

Italian Central Guarantee Fund: An Analysis of the Guaranteed SMEs' Default Risk

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Abstract : Italian Central Guarantee Fund (CGF) has the purpose to facilitate Small and Medium-sized Enterprises (SMEs) access to credit. The aim of the paper is to study the evaluation method adopted by the CGF with regard to SMEs requiring its intervention. This is even more important in the light of the recent CGF reform. We analyse an initial sample of more than 500.000 guarantees from 2012 to 2018. We distinguish between a counter-guarantee delivered to a mutual guarantee institution and a guarantee directly delivered to a bank. We investigate the impact of variables related to the operations and the SMEs on Altman Z-score and the score consistent with CGF methodology. We verify that the type of intervention affects the scores and the initial condition changes with the new assessment criterions.

Keywords : banks, default risk, Italian guarantee fund, mutual guarantee institutions

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