

SME Investment in Hungary: Financing Conditions, Development Needs, and Structural Misalignment

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ABSTRACT: This study aims to identify the factors that explain the limited implementation of intangible and digital investments among Hungarian small and medium-sized enterprises (SMEs). The dominant explanation attributes investment restraint primarily to financing constraints; however, recent evidence suggests a more nuanced picture. Scientific and practical relevance: The paper introduces a conceptual framework – the financing alignment problem – contributing to the renewal of SME finance literature and offering direct policy implications. The analysis is based on multi-stakeholder expert discussions, qualitative interviews, and systematic review of secondary sources. The findings indicate that investment restraint is not primarily driven by a lack of access to finance, but by the limited alignment between intangible investments and the prevailing logic of financial intermediation. Stimulating SME investment requires a better fit between financing instruments and firm-level development needs.

KEYWORDS: SME, financing, intangible investment, digitalization, financing alignment

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Introduction

The investment activity of small and medium-sized enterprises (SMEs) is a persistently recurring challenge in the Hungarian economy, particularly in the aftermath of recent economic shocks. The combined impact of the COVID-19 pandemic, the energy crisis, and geopolitical tensions has created an environment characterised by growing uncertainty, high cost levels, and subdued investment

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willingness (Pogácsás & Szepesi, 2023). At the same time, financing sources – particularly subsidised credit programmes and bank lending – appear to have remained available for many economically viable SME investment projects. This duality creates an apparent paradox: while financing cannot be considered a generally scarce resource, investment remains restrained.

The financing constraints literature traditionally draws on information asymmetries and credit market imperfections (Stiglitz & Weiss, 1981; Myers & Majluf, 1984; Ayyagari et al., 2007; Beck & Demirgüç-Kunt, 2006). These foundational approaches emphasise that firms' investment activity is constrained by limited access to finance. Although this framework has significant explanatory power, it is less capable of capturing the specificities of financing intangible and digital investments, which play an increasingly important role in corporate adaptation and competitiveness.

In recent years, the structure of corporate development needs has undergone a transformation. Rather than capacity-expanding investments, intangible, quality-oriented, and digitalisation-related developments have come to the fore. This shift is consistent with broader international trends: the intangible economy is growing, and firms increasingly invest in software, know-how, organisational capabilities, and digital platforms (Haskel & Westlake, 2018; Corrado et al., 2009).

The aim of this study is to explore what factors explain the limited realisation of intangible and digitalisation investments among Hungarian SMEs. The central research question is: why do SMEs refrain from intangible and digital investments even when financing appears to be available?

The study is based on the analysis of multi-stakeholder expert consultations and qualitative sources. The findings suggest that investment restraint does not primarily stem from a lack of access to finance, but from the limited alignment between this type of development and the current financing logic of the financial system. The paper interprets this as a financing alignment problem and argues that stimulating investment requires not only an expansion of resources, but also the creation of a better fit between financing instruments and corporate development needs.

The following sections present the literature review, the methodology, the empirical results, and their interpretation, followed by conclusions and policy implications.

This paper contributes to the literature by reframing SME underinvestment not as a consequence of financing constraints, but as a financing alignment problem arising from structural mismatches between investment characteristics and the dominant logic of financial intermediation.

By identifying four interrelated dimensions of this misalignment – collateral, valuation, time horizon, and competence – the paper offers a mechanism-based explanation of how financing and investment logics interact.

Importantly, the findings suggest that this problem cannot be reduced to either supply-side or demand-side deficiencies, but should be understood as

an interaction failure between firms and financial institutions embedded in a broader institutional context.

Literature Review

The dominant theoretical framework for explaining SME investment activity is the financing constraints literature, which draws on the seminal contributions of Stiglitz and Weiss (1981) and Myers and Majluf (1984). These models argue that information asymmetries between lenders and borrowers lead to credit rationing, which in turn constrains investment. Berger and Udell (1998, 2006) extended this framework to provide a more complete conceptual model of SME finance, distinguishing between different financing instruments according to firm size, age, and informational opacity.

This logic is broadly supported empirically, including in the Hungarian context. Research on the domestic corporate financing structure highlights that access to bank credit is constrained by firm size, age, and transparency (Havran et al., 2017; Cumming & Johan, 2017). These findings reinforce the picture that SME investment activity depends significantly on the availability of external financing.

However, this approach is less capable of explaining situations where financing is formally available yet investment does not materialise. Beck et al. (2005) and Beck and Demirgüç-Kunt (2006) show that financial constraints affect firms differently depending on their size and the institutional environment. Calabrese et al. (2021) document that financial fragmentation creates uneven access to finance across firm types and sectors, which goes beyond simple credit rationing.

Understanding these mechanisms requires attention to the changing structure of corporate investment. Firms' development activities are increasingly oriented towards intangible assets – software, know-how, intellectual property, organisational capabilities, and digital platforms. Haskel and Westlake (2018) argue that intangible investments have fundamentally different economic properties from tangible ones: they are scalable, have positive spillovers, are sunk, and are difficult to use as collateral. Corrado et al. (2009) show that intangible capital makes a substantial and growing contribution to economic growth.

A key characteristic of intangible investments is that they are difficult to collateralise and to value. Hall (2002) and Brown et al. (2009) demonstrate that R&D and innovation investments are systematically underfinanced by traditional bank credit due to information asymmetries and the lack of tangible collateral. Bu et al. (2024) show that digital inclusive finance can partially address this gap, but its penetration remains limited in bank-dominated financial systems.

This structural misalignment is also linked to the emergence of alternative financing forms. The literature shows that venture capital, business angels, and

hybrid financing instruments can be more suitable for financing intangible assets in certain cases (Cumming & Johan, 2017). However, in Hungary, the venture capital market is underdeveloped, and the financing gap is substantial (Póra & Szócs, 2023). The availability of alternative financing instruments does not constitute a broadly functioning alternative for the SME sector.

Based on the above, one of the implicit assumptions of the financing constraints literature becomes open to question: the assumption that investment restraint is primarily a supply-side phenomenon. The demand-side characteristics of investment – particularly the structural mismatch between intangible development needs and the collateral-based logic of bank financing – deserve equal analytical attention.

The distinction between financing constraints and financing alignment therefore merits more explicit conceptual demarcation. Financing constraints primarily refer to situations in which credit is unavailable or prohibitively costly due to information asymmetries, collateral requirements, or credit rationing (Stiglitz & Weiss, 1981; Berger & Udell, 1998). Financing alignment, by contrast, refers to situations in which financing may be formally available, yet its evaluation logic, risk assessment criteria, and product architecture remain only partially compatible with the characteristics of the investment project. Whereas the financing constraints perspective highlights underinvestment driven by the limited availability of funds, the financing alignment perspective draws attention to underinvestment driven by the limited fit between financing forms and investment needs. This distinction also has implications for policy, as instruments designed primarily to expand credit supply may not fully address the structural mismatch associated with intangible and digital investments.

This issue is particularly relevant in complex economic environments where corporate decisions are shaped by multiple, interacting factors. Schammo (2019) argues that market fragmentation and regulatory constraints create additional barriers to SME financing beyond simple credit rationing. Simba et al. (2023) show that financial exclusion among SMEs is not only a matter of resource availability but also of the fit between financing instruments and firm-level needs.

The competitiveness implications of intangible capital investment are well documented at both the macroeconomic and corporate level. Csath (2026), writing in *Public Finance Quarterly*, demonstrates that firms' development paths are critically shaped by investments in intellectual capital – a finding that directly supports the financing alignment problem identified in this study. At the same time, the underdevelopment of alternative financing sources in Hungary constitutes a structural constraint for SMEs (Póra & Szócs, 2023).

This study builds on this literature to examine the relationship between financing and development logics. Its starting point is that the investment restraint of Hungarian SMEs cannot be explained solely by the classical financing constraints framework but requires a different interpretive perspective: the financing alignment problem. The unresolved issue, therefore,

is not merely whether SMEs can access finance, but whether the available financing architecture is compatible with the changing structure of firm-level investment needs.

Methods and Sampling

Research Questions and Analytical Framework

The study examines the extent to which financing forms are aligned with the actual development needs of SMEs. The analysis is structured around three interrelated dimensions.

The first dimension focuses on the availability of financing. It examines whether external financing is generally accessible for economically viable SME investment projects, or whether supply-side constraints constitute the primary barrier.

The second dimension addresses the structure of corporate development priorities and the financing needs arising from them. The analysis explores the increasing importance of intangible and digital investments and how their characteristics differ from traditional tangible asset investments.

The third dimension focuses on the structural alignment problem between financing logic and investment characteristics. It examines which elements of the prevailing financing system are incompatible with the nature of intangible investments and how this misalignment shapes SME investment behaviour.

Data Sources and Sampling

This study is based on qualitative empirical data drawn from multiple complementary sources, which together enable the examination of the alignment between financing and development logics.

A key element of the research was a multi-stakeholder expert roundtable discussion held on 2 April 2025, specifically focused on the financing of SME efficiency-enhancing developments. The discussion brought together entrepreneurs, policy-makers, banking experts, and other financing actors. It provided insights into the interaction between firm-level development needs and the operational logic of financial intermediation.

The qualitative data were complemented by the Hungarian Banking Association's 2024 surveys, which document SME lending practices, financing conditions, and the criteria under which firms gain access to external funding.

The third empirical pillar of the study is a qualitative interview-based research conducted among Hungarian majority-owned SMEs in the food industry. A total of 17 semi-structured interviews were carried out with senior

managers between June and July 2025, with an average duration of 71 minutes. The interviews focused on concrete decision situations, allowing for the reconstruction of how firms interpret their development needs and evaluate available financing options. The interview material was coded and analysed using Atlas.ti software.

The number of interviews was determined by the principle of theoretical saturation, as additional interviews did not generate substantively new insights regarding the identified patterns of financing–investment alignment. At the same time, the sample was intentionally constructed to capture variation in firm size, development orientation, and financing experience, thereby strengthening the robustness of the identified mechanisms.

Analytical Method

The analysis follows a qualitative methodological approach that enables the integration of multiple data sources and the identification of patterns that are difficult to capture through quantitative methods alone.

The multi-source qualitative design is aligned with the nature of the research problem. Financing alignment involves soft information, interpretive differences, and institutional logics that are not easily observable in large-scale datasets. For this reason, the analysis combines expert roundtable material, banking sector evidence, and firm-level interview data in order to examine the problem across three analytical levels: institutional, intermediary, and firm level.

The analytical process is based on an abductive logic, iterating between empirical observations and theoretical concepts. The coding process combined inductive identification of recurring themes with theory-informed categorization, allowing the emergence and refinement of the financing alignment concept. Particular attention was paid to identifying recurring patterns related to collateral constraints, valuation challenges, time horizon mismatches, and competence gaps.

The qualitative design is also consistent with Hungarian qualitative enterprise research emphasizing context-sensitive, multi-perspective analysis in understanding firm-level processes (Csákné Filep et al., 2020).

Results

Financing Availability in Hungary

One of the most important findings of the expert roundtable discussion held on 2 April 2025 was that financing is generally available in Hungary for economically viable investment projects. This finding challenges the traditional financing

constraints narrative: the primary barrier to SME investment is not the general unavailability of external financing.

The Hungarian Banking Association's 2024 surveys corroborate this picture. Domestic banks' SME lending activity has been stable in recent years, and the range of available products has expanded. Subsidised credit programmes – particularly those under the Széchenyi Card and EU co-financed schemes – have further broadened the range of accessible financing instruments.

The MCC's 2024 Corporate Report similarly indicates that financing availability is not the most important barrier to investment among Hungarian SMEs. The report identifies other factors – particularly the structure of development needs and the administrative burden of accessing finance – as more significant constraints on investment activity.

Among the factors improving financing availability, subsidised loans and other state- or EU-supported financing instruments play a prominent role. These programmes have significantly expanded SME access to credit, particularly for smaller firms that would otherwise face more severe financing constraints. However, the take-up of these instruments is uneven, and the administrative requirements associated with them constitute a significant burden for many firms.

At the same time, financing availability is not uniform across firm size, age, and transparency. Smaller, younger, and less transparent firms continue to face more severe financing constraints, even within the context of broadly available financing. This heterogeneity is consistent with the predictions of the financing constraints literature (Berger & Udell, 1998; Beck et al., 2005).

Particularly noteworthy is the evidence of declining credit demand at the EU level. Roundtable participants highlighted that the decline in credit demand is not primarily driven by supply-side constraints but by demand-side factors: firms are not seeking credit because they do not plan to invest, or because the available financing instruments do not match their actual development needs.

Overall, the results suggest that financing availability in Hungary cannot be considered a general and self-sufficient explanation for SME investment restraint. While supply-side constraints remain relevant for certain firm segments, the findings indicate that investment restraint is better explained by the structural misalignment between financing instruments and firm-level development needs. The key implication is not that financing frictions have disappeared, but that the observed investment restraint cannot be understood without examining the compatibility between available financing forms and current development priorities.

The Changing Development Priorities of SMEs

The MCC's 2024 Corporate Report and the roundtable discussion both indicate that SMEs' development priorities have shifted significantly towards intangible and digital investments. Traditional capacity-expanding investments have given

way to developments oriented towards digitalisation, quality improvement, knowledge acquisition, and organisational capability building.

Roundtable participants emphasised that firms increasingly recognise the importance of intangible assets – such as digitalisation, know-how, and quality management systems – for competitiveness. This recognition is driven by competitive pressure, changing customer expectations, and the increasing importance of digital technologies in business processes.

Quality-oriented developments are also gaining increasing importance. For firms, competitiveness is increasingly less about cost reduction alone and more about quality, reliability, and the ability to meet customer requirements. This shift is consistent with the broader trend towards quality-based competition in European manufacturing and services.

Cost-reducing developments are also prominent. Firms seek solutions that reduce operating costs, improve energy efficiency, and streamline processes. These investments often involve digital technologies – automation, data analytics, and process management systems – that are inherently intangible in nature.

According to the MCC Corporate Report, R&D activity is also of growing importance among Hungarian SMEs, even if its intensity remains below the EU average. This trend is driven by the increasing importance of innovation for competitiveness and the availability of public support for R&D activities.

The shift in development priorities varies across sectors and firm sizes. Knowledge-intensive sectors – including ICT, professional services, and advanced manufacturing – show the strongest shift towards intangible investments, while traditional sectors continue to prioritise tangible capacity expansion. Larger SMEs are generally better positioned to access financing for intangible investments than smaller firms.

It is important to emphasise that the shift in development priorities is not solely the result of firms' internal decisions. The digital transformation of the business environment, changing regulatory requirements, and competitive pressure from larger firms and international competitors all contribute to this shift. SMEs are responding to external imperatives as much as to internal strategic choices.

Overall, the results suggest that SMEs' development priorities have shifted significantly towards intangible and digital investments. This shift creates a structural challenge for the financing system, which has historically been designed around the financing of tangible assets.

The Incompatibility of Collateral Logic and Intangible Assets

One of the most important findings of the roundtable discussion was that the traditional bank collateral logic is only limitedly compatible with the financing of intangible assets. The analysis identifies four key dimensions of this incompatibility.

The first dimension is the collateral problem. Intangible assets – such as software, know-how, intellectual property, or digital platforms – can only be used to a limited extent as loan collateral, since they are difficult to value and their value depends significantly on the firm's continued operation. Roundtable participants emphasised that banks therefore find it particularly difficult to finance digitalisation, know-how, or R&D-type developments, even when these represent rational and necessary investments from the firm's perspective.

The second dimension is the valuation problem. The value of intangible assets is generally not directly observable but depends on future performance, market embeddedness, and firm-specific knowledge – in contrast to a machine or property whose market value is relatively easy to determine. Banks often lack the expertise, methodology, and valuation experience needed to assess intangible investments, which increases perceived risk and reduces financing willingness.

The third dimension is the monitoring problem. In the case of intangible investments, it is much more difficult to track whether resources are being used for the intended development purpose and how the investment contributes to operational performance over time. A tangible asset's presence and value are relatively easy to verify, while the realisation and utilisation of an organisational or digital development are harder to measure – posing a methodological challenge for lenders.

The fourth problem is the liquidation value. In the event of default, financial institutions typically seek to recover their losses by liquidating collateral. For intangible assets, this logic is only limitedly applicable, as the value of these developments is typically tied to the firm's original organisational, market, and operational context. A know-how or development system that is highly valuable for one firm may not be usable or marketable in the same way for another.

The analysis also highlights that the problem is not only technical or firm-level but has regulatory and institutional dimensions. Roundtable participants noted that the prudential regulations governing lending create additional barriers to the financing of intangible investments, as they require banks to maintain higher capital buffers against loans secured by intangible collateral.

The limitations of traditional bank financing could theoretically be mitigated by alternative financing forms. Venture capital, business angels, capital market instruments, and hybrid solutions may be more suitable for financing intangible assets in certain cases. However, these instruments are only limitedly accessible to Hungarian SMEs. Venture capital typically concentrates on high-growth technology firms, the business angel community is small, and capital market financing is only a realistic option for the most mature firms. This means that while alternatives to classical bank financing exist, they do not constitute a broadly functioning alternative for the SME sector.

Roundtable participants also emphasised that banks would need new knowledge and new valuation capabilities to handle this type of investment. This is a particularly important observation because it suggests that the

financing alignment problem is not only a structural feature of the current financial system but also a capability gap that could potentially be addressed through targeted capacity building.

Overall, the results suggest that there is a persistent and structural tension between the traditional bank collateral logic and the financing needs of intangible assets. This tension is not a temporary market failure but a deep structural misalignment between the logic of the financial system and the evolving development needs of SMEs.

Entrepreneurial Competence and Attitude

The roundtable discussion and the MCC Corporate Report both highlighted that entrepreneurial competence and attitude also play a significant role in explaining investment restraint. This finding suggests that the financing alignment problem has both supply-side and demand-side dimensions.

One of the most important problems is the limited financial, planning, and project preparation competencies of SME managers. Participants emphasised that many firms lack the capacity to prepare viable investment projects, to navigate the administrative requirements of financing programmes, or to assess the financial viability of intangible investments. This competency gap reduces firms' ability to access available financing, even when it is formally accessible.

The problem is compounded by the absence of multi-generational entrepreneurial experience. A significant part of the Hungarian SME sector emerged after the 1990s transition, and many firm owners lack the accumulated experience of managing complex investment projects or navigating financial markets. This inexperience contributes to risk aversion and a preference for incremental, self-financed development.

The lack of international context is also a recurring theme. According to roundtable participants, many Hungarian SMEs have limited exposure to international markets and best practices, which constrains their ability to identify relevant development opportunities and to benchmark their performance against international competitors.

Some participants also emphasised the absence of a growth-oriented attitude. Many firms think in the short term and prioritise operational stability over strategic development. This orientation is partly a rational response to uncertainty but also reflects the limited strategic planning capabilities of many SME managers.

Related to this is the preference for internal financing. Qualitative research and expert consultations consistently indicate that many Hungarian SMEs primarily rely on their own resources and consider external sources only as a secondary option. This preference is partly explained by historical and entrepreneurial experience, and partly by the perception that external financing is costly, risky, and administratively burdensome.

The administrative burden is also an important element of this pattern. SMEs widely perceive caution towards loans, banks, and related administration. For smaller firms, the preparation of financing applications, the management of tender systems, and compliance with regulatory requirements represent a disproportionate burden. Roundtable participants noted that while several subsidised credit products are formally available, some firms do not use them because they perceive the associated administrative costs and uncertainty as too high.

Overall, the empirical results suggest that entrepreneurial competence and attitude are not an external constraint on the financing problem but an integral part of it. The financing alignment problem has both supply-side dimensions (the mismatch between financing instruments and intangible investment characteristics) and demand-side dimensions (the limited capacity and willingness of firms to access and utilise available financing).

Discussion and Conclusions

In this sense, the underinvestment of SMEs in intangible assets is not merely a consequence of firm-level constraints, but a structurally embedded outcome of the institutional design of financial intermediation.

The findings suggest that the observed financing alignment problem cannot be interpreted solely as a market-level mismatch between firms and financial intermediaries. Rather, it reflects a broader policy-level misalignment, in which the dominant regulatory and incentive structures of the financial system systematically favour asset-based, collateralisable investments over intangible and digital development projects.

Answering the Research Questions

Traditional approaches to explaining SME investment restraint emphasise financing availability. This literature typically identifies credit rationing, information asymmetries, and the limited availability of external financing as the primary drivers of investment restraint (Stiglitz & Weiss, 1981; Beck et al., 2005). While this framework has significant explanatory power, it is insufficient to explain the observed pattern in Hungary.

Our empirical findings suggest that financing for many economically viable SME investment projects remains available in Hungary. This does not mean that all firms have equal access to financing, or that supply-side constraints are irrelevant. Rather, it suggests that the observed investment restraint cannot be explained primarily as a general financing constraint.

A more accurate explanation is that SMEs' development priorities have shifted towards intangible, digital, and quality-oriented investments, while

the financing system's logic remains primarily oriented towards tangible, collateral-based lending. This structural misalignment – conceptualized here as the financing alignment problem – offers a more precise explanation of investment restraint than a general financing constraints perspective alone.

One of the main findings of the study is that the problem is not primarily related to the quantity of financing but to its appropriateness. The prevailing financing logic – based on tangible collateral, short-term horizons, and standardised risk assessment – is structurally misaligned with the characteristics of intangible investments. This misalignment creates a financing gap that cannot be addressed simply by expanding the supply of credit.

The results also suggest that the traditional financing constraints hypothesis underestimates the role of the demand side. Corporate development priorities, entrepreneurial competencies, and the administrative burden of accessing finance are all important determinants of investment behaviour that the supply-side framework cannot adequately capture.

Consequently, this study complements the financing constraints perspective with the financing alignment perspective. Rather than asking whether financing is available, it asks whether the available financing is appropriate for the type of investment that firms need to make.

The Dimensions of the Financing Alignment Problem

Based on the empirical results, the financing alignment problem can be captured in four interrelated dimensions.

The first dimension is the collateral and valuation alignment gap. Intangible investments – such as software development, organisational knowledge, know-how, quality management systems, or digital platforms – cannot be adequately collateralised under the traditional bank lending framework. Their value is context-specific, difficult to observe, and dependent on the firm's continued operation. This misalignment systematically excludes intangible investments from the scope of traditional bank financing.

The second dimension is the risk and time horizon mismatch. The returns on intangible developments typically materialise over a longer time horizon, while bank financing logic is oriented towards shorter-term, more clearly quantifiable returns. This temporal mismatch increases the perceived risk of intangible investments from the lender's perspective and reduces financing willingness.

The third dimension is the competence and interpretation gap. Banks often lack adequate methodology for valuing intangible investments, while firms frequently lack the capacity to present their development projects in a way that is legible to financial institutions. This mutual incomprehension reinforces the financing alignment problem.

The fourth dimension is the constraining role of the institutional and market environment. Prudential regulations, high administrative burdens, and the limited

development of alternative financing sources collectively constrain the ability of the financial system to adapt to the changing development needs of SMEs.

Together, the four dimensions show that the problem cannot be addressed simply by providing more credit or cheaper credit. The investment restraint reflects a deeper alignment gap that cannot be addressed solely through expanding credit supply. The persistence of this misalignment is closely linked to the regulatory and prudential frameworks governing financial intermediation. These frameworks, while ensuring stability, tend to reinforce collateral-based lending practices and short-term risk assessment horizons, which are less compatible with the characteristics of intangible investments.

At the same time, publicly supported financing schemes often replicate similar evaluation logics, thereby limiting their effectiveness in addressing the specific financing needs associated with digital and knowledge-intensive development.

Comparison with the Literature and International Context

Although the empirical analysis focuses on Hungary, the identified mechanisms are consistent with broader international evidence on the financing of intangible investments, suggesting that the observed patterns may extend beyond the specific institutional context.

The problem identified in this study cannot be considered an exclusively Hungarian phenomenon. The international literature identifies similar patterns in several respects. Haskel and Westlake (2018) show that the rise of the intangible economy creates structural financing challenges that are not specific to any single country. Didier et al. (2021) demonstrate that the underdevelopment of capital markets in emerging economies systematically constrains the financing of intangible investments.

Research on developing economies similarly emphasises that financial exclusion is not only a matter of resource availability but also of the structural characteristics of the financial system (Simba et al., 2023). Schammo (2019) argues that market fragmentation in European SME financing creates barriers that go beyond simple credit rationing.

The Hungarian case is thus interpretable not as an isolated phenomenon but as part of a broader international pattern. Its specificity lies more in the degree and institutional context of the alignment problem than in its fundamental nature.

Key Conclusions and Practical Implications

The main finding of the study is that the investment restraint of Hungarian SMEs cannot be adequately described by the traditional financing constraints hypothesis. While supply-side constraints remain relevant for certain firm segments, they are not the primary driver of the observed investment pattern.

A more accurate explanation is that SMEs' development priorities have shifted towards intangible, digital, and quality-oriented investments, while the financing system's logic remains primarily oriented towards tangible, collateral-based lending. This structural misalignment – conceptualized here as the financing alignment problem – offers a more precise explanation of investment restraint than a general financing constraints perspective alone.

The second important conclusion is that this alignment problem is not only understandable from the financing side. Corporate competencies, attitudes, and the administrative burden of accessing finance are equally important demand-side determinants of investment behaviour.

The third contribution is that the Hungarian case is interpretable not as an isolated problem but as part of a broader international pattern, which increases the generalisability of the findings.

Based on the results, three practical conclusions can be drawn. First, the financing of SMEs' intangible and digital investments requires the development of new financing instruments that are better aligned with the characteristics of these investments – including longer maturities, more flexible collateral requirements, and new valuation methodologies. Second, banks need to develop new competencies for assessing and managing intangible investment risks. Third, reducing the administrative burden of financing programmes would significantly increase their take-up among SMEs.

Policy interventions aimed at stimulating SME investment should move beyond expanding credit volumes and instead focus on developing financing instruments and evaluation frameworks that are compatible with the characteristics of intangible and digital investments. This may involve adapting risk assessment practices, supporting alternative financing channels, and greater attention to regulatory incentives that currently favour asset-based lending.

Limitations and Future Research Directions

This study is based on multiple qualitative data sources, including multi-actor expert discussions, financial system-level evidence, and firm-level interview data. While this design allows for a comprehensive examination of the interaction between financing conditions and investment behaviour, it also implies certain limitations.

The firm-level interview evidence is drawn from a specific sector, namely the Hungarian food industry, which may influence the observed patterns of development priorities and financing behaviour. At the same time, this empirical component is complemented by broader system-level and multi-actor perspectives, which support the interpretation of the findings beyond a single sectoral context.

In addition, the analysis reflects a specific economic period characterised by heightened uncertainty, which may shape firms' investment decisions and

financing attitudes. Future research may build on these findings in several directions. First, it would be valuable to test the financing alignment problem on quantitative firm-level data. Second, comparative international research could examine the extent to which the identified mechanisms are context-specific or more general. Third, further research could explore how financial institutions develop the capabilities required to assess and finance intangible investments.

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