Asset-based finance for SMEs (New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments)

This chapter describes the functioning of asset-based finance, which includes asset-based lending, factoring, purchase-order finance, warehouse receipts and leasing, and comments on how it can serve diverse SME financing needs in varying circumstances. The chapter compares the functioning mechanisms of the different asset-based tools, comments on the profile of firms that are suited for each one of them, and discusses the key enabling factors for their development. It then illustrates trends in asset-based finance across world regions and provides examples of regulatory reforms and policy programmes to support the development of asset-based financing for SMEs.

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