

WOMEN LED BUSINESSES

2023

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FOREWORD

This is the fifth Women in Business report based on data from the SME Finance Monitor. The first was published in 2012 and the last in 2020. As with its predecessors, this report, covering the period up to and including Q2 2023, provides analysis of key aspects of SME Finance Monitor data by the gender of the owner, senior partner or majority shareholder.

All SME Finance Monitor reports are produced independently of government, finance providers and business organisations. In producing these reports BVA BDRC is advised by a steering group whose membership is listed below, but BVA BDRC retains full and complete editorial control of the dataset and reports.

More details of the full suite of SME Finance Monitor reports can be found at **www.sme-finance-monitor.co.uk**.

Shiona Davies

Editor, The SME Finance Monitor

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The Survey Steering Group comprises representatives of the following:

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BVA BDRC

The British Business Bank

Dept. for Business and Trade

Make UK, the manufacturers' association

Federation of Small Businesses

Confederation of British Industry

Institute of Directors

British Chambers of Commerce

HM Treasury

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HSBC

Lloyds Banking Group

NatWest Group

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USING THIS REPORT

DEFINITIONS USED

Over time, a number of definitions have been developed for different SMEs and some standard terms are commonly used in this report. The most frequently used are summarised below:

WLB and MLB – based on the answer to Q126/Q132/Q138 “Is the owner / managing or leading partner / principle owner of the business male or female?” to allocate SMEs as a WLB (Woman led business) or MLB (Male led business). Those with joint (male/female) owners are excluded

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

External risk profile – this is provided by the sample providers (Dun & Bradstreet and Experian). Risk ratings are not available for 15% of respondents, typically the smallest ones. D&B and Experian use slightly different risk rating scales, and so the Experian scale has been matched to the D&B scale as shown at the start of this chapter

Fast growth – SMEs that report having grown by 20% or more each year, for each of the past 3 years (definition updated Q4 2012)

Use of external finance – SMEs were asked whether they were currently using any of the following forms of finance: Bank overdraft, Credit cards, Bank loan, Commercial mortgage, Leasing or hire purchase, Loans/equity from directors, Loans/equity from family and friends, Invoice finance, Grants, Loans from other 3rd parties, Export/import finance, crowd funding, asset based lending, or any other loan or overdraft facility. From Q1 2023 this definition has also included those still repaying Government backed pandemic funding

Permanent non-borrower – SMEs that seem firmly disinclined to borrow because they meet all of the following conditions: are not currently using external finance, have not used external finance in the past 5 years, have had no borrowing events in the past 12 months, have not applied for any other forms of finance in the last 12 months, said that they had had no desire to borrow in the past 12 months and reported no inclination to borrow in the next 3 months. From Q1 2023 this definition has excluded anyone who took Government backed pandemic funding but has since repaid it

Borrowing event – there are now 5 types of borrowing event recorded on the SME Finance Monitor:

- Type 1a: Where a need for funding resulted in a borrowing event (involving any product and any provider)
- Type 1b: Where the SME had (also) applied for any other new or renewed facility, from a list of major products
- Type 1c: Any other application made and not already mentioned
- Where the SME's overdraft had been automatically renewed
- Type 2/3 events: Where the SME or the finance provider had sought to cancel or re-negotiate a facility before it was due to be repaid.

Would-be seeker – those SMEs that had not had a borrowing event and said that something had stopped them applying for funding in the previous 12 months (definition revised in Q1 2018 – the question is now asked for all borrowing not just loans and overdrafts, but the question wording has not changed)

Happy non-seeker – those SMEs that had not had a borrowing event, and also said that nothing had stopped them applying for any (further) funding in the previous 12 months (definition revised in Q1 2018)

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

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

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

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

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

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

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

Average – the arithmetic mean of values, calculated by adding the values together and dividing by the number of cases

Median – a different type of average, found by arranging the values in order and then selecting the one in the middle. The median is a useful number in cases where there are very large extreme values which would otherwise skew the data, such as a few very large loans or overdraft facilities

Please note that the majority of data tables show **column** percentages, which means that the percentage quoted is the percentage of the group described at the top of the column in which the figure appears. On some occasions, particularly for data shown over time, summary tables have been prepared which include **row** percentages, which means that the percentage quoted is the percentage of the group described at the left hand side of the row in which the figure appears. Where row percentages are shown, this is highlighted in the table.

UNDERSTANDING THE GENDER CONTEXT – A HEALTH WARNING

This report provides an analysis of SMEs led by women, those led by men and SMEs overall. Across a range of key data, results for SMEs led by women are statistically significantly different from those led by men.

It is important though to view these gender differences in context, firstly by accounting for any differences between the demographic profile of SMEs led by women (such as the business age, size, or risk rating) and the national profile, which might explain why such SMEs have different results from the overall. The full list of demographics taken into account is provided at the end of this section, and some of the data analysed passed this ‘demographics’ test.

Where gender *remains* statistically significantly different to the overall picture for one of these key variables, once demographics are taken into account, this is reported at the end of the relevant section of the chapter.

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

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

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

The questions used as part of the demographics ‘test’ are: number of employees, external risk rating, sector, age of business, growth plans, profit/loss, credit balances held, growth in past 3 years, and business owner demographics, whether the financial decision maker has had training and business formality (business plans etc). Note that when one of these factors is being tested for significance it is removed from the ‘test’ before that analysis is run and then returned afterwards. Such significant differences are highlighted by an * in the management summary.

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

MANAGEMENT SUMMARY

Significant differences between WLBs and MLBs indicated with *.

BUSINESS



Almost a quarter of all SMEs (23%) are led by a woman. These 1.27m SMEs are:



Younger:

- WLBs are more likely to have been trading for up to 10 years (46%* v 39% of MLBs).



They were more likely to be innovative and to plan, and as likely to trade internationally as MLBs:

- Pre-pandemic just over a third of WLBs had been innovative, increasing during the pandemic to 48%. YEQ2 2023, 44%* had been innovative (v 39% of MLBs), keeping them ahead of MLBs.
- 56%* of WLBs had either a business plan and/or produced regular management accounts maintaining the slight gap with MLBs (53%), stable over time.
- 18% of WLBs traded internationally (v 19% of MLBs) with little change for either group over recent years.



Seeing profitability recover post pandemic:

- WLBs and MLBs were both affected by the pandemic. In the year to Q2 2022 63% of WLBs and 71% of MLBs were profitable, markedly lower than pre-pandemic.
- WLBs then saw more of an increase to Q2 2023 (to 77%) than MLBs (to 76%) which means levels are back to pre-pandemic levels for WLBs but not MLBs.



And, to some extent, growth:

- In 2021, only 18% of WLBs and 17% of MLBs reported having grown.
- By Q2 2023 this had increased for both groups (to 28%), but still below pre-pandemic levels when 4 in 10 grew.

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And less likely to have been significantly impacted by increasing costs, or seen a negative impact from changes to EU trading:

- 37%* of WLBs had seen a significant impact from increasing costs, compared to 43% of MLBs.
- 30%* reported a negative impact to the changes in the rules around trading with the EU (v 34% of MLBs).



Overall, they were in a good mood about the business:

- 60% were in a good mood about their business (v 59% of MLBs) and a steady increase over time from the 41% in the year to Q2 2021 has brought them in line with MLBs.



Though less likely to feel 'Well off/Comfortable':

- In a new question, 28%* of WLBs felt 'well off / comfortable' compared to 35% of MLBs.
- That said, similar proportions felt they were 'Struggling' (17% v 18%), leaving more WLBs in the 'Managing' category (56% v 47%).

FUNDING MIX



WLBs used a different mix of funding compared to MLBs. They were:



Less likely to be using any external finance:

- In H1 2023, 38%* of WLBs were using any form of finance, including repaying pandemic funding, compared to 44% of MLBs. Definition changes aside, this gap between WLBs and MLBs has existed for a number of years.



With fewer using any 'core' finance:

- 22%* of WLBs were using any of the core forms of finance (loans, overdrafts or credit cards) compared to 28% of MLBs, with lower use of each of the 3 products, and this is also a gap seen to varying degrees for many years.



And those who had taken government backed pandemic funding were more likely to have repaid it:

- The same proportion of WLBs and MLBs had taken government backed pandemic funding (28% v 29%) but a lower proportion of WLBs were still repaying it (14% of all WLBs v 19% of MLBs).



They were less likely to use Trade Credit and as likely to have injected personal funds:

- 28% of WLBs used trade credit compared to 40% of MLBs. WLBs have consistently been less likely than MLBs to use trade credit, but increases in the use of trade credit by MLBs since 2021, as WLBs figures remained more stable, has widened the 'gap' between the two groups.
- YE Q2 2023, 33% reported an injection of personal funds (v 35% of MLBs) and as with MLBs this was more likely to have been 'forced' (21%) than a choice (12%).
- Pre-pandemic just over a quarter of WLBs and MLBs reported an injection of personal funds, increasing to around 4 in 10 during the pandemic and remaining somewhat higher since.
- Few SMEs now use a personal account for their business banking but it remained slightly more likely to be the case for WLBs (11%) than MLBs (7%).

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They were also less likely to have £10,000 or more of credit balances:

- 27%* of WLBs YEQ2 2023 held this sum or more in credit balances, down from YEQ2 2022 when 31% held such sums.
- Meanwhile there was no change for MLBs (37% held such sums YEQ2 2023) widening the existing gap between the two groups.



But they are now no more likely to meet the definition of a Permanent non-borrower:

- 38% met the new definition in H1 2023, compared to 37% of MLBs.
- There is no clear trend over time, but compared to pre-pandemic there is now a lower proportion of PNBs overall, and WLBs are now no more likely to meet the definition than MLBs.

APPLICATIONS



In terms of applications for funding, WLBs were:



Less likely to have an appetite for finance:

- WLBs were less likely to have had a borrowing event (8%* v 10%)
- or to be planning to apply for finance (7%* v 8%),
- and less happy to use finance to grow (27%* v 33%).



And had more concerns about applying, despite higher levels of trust in their bank:

- 46%* of WLBs were confident any application they made would be successful, compared to 51% of MLBs.
- MLBs have typically been more confident than WLBs of success (in the year to Q2 2019, 59% of MLBs and 54% of WLBs were confident of success), with confidence levels having declined since then for both groups.
- 64%* of WLBs had a high level of trust in their main bank, compared to 56% of MLBs.



And despite being more likely to have been successful when they applied:

- The interim data for applications made in the 18 months to Q2 2023 showed a success rate for WLBs of 63%* and MLBs of 43%.
- Looking back, the availability of government backed pandemic funding boosted success rates for the 18 months to Q4 2020 to a greater extent for WLBs than MLBs: to 90% for WLBs that had applied (from 62% immediately pre-pandemic) compared to 85% for MLBs (72% immediately pre-pandemic).
- There were similarly high rates in the 18 months to Q4 2021 (84% and 82%) before success rates started to decline as 'normal' lending conditions resumed, but rates have declined more slowly for WLBs than MLBs (to 63% v 43% currently). This is interim data and more recent data suggests slightly lower success rates for WLBs but still ahead of MLBs.

FUTURE



Looking forward to the future, WLBs were:



Less likely to see themselves as 'Ambitious Risk Takers':

- Fewer WLBs had an ambition to be a bigger business (38%* of WLBs v 40% of MLBs), or were happy to take risks to grow (40%* v 47%) and thus were less likely to be an Ambitious Risk Taker by agreeing with both statements (24%* v 28%).



More likely to see costs and the economic climate as barriers going forward:

- Whilst WLBs were less likely to have already been significantly impacted by increasing costs, they were more likely to see them as a future barrier (41%* v 39% of MLBs, both up slightly from YEQ2 2022).
- WLBs were also more concerned about the economic climate (35%* v 31%), almost back to YEQ2 2021 levels and, for those with employees, about their ability to recruit and retain staff (22%* v 20% of MLB employers).



But also more likely to see opportunities:

- 32% of WLBs thought the future offered more opportunities than threats, up from 26% in the year to Q2 2021, another steady increase that sees them now more positive than MLBs (29%).



And more likely to be planning to grow:

- WLBs have typically been more likely to be planning to grow than MLBs and this was also true YEQ2 2023 when 46%* planned to grow (v 42%).
- Immediately prior to the pandemic 53% of WLBs and 49% of MLBs were planning to grow, this was then somewhat lower to YEQ2 2021 (48% v 42%) and has remained stable for both groups since.

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DEMOGRAPHICS OF WOMEN LED BUSINESSES

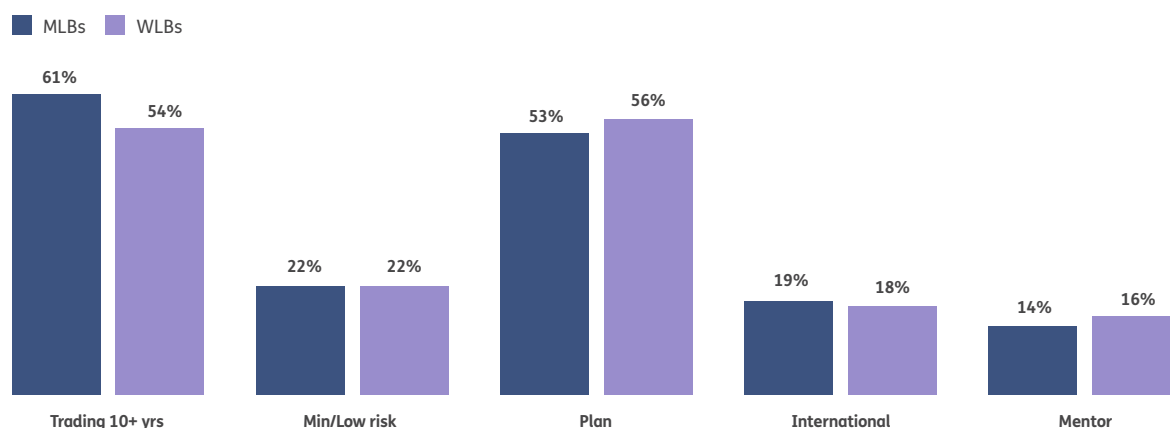
INTRODUCTION: UNDERSTANDING WOMEN LED SMES

Women led SMEs, referred to in this report as WLBs, make up 23% of all SMEs (76% of SMEs are led by men and 1% have joint partners). They make up 24% of SMEs with 0-9 employees and somewhat fewer (14%) of those with 10-249 employees. Before looking at the behaviours and sentiments of WLBs, this introduction looks at their business demographics for the year to Q2 2023 and how, if at all, they differ from SMEs led by men (MLBs). This information is pertinent when considering whether WLBs have behaved differently to their MLB peers, and whether this is more to do with the type of SME than it is the person leading it. The number and letter in brackets at the start of each bullet point refers to the table at the back of the report which relates to that topic.

- **Size (1A):** 21% of WLBs have employees, compared to 24% of MLBs. This is very slightly lower than pre-pandemic – YE Q2 2019, 24% of WLBs had employees, in line with MLBs (25%).
- **Sector (1B):** WLBs were less likely to be operating in the Construction (7% v 22% of MLBs) or Transport/Communication (6% v 16%) sectors, and more likely to be found in Health (18% v 4%) and Community, Social and Personal services (21% v 10%). These differences were typically more acute amongst SMEs with 0-9 employees rather than those with 10-249 employees.

Business demographics (1)

YE Q2 2023

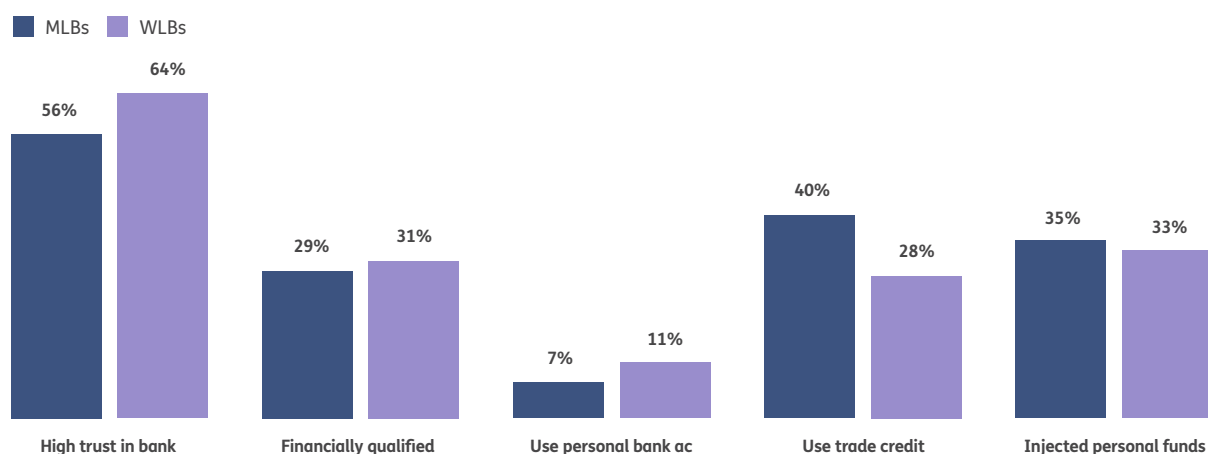


- **Age of business (1C):** WLBs were less likely to have been trading for 10 years or more (54% v 61% of MLBs). This was true for both WLBs with 0-9 employees (53% v 59% of MLBs of this size) and larger WLBs with 10-249 employees (79% v 86% of MLBs of this size).
 - This 'gap' is a trend that has been seen over many years, albeit that the proportion of older businesses has increased for both groups. In 2014 for example, 37% of WLBs and 48% of MLBs had been trading for 10 years or more.

- **Risk rating (1D):** As in previous years, WLBs and MLBs had a very similar external risk rating. 1 in 5 (22%) had a Minimal or Low risk rating, while at the other end of the scale, 44% of WLBs and 45% of MLBs had a worse than average risk rating. There was also no difference between WLBs and MLBs when split by size of SME.
- **Business formality (1I):** There were limited differences between WLBs and MLBs.
 - 56% of WLBs either produced regular management accounts (46%) and/or had a formal business plan (25%) slightly ahead of MLBs (53% had one or both of these).
 - WLBs were also as likely to undertake *any* international trade (18% v 19% of MLBs).
 - They were also as likely to have a business mentor as MLBs (16% v 14%).
 - Analysis by size of SME revealed that larger WLBs were less likely to be trading internationally than their MLB peers (23% v 31%) but that they were slightly more likely to have a mentor (29% v 24%).
 - Over time, both WLBs and MLBs have seen limited change in the proportion planning, and a slight increase in the proportion trading internationally. The proportion of MLBs with a mentor has changed little over the time this question has been asked, while for WLBs it initially increased from around 10% to around 20% during the pandemic (23% in the year to Q2 2021) but the current figure is somewhat lower at 16%.

Business demographics (2)

YE Q2 2023



- **Trust in main bank (1L):** Over half of SMEs had a high level of trust in their main bank (scoring 8-10 out of 10) and this was more likely to be the case for WLBs (64%) than MLBs (56%).
- **Financial decision maker (2G):** 3 in 10 of both WLBs (31%) and MLBs (29%) said their financial decision maker had a financial qualification and/or had received training. Analysis by size revealed that while this was also true for smaller WLBs with 0-9 employees (31% v 28%), larger WLBs with 10-249 employees were less likely to have such a person than the equivalent MLBs (55% v 64%).
- **Business bank account (2F):** Few SMEs now use a personal bank account for their business banking, but it remained more likely to be the case for WLBs (11%) than MLBs (7%).
- **Trade credit (2H):** WLBs were notably less likely to be using trade credit than MLBs (28% v 40%) and this was true both for smaller WLBs with 0-9 employees (27% v 38% MLBs of this size) as well as larger WLBs with 10-249 employees (68% v 75%).
- **Injections of personal funds (2E):** 1 in 3 WLBs (33%) reported an injection of personal funds into the business, either something those chose to do (12%) or, more commonly, something they felt that they had to do (21%). This was in line with MLBs (35% reported any injection).
 - Analysis by size revealed limited differences in overall injections of funds, compared to the equivalent MLBs, for either smaller WLBs with 0-9 employees (33% v 36%) or larger WLBs with 10-249 employees (16% v 12%).
 - Back in 2012, 43% of both WLBs and MLBs reported an injection of personal funds. That proportion then declined steadily for both groups to YEQ2 2020 when 24% of each group reported such an injection.
 - As the pandemic took effect, there was a marked increase in personal injections of funds to YEQ2 2021, by 17 percentage points for WLBs to 41% and by 13 percentage points for MLBs to 37%. For MLBs there has been little further change since (35% for YEQ2 2023) but while slightly fewer WLBs now report an injection of funds since (33% for YEQ2 2023), both remain above pre-pandemic levels.

2

SENTIMENT AND CONTEXT

SME SENTIMENT AND CONTEXT

This chapter provides an overview of SME sentiment and contextual data for subsequent chapters. SMEs have faced a range of trading challenges since the SME Finance Monitor started in 2011, as economic conditions varied, General Elections and the Brexit referendum were held and the UK left the EU, but perhaps nothing quite as all-encompassing as the Covid-19 pandemic which, from March 2020, saw a series of lockdowns and other restrictions across the UK and the wider world. As the impact of the pandemic abates, SMEs now face new challenges around inflation and possible recession. Analysis of this data provides an indication of how SMEs have managed as conditions have changed pre- to post-pandemic.

For UK SMEs as a whole, the current position (H1 2023) can be summarised as:

“More SMEs are making a profit and/or hold £10k+ of credit balances. They still face a range of challenges, including increased costs, staff recruitment and the impact of the trading arrangements with the EU so whilst SME ‘mood’ was stable, a quarter of SMEs felt the future offered more threats than opportunities.”

Analysis of WLBs showed their levels of profitability recovering post pandemic, but fewer holding £10,000 of credit balances. They were less likely than MLBs to have been negatively impacted by the new EU trading arrangements and/or to have already been significantly impacted by increasing costs, though they saw costs, the economic climate and recruiting/retaining staff as future barriers. Looking forward, their mood was good and they were more likely to see future opportunities.

BUSINESS MOOD

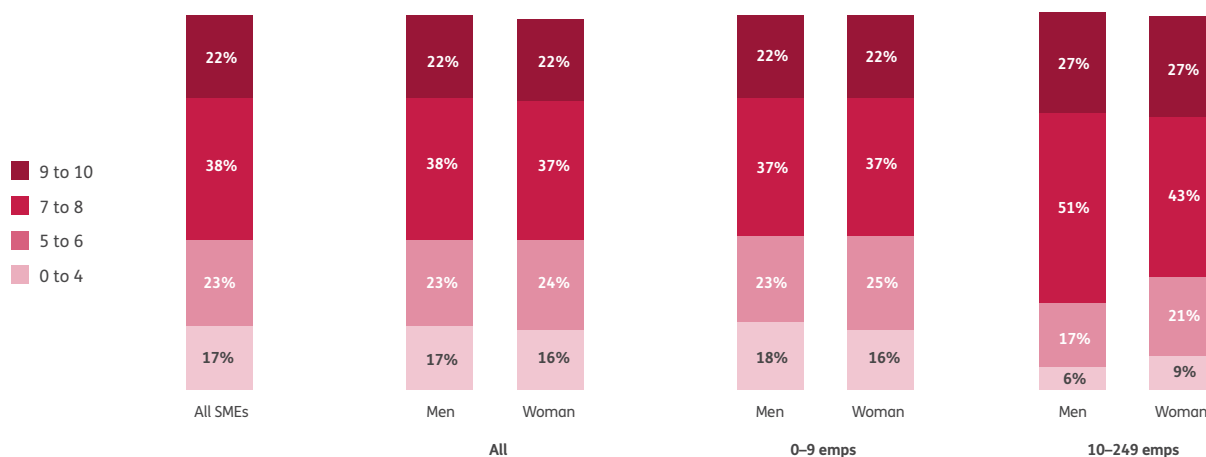
(TABLE 1M)

Across the 12 months to Q2 2023, over half of all SMEs (60%) reported feeling in a ‘good’ mood about their business (a score of 7-10 out of 10). This remained a marked improvement from when this question was first asked during the pandemic when, in the 12 months to Q2 2021, less than half, 44% were in a ‘good’ mood.

- WLBs were as likely as their peers to be in a ‘good’ mood (59% v 60% of MLBs).
- Smaller WLBs with 0-9 employees were as likely to be in a ‘good’ mood as their MLB peers (both 59%). Larger WLBs with 10-249 employees however were somewhat less likely to be in a ‘good’ mood than their MLB peers (70% v 77%).
- 16% of WLBs were in a ‘poor’ mood (scores 0-4), again in line with MLBs overall (17%) and there was little difference by size, with smaller WLBs and MLBs more likely to be in a ‘poor’ mood (16% and 18%) than larger WLBs and MLBs (9% and 6%).

There was little difference in business mood overall, but larger WLBs were slightly less likely to be in a ‘good’ mood (scores 7-10) than their larger male peers

Business mood YE Q2 2023



CV1 Base: All SMEs YE Q2 2023 17,007 13,433/3281 6943/2271 6490/1010

Limited analysis over time is possible, but comparing the 12 months to Q4 2021 to the current period to Q2 2023 showed that:

- The proportion of WLBs overall in a ‘good’ mood increased by 17 percentage points from 41% to 59%, and the same pattern was seen for MLBs (45% to 60%).
- The proportion of WLBs overall in a ‘poor’ mood halved from 32% to 16%, with a similar reduction for MLBs (30% to 17%).

PROFITABILITY

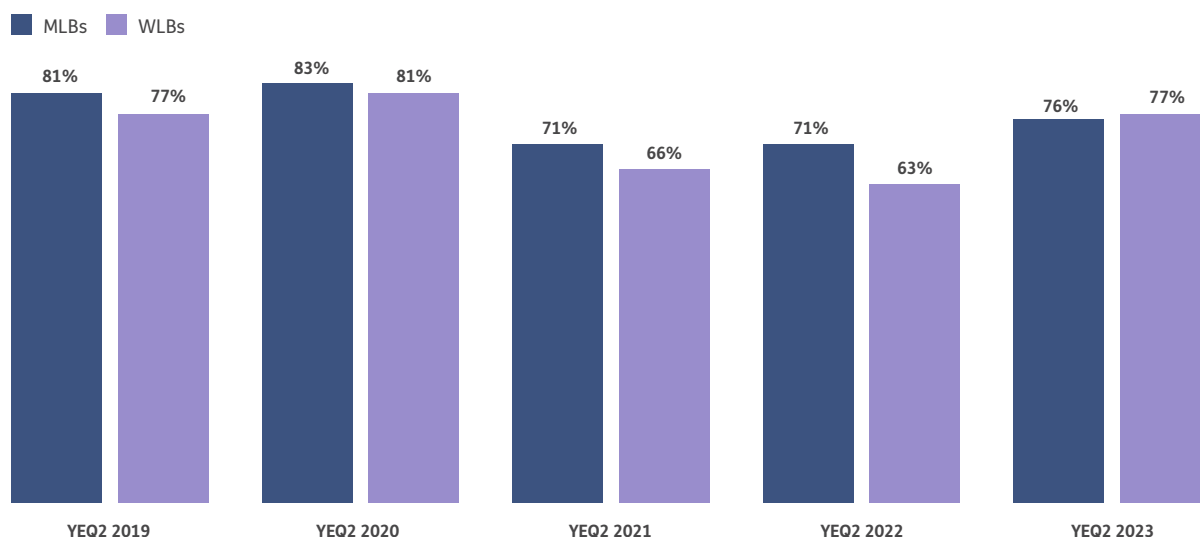
(TABLE 1E)

Across the 12 months to Q2 2023, 76% of all SMEs (excluding DK answers) reported making a profit, still below pre-pandemic levels:

- WLBs were as likely to have made a profit as their MLB peers (77% v 76% MLBs).
- Smaller WLBs with 0-9 employees were as likely to have made a profit as their MLB peers (77% v 75% of MLBs of this size). Larger WLBs though were slightly less likely to have made a profit than their MLB peers (83% v 88%).
- WLBs that made *any* profit were less likely to have made £25,000 or more (33% v 43% of MLBs making a profit).
- This was true for smaller SMEs that made any profit (32% of WLBs v 41% of MLBs with 0-9 employees) as well as larger ones (81% of WLBs v 90% of MLBs with 10-249 employees).

All SMEs saw a reduction in profitability during the pandemic, with WLBs slightly more likely to be affected in 2021 and 2022, but back in line for YEQ2 2023

Made a profit in previous 12 months (excl DK)



Q115 Base: All SMEs excl DK

Analysis over time showed that profitability in the previous 12 months declined for all SMEs during the pandemic, with WLBs slightly more affected than MLBs:

- In the year to Q2 2019, 77% of WLBs reported making a profit, compared to 81% of MLBs.
- By YEQ2 2022, that proportion had dropped by 14 percentage points to 63% for WLBs and by 6 percentage points to 71% for MLBs.
- An improving picture to YEQ2 2023 however, meant that once again there was little to choose between the two groups (77% v 76% of MLBs).

CREDIT BALANCES

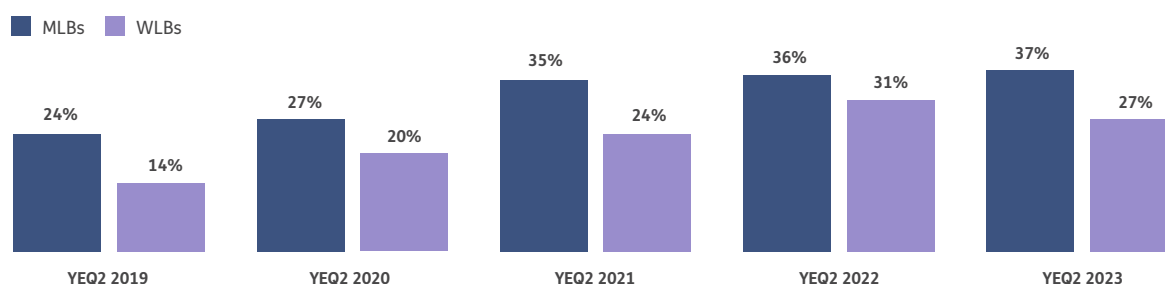
(TABLE 1G)

Across the 12 months to Q2 2023, 34% of all SMEs held credit balances of £10,000 or more. This proportion has increased steadily over time and has appeared little affected by the pandemic.

- YEQ2 2023, WLBs were less likely to be holding £10,000 or more in credit balances (27%) than MLBs (37%).
- This gap was seen both amongst smaller businesses (26% of WLBs with 0-9 employees v 35% of MLBs of the same size) and larger ones (77% of WLBs with 10-249 employees v 83% of MLBs of the same size).

All SMEs were more likely to be holding £10k or more in credit balances than pre-pandemic, but with WLBs seeing a decline from YEQ2 2022 to YEQ2 2023

Hold £10k+ in credit balances (excl DK)



Q117 Base: All SMEs excl DK

- Pre-pandemic, in the 12 months to Q2 2019, WLBs were less likely to hold £10k or more of credit balances (14%) than MLBs (24%). Both groups then saw an increase over time to YEQ2 2022 when 31% of WLBs and 36% of MLBs held such balances.
- MLBs maintained this proportion of credit balances to YEQ2 2023 (37%) but this was not the case for WLBs (down 4 points to 27%) though both groups remain above pre-pandemic levels.

INCREASING COSTS

(TABLE 1K AND 4C)

A new question from Q4 2021 has tracked the impact on SMEs of increasing costs. In the year to Q2 2023, 42% of all SMEs reported having been ‘significantly impacted’ by increasing costs, while 34% had been ‘somewhat’ impacted and 25% reported no impact.

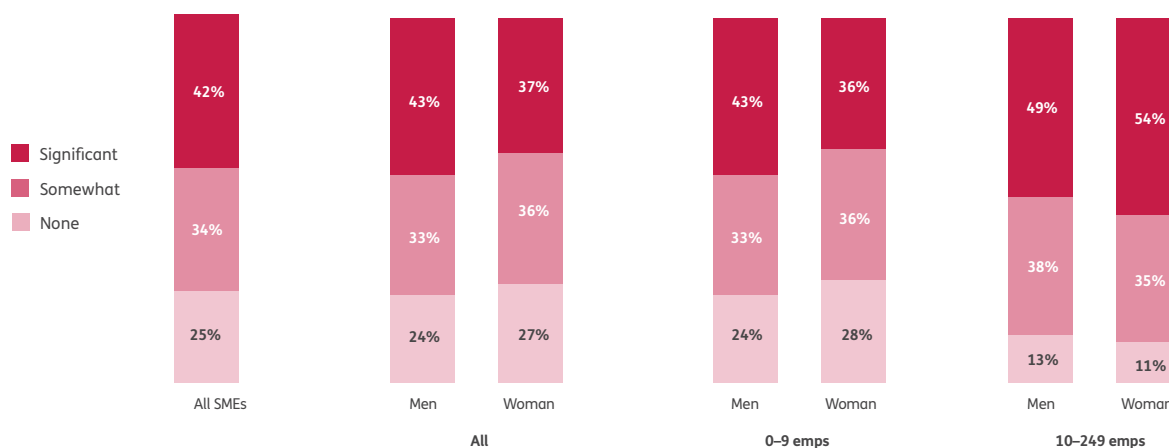
WLBs were slightly less likely than MLBs to have been ‘significantly impacted’ by increasing costs (37% v 43% of MLBs). This was also true for those with 0-9 employees (36% WLB v 43% MLB) but not for those with 10-249 employees where WLBs were more likely to have been ‘significantly impacted’ (54% v 49% of MLBs).

WLBs overall were as likely to have been ‘somewhat’ impacted by increasing costs as MLBs (36% v 33% of MLBs), so overall 73% of WLBs reported *any* impact from increased costs, compared to 76% of MLBs.

- 72% of WLBs with 0-9 employees reported any impact (v 76% of MLBs of that size), and 89% of WLBs with 10-249 employees (v 87% of MLBs of that size).

Smaller WLBs were slightly less likely to have been ‘significantly’ affected by increased costs than their male peers, larger WLBs slightly more likely

Impact to date of increasing costs – YE Q2 2023



CV3b Base: All SMEs YE Q2 2023 17,007 13,433/3281 6943/2271 6490/1010

Looking forward, 39% of all SMEs in the year to Q2 2023 thought increased costs represented a major future barrier (score 8-10) to their business. WLBs were more likely to rate costs as a future barrier (41%) than MLBs (39%):

- While there was limited difference for those with 0-9 employees (41% WLBs v 38% MLBs), larger WLBs with 10-249 employees were more likely to be concerned about increased costs than their peers (49% v 40% of MLBs of this size).
- As these are both recent metrics, no analysis over time is possible at this stage.

SEEING THE ECONOMIC CLIMATE AS A MAJOR BARRIER

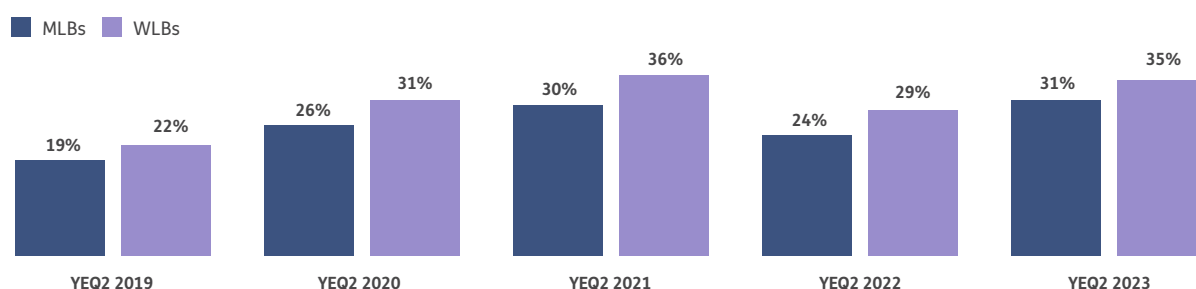
(TABLE 4C)

The other main future barrier to SMEs is the current economic climate, seen as a major barrier by 32% of all SMEs in the year to Q2 2023.

WLBs were more likely to rate the economic climate as a future barrier (35%) than MLBs (31%). Again, while there was limited difference for those with 0-9 employees (35% WLBs v 31% MLBs) larger WLBs with 10-249 employees were more likely to be concerned about the economic climate (34%) than their MLB peers (25%).

All SMEs saw an increase in concern about the economy during the pandemic, and WLBs remain slightly more concerned than their male peers

Economic climate a major barrier: 8-10 over time



Q93 Base: All SMEs

This is a long-standing metric and so analysis over time is possible:

- YEQ2 2019 there was little to choose between WLBs and MLBs in terms of concern about the economic climate (22% v 19%).
- Concern then increased during the pandemic. By YEQ2 2021, concern amongst WLBs had increased by 14 percentage points to 36%, while for MLBs it had increased by 11 percentage points to 30%.
- As the economy re-opened concern about the economic climate reduced somewhat to 29% of WLBs and 24% of MLBs for the year to Q2 2022.
- However, increased costs and other pressures saw concern increase again to YEQ2 2023, to 35% of WLBs and 31% of MLBs, respectively 13 and 12 percentage points above the figures for YEQ2 2019.

RECRUITMENT AS A MAJOR BARRIER

(TABLE 4C)

In the year to Q2 2023, 20% of SMEs with employees saw the recruitment and retention of staff as a major future barrier to their business (scores 8-10) and concern has risen steadily over recent years.

Overall, WLB employers were more likely than MLB employers to be concerned about staff recruitment and retention (22% v 20%). Again, this was more of an issue for larger WLB employers with 10-249 employees (34% v 25% of MLB employers of this size), with little difference for smaller employers with 1-9 employees (20% v 18%).

IMPACT OF EU TRADING ARRANGEMENTS

(TABLE 1J)

All SMEs were asked what impact, if any, the new trading arrangements with the EU were having on their business. This is a more recent question, from Q1 2021, so limited data over time is available for this report:

- 2% of SMEs reported that the new trading arrangements had made a positive impact with no difference by group (both 2%).
- The biggest single group (65% of all SMEs) said that the new arrangements had not had an impact, again with little variation (68% of WLBs and 64% of MLBs).
- The remainder, 33% of all SMEs, reported that the new arrangements had a negative effect. This was less likely to be the case for WLBs than MLBs (30% v 34%), due to fewer smaller WLBs with 0-9 employees reporting a negative effect (29% v 34% of MLBs of this size) while the figures for larger SMEs were much closer (43% of WLBs v 41% of MLBs of this size).

The 30% of WLBs that reported a negative impact in the year to Q2 2023 was slightly lower than the 33% in the year to Q2 2022, while for MLBs the proportion was unchanged (34% in the year to Q2 2022).

HOW DO YOU FEEL ABOUT THE FUTURE?

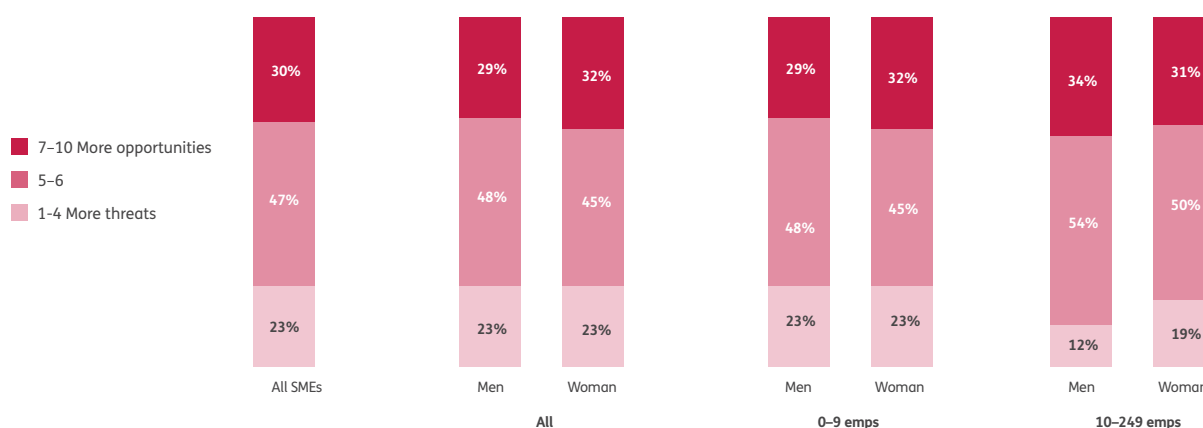
(TABLE 1N)

All SMEs were asked to give a score out of 10 for their view of the future for their business, from 1 (all threats, no opportunities) to 10 (all opportunities, no threats). Overall, for the 12 months to Q2 2023, 30% of SMEs saw mainly opportunities and gave a score of 7-10, while at the other end of the scale, 23% gave a score of 1-4 as a result of seeing lots of threats.

- WLBs were more likely than MLBs to feel that the future offered mainly opportunities (32% v 29% of MLBs) with closer scores for the proportion seeing the future offering lots of threats (23% for both groups).
- Larger WLBs were though slightly more likely to see the future offering threats than their peers (19% v 12% of MLBs with 10-249 employees).

There was little difference in future perceptions overall, but larger WLBs were slightly more likely to feel the future offered more threats than opportunities than their larger male peers

Business threats v opportunities YE Q2 2023



CV7 Base: All SMEs YE Q2 2023 17,007 13,433/3281 6943/2271 6490/1010

Limited analysis over time is possible, but comparing the year to Q2 2021 to the current period shows that:

- The proportion of all SMEs seeing mainly opportunities (scores 7-10) changed relatively little (27% to 30%). This was also true for MLBs (27% to 29%) but there was slightly more of an increase for WLBs (26% to 32%).
- The proportion of SMEs overall seeing mainly threats was also broadly stable (24% to 23%) and this was also true for both WLBs and MLBs (both 24% to 23%).

ASSESSMENT OF CURRENT POSITION

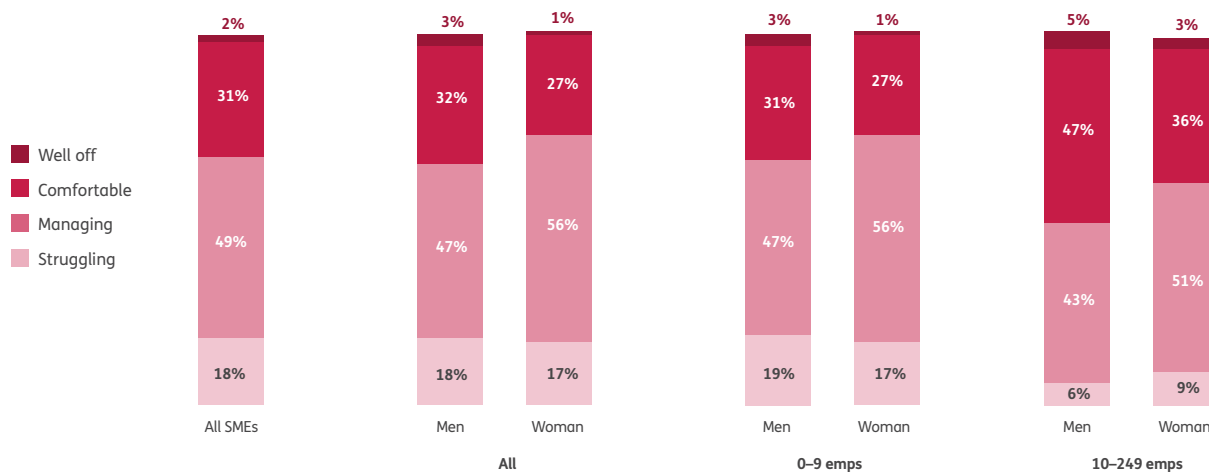
(TABLE 10)

A new question from Q1 2023 asked SMEs to put themselves in one of four categories:

- **Struggling:** 'Our monthly revenue does not meet our needs and the business has no savings or investments'.
- **Managing:** 'Our monthly revenue meets our needs but the business has no real savings or investments'.
- **Comfortable:** 'Our monthly revenue meets our needs and the business has some savings as a cushion'.
- **Well off:** 'Our monthly revenue more than meets our needs and the business has a decent sum in savings or investments'.

WLBs were more likely to be 'Managing' and less likely to be 'Well off / Comfortable' than their MLB equivalents

Business situation H1 2023



CV8 Base: All SMEs H1 2023 8446 6661/1640 3565/1136 3096/504

For H1 2023 only, WLBs were less likely to be in the Well off / Comfortable categories (28% v 35% of MLBs):

- 2% of all SMEs described themselves as 'Well off', (1% of WLBs v 3% of MLBs).
- 31% of all SMEs described themselves as 'Comfortable'. WLBs were less likely to be in this category (27%) than MLBs were (32%).

-
- Half of SMEs overall described themselves as ‘Managing’ (49%). This was more likely to be the case for WLBs (56%) than MLBs (47%).
 - Overall 18% of SMEs described themselves as ‘Struggling’, with little difference between the groups (17% of WLBs and 18% of MLBs).
 - Analysis by size of SME showed that 28% of WLBs with 0-9 employees were Well off / Comfortable, compared to 34% of their MLB peers. Amongst larger SMEs the gap was wider with 39% of WLBs with 10-49 employees being Well off / Comfortable, compared to 52% of their MLB peers.
 - With more WLBs in the ‘Managing’ category, there was little difference by size in the proportions ‘Struggling’ (17% of smaller WLBs v 19% of smaller MLBs and 9% of larger WLBs v 6% of larger MLBs).



3

GROWTH AND INNOVATION

GROWTH AND INNOVATION

This chapter looks at how SME growth and growth aspirations have been impacted by the pandemic and current trading conditions, and the extent to which SMEs have used innovation to develop their business. The latest position for SMEs overall is summarised as follows:

“In Q2 2023, 30% of SMEs had grown, still below pre-pandemic levels. Half, 53%, had either been innovative in the past year (40%) and/or planned to be innovative in the coming months (32%), while 43% were planning to grow. In the first half of 2023, 1 in 5 SMEs had both grown and planned to grow in the coming year, still somewhat below pre-pandemic levels.”

Analysis of WLBs showed they were as likely to have grown as their MLB peers, but both remained at below pre-pandemic levels. WLBs did though remain more likely to have been innovative and more likely to be planning to grow than MLBs.

GROWTH IN THE PAST 12 MONTHS

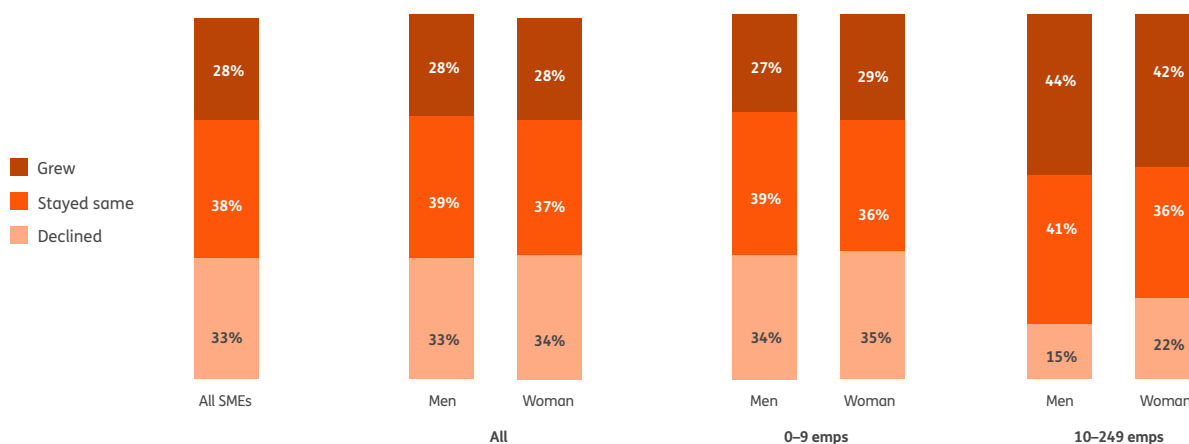
(TABLE 1F)

For the year to Q2 2023, 28% of SMEs (excluding Starts and Dk answers), reported business growth in the previous year while 38% had stayed the same size and 33% had declined. Growth levels remain below those reported pre-pandemic.

- Overall, WLBs were as likely to have grown as MLBs (28% of both WLBs and MLBs) and this was true for both smaller and larger WLBs.
- Larger WLBs with 10-249 employees were though slightly more likely to have declined than their MLB peers (22% v 15%).

There was little difference in previous growth overall, but larger WLBs were slightly more likely to report they had declined than their larger male peers

Growth in previous 12 months excl Starts YE Q2 2023



CV7 Base: All SMEs excl Starts YE Q2 2023 15,783 12,510/2993

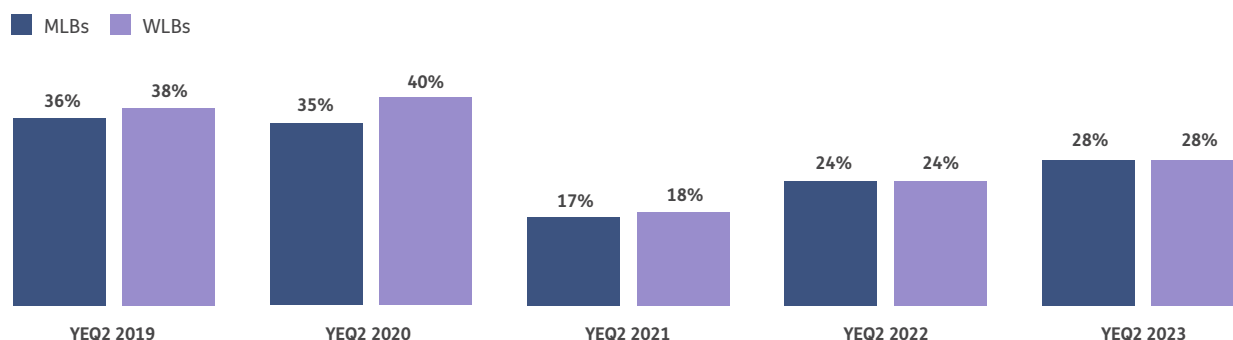
Scale up growth is defined as 3 years consecutive growth of 20% or more, in the last 10 years. In the year to Q2 2023, 24% of SMEs (excluding Starts and DK) met the definition. WLBs were slightly less likely to meet the definition (21%) than MLBs (25%) due to fewer smaller WLBs meeting the definition (21% v 25%) while larger WLBs were slightly more likely than their MLB peers to have scaled (30% v 27%).

Reported growth was significantly affected by the pandemic and has not yet returned to pre-pandemic levels, when 4 in 10 had typically grown:

- Pre-pandemic in the year to Q2 2019, there was little difference in growth between WLBs and MLBs (38% v 36%). As growth covers the previous 12 months, there was then little change in reported growth in the early months of the pandemic to YEQ2 2020 (40% WLBs v 35% MLBs)
- By YEQ2 2021, the impact of the pandemic had made itself felt. The proportion of WLBs that had grown dropped 22 percentage points to 18%, with MLBs seeing a drop of 18 percentage points to 17%
- By YEQ2 2023, growth rates had recovered somewhat but, at 28% for both WLBs and MLBs, still below pre-pandemic levels.

Fewer SMEs grew during the pandemic, and whilst the proportion growing YEQ2 2023 is higher than during the pandemic it is not yet back to pre-pandemic levels, with little difference between the two groups

Growth in previous 12 months over time



Q81 Base: All SMEs excl Starts

- During the pandemic more SMEs reported having declined. This was true for WLBs, with the proportion reporting a decline increasing by 41 percentage points between YEQ2 2019 and YEQ2 2021, from 21% to 62%. MLBs followed a similar pattern, with the proportion increasing by 37 percentage points over the same period, from 19% that had declined to 56%
- Since then the proportion that had declined has decreased but is not yet back to pre-pandemic levels. By YEQ2 2023, the proportion of WLBs that had declined had halved from 62% to 34% and for MLBs the decrease was from 56% to 33%.

INNOVATION

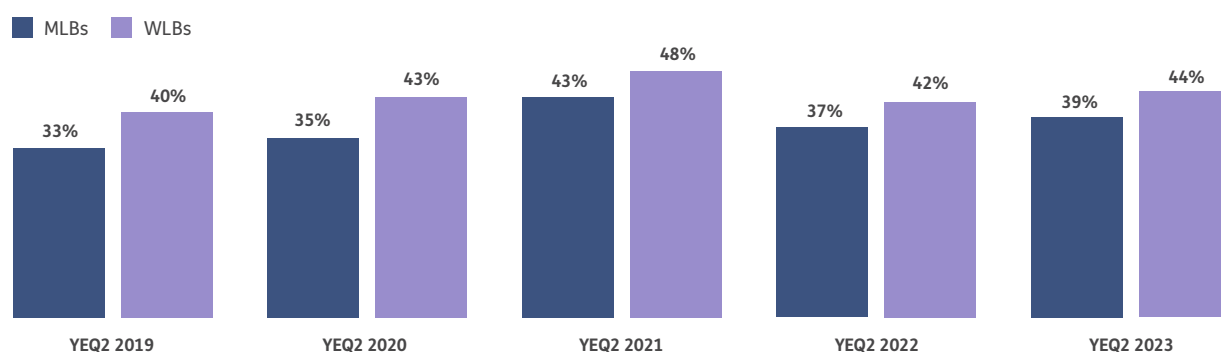
(TABLE 1I)

Innovative SMEs (40% of all SMEs in the 12 months to Q2 2023) are those SMEs that have either developed a new product or service (19%) or significantly improved an aspect of the business (36%). Levels of innovation increased during the pandemic and have remained somewhat higher since.

- In the year to Q2 2023, WLBs were more likely to have been innovative (44%) than MLBs (39%). They were more likely to have either developed a new product or service (23% v 18% of all MLBs) and/or significantly improved an aspect of the business (40% v 34% of all MLBs).
- Differences in levels of innovation were seen between smaller SMEs with 0-9 employees (43% of WLBs v 38% of MLBs of that size) rather than larger SMEs with 10-249 employees (59% v 60%).

There was more innovation during the pandemic which has not been entirely maintained subsequently. WLBs have consistently been somewhat more likely to be innovative than their male peers

Innovation over time



Q84 Base: All SMEs

There were also changes in innovation between YEQ2 2019, pre-pandemic, and the current period:

- Levels of innovation increased steadily to YEQ2 2021. Amongst WLBs, innovation increased by 8 percentage points from 40% YEQ2 2019 to 48% YEQ2 2021, while for MLBs it increased by 10 percentage points from 33% to 43% over the same period.
- Since then levels of innovation have been slightly lower but still above pre-pandemic levels (WLBs down 4 percentage points to 44% and MLBs also down 4 percentage points to 39%).

GROWTH ASPIRATIONS

(TABLE 4B)

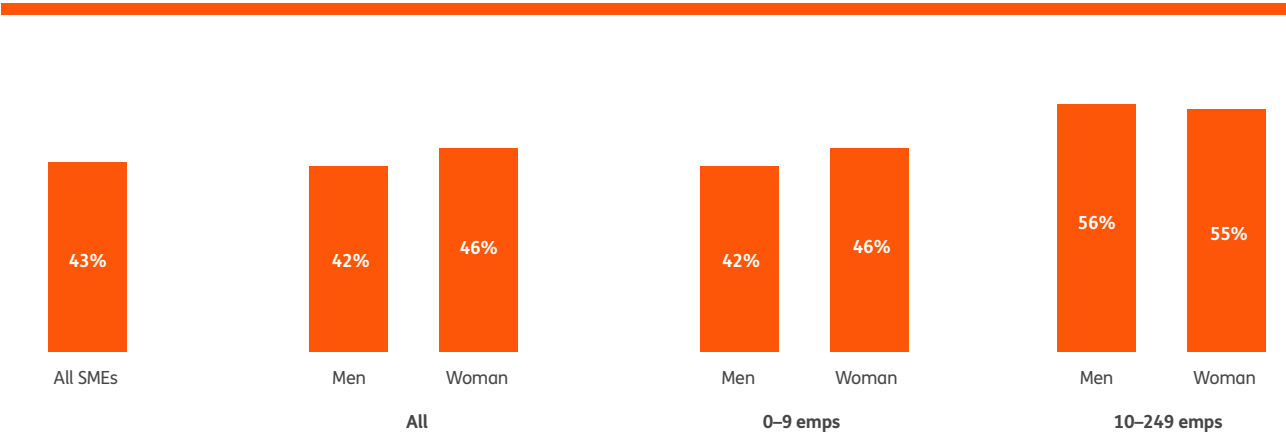
43% of SMEs in the 12 months to Q2 2023 planned to grow, still slightly below pre-pandemic levels. 45% planned to stay the same size and 12% expected to get smaller, sell or close.

- WLBs were more likely to be planning to grow at all (46% v 42% of MLBs). Whilst this was also true of WLBs with 0-9 employees (46% v 42% of MLBs of that size) it was not the case for larger WLBs with 10-249 employees, where 55% were planning to grow compared to 56% of their MLB peers.

45% of SMEs expected to stay the same size and there was no difference overall between WLBs and MLBs (44% and 45%), nor was there a difference in the proportion that expected to get smaller or sell/close the business (10% and 12%).

WLBs overall and those with 0-9 employees were more likely to be planning to grow than their peers

Plan to grow YE Q2 2023



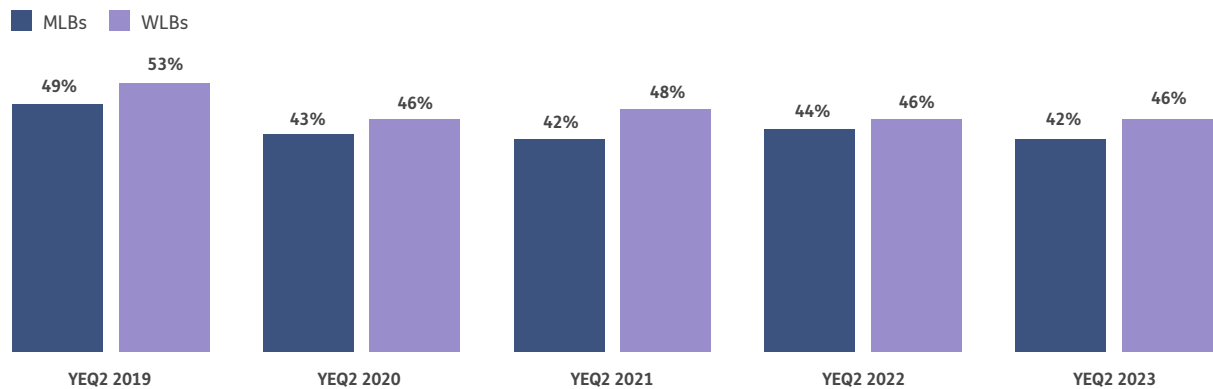
Q91 Base: All SMEs YEQ2 2023 17,007 13,433/3281 6943/2271 6490/1010

Growth ambitions were initially badly impacted by the pandemic, but started to recover relatively quickly, such that the 12 month periods used in this analysis ‘flatten’ that dip and recovery.

- Pre-pandemic, around half of WLBs expected to grow. Since YEQ2 2020, the proportion has been slightly lower and between 46% and 48% have planned to grow. Amongst MLBs, growth aspirations since YEQ2 2020 have also been somewhat lower, between 42% and 44%.

Growth aspirations took less of a hit during the pandemic than actual growth, with WLBs more likely to be planning to grow

Plan to grow over time



Q91 Base: All SMEs

4

USE OF EXTERNAL FINANCE

Tables 2a-2M

USE OF EXTERNAL FINANCE

This chapter explores external finance in more detail, including current use and any concerns around repaying current borrowing, along with future appetite for funding. The latest position for SMEs overall is summarised as follows:

“In H1 2023, 43% of SMEs were using external finance, with increased use of ‘traditional’ finance at 38% and 18% that had taken, and were still repaying, pandemic funding (around two thirds of all those who took pandemic funding). 16% of borrowers were worried about how they would repay the funding they had taken and whilst the minority that had spoken to their lender were satisfied with the lender’s response, those that had not spoken were unsure about the response they would get”

Analysis of WLBs showed that they were less likely to be using external funding than MLBs, though the opposite is true for those with 10-249 employees. Having been as likely as their male peers to take Government backed pandemic funding, they were more likely to have repaid it and remained less likely to be using any of the forms of ‘core’ finance or to be ‘happy to borrow to grow’ though no more likely to be a Permanent non-borrower. Amongst those using finance, a similar proportion of WLBs and MLBs were concerned about repaying it.

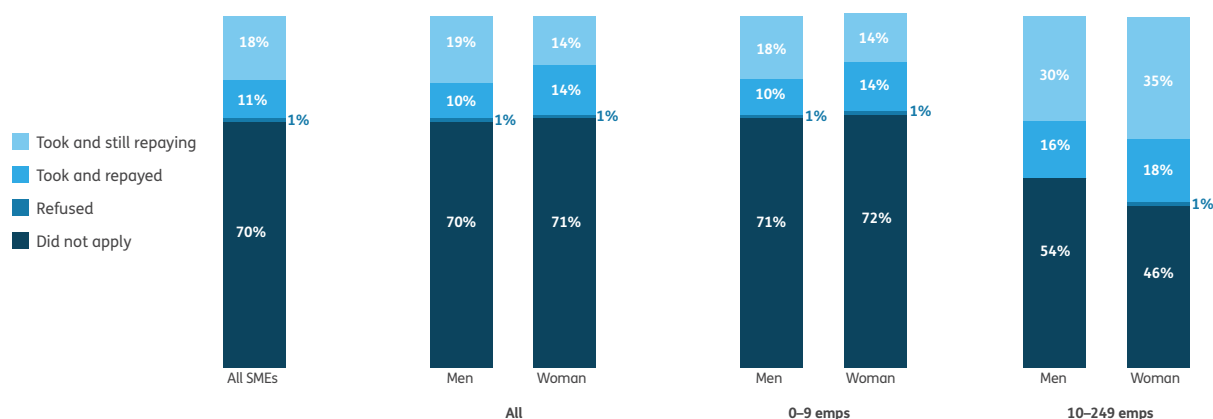
USE OF EXTERNAL FINANCE

(TABLES 2A – 2C AND 2J)

All SMEs were asked about their current use of external finance across a range of both ‘core’ products (loans, overdrafts and credit cards) and ‘other’ products including leasing and asset finance. They were also asked about funding specifically related to the pandemic, much of it through Government backed schemes. These questions were revised in Q1 2023 to provide a much clearer assessment of pandemic funding so that it could be included in the ‘overall use of finance’ figures. The data below is from these new questions in H1 2023.

Smaller WLBs were less likely to still be repaying pandemic funding than their peers, while the opposite was true for larger WLBs

Use of pandemic related funding H1 2023



Qbb2ax Base: All SMEs H1 2023 7993 6278/1580 3462/1105 2816/475

43% of SMEs reported using any external finance in H1 2023 (including both traditional forms of finance and/or repaying pandemic funding):

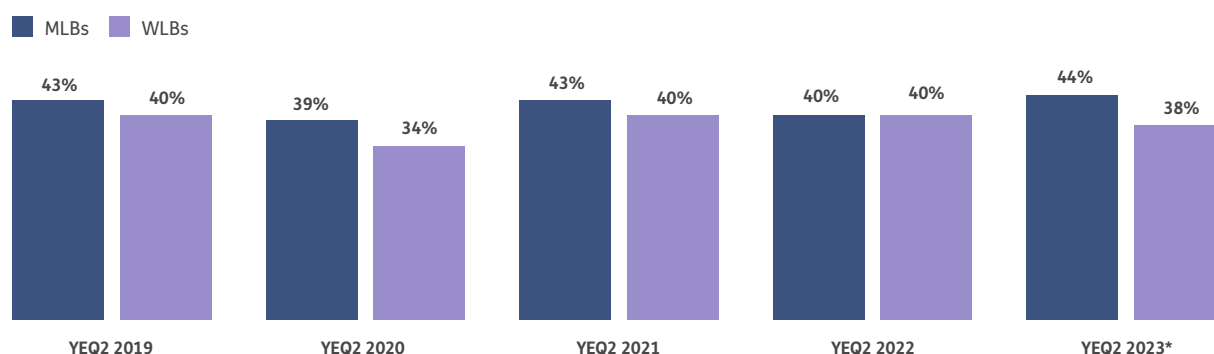
- WLBs were less likely to be using any external finance than their peers (38% v 44% of MLBs).
- Analysis by size however showed that whilst smaller WLBs with 0-9 employees were less likely to be using external finance than their peers (37% v 43% of such MLBs), the opposite was true for larger WLBs with 10-249 employees (69% v 63% of MLBs of this size).

38% of all SMES in H1 2023 were using one or more of the ‘traditional’ forms of finance tracked on the SME Finance Monitor, while 18% were still repaying pandemic related funding.

- WLBs (less likely to be using any finance than MLBs) were less likely to be using traditional forms of finance (33% v 39% of MLBs) and/or to still be repaying pandemic funding (14% v 19% of MLBs).
- Smaller WLBs with 0-9 employees were less likely to be using either traditional finance (32%) and/or to be repaying pandemic funding (14%) than the equivalent MLBs (38% and 18%).
- Amongst larger WLBs with 10-249 employees, the opposite was true. WLBs were more likely to be using traditional finance (64%) and/or to be repaying pandemic funding (35%) than the equivalent MLBs (58% and 30%). The higher use of traditional finance was seen mainly in more use of core forms of finance (51% v 45% of larger MLBs).

WLBs are currently less likely to be using external finance, due to lower use of traditional ‘core’ finance

Any external finance: over time



Q15 Base: All SMEs *H1 23 includes those still repaying pandemic funding

Data over time is based predominantly on any use of core and/or other forms of finance (i.e. excluding pandemic funding) to YEQ2 2022, while the latest data for H1 2023 includes pandemic funding:

- Overall, MLBs have typically been slightly more likely to be using external finance than WLBs and this was true in YEQ2 2019 (40% of WLBs v 43% of MLBs).
- YEQ2 2020 use of finance dropped slightly, by 6 percentage points for WLBs to 34%, and by 4 percentage points for MLBs to 39%.
- That decrease was reversed in YEQ2 2021 (back to 40% and 43%) and has been broadly stable since.

Analysis has derived the use by SMEs of any broader “Business Funding”, that is any use of the traditional forms of external funding, and/or trade credit and/or injections of personal funds.

- YEQ2 2023, 63% of WLBs used any such funding compared to 71% of MLBs, with WLBs somewhat less likely to be using either external finance or trade credit.
- This difference was seen amongst those with 0-9 employees (62% of WLBs v 70% of MLBs) with no difference for those with 10-249 employees (85% v 86%).

CONCERNS ABOUT LEVELS OF DEBT AND REPAYMENT

(TABLES 2D AND 2N)

In H1 2023, 12% of all SMEs said that they were using more finance than they had been pre-pandemic. This is the equivalent of 34% of all users of finance (including those with pandemic related funding)

- WLBs were as likely as MLBs to be borrowing more than they used to (10% v 12% of all MLBs) representing a similar percentage of WLB finance users (36% v 34% of MLBs using finance)

Also in H1 2023, the equivalent of 6% of all SMEs said that they were worried about repaying the finance they had. This is the equivalent of 16% of all users of finance (including those with pandemic related funding):

- WLBs were as likely as MLBs to be concerned about repaying (5% v 6% of all MLBs) and again this was a similar percentage of WLB finance users (17% v 16% of MLBs using finance).

PERMANENT NON-BORROWERS

(TABLE 2K)

Permanent non-borrowers are those SMEs that appear to have little current or future appetite for external finance, based on the answers they provided to various questions. From Q1 2023 this metric has excluded those who took Government backed pandemic funding (whether they have repaid it or not) and the figures below are based on H1 2023 using this new definition.

In H1 2023, 37% of SMEs met the definition of a PNB. This was as likely to be the case for WLBs (38%) as for MLBs (37%).

- As reported above, smaller WLBs with 0-9 employees were less likely to be using external finance as their MLB peers. They were though as likely to meet the definition of a PNB (39% v 37% of MLBs of this size).
- Larger WLBs with 10-249 employees were more likely to be using external finance than their MLB peers and so were less likely to meet the definition of a PNB (19% v 25% of MLBs of this size).

Looking back over time, overall WLBs had typically been slightly more likely to meet the definition of a PNB than MLBs had been, but this has not been the case more recently:

- YE2021, the proportions were about the same (45% of WLBs and 44% of MLBs).
- By YE2022, the proportion of PNBs was down by 8 percentage points for WLBs to 37%, and by 7 percentage points for MLBs to 30%.
- After a brief increase YE2023, the proportion meeting the (revised) definition in H1 2023 was back in line with YE2021 (38% and 37%).

KEY ATTITUDES TO FINANCE

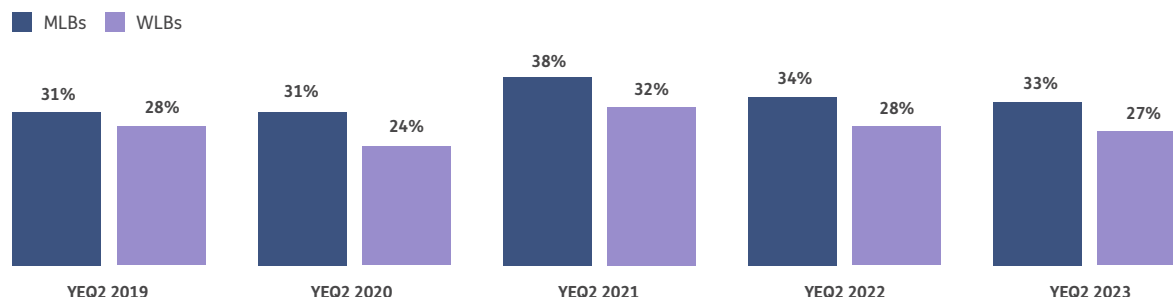
(TABLES 2L AND 2M)

32% of SMEs in the 12 months to Q2 2023 agreed that they would be happy to use finance to help the business grow:

- WLBs were less likely to agree (27%) than MLBs (33%)
- This difference was again seen more amongst WLBs with 0-9 employees (27% v 33% of MLBs of this size) than amongst those with 10-249 employees (47% of both WLBs and MLBs of this size)
- Over time, WLBs have typically been less likely to agree with this statement than MLBs with the exception of YEQ2 2019 when there was little between them, with 28% of WLBs happy to use finance to grow compared to 31% of MLBs
- Agreement with this statement then increased by 7 percentage points to 38% of MLBs in the year to Q2 2021, with a smaller increase recorded for WLBs (4 percentage points to 32%), before declining again to the 27% of WLBs and 33% of MLBs seen in the year to Q2 2023

WLBs continue to be somewhat less likely to be 'happy to borrow to grow'

Agree happy to use finance to grow: over time



Q93 Base: All SMEs

A similar proportion of SMEs in the year to Q2 2023 (32%) agreed that they thought it would be difficult for a business like theirs to get funding if they needed it:

- There was no difference overall between WLBs and MLBs (both 32%), or amongst those with 0-9 employees (32% of WLBs of this size v 33% of MLBs)
- Whilst WLBs with 10-249 employees were more likely to be using external finance than their peers, they were also slightly more likely to feel that they might struggle to get (more) finance (23% v 17% of MLBs of this size).

Across the other attitude statements tested, there was typically little difference between WLBs and MLBs overall or between those with 0-9 employees. More differences were seen amongst those with 10-249 employees:

- WLBs with 10-249 employees were more likely than their MLB peers to agree that their plans were based on what they could afford (80% v 73%), that they would accept a slower rate of growth rather than borrowing to grow more quickly (77% v 71%) and that they would be less likely to apply if the cost of credit increased (60% v 52%). This may be a reflection of the fact that they were also more likely to feel that the future was uncertain and so were being cautious (67% v 56%).

Meanwhile, “Ambitious Risk Takers” are those SMEs that agree with both of the following attitudinal statements:

- We have a long term ambition to be a significantly bigger business.
- As a business we are prepared to take risks to become more successful.

In the year to Q2 2023, 40% of SMEs had a long term ambition to be a significantly bigger business and 45% were prepared to take risks to become more successful. 27% of SMEs met both of these criteria and were thus ‘Ambitious Risk Takers’:

- WLBs were less likely to have a long term ambition to be a significantly bigger business (38%) as MLBs (40%) and also less likely to be prepared to take risks to become more successful (40% v 47% of MLBs). As a result, they were less likely to meet the definition of an Ambitious Risk Taker (24%) than MLBs were (28%).
- Smaller WLBs with 0-9 employees were as likely to have a long term ambition to be a significantly bigger business (37%) as MLBs of this size (39%) but again somewhat less likely to be prepared to take risks to become more successful (27% v 33% of MLBs). As a result, they too were less likely to meet the definition of an Ambitious Risk Taker (24%) than MLBs of this size were (28%).
- By contrast, larger WLBs with 10-249 employees were less likely to have a long term ambition to be a significantly bigger business (52%) than MLBs of this size (58%) but were as likely to be prepared to take risks to become more successful (48% v 50% of MLBs). As a result, while they were also slightly less likely to meet the definition of an Ambitious Risk Taker (33%) than MLBs of this size were (37%), this was for a slightly different reason.

Linking attitude to finance and use of external finance together showed that WLBs were somewhat less positive than their MLB peers:

- 16% of SMEs were both using finance and were happy to borrow to grow. This was somewhat less likely to be the case for WLBs than MLBs (11% v 18%).
- At the other end of the scale, half of SMEs (49%), were neither using finance nor happy to borrow to grow and this was more likely to be the case for WLBs (53% v 47% of MLBs).
- 16% of both WLBs and MLBs were not using finance but would be happy to borrow to grow, while 19% of both groups were using finance but not happy to borrow to grow.

HAPPY NON-SEEKERS IN PREVIOUS 12 MONTHS

(TABLE 3D)

In the year to Q2 2023, as in previous years, most SMEs (88%) met the definition of a Happy non-seeker of finance, that is an SME that had not applied for finance and said that nothing had stopped them from doing so.

- This was also true for WLBs (89%) and MLBs (88%) overall.
- Larger WLBs with 10-249 employees were though slightly less likely to have been a Happy non-seeker of finance (83%) than MLBs of the same size (88%).

Happy non-seekers have always made up the majority of SMEs in the survey:

- Pre-pandemic around 8 in 10 met the definition. During the pandemic, appetite for finance increased and the proportion of Happy non-seekers dropped slightly before increasing again.
- WLBs followed the same pattern over this period, from 84% meeting the definition of an HNS in the year to Q2 2019 to 77% in the year to Q2 2021, before increasing to 89% in the latest period.
- Amongst MLBs, the same pattern was seen, from 83% meeting the definition of an HNS in the year to Q2 2019 to 78% in the year to Q2 2021, before increasing to 88% in the latest period.

5

ACCESS TO FINANCE

ACCESS TO FINANCE

Access to finance is at the core of the SME Finance Monitor reporting. In this chapter we look at demand for finance and the outcome of applications made. The proportion of SMEs with a need for finance and/or making an application was lower than in previous years, meaning the base sizes for WLBs are somewhat limited. The latest position for SMEs overall is summarised as follows:

“Very few SMEs reported having had a need for funding and whilst a stable two thirds had gone on to make an application as a result of that need, fewer of these were to the main bank. Success rates remained below the pandemic ‘peak’ and pre-pandemic levels with smaller SMEs and loan applicants more likely to be declined. 1 in 5 expected to be a ‘Future Would-be seeker’ of funding, up from 1 in 7 in 2022, and confidence of any future application being successful remained below pre-pandemic levels”

Analysis of WLBs showed that whilst they were as likely to have had a need for finance, they were less likely to have applied or to be planning to apply for finance. Those WLBs that did though were more likely to have been successful than their MLB peers and had seen less of reduction in success rates post pandemic. Despite this WLBs were less confident of success with a future application than their MLB peers.

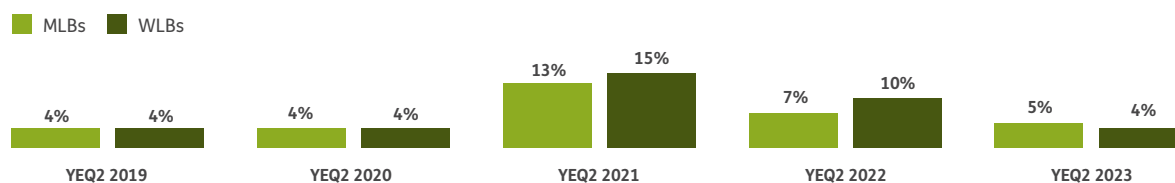
A NEED FOR EXTERNAL FINANCE

(TABLE 3A)

5% of SMEs in the year to Q2 2023 reported having had a need for external finance, whether they went on to apply for it or not. WLBs were as likely to report a need (4%) as MLBs (5%) overall, with little difference by size of SME.

Both groups saw an increased need for funding during the pandemic, but are now back to pre-pandemic levels

Need for funding: over time



Q25 Base: All SMEs

Pre-pandemic in the year to Q2 2019, 4% of both WLBs and MLBs reported having a need for finance. This then increased markedly in the year to Q2 2021, by 11 percentage points for WLBs to 15%, and by 9 percentage points to 13% for MLBs. This increase was not maintained subsequently and by YEQ2 2023, reported need for funding was back in line with pre-pandemic.

In the year to Q2 2023, half of SMEs with a need for funding said it was for cash flow purposes and half said it was for business development and the same was true for both WLBs and MLBs with a need for funding.

WLBs with a need for funding who had taken action were as likely to have gone on to have a borrowing event as their MLB peers (67% v 65%), but slightly less likely to have applied to their main bank (39% v 44%). WLBs were more likely to apply to another provider they had an existing relationship with (18% v 8%), while MLBs were more likely to have approached a new provider (10% of these WLBs v 18% MLBs).

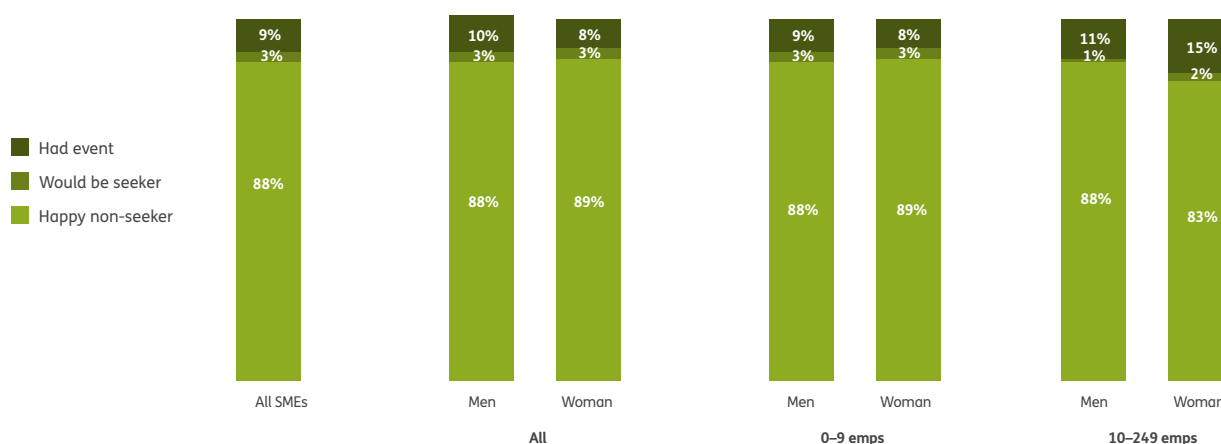
BORROWING EVENTS AND WOULD-BE SEEKERS

(TABLE 3D)

SMEs are divided into 3 categories based on their behaviour in the previous 12 months. Details of the Happy non-seekers, with no apparent wish for finance, were provided in the previous chapter, here we look at those with an appetite for finance who either had a borrowing event or had been a “Would-be seeker” of finance who wanted to apply but something stopped them.

Most SMEs have been happy non-seekers of finance. Larger WLBs were slightly more likely to report a borrowing event than their peers

Borrowing events in the previous 12 months: YEQ2 2023

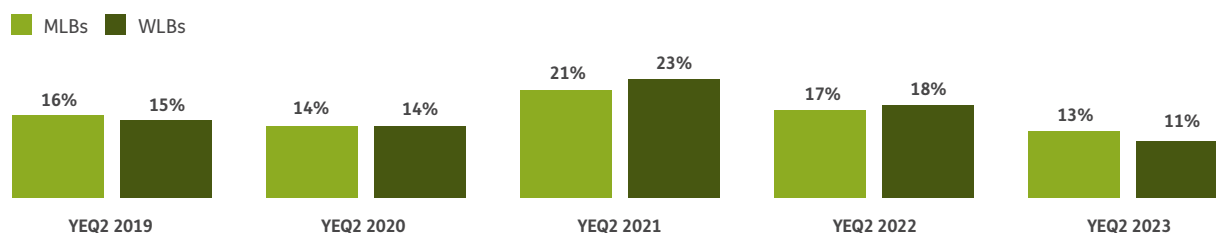


Pastfin Base: All SMEs YEQ2 2023 17,007 13,433/3281 6943/2271 6490/1010

- 9% of SMEs reported a borrowing event, with little difference between WLBs (8%) and MLBs (10%) overall. Analysis by size showed that smaller WLBs with 0-9 employees were as likely to have had a borrowing event as their MLB peers (8% v 9%) while larger WLBs with 10-249 employees were slightly more likely to have reported a borrowing event than their MLB peers (15% v 11%)
- Pre-pandemic, in the year to Q2 2019, 13% of WLBs and 15% of MLBs reported a borrowing event. During the pandemic this increased, by 5 percentage points to 18% for WLBs in the year to Q2 2021 and by 4 percentage points to 19% for MLBs
- This increase (when government backed funding was available) was not maintained subsequently and for the year to Q2 2023, borrowing events were down by 10 percentage points for WLBs to 8% and by 9 percentage points to 10% for MLBs.

There is little to choose between the groups for past appetite for finance, with both groups seeing an increased appetite during the pandemic that was not maintained subsequently

Any appetite for finance* in past year: over time



*Pastfin Base: All SMEs * had an event or would-be seeker in past 12 months*

- 3% of SMEs met the definition of a 'Would-be seeker' of finance, with again no difference between WLBs and MLBs (both 3%) overall. Analysis by size also showed very little difference between the two groups.
- Pre-pandemic, in the year to Q2 2019, 2% of WLBs and 1% of MLBs were WBS of finance. During the pandemic this increased very slightly, by 3 percentage points to 5% for WLBs in the year to Q2 2021 and by 2 percentage points to 3% for MLBs YE Q2 2022.
- There has been limited change since and for the year to Q2 2023, 3% of both WLBs and MLBs met the definition.

BORROWING EVENTS -DETAIL

(TABLE 3E)

Given the limited number of applications made Q1 2022 to Q2 2023 and reported by Q2 2023, information about these applications is more qualitative than quantitative in nature (A total of 151 applications were reported from WLBs in this period out of a total of 682 made).

- 52% of applications were from first time applicants, with little difference between the groups (50% of WLBs and 52% of MLBs).
- 36% of applications were made online and this was slightly more likely to be the case for WLBs (41% v 35% of MLBs).
- The majority of applications were made in the name of the business (90%), and this was true for both WLBs (86%) and MLBs (91%).

OUTCOME OF BORROWING EVENTS

(TABLE 3F)

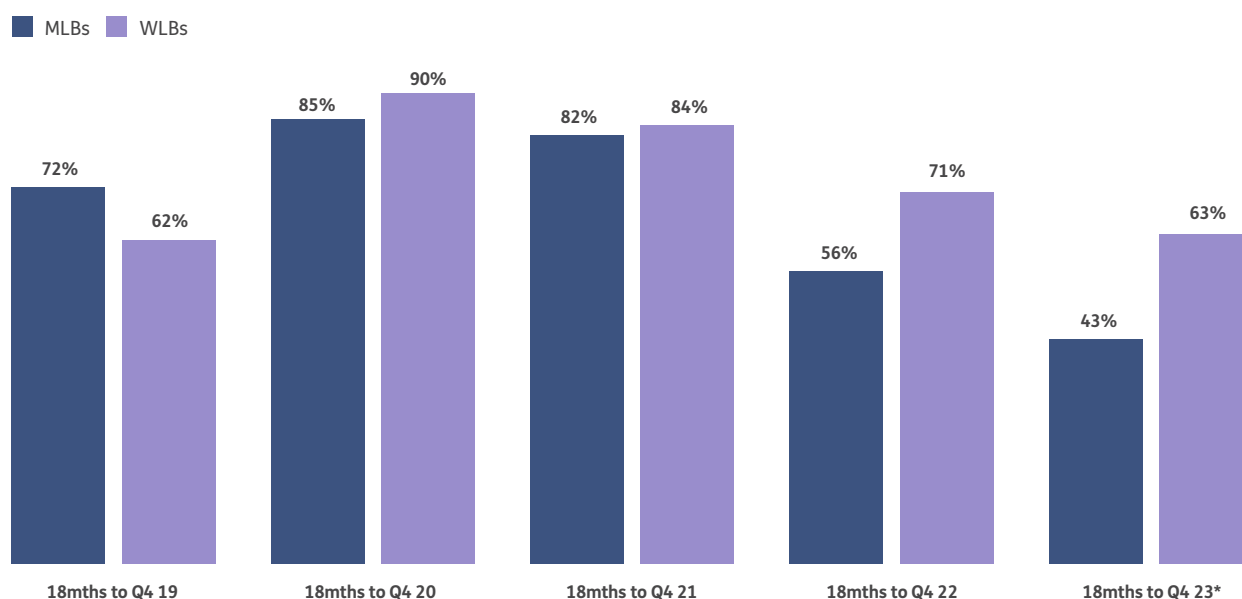
136 applications by WLBs and 454 by MLBs had received a response, so this data should be treated with more caution than other parts of this report, due to the smaller sample size.

- 46% of applications were successful and this was more likely to be the case for those from WLBs (63%) than from MLBs (43%).
- Indicatively, this was due to more applications by smaller WLBs with 0-9 employees being successful (61%) than was the case for MLBs of this size (38%), with little difference between success rates for larger WLBs and MLBs (90% and 84%).
- A lack of track record/experience was the most common reason for being declined, and this was more likely to be the case for MLBs that were declined (23%) than WLBs (11%).

Some data is available over time in this report, due to the increase in borrowing events during the pandemic:

Overall success rates improved during the pandemic. Since then, they have declined but to a lesser extent for WLBs than for MLBs

Have facility after application: over time



Base: All SMEs applied for finance

- In the 18 months to Q4 2019, 72% of applications made by MLBs were successful compared to 62% by WLBs.
- Success rates increased during the pandemic when government backed funding was available. By the 18 months to Q4 2020, success rates for applications from WLBs were 90%, slightly ahead of MLBs who had seen a more modest increase to 85%, and for the 18 months to Q4 2021, success rates remained at a higher level (84% and 82%).
- Since then success rates have declined for both groups, but less markedly for applications from WLBs, down 21 points to 63% for the 18 months to Q2 2023, compared to a 39 percentage point decrease for applications made by MLBs, to 43%.

FUTURE BORROWING EVENTS

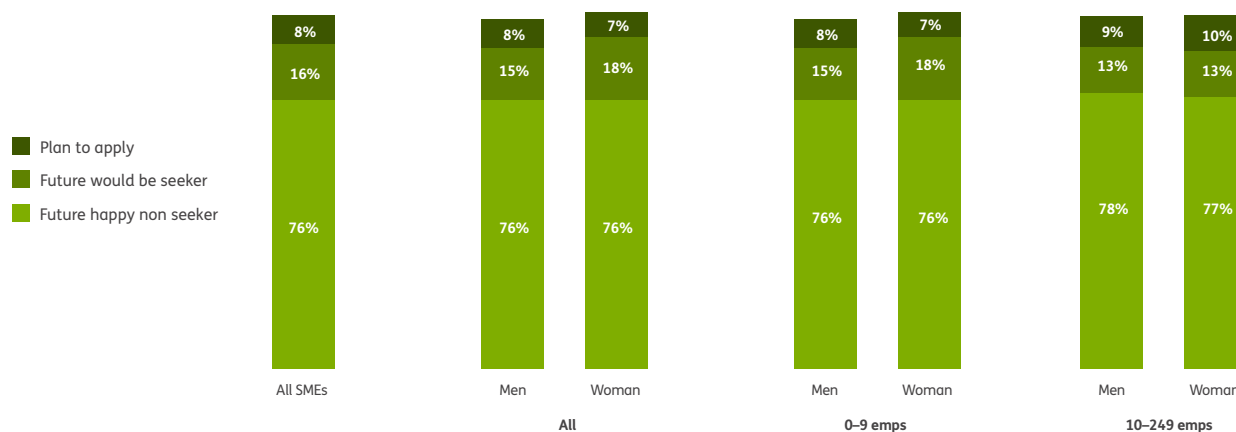
(TABLE 4D)

In the year to Q2 2023, when asked about their future plans, 8% of SMEs planned to apply for finance, 16% expected to be Future would-be seekers and the majority, 76%, expected to be Future happy non-seekers.

- WLBs were somewhat less likely to be planning to apply for finance (7%) than MLBs (8%).
- WLBs were slightly more likely to expect to be a Future would-be seeker of finance (18% v 15% of MLBs).
- As a result WLBs were as likely to expect to be a Future happy non-seeker of finance as MLBs (76% for both groups).
- There was also very little difference in future appetite for finance when analysed by size of SME.

There is little difference in future appetite for finance between the two groups

Future appetite for finance: YE Q2 2023



Futfin Base: All SMEs YE Q2 2023 17,007 13,433/3281 6943/2271 6490/1010

Analysis over time showed that, pre-pandemic, typically around 1 in 10 SMEs were planning to apply for finance:

- Plans to apply have typically been slightly more common amongst MLBs than WLBs, but in the year to Q2 2019 there was no difference between the two groups (both 12%). For MLBs, plans to apply changed little during the pandemic, before declining to 8% in the year to Q2 2023. For WLBs the pattern is less clear, but the proportion YE Q2 2023 was also lower than previously seen (7%).

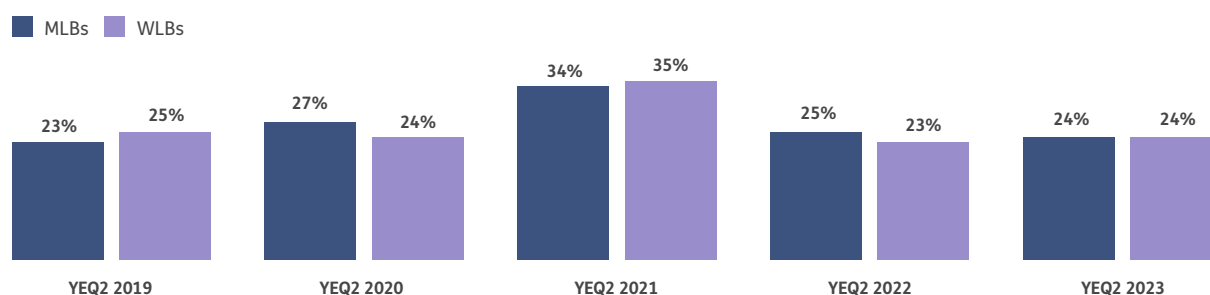
There has been more variation in the proportion of Future would-be seekers over time:

- Back in 2012, around a quarter of SMEs met the definition, but by YEQ2 2019 this had declined to 13% of WLBs and 11% on MLBs meeting the definition. There was an increase in both groups to YEQ2 2021, by 9 percentage points for WLBs to 24%, and by 11 percentage points to 22% for MLBs.
- Both groups have subsequently seen a decline in the proportion of FWBS, to 17% of WLBs and 16% of MLBs in the year to Q2 2023.
- The key reason given by Future would-be seekers for not planning to reply remained a reluctance to borrow in the current climate, mentioned by 77% of WLBs who were FWBS and 70% of MLBs in this group.

The chart below shows any appetite for finance (plans to apply or FWBS) over time, with an increase in any appetite during the pandemic that was not maintained subsequently, but little to choose between WLBs and MLBs in each period:

There is also little to choose between the groups for any future appetite for finance, with both groups seeing an increased appetite during the pandemic that was not maintained subsequently

Any future appetite for finance*: over time



Futfin Base: All SMEs plan to apply or future would-be seeker in past 12 months*

Finally, pre-pandemic most SMEs met the definition of a Future happy non-seeker (76% of WLBs and 77% of MLBs YEQ2 2019). As the proportion of Future Would-be seekers increased, the proportion of FHNS declined, such that for YEQ2 2021, 64% of WLBs and 66% of MLBs were FHNS. By YEQ2 2023 though, the proportion of Future happy non-seekers was back to pre-pandemic levels (76% for both groups).

CONFIDENCE IN A FUTURE APPLICATION

(TABLE 4G)

All SMEs, irrespective of their future plans, were asked how confident they were that their bank would lend to them, if asked. For the 12 months to Q2 2023, 50% were confident of success, with confidence amongst those with plans to apply somewhat lower at 40%.

- Overall confidence (irrespective of application plans) was lower amongst WLBs (46%) than MLBs (51%).
- This was also true for WLBs by borrowing intentions, particularly for those planning to apply (29% v 43% of MLBs planning to apply), but also to a lesser extent amongst Future would-be seekers (37% v 42%) and Future Happy non-seekers (49% v 54%).

Over recent time periods, confidence amongst all SMEs that an application would be successful has declined from around 6 in 10 to around 5 in 10.

- Confidence amongst WLBs (irrespective of their plans) has always typically been somewhat lower than their MLB peers.
- YEQ2 2019, 54% of WLBs were confident of success, compared to 59% of MLBs. Both groups then saw a decline in confidence to YEQ2 2021, down 8 percentage points for both WLBs (to 46%) and MLBs (to 51%).
- Confidence amongst MLBs has changed little since. Confidence amongst WLBs increased for the year to Q2 2022, when Government backed schemes were operating, to 51% and in line with MLBs (52%) but this was not maintained to YEQ2 2023 (46% v 51% of MLBs).

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TABLES 1A-4G

1. BUSINESS CONTEXT

(TABLES 1A-10)

TABLE 1A NUMBER OF EMPLOYEES

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	<i>17,007</i>	<i>13,433</i>	<i>3281</i>
0 employees	76%	76%	79%
1-9 employees	19%	19%	18%
10-49 employees	4%	4%	2%
50-249 employees	1%	1%	*

Q7 All SMEs

Have employees

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2012	25%	YEQ4 2012	24%
YEQ4 2013	26%	YEQ4 2013	24%
YEQ4 2014	26%	YEQ4 2014	24%
YEQ4 2015	25%	YEQ4 2015	27%
YEQ4 2016	25%	YEQ4 2016	24%
YEQ4 2017	25%	YEQ4 2017	24%
YEQ4 2018	25%	YEQ4 2018	23%
YEQ2 2019	25%	YEQ2 2019	24%
YEQ2 2020	25%	YEQ2 2020	24%
YEQ2 2021	25%	YEQ2 2021	21%
YEQ2 2022	23%	YEQ2 2022	23%
YEQ2 2023	24%	YEQ2 2023	21%

Q7 All SMEs

TABLE 1B SECTOR

YEQ2 2023	% of all SMEs	Male led	Female led
Agriculture, Hunting and Forestry; Fishing	3%	3%	2%
Manufacturing	5%	6%	3%
Construction	18%	22%	7%
Wholesale and Retail Trade; Repairs	10%	10%	11%
Hotels and Restaurants	4%	3%	8%
Transport, Storage and Communication	13%	16%	6%
Real Estate, Renting and Business Activities	28%	29%	25%
Health and Social work	7%	4%	18%
Other Community, Social and Personal Service Activities	12%	10%	21%

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6943	6490	2271	1010
Agriculture, Hunting and Forestry; Fishing	3%	3%	2%	2%
Manufacturing	6%	10%	3%	8%
Construction	22%	16%	7%	11%
Wholesale and Retail Trade; Repairs	9%	16%	11%	15%
Hotels and Restaurants	3%	8%	8%	12%
Transport, Storage and Communication	16%	14%	6%	8%
Real Estate, Renting and Business Activities	29%	26%	25%	23%
Health and Social work	4%	4%	18%	13%
Other Community, Social and Personal Service Activities	10%	5%	21%	8%

TABLE 1C AGE OF BUSINESS

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
Starts (<2 yrs)	20%	20%	21%
2-5 yrs	10%	10%	12%
6-9 yrs	10%	9%	13%
10-15 yrs	18%	18%	17%
15 yrs+	42%	43%	37%

Q13 All SMEs

Age 10yrs+

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2012	38%	YEQ4 2012	27%
YEQ4 2013	41%	YEQ4 2013	29%
YEQ4 2014	48%	YEQ4 2014	37%
YEQ4 2015	54%	YEQ4 2015	44%
YEQ4 2016	50%	YEQ4 2016	41%
YEQ4 2017	53%	YEQ4 2017	45%
YEQ4 2018	53%	YEQ4 2018	44%
YEQ2 2019	52%	YEQ2 2019	47%
YEQ2 2020	56%	YEQ2 2020	47%
YEQ2 2021	57%	YEQ2 2021	47%
YEQ2 2022	61%	YEQ2 2022	55%
YEQ2 2023	61%	YEQ2 2023	54%

Q13 All SMEs

TABLE 1D EXTERNAL RISK RATING

External risk ratings have been supplied for almost all completed interviews by D&B or Experian, the sample providers. Risk ratings are not available for around 15% of respondents, typically the smallest ones. D&B and Experian use slightly different risk rating scales, and so the Experian scale has been matched to the D&B scale as follows:

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

YEQ2 2023 all SMEs where risk rating provided

	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	15,885	12,573	3045
Minimal	7%	7%	8%
Low	15%	15%	14%
Average	32%	32%	34%
Worse than average	45%	45%	44%

All SMEs where risk rating provided

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	6313	6260	2058	987
Minimal	6%	29%	7%	31%
Low	14%	41%	13%	42%
Average	32%	25%	34%	22%
Above average	48%	5%	45%	4%

All SMEs where risk rating provided

Min/Low external risk rating

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2012	16%	YEQ4 2012	15%
YEQ4 2013	17%	YEQ4 2013	14%
YEQ4 2014	22%	YEQ4 2014	23%
YEQ4 2015	25%	YEQ4 2015	24%
YEQ4 2016	21%	YEQ4 2016	22%
YEQ4 2017	21%	YEQ4 2017	21%
YEQ4 2018	23%	YEQ4 2018	23%
YEQ2 2019	23%	YEQ2 2019	22%
YEQ2 2020	23%	YEQ2 2020	23%
YEQ2 2021	20%	YEQ2 2021	19%
YEQ2 2022	21%	YEQ2 2022	22%
YEQ2 2023	22%	YEQ2 2023	22%

TABLE 1E PROFITABILITY

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

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
Unweighted base:	17,007	13,433	3281
Made a profit	63%	63%	63%
Broke even	7%	7%	7%
Made a loss	13%	13%	11%
DK/refused	17%	17%	18%
Made a profit (excluding DK/ref)	76%	76%	77%
<i>Made a profit of £25k+ (if made any profit)</i>	41%	43%	33%
<i>Made a loss of £25k+ (if made any loss)</i>	13%	14%	9%

Q115 All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Made a profit (excl DK/ref)	75%	88%	77%	83%
<i>Made a profit of £25k+ (if made any profit)</i>	41%	90%	32%	81%

Made a profit – excl DK

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2012	69%	YEQ4 2012	68%
YEQ4 2013	71%	YEQ4 2013	70%
YEQ4 2014	78%	YEQ4 2014	71%
YEQ4 2015	81%	YEQ4 2015	77%
YEQ4 2016	81%	YEQ4 2016	79%
YEQ4 2017	83%	YEQ4 2017	78%
YEQ4 2018	80%	YEQ4 2018	73%
YEQ2 2019	81%	YEQ2 2019	77%
YEQ2 2020	83%	YEQ2 2020	81%
YEQ2 2021	71%	YEQ2 2021	66%
YEQ2 2022	71%	YEQ2 2022	63%
YEQ2 2023	76%	YEQ2 2023	77%

Q115 All SMEs

TABLE 1F GROWTH IN PREVIOUS 12 MONTHS

From Q4 2012, SMEs that had been in business for more than 2 years were asked about their growth in the previous 12 months. Those who had grown by 20%+ were asked if they had achieved the same level of growth in the previous 2 years or for any 3 year period in the past 10 years (scale-up growth, also excluding Starts):

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
Unweighted base:	15,783	12,510	2,993
Grew by 40% or more	3%	3%	3%
Grew by 20-39%	8%	8%	8%
Grew by up to 20%	17%	17%	18%
Grew (any)	28%	28%	28%
Stayed the same size	38%	39%	37%
Declined	33%	33%	34%
“Scale up growth”	24%	25%	21%

Q81 All SMEs excluding Starts and DK/refused. Scale up growth is those growing by 20%+ in the last year and the 2 previous years or for any 3 year period in last 10 years

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Grew (excl Starts, DK/ref)	27%	44%	29%	42%
Declined (excl Starts, DK/ref)	34%	15%	35%	22%
<i>Scale up growth</i>	25%	27%	21%	30%

Grew (any)

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2013	39%	YEQ4 2013	43%
YEQ4 2014	41%	YEQ4 2014	45%
YEQ4 2015	39%	YEQ4 2015	40%
YEQ4 2016	40%	YEQ4 2016	41%
YEQ4 2017	42%	YEQ4 2017	42%
YEQ4 2018	39%	YEQ4 2018	40%
YEQ2 2019	36%	YEQ2 2019	38%
YEQ2 2020	35%	YEQ2 2020	40%
YEQ2 2021	17%	YEQ2 2021	18%
YEQ2 2022	24%	YEQ2 2022	24%
YEQ2 2023	28%	YEQ2 2023	29%

Declined

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2013	20%	YEQ4 2013	16%
YEQ4 2014	14%	YEQ4 2014	13%
YEQ4 2015	12%	YEQ4 2015	12%
YEQ4 2016	10%	YEQ4 2016	11%
YEQ4 2017	11%	YEQ4 2017	12%
YEQ4 2018	16%	YEQ4 2018	17%
YEQ2 2019	19%	YEQ2 2019	21%
YEQ2 2020	19%	YEQ2 2020	19%
YEQ2 2021	56%	YEQ2 2021	62%
YEQ2 2022	43%	YEQ2 2022	49%
YEQ2 2023	33%	YEQ2 2023	34%

Q81 All SMEs excluding Starts and DK/refused

TABLE 1G CREDIT BALANCES TYPICALLY HELD – SUMMARY

SMEs were asked how much they typically held in credit balances for the business:

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
Unweighted base:	6390	4862	1435
None	3%	2%	3%
Less than £5,000	46%	44%	53%
£5-10,000	17%	17%	16%
More than £10,000	34%	37%	27%
Mean: Credit balance as % of turnover	33%	34%	30%

Q117 All SMEs excluding DK/refused

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	3034	1828	1067	368
Hold more than £10,000	35%	83%	26%	77%
Mean: Credit balances as % of turnover	34%	23%	30%	35%

£10,000+ of credit balances

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2018	25%	YEQ4 2018	17%
YEQ2 2019	24%	YEQ2 2019	14%
YEQ2 2020	27%	YEQ2 2020	20%
YEQ2 2021	35%	YEQ2 2021	24%
YEQ2 2022	36%	YEQ2 2022	31%
YEQ2 2023	37%	YEQ2 2023	27%

Q117 All SMEs excluding DK/refused

TABLE 1H AGE OF OWNER/MANAGING PARTNER

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	15,024	11,773	2986
18-30 years old	5%	5%	4%
31-50 years old	36%	35%	39%
51-65 years old	44%	44%	44%
66+ years old	16%	16%	13%

Q127 All SMEs excluding DK

Owner under 50

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2012	60%	YEQ4 2012	65%
YEQ4 2013	59%	YEQ4 2013	69%
YEQ4 2014	53%	YEQ4 2014	64%
YEQ4 2015	48%	YEQ4 2015	57%
YEQ4 2016	52%	YEQ4 2016	58%
YEQ4 2017	47%	YEQ4 2017	54%
YEQ4 2018	48%	YEQ4 2018	54%
YEQ2 2019	48%	YEQ2 2019	51%
YEQ2 2020	45%	YEQ2 2020	51%
YEQ2 2021	43%	YEQ2 2021	49%
YEQ2 2022	38%	YEQ2 2022	44%
YEQ2 2023	40%	YEQ2 2023	43%

Q127 All SMEs excluding DK

TABLE 1I BUSINESS FORMALITY

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
Unweighted base:	17,007	13,433	3281
Planning (any)	54%	53%	56%
- Produce regular management accounts	45%	44%	46%
- Have a formal written business plan	24%	24%	25%
International (any)	19%	19%	18%
- Export goods or services	10%	11%	8%
- Import goods or services	14%	15%	13%
Innovation (any)	40%	39%	44%
- Developed new product or service	19%	18%	23%
- Significantly improved aspect of the business	36%	34%	40%
Have a mentor	14%	14%	16%
Employees from overseas (all employers)	10%	11%	8%

Q84/143 All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	6943	6490	2271	1010
Planning (any)	52%	83%	55%	82%
International (any)	19%	31%	18%	23%
Innovation (any)	38%	60%	43%	59%
Mentor	13%	24%	16%	29%

Q84 All SMEs

Activities over time

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
Planning:		Planning:	
YEQ4 2012	55%	YEQ4 2012	56%
YEQ4 2013	54%	YEQ4 2013	57%
YEQ4 2014	53%	YEQ4 2014	59%
YEQ4 2015	53%	YEQ4 2015	55%
YEQ4 2016	55%	YEQ4 2016	54%
YEQ4 2017	57%	YEQ4 2017	58%
YEQ4 2018	55%	YEQ4 2018	56%
YEQ2 2019	57%	YEQ2 2019	58%
YEQ2 2020	55%	YEQ2 2020	56%
YEQ2 2021	55%	YEQ2 2021	57%
YEQ2 2022	54%	YEQ2 2022	57%
YEQ2 2023	53%	YEQ2 2023	56%
International:		International:	
YEQ4 2012	10%	YEQ4 2012	10%
YEQ4 2013	14%	YEQ4 2013	11%
YEQ4 2014	16%	YEQ4 2014	15%
YEQ4 2015	17%	YEQ4 2015	18%
YEQ4 2016	14%	YEQ4 2016	13%
YEQ4 2017	16%	YEQ4 2017	18%
YEQ4 2018	15%	YEQ4 2018	14%
YEQ2 2019	16%	YEQ2 2019	17%
YEQ2 2020	15%	YEQ2 2020	14%
YEQ2 2021	18%	YEQ2 2021	18%
YEQ2 2022	18%	YEQ2 2022	20%
YEQ2 2023	19%	YEQ2 2023	18%

Continued

Continued

Innovation:		Innovation:	
YEQ4 2012	39%	YEQ4 2012	43%
YEQ4 2013	37%	YEQ4 2013	40%
YEQ4 2014	37%	YEQ4 2014	39%
YEQ4 2015	37%	YEQ4 2015	38%
YEQ4 2016	36%	YEQ4 2016	37%
YEQ4 2017	33%	YEQ4 2017	37%
YEQ4 2018	32%	YEQ4 2018	36%
YEQ2 2019	33%	YEQ2 2019	40%
YEQ2 2020	35%	YEQ2 2020	43%
YEQ2 2021	43%	YEQ2 2021	48%
YEQ2 2022	37%	YEQ2 2022	42%
YEQ2 2023	39%	YEQ2 2023	44%
Mentor:		Mentor:	
YEQ4 2016	12%	YEQ4 2016	11%
YEQ4 2017	10%	YEQ4 2017	13%
YEQ4 2018	9%	YEQ4 2018	13%
YEQ2 2019	10%	YEQ2 2019	14%
YEQ2 2020	11%	YEQ2 2020	15%
YEQ2 2021	14%	YEQ2 2021	23%
YEQ2 2022	15%	YEQ2 2022	20%
YEQ2 2023	14%	YEQ2 2023	16%

Q84 All SMEs

TABLE 1J IMPACT OF NEW EU TRADING ARRANGEMENTS

From Q1 2021, all SMEs were asked about the impact of the new EU trading arrangements:

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
Unweighted base:	16,333	12,863	3190
Very positive impact	*	*	*
Positive	2%	2%	2%
No impact	65%	64%	68%
Negative	26%	27%	24%
Very negative impact	7%	7%	6%
Positive (any)	2%	2%	2%
Negative (any)	33%	34%	30%

Q84c All SMEs excl DK

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	6633	6230	2208	982
Positive	2%	3%	2%	2%
No impact	64%	56%	69%	55%
Negative	34%	41%	29%	43%

Q84c All SMEs excl DK

TABLE 1K IMPACT TO DATE OF INCREASING COSTS

In a new question from Q4 2021, all SMEs were asked to what extent they had already been impacted by increasing costs:

YEQ2 2023 All SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
Significantly	42%	43%	37%
Somewhat	34%	33%	36%
No impact	25%	24%	27%
<i>Any impact</i>	75%	76%	73%

Qcv3b All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6943	6490	2271	1010
Significantly	43%	49%	36%	54%
Somewhat	33%	38%	36%	35%
No impact	24%	13%	28%	11%

Qcv3b All SMEs

TABLE 1L TRUST IN MAIN BANK

YEQ2 2023 All SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	<i>17,007</i>	<i>13,433</i>	<i>3281</i>
Trust in main bank:			
High (8-10)	58%	56%	64%
Medium (5-7)	31%	32%	28%
Low (1-4)	11%	12%	8%

Q24b All SMEs

TABLE 1M THE OVERALL MOOD OF SMES

All SMEs were asked to rate their mood about their business with a score out of 10, where 10 was the most positive:

YEQ2 2023 All SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	17,006	13,432	3281
Score 7-10	60%	60%	59%
9-10 very good mood	22%	22%	22%
7-8	38%	38%	37%
5-6	23%	23%	24%
0-4 Very poor mood	17%	17%	16%

CV1 All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6942	6490	2271	1010
Score 7-10	59%	77%	59%	70%
9-10 very good mood	22%	27%	22%	27%
7-8	37%	51%	37%	43%
5-6	23%	17%	25%	21%
0-4 Very poor mood	18%	6%	16%	9%

CV1 All SMEs

This was a new question introduced during the pandemic so no data from previous reports is available. However, data for the last three time periods is shown below to give an idea of sentiment during the pandemic.

**All SMEs over time –
Business mood**

	% of all SMEs	Male led	Female led
'Good' mood 7-10			
YEQ2 2021	44%	45%	41%
YEQ2 2022	58%	59%	55%
YEQ2 2023	60%	60%	59%
'Poor' mood 0-4			
YEQ2 2021	31%	30%	32%
YEQ2 2022	19%	19%	21%
YEQ2 2023	17%	17%	16%

TABLE 1N A FUTURE OF OPPORTUNITIES OR THREATS

All SMEs were asked to rate the extent to which they felt the future for their business consisted of only threats (score 1) or only of opportunities (score 10). Mention of Covid was removed from Q1 2023.

H1 2023 All SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	<i>8505</i>	<i>6709</i>	<i>1651</i>
<i>Score 7-10 opportunities</i>	<i>30%</i>	<i>29%</i>	<i>32%</i>
9-10 All opportunities	10%	10%	12%
7-8	20%	19%	20%
5-6	47%	48%	45%
1-4 All threats	23%	23%	23%

CV7 All SMEs

H1 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	<i>3573</i>	<i>3136</i>	<i>1140</i>	<i>511</i>
7-10 opportunities	29%	34%	32%	31%
1-4 threats	23%	12%	23%	19%

This was a new question introduced during the pandemic. Data for the last three time periods is shown below to give an idea of sentiment during the pandemic, when this was phrased as “Post-covid world”.

**All SMEs over time –
Business prospects**

	% of all SMEs	Male led	Female led
7-10 opportunities			
YEQ2 2021	27%	27%	26%
YEQ2 2022	33%	34%	33%
H1 2023	30%	29%	32%
1-4 Threats			
YEQ2 2021	24%	24%	24%
YEQ2 2022	17%	16%	19%
H1 2023	23%	23%	23%

TABLE 10 CURRENT BUSINESS SITUATION

From Q1 2023, SMEs have been asked which of 4 categories best describes them:

- **Struggling:** Our monthly revenue does not meet our needs and the business has no savings or investments.
- **Managing:** Our monthly revenue meets our needs but the business has no real savings or investments.
- **Comfortable:** Our monthly revenue meets our needs and the business has some savings as a cushion.
- **Well off:** Our monthly revenue more than meets our needs and the business has a decent sum in savings or investments.

H1 2023 only All SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	8446	6661	1640
Well off	2%	3%	1%
Comfortable	31%	32%	27%
Managing	49%	47%	56%
Struggling	18%	18%	17%

CV8 All SMEs

H1 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	3565	3096	1136	504
Well off	3%	5%	1%	3%
Comfortable	31%	47%	27%	36%
Managing	47%	43%	56%	51%
Struggling	19%	6%	17%	9%

2. FINANCIAL CONTEXT

(TABLES 2A-2N)

TABLE 2A USE OF EXTERNAL FINANCE IN LAST 5 YEARS

SMEs are asked whether they are currently using any of a range of forms of finance and, if not, they are asked whether they have used any external finance in the previous 5 years. From Q1 2023, they have also been asked more specifically about pandemic related funding and this combined use of finance is reported below for H1 2023:

H1 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	8505	6709	1651
Any finance	43%	44%	38%
<i>Use traditional finance</i>	38%	39%	33%
<i>Repaying pandemic funding</i>	18%	19%	14%
Used in past but not now	3%	3%	3%
Not used at all	54%	53%	59%

Q14/15 All SMEs

H1 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	3573	3136	1140	511
Any finance	43%	63%	37%	69%
<i>Use traditional finance</i>	38%	58%	32%	64%
<i>Repaying pandemic funding</i>	18%	30%	14%	35%

Use any external finance**Summary table over time – row percentages**

SMEs led by men		SMEs led by women	
YEQ4 2012	45%	YEQ4 2012	38%
YEQ4 2013	42%	YEQ4 2013	34%
YEQ4 2014	38%	YEQ4 2014	33%
YEQ4 2015	38%	YEQ4 2015	34%
YEQ4 2016	38%	YEQ4 2016	33%
YEQ4 2017	40%	YEQ4 2017	33%
YEQ4 2018	37%	YEQ4 2018	34%
YEQ2 2019	43%	YEQ2 2019	40%
YEQ2 2020	39%	YEQ2 2020	34%
YEQ2 2021	43%	YEQ2 2021	40%
YEQ2 2022	40%	YEQ2 2022	40%
H1 2023 (new defn)	44%	H1 2023 (new defn)	38%

Q14/15 All SMEs

TABLE 2B USE OF GOVERNMENT BACKED PANDEMIC FUNDING

In a revised question from Q1 2023, SMEs were asked if they had taken any Government backed pandemic funding and whether they were still repaying it:

H1 2023 All SMEs	% of all SMEs	Male led	Female led
Unweighted base:	7993	6278	1580
Took and still repaying	18%	19%	14%
Took but have repaid	11%	10%	14%
Tried but not successful	1%	1%	1%
Did not apply	70%	70%	71%
% applied who are still repaying	62%	66%	50%

Qbb2ax All SMEs excl DK

H1 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	3462	2816	1105	475
Took and still repaying	18%	30%	14%	35%
Took but have repaid	10%	16%	14%	18%
Tried but not successful	1%	*	1%	1%
Did not apply	71%	54%	72%	46%
% applied who are still repaying	64%	65%	50%	66%

TABLE 2C CURRENT USE OF 'EXTERNAL FINANCE' (TRADITIONAL)

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
'Core' products (any)	27%	28%	22%
-Bank overdraft	10%	11%	8%
-Bank loan/Commercial mortgage	12%	13%	9%
-Any other loan/overdraft facility	2%	2%	2%
-Credit cards	12%	13%	10%
Other forms of finance (any)	19%	19%	17%
-Leasing, HP	9%	10%	6%
-Loans/equity from directors, family, friends	6%	6%	6%
-Any other finance specified	7%	7%	8%

Q15 All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6943	6490	2271	1010
'Core' products (any)	27%	45%	21%	51%
-Bank overdraft	10%	15%	8%	18%
-Bank loan/Commercial mortgage	13%	23%	9%	29%
-Any other loan/overdraft facility	2%	2%	2%	3%
-Credit cards	12%	27%	10%	28%
Other forms of finance (any)	18%	37%	16%	38%

Use core finance**Summary table over time – row percentages**

SMEs led by men		SMEs led by women	
YEQ4 2012	37%	YEQ4 2012	31%
YEQ4 2013	33%	YEQ4 2013	26%
YEQ4 2014	30%	YEQ4 2014	25%
YEQ4 2015	30%	YEQ4 2015	27%
YEQ4 2016	31%	YEQ4 2016	28%
YEQ4 2017	32%	YEQ4 2017	26%
YEQ4 2018	32%	YEQ4 2018	31%
YEQ2 2019	37%	YEQ2 2019	35%
YEQ2 2020	33%	YEQ2 2020	29%
YEQ2 2021	32%	YEQ2 2021	28%
YEQ2 2022	30%	YEQ2 2022	27%
YEQ2 2023 (trad defn)	28%	YEQ2 2023 (trad defn)	22%

Q15 All SMEs

TABLE 2D CHANGE IN USE OF EXTERNAL FINANCE DUE TO PANDEMIC

From Q1 2021, SMEs using any external finance (except those only using grants) we asked how their use of external finance had changes as a result of the pandemic. The table below is based on all SMEs:

H1 2023 All SMEs	% of all SMEs	Male led	Female led
Unweighted base:	8505	6709	1651
Borrowing more than we used to	12%	12%	10%
Borrowing about the same as used to	17%	18%	13%
Borrowing less than used to	5%	6%	5%
Don't know	4%	4%	5%
All not using any relevant finance	62%	60%	68%
% finance users using more finance (excl DK)	34%	34%	36%

Q14b All SMEs Combined data to include slight change to question text

TABLE 2E INJECTION OF PERSONAL FUNDS IN PREVIOUS 12 MONTHS

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
Injected funds – chose to do	13%	14%	12%
Injected funds – had no choice	21%	21%	21%
Not something you have done	66%	65%	67%

Q15d All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6943	6490	2271	1010
Injected any personal funds	36%	12%	33%	16%

Injected any personal funds

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2012	43%	YEQ4 2012	43%
YEQ4 2013	38%	YEQ4 2013	38%
YEQ4 2014	28%	YEQ4 2014	31%
YEQ4 2015	27%	YEQ4 2015	31%
YEQ4 2016	27%	YEQ4 2016	30%
YEQ4 2017	29%	YEQ4 2017	32%
YEQ4 2018	28%	YEQ4 2018	28%
YEQ2 2019	27%	YEQ2 2019	28%
YEQ2 2020	24%	YEQ2 2020	24%
YEQ2 2021	37%	YEQ2 2021	41%
YEQ2 2022	35%	YEQ2 2022	37%
YEQ2 2023	35%	YEQ2 2023	33%

Q15d All SMEs

TABLE 2F MAIN BUSINESS ACCOUNT – BUSINESS OR PERSONAL

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	16,910	13,348	3269
Personal account	8%	7%	11%
Business account	92%	93%	89%

Q24 All SMEs excluding DK

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6896	6452	2263	1006
Use personal account	7%	*	11%	*

Use a personal account

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2012	17%	YEQ4 2012	24%
YEQ4 2013	18%	YEQ4 2013	26%
YEQ4 2014	14%	YEQ4 2014	17%
YEQ4 2015	18%	YEQ4 2015	24%
YEQ4 2016	18%	YEQ4 2016	25%
YEQ4 2017	15%	YEQ4 2017	20%
YEQ4 2018	12%	YEQ4 2018	18%
YEQ2 2019	11%	YEQ2 2019	17%
YEQ2 2020	12%	YEQ2 2020	18%
YEQ2 2021	11%	YEQ2 2021	19%
YEQ2 2022	9%	YEQ2 2022	15%
YEQ2 2023	7%	YEQ2 2023	11%

Q24 All SMEs excluding DK

TABLE 2G FINANCIAL DECISION MAKER HAS FINANCIAL QUALIFICATION AND/OR TRAINING

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	15,396	12,096	3025
Yes	30%	29%	31%
No	70%	71%	69%

Q129 All SMEs excluding DK

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6324	5772	2116	909
Qualified financial decision maker	28%	64%	31%	55%

Qualified person in charge

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2012	24%	YEQ4 2012	28%
YEQ4 2013	24%	YEQ4 2013	31%
YEQ4 2014	27%	YEQ4 2014	29%
YEQ4 2015	25%	YEQ4 2015	29%
YEQ4 2016	23%	YEQ4 2016	25%
YEQ4 2017	24%	YEQ4 2017	25%
YEQ4 2018	24%	YEQ4 2018	27%
YEQ2 2019	24%	YEQ2 2019	27%
YEQ2 2020	28%	YEQ2 2020	30%
YEQ2 2021	28%	YEQ2 2021	32%
YEQ2 2022	30%	YEQ2 2022	34%
YEQ2 2023	29%	YEQ2 2023	31%

Q129 All SMEs excluding DK

TABLE 2H USE OF TRADE CREDIT

SMEs were asked whether they receive Trade Credit from their suppliers:

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	<i>17,007</i>	<i>13,433</i>	<i>3281</i>
Receive Trade Credit	37%	40%	28%
No Trade Credit	63%	60%	72%

Q14y All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	<i>6943</i>	<i>6490</i>	<i>2271</i>	<i>1010</i>
Receive Trade Credit	38%	75%	27%	68%
No Trade Credit	62%	25%	73%	32%

Receive Trade Credit

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2014	33%	YEQ4 2014	25%
YEQ4 2015	35%	YEQ4 2015	25%
YEQ4 2016	35%	YEQ4 2016	25%
YEQ4 2017	37%	YEQ4 2017	27%
YEQ4 2018	36%	YEQ4 2018	28%
YEQ2 2019	36%	YEQ2 2019	29%
YEQ2 2020	38%	YEQ2 2020	30%
YEQ2 2021	40%	YEQ2 2021	28%
YEQ2 2022	40%	YEQ2 2022	28%
YEQ2 2023	40%	YEQ2 2023	28%

Q14y All SMEs

TABLE 2I REDUCING NEED FOR EXTERNAL FUNDING

All SMEs that received trade credit and/or held more than £10,000 in credit balances were asked if this reduced their need for external funding. The table below reports those saying yes as a proportion of all SMEs:

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
Need for finance reduced	31%	33%	24%
Need for finance not reduced	69%	67%	76%

[Q117/14y All SMEs](#)

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6943	6490	2271	1010
Need for finance reduced	32%	54%	24%	50%
Need for finance not reduced	68%	46%	76%	50%

[Q117/14y All SMEs](#)

TABLE 2J BUSINESS FUNDING

“Business Funding” looks at the proportion of SMES that are using either external finance (the traditional forms), and/or Trade Credit, and/or injections of personal funds within their business to get a broader view of finance used.

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
Unweighted base:	17,007	13,433	3281
Use external finance (traditional)	35%	37%	31%
No external finance but use Trade Credit	20%	21%	16%
No finance or credit but injected personal funds	14%	13%	16%
“Business Funding” (any)	69%	71%	63%

All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	6943	6490	2271	1010
Business Funding (any)	70%	86%	62%	85%

Use business funding

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2014	64%	YEQ4 2014	59%
YEQ4 2015	65%	YEQ4 2015	59%
YEQ4 2016	65%	YEQ4 2016	58%
YEQ4 2017	66%	YEQ4 2017	60%
YEQ4 2018	67%	YEQ4 2018	63%
YEQ2 2019	70%	YEQ2 2019	64%
YEQ2 2020	67%	YEQ2 2020	60%
YEQ2 2021	75%	YEQ2 2021	71%
YEQ2 2022	74%	YEQ2 2022	71%
YEQ2 2023	71%	YEQ2 2023	63%

All SMEs

TABLE 2K THE PERMANENT NON-BORROWER

Other data from the report allows for identification of those SMEs who seem firmly dis-inclined to borrow, because they meet **all** of the following conditions:

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

From Q1 2023, those who applied for pandemic related funding have also been excluded from the PNB definition (whether they have repaid it or are still repaying it). The PNB analysis below is therefore for H1 2023 only:

H1 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	<i>8505</i>	<i>6709</i>	<i>1651</i>
Yes	37%	37%	38%
No	63%	63%	62%

Disgeg All SMEs

H1 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	<i>3573</i>	<i>3136</i>	<i>1140</i>	<i>511</i>
Permanent non-borrower	37%	25%	39%	19%
Not a PNB	63%	75%	61%	81%

Permanent non-borrowers

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2012	32%	YEQ4 2012	40%
YEQ4 2013	38%	YEQ4 2013	45%
YEQ4 2014	42%	YEQ4 2014	47%
YEQ4 2015	46%	YEQ4 2015	49%
YEQ4 2016	46%	YEQ4 2016	50%
YEQ4 2017	45%	YEQ4 2017	52%
YEQ4 2018	48%	YEQ4 2018	48%
YEQ2 2019	44%	YEQ2 2019	45%
YEQ2 2020	43%	YEQ2 2020	49%
YEQ2 2021	37%	YEQ2 2021	37%
YEQ2 2022	43%	YEQ2 2022	45%
H1 2023 (new defn)	37%	H1 2023 (new defn)	38%

All SMEs

TABLE 2L ATTITUDES TO EXTERNAL FINANCE IN THE BUSINESS

Since Q3 2014 a range of questions have been added to provide a better understanding of attitudes to external finance. SMEs were asked to what extent they agreed with each of a number of attitudinal statements (shown in full below) and the proportions agreeing (strongly or slightly) are shown below:

- As a business we are happy to use external finance to help the business grow and develop.
- Our current plans for the business are based entirely on what we can afford to fund ourselves.
- We never think about whether we could or should use more external finance in the business.
- We will accept a slower growth rate that we fund ourselves rather than borrowing to grow faster.
- A further increase in the cost of credit would make us less likely to apply for new external finance.
- As a business we are prepared to take risks to become more successful.
- Because the future feels uncertain we are being very cautious with our plans for the business.
- My impression from what I see and hear is that it is quite difficult for businesses like ours to get external finance.
- We have a long term ambition to be a significantly bigger business.
- H1 2023 only: We are very worried about the amount the business owes overall, whether to banks or others.

YEQ2 2023 All SMEs agree	% of all SMEs	Male led	Female led
Unweighted base:	17,007	13,433	3281
Plans based on what can afford	85%	85%	86%
Accept slower rate of growth	80%	79%	82%
Future feels uncertain so cautious	62%	63%	61%
Less likely to apply if cost of credit increased	52%	53%	51%
Never think about using (more) finance	52%	51%	56%
Prepared to take risks to succeed	45%	47%	40%
Long term ambition to be bigger	40%	40%	38%
Feel quite difficult to get finance	32%	32%	32%
Happy to use finance to grow	32%	33%	27%
Worried about amount business owes (H1 23 only)	11%	12%	9%

Q96 (Q238a5) All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	6943	6490	2271	1010
Plans based on what can afford	86%	73%	86%	80%
Accept slower rate of growth	79%	71%	82%	77%
Future feels uncertain so cautious	63%	56%	61%	67%
Less likely to apply if cost of credit increased	53%	52%	51%	60%
Never think about using (more) finance	52%	37%	57%	42%
Prepared to take risks to succeed	47%	50%	40%	48%
Long term ambition to be bigger	39%	58%	37%	52%
Feel quite difficult to get finance	33%	17%	32%	23%
Happy to use finance to grow	33%	47%	27%	47%
Worried about amount business owes (H1 23 only)	12%	8%	9%	9%

Two of these attitude statements investigate attitudes to growth and risk. These were:

- We have a long term ambition to be a significantly bigger business.
- As a business we are prepared to take risks to become more successful.

The percentage agreeing with each statement is shown below, along with the proportion who agree with both statements, the “Ambitious risk takers”:

YEQ2 2023 All SMEs	% of all SMEs	Male led	Female led
Unweighted base:	17,007	13,433	3281
Long term ambition to be bigger	40%	40%	38%
Prepared to take risks to succeed	45%	47%	40%
Ambitious risk takers	27%	28%	24%

Q96 (Q238a5) All SMEs

Happy to use finance to help business grow

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
YEQ4 2015	46%	YEQ4 2015	40%
YEQ4 2016	44%	YEQ4 2016	40%
YEQ4 2017	35%	YEQ4 2017	28%
YEQ4 2018	32%	YEQ4 2018	32%
YEQ2 2019	31%	YEQ2 2019	28%
YEQ2 2020	31%	YEQ2 2020	24%
YEQ2 2021	38%	YEQ2 2021	32%
YEQ2 2022	34%	YEQ2 2022	28%
YEQ2 2023	33%	YEQ2 2023	27%

All SMEs

TABLE 2M USE OF FINANCE AND HAPPY TO BORROW TO GROW

To explore the issue of demand for finance in more detail, analysis has been undertaken of those currently using finance, or not, and those happy to borrow to grow, or not. This places all SMEs in one of four categories:

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
Unweighted base:	17,007	13,433	3281
Using finance and happy to borrow to grow	16%	18%	11%
Using finance but not happy to borrow to grow	19%	19%	19%
Not using finance but happy to borrow to grow	16%	16%	16%
Not using finance and not happy to borrow to grow	49%	47%	53%

Q15/96 All SMEs

YEQ2 2023 all SMEs % agree	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	6943	6490	2271	1010
Using finance and happy to borrow to grow	17%	32%	11%	34%
Using finance but not happy to borrow	19%	24%	19%	27%
Not using finance but happy to borrow	16%	16%	16%	13%
Not using finance and not happy to borrow	48%	29%	54%	26%

Not using finance and not happy to borrow to grow

Summary table over time – row percentages

SMEs led by men		SMEs led by men	
YEQ4 2017	44%	YEQ4 2017	53%
YEQ4 2018	47%	YEQ4 2018	49%
YEQ2 2019	44%	YEQ2 2019	47%
YEQ2 2020	47%	YEQ2 2020	54%
YEQ2 2021	40%	YEQ2 2021	45%
YEQ2 2022	44%	YEQ2 2022	47%
YEQ2 2023	47%	YEQ2 2023	53%

TABLE 2N REPAYMENT CONCERNS

SMEs are now given several opportunities to express concern about their ability to repay existing facilities, both at Q78c (above) and as a result of taking borrowing related to the pandemic (reported later) The question below brings these strands together, from Q1 2023 and is based on all SMEs:

H1 2023 All SMEs	% of all SMEs	Male led	Female led
Unweighted base:	17,007	13,433	3281
Concerned about repaying	6%	6%	5%
Concerned (finance users)	16%	16%	17%
Not concerned	94%	94%	95%

Qbb2bb All SMEs Combined table to include changes to definition from Q1 2023

3. APPLICATIONS

(TABLES 3A-3F)

TABLE 3A NEED FOR FUNDING

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
Had a need for (more) funding	5%	5%	4%
<i>Applied for that funding</i>	2%	3%	2%
No need for funding	95%	95%	96%

Q25

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6943	6490	2271	1010
Had a need for (more) funding	5%	4%	4%	6%
<i>Applied for that funding</i>	3%	3%	2%	4%
No need for funding	95%	96%	96%	94%

Q25

Had a need for funding (from Q1 2018)

Summary table over time – row percentages

SMEs led by men	SMEs led by women
YEQ2 2019 4%	YEQ2 2019 4%
YEQ2 2020 4%	YEQ2 2020 4%
YEQ2 2021 13%	YEQ2 2021 15%
YEQ2 2022 7%	YEQ2 2022 10%
YEQ2 2023 5%	YEQ2 2023 4%

TABLE 3B WHY FUNDING WAS NEEDED (KEY REASONS)

YEQ2 2023 SMEs with need for funding	Total	Male led	Female led
<i>Unweighted base:</i>	716	542	160
Business development purposes (any)	52%	52%	52%
Cash flow related (any)	52%	52%	54%

Q26 All SMEs with a need for funding

TABLE 3C DETAIL OF BORROWING 'EVENTS' IN THE PAST 12 MONTHS

As well as reporting any applications made as a result of a need for finance, SMEs reported on any other Type 1 (new application or renewal), as well as Type 2 (bank sought cancellation/renegotiation) and Type 3 (SME sought a cancellation/ reduction) borrowing events in the previous 12 months, or the automatic renewal of an overdraft.

YEQ2 2023 All SMEs	Total	Male led	Female led
<i>Unweighted base:</i>	<i>17,007</i>	<i>13,433</i>	<i>3281</i>
Type 1: New application/renewal	3%	3%	3%
<i>Applied re need for finance</i>	2%	3%	2%
<i>Other application/renewal</i>	1%	1%	1%
Type 2/3: Cancel/renegotiate by bank or SME paying off early	2%	2%	2%
Auto renewal of overdraft	5%	5%	3%
<i>Any event</i>	<i>9%</i>	<i>10%</i>	<i>8%</i>

Pastevt All SMEs

TABLE 3D FINANCIAL BEHAVIOUR IN PREVIOUS 12 MONTHS

The tables below allocate all SMEs to one of three groups, across all finance products.

- **Had an event:** those SMEs reporting any Type 1 (new application or renewal), Type 2 (bank sought cancelation/renegotiation), Type 3 (SME sought cancelation/reduction) borrowing event in the previous 12 months, or the automatic renewal of an overdraft (included for 2012).
- **Would-be seekers:** those SMEs that had not had a borrowing event, but said that they would have ideally liked to apply for loan/overdraft funding in the previous 12 months.
- **Happy non-seekers:** those SMEs that had not had a borrowing event, and also said that they had not wanted to apply for any (further) loan/overdraft funding in the previous 12 months.

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
Have had an event	9%	10%	8%
Would-be seekers	3%	3%	3%
Happy non-seekers	88%	88%	89%

Pastfin All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6943	6490	2271	1010
Have had an event	9%	11%	8%	15%
Would-be seekers	3%	1%	3%	2%
Happy non-seekers	88%	88%	89%	83%

Pastfin All SMEs

Behaviour over time**Summary table over time – row percentages**

SMEs led by men		SMEs led by women	
Had an event:		Had an event:	
YEQ4 2013	17%	YEQ4 2013	15%
YEQ4 2014	16%	YEQ4 2014	15%
YEQ4 2015	17%	YEQ4 2015	16%
YEQ4 2016	14%	YEQ4 2016	12%
YEQ4 2017	16%	YEQ4 2017	11%
YEQ4 2018	15%	YEQ4 2018	11%
YEQ2 2019	15%	YEQ2 2019	13%
YEQ2 2020	13%	YEQ2 2020	12%
YEQ2 2021	19%	YEQ2 2021	18%
YEQ2 2022	14%	YEQ2 2022	14%
YEQ2 2023	10%	YEQ2 2023	8%
Would be seeker:		Would be seeker:	
YEQ4 2013	6%	YEQ4 2013	6%
YEQ4 2014	4%	YEQ4 2014	5%
YEQ4 2015	3%	YEQ4 2015	4%
YEQ4 2016	2%	YEQ4 2016	2%
YEQ4 2017	2%	YEQ4 2017	3%
YEQ4 2018	2%	YEQ4 2018	2%
YEQ2 2019	1%	YEQ2 2019	2%
YEQ2 2020	1%	YEQ2 2020	2%
YEQ2 2021	2%	YEQ2 2021	5%
YEQ2 2022	3%	YEQ2 2022	4%
YEQ2 2023	3%	YEQ2 2023	3%

Continued

Continued

Happy non-seeker:		Happy non-seeker:	
YEQ4 2013	77%	YEQ4 2013	79%
YEQ4 2014	79%	YEQ4 2014	80%
YEQ4 2015	80%	YEQ4 2015	80%
YEQ4 2016	84%	YEQ4 2016	85%
YEQ4 2017	82%	YEQ4 2017	86%
YEQ4 2018	83%	YEQ4 2018	85%
YEQ2 2019	83%	YEQ2 2019	84%
YEQ2 2020	86%	YEQ2 2020	86%
YEQ2 2021	78%	YEQ2 2021	77%
YEQ2 2022	83%	YEQ2 2022	82%
YEQ2 2023	88%	YEQ2 2023	89%

TABLE 3E NATURE OF APPLICATIONS MADE

This section has changed the most compared to previous reports and is no longer limited to just loan and overdraft applications. It is based on all Type 1 applications made rather than all SMEs (as one SME may have made several applications, with different outcomes). The applications shown here were made and reported between Q1 2022 and Q2 2023:

All applications	% of all SMEs	Male led	Female led
Unweighted base:	682	522	151
First time applicant	52%	52%	50%
Applied online	36%	35%	41%
Applied in business name	90%	91%	86%

Q35b/Q53, Q37/55, Q38/56 Applications reported/made Q1 2022 to Q2 2023

TABLE 3F THE FINAL OUTCOME – ALL APPLICATIONS MADE

All applications Q1 2022 – Q2 2023 that have received response

	Total	Male led	Female led
Unweighted base:	597	454	136
Offered what wanted and took it	43%	40%	62%
Took facility after issues	2%	2%	1%
Took different product from same provider	1%	1%	*
Have facility (any)	46%	43%	63%
Offered a facility but chose not to take it	3%	4%	1%
No facility	51%	54%	36%

All SMEs seeking new/renewed facility that have had response

All applications with a response	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	248	206	78*	58*
Have facility (any)	38%	84%	61%	90%
Offered but chose not to take it	4%	5%	1%	*
No facility	61%	11%	38%	10%

The relatively limited base sizes for applications made mean that we do not usually report data over time. However, we have included some “Have facility (any)” data over time here, to reflect the impact on success rates during the pandemic of the Government backed lending schemes.

These figures will vary slightly from those published in previous reports, because they have been updated with the final success rates. Respondents can tell us about an application up to 12 months after it has been made, and this means that the latest application data reported is always interim.

The 18 months to Q2 2023 figures below are based on interviews to the end of Q2 2023 (to be consistent with other metrics in this report) but respondents interviewed up to Q2 2024 will be able to report data on applications made in this period. Indications are that the final figure for WLBs will be slightly lower than published here, but still above MLBs:

Have facility – 18 months to date shown

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
18 mths to Q4 19	72%	18 mths to Q4 19	62%
18 mths to Q4 20	85%	18 mths to Q4 20	90%
18 mths to Q4 21	82%	18 mths to Q4 21	84%
18 mths to Q4 22	56%	18 mths to Q4 22	71%
18 mths to Q2 23*	43%	18 mths to Q2 23*	63%

4. THE FUTURE

(TABLES 4A-4G)

TABLE 4A PLANS FOR GROWTH RELATED ACTIVITIES

All SMEs were also asked whether they were planning any activities traditionally associated with growth, such as taking on staff:

YEQ2 2023 All SMEs	Total	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
Any activity	47%	47%	47%
Take on more staff	21%	22%	20%
Sig steps to reduce carbon f'print	18%	18%	18%
Develop a new product or service	16%	15%	18%
Invest in plant, machinery or premises	17%	18%	12%
Start to sell/sell more overseas	6%	6%	5%
Other major expenditure	8%	8%	8%

Q90 All SMEs

TABLE 4B GROWTH PLANS FOR NEXT 12 MONTHS

SMEs were asked to rate their plans for growth in the next year. To provide robust data and comparisons over time, the figures for YEQ2 2023 as a whole are used.

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
Unweighted base:	17,007	13,433	3281
Grow by more than 40%	7%	7%	6%
Grow by 20-40%	13%	14%	13%
Grow by up to 20%	23%	21%	28%
All planning to grow	43%	42%	46%
Stay the same size	45%	45%	44%
Become smaller	6%	6%	5%
Plan to sell/pass on /close	6%	6%	5%

Q91 All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	6943	6490	2271	1010
Grow by more than 40%	8%	3%	6%	2%
Grow by 20-40%	14%	15%	13%	16%
Grow by up to 20%	21%	38%	27%	37%
All planning to grow	42%	56%	46%	55%

Plans to grow**Summary table over time – row percentages**

SMEs led by men		SMEs led by women	
YEQ4 2013	48%	YEQ4 2013	52%
YEQ4 2014	45%	YEQ4 2014	51%
YEQ4 2015	45%	YEQ4 2015	48%
YEQ4 2016	43%	YEQ4 2016	44%
YEQ4 2017	45%	YEQ4 2017	45%
YEQ4 2018	47%	YEQ4 2018	53%
YEQ2 2019	49%	YEQ2 2019	53%
YEQ2 2020	43%	YEQ2 2020	46%
YEQ2 2021	42%	YEQ2 2021	48%
YEQ2 2022	44%	YEQ2 2022	46%
YEQ2 2023	42%	YEQ2 2023	46%

Q91 All SMEs

TABLE 4C OBSTACLES TO RUNNING THE BUSINESS IN THE NEXT 12 MONTHS

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

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
Unweighted base:	17,007	13,433	3281
Increasing costs	39%	39%	41%
The current economic climate	32%	31%	35%
Political uncertainty / future government policy	22%	23%	20%
Legislation and regulation	18%	19%	17%
Supply chain issues	16%	17%	13%
Changes in the value of sterling	13%	13%	12%
Recruiting and retaining staff	12%	12%	10%
Staff issues (amongst employers)	20%	20%	22%
Cash flow/issues with late payment	11%	12%	10%
Access to external finance	6%	7%	6%

Q93 All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6943	6490	2271	1010
Increasing costs	38%	40%	41%	49%
The current economic climate	31%	25%	35%	34%
Political uncertainty etc	23%	15%	19%	22%
Legislation and regulation	19%	16%	17%	23%
Supply chain issues	17%	17%	13%	21%
Changes in the value of sterling	14%	11%	12%	14%
Recruiting and retaining staff	11%	25%	9%	34%
<i>Staff issues (amongst employers)</i>	18%	25%	20%	34%
Cash flow/issues with late payment	12%	12%	9%	15%
Access to external finance	7%	4%	6%	7%

Q93 All SMEs

Major obstacles 8-10**Summary table over time – row %**Access to
financeEconomic
climatePolitical
uncertaintyIncreasing
costs**SMEs led by men**

YEQ4 2012	12%	35%	-	-
YEQ4 2013	10%	27%	-	-
YEQ4 2014	7%	16%	-	-
YEQ4 2015	6%	13%	-	-
YEQ4 2016	5%	12%	10%	-
YEQ4 2017	5%	13%	14%	-
YEQ4 2018	5%	17%	19%	-
YEQ2 2019	6%	19%	22%	-
YEQ2 2020	8%	26%	24%	-
YEQ2 2021	8%	30%	21%	-
YEQ2 2022	8%	24%	19%	37%*
YEQ2 2023	7%	31%	23%	39%

Major obstacles 8-10**Summary table over time – row %**Access to
financeEconomic
climatePolitical
uncertaintyIncreasing
costs**SMEs led by women**

YEQ4 2012	9%	31%	-	-
YEQ4 2013	9%	26%	-	-
YEQ4 2014	6%	18%	-	-
YEQ4 2015	6%	14%	-	-
YEQ4 2016	5%	13%	11%	-
YEQ4 2017	5%	16%	13%	-
YEQ4 2018	5%	19%	17%	-
YEQ2 2019	6%	22%	21%	-
YEQ2 2020	7%	31%	25%	-
YEQ2 2021	9%	36%	26%	-
YEQ2 2022	6%	29%	21%	38%*
YEQ2 2023	6%	35%	20%	41%

Q93 All SMEs – Increasing costs introduced in Q4 2021

TABLE 4D FINANCIAL PLANS FOR NEXT 3 MONTHS

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

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

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

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

Analysis is shown for the year ending Q2 2023. Analysis over time is also based on full years of data, to provide a more robust base.

YEQ2 2023 all SMEs	% of all SMEs	Male led	Female led
<i>Unweighted base:</i>	<i>17,007</i>	<i>13,433</i>	<i>3281</i>
Plan to apply/renew	8%	8%	7%
Future would-be seekers – with identified need	1%	1%	1%
Future would-be seekers – no immediate identified need	15%	14%	17%
Happy non-seekers	76%	76%	76%

Futfin All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
Unweighted base:	6943	6490	2271	1010
Plan to apply/renew	8%	9%	7%	10%
Future would-be seekers – with identified need	1%	*	1%	1%
Future would-be seekers – no immediate identified need	14%	13%	17%	12%
Happy non-seekers	76%	78%	76%	77%

Futfin All SMEs

Financial plans

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
Plan apply/renew			
YEQ4 2012	15%	YEQ4 2012	11%
YEQ4 2013	14%	YEQ4 2013	12%
YEQ4 2014	14%	YEQ4 2014	11%
YEQ4 2015	13%	YEQ4 2015	13%
YEQ4 2016	12%	YEQ4 2016	11%
YEQ4 2017	12%	YEQ4 2017	10%
YEQ4 2018	10%	YEQ4 2018	10%
YEQ2 2019	12%	YEQ2 2019	12%
YEQ2 2020	12%	YEQ2 2020	9%
YEQ2 2021	12%	YEQ2 2021	11%
YEQ2 2022	10%	YEQ2 2022	7%
YEQ2 2023	8%	YEQ2 2023	7%

Continued

Continued

Future would-be seeker			
YEQ4 2012	23%	YEQ4 2012	23%
YEQ4 2013	19%	YEQ4 2013	17%
YEQ4 2014	15%	YEQ4 2014	17%
YEQ4 2015	11%	YEQ4 2015	12%
YEQ4 2016	12%	YEQ4 2016	13%
YEQ4 2017	10%	YEQ4 2017	11%
YEQ4 2018	12%	YEQ4 2018	15%
YEQ2 2019	11%	YEQ2 2019	13%
YEQ2 2020	15%	YEQ2 2020	15%
YEQ2 2021	22%	YEQ2 2021	24%
YEQ2 2022	15%	YEQ2 2022	16%
YEQ2 2023	16%	YEQ2 2023	17%
Happy non seeker			
YEQ4 2012	62%	YEQ4 2012	66%
YEQ4 2013	67%	YEQ4 2013	71%
YEQ4 2014	71%	YEQ4 2014	72%
YEQ4 2015	76%	YEQ4 2015	76%
YEQ4 2016	75%	YEQ4 2016	76%
YEQ4 2017	78%	YEQ4 2017	79%
YEQ4 2018	78%	YEQ4 2018	74%
YEQ2 2019	77%	YEQ2 2019	76%
YEQ2 2020	72%	YEQ2 2020	76%
YEQ2 2021	66%	YEQ2 2021	64%
YEQ2 2022	75%	YEQ2 2022	76%
YEQ2 2023	76%	YEQ2 2023	76%

Futfin All SMEs

TABLE 4E USE OF, AND FUTURE APPETITE FOR, FINANCE

The table below combines current use of external finance with future plans for application:

YEQ2 2023 All SMEs	Total	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
Use finance and plan to apply	5%	6%	4%
Don't use finance but plan to apply	2%	2%	3%
Use finance but no plans to apply	30%	31%	27%
No use or plans to apply for finance	62%	61%	67%

Futfin/Q15 All SMEs

YEQ2 2023 all SMEs	Male led 0-9 emps	Male led 10-249 emps	Female led 0-9 emps	Female led 10-249 emps
<i>Unweighted base:</i>	6943	6490	2271	1010
Use finance and plan to apply	6%	8%	4%	9%
Don't use finance but plan to apply	2%	1%	3%	1%
Use finance but no plans to apply	30%	47%	26%	52%
No use or plans to apply for finance	62%	44%	67%	38%

TABLE 4F FUTURE WOULD-BE SEEKERS – MAIN REASON FOR NOT PLANNING TO APPLY

YEQ2 2023 Future would-be seekers	Total	Male led	Female led
Unweighted base:	2413	1862	509
Reluctant to borrow now (any)	72%	70%	77%
Issues with <u>process</u> of borrowing	10%	11%	8%
Discouraged (any)	7%	9%	3%
- Direct (Put off by bank)	*	*	*
-Indirect (Think I would be turned down)	7%	9%	3%
Issues with <u>principle</u> of borrowing	4%	6%	1%

Q105 Future would-be seekers SMEs

TABLE 4G CONFIDENCE BANK WOULD AGREE IF APPLIED FOR FINANCE

All SMEs are now asked how confident they would be that their bank would say yes if they were to apply for finance. The table below shows confidence as a whole across all SMEs, then confidence for those with any appetite for finance (those planning to apply or Future would-be seekers) compared to those with no plans to apply (the Future happy non-seekers):

YEQ2 2023 All SMEs	Total	Male led	Female led
<i>Unweighted base:</i>	17,007	13,433	3281
Overall confidence	50%	51%	46%
<i>Confidence if plan to apply</i>	40%	43%	29%
<i>Confidence if Future would-be seekers</i>	41%	42%	37%
<i>Confidence if Future Happy non-seekers</i>	53%	54%	49%

Q103/106 All SMEs

Confident application would be successful (all SMEs)

Summary table over time – row percentages

SMEs led by men		SMEs led by women	
Plan apply/renew			
YEQ2 2019	59%	YEQ2 2019	54%
YEQ2 2020	58%	YEQ2 2020	51%
YEQ2 2021	51%	YEQ2 2021	46%
YEQ2 2022	52%	YEQ2 2022	51%
YEQ2 2023	51%	YEQ2 2023	46%

