

The Impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Lifecycle

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Abstract Entrepreneurs are the main factor behind creating new businesses across all fields and segments for creating Small and Medium Enterprises (SMEs), that deliberated one of the most vital economic multipliers in any growing economy, SMEs are widely recognized as being the major contributors to economic growth, job creation and economic activity in most developed nation countries. As such, encouraging the success and growth of SMEs is vital to the success of the Arab countries and their industries. Same in Egypt, despite their contribution to the country's economy from several prospective as size, share in production, GDP and employment generation. Research main aim is to explore the Impact of Egyptian banking finance from facilitation and initiatives on Entrepreneurs' financial strategies for SME's Life Cycle from accessing banking finance and having credit facilities, with the effect of SME's Life Stage wither start-up or growing, Selection Criteria and SME's Needs. The research is identifying each of said impacts, in between relationship with a generic view without postulating a specific sector or business field, and how Egyptian-banking sector should support entrepreneurs SMEs efficiently. The study intends to use mixed method research design, to investigate whether and how the weight of said factors (SME's Life Stage, Selection Criteria and SME's Needs) along with their interrelation that might signify / influencing the impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for Life Cycle of SMEs. Researcher use a qualitative data collection method via conducting unstructured interviews with more than 20 professional Bankers working in different banks in the Egyptian Banking sector, whom specialized in financing SMEs through focusing on best practices with SMEs financing criteria and challenges faces. Furthermore, conducting open-ended questionnaires with Entrepreneurs/owners of SMEs in different fields.

Keywords: *Egyptian Banking Finance, Entrepreneurs' Financial Strategies, SME's Life Stage, Banks Selection Criteria, SME's Needs, Impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Lifecycle*

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1. Introduction

Entrepreneurs' financial strategies in how to manage their business activities from liquidity, business continuity/sustainability and profitability is different from sector to another, as when we are talking about Manufacturer it differs from Services provider or Traders. Not only but also, entrepreneur's need of Banks' finance is differs from time to time in accordance to the stage of growing their business life cycle and / or activities size. On the other side, SMEs received adequate attention from the Egyptian Government especially when it comes to their finance and entrepreneurs support for a vibrant and fast growing SME sector (German Development Institute, in co-operation with the Egyptian Center for Economic Studies [1]).

As of March 2022 - Sub Governor of the Central Bank of Egypt (CBE) said that SMEs sector receives much

attention from the state and the CBE due to its great importance in promoting economic growth, creating job opportunities, and achieving sustainable development. He added that SMEs account for 98% of the private sector's activity in Egypt and contribute about 43% of the country's GDP. Also confirmed that there are 3.4m micro-sized businesses, 2,200 medium-sized enterprises, and 217,000 small-sized businesses, stressing the importance of supporting this sector to achieve several goals in accordance with Egypt's 2030 strategy, which includes creating job opportunities, increasing exports and import substitution. He also revealed that the volume of funds obtained by micro-enterprises amounted to about EGP 57bn by the end of 2021, benefiting 4.2 million enterprises, which contributed to creating thousands of job opportunities and contributing to economic growth. Furthermore, he pointed out that the funds granted directly by the banking sector amounted to about EGP 32.5bn, while the volume of funding from the non-banking sector,

which includes associations and finance companies amounted to EGP 24.4bn. [2]

Research directs the light on the Impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle with the effect of SME's life stage, along with identifying each of said impacts, in between relationship with a generic view without postulating a specific sector or business field, and how Egyptian Banking sector should support entrepreneurs SMEs efficiently. However, banks finance for entrepreneurs is still a way for them since startup their business to maintain until growth, but the question is; when entrepreneurs should request for banking finance and how Banking sector should support entrepreneurs to grow their SMEs that directly affected the country economy [3].

2. Research Problem

Most of researchers admitted the main direct relationship between Country's micro economy and status of SMEs from size and rate of growth. In addition, clearly explored the challenges that faced by Entrepreneurs to have the proper access of having a finance from banks for SMEs, but just with setting down observations without way forward applicable solutions. [3-9].

Meanwhile, the research not specified a certain SMEs segments but limited to discuss the wide view of SMEs without postulating a specific sector or type of business details or certain specialized field/s. In addition, this research is only testing three factors (SME's Life Stage, Banks' Selection Criteria and SME's Needs) along with their interrelationship, and wither revealing an affect or not; on the impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.

3. Research Significance

Since more than 90% of all establishments in Egypt are defined as SMEs based on definition of Development of Small Enterprises Law, given that Entrepreneurs support and encouraging of SMEs growth will definitely mirrored on the growth of Egypt economy. Entrepreneurs need banking finance to cover liquidity gap and to sustain their SMEs financial position and to grow, although the Egyptian Banking sector should having variety in Credit facilities, access of finance and Initiatives that should efficiently support the norm and needs of Entrepreneurs for sustain and grow their SMEs [4].

Research importance revealed from clarifying the impacts of Egyptian banking finance on Entrepreneurs' financial strategies for SME's Life Cycle. Moreover, how other factors like SME's life stage (Startups, Maintain or Growth), Banks' selection criteria for approving credit facilities, and changes in SME's needs (weather type of credit products and/or time of requesting financing) may affect said impact, in addition to their interrelation. Furthermore, documenting how Egyptian Banking sector should efficiently support entrepreneurs' SMEs through offering suitable credit products, and how Entrepreneurs' should deal with Banks and when should be the proper time for asking for financing and/or refinancing.

Accordingly, this Research is mainly for Entrepreneurs' education for knowing what needed from Banks finance and when to ask for said finance. Also, for Banking sector that serving SMEs; through capturing few recommendations concerning financing methodologies to allow banks easily differentiate their decision in accordance to SME's life stage (startups, maintain or growth), Banks' selection criteria for approving credit facilities / products, and changes in SME's needs in types and/or timing.

4. Research Objective

Research main aim is to explore the Impact of Egyptian banking finance from facilitation and initiatives on Entrepreneurs' financial strategies for SME's Life Cycle from accessing banking finance and having credit facilities, with the effect of SME's life stage wither start-up or growing, selection criteria and SME's needs. The research is identifying each of said impacts, in between relationship with a generic view without postulating a specific sector or business field, and how Egyptian-banking sector should support entrepreneurs SMEs efficiently. Accordingly, research seeks to meet the following objectives in same sequence:

1. To investigate the impact of Egyptian banking finance on Entrepreneurs' financial strategies for SME's Life Cycle.
2. To identify the factors that may moderate the relationship between Egyptian banking finance and entrepreneurs' financial strategies for SMEs, including SMEs' life stage, banks' credit selection criteria, and changes in SMEs' needs.
3. To assess the effectiveness of the support provided by the Egyptian banking sector to entrepreneurs' SMEs and determine how entrepreneurs can optimize their interactions with banks to achieve their financial goals.

5. Research Questions

To meet above-mentioned objectives; the research uses the following research questions:

1. What is the impacts of Egyptian banking finance on Entrepreneurs' financial strategies for SME's Life Cycle?
2. How other factors may effect on said Impact like SME's life stage, Banks' selection criteria for approving credit facilities, and changes in SME's needs timing and types?
3. What is the relationship between said factors and to what extent may affect said impact?
4. How Egyptian Banking sector should efficiently support entrepreneurs' SMEs, and how Entrepreneurs' should deal with Banks?

6. Literature Review

Commonly admitted by most of researchers that Entrepreneurs role is very important for being the main reason behind creating successful small and medium sized

enterprises (SMEs), in which plays an important role in any economy as they contribute to GDP and employment. The financing of SMEs is a subject of great interest to both policy-makers and researchers because of the significance of SMEs mainly in private sectors around the world [3-9].

Data collected for 76 developed and developing countries indicate that, on average, SMEs account for close to 60% of manufacturing employment. More importantly, a number of studies using firm-level survey data have shown that SMEs not only perceive access to finance and the cost of credit to be greater obstacles than large firms do. However, these factors constrain SMEs as affecting their performance, more than large firms. While these studies have advanced our understanding of the demand side of SME lending, little research exists on the supply side of bank financing to SMEs across countries. Furthermore, there is often the perception among policy-makers that banks, especially large ones, are not interested in financing SMEs. Most banks, independently of their country of operation or ownership type, have set up separate departments to manage their relations with SMEs. More than 60% of banks have an SME department, separate from the division that deals with large businesses. Banks from developed and developing countries are more prone to use scoring models in making decisions regarding small rather than medium-sized enterprise loans. Only 18% of developed country banks say they do not use scoring for small business lending, while almost 45% report not using scoring for medium-sized enterprise lending. Among banks in developing countries, a higher percentage is not using scoring, not surprisingly, given that they tend to operate in less sophisticated markets with less information available [10].

In many Arab countries, they have recognized the importance of SME's, and have formulated policies to encourage, support, and fund there. The benefits of SMEs to any economy are easily noticeable; they include contribution to an economy in terms of creation of jobs, development of skilled and semi-skilled workers, and developing and adapting appropriate technological approaches. Other researches examines the development of SMEs in Arab Region through the financial challenges and opportunities that increase or impede Arab SMEs developmental strategies (adopted by both governments and private banking sectors), and to examine SMEs developmental strategies adopted by SMEs decision makers [5].

6.1. Egyptian Banking Finance

Since 1998, the Egyptian government has recognized the importance of having a national policy for SMEs development; therefore; the government has developed a structured policy framework to help SMEs establish and grow their businesses by providing a range of programs such as business support services, microfinance activities and a network of business incubators. Ministry of Social Solidarity is regulating civil society organizations, while Central Bank of Egypt is generating incentives for banks to give loans to SMEs and providing an initiative for any SME to get a loan with minimum interest rate and National Council for Women (NCW) is providing loans for a micro-credit scheme [6]. Moreover, international donors offer considerable support to the SME sector

through a variety of financial and non-financial services; such as the US Agency for International Development (USAID); the Japan International Cooperation Agency (JICA) and the Canadian International Agency (CIDA) [3].

Small and medium sized enterprises (SMEs) usually been perceived as a dynamic force for sustained economic growth and job creation in developing countries. In Egypt, despite banking reforms that have been launched in 2004, the ability of SMEs to more easily access suitable and sufficient means of finance has always been considered a major obstacle facing many SMEs. The Central Bank of Egypt in 2004 adopted a reform program that aims at building solid infrastructure and more efficient and sound banking sector. Although the global financial crisis led to many negative repercussions on several world economies, the Egyptian banking sector weathered the negative repercussions due to the Small and Medium Enterprises Landscape in Egypt: New Facts from a New Dataset 144 successful reform program that have launched in 2004 [11].

This reform been implemented in two phases. The first phase had three main pillars: first, strengthening the legal, regulatory and supervisory framework; second, consolidating the banking sector and increasing private participation within banking assets and finally the financial, operational and institutional restructuring of public-sector banks. Those reforms led to robust, solid and well-capitalized banks (see Figure 1).

LE million (as at June)	2003	2008	% change
Total Assets	577,938	1,083,311	+87.7%
Total Deposits	403,144	747,199	+85.3%
Loans & Discounts	284,722	401,425	+41.2%
Capital & Reserves	29,960	53,436	+82.7%

Figure 1. Banking Aggregate before and after 2004 Reform - Source: CBE website

As a result, banks decreased from 57 to 39. Moreover, assets increased by 88% to reach EGP 1.1 billion in 2008 up from EGP 0.57 billion in 2003. Besides, total deposits increased by 85% over the same period; capital adequacy ratio increased from 12.2% to reach 15.1% and total net worth increased by more than 100% from EGP 32 billion to EGP 75 billion [4].

Indeed, as it was mentioned by the World Bank (2009) "the Egyptian financial sector is the most far reaching, substantive and comprehensive drive toward financial sector strengthening so far in Egypt-and indeed in any other country of the Middle East and North Africa region". This was as an integral part of the Second Phase of the Banking Sector Reform Program (2008-2011) to enhance SMEs access to finance and banking services. The second phase of the reform program that started in 2009, aims at deepening the Egyptian banking sector and enhancing its efficiency and competitiveness. That takes place through enhancing Access to Financial Services, continuing the strengthening of the regulatory and supervisory framework through the implementation of Basel II/III and enhancing the implementation of Corporate Governance rules and regulations [11].

Those reforms increased the loans-deposits ratio reaching 54%, average loans-GDP ratio reaching 49.4% and average deposits-GDP ratio reaching 90%. Those figures are much higher than the world average in 2008. Yet, despite this significant improvement at the macroeconomic level, there is still a challenge related to the access to finance, especially for SMEs. Figure 1 shows that, in non-OECD countries, bank's primary target is large enterprises that represent only 1 percent of total firms. By contrast, micro-firms, though representing around 70 percent of total firms, get merely credit or financial services from banks. For this reason, and in order to be able to extend the financial services provided to this segment and increase the benefits of the banking reform, establishing a database for SMEs to serve bankers as well as policy makers seems to be an important priority. Hence, the Central Bank of Egypt launched in December 2008 an initiative, as an integral part of the Second Phase of the Banking Sector Reform Program (2008-2011), to enhance SMEs access to finance and banking services. The next section provides more details about this census [4].

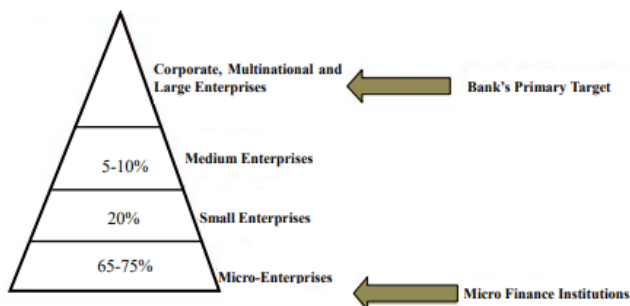


Figure 2. Business Landscape in Non-OECD Countries – Source: OECD, 2011

In 2016, the Central Bank of Egypt launched an initiative to facilitate access to bank financing for SMEs, consisting in the issuing of a number of instructions to the banking sector, aimed at creating an enabling environment for SMEs. These instructions include:

(1) Increasing loans to SMEs to nearly 20% of the total credit provided to the private sector. (2) Setting at 75% the risk weight for lending requirements to make it applicable only to micro firms. (3) Allowing banks to exclude credit provided to micro firms from the required reserve ratio. (4) Not exceeding lending rates of 5%. (5) Establishing specialized units within each bank mandated to provide technical assistance and training opportunities to SMEs [6,12].

The Egyptian government reinforced these measures to improve the financial services outreach and fill the financial gap existed in the Egyptian economy and to prevent the concentration of funding to single sector at the expense of others and fulfill diversity in loan portfolios at banks operating in Egyptian market. The niche strategy launched to respond the challenges that facing SMEs in a context of intense competition, lack of resources and limited managerial capabilities. SMEs can use a local partner to access crucial resources to control the risks related to their business through cooperation with other small or large enterprises. Common Constraints facing the development of SMEs in Egypt: argues that the constraints to development are “The internal or external

factors or conditions that hinder potential development in firms that wish to grow. Constraints may be associated with both the startup and growth stages”. Constraints classified to management and motivation constraints, sources constraints, market opportunities, and structure constraints [6].

The government should play a big role in learning small business practitioners on incentives that is avail to them and how to access them and delivering these incentives through many agencies. Small business should not totally rely on government institutes; they should try to find their own path of progress by relying on strategies. The government institutes have to invest more in marketing researches and innovation to support small business philosophy and its competitiveness have to establish credit guarantee schemes to support banks in increasing lending and decrease risks [13].

There are different points of views on the impact of banking finance on the financial performance of small businesses; banking finance has a positive impact on the financial performance of small enterprises. The governments and lending institutions be supportive to the small enterprises and advice small business on how to estimate their plan for viability to ensure that they make smart decisions when investing in projects [9].

6.2. Entrepreneurs' Financial Strategies for SME's Life Cycle

Different filed studies applied on selected countries enclosed Egypt; used survey data that fulfilled by SME's managers concluded that SMEs face the similar challenges presented as follow:

(1) Financial Challenges: Lack of various forms of financial services (Durmus & Ozlem and Ayfer, 2015), when firms start expanding; external sources become more important and their availability can determine the firms' growth possibilities (Lahcen & Rafik, 2017). Moreover, lenders do not have confidence in SMEs business, Egyptian Statistics indicate that the SMEs sector able to access to less than 10% of the available financing resources, while the recent report of central bank of Egypt reveal that only 8% of small businesses in Egypt have bank loans [14].

(2) Marketing Challenges: In Egypt, SMEs face Marketing problems due to Failure and deficiency in local market canals and networks, lack of internal and external market information, insufficient resources, correlation between SME'S and large scale enterprises is weak and low investment in the field of market research and advertisements [6].

(3) Exports challenges: SMEs are generally underperforming when it comes to exporting. The vast majority of SMEs in Egypt are not export-oriented, because they are focusing on the production of traditional, low value-added goods or services of modest quality [4,5,8].

(4) Fees and Procedures: SMEs suffer from inordinately high fees paid for establishment or after starting-up. In Egypt, these procedures are complicated and highly costly, which may result in the deviation of the project activities away from the legal and official frames. Moreover, Tax authority usually arbitrarily estimates taxes [6].

(5) Geographical Location & Decentralization: it is worthy to note that SMEs are highly skewed at the geographical level since almost half of them is concentrated in the three governorates of Sharkeya, Cairo and Gharbeya. Overall, SMEs are concentrated in five governorates: Cairo, Giza, Dakahliya, Alexandria and Sharkeya. Meanwhile, many cities and governorates are including high unemployment and extensive pockets of poverty this explained by higher externalities coming from other firms, which are located in large governorates that are located in urban regions. Similarly, access to road and to transportation of goods positively and significantly affects firms' productivity as they allow firms to better produce and market their products or services to a wider scope of clients. Finally, since other governorates have not a significant share of SMEs, more attention should be attribute to them in order to improve their infrastructure and therefore to allow firms to be established there. [10,15].

(6) Legal Form: SMEs adopt chiefly a sole-proprietorship (that represents almost 60 percent of total firms) given the fact that it is the easiest to create. Those firms owned and run by one individual and in which there is no legal distinction between the owner and the business. The owner receives all profits (subject to taxation specific to the business) and has unlimited responsibility for all losses and debts. Its advantages related to the fact that entrepreneurs have the ability to limit risk to investors. Sole proprietorships also have the least government rules and regulations affecting it, which fosters their creation by entrepreneurs. The remaining 40 percent distributed among joint liability, partnership in commendams, joint stock, de facto, limited liability, limited partnership in shares and subsidiaries [11].

(7) Other Challenges: (a) Lack of Information: since no reliable source of information or market database that would help SMEs. (b) Linkages: most of SMEs do not have linkages with larger enterprises. (c) Employee Retention: growing SMEs faced the challenge of retaining qualified employees since they could not provide better compensation packages. (d) Education: low level of education leads to challenge in understanding market and business requirements [4,16].

The lack of these factors, together with a weak logistics sector and limited access to markets, distribution channels and supply linkages with larger firms has created a disabling business environment for SMEs worldwide and especially in Egypt. Egyptian SMEs classification based on both number of employees, capital used and sales turnover, for example, small enterprises defined as those businesses that hire up to 49 employees for manufacturing sector, and have capital investment of up to 5 million Egyptian pounds, and an annual turnover of up to 10 million Egyptian pounds [6].

It is very important to have a financial management within each small company that is important to help to use bank financing in a timely manner and for the appropriate purpose. In addition, to achieve a positive effect of bank financing, the banking finance should help the assets turnover to increase net profit and provide the awareness of the use of short-term financing in short-term investments. However, the use of long-term funds in long-term investments and the use of financing

for the purpose specified for it and not for any other purpose [13].

Initiative/s of the Central Bank of Egypt to support small enterprises issued in January 2016 at a rate of 5% is very good when it comes to compare to the market interest rates prevailing in the market and the MSME Development Agency initiatives issued at the end of 2014 with a 10% and 2019 with a 13% return rate. The State has to support small enterprises while offering tax and guarantee benefits to small enterprises. The Chambers of Commerce and Small Business Development Agency must provide training programs for small businesses related to capital management, human capital management and the extraction of export card and training programs related to customs' procedures. Moreover, to set database that includes the number of small projects in Egypt and the number of Beneficiaries of initiatives and the value of funds provided support [17].

6.3. SME's Life Stage (Startups, Maintain or Growth)

A Case Study on National Bank of Egypt published in 2018, it raised the SMEs Definitions and Importance; Characterized small enterprises as having fewer than 200 workers and the revenue or sales is between 1 million and less than 50 million EGP in revenue. The medium enterprises defined as having less than 200 workers the revenue is between 50 million and less than 200 million EGP [8].

The key findings of the study that there is significant relation between Owner-Managers Character, Capacity, Firm Capital Size, Credit Bureau Report, and the Availability and Credibility of Financial Statements with Credit Decision for lending SMEs they were drawn with straight lines. While, unrelated variables, such as Collateral, Conditions, Availability for Legal Documents and Business Plan, that omitted from the framework and drawn with dotted lines. In addition, train credit officers with suitable courses to deal with this type of Business, as well as developing a full range of tailored products that would facilitate the credit process and increase the flexibility of loan terms and conditions. A credit guarantee schemes should play a bigger role in spreading and dealing with banks. As a type of collateral provides the lender with a security and it mitigates the risks of defaults with affordable fees [5,18].

Growth Stage Model (GSM) is essential especially for Small and Medium Enterprises (SMEs) in order to know their position in the industry, setting their growth strategy to forecasting their future movement. The development of GSM evolves over time with a modest 4 stages to the current 6 stages, understanding GSM is very substantial to the business due to its strong relation to company strategy for both Small and Medium Enterprise (SME) and Large Organization (LO). By recognizing it, the company may regulate suitable strategies and upcoming possibility strategies in order to maintain their business position in the industry, counter the competitor and increasing their income [8,13].

GSM not only related to business strategy. Furthermore, it also corresponds with the business forecasting, business expansion and depreciation also revenue and earning level.

Hence, it is significant for every company to identify its GSM. On the other hand, development of business is rapidly changing nowadays, especially in industrial revolution 4.0 where technology and network change the face of each industry in the world and create unstoppable trend in customers' behavior that affect business directly and indirectly. Business becomes more complex, more customize and more unpredictable. Hence, company needs an effective tool to identify their business position to be able to set their future move. The development of growth stage model especially for SMEs is evolving over time. The complexity of business and changing in the world lead rapid change to business both in the way of doing business and the business sustainability. Starting in 1969 with a highly modest model, which have only four stages, GSM develops to five stages and finally the current model presents six stages of business growth. In each development, each GSM model delivers different approach in completing the literatures at least at that time. These approaches cover the management approach, critical phases, evolution and revolution of the business to revenue and earning time. Industrial revolution 4.0 carries a novelty approach specifically decreasing complexity in the business. However, industrial 4.0 potentially kills a lot of business and been proven in cutting down the age of a business, as well the product life cycle [17].

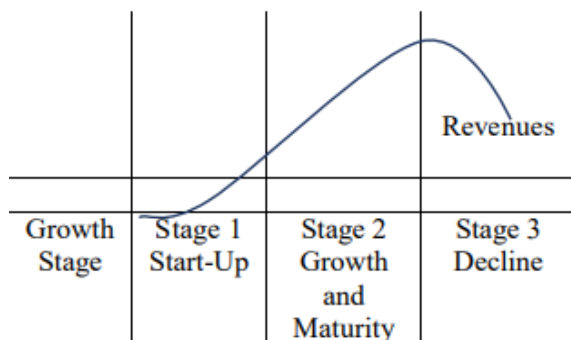


Figure 3. The 4.0 Growth Stage Model - Source: Journal Business Economy, 2019

Said proposed model indicates that modern business will have shorter growth stage than the business years ago. The product or service replaced easily to the more innovative and sophisticated ones. Thus, businesses will still experience start-up phase as they start their business. Survival stage will be happening in stage 2 alike the other model presented in this article where business struggles to maintain their position in the industry and in the same time, seek to get more income, increase sales and expand the market. This stage recognized as young growth stage. The highest position in this GSM is in stage 3 where business reaches the peak point and it achieves the highest income ever. However, the growth will stuck to that point. Businesses are forced to reconstruct by creating new product or establish a completely new business in order to get the owners (in this case, entrepreneurs) stay to the business world [17].

Concerning the main Factors that determine the Upgrading of SMEs. Several studies highlighted said factors specifically in Egypt the related conclusions led to four main conclusions: First, the shortage of medium-sized enterprises in Egypt is not only due to the difficulty

of small firms to upgrade, but also because upgraded firms have difficulty sustaining their new (medium) size. Whom had upgraded since 2007 – despite the global financial crisis of 2008–2009 and the Egyptian revolution of 2011. Second, SMEs in Egypt are constrained by the business environment, especially problems in state-business interactions such as licensing, taxation, inspections and governmental efforts to protect competition. Third, while integration into value chains and clusters might help SMEs upgrade, no evidence of this because hardly any SMEs vertically or horizontally linked to other firms. This is probably because entrepreneurs are generally reluctant to co-operate in any way due to mutual mistrust [1,6].

Most of researches admitted that all of SMEs own their Growth Plans but it depends on the relation between access to finance and profits; given SMEs have ambitious ideas about expansion. Ideas include increased marketing, machinery upgrading, increasing production capacity and quality, innovation, land and building acquisition, and exporting. SMEs believe that the existence of supportive regulations is crucial to the success of their ideas for expansion. Moreover, the vast majority of SMEs believe that access to easier means of financing from banks will contribute significantly to improving their businesses. However, there was evidence that other SMEs do not make a strong correlation between access to finance and profits. Concerning reasons of increased profit, access to more credit came in third after higher sales volume and new market opportunities. From the SMEs' perspectives, higher sales driven by demand from the end consumer and not from acquisition of additional finance. None of the SMEs who reported decline in their profits associated it with lack of funding; instead, they indicated that the decrease was mainly due to increases in input costs [4,19].

Scholars have long been debating which factors affect SME upgrading (Figure 4). Their opinions divided into four groups, each related to one of the layers of factors that influence the entrepreneur's behavior: Some believe that mainly the entrepreneur's characteristics determine a firm is upgrading potential. Others consider the characteristics of the firm itself to be much more important. Yet another group of scholars believes that the upgrading potential of SMEs mainly determined by their integration into horizontal and vertical linkage systems (clusters and value chains). A fourth group emphasizes the role that the business framework plays in SME upgrading. Underneath figure illustrates these four layers of factors [1].

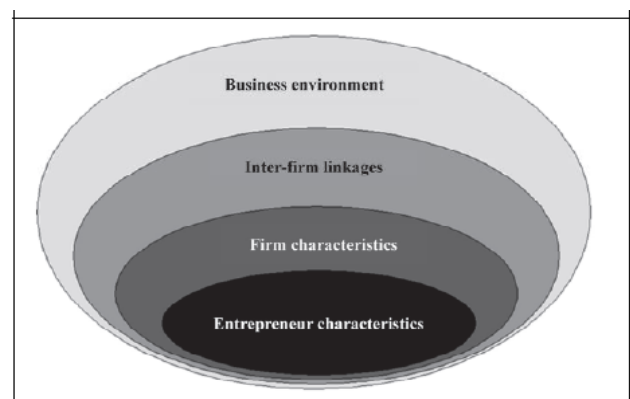


Figure 4. Factors affect SME Upgrading - Source: Reeg (2012)

With NO doubt there are significant factors that influence SME upgrading in three different ways; (1) some affect the willingness of entrepreneurs to innovate. This is the case for such entrepreneur characteristics as motivation and risk readiness. (2) Some factors affect the ability of entrepreneurs to innovate and grow. These include entrepreneur characteristics (e.g. an SME owner's education and work experience), enterprise characteristics (e.g. worker training or the existence of an R&D department) and elements of the business environment (e.g. access to credit or a license to introduce new products or production processes). (3) Finally, some factors affect the possible impact of an innovation on SME growth as perceived by the SME owner. By definition, what we call an 'innovation' automatically leads to the SME's growth. No entrepreneur would introduce anything new knowing that the measure would not positively affect the firm's sales or profit or number of employees. However, incomplete information can cause an entrepreneur to misjudge an innovation's impact. According to most of researches are intending to raise some commonly factors that clearly influencing the upgrading of the SMEs via their entrepreneurs, it was observed that usually referring to the following influences; (a) Entrepreneur characteristics, (b) Firm characteristics, (c) Inter-firm linkages and (d) Business environment. [6].

6.3.1. Entrepreneur Characteristics

Many authors emphasize the characteristics of an individual entrepreneur as being key to the SME's upgrading potential. They refer to the entrepreneur's human capital, social capital, achievement motivation, readiness to take risks and gender. Human capital: Some authors argue that differences in education, training and work experience explain why some SME owners find it easier to upgrade than others do. Human capital – the skills and knowledge that individuals acquire by investing in schooling, on-the-job training and other types of experience (Becker 1964) – could explain the likelihood of SMEs to upgrade in a particular country. Shane (2003) argues that the more skills and knowledge an SME owner has, the greater is their capability to exploit opportunities, learn about new processes or develop a growth strategy [9,20].

Empirical studies report that entrepreneurial innovativeness is positively and statistically significantly impacted by variables such as the owner's years of schooling or years of experience in the sector (Ayyagari /Demirgüç-Kunt / Maksimovic 2011; Koellinger 2008).

At the same time, since a country's educational and apprenticeship systems contribute to its entrepreneurs' average human capital, they can help predict the general likelihood of SMEs to upgrade – or not. (These systems also determine the availability of skilled labour, another crucial factor for SME upgrading. Social capital / networks: Other authors point to the fact that an entrepreneur's social capital –broadly defined as social relations and networks – accounts for differences between SMEs concerning their likelihood to upgrade. Social capital might also explain why SMEs are more likely to upgrade in a particular country (van Dijk 2000). The SME owner's social network might facilitate access to information and resources such as finance, advice and/or support, as well as expedited access to official documents. Social capital

might thus enable SME development through the owner's use of this rather informal support for upgrading. At the same time, exclusion from certain social networks could disadvantage some SME owners [1,20].

Other scholars stress the role of the entrepreneur's readiness to take risks with investments with respect to their likelihood of upgrading. While a certain degree of risk willingness is a precondition for any business, extreme risk seeking is negatively associated with business success (Rauch & Frese 2000). Some authors provide empirical evidence for the non-linear relationship between risk-taking and success (De Mel, McKenzie, Woodruff, 2008; Begley & Boyd 1987). At the same time, the average inclination to take risks may diverge between countries, thereby accounting for general differences in the likelihood of SMEs in various countries to upgrade. It can assumed that an SME owner's willingness to take risks depends largely on their vulnerability and perception of the risk involved. In turn, vulnerability determined by the probability and possible effect of risk occurrence as well as the ability to adequately manage risks [1].

A person's ability to manage risk depends on their assets that liquidated to cope with risks as well as access to social protection schemes. Public social protection schemes can help reduce concern about the possible effects of shocks that could occur because of old age, illness and unemployment, and thereby strengthen an individual's readiness to accept the new risks that come along with investing [1].

Furthermore, an SME owner's perception of vulnerability depends on the country's history. Inhabitants of a politically and economically unstable country might have experienced greater vulnerability over the long term, causing them to be more sensitive to risk-taking than inhabitants in relatively untroubled countries. Such conditions influence an SME owner's willingness to take risks and hence the general chances for SMEs in a certain country to upgrade [9,20].

6.3.2. Firm Characteristics

Some researchers also account for differences in the SMEs' general likelihood of upgrading in different countries. They distinguish between structural factors such as an enterprise's age, size, sector, location and formal status on one hand, and SME policies, as well as organizational factors such as knowledge and innovation management, on the other. Moreover, many studies find a statistically significant relationship between the age of an enterprise and its likelihood to upgrade. Nevertheless, it is difficult to establish causality between these two factors. It is undecided regarding the direction of the correlation. As younger firms are more often associated with innovativeness than their older counterparts [18].

While older firms are more likely to grow in terms of sales and profits because of their greater business sophistication, age may have an indirect impact on SME upgrading. If all other factors remain constant over the lifetime of an enterprise, nothing will change with respect to the company's potential to upgrade. Given the high correlation between age and other factors such as the accumulation of experience and business sophistication that informs the relationship between age and SME upgrading [20].

Furthermore, many authors argue that an SME's initial size, generally measured by the number of employees, explains its likelihood to upgrade. The size of an enterprise affects its capability to innovate and thereby grow (Schumpeter 1964). Small firms are less able to spread risk over a product portfolio, and might encounter difficulties starting up in foreign markets and are likely to experience difficulties funding long-term R&D (Rothwell & Dodgson 1991) [1].

Several studies have provided empirical evidence on the correlation between a firm's initial size and its likelihood to upgrade (De Mel /McKenzie / Woodruff 2008; Ayyagari / Demirgüç-Kunt / Maksimovic 2011; McPherson 1996) – but none has been able to demonstrate a corollary between the average initial company size in a particular country and the average propensity of its firms to upgrade [18,20].

6.3.3. Inter-firm Linkages

Another group of authors states that the average and individual likelihood of SMEs in any given country to upgrade by determining the existence of horizontal and vertical inter-firm linkages. Such linkages provide SME owners with access to knowledge, resources and collective action. Global value chains (GVCs): The integration of an individual firm into global value chain (GVC) may facilitate its upgrading; likewise, the overall degree of SME integration in GVCs in a given country is a good predictor of their average potential to upgrade. The term 'GVC' implies that the production process often takes place in various locations (Humphrey & Schmitz 2000, 9). While it is difficult for firms in developing countries to enter international markets on their own, participation in GVCs can help them to export (Schmitz 2006, Stamm 2004) [1].

In addition, supplying bigger global buyers can create regular demand and generate a stable cash flow for a local producer. The accumulated capital be reinvested, thereby facilitating expansion (Gereffi 1999). Furthermore, many authors point out the learning opportunities that are possible through forward linkages in a chain. Buyers not only transfer money, but also consciously invest in their suppliers' competences and capabilities, or produce unintended knowledge spillovers (Stamm 2004, 27) that enable local producers to meet high product specifications (Schmitz 2006). Earlier studies in the GVC debate demonstrated these advantages (Gereffi 1999; Kishimoto 2004; Lee / Chen 2000). Nevertheless, the potential benefits from integration into GVCs do not equally apply to all SMEs: upgrading chances largely depend on the governance and power relations within the chain (Humphrey / Schmitz 2000; Navas-Alemán 2011) [20].

For example, larger firms might try to avoid SME upgrading because they prefer to have "weak" counterparts than potential competitors. Various case studies have provided empirical evidence that an individual SME benefits less from integrated into a chain if certain dominant firms exercise power and defend their market positions by discriminating against other members of the chain. In addition, a country's overall level of integration into GVCs might explain the comparative difficulty for SMEs to upgrade. Integration into GVCs depends on the degree to which SMEs are globally linked

and their ability to create vertical linkages with global companies. Some countries generally less integrated into the world market, which means that from the outset local SMEs find it more difficult to upgrade through GVCs [18].

6.3.4. Business Environment

Many studies have shown the business environment to be the key determinant of the average likelihood of SMEs in a given country to upgrade, although its ability to account for the differences in the likelihood of individual firms to upgrade is limited. Various authors have illustrated how components of the business environment affects the innovative potential, growth and investment behavior of SMEs. Macroeconomic and political stability, regulation, competition, corruption, availability of skilled labor, trade policy, access to finance and insurance, non-financial business development services (BDSs) and infrastructure are the most important elements of the business environment [1,20].

Macroeconomic stability: Several authors have argued that macroeconomic stability eases the upgrading of SMEs in a country. Moderate inflation and a stable real exchange rate provide firms with more security and greater ease in predicting future developments, which positively affect their investment behavior and upgrading efforts (Stieglitz et al. 2006). Bhattachajee et al. (2002) found that macroeconomic stability reduces the risk of bankruptcy. Macroeconomic stability does not have the same effect on every firm. Firm level data suggests that SMEs affected more by instability than large firms are because they have less flexibility to deal with volatilities at the macro-level (Beck, Demirgüç-Kunt & Maksimovic 2005). Furthermore, fluctuations in inflation or exchange rates are especially critical for firms with little access to finance since a lack of liquidity makes it more difficult to cope with imbalances. **Political stability:** Many authors similarly argued that a stable political environment increases a firm's willingness to invest and therefore facilitates SME upgrading. In contrast, political instability, such as that in a post-conflict phase, may hinder firm growth. Collier and Duponchel (2010) used a survey of firms in Sierra Leone to show that political instability negatively affects productivity and the use of new technologies [1].

Regulation: Other scholars have emphasized that the regulatory framework influences of the general propensity of SMEs to upgrade and can explain differences between countries. Regulation can have both positive and negative effects on firm investments and likelihood of upgrading. On one hand, regulation provides entrepreneurs with more security in both their business-to-business and their business-to-state relations. For example, regulation is needed to protect intellectual and other property, and for contract enforcement and dispute resolution [20].

All this is particularly helpful for SME owners, which tend to be disproportionately risk-averse (Loewe et al. 2007, 18). Regulation also means that the public administration has clear rules for dealing with private entrepreneurs that ensure transparency in government procedures and the equal treatment of firms (both large and small). On the other hand, regulation may raise the costs of doing business in terms of both time and money. Various empirical studies have shown that excessive

regulation burdens entrepreneurs and reduces their propensity to invest and innovate [18].

The World Bank's Doing Business 2012 argues that when less time and money and fewer procedures needed for dealing with construction permits, registering property, paying taxes and closing a business, the business environment is more favorable for SME owners [20].

At the same time, informal firms save substantial costs that formal firms have to pay for taxes, registration, licensing etc., and which limit profits, thereby discouraging them from investing and upgrading. Meanwhile, SMEs disproportionately affected by high tax burdens and the costs of regulation, which large firms can absorb more easily [1].

Competition: Other scholars have argued that competition is the main determinant of SME upgrading: without it, firms have few incentives to invest and innovate. Michael Porter, in particular, emphasizes that competition increases a company's value, productivity and profitability. In Porter's understanding, the main goal of competition is to be unique, which allows a firm either to lower its costs or to charge higher prices. The threat of new entrants into markets forces firms to optimize and innovate [20].

Many authors have emphasized the need for effective laws regulating competition and strong institutions to guarantee fair competition (Singh 2002; Laffont 1998). At the same time, competition within a country could account for differences in some companies' ease in upgrading, with unfair competition privileging some firms at the expense of others [18].

For example, firms with social capital – good personal connections to the government or influential people in the bureaucracy – may get preferential treatment regarding registration, licensing or taxation, or when applying for land, credit or a government tender that can ease market access and help expand the business (Loewe et al. 2007). Such firms accumulate artificially created rents. In contrast, most SME owners do not have good connections and are unable to influence decisions taken by the government or public administration. For them, unfair competition constitutes a high barrier to market entry and an obstacle to upgrading [1].

SMEs in the informal sector are an exception to this rule because they depend much less on the public administration's goodwill than companies in the formal sector. While informal SME owners have limited access to credit, licenses and government tenders, they can circumvent government regulations and so less concerned by unfair market competition (OECD 2009). Their informal status also creates unfair conditions that work to their benefit and that are harmful to formal enterprises. Since informal enterprises do not comply with government-defined standards and requirements, they can often produce at lower costs, meaning that from the point of view of formal enterprises, they are unfair competitors [20].

Availability of skilled labor: Empirical evidence shows that a lack of skilled labor constitutes a constraint to SME upgrading, explaining why SME upgrading might be particularly difficult in some countries – although it does not explain differences for SME upgrading within a single country. Humphrey (2003) argued that firm upgrading requires highly skilled managerial and technical

workers “that can provide the management and supervisory systems that will ensure adherence to the specifications demanded by global buyers” [18].

Even SMEs require skilled – as opposed to unskilled – labor when they upgrade in order to be able to use technology effectively and become competitive on international markets (Lall 1999). According to the enterprise survey in the Global Competitiveness Report 2010–2011, many business leaders in the developing world consider an inadequately educated workforce to be one of their main constraints [1].

To sum up overall, with the SMEs life stage of being start-up, maintaining or growing, it will reveal changes in the requested type of finance that will be needed to match this stage and of course will differ from sector to another, in accordance to business activities requirements.

6.4. SME's Needs from Banks

Based on above-mentioned regarding the life stage of the SME from startup phase to maintaining until growing, the SMEs passing with a lot of changes in capacity of production to a gap in liquidity and several changes in needing a bank finance. Accordingly, meeting SME's Needs still considered a problems faced by Egyptian SME's entrepreneurs from accessing traditional financing sources representative in bank loans, worth mentioning, that the access to finance problem is dependent on the type of activity of the enterprise [7].

Given a lot depends on the capabilities of the individual entrepreneur. All SME owners are constrained by structural factors such as the lack of quality education, skilled workers, market information, access to finance and law enforcement, in which continuously impacting the entrepreneurs' interpretation of needs from banks [1].

The econometric estimations started with principal component analysis (PCA) and proceeded to a logistic regression to determine the significant variables pertinent to increasing the financial inclusion of SMEs. The PCA suggested three main pillars determining financial inclusion. They are integrated marketing tools, which increase SMEs' awareness of and access to the most sophisticated banking services, usage of banking services, and assessment of the macroeconomic risks that would prevent SMEs from gaining access to financial services in Egypt. Most of the recently launched financial inclusion initiatives in Egypt, especially those aligned with the 2030 sustainability strategy, have targeted marginalized and excluded individuals. Only a few have addressed the financial inclusion of small- and medium-sized enterprises (SMEs) [21].

The greater an SME's access to finance, the wider the range of financial services available to jump-start its business and expand its operations. SMEs account for 45% of total employment globally and for up to 70% of jobs in most OECD countries. To facilitate SMEs' access and usage of financial services and ease common barriers across countries, which will facilitate SMEs growth. There is a consensus in the mainstream literature on three standard factors working on the acceleration financial inclusion. The first is the availability and affordability of formal, electronic and secure financial services tailored to the needs of SMEs. The second is the need to integrate the most vulnerable investors and startups into the formal

financial fabric. The third is the necessity of providing financial services based on SMEs' performance ratios. Under some circumstances, small-sized enterprises applicable to have credit against a guaranteed collateral and the existence of highly valued fixed assets. The lower firm's ownership shares in tangible and non-tangible assets, the less likely to approved for external credit lines, regardless of its demographic characteristics. Fourth, a firm's age that linked to its reputation, historical performance, ability to handle financial distress and the ability to build up trustworthy credit records that are essential for the assessment of its credit scores [22].

A firm's business activities and performance used as indicators to determine its access to credit, loans and mobilize financial payments and transfers. Firms in the construction sector, for example, have higher guaranteed collaterals due to the size of their fixed assets. In turn, these assets would generate higher profitability ratios and consequently increase their access to more funds. The presence of macroeconomic and financial risks embedded in the economy is critical to SMEs' financial inclusion. The macroeconomic risk to which SMEs are exposed is highly dependent upon the central bank's directives and monetary policy that opts to set the appropriate interest rates. Usually, optimal interest rates set by central banks seek to generate higher output while curbing inflation trends and economic volatility [21].

6.5. Banking Selection Criteria for Financing SMEs

A pre-study survey done by World Bank and Arab Banks Union raised findings of crucial constraints faced by small entrepreneurs such as the huge lack of finance, and confirmed a clear positive correlation between banks credit facilities and the progress of SMEs in developing countries. That clearly proved: Lack of finance, lack of clear strategies, lack of skilled HR, and low technological capabilities that confirmed by surveyed CEOs as main challenges for their SMEs developments. Finally, the government has been the most important supporting financial agency for SMEs in the region economies [5].

Selection Criteria for banks finance is going toward sector that had to comprise a significant share of SMEs, contribute a significant share to GDP or display high growth potential, and to display opportunities for SMEs to integrate into global value chains (GVCs). Most of studies overviewed Entrepreneurs and SMEs in Egypt as Egyptian government has made strides in recognizing the importance of the SMEs sector and its significant contribution to economic growth and job creation. Therefore, the policy makers adopted a policy framework to support SMEs. Under the terms of a 2004 law, the government has developed a structured policy framework to help SMEs establish and grow their businesses by providing a range of programs such as business support services, microfinance activities and a network of business incubators [6].

6.5.1. SMEs Access Banking Finance

From the SMEs' point of view, it is more difficult for SMEs to obtain financing from banks, as the government and international development communities are focusing

more on micro businesses. Banks often prefer to extend credit to large corporate clients and connected individuals that are considered less risky; and finally, banks are much more trust worthy than obtaining it from other sources. Yet, from the banks point of view, it is less risky to provide loans for larger businesses since they are more stable, less prone to risk, have available records, and have structured information, are easier to access, are more profitable. By contrast, small businesses are less stable, are more prone to risk, do not have available records, have unclear information, are difficult to access and are less profitable. They suffer from some other problems such as lack of business documents (such as registration, license, and tax cards) and the reliability of financial statements, as well as the "financial performance" represent 70 percent; weakness of management and lack of business plans. Bearing these characteristics in minds, found that 47 percent of SMEs in Egypt do not deal with banks and 22.4 percent have access banking facilities as shown in hereunder Figures [11].

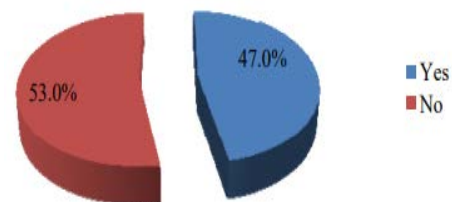


Figure 5. Distribution of SMEs' Dealing Banks - Source: El-Said, Al-Said, & Zaki, 2014

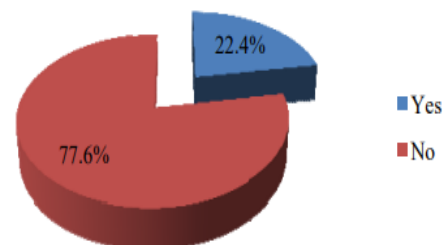


Figure 6. Distribution of SMEs' Banks Facilities - Source: El-Said, Al-Said, & Zaki, 2014

It is worthy to examine the factors that determine access to finance. In a companion paper, there is a strong correlation between number of employees, capital and sales turnover. That clearly reflected on the access to finance since that the higher the capital, the larger the firm and the more it sells, the more a firm is likely to deal with banks and benefit from financial services. This is why 18.6 percent and 41.2 of small firms with a capital less than EGP 250,000 and/or less than 20 employees respectively deal with banks and have access to banking facilities [5,24,26].

However, evidence of the effectiveness of government and banking programs to support SME development is mixed and not so encouraging. Even all are admitting that SMEs are the primary vehicles by which new entrepreneurs provide the economy with a continuous supply of ideas, skills, and innovations. SMEs are different from large organizations in several characteristics like resource limitations (financial, human and technological), informal strategies, and flexible structures [1,6,26].

7. Research Model

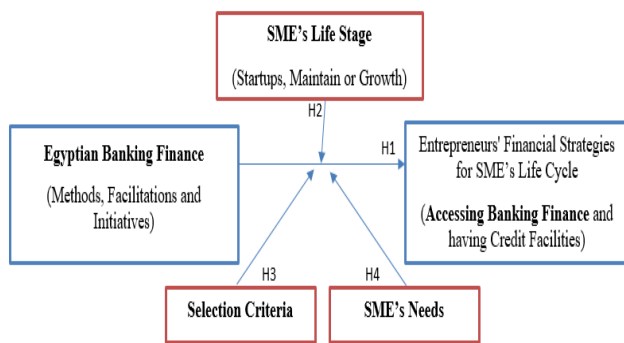


Figure 7. Research Conceptual Framework

In the above-mentioned conceptual framework, hypotheses demonstrates that SME's Life Stage (Startups, Maintain or Growth) (H2), Selection Criteria (H3) and SME's Needs (H4) have positive affect on (H1) the relation or the impact of Egyptian Banking Finance (via Facilitations and Initiatives) on the Entrepreneurs' Financial Strategies for Life Cycle of SMEs (through accessing banking finance and having Credit Facilities).

Egyptian Banking Finance methods, ways of finance, facilitations and Initiatives are founding independent variables. However, suggesting that dependent variables include factors, such as SME's Life Stage (Startups, Maintain or Growth), Selection Criteria and SME's Needs.

Therefore, the research will test the hypotheses to establish whether and how the weight of said factors are influencing the impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for Life Cycle of SMEs, along with to what extend is the relationship between said factors.

8. Research Hypothesis

The research hypotheses suggested as follows:

1. H1: There is a significant relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle.
2. H2: There is a significant relationship between SME's Life Stage and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.
3. H3: There is a significant relationship between Selection Criteria of Banks and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.
4. H4: There is a significant relationship between SME's Needs and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.

9. Research Methodology

The study uses the mixed method research design, to investigate whether and how the weight of said factors (SME's Life Stage, Selection Criteria and SME's Needs) along with their interrelation that might signify /

influencing the impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for Life Cycle of SMEs.

In this regard, across all of the 38 banks in Egypt, researcher tends to use a qualitative data collection method. Through conducting unstructured interviews with more than 20 professional Bankers working in different banks in the Egyptian Banking sector, whom specialized in financing SMEs through focusing on information and context and seeking to obtain a clear insight regarding the best practices with SMEs financing criteria and challenges faces. In addition, how said factors (SME's Life Stage, Selection Criteria and SME's Needs) influences the financing process from Banking and Risk prospective, and how that impacting Entrepreneurs' Financial Strategies is for SME's Life Cycle.

Furthermore, conducting open-ended questionnaire with more than 480 Entrepreneurs / owners of SMEs in different fields and subject to employing average 100 employees and not exceeding annual sales figures of EGP 200M. Questionnaire structured for addressing the best practices of dealing with banks that really were successfully enhanced their positions and meeting their needs in accordance to their SME's life stage (Startups, Maintain and Growth) along with properly meeting their SMEs needs.

Questionnaire with Entrepreneurs will gathered through multiple choice or close-ended questions using a quantitative data collection method; that analyzed and combined with collected data from unstructured interviews with SME's Bankers to support the questionnaire findings, in consort with literature review highlights.

9.1. Research Design

In order to ensure that all variables addressed and related data properly collected, tested and correctly analyzed to have accurate, valid and clear research conclusion. Along with, research design should enclosed all aspects from both sides of: (1) Banks and (2) Entrepreneurs. Accordingly, research designed to use the mixed method. Said mixed method of research design should combining between (1) Interviews with professional bankers concerning SMEs lending – in which representing Banks feedback and prospective in lending SMEs, and (2) Open-ended Questionnaire surveyed with sampled range of Entrepreneurs / owners of SMEs in different fields – in which representing Entrepreneurs feedback and prospective in borrowing as SMEs.

(1) Qualitative analysis will implemented on outputs of interviews with professional bankers concerning SMEs lending, and that to investigate whether and how the weight of said factors (SME's Life Stage, Selection Criteria and SME's Needs) along with their interrelation that might signify / influencing the impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for Life Cycle of SMEs.

Across all of the 38 banks in Egypt: qualitative data collection method used through conducting unstructured interviews with sampled of professional bankers working in different banks in the Egyptian Banking sector, whom specialized in financing SMEs. Interview (Appendix A:

INTERVIEW GUIDE) through focusing on information and context and seeking to obtain a clear insight regarding the best practices with SMEs financing criteria and challenges faces.

In addition, how said factors (SME's Life Stage, Selection Criteria and SME's Needs) influences the financing process from Banking and Risk prospective, and how that impacting Entrepreneurs' Financial Strategies is for SME's Life Cycle.

(2) Quantitative analysis will implemented on the outputs of the conducted open-ended questionnaire with sampled range of Entrepreneurs / owners of SMEs in different fields and subjected to employing average 100 employees and not exceeding annual sales figures of EGP 200M.

Questionnaire (Appendix B: submitted by Entrepreneurs / SMEs Owners) structured for addressing the best practices of dealing with banks that really were successfully enhanced their positions and meeting their needs in accordance to their SME's life stage (Startups, Maintain and Growth) along with properly meeting their SMEs needs.

Questionnaire with Entrepreneurs will gathered through multiple choice or close-ended questions using a quantitative data collection method; that analyzed and combined with collected data from unstructured interviews with SME's Bankers to support the questionnaire findings, in consort with literature review highlights.

The research uses the following research questions:

(1) what is the impacts of Egyptian banking finance on Entrepreneurs' financial strategies for SME's Life Cycle. (2) How other factors may effect on said Impact like SME's life stage, Banks' selection criteria for approving credit facilities, and changes in SME's needs timing and types. (3) What is the relationship between said factors and to what extent may affect said impact, and (4) How Egyptian Banking sector should efficiently support entrepreneurs / SMEs, and how to deal with Banks.

Accordingly, hypothesis set as hereunder mentioned: (H1) There is a significant relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. (H2): There is a significant relationship between SME's Life Stage and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle. (H3): There is a significant relationship between Selection Criteria of Banks and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle. (H4): There is a significant relationship between SME's Needs and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.

Based on that, each of above-mentioned research question linked to its related hypothesis along with Interviews questions. Interview enclosed 17 questions allocated to address a specific hypothesis to answer research questions. Five questions addressed for having answers to measure if there is a significant relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle – in which defined as H1 and named as Access Banking Finance (ABF).

Four questions addressed for having answers to measure if there is a significant relationship between

SME's Life Stage and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle – in which defined as H2 and named as SMEs Life Stage (SLS).

Four questions addressed for having answers to measure if there is a significant relationship between Selection Criteria of Banks and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle – in which defined as H3 and named as Selection Criteria (SC).

Four questions addressed for having answers to measure if there is a significant relationship between SME's Needs and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle – in which defined as H4 and named as SMEs Needs (SN).

On same basis for the Questionnaire, as well - each of above-mentioned research question linked to its related hypothesis along with Questionnaire survey / questions. Questionnaire enclosed 81 questions allocated to address a specific hypothesis to answer research questions. Twenty-one questions addressed for having answers to measure if there is a significant relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle – in which defined as H1 and named as Access Banking Finance (ABF).

Twenty questions addressed for having answers to measure if there is a significant relationship between SME's Life Stage and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle – in which defined as H2 and named as SMEs Life Stage (SLS).

Nineteen questions addressed for having answers to measure if there is a significant relationship between Selection Criteria of Banks and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle – in which defined as H3 and named as Selection Criteria (SC).

Twenty-one questions addressed for having answers to measure if there is a significant relationship between SME's Needs and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle – in which defined as H4 and named as SMEs Needs (SN).

9.2. Setting and Sample Size

Interviews set / conducted face to face personally by researcher with professional bankers working in different banks in the Egyptian Banking sector, whom specialized in financing SMEs. Worth mentioning that said interview recorded on Google forms in order to ensure organizing of outputs for statistical usage and to be documented / recorded.

Since there are 38 banks in Egypt, the interview invoked with 21 interviewers whom occupying now different positions as Credit Administration Division SMEs Head, Growth Strategy Head, Head of Budgeting and Planning, Head of Credit Underwriting, Head of Credit Risk, Regional Head, Growth Strategy Head, Head of SMEs Department, Team Head in Business Banking Risk. Besides, Director of Early Warning SME Customers, Business Banking Rehabilitation Senior Officer, MD and BOD Member Tamweely SMEs and Chief Risk Officer.

Questionnaire set on Google forms and circulated directly to entrepreneurs / owners of SMEs without standardizing of contribution to a specific field or exact type of companies. Moreover, survey circulated to all, either owning credit facilities from banks or not even having a bank account, and that to ensure having a full wide survey and accurately sampling the whole population of SMEs in Egypt.

Questionnaire sample size is determined using the following formula: the sample size assuming huge population given SMEs count in Egypt exceeding 4 million entrepreneurs / enterprises under Micro, Small and medium enterprises and classified as SMEs across all banks in Egypt. Accordingly, sample size is determined according to the following formula:

$$n_0 = \frac{z_{\alpha}^2 * p * (1-p)}{e^2}$$

Where Z_{α} is the critical value of the normal distribution at α (e.g. for a confidence level of 95%, α is 0.05 and the critical value is 1.96). In addition, p is the percentage of specific phenomena and it is set to be 0.5, as it gives the highest value for sample size, e is the margin error, and set to be 0.055.

According to this formula, the questionnaire that surveyed with entrepreneurs with sample size should at least 384. However, to avoid the non-response rate and the problems of missing data, a sample of 600 respondents surveyed and the valid responses were 481.

9.3. Data Collection

Researcher met all interviewers and all of revealed data / outputs of said interviews recorded on Google forms in order to ensure organizing of outputs for statistical usage and to remained documented / recorded. Concerning the questionnaire, the research utilizes questionnaires to collect primary data from the sample of Entrepreneurs / SMEs. The questionnaires formulated to help gather appropriate data concerning the dependent and independent variables in the research.

The data collected using Google forms automated extracted reports. This method chosen for this research for several reasons. First, it is a cost-saving method of collecting data, as this method requires no extensive labor to execute. Secondly, this strategy helped to reach the participants quickly and effortlessly (Cote, 2021). The questionnaires could be delivered from any location or situation the responders were, unlike when interviews are required. Equally, the strategy is essential in ensuring the anonymity of the responders, not only but also, the responders can respond to the questions at any place and situation. This increases the success rate of data collection for the research. Finally yet importantly, this method chosen for its high success rate in ensuring data accuracy, along with, responders have the chance to speak from their heart and experience, ensuring that the information presented is free from manipulation.

10. Data Analysis

The research utilizes mixed designed based, given using a qualitative analysis for the interview outputs and using a

quantitative analysis for the outputs of questionnaire in which considered the main findings that required to measured and analyzed for accurately interpret all variables measurements. The questionnaire quantitative analysis approach becomes the most appropriate strategy for this research since it is the perfect basis or foundation for examining the relationship between variables and answering hypotheses.

Said part of quantitative data analysis is of two distinct types, namely descriptive and inferential statistics. For descriptive statistics, the primary purpose or usage is to describe information concerning a sample as it generalizes the information to the target population. On the other hand, inferential statistics focused on making predictions concerning the target population as per the findings derived from the sample studied and answering hypotheses. Therefore, descriptive statistics entail the generation or computation of such information as means, skewness, and standard deviation.

The dependent variable for this research is Accessing Banking Finance (ABF) in which considered as a representative for Entrepreneurs' Financial Strategies for SME's Life Cycle, and for this research, the independent variable considered to affect the findings is the Egyptian bank finance (EBF). Research main aim is to explore the Impact of Egyptian banking finance from facilitation and initiatives on Entrepreneurs' financial strategies for SME's Life Cycle from accessing banking finance and having credit facilities; with the effect of three moderators, SME's Life Stage (LS) wither start-up or growing, Selection Criteria (SC) and SME's Needs (SN).

Therefore, the study aims to investigate the relationship between these variables and their moderators within the considerable scope of Egyptian Banking Sector and Entrepreneurs / SMEs located in Egypt. This factor makes the quantitative analysis approach appropriate for the research. What is more, the research aims to collect quantitative data that will used to formulate research models for testing the hypotheses raised in the research. Therefore, questionnaire analysis used the quantitative approach that helps interpret information into mathematical models and connotations. Besides, the quantitative data analysis approach is eligible for use alongside numerous analytical software.

The software used for analysis is the Statistical Packages for Social Sciences (SPSS). This makes it appropriate to use quantitative data analysis, therefore. The rationale for choosing SPSS for this study relies on the validity and consistency of the software. Therefore, in order to achieve the research objectives, the study used the following as the testing tools:

- Descriptive Statistics.
- Creating Indicators.
- Reliability and Validity Analysis (Cronbach's Alpha)
- Correlation Analysis.
- Regression Analysis
- Normality Test.
- Linearity Test.

Researcher used the mixed method of research design for combining between (1) Interviews with professional bankers concerning SMEs lending – in which representing Banks feedback and prospective in lending SMEs, and (2) Open-ended Questionnaire surveyed with sampled range

of Entrepreneurs / owners of SMEs in different fields – in which representing Entrepreneurs feedback and prospective in borrowing as SMEs.

Since there are 38 banks in Egypt, the interview invoked with 21 professional bankers working in different banks in the Egyptian Banking sector, whom specialized in financing SMEs, and holding now different positions under SMEs managements. Questionnaire that surveyed with entrepreneurs with sample size should at least 384. However, to avoid the non-response rate and the problems of missing data, a sample of 600 respondents surveyed and the valid responses were 481.

Researcher met all interviewers and all of revealed data / outputs of said interviews recorded on Google forms in order to ensure organizing of outputs for statistical usage and to remained documented / recorded. Concerning the questionnaire, data collected using Google forms automated extracted reports.

Said part of questionnaire quantitative data analysis is of two distinct types, namely descriptive (generalizes the information to the target population) and inferential statistics (making predictions as per findings derived from sample and answering hypotheses).

The dependent variable for this research is Accessing Banking Finance (ABF) in which considered as a representative for Entrepreneurs' Financial Strategies for SME's Life Cycle, and for this research, the independent variable considered to affect the findings is the Egyptian bank finance (EBF). Research main aim is to explore the Impact of Egyptian banking finance from facilitation and initiatives on Entrepreneurs' financial strategies for SME's Life Cycle from accessing banking finance and having credit facilities; with the effect of three moderators, SME's Life Stage (LS) wither start-up or growing, Selection Criteria (SC) and SME's Needs (SN). In addition, investigate the relationship between these variables and their moderators within the considerable scope of Egyptian Banking Sector and Entrepreneurs / SMEs located in Egypt.

Data gathered from two sources that will combined together in order to meet the research objectives and be allowable for testing research hypothesis; firstly, the conducted interviews in which qualitatively analyzed, and secondly, from the questionnaire findings / results that discussed and summarized in three main sections. First section, descriptive analysis that conducted with a full illustration of all the variables used in the study, while in the Second section, an inferential analysis will be applied using different statistical approaches to test the research hypotheses. Finally, the research statements will addressed and answered.

10.1. Interviews Results Analysis

The data in this part is collected through twenty-one interviews where all the interviewers are Egyptians aged 36 years old and above and their educational levels are Bachelor and above. These interviewers work in different banks located in Egypt as Arab African International Bank, HSBC Bank Egypt, Mashreq Bank, National Bank of Egypt, Emirates NBD, CIB, Banque Misr, Banque du caire, Ahli United Bank, Bank of Alexandria, Abu Dhabi

Commercial Bank-Egypt, Citibank, and Attijariwafa Bank Egypt.

Said interviewers held now different positions as Credit Administration Division SMEs Head, Growth Strategy Head, Head of Budgeting and Planning, Head of Credit Underwriting, Head of Credit Risk, Regional Head, Growth Strategy Head, Head of SMEs Department, Team Head in Business Banking Risk. Besides, Director of Early Warning SME Customers, Business Banking Rehabilitation Senior Officer, MD and BOD Member Tamweely SMEs and Chief Risk Officer.

Nine interviewers held their previous positions with their current employers while the rest of these interviewers held their previous positions with other employers. The interviewers have been in their current positions for different periods ranged from two months to twenty-four years while they worked in their previous positions for different periods ranged from two years to twenty-four years.

The interviewers described their roles in the SMEs financing process as a business/credit manager using different ways as controller for whole SMEs portfolio: credit monitoring, present annual and quarterly budget to top management and BOD. Moreover, analyze financial and non-financial information, assessing and approving SMEs exposures, sets the risk strategy, lending rules, risk appetite and approves larger credits, approaching the customer, assessing his credit worthiness, presenting and negotiating with risk, follow up until onboarding.

Besides, heading of senior credit committee, post finance process, ensure that all procedures are in accordance to credit approval terms and conditions, review and approve the credit memo before being submitted to risk and/or to committee, credit assessment and relationship, review and approve credit applications.

As well, participate in policy changes portfolio monitoring for DPD, excess, annual review and EW status, manage and hide a team of analysts and senior analysts, assessment of credit proposals requested by business team, review the proposal & committee member, manage the rehabilitation process of problem loans & credit accounts which are facing the risk of default, heading the business direction strategically.

The interviewers said that there are different departments receiving the SMEs' credit applications as SMEs business team, business managers, credit risk team. However, the front office coverage relationship managers are the ones who receive the documents and do the credit application, relationship managers, cases are submitted to business team then risk then committee for approval, prospecting unit then relationship managers, business side, upon granting and one week before expiry date, and channel their business through the banking sector.

The interviewers explain their role in the evaluation and approval process as final approver, monitoring (post approval), launching products, propositions and program lending, assessing and decision-making, directing the SMEs risk team to review the submission and a lending decision. Where debates escalated upward for final judgement and resolution, revising each proposal presented from business team and having approval discretion on certain limit via approving body. In addition,

that to ensure that the presented application are in accordance with the institution credit process and CBE procedures.

The interviewers said about the subsequent recipient role in the process as proceeding and availing on bank core systems, reviewing monitoring findings, working closely on implementation, credit administration. Worth mentioning, that in SMEs cases ticket size is small, that is why credit administration keep ensuring that the appropriate discretion is involved risk review.

Then, Risk Management submit their recommendation on the case to the committee, assessing and ensuring the quality of business with meeting lending criteria. Besides, checking the application is complete and approvals obtained as per the bank's rules, operations, finalizing the case by head of credit, approving the credit memo, proceeding with related stakeholders in marking client limit and finalizing the contract, or if there are requests from the committee then his role will be to complete these requirements with client.

Egyptian Banking Finance: The interviewers consider that it is not an appropriate timing now for financing start-ups unless they are an extension of an already established business activity, management plan, vision in addition to strength of financial position, expanding to international markets.

Commonly, interviewers recommended not lending startup unless it is a forward or backward integration for another company or an extension to the same field of business with successful record of accomplishment with stable management and healthy industry and a fitted purpose of finance. Along with proper business plan, experience of management and cash flow ability to repay, feasibility study for startup & expansions, and working investment for established ones.

The interviewers said that their institutions face challenges to address the problem of compliance with lending, as CBE instructions and internal bank lending appetite suffering from shortage of reliable data. Given market is volatile and changes in FX, because most of banks modules based on account management rather than documentation.

Based on that, banks tweak lending programs as needed to ensure remaining in the SME lending market. However, ensuring best selection not yet supported via banks database or intra structure. As well, unreliable financials, longtime of approval procedures and controlling authorities if anything goes wrong, the continuous changes in market norm and regulations, limited provided information from customer. Furthermore, customers do not understand the importance behind commitment to channel their business through the banking sector.

The interviewers explain why access to finance from formal financial institutions still a major challenge to SMEs assuming that the lending criteria is practicable to SMEs. Given SMEs trusting commercial banks given being under CBE supervision believing that for good SMEs performance accounts, no challenges will be found, shortage of credible data, and concerns on their survival at economic downturns and fraud, turnaround time of approval, due to the life expectancy to SMEs is not high mainly in the first 5 years since startup.

Most banks treat SMEs as corporate mentality which is theoretically wrong given that risks are different, hence approach should be different, SMEs lending is high risk and requires special handling in terms of follow up and is operationally intensive. Accordingly, banks shied away from it but since it became a required regulation then banks have no option now and with the reduced pricing for the smaller segment, it is now very encouraging to SMEs.

Based on that, all interviewers admitted that SMEs should not face any challenges. However, the issue with some SMEs is that they need to be bankable and this happens through educating them through initiatives by the CBE or commercial banks. They are highly driven by not to risk thus banks keep flying around bankable customers with traceable history and will identified structure who are well far from default except in force major, incomplete documents and unreliable financials.

Also mentioned that banks believe that lending may not implemented either (1) from customer side, as lack of minimum required lending documentation mandated by CBE, poor financials if not fraud ones, no clear source of payback due to lack of selling documents, no official documentation to suppliers in order to approve disbursement. In addition to expired licenses for the business (industrial license, health license, etc.)

On the other hand (2) from bank side, lack of experience in dealing with SMEs file from either business or risk side, management unwilling to expand in SMEs sector. Finally, SMEs are fragile sector that easily affected by any economics turbulence due to regulations in general such as declaring the actual sales and to reflect in financials, absence of licenses is a major challenge for accepting SMEs into the banking sector, lack of proper documentation, documents of the company -proper financial statements, licenses, etc.

SMEs owners still need to be educated how to deal and run their business through the banking sector and comply with the financial covenants, lengthy process and risk team still evaluates SMEs in a way similar to large corporates, financial illiteracy and poor reporting of the small segment specifically make the financing decision a bit difficult for banks.

The interviewers think that different measures should set for mitigating these challenges. Such measures as standard set of documents to be required across all commercial banks and to be well notified to whole SMEs, in which will reason behind raising the level of data centralization to capture max amount of data, allowing means of support to these SMEs at times of downturn from government and banks. Moreover, introducing intelligent API scorecard lending programs, more emphasized training to SMEs in banks directed to understand the mentality and challenges of SMEs.

SMEs submitted cases required deep analysis from Banks side as lenders, meanwhile, training to companies is highly required to increase their knowledge on how to deal with banks that resulting educating the SMEs to be bankable as explained in another question. As well, other lending programs and on shelf products should re-considering along with the regularity laws, developing a strong control of the institution on the lending and ensure strong credit management.

General mandates from Government side also highly recommended for implementing the financial inclusion in all trading activities, mandating targets on banks with periodical review from CBE, government to impose large penalties on any business s that does not have valid licenses and allow several initiatives such as the new SMEs law that approved in 2020.

In the coming days, the electronic invoices however depending on reliable sources for validating the sales turnover, putting into effect the new SMEs law and amend Banks policies accordingly. Meanwhile, a proper consultancy and non-financial advisory should be centralized for SMEs, a generic credit policy to be set across banks. Enclosing customer selection criteria and customer acceptance criteria which compromise with the nature of SMEs business model in the Egyptian market, separating risk team, separating process and fast programs, and behavioral assessments based on other financial indicators other than financial statements i.e., electricity bills consumption, proofed suppliers payments etc.

SMEs Life Stage: Interviewers consider few important factors for their decision-making criteria whenever lending to start-up, established and expanding SMEs such as, expanding production, its value added locally or internationally. In addition to SMEs size, type, number of their suppliers and customers, sales turnover, Financial Leverage, management capabilities/supplier, buyer relationships. Along with, SMEs should have an established record of accomplishment, as it is not an appropriate timing now for financing start-ups unless they are an extension of an already established business activity with proper management plan.

Interviewers also mentioned that they do not extend facilities to startups, established and expanding SMEs except after being screened SMEs banks accounts against the same criteria, genuine bank statement movements are the main criteria. Also, expanding both their outlets and to international markets, proper feasibility and business plan, don't prefer financing start-ups, however for existing SMEs, lending criteria should be based on closed cycles with proper supports, type of business, cycle, experience of management and cash flow ability to repay, feasibility study for startup & expansions, and working investment for established ones.

There are five interviewers said that the criteria are not similar when considering lending to immigrant SMEs (as it is in the local market), thirteen interviewers said that these criteria are similar as residential legal documents, trying to identify their historical lending behavior. Along with an evidence that they have previous experience in the same field, cleaning business plan and projections, market study, company's plan, management experience, having at least 3 years of successful business in the country with acceptable asset base.

They disclosed that said analysis should take place on case-by-case basis, compliance approval is required, and ownership of production facilities, credit guarantee companies and/or corporate guarantees should be considered. Two interviewers are not sure about the similarity of these criteria (that they do not know what is the meaning by immigrant SMEs), while one interviewer does not say anything about the similarity of these criteria.

SMEs Needs: The interviewers said that SMEs comply these criteria with an extent around of 60%, given some are fully complying, others are justified, and bank is willing to take the risk subject to number of terms and conditions or revising the credit case after a period of months. Some businesses is lost due to the filtering according to the lending programs criteria.

Furthermore, strength of financial position, expanding to international markets, don't lend startup unless it's a forward or backward integration for another company or an extension to the same field of business with successful management, industry and the purpose of finance.

All of the interviewers said that SMEs feel encouraged to apply for credit from their institutions as a huge portfolio under SMEs but under selective criteria. Recently, due to efficient time management and quick decision, the turnaround time and quality of service is meeting their criteria, a matter of fact SMEs unit expanded over the years reflecting the encouragement of SMEs to apply for credit.

The essential part for any client is the credit structure that should meet companies in light of the fast approval provided. Banks provide suitable facility structure and responsive RMs, to enjoy the financial support and guidance of the bank leading the country's private banking sector, and depending on the fast track lending products, we launched in 2022, which gives a well-defined criteria, and relatively short turnaround time.

Selection Criteria: The main priority for investment in which banks are preferred and considered to be focus areas with regard to SMEs are described by the interviewers for: manufacturers SMEs in various areas as food and beverage industry, chemicals industry, SMEs in defensive industries that provide goods and services to larger companies or multinationals as suppliers. In addition to manufacturing and construction, exports with solid asset base and constructors, agriculture and trading.

All the interviewers said that they believe their institution is committed to lend SMEs, then they explain it as - it is the direction of Egypt and instructed via CBE, strong investment and significant growth despite bad history. Evidenced by increasing in number of borrowers and size of portfolio, continuous upgrade to the system and more capital investment, only in the last number of years given it is a regulation by the central bank, the portfolio is growing, a specialist unit was set for SMEs, building dedicated teams to serve this segment. For example, CIB has expanded the resources to grow the bank's SMEs portfolio with large head count and businesses hubs in addition to the three head office locations. In addition, establishing SMEs academy and contracting with expert consultants to improve the portfolio, current SMEs lending is 21% of bank portfolio, and achieving the objective (25%) stipulated by the CBE through creating appropriate lending programs that fit the SMEs operating in the Egyptian market.

In addition, banks / financial institutions tends to ensure due diligence is done correctly specially in disbursement, developing special SMEs lending programs, concentrating on management experience and strengthening securities. Besides, reviewing the rejection ratio and reasons and amend criteria/policy through the approval matrix

channels based on the missing criteria. The criteria and rejections reasons assessed on a monthly basis and recommendations made according to tighten or expand the criteria, educating the customer to comply, proper monitoring through a diary-regular contact with customers, facility restructuring and rescheduling, and case-by-case assessment.

Assessing Banking Finance: Interviewers admitted that there are other factors are highly influencing their decision of lending of SMEs as: reputation, historical banking finance records, ensuring the business owners are on top of their business with fully awareness of the risk inherent and how to mitigate. Meanwhile capital structure, business model and business operations should be sustainable and there is proper structure in place with credible succession to ensure business continuity, elasticity of product, source of raw materials and the different impacts of foreign currency and corona on price change, management and potential growth, willingness to expand and planned way/s for achieving profitability.

The interviewers said that the previously mentioned factors influence their willingness to lend through highly influencing his decision, strongly, and positively influencing, and supporting the lending decision, increasing confidence in repayment capacity and managing volatility, they are key priorities in his lending decision as this what ensure that the risks they face properly mitigated.

Commonly mentioned that "If there is high volatility in cost and usability to pass changes and mainly absorb increase till achieving slim margins I won't support if acquiring raw material is hard and no other available alternatives I won't support". Most of them admitted that not considering such basic factors in case there are genuine cash flows generated from an actual business with low level of debt; then we should have a lower probability of default, increasing the credibility of the customer, the ability of prime mover to turn startup into success. Accordingly, will help in considering the credit worthiness of the SMEs account, supporting decision and amount/tenor of loan, and critical.

The interviewers' institutions do different things to improve compliance such as replacing documents with other accepted documents from legal prospective, looking for alternative criteria or determinants. Not only but also, further discussion with the borrowers to understand the graveness of their actions being conscious about proper selection to ensure a clean portfolio and offering other initiatives such as Nile Entrepreneurs work on making SMEs more bankable to evidence presented documentations.

SMEs lending is high risk, requires special handling in terms of follow up, and is operationally intensive. So banks shied away from it but since it became a required regulation banks have no option now and with the reduced pricing for the smaller segment, it is now very encouraging to SMEs so it is no longer a challenge. The issue with some SMEs is that they need to be bankable and this happens through educating them through initiatives by the CBE or commercial banks.

10.2. Questionnaire Results Analysis

Research is using the following steps / techniques for Data Analysis, in order to meet the above-mentioned research objectives and avail for testing said Hypothesis:

- Descriptive Statistics:** in accordance to what resulted from the questionnaire.
- Creating Indicators:** to combine a group of related questions (or factors) into one indicator. The indicators composed by using the equal weights method; these created indicators in the row form are used to answer the hypotheses.
- Reliability and Validity Analysis;** for testing the internal consistency coefficient (Cronbach's Alpha), that reflects the reliability of a scale.
- Correlation Analysis:** to know the direction and the strength of a relation between variables.
- Regression Analysis:** to select independent variables that are believed to have a significant effect on the dependent variable to be included in the model. Then, produce estimated model to provide the direct effect of each independent variable on the dependent variable with and without existence of each moderator.
- Normality Test:** of dependent variables assumption must checked before fitting the model.
- Linearity Test:** to ensure if there is a linear relation between dependent and independent variables.

Descriptive Statistics

The total sample size is 600 respondents; however, the valid responses are only 481. Questionnaire results and full interpretation per each question that surveyed, in which circulated and collected is enclosed in full details (Appendix C).

• Gender

Table 1. Frequency of Respondents' Gender

Gender	Frequency	Percentage
Male	405	84.4%
Female	75	15.6%
Total	480	100%

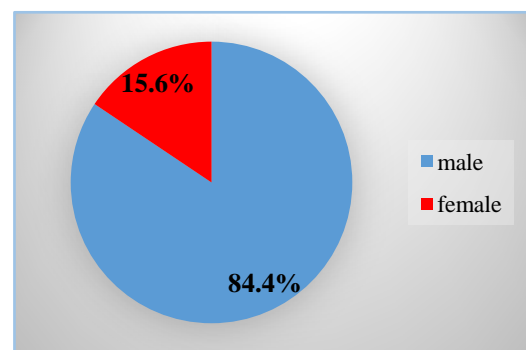


Figure 1. Frequency of Respondents' Gender

The previous table and figure illustrate that the gender distribution among male participants represents 84.4%, which is higher than their female counterparts who reveal only 15.6% of participants.

• Age Group

Table 2. Frequency of Respondents' Age

Age Group	Frequency	Percentage
26 to 35 years old	9	1.9%
36 to 45 years old	185	38.5%
46 to 55 years old	205	42.7%
over 55 years old	81	16.9%
Total	480	100%

The previous table illustrates that 1.9% among survey participants aged from 26 to 35 years old followed by 38.5% of the participants aged from 36 to 45 years old while 42.7% of the participants aged from 46 to 55 years old, and 16.9% of the participants aged over 55 years old.

• **Highest Educational / Professional Qualification**

Table 3. Frequency of Respondents' Highest Education / Professional Qualification

Highest Educational/Professional Qualification	Frequency	Percentage
Diploma / Vocational	101	21%
Bachelor degree	270	56.3%
Master degree	104	21.7%
PhD	5	1%
Total	480	100%

The previous table illustrates that 21% among survey participants had pursued a diploma or vocational, 56.3% of the participants acquired a bachelor degree, 21.7% of the participants had pursued a master degree while only 1% of the participants had pursued a PhD.

• **Participants years of operating their current business**

Table 4. Frequency of Respondents' years of operating their current business

Participants years of operating their current business	Frequency	Percentage
less than 5 years	15	6.1%
5 to 9 years	100	41%
10 to 14 years	80	32.8%
15 to 19 years	45	18.4%
more than 20 years	4	1.6%
Total	244	100%

The previous table illustrates that there are 6.1% operating their business for less than 5 years, 41% operating their business for 5 to 9 years, 32.8% operating their business for 10 to 14 years, 18.4% operating their business for 15 to 19 years, while 1.6% operating their business for more than 20 years.

Accessing Banking Finance

- Difficulty in obtaining a loan(s) in the last 2 years

Table 5. Frequency of Difficulty in obtaining a loan(s) in the last 2 years

Difficulty in obtaining a loan(s) in the last 2 years	Frequency	Percentage
YES	364	75.8%
NO	116	24.2%
Total	480	100%

The previous table illustrate that 75.8% among survey participants had difficulty in obtaining a loan(s) in the last 2 years while 24.2% of the participants do not have any difficulty in obtaining a loan(s) in the last 2 years.

- Reasons behind difficulty in obtaining loan(s) in the last 2 years

Table 6. Frequency of Reasons behind Difficulty in obtaining loan(s) in last 2 years

Reasons behind difficulty in obtaining loan(s) in the last 2 years	Frequency	Percentage
Interest rates are too high	359	98.6%
Did not have adequate documents	84	23.1%
Do not have adequate collateral	1	0.3%
Do not have any relationship with credit officials	68	18.7%
Business performance was not good	292	80.2%

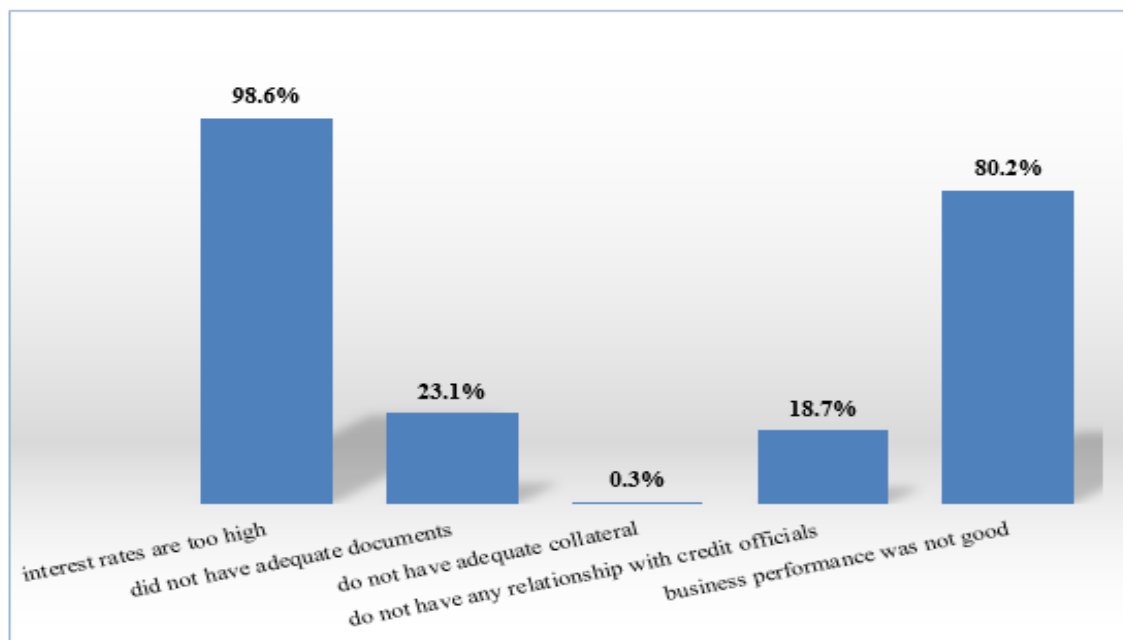


Figure 9. Frequency of Reasons behind Difficulty in obtaining loan(s) in last 2 years

The previous table and figure illustrate that among those participants who had difficulty in obtaining a loan(s) in the last 2 years. There are 98.6% of them where the interest rates are too high, 23.1% of them didn't have adequate documents, 0.3% of them don't have adequate collateral, 18.7% of them don't have any relationship with credit officials while 80.2% of them where their business performance was not good.

- Respondents's loan application status – (was approved or Rejected)

Table 7. Frequency of Respondents' loan application status

Respondents' loan application status	Frequency	Percentage
YES - Approved	96	30.7%
NO - Rejected	217	69.3%
Total	313	100%

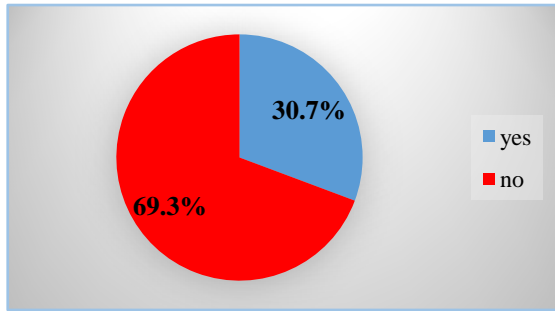


Figure 10. Frequency of Respondents' loan application status

The previous table and figure illustrate that among those participants who needed to borrow money in 2022, there are 30.7% of them where their loan(s) application was approved while 69.3% of them where their loan(s) applications wasn't approved.

- Source(s) of Finance that Respondents obtained loan(s) - during 2022

Table 8. Frequency of the Source(s) of Finance that they obtained loan(s) - during 2022

Source(s) of Finance that Respondents obtained loan(s) from it in 2022	Frequency	Percentage
Formal Sources		
Commercial Bank	308	98.4%
Microfinance Institutions	112	35.8%
Informal Sources		
Family and Friends	92	29.4%
Private Money Lender	1	0.3%
Trade Credit	1	0.3%

The previous table illustrates that among those participants who needed to borrow money in 2022. There are 98.4% of them where the formal source(s) of finance that they obtained loan(s) during 2022 is a commercial bank. 35.8% of them where the formal source(s) of finance that they obtained loan(s) from it in 2022 is microfinance institutions.

29.4% of them where the informal source(s) of finance that they obtained loan(s) from it in 2022 is family and friends. 0.3% of them where informal source(s) of finance that they obtained loan(s) from it in 2022 is a private moneylender, while 0.3% of them where the informal source(s) of finance that they obtained loan(s) from it in 2022 is trade credit.

- Percentage share of finance from both Formal and Informal Source(s)

Table 9. Measures regarding total amount of Respondents' loan(s) outstanding in 2021

Measure	N	Min.	Max.	Mean	Standard Deviation
Formal Source(s)	313	30%	100%	77.56%	16.57%
Informal Source(s)	313	0%	70%	22.44%	16.57%

The previous table illustrates some measures for describing the percentage share of finance from both formal and informal source(s). According to the formal source(s), the minimum of the percentage share of finance is 30%, its maximum is 100%, its mean is about 77.56%, and its standard deviation is about 16.57%. Moreover, according to the informal source(s), the minimum of the percentage share of finance is 0%, its maximum is 70%, its mean is about 22.44%, and its standard deviation is about 16.57%.

- Type of Financing that the Respondents would prefer

Table 10. Frequency of the Respondents according to Preferred Type of Financing

Type of Financing that the Respondents would prefer	Frequency	Percentage
Formal Sources	310	99%
Informal Sources	3	1%
Total	313	100%

The previous table and figure illustrate that among those participants who needed to borrow money in 2022, there are 99% of them where their preferred type of financing is the formal sources while 1% of them where their preferred type of financing is the informal sources.

- Assistance from the government, credit officials, etc., in obtaining loan

Table 11. Frequency of Respondents received Government Assistance in obtaining loan/s

Did the Respondents receive any assistance from the government, credit officials in obtaining loan?	Frequency	Percentage
YES	45	21.3%
NO	166	78.7%
Total	211	100%

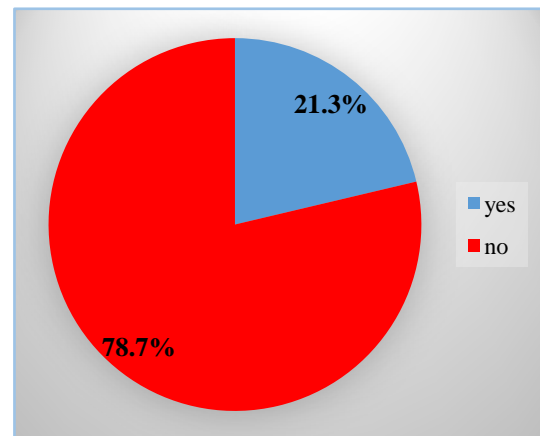


Figure 11. Frequency of Respondents received Government Assistance in obtaining loan/s

The previous table and figure illustrate that among those participants who applied for a microcredit loan in the last 2 years, there are 21.3% of them received an assistance from the government, credit officials, etc., in obtaining their loan, while 79.1% of them did not receive any assistance from the government, credit officials, etc., in obtaining their microcredit loan.

SMEs Life Stage

- When did the participant establish his business?

Table 12. Measures regarding Years since Respondents' established their Businesses

Measure	N	Min.	Max.	Mean	Standard Deviation
When did the Respondents establish his business?	480	1990	2022	2010	4.7620

The previous table illustrates some measures for describing the years when the participants established their business where it's minimum is 1990, its maximum is 2022, its mean is around 2010, and its standard deviation is about 4.76.

- What is the total number of employees when the participant started his business?

Table 13. Measures regarding Employees count when Respondents Started Business

Measure	N	Min.	Max.	Mean	Standard Deviation
What is the total number of employees when the participant started his business?	480	10	100	35.40	13.1349

The previous table illustrates some measures for describing the total number of employees when the participants started their business where its minimum is 10, its maximum is 100 employees, its mean is about 35 employees, and its standard deviation is about 13.13.

- Type of ownership that the participant considers his business

Table 14. Frequency of the Respondents according to Type of Business Ownership

Type of ownership that participant considers his business	Frequency	Percentage
Household business establishment	2	0.4%
Private (sole proprietorship)	464	96.7%
Collective/cooperative	1	0.2%
Limited liability company	10	2.1%
Joint stock company with state capital	2	0.4%
State enterprise (central)	1	0.2%
Total	480	100%

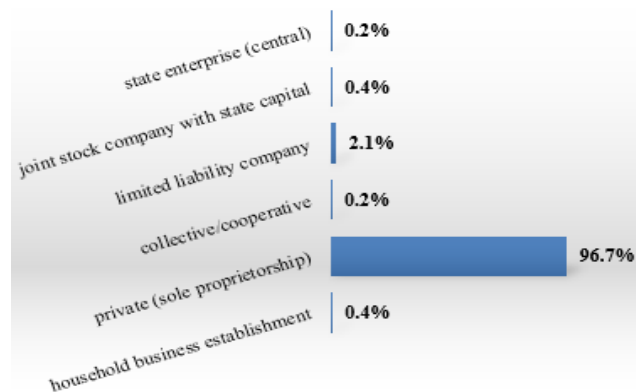


Figure 12. Frequency of the Respondents according to Type of Business Ownership

The previous table and figure illustrate that 0.4% among survey participants consider the household

business establishment is their ownership. 96.7% of the participants consider private (sole proprietorship) is their ownership. 0.2% of the participants consider collective or cooperative is their ownership, 2.1% of the participants consider the limited liability company is their ownership, 0.4% of the participants consider the joint stock company with state capital is their ownership while 0.2% of the participants consider the state enterprise (central) is their ownership.

- Annual sales turnover, total revenue and total number of full time workers

Table 15. Measures regarding Annual Sales Turnover, Total Revenue and Workers Count

Measure	N	Min.	Max.	Mean	Standard Deviation
FY 2020					
Annual sales turnover (EGP)	480	2	120	48.85	41.879
Total revenue (EGP)	480	0.25	25	9.5508	4.41940
Full time workers (EGP)	480	4	82	40.464	6.6251
FY 2021					
Annual sales turnover (EGP)	480	2	1143	58.089	68.3255
Total revenue (EGP)	480	0.5	25	11.078	4.3950
Full time workers (EGP)	480	5	82	38.848	5.8206

The previous table illustrates some measures for describing annual sales turnover, total revenue and total number of full time workers in both 2020 and 2021. It can be noticed that the mean of both the annual sales turnover and the total revenue in 2020 is less than that it is in 2021 but the mean of the full time workers in 2020 is greater than that it is in 2021.

- Does the participant's business have ...?

Table 16. Frequency of Respondents according to whether their business have ...

Does the participant's business have ...?	Frequency	Percentage
Tax Code	454	94.5%
A written Business Plan when the participant started his business	198	41.3%
Direct exports	282	58.8%

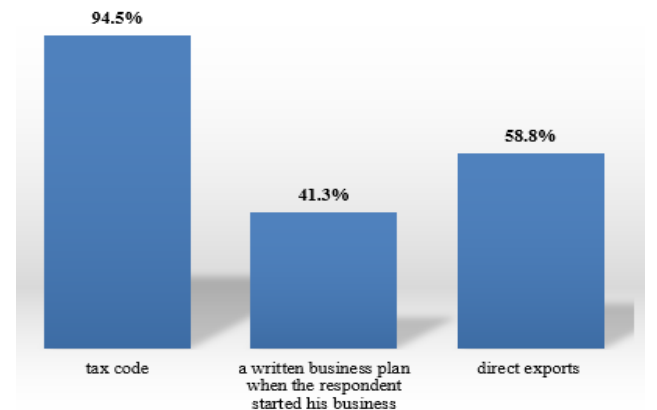


Figure 13. Frequency of Respondents according to whether their business have ...

The previous table and figure illustrate that 94.5% among survey participants where their business has tax code, 41.3% of the participants where their business have

a written business plan when they started their business while 58.8% of the participants have direct exports.

Selection Criteria

- Reasons behind rejection of the Respondents' loan application

Table 17. Frequency of Reasons behind Rejection of Respondents' loan application

Reasons behind Rejection of Respondents' loan application	Frequency	Percentage
I did not have any collateral	5	2.3%
There was no recommendation from bank staff	110	50.7%
Bad credit history	1	0.5%
Uncertain monthly income	213	98.1%
I did not have a bank account	100	46.1%

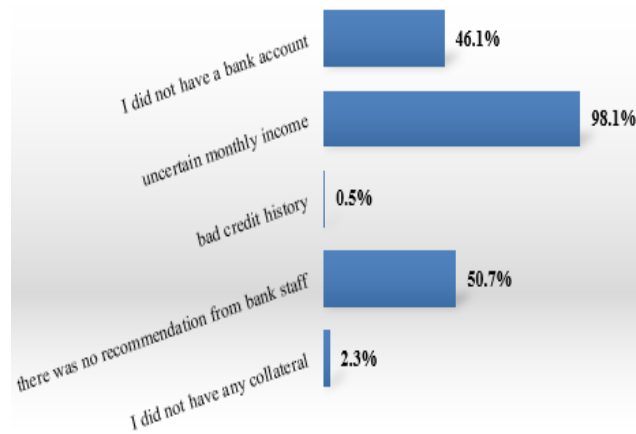


Figure 14. Frequency of Reasons behind Rejection of Respondents' loan application

The previous table and figure illustrate that among those participants whose loan application not approved yet, there are 2.3% of them where their loan application not approved because they did not have any collateral. 50.7% of them where their loan application not approved because there was no recommendation from bank staff, 0.5% of them where their loan application not approved because of bad credit history. 98.1% of them where their loan application was not approved / rejected because of uncertain monthly income while 46.1% of them where their loan application not approved / rejected, because they did not have a bank account.

- Source(s) of finance from which the participant tend to borrow

Table 18. Frequency of Respondents according to Source(s) of Finance that tend to borrow

Source(s) of finance from which the participant tend to borrow	Frequency	Percentage
Formal Sources		
Commercial bank	83	100%
Development financial institutions	81	97.6%
Microfinance institutions	1	1.2%
Government assistance	81	97.6%
Credit cooperative	1	1.2%
Informal Sources		
Family and friends	2	2.4%
Private money lender	2	2.4%
Trade credit	1	1.2%

The previous table illustrates that among those participants who had intention to borrow in the future, all of them where the formal source(s) of finance that they tend to borrow from is a commercial bank. 97.6% of them where the formal source(s) of finance that they tend to borrow from is the development financial institutions. 1.2% percentage of them where the formal source(s) of finance that they tend to borrow from is the microfinance institutions, 97.6% of them where the formal source(s) of finance that they tend to borrow from is a government assistance.

1.2% of them where the formal source(s) of finance that they tend to borrow from is a credit cooperative. 2.4% of them where the informal source(s) of finance that they tend to borrow from is family and friends. 2.4% of them where the informal source(s) of finance that they tend to borrow from is a private moneylender while 1.2% of them where the informal source(s) of finance that they tend to borrow from is trade credit.

- Sector in which the participant's business involved

Table 19. Frequency of Respondents' Business Sector

Sector in which the participant's business involved	Frequency	Percentage
Manufacturing	263	54.8%
Service	104	21.7%
Agriculture based	3	0.6%
Wholesale and retail	108	22.5%
Other Sector	2	0.4%
Total	480	100%

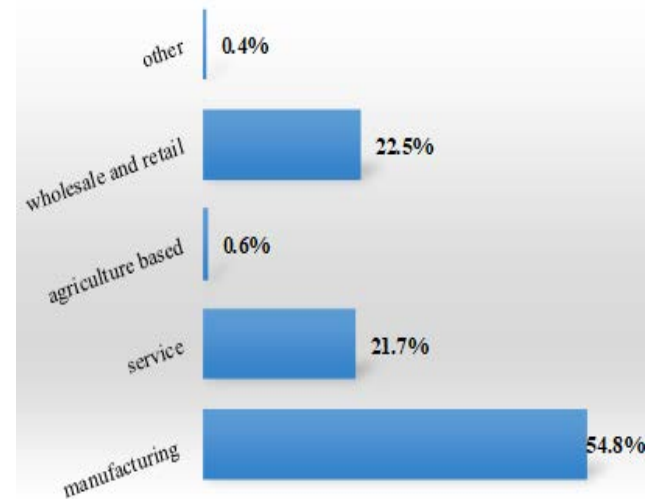


Figure 15. Frequency of Respondents' Business Sector

The previous table and figure illustrate that 54.8% among survey participants where the sector in which their business involved is manufacturing. 21.7% of the participants where the sector in which their business involved is service, 0.6% of the participants where the sector in which their business involved is agriculture based. 22.5% of the participants where the sector in which their business involved is wholesale and retail while 0.4% of the participants where the sector in which their business involved is other sectors.

- Some important factors to the participant's business in choosing creditors

Table 20. Measures regarding some important Factors to Respondents' Business

Measure	N	Min.	Max.	Mean	Standard Deviation
No collateral required	480	1	5	4.77	0.502
Lower interest rate	480	3	5	4.95	0.285
Immediate loan release/faster processing	480	1	5	4.61	0.576
Having a borrowing relationship with the creditor	480	1	5	4.78	0.535
No/Less complicated lending procedure	480	1	5	4.75	0.533
Better lending terms	480	1	5	4.92	0.407

The previous table illustrates that the participants tend to strongly agree that all the mentioned factors (i.e., no collateral required, lower interest rate, ...) are important to their business in choosing creditors as the mean values for each factor are near to 5 where the factor with the highest agreement is "lower interest rate". The factor with the lowest agreement is "immediate loan release or faster processing". The homogenous factor, with the lowest variance, is "lower interest rate" while the factor with the highest variance is "immediate loan release or faster processing".

SMEs Needs

- Did the participant need to borrow money in 2022?

Table 21. Frequency of Respondents' In Need to Borrow Money in 2022

Did the participant need to borrow money in 2022?	Frequency	Percentage
Yes	313	65.2%
No	167	34.8%
Total	480	100%

The previous table illustrates that 65.2% among survey participants needed to borrow money in 2022 while 34.8% of the participants did not needed to borrow money in 2022.

- Purpose for the participant's loan(s)

Table 22. Frequency of Respondents according to Purpose for their Loan(s)

Purpose for Respondents' loan(s)	Frequency	Percentage
Buy more stocks, material and supplies	313	100%
Expand business	216	69%
Buying a car	114	36.4%
Paying off debts	144	46%
Urgent temporary shortage of funds	207	66.1%
Making new investment project(s)	3	0.9%
Hiring more workers	233	74.4%
Emergency in family	3	0.9%
Other Purposes	4	1.3%

The previous table illustrates that among those participants who needed to borrow money in 2022. All of them took a loan(s) to buy more stocks, material and supplies, 69% of them took a loan(s) to expand their business, 36.4% of them took a loan(s) to buy a car, 46% of them took a loan(s) to pay off debts. 66.1% of them took a loan(s) for urgent temporary shortage of funds, 0.9% of them took a loan(s) to make new investment

project(s). 74.4% of them took a loan(s) to hire more workers, 0.9% of them took a loan(s) for emergency in family while 1.3% of them took a loan(s) for other purposes.

- Percentage of the participant's loan(s) that met his capital needs

Table 23. Frequency of Respondents according to loan(s) that met Capital Needs

Participant's loan(s) that met his capital needs	Frequency	Percentage
Above 80%	7	2.2%
From 60% to below 80%	89	28.4%
From 40% to below 60%	112	35.8%
From 20% to below 40%	100	31.9%
Less than 20%	5	1.6%
Total	313	100%

The previous table illustrates that among those participants who needed to borrow money in 2022, there are 2.2% of these participants where the percentage of their loan(s) that met their capital needs is above 80%. 28.4% of these participants where the percentage of their loan(s) that met their capital needs is from 60% to below 80%. 35.8% of these participants where the percentage of their loan(s) that met their capital needs is from 40% to below 60%, 46% of these participants where the percentage of their loan(s) that met their capital needs is from 20% to below 40%. While 1.3% of these participants where the percentage of their loan(s) that met their capital needs is less than 20%.

- Did the participant apply for a microcredit loan in the last 2 years?

Table 24. Frequency of Respondents applied for a Microcredit loan in the last 2 years

Did the participant apply for a microcredit loan in the last 2 years?	Frequency	Percentage
Yes	211	67.4%
No	102	32.6%
Total	313	100%

The previous table illustrates that among those participants who needed to borrow money in 2022, there are 67.4% of these participants applied for a microcredit loan in the last 2 years while 32.6% of them did not apply for a microcredit loan in the last 2 years.

- Reasons why Respondents chose this (these) microfinance institution(s)

Table 25. Frequency of Respondents' reasons for chose Microfinance Institution(s)

Respondents' reasons for chose Microfinance Institution(s)	Frequency	Percentage
It was the regular financial institution for a microcredit loan	210	99.5%
It was the only microcredit supplier in my area	1	0.5%
Other credit suppliers would reject my application	210	99.5%
This microcredit supplier offers the lowest interest rate	68	32.2%
This microcredit supplier offers the best interest rate	166	78.7%

The previous table illustrates that among those participants who applied for a microcredit loan in the last 2 years. There are 99.5% of these participants chose their microfinance institution because it was the regular financial institution for a microcredit loan, 0.5% of them chose their microfinance institution because it was the only microcredit supplier in my area. 99.5% of them chose their microfinance institution because other credit suppliers would reject their application, 32.2% of them chose their microfinance institution because this microcredit supplier offers the lowest interest rate while 78.7% of them chose their microfinance institution because this microcredit supplier offers the best interest rate.

- Reasons why the participant chose to apply for microcredit

Table 26. Frequency of Respondents' Reasons encourage Dealing with Microcredit

Reasons why the participant chose to apply for microcredit	Frequency	Percentage
No collateral	1	0.5%
Low interest rate	2	0.9%
Fast processing time	211	100%
Fast disbursement	211	100%
Minimal documentation	110	52.1%
Easy to access	211	100%
Not eligible for higher amount	144	68.2%

The previous table illustrates that among those participants who applied for a microcredit loan in the last 2 years. There are 0.5% of these participants are applying for microcredit given no collateral required. 0.9% of them chose to apply for microcredit because of low interest rate, all of them chose to apply for microcredit because of fast processing time, fast disbursement and easiness to access, 52.1% chose to apply for microcredit because of, minimal documentation while 68.2% of them chose to apply for microcredit because of it's not eligible for higher amount.

- How long did Microcredit bank take to process Respondents' loan application

Table 27. Frequency of Respondents according to time consumed for processing loan(s)

How long did the microcredit bank take to process the participant's microcredit loan application?	Frequency	Percentage
Two weeks	2	0.9%
Three weeks	98	46.4%
One month	44	20.8%
More than one month	67	31.8%
Total	211	100%

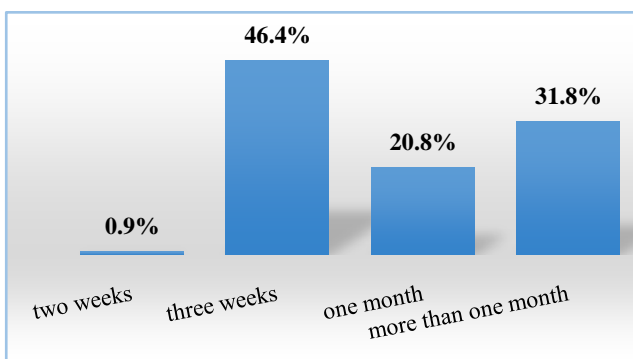


Figure 16. Frequency of Respondents according to time consumed for processing loan(s)

The previous table and figure illustrate that among those participants who applied for a microcredit loan in the last 2 years. There are 0.9% of these participants where their microcredit loan application took two weeks to be processed by the microcredit bank, 46.4% of them where their microcredit loan application took three weeks to be processed by the microcredit bank. 20.8% of them where their microcredit loan application took one month to be processed by the microcredit bank while 31.8% of them where their microcredit loan application took more than one month to be processed by the microcredit bank.

Creating indicators - Principal Component Factor Analysis

In this research, we have five indicators: Egyptian Bank Finance, Accessing Banking Finance, Life Stage, Selection Criteria and SMEs Needs. These indicators represent the research variables. Each indicator created by averaging the statements that measure this indicator.

Table 28. Research Created Variables

Variables	Hypothesis	Number of Statements
Egyptian Banking Finance - EBF	H1	21
Accessing Banking Finance - ABF		
SME's life Stage	H2	20
Selection Criteria	H3	19
SME's Needs	H4	21

The appropriate method in creating the indicators in this research is principal component Factor analysis. This is because the questions that created these indicators are of different scales. For each indicator, the questions that created this indicator are loaded in 1 factor using Bartlett method. Then rescaled the saved Bartlett factor score between 0 and 1 to indicate each indicator such that 0 indicate low scale and 1 indicates high scale; after then, rescaled it as to have accurate interpretations. The description of the creation of each indicator described below.

Principal Component Factor Analysis

1. Egyptian Banking Finance – EBF:

This variable created from questions 1, 4, 7, 12, difference in interest rate, 20, 28, 42, 65, and 66. It is well mentioning that difference in interest rate calculated from questions 14 and 15 that asking about highest and lowest interest rates. In addition, all questions scaled such that the highest value indicates good condition of Egyptian bank finance, and the lowest value indicates bad condition of Egyptian bank finance.

The results of principal component factor analysis, from them we can conclude that all questions are loaded in 1 indicator with AVE= 63.6% that support that the created factor can explain around 63.6% of the variation of the mentioned questions. This result also support the validity of this construct.

2. Accessing Banking Finance – ABF:

This variable created from questions 1, 4, 7, 8, 12, &13 difference in interest rate, 16, 18, 19, 20, 23, 24, 41, and 42. All questions scaled such that the highest value indicates more access to bank finance, and the lowest value indicates lower Access to bank finance. The

following table presents the results of principal component factor analysis, from them we can conclude that all questions are loaded in 1 indicator with AVE= 62.8% that support that the created factor can explain around 62.8% of the variation of the mentioned questions. This result also support the validity of this construct.

3. SME's Life Stage:

This variable created from questions 6, 35, 43, 44, 48, 50, 52, age, 58, change in annual sales, change in total revenue, change in fulltime workers, 62, 66, 72. It is well mentioning that each of change in annual sales, change in total revenue, change in fulltime workers, calculated by differencing the value at year 2021 – 2020. Age calculated by subtracting the year of establishment from 2023.

All questions scaled such that the highest value indicates higher life stage, and the lowest value indicates lower life stage. The following table presents the results of principal component factor analysis, from them we can conclude that all questions are loaded in 1 indicator with AVE= 57.4% that support that the created factor can explain around 57.4% of the variation of the mentioned questions. This result also support the validity of this construct.

4. Selection Criteria

This variable created from questions 46, 65, 71. All questions scaled such that the highest value indicates flexible selection criteria, and the lowest value indicates stronger selection criteria. The following table presents the results of principal component factor analysis, from them we can conclude that all questions are loaded in 1 indicator with AVE= 61.6% that support that the created factor can explain around 61.6% of the variation of the mentioned questions. This result also support the validity of this construct.

5. SMEs Needs

This variable created from questions 3, 10, 26, 27, 28, 31, 32, 33, 36, 37, 39, 45, 55. All questions scaled such that the highest value indicates high needs, and the lowest value indicates lower needs. The following table presents the results of principal component factor analysis, from them we can conclude that all questions are loaded in 1 indicator with AVE= 71.4% that support that the created factor can explain around 71.4% of the variation of the mentioned questions. This result also support the validity of this construct.

Descriptive Statistics of Variables

1. Egyptian Banking Finance - EBF

The following table present descriptive statistics of the created indicator, it is clear that minimum value is 0 and maximum is 1 and the average is 0.746 with standard deviation =0.23175 which indicate that the Egyptian bank finance tend to have better conditions.

Table 29. Descriptive Statistics for Egyptian Banking Finance - EBF

N	Minimum	Maximum	Mean	Std. Deviation
479	.00	1.00	.7460	.23175

2. Accessing Banking Finance - ABF

The following table present descriptive statistics of the created indicator. It is clear that minimum value is 0 and maximum is 1 and the average is 0.47 with standard

deviation =0.3776 which indicate that the Accessing bank finance tend to have average Accessing.

Table 30. Descriptive Statistics for Accessing Banking Finance - ABF

N	Minimum	Maximum	Mean	Std. Deviation
480	.00	1.00	.4701	.37764

3. SME's Life Stage

The following table present the descriptive statistics of the created indicator. It is clear that the minimum value is 0 and maximum is 1 and the average is 0.399 with standard deviation =0.354 which indicate that the Life stage tend to be below average.

Table 31. Descriptive Statistics for SME's Life Stage

N	Minimum	Maximum	Mean	Std. Deviation
480	.00	1.00	.3991	.35382

4. Selection Criteria

The following table present the descriptive statistics of the created indicator. It is clear that the minimum value is 0 and maximum is 1 and the average is 0.8812 with standard deviation =0.1517 which indicate that the selection criteria tend to be flexible criteria.

Table 32. Descriptive Statistics for Selection Criteria

N	Minimum	Maximum	Mean	Std. Deviation
479	.00	1.00	.8812	.15173

5. SMEs Needs.

The following table present the descriptive statistics of the created indicator. It is clear that the minimum value is 0 and maximum is 1 and the average is 0.3504 with standard deviation =0.2696 which indicate that the SMEs needs is below average.

Table 33. Descriptive Statistics for SMEs Needs

N	Minimum	Maximum	Mean	Std. Deviation
480	.00	1.00	.3504	.26962

Descriptive Statistics – Inclusively:

Egyptian Banking Finance (EBF) tend to have better conditions. Accessing Banking Finance (ABF) tend to have average Accessing. SMEs Life Stage tend to be below average little bit hard on startups SMEs. Selection Criteria tend to be flexible criteria and SMEs Needs is below average.

Table 34. Descriptive Statistics for All Variables

Variables	N	Min.	Max.	Mean	Std. Deviation
Egyptian Banking Finance (EBF)	479	.00	1.00	0.7460	0.23175
Accessing Banking Finance (ABF)	480	.00	1.00	0.4701	0.37764
SMEs Life Stage	480	.00	1.00	0.3991	0.35382
Selection Criteria	479	.00	1.00	0.8812	0.15173
SMEs Needs	480	.00	1.00	0.3504	0.26962

Reliability and Validity Analysis

The internal consistency coefficient (Cronbach's Alpha) reflects the reliability of a scale as it captures the

proportion of total variance that is common to all items that form the scale, which presumably corresponds to the underlying construct measured.

Hereunder table presents the results of Cronbach's Alpha in which is the measure of reliability to determine the item that when deleted would enhance the overall reliability of the measuring instrument. It is essential to know whether all statements are effectively measuring a factor or not.

- Cronbach's Alpha reflects that good reliability of statements as ranges from 0.683 to 0.925 for indicators.
- In addition, the values of average item correlation indicate the validity of the questionnaire.

Table 35. Reliability of Questionnaire – using Cronbach's Alpha Coefficient

Constructs	Number of Statements	Cronbach's Alpha	Average Item Correlation
Egyptian banking finance	23	0.786	0.645
Accessing banking finance	15	0.925	0.756
Life stage	27	0.683	0.650
Selection criteria	8	0.903	0.756
SMEs needs	13	0.742	0.689

Inferential Data Analysis

Normality Test: According to Sekaran (2003), a normality test used to examine the variable distribution scale. If the variables are normally distributed, hence parametric test will applied, but if they are not normally distributed then non-parametric test will used for the inferential statistics. The null hypotheses of these tests that data follows normal distribution. So, if the significance value less than 0.05, then the normality of the data will be rejected and vice versa.

The tests' results, shown in the following table, revealed that all study variables not normally distributed because the significance value of those variables were below 0.05. However, since the valid collected sample is 480 responses / participants. Hence, according to Sekaran (2003), if sample size of research study is above 30 to 50 participants, is capable of running parametric tests especially in multivariate research. Moreover, running a parametric test when the data variables are normally distributed could violated if the study's sample size is large or moderate and results can still reflect precision and accuracy.

Table 36. Tests of Normality

Variables	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
EBF	.294	479	.000	.822	479	.000
ABF	.339	479	.000	.742	479	.000
Life Stage	.281	479	.000	.814	479	.000
Selection Criteria	.276	479	.000	.748	479	.000
SMEs Need	.275	479	.000	.806	479	.000
Lilliefors Significance Correction						

Correlation Test: The following table illustrates the values of Pearson's Correlation Coefficient for the main variables, and from these values, we can conclude that:

- There is a significant positive relationship between Accessing banking finance and each of Egyptian bank finance, selection criteria and SMEs need, while it has negative significant relationship with life stage, as the significance value is less than 0.05.
- There is a significant positive relationship between Egyptian bank finance and each of selection criteria, SMEs need, and life stage, as the significance value is less than 0.05.
- There is a significant positive relationship between life stage and each of SMEs need, and selection criteria, as the significance value is less than 0.05.
- There is a significant positive relationship between SMEs need, and selection criteria, as the significance value is less than 0.05.

Table 37. Pearson's Correlation Coefficients

	Correlations				
	ABF	EBF	Life stage	Selection Criteria	SMEs Need
ABF	1				
EBF	.425**	1			
Life stage	-.117*	.555**	1		
Selection Criteria	.324**	.509**	.593**	1	
SMEs Need	.274**	.595**	.595**	.524**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

11. Answering Hypotheses

H1: There is a significant relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle.

H2: There is a significant relationship between SME's Life Stage and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.

H3: There is a significant relationship between Selection Criteria of Banks and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.

H4: There is a significant relationship between SME's Needs and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.

In this section, the given hypotheses will answered using statistical techniques such as Regression Analysis; to answer the hypotheses regression analysis will be used, regression analysis aims to select all the independent variables that are believed to have significant effect on the dependent variable to be included in the model.

The mathematical representation to the model used to describe the relationship between the dependent variable and other independent variables depend on the nature of the dependent variable. The multiple linear regression model used when the dependent variable is of ratio scale; the multiple linear regression model is used to test the effect of each of the independent variables on the dependent variable.

The estimated model provides the direct effect of each independent variable on the dependent variable. Such effect is the net effect after fixing all effects of other independent variables included in the model. This done by

using the ordinary least square (OLS) (Chatterjee and Hadi, 1988).

As any model, regression model has assumption, which is Linearity is also one of the assumptions of regression model. The linearity can be checked visually by plotting standardized residuals versus predicted values. If the scatter plot is random around zero then the linearity is confirmed. If the scatter points show a pattern then the linearity is suspected.

Noting that linearity means there is a linear relation between dependent and all independent variables, i.e. it does not measure for each independent variable.

11.1. Estimated Models

There are two models for testing the theoretical model with and without the presence of moderator variables. There are three moderators: Life Stage, Selection Criteria, and SMEs Needs. To test the effect of moderators on the relationship of Egyptian banking finance on Accessing banking finance, the moderators enter the model by adding dummy variables representing these moderators and interaction terms. So, each of these three moderators is divided into two categories for each moderator as follows in the below tables:

Table 38. SMEs Life Stage – variable categories

SMEs Life Stage	Frequency	Percent
Short Life stage	240	50.0
Long life stage	240	50.0
Total	480	100.0

Table 39. Selection Criteria – variable categories

Selection Criteria	Frequency	Percent
stronger	270	56.2
Flexible	210	43.8
Total	480	100.0

Table 40. SMEs Need – variable categories

SMEs Need	Frequency	Percent
low	263	54.8
High	217	45.2
Total	480	100.0

First Model

$$ABF = \beta_0 + \beta_1 EBF + \epsilon_i$$

Where

β_0 : is the constant term

β_1 : is the regression coefficient

ϵ_i : is the error term.

In the first model, there is one independent variable, which is the Egyptian bank finance (EBF), and one dependent variable that is Accessing Banking Finance (ABF).

The following model summary table illustrates that the variations in the EBF explain about 68% of the variations in the ABF. In addition, from the value of the Durbin-Watson statistic it is clear that its value is close to 2.0, which means that there is no serial correlation.

Table 41. Model #1 Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0.825	0.681	0.679	0.34260	2.096

The following table illustrates that the model is significant as the significance of the F-test is less than the level of significance that equals 0.05.

Table 42. ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.343	1	12.343	105.160	.000 ^p
Residual	55.988	477	.117		
Total	68.331	478			

The following table shows the coefficients of the regression model; these coefficients illustrate with confidence 95%: The ABF will increase by 0.693 when the value of the EBF increases by one unit, holding other variables constant.

Table 43. Coefficient of the Regression of First Model

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.210	.053		-3.977	.000
EBF	.693	.068	.425	10.255	.000

In addition, the points on the following plot show no pattern or trend, which indicates linearity of the estimated model.

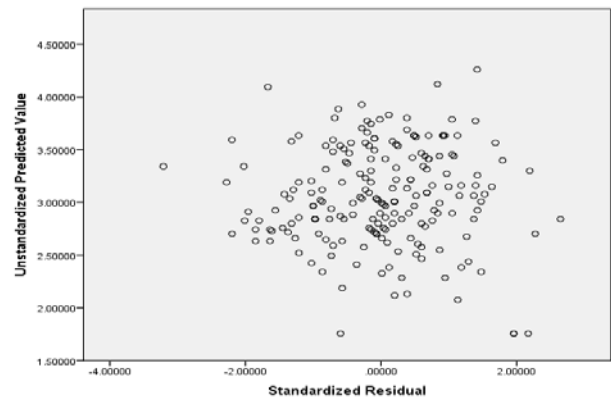


Figure 17. First Model - Linearity Plot

Second Model

$$ABF = \beta_0 + \beta_1 EBF + \beta_2 Life\ Stage + \beta_3 SMEs\ Need + \beta_4 Selection\ Criteria + \beta_5 Life\ Stage * EBF + \beta_6 SMEs\ Need * EBF + \beta_7 Selection\ Criteria * EBF + \epsilon_i$$

Where;

β_0 : is the constant term

β_1 : is the regression coefficient

ϵ_i : is the error term.

Life Stage: dummy variable takes 0 if short, 1 if it is long

SMEs Need: dummy variable takes 0 if low, 1 if it is high

Selection Criteria: dummy variable takes 0 if strong, 1 if flexible

In the second model, there is one independent variable (EBF), 3 moderator variables (Life stage, SMEs needs,

selection criteria), and one dependent variable (ABF). The following tables illustrates that the variations in the EBF explain about 71% of the variations in the ABF.

Table 44. Model #2 Summary

R-Square	Adjusted R-Square
0.715	0.709

The following table illustrates that the model is significance as the significance of the F-test is less the level of significance, which equals 0.05.

Table 45. ANOVA for the Second Model

Second Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	42.036	7	6.005	107.563	.000
Residuals	26.295	471	.056		
Total	68.331	478			

Table 46. Coefficient of the Regression of Second Model

Parameter	B	Std. Error	t	Sig.
Intercept	1.720	.511	3.364	.001
EBF	1.533	.542	2.828	.005
Life Stage = short	1.154	.199	5.788	.000
SMEs Need b = low	-.773	.165	-4.683	.000
Selection Criteria b = strong	-.623	.126	-4.928	.000
[Life Stage = short] * EBF	2.451	.391	6.262	.000
[Selection Criteria b = strong] * EBF	.226	.914	.247	.805
[SMEs Need = low] * EBF	-.815	.201	-4.051	.000

Above mentioned table shows, the coefficients of the regression model and these coefficients illustrate the following:

- The average of ABF for short life stage is greater than the same average for long ABF by 1.154 and this fixing all other variables constant and with confident 95%.
- The average of ABF for low SMEs needs is lower than the same average for High SMEs needs by 0.773 and this fixing all other variables constant and with confident 95%.
- The average of ABF for strong selection criteria is lower than the same average for flexible selection criteria by 0.623 and this fixing all other variables constant and with confident 95%.
- The ABF will increase by 1.533 when the value of the EBF increases by one unit, holding other variables constant, for long life stage, high SMEs needs, and flexible selection criteria.
- Life stage moderate the relationship between EBF, and ABF such that for short life stage, The ABF will increase by 3.98(1.533+2.45) when the value of the EBF increases by one unit, holding other variables constant. This means that Life stage strength the relationship between EBF, and ABF
- SMEs needs moderate the relationship between EBF, and ABF such that for low SMEs needs, The ABF will decrease by 1.587 (1.533-0.815) when the value of the EBF increases by one unit, holding other variables constant. This means that SMEs needs strength the relationship between EBF, and ABF

- Selection criteria does not moderate the relationship between EBF, and ABF as the interaction term not significant.

The points on the following plot show no pattern or trend, which indicates linearity of the estimated model

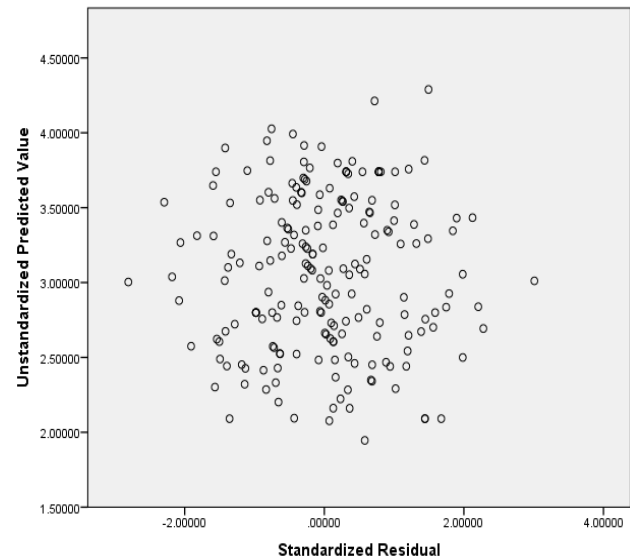


Figure 18. Second Model - Linearity Plot

12. Results and Findings

We can now summarize the models that we built in this study. First Model using the main variables without any moderators, where the independent variable is the Egyptian Banking Finance (EBF) and the dependent variable is the Accessing Banking Finance (ABF) that representing Entrepreneurs' Financial Strategies for SME's Life Cycle, as the variations in the EBF explain about 68% of the variations in the ABF, with NO serial correlation.

Second Model using same dependent and independent variables that used in the first model. As the independent variable is the Egyptian Banking Finance (EBF) and the dependent variable is the Accessing Banking Finance (ABF) that representing Entrepreneurs' Financial Strategies for SMEs Life Cycle – but with existence of three moderators, which are Life Stage, SMEs Needs, and Selection Criteria, observed that the variations in the EBF explain about 71% of the variations in the ABF.

From the above analysis and in accordance to tests results, we can conclude that there is a significant positive relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. In addition, regarding the moderator variables, we can conclude that:

- Life Stage moderate and strength the relationship between EBF, and ABF.
- SMEs Needs moderate and strength the relationship between EBF, and ABF.
- Selection Criteria does not moderate the relationship between EBF, and ABF as the interaction term is not significant.

Regarding the research questions, hypothesis testing, and based on analysis results, we can conclude the following:

- Accept that there is a significant positive relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle
- Accept that there is a significant relationship between SME's Life Stage and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.
- Accept that there is a significant relationship between SME's Needs and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.
- Reject that there is a significant relationship between Selection Criteria of Banks and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.

Research questions and objectives addressed in this chapter, based on the findings of the empirical study and the literature review in previous chapters. Conclusions, recommendations, and advice given to both of banks and how to encourage SMEs, and to entrepreneurs / SMEs on how and when to deal with banks and how's the impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle, as well as the study's limitations and future directions.

Various SMEs segments and sectors are included in the study population to facilitate research on the impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle. As well as, interviews conducted with most of Egyptian banks to ensure having full sights toward whole banks and their lending strategies with lending SMEs. For this study, the researcher aimed to recruit participants from any SMEs, notwithstanding their type, sector, segment and regardless if they borrowed from banks, tending to, or not borrowers. This allows us to contribute to the body of knowledge and shed light on future research studies that should trailed, as well as make helpful recommendations and advice Banks on how to improve their encourage to SMEs and direct entrepreneurs / SMEs to enhance their financial positions through knowing Impact of Egyptian Banking Finance on their Financial Strategies.

The first section of the chapter is this introduction, which followed by the following five sections: an overview of the study, and its key findings, including the study's objectives, the methodology. In addition, the findings regarding the effect of moderators (i.e., Life Stage, SMEs Needs and Selection Criteria) on the Impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle. As well as the findings, regarding the study's objectives in light of both data analyses discussed in Chapter 4 and the literature review presented in Chapter 2. A comparison of the study's major findings with those found in the literature review that presented in the third section. According to this study's findings, Egyptian Banks should meet SMEs needs and enhance the lending for SMEs more effectively, in addition, SMEs will know how exactly the banking finance is impacting their Financial Strategies; followed by a section contains suggestions based on this research, and the last section examines the study's limitations.

12.1. Discussion and Summary of Findings

Research main aim is to explore the Impact of Egyptian banking finance from facilitation and initiatives on Entrepreneurs' financial strategies for SME's Life Cycle from accessing banking finance and having credit facilities, with the effect of SME's life stage wither start-up or growing, selection criteria and SME's needs. The research is identifying each of said impacts, in between relationship with a generic view without postulating a specific sector or business field, and how Egyptian-banking sector should support entrepreneurs SMEs efficiently.

Random sampling was done through two phases, the first phase, the interviews in which conducted face to face and then documented online with more than twenty professional bankers that representing Egyptian banking whom specializing in lending SMEs, the second phase was a circulating of a questionnaire on SMEs via online and physical circulations. Addition criteria created to assess sample eligibility. First, entrepreneurs / SMEs participants must own their companies that classified in banks as small or medium enterprises. Second, annual sales turn over not to exceed 200M. Those who satisfied these requirements would be in the sample and answer surveys, accordingly, 600 entrepreneurs / SMEs answered questions using this method. Final valid sample size was 481 valid replies.

Based on the research objectives, this research is a descriptive and inferential study. Research designed to use the mixed method. Said mixed method of research design combined between: (1) Qualitative analysis will implemented on outputs of interviews with professional bankers concerning SMEs lending. That to investigate whether and how the weight of said factors (SME's Life Stage, Selection Criteria and SME's Needs) along with their interrelation that might signify / influencing the impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for Life Cycle of SMEs. (2) Quantitative analysis will implemented on the outputs of the conducted open-ended questionnaire with sampled range of Entrepreneurs / owners of SMEs in different fields and subjected to employing average 100 employees and not exceeding annual sales figures of EGP 200M. The software used for quantitative data analysis is the Statistical Packages for Social Sciences (SPSS).

Research seeks to meet the following objectives in same sequence: (1) Explore impacts of Egyptian banking finance on Entrepreneurs' financial strategies for SME's Life Cycle. (2) Examine how other factors like SME's life stage (Startups, Maintain or Growth), Banks' selection criteria for approving credit facilities, and changes in SME's needs; may effect on the Impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle, what is effect of relationship between each other's with said impact. (3) Document how Egyptian Banking sector should efficiently support entrepreneurs' SMEs, and how Entrepreneurs' should deal with Banks.

The research uses the following research questions for fulfilling its main objectives: (1) what is the impacts of Egyptian banking finance on Entrepreneurs' financial strategies for SME's Life Cycle. (2) How other factors

may effect on said Impact like SME's life stage, Banks' selection criteria for approving credit facilities, and changes in SME's needs timing and types. (3) What is the relationship between said factors and to what extent may affect said impact, and (4) How Egyptian Banking sector should efficiently support entrepreneurs / SMEs, and how to deal with Banks.

12.2. Major Findings Relevant to the Study's Objectives

The study found that there is a significant positive relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. Accordingly, there are impacts of Egyptian banking finance on Entrepreneurs' financial strategies for SME's Life Cycle that may be reason behind changing financial strategies of entrepreneurs and that in accordance to his/her SMEs life cycle and in which stage SMEs is.

In this regards, the study also found that there are moderator variables behind strengthening said relationship, (1) SMEs Life Stage in which moderate and strength the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. (2) SMEs Needs is another moderator that moderate and strength the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. However, (3) Egyptian Banking Finance through Banks' Selection Criteria for approving credit facilities does not moderate the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle, given that the interaction term is not significant.

Based on hypothesis testing, and according to analysis results, we can answering research questions as follows; - Accept that there is a significant positive relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. Accept that there is a significant relationship between SME's Life Stage and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle. - Accept that there is a significant relationship between SME's Needs and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle. - Reject that there is a significant relationship between Selection Criteria of Banks and impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's Life Cycle.

Concerning How Egyptian Banking sector should efficiently support entrepreneurs / SMEs, and how to deal with Banks: reference to findings collected from the conducted interviews; banks tweak lending programs as needed to ensure remaining in the SME lending market. However, ensuring best selection not yet supported via banks database or intra structure as well, unreliable financials that provided from SMEs. Most banks treat SMEs as corporate mentality which is theoretically wrong given that risks are different, hence approach should be different, SMEs lending is high risk and requires special handling in terms of follow up and is operationally intensive. Banks believe that lending may not implemented either from (1) customer side, as lack of minimum required lending documentation mandated by

CBE, poor financials if not fraud ones, no clear source of payback due to lack of selling documents, no official documentation to suppliers in order to approve disbursement. In addition to expired licenses for the business (industrial license, health license, etc.). On the other hand, from (2) bank side, lack of experience in dealing with SMEs file from either business or risk side, management unwilling to expand in SMEs sector.

Furthermore, SMEs owners still need to be educated how to deal and run their business through the banking sector and comply with the financial covenants, lengthy process and risk team still evaluates SMEs in a way similar to large corporates, financial illiteracy and poor reporting of the small segment specifically make the financing decision a bit difficult for banks. The interviewers think that different measures should set for mitigating SMEs challenges for accessing banking finance properly through standardizing set of documents to be required across all commercial banks and to acknowledge to whole SMEs. SMEs submitted cases required deep analysis from Banks side as lenders, meanwhile, training to companies is highly required to increase their knowledge on how to deal with banks that resulting educating the SMEs to be bankable as explained in another question. As well, other lending programs and on shelf products should re-considering along with the regularity laws, developing a strong control of the institution on the lending and ensure strong credit management.

By comparing the literature to the findings that there is a significant positive relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. Banking finance has a positive impact on the financial performance of small enterprises, and was the reason behind recommendation of [9] that the governments and lending institutions be supportive to the small enterprises and advice small business on how to estimate their plan for viability to ensure that they make smart decisions when investing in projects.

Said positive relation is also agree with [13] as to achieve a positive effect of bank financing, the banking finance should help the assets turnover to increase net profit and provide the awareness of the use of short-term financing in short-term investments. In addition, it observed that this is consistent with previous researches as [7] as SMEs passing with a lot of changes in capacity of production to a gap in liquidity and several changes in needing a bank finance.

Furthermore, said positive relation agrees with [4], [19] as reasons of increased profit is access to more credit came in third after higher sales volume and new market opportunities. In addition to many studies using firm-level survey data have shown that, SMEs not only perceive access to finance and the cost of credit to be greater obstacles than large firms do. However, these factors constrain SMEs as affecting their performance, more than large firms.

Said significant positive relationship between, Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle, also agreed with [1]. Even with fluctuations in inflation or exchange rates are especially critical for firms with little access to finance since a lack of liquidity makes it more difficult to cope with imbalances.

The significance of this relation also admitted by [22] since the greater an SME's access to finance, the wider the range of financial services available to jump-start its business and expand its operations. Moreover, agree with [5,24], given there is a strong correlation between number of employees, capital and sales turnover. That clearly reflected on the access to finance since that the higher the capital, the larger the firm and the more it sells, the more a firm is likely to deal with banks and benefit from financial services.

Concerning moderator variables behind strengthening said relationship, as SMEs Life Stage in which moderate and strength the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. This is agree with [5,18], as their studies also evidenced that there is significant relation between Owner-Managers Character, Capacity, Firm Capital Size, Credit Bureau Report, and the Availability and Credibility of Financial Statements with Credit Decision for lending SMEs.

In addition, Most of researches as [4,19], admitted that all of SMEs own their Growth Plans but it depends on the relation between access to finance and profits; given existence of supportive regulations is crucial to the success of their ideas for expansion. Moreover, the vast majority of SMEs believe that access to easier means of financing from banks will contribute significantly to improving their businesses.

Moreover, this research finds that SMEs Needs is another moderator that moderate and strength the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle and that agreed with [7] even meeting SME's Needs still considered a problem faced by Egyptian SME's entrepreneurs from accessing traditional financing sources representative in bank loans. Worth mentioning, that the access to finance problem is dependent on the type of activity of the enterprise.

Furthermore, said relationship agree with [21] given a firm's business activities and performance used as indicators to determine its access to credit, loans and mobilize financial payments and transfers. Firms in the construction sector, for example, have higher guaranteed collaterals due to the size of their fixed assets. In turn, these assets would generate higher profitability ratios and consequently increase their access to more funds.

Besides, SMEs Needs strengthening the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. In which admitted by [22,23,25], given it facilitates SMEs' access and usage of financial services and ease common barriers across countries, which will facilitate SMEs growth, stabilize ability to handle financial distress and the ability to build up trustworthy credit records that are essential for the assessment of its credit scores.

The research finds that Egyptian Banking Finance through Banks' Selection Criteria for approving credit facilities does not moderate the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle, given that the interaction term is not significant. In which contradict with other researches as (CACCI 2003) [6]; given they admitted that Selection Criteria from banks is affecting the relationship

between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle, and effectiveness of government and banking programs to support SME development is mixed and not so encouraging.

In addition, contradict with a pre-study survey done via World Bank and Arab Banks Union, and captured in a literature via research done by [5]. In which raised findings of crucial constraints faced by small entrepreneurs reasoned by selection criteria such as the huge lack of finance, and confirmed a clear positive correlation between banks credit facilities and the progress of SMEs in developing countries.

However, the research finding of Selection Criteria not moderate the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. That matching and agreeing with a research that enclosed the which factors determine the upgrading of small and medium-sized enterprises (SMEs), as a case study on Egypt in 2013 by Loewe, Al-Ayouty, Altpeter, Borbein, L., Chantelauze, M., Kern, & Reda, M.. Stated that Selection Criteria for banks, finance is going toward sector that had to comprise a significant share of SMEs, contribute a significant share to GDP or display high growth potential, and to display opportunities for SMEs to integrate into global value chains.

Likewise, research findings based on interviewers from most of banks agree with [6] as stated that Most of studies overviewed Entrepreneurs and SMEs in Egypt as Egyptian government has made strides in recognizing the importance of the SMEs sector and its significant contribution to economic growth and job creation. Therefore, the policy makers adopted a policy framework to support SMEs, as the government has developed a structured policy framework to help SMEs establish and grow their businesses by providing a range of programs, accordingly, Selection Criteria for approving credit facilities not influencing the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle.

13. Recommendations

Despite the limitations of this research, it offers valuable practical insights and recommendations to entrepreneurs, SME stakeholders, and the Egyptian-banking sector regarding the impact of Egyptian banking finance on entrepreneurs' financial strategies for SMEs' life cycle and the factors that moderate this relationship.

The study found a significant positive relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle. This suggests that Egyptian-banking finance has an impact on entrepreneurs' financial strategies, which may change depending on the stage of their SME's life cycle. The study also found that SMEs' life stage and needs are moderator variables that strengthen this relationship.

However, the study found that Egyptian Banking Finance through Banks' Selection Criteria for approving credit facilities does not moderate the relationship between Egyptian Banking Finance and Entrepreneurs' Financial Strategies for SME's Life Cycle.

Based on the findings, researcher recommend that the Egyptian banking sector should efficiently support entrepreneurs and SMEs by implementing the following measures:

- Banks should tweak their lending programs to ensure they remain in the SME lending market. However, they should also ensure that they have reliable financial information from SMEs and treat them differently from large corporates, given the different risks involved.
- SMEs owners need to be educated on how to deal with and run their businesses through the banking sector, comply with financial covenants, and provide accurate financial information. This should be achieved through training and standardizing the set of documents required across all commercial banks.

Banks should conduct a deep analysis of SMEs' submitted cases to ensure they are lending to bankable businesses. They should also consider re-evaluating their lending programs and on-shelf products while adhering to regulatory laws and developing a strong credit management system.

In conclusion, the Egyptian banking sector should focus on mitigating the challenges that SMEs face when accessing banking finance, and provide them with the necessary tools and education to become bankable. This will not only benefit SMEs but also contribute to the growth and development of the Egyptian economy.

14. Limitations of the Study

Some of the literature review does not include empirical data. This means that the findings based on the opinions of the authors of the reviewed studies and may not be representative of the general population.

The study mostly includes studies published in Egypt and Middle East. This means that the findings may be considered biased towards the eastern world, and may not represent the global population. In addition, the research conducted was of a cross-sectional nature and evaluated the respondent's perception at a particular point in time.

The study based on a survey of Entrepreneurs / SMEs furthermore combined with interviews of professionals in Egyptian banking sector in Egypt that may not be representative of the views of professionals in other countries.

Further, the study only looked at the impact of Egyptian Banking Finance on Entrepreneurs' Financial Strategies for SME's and did not examine the impact Egyptian Banking Finance on other areas of Entrepreneurs' Financial Strategies for SME's practices as SMEs strategies in expansions, cost management, competitive edges, and others challenges.

15. Proposed Future Studies

Future researches could focus on analyzing empirical data to provide a more representative understanding of the general population's views and experiences with specifying SMEs sectors and segments as manufacturers, traders, service providers and agriculture.

A study should be conducted to expand its scope beyond the Middle East to include a more diverse global population to ensure that findings are not biased towards a specific region, along with utilizing a longitudinal design to investigate changes in perceptions over time rather than just at a particular point in time.

Studies could also be conducted to survey Entrepreneurs/SMEs and banking professionals in other countries to provide a more comprehensive understanding of the impact of different countries Banking Finance on Entrepreneurs' Financial Strategies for SME's practices.

Finally, further exploratory studies to explore the impact of Egyptian Banking Finance on other areas of Entrepreneurs' Financial Strategies for SME's practices, such as expansions, cost management, competitive edges, and other challenges to provide a more complete understanding of how Egyptian Banking Finance influences SMEs.

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