Export constraints for Algerian SMEs
Analysis of obstacles specific to local banks

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Abstract:

If it is indisputable that the exit of our economy from the dependence of exports outside hydrocarbons is today largely dependent on the number of SMEs present for export and their dynamics in terms of competitiveness, export has many barriers for SMEs. These obstacles are mainly of a financial nature linked in particular to the financing of exports, manifested at the level of Algerian banks.

Therefore, this article aims to try to reveal, on a sample of 45 companies, the concrete posture of obstacles encountered by this type of company. We focus on the constraints specific to local banks.

Keywords: SMEs, Export, Funding, Algerien banks, Exchange regulations.

JEL Classification Codes : M13, F14, G21.

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1. INTRODUCTION

The global downturn in recent years is due to the adverse effects of the collapse in commodity prices on some major economies. The crash of late 2014 upset many countries around the world, but especially on commodity exporters, many of which are hydrocarbon exporting countries. The turbulence in the financial markets and the geopolitical uncertainties distinguished during this period also accentuated this situation.

Characterised by an almost mono-exporting oil economy, dependent only on «natural» factor endowments, very weakly diversified, Algeria was not exempted by these changes and the variations in world commodity prices, although the need to diversify exports has been on the agenda in our country since the late 1970s.

While it is indisputable that the exit of our economy from dependence on hydrocarbon exports today depends largely on the number of SMEs exporting and their competitiveness dynamics, there are many difficulties in exporting for SMEs.

1.1. The problem of this study:

The question arises: what exactly are the obstacles that hinder SMEs in their international activities?

This study seeks to announce the obstacles specific to Algerian SMEs exporting non hydrocarbons. Our goal is to better understand the attitude of these companies to export and to highlight the important obstacles that its exporters regularly face. Because of the complexity of this subject, it is necessary to adopt an exploratory study that will focus on the export barriers of SMEs. In addition, our work is analytical in that we will try to analyse in detail these constraints in order to identify real avenues for reflection.

1.2 Research hypotheses :

As part of this research, we have developed the following hypothesis that allows us to address our problem. The obstacle caused by the Algerian banking system in terms of support and financing of exporting SMEs would have the strongest influence on the export bankruptcy of SMEs in our sample.

As a result, we try in this work to analyse the obstacle specific to Algerian banks that must be resolved to provide solutions later.

1.3 Research methodology and tools used:

Given the complexity of the subject, our choice naturally focused on a qualitative research method. To do this, we have chosen to speak directly with exporters to find out the factors that hinder their businesses from orienting themselves and selling internationally. This approach is based on everything we have found in the literature regarding the barriers that hinder exporting SMEs in their export approaches.

The study was based on a qualitative survey based on semi-structured interviews with 45 (25 exporting companies, 14 companies willing to become exporters and 6 companies that have stopped exporting).

2. Export Barriers

2.1 Financing constraints:

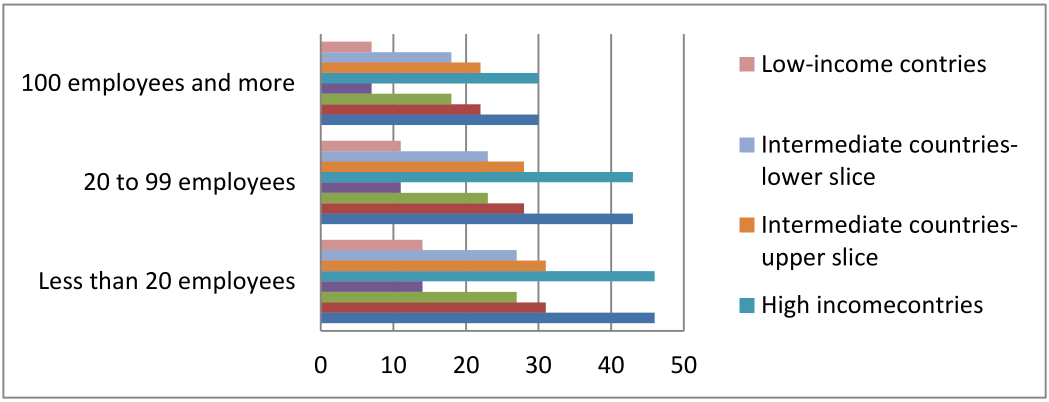
Lack of financial resources is one of the main causes of SME access to the external market (Centre du Commerce International, CCI, 2018). From this perspective, financially constrained exporters have more difficult access to foreign markets (Crozet & Fontagné, 2010). Knowing that a financially constrained company is one that does not have sufficient access to external liquidity and is not productive enough to generate adequate internal liquidity.

a. Cost and access to finance as a major barrier for SMEs:

The following figure explains that access to finance is exhausting for SMEs in general and small businesses in low-income countries in particular.

The analysis of this fig.1 shows that the difficulties of cost and access to finance are pronounced in all countries, regardless of the country under consideration. In developing and low-income countries, this means that small businesses face serious financing difficulties. Similarly, public aid to export has a cost that can vary between 1% and 5% of the turnover made by the company to export. This financing cost will inevitably influence the cost of the goods and therefore the profitability of the export project.

Fig.1. Average percentage of businesses citing cost and access to finance as a major barrier to their day-to-day operations.



Source: International Finance Corporation (IFC), 2010, p.12

b. Debt and bank credit constraint:

The mobilization of capital allows the company opening internationally the financing of intangible investments (prospecting costs, research and development costs, costs related to the adaptation of products to the local market, etc.) and tangible (acquisition of production equipment, purchase of rolling stock, etc.). Also, to maintain market share an international environment characterised by increased competition.

These needs will have to be financed by the company in the implementation phase and before collecting revenue from the export activity. To do this, the company requests the financial system's assistance and borrows an amount equivalent to the fixed costs caused by the export operation.

Therefore, for the company to export, the financing granted must not be lower than the fixed costs. If this is the case, the company is limited to the domestic market and leaves the foreign market to financially sound companies. So the companies that can export are the ones that get more financing than fixed costs (Cezar R. , 2012). Moreover, it should also be revealed that in the presence of a credit constraint, the productivity threshold necessary to export is at a relatively low level in financially developed countries. Within each country, this threshold is higher in financially constrained sectors (Manova, 2008).

Based on these studies, export finance is the missing link in SME financing, especially in developing countries.

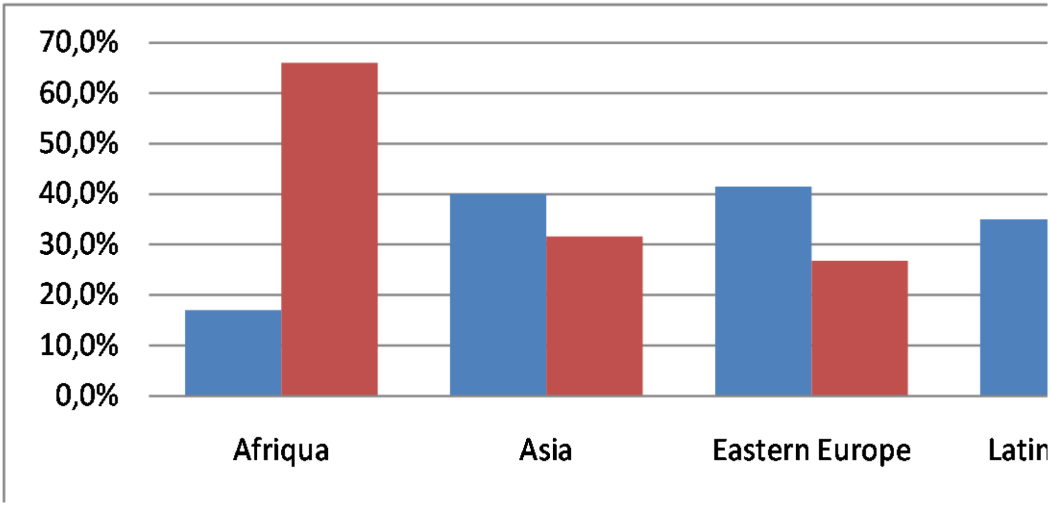
c. Access constraints and lack of financing for exporting SMEs:

In analysis of the 2016 WTO report on international market access barriers perceived by SMEs in developing countries (OMC, 2016), we found that lack of access or limited access to finance is one of the main constraints to the entry and progression of SMEs in global value chains. Unmet demand for financing in international trade is estimated at between $1,200 and $1,500 billion (AGEFI, 2015).

These studies are confirmed by a study on the negative impact of financing for small and large companies. Indeed, small businesses feel financing constraints more than large companies, are 66% heavier in SMEs than in large companies. SMEs need bank financing all the more because they do not have the cash to make investments, do not have access to capital markets open to large companies and often do not have staff capable of performing financial functions (Société Financière Internationale, 2010).

Another interesting World Bank survey of the activity of 1,000 companies in more than 80 countries around the world between 1999 and 2000 reveals that access to external financing remains a major obstacle to beyond the borders of many companies. In 2009, the same observation was confirmed by the World Bank: difficulties in accessing bank credit for companies from developing and emerging countries are at the centre of export barriers for exporting companies. Indeed, the following figure shows the extent to which access to commercial financing by banks hinders exports by businesses (OMC, 2016).

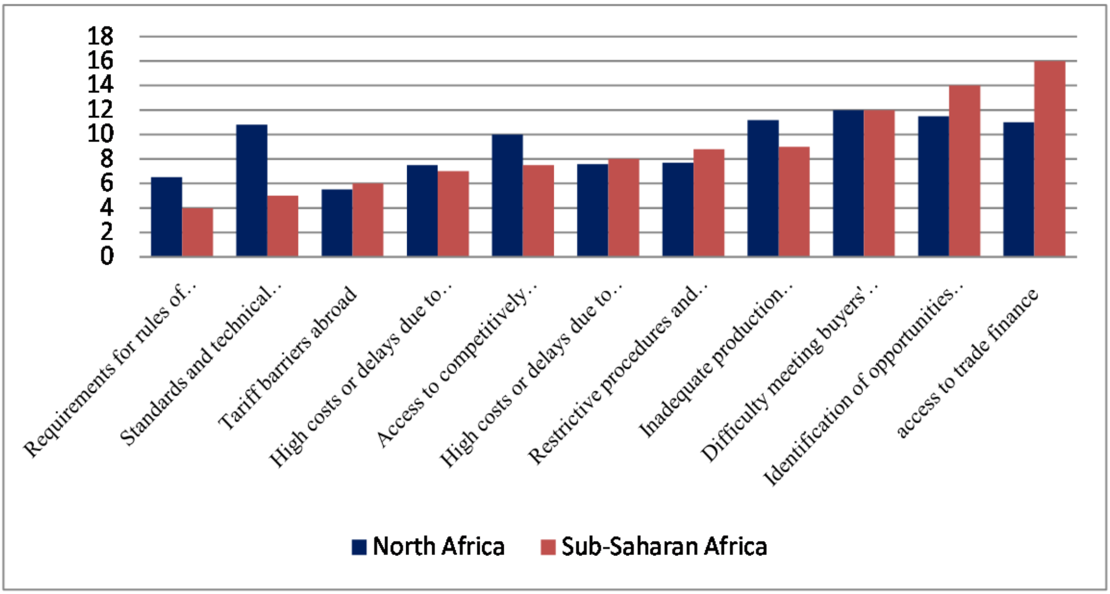
Fig.2. Extent to which access to commercial lending by banks impedes business exports (by region)



Source: WTO, 2016, le financement du commerce et les PME, p.26.

The analysis of this figure shows that access to commercial financing through banks differs from region to region. Africa remains the most affected region compared to Latin America and Asia.

Fig.3. Most problematic factors for export (North Africa)



Source: WTO, 2016, p.26

This figure ranks the lack of access to commercial credit from banks as one of the most problematic factors for export in Africa. This finding has already been confirmed by the ICC Global Survey (2014), which has shown that there is a shortage in the granting of trade credits especially to SMEs in Africa (OMC, 2014).

d. Constraint of financial underdevelopment:

Generally speaking, financial development is a process whereby the various components of a financial system, mainly banks and financial markets, contribute to the reduction of information and transaction costs associated with financial transactions (Clément Mathonnat, 2017).

Some authors focus on resource allocation, such as the effect of financial development on export (Beck, 2003). Indeed, the model developed by Kletzer and Bardhan (Kletzer & Bardhan, 1987) shows the important role of financial institutions and financial markets in driving resources to exporting companies (Cezar R. , 2012). The model explains that countries that have a large restriction in the credit market (high external financing cost) specialize in sectors that do not use the financial system to produce. On the other hand, countries that have a small restriction in the credit market specialize in sectors that use external finance.

Other writers (Rajan & Zingales, 1988) also explain that the sectors that are experiencing more sustained growth are those that depend on external financing, since these countries are more financially developed.

Another interesting explanation appeared in an article that has become a reference in the literature (Manova, 2008), that financially developed countries have a definite advantage in exporting compared to other economies that are not financially developed. This high probability of exporting and more expressed in sectors with greater need for external financing. They also found that financially developed countries have more trading partners and have an advantage in exporting to smaller markets.

This finding has been confirmed by other economists (Cezar R. , 2012) which indicated that financial development allows an almost absolute advantage to be given to countries' exports. Also, they explain in their model that sectors that depend on external finance export more easily from countries where production costs are lower and know no advantage to settle in the most financially developed countries. However, an underdeveloped financial sector is an obstacle to economic growth and development. When the quality of financial services is poor, it is impossible to control financial risks and financial intermediation becomes ineffective, thus constituting an obstacle to economic activities. Therefore, economic resources cannot be used effectively (Gelbard, Gulde, & Maino, 2014).

3. Barriers specific to Algerian banks

3.1 Constraint of exchange regulation:

We cite here the main obstacles related to exchange regulation.

a. Bank direct debit:

In practice, the bank will require the exporter, as a prerequisite for any export operation, to domicilat its level, its export project. It is only after this domiciliation, that he can finally concretely commit his export (Bank of Algeria, 2021). The difficulties of the exporter do not stop there, because in order to be able to repatriate the currencies resulting from his export, he will have to provide to his bank, either a certificate of service done when it is a provision of service, either the customs export document justifying that the goods were indeed removed from Algerian territory.

From this practice, we consider that the Algerian exporter cannot benefit from an advance in foreign currency of its foreign customer before the delivery of the goods. This somewhat shocking reality is a major obstacle for Algerian exporters, as these advances represent cash to meet export-related expenses. Moreover, it should be mentioned that the most common methods of settlement in Algerian export operations excluding hydrocarbons are the free transfer and documents against (Banque albaraka d'Algérie, 2019).

b. The pre-domiciliation:

Another obstacle is the mandatory electronic banking pre-domiciliation, since March 15, 2016 (Banque d'Algérie, 2016)**, as a prerequisite for any definitive act of domiciliation of export operations.**

c. Penalization of the act of export:

Article 1 of Ordinance No. 03-01 of 19/02/2003, approved by Law No. 03-08 of 14/06/2003 on the repression of the infringement of the legislation and the regulation of exchange and capital movements from and abroad, penalizes the act of exporting. It sanctions the exporter who does not repatriate his funds within the prescribed time limit, which is 360 days.

d. Return of foreign exchange to exporters

The last instruction (Banque d'Algérie, 2011) governing the retrocession of currencies to exporters other than hydrocarbons unified the different rates existing previously at a single rate of 50%. Accordingly, the breakdown of the export product shall be as follows :

- 50% in Algerian dinars, to be applied to its "export dinar account";
- 50% in foreign currencies, of which:
  - 40% to be credited to its export currency account, which may be freely used at its discretion and under its responsibility in the promotion of its exports. Free disposition means that these funds are left to the exporter to cover, theoretically, its travel, advertising, and participation in commercial events abroad, although the FSPE provides for the possibility of a coverage of up to 80%, so there may be duplication.
  - 60% in foreign currency to be credited to its foreign currency account "legal entity". Their use by the exporter must be reserved to import a raw material, a half-product or equipment, and this under the control of the Bank of Algeria through a request from the operator.

In June 2016, the Bank of Algeria issued for the use of the remaining 50% retroceded (60% of 50%) for operators who wish to use them to import a raw material.

3.2 Slow funding decisions:

Another obstacle regularly mentioned by the leaders of exporting SMEs is that of the slowness in the decision-making by the financing committees of banks for the financing of investment projects and working capital within the framework of operations export.

3.3 Inadequate financing available at the exporter's request:

The Algerian banking system does not lack resources in the short term, but it lacks confidence that reflects, among other things, the ability of the exporting company to ensure a return on investment. Currently, in most cases (and even for some large companies), the bank, after assessing the customer risk, commits only 30-50% of working capital and investment needs.

3.4 Absence of Algerian banks abroad:

The establishment of an Algerian bank abroad can be a real asset for the growth of exporting companies. In other words, an Algerian bank established abroad is a bank organized to offer Algerian exporters an international network that allows them to have advice and services for international and local operations in many countries. Similarly, an Algerian bank abroad can encourage the financing of Algerian exports by granting and facilitating loans to local companies wishing to import from Algeria.

3.5 Excessive prudential policy of banks:

The problem of SME financing arises with even more density when it comes to export-oriented SMEs and with the introduction of new prudential constraints for banks. Establishing prudential standards in the granting of financing, are likely to hinder the allocation of financial resources to exporting SMEs. Indeed, a study conducted in 2004 by the National Association of Algerian Exporters -ANEXAL- (ECOTECHNICS, 2004), notes that the excessive prudential policy of Algerian banks exercising credit deprives the majority of SMEs of access to financial resources and severely penalizes the growth of their international activities. The study also states that several banking services, such as discounting commercial paper on customers, are only accepted for a few exporters.

3.6 Lack of banking competition:

Some 90 to 95 per cent of financing for the economy and businesses is shared between 5 or 6 public banks. Everything else is done by private banks. Indeed, we have observed in recent years, the Algerian State encourages public banks to mobilize the surpluses of their treasuries for the financing of economic and social infrastructure.

For example, since the end of 2011, the two public banks Crédit Populaire d'Algérie (CPA) and the Caisse Nationale d'Épargne et de Prévoyance (CNEP) have been designated to fud numerous construction programs for 300,000 rental and public promotional housing (LPP). The Bank of Agriculture and Rural Development (BADR) specialized in the financing of fellahs, and projects within the framework of agriculture, then eliminated any banks locals to finance this sector. Similarly, for the Banque Extérieur d'Algérie (BEA), is specialized in the financing of public investment projects of the SONATRACH group first client of this bank.

4. Methodoligical framework for research

4.1 Sample:

In our study, we reason in terms of diversification of profiles or postures, in relation to our subject and the formulated objectives. The companies in our sample must make it possible to explore a series of choices, in order to cover all situations and to have different points of view on export constraints, especially those related to the banking sector. The diversification of our study is based on different types of variables :

Table 1. Variables of research

Classical variables	Specific variables related to our subject
- Business Type: SMEs, large companies, - Category of persons: Natural persons, legal persons - Legal form: EURL, SARL, SPA - Economic/business sector: Trade, industry, service… - Date of creation, age, - Wilaya of creation and implementation of the activity: Oran, Relizane, Algiers, Tlemcen, Sidi Bel-Abbes, Mostaganem - Exporting companies: Date of entry into export - Companies that have stopped exporting and companies wishing to become exporters	- Companies with logistical constraints, constraints in the payment period of foreign buyers (or not) so the risk of non-payment, - Companies with or without constraints in the repatriation of currencies, - Companies with bank financing lines (or not), - Companies with financing lines specifically for export (or not), - Companies with exchange regulation constraints - Compagies with constraints or not in the export financing system

Source: Prepared by author based on survey data

4.2. Processing and analysis:

Table 2: Main characteristics of the companies selected

		SME (0-249)			big company		
		0-9	**10-49**	**50-249**	**+ 249**	**Total**	**%**
Sample (number)		20	10	9	6	45	100%
Companies wishing to become exporters		4	5	5	0	14	31%
Exporting companies		16	5	4	6	31	69%
Business sector	Agriculture	1	3	0	0	4	9%
	Wholesale trade	12	3			15	33%
	Construction	1	0	0	2	3	7%
	Industries	3	3	9	4	19	42%
	Fishing	3	1	0	0	4	9%
Export frequency	Regularly	6	2	3	4	15	48%
	Occasionally	8	2			10	32%
	Stopped export	2	1	1	2	6	19%
Payment technique used	Payment on order (Free transfer)	16	5	4	6	31	100%
	Documents against payment	1	1	1	3	6	19%
	Letter of credit "stand by"	-	-	-	-	-	0%
	Documentary credit	1	-	-	1	2	6%

Source: Prepared by author based on survey data

Analysis of the survey reveals that a large majority of firms are relatively small. One in two companies has fewer than ten employees, and 22.22% have less than 50. Only one in five companies is medium-sized, with 50 to 249 employees, and 15.55% have more than 249.

Our survey focuses on four export-intensive sectors: wholesale trade, industry, agriculture and fisheries. For the 45 respondents, 44.44% of respondents are small businesses (<10 employees); 22.22% are small businesses (between 10 and 49 employees); 20% are medium-sized businesses (between 50 and 249 employees) and 13.33% are large businesses (> 250 employees).

The analysis by size and sector of activity reveals that the wholesale trade and the fishing sector are monopolized by the TPE (0-9) with 15 companies (79%), 63% are in the wholesale trade and 16% are in the fishing sector. As for medium-sized enterprises (50-249), they dominate the agricultural sector with 75% and the paper and paperboard industry with 100%. In the plastics processing, pharmaceutical, medical device and cannery sectors, they are dominated by medium-sized enterprises (50-249).

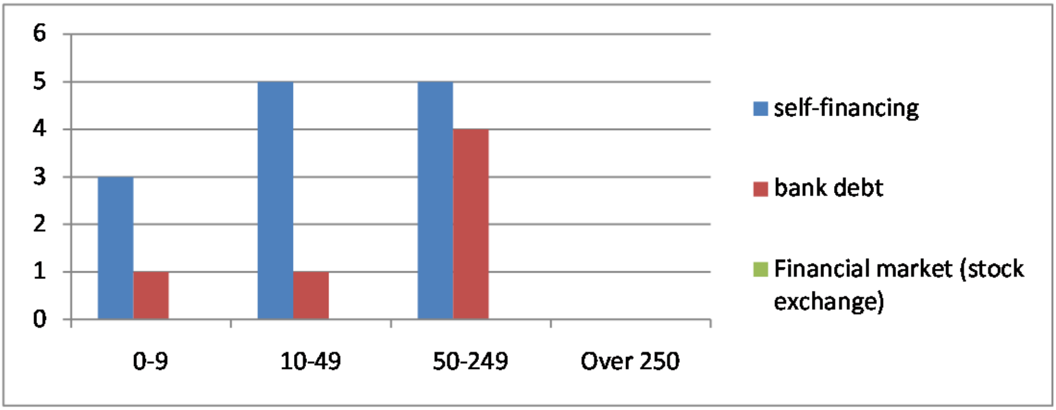
Large enterprises (over 249) dominate 100% of the electronics industry and about 67% of the construction sector. Small and medium-sized enterprises also have a significant share in the textile sector, with 16.66%. The PE also have a share in the fishing sector, with 1 in 4 enterprises (fish farming). As regards the export of intermediate inputs, 4 companies market this type of export (01 TPE, 02 PE, and 01 ME).

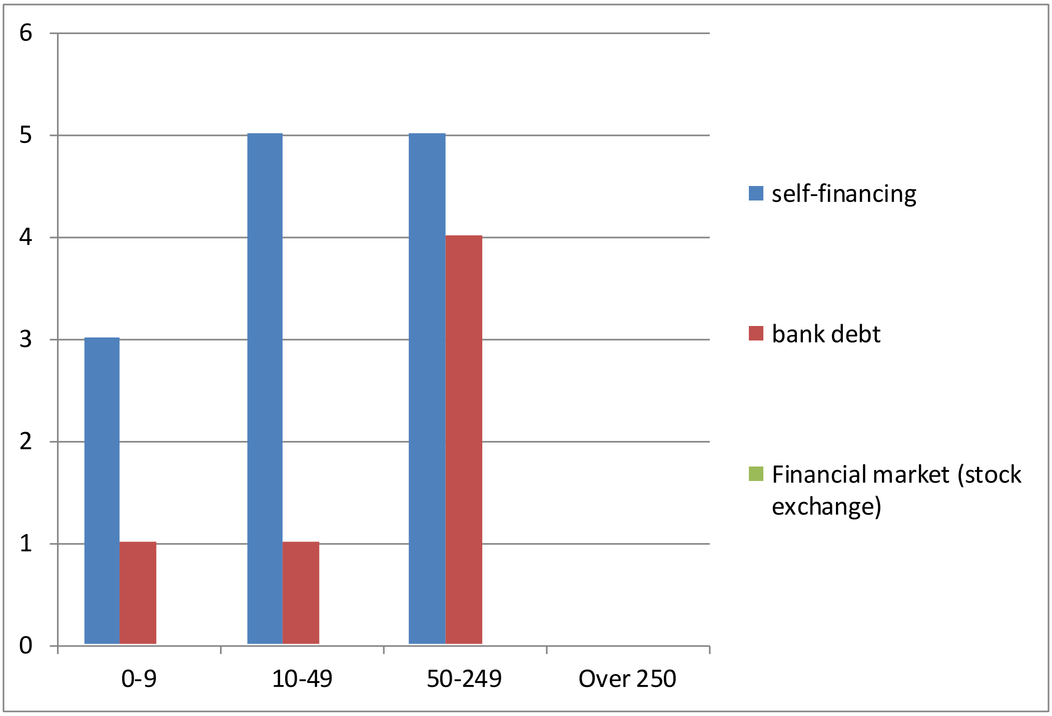
5 Survey results

5.1- Main results concerning SMEs (wishing to become exporters):

a A traditional banking system not in line with the aspirations of SMEs:

Fig. 4. Means of financing used by "companies wishing to become exporters"





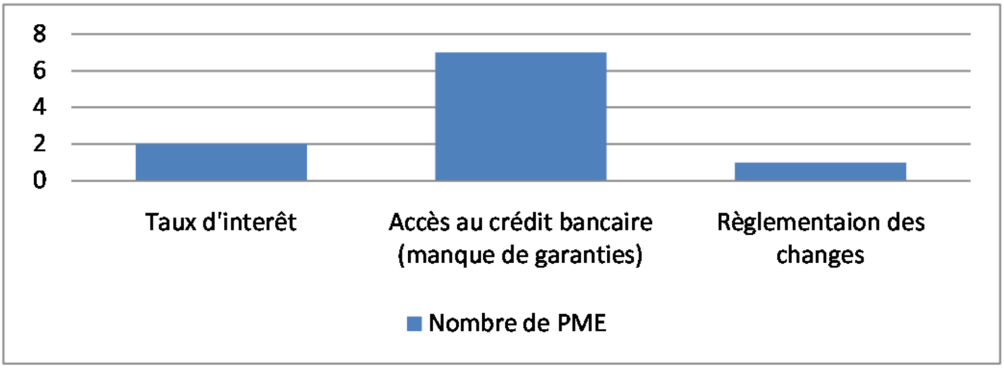
Source: Prepared by author based on survey data

The figure shows the importance given to self-financing on debt in general. However, SMEs also use other means to finance their investment and operating programmes. Indeed, in our study, as a source of external financing, bank financing predominates over the financial market. This explains why SMEs that “want to become exporters” set an order of preference among external sources of financing. This goes hand in hand with the hierarchical financing theory of Myers (1984). Similarly, we can advance, in the same wake, that the financial market in Algeria is in an embryonic state.

Information on the percentages of credit applications submitted by this type of undertaking, rejected credit applications and undertakings which have not yet made credit applications was not collected in this survey. Moreover, what is certain is that six (06) SMEs have bank credit lines or 42.85% of all 14 SMEs.

b Financing production: structural constraints that persist:

Fig.5. SMEs considering production financing as a major constraint



Source: Prepared by author based on survey data

The financing of production continues to be considered as a major obstacle by a significant proportion of companies, and this both in terms of access and the cost of credits and the exchange regulations of the Bank of Algeria

It should be noted that the SMEs presented in this figure are 7 SMEs out of 14 SMEs or 50%, export once there is a surplus in their production, if not they are content to sell on the local market (profitable and less risky). However, to produce enough quantities and to move towards export, it is necessary to acquire sophisticated production equipment with high capacity and the working capital necessary to develop the export activity. The SMEs surveyed, for lack of production financing (investment and exploitation), cannot think of exporting, although they have export potential.

A statement from an SME owner (n°30): *"I do not trust the foreign shareholders in the company, we are a family business, the only way for us is bank credit, which I more or less trust, but getting bank financing is difficult in Algeria. You need knowledge of networks and friends to get good funding (amount, interest rate, and repayment period, not to mention the guarantee component, our banks do not take risks and do not take into account the joint and several guarantees of the partners as the only guarantee of the credit to the investment and the operation)."*

The SME (n°43) also wants to export footwear to African countries. It has all the know-how to make its product competitive and marketable outside the country (raw material available in Algeria). The infrastructure of the project is already carried out by the promoter's own funds, remains the production equipment and working capital necessary for the start of this activity. The owner of this SME has contracted a bank in the Place d'Alger to finance its project. After 05 months of waiting, his request was accepted, but with unrealistic conditions (personal contribution of 40%, with a presentation of a real estate guarantee covering 100 the commitment of this bank, and with a margin rate of 10%/year). Currently, this project is at a standstill and the developer is looking for new financing methods that are not based on the presentation of real estate mortgage and the initial contribution in the project. Another SME (n°29) active in the import of wood and derivatives since1997, wanted, in 2015, to enter the wood industry in particular the manufacture and export of plywood. This Algerian SME based in Ghana cuts trees for their transformations for the manufacture in Algeria of plywood. So, the raw trees are transported from Ghana to Algeria and then processed into plywood. The finished product will be sold locally and re-exported to various countries around the world. The SME wants trees imported from Ghana to be paid on time, in excess of 06 months to allow the processing and sale of plywood.

Constraints: exchange rate regulation, and lack of access to bank financing

In the agricultural sector, the problems of financing the farm are also present. The farmers in our survey (SMEs 26, 36, 37, and 38) need farming equipment, drilling, water wells, liquidity to finance the harvest. The main sources of funding for its farmers are:

- Self-financing;
- Borrowing from family or friends;
- Supplier credit: mainly feed merchants, veterinarians, and input suppliers who offer payment facilities to their customers;
- Partnership with other farmers.

When asked about bank financing, these farmers cannot access bank financing for these main reasons:

- access to farmers' financing requires waiting periods of up to two years, with a single bank (supposedly the farmers' bank) handling farm financing cases;
- the farmers in our survey do not have a solid financial base (equity, net capital, etc.) to obtain loans from other banks;
- the difficulty of taxation and balance sheets: farmers in general are not declared to the tax authorities, of which they do not have accounting or tax balance sheets. This is why Algerian banks refuse to process their financing requests;
- the infrastructure issue…

5.2 Main results concerning exporting SMEs:

a- Weak banking relationship with exporting SMEs:

We observed in our survey that the relationship between banks and small and medium-sized exporters is zero. Indeed, the prospecting of new customers via the action plans launched weekly by the account managers of most bank branches are almost concentrated towards importing companies that produce or sell locally (resale as is).

In the end, and given what was described earlier, Exporting SMEs are not necessarily affected by the strategies and policies adopted by commercial banks to diversify and develop their portfolios and optimize their jobs.

b Barriers to payment methods used:

Company’s n°3, n°21, and n°24 said, *“Selling in Africa means you risk not getting paid, either intentionally or completely out of the control of* *the foreign customer."* Managing this risk is the primary factor that determines the documentation and payment methods used by our exporters. However, used the most secure payment method which is free transfer or simple collection « payment before delivery » is not often tolerated by foreign buyers on the one hand and on the other hand the exporter faces exchange regulation constraints of the Bank of Algeria. In other words, using simple collection means that the payment will take place before the shipment of the goods which implies that the Algerian exporter receives the entire amount of the invoice in convertible dinars which is not advantageous for the exporting SME (BA regulation).

Used the documentary delivery for an export requires a fairly long payment period of 04 to 7 months without taking into account the risk that the customer refuses the goods for any reason whatsoever. So, the Algerian exporting SME is financially constrained. The period of repatriation from 4 to 7 months includes (excluding the duration of production of the goods):

- The time of dispatch of the goods, in particular the time in road transport (more than one month);
- Foreign customer payment period (between 15 and 30 days)
- Transfer time between banks in both countries (up to 15 days);
- Transfer period between the Algerian branch bank and the contract's domiciliary agency (up to 45 days).

c. Constraints on excessive banking procedures and exchange regulation:

Because of the lack of fluidity in banking procedures, export has become, for some SMEs, a dangerous economic act that can waste time and money for exporters. Indeed, it is worth noting that opening a bank account for an SME that does export is difficult and takes a lot of time. Not counting the time of domiciliation, customs clearance and repatriation of currencies, etc

SMEs 8, 10, 24, 32, 35, and 41 told us *"... the heaviness in the repatriation of currencies and for lack of cash to make another export, forces us to wait for this repatriation : so we can not make more than two to* *three exports during the year. Adding to this the heaviness in the port, and the direction of trade…"*

d- Constraint of access to bank financing:

The investigation we conducted showed that the role of the banking system in financing this type of business is insignificant. Of the 31 companies (exporters and who have stopped exporting) only eight (8) companies have bank lines of credit (investment and operation) or 25.81%. The remaining 74.19% generally use their own funds and the informal financial sector. So, despite the weight of exporting SMEs in the economic development of countries, they have very limited access to the financing market in Algeria. This is due to the fact that large companies, often foreign, that benefit from the financing. Indeed, among these eight companies that have financing lines, 75% of them are large companies (50% are foreign companies) and 25% are SMEs (one active in the food industry- margarine production, and the other in the plastic industry- rubber manufacturing).

6. CONCLUSION

In this article, we focused on a microeconomic analysis on the scale of companies exporting outside Algerian hydrocarbons. This study allowed us to confirm that the constraints identified by the various studies before, are indeed met by the exporters of our sample. However, particular attention has been paid to the constraints that are specific to Algerian banks which block the export of SMEs in our sample.

Despite limited data, this analysis highlighted various homogeneous results:

The first result indicates that companies export as soon as there is a surplus of product in their production (reasoning of the comparative advantage theory of DAVID.R). To achieve this comparative advantage, the companies in our sample will have to make efforts to increase production. However, due to lack of access or bank credit for financing productive investment in general, these companies are unable to increase their production. Therefore, the diversification of banks' financing supply by introducing new products for export financing, can increase the volume of production and possibly export (scale return).

The second result indicates that almost all bank loans are granted to large companies in particular foreign. That said, local SMEs cannot benefit from financing from the banking financial system. Faced with this situation, alternative sources of export financing must be set up via the new mechanisms based on other selection criteria (guaranteed financing by asset pledge, crowdfunding, Islamic finance, etc.). Their development nevertheless implies developments in the Algerian banking and non-banking sector.

The third result indicates that the payment method frequently used by SMEs is simple collection. By requiring this method of payment, on the one hand our SMEs will no longer be competitive in international markets, and on the other hand, by preferring this method of payment the exporting company is satisfied with one or two exports per year. The use of the new export financing instruments ensures the exporter of all risks caused by the export, and increases export turnover.

The fourth result indicates that banks have a very limited relationship with SMEs that export or want to export.

Finally, it appears in this study that the obstacles caused by the Algerian banking system in terms of support and financing of exporting SMEs, would have the strongest influence on the bankruptcy of exports of SMEs in our sample.

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