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EXAMINATION OF FINANCING OPPORTUNITIES FOR SMEs IN HUNGARY (MARKET-RATE LOANS VERSUS STATE-SUPPORTED LOANS)

Abstract. Statistical data indicate that the SME sector represents a substantial and economically significant segment; however, these companies demonstrate efficiency levels that remain considerably lower than those of large, typically multinational corporations, suggesting significant potential for further development and growth. Experts generally acknowledge the considerable growth potential of this sector. The comparatively lower performance of SMEs may be attributed to several factors, such as financing difficulties, low levels of innovation, and a lack of automation, digitalisation, and the application of marketing and management methods. The article provides a comprehensive overview of financing sources available to SMEs. The financing of micro, small and medium-sized enterprises in Hungary remains one of the most important issues in economic policy and the financial system. Despite the increasing availability of bank-based and state-supported financing schemes over the past decade, a certain degree of information asymmetry and uncertainty still exists among SME sector participants regarding the functioning of these instruments. Many business leaders are not fully aware of the conditions under which, for what purposes, and at what stage of the business lifecycle different loan programmes should be utilised, or to what extent market-based bank loans and state-supported schemes may contribute to their development. The study examines financing opportunities available to companies operating within the SME sector, with particular emphasis on market-rate bank financing and state-supported loan programmes, as access to these financing sources plays an important role in supporting business growth. A qualitative research approach was used in order to gain a deeper understanding of business leaders' opinions, experiences and decision-making mechanisms. Sixteen interviews with business leaders were conducted. The analysis included sixteen micro, small and medium-sized enterprises from the Northern Great Plain region, operating in various industries. The companies were selected using purposive sampling, taking into account differences in financing background, area of activity



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and development objectives. The primary aim of the study was to identify the factors influencing borrowing decisions and to examine how external financing affects financial performance and business growth. One of the key findings of the research is that the majority of SMEs continue to respond reactively to financial challenges: raising funds is often perceived as a forced solution, rather than a conscious strategic decision. This may be explained by insufficient financial knowledge, administrative complexity and the unpredictability of tender systems. In contrast, the literature considers financing decisions to be a key factor in the long-term competitiveness of enterprises. One of the main conclusions of the study is that financing instruments can contribute to growth only if the financial awareness and strategic planning of enterprises also improve.

Keywords: financial indicators, interview, market-rate bank financing, SME, state-supported loan programmes.

JEL Classification: M21, L26, G21, G24, G30

Absztrakt. A statisztikai adatokból egyértelműen kitűnik, hogy a KKV-szektor egy nagyon markáns és széles tömeget jelent, de ezek a cégek a nagy, jellemzően multinacionális vállalatoktól jelentősen elmaradó hatékonyságot mutatnak, így bőven lehet tere az előrelépésnek, fejlődésnek. Szakértők egyöntetű véleménye szerint óriási növekedési tartalék van ebben a szegmensben. Elmaradásuk több tényezőre, például a finanszírozási nehézségekre, az innovációs aktivitás alacsony szintjére, automatizálás, digitalizáció, a piaci marketing és menedzsment módszerek alkalmazásának hiányára vezethető vissza. A cikk átfogó képet nyújt a KKV-k finanszírozási forrásairól. A mikro-, kis- és középvállalkozások finanszírozása Magyarországon továbbra is a gazdaságpolitika és a pénzügyi rendszer egyik legfontosabb kérdésköre. Annak ellenére, hogy az elmúlt évtizedben számos banki és államilag támogatott finanszírozási forma vált elérhetővé a vállalkozások számára, a KKV-szektor szereplői körében még mindig tapasztalható bizonyos fokú információhiány és bizonytalanság ezen konstrukciók működésével kapcsolatban. Sok vállalkozásvezető nincs teljesen tisztában azzal, hogy milyen feltételek mellett, milyen célokra, illetve mely életciklusban érdemes különböző hitelprogramokat igénybe venni, vagy éppen, hogy a piaci alapú banki hitelek és az államilag támogatott konstrukciók milyen mértékben járulhatnak hozzá a fejlődésükhöz. Kutatásunkban a KKV szektorban tevékenykedő gazdasági társaságok finanszírozási lehetőségeit vizsgáljuk, kiemelt fókusz helyezve a piaci kamatozású banki finanszírozási forrásra és az államilag támogatott hitelprogramokra, hiszen ezen finanszírozási forrásokhoz való hozzájutás kiemelten fontos az említett cégek növekedéséhez. Kvalitatív kutatási technikát alkalmaztunk, amely a vállalkozásvezetők személyes véleményének, tapasztalatainak és döntési mechanizmusainak mélyebb megértését teszi lehetővé. (16 db interjú készítése vállalkozásvezetőkkel.) Az elemzéshez tizenhat mikro-, kis- és középvállalkozás került bevonásra az Észak-Alföldi régióból, amelyek különböző iparágakban tevékenykednek. A cégek kiválasztása célzott mintavétellel történt, figyelembe véve a finanszírozási háttér, a működési terület és a fejlesztési célok sokszínűségét. A vizsgálat alapvető célja az volt, hogy feltárja, milyen tényezők befolyásolják a vállalkozások hitelfelvételi döntéseit, illetve hogyan hat a külső finanszírozás a vállalkozások pénzügyi teljesítményére és növekedésére. A kutatás egyik legfontosabb tanulsága, hogy a KKV-k nagy része még mindig reaktív módon reagál a pénzügyi kihívásokra: a forrásbevonás sokszor kényszermegoldás, nem pedig tudatos stratégiai döntés. Ennek hátterében a pénzügyi ismeretek hiánya, az adminisztratív bonyolultság és a pályázati rendszerek kiszámíthatatlansága áll. A szakirodalom ezzel szemben a finanszírozási döntéseket a vállalkozások hosszú távú versenyképességének kulcstényezőjeként kezeli. A tanulmány egyik legfontosabb következtetése éppen az, hogy a finanszírozási eszközök akkor képesek a növekedést szolgálni, ha a vállalkozások pénzügyi tudatossága és stratégiai tervezése is fejlődik.

Kulcsszavak: államilag támogatott hitelprogramok, interjú, KKV, pénzügyi mutatók, piaci kamatozású banki finanszírozás.



Анотація. Статистичні дані чітко свідчать про те, що сектор МСП становить дуже значну та широку економічну масу, однак ці підприємства демонструють ефективність, яка суттєво відстає від великих, переважно транснаціональних компаній, тому існує значний простір для розвитку та покращення. На думку експертів, у цьому сегменті прихований величезний потенціал зростання. Відставання МСП пояснюється низкою факторів, зокрема фінансовими труднощами, низьким рівнем інноваційної активності, недостатньою автоматизацією та цифровізацією, а також відсутністю застосування сучасних маркетингових і менеджментних методів. Стаття надає комплексний огляд джерел фінансування МСП. Фінансування мікро-, малих і середніх підприємств в Угорщині й надалі залишається одним із ключових питань економічної політики та фінансової системи. Незважаючи на те, що протягом останнього десятиліття для підприємств стали доступними численні банківські та державні пільгові фінансові інструменти, серед учасників сектору МСП все ще спостерігається певний рівень нестачі інформації та невпевненості щодо механізмів їх функціонування. Багато керівників підприємств не мають повного уявлення про те, за яких умов, з якою метою та на якому етапі життєвого циклу доцільно використовувати різні кредитні програми, а також про те, якою мірою ринкові банківські кредити та державні пільгові програми можуть сприяти їх розвитку. У нашому дослідженні ми аналізуємо можливості фінансування господарських товариств, що працюють у секторі МСП, приділяючи особливу увагу ринковим банківським кредитам та державним пільговим кредитним програмам, оскільки доступ до цих джерел фінансування має вирішальне значення для зростання зазначених підприємств. Ми застосували якісну методику дослідження, яка дає змогу глибше зрозуміти особисті думки, досвід та механізми прийняття рішень керівників підприємств (проведено 16 інтерв'ю з керівниками компаній). Для аналізу було залучено шістнадцять мікро-, малих і середніх підприємств Північного Альфельдського регіону, що працюють у різних галузях. Відбір компаній здійснювався цільовим методом, з урахуванням різноманітності фінансового фону, сфери діяльності та цілей розвитку. Основною метою дослідження було з'ясувати, які фактори впливають на рішення підприємств щодо залучення кредитів, а також як зовнішнє фінансування впливає на їх фінансові результати та зростання. Одним із найважливіших висновків дослідження є те, що більшість МСП досі реагує на фінансові виклики реактивно: залучення ресурсів часто є вимушеним рішенням, а не продуманим стратегічним кроком. Причинами цього є нестача фінансових знань, адміністративна складність та непередбачуваність грантових систем. На противагу цьому, наукова література розглядає фінансові рішення як ключовий чинник довгострокової конкурентоспроможності підприємств. Одним із найважливіших висновків дослідження є те, що фінансові інструменти здатні сприяти зростанню лише тоді, коли зростає фінансова обізнаність та стратегічне планування підприємств.

Ключові слова: державні пільгові кредитні програми, інтерв'ю, МСП, фінансові показники, ринкове банківське фінансування.

Problem description. Micro, small and medium-sized enterprises play a decisive role in economic growth, employment and innovation worldwide, and this is also the case in Hungary [1, pp. 74–90]. From an economic perspective, the SME sector plays a crucial role in the operation of foreign capital, the generation of national income and the realisation of investments; from a social perspective, it is equally important in terms of employment and job creation. The vast majority of businesses operating in Hungary – more than 99% – belong to the SME sector and account for nearly 70% of those employed in the national economy. The main problem in financing SMEs is the difficulty in accessing market resources, which is rooted in high risk premiums, scarce



collateral and inadequate financial planning. A persistent lack of capital hinders competitiveness and growth.

Literature review. Corporate finance is one of the most important subsystems of economic activity, determining how an organisation secures the financial resources necessary for its operation, development and growth. The aim of financing decisions is for the enterprise to establish an optimal capital structure that simultaneously ensures liquidity, profitability and long-term sustainability. [pp. 2, 71–89] In the case of micro, small and medium-sized enterprises, this process is particularly sensitive, as their access to capital is limited, their risk-taking propensity is low, and access to external sources is often hampered by administrative and market constraints. Financing is therefore not merely a financial decision, but also a strategic one, which influences enterprises' competitiveness, capacity for innovation and economic integration. [3]

The financing environment for Hungarian micro, small and medium-sized enterprises has undergone continuous transformation over the past decade. According to a report by *the MNB (2024)*, although the credit market has stabilised, access to finance for SMEs remains challenging due to economic fluctuations. The heterogeneous structure of the SME sector, in which the majority of enterprises are micro-enterprises, also determines their access to finance. According to *the OECD (2023)*, the average capitalisation and financial capacity of Hungarian SMEs lag behind the EU average, which limits both growth potential and the volume of investment. Businesses often rely on short-term working capital, whilst the proportion of long-term loans for development purposes is low. Due to weak capital structures, a lack of reinvested profits and difficulties in accessing credit, some SMEs remain underfunded. This particularly affects micro and small enterprises operating in rural regions, where access to financial services is also more limited. [pp. 4, 421–439]

One of the most significant structural weaknesses of SMEs is a lack of capital. The majority of businesses finance their operations from their own resources and do not have sufficient reserves to implement development projects. [3] The lack of capital particularly affects start-ups and businesses in the growth phase, as reinvesting profits does not yet provide sufficient cover for these companies. According to the World Bank's (2023) 'Ease of Doing Business' report, 41% of Hungarian SMEs reported that financing difficulties were limiting their investments. This proportion is higher than the 34% average for the Central European region. In the credit market, SMEs are typically classified as a higher-risk customer category, the main reasons for which include a short operating history, limited financial transparency, and weak collateralisation.

According to the studies examined, due to the asymmetry of financial information, banks find it difficult to objectively assess the creditworthiness of businesses, and therefore apply higher interest rate premiums, which increase funding costs and reduce the willingness to take out loans. [5] The SME Lending Survey by the Magyar Nemzeti Bank (2023) highlights that 45% of small businesses had their loan applications rejected, typically due to insufficient collateral or a company history that



was too short. A further problem is that the administration of microloans is inefficient for banks, as the costs of risk analysis and the assessment process are disproportionately high relative to the amount lent. [6] Risk management practices among SMEs also require improvement, as the majority do not have detailed financial plans, risk assessments or cash-flow forecasts; consequently, in many cases, borrowing is not a conscious decision but the result of short-term liquidity constraints. [7, pp. 85–104] As a consequence of this capital shortage, businesses often postpone technological developments, capacity expansion or innovation projects, which in the long term results in lower productivity and weaker competitiveness. [8, pp. 875–897]

State and EU-subsidised loans, such as the Széchenyi Card Programme, the Growth Loan Programme, the Baross Gábor Programme and the EU (GINOP) preferential schemes, provide significant assistance to SMEs; however, businesses may encounter numerous obstacles when applying for them. The conditions of these subsidised programmes are typically stricter due to administrative requirements, and applicant businesses must maintain accurate accounts and project implementation documentation.

Although GINOP-based 0% interest loans offer exceptionally favourable terms, the complexity of the application process, the long processing times and the significant administrative burden deter many small businesses. Smaller businesses often lack the knowledge of the application process and the professional background necessary to make effective use of the subsidised funds. Furthermore, the availability of subsidised loans varies by region; businesses operating in the Northern Great Plain and Southern Transdanubia regions find it harder to access these schemes than companies in the capital or Western Transdanubia. [pp. 4, 421–439] Although guarantee institutions, such as Garantiqa Hitelgarancia Zrt., reduce banking risks, guarantee fees and administrative costs increase the total cost of borrowing. A significant problem in the SME sector is the lack of financial awareness and information. Many businesses lack comprehensive knowledge of financing options, supported programmes or the long-term effects of taking out a loan. Decisions are often based on empirical experience rather than financial analysis, which can increase the risk of poor financing decisions and the emergence of liquidity problems. [3] According to the European Commission's (2024) SME report, improving financial literacy is a key factor for competitiveness in the Central and Eastern European region. Businesses that use financial advisory services are 25–30% more likely to access external funding than those that do not. In Hungary, the MFB Pontok network and the KAVOSZ advisory system help to expand SMEs' financial knowledge, but their coverage is uneven across regions. The economic role of micro, small and medium-sized enterprises (SMEs) is also confirmed by the figures in the table above. The net turnover generated by the sector exceeded 66 trillion forints, accounting for more than 36% of the country's total corporate turnover. In terms of employment, SMEs play a prominent role, as the approximately 2.2 million people working in the sector accounted for more than 65% of the country's total workforce.

Table 1

Trends in key economic indicators of business entities in 2023

Category	Number of operating companies	Turnover (HUF billion)	Number of employees	Export turnover (HUF billion)	Added value (HUF billion)
Micro-enterprises	852,181	20,420	1,262,482	733	6,376
Small business	36,481	22,718	563,181	2,095	6,078
Medium-sized enterprises	5,763	23,365	362,114	5,033	5,150
Large enterprise	7,283	117,268	1,142,910	54,502	24,714
Total	901,708	183,771	3,330,687	62,364	42,318

Source: compiled by the authors based on KSH data.

They are one of the most important pillars of the modern market economy, as their flexibility, adaptability and local roots make them indispensable players in ensuring the stability and dynamism of the economic structure. However, their significance lies not only in their economic weight, but also in the fact that their operations contribute directly to regional economic development, the strengthening of local communities and social stability. The sector plays a particularly important role in job creation, as SMEs provide the majority of new employment opportunities, primarily in rural and small-town areas. One of the fundamental prerequisites for economic growth and competitiveness is therefore that these enterprises have access to adequate financial resources, enabling them to make investments, undertake technological developments and expand into new markets. [3] According to data from the Hungarian *Central Statistical Office (KSH, 2023)*, the value added generated by Hungarian SMEs exceeded 20,000 billion forints in 2022, accounting for more than 50% of national GDP. Micro, small and medium-sized enterprises are therefore not only significant players in terms of quantity, but also qualitative factors in the performance of the national economy. A significant proportion of them are Hungarian-owned, which strengthens the autonomy of the domestic economy; at the same time, financing constraints and a lack of capital continue to hinder their development. The majority of enterprises have limited financial knowledge and experience in raising funds; therefore, easily accessible bank and subsidised financing with transparent terms and conditions is of paramount importance to them [pp. 9, 521–528]

The development of micro, small and medium-sized enterprises is a key strategic priority in the European Union's economic policy. In the EU's 2021–2027 budget cycle, the Small Business Act and the SME Strategy for a Sustainable and Digital Europe also emphasise facilitating the digital and green transition of SMEs, as well as encouraging innovation. Domestic development policy instruments are also linked to these objectives, such as the Széchenyi Card Programme, GINOP Plus and the Baross Gábor Loan Programme, which provide preferential financing for businesses. These schemes contribute to maintaining financial stability and mitigate the disadvantages arising from the high cost of market-based loans. According to the 2024 European



SME Barometer, more than half of Hungarian micro, small and medium-sized enterprises continue to regard access to finance and high borrowing costs as the biggest obstacles to growth. In addition, labour shortages, administrative burdens and rising energy prices also hamper development. Raising capital is therefore not merely a financial issue, but a strategic decision that determines the viability, market position and competitiveness of businesses in the long term. [10]

The importance of the SME sector to the national economy is unquestionable, both in terms of creating added value and in terms of employment; yet, day in, day out, they struggle with countless problems in order to keep their businesses afloat. [11]

Goals of the article. The study aims not only to describe the current situation, but also to explore connections that can facilitate the more efficient and sustainable development of the sector in Hungary. During our research, we sought answers to the following questions:

What differences are there between market-rate bank financing sources and state-supported loan programs? What obstacles do SMEs encounter when using state-supported financing sources? How does the use of bank financing affect changes in the financial indicators of SMEs? Does the involvement of external financing sources contribute to improving the competitiveness and sustainable growth of SMEs in the long term?

Methods and methodology. When developing the methodology underpinning the research, it was important to ensure that the study relied not merely on statistical data, but on genuine entrepreneurial experiences. To this end, we employed a qualitative research technique, which allows for a deeper understanding of business leaders' personal opinions, experiences and decision-making mechanisms. Unlike the quantitative, questionnaire-based approach, the qualitative methodology is not aimed at collecting quantifiable data, but at uncovering the underlying connections, motivations and perceptions. This form of research enabled the interviewees to speak candidly about their financing difficulties, as well as how they perceive the actual impact of the various schemes on the day-to-day operations of their businesses.

The research sample consisted of sixteen small and medium-sized enterprises operating in the Northern Great Plain region. Due to the qualitative methodology, the sample is relatively small, so the results cannot be generalised to the entire SME sector. When selecting the sample, we endeavoured to choose businesses from different sectors – such as the metal industry, the construction industry and the service sector – thereby ensuring diverse and comparable experiences. The companies were selected using purposive sampling, meaning we deliberately sought out businesses that had participated in some form of external financing in recent years. All respondents hold senior management or financial decision-making positions, giving them direct insight into financing processes and their consequences.

The interviews were conducted in autumn 2025, in person and online, by prior arrangement. Each interview lasted an average of 55 minutes. The questions followed a pre-prepared, logically structured interview outline, whilst also allowing respondents



the opportunity to express their thoughts freely. The interview covered three main areas: the first section examined the characteristics and financial situation of the business; the second focused on experiences regarding access to market-rate bank loans and subsidised loans; whilst the third explored the impact of financing sources on business development, investments and competitiveness. The data from the enterprises participating in the research are presented in anonymised form, without specific company names or personal information, in accordance with data protection regulations.

We used content analysis to process the data from the interviews, which consisted of three main steps: data reduction, data representation and verification of conclusions [12]. During data reduction, we selected from the raw interview transcripts those responses and statements that were relevant to the research questions. We then grouped the content thematically, for example by type of funding source, and the advantages and disadvantages experienced.

Main research results. The company directors surveyed, who have utilised various loan schemes and are well-versed in the subject, share similar views on several points regarding the advantages and disadvantages of the respective financing options. Based on their experiences, a clear picture emerged of the practical assessment of the differences between market-rate and state-subsidised loans. The positive and negative opinions expressed by company executives regarding market-rate loan schemes and state-subsidised loans are summarised in the table below (Table 2).

Table 2

**General comparison of market-rate loans and state-subsidised loan schemes
based on the interviews**

Market-rate loans	State-subsidised loans
High interest rates	Low interest
Flexible term	Fixed term
Start-ups are also eligible	Available to established, thriving businesses
Fixed, strict collateral requirements	Relaxed collateral requirements
More flexible procedures	Bureaucratic procedures

Source: compiled by the authors.

The overwhelming majority of respondents emphasised that the main advantage of state-supported loan programmes is the low interest rate, which results in significant cost savings for businesses, particularly in the case of financing for investment and development purposes. Several company directors highlighted that these schemes offer secure and predictable terms, but are typically only available to businesses that are already stable and operating profitably, and which meet the prescribed financial indicators and eligibility criteria. At the same time, all interviewees also pointed out that they face a significant administrative burden in relation to subsidised loans, as the application system is complex, and the documentation and disbursement process is often slow and bureaucratic. In contrast, in the case of market-rate loans, entrepreneurs



highlighted more flexible terms and faster processing as the main advantages. Several respondents noted that although interest rates on these loans are significantly higher, the flexibility of the loan term and repayment structure, as well as the shorter time taken for the bank to make a decision, were often decisive factors when taking out a loan. It is particularly important for start-ups that market loans are available even if they do not yet have several completed financial years, or if they are not yet able to meet the financial criteria required for subsidised schemes. At the same time, managers noted that market loans are subject to strict collateral requirements, which often affect the owners' private assets as well. The experiences of company managers therefore show that the differences between the two types of loan are not solely a matter of cost, but also relate to the type and level of development of the businesses taking them up. State-subsidised loans offer a favourable long-term opportunity for existing, financially stable small and medium-sized enterprises, whilst market-rate loans represent an alternative primarily for companies in the early stages of development or those requiring a quick decision. According to the respondents, the ideal financing strategy involves the combined, deliberate use of both, i.e. utilising subsidised funds whilst also taking out market loans where necessary, thereby enabling businesses to maintain their financial stability and competitiveness. Overall, the managers of the surveyed enterprises agreed that whilst state-supported schemes contribute to long-term development and risk reduction, market-rate loans are tools for flexibility, speed and immediate access to funds. The combined use of these two forms provides micro, small and medium-sized enterprises with the most optimal path to sustainable growth and improved competitiveness.

The research revealed that subsidised loans have the most positive impact in the areas of financial stability and growth. Based on the financial data of the companies examined, it was observed that following the taking out of loans, total assets increased, the capital structure improved, and the debt ratio decreased. EBITDA and ROE ratios also showed a favourable trend, indicating an improvement in operational efficiency and profitability. In contrast, market-rate loans mainly played a role in addressing short-term liquidity issues; however, due to the high interest burden, they did not provide the same degree of financial flexibility as preferential schemes.

Table 3

Summary table of financial and profitability indicators (based on average data)

Indicators	2020	2021	2022	2023	2024
Liquidity rate (%)	1,25	1,32	1,38	1,44	1,50
ROE (%)	8,2	9,5	11,3	12,8	13,6
EBITDA (in milion Ft)	42	48	55	61	67

Source: compiled by the authors.

The above table illustrates the average financial performance of the 16 SMEs examined over a five-year period. The continuous improvement of the liquidity ratio



indicates more stable short-term solvency. The increase in ROE values reflects a more efficient use of equity, especially in connection with investments. The continuous increase in EBITDA shows the improvement of operating efficiency, which is the result of capacity expansions and technological developments. The financial stability and growth potential of the enterprises strengthened throughout the period examined.

The results of the study confirmed that the demand for external financing remains significant among Hungarian SMEs, whilst financing decisions are heavily influenced by the economic environment, administrative burdens and a lack of information. The literature, however, tends to emphasise the link between financial sophistication and the willingness of to lend, whereas the research clearly revealed that businesses often turn to external sources out of necessity. [13] In reality, therefore, financing does not always serve a growth strategy, but rather the maintenance of operations, particularly in the case of small and micro-enterprises. This discrepancy sends an important message to economic policy-makers, as it highlights that there is still a gap between the objectives of programmes and the actual needs of businesses.

Conclusions and prospects for further research. The main aim of our research was to examine how Hungarian micro, small and medium-sized enterprises access various sources of finance and to what extent state-subsidised loans and market-rate schemes support their development. Several studies in the literature point out that subsidised loans, by alleviating financing constraints, can stimulate enterprises' investment and innovation activities, which in the longer term can be one of the driving forces of economic growth.

The research findings largely confirmed the theoretical observations, although several significant discrepancies were also observed in practice. Based on the in-depth interviews, it can be said that the overwhelming majority of businesses have had positive experiences with state-subsidised loan programmes. Company managers unanimously emphasised that low-interest schemes, such as the Széchenyi Card Programme and the MFB's 0% loans, provided significant assistance in maintaining and developing their operations, particularly in the period following the COVID-19 pandemic. For many businesses, these schemes made it possible to maintain liquidity, preserve jobs and carry out postponed investments. All the companies examined saw an improvement in financial stability, an increase in turnover and equity, and an improvement in their liquidity position, which reinforces the assertion in the literature that subsidised loans act as stabilising factors for the economy.

However, the research also highlighted that, in practice, accessing state-subsidised loan programmes is not always a simple or straightforward process. Several company managers found that the programmes involve complex administrative requirements, documentation frequently changes, and the application system is difficult to follow. In many cases, the assessment and disbursement of loans were protracted, which hindered a rapid response to market challenges. In contrast, applying for market-rate loans is significantly faster and simpler, although their interest rates are higher, collateral requirements are stricter, and the loan terms are shorter. In practice,



this confirms the ‘capital structure’ theory described in the literature, according to which firms first rely on their own funds, then on preferential, state-subsidised loans, and only as a last resort turn to more expensive market-based loans [14].

It is clear from the in-depth interviews that state-supported schemes promote the financial stability and growth potential of businesses in the longer term. Most companies used the funds for investment purposes, such as purchasing machinery, developing premises and buying vehicles, which led to increased productivity and efficiency. In most cases, the number of employees also increased after taking out the loan, which confirms the programmes’ economic stimulus effect. At the same time, some of the enterprises examined used the funds to address liquidity problems, such as bridging late customer payments or financing wage costs. This suggests that the subsidised schemes do not always serve development purposes, but often help to ensure the security of day-to-day operations.

The experiences of businesses also highlighted that the limitations of the subsidised loans primarily relate to the loan amounts and the conditions of access. Several interviewees mentioned that the maximum loan amount available is limited, which is insufficient for larger investment projects, so companies were forced to draw on additional market-based sources as well. For businesses, subsidised schemes form the basis for stable growth, whilst market loans tend to serve as a supplementary solution enabling a rapid response.

Based on the findings of the research, several recommendations for improvement can be formulated. Primarily, there is a need to simplify state-supported programmes and reduce bureaucratic processes. E-government, automated documentation systems and standardised application platforms would facilitate access to funding for businesses. In addition, it would be important to develop guarantee schemes for start-ups and young businesses that ease collateral requirements, as currently, supported programmes are primarily accessible to established, stable companies. It would be worthwhile to encourage the deliberate combination of subsidised and market-based forms of financing, which would enable businesses to choose the most suitable arrangement at different stages of their development.

Developing financial literacy could also play a key role. It emerged repeatedly during the research that business leaders find it difficult to navigate the various loan programmes and often require the assistance of external advisers. Targeted training programmes and entrepreneurial mentoring networks could strengthen knowledge of fundraising and informed financial decision-making. Furthermore, it is recommended that future loan programmes place greater emphasis on long-term development goals, particularly in the areas of digitalisation, energy efficiency and technological innovation.

One of the key findings of the research is that the majority of SMEs still react to financial challenges in a reactive manner: raising funds is often a stopgap measure rather than a conscious strategic decision. This is driven by a lack of financial literacy, administrative complexity and the unpredictability of grant schemes. In contrast, the



literature treats financing decisions as a key factor in the long-term competitiveness of businesses. One of the study's most important conclusions is precisely that financing instruments can only serve growth if businesses' financial awareness and strategic planning also improve [15].

All of the enterprises surveyed considered that, without the subsidised loan programmes, they would not have been able to maintain their growth trajectory, and in certain periods their very survival would have been in doubt. The preferential schemes therefore create not only economic but also social value: they contribute to job creation, regional economic development and the growth of export activity. This is particularly significant in the case of rural, labour-intensive enterprises, where the loan programmes have a direct impact on boosting the local economy. It can be concluded that the financing environment for the Hungarian SME sector has improved significantly in recent years; however, only a combination of subsidised loans and market-based schemes can ensure comprehensive development. In the future, it will be essential for programmes to become more transparent, faster and more flexible, and for start-ups and smaller businesses to have a better chance of accessing preferential funding. Improving entrepreneurs' financial literacy, simplifying communication with credit institutions and digitising administration are all steps that can contribute to the effectiveness of these programmes.

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