FINANCE FOR ENTREPRENEURS

Starting out in Luxembourg — What you absolutely need to know

“Many entrepreneurs have a great idea. They fail not for lack of talent, but for lack of financial preparation.”

WHAT'S ON THE AGENDA

01

Which structure should you choose?

Sole proprietor, SARL-S, SARL, SA — see the decision table

02

Business Plan & Forecast

The 3 financial documents you need to master

03

Bank Financing

The 5 Cs, preparing your file, the fatal mistakes

04

Grants & Financing

Microlux, Mutualité, House of Entrepreneurship & more

BLOCK 01

WHICH STRUCTURE SHOULD YOU CHOOSE?

Before thinking about financing, the bank will ask: "What is your legal status?"

	Sole Proprietor	SARL-S	Classic SARL	SA
Capital required	€0	€1	€12,000	€30,000
Liability	Unlimited	Limited	Limited	Limited
Bank credibility	Low	Medium	High	Very high
Admin complexity	Low	Medium	High	Very high

Your legal status determines your taxation, your access to financing, and your personal protection. This choice must be made BEFORE opening a business bank account.

BLOCK 02

BUSINESS PLAN & FORECAST

1 The Financial Forecast

- How much will I earn? (projected revenue)
- How much will I spend? (fixed + variable costs)
- Am I profitable? (net result)

E.g.: 10 units × €150 = €1,500 revenue — €800 costs = €700 net

2 The Cash Flow Plan

- Cash flow = the lifeblood of your business
- You can be profitable on paper and still go under from a lack of cash
- Anticipate difficult months (January, August...)

Track month by month: actual inflows vs. actual outflows

3 The Break-Even Point

- At what revenue level do I cover my costs?
- Below it = I'm losing money
- Above it = I'm generating profit

Formula: Fixed costs ÷ Margin rate

Key terms to remember Short term: first 12 months · Medium term: 3 years · Long term: 5 years

BLOCK 03

BANK FINANCING

Banks don't finance ideas. They finance solid files. Here's what they look at:

C	C	C	C	C
Capacity	**Capital**	**Collateral**	**Character**	**Conditions**
Current and projected income, and debt ratio	Your personal contribution, ideally 20–30% of the project	Guarantees: property, savings, surety and/or mutual guarantee	Banking history, experience, seriousness of the file	Promising sector? Favorable economic climate?

Where to apply:

BGL BNP Paribas	ING Luxembourg	Raiffeisen	Spuerkeess (BCEE)	Post Luxembourg

BLOCK 03 — CHECKLIST

PREPARING YOUR BANK FILE

- ✓ Complete business plan (minimum 3 years)
- ✓ Detailed financial forecast
- ✓ CV of the project lead
- ✓ Proof of identity and residence
- ✓ Extract of criminal record
- ✓ Personal bank statements (3–6 months)
- ✓ Proof of personal contribution
- ✓ Supplier quotes if equipment investment
- ✓ Lease or promise of lease if commercial premises
- ✓ Company bylaws (or draft bylaws)

Starter loan	Term	Rate
€5,000 — €50,000	**3 to 7 years**	**Variable based on profile**

FATAL MISTAKES

To absolutely avoid before approaching a bank.

1. Showing up without a costed financial forecast
2. Not knowing your break-even point
3. Asking for too little (under-capitalization = danger)
4. Having no personal contribution
5. Mixing personal and business bank accounts

LOVE MONEY

Before the bank, many entrepreneurs finance their launch with the help of family and friends.

1

Put it in writing

A loan with a rate, even a symbolic one, or an equity stake. Always a signed document.

2

Protect the relationship

Never take money from someone close to you without a signed document — it protects you both.

3

A reasonable amount

Don't put someone in financial difficulty for the sake of your project.

OPENING A BUSINESS ACCOUNT IN LUXEMBOURG

It's often the first surprise, and it isn't automatic.

1

Difficult access

Some banks refuse SARL-S entities or require high minimum deposits

2

More accessible

Spuerkeess, BGL, and Raiffeisen are generally the most open to small structures

3

Timelines to anticipate

Expect 4 to 8 weeks in some cases — don't wait until the last moment

4

Fast alternative

Revolut Business or Wise Business to get started while waiting for the traditional account

BLOCK 04

GRANTS & FINANCING IN LUXEMBOURG

Often overlooked schemes — especially among diaspora entrepreneurs.

1 Mutualité de Cautionnement

mutualite.lu

Acts as guarantor on your behalf with the bank. Access to loans even without collateral.

2 Microlux

microlux.lu

Microfinancing up to €25,000 for those excluded from traditional banking. Coaching included.

3 House of Entrepreneurship

houseofentrepreneurship.lu

One-stop shop: free start-up support, mentor network, and financing guidance.

4 Nyuko

nyuko.lu

Luxembourg incubator. Intensive support and access to an investor network.

5 Ministry of SMEs (Classes Moyennes)

guichet.lu

Investment, training, and innovation grants for SMEs.

6 European Funds

FEDER · COSME

European SME financing programs, via the House of Entrepreneurship.

TO ANTICIPATE

REAL TIMELINES

Never count on financing to cover your first expenses.

Company formation	1 to 3 weeks
Traditional bank file	3 to 6 weeks
Microlux	4 to 8 weeks
Mutualité de Cautionnement	6 to 12 weeks

Tip: Always keep a 2 to 3 month cushion of expenses before you launch.

THE 5 KEY MESSAGES TO REMEMBER

1. **Choose your legal structure before taking any banking steps**
2. Your forecast is your best friend — take it seriously
3. **The bank finances files, not dreams — come prepared**
4. Support exists: Microlux, Mutualité, House of Entrepreneurship
5. **Financial education is an investment, not an option**

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