

SME Finance Monitor

The main deck
To Q2 2025



An independent report by BVA BDR, September 2025



The SME Finance Monitor Q2 2025

This survey was commissioned to provide a robust and respected independent source of information over time on the demand for, and availability of, finance for SMEs in the UK.

Over **250,000 SME interviews** have been conducted since the survey started in Q2 2011, across 57 waves of interviewing. Major changes were made to the questionnaire for Q1 2018, then further adjustments were made during 2020 as the pandemic hit and again at the start of 2023, to adapt to the current environment.

The report and supporting data are made available to **all** interested parties as a basis for decision-making and strategy setting. It is used by a wide range of organisations from the Government, to the Bank of England, banks, trade bodies and academics.

The core study covers:

- Borrowing events in the past 12 months
- The appetite for new/renewed facilities
- The outcome of applications made
- Reasons for not borrowing
- Future plans, including demand for future finance
- Awareness of support and finance initiatives

Find out more at www.sme-finance-monitor.co.uk

This main deck provides an update on all key slides to Q2 2025

This pack updates the story with data to Q2 2025 and is designed to explore:

- Business mood: How are SMEs feeling and what they see as the key challenges moving forward
- What is happening in terms of growth and innovation
- How use of, and appetite for, finance is evolving, after the increase in funding during the pandemic (with clearer questions about the on-going use of pandemic funding)
- Additional analysis is provided by size and as well as by sector and other demographics to build understanding of how different parts of the economy have been impacted
- The **presentation** pack which sits alongside this master deck provides an assessment of SME performance and sentiment against the Government's Strategy for Small and Medium Sized Businesses

This pack is not the only way to access SMEFM data

A range of options are available to meet your information needs:

The **management summary** (available as a standalone document after Q2 as well as Q4) provides key summary headlines from across SMEFM on both access to finance and important context – growth, innovation, international trade etc

The **main report** is published after Q4 each year:

- Each chapter starts with a **chapter summary** which provides the key headlines for that chapter in a bit more detail than the management summary offers
- The greatest **detail** is found in each chapter of the main report, getting behind the headlines to provide data both by different demographics and over time, providing a reference document on all things SME



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The last few years are beginning to look like the **new normal** in many respects. Use of external finance, types of finance, and reported and predicted growth trends are all largely unchanged.

High costs, the economy and **political uncertainty** remain issues, and are likely contributing to the doubling of SMEs (to 30%) who see **mainly threats** (rather than opportunities) since 2022. On top of this, SMEs are **less happy** to borrow to grow, and confidence in application success (actual or possible) is down.

There remains **a clear divide in success rates** between those with 0-9 emps and those with 10-249 emps, and since Q3 2022, more applicants (notably the smaller ones) have turned down the facility offered to them, primarily due to cost.

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1 SME sentiment and context

2 Growth and innovation

3 Use of external finance

4 Appetite for finance



1 SME sentiment and context

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SMEs continue to face barriers around higher costs, the economic climate, and political uncertainty as well as late payment (which is seen across most demographics) and red tape (more of an issue for importers) A quarter now say they are ‘Struggling’, with a more dramatic increase over time in the proportion who feel the future offers ‘only threats’, now 30%.

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1a SME mood and resources

A new metric from 2023 provides an overall assessment of the financial situation of each SME:

Well off – our monthly revenue more than meets our needs and the business has a decent sum in savings/investments

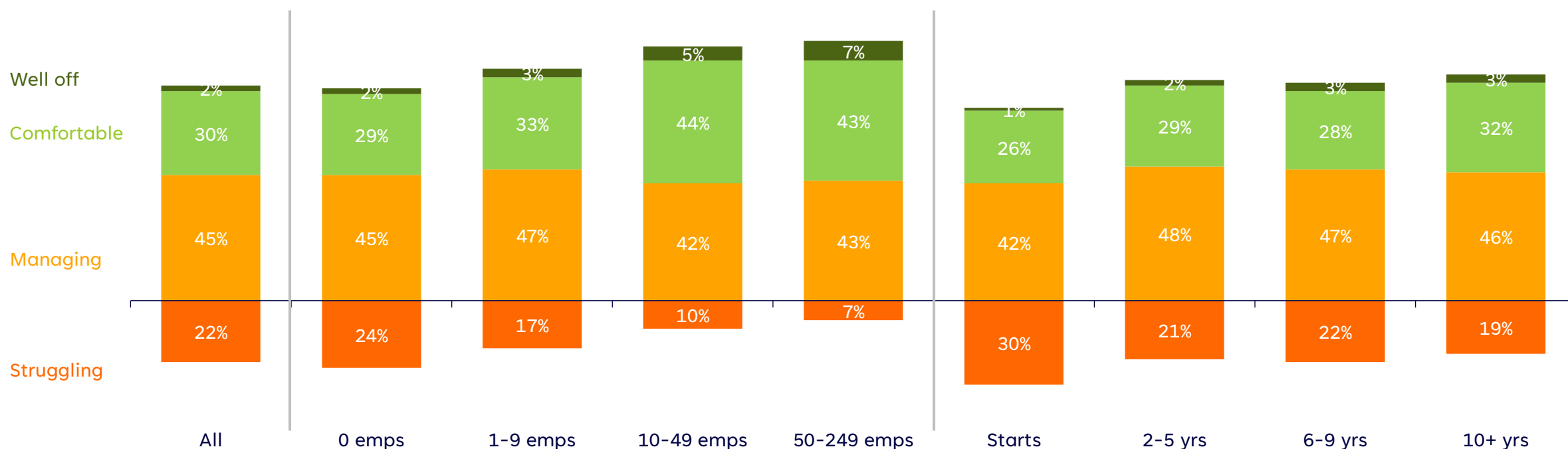
Comfortable – our monthly revenue meets our needs and the business has some savings as a cushion

Managing – our monthly revenue meets our needs but the business has no real savings or investments

Struggling – our monthly revenue does not meet our needs and the business has no savings or investments

Sentiment: 1 in 3 SMEs felt they were currently Comfortable/Well off, rising to half of the larger SMEs. 1 in 5, mainly smaller and younger SMEs, were Struggling with monthly revenue not meeting their needs (up from 18% in 2023)

Overall assessment by size and age – YEQ2 2025



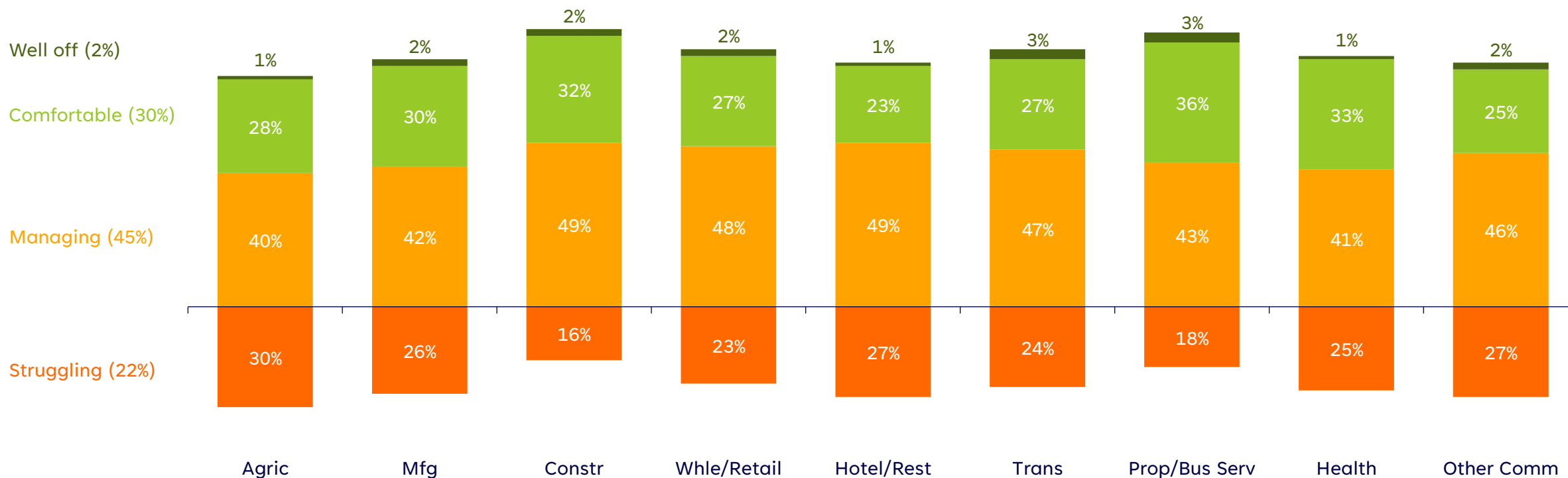
- Those more likely to be 'Struggling' included those in Agriculture (30%) and Hospitality (27%), London (31%), EMBs (36%) and those who either plan to apply for finance (37%) or expect to be a Future would-be seeker of finance (36%). Start-ups (30%) are also more likely to be 'Struggling'
- Those more likely to be 'Well off/Comfortable' included those with 10-49 or 50-249 employees (49% and 50%), and those in Property/Business Services (39%). SMEs from Y&H (42%), PNBs (42%) and those who grew in the past year (52%) were also more likely to be 'Well off/Comfortable'

nwcvc8 All SMEs YEQ4 2024 excl DK 16,919 3699/7169/4409/1642 356/1375/1751/13437

Struggling: Our monthly revenue does not meet our needs and the business has no savings or investments , and Well off: Our monthly revenue more than meets our needs and the business has a decent sum in savings and investments

There were clear differences in overall sentiment by sector - 39% of those in Property/Business Services felt “Well off / Comfortable” compared to 24% in Hospitality. Those in Agriculture were the most likely to be ‘Struggling’ (30%)

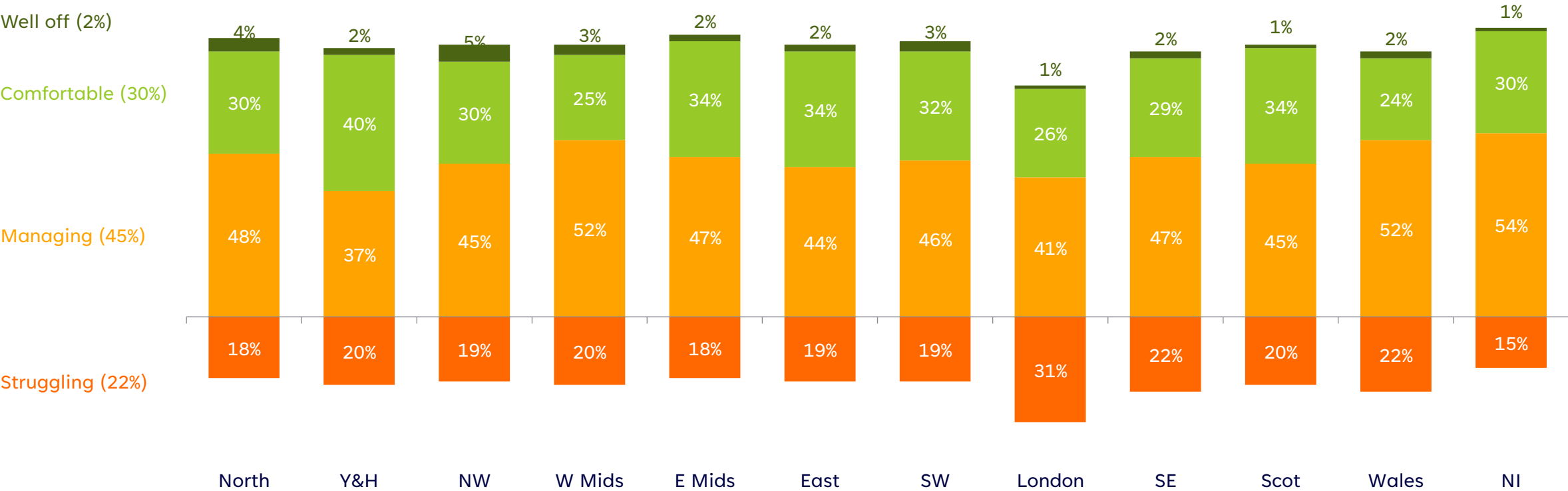
Overall assessment by sector – YEQ2 2025



nwcvc8 All SMEs YEQ2 2025 804/2248/2599/2470/928/1415/3803/963/1689

The proportion of Struggling SMEs was notably higher in London at 31%, while 42% of those in Yorkshire & Humberside were Comfortable/Well off

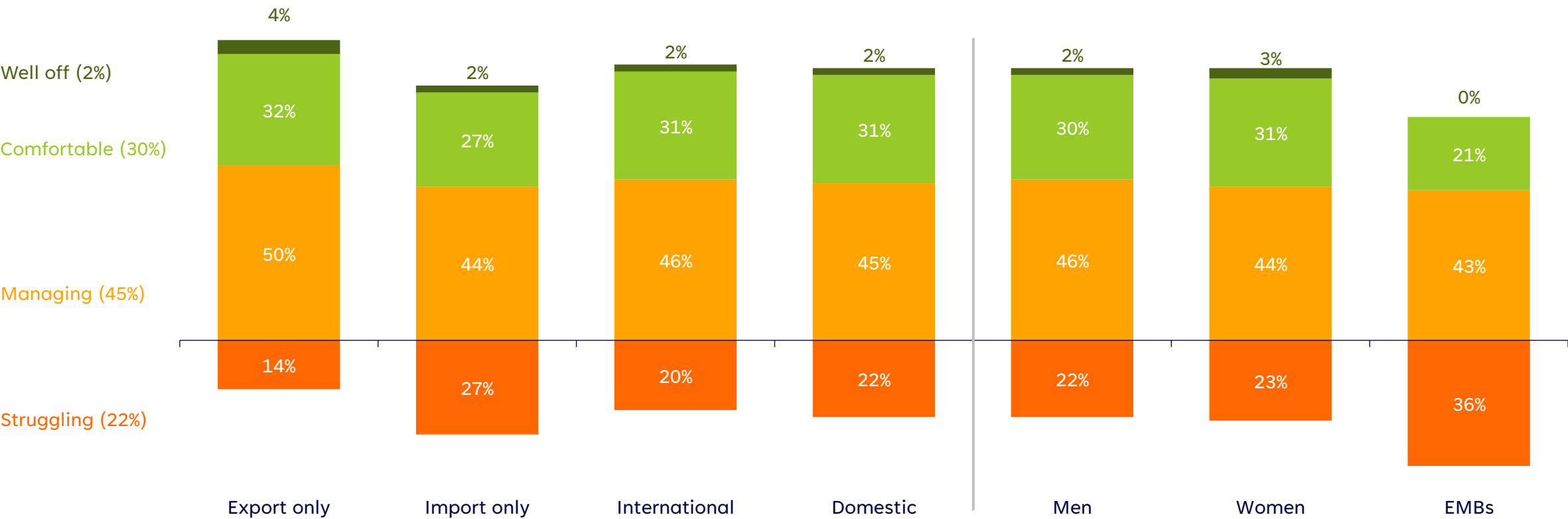
Overall assessment by region/nation – YE Q2 2025



nwcvc8 All SMEs YE Q2 2025 714/1193/1431/1328/1198/1959/1986/1797/2731 1096/887/599

Import-only SMEs as well as those managed by Ethnic Minorities were more likely to be ‘Struggling’

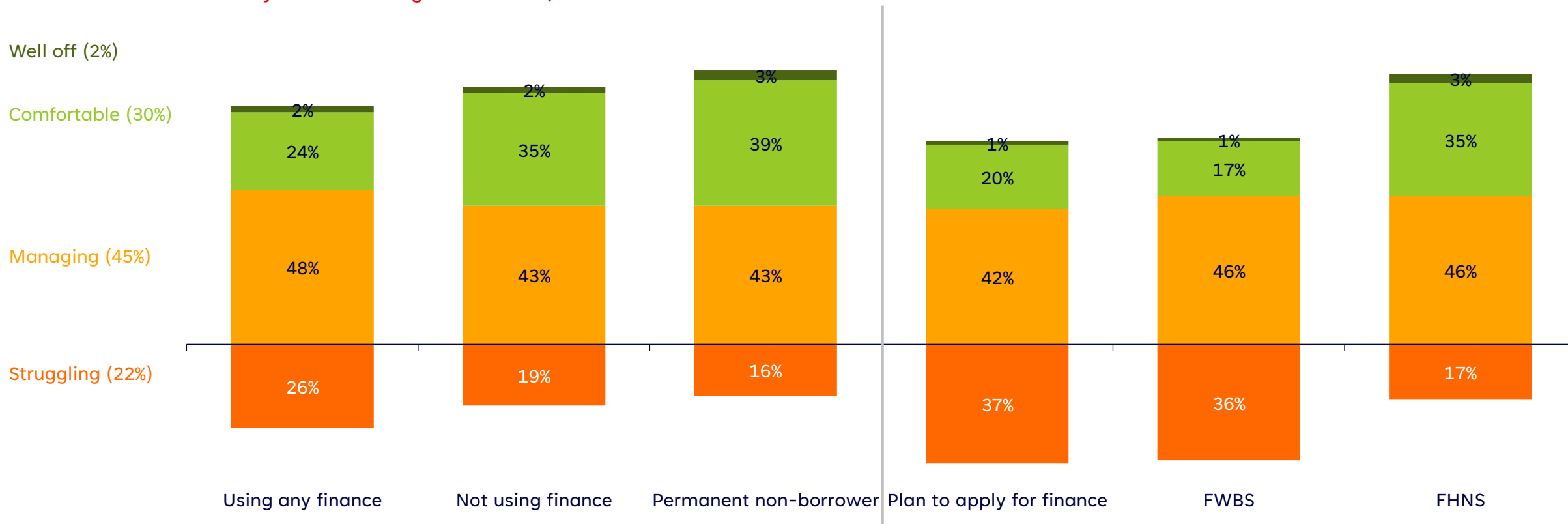
Overall assessment by demographics – YEQ2 2025



nwcvc8 All SMEs YEQ2 2025 941/1831/1840/12,307 12,966/3532/638 356/1375/1751/13,437

Those using external finance were more likely to be ‘Struggling’ than those *not* using finance, or meeting the definition of a PNB, as were those with any *future appetite* for finance

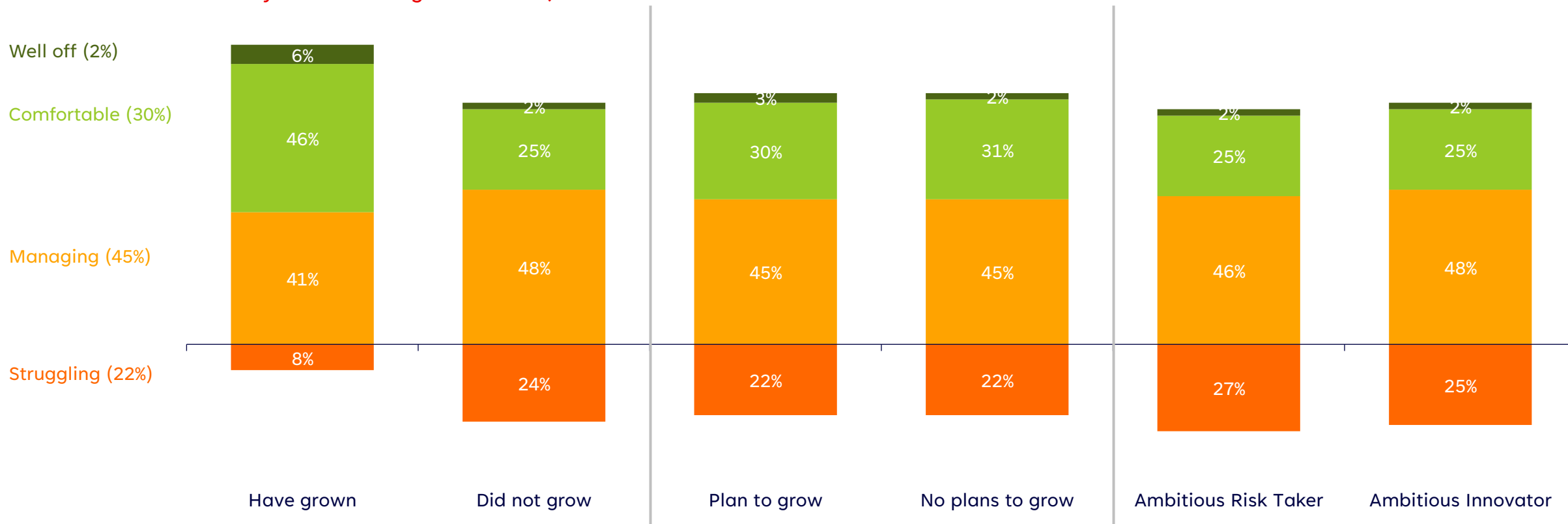
Overall assessment by finance and growth – YE Q2 2025



nwcvc8 All SMEs YE Q2 2025 9181/7738/5420 1945/1985/12989

Those that have grown were less likely to be Struggling than SMEs that hadn't, with little difference by those with future plans to grow or not. ARTs and Ambitious Innovators were slightly more likely to be Struggling

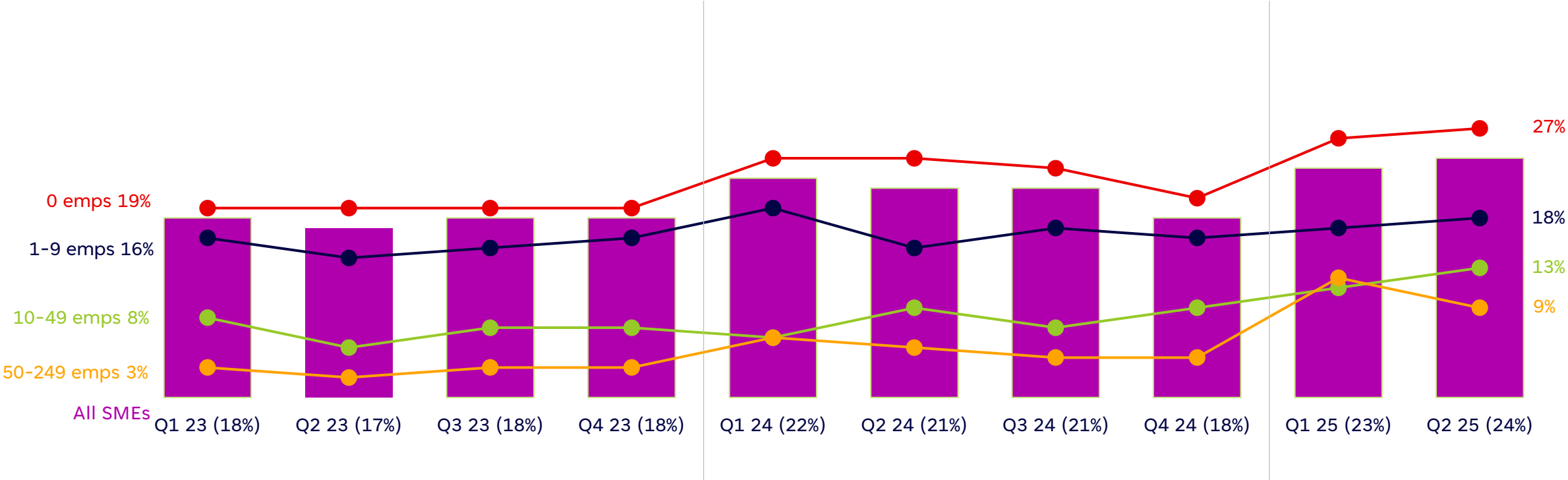
Overall assessment by finance and growth – YE Q2 2025



nwcvc8 All SMEs YE Q2 2025 5964/10,272 8361/8558 5206/5083

24% of SMEs in the current period reported feeling that they were ‘Struggling’, above levels previously seen, led by the smallest SMEs

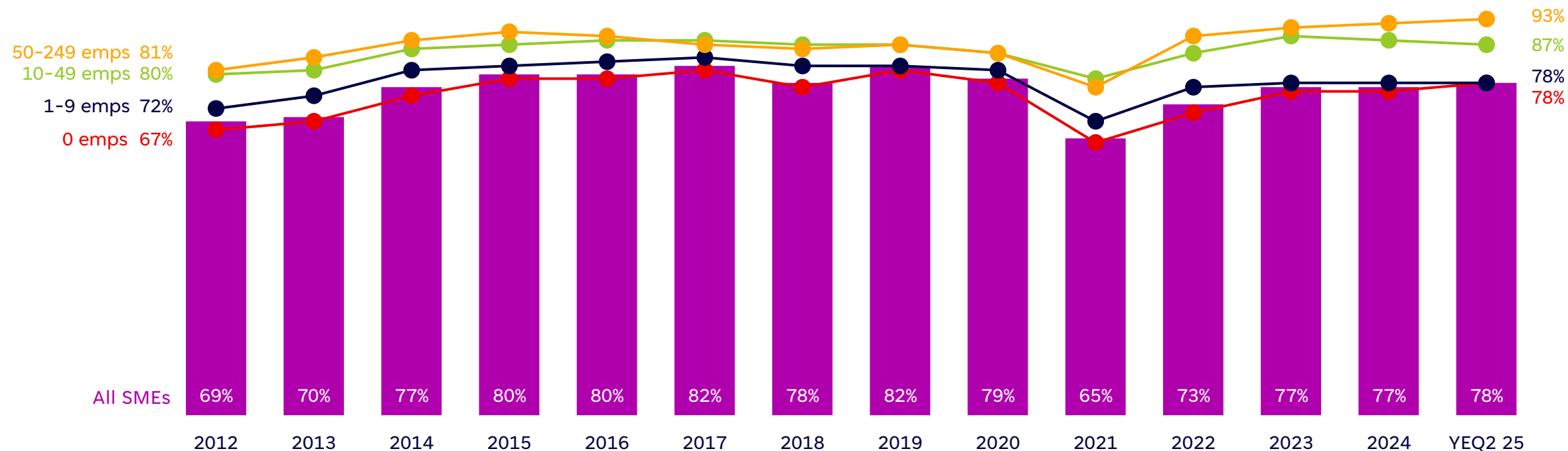
Time series: Feel that they are ‘struggling’



Qcv8 all SMEs 3m to June 4260

Profitability: The proportion of SMEs making a profit is stable overall and at the highest level seen for the largest SMEs since the pandemic

Annual time series: % making a profit (excl DK)



Almost 8 in 10 SMEs made a profit YEQ2 2025 (78% for the year overall):

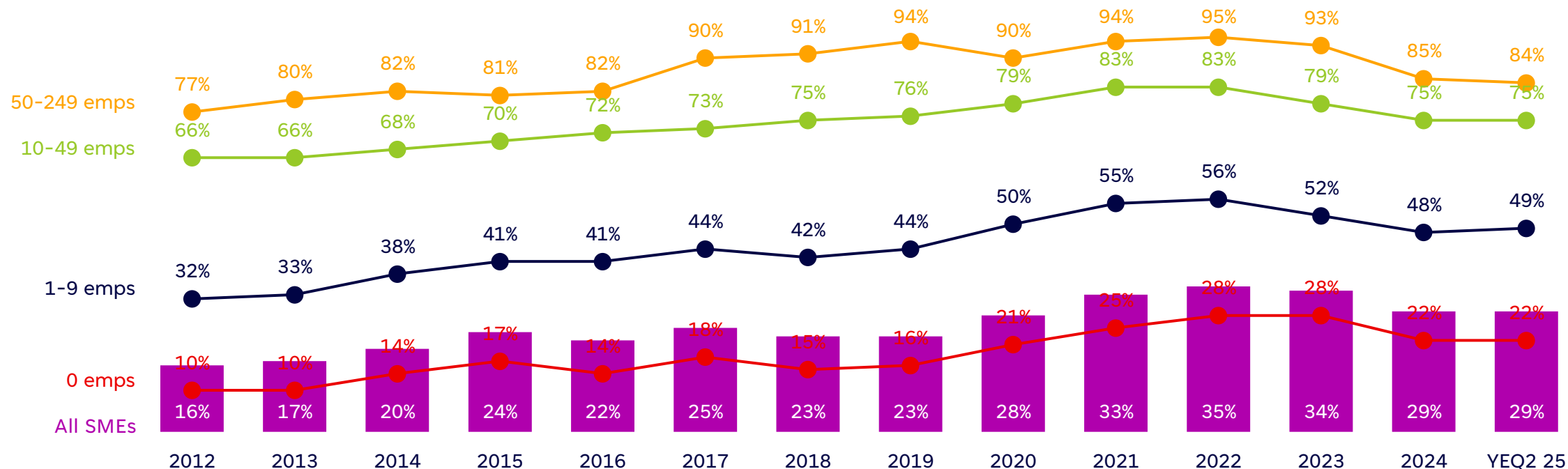
- By size, 78% with 0 or 1-9 employees made a profit YEQ2 2025 increasing by size to 93% with 50-249 employees
- There were limited differences by sector (76-83%) except for Hospitality (63%) and Wholesale/Retail (73%)
- Profitability increases by age of SME from 63% of Starts to 83% of those trading for 10+ yrs making a profit
- Higher for PNBs and those expecting to be a Future happy non-seeker (both 83%)

The median profit made overall YEQ2 2025 was £12.2k, still above the £9k median profit made in 2019. The median loss was £2.6k, in line with 2019

Q115 All SMEs excl Dk YEQ2 2025 15,330

3 in 10 SMEs held £10,000 or more in credit balances, down from over a third between 2021-2023

Annual time series: £10k or more of credit balances held over time



29% of SMEs held £10k+ of credit balances YEQ2 2025, unchanged from 2024:

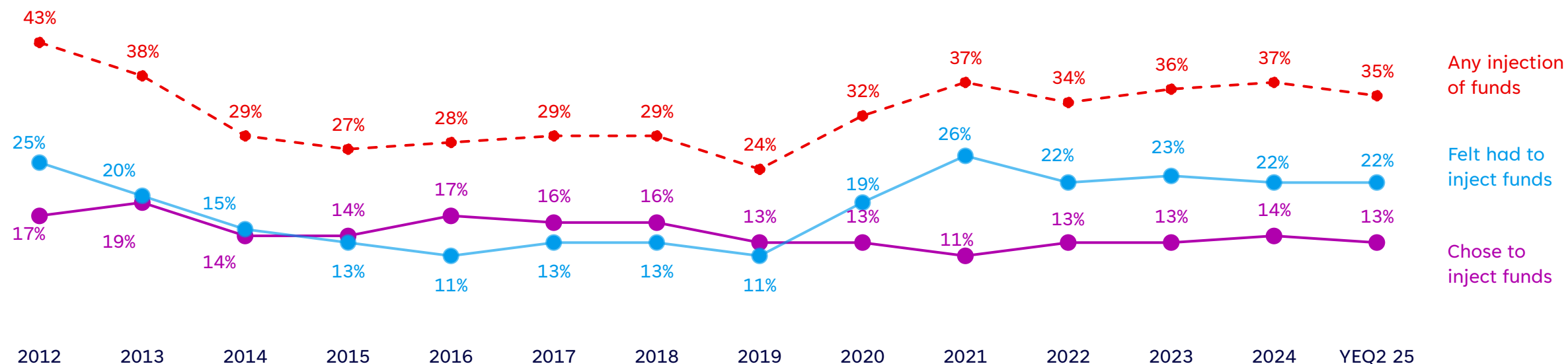
- By size, this varied from 22% of 0-employee SMEs to 84% of those with 50-249 employees
- By sector it ranged from 37% in Agriculture down to 14% in Health (20-33% elsewhere)
- 15% of Starts held such balances increasing to 35% of those trading for more than 10 years
- 30% of both PNBs and those using external finance held such sums, compared to 23% of those planning to apply for finance

2014 to 2022, the proportion holding <£5k declined from 63% to 45% of SMEs overall but was 50% in 2023, 55% in 2024 and 56% YEQ2 25. This was more likely to be the case for those with 0 employees (63%), compared to 37% of those with 1-9 employees, 18% with 10-49 employees and 10% of those with 50-249 employees. It was also the case for 77% of those Struggling.

Q117 Base : All SMEs excl DK YEQ2 2025 9822

35% of SMEs had seen an injection of personal funds into the business, still broadly in line with the higher levels seen since 2021

Annual time series: Injections of personal funds in previous 12 months



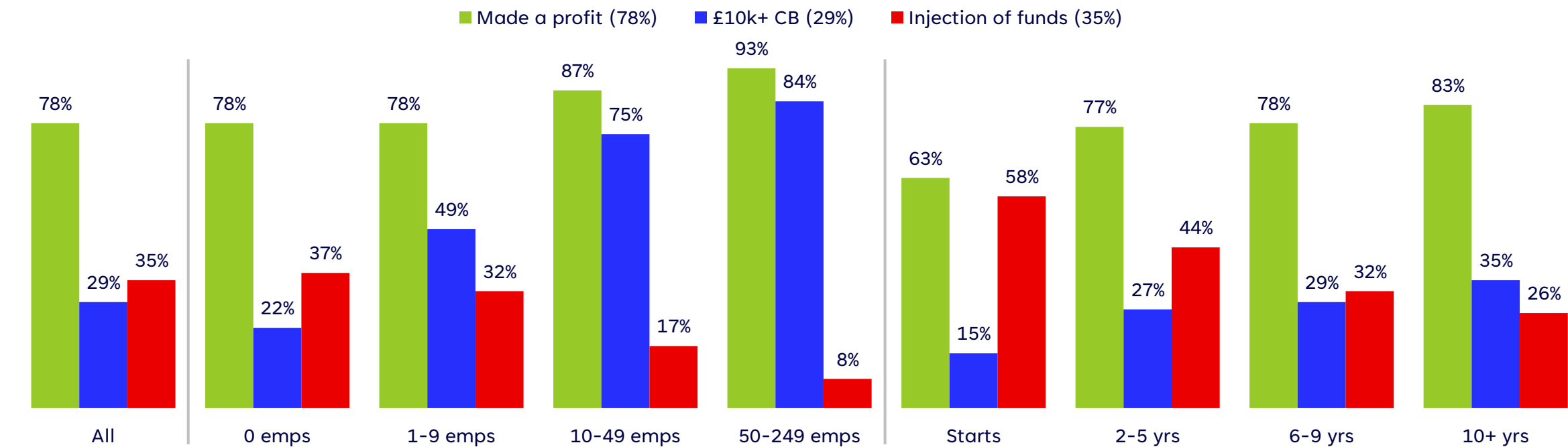
35% of SMEs had injections of personal funds YE Q2 2025:

- This varied by size from 37% with 0 employees (up from a quarter in 2019) and 32% with 1-9 employees, compared to 17% for 10-49 employees and 8% with 50-249 employees and declined by age of SME from 58% of Starts to 26% of those trading for 10+ yrs
- Other SMEs more likely to have had injections of personal funds included Hospitality (47%) and the Other Community sector (44%), those planning to apply for finance (56%) and those planning to grow (43%)

Q15d2 Base : All respondents YE Q2 2025 17,017

Profitability and credit balances increased by size and age of SME, while the proportion injecting personal funds declined.

Size and age summary - Resources YEQ2 2025



Profit: Larger and older SMEs were more likely to have made a profit (93% with 50-249 employees and 83% of those trading for 10+ yrs)

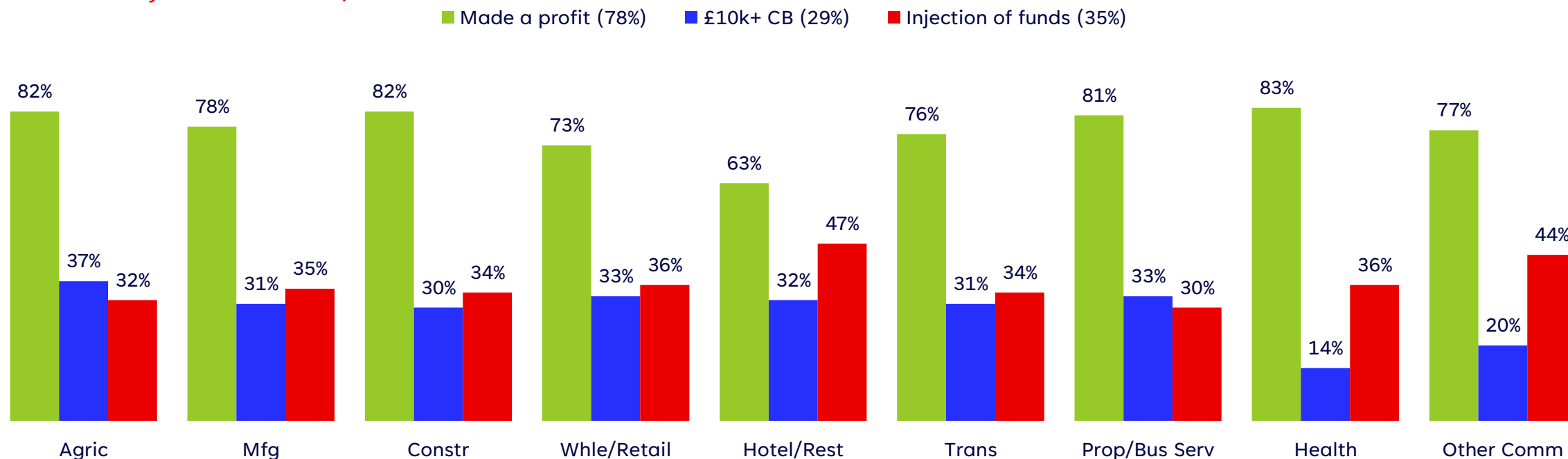
Credit balances: Larger SMEs were also more likely to hold£10k+ of credit balances (84% of those with 50-249 employees) with more limited increases by age of SNE (to 35% of those trading for 10+ years)

Injections of personal funds: Starts were more likely to report an injection of personal funds (58%) as were smaller SMEs (37% with 0 emps)

Q115/117/15d2 all SMEs YEQ2 2025 base varies 358/1381/1754/13,524 8398/8619

There were limited differences by sector, but Hospitality remained less likely to have made a profit, and more likely to have seen an injection of personal funds, while the Health and Other Community sectors were less likely to hold £10k of credit balances

Sector summary - Resources YEQ2 2025



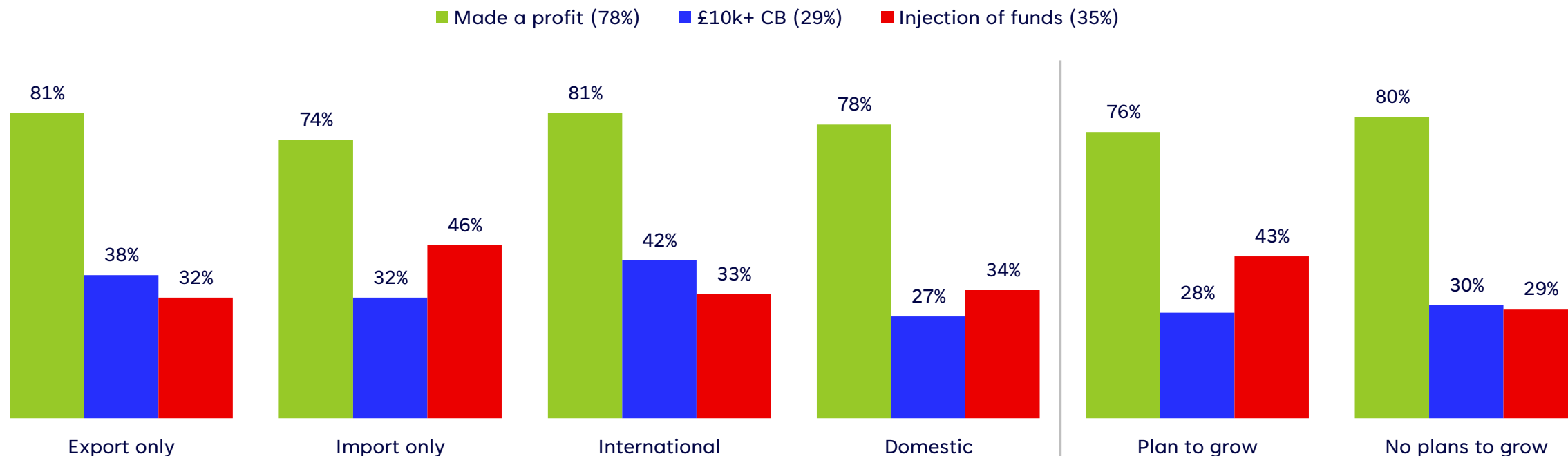
Profit: There were limited differences by sector (73-83%) except for Hospitality (63%)

Credit balances: Limited variation by sector (30-37%) with the exception of the Health and Other Community sectors (14% and 20%)

Injections of personal funds: most likely in the Hospitality (47%) and Other Community (44%) sectors, compared to 30-37% elsewhere

Profitability varied little by international trade or growth plans, while Import-only SMEs and those planning to grow were more likely to have had an injection of personal funds

Age and growth summary - Resources YEQ2 2025



Profit: There were limited differences in profitability by international trade or growth plans

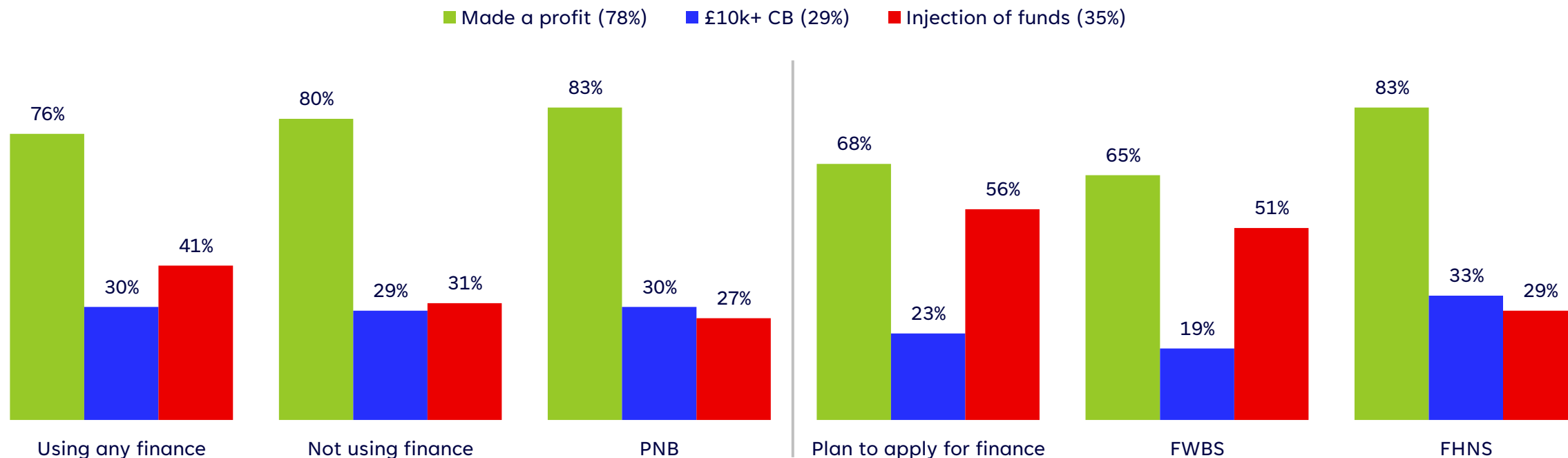
Credit balances: Domestic only SMEs were slightly less likely to hold £10k of credit balances than their international peers (27%)

Injections of personal funds: Import-only SMEs and those with plans to grow were most likely to have seen an injection of personal funds (45% and 43%)

Q115/117/15d2 all SMEs YEQ2 2025 base varies 358/1381/1754/13,524 8398/8619

Those with any future appetite for finance were less likely to have made a profit, or to hold £10k+ of credit balances, and more likely to have already injected personal funds

Finance summary - Resources YEQ2 2025



Profit: There were limited difference by use of finance (76-83%), but Future HNS were more likely to have made a profit (83%) than their peers (68% and 65%)

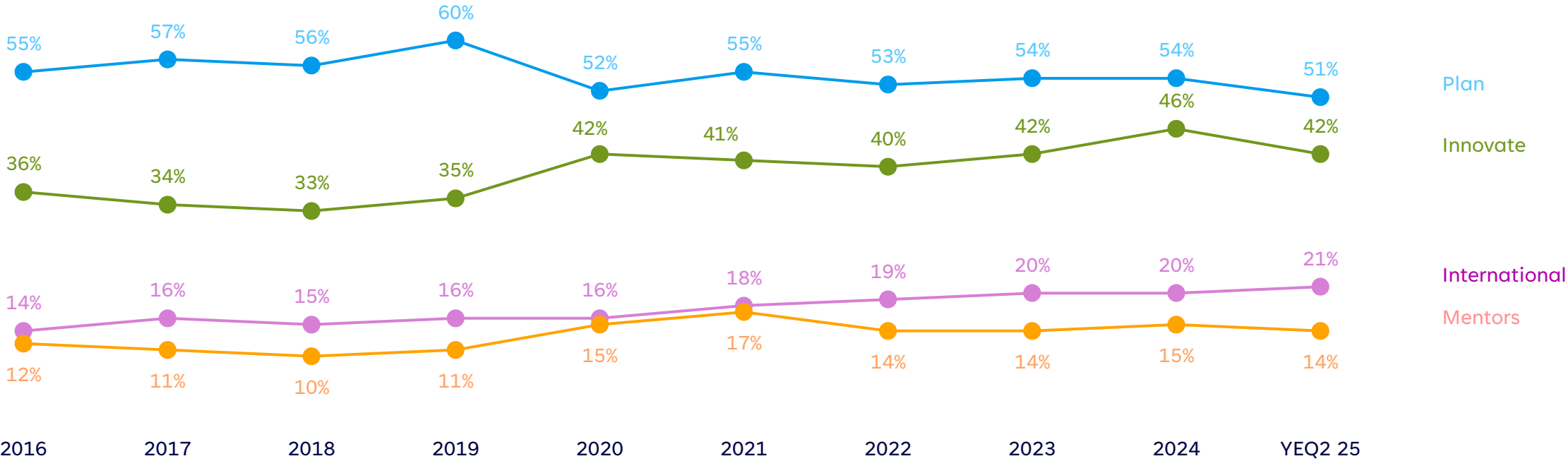
Credit balances: There was little variation by use of finance in the proportion holding £10k+ of credit balances (29-30%) but Future HNS were more likely to do so (33%) than those with plans to apply (23%) or Future would-be seekers (19%)

Injections of personal funds: Those currently using external finance were more likely to report an injection of personal funds (41%) as were those with any future appetite for finance (56% and 51%)

Q115/117/15d2 all SMEs YEQ2 2025 base varies 9196/7821/5491 1951/1990/13076

Business management: Levels of innovation have declined slightly from the 2024 'peak' as fewer smaller SMEs innovated, but levels of international trade continue to increase gradually

Annual time series: Business management

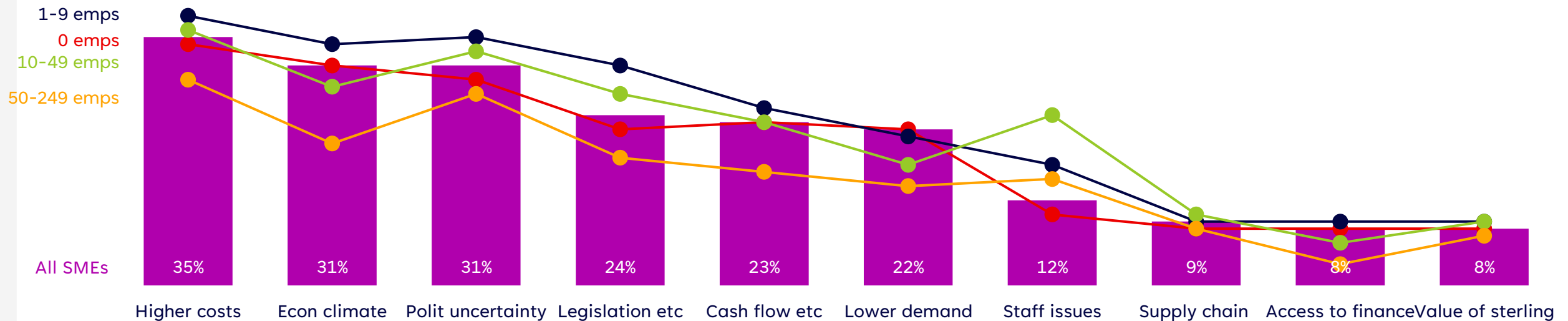


Q84 Base : All SMEs YE Q2 25 17,017

1b Current and future challenges

Key barriers: For SMEs YEQ2 25 higher costs remained the key future barrier, followed by the current economic climate alongside political uncertainty. For larger SMEs, political uncertainty is now more of an issue than the economic climate

YEQ2 2025: All rated 8-10 'major barrier' to business

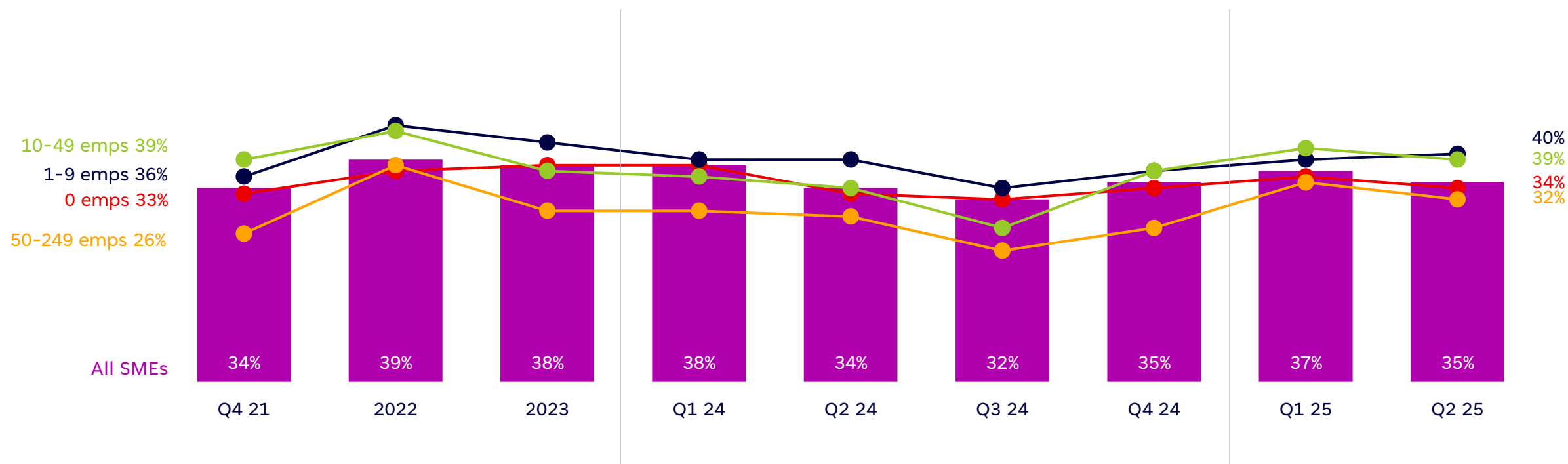


The top 3 barriers were more likely to be mentioned by:

- Those in Hospitality (54%, 47% and 39%), and those planning to apply for finance (45%, 42% and 39%)
- FWBS were more likely than their peers to be concerned about higher costs and the economic climate (45% and 42%)
- Those in Agriculture were more likely than their peers to be concerned about political uncertainty (39%)

Latest trends: In Q2 2025 itself, 35% of SMEs viewed costs as a potential barrier, in line with Q4 2024. It remains the top single barrier above the current economic climate (though by a narrow margin for smaller SMEs)

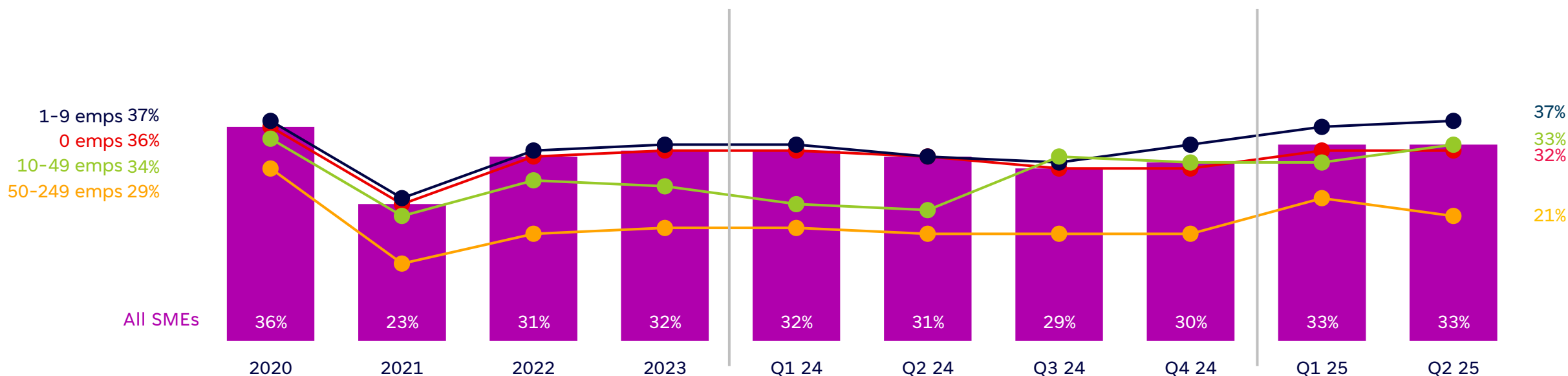
Time series: Higher costs 8-10 barrier (asked as Increasing costs to Q2 2024)



Q93 Base : All SMEs Q2 2025 4260

Latest trends: Concerns about the economic climate have been around 1 in 3 since the start of 2024. Since Q3 2024 there has been a steady increase in 1-9 employee SMEs seeing this as a barrier

Recent time series: Current economic climate an 8-10 major barrier– by size of SME

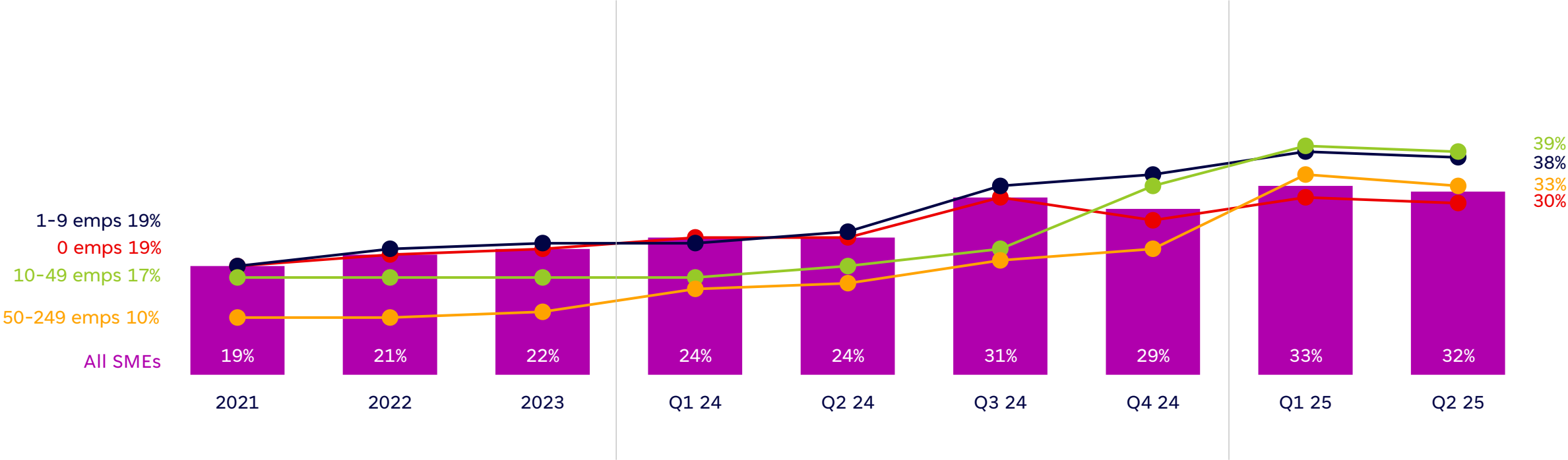


- Those with 1-9 employees are now the most likely to see the current economic climate as a barrier, back to levels seen in 2020, while the largest SMEs with 50-249 employees remained less likely to see this as a barrier, albeit at a slightly higher level than in 2024

Q93 Base : All SMEs Q2 2025 4260

Latest trends: 32% of SMEs viewed political uncertainty and government policy as a potential barrier, still at a higher level than seen prior to H2 2024, notably for those with 1-9 and 10-49 employees

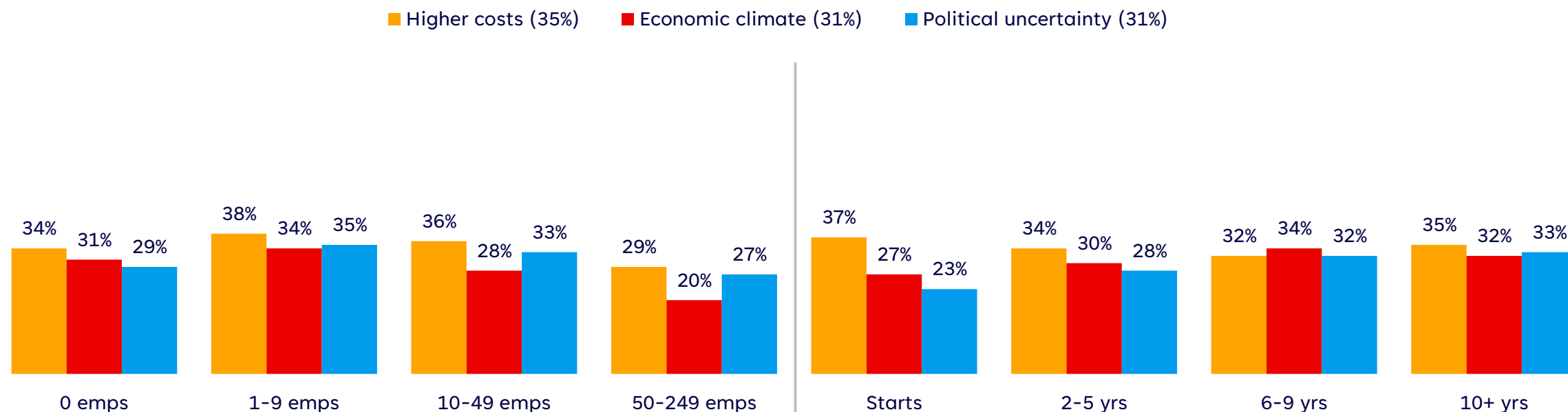
Time series: Political uncertainty/future government policy 8-10 barrier



Q93 Base : All SMEs 3m to June 4260

Higher costs were seen as a major barrier by all SMEs. The economic climate was less of a barrier for larger SMEs (for whom political uncertainty is more of a barrier) and for Starts (for whom political uncertainty is also less likely to be a barrier)

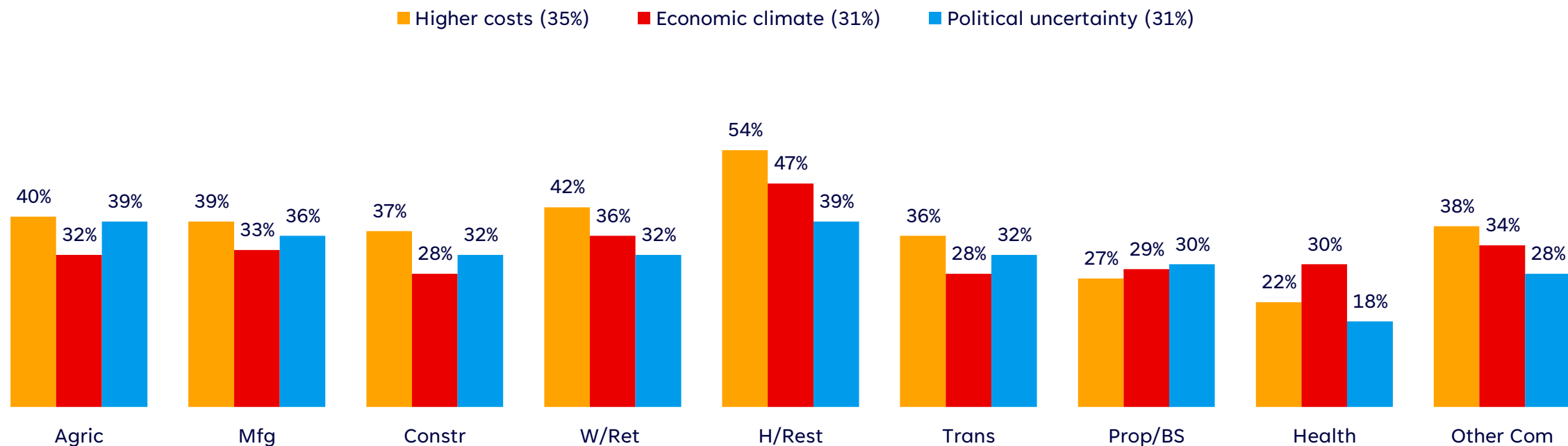
Size and age summary: Main barriers – YEQ2 2025



Q93 score 8-10 all SMEs YEQ2 2025 17,017 3707/7178/4421/1711 358/1381/1754/13524

Higher costs and the economic climate remained significant barriers for the Hospitality sector. The Agriculture and Hospitality sectors remained slightly more concerned than their peers about political uncertainty

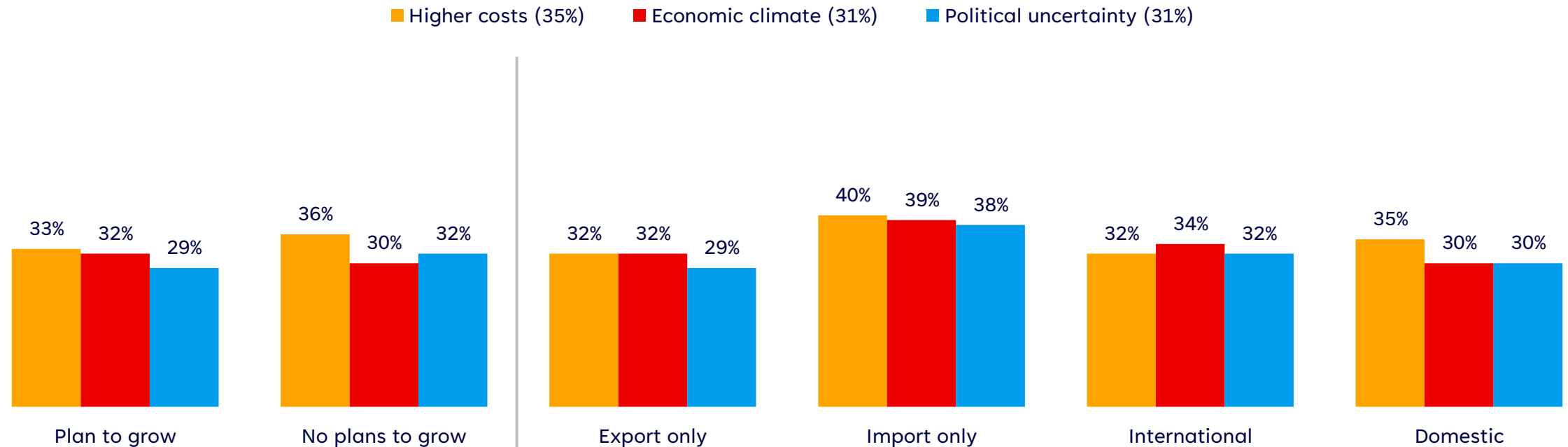
Sector summary: Main barriers YEQ2 2025



Q93 score 8-10 all SMEs YEQ2 2025 807/2265/2610/2480/930/1425/3821/979/1700

All three barriers were mentioned more by Import-only SMEs than their peers, with limited differences by future growth plans

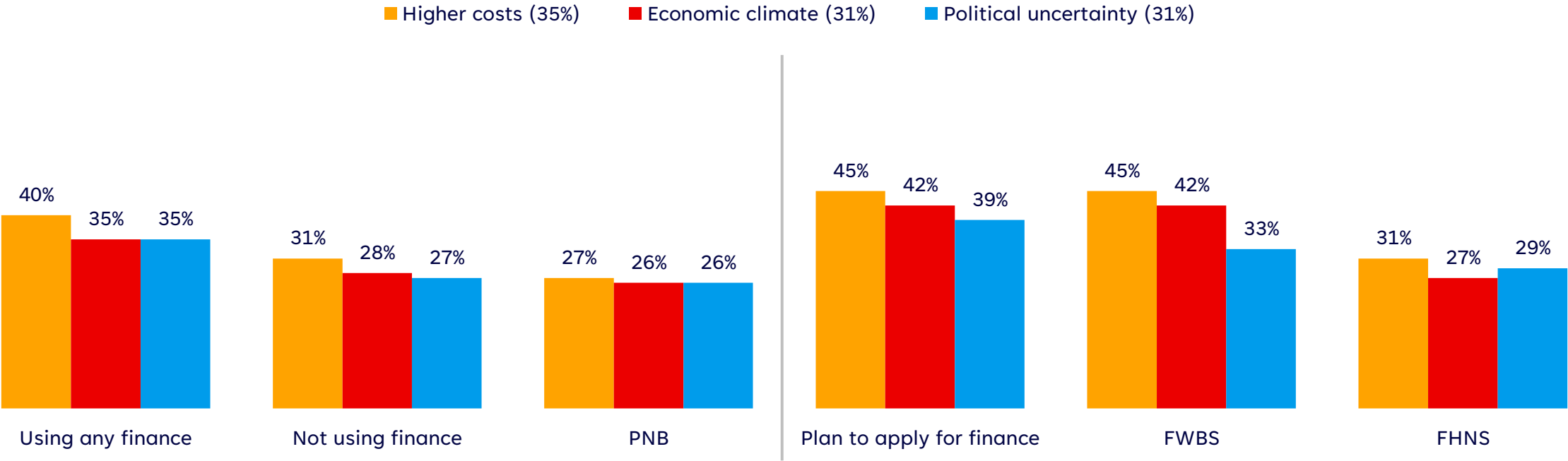
Growth and international summary: Main barriers YEQ2 2025



Q93 score 8-10 all SMEs YEQ2 8398/8619 946/1839/1853/12379

Those currently using finance and/or with any appetite to apply expressed higher levels of concern across all these issues than their peers.

Finance summary: Main barriers YEQ2 2025



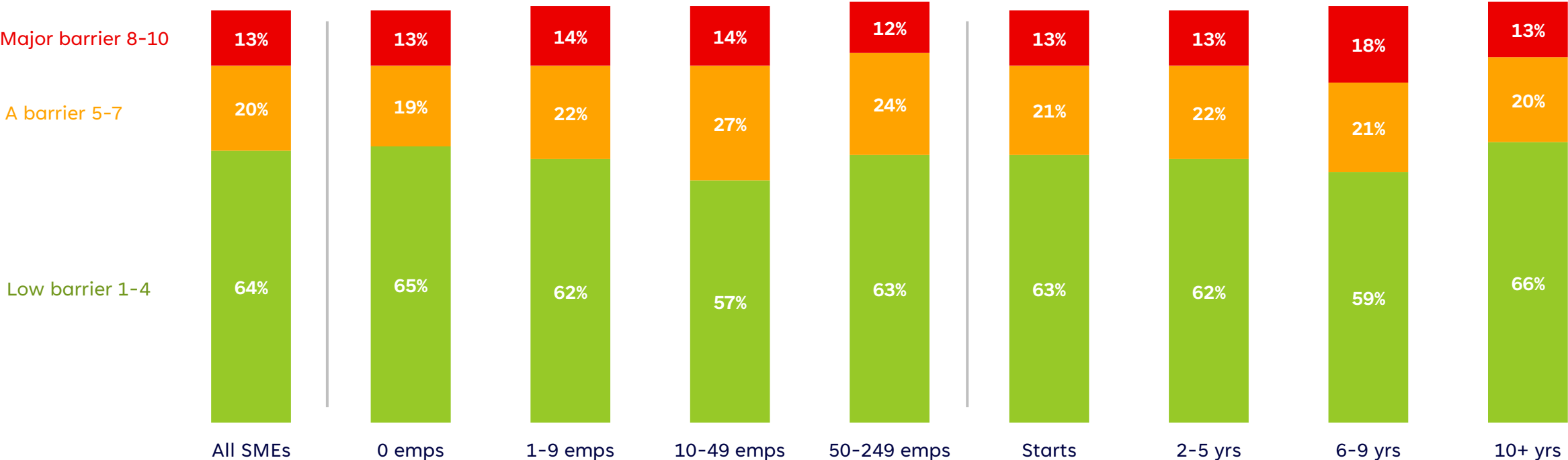
Q93 score 8-10 all SMEs YEQ2 2025



Late payment

The impact of late payment: There is limited variation by size or age in the proportion seeing late payment as a major barrier

Barrier of late payment– YEQ2 2025



Q93_11 all SMEs YEQ2 2025 17,017

The impact of late payment: late payment is less of an issue in Hospitality, Health or Wholesale/Retail than in other sectors

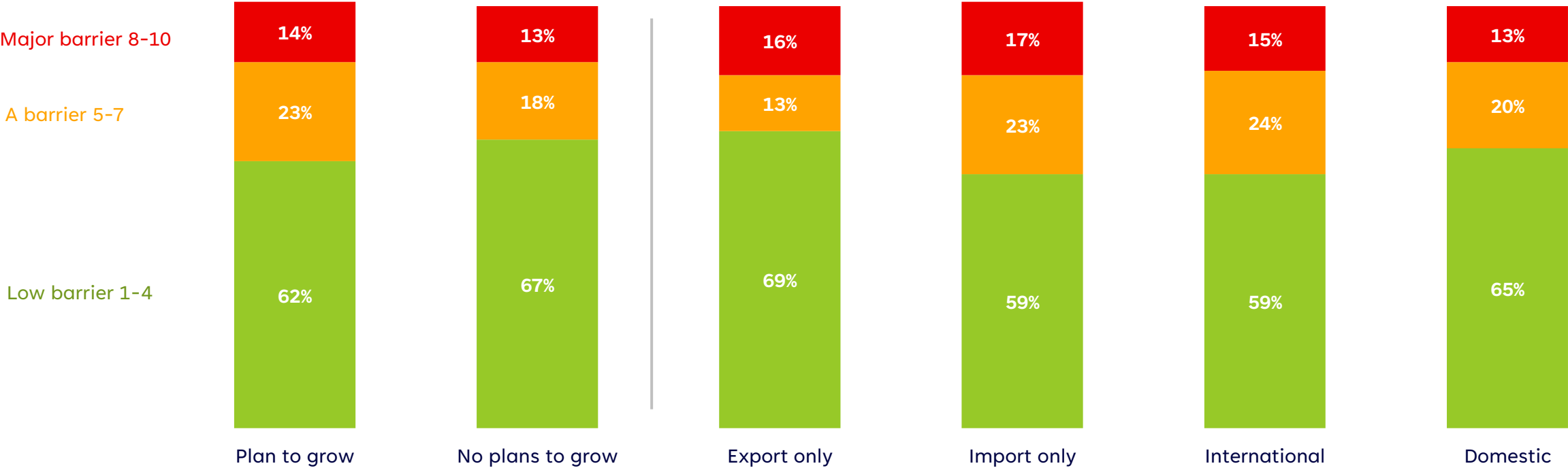
Barrier of late payment– YEQ2 2025



Q93_11 all SMEs YEQ2 2025 17,017

The impact of late payment: there were also limited differences by growth plans or international trade

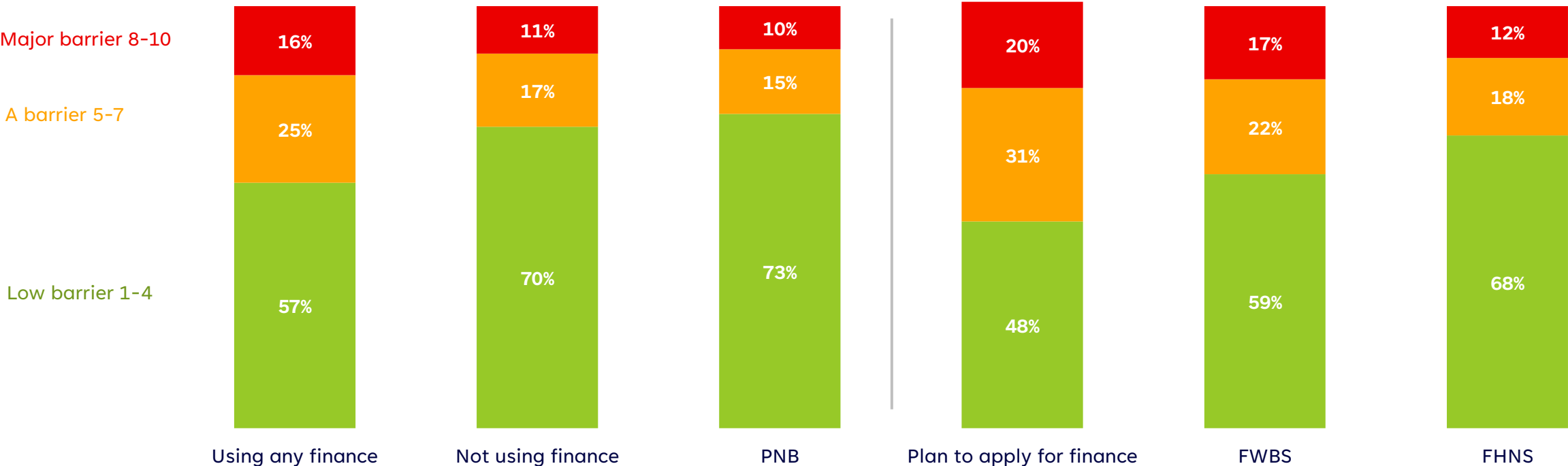
Barrier of late payment– YEQ2 2025



Q93_11 all SMEs YEQ2 2025 17,017

The impact of late payment: Those using, or planning to apply for, finance were more likely to see late payment as an issue than their peers

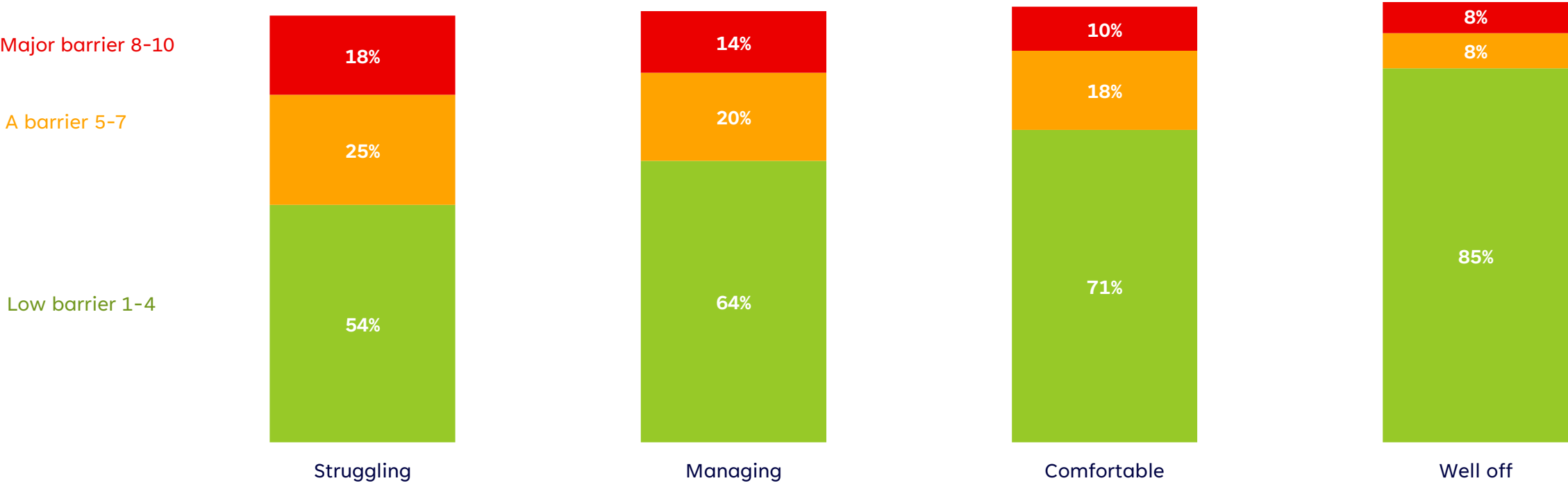
Barrier of late payment– YEQ2 2025



Q93_11 all SMEs YEQ2 2025 17,017

The impact of late payment: there was also a clear relationship between overall sentiment and late payment

Barrier of late payment– YEQ2 2025



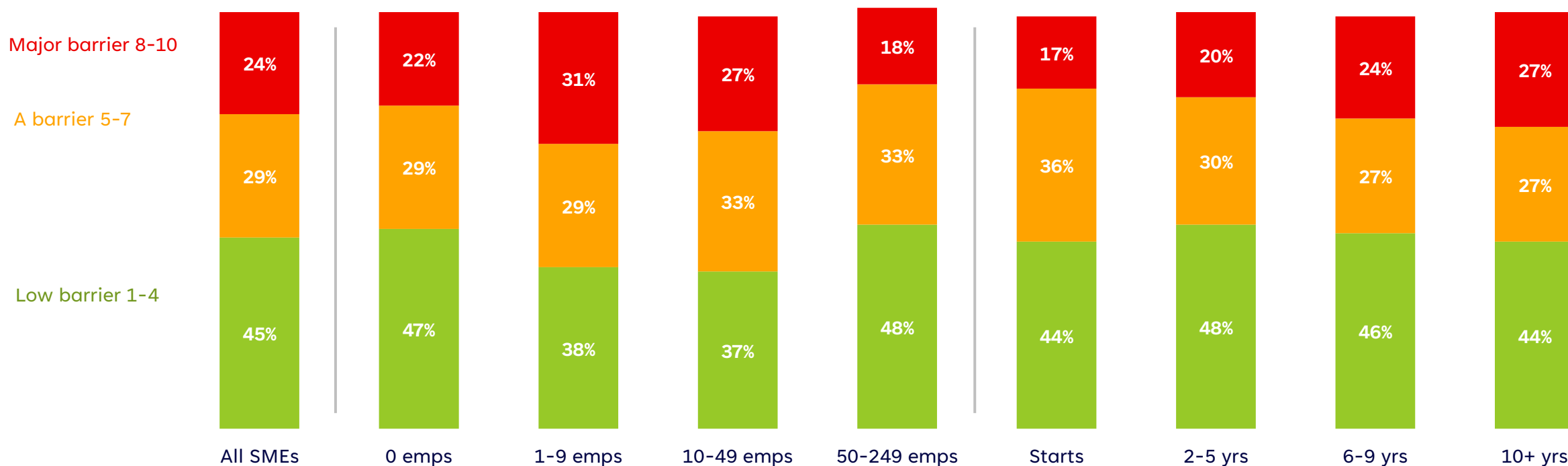
Q93_11 all SMEs YEQ2 2025 17,017



Legislation, regulation and red tape

The impact of legislation etc: This increases as a barrier by age of SME and also by size up to 10-49 employees

Barrier of legislation, regulation and red tape – YEQ2 2025



Q93_3 all SMEs YEQ2 2025 17,017

The impact of legislation etc: SMEs in Agriculture, Hospitality and Transport were the most likely to see this as a barrier, notably compared to Health

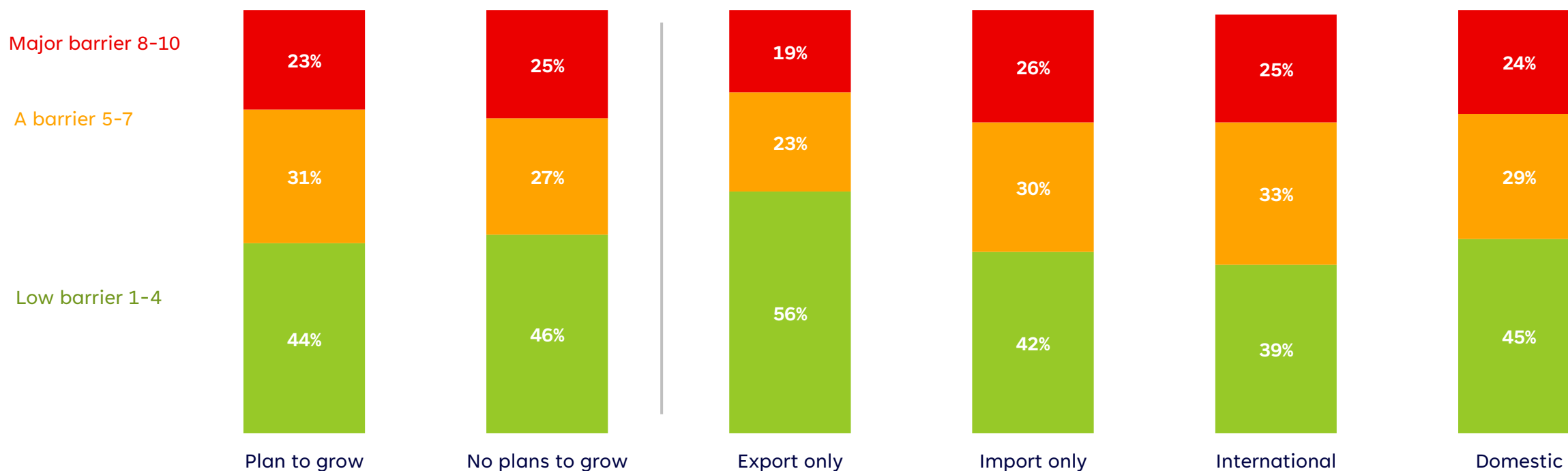
Barrier of legislation, regulation and red tape – YEQ2 2025



Q93_3 all SMEs YEQ2 2025 17,017

The impact of legislation etc: Those with an element of importing to their business were more likely to see this as a barrier

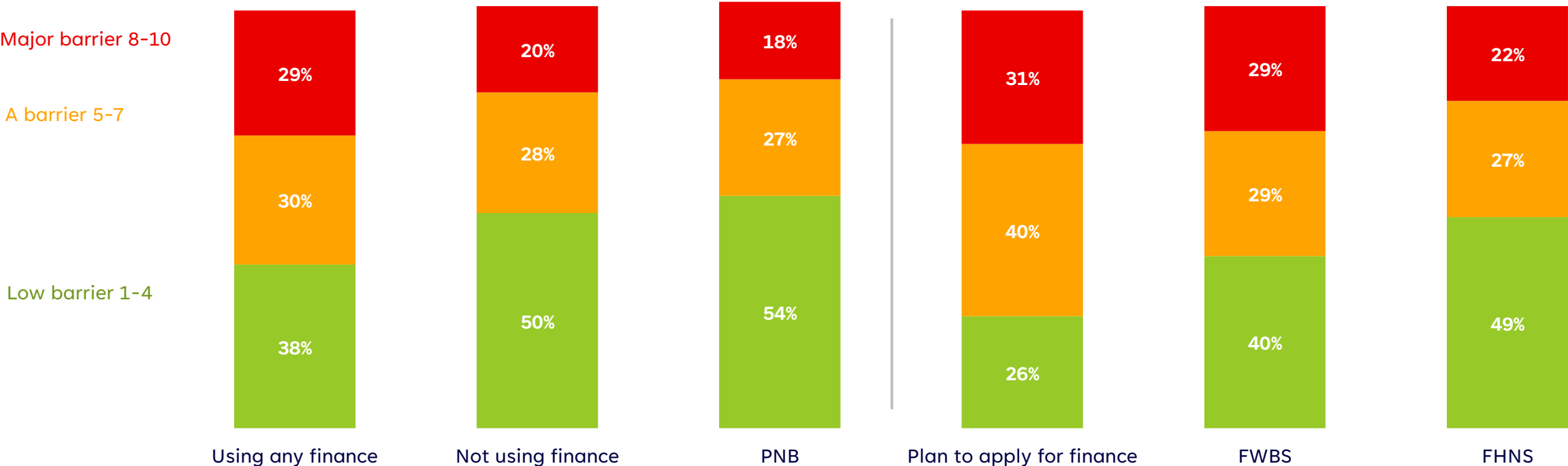
Barrier of legislation, regulation and red tape – YEQ2 2025



Q93_3 all SMEs YEQ2 2025 17,017

The impact of legislation etc : Those using, or planning to apply for, finance were more likely to see this as an issue than their peers

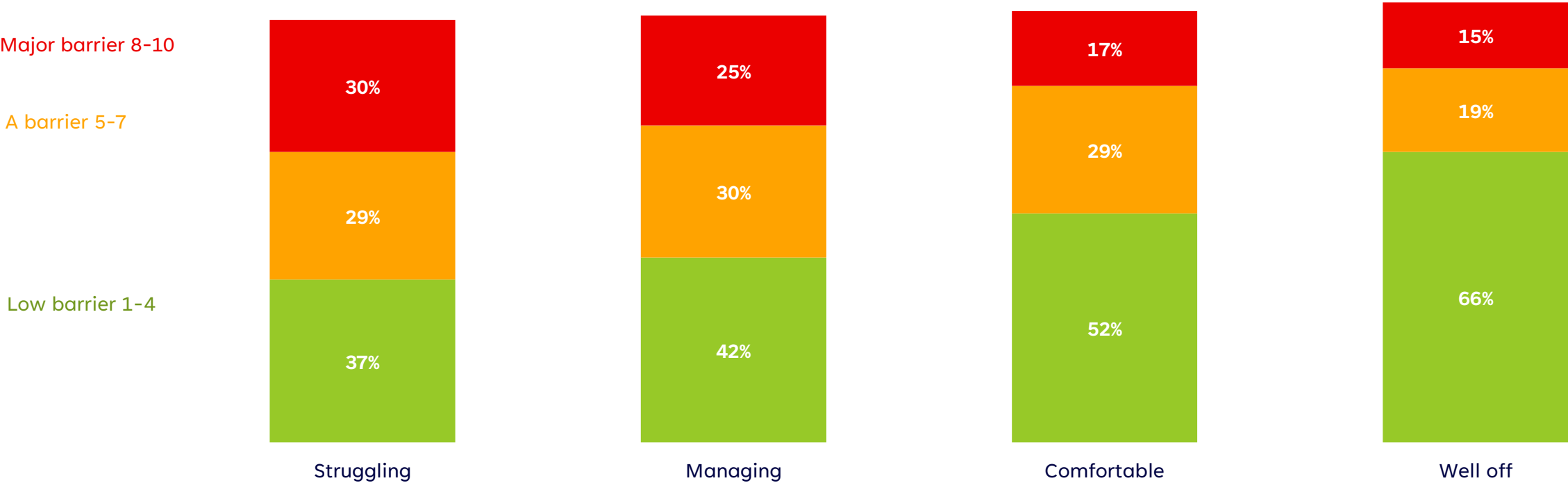
Barrier of legislation, regulation and red tape – YEQ2 2025



Q93_3 all SMEs YEQ2 2025 17,017

The impact of legislation etc: there was also a clear relationship between overall sentiment and legislation, regulation and red tape

Barrier of legislation, regulation and red tape – YEQ2 2025



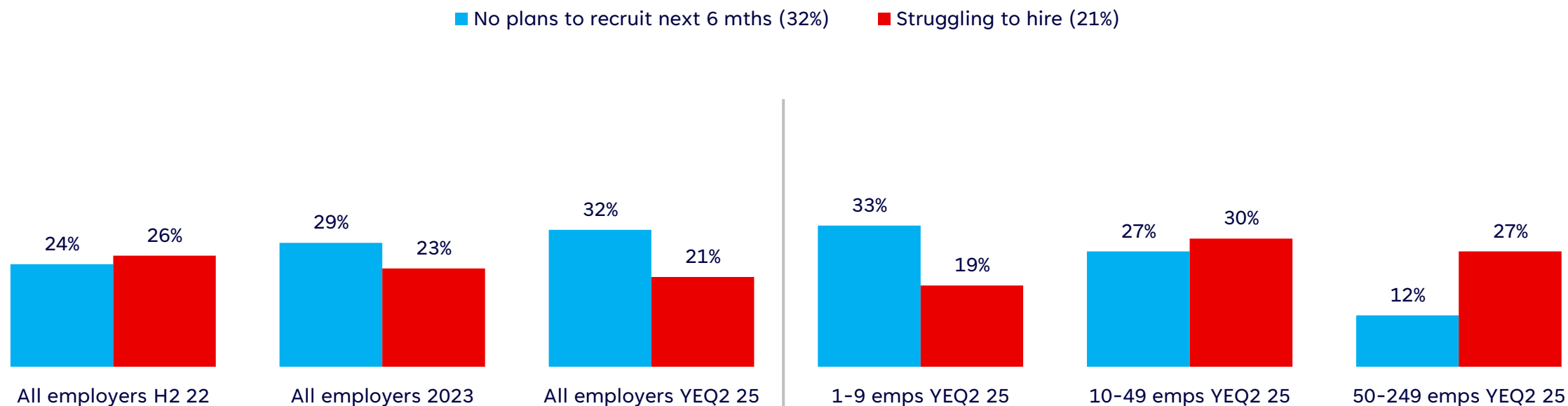
Q93_3 all SMEs YEQ2 2025 17,017



Staff issues

Recruitment: SME employers are now more likely to have no plans to recruit than to be struggling to recruit, but this due to the smallest employers, with larger ones more likely to be struggling to recruit

Key Staff resources (employers) over time and for YEQ2 2025 by size of employer



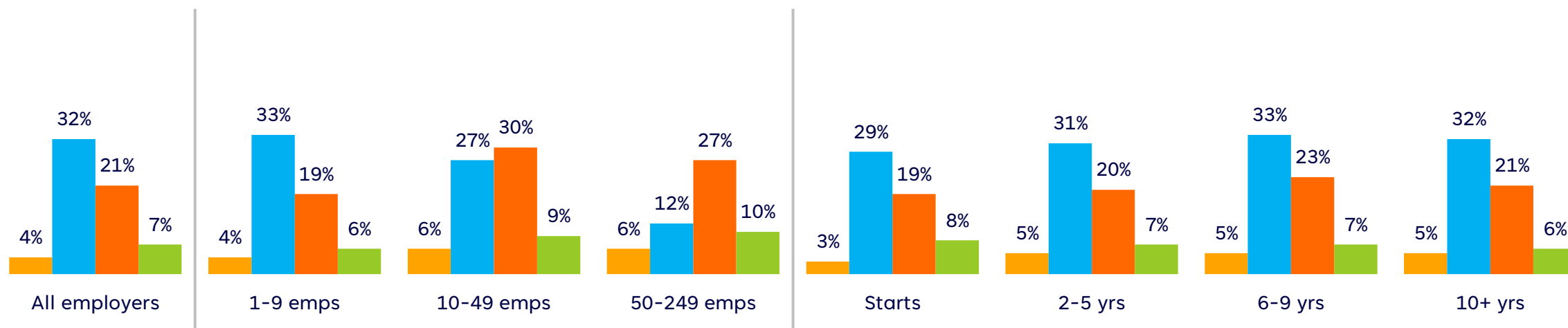
- Since H2 2022, the proportion of employers struggling to recruit has declined from 26% to 21%, while the proportion with no plans to recruit has increased from 24% to 32%.
- Employers with 1-9 employees remain more likely to say they have no plans to recruit (33%) than they do to say they are struggling to hire (19%), while the opposite is true for the largest SMEs (12% with no plans v 27% struggling to recruit)
- Also asked in this question, 4% of employers think it likely they will make redundancies in the next 6 months with limited variation (but 12% for those 'Struggling'), while 7% have been negatively impacted by changes to rules on employing non-UK staff, again with limited variation

NSTAFF all SMEs with employees YEQ2 2025 13,310 7178/4421/1711

The larger the employer the more likely they were to be struggling to hire rather than having a recruitment freeze. There was no similar pattern by age of employer

All Staff resources (employers) YEQ2 2025

■ Likely to make redundancies (4%) ■ No plans to recruit next 6 mths (32%) ■ Struggling to hire (21%) ■ Negatively impacted rules re non UK staff (7%)

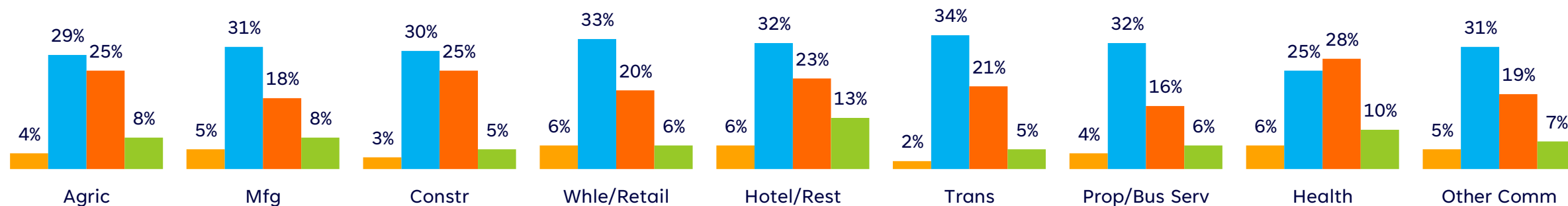


NSTAFF all SMEs with employees YEQ2 2025 13,310 7178/4421/1711 236/939/1254/10,881

The Health and Construction sectors were most likely to be struggling to hire, with less variation by sector for those with no plans to recruit (with the exception of Health)

Sector summary - Staff resources (employers) YEQ2 2025

■ Likely to make redundancies (4%) ■ No plans to recruit next 6 mths (32%) ■ Struggling to hire (21%) ■ Negatively impacted rules re non UK staff (7%)

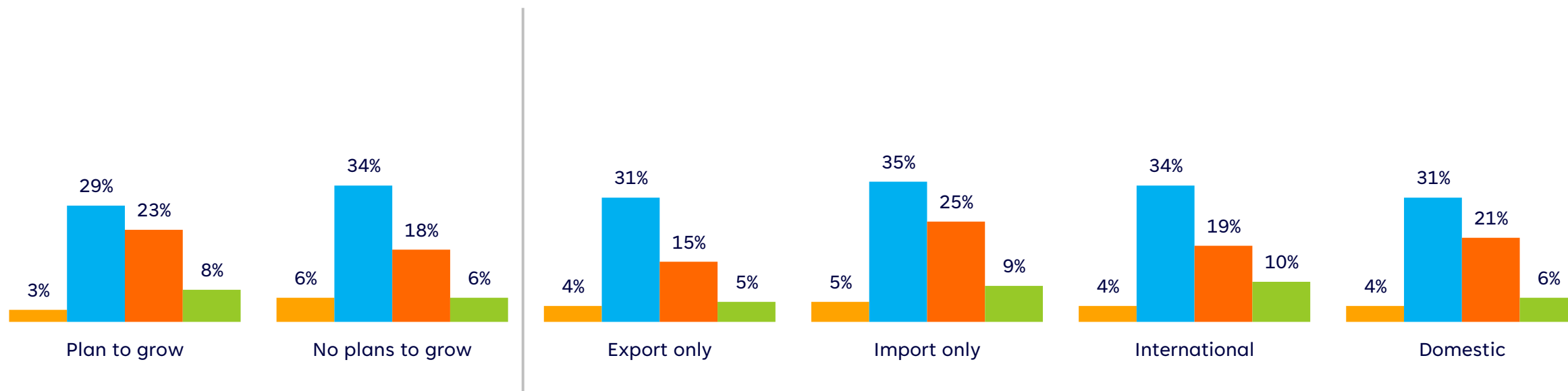


NSTAFF all SMEs with employees H2 2024 308/931/1157/1045/409/589/1385/380/549

Those planning to grow were more likely to be struggling to hire than those with no plans, as were Import-only SMEs compared to their peers

Growth and international summary - Staff resources (employers) YEQ2 2025

■ Likely to make redundancies (4%) ■ No plans to recruit next 6 mths (32%) ■ Struggling to hire (21%) ■ Negatively impacted rules re non UK staff (7%)

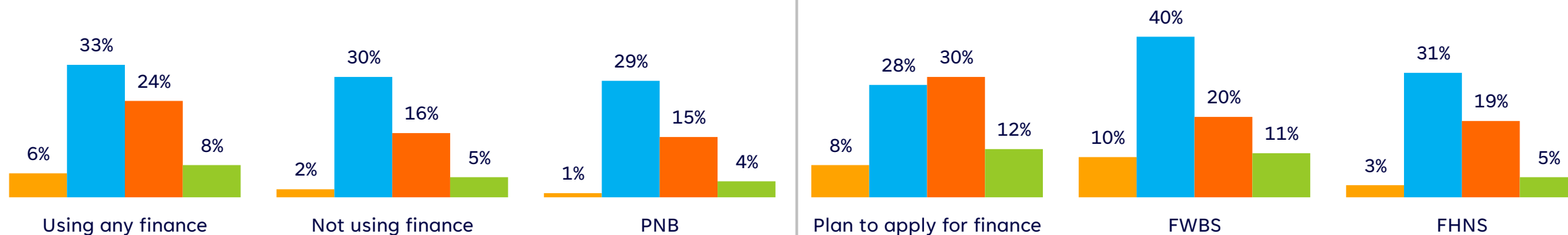


NSTAFF all SMEs with employees YEQ2 2025 7049/6261 731/1496/1647/9436

Recruitment struggles were more likely to be felt by employers using, or planning to apply for, finance. Future would-be seekers were more likely to have no plans to recruit

Finance summary - Staff resources (employers) YEQ2 2025

■ Likely to make redundancies (4%) ■ No plans to recruit next 6 mths (32%) ■ Struggling to hire (21%) ■ Negatively impacted rules re non UK staff (7%)



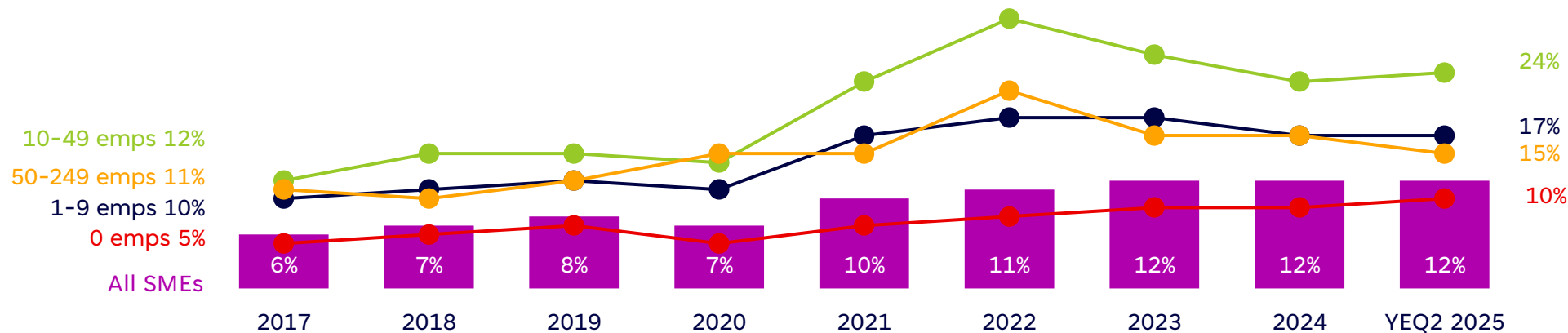
NSTAFF all SMEs with employees YEQ2 2025 7642/5668/3967 1659 /1418/10233

Staff issues increased as a barrier to 2022. There has been little change in the overall rating since, but the larger employers have become somewhat less likely to see this is a barrier

Annual time series: % issues recruiting and retaining staff 8-10 barrier

Amongst those already employing staff:

- 11% rated this an issue in 2020
- 18% in 2021
- 21% in 2022
- 20% in 2023
- 18% in 2024
- 18% in H1 2025



One in ten (12%) of SMEs regard staff issues as being a major obstacle over the next 12 months YEQ2 2025:

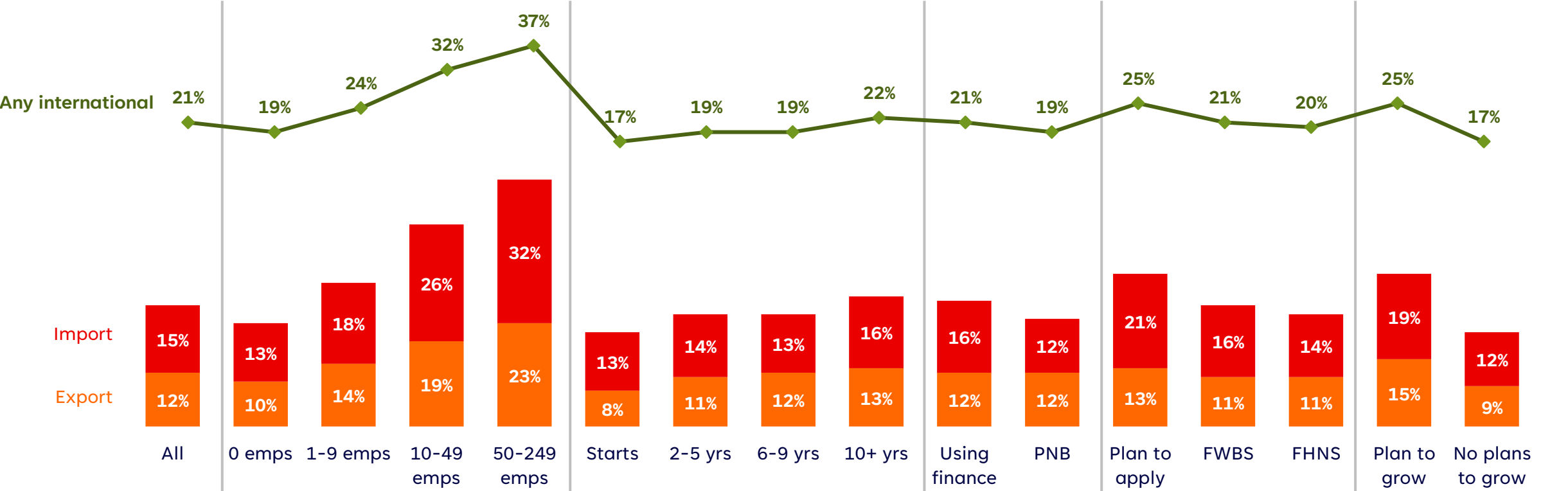
- By size: 24% with 10-49 employees (down from 30% in 2022) and 15% for those with 50-249 (down from 22% in 2022)
- Limited difference by sector (14-24%)



International trade

YEQ2 2025 21% of SMEs were trading internationally, increasing by size of SME

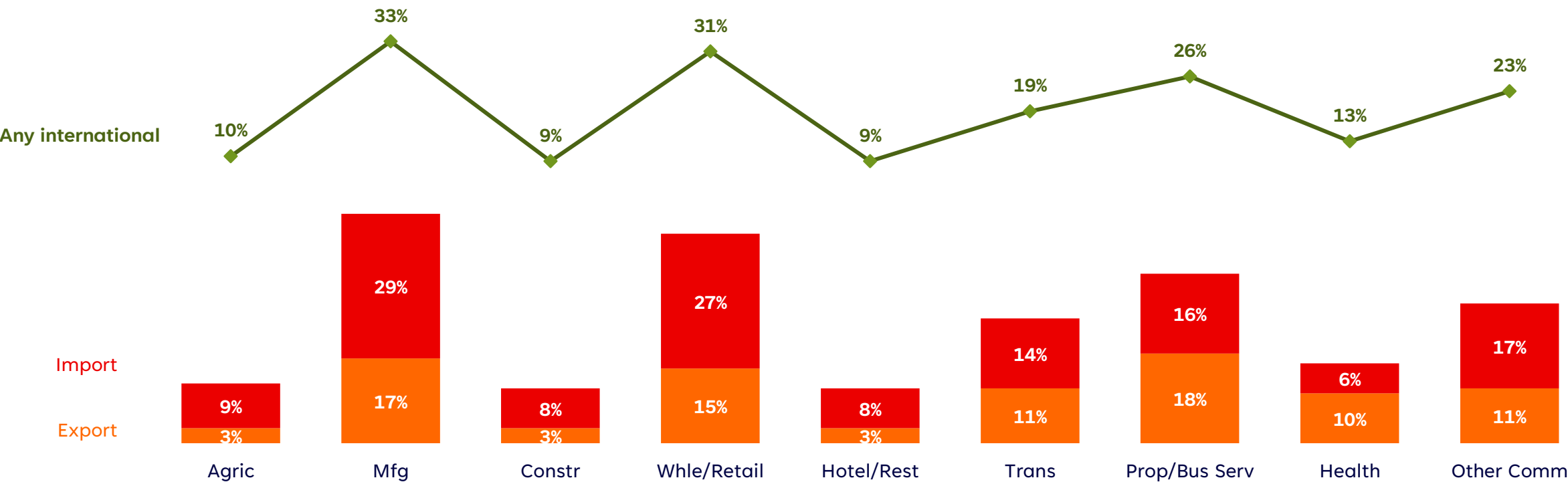
International trade by key demographics YEQ2 2025



Q84 all SMEs 17,017

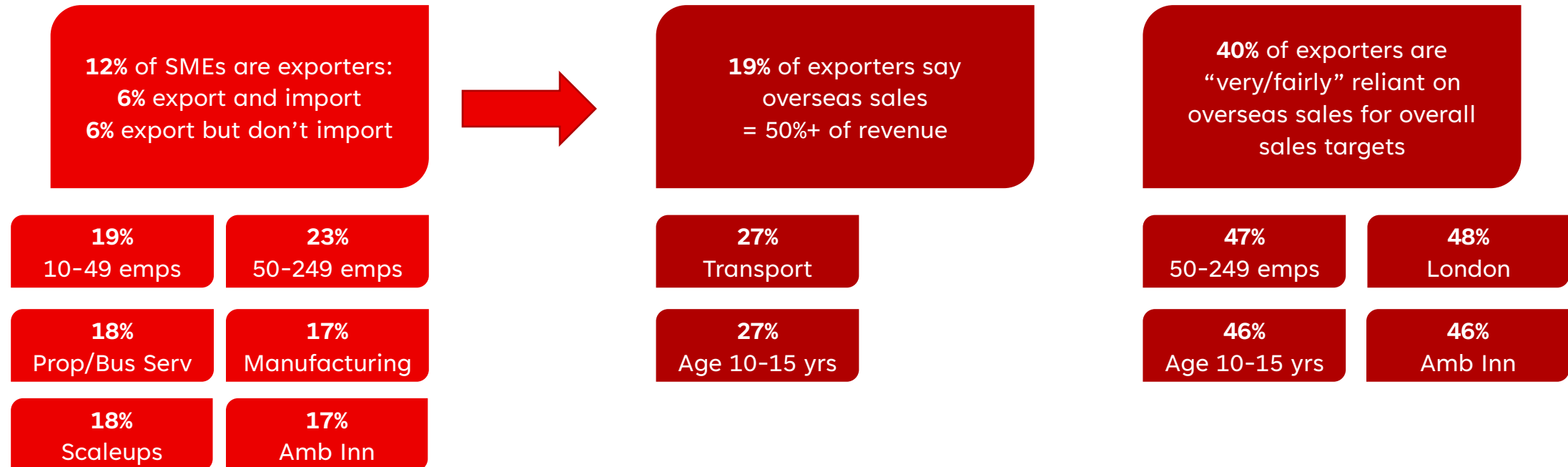
International trade remains more common amongst those in Manufacturing and Wholesale/Retail

International trade by key demographics YE Q2 2025



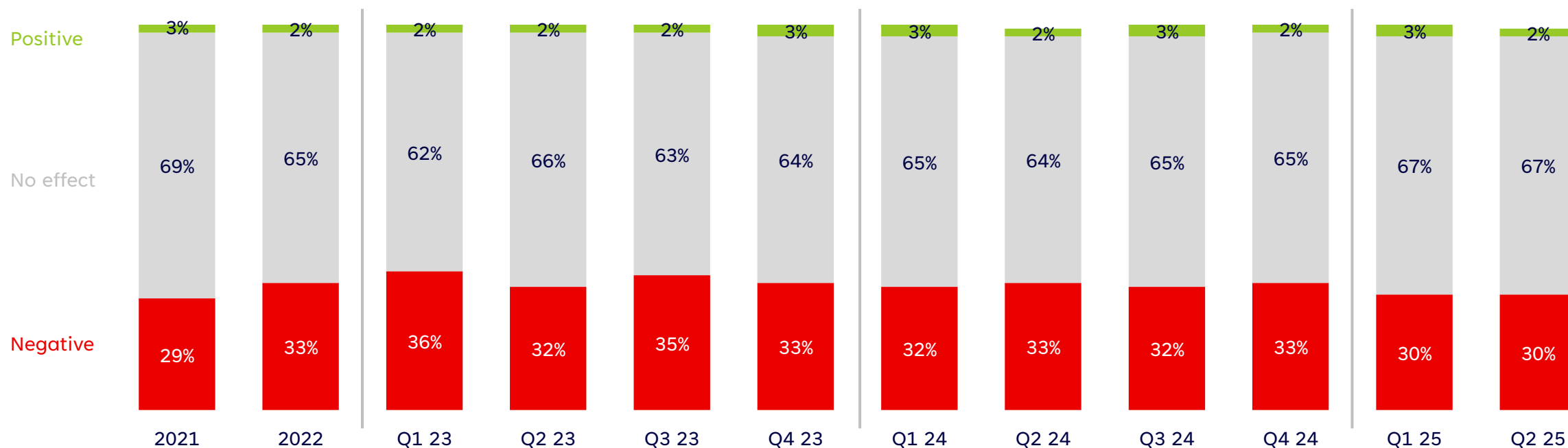
Q84 all SMEs 17,017

International trade: 1 in 9 SMEs export, increasing by size. 2 in 10 exporters do more than 50% of their sales overseas and 4 in 10 are reliant on overseas sales to achieve their overall revenue targets



Trading with EU: In 2025 to date, 3 in 10 SMEs have felt there has been a negative impact on them from the new EU trading arrangements. The majority, as previously, reported no impact

Time series: Impact of the new trading arrangements with the EU

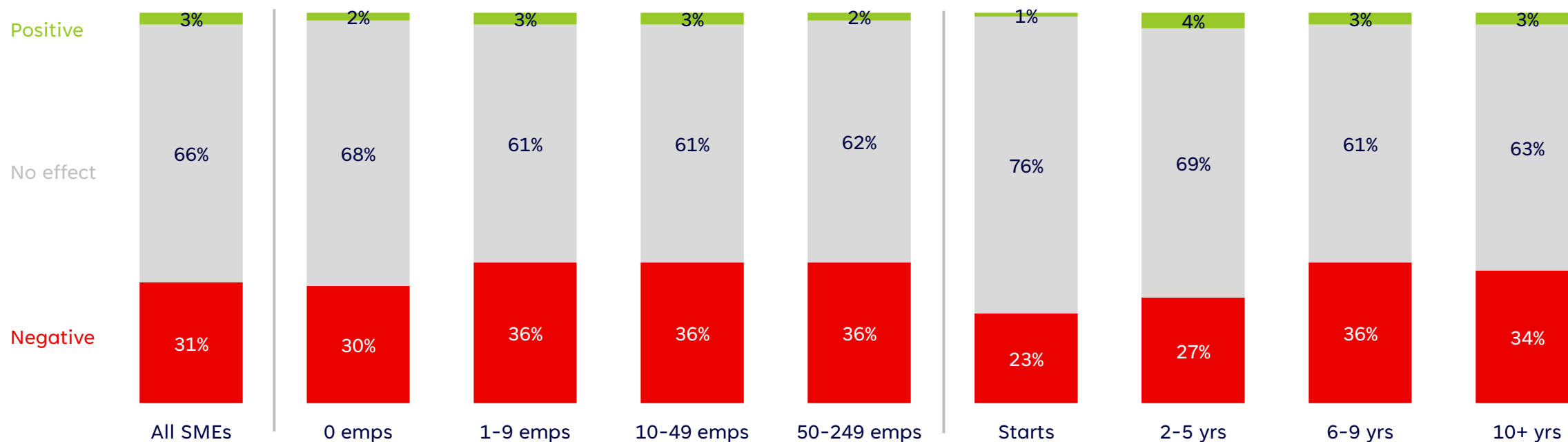


At an overall level opinions have been pretty stable since 2022, as the responses from 0 employee SMEs have changed very little, but within this:

- Those with 10-49 employees have become slightly less negative (43% in 2022 to 36% YE Q2 2025), as have fully international SMEs (67% to 57%) and those in Hospitality (36% to 31%)

Larger and older SMEs were more likely to report a negative impact to the EU trading arrangements

Impact of the new trading arrangements with the EU – YEQ2 2025



31% of SMEs felt that they had been negatively impacted by EU trading arrangements YEQ2 2025

- By size: More of an issue for those with employees (30% of those with 0 employees v 36% of those with employees)
- By sector: more of an issue for those in Agriculture or Wholesale/Retail (both 41%), less of an issue in Health (20%)
- Almost 6 in 10 fully international SMEs (57%) are negative about the new trading arrangements, 46% of those who export, and 42% of those who import (but not both), all higher than domestic SMEs (27%). Starts were also less likely to report a negative impact (23%) as were PNBs (26%)

Q84c all SMEs excluding DK 16,531 3641/7005/4289/1596 358/1381/1754/13524

Those in Wholesale/Retail and Agriculture were the most likely to report a negative impact to the trading arrangements, at twice the level of those in Health

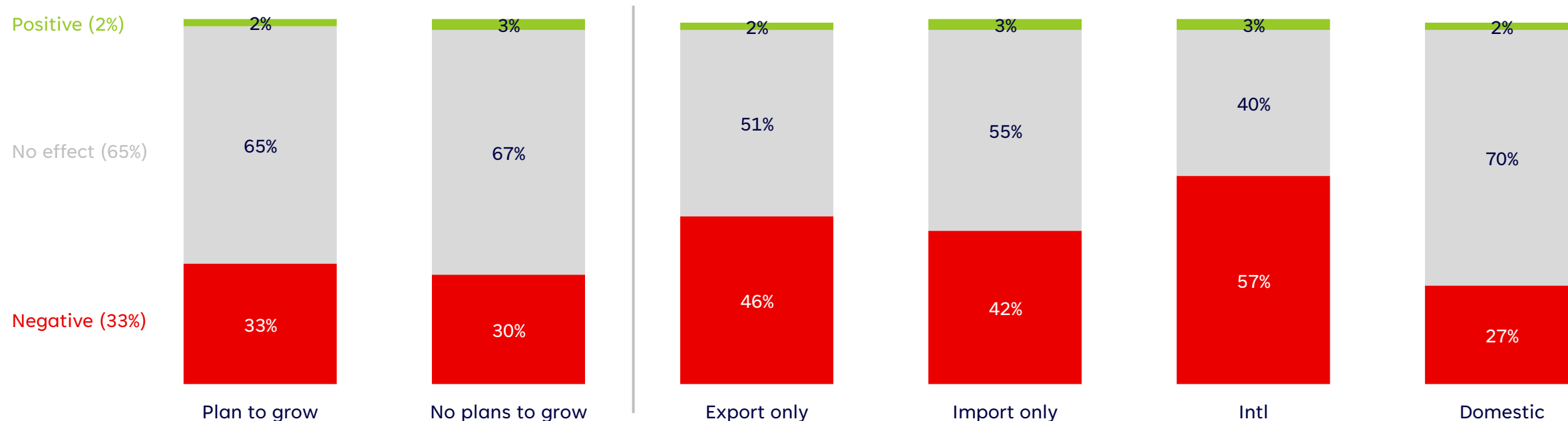
Sector summary: Impact of the new trading arrangements with the EU YEQ2 2025



Q84c all SMEs excluding DK 794/2194/2533/2418/891/1385/3727/936/1653

6 in 10 Fully International SMEs reported a negative impact to the EU trading arrangements, twice the level for Domestic SMEs

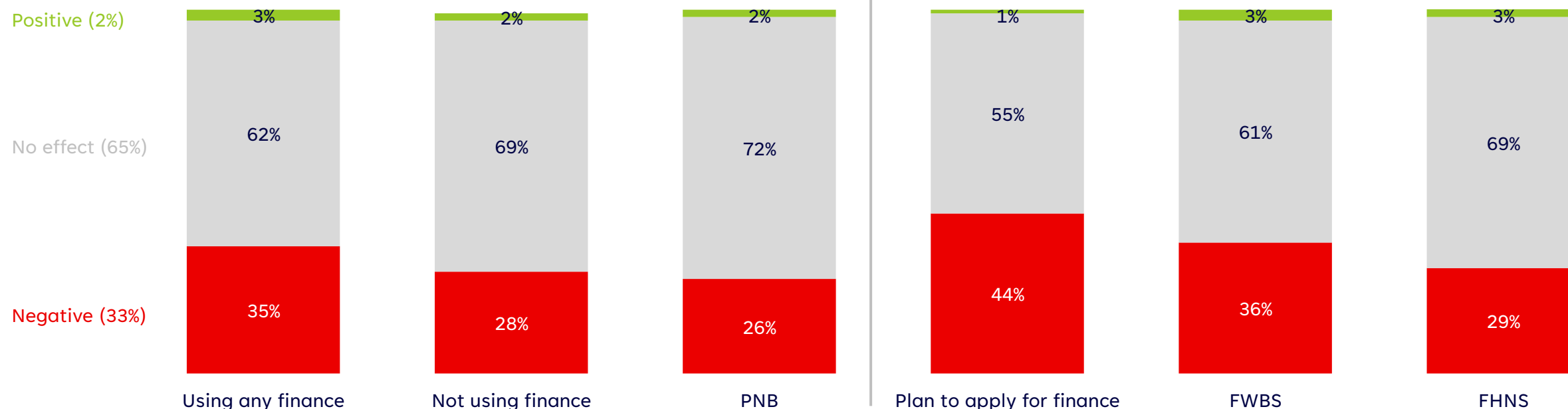
Age and growth summary - Impact of the trading arrangements with the EU YEQ2 2025



Q84c all SMEs excluding DK 8127/8404 946/1839/1853/12379

Those using finance and especially those with a future appetite for finance were more likely to report a negative impact from the EU trading arrangements

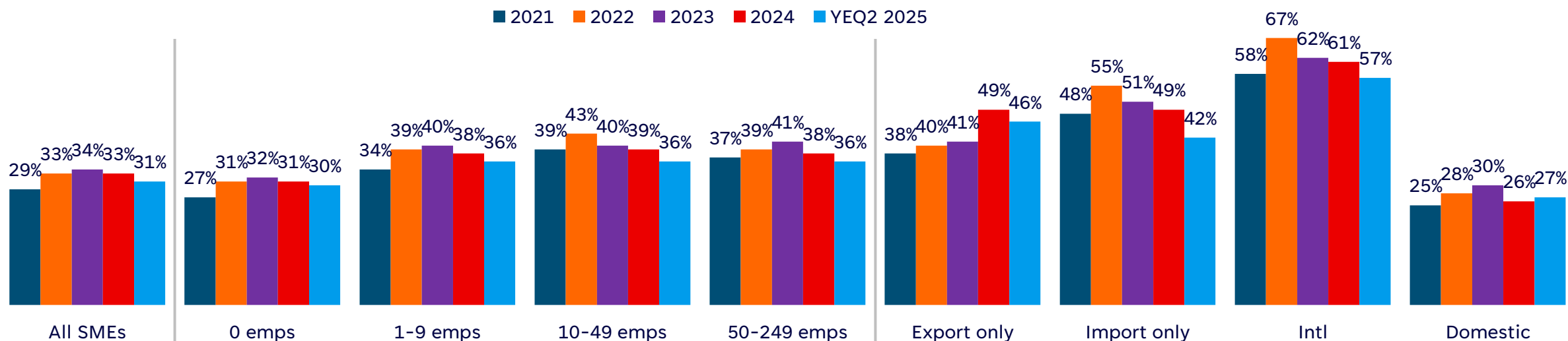
Finance summary - Impact of the trading arrangements with the EU YEQ2 2025



Q84c all SMEs excluding DK 8987/7544/5282 1900/1933/12698

International, and notable fully international SMEs remained more likely to report a negative impact, though levels have declined somewhat since 2022

See negative impact of the new trading arrangements with the EU – over time



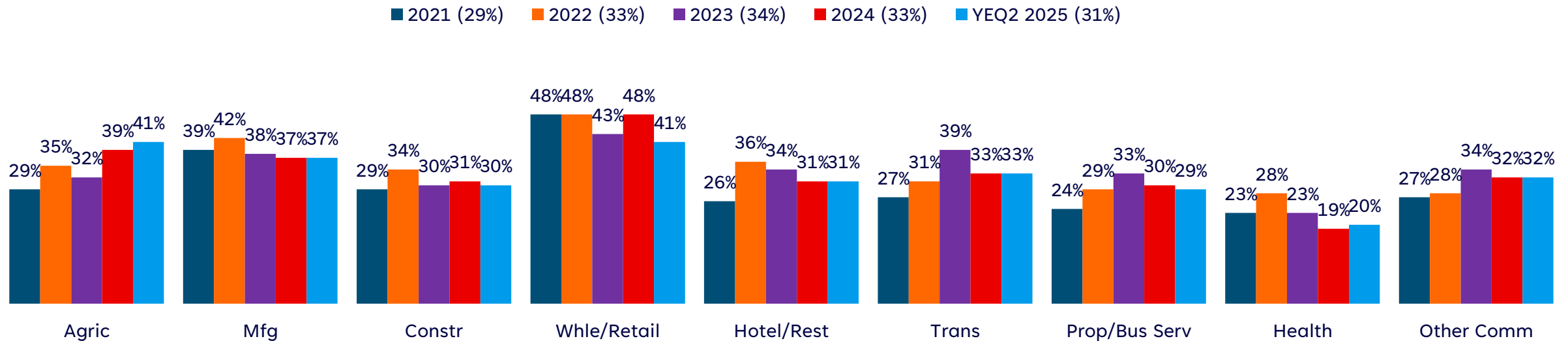
Since 2023, the proportion reporting a negative impact has dropped slightly overall, from 34% to 31%:

- For those with an element of importing to their business, the negative impact score was highest in 2022 but has declined since. For import-only SMEs it is down 13 points to 42% and for Fully international SMEs it is down 10 points to 57%
- Meanwhile, amongst Export-only SMEs the negative impact score increased steadily to 49% in 2024 and remains higher than previously seen, at 46% in the current period

Q84c all SMEs excluding DK YEQ2 2025 16,531 3641/7005/4289/1596 926/1784/1811/12,010

There is significant variation by sector. Wholesale/Retail has always been more likely to report a negative impact, with increasing concern in Agriculture in recent years, compared to lower levels of concern in Health

Sector summary: See negative impact of the new trading arrangements with the EU – over time



Since 2023, the proportion reporting a negative impact has dropped slightly overall, from 34% to 31%, but with no consistent pattern by sector:

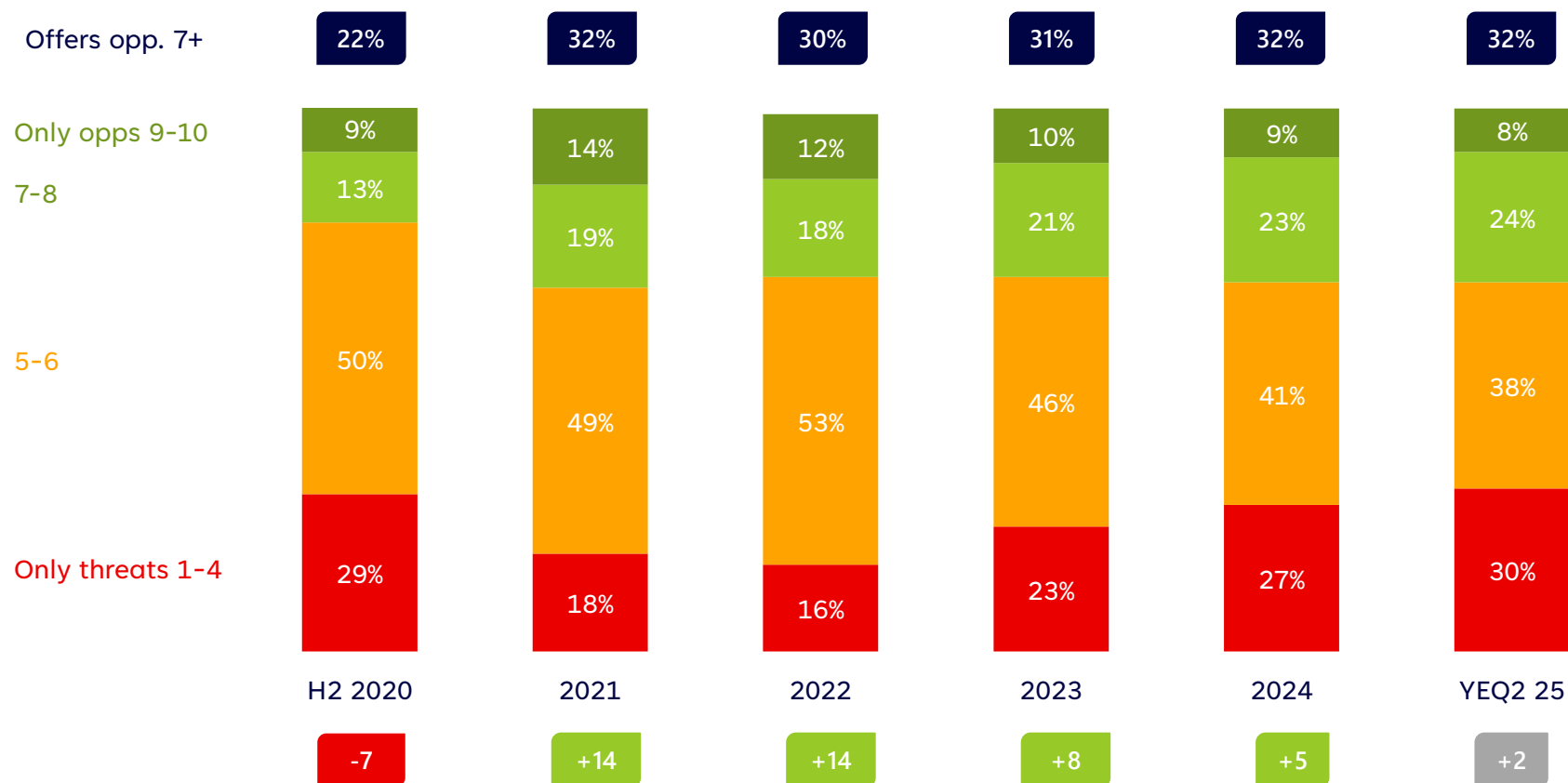
- Wholesale/Retail has always been more likely to report a negative impact though the current score of 41% is slightly lower than previously seen
- Concern amongst those in Agriculture has increased steadily over time and is now the highest, alongside Wholesale/Retail
- Meanwhile concern has declined somewhat over time for Property/Business Services and Health

Q84c all SMEs excluding DK YEQ2 2025 794/2194/2533/2418/891/1385/3727/936/1653

1c SME view of the future

Looking over time, since 2022, the proportion seeing opportunities has stayed stable but the proportion seeing only threats has almost doubled to 30%, almost the same proportion as those seeing mainly opportunities

Does the future offer opportunities or threats – from H2 2020



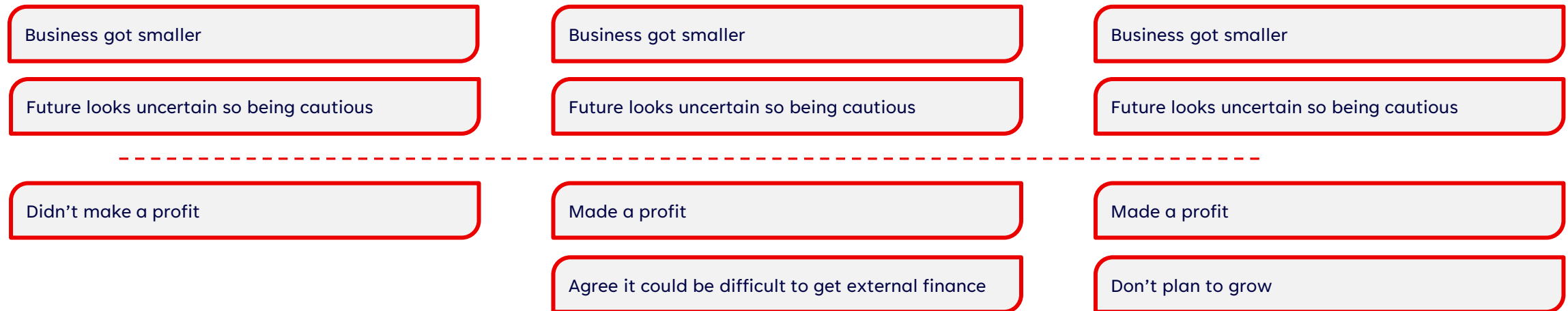
nwc7 all SMEs YEQ2 2025 17,017

The main predictors of “threats” are a combination of performance (that the business got smaller in the past year and/or was not profitable) and the future (they feel the future looks uncertain and/or think it could be difficult to get finance)

Does the future offer opportunities or threats – YEQ2 2025

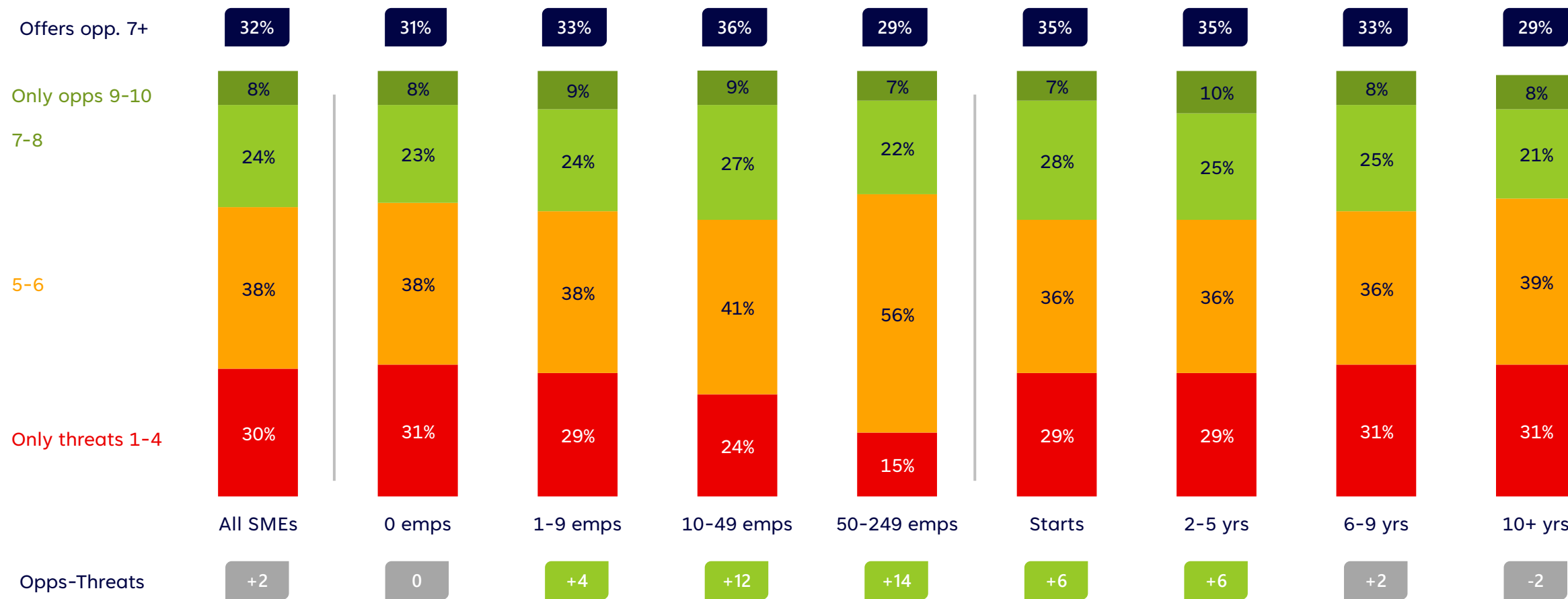
Analysis was undertaken to see what best predicted an SMEs seeing threats or opportunities in the future. This is closely linked to their assessment of where they are on the ‘Struggling to Well-off’ scale, and whether they see any 8-10 future barriers. Setting those two aside, the following factors were key:

Threats



Assessing the future: YEQ2 2025, twice as many smaller SMEs saw the future offering threats than the largest SMEs with 50-249 employees, with limited variation by age of SME

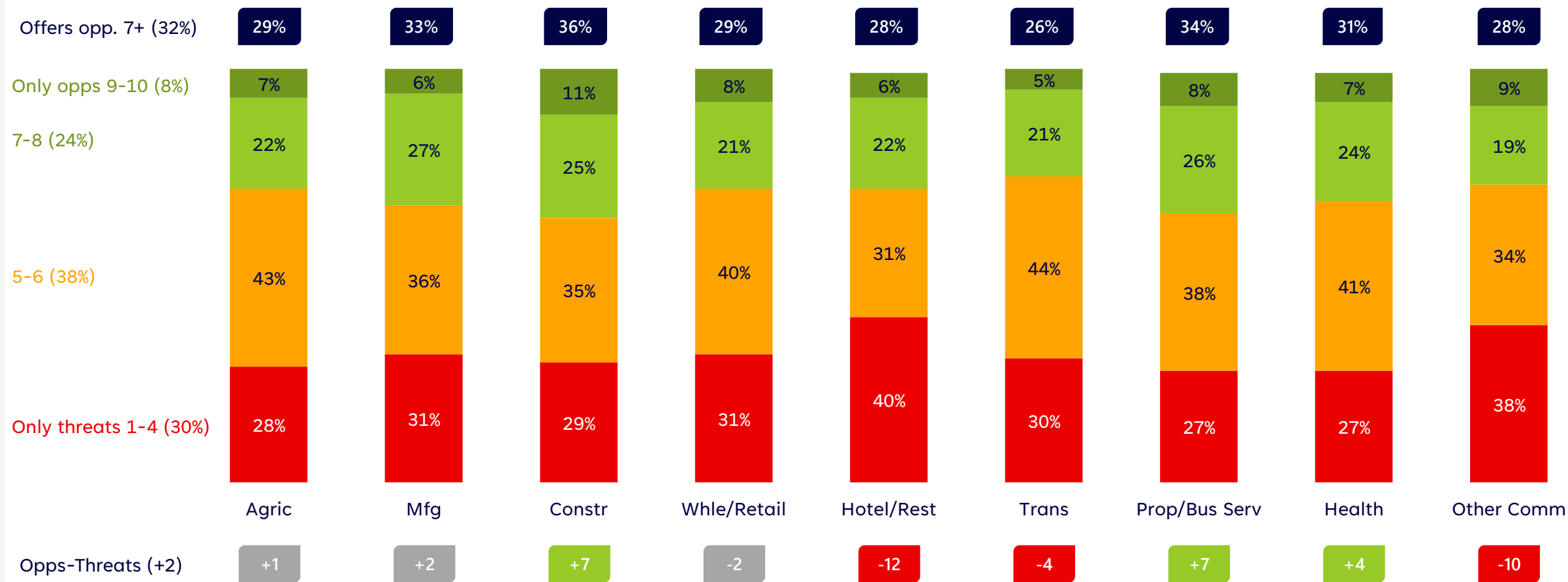
Does the future offer opportunities or threats – YEQ2 2025



nwc7 all SMEs YEQ2 2025 17,017

The most optimistic about the future were those in Construction, Property/ Business Services and Manufacturing, while Hospitality and the Other Community sector were the most likely to see threats

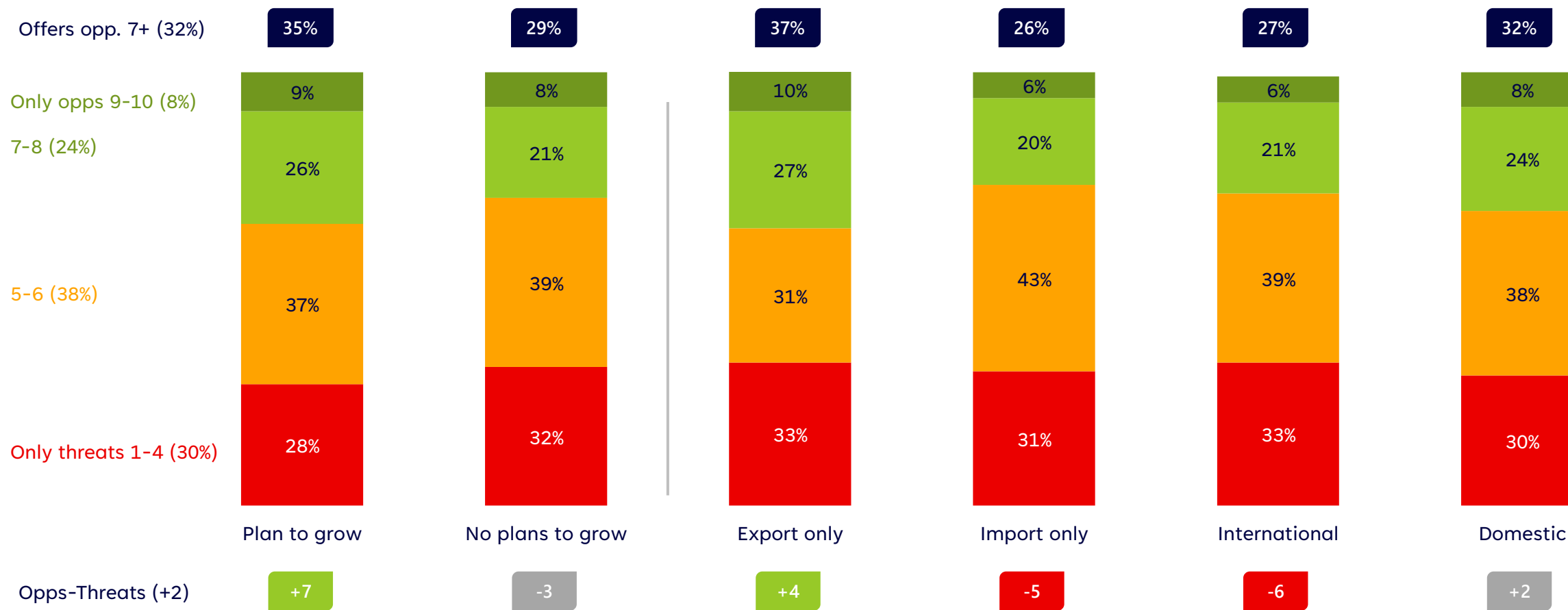
Does the future offer opportunities or threats – YEQ2 2025



nwcv7 all SMEs YEQ2 2025 17,017

Export-only SMEs and those with plans to grow were more likely to feel the future offered opportunities, with limited variation in the proportion seeing more threats

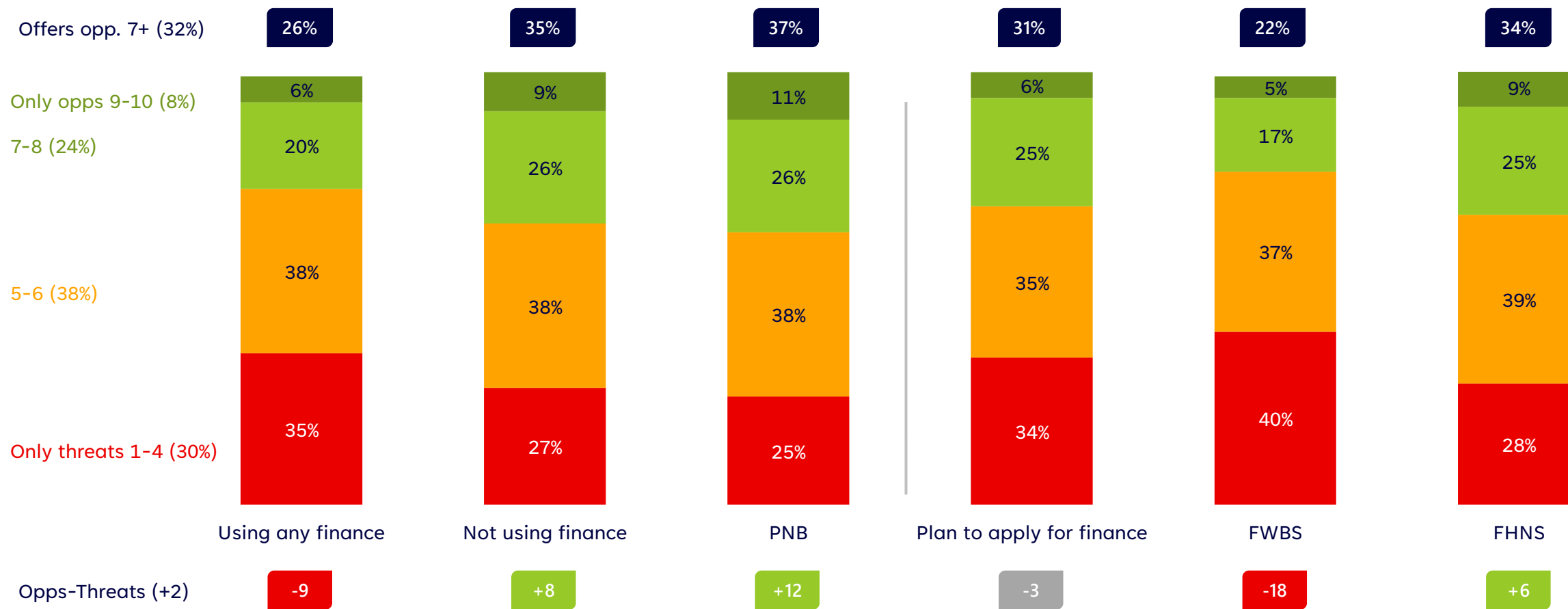
Does the future offer opportunities or threats – YEQ2 2025



nwcv7 all SMEs YEQ2 2025 17,017

Those already using finance, or notably with any appetite to apply, were more likely to see future threats, with PNBs the most likely to see opportunities

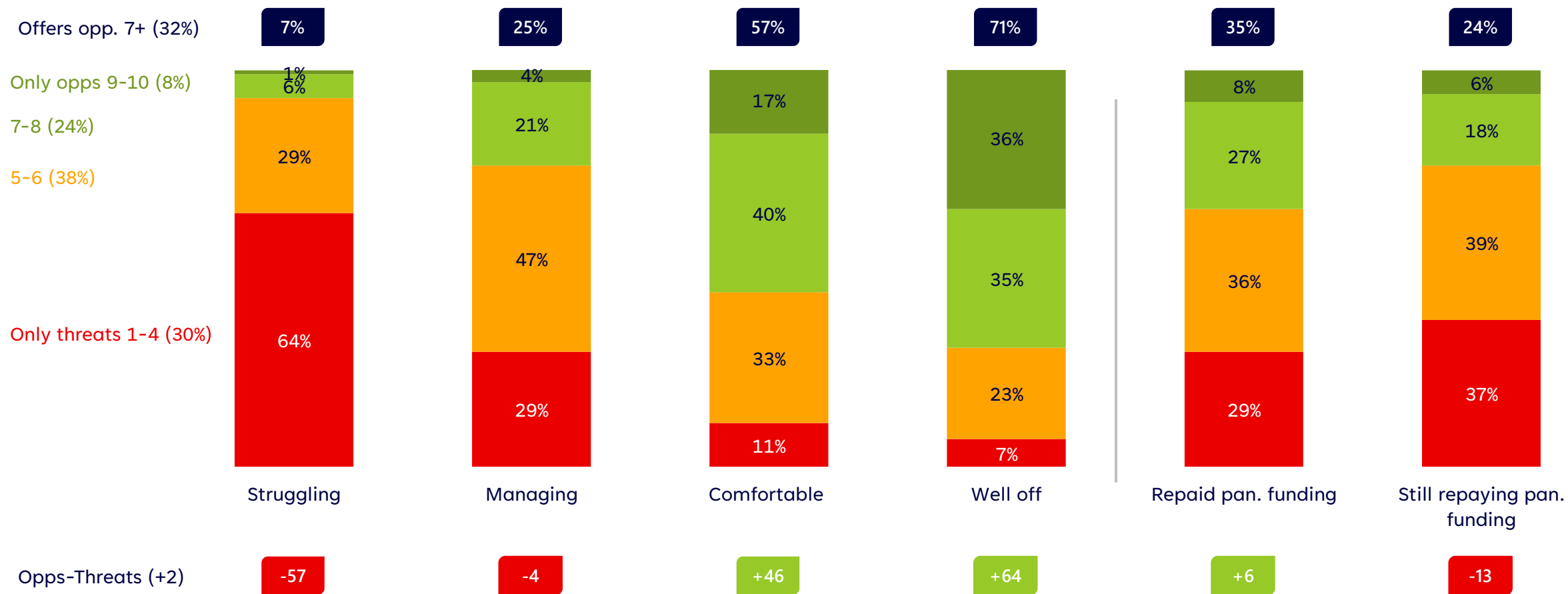
Does the future offer opportunities or threats – YEQ2 2025



nwcv7 all SMEs YEQ2 2025 17,017

There is a clear correlation between Struggling and seeing future threats, while those still repaying pandemic funding are somewhat less optimistic than those who have repaid their borrowing

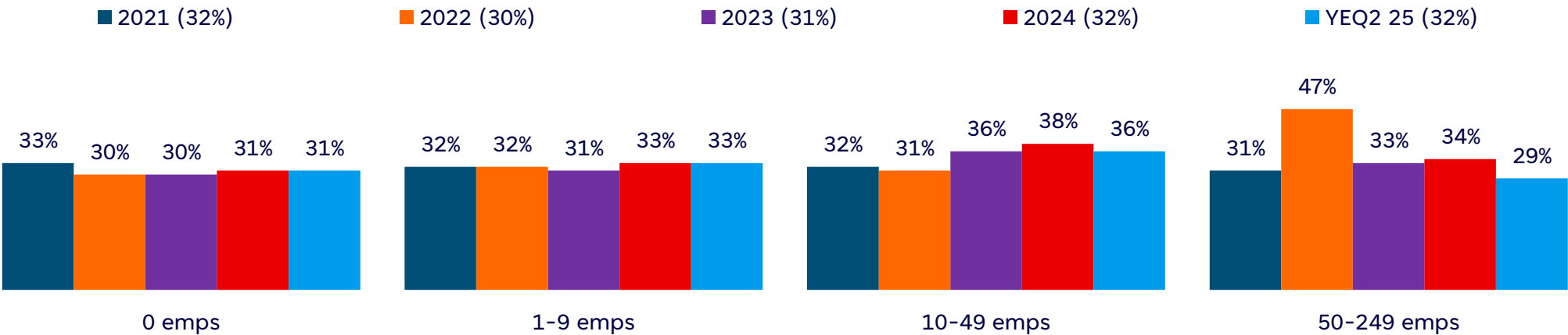
Does the future offer opportunities or threats – YEQ2 2025



nwcv7 all SMEs YEQ2 2025 17,017

The proportion seeing more future opportunities has stayed stable with those with 10-49 employees the most likely to see opportunities

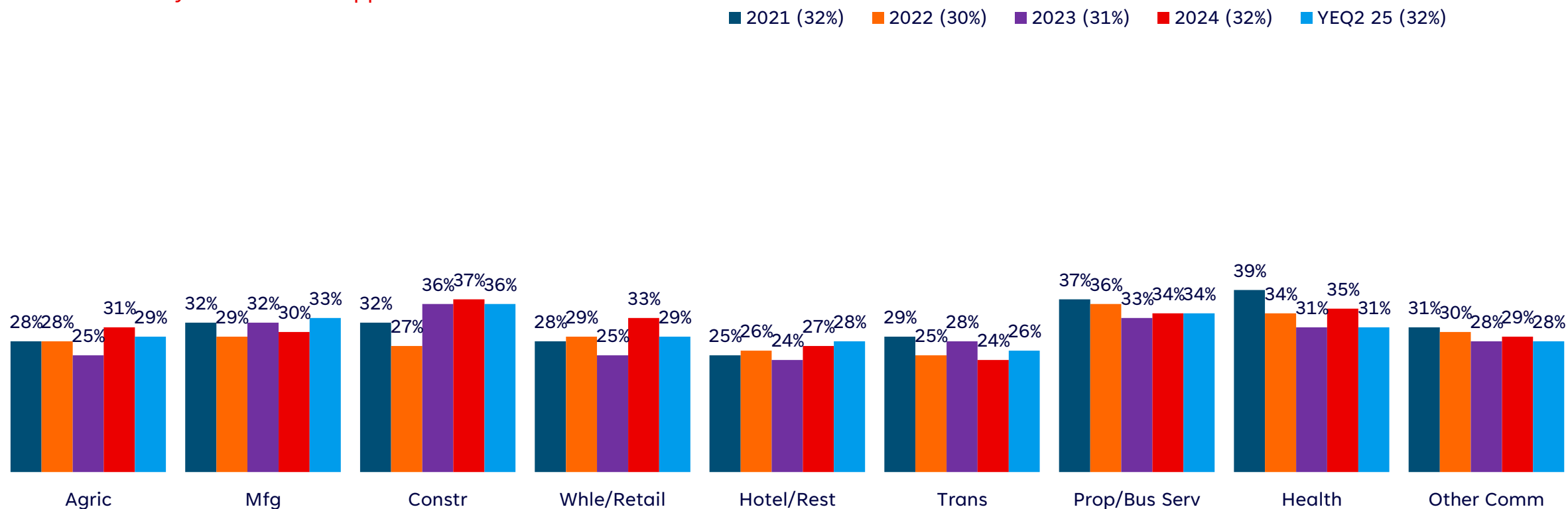
Future offer mostly opportunities- over time



Those with 10-49 employees or in the Construction sector remained more likely to see future opportunities. Those in Hospitality remain less likely to see opportunities but there has been a slight improvement in scores since 2023.

There was no clear pattern over time by sector, but Construction remains the most likely to feel the future offers opportunities

Sector summary: Future offers opportunities 7+

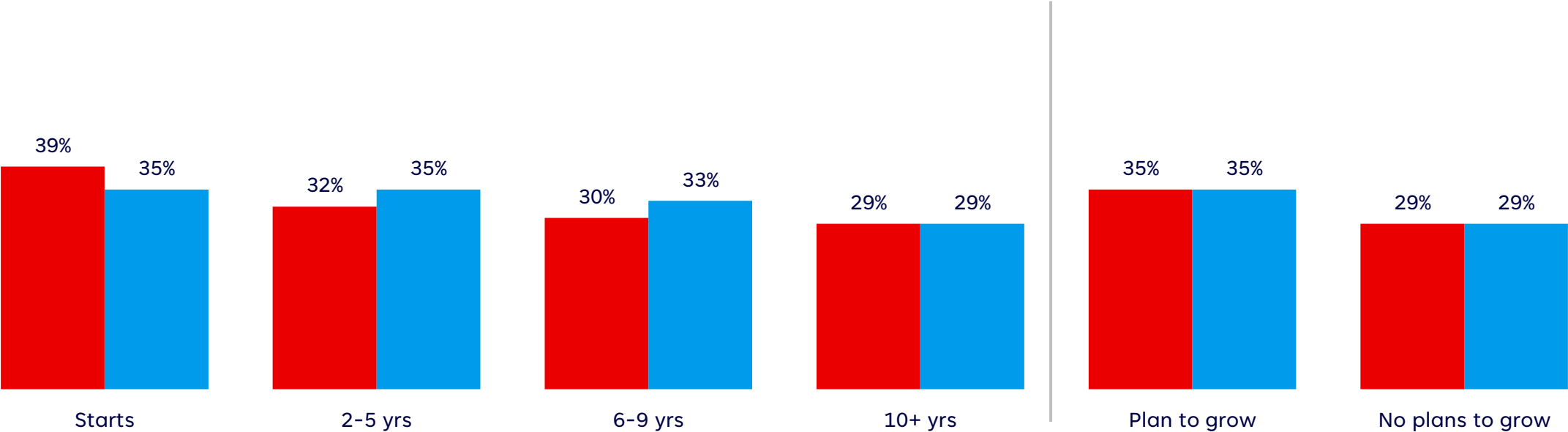


nwc7 Base : All SMEs YEQ2 2025 807/2265/2610/2480/930/1425/3821/979/1700

Younger SMEs remained slightly more likely to see opportunities, as were those planning to grow

Age and growth summary: Future offers opportunities 7-10

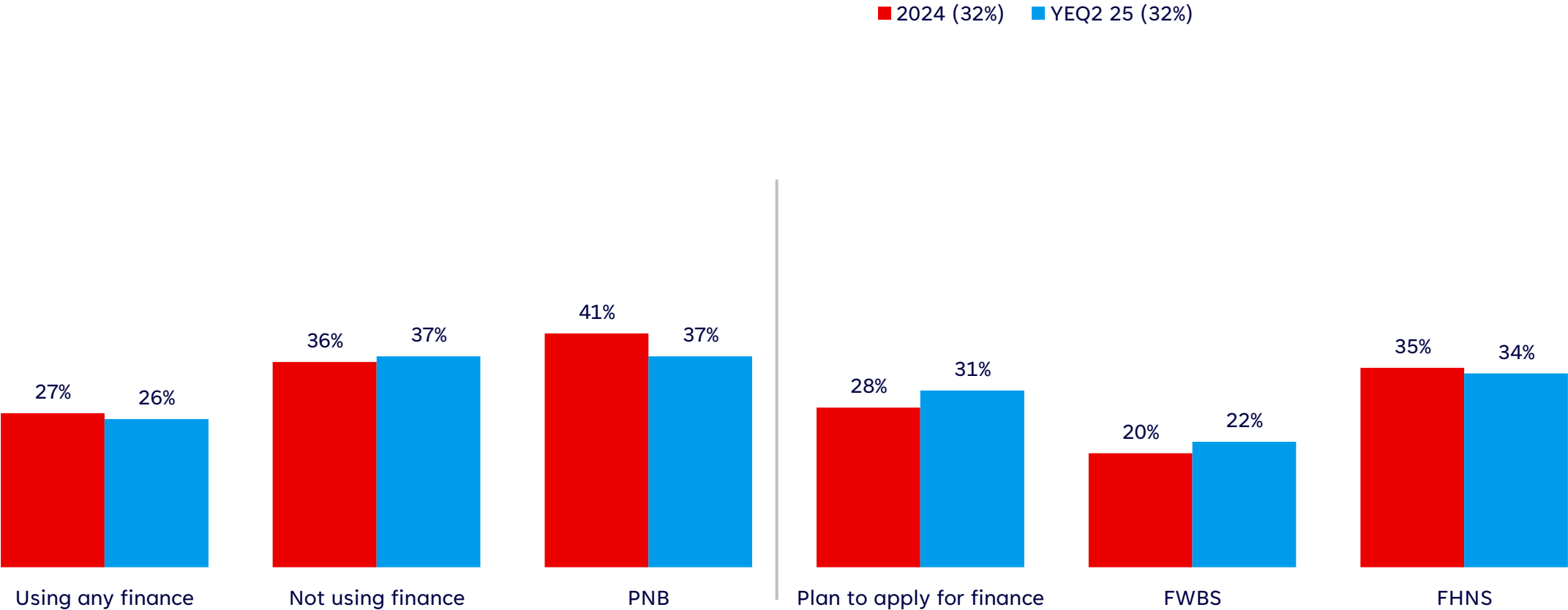
2024 (32%) YEQ2 25 (32%)



nwc7 Base : All SMEs YEQ2 2025 358/1381/1754/13,524 8398/8619

Those not using finance and those with no plans to apply were slightly more likely to see opportunities than their peers who were more engaged with finance.

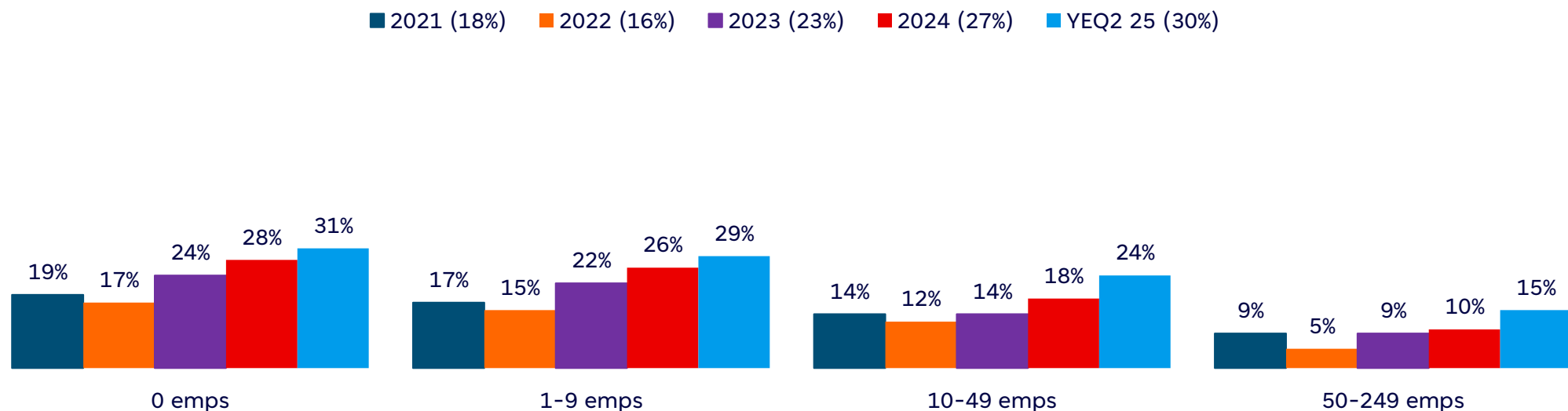
Finance and growth summary: Future offers opportunities 7-10



nwc7 Base : All SMEs YEQ2 2025 9196/7821/5491 1951/1990/13076

The proportion seeing threats declined to 2022 but had doubled by YEQ2 2025. Increases were seen across all sizes of SME, but especially those with 0 or 1-9 employees.

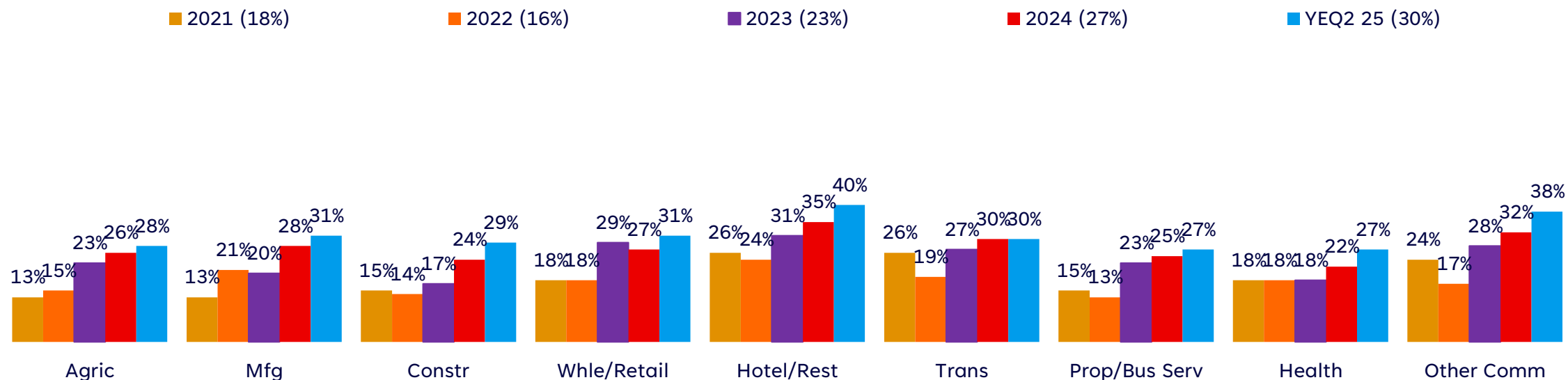
Future offers threats– from 2021



Since 2022, all sizes of SME have seen an increase in the proportion seeing mostly threats. Those with 0 or 1-9 employees are currently twice as likely as those with 50-249 employees to be in this category.

All sectors have seen an increase in the proportion seeing future threats since 2022, led by the Hospitality sector

Future offers threats– from 2021

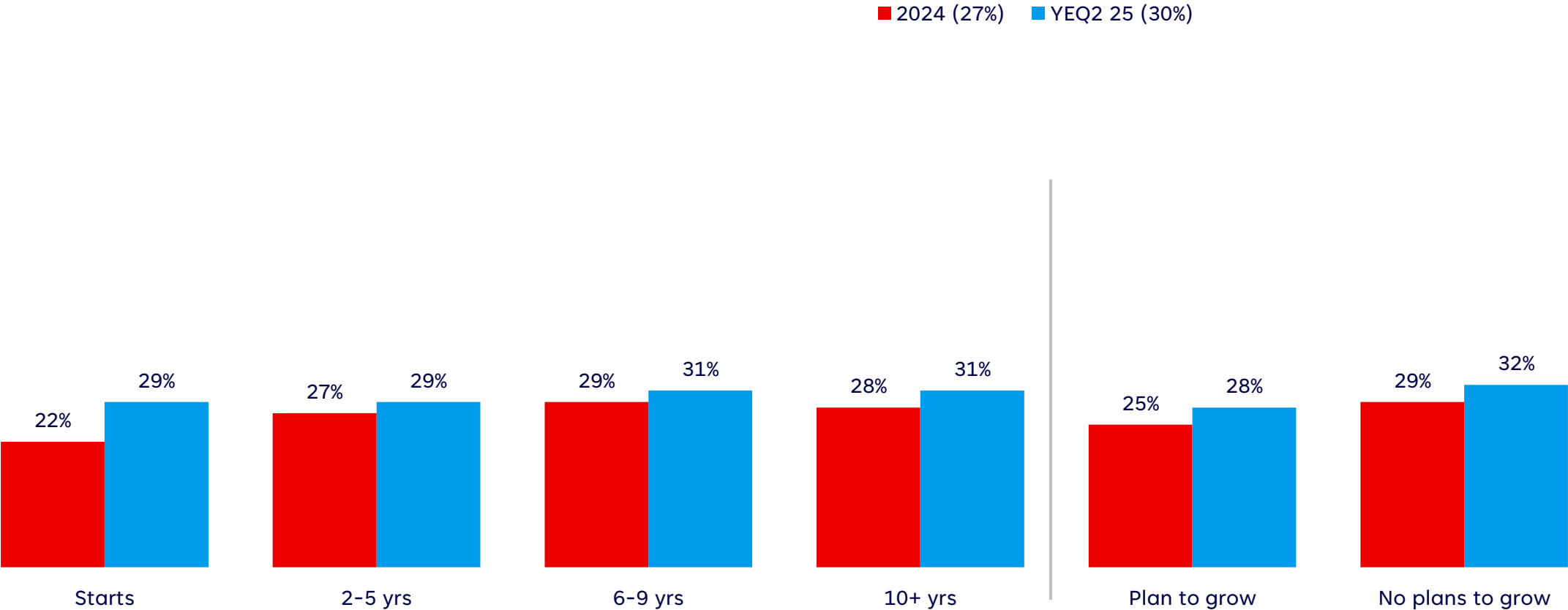


Analysis by sector showed that:

- All saw an increase in the proportion seeing mainly threats 2023 to YE Q2 2025
- For most it was a steady year on year increase across the 3 years, the exception being Wholesale/Retail and Transport
- Hospitality remained the most likely to see mainly threats (40% YE Q2 2025), followed by the Other Community sector (38%) and limited variation elsewhere (27-31%)

Starts are now more likely to see future threats, with little to choose between them and their older peers. Those with no plans to grow remain more likely to see threats

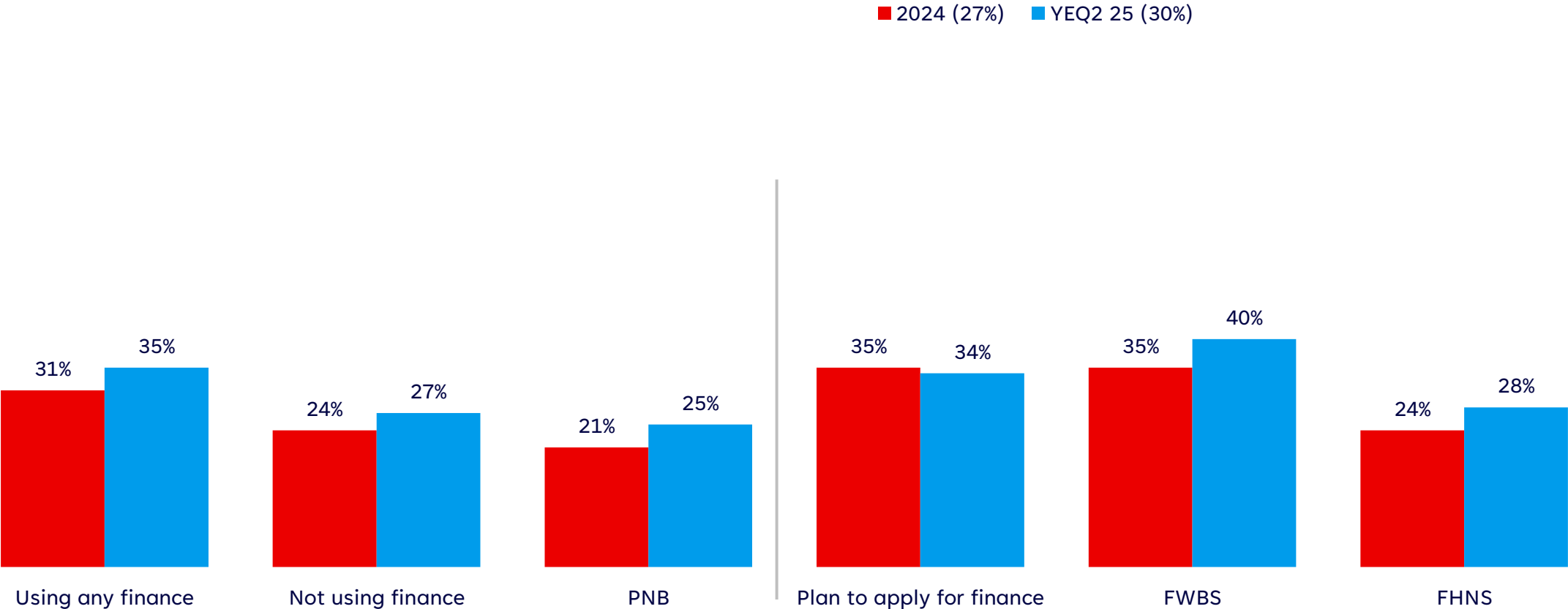
Age and growth summary: Future offers threats 1-4



nwc7 Base : All SMEs YEQ2 2025 358/1381/1754/13,524 8398/8619

Those not using finance and those with no plans to apply were slightly less likely to see threats than their peers who were more engaged with finance.

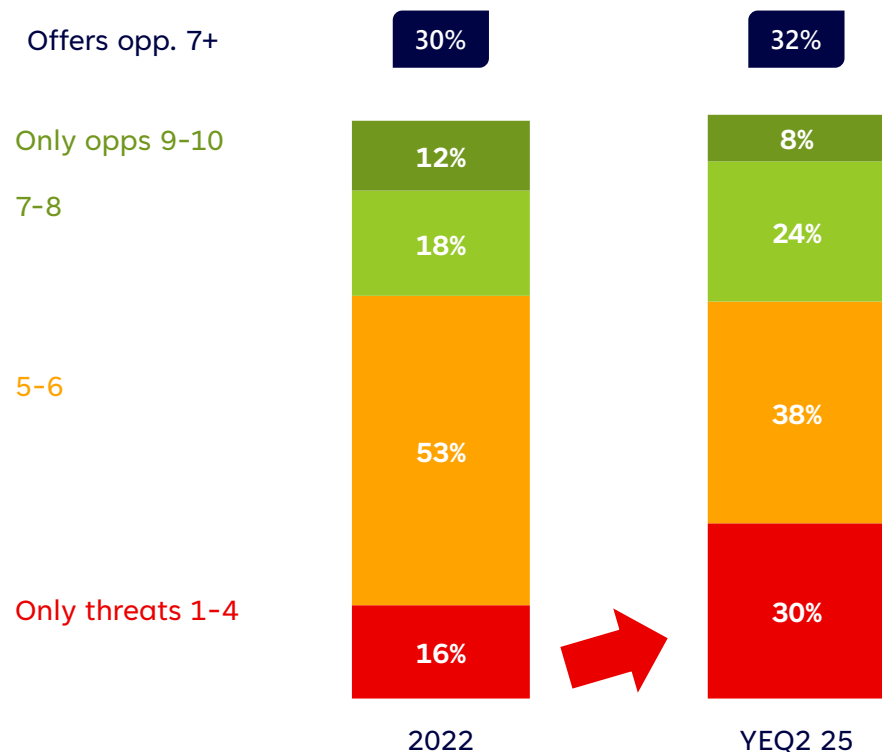
Finance and growth summary: Future offers threats 1-4



nwc7 Base : All SMEs YEQ2 2025 9196/7821/5491 1951/1990/13076

The proportion of SMEs seeing mostly threats has doubled in the last 3 years, and is now more likely to included exporters and those using external finance

Does the future offer opportunities or threats – from H2 2020



Analysis of the profile of those seeing mainly threats YEQ2 25 compared to the overall profile of SMEs showed that those **more** likely to be in this group included:

- The Hospitality and Other Community sectors
- Those involved in exporting
- Those using external finance and those planning to apply for finance

While those **less** likely to be in the threats group included:

- Those with 10-249 employees
- Those in Property/Business services or Health
- PNBs

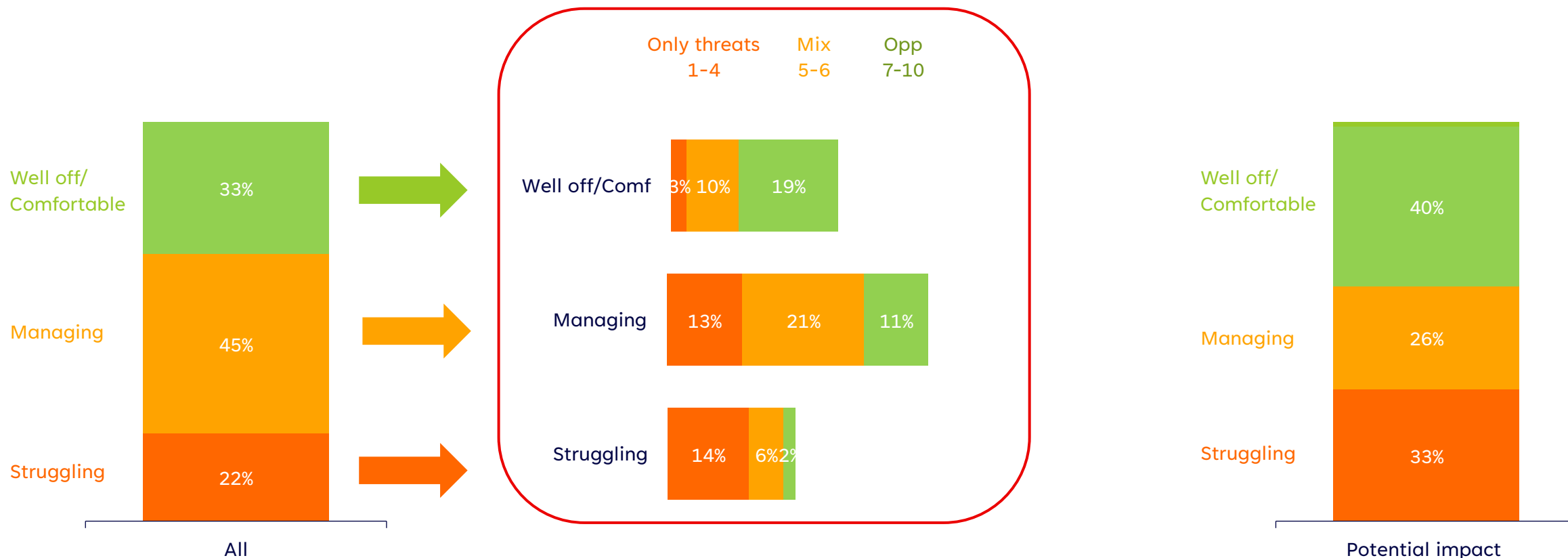
Comparing the smaller group in 2022 to the larger group seeing threats YEQ2 25, showed that the following types of SME now made up a higher proportion of the threats group than they did in 2022:

- Those with employees (though 76% of the threats group is 0 emps)
- Those in Agriculture
- Those trading for 10-15 years
- Export only SMEs
- Those using external finance

nwc7 all SMEs YEQ2 2025 17,017

Combining sentiment and future prospects shows few of those ‘Struggling’ see a future of opportunities, and as many currently ‘Managing’ see threats as see opportunities (half see a mix)

Impact on overall assessment of threats/opportunities – YEQ2 2025



nwc8 All SMEs YEQ4 2025 excl DK - Those who see only threats move down a category (if possible), those in the middle stay in their category and those seeing opportunities go up a category (if possible)

1 SME sentiment and context

2 Growth and innovation

3 Use of external finance

4 Appetite for finance



“

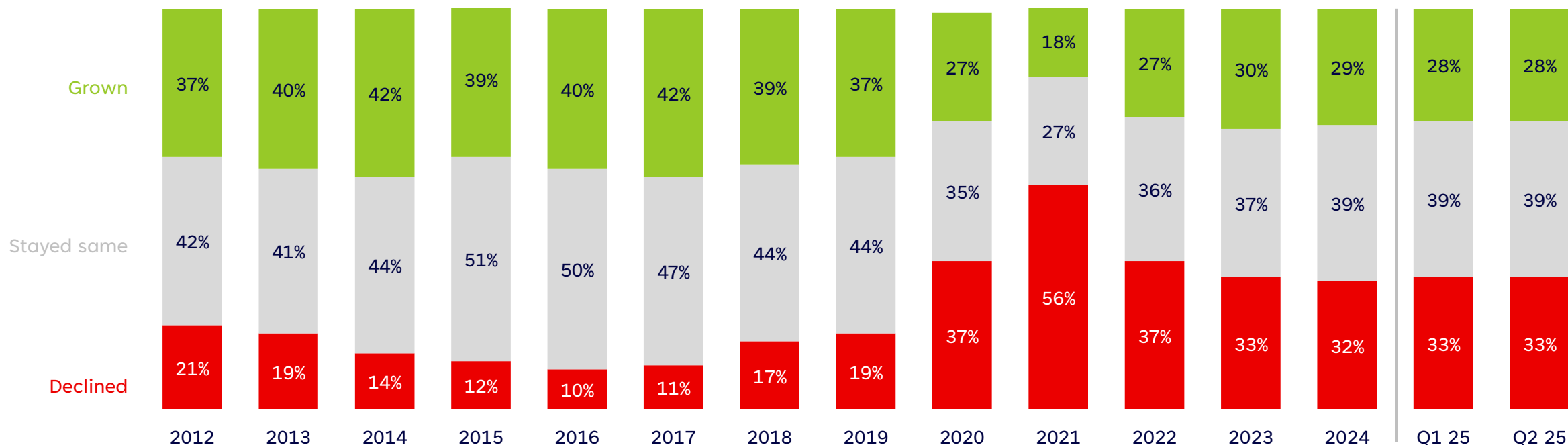
Levels of both past and future growth are stable, both still below pre-pandemic levels (especially past growth) and continue to increase by size of SME and decline by age. Just over half of SMEs had either been innovative (42%) and/or planned to be (40%) and a stable 1 in 4 expects to be an Ambitious Innovator.

”

2a Past growth and innovation

Past growth: The proportions reporting both growth and decline have been stable since 2023. As many SMEs had declined as had grown, due to the performance of 0 employee SMEs

Annual time series: Performance in previous 12 months

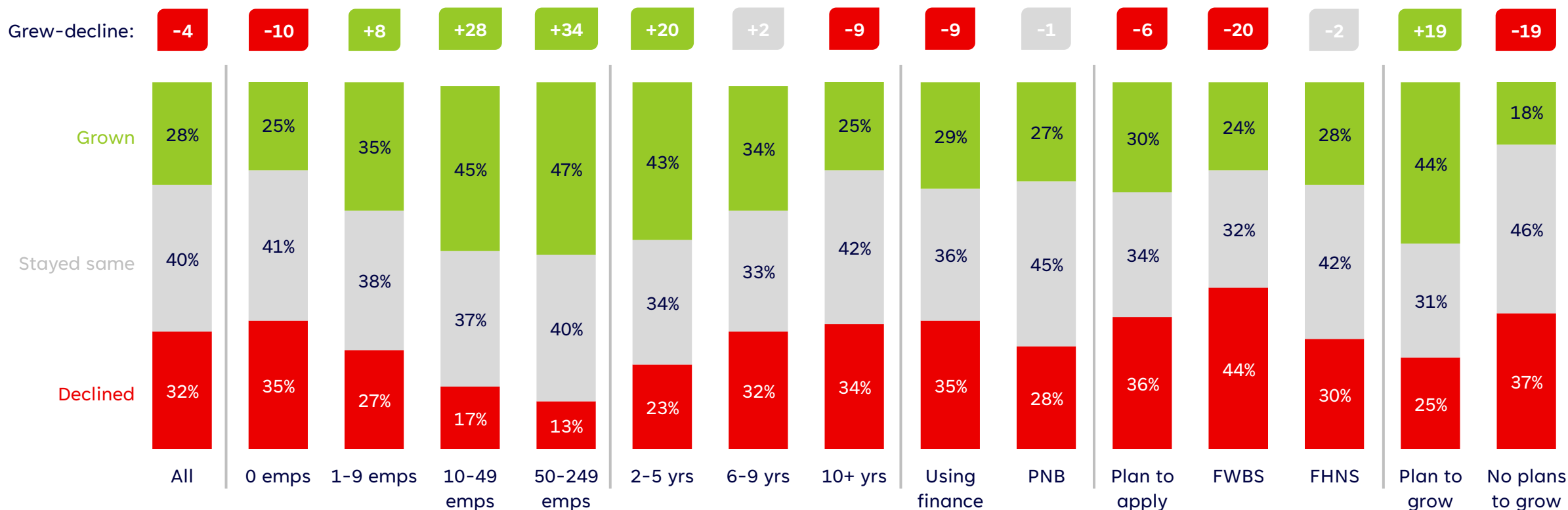


- YEQ2 2025, 28% of SMEs had grown and 32% had declined, strongly influenced by the 0 employee SMEs (25% grown and 35% declined) and also those trading for more than 10 years (25% grown v 34% declined)
- All other size and age bands were more likely to have grown than declined.

Q81 all SMEs excl Starts and DK Q2 2025 4083

YEQ2 2025 28% of SMEs had grown, with clear differences by demographics. Larger and younger SMEs were more likely to have grown than declined, as were those planning to grow

Past growth by key demographics YEQ2 2025

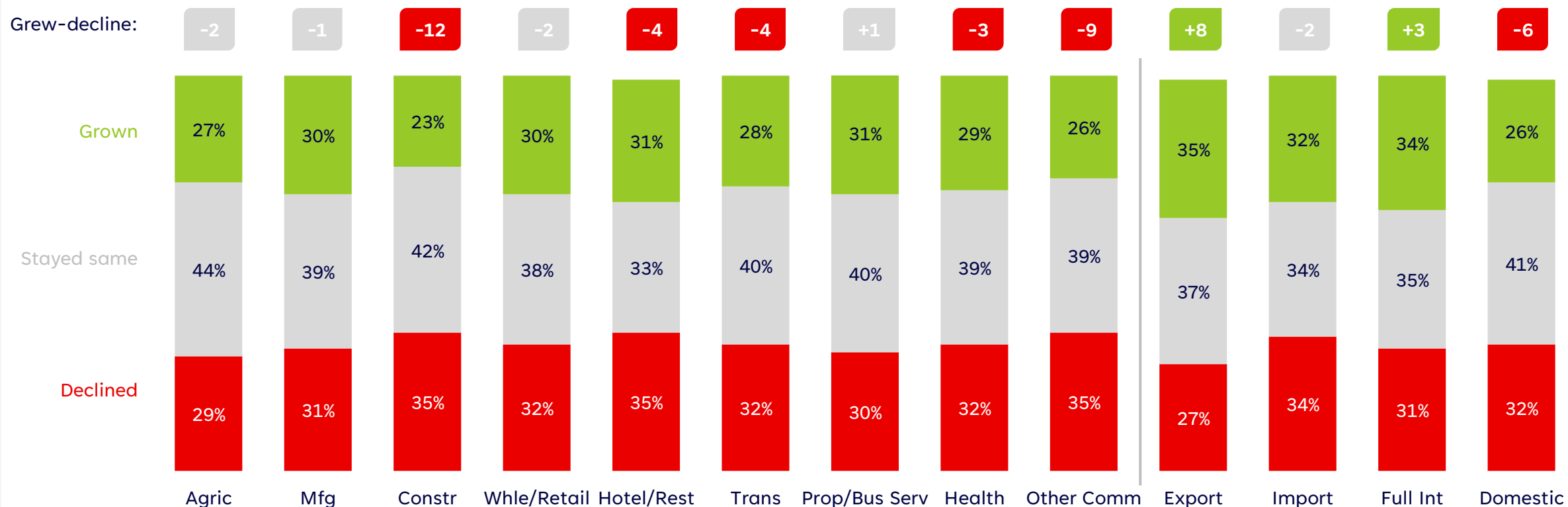


- The overall negative net growth figure of -4 is driven by the 0 employee SMEs (-10) with positive net scores increasing by size of SME to +34 for those with 50-249 employees
- Net scores decline by age of SME, from +20 for those trading 2-5 years, to -9 for those trading for over 10 years
- Those using or interested in finance have negative net scores, while those planning to grow have a positive net score of +19 for their performance in the previous 12 months

Q81 all SMEs excl Starts and DK 16,317

There are no positive net scores by sector, but only 2, Construction and Other Community) report clear negative scores. International SMEs are more likely to have grown than their domestic peers but also as likely to have declined

Past growth by key demographics YEQ2 2025



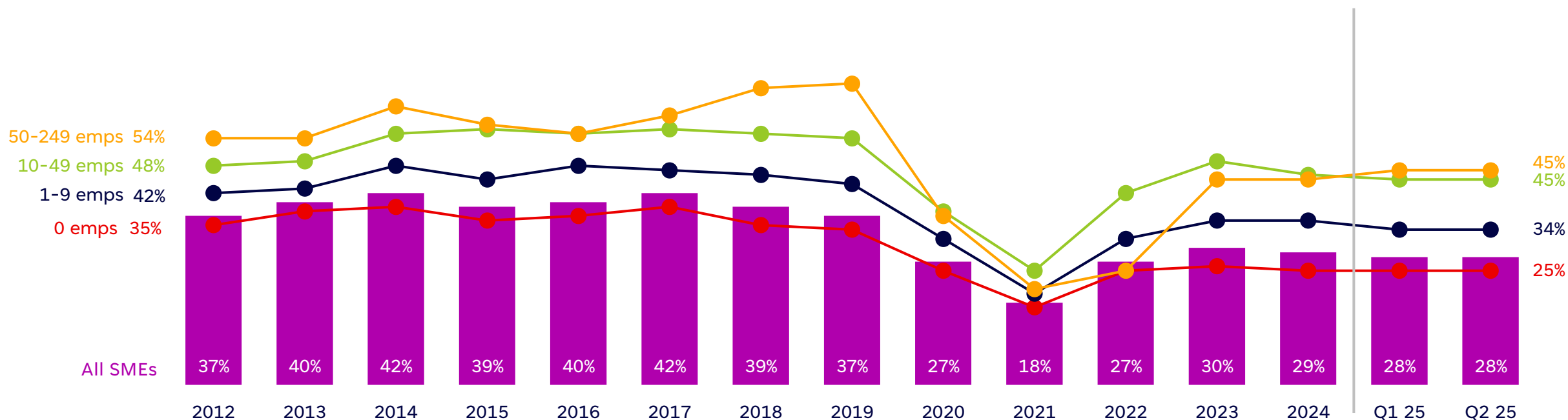
Whilst there were some marked differences across the demographics reported above, differences by sector and international trade were more muted:

- No sector reported a positive net score, but many were close, with only Construction (23% grew v 35% declined) and the Other Community sector (26% grew c 35% declined) posting clearly negative net scores
- Export only SMEs posted the highest net score (+8), due to fewer declines than their other international peers

Q81 all SMEs excl Starts and DK 16,317

Post-pandemic there was an increase in reported growth to 30% in 2023 with limited change since. Larger SMEs were more likely to have grown though no size bands (notably the largest) are yet back to pre-pandemic levels

Annual time series: % reporting growth in previous 12 months

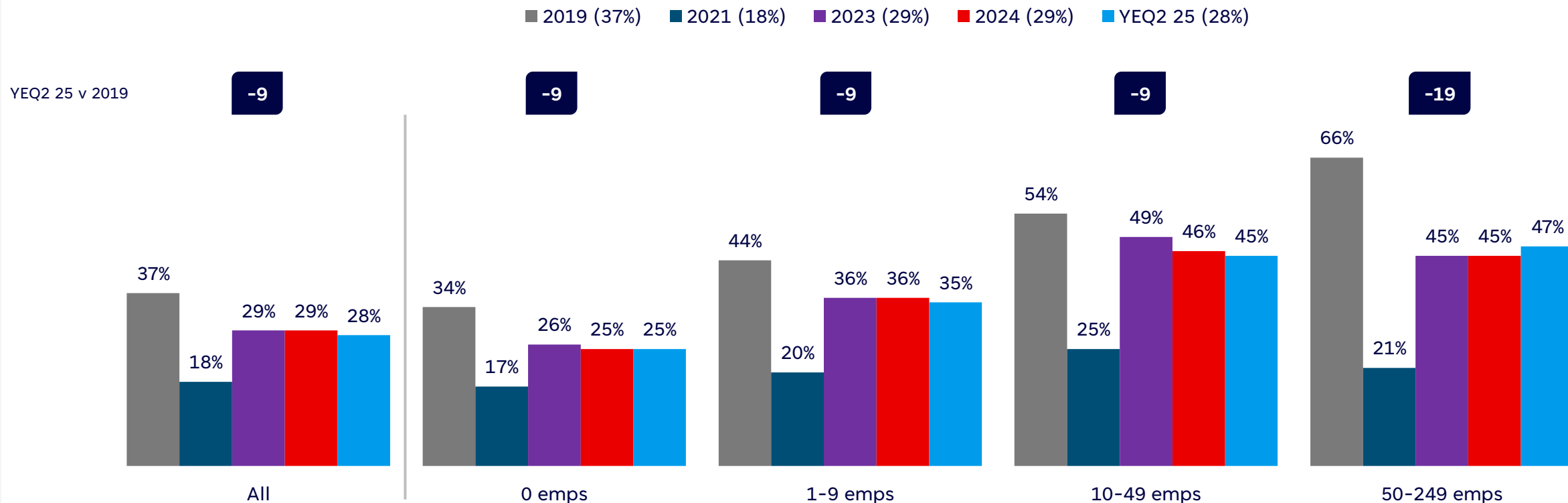


- 28% of SMEs YEQ2 2025 as a whole had grown, broadly in line with 2023 and 2024 (29%). Larger SMEs, as well as younger ones were more likely to report having grown, with limited difference by sector (23% in Construction to 31% in Hospitality and Property/Business Services)
- Growth is currently down 9 points on 2019, with the same level of decline across all size bands, except those with 50-249 employees (down 25 points to 47%)
- The most marked decline by sector was in Health (down 18 points to 29%) the least Manufacturing (down 5 points to 30%) and Property/Business Services (down 6 points to 31%) others down 7 to 11 points

Q81 all SMEs Q2 2025 excl Starts and DK 4083

Growth has been stable overall for the past 3 periods and remains 9 points below pre-pandemic levels. SMEs with 10-49 employees have become slightly less likely to report growth over the recent period

Size summary: Have grown – over time



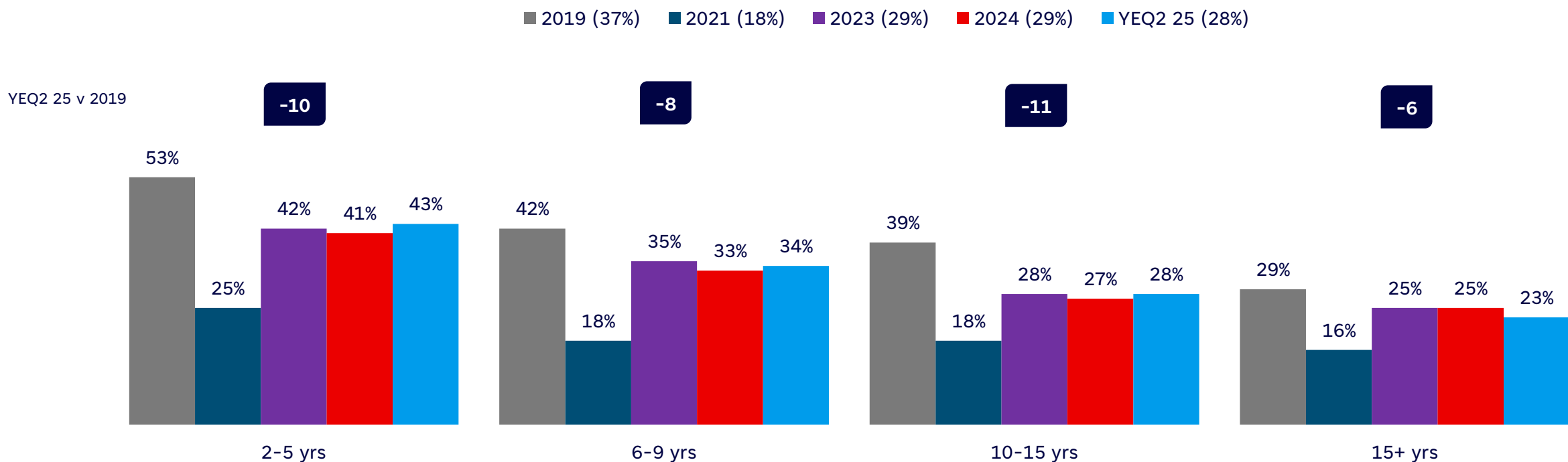
The chart shows reported growth pre-pandemic in 2019, at its lowest point in 2021 and then for the last 3 years. All ages of SME reported lower growth YEQ2 2025 than in 2019 (down 9 points overall). The narrower margin for those trading for 15+ years reflects the fact that they were less likely than their peers to have grown in 2019.

Those with 10-49 employees have become somewhat less likely to report growth, though still ahead of their smaller peers

Q81 all SMEs YEQ2 2025 excl Starts and DK

The oldest SMEs have been less likely to grow across all these years, but are closer to their 2019 levels than their peers

Age summary: Have grown – over time

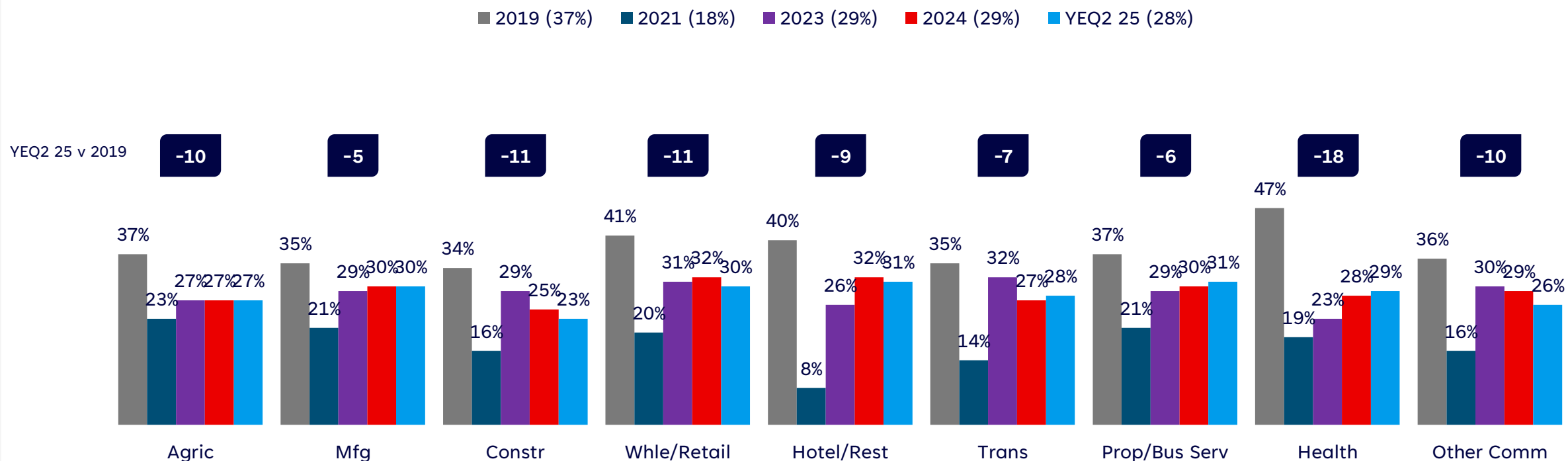


The chart shows reported growth pre-pandemic in 2019, at its lowest point in 2021 and then for the last 3 years. All ages of SME reported lower growth YEQ2 2025 than in 2019 (down 9 points overall). The narrower margin for those trading for 15+ years reflects the fact that they were less likely than their peers to have grown in 2019

Q81 all SMEs YEQ2 2025 excl Starts and DK 1360/1721/3375/9861

Growth by sector remained below 2019 levels, notably for Health, and with a mixed picture for the past 3 years (when growth has been stable over all)

Sector summary: Have grown – over time



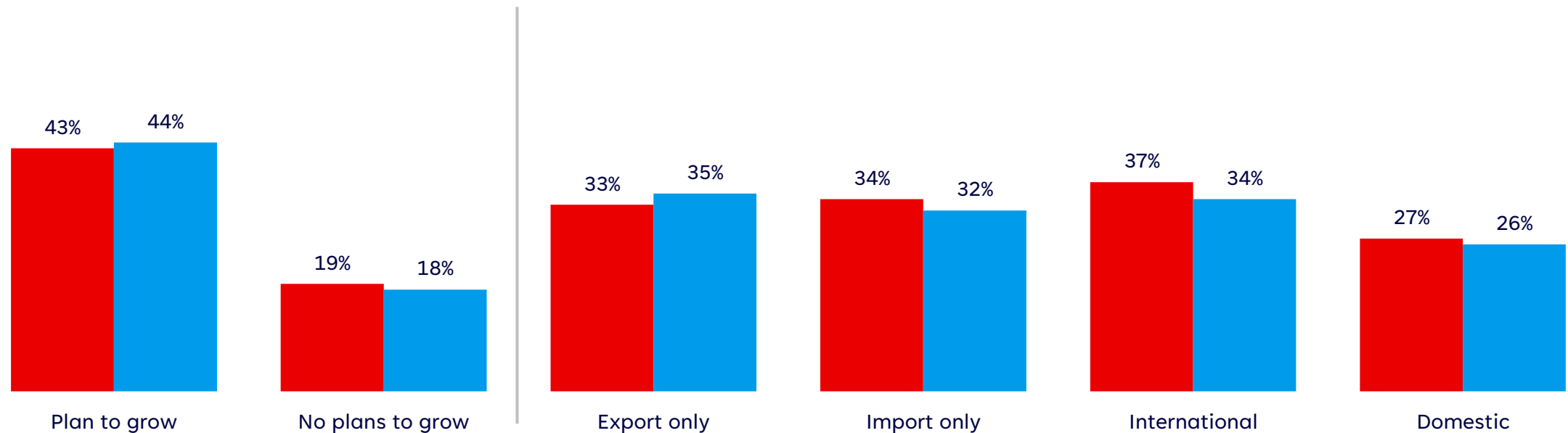
The chart shows reported growth pre-pandemic in 2019, at its lowest point in 2021 and then for the last 3 years. All sectors reported lower growth YEQ2 2025 than in 2019 (down 9 points overall) , with limited variation (5-11 points) with the exception of Health (18 points lower than in 2019) as a result of posting an above average growth level in 2019

Q81 all SMEs YEQ2 2025 excl Starts and DK 787/2162/2525/2364/879/1371/3692/923/1614

Those planning to grow in the coming year were the most likely to have grown in the past year, and those trading international were slightly more likely to have grown than their domestic peers

Growth and international summary: Have grown – over time

■ 2024 (29%) ■ YEQ2 25 (28%)

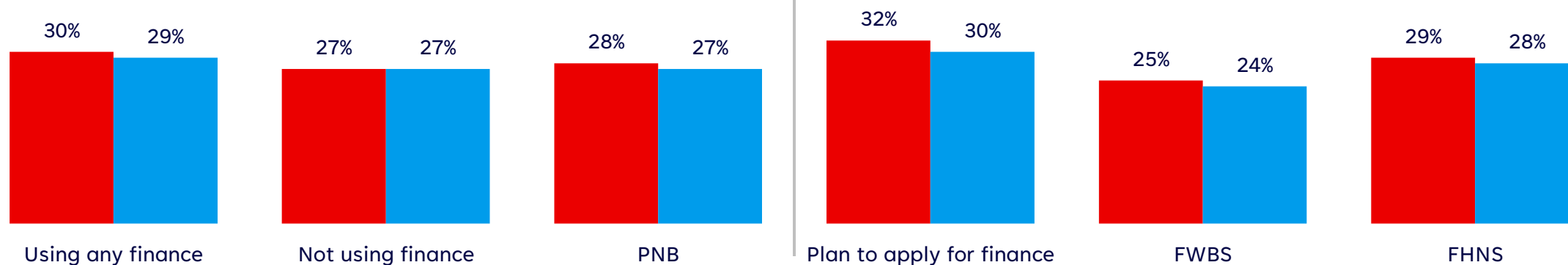


Q81 all SMEs YEQ2 2025 excl Starts and DK 7986/8331

Those planning to apply for finance in the coming year were slightly more likely to have grown in the past year, with limited differences by use of finance

Finance summary: Have grown – over time

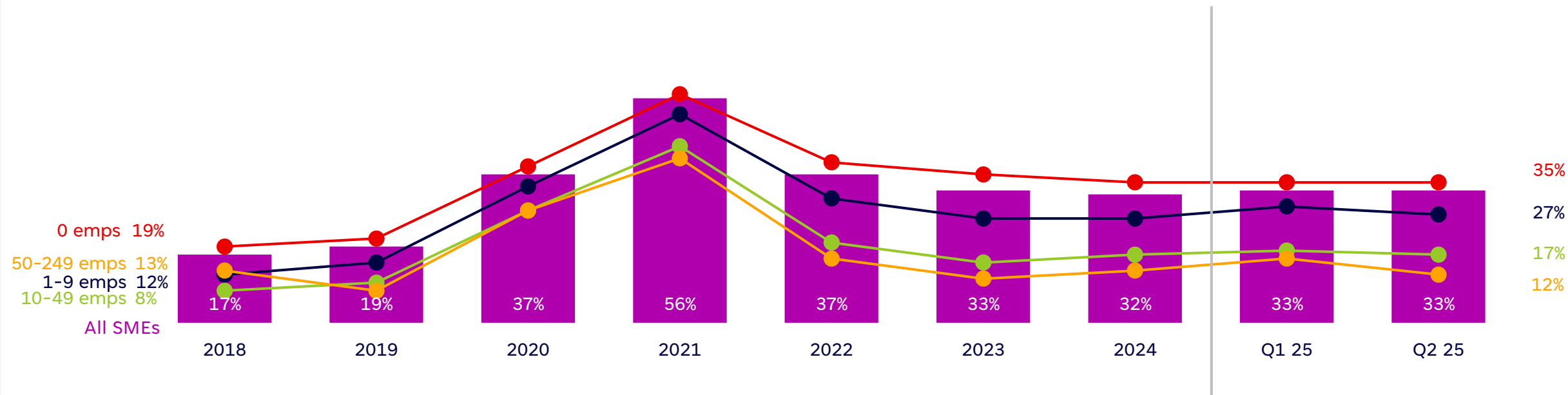
■ 2024 (29%) ■ YEQ2 25 (28%)



Q81 all SMEs YEQ2 2025 excl Starts and DK 8916/7401/5183 1856/1897/12564 7986/8331

Declines: From 56% in 2021, the proportion reporting a decline dropped to 33% in 2023 with little change since, and clear differences by size of SME

Annual time series: % reporting decline in previous 12 months

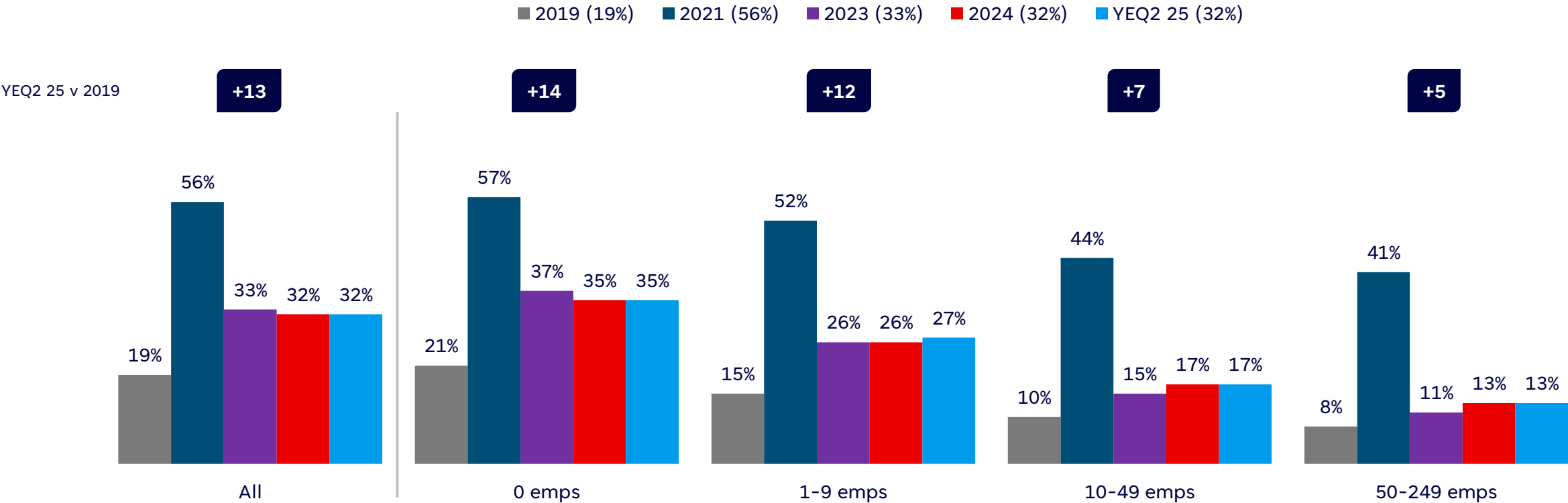


- A stable 1 in 3 SMEs have reported a decline 2023 to QEQ2 2025, which whilst lower than at the peak of the pandemic, remains at about twice the level seen in 2018
- 0 employee SMEs remained the most likely to report such a decline but each size band has seen a similar pattern over time with little change since 2023

Q81 all SMEs Q2 2025 excl Starts and DK 4083

The proportion reporting a decline YEQ2 2025 is 13 points higher than in 2019, led by the smaller SMEs

Size summary: Have declined – over time

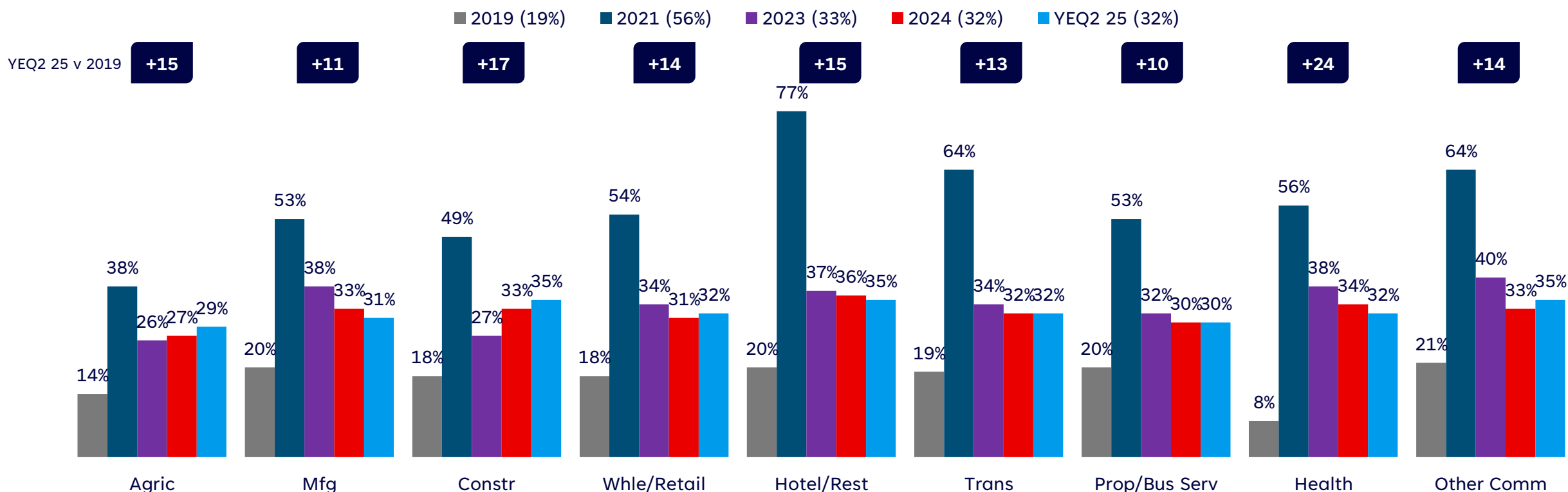


The chart shows reported declines pre-pandemic in 2019, at its highest point in 2021 and then for the last 3 years. All sizes of SME reported higher declines YEQ2 2025 than in 2019 (up 13 points overall). The narrower margin for the largest SMEs reflects the fact that they were less likely than their peers to have declined in 2019

Q81 all SMEs YEQ2 2025 excl Starts and DK

All sectors were more likely to report a decline in the current period than in 2019, notably in Health. Construction, and to a lesser extent Agriculture have seen an increase in declines 2024 to YEQ2 2025 in contrast to their peers

Sector summary: Have declined – over time

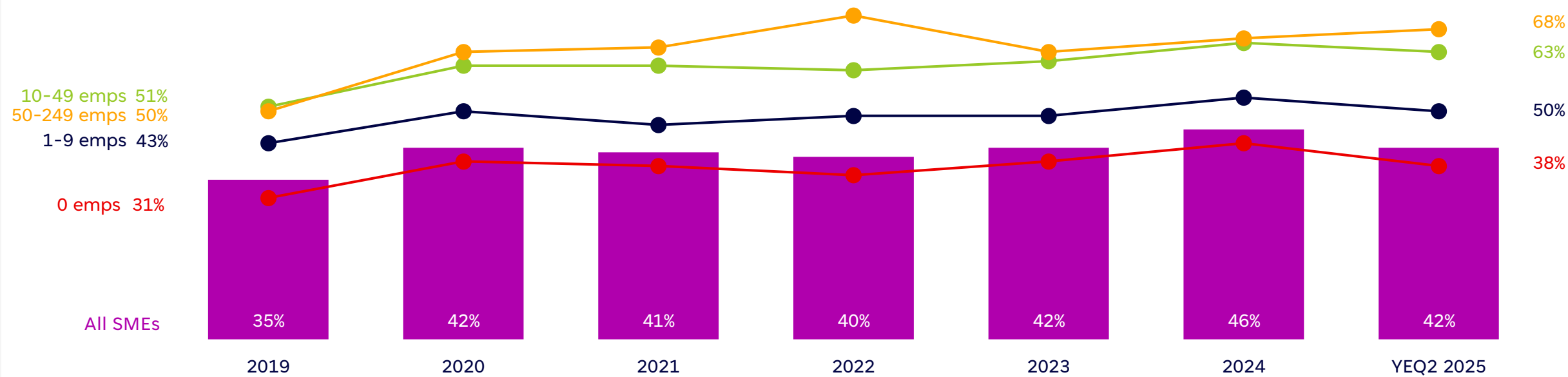


The proportion reporting a decline is stable overall 2023 to YEQ2 2025, but has increased for those in Construction (leaving them top with Hospitality and the Other Community sector) and Agriculture, while Manufacturing and Health have seen fewer declines reported over the same period

2b Future growth and innovation

Reported innovation grew to 46% in 2024 but is somewhat lower in the current period as fewer smaller SMEs had innovated

Annual time series: % reporting innovation in previous 12 months

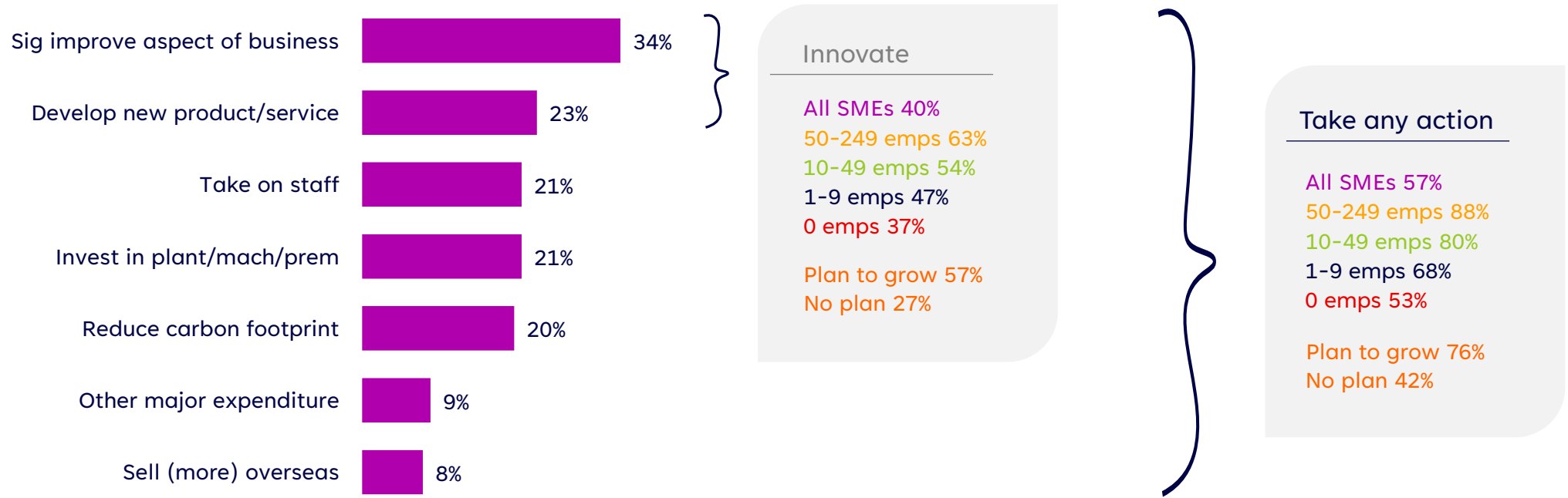


Innovation	2012	2019	2021	2022	2023	2024	YE Q2 25
Product	17%	15%	20%	19%	21%	23%	22%
Process	35%	30%	35%	35%	37%	40%	36%

Q84 all SMEs 17,017

Future innovation: A stable 57% of SMEs were planning some activity related to growth (up from 54% in 2023). 40% planned any innovation activity and both metrics increased by size of SME and among those with plans to grow

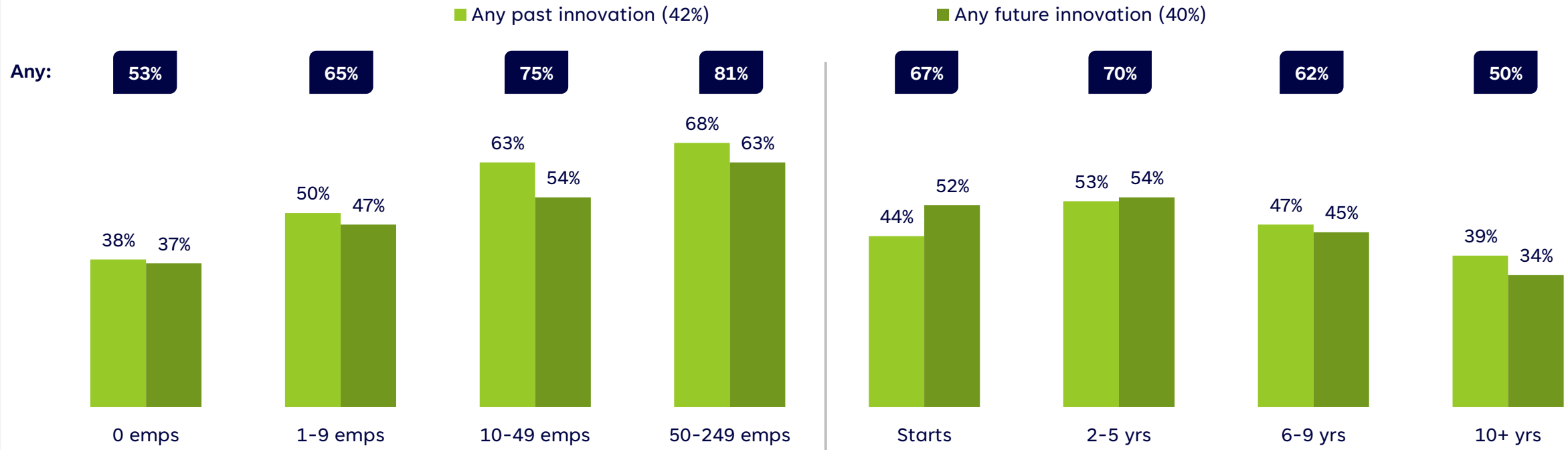
Growth related activities planned– YEQ2 2025



Q90 all SMEs YEQ2 2025 17,017

57% of SMEs had either been innovative (42%) or planned to innovate (40%), increasing to around 8 in 10 of larger SMEs. Those trading for 10+ years were less likely to be engaged with innovation

Size and demographic summary YEQ2 2025: Innovation, past and future and any



- Three-quarters or more of the largest SMEs, fully international SMEs and those planning to grow or to apply for finance reported some past or planned innovation. PNBs and those with no plans to grow were less likely to be innovative, as were those in Agriculture, Construction and Transport
- 26% of SMEs were *consistent* innovators (past and future), increasing to half of the largest SMEs (51% of 50-249), those trading for 2-5 years (36%) and those with plans to grow (38%)

Q84/90 Base : All SMEs YEQ2 2025 17,017 Been innovative at Q84 and/or Q90 (new product/service or improving business)

Those in Agriculture and Construction remained less likely to have/plan to innovate than their peers (57% overall)

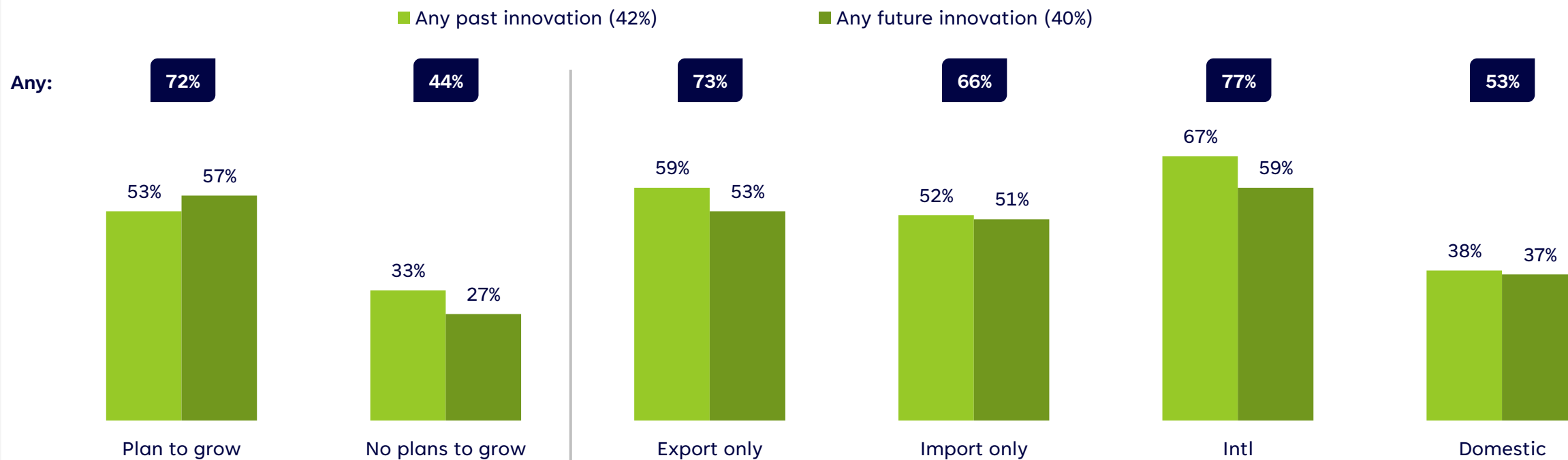
Sector summary YEQ2 2025: Innovation, past and future and any



Q84/Q90 Base : All SMEs YEQ2 2025 17,017 Been innovative at Q84 and/or Q90 (new product/service or improving business)

SMEs with plans to grow, and those trading internationally (especially those both importing and exporting) remained more likely to have been, or to plan to be, innovative

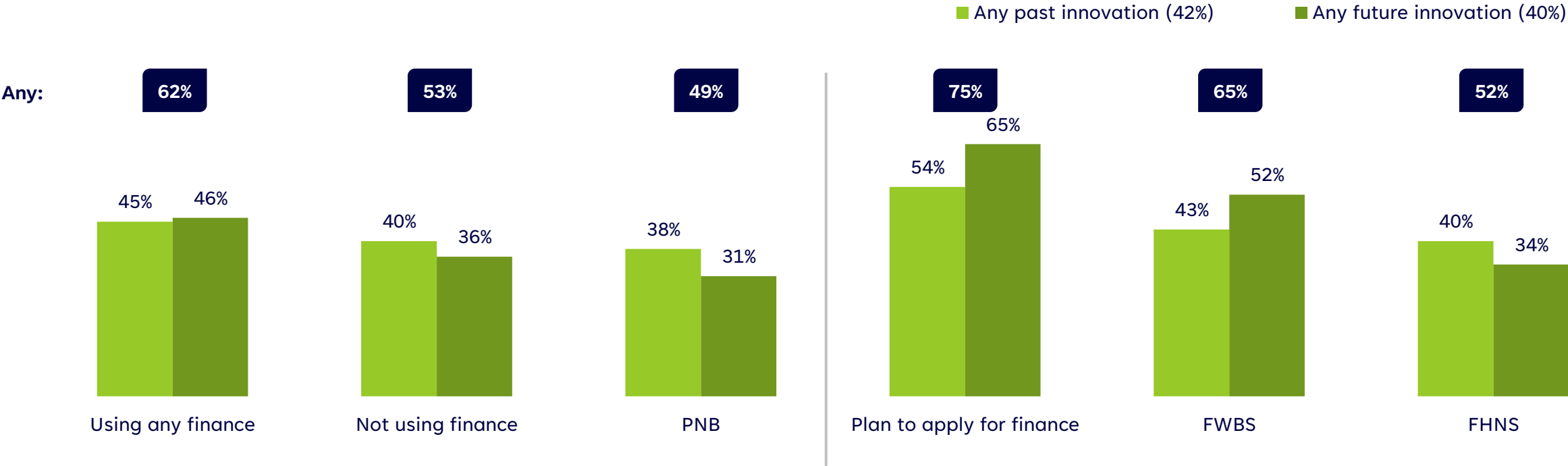
Age and growth summary YE Q2 2025: Innovation, past and future and any



Q84/90 Base : All SMEs YE Q2 2025 17,017 Been innovative at Q84 and/or Q90 (new product/service or improving business)

SMEs with an appetite for, or currently using, finance, were more likely to have been/plan to be innovative than PNBs and Future HNS

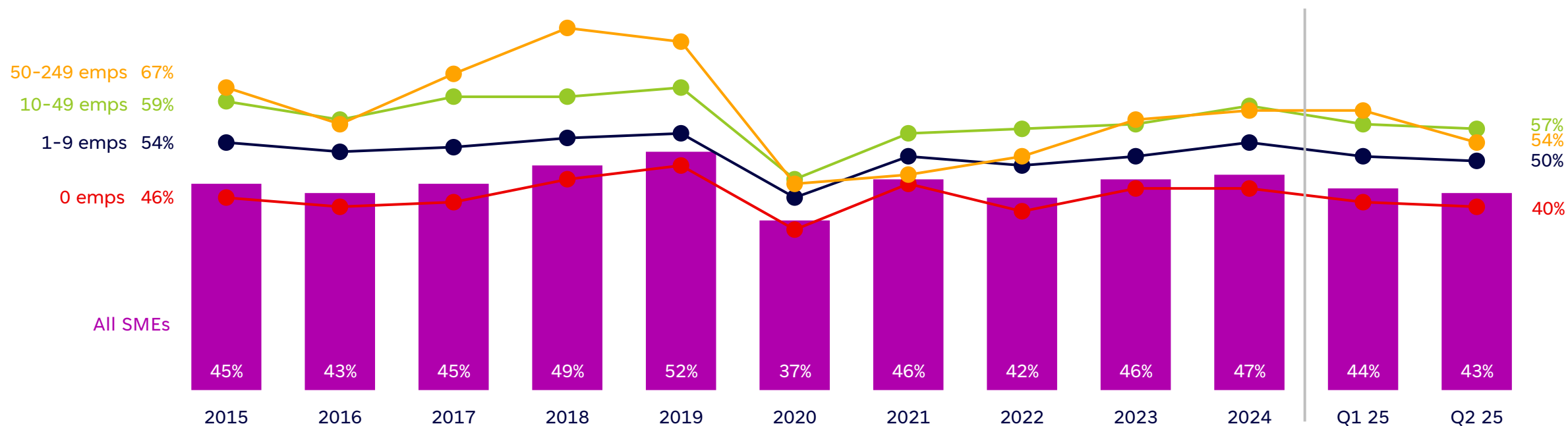
Finance summary YEQ2 2025: Innovation, past and future



Q84/90 Base : All SMEs YEQ2 2025 17,017 Been innovative at Q84 and/or Q90 (new product/service or improving business)

Future growth: 43% of SMEs overall in Q2 2025 were predicting growth, somewhat lower than in 2024, but broadly in line with pre-pandemic levels

Annual time series: % predicting growth in next 12 months

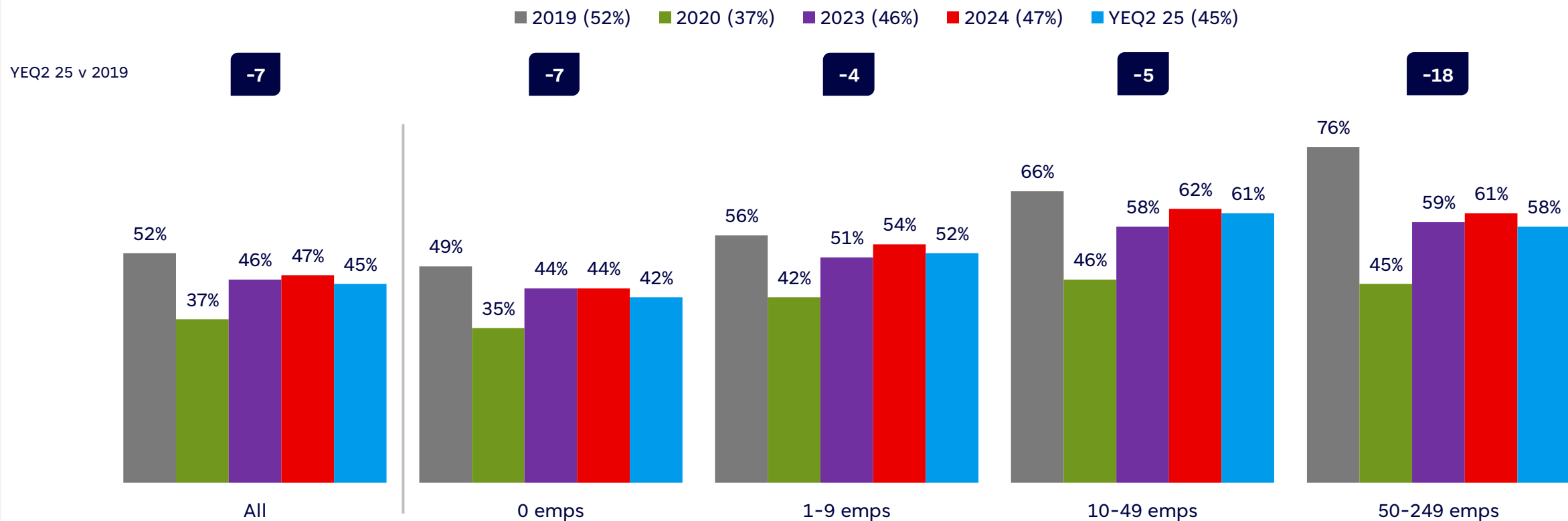


- YE Q2 2025, 45% of SMEs were planning to grow, just 2 points down on 2024 (47%), and across all size bands, with a more marked decline for Starts (down 5 points to 65%, so still more likely to plan to grow than their peers)
- Growth ambitions were also lower in Construction (down 5 points to 39%), Property/Business Services (down 5 points to 48%) and the other Community sector (down 7 points to 47%), but had improved in Health (up 11 points to 47% and back to 2023 levels)

Q91 all SMEs Q2 2025 4260

Predicted growth remains 7 points lower than pre-pandemic, notably for the largest SMEs, with limited change over recent years

Size summary: Planning to grow – over time

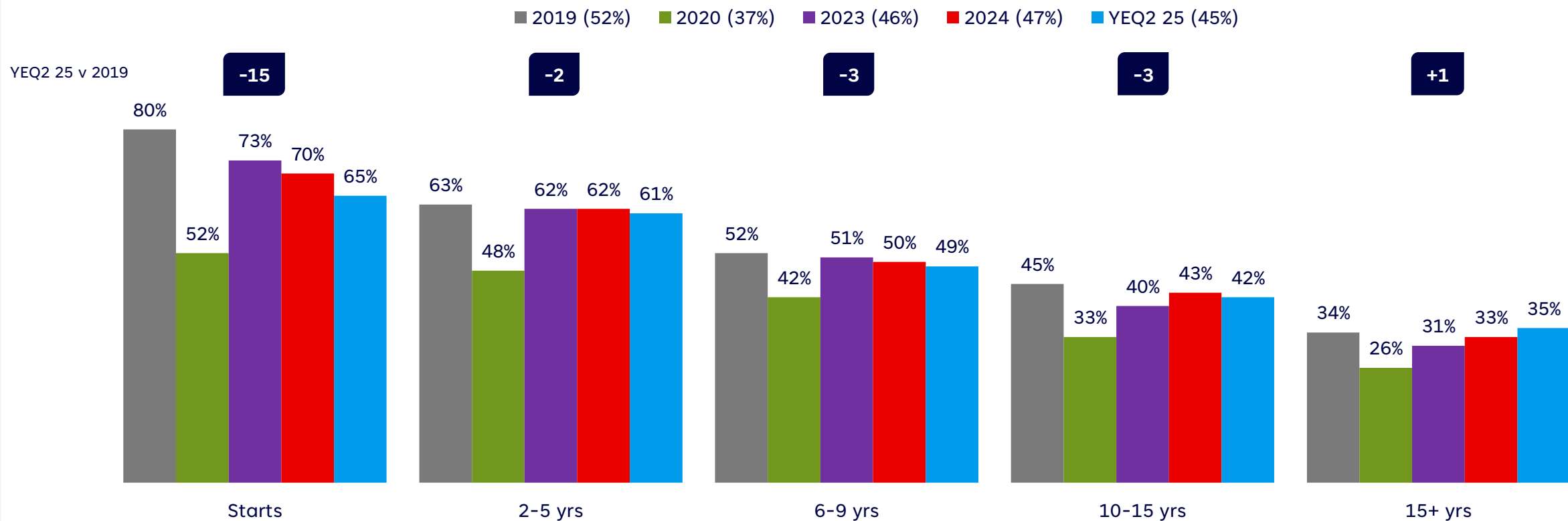


The chart shows growth expectations pre-pandemic in 2019, at its lowest point in 2020 and then for the last 3 years. All sizes of SME remained less likely to be planning to grow than they were in 2019, and also very slightly less likely than in 2024, with the largest SMEs still the furthest 'adrift' from 2019, and those with 1-9 employees the closest

Q91 all SMEs YEQ2 2025

The youngest SMEs are increasingly further away from their 2019 growth levels, though still more likely to be planning to grow than their older peers

Age summary: Planning to grow– over time

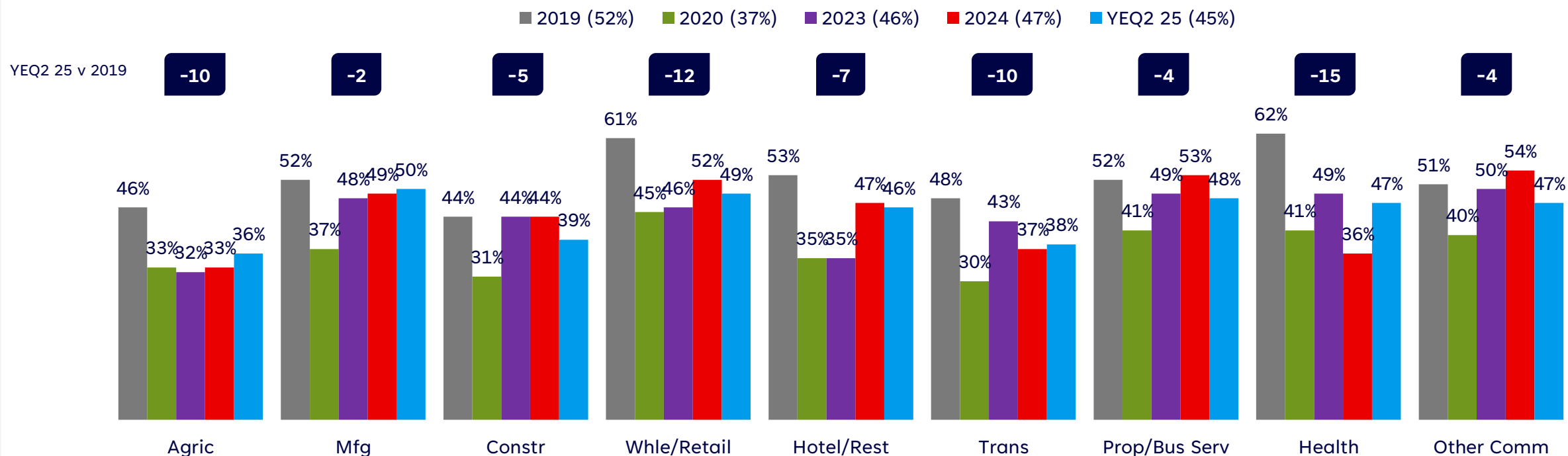


The chart shows growth expectations pre-pandemic in 2019, at its lowest point in 2020 and then for the last 3 years. All but the oldest SMEs were slightly less likely to be expecting to grow YEQ2 2025 than in 2024 or than in 2019 (down 7 points overall), by some margin for Starts due to a higher growth ambition in 2019, but they remain much more likely to be planning to grow older SMEs

Q91 all SMEs YEQ2 2025 358/1381/1754/3448/10,076

Growth aspirations by sector remained lower than in 2019, and more variation from 2024 than was seen overall

Sector summary: Planning to grow – over time



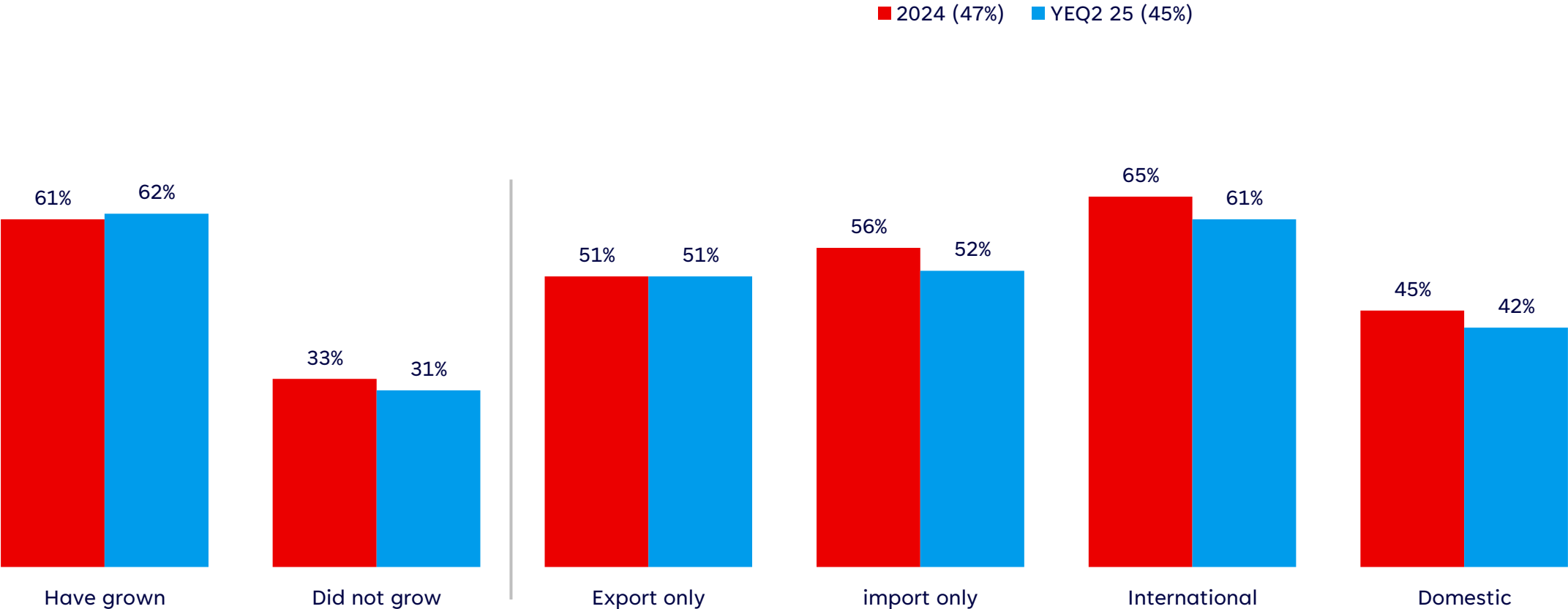
There is a mixed performance over time by sector:

- Those in Health remain the furthest away from their 2019 growth ambition (down 15 points at 47%)
- Those in Manufacturing were the most likely to be planning to grow (50%), almost back to 2019 levels, alongside Wholesale/Retail (49% but 12 points short of 2019)
- Those in Agriculture have become slightly more likely to be planning to grow over recent years, now 36% and still 10 points short of 2019

Q91 all SMEs YEQ2 2025 807/2265/2610/2480/930/1425/3821/979/1700

6 in 10 of those who grew in the previous year, and the same proportion of fully international SMEs, are planning to grow in the coming year

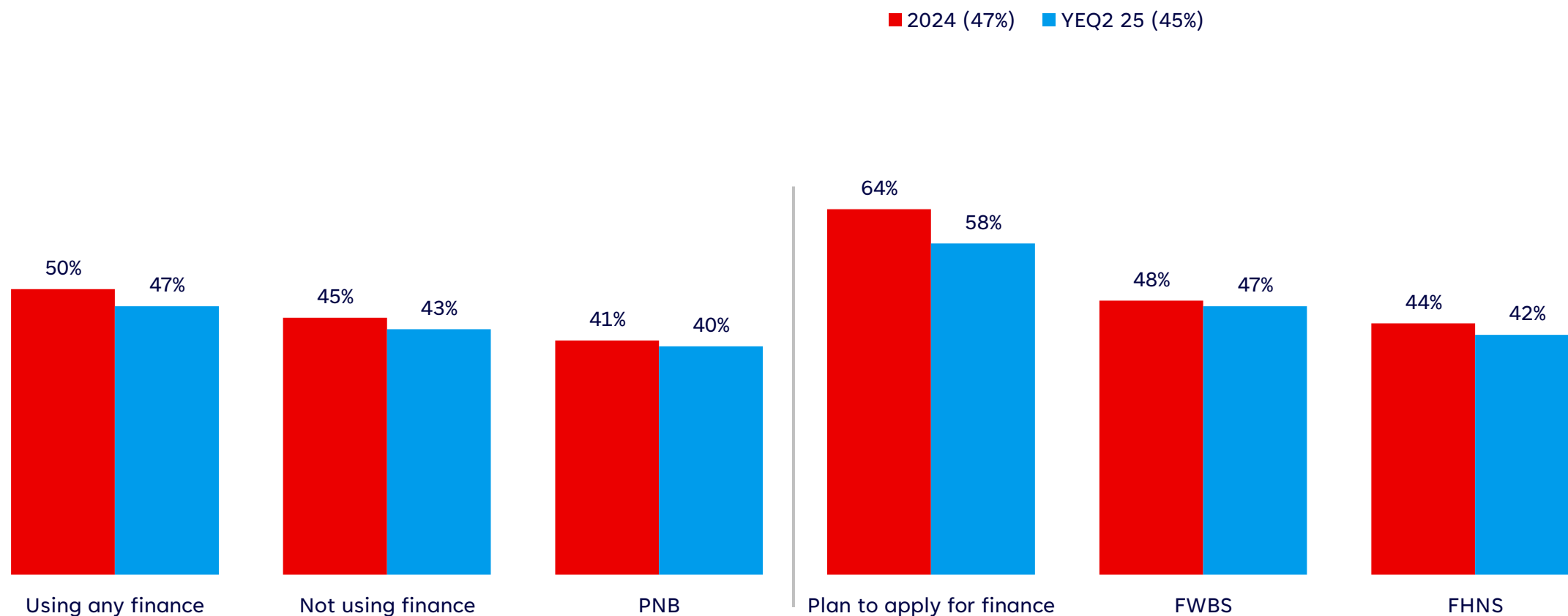
Past growth and international summary: Planning to grow YEQ2 2025



Q91 all SMEs YEQ2 2025

Those planning to apply for finance are more likely to be planning to grow than their peers, and growth appetite is also slightly higher for those already using external finance

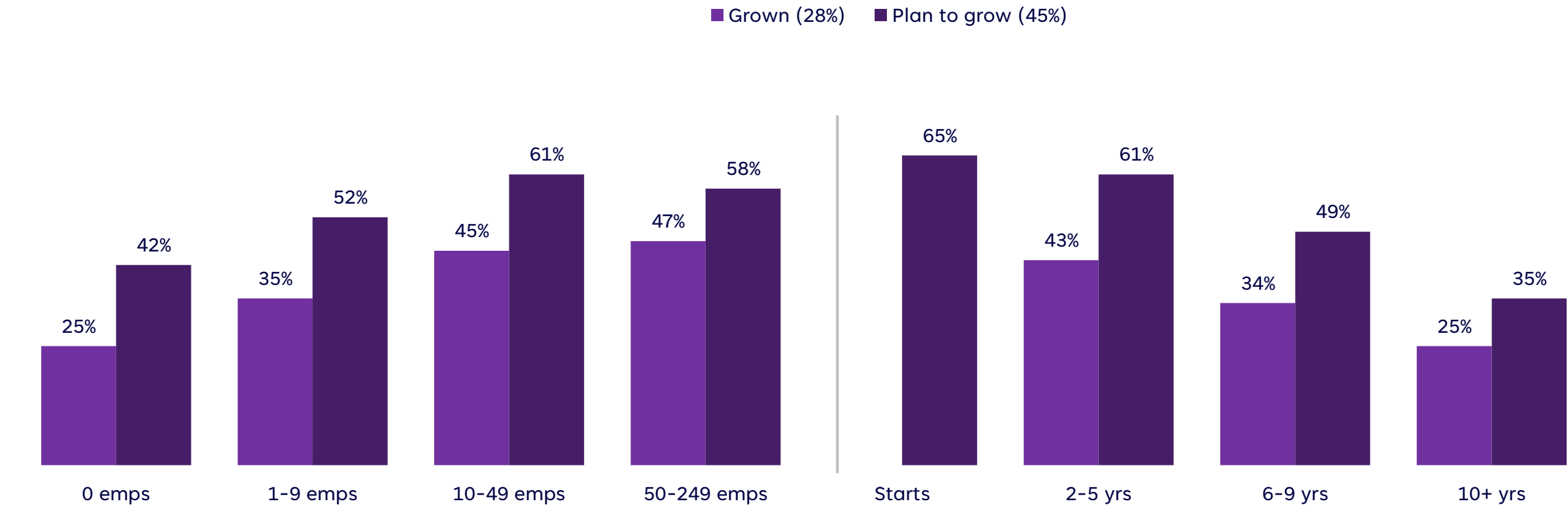
Finance summary: Planning to grow YEQ2 2025



Q91 all SMEs YEQ2 2025

Growth and growth ambitions continued to increase by size but decline by age of SME

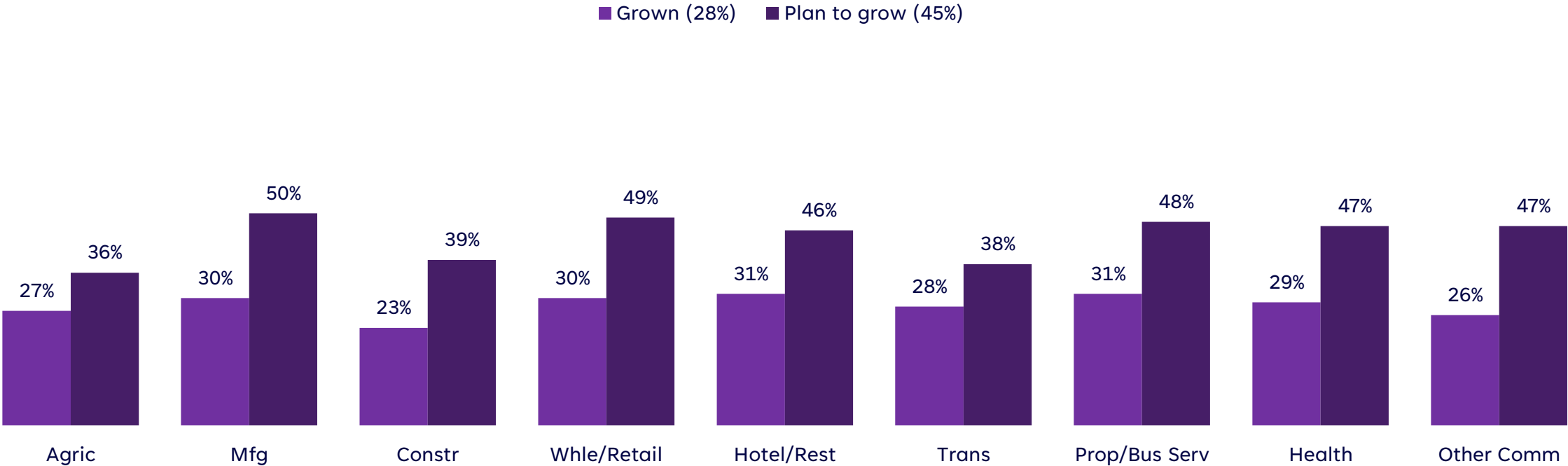
Demographic summary: Grown (excl Starts) and plan to grow YEQ2 2025



Q81/91 all SMEs (excl Starts and DK at Q81) YEQ2 2025

YEQ2 2025, all sectors were more likely to be planning to grow than to have grown, to varying degrees.

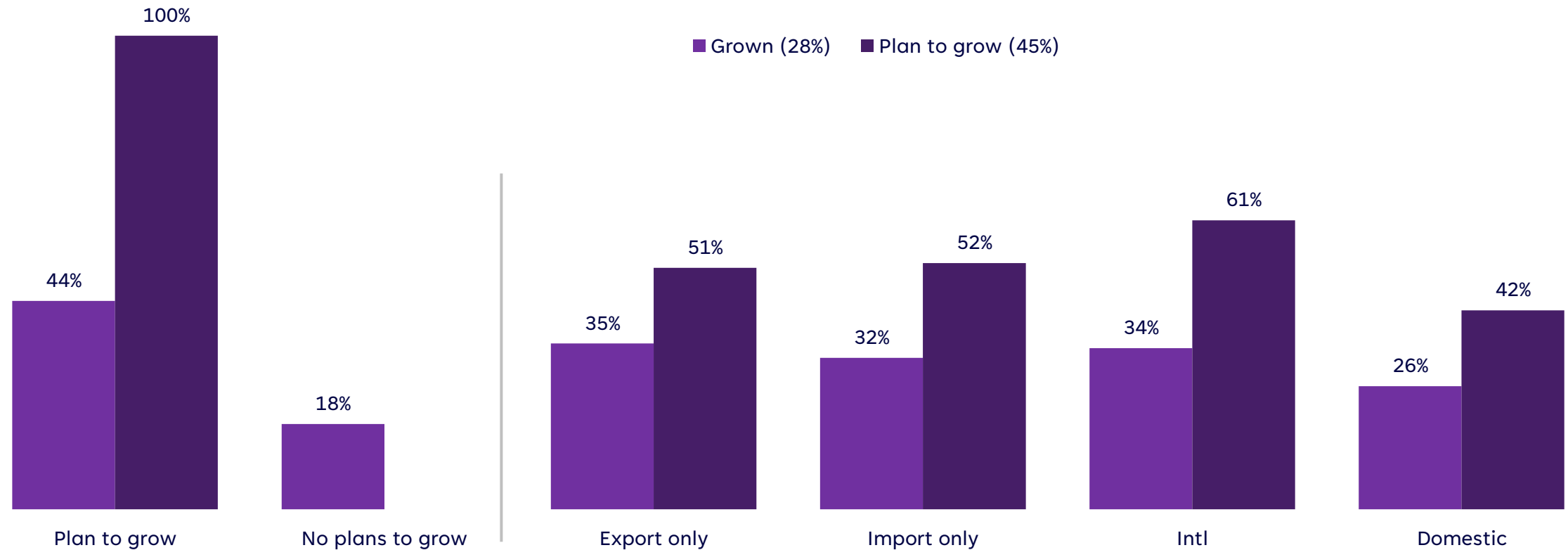
Sector summary: Grown and plan to grow YEQ2 2025



Q81/91 all SMEs (excl Starts and DK at Q81) YEQ2 2025 16317/17017

Fully international SMEs remained more likely to be planning to grow, though only slightly more likely to have grown than their peers

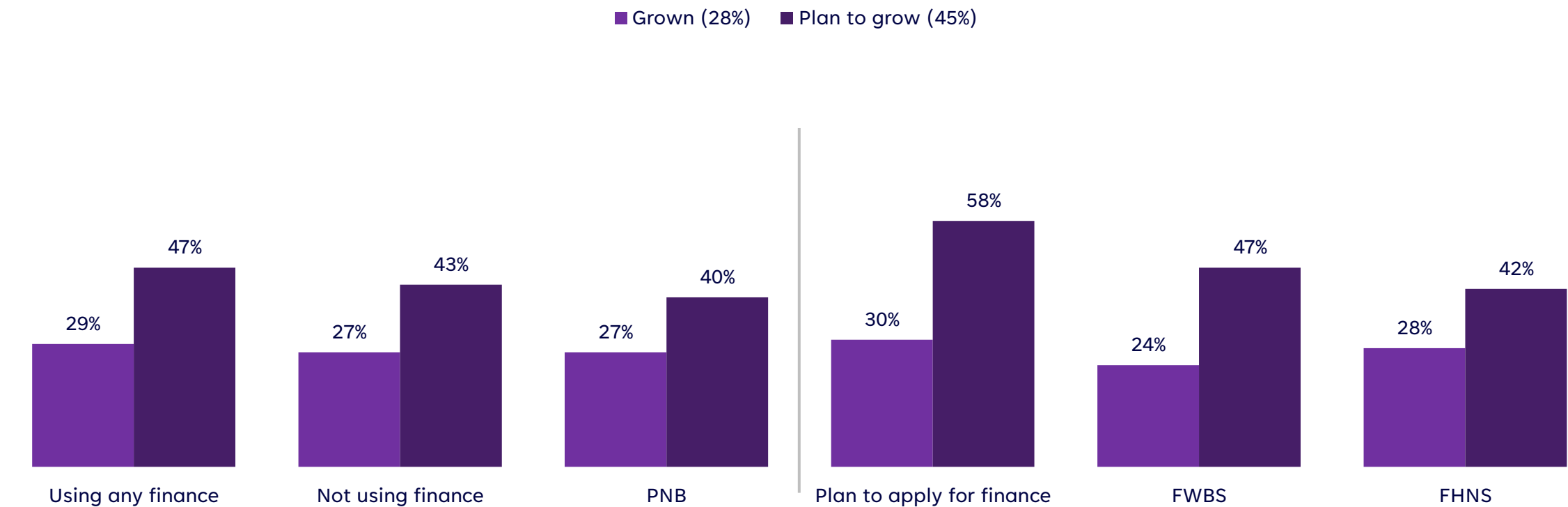
Growth and international summary: Grown (excl Starts) and plan to grow YEQ2 2025



Q81/91 all SMEs (excl Starts and DK at Q81) YEQ2 2025 16317/17017

While past growth does not vary much by use of and appetite for, finance, there are clearer differences in terms of future growth

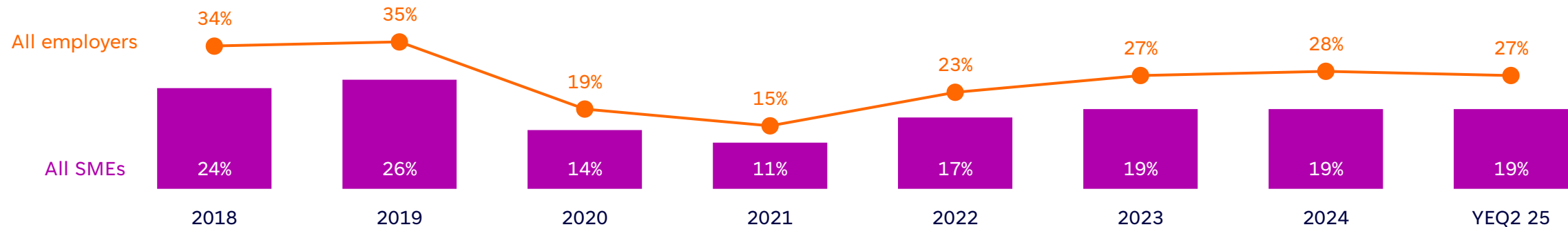
Finance summary: Grown and plan to grow YEQ2 2025



Q81/91 all SMEs (excl Starts and DK at Q81) YEQ2 2025 16317/17017

Pre-pandemic 1 in 4 of all SMEs (excluding Starts) had both grown and planned to do so again in the coming year. By 2021 this had fallen to 1 in 10. While it has recovered since (to 19%), it is not yet back to pre-pandemic levels

Annual time series: % that have both grown and predict will grow again in next 12 months (excluding Starts)



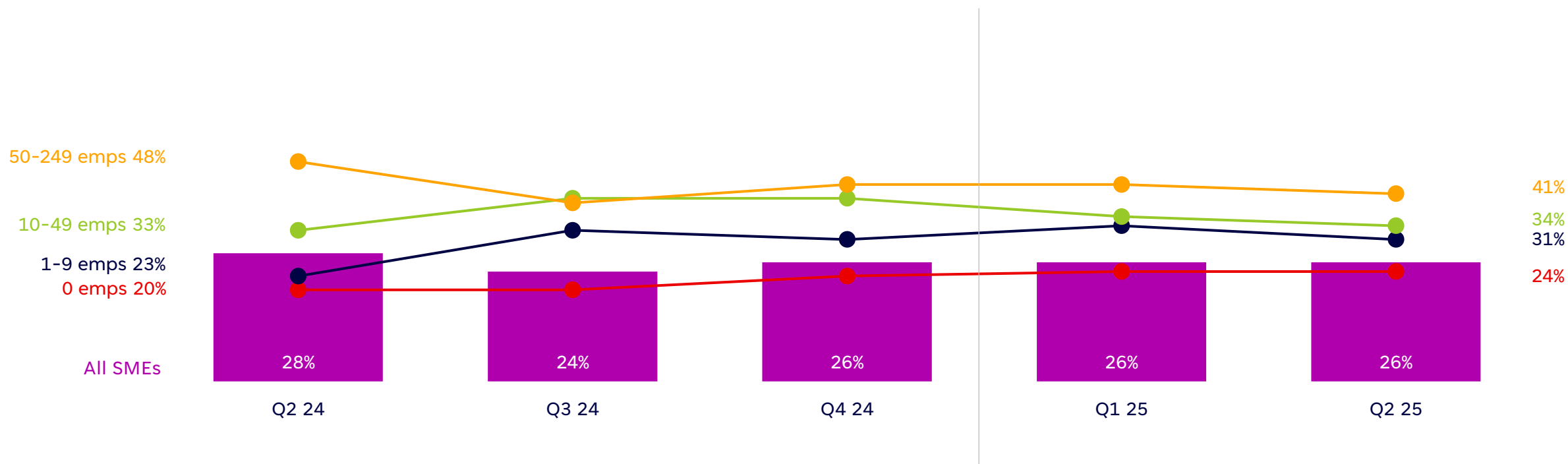
- Pre-pandemic a quarter of all SMEs, and 1 in 3 with employees had both grown in the past 12 months and were expecting to grow in the coming year. The impact of the pandemic on growth saw that proportion fall in 2021, but there has been an improvement since (a stable 19% in the last 3 time periods) though not yet back to 2019 levels
- YEQ2 2025, 16% of 0 emp SMEs had grown and expected to grow again, increasing to 24% of those with 1-9 emps, 36% of those with 10-49 emps and 35% of those with 50-249 emps

Q81/91 all SMEs YEQ2 2025 (excl Starts and DK at Q81) 15434 / with employees 12243

Ambitious Innovators and Risk Takers

Ambitious innovators: A stable 1 in 4 SMEs met the definition of an 'Ambitious innovator' looking to both grow and innovate, but with slightly more SMEs with 1-9 emps and slightly fewer SMEs with 50-249 now meeting the definition compared to a year ago

Time series: Meet the definition of an Ambitious innovator



Q90/91 Base : All SMEs

Ambitious Innovators: International SMEs and those with an appetite for finance are more likely to plan to be 'Ambitious Innovators', while half of older SMEs and those in Construction and Agriculture do not

25% planned to do both – the
'Ambitious innovators'

34% planned to do one but not both

40% were not planning to do either

50%
ARTs

42%
Fully intl

42%
Plan to apply

41%
50-249 emps

40%
EMB

39%
Trading <5 yrs

38%
10-49 emps

35%
Health

32%
London

53%
15+ yrs

53%
Did not grow

48%
Agriculture

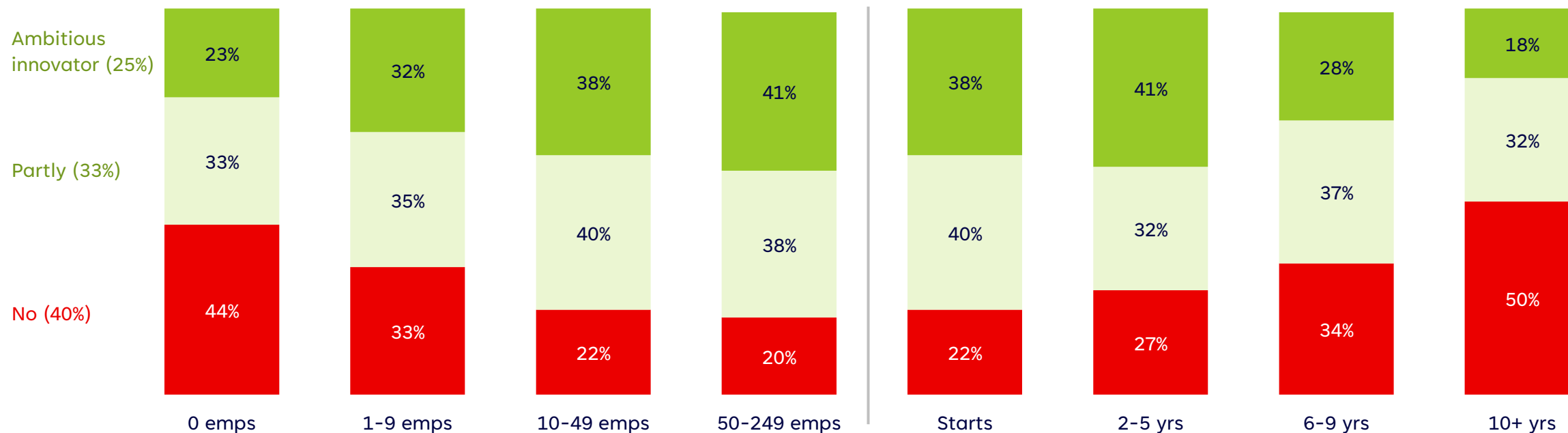
48%
Construction

51%
North East

48%
PNB

In line with other growth indicators, Ambitious Innovators increased by size of SME and decreased by age

Ambitious Innovators (plan to grow and innovate)– YEQ2 2025



A quarter (25% of SMEs) were planning to both grow and innovate in the coming year:

- The proportion of Ambitious innovators increased by size of SME, from 23% with 0 employees to 41% with 50-249 with the opposite pattern seen by age of SME (38% to 18%)
- At the other end of the scale, 0 employee SMEs and those trading for 10+ years were twice as likely as their larger/younger peers to have no plans to either grow or innovate

Q90/91 all SMEs 17,017 3707/7178/4421/1711 358/1381/1754/13524

Those in Health were the most likely to be Ambitious Innovators, compared to Agriculture and Construction where half had no plans to grow or innovate

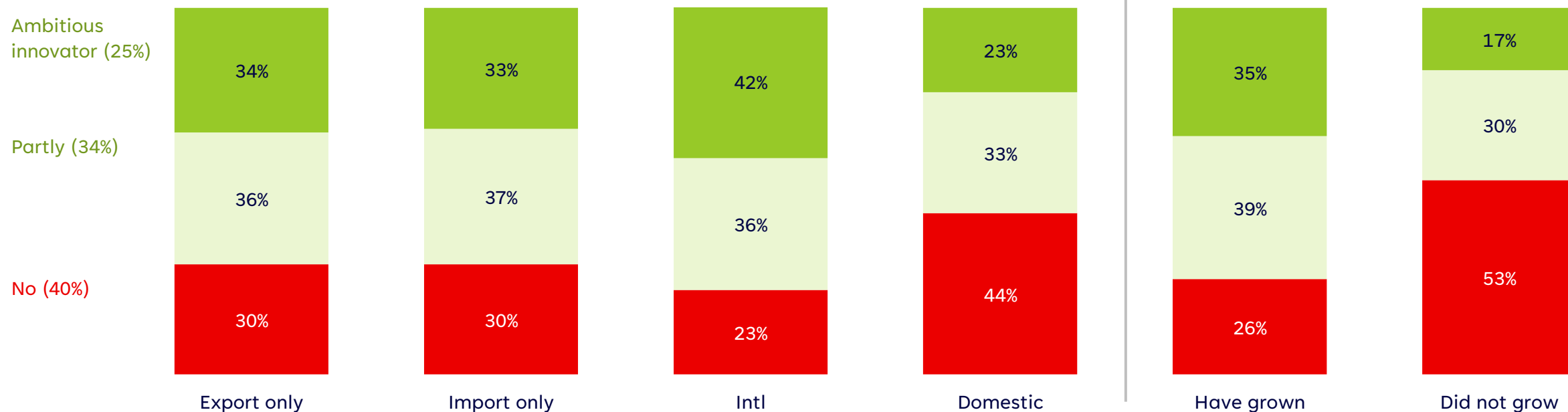
Sector summary: Ambitious Innovators (plan to grow and innovate)– YEQ2 2025



Q90/91 all SMEs 807/2265/2610/2480/930/1425/3821/979/1700

SMEs only trading domestically were less likely than their peers to be an Ambitious Innovator, as were those who had not grown in the previous year

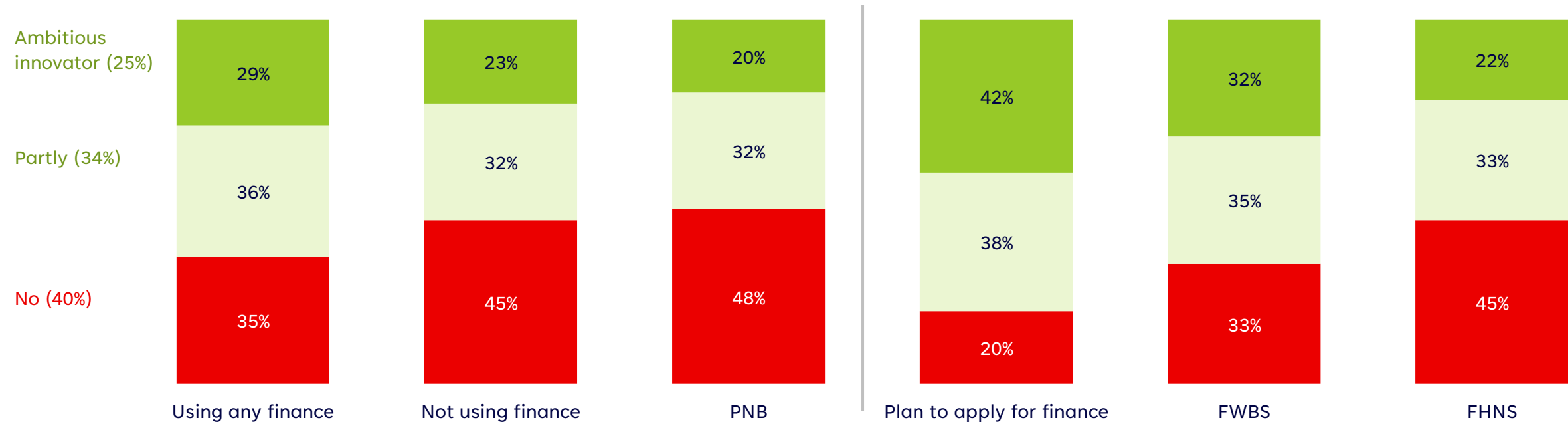
Age and past growth summary - Ambitious Innovators (plan to grow and innovate)– YEQ2 2025



The equivalent of 30% of all SMEs did not grow in the last 12 months and do not expect to grow or innovate in the coming year

Those using external finance, and particularly those with an appetite for future finance were more likely to be Ambitious Innovators

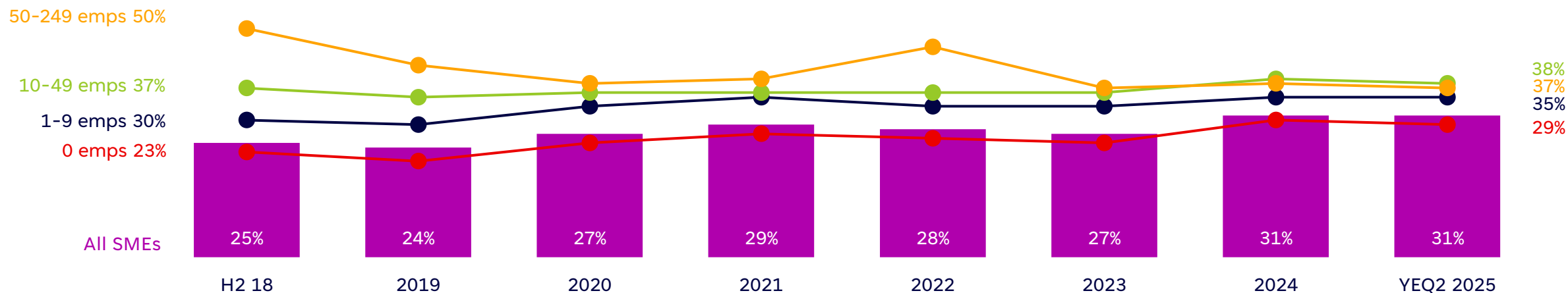
Finance summary - Ambitious Innovators (plan to grow and innovate)– YEQ2 2025



Q90/91 all SMEs 9196/7821/5491 1951/1990/13076

Ambitious Risk Takers: 3 in 10 SMEs met the definition of an ‘Ambitious Risk Taker’ up from around a quarter as more smaller SMEs met the definition

Time series: Meet the definition of an Ambitious Risk Taker
(Looking to be a significantly bigger business and prepared to take risks to be successful)



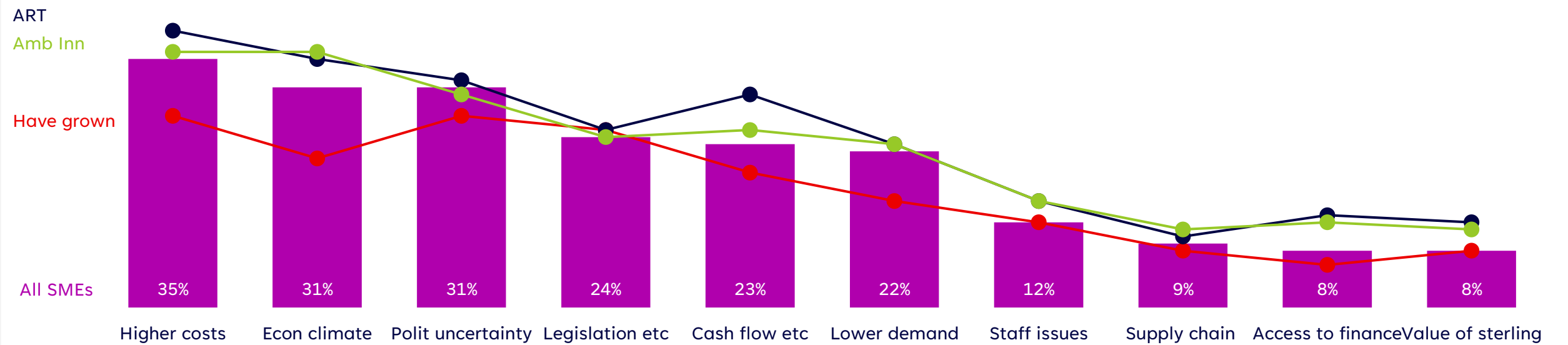
31% of SMEs were Ambitious Risk Takers, with the ambition to be significantly bigger and prepared to take risks to succeed:

- Those more likely to meet the definition included: Wholesale/Retail (38%), Starts (52%) and those trading 2-5 years (48%), those fully international (44%), those planning to apply for finance (54%)
- Those less likely to meet the definition included: Agriculture (19%), those with no plans to grow (16%), PNBs (24%)

Q96 Base : All SMEs YEQ2 2025 17,017

Key barriers by growth: Those that have grown are less likely to see these as future barriers than either Ambitious Risk Takers or Ambitious Innovators who are looking to future growth

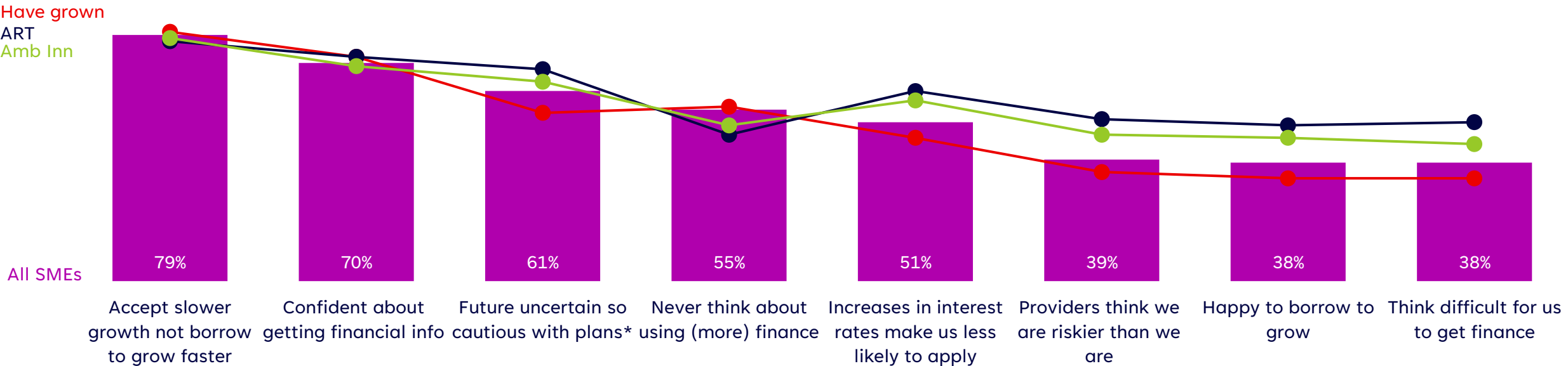
Ambition summary: Main barriers YEQ2 2025



Those that have grown are somewhat less likely to see these as future barriers, especially higher costs and the current economic climate. Ambitious Risk Takers and Ambitious Innovators give similar ratings, but Ambitious Risk Takers are slightly more likely to be concerned about cash flow and late payment

Attitudes to finance by growth: There are fewer differences between the groups but those with ambition are more likely to be happy to borrow to grow but also to see issues with finance

Ambition summary: Attitudes to finance YEQ2 2025



Q96 all SMEs YEQ2 2025 17,017 5993/5217/5106 *asked in H1 2025 only

1 SME sentiment and context

2 Growth and innovation

3 Use of external finance

4 Appetite for finance



“

A stable 44% of SMEs are using external finance, including 18% still repaying pandemic funding. Credit cards remained the most common form of finance, but 6 in 10 users pay off the balance each month. Repayment concerns remain stable.

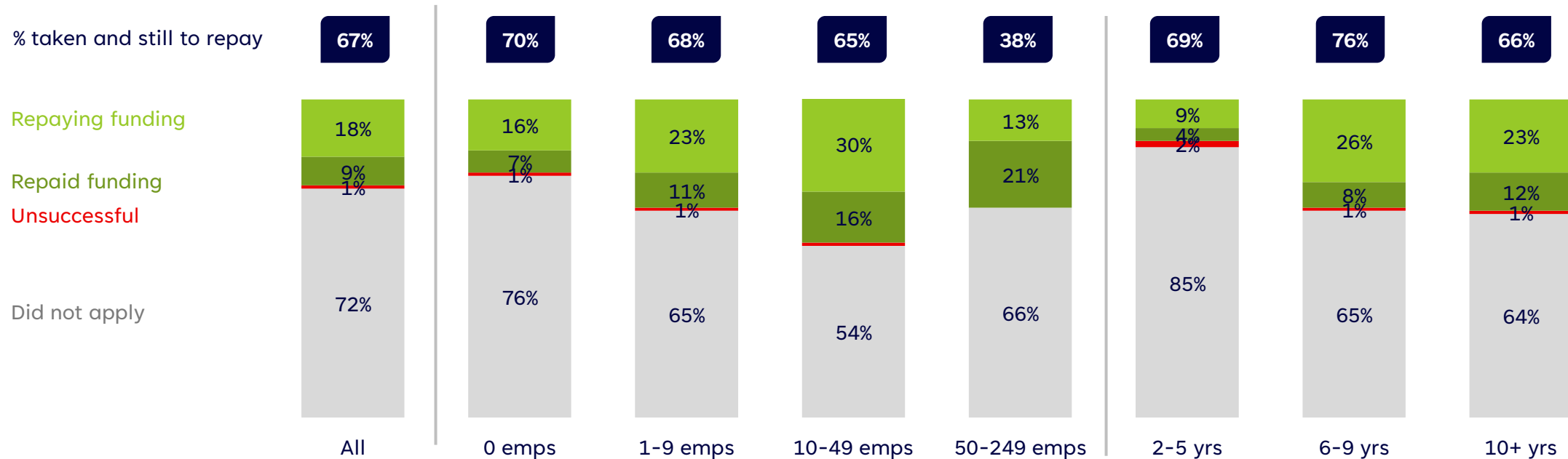
Attitudinally, SMEs remain happy to accept slower growth rather than borrow to grow (primarily due to wanting to be self reliant), and 6 in 10 are being cautious with their plans due to the future feeling uncertain - a sentiment shared across most size and age bands. 1 in 5 would be happy to borrow to grow but think it would be difficult for them to get finance, notably younger SMEs and those planning to grow.

”

3a The impact of the pandemic on funding

Pandemic funding: Those with 10-49 employees were the most likely to have had pandemic funding. The largest SMEs were the least likely to still have any to repay

Pandemic funding (new question from Q1 2023): YEQ2 2025



A stable 18% of all SMEs were still repaying government-backed pandemic funding

- Those with 1-9 or 10-49 employees were more likely to still be repaying finance, as were those trading for 6-9 yrs (26%)
- 42% of finance users reported that they were still repaying pandemic funding, as did 33% of those with plans to apply

Qbb2ax revised Q1 2023 All SMEs YEQ2 2025 excl DK 16,075 3666/6958/4077/1374

Typically around 1 in 5 SMEs in each sector were still repaying pandemic funding, with the exception of the Health sector

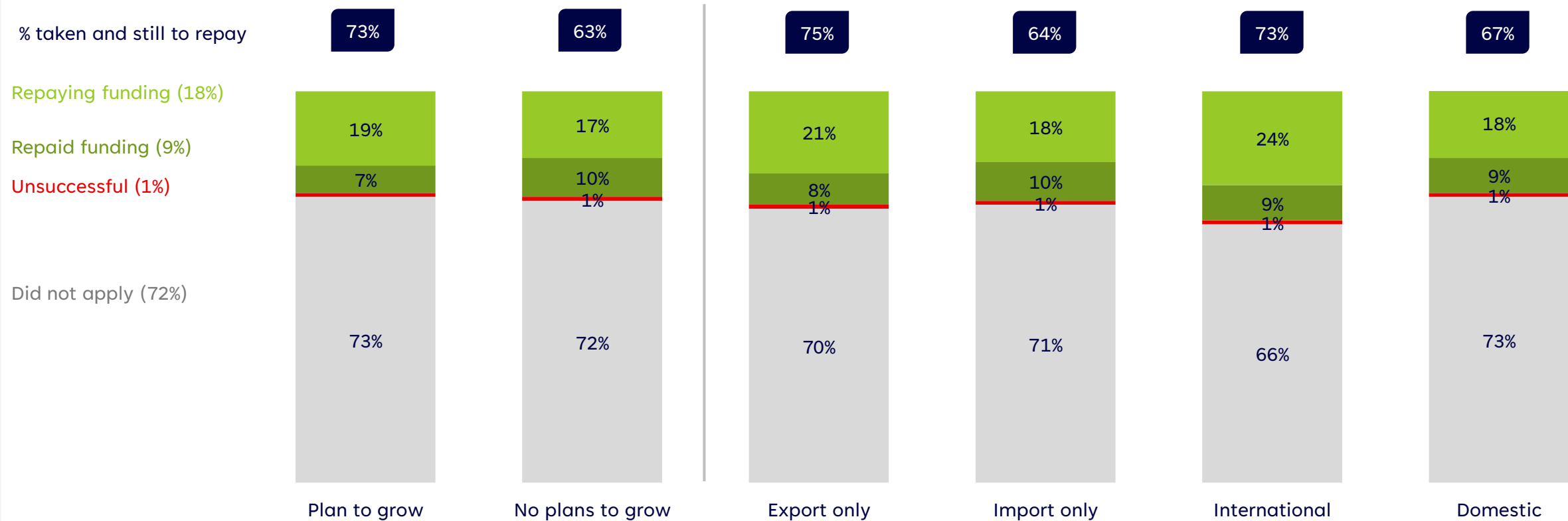
Sector summary: Pandemic funding (new question from Q1 2023): YEQ2 2025



Qbb2ax revised Q1 2023 All SMEs YEQ2 25 excl dk 783/2104/2494/2322/869/1363/3625/878/1637

SMEs with an element of exporting to their business were somewhat more likely to still be repaying pandemic funding

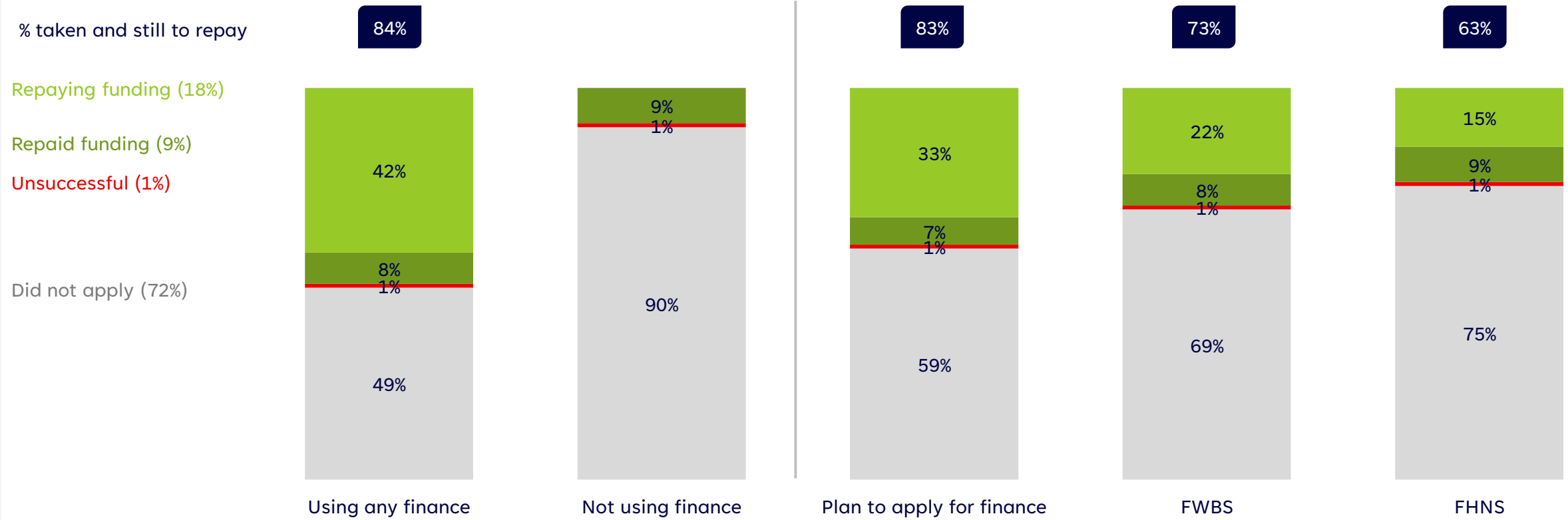
Growth and international summary: Pandemic funding (new question from Q1 2023): YEQ2 2025



Qbb2ax revised Q1 2023 All SMEs YEQ2 2025 excl dk 7852/8223 902/1712/1718/11743

4 in 10 of those currently using any external finance and 3 in 10 of those planning to apply for some, were currently repaying pandemic funding

Finance summary: Pandemic funding (new question from Q1 2023): YEQ2 2025

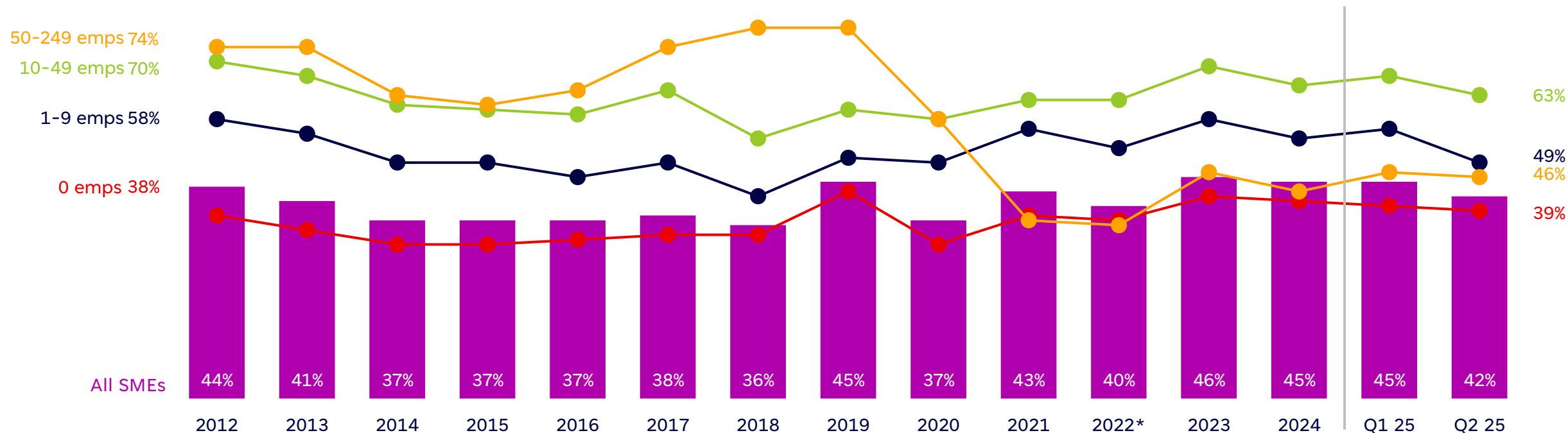


Qbb2ax revised Q1 2023 All SMEs YEQ2 2025 excl dk 8875/7200 1898/1916/12261

3b Business and personal finance

Any external finance: The proportion of SMEs using external finance, 42% overall in Q2, has been broadly stable in the past year and currently back in line with Q2-3 2024

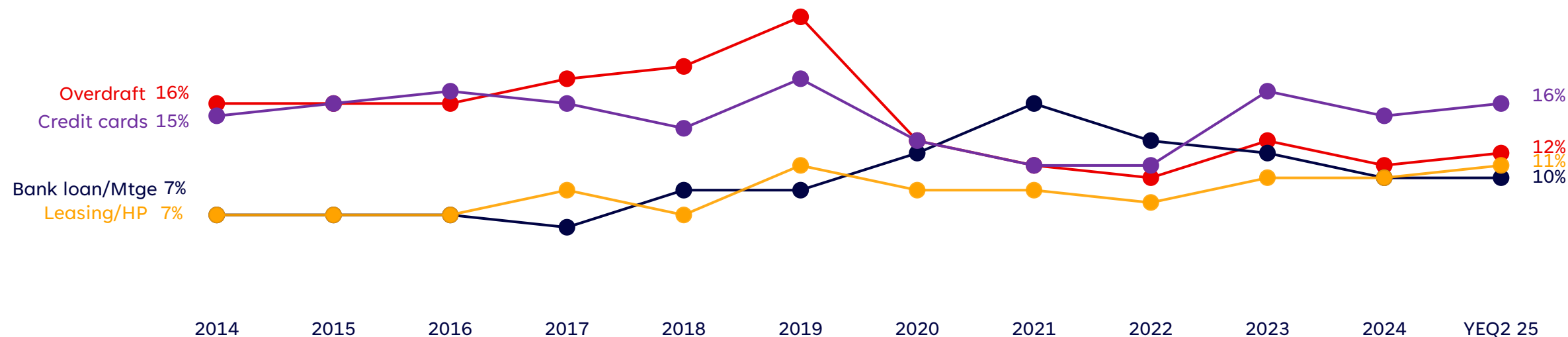
Annual time series: Currently using any external finance (new definition from Q1 2023)



Q14y/15y all SMEs Q4 2024 4253 *2022 annual figure adjusted to include best estimate re pandemic funding

Credit cards remained the most commonly used form of finance. Since 2021 the proportion with a loan/commercial mortgage has declined by 6 points, with use of the other forms of finance more stable

Annual time series: Main forms of finance used

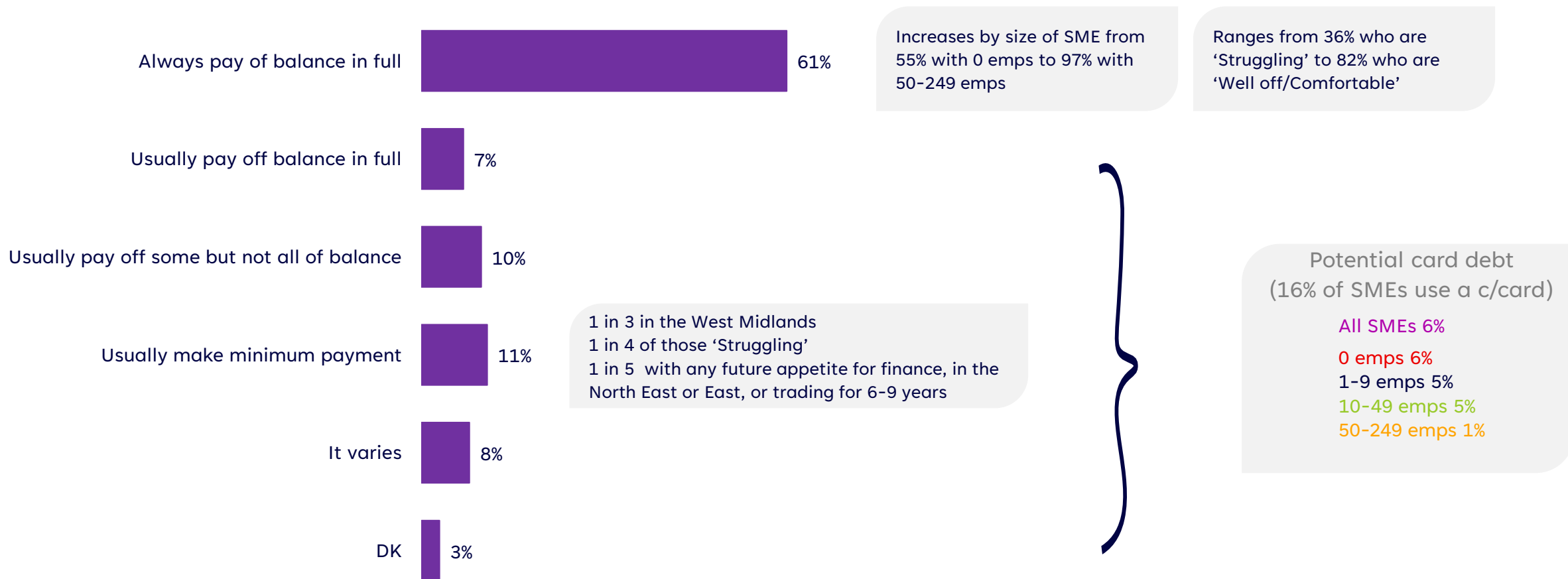


- YE Q2 2025 SMEs remained most likely to be using a credit card (16%), with little to choose between the other main products (10-12%)
- Since 2021, use of loans/commercial mortgages has declined from 16% to 10%, back in line with 2019. Use of credit cards has increased by a similar amount as use of the other forms of finance more stable

Q15 All SMEs YE Q2 2025 17,017

Amongst SMEs with a credit card, 6 in 10 say they clear the balance in full every month, increasing by size of SME. 1 in 4 of those 'Struggling' only make a minimum payment

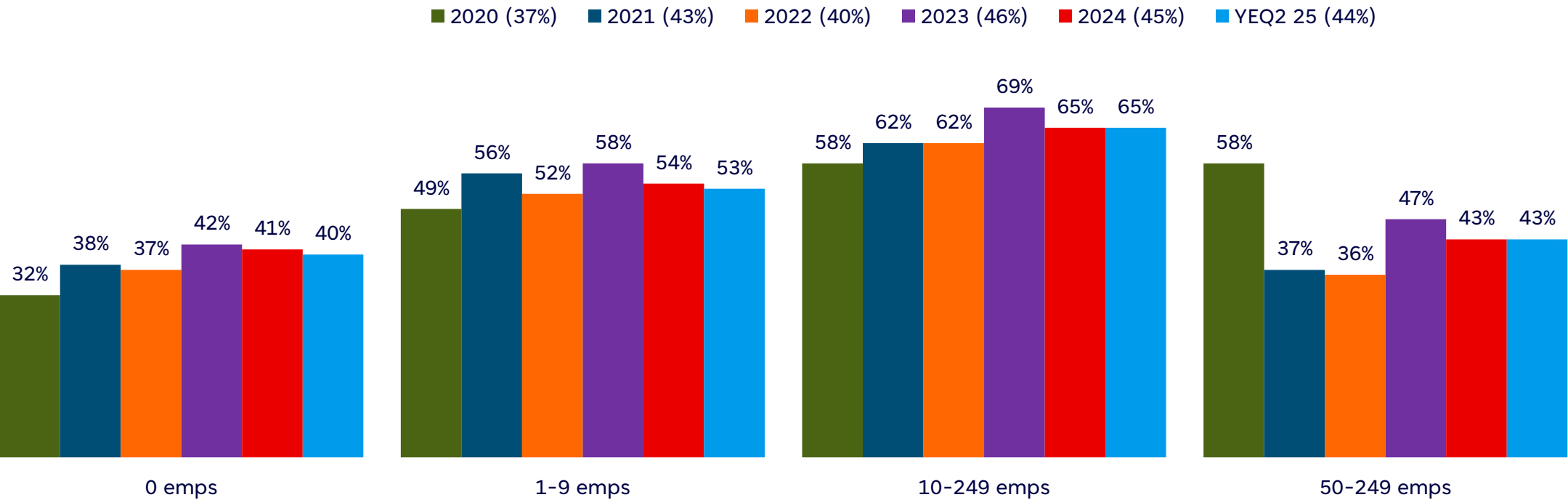
How credit cards have been repaid in past 3 months – all with a credit card H1 2025



NEW Q15x All SMEs using a credit card in the business H1 2025 2072

Use of finance remained ahead of 2020 (except for the largest SMEs), but below the levels seen in 2023 for those with employees

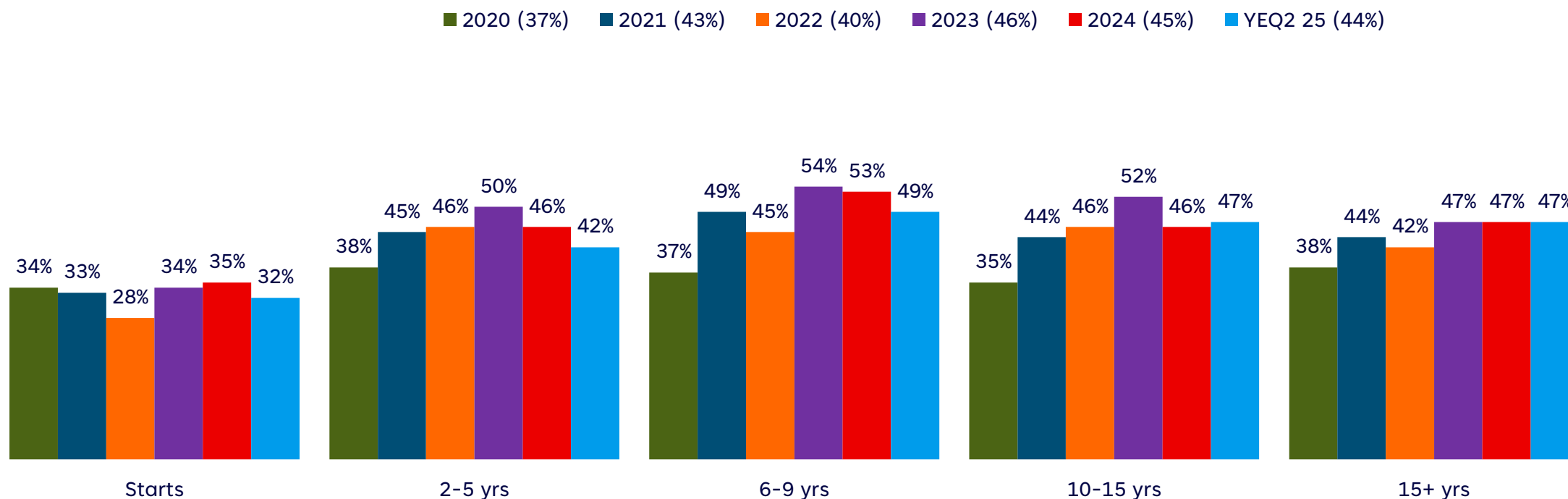
Size summary: Using external finance– over time



All but the largest SMEs were more likely to be using finance now than in 2020, but for those with employees use of finance has declined slightly between 2023 and YEQ2 2025

Analysis by age of SME shows different patterns, with those trading for more than 5 years more likely to be using finance currently and a decline in use of finance since 2023 amongst those trading for 2-5 years in particular

Age summary: Using external finance– over time



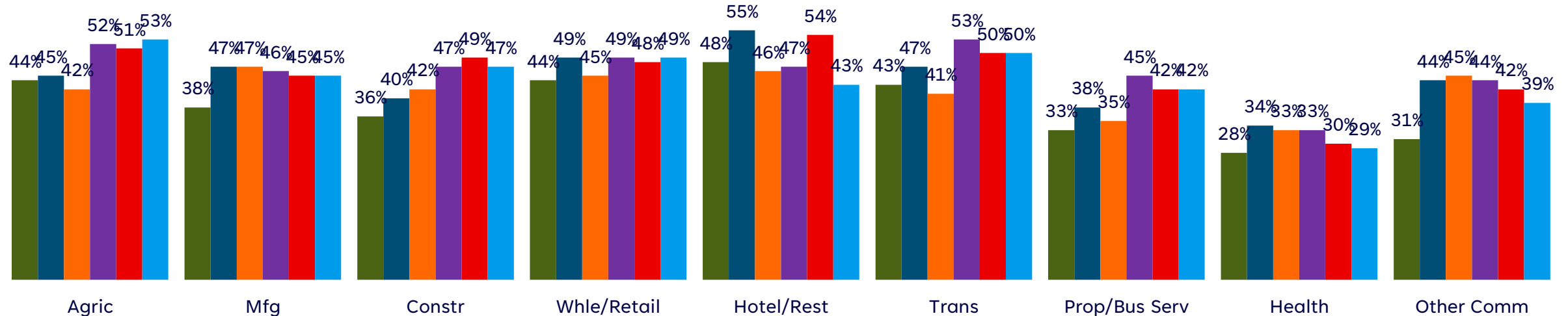
- Starts remained less likely to be using finance than their older peers, with limited change over recent time periods but now below the 2020 figure
- Those trading for 2-5 years have seen a decline in use of finance since 2023, but remain ahead of the 2020 figure
- Those trading for 6-9 years have also seen a slight decline in use of finance but they remain the most likely to be using external finance, though by a narrow margin from their older peers

Q14y/15y all SMEs YEQ2 2025 358/1381/1754/13524

There is no consistent pattern in use of finance by sector – those in Agriculture are now the most likely to be using it, while those in Health remain the least likely

Sector summary: Using external finance– over time

2020 (37%) 2021 (43%) 2022 (40%) 2023 (46%) 2024 (45%) YEQ2 25 (44%)

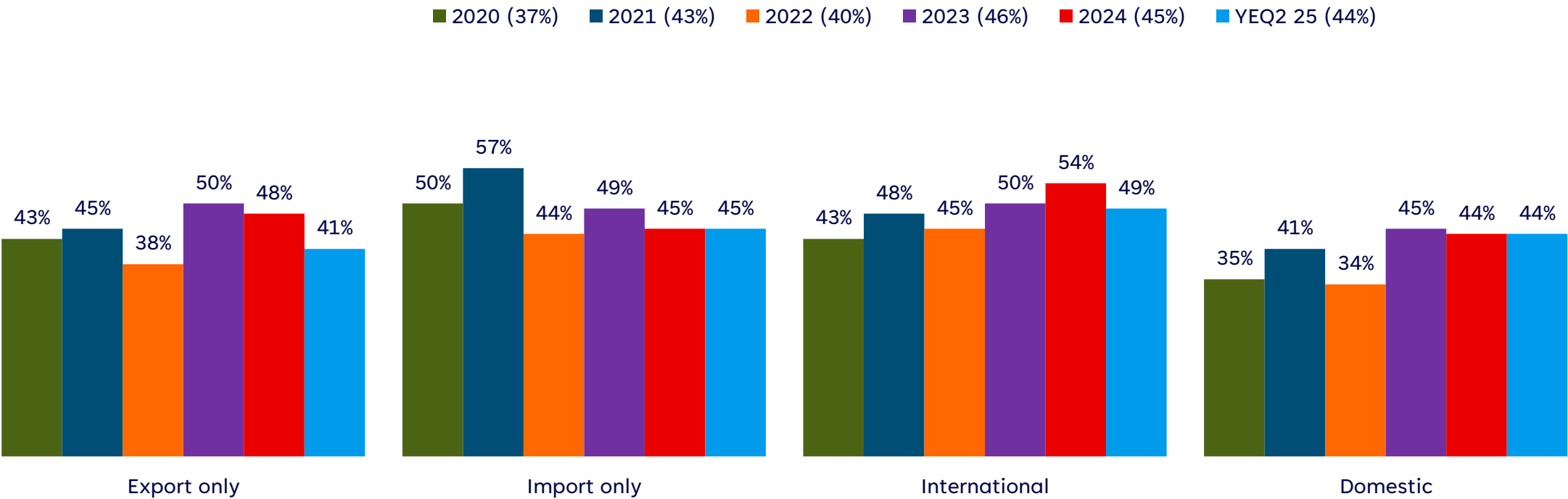


SMEs in Construction have become steadily more likely to be using finance since 2020 (47% YEQ2 2025), but use of finance in other sectors has followed different patterns over time, including for Hospitality, where use of finance has been more variable over time

Q14y/15y all SMEs YEQ2 2025 807/2265/2610/2480/930/1425/3821/979/1700

Use of finance has declined steadily since 2023 for export-only SMEs. Fully international SMEs remained the most likely to be using external finance

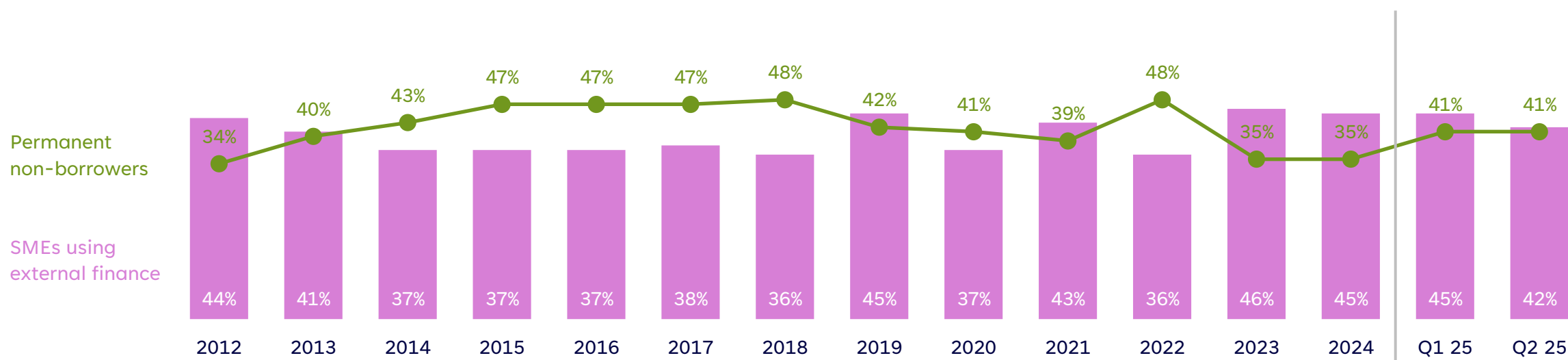
International summary: Using external finance– over time



Q14y/15y all SMEs YEQ2 2025 946/1839/1853/12379

Permanent non-borrowers: There is currently nothing to choose between the proportion of SMEs using finance vs those meeting the definition of a PNB, as use of finance declines slightly and the proportion of PNBs remains higher than in 2024

Annual time series: Currently using external finance and Permanent non-borrowers (new def Q1 23)



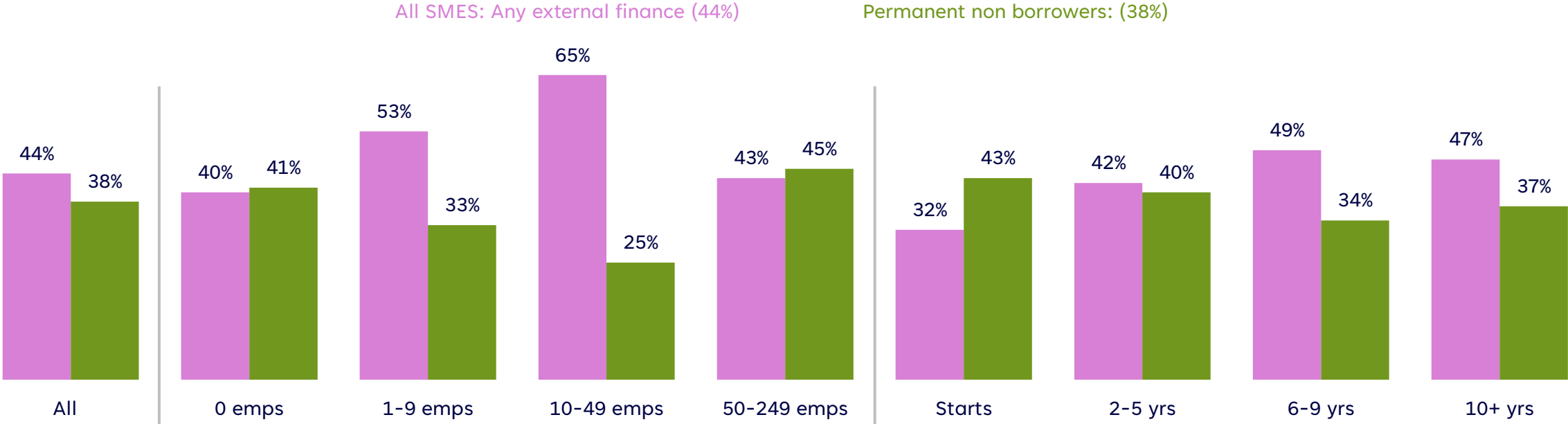
- The 'Permanent non-borrowers' are not using external finance and show no inclination to do so. Historically there have been more PNBs than users of finance, but with better information in 2023 about pandemic funding, the proportion of PNBs declined
- It recovered somewhat during 2024 and YEQ2 2025 38% met the definition, but SMEs overall remained less likely to be a PNB than to use external finance (44%)

- Those more likely to be using finance than to be a PNB include those with 10-49 employees (65% v 25%), or in Agriculture (53% v 29%)
- Those more likely to be a PNB included Starts (43% v 32%) and those in Health (58% v 29%) and FHNS (52% v 38%)

Q1415y/disgeg Base : All SMEs YEQ2 2025 17017

The balance between use of finance and PNBs switches as an SMEs gets older, and initially as it grows

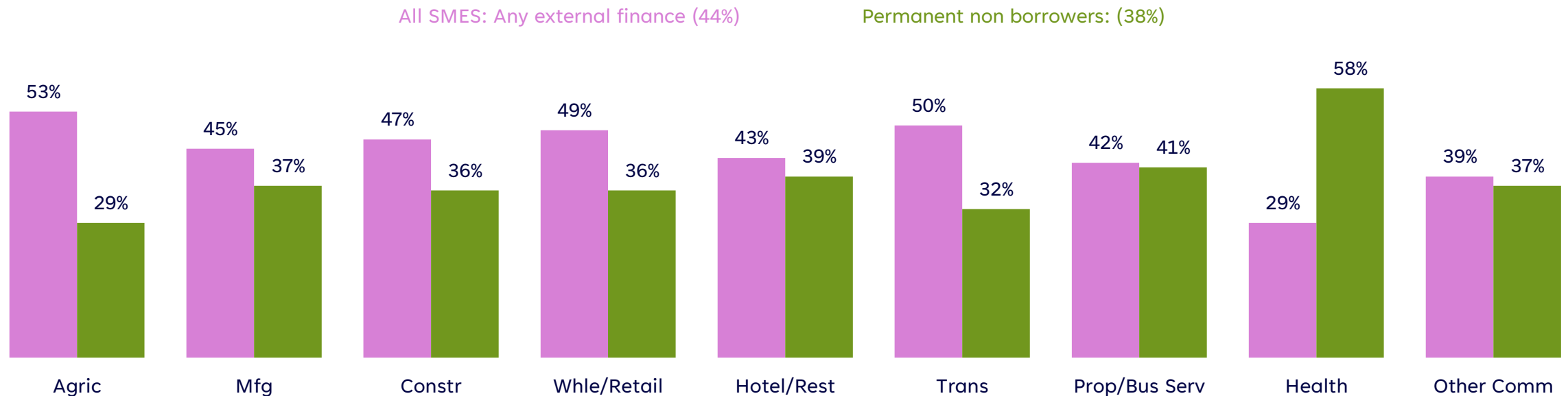
Size summary: % using external finance and % of PNBs: YEQ2 2025



Q15 / Q15za all SMEs YEQ2 2025

Most sectors are slightly more likely to be using finance than to be a PNB, with the notable exceptions of Agriculture (in favour of finance) and Health (in favour of PNBs)

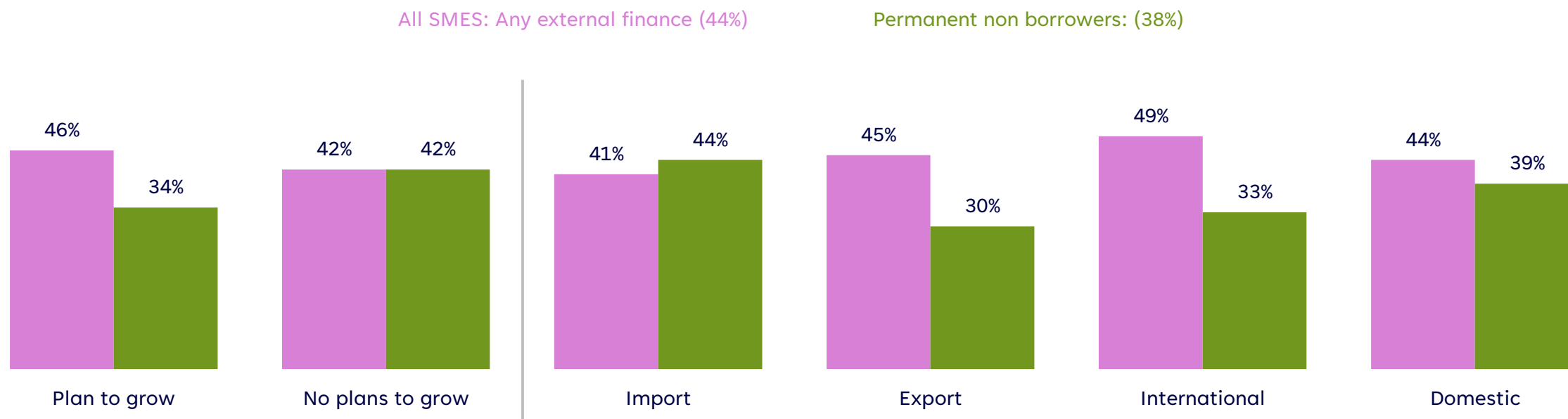
Sector summary: % using external finance and % of PNBs: YEQ2 2025



Q15 / Q15za all SMEs YEQ2 2025

Those with plans to grow were more likely to be using finance than to be a PNB as were SMEs with an element of exporting to their business

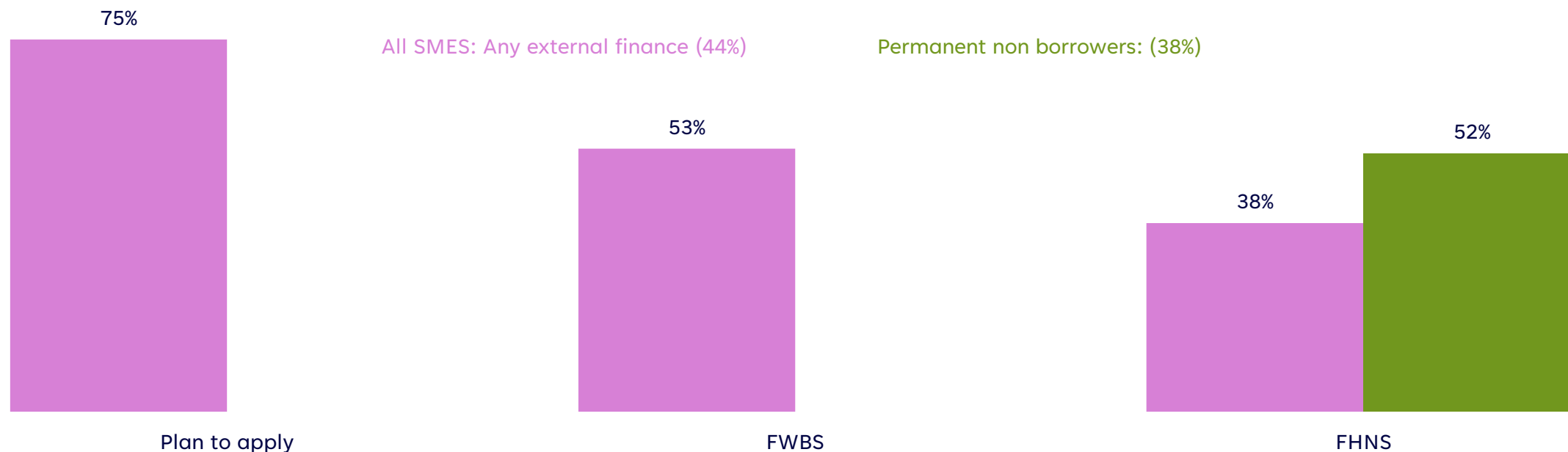
Growth and international summary: % using external finance and % of PNBs: YEQ2 2025



Q15 / Q15za all SMEs YEQ2 2025

Three quarters of those planning to apply for finance were already using some external finance, compared to just over a third of Future happy non-seekers

Finance and international trade: % using external finance and % of PNBs: YEQ2 2025



Q15 / Q15za all SMEs / all using finance YEQ2 2025

Personal finance: While few SMEs used a personal account for their business banking, a quarter of those using finance had a facility in a personal name – typically the 0 employee SMEs

Finance in personal name – YEQ2 2025

9% of SMEs used a personal account for their business banking, stable from 2023 but a steady decline from 16% in 2017.
0 employee SMEs make up 92% of this group

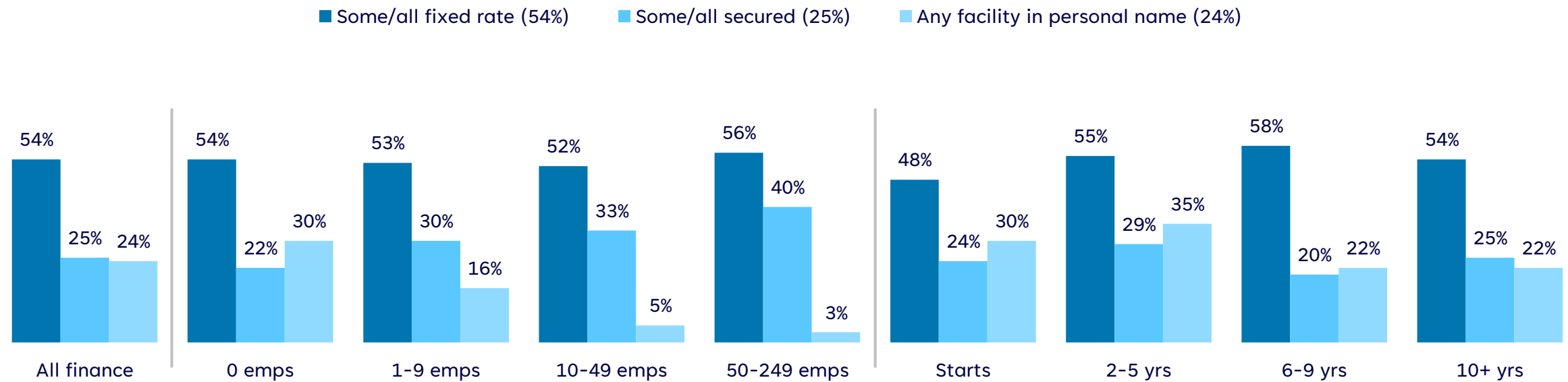
Those with a business bank account have typically been more likely to be using 'any' finance than those with a personal account and that is also the case YEQ2 2025 (45% v 38%)

21% of overdrafts, 13% of loans and 27% of other forms of finance were not solely in a business name – in each case around half were in a personal name and half were in both personal and business names

24% of SMEs using 'traditional' finance had a facility in a personal name (up from 16% in 2021). This was more likely to be the case for 0 employee SMEs and those in the Health sector (30% and 38% of those using finance)

Amongst finance users: Fixed rate lending did not vary much by size or age of SME. Larger SMEs were more likely to have secured facilities, smaller and younger SMEs were more likely to have facilities in a personal name

Details of finance used – those using finance YE Q2 2025



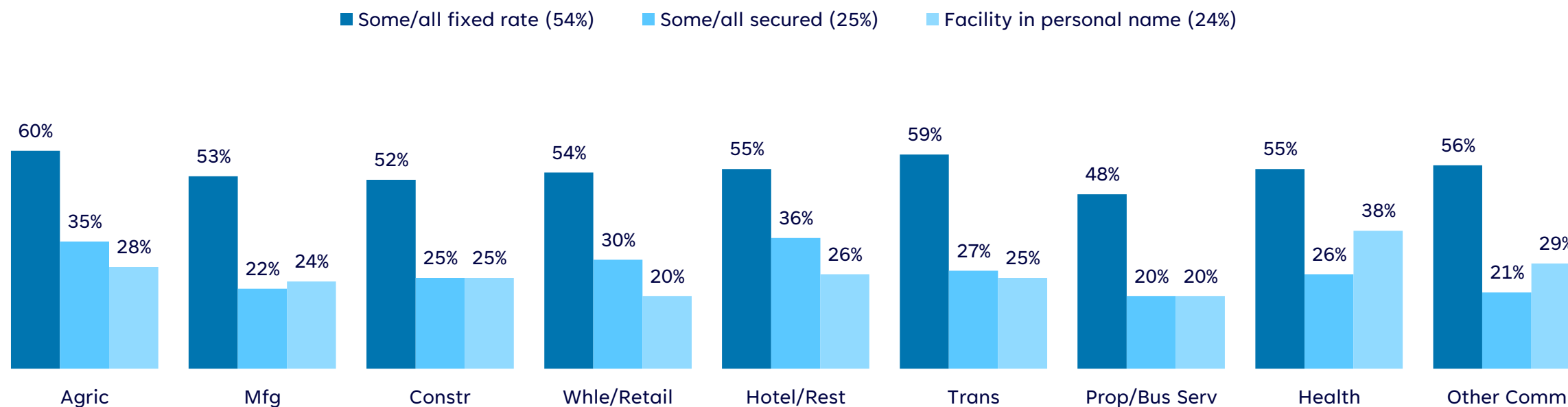
Amongst finance users:

- Fixed rate lending varied little by size (52-56%) or age of SME (54-58% with the slight exception of starts, 48%)
- Secured facilities were more common for larger SMEs using finance (40%), or those trading for 2-4 years (29%)
- Personal facilities were mainly found amongst those with 0 employees (30%) or those trading for up to 5 years (30% and 35%)

Q78c / Q15b all SMEs using finance excl DK YE Q2 2025 8758/8207 1425/3790/2835/708

Amongst finance users: Fixed rate lending was slightly more common for those in Agriculture (as was secured lending), while the Health sector was the most likely to have facilities in a personal name

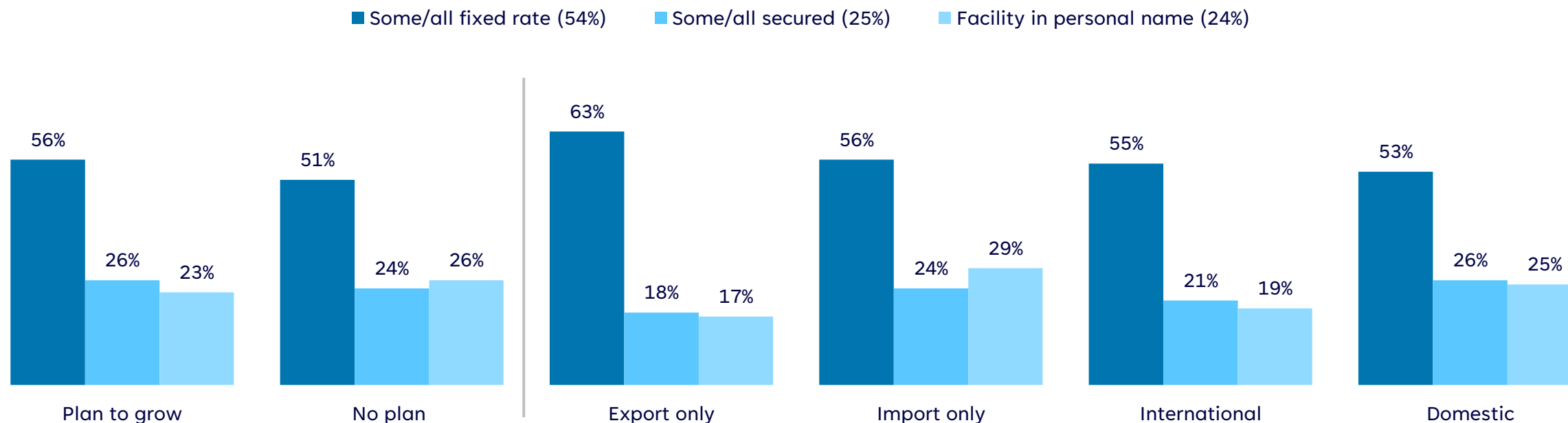
Sector summary: Details of finance used – those using finance YEQ2 2025



Q78c / Q15b all SMEs using finance excl DK YEQ2 2025 8758 / 7963

Amongst finance users: Export only SMEs were slightly more likely to have borrowing on a fixed rate and slightly less likely to have secured borrowing or facilities in a personal name. There was little difference by those with or without growth plans

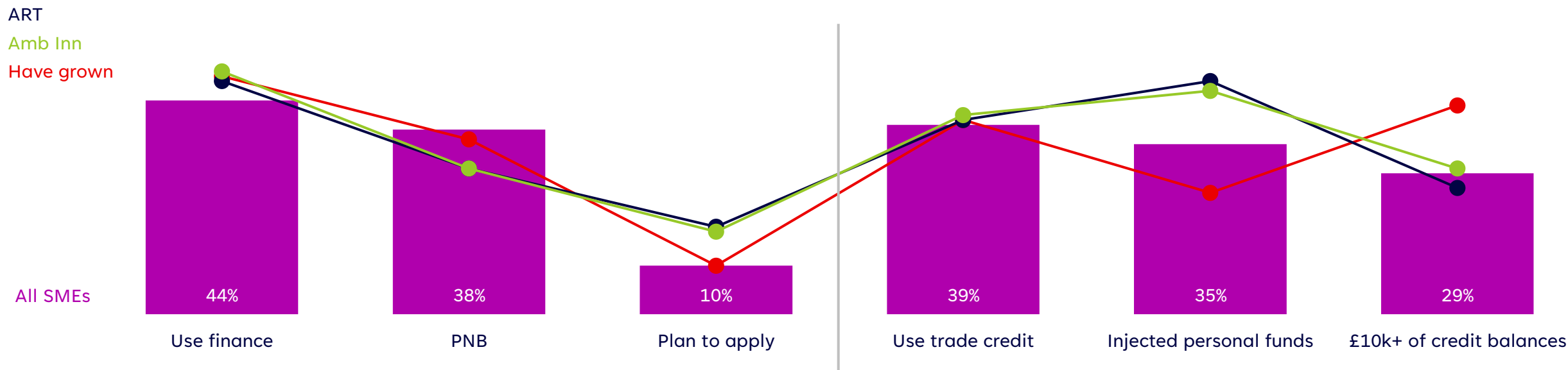
Age and growth summary: Details of finance used – those using finance YEQ2 2025



Q78c / Q15b all SMEs using finance YEQ2 2025 8758 / 7963 473/982/1029/6274

There are limited differences by 'growth group' in terms of use of finance . Those who have grown are less likely to be planning to apply, or to have injected personal funds than their ambitious peers

Growth summary: Use of finance and other funding YEQ2 2025



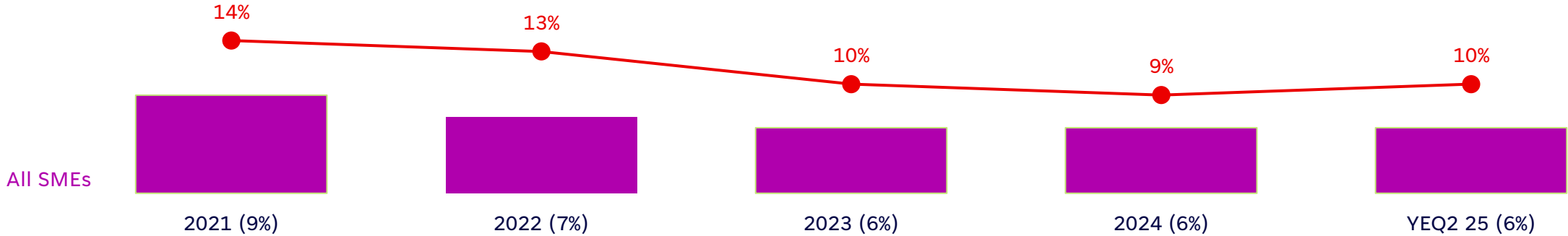
- Those that have grown are somewhat more likely to be a PNB and to hold £10k of credit balances.
- Ambitious Risk Takers and Ambitious Innovators are as likely to be using trade credit and/or external finance as those that have grown, but are more likely to be planning to apply for (more) and more likely to have seen an injection of personal funds

3c Repayment concerns

Repayment concerns: The proportion of SMEs concerned about repaying existing finance is stable, currently the equivalent of 6% of all SMEs

Time series: Any repayment concerns

Excluding PNBs

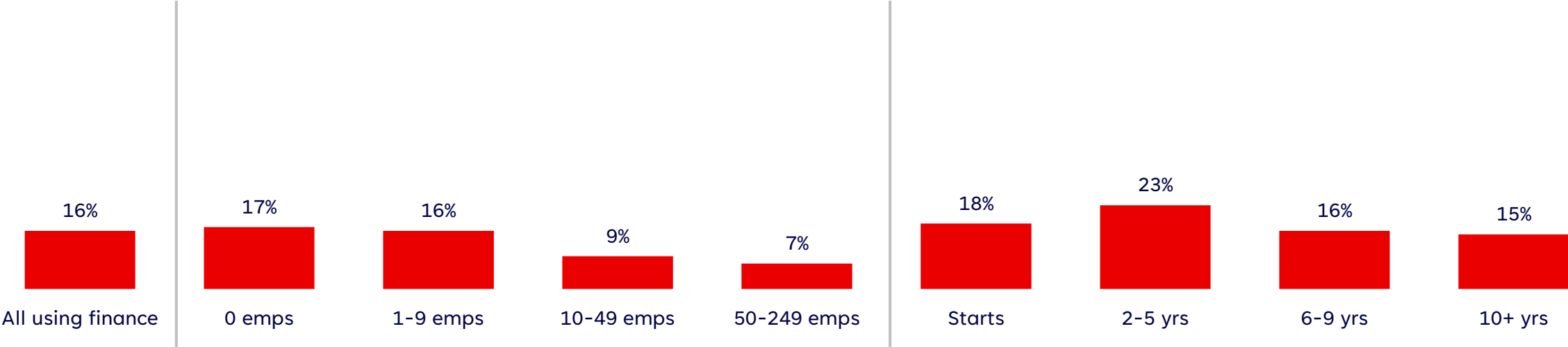


BB2bb rebased to all SMEs YEQ2 2025 17,017

Smaller and younger users of finance were more likely to be concerned about repaying

Concerned about repayment – those using finance YEQ2 2025

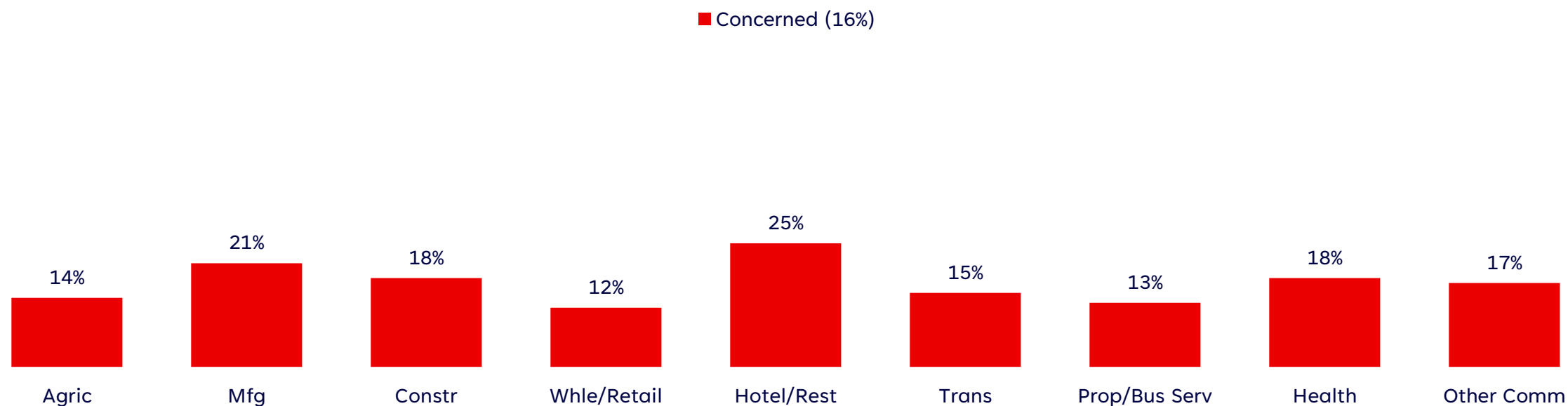
■ Concerned (16%)



QBB2BB all SMEs using finance YEQ2 2025 8758

By sector, 1 in 4 users of finance in Hospitality, and 1 in 5 in Manufacturing were concerned about repaying, compared to around 1 in 8 in Wholesale/Retail and Property/Business Services

Sector summary: Concerned about repayment – those using finance YEQ2 2025

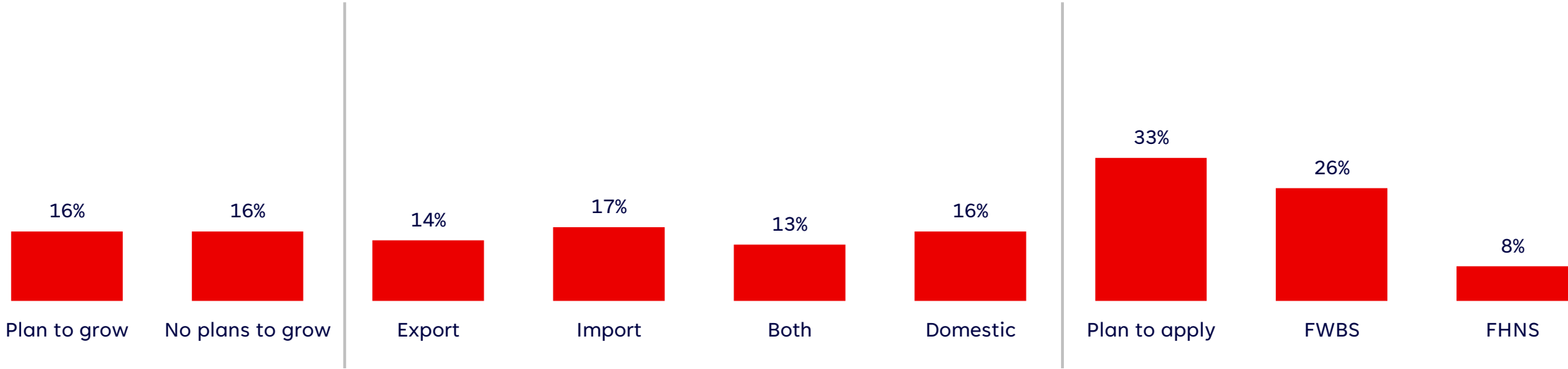


QBB2BB all SMEs using finance YEQ2 2025 8758

Those with plans to apply for more finance were twice as concerned about repaying existing funding as finance users overall

Finance and growth summary: Concerned about repayment – those using finance YEQ2 2025

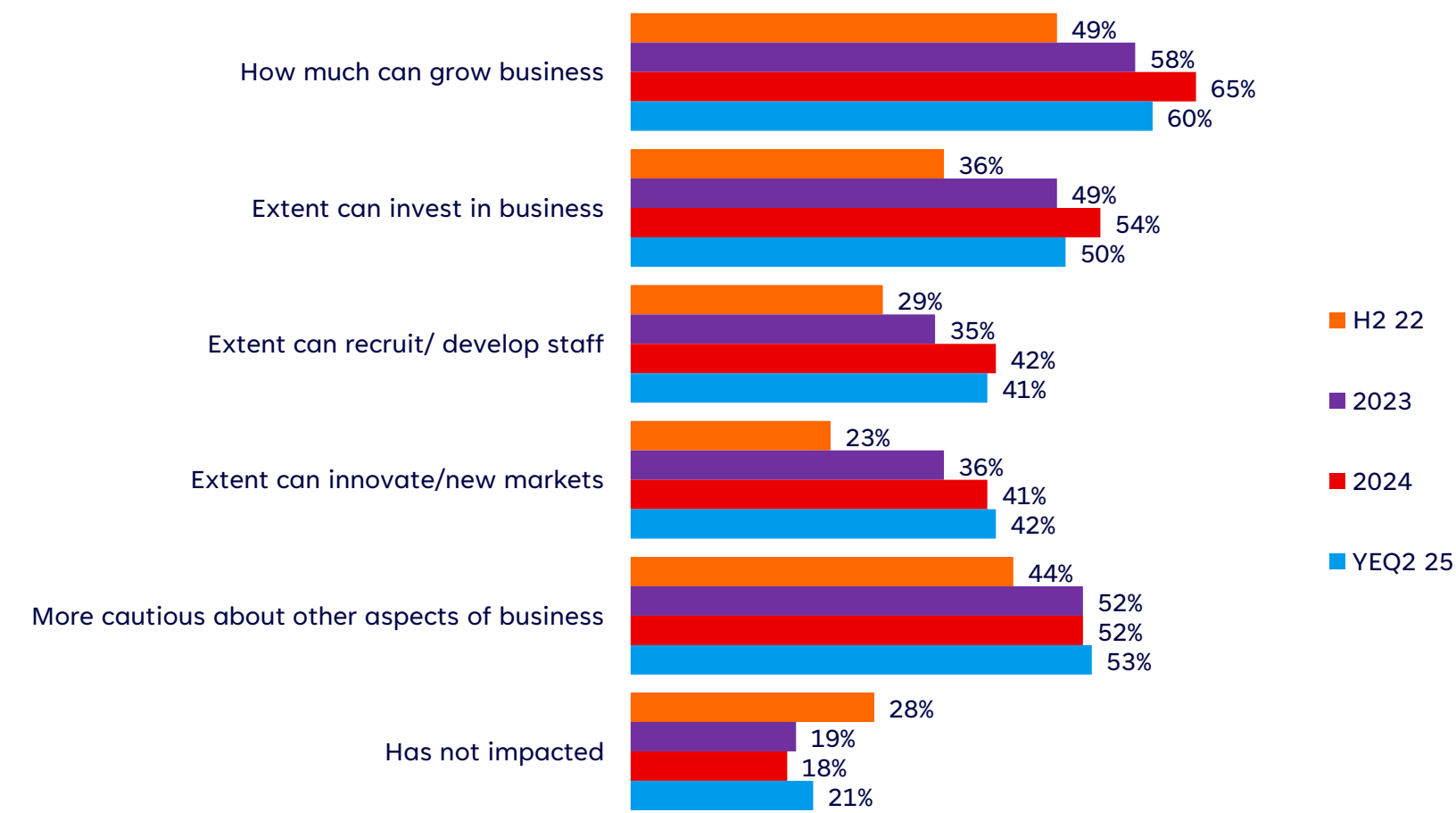
■ Concerned (16%)



QBB2BB All SMEs using finance YEQ2 2025 8758

SMEs with repayment concerns continue to report that it has impacted on the wider business, and specifically on growth and investment

Wider impact on business – all with repayment concerns



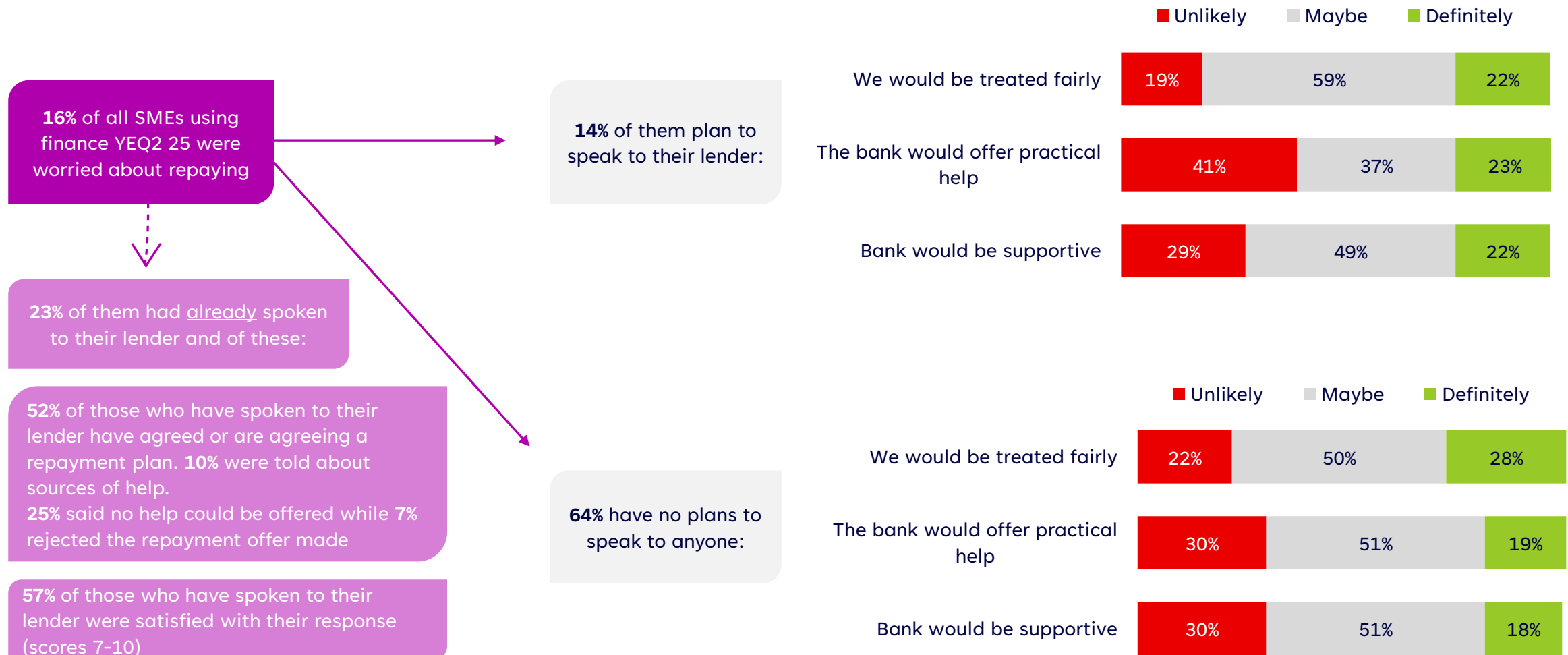
The top 2 concerns overall applied to both larger and smaller SMEs.

Amongst employers, 46% were cautious about the extent they could recruit/develop staff

38% of the largest were ‘not impacted’ compared to 16% with 1-9 emps and 13% with 10-49 emps (23% for 0 emps)

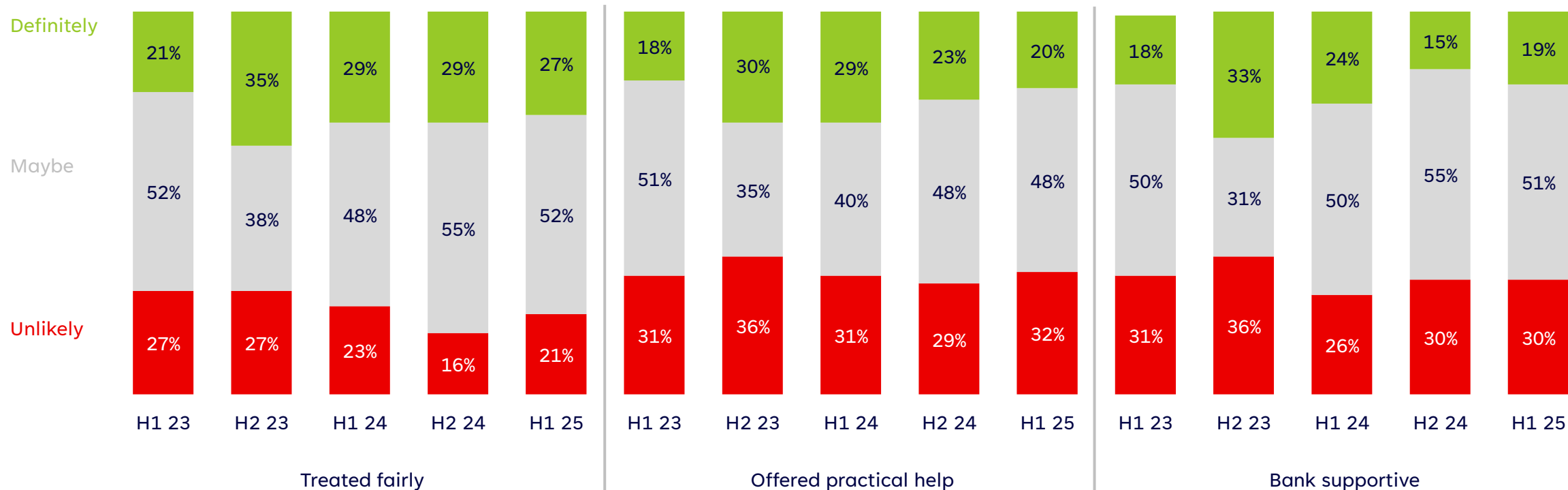
NEW Qbb6 all SMEs with repayment concerns YE Q2 2025 1111

1 in 3 SMEs with repayment concerns had either spoken, or had plans to speak, to their lender. There were limited differences in perceptions about how the lender would respond between those with /without plans to speak



In H1 25, there have been limited changes to expected lender response. A quarter think their lender would treat them fairly but 3 in 10 think it unlikely their lender would be supportive and/or offer practical help

Time series: Lender response to repayment concerns

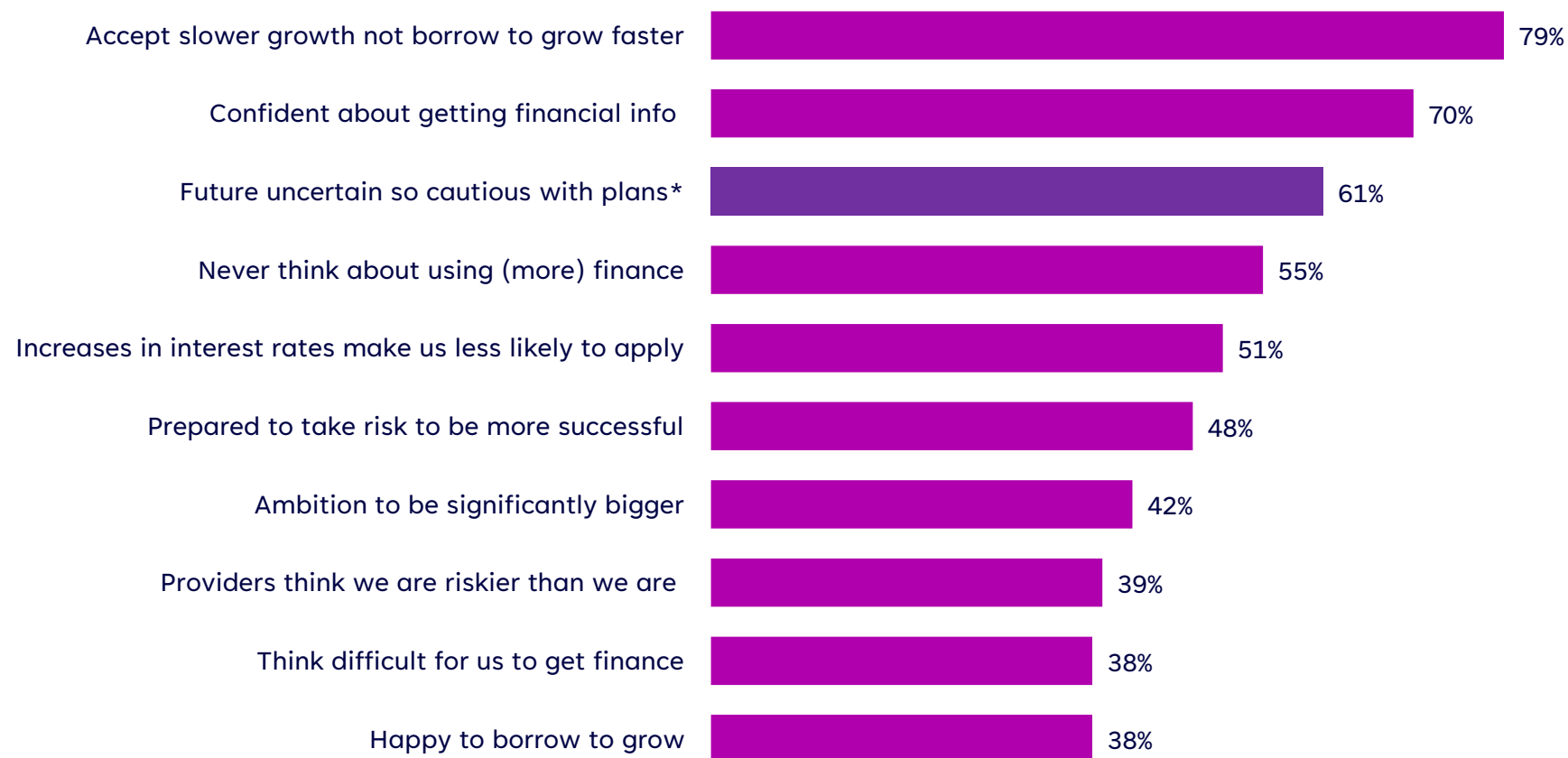


Qbb4a all SMEs with repayment concerns who have not yet spoken to lender 419/396/380/369/474

3d Attitudes to finance

SMEs remained likely to accept slower growth than borrow to grow faster as 6 in 10 said they were being cautious because of an uncertain future

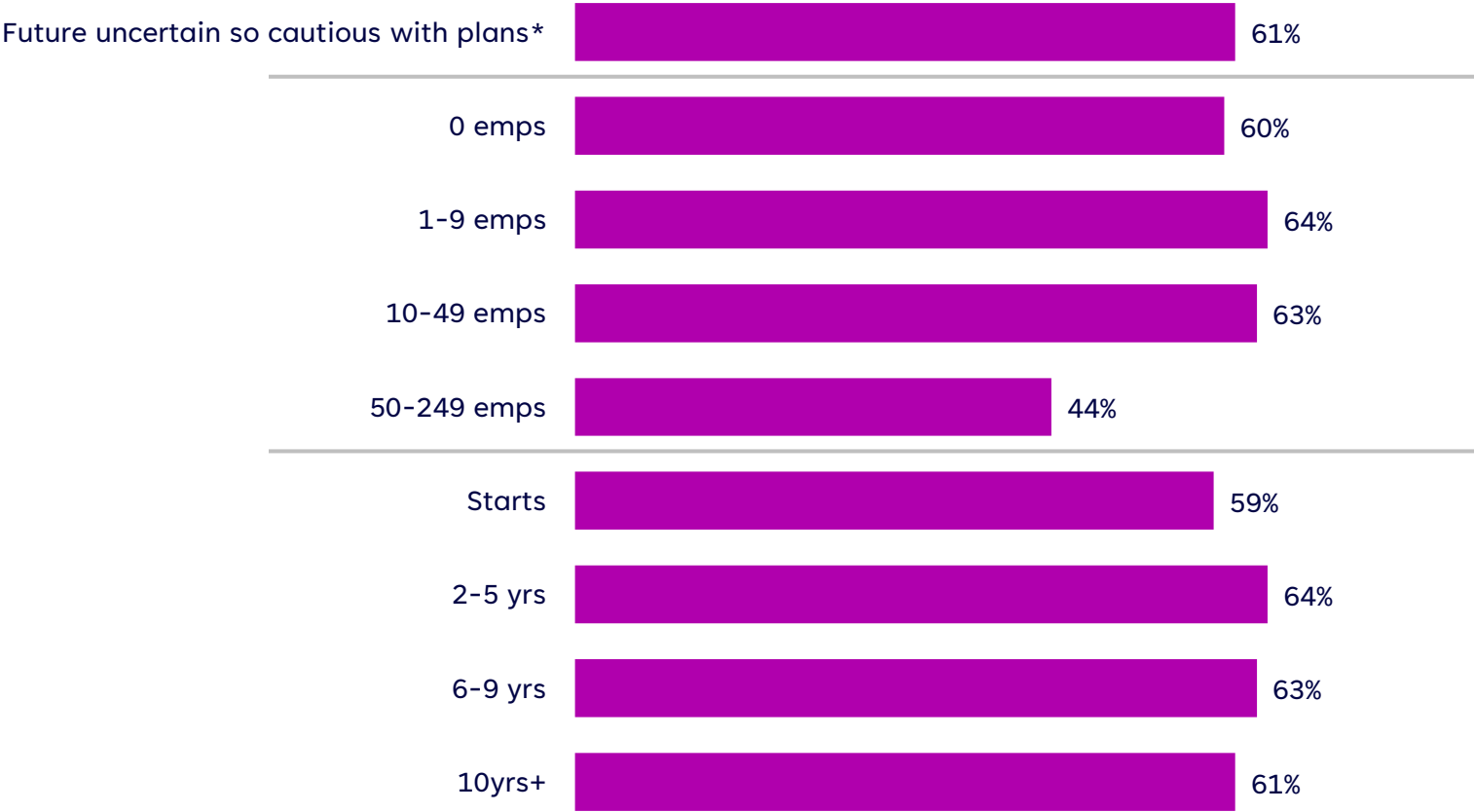
Attitudes to finance – all SMEs YEQ2 2025



Q96 all SMEs YEQ2 2025 17,017 *asked in H1 only

Larger SMEs were less likely to report feeling cautious, with limited differences by age of SME

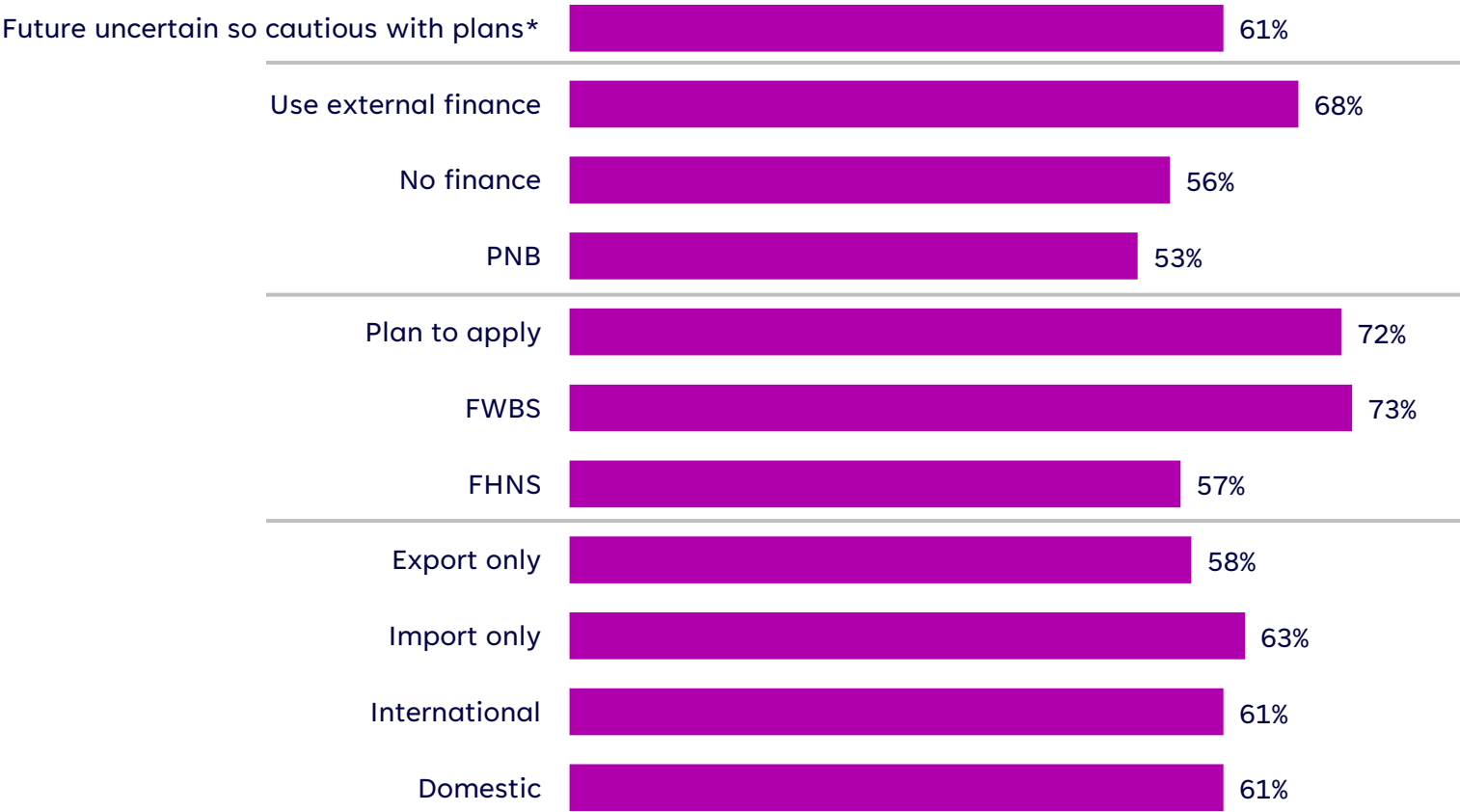
“Because the future feels uncertain, we are being very cautious with our investment and growth for the business” H1 2025



Q96 all SMEs H1 2025 17,017 *asked in H1 only

Those already using finance, or with a future appetite for it, were somewhat more likely to be feeling cautious

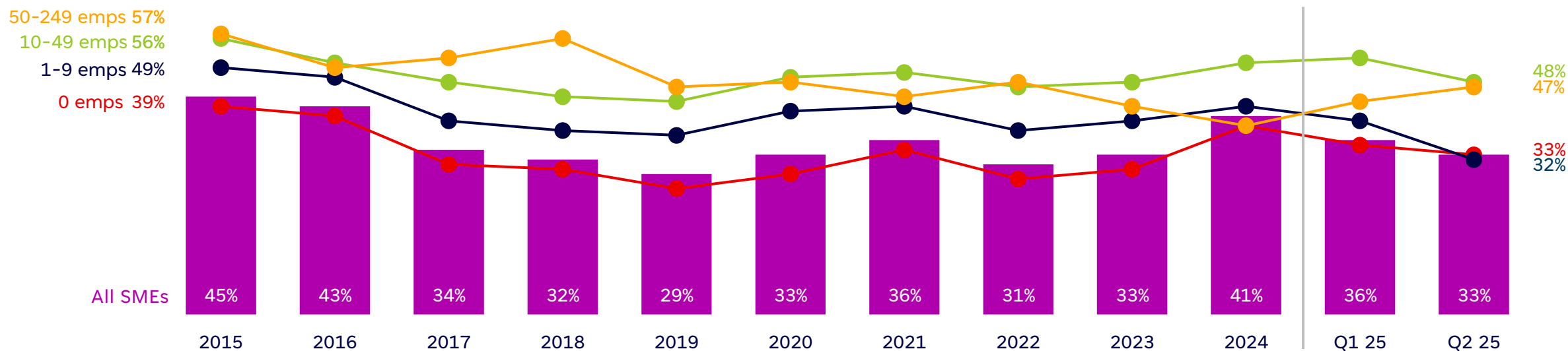
“Because the future feels uncertain, we are being very cautious with our investment and growth for the business” H1 2025



Q96 all SMEs H1 2025 17,017 *asked in H1 only

The proportion happy to borrow increased in the latter half of 2024, to 40% in Q4 but by Q2 2025 was back to 33% as smaller SMEs became less likely to agree

Annual time series: Happy to borrow to grow

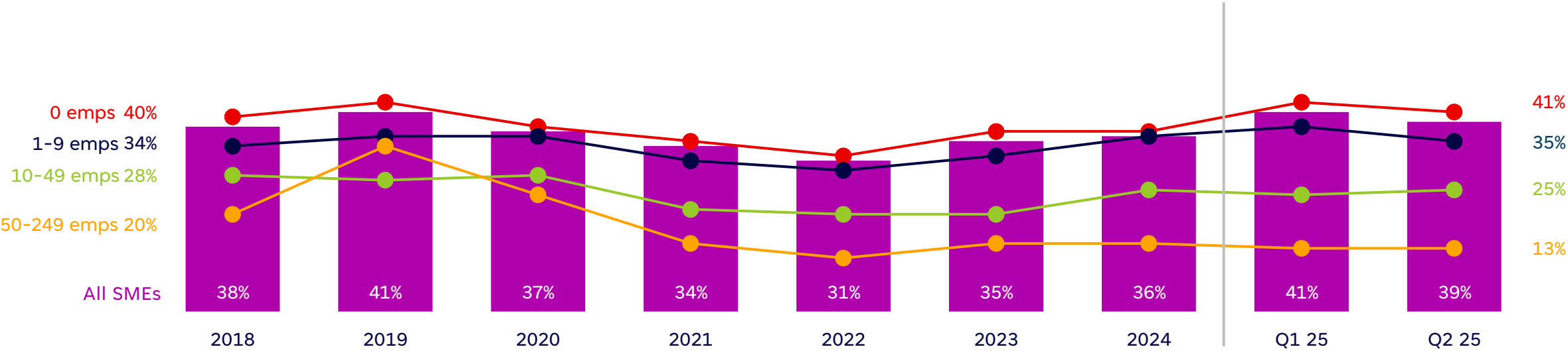


- The proportion of SMEs happy to borrow to grow has fluctuated since the pandemic. In 2024 as a whole, 38% were happy to borrow to grow and whilst this was unchanged for YEQ2 2025, for Q2 2025 itself it had dropped back to 33%, as smaller SMEs became less likely to agree .
- YEQ2 2025, those more likely to be happy to borrow to grow included those in Agriculture (45%), Starts (54%), EMBs (59%), ARTs (63%) those planning to grow (49%) and those with future appetite for finance (56% if planning to apply and 54% for FWBS)

Q96 Base All SMEs Q2 2025 4260

The proportion who think it could be difficult for them to get finance is somewhat higher in 2025, led by the smaller SMEs

Annual time series: Impression it is difficult for a business like ours to get finance

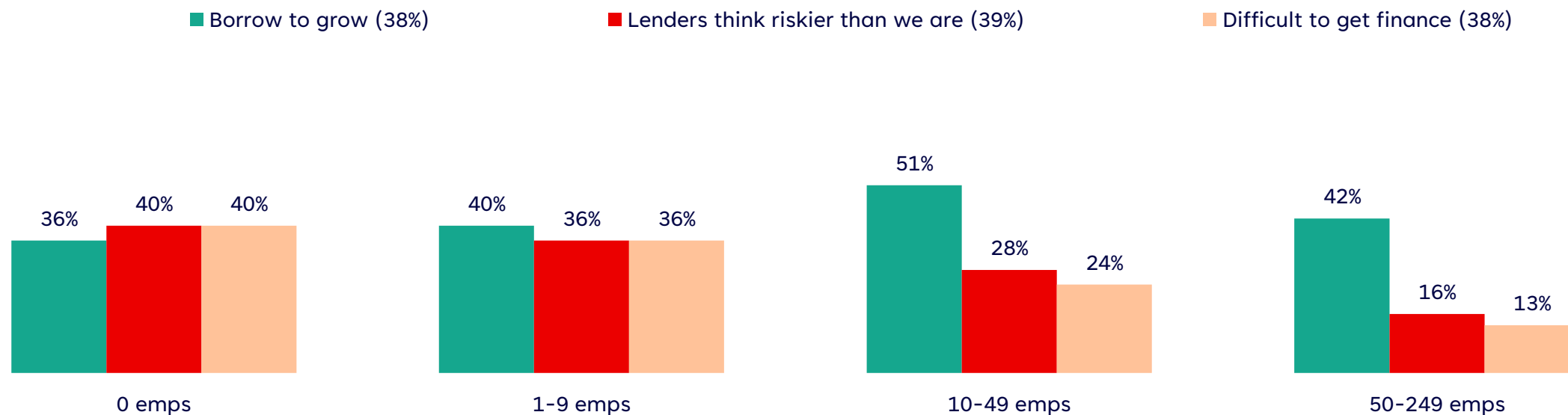


- In 2024 as a whole, 36% of SMEs felt it would be difficult for a business like theirs to get finance, increasing to 39% for YE Q2 2025
- YE Q2 2025 this was more likely to be the case for those in Hospitality (47%), Starts (48%), ARTs (50%) and those with future appetite for finance (57% if planning to apply and 53% for FWBS)

Q96 Base All SMEs Q2 2024 4260

As SMEs get larger they become slightly more likely to be happy to borrow to grow and much less likely to see barriers to that lending

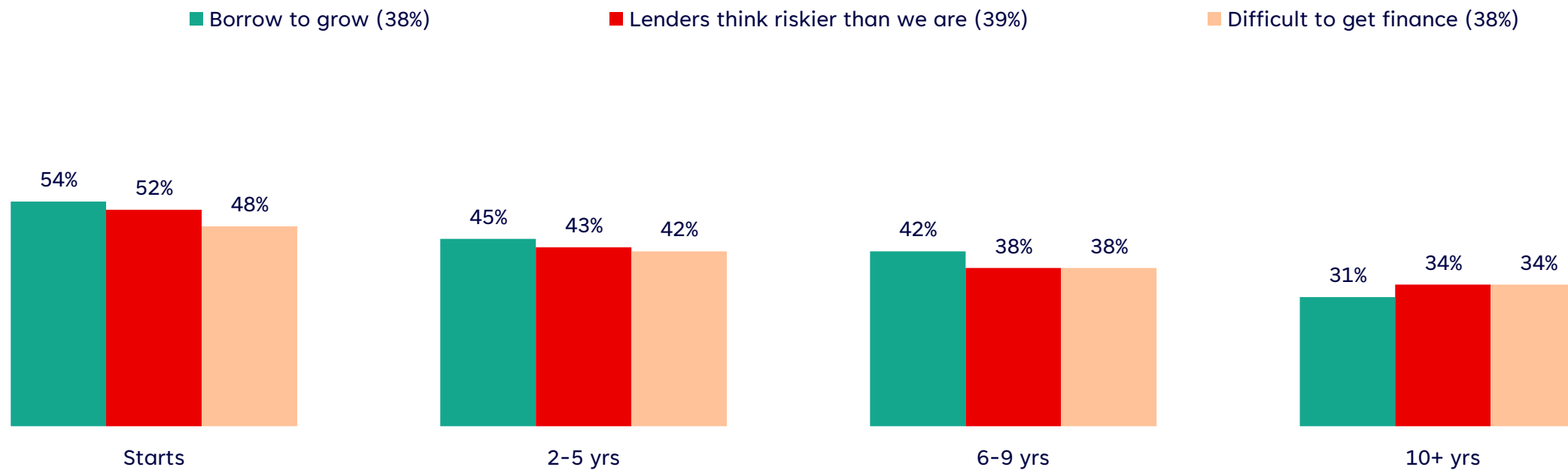
Size summary YEQ2 2025: Key attitudes to finance



- Those more likely to be happy to borrow to grow included those in Agriculture (45%), Starts (54%), EMBs (59%), ARTs (63%) those planning to grow (49%) and those with future appetite for finance (56% if planning to apply and 54% for FWBS)
- Those more likely to think lenders see them as riskier included Starts (48%), ARTs (52%), and those with future appetite for finance (58% if planning to apply and 54% for FWBS)
- Those more likely to think it would be difficult for them to get finance included those in Hospitality (47%), Starts (48%), ARTs (50%) and those with future appetite for finance (57% if planning to apply and 53% for FWBS)

Younger SMEs are more likely to be happy to borrow to grow than their older peers but also more likely to see issues getting that finance

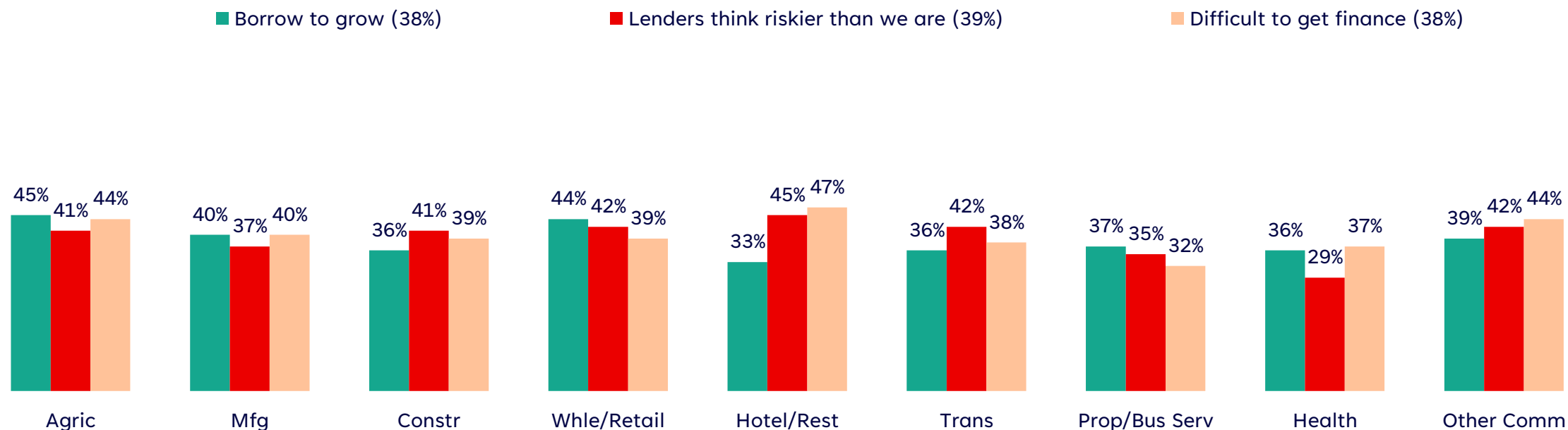
Age summary YEQ2 2025: Key attitudes to finance



Q96 Base : All SMEs YEQ2 2025 358/1381/1754/13524

There was no clear pattern by sector. Those in Wholesale/Retail and Property/Business Services were slightly more likely to be happy to borrow to grow than they were to see barriers to accessing finance

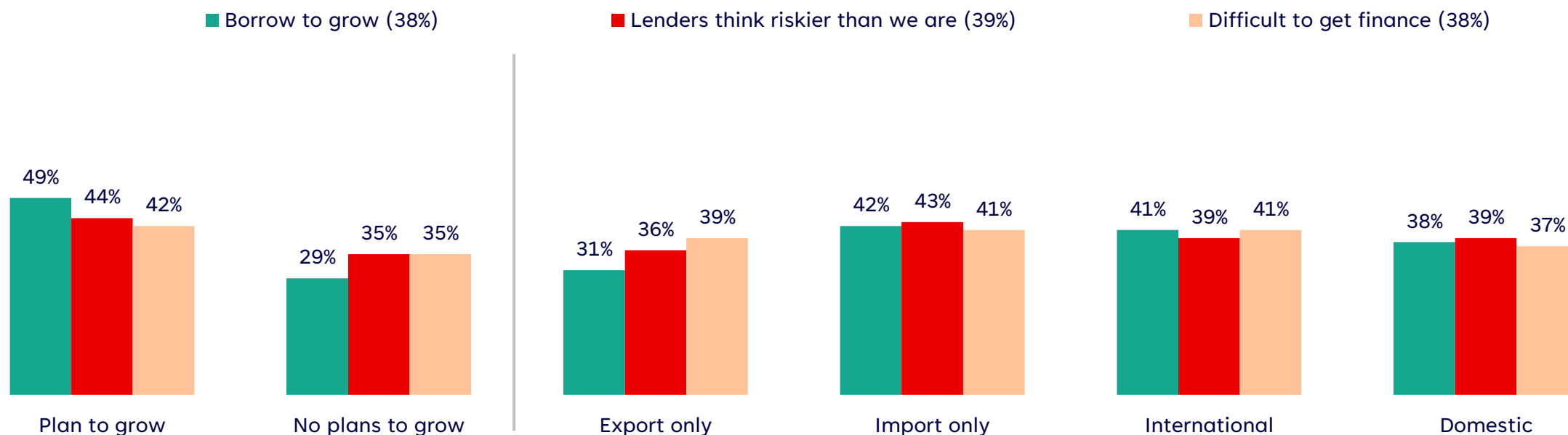
Sector summary YEQ2 2025: Key attitudes to finance



Q96 Base : All SMEs YEQ2 2025 807/2265/2610/2480/930/1425/3821/979/1700

Those with plans to grow were more likely to have happy to borrow to grow than to see barriers to applying, in contrast to those with no plans and also Export-only SMEs

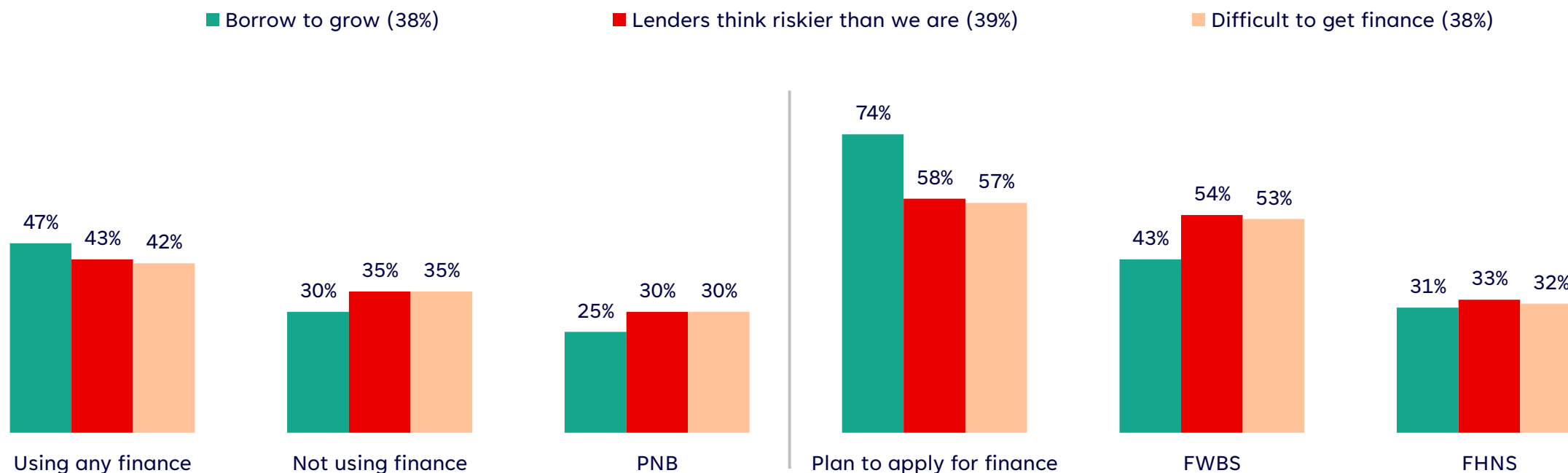
Growth and international summary YEQ2 2025: Key attitudes to finance



Q96 Base : All SMEs YEQ2 2025 8398/8619 946/1839/1853/12379

Those using or planning to apply for finance were more likely to happy to borrow to grow but also more concerned that it might be difficult to get finance.

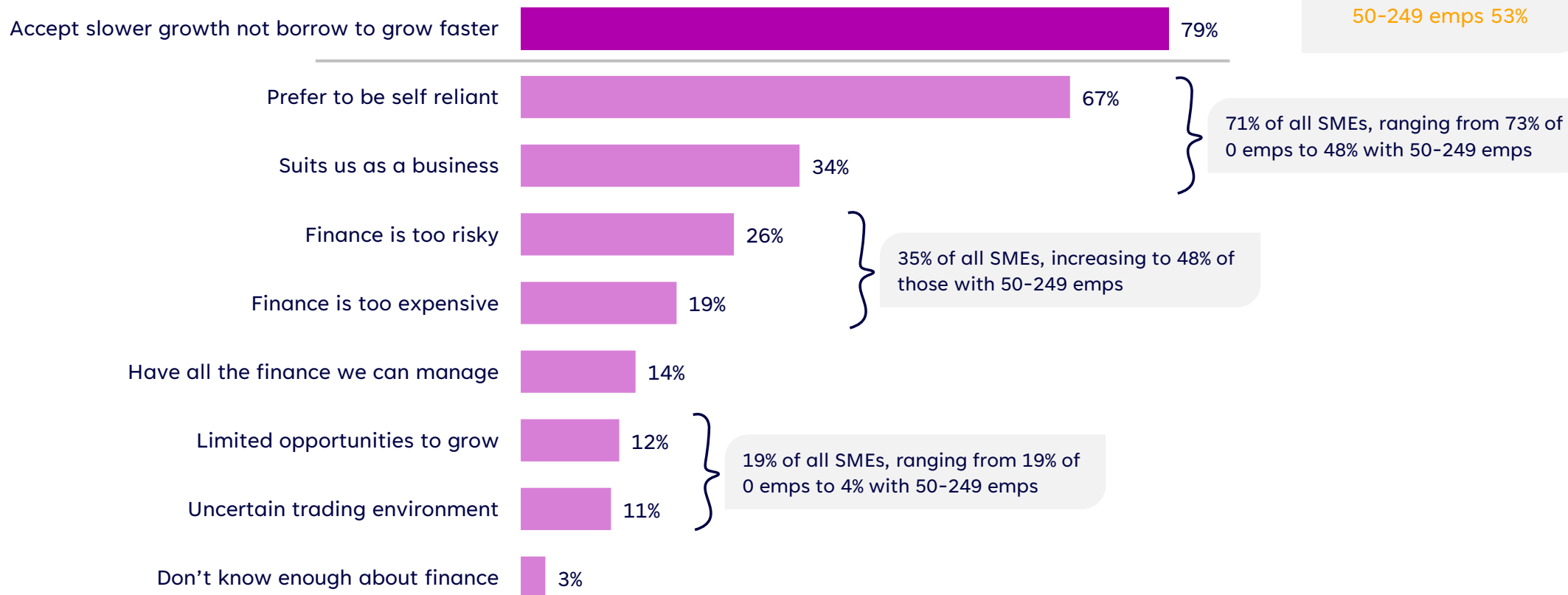
Finance and growth summary YEQ2 2025: Key attitudes to finance



Q96 Base : All SMEs YEQ2 2025 9196/7821/5491 1951/1990/13076

Those happy to accept slower growth rather than borrow cite self-reliance as a key reason (65%), but 1 in 3 feel finance is either too risky or too expensive

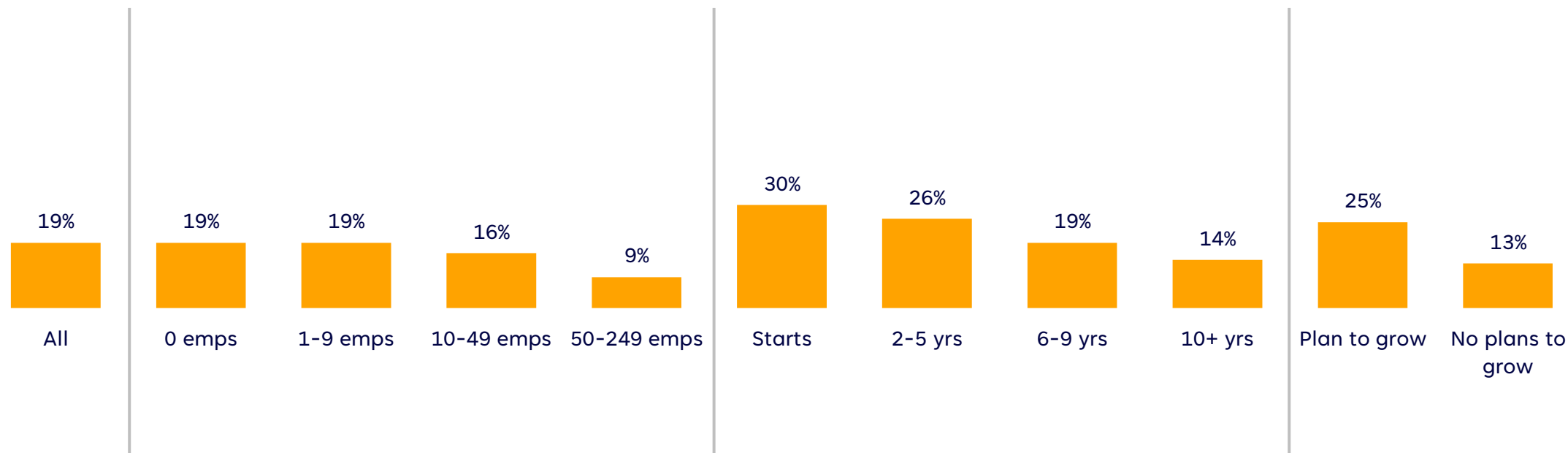
Reasons for accepting slower growth YEQ2 2025 (strongly agree)



Q96d all SMEs YEQ2 2025 17,017 / 3099 who strongly agree with statement ex DK

1 in 5 SMEs is happy to borrow to grow, but also thinks it could be difficult for them to get finance, a sentiment more common amongst smaller and younger SMEs and those planning to grow

Happy to use finance but think it could be difficult to get: by key demographics YEQ2 2025



A stable 19% of SMEs agreed both that they were happy to borrow to grow but also that they thought it could be difficult for them to get finance, with smaller, younger SMEs and those planning to grow or apply for finance more likely to agree

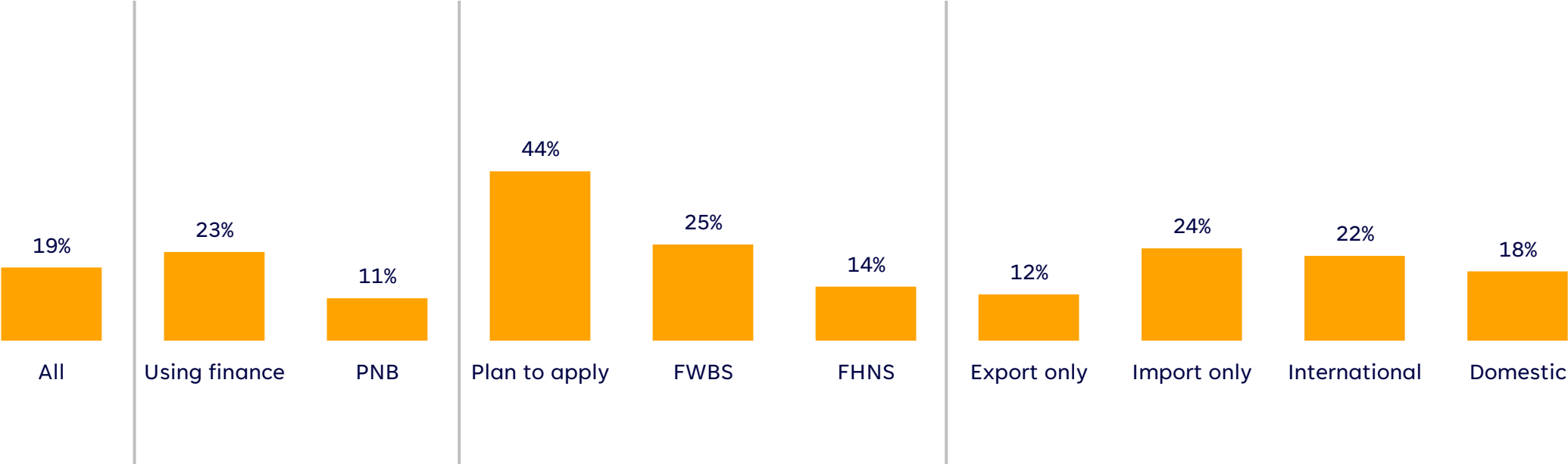
Differences by sector were more muted:

- 26% for those in Agriculture v 15% in Property/Business Services, 16% in Health and Transport, 19-23% elsewhere

Q96 all SMEs 17,017

Those with any use or, or appetite for, finance were more likely to be in this group, as were those with an element of importing to their business

Happy to use finance but think it could be difficult to get: by key demographics YEQ2 2025



A stable 19% of SMEs agreed both that they were happy to borrow to grow but also that they thought it could be difficult for them to get finance, with smaller, younger SMEs and those planning to grow or apply for finance more likely to agree

Differences by sector were more muted:

- 26% for those in Agriculture v 15% in Property/Business Services, 16% in Health and Transport, 19-23% elsewhere

1 SME sentiment and context

2 Growth and innovation

3 Use of external finance

4 Appetite for finance



“

Overall need for finance remains limited. Most of those who went on to apply considered/contacted one lender, increasing with the size of SME, but the proportion moving from need to application remains lower than previously seen.

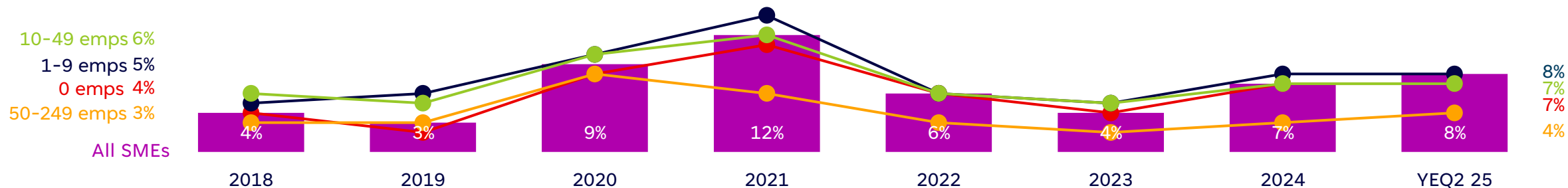
Success rates are stable but lower than typically seen, with half being successful. Clear differences in success rates by size of SME remain, as almost 1 in 10, typically smaller, SMEs refused the finance offered to them. Future would-be seekers remain put off by uncertainty in the economic climate, while most of those planning to apply are already using finance (including repaying pandemic funding), which may impact their ability to secure more funding.

”

4a The application process

Need for funding: There was a very slight increase in need for funding to YEQ2 2025, driven by a small change among 50-249 SMEs

Had a need for external funding (whether applied or not) – over time



From a low base in 2019, the need for finance increased markedly during 2020 and again in 2021 to 12% of SMEs. However, this has not been maintained since (8% for YEQ2 2025).

- YEQ2 2025, there was little variation in need by size of SME, excluding the largest (4%). Need was somewhat higher for Transport (11%), Wholesale/Retail and the Other Community sector (both 10%), as well as Starts (14%), as well as Export only SMEs (13%), and Ambitious Risk Takers (15%)
- 13% of those using finance reported a need compared to 3% not using finance, and need was also higher both for those with a borrowing event in the previous year (31%) and those planning to apply (24%), as well as past and future Would-be seekers (30% and 17%)

Q25 Base All SMEs All SMEs YEQ2 2025 17017

Funding was more likely to have been allocated for business development than for cash flow. 1 in 3 considered applying to their main bank, and a quarter applied to them for funding, similar to 2023-24, but lower than in previous years

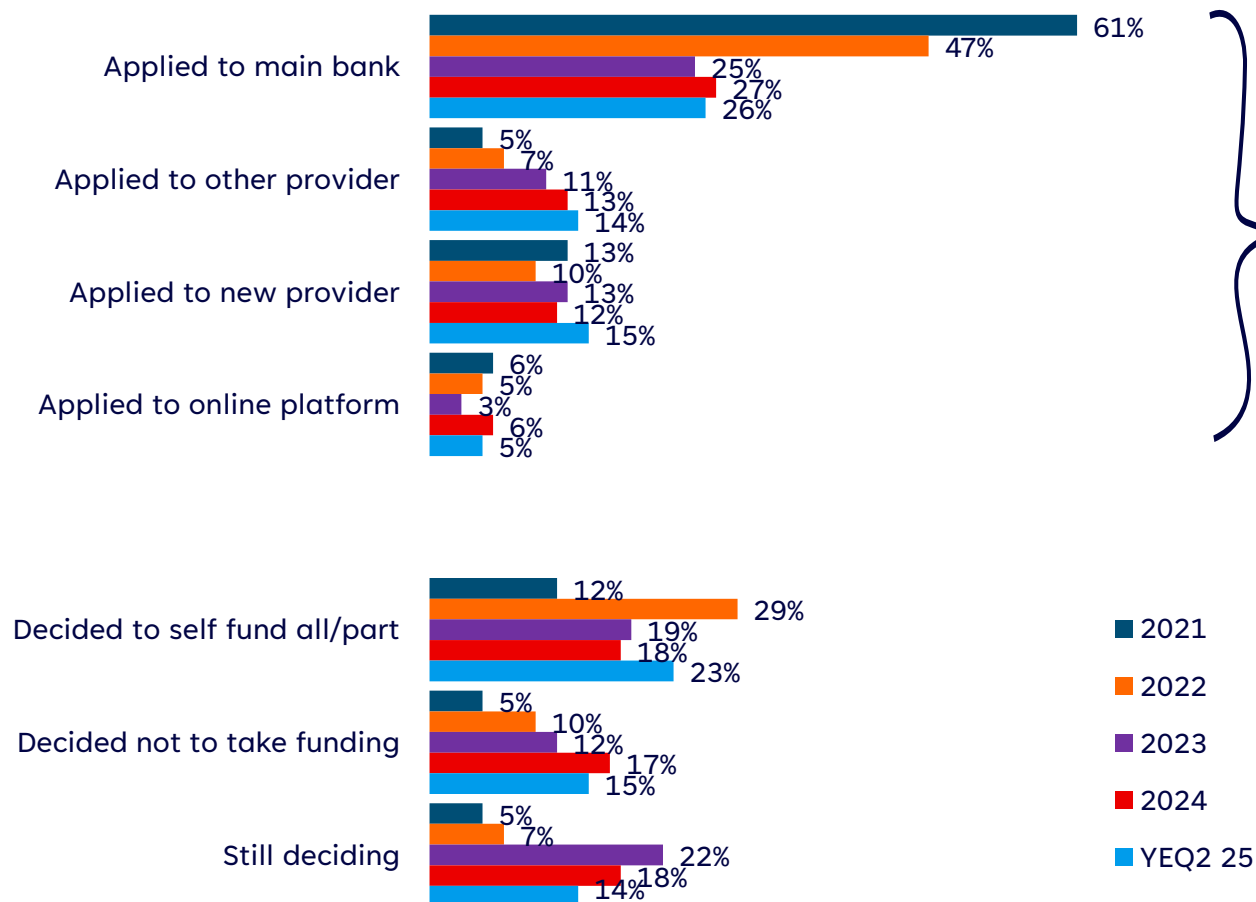
Behaviour in the 12 months prior to interview

Reported a funding need	2019: 3%	Q2-4 20: 10%	2021: 12%	2022: 6%	2023: 4%	2024: 7%	YE Q2 25: 8%
To fund Cash flow	49%	81%*	81%*	69%*	43%*	40%*	43%
To fund Bus Devlpt	58%	24%	24%	37%	56%	57%	58%
Spoke to bank/advisor	43%	55%	48%	43%	29%	34%* *	32%
Spoke to main bank	18%	38%	27%	23%	10%	19%	17%
Considered applying	63%	81%	80%	58%	56%	57%	55%
To main bank	37%	67%	64%	47%	30%	34%	32%
Applied	57%	80%	80%	61%	50%	51%	50%
To main bank	29%	65%	61%	47%	25%	27%	26%
Self-funded element	29%	12%	12%	29%	19%	18%	23%

Base varies, those who took no action excluded after each stage * from Q2 2020 this includes "Coping with impact of Covid 19" changed to "through trading difficulties" from Q1 2023. **From Q1 includes "Spoke to a finance broker"

Amongst those who had made a decision, a steady 6 in 10 had applied, but the main bank continues to take a lower share than previously

Applications made as a result of a need for finance



Any application:

- 80% 2021
- 61% 2022
- 50% 2023
- 51% 2024
- 50% YEQ2 25

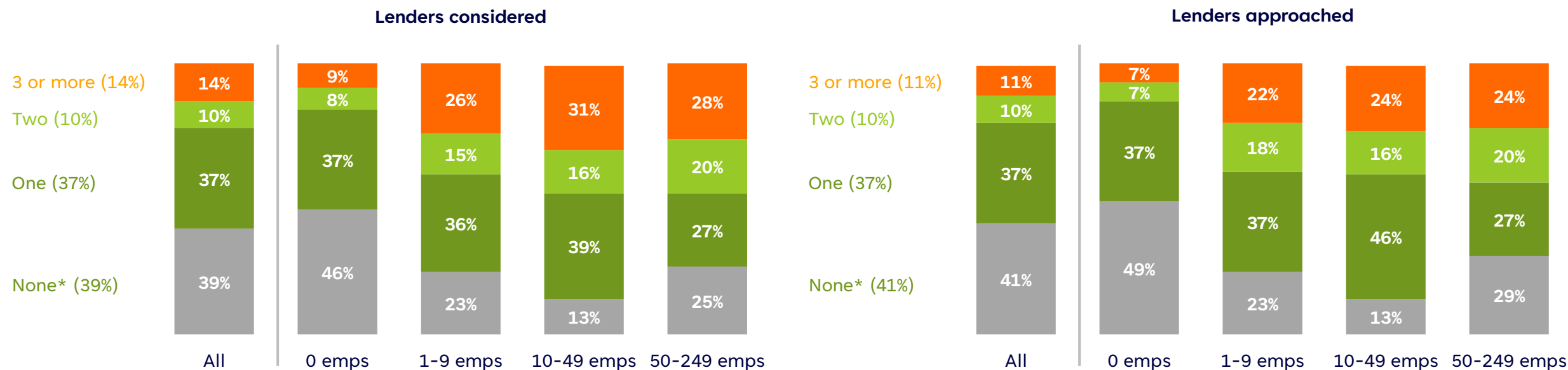
Excluding the undecided YEQ2 2025 showed:

- 59% applied somewhere (v 61% in 2022 and 2024)
- 31% applied to main bank (v 47% in 2022, 33% in 2024)
- 16% applied to existing provider (v 7% in 2022, 16% in 2024)
- 17% applied to a new provider (v 10% in 2022 and 15% in 2024)

Q31 All respondents with a need for finance who had taken action 1804/904/665/988/1061

Lenders : Applicants considered an average of 2 lenders, increasing for those with employees, and typically contacted 1-2

Number of providers considered and approached by those with a need for funding YEQ2 2025



Most of the 39%/41% who did not consider/approach a lender went on to say that they had decided not to make an application. Once those are excluded:

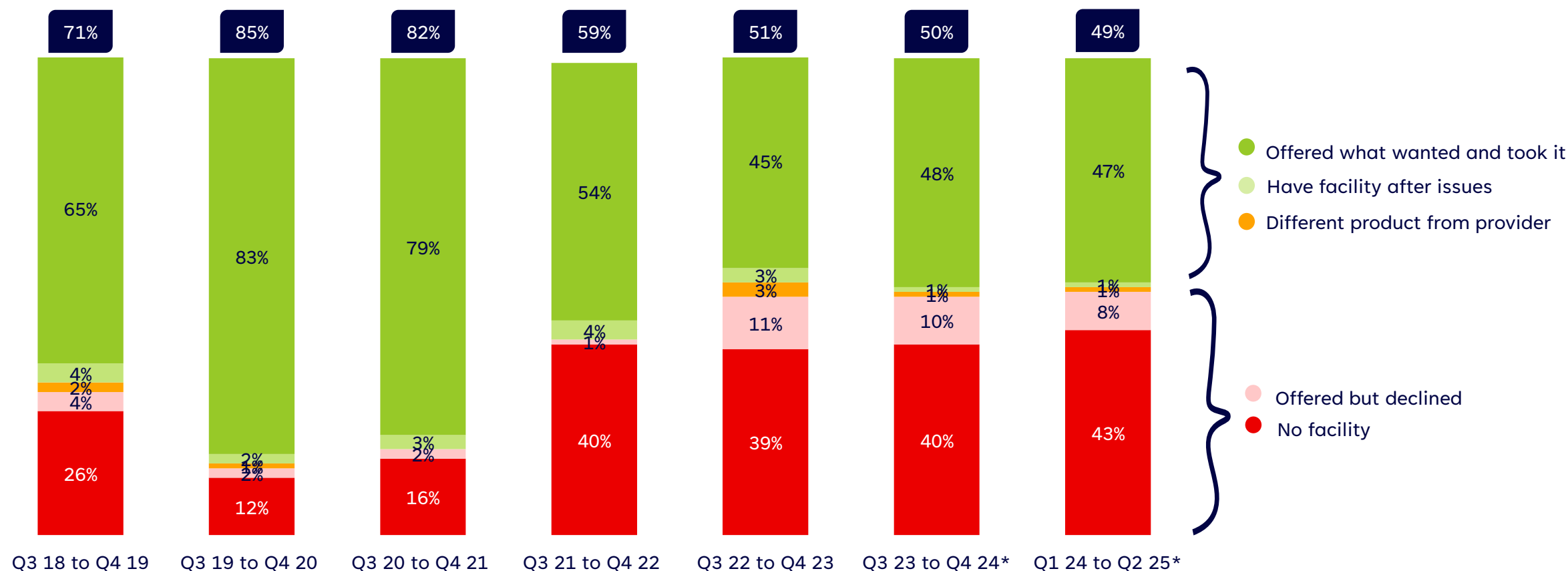
- 61% who considered anyone considered 1 lender (decreasing by size from 69% of 0 emps to 36% of those with 50-249 emps)
- 64% only contacted one lender (decreasing by size from 73% of 0 emps to 38% of those with 50-249 emps)
- Around 20% considered or contacted 3 or more lenders, and this was more likely to be the case for those with employees than without, with little size difference otherwise

Q30x Base : All SMEs who took action on a need for funding excl DK YEQ2 2025 999 *the majority of those saying none did not make an application

4b Application success rates

Application success rates: Post the era of Government backed schemes, success rates for the more recent 18-month periods are notably lower, with 4 in 10 declined and almost 1 in 10 refusing the offer of finance made to them

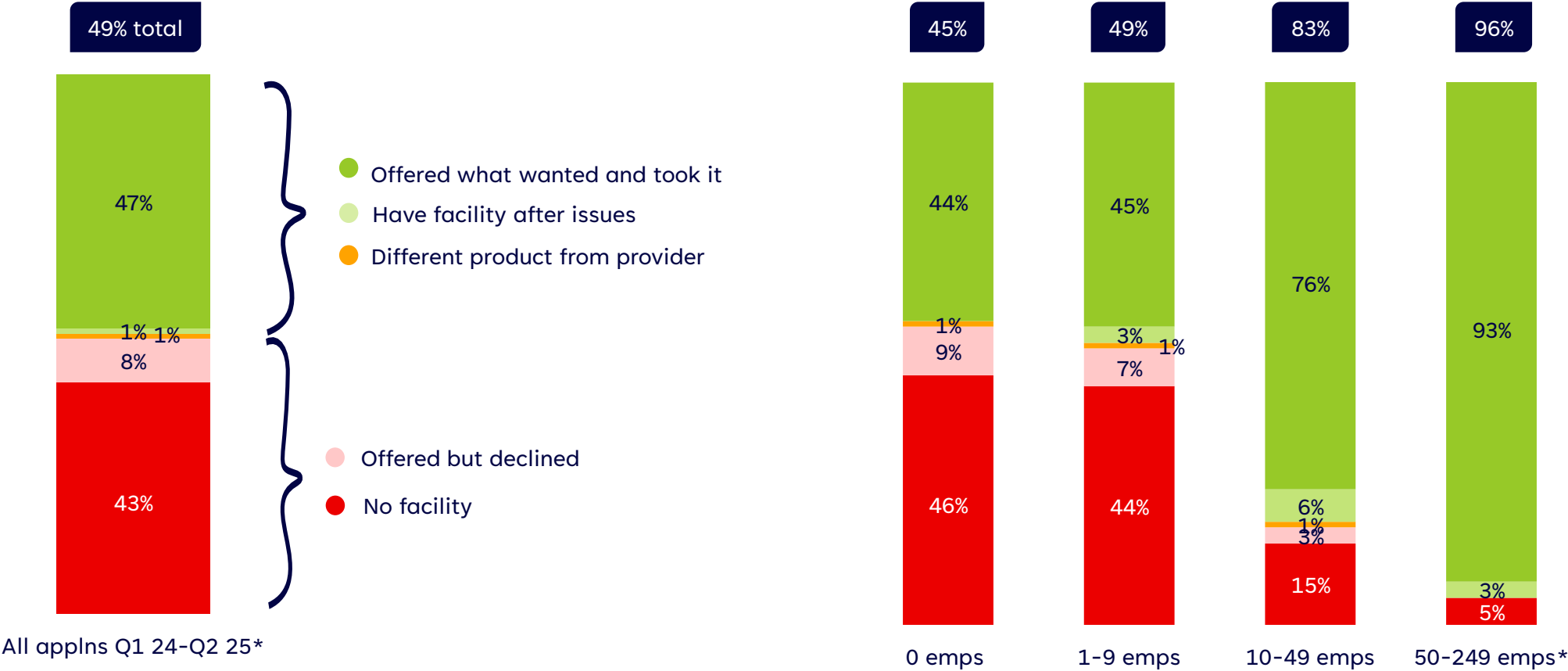
Global success rate: all applications reported from Q3 2018 to Q4 2024, occurring in the periods shown



Q39/57 Base : All Type 1a/b applications with a response 1552/3698/2245/1358/1056/1335/1137

Success rates improved by the size of the applicant. The smaller SMEs remained more likely to refuse an offer of finance made

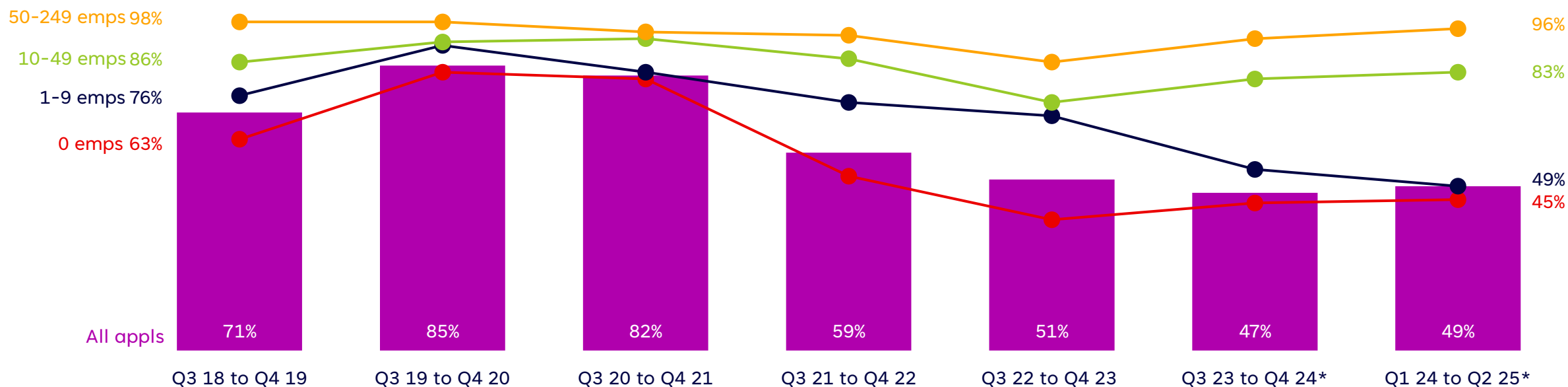
Success rate by size: all applications Q1 24 to Q2 25 with a response



Q39/57 Base : All Type 1a/b applications with a response 1137 122/577/357/81 CARE SMALL BASE

The divergence between success rates for smaller and larger SMEs continues. Those with 1-9 employees have seen a marked decline recently, while those with 0 employees have seen a slight improvement to narrow the gap between the two groups

Annual time series: Success rate - all applications (interim data for last 2 time periods shown)

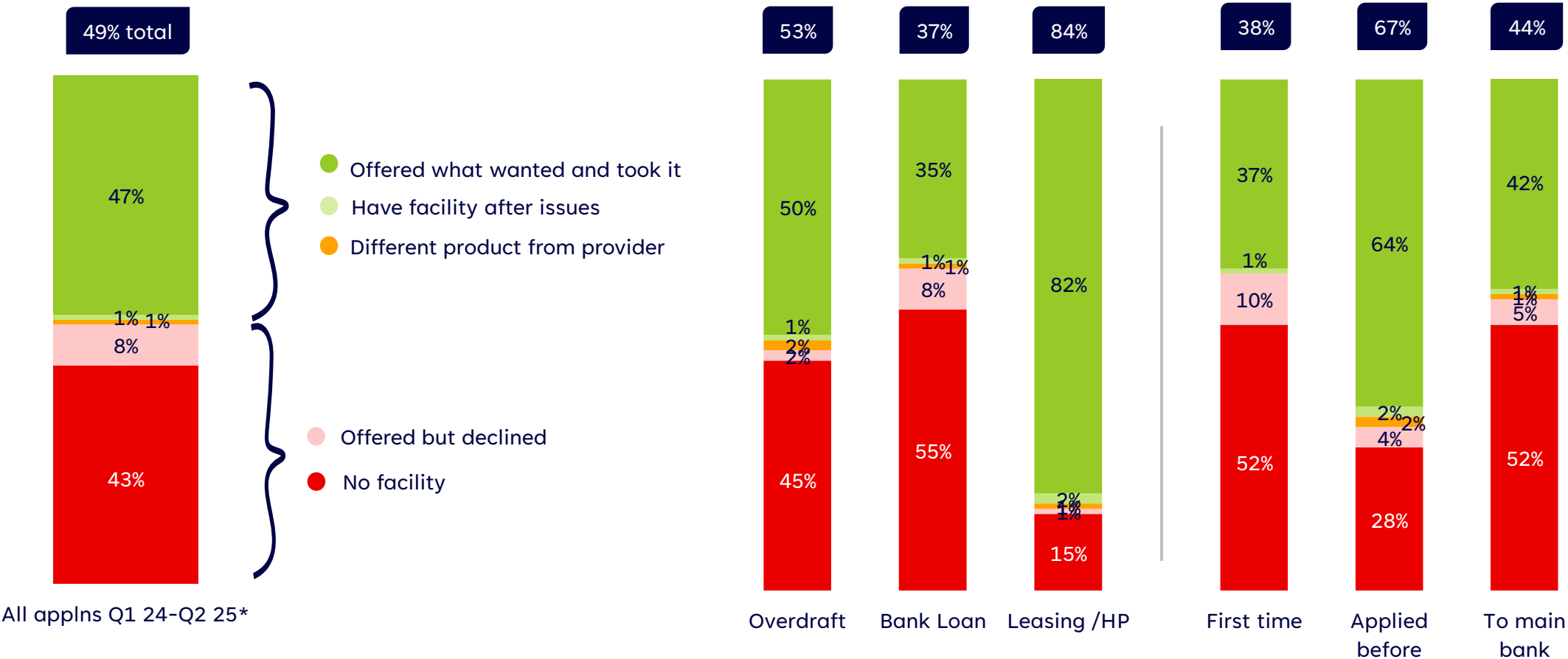


- All applicants, but notably those with 0 employees, saw an increase in success rates for the 18 months to Q4 2020 (85%) that was maintained to Q4 2021 (82%). Success rates then fell for all, but especially the smallest applicants, to 51% for the 18 months to Q4 2023
- In the current period, on interim data, the success rate is only slightly lower and with a more mixed picture by size. Whilst the success rate for 0 employees has improved very slightly, the rate for those with 1-9 employees has declined again, while for larger applicants it has increased again

All SMEs Q1 2024 to Q2 2025 interim data from SUCRATE FILTERS table 122/577/357/81 CARE RE LOW BASE

Applications for a loan and/or from first time applicants were more likely to be declined but also more likely to see the SME decline the offer made

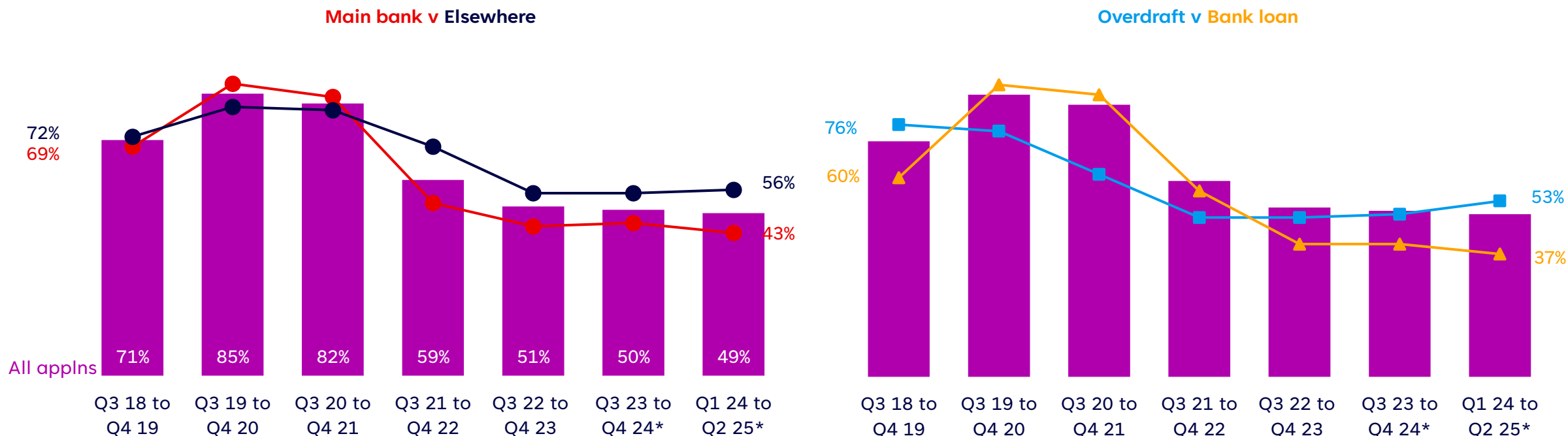
Product / demographic success rate: all applications Q1 24 to Q2 25 with a response



Q39/57 Base : All Type 1a/b applications with a response 1137 211/400/212 435/671/518

On a limited base, success rates for applications made to main bank remain below those made elsewhere. Success rates for overdrafts have increased, widening the gap to loan success rates which have declined slightly

Annual time series: Success rate (all applications) indicative for 2024

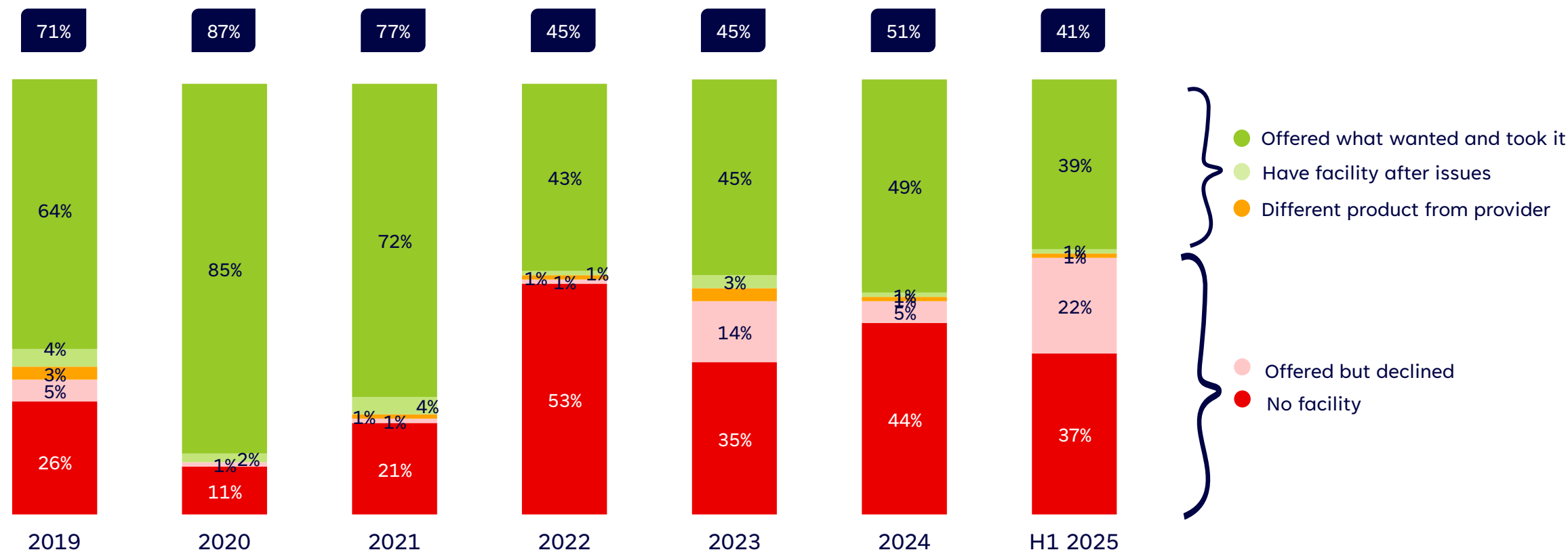


- Success rates overall were stable (49%) but remained lower (-22 points) in the latest period than in the 18 months to Q4 2019, pre-pandemic. There was a larger drop in success rates for applications made to the main bank, which dropped by -26 points, compared to -16 points for those made elsewhere
- Over the same period, success rates for overdrafts are down -23 points (with no during-pandemic 'lift'), with the same drop of -23 points for bank loans (which did have a pandemic 'lift')

All SMEs applying in each period 1137 overall

An annual view suggests more SMEs in H1 2025 were offered a facility but chose not to take it (with cost the most mentioned barrier)

INTERNAL USE ONLY: Global success rate: all applications reported from Q1 2019 to Q2 2025, occurring in the periods shown

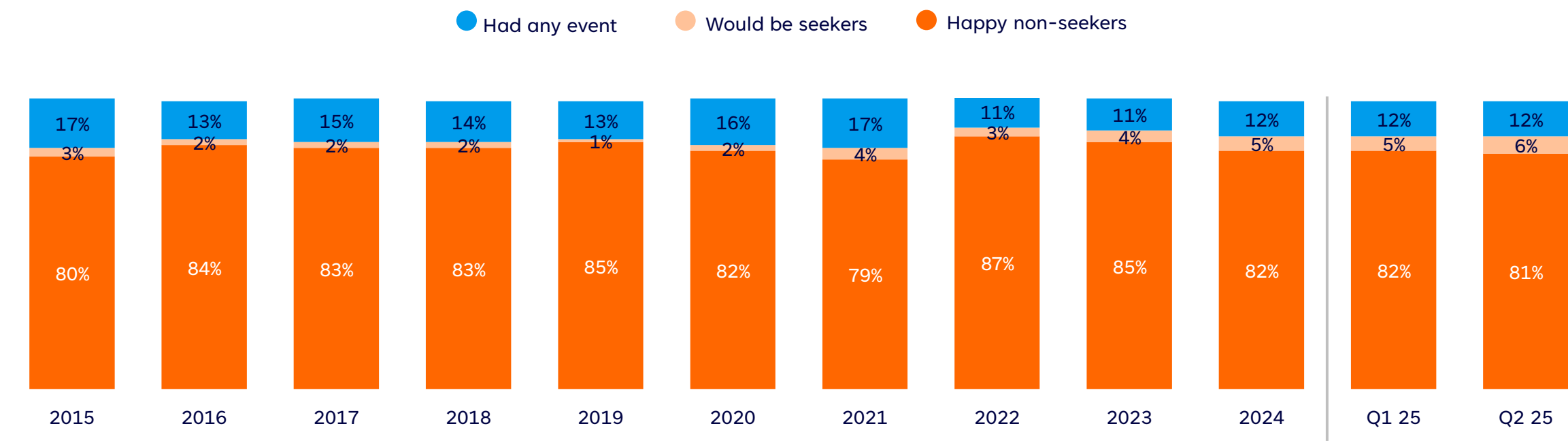


Q39/57 Base : All Type 1a/b applications with a response 984/3237/1057/557/800/926/211

4c Past and future appetite for finance

Borrowing events: The increase in past borrowing events in 2020-2021 was not maintained from 2022, but appetite has been stable over recent years

Annual time series: Borrowing profile (past)

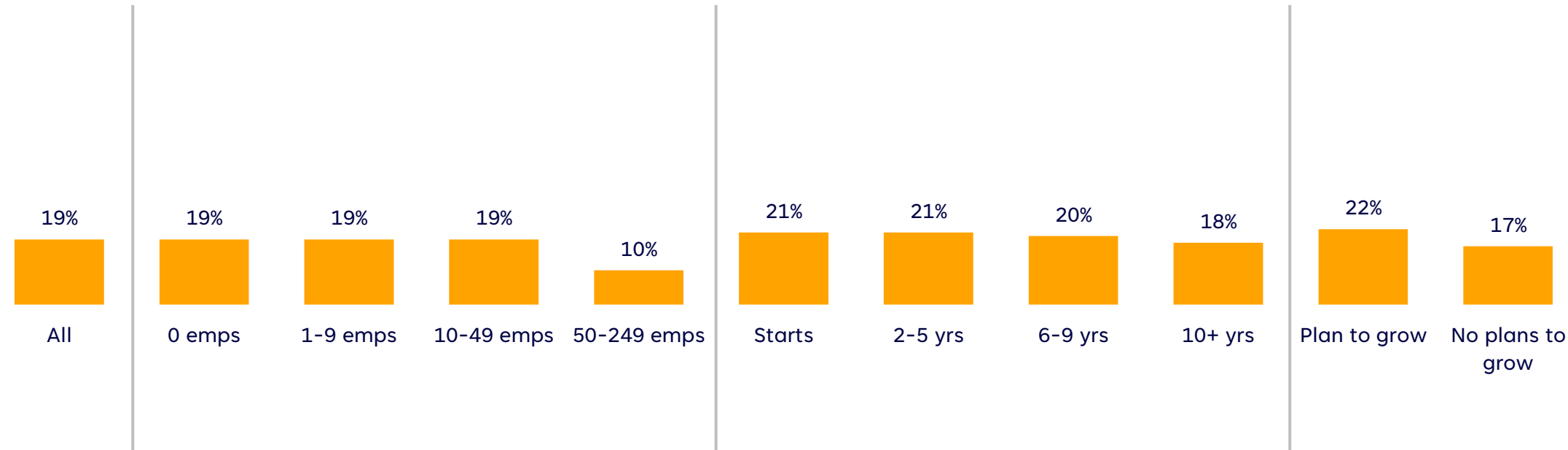


YEQ2 2025, borrowing events remained stable (13%) and as in previous years, most SMEs report having been a Happy non-seeker of finance (81%).

Pastfin Base : All SMEs Q2 2025 4260

1 in 5 SMEs had *any* appetite for finance (past event or Would-be seeker), with little variation by size or age, with the exception of the largest SMEs (10%)

Any past appetite for finance: by key demographics YEQ2 2025

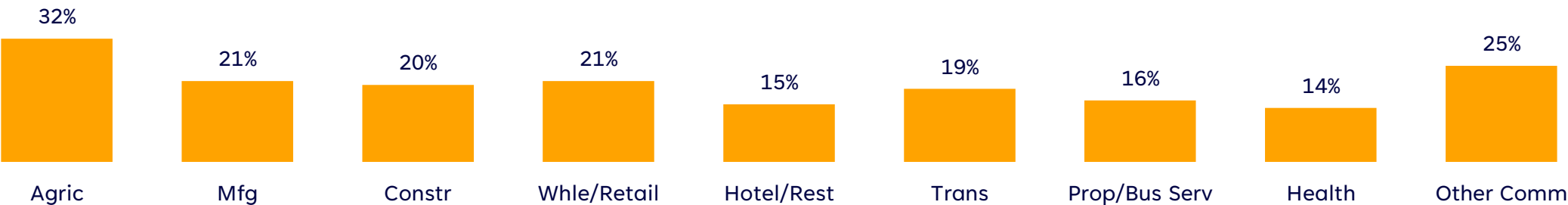


1 in 5 SMEs (19%) had either had a borrowing event or been a Would-be seeker of finance, consistent across size and age demographics with the exception of those with 50-249 employees (10%). Those planning to grow were slightly more likely to have had any appetite for finance (22%) than those with no plans (17%), as were those in Agriculture (32% - 22% having had a borrowing event), and those planning to apply for (more) finance (51%)

Pastfin all SMEs 17,017 – includes Had an event and Would-be seekers

1 in 3 SMEs in Agriculture reported any appetite for finance, twice the level in Health , Hospitality or Property/Business Services

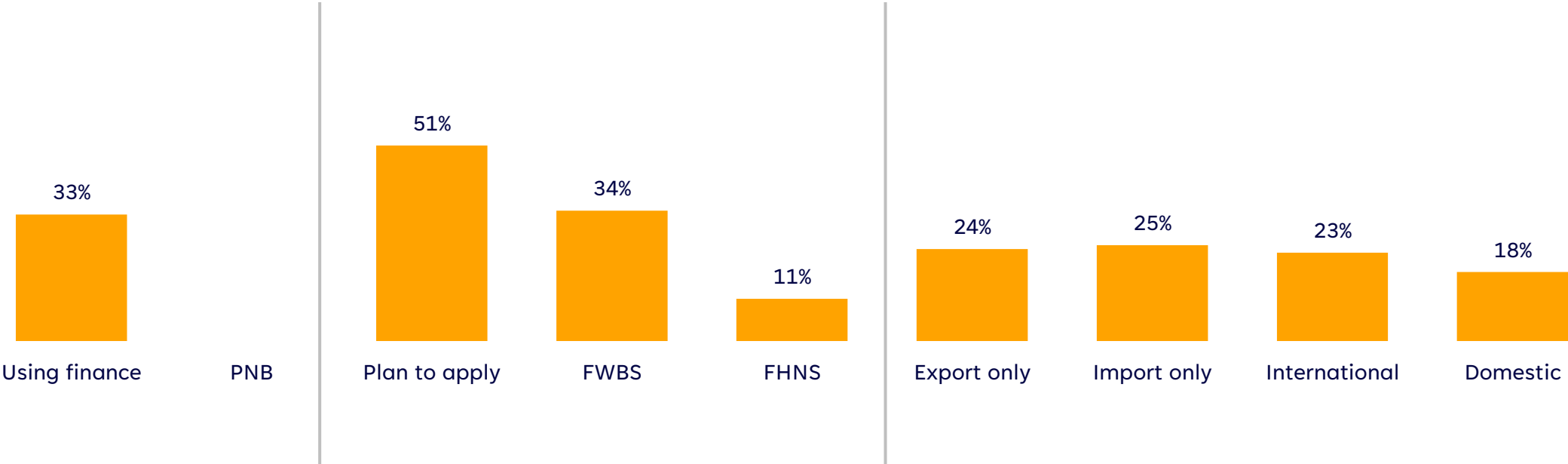
Any past appetite for finance (19%): by key demographics YEQ2 2025



Pastfin all SMEs 17,017 – includes Had an event and Would-be seekers

Those with a future appetite for finance were more likely to have also had a past appetite, while those trading internationally were slightly more likely to have had an appetite than their domestic peers

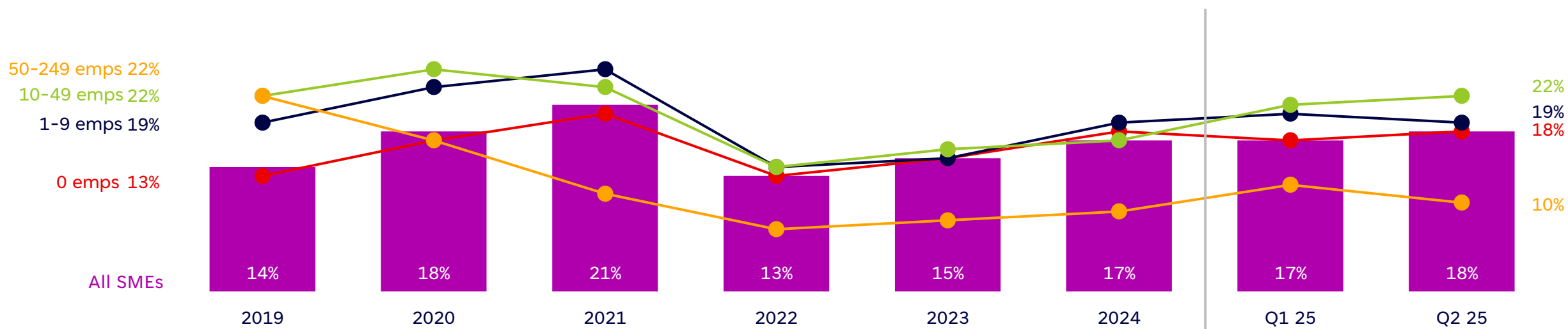
Any past appetite for finance (19%): by key demographics YEQ2 2025



Pastfin all SMEs 17,017 – includes Had an event and Would-be seekers

Past appetite for finance has increased steadily to 2024, across most sizes of SME, and an increased appetite reported by those with 10-49 employees in 2025 to date

Annual time series: Any appetite for finance (event or would-be seeker) in last 12 months

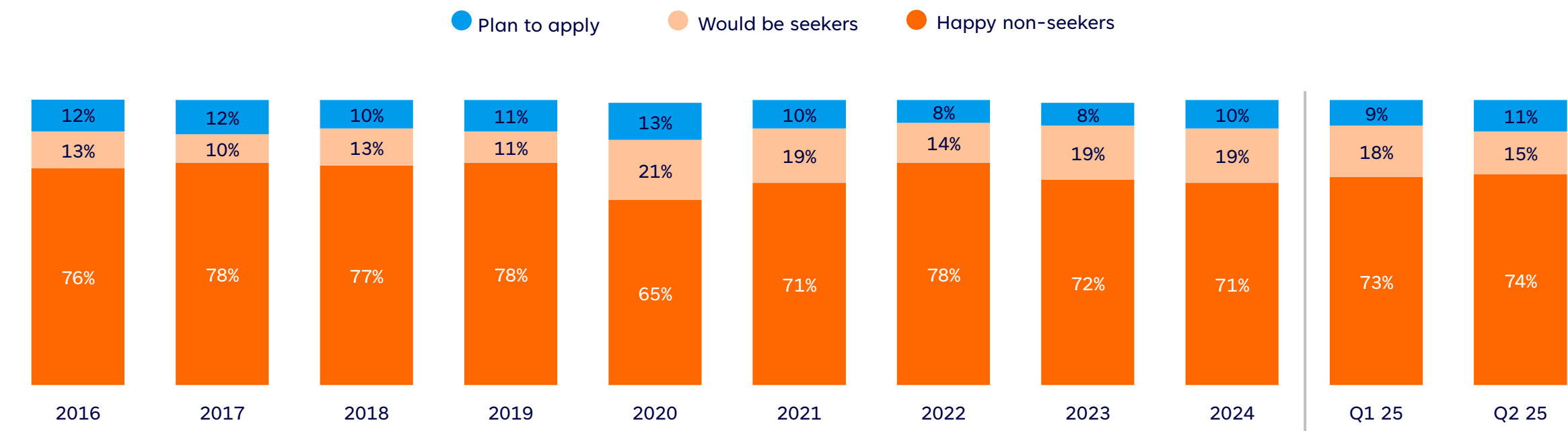


19% of SMEs YEQ2 2025 reported any past appetite for finance, slightly higher than in 2023 or 2024. As in previous years, most of this appetite came from a borrowing event (13%) while 6% had been a Would-be seeker of finance

Pastfin Base : All SMEs Q2 2025 4260 - includes Had an event and Would-be seekers

Future borrowing events: Any appetite for future finance has been stable since 2023, and with more Future would-be seekers than typically seen pre-pandemic

Annual time series: Borrowing profile in future

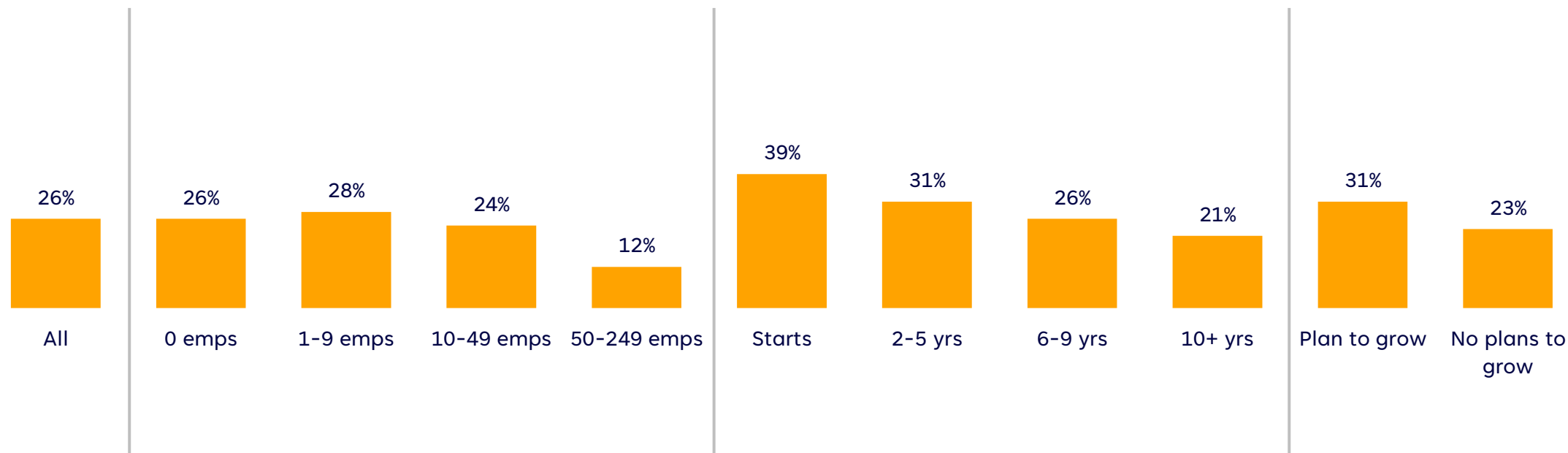


YEQ2 2025, the proportion planning to apply remained stable (10%) and as in previous years, most SMEs report having been a Happy non-seeker of finance (74%). There are more Future would-be seekers than past (16% YEQ2 2025)

Futfin Base : All SMEs Q2 2025 4260

Unlike past financial behaviour, there are clear differences by demographics when looking at the future, with appetite for finance higher for younger SMEs and those with plans to grow

Any future appetite for finance: by key demographics YEQ2 2025



YEQ2 2025, 10% of SMEs were planning to apply and a further 16% expected to be a FWBS. Levels of appetite for future finance were higher for younger SMEs and those with plans to grow, with only limited variation by size (12% for those with 50-249 employees). As with past appetite for finance, those in Agriculture and the Other Community sectors were more likely to have a future appetite for finance than their peers

Q96 all SMEs 17,017 – includes Plan to apply and Future would-be seekers

Those in Agriculture and the Other Community sector were more likely to report a future appetite for finance (and also any past appetite)

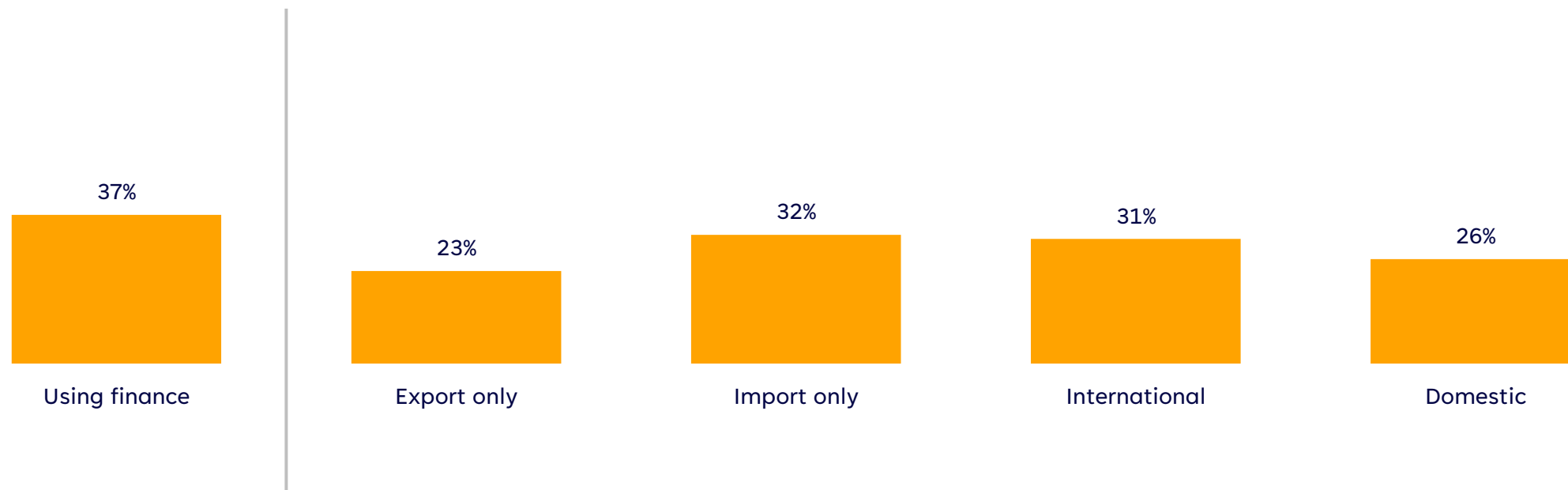
Any future appetite for finance (26%): by key demographics YEQ2 2025



Q96 all SMEs 17,017 – includes Plan to apply and Future would-be seekers

Those already using finance were more likely to have a future appetite for finance as well, with limited differences by international trade

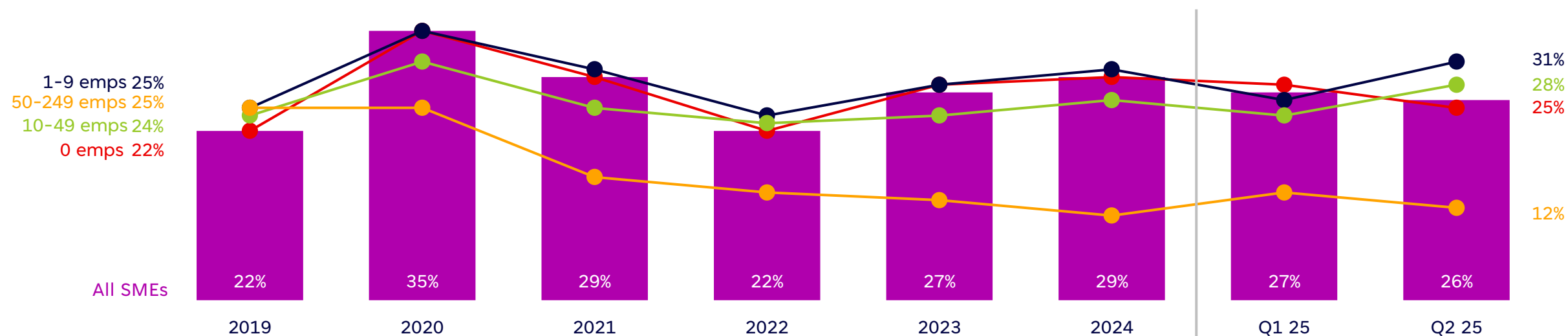
Any future appetite for finance (26%): by key demographics YEQ2 2025



Q96 all SMEs 17,017 – includes Plan to apply and Future would-be seekers

Future appetite for finance is little changed overall since 2023. The largest SMEs remain less likely to report either past or future appetite for finance

Annual time series: Any future appetite for finance (plan to apply/renew or Future would-be seeker)

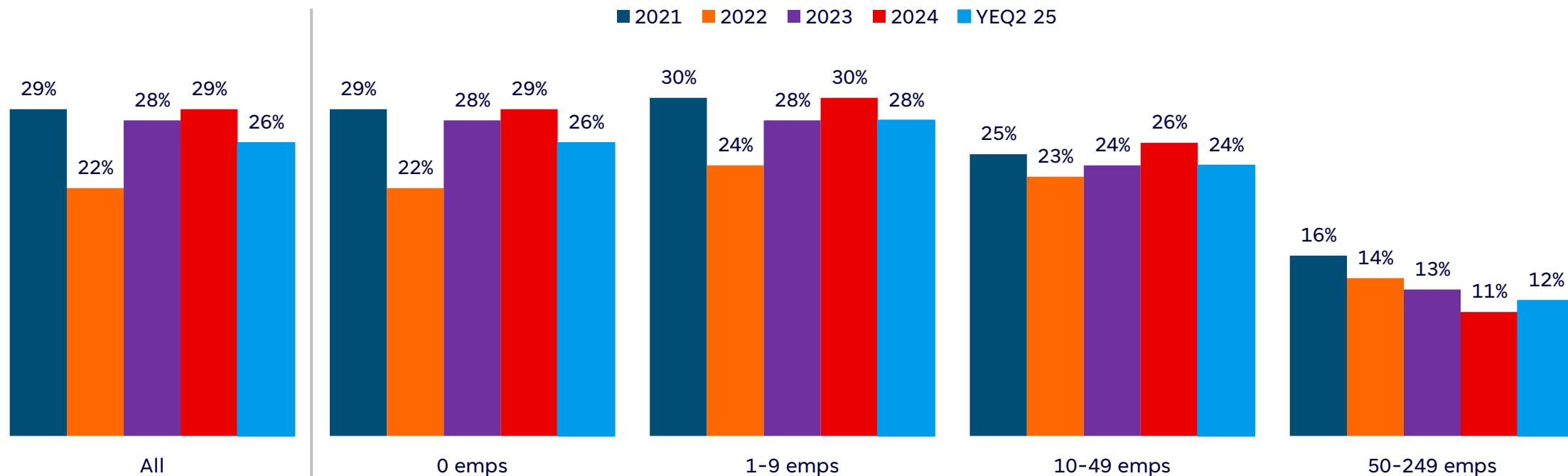


- YEQ2 2025, 26% of SMEs reported any future appetite for finance, down slightly from 29% in 2024, and slightly lower for all size bands except those with 50-249 employees (11% in 2024 and 12% YEQ2 2025)
- Levels of future appetite were little changed in Agriculture, Construction, Transport or the Other Community sector, but lower in particular in Hospitality and Health (-6 points), and Wholesale/Retail and Manufacturing (-5 points)
- Future appetite was also lower compared to 2024 for older SMEs (-4 points for those aged 6+ years)

Futfin Base All SMEs Q2 2025 4260 includes Plan to apply and Future would-be seekers

The increase in overall future appetite for finance 2022 to 2024 has not been entirely maintained in the current period, with lower appetite for all but the largest SMEs compared to 2024

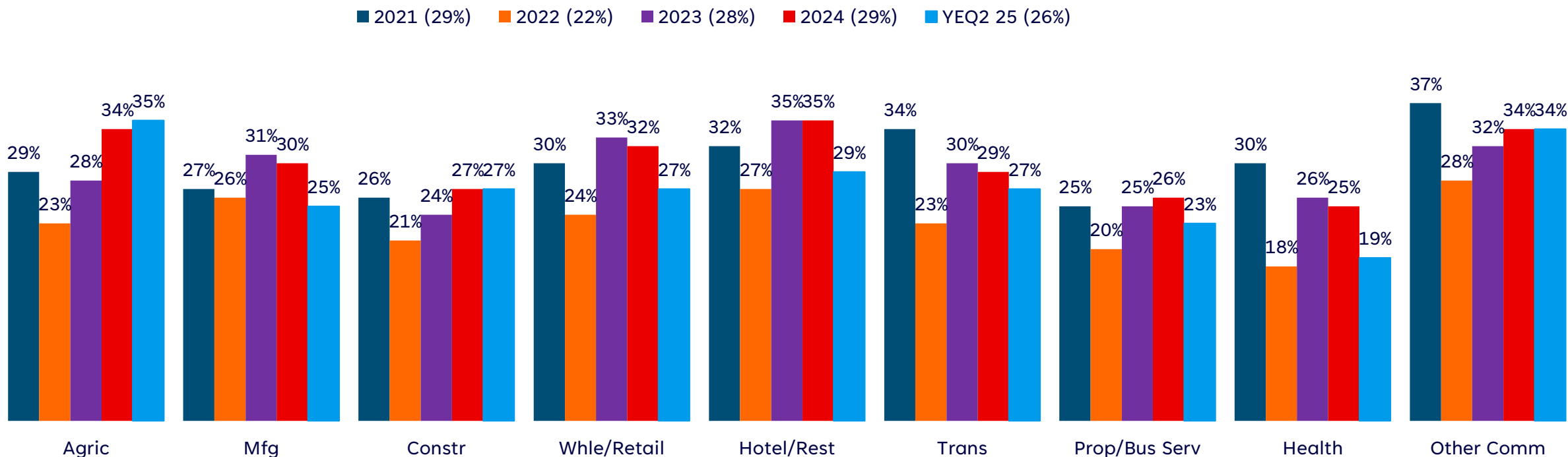
Any future appetite for finance – over time



Futfin Base : all SMEs YEQ2 2025 17,017 3737/7178/4421/1711 includes Plan to apply and Future would-be seekers

A varied picture for future appetite by sector, with lower appetite most evident in Manufacturing, Wholesale/Retail, Hospitality and Health

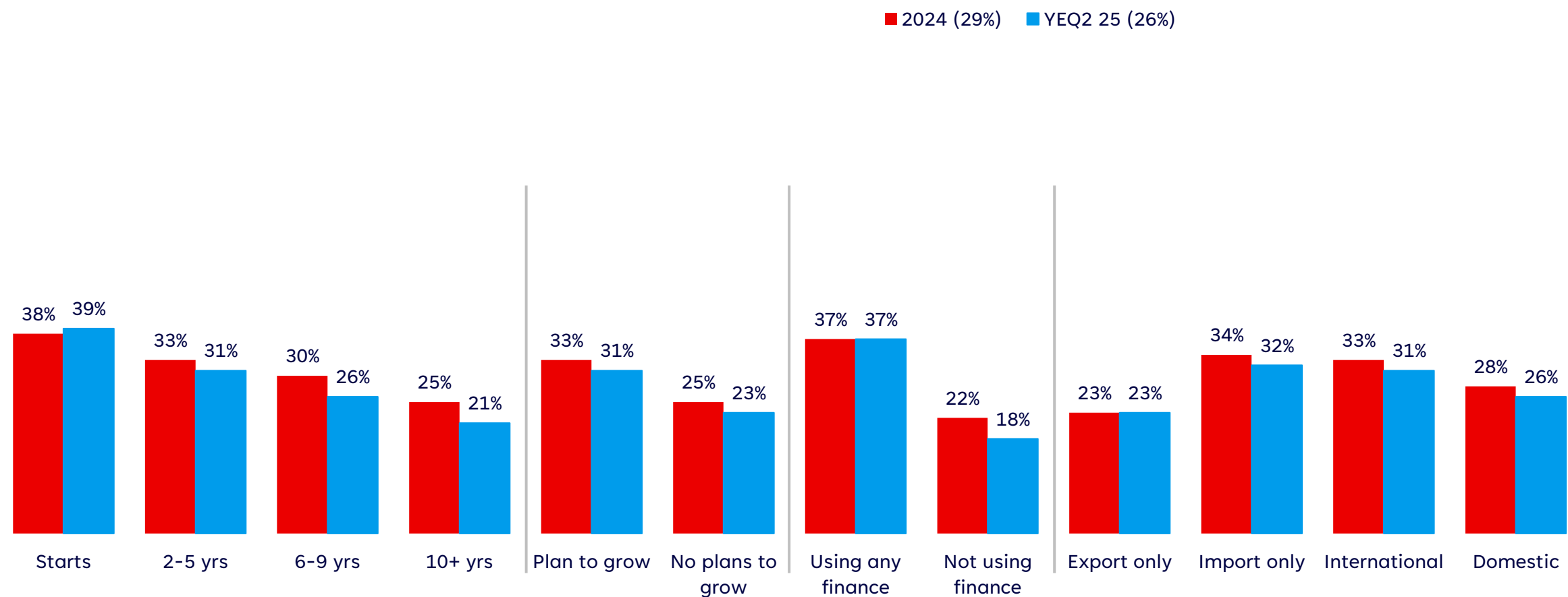
Sector summary: Any future appetite for finance– over time



Futfin all SMEs YEQ2 2025 807/2265/2610/2480/930/1425/3821/979/1700 includes Plan to apply and Future would-be seekers

YEQ2 2025, older SMEs reported a slightly lower future appetite for finance, as did those not currently using finance.

Finance and growth summary: Any future appetite for finance YEQ4 2024



Futfin Base : All SMEs YEQ2 2025 358/1381/1754/13524 5993/10324 9196/7821 includes Plan to apply and Future would-be seekers

Half of past Would-be seekers mentioned the process as the main barrier to application, while the same proportion of those looking forward mentioned the economic climate/ their predicted performance in that economy

Main reason for not seeking borrowing – All “Would-be seekers” YE Q2 2025

Main reason for not applying:

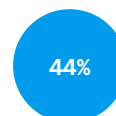
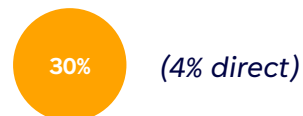
Discouraged: had asked informally but felt put off, or assumed would be turned down, already borrowing all we could, banks don’t lend to us for environ/ethical

Process: think it’s too expensive, too much hassle, needs security

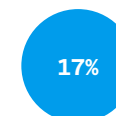
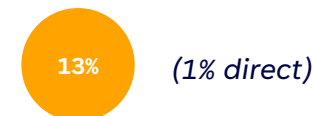
Principle: prefer not to lose control, or can get funds elsewhere: no longer includes “prefer not to borrow”

Climate: felt it was not the right time to borrow in the current economic climate

6% of SMEs were “Would be seekers” of finance



16% of SMEs were “Future would be seekers” of finance



Q32b/77b Q104/105

Base : All “would be seekers” 452/1990 Indirect discouragement now includes “thought I would be turned down” AND “already borrowing as much as felt we could”

53% of FWBS gave the current economic climate as their main reason for not applying. The key change to make FWBS consider borrowing would be lower interest rates, an increase in demand and/or a more certain economic outlook.

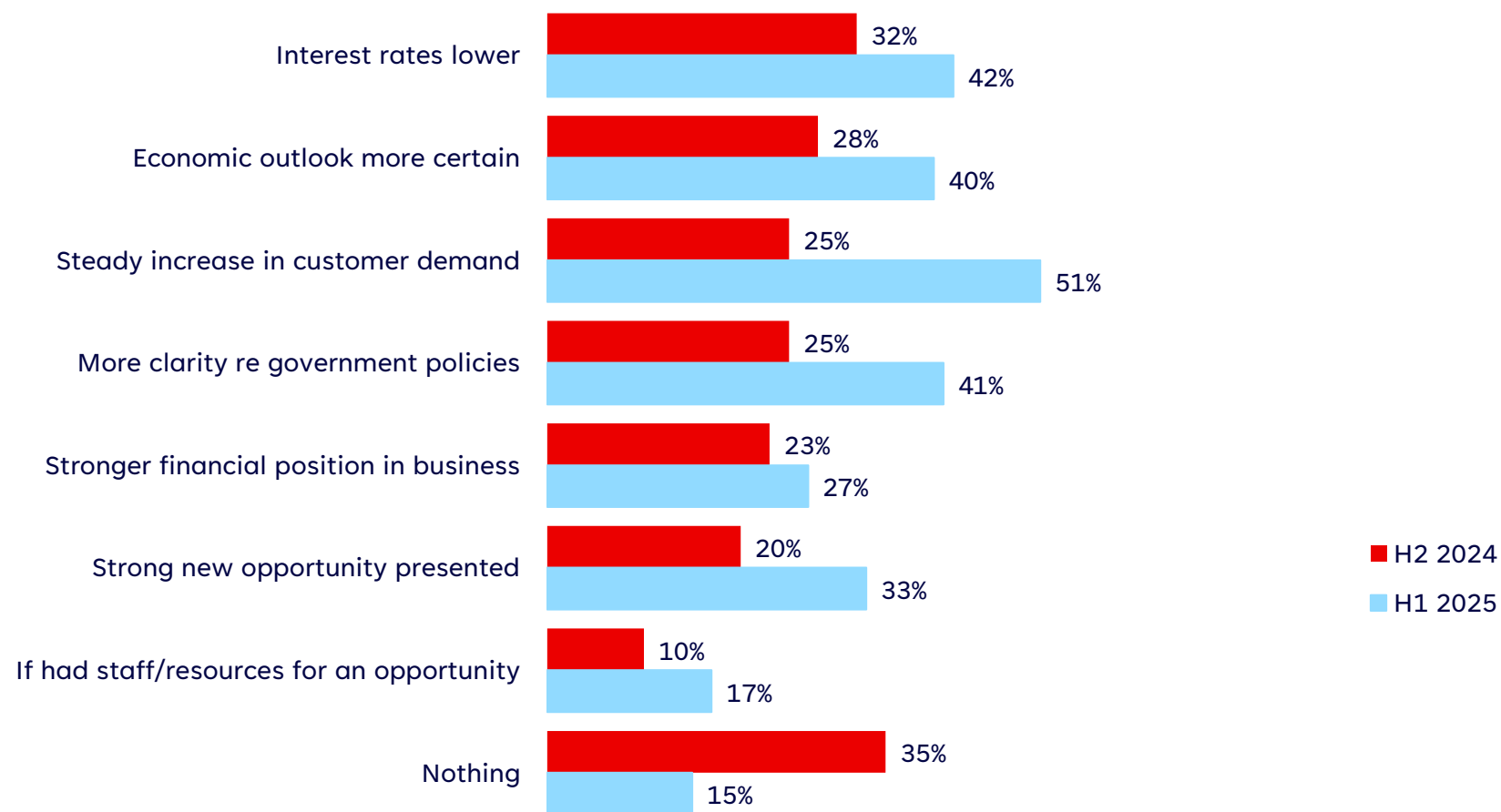
Changes needed to borrow in current economic climate - All Future WBS selecting this option YEQ2 2025



Q104b All FWBS selecting economic climate YEQ2 2025 992

Analysis across the time this question has been asked shows increased mentions of almost all factors, notably an increase in customer demand, as fewer SMEs say nothing would change their mind

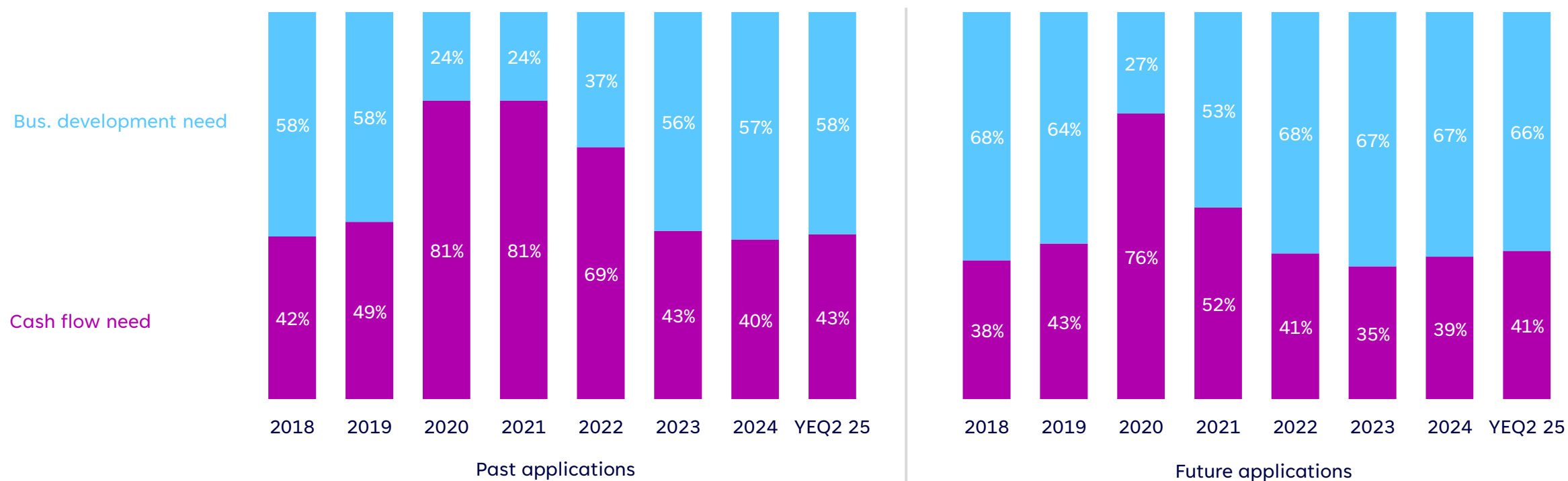
Changes needed to borrow in current economic climate - All Future WBS selecting this option over time



Q104b All FWBS selecting economic climate 607/385

Purpose of application: The balance between applications for cash flow v business development remains in favour of business development, after cash-flow dominated applications during the pandemic

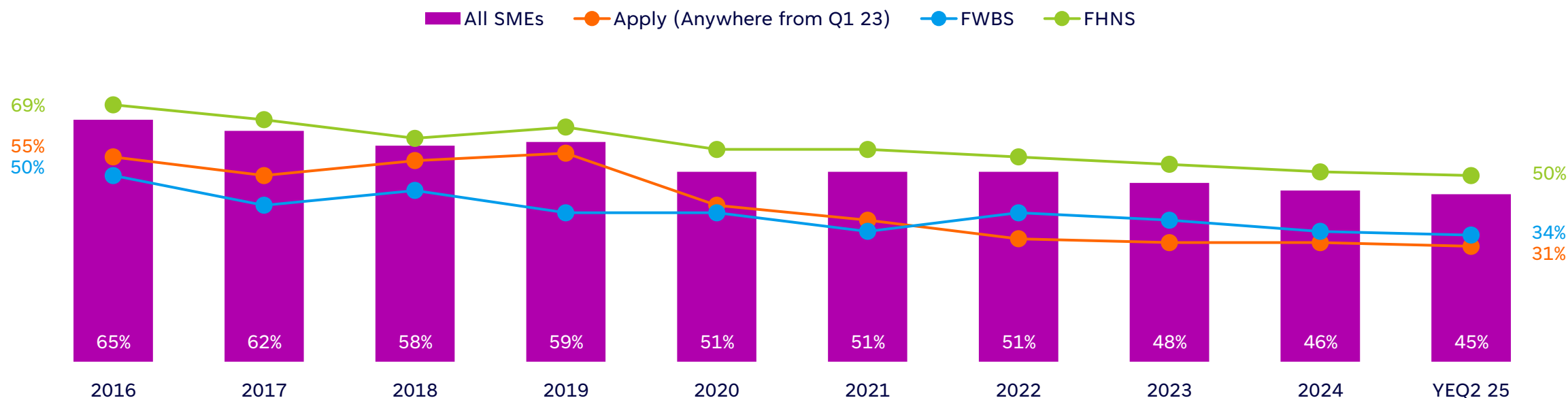
Annual time series: Reason for applying/planning to apply



Q26/ Base : All SMEs who had need for funding Q26 (1156) / All planning to apply/renew Q100 (1951)

Confidence in (actual or possible) application success has declined steadily since 2019, and now below half of SMEs (and 1 in 3 future applicants). Future Happy non-seekers (with no plans to apply) remain the most likely to think they would be successful

Annual time series: Confidence (very/fairly) bank would agree to facility next 3 months – by appetite for finance



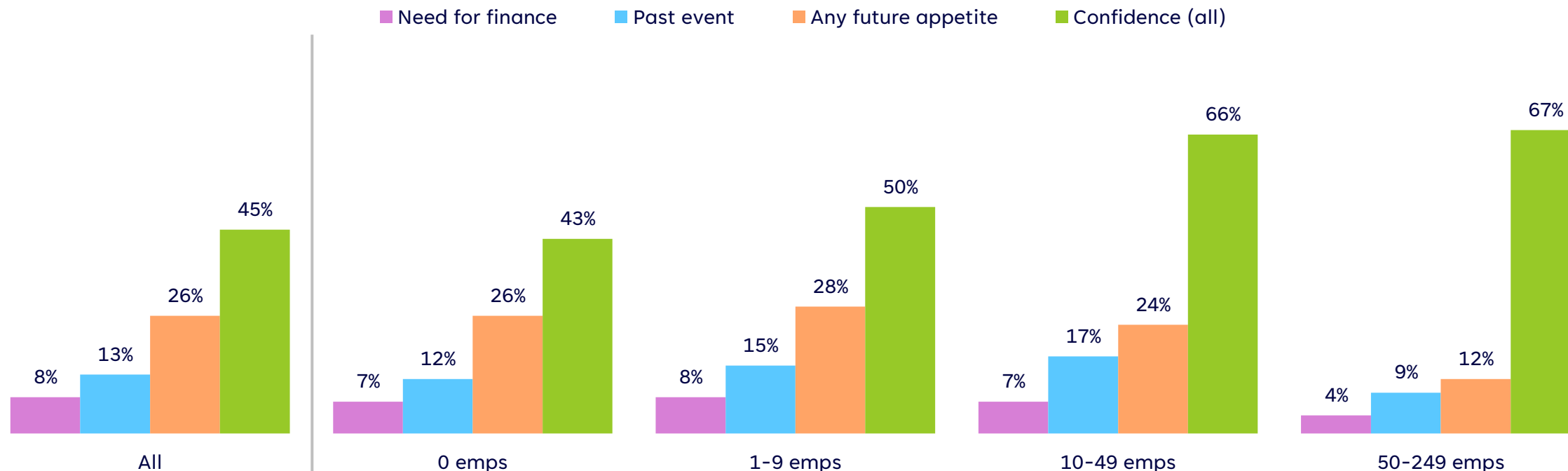
Immediately pre-pandemic in 2019, 6 in 10 SMEs were confident of success with a (possible) application, falling to 51% the next year, 46% in 2024 and little changed in the current period (45%)

- Confidence amongst those planning to apply declined from 56% in 2019 to 33% in 2022, and little changed since (31% YEQ2 2025)
- Confidence amongst Future WBS remains similar to those with plans to apply (34%)
- The Future HNS are the largest group of SMEs with the biggest influence on the overall metric. Their confidence was declining pre-pandemic (69% in 2016 to 63% in 2019) and has declined steadily since, to 50% currently

Q103/106 Base : All SMEs 17,011 by appetite for finance Since Q1 23 all those planning to apply have been treated as one group, not split by product

While smaller SMEs were more likely to have future appetite for finance, larger SMEs were more confident they would be successful with any future application

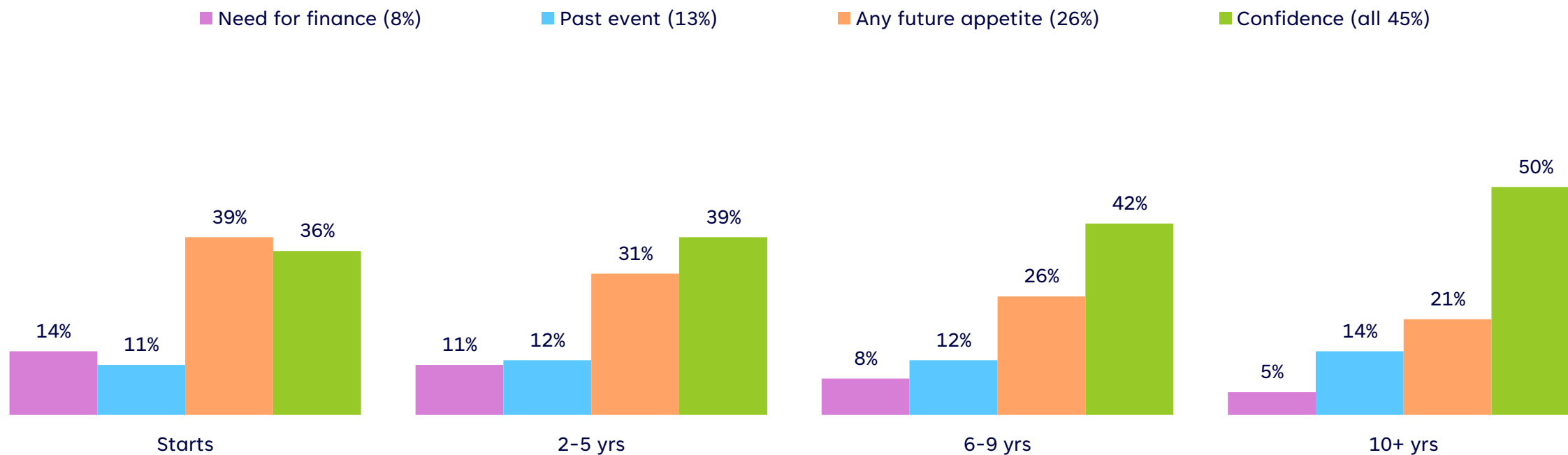
Finance summary – YEQ2 2025



- A need for finance was slightly higher for Starts (14%) and Export only and Import only SMEs (both 13%)
- Those in Agriculture (22%) and fully international SMEs (17%) were more likely to have had a past 'event'
- Future appetite for finance was highest for Starts (39%) those in Agriculture (35%) and Other Community sectors (34%). SMEs with an element of importing to their business, and those planning to grow, also have an above-average appetite for finance
- Confidence about an application increased with the size of the SME, and was also higher in Transport (51%) and for those trading over 10 years (50%)

The 'gap' between appetite for finance and confidence of success increases by age of SME, as appetite declines and confidence increases

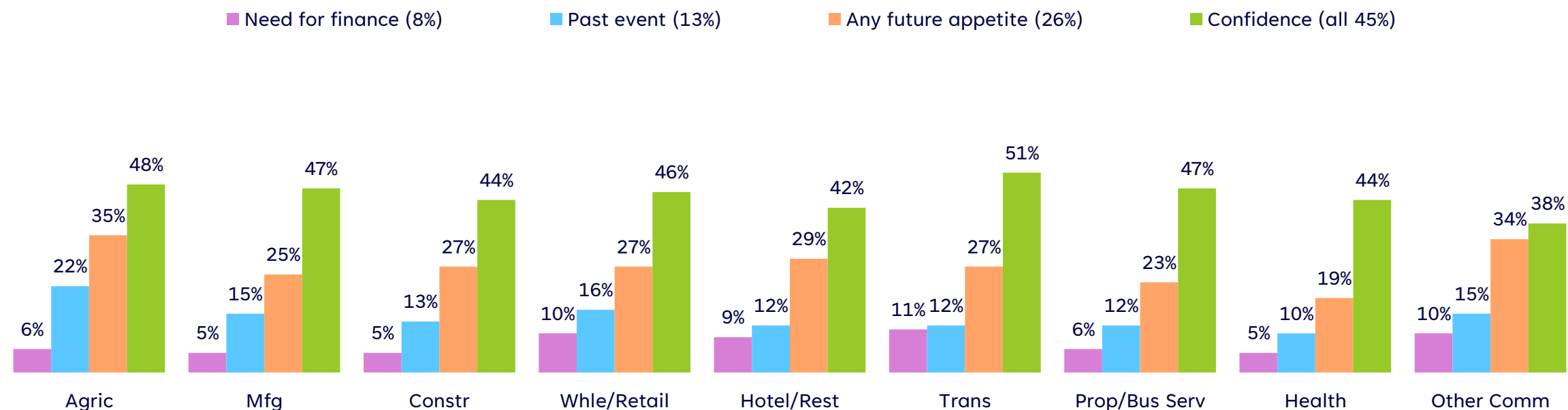
Age and growth summary – Finance YEQ2 2025



Q25/Pastfin/Futfin/Q103/106 all SMEs YEQ2 2025

Future appetite for finance varies slightly more across sector than confidence of success. The 'gap' between the two is widest in Health, with almost no gap in the Other Community sector

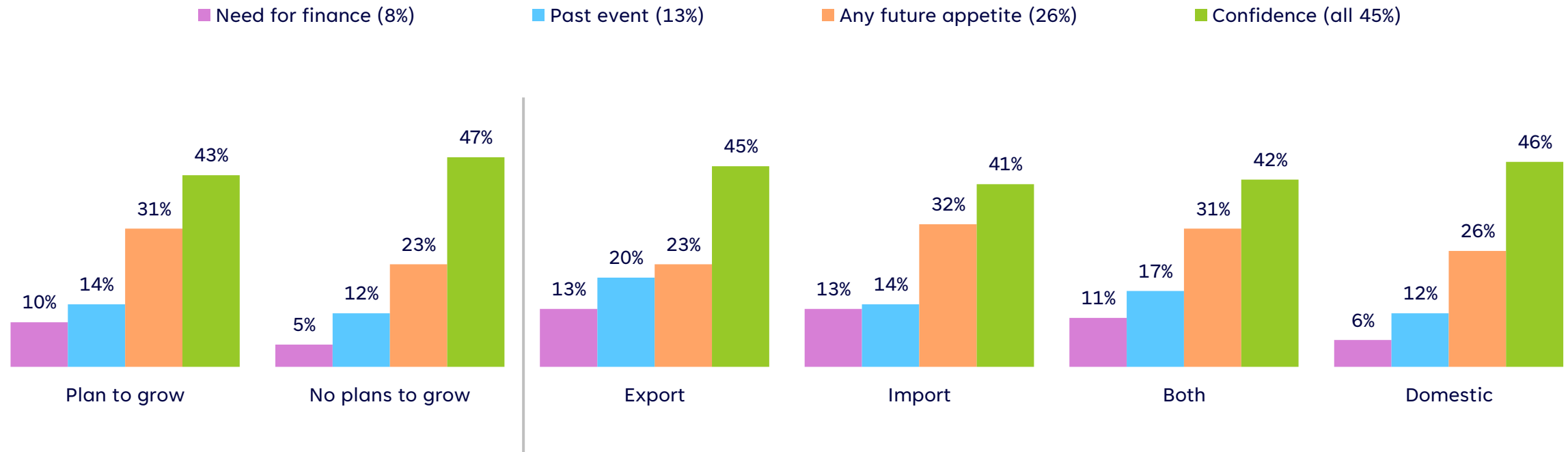
Sector summary – Finance YEQ2 2025



Q25/Pastfin/Futfin/Q103/106 all SMEs YEQ2 2025

Those planning to grow are more likely to have a future appetite for finance but are less confident than their peers. Appetite for finance is higher amongst those with an element of importing, but confidence does not vary much by international trade

International trade summary – Finance YE Q2 2025



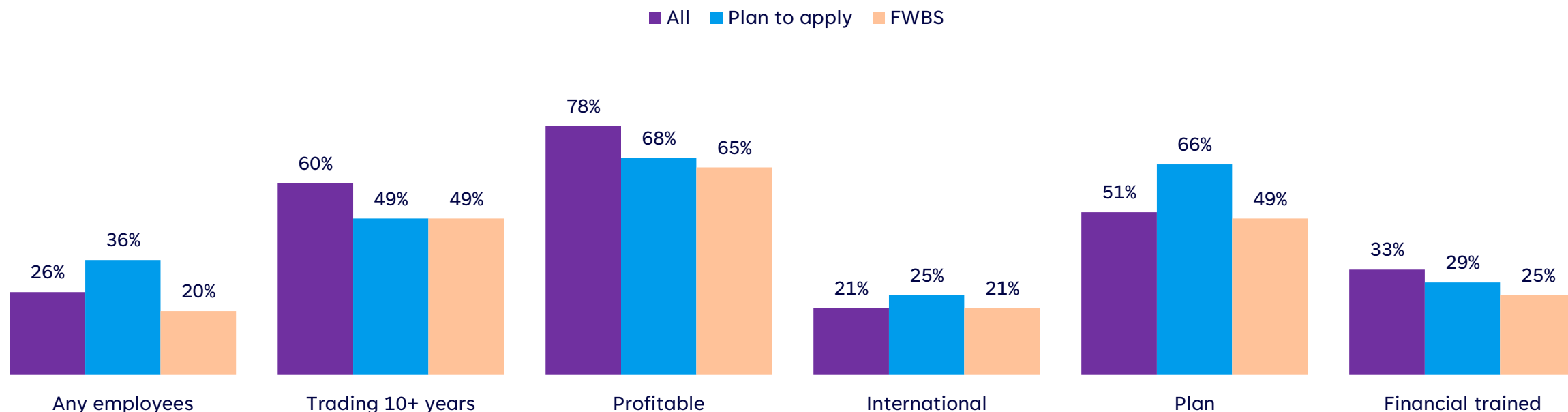
Q25/Pastfin/Futfin/Q103/106 all SMEs YE Q2 2025

4d

What sort of SMEs are planning to apply or expect to be a Future would-be seeker ?

Compared to SMEs overall, those planning to apply are more likely to have employees and to plan, but less likely to have been around for more than 10 years, or to have made a profit

Characteristics of those with future appetite for finance: Current demographics

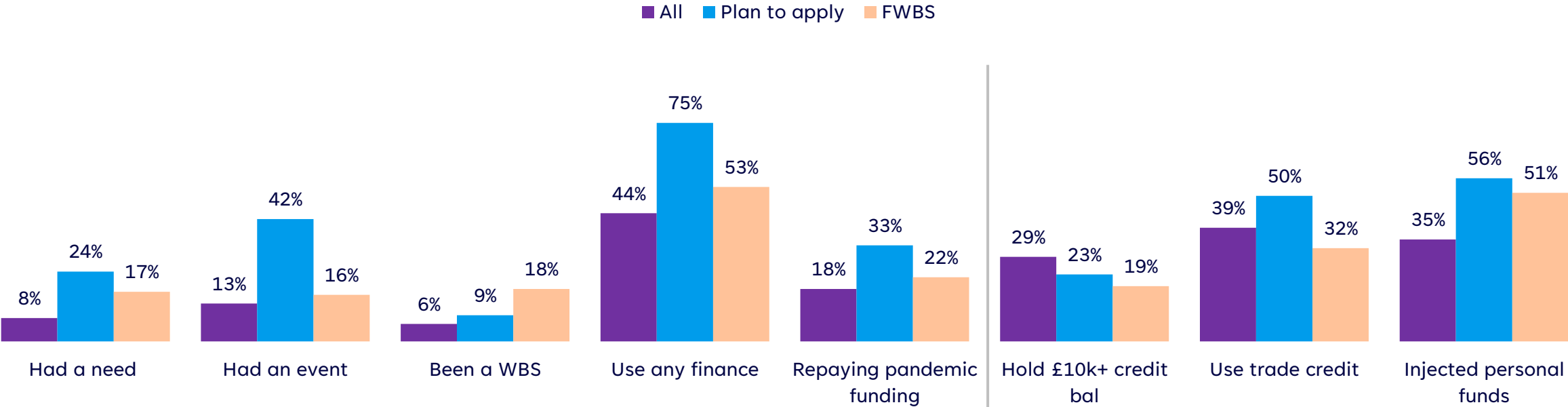


Those expecting to be a Future would-be seeker are the least likely of the three groups to have employees, or to have made a profit or to have someone in charge of the finances who is trained

Futfin Base : All SMEs 17,017 / 1951/ 1990

Most of those planning to apply are already using finance, including repaying pandemic funding, and 4 in 10 had already had a borrowing event in the current year. Over half have injected personal funds into the business

Characteristics of those with future appetite for finance: Funding in past year



Compared to those planning to apply, FWBS are less likely to have had a need for finance or a borrowing event in the past 12 months, as likely to have injected personal funds into the business and more likely to have been a would-be seeker of finance in the past year

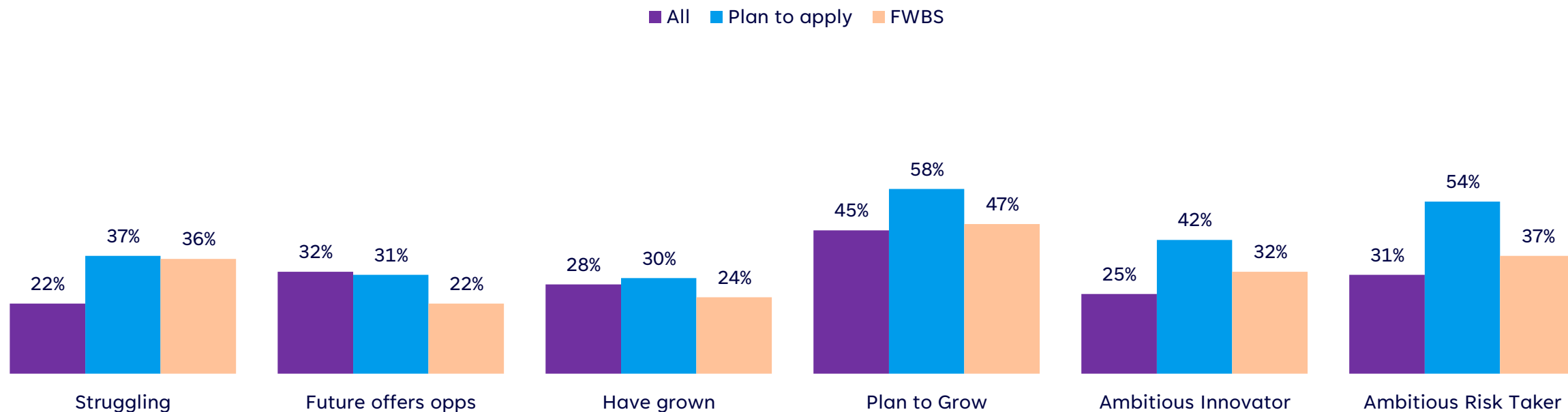
1 in 5 of those planning to apply is already using 3 or more forms of finance:

	All	Apply	FWBS
C.Card	16%	30%	22%
OD	12%	34%	14%
Loan/CM	10%	20%	10%

Futfin Base : All SMEs 17,017 / 1951/ 1990

Those planning to apply are more likely to have grown/plan to grow and be an Ambitious Innovator / Risk Taker, but 1 in 3 is currently 'Struggling'

Characteristics of those with future appetite for finance: Growth

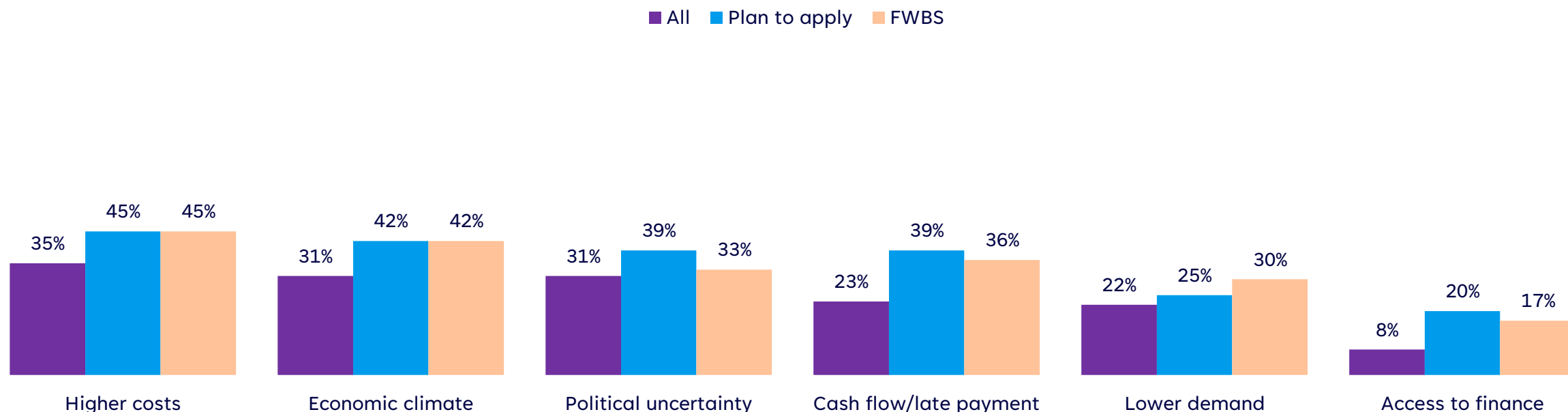


Compared to those planning to apply, FWBS are as likely to be Struggling but less likely to feel the future offer opportunities, have grown/plan to grow or to be an Ambitious innovator/Risk Taker

Futfin Base : All SMEs 17,017 / 1951/ 1990

Those with any appetite for finance are more likely to see barriers, notably higher costs, the economic climate (a key barrier for FWBS not applying) and cash flow/late payment

Characteristics of those with future appetite for finance: Barriers




Those planning to apply and FWBS give quite similar scores in terms of barriers, and higher than their peers with no future appetite for finance

Of those planning to apply:

- Half are only looking for a new facility
- 1 in 3 are just looking to renew an existing facility
- The rest plan to do both (16%)

Futfin Base : All SMEs 17,017 / 1951/ 1990

- 
- Across most of the financial metrics, the story so far in 2025 is one of stability, with the last 18-24 months representing a new status quo for the performance and finances of SMEs.
 - On the other hand, SME confidence, in the face of the issues that assail them and their ability to grow and access finance, is showing signs of strain. SMEs are accepting slower growth, being more cautious and shelving plans to hire.
 - There are positives, given the relentless optimism that characterises many SMEs: the proportion who are Ambitious Risk Takers, or who plan to apply or who are future would-be seekers is stable and more SMEs are trading internationally.
 - For SMEs to play their part in boosting the economy, access to finance for the smallest (and therefore those with the potential to grow) and a period of economic and political stability is needed.

Quality Standards and Other Details

BVA BDRC is certified to ISO 20252:2019 and 27001:2013, the recognised international quality standards for market research and information security, thus the project has been carried out in accordance with these standards.

- Adherence to the standard is independently audited once per year
- This project has also been carried out in conformity to the MRS Code of Conduct, GDPR, the UK's Data Protection Act, and all other relevant industry codes, legal and ethical requirements.
- Where subcontractors are used by BVA BDRC, they are assessed to ensure any outsourced parts of the research are conducted in adherence with these same standards.

Full methodological details relevant to the project are available upon request.





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