

THE “PROFITABLE AGRI-BUSINESS” CONFERENCE / ROBERT REKKERS,  
AGRICOVER:

---

”Farmers are exposing themselves to financial risks by resorting to bank loans”

The policies of commercial banks when it comes to lending to agricultural businesses subject farmers to all kinds of financial risks, according to Robert Rekkers, the CEO of Agricover Credit IFN, the financial division of Agricover Group. He explained: ”On one hand, the small and medium sized farmers don’t have enough access to loans, because of the banks’ reluctance to lend them money. On the other hand, the banks provide excessive financing to the big farmers, which are thus at risk of becoming overleveraged”.

Robert Rekkers says that over time, Romania had several banks that have financed agriculture, but unfortunately none of them exists any more, in spite of the huge potential of the agricultural and food sector. He said: “Farmers currently go to the non-specialized banks for financing. However this creates potential complications. The universal banks don’t understand the sector and they do not <<speaking the same language>> as the farmers, and they do not understand the value of the assets and collaterals offered by the farmers. Moreover, the banks offer certain loans – based on the APIA, European grants, but they do not contribute to dealing with the real problems that the farmers are faced with”. According to Robert Rekkers, another problem when it comes to the lending of money to the sector by banks, is the bureaucracy and the fact that they don’t lend to small farmers.

According to the CEO of Agricover Credit IFN, Romanian agriculture needs an approach that provides balanced financial solutions. What this entails is the existence of a specialized financial institution, with a strong capitalization, a low degree of bureaucracy, ensuring efficiency and quick decisions, as well as innovative products. “A recurring problem of the Romanian agricultural sector is the fact that they do not get involved in the financing process and they do not have access to know-how on this sector” Robert Rekkers added.

The analysis of the financing issues the agricultural sector is faced with, made by Agricover Credit IFN, also reveals the need for solutions that would better serve the financial needs of the farmers, from a quantitative and qualitative point of view.

This year, loans granted by Agricover Credit IFN in the first semester amounted to 253,239,000 lei, up 87% over June 30, 2012. Its management predicts an increase in loans of at least 40% this year. The operating profit is 8,600,000 lei, up 47% over June 30, 2012. Agricover Credit IFN last week inaugurated the first regional office in Slobozia and launched a new type of loan for farmers. The Instant loan is a product which allows small and medium-sized farmers which own vegetable harvests to obtain the desired funding on the same day. The loan is aimed at those who own farms with surfaces of ranging between 100 and 400 hectares and they offer a maximum loan of 100,000 lei. The loan comes due at the time of the harvest.

---

**ALEXANDRA OANĂ**