

The Effect of Establishing a Governmental Guarantee Fund in Encouraging the Syrian Private Banks for Lending Small and Medium Enterprises (SMEs)

**Salman Al-Hakeem
Faculty of Managerial
& Financial Sciences
Yarmouk Private University**

Abstract

This study aims to understand the response of the Syrian private banks towards the small and medium enterprises' credit guarantee schemes presented by the governmental fund with the suggestion of establishment.

Therefore, the researcher has identified four factors, (independent variables), and presumed their impact upon adoption of guarantee fund schemes by the Syrian private banks (dependent variable). The four factors are: general circumstances and conditions, existing conditions of small and medium enterprises SMEs, credit policies of Syrian private banks related to SMEs and the governmental nature of guarantee funds.

By realizing the aim of study, the researcher has depended upon a questionnaire as a tool for collecting data. The questionnaire included (31) variables to measure the response of Syrian private banks to small and medium enterprises' credit guarantee schemes presented by the governmental fund with the suggestion of establishment. For facilitating the distribution of questionnaires, the researcher has coordinated with the Directorate of Banks in Syrian Central Bank. Analyzing data and testing hypothesis have been done by using SPSS program. According to the results of analysis, the general circumstances and conditions are the most effective factor for Syrian private banks to resist from adopting guarantee fund schemes.

Next, the existing conditions of small and medium enterprises SMEs and the governmental nature of the guarantee fund was analyzed. According to the results of this study, we do not recommend establishing a guarantee fund at present. In addition, the government must prepare the necessary conditions for establishing these types of financial institutions

