provincially regulated, sit outside this base, and are added to it.
- **Japan:** Bank of Japan, total assets of domestically licensed banks (banking accounts), December 2024. The series excludes Japan Post Bank and the accounts of overseas offices. The principal assets of the banks' overseas branches, from the Bank of Japan's separate overseas-branch statistics, and the cooperative and public deposit-takers in the numerator are added to this base.
- **United States:** FDIC Quarterly Banking Profile (banks) plus NCUA (credit unions), since credit unions are in the numerator, plus the Bank of North Dakota, which sits outside the FDIC series.
- **Australia:** APRA Quarterly authorized deposit-taking institution performance (major banks plus other domestic banks), plus the credit unions and building societies that APRA reports outside those categories.

Where a national series does not cover all the institutions in the numerator, the omitted institutions are added to the base, as set out in A.2.

The non-bank sector

A broader denominator of total financial intermediation, banks plus other financial intermediaries such as investment funds and non-bank lenders, was considered and rejected. The international data record non-bank assets by where a fund is legally domiciled, and because continental European funds are heavily domiciled in Luxembourg and Ireland, they drop out of French and German totals while equivalent Anglo funds, domiciled at home, are fully counted. A total-intermediation denominator would therefore measure where funds are registered as much as how economies finance themselves, and it would do so in a way that flatters this paper's argument, which is the least acceptable place to carry a measurement artifact. In addition, a large share of non-bank assets are client savings vehicles rather than the balance-sheet credit intermediation that banks perform, so summing the two mixes different economic objects.

Tiers

Measure A tiers: High at or above 25 per cent, Medium 10 to 25 per cent, Low below 10 per cent. Scale relative to the economy carries no tiers as it is read in support of Measure A.

A.2 Per-country data

Each table below follows the same template. The denominator block gives the country's GDP and consolidated banking-sector assets with sources. The institution rows give each counted institution, its category code, whether it enters the Measure A score, and its 2024 total assets in US dollars. The computed block reproduces both headline measures from the rows above. Where the classification framework excludes a material institution, it is shown with the reason, so the effect of each exclusion is visible. Body Tables 1 and 2 report these figures rounded to whole percentages. All conversions use the year-end 2024 rates in A.1.

Germany

Item	Code	In Measure A?	Assets (USD bn)	Source
Denominators				
GDP, 2024 (EUR bn)			4,322.4	IMF, World Economic Outlook database, October 2024 vintage, national currency
GDP, 2024 (USD bn)			4,490.6	Converted at the year-end 2024 rate (see A.1)
Banking-sector assets, consolidated (USD bn)			8,233.3	ECB Consolidated Banking Data, total assets, domestic banking groups, Germany, Q4 2024
Stakeholder-accountable institutions				

Item	Code	In Measure A?	Assets (USD bn)	Source
Genossenschaftsbanken (Volksbanken and Raiffeisenbanken, consolidated)	COOP	Yes	1,255.0	BVR Jahresbericht 2024 . Excludes DZ Bank.
DZ Bank (cooperative central institution)	COOP	Yes	457.7	ECB supervisory data
Sparkassen-Finanzgruppe (local Sparkassen, consolidated)	PUB-DT	Yes	1,598.9	DSGV Finanzbericht 2024 . Excludes DekaBank.
Landesbanken (LBBW, BayernLB, Helaba, NordLB, SaarLB)	PUB-DT	Yes	1,010.8	DSGV Finanzbericht 2024
DekaBank (central asset manager)	PUB-DT	Yes	85.0	ECB supervisory data
KfW	PFI	No	566.6	KfW annual results 2024
Landwirtschaftliche Rentenbank	PFI	No	98.7	Rentenbank annual report 2024
Computed measures				
Measure A numerator (deposit-takers marked Yes above)			4,407.4	
Measure A: share of banking-sector assets			54%	= 4,407.4 / 8,233.3
Measure B (all rows above)			5,072.7	
Measure B: Scale relative to GDP			113%	= 5,072.7 / 4,490.6

Notes: The Genossenschaftsbanken figure excludes DZ Bank and the Sparkassen figure excludes DekaBank, so no institution is double-counted. The ECB consolidated denominator covers all German-headquartered banking groups, including the cooperative and public institutions in the numerator.

France

Item	Code	In Measure A?	Assets (USD bn)	Source
Denominators				
GDP, 2024 (EUR bn)			2,912.9	IMF, World Economic Outlook database, October 2024 vintage, national currency
GDP, 2024 (USD bn)			3,026.2	Converted at the year-end 2024 rate (see A.1)

Item	Code	In Measure A?	Assets (USD bn)	Source
Banking-sector assets, consolidated (USD bn)			9,519.8	ECB Consolidated Banking Data, total assets, domestic banking groups, France, Q4 2024
Stakeholder-accountable institutions				
Crédit Agricole Group	COOP	Yes	2,270.6	ECB supervisory data
BPCE Group (Banques Populaires and Caisses d'Épargne)	COOP	Yes	1,491.7	ECB supervisory data
Crédit Mutuel Group	COOP	Yes	1,005.9	ECB supervisory data
La Banque Postale	PUB-DT	Yes	281.9	ECB supervisory data
Bpifrance	PFI	No	125.3	ECB supervisory data
Computed measures				
Measure A numerator (deposit-takers marked Yes above)			5,050.0	
Measure A: share of banking-sector assets			53%	= 5,050.0 / 9,519.8
Measure B (all rows above)			5,175.4	
Measure B: Scale relative to GDP			171%	= 5,175.4 / 3,026.2
Excluded from the Indicator 1 count				
<i>Caisse des Dépôts (standalone, excl. La Banque Postale)</i>			1,160.1	<i>Fails the enterprise-mandate test: primary mandate is general public investment spanning housing, infrastructure, local-government finance, and strategic equity</i>
<i>SFIL</i>			15.5	<i>Fails the enterprise-mandate test: primary mandate is local-government finance</i>

Notes: The Caisse des Dépôts figure is the standalone group excluding La Banque Postale, so its exclusion creates no double-count with the numerator. Both exclusions lower France's scale figure; the direction runs against the paper's argument.

Italy

Item	Code	In Measure A?	Assets (USD bn)	Source
Denominators				

Item	Code	In Measure A?	Assets (USD bn)	Source
GDP, 2024 (EUR bn)			2,180.9	IMF, World Economic Outlook database, October 2024 vintage, national currency
GDP, 2024 (USD bn)			2,265.8	Converted at the year-end 2024 rate (see A.1)
Banking-sector assets, consolidated (USD bn)			2,843.6	ECB Consolidated Banking Data, total assets, domestic banking groups, Italy, Q4 2024
Stakeholder-accountable institutions				
Gruppo Bancario Cooperativo Iccrea (BCC, consolidated)	COOP	Yes	179.2	ECB supervisory data
Cassa Centrale Banca Group (BCC, consolidated)	COOP	Yes	93.4	ECB supervisory data
BancoPosta (banking arm of Poste Italiane)	PUB-DT	Yes	100.6	<u>Poste Italiane annual report 2024</u>
Mediocredito Centrale	PFI	No	14.8	<u>MCC consolidated financial statements 2024</u>
Computed measures				
Measure A numerator (deposit-takers marked Yes above)			373.1	
Measure A: share of banking-sector assets			13%	= 373.1 / 2,843.6
Measure B (all rows above)			387.9	
Measure B: Scale relative to GDP			17%	= 387.9 / 2,265.8
Excluded from the Indicator 1 count				
<i>Cassa Depositi e Prestiti</i>			406.6	<i>Fails the enterprise-mandate test: primary mandate is general public investment, not enterprise financing</i>

Notes: The exclusion of Cassa Depositi e Prestiti roughly halves Italy's measured scale; the direction runs against the paper's argument.

United Kingdom

Item	Code	In Measure A?	Assets (USD bn)	Source
Denominators				

Item	Code	In Measure A?	Assets (USD bn)	Source
GDP, 2024 (GBP bn)			2,808.3	IMF, World Economic Outlook database, October 2024 vintage, national currency
GDP, 2024 (USD bn)			3,518.6	Converted at the year-end 2024 rate (see A.1)
Banking-sector assets, consolidated (USD bn)			8,753.2	Summed consolidated total assets of the seven major UK-headquartered banking groups (see note below) plus the other building societies and credit unions.
Stakeholder-accountable institutions				
Nationwide Building Society	COOP	Yes	340.7	Nationwide annual report and accounts 2024
Other building societies (aggregate, excl. Nationwide)	COOP	Yes	288.8	Building Societies Association sector information
Credit unions (aggregate)	COOP	Yes	6.1	Bank of England credit union statistics 2024
Computed measures				
Measure A numerator (deposit-takers marked Yes above)			635.6	
Measure A: share of banking-sector assets			7%	= 635.6 / 8,753.2
Measure B (all rows above)			635.6	
Measure B: Scale relative to GDP			18%	= 635.6 / 3,518.6
Excluded from the Indicator 1 count				
<i>British Business Bank</i>			5.2	<i>Operates primarily as a guarantee and wholesale institution rather than holding loans on its own balance sheet; assessed under Indicator 2, on the same basis as the US Small Business Administration</i>

Notes: The denominator sums the consolidated 2024 total assets of HSBC, Barclays, Lloyds, NatWest, Santander UK, Standard Chartered, and Nationwide, which together represent the substantial majority of UK-headquartered banking assets. HSBC and Standard Chartered report in US dollars; their figures are converted to sterling at the year-end 2024 rate before summing so that the denominator is built on a single currency basis. Nationwide appears in both the numerator and the denominator; the other building societies and credit unions are not in the seven-group base and are added to it to give the coverage-inclusive denominator.

Japan

Item	Code	In Measure A?	Assets (USD bn)	Source
Denominators				
GDP, 2024 (JPY bn)			610,327.4	IMF, World Economic Outlook database, October 2024 vintage, national currency
GDP, 2024 (USD bn)			3,888.6	Converted at the year-end 2024 rate (see A.1)
Banking-sector assets, consolidated offices consolidated (USD bn)			14,302.0	Bank of Japan, total assets, assets and liabilities of domestically licensed banks, 2024, Bank of Japan, Principal Assets and Liabilities of Overseas Branches of Domestically Licensed Banks, December 2024 Sum of all stakeholder-accountable institutions that play a role in the banking sector (see notes)
Stakeholder-accountable institutions				
Shinkin banks (aggregate)	COOP	Yes	1,025.8	Shinkin Central Bank financial data 2024
Shinkin Central Bank	COOP	Yes	302.1	Shinkin Central Bank financial data 2024
Shinkumi banks (credit cooperatives, aggregate)	COOP	Yes	176.6	Shinyokumiai key figures, March 2024
Rokin (labour banks, aggregate)	COOP	Yes	159.7	Rokin annual data 2024
Norinchukin Bank (agricultural cooperative central institution)	COOP	Yes	584.4	Norinchukin annual report 2024
Japan Post Bank	PUB-DT	Yes	1,490.3	Japan Post Bank IR materials, FY2024
Shoko Chukin Bank	PUB-DT	Yes	84.8	Shoko Chukin annual report 2024
Japan Finance Corporation	PFI	No	213.6	JFC annual report 2024
Development Bank of Japan	PFI	No	138.2	DBJ integrated report 2024
Japan Bank for International Cooperation	PFI	No	138.0	JBIC annual report 2024
Computed measures				
Measure A numerator (deposit-takers marked Yes above)			3,823.6	

Item	Code	In Measure A?	Assets (USD bn)	Source
Measure A: share of banking-sector assets			27%	= 3,823.6 / 14,302.0
Measure B (all rows above)			4,313.4	
Measure B: Scale relative to GDP			111%	= 4,313.4 / 3,888.6

Notes: Japan Post Bank is a liminal case, included on the basis of its statutory universal-service obligations and legislated public role despite being a listed company; it is among the largest institutions in the sample and its treatment is bounded in A.3. Norinchukin is counted as cooperative on ownership, but its balance sheet is predominantly a global securities-investment portfolio funded by the cooperative system rather than domestic cooperative lending; this too is bounded in A.3. Shoko Chukin was privatized in 2025; it is included because the reference year is 2024. Japanese cooperative and public institutions report on the fiscal year ending March 2024, used here as the closest available basis for the 2024 reference year. The Bank of Japan series excludes Japan Post Bank, and the cooperative institutions and Shoko Chukin are chartered under separate statutes and fall outside it, so all numerator deposit-takers are added to the base. The series also excludes the accounts of overseas offices, so the principal assets of Japanese banks' overseas branches are added. Overseas subsidiaries and other group entities are not captured, so the denominator remains somewhat narrower than the consolidated basis used for the euro-area countries and Canada (see A.3).

United States

Item	Code	In Measure A?	Assets (USD bn)	Source
Denominators				
GDP, 2024 (USD bn)			29,167.8	IMF, World Economic Outlook database, October 2024 vintage, national currency
GDP, 2024 (USD bn)			29,167.8	Converted at the year-end 2024 rate (see A.1)
Banking-sector assets, consolidated (USD bn)			26,416.4	FDIC Quarterly Banking Profile, Q4 2024 (USD 24,098.0 bn) plus NCUA credit union assets, since credit unions are in the numerator, and the Bank of North Dakota (USD 10.8 bn), which sits outside the FDIC series
Stakeholder-accountable institutions				
Credit unions (aggregate)	COOP	Yes	2,307.6	NCUA quarterly data summary, Q4 2024
Mutual banks	COOP	Yes	334.2	FDIC Mutual Institutions
Bank of North Dakota	PUB-DT	Yes	10.8	BND annual report 2024
Farm Credit System (aggregate)	COOP-ND	No	544.4	Farm Credit Administration annual report 2024

Item	Code	In Measure A?	Assets (USD bn)	Source
Export-Import Bank of the United States	PFI	No	11.7	EXIM annual report FY2024
Computed measures				
Measure A numerator (deposit-takers marked Yes above)			2,652.6	
Measure A: share of banking-sector assets			10%	= 2,652.6 / 26,416.4
Measure B (all rows above)			3,208.7	
Measure B: Scale relative to GDP			11%	= 3,208.7 / 29,167.8
Excluded from the Indicator 1 count				
<i>Federal Home Loan Banks (aggregate)</i>			1,282.9	<i>Member-owned, but not deposit-taking and their primary function is wholesale funding to member financial institutions rather than enterprise finance</i>
<i>Fannie Mae and Freddie Mac</i>			n/a	<i>Private shareholder-owned corporations notwithstanding federal conservatorship; fail the public or cooperative ownership test</i>

Notes: The Farm Credit System is a non-deposit cooperative enterprise-finance system (COOP-ND): it enters Measure B but not Measure A. The Export-Import Bank is included under the export-credit-agency rule applied identically in every country. The Bank of North Dakota is state-guaranteed rather than FDIC-insured and therefore sits outside the FDIC component of the denominator; it is added to the base, with no effect on the rounded share.

Australia

Item	Code	In Measure A?	Assets (USD bn)	Source
Denominators				
GDP, 2024 (AUD bn)			2,724.0	IMF, World Economic Outlook database, October 2024 vintage, national currency
GDP, 2024 (USD bn)			1,687.3	Converted at the year-end 2024 rate (see A.1)
Banking-sector assets, consolidated (USD bn)			3,599.5	APRA, Quarterly authorised deposit-taking institution performance, major banks plus other domestic banks, total assets, 2024. Plus mutuals.
Stakeholder-accountable institutions				

Item	Code	In Measure A?	Assets (USD bn)	Source
Mutual ADIs, including mutual banks (aggregate)	COOP	Yes	110.9	COBA pre-budget submission, 2025
Export Finance Australia	PFI	No	2.1	Export Finance Australia annual report 2024-25
Computed measures				
Measure A numerator (deposit-takers marked Yes above)			110.9	
Measure A: share of banking-sector assets			3%	= 110.9 / 3,599.5
Measure B (all rows above)			113.0	
Measure B: Scale relative to GDP			7%	= 113.0 / 1,687.3

Notes: The mutual sector is measured on the customer-owned banking basis (approximately AUD 179 bn), which includes mutual banks. APRA's narrower credit-union and building-society line reports only AUD 35.6 bn because most Australian mutuals are now licensed as mutual banks and reported within APRA's other domestic banks category; the broad basis is the one consistent with this paper's cooperative and mutual deposit-taker definition.

Canada

Item	Code	In Measure A?	Assets (USD bn)	Source
Denominators				
GDP, 2024 (CAD bn)			3,018.5	IMF, World Economic Outlook database, October 2024 vintage, national currency
GDP, 2024 (USD bn)			2,097.9	Converted at the year-end 2024 rate (see A.1)
Banking-sector assets, consolidated (USD bn)			7,069.4	OSFI, M4 consolidated monthly balance sheet, total domestic banks, total assets, December 2024 . Reported on a worldwide consolidated basis, including foreign assets of domestic banks. Plus provincially regulated credit unions and ATB Financial.
Stakeholder-accountable institutions				
Desjardins Group	COOP	Yes	327.3	Desjardins annual report 2024
Other credit unions (aggregate, excl. Desjardins)	COOP	Yes	216.8	CCUA aggregate, 2024

Item	Code	In Measure A?	Assets (USD bn)	Source
ATB Financial	PUB-DT	Yes	42.0	ATB annual report 2024
Business Development Bank of Canada	PFI	No	32.9	BDC annual report 2024
Export Development Canada	PFI	No	52.9	EDC annual report 2024
Farm Credit Canada	PFI	No	37.2	FCC annual report 2023-24
Computed measures				
Measure A numerator (deposit-takers marked Yes above)			586.1	
Measure A: share of banking-sector assets			8%	= 586.1 / 7,069.4
Measure B (all rows above)			709.1	
Measure B: Scale relative to GDP			33.8%	= 709.1 / 2,097.9

Notes: The OSFI M4 denominator covers federally regulated banks only; Desjardins, the credit unions, and ATB Financial are provincially regulated and sit outside it.. ATB and FCC report on fiscal years ending in early 2024, used as the closest available basis for the 2024 reference year.

A.3 Sensitivity checks

The classification framework involves a small number of judgement calls large enough to move a country's figures materially. This section quantifies the largest of them, so a reader can see how far the results depend on each choice.

France: the consolidation basis

France leads both Measure A and Measure B, and its lead rests on three cooperative groups counted at full consolidated scale. Crédit Agricole, BPCE, and Crédit Mutuel together account for USD 4,768 bn of the numerator. Their consolidated balance sheets include international and wholesale operations. Measure A is partially self-correcting, because the denominator is consolidated on the same basis and France's large investor-accountable groups are at least as international. Measure B is not, because the denominator is domestic GDP. The test below therefore applies stylized haircuts to the three cooperative groups' assets, treating the removed share as international, while leaving the banking-sector denominator untouched. This is the harshest possible treatment. Correcting the denominator on the same basis would raise France's composition share back toward the baseline.

Scenario	Measure A: Position within the banking system	Measure B: Scale relative to the economy
Baseline (as counted)	53.0%	171.0%
25% of cooperative-group assets treated as international and removed	40.5%	131.6%
40% removed (maximal case)	33.0%	108.0%

Under any plausible correction France remains in the High tier and among the top three on both measures. Under the maximal correction, France's Measure B figure falls below Germany's 113 per cent. But the gap between the top three and the rest of the sample is unaffected. The 40 per cent haircut is deliberately beyond the plausible range. Crédit Mutuel is overwhelmingly domestic, and no published geographic segmentation of the three groups approaches an international share of that size.

Japan: the liminal institutions

Japan Post Bank and Norinchukin are the two largest boundary cases in the sample, together accounting for roughly half of Japan's composition numerator. The table shows Japan's measures with each excluded. An excluded institution is treated as investor-accountable and remains in the coverage-inclusive denominator.

Scenario	Measure A: Position within the banking system	Measure B: Scale relative to the economy
Baseline (as counted)	26.7%	110.9%
Excluding Japan Post Bank	16.3%	72.6%
Excluding Norinchukin	22.6%	95.9%
Excluding both	12.2%	57.6%

Excluding either institution moves Japan from the High to the Medium Measure A tier: to 16.3 per cent without Japan Post Bank and to 22.6 per cent without Norinchukin. Excluding both gives 12.2 per cent, just below Italy (13.1 per cent). On Measure B, Japan remains above 55 per cent of GDP in all scenarios, more than one and a half times the next-highest country outside the top three.

Australia: the mutual-sector basis

Basis for the mutual sector	Measure A: Position within the banking system	Measure B: Scale relative to the economy	Source
Broad: customer-owned banking sector incl. mutual banks (used in this paper)	3.2%	6.7%	
Narrow: APRA credit unions and building societies line only	0.6%	1.4%	<u>APRA</u>

Australia sits in the Low tier and at or near the bottom of the sample on both measures under either basis. The broad basis is used because it matches the paper's definition of cooperative and mutual deposit-takers. The narrow basis is shown so the effect of the choice is visible.

Currency conversion timing

Year-end 2024 exchange rates are used throughout. Average annual rates would produce slightly different US-dollar figures but would not change the cross-country pattern, since both the numerator and denominator of the composition measure convert at the same rate, and Measure B is computed in national currency before conversion.

A.4 Limitations and judgement calls

Several methodological choices are ones that could be open to other interpretation. The most consequential are stated here.

- **Consolidation basis.** Both sides of Measure A are consolidated by parent nationality. This measures the scale of stakeholder-accountable groups including their international operations rather than their domestic penetration. The France consolidation test in A.3 bounds the largest instance of this effect and shows the tiers survive a maximal correction.
- **The enterprise-mandate test for public financial institutions.** Measure B includes only public financial institutions whose primary mandate is enterprise financing, including export and farm-business finance, and excluding infrastructure, energy, and housing-finance vehicles. This removed Caisse des Dépôts, Cassa Depositi e Prestiti, and SFIL from the count, reducing the scale figures for France and Italy. Each exclusion is shown with its size in A.2. The test is applied to each institution's primary mandate as a whole and does not disaggregate multi-mandate institutions. The direction of these exclusions runs against the paper's argument.
- **Classification of liminal institutions.** Japan Post Bank, Norinchukin, Shoko Chukin, the Farm Credit System, and the Australian mutual sector are treated as boundary cases, each on a stated basis in A.1, with the material cases bounded in A.3.

- **Ownership versus control.** Fannie Mae and Freddie Mac are excluded because they remain private shareholder-owned despite federal conservatorship.
- **Guarantee institutions.** Institutions whose role is principally to guarantee rather than to lend on their own books (the US Small Business Administration, and the guarantee activity of bodies such as the British Business Bank) contribute little or nothing to an asset-based total and are assessed under Indicator 2.
- **GDP vintage.** GDP figures are from the October 2024 vintage of the IMF World Economic Outlook database, in which 2024 values are IMF estimates. Later vintages with settled 2024 actuals would shift the scale figures marginally without changing the cross-country pattern.
- **Fiscal-year alignment.** Institutions reporting on fiscal years ending in early 2024 are counted at their most recent fiscal-year figures, flagged per country in A.2. The effect on cross-country comparison is small relative to the differences being measured.
- **Subnational public institutions.** Level of government is not itself an inclusion or exclusion criterion. Publicly owned deposit-taking institutions are counted where they are part of the deposit-taking sector being measured, whether owned by a national or subnational government; this is why the German Sparkassen and Landesbanken, Canada's ATB Financial, and the Bank of North Dakota are included. By contrast, subnational non-deposit public development, investment, housing, infrastructure, or regional lending agencies are outside both measures, per the scope condition in A.1, unless they are consolidated into a national or federal system reported at country level.

Appendix B — Public guarantee infrastructure

This appendix documents the methodology and per-country evidence underlying Indicator 2 of the comparative analysis. The diagnostic applies a four-dimension framework to the primary SME-oriented public guarantee architecture in each of the eight comparator countries and scores each country qualitatively, High, Medium, or Low on each dimension.

B.1 Methodology

Public guarantees perform a financing function that is largely invisible in Indicator 1. Because guarantee commitments are contingent liabilities rather than financing assets, a public institution whose role is principally to guarantee loans may appear far below its contribution in an asset total, or not at all. The function may also be housed outside a public financial institution. Indicator 2 therefore assesses public guarantee activity directly, wherever it is institutionally located, by examining the standing architecture.

Public guarantee programs share a common mandate-setting and risk-bearing function, but the institutional configurations through which they operate vary substantially. The function may be administered by a PFI, a specialized guarantee corporation, a government department, or another statutory entity, and the resulting loans may be originated and held by investor-accountable lenders. The assessment is therefore qualitative and form-neutral. Scale and accessibility assess the potential reach of the function; delivery channel and institutional durability assess how it is built.

The four dimensions

- **D1 — Scale.** The financial weight and enterprise reach of the standing guarantee architecture within the country's SME financing system. The assessment uses the best available combination of measures, which may include guarantee volume relative to the economy or business credit market, the program's share of SME lending, and the number or proportion of SMEs reached.
 - High = The architecture has substantial financial weight and broad enterprise reach. It is a major and widely used component of the country's SME financing system.
 - Medium = The architecture provides meaningful and recurring financing capacity but is limited in either financial weight or enterprise reach.
 - Low = The architecture is marginal in both financial weight and enterprise reach.
- **D2 — Accessibility.** The extent to which the guarantee architecture is available to the range of viable enterprises that may need it, can accommodate their principal financing needs and is reasonably accessible across the country.
 - High= Broad across borrower coverage, financing coverage and geographic reach. Most enterprise forms and sectors are eligible, principal financing needs are covered, and access is reasonably even nationally.
 - Medium= Generally broad but has one material limitation involving borrower eligibility, financing uses or amounts, or geographic reach.

- Low= Has material limitations affecting at least two components, or one limitation is severe enough to exclude a substantial part of the viable SME market.
- **D3 — Delivery channel.** Whether the guarantee architecture enables participation by a diverse range of financial institutions, including smaller and stakeholder-accountable institutions, and whether guaranteed financing is meaningfully distributed through those institutions in practice.
 - High= Program design deliberately incorporates smaller or stakeholder-accountable institutions, and those institutions play a material role in actual delivery.
 - Medium= Diversity is strong in either program design or actual delivery, but not both.
 - Low= Program design provides little support for channel diversity and guaranteed financing flows predominantly through dominant incumbent institutions.
- **D4 — Institutional durability.** The extent to which the guarantee architecture has a stable mandate, enduring administrative capacity, and transparent public accountability.
 - High = Has a standing mandate, dedicated administrative capacity, a stable statutory or long-term public framework and regular, sufficiently detailed reporting.
 - Medium= Is established and recurring but has some material weaknesses, such as periodic renewal, rule instability, departmental administration without operational independence or limited reporting.
 - Low= Is temporary or discretionary, lacks a durable institutional home, depends heavily on short-term decisions or appropriations, or provides little public reporting.

Scoring discipline

Each country is assessed against its principal standing SME-oriented program. Unrelated standalone programs and one-off crisis vehicles are excluded from the score. The table below sets out the program assessed for each country.

The sector-restricted category warrants one clarification, since it applies unevenly across countries. Where a country operates a dedicated agricultural guarantee program that functions as separate infrastructure, such as the Canadian Agricultural Loans Act or Farm Service Agency guaranteed farm loans in the United States, it is excluded for the same reason as other special purpose vehicles, that is, it is restricted by sector rather than being part of the general SME architecture. Where agricultural lending instead runs through the general SME scheme, and it is reported within it, it is included.

A second qualification concerns crisis response measures. Where it was delivered through the standing architecture itself rather than a standalone vehicle, as in Italy, whose pandemic guarantees ran through the Fondo Centrale, and Japan, whose pandemic-era guarantees ran through the Credit Guarantee Corporations, crisis volume cannot be mechanically separated and remains still amortizing in the reported stock. The per-country assessments therefore rate these on their structural scale and disclose the crisis component.

	Program Assessed	Other Programs	Rationale
Japan	Credit Guarantee Corporations (51), reinsured by JFC		The CGC system is the standing architecture; pandemic-era volume ran through it and is disclosed in the assessment rather than excluded
France	Bpifrance national guarantee funds	Prêt Garanti par l'État (~€144bn)	PGE is a one-off crisis vehicle, now amortizing
Germany	Bürgschaftsbanken (17)	KfW promotional lending; COVID guarantees	KfW is on-balance-sheet lending (captured in Indicator 1), not a guarantee; COVID schemes temporary
Italy	Fondo Centrale di Garanzia	COVID-era peak (>€200bn)	Temporary expansion of the same fund, amortizing to structural level
United States	SBA 7(a) and 504		The SBA program is the standing architecture; no material exclusion
United Kingdom	Growth Guarantee Scheme (British Business Bank)	COVID schemes (BBLs, CBILs, etc.)	One-off crisis vehicles, now closed/amortizing
Canada	Canada Small Business Financing Program	EDC domestic-adjacent guarantees; new CILGC	EDC is export-mandated; CILGC too new for a track record
Australia	None standing (COVID scheme closed 2022)	Coronavirus SME Guarantee Scheme; Export Finance Australia	COVID scheme closed; EFA restricted to exporters

From dimension scores to the overall rating

Each country receives an overall rating, reported in Table 5 of High, Medium or Low. A country rated High on two or more of the four dimensions is rated High overall; a country rated Low on two or more dimensions is rated Low; every other combination is rated Medium. Where a country is High on two dimensions and Low on two, the Low result governs.

The logic reflects what this indicator measures. Indicator 2 assesses the build and reach of a single architecture across four dimensions, none of which is decisive on its own. Requiring strength on two dimensions before a country is rated High means the rating reflects more than one property of the architecture; applying the same threshold to weakness means a single limitation does not by itself override otherwise substantial infrastructure.

B.2 Per-country assessments

Japan

Japan operates the largest guarantee architecture in the comparison. Fifty-one prefectural Credit Guarantee Corporations, reinsured by Japan Finance Corporation.

D1 — Scale	High
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Japan is rated High because the standing system is large in both financial weight and enterprise reach. Outstanding guaranteed liabilities stood at ¥32.9 trillion at the end of FY2025,³⁵ roughly a tenth of Japan's SME loan stock and nearly half of Japan's SMEs were using the system.^{36,37} Part of the outstanding stock is a pandemic layer still amortizing, but new guarantees in FY2025 were slightly below their FY2019 level, so the current flow represents a standing level versus a crisis surge.

D2 — Accessibility	High
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Japan is rated High because borrower coverage, financing coverage and geographic reach are broad. Almost any small firm can apply, including companies, sole proprietors, cooperatives, medical corporations and registered non-profits³⁸ and a Credit Guarantee Corporation operates in every prefecture. Working capital, investment and refinancing are all covered.³⁹

D3 — Delivery channel	Medium
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Japan is rated Medium because delivery through small, locally rooted lenders is strong in practice, but is not specifically prioritized in program design. Guarantees flow through a diverse range of private financial institutions. In Tokyo, Shinkin banks and credit cooperatives accounted for 58.7 per cent of outstanding guaranteed liabilities in March 2024, compared with 24.6 per cent at city banks and 16.4 per cent at other banks.⁴⁰

D4 — Institutional durability	High
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Japan is rated High because mandate, capacity, framework and reporting are all present. The 51 Credit Guarantee Corporations, with 183 branches between them, are established by the Credit

³⁵ [Trends in Credit Guarantee Performance](#)
³⁶ [JFC: Credit Insurance Operations](#)
³⁷ [Number of SMEs, 2021 Economic Census](#)
³⁸ [Credit Guarantee Corporations: Overview and Statistics](#)
³⁹ [Credit guarantee schemes](#)
⁴⁰ [Credit Guarantee Corporation of Tokyo Annual Report 2024](#)

Guarantee Association Act of 1953, which also places them under ministerial supervision.⁴¹ A separate statute of 1950, the Small and Medium-sized Enterprise Credit Insurance Act, provides the insurance under which Japan Finance Corporation reinsures their guarantees.⁴² Reporting is frequent and detailed.⁴³⁴⁴

France

France delivers SME guarantees through Bpifrance, the national public investment bank.

D1 — Scale	Medium
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France is rated Medium because the guarantee provides real and recurring capacity but is not particularly large in terms of scale or reach. Bpifrance had €21.0 billion of guarantee commitments outstanding at the end of 2024, slightly below the €21.9 billion of 2022, so the stock has stopped growing.⁴⁵ That is 0.7 per cent of GDP and 3.9 per cent of the bank credit outstanding to French SMEs.⁴⁶⁴⁷ More than 71,000 firms received a guarantee in 2025, about 1.7 per cent of France's 4.2 million small firms.⁴⁸⁴⁹

D2 — Accessibility	High
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France is rated High because all three parts of the dimension are broad. Micro-enterprises and SMEs across nearly all sectors are eligible and so are associations, foundations and the liberal professions.⁵⁰ Coverage spans business creation, investment, business transfer, cash-flow strengthening, international expansion⁵¹ and, since 2024, a green guarantee, and buying a company is expressly financeable, including through a holding company.⁵² About fifty regional offices make 90 per cent of decisions locally.⁵³

D3 — Delivery channel	Medium
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⁴¹ [Credit Guarantee Association Act, Act No. 196 of 1953](#)
⁴² [Small and Medium-sized Enterprise Credit Insurance Act, Act No. 264 of 1950](#)
⁴³ [Trends in Credit Guarantee Performance](#)
⁴⁴ [Comprehensive Supervisory Guidelines for Credit Guarantee Corporations](#)
⁴⁵ [Financial relations between the State and the Bpifrance group, PLF 2026](#)
⁴⁶ [INSEE: National accounts 2025](#)
⁴⁷ [Banque de France: Financing of enterprises](#)
⁴⁸ [Bpifrance activity report 2025](#)
⁴⁹ [INSEE Focus no. 372: Enterprise categories](#)
⁵⁰ [Bpifrance: Garantie Transmission](#)
⁵¹ [BpiFrance Guarantee](#)
⁵² [Bpifrance: Garantie Transmission](#)
⁵³ [Cour des comptes: Bpifrance](#)

France is rated Medium because guarantees are delivered through a diverse banking system in which cooperative groups hold a substantial position. As a result, delivery runs largely through stakeholder-accountable institutions. However, this reflects the nature of the system rather than any deliberate design-level preferences.

D4 — Institutional durability	High
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France is rated High because mandate, capacity, framework and reporting are all present. Bpifrance was created by statute in 2012 and has held the national SME guarantee function ever since.⁵⁴ It is a permanent institution and its framework is long-term, though guarantee funds are capitalized through recurring public processes. Reporting is regular and detailed, including an annual budget annex laid before Parliament that gives commitments fund by fund, alongside periodic audits by the French national auditor.⁵⁵

Germany

Germany's primary guarantee provider is the network of seventeen Bürgschaftsbanken, member-owned guarantee banks operating since 1949.

D1 — Scale	Low
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Germany is rated Low because the scheme is marginal on both scale and reach. The Bürgschaftsbanken issued €1.36 billion of new guarantees in 2024, backing €1.96 billion of lending to 5,077 firms.⁵⁶ That is one firm in 680 of Germany's 3.44 million SMEs,⁵⁷ and 0.1 per cent of the €2.02 trillion banks lend to German business.⁵⁸

D2 — Accessibility	Medium
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Germany is rated Medium because eligibility and geographic coverage are broad but one material limitation applies to what the financing can be used for. Any commercial enterprise within the European SME definition can apply. The ceiling is €2 million per borrower, coverage is capped at 80 per cent of the risk, and there is a guarantee bank in every region.⁵⁹ The limitation is that refinancing and debt rescheduling cannot be guaranteed.⁶⁰ Non-profits are served only through some products, which represents a second, albeit less significant, limitation.⁶¹

⁵⁴ [Law No. 2012-1559](#)
⁵⁵ [Financial relations between the State and the Bpifrance group, PLF 2026](#)
⁵⁶ [VDB Association Report 2025](#)
⁵⁷ [IfM Bonn: SMEs and large enterprises](#)
⁵⁸ [Bundesbank: Loans to domestic enterprises and self-employed persons](#)
⁵⁹ [Federation and Länder substantially increase support for SMEs via guarantee banks](#)
⁶⁰ [Bürgschaftsbank Hamburg: Klassik-Bürgschaft](#)
⁶¹ [BBBsocial, Berlin-Brandenburg](#)

D3 — Delivery channel	High
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Germany is rated High because the design builds in stakeholder-accountable lenders and those lenders play a prominent delivery role. The guarantee banks are themselves owned by chambers of commerce and skilled trades, trade associations, insurers and savings banks and cooperative banks, and guarantee decisions are taken by committees drawn from those bodies.^{62,63} In 2024, savings banks and the cooperative Volksbanken and Raiffeisenbanken carried 86 per cent of the total number of guarantees and 82 per cent of guaranteed volume, against 8 and 13 per cent for private commercial banks.⁶⁴

D4 — Institutional durability	High
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Germany is rated High because mandate, capacity, framework and reporting are all present. The Bürgschaftsbanken have run continuously since 1949 and are licensed banks, supervised and audited as such.⁶⁵ The fiscal appropriations run on a five-year cycle, currently 2023 to 2027, with guarantees issued in that window covered until 2051.⁶⁶ Reporting is robust.⁶⁷

Italy

Italy's Fondo di Garanzia per le PMI, established by statute in 1996 and operating since 2000⁶⁸, is managed on the State's behalf by Mediocredito Centrale, a state-owned bank.⁶⁹

D1 — Scale	High
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Italy is rated High because its ordinary activity, leaving the pandemic schemes aside, is substantial on both scale and reach. In 2025 the fund backed 247,808 loans for 168,612 businesses, supporting €45.7 billion of lending.⁷⁰ That is about 3.7 per cent of Italy's 4.6 million SMEs reached in a single year, and financing equal to 2.0 per cent of GDP.⁷¹

D2 — Accessibility	Medium
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⁶² [Bürgschaftsbank NRW: governing bodies](#)

⁶³ [Bürgschaftsbank Mecklenburg-Vorpommern, Annual Report 2024](#)

⁶⁴ [VDB Association Report 2025](#)

⁶⁵ [Bürgschaftsbank Mecklenburg-Vorpommern, Annual Report 2024](#)

⁶⁶ [State counter-guarantees and warranties](#)

⁶⁷ [Federal guarantees, quarterly data](#)

⁶⁸ [Fondo di Garanzia per le PMI](#)

⁶⁹ [Garanzia per le Piccole e Medie Imprese \(PMI\)](#)

⁷⁰ [Fondo di Garanzia per le PMI, report to December 2025](#)

⁷¹ [ISTAT Statistical Yearbook 2025, chapter 14](#)

Italy is rated Medium because eligibility and geographic reach are unusually broad but one material limitation caps what a whole class of borrower can get. Micro, small, and medium enterprises, self-employed professionals, small mid-caps and registered third-sector bodies are all eligible.⁷² The limitation is that non-profits can take no more than €60,000 per loan against €5 million for an SME which makes non-profit access marginal in practice.⁷³ Coverage otherwise runs to both investment and working capital. Confidi are located across the country, supporting reach into local economies.⁷⁴

D3 — Delivery channel	Medium
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Italy is rated Medium because the fund is built to work through mutual guarantee institutions, but very little now flows that way. Confidi, guarantee consortia owned by the firms that use them, are written into the fund's design, but in practice, banks are providing an increasing share of the financing.⁷⁵⁷⁶

D4 — Institutional durability	Medium
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Italy is rated Medium because a permanent statutory basis and strong reporting sit alongside operating parameters that have been revised frequently. The fund was established by a statute in 1996 and has operated since 2000.⁷⁷ Reporting includes summaries, quarterly national and regional reports, and an annual report broken down by region, sector, firm size and purpose. However, its operating rules have been reset repeatedly, and its administration is contracted out, rather than held by an institution whose existence is tied to the job.

United States

The United States delivers SME guarantees through the Small Business Administration, a permanent federal agency, and principally through two programs. Under 7(a) the SBA guarantees a share of loans made by banks and licensed non-bank lenders; under 504 long-term fixed-asset financing is delivered through Certified Development Companies, non-profit corporations certified by the SBA.

D1 — Scale	Medium
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The United States is rated Medium because the program carries real weight but reaches a small minority of the firms that could use it. The SBA approved about 84,400 loans worth \$44.8 billion in

⁷² MIMIT: Guarantee Fund for SMEs

⁷³ Assolombarda: operating rules of the SME Guarantee Fund

⁷⁴ Confidi

⁷⁵ Fondo di Garanzia per le PMI, report to December 2025

⁷⁶ Fondo di Garanzia per le PMI, report to December 2019

⁷⁷ MIMIT: Guarantee Fund for SMEs

fiscal 2025 and had roughly \$163 billion of guaranteed loans outstanding in mid-2025.⁷⁸⁷⁹ Measured against the 6.4 million US small businesses that have employees, that amounts to approvals equal to about 1.3 per cent of the firms that might use them. Annual approvals are 0.15 per cent of GDP.⁸⁰

D2 — Accessibility	Medium
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The United States is rated Medium because the financing on offer is wide and available nationally, but with one material limitation on who can borrow. Non-profit organizations are ineligible for SBA business loans, along with lenders, passive property holdings, speculative ventures and gambling-dependent businesses.⁸¹ What the money can be used for is broad: working capital, inventory, supplies, equipment, land and buildings, and refinancing certain debt,⁸² and buying a business is expressly financeable, including by purchase of stock.⁸³ The 504 program covers fixed assets and, since 2021, refinancing.⁸⁴ Under 7(a), loans can reach \$5 million, with the SBA generally guaranteeing 85 per cent for loans of \$150,000 or less and 75 per cent for larger loans.⁸⁵ The 504 program separately provides long-term, fixed-rate financing for major fixed assets, with a maximum loan amount of \$5.5 million and available maturities of 10, 20 or 25 years.⁸⁶ Coverage is available across the country, and while it is thinner in rural markets, rural lending has been steadier than urban lending.⁸⁷

D3 — Delivery channel	Medium
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The United States is rated Medium because many kinds of lender can take part, but most of the money still flows through commercial banks. The 504 program must run through Certified Development Companies, which are required to be non-profits.⁸⁸ However, banks continue to originate about 89 per cent of 7(a) lending by value.⁸⁹

D4 — Institutional durability	Medium
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⁷⁸ [SBA delivers record capital to small businesses in FY25](#)
⁷⁹ [SBA OIG: Top Management and Performance Challenges, FY2026](#)
⁸⁰ [Gross domestic product, current dollars](#)
⁸¹ [13 CFR 120.110: What businesses are ineligible for SBA business loans](#)
⁸² [13 CFR 120.120: What are eligible uses of proceeds](#)
⁸³ [13 CFR 120.202: Restrictions on loans for changes in ownership](#)
⁸⁴ [Debt Refinancing in the 504 Loan Program, 86 FR 40775](#)
⁸⁵ [15 U.S.C. 636](#)
⁸⁶ [U.S Small Business Administration: 504 Loans](#)
⁸⁷ [Federal Reserve Bank of St. Louis: Small business lending and banking deserts, 2019-23](#)
⁸⁸ [13 CFR 120.816: CDC non-profit status and good standing](#)
⁸⁹ [FDIC Small Business Lending Survey 2024](#)

The United States is rated as Medium because the SBA is a standing federal agency dating to 1953 and its reporting is regular and detailed, but its program rules, fees, and guarantee terms change materially across administrations, and recent policy shifts have been rapid, leaving the architecture durable as an institution but less stable in its rules.⁹⁰⁹¹

United Kingdom

The United Kingdom delivers SME guarantees through the Growth Guarantee Scheme, run by the British Business Bank.

D1 — Scale	Low
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The United Kingdom is rated Low because the standing scheme is small on both scale and reach. The Growth Guarantee Scheme supports about £1.36 billion of lending a year to some 8,000 businesses.⁹² That is 0.14 per cent of the UK's 5.68 million SMEs, or 0.56 per cent of the 1.42 million that have employees,⁹³ and about 2 per cent of the £68 billion banks lent to SMEs in 2025.⁹⁴

D2 — Accessibility	Medium
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The United Kingdom is rated Medium because who can borrow and what for are both wide, but geographic coverage is not even. The Growth Guarantee Scheme is open to a broad range of UK-trading businesses with turnover of up to £45 million and supports term loans, overdrafts, asset finance, invoice finance and asset-based lending for any legitimate business purpose.⁹⁵ Facilities are generally available up to £2 million, but borrowers within the scope of the Windsor Framework in Northern Ireland are limited to £1 million, with lower limits applying in agriculture and fisheries.⁹⁶

D3 — Delivery channel	Medium
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The United Kingdom is rated Medium because the British Business Bank has intentionally worked to accredit a diverse array of lenders, including community development lenders, but the vast majority of the scheme's guarantees continue to flow through investor-accountable institutions.⁹⁷

⁹⁰ [Affiliation and Lending Criteria for the SBA Business Loan Programs](#)

⁹¹ [SBA Eliminates Disastrous Biden-Era Underwriting Standards](#)

⁹² [Chancellor to unlock billions in finance for small businesses](#)

⁹³ [Business population estimates for the UK and regions 2025](#)

⁹⁴ [Small Business Finance Markets Report 2026](#)

⁹⁵ [Growth Guarantee Scheme \(GGS\)](#)

⁹⁶ [Growth Guarantee Scheme \(GGS\)](#)

⁹⁷ [Growth Guarantee Scheme Performance Data](#)

D4 — Institutional durability	Medium
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The United Kingdom is rated Medium because a durable institution runs guarantees through a succession of temporary schemes. The British Business Bank is a dedicated, government-owned development bank, and its reporting practices are strong⁹⁸, but its guarantee provision runs through a succession of temporary programs (the Enterprise Finance Guarantee, the Recovery Loan Scheme, and now the Growth Guarantee Scheme, extended to 2030).⁹⁹

Canada

Canada's primary guarantee program is the Canada Small Business Financing Program, a legislated loss-sharing arrangement currently administered within a federal department.

D1 — Scale	Low
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Canada is rated Low because the program is marginal on both scale and reach. Lenders registered 6,409 loans worth \$1.885 billion in 2024-25, the program's biggest year.¹⁰⁰ That is 0.58 per cent of Canada's roughly 1.1 million employer businesses, fewer than six in a thousand.¹⁰¹ The \$1.885 billion in lending equals 0.06 per cent of GDP.

D2 — Accessibility	Medium
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Canada is rated Medium because eligibility, financing and national coverage are all broad, against one material limitation on what the money can be used for. Any business operating in Canada with gross revenue of \$10 million or less qualifies, and as of fairly recently, so do not-for-profits, charities and religious organizations that carry on a business activity.¹⁰² Loans of up to \$1.15 million cover property, leasehold improvements, equipment, intangible assets and working capital, with a line of credit up to \$150,000¹⁰³ and loans were registered in every province and territory except Nunavut in 2024–25.¹⁰⁴ The limitation is that the program finances assets, not shares. Buying a company's shares is expressly ineligible, which makes business acquisition challenging and working capital is capped tightly.¹⁰⁵

⁹⁸ [Growth Guarantee Scheme Performance Data](#)

⁹⁹ [GGS](#)

¹⁰⁰ [Canada Small Business Financing Program: Overview and Highlights 2024-25](#)

¹⁰¹ [Key Small Business Statistics 2025](#)

¹⁰² [Canada Small Business Financing Act](#)

¹⁰³ [Canada Small Business Financing Regulations](#)

¹⁰⁴ [ISED Overview and Highlights 2024-25](#)

¹⁰⁵ [CSBFP – Frequently Asked Questions](#)

D3 — Delivery channel	Low
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Canada is rated Low because although credit unions and caisses populaires are eligible lenders, nothing in the program's design encourages their participation. Between 2004-2014, 70 per cent of CSBFP loans have been made by nine large banks.¹⁰⁶

D4 — Institutional durability	Medium
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Canada is rated Medium because the program rests on solid legislation but is weak on reporting and administration. While legislated reporting requirements are met, the reports do not indicate how much lending is outstanding or what kind of lenders are doing the lending.¹⁰⁷ The program is also run out of a federal department rather than a dedicated institution, and its detailed rules are set by cabinet regulation rather than by Parliament. Budget 2025 announced that delivery will move to the Business Development Bank of Canada,¹⁰⁸ but no legislation has been tabled and no timing given.

Australia

Australia has no standing general SME guarantee program. Its only recent SME guarantee activity was the COVID-era scheme, now closed, and the closest standing entity, Export Finance Australia, is restricted to exporters.¹⁰⁹

D1 — Scale	Low
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Australia is rated Low because there is no standing scheme whose weight or reach could be anything but marginal. The Coronavirus SME Guarantee and SME Recovery Loan Schemes closed in stages between September 2020 and 30 June 2022; with no standing successor, Australia carries no continuing SME guarantee book of meaningful scale.¹¹⁰

D2 — Accessibility	Low
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Australia is rated Low because there is no general program for any enterprise to access. The COVID schemes were broad but temporary, and the only continuing facility, Export Finance Australia, is restricted by purpose to exporters.

¹⁰⁶ [Regulations Amending the Canada Small Business Financing Regulations](#)

¹⁰⁷ [Canada Small Business Financing Program: Overview and Highlights 2024-25](#)

¹⁰⁸ [Canada Strong: Budget 2025](#)

¹⁰⁹ [Export Finance Australia: Key eligibility criteria for our loans, bonds and guarantee products](#)

¹¹⁰ [SME Recovery Loan Scheme](#)

D3 — Delivery channel	Low
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Australia is rated Low because there is no program design to support channel diversity and no standing guaranteed lending for diverse institutions to deliver.

D4 — Institutional durability	Low
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Australia maintains no standing SME guarantee institution or program; its guarantee response has been assembled as temporary, time-limited schemes rather than embedded in durable infrastructure.

Appendix C — Mission-oriented financing infrastructure

This appendix documents the methodology and per-country evidence underlying Indicator 3 of the comparative analysis. The diagnostic applies a five-dimension framework to the mission-oriented financing sector in each of the eight comparator countries and scores each dimension qualitatively as High, Medium, or Low. Each country also receives an overall rating on the three-point scale used in the synthesis (High, Medium, or Low), under the rule stated in C.1.

C.1 Methodology

What counts as mission-oriented financing

Mission-oriented financing refers to financial intermediaries whose lending and investment activity is materially influenced by mission. The category includes CDFIs and their equivalents, community loan funds, mission-locked impact investment vehicles, microcredit operators, Indigenous-controlled financial institutions etc. These intermediaries embed stakeholder accountability through regulatory and infrastructural scaffolding (e.g. charter constraints, certification regimes, mission-locked capital, and external accountability mechanisms).

The category is heterogeneous across jurisdictions. Some countries (notably the US and UK) have constructed an explicit CDFI category with dedicated certification, capitalization, and regulatory infrastructure. France and Italy operate through alternative legal categories — the Social and Solidarity Economy framework, microcredit-specific regulation — that perform similar institutional work. Germany, Japan, Australia and Canada channel mission-oriented finance through general policy frameworks rather than through a dedicated sector category. Where no financial institution-side category exists, the assessment considers whether another legal or policy framework performs comparable functions.

Five dimensions

- **D1 — Legal Recognition.** Whether mission-oriented intermediaries are recognized as a distinct category in financial regulation.
 - High= A dedicated statutory category with a certification or accreditation regime for mission-oriented financial institutions.
 - Medium = Partial, tax-based, programmatic or enterprise-side recognition that performs some comparable functions but does not create a comprehensive certified category of mission-oriented financial institutions.
 - Low = No distinct legal or policy recognition of mission-oriented financial institutions or a functional equivalent.
- **D2 — Public capitalization or wholesale funding.** Whether there is a dedicated mechanism for channelling public capital into the sector
 - High = A substantial, dedicated fund for channelling public capital.
 - Medium = Partial or modest mechanism
 - Low = No dedicated mechanism

- **D3 — Breadth of coverage.** Whether the sector reaches borrowers across the country and spans a range of institutional types — such as loan funds, mission-certified banks or credit unions, equity and venture funds, and microlenders — rather than being confined to one region or one institutional form.
 - High = National reach across several institutional types
 - Medium = Limited in certain regions, or to a single institutional type
 - Low = Absent, or only small pilots
- **D4 — Policy legitimacy.** Whether the sector functions as an active policy instrument, holds a formal engagement role with government, and is embedded in adjacent national programs.
 - High = Active instrument with formal engagement role
 - Medium = Recognized but low engagement
 - Low = No policy role
- **D5 — Data infrastructure.** Whether there is an official registry of recognized institutions and consistent, comparable data on their lending.
 - High = Comprehensive certified registry with standardized data
 - Medium = Partial or fragmented data
 - Low = No registry

From dimension scores to the overall rating

Each country receives an overall rating, reported in the synthesis (Table 5) of High, Medium or Low. Because this indicator assesses the maturity of an ecosystem across five dimensions, the overall rating is the country's typical condition.

C.2 Per-country assessments

United States

The United States' CDFI sector rests on a dedicated federal statute, a certification regime, a standing funder, and three decades of broadly bipartisan support, and it operates at national scale across six institutional types.

D1 — Legal recognition.

High

The United States is rated High because a dedicated statutory category exists and a federal authority certifies institutions into it. The CDFI Fund was established by the Riegle Community Development Banking and Financial Institutions Act of 1994 (12 USC 4701 et seq.) and is administered by the US Department of the Treasury.¹¹¹ It sets criteria for six institutional types: community development banks, community development credit unions, community development

¹¹¹ Riegle Community Development and Regulatory Improvement Act of 1994

loan funds, community development venture capital funds, microenterprise development loan funds, and depository institution holding companies.¹¹²

D2 — Public capitalization or wholesale funding.

High

The United States is rated High because it has a dedicated mechanism to capitalize intermediaries. The CDFI Fund has received annual federal appropriations continuously since FY1995, resulting in approximately \$7.6 billion in awards across the program's history.¹¹³ FY2024 appropriations were approximately \$324 million for the CDFI Program and Native American CDFI Assistance, with additional program channels including the Bond Guarantee Program, Capital Magnet Fund, and Small Dollar Loan Program.¹¹⁴ The Emergency Capital Investment Program (ECIP), authorized in 2020, provided \$8.57 billion in Treasury-purchased subordinated debt and preferred stock to CDFIs and Minority Depository Institutions.¹¹⁵

D3 — Breadth of coverage.

High

The United States is rated High because the sector has national reach and spans six institutional forms all operating well above pilot scale. CDFI Fund award data shows the sector operates at full national geographic reach. The 2021 CDFI Rapid Response Program made awards to 863 CDFIs across 48 states plus DC, Guam, and Puerto Rico across institutional forms.¹¹⁶

D4 — Policy legitimacy.

High

The United States is rated High because certified CDFIs are the object of active federal instruments and a formal consultative channel exists. CDFI certification is the gateway to multiple federal programs: the New Markets Tax Credit, the Capital Magnet Fund, the Bond Guarantee Program, ECIP, and others. The Treasury's Community Development Advisory Board provides formal consultation. The sector has had bipartisan policy legitimacy across three decades, though that legitimacy has come under sustained contestation, including the March 2025 executive order, the proposed FY2027 budget cuts, and ongoing congressional pushback.¹¹⁷ At the time of writing, the sector's standing infrastructure remains in place, but is under threat.¹¹⁸

¹¹² [12 CFR 1805](#)

¹¹³ [Agency Financial Report Fiscal Year 2023 & 2024](#)

¹¹⁴ [CDFI Fund FY2024 Performance and Accountability Report](#).

¹¹⁵ [Emergency Capital Investment Program](#)

¹¹⁶ [CDFI Fund, 'CDFI Rapid Response Program' \(2021 awards\)](#).

¹¹⁷ [Continuing the Reduction of the Federal Bureaucracy](#)

¹¹⁸ [President's FY27 Budget Request Proposes CDFI Fund Cuts, Congress to Determine Final Funding](#)

The United States is rated High because a public authority maintains a register of the sector and collects standardized data from every registered institution. The CDFI Fund publishes a list of certified CDFIs, covering nearly 1,300 organizations.¹¹⁹ It collects data through the Annual Certification Report and Transaction Level Report.¹²⁰

United Kingdom

The United Kingdom has a recognized CDFI sector but no single gateway into it. Recognition, capitalization and data each run through a different body, none of which covers the whole sector, and the sector label itself is maintained by the trade association rather than by government. The sector lent £348 million across 148,397 loans in 2025.¹²¹

The United Kingdom is rated Medium because an accreditation regime for CDFIs exists but is tied to a tax instrument rather than to institutional status. The Community Investment Tax Relief scheme, established by the Finance Act 2002, accredits CDFIs so their investors can claim tax relief.¹²² Wholesale-funding eligibility runs through a separate track with Better Society Capital and British Business Bank each setting their own eligibility criteria for the CDFIs they capitalize.¹²³¹²⁴ "CDFI" as a sector label is maintained by Responsible Finance, the trade association, rather than by government.¹²⁵ The result is a looser, more fragmented recognition architecture than the US CDFI Fund's single certification gateway.

The United Kingdom is rated High because dedicated wholesale facilities capitalize CDFIs at a scale that is material against the sector's own lending and have been renewed rather than allowed to lapse. Better Society Capital's (formerly Big Society Capital) Community Investment Enterprise Facility was launched in 2018 with £60 million, providing wholesale capital to CDFIs.¹²⁶ In 2024 the British Business Bank launched Community ENABLE Funding (CEF), a dedicated wholesale

¹¹⁹ [Sizing the CDFI Industry, 2011–2025](#)

¹²⁰ [CDFI Certification](#)

¹²¹ [Responsible Finance, lending statistics](#)

¹²² [Community Investment Tax Relief](#)

¹²³ [Community Investment Enterprise Fund](#)

¹²⁴ [British Business Bank Community ENABLE Funding](#)

¹²⁵ [Responsible Finance UK](#)

¹²⁶ [Community Investment Enterprise Fund](#)

facility expected to support up to £150 million in CDFI lending over two years, with a mix of public and private capital. ¹²⁷

D3 — Breadth of coverage

Medium

The United Kingdom is rated Medium because the sector is national and well above pilot scale but is confined to a narrow range of institutional forms and is unevenly distributed across the United Kingdom. The sector lent £348 million across 148,397 loans in 2025, of which about £181 million went to start-ups and small businesses and £97 million to social enterprises and charities. ¹²⁸ Activity spans business, personal, social enterprise and home improvement lending, but these are market segments served by a single institutional form, the non-depository loan fund, rather than distinct institutional types. Coverage is also thinner outside England and Wales. ¹²⁹

D4 — Policy legitimacy.

High

The United Kingdom is rated High because CDFIs are the object of active public instruments and a formal engagement channel now exists. CITR is a standing statutory instrument directed at CDFIs specifically, and its investment limits were raised substantially in 2023. ¹³⁰ In November of 2025, the UK established the Office for the Impact Economy as a front door into government for social finance and philanthropy. ¹³¹

D5 — Data infrastructure.

Medium

The United Kingdom is rated Medium because comprehensive sector data exists but is produced by the trade association, and the only official list covers a fraction of the sector. Responsible Finance publishes annual lending volumes and beneficiary statistics covering the sector as a whole. ¹³² Government maintains the CITR accreditation list of thirty entities, and the Department for Business and Trade publishes aggregate CITR investment and lending by year, but that data only captures a portion of sector activity.

France

France has a well-developed framework for the social and solidarity economy, but it is directed at enterprises rather than at the intermediaries that finance them.

¹²⁷ [British Business Bank announces Community Enable Funding programme to increase the availabilities of funding social sector lenders](#)

¹²⁸ [Responsible Finance, lending statistics](#)

¹²⁹ [Community ENABLE Funding](#)

¹³⁰ [SI 2023/518](#)

¹³¹ [Office for the Impact Economy](#)

¹³² [Responsible Finance, Annual Report 2024.](#)

D1 — Legal recognition.

Medium

France is rated Medium because banking law does contain a category that applies to mission-oriented lenders as such, but it covers only microcredit.¹³³ The more prominent French framework, the Social and Solidarity Economy regime established by the Hamon Law,¹³⁴ accredits the enterprise, not the lender.

D2 — Public capitalization or wholesale funding.

Medium

France is rated Medium because dedicated public mechanisms exist but are dispersed across several vehicles, indirect in design and, often, time-limited. The Banque des Territoires, a division of the Caisse des Dépôts, committed at least €300 million to the social and solidarity economy over 2023 to 2025.¹³⁵ Alongside it sits the 90/10 regime, under which employee savings plans and, since 2022, life insurance contracts must offer solidarity funds placing between five and ten per cent of assets in accredited enterprises or in solidarity financiers, France Active among them.¹³⁶ That regime is a distinctive feature of the French system, but it channels private savings rather than public capital, which is what this dimension measures.

D3 — Breadth of coverage.

Medium

France is rated Medium because its mission-oriented lenders reach the whole country but do not span many institutional types. Adie operates around 197 branches and financed 30,971 professional microloans in 2025.¹³⁷ France Active supported some 40,500 entrepreneurs in 2025¹³⁸ and Initiative France operates a little over two hundred local platforms making interest-free loans.¹³⁹ Between them they cover metropolitan France and the overseas departments. But all three are non-profit associations, none of them takes deposits, and all work at the small end of the market.

D4 — Policy legitimacy.

Medium

France is rated Medium because active instruments exist but the formal engagement channel is organized around the social economy rather than around the financing sector. The Conseil supérieur de l'économie sociale et solidaire has a statutory basis in article 4 of the Hamon Law¹⁴⁰

¹³³ [Organisme de micro-crédit, ACPR](#)

¹³⁴ [Law No.2014-856](#)

¹³⁵ [Banque des Territoires, plan ESS 2023–2025](#)

¹³⁶ [Les fonds « 90/10 »](#)

¹³⁷ [Adie, rapport d'activité 2025](#)

¹³⁸ [France Active, bilan 2025](#)

¹³⁹ [Initiative France, Essentiel 2025](#)

¹⁴⁰ [Law No. 2014-856](#)

and must be consulted on legislative and regulatory proposals affecting the ESS, but its members are drawn from the enterprise and network levels rather than from financial intermediaries.

D5 — Data infrastructure.

Medium

France is rated Medium because an official register of mission-oriented lenders exists but is narrow, and the only comprehensive data series is private. REGAFI, maintained by the ACPR, identifies micro-credit organizations, but does not go beyond that.¹⁴¹ The DG Trésor publishes an annual national list of ESUS accreditations, but that is an enterprise register.¹⁴² The authoritative statistical series on French solidarity finance is the Baromètre de la finance solidaire, published by FAIR, a sector association, and not by a public authority.¹⁴³

Italy

Italy recognizes mission-oriented intermediaries in banking law but in a very restricted manner.

D1 — Legal recognition.

Medium

Italy is rated Medium because its banking law recognizes mission-oriented lenders in two places, but each covers only one part of the sector. Article 111 of the Testo Unico Bancario authorizes microcredit operators as a distinct non-bank category.¹⁴⁴ Article 111-bis, added in 2016 and in force since 2023, covers ethical and sustainable banks.¹⁴⁵ These two categories leave out many mission-oriented institutions in Italy.

D2 — Public capitalization or wholesale funding.

Low

Italy is rated Low because no mechanism puts capital into its mission-oriented lenders. The main public instrument reaching the sector is the microcredit window of the Fondo Centrale di Garanzia, which accepted 5,220 operations in 2025, supporting €204.8 million of lending of which €154.4 million was guaranteed.¹⁴⁶ But that is a guarantee on loans the operators make, not capital they can lend from. Italy has no equivalent of the CDFI Fund, Community ENABLE Funding or the Social Finance Fund.

D3 — Breadth of coverage.

Medium

Italy is rated Medium because microcredit reaches borrowers across the country at a real but modest scale and comes almost entirely from one kind of lender. Italian microcredit reached

¹⁴¹ REGAFI

¹⁴² Liste nationale des agréments ESUS

¹⁴³ Baromètre de la finance solidaire 2026

¹⁴⁴ Microcredit companies

¹⁴⁵ *dm Finanze* 4 ottobre 2022, n.209 <https://www.brocardi.it/testo-unico-bancario/titolo-v/capo-i/art111bis.html>

¹⁴⁶ Fondo di garanzia, relazione dicembre 2025

approximately €300 million in disbursements in 2023 across approximately 17,785 borrowers, with national geographic reach,¹⁴⁷ but almost all originated from authorized microcredit operators.

D4 — Policy legitimacy.

Medium

Italy is rated Medium because the microcredit framework is an active instrument of national policy with a standing public body behind it, but engagement is organized around that one program rather than around a financing sector. The Ente Nazionale per il Microcredito holds a statutory monitoring and promotion mandate and maintains the mandatory national register of the tutoring and monitoring services that article 111 microcredit must be accompanied by.¹⁴⁸ The narrower microcredit focus limits the sector's policy footprint.

D5 — Data infrastructure.

Medium

Italy is rated Medium because official registers of mission-oriented intermediaries exist but carry no lending data. The Bank of Italy maintains the statutory register of authorized microcredit operators under article 111.¹⁴⁹ The Ente Nazionale per il Microcredito maintains a second mandatory national register, of the tutoring services that accompany microcredit, operational since September 2019.

¹⁵⁰

Canada

Canada has mature mission-oriented financing institutions including Indigenous and rural lending networks that have reached every province for decades, but nothing that organizes them into a recognized sector

D1 — Legal recognition.

Low

Canada is rated Low because no federal framework identifies mission-oriented financial intermediaries as a class. Where mission-oriented lenders are recognized, it is through the program authorities that fund them. Quebec comes closest to an exception, with a statutory definition of the social economy enterprise in its 2013 *Loi sur l'économie sociale* and a dense layer of purpose-built financing vehicles.¹⁵¹

¹⁴⁷ [Financial inclusion and microcredit in Italy: a positive trend, but serious disparities remain](#)

¹⁴⁸ [Microcredito](#)

¹⁴⁹ [Operatori del microcredito, Banca d'Italia](#)

¹⁵⁰ [Elenco nazionale obbligatorio](#)

¹⁵¹ [Loi sur l'économie sociale](#)

D2 — Public capitalization or wholesale funding.

Medium

Canada is rated Medium because dedicated federal mechanisms exist, but they are time-limited and only partly appropriated. The Social Finance Fund, announced in 2018 and operationalized in 2023, channels federal capital into mission-aligned financing through three wholesalers (Boann Social Impact, Realize Capital Partners, CAP Finance).¹⁵² The Indigenous Growth Fund, established in 2022 with \$150 million, provides patient capital to NACCA's network of Indigenous Financial Institutions.¹⁵³ These are meaningful commitments but recent and modest in scale relative to comparator infrastructure.

D3 — Breadth of coverage.

Medium

Canada is rated Medium because permanent networks of mission-oriented institutions extend across the country and span more than one institutional form, but reach is defined by constituency. The Community Futures Network channels mission-constrained capital to enterprises across rural Canada, and NACCA, through its network of Indigenous Financial Institutions, does the same for Indigenous Canadians.^{154 155} Both are longstanding programs rather than pilot projects, which places coverage above the Low band.

D4 — Policy legitimacy.

Medium

Canada is rated Medium because active federal instruments exist but the formal engagement channel is not currently active. The Social Finance Fund and the Indigenous Growth Fund are active federal instruments directed at intermediaries, which is what distinguishes Canada from the countries rated Low on this dimension. On engagement, the Social Innovation and Social Finance Strategy Co-Creation Steering Group provided formal consultation in 2017 and 2018¹⁵⁶ and was succeeded by a Social Innovation Advisory Council whose members were announced in January 2023,¹⁵⁷ but no activity has been recorded publicly since.

D5 — Data infrastructure.

Low

Canada is rated Low because no register of mission-oriented financial institutions exists and there is no consistent sector-level lending series. NACCA maintains a member list of Indigenous Financial Institutions and the Community Futures Network of Canada lists Community Futures

¹⁵² [Social Finance Fund](#).

¹⁵³ [Indigenous Growth Fund](#)

¹⁵⁴ [NACCA](#)

¹⁵⁵ [Community Futures](#)

¹⁵⁶ [Government of Canada takes important step towards a Social Innovation and Social Finance Strategy to address Canada's most persistent social issues](#)

¹⁵⁷ [Social Innovation Advisory Council](#)

Development Corporations by province, but these are membership directories maintained by the networks themselves rather than public registers, and no register spans them. The Social Finance Fund publishes wholesaler-level commitments but not intermediary-level lending, and its most recent published data is for the end of 2024.¹⁵⁸

Germany

Germany's mission-oriented financing sector consisted of one federal microcredit program, which recently ceased new lending. Most of the function this indicator measures is performed in Germany by the savings and cooperative banking pillars.

D1 — Legal recognition.

Low

Germany is rated Low because there is no legal category that captures mission-oriented financial intermediaries, and the one programmatic arrangement that came closest has ceased to operate. Under the Mikrokreditfonds Deutschland framework established in 2010, microlenders were accredited by the Deutsches Mikrofinanz Institut, a private body.^{159 160} However, the accreditation was never a legal status.

D2 — Public capitalization or wholesale funding.

Low

Germany is rated Low because no federal mechanism puts capital into its mission-oriented lenders.

D3 — Breadth of coverage.

Low

Germany is rated Low because the German microcredit sector reach has always been extremely modest relative to the country's broader Sparkassen and cooperative bank infrastructure, which absorbs much of the mission-oriented financing function.¹⁶¹

D4 — Policy legitimacy.

Low

Germany is rated Low because there is neither an active instrument directed at mission-oriented intermediaries nor a formal engagement channel for them. Germany does have a national strategy for social innovation and public-benefit enterprises, adopted in September 2023, with seventy measures of which about a dozen concern financing.¹⁶² Those measures are directed at enterprises and at impact venture capital rather than at financing intermediaries.

¹⁵⁸ [Social Finance Fund, results and updates](#)

¹⁵⁹ [Mikrokreditfonds Deutschland](#)

¹⁶⁰ [Bundestag](#)

¹⁶¹ [Bundestag, Drucksache 21/6136](#)

¹⁶² [Nationale Strategie SIGU](#)

D5 — Data infrastructure.

Low

Germany is rated Low because no register of mission-oriented intermediaries exists. The only quasi-official list was the federal labour ministry's list of accredited microfinance institutes, which was a program list rather than a statutory register and is no longer published.

Australia

Australia's only CDFI program was a pilot that ran from 2010 to 2014 and was never replaced.

D1 — Legal recognition.

Low

Australia is rated Low because no category applies to mission-oriented financial intermediaries.

D2 — Public capitalization or wholesale funding.

Low

Australia is rated Low because no mechanism capitalizes mission-oriented intermediaries, and the current federal instruments are operating subsidies, capability grants and outcomes purchasing. The CDFI pilot of 2010 to 2014 allocated \$7.5 million, of which \$6 million covered operating and business development costs at five participating CDFIs; the loan capital came from NAB and Westpac rather than from the Commonwealth.¹⁶³ The Social Enterprise Development and Investment Fund, which in 2011 put \$10 million of Commonwealth capital into Social Enterprise Finance Australia, is the only Australian instrument that has ever capitalized an intermediary, and it is closed.¹⁶⁴

D3 — Breadth of coverage.

Low

Australia is rated Low because the sector consists of very few institutions. Good Shepherd's microfinance operation is national but modest relative to mainstream lending.¹⁶⁵

D4 — Policy legitimacy.

Low

Australia is rated Low because there is neither an active federal instrument directed at mission-oriented intermediaries nor a formal consultative role for them. The Social Impact Investing Taskforce, established in 2019, delivered its final report in 2020 and an updated report published in December 2023, and no successor body was constituted.¹⁶⁶

¹⁶³ CDFI Pilot Project Fund

¹⁶⁴ [Social Enterprise Finance Australia](#)

¹⁶⁵ [Good Shepherd Microfinance Foundation FIAP](#)

¹⁶⁶ [Social Impact Investing Taskforce](#)

D5 — Data infrastructure.

Low

Australia is rated Low because no register of mission-oriented financial intermediaries exists.

Japan

Japan finances small and underserved borrowers at very large scale, but not through mission-oriented intermediaries.

D1 — Legal recognition.

Low

Japan is rated Low because there is no statutory or regulatory category for mission-oriented financial intermediaries; NPO Banks operate under the Money Lending Business Act without a distinct recognition regime.¹⁶⁷

D2 — Public capitalization or wholesale funding.

Low

Japan is rated Low because no dedicated mechanism exists for channelling public capital into a mission-oriented financing sector.

D3 — Breadth of coverage.

Low

Japan is rated Low because the sector consists of a very small number of institutions of a single type. A Japanese NPO bank leader reported 12 NPO banks in 2010.¹⁶⁸

D4 — Policy legitimacy.

Low

Japan is rated Low because there is neither an active policy instrument directed at mission-oriented intermediaries nor a formal consultative role for them.

D5 — Data infrastructure.

Low

Japan is rated Low because no registry of mission-oriented financial intermediaries exists.

¹⁶⁷ Money Lending Business Act

¹⁶⁸ NPO

C.3 Scoring notes and limitations

Sector size data limitations

The mission-oriented financing sector is undercounted in aggregate financial statistics in every country in the sample. The US CDFI Fund maintains the most comprehensive registry and the best aggregate data, but even the US data is partial — the certification regime captures certified CDFIs but not the broader universe of mission-oriented intermediaries. For the other seven countries, sector-size data is partial. This limits the precision of any cross-country comparison but does not affect the direction of the cross-country pattern in assessments.

Appendix D: SME Financing Data – Definitions and Sources

Figures 1 and 2 compare the proportion of loans held by SMEs and the interest rate spread between SMEs and large firms across countries. The table below provides information on how SMEs are defined in each of those data sets.

Table D1: SME Definitions Across Countries

	Definitions Used in Figure 1	Definitions Used in Figure 2	Sources
Canada	Loan size: amounts up to CAD 1 million	Loan size: amounts up to CAD 1 million	Figure 1: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards Figure 2: The OECD methodology table does not indicate that definition was used Interest Rates, SMEs so the assumption is that it is the same definition as Figure 1
United States	Loan size: up to USD 1 million.	N/A	Figure 1: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards Figure 2: Data not available
Australia	Loan size: up to AUD 1 million Firm size: turnover less than AUD 50 million	Firm size: turnover less than AUD 50 million	Figure 1: Reserve Bank of Australia - D14 Lending To Business – Business Finance Outstanding By Business Size and Interest Rate Type Figure 2: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards
France	Firm size: number of employees (less than 250), turnover (less than EUR 50 million), total assets of legal units (less than EUR 43 million) and independent; bank must inform the Central Credit Register when it grants a loan of more than EUR 25 000	Loan size: less than EUR 1 million	Figure 1: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards Figure 2: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards

	Definitions Used in Figure 1	Definitions Used in Figure 2	Sources
Germany	N/A	Loan size: between EUR 250K and EUR 1 million	Figure 1: Not included in the OECD Scorecard. Could not find national data. Figure 2: ECB bank interest rates
Japan	The definition of SMEs differs according to sector.	N/A	Figure 1: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards Figure 2: Data not available
Italy	Firm size: less than 20 workers	Firm size: less than 20 workers	Figure 1: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards Figure 2: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards
United Kingdom	Firm size: turnover of up to GBP 25 million	Firm size: turnover of up to GBP 25 million	Figure 1: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards Figure 2: OECD Financing SMEs and Entrepreneurs, Annex A: Methodology for producing the national Scoreboards

Methodological Notes

- All series in Figures are reported as the median value over 2018–2024, which smooths the year-to-year volatility in national SME lending statistics and mitigates the effect of any single anomalous year.
- The underlying data are drawn from the OECD's *Financing SMEs and Entrepreneurs* Scoreboard, with two departures.
 - For Australia, the Scoreboard's SME series rests on a broad turnover-based definition (turnover up to AUD 50 million); we substitute national data on the share of business lending extended in facilities of AUD 1 million or less *and* turnover of up to AUD 50 million. This is consistent with the proxies used for Canada and the US
 - For Germany, which the Scoreboard does not cover for the interest-rate-spread indicator, the spread is constructed from the European Central Bank's MFI interest rate statistics on new loans to non-financial corporations, taking loans of EUR 250,000 to EUR 1 million as a proxy for SME lending and loans above EUR 1 million as a proxy for large-firm lending.
- Each country defines "SME" on its own national basis (see Table D1), so the cross-country levels are not strictly comparable; the OECD itself designs the Scoreboard for comparison of

trends within a country over time rather than of levels across countries. We nonetheless read the levels for two reasons: the core comparison rests on countries measured on a broadly similar basis (Australia, Canada, and the United States on a loan-size cut, and France and Japan on employee-and-turnover or statutory thresholds), and the two countries whose definitions depart most sharply — Italy, on a narrow fewer-than-20-employee cutoff, and the United Kingdom, on a turnover-only threshold with no employee ceiling — are precisely the two whose observed shares depart from the pattern, with the direction of each definitional bias matching the direction of its anomaly. The comparison is therefore best understood as establishing a pattern across comparably measured countries, not as a set of precise magnitudes.