



The Finnish government proposes measures to limit the commercial impact of coronavirus



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On Friday 20 March 2020, the Finnish government has agreed on a comprehensive package to safeguard jobs and livelihoods and ease the economic pressure on businesses. According to the government's estimate, the overall scale of the measures will be approximately EUR15 billion.

The coronavirus COVID-19 pandemic has cast significant gloom over global economic prospects and increased uncertainty in financial markets. At the end of 2019, the Finnish financial sector was sound and, therefore, it now faces the altered situation from a good foundation.

Support is altogether needed for businesses and, among others, the following measures were decided by the Finnish government:

- EUR12 billion of new financing (loans, guarantees) for SMEs through Finnvera plc (a specialised financing company owned by the State of Finland);

- EUR150 million of new financing through Business Finland's financing services to travel & tourism sectors, creative sectors and for financing of subcontractor chains);
- Additional financing for Finnish Industry Investment's investee companies;
- EUR50 million of new financing through the Centres for Economic Development, Transport and the Environment by increasing the authorisations to provide grants for business development projects;
- EUR500,000 for wellbeing and financial guidance services for business owners;
- Facilitating the payment of pension insurance contributions through earnings-related pension insurance (TyEL) relending by having Finnvera to provide companies with the collateral (guarantee covering 80 % of the financing) required for refinancing.

To conclude, companies' financing will be secured through a number of billion-euro measures. New direct payments will also be introduced. The purpose of these measures is to ensure the liquidity of companies during the crisis and to prevent bankruptcies. The decided measures will be available for all business sectors.

Furthermore, the Finnish Financial Supervisory Authority (FIN-FSA) has taken measures to increase the lending capacity of the Finnish banks. The board of FIN-FSA decided on 17 March 2020 to lower Finnish credit institutions' capital requirements. The reduction is implemented by removing the systemic risk buffer and by adjusting credit institution-specific requirements so that the structural buffer requirements of all credit institutions will fall overall by 1 percentage point. Please find more information on the decisions made by FIN-FSA [here](#).