MICROFINANCE CENTRE

Unmet Demand for Microfinance in the European Union: Financing Gap Assessment

Executive summary

The 2026 *Financing Gap Report* provides an updated assessment of the business microcredit financing gap in the European Union. It builds on the 2019 baseline calculations from the 2020 study *Microfinance in the European Union* and refreshes those estimates using recent data, including Eurostat indicators, Global Entrepreneurship Monitor (GEM) survey results, and the ECB's 2025 SAFE survey. Since 2019, Europe's entrepreneurial landscape has shifted, marked by a growing number of solo entrepreneurs in several Member States – a group heavily impacted by limited access to external finance. Because microfinance remains vital for those facing structural barriers to traditional banking, an updated market gap assessment is both timely and necessary.

Key findings of the report

The microcredit financing gap

Bank credit is the form of external financing microenterprises would most prefer in order to fund future growth, cited by 60% of respondents, yet 13% face real barriers to accessing it. Nearly 9% either did not apply out of fear of rejection or declined an offer on unacceptable terms, while a further 3.6% were rejected outright or received only a fraction of the funds requested.

Microfinance providers – non-governmental organisations, non-bank financial institutions, credit unions, and banks with dedicated products – exist to serve these borrowers. Three quarters of providers report a very high share of clients previously excluded from conventional banks. At the end of 2024, their total gross microcredit portfolio of business loans reached EUR 3.5 billion, serving roughly 330,000 active borrowers.

The assessment shows a substantial gap between the demand for microcredit in the EU and the supply currently available:

- **Total size of the target population for business microcredit:** an estimated **34.7 million** potential and existing enterprises across the EU.
- **Size of unmet demand: 2.3 million** potential and existing enterprises face credit constraints annually, including individual farms in Eastern Europe.
- **Value of unmet business microcredit demand:** an estimated **EUR 16.5 billion**. Demand from existing enterprises (solo entrepreneurs, microenterprises, and individual farms) totals **EUR 9.9 billion**, and demand from potential and new business founders **EUR 6.6 billion**.

- **Scale of expansion needed:** meeting full market demand would require a **seven-fold increase** in the number of borrowers served and a **five-fold increase** in the value of microcredit supply.

Demand breakdown by target group

Credit constraints vary significantly across client segments, with solo entrepreneurs and potential new business founders out of social exclusion together accounting for around two thirds of the constrained enterprises:

- **Solo entrepreneurs: 840,000 loan applications** and **EUR 4.2 billion** in unmet demand annually, the largest constrained group in absolute terms.
- **Potential new business founders out of social exclusion: 714,000 applications**, totalling **EUR 3.6 billion** in unmet demand.
- **New business founders: 300,000 applications** and **EUR 3.0 billion** in microcredit demand.
- **Existing microenterprises (1–9 employees): 229,000 applications** valued at **EUR 3.4 billion**.
- **Individual farms (Eastern Europe): 225,000 applications**, totalling **EUR 2.3 billion**.

Financing gap evolution since 2019

Compared with the 2019 calculation, the total number of enterprises with unmet demand has grown by **9%** (**+195,000** enterprises), while the estimated value of that demand has increased by **29%** (**+EUR 3.7 billion**). The sharpest increase occurred among solo entrepreneurs, where the number facing constrained credit access rose by **30%**.

Changes in unmet demand reflect shifts in the size of each target group and changes in their degree of financial exclusion. The EU population at risk of poverty and social exclusion declined slightly over the period, translating into a small decrease in potential new business founders in need of microcredit. Conversely, the number of solo entrepreneurs grew substantially – notably in France, the Netherlands, and Germany – alongside growth in the number of new business founders, while the number of individual farms in Eastern Europe declined.

Demand for non-financial services

Financial support alone is often insufficient to overcome the barriers entrepreneurs face, driving a parallel need for business development services (BDS). Recognising this, most microfinance providers (68%) deliver non-financial support alongside credit.

Close to **one million** potential and existing enterprises could benefit from non-financial services of varying scope and intensity, with a total estimated value of **EUR 2.3 billion**. Potential new business founders out of social exclusion represent the largest share of this demand (**571,000 enterprises/EUR 1.7 billion**), followed by new business founders (**150,000 enterprises/EUR 450 million**). The first group requires a comprehensive package covering idea development, business planning, and financial management, while new business founders need support in launching products and services; established enterprises with existing business experience require lighter, targeted capacity building.

Geographic concentration

Unmet credit demand is heavily concentrated in the largest Member States: France (EUR 2.6 billion), Italy (EUR 2.4 billion), and Germany (EUR 2.2 billion) account for the highest absolute values. Italy leads in constrained potential founders (207,000), France in new founders and solo entrepreneurs (59,000 and 176,000), and Germany in established microenterprises (51,000). Eastern Europe displays distinct agricultural constraints, led by Poland (125,000 farm applications). Relative to existing supply, the widest gap exists in Portugal (where demand exceeds supply by a factor of over 1,100), whereas in Spain and Lithuania, doubling current supply would roughly close the gap.

Methodological scope and limitations

All estimates are based on proxy measures in the absence of direct empirical evidence, applied at two levels: entrepreneurial potential and actual demand for products currently offered by microcredit providers. The results should therefore be interpreted with caution. The ECB SAFE survey – the most valuable available source on access-to-finance constraints – covers only employer enterprises, and no other survey assesses the financing difficulties of businesses with zero employees, so demand from solo entrepreneurs rests on a proxy. Furthermore, no recent empirical research tracks the entrepreneurial aspirations of people at risk of poverty and social exclusion or their propensity to start a business, and the financing needs of individual farms in Eastern Europe rely on anecdotal evidence rather than systematic research.

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