



# «Improving Access to Finance via implementation of Credit Guarantee Mechanisms»

**Katılım Finans Kefalet A.Ş.**

**Workshop on**

**“Designing Implementation Strategies for  
Innovative SME Financing Support Mechanisms”**

*16-17 September 2026*

*Ankara, Türkiye*

*This Project is funded under the 13<sup>th</sup> Call for Project Proposals of COMCEC Project Funding*

# SMEs in Türkiye: Why Are They Important?

**%99,6**

**OF ALL  
ENTERPRISES**

**%68,5**

**OF ALL  
EMPLOYMENT**

**%44,1**

**OF TOTAL  
TURNOVER**

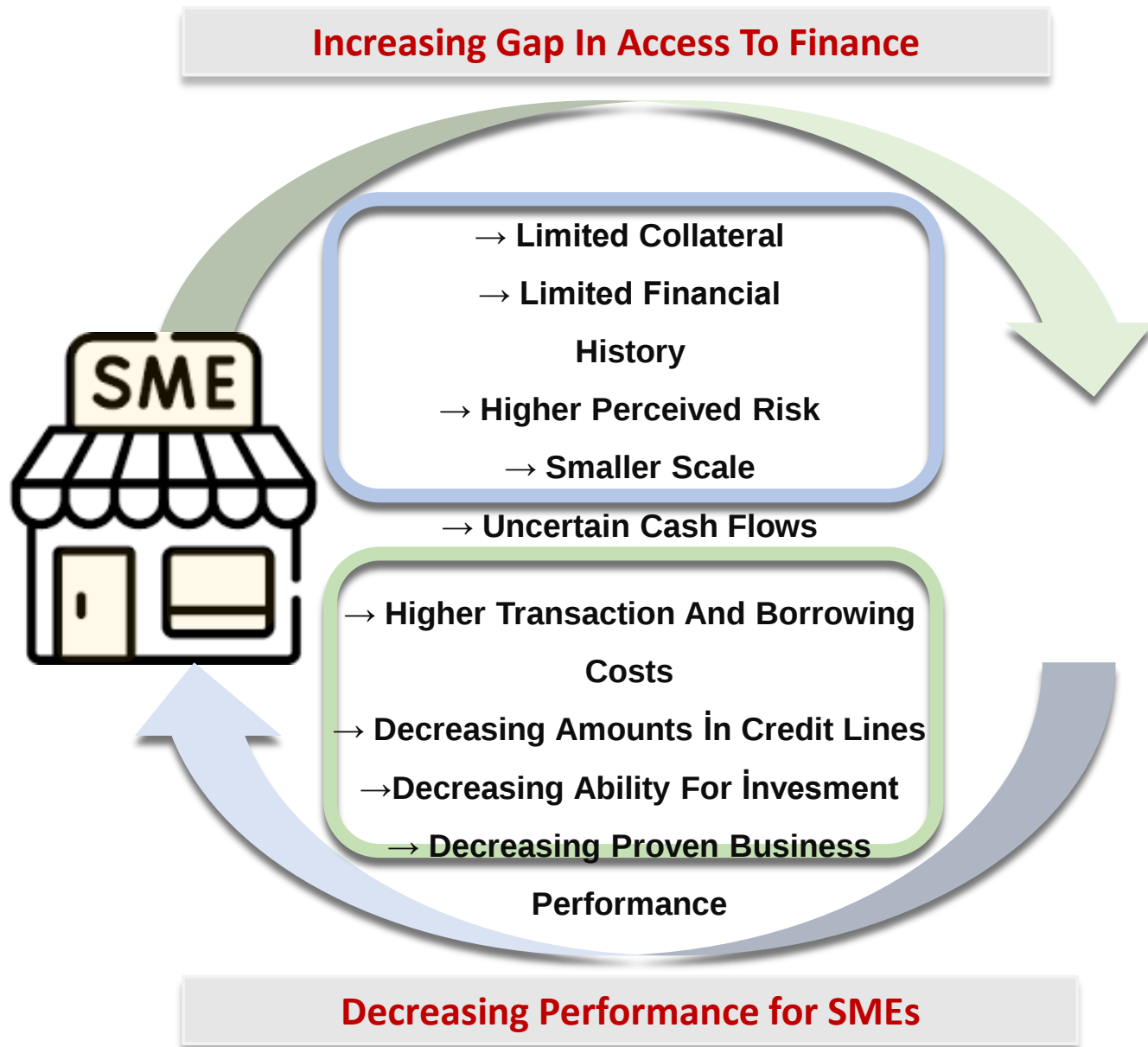
**%29,6**

**OF TOTAL  
EXPORTS**

SMEs are not a niche issue but the backbone of economies and maintaining their competitiveness along with sustainable growth enables the transition of Turkish economy to a global powerful scale

**Do they have sufficient access to finance to innovate and grow?**

# Why is Access to Finance crucial for SMEs?



## Traditional SME Finance Model

### Internal Finance

- Retained earnings
- Owner's capital

### Bank Finance

- Loans
- Credit Lines

### Public Support

- Grants
- Subsidized Loans
- Credit Guarantees

## Banking Sector

## Participation Banking

TRY

Total SME  
(5.786)

Total SME  
(535)

Micro  
(1.789)  
(%31.0)

Small  
(1.657)  
(%29.0)

Medium  
(2.339)  
(%40.0)

Micro  
(67)  
(%12.6)

Small  
(163)  
(%30.6)

Medium  
(303)  
(%56.7)

FX

Total SME  
(1.239)

Total SME  
(224)

Micro  
(76)  
(%6,2)

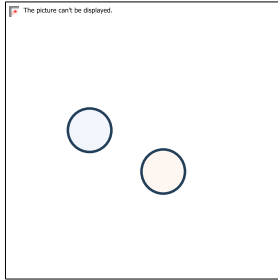
Small  
(188)  
(%15,2)

Medium  
(973)  
(%78.6)

Micro  
(12)  
(%5.4)

Small  
(52)  
(%22,9)

Medium  
(161)  
(%71.7)



## What is a Credit Guarantee?

A credit guarantee is a risk-sharing mechanism that helps the financial institutions to transfer and cover a portion of the credit risk to the guarantee institution where this acts as a collateral for the SMEs

### WITHOUT A GUARANTEE

SME → 100% Credit Risk → Bank  
No Coverage For The Bank

High  
Collateral

High Perceived  
Risk

High Rejection  
Rate

Low SME Invest  
Rates.

### WITH A GUARANTEE

SME → Bank → **Partial Credit Risk** → Guarantee Institution  
Coverage For The Bank On Portion  
Of The Lender's Eligible Loss.

Risk Sharing

Low Exposure

High Approval  
Rates

Growth opp.for  
SMEs



A Guarantee **does not mean the SMEs debt is forgiven.** The SME remains responsible for repayment.



## SMEs

- Better Access to Credit
- Less Reliance on Collateral
- Larger/Longer Term Financing
- Funding for Growth
- Greater Resilience
- Lower Transaction and Funding Costs



## Banks

- Reduced Credit Exposure
- Greater SME Lending Capacity
- Portfolio Diversification
- Access to underserved Segments
- Risk Sharing



## Governments and Economy

- Mobilise private capital
- Support employment
- Encourage investment
- Address market failures
- Support economic resilience
- Create multiplier effect through several guarantee packages creating higher support compared to direct support.



The World Bank identifies market failures and information imperfections as important reasons why SME credit markets can underperform and specifically highlights the ability of guarantee schemes to unlock SME finance by mitigating lenders' credit risk.

## From Credit Guarantee Mechanisms to an Institutional Model

Credit guarantee mechanisms can help address SMEs' access-to-finance challenges arising from collateral constraints and perceived credit risk, while increasing financial institutions' capacity to finance SMEs.

However, the effectiveness of a guarantee mechanism depends not only on providing guarantees, but also on **the right institutional structure and coordination within the financing ecosystem.**

**In Türkiye, this approach has been translated into a dedicated model for participation finance through KFK.**

## Why Was KFK Established?

Collateral constraints and risk-related barriers to finance can create a significant financing gap for SMEs within the participation finance ecosystem.

**KFK was established to address this gap through a dedicated guarantee mechanism aligned with participation finance principles.**

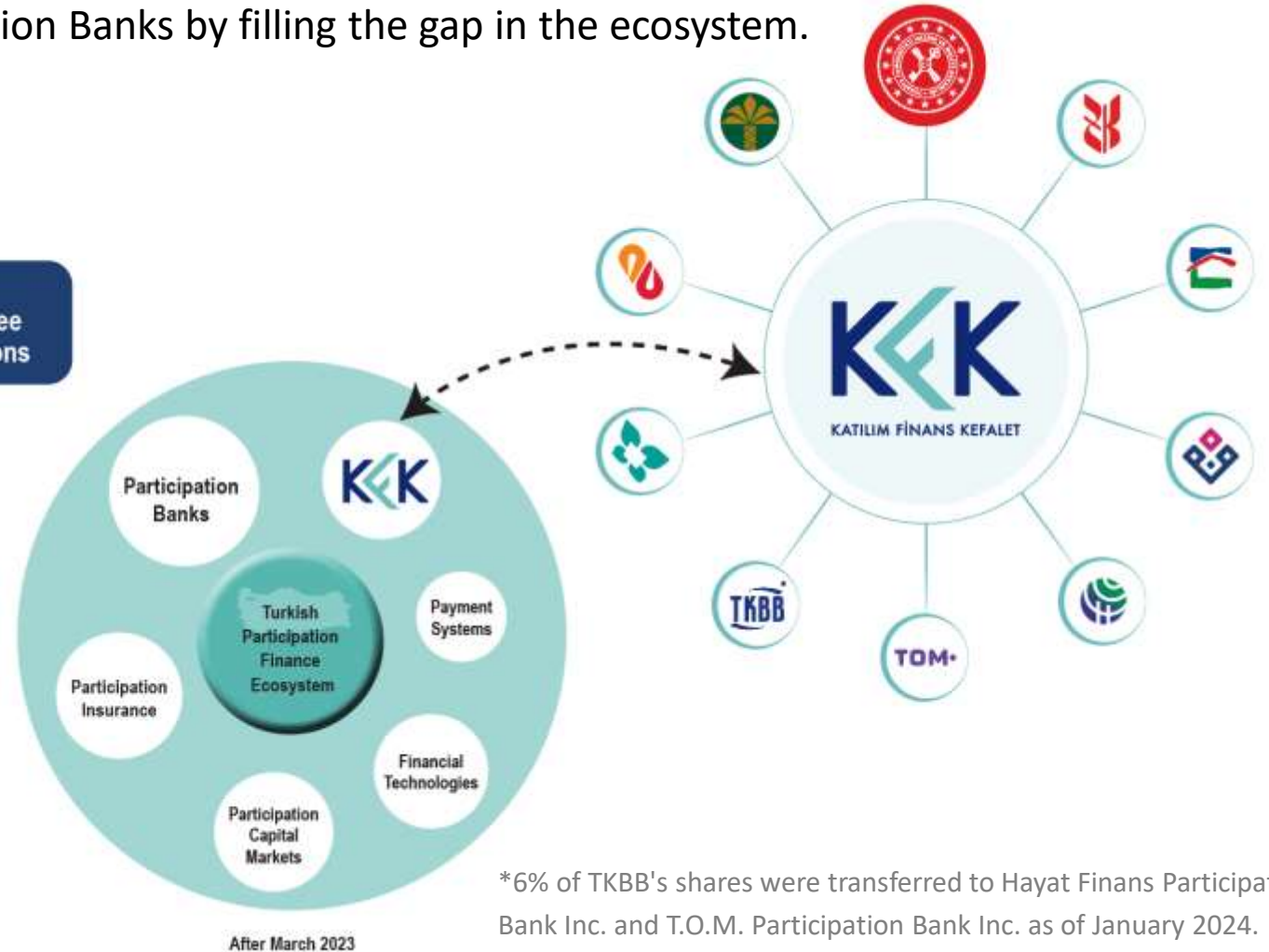
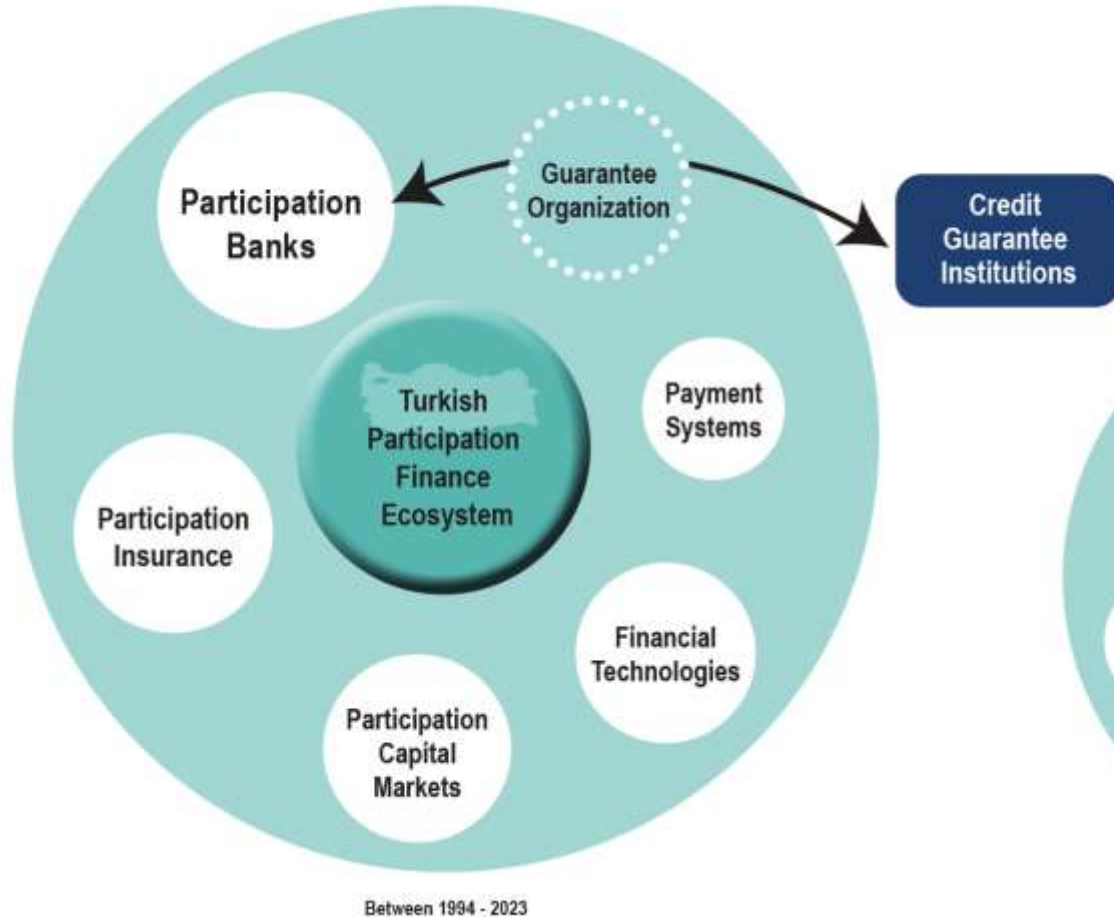
Its establishment followed a sector-wide need identified by **TKBB**, the **Ministry of Treasury and Finance**, and **participation banks**, supported by the **TKBB Advisory Board's positive assessment** of a dedicated guarantee institution for participation finance. TKBB Advisory Board Decision No. 64 - 16 February 2023

The decision supported the establishment of an independent guarantee institution to:

- facilitate SMEs' access to participation finance,
- address financing barriers arising from insufficient collateral,
- provide guarantees specifically for participation-finance-compliant financing, and
- strengthen the participation finance ecosystem through a dedicated institutional structure.



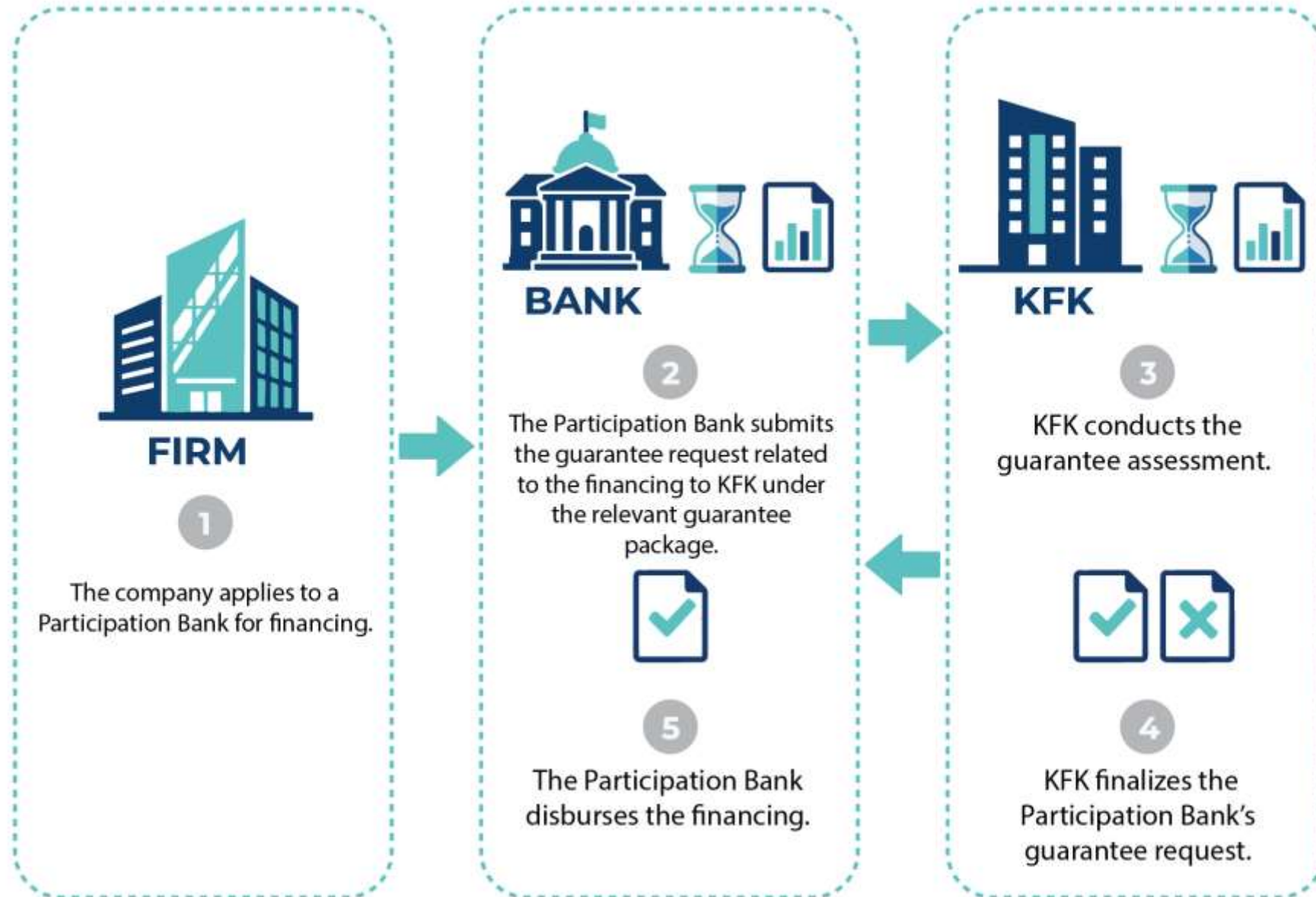
Participation Banks had to receive support from the conventional system since there is no guarantee institution within the Participation Finance Ecosystem. K&K, established by the Ministry of Treasury and Finance and all Participation Banks, has become a common value for Participation Banks by filling the gap in the ecosystem.



\*6% of TKBB's shares were transferred to Hayat Finans Participation Bank Inc. and T.O.M. Participation Bank Inc. as of January 2024.



# How Does the KfK Model Work?



# Guarantee Mechanisms Tailored to Different SME Needs

SME's financing needs vary depending on their sector, size and growth or investment priorities. Therefore, KFK develops targeted guarantee mechanisms addressing different financing needs.

## TREASURY-BACKED GUARANTEES



Treasury Operating Expenses Support Package

35 Billion TL



Treasury Export Support Package

30 Billion TL



Treasury Investment Support Package

3 Billion TL



Treasury Tourism Support Package

10 Billion TL



Treasury Agricultural Support Package (Cemre)

5 Billion TL



Treasury Tea Procurement Support Package

2 Billion TL

## EQUITY-BACKED GUARANTEES



KFK Equity IDF Guarantee Support Package

5 Billion TL



KFK Equity Operating Expenses Support Package

10 Billion TL



KFK Equity Micro-Enterprise and Agriculture Support Package

880 Million TL

## OTHER-BACKED GUARANTEES



KOSGEB Employment Protection Support Package

25 Billion TL



KOSGEB Global Competitiveness Support Package

16,5 Billion TL



KOSGEB Capacity Development Support Package

1 Billion TL

# Lessons from the Turkish Experience



Coordination among public institutions, financial institutions and guarantee institutions is critical for a sustainable SME financing ecosystem.



Thematic and rightly positioned guarantee and support packages can improve Access to finance of SMEs through reaching the appropriate collateral and help them reach funding for investment.



Participation finance and credit guarantee mechanisms can complement each other in SME financing.



Public support to maintain credit guarantee mechanisms is essential for the growth of SME financing



The Leverage factor and easy integration of guarantee schemes helps grow SME funding exponentially



# Thank You

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