
| RESEARCH ARTICLE

The Financial Market and the Difficult Financing of Small and Medium-Sized Enterprises (SMEs) in The Republic of Guinea

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| ABSTRACT

Generally regarded as a development priority because of their contribution to the fight against unemployment, which has plagued developing countries for decades, SMEs experience financial difficulties throughout their process, i.e., from the start-up process to the production stages and marketing. This difficulty of access to finance for SMEs is often questioned by our predecessors in management sciences and economics. In the Republic of Guinea, SME financiers are constantly faced with many problems in funding their activities. Through case study methodology and review of data and reports from agencies like the Promotion of Private Investments (APIP-Guinea), World Bank, and the International Monetary Fund, our present study found that the refusals of Guinean SMEs to finance are often due to a lack of equity - a bottleneck for 90% of Guinean SMEs. There is also a lack of financial information on the part of these SMEs. This situation forces SMEs to fail prematurely due to the risks of short-term over-indebtedness, which can only be resolved if financial intermediaries agree to revise their criteria for granting credit that has hitherto harmed Small and Medium-sized Enterprises (SMEs).

| KEYWORDS

SME, Bank Credit, Entrepreneurs, Financial Markets, Guinea.

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1. Introduction

The Republic of Guinea is located in the Southwest of West Africa with an area of **245 857 km²** and a population of **13 132 792 inhabitants** as of 2020. It is bordered by six countries: Guinea Bissau to the west, Senegal and Mali to the north, Côte d'Ivoire to the east, Liberia and Sierra Leone to the south. It is a coastal country with 300 km of maritime coastline on the Atlantic.

The country has significant hydrographic wealth, a rich mining potential (Posses Two-thirds that is 75% of the world's bauxite reserves, gold, diamonds, high-quality iron, manganese, zinc, cobalt, nickel, uranium) still underexploited. The national economy, torn between economic development and environmental preservation, is mainly driven by the agricultural (which employs 80% of the population) and mining (bauxite, diamond, gold, iron) sectors. According to the General Directorate of the Treasury, Guinea has a **GDP** of USD **15.4** million as of 2020.

For several years, many works have converged to highlight the importance of small and medium-sized enterprises (SMEs) in the economic fabric of both developed and developing countries. Considered as substantial cells of the market economy, SMEs have indeed played an important role in innovation, job creation, and economic growth in industrialized countries during the twentieth century (QUILES & SCHUMPETER, 1997) reported by (André Dumas & al, 2017).

Repeating the words of (Belletante & Nadine, 2003) reported by (Mathurin & Zaka, 2013), small and medium-sized enterprises (SMEs) are a vital part of a country's economic development process. Today, their contribution in terms of production, employment, and income in modern economies is widely recognized. However, the financing of their activities has always been a major concern for the various business leaders and political authorities, both in developing and developed countries.

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Based on research by (Henri WAMBA, 2013); In Africa, small and medium-sized enterprises (SMEs) account for more than 90 percent of all enterprises, of which 70 to 80 percent are micro and very small enterprises. And (Ayyagari M., Beck. T, & A. Demircuc-Kunt, 2007) speaks of SMEs providing nearly 50% of jobs and contributing around 20 to 50% to the GDP of most sub-Saharan countries. (André Dumas & all, 2017) interprets the results of various works by (INS, 2009; OECD, 2006) in developing countries, mainly in Sub-Saharan Africa (SSA). It was found that the business population of these countries mostly constitute SMEs, i.e., 99% in Cameroon, 93% in Morocco, more than 90% in the DRC, and 95% of manufacturing activity in Nigeria. (ADMASSU. T, 2009) goes on to explain that despite the weight of SMEs, their contributions to GDP are estimated at less than 20% in most African countries, whilst it can reach up to 60% in high-income countries. In Guinea, SMEs contribute to 43% of GDP and 96% of jobs.

In one of its surveys in 2021, the World Bank Group (WB) shows that 40% of small and 30% of medium-sized enterprises consider access to finance as a major obstacle to the development of their activities.

In a survey conducted by (APIP-GUINEE 2020) on the mortality of companies, it appears that the difficult access to finance is one of the main causes of failure of Guinean companies, the majority of which are in the SME category. This same survey reveals that this difficulty in SMEs accessing finance is due to the lack of substantial financial information that could be presented to financial players to grant them bank loans and/or invest their capital into these SMEs.

The National Director of SMEs-Guinea, declared that: The development of the Guinean economy is at the price of that of Small and Medium Enterprises (SMEs). On the one hand, this statement shows us the importance of SMEs in the Guinean economy after being hit hard by multiple crises, including political crises, and has had a ripple effect of consequences on the country throughout the years. This does not necessarily promote the country's openness to donors but rather urges currency devaluation and creates a lack of sufficient financial information.

It should also be noted that the creation of the Private Investment Promotion Agency (APIP-Guinea) has allowed access to information on the Guinean private sector and the improvement of the Guinean business climate. This is what the survey on the business climate in Guinea allows us to understand. The APIP, since its inception, has allowed the creation of more than 60,000 companies, including mostly SMEs, and continues to regularize non-formal and unregistered companies. To facilitate the creation of businesses, the time required for registration and documentation has been reduced from Seventy-Two (72) days to less than Seventy-Two (72) Hours.

2. Literature review

2.1 Small and Medium Enterprises (SMEs)

This sub-part of our research will focus on the different concepts that refer to SMEs and their ambiguous personalities.

2.2.1 Definitions and Importance of Small and Medium Enterprise (SME)

A company, in general, is, above all, made up of humans. In well-organized groups, the education and training of personnel, i.e., employees, is therefore considered a top priority for the manager to achieve the company's objectives. SMEs are organizations whose leadership, control, and ownership are linked and concentrated. The managing director, who usually owns the business, is normally in charge of decision-making. The definition of a small organization varies according to the economy and the country and is determined by the number of employees, production, autonomy, or even the business's annual turnover.

On the one hand, SMEs are those businesses that employ fewer than 250 employees and have a turnover not exceeding EUR 50 million or the balance sheet total not exceeding EUR 43 million annually. They include the category of microenterprises (MIC) that employ fewer than 10 people and have an annual turnover or balance sheet total not exceeding €2 million (INSEE, 2019) annually. Small and medium-sized enterprises (SMEs) make headlines in both developed and developing countries. It is important to stress that SMEs need financing to start their operations and carry out their missions as SMEs. The report of (OECD, 2004) reveals that SMEs are a very heterogeneous group and are present in very diverse activities. According to the same report, the statistical definition of SMEs varies from country to country and generally takes into account the number of employees, turnover, and/or the value of assets. For example, the European Union and a large number of OECD countries and countries in transition and developing countries set the upper limit at 200 or 250 people. Japan opts for (300 employees), the United States (500 employees).

2.2 Financial markets

2.2.1 Financial Market

The financial market is a real or virtual place where investors buy and sell assets. The distribution of these various assets begins on the main market, where they are first issued, and continues on the secondary market, where they are then traded. This secondary market may or may not be controlled (Capital, 2021).

A financial market is a market in which individuals, private companies, and public institutions can trade financial securities, commodities, and other assets, at prices that reflect supply and demand. Securities include stocks and bonds and commodities, including precious metals or agricultural commodities. There are also generalized markets (where multiple commodities are traded) and specialized markets (where mainly one or two commodities are traded). The market works by placing a large number of interested buyers and sellers, including households, businesses, and government agencies, in a "place", thus facilitating their mutual interest. An economy that relies heavily on the interaction of buyers and sellers to allocate resources is called a market economy as opposed to a command economy or a non-market economy.

There are always two opposing states between demand and capital in the economy. This contradiction was initially resolved through the functioning of the bank as an intermediary in the borrowing relationship between the capitalist and the person in need. As the commodity economy develops, new forms of flexible capital mobilization appear and develop, contributing to the balance between supply and demand for financial resources in society. There are other forms of mobilization of funds on the financial market that have come to light, such as bonds, shares of companies, bonds issued by the States, etc. and hence raises the need to negotiate transfers between different owners of securities.

This creates a kind of market to balance the supply and demand of capital in the economy as a financial market.

Financial markets are classified into 5 categories, according to the financial services authority (FSA):

- Market in which companies raise funds through a public offering to finance their expansion;
- The bond market where the government, banks, companies, and some local authorities borrow funds in the medium or long term;
- The money market where institutional investors (banks, etc.) lend money to each other and in the short term;
- The derivatives market (options, CDOs, etc.) primarily intended to hedge stock market positions but also used for speculative purposes;
- The currency market (FOREX, for example) on which currencies are exchanged in pairs.

Under the principle that financial markets are perfect, (Modigliani & Miller, 1958) have established that the average cost of capital for a firm is independent of its capital structure. (Miller & Modigliani, 1961) Demonstrate that in an economy where financial markets are perfect, and agents have complete information, the way a project is financed does not affect the company's market value. The firm's productive feelings maximize its value regardless of the type of financial contract it has entered into. This is because any change in a company's financial policy can be reversed by investors so that investors can keep the same portfolio as before the change. Let's assume that companies have more information compared to investors, financiers, and or lenders, then Modigliani and Miller's hypothesis will no longer hold. It should be noted that by this hypothesis, some companies modify their financial information to the detriment of financiers during decisions making to gain a competitive edge. Financial structure or financial decision-making is an essential choice for the company.

2.2.2 The role of financial markets

Financial markets play a crucial role in the economies of the world's countries, especially in modern economies. Financial markets are an indispensable product of the market economy, the emergence and existence of which stem from the objective requirement to achieve a harmonious settlement between the demand for and the large supply of capital. Financial markets make it possible to carry out transactions in a few thousandths of a second, making it possible to reconcile various players' financing and investment needs (Journal Du Net, 2021). The meeting of supply and demand for capital in a globalized economy is organized by financial markets connected to each other by computer networks, making it possible to carry out buying and selling transactions in milliseconds. (Capital, 2021).

In summary, financial markets have the following functions according to forex:

- Companies can raise considerable capital in financial markets, which are open and regulated. Stock and bond markets play a role in implementation;
- Access to commodities, terms of foreign exchange, and other derivative markets allows companies to mitigate risk;
- Stock exchanges determine prices on everything that is traded because financial markets are public, open and transparent. Financial markets should also take into account all available information regarding assets and securities that are bought and sold;

- Liquidity is provided by the size of financial markets. When a seller needs money, he can sell his assets. The size of the company should reduce the cost of doing business; companies and investors should have no difficulty finding buyers or sellers;
- Raising and investing capital (on the capital markets);
- Risk transfer (on derivatives markets);
- The establishment of values and rates (quotations);
- The transfer of liquidity (on the money markets).

In short, financial markets play a vital role in our economy because they make it easier for global trade to operate without interruption, minimizing price shocks.

2.2.3 Importance of financial markets

Each country has its own financial markets, which play an important role in the country's economic development. Small financial markets exist in some countries, while large financial markets exist in other countries, such as the NASDAQ. These markets act as intermediaries between savers and investors or help savers convert into investors. However, they help companies raise funds in order to grow their business.

By the scope of our research (Guinea), we will conduct case studies on samples of Guinean SMEs, the results of which will be discussed. Based on our survey results on the Guinean SME Financing System, our research explores why the financial market's reluctance towards Guinean SMEs and the contribution of governments to SMEs.

3. Research Methodology and Sources

To clarify our field of research, we have set the following limits to our research theme: a field of research and the visibility of the concepts to be studied in this study.

3.1 Data Sources

A researcher can adopt multitudes of research methods as part of a given study to make his or her research topic fruitful, ideal and referential. Our current study focuses on the questioning of financial players, the government, and also the leaders of Guinean SMEs, and finally to take measures to overcome the obstacle to the development of SMEs through financing, which is until today a major problem that does not promote the development of SMEs. To carry out our research well, it will be a question for us to adopt a case study methodology to analyze the concerns in terms of financing of SME managers and the requirements of Guinean financial players.

Our data collection approach will be based on: a case study, observation, review of data from different databases, reports from the World Bank (WB), the International Monetary Fund (IMF), the African Development Bank (AfDB) on the difficulty in accessing finance by SMEs in Sub-Saharan Africa, and the Private Investment environment. Reports from the Agency for the Promotion of Private Investments (APIP-Guinea) on business creation procedures in general and SMEs, in particular, would also be considered. Our research approach is ideal, as it allows us to paint and explore the different management factors financing Guinean SMEs and some neighbouring countries. However, we will do case studies on Guinean SMEs specialized in different intervention fields and with different profiles of managers.

There would be a rigorous collection of data to ensure consistency in our results, as this will allow an appropriate understanding of our research topic and the questions addressed. For this to be possible, it will be necessary that the data collected on the aforementioned sites reflect the realities of our field of study for consistency of data.

3.2 The Objective of the Research

The objective of our current research is to answer the various questions below that are crucial to carrying out our mission.

- 1- What are the difficulties faced by Guinean SME managers for their financing?
- 2- What are the mechanisms of the Guinean financial market?
- 3- What is the Guinean government's contribution to the financing of SMEs?
- 4- What types of approaches should be used to solve Guinean SMEs' difficult access to finance?

4. Results and Discussion

4.1 Results

4.1.1 Access to Bank Financing for SMEs

SME financing is well known to be crucial but very difficult for SMEs to obtain. Agency problems and information asymmetries are disjointed when it comes to financing SMEs. For the most part, many studies assert the hypothesis that SMEs/VSEs face more difficulties in obtaining bank financing than larger companies (CENNI, Monferrà, Salotti, Sangiorgi, & Torluccio, 2015). The reasons are related to demand (information asymmetry and uncertainty) and supply (ability to accept risk, contraction of liquidity, and more restrictive prudential regulation for the various potential financiers) (Cuenoud, Glémain, & Deffains Crapsky, 2018). (Nunes & al, 2011) Present that the situation of smaller SMEs, with a lower level of asset tangibility, faced with a high probability of bankruptcy, can accentuate the problems of information asymmetry between SMEs (owners/managers) and banks. This causes creditors to impose particularly unfavourable conditions for these companies (SMEs), to approve their credit applications. Many authors consider financial resources to be the primary element in the development of SMEs but not sufficient. (Bitzenis & Nito, 2005) Limited access and/or difficulties in accessing finance could hinder the growth of SMEs. Some authors, such as (KIM & al, 2006), believe that human capital matters most to SMEs. (Mueller, 2006) For his part, he believes that it is the entrepreneurial environment that takes precedence.

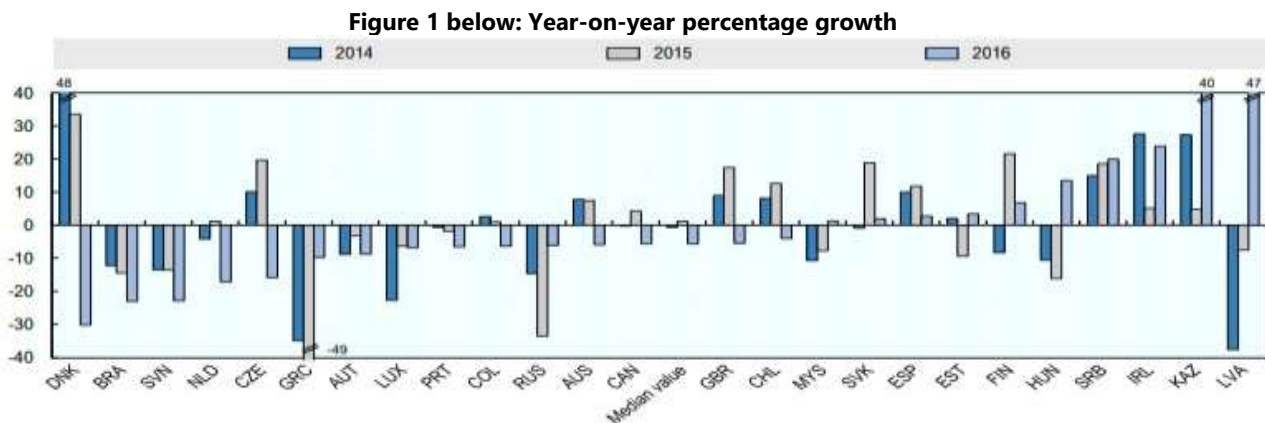
It should be noted that the importance of financial resources is crucial for the growth of SMEs. In the same vein, the problem of financing new companies is more painful in some places (Guinea) compared to existing companies of several years ago, even if access to finance is a problem for all SMEs. Many donors pay attention to the influence of SME characteristics before any financing decisions are made. Thus, they consider the size, the sector of activity, the age of the SME. It should be added that the degree of dissemination of quality information reduces the barriers to access to financing; for many financial players, information asymmetry is crucial for the disbursement of bank loans. Ownership structure can, in some cases, be an important factor in accessing finance. This is why (Bopaiah 1998) explains that family businesses have fewer difficulties in accessing credit given the low importance of the moral hazard problem, their managerial characteristics, and their conservative choices. Moral hazard is a major obstacle for most Guinean SMEs. The company's overall risk is a decisive element for access to external financing (Banking), according to (St-Pierre & Bahri, 2006).

Moreover, problems of access to finance have an impact on investment and expenditure in research and development, according to the demonstration of (Winker P, 1999). (Smallbone & Welter, 2001) Indicate that problems with access to finance can even affect entrepreneurs' attitudes and behaviours towards the entrepreneurial act. Faced with these obstacles, some authors have been able to find some solutions or alternatives: public aid schemes (Tucker J; J Lean; 2003) as well as (Pandit & al, 2000), the support network or social capital (Brüderl J & Preisendörfer. P, 1998) or the IPO (Mahéroult, 2000). It should be noted that these solutions are not applicable and do not relate to all SMEs, but they nevertheless indicate that the offer of financing to private companies is different from that available to public companies; therefore, financial decisions cannot be analyzed based on the same principles.

For the financing of SMEs in general, there are multitudes of sources around the world. For the case of our field of research, Guinea, we will have a presentation of funding sources in the discussion section.

4.1.2 Evolution of loans to SMEs

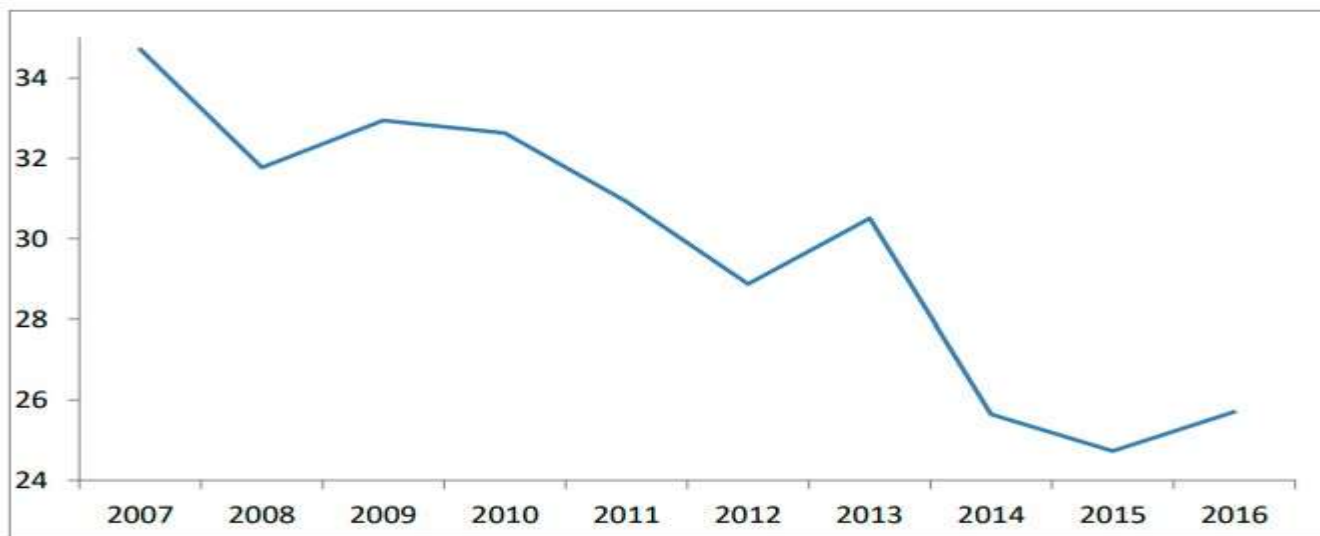
After several years of growth, the supply of new loans to SMEs declined in 15 of the 25 countries that provided data on this subject. The growth rate of the median value of this type of loan has thus increased from 2.6% in 2015 to -5.6% in 2016 (OECD).



Source: OECD Scoreboard 2018

Figure 2: Share of short-term loans in total loans to SMEs

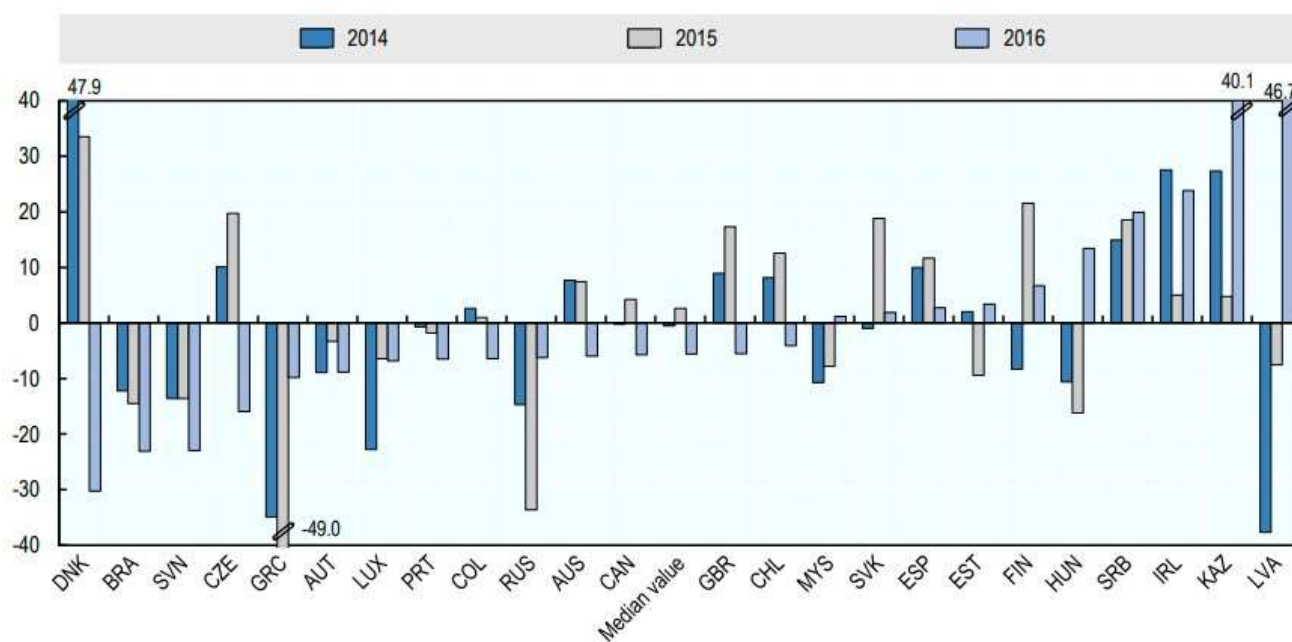
In percentage terms, median values of the countries in the Scoreboard for which data are available.



Source: OECD Scoreboard 2018

Figure 3. Evolution of interest rates on loans to SMEs

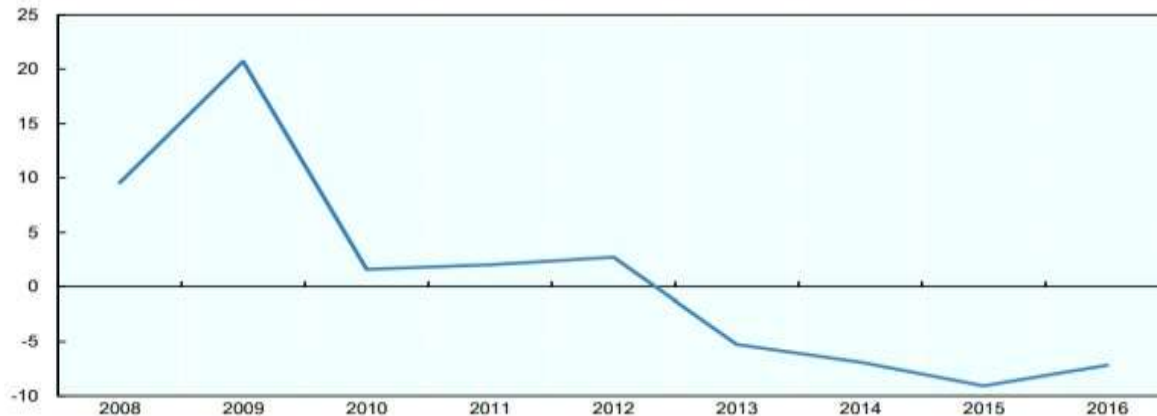
Year-on-year growth rate, in percentage.



Source: OECD Scoreboard 2018

Figure 4. Trends in SME bankruptcies

The growth rate of median value year-on-year, as a percentage.



Source: OECD Scoreboard 2018

4.1.3 Sources of financing for SMEs

The main sources of funding for SMEs identified by some researchers are virtually identical, regardless of their socio-economic background. In general, in the stages, SMEs rely on owner-managers savings, family, and friends (Wu et al., 2008). On the other hand, SMEs have a preference for self-financing (Wtterwulghe & Janssen, 1997) or internal funding (Hogan & Hutson, 2005). In a study by (Sjögren and Zackrisson, 2005) cited by (Josée & Nazik, 2011), American, Swedish, and Indian SMEs in Punjab favour equity financing. There is a multitude of non-exhaustive sources of business/SME financing, which include: bank financing, venture capital financing, angel financing, stock exchange financing, and finally, financing provided by public authorities.

Taking into account the Guinean case, according to a study carried out by the National Directorate of SMEs-Guinea 2017 on 1,562 SMEs, SMEs are characterized as follows: individual company 1,036 SMEs; 221 SMEs; Economic Interest Grouping 134 SMEs; Group and cooperative 75 SMEs; 39 SMEs, 12 SMEs, 12 SMEs, and 45 other non-specific companies/SMEs. In this study, the financing aspect of SMEs is a real problem for the majority of respondents. Out of 1,562 SMEs, only 195 SMEs once had access to bank financing, so 1,250 SMEs do not have access to finance, regardless of the available source of financing.

Table 1: Number of SMEs by city and region in 2017

Names of Cities	Number of SMEs
Boké	12
Kamsar	21
Boké Region	33
Conakry	1 007
Conakry Region	1 007
Dabola	18
Dinguiraye	32
Kissidougou	20
Faranah Region	70
Banankoro	12
Kankan	54
Siguiri	54

Kankan Region	120
Coyah	73
Friguiagbé	15
Kindia	18
Manéah	17
Kindia Region	123
Lab	51
Labé Region	51
Mamou	15
Pita	11
Mamou Region	26
Macenta	45
N'Zérékoré	33
Region N'Zérékoré	78
Other cities	54
Total	1 562

Source: SME Directory of Guinea

Table 2: Number of SMEs by sector of activity by sex of entrepreneur in 2017

Sector of activity	Men	Wives	Not Specified	Total
Agriculture, agri-food, and fisheries livestock	102	52	1	155
Construction and real estate	117	8	6	131
Commerce	115	25	20	160
Education	279	12	8	299
Industry, mining, gas and energy	41	4	3	48
Service Delivery	192	15	36	243
Service Delivery - Trades	54	23	0	77
Health	242	69	7	318
Transport, logistics, tourism and hospitality	50	14	21	85
Not specified	-	-	46	46
Total	1 192	222	148	1 562

Source: SME Directory of Guinea

4.2 Discussion

4.2.1 Conditions of access to bank financing by Guinean SMEs

(Lefilleur, 2008) Banks' reluctance towards SMEs is mainly explained by the strong information asymmetry that exists between entrepreneurs and bankers. The question of the financing of firms is at the heart of all economic issues and considerations. But that of SMEs is mainly characterized by limited access to finance because of their opacity (Ang, 1991). This situation is explained by the size of the structure of SMEs the non-specialization in a field of economic activity which would complicate the decision of investors to engage with these SMEs.

With regard to bank financing, each banking entity adopts its lending policy outside those established by Guinean legislation or by the Bale I and Bale II agreements. However, it should be noted that all banks have in common the heightened sense of evaluation of the risk rate related to the granting of bank credit to minimize the risk of monetary loss as much as possible. This is why, moreover, (Tsambou et al., 2017) tell us that in view of the different risks, the classic vision of the market price mechanism is possibly adjusted to supply and demand, and thus induce the satisfaction of all agents, which is known in the field of bank credit as an important contradiction.

Our survey results show that 75% of Guinean SME entrepreneurs do not want to disclose all the information they have about their company for tax reasons, competitiveness, and concealment of the total production of goods and services. Furthermore, others are refused for being ignorant of the prerequisites requirements in obtaining a bank loan or a state subsidy. In a third group, it appears that the lack of competence of SME owners to summarize the situation of their company.

According to the bank managers who had been interviewed, the interest rate varies between 15 to 22% annually with insurance costs that are around 5%, to this is added the land title of the company, the domiciliation of the SMEs' revenues, the pledge of business, and in the case of SMEs working in Public Works Buildings (BTP), the irrevocable transfer of mandatory payments.

On the side, for the promoters of SMEs (Managers), these conditions cited by the Bankers are far from being their only nightmare because other banks ask for up to a pre-payment and/or guarantees of 70% of the amount of the loan and that it grants only a short-term credit. Not to mention the long procedure of setting up a credit report.

Asking the bankers why the slowness in the procedure, they let us understand that this is related to the lack of sufficient information that these SME promoters have about their business, and for them, it takes enough time to build a good credit file to avoid falling into the trap of the risk of repayment of the loan. Adding further that the evaluation of an SME project is very complex because only 20% of Guinean SMEs have an annual balance sheet or the income statement, which are the documents necessary to decide whether or not to grant a loan to an SME.

On the side of the State, the conditions vary from one sector of activity to another, asking the question to the respondents (Agents of the State), the primary sector is the one that benefits less from the subsidies of the State than the secondary sector, and that it is the tertiary sector that benefits from more subsidy.

Asking SMEs promoters if they have once benefited from any state subsidy to them, on the respondents, only 10% admit to having benefited from the aid through public procurement tenders, while 90% deny the existence of a state structure for SME subsidies. Others went so far as to add that, if the state existed, the consequences of Covid-19 would not be visible on their activities since March 2020 because, amid the pandemic, they did not even have a place to confide when the banks slammed their doors. Donors are not visible because of the lack of a proper financial market or the refusal by SME managers to bequeath part of their power to a third party.

4.2.2 Reasons for non-financing of Guinean SMEs

Researching the cause of non-financing of Guinean SMEs emerges from our field survey banks generally refuse to finance SMEs because of opacity in financial management. Other bankers let us believe that the refusal is due to the non-differentiation between the properties of the manager and those of the company while adding that 67% of SMEs are family businesses, something that would complicate the repayment and interest of loans at maturity. The other factor raised by the banks is that 88% of Guinean SMEs have no board of directors, no Trade and Movable Credit Register (RCCM), no tax identification number (TIN), or shareholder a fortiori listed on the stock exchange and that all decisions come from the sole promoter of the SME. This confirms the informal operational aspect of these SMEs and also raises the concern of cases of repeated corruption in most companies and/or SMEs.

On the side of the entrepreneurs surveyed, it appears from our study that the banks refuse them a bank loan because of the age of the company, lack of equity, or the level of training of the manager, while adding the moral factor of the promoters of SMEs. As

for the side of the state, some are refused for ethnic reasons, regionalist, and so many others are refused for their non-membership of political and/or religious affiliations.

It should be added that the multiple sources of financing of companies / SMEs mentioned above, only bank financing and/or debt financing and that of the public authorities, are known by most Guinean entrepreneurs and/or promoters of SMEs, whilst the others are completely unknown to the general public.

5. Conclusion and recommendation

The objective of this research was to highlight the difficulties encountered by Guinean SME promoters in the process of financing them, to determine the mechanisms of the Guinean banking market, and also the involvement of the Guinean State in the financing of SMEs. Access to finance has become a headache for decades. In this alarming situation, SMEs are the main ones to suffer the consequences of this predicament. Out of 1,562 SMEs surveyed, our study shows that Guinean SMEs represent more than 90% of the Guinean private sector and contribute more than 80% of jobs. This same study reveals that these SMEs struggle to finance themselves on the Guinean banking market, 67% of which are those whose managers have no accounting knowledge; worse still, 88% have no formal structure of SMEs that can benefit from bank financing or state subsidy, that is to say, have no Trade and Movable Credit Register, nor a board of directors... Etc. Something that would explain the non-mastery of the sectors of activity by the promoters of SMEs. We also discovered the excessive conditions of access to bank financing and/or any state subsidy. On the bank side, interest rates are extremely high for a nascent structure such as SMEs, and the most dominant credit is that of short-term loans.

To resolve this precarious access to financing by SMEs, it is necessary to take into account the importance of banks in the Guinean financial landscape. It is justified on two levels that they are equipped to meet the needs of SMEs. To raise awareness, to train SME managers on financing and offers adapted to their needs.

Banks should replace the guarantee-based financing approach with an approach based on cash flow analysis, and back the resulting financing with guarantee products concluded upstream with development institutions.

It would be conducive to softening the Banking Law so that banks have a greater incentive to inject funds into the private sector. The implementation of a financing model for SMEs such as the Chinese one in Asia through the Beijing stock exchange for innovative SMEs, or that of the Kingdom of Morocco through its Central Guarantees Fund program, or that of the State of Côte d'Ivoire. Let it not be a simple statement or a political campaign but a reality.

We also recommend to the State the creation of a public or semi-public bank to focus only on the financing of the private sector with conditions accessible to entrepreneurs.

We encountered difficulties during this research, particularly in setting up the investigation process and obtaining data from competent authorities. We were not able to touch the aspect of financing SMEs by microfinance institutions given the time and criteria assigned to us. For a future study, it would be preferable to explore the importance and criteria of financing Guinean SMEs by microfinance institutions.

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Conflicts of Interest: The authors declare no conflict of interest.

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