

Classification Systems for MSMEs

Prof Dr Dirk Zetsche

ADA Chair in Financial Law (inclusive finance)

Agenda

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- I. Introduction
- II. Issues of Traditional Classification Systems
- III. Fit for purpose: Classification Systems for MSMEs
- IV. Policy Considerations
- V. Conclusion

II. Issues of Traditional Classification Systems

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- Broad scope
- Data Intensity
- Data Availability
- Costs
- Winner takes all
- Lack of details on social missions

III. Fit for Purpose: Classification of MSMEs

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(M)SMEs

- do not have the capacity to care
- shall not care as it eats into their profitability
- Need external finance
- Banks etc need classification system

III. Less is more: Classification of MSMEs

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- Reduce costs while relying on reasonable approximation
- From a multifactor model (Taxonomy Reg) to a one factor model
- From self-generated to third-party data
- Utilize officially endorsed data on sustainability impacts (Statec etc).
- Make accessible in European Single Access Point

One factor commitment
(eg. Reudce CO2)



DNSH etc from
third-party data sources

IV. Policy Considerations

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- How to achieve commitment? Financing contract
- How enforce commitment? Termination rights etc
- What does legislature need to do?
- Endorse official estimates
- Accept simplification of Art. 3 Taxonomy Reg (Sustainability definition)
- Openness for similar concept for social sustainability

V. Conclusion

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- Most firms are MSMEs
- Taxonomy Reg too unwieldy for MSMEs
- Third countries look for guidance on MSMEs towards EU (“Brussels Effect”)
- Export of Environmental Sustainability Taxonomy counterproductive
- Single Factor Approach for MSMEs with potential
- Adjust framework to realize this idea

Thank you!

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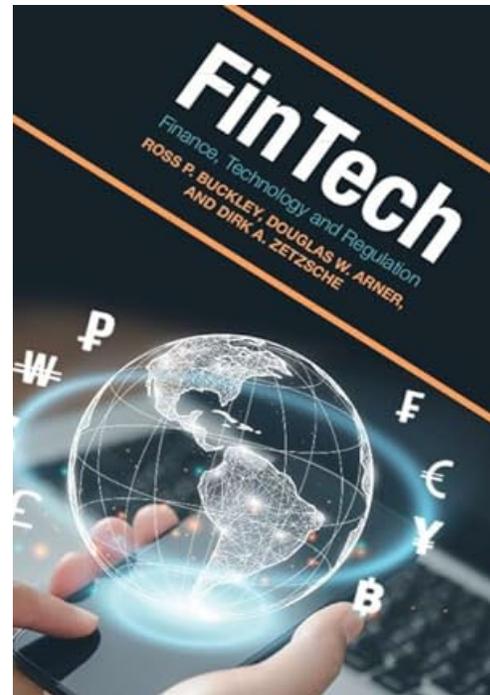


Prof. Dr. Dirk Zetsche, LL.M.
ADA Chair in Financial Law (Inclusive Finance)
Faculty of Law, Economics & Finance
University of Luxembourg
Dirk.Zetsche@uni.lu

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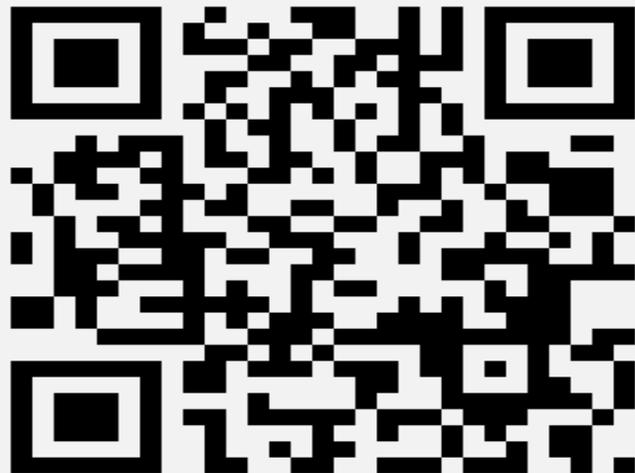


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Contact

Prof. Dr. Dirk Zetsche

ADA Chair in Financial Law (Inclusive Finance)
Faculty of Law, Economics and Finance
University of Luxembourg