

SME Finance Monitor

3 month rolling analysis
to end December 2025



An independent report by BVA BDRC, January 2026



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 YEQ4 2025 report and chart pack will be published in March 2026.

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 October to December 2025, ie Q4 2025.

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.

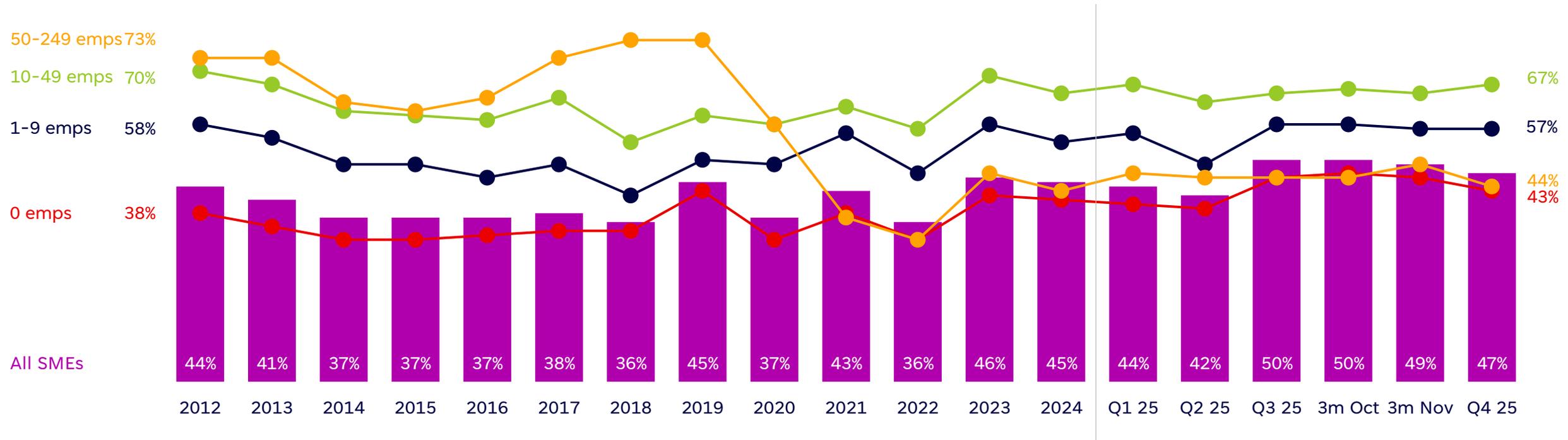
Most of the questions reported in this pack remained unchanged.

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. From July 2025, the weighting of Starts (20%) has been adjusted to include those trading for 2-5 years to reflect market changes, this appears to have caused only minor changes to the current results.

Just under half of SMEs were using external finance, still higher than typically seen, as a higher proportion of the smallest SMEs in particular reported using finance

Time series: use of external finance per quarter

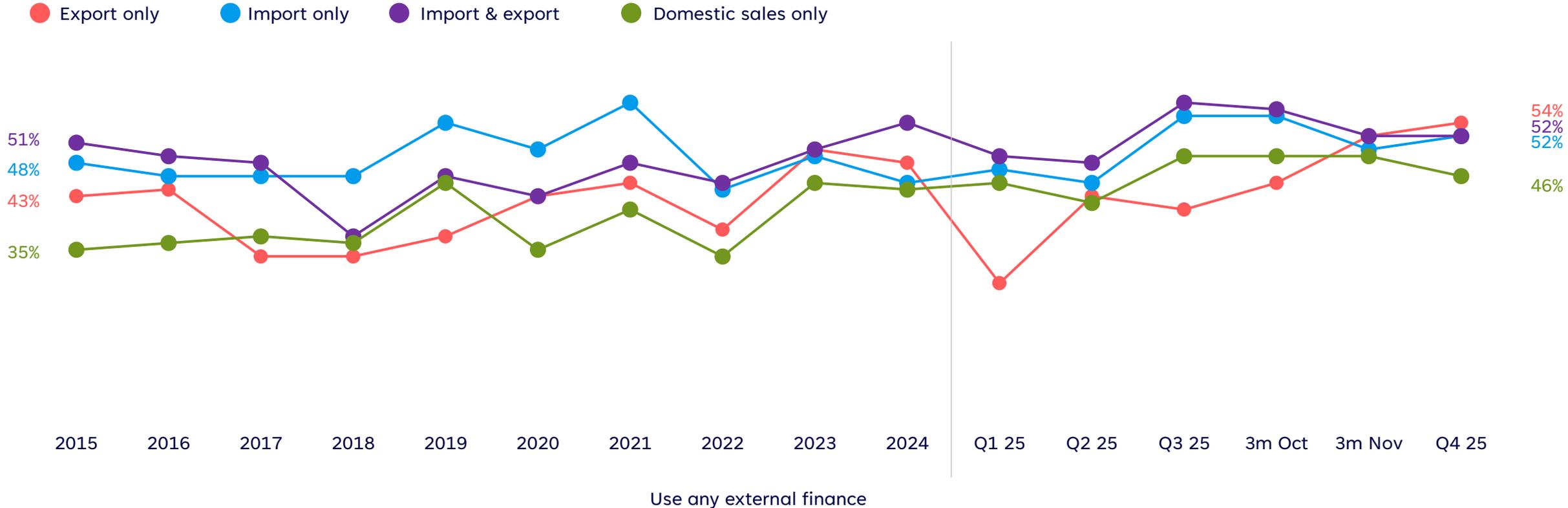


External finance usage increased to 50% in Q3, at the top end of the range seen in recent years, and stable since. Those with 10-49 employees remained the most likely to be using any external finance (67%) and there has also been an increase in the proportion of SMEs with 1-9 employees using finance (now 57%), but the increase in 2025 is due to higher use amongst 0 employee SMEs (now 43%)

Q15 Base : All respondents 3m to Dec 4184 966/1922/943/353 (using new finance definition from Jan 2023)

Domestic-only SMEs remained somewhat less likely to be using external finance, a pattern also seen in previous years, as more Export-only SMEs reported using external finance than in the first half of 2025

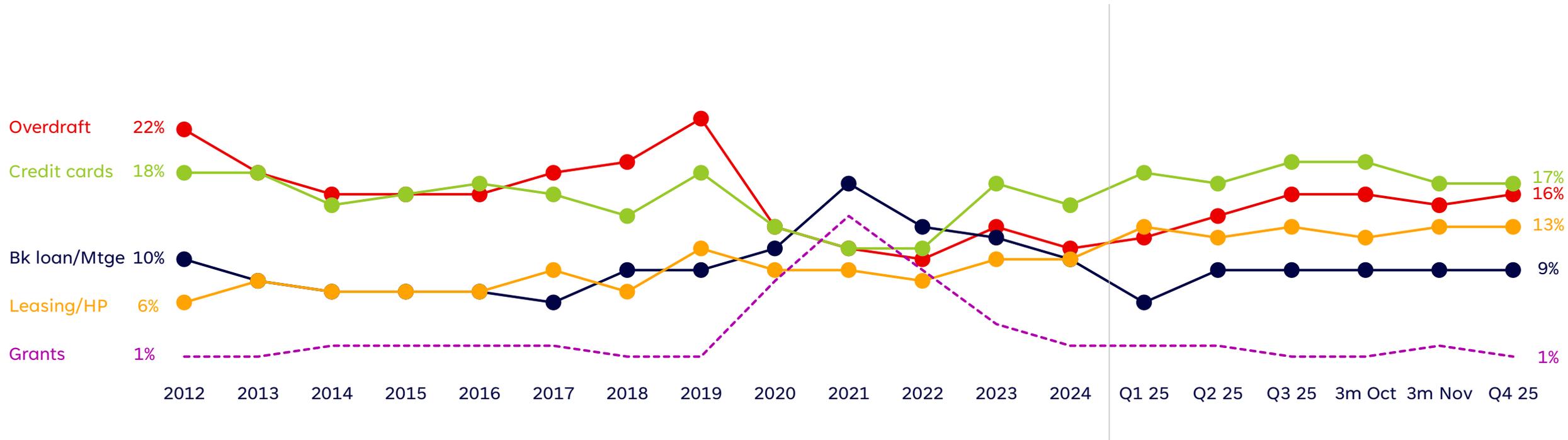
Time series: use of external finance by extent of international trade alongside domestic sales



Q15 Base : All 3m to Dec 242/447/369/3126 (using new finance definition from Jan 2023)

Credit cards remained the most common form of finance used, at 17%, though by a narrower margin than previously, with 16% of SMEs having an overdraft (from 11% in 2024)

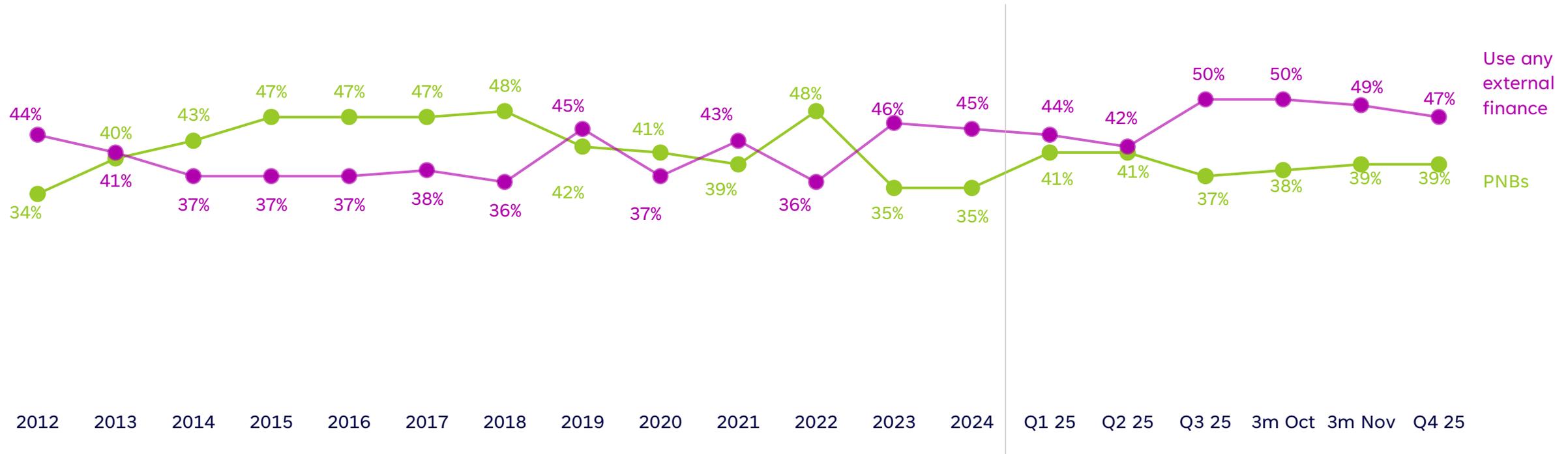
Time series: % of SMEs using each of the main forms of finance



Q15 all SMEs 3m to Dec 4184 (no adjustment made re new use of finance definition)

There continued to be more SMEs using external funding (47%) than there were Permanent non-borrowers (39%) but the 'gap' has narrowed again Q3 (13 points) to Q4 (8 points)

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

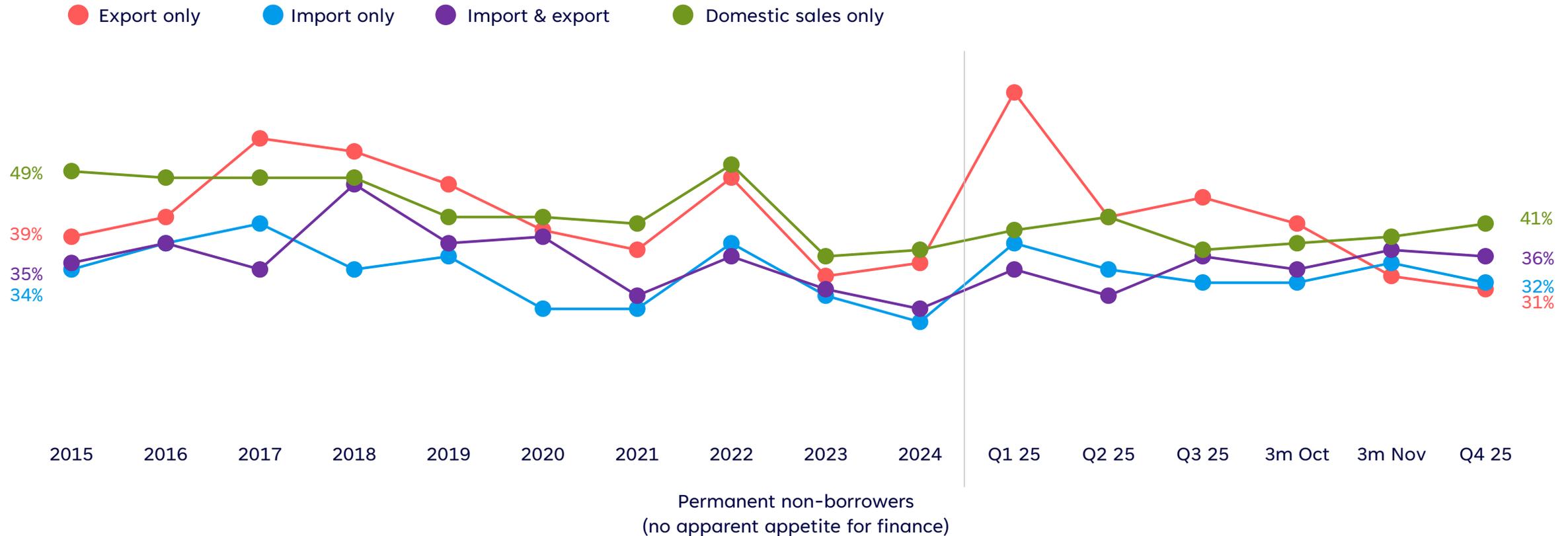


The 'Permanent non-borrowers' are firms with no apparent appetite for finance and are defined as not using external finance and showing no inclination to do so. From Q1 2023 a revised definition has applied, taking into account any pandemic funding the SME might have received – those who are still repaying 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 has varied over recent periods

Q15 and Disgeg Base : All respondents 3m to Dec 4184

Between Q3 and Q4 2025 there has been an increase in Domestic-only SMEs that met the definition of a Permanent non-borrower, as fewer Export-only SMEs met the definition

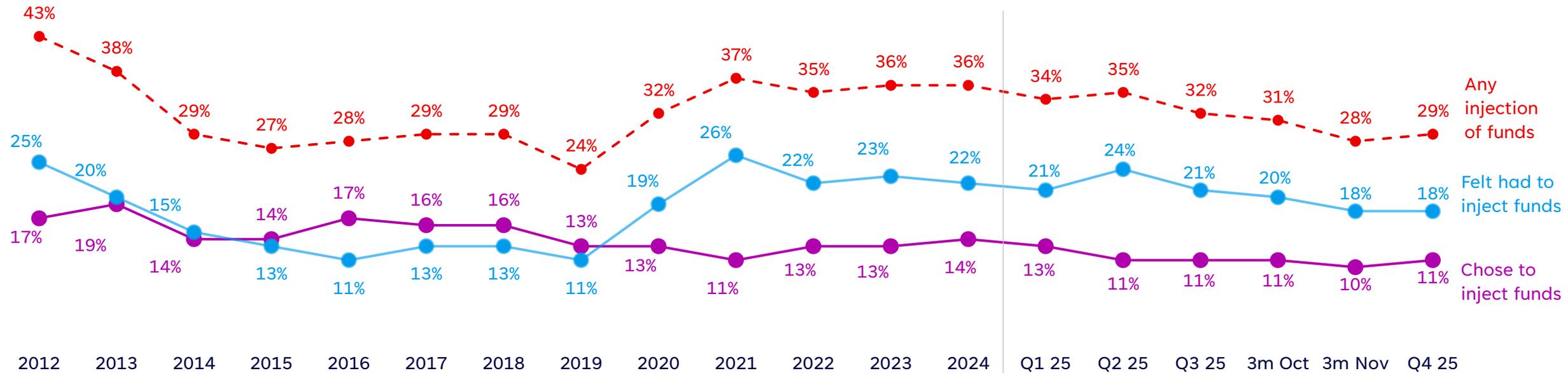
Time series: Permanent non-borrowers by extent of international trade alongside domestic sales



Disgeg Base: all 3m to Dec 242/447/369/3126

29% of SMEs reported having injected personal funds, slightly fewer than in H1 2025, as fewer SMEs said they felt they had to inject funds (18%)

Time series: Injections of personal funds in previous 12 months

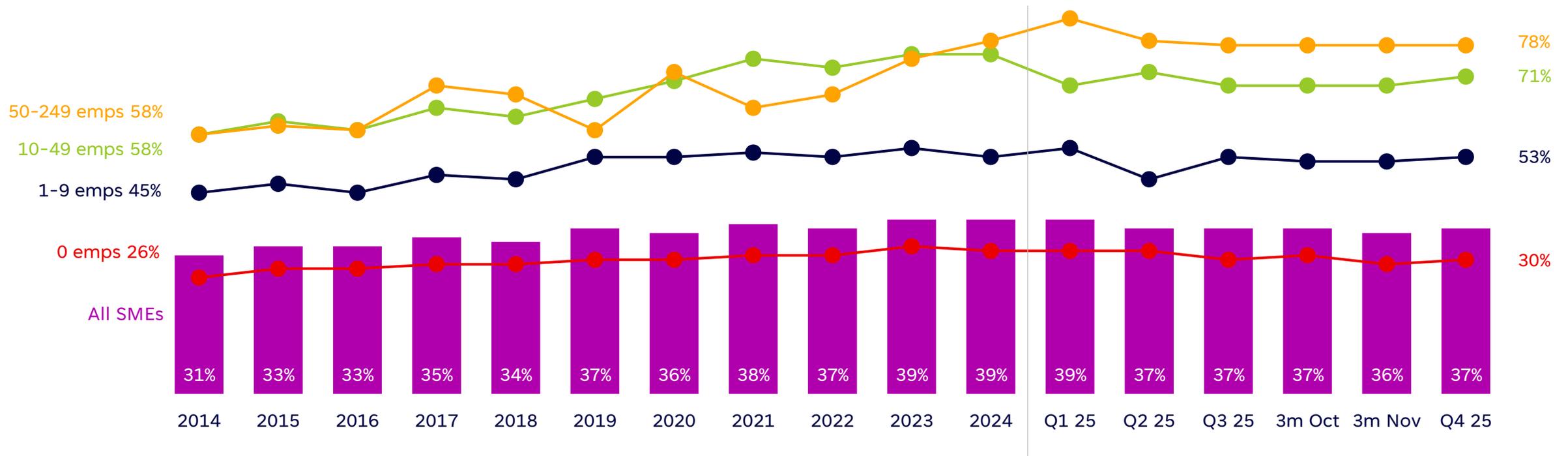


The proportion of SMEs injecting funds fell from a peak of 43% in 2012 to 28-29% of SMEs from 2016 onwards. In 2019 the proportion dropped to a quarter of SMEs but then increased again to 37% in 2021. In 2022 35% reported an injection and this proportion changed little since, but has declined somewhat in 2025, now at 29% and back in line with the years immediately pre-pandemic. SMEs continue to be more likely to say they had to inject funds (18%) rather than it being a choice (11%)

Q15d Base : All respondents 3m to Dec 4184

37% of SMEs used trade credit. The proportion increases by employee size, where usage was stable, while the smallest SMEs have become somewhat less likely to use trade credit, down 2 points on Q1 at 30%

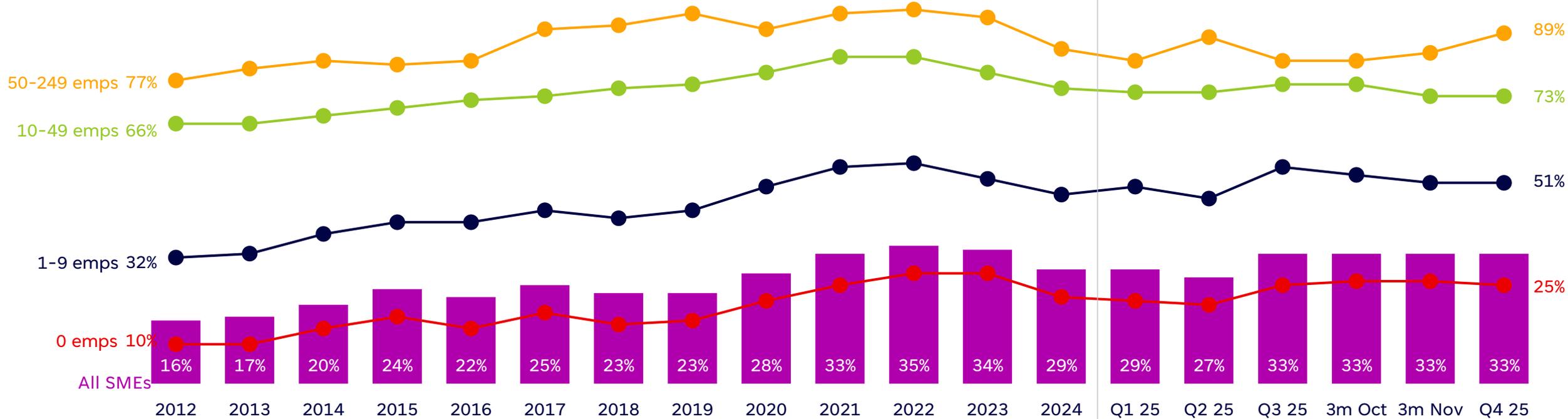
Time series: : Using trade credit



Q14 Base: All respondents 3m to Dec 4184

A stable 33% of SMEs held more than £10,000 of credit balances, increasing by size of SME with a notable increase for the largest SMEs in Q4 .

Time series: £10k credit balances held

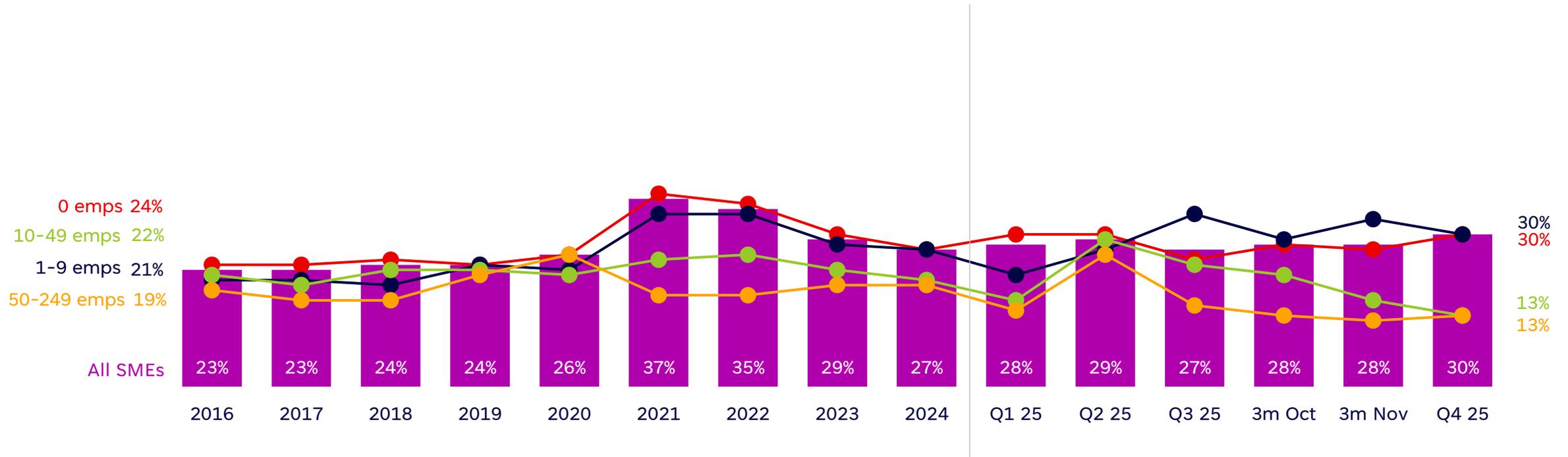


The proportion of SMEs holding £10,000 or more in credit balances increased from 3% in 2012 to 24% in 2015 and remained broadly stable to 2019. During 2020, the proportion of SMEs holding such sums increased steadily, to 28% for the year as a whole. 35% of SMEs held such sums in 2022, and 34% in 2023. Since then around 3 in 10 have held such sums, with the proportion in the current period at the top of the range seen recently at 33%

Q117 Base: All respondents 3m to Dec excl DK 2257

The proportion of turnover held as credit balances was 30%, in line with H1 2025 but with a continued clear divergence at 10 employees

Time series: % of turnover held as credit balances

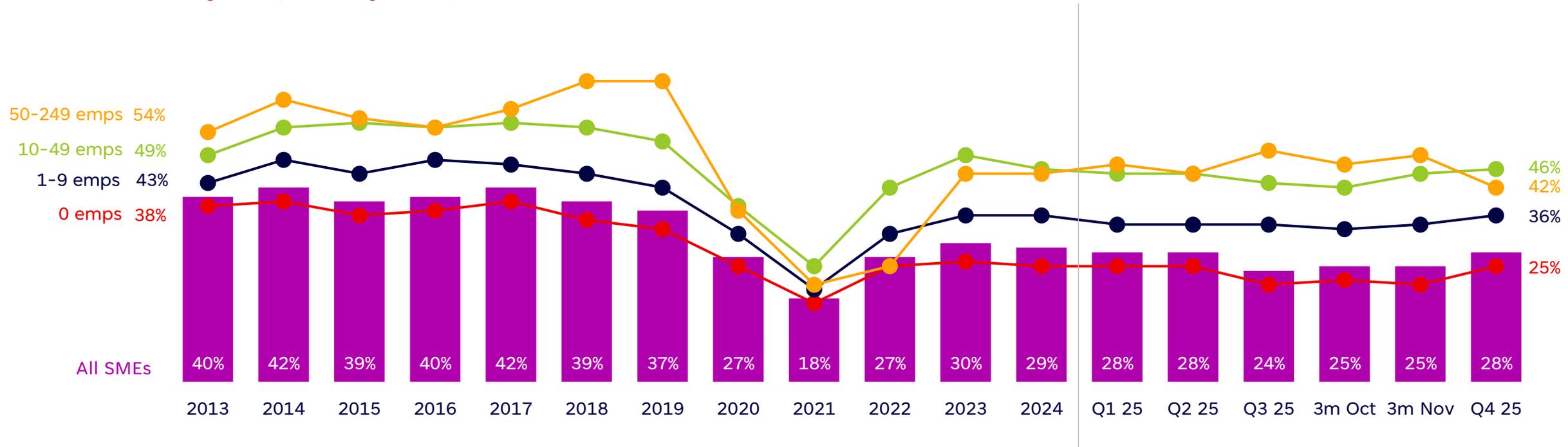


The more recent analysis looks at credit balances held as a percentage of total turnover (both collected in bands, with mid-points used and noting that turnover figures were affected by the pandemic but did increase somewhat in 2023). In the latest period SMEs held the equivalent of 30% of their turnover in credit balances, in line with most of 2024 and the first half of 2025, albeit with difference trends above and below 10 employees

Q117/Q9 Base : All respondents 3m to Dec excl DK 2173
 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, back in line with the first half of 2025, as growth amongst the smallest SMEs increased

Time series: Have grown (excluding Starts)

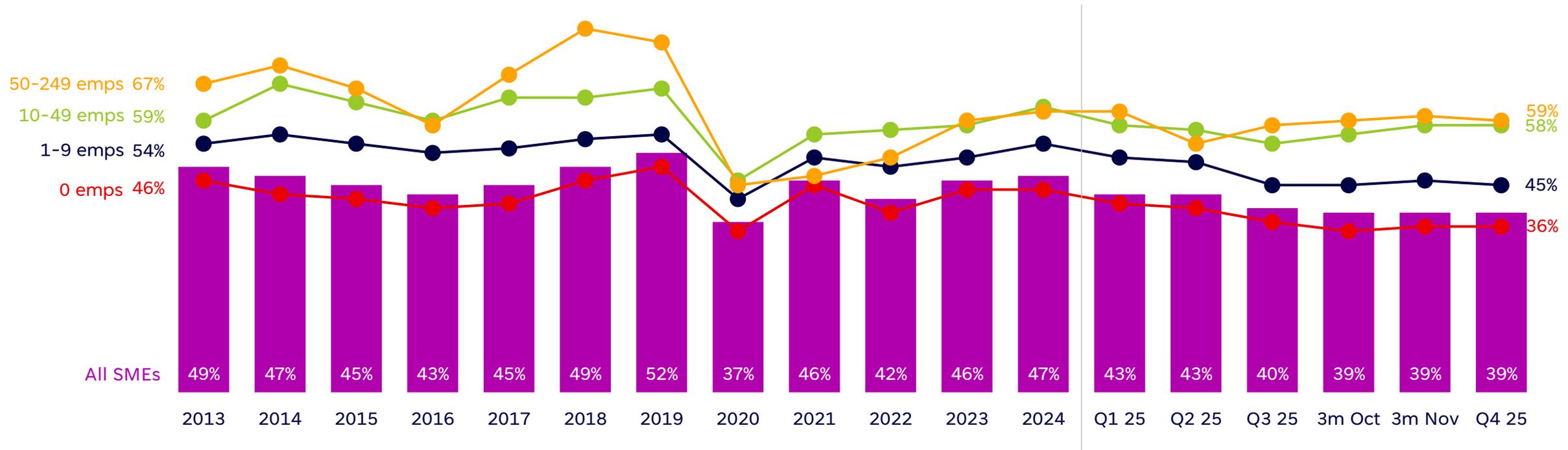


From 2012 to 2019, the proportion of SMEs (excluding Starts) reporting growth varied little and was 37% for 2019. Reported growth was initially broadly stable in 2020 but then declined steadily across all size bands and was 27% for the year as a whole and 18% for 2021. It increased in 2022 (27%) and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

Q81 Base : All respondents excluding Starts and DK. 3 mths to Dec 3993

Growth aspirations, 39% currently, remained lower than typically seen, due to fewer smaller SMEs planning to grow. Larger SMEs remained more likely to be planning to grow with little change from the start of the year

Time series: Have plans to grow

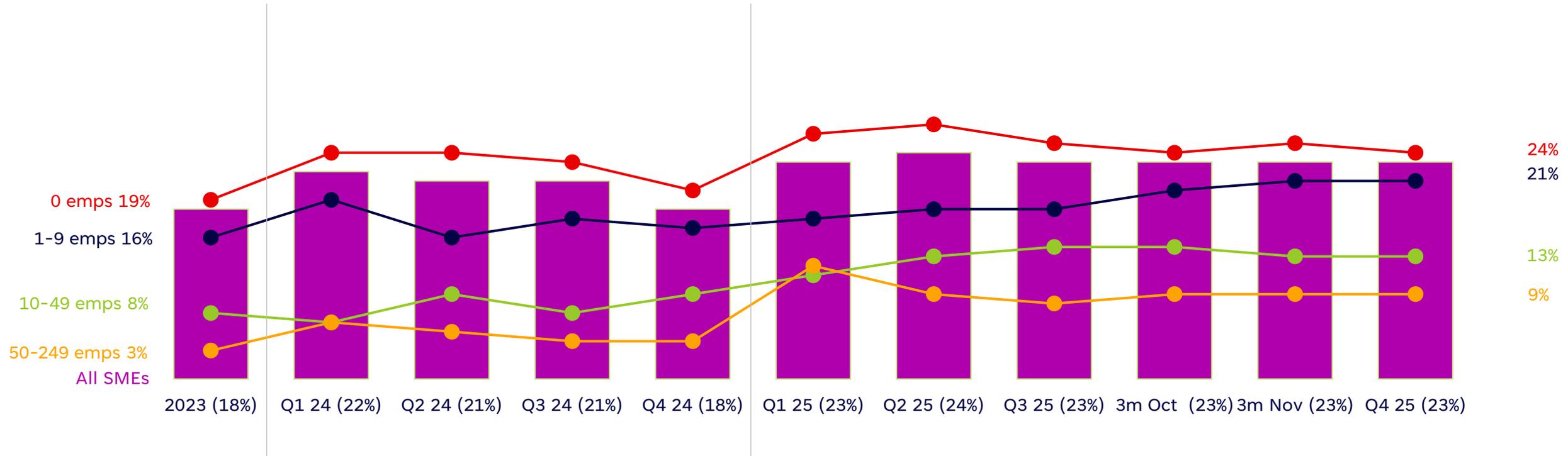


For 2019 as a whole, 52% of SMEs expected to grow, up from 49% in 2018 and the highest level seen to date on SMEFM. In 2020 those aspirations fell significantly to 37%. The increase in 2021 to 46% was not maintained in 2022 (42%) but increased to 46% for 2023. After an increase to 50% in Q2 2024, the proportion planning to grow has declined somewhat (39% in the current period) as fewer smaller SMEs plan to grow and now below pre-pandemic levels

Q91 Base : All respondents 3m to Dec 4184

A stable 23% of SMEs in the current period reported feeling that they were 'Struggling'. Whilst still led by the smallest SMEs, the gap between the larger and smaller SMEs has varied during 2025

NEW Time series: Feel that they are 'Struggling'

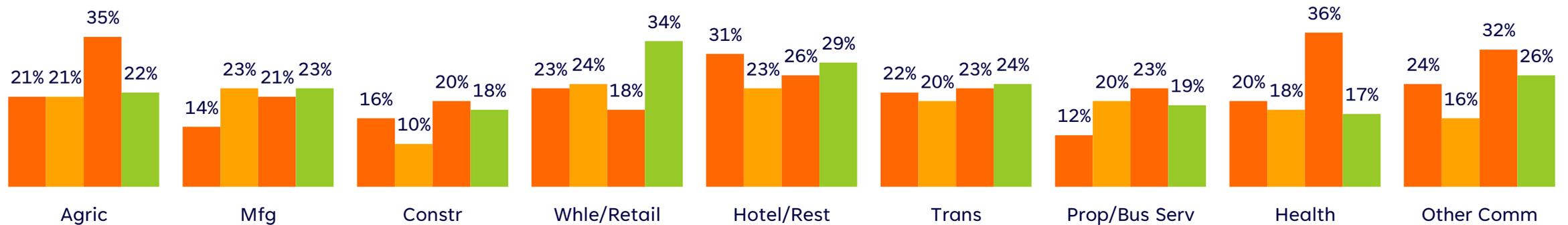


Qcv8 all SMEs 3m to Dec 4184

In Q4 2025, the proportion 'Struggling' was up 5 points on Q4 2024, but more markedly for Wholesale/Retail (up 10 points to 34%) and Construction (+8)

Struggling: by sector (over time)

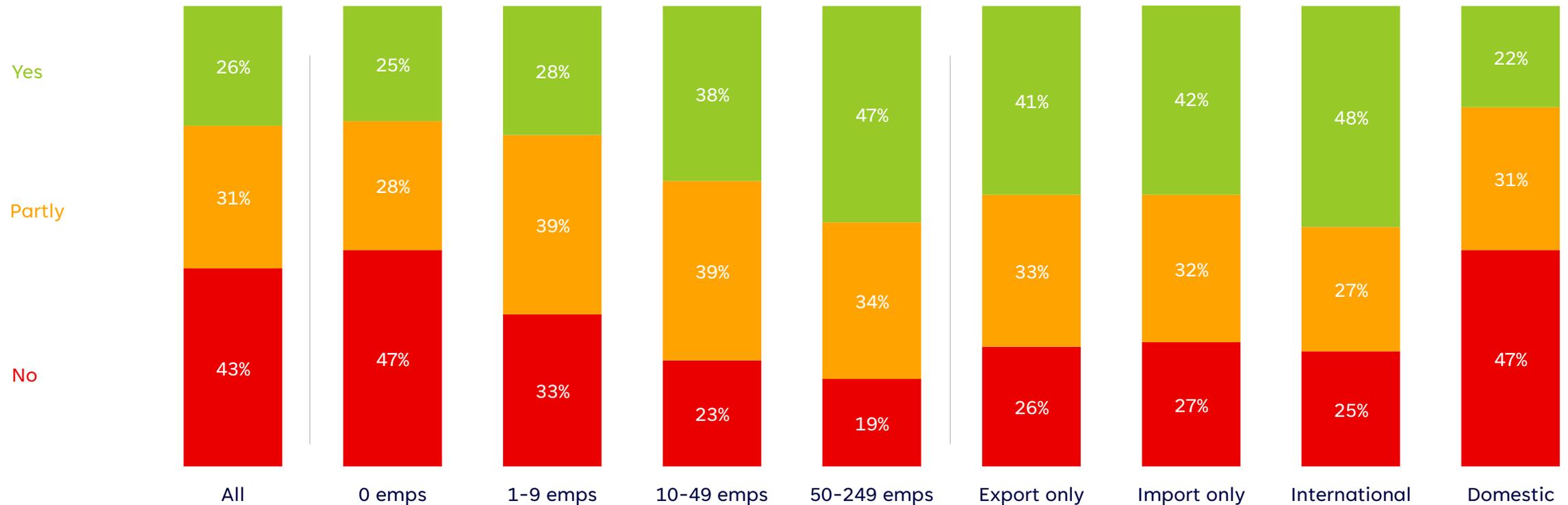
■ Q4 23 (18%)
 ■ Q4 24 (18%)
 ■ Q2 25 (24%)
 ■ Q4 25 (23%)



Cv8 Base : All SMEs

A stable 1 in 4 SMEs were planning to both grow *and* to be innovative in the year ahead, increasing by size and to almost half of those both importing and exporting. Almost half of 0 emp and Domestic only SMEs had no such plans

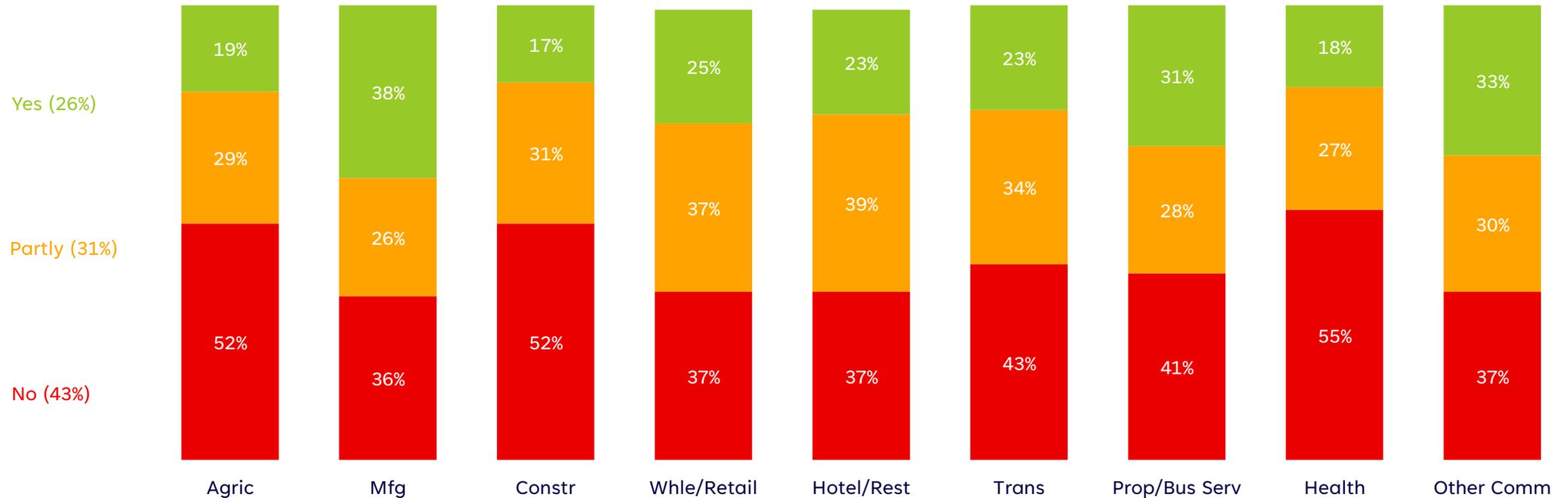
Ambitious Innovators: 3m to December 2025



All SMEs 3m to Dec 4184 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

SMEs in Manufacturing remained more likely to have plans to grow *and* innovate in the coming year (38%), compared to 17% in Construction

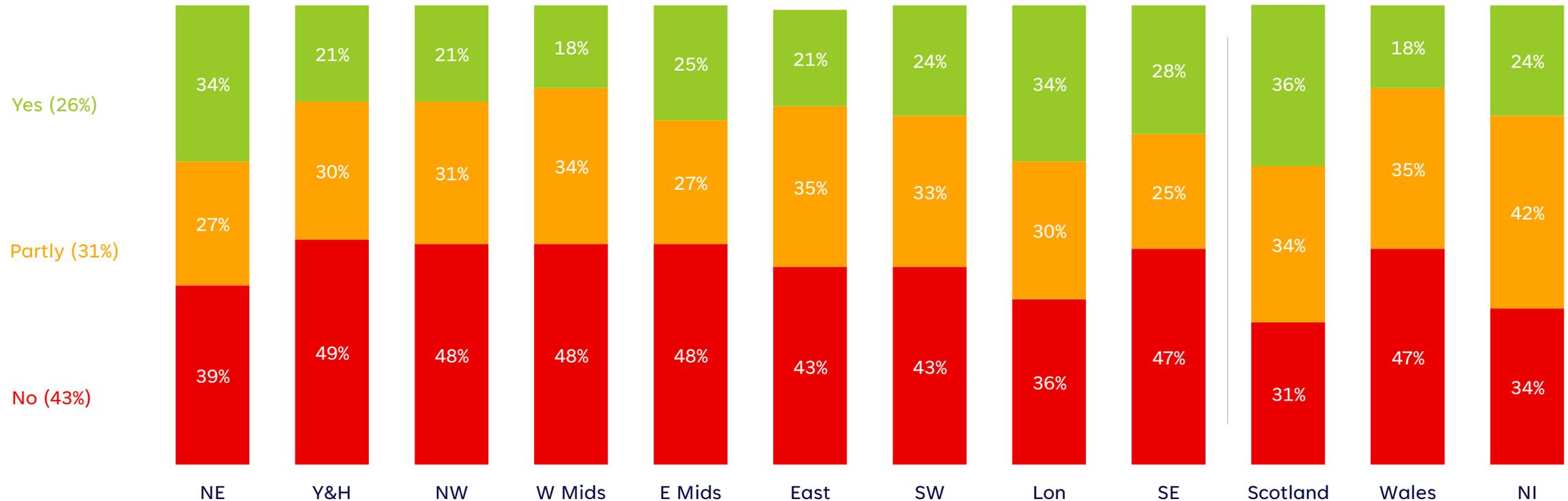
Ambitious Innovators: 3m to December 2025



All SMEs 3m to Dec 4184 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 with plans to innovate or grow ranged from 36% in Scotland and 34% in the North East and London, compared to 18% in the West Midlands and Wales and 21-25% elsewhere

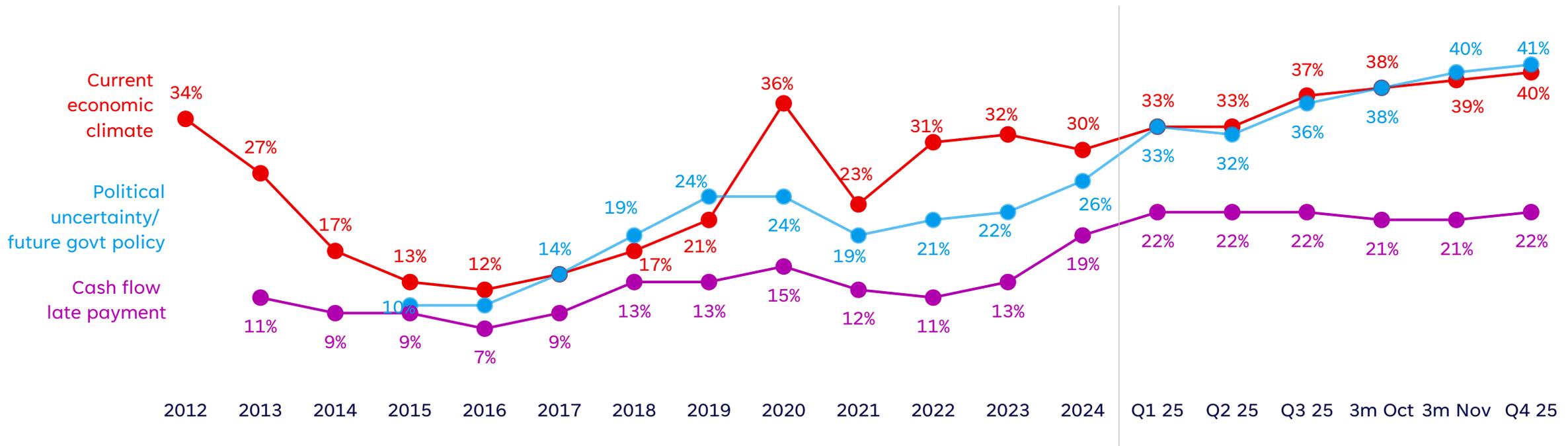
Ambitious Innovators: 3m to December 2025



All SMEs 3m to Dec 4184 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 increased steadily in 2025 now at higher levels than typically seen. Concerns around cash flow and late payment were stable at the higher level seen since the end of 2024

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



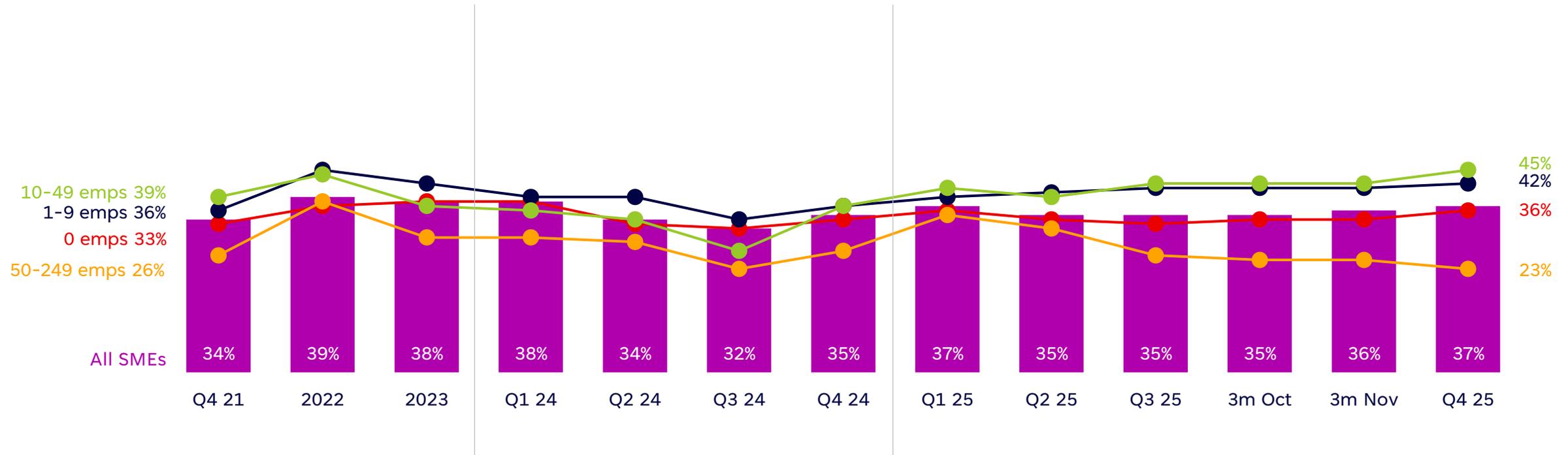
Concern for the economic climate increased most markedly from Q1 to Q2 2020 (20% in Q1 to 47% in Q2), the highest level seen to date. It then declined, to 23% in 2021, but increased from the start of 2022 to 35% in Q3 2023 (32% for the year as a whole). Since then, around 3 in 10 have been concerned, with the 40% in the current period the highest seen recently, now joined by political uncertainty/government policy which increased to 31% in Q3 2024 and 41% in the current period. Concerns around cash flow and late payment increased steadily to Q1 2025 (22%) with no further increase since

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

Base : All respondents 3m to Dec 4184. 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

A stable 37% of SMEs viewed costs as a potential barrier, in line with Q1 2025, but continuing to be less of an issue in 2025 for the largest SMEs. It remained 4 points behind political uncertainty as a barrier

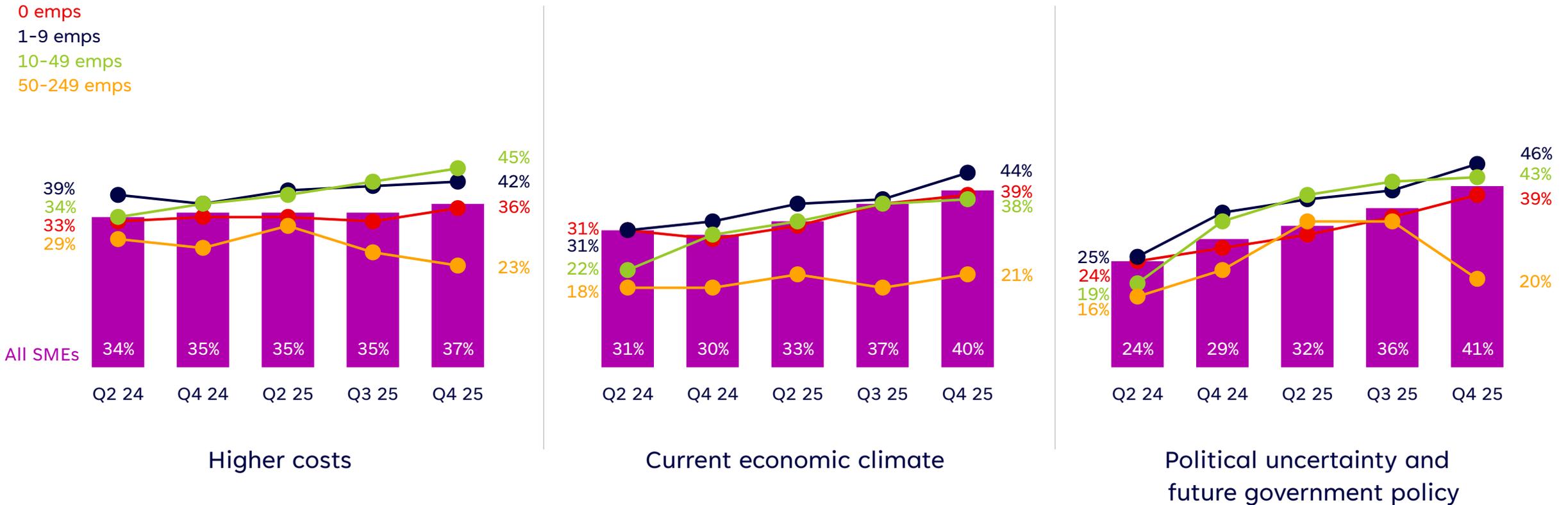
Time series: Higher costs 8-10 barrier (asked as Increasing costs to Q2 2024)



Q93 Base : All SMEs 3m to Dec 4184

Those with 1-9 employees are now the most concerned about the economic climate (44%) and political uncertainty (46%). Concern about these metrics has increased for all but the largest SMEs in 2025

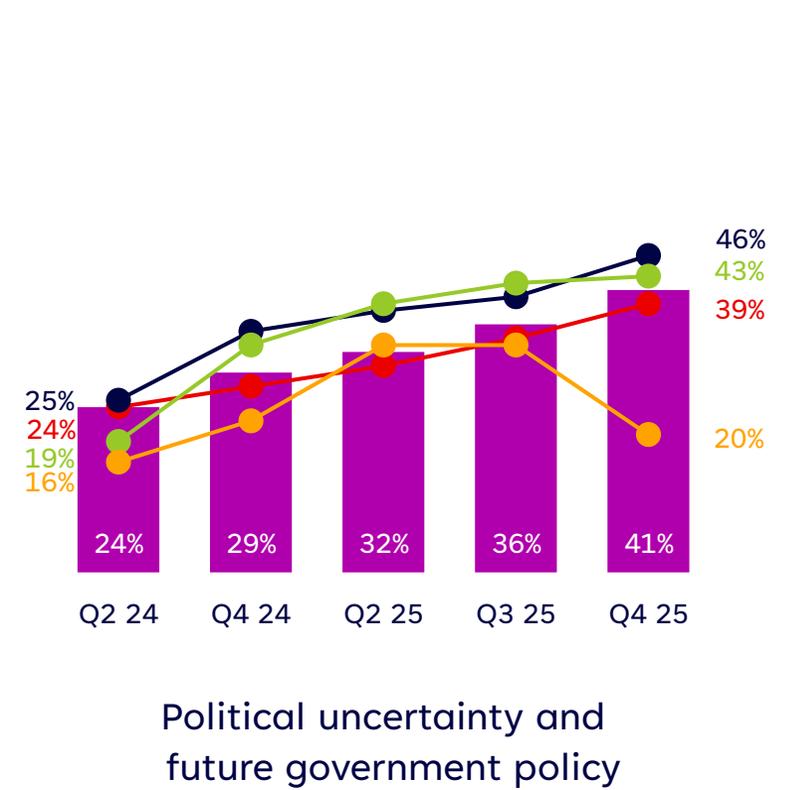
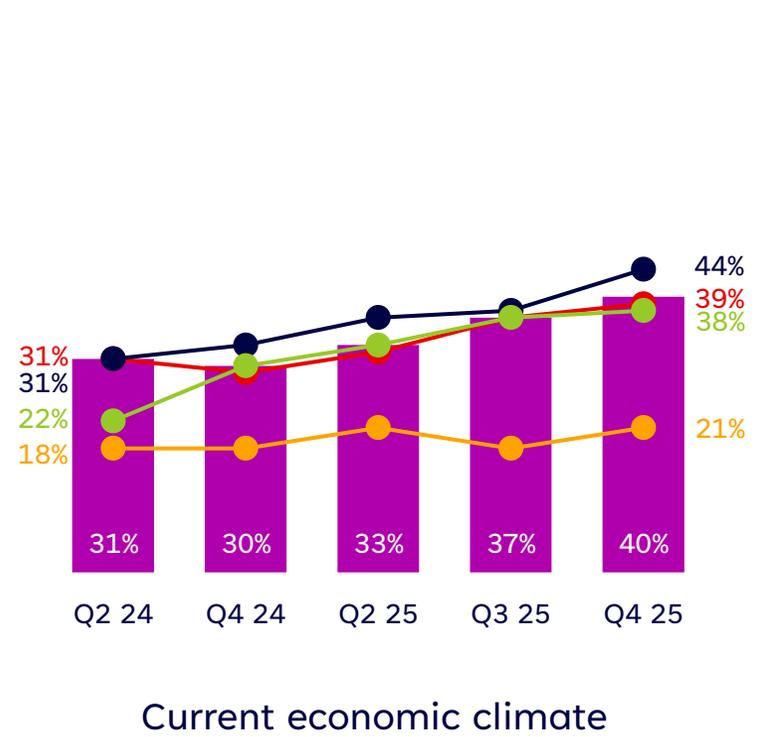
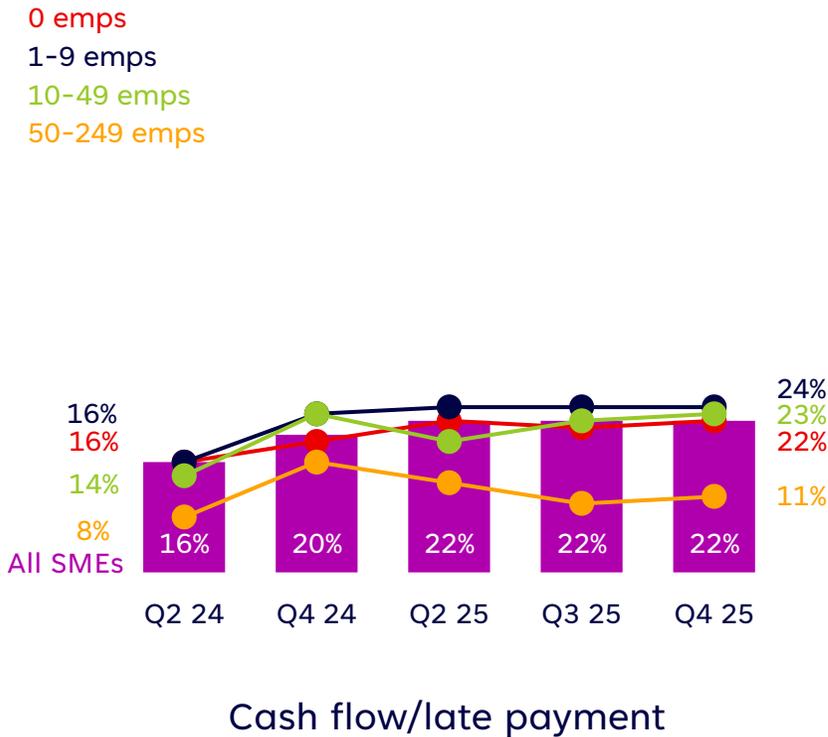
Additional analysis: Key barriers over recent quarters



Q93 Base : All SMEs 3m to Dec 4184

Cash flow/ late payment remained less of a barrier than the economic climate or political uncertainty for SMEs, with limited change in 2025

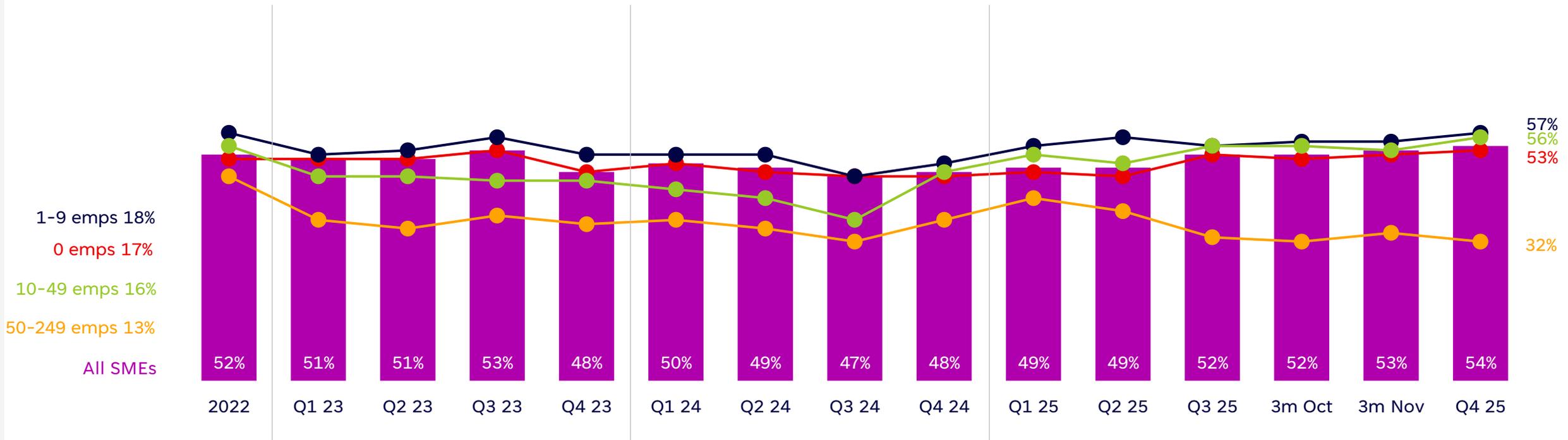
Additional analysis: Key barriers over recent quarters



Q93 Base : All SMEs 3m to Dec 4184

The proportion of SMEs reporting wider economic concerns, at 54% in the current period, remained at the upper end of the range typically seen, with the largest SMEs increasingly less concerned than their peers

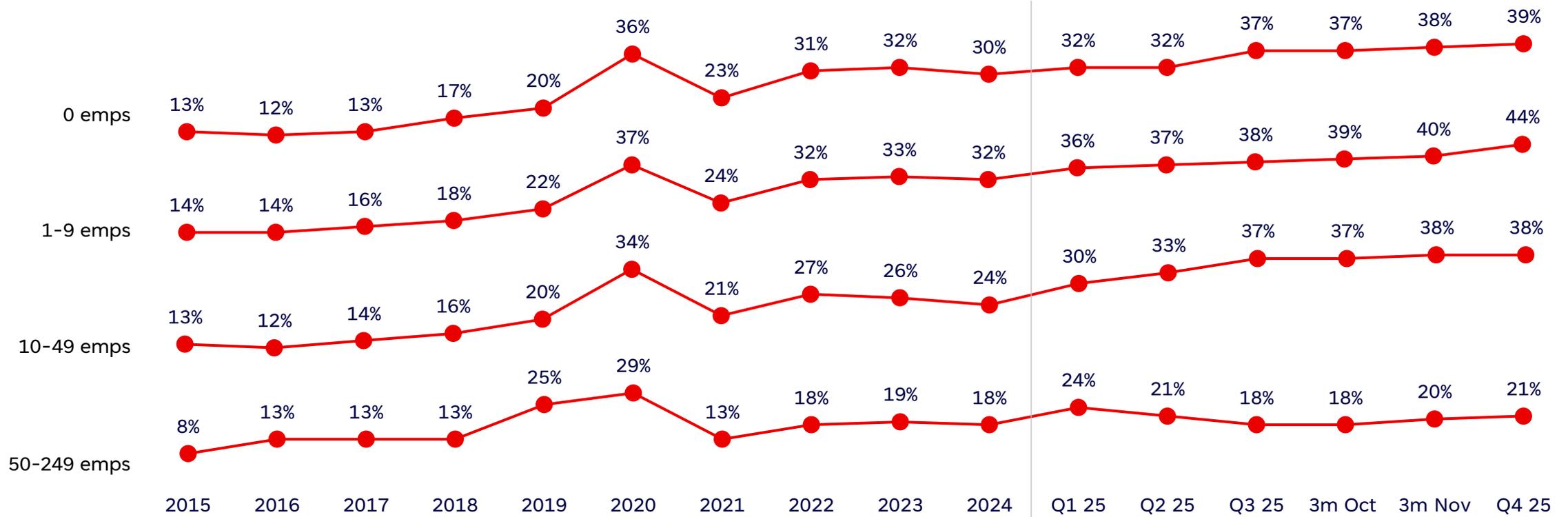
Time series: Broader economic concerns (from Q4 2021 – previously only “Current economic climate”)



Q93 Base : All SMEs 3m to Dec 4184 score 8-10 for any of “Current economic climate”, “Increasing/higher costs” or “Supply chain issues”

Concern about the economic climate has increased steadily in 2025 overall (+7 points) and for all SMEs except the largest

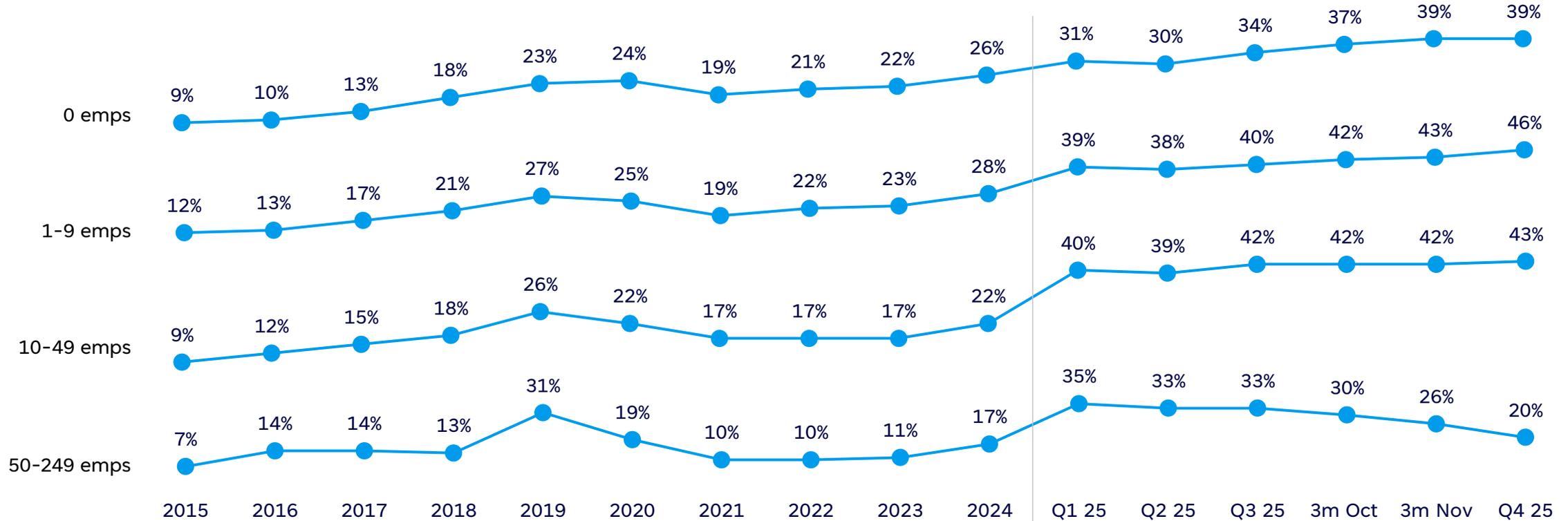
Time series: % Rating 'The current economic climate' 8-10 a major obstacle for next 12 mths



Q93 Base: All

Concerns about political uncertainty/future government policy remained higher than previously seen, and are still increasing as a barrier for those with 1-9 emps

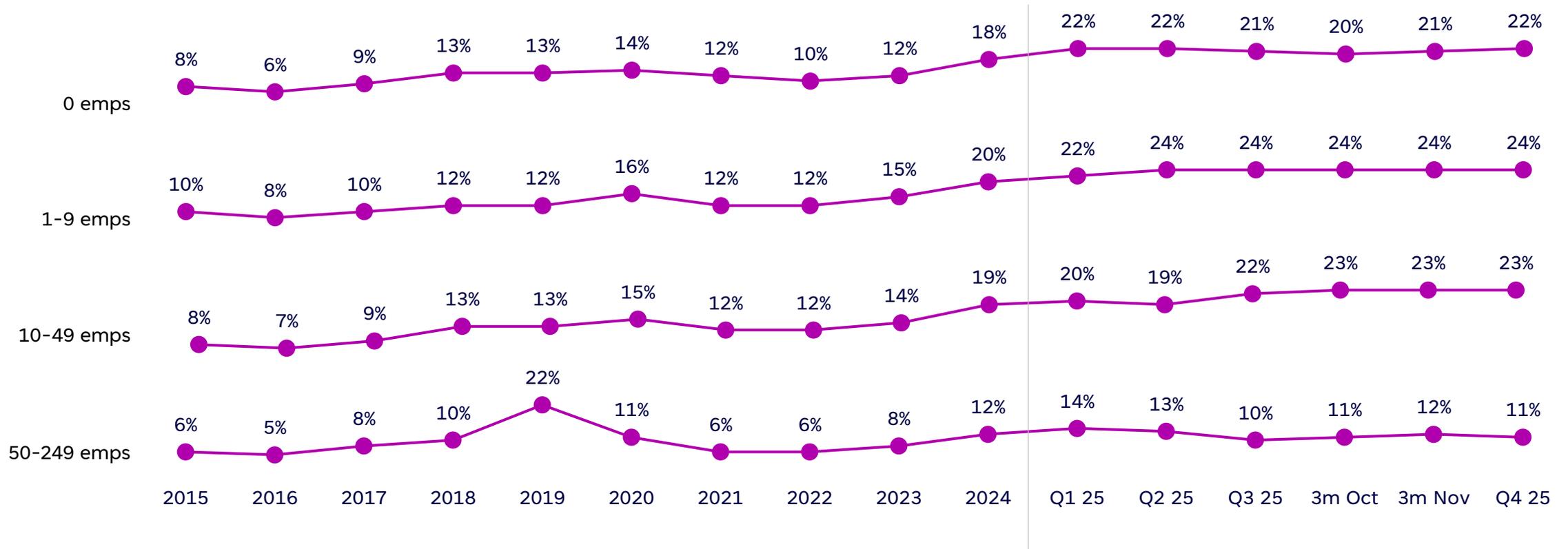
Time series: % Rating 'Political uncertainty and future government policy' a major obstacle for next 12 mths



Q93 Base: All

Concerns about cash flow/late payment remained stable, though at higher levels than previously seen

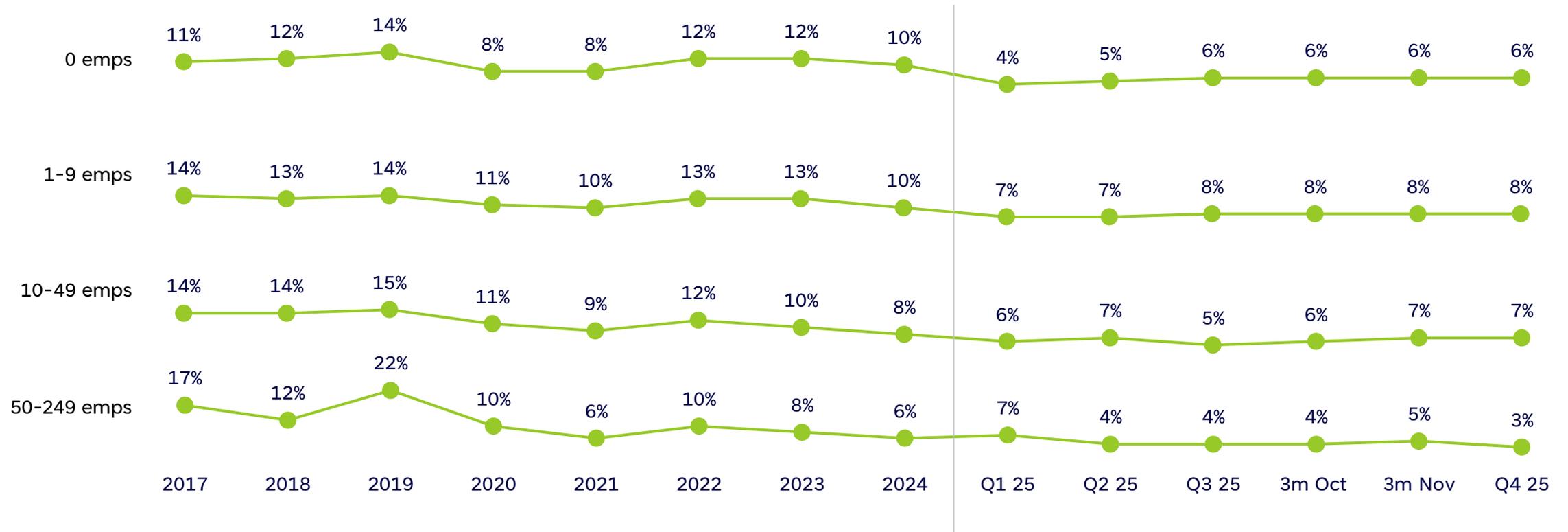
Time series: % Rating 'Cash flow or issues with late payment' a major obstacle for next 12 mths



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 at typically lower levels than previously seen

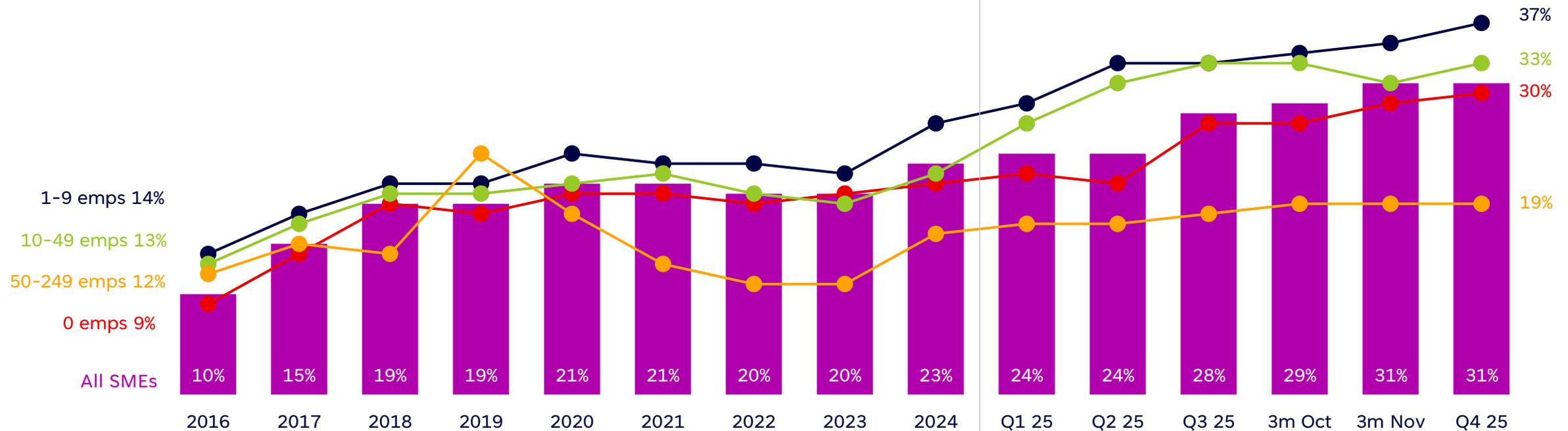
Time series: % Rating 'Changes in the value of sterling' a major obstacle for next 12 mths



Q93 Base: All

3 in 10 SMEs (31%) saw legislation, regulation and red tape as a barrier. It remained more of an issue for those with 1-9 employees, but has increased to some degree for all but the largest SMEs since the start of 2025

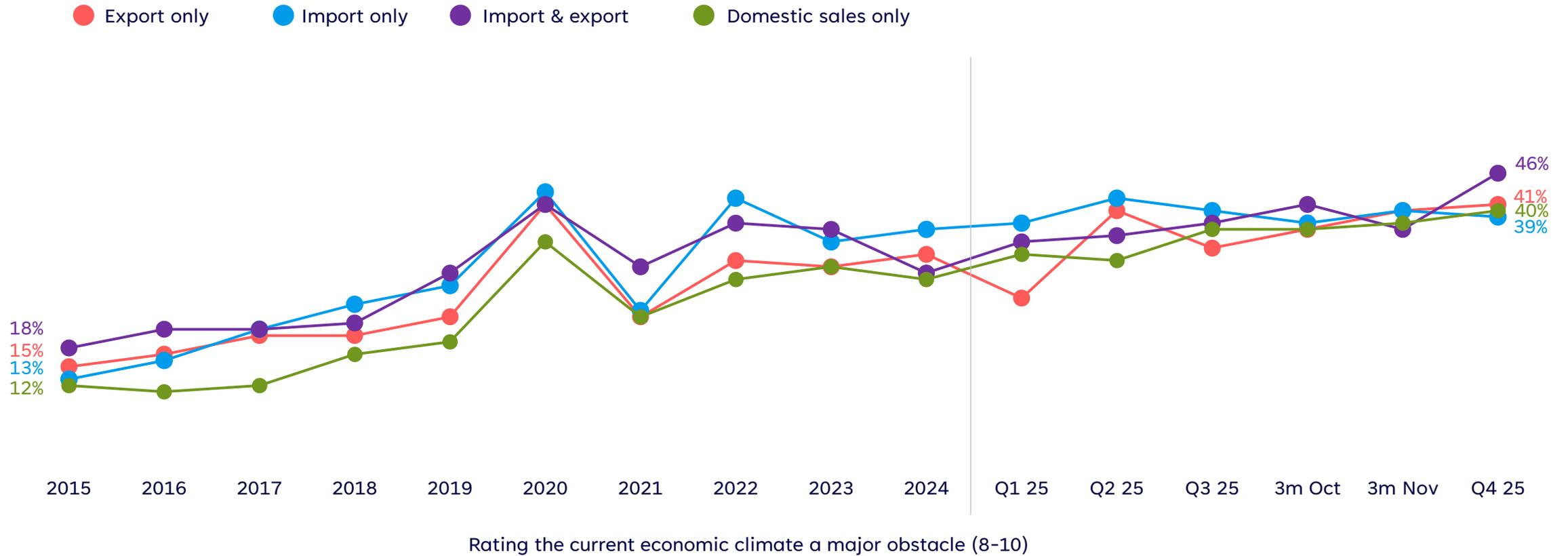
Time series: % legislation/regulation/red tape 8-10 barrier



Q93 Base : All SMEs 3m Dec 4184

Concern about the economic climate is now slightly higher for those that both import and export, with increases since Q1 for all but Import-only SMEs

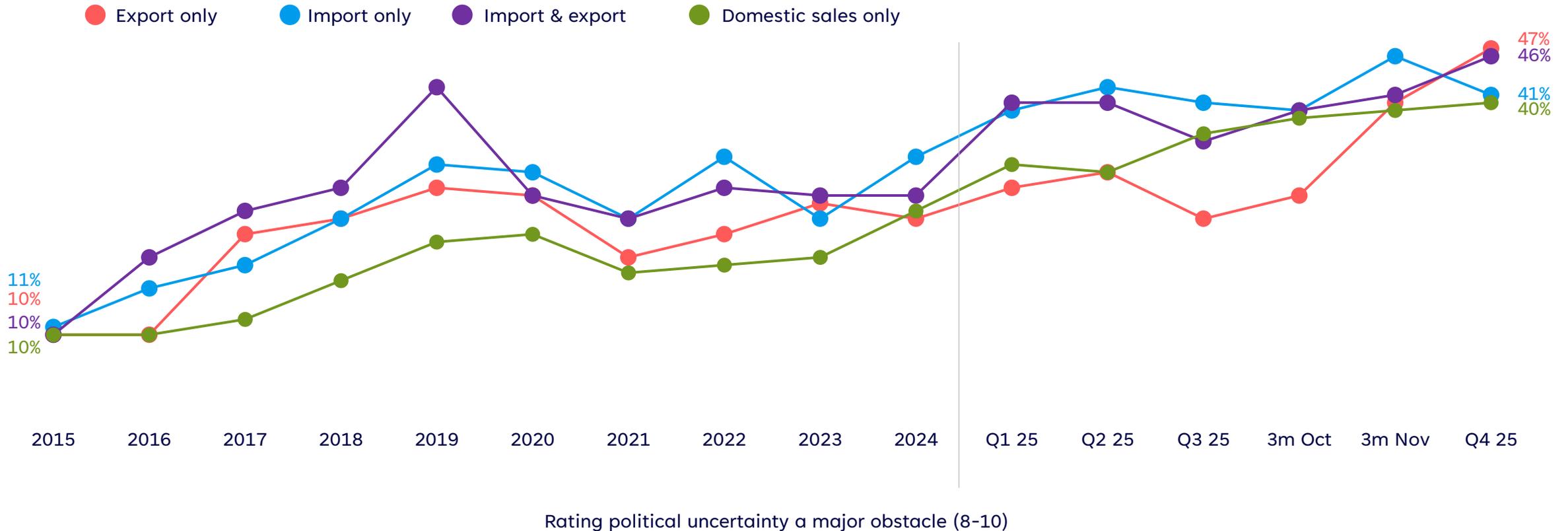
Time series: 8-10 economic climate by extent of international trade alongside domestic sales



Q93 Base: All 3m to Dec 242/447/369/3126

There has been a further increase in concern around political uncertainty/ government policy as a barrier for those with an element of exporting to their business, again with increases since Q1 for all but Import-only SMEs

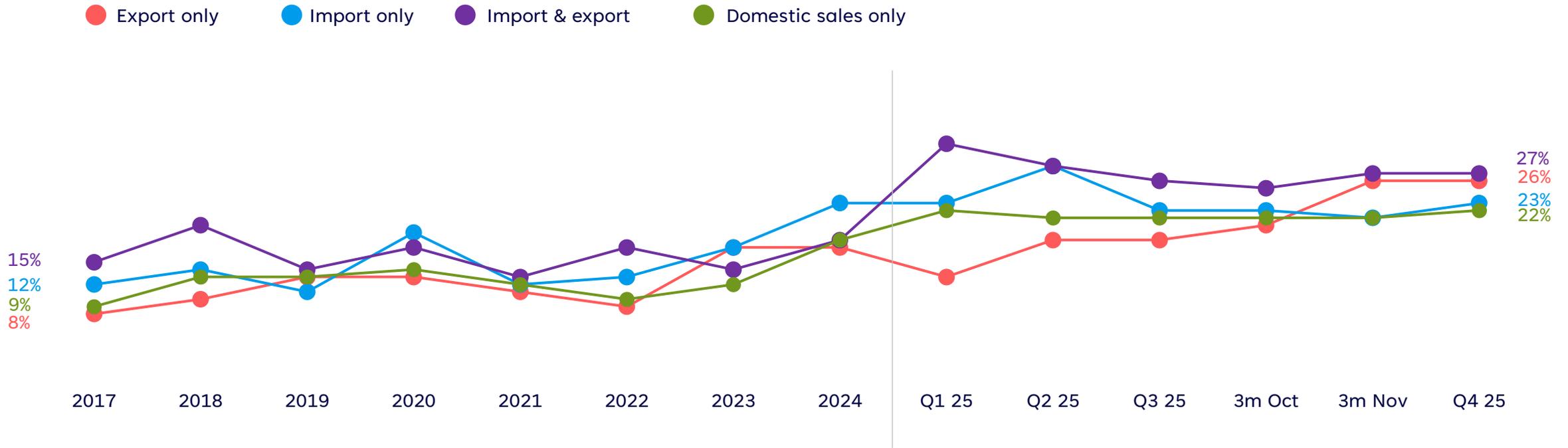
Time series: 8-10 political uncertainty/future government policy by extent of international trade alongside domestic sales



Q93 Base: All 3m to Dec 242/447/369/3126

Those with an element of exporting to their business remained somewhat more likely to see cash flow/late payment as a barrier

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



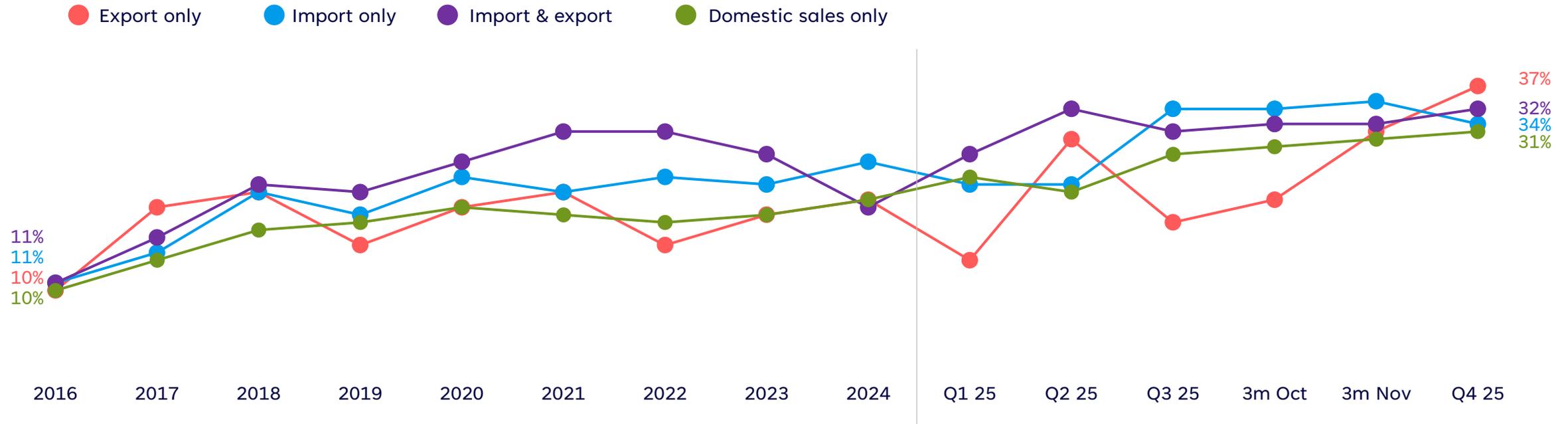
Rating cash flow / late payment a major obstacle (8-10)

Q93 Base: All 3m to Dec 242/447/369/3126

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

In 2025, all groups, but notably Export-only SMEs have become more concerned about legislation, regulation and red tape

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

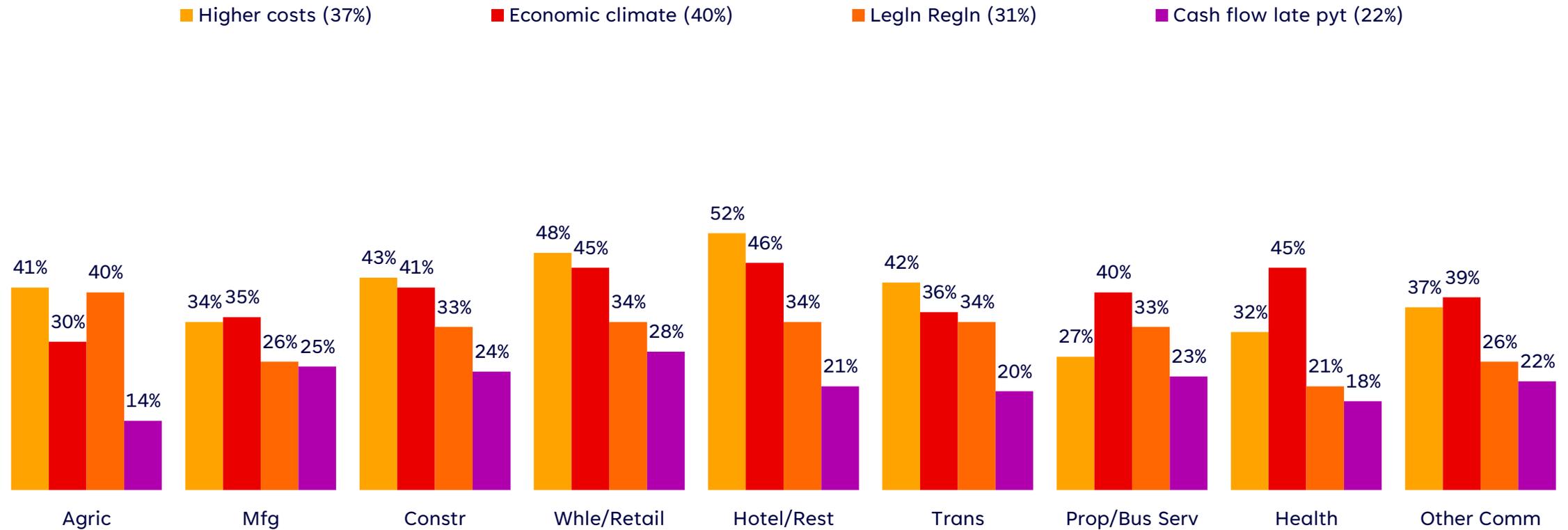


Rating changes in legislation/regulation/red tape a major obstacle (8-10)

Q93 Base: All 3m to Dec 242/447/369/3126

Costs remained a particular issue for Hospitality and Wholesale/Retail along with the economic climate (also more of an issue for Health). Wholesale/Retail was also slightly more likely to be impacted by cash flow/late payment

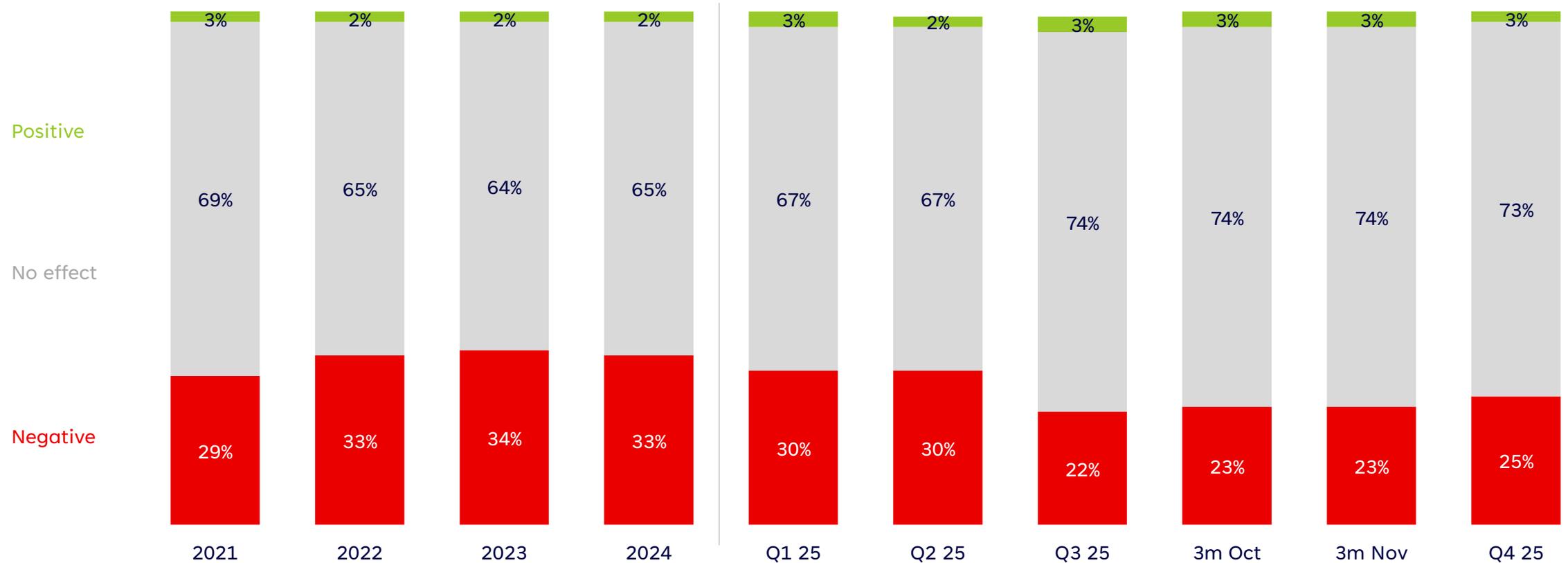
Major barriers: by sector 3m to December 2025



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

From Q3 2025, slightly fewer SMEs have reported a negative impact on their business due to the revised trading arrangements with the EU (25%), as more (73%) reported no impact

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



Q84c all SMEs excluding Dk 3m to Dec 3984

All sizes of SME remained somewhat less likely to report a negative impact in the latter half of 2025 than in the first half

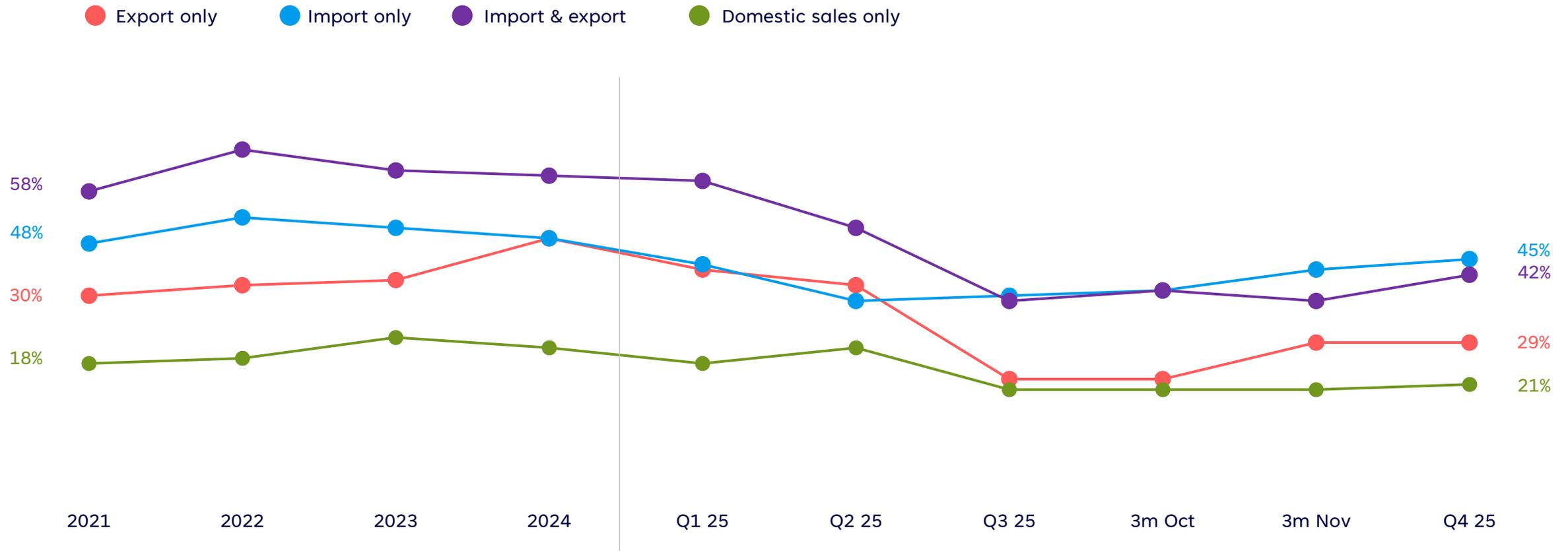
Time series: Negatively impacted by new EU trading arrangements



Q84c all SMEs excluding DK 3m to Dec 3984

The slight increase in negative impact from Q3 to Q4 2025 was seen in particular for those that either import or export only (both +7 points)

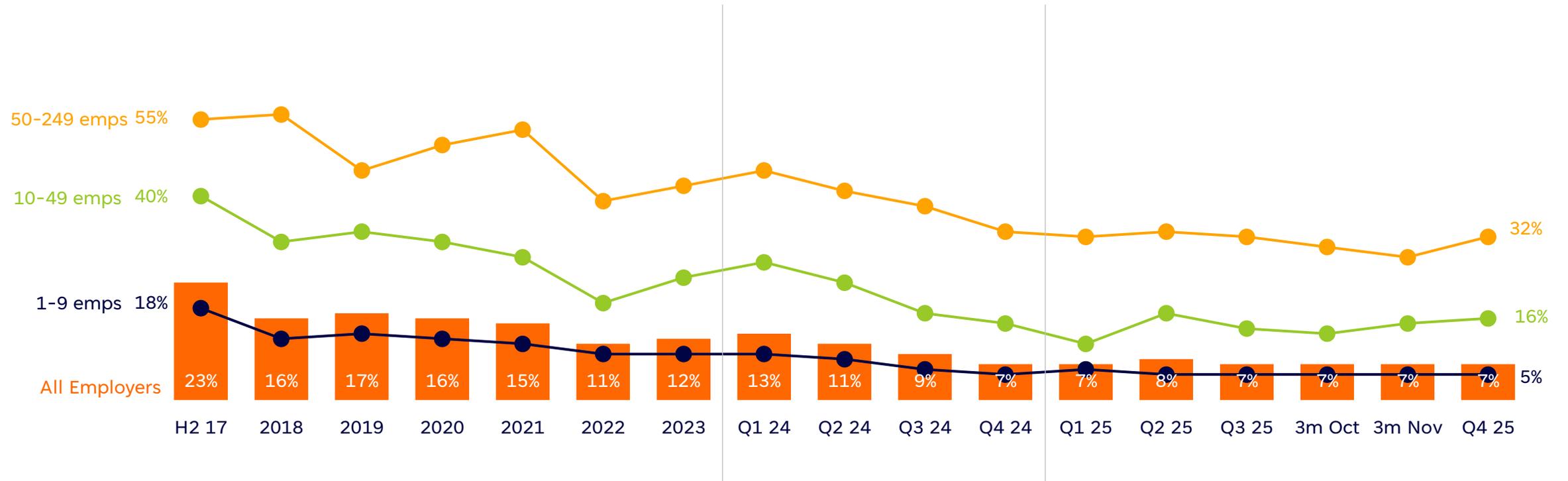
Time series: Negatively impacted by new EU trading arrangements by extent of international trade



Q84c Base: All 3m to Dec ex DK: 222/423/344/2995

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)

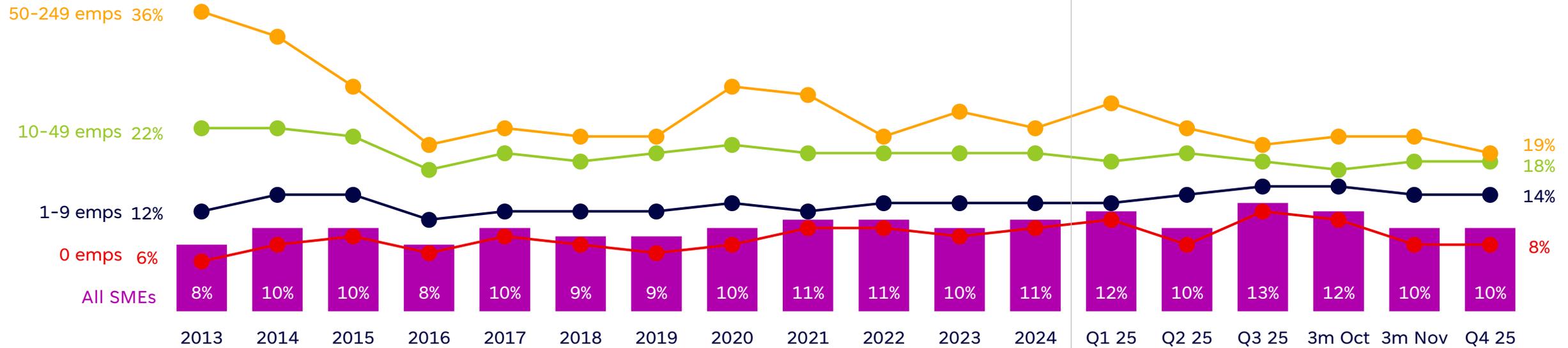


When this question was first asked in H2 2017, a quarter (23%) of employers had staff from overseas. From 2018 to Q2 2021 the proportion was lower but stable, then started to fall and has been under 1 in 10 since the middle of 2024. In the current period, 7% of employers had staff from overseas (half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

Q84 Base : All employers 3m to Dec 3218 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, little changed since 2020 and continuing to increase by size of SME

Time series: Exporters

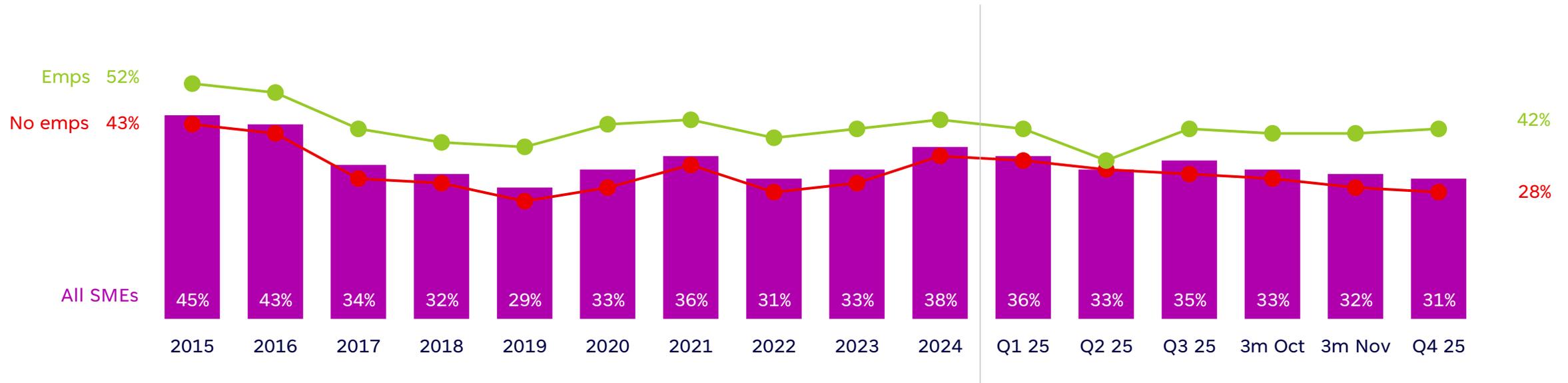


The proportion of exporters increased from 8% in 2013 to 10% in 2014 and 2015. There has been relatively little change since, with larger SMEs more likely to be selling overseas than their smaller peers

Q84 Base: All respondents 3m to Dec 4184

3 in 10 SMEs were happy to borrow to grow, still somewhat lower than the 38% reported for 2024. Over the course of 2025, those with no employees have become less likely to agree (down 7 points from Q1)

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

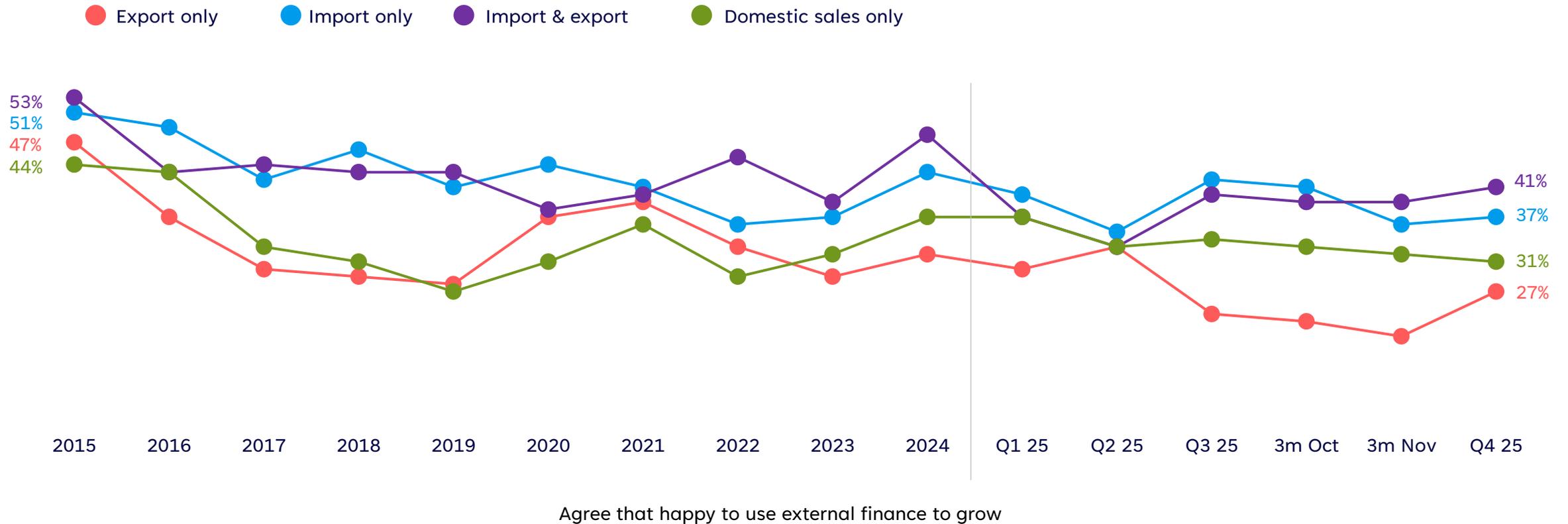


From a high in 2015, the proportion of SMEs happy to use finance to grow declined over time to 3 in 10 SMEs in 2019. It then increased steadily to 36% for 2021. Since then, it has fluctuated between low and high thirty per cent. In the current period, 31% were happy to borrow to grow, down 5 points for Q1 2025 and at the lower end of the range usually seen.

Q96 Base : All respondents 3m to Dec 4184

Willingness to borrow to grow has declined steadily for Domestic only SMEs during 2025. It remained somewhat higher for those with an element of importing to their business, but still below 2024 levels

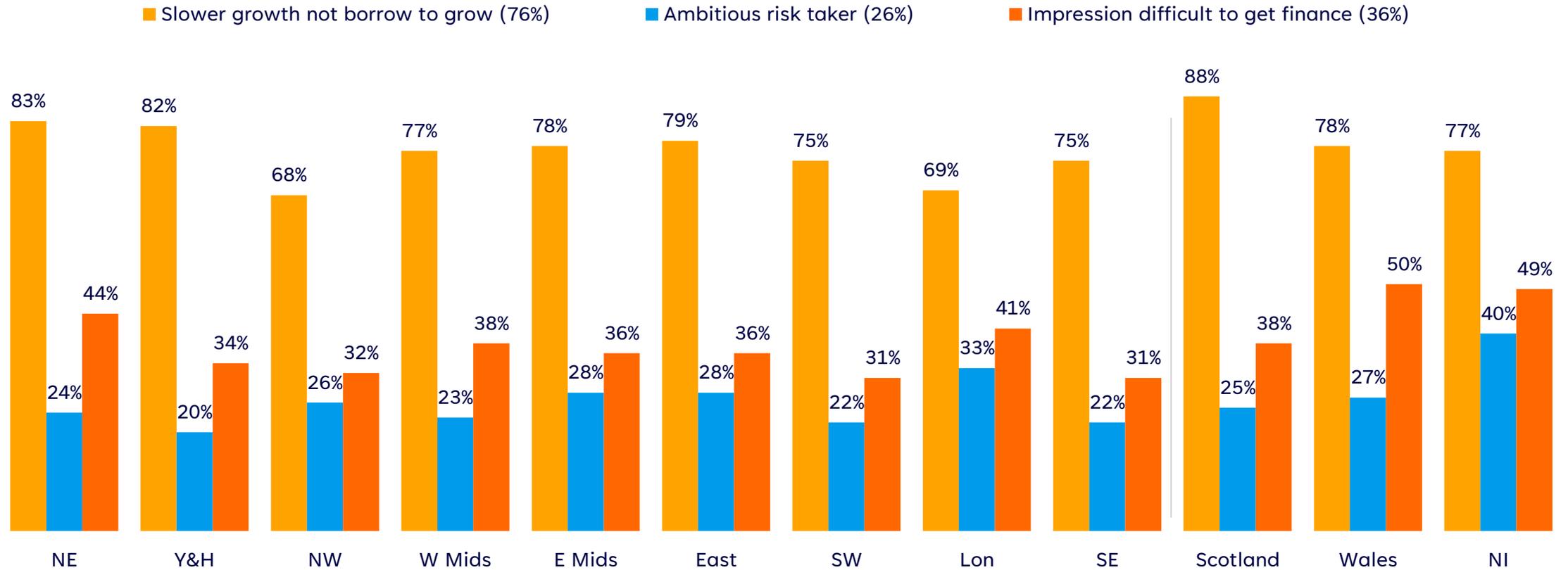
Time series: Agree that happy to use external finance to help business grow



Q96 Base: All 3m to Dec 242/447/369/3126

SMEs in Wales and NI were more likely to feel it would be difficult for them to get finance, with those in NI the most likely to be an Ambitious Risk Taker

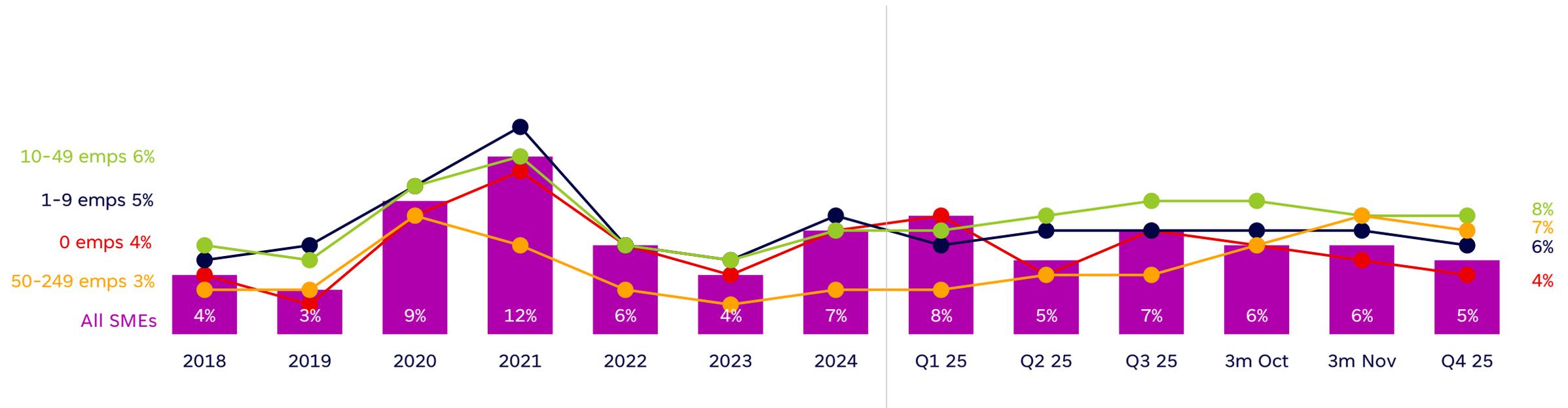
Key attitudes: by region 3m to December 2025



Q96 Base : All SMEs

5% of SMEs reported a need for external funding in the last 12 months, with limited variation by size, as the need for funding amongst the largest SMEs is back in line with their peers

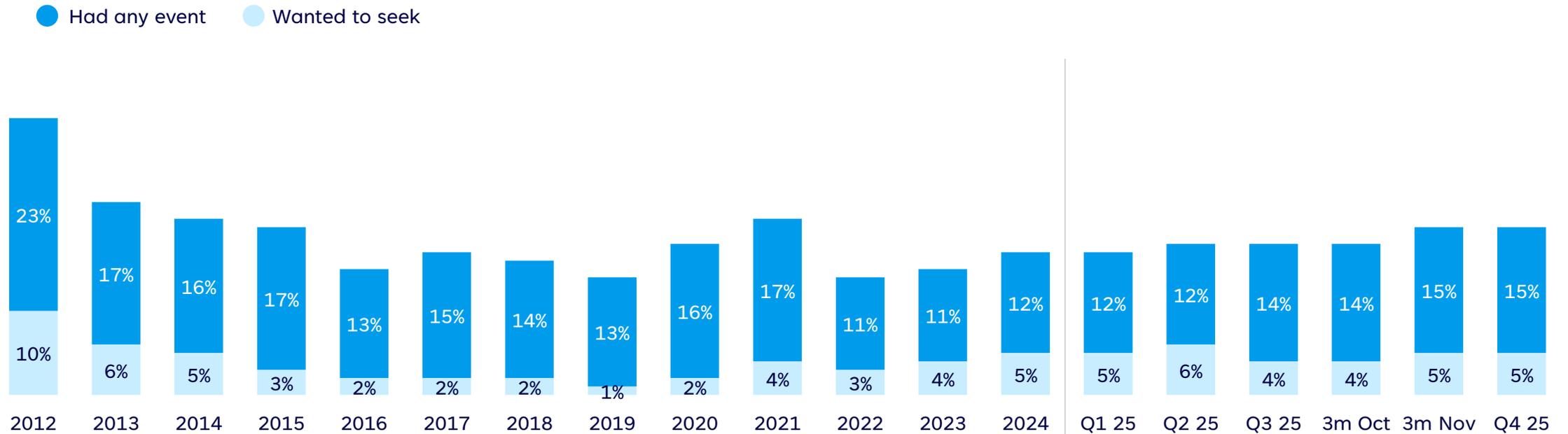
Time series: Had a need for external funding in past 12 months (whether applied or not)



Q25 Base: All SMEs 3m to Dec 4184

Reported borrowing events and unfulfilled wishes to apply remained somewhat higher, due to 19% of those with 10-49 employees, and 18% of those with 1-9 employees, reporting a borrowing event

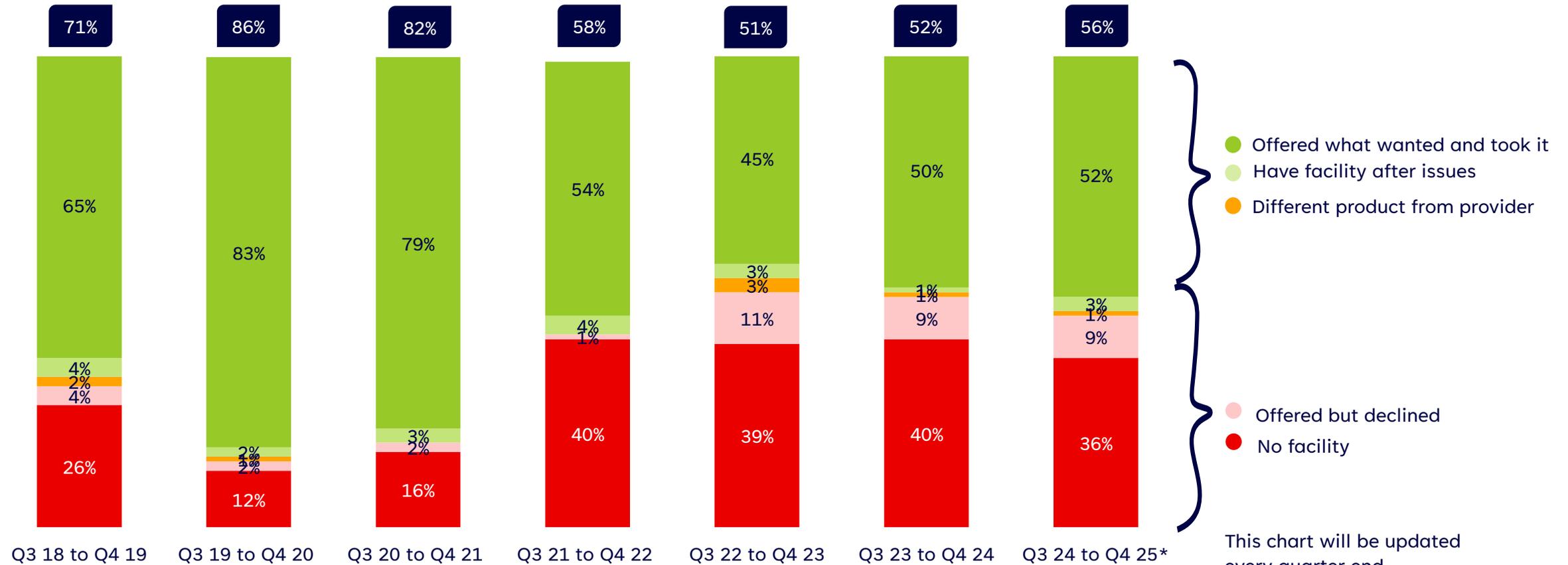
Time series: Any appetite for finance in 12 months prior to interview



Pastfin Base: All SMEs 3m to Dec 4184

Application success rates (across all applications) have increased slightly but remained below those seen prior to 2022, with 9% of applicants now declining the lending offered and 36% being declined (driven by applications from smaller SMEs)

Global success rate: all applications reported from Q3 2018 to Q4 2025, occurring in the periods shown

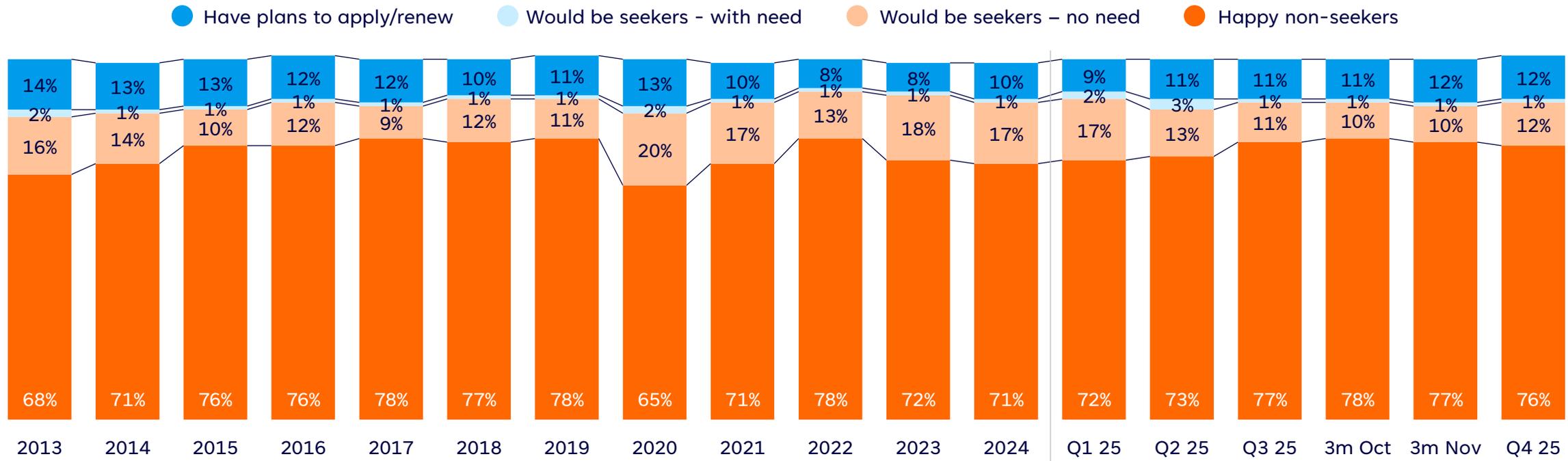


Q39/57 Base : All Type 1a/b applications with a response 1552/3698/2245/1078/1056/1441/1066

This chart will be updated every quarter end
Last updated Q3 2025

Over the course of 2025 to date, there has been a slight increase in Future happy non-seekers (the largest group at 76%) and fewer Future would-be seekers (19% to 13%). 12% planned to apply for finance

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

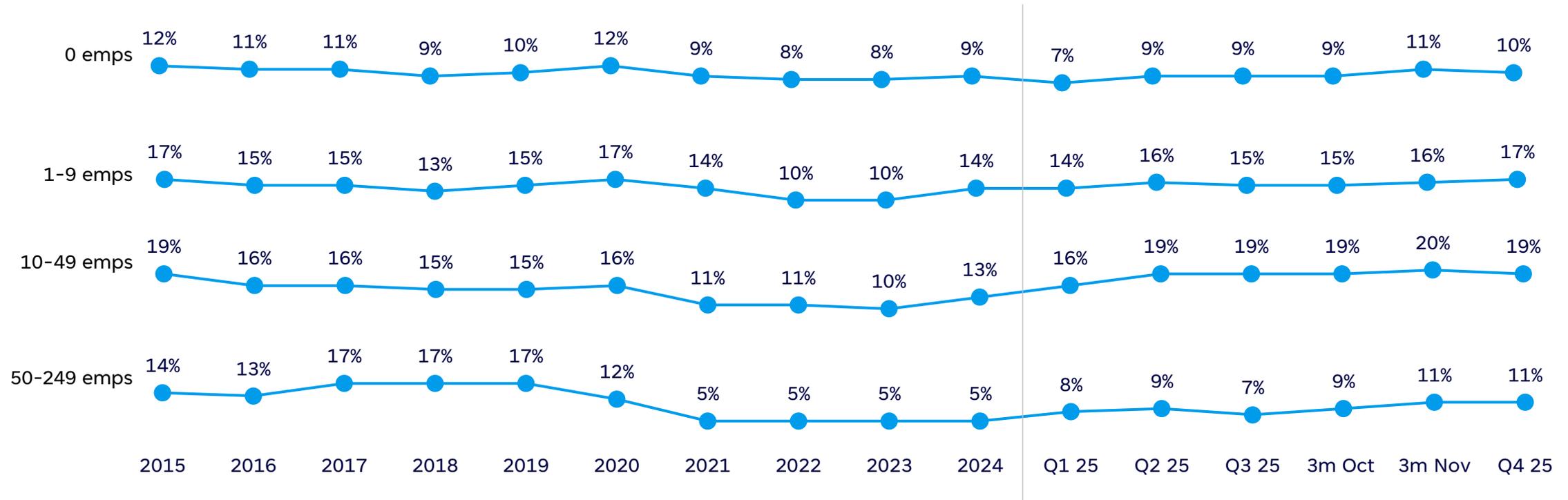


The proportion of SMEs classified as FHNS declined to 65% in 2020 before increasing to 78% in 2022. It has typically been slightly lower since, but in the current period was 76%. 12% of SMEs were planning to apply for finance, increasing to 17% of those with 1-9 employees and 19% of those with 10-49 employees, compared to 10% of those with 0 employees and 11% of those with 50-249 employees.

Futfin Base: All respondents 3m to Dec 4184. 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 1-9 or 10-49 employees remained the most likely to be planning to apply for finance

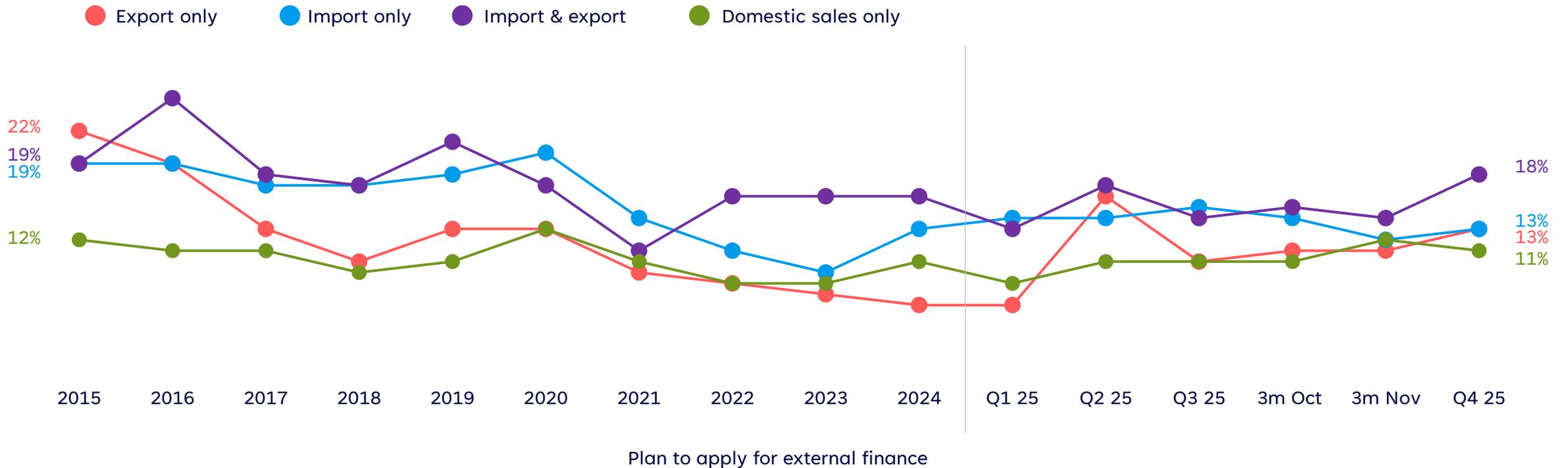
Time series: % planning to apply



Futfin Base : All

Those SMEs that both import and export were slightly more likely than their peers to be planning to apply for finance

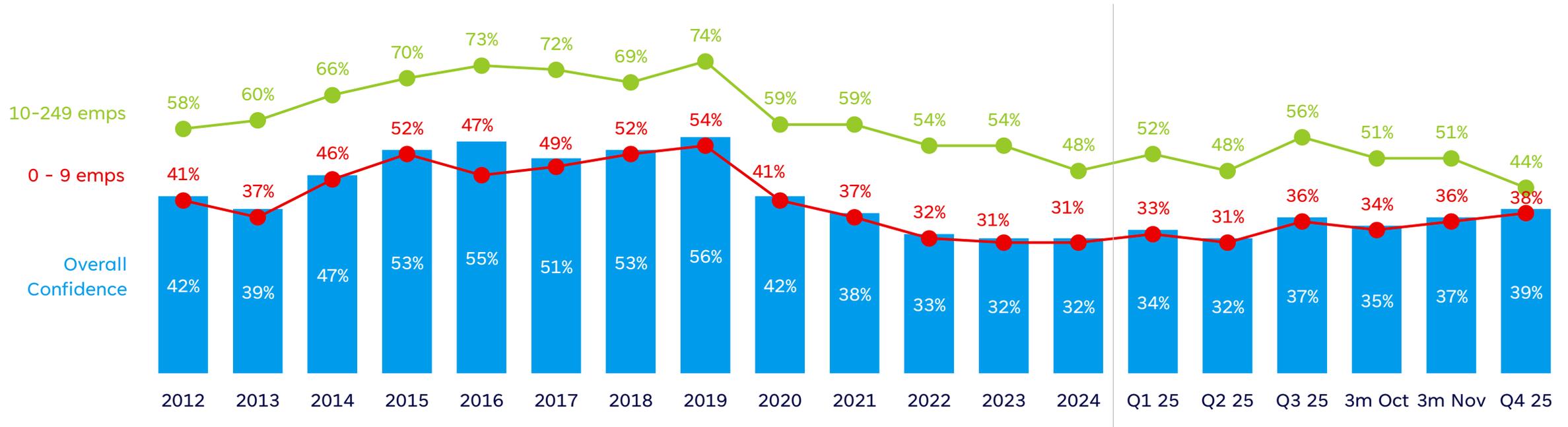
Time series: plan to apply for finance by extent of international trade alongside domestic sales



Futfin Base: All 3m to Dec 242/447/369/3126

Overall confidence, amongst SMEs planning to apply, that a bank would agree to a facility, increased slowly to 39% in Q4 2025, due to increased confidence amongst smaller potential applicants

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

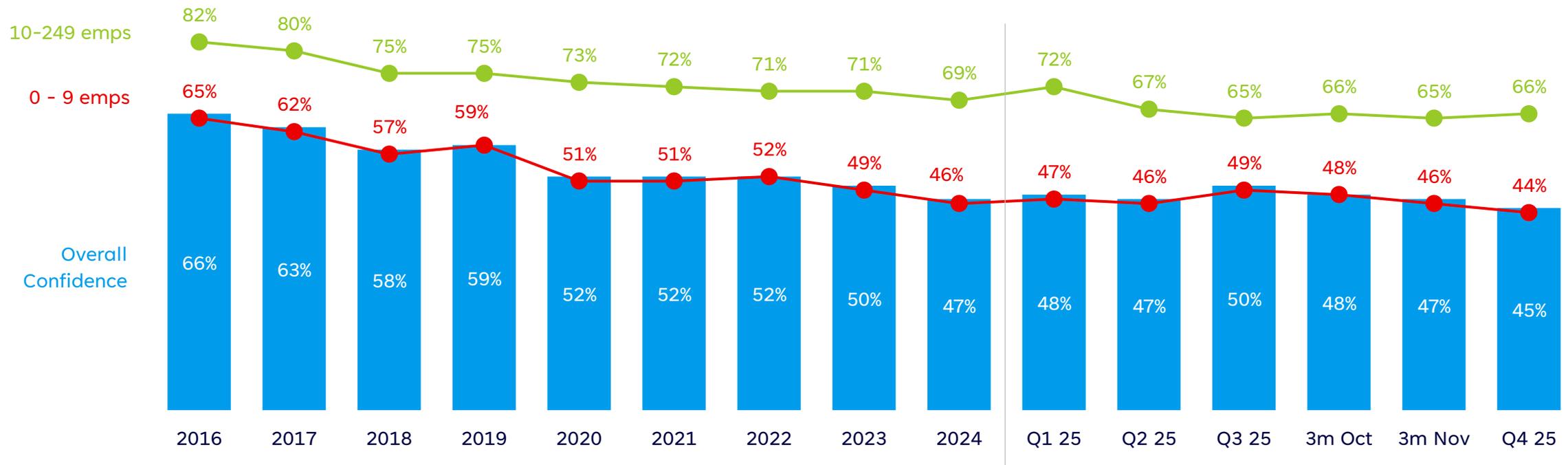


Confidence amongst those planning to apply that they would be successful was at 56% in 2019 but has been more variable since (and typically below actual success rates). After improvements in the second half of 2022, confidence declined again to Q1 2023 and again in Q3 2023, as more potential applicants said they were “not sure” whether their bank would lend to them. Currently, overall confidence is 39% (with 36% not sure what the response might be) similar to 2021 levels.

Q103 Base: All planning to apply for new/renewed facilities 3m to Dec 632 422/210 CARE RE SMALL BASE

Those with no immediate plans to apply remained more confident of success than those with plans, but with a decline in confidence amongst smaller SMEs between Q3 and Q4 2025 and a longer-term trend of lower confidence overall

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



45% of those with no plans to apply to a bank for finance are confident of a hypothetical success. From 2020 the proportion 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 (66% versus 44%). 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 (44% versus 38%, as seen in the previous slide).

Q106 Base: All not planning to apply for new/renewed facilities 3m to Dec 3552 2466/1086

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.



