

SME Finance Monitor

3 month rolling analysis
to end June 2025



An independent report by BVA BDRC, July 2025

The SME Finance Monitor was established in 2011 and provides detailed analysis of SMEs and their access to finance, typically on a half yearly basis. The YEQ2 2025 chart pack will be published in September 2025.

As fieldwork takes place on a continuous basis, it is also possible to provide headline data on key issues in between these full reports. This pack will therefore be provided on a monthly basis and provide the latest 3 months rolling data across a range of issues.

The most recent data point for this report is the 3 months from April to June 2025, ie Q2.

Headline analysis is provided for all SMEs, with key questions split by size of SME. Some analysis is also provided by the type of international trade (if any) undertaken alongside domestic activity:

- Exporting but no importing (labelled as “export only”)
- Importing but no exporting (labelled as “import only”)
- Both importing and exporting (labelled as “import & export”)
- No international trade, SME only trades domestically (labelled as “domestic sales only”)

Differences shown month on month are not necessarily statistically significant. Differences of 4%+ month on month are needed for the total sample and up to 10%+ for some of the smaller groups (such as those trading internationally).

Introduction – Changes to main SME Finance Monitor questionnaire and reporting

The SME Finance Monitor questionnaire has evolved gradually since it started in 2011.

In Q4 2017 it was decided that a more radical review was required to reflect changes in the finance market for SMEs, such as the rise of online platforms and other non-bank suppliers of finance. This was also an opportunity to focus on “need” for finance and how this translates into applications.

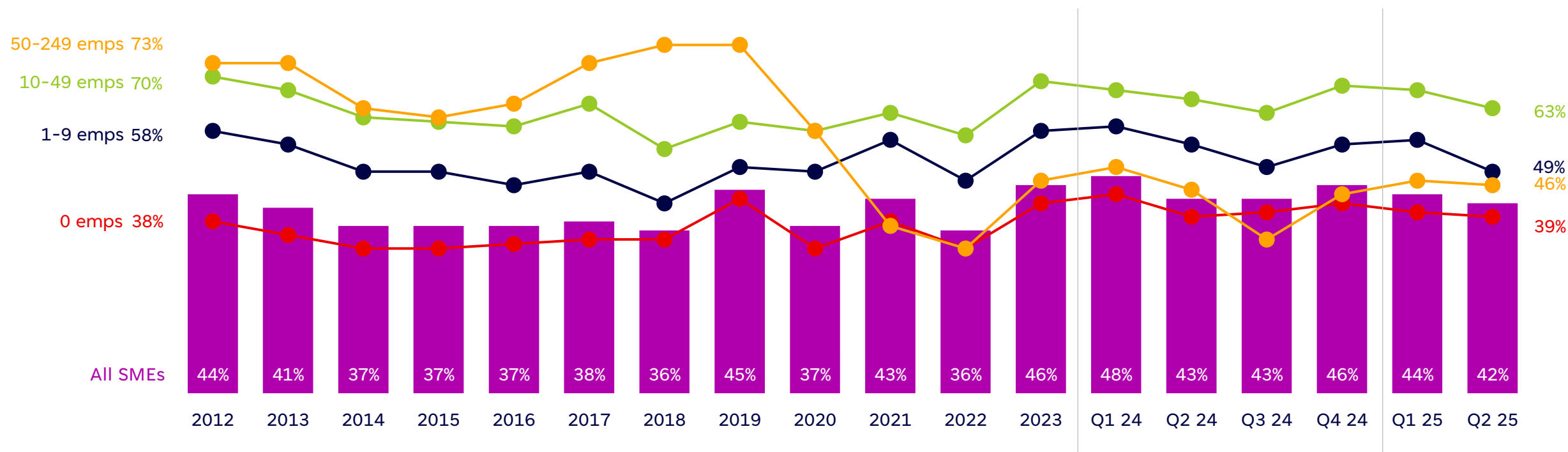
Most of the questions reported in this pack remained unchanged.

From January 2023, the definition of using finance (and also therefore of a PNB) has included those that still have pandemic borrowing to repay, which was not always considered as “finance” by a small proportion of SMEs in 2022.

For Q1 2025 onwards, the size, sector and region weighting has been adjusted slightly to reflect the current profile of SMEs

The proportion of SMEs using external finance, 42% overall, has been broadly stable in the past year and currently in line with Q3 2024, for all but the largest SMEs (up from 34% to 46%)

Time series: use of external finance per quarter

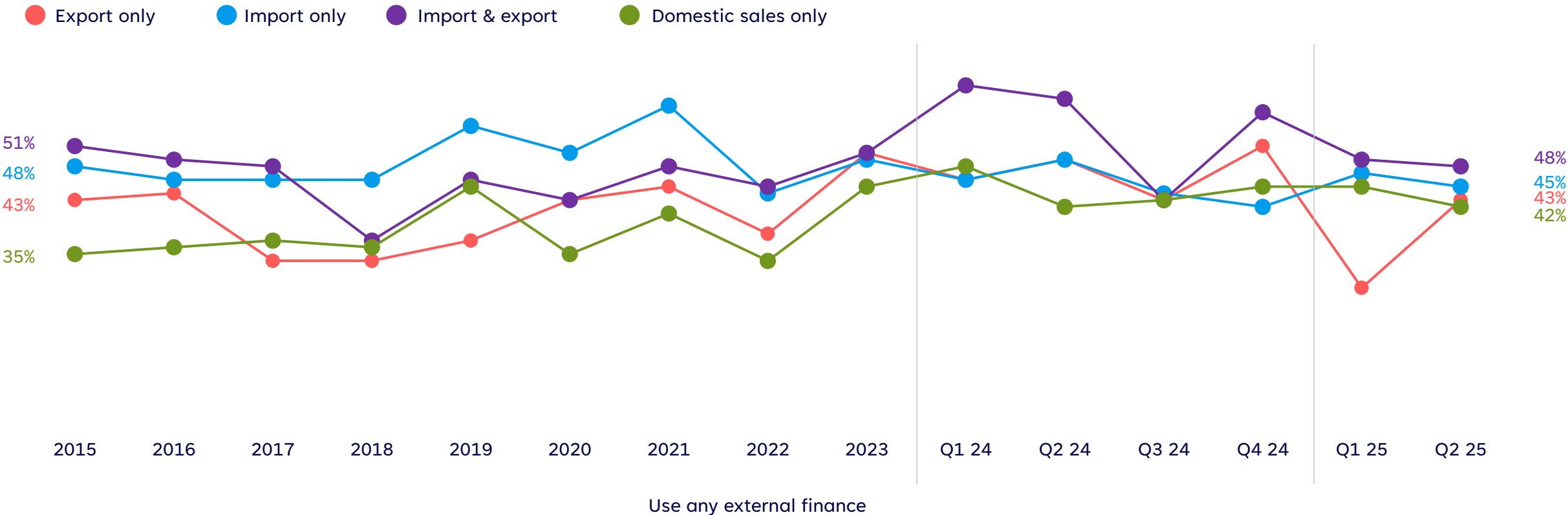


External finance usage currently remains slightly lower than that recorded in H2'23 and Q1'24, at 43%. Those with 10-49 employees remained the most likely to be using any external finance (63%) though that proportion is somewhat lower than at the end of 2024

Q15 Base : All respondents 3m to June 4260 1031/1823/1001/405 (using new finance definition from Jan 2023)

Unlike in Q1 2025, export only SMEs are no longer less likely to be using finance, with limited differences by levels of international trade in Q2

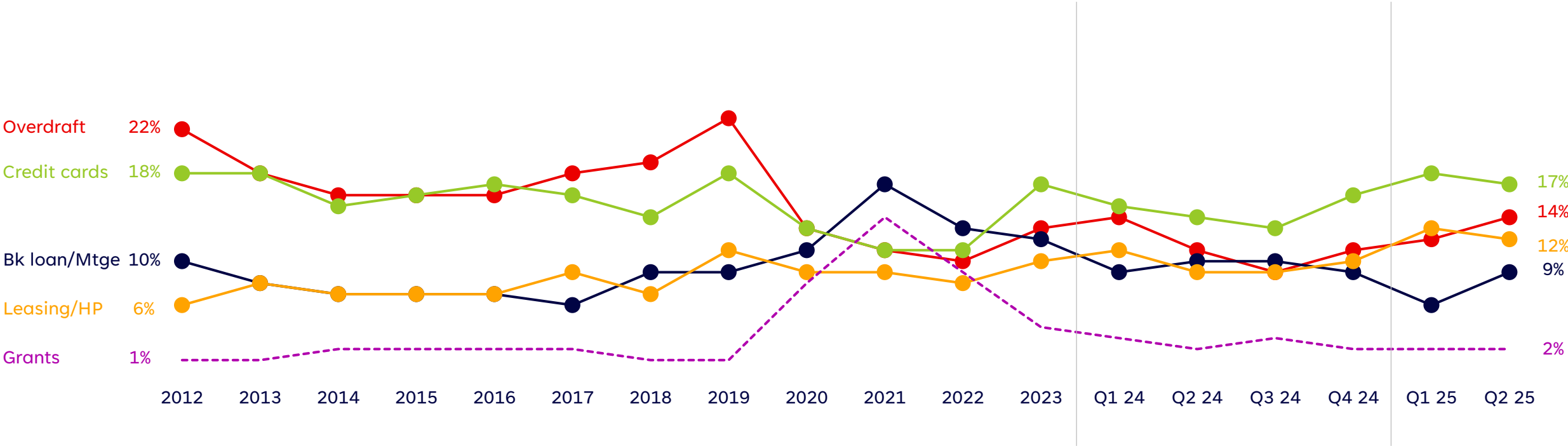
Time series: use of external finance by extent of international trade alongside domestic sales



Q15 Base : All 3m to June 198/453/441/3168 (using new finance definition from Jan 2023)

Credit cards remained the most common form of finance used, at 17%, followed by overdrafts and leasing/HP, each used by 12-14% of SMEs

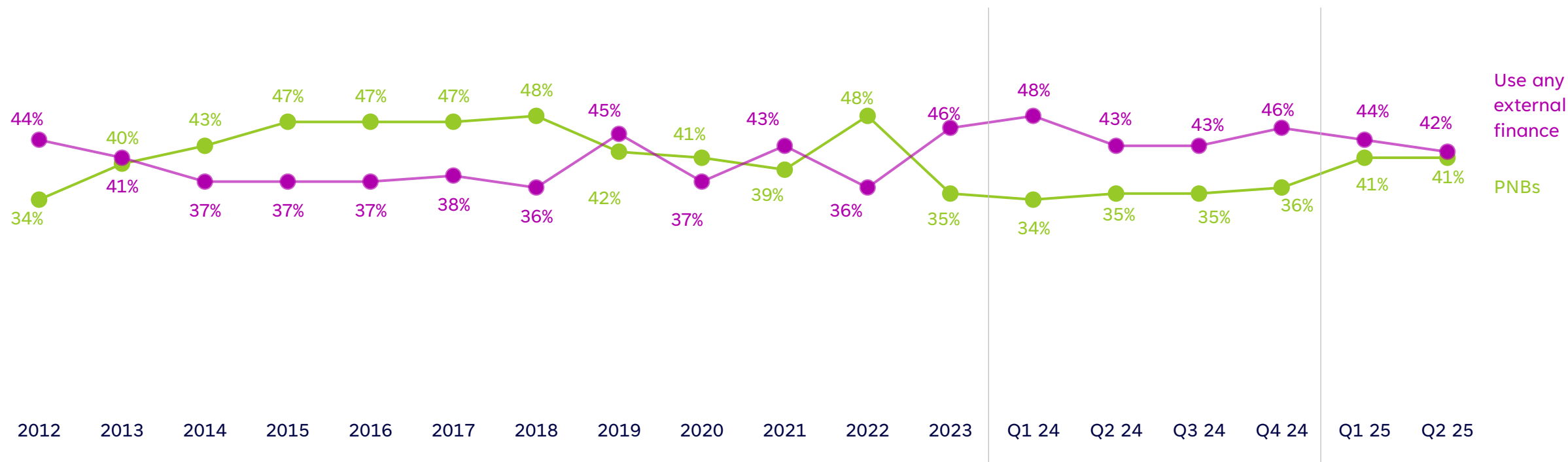
Time series: % of SMEs using each of the main forms of finance



Q15 all SMEs 3m to June 4260 (no adjustment made re new use of finance definition)

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

Time series: Permanent non-borrowers and users of external finance

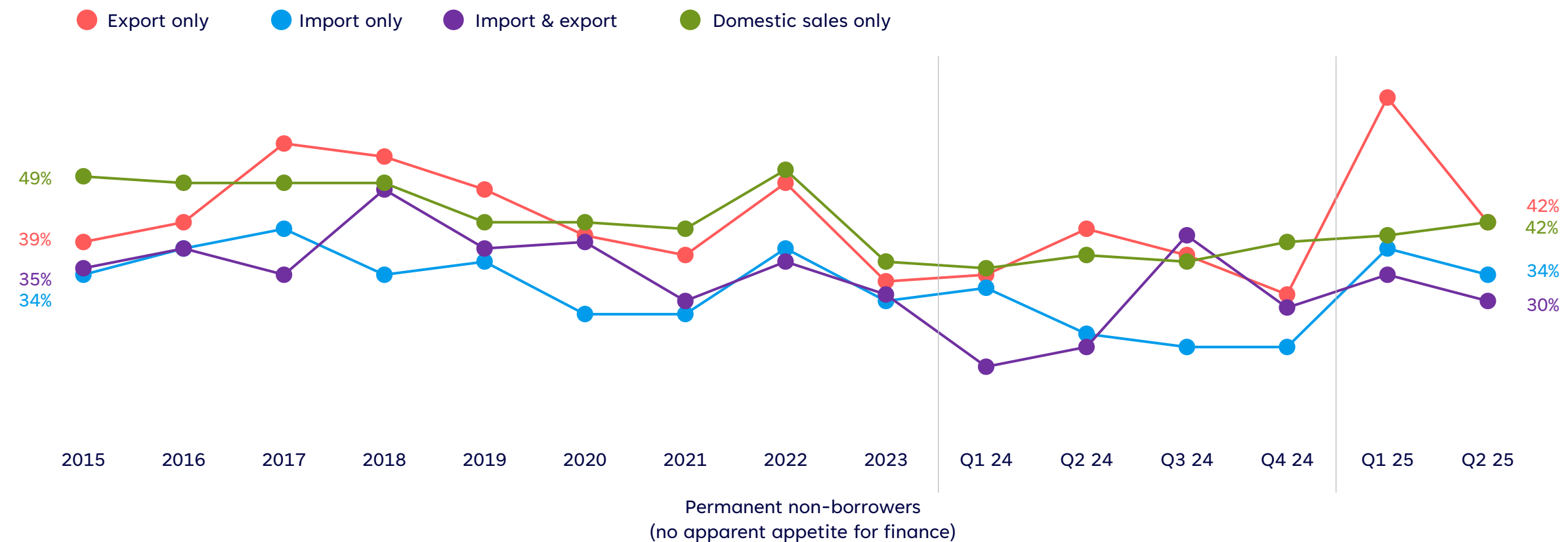


The 'Permanent non-borrowers' are firms with no apparent appetite for finance and are defined as not using external finance and showing no inclination to do so. From Q1 2023 a revised definition has applied, taking into account any pandemic funding the SME might have received – those who are still repaying it are now “using external finance” and those who took funding but have since repaid it cannot be a PNB. Pre-pandemic there were typically more PNBs than SMEs who use finance but this has not been the case since Q1 2023, though the gap is currently marginal.

Q15 and Disgeg Base : All respondents 3m to June 4260

As export-only SMEs (on a limited base size) saw an increased use of finance they have become less likely to be a PNB, with a slight increase in 2025 for domestic only SMEs

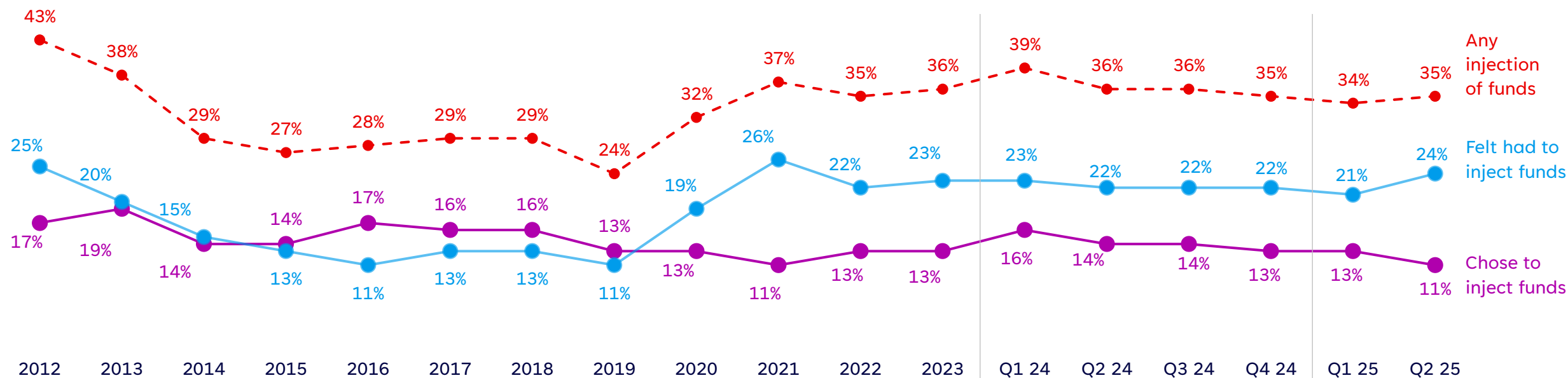
Time series: Permanent non-borrowers by extent of international trade alongside domestic sales



Disgeg Base: all 3m to June 198/453/441/3168

35% of SMEs reported having injected personal funds, with most, 24%, saying they felt they had to inject funds

Time series: Injections of personal funds in previous 12 months

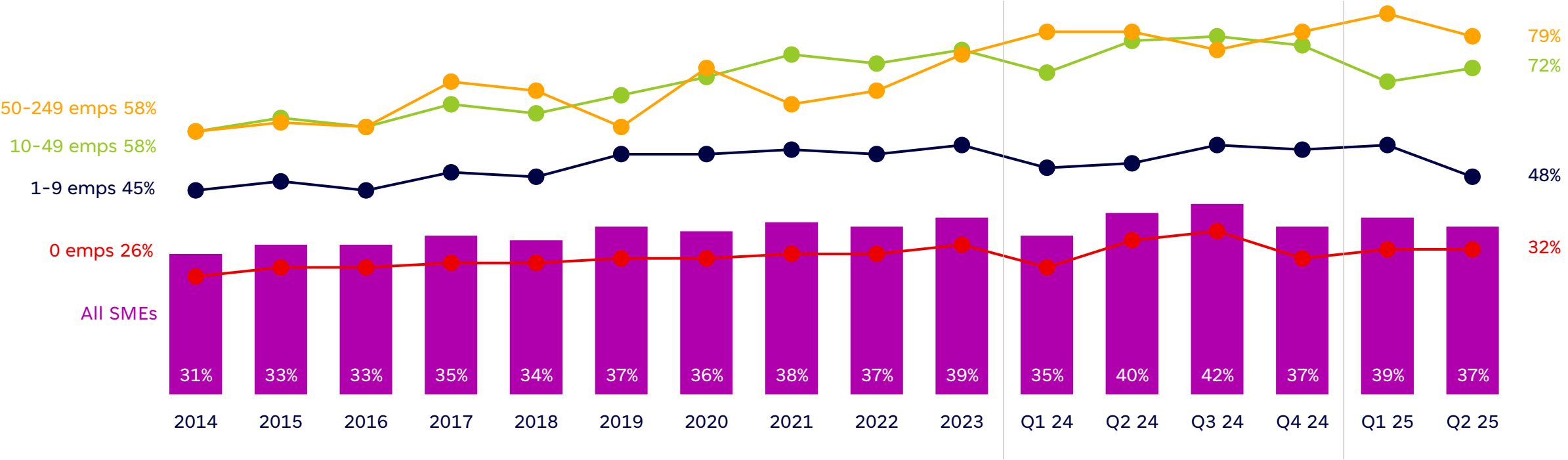


The proportion of SMEs injecting funds fell from a peak of 43% in 2012 to 28-29% of SMEs from 2016 onwards. In 2019 the proportion dropped to a quarter of SMEs but then increased again to 37% in 2021. In 2022 35% reported an injection and this proportion has changed little since, with the exception of the 39% in Q1 2024, but has increased again in 2025 to 35% in the current period. Unlike pre-pandemic, SMEs continue to be more likely to feel they had to inject funds versus to have chosen to (24% vs 11% in the current period).

Q15d Base : All respondents 3m to June 4260

Usage of trade credit remained stable at 37%. There remains clear variation above and below 10 employees

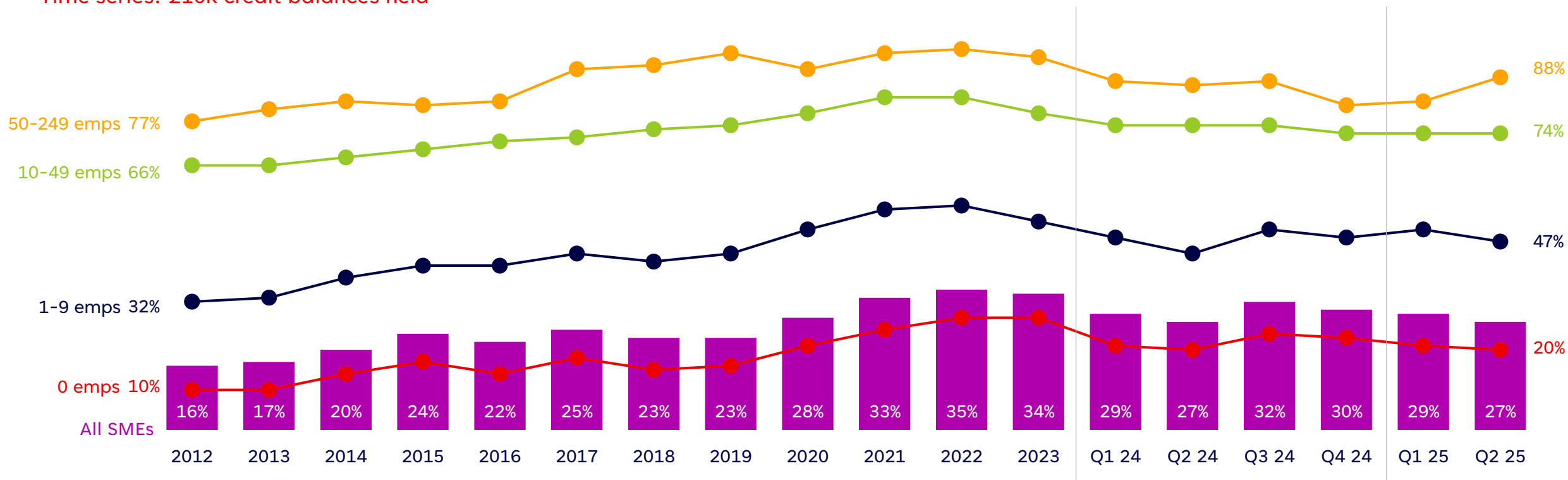
Time series: : Using trade credit



Q14 Base: All respondents 3m to June 4260

27% of SMEs held more than £10,000 of credit balances, increasing by size of SME. This is back to levels seen in Q2 2024, as fewer 0 employee SMEs held such sums

Time series: £10k credit balances held

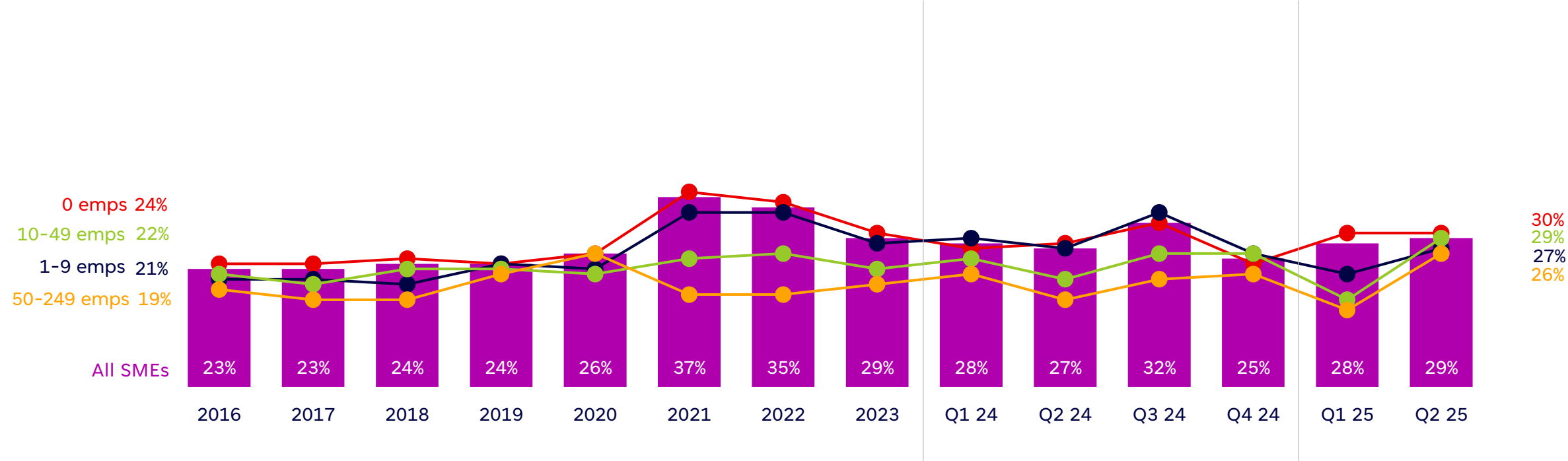


The proportion of SMEs holding £10,000 or more in credit balances increased from 3% in 2012 to 24% in 2015 and remained broadly stable to 2019. During 2020, the proportion of SMEs holding such sums increased steadily, to 28% for the year as a whole. 35% of SMEs held such sums in 2022, and 34% in 2023. Since then around 3 in 10 have held such sums, but the proportion was somewhat lower in the current period at 27%

Q117 Base: All respondents 3m to June excl DK 2637

The proportion of turnover held as credit balances is currently 29%, still slightly below the Q3 2024 ‘peak’ and with little difference by size of SME

Time series: % of turnover held as credit balances

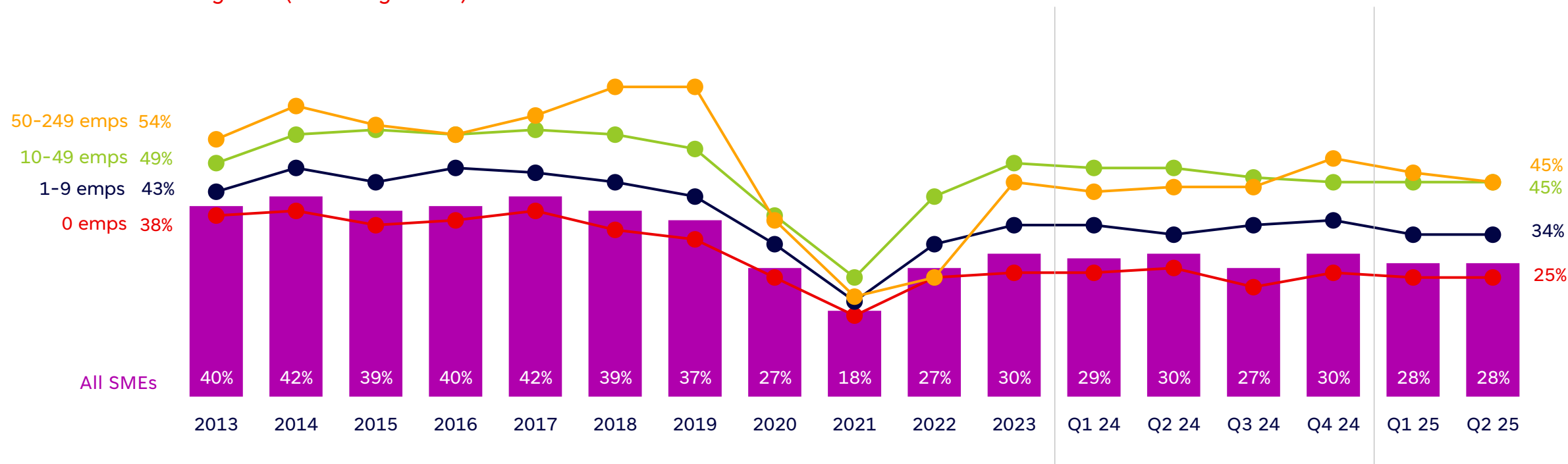


The more recent analysis looks at credit balances held as a percentage of total turnover (both collected in bands, with mid-points used and noting that turnover figures were affected by the pandemic but did increase somewhat in 2023). In the latest period SMEs held the equivalent of 29% of their turnover in credit balances, in line with 2023

Q117/Q9 Base : All respondents 3m to June excl DK 2460
Percentage cap imposed from Jan 2022 to prevent 1-2 respondents having disproportionate impact on average

28% of SMEs reported growth in the last 12 months, somewhat lower than in 2024, and in line with 2022. There remained a clear divide by size of SME

Time series: Have grown (excluding Starts)

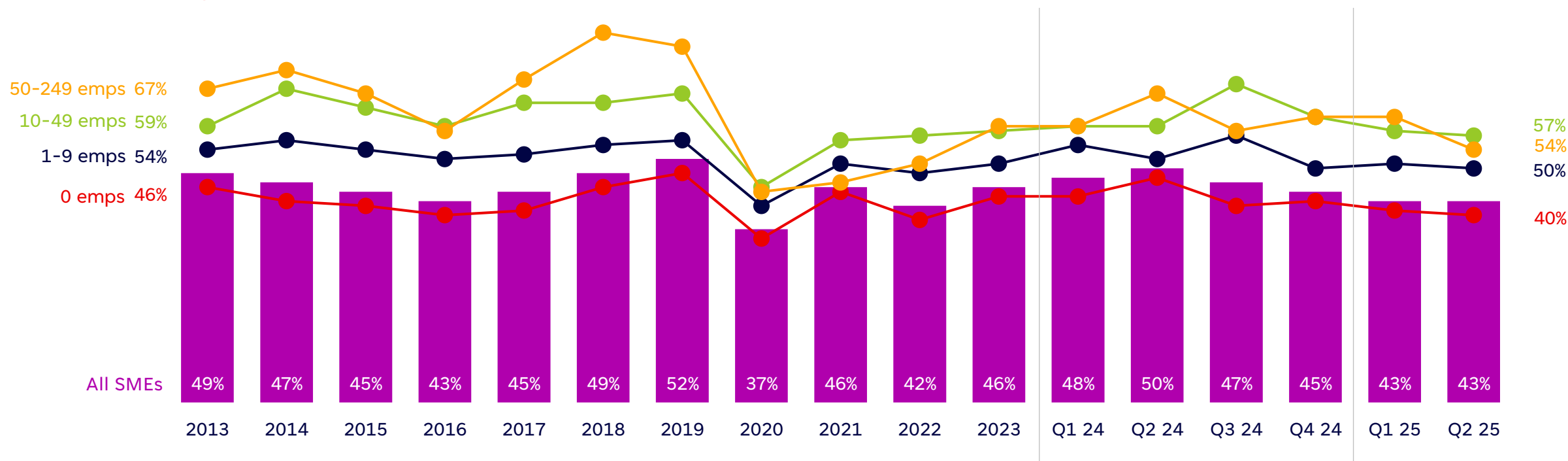


From 2012 to 2019, the proportion of SMEs (excluding Starts) reporting growth varied little and was 37% for 2019. Reported growth was initially broadly stable in 2020 but then declined steadily across all size bands and was 27% for the year as a whole and 18% for 2021. It increased in 2022 (27%) and 2023 (30%) but with no further increases since, currently (28%).

Q81 Base : All respondents excluding Starts and DK. 3 mths to June 4083

Growth aspirations, at 43% currently, remained somewhat lower than in 2024. The change from Q2 2024 is more marked for those with 0 or 50-249 employees

Time series: Have plans to grow

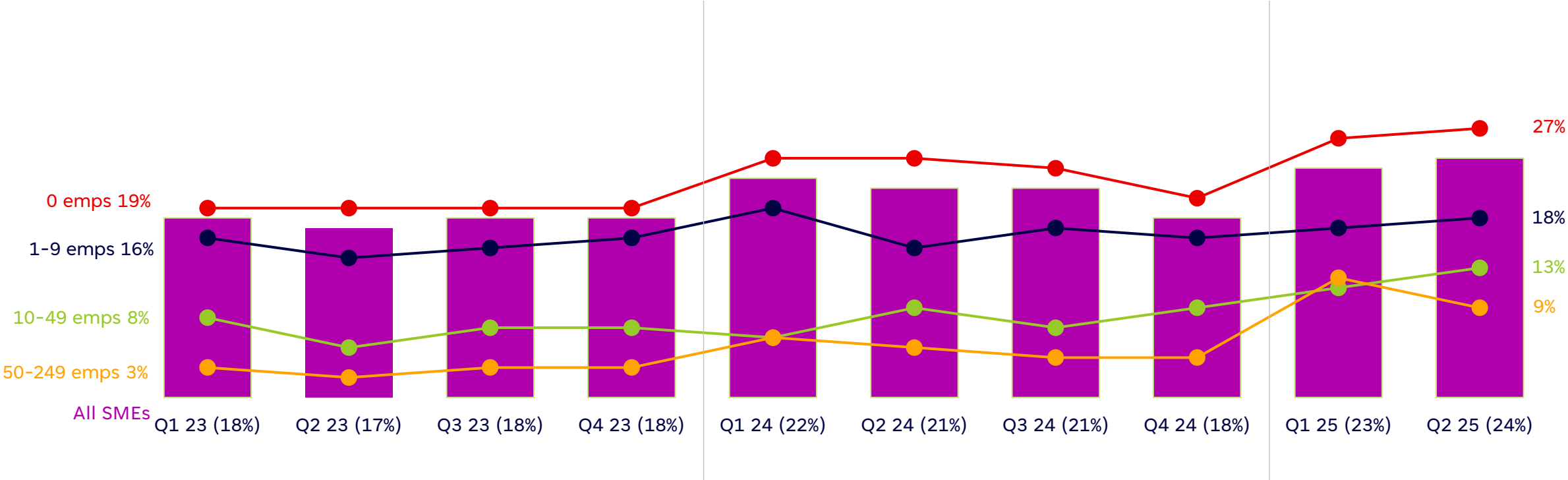


For 2019 as a whole, 52% of SMEs expected to grow, up from 49% in 2018 and the highest level seen to date on SMEFM. In 2020 those aspirations fell significantly to 37%. The increase in 2021 to 46% was not maintained in 2022 (42%) but increased to 46% for 2023. After an increase to 50% in Q2 2024, the proportion planning to grow has declined somewhat (43% in 2025 to date) but still in line with pre-pandemic levels

Q91 Base : All respondents 3m to June 4260

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

NEW Time series: Feel that they are ‘struggling’

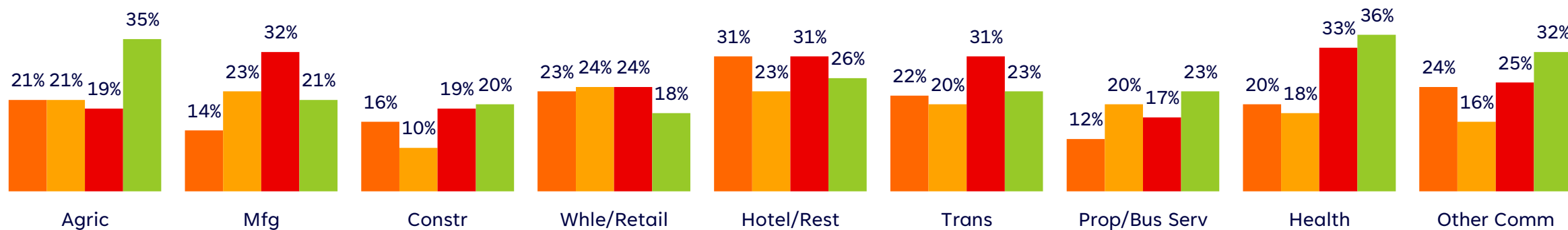


Qcv8 all SMEs 3m to June 4260

A mixed picture by sector in the current period compared to Q1 2025. The most likely to be 'Struggling' are those in Agriculture, Health and the Other Community sectors

Struggling: by sector (over time)

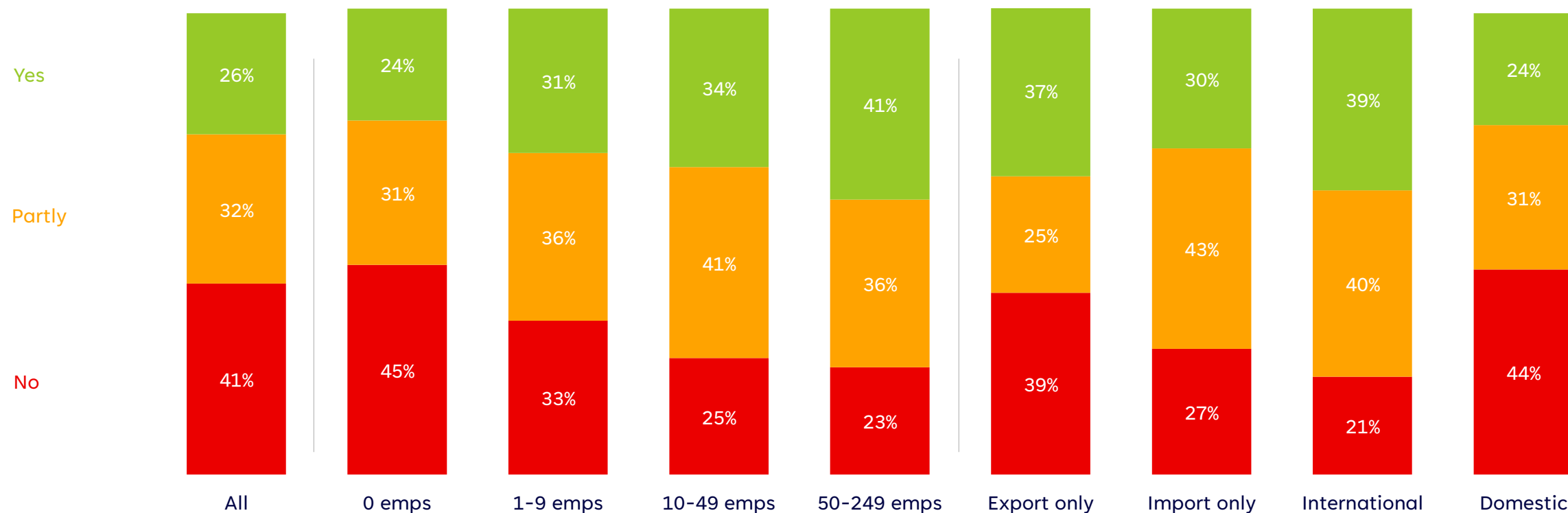
Q4 23 (18%) Q4 24 (18%) Q1 25 (23%) Q2 25 (24%)



Cv8 Base : All SMEs

A stable 1 in 4 SMEs were planning to both grow and to be innovative in the year ahead, increasing to 4 in 10 of SMEs with 50-249 employees and those both importing and exporting

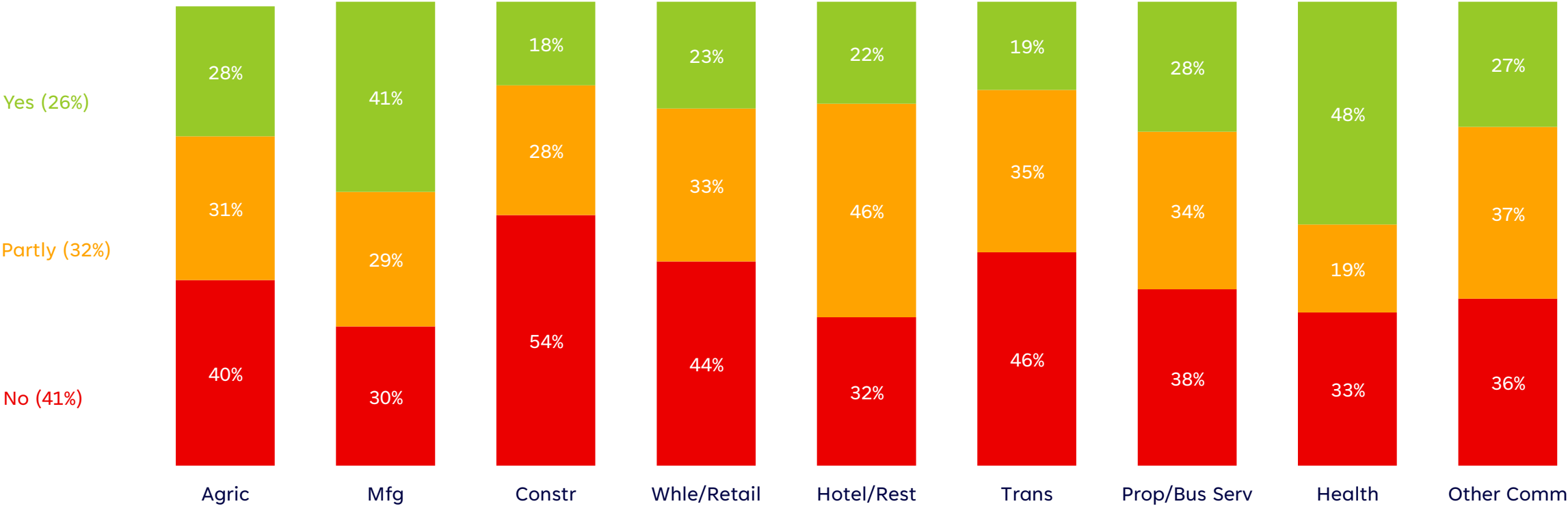
Ambitious innovators: 3m to June 2025



All SMEs 3m to June 4260 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

SMEs in Health remained more likely to have plans to grow *and* innovate in the coming year (48%), compared to 18% in Construction and 19% in Transport

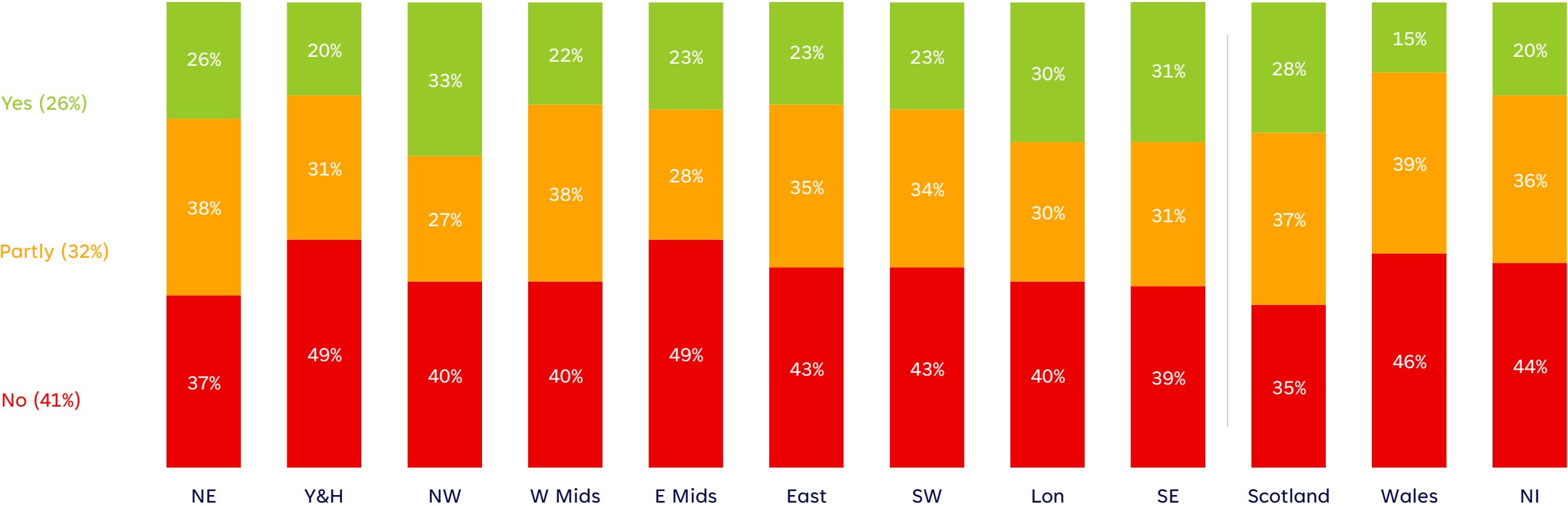
Ambitious innovators: 3m to June 2025



All SMEs 3m to June 4260 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

By region, the proportion of “Ambitious Innovators” ranged from 33% in the North West to less than half of that, 15%, in Wales

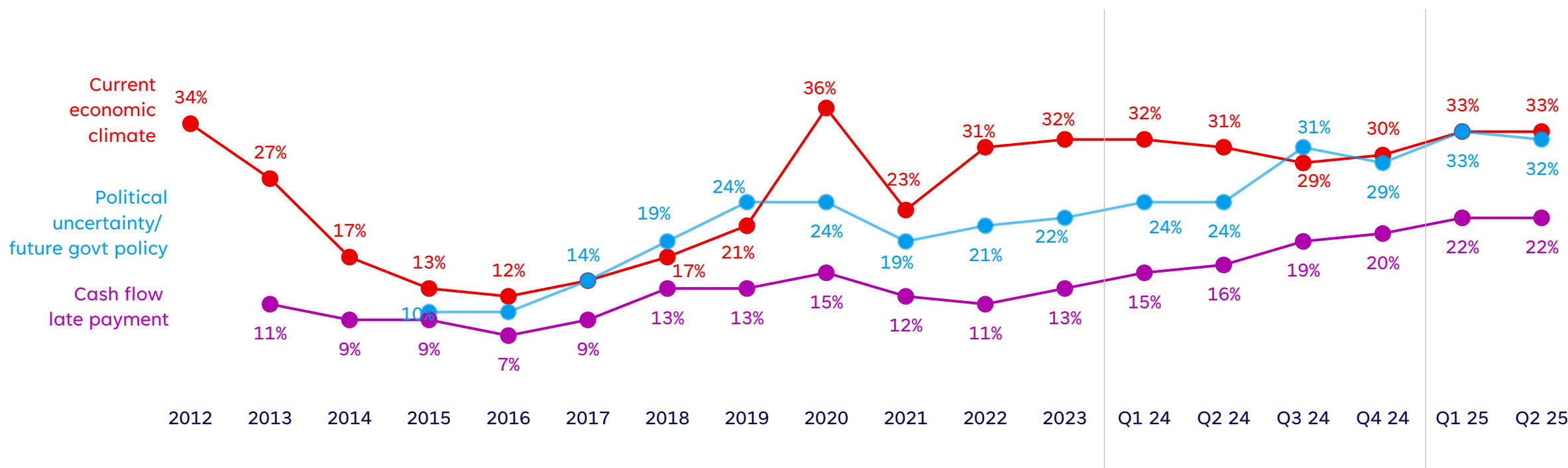
Ambitious innovators: 3m to June 2025



All SMEs 3m to June 4260 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

Concerns about the economic climate and political uncertainty have increased in 2025 to date to 1 in 3 SMEs. Concerns around cash flow and late payment are stable but remain higher than previously seen, at 22%

Time series: 8-10 major obstacle to running business in next 12 months



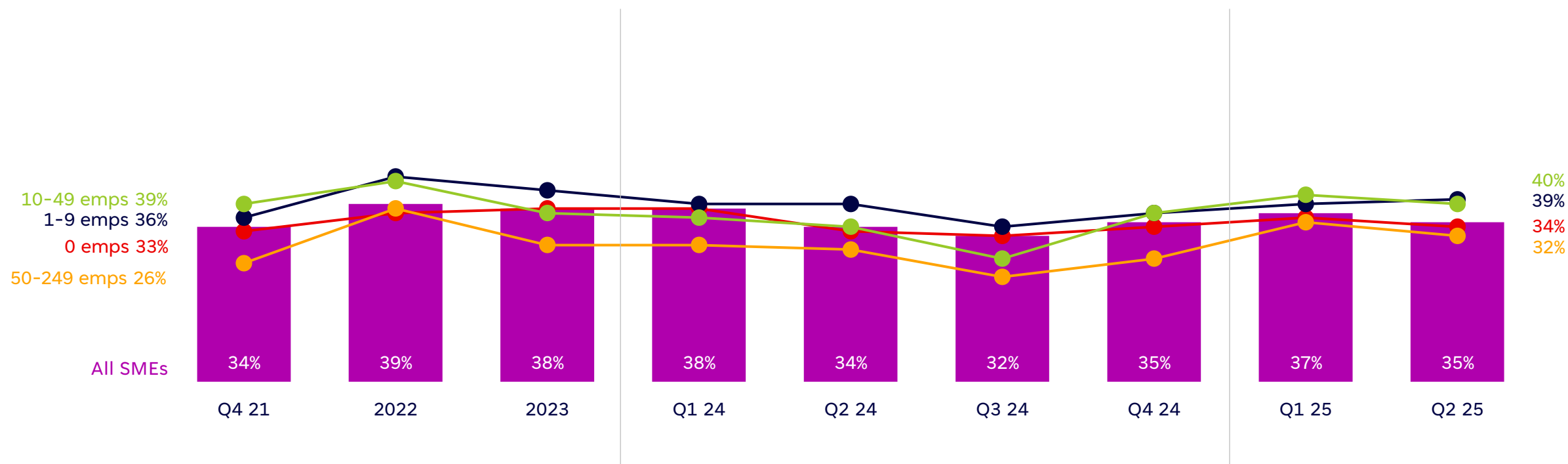
Concern for the economic climate increased most markedly from Q1 to Q2 2020 (20% in Q1 to 47% in Q2), the highest level seen to date. It then declined, to 23% in 2021, but increased from the start of 2022 to 35% in Q3 2023 (32% for the year as a whole). Since then, around 3 in 10 have been concerned, with the 33% in the current period the highest seen recently, now joined by political uncertainty/government policy which increased to 31% in Q3 2024 and 32% in the current period. Concerns around cash flow and late payment increased steadily during 2024 from 15% to 20% with a further small increase to date (22%)

Q93 Barriers to running business as would want in next 12 months

Base : All respondents 3m to June 4260. From Aug 2024, "cash flow" and "late payment" have been asked separately with a net score then calculated of an 8-10 score at either

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

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

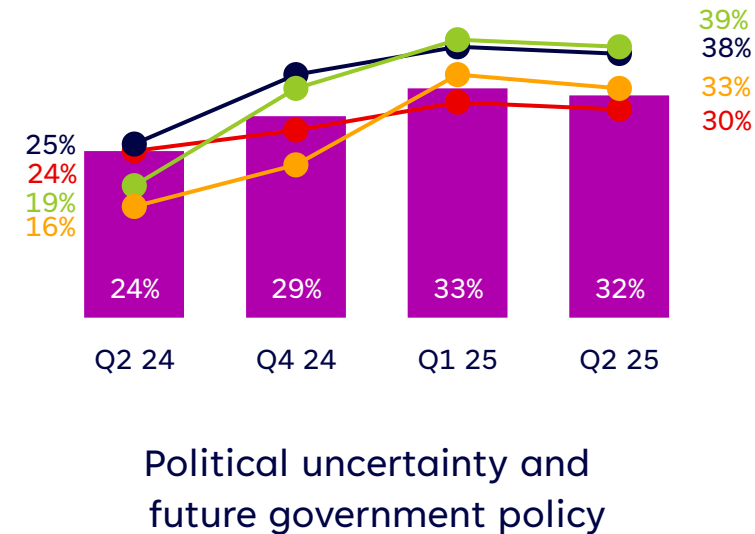
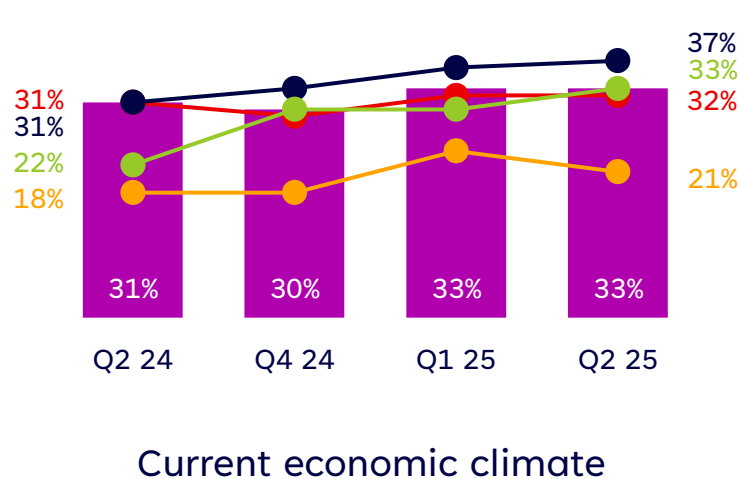
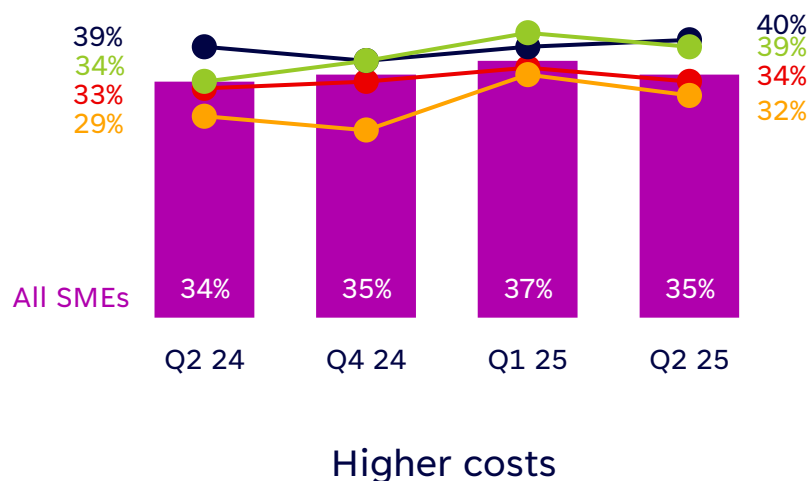


Q93 Base : All SMEs 3m to June 4260

Additional analysis showed that, for those with employees, political uncertainty/government policy remains as much of a barrier as higher costs

Additional analysis: Key barriers over recent quarters

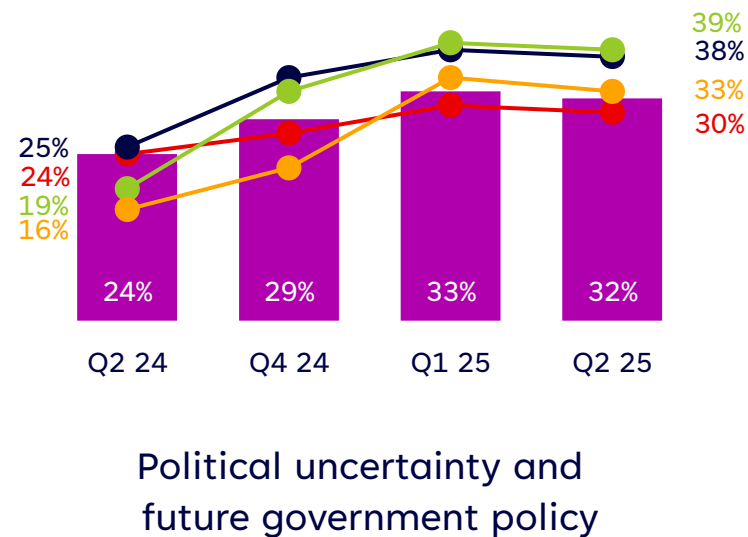
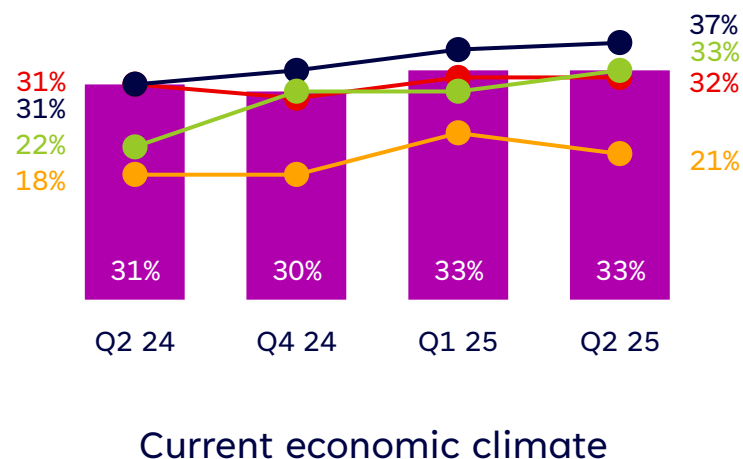
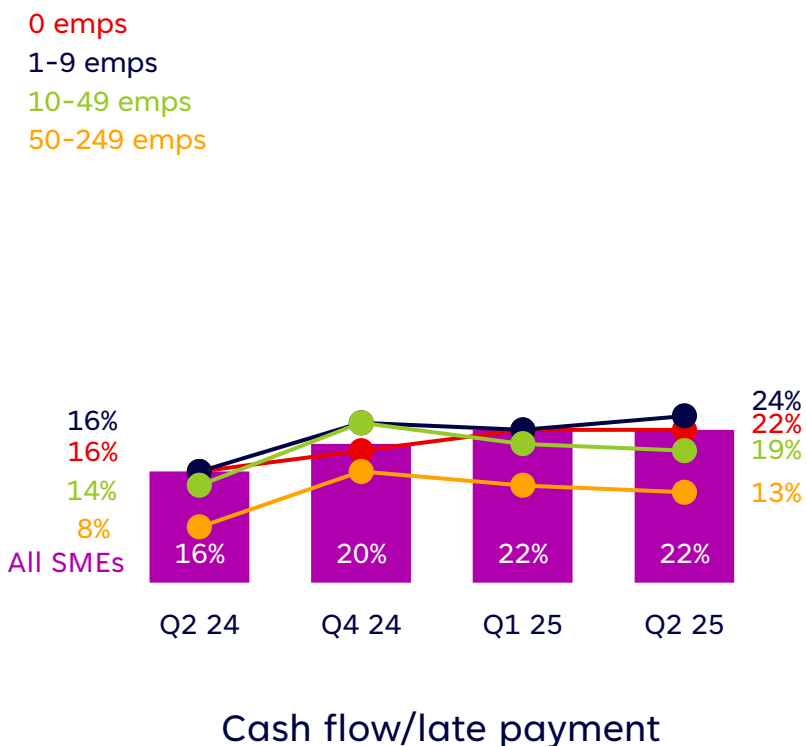
0 emps
1-9 emps
10-49 emps
50-249 emps



Q93 Base : All SMEs 3m to June 4260

Across these 3 barriers, political uncertainty/government policy is the key barrier for larger SMEs whereas it is equal top with the economic climate for those with up to 10 employees

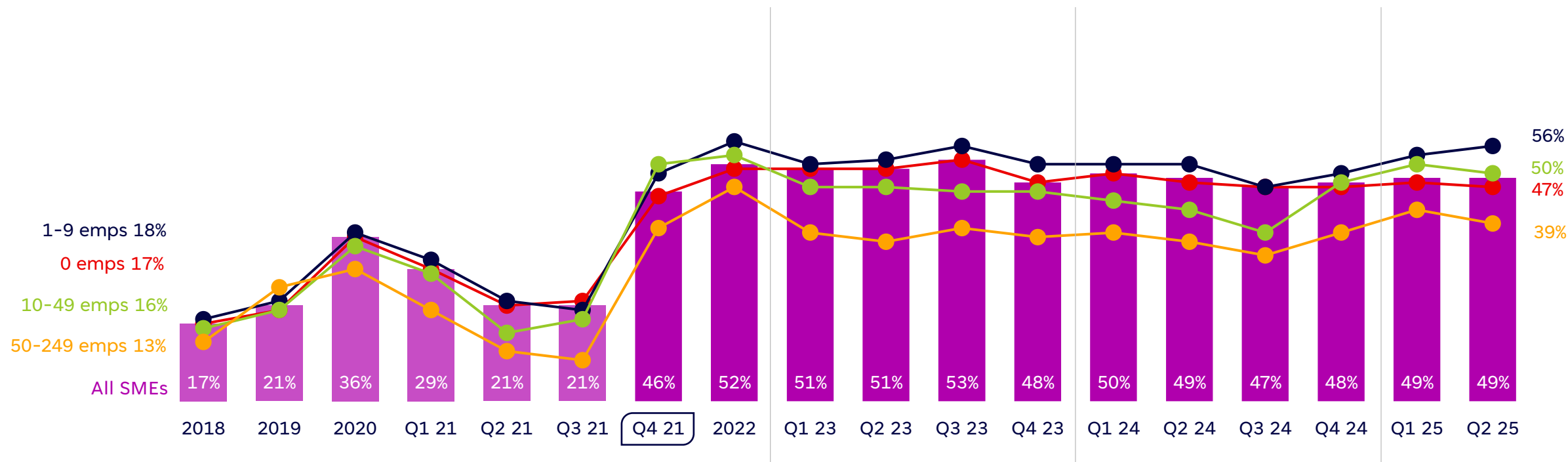
Additional analysis: Key barriers over recent quarters



Q93 Base : All SMEs 3m to June 4260

The proportion of SMEs reporting wider economic concerns is stable at 49% in the current period but with a further increase in levels of concern amongst those with 1-9 employees

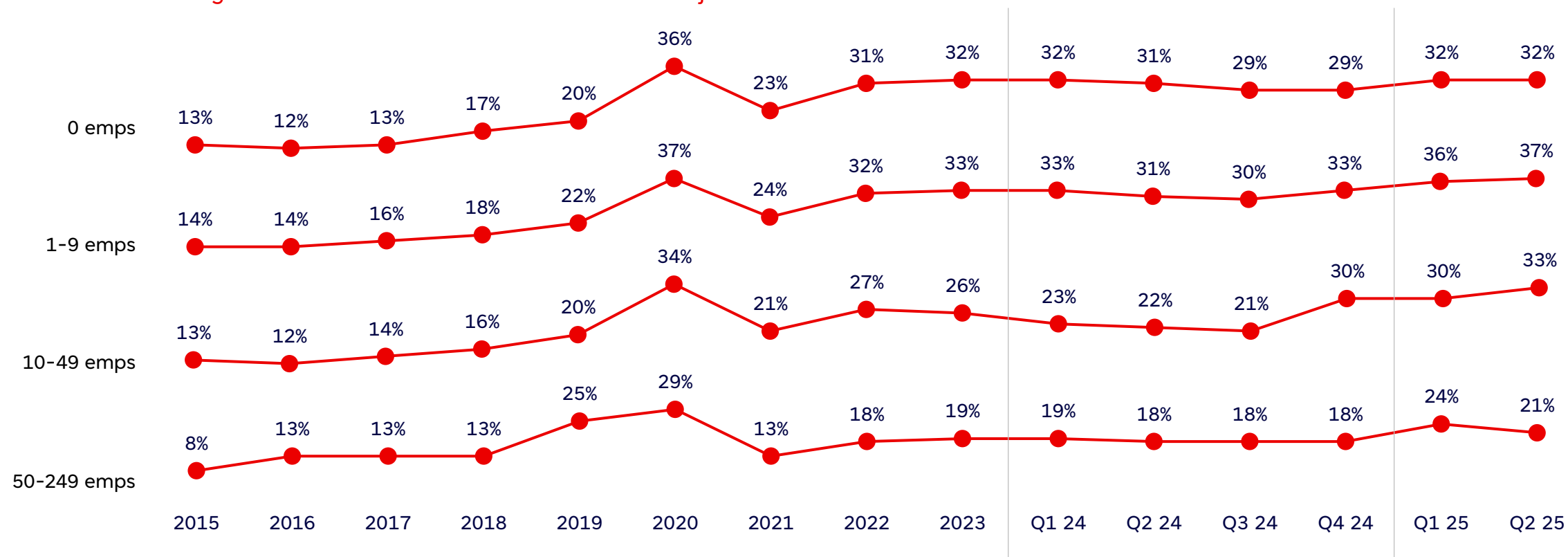
Time series: Broader economic concerns (from Q4 2021 – previously only “Current economic climate”)



Q93 Base : All SMEs 3m to June 4260 score 8-10 for any of “Current economic climate”, “Increasing/higher costs” or “Supply chain issues”

Concern about the economic climate is higher in Q2 2025 than at the end of 2024, notably for those with 1-9 employees

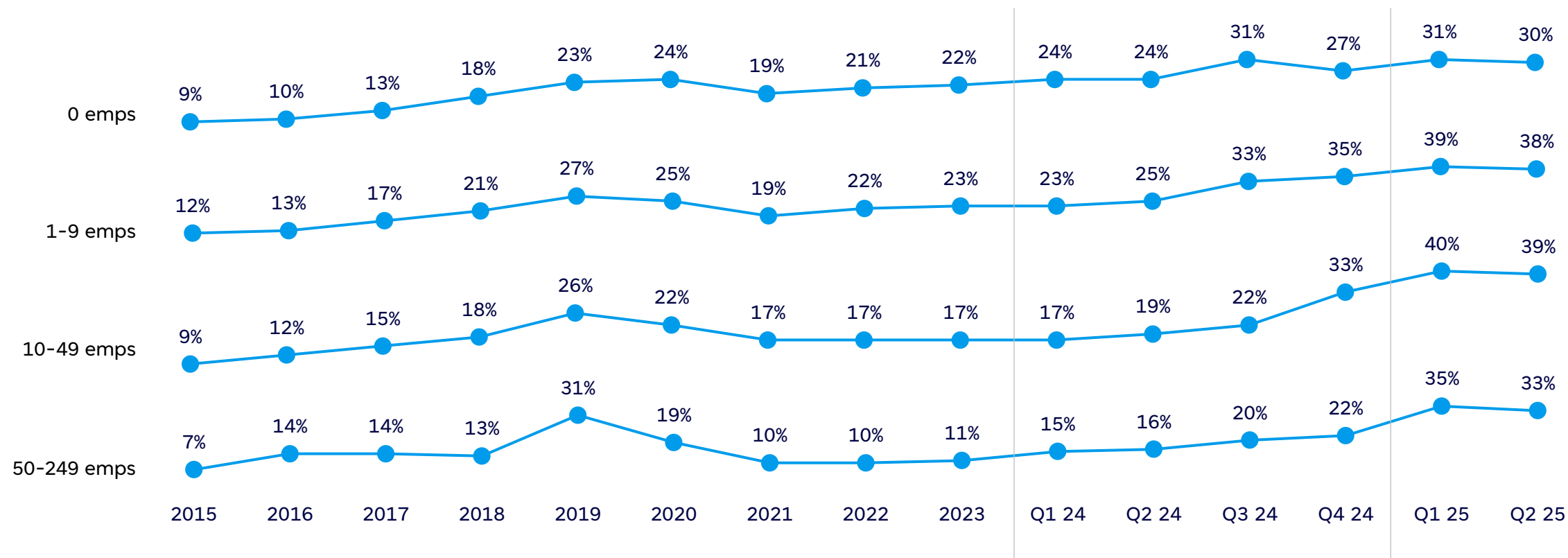
Time series: % Rating 'The current economic climate' 8-10 a major obstacle for next 12 mths



Q93 Base: All

Concerns about political uncertainty/future government policy are also higher in Q2 compared to a year ago, especially for larger SMEs

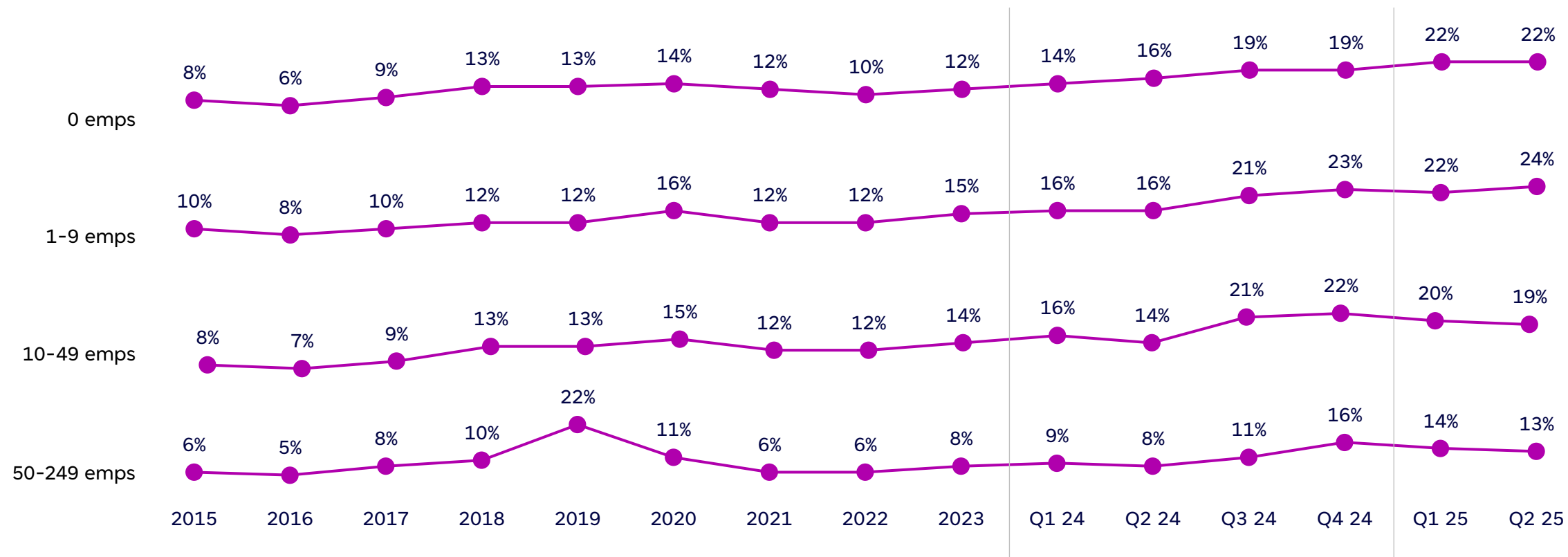
Time series: % Rating 'Political uncertainty and future government policy' a major obstacle for next 12 mths



Q93 Base: All

Concerns about cash flow/late payment have increased steadily since the start of 2024 for smaller SMEs

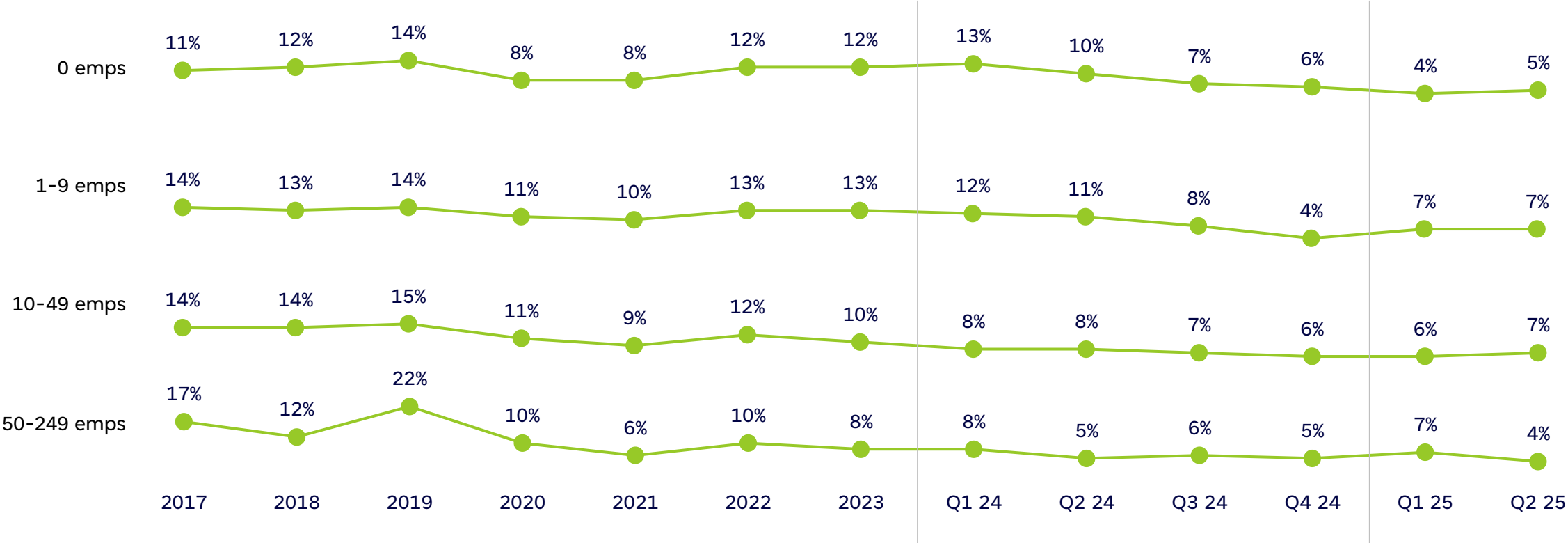
Time series: % Rating 'Cash flow or issues with late payment' a major obstacle for next 12 mths



Q93 Base: All. From Aug 2024, "cash flow" and "late payment" have been asked separately with a net score then calculated of an 8-10 score at either

Concerns about the value of sterling continued to be reported by a small minority of SMEs and typically at lower levels than at the start of 2024

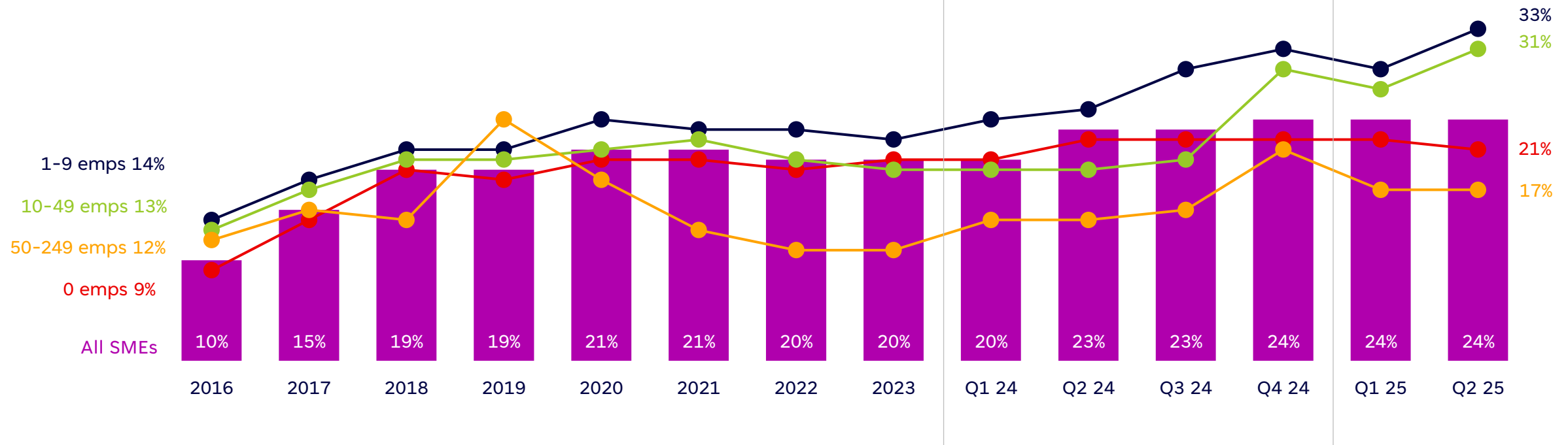
Time series: % Rating ‘Changes in the value of sterling’ a major obstacle for next 12 mths



Q93 Base: All

A quarter of SMEs (24%) saw legislation, regulation and red tape as a barrier. Since Q3 2024 it has become more of an issue for both those with 1-9 and 10-49 employees

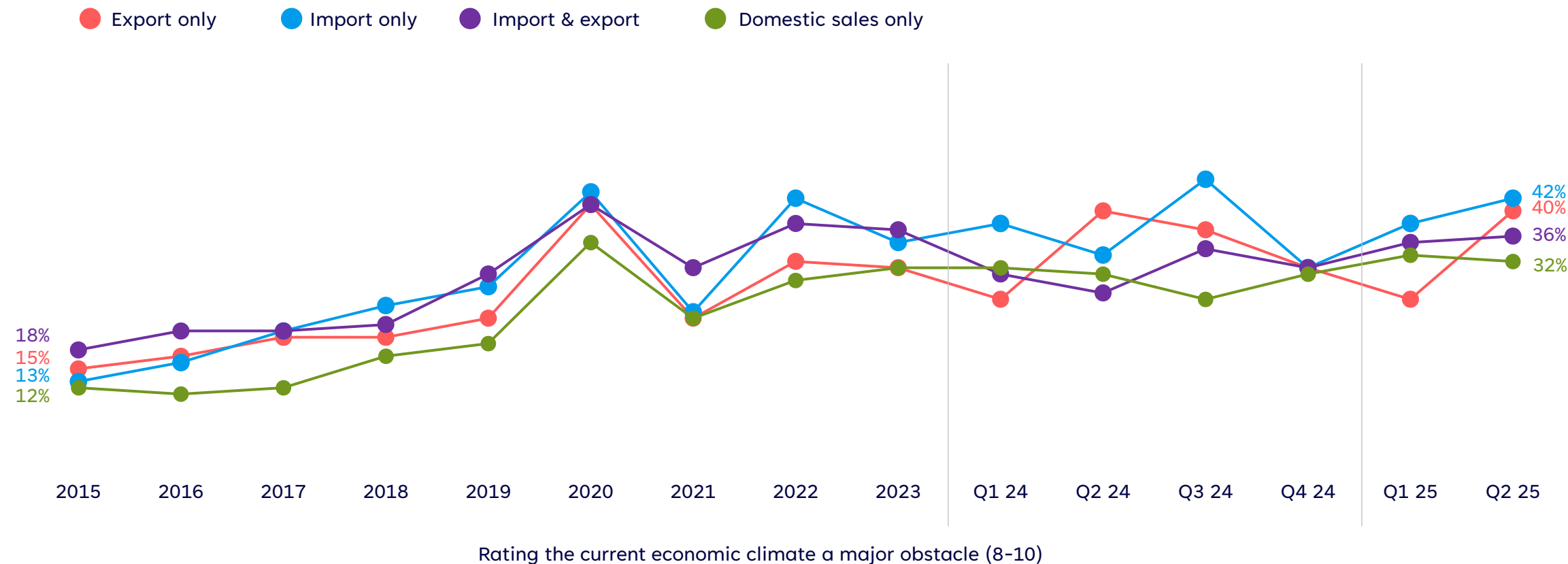
Time series: % legislation/regulation/red tape 8-10 barrier



Q93 Base : All SMEs 3m June 4260

Those with an element of international trade to their business have become slightly more concerned about the economic climate than their domestic only peers

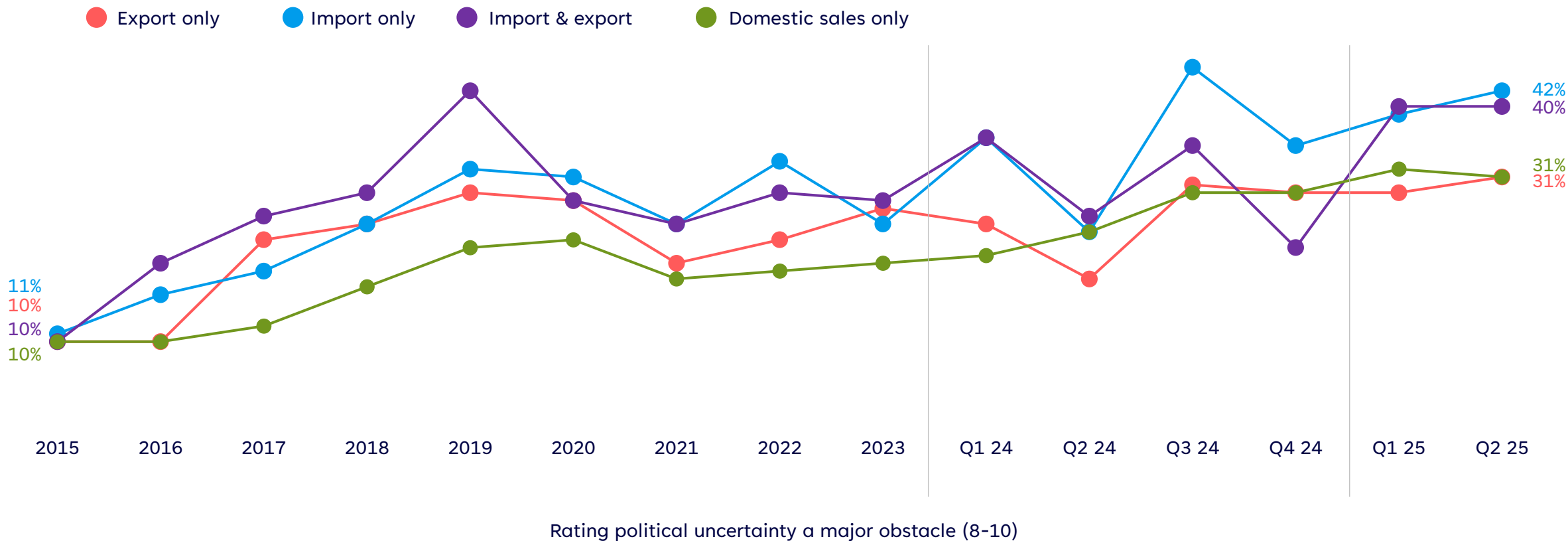
Time series: 8-10 economic climate by extent of international trade alongside domestic sales



Q93 Base: All 3m to June 198/453/441/3168

In 2025 to date, SMEs with an element of importing to their business have been more likely to see political uncertainty as a barrier

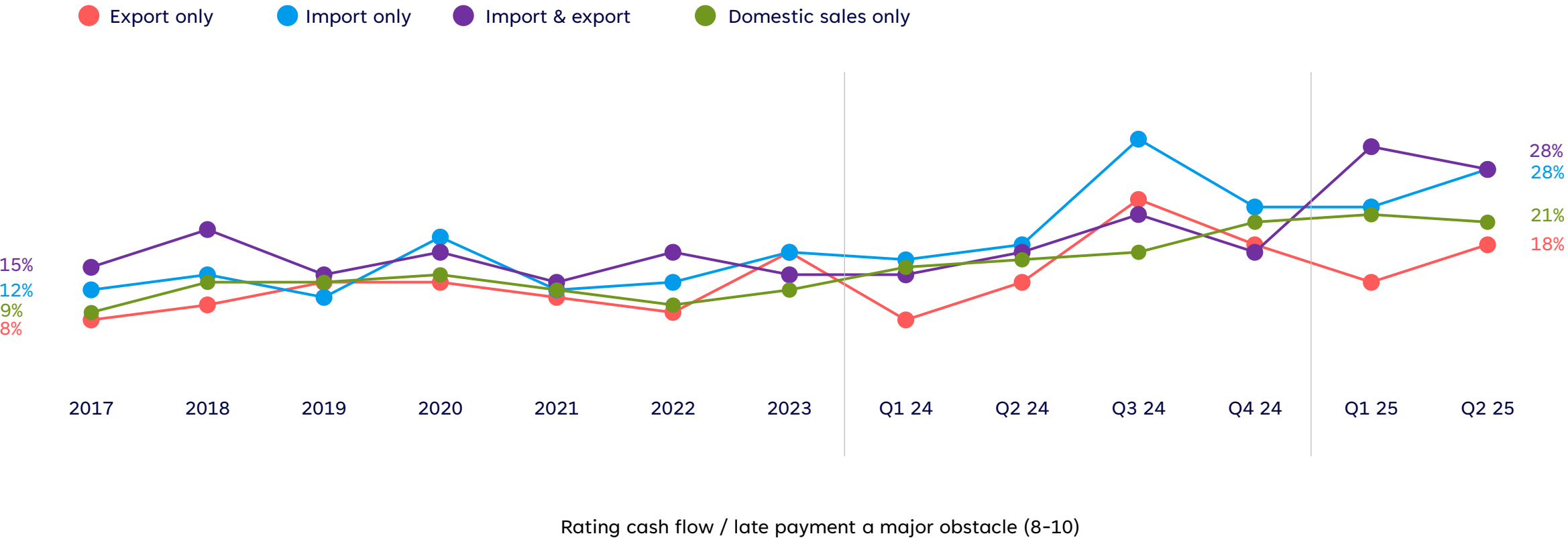
Time series: 8-10 political uncertainty/future government policy by extent of international trade alongside domestic sales



Q93 Base: All 3m to June 198/453/441/3168

Late payment and cash flow was also more of an issue for those with an element of importing to their business in Q2 2025

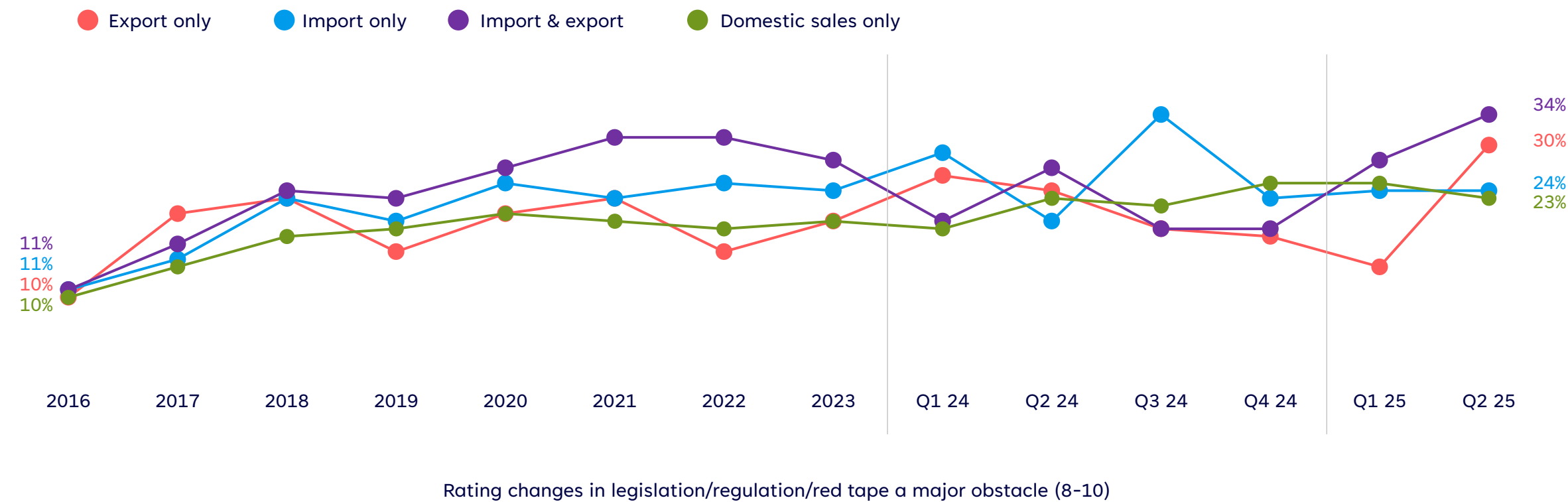
Time series: 8-10 cash flow / late payment by extent of international trade alongside domestic sales



Q93 Base: All 3m to June 198/453/441/3168
All From Aug 2024, “cash flow” and “late payment” have been asked separately with a net score then calculated of an 8-10 score at either

Legislation, regulation, and red tape has seen increased levels of concern from export only and fully international SMEs

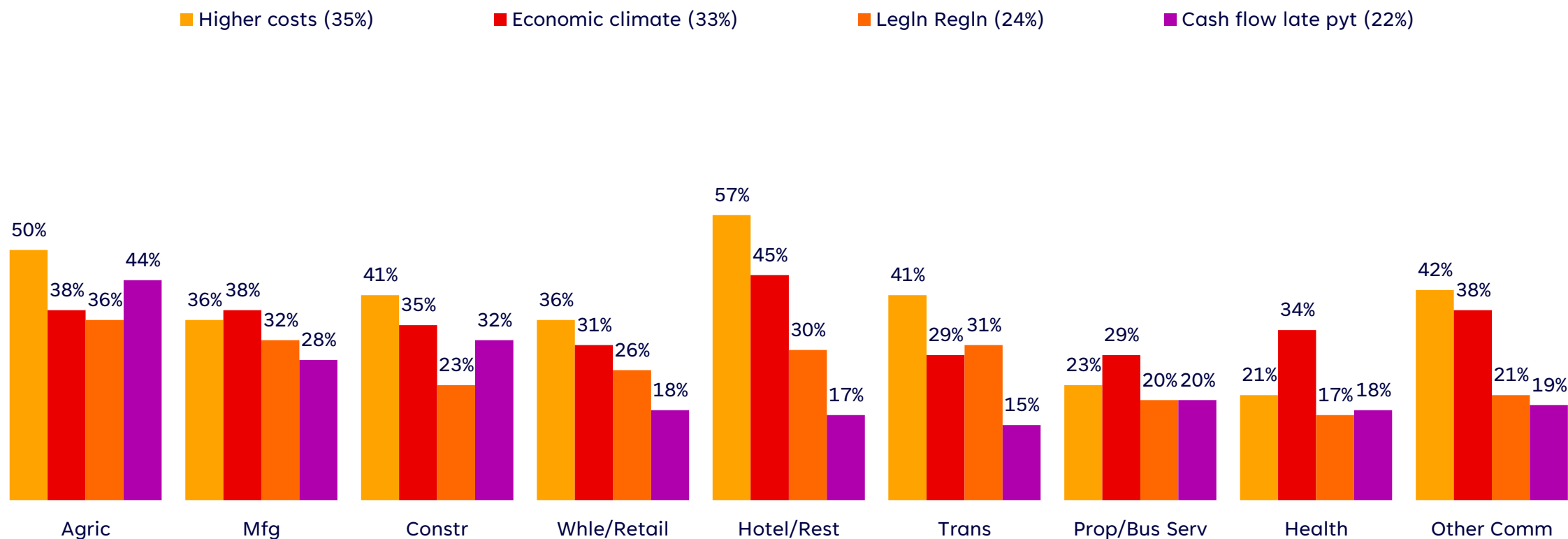
Time series: 8-10 changes in “legislation/regulation/red tape” by extent of international trade alongside domestic sales



Q93 Base: All 3m to June 198/453/441/3168

The Hospitality sector remained more likely to see most of these as barriers, notably higher costs, while Agriculture was more likely than others to mention legislation and regulation as well as cash flow/late payment

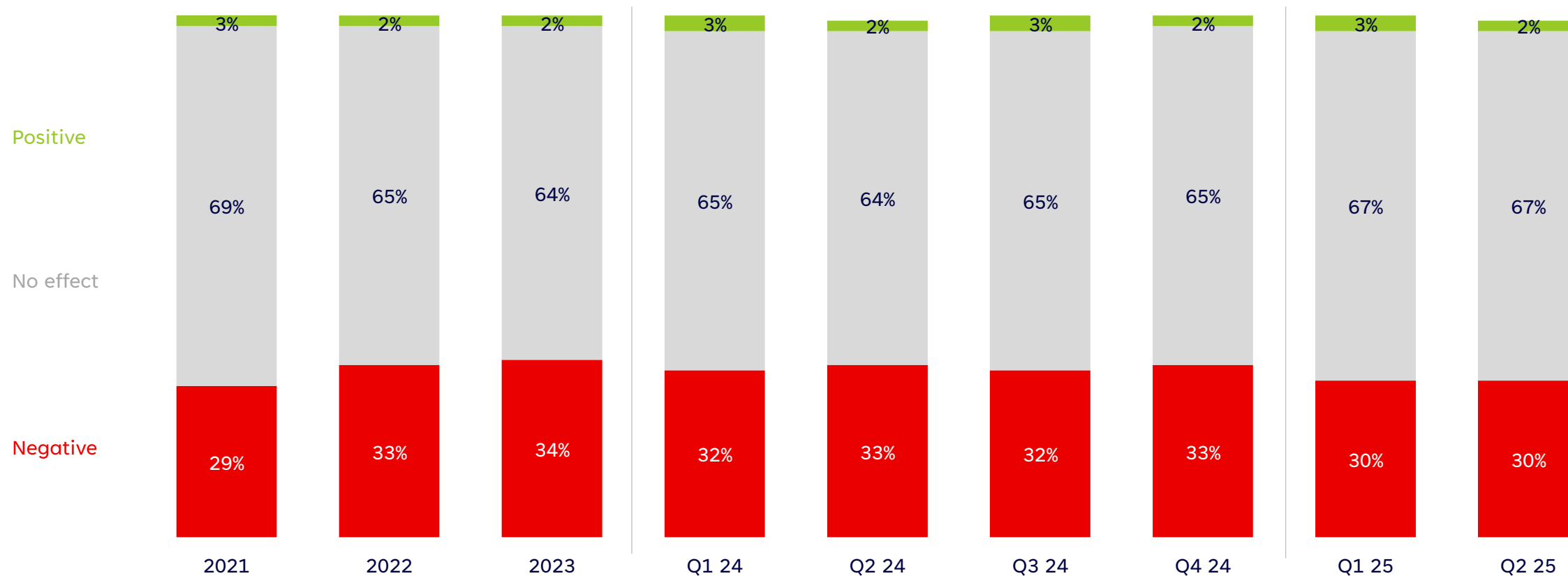
Major barriers: by sector 3m to June 2025



Q93 Base : All SMEs. From Aug 2024, "increasing costs" has been adjusted to "Higher costs" and "cash flow" and "late payment" have been asked separately with a net score then calculated of an 8-10 score at either

A stable 3 in 10 SMEs reported a negative impact on their business due to the revised trading arrangements with the EU, while the majority (two-thirds) reported no impact

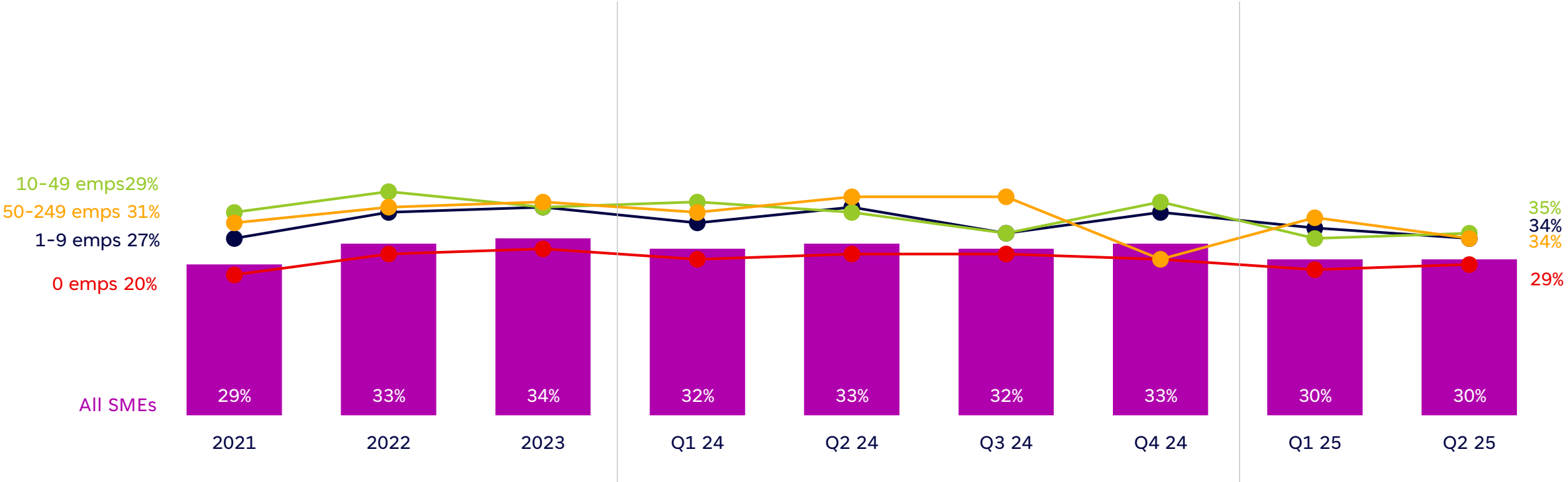
Time series: Impact of the new trading arrangements with the EU



Q84c all SMEs excluding Dk 3m to June 4119

The smallest SMEs remained less likely to see a negative impact from the new trading arrangements, with little to choose between those with employees

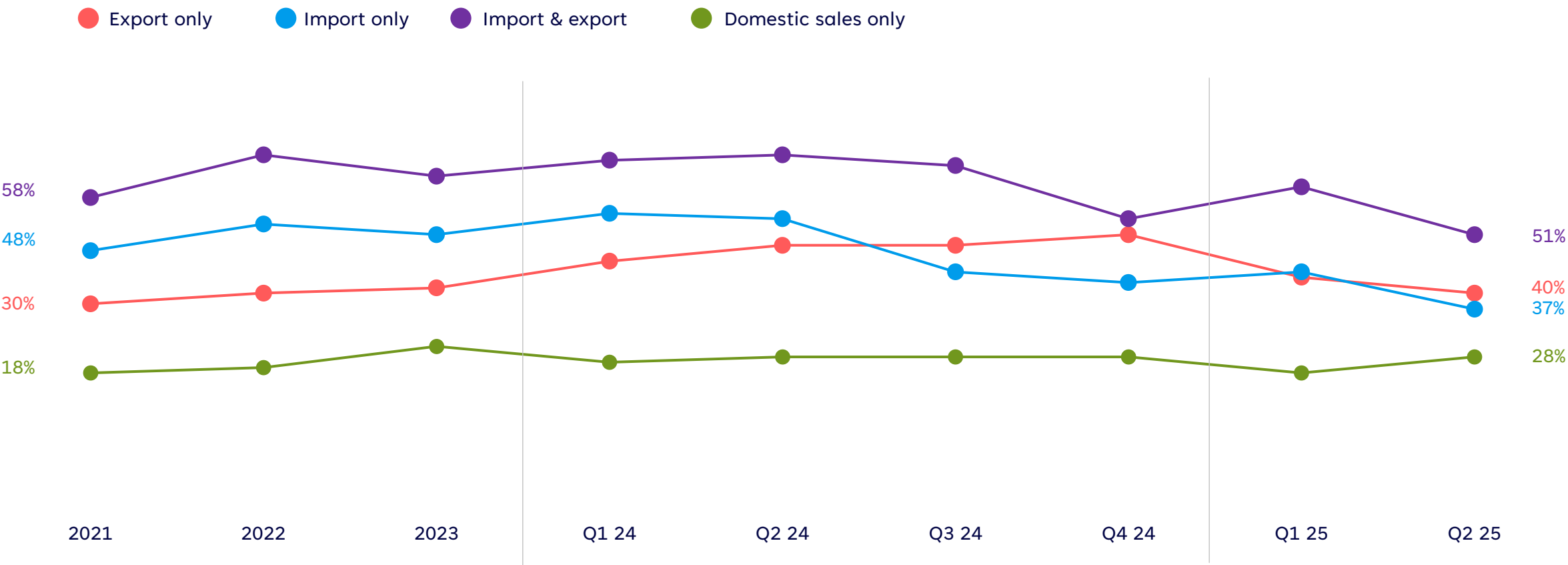
Time series: Negatively impacted by new EU trading arrangements



Q84c all SMEs excluding DK 3m to June 4119

Domestic only SMEs also remained less likely to see a negative impact from the EU trading arrangements. International SMEs remained more likely to see a negative impact, but now at lower levels than for most of 2024

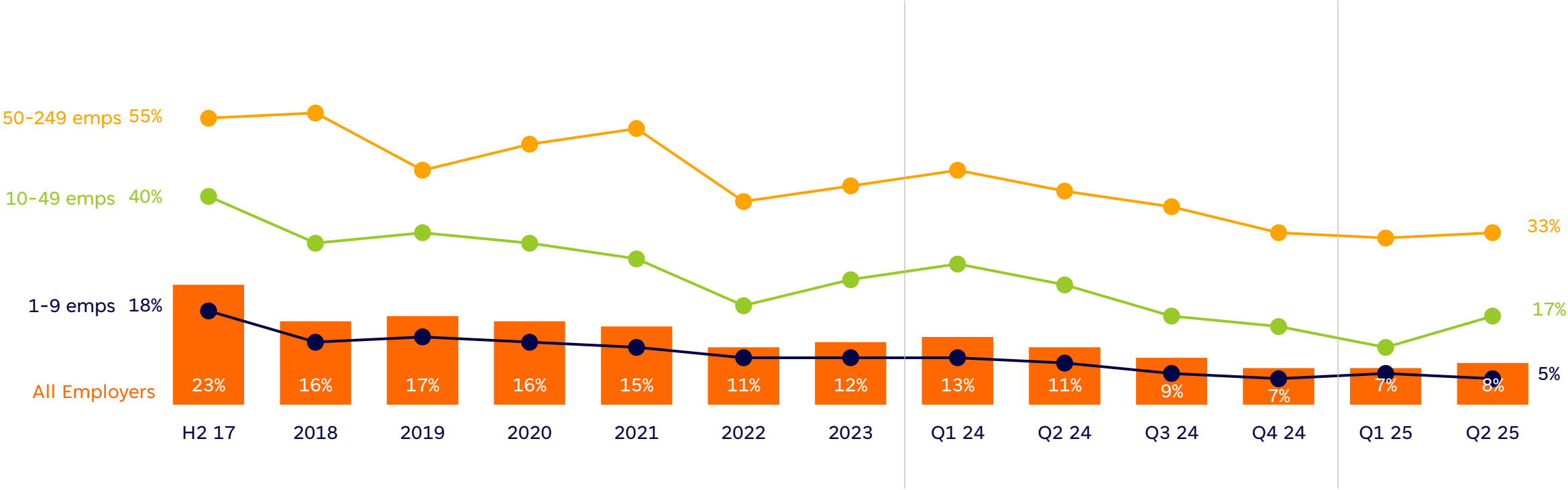
Time series: Negatively impacted by new EU trading arrangements by extent of international trade



Q84c Base: All 3m to June excl DK 193/440/429/3057

The proportion of SME employers with non-UK staff remained lower than seen in previous years, and across all size bands

Time series: Employ non-UK staff (from the EU or elsewhere overseas)

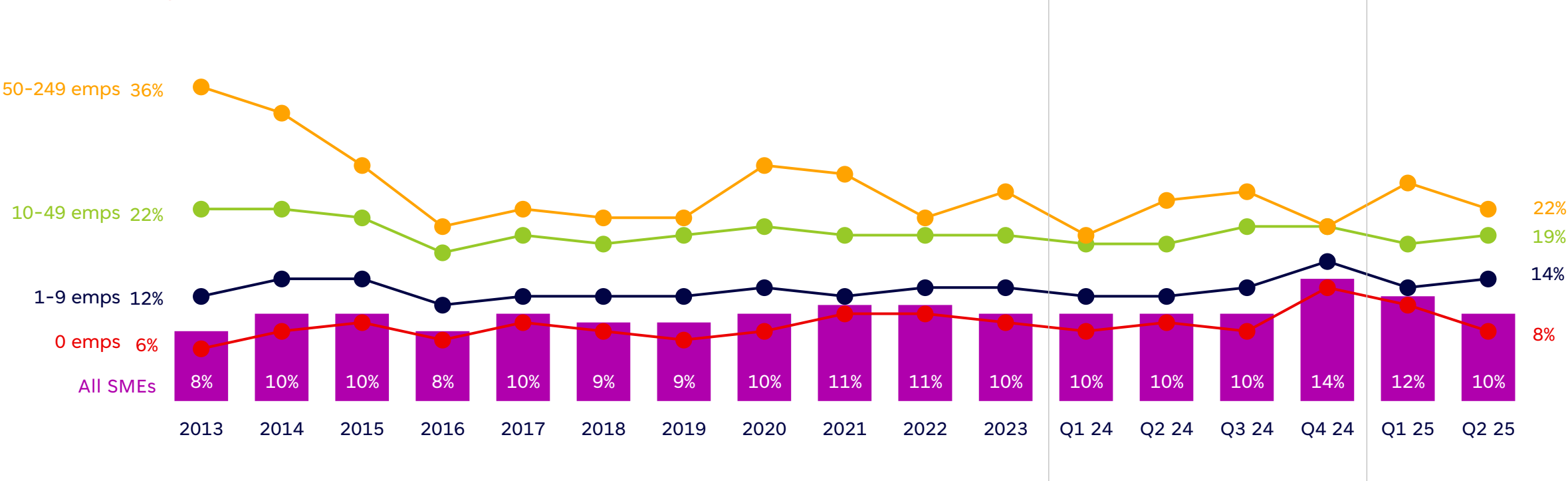


When this question was first asked in H2 2017, a quarter (23%) of employers had staff from overseas. From 2018 to Q2 2021 the proportion was lower but stable, then started to fall and has been under 1 in 10 since the middle of 2024. In the current period, 7% of employers had staff from overseas (half the proportion 2018-2020).

Q84 Base : All employers 3m to June 3229 From Aug 24, one net “overseas employees” metric has been gathered so no information on EU citizens will be available

10% of SMEs reported that they had been exporting, with an increasing divide in Q2 between those with employees and those without

Time series: Exporters

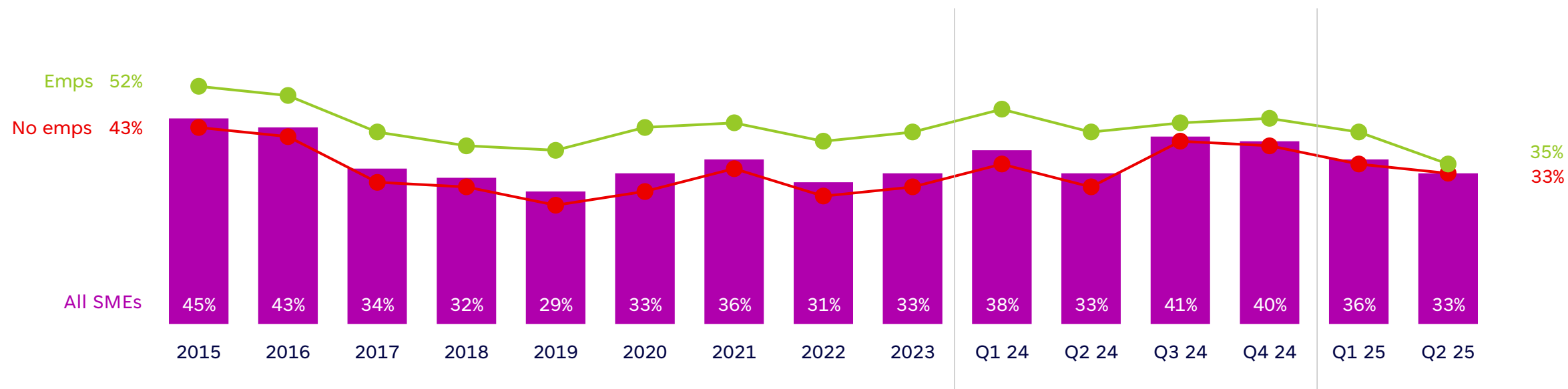


The proportion of exporters increased from 8% in 2013 to 10% in 2014 and 2015. There has been relatively little change since, with larger SMEs more likely to be selling overseas than their smaller peers, despite a brief narrowing of the gap in Q4 2024

Q84 Base: All respondents 3m to June 4260

1 in 3 SMEs were happy to borrow to grow, somewhat lower than the 40% reported for Q4 2024, with little to choose currently between larger and smaller SMEs

Time series: Agree that happy to use external finance to help business grow

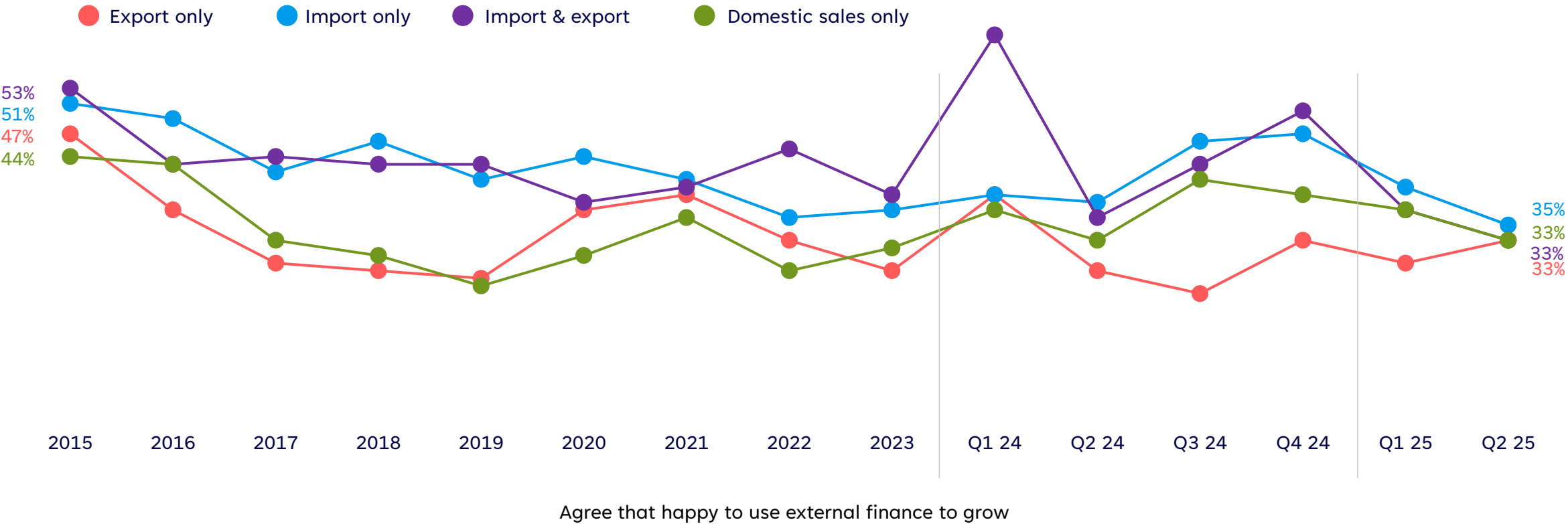


From a high in 2015, the proportion of SMEs happy to use finance to grow declined over time to 3 in 10 SMEs in 2019. It then increased steadily to 36% for 2021. Since then it has fluctuated between low and high thirty per cent. In the current period, 33% were happy to borrow to grow.

Q96 Base : All respondents 3m to June 4260

All types of SME, except Export only, have become less likely to be willing to borrow to grow in 2025 to date, with little difference between them in Q2

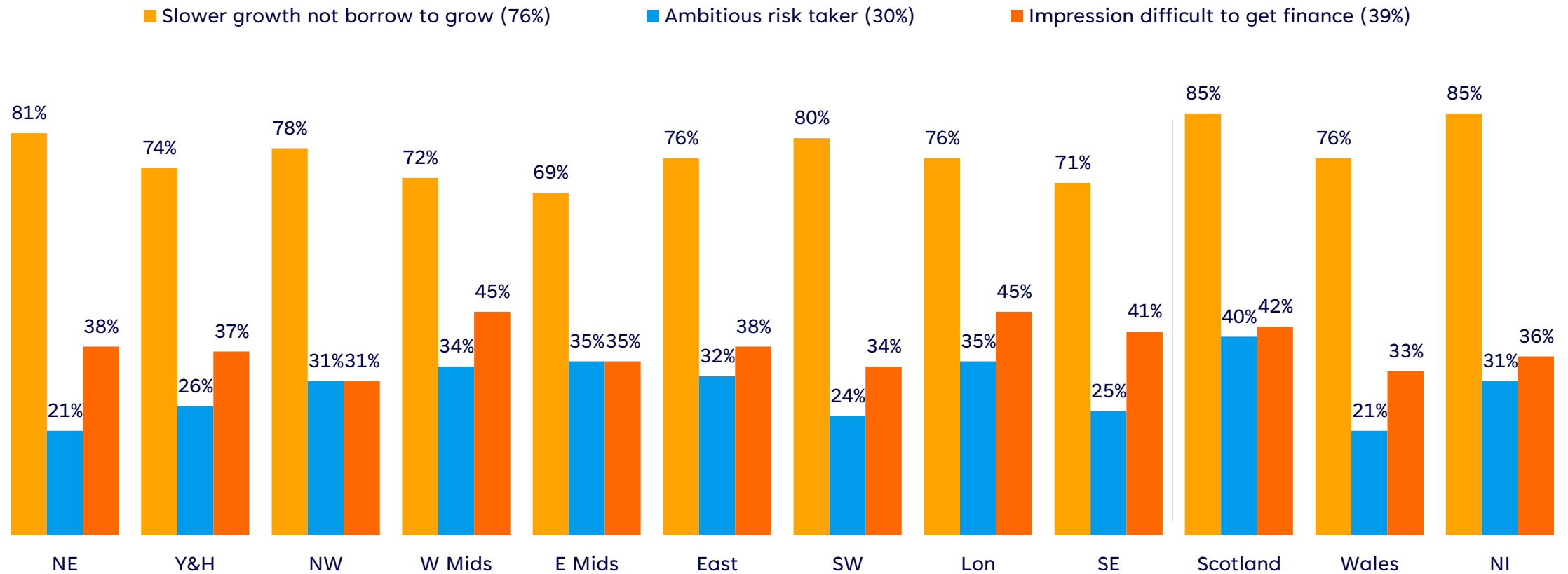
Time series: Agree that happy to use external finance to help business grow



Q96 Base: All 3m to 3m to June 198/453/441/3168

SMEs in the West Midlands and London were more likely to feel it might be difficult for them to get finance, while those in Scotland were more likely to be Ambitious Risk takers

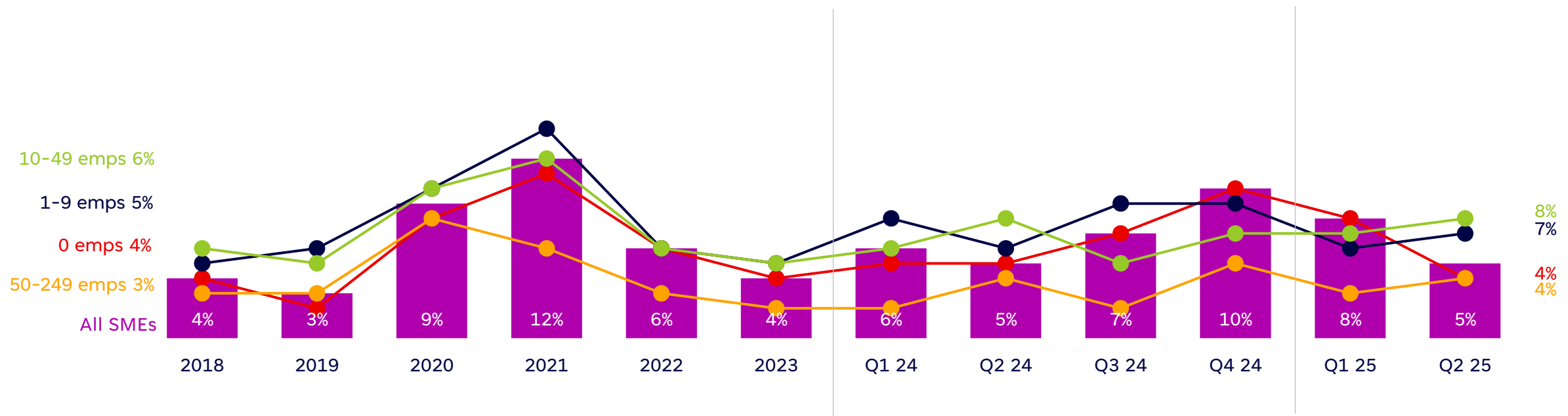
Key attitudes: by region 3m to June 2025



Q96 Base : All SMEs

5% of SMEs reported a need for external funding in the last 12 months as fewer 0 employee SMEs reported such a need

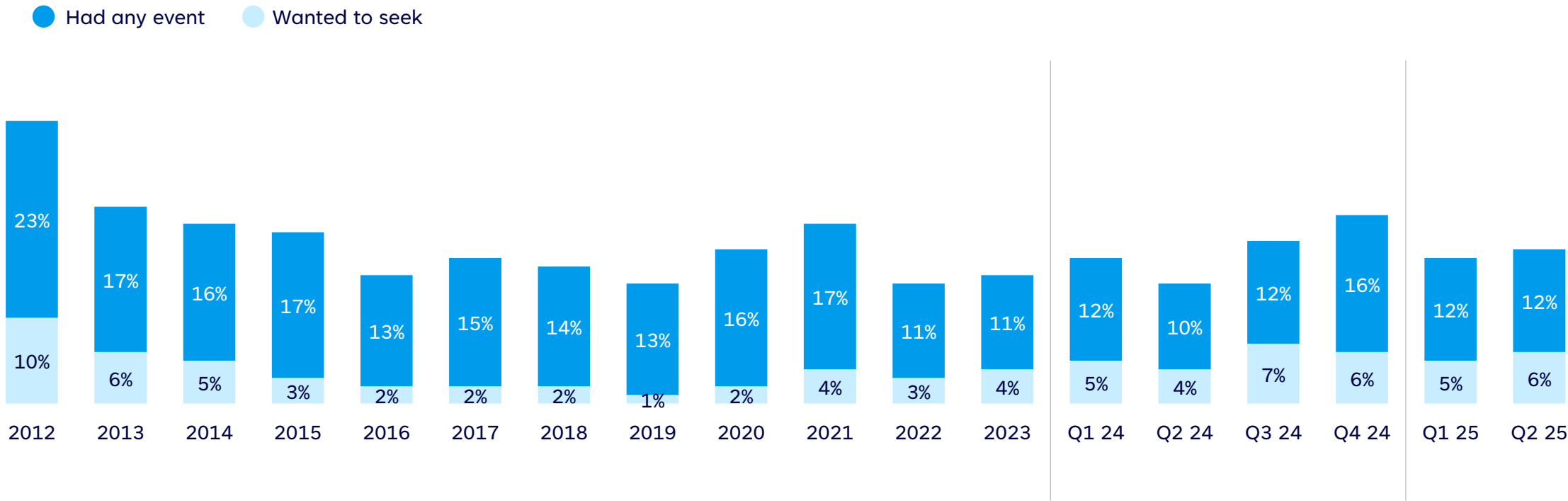
Time series: Had a need for external funding in past 12 months (whether applied or not)



Q25 Base: All SMEs 3m to June 4260

Reported borrowing events and unfulfilled wishes to apply, are stable in 2025 to date, in line with Q3 2024

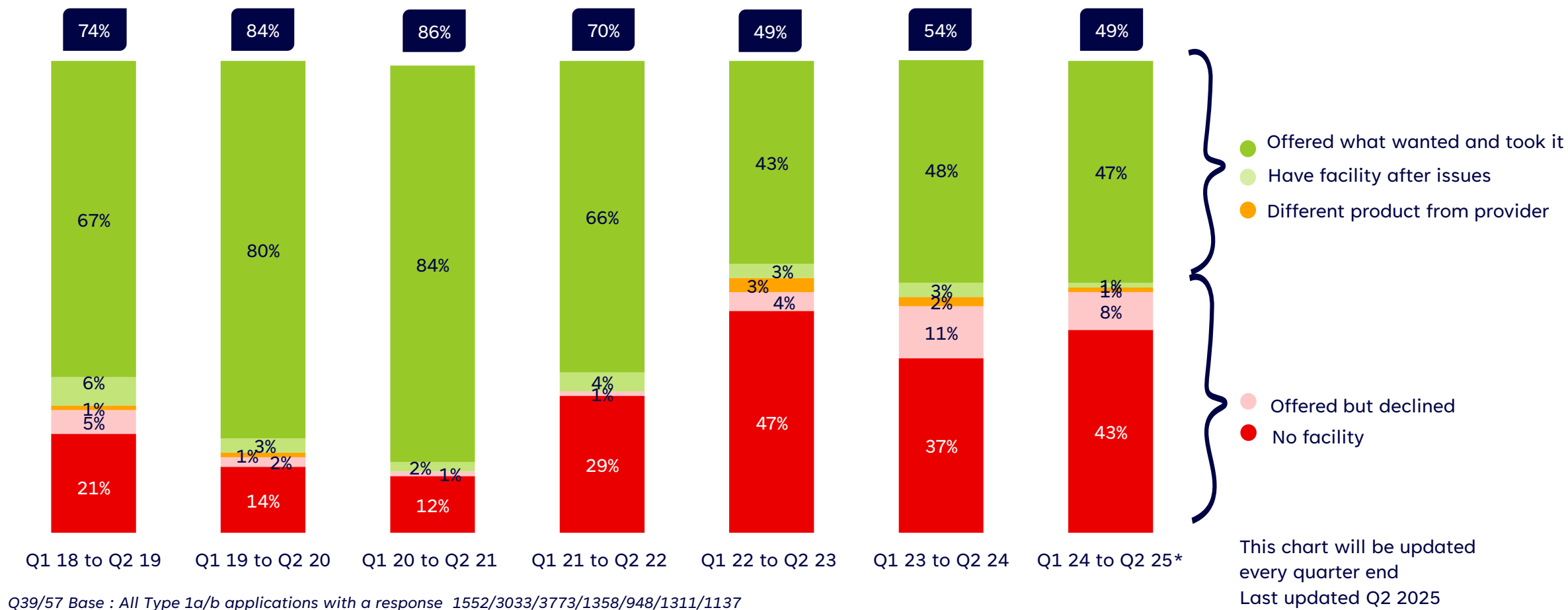
Time series: Any appetite for finance in 12 months prior to interview



Pastfin Base: All SMEs 3m to June 4260

Application success rates (across all applications) remain below those seen prior to 2022, with 8% of applicants now declining the lending offered and 43% being declined (driven by applications from SMEs with <10 employees)

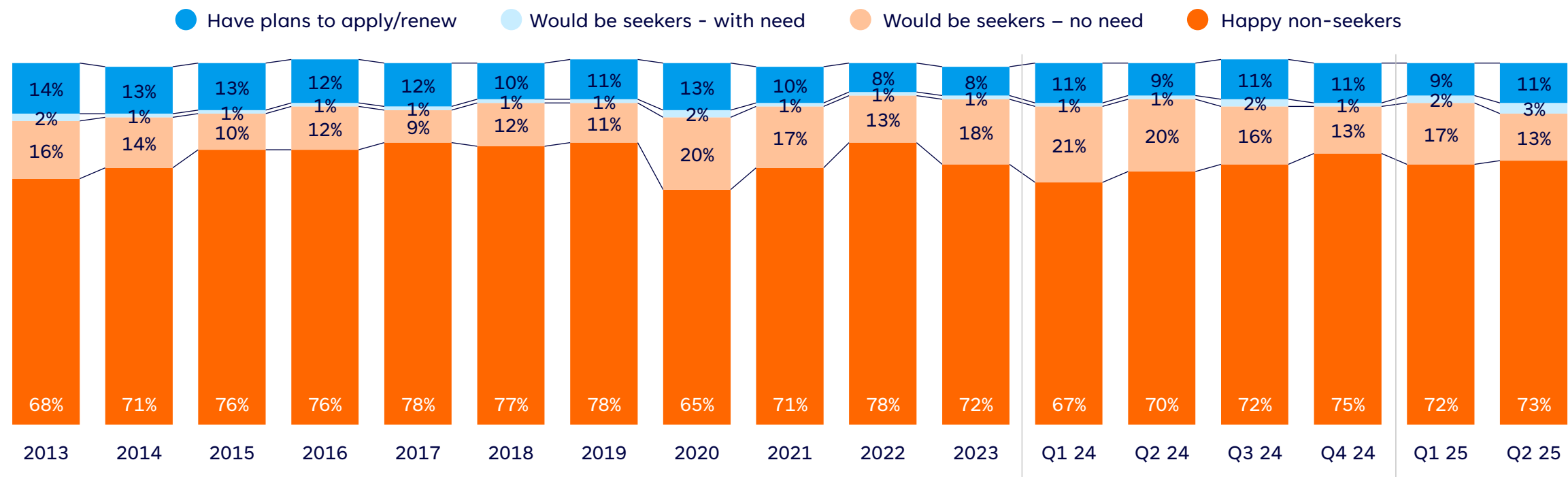
Global success rate: all applications reported from Q1 2018 to Q2 2025, occurring in the periods shown



Q39/57 Base : All Type 1a/b applications with a response 1552/3033/3773/1358/948/1311/1137

Three quarters of SMEs expected to be a Future happy non-seeker of finance. 11% planned to apply, broadly in line with 2024

Time series: Anticipated borrowing profile for next 3 months after...

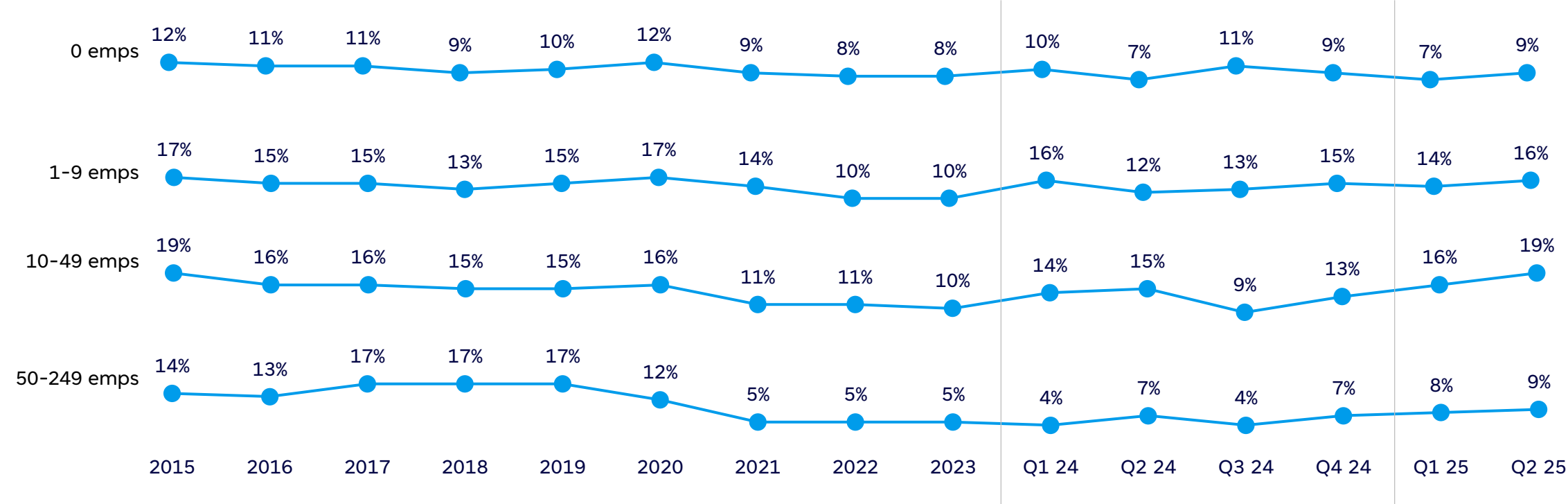


The proportion of SMEs classified as FHNS has increased over time, reaching a peak of 80% in Q3 of 2022. After that the proportion fell, and is 73% currently

Futfin Base: All respondents 3m to June 4260. Would-be seekers think something would stop them applying for finance in future. They are split into those with a specific need for finance already identified that they won't apply for, and those with no specific need at time of interview

SMEs with 10-49 employees continued to report increased future appetite for finance, with a more stable trend for other sizes of SME

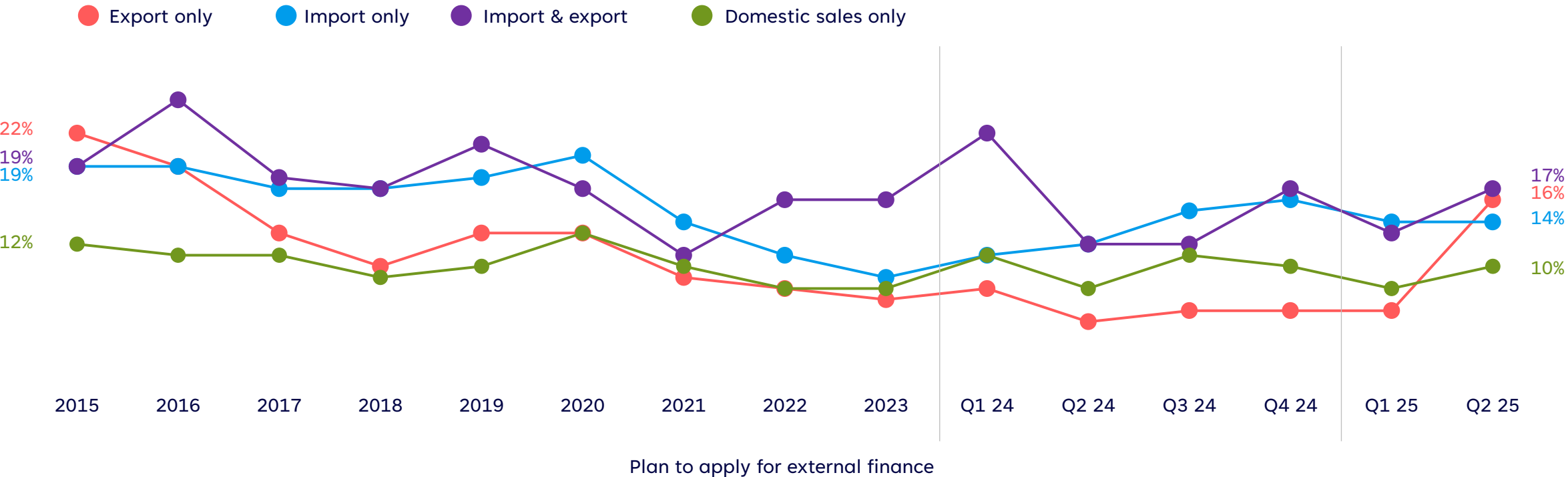
Time series: % planning to apply



Futfin Base : All

Appetite for finance is slightly higher for those with an element of international trade to their business

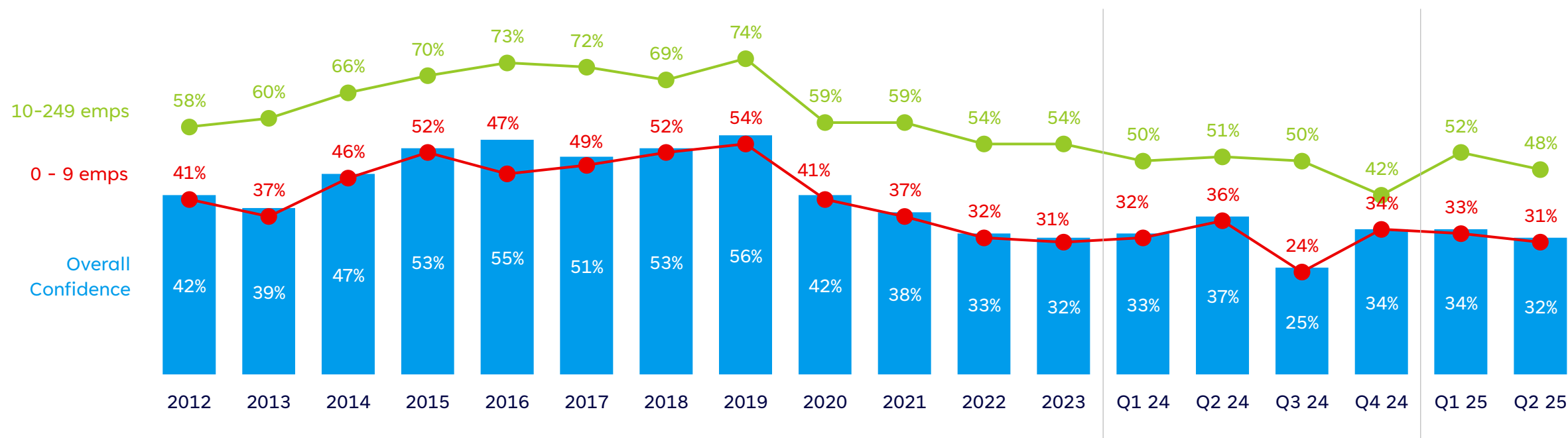
Time series: plan to apply for finance by extent of international trade alongside domestic sales



Futfin Base: All 3m to June 198/453/441/3168

Overall confidence, amongst SMEs planning to apply, that a bank would agree to a facility has recovered from Q3 2024, though still well below typical pre-pandemic levels

Time series: Confidence (very/fairly) bank will agree to facility next 3 months – by size (SMALL BASE)

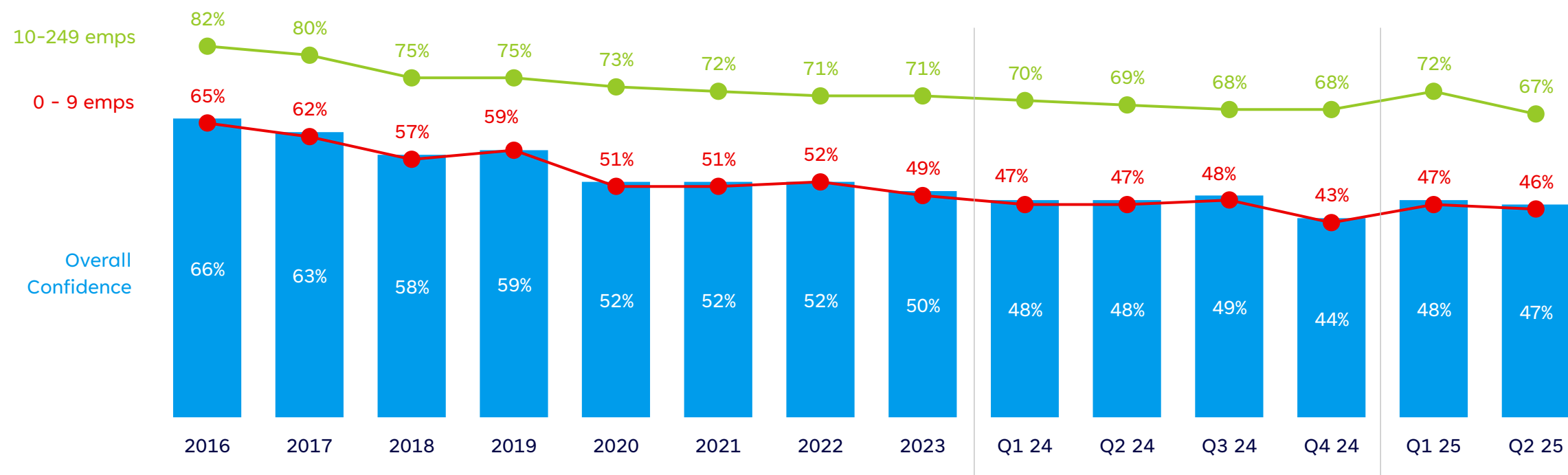


Confidence amongst those planning to apply that they would be successful was at 56% in 2019 but has been more variable since (and typically below actual success rates). After improvements in the second half of 2022, confidence declined again to Q1 2023 and again in Q3 2023, as more potential applicants said they were “not sure” whether their bank would lend to them. Currently, overall confidence is 32% (with 36% not sure what the response might be) similar to Q4 2024 levels.

Q103 Base: All planning to apply for new/renewed facilities 3m to June 577 368/209 CARE RE SMALL BASE

Larger SMEs with no plans to apply remained somewhat more confident of success in Q2 2025, in line with 2024

Time series: Confidence (very/fairly) bank would agree to facility next 3 months – by size



47% of those with no plans to apply to a bank for finance are confident of a hypothetical success. Since 2020 the proportion has moved from just above to just below half of such SMEs, primarily due to declining confidence amongst smaller SMEs. Larger hypothetical applicants continue to be more confident than smaller ones, and they are even more confident than those of a similar size who do intend to apply (67% versus 48%). While smaller hypothetical applicants are less confident than their larger peers, they are still more confident than those of a similar size who plan to apply (46% versus 31%, as seen in the previous slide).

Q106 Base: All not planning to apply for new/renewed facilities 3m to June 3683 2486/1197

Quality Standards and Other Details

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

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

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





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