

SME Finance Monitor

2011: Annual Report

An independent report by
BDRC Continental, April 2012



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providing *intelligence*



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Foreword





This is the first annual report of the SME Finance Monitor and it gives regional data covering Scotland, Wales, Northern Ireland and the 9 English regions. The report is based on a massive dataset covering over 15,000 businesses with up to 249 employees interviewed in 2011.

The survey questionnaire is the most comprehensive ever on bank finance. Given that, this report can only cover the tip of the data iceberg. Much more information has been submitted, in the Q1-4 data file, to the UK Data Archive (www.data-archive.ac.uk). This can be accessed for free and the dataset will include location data down to postcode area level.

I believe this will be a valuable resource for local business organisations to help them to establish the facts about how SMEs in their area are financing themselves, their success rates and any barriers that they feel they face. I very much hope that regional and sub-regional bodies will use this dataset to help them to develop effective policies to help SMEs in their area. Such businesses are vital to local and national economies and they deserve properly focused and effective policies.

Mike Young
Independent Chair, SME Finance Monitor Steering Group
April 2012

Nothing less will do. Schemes and initiatives based on anecdote and ‘he who shouts loudest’ risk prolonging the current economic difficulties.

This is not a one-off requirement and so this dataset will be produced each year and will, in future, cover over 20,000 SMEs a year. That will make it the most comprehensive set of data on local experience in financing SMEs.

The report and the dataset have been produced independently of government, finance providers and business organisations. It is the result of one of the commitments made in the report of the British Bankers’ Association’s Business Finance Taskforce in October 2010. In producing this report, and also the quarterly reports covering UK-wide results, BDRC Continental is advised by a steering group whose membership is listed below. My role as independent Chair of that group is to ensure that BDRC Continental has full and complete editorial control of the dataset and reports. I can confirm that this has been the case. Nonetheless, I am extremely grateful to all the steering group members for their continuing support for this project.



The Survey Steering Group comprises representatives of the following:

Association of Chartered Certified Accountants

Barclays Bank

British Bankers' Association

Dept for Business, Innovation and Skills

Engineering Employers Federation

Federation of Small Businesses

Forum of Private Business

Growth Companies Alliance

HM Treasury

HSBC

Lloyds Banking Group

Royal Bank of Scotland

Santander

1. Using this report





This report provides key headline findings for each of the English regions and the devolved nations. They are based on the 15,128 interviews conducted for the SME Finance Monitor in 2011. The majority of responses are shown on a combined Q1-4 basis, to provide as robust a base size as possible. Where the data reflects future aspirations and plans, this is typically reported for Q4 only, or for Q3 and Q4 combined, where numbers answering are more limited.

There is a chapter for each of the English regions and each devolved nation. They compare the results for a given region/nation with that of the UK overall. At the back of the report, an Appendix contains the data tables on which the report is based (numbered to reflect the section in which the data is reported) which prevents lengthy repetition of data tables within the individual summaries. Figures for England as a whole are provided in these tables, for completeness, but no 'all England' summary is provided in this report, as this would largely replicate the findings of the main

Monitor report (as interviews in England make up more than 12,000 of the interviews conducted to date).

Summaries have been produced in a consistent format for each region / devolved nation. A number of summary terms and definitions are used. They are defined in full at the back of the report, with the relevant tables of results, but are summarised below for ease.

Each chapter provides information on the views and behaviours of the SMEs based in that region, and compares it to the overall UK picture. Analysis for this report has shown that, across a range of key data, results for one or more regions are *statistically* significantly different from the overall. Where the differences cannot be explained by a difference in the profile of SMEs in that region, this is stated, but it should not be assumed that region is the *cause* of such differences – a more detailed description of the analysis process, and the 'health warning' that comes with it, is provided below.



Definitions used in the regional summaries

Section 1

SME size – this is based on the number of employees (excluding the respondent). Those with more than 249 employees were excluded from the research

External risk profile – this is provided by the sample providers (Dun & Bradstreet and Experian). Risk ratings are not available for 14% of respondents, typically the smallest ones. D&B and Experian use slightly different risk rating scales, and so the Experian scale has been matched to the D&B scale as shown in Table 1d in the Appendix

Self-reported credit problems – reported instances in the last 12 months of missed loan repayments, unauthorised overdrafts, bounced cheques, CCJs and problems getting trade credit

Section 2

Use of external finance – SMEs are asked whether they are currently using any of the following forms of finance: Bank overdraft, Credit cards, Bank loan/Commercial mortgage, Leasing or hire purchase, Loans/equity from directors, Loans/equity from family and friends, Invoice finance, Grants, Loans from other 3rd parties, Export/import finance

Permanent non-borrower – SMEs who seem firmly dis-inclined to borrow, because they meet all of the following conditions: Are not currently using external finance, have not used external finance in the past 5 years, have had no borrowing events in the past 12 months, have not applied for any other forms of finance in the last 12 months, said that they had had no desire to borrow in the past 12 months and reported no inclination to borrow in the next 3 months

Borrowing event – those SMEs reporting any Type 1 (new application or renewal), Type 2 (bank sought cancelation/renegotiation) or Type 3 (SME sought cancelation/reduction) borrowing event in the 12 months prior to interview

Would-be seeker – those SMEs that had not had a borrowing event, but said that they would have ideally liked to apply for loan/overdraft funding in the previous 12 months

Happy non-seeker – those SMEs that had not had a borrowing event, and also said that they had not wanted to apply for any (further) loan/overdraft funding in the previous 12 months



Section 3

Issues – something that needed further discussion before a loan or overdraft facility was agreed, typically the terms and conditions (security, fee or interest rate) or the amount initially offered by the bank

Sections 4 and 5

Principle of borrowing – where an SME did not (or, looking ahead, will not) apply to borrow because they feared they might lose control of their business, or preferred to seek alternative sources of funding

Process of borrowing – where an SME did not (or, looking ahead, will not) apply to borrow because they thought it would be too expensive, too much hassle etc.

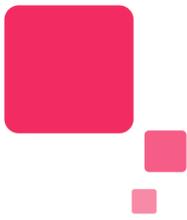
Discouragement – where an SME did not (or, looking ahead, will not) apply to borrow because it had been put off, either directly (they made informal enquiries of the bank and felt put off) or indirectly (they thought they would be turned down by the bank so did not enquire)

Section 5

Major obstacle– SMEs were asked to rate the extent to which each of a number of factors were perceived as obstacles to them running the business as they would wish in the next 12 months, using a 1 to 10 scale. Ratings of 8-10 are classed as a ‘major obstacle’

Future happy non-seekers – those that said they would not be applying to borrow (more) in the next three months, because they said that they did not need to borrow (more) or already had the facilities they needed

Future would-be seekers – those that felt that there were barriers that would stop them applying to borrow (more) in the next three months (such as discouragement, the economy or the principle or process of borrowing)



Understanding the regional context – a health warning

This report contains the summary position for each English region and the devolved nations. This provides information on the views and behaviours of the SMEs based in that region, and compares it to the overall UK picture. Analysis for this report has shown that, across a range of key data, results for one or more regions are statistically significantly different from the UK overall.

It is important though to view these regional differences in context, firstly by accounting for any differences between the profile of SMEs in a particular region (such as their age, size, or risk rating) and the national profile, which might explain why a given region has different results from the overall. The full list of demographics taken into account is provided at the end of this section, and much of the data analysed passed this ‘demographics’ test. More detailed analysis was therefore done for the most important variables: past financial behaviour, current use of external finance, outcome of applications for loans or overdrafts, likely future financial behaviour and growth prospects, to identify *which* regions were statistically significantly different from the overall picture. Where a region *is* statistically significantly different to the overall picture for one of these key variables, once demographics are taken into account, this is reported at the end of the relevant section of their chapter.

The existence of such statistically significant regional differences, even once the profile of SMEs has been taken into account, should not however be taken to mean that region is the cause of the difference per se: business demographics in themselves only explain a proportion of the variance in results, and there are other factors which will impact on, for example, success rates when a facility is applied for. These include those that cannot be fully covered within the questionnaire, such as how well the application is presented to the bank and that bank’s perception of, and willingness to lend to, that business or sector.

Other, broader, issues may be affecting regional level results: for example, whilst quotas are set and controlled at a broad sector level, the mix of different business types within a broad sector may vary from region to region eg the mix of small sub-contract builders and Civil Engineers within the Construction sector. Similar issues may exist across other matched variables.

The fortunes of most SMEs are also linked to the local economies in which they operate and regional economic performance/prospects vary. ONS data show, for example, that economic deprivation at a very local level is spread widely across all regions and none of this can be reflected in the survey. So, if a large local employer opens up/contracts this will impact upon the sales and business environment of all local firms in a number of ways. This report can therefore only highlight the existence of such differences, not fully explain them.



The questions used as part of the demographics 'test' are: number of employees, external risk rating, sector, age of business, growth plans, profit/loss, credit balances held, growth in past 3 years, gender, age, and years running a business of the business owner, whether the financial decision maker has had training, business formality (business plans etc.), and self-reported credit problems.

It should also be noted that in some instances base sizes for an individual region allow only a **qualitative** assessment to be made. This is usually where the base size is below 100, and again this has been highlighted in the text.

2. North East



736 interviews conducted, weighted to a total of 136,465 SMEs.



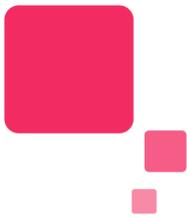
1. Context (Tables 1a-1k)

- As overall, the majority of SMEs in the North East are small (76% 0 employee v 74% overall), but they are slightly less likely to be a young business – 38% have been in business for less than 5 years compared to 42% overall
- Their external risk profile is in line (17% minimal/low risk v 17% overall), but they are the most likely to have had a self-reported credit issue (18% v 14% overall)
- Profitability is in line (65% made a profit v 65% overall) and the median profit made is in line with the average (£10k v £11k)
- As is the case overall, most hold credit balances (5% do not v 5% overall), but these are typically balances of less than £5,000 (66% v 63% overall), and the median amount held is just under £2,000 (£1.8k v £1.9k overall)
- The owner/manager is typically slightly older (48% aged over 50 compared to 43% overall), while the financial decision maker is slightly less likely to have any financial qualifications or training (21% v 23% overall)
- They are as likely to plan (55% v 53% overall) – 34% have a business plan (v 32% overall) while 38% produce regular management accounts (39% overall)
- They are slightly less likely to be an international business (9% v 11% overall)
- They are slightly less likely to be using a personal account for the business (15% v 18% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in the North East are slightly less likely to be using external finance at the moment (43% v 46% overall), and are slightly more likely to qualify as a ‘permanent non-borrower’ (36% v 34% overall)
- Their behaviour over the past 12 months would classify many of them, in our terms, as a ‘happy non-seeker’ (75% v 73% overall) while 10% have been a ‘would-be seeker’ (v 12% overall)
- 16% had a borrowing ‘event’ in the previous 12 months (15% overall), and, as overall, this was most likely to have been an application for a new or renewed loan/overdraft (12% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, there are no statistically significant differences between the North East and the rest of the UK for use of finance, or being a ‘permanent non-borrower’.



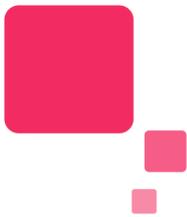
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in the North East were more likely to be looking to renew for the same amount (54% v 49% overall), or to increase an existing overdraft (21% v 18% overall) and slightly less likely to be looking for their first ever overdraft (20% v 23%)
- Similarly, albeit on a small base (52), those applying for a loan were less likely to be first time applicants (21% v 33% overall) and more likely to be topping up an existing loan (22% v 10% overall), or looking to refinance onto a cheaper deal (12% v 5% overall)
- Loan and overdraft applicants in the North East were more likely to have sought advice before they applied – 14% sought advice for an overdraft (9% overall) and 28% for a loan (on a small base, 16% overall)
- Overdraft applicants in the North East were the most likely to have been offered the facility they wanted and taken it (78% v 65% overall). Very few took an overdraft having had ‘issues’ (4% v 14% overall), so overall 82% of overdraft applicants were successful (79% overall). 13% of overdraft applicants ended up with no facility (17% overall)
- On a small base (52), the outcome for loans tells a somewhat different story, with a third, 39%, of applicants now having a facility (63% overall). As with overdrafts, most of those that were successful were offered what they wanted and took it (32%) and very few obtained the loan after ‘issues’ (7%). Half, 46%, of loan applicants ended up with no facility (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, success rates amongst overdraft applicants in the North East were not statistically significantly different from those elsewhere. Loan applicants in the North East were statistically significantly more likely to end the process with no facility – this is unlikely to be caused by them being in the North East per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively ‘would-be seekers’ in the North East were more likely to cite issues with the process of borrowing (cost, hassle, time etc) as the main barrier to an application for an overdraft (a third v a quarter overall). They were slightly less likely to mention discouragement (a fifth cite it as the main reason), and in almost all cases this discouragement was indirect (assuming the bank would say no) rather than direct
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not



5. The future (Tables 5a-5d)

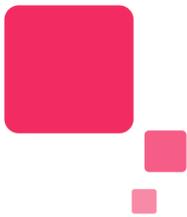
- In Q4, SMEs in the North East were slightly less optimistic than others about their growth prospects for the coming year. 37% were planning to grow (44% overall), while 9% were planning to sell or pass on the business (4% overall)
- Whilst it was still seen as the key obstacle for the next year, SMEs in the North East were less likely than other areas to rate the current economic climate as a ‘major obstacle’: 27% rated it 8-10 compared to 35% overall. In fact, SMEs in the North East were less likely to rate any of the suggested barriers as a ‘major obstacle’ for the coming year
- Reflecting on their financial plans for the next 3 months, SMEs in the North East were slightly more likely to be what we would classify as ‘happy non-seekers’ (71% v 66% overall) and less likely to be ‘future would-be seekers’ (13% v 20% overall). 15% had plans to apply for, or renew facilities, in line with the overall picture (14%)
- When asked, the ‘future would-be seekers’ in the North East, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (49% v 47% overall). They were slightly more likely to cite discouragement as the main barrier (14% v 12% overall) but this is all indirect, rather than direct, discouragement

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in the North East are statistically significantly less likely to be a future ‘would-be seeker’ – this is unlikely to be caused by them being in the North East per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

3. Yorkshire and Humberside



1368 interviews conducted, weighted to a total of 318,419 SMEs.



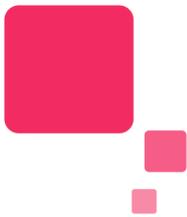
1. Context (Tables 1a-1k)

- As overall, the majority of SMEs in Y&H are small (75% 0 employees v 74% overall). They are slightly more likely to be a younger business – 46% have been in business for less than 5 years compared to 42% overall
- Their external risk profile is broadly in line (15% minimal/low risk v 17% overall), and they are no more likely to have had a self-reported credit issue (13% v 14% overall)
- They are as likely to have made a profit (67% made a profit v 65% overall), and the median profit, where made, is slightly above average (£13k v £11k)
- 8% hold no credit balances (5% do not overall), with those that do typically holding balances of less than £5,000 (59% v 63% overall), and the median amount held is just under £2,000 (£1.9k v £1.9k overall)
- The owner/manager age profile matches the overall market (43% aged over 50 v 43% overall), while the financial decision maker is as likely to have any financial qualifications or training (22% v 23% overall)
- They are as likely to plan (52% v 53% overall) – 30% have a business plan (v 32% overall) while 38% produce regular management accounts (39% overall)
- They are slightly less likely to be an international business (8% v 11% overall)
- They are slightly more likely to be using a personal account for the business (21% v 18% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in Y&H are as likely to be using external finance at the moment (47% v 46% overall), and are also as likely to qualify as a ‘permanent non-borrower’ (33% v 34% overall)
- Their behaviour over the past 12 months would classify most of them, in our terms, as a ‘happy non-seeker’ (77% v 73% overall). They were slightly less likely to have been a ‘would-be seeker’ (8% v 12% overall)
- 15% had a borrowing ‘event’ in the previous 12 months (15% overall), and, as overall, this was most likely to have been an application for a new or renewed loan/overdraft (13% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in Y&H were statistically significantly less likely to have been a ‘would-be seeker’ – this is unlikely to be caused by them being in Y&H per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.



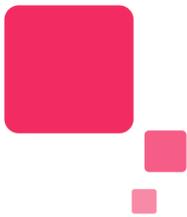
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in Y&H were typically looking to renew for the same amount (61% v 49% overall), or looking to increase an existing overdraft (21% v 18% overall). They were less likely to be first time applicants (17% v 23% overall)
- Those applying for a loan were the most likely to be first time applicants (49% v 33% overall) or to be topping up an existing loan (22% v 10% overall)
- Applicants in Y&H were as likely as those in other regions to have sought advice before they applied for an overdraft (9% sought advice for an overdraft v 9% overall), but they were less likely to have sought advice for a loan (11% v 16% overall)
- Overdraft applicants in Y&H were less likely to have been offered the facility they wanted and taken it (50% v 65% overall). 26% took an overdraft having had 'issues' (v 14% overall), so overall 76% of overdraft applicants were successful (79% overall). Applicants were slightly more likely to have ended up with no overdraft facility (21% v 17% overall)
- The outcome for loans tells a slightly different story. 71% of applicants now have a facility (63% overall), with 51% having been offered what they wanted and taken it (v 54% overall) while 20% took the loan after 'issues' (v 9% overall). Very few took other funding, and 27% of loan applicants ended up with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, overdraft applicants in Y&H were statistically significantly less likely to have ended the process with a facility, and those who did have one were more likely to have had 'issues' with the initial offer. Loan applicants in Y&H who now have a loan were also statistically significantly more likely to have it 'after issues'. This is unlikely to be caused by them being in Y&H per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively 'would-be seekers' in Y&H, as overall, were equally likely to cite issues with the principle or process of borrowing, or discouragement, as their main barrier to an application
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not

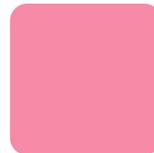


5. The future (Tables 5a-5d)

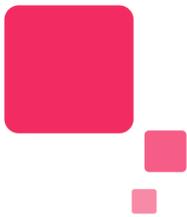
- In Q4, SMEs in Y&H were slightly less optimistic than others about their growth prospects for the coming year. 38% were planning to grow (44% overall)
- Seen as the key obstacle for the next year, 35% of SMEs in Y&H rated the current economic climate as a 'major obstacle' (v 35% overall). Their perception of the potential impact of all other suggested obstacles was broadly in line with the overall picture
- Reflecting on their financial plans for the next 3 months, SMEs in Y&H were in line with the overall picture: 68% expect to be what we would classify as 'happy non-seekers' (v 66% overall). They were also as likely to be 'future would-be seekers' (21% v 20% overall), but slightly less likely to have plans to apply for, or renew facilities, (11% v 14% overall)
- When asked, the 'would-be seekers' in Y&H, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (49% v 47% overall). They were slightly more likely to cite the process of borrowing as the main barrier (19% v 15% overall), and less likely to cite discouragement as the main barrier (8% v 12% overall) and this was more likely to be indirect, rather than direct, discouragement

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in Y&H are statistically significantly less likely to be planning to grow.

4. North West



1375 interviews conducted, weighted to a total of 454,884 SMEs.



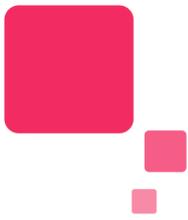
1. Context (Tables 1a-1k)

- SMEs in the North West reflect the national size profile (75% 0 employees v 74% overall) but are the most likely to be Starts – 28% have been in business for less than 2 years compared to 20% overall, and a total of 49% have been in business for less than 5 years (42% overall)
- These SMEs are less likely to have a minimal/low risk rating (12% minimal/low risk v 17% overall), and the most likely to have an above average risk rating (55% v 50% overall). They are however no more likely to have had a self-reported credit issue (15% v 14% overall)
- SMEs in the North West are slightly less likely to have made a profit (59% made a profit v 65% overall), but the median profit, where made, is in line with the average (£11k v £11k)
- 7% hold no credit balances (5% do not overall), with those that do more likely to be holding balances of less than £5,000 (68% v 63% overall), and the median amount held is under £2,000 (£1.7k v £1.9k overall)
- As with age of business, the owner/manager age profile in the North West is slightly younger (40% aged over 50 v 43% overall). The financial decision maker is slightly less likely to have any financial qualifications or training (21% v 23% overall)
- They are as likely to plan (52% v 53% overall) – 32% have a business plan (v 32% overall) while 40% produce regular management accounts (39% overall)
- They are slightly less likely to be an international business (9% v 11% overall)
- They are as likely to be using a personal account for the business (20% v 18% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in the North West are as likely to be using external finance at the moment (45% v 46% overall), or to qualify as a ‘permanent non-borrower’ (34% v 34% overall)
- Their behaviour over the past 12 months would classify many of them, in our terms, as a ‘happy non-seeker’ (75% v 73% overall) while 11% have been a ‘would-be seeker’ (v 12% overall)
- 14% had a borrowing ‘event’ in the previous 12 months (15% overall), and, as overall, this was most likely to have been an application for a new or renewed loan/overdraft (13% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in the North West were statistically significantly less likely to have been a ‘would-be seeker’ – this is unlikely to be caused by them being in the North West per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.



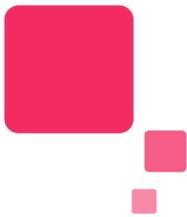
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in the North West were likely to be looking to renew for the same amount (51% v 49% overall). 23% were looking for their first ever overdraft (v 23% overall)
- In contrast, those applying for a loan were less likely to be first time applicants (20% v 33% overall) but more likely to be renewing an existing loan (26% v 15% overall), or looking for a new, but not their first, loan (36% v 25% overall)
- Overdraft applicants in the North West were as likely to have sought advice before they applied (7% sought advice for an overdraft v 9% overall) while loan applicants were less likely to have sought advice (11% v 16% overall)
- Overdraft applicants in the North West were as likely to have been offered the facility they wanted and taken it as others (66% v 65% overall). Some took an overdraft having had 'issues' (12% v 14% overall), so overall 78% of overdraft applicants were successful (79% overall). Applicants were though slightly more likely to have ended up with no facility (21% v 17% overall)
- The outcome for loans tells a somewhat more positive story. 71% of applicants now have a facility (63% overall). Very few took other funding, and 25% of applicants ended up with no facility at all (33% overall)

There are no statistically significant differences in overdraft or loan success rates in the North West, once business demographics (such as size, age and risk rating), and the reason for application are taken into account.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively 'would-be seekers' in the North West were more likely to cite discouragement as the main barrier to application in the past (a third cite it as the main reason), and almost as likely to feel that this discouragement was direct as indirect
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not

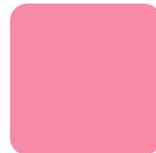


5. The future (Tables 5a-5d)

- In Q4, SMEs in the North West were slightly less optimistic than others about their growth prospects for the coming year. 40% were planning to grow (44% overall)
- Seen as the key obstacle for the next year, 33% of SMEs in the North West rated the current economic climate as a 'major obstacle' (v 35% overall). They were slightly more likely than others to rate 'access to external finance' as a major obstacle (14% v 10% overall)
- Reflecting on their financial plans for the next 3 months, SMEs in the North West were slightly less likely to be what we would classify as 'happy non-seekers' (58% v 66% overall). They were more likely than others to be 'future would-be seekers' (26% v 20% overall), while 17% had plans to apply for, or renew, facilities (v 14% overall)
- When asked, the 'would-be seekers' in the North West, as elsewhere, were most likely to cite the current economic climate as the main future barrier to seeking finance (54% v 47% overall). They were slightly less likely to cite the principle of borrowing as the main barrier (12% v 19% overall), or to cite discouragement (9% v 12% overall) and this was more likely to be indirect, rather than direct, discouragement

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in the North West are statistically significantly less likely to be expecting to be a 'happy non-seeker'. This is unlikely to be caused by them being in the North West per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

5. West Midlands



1362 interviews conducted, weighted to a total of 318,419 SMEs.



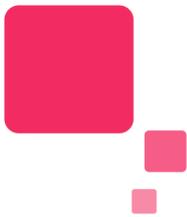
1. Context (Tables 1a-1k)

- As overall, the majority of SMEs in the West Midlands are small (76% 0 employees v 74% overall) with an age profile similar to that overall – 44% have been in business for less than 5 years compared to 42% overall
- Their external risk profile is slightly better (20% minimal/low risk v 17% overall), and they are slightly less likely to have had a self-reported credit issue (12% v 14% overall)
- They are as likely to be profitable (65% made a profit v 65% overall), but the median profit made is slightly below average (£8k v £11k)
- Most hold credit balances (6% do not v 5% overall), with those that do typically holding balances of less than £5,000 (65% v 63% overall), and the median amount held is just under £2,000 (£1.8k v £1.9k overall)
- The owner/manager age profile is slightly younger (40% aged over 50 v 43% overall), while the financial decision maker is slightly more likely to have any financial qualifications or training (25% v 23% overall)
- They are as likely to plan (52% v 53% overall) – 34% have a business plan (v 32% overall) while 39% produce regular management accounts (39% overall)
- They are as likely to be an international business (11% v 11% overall)
- They are as likely to be using a personal account for the business (18% v 18% overall)
- The West Midlands is more likely to contain SMEs in Construction (27% v 22% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in the West Midlands are slightly less likely to be using external finance at the moment (43% v 46% overall), and are also more likely to qualify as a ‘permanent non-borrower’ (39% v 34% overall)
- Their behaviour over the past 12 months would classify many of them, in our terms, as a ‘happy non-seeker’ (74% v 73% overall). They were as likely to have been a ‘would-be seeker’ (13% v 12% overall)
- 13% had a borrowing ‘event’ in the previous 12 months (15% overall), and, as overall, this was most likely to have been an application for a new or renewed loan/overdraft (10% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in the West Midlands were statistically significantly less likely to be using external finance at the moment, and more likely to qualify as a ‘permanent non-borrower’. They were also statistically significantly less likely to have had a borrowing ‘event’. This is unlikely to be because they are in the West Midlands per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.



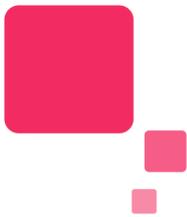
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in the West Midlands were the most likely to be looking to renew for the same amount (64% v 49% overall), and the least likely to be looking for their first ever overdraft (16% v 23% overall)
- Those applying for a loan were also less likely to be first time applicants (20% v 33% overall) and slightly more likely to be looking to renew for the same amount (20% v 15% overall)
- Overdraft applicants in the West Midlands were as likely as other applicants to have sought advice before they applied (10% sought advice for an overdraft v 9% overall). Loan applicants were more likely to have sought advice, with 23% having done so (16% overall)
- Overdraft applicants in the West Midlands were more likely to have been offered the facility they wanted and taken it (73% v 65% overall). Some took an overdraft having had 'issues' (9% v 14% overall), so overall 82% of overdraft applicants were successful (79% overall). Applicants were as likely as overall to have ended up with no facility (17% v 17% overall)
- The outcome for loans (on a small base, 87) tells a somewhat different story. 53% of applicants now have a facility (63% overall). Very few took other funding, and so 47% of applicants ended up with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, applicants for both overdrafts and loans in the West Midlands were statistically significantly more likely to end the process with no facility. This is unlikely to be caused by them being in the West Midlands per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively 'would-be seekers' in the West Midlands were more likely to cite issues with discouragement (a third cite it as the main reason for not making an application), while fewer mentioned issues with the process of borrowing. This is the only region where there were more than a handful of mentions (ie 10%+) of the economic climate as a main barrier to past applications
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not



5. The future (Tables 5a-5d)

- In Q4, SMEs in the West Midlands were more optimistic than others about their growth prospects for the coming year. 52% were planning to grow (44% overall)
- Seen as the key obstacle for the next year, 37% of SMEs in the West Midlands rated the current economic climate as a 'major obstacle' (v 35% overall). SMEs in this region were slightly more likely to rate 'cash flow/late payment' as a major obstacle (15% v 11% overall)
- Reflecting on their financial plans for the next 3 months, SMEs in the West Midlands were the most likely to be what we would classify as 'happy non-seekers' (75% v 66% overall). They were less likely to be 'future would-be seekers' (13% v 20% overall), and as likely to have plans to apply for, or renew facilities (13% v 14% overall)
- When asked, the 'would-be seekers' in the West Midlands, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (47% v 47% overall). They were slightly more likely to cite the principle of borrowing as the main barrier (23% v 19% overall), or the process of borrowing (21% v 15% overall) and much less likely to cite discouragement as the main barrier (3% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in the West Midlands are statistically significantly less likely to be a future 'would-be seeker', and statistically significantly more likely to expect to be a 'happy non-seeker' – this is unlikely to be caused by them being in the West Midlands per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

6. East Midlands



1045 interviews conducted, weighted to a total of 272,931 SMEs.



1. Context (Tables 1a-1k)

- SMEs in the East Midlands are in line with the market in terms of size (75% 0 employees v 74% overall) and age of business – 44% have been in business for less than 5 years compared to 42% overall
- Their external risk profile is also in line (16% minimal/low risk v 17% overall), and they are as likely to have had a self-reported credit issue (14% v 14% overall)
- They are as likely to be profitable (65% made a profit v 65% overall), and the median profit, where made, is slightly above average (£13k v £11k) However SMEs in this region are the most likely to have made a loss (20% v 16% overall)
- Most hold credit balances (6% do not v 5% overall), with those that do typically holding balances of less than £5,000 (66% v 63% overall), and the median amount held is just under £2,000 (£1.8k v £1.9k overall)
- The owner/manager age profile is in line (42% aged over 50 v 43% overall), while the financial decision maker is slightly more likely to have any financial qualifications or training (26% v 23% overall)
- They are as likely to plan (55% v 53% overall) – they are slightly more likely to have a business plan (37% v 32% overall) while 40% produce regular management accounts (39% overall)
- They are as likely to be an international business (10% v 11% overall)
- They are less likely to be using a personal account for the business (13% v 18% overall)
- The East Midlands is the most likely to contain SMEs in the community, social and personal service activity sector (19% v 12% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in the East Midlands are as likely as others to be using external finance at the moment (48% v 46% overall), or to qualify as a ‘permanent non-borrower’ (32% v 34% overall)
- Their behaviour over the past 12 months would classify many of them, in our terms, as a ‘happy non-seeker’ (74% v 73% overall). They were slightly less likely to have been a ‘would-be seeker’ (9% v 12% overall)
- 16% had a borrowing ‘event’ in the previous 12 months (15% overall), and, as overall, this was most likely to have been an application for a new or renewed loan/overdraft (13% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in the East Midlands were statistically significantly less likely to have been a ‘would-be seeker’ – this is unlikely to be caused by them being in the East Midlands per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.



3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in the East Midlands were slightly less likely to be looking to renew for the same amount (43% v 49% overall), and slightly more likely to be looking for their first ever overdraft (27% v 23% overall)
- Those applying for a loan were the most likely to be seeking a new loan having had one before (46% v 25% overall) and slightly less likely to be looking to renew for the same amount (10% v 15% overall). 35% were applying for their first ever loan (v 33% overall)
- Applicants in the East Midlands were slightly more likely than other applicants to have sought advice before they applied – 12% sought advice for an overdraft (9% overall), while 22% of loan applicants sought advice (16% overall)
- Overdraft applicants in the East Midlands were less likely to have been offered the facility they wanted and taken it (54% v 65% overall). Some took an overdraft having had ‘issues’ (17% v 14% overall), so overall 71% of overdraft applicants were successful (v 79% overall). Applicants were therefore slightly more likely to have ended up with no facility (21% v 17% overall)
- The outcome for loans (on a small base, 79) is more in line with the overall picture. 59% of applicants now have a facility (63% overall). Very few took other funding, and so 40% of applicants ended with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, successful applicants for both overdrafts and loans in the East Midlands were statistically significantly more likely to have had ‘issues’ before getting their facility. This is unlikely to be caused by them being in the East Midlands per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

4. Barriers to overdraft application in past (Table 4a)

- There are too few ‘would-be seekers’ in the East Midlands to be able to comment
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not



5. The future (Tables 5a-5d)

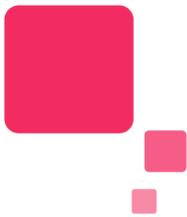
- In Q4, SMEs in the East Midlands were as optimistic as others about their growth prospects for the coming year. 45% were planning to grow (44% overall). 9% were planning to sell/pass on the business (4% overall)
- Seen as the key obstacle for the next year, 44% of SMEs in the East Midlands rated the current economic climate as a 'major obstacle' (the highest region score v 35% overall). SMEs in this region were also more likely to rate 'access to external finance' as a major obstacle (17% v 10% overall)
- Reflecting on their financial plans for the next 3 months, SMEs in the East Midlands were slightly more likely to have plans to apply for, or renew facilities (18% v 14% overall). They were also slightly more likely to be what we would classify as a 'future would-be seeker' (26% v 20% overall), and thus the least likely to be a 'happy non-seeker' (56% v 66% overall)
- When asked, the future 'would-be seekers' in the East Midlands, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (43% v 47% overall). They were also slightly more likely to cite discouragement as the main barrier (19% v 12% overall), albeit that most of this was indirect, rather than direct discouragement

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in the East Midlands are statistically significantly less likely to be expecting to be a 'happy non-seeker' – this is unlikely to be caused by them being in the East Midlands per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

7. East Anglia



1291 interviews conducted, weighted to a total of 454,884 SMEs.



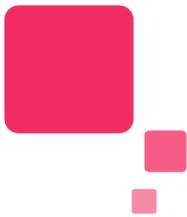
1. Context (Tables 1a-1k)

- SMEs in East Anglia are in line with the market by size (73% 0 employees v 74% overall) but the profile of SMEs is slightly older – 45% have been in business for 10 years or more compared to 42% overall, and they are the least likely to be Starts (set up in the last 2 years – 14% v 20% overall)
- Their external risk profile is slightly better (20% minimal/low risk v 17% overall), although they are as likely to have had a self-reported credit issue (15% v 14% overall)
- They are slightly more likely to be profitable (68% made a profit v 65% overall), while the median profit made is in line with the average (£12k v £11k)
- Most hold credit balances (6% do not v 5% overall), with those that do typically holding balances of less than £5,000 (63% v 63% overall), and the median amount held is just under £2,000 (£1.9k v £1.9k overall)
- The owner/manager age profile is slightly older (46% aged over 50 v 43% overall), while the financial decision maker is as likely to have any financial qualifications or training (23% v 23% overall)
- They are as likely to plan (52% v 53% overall) – 28% have a business plan (v 32% overall) while 40% produce regular management accounts (39% overall)
- They are as likely to be an international business (10% v 11% overall)
- They are as likely to be using a personal account for the business (18% v 18% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in East Anglia are as likely as those elsewhere to be using external finance at the moment (44% v 46% overall). They are slightly more likely to qualify as a ‘permanent non-borrower’ (38% v 34% overall)
- Their behaviour over the past 12 months would classify many of them, in our terms, as a ‘happy non-seeker’ (75% v 73% overall). 10% have been a ‘would-be seeker’ (v 12% overall)
- 15% had a borrowing ‘event’ in the previous 12 months (15% overall), and, as overall, this was most likely to have been an application for a new or renewed loan/overdraft (12% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in East Anglia are statistically significantly more likely to qualify as a ‘permanent non-borrower’.



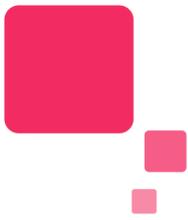
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in East Anglia were slightly more likely to either be looking to renew for the same amount (52% v 49% overall), or to be looking to reduce an existing facility (7% v 3% overall). The proportion of first time overdraft seekers was in line with the overall picture (22% v 23% overall)
- Those applying for a loan, though, were more likely to be first time applicants (44% v 33% overall)
- Overdraft applicants in East Anglia were more likely than other applicants to have sought advice before they applied – 14% sought advice for an overdraft (9% overall). Applicants for loans, however, were less likely to have sought advice (8% v 16% overall)
- Overdraft applicants in East Anglia were more likely to have been offered the facility they wanted and taken it (74% v 65% overall). Very few took an overdraft having had ‘issues’ (4% v 14% overall), so overall 78% of overdraft applicants were successful (v 79% overall). Applicants were more likely to have taken another form of finance (14% v 5% overall) and therefore less likely to have ended up with no facility (8% v 17% overall)
- The outcome for loans saw 59% of applicants now having a facility (63% overall). Very few took other funding, and so 35% of applicants ended up with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, overdraft applicants in East Anglia were statistically significantly more likely to end the process with a facility. Success rates amongst loan applicants in East Anglia were not statistically significantly different from those elsewhere. The difference in overdraft success rates is unlikely to be caused by applicants being in East Anglia per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively ‘would-be seekers’ in East Anglia were more likely to cite issues with the principle of borrowing (mentioned by a third v a quarter overall) as their main barrier to an application, and slightly less likely to mention issues around the process of borrowing
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not



5. The future (Tables 5a-5d)

- In Q4, SMEs in East Anglia were slightly less optimistic than others about their growth prospects for the coming year. 41% were planning to grow (44% overall)
- Seen as the key obstacle for the next year, 34% of SMEs in East Anglia rated the current economic climate as a 'major obstacle' (v 35% overall).
- Reflecting on their financial plans for the next 3 months, SMEs in East Anglia were as likely to have plans to apply for, or renew facilities (16% v 14% overall). They were less likely to be what we would classify as a 'future would-be seeker' (13% v 20% overall), and thus slightly more likely to be a 'happy non-seeker' (70% v 66% overall)
- When asked, the 'would-be seekers' in East Anglia, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (56% v 47% overall). They were also the least likely to cite the process of borrowing as the main barrier to future applications (5% v 15% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in East Anglia are statistically significantly less likely to be a future 'would-be seeker' – this is unlikely to be because they are in East Anglia per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

8. South West



1402 interviews conducted, weighted to a total of 454,884 SMEs.



1. Context (Tables 1a-1k)

- SMEs in the South West are in line with the market by size (75% 0 employees v 74% overall). The age profile is slightly younger – 38% have been in business for 10 years or more compared to 42% overall, while 23% are Starts (set up in the last 2 years) compared to 20% overall
- Their external risk profile is in line (15% minimal/low risk v 17% overall), and they are as likely as others to have had a self-reported credit issue (16% v 14% overall)
- They are the most likely to be profitable (71% made a profit v 65% overall), while the median profit, where made, is in line with the average (£12k v £11k)
- Most hold credit balances (6% do not v 5% overall), with those that do typically holding balances of less than £5,000 (61% v 63% overall), and the median amount held is just under £2,000 (£1.9k v £1.9k overall)
- The owner/manager age profile is slightly younger (38% aged over 50 v 43% overall), while the financial decision maker is as likely to have any financial qualifications or training (22% v 23% overall)
- They are as likely to plan (54% v 53% overall) – 32% have a business plan (v 32% overall) while 39% produce regular management accounts (39% overall)
- They are as likely to be an international business (11% v 11% overall)
- They are as likely to be using a personal account for the business (18% v 18% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in the South West are slightly more likely to be using external finance at the moment (52% v 46% overall), and are slightly less likely to qualify as a ‘permanent non-borrower’ (31% v 34% overall)
- Their behaviour over the past 12 months reflects their higher use of external finance: 19% had a borrowing ‘event’ in the previous 12 months (15% overall), and, as overall, this was most likely to have been an application for a new or renewed loan/overdraft (16% v 12% overall)
- These SMEs are as likely to have been, in our terms, a ‘would-be seeker’ (12% v 12% overall) and therefore slightly less likely to be classified as a ‘happy non-seeker’ (69% v 73% overall)

Once business demographics (such as size, age and rating) are taken into account, SMEs in the South West were statistically significantly less likely to have been a ‘happy non-seeker’, and more likely to have had a borrowing event – this is unlikely to be caused by them being in the South West per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.



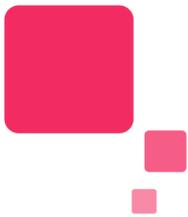
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in the South West were slightly less likely to be looking to renew for the same amount (43% v 49% overall), or to be a first time applicant (18% v 23% overall). This was the only region where more than a handful of applicants were setting up facilities at a new bank (11% v 4% overall)
- Those applying for a loan were as likely as others to be a first time applicant (32% v 33% overall) but less likely to be renewing an existing loan (6% v 15% overall) or topping one up (5% v 10% overall)
- While overdraft applicants in the South West were less likely than other applicants to have sought advice before they applied (5% sought advice for an overdraft v 9% overall), applicants for loans were more likely to have sought advice (21% v 16% overall)
- Overdraft applicants in the South West were more likely to have been offered the facility they wanted and taken it (74% v 65% overall). Some took an overdraft having had ‘issues’ (13% v 14% overall), so overall 87% of overdraft applicants were successful (the most successful region v 79% overall). Applicants were therefore less likely to have ended up with no facility (8% v 17% overall)
- The outcome for loans saw 58% of applicants now having a facility (63% overall). Very few took other funding, and so 41% of applicants ended up with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, there are no statistically significant differences in overdraft or loan success rates in the South West, compared to the overall picture.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively ‘would-be seekers’ in the South West were more likely to cite issues with the process of borrowing (mentioned by just under half v a quarter overall) as their main barrier to an application, and slightly less likely to mention issues around the principle of borrowing
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not



5. The future (Tables 5a-5d)

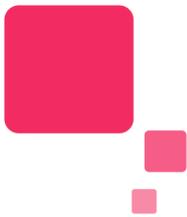
- In Q4, SMEs in the South West were more optimistic than others about their growth prospects for the coming year. 53% were planning to grow (44% overall)
- Seen as the key obstacle for the next year, 37% of SMEs in the South West rated the current economic climate as a 'major obstacle' (v 35% overall). SMEs in this region were more likely to see 'cash flow / late payment' as a major obstacle (17% v 11% overall)
- Reflecting on their financial plans for the next 3 months, SMEs in the South West were as likely as others to have plans to apply for, or renew facilities (15% v 14% overall). They were also as likely to be what we would classify as a 'future would-be seeker' (19% v 20% overall), and so most were 'happy non-seekers' (66% v 66% overall)
- When asked, the 'would-be seekers' in the South West, as elsewhere, typically cited the current economic climate as the main barrier to future applications (40% v 47% overall). They were more likely to cite the process of borrowing as the main barrier to future borrowing (24% v 15% overall) – the same main barrier as for past applications in this region

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in the South West are statistically significantly more likely to be planning to grow. This is unlikely to be caused by them being in the South West per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

9. London



1809 interviews conducted, weighted to a total of 773,303 SMEs.



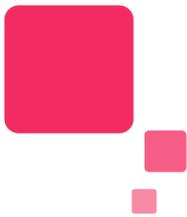
1. Context (Tables 1a-1k)

- SMEs in London are slightly larger (71% 0 employees v 74% overall), but have a similar age profile to the market as a whole – 44% have been in business for 10 years or more compared to 42% overall
- Their external risk profile is also slightly better (19% minimal/low risk v 17% overall, and 47% above average risk v 50% overall), and they are slightly less likely to have had a self-reported credit issue (12% v 14% overall)
- They are slightly less likely to be profitable (60% made a profit v 65% overall), but where profits were made, the median profit made is larger (£16k v £11k)
- Most hold credit balances (8% do not v 5% overall), with those that do typically holding balances of less than £5,000 (59% v 63% overall), and the median amount held is £2,000 (v £1.9k overall)
- The owner/manager age profile is in line with the overall picture (41% aged over 50 v 43% overall), and the financial decision maker is as likely to have any financial qualifications or training (24% v 23% overall)
- They are as likely to plan (54% v 53% overall) – 33% have a business plan (v 32% overall) while 40% produce regular management accounts (39% overall)
- They are slightly more likely to be an international business (16% v 11% overall)
- They are as likely to be using a personal account for the business (19% v 18% overall)
- SMEs in London are slightly more likely to be in Real Estate/Renting (31%v 26% overall) and less likely to be in Construction (16% v 22% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in London are as likely to be using external finance at the moment (44% v 46% overall), or to qualify as a ‘permanent non-borrower’ (35% v 34% overall)
- Their behaviour over the past 12 months would classify many of them, in our terms, as a ‘happy non-seeker’ (72% v 73% overall). 14% are ‘would-be seekers’ (v 12% overall) while 14% have had an event (v 15% overall). As overall, this was most likely to have been an application for a new or renewed loan/overdraft (10% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in London were statistically significantly more likely to have been a ‘would-be seeker’, and less likely to have been a ‘happy non-seeker’ – this is unlikely to be caused by them being in London per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.



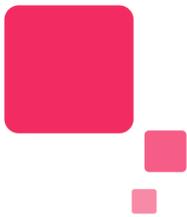
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in London were slightly less likely to be looking to renew for the same amount (44% v 49% overall), while 27% were first time applicants (v 23% overall). 22% were looking to increase an existing overdraft (v 18% overall)
- Those applying for a loan were more likely to be renewing an existing loan (21% v 15% overall), and as likely as others to be a first time applicant (31% v 33% overall)
- While overdraft applicants in London were as likely as other applicants to have sought advice before they applied (7% sought advice for an overdraft v 9% overall), applicants for loans were more likely to have sought advice (26% v 16% overall)
- Overdraft applicants in London were slightly less likely to have been offered the facility they wanted and taken it (57% v 65% overall). A further number took an overdraft having had 'issues' (22% v 14% overall), so overall 79% of overdraft applicants were successful (v 79% overall) Applicants in London were as likely as those elsewhere to have ended up with no facility (16% v 17% overall)
- The outcome for loans saw 64% of applicants now having a facility (63% overall). Very few took other funding, and so 34% of applicants ended up with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, successful overdraft applicants in London were statistically significantly more likely to have their facility 'after issues'. Success rates amongst loan applicants in London were not statistically significantly different from those elsewhere. The difference in overdraft outcome is unlikely to be caused by applicants being in London per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively 'would-be seekers' in London were more likely to cite issues with the principle of borrowing, or discouragement, as their main barrier to an application (both mentioned by a third v a quarter overall)
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not

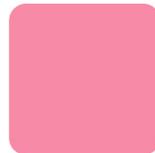


5. The future (Tables 5a-5d)

- In Q4, SMEs in London were more optimistic than others about their growth prospects for the coming year. 50% were planning to grow (44% overall)
- Seen as the key obstacle for the next year, 40% of SMEs in London rated the current economic climate as a 'major obstacle' (v 35% overall)
- Reflecting on their financial plans for the next 3 months, SMEs in London were as likely to have plans to apply for, or renew facilities (15% v 14% overall). They were slightly more likely to be what we would classify as 'future would-be seekers' (24% v 20% overall), and therefore slightly less likely to be 'happy non-seekers' (61% v 66% overall)
- When asked, the 'would-be seekers' in London, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (45% v 47% overall). They were more likely to cite the principle of borrowing as the main barrier to future borrowing (23% v 19% overall), and this was also the main barrier for *past* would-be applications in this region

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in London are statistically significantly more likely to be a future 'would-be seeker', and less likely to expect to be a 'happy non-seeker'. They are also statistically significantly more likely to be planning to grow. This is unlikely to be caused by them being in London per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey, but does also reflect their past behaviour.

10. South East



1879 interviews conducted, weighted to a total of 727,815 SMEs.



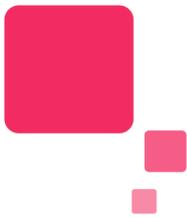
1. Context (Tables 1a-1k)

- SMEs in the South East are in line with the market in terms of size (74% 0 employees v 74% overall), but have a slightly older age profile – they are the most likely have been in business for 10 years or more (49% v 42% overall)
- Their external risk profile is in line (18% minimal/low risk v 17% overall), and they are as likely to have had a self-reported credit issue (12% v 14% overall)
- They are likely to be profitable (68% made a profit v 65% overall), and where made, the median profit made is larger (£17k v £11k)
- Most hold credit balances (6% do not v 5% overall) with those that do typically holding balances of less than £5,000 (61% v 63% overall), and the median amount held is just under £2,000 (£1.9k v £1.9k overall)
- The owner/manager age profile is in line (45% aged over 50 v 43% overall), and the financial decision maker is as likely to have any financial qualifications or training (22% v 23% overall)
- They are as likely to plan (51% v 53% overall) – they are slightly less likely to have a business plan (28% v 32% overall) while 39% produce regular management accounts (39% overall)
- They are as likely to be an international business (11% v 11% overall)
- They are as likely to be using a personal account for the business (18% v 18% overall)
- SMEs in the South East are more likely to be in Construction (27% v 22% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in the South East are as likely as others to be using external finance at the moment (47% v 46% overall), or to qualify as a ‘permanent non-borrower’ (33% v 34% overall)
- Their behaviour over the past 12 months would classify many of them, in our terms, as a ‘happy non-seeker’ (74% v 73% overall). They are as likely as others to be ‘would-be seekers’ (11% v 12% overall) or to have had an event (15% v 15% overall). As overall, this was most likely to have been an application for a new or renewed loan/overdraft (12% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, there are no statistically significant differences in the South East for use of finance, or being a ‘permanent non-borrower’.



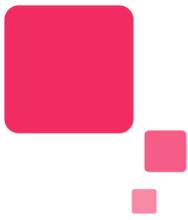
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in the South East were the most likely to be a first time applicant (29% v 23% overall), and slightly less likely to be renewing a facility for the same amount (46% v 49% overall)
- Those applying for a loan were less likely to be a first time applicant (25% v 33% overall) but more likely to be topping up an existing loan (18% v 10% overall) or looking to consolidate existing borrowing (13% v 4% overall)
- While overdraft applicants in the South East were more likely than other applicants to have sought advice before they applied (12% sought advice for an overdraft v 9% overall), applicants for loans were less likely to have sought advice (9% v 16% overall)
- Overdraft applicants in the South East were more likely to have been offered the facility they wanted and taken it (71% v 65% overall). Some took an overdraft having had 'issues' (10% v 14% overall), so overall 81% of overdraft applicants were successful (v 79% overall). Applicants in the South East were as likely as those elsewhere to have ended up with no facility (18% v 17% overall)
- The outcome for loans saw 62% of applicants now having a facility (63% overall). Some took other funding (7% v 4% elsewhere), and so 30% of applicants ended up with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, there are no statistically significant differences in overdraft or loan success rates for the South East, compared to the overall picture.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively 'would-be seekers' in the South East, as overall, were as likely to cite issues with the principle or process of borrowing, or discouragement as their main barrier to an application
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not

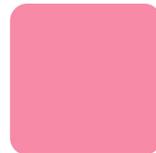


5. The future (Tables 5a-5d)

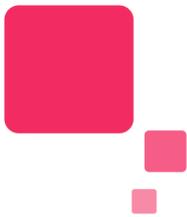
- In Q4, SMEs in the South East were slightly less optimistic than others about their growth prospects for the coming year. 39% were planning to grow (44% overall)
- Seen as the key obstacle for the next year, 33% of SMEs in the South East rated the current economic climate as a 'major obstacle' (v 35% overall)
- Reflecting on their financial plans for the next 3 months, SMEs in the South East were slightly less likely to have plans to apply for, or renew facilities (11% v 14% overall). They were as likely as others to be what we would classify as 'future would-be seekers' (19% v 20% overall), and therefore slightly more likely to be 'happy non-seekers' (70% v 66% overall)
- When asked, the 'would-be seekers' in the South East, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (48% v 47% overall). They were more likely than others to cite the principle of borrowing as the main barrier to future borrowing (23% v 19% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in the South East are statistically significantly less likely to have plans to apply/renew – this is unlikely to be caused by them being in the South East per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

11. Scotland



1225 interviews conducted, weighted to a total of 318,419 SMEs.



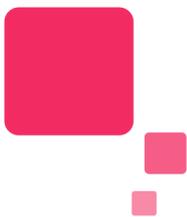
1. Context (Tables 1a-1k)

- SMEs in Scotland are in line with the market in terms of size (75% 0 employees v 74% overall), with a slightly younger age profile – 38% have been in business for 10 years or more, compared to 42% overall
- Their external risk profile is in line (18% minimal/low risk v 17% overall) and they are the least likely to have had a self-reported credit issue (10% v 14% overall)
- They are slightly more likely to be profitable (68% made a profit v 65% overall). Where made, the median profit is in line (£12k v £11k)
- Almost all hold credit balances (2% do not v 5% overall). While most that do typically hold balances of less than £5,000 (60% v 63% overall), SMEs in Scotland are the most likely to hold more than £5,000 in credit balances (38% v 31% overall). The median amount held is £2,000 (v £1.9k overall)
- The owner/manager age profile is slightly younger (40% aged over 50 v 43% overall), while the financial decision maker is as likely to have any financial qualifications or training (22% v 23% overall)
- They are slightly more likely to plan (57% v 53% overall) – this is due to a higher proportion having a business plan (37% v 32% overall) while 40% produce regular management accounts (39% overall)
- They are slightly less likely to be an international business (8% v 11% overall)
- They are slightly less likely to be using a personal account for the business (15% v 18% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in Scotland are as likely to be using external finance at the moment (48% v 46% overall) They are slightly less likely to qualify as a ‘permanent non-borrower’ (29% v 34% overall)
- Their behaviour over the past 12 months would classify many of them, in our terms, as a ‘happy non-seeker’ (74% v 73% overall). They are as likely as others to be ‘would-be seekers’ (11% v 12% overall) or to have had an event (15% v 15% overall). As overall, this was most likely to have been an application for a new or renewed loan/overdraft (12% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in Scotland are statistically significantly less likely to qualify as a ‘permanent non-borrower’.



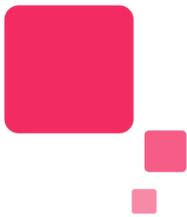
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in Scotland were slightly more likely to be renewing a facility for the same amount (54% v 49% overall), and slightly less likely to be seeking an increase to an existing facility (13% v 18% overall). 22% were applying for their first ever overdraft (v 23% overall)
- Those applying for a loan were more likely to be a first time applicant (44% v 33% overall) and less likely to be seeking a new loan (18% v 25% overall)
- Applicants in Scotland were less likely than other applicants to have sought advice before they applied – 6% sought advice for an overdraft (9% overall), and 7% sought advice for loans (v 16% overall)
- Overdraft applicants in Scotland were as likely to have been offered the facility they wanted and taken it (67% v 65% overall). Some took an overdraft having had ‘issues’ (13% v 14% overall), so overall 80% of overdraft applicants were successful (v 79% overall). Applicants in Scotland were slightly less likely to have ended up with no overdraft facility (11% v 17% overall) as 9% took another form of funding (5% overall)
- The outcome for loans was more positive than for the market as a whole (albeit on a smaller base of 83) with 75% of applicants now having a facility (63% overall). Few took other funding (3% v 4% elsewhere), and so 22% of applicants ended up with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, successful overdraft applicants in Scotland were statistically significantly more likely to have their facility ‘after issues’. Success rates amongst loan applicants in Scotland were not statistically significantly different from those elsewhere. The difference for overdrafts is unlikely to be caused by applicants being in Scotland per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively ‘would-be seekers’ in Scotland, were more likely to cite issues with discouragement as their main barrier to an application (a third v a quarter overall)
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not



5. The future (Tables 5a-5d)

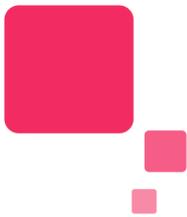
- In Q4, SMEs in Scotland were slightly more optimistic than others about their growth prospects for the coming year. 47% were planning to grow (44% overall)
- 25% of SMEs in Scotland rated the current economic climate as a 'major obstacle' for the next year. This is the lowest region score v 35% overall, but still the most likely barrier to be rated a 'major obstacle'
- Reflecting on their financial plans for the next 3 months, SMEs in Scotland were as likely as others to have plans to apply for, or renew facilities (13% v 14% overall). They were also in line in terms of what we would classify as 'future would-be seekers' (21% v 20% overall), and also, therefore, 'happy non-seekers' (67% v 66% overall)
- When asked, the 'would-be seekers' in Scotland, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (40% v 47% overall). They were more likely than others to cite the principle of borrowing as the main barrier to future borrowing (29% v 19% overall)

Once business demographics (such as size, age and risk rating) are taken into account, there are no statistically significant differences for growth, or future borrowing intentions for Scotland, compared to the UK as a whole.

12. Wales



885 interviews conducted, weighted to a total of 181,954 SMEs.



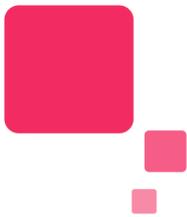
1. Context (Tables 1a-1k)

- SMEs in Wales are in line with the market in terms of size (75% 0 employees v 74% overall), with a slightly younger age profile– 39% have been in business for 10 years or more compared to 42% overall
- Their external risk profile is in line (15% minimal/low risk v 17% overall), and they are as likely to have had a self-reported credit issue (15% v 14% overall)
- They are as likely to be profitable (63% made a profit v 65% overall). Where made, the median profit is slightly lower (£9k v £11k)
- Most hold credit balances (4% do not v 5% overall), with those that do typically holding balances of less than £5,000 (68% v 63% overall), and the median amount held is just under £2,000 (£1.8k v £1.9k overall)
- The owner/manager age profile is slightly older (48% aged over 50 v 43% overall), while the financial decision maker is slightly less likely to have any financial qualifications or training (20% v 23% overall)
- They are slightly less likely to plan (50% v 53% overall) – 31% have a business plan (v 32% overall) while 37% produce regular management accounts (39% overall)
- They are less likely to be an international business (3% v 11% overall)
- They are less likely to be using a personal account for the business (12% v 18% overall)
- 8% of SMEs in Wales are in Agriculture (v 4% overall), and 30% in Real Estate/renting (v 26% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in Wales are slightly more likely to be using external finance at the moment (49% v 46% overall), and slightly less likely to qualify as a ‘permanent non-borrower’ (30% v 34% overall)
- Their behaviour over the past 12 months sees them slightly less likely to be classified, in our terms, as a ‘happy non-seeker’ (68% v 73% overall). They are as likely as others to be ‘would-be seekers’ (13% v 12% overall) and therefore one of the most likely regions to have had an event (19% v 15% overall). As overall, this was most likely to have been an application for a new or renewed loan/overdraft (15% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in Wales were statistically significantly less likely to have been a ‘happy non-seeker’ – this is unlikely to be caused by them being in Wales per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.



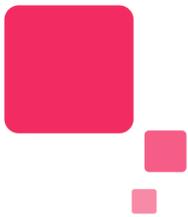
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in Wales were slightly less likely to be renewing a facility for the same amount (45% v 49% overall), or to be a first time applicant (19% v 23% overall) and slightly more likely to be seeking an additional overdraft (9% v 4% overall)
- Those applying for a loan were more likely to be a first time applicant (38% v 33% overall) or consolidating existing borrowing (10% v 4% overall)
- Overdraft applicants in Wales were as likely as other applicants to have sought advice before they applied (7% sought advice for an overdraft v 9% overall), whereas loan applicants were more likely than others to have sought advice (21% v 16% overall)
- Overdraft applicants in Wales were less likely to have been offered the facility they wanted and taken it (55% v 65% overall). Some took an overdraft having had ‘issues’ (11% v 14% overall), so overall 66% of overdraft applicants were successful (the lowest region/nation v 79% overall). Applicants in Wales were more likely to have ended up with no facility (26% v 17% overall) as 8% took another form of funding (5% overall)
- The outcome for loans (on a small base of 63) was also slightly behind the market with 52% of applicants now having a facility (63% overall). Alternative funding was taken by more Welsh applicants (17% v 4% elsewhere), and so 31% of applicants ended up with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, overdraft applicants in Wales were statistically significantly less likely to have ended the process with a facility. Successful loan applicants in Wales were statistically significantly more likely to have their facility ‘after issues’. This is unlikely to be caused by applicants being in Wales per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively ‘would-be seekers’ in Wales, as overall, were equally likely to cite issues with the principle or process of borrowing, or discouragement as their main barrier to an application
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not



5. The future (Tables 5a-5d)

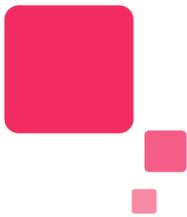
- In Q4, SMEs in Wales were slightly more optimistic than others about their growth prospects for the coming year. 47% were planning to grow (44% overall)
- Seen as the key obstacle for the next year, 35% of SMEs in Wales rated the current economic climate as a 'major obstacle' (v 35% overall). These SMEs were slightly more likely to rate 'legislation and regulation' as a major obstacle (17% v 14% overall)
- Reflecting on their financial plans for the next 3 months, SMEs in Wales were as likely as others to have plans to apply for, or renew facilities (14% v 14% overall). They were also in line in terms of what we would classify as 'future would-be seekers' (18% v 20% overall), and also therefore for 'happy non-seekers' (68% v 66% overall)
- When asked, the 'would-be seekers' in Wales, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (41% v 47% overall). They were more likely than others to cite discouragement as the main barrier to future borrowing (18% v 12% overall), but all of this was indirect, rather than direct, discouragement

Once business demographics (such as size, age and risk rating) are taken into account, there are no statistically significant differences for growth, or future borrowing intentions for Wales, compared to the UK as a whole.

13. Northern Ireland



751 interviews conducted, weighted to a total of 136,465 SMEs.



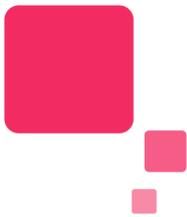
1. Context (Tables 1a-1k)

- As overall, the majority of SMEs in Northern Ireland are small (72% 0 employees v 74% overall). The age profile is also similar– 40% have been in business for 10 years or more compared to 42% overall
- Their external risk profile is in line (19% minimal/low risk v 17% overall), and they are as likely to have had a self-reported credit issue (15% v 14% overall)
- They are as likely to be profitable (63% made a profit v 65% overall), but where made, the median profit is slightly lower (£7k v £11k)
- Most hold credit balances (4% do not v 5% overall), with those that do typically holding balances of less than £5,000 (65% v 63% overall), and the median amount held is just under £2,000 (£1.8k v £1.9k overall)
- The owner/manager age profile is somewhat younger, with the smallest proportion of owner/managers aged 50+ (32% v 43% overall), while the financial decision maker is as likely to have any financial qualifications or training (21% v 23% overall)
- They are as likely to plan (52% v 53% overall) – 33% have a business plan (v 32% overall) while 39% produce regular management accounts (39% overall)
- They are more likely to be an international business (18% v 11% overall)
- They are slightly less likely to be using a personal account for the business (15% v 18% overall)
- SMEs in Northern Ireland are less likely to be in Construction (13% v 22% overall) or Real Estate/renting (20% v 26% overall) and more likely to be in Wholesale/Retail (23% v 12% overall)

2. Financial matters (Tables 2a-2d)

- SMEs in Northern Ireland are slightly more likely to be using external finance at the moment (51% v 46% overall), and are less likely to qualify as a ‘permanent non-borrower’ (30% v 34% overall)
- Their behaviour over the past 12 months sees them slightly less likely to be classified, in our terms, as ‘happy non-seekers’ (69% v 73% overall). They are slightly more likely than others to be ‘would-be seekers’ (14% v 12% overall) or to have had an event (17% v 15% overall). As overall, this event was most likely to have been an application for a new or renewed loan/overdraft (13% v 12% overall)

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in Northern Ireland were statistically significantly less likely to have been a ‘happy non-seeker’ – this is unlikely to be caused by them being in Northern Ireland per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.



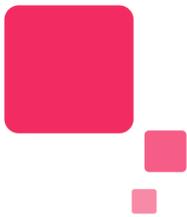
3. Applications and renewals (Tables 3a-3f)

- Applicants for a new/renewed overdraft in Northern Ireland were the least likely to be renewing a facility for the same amount (37% v 49% overall), and more likely to be seeking an increase to an existing facility (35% v 18% overall). 26% were applying for their first ever overdraft (v 23% overall)
- Those applying for a loan (on a small base of 52) were less likely to be a first time applicant (18% v 33% overall) and more likely to be looking for a new loan (43% v 25%)
- Overdraft applicants in Northern Ireland were slightly more likely than other applicants to have sought advice before they applied (12% sought advice for an overdraft v 9% overall), and much more likely (albeit on a small base) to have sought advice in the case of loans (31% v 16% overall)
- Overdraft applicants in Northern Ireland were less likely to have been offered the facility they wanted and taken it (38% v 65% overall). Applicants were more likely to have taken an overdraft having had 'issues' (32% v 14% overall), so overall 70% of overdraft applicants were successful (v 79% overall). Applicants in Northern Ireland were more likely to have ended up with no facility (28% v 17% overall) as 2% took another form of funding (5% overall)
- The outcome for loans (on a small base of 49) was more positive with 72% of applicants now having a facility (63% overall). Alternative funding was taken by more Irish applicants (14% v 4% elsewhere), and so 14% of applicants ended up with no facility at all (33% overall)

Once business demographics (such as size, age and risk rating) and the reason for application are taken into account, overdraft applicants in Northern Ireland were statistically significantly less likely to have ended the process with a facility, while successful overdraft applicants were statistically significantly more likely to have their facility 'after issues'. Success rates amongst loan applicants in Northern Ireland were not statistically significantly different from those elsewhere. The difference in overdraft outcome is unlikely to be caused by applicants being in Northern Ireland per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

4. Barriers to overdraft application in past (Table 4a)

- Qualitatively, 'would-be seekers' in Northern Ireland were more likely to cite issues with the process of borrowing (a third v a quarter overall), and were less likely to mention discouragement as the main barrier to applications in the past
- Base sizes do not allow for analysis of the barriers mentioned by those that wanted to apply for a loan, but did not



5. The future (Tables 5a-5d)

- In Q4, SMEs in Northern Ireland were as optimistic as others about their growth prospects for the coming year. 44% were planning to grow (44% overall)
- Seen as the key obstacle for the next year, 34% of SMEs in Northern Ireland rated the current economic climate as a 'major obstacle' (v 35% overall). These SMEs were slightly more likely than others to rate 'access to external finance' as a major obstacle (17% v 10% overall), and also 'availability of relevant advice' (10% v 5% overall)
- Reflecting on their financial plans for the next 3 months, SMEs in Northern Ireland were slightly more likely to have plans to apply for, or renew facilities (17% v 14% overall). They were also slightly more likely to be what we would classify as 'future would-be seekers' (24% v 20% overall), and therefore less likely to be 'happy non-seekers' (59% v 66% overall)
- When asked, the 'would-be seekers' in Northern Ireland, as elsewhere, were most likely to cite the current economic climate as the main barrier to future applications (52% v 47% overall). They were more likely than others to cite discouragement as the main barrier (24% v 12% overall), but almost all of this was indirect, rather than direct, discouragement

Once business demographics (such as size, age and risk rating) are taken into account, SMEs in Northern Ireland are statistically significantly less likely to expect to be a 'happy non-seeker' – this is unlikely to be caused by them being in Northern Ireland per se, and instead will be a reflection of other factors about the business, only some of which have been captured in this survey.

14. Tables 1a-5d, quotas and weighting





1. Context (Tables 1a-1k)

Table 1a Sector

Q1-4 Sector	% of all SMEs	England	Scotland	Wales	Northern Ireland
Agriculture, Hunting and Forestry; Fishing	4%	4%	4%	8%	5%
Manufacturing	7%	7%	7%	7%	7%
Construction	22%	23%	22%	24%	13%
Wholesale and Retail Trade; Repairs	12%	12%	14%	8%	23%
Hotels and Restaurants	3%	3%	4%	5%	5%
Transport, Storage and Communication	7%	7%	5%	4%	5%
Real Estate, Renting and Business Activities	26%	26%	25%	30%	20%
Health and Social work	6%	6%	5%	6%	7%
Other Community, Social and Personal Service Activities	12%	11%	13%	9%	16%

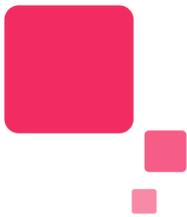


Table 1a (cont) Sector

Q1-4 Sector English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Agriculture, Hunting and Forestry; Fishing	6%	5%	4%	5%	6%	6%	5%	1%	4%
Manufacturing	6%	6%	5%	9%	6%	8%	8%	4%	7%
Construction	24%	25%	23%	27%	20%	21%	24%	16%	27%
Wholesale and Retail Trade; Repairs	13%	11%	14%	11%	10%	12%	11%	14%	11%
Hotels and Restaurants	4%	3%	3%	2%	3%	5%	3%	4%	2%
Transport, Storage and Communication	6%	9%	6%	6%	6%	8%	4%	11%	6%
Real Estate, Renting and Business Activities	26%	23%	27%	25%	26%	25%	25%	31%	25%
Health and Social work	4%	4%	6%	5%	4%	8%	6%	9%	5%
Other Community, Social and Personal Service Activities	11%	13%	11%	11%	19%	6%	13%	9%	13%

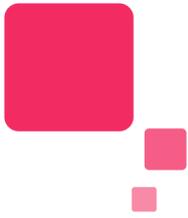


Table 1b Number of employees

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15128	12267	1225	885	751
0 employees	74%	74%	75%	75%	72%
1-9 employees	22%	22%	21%	22%	25%
10-49 employees	3%	3%	3%	3%	3%
50-249 employees	1%	1%	1%	1%	1%

Q7 All SMEs

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	736	1368	1375	1362	1045	1291	1402	1809	1879
0 employees	76%	75%	75%	77%	75%	73%	75%	71%	74%
1-9 employees	21%	22%	21%	20%	21%	23%	21%	25%	22%
10-49 employees	3%	3%	3%	3%	3%	3%	3%	4%	3%
50-249 employees	*	*	1%	*	1%	1%	1%	*	1%

Q7 All SMEs

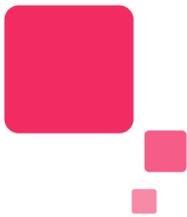


Table 1c Age of business

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15128	12267	1225	885	751
Starts (<2 yrs)	20%	20%	18%	17%	20%
2-5 yrs	22%	22%	25%	24%	24%
6-9 yrs	16%	16%	17%	19%	17%
10-15 yrs	15%	15%	13%	11%	14%
15 yrs +	27%	27%	25%	28%	26%

Q13 All SMEs

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	736	1368	1375	1362	1045	1291	1402	1809	1879
Starts (<2 yrs)	19%	21%	28%	23%	21%	14%	23%	18%	19%
2-5 yrs	19%	25%	21%	21%	23%	24%	20%	22%	20%
6-9 yrs	16%	15%	17%	17%	19%	16%	18%	16%	12%
10-15 yrs	16%	14%	13%	13%	14%	14%	13%	16%	17%
15 yrs +	30%	26%	21%	25%	24%	31%	25%	28%	32%

Q13 All SMEs

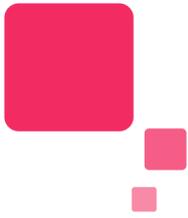


Table 1d External risk rating

External risk ratings have been supplied for almost all completed interviews by D&B or Experian, the sample providers. Risk ratings are not available for 14% of respondents, typically the smallest ones. D&B and Experian use slightly different risk rating scales, and so the Experian scale has been matched to the D&B scale as follows:

D&B	Experian
1 Minimal	Very low / Minimum
2 Low	Low
3 Average	Below average
4 Above average	Above average/High/Maximum/Serious Adverse Information

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	13797	11213	1100	800	684
Minimal	6%	6%	9%	4%	7%
Low	11%	12%	9%	11%	12%
Average	33%	33%	33%	32%	31%
Above average	50%	50%	49%	52%	50%

All SMEs where risk rating provided



Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	665	1255	1272	1251	945	1175	1266	1657	1727
Minimal	5%	5%	4%	4%	8%	9%	4%	5%	6%
Low	12%	10%	8%	16%	8%	11%	11%	14%	12%
Average	32%	33%	32%	29%	36%	33%	34%	35%	33%
Above average	50%	52%	55%	51%	49%	48%	50%	47%	49%

All SMEs where risk rating provided

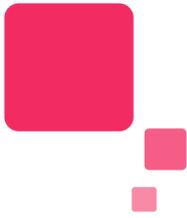


Table 1e Self-reported credit issues

These are issues which SMEs say have occurred in the 12 months prior to interview, which lenders may regard as an adverse indicator:

Q1-4 All SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15128	12267	1225	885	751
Unauthorised overdraft on account	7%	7%	6%	7%	7%
Had cheques bounced on account	6%	6%	4%	6%	8%
Problems getting trade credit	3%	3%	2%	4%	5%
Missed a loan repayment	1%	1%	1%	4%	2%
Had County Court judgement against you	1%	1%	*	3%	1%
Any of these	14%	14%	10%	15%	15%

Q224 All SMEs

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	736	1368	1375	1362	1045	1291	1402	1809	1879
Unauthorised overdraft on account	8%	6%	7%	7%	7%	7%	9%	7%	7%
Had cheques bounced on account	8%	7%	6%	5%	6%	5%	6%	4%	6%
Problems getting trade credit	4%	2%	5%	3%	2%	4%	4%	3%	2%
Missed a loan repayment	1%	2%	1%	2%	1%	1%	1%	1%	1%
Had County Court judgement against you	2%	2%	*	1%	1%	2%	1%	1%	1%
Any of these	18%	13%	15%	12%	14%	15%	16%	12%	12%

Q224 All SMEs

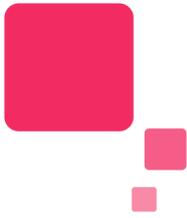


Table 1f Profitability

SMEs report on whether they made a profit or loss in their last 12 month trading period

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15128	12267	1225	885	751
Made a profit	65%	65%	68%	63%	63%
Broke even	12%	12%	12%	14%	14%
Made a loss	16%	16%	14%	18%	18%
Dk/refused	7%	7%	7%	5%	5%
Median profit made	£11k	£11k	£12K	£9k	£7k

Q241 All SMEs/ All SMEs making a profit and stating amount

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	736	1368	1375	1362	1045	1291	1402	1809	1879
Made a profit	65%	67%	59%	65%	65%	68%	71%	60%	68%
Broke even	12%	12%	15%	11%	8%	12%	9%	17%	11%
Made a loss	18%	17%	18%	16%	20%	14%	12%	15%	15%
Dk/refused	4%	4%	9%	8%	7%	6%	7%	8%	6%
Median profit made	£10k	£13k	£10k	£8k	£13k	£12k	£12k	£16k	£17k

Q241 All SMEs/ All SMEs making a profit and stating amount

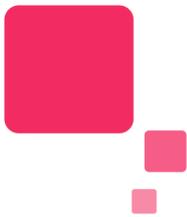


Table 1g Credit balances typically held – summary

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	11652	9441	942	681	588
None	6%	6%	2%	4%	4%
Less than £5,000	63%	62%	60%	68%	65%
More than £5,000	31%	31%	38%	28%	31%
Median sum held	£1.9k	£1.9k	£2k	£1.8k	£1.8k

Q244 All SMEs excluding DK/refused

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	570	1022	1057	1078	815	968	1086	1402	1443
None	5%	8%	7%	6%	6%	6%	6%	8%	6%
Less than £5,000	66%	59%	68%	65%	66%	63%	61%	59%	61%
More than £5,000	29%	33%	25%	29%	28%	31%	33%	33%	33%
Median sum held	£1.8k	£1.9k	£1.7k	£1.8k	£1.8k	£1.9k	£1.9k	£2k	£1.9k

Q244 All SMEs excluding DK/refused

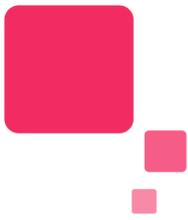


Table 1h Age of owner / managing partner

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	14765	11956	1200	867	742
18-30 years old	7%	7%	10%	7%	9%
31-50 years old	50%	51%	50%	44%	58%
51-65 years old	36%	36%	34%	44%	27%
66+ years old	7%	7%	6%	4%	5%

Q248 All SMEs excluding DK

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	715	1334	1344	1337	1025	1255	1365	1750	1831
18-30 years old	7%	7%	9%	7%	6%	5%	7%	7%	7%
31-50 years old	46%	50%	51%	52%	51%	49%	55%	52%	48%
51-65 years old	40%	37%	34%	34%	37%	39%	33%	33%	37%
66+ years old	8%	6%	6%	6%	5%	7%	5%	8%	8%

Q248 All SMEs excluding DK



Table 1i Financial decision maker has financial qualification and/or training

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	14811	11998	1204	873	736
Yes	23%	23%	22%	20%	21%
No	77%	77%	78%	80%	79%

Q251 All SMEs excluding DK

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	714	1344	1344	1332	1033	1257	1367	1770	1837
Yes	21%	22%	21%	25%	26%	23%	22%	24%	22%
No	79%	78%	79%	75%	74%	77%	78%	76%	78%

Q251 All SMEs excluding DK

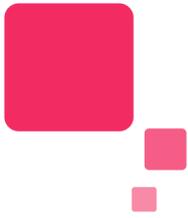


Table 1j Business formality

Q1-4 All SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15128	12267	1225	885	751
Planning (any)	53%	53%	57%	50%	52%
- Produce regular management accounts	39%	39%	40%	37%	39%
- Have a formal written business plan	32%	31%	37%	31%	33%
International (any)	11%	11%	8%	3%	18%
- Export goods or services	7%	8%	4%	2%	11%
- Import goods or services	7%	7%	5%	2%	12%

Q223 All SMEs

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	736	1368	1375	1362	1045	1291	1402	1809	1879
Planning (any)	55%	52%	52%	52%	55%	52%	54%	54%	51%
- Produce regular management accounts	38%	38%	40%	39%	40%	40%	39%	40%	39%
- Have a formal written business plan	34%	30%	32%	34%	37%	28%	32%	33%	28%
International (any)	9%	8%	9%	11%	10%	10%	11%	16%	11%
- Export goods or services	6%	5%	5%	7%	7%	8%	6%	11%	7%
- Import goods or services	5%	5%	6%	7%	6%	6%	8%	10%	7%

Q241 All SMEs/ All SMEs making a profit and stating amount

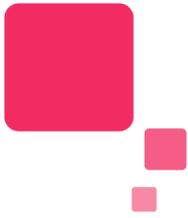


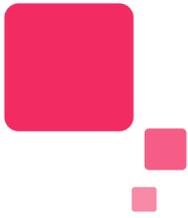
Table 1k Main business account – business or personal

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15095	12238	1223	884	750
Personal account	18%	18%	15%	12%	15%
Business account	82%	82%	85%	88%	85%

Q24 All SMEs excluding DK

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	735	1364	1370	1361	1042	1285	1399	1804	1878
Personal account	15%	21%	20%	18%	13%	18%	18%	19%	18%
Business account	85%	79%	80%	82%	87%	82%	82%	81%	82%

Q24 All SMEs excluding DK



2. Financial matters (Tables 2a-2d)

Table 2a Use of external finance in last 5 years

SMEs are asked whether they are currently using any of the following forms of finance: Bank overdraft, Credit cards, Bank loan/Commercial mortgage, Leasing or hire purchase, Loans/equity from directors, Loans/equity from family and friends, Invoice finance, Grants, Loans from other 3rd parties, Export/import finance. If they have not used any of these forms of finance, they are asked whether they have used any external finance in the previous 5 years.

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15128	12267	1225	885	751
Use now	46%	46%	48%	49%	51%
Used in past but not now	2%	2%	3%	2%	2%
Not used at all	51%	52%	49%	49%	47%

Q14/15 All SMEs

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	736	1368	1375	1362	1045	1291	1402	1809	1879
Use now	43%	47%	45%	43%	48%	44%	52%	44%	47%
Used in past but not now	3%	2%	2%	2%	4%	3%	3%	2%	2%
Not used at all	54%	50%	53%	55%	48%	53%	46%	54%	52%

Q14/15 All SMEs

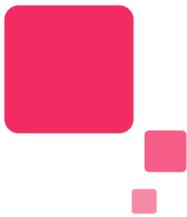


Table 2b The ‘permanent non-borrower’

A declining proportion of SMEs currently use external finance. Other data from the report allows for identification of those SMEs who seem firmly dis-inclined to borrow, because they meet **all** of the following conditions:

- Are not currently using external finance
- Have not used external finance in the past 5 years
- Have had no borrowing events in the past 12 months
- Have not applied for any other forms of finance in the last 12 months
- Said that they had had no desire to borrow in the past 12 months
- Reported no inclination to borrow in the next 3 months

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15128	12267	1225	885	751
Yes	34%	34%	29%	30%	30%
No	66%	66%	71%	70%	70%

All SMEs

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	736	1368	1375	1362	1045	1291	1402	1809	1879
Yes	36%	33%	34%	39%	32%	38%	31%	35%	33%
No	64%	67%	66%	61%	68%	62%	69%	65%	67%

All SMEs

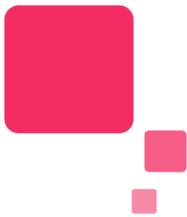


Table 2c Financial behaviour in previous 12 months

The tables below allocate all SMEs to one of three groups, across both overdrafts and loans:

- **Had an event:** those SMEs reporting any Type 1 (new application or renewal), Type 2 (bank sought cancelation/renewal) or Type 3 (SME sought cancelation/reduction) borrowing event in the previous 12 months
- **Would-be seekers:** those SMEs that had not had a borrowing event, but said that they would have ideally liked to apply for loan/overdraft funding in the previous 12 months
- **Happy non-seekers:** those SMEs that had not had a borrowing event, and also said that they had not wanted to apply for any (further) loan/overdraft funding in the previous 12 months

Q1-4 All SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15128	12267	1225	885	751
Have had an event	15%	15%	15%	19%	17%
Would-be seekers	12%	11%	11%	13%	14%
Happy non-seekers	73%	74%	74%	68%	69%

Q115/209 All SMEs

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	736	1368	1375	1362	1045	1291	1402	1809	1879
Have had an event	16%	15%	14%	13%	16%	15%	19%	14%	15%
Would-be seekers	10%	8%	11%	13%	9%	10%	12%	14%	11%
Happy non-seekers	75%	77%	75%	74%	74%	75%	69%	72%	74%

Q115/209 All SMEs

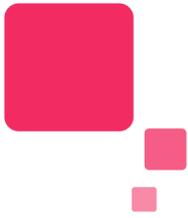


Table 2d Borrowing ‘events’ in the past 12 months

Q1-4 all SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	15128	12267	1225	885	751
Type 1: New application/renewal	12%	12%	12%	15%	13%
Applied for new facility (any)	7%	7%	7%	9%	7%
- applied for new loan	3%	3%	3%	3%	1%
- applied for new overdraft	5%	4%	4%	7%	6%
Renewed facility (any)	7%	7%	7%	8%	7%
- renewed existing loan	2%	2%	2%	1%	3%
- renewed existing overdraft	6%	6%	7%	7%	5%
Type 2: Cancel/renegeotiate by bank	4%	4%	4%	6%	7%
Bank sought to renegotiate facility (any)	3%	3%	4%	5%	6%
- Sought to renegotiate loan	1%	1%	1%	1%	2%
- Sought to renegotiate overdraft	3%	3%	3%	4%	4%
Bank sought to cancel facility (any)	1%	1%	1%	2%	1%
- Sought to cancel loan	*	*	*	1%	*
- Sought to cancel overdraft	1%	1%	1%	1%	1%
Type 3: Chose to reduce/pay off facility	2%	2%	2%	2%	2%
- Reduce/pay off loan	1%	2%	1%	2%	1%
- Reduce/pay off overdraft	1%	1%	1%	1%	1%

Q25/26 All SMEs

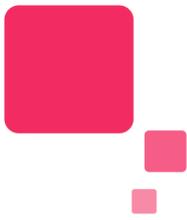
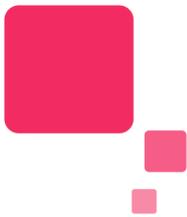


Table 2d (cont) Borrowing 'events' in the past 12 months

Q1-4 all SMEs English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	736	1368	1375	1362	1045	1291	1402	1809	1879
Type 1: New application/renewal	12%	13%	13%	10%	13%	12%	16%	10%	12%
Applied for new facility (any)	7%	7%	7%	4%	8%	6%	8%	6%	7%
- applied for new loan	3%	4%	3%	2%	5%	4%	3%	3%	3%
- applied for new overdraft	5%	5%	6%	2%	5%	3%	6%	4%	5%
Renewed facility (any)	7%	7%	8%	7%	7%	7%	9%	5%	7%
- renewed existing loan	1%	1%	2%	1%	1%	2%	2%	1%	1%
- renewed existing overdraft	6%	6%	6%	6%	6%	6%	8%	4%	6%
Type 2: Cancel/renege by bank	4%	3%	3%	4%	6%	4%	3%	4%	4%
Bank sought to renegotiate facility (any)	3%	2%	3%	3%	5%	3%	3%	4%	3%
- Sought to renegotiate loan	1%	1%	1%	1%	1%	1%	*	1%	1%
- Sought to renegotiate overdraft	3%	2%	3%	2%	4%	2%	3%	4%	3%
Bank sought to cancel facility (any)	1%	1%	1%	2%	2%	2%	*	1%	1%
- Sought to cancel loan	*	1%	1%	1%	*	1%	*	*	*
- Sought to cancel overdraft	1%	1%	1%	1%	2%	1%	*	1%	1%
Type 3: Chose to reduce/pay off facility	3%	2%	1%	2%	3%	2%	4%	2%	3%
- Reduce/pay off loan	1%	1%	1%	1%	1%	1%	3%	2%	2%
- Reduce/pay off overdraft	3%	1%	1%	1%	2%	1%	1%	1%	1%

Q25/26 All SMEs



3. Applications and renewals (Tables 3a-3f)

Table 3a Background to overdraft application

Q1-4 SMEs seeking new/renewed facility	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	2181	1748	207	121	105
Renewing overdraft for same amount	49%	49%	54%	45%	37%
Applied for first ever overdraft facility	23%	23%	22%	19%	26%
Seeking to increase existing overdraft	18%	18%	13%	19%	35%
Setting up facility at new bank	4%	4%	2%	2%	*
Seeking additional overdraft on another account	4%	4%	3%	9%	1%
Seeking to reduce existing facility	3%	3%	6%	6%	1%

Q52 All SMEs seeking new/renewed overdraft facility

Q1-4 SMEs seeking new/renewed facility English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	112	186	215	192	153	180	257	204	249
Renewing overdraft for same amount	54%	61%	51%	64%	43%	52%	43%	44%	46%
Applied for first ever overdraft facility	20%	17%	23%	16%	27%	22%	18%	27%	29%
Seeking to increase existing overdraft	21%	21%	12%	10%	19%	16%	22%	22%	16%
Setting up facility at new bank	2%	1%	3%	2%	4%	1%	11%	1%	6%
Seeking additional overdraft on another account	3%	1%	8%	6%	6%	2%	1%	5%	1%
Seeking to reduce existing facility	*	*	4%	2%	1%	7%	5%	*	2%

Q52 All SMEs seeking new/renewed overdraft facility

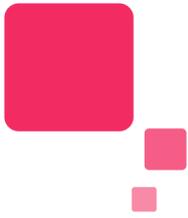


Table 3b Background to loan application

Q1-4 SMEs seeking new/renewed facility	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	1132	924	88*	68*	52*
Applied for first ever loan	33%	32%	44%	38%	18%
New loan sought for new purchase	25%	26%	18%	22%	43%
Renewing loan for same amount	15%	15%	16%	8%	11%
Topping up existing loan	10%	10%	14%	11%	10%
New loan as not had one for a while	8%	9%	3%	4%	10%
Consolidating existing borrowing	4%	4%	3%	10%	-
Refinancing onto a cheaper deal	5%	5%	2%	8%	8%

Q149 All SMEs seeking new/renewed loan facility *CARE re small base sizes

Q1-4 SMEs seeking new/renewed facility English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	53*	115	106	90*	86*	116	117	108	133
Applied for first ever loan	21%	49%	20%	20%	35%	44%	32%	31%	25%
New loan sought for new purchase	3%	10%	36%	21%	46%	22%	24%	29%	22%
Renewing loan for same amount	14%	7%	26%	20%	10%	15%	6%	21%	11%
Topping up existing loan	22%	22%	5%	3%	2%	9%	5%	6%	18%
New loan as not had one for a while	25%	5%	8%	19%	1%	3%	25%	7%	4%
Consolidating existing borrowing	2%	2%	1%	8%	1%	3%	2%	1%	13%
Refinancing onto a cheaper deal	12%	4%	5%	8%	4%	5%	5%	4%	6%

Q149 All SMEs seeking new/renewed loan facility *CARE re small base sizes

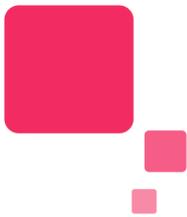


Table 3c Overdraft advice sought (external advice sought before the application was made)

Q1-4 SMEs seeking new/renewed overdraft facility	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	2167	1739	206	120	102
Yes	9%	9%	6%	7%	4%
No	91%	91%	94%	93%	96%

Q57 All SMEs seeking new/renewed overdraft facility excluding dk *CARE re small base sizes

Q1-4 SMEs seeking new/renewed overdraft facility English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	111	185	214	192	153	179	256	203	246
Yes	14%	9%	7%	10%	12%	14%	5%	7%	12%
No	86%	91%	93%	90%	88%	86%	95%	93%	88%

Q57 All SMEs seeking new/renewed overdraft facility excluding dk *CARE re small base sizes

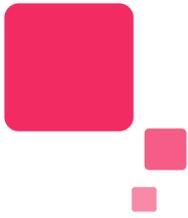


Table 3d Loan advice sought (external advice sought before the application was made)

Q1-4 SMEs seeking new/renewed loan facility	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	1120	915	88*	66*	51*
Yes	16%	17%	7%	21%	31%
No	84%	83%	93%	79%	69%

Q152 All SMEs seeking new/renewed loan facility excluding dk *CARE re small base sizes

Q1-4 SMEs seeking new/renewed loan facility English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	52*	115	104	90*	86*	115	114	107	132
Yes	28%	11%	11%	23%	22%	8%	21%	26%	9%
No	72%	89%	89%	77%	78%	92%	79%	74%	91%

Q152 All SMEs seeking new/renewed loan facility excluding dk *CARE re small base sizes

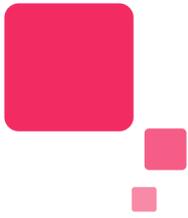


Table 3e The final outcome – overdraft

Q1-4 SMEs seeking new/renewed overdraft facility	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	2107	1691	200	117	99
Offered what wanted and took it	65%	66%	67%	55%	38%
Took overdraft after issues	14%	13%	13%	11%	32%
Have overdraft (any)	79%	79%	80%	66%	70%
Took another form of funding	5%	4%	9%	8%	2%
No facility	17%	16%	11%	26%	28%

All SMEs seeking new/renewed overdraft facility that have had response

Q1-4 SMEs seeking new/renewed overdraft facility	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	109	180	211	184	145	173	252	192	245
Offered what wanted and took it	78%	50%	66%	73%	54%	74%	74%	57%	71%
Took overdraft after issues	4%	26%	12%	9%	17%	4%	13%	22%	10%
Have overdraft (any)	82%	76%	78%	82%	71%	78%	87%	79%	81%
Took another form of funding	6%	3%	2%	1%	8%	14%	6%	5%	1%
No facility	13%	21%	21%	17%	21%	8%	8%	16%	18%

All SMEs seeking new/renewed overdraft facility that have had response

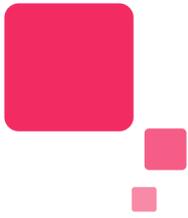


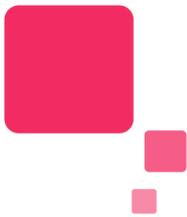
Table 3f The final outcome – loans

Q1-4 SMEs seeking new/renewed loan facility	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	1074	879	83*	63*	49*
Offered what wanted and took it	54%	54%	70%	33%	60%
Took loan after issues	9%	8%	5%	19%	12%
Have loan (any)	63%	62%	75%	52%	72%
Took another form of funding	4%	4%	3%	17%	14%
No facility	33%	34%	22%	31%	14%

Q158 All SMEs seeking new/renewed loan facility that have had response

Q1-4 SMEs seeking new/renewed loan facility	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	52*	112	105	87*	79*	108	112	100	124
Offered what wanted and took it	32%	51%	64%	45%	51%	56%	52%	57%	52%
Took loan after issues	7%	20%	7%	8%	8%	3%	6%	7%	10%
Have loan (any)	39%	71%	71%	53%	59%	59%	58%	64%	62%
Took another form of funding	15%	2%	4%	*	1%	5%	1%	2%	7%
No facility	46%	27%	25%	47%	40%	35%	41%	34%	30%

Q158 All SMEs seeking new/renewed loan facility that have had response



4. Barriers to overdraft application in past (Table 4a)

Table 4a Barriers to overdraft application

SMEs that were identified as ‘would-be seekers’ (ie they had wanted to apply for an overdraft/loan in the 12 months prior to their interview, but had not done so) were asked about the barriers to making such an application.

The reasons have been grouped into themes as follows, and respondents could initially nominate as many reasons as they wished for not having applied when they wanted to:

- **Principle of borrowing** – those that did not apply because they feared they might lose control of their business, or preferred to seek alternative sources of funding
- **Process of borrowing** – those who did not want to apply because they thought it would be too expensive, too much hassle etc.
- **Discouragement** – those that had been put off, either directly (they made informal enquiries of the bank and were put off) or indirectly (they thought they would be turned down by the bank so did not ask)
- **Current economic climate** – those that felt that this was not the right time to borrow

The tables show the **main** reason for not seeking a loan or overdraft in the past 12 months.

Note that this is a predominantly **qualitative** assessment of reasons for not applying for an overdraft, due to small base sizes in many regions and devolved nations, and no analysis is possible of those that would have liked to apply for a loan.

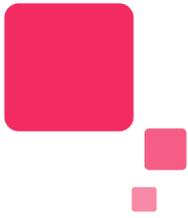


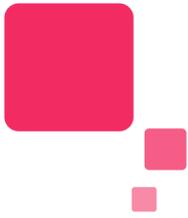
Table 4a Barriers to overdraft application

All 'would-be seekers' Q3-4	Would have liked to apply for an overdraft				
	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	749	596	63*	49*	41*
Discouraged (any)	29%	29%	36%	26%	17%
-Direct (put off by bank)	10%	9%	12%	10%	16%
-Indirect (thought I would be turned down)	19%	20%	24%	16%	2%
Issues with <u>principle</u> of borrowing	28%	28%	26%	35%	35%
Issues with <u>process</u> of borrowing	26%	26%	23%	24%	38%
Economic climate	6%	26%	8%	7%	4%

Q116a All SMEs that wished they had applied for an overdraft *CARE re small base

All 'would-be seekers' Q3-4	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	45*	53*	66*	84*	39	52*	67*	106	84*
Discouraged (any)	21%	28%	35%	32%		27%	25%	35%	28%
-Direct (put off by bank)	2%	12%	15%	10%		13%	7%	8%	11%
-Indirect (thought I would be turned down)	18%	16%	19%	22%		14%	18%	27%	16%
Issues with <u>principle</u> of borrowing	28%	34%	25%	17%		38%	21%	38%	26%
Issues with <u>process</u> of borrowing	30%	34%	25%	10%		20%	42%	18%	27%
Economic climate	4%	1%	3%	14%		5%	3%	6%	6%

Q116 All SMEs that wished they had applied for an overdraft *CARE re small base



5. The future (Tables 5a-5d)

Table 5a Growth plans for next 12 months

All SMEs Q4 only	Q4 2011	England	Scotland	Wales	Northern Ireland
Unweighted base:	5010	4060	400	300	250
Grow substantially	7%	7%	6%	6%	3%
Grow moderately	37%	37%	41%	41%	41%
All planning to grow	44%	44%	47%	47%	44%
Stay the same size	47%	47%	46%	44%	46%
Become smaller	5%	5%	6%	6%	6%
Plan to sell/pass on /close	4%	4%	1%	2%	4%

Q225 All SMEs

All SMEs Q4 only English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	244	455	452	452	350	433	459	603	612
Grow substantially	7%	3%	10%	8%	3%	7%	10%	9%	6%
Grow moderately	30%	35%	30%	43%	42%	34%	43%	41%	33%
All planning to grow	37%	38%	40%	52%	45%	41%	53%	50%	39%
Stay the same size	47%	50%	52%	44%	37%	52%	38%	42%	54%
Become smaller	6%	6%	3%	3%	9%	4%	8%	4%	4%
Plan to sell/pass on /close	9%	5%	4%	2%	9%	4%	2%	4%	4%

Q225 All SMEs

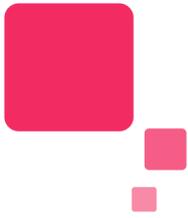


Table 5b Obstacles to running the business in the next 12 months

SMEs were asked to rate the extent to which each of 6 factors were perceived as obstacles to them running the business as they would wish in the next 12 months, using a 1 to 10 scale (where 1 meant the factor was not an obstacle at all, and 10 that it was seen as a major obstacle). The table below provides the percentage giving the highest scores 8-10 ie a 'major obstacle':

All SMEs Q4 only 8-10 impact score	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	5010	4060	400	300	250
The current economic climate	35%	36%	25%	35%	34%
Legislation and regulation	14%	14%	12%	17%	17%
Cash flow/issues with late payment	11%	11%	8%	13%	13%
Access to external finance	10%	10%	10%	12%	17%
Availability of relevant advice	5%	2%	4%	6%	10%
Staff related issues	3%	3%	2%	1%	1%

Q227 All SMEs

All SMEs Q4 only English regions 8-10 impact score	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	244	455	452	452	350	433	459	603	612
The current economic climate	27%	35%	33%	37%	44%	34%	37%	40%	33%
Legislation and regulation	9%	14%	12%	16%	15%	11%	15%	15%	15%
Cash flow/issues with late payment	6%	12%	9%	15%	18%	9%	17%	10%	10%
Access to external finance	7%	7%	14%	9%	17%	8%	10%	10%	7%
Availability of relevant advice	8%	3%	7%	7%	4%	5%	3%	6%	2%
Staff related issues	2%	3%	2%	3%	7%	*	2%	4%	2%

Q227 All SMEs

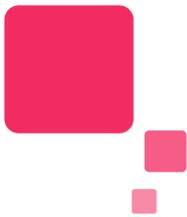


Table 5c Financial plans for next 3 months

When thinking about SMEs with no plans to apply/renew in the next 3 months, it is important to distinguish between two groups:

- Those that were happy with the decision, because they did not need to borrow (more) or already had the facilities they needed – the ‘happy non-seekers’
- And those that felt that there were barriers that would stop them applying (such as discouragement, the economy or the principle or process of borrowing) – the ‘future would-be seekers’

Sample sizes now allow these ‘future would-be seekers’ to be split into 2 further groups:

- Those that had identified that they were likely to need external finance in the coming three months
- Those that thought it unlikely that they would have a need for external finance in the next 3 months but who thought there would be barriers to them applying, were a need to emerge

Q4 only All SMEs	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	5010	4060	400	300	250
Plan to apply/renew	14%	14%	13%	14%	17%
Future would-be seekers – with identified need	2%	2%	2%	1%	5%
Future would-be seekers – no immediate identified need	18%	18%	19%	17%	19%
Happy non-seekers	66%	66%	67%	68%	59%

Q230/239 All SMEs



Table 5c (cont) Financial plans for next 3 months

Q4 only English regions	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	244	455	452	452	350	433	459	603	612
Plan to apply/renew	15%	11%	17%	13%	18%	16%	15%	15%	11%
Future would-be seekers – with identified need	1%	*	3%	2%	4%	*	1%	5%	1%
Future would-be seekers – no immediate identified need	12%	21%	23%	11%	22%	13%	18%	19%	18%
Happy non-seekers	71%	68%	58%	75%	56%	70%	66%	61%	70%

Q230/239 All SMEs

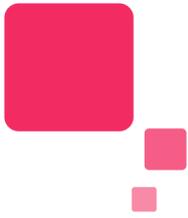


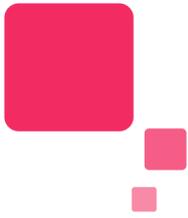
Table 5d Future would-be seekers – main reason for not planning to apply

Q3 +Q4 only Future would-be seekers	Total	England	Scotland	Wales	Northern Ireland
Unweighted base:	1862	1462	147	116	91*
Reluctant to borrow now (any)	47%	48%	40%	41%	52%
Issues with <u>principle</u> of borrowing	19%	18%	29%	20%	17%
Issues with <u>process</u> of borrowing	15%	15%	16%	12%	3%
Discouraged (any)	12%	11%	11%	18%	24%
- Direct (Put off by bank)	1%	1%	*	-	4%
- Indirect (Think I would be turned down)	11%	10%	11%	18%	19%

Q239a Future would-be seekers SMEs

Q3+Q4 only English regions Future would-be seekers	N/NE	Y/H	NW	WMids	EMids	EAng	SW	Lon	SE
Unweighted base:	96*	156	145	162	122	156	168	235	222
Reluctant to borrow now (any)	49%	49%	54%	47%	43%	56%	40%	45%	48%
Issues with <u>principle</u> of borrowing	16%	16%	12%	23%	14%	21%	9%	23%	23%
Issues with <u>process</u> of borrowing	17%	19%	15%	21%	17%	5%	24%	16%	10%
Discouraged (any)	14%	8%	9%	3%	19%	11%	16%	11%	10%
- Direct (Put off by bank)	-	2%	2%	1%	2%	-	-	*	2%
- Indirect (Think I would be turned down)	14%	6%	7%	2%	17%	11%	16%	11%	8%

Q239a Future would-be seekers SMEs



Quotas and weighting

The quotas and weighting for the regions and devolved nations, Q1-4 2011, are as follows. Data is currently weighted to the 2010 BIS profile of businesses:

Region	Universe	% of universe	Total sample size	% of sample
North East	136,465	3%	736	5%
Yorks & Humber	318,419	7%	1368	9%
North West	454,884	10%	1375	9%
West Midlands	318,419	7%	1362	9%
East Midlands	272,931	6%	1045	7%
East Anglia	454,884	10%	1291	8%
South West	454,884	10%	1402	9%
London	773,303	17%	1809	12%
South East	727,815	16%	1879	13%
Scotland	318,419	7%	1225	8%
Wales	181,954	4%	885	6%
Northern Ireland	136,465	3%	751	5%

