SME FINANCE MONITOR

Q4 2025 Report

UK Finance

Ipsos

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Welcome to the full report of the SME Finance Monitor for 2025. As well as the core topic of access to finance for SMEs, we continue to provide insight into other current issues such as the renewed focus on growth.

In 2025, the SME Finance Monitor surveyed just under 17,000 businesses about past borrowing events and future borrowing intentions. It is the largest such survey in the UK and since the first report was published covering Q1-2 2011 has built into a robust and reliable independent data source for all parties interested in the issue of SME finance. In total, 59 waves of interviewing have been completed, with reporting every half year, following completion of the Q2 and Q4 fieldwork. Since 2020, this full report has been published annually, with a detailed chart pack produced after the completion of the Q2 and the Q4 fieldwork.

The survey was set up through the Business Finance Taskforce, which was itself established in July 2010 to review the key issue of bank finance and how the banks could help the UK to return to sustainable growth. It made a commitment to fund and publish an independent survey to identify (and track) demand for finance and how SMEs feel about borrowing – the SME Finance Monitor.

This extensive dataset is recognized by both public and private sector stakeholders as the de facto authority on access to finance conditions for SMEs, because it is seen as reliable, trustworthy, and, crucially, as independent. The Monitor is cited regularly in Parliament, in government led reviews, and in evidence to bodies such as the OECD, as well as forming the basis for policy discussions between the banks and DBT.

The data provides both a clear view of how SMEs are feeling now, and, increasingly, how this has changed over time. It also provides analysis by size of SME and sector, as SMEs should not be seen as one homogenous group: in particular, the smallest SMEs with no employees can often report different views and experiences to their larger peers.

This is an independent report, and I am pleased to confirm that this latest version has once again been written and published by BVA BDRC, with no influence sought or applied by any member of the Steering Group.

The Survey Steering Group comprises representatives of the following:

- UK Finance
- Ipsos (following the acquisition of 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
- Barclays Bank
- HSBC
- Lloyds Banking Group
- NatWest Group
- Santander

Shiona Davies
Editor, The SME Finance Monitor, March 2026

Introduction

Introduction

The issue of SMEs and external finance has long provoked debate. Over time, the emphasis has moved from issues around access to finance to those around demand for finance amongst SMEs and the extent to which the right forms of funding have been available to those businesses looking to grow and invest.

Over the lifetime of the Monitor, business confidence and appetite for borrowing have both been affected by prevailing economic conditions, the revised trading arrangements with the EU, the challenges of the pandemic and global conflicts, and changes in Government. As a result, SMEs continue to find themselves trading through uncertain times.

The Business Finance Taskforce was set up in July 2010 to review this key issue of bank finance and how the banks could help the UK to return to sustainable growth. It made a commitment to fund and publish an independent survey to identify (and track) demand for finance and how SMEs feel about borrowing. BVA BDRC was appointed to conduct this survey in order to provide a robust and respected independent source of information. BVA BDRC continues to maintain full editorial control over the findings presented in this report. In 2020 extra questions were included specifically around the pandemic and its impact on SMEs. In 2024 more of these questions have been removed, to allow for questions on the impact of current issues such as increasing costs and the focus on growth in the economy.

For some time, it has been demand as well as supply issues that have contributed to the lower levels of lending to SMEs and so the SME Finance Monitor questionnaire has evolved over time to capture more data in this area. In 2017, it was decided to re-design the core of the questionnaire for 2018, expanding the range of financial products and providers that SMEs could comment on. Where questions were retained from previous waves, they have been re-numbered and both the old and new numbers are shown in this report. Naturally, changes were required both during and since the pandemic, to allow us to understand the impact on SMEs, with some existing questions rested and new questions included.

This means that not every question offers data for the full 4 quarters of 2025, but quarterly base sizes are typically robust enough to allow analysis at this level where required.

The majority of this report is based on a total of 16,729 interviews with SMEs, conducted across the four quarters of 2025. These interviews are conducted by telephone by Perspective, the fieldwork sister company to BVA BDRC (both acquired by Ipsos in 2025). Previous interviews conducted in 2011 (three waves) and the 4 waves in each of the years 2012 to 2024 are not in these year-ending results but a number of previous years are still shown in this report where data is reported quarterly or annually over time, or by application date.

The YEQ4 2025 data therefore includes the following four waves:

- January-March 2025 – 4,250 interviews conducted, referred to as Q1 2025
- April-June 2025 – 4,260 interviews conducted, referred to as Q2 2025
- July-September 2025 – 4,035 interviews conducted, referred to as Q3 2025
- October-December 2025 – 4,184 interviews conducted, referred to as Q4 2025.

The results from these most recent four waves have been combined as usual to cover a full 12 months of interviewing, then weighted to the overall profile of SMEs in the UK in such a way that it is possible to analyse results wave on wave where relevant – and the data reported for an individual quarter will be as originally reported. This combined dataset of 16,729 interviews is referred to as YEQ4 2025.

From 2016 to 2020 the overall sample size was 4,500 interviews per quarter (previously 5,000). From Q1 2021 the sample size was reduced slightly to 4,250 which still provides a robust base size for analysis, and a weighting review was also conducted (updating the previous one in 2016) but only very minor changes were made from Q3 2021. Similar weighting reviews have been conducted at the end of 2023 and 2024 with further minor changes made to the weighting applied from Q1 2023 and 2024, as well as slight adjustments to sub-sample base sizes to better reflect the SME population.

The majority of reporting is based on interviews conducted in the year to Q4 2025. The exceptions to this rule are:

- Data on applications is based on when the application was made, rather than the date of interview, with questions revised for Q1 2018. Analysis in this report is based on all applications made and reported between Q1 2018 and Q4 2025, divided into 18-month periods. The latest period is Q3 2024 to Q4 2025, for which the data is still interim as respondents can identify a borrowing event up to 12 months after it happened.
- Where SMEs are asked about their planned future behaviour, and typically their expectations for the next 3 months, comparisons are typically made between individual quarters.
- For key questions, summary tables are provided with annual figures over the longer term to set the current results in context. The charts in the final chapter of this report provide more detailed quarter on quarter data from the start of the Monitor.
- Where a revised question has still captured similar data to previous versions then data over time has been provided as a comparison.

The structure of the SME market is such that each 'All SME' figure quoted will be heavily influenced by the views of those with 0 employees, who make up three quarters of the SME population. As the views of these smallest SMEs can differ markedly from their larger peers, an 'All employers' figure is now also reported for some key questions, that is those SMEs with 1-249 employees.

A further quarter of 4,250 interviews is being conducted January to March 2026. An eleventh edition of the annual report, published in Summer 2025, provided separate analysis at a regional level for an in-depth assessment of local conditions during 2021. A further regional report is planned for Spring 2026 to report on local conditions during 2025.

Management summary

Management summary

Slightly fewer SMEs (27%) reported having grown in the previous year, back in line with 2022. Profitability remained back in line with pre-pandemic levels and a stable 3 in 10 held credit balances of £10,000 or more, though an increasing minority had nothing.

- In 2025, the proportion of SMEs that had grown increased by size from 24% of 0 employee SMEs to 34% with 1-9 employees, 45% with 10-49 employees (each slightly lower than in 2024) and a stable 46% for the largest SMEs with 50-249 employees
- Growth also remained well below pre-pandemic levels when, typically, 4 in 10 would have grown, with a more noticeable 'gap' in 2025 for larger SMEs
- Whilst overall SMEs in 2025 were more likely to have declined (32%) than grown (27%), this was due to those with 0 employees (24% grown v 35% declined) with the balance improving by size of SME to those with 50-249 employees (46% grown v 14% declined)
- A stable 79% of all SMEs reported making a profit, maintaining the increase seen since 65% reported a profit in 2021 and increasing by size of SME from 78% of those with 0 employees to 91% of those with 50-249 employees (the latter up 6 points on 2024)
- A stable 30% held more than £10,000 in credit balances, increasing by size of SME to 85% of those with 50-249 employees. An increasing minority (14%) said they had no credit balances at all, up from 3% in 2022-23

41% of SMEs in 2025 reported that they were planning to grow, the lowest level seen since 2022. 57% of SMEs had either innovated in the past year (41%) or planned to do so (43%). A stable quarter of SMEs (26%) met the definition of an Ambitious Innovator.

- The proportion of SMEs planning to grow declined during the second half of 2025 and was 41% for the year, down 6 points from 2024. Ambition to grow increased by size of SME from 38% of 0 employee SMEs to 48% with 1-9 employees and then to 57% with 10-49 employees, and 58% with 50-249 employees, all lower than in 2024 when overall 47% were planning to grow

- Despite the lower growth ambition, a stable 18% of SMEs (excluding Starts) had both grown in the previous year and planned to grow again, increasing by size of SME from 15% of 0 employee SMEs to 24% of those with 1-9 employees, and to 34% of those with either 10-49 or 50-249 employees
- 41% of SMEs had innovated in the past year, down from 46% in 2024 and lower for all but the largest SMEs. 43% planned to innovate in the coming year, up slightly from 39% in 2024 and for the smallest and largest SMEs
- A stable 57% of all SMEs had some involvement in innovation (past or future), while 27% could be described as Consistent Innovators, having innovated in the past and planning to do so again in the coming year, up slightly from 24% in 2024
- A stable quarter of SMEs (26%) met the definition of an Ambitious Innovator, an SME that is both planning to grow and to be innovative in the coming year. A further 32% planned to do one of these but not both, leaving 42% with no plans for either
- Ambitious Innovators increased by size of SME from 24% of those with 0 employees to 42% of those with 50-249 employees, and decreased by age of SME from 46% of Starts to 19% of those trading for 10+ years

SMEs in 2025 were no longer more likely to think that the future offered opportunities (28%) than it did threats (33%), with three main barriers for SMEs of higher costs (36%), the economic climate (36%) and political uncertainty/ future government policy (35%). A quarter of SMEs described themselves as 'Struggling'

- 2021 to 2024, more SMEs had seen the future offering mainly opportunities than saw it offering mainly threats. This was no longer the case in 2025, as whilst a relatively stable 28% thought the future offered opportunities, the proportion seeing mainly threats doubled from 2022 (16%) to 2025 (33%) resulting in a net negative score of -5 (from +5 in 2024 and +14 in 2021 and 2022)

- Three barriers shared top ranking for SMEs in 2025. A stable 36% of SMEs cited higher costs as a main barrier, and this has been a top barrier since its introduction at the end of 2021. The proportion seeing the economic climate as a barrier was also 36%, having increased during 2025 and now back at pandemic levels. 35% saw political uncertainty and future government policy as a barrier, now also one of the top three because of a steady increase from 2022 onwards and especially during 2025 (in 2024, 26% saw this as a barrier) and the highest proportion to date
- 23% of SMEs in 2025 described themselves as 'Struggling', with their monthly income not meeting their monthly expenses and little in the way of savings, a steady increase over time from the 18% in this position in 2023. This proportion declined by size of SME from 25% with 0 employees to 10% with 50-249 employees, and by age of SME, from 33% of Starts to 21% trading for over 10 years

"There are now three clear main barriers for SMEs: higher costs (36%), the economic climate (36%) and political uncertainty/ future government policy (35%)"

A stable 46% of SMEs were using any form of external finance, including 19% who were still repaying pandemic funding. Almost as many, 40% in 2025, seem firmly disinclined to borrow and so met the definition of a 'Permanent non-borrower'. Attitudinally, many SMEs continued to agree that they would rather grow more slowly than borrow to grow, and 6 in 10 (in Q4) were being cautious with their plans due to the future feeling uncertain. 1 in 6 SMEs were happy to borrow to grow but also thought it could be difficult for them to get finance

- 46% of SMEs reported using any form of finance in 2025, little changed from 2023, increasing by size from 42% of 0 employee SMEs to 65% of those with 10-49 employees and declining by age. Since the pandemic, the largest SMEs with 50-249 employees have been less likely to be using external finance (46% in 2025), having previously been the most likely (77% in 2018)
- 28% of SMEs reported having applied for pandemic funding, and almost all were successful. 19% of SMEs were still repaying this funding, increasing to a quarter of those with 1-9 or 10-49 employees. 6% of all SMEs were only finance users because they were repaying pandemic funding, as they held no other financial products

- Amongst those using any form(s) of finance, 24% said they were borrowing more than £25,000 overall, increasing by size to 57% of those with 10-49 employees and 76% of those with 50-249 employees. This is lower than in H2 2022, when 35% of finance users were borrowing more than £25,000, with the decrease seen across finance users of all sizes, but notably for those with 1-9 employees (down 18 points to 36%) or 10-49 employees (down 20 points to 57%)
- Permanent non-borrowers are those SMEs with no apparent appetite for funding (neither using nor applying, and saying nothing was stopping them doing so). In 2025, 40% of SMEs met that definition, up 5 points from 2023 and 2024 (both 35%) and back in line with 2019-2021
- The smallest and largest SMEs were most likely to be a PNB, from 43% of SMEs with 0 employees, to 31% with 1-9 employees, 25% of those with 10-49 employees and 41% with 50-249 employees. The increase in PNBs 2024 to 2025 was led by the smallest SMEs (up by 5 points)
- Compared to their peers, PNBs were more likely to have made a profit, to feel 'Well off/Comfortable' and as likely to hold £10,000 or more of credit balances, but they were also less likely to have been innovative or to be planning to grow
- Attitudinally, in H2 2025, 77% of SMEs agreed that they would rather grow more slowly than borrow to grow, with 6 in 10 (in Q4) being cautious with their plans due to the future feeling uncertain. Around a third of SMEs were happy to borrow to grow, but similar proportions thought it could be difficult for them to get finance and/or that lenders perceived them as riskier than they really were. Combined, 1 in 6 SMEs were happy to borrow but also thought it could be difficult for them to get finance

5% of SMEs reported having had a need for funding. Most took some action, and of those, half applied for finance. Overall, 13% of SMEs reported any borrowing event, 81% had been a Happy non-seeker of finance and 5% had been a Would-be seeker with something stopping them applying for finance

- Need for funding has been 3-7% in all recent years apart from the pandemic years 2020 (9%) and 2021 (12%) . 52% needed funding for cash flow purposes, primarily as working capital, up from 40% in 2024, while 54% said that the funding was for business development reasons, typically to invest in new plant, machinery, etc., or to fund UK expansion, down slightly from 2024 (57%)
- 86% of SMEs with a need for finance took some action to meet that need, with 50% of them making an application, increasing to 75% of those with 10-249 employees. 24% applied to their main bank (31% for larger SMEs), while 18% applied to a new provider and 13% to an existing provider that was not the main bank (35% for larger SMEs). Compared to earlier years, this was a slightly smaller share of applications for the main bank and a slightly higher share for new providers
- This group also included more self-funders, in whole or part, in 2025 than typically seen (25%) and slightly more who decided not to take funding (16%) Both these actions were more common amongst smaller SMEs with a need for funding
- A stable 13% of all SMEs reported any borrowing event (including as a result of a need for funding or the automatic renewal of an overdraft) increasing to 17% of those with 1-9 employees and 20% of those with 10-49 employees
- 5% of SMEs as Would-be seekers of finance, where something had stopped them applying, decreasing by size of SME from 6% with 0 employees to 1% with 50-249 employees. The main barrier for this group was the process of borrowing , such as the expense, time and hassle

"86% of SMEs with a need for finance took some action to meet that need, with 50% of them making an application"

- In all size bands, the largest group was the Happy non-seekers, who had not applied for finance and said that nothing had stopped them from doing so (78-82% amongst those with up to 49 employees and 88% of the largest SMEs). 37% of this group were using external finance as the definition is based on applications for, and not use of, finance

In the 18 months to Q4 2025, 55% of all applications for new or renewed finance resulted in a facility. 9% were offered a facility but chose not to take it and 36% were declined. This success rate was 8 points higher than for the previous period, but still below pre-pandemic levels when 7 in 10 applications were successful

- 55% of all applications resulted in a facility, increasing by size of applicant from 51% with 0 employees to 58% with 1-9 employees, 78% with 10-49 employees and 92%with 50-249 employees. The success rates also varied by whether the application was made to the main bank (43%), or to an existing provider that was not the main bank (81%) or a new provider (65%), and for those that had applied for the product before (65% v 47% of first-time applicants)
- 9% of all applications were offered a facility but chose not to take it, typically saying that the facility offered was too expensive, with some mentions of the security required or the terms and conditions. Since 2023, this has been the outcome for a slightly higher proportion of applications than previously seen (4-5% pre-pandemic)
- Those that were declined for a facility cited a range of reasons given by the lender, including credit issues (24%), current business performance (15%) or a lack of security (12%). 1 in 4 of those declined said they weren't given a reason by the lender
- Success rates by size of SME applying have shown different patterns over time. Larger SMEs have always been more likely to be successful, and their success rates went up only slightly during the pandemic. Smaller SMEs saw a bigger positive impact during the pandemic, followed by more of a decline afterwards, with some improvements in the most recent 18 months

- Compared to the 18 months to Q4 2019, when 71% of applications were successful, current success rates were 16 points lower overall at 55%, with the gap ranging by size from 12 points for those with 0 employees and 18 points for those with 1-9 employees to 9 points for those with 10-49 employees and 6 points for those with 50-249 employees

Looking forward, a stable 11% of SMEs planned to apply for finance, 14% were Future would-be seekers and 75% expected to be a Future happy non-seeker of finance.

- 11% of SMEs planned to apply for finance . Future appetite was higher amongst SMEs with 1-9 or 10-49 employees (16% and 18%) compared to 9% of the smallest and largest SMEs
- 8 in 10 of those planning to apply for finance were already using some, up from 7 in 10 in 2024, and one of the highest proportions seen
- 36% of those planning to apply were confident the lender would say yes, up slightly from the 32% who were confident in 2024 (but lower than the half of applicants who were typically confident of success pre-pandemic) . Across all SMEs, irrespective of their finance plans, 46% were confident of success in 2025, little changed since 2023. This remained lower than previously seen (in 2018 and 2019, 58-59% of all SMEs were confident of success)
- 14% of SMEs met the definition of a Future would-be seeker, those with no plans to apply and feeling that something would stop them if they did want to apply. This proportion declined by size of SME from 15% of those with 0 employees to 6% with 50-249 employees
- Half of Future would-be seekers saw something related to broader economy as their main barrier to applying, including 34% saying they did not want to borrow in the current economic climate. This latter group went on to say that it would require a steady increase in customer demand and a more certain outlook for them to reconsider, including lower interest rates and more clarity around future government policy

"Across all SMEs, irrespective of their finance plans, 46% were confident of success in 2025, little changed since 2023"

Using this report

Using this report

As well as the overall SME market, key elements have been analysed by a number of other factors where sample sizes permit. Typically, nothing will be reported on a base size of less than 100 – where this has been done an asterisk * highlights the care to be taken with a small base size. If appropriate, a qualitative or indicative assessment has been provided where base sizes are too small to report.

Much of the analysis is by size of business, based on the number of employees (excluding the respondent). This is because research has repeatedly shown that SMEs are not a homogenous group in their need for external finance, or their ability to obtain it, and that size of business can be a significant factor. The employee size bands used are the standard bands of 0 (typically a sole trader), 1-9, 10-49 and 50-249 employees.

Where appropriate, analysis has also been provided by sector, age of business or other relevant characteristics including external risk rating. This was supplied, for almost all completed interviews, by the sample providers Dun & Bradstreet and Experian. Risk ratings are not available for 13% of respondents, typically the smaller ones. Dun & Bradstreet and Experian use slightly different risk rating scales, and so the Experian scale has been matched to the Dun & Bradstreet scale as follows:

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

It is also possible to show many results by sector. The table below shows the share of each sector, from 3% (Agriculture) to 27% (Property/Business Services) of all SMEs, and the proportion in each sector in 2025 that are 0 employee SMEs.

	Sector	% of all SMEs	% of sector that are 0 emp
AB	Agriculture, Hunting and Forestry; Fishing	3%	66%
D	Manufacturing	5%	67%
F	Construction	17%	78%
G	Wholesale and Retail Trade; Repairs	11%	55%
H	Hotels & Restaurants	4%	35%
I	Transport, Storage and Communication	13%	81%
K	Real Estate, Renting and Business Activities	27%	74%
N	Health and Social work	7%	82%
O	Other Community, Social and Personal Service Activities	13%	85%

Analysis over time

This report is based predominantly on four waves of data gathered Q1 to Q4 2025. In all four waves, SMEs were asked about their past behaviour during the previous 12 months, so there is an overlap in the time period each wave has reported on. These year-ending figures are defined by the date of interview, i.e. all interviews conducted in the year concerned.

Where results can be shown by individual quarter over time, they have been, and this was especially important for years like 2020 and 2021 where trading conditions could change on an almost weekly basis. However, small sample sizes for some lines of questioning mean that in those instances data is reported based on four quarters combined (YEQ4 2025 in this report). This provides a robust sample size and allows for analysis by key sub-groups such as size, sector, or external risk rating.

Each report also comments on changes in demand for credit and the outcome of applications over time. Here, it is more appropriate to analyse results based on when the application was made, rather than when the interview was conducted. The extensive changes made to the questionnaire for Q1 2018 meant that base sizes for applications made from that date were initially limited. In this report the most recent analysis is based on applications made between Q3 2024 and Q4 2025 and reported during that period.

The exception to the approach outlined above, apart from when a new question has been introduced, is in the latter stages of the report where SMEs were asked about their planned future behaviour. In these instances, where we are typically reporting expectations for the next three months, comparisons are made between individual quarters as each provides an assessment of SME sentiment for the coming months and the comparison is an appropriate one.

Not all of the previous quarters are shown in the standard quarterly tables in this report. Quarterly data prior to Q4 2023 is no longer routinely shown, nor is annual data prior to 2018, and subsequent reports will continue this policy of deleting the oldest wave before adding the latest.

Definitions used in this report

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:

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 a minority 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 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 has also excluded those who applied for/took pandemic funding

Borrowing event – there are now 5 main 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). From 2022, this has also included those SMEs who 'self-discouraged' because they felt they already had as much borrowing as the business could take

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.

From the Q2 2016 report onwards, additional annual summary tables have been prepared for key questions to show the changes year on year. This provides a longer term context for the changes being seen in the most recent quarters, upon which most reporting is based.

Growth summary

Growth summary

Past growth (which excludes Starts) remained stable (27%) but below pre-pandemic levels with little change since 2022 and still below the 4 in 10 growing pre-pandemic:

- Larger SMEs remained more likely to have grown (45-46% 10-249 employees), as did younger SMEs (40% trading 2-5 years), and those in Manufacturing (32%) ,Agriculture (31%) or Property/Business Services (30%)
- Those trading for more than 15 years were the least likely to have grown (22%)

Fewer SMEs in 2025 were planning to grow (41%), down 6 points on 2024 and now back below pre-pandemic levels. A stable 18% of SMEs had both grown and planned to grow again:

- Again, larger SMEs were more likely to be planning to grow and as a result, 34% of those with 10-49 or 50-249 employees had both grown and were planning to grow, compared to 15% with 0 employees and 24% with 1-9 employees
- Over half of younger SMEs were planning to grow, and 30% of those trading for 2-5 years had both grown and planned to grow again
- Of the 3 sectors more likely to have grown:
    - those in Manufacturing were also more likely to be planning to grow (51%) and therefore more likely to be in the 'grown and plan to grow' group (23%);
    - those in Property/Business were slightly more likely to be planning to grow (45%) and so slightly more likely to be in the 'grown and plan to grow' group (20%);
    - those in Agriculture were somewhat less likely to be planning to grow (37%) or to be in the 'grown and plan to grow group' (15%)
- Those trading for more than 15 years were also less likely to be planning to grow (30%) and therefore less likely to be in the 'grown and plan to grow' group (14%)

A consistent quarter of SMEs (26%) met the definition of an Ambitious Innovator, an SME that is both planning to grow and to be innovative in the coming year:

- This proportion increased by size of SME to 42% of those with 50-249 employees and declined by age to 17% of those trading for more than 15 years. It was also higher for those in Manufacturing (37%) and Health (35%) compared to 17% in Construction

Comparing Ambitious Innovators (planning to grow and innovate) with those that had already achieved growth (accepting some overlap between them) showed that:

- Ambitious Innovators:
- Were more likely to plan and to have innovated in the past year as well as to be planning to innovate in the coming year and to have a mentor
- They were more likely to be using any business funding, being more likely to have injected personal funds and slightly more likely to be using external finance, as well as being more likely to be planning to apply for finance and to agree that they were happy to borrow to grow, though they were not as confident as others that an application would be successful

Those who had grown felt more positive than their peers:

- They were the most likely to hold more than £10,000 of credit balances, to feel the future offered opportunities, and not to feel that the future looked uncertain so they should be cautious with plans
- They were less likely to see key barriers to their business, including higher costs, the current economic climate and lower demand
- They were slightly more likely to be using finance, more confident of success were they to apply, and less likely to feel it could be difficult for them to get finance.

The Labour Government put economic growth at the centre of its agenda for office. Analysis of key metrics by those planning to grow is included within this report, but for this bespoke chapter analysis has been undertaken to explore:

- Who has grown and/or innovated and who is planning to do so
- Who are the "Ambitious Innovators" who plan to both grow and innovate
- What are the barriers to growth and what is the role of external finance.

What has growth looked like in 2025?

The headline figures for growth are that:

- Past growth remained stable but below pre-pandemic levels: **27%** of SMEs (excluding Starts) had grown in the past 12 months, with little change since 2022 and still below the 4 in 10 growing pre-pandemic *(The general context).*
    - **26%** of SMEs had achieved scale up growth at some stage in the last 10 years, stable since 2020 *(The general context).*
- Future ambition declined in 2025: **41%** of all SMEs were planning to grow in the coming year, down 6 points from 2024, and now slightly below levels of ambition pre-pandemic *(The future).*

Across recent years, despite some challenging economic conditions, the proportion of SMEs in each of the following groups has remained consistent. In 2025:

- **18%** of SMEs excluding Starts grew in the past year and plan to grow again this year, while almost half (48%) did not grow last year and do not expect to grow this year *(The future).*
- **29%** are Ambitious Risk Takers (ART) who want to be a bigger business and are happy to take risks to get there *(Financial context).*
- **27%** are Consistent Innovators (CI), who were innovative in the past year and plan to be innovative in the coming year *(The future).*
- **26%** are Ambitious Innovators (AInn) who are planning both to grow and to be innovative in the coming year *(The future).*

The table below provides an initial summary overview:

- Analysis by two key groups, size and age of SME, shows that whilst growth and innovation metrics typically increased by size of business, they declined by age, a consistent theme across this analysis
- Analysis by risk rating shows limited differences with the exception of those with an average risk rating, who were typically somewhat less likely to report any of these metrics
- Analysis by use of external finance and PNBs, shows those using finance were more likely to report any of these, notably being an Ambitious Risk Taker, a Consistent Innovator or an Ambitious Risk Taker:

Key metric summary							
2025 All SMEs row percentages	Grown	Scale up (10 yrs)	Plan to grow	Grown and grow again	ART	CI	AInn
All SMEs	***27%***	***26%***	***41%***	***18%***	***29%***	***27%***	***26%***
0 emp	24%	23%	38%	15%	27%	24%	24%
1-9 emps	34%	33%	48%	24%	34%	33%	30%
10-49 emps	45%	32%	57%	34%	38%	43%	35%
50-249 emps	46%	24%	58%	34%	35%	53%	42%
Starts*	-	-	68%	-	54%	34%	46%
2-5 years trading	40%	27%	56%	30%	44%	34%	39%
6-9 years	32%	30%	48%	22%	35%	32%	31%
10-15 years	27%	29%	39%	18%	24%	27%	23%
15+ years	22%	23%	30%	14%	18%	22%	17%
Minimal risk rating	34%	27%	44%	23%	27%	28%	26%
Low	30%	28%	40%	20%	25%	28%	24%
Average	24%	23%	35%	14%	23%	25%	20%
Worse than average	21%	27%	46%	20%	36%	29%	31%
Use external finance	29%	29%	43%	20%	34%	32%	30%
PNBs	25%	21%	37%	16%	21%	21%	21%

The table below provides a further summary overview by sector:

- Those in Manufacturing were consistently more likely to report any of these metrics, notably future plans to grow (51%), Consistent Innovators (39%) and Ambitious Innovators (37%)
- Meanwhile, those in Construction were somewhat less likely to report any of these metrics, including planning to grow (33%), or being either a Consistent Innovator (18%) or Ambitious Innovator (17%), with a similar pattern for those in Transport
- Agriculture was more of a mixed bag – one of the most likely to have grown (31%), but slightly less likely to be planning to grow (37%) and less likely to be an Ambitious Risk Taker (23%) or Consistent Innovator (19%). This was also true of Health who were less likely to have scaled (21%) or to have grown and expect to grow again (14%) but more likely to be either a Consistent Innovator (32%) or an Ambitious Innovator (35%)

Key metric summary

2025 All SMEs row percentages	Grown	Scale up (10 yrs)	Plan to grow	Grown and grow again	ART	CI	AInn
All SMEs	***27%***	***26%***	***41%***	***18%***	***29%***	***27%***	***26%***
Agriculture	31%	24%	37%	15%	23%	19%	25%
Manufacturing	32%	26%	51%	23%	31%	39%	37%
Construction	24%	25%	33%	16%	23%	18%	17%
Wholesale/Retail	28%	27%	43%	21%	33%	31%	26%
Hotels & Restaurants	27%	27%	42%	18%	26%	27%	24%
Transport	24%	26%	37%	16%	32%	23%	22%
Property/ Business Serv	30%	27%	45%	20%	30%	29%	29%
Health	26%	21%	45%	14%	26%	32%	35%
Other	25%	24%	43%	18%	29%	32%	26%

Looking now at some of the individual metrics and first a table showing how SMEs (excluding Starts) are spread across the various possible combinations for past and future growth, from 'grown and plan to grow' to 'declined and expect to decline again'.

This shows that:

- 1 in 5 (18%) of all SMEs (excluding Starts) grew in the previous year and expect to do so again.
- Meanwhile a quarter of all SMEs (26%) stayed the same size in the previous year and expect to do so again.
- There are fewer SMEs that declined in the previous year and think they will decline further this year (4%), than there are that declined but expect to stay the same size (16%) or declined but expect to grow (10%):

Growth v Future growth			
2025 All SMEs excl Starts	Grew	Stayed same	Declined
Plan to grow	18%	14%	10%
Plan to stay same	10%	26%	16%
Plan to decline	1%	2%	4%

The analysis earlier in this chapter showed that 0 employee SMEs were less engaged with the growth agenda than their larger peers, so the table below is based just on those with employees. This increases the proportion that grew and plan to grow again to 26% of SMEs with employees (excluding Starts):

Growth v Future growth			
2025 All SMEs with employees excl Starts	Grew	Stayed same	Declined
Plan to grow	26%	16%	8%
Plan to stay same	11%	23%	11%
Plan to decline	1%	1%	3%

Understanding ambitious SMEs

In this section we look at some key demographic metrics for those who have grown, those planning to grow and Ambitious Innovators (who plan to grow and innovate), to help understand them better. Those that had already achieved growth were somewhat more positive than those planning to do so.

There is some overlap between categories:

- 6 in 10 of those who grew in the past year also expected to grow in the next year and 38% met the narrower definition of those planning to both grow and innovate
- 4 in 10 of those who plan to grow also grew in the past year, while more, (6 in 10) met the narrower definition of those planning to both grow and innovate
- 4 in 10 of Ambitious Innovators also grew in the past year

- In terms of business structure, these ambitious SME were more likely to have employees and to have undertaken these activities than SMEs overall, with the exception of having someone trained in charge of the finances. Ambitious Innovators in particular were more likely to plan, to have innovated and to have a mentor, and slightly more likely to trade internationally
- Those that had grown were more likely to feel that the future offered mostly opportunities (44%) than their ambitious peers:

Growth structure

% who have:	**All SMEs**	Have grown	Plan to grow	Ambitious Innovators
Have employees	**26%**	**35%**	31%	31%
Plan	**49%**	54%	56%	**64%**
Have innovated	**41%**	55%	54%	**66%**
Trade internationally	**20%**	24%	25%	29%
Trained person in charge of finances	**29%**	33%	31%	29%
Have mentor	**15%**	19%	21%	**26%**
Future offers opportunities (7-10)	**28%**	**44%**	32%	30%

- In terms of external finance, use of any finance was somewhat higher for those that had grown (51%) and those expecting to be an Ambitious Innovator (52%) with a similar proportion in each group still repaying pandemic funding
- Past appetite for finance did not vary much between the three groups and SMEs overall, but Ambitious Innovators were more likely to have future appetite for finance with 18% planning to apply and 17% Future WBS. Confidence of success (whether they planned to apply or not) was slightly higher for those that had grown (55%)
- Those that had grown were also more likely to hold £10k or more of credit balances (44%), while those planning to grow and Ambitious Innovators in particular were more likely to have received an injection of personal funds (38% and 42% v 24% of those that had grown)
- Use of Trade Credit did not vary much but thanks to the injections of personal funds, Ambitious Innovators were the most likely to be using any Business Funding (80%)

Growth resource – external finance				
% who have:	**All SMEs**	Have grown	Plan to grow	Ambitious Innovators
Use any finance	**46%**	**51%**	48%	**52%**
Still repaying pandemic funding	*19%*	*21%*	*20%*	*21%*
Had a borrowing event	**13%**	15%	14%	16%
Would-be seeker	**5%**	5%	7%	7%
Happy non-seeker	**81%**	80%	79%	77%
Plan to apply	**11%**	12%	15%	**18%**
Future WBS	**14%**	10%	15%	17%
Future HNS	**75%**	78%	70%	**65%**
Confident of success if applied (all)	**46%**	**55%**	46%	43%

Growth resource – other funding				
% who:	**All SMEs**	Have grown	Plan to grow	Ambitious Innovators
Use trade credit	**38%**	40%	38%	39%
Have injected personal funds	**32%**	**24%**	38%	**42%**
Any business funding (with external finance)	***72%***	*72%*	*77%*	***80%***
Have £10k+ of credit balances	**30%**	**44%**	31%	32%

Attitudinally, these ambitious SMEs were

- Happier to use finance to grow, especially the Ambitious Innovators (52%) and also more willing to take risks to be successful with the Ambitious innovators again more likely to agree (69%)
- As likely to prefer a slower rate of growth they could fund themselves
- Those that had grown in the past year were less likely to feel the future looked uncertain (55%) or that it was difficult for businesses like theirs to get finance (32%) than their peers

Growth barriers				
% agree	**All SMEs**	Have grown	Plan to grow	Ambitious Innovators
Slower rate of growth can finance ourselves	**77%**	78%	79%	78%
Future feels uncertain so being cautious with plans (Q4)	**62%**	**55%**	64%	65%
Prepared to take risks to be successful	**46%**	53%	62%	**69%**
Difficult for business like ours to get finance	**38%**	**32%**	42%	45%
Happy to use finance to grow	**34%**	39%	46%	**52%**

Turning to the barriers for these ambitious SMEs:

- Higher costs, the current economic climate and political uncertainty were key barriers for all, but the first two were mentioned somewhat less by those that had grown, which was the case to some degree for most metrics.

Growth barriers				
8-10 future barriers	**All SMEs**	Have grown	Plan to grow	Ambitious Innovators
Higher costs	**36%**	**29%**	35%	36%
Current economic climate	**36%**	**26%**	36%	36%
Political uncertainty	**35%**	32%	35%	33%
Legislation etc	**27%**	25%	25%	26%
Lower demand	**23%**	**16%**	22%	23%
Cash flow difficulties	**16%**	12%	18%	19%
Late payment	**9%**	8%	10%	10%
Access to finance	**7%**	6%	9%	10%

The general context

Summary

A quarter of SMEs (27%) reported having grown in the previous year, down slightly on 2023-24 (29%) and back in line with 2022. Growth remained well below pre-pandemic levels when, typically, 4 in 10 would have grown, with a more noticeable 'gap' in 2025 for larger SMEs. The proportion reporting a decline was stable at 32%, lower than the 2021 'peak' of 56% but still higher than the more typical 19% that reported a decline in 2019:

- In 2025, the proportion of SMEs that had grown increased by size from 24% of 0 employee SMEs to 34% with 1-9 employees, 45% with 10-49 employees (each slightly lower than in 2024) and 46% for the largest SMEs with 50-249 employees
- As with other similar metrics, the proportion that had grown declined by age of SME, from 40% trading 2-5 years to 22% of those trading for more than 15 years
- Other SMEs more likely to have grown included those in Manufacturing (32%) , Agriculture (31%) or Property/Business Services (30%)
- A quarter of SMEs excluding Starts (26%) had achieved scaleup growth of 20% or more over 3 consecutive years in the last 10. This proportion has been stable overall since 2021, but has increased steadily over that period for the largest SMEs (18% to 24%)
- The 2025 growth figure was 10 points lower than in 2019 when 37% of SMEs had grown. Analysis by size showed a drop of 9 points between these two dates for those with 0, 1-9 or 10-49 employee SMEs, compared to 20 points for those with 50-249 employees
- The 2025 decline figure of 32% was 13 points higher than in 2019 when 19% of SMEs had declined. Analysis by size between the two years showed an increase in declines of 14 points for 0 employee SMEs (to 35%), 11 points for 1-9 employee SMES (to 26%), 8 points for those with 10-49 employees (to 18%) and 6 points for the largest SMEs with 50-249 employees (to 14%)

Whilst growth levels remained lower than previous seen, **profitability** was more in line with pre-pandemic levels. A stable 79% of all SMEs reported making a profit, maintaining the increase seen since 65% reported a profit in 2021. An increasing proportion said that improving their profit margins was a priority (51%):

- The proportion making a profit increased by size of SME from 78% of those with 0 employees to 91% of those with 50-249 employees (the latter up 6 points on 2024)
- There was limited variation by age, apart from amongst Starts where 62% made a profit, down 11 points from 2024 and compared to 77-82% of those trading for more than 2 years
- There was limited variation in profitability by sector (76-82%) with the exception of the Hotel and Restaurant sector which remained less likely to have made a profit (68%)
- Half of SMEs in Q4 2025 said improving their profit margins was a priority, a further increase from H2 2023 when 39% said it was a priority, and back to levels seen in 2020. All sizes of SME saw an increase in this priority in Q4 2025, notably 0 employee SMEs (up 11 points to 48%), as those with 50-249 employees remained the most likely to see this as a priority (72%)

An increasing proportion of SMEs in 2025 (23%) described themselves as '**Struggling**' with income failing to match outgoings, while 32% felt they were 'well off/comfortable'. Those who were Struggling were smaller, less likely to have grown (though they have ambitions to), but more likely to be using external finance (including still repaying pandemic funding) and to have an appetite to apply for more. Very few of them felt that the future offered opportunities:

- 23% of SMEs in 2025 described themselves as 'Struggling', a steady increase over time from the 18% in this position in 2023. This proportion declined by size of SME from 25% with 0 employees to 10% with 50-249 employees, and by age of SME, from 33% of Starts to 20% trading for over 15 years
- SMEs in Construction and Property/Business Services were less likely to be in this category (both 20%) compared to 29% in the Health sector

- The profile of those who said they were 'Struggling' remained different to their peers. They were:
  - Less likely to have employees (19% v 26% overall), or to have grown (12% v 27%) though they showed some future ambition (39% planned to grow v 41% overall), despite being much less likely to feel the future offered them opportunities (7% v 28%)
  - 54% were already using external finance, including 22% repaying pandemic funding (v 46% and 19% overall) and they were the most likely to either be planning to apply for finance (18% v 11%) or to be a Future would-be seeker (24% v 14% overall)

"23% of SMEs are 'Struggling'. These are more likely to be smaller SMEs, and those who feel the future offers threats rather than opportunities"

Almost all SMEs held some **credit balances**, with a stable 30% holding more than £10,000, increasing by size of SME. Most holding such sums agreed it reduced their need for external finance, the equivalent of 16% of all SMEs:

- 14% of SMEs held no credit balances, the highest proportion seen recently (in 2022 and 2023, 3% had no credit balances). 4 in 10 held less than £5,000, declining by size of SME from 47% with 0 employees to 3% with 50-249 employees
- 30% of SMEs held £10,000 or more in credit balances, unchanged from 2024 but slightly lower than the 33-35% with such balances 2021-23, a decline seen slightly more amongst larger SMEs though they remained more likely to hold such balances, increasing from 23% with 0 employees to 85% with 50-249 employees
- With the exception of Starts (17%) there was limited variation in £10,000 balances by age of SME (29-34%), while increases in such balances held in Manufacturing, Agriculture and Hotels and Restaurants saw them become the most likely to hold £10,000+ (37%)

A quarter of SMEs had **employees** (26%). Amongst employers, the proportion with no plans to recruit in the coming months has increased over recent years, while fewer employers reported issues recruiting the people they needed. The proportion employing staff from overseas remained lower than previously seen:

- In 2025, 34% of employers said they had no plans to recruit, a further increase from the 17% with no plans to recruit in H2 2022. 36% of those with 1-9 employees had no plans to recruit, compared to 12% of those with 50-249 employees

- Meanwhile, 21% of employers said they were struggling to recruit, down from 26% in H2 2022. 19% of those with 1-9 employees were struggling to recruit, increasing to 28% of those with 10-49 employees and 26% with 50-249 employees

These groups have changed over time:

- Back in 2023, employers were as likely to say they were struggling to recruit (23%) as they were that they had no plans to recruit (24%) but by 2025 there was a 13-point gap between the 34% of employers with no plans to recruit and the 21% struggling to recruit
- This gap varies by size of employer: for those with 1-9 employees ,36% had no plans to recruit compared to 19% struggling to do so, for those with 10-49 employees the two percentages were the same (28%) while the largest employers remained more likely to be struggling to recruit (26%) than to have no plans to recruit (12%)
- 7% of employers in 2025 said they employed people from overseas, increasing by size of employer to 32% with 50-259 employees. This was unchanged from 2024 but remained lower than previously seen - between 2018 and 2021, 15-17% of employers had staff from overseas

Business activities and innovation – while the proportion of SMEs trading internationally, or with a mentor, was stable in 2025, fewer SMEs reported any planning or innovative activity, or said they had a high level of trust in their main bank. 4 in 10 were using accounting software to help manage their finances. All of these activities increased by size of SME while levels of planning, innovation and a mentor decreased with age. In 2025:

- A stable 20% of SMEs were trading internationally, with 11% exporting and 14% importing. The largest SMEs (22%) and those in Manufacturing (18%) remained the most likely to be exporting. 1 in 5 of all exporters (22%) said more than 50% of their overall sales came from exports, while 40% said they were very/fairly reliant on exports to hit their overall sales targets
- A stable 15% had a mentor to advise the business
- 49% of SMEs reported any planning activity, down from 54% in 2023 and 2024, as fewer SMEs reported producing regular management accounts (down 5 points to 40%), while a stable 23% reported having a business plan

- 41% of SMEs reported doing any innovative activity in the past year, down 5 points from 2024 but in line with previous years from 2020. The 2025 figure reflected fewer SMEs that had improved an aspect of their business (down 5 points to 35%) and slightly fewer launching a new product or service (down 2 points to 21%)
- Reported use of accounting software in 2025 was 41%, up from 34% when this question was first asked in H2 2024. Use increased with the size of SME from 36% of those with 0 employees to 78% of those with 50-249 employees
- 52% reported a high level of trust in their main bank, increasing to 65% of those with 50-249 employees. This proportion has declined steadily since the 60% reported for 2021 and 2022, particularly for smaller and younger SMEs

"41% of SMEs reported any innovative activity in the past year, down 5 points from 2024 as fewer SMEs improved an aspect of their business"

In a new question for Q4 2025, 8% of SMEs were aware of a **cyber attack**, with 6% having suffered a cyber-attack themselves/on a key service they use, while 4% were aware of a cyber-attack on an important client:

- Incidence increased by size of SME from 7% of those with 0 employees to 12% of those with 50-249 employees. This was due to higher awareness amongst larger SMEs of an important client being affected (3% to 8%), rather than the SME themselves (5-6% across size bands)
- Those in Property/Business Services (12%) and fully international SMEs (16%) were more likely to be aware of an attack, with 11% of these fully international SMEs reporting an attack on themselves/a service they use, twice the level of domestic only SMEs (5%)

This chapter presents an overview of the characteristics of SMEs in the UK. Unless otherwise stated, figures are based on the 16,729 interviews conducted in the year ending Q4 2025 (that is the four quarters of 2025). SMEs have faced a range of trading challenges since the SME Finance Monitor started back in 2011, as economic conditions varied, General Elections 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 immediate impact of the pandemic abated, SMEs faced new challenges around inflation, possible recession and the impact of conflicts in Ukraine and the Middle East. Analysis of this data over time provides an indication of how SMEs have managed as trading conditions have changed.

Profitability

In Q4 2025, 7 in 10 SMEs (71%) reported making a profit in their most recent 12 month trading period. The proportion unable or unwilling to give an answer has varied over time (typically around 1 in 10) and once these answers had been excluded, 8 in 10 SMEs in Q4 2025 reported making a profit (82%):

Business performance last 12 months									
Over time By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Made a profit	67%	67%	64%	67%	70%	71%	72%	71%	71%
Broke even	8%	9%	8%	6%	6%	7%	6%	7%	6%
Made a loss	14%	12%	13%	12%	14%	13%	14%	13%	10%
DK/refused	12%	13%	16%	16%	11%	9%	8%	9%	13%
Median profit made	***£12k***	***£11k***	***£13k***	***£13k***	***£13k***	***£12k***	***£11k***	***£12k***	***£12k***
Made profit (excl DK)	***76%***	***76%***	***76%***	***79%***	***78%***	***78%***	***78%***	***78%***	***82%***

Q115 (241) All SMEs/ * All SMEs making a profit and revealing the amount

Note that because consistently unprofitable SMEs tend to go out of business, there will be an element of 'survivorship bias' in the profit figures, potentially underestimating the proportion of unprofitable businesses in the population.

For the period YEQ4 2025, 79% of SMEs had been profitable, once the DK/refused answers were excluded. This was little changed from 2024 and 2023 (both 77%), maintaining the increase seen since 2021 (when 65% made a profit) and now in line with the 79% recorded for 2020. The proportion making any profit increased by size of SME as did the amount of profit (or indeed loss) made, as the table below shows. Those with 50-249 employees are now slightly more likely to report a profit than they were pre-pandemic, while other size bands are back in line with that period.

The median profit, where made, was £12k, and the median loss £2k. Both were little changed from 2024 with the profit made remaining slightly higher than in 2019, when the median profit made was £9k and the median loss made was £2k:

Business performance last 12 months

YEQ4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Made a profit	71%	71%	72%	76%	79%
Broke even	7%	7%	6%	4%	2%
Made a loss	12%	13%	12%	8%	6%
DK/refused	10%	10%	11%	12%	13%
Made profit (excl DK)	***79%***	***78%***	***80%***	***86%***	***91%***
Median profit made*	***£12k***	***£10k***	***£24k***	***£58k***	***£210k***
Median loss made*	***£2k***	***£2k***	***£9k***	***£26k***	***£55k***

Q115 (241) All SMEs/ * All SMEs making a profit/loss and revealing the amount

Amongst SMEs with employees, 81% reported making a profit YEQ4 2024 (excluding the DK and refused answers). Again, this was unchanged from the 80% reporting a profit in 2024 and 2023, maintaining the increase seen from 2021 (when 71% made a profit), and almost back to the 82% reporting making a profit in 2020.

There was limited variation in profitability between sectors, or the amount of profit or loss made. YEQ4 2025, around 8 in 10 or more made a profit, with the exception of 68% in the Hotel and Restaurant sector that struggled so much in the pandemic (albeit this is higher than the 45% that made a profit in 2021):

Business performance last 12 months									
YEQ4 25 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***797***	***2198***	***2677***	***2374***	***818***	***1384***	***3855***	***864***	***1762***
Made a profit	70%	74%	74%	69%	57%	67%	74%	76%	71%
Broke even	7%	7%	7%	7%	9%	9%	5%	6%	7%
Made a loss	11%	10%	11%	14%	18%	12%	12%	11%	15%
DK/refused	12%	9%	10%	10%	15%	13%	9%	7%	7%
Made profit (excl DK)	***80%***	***81%***	***81%***	***77%***	***68%***	***76%***	***81%***	***82%***	***77%***
Median profit made*	***£13k***	***£12k***	***£13k***	***£12k***	***£12k***	***£10k***	***£14k***	***£10k***	***£9k***
Median loss made*	***£7k***	***£3k***	***£5k***	***£5k***	***£6k***	***£2k***	***£2k***	***£2k***	***£2k***

Q115 (241) All SMEs/ * All SMEs making a profit/loss and revealing the amount

Median profits reported for YEQ4 2025 (£12k overall) showed limited variation by sector (£12-14k) with the slight exception of Health (£10k) and the Other Community sector (£9k). Reported median losses for YEQ4 2025 were £2k overall, varying from £2-5k, with the slight exception of the Agriculture (£7k).

The table below takes a longer-term view of profitability (shown from 2018 and also excluding DK/refused answers) by key demographics. This shows that in pre-pandemic years a broadly stable 8 in 10 reported making a profit but in 2021, as the pandemic had more of an effect on annual results, the proportion of profitable SMEs reduced to 65% overall. There has been something of a recovery since, to 77% in both 2023 and 2024, and 79% in 2025, much more in line with typical pre-pandemic levels of profitability.

Larger SMEs and those with a minimal or low risk rating remained more likely to be profitable. Whilst there was a limited change in profitability 2024 to 2025 overall, more marked changes were seen:

- In Wholesale/Retail (up 6 points to 77%)
- In those trading for 2-5 years (up 7 points to 80%)

Overall profitability, at 79%, is back in line with 2020, and for all sub-groups except for the largest SMEs (up 6 points to 91%) Three demographics This question is rested periodically to make space for other questions but was asked in H2 2023 was a key priority for the business remained less likely to be profitable than in 2020: Hotels and Restaurants (down 4 points at 68%), Starts (down 11 points at 62%) and those trading for 6-9 years (down 5 points at 77%).

Made a profit in last 12 months								
Over time (excl DK) By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***78%***	***82%***	***79%***	***65%***	***73%***	***77%***	***77%***	***79%***
0 emp	77%	81%	78%	64%	71%	76%	76%	78%
1-9 emps	82%	82%	81%	69%	77%	78%	78%	80%
10-49 emps	87%	87%	85%	79%	85%	89%	88%	86%
50-249 emps	86%	87%	85%	77%	89%	91%	92%	91%
Minimal external risk rating	85%	85%	86%	76%	81%	86%	86%	87%
Low	84%	88%	87%	73%	81%	86%	87%	88%
Average	79%	83%	80%	68%	76%	80%	80%	81%
Worse than average	75%	78%	74%	59%	68%	72%	70%	72%
Agriculture	75%	81%	77%	73%	72%	76%	77%	80%
Manufacturing	81%	81%	81%	68%	76%	78%	76%	81%
Construction	79%	85%	80%	70%	77%	80%	83%	81%
Wholesale/Retail	75%	76%	78%	65%	71%	73%	71%	77%
Hotels & Restaurants	75%	74%	72%	45%	62%	66%	67%	68%
Transport	77%	80%	77%	56%	61%	77%	76%	76%
Property/ Business Services	80%	84%	83%	70%	79%	80%	80%	81%
Health	80%	86%	80%	58%	76%	78%	82%	82%
Other	78%	78%	73%	65%	70%	73%	72%	77%
PNBs	79%	83%	83%	71%	77%	82%	81%	84%
All excl PNBs	77%	81%	76%	62%	70%	75%	75%	76%
Starts	75%	82%	73%	53%	64%	67%	64%	62%
2-5 years trading	76%	76%	79%	66%	68%	70%	73%	80%
6-9 years	79%	82%	82%	66%	71%	80%	75%	77%
10-15 years	79%	85%	83%	69%	79%	81%	83%	82%
15+ years	80%	83%	80%	69%	76%	81%	82%	82%

Q115 (241) All SMEs excl DK

From Q1 2018, SMEs have been asked whether increasing their profit margin was a key priority for the business. This question is rested periodically to make space for other questions but was asked in H2 2023 (when 39% said it was a priority), in H2 2024 when the proportion was slightly higher (42%) and most recently in Q4 2025 when the proportion had increased again to 51%:

Profit margins	Further analysis Q4 2025
Size of SME	Larger SMEs remained the most likely to say improving profit margins was a priority, but the smaller ones in particular were more likely to see this as a priority in Q4 2025 than in H2 24: • 48% of SMEs with 0 employees said it was a priority (from 37% in H2 2024) • 59% of SMEs with 1-9 employees (from 50%) • 66% of SMEs with 10-49 employees (from 64%) • 72% of SMEs with 50-249 employees said it was a priority (from 66%). 60% of SMEs with employees said that improving profit margins was a key priority, (up from 53% in H2 2024 and 46% in H2 23) back in line with 2022 (52%), but still below the 66% who saw it as a priority in 2021.
Risk rating	There remained relatively little difference by risk rating in the proportion saying improving margins was a priority (52-55%) with the slight exception of those with an average risk rating (49%).
Age of business	The proportion seeing profit margins as a priority varied little for SMEs under 10 years (58-62%) before declining to 53% trading for 10-15 years and then to 45% for those trading for 15+ years.
Sector	Improving profit margins was a priority for 60% in Transport, 59% in Manufacturing and 58% in both Wholesale/Retail and Hotels & Restaurants, in contrast to Health (38%) and Agriculture (39%) and 45-53% elsewhere.
PNBs, use of finance and growth	Excluding the Permanent non-borrowers made a difference to the proportion saying it was a priority (56% v 44% of PNBs). Unlike in 2024, improving profit margins was also now more of a priority for those using finance (up 15 points to 56%) than those not using finance (up 6 points to 48%) and it remained more of a priority for those planning to grow (up 21 points to 69%) than those with no such plans (up 4 points to 40%)
Profitability	Those who had made a profit in the last year were as likely to say that improving profit margins was a priority (up 9 points to 51%) as those who had made a loss (up 10 points to 53%) slightly ahead of those who had broken even (up 8 points to 45%).

The proportion of all SMEs saying that improving their profit margin was a priority initially increased over time, from 30% in 2018 to 58% in 2021, before declining back to 39% in H2 2023, with little change in H2 2024 (42%).

In Q4 2025, the proportion had increased again to 51% as the proportion of 0 employee SMEs seeing this as a priority increased (to 48%), as it did for those with 1-9 employees (to 59%), with smaller increases for the larger SMEs:

Improving profit margins a priority								
Over time Row percentages By date of interview	2018	2019	2020	2021	2022	H2 2023	H2 2024	Q4 2025
All SMEs	***30%***	***39%***	***52%***	***58%***	***49%***	***39%***	***42%***	***51%***
0 employee	28%	36%	49%	55%	47%	37%	37%	48%
1-9 employees	34%	47%	60%	65%	51%	44%	50%	59%
10-49 employees	40%	53%	69%	69%	52%	55%	64%	66%
50-249 employees	51%	42%	66%	80%	73%	65%	66%	72%

Q84 (223) All SMEs

Sales growth

From Q4 2012, all SMEs except Starts were asked about their growth in the previous 12 months. In Q1 2018, the information collected on both past and future growth was extended to identify those growing or planning to grow by 40% or more (previously the highest growth rate recorded was 20% or more).

Those that had grown by 20% or more have continued to be asked whether they had also achieved this level of growth in each of the previous 2 years (part of the definition for 'scaleup growth' described later in this chapter):

- Pre-pandemic, typically around 4 in 10 SMEs (excluding Starts) reported that they had grown at all in the previous 12 months.
- During the pandemic this declined to 13% in Q1 2021, the lowest levels seen on the SME Finance Monitor.
- By Q4 2021, the proportion reporting growth had increased somewhat to 25%, and since the end of 2022 it has remained at around 3 in 10, stable but below typical pre-pandemic levels

Growth achieved in last 12 months

All SMEs excluding Starts By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4367***	***3912***	***4064***	***4060***	***4070***	***4104***	***4083***	***3865***	***3993***
Grown by more than 40%	2%	2%	2%	1%	2%	2%	2%	1%	3%
Grown by 20-40%	8%	7%	8%	8%	8%	7%	7%	6%	7%
Grown but by < 20%	20%	20%	20%	18%	20%	18%	19%	17%	18%
Grown (any)	***30%***	***29%***	***29%***	***27%***	***29%***	***28%***	***28%***	***25%***	***28%***
Stayed the same	38%	38%	38%	41%	40%	39%	39%	42%	42%
Declined	32%	32%	32%	32%	31%	33%	33%	33%	30%

Q81 (245a) All SMEs trading for 3 years or more excl DK

At the other end of the scale, the proportion of SMEs (excluding Starts) reporting that they had declined in the previous 12 months was around 1 in 5 pre-pandemic in 2019. During the pandemic that proportion increased markedly, to 61% in Q4 2020 and for the first half of 2021. Since the end of 2022, the proportion reporting a decline has been lower, and stable, at around 1 in 3, but still above levels seen pre-pandemic.

As in 2024, slightly fewer SMEs (27% of all SMEs excluding Starts) had grown in 2025, than had declined (32%), but this was only the case for 0 employee SMEs, with larger SMEs more likely to have grown and much less likely to have declined as the table below shows:

Growth achieved in last 12 months					
YEQ4 25 – all SMEs (excluding Starts)	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,045***	***3756***	***7115***	***3678***	***1496***
Grown by more than 40%	2%	2%	3%	3%	2%
Grown by 20-40%	7%	6%	10%	11%	12%
Grown by less than 20%	18%	16%	22%	31%	32%
Grown (any)	***27%***	***24%***	***34%***	***45%***	***46%***
Stayed the same size	41%	41%	39%	37%	40%
Declined	32%	35%	26%	18%	14%
Net change (grown – declined)	***-5***	***-11***	***+8***	***+27***	***+32***

Q81 (245a) All SMEs trading for 3 years or more excl DK

By sector, the proportion that had grown ranged from 24% in Construction and Transport to 32% in Manufacturing. Most sectors, with the exception of Agriculture (+5) Manufacturing (+3) and Property/Business Services (0) were more likely to have declined than grown, notably Transport where 24% had grown and 36% had declined, a net score of -12:

Growth achieved in last 12 months									
YEQ4 25 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***775***	***2128***	***2593***	***2270***	***767***	***1325***	***3701***	***817***	***1669***
Grown by more than 40%	1%	3%	2%	2%	1%	2%	3%	1%	1%
Grown by 20-40%	8%	9%	5%	8%	6%	7%	7%	7%	6%
Grown by less than 20%	22%	21%	17%	18%	20%	15%	19%	18%	18%
Grown (any)	***31%***	***32%***	***24%***	***28%***	***27%***	***24%***	***30%***	***26%***	***25%***
Stayed the same size	43%	39%	44%	38%	42%	40%	40%	40%	42%
Declined	26%	29%	32%	34%	31%	36%	30%	34%	33%
Net change	***+5***	***+3***	***-8***	***-6***	***-4***	***-12***	***0***	***-8***	***-8***

Q81 (245a) All SMEs trading for 3 years or more excl DK

Analysis by age of business showed that those trading for 2-5 years remained the most likely to have grown (40%) and the least likely to have declined (21%), giving a net 'score' of +19. The older the SME, the less likely they were to have grown, while a steady 1 in 3 of those trading for more than 5 years had declined. As a result, those trading for 10 years or more remained more likely to have declined than grown:

Growth achieved in last 12 months					
YEQ4 25 – all SMEs (excluding Starts)	Total	2-5yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***16,045***	***1266***	***1695***	***3126***	***9958***
Grown by more than 40%	2%	5%	2%	2%	1%
Grown by 20-40%	7%	14%	9%	6%	5%
Grown by less than 20%	18%	21%	21%	19%	17%
Grown (any)	***27%***	***40%***	***32%***	***27%***	***22%***
Stayed the same size	41%	39%	37%	40%	42%
Declined	32%	21%	31%	32%	35%
Net change (grown – declined)	***-5***	***+19***	***+1***	***-5***	***-13***

Q81 (245a) All SMEs trading for 3 years or more excl DK

Comparisons to previous years are provided later in this section, while the table below looks at growth patterns in 2025 by other key demographics:

Business Growth	Further analysis (excluding Starts) YEQ4 2025
Risk rating	Analysis by risk rating showed that: • Overall, 10% reported growth by 20%+ in each risk rating except average (6%) • The proportion growing at all ranged from 24% for those with an average risk rating and 27% with a worse than average rating, to 30% with a low rating and 34% of those with a minimal risk rating. • There was also similar variation in terms of the proportion that had declined, ranging from 33% for those with an average risk rating and 34% with a worse than average rating, to 29% with a low rating and 23% of those with a minimal risk rating. • Overall those with a minimal (+11) or low (+1) risk rating had a positive net growth score, while those with an average (-9) or a worse than average rating (-10) had a negative net score.
Appetite for finance	There was limited difference in growth by previous appetite for finance: • 27% of Would-be seekers (who had wanted to apply but something had stopped them) had grown, as had 28% of those who reported a borrowing event in the 12 months prior to interview and the 27% of those that had been a Happy non-seeker of finance. • The Would-be seekers remained more likely to report a decline (45%) than those that reported an event (35%) or the Happy non-seekers (31%). • As a result, Would-be seekers had a net score of -18, compared to -7 for those reporting a borrowing event and -4 for those that had been a Happy non-seeker of finance. Permanent non-borrowers (with no immediate appetite for finance) were: • Slightly less likely to have grown at all (25% v 28% that did not meet the definition). • Slightly fewer PNBs had declined then their peers (28% v 35%), resulting in a net score of -3 for PNBs and -7 for those who did not meet the definition.

The table below takes a longer-term view of growth by key demographics. Pre-pandemic a broadly consistent 4 in 10 SMEs (excluding Starts) reported having grown in each period to 2019 (37%), reducing during the pandemic to 18% in 2021. The proportion than increased again but has remained below pre-pandemic levels as around 3 in 10 SMEs have grown (27% in 2025, in line with 2022 to 2024). While the overall position 2024 to 2025 was broadly stable, there were some changes by demographics:

- An increase in the proportion reporting they had grown for those with a minimal risk rating (up 5 points to 34%), and those in Agriculture (up 4 points to 31%)
- Fewer SMEs reporting having grown amongst those with a low risk rating (down 4 points to 30%) and those in Hotels and Restaurants (down 5 points to 27%, negating the increase seen in 2024) as well as a 4 point drop for those in Wholesale/Retail (to 28%), the Other Community sector (to 25%) as well as SMEs that did not meet the definition of a PNB (to 25%)

Achieved growth in last 12 months								
All SMEs over time (excluding Starts) By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs (excl Starts)	***39%***	***37%***	***27%***	***18%***	***27%***	***29%***	***29%***	***27%***
0 emp	35%	33%	25%	17%	25%	26%	25%	24%
1-9 emps	46%	43%	32%	21%	32%	36%	36%	34%
10-49 emps	55%	54%	38%	26%	42%	48%	46%	45%
50-249 emps	65%	66%	37%	21%	25%	45%	45%	46%
Minimal external risk rating	40%	39%	31%	18%	25%	29%	29%	34%
Low	41%	39%	31%	19%	27%	32%	34%	30%
Average	36%	34%	25%	16%	25%	27%	26%	24%
Worse than average	41%	40%	27%	18%	28%	31%	30%	27%
Agriculture	33%	37%	26%	23%	24%	27%	27%	31%
Manufacturing	41%	35%	33%	21%	29%	29%	30%	32%
Construction	34%	34%	23%	16%	23%	29%	25%	24%
Wholesale/Retail	45%	41%	33%	20%	29%	31%	32%	28%
Hotels & Restaurants	42%	40%	21%	8%	24%	26%	32%	27%
Transport	38%	35%	21%	14%	27%	32%	27%	24%
Property/ Business Services	40%	37%	30%	21%	29%	29%	30%	30%
Health	43%	47%	33%	19%	24%	23%	28%	26%
Other	41%	36%	28%	16%	28%	30%	29%	25%
PNBs	37%	34%	27%	18%	26%	28%	28%	28%
All excl PNBs	42%	40%	27%	18%	28%	30%	29%	25%
2-5 years trading	58%	53%	40%	25%	38%	42%	41%	40%
6-9 years	45%	42%	31%	18%	31%	35%	33%	32%
10-15 years	35%	39%	27%	18%	27%	28%	27%	27%
15+ years	31%	29%	22%	16%	23%	25%	25%	22%

Q81 (245a) All SMEs trading for 3 years or more excl DK

When the growth question was first asked in 2012, 21% of SMEs (excluding Starts) reported a decline in turnover. By 2015, this figure had reduced to 12% and remained around 1 in 10 until 2018 when 17% reported a decline. As a period of increased economic challenge followed, the proportion reporting a decline increased again, to 56% in 2021.

Since then, the proportion reporting a decline has dropped to 1 in 3 (32% in both 2024 and 2025, virtually unchanged from 2023) but remains clearly above pre-pandemic levels:

- There remains a clear pattern by size of SME, from 35% of 0 employee SMEs reporting a decline to 14% of those with 50-249 employees and little changed year on year.
- There were few differences year on year by risk rating, PNBs or age of SME: Those with a minimal risk rating (who were more likely to have grown) were slightly less likely to report a decline in 2025 (down 5 points to 23%), as were those who had been trading for 2-5 years (down 4 points to 21%)
- By sector, those in Manufacturing (down 4 points to 29%) and Hotels and Restaurants (down 5 points to 31%) were less likely to report a decline in 2025, while those in Transport were somewhat more likely (up 4 points to 36%)

Declined in last 12 months								
All SMEs over time (excluding Starts) By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs (excl Starts)	***17%***	***19%***	***37%***	***56%***	***37%***	***33%***	***32%***	***32%***
0 emp	19%	21%	39%	57%	40%	37%	35%	35%
1-9 emps	12%	15%	34%	52%	31%	26%	26%	26%
10-49 emps	8%	10%	28%	44%	20%	15%	17%	18%
50-249 emps	13%	8%	28%	41%	16%	11%	13%	14%
Minimal external risk rating	13%	15%	29%	50%	28%	26%	28%	23%
Low	15%	15%	32%	52%	32%	31%	26%	29%
Average	18%	23%	41%	57%	39%	34%	33%	33%
Worse than average	17%	18%	38%	58%	38%	34%	33%	34%
Agriculture	14%	14%	28%	38%	29%	26%	27%	26%
Manufacturing	18%	20%	32%	53%	37%	38%	33%	29%
Construction	15%	18%	33%	49%	37%	27%	33%	32%
Wholesale/Retail	14%	18%	36%	54%	39%	34%	31%	34%
Hotels & Restaurants	15%	20%	52%	77%	44%	37%	36%	31%
Transport	19%	19%	47%	64%	42%	34%	32%	36%
Property/ Business Services	18%	20%	37%	53%	34%	32%	30%	30%
Health	14%	8%	35%	56%	34%	38%	34%	34%
Other	18%	21%	40%	64%	41%	40%	33%	33%
PNBs	15%	17%	32%	49%	34%	30%	28%	28%
All excl PNBs	18%	21%	41%	60%	40%	35%	34%	35%
2-5 years trading	10%	12%	34%	49%	33%	26%	25%	21%
6-9 years	15%	13%	38%	62%	40%	33%	32%	31%
10-15 years	16%	19%	37%	56%	36%	36%	33%	32%
15+ years	20%	23%	39%	55%	38%	34%	33%	35%

Q81 (245a) All SMEs trading for 3 years or more excl DK

Scaleup growth

In 2025, 9% of SMEs (excluding Starts) reported that they had grown by 20% or more in the previous 12 months, ranging from 8% of those with 0 employees to 13-14% of those with employees. This proportion was up from 7% in 2021 and in line with the 9% of SMEs typically reporting such levels of growth previously.

Amongst those who reported for YEQ4 2025 that they had grown by 20% or more, just over half (57%) went on to report that they had also achieved this level of growth for each of the two previous years (up from 50% in 2024 and 46% in 2023 and ahead of other recent years).

- This is the equivalent of 5% of all SMEs (excluding Starts) reporting having grown by 20% or more for the last 3 years (4% of 0 employee SMEs and 7% of those with employees).

From Q1 2018, an additional question has been asked of the remaining SMEs (excluding Starts) that had not grown by 20% or more in the previous year or achieved scale up growth in the last 3 years. This asked whether they had achieved scale up growth (3 consecutive years growth at 20% or more) at any time in the last 10 years.

- 22% of these SMEs said that they had, ranging by size from 18% of such SMEs with 50-249 employees to 28% of those with 1-9 employees and 26% with 10-249 employees (20% for 0 employee SMEs).

This means that overall, 26% of all SMEs (excluding Starts) had achieved a period of scale up growth, either recently or in in the last 10 years. Note though that most of these scaleups qualified due to their performance in the last 10 years rather than the last two (i.e. including their performance pre-pandemic).

The table below shows the proportion of scaleups, using this revised definition, by key demographics from 2018. Since 2020 around a quarter of SMEs (23-26%) have met the definition of a Scaleup, including in 2025 (26%, at the top end of the range seen):

- A number of demographics did report an increase in 2025 to the highest proportion of scaleups seen in that demographic in recent years: Those with 50-249 employees (up 4 points to 24%), those with a minimal or low risk rating (both up 3 points to 27% and 28% respectively) and those trading for 2-5 years (up 5 points to 27%)

Achieved scale up growth in last 10 years								
All SMEs over time (excluding Starts) By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs (excl Starts)	***20%***	***20%***	***23%***	***25%***	***24%***	***24%***	***25%***	***26%***
0 emp	18%	19%	21%	24%	23%	22%	24%	23%
1-9 emps	25%	23%	27%	28%	27%	29%	29%	33%
10-49 emps	25%	19%	26%	29%	30%	29%	31%	32%
50-249 emps	17%	12%	19%	18%	15%	21%	20%	24%
Minimal external risk rating	18%	16%	23%	24%	23%	24%	24%	27%
Low	20%	20%	23%	24%	24%	22%	25%	28%
Average	19%	20%	20%	25%	26%	24%	24%	23%
Worse than average	20%	21%	24%	26%	24%	25%	27%	27%
Agriculture	15%	16%	16%	21%	17%	17%	22%	24%
Manufacturing	23%	21%	21%	23%	25%	20%	25%	26%
Construction	19%	18%	22%	24%	24%	25%	28%	25%
Wholesale/Retail	21%	20%	24%	25%	24%	25%	25%	27%
Hotels & Restaurants	22%	15%	24%	24%	20%	19%	24%	27%
Transport	20%	21%	24%	28%	27%	26%	24%	26%
Property/ Business Services	21%	23%	23%	25%	24%	26%	25%	27%
Health	13%	12%	20%	24%	23%	20%	18%	21%
Other	18%	19%	24%	25%	28%	23%	28%	24%
PNBs	19%	19%	19%	22%	20%	21%	21%	21%
All excl PNBs	21%	20%	25%	27%	28%	26%	27%	28%
2-5 years trading	25%	22%	24%	22%	22%	23%	22%	27%
6-9 years	19%	20%	29%	30%	28%	29%	30%	30%
10-15 years	22%	24%	25%	29%	30%	30%	30%	29%
15+ years	17%	17%	19%	23%	22%	21%	22%	23%

Q81/83x All SMEs excl Starts

Analysis of these Scaleups showed that they remained more likely than their peers who hadn't scaled to have been innovative (56%), international (27%), or ambitious (48% planned to grow). They were also more likely than their peers to be using external finance (55%) and slightly more likely to have a future appetite for finance (14%), so were less likely to meet the definition of a Permanent non-borrower (32%):

Profile of Scaleups

YEQ4 25 – all SMEs excluding Starts	Scaleup	Not scale up
Unweighted base:	***4821***	***11,584***
Have employees	33%	24%
Use external finance	55%	46%
Permanent non-borrower	32%	41%
Innovative	56%	36%
International	27%	18%
Plan to grow	48%	34%
Plan to apply for finance	14%	10%
Future would-be seeker	13%	12%
Future happy non-seeker	73%	79%

All SMEs trading for 3 years or more

Financial Risk Profile

The main assessment of financial risk is the external risk rating supplied for the sample by ratings agencies Dun & Bradstreet and Experian. They use a range of business information to predict the likelihood of business failure and their ratings have been combined to a common 4 point scale from a minimal risk of failure to a worse than average risk of failure. Although not all SMEs receive this external risk rating, most do (87%) and it is commonly used and understood by lenders. It has thus been used in this report for all risk related analysis.

The overall risk profile over recent quarters is shown below. Typically, 7% of SMEs had a minimal risk rating and this has changed very little over recent quarters. Historically, just under half had a worse than average risk rating – but the proportion has been closer to 40% in most recent quarters:

External risk rating									
All SMEs (where provided) over time By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4249***	***3889***	***4052***	***3861***	***3913***	***3855***	***3882***	***3686***	***3876***
Minimal risk	7%	7%	8%	7%	8%	7%	6%	7%	6%
Low risk	14%	16%	15%	17%	15%	17%	15%	18%	20%
Average risk	35%	35%	33%	37%	32%	35%	39%	35%	36%
Worse than average risk	44%	42%	44%	39%	45%	41%	40%	40%	38%

All SMEs where risk rating provided

Looking over the longer term, the proportion of SMEs with a worse than average risk rating dropped to just below 50% for 2014 and has remained there, with the proportion in 2025 (40%) at bottom of the range seen. The proportion with a minimal or low external risk rating increased from 16% in 2012 to 25% in 2015 and has been broadly stable since, currently 24%:

External risk rating								
(Where provided) over time By date of interview	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***16,598***	***16,297***	***16,352***	***14,917***	***15,791***	***15,853***	***15,715***	***15,299***
Minimal risk	7%	7%	6%	7%	7%	7%	7%	7%
Low risk	16%	16%	15%	14%	15%	15%	16%	17%
Average risk	30%	33%	32%	37%	34%	33%	34%	36%
Worse than average risk	47%	44%	47%	42%	44%	44%	43%	40%

All SMEs where risk rating provided

The risk ratings for YEQ4 2025 overall are shown below by size of SME and continue to report a better risk profile for larger SMEs. 7 in 10 SMEs with either 10-49 or 50-249 employees had a minimal or low risk rating compared to 17% of those with 0 employees:

External risk rating					
YEQ4 25– all SMEs where rating provided	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***15,299***	***3409***	***6679***	***3695***	***1516***
Minimal risk	7%	3%	13%	31%	31%
Low risk	17%	14%	23%	38%	41%
Average risk	36%	39%	30%	25%	24%
Worse than average risk	40%	44%	34%	7%	4%

All SMEs where risk rating provided

Amongst SMEs with employees, 42% had a minimal or low external risk rating, 29% an average risk rating and 29% a worse than average risk rating.

There was notable variation in risk profile by sector. SMEs in Agriculture remained more likely than almost all other sectors to have a minimal or low risk rating (48% YEQ4 2025 including 28% with a minimal risk rating). Those in Health were also more likely to have a minimal/low rating (47%), compared to 17% in Construction and 19-28% elsewhere:

External risk rating

YEQ4 25	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***727***	***2047***	***2450***	***2161***	***751***	***1262***	***3521***	***787***	***1593***
Minimal risk	28%	9%	4%	9%	6%	5%	5%	8%	5%
Low risk	20%	19%	13%	18%	13%	15%	17%	39%	14%
Average risk	29%	36%	41%	37%	41%	33%	35%	21%	45%
Worse than average risk	23%	36%	43%	37%	40%	47%	43%	32%	37%
Total Min/Low	***48%***	***28%***	***17%***	***27%***	***19%***	***20%***	***22%***	***47%***	***19%***

All SMEs where risk rating provided

The table below shows the proportion with a worse than average risk rating over time, by key demographics. Between 2013 and 2019 the proportion of SMEs with a worse than average risk rating fell from 54% to 44% and has been fairly stable since. In 2025, a slightly lower proportion had such a rating (down 3 points from 2024 to 40%):

- As with all metrics, the overall risk profile is driven by the ratings for 0 employee SMEs. Amongst this group the proportion with a worse than average risk rating has typically varied between 50% and 60% over time, but has declined more recently, to 47% in 2024 and 44% in 2025. The proportion of 1-9 employee SMEs with this risk rating was also lower in 2025 at 34%, now back in line with 2022-23
- Younger SMEs, with less of a track record, remained more likely than their peers to have a worse than average risk rating, despite a further improvement in the picture for both Starts (down another 4 points at 63%) and those trading for 2-5 years (down another 2 points to 61%).
- SMEs in Construction have been more likely to have a worse than average risk rating, but the picture has improved again in 2025 (down 5 points to 43%) and they are no longer the worst performing sector, which is now Transport (unchanged on 47%). The beleaguered Hotel and Restaurant sector also improved in 2025 (down 7 points to 40%)

Worse than average external risk rating								
All SMEs over time By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***47%***	***44%***	***47%***	***42%***	***44%***	***44%***	***43%***	***40%***
0 emp	53%	50%	53%	47%	49%	49%	47%	44%
1-9 emps	36%	33%	33%	32%	33%	35%	37%	34%
10-49 emps	6%	5%	5%	4%	5%	6%	7%	7%
50-249 emps	5%	5%	3%	5%	6%	5%	5%	4%
Agriculture	32%	26%	25%	24%	24%	18%	22%	23%
Manufacturing	42%	40%	40%	36%	33%	44%	41%	36%
Construction	51%	48%	55%	45%	52%	55%	48%	43%
Wholesale/Retail	40%	41%	47%	40%	36%	42%	41%	37%
Hotels & Restaurants	47%	43%	41%	35%	45%	43%	47%	40%
Transport	49%	54%	52%	43%	54%	49%	46%	47%
Property/ Business Services	52%	45%	47%	43%	41%	43%	42%	43%
Health	36%	30%	29%	34%	33%	33%	28%	32%
Other	49%	43%	51%	46%	48%	42%	49%	37%
PNBs	46%	42%	46%	39%	44%	45%	41%	41%
All excl PNBs	48%	45%	47%	43%	44%	44%	43%	40%
Starts	67%	62%	67%	65%	72%	74%	67%	63%
2-5 years trading	71%	70%	65%	63%	69%	69%	63%	61%
6-9 years	51%	48%	51%	47%	44%	47%	51%	49%
10-15 years	37%	35%	41%	34%	39%	38%	37%	35%
15+ years	29%	26%	30%	26%	27%	27%	27%	29%
Using external finance	46%	45%	43%	41%	41%	43%	43%	39%
Not using finance	48%	43%	49%	42%	45%	45%	42%	41%

All SMEs where risk rating provided

Credit balances

Almost all SMEs held some credit balances (noting that from Q2 2020 the wording was changed slightly from balances 'usually' held to balances 'currently' held). YEQ4 2025, 14% of SMEs did not hold any, another increase on levels previously seen (3-6% prior to 2024).

The table below shows the amount of credit balances held, with clear differences by size of SME: 8 in 10 of the smallest SMEs held less than £10,000 of credit balances, while three-quarters of those with 50-249 employees held more than £50,000:

Credit balances held					
YEQ4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***9855***	***2611***	***4674***	***2061***	***509***
None	14%	15%	12%	7%	6%
Less than £5,000	41%	47%	24%	12%	3%
£5,000 to £10,000	15%	16%	14%	6%	5%
£10,000 to £50,000	20%	17%	28%	22%	10%
More than £50,000	10%	5%	22%	53%	75%

Q117 (244) All SMEs excluding DK/refused

Immediately pre-pandemic, around a quarter of all SMEs held £10,000 or more of credit balances, increasing to a third in 2021 and stable broadly since (30% in 2024 and 2025). Meanwhile, by 2015 the average credit balance held increased from £25,000 to £39,000. Apart from a slight 'dip' in 2016 (£30k), it has remained broadly stable since at around £40,000, with the 2025 figure of £44,000 back closer to levels seen in 2022:

Credit balances held								
Over time – all SMEs	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***9494***	***9641***	***8265***	***7283***	***6421***	***7218***	***8733***	***9855***
None	4%	4%	6%	6%	3%	3%	10%	14%
Less than £5,000	55%	55%	49%	44%	44%	47%	45%	41%
£5,000 to £10,000	18%	17%	17%	17%	19%	16%	15%	15%
£10,000 to £50,000	15%	16%	20%	23%	23%	23%	21%	20%
More than £50,000	7%	8%	9%	11%	11%	11%	9%	10%
Average balance held	£38k	£38k	£42k	£45k	£48k	£41k	£41k	£44k

Q117 (244) All SMEs excluding DK/refused

Having increased to almost £3,500 for YEQ4 2022, the median value of credit balances held has been somewhat lower since and for YEQ4 2025 was stable at £2,200, with variations seen as usual by size of SME. Whilst larger SMEs remained more likely to hold larger sums in credit balances, the median balances held in 2025 where somewhat lower than in 2024:

- £1,900 for 0 employee SMEs (unchanged from 2024)
- £7,900 for 1-9 employee SMEs (from £6,700 in 2024)
- £45,000 for 10-49 employee SMEs (from £52,400 in 2024)
- £173,700 for 50-249 employee SMEs (from £196,900 in 2024)

The median value of credit balances continued to vary little by sector (£2-4k).

From 2021 to 2023, a third of SMEs held £10,000 or more of credit balances, with the proportions in 2024 and 2025 slightly lower at 29% and 30%, back in line with 2020. The table below shows, on an annual basis, the proportion of SMEs holding such credit balances by key demographics, and how this has changed over time. Whilst the overall position was stable 2024 to 2025, there were some differences by demographics:

- Those with a minimal risk rating were more likely to hold such balances in 2025 (up 7 points to 59%), reversing the decline seen in 2024
- • Three sectors saw an increase in balances held and became the most likely to hold £10,000 or more (all 37%): Those in Manufacturing (up 8 points), those in Agriculture (up 6 points) and those in Hotels and Restaurants (up 4 points), while Transport saw a decline (down 8 points to 28%)
- There were limited differences by age of SME. Thanks to an increase for those trading for 2-5 years (up 11 points to 32%), amongst those trading for more than 2 years, 29-34% held £10,000 or more of credit balances, compared to 17% of Starts

Hold £10,000 or more								
All SMEs over time (excl DK) By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***23%***	***23%***	***28%***	***33%***	***35%***	***34%***	***29%***	***30%***
0 emp	15%	16%	21%	25%	28%	28%	22%	23%
1-9 emps	42%	44%	50%	55%	56%	52%	48%	51%
10-49 emps	75%	76%	79%	83%	83%	79%	75%	74%
50-249 emps	91%	94%	90%	94%	95%	93%	85%	85%
Minimal external risk rating	49%	51%	62%	63%	60%	58%	52%	59%
Low	41%	43%	52%	54%	53%	48%	49%	48%
Average	24%	22%	28%	32%	34%	31%	30%	29%
Worse than average	14%	15%	20%	24%	28%	27%	21%	23%
Agriculture	22%	25%	30%	36%	43%	34%	31%	37%
Manufacturing	28%	28%	29%	34%	39%	28%	29%	37%
Construction	18%	18%	23%	31%	30%	37%	31%	29%
Wholesale/Retail	33%	27%	35%	43%	40%	32%	30%	35%
Hotels & Restaurants	33%	30%	33%	39%	35%	33%	33%	37%
Transport	24%	23%	26%	32%	38%	38%	36%	28%
Property/ Business Services	26%	28%	34%	38%	37%	41%	32%	33%
Health	15%	20%	19%	21%	29%	19%	18%	21%
Other Community	15%	17%	25%	25%	27%	22%	18%	24%
PNBs	23%	28%	28%	35%	36%	34%	31%	30%
All excl PNBs	22%	21%	29%	32%	33%	34%	29%	31%
Starts	11%	10%	16%	19%	28%	31%	20%	17%
2-5 years trading	18%	19%	24%	30%	31%	28%	21%	32%
6-9 years	21%	24%	33%	31%	33%	32%	29%	32%
10-15 years	28%	29%	28%	37%	34%	34%	30%	29%
15+ years	31%	32%	36%	40%	39%	37%	36%	34%

Q117 (244) All SMEs excluding DK/refused

The table below shows, on an annual basis, the proportion of SMEs using external finance that were also holding more than £10,000 in credit balances:

- In 2018, 23% of those using external finance held £10k or more of credit balances compared to 22% of those not using finance.
- In the following years these proportions varied but both groups saw an increase in the proportion holding such balances over time. In both 2022 and 2023, around 1 in 3 in each group held such sums (35% and 33%).
- In 2024 the proportion of all SMEs holding such sums dropped to 29% and both groups also saw a decrease (to 31% of those using finance and 28% of those not using finance). There was then little further change in 2025 – 30% of all SMEs held £10k or more of credit balances, with 32% of those using external finance holding such balances compared to 29% of those not using finance:

Hold £10,000 or more								
All SMEs over time (excl DK) By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***23%***	***23%***	***28%***	***33%***	***35%***	***34%***	***29%***	***30%***
Using external finance	23%	21%	33%	36%	35%	35%	31%	32%
Not using finance	22%	26%	25%	31%	34%	33%	28%	29%

Impact of £10,000 of credit balances

From Q3 2015, all SMEs holding £10,000 or more of credit balances have been asked whether holding such balances meant that the business had less of a need for external finance. For YEQ4 2025, 8 in 10 SMEs with such credit balances (85% excl DK) agreed that it did, with limited variation by size of SME.

This was the equivalent of 16% of all SMEs saying their need for external finance was lower due to the £10,000 or more of credit balances they held, increasing to a quarter or more of those with employees (but note the high proportion of 'Don't know'/'Refused' answers across the questions used to construct this table):

Impact of £10k+ of credit balances					
YEQ4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
£10k+ reduces need for external finance	16%	12%	27%	33%	24%
£10k+ does not reduce need for finance	3%	2%	4%	6%	4%
Hold less than £10k of credit balances	36%	42%	24%	10%	3%
No credit balances/DK/Refused	45%	44%	45%	51%	69%

Q118x (244x) All SMEs

Those currently using external finance were no more likely to say that these credit balances reduced their need for further finance (17%) than those not currently using finance (16%).

Both those SMEs with £10,000 or more of credit balances and those using trade credit were asked (separately) whether this reduced their need for external finance:

- Where available, having £10,000 or more in credit balances was more likely to reduce the SME's need for finance (85% YEQ4 2025) than having access to trade credit (57% – of a different group of SMEs).
- Overall, 33% of all SMEs YEQ4 2025 said that their need for finance was reduced either through credit balances or trade credit, increasing by size of SME (26% for 0 employee SMEs, 49% for those with 1-9 employees, 63% for those with 10-49 employees and 62% for those with 50-249 employees).
- This was more likely to be the case for those using any external finance currently (39% v 27% if not using), and for those in Construction (47%) or with a minimal risk rating (54%), or who currently feel 'Well off' (56%).
- It was less likely to be the case for Starts (22%) but with limited variation otherwise (31-36%).
- The proportion of SMEs reporting a reduction in need for finance has been around 3 in 10 since 2016 and the 2025 figure of 33% was in line with recent years (31-34% since 2020).

The table below shows the actual use of external finance amongst those SMEs that held £10,000 or more in credit balances, over time from 2016.

Between 2012 and 2015, SMEs with £10,000 or more of credit balances became less likely to also be using any external finance (51% to 44%). Since then (with the slight exceptions of 2018 and 2022) around half of SMEs with £10k of balances have also been using external finance. In 2025 the proportion was in line at 51%:

Use of finance over time								
Over time All SMEs with £10k+ in credit balances	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***5046***	***5243***	***4653***	***4500***	***3883***	***4094***	***4521***	***5113***
Use any external finance	44%	49%	49%	52%	44%	51%	49%	51%
Do not use finance	56%	51%	51%	48%	56%	49%	51%	49%

Credit balances as a proportion of turnover

Further analysis provides data on the amount of credit balances held as a percentage of the annual turnover of the SME, using the mid-points of the bands in which this information has been collected. This metric provides a guide for how much 'cover' an SME might have, if there were to be an issue with sales or getting paid.

As the table below shows, SMEs in 2025 held (on average) credit balances that were the equivalent of 28% of their turnover (i.e. around 3 months 'cover'). This was unchanged from 2024 and remains lower than the 36-37% cover calculated for 2021-2022.

Typically, 40% or more of SMEs have held credit balances that were the equivalent of 10% or less of turnover. recent increases mean that this proportion is now 54% for 2025 and in line with 2019:

% credit balances to turnover								
Over time – all SMEs	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***8161***	***7706***	***6654***	***6124***	***5213***	***6153***	***7704***	***9240***
<5%	23%	22%	21%	18%	17%	21%	29%	34%
5-10%	26%	31%	20%	16%	18%	20%	20%	20%
11-20%	34%	31%	37%	37%	36%	34%	31%	27%
21-50%	8%	7%	11%	13%	12%	14%	10%	11%
More than 50%	9%	9%	10%	16%	17%	11%	11%	9%
Average percentage held	24%	24%	26%	37%	36%	29%	27%	28%
Hold <10%	***49%***	***53%***	***41%***	***34%***	***35%***	***41%***	***49%***	***54%***

Q117 (244) / Q9 All SMEs excluding DK/refused

Smaller SMEs with fewer than 10 employees (and typically lower turnover) remained more likely to hold the equivalent of a higher percentage of turnover as credit balances:

- 0 employee SMEs held the equivalent of 29% of their turnover in credit balances
- 1-9 employee SMEs held the equivalent of 28%
- 10-49 employee SMEs held the equivalent of 22%
- 50-249 employee SMEs held the equivalent of 17% of their turnover in credit balances.

These average percentage figures were broadly stable 2016-2020, before the increase in 2021-2022. From 2023 onwards the proportion has been stable (28% in 2025), both overall and by size band:

% credit balances to turnover								
Over time Average percentage held	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs (excluding DK/refused)	***24%***	***24%***	***26%***	***37%***	***36%***	***29%***	***27%***	***28%***
0 employee	25%	24%	26%	38%	36%	30%	27%	29%
1-9 employees	20%	24%	23%	34%	34%	28%	27%	28%
10-49 employees	23%	23%	22%	25%	26%	23%	21%	22%
50-249 employees	17%	22%	21%	18%	15%	20%	20%	17%

Q117 (244) / Q9 All SMEs excluding DK/refused

This percentage is affected both by changes in the credit balances held by SMEs and also their level of turnover. Analysis over recent years showed that:

- In 2021 the increase in the percentage of turnover held as credit balances to 37% was due to both the increase in the proportion of SMEs with £10k+ of credit balances (23% in 2019 to 33% in 2021) as well as a reduction in average turnover over the same period (from £299k to £251k).
- In 2022, the proportion of SMEs holding £10,000 or more of credit balances increased slightly to 35%, but average and median turnover were also slightly higher (£269k and £35k), resulting in little change in the average percentage held (36%).
- In 2023, the proportion of SMEs holding £10,000 or more of credit balances was stable at 34% while average and median turnover increased again (£286k and £46k), resulting in a lower average percentage held of 29%.
- In 2024, the proportion of SMEs holding £10,000 or more of credit balances was lower at 29% while average turnover was slightly higher (£296k) and median turnover unchanged (£47k), resulting in a lower average percentage held of 27%.
- In 2025, the proportion of SMEs holding £10,000 or more of credit balances was stable at 30% while average turnover was slightly higher (£353k) as was median turnover (£49k), resulting in an average percentage held of 28%.

How SMEs are managed

Interviews are conducted with the main financial decision maker. In many cases, this person was also the owner, managing director, or senior partner.

A series of questions collect information about the structure and control of the business. Those reported below (including planning, trading internationally, and having someone in charge of the finances who was qualified) reflect their contribution to other areas of analysis such as applications for finance.

The table below shows that over recent quarters:

- Just over half of SMEs had typically undertaken any business planning, though the percentages seen in 2025 where somewhat lower than in 2023/early 2024, as fewer SMEs said they produced regular management accounts.
- The proportion of SMEs that trade internationally was also somewhat lower than the 23% in Q4 2024, at around 20%.
- Levels of innovation have varied over time but were typically lower in 2025 than in 2024.
- The proportion with a business mentor has been around 1 in 6 since Q4 2021 and back in line with previous quarters after a dip at the end of 2024
- The proportion with a qualified person in charge of the finances was somewhat lower in 2025 at 29% overall, back to levels seen in 2022
- An increasing proportion of SMEs (44% in Q4 2025) were using an accountancy software package

Over time – all SMEs									
By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Planning (any)	55%	55%	56%	52%	52%	52%	48%	47%	49%
- Produce regular management accounts	45%	45%	48%	44%	44%	42%	40%	38%	41%
- Have a formal written business plan	24%	25%	23%	19%	24%	25%	22%	22%	22%
International (any)	19%	19%	19%	20%	23%	22%	18%	20%	18%
– Export goods or services	10%	10%	10%	10%	14%	12%	10%	13%	10%
- Import goods or services	14%	15%	14%	15%	16%	15%	14%	15%	13%
Innovation (any)	42%	48%	48%	41%	46%	43%	39%	40%	43%
-New product or service (last 3 yrs)	21%	25%	25%	21%	22%	22%	22%	20%	21%
-Improved aspect of business	36%	42%	43%	36%	40%	38%	32%	34%	38%
Mentors	15%	14%	17%	14%	13%	15%	15%	15%	17%
Have qualified person in charge of finances	35%	34%	33%	38%	33%	30%	29%	29%	28%
Use an accountancy software package	-	-	-	34%	33%	38%	40%	44%	44%

Q84/129 (223/251) All SMEs

New for Q4 2025, SMEs were asked if they had suffered a cyber-attack themselves/on a key service they use, and/or were aware of a cyber-attack on an important client:

- 8% of SMEs were aware of any attack (6% themselves or a service they use and 4% to an important client)
- Incidence increased by size of SME from 7% of those with 0 employees to 12% of those with 50-249 employees, due to higher awareness of an important client being affected (3% to 8%), rather than the SME themselves (5-6% across size bands)
- With the exception of Property/Business Services (12%) there was limited difference by sector (4-8%)
- Those trading internationally were more likely be aware of an attack, especially those that both import and export (16% v 7% of domestic only SMEs), with 11% of these fully international SMEs reporting an attack on themselves/a service they use, twice the level of domestic only SMEs (5%)

The table below provides further analysis by key demographics for 2025 as a whole. Larger SMEs remained more likely to undertake these activities:

Business Formality	Further analysis YEQ4 2025
Planning	49% of all SMEs planned, increasing by size of SME from 43% of those with 0 employees to the majority, 89%, of those with 50-249 employees. • Levels of planning declined by age of SME: 60% of Starts planned, declining to 45% of those trading for more than 15 years. • Those with a minimal risk rating were the most likely to be plan (58%), with limited differences across other ratings (46-52%). • Planning was undertaken by 59% of those in the Hotel and Restaurant sector, and 54% in both the Wholesale/Retail and Manufacturing sectors, compared to 41% in Health, 42% in Construction, and 44-52% of other sectors.
International	20% of all SMEs were international: • The smallest SMEs were less likely to trade overseas than their larger peers (18% of those with 0 employees, 24% of those with 1-9 employees, 30% of those with 10-49 employees and 34% of those with 50-249 employees). • There were limited differences by age of SME, from 16% of Starts and those trading for 2-5 years, to 20-22% for older SMEs. • Those with a minimal or low risk rating were slightly more likely to be international (24% and 23%) compared to 18% of those with an average risk rating and 19% of those with a worse than average risk rating. • SMEs in Manufacturing (33%) and Wholesale/Retail (30%) remained more likely to be international, while SMEs in Construction (8%), Hotels and Restaurants and Agriculture (both 10%) remained less likely. Amongst other sectors 13-25% were international.
Innovation	41% of all SMEs had innovated: • This increased by size of business from 37% of those with 0 employees to 50% of those with 1-9 employees, 62% of those with 10-49 employees and 70% of those with 50-249 employees. • Those trading for 2 to 5 years remained the most likely to have been innovative (48%), compared to 41% of Starts, 45% trading for 6 to 9 years, 44% of those trading for 10-15 years and 37% of those trading for more than 15 years. • There were limited differences by risk rating (43-47%) with the slight exception of those with an average risk rating (38%). • SMEs in Agriculture (32%) remained less likely to have innovated, along with those in Construction (31%) compared to 52% of SMEs in Manufacturing. Amongst other sectors 35-48% had innovated.

Continued

Continued

Financial specialist	29% of SMEs had a financially qualified person looking after their finances: • This became more likely as size increased: 25% of 0 employee SMEs had a financial specialist compared to 35% of those with 1-9 employees, 49% of those with 10-49 employees and 74% of those with 50-249 employees. • There was some variation by age of SME: Starts were less likely to have someone qualified in this role (24%) with limited variation elsewhere (28-31%). • Financial specialists remained more likely amongst those with a minimal risk rating (39%) compared to 33% of those with a low risk rating, 26% of those with an average rating and 30% of those with a worse than average risk rating. • By sector, those in Hotels and Restaurants (40%) and Property/Business Services (36%) were more likely to have a financial specialist, compared to 21% in Construction and 24-29% elsewhere.
• Mentors	• 15% of SMEs used a mentor for business help and advice: • The use of mentors increased by size of SME from 14% of those with 0 employees to 18% of those with 1-9 employees and 28% of those with 10-49 employees or 50-249 employees. • The presence of mentors varied only slightly by risk rating: from 18% of those with a minimal risk rating to 17% with a low rating, and 15% of those with an average or a worse than average risk rating. • Younger SMEs were slightly more likely to have a mentor (22% of both Starts and those trading for 2-5 years) declining by age of SME to 13% of those trading for more than 10 years. • There was relatively little variation by sector (12-17%) with the exception of Health where 23% reported that they had a mentor.

From Q3 2024, SMEs have been asked whether they use an accounting software package to help manage cashflow, receipts and invoicing in their business. In 2025, 41% of SMEs were using such a package:

- Use of these packages in 2025 increased by size of SME from 36% of those with 0 employees to 78% of those with 50-249 employees (equating to 56% of SMEs with any employees).
- SMEs with a minimal risk rating (53%) were more likely to use such software, as were those in Property/Business Services (49%) as well as those trading for 2-5 years (50%, compared to 38% of Starts and those trading for more than 15 years).
- When this question was first asked in H2 2024, 34% of SMEs said they used such software, increasing over time to 44% by Q4 2025 and 41% for 2025 as a whole

The smallest SMEs remained less likely to undertake any of these activities. For YEQ4 2025, excluding the 0 employee SMEs saw the proportion of SMEs (with employees) who:

- Plan increase from 49% of all SMEs to 66% of those with employees
- Trade internationally increase from 20% to 25%
- Innovate increase from 41% to 52%
- Have a mentor increase from 15% to 20%
- Have a qualified person in charge of the finances increase from 29% to 38%.
- Use an accounting software package increase from 41% to 56%.

Taking a longer-term view back to 2018 in the table below:

- Around 55% of SMEs have typically planned, but the figure for 2025 was somewhat lower at 49%, as fewer SMEs said they produced regular management accounts
- The proportion of SMEs that were international has been stable since 2022 at 1 in 5
- Levels of innovation have been somewhat higher in recent years than pre-pandemic. The increase to 46% in 2024 was not maintained in 2025 (41%), as fewer SMEs said they had improved an aspect of the business (down 5 points to 35%)
- 29% of SMEs had a financial specialist, down from the 35% reported in 2024 and back in line with 2020-2022.
- Having initially increased to 17% in 2021, the proportion of SMEs with a business mentor has been somewhat lower since (15% in 2024 and 2025):

Business formality elements								
Over time – all SMEs By date of interview	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***18,002***	***18,000***	***17,768***	***16,486***	***17,002***	***17,010***	***17,011***	***16,729***
Planning (any)	56%	60%	52%	55%	53%	54%	54%	49%
- Produce regular management accounts	41%	40%	43%	46%	44%	46%	45%	40%
- Have a formal written business plan	29%	32%	22%	25%	24%	23%	23%	23%
International (any)	15%	16%	16%	18%	19%	20%	20%	20%
– Export goods or services	9%	9%	10%	11%	11%	10%	11%	11%
- Import goods or services	10%	11%	11%	12%	14%	15%	15%	14%
Innovation (any)	33%	35%	42%	41%	40%	42%	46%	41%
-New product or service (last 3 yrs)	15%	15%	17%	20%	19%	21%	23%	21%
-Improved aspect of business	28%	30%	38%	35%	35%	37%	40%	35%
Other elements:								
-Have qualified person in charge of finances	25%	27%	29%	30%	30%	33%	35%	29%
-Have a mentor	10%	11%	15%	17%	14%	14%	15%	15%
-Use accounting software	-	-	-	-	-	-	-	41%

Q84/129 (223/251) All SMEs

International trade and innovation are relevant factors in SME performance and their contribution to the wider economy. Further analysis of these activities has therefore been undertaken, both over time and by key demographics.

The table on the next page shows the proportion of SMEs trading internationally since 2017. Back in 2012, 10% traded internationally, increasing to 17% in 2015. After a period of stability, the proportion has been slightly higher from 2021 (20% each year since 2023):

International	Further analysis over time
Size of SME	All sizes of SME have seen an increase in trading internationally over the longer term, but with limited changes 2024 to 2025. The slight exception is the largest SMEs with 50-249 employees, who whilst remaining more likely to be trading internationally than their peers, saw the proportion drop again to 34% in 2025, a further slight decrease year on year and now 5 points lower than the 39% trading internationally in 2023.
Risk rating	Those with a minimal or low risk rating remained slightly more likely to be trading internationally (24% and 23% and stable over time). The gap between these SMEs and those with an average or worse than average risk rating remains narrower than previously seen but also little changed over recent years (with 18% and 19% respectively trading internationally in 2025).
Sector	Those in Manufacturing have always been more likely to trade internationally than most of their peers and this was also true in 2025 (a stable 33%). Those in Wholesale/ Retail also remained more likely (30%), compared to a stable 8% in Construction.
PNBs	In 2025, unlike in recent years, PNBs were as likely as their peers to trade internationally (19% v 20%) due to a slight increase in PNBs trading internationally (up 2 points) and a slight decline for other SMEs (down 2 points) 2024 to 2025
Age of SME	There was little change year on year by age of SME, with SMEs trading for 6 years or more somewhat more likely to be trading internationally (20-22%) than their younger peers (both 16%)

International trade								
All SMEs over time By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***15%***	***16%***	***16%***	***18%***	***19%***	***20%***	***20%***	***20%***
0 emp	13%	13%	14%	16%	17%	18%	19%	18%
1-9 emps	20%	22%	21%	22%	23%	23%	23%	24%
10-49 emps	27%	30%	30%	31%	31%	32%	31%	30%
50-249 emps	29%	31%	37%	36%	31%	39%	36%	34%
Minimal external risk rating	20%	22%	24%	22%	22%	24%	23%	24%
Low	20%	18%	20%	18%	22%	23%	23%	23%
Average	14%	14%	14%	17%	17%	19%	18%	18%
Worse than average	13%	15%	16%	18%	18%	19%	20%	19%
Agriculture	8%	10%	9%	12%	10%	9%	10%	10%
Manufacturing	26%	24%	28%	29%	34%	28%	34%	33%
Construction	5%	5%	6%	9%	9%	11%	10%	8%
Wholesale/Retail	26%	28%	27%	30%	30%	29%	31%	30%
Hotels & Restaurants	8%	9%	8%	7%	5%	9%	8%	10%
Transport	14%	14%	16%	16%	19%	21%	17%	17%
Property/ Business Services	19%	19%	21%	20%	22%	24%	24%	25%
Health	7%	9%	9%	12%	14%	15%	12%	13%
Other Community	15%	17%	17%	21%	18%	18%	24%	21%
PNB	14%	15%	14%	14%	15%	17%	17%	19%
All excl PNBs	16%	16%	18%	20%	22%	21%	22%	20%
Starts	10%	9%	14%	16%	19%	18%	17%	16%
2-5 years trading	16%	17%	20%	18%	18%	15%	18%	16%
6-9 years	16%	18%	19%	21%	16%	23%	19%	20%
10-15 years	14%	20%	16%	19%	22%	22%	21%	22%
15+ years	16%	16%	16%	17%	18%	20%	22%	20%

Q84 (223) All SMEs

The table below shows the proportion of SMEs that have innovated since 2018 (planned future innovation can be found in the Future chapter). Historically, the overall proportion of SMEs that had innovated was 40% in 2012 before declining to 1 in 3 for 2017-2019 before increasing back to around 4 in 10 from 2020 onwards. The 46% of SMEs that reported innovation in 2024, somewhat higher than previously seen, was not maintained in 2025, with innovation down 5 points to 41% and back in line with 2023:

Innovation	Further analysis over time
Size of SME	Larger SMEs remained more likely to have innovated than smaller ones, but the decrease in innovation in 2025 came from all sizes of SME except for the largest. Innovation amongst 0 employee SMEs was down 6 points to 37%, with a smaller decrease for those with 1-9 employees (down 3 points to 50%) and those with 10-49 employees (down 3 points to 62%) The largest SMEs meanwhile were more likely to report having been innovative (up 4 points to 70%) and now back to levels seen in 2022.
Risk rating	Those with a minimal risk rating were more likely to have innovated (up 3 points to 47%), moving them ahead of their peers who were less likely to report innovation in 2025, with the proportions down 4 points to 43% for those with a low risk rating, 4 points to 38% for with an average rating and 6 points to 43% for those with a worse than average rating.
Sector	Innovation levels were lower in all sectors in 2025 compared to 2024 with the exception of Manufacturing (up 4 points to 52% and now the most likely to have innovated). Those in Construction (down 7 points to 31%), Property/Business Services (also down 7 points to 44%) and Health (down 6 points to 43%) saw the biggest changes year on year.
PNBs	The overall decrease seen in innovation in 2025 was seen both amongst the PNBs (down 4 points to 36%) and their peers (down 4 points to 45%), and the latter group remained more likely to have innovated.
Age of SME	Innovation amongst Starts has been volatile over time. The marked increase 2023 to 2024 was not maintained in 2025 (down 10 points to 41%) Those trading for 2-5 years remained the most likely to report innovation in 2025 (48%) but this was 8 points lower than in 2024 and there was a similar decline for those trading for 6-9 years (down 7 points to 45%). There was a more stable picture for older SMEs trading for 10-15 or more than 15 years (44% and 37%), reducing the gap to their younger peers.

Innovation								
All SMEs over time By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	33%	35%	42%	41%	40%	42%	46%	41%
0 emp	29%	31%	39%	38%	36%	39%	43%	37%
1-9 emps	40%	43%	50%	47%	49%	49%	53%	50%
10-49 emps	51%	51%	60%	60%	59%	61%	65%	62%
50-249 emps	55%	50%	63%	64%	71%	63%	66%	70%
Minimal external risk rating	39%	39%	49%	44%	40%	46%	44%	47%
Low	36%	39%	45%	40%	45%	45%	47%	43%
Average	31%	33%	40%	37%	37%	40%	42%	38%
Worse than average	33%	35%	42%	45%	41%	43%	49%	43%
Agriculture	31%	30%	41%	39%	37%	36%	35%	32%
Manufacturing	41%	40%	44%	47%	45%	45%	48%	52%
Construction	23%	25%	31%	30%	29%	31%	38%	31%
Wholesale/Retail	40%	45%	48%	44%	40%	45%	47%	45%
Hotels & Restaurants	39%	43%	50%	46%	45%	45%	50%	46%
Transport	28%	30%	38%	34%	34%	37%	38%	35%
Property/ Business Services	35%	36%	46%	45%	46%	49%	51%	44%
Health	32%	34%	47%	41%	45%	43%	49%	43%
Other Community	37%	41%	47%	47%	42%	46%	52%	48%
PNB	30%	34%	35%	35%	36%	33%	40%	36%
All excl PNBs	35%	35%	47%	44%	44%	47%	49%	45%
Starts	24%	20%	39%	42%	37%	42%	51%	41%
2-5 years trading	39%	43%	48%	52%	45%	54%	56%	48%
6-9 years	40%	43%	50%	45%	48%	52%	52%	45%
10-15 years	33%	42%	46%	41%	46%	44%	46%	44%
15+ years	32%	34%	38%	36%	36%	37%	39%	37%

Q84 (223) All SMEs

From Q1 2014 questions have been asked on an occasional basis about whether the business holds intellectual property or other knowledge assets on its balance sheet such as patents, copyrights, trademarks, or goodwill (back in H1 2014, 6% did).

The latest figures for YEQ4 2025 showed that 13% of all SMEs held intellectual property or other knowledge assets on their balance sheet, increasing by size from 12% of 0 employee SMEs and 16% of those with 1-9 employees, to 21% of those with 10-49 employees and 26% with 50-249 employees.

There were limited differences by age of SME (14-19%) and little difference by risk rating (13-16%). Those in Property/Business Services (17%) or Manufacturing (18%) were more likely to hold such assets, compared to 9% of those in Construction and 10-14% of other sectors.

How SMEs are managed – UK and international staff

26% of SMEs have employees. During the pandemic, questions were asked of employers around the use of the furlough scheme and the prospect of redundancies. During 2020 and 2021, around 1 in 6 employers were either planning to, or had made, staff redundant. In 2024, these questions were revised and are reported below for 2025.

In 2025, whilst very few employers were planning redundancies (6%), 1 in 3 had no plans to recruit in the next 6 months (34%). At the other end of the scale, 21% of SME employers were struggling to find the new staff they needed. In a new addition to this question, 8% of employers felt they had been negatively impacted by the changes in rules around employing non-UK staff. Just over half of SME employers (55%) had been affected by one or more of these factors:

Actions taken with staff

2025 – all employers	Total	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***12,817***	***7433***	***3835***	***1549***
We will probably make redundancies in next 6 months	6%	5%	8%	7%
We have no plans to recruit in next 6 months	34%	36%	28%	12%
Struggling to hire new staff needed	21%	19%	28%	26%
We have been negatively impacted by changes in rules re employing non-UK staff	8%	7%	10%	11%
None of these	45%	45%	41%	57%
Struggling – no plans to recruit	***-13***	***-17***	***0***	***+14***

NSTAFF All SMEs with employees

The larger the SME, the less likely they were to have 'no plans to recruit', with the balance swinging from 1-9 employee SMEs being more likely to have 'no plans to recruit' than to be 'struggling to recruit', to those with 50-249 employees where the opposite was true.

The table below presents data for these two metrics over time (accepting the wording change in 2023 from 'freeze' to 'no such plans to').

Amongst SME employers, the proportion with no plans to recruit has increased from 17% in H2 2022 to 34% in 2025:

- The latest increase (now up 5 points from H2 2024) was seen more amongst those with 1-9 employees (up 6 points to 36%), across all risk ratings and to varying degrees by sector, led by Wholesale/Retail (up 14 points to 40%).
- It was seen slightly more amongst PNBs (up 7 points to 32%) than their peers (up 5 points to 35%), and across most age bands, notably Starts (up 10 points to 33%) and those trading for 2-5 years (up 11 points to 36%)

On the other side, the proportion of SME employers struggling to recruit declined from 26% in H2 2022 to 19% in H2 2024, a drop of 7 points, before increasing slightly to 21% for 2025:

- This change in 2025 was due to the 1-9 employee SMEs becoming more likely to say they were struggling to recruit (+2 points to 19%) whilst SMEs with 10-49 employees continued the existing trend of being less likely to report they were struggling (down 3 points to 28% in 2025, from 36% in 2023) and there was minimal change for the largest SMEs
- Those in the Hotel and Restaurant sector were more likely to report recruitment struggles (up 7 points from H2 2024). Along with Agriculture (up 5 points to 25%) and Construction (up 3 points to 26%) they were the most likely to report recruitment struggles, compared to a stable 16% in Property/Business Services. The Health sector reported an improving position (down 6 points to 23%)
- The view of Starts has been more volatile over time, up 9 points in 2025 to 24%, with minimal changes across the other age bands.

Employment options								
	No plans to recruit				Struggling to recruit			
All SMEs with employees By date of interview – row percentages	H2 22	2023	H2 24	2025	H2 22	2023	H2 24	2025
All with employees	***17%***	***24%***	***29%***	***34%***	***26%***	***23%***	***19%***	***21%***
1-9 emps	18%	24%	30%	36%	22%	21%	17%	19%
10-49 emps	14%	21%	25%	28%	41%	36%	31%	28%
50-249 emps	8%	13%	12%	12%	46%	33%	27%	26%
Minimal external rating	15%	23%	29%	34%	27%	26%	24%	23%
Low	15%	24%	27%	34%	30%	27%	24%	22%
Average	18%	23%	29%	36%	26%	23%	18%	21%
Worse than average	19%	24%	29%	33%	22%	19%	14%	19%
Agriculture	17%	26%	27%	35%	24%	23%	20%	25%
Manufacturing	16%	24%	27%	34%	27%	23%	18%	21%
Construction	15%	23%	28%	33%	30%	27%	23%	26%
Wholesale/Retail	21%	23%	26%	40%	19%	19%	20%	21%
Hotels & Restaurants	18%	24%	29%	31%	31%	29%	17%	24%
Transport	18%	25%	29%	38%	30%	25%	18%	20%
Property/ Business Services	16%	23%	31%	34%	25%	21%	17%	16%
Health	9%	17%	19%	28%	32%	35%	29%	23%
Other	17%	28%	32%	32%	26%	20%	19%	18%
PNBs	11%	21%	25%	32%	21%	16%	12%	16%
All excl PNBs	21%	25%	30%	35%	29%	26%	23%	23%
Starts	14%	19%	23%	33%	26%	20%	15%	24%
2-5 years trading	16%	24%	25%	36%	27%	23%	19%	19%
6-9 years	20%	23%	31%	34%	27%	26%	22%	23%
10-15 years	17%	24%	28%	34%	25%	23%	20%	18%
15+ years	18%	25%	31%	35%	26%	24%	20%	21%

NSTAFF All SMEs with employees

The table above also shows how the balance between 'no plans to recruit' and 'struggling to recruit' has changed over time.

Back in 2023, employers had been as likely to say that they had no plans to recruit (24%) as they were to say they were struggling to recruit the staff they needed (23%), but the pattern has changed since.

In H2 2024, with employers more likely to say they had no plans to recruit (up 5 points to 29%) and less likely to say they were struggling to hire (down 4 points to 19%), a 'gap' was created of 10 points in favour of no plans to recruit.

In 2025 the 'gap' increased to 13 points as the proportion with no plans to recruit increased by 5 points to 34% and the proportion struggling to recruit increased slightly by 2 points to 21%

- Amongst those with 1-9 employees: 36% had no plans to recruit compared to 19% struggling to recruit, a 'gap' for 2025 of 17 and a further increase from 13 in H2 2024 and 3 in 2023 in favour of no plans to recruit.
- Amongst those with 10-49 employees: 28% had no plans to recruit and the same proportion, 28%, were struggling to recruit, eliminating the 'gap' of 6 points in H2 2024, that was itself narrower than the 'gap' of 15 in 2023 in favour of struggling to recruit.
- Amongst those with 50-249 employees: 12% had no plans to recruit compared to 26% struggling to recruit, a 'gap' of 14, little changed from 15 in H2 2024 but again narrower than the 'gap' in 2023 of 20 in favour of struggling to recruit.

Staff from outside the UK

SMEs with employees have been asked whether they employed anyone from overseas, either from the EU or further afield. In 2023, 1 in 10 did (11%), predominantly from the EU (9%). From Q3 2024, this question has been simplified to 'The business employs workers from outside the UK' and YEQ4 2025, 7% of employers said they did, increasing as before by size:

All SMEs with employees				
YEQ4 2025	Total	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***12,817***	***7433***	***3835***	***1549***
Employ any overseas staff	7%	5%	14%	32%
No overseas staff	93%	95%	86%	68%

Q84 (223) All SMEs with employees

The 7% in 2025 was in line with the 8% reported for H2 24, still slightly lower than the 11% reported 2022-2023 which was itself lower than the 15% of employers with overseas staff in 2021. Further analysis over time is provided later in this chapter.

There was limited difference in international employees in 2025 by risk rating (10% minimal to 6% worse than average) and none by age of employer (7-8%). By sector, 13% of employers in the Health sector and 10% in Hotels and Restaurants had international employees, compared to 5-8% elsewhere:

Overseas staff									
All SMEs with employees YEQ4 25	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***619***	***1797***	***1984***	***1983***	***731***	***1062***	***2789***	***699***	***1164***
Employ any overseas staff:	6%	7%	5%	6%	10%	7%	8%	13%	7%

Q84/87/87a (223/223c) All SMEs with employees

SMEs that trade internationally remained more likely to employ staff from overseas, notably those that both import and export (19% - these are typically larger SMEs).

Overseas staff					
All SMEs with employees YEQ4 25	Total	Export only	Import only	Fully intl	Domestic
Unweighted base:	***12,817***	***686***	***1440***	***1505***	***9186***
Employ any overseas staff:	7%	8%	10%	19%	6%

Q84/87/87a (223/223c) All SMEs with employees

The table below shows the position over time across a wider range of demographics (accepting the change in question for H2 2024).

Given the relatively small proportion of employers overall who have international staff (7%), there is limited variation by different demographics, with the notable exception of those with either 10-49 employees (14%) or more markedly 50-249 employees (32%) and those in the Health sector (13%).

- Since 2019 the proportion of employers with any international staff has more than halved, from 17% to 7%, with a similar pattern across most demographics, but more markedly for those with 10-49 employees (down 19 points to 14%) and Health (down 14 points to 13%)

Employ overseas staff								
All SMEs with employees over time By date of interview – row percentages	2018	2019	2020	2021	2022	2023	H2 24*	2025
All	***16%***	***17%***	***16%***	***15%***	***11%***	***11%***	***8%***	***7%***
1-9 emps	12%	13%	12%	11%	9%	8%	6%	5%
10-49 emps	31%	33%	31%	28%	19%	22%	16%	14%
50-249 emps	56%	45%	50%	53%	39%	41%	36%	32%
Agriculture	11%	9%	9%	10%	8%	6%	10%	6%
Manufacturing	18%	16%	19%	16%	13%	12%	9%	7%
Construction	12%	14%	12%	11%	9%	9%	6%	5%
Wholesale/Retail	15%	15%	13%	12%	10%	8%	6%	6%
Hotels & Restaurants	21%	18%	20%	19%	15%	15%	10%	10%
Transport	15%	17%	13%	15%	13%	13%	7%	7%
Property/ Business Services	16%	18%	18%	16%	10%	11%	8%	8%
Health	21%	27%	21%	22%	18%	17%	17%	13%
Other Community	15%	15%	16%	14%	10%	9%	6%	7%
PNBs	11%	13%	12%	12%	10%	10%	8%	8%
Excl PNBs	19%	19%	17%	16%	12%	11%	8%	7%
Starts	14%	15%	10%	12%	11%	11%	7%	7%
2-5 years trading	14%	16%	14%	15%	10%	10%	6%	7%
6-9 years	15%	15%	17%	15%	11%	11%	7%	7%
10-15 years	18%	18%	17%	15%	11%	11%	8%	7%
15+ years	16%	17%	17%	15%	11%	11%	9%	8%

Q84 (223) All SMEs with employees. Previous 2 part question combined from Q2 2024

As the table below shows, those trading internationally, especially those that are fully international, remained more likely to employ staff from overseas than their domestic peers:

Employ overseas staff								
All SMEs with employees over time By date of interview – row percentages	2018	2019	2020	2021	2022	2023	H2 24*	2025
All	***16%***	***17%***	***16%***	***15%***	***11%***	***11%***	***8%***	***7%***
Export only	22%	21%	21%	20%	16%	15%	9%	8%
Import only	24%	27%	22%	19%	11%	15%	10%	10%
Fully international	32%	35%	32%	31%	21%	21%	17%	19%
Domestic	13%	13%	13%	12%	10%	9%	6%	6%

Q84 (223) All SMEs with employees. Previous 2 part question combined from Q2 2024

Any issues around employing overseas staff are now covered in the previous section.

Exporting

11% of all SMEs were making sales outside the UK. The proportion of exporters has been fairly stable over time, between 8% and 11% of SMEs:

- Smaller SMEs were less likely to export, and the proportions have remained stable over time. In 2025, 10% of 0 employee SMEs and 14% of those with 1-9 employees were exporters, increasing to 18% of those with 10-49 employees, also little changed over time. There has been more variation over time amongst SMEs with 50-249 employees, with typically 1 in 5 exporting, increasing periodically to 1 in 4 in 2020 and 2021, and again in 2023 (24%). In 2024 and 2025, 22% were exporting.
- As in most previous years, those with a better risk rating were slightly more likely to be exporting: 15% for those with either a minimal or a low rating, compared to 10% of those with an average or worse than average rating.
- The Manufacturing sector remained the most likely to be exporting (18%), up slightly from 2023 (16%) though still below the 22% exporting in 2022. Those in Construction, Hotels and Restaurants and Agriculture remained unlikely to be exporting (2-4%).
- 8% of Starts and 9% of those trading for 2-5 years exported, increasing slightly to 12% of those trading for 5-9 years, 13% of those trading for 10-15 years and 12% for older SMEs.

Exporting								
All SMEs over time By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***9%***	***9%***	***10%***	***11%***	***11%***	***10%***	***11%***	***11%***
0 emp	8%	7%	8%	10%	10%	9%	10%	10%
1-9 emps	12%	12%	13%	12%	13%	13%	13%	14%
10-49 emps	18%	19%	20%	19%	19%	19%	19%	18%
50-249 emps	21%	21%	27%	26%	21%	24%	22%	22%
Minimal external risk rating	15%	14%	16%	14%	14%	14%	13%	15%
Low	12%	10%	12%	11%	14%	11%	15%	15%
Average	8%	8%	8%	11%	9%	11%	9%	10%
Worse than average	8%	8%	10%	10%	9%	9%	11%	10%
Agriculture	4%	4%	4%	5%	2%	3%	3%	2%
Manufacturing	18%	16%	16%	18%	22%	16%	19%	18%
Construction	2%	2%	2%	3%	2%	3%	3%	3%
Wholesale/Retail	13%	13%	14%	14%	14%	13%	15%	13%
Hotels & Restaurants	3%	3%	4%	3%	2%	3%	4%	4%
Transport	9%	9%	12%	11%	13%	13%	10%	12%
Property/ Business Services	14%	13%	15%	14%	15%	14%	16%	17%
Health	4%	2%	5%	8%	6%	7%	7%	10%
Other Community	10%	9%	10%	14%	10%	10%	12%	10%
PNB	10%	9%	10%	9%	9%	10%	10%	11%
All excl PNBs	9%	9%	10%	12%	12%	11%	12%	11%
Starts	6%	3%	8%	11%	10%	9%	9%	8%
2-5 years trading	10%	9%	10%	9%	9%	8%	9%	9%
6-9 years	10%	10%	12%	12%	9%	11%	10%	12%
10-15 years	9%	11%	10%	12%	12%	11%	12%	13%
15+ years	11%	10%	10%	10%	11%	10%	12%	12%

Q84 (223) All SMEs

As with other metrics, follow up questions to exporters have been revised and amended over the years.

From Q1 2023 a simplified question about the proportion of sales made overseas has asked whether exports made up more or less than 50% of total sales. The table below shows the proportion achieving 50% or more of their sales overseas over time: after an increase to 27% of exporters in 2023 seen across all size bands, the figure for 2024 (21%) and 2025 (22%) were more in line with previous years, as fewer smaller exporters said exports made up 50% or more of sales:

50%+ sales made overseas								
Over time – all exporters Row percentages	2018	2019	Q1 20*	2021	2022	2023	2024	2025
All exporters	***18%***	***18%***	***19%***	***17%***	***20%***	***27%***	***21%***	***22%***
0 employee	18%	18%	18%	17%	20%	26%	21%	22%
1-9 employees	15%	18%	23%	17%	21%	29%	22%	23%
10-49 employees	15%	16%	21%	14%	16%	21%	21%	23%
50-249 employees	20%	16%	18%	14%	20%	26%	25%	21%

Q85 (223x) All SMEs who export, excluding DK/refused * limited base size, indicative data for Q1 2020 only

In 2025, 11% of all SMEs were exporters. This is made up of the equivalent of 2% of all SMEs where exports made up 50% or more of their sales, and 9% of all SMEs where exports made up less than 50% of their sales. 89% of all SMEs did not export.

In previous waves, all exporters were asked about the extent to which they were selling to the EU, with around 3 in 10 saying that all or the majority of their export sales were made to the EU, though the figure was somewhat lower in 2022 at 25%.

From Q1 2023, a new question has been asked of exporters, seeking to understand how reliant the SME was on exports generally (to anywhere) to achieve their overall sales target, and thus potentially how vulnerable they might be to changes in the level of demand from overseas, or to the rules governing international trade.

As the table below shows, in 2025 40% of exporters were either very or fairly reliant on exports for their overall sales targets. This was little change from 2023-24 and the equivalent of 4% of all SMEs.

Exporters with employees were slightly more likely to say they were reliant (43-44%) than those with no employees (39%):

All exporters					
YEQ4 25	Total	0 emps	0-9 emps	10-49 emps	50-249 emps
Unweighted base:	***2589***	***398***	***1061***	***781***	***349***
Very reliant on exports	17%	17%	18%	18%	17%
Fairly reliant	23%	22%	25%	26%	26%
Net very/fairly reliant:	***40%***	***39%***	***43%***	***44%***	***43%***
Not very reliant	29%	31%	25%	27%	34%
Not at all reliant on exports	30%	30%	32%	28%	23%

NEWQ86 All SMEs who export (from Q1 2023)

The table below summarises the position by sector. Those in Manufacturing, Wholesale/Retail and Property/Business Services were the most likely to export and were similarly reliant on exports for their overall sales targets (36-43%), however the proportion in each of these sectors where exports make up 50% of more of their sales varied from 14% in Wholesale/Retail to 29% in Manufacturing:

Exporting									
All SMEs YEQ4 25	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***797***	***2198***	***2677***	***2374***	***818***	***1384***	***3855***	***864***	***1762***
Export:	2%	18%	3%	13%	4%	12%	17%	10%	10%
Exporters 50%+	*16%*	*29%*	*14%*	*14%*	*37%*	*41%*	*21%*	*15%*	*15%*
Exporters reliant	*35%*	*43%*	*13%*	*36%*	*33%*	*55%*	*43%*	*24%*	*39%*

Q84/Q85/NEWQ86 All SMEs /All exporters (limited base sizes in some sectors)

Industrial Strategy sectors

The Government's Industrial Strategy highlights 8 key sectors as a focus for growth and development. From Q3 2025, SMEs have been asked whether they feel they fit into any of these sectors and for H2 2025 50% said that they did, with the most common being "Professional and Business Services" (34% of SMEs). Further analysis will be available as base sizes increase,

Membership of business groups or industry bodies

SMEs were asked whether the owner, senior partner or majority shareholder belonged to any business groups or industry bodies.

In 2025, a quarter (27%) said that this was the case (excluding DK answers) similar to previous years:

Business Groups	Further analysis YEQ4 2024
By size of SME	There were limited differences by size of SME: • 27% of 0 employee SMEs belonged to a business group/body • 29% of 1-9 employee SMEs • 30% of 10-49 employee SMEs • 25% of 50-249 employee SMEs
By external risk rating	Those with an average or worse than average risk rating remained somewhat less likely to belong to a business group (27% and 25% respectively), than those with a minimal or low risk rating (31% and 33%).
By sector	Those in the Property/Business Services sector (34%) were the most likely to be a member of a business group, compared to 19% for Wholesale/Retail and Hotels and Restaurants and 20-32% elsewhere.
PNBs and those using external finance	Those currently using external finance were only slightly more likely to belong to such groups than those that did not use external finance (29% v 26%). There was almost no difference by whether the SME met the definition of a Permanent non-borrower (28%) or not (29%).
Age of SME	22% of Starts and 23% of those trading for 2-5 years belonged to a business group, compared to 27-30% of older SMEs.

Q143 (Q265c) All SMEs excl DK

Business Ownership

In 2025, 74% of SME companies had one owner, declining by size from 91% of 0 employee companies to 26% of those with 50-249 employees. This means that of all SMEs, 83% were either sole proprietorships or companies with one owner, in line with recent years.

SMEs with employees were also asked whether theirs was a family business. For YEQ4 2025, 69% of those with employees said that it was. This means that for SMEs as a whole:

- 18% had employees and were family owned
- 8% had employees and a different ownership structure
- 74% of all SMEs had no employees (so were not asked the question).

The mood of SMEs v current trading conditions

This chapter has previously included two more qualitative assessments of how SMEs were feeling when interviewed. These two questions provide an assessment of how SMEs felt at the time of interview and will be a reflection of some of the factors already reported such as growth and profitability. This therefore seems an appropriate place to include them rather than in the later chapter which looks more to the future.

The first asked SMEs to give an overall score out of 10 for their current 'mood' about their business, where 10 was 'very good'. It was asked from Q2 2020 to Q2 2024 and then rested. When last asked, in Q2 2024, 57% of SMEs rated their mood as 'good' (7+). Full details can be found in the 2024 report.

The second is a more recent question that has been asked since Q1 2023, which asks SMEs to classify themselves into one of four groups in terms of their overall financial situation. This question continues to be asked and is reported on in more detail below.

From Q1 2023, SMEs have been asked which of the following best described their business currently:

- **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.

Overall, a consistent third of SMEs described themselves as Well off / Comfortable, increasing by size of SME from 30% of those with 0 employees to 36% of those with 1-9 employees and up to half of those with either 10-49 or 50-249 employees (44% and 48% respectively):

SME status

All SMEs YEQ4 25	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,645***	***3905***	***7427***	***3825***	***1488***
Struggling	23%	25%	19%	13%	10%
Managing	44%	44%	45%	42%	42%
Comfortable	29%	28%	32%	39%	41%
Well off	3%	2%	4%	5%	7%
Comfortable/Well off	***32%***	***30%***	***36%***	***44%***	***48%***

NEWCV8 (NEW) All SMEs excluding DK answers

Overall, almost 1 in 4 SMEs described themselves as 'Struggling' and this was more likely to be the case for the smallest SMEs (25%), declining by size to 10% of those with 50-249 employees.

The table below shows this analysis by sector. SMEs in Property/Business Services were the most likely to be feeling Comfortable/Well off (37%). Meanwhile a quarter of those in most sectors said they were 'Struggling', (increasing to 29% in Health), with the slight exceptions of Construction and Property/Business Services (both 20%):

SME status									
All SMEs YEQ4 25	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***797***	***2189***	***2672***	***2368***	***813***	***1375***	***3827***	***851***	***1753***
Struggling	25%	25%	20%	25%	27%	26%	20%	29%	27%
Managing	42%	42%	47%	47%	48%	43%	43%	42%	45%
Comfortable	30%	30%	31%	26%	24%	29%	33%	26%	27%
Well off	3%	3%	3%	3%	1%	1%	4%	3%	2%
Comfble/Well off	***33%***	***33%***	***34%***	***29%***	***25%***	***30%***	***37%***	***29%***	***29%***

NEWCV8 (NEW) All SMEs excluding DK answers

Other groups more likely to be Comfortable/Well off (32% overall) included:

- Those with a minimal risk rating (49%)
- Export-only SMEs or those both exporting and importing (both 38%)
- Permanent non-borrowers (40% v 27% not meeting the definition)
- Scaleups (42%)
- Those not currently using any external finance (36% v 27% using finance).

Other groups more likely to be Struggling (23% overall) included:

- 38% of those planning to apply for finance and 41% of Future Would-be seekers (v 18% Future Happy non-seekers)
- 33% of Starts
- 28% of those who were not Permanent non-borrowers (v 17% meeting the definition).

The table below shows how the proportion that are Struggling has changed between 2023 and 2025, with an increase overall of 5 points over the period to 23%:

- Those with 0 employees remained the most likely to be Struggling (up 6 points from 2023 at 25%), but there have been increases for all size bands 2023 to 2025. Those with 1-9 employees were up 4 points to 19%, those with 10-49 employees up 6 points to 13% and the largest SMEs were up 7 points to 10%.
- Those with a worse than average risk rating were the most likely to be Struggling (up 7 points over the period to 28%), followed by those with an average rating (up 8 points to 22%). Those with a minimal or low risk rating both saw a smaller increase, up 2-3 points to 14% and 16% respectively
- All sectors were more likely to be Struggling in 2025 than in 2023 with the slight exception of the sectors that had been the most likely to be Struggling in 2023, Hotels and Restaurants and Wholesale/Retail (both up 2 points to 27% and 25%). The largest increases 2023 to 2025 were reported in Health (up 13 points to 29% and now the most likely to be Struggling) and Agriculture (up 10 points to 25%)
- Starts were the most likely to be Struggling (up 11 points to 33%), declining by age to 20% of those trading for 15+ years. All had seen an increase to some extent since 2023.
- There remains a gap in the proportion Struggling between those using external finance (up 7 points to 27% since 2023) and those not using finance (up 4 points to 20%).

% Struggling			
Over time By date of interview – row percentages	2023	2024	2025
All SMEs	***18%***	***21%***	***23%***
0 emp	19%	23%	25%
1-9 emps	15%	17%	19%
10-49 emps	7%	8%	13%
50-249 emps	3%	5%	10%
Minimal external risk rating	12%	11%	14%
Low	13%	14%	16%
Average	14%	21%	22%
Worse than average	21%	23%	28%
Agriculture	15%	26%	25%
Manufacturing	17%	23%	25%
Construction	14%	15%	20%
Wholesale/Retail	23%	22%	25%
Hotels & Restaurants	25%	25%	27%
Transport	20%	22%	26%
Property/ Business Services	16%	19%	20%
Health	16%	19%	29%
Other	20%	25%	27%
PNBs	11%	13%	17%
All excl PNBs	21%	25%	28%
Starts	22%	26%	33%
2-5 years trading	23%	23%	25%
6-9 years	18%	22%	25%
10-15 years	15%	20%	23%
15+ years	16%	17%	20%
Use external finance	20%	25%	27%
Do not use finance	16%	17%	20%

As the table below shows, there are some clear differences in demographic profile between these four groups. Those who were Struggling were smaller, less likely to have grown (though they have ambitions to) or to have credit balances, but more likely to be using external finance (including still repaying pandemic funding) and to have an appetite to apply for more. Very few felt that the future offered mainly opportunities:

Profile by SME status

YEQ4 25 – all SMEs	Total	Struggling	Managing	Comfortable	Well off
Unweighted base:	***16,729***	***2789***	***7300***	***5768***	***756***
Demographics:					
Have employees	26%	19%	26%	29%	39%
Minimal/low risk rating	24%	16%	22%	31%	41%
Trading for 10+ years	65%	59%	66%	68%	72%
International	20%	18%	19%	21%	26%
£10k+ credit balances	30%	14%	26%	45%	72%
Growth and innovation:					
Have grown (excl Start and DK)	27%	12%	23%	41%	54%
Plan to grow	41%	39%	41%	42%	48%
Innovative (past or future)	57%	59%	57%	54%	58%
Finance:					
Use external finance	46%	54%	47%	39%	39%
Still repaying pandemic funding	*19%*	*22%*	*20%*	*14%*	*12%*
Permanent non-borrower	40%	28%	39%	48%	50%
Plan to apply for finance	11%	18%	10%	7%	3%
Future would-be seeker	14%	24%	13%	8%	6%
Future happy non-seeker	75%	58%	77%	85%	91%
Mood:					
Future offers opportunities 7-10	28%	7%	22%	50%	61%

NEWCV8 All SMEs

The bank relationship

In early Monitor reports, analysis was provided on overall satisfaction with the main bank. On an annual basis from 2011, overall satisfaction improved very slightly (80-84%) and was consistently higher for larger SMEs.

From Q1 2016 this question was replaced by one that sought to understand the banking relationship in more detail, with SMEs asked which of three phrases best described their relationship with their main bank. Since then questions on switching and trust have also been added and are also reported in this section.

Switching main bank

A stable minority of SMEs (4% in 2025) had changed main bank in the past 3 years:

Switching	Further analysis YEQ4 2025
Size of SME	There was little variation by size (4%) with the slight exception of those with 50-249 employees (6%).
External risk rating	There was also little variation by risk rating (4-5%)
Age and sector	There was little variation by age of SME (3-5%) with the slight exception of those trading for 2-5 years (7%). Similarly, there was little variation by sector (3-6%) with the slight exception of Agriculture (9%).
PNBs and finance	There was only limited variation in levels of switching once the Permanent non-borrowers were excluded (5% v 2% of PNBs), or by whether the SME was using finance (6%) or not (3%).
International trade	Import only SMEs remained very slightly more likely to have switched (6%) than their peers (all 4%).

Nature of the bank relationship

When asked about the nature of their relationship with their main bank, the most frequent answer in 2025, as in previous years, was that the relationship was fine but transactional. This was the case for 62% of SMEs in 2025, in line with H2 2024 and remaining higher than the 55% when this question was previously asked in Q1 23:

Nature of relationship with main bank					
YEQ4 25 all SMEs	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base	***16,729***	***3912***	***7433***	***3835***	***1549***
We have a strong working relationship with our bank and feel we can approach them whenever we need to	17%	15%	20%	37%	51%
The relationship with our bank is fine but we really just use the bank for transactions so rarely need to approach them	62%	63%	60%	49%	34%
We don't have an active working relationship with our bank and wish that we had one	21%	22%	20%	13%	15%

Q24a All SMEs

There were clear differences by size of SME:

- The proportion seeking a more active relationship with their bank declined by size from 22% of 0 employee SMEs and 20% with 1-9 employees to 15% of those with 50-249 employees.
- The opposite is true for a strong working relationship, which increased from 15% of those with 0 employees to 51% of those with 50-249 employees.
- The proportion saying their relationship is fine but transactional also declined by size of SME (63% of those with 0 employees to 34% of those with 50-249 employees).

Differences were also seen by other demographics:

- There were some variations in relationship by risk rating. The proportion with a strong relationship was 27% for those with a minimal risk rating, compared to 14-19% for those with other ratings. There was little difference in the proportion wanting a more active relationship (19-21% across risk ratings)
- There was variation by sector for those with a strong relationship, ranging from 12% in Health to 24% in Agriculture and 22% in Hotels and Restaurants (15-21% elsewhere). The wish for a more active relationship ranged from 16% in the Hotel and Restaurant sector to 27% in Agriculture (a sector where 49% said they had a transactional relationship) and 19-23% elsewhere.
- Excluding the Permanent non-borrowers did not change the proportion with a strong relationship that much (to 18% v 16% of PNBs), or in terms of wanting a more active relationship (22% v 19% of PNBs).
- There was limited variation by age of SME in the proportion of SMEs with a strong relationship (15-20%), or the proportion wanting a more active relationship (19-23%).
- There were only limited differences in the proportion wanting a more active relationship with their bank by international trade (18-22%)

Analysis by past borrowing behaviour had previously shown that those who had reported a borrowing event and those who were 'Happy non-seekers' of finance were more likely to have a 'strong working relationship' than those who had been 'Would-be seekers' of finance.

As the table below shows, this was still the case in 2025 when 22% of those who had reported a borrowing event and 17% of Happy non-seekers said that they had a strong relationship, compared to 9% of Would-be seekers.

SMEs with any past appetite for finance were slightly more likely to want a more active relationship with their bank (24% if they had applied and 29% if they had been a WBS) compared to 20% of HNS.

Nature of relationship with main bank

YEQ4 25 all SMEs	Total	Had an event	WBS	HNS
Unweighted base	***16,729***	***2769***	***537***	***13,423***
We have a strong working relationship with our bank and feel we can approach them whenever we need to	17%	22%	9%	17%
The relationship with our bank is fine but we really just use the bank for transactions so rarely need to approach them	62%	54%	62%	63%
We don't have an active working relationship with our bank and wish that we had one	21%	24%	29%	20%

Q24a All SMEs

As the table below shows, over time, an increasing minority of SMEs have wished that they had a more active relationship with their bank (from 11% in 2019 to 27% in Q1 2023). In both H2 2024 (20%) and 2025 (21%), 1 in 5 wished they had such a relationship, back in line with Q1 2022:

- The largest SMEs have always been less likely to say they wished for a more active bank relationship, but an increase of 6 points to 15% in 2025 sees them at the highest level reported in recent years and now in line with those with 10-49 employees
- Those that had reported a borrowing event, or who planned to apply for finance, have typically been more likely than their peers to want a more active relationship but that was less likely to be the case in 2025, down 7 points and 6 points respectively to 24%

Wish had more active relationship with bank								
Over time By date of interview – row percentages	2018	2019	2020	Q1 2021	Q1 2022	Q1 2023	H2 2024	2025
All SMEs	***15%***	***11%***	***15%***	***17%***	***20%***	***27%***	***20%***	***21%***
0 emp	15%	12%	15%	18%	21%	29%	20%	22%
1-9 emps	13%	11%	13%	13%	19%	25%	21%	20%
10-49 emps	8%	8%	8%	9%	12%	16%	14%	13%
50-249 emps	8%	6%	4%	4%	4%	9%	9%	15%
Minimal external risk rating	8%	11%	13%	11%	16%	32%	17%	20%
Low	12%	11%	11%	10%	16%	23%	19%	19%
Average	15%	11%	15%	15%	22%	26%	20%	21%
Worse than average	16%	11%	15%	22%	18%	28%	21%	21%
Use external finance	12%	10%	15%	15%	21%	27%	23%	22%
Have had borrowing event	12%	12%	17%	17%	31%	28%	31%	24%
Plan to apply for finance	19%	14%	20%	21%	40%	32%	30%	24%
PNBs	14%	11%	13%	18%	18%	25%	16%	19%
All excl PNBs	15%	12%	15%	16%	22%	29%	23%	22%
Starts	16%	11%	13%	19%	32%	27%	22%	20%
2-5 years trading	17%	12%	16%	15%	19%	25%	20%	19%
6-9 years	15%	7%	13%	15%	12%	36%	20%	23%
10-15 years	13%	12%	16%	17%	18%	30%	20%	19%
15+ years	14%	12%	15%	16%	17%	25%	20%	22%

Q24a All SMEs

Trust in banks

The issue of trust in the main bank has been investigated since 2018 (an additional question about broader trust in the banking industry has been rested since 2023). SMEs were asked to rate their level of trust on a scale from 1 (do not trust them at all) to 10 (trust them entirely).

In 2025, 5 in 10 SMEs (52%) gave a score of 8 to 10 for their level of trust in their own bank increasing to 65% of those with 50-249 employees. Just over 1 in 10 SMEs overall (14%) gave a low trust score of 1-4 and this remained more likely to be the case for smaller SMEs:

Trust in main bank					
YEQ4 25 all SMEs	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base	***16,729***	***3912***	***7433***	***3835***	***1549***
High level of trust 8-10	52%	52%	50%	58%	65%
Medium level of trust 5-7	34%	34%	36%	33%	30%
Low level of trust 1-4	14%	14%	14%	9%	5%

Q24b All SMEs

52% of SMEs with employees had a high level of trust in their main bank.

The table overleaf provides further analysis by key demographics over recent years. The 52% of SMEs in 2025 with a high level of trust in their main bank is the lowest reported in recent years (by a narrow margin from the 54% in 2020), and down 4 points on 2024:

- This change 2024 to 2025 was driven by the smaller SMEs, with trust down 5 points for 0 employee SMEs and 4 points for those with 1-9 employees
- There was also a more marked change for those with an average risk rating (down 7 points to 50%) and those with a worse than average risk rating (down 5 points to 53%), narrowing the gap to their peers
- Starts (down 9 points to 55%) and Permanent non-borrowers (down 8 points to 55%) also saw more of a change year on year

High level of trust in main bank (8-10)								
Over time By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	55%	55%	54%	60%	60%	57%	56%	52%
0 emp	54%	54%	54%	60%	60%	57%	57%	52%
1-9 emps	56%	55%	54%	59%	59%	57%	54%	50%
10-49 emps	63%	66%	62%	65%	63%	62%	60%	58%
50-249 emps	72%	70%	69%	67%	72%	64%	64%	65%
Minimal external risk rating	58%	59%	58%	59%	62%	52%	51%	49%
Low	57%	55%	53%	60%	60%	56%	57%	53%
Average	54%	54%	55%	60%	62%	58%	57%	50%
Worse than average	53%	54%	54%	61%	60%	58%	58%	53%
Starts	50%	46%	59%	67%	67%	62%	64%	55%
2-5 years trading	58%	56%	57%	63%	63%	62%	57%	54%
6-9 years	52%	60%	53%	60%	59%	54%	58%	53%
10-15 years	56%	60%	51%	59%	56%	54%	55%	53%
More than 15 years	56%	57%	53%	57%	58%	55%	53%	50%
Use external finance	51%	51%	52%	61%	59%	56%	51%	49%
Have had borrowing event	51%	57%	51%	58%	53%	47%	47%	46%
Plan to apply for finance	48%	55%	45%	55%	53%	52%	52%	48%
PNBs	59%	60%	56%	61%	62%	59%	63%	55%
All excl PNBs	50%	52%	53%	60%	58%	56%	53%	50%

Q24b All SMEs

Financial context
Part 1

Summary

A stable 46% of SMEs were using any form of external finance, including 19% who were still repaying pandemic funding. A quarter of finance users were borrowing more than £25,000 in total and a similar proportion said some or all of this finance was secured:

- 46% of SMEs reported using any form of finance in 2025, little changed from 2023 (when changes to the questionnaire meant that the repayment of pandemic funding was recorded more accurately)
- This proportion increased from 42% of 0 employee SMEs to 65% of those with 10-49 employees. Since the pandemic the largest SMEs with 50-249 employees have been somewhat less likely to be using external finance (46% in 2025) having previously been the most likely
- There was a similar pattern for use of finance by age of SME, which increased from 31% of Starts to 54% trading for 6-9 years, and was then somewhat lower for the oldest SMEs (47% for those trading for 10 years or more)
- 28% of SMEs reported having applied for pandemic funding and almost all were successful. 19% of SMEs were still repaying this funding increasing to a quarter of those with 1-9 or 10-49 employees
- In most years since 2020, around 3 in 10 SMEs have used one or more forms of core finance (loans, overdrafts or credit cards) and this was also the case in 2025 (30%), with credit cards remaining the most popular of these forms of finance (18%)
- Meanwhile around 2 in 10 SMEs (21% in 2025) have used one or more of a range of other forms of finance, of which leasing and HP continued to be the most popular (12% in 2025)

Amongst those using any form(s) of finance:

- A quarter (24%) said they were borrowing more than £25,000 overall, increasing by size to 57% of those with 10-49 employees and 76% of those with 50-249 employees

- This proportion remained lower than the 35% borrowing £25,000 or more in H2 2022, with the decrease seen across finance users of all sizes, but notably for those with 1-9 employees (down 18 points to 36%) or 10-49 employees (down 20 points to 57%)
- A stable quarter of these SMEs (26%) said some or all of their finance was secured, and the proportion increased by size of borrower from 22% of those with 0 employees to 42% of those with 50-249 employees

A limited number of SMEs were using a **personal** bank account for their business banking, but facilities in a personal name were somewhat more common, with both primarily seen amongst the smallest SMEs:

- The proportion using a personal account for their business banking decreased from around 1 in 5 in the early years of this study to 7%in 2023, a likely influence being the availability of pandemic funding to business bank account holders only. Since then, there has been a small increase in personal accounts, to 10% in 2025, but in all years most of these personal account holders have been 0 employee SMEs (94% in 2025)
- A quarter of SMEs using finance had one or more facility in a personal name, the equivalent of 9% of all SMEs. Similar proportions of SMEs using finance said they had an overdraft (13%), a loan (13%) and/or another facility (15%) in a personal name, with a smaller number saying they had these facilities in both a personal and a business name (7%, 4% and 8%)

Alongside external finance, 32% of SMEs reported an injection of **personal funds** into the business, a slightly lower proportion than in 2023-24:

- 32%of SMEs reported an injection of personal funds, made up of 21% who felt they had no choice and 12% who chose to do it to help the business grow
- Such injections of personal funds remained more common amongst smaller SMEs with 0 (34%) or 1-9 employees (31%) than amongst larger SMEs with 10-49 (18%) or 50-249 employees (9%), and were also more common amongst younger SMEs (60% of Starts compared to 25% of those trading for over 15 years)

> **"17% of finance users were concerned about repaying the finance they have, but only a minority have spoken to their lender about this"**

- The 32% reporting an injection of personal funds in 2025 was slightly lower than in 2023-24 (36% and 37%), with fewer mentions of either having to, or choosing to, inject funds

4 in 10 SMEs were using **trade credit**, little changed over time. Taken together with external finance, and injections of personal funds, 7 in 10 SMEs were using some form of 'business funding':

- 38% of SMEs used trade credit, stable since 2019 and more common amongst larger SMEs, ranging from 31% of those with 0 employees to 80% of those with 50-249 employees. Just over half of those using trade credit (57%) said this reduced their need for external finance, the equivalent of 22% of all SMEs, again increasing by size of SME, to 52% of all SMEs with 50-249 employees
- 72% of SMEs were using 'business funding' defined as any combination of external finance, trade credit and/or injections of personal funds, down slightly from 2023-24 (75%)
- Again, the proportion increased with the size of SME. 69% of 0 employee SMEs had any business funding, increasing to 81% of those with 1-9 employees, 88% of those with 10-49 employees and 87% with 50-249 employees

17% of finance users were concerned about **repaying** the finance they had. A minority of those with concerns (22%) had already spoken to their lender while most of the rest had no plans to speak to them. Around a quarter of those who had not (yet) spoken to their lender thought they would definitely be treated fairly, be offered practical help and/or that the bank would be supportive:

- 17% of SMEs using finance were concerned about repaying that finance and this was more likely to be the case for smaller finance users (17% of finance users with 0 employees and 16% with 1-9 employees) than larger ones (11% with 10-49 employees and 8% with 50-249 employees). This is the equivalent of 7% of all SMEs, and this proportion has been stable since 2022
- 22% of SMEs with repayment concerns had already spoken to their lender (with almost half of them,43%, happy with the outcome of the conversation). Almost as many (18%) planned to speak to their lender while the largest group (61% of those with repayment concerns) had no such plans

Amongst all those that had not yet spoken to their lender:

- As many thought their bank would definitely treat them fairly (25%) as thought they wouldn't (22%)
- Slightly fewer thought their bank would definitely be supportive (23%) than thought they wouldn't (30%)
- Fewer thought their bank would definitely offer practical help (20%), than thought they wouldn't (37%)

All three 'definitely' scores were somewhat lower in 2025 than in 2023 or 2024, and those with plans to speak to their lender were no more likely to think they would be treated fairly etc than those with no plans to speak to them.

Financial context

This is the first of two chapters on external funding in its many forms. They reflect the extended list of the types of finance that SMEs could say they were using that was introduced in Q1 2018 and some further changes from Q1 2023 to better reflect who is still repaying pandemic-related funding.

This first chapter covers current use of external finance as well as the role of personal finance (whether as a borrowing facility or an injection of personal funds), the second chapter covers some of the wider context, including the Permanent non-Borrowers, use of trade credit and attitudes to finance.

Use of external finance – definition change from 2023

The 'External finance' metric now includes use of any of three forms of finance:

- Any 'core' finance (loans, overdrafts and/or credit cards), a list unchanged from Q1 2018
- Any 'other' forms of finance such as leasing, invoice finance etc, a list also unchanged from Q1 2018
- Those still repaying government backed pandemic funding, included from Q1 2023 following a change to the questionnaire.

These changes were explained in some detail in the 2023 report. In summary, all data from Q1 2023 onwards includes those still repaying pandemic funding in the 'any use of external finance' calculation. In the 2023 report, old and new figures for use of external finance in 2022 were provided based on an estimate derived from the previous questions being asked , to help to bridge the 'gap' between old and new definitions of external finance. Where figures for Q4 2022 or 2022 as a whole are shown in this chapter they are based on the 'corrected' figures from the 2023 report (i.e. as close to the new definition as it was possible to be).

As the table below shows, use of finance increased slightly in the second half of 2025 back to levels seen at the end of 2023. In Q4 2025, 47% of SMEs were using any form of external finance:

Use of external finance in last 5 years

Over time – all SMEs By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Use now	49%	48%	43%	43%	46%	45%	42%	50%	47%
Used in past, not now	3%	2%	3%	3%	4%	1%	2%	2%	2%
Not used at all	48%	50%	54%	54%	50%	54%	56%	48%	51%

Q14/15 All SMEs –REVISED DEFINITION FROM Q1 2023

Use of any external finance by key demographics

Use of external finance for YEQ4 2025, using the new definition from 2023 explained above, was 46%. The table below shows that those with 1-9 or 10-49 employees continued to be more likely to be using some form of external finance than their smaller and larger peers:

Use of external finance in last 5 years					
YEQ4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Use any now	***46%***	***42%***	***55%***	***65%***	***46%***
Traditional core/other finance	40%	36%	49%	60%	42%
Any other finance	19%	17%	23%	26%	13%
Used in past but not now	2%	2%	2%	3%	6%
Not used at all	52%	56%	43%	32%	48%

Q14/15 All SMEs – new definition revised for Q1 2023

Looking at 2025 by quarter, use of any finance was somewhat lower in Q2 (42%) notably compared to Q3 (50%), as more smaller SMEs in Q3 reported using external finance. By Q4 2025 (47% using finance), usage was similar across all size bands compared to 2024 as a whole:

Use of external finance								
Over time by date of interview – row percentages	2021	2022*	2023	2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
All SMEs	***43%***	***40%***	***46%***	***45%***	***45%***	***42%***	***50%***	***47%***
0 emp	38%	37%	42%	41%	40%	39%	46%	43%
1-9 emps	56%	52%	58%	54%	56%	49%	58%	57%
10-49 emps	62%	62%	69%	65%	67%	63%	65%	67%
50-249 emps	37%	36%	47%	43%	47%	46%	46%	44%

Q14/15 All SMEs – * ADJUSTED FIGURE FOR 2022 AND REVISED DEFINITION FROM Q1 2023

Analysis by further business demographics is provided below for 2025.

Those with a minimal risk rating were slightly more likely to be using any external finance (54%) than their peers, notably those with an average risk rating (44%):

Use of external finance in last 5 years					
YEQ4 25 – all SMEs	Total	Min	Low	Avge	WTA
Unweighted base:	***16,729***	***2843***	***4200***	***4582***	***3674***
Use any now	***46%***	***54%***	***50%***	***44%***	***46%***
Traditional core/other finance	40%	49%	43%	38%	39%
Any other finance	19%	18%	23%	17%	19%
Used in past but not now	2%	3%	2%	2%	2%
Not used at all	52%	43%	49%	54%	53%

Q14/15 All SMEs – new definition revised for Q1 2023

Use of any finance continued to show some variation by sector. 56% of those in Agriculture and 54% in Transport were using any finance, compared to 28% in Health and 40-51% elsewhere:

Use of external finance in last 5 years									
YEQ4 25 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***797***	***2198***	***2677***	***2374***	***818***	***1384***	***3855***	***864***	***1762***
Use any now	***56%***	***50%***	***50%***	***51%***	***44%***	***54%***	***43%***	***28%***	***40%***
Traditional core/other finance	53%	45%	45%	45%	38%	47%	36%	24%	35%
Any other finance	25%	19%	19%	21%	21%	23%	18%	9%	15%
Used in past but not now	1%	2%	2%	2%	2%	1%	1%	2%	2%

Analysed by age of SME, use of any external finance increased from 31% of Starts to 54% of those trading for 6-9 years and was then somewhat lower for older SMEs (47-48%):

Use of external finance in last 5 years						
YEQ4 25 – all SMEs	Total	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***16,729***	***324***	***1292***	***1727***	***3188***	***10198***
Use any now	***46%***	***31%***	***46%***	***54%***	***48%***	***47%***
Traditional core/other finance	40%	30%	43%	45%	38%	41%
Any other finance	19%	5%	8%	28%	25%	20%
Used in past but not now	2%	1%	2%	2%	2%	2%
Not used at all	52%	68%	53%	44%	50%	51%

Q14/15 All SMEs – new definition revised for Q1 2023

The table below shows use of external finance on an annual basis over the longer term, with the adjusted figures for 2022, and the new definition for 2023 onwards that includes repaying pandemic funding. Typically, around 4 in 10 SMEs have used external finance, with the 45-46% using finance under the new definition from 2023 at the top of the range seen (reflecting in part the impact of repaying pandemic funding):

The difference in use of external finance between 2024 and 2025 was just 1 percentage point (45% to 46%) but within each demographic group there were some slightly more significant changes:

- The overall figure is driven by the 0 employee SMEs, whose use of finance changed very little 2024 to 2025 (up 1 point to 42% and above typical pre-pandemic levels). Amongst those with employees, use of finance was little changed for those with 1-9 or 10-49 employees but was up 3 points for those with 50-249 employees to 46%. Whilst smaller SMEs were more likely to be using finance than pre-pandemic, this was not the case for the largest (77% of them used external finance in 2018 and 2019)
- Use of finance amongst those with a minimal or low risk rating was higher in 2025 than in 2024, up 7 points for those with a minimal rating (to 54% and higher than pre-pandemic levels) and up 3 points for those with a low rating (to 50% and in line with pre-pandemic levels). With little change for the remaining SMEs (up 1 point to 44% for those with an average rating and no change at 46% for those with a worse than average rating) those with a better risk rating remained more likely to be using external finance.
- Analysis by sector saw limited changes in use of finance, with just a few exceptions. Those in the Hotel and Restaurant sector saw use of finance decrease by 10 points to 44%, reversing the increase seen in 2024. There were increases in the use of finance for those in Agriculture (up 5 points to 56% and the most likely to be using external finance) and in Manufacturing (up 5 points to 50%). All sectors remained more likely to be using external finance in 2025 than pre-pandemic except for the Health sector, stable on 28% and the least likely to be using external finance.
- Around 1 in 3 SMEs can be described as Permanent non-borrowers (defined in the next chapter), with no use of, or apparent appetite for, finance. Once they were excluded, use of finance amongst remaining SMEs increased from 66% in 2012 to 78% in 2019, the highest proportion seen to date on the SME Finance Monitor. After a drop in 2020, to 61%, use of finance by this group excluding the PNBs has been more in line with earlier years (69-73% to 2024). The 76% figure in 2025 was up 7 points from 2024 and almost back to 2019 levels.
- Starts remained less likely to be using external finance (down 4 points at 31%) than their older peers. There was no consistent pattern by age of SME: Those trading 6-9 years remained the most likely to be using finance (a stable 54%) with little to choose between the other age bands (46-48%) and little change year on year.

Currently use external finance								
Over time – all SMEs By date of interview – row percentages	2018	2019	2020	2021	2022*	2023*	2024	2025
All SMEs	***36%***	***45%***	***37%***	***43%***	***40%***	***46%***	***45%***	***46%***
0 emp	34%	43%	32%	38%	37%	42%	41%	42%
1-9 emps	42%	50%	49%	56%	52%	58%	54%	55%
10-49 emps	54%	60%	58%	62%	62%	69%	65%	65%
50-249 emps	77%	77%	58%	37%	36%	47%	43%	46%
Minimal external risk rating	46%	46%	41%	46%	45%	52%	47%	54%
Low	38%	48%	45%	47%	46%	50%	47%	50%
Average	35%	41%	36%	40%	39%	44%	43%	44%
Worse than average	35%	46%	34%	41%	39%	44%	46%	46%
Agriculture	46%	56%	44%	45%	42%	52%	51%	56%
Manufacturing	34%	44%	38%	47%	47%	46%	45%	50%
Construction	34%	48%	36%	40%	42%	47%	49%	50%
Wholesale/Retail	43%	52%	44%	49%	45%	49%	48%	51%
Hotels & Restaurants	39%	48%	48%	55%	46%	47%	54%	44%
Transport	37%	46%	43%	47%	41%	53%	50%	54%
Property/ Business Services	31%	37%	33%	38%	35%	45%	42%	43%
Health	49%	56%	28%	34%	33%	33%	30%	28%
Other	37%	42%	31%	44%	45%	44%	42%	40%
All excl PNBs	70%	78%	61%	70%	73%	71%	69%	76%
Starts	54%	75%	34%	33%	28%	34%	35%	31%
2-5 years trading	32%	36%	38%	45%	46%	50%	46%	46%
6-9 years	34%	41%	37%	49%	45%	54%	53%	54%
10-15 years	34%	38%	35%	44%	46%	52%	46%	48%
15+ years	30%	37%	38%	44%	42%	47%	47%	47%

Q14/15 All SMEs – *ADJUSTED FIGURE FOR 2022 AND REVISED DEFINITION FROM 2023

Pandemic funding

As detailed at the start of this chapter, from Q1 2023 a revised question has clarified the current use of any government backed pandemic related funding. Those still repaying pandemic funding have been automatically added to the 'using external finance' metric and those who applied for this funding (whether successful, already repaid or still repaying) can no longer be classed as a Permanent non-borrower.

As the table below shows for 2025:

- 28% of SMEs had applied for government backed funding, almost all of them successfully (1% of applicants were unsuccessful, the equivalent of <1% of all SMEs).
- 19% of all SMEs were still repaying their pandemic funding, and this was more likely to be the case for those with 1-9 employees (24%), and those with 10-49 employees (27%), compared to 17% of those with 0 employees and 14% of those with 50-249 employees.
- Of those who applied for any pandemic funding, most (70%) were still repaying it, declining by size of SME to 41% of those with 50-249 employees:

Use of Government backed pandemic funding

YEQ4 25 – all SMEs excl DK	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***15,799***	***3856***	***7170***	***3498***	***1275***
Applied for government backed funding	***28%***	***24%***	***37%***	***46%***	***34%***
Took and repaid government backed funding	8%	7%	13%	18%	20%
Took and still repaying	19%	17%	24%	27%	14%
Applied but not successful	1%	1%	*	*	*
Did not apply for government backed pandemic funding	72%	76%	63%	54%	66%
% of those with facility still repaying	***70%***	***71%***	***65%***	***60%***	***41%***

Qbb2ax All SMEs excl Dk from Q1 2023

The table below provides analysis by risk rating and shows that those with a minimal or low risk rating were somewhat more likely to have applied for pandemic funding (30% and 35%) than those with an average or worse than average risk rating (both 26%).

- Overall, 23% of those with a low risk rating were still repaying government backed funding, compared to 16-19% of those with other risk ratings.
- As a proportion of those who applied for pandemic funding, it is those with a worse than average risk rating who were more likely to still be repaying the funding (76% of those who applied for any funding) compared to 55% of those with a minimal risk rating and 65-68% of other risk ratings:

Use of Government backed pandemic funding					
YEQ4 25 – all SMEs excl DK	Total	Min	Low	Avge	WTA
Unweighted base:	***15,799***	***2604***	***3909***	***4336***	***3570***
Applied for government backed funding	***28%***	***30%***	***35%***	***26%***	***26%***
Took and repaid government backed funding	8%	13%	11%	9%	6%
Took and still repaying	19%	16%	23%	17%	19%
Applied but not successful	1%	*	1%	*	1%
Did not apply for government backed pandemic funding	72%	70%	65%	74%	74%
% of those with facility still repaying	***70%***	***55%***	***68%***	***65%***	***76%***

Qbb2ax All SMEs excl Dk from Q1 2023

Analysis by sector showed some variation in the proportion who applied for government backed funding, ranging from 16% in Health to 33% in Wholesale/Retail. Overall, 1 in 5 of all SMEs in each sector were still repaying government backed funding, with the exception of Health (9%) and the Other Community sector (15%).

Amongst those who applied for any pandemic funding, there were three sectors where more than 7 in 10 were still repaying: Agriculture (78%), Property/Business Services (75%) and Transport (71%):

Use of government backed funding

YEQ4 25 – all SMEs excl DK	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***775***	***2045***	***2561***	***2226***	***755***	***1334***	***3649***	***772***	***1682***
Applied	***28%***	***29%***	***30%***	***33%***	***31%***	***32%***	***25%***	***16%***	***26%***
Took and repaid	6%	9%	10%	11%	10%	9%	6%	6%	9%
Took, repaying	21%	20%	19%	21%	21%	22%	18%	9%	15%
Unsuccessful	*	1%	*	1%	*	1%	*	*	1%
Did not apply	72%	71%	70%	67%	69%	68%	75%	84%	74%
% still repaying	***78%***	***69%***	***66%***	***66%***	***68%***	***71%***	***75%***	***60%***	***63%***

Qbb2ax All SMEs excl Dk from Q1 2023

The analysis below by age of SME reflects the facts that many younger SMEs were not in existence when the government backed pandemic funding was available, with Starts now excluded from this table. The proportion increases by age of SME to 36% of those trading for 6-9 years or 10-15 years and 33% of those trading for more than 15 years.

Overall, it is those trading for 6-9 or 10-15 years who were most likely to still be repaying such funding (28% and 25% of all SMEs in each age group). As a proportion of those who originally applied for such finance, those trading for 6-9 years were most likely to still be repaying (80%) compared to 7 in 10 of the small group of younger SMEs and those trading for 10-15 years, and 6 in 10 of the oldest SMEs:

Use of Government backed funding				
YEQ4 25 – all SMEs excl Starts and DK	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***1252***	***1650***	***3025***	***9565***
Applied for government backed funding	***11%***	***36%***	***36%***	***33%***
Took and repaid government backed funding	3%	7%	10%	12%
Took and still repaying	8%	28%	25%	20%
Applied but not successful	1%	1%	1%	1%
Did not apply for government backed funding	89%	64%	64%	67%
% of those with facility still repaying	***73%***	***80%***	***71%***	***63%***

Qbb2ax All SMEs excl Dk from Q1 2023

This government backed funding is one of the three components of the revised 'Using any external finance' metric. Analysis showed that:

- Of those who were still repaying government backed funding (and so by definition are using external finance) 68% were also using another 'traditional' form of finance.
- 45% of those who took but have repaid government backed funding were currently using any external finance.
- 32% of those who did not apply for any government backed funding were currently using any external finance.

6% of all SMEs only qualified for using external finance because they were still repaying government backed funding as they were not using any other forms of finance.

Other metrics showed that, amongst those still repaying this finance there was still further appetite for finance and growth but they were more likely to be 'Struggling':

- 23% were planning to apply for finance in future, twice the level of those who had either repaid the funding (12%) or had not applied for any (7%).
- 28% described themselves as 'Struggling', compared to 20% of those who had repaid their funding and 22% of those who had not applied for any.
- 45% planned to grow in the coming year, compared to 37% of those who had repaid their funding and 22% of those who had not applied for any.

Summary use of core and other forms of finance

The overall use of finance figure already reported (46%) continues to include use of the 'core' forms of finance often provided by banks (overdrafts, loans (including commercial mortgages) and/or credit cards) and a range of 'other' forms of finance available to SMEs.

30% of SMEs were using core finance in 2025, slightly above the 28% in 2024 and more in line with the 31% using such funding in 2023, while use of 'other' finance was stable at 21% (v 20% in 2024)

Detailed breakdowns by the types of products included in each definition are provided later in this chapter.

The analysis below shows the use of core forms of finance on an annual basis (note that this does not include data from the use of pandemic related funding question referenced earlier in this chapter). Typically, 3 in 10 SMEs have used any core finance, with the exception of 2019 when the figure was 39%.

The 30% using core finance in 2025 was only slightly higher than the 28% using such funding in 2024, but with some more marked changes by demographics:

- Those with 0 employees were somewhat more likely to be using core finance in 2025 (up 3 points to 27%) but remained the least likely of the size bands to be using such finance.
- There was an increase in use of core finance for those with a minimal risk rating (up 6 points to 39% and the most likely to be using core finance) with smaller increases of 4 points for those with a low or average risk rating.
- There were limited changes 2024 to 2025 for most sectors, with the exceptions of Transport (up 5 points to 35%) and Manufacturing (up 4 points to 33%). SMEs in Agriculture remained the most likely to be using core finance (43%)
- Excluding the Permanent non-borrowers increased the proportion of remaining SMEs using core finance by 8 points to 51% in 2025, back to levels last seen in 2021-22.
- Use of core finance was also stable by age of SME, and most likely to be used by the oldest SMEs (35%)

Currently use any core finance								
Over time – all SMEs By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***32%***	***39%***	***29%***	***31%***	***26%***	***31%***	***28%***	***30%***
0 emp	29%	37%	24%	26%	23%	28%	24%	27%
1-9 emps	36%	42%	39%	43%	36%	39%	36%	38%
10-49 emps	46%	52%	48%	51%	48%	52%	48%	49%
50-249 emps	70%	71%	50%	30%	25%	33%	34%	33%
Minimal external risk rating	41%	40%	32%	37%	31%	37%	33%	39%
Low	34%	41%	35%	37%	32%	36%	30%	34%
Average	31%	35%	28%	29%	26%	31%	26%	30%
Worse than average	30%	39%	27%	29%	25%	27%	27%	29%
Agriculture	40%	48%	35%	35%	29%	38%	40%	43%
Manufacturing	31%	37%	29%	35%	32%	30%	29%	33%
Construction	29%	42%	29%	29%	27%	30%	32%	35%
Wholesale/Retail	37%	45%	37%	35%	30%	34%	30%	36%
Hotels & Restaurants	36%	42%	38%	41%	29%	31%	32%	30%
Transport	30%	38%	32%	35%	27%	34%	30%	35%
Property/ Business Services	27%	32%	26%	28%	23%	30%	25%	27%
Health	45%	52%	22%	22%	21%	23%	20%	18%
Other Community	32%	34%	23%	28%	30%	31%	24%	27%
All excl PNBs	61%	67%	48%	51%	51%	47%	43%	51%
Starts	50%	68%	26%	21%	14%	21%	17%	18%
2-5 years trading	25%	28%	29%	32%	29%	27%	25%	27%
6-9 years	30%	34%	30%	35%	30%	35%	30%	33%
10-15 years	28%	32%	27%	33%	32%	36%	29%	29%
15+ years	27%	32%	30%	33%	29%	33%	33%	35%

Q15 All SMEs -new definition for Q1 2018

The table below shows the summary use of any of the 'other' forms of finance, by key demographics, over time. There has been limited change in use in recent years (20-21% since 2022) either overall or by key demographics and those with 10-49 employees were still the most likely to be using these forms of finance (40%):

Currently use any 'other' finance								
Over time – all SMEs By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***12%***	***16%***	***18%***	***24%***	***20%***	***21%***	***20%***	***21%***
0 emp	9%	13%	15%	21%	17%	18%	17%	18%
1-9 emps	18%	22%	27%	33%	28%	28%	27%	29%
10-49 emps	28%	33%	37%	45%	39%	43%	40%	40%
50-249 emps	49%	33%	36%	28%	22%	31%	29%	32%
Minimal external risk rating	14%	20%	22%	26%	26%	25%	22%	23%
Low	14%	19%	25%	27%	22%	22%	22%	25%
Average	11%	13%	18%	23%	20%	19%	19%	20%
Worse than average	12%	16%	16%	24%	19%	21%	21%	21%
Agriculture	15%	24%	22%	28%	24%	24%	26%	28%
Manufacturing	11%	15%	20%	28%	22%	20%	20%	23%
Construction	11%	14%	17%	22%	21%	22%	21%	26%
Wholesale/Retail	16%	22%	20%	28%	25%	21%	21%	25%
Hotels & Restaurants	12%	17%	26%	38%	25%	19%	21%	22%
Transport	14%	20%	25%	27%	21%	28%	25%	26%
Property/ Business Services	10%	12%	16%	21%	15%	20%	19%	17%
Health	12%	12%	14%	19%	17%	11%	13%	12%
Other Community	10%	16%	17%	27%	24%	20%	18%	16%
All excl PNBs	22%	27%	31%	40%	39%	32%	31%	35%
Starts	11%	17%	16%	19%	18%	19%	21%	21%
2-5 years trading	15%	17%	21%	26%	22%	27%	24%	28%
6-9 years	12%	17%	20%	28%	21%	25%	22%	24%
10-15 years	12%	15%	18%	26%	23%	21%	18%	20%
15+ years	10%	15%	18%	25%	19%	20%	19%	19%

Q15 All SMEs – new definition Q1 2018

Detailed use of all forms of external finance

The table below shows the full list of the different types of 'traditional' funding covered on the SME Finance Monitor since Q1 2018 and being used by SMEs YEQ4 2025. It includes both the core forms of finance and the other forms of finance about which data has been collected, some of which may also be obtained from the bank. Credit cards remained the most used form of 'core' funding, with Leasing/HP remaining the most used form of 'other' funding:

External finance currently used					
YEQ4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Core products (any)	***30%***	***27%***	***38%***	***49%***	***33%***
-Credit cards	18%	16%	21%	34%	20%
-Bank overdraft	14%	13%	17%	19%	12%
-Bank loan	8%	7%	12%	16%	14%
-Commercial mortgage	2%	1%	4%	6%	8%
-Any other loan	1%	*	1%	2%	1%
-Any other overdraft	*	*	*	*	-
Other forms of finance (any)	***21%***	***18%***	***29%***	***40%***	***32%***
-Leasing or hire purchase	12%	10%	17%	29%	22%
-Loans from directors, family & friends	8%	7%	11%	9%	6%
-Equity from directors, family & friends	2%	2%	4%	4%	3%
-Invoice finance	1%	*	2%	6%	10%
-Grants	2%	1%	3%	5%	4%
-Crowd funding / peer to peer*	*	*	1%	1%	*
-Asset based lending*	1%	1%	1%	3%	2%
-Selective/single invoice finance*	*	*	1%	1%	*
Any 'traditional' finance	***40%***	***36%***	***49%***	***60%***	***42%***
None of these	***60%***	***64%***	***51%***	***40%***	***58%***

Q15 All SMEs – new definition from Q1 2018

The figures above have not been adjusted in the light of the additional questions around pandemic related funding and it is possible that there is some double counting in the bank loan figure above by those still repaying pandemic funding:

- 8% of all SMEs reported having a bank loan in 2025 as a whole. Meanwhile, in a separate question, 19% of SMEs reported that they were still repaying government backed pandemic funding.
- Analysis across these two groups shows that 5% of all SMEs said both that they had a bank loan and that they were still repaying pandemic funding.
- It is not possible to tell from the data whether these SMEs were talking about the same loan at both questions, but if they *were* this would reduce the proportion with a (non-pandemic) bank loan to 4% of SMEs for 2025. It is of course possible that they have more than one bank loan, so the true figure is likely to be somewhere between 4% and 9%.

Amongst SMEs with employees, 51% were using any of this external finance – 39% were using any form of core finance and 31% any of the other forms of finance listed.

The table below takes an annual view of the use of these individual finance products, back to 2018.

- Use of credit cards was 18% in 2025, back to levels seen in 2019 and still 4 percentage points ahead of overdrafts.
- In 2021, potentially boosted by pandemic related funding, use of bank loans/commercial mortgages reached 17% but has been somewhat lower since (10% in 2024 and 2025)
- In terms of other forms of finance, use of leasing/HP was somewhat higher in 2025 than previously seen, at 12%, while the proportion using Grants remained limited at 2% of SMEs:

Use of 'traditional' finance								
Over time – all SMEs By date of interview	2018	2019	2020	2021	2022	2023	2024	2025
Core products (any)*	***32%***	***39%***	***29%***	***31%***	***26%***	***31%***	***28%***	***30%***
-Bank overdraft	19%	23%	13%	11%	10%	13%	11%	14%
-Bank loan/Commercial mortgage	9%	9%	12%	17%	13%	12%	10%	10%
-Credit cards	14%	18%	13%	11%	11%	17%	15%	18%
-Any other loan*	1%	1%	1%	3%	3%	2%	1%	1%
-Any other overdraft*	*	*	*	*	*	*	*	*
Other forms of finance (any)*	***12%***	***16%***	***18%***	***24%***	***20%***	***21%***	***20%***	***21%***
-Leasing, hire purchase or vehicle finance	7%	11%	9%	9%	8%	10%	10%	12%
-Loans/Equity from directors/family/friends	4%	4%	4%	5%	6%	8%	9%	9%
-Invoice finance	1%	1%	1%	1%	1%	1%	1%	1%
-Grants	1%	1%	8%	14%	9%	4%	2%	2%
-Crowd funding/ peer to peer*	*	*	*	*	*	*	*	*
-Asset based lending*	*	*	*	*	*	*	1%	1%
-Selective/single invoice finance*	*	*	*	*	1%	*	*	*
Any 'traditional' finance	***36%***	***45%***	***37%***	***43%***	***36%***	***41%***	***39%***	***40%***

Q15 All SMEs – new definition Q1 2018

SMEs could use one or more of the forms of finance listed above, but each year over half of those using any finance were only using one type: In 2025, 54% of those SMEs using any external finance were only using one of the forms of finance listed, the equivalent of 22% of all SMEs.

The table below shows the number of forms of finance used by all SMEs for YEQ4 2025 (including the 60% using no 'traditional' external finance).

- Around 1 in 4 of all SMEs used one type of finance, with the slight exception of those with 50-249 employees where 15% used one form of finance. These larger SMEs were more likely to be using 3 or more forms of finance (21% of those with 10-49 employees and 16% of those with 50-249 employees)

Forms of external finance currently used					
YEQ4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
None	60%	64%	51%	40%	58%
1 form of finance	22%	21%	24%	22%	15%
2 forms of finance	11%	10%	13%	17%	11%
3 forms of finance	5%	4%	7%	11%	8%
4 or more forms of finance	3%	2%	5%	10%	8%

The table below shows how the number of products being used has changed over recent quarters. The proportion of SMEs using 2 or more forms of finance has varied very little (typically 16-19% from Q3 2020) and was at the upper end of this range for most of 2025 (19% Q2 to Q4):

Number of forms of finance								
Over time – all SMEs By date of interview	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
No finance used	59%	63%	64%	60%	61%	63%	57%	58%
1 form of finance	24%	22%	22%	24%	22%	18%	24%	23%
2 or more forms of finance	17%	15%	14%	16%	17%	19%	19%	19%

Analysis by other demographics for 2025 showed that:

- Those using any finance and with a low risk rating were somewhat less likely to only use one form of finance (50%) then their peers (54-57%) and slightly more likely to use 4 or more (10% v 6-8% elsewhere)
- Those using any finance in the Property/Business Services sector were more likely to only be using one form of finance (62%) then their peers, including in Hotels and Restaurants (45%) or Wholesale/Retail (47%) and less likely along with those in Health and the Other Community sector to use 4 or more (3-5% v 8-12% elsewhere)
- Younger SMEs using any finance were slightly more likely to only be using one form of finance (58% - declining by age of SME to 52% for those trading 15+ years) but there was little difference by age in the proportion using 4 or more forms of finance (6-8%)

External finance – amounts and rates

This section provides some additional detail on the external finance currently being used by SMEs.

From Q1 2023, all SMEs using any external finance (including repaying pandemic funding) were asked if some or all of their borrowing was on a fixed rate. YEQ4 2025, 57% of finance users said that it was (a further increase from the 54% in 2024 and the 51% in 2023):

- There was little difference by size of SME, ranging from 54% of finance users with 10-49 employees to 59% with 50-249 employees.
- By sector, those using external finance in Transport (66%) and Agriculture (62%) were more likely to have fixed rate funding, compared to 39% in Health and 54-58% elsewhere.
- Starts using external finance remained less likely to have funding on a fixed rate (44%) with limited differences amongst those trading for 2-15 years (59-65%). Finance users trading for more than 15 years were somewhat less likely to have funding on a fixed rate (54%).

From Q3 2022, SMEs using any external finance (except those only using grants and/or loans or equity from directors) have been asked how much they owed in total.

43% said they owed less than £5,000, up from 35% in 2024. More broadly, 76% of SMEs using such finance owed up to £25,000 (little changed from 74% in 2024 but still higher than the 67% in 2023). At the other end of the scale, a stable 7% owed more than £100,000. As the table below shows, there was clear variation by size of SME:

Amount owed in total – all SMEs using relevant finance

YEQ4 25	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***7621***	***1401***	***3607***	***2039***	***574***
Up to £5,000	43%	49%	31%	20%	11%
£5-10,000	16%	17%	15%	10%	5%
£10-25,000	17%	17%	18%	13%	8%
£25-50,000	12%	11%	15%	12%	9%
£50-100,000	5%	3%	9%	14%	13%
£100,000+	7%	3%	13%	30%	55%
Net: Borrowing up to £25,000	***76%***	***83%***	***64%***	***43%***	***24%***
Net: Borrowing more than £25,000	***24%***	***17%***	***36%***	***57%***	***76%***

Q15za All SMEs using relevant forms of external finance excl DK. Net scores include prompted answers in narrower bands

Overall, 24% of SMEs with any borrowing in 2025 said they owed more than £25,000. This was more likely to be the case for larger SMEs (almost 6 in 10 of those with 10-49 employees and three quarters of those with 50-249 employees), as well as those with a minimal or low risk rating (31% and 32% respectively), and those in Agriculture (38%) or the Hotel and Restaurant sector (38%). This remains the equivalent of 9% of all SMEs owing £25,000 or more. Further detail is provided in the table below.

Amongst those still repaying government backed funding, 27% were borrowing more than £25,000 (down from 34% in 2024 and 44% in 2023) compared to 32% who had repaid their government backed funding (up from 29% in 2024 and 15% in 2023) and 20% who didn't apply for any of this funding (up slightly from 17% in 2024 and from 5% in 2023).

Some analysis over time (on limited base sizes in some instances) is now possible and is shown below. Overall, amongst SMEs using finance:

- 24% of SMEs using finance said they owed more than £25,000, a further decrease from the 35% in H2 2022 and seen across all size bands
- Those most likely to be borrowing such sums were SMEs with 50-249 employees (76% but down 4 points from 2024 and 8 points from H2 2022)
- Those with a minimal (31%) or low (32%) risk were more likely than their peers to be borrowing such sums but at lower levels than in 2024 (down 10 points and 8 points respectively)
- There were limited changes over time by sector
- By age of SME, there was an increase amongst Starts using finance (back up to 30% but on a small base) while slightly fewer finance users trading for 2-5 years were borrowing more than £25,000 (down 5 points to 24%) with limited changes elsewhere
- The equivalent of 9% of all SMEs owed more than £25,000, unchanged from 2024 and with little variation over time by demographics with the exception of the proportion once the PNBs have been excluded which increased in 2025 by 8 points to 28% and back in line with 2023

Owe £25,000+								
By date of interview – row percentages	All using finance H2 22	All using finance 2023	All using finance 2024	All using finance 2025	All SMEs H2 22	All SMEs 2023	All SMEs 2024	All SMEs 2025
All SMEs	***35%***	***33%***	***26%***	***24%***	***9%***	***13%***	***9%***	***9%***
0 emp	23%	24%	17%	17%	5%	8%	5%	6%
1-9 emps	54%	49%	39%	36%	19%	24%	16%	16%
10-49 emps	77%	72%	62%	57%	34%	44%	31%	30%
50-249 emps	84%	82%	80%	76%	22%	33%	28%	29%
Minimal risk rating	54%	45%	41%	31%	16%	20%	15%	14%
Low	54%	41%	40%	32%	16%	18%	15%	13%
Average	28%	33%	23%	22%	6%	12%	7%	8%
Worse than average	29%	26%	21%	22%	7%	9%	7%	8%
Agriculture	64%	44%	36%	38%	21%	20%	14%	17%
Manufacturing	33%	34%	29%	30%	10%	13%	10%	12%
Construction	26%	27%	26%	26%	7%	11%	10%	11%
Wholesale/Retail	47%	38%	31%	29%	14%	16%	11%	12%
Hotels & Restaurants	51%	47%	37%	38%	14%	18%	14%	13%
Transport	48%	34%	29%	26%	14%	15%	12%	12%
Property/ Business Services	27%	34%	22%	19%	6%	12%	7%	6%
Health	37%	35%	16%	16%	6%	9%	3%	4%
Other	17%	26%	18%	17%	4%	9%	6%	6%
Starts*	33%	32%	16%	30%	5%	8%	3%	7%
2-5 years trading	32%	27%	29%	24%	9%	10%	9%	8%
6-9 years	31%	34%	25%	23%	8%	16%	11%	10%
10-15 years	36%	36%	24%	24%	10%	16%	9%	10%
15+ years	37%	33%	29%	24%	8%	13%	11%	9%
Plan to apply	31%	40%	37%	36%	21%	26%	20%	28%

Q15z a and b All SMEs using finance excl DK / All SMEs *small base

External finance – security

A quarter of SMEs with any borrowing (26%) said that some or all of their facilities were secured, unchanged from 2024 (24%) or 2023 (25%):

- This increased by size of borrower from 22% of those with 0 employees to 42% of those with 50-249 employees.
- It was slightly more likely to be the case for borrowers in Agriculture (38%) or Hotels and Restaurants (37%) than in other sectors (22-28%) – both these sectors were more likely to be borrowing more than £25,000.
- Amongst those using finance, Starts (21%) and those trading for 6-9 years (22%) were slightly less likely to have secured facilities than their peers (26-29%).

External finance – Repayment concerns

This section looks at those finance users who were concerned about their ability to meet repayments (whether through use of pandemic related funding and/or traditional external finance) and the steps taken, if any, to resolve that concern. Since Q1 2023 concern has been based on a single question.

In 2025, the equivalent of 7% of all SMEs expressed concern about repaying current facilities, as reported below by key demographics, in line with both 2022 (7%) and 2023-24 (both 6%).

Concerned about repayment					
All SMEs using finance YEQ4 25	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***8866***	***1593***	***4098***	***2495***	***680***
Very concerned	6%	7%	5%	3%	1%
Fairly concerned	11%	11%	12%	8%	7%
Any concern (finance users)	***17%***	***17%***	***16%***	***11%***	***8%***
Not very concerned	23%	22%	25%	28%	27%
Not at all concerned	61%	61%	59%	61%	65%
Any concern (All SMEs)	***7%***	***7%***	***8%***	***7%***	***3%***

Bb2bb All SMEs using external finance

The table below shows the equivalent level of concern, amongst all SMEs, for Q2-4 2021 and then 2022 to 2025. Overall, concern in 2025 was in line with recent years at 7%, with limited changes year on year by key demographics. Concern remained highest for those in the Hotel and Restaurant and Transport sectors (both 10%) and once the PNBs are excluded (12%):

Any repayment concern (all SMEs)					
Over time By date of interview – row percentages	2021*	2022	2023	2024	2025
All SMEs	***9%***	***7%***	***6%***	***6%***	***7%***
0 emp	8%	7%	6%	5%	7%
1-9 emps	11%	9%	8%	7%	8%
10-49 emps	7%	7%	5%	5%	7%
50-249 emps	3%	2%	3%	3%	3%
Minimal external risk rating	6%	4%	3%	4%	5%
Low	7%	6%	5%	4%	5%
Average	8%	7%	6%	4%	6%
Worse than average	10%	9%	7%	7%	8%
Agriculture	9%	8%	9%	7%	7%
Manufacturing	11%	7%	7%	8%	7%
Construction	8%	7%	6%	5%	9%
Wholesale/Retail	8%	9%	7%	6%	7%
Hotels & Restaurants	15%	11%	8%	9%	10%
Transport	12%	9%	8%	7%	10%
Property/ Business Services	6%	5%	5%	4%	5%
Health	8%	8%	4%	3%	5%
Other	10%	8%	8%	6%	6%
All excl PNBs	14%	13%	10%	9%	12%
Starts	8%	5%	5%	3%	5%
2-5 years trading	11%	12%	9%	7%	8%
6-9 years	11%	10%	9%	8%	9%
10-15 years	10%	10%	7%	6%	7%
15+ years	7%	6%	5%	5%	7%

Repcon/bb2bb All SMEs from Q2 2021

Subsequent questions were then asked of those with repayments concerns, about the actions they had taken, or planned to take. Some of these questions were rested in H2 2025, in which case results are shown for H1 2025, the latest data available.

For 2025 as a whole, almost a quarter of SMEs with any repayment concerns said that they had spoken to their lender (note that due to limited base sizes, the 10-49 and 50-249 employee categories have been combined for this analysis):

- Overall, concerned SMEs were slightly less likely to have already spoken to their lender (down 3 points to 22%), with an increase in those who planned to (up 7 points to 18%). A broadly stable 6 in 10 had not spoken to their lender and had no plans to do so (down 2 points to 61%)
- Amongst concerned SMEs with 0 employees, slightly fewer had already contacted their lender (down 3 points at 23%), as more said that they planned to do so (up 8 points to 17%), also reducing the proportion with no plans to contact (down 5 points to 60%)
- Fewer concerned SMEs with 1-9 employees said they had spoken to their lender (down 7 points to 18%), with an increase both in those planning to speak to their lender (up 3 points to 19%) and those with no such plans (up 4 points to 63%)
- Amongst the largest concerned SMEs with 10-249 employees, the proportion that had already contacted their lender was slightly higher in 2025 (up 4 points to 26%), with a slight decrease in the proportion with plans to do so (down 2 points to 16%) and in those with no plans at all (down 2 points to 58%)

Response to repayment concerns

YEQ4 25- All SMEs with concerns	Total	0 emp	1-9 emps	10-249 emps
Unweighted base:	***1206***	***265***	***645***	***296***
Have spoken to lender	22%	23%	18%	26%
Have not spoken to lender but plan to	18%	17%	19%	16%
Have no plans to speak to lender	61%	60%	63%	58%

Qbb4 All SMEs with repayment concerns

Amongst those that had already contacted their lender (for H1 2025 only, when 25% of concerned SMEs had contacted their lender):

- 48% had agreed a repayment/ re-financing plan, 7% were offered a repayment plan but chose not to take it and 11% were still discussing a plan.
- 10% were offered other help and advice, 25% said no help had been offered.

Satisfaction with the outcome of contact with the lender is now asked of all who had made contact, irrespective of the outcome, as the question above is no longer asked:

- YEQ2 2025 when it was answered by those reporting an outcome of their contact with the lender, 57% gave a score of 7-10
- In H2 2025, when the question was asked of all who had spoken to their lender, 43% were very satisfied (scores 7-10) with the response.

Those with concerns who had not yet spoken to their lender (79% of all those with concerns, including those who don't currently plan to speak to their lender) were asked how they thought their lender would respond to such contact. As the table below shows, amongst these SMEs in 2025, around a quarter thought it likely the bank would respond positively in terms of fairness, practicality and support, but around half were unsure what response they might get:

- Treated fairly: Slightly more of these SMEs thought their lender would 'definitely' treat them fairly than thought they would be 'unlikely' to (25% v 22%) with half unsure, a net score of +3 (+10 in 2024).
- Offered practical help: 20% thought their lender 'definitely' would offer practical help, compared to 37% who thought it was 'unlikely', with 4 in 10 unsure, a net score of -17 (-6 in 2024).
- Supportive: 23% thought their lender 'definitely' would be supportive while 30% thought it was 'unlikely' with half unsure, a net score of -7 (-9 in 2024).

Response from lender			
YEQ4 25- All SMEs with concerns who have not spoken to lender	Would be treated fairly	Bank would offer practical help	Bank would be supportive
Unweighted base:	***950***	***950***	***950***
Definitely	25%	20%	23%
Maybe	54%	42%	47%
Unlikely	22%	37%	30%
Definitely - unlikely	***+3***	***-17***	***-7***

Qbb4a All SMEs with repayment concerns who have not yet spoken to their lender

Data is now available over time for 2023 to 2025 and is shown in the table below:

- Treated fairly: The proportion thinking they would 'definitely' be treated fairly is down slightly on 2024 (4 points to 25%) while the 'unlikely' percentage is up 3 points at 22%, resulting in the decline in net score to +3 from +10
- Offered practical help: The proportion thinking they would 'definitely' be offered practical help is down slightly on 2024 (3 points to 20%) as is those answering 'maybe' (down 6 points to 42%). With a more marked increase in the proportion saying 'unlikely' (up 8 points to 37%) the net score for 2025 was -17, down from -6 in 2024
- Supportive: Slightly more thought that their bank would 'definitely' be supportive in 2025, up 4 points to 23%. There was also a small increase in respondents thinking it 'unlikely' the bank would be supportive (up 2 points to 30%), with a drop of 6 points in the 'maybe' score to 47%. As a result, the net score is little changed at -7 and the most stable of the three metrics.

Response from lender			
All SMEs with concerns who have not spoken to lender – over time	2023	2024	2025
Unweighted base:	***815***	***749***	***950***
Would be treated fairly:			
Definitely	28%	29%	25%
Maybe	45%	52%	54%
Unlikely	27%	19%	22%
Definitely - unlikely	*+1*	*+10*	*+3*
Bank would offer practical help:			
Definitely	24%	23%	20%
Maybe	43%	48%	42%
Unlikely	33%	29%	37%
Definitely - unlikely	*-9*	*-6*	*-17*
Bank would be supportive:			
Definitely	26%	19%	23%
Maybe	41%	53%	47%
Unlikely	34%	28%	30%
Definitely - unlikely	-8	-9	-7

Qbb4a All SMEs with repayment concerns who have not yet spoken to their lender

The table below summarises the views, already reported, of all those with repayment concerns that have not yet spoken to their lender and then splits them by those who have plans to speak to their lender and those with no such plans.

In 2025, across all three statements, around 1 in 5 (19-21%) of those with plans to speak to their lender thought the lender would 'definitely' treat them fairly, offer practical help and/or be supportive. Those with no plans to speak were slightly more likely than those with plans to think their lender would treat them fairly (26%) or be supportive (24%), and in line with those with plans for offering practical help (21%).

Those with no plans to speak to their lender were though somewhat more likely than those with plans to think their lender 'unlikely' to treat them fairly, offer practical help or be supportive, notably for being supportive (31% v 24% of those with plans to speak to their lender):

Response from lender – by future plans			
YEQ4 25- All SMEs with concerns who have not spoken to lender – row percentages	Would be treated fairly	Bank would offer practical help	Bank would be supportive
Unweighted base:	***950***	***950***	***950***
Definitely:			
All with concerns	25%	20%	23%
Those who plan to speak	*21%*	*19%*	*20%*
Those with no plans to speak	*26%*	*21%*	*24%*
Unlikely:			
All with concerns	22%	37%	30%
Those who plan to speak	*20%*	*34%*	*24%*
Those with no plans to speak	*22%*	*38%*	*31%*

From Q3 2022, all those who were concerned about making their repayments were asked what impact, if any, this was having on their wider business. In 2024, 82% of those with repayment concerns reported an impact, with no difference by size of SME, with the impacts primarily around business growth, investment and having to be cautious with other plans, the equivalent of 5% of all SMEs having their plans affected.

This question was rested for the second half of 2025, so is shown here for YEQ2 2025, the most recent data available, with 79% of SMEs with repayment concerns saying it had impacted their business (still the equivalent of 5% of all SMEs). 1 in 5 said that that their repayment concerns had not impacted on the business and this was more likely to be the case for those with 0-9 employees (21%) than those with 10-249 employees (15%):

Impact of repayment concerns			
YEQ2 25 – all SMEs with concerns	Total	0-9 emps	10-49 emps
Unweighted base:	***1111***	***834***	***277***
Any impact	***79%***	***79%***	***85%***
-How much can try to grow business	60%	60%	62%
-Extent to which can invest in business	50%	50%	55%
-More cautious about other aspects of business	53%	53%	56%
-Extent to which can recruit/develop staff	41%	41%	52%
-Extent to which can launch products etc	42%	43%	42%
Not impacted on plans for business	*21%*	*21%*	*15%*

Qbb6 All SMEs with repayment concerns

Some analysis of those with repayment concerns is also now available over time, including H1 2025. It shows a consistent 8 in 10 of these SMEs saying that this has affected their business, with the largest single impact remaining how much they can try to grow the business:

Impact of repayment concerns				
All SMEs with concerns over time	H2 2022	2023	2024	H1 2025
Unweighted base:	***581***	***1074***	***982***	***629***
Any impact	***72%***	***81%***	***82%***	***82%***
-How much can try to grow business	49%	58%	65%	61%
-Extent to which can invest in business	36%	49%	54%	55%
-More cautious about other aspects of business	44%	52%	52%	59%
-Extent to which can recruit/develop staff	29%	35%	42%	43%
-Extent to which can launch products etc	23%	36%	41%	49%
Not impacted on plans for business	*28%*	*19%*	*18%*	*18%*

Qbb6 All SMEs with repayment concerns

Personal elements to business finance

For smaller SMEs in particular there can be a 'blurring' between business and personal finance. This next section looks at the various ways in which personal funds have been used by SMEs, whether as finance for the SME or through the use of a personal bank account.

Personal element – injections of personal funds

SMEs were asked whether personal funds had been injected into the business in the previous 12 months by the owner or any director, and whether this was something they had chosen to do or felt that they had to do.

Over recent quarters around 1 in 3 SMEs has reported an injection of personal funds, and this was more likely to be because they had no choice, albeit the proportion was somewhat lower at the end of 2025 than at the start (29% reported any injection of funds in Q4 2025):

Personal funds in last 12 months									
Over time – all SMEs By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Inject personal funds – you chose to do to help the business grow and develop	14%	16%	14%	14%	13%	13%	11%	11%	11%
Inject personal funds – you felt you had no choice about this, that you had to do it	22%	23%	22%	22%	22%	21%	24%	21%	18%
Any personal funds	***36%***	***39%***	***36%***	***36%***	***35%***	***34%***	***35%***	***32%***	***29%***
Not something you have done	64%	61%	64%	64%	65%	66%	65%	68%	71%

Q15d All SMEs

Taking a longer-term view on an annual basis, the proportion reporting an injection of funds declined slightly to 24% in 2019. By 2021 it was back to 37% and remained at a similar level to 2024, before declining slightly in 2025 (32%):

Personal funds in last 12 months								
Over time – all SMEs	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***18,002***	***18,000***	***17,768***	***16,486***	***17,002***	***17,010***	***17,011***	***16,729***
Inject personal funds – you chose to do to help the business grow and develop	16%	13%	13%	11%	13%	13%	14%	12%
Inject personal funds – you felt you had no choice about this, that you had to do it	13%	11%	19%	26%	22%	23%	22%	21%
Any personal funds	***29%***	***24%***	***32%***	***37%***	***34%***	***36%***	***37%***	***32%***
Not something you have done	71%	76%	68%	69%	66%	64%	63%	68%
% 'forced' injections	***45%***	***46%***	***59%***	***70%***	***65%***	***64%***	***59%***	***66%***

Q15d All SMEs from Q2 2012

The proportion of all injections of funds that were 'forced' declined from 58% in 2012 to 39% in 2016 but then increased to 45% of all injections for 2017-2019. There was another increase (to 70%) in 2021 since when it has remained at a higher level than previously seen (66% in 2025).

The more detailed analysis below is based on the combined results YEQ4 2025 to provide robust base sizes for key sub-groups. Smaller SMEs, with up to 9 employees, remained much more likely to have received an injection of personal funds than their larger peers, and for that to have been something they felt they had to do:

Personal funds in last 12 months					
YEQ4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Inject personal funds – you chose to do to help the business grow and develop	12%	12%	11%	7%	5%
Inject personal funds – you felt you had no choice about this, that you had to do it	21%	22%	19%	12%	4%
Any personal funds	***32%***	***34%***	***31%***	***18%***	***9%***
Not something you have done	68%	66%	69%	82%	91%

Q15d All SMEs

Amongst SMEs with employees, 28% reported any injection of personal funds – 10% who chose to do so and 18% who felt that they had no choice.

Injections of personal funds continued to increase markedly with risk rating, from 18% of those with a minimal risk rating to 40% of those with a worse than average risk rating:

Personal funds in last 12 months					
YEQ4 25– all SMEs	Total	Min	Low	Avge	Worse/ Avge
Unweighted base:	***16,729***	***2843***	***4200***	***4582***	***3674***
Inject personal funds – you chose to do to help the business grow and develop	12%	5%	9%	10%	14%
Inject personal funds – you felt you had no choice about, that you had to do	21%	13%	14%	19%	26%
Any personal funds	***32%***	***18%***	***22%***	***29%***	***40%***
Not something you have done	68%	82%	78%	71%	60%

Q15d All SMEs

There was limited variation in the proportion in each sector that had received any injection of funds (32% overall) at 27-37% except for the Hotel and Restaurant sector (43%).

There was also little difference by sector in terms of those who felt they had no choice but to inject funds (21% overall) at 19-26%, this time with the exception of those in Property/Business Services (16%) and the Hotel and Restaurant sector (29%):

Personal funds in last 12 months									
YEQ4 25 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***797***	***2198***	***2677***	***2374***	***818***	***1384***	***3855***	***864***	***1762***
Chose to inject	11%	10%	9%	14%	14%	11%	12%	10%	14%
Had to inject	23%	21%	23%	21%	29%	26%	16%	19%	21%
Any funds	***34%***	***31%***	***32%***	***34%***	***43%***	***37%***	***27%***	***29%***	***35%***
Not put funds in	66%	69%	68%	66%	57%	63%	73%	71%	65%

Q15d All SMEs

The youngest SMEs continued to be the most likely to have had an injection of personal funds, with a fairly even split between necessity and choice. In all other age groups, there had been fewer injections overall and they were more likely to have been a necessity than a choice:

Personal funds in last 12 months					
YEQ4 25 – all SMEs	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***324***	***1292***	***1727***	***3188***	***10,198***
Inject personal funds – you chose to do to help the business grow and develop	26%	13%	10%	10%	8%
Inject personal funds – you felt you had no choice about this, that you had to do it	33%	23%	23%	19%	17%
Any personal funds	***60%***	***36%***	***33%***	***29%***	***25%***
Not something you have done	40%	64%	67%	71%	75%

Q15d All SMEs

SMEs currently using external finance remained more likely to have also received an injection of personal funds (39% YEQ4 2025) than those not currently using external finance (27%) and were also more likely to say they had felt that there had been no choice (28% v 15%).

The table below looks at the long-term changes in injections of any personal funds, whether through choice or necessity, by key business demographics. The 32% reported for 2025 was down 5 points from 2024, back to levels seen in 2020:

- Smaller SMEs remained more likely to report an injection of personal funds than larger ones, but in 2025 the proportion of 0 employee SMEs reporting an injection was down 5 points at 34%
- This was also the case by risk rating. Those with an average or worse than average risk rating were more likely to report an injection of personal funds than those with a minimal or low rating, but the proportion of those with a worse than average risk rating reporting an injection was down 9 points to 40%.
- There was slightly more variation by sector. There was an increase in injections of personal funds in Agriculture (up 6 points to 34%), but fewer injections in the Other Community sector (down 12 points to 35%), in Manufacturing (down 8 points to 31%) and in Property/Business Services (down 8 points to 27% and the sector least likely to report an injection of personal funds)
- Non-PNBs remained more likely to report an injection of funds (38%), as did younger SMEs (60% for Starts), with those trading for 2-5 years less likely to report an injection of personal funds in 2025 (down 10 points to 36%).

Any personal funds in last 12 months								
Over time – all SMEs Row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***29%***	***24%***	***32%***	***37%***	***34%***	***36%***	***37%***	***32%***
0 emp	29%	25%	34%	40%	37%	39%	39%	34%
1-9 emps	27%	23%	29%	31%	28%	31%	33%	31%
10-49 emps	13%	13%	15%	14%	13%	14%	17%	18%
50-249 emps	6%	5%	9%	8%	5%	7%	7%	9%
Minimal external risk rating	14%	11%	18%	16%	15%	15%	18%	18%
Low	18%	17%	22%	24%	21%	22%	19%	22%
Average	26%	23%	30%	35%	33%	33%	31%	29%
Worse than average	34%	29%	37%	47%	42%	46%	49%	40%
Agriculture	28%	28%	31%	32%	37%	32%	28%	34%
Manufacturing	30%	24%	29%	31%	37%	36%	39%	31%
Construction	26%	24%	31%	33%	32%	33%	34%	32%
Wholesale/Retail	31%	22%	34%	34%	34%	37%	37%	34%
Hotels & Restaurants	31%	30%	39%	44%	36%	38%	45%	43%
Transport	24%	24%	38%	46%	36%	41%	33%	37%
Property/ Business Services	30%	24%	28%	36%	31%	34%	35%	27%
Health	21%	17%	30%	37%	38%	35%	31%	29%
Other Community	34%	26%	35%	38%	38%	40%	47%	35%
PNBs	20%	18%	22%	27%	26%	25%	26%	23%
All excl PNBs	36%	29%	39%	44%	42%	42%	42%	38%
Starts	49%	33%	47%	62%	57%	61%	59%	60%
2-5 years trading	36%	33%	38%	44%	42%	45%	46%	36%
6-9 years	25%	20%	31%	34%	32%	35%	35%	33%
10-15 years	20%	20%	26%	30%	28%	28%	28%	29%
15+ years	17%	18%	25%	27%	25%	26%	27%	25%

Q15d All SMEs

Analysed by their overall financial behaviour in the previous 12 months, the small group of Would-be seekers (who had wanted to apply for finance but felt that something had stopped them) remained much more likely to have received an injection of personal funds (68%) and to say that they had had no choice (61%, up from 54% in 2024):

Personal funds in last 12 months				
YEQ4 25 – all SMEs	Total	Had an event	Would-be seeker	Happy non-seeker
Unweighted base:	***16,729***	***2769***	***537***	***13,423***
Inject personal funds – you chose to do to help the business grow and develop	12%	13%	7%	12%
Inject personal funds – you felt you had no choice about, that you had to do	21%	30%	61%	17%
Any personal funds	***32%***	***42%***	***68%***	***28%***
Not something you have done	68%	58%	32%	72%

Q15d All SMEs

Analysis of these groups over recent years showed that

- 2021 to 2024 around half of those reporting a borrowing event also reported an injection of personal funds, with a slightly lower proportion (42%) in 2025, more in line with 2020
- Since 2020 around 7 in 10 of Would-be seekers have reported an injection of personal funds, with 2025 in line (68%)
- Happy non-seekers have always been less likely to report an injection of funds. Typically, around 3 in 10 have done so, with 2025 again broadly in line (28%)

Any personal funds in last 12 months								
Over time – all SMEs Row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***29%***	***24%***	***32%***	***37%***	***34%***	***36%***	***37%***	***32%***
Had a borrowing event	42%	35%	44%	51%	51%	48%	50%	42%
Would-be seeker	60%	60%	72%	75%	72%	71%	69%	68%
Happy non-seekers	25%	21%	29%	32%	31%	33%	32%	28%

Personal element – use of personal bank accounts

Most SMEs used a business bank account (90% excluding DK answers).

Of the 10% that used a personal account, almost all (94%) were 0 employee SMEs. So, whilst 13% of 0 employee SMEs used a personal account for their business banking, amongst those with employees the figure was 2%.

In the early years of the SME Finance Monitor around 1 in 5 SMEs used a personal bank account for their business. Since 2017, when 16% used a personal account, this proportion has declined, to 7% in 2023, the lowest to date, then 9% in 2024 and 10% in 2025.

YEQ4 2025, SMEs using a personal account were:

- Less likely to be using any external finance (39% used external finance, compared to 47% of those using a business account) and more likely to meet the definition of a PNB (46% v 39%).
- They were as likely to have had a borrowing event (13% v 14%), or to be planning to apply for finance (10% v 11%).
- They were more likely to be Struggling (34% v 22%).
- They were less likely to have grown in the past year (18% v 28%) or to be planning to grow (27% v 43%).

As the analysis below shows, there has been some variation over time in the proportion of SMEs using a personal account that also use external finance for their business. In 2025, 39% of those using a personal account for their business banking were using external finance, still below the 44% using finance in 2023, but in line with most other years, with a more marked increase in the use of core finance (up 9 points to 30% and back to levels seen in 2023).

Meanwhile, 47% of those using a business account were using external finance, with 31% using core finance, both little changed from 2023 or 2024:

External finance currently used								
Over time – all SMEs	2018	2019	2020	2021	2022	2023	2024	2025
Use business account:								
Use core finance	33%	40%	30%	32%	27%	31%	29%	31%
Use any finance*	38%	46%	38%	43%	37%	46%	46%	47%
Use personal account for business:								
Use core finance	26%	33%	22%	20%	20%	30%	21%	30%
Use any finance*	29%	38%	29%	35%	33%	44%	36%	39%

Q15/Q24 All SMEs Any use of finance from 2023 includes still repaying pandemic funding

Personal element – finance facilities in a personal name

24% of SMEs using finance had any facility in a personal name (little changed from the 26% in 2024 or the 24% in 2023, and up from 16% in 2021), the equivalent of 9% of all SMEs (also in line with 2024 and 2023, and up from 7% in 2021).

- Finance in a personal name was more likely to be held by smaller SMEs: 29% of finance users with 0 employees had some facility in their personal name (the equivalent of 10% of all 0 employee SMEs) compared to 5% of those with 50-249 employees.
- Finance users with an average or worse than average risk rating were more likely to have a facility in a personal name (26% and 23%), than those with a minimal or low risk rating (17% and 16%).

Have element of finance in personal name		
YEQ4 25 – row percentages	Of those using finance	Equivalent % of all such SMEs
Total	***24%***	***9%***
0 employees	29%	10%
1-9 employees	15%	7%
10-49 employees	6%	4%
50-249 employees	5%	2%
Minimal risk rating	17%	8%
Low risk rating	16%	7%
Average risk rating	26%	10%
Worse than average risk rating	23%	9%
Use a personal bank account	74%	28%
Use a business bank account	18%	7%

Q15bsu All SMEs using finance excluding DK

As already reported, those operating their business banking through a personal account were less likely to be using external finance than their peers (39% v 47%). However, if they did use external finance, then three-quarters (74%) said that some or all of the facilities that they had were in their personal name. Those with a business account who used finance were much less likely to say that any of their facilities were in their personal name (18%).

As a result, amongst all SMEs, those using a personal account for their business were much more likely to have a facility in their personal name (28%) than those using a business account (7%), or SMEs overall (9%).

SMEs using loans, overdrafts or any other finance were asked about facilities in a personal name for each type of facility they held. In all instances, those with 0 employees remained more likely to have a facility in a personal name:

	Facilities in a personal name YEQ4 2025 (excl DK)
Overdrafts	13% of all SMEs with an overdraft said it was in a personal name (in line with the 12-13% in 2022-2024), of which 90% were 0 employee SMEs. 7% said they had overdrafts in both personal and business names (slightly lower than the 9-13% 2022-2024, and more in line with the 5% in 2021). A stable 17% of 0 employee SMEs with an overdraft said that it was in a personal name (v 18% in 2022 and 15% in 2023). This declined by size to 5% of those with 1-9 employees, 1% of those with 10-49 employees and none of those with 50-249 employees.
Loans	13% of all SMEs with a loan said it was in a personal name (higher than the 6-8% reported 2021-2024), of which 85% were 0 employee SMEs. 4% said they had loans in both personal and business names (in line with the 5% in 2024 rather than the 9% reported in 2023). The overall increase in personal loan facilities was seen predominantly amongst the smallest SMEs as 18% of 0 employee SMEs with a loan said that it was in a personal name (compared to 8% in 2024 and 12% in 2023). This declined by size to 6% of those with 1-9 employees, 2% of those with 10-49 employees and 1% with 50-249 employees.
All other finance	15% of SMEs using any other form of finance said it was in a personal name (down slightly from 17% in 2024 and more in line with the 14% in 2022 and 2023), of which 84% were 0 employee SMEs. 8% said they had facilities in both personal and business names (slightly lower than the 11% 2023-2024, up from 5% in 2021). 20% of 0 employee SMEs using other forms of finance said that it was in a personal name (in line with recent years). This declined by size to 8% of those with 1-9 employees, 2% of those with 10-49 employees and 1% of those with 50-249 employees.

Trade credit

38% of SMEs in 2025 regularly purchased products or services from other businesses on credit increasing by size of SME:

- 31% of those with 0 employees regularly purchased on credit
- 53% of those with 1-9 employees
- 70% of those with 10-49 employees
- 80% of those with 50-249 employees.

Overall use of trade credit increased slightly over time to 2021 (31% in 2014 to 38% in 2021) and has been stable since.

0 employee SMEs remained less likely to be using trade credit than their peers (31% in 2025 and stable over time), likewise there has been little change in the use of trade credit amongst those with 1-9 employees (53% in 2025).

Larger SMEs remained more likely to be using trade credit but the proportion amongst those with 10-49 employees was somewhat lower in 2025 (70%) than in recent years, while use amongst the largest SMEs (80%) was stable and remained slightly higher than in earlier years:

Currently use trade credit								
Over time – all SMEs By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***34%***	***37%***	***36%***	***38%***	***37%***	***39%***	***39%***	***38%***
0 emp	29%	30%	30%	31%	31%	33%	32%	31%
1-9 emps	48%	53%	53%	54%	53%	55%	53%	53%
10-49 emps	62%	66%	70%	75%	73%	76%	76%	70%
50-249 emps	67%	59%	72%	64%	67%	75%	79%	80%

Q14y All SMEs

56% of SMEs with employees used trade credit in 2025.

Those using external finance (loans, overdrafts etc) remained more likely to also be using trade credit (46% YEQ4 2025) than those who were not using any external finance (30%).

SMEs that received trade credit were asked whether this meant that they had a reduced need for other forms of external finance. Almost 6 in 10 of those using trade credit said that it did (57%), ranging from 54% of those with 0 employees to 67% of those with 10-49 employees and 66% with 50-249 employees. Overall, this is the equivalent of 22% of all SMEs needing less external finance, as the table below shows:

Impact of receiving trade credit

YEQ4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Receive trade credit	***38%***	***31%***	***53%***	***70%***	***80%***
Have less of a need for external finance	22%	17%	33%	47%	52%
Do not have less of a need for external finance	12%	11%	16%	19%	21%
Not sure	4%	4%	4%	4%	6%
Do not receive trade credit	62%	69%	47%	30%	20%
% of those with TC where it reduces need	***57%***	***54%***	***62%***	***67%***	***66%***

Q14y/y3 All SMEs

Since 2022, around a fifth of all SMEs have reported that their need for finance was reduced by trade credit (21-22%) compared to around a quarter of SMEs in the years before that. Larger SMEs (heavier users of trade credit) were more likely than their smaller peers to say that it reduced their need for other finance, with the 52% of those with 50-249 employees in 2025 the highest level seen since 2018:

Trade credit reduced need for finance

Over time – all SMEs By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***23%***	***26%***	***24%***	***24%***	***21%***	***22%***	***21%***	***22%***
0 emp	18%	22%	19%	20%	17%	18%	16%	17%
1-9 emps	33%	38%	35%	34%	30%	33%	31%	33%
10-49 emps	44%	49%	47%	44%	41%	47%	50%	47%
50-249 emps	52%	45%	48%	38%	28%	46%	48%	52%

Q14y/y3 All SMEs

Use and impact of trade credit by other key demographics

SMEs with a minimal or low external risk rating remained more likely to receive trade credit (56% and 46% respectively) than those with an average or worse than average risk rating (37% and 33%) and to say that it reduced their need for finance (34% with a minimal risk rating to 18% with a worse than average risk rating). However, the proportion just of users of trade credit who said it reduced their need for finance was very similar for all 4 groups (56-61%):

Impact of receiving trade credit					
YEQ4 25 – all SMEs	Total	Min	Low	Avge	Worse/Avge
Unweighted base:	***16,729***	***2843***	***4200***	***4582***	***3674***
Receive trade credit	***38%***	***56%***	***46%***	***37%***	***33%***
Have less of a need for external finance	22%	34%	27%	22%	18%
Do not have less of a need for external finance	12%	18%	15%	12%	11%
Not sure	4%	3%	4%	3%	4%
Do not receive trade credit	62%	44%	54%	63%	67%
% of those with TC where it reduces need	***57%***	***61%***	***58%***	***58%***	***56%***

Q14y/y3 All SMEs

With the slight exception of Starts (29%) and those trading for more than 15 years (43%) there was limited difference in use of trade credit by age of SME (32-36%), or in the proportion saying it reduced their need for finance (19-21%) again with the slight exception of the youngest (15%) and oldest SMEs (25%). Amongst users of trade credit, those trading for 15+ years were somewhat less likely to say it reduced their need for finance (57%) than their peers (59-61%):

Impact of receiving trade credit					
YEQ4 25 – all SMEs	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***324***	***1292***	***1727***	***3188***	***10,198***
Receive trade credit	***29%***	***35%***	***36%***	***32%***	***43%***
Have less of a need for external finance	15%	21%	21%	19%	25%
Do not have less of a need for external finance	10%	10%	11%	10%	14%
Not sure	4%	3%	3%	3%	4%
Do not receive trade credit	71%	65%	64%	68%	57%
% of those with TC where it reduces need	***52%***	***61%***	***59%***	***60%***	***57%***

Q14y/y3 All SMEs

SMEs in Construction (59%) were the most likely to receive trade credit, along with those in Wholesale/Retail (54%) and Manufacturing (55%). A third of all SMEs in these three sectors said trade credit reduced their need for finance (32-36%), compared to 13-26% of SMEs in other sectors. The exception is Health, where 18% of SMEs received trade credit and 9% said that it resulted in less of a need for external finance.

Amongst those using any trade credit, the most likely to say it reduced their need for finance were the same three sectors of Construction (66%), Wholesale/Retail (62%) and Manufacturing (61%), with limited variation across remaining sectors (50-56%):

Trade credit in last 12 months

YEQ4 25 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWk	Other Comm
Unweighted base:	***797***	***2198***	***2677***	***2374***	***818***	***1384***	***3855***	***864***	***1762***
Receive trade credit	***46%***	***55%***	***59%***	***54%***	***40%***	***32%***	***27%***	***18%***	***26%***
Have less of a need for external finance	26%	33%	39%	33%	21%	16%	13%	9%	13%
Do not have less of a need for external finance	17%	17%	14%	16%	16%	13%	10%	8%	9%
Not sure	3%	4%	6%	5%	3%	3%	3%	1%	4%
Do not receive TC	54%	45%	41%	46%	60%	68%	73%	82%	74%
% where TC reduces need	***56%***	***61%***	***66%***	***62%***	***51%***	***51%***	***50%***	***51%***	***51%***

Q14y/y3 All SMEs

YEQ4 2025, SMEs using external finance (who were more likely to be using trade credit at all) remained more likely to say that they had less of a need for external finance as a result of trade credit (29%) than those not using external finance (15%) or SMEs overall (22%).

Both those SMEs with £10,000 or more of credit balances and those using trade credit were asked (separately) whether this reduced their need for external finance:

- Where available, having £10,000 or more in credit balances was more likely to reduce the SME's need for finance (85% YEQ4 2025) than having access to trade credit (57% – of a different group of SMEs).
- Overall, 33% of all SMEs YEQ4 2025 said that their need for finance was reduced either through credit balances or trade credit, increasing by size of SME (26% for 0 employee SMEs, 49% for those with 1-9 employees, 63% for those with 10-49 employees and 62% for those with 50-249 employees).
- This was more likely to be the case for those using any external finance currently (39% v 27% if not using), and for those in Construction (47%) or with a minimal risk rating (54%), or who currently feel 'Well off' (56%).
- It was less likely to be the case for Starts (22%) but with limited variation by age otherwise (31-36%).
- The proportion of SMEs reporting a reduction in need for finance has been around 3 in 10 since 2016 and the 2025 figure of 33% was in line with recent years (31-34% since 2020).

A wider definition of 'total business funding'

The questions on trade credit and injections of personal funds allow for an analysis of the use of 'any business funding' by SMEs in a wider sense, i.e. including not only external finance (used by 46% of all SMEs) but also trade credit (used by 38% of SMEs) and injections of personal funds (32% of SMEs).

For YEQ4 2025:

- 46% of SMEs were using external finance as defined earlier in the chapter (i.e. loans, overdrafts, invoice finance etc), now including those repaying government backed pandemic funding.
- An additional 16% of SMEs were not using external finance but were receiving trade credit.
- And finally, a further 10% of SMEs were using neither external finance, nor trade credit, but had seen an injection of personal funds into the business (also defined earlier).

Widening the definition of external funding to include not only finance but also trade credit and personal funds increased the proportion of SMEs using business funding to 72%, compared to 46% using just external finance.

Back in 2017-2018, around two thirds of SMEs were using any form of business funding, increasing to three quarters in 2021 (74%) and broadly stable since. The 72% using business funding in 2025 was very slightly lower than the 75% in both 2023 and 2024:

Use of business funding

Over time – all SMEs	2018	2019	2020	2021	2022	2023*	2024	2025
Unweighted base:	***18,002***	***18,000***	***17,768***	***16,486***	***17,002***	***17,010***	***17,011***	***16,729***
Use external finance	36%	45%	37%	43%	36%	46%	45%	46%
Do not use finance but do use trade credit	18%	16%	19%	17%	20%	17%	17%	16%
Do not use the above but injected personal funds	11%	8%	12%	14%	14%	12%	12%	10%
Total business funding	***65%***	***70%***	***68%***	***74%***	***70%***	***75%***	***75%***	***72%***

All SMEs

Looking specifically at YEQ4 2025 in more detail:

- SMEs with 10-49 employees remained more likely to be using business funding (88%), due to their higher use of external finance (65%).
- SMEs with 50-249 employees have become more likely to mention additional trade credit in this context (41% in 2025 and 2024 compared to 14% in 2019) which helped to compensate for the lower use of external finance (46%) in their overall use of business funding (87%).

Wider definition of business funding					
YEQ4 25– all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Use external finance	46%	42%	55%	65%	46%
Do not use finance but do use trade credit	16%	15%	20%	21%	41%
Do not use the above but injected personal funds	10%	12%	5%	2%	*
Total business funding	***72%***	***69%***	***81%***	***88%***	***87%***

Q14/Q15y/Q14y All SMEs

Analysis by other demographics showed that:

- Those with a minimal external risk rating remained more likely to be using business funding (79%), due primarily to additional use of trade credit (23%). Amongst other risk ratings 70-73% were using business funding.
- Use of business funding remained higher for Starts (80%) with additional injections of personal funds (33%) then limited variation amongst older SMEs (70-74%).
- The proportion using business funding was above 80% for the three sectors most likely to be using trade credit, namely Construction (83%), Manufacturing (82%) and Wholesale/Retail (81%). At the other end of the scale, 55% of SMEs in the Health sector used any business funding, as they were less likely to use external finance (28%), or additional trade credit (10%). Those in the Property/Business Services sector were also somewhat less likely to be using any business funding (64%) due to slightly lower levels of additional trade credit (11%)

Financial context Part 2

Summary

While 46% of SMEs used external finance, almost as many, 40% in 2025, seem firmly disinclined to borrow and so met the definition of a 'Permanent non-borrower'. Historically there have been more PNBs than those using finance but since 2019 the two groups have been closer and since 2023 there have been more finance users than PNBs (aided by the inclusion of those still repaying pandemic funding):

- Permanent non-borrowers are those SMEs that are not using /have not applied for finance (and did not apply for pandemic funding), nor do they have any plans to apply but say that nothing has stopped or would stop them from doing so. In 2025, 40% of SMEs met that definition, up 5 points from 2023 and 2024 (both 35%) and back in line with 2019-2021
- The smallest and largest SMEs were most likely to be a PNB, from 43% of SMEs with 0 employees, to 31% with 1-9 employees, 25% of those with 10-49 employees and 41% with 50-249 employees. The increase 2024 to 2025 was led by the smallest SMEs (up by 5 points) with smaller, 2 point, increases for the other size bands
- Starts were the most likely age band to be a PNB (47%) reducing to 34% of those trading for 6-9 years, but then slightly higher again amongst older SMEs (39% for those trading for 10+ years)
- SMEs in the Health sector remained much more likely to be a PNB (59% and up 8 points from 2024), compared to 32% in Agriculture and 33% in Transport

The relative proportions of PNBs and finance users continued to vary by size of SME:

- 0 employee SMEs have typically been more likely to be a PNB than to use finance . In both 2023 and 2024 the balance tipped to finance users but currently the two groups are around the same size (42% external finance v 43% PNBs in 2025)
- Those with 1-9 employees have almost always been more likely to be using finance than to be PNB, though the gap has varied. It is currently at one of the widest levels seen (55% external finance v 31% PNBs in 2025)

- Those with 10-49 employees have also always been more likely to be using finance than to be PNB, with a wider gap seen in recent years (65% external finance v 25% PNBs in 2025)

- The pattern for the largest SMEs is somewhat different. Pre-pandemic they were much more likely to be using finance than to be a PNB, but lower use of finance from 2021 and a higher proportion of PNBs saw a clear swing in favour of PNBs to 2023 since when the two groups became somewhat closer again (46% external finance v 41% PNBs in 2025)

- Compared to their peers, PNBs were more likely to have made a profit, to feel 'Well off/Comfortable' and as likely to hold £10,000 or more of credit balances, but they were also less likely to have been innovative or to be planning to grow

Attitudinally, in H2 2025, many SMEs continued to agree that they would rather grow more slowly than borrow to grow and 6 in 10 (in Q4) were being cautious with their plans due to the future feeling uncertain. Around a third were happy to borrow to grow, but similar proportions thought it could be difficult for them to get finance and/or that lenders perceived them as riskier than they really were, with 1 in 6 SMEs both happy to borrow but thinking it could be difficult:

- Three-quarters of SMEs (77%) agreed that they were happy to grow more slowly rather than borrow to grow, with limited differences by size with the exception of the largest SMEs where half agreed. When asked why this was, those who strongly agreed with the statement said that they preferred to be self-reliant (71%), with 35% saying finance was too risky/ expensive and 19% that the trading environment was too uncertain

- More broadly, 6 in 10 agreed that, because the future felt uncertain, they were being cautious with their plans for investment and growth in the business, again with limited differences by size with the exception of the largest SMEs where half agreed

- 33% were happy to borrow to grow, increasing by size of SME to 50% of those with 10-49 employees but somewhat lower for the largest SMEs (41%). A similar proportion (37%) thought that it could be difficult for them to get finance and/or that financial providers saw them as more risky than they really were (34%). Agreement with each statement decreased with the size of SME, to 17% of the largest SMEs

- Overall, 17% of SMEs in 2025 agreed both that they were happy to borrow to grow but also that they thought it could be difficult for them to get finance. This was again less likely to be the case for larger SMEs (10% for those with 50-249 employees)
- The PNBs described above were as likely as their peers to agree that they would grow more slowly rather than borrow to grow (77%) , and almost as likely to agree that the future feels uncertain (54%). Across other metrics, they were less happy to borrow to grow (18%) but also less likely to think it could be difficult for them to get finance, or that lenders perceive them as riskier than they really are (30% and 25%)

The '**Ambitious Risk takers**' are defined by agreeing that they want to be a significantly bigger business and are prepared to take risks to grow. 29% of SMEs met this definition in 2025, and this proportion has changed very little since 2020. These ARTs were more likely to be using finance, to be innovative, international and to plan, to have grown and to be planning to grow, making them a key group of SMEs:

- Except among those with 0 employees (27%), there was little difference in Ambitious Risk Takers by size of SME (34-38% amongst those with employees), but a clear difference by age of SME, declining from 54% of Starts to 18% of those trading for more than 15 years
- Those in Wholesale/Retail were the most likely sector to be an ART (33%), compared to 23% in Agriculture and Construction
- ARTs are an interesting group, given that they were more likely to be using external finance (54% v 43% not meeting the definition), to be innovative (57% v 35%), international (26% v 17%) and to plan (61% v 44%) as well as more likely to have grown (37% v 23%) and to be planning to grow (69% v 30%) and/or apply for finance (20% v 7%).

"29% of SMEs were 'Ambitious Risk takers' who agreed that they wanted to be a significantly bigger business and were prepared to take risks to grow"

The non-borrowing SME

As the previous chapter reported, almost half of SMEs (46% YEQ4 2025) used external finance. Other data from this report allows for identification of those SMEs who seem firmly disinclined to borrow, the 'Permanent non-borrowers' defined as those that met **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.
- Reported no inclination to borrow in the past 12 months or next 3 months.
- Added from Q1 2023: Had not applied for government backed pandemic funding.

As explained in the 2023 report, from Q1 2023, the questionnaire itself was adjusted so that the status of Government backed loans was asked next to overall use of finance. Any SMEs still repaying a Government backed facility are automatically considered to be 'Using external finance' and answer further questions accordingly. Any SMEs that applied for pandemic funding are automatically excluded from the PNB definition, whether they are still repaying it or not. All data from Q1 2023 onwards includes pandemic funding in the 'any use of external finance' and PNB calculations.

To smooth the transition from the old to the new definition of 'Permanent non-borrower' the 2023 report included (for 2022) both the original definition of a PNB and a 'best efforts' estimate of what the figure would have been if those with pandemic funding had been excluded from the definition. In this report, figures shown for Q4 2022 or for 2022 as a whole are those 'best estimate' figures from the 2023 report, while those from Q1 2023 onwards are based on the new questions and definitions.

As the table shows, across recent quarters to Q4 2024, around 1 in 3 SMEs typically met the definition of a PNB with the proportion increasing to 41% for the first half of 2025, then 39% in Q4 2025:

Permanent non borrowers									
Over time – all SMEs By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Yes	33%	34%	35%	35%	36%	41%	41%	37%	39%
No	67%	66%	65%	65%	64%	59%	59%	63%	61%

Q14/15 All SMEs REVISED DEFINITION FROM Q1 2023

YEQ4 2025, 40% of SMEs met the new definition of a PNB, up from 35% in both 2023 and 2024:

- 43% of 0 employee SMEs met this non-borrowing definition
- 31% of 1-9 employee SMEs
- 25% of 10-49 employee SMEs
- 41% of 50-249 employee SMEs.

Amongst SMEs with employees, 30% met the definition of a Permanent non-borrower.

Analysis by size showed that in recent years it has been the smallest and largest SMEs that have been most likely to meet the definition of a PNB, with the 0 employee SMEs leading the increase in PNBs seen in 2025:

Over time – all SMEs								
Row percentages	2021	2022*	2023	2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
All SMEs	***39%***	***46%***	***35%***	***35%***	***41%***	***41%***	***37%***	***39%***
0 employee	42%	49%	37%	38%	44%	44%	40%	43%
1-9 employees	31%	35%	27%	29%	31%	33%	30%	29%
10-49 employees	27%	28%	20%	23%	24%	27%	25%	23%
50-249 employees	52%	56%	41%	43%	40%	45%	39%	40%

Disgeg *ADJUSTED FIGURES FOR 2022 AND REVISED DEFINITION FROM Q1 2023

Across other demographics for 2025 as a whole:

- Those with a minimal risk rating were somewhat less likely to meet the definition of a PNB (35%) compared to those with a low risk rating (38%) and those with an average or worse than average risk rating (42% and 41%).
- Over half of SMEs in Health (59%) met the definition of a Permanent non-borrower, compared to 32% of those in Agriculture and 33-44% in other sectors.
- Starts were the most likely to meet the definition (47%), with limited variation elsewhere –34% for those trading 6-9 years and 38-41% of the other age bands.
- Those using a personal account for their business banking were more likely to meet the definition than those using a business bank account (46% v 39%). This means that the equivalent of 4% of all SMEs were Permanent non-borrowers who used a personal bank account for their business.
- SMEs that felt they were 'Well off/Comfortable' were more likely to be a PNB (50% and 48%) compared to 39% who were 'Managing' and 28% who were 'Struggling'

The table below shows the proportion of PNBs on an annual basis allowing analysis over time. This table includes the adjusted figures for 2022, and the new definition from 2023. In earlier years, PNBs typically made up between 40% and 50% of SMEs. In 2023 and 2024 (with the revised definition to account for pandemic funding) a slightly lower proportion met the definition (35% in both years), but in 2025 the proportion was up 5 points to 40%:

- The increase in 2025 was led by the 0 employee SMEs who remained the most likely to meet the definition of a PNB, up 5 points to 43%. The proportion then declined by size to 25% of those with 10-49 employees before increasing to 41% of those with 50-249 employees, all within 2 points of the 2024 figures.
- The proportion of PNBs with a minimal or low risk rating was little changed from 2024 (at 35% and 38%) but increases of 5 points for those with an average rating and 7 points for those with a worse than average rating saw them now more likely to be a PNB (42% and 41% respectively)
- Most sectors saw at least a slight increase in PNBs in 2025, with the main increases in Hotels and Restaurants (up 9 points to 39%) and Health (up 8 points to 59% and the most likely to be a PNB). The least likely to be a PNB were SMEs in Agriculture (up 6 points to 32%) and Transport (up 2 points to 33%)
- Starts were more likely to meet the definition of a PNB in 2025 compared to 2024 (up 8 points to 47%) and remained more likely to be a PNB than their older peers. Those trading for 2-5 years were also more likely to meet the definition in 2025 (up 6 points to 41%) with smaller changes year on year for older SMEs, with 34-39% meeting the definition of a PNB.

Permanent non-borrowers								
Over time – all SMEs Row percentages	2018	2019	2020	2021	2022*	2023	2024	2025
All SMEs	***48%***	***42%***	***41%***	***39%***	***46%***	***35%***	***35%***	***40%***
0 emp	50%	44%	44%	42%	49%	37%	38%	43%
1-9 emps	44%	38%	32%	31%	35%	27%	29%	31%
10-49 emps	36%	31%	28%	27%	28%	20%	23%	25%
50-249 emps	19%	19%	32%	52%	56%	41%	43%	41%
Minimal external risk rating	45%	44%	40%	37%	45%	33%	35%	35%
Low	50%	41%	37%	39%	44%	32%	36%	38%
Average	49%	46%	42%	43%	48%	36%	37%	42%
Worse than average	47%	41%	40%	38%	46%	36%	34%	41%
Agriculture	41%	33%	36%	36%	46%	32%	26%	32%
Manufacturing	48%	42%	39%	38%	38%	32%	32%	37%
Construction	51%	41%	41%	41%	45%	36%	33%	35%
Wholesale/Retail	43%	33%	34%	34%	41%	31%	33%	35%
Hotels & Restaurants	46%	42%	33%	30%	39%	31%	30%	39%
Transport	45%	39%	35%	34%	44%	30%	31%	33%
Property/ Business Services	52%	50%	45%	45%	51%	35%	39%	44%
Health	38%	34%	49%	47%	55%	47%	51%	59%
Other Community	48%	42%	40%	34%	39%	35%	34%	41%
Starts	31%	17%	39%	41%	52%	43%	39%	47%
2-5 years trading	50%	49%	38%	36%	36%	30%	35%	41%
6-9 years	49%	44%	41%	36%	45%	29%	30%	34%
10-15 years	53%	48%	42%	37%	41%	29%	35%	38%
15+ years	54%	49%	41%	42%	47%	35%	35%	39%

All SMEs – *ADJUSTED FIGURE FOR 2022 AND REVISED DEFINITION FROM 2023

These PNBs have indicated that they are unlikely to be interested in future borrowing, based on their current views. At various stages in this report, therefore, we have provided an alternative to the 'All SME' figure, excluding these Permanent non-borrowers, resulting in a group that might be described as 'All SMEs with a potential interest in external finance'.

As an example, if these PNBs were excluded from the 'use of external finance' table reported in the previous chapter, the proportion using external finance would increase to 76% of the remaining SMEs in 2025, in line with the position back in 2019, and somewhat higher than the 7 in 10 more typically seen:

Use of external finance over time

Over time – all SMEs excl PNBs	2017	2018	2019	2020	2021	2022*	2023	2024	2025
Use any external finance	72%	70%	78%	61%	70%	66%	71%	60%	76%
Use core finance	57%	61%	67%	48%	51%	49%	47%	43%	51%
Use other forms of finance	33%	22%	27%	31%	40%	37%	32%	31%	35%
Do not use external finance	28%	30%	22%	39%	30%	34%	29%	40%	24%

*new definition of PNB and use of finance from 2023

The table below shows the proportion of SMEs using external finance and those meeting the definition of a PNB over time, and the 'gap' between those two groups. In 2025, with 46% of SMEs using finance and 40% meeting the definition of a PNB, this 'gap' was 6 points, somewhat lower than the 10-11 points recently seen. Those with 10-49 employees continued to report the largest 'gap' between the two groups (40 points):

Use of external finance and PNBs									
Over time Row percentages	2017	2018	2019	2020	2021	2022*	2023	2024	2025
All SMEs:									
Use external finance	38%	36%	45%	37%	43%	40%	46%	45%	46%
Permanent non-borrower	47%	48%	42%	41%	39%	46%	35%	35%	40%
'Gap' finance to PNB	-9	-12	+3	-4	+4	-6	+11	+10	+6
0 employees:									
Use external finance	34%	34%	43%	32%	38%	37%	42%	41%	42%
Permanent non-borrower	51%	50%	44%	44%	42%	49%	37%	38%	43%
'Gap' finance to PNB	-17	-16	-1	-12	-4	-12	+5	+3	-1
1-9 employees:									
Use external finance	49%	42%	50%	49%	56%	52%	58%	54%	55%
Permanent non-borrower	37%	44%	38%	32%	31%	35%	27%	29%	31%
'Gap' finance to PNB	+12	-2	+12	+17	+25	+17	+31	+25	+24
10-49 employees:									
Use external finance	64%	54%	60%	58%	62%	62%	69%	65%	65%
Permanent non-borrower	27%	36%	31%	28%	27%	28%	20%	23%	25%
'Gap' finance to PNB	+37	+18	+29	+30	+35	+34	+49	+42	+40
50-249 employees									
Use external finance	73%	77%	77%	58%	37%	36%	47%	43%	46%
Permanent non-borrower	22%	19%	19%	32%	52%	56%	41%	43%	41%
'Gap' finance to PNB	+51	+58	+58	+26	-15	-20	+6	0	+5

All SMEs - *ADJUSTED FIGURE FOR 2022 AND REVISED DEFINITION FROM Q1 2023

Analysis by employees over time showed that:

PNBs v use of external finance trends over time	
0 employees	Back in 2012, as many 0 employee SMEs were using external finance (38%) as met the definition of a PNB (37%). Between 2017 and 2022, with a couple of exceptions, 0 employee SMEs have typically been more likely to be a PNB than to use external finance, but in 2023 the gap was positive (+5) for the first time in recent years. While this was also true in 2024 (+3), the increase in PNBs in 2025 means the gap was once again slightly negative (-1).
1-9 employees	Back in 2012, SMEs with 1-9 employees were twice as likely to be using external finance (58%) as to be a PNB (25%). Since 2017, the 'gap' between users of finance and PNBs has varied markedly from -2 in 2018 to +31 in 2023. The 2024 figure of +25 reflected slightly lower use of external finance and a slightly higher proportion of PNBs and with little change in either figure in 2025, the gap was also similar (+24).
10-49 employees	Back in 2012, SMEs with 10-49 employees were much more likely to be using external finance (70%) than they were to meet the definition of a PNB (18%,) giving a positive gap score of +52 and this has continued to be the case over recent years with scores ranging from +18 to +49 in 2023. In 2024, the net score was down slightly at +42, reflecting slightly lower use of external finance and a slightly higher proportion of PNBs and with only a slight increase in PNBs in 2025, the gap was little changed (+40).
50-249 employees	Back in 2012, like those with 10-49 employees, the largest SMEs with 50-249 employees were much more likely to be using finance (73%) than to be meeting the definition of a PNB (15%), a gap of +58 points, but that has not been maintained over time, with lower use of finance by these SMEs since 2020 and more PNBs. In 2021 and 2022 there was a negative gap of 15-20 points with more SMEs meeting the definition of a PNB than used finance. Since then, the gap has narrowed again and with slightly more 50-249 employees using finance and slightly fewer meeting the definition of a PNB in 2025, a gap of +5 has been re-established

PNBs by their very definition were not using external finance, but if use of trade credit and injections of personal funds were taken into consideration then 45% of PNBs used any 'business funding'. If those who had injected personal funds and/or used trade credit were to be excluded from the PNB definition, the proportion of PNBs would reduce from 40% of all SMEs to 22% YEQ4 2025.

Permanent non-borrowers – other characteristics

The table below summarises the differences between those meeting the definition of a PNB and the remaining SMEs on a range of key measures over time, using the new definition from 2023:

Characteristics of PNBs								
Over time Row percentages	2018	2019	2020	2021	2022	2023	2024	2025
Made a profit:								
PNBs	79%	83%	83%	71%	77%	82%	81%	84%
Other SMEs	77%	81%	76%	62%	70%	75%	75%	76%
Hold £10k+ of credit balances:								
PNBs	23%	28%	28%	35%	36%	34%	31%	30%
Other SMEs	22%	21%	29%	32%	33%	34%	29%	31%
Minimal/Low risk rating:								
PNBs	23%	22%	20%	20%	21%	21%	23%	22%
Other SMEs	23%	24%	22%	22%	23%	23%	22%	25%
International								
PNBs	14%	15%	14%	14%	15%	17%	17%	19%
Other SMEs	16%	16%	18%	20%	22%	21%	22%	20%
Innovative								
PNBs	30%	34%	35%	35%	36%	33%	40%	36%
Other SMEs	35%	35%	47%	44%	44%	47%	49%	45%
Plan to grow								
PNBs	41%	40%	34%	42%	36%	41%	42%	37%
Other SMEs	56%	60%	39%	49%	48%	49%	50%	44%

All SMEs * new definition from 2023

As the table above shows, there is no single consistent pattern over time between PNBs and non-PNBs:

PNB v non-PNB trends over time	
Profitability	After being close for a number of years, since 2020 PNBs have been more likely to report a profit than their peers, and this was also true in 2025 (84% of PNBs v 76%).
Credit balances	The proportion holding £10k+ of credit balances has been similar over recent years with both groups becoming slightly less likely to hold such balances in recent years (30% of PNBs v 31% in 2025, down 4 and 3 points respectively on 2023).
Risk rating	The proportion of each group with a minimal or low external risk rating has been fairly stable over recent years, with little to choose between them in 2025 (22% of PNBs v 25%)
International	PNBs have been somewhat less likely than their non-PNB peers to be trading internationally, but both groups have seen a slight increase in the proportion trading internationally over recent years. In 2025 there was little to choose between the two groups (19% of PNBs v 20%)
Innovation	In almost all years, PNBs have been less likely to have been innovative than their peers and this was also true in 2025 (36% v 45%), with both groups less likely to report innovation than in 2024 (both down 4 points).
Plan to grow	PNBs have been less likely to be planning to grow than their peers and this was also true in 2025 (37% v 44%) down 5 points and 6 points respectively from 2024.

The ‘middle’ group

Whatever the proportions of SMEs either meeting the definition of a PNB or using external finance, the two groups do not add up to 100% of SMEs. There is a third group of SMEs that are ‘in the middle’ i.e. not using finance now but showing some appetite, a group that might be considered a potential source of future users of external finance.

Around 1 in 6 SMEs have typically been in this group since 2015 (13-16%), with the slight exception of 2023 and 2024 when 19% and 20% of SMEs were in this middle group. In 2025 however, this group once again represented 14% of all SMEs.

The key way in which they qualified for this group was that 4 in 10 of them (43%) expected to be a Future would-be seeker of finance in the coming year (v 14% of SMEs overall), with 11% planning to apply (v 11% overall) leaving 46% expecting to be a Future happy non-seeker (v 75% of SMEs overall).

Analysis showed that this group of SMEs were:

- Typically small (76% had 0 employees v 74% overall).
- 3 in 10 described themselves as ‘Struggling’ (29% v 23% overall) the same proportion that were well off or comfortable (29% v 32% overall).
- 6 in 10 had either been or planned to be innovative (59% v 57% overall)
- 36% were happy to borrow to grow (v 34% overall) but they were more likely to feel that it would be difficult for them to get finance (46% v 38% overall)

‘Ambitious Risk takers’ are those who agree both that they want to be a bigger business and that they are prepared to take risks to be successful. This group is described in more detail later in this chapter, but it is worth noting here that in 2025, 33% of those neither using finance nor a PNB were ARTs, much more in line with users of finance (34% ARTs) than PNBs (21% ARTs).

Attitudes to finance

Over the years, an increasing number of attitudinal statements have been included in the SME Finance Monitor to explore different aspects of demand for finance amongst SMEs. These are reported below in full, in the order in which they were added to the SME Finance Monitor, with the overall 'agree' score in bold italics by each statement. A number of changes to the statements have been made over time, so the detailed analysis of each statement is presented in a number of sections, with varying base sizes. Further analysis by key demographics and over time is provided after this initial section.

These statements shed light on current demand for finance. Most SMEs continued to report that they would accept slower growth rather than borrowing to grow faster (77%), while 4 in 10 (38%) thought it would be difficult for them to get finance. By comparison, 1 in 3 were happy to use finance to help the business grow (34%).

Previous analysis revealed that a key predictor of attitudes towards, and future use of, finance was to be a current user of external finance. Summary analysis of these statements by use of finance as well as other key demographics is therefore provided later in this section, together with changes in levels of agreement over time.

Attitudes to finance in detail – YEQ4 25

YEQ4 25 – All SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Happy to use external finance to help the business grow and develop	***34%***	***32%***	***38%***	***50%***	***44%***
Strongly agree	5%	5%	6%	6%	7%
Agree	29%	27%	32%	44%	37%
Neither/nor	17%	16%	18%	20%	40%
Disagree	39%	40%	36%	25%	13%
Strongly disagree	10%	12%	8%	4%	3%

Q96 Continued

Continued

We will accept a slower rate of growth rather than borrowing to grow faster	***77%***	***78%***	***77%***	***74%***	***53%***
Strongly agree	20%	21%	20%	17%	13%
Agree	57%	58%	57%	57%	40%
Neither/nor	14%	14%	14%	17%	40%
Disagree	7%	7%	8%	8%	6%
Strongly disagree	1%	1%	1%	1%	1%
As a business we are prepared to take risks to be more successful	***46%***	***44%***	***53%***	***54%***	***46%***
Strongly agree	8%	8%	8%	8%	6%
Agree	38%	36%	45%	46%	40%
Neither/nor	16%	16%	16%	20%	39%
Disagree	31%	33%	26%	23%	12%
Strongly disagree	6%	7%	4%	3%	3%
My impression is that it is quite difficult for businesses like ours to get external finance	***38%***	***40%***	***34%***	***25%***	***15%***
Strongly agree	10%	10%	8%	5%	2%
Agree	29%	30%	26%	19%	13%
Neither/nor	37%	37%	37%	36%	51%
Disagree	22%	19%	26%	36%	30%
Strongly disagree	3%	3%	3%	4%	4%
We have a long term ambition to be a significantly bigger business	***41%***	***38%***	***47%***	***57%***	***55%***
Strongly agree	10%	9%	12%	11%	13%
Agree	31%	28%	35%	46%	42%
Neither/nor	14%	14%	15%	17%	34%
Disagree	36%	38%	32%	23%	10%
Strongly disagree	9%	11%	6%	2%	1%

Q96 (238a5) All SMEs *previously "An increase in the cost of credit would make us less likely to apply for finance"

Two statements were amended for H2 2025 and are shown just for this time period:

All SMEs H2 25					
The decreases in interest rates have made us more likely to apply for new external finance	***21%***	***20%***	***22%***	***22%***	***15%***
Strongly agree	3%	4%	3%	2%	2%
Agree	17%	17%	18%	20%	13%
Neither/nor	26%	26%	26%	30%	53%
Disagree	44%	44%	45%	40%	25%
Strongly disagree	9%	10%	8%	7%	7%
Banks and other providers perceive us as a more risky business than we really are	***34%***	***35%***	***32%***	***28%***	***17%***
Strongly agree	7%	7%	6%	6%	3%
Agree	27%	28%	25%	22%	14%
Neither/nor	32%	33%	29%	30%	46%
Disagree	29%	27%	34%	38%	30%
Strongly disagree	5%	5%	5%	4%	6%

Q96 All SMEs

Finally, a statement that was run in H1 as "Because the future feels uncertain, we are being very cautious with our plans for the business", was rested in Q3 and then included in Q4 2025 as "Because the future feels uncertain we are being very cautious with our investment and growth plans for the business" As the change was limited, the combined data is shown here:

All SMEs H1 2025 and Q4 2025					
Because the future feels uncertain, we are being very cautious with investment and growth plans	***62%***	***61%***	***65%***	***63%***	***44%***
Strongly agree	16%	16%	16%	15%	10%
Agree	45%	44%	48%	48%	34%
Neither/nor	19%	19%	17%	19%	39%
Disagree	17%	17%	17%	17%	15%
Strongly disagree	3%	3%	2%	1%	2%

Q96 (238a5) All SMEs

Attitudes to finance – summary by key demographics

Summary analysis of the proportion of SMEs agreeing with each statement is provided for key demographics including size. This analysis is based just on H2 2025, so as to provide a consistent base for the two amended statements, with the final statement shown for Q4 only with the new wording around caution with investment and growth plans. The statements are otherwise ranked by overall levels of agreement:

H2 25 – all SMEs					
% agreeing	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***8219***	***1959***	***3811***	***1786***	***663***
Accept slower growth rather than borrow	77%	78%	76%	73%	53%
As a business we are prepared to take risks to become more successful	46%	43%	52%	55%	45%
We have a long term ambition to be a significantly bigger business	39%	35%	46%	58%	54%
My impression is that it is quite difficult for businesses like ours to get external finance	37%	39%	32%	25%	17%
Banks and other providers perceive us as riskier than we really are	34%	35%	32%	28%	17%
Happy to use finance to help business grow	33%	30%	40%	50%	41%
Decreases in interest rates make us more likely to apply for finance	21%	20%	22%	22%	15%
Future feel uncertain so we are being cautious with plans*	62%	61%	67%	63%	45%

Q96 (238a5) All SMEs *Q4 2025 only

- The proportion agreeing that it is difficult to get finance, or that they are perceived as riskier than they really are, was highest for those with 0 employees (39% and 35%) and then declined by size to 17% of those with 50-249 employees for both metrics
- Those largest SMEs were also less likely to agree that they would accept slower growth rather than borrowing to grow (53%), or that the future felt uncertain (45%), or that they were more likely to apply for finance due to lower interest rates (15%), with little difference by size otherwise
- Those with 10-49 employees were more likely than their peers to agree that they were happy to use finance to help the business grow (50%), that they were prepared to take risks to be successful (55%) and, with the largest SMEs, had a long term ambition to be significantly bigger (58%, and 54% for those with 50-249 employees)

The table below looks at attitudes to finance by external risk rating:

H2 25 – all SMEs					
% agreeing	Total	Min	Low	Avge	Worse/Avge
Unweighted base:	***8219***	***1333***	***2076***	***2294***	***1859***
Accept slower growth rather than borrow	77%	75%	72%	77%	79%
As a business we are prepared to take risks to become more successful	46%	49%	42%	39%	54%
We have a long term ambition to be a significantly bigger business	39%	41%	37%	31%	47%
My impression is that it is quite difficult for businesses like ours to get external finance	37%	23%	33%	35%	41%
Banks and other providers perceive us as riskier than we really are	34%	21%	30%	32%	38%
Happy to use finance to help business grow	33%	33%	30%	28%	39%
Decreases in interest rates make us more likely to apply for finance	21%	17%	18%	18%	27%
Future feels uncertain so we are being cautious with plans*	62%	64%	59%	63%	65%

Q96 (238a5) All SMEs *Q4 2025 only

- The proportion agreeing that it is difficult to get finance, or that they are perceived as riskier than they really are, increased by risk rating from 23% and 21% of those with a minimal risk to 41% and 38% of those with a worse than average rating
- Compared to their peers, those with a worse than average risk rating were more likely to agree that they were prepared to take risks to be successful (54%), have a long term ambition to be significantly bigger (47%), be happy to use finance to grow (39%) and agree that a decrease in interest rates had made them more likely to apply for finance (27%)
- Those with a low risk rating were somewhat less likely than their peers to accept slower growth rather than borrow to grow (72%), or to feel that the future was uncertain (59%)

Analysis by sector is shown below:

H2 25 – all SMEs									
% agreeing	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWk	Other Comm
Unweighted base:	***377***	***1059***	***1449***	***1172***	***369***	***659***	***1871***	***387***	***876***
Accept slower growth rather than borrow	72%	77%	74%	76%	72%	80%	79%	75%	78%
We are prepared to take risks to become more successful	47%	48%	43%	54%	46%	49%	47%	24%	48%
We have long term ambition to be significantly bigger	36%	43%	35%	42%	32%	44%	39%	27%	44%
Quite difficult for businesses like ours to get finance	34%	36%	37%	38%	34%	41%	33%	39%	41%
Banks and others perceive us as riskier than we really are	34%	33%	37%	34%	37%	41%	27%	29%	36%
Happy to use finance to help business grow	40%	37%	34%	39%	36%	41%	30%	18%	29%
Decreases in interest rates make us more likely to apply	22%	21%	25%	25%	20%	25%	17%	16%	19%
Future feels uncertain so being cautious*	51%	58%	64%	66%	69%	66%	58%	58%	66%

Q96 (238a5) All SMEs *Q4 2025 only

- Those in the Health sector were less likely than their peers to say they were prepared to take risks to succeed (24%) or to have a long-term ambition to be bigger (27%) or to think lenders perceived them as more risky than they are (29%). They were also the least likely to be happy to borrow (18%) or to say the decrease in interest rates had made them more likely to apply for finance (16%)
- Those in the Transport sector were more likely to be happy to borrow to grow but also to feel that it was difficult to get finance and to think lenders perceived them as more risky than they are – all 41%
- The Hotel and Restaurant sector was the most likely to feel the future was uncertain (69%) compared to 51% in Agriculture, a sector that was also more likely to be happy to borrow to grow (40%)

Analysis by age of SME is shown below:

H2 25 – all SMEs					
% agreeing	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***151***	***626***	***818***	***1525***	***5099***
Accept slower growth rather than borrow	81%	78%	78%	76%	76%
We are prepared to take risks to become more successful	69%	61%	53%	43%	39%
We have long term ambition to be significantly bigger	75%	58%	50%	37%	28%
Quite difficult for businesses like ours to get finance	53%	38%	36%	36%	35%
Banks and others perceive us as riskier than we really are	48%	35%	35%	34%	32%
Happy to use finance to help business grow	56%	44%	40%	32%	27%
Decreases in interest rates make us more likely to apply	32%	27%	26%	22%	16%
Future feels uncertain so being cautious*	61%	62%	66%	64%	61%

Q96 (238a5) All SMEs *Q4 2025 only

- Agreement with most of these statements was highest amongst Starts and then declined to some extent by age. There was though limited variation by age for those feeling the future was uncertain (61-66%) or accepting slower growth rather than borrowing to grow more quickly (76%-81%)

Analysis by use of external finance and PNBs is shown below:

H2 25 – all SMEs			
% agreeing	Use external finance	'Middle group'	PNB
Unweighted base:	***4632***	***1029***	***2558***
Accept slower growth rather than borrow	77%	77%	77%
As a business we are prepared to take risks to become more successful	54%	47%	35%
We have a long term ambition to be a significantly bigger business	47%	39%	28%
My impression is that it is quite difficult for businesses like ours to get external finance	41%	39%	30%
Banks and other providers perceive us as riskier than we really are	40%	37%	25%
Happy to use finance to help business grow	46%	32%	18%
Decreases in interest rates make us more likely to apply for finance	28%	18%	13%
Future feels uncertain so we are being cautious with plans*	68%	67%	54%

Q96 (238a5) All SMEs *Q4 2025 only

- Those using external finance were more likely than their peers to agree that they were prepared to take risks to be successful (54%), had a long-term ambition to be bigger (47%), were happy to use finance to grow (46%) and more likely to apply after the decreases in interest rates (28%), with agreement then declining for those in the 'middle' group and again for PNBs
- Agreement was more in line between those using finance and the 'middle' group in terms of being difficult to get finance (41% and 39%), lenders perceiving them as riskier than they are (40% and 37%) and the future being uncertain (68% and 67%). Agreement amongst PNBs with each of these three statements was lower than their peers (30%, 25% and 54% respectively)

Analysis by growth plans is shown below, together with levels of agreement for all SMEs with employees:

H2 25 – all SMEs			
% agreeing	Plan to grow	No plans to grow	All with employees
Unweighted base:	***3738***	***4481***	***6260***
Accept slower growth rather than borrow	79%	76%	75%
As a business we are prepared to take risks to become more successful	63%	35%	53%
We have a long term ambition to be a significantly bigger business	65%	22%	48%
My impression is that it is quite difficult for businesses like ours to get external finance	38%	36%	31%
Banks and other providers perceive us as riskier than we really are	37%	31%	31%
Happy to use finance to help business grow	45%	25%	42%
Decreases in interest rates make us more likely to apply for finance	27%	17%	22%
Future feels uncertain so we are being cautious with plans*	64%	61%	65%

Q96 (238a5) All SMEs *Q4 2025 only

- Those planning to grow were more likely than those with no such plans to agree with a number of these statements, notably being prepared to take risks to be successful (63% v 35%), having a long term ambition to be bigger (65% v 22%), being happy to use finance to grow (45% v 25%) and decreases in interest rates making them more likely to apply for finance (27% v 17%)
- On the other statements there was less to choose between the two groups, including feeling the future was uncertain (64% v 61%)

From Q3 2024 those who strongly agreed that they would accept a slower rate of growth rather than borrow to grow more quickly were asked why that was, with a list of pre-coded possible answers. This question was rested for H2 2025, so is reported below for YEQ2 2025 only, when 21% of SMEs had agreed strongly with this statement. A number of net codes were created to cover the three main themes of the answers:

- The key reason across all groups was preferring to be self-reliant and/or saying it suited them as a business, with 71% of these SMEs mentioning one or other of those reasons. It was mentioned slightly more by smaller SMEs (72% 0-9 emps v 66% 10-249 emps) and also PNBs (77%)
- 1 in 3 (35%) thought that finance was risky and/or expensive, with limited variation by demographics except for the PNBs (24%)
- 1 in 5 (19%) mentioned future uncertainty/limited growth and again these were mentioned slightly more by smaller SMEs (19% 0-9 emps v 12% 10-249 emps) and this time also by those using finance rather than PNBs (21% v 16%)

Main reasons for strongly agreeing with statement

YEQ2 25 – all SMEs	Total	0-9 emp	10-249 emps	Use finance	PNBs
% strongly agree with statement	***21%***	***21%***	***15%***	***22%***	***19%***
Unweighted base:	***3099***	***2265***	***834***	***1787***	***903***
Prefer to be self-reliant	67%	68%	62%	69%	73%
Suits us as a business	34%	34%	31%	41%	28%
Finance is too risky	26%	26%	24%	28%	18%
Finance is too expensive	19%	19%	18%	24%	12%
Already have all the finance we can manage	14%	14%	12%	15%	13%
Have limited opportunities to grow	12%	12%	5%	13%	10%
Uncertain trading environment	11%	11%	9%	13%	9%
Don't know enough about finance	3%	3%	2%	4%	3%
Net: Self reliant/suits us	***71%***	***72%***	***66%***	***72%***	***77%***
Net Finance risky/expensive	***35%***	***35%***	***34%***	***39%***	***24%***
Net: Limited growth/uncertain trading	***19%***	***19%***	***12%***	***21%***	***16%***

Q96d All SMEs ex DK

Attitudes to finance – agreement over time

With the changes and additions made to these statements over time, analysis has traditionally been reported in half-years, allowing inclusion of the most recent statements for H2 2025. Those statements no longer asked have been moved to the end of the table for information only:

Attitudes to finance									
Over time – all SMEs All agreeing – row percentages	H2 21	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24	H1 25	H2 25
Accept slower growth rather than borrow	77%	80%	78%	81%	82%	78%	79%	78%	77%
We are prepared to take risks to become more successful	49%	47%	45%	45%	44%	48%	50%	47%	46%
Have long term ambition to be significantly bigger	41%	39%	40%	40%	40%	44%	42%	43%	39%
Impression it is quite difficult to get finance	32%	32%	30%	34%	36%	36%	36%	40%	37%
Banks and others perceive us as riskier than we really are*	-	-	-	-	-	-	40%	37%	34%
Happy to use finance to help business grow	36%	30%	32%	32%	33%	36%	41%	35%	33%
Decrease in interest rates more likely to apply*	-	-	-	-	-	-	-	-	21%
Future feels uncertain so we are being very cautious*	63%	64%	62%	63%	62%	61%	-	61%	62%*
Not currently asked:									
Confident re info about finance and providers	-	-	-	-	-	-	71%	69%	-
Never think about using (more) external finance	57%	55%	51%	54%	55%	56%	54%	57%	-
Increase in interest rates less likely to apply*	54%	51%	50%	54%	55%	53%	52%	47%	-
Plans based on what can afford ourselves	84%	86%	85%	86%	87%	85%	-	-	-
We are very worried about the amount the business owes	9%	10%	9%	11%	10%	10%	-	-	-

Q96 (238a5) All SMEs * asked in Q4 25

Analysis over time showed that agreement with many statements is stable over recent quarters, with a couple of exceptions, both caused by lower levels of agreement amongst 0 and 1-9 employee SMEs in 2025:

- The proportion happy to use finance to help the business grow increased to 41% in H2 2024 but this increase was not maintained into 2025 (35% in H1 and 33% in H2) back in line with H2 2023
- The proportion thinking lenders perceive them as riskier than they are, has declined over recent periods, from 40% in H2 2024 when this was first asked, to 37% in H1 and 34% in H2 2025

Being happy to borrow to grow can be seen as a key indicator of SME sentiment, so further detail has been provided for this statement over time by key demographics, followed by analysis of those who felt that it might be difficult for businesses like theirs to get finance.

Unlike the tables above, this table is based on all interviews conducted in 2025, in order to maximise the base sizes and to match the previous annual figures. It shows 34% of SMEs happy to borrow to grow in 2025, down 4 points from 2024 and back to 2023 levels.

This decrease of 4 points year on year was seen more markedly across some demographics:

- The decline in 2025 was not seen consistently by size. There was a decline amongst the 0 employee SMEs (down 4 points to 32%) and those with 1-9 employees (down 5 points to 38%). There was no change in agreement for those with 10-49 employees (50%) and those with 50-249 employees were more likely to agree in 2025 (up 4 points to 44%)
- Across all risk ratings, levels of agreement were lower in 2025, and most markedly for those with a worse than average risk rating (down 6 points to 37% but still the most likely risk rating to agree)
- SMEs in Agriculture (the sector most likely to agree at 42%), Manufacturing and Transport saw no or only a marginal change in agreement 2024 to 2025. Levels of agreement were down 7 points in both Property/Business Services (to 31%) and Health (to 28%) and by 6 points in Construction (to 32%) and Hotels and Restaurants (to 33%)
- PNBs saw a 5 point decrease in the proportion happy to borrow to grow (to 21%), with a smaller decrease for non-PNBs (down 2 points to 43%) and they remained the more likely to agree.
- Starts remained the most likely to be happy to borrow to grow, but down 6 points from 2024 at 49%, with a smaller decline for those trading for 2-5 years (down 4 points to 42%) and no/little change amongst older SMEs.

Happy to use finance to help business grow								
Over time – all SMEs Row percentages % agree	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***32%***	***29%***	***33%***	***36%***	***31%***	***33%***	***38%***	***34%***
0 emp	30%	26%	29%	34%	28%	30%	36%	32%
1-9 emps	38%	37%	42%	43%	38%	40%	43%	38%
10-49 emps	45%	44%	49%	50%	47%	48%	51%	50%
50-249 emps	57%	47%	48%	45%	48%	43%	40%	44%
Minimal external risk rating	36%	33%	32%	36%	32%	31%	37%	34%
Low	34%	34%	34%	36%	28%	27%	35%	33%
Average	31%	25%	30%	33%	27%	29%	34%	30%
Worse than average	34%	30%	34%	39%	35%	38%	43%	37%
Agriculture	41%	34%	39%	43%	36%	37%	42%	42%
Manufacturing	34%	35%	32%	38%	30%	33%	37%	38%
Construction	29%	27%	28%	34%	29%	37%	38%	32%
Wholesale/Retail	38%	36%	42%	39%	31%	35%	43%	39%
Hotels & Restaurants	32%	32%	38%	35%	32%	35%	39%	33%
Transport	35%	30%	34%	45%	29%	40%	38%	40%
Property/ Business Services	30%	26%	31%	34%	31%	28%	38%	31%
Health	32%	27%	27%	30%	28%	22%	35%	28%
Other Community	31%	28%	33%	36%	34%	30%	37%	32%
PNB	22%	17%	19%	23%	19%	20%	26%	21%
Not a PNB	42%	38%	42%	45%	41%	39%	45%	43%
Starts	35%	32%	39%	47%	42%	48%	55%	49%
2-5 years trading	37%	34%	36%	45%	39%	39%	46%	42%
6-9 years	35%	27%	37%	37%	34%	39%	40%	40%
10-15 years	31%	28%	28%	36%	30%	28%	32%	31%
15+ years	28%	26%	29%	29%	24%	24%	30%	28%

Q96 (238a54) All SMEs

Those already using external finance have consistently been more likely to agree that they would be happy to borrow to grow, as the table below shows, with little change in agreement since 2020:

Happy to use finance to help business grow								
Over time – all SMEs Row percentages % agree	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	32%	29%	33%	36%	31%	33%	38%	34%
Those using external finance	44%	39%	46%	47%	42%	43%	47%	45%

Analysis over time of those who thought they might find it difficult to get finance is shown below. Since 2022 levels of agreement have increased steadily to 38% in 2025, back in line with 2018, with a small, 2 point, increase in agreement 2024 to 2025:

- Agreement about difficulties getting finance increased by 3 points for those with 0 employees in 2025 (to 40%) with minimal changes across other size bands
- There were smaller 3-4 point increases year on year for those with a minimal or low risk rating (to 27% and 32%) but those with an average or worse than average risk rating remained more likely to think they would find it difficult to get finance (36% and 42%)
- By sector there were small increases in agreement for most sectors, but more marked increases of 6 points for those in Manufacturing (to 40%) and Health (to 43%, now the most likely to agree with this statement, along with those in the Other Community sector
- By age of SME, Starts remained the most likely to agree (and up 6 points to 51%) while those trading for 2-5 years were less likely to agree (down 5 points to 39%), widening the gap between Starts and older SMEs

Impression it is difficult to get finance								
Over time – all SMEs Row percentages % agree	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***38%***	***41%***	***37%***	***34%***	***31%***	***35%***	***36%***	***38%***
0 emp	40%	43%	38%	35%	32%	37%	37%	40%
1-9 emps	34%	36%	36%	31%	29%	32%	35%	34%
10-49 emps	28%	27%	28%	21%	20%	20%	24%	25%
50-249 emps	20%	34%	24%	14%	11%	14%	16%	15%
Minimal external risk rating	27%	31%	26%	21%	19%	25%	24%	27%
Low	32%	35%	33%	26%	26%	28%	28%	32%
Average	36%	39%	37%	34%	29%	32%	34%	36%
Worse than average	43%	45%	39%	39%	36%	40%	41%	42%
Agriculture	35%	41%	34%	29%	30%	30%	38%	37%
Manufacturing	39%	40%	36%	30%	28%	33%	34%	40%
Construction	41%	43%	38%	30%	29%	39%	36%	38%
Wholesale/Retail	37%	43%	385	34%	26%	33%	36%	39%
Hotels & Restaurants	39%	45%	42%	37%	35%	38%	40%	39%
Transport	38%	40%	40%	37%	33%	35%	39%	41%
Property/ Business Services	37%	36%	35%	33%	29%	31%	31%	34%
Health	33%	42%	31%	37%	37%	36%	37%	43%
Other Community	41%	46%	41%	39%	37%	38%	43%	43%
PNB	29%	27%	27%	23%	23%	28%	29%	31%
Not a PNB	47%	51%	44%	41%	39%	39%	40%	43%
Starts	53%	62%	44%	44%	36%	41%	44%	51%
2-5 years trading	42%	46%	39%	39%	37%	42%	44%	39%
6-9 years	36%	40%	37%	35%	35%	35%	39%	39%
10-15 years	33%	31%	34%	32%	29%	36%	33%	37%
15+ years	31%	32%	35%	28%	27%	30%	31%	35%

Q96 (238a54) All SMEs

Those already using external finance have typically been slightly more likely to agree that it could be difficult for them to get (more) finance, and this was also true in 2025 (42% v 38% of all SMEs):

Impression it is difficult to get finance								
Over time – all SMEs Row percentages % agree	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***38%***	***41%***	***37%***	***34%***	***31%***	***35%***	***36%***	***38%***
Those using external finance	49%	53%	43%	39%	37%	41%	40%	42%

Taking these two statements in combination showed that for YEQ4 2025, 17% of all SMEs agreed that they were happy to use finance to help the business grow but they also felt it could be difficult for them to get that finance – an interesting group of SMEs to understand in terms of demand for finance. This was little changed from 2024 when 19% agreed with both statements.

Those more likely to agree with both statements in 2025 included:

- Those with less than 50 employees: 17% for 0 emps and those with 1-9 emps, 16% of those with 10-49 emps and 10% of those with 50-249 emps.
- Those with a worse than average risk rating: 19% for those with a worse than average rating compared to 15% with an average rating, 12% with a low rating and 14% with a minimal rating.
- Younger SMEs: 29% of Starts compared to 21% of those trading for 2-5 years and 20% of those trading for 5-9 years, then 15% of those trading for 10-15 years and 12% of those trading for more than 15 years.
- There was limited variation by sector (16-21%) with the slight exception of those in Property/Business Services and Health (both 13%).
- Those with an element of importing to their business: 21% of Import only SMEs and 18% of those that both import and export, compared to 11% that were export only
- SMEs with ambition: 34% of Ambitious Risk Takers and 28% of Ambitious Innovators agreed with both statements, as did 24% of all SMEs planning to grow.
- Those who were 'Struggling' were more likely to agree (27%), compared to 17% of those 'Managing', 9% of those who were 'Comfortable' and 6% who were 'Well off'.
- Those using finance: 23% of those using finance, and 21% of those in the 'middle' group, compared to 8% of PNBs.
- Those with an appetite for finance: 31% of those who had applied and 39% of Would-be seekers agreed, as well as 43% of those planning to apply and 24% of Future would-be seekers.

Attitudes to finance – more detailed analysis

Analysis of attitudes to finance in combination or by other behaviours provides further insight into SME sentiment.

Using finance and happy to use again

To understand willingness to use external finance in more detail, additional analysis has been undertaken on this question.

The table below allocates all SMEs to one of four categories, depending on whether they were already using external finance and/or whether they agreed that they would be happy to use external finance in the future to help the business develop and grow.

4 in 10 SMEs (41%) were neither using finance nor happy to borrow to grow, notably the smallest and largest SMEs:

Combined analysis: Use of external finance and happiness to use in future

YEQ4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Use external finance and happy to use in future	21%	18%	27%	38%	29%
Use external finance but not happy to use in future	25%	24%	28%	27%	16%
Do not use it but happy to use in future	13%	14%	11%	12%	14%
Do not use it and not happy to use in future	41%	44%	34%	23%	40%

Q15/Q96 (Q238a5) All SMEs

As the table above shows:

- 1 in 5 SMEs (21%) were using external finance and agreed that they would be happy to use it in future, ranging from 18% of those with 0 employees to 38% of those with 10-49 employees.
- The remaining users of finance, 25% of all SMEs, would not be happy to use finance in future (the equivalent of 54% of all users of finance). Those with 50-249 employees were less likely to be in this group (16% of those using finance).
- 1 in 8 of all SMEs (13%) were not using external finance currently but agreed that they would be happy to use it in future, providing a potential opportunity, with limited differences by size of SME (11-14%).
- The remainder, 4 in 10 SMEs (41%), were not using finance and nor would they be happy to use it in future. This was more common amongst 0 employee SMEs (44%) and those with 50-249 employees (40%).

Across the years shown below:

- Around 45% of SMEs have been in the 'not using and not happy to use in future' category. The proportions in 2024 (38%) and 2025 (41%) were slightly lower due to an increase in those using finance and happy to use in future (up 3 points from 2023 to 21% in both 2024 and 2025).
- Around 4 in 10 of those already using finance were happy to use in future, with the current proportion, 46%, at the top of the range seen in recent years.

Combined analysis: Use of external finance and happiness to use in future over time

All SMEs	*2018*	*2019*	*2020*	*2021*	*2022*	*2023**	*2024*	*2025*
Use external finance and happy to use in future	16%	18%	17%	20%	15%	18%	21%	21%
Use external finance but not happy to use in future	20%	28%	20%	23%	21%	23%	24%	25%
Do not use it but happy to use in future	16%	11%	16%	16%	16%	15%	17%	13%
Do not use it and not happy to use in future	47%	43%	48%	41%	48%	45%	38%	41%
% using who are happy to use again	44%	39%	46%	47%	42%	44%	47%	46%

Q15/Q96 (Q238a5) All SMEs * new definition for external finance from Q1 2023

Combining growth ambitions and attitude to risk – The Ambitious Risk Takers

When the attitude statement 'We have a long term ambition to be a significantly bigger business' was initially run in H2 2017, further analysis was done in combination with the statement 'As a business we are prepared to take risks to become more successful' to produce a profile of 'Ambitious Risk Takers' -the SMEs that agreed with both statements.

That H2 2017 analysis showed that 38% had agreed they wanted to be a bigger business and 42% that they were prepared to take risks, with 27% agreeing with both statements and thus being defined as 'Ambitious Risk Takers'. ARTs are an interesting group, given that in 2025 they were more likely to be using external finance (54% v 43% not meeting the definition), to be innovative (57% v 35%), international (26% v 17%) and to plan (61% v 44%) as well as more likely to have grown (37% v 23%) and to be planning to grow (69% v 30%) and/or apply for finance (20% v 7%) They could thus be seen as a key group of SMEs.

Despite recent challenging trading conditions, there has been an increase in ARTs over time. Repeating the same analysis for YEQ4 2025 showed that 41% agreed they wanted to be a bigger business and 46% were prepared to take risks, with 29% of SMEs agreeing with both statements and being an ART.

The table below shows the proportion of SMEs over time in each demographic that have agreed with both statements and can therefore be described as Ambitious Risk Takers. This description has typically applied to a quarter of SMEs (24-29%) with the slight exception of 2024 (31%). In 2025, the proportion was down 2 points at 29%, and more in line with previous years:

- All sizes of SME were slightly less likely to be an Ambitious Risk-Taker (ART) in 2025 compared to 2024, down 3 points for those with either 0 (27%) or 50-249 (35%) employees, compared to just 1 point for those with 1-9 or 10-49 employees (to 34% and 38%).
- Those with a minimal risk rating saw a further increase in the proportion of ARTs year and year (up another 4 points to 27%). Those with a low risk rating were almost unchanged on 25%, while those with an average or worse than average risk rating were down 3 and 4 points respectively to 23% and 36%, though the latter group was still the most likely to meet the definition of an ART.
- Those in Wholesale/Retail were the most likely to meet the definition of an ART at 33% (albeit this was down 4 points on 2024), just ahead of a stable Hotel and Restaurant sector on 32%. There was an increasing proportion of ARTs in Agriculture (up 5 points to 23%) and Transport (up 6 points to 32%), in contrast to Construction (down 8 points to 23% and the least likely sector to be an ART) and the Other Community sector (down 10 points to 29%)
- There were limited changes by age of SME with the slight exception of those trading for 2-5 years (down 4 points to 44%), and also a small decrease for those who met the definition of a PNB (down 3 points to 21%)

Ambitious Risk Takers								
Over time – all SMEs Row percentages % agree with both	H2 2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***25%***	***24%***	***27%***	***29%***	***28%***	***27%***	***31%***	***29%***
0 emp	23%	21%	25%	27%	26%	25%	30%	27%
1-9 emps	30%	29%	33%	35%	33%	33%	35%	34%
10-49 emps	37%	35%	36%	36%	36%	36%	39%	38%
50-249 emps	50%	42%	38%	39%	46%	37%	38%	35%
Minimal external risk rating	22%	22%	23%	21%	18%	19%	23%	27%
Low	20%	23%	23%	23%	22%	22%	24%	25%
Average	22%	20%	23%	22%	21%	22%	26%	23%
Worse than average	28%	27%	31%	37%	36%	33%	40%	36%
Agriculture	16%	22%	25%	23%	19%	19%	18%	23%
Manufacturing	31%	28%	27%	31%	22%	28%	30%	31%
Construction	17%	22%	21%	24%	23%	24%	31%	23%
Wholesale/Retail	31%	28%	34%	34%	31%	30%	37%	33%
Hotels & Restaurants	24%	25%	27%	29%	29%	23%	32%	32%
Transport	24%	22%	27%	30%	27%	31%	26%	32%
Property/ Business Services	26%	23%	28%	30%	30%	28%	32%	30%
Health	23%	21%	24%	24%	31%	20%	24%	26%
Other Community	30%	24%	30%	30%	29%	28%	39%	29%
Starts	35%	35%	41%	54%	55%	49%	55%	54%
2-5 years trading	38%	34%	37%	42%	42%	44%	48%	44%
6-9 years	23%	24%	31%	29%	29%	32%	34%	35%
10-15 years	24%	21%	23%	24%	25%	22%	26%	24%
More than 15 years	15%	14%	16%	15%	13%	14%	17%	18%
PNB	19%	17%	19%	23%	22%	20%	24%	21%
Not a PNB	30%	28%	32%	32%	33%	31%	35%	34%
Use external finance	31%	29%	31%	31%	31%	31%	35%	34%

Q96 (238a54) All SMEs

Need for funding

Summary

A small minority of SMEs reported having had a need for external funding in the previous year (6%) with limited variation over time or by types of SME. In 2025, the funding was as likely to have been needed for cash flow reasons as for business development, with a third of those with a funding need looking to borrow more than £25,000:

- Need for funding has been 3-7% in all recent years with the exception of the pandemic years 2020 (9%) and 2021 (12%)
- In 2025, it varied little by size of SME (6% for 0 employees, 7% for those with 1-9 employees, 8% for 10-49 employees and 4% for those with 50-249 employees) and only slightly more by age (10% for Starts and those trading for 2-5 years, 9% trading for 6-9 years and 4% trading for more than 10 years). Excluding the PNBs with no appetite for finance increased the proportion of remaining SMEs with a need for funding to 10%

Amongst those that had a need for funding:

- 52% needed it for cash flow purposes, primarily as working capital, up from 40% in 2024
- 54% said that the funding was for business development reasons, typically to invest in new plant, machinery, etc., or to fund UK expansion, down slightly from 2024 (57%)
- Larger SMEs (10-249 employees) with a need for funding in 2025 were somewhat more likely to have wanted funds for business development (56%) and less likely to have wanted it for cash flow (46%)
- The proportions looking for funding for each of these broad purposes has typically been around 50/50, except 2020 and 2021, when most funding was needed for cash flow purposes (81%). The balance then moved back in favour of business development (a 60/40 split), but the increase in funding needed for cash flow in 2025 took it back to an even split

35% of SMEs with a funding need had been looking to borrow more than £25,000:

- This varied markedly by size (32% of these SMEs with 0-9 employees were looking for £25,000 or more, amongst those with 10-249 employees the figure was 79%) and also age of SME (15% of these Starts were looking for such sums compared to almost half of those trading for 10 years or more)
- Those looking to fund business development were also more likely to be looking to borrow more than £25,000 (41% v 26% of those looking for cash flow funding)

Most of those with a need for funding took some **action** (86%), typically talking to a bank or advisor, looking online or discussing it within the business. Whilst only a few took no action, the proportion has increased over recent years:

- 37% of SMEs with a need for funding said they had spoken to a finance provider or advisor, including 17% who spoke to their main bank
- Larger SMEs with a need for funding were more likely to have spoken to someone than smaller ones (59% v 36%) and to have spoken to a wider range of people, including the main bank (22% v 16%)
- Over time, the proportion speaking to someone has been as high as 55% (2020) before declining to 29% in 2023, with similar fluctuations in contact with the main bank, but a steadier decline in those using an accountant or other professional (19% in 2019 to 5% in 2025)
- In the last few years, around a quarter of these SMEs had looked online for providers, comparison sites and/or advice on applications (21% in 2025) with little difference by size of SME in 2025
- Discussions within the business were mentioned by 18% of those with a need for funding (and 25% of larger SMEs with a need) and a similar proportion (17%) said they considered finding some or all of the funds needed from within the business, with limited variation over time for either action, other than during the pandemic when they were less likely to have been mentioned
- 14% of SMEs with a need for funding said that they took no action, and whilst this is a small minority, it has increased steadily since 2021 when 4% took no action. Smaller SMEs with a need for funding were more likely to be in this category than larger ones (14% v 5%)

Just over half of those who took any action about their funding need went on to consider **applying for finance**, and in the end half did. 24% applied to their main bank, little changed from recent years, but there were slightly more applications to a new provider than previously seen:

- 56% of those taking action on their need for funding then considered making an application for funding, including 28% that considered applying to their main bank. Larger SMEs with a need for funding were more likely to consider any application (74% v 55%) and also to consider an application to their main bank (38% v 28%)
- In the end, 50% of SMEs with a need for finance who took any action made an application, increasing to 75% of those with 10-249 employees. 24% applied to their main bank (31% for larger SMEs), while 18% applied to a new provider and 13% to an existing provider that was not the main bank (35% for larger SMEs). This was a slightly smaller share of applications for the main bank and a slightly higher share for new providers
- Overall, 43% of all those who initially identified a need for funding reported an application for finance, little changed from 2023-24 but somewhat lower than previously seen when just over half went on to apply
- In terms of other ways of meeting a funding need, there were more self-funders, in whole or part, in 2025 than typically seen (25%) increasing to 36% of those wanting funding for cash flow issues (v 16% of other applicants). There were also slightly more who decided not to take funding (16%), increasing to 20% of those looking for funding for business development (v 9% of other applicants)

"50% of SMEs with a need for finance who took any action applied for finance, 25% decided to fund (some of) it themselves and 16% decided not to take funding"

The middle section of the questionnaire, around applications made for finance, saw the most changes in the re-design for Q1 2018.

This is the first of the three revised chapters, looking at borrowing events in the wider finance market beyond loans and overdrafts:

- This chapter looks at whether SMEs had identified a need for external funding and what steps they took as a result of that need, including whether they applied for finance (a Type 1a borrowing event). This analysis is by interview date.
- Chapter 8 provides an overview of all borrowing 'events' (including Type 1a events), and the types of SME more or less likely to have had each of these events. This analysis is also by interview date.
- Chapter 9 looks specifically at the Type 1 borrowing events, the final outcome of the applications made and the impact of the application on the SME. This analysis is primarily based on all applications made between Q3 2024 and Q4 2025 and reported in interviews conducted in the same period (application data for Q2 2024 onwards is interim at this stage).

The definitions of all the borrowing events included in this report are provided at the start of the next chapter.

Having, and meeting, a need for funding

Rather than being asked directly about any applications made for loans and overdrafts, from Q1 2018 respondents have initially been asked about any need for external funding in the past 12 months, in addition to any finance they may already use, and irrespective of whether they acted on that need or not. Those who went on to apply for finance as a result of this funding need are defined as having had a Type 1a borrowing event later in this report.

This chapter is based on those interviewed between Q1 2025 and Q4 2025 (YEQ4 2025) who reported a need for funding in the 12 months prior to interview (i.e. from Q1 2024 onwards).

Had a need for funding

With the exception of the pandemic, (15% reported a need for funding in Q2 2021), typically only a small minority of SMEs each quarter have reported a need for external funding in the previous 12 months (5-7%). During the second half of 2024, need for funding increased to 10% of all SMEs, and was 8% in Q1 2025, with the increase led by the 0 employee SMEs but seen to some extent across all size bands. However, this was not maintained for the rest of 2025, with need for finance back to 5% in Q4 2025, again led by those with 0 employees:

Had a funding need									
By date of interview Over time – row percentages	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
All SMEs	**5%**	**6%**	**5%**	**7%**	**10%**	**8%**	**5%**	**7%**	**5%**
0 employee	4%	5%	5%	7%	10%	8%	4%	7%	4%
1-9 employees	6%	8%	6%	9%	9%	6%	7%	7%	6%
10-49 employees	6%	6%	8%	5%	7%	7%	8%	9%	8%
50-249 employees	4%	2%	4%	3%	5%	3%	4%	4%	7%

Q25 All SMEs (new Q1 2018)

Had a funding need								
By date of interview Over time – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***4%***	***3%***	***9%***	***12%***	***6%***	***4%***	***7%***	***6%***
0 employee	4%	2%	8%	11%	6%	4%	7%	6%
1-9 employees	5%	6%	10%	14%	6%	5%	8%	7%
10-49 employees	6%	5%	10%	12%	6%	5%	7%	8%
50-249 employees	3%	3%	8%	6%	3%	2%	3%	4%
Minimal external risk rating	3%	2%	5%	7%	3%	3%	5%	4%
Low external risk rating	4%	4%	8%	11%	4%	4%	5%	5%
Average external risk rating	3%	3%	8%	10%	6%	4%	4%	5%
Worse than average external risk rating	5%	3%	9%	14%	8%	5%	10%	8%
Agriculture	5%	6%	9%	12%	5%	4%	6%	8%
Manufacturing	3%	2%	7%	13%	9%	4%	5%	6%
Construction	3%	3%	6%	10%	7%	5%	5%	6%
Wholesale/Retail	6%	5%	8%	12%	6%	6%	10%	7%
Hotels & Restaurants	5%	6%	12%	17%	6%	5%	8%	9%
Transport	4%	2%	13%	14%	6%	5%	7%	8%
Property/Business Services etc.	4%	3%	9%	9%	5%	4%	5%	5%
Health	4%	1%	7%	11%	5%	3%	8%	4%
Other Community	4%	5%	10%	14%	10%	4%	12%	7%
All SMEs excluding PNBs	8%	6%	14%	19%	12%	7%	11%	10%
Starts	5%	2%	10%	15%	7%	6%	12%	10%
2-5 years trading	6%	5%	11%	15%	9%	8%	10%	10%
6-9 years	5%	4%	11%	13%	7%	6%	8%	9%
10-15 years	3%	4%	8%	12%	8%	4%	6%	6%
15+ years	3%	3%	7%	9%	5%	3%	4%	4%

Q25 All SMEs (new Q1 2018)

The table above looks at the results available over time from 2018 to 2025, across key demographics. With overall need for funding changing very little 2024 to 2025 (down one point to 6%), there were also very few changes by key demographics 2024-25:

- The largest SMEs remained less likely to report a funding need (4% v 6-8% of smaller SMEs)
- Those with a worse than average risk rating remained slightly more likely to report a funding need (8%), as were those in Agriculture and Transport (both 8%) and the Hotel and Restaurant sector (9%)
- Younger SMEs remained more likely to have a funding need (10% of Starts and those trading for 2-5 years compared to 4% trading for 15+ years)
- Excluding the PNBs saw the proportion with a funding need increase by 4 points to 10%.

Amongst those using finance, the proportion with a need for (further) finance increased to 1 in 5 in 2020 and 2021 but has been at a lower level since. The 2025 figure of 11%, was little changed from 2024, and in line with most years from 2022:

Had a funding need								
By date of interview Over time – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***4%***	***3%***	***9%***	***12%***	***6%***	***4%***	***7%***	***6%***
Current using external finance	8%	6%	19%	20%	12%	7%	12%	11%
Not currently using external finance	2%	1%	2%	5%	3%	2%	3%	2%

All those who identified a funding need were then asked further questions about how the need arose and any actions they had taken as a result. The list of options regarding the purpose of the facility was extensively revised for Q1 2018:

- In Q2 2020 an additional code was included 'To cope with the impact of the coronavirus pandemic' later amended to 'To cope with the impact of current trading conditions'.
- In Q3 2022, a new code was introduced to this question: 'To fund something to reduce an environmental impact or to be more sustainable'.

Due to the limited proportion of SMEs with a need for funding, analysis in this chapter is at the broader 0-9 and 10-249 employee level to ensure reasonably robust base sizes.

Why funding was required

The first table looks at why the funding was required, grouped into broad categories of 'cash flow' and 'business development'. Overall, similar proportions of all SMEs with a need for finance said that it was cashflow related in some way (52%), as said it was related to business development (54%), but with a more marked difference for those with 10-249 employees (46% cash flow v 56% business development)

In terms of individual reasons for funding in 2025, cash flow support (42%) and investment in plant and machinery (24%) were the top mentions:

Reason funding required			
YEQ4 25 all SMEs who had need for funding	Total	0-9 emp	10-249 emps
Unweighted base:	***1094***	***723***	***371***
Cash flow related	***52%***	***52%***	***46%***
Working capital to help with cash flow	42%	42%	40%
To cover a short term funding gap	18%	18%	14%
To help through trading difficulties	11%	11%	7%
To cope with trading conditions	2%	2%	3%
Business development related	***54%***	***54%***	***56%***
Invest in new plant, machinery etc	24%	24%	29%
To fund expansion in the UK	20%	20%	20%
A new business opportunity	7%	7%	8%
To fund new premises	7%	7%	8%
To take on staff	2%	2%	7%
To fund R&D	3%	2%	5%
To fund expansion overseas	2%	2%	5%
To fund something environmental	1%	1%	1%
To take over another business	*	*	*

Q26 All SMEs with a need for funding (new Q1 2018)

< 1% of SMEs said that they were approached by a bank/other funder offering them finance.

Data over time is shown in the table below. As the pandemic took hold (2020-21), the need for funding tipped towards cash flow purposes (almost doubling from 49% in 2019 to 81% in 2020) and away from being business development related (from 58% in 2019 to 24% in 2020).

By 2023 and 2024 the balance had moved back the other way to almost 40:60 in favour of business development, but in 2025 the two reasons for borrowing were mentioned by similar proportions of SMEs (led by smaller SMEs with a need for funding):

Reason funding required								
By date of interview Over time	2018	2019	Q2-4 2020	2021	2022	2023	2024	2025
Unweighted base:	***807***	***739***	***1426***	***1849***	***946***	***722***	***1074***	***1094***
Cash flow related	***42%***	***49%***	***81%***	***81%***	***69%***	***43%***	***40%***	***52%***
Working capital to help with cash flow	32%	37%	49%	50%	49%	31%	35%	42%
To cope with trading conditions*	-	-	33%	30%	20%	12%	5%	2%
To cover a short term funding gap	16%	26%	19%	32%	36%	16%	15%	18%
To help through trading difficulties	11%	12%	12%	22%	24%	15%	9%	11%
Business development related	***58%***	***58%***	***24%***	***24%***	***37%***	***56%***	***57%***	***54%***
To fund expansion in the UK	26%	20%	11%	9%	19%	17%	21%	20%
Invest in new plant, machinery etc	22%	25%	9%	11%	14%	28%	23%	24%
A new business opportunity	18%	13%	4%	5%	11%	13%	12%	7%
To take on staff	6%	5%	2%	1%	4%	6%	5%	2%
To fund new premises	5%	7%	1%	2%	3%	3%	6%	7%
To fund R&D	-	-	2%	45	5%	5%	4%	3%
To fund something environmental	-	-	-	-	-	1%	2%	1%
To fund expansion overseas	2%	3%	1%	1%	3%	*	3%	2%
To take over another business	1%	2%	1%	*	*	*	*	*

Q26 All SMEs with a need for funding (new Q1 2018) *prior to 2023 the impact of the pandemic

Amount of funding required

The next table looks at how much finance was thought to be required to meet the funding need (excluding the 4% of those with a need for finance in 2025 that could not say how much they had wanted).

As might be expected, larger SMEs with a need for funding were more likely to be looking for £25,000 or more (79% of those with 10-249 employees) than smaller SMEs were (32% of those with 0-9 employees):

Likely finance required			
YEQ4 25 all SMEs who had need for funding	Total	0-9 emps	10-249 emps
Unweighted base:	***1038***	***699***	***339***
Less than £5,000	17%	18%	2%
£5,000 to £9,999	18%	19%	4%
£10,000 to £24,999	30%	31%	15%
£25,000 to £99,999	25%	24%	39%
£100,000-£999,999	8%	6%	32%
£1million+	1%	1%	7%
£25,000 or more	***35%***	***32%***	***79%***

Q27 All SMEs with a need for funding excluding DK (new Q1 2018)

Other SMEs with a need for funding who were more likely to be seeking £25,000 or more included:

- Those with a minimal risk rating (70%) compared to 53% with a low-risk rating, 38% with an average risk rating and 30% with a worse than average risk rating.
- SMEs trading for more than 10 years: 15% of Starts, 33% of those trading for 2-5 or 6-9 years, and almost half of older SMEs (46% trading 10-15 years and 43% trading 15+ years)
- 58% of SMEs with a need for finance in Construction and 54% in Manufacturing, compared to 15% in Transport, 16% in Health and 21-46% elsewhere
- There was a slight difference by purpose of borrowing: 4 in 10 of those looking to fund business development (41%) were seeking £25,000 or more compared to 26% looking for cash flow related funding.

The decision-making process

Almost all those with a need for funding had taken some action as a result (86%).

The actions taken have been grouped into themes, with 1 in 3 speaking to their main bank or another funder or advisor, increasing to 6 in 10 of those with 10-249 employees.

A fifth had looked online for information of advice, with little variation by size of SME. 1 in 4 larger SMEs had discussed the application within the business, slightly higher than the 1 in 5 of those with 0-9 employees.

In all, 9 in 10 with a need for funding (86%) took some action, with larger SMEs more likely to do so (95% took action) than smaller ones (86%):

Steps initially taken in funding decision process			
YEQ4 25 all SMEs who had need for funding	Total	0-9 emps	10-249 emps
Unweighted base:	***1094***	***723***	***371***
Any action:	86%	86%	95%
Spoke to main bank/provider/advisor	***37%***	***36%***	***59%***
-Informal conversation with main bank	17%	16%	22%
-Informal conversation with other provider	16%	15%	24%
-Sought professional advice e.g. accountant	5%	5%	15%
-Spoke to a finance broker	9%	8%	19%
Looked online	***21%***	***21%***	***19%***
-Looked online for possible finance providers	10%	9%	13%
-Looked online for application advice	9%	10%	7%
-Looked at comparison/satisfaction sites	6%	6%	5%
Other actions:			
Discussed by management in the business	18%	18%	25%
Considered funding within business/directors	17%	17%	12%
Spoke to other business people	7%	6%	11%
Prepared/reviewed plans and forecasts	4%	4%	10%
Something else	11%	11%	6%
Took no action	14%	14%	5%

Q28 NEW All SMEs with a need for funding (new Q1 2018)-

The table below shows analysis of need for funding over time. In each period most SMEs with a need for funding took action, although the proportion has declined by 10 points since 2021 (96%) to 2025 (86%).

- The net proportion who spoke to any advisor or had an informal conversation with their bank or another provider about their need for funding was up 3 points in 2025 to 37%, a further increase on 2023 (when 29% had such contact), though still below the half of respondents more typically seen.
  - Over recent years, conversations with the main bank were mentioned by fewer SMEs with a need for finance – from 38% in 2020 to 10% in 2023, with something of a recovery in 2024 and 2025 (19% and 17%)
  - 9% mentioned speaking to a finance broker (a new metric from 2024) with a drop in the proportion saying they sought professional advice over the same period (to 5% in 2025)
- Since 2020 around 1 in 4 applicants have looked online, whether for a finance provider, some advice or on a comparison site, with the slight exception of 2022 and 2025 (both 21%). The most common action was to search for providers (10% in 2025) or for application advice (9%) though the latter has been mentioned less in 2024 and 2025
- Whilst most SMEs with a need for funding took some action at this stage, the proportion that didn't has increased steadily since 2021 from 4% to 14% in 2025

Initial steps taken in funding decision process							
All SMEs who had need for funding – over time	2019	2020*	2021	2022	2023	2024	2025
Unweighted base:	***739***	***1426***	***1849***	***946***	***722***	***1074***	***1094***
Any action:	93%	94%	96%	91%	89%	88%	86%
Spoke to main bank/provider/advisor	***43%***	***55%***	***48%***	***43%***	***29%***	***34%***	***37%***
-Informal conversation with main bank	18%	38%	27%	23%	10%	19%	17%
-Informal conversation with other provider	18%	12%	14%	15%	15%	7%	16%
-Sought professional advice e.g. accountant	19%	12%	10%	13%	7%	6%	5%
-Spoke to a finance broker	-	-	-	-	-	7%	9%
Looked online	***30%***	***24%***	***25%***	***21%***	***24%***	***25%***	***21%***
-Looked online for possible finance providers	15%	12%	14%	15%	9%	15%	10%
-Looked online for application advice	15%	16%	13%	12%	16%	8%	9%
-Looked at comparison/satisfaction sites	11%	6%	3%	6%	4%	5%	6%
Other actions:							
Discussed by management in the business	15%	14%	10%	15%	19%	13%	18%
Considered funding within business/directors	19%	12%	10%	23%	17%	18%	17%
Spoke to other business people	10%	8%	8%	7%	5%	9%	7%
Prepared/reviewed plans and forecasts	9%	10%	6%	7%	4%	3%	4%
Something else	10%	9%	11%	8%	12%	9%	11%
Took no action	7%	6%	4%	9%	11%	12%	14%

Q28 NEW All SMEs with a need for funding (new Q1 2018) *asked in Q2-Q4 in 2020

Those who had taken any initial steps to meet their funding need were then asked which of a range of options they had considered. Just over half had considered making an application for finance (56%), with half of them (28% of all taking initial steps) considering an application to their bank:

Steps considered in funding decision process			
YEQ4 25 all SMEs who took initial steps on need for funding	Total	0-9 emps	10-249 emps
Unweighted base:	***993***	***640***	***353***
Making an application	***56%***	***55%***	***74%***
-Applying to main bank	28%	28%	38%
-Applying to provider not currently using	14%	14%	18%
-Applying to finance provider currently using	13%	12%	27%
-Applying to an online finance platform	8%	8%	5%
Finding some/all of the funding yourselves	33%	34%	22%
Using a broker	6%	6%	15%
None of these	17%	17%	12%

Q30 All SMEs with a need for funding who took action at Q28 (new Q1 2018)

Analysis amongst SMEs with a need for funding who had taken some action showed that:

- Over half of these SMEs considered making an application for finance (56%), with larger SMEs more likely to have done so (74%). A significant minority considered at least an element of self-funding (33%), and this was more likely to be the case for smaller SMEs (34% v 22% of larger SMEs).
- Consideration of making an application varied by risk rating: 6 in 10 of those with a minimal (59%) or low (61%) risk rating considered applying, increasing to 69% of those with an average rating. Those with a worse than average risk rating were slightly less likely to have considered applying (55%)
- There was limited variation by age of SME (59-66% considered applying) excluding the very small group of Starts who were less likely to consider applying (1 in 3)
- Those for whom the funding was for business development remained somewhat more likely to have considered an application (60%) than those looking for help with cash flow (48%).

Analysis over time shows the marked impact of the pandemic and pandemic funding during 2020 and 2021 on applications generally and to the main bank in particular.

Since 2022, consideration of an application (anywhere) has been somewhat lower (56-58%), as fewer SMEs considered applying to their main bank (28% in 2025). In 2022, 8 in 10 of all applications considered involved the main bank, but the proportion has been lower since and was 50% in 2025.

Meanwhile, since 2022 a fairly stable 1 in 3 of these SMEs have considered at least an element of self-funding:

Steps considered in decision process:							
All SMEs who took initial steps	2019	2020*	2021	2022	2023	2024	2025
Unweighted base:	***719***	***1380***	***1804***	***904***	***665***	***988***	***993***
Making an application	***63%***	***81%***	***80%***	***58%***	***56%***	***57%***	***56%***
-Applying to main bank	37%	67%	64%	47%	30%	34%	28%
-Applying to finance provider not currently using	19%	11%	12%	9%	12%	13%	14%
-Applying to finance provider currently using	17%	8%	6%	9%	10%	10%	13%
-Applying to an online finance platform	9%	6%	5%	7%	7%	7%	8%
Finding some/all of the funding yourselves	40%	15%	17%	37%	30%	33%	33%
Using a broker	7%	1%	2%	6%	2%	7%	6%
None of these	12%	9%	6%	12%	19%	18%	17%

Q30 All SMEs with a need for funding who took action at Q28 (new Q1 2018) *Q2-Q4 only

Providers considered and contacted

Two new questions, included from H2 2024, asked SMEs who had a need for funding and had taken some action, how many financial providers they had considered and how many they had approached, in a range from 0 to 4+. A proportion of SMEs said that they hadn't considered / approached any providers and this proportion is broadly in line with those who hadn't considered any form of application.

- In 2025, 32% of SMEs with a need for funding said they had not considered any provider (excl DK answers) and this was more likely to be the case for those with 0-9 employees (33%) rather than larger SMEs (13%).
  - 37% considered 1 provider, with little difference by size of SME (37% v 36%) and 32% considered 2 or more. This was more likely to be the case for larger SMEs (52%, including 17% who considered 4 or more) than smaller ones (30%, including 9% who considered 4 or more).
- A similar proportion, 35%, of these SMEs, said they had not approached any provider (excl DK answers) and this was again more likely to be the case for those with 0-9 employees (36%) rather than larger SMEs (15%).
  - 37% approached 1 provider, with little difference by size (37% v 38%) and 29% approached 2 or more. This was again more likely to be the case for larger SMEs (48%, including 13% who approached 4 or more) than smaller ones (26%, including 7% who approached 4 or more).

Limited analysis over time is now possible, shown below. A slightly higher proportion of SMEs in 2025 considered/contacted any providers than in H2 2024 with around 3 in 10 considering and/or contacting 2 or more:

Providers considered/contacted:		
All SMEs who took initial steps	H2 24	2025
Unweighted base:	***509***	***949***
Number of providers considered (mean)	***1.9***	***2.2***
-None	41%	32%
-One	37%	37%
-Two or more	22%	29%
Number of providers contacted (mean)	***1.8***	***2.0***
-None	41%	35%
-One	39%	37%
-Two or more	20%	28%

Q30x All SMEs with a need for funding who took action at Q28 (new Q3 2024)

Steps taken to meet funding need

The next table looks at the steps actually taken, rather than considered, by SMEs with a funding need. Half of those who did anything as a result of their need for funding made an application for finance (50%).

The most common borrowing 'event' was an application to the main bank. This was mentioned by a quarter of those taking any action (24%), the equivalent of just under half of those having any sort of borrowing 'event':

Steps taken in funding decision process			
YEQ4 25 all SMEs who had need for funding and took initial steps	Total	0-9 emps	10-249 emps
Unweighted base:	***993***	***640***	***353***
Had borrowing 'event' re need for finance	***50%***	***49%***	***75%***
-Applied to main bank	24%	23%	31%
-Applied to finance provider not currently using	18%	18%	23%
-Applied to finance provider currently using	13%	12%	35%
-Applied to an online finance platform	4%	4%	6%
Decided to fund all or part of it yourselves	25%	25%	19%
Decided not to take funding	16%	17%	6%
Still deciding	13%	13%	6%

Q31 All SMEs with a need for funding who took action at Q28 (new Q1 2018)

Analysis of those taking action showed that:

- Borrowing 'events' increased by size of SME, as did applications to the main bank. 1 in 4 had self-funded in whole or part and this was slightly more common amongst smaller SMEs.
- There were some differences in borrowing 'events' by risk rating:
    - 6 in 10 of those with a minimal, low or average risk rating reported a borrowing event, slightly more likely to be at the main bank for those with a minimal risk rating (31%) than those with an average risk rating (27%).
    - Those with a worse than average risk rating were less likely to report a borrowing event (44%), with more of them still deciding what to do (19% v 5-11% of other risk ratings)
    - Self-funding varied relatively little by risk rating (23-27%) with the slight exception of those with a minimal risk rating (34%)

- Analysis by reasons for borrowing showed a similar percentage planning to apply amongst those looking for funding for business development (51%) and for cash flow (46%), as well as planning to apply to main bank (20% v 24%).
- The key differences were that those looking for cash flow funding were more likely to decide to self-fund (36% v 16% for business development) while those looking for business development funding were twice as likely as their peers to decide not to take funding at all (20% v 9% for cash flow)

The 50% with a borrowing 'event' shown above is the equivalent of 3% of all SMEs.

Analysis over time showed that:

- In 2019, 6 in 10 reported a borrowing 'event' increasing to 8 in 10 for 2020 and 2021, due to an increase in applications to the main bank during the pandemic, but with fewer applications since.
- Since 2023 around half have had a borrowing event (50% in 2025) and around a quarter have applied to their main bank (24% in 2025, half of all borrowing events).
- The proportion of SMEs deciding to fund all or part of the need themselves was typically 12-13% in previous years except 2019 and 2022 (29% in both years) but has been more consistently above those typical levels since 2022 (25% in 2025).
- In 2025, 13% were still deciding what to do, down slightly from 2023-24 when 1 in 5 were in this category

Steps taken in funding decision process							
All SMEs who had need for funding and took initial steps – over time	2019	2020*	2021	2022	2023	2024	2025
Unweighted base:	***719***	***1380***	***1804***	***904***	***665***	***988***	***993***
Had borrowing 'event' re need for finance	***57%***	***80%***	***80%***	***61%***	***50%***	***51%***	***50%***
-Applied to main bank	29%	65%	61%	47%	25%	27%	24%
-Applied to finance provider not currently using	16%	11%	13%	10%	13%	12%	18%
-Applied to finance provider currently using	16%	6%	5%	7%	11%	13%	13%
-Applied to an online finance platform	7%	5%	6%	5%	3%	6%	4%
Decided to fund all or part of it yourselves	29%	12%	12%	29%	19%	18%	25%
Decided not to take funding	11%	5%	5%	10%	12%	17%	16%
Still deciding	11%	5%	5%	7%	22%	18%	13%
Borrowing event as % of all with original need for funding	***54%***	***76%***	***77%***	***56%***	***45%***	***44%***	***43%***

Q31 All SMEs with a need for funding who took action at Q28 (new Q1 2018) / All with need for funding *Q2-Q4 2020

To put this in context with other steps reported so far, borrowing events amongst 3 narrowing groups of SMEs are as follows:

- Of those who had an original need for external funding, 43% went on to have a borrowing event, in line with 2023-24 but a lower percentage than previously seen, especially 2020-21
- Of those who had taken any action on their funding need, 50% went on to have a borrowing event, unchanged from 2023-24.
- Of those who considered applying for finance, 89% went on to do so, up from 80% in 2024 and back to levels seen in 2023 (87%).

The table below summarises how consideration of different options then led to action in 2025:

- **Considered applying (anywhere):** Almost all of those who had considered applying for finance from somewhere (the first column) went on to have a borrowing 'event' (81%). Those events were split fairly evenly between the main bank (40%) and another provider (48%), with 9% deciding to fund some or part of the need themselves
- **Considered applying to main bank / other provider specifically:** Most of those who considered applying specifically to their main bank (in the second column below) went on to have a borrowing event (81%), and mostly at their main bank (72%). Similarly, most of those who had initially considered applying to a different provider (the third column) went on to do so (82% any event) and at somewhere other than their main bank (74%).
- **Using a broker:** Most of those who considered using a broker went on to apply for finance (75%) with those applications were less likely to be to the main bank (19%). They were more likely than other SMEs considering applying to decide to self-fund (22%) and as likely as others to have decided not to proceed (10%)
- **Considered self-funding:** Two thirds of those who initially considered self-funding (fourth column) went on to do so (65%), while 17% of this group ended up applying for finance (potentially alongside self-funding), but 1 in 4 decided not to take any extra funding, the most likely group to do so.

From consideration to action

	Considered at Q30:				
YEQ4 25 all SMEs who had need for funding and took steps	Any application	Apply main bank	Apply elsewhere	Using Broker	Self-fund
Had borrowing 'event' re need for finance	***81%***	***81%***	***82%***	***75%***	***17%***
-Went on to apply to main bank	40%	72%	19%	19%	8%
-Went on to apply elsewhere	48%	19%	74%	73%	12%
Decided to fund all or part of it yourselves	9%	9%	10%	22%	65%
Decided not to take funding	6%	6%	6%	10%	24%
Still deciding	11%	11%	11%	7%	3%

Q30 and 31 All SMEs with a need for funding who took action at Q28 (new Q1 2018) / All with need for funding

The table overleaf reports on the transition from consideration to borrowing event over time amongst those who took steps as a result of a need for finance:

Considered applying (anywhere):

- The majority of SMEs who considered applying for finance (the first column below) had gone on to do so. The 81% that did so in 2025 was unchanged from 2024, but at the lower end of the range usually seen and down from 87% in 2023.
- Amongst this broader pool, the proportion who went on to apply to their main bank specifically initially declined 2018 to 2019 (55% to 41%). After an increase to 7 in 10 for 2020-2022, caused by Government backed pandemic funding administered through existing banking relationships, the proportion has been closer to 40% since 2023 (40% in 2025), as an increasing proportion of SMEs applied elsewhere (48% in 2025).

Considered applying to main bank / other provider specifically:

- In the second column, the majority of those who had considered applying to their main bank each year went on to have a borrowing event and to apply to their main bank, but as in 2023-24, the proportions in 2025 (81% any event and 72% applying to main bank) were somewhat lower than seen in previous years, with more applying elsewhere in the end (19%).
- Of those who, in 2025, were initially considering applying to a different provider (column three), most made an application somewhere (82%) but this remains at a lower level then was seen 2021-2023 when 9 in 10 had applied. Most went on to apply to another provider (74%), with far fewer either applying to their main bank (19%) or self-funding (10%) than has been seen in earlier years.

Considered self-funding:

- Amongst those who initially considered self-funding (column four), the proportion that went on to do so increased initially from 46% in 2018 to 72% in 2022. In 2023-24 the proportion was lower (46-48%) but back to 65% for 2025, as 1 in 4 decided not to proceed with any funding.

Those who decided not to take finance and just to put in the funds themselves or decided not to meet the funding need at all were asked further questions to determine if they had been a 'would-be seeker of finance' and this is reported in more detail in a later chapter. The outcome of these borrowing events to meet a funding need is explored in subsequent chapters. First the next chapter provides an overview of all the borrowing 'events' now captured on the SME Finance Monitor.

From consideration to action over time

	Considered:				
All SMEs who had need and took steps	Any application	Apply main bank	Apply elsewhere	Using Broker	Self-fund
Had borrowing 'event' re need for finance					
-2018	84%	83%	84%	-	35%
-2019	79%	77%	78%	-	31%
-Q2-Q4 2020	95%	95%	98%	-	36%
-2021	94%	95%	92%	-	26%
-2022	90%	90%	92%	-	27%
-2023	87%	82%	91%	-	18%
-2024	80%	80%	80%	-	18%
-2025	81%	81%	82%	75%	17%
Went on to apply to main bank					
-2018	55%	76%	18%	-	22%
-2019	41%	69%	18%	-	13%
-Q2-Q4 2020	78%	92%	41%	-	32%
-2021	74%	92%	22%	-	19%
-2022	72%	85%	42%	-	20%
-2023	44%	73%	11%	-	13%
-2024	45%	72%	16%	-	14%
-2025	40%	72%	19%	19%	8%
Went on to apply elsewhere					
-2018	35%	15%	79%	-	23%
-2019	43%	15%	72%	-	21%
-Q2-Q4 2020	24%	11%	81%	-	19%
-2021	23%	7%	82%	-	10%
-2022	25%	14%	72%	-	14%
-2023	44%	11%	82%	-	5%
-2024	43%	20%	72%	-	4%
-2025	48%	19%	74%	73%	12%

From consideration to action over time (continued)					
			Considered:		
All SMEs who had need and took steps	Any application	Apply main bank	Apply elsewhere	Using Broker	Self-fund
Decided to fund all/ part of it yourselves					
-2018	9%	11%	12%	-	46%
-2019	21%	18%	24%	-	65%
-Q2-Q4 2020	4%	4%	9%	-	66%
-2021	4%	3%	9%	-	61%
-2022	14%	11%	22%	-	72%
-2023	10%	15%	5%	-	46%
-2024	6%	6%	9%	-	48%
-2025	9%	9%	10%	22%	65%

Q30 and 31 All SMEs with a need for funding who took action at Q28 (new Q1 2018) / All with need for funding

Borrowing events

Summary

In 2025, 13% of all SMEs reported any borrowing event, including as a result of a need for funding (3%) or the automatic renewal of an overdraft (8%), in line with most recent years:

- The proportion of SMEs reporting any borrowing event increased by size of SME from 12% with 0 employees to 20% with 10-49 employees (and up 5 points on 2024) but was somewhat lower for the largest SMEs (11%)
- There were limited differences by age of SME, with 9% of Starts reporting any borrowing event compared to 14-15% of older SMEs, but slightly more variation by sector, with 25% of those in Agriculture reporting any event (including 18% with an automatically renewed overdraft) compared to 9% in Health and 11-18% in other sectors
- Excluding the Permanent non-borrowers increased the proportion of remaining SMEs reporting a borrowing event to 22%, up 3 points from 2024 and back in line with 2022

Half of those reporting any application for new or renewed funding had **applied for** a bank loan. Just 2% reported a facility being repaid early, while two-thirds of SMEs with an overdraft said that it had been automatically renewed:

- 8 in 10 applicants for new or renewed facilities had only applied for one product, with 48% applying for a bank loan, 21% for an overdraft and 18% for leasing/hire purchase
- 2% of all SMEs said either that they had chosen to repay a facility early or that the bank had asked them to repay it
- 65% of SMEs with an overdraft said that it had been automatically renewed, the equivalent of 8% of all SMEs. There were limited differences by size of overdraft user (64-66%) with the exception of the largest SMEs where an automatic renewal was somewhat less likely (51%)

This is the second of three revised chapters looking at borrowing events in the wider finance market beyond loans and overdrafts:

The last chapter looked at whether SMEs had identified a need for external funding and what steps they took as a result of that need, including whether they applied for finance (a Type 1a borrowing event). This analysis is by interview date.

This chapter provides an overview of all borrowing 'events' (including Type 1a and other events), and the types of SME more or less likely to have had each of these events. This analysis is also by interview date.

The next chapter looks specifically at the Type 1 borrowing events, the final outcome of the applications made for finance and the impact of the application on the SME. This analysis is primarily based on all applications made between Q3 2024 and Q4 2025 and reported in interviews conducted in the same period (application data for 2025 is interim at this stage).

The information gathered on these events is not always directly comparable with that gathered for loans and overdrafts in earlier reports, but where possible historical data is shown for context. Before looking at the latest findings, the summary below looks at how borrowing events have been defined since changes were made to the questionnaire for 2018.

From Q1 2018, SMEs have been asked more broadly about borrowing events across a range of products and providers, not just loans and overdrafts. SMEs could have had one or more of these events, or none:

- Type 1a: Where a need for funding resulted in a borrowing event (involving any product and any provider) – reported in the previous chapter.
- 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 as a Type 1 a or b event (these receive very few mentions and have been grouped with Type b events for reporting).
- 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.

Note that applications for a Government backed loan were not prompted for specifically at this stage but may have been included as 'bank loans' by some SMEs (though not all who took Government backed funding). Analysis of Government backed funding specifically is provided in the first of the finance chapters in terms of its impact on overall use of external finance. As these applications have become increasingly less likely to have taken place within the 12 months prior to interview, no other adjustments have been made to this section of the report.

Borrowing events in 12 months prior to interview

A stable 13% of SMEs YEQ4 2025 reported any borrowing event (in line with 2022-24). Those with 1-9 or 10-49 employees were more likely to report an event (17% and 20%):

Borrowing events in the previous 12 months					
YEQ4 25 all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Type 1 event:	***4%***	***4%***	***6%***	***8%***	***5%***
1a: New application re need for funding	3%	2%	4%	6%	3%
1b/c: Other New/renewed application	2%	2%	2%	3%	2%
Type 2/3: Cancel/pay off by bank or SME	2%	2%	2%	2%	2%
Automatic renewal of an overdraft	8%	8%	10%	12%	5%
Any borrowing event	***13%***	***12%***	***17%***	***20%***	***11%***

Type 1 event /Pastevt Q31/50/50a/70/71/75 (25/26) All SMEs – new definition from Q1 2018

Borrowing events by key demographics

Analysis by risk rating also showed limited variation:

Borrowing events in the previous 12 months					
YEQ4 25 all SMEs	Total	Min	Low	Avge	Worse/Avge
Unweighted base:	***16,729***	***2843***	***4200***	***4582***	***3674***
Type 1 event	***4%***	***4%***	***4%***	***5%***	***3%***
1a: New application re need for funding	3%	2%	3%	2%	3%
1b/c: Other New/renewed application	2%	1%	1%	1%	2%
Type 2/3: Cancel/pay off by bank or SME	2%	3%	2%	1%	2%
Automatic renewal of an overdraft	8%	11%	9%	9%	8%
Any borrowing event	***13%***	***14%***	***13%***	***13%***	***13%***

Pastevt Q31/50/50a/70/71/75 (25/26) All SMEs – new definition from Q1 2018

Those in the Agriculture sector remained more likely to have had any borrowing event (25%), and specifically an automatically renewed overdraft (18%), with little variation otherwise by sector (11-18%), with the exception of Health (9%):

Borrowing events in last 12 months									
YEQ4 25 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***797***	***2198***	***2677***	***2374***	***818***	***1384***	***3855***	***864***	***1762***
Type 1 event	***6%***	***4%***	***4%***	***7%***	***6%***	***5%***	***3%***	***3%***	***4%***
1a: re need for funding	4%	3%	2%	4%	4%	2%	2%	2%	3%
1b/c: Other New/renewed	2%	1%	1%	3%	2%	3%	1%	2%	1%
Type 2/3	6%	2%	2%	3%	2%	2%	1%	1%	2%
Auto renewal	18%	11%	11%	10%	7%	7%	7%	6%	7%
Any borrowing event	***25%***	***15%***	***15%***	***18%***	***13%***	***13%***	***11%***	***9%***	***12%***

Pastevt Q31/50/50a/70/71/75 (25/26) All SMEs – new definition from Q1 2018

Analysis by age of business showed limited differences in terms of borrowing events (12-15%), with the exception of Starts (9%):

Borrowing events in the previous 12 months					
YEQ4 25 all SMEs	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***324***	***1292***	***1727***	***3188***	***10,198***
Type 1 event	***5%***	***8%***	***5%***	***4%***	***3%***
1a: New application re need for funding	3%	5%	4%	3%	2%
1b/c: Other New/renewed application	2%	4%	1%	1%	1%
Type 2/3: Cancel/pay off by bank or SME	2%	2%	2%	1%	2%
Automatic renewal of an overdraft	3%	6%	8%	8%	11%
Any borrowing event	***9%***	***15%***	***14%***	***12%***	***15%***

Pastevt Q31/50/50a/70/71/75 (25/26) All SMEs – new definition from Q1 2018

Those using finance were much more likely to also report a borrowing event (27%) than those not using finance (2%). Excluding the PNBs from the analysis increased the proportion of remaining SMEs with a borrowing event to 22%, with 7% having a Type 1 event:

Borrowing events in the previous 12 months				
YEQ4 25 all SMEs	Total	Use finance	No finance	All excl PNB
Unweighted base:	***16,729***	***9309***	***7420***	***11,394***
Type 1 event	***4%***	***9%***	***1%***	***7%***
1a: New application re need for funding	3%	5%	*	5%
1b/c: Other New/renewed application	2%	3%	*	3%
Type 2/3: Cancel/pay off by bank or SME	2%	3%	1%	3%
Automatic renewal of an overdraft	8%	18%	-	14%
Any borrowing event	***13%***	***27%***	***2%***	***22%***

Pastevt Q31/50/50a/70/71/75 (25/26) All SMEs – new definition from Q1 2018

Borrowing events over time

There was a slight increase in borrowing events overall from 14% in 2018 to 17% in 2021. The proportion dropped to 11% for both 2022 and 2023 with limited change since (13% in 2025)

As the table below shows, those already using external finance have been likely than their peers to report a borrowing event, with the 27% of finance users reporting a borrowing event in 2025 somewhat higher than was seen in 2023-24:

Had any borrowing event								
By date of interview Over time – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***14%***	***13%***	***16%***	***17%***	***11%***	***11%***	***12%***	***13%***
Currently using external finance	34%	26%	37%	34%	25%	20%	23%	27%
Not currently using external finance	3%	3%	5%	4%	3%	3%	3%	2%

The table below looks at borrowing events over time across all SMEs by different demographics. There has been little change since 2022, and the change 2024 to 2025 was just a 1 point increase to 13%.

- Analysis by size showed that those with 10-49 employees were the most likely to report a borrowing event in 2025, up 5 points to 20%. The smallest and largest SMEs remained less likely to report such an event (12% and 11% in 2025)
- There were limited differences by risk rating (13-14%) little changed from 2024
- SMEs in Agriculture were more likely to report a borrowing event (up 7 points to 25% and higher than seen in recent years) with a 5 point increase for those in Wholesale/Retail (to 18%) but limited changes elsewhere
- There was limited variation by age of SME in 2025 (12-15%), apart from Starts who were less likely to report a borrowing event (9%)

Had any borrowing event								
By date of interview Over time – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***14%***	***13%***	***16%***	***17%***	***11%***	***11%***	***12%***	***13%***
0 employee	13%	12%	15%	15%	11%	11%	12%	12%
1-9 employees	17%	17%	21%	22%	12%	12%	15%	17%
10-49 employees	21%	21%	24%	22%	13%	15%	15%	20%
50-249 employees	32%	21%	17%	11%	7%	7%	8%	11%
Minimal external risk rating	17%	13%	16%	15%	8%	11%	14%	14%
Low external risk rating	16%	15%	18%	19%	13%	13%	12%	13%
Average external risk rating	15%	13%	16%	16%	10%	11%	10%	13%
Worse than average risk rating	12%	13%	16%	16%	12%	11%	14%	13%
Agriculture	19%	20%	22%	21%	12%	17%	18%	25%
Manufacturing	14%	14%	16%	19%	12%	8%	14%	15%
Construction	13%	11%	15%	16%	11%	10%	12%	15%
Wholesale/Retail	18%	19%	18%	19%	11%	11%	13%	18%
Hotels & Restaurants	14%	14%	20%	20%	11%	10%	12%	13%
Transport	15%	14%	20%	22%	11%	12%	14%	13%
Property/Business Services etc.	12%	11%	15%	15%	8%	11%	10%	11%
Health	15%	11%	12%	12%	10%	9%	10%	9%
Other Community	15%	14%	17%	16%	16%	11%	15%	12%
All SMEs excluding PNBs	27%	22%	28%	28%	21%	17%	19%	22%
Starts	20%	13%	14%	14%	6%	8%	12%	9%
2-5 years trading	11%	11%	17%	18%	10%	11%	12%	15%
6-9 years	11%	10%	18%	18%	12%	9%	10%	14%
10-15 years	14%	14%	15%	19%	13%	10%	11%	12%
15+ years	14%	15%	17%	17%	12%	13%	14%	15%

Borrowing events in past 12 months – By event type

12% of SMEs reported any form of borrowing event in the previous 12 months. This section looks at each type in turn. Due to limited base sizes, analysis by size is for 0-9 employees and 10-249 employees.

Type 1a/b applications for new/renewed funding

3% of all SMEs reported making an application for new/renewed funding whether as a result of a need for funding or some other new/renewed application. 8 in 10 applicants only applied for one product and, as the table below shows, half of all of these SMEs applied for a loan, though larger SMEs made applications across a slightly wider range of products:

Main types of finance applied for			
YEQ4 25 – all SMEs with Type 1a/b event	Total	0-9 emps	10-249 emps
Unweighted base:	***825***	***491***	***334***
Bank Loan	48%	48%	53%
Bank Overdraft	21%	21%	23%
Leasing/hire purchase	18%	17%	27%
Credit cards	6%	6%	5%
Other loan	10%	10%	8%
Commercial mortgage	5%	4%	8%
Other overdraft	4%	4%	1%

Q33/52s NEW All SMEs with a Type1a/b application (pastevt)

The next chapter provides more detail on these applications, at an application rather than applicant level.

Type 2 and Type 3 events

All SMEs were asked whether either of the following had happened to them:

- A bank sought to cancel or renegotiate a facility before it was due to be repaid.
- The SME decided to cancel or renegotiate a facility before it was due to be repaid.

In previous SME Finance Monitor reports, 1-2% of SMEs reported such an event.

As the table below shows, 2% of SMEs reported either of these events YEQ4 2025 (stable from 2023), with no variation by size of SME:

Type 2/3 events in the previous 12 months					
YEQ4 25 all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Type 2/3: Cancel/pay off by bank or SME	***2%***	***2%***	***2%***	***2%***	***2%***
-Bank sought to cancel/renegotiate	1%	1%	1%	1%	*
-SME sought to cancel/renegotiate	1%	1%	1%	1%	2%
No Type 2/3 event	98%	98%	98%	98%	98%

Q75 (25/26) All SMEs – new definition from Q1 2018

There was no variation by risk rating (1-3%) or sector (1-3%) with the exception of Agriculture (6%, with 5% saying the bank sought to cancel/renegotiate). Excluding the PNBs increased the proportion of Type 2/3 events to 3% of remaining SMEs (2% where the bank looked to make a change and 1% where the SME did so).

Automatic renewal of overdrafts

Overdrafts are usually granted for a period of 12 months or less, but it was apparent in early Monitor reports that not all those with an overdraft facility went on to report having had an overdraft 'event' in the 12 months prior to interview.

To explore this further, such SMEs were asked whether, in the previous 12 months, their bank had automatically renewed their overdraft facility at the same level, for a further period, without their having to do anything. This question was not changed in the Q1 2018 re-design.

At the end of 2024, 62% of SMEs with an overdraft said that it had been automatically renewed, somewhat higher than the half of SMEs more typically seen, and this continued into 2025 (72% in Q4 2025). This is now the equivalent of 8-10% of SMEs rather than the previous 5%:

Experienced an automatic renewal in previous 12 mths									
By date of interview – over time Row percentages	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
SMEs with overdraft	53%	57%	50%	51%	62%	69%	65%	56%	72%
'All SMEs' equivalent	6%	7%	5%	4%	6%	8%	8%	8%	10%

Q71/15 (15/ 26/26a) All SMEs who now have an overdraft excl DK/all SMEs

The summary table below for 2025 as a whole, shows that amongst SMEs with an overdraft, 65% reported an automatic renewal.

There was little variation by size (64-66%) with the exception of the largest SMEs (51%), and the proportion was also higher for those with an overdraft who had a minimal risk rating (73%) or were in the Health sector (72%).

This is the equivalent of 8% of all SMEs reporting an automatic renewal (14% once the PNBs were excluded):

Automatic renewals		
YEQ4 25 – row percentages	All with Overdraft	All SMEs equivalent
All SMEs	***65%***	***8%***
0 employee	66%	8%
1-9 employees	64%	10%
10-49 employees	66%	11%
50-249 employees	51%	5%
Minimal external risk rating	73%	11%
Low external risk rating	69%	9%
Average external risk rating	68%	9%
Worse than average external risk rating	61%	8%
Agriculture	66%	18%
Manufacturing	69%	11%
Construction	66%	11%
Wholesale/Retail	67%	10%
Hotels & Restaurants	65%	7%
Transport	53%	7%
Property/Business Services etc.	68%	7%
Health	72%	6%
Other Community	69%	7%
All SMEs excluding Permanent non-borrowers	65%	14%
Current using external finance	65%	18%

Pastevt Q31/50/50a/70/71/75 (25/26) All SMEs – new definition from Q1 2018

Outcome of Type 1 applications

Summary

Across all applications reported as being made from Q3 2024 to Q4 2025, half were made to the main bank, and a similar proportion were applying for a product for the first time, while 4 in 10 were applications for a loan. The vast majority were made in the name of the business:

- 47% of applications were made to the main bank and a further 18% to another existing provider, with a quarter made to a new provider
- 54% of all applications involved a product that had not been applied for before and this was more likely to be the case for applications from 0 employee SMEs (60%, declining to 28% of applications from those with 50-249 employees), and applications for a loan (54% v 46% of overdraft applications)
- 88% of applications were in the name of the business rather than a personal name. Those that were made in a personal name were almost all from smaller SMEs with 0-9 employees
- 42% of applications were for a bank loan, 17% were for a bank overdraft and 13% for leasing /hire purchase

1 in 10 applications had not received a **final decision** by the time of interview. Amongst those that had, 55% had a facility (52% had been offered the facility they had applied for, 3% had their facility after issues and 1% took a different product to the one they applied for). 9% were offered a facility but chose not to take it and 36% of applications had been declined:

- 55% of all applications resulted in a facility, increasing by size of applicant from 51% with 0 employees to 58% with 1-9 employees, 78% with 10-49 employees and 92%with 50-249 employees
- Success rates were also higher for those that applied to an existing provider (81%) rather than the main bank (43%) or a new provider (65%), and for those that had applied for the product before (65% v 47% of first-time applicants)
- 43% of successful facilities were for £25,000 or more, 36% required security and 78% were on a fixed rate

- Those who took a facility 'after issues' typically mentioned the interest rate/fees. Those that chose a different product typically switched to a bank loan and those that were offered something but turned it down cited the facility offered being too expensive, with some mentions of the security required or the terms and conditions
- Those that were declined cited a range of reasons given by the lender, including credit issues (24%), current business performance (15%) or a lack of security (12%). 1 in 4 of those declined said they weren't given a reason by the lender

57% of applicants were **satisfied with the outcome** of their lending application, increasing with the size of SME and with clear variation by application outcome. 45% reported an adverse impact on their application, typically that running the business was more of a struggle or that they had not expanded as they wished:

- 57% of all applicants with a response said that they were satisfied with the outcome of their application, including 33% who were very satisfied:
  - Overall satisfaction increased by size of SME from 51% of applicants with 0 employees to 91% with 50-249 employees (where 71% were very satisfied).
  - Larger SMEs were more likely to have been offered what they wanted, and applicants who were (of whatever size) were almost all satisfied (90% v 11% who were declined)

Those who were less than 'very satisfied' with their application were asked if there had been any adverse effects as a result:

  - 55% of applicants were either very satisfied or reported no adverse effect, again increasing by size of applicant (54% with 0 employees to 80% with 50-249 employees)
  - The key adverse effect was running the business being more of a struggle (28% of all applicants). 20% had not expanded as they would have liked and 15% had not improved the business as they had wanted

Success rates were positively impacted by the government-backed schemes during the pandemic and declined immediately afterwards, especially for smaller applicants. The 55% success rate for the 18 months to Q4 2025 was up 8 points on the 18 months to Q4 2024, but still below pre-pandemic levels when around 7 in 10 were successful:

- In the 18 months to both Q4 2020 and Q4 2021, over 8 in 10 applications were successful, compared to the more common 7 out of 10 pre-pandemic. Success rates then dropped over time to 52% in the 18 months to Q4 2024, before the slight increase to 55% in the current period
- Success rates by size of SME applying showed different patterns over time. Larger SMEs have always been more likely to be successful, and their success rates went up only slightly during the pandemic. Smaller SMEs saw a bigger positive impact during the pandemic followed by more of a decline afterwards, with some improvements in the most recent 18 months
- Whilst success rates were somewhat higher in the current 18 months to Q4 2025 compared to the previous period, they remained markedly below pre-pandemic levels:
- The gap to success rates in the 18 months to Q4 2019 (16 points overall) was 12 points for those with 0 employees, 18 points for those with 1-9 employees, 9 points for those with 10-49 employees and 6 points for those with 50-249 employees.
- By product the gaps were 23 points for overdrafts, 16 points for loans, but 4 points up for leasing/hp.

"Larger SMEs have always been more successful with applications, while smaller SMEs saw a bigger positive impact during the pandemic followed by more of a decline afterwards"

This is the final of the three revised chapters looking at all borrowing events in the wider finance market beyond loans and overdrafts. It looks at the application process, the final outcome of these Type 1 borrowing events and the impact on the SME of the outcome of the application(s) made. The new questionnaire was designed to provide an overall view of all applications for finance (across providers and products) and how successful these applications were, with some analysis now possible by specific type of provider and product.

The outcome of all Type 1a/1b new and renewed applications

Those who had applied for a facility to meet a finance need and those who reported making any other application for new or renewed finance were asked a series of questions about this/these application(s), including their outcome.

Compared to reports before 2018, this section:

- Has been expanded to include applications across a wider range of products and providers aside from the main bank to provide a more holistic view of finance applied for.
- Has been simplified in terms of the number of questions asked about each application.
- Applications reported from 2020-2022 are likely to include some (but possibly not all) of the applications made to Government backed lending schemes. Their impact on this broader analysis of all applications can be seen in the higher overall success rates enjoyed in 2020-21.

Unlike the previous chapters, the analysis below is based on the total number of Type 1a and 1b applications made, rather than on applicants, as one SME could make several applications for different products and to different providers.

The first half of this chapter presents the overall application success rates and impact of the application, across all applications made, with some analysis by size of SME and finance provider. The second half of the chapter provides this data by individual product, where base sizes permit.

Application data is reported in 18 month periods by application (not interview) date. The latest of these is Q3 2024 to Q4 2025, As applicants can report on applications made up to 12 months previously, data for applications made from Q1 2025 onwards is interim at this stage.

In the last report (2024) the data for applications made in the 18 months to Q4 2024 was also interim at that stage. Those figures have been updated in this report to the final figures for that time period, including any applications made in 2024 that were reported during 2025.

All applications made – context

1,222 Type 1a or Type 1b applications for new or renewed finance in the previous 12 months have so far been recorded as being started between Q3 2024 and Q4 2025 (not all proceed to an application, or had received a response, so base sizes do vary later in this chapter). These are reported below with half of Type 1 applications started made to the main bank, with a similar proportion being a first-time application for a particular product. Most were in the name of the business:

	All Type 1a/1b applications made Q3 2024 to Q4 2025
Size of applicant	Of the 1,222 applications recorded: • 61% of applications were made by 0 employee SMEs • 31% by those with 1-9 employees • 7% by those with 10-49 employees • 1% by those with 50-249 employees. 0 employee SMEs make up 74% of all SMEs and 61% of all applications.
Where applied	Two thirds of applications were to a known provider: 47% were made to the main bank, and a further 18% to another existing provider. 26% were made to a new provider, 4% to an online platform and 5% were made elsewhere.
Date of application	Respondents were asked when their application had been made. This can then be compared to an even distribution of applications over time (based on how often each quarter had been available as an eligible answer). If the current group of applications had been evenly distributed, half (50%) would be made in H2 2024, a third (35%) in H1 2025 and the remainder (15%) in H2 2025 and that was indeed the case: 50% in H2 2024, 34% in H1 2025 and 16% in H2 2024.
Business name	The majority of applications (88%) were made in the name of the business. This was slightly less likely to be the case for 0 employee applications (84% v 94-100% of those with employees) or for those applying to an existing provider that was not the main bank (80%). Almost all of the applications made in a personal name were made by SMEs with either 0 or 1-9 employees.
First time applicants	54% of applications involved a product that had not been applied for before by that SME, slightly lower than the 63% in the 18 months to Q4 2024. This was more likely to be the case for applications made by 0 employee SMEs (60%), declining by size of SME (47% of those with 1-9 employees compared to 31% of those with 10-49 employees and 28% with 50-249 employees). Those applying for a loan were slightly more likely to be applying for the first time (54%) than those applying for an overdraft (46%) or leasing/HP (41%) Those applying to another existing provider were less likely to be applying for the first time (32%). As success rates for first time applications typically differ from success rates overall, these differences are likely to impact on the success rates for applications to these providers.

As the table below shows, 4 in 10 of all Type 1 applications made in this period were for a bank loan, unchanged from the previous report, but still below the 61% in the Q3 2020 to Q4 2021 report, reflecting the impact of the Government backed loan schemes during that earlier period. The proportion of overdrafts remained stable:

Key products	
All applications made Q3 24 to Q4 25	Total
Unweighted base:	***1222***
Bank Loan	42%
Bank Overdraft	17%
Leasing/hire purchase	13%
Credit cards	4%
Other loan	6%
Commercial mortgage	4%
Other overdraft	3%
Invoice finance/single invoice	2%

All applications for finance– new definition from Q1 2018. Applications made Q3 2024 to Q4 2025 and reported by Q4 2025

All applications made – the final outcome

SMEs were asked about the final outcome of these applications.

12% of applications had not received a response from the lender at the time of interview and have been excluded from this analysis.

Of those that had received a response, 55% of the applications made Q3 2023 to Q4 2024 and reported by Q4 2024 resulted in a facility, increasing markedly above 10 employees. 1 in 10 SMEs were offered a facility but chose not to take it and as the table shows, these were more likely to be applicants with fewer than 10 employees:

Application outcome

All applications with a response Q3 24-Q4 25	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***1101***	***139***	***530***	***339***	***93****
Offered facility wanted and took it	52%	48%	54%	72%	85%
Offered facility after issues	3%	2%	3%	5%	4%
Took a different product from provider	1%	1%	1%	*	3%
Have facility	***55%***	***51%***	***58%***	***78%***	***92%***
Offered facility but declined to take it	9%	9%	9%	4%	3%
Turned down for facility	36%	41%	33%	18%	6%

Q39/57 Applications made Q3 2024 to Q4 2025 and reported by Q4 2025 excluding those waiting to hear *CARE re small base sizes

Further information on the applications that did <u>not</u> result in the facility requested is somewhat limited in parts:

- 11 applications (1%) resulted in the applicant taking a different product to the one applied for, typically a bank loan (and such applications are included in the success rate above).
- There were also some occasions where funding was offered but it was then declined by the SME (9%, or 64 applications). The key reason was because the facility was seen as being too expensive, with a few mentions of security, and the facility having too many terms and conditions.
- The applications that were turned down for a facility (36%) are reported on later in this chapter.

On sometimes limited base sizes, applications (for any product) made to the main bank remained less likely to be successful (43%) than those made to an existing provider who was not the main bank (81%) or those to a new provider (65%):

Application outcome				
All applications with a response Q3 24 – Q4 25	Total	Main bank	Existing provider	New provider
Unweighted base:	***1101***	***485***	***307***	***254***
Offered facility wanted and took it	52%	42%	73%	59%
Offered facility after issues	3%	1%	5%	5%
Took a different product from provider	1%	*	2%	1%
Have facility	***55%***	***43%***	***81%***	***65%***
Offered facility but declined to take it	9%	6%	6%	8%
Turned down for facility	36%	52%	13%	27%

Q39/57 Applications made Q3 2024 to Q4 2025 and reported by Q4 2025 excluding those waiting to hear

Those applying for a product for the first time remained less likely to end the process with a facility:

Application outcome			
All applications with a response Q3 24 – Q4 25	Total	First time	Not first time
Unweighted base:	***1101***	***412***	***660***
Offered facility wanted and took it	52%	45%	60%
Offered facility after issues	3%	1%	4%
Took a different product from provider	1%	1%	1%
Have facility	***55%***	***47%***	***65%***
Offered facility but declined to take it	9%	13%	4%
Turned down for facility	36%	41%	31%

Q39/57 Applications made Q3 2024 to Q4 2025 and reported by Q4 2025 excluding those waiting to hear

The success rate reported for first time applicants (47%) was somewhat better than for the 18 months to Q4 2023 or 2024 (both 38%). It is now in the middle of the 40-60% range reported for first time loan and overdraft applicants in earlier Monitor reports, though still markedly lower than the 84% success rate reported for all applications in the 18 months to Q4 2021, likely to have been affected by the schemes run with Government support.

All applications – The final outcome over time

The table below shows overall success rates across eight 18 month periods, running from Q3 of one year to Q4 of the next, starting with Q3 2017 to Q4 2018 and continuing to the latest period Q3 2024 to Q4 2025.

An 18 month time frame is used in order to link to previously available data and maximise the base sizes available. They are based entirely on data collected in interviews conducted from Q1 2018 using the new questionnaire. Data on applications collected in 2017 using the previous questionnaire is not included here.

Data for applications made in 2025 is still interim at this stage as further data about such applications will be gathered in 2026. A summary table of success rates for different products and providers is provided at the end of this chapter.

The table shows just over half of applications in the latest period resulted in a facility, up slightly from the two previous periods (51-52%) but lower than previously seen, most markedly prior to and during the pandemic (in the 18 months to both Q4 2020 and to Q4 2021, 8 in 10 applications were successful):

Outcome by application period								
All applications with a response	Q3 17-Q418	Q3 18-Q4 19	Q3 19-Q4 20	Q3 20-Q4 21	Q3 21-Q4 22	Q3 22-Q4 23	Q3 23-Q4 24	Q3 24-Q4 25*
Unweighted base:	***1620***	***1552***	***3698***	***2245***	***1078***	***1056***	***1442***	***1101***
Offered facility wanted and took it	70%	65%	83%	79%	54%	45%	50%	52%
Offered facility after issues	6%	4%	2%	3%	4%	3%	1%	3%
Took a different product from provider	1%	2%	*	*	*	3%	1%	1%
Have facility	***77%***	***71%***	***85%***	***82%***	***59%***	***51%***	***52%***	***55%***
Offered facility but declined to take it	5%	4%	2%	2%	1%	11%	9%	9%
Turned down for facility	18%	26%	12%	16%	40%	39%	40%	36%

Q39/57 All applications reported excluding those waiting to hear

*interim data

More analysis of applicants, applications and success rates over time can be found later on in this chapter.

All applications – Nature of facility granted

Of the 1101 applications with a response, 797 were successful and resulted in a facility. Further details about these successful applications, in terms of the size of the facility, whether security was required and whether they were on a fixed or variable interest rate, are provided here.

4 in 10 successful facilities were for more than £25,000 (43%). As would be expected, this increases by size of applicant, with 3 in 10 successful facilities for those with 0 employee SMEs being for more than £25,000 compared to almost all (91%) of those with 50-249 employees:

Size of facility granted					
All successful applications Q3 23-Q4 24	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***797***	***80****	***345***	***287***	***85****
Less than £5,000	16%	21%	11%	1%	4%
£5,000 to £24,999	38%	45%	31%	18%	4%
£25,000 to £99,999	27%	20%	36%	41%	20%
£100,000 or more	13%	7%	16%	28%	63%
Don't remember	7%	6%	6%	12%	9%
£25,000+ excl DK	***43%***	***29%***	***55%***	***78%***	***91%***

Q41/59 All successful applications made Q324 to Q425 and reported to Q4 25

The proportion granted a facility of £25,000 or more also varied by provider from a third of successful applications at the main bank (33%) to 6 in 10 of those at another existing provider (62%):

Size of facility granted				
All successful applications Q3 23-Q4 24	Total	Main bank	Existing provider	New provider
Unweighted base:	***797***	***321***	***251***	***187***
Less than £5,000	16%	17%	11%	10%
£5,000 to £24,999	38%	47%	41%	25%
£25,000 to £99,999	27%	20%	27%	38%
£100,000 or more	13%	10%	11%	20%
Don't remember	7%	6%	9%	8%
£25,000+ excl DK	***43%***	***33%***	***43%***	***62%***

Q41/59 All successful applications made Q323 to Q424 and reported to Q4 24

The table below provides further information on the applications that were successful, with 36% requiring security and 78% being on a fixed interest rate:

	Successful applications for finance made Q3 2024-Q4 2025
Security	A stable 36% of all successful applications (excluding DK answers) required security, unchanged from the 18 months to Q4 2024 and in line with the typical 4 in 10 pre-pandemic. There were some differences by provider type, ranging from 26% of successful applications to an existing provider requiring security, 34% to the main bank and 56% to a new provider. Security increased slightly for those with employees: 35% of applications made by SMEs with 0 employees required security, 39% of those with 1-9 employees, 38% with 10-49 employees and 41% of those with 50-249 employees.
Interest rate	78% of successful applications were on a fixed interest rate (excluding DK answers), slightly lower than for the 18 months to Q4 2024 (86%). Again, there was some difference by provider type from 88% of applications to an existing provider being on a fixed rate, and 88% to a new provider, compared to 62% to the main bank. There were also some differences by size of applicant: 78% of applications made by SMEs with 0 employees were on a fixed rate, 79% of those with 1-9 employees, and 81% for those with 10-49 employees, compared to 67% for those with 50-249 employees.

Q42/60 and Q43/61 All successful applications made Q324 to Q425 and reported to Q425 excluding DK

All applications – those that were unsuccessful

36% of all applications made Q3 2024 to Q4 2025 were declined (excluding those waiting to hear). On limited base sizes:

- Those applying to their main bank made up 48% of applications with a response and 69% of declines.
- Those applying for a loan made up 43% of applications but 56% of those declined, while those applying for an overdraft were more in line (18% of applications and 22% of declines)
- First time applicants made up 52% of applications with a response but 58% of declines.
- 0 employee SMEs made up 62% of applications with a response but 69% of declines.

From Q3 2018 those declined have been asked what reasons were given by the provider for the decline. Of 231 declined applications Q3 2024 to Q4 2025, the key reasons were:

- A poor credit rating or credit issues (24%)
- Current business performance (15%)
- A lack of available security (12%)
- Bank wasn't satisfied with forecasts (11%)
- A lack of track record (11%)
- The provider didn't think they could afford it (8%)
- 23% said they were not given a reason.

Any applicants who were declined by their main bank were asked further questions about the way the decline was handled. This question was asked once to each SME, rather than for each main bank decline (if they had more than one). This means that base sizes will not tally exactly with previous analysis, and with 115 SMEs having been turned down by their main bank, the analysis available is limited:

	Unsuccessful applications for finance made Q3 2024-Q4 2025
Bank response	43% of these unsuccessful applicants said that the bank explained to them why it could not offer them the facility they had applied for. 7% were asked to supply more information, and 3% were referred to an external source of advice. 62% said that the bank had taken one or more of these actions (including on appeals or referrals described below).
Referrals	5% of these SMEs (16 applicants) said that they were offered the opportunity to have their application referred to an online platform. Most agreed to be referred, with the outcome split evenly between those who were then successful and those who were not (the equivalent of around 2.5% each of all those declined)
Appeals	14% of these applicants said they were made aware of their bank's appeals process (little changed from the 18 months to Q4 2024 and a lower proportion than typically seen). No further information is available on the outcome of any appeal made.

Q46/64 and Q47/65 All unsuccessful applicants for finance at main bank made Q324 to Q425 and reported by Q425

All applications – impact of the overall process

All those who had applied for finance and received a response were then asked some further questions about the impact of this/these application(s) on the SME. This was asked once for all the Type 1a applications they had made and once for all the Type 1b applications, and the answers combined here.

Satisfaction in previous periods had been around 8 in 10 but fell to 5 in 10 in the 18 months to both Q4 2023 and Q4 2024 (52%), a direct impact of the lower success rates. As success rates improved in the latest period so too has satisfaction (57%) and it continued to increase by size of applicant:

Application outcome satisfaction					
All applications with a response Q3 24-Q4 25	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***1101***	***139***	***530***	***339***	***93****
Very satisfied	33%	30%	35%	50%	71%
Fairly satisfied	24%	21%	30%	25%	20%
Satisfied	***57%***	***51%***	***65%***	***75%***	***91%***
Not very satisfied	12%	14%	10%	6%	3%
Not at all satisfied	29%	34%	24%	15%	5%
Don't know	2%	1%	1%	3%	1%

Q48/66 All applications made Q324 to Q425 and reported to Q425 excluding those waiting to hear

As the table above shows, applications from smaller SMEs were less likely to be rated as satisfactory. These applications were more likely to have been declined and as the table below demonstrates, there is a clear difference in satisfaction between those applications approved and those declined:

- 90% of those offered what they wanted were satisfied, little changed from other recent 18 month periods.
- 11% of those who were turned down were satisfied, down from 19% for the 18 months to 2024 but back in line with the 10% in the 18 months to Q4 2023, and still below their more successful peers.

Application outcome satisfaction				
All applications with a response Q3 24-Q4 25	Total	Offered what wanted	After issues	Turned down
Unweighted base:	***1101***	***745***	***40***	***236***
Very satisfied	33%	54%		1%
Fairly satisfied	24%	36%		10%
Satisfied	***57%***	***90%***	***55%***	***11%***
Not very satisfied	12%	5%		19%
Not at all satisfied	29%	3%		70%
Don't know	2%	1%		1%

Q48/66 All applications made Q324 to Q425 and reported to Q425 excluding those waiting to hear

Those applications where the applicant had been less than 'very satisfied' with the outcome were asked whether there had been any negative impact on the running of their business as a result of these applications not being entirely satisfactory.

In order to present the views of all applicants, the table below also includes those who were very satisfied with the outcome of their application (and so were not asked the follow up question) and shows just over half (55%) were either very satisfied with the outcome of their application or went on to say that there had been no negative impact. Larger SMEs (who were more likely to have been successful) were more likely to be in this category:

Impact of application outcome					
All applications with a response Q3 24-Q4 25	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***1101***	***139***	***530***	***339***	***93****
Very satisfied	33%	30%	35%	50%	71%
No adverse impact	19%	24%	13%	10%	9%
Very satisfied / no adverse impact	***55%***	***54%***	***48%***	***60%***	***80%***
Running the business more of a struggle	28%	30%	23%	28%	16%
Not expanded as would have liked	20%	15%	30%	16%	3%
Not improved business as would have liked	15%	11%	23%	14%	-
Made spending cuts	11%	8%	18%	7%	2%
Made staff redundant	7%	3%	14%	6%	-
Deferred expenditure/investment	6%	6%	7%	7%	1%
Other negative impact	3%	1%	8%	2%	3%
Don't know	2%	1%	1%	3%	1%

Q48/66 and Q49/67 All applications made Q324 to Q425 and reported to Q425 excluding those waiting to hear

The most frequently mentioned negative impact (as in previous Monitor reports) was that running the business was more of a struggle, and this was mentioned mainly by those with fewer than 50 employees.

SMEs with 1-9 employees were less likely to have been satisfied with the outcome of their application/to report no adverse effects (48%) and also gave a wider range of answers about the impact on their business, including not expanding and/or improving the business as they would have hoped. They were also the most likely to say they had made redundancies (14%).

The table below shows how impact varied by application outcome:

- 71% of applications where the SME had been offered what they wanted were either very satisfactory or had caused no adverse effects. Almost 1 in 5 of this group still found running their business to be more of a struggle.
- Those who had been declined were much less likely to say either that the outcome was very satisfactory or that it had caused no adverse effects (28%). 41% reported that running the business was now more of a struggle, 36% had not expanded and 29% had not improved the business as they wanted.

Impact of application outcome

All applications with a response Q3 24-Q4 25	Total	Offered what wanted	After issues	Turned down
Unweighted base:	***1101***	***745***	***40****	***236***
Very satisfied	33%	54%		1%
No adverse impact	19%	17%		27%
Very satisfied / no adverse impact	***55%***	***71%***	***47%***	***28%***
Running the business more of a struggle	28%	19%		41%
Not expanded as would have liked	20%	7%		36%
Not improved business as would have liked	15%	5%		29%
Made spending cuts	11%	3%		20%
Made staff redundant	7%	2%		16%
Deferred expenditure/investment	6%	2%		11%
Other negative impact	3%	1%		5%
Don't know	2%	1%		1%

Q48/66 and Q49/67 All applications made Q324 to Q425 and reported to Q425 excluding those waiting to hear

The application process – by product

This section analyses the data available on applications made by the product that was applied for. 76% of applications involved one of 4 products: predominantly a bank loan (42%), then an overdraft (17%), leasing/hp (13%), or credit card (4%) and the analysis in this section covers the first 3 of these products where sample sizes are sufficiently robust.

Bank loans were more likely to be from a first-time applicant while applications for leasing/hp were slightly more likely to have been made in a personal name:

Application details			
All applications Q3 24-Q4 25	Bank OD	Bank Loan	Leasing hp
Unweighted base:	***212***	***463***	***220***
Applied in personal name	10%	12%	17%
Applied for the first time	46%	54%	41%

In terms of the final outcome, almost all leasing/hp applications were successful, compared to half of bank overdraft and 4 in 10 of bank loan applications:

Application outcome			
All applications with a response Q3 23-Q4 24	Bank OD	Bank Loan	Leasing hp
Unweighted base:	***191***	***412***	***216***
Offered facility wanted and took it	52%	41%	82%
Offered facility after issues	1%	1%	10%
Took a different product from provider	*	1%	*
Have facility	53%	44%	92%
Offered facility but declined to take it	2%	9%	1%
Turned down for facility	44%	47%	6%

Q39/57 All applications made Q323 to Q424 and reported to Q424 excluding those waiting to hear

Pre-pandemic, overdrafts were typically more likely to be declined than loans. In the 18 months to Q4 2024, the decline rates were closer (44% for overdrafts and 48% for loans) and this was also the case in the latest period (44% v 47%)

The final outcome over time – by product

The table below shows overall success rates across seven 18 month periods, starting with Q3 2017 to Q4 2018 and continuing to the latest period Q3 2024 to Q4 2025 where the data is still interim.

Data is shown below for overdrafts, then loans and then leasing/hp. Sample sizes for commercial mortgages and credit cards are not robust enough to be reported.

The table for bank overdrafts shows slightly higher success rates in the last 2 periods (53-53%) all lower than earlier periods when 7 in 10 were typically successful:

Application outcome -Bank overdraft								
by date of application	Q3 17-Q4 18	Q3 18-Q4 19	Q3 19-Q4 20	Q3 20-Q4 21	Q3 21-Q4 22	Q3 22-Q4 23	Q3 23-Q4 24	Q3 24-Q4 25*
Unweighted base:	***466***	***329***	***273***	***178***	***159***	***184***	***266***	***191***
Offered facility wanted and took it	71%	65%	69%	59%	46%	42%	50%	52%
Offered facility after issues	6%	7%	2%	2%	2%	3%	1%	1%
Took a different product	2%	4%	2%	-	-	3%	1%	*
Have facility	***79%***	***76%***	***73%***	***61%***	***48%***	***48%***	***52%***	***53%***
Offered facility but declined to take	5%	3%	2%	3%	3%	9%	3%	2%
Turned down for facility	16%	21%	24%	36%	49%	43%	44%	44%
Success if facility from main bank	***79%***	***77%***	***74%***	***64%***	***46%***	***45%***	***54%***	***53%***

Q39/57 All Applications reported Q118 to Q425 excluding those waiting to hear. *interim data

Most overdraft applications were made to the main bank and the success rates for such applications have broadly matched those of applications overall (currently both 53% on interim data).

The table for bank loans shows the impact of the government backed pandemic funding in 2020-2021, increasing bank loan success rates from around 6 in 10 to almost 9 in 10. Since then, success rates have declined to around 4 in 10 for the last three 18 month periods:

Application outcome – Bank loan								
by date of application	Q3 17-Q4 18	Q3 18-Q4 19	Q3 19-Q4 20	Q3 20-Q4 21	Q3 21-Q4 22	Q3 22-Q4 23	Q3 23-Q4 24	Q3 24-Q4 25*
Unweighted base:	***461***	***465***	***2399***	***1395***	***511***	***410***	***532***	***412***
Offered facility wanted and took it	61%	57%	86%	81%	52%	34%	39%	41%
Offered facility after issues	2%	2%	2%	3%	3%	3%	1%	1%
Took a different product	2%	1%	*	1%	1%	3%	1%	1%
Have facility	***65%***	***60%***	***88%***	***85%***	***56%***	***40%***	***41%***	***43%***
Offered facility but declined to take	6%	7%	1%	2%	1%	10%	12%	9%
Turned down for facility	28%	33%	10%	14%	45%	50%	48%	47%
Success if facility from main bank	***66%***	***61%***	***90%***	***87%***	***52%***	***34%***	***31%***	***32%***

Q39/57 All Applications reported Q223 to Q425 excluding those waiting to hear. *interim data

The success rates over time for loan applications made to the main bank initially followed the same pattern, but, on limited base sizes, success rates in the last three periods were somewhat lower at the main bank than for loan applications overall (32% v 43% for the 18 months to Q4 2025)

The table for leasing and hp shows most applications resulted in a facility. The 92% success rate in the current 18 month period was back to levels previously seen after a slight dip in the 18 months to Q4 2024, albeit 10% of applicants said they got the facility 'after issues'. There were too few applications made to the main bank to analyse at that level:

Application outcome- Leasing HP								
by date of application	Q3 17-Q4 18	Q3 18-Q4 19	Q3 19-Q4 20	Q3 20-Q4 21	Q3 21-Q4 22	Q3 22-Q4 23	Q3 23-Q4 24	Q3 24-Q4 25*
Unweighted base:	***220***	***262***	***200***	***129***	***125***	***180***	***246***	***216***
Offered facility wanted and took it	91%	84%	88%	89%	88%	84%	81%	82%
Offered facility after issues	3%	3%	1%	7%	9%	5%	1%	10%
Took a different product	*	1%	*	*	-	-	1%	*
Have facility	***94%***	***88%***	***89%***	***96%***	***97%***	***89%***	***83%***	***92%***
Offered facility but declined to take	2%	2%	2%	2%	1%	7%	3%	1%
Turned down for facility	3%	10%	8%	2%	3%	4%	14%	6%

Q39/57 All Applications reported Q118 to Q425 excluding those waiting to hear. *interim data

Nature of facility granted – by product

Leasing/HP facilities remained the most likely to have been granted for £25,000 or more, followed by bank loans. Most bank overdrafts granted were for a smaller sum:

Size of facility granted			
All successful applications Q3 24-Q4 25	Bank OD	Bank Loan	Leasing hp
Unweighted base:	***134***	***255***	***202***
Less than £5,000	14%	17%	5%
£5,000 to £24,999	53%	38%	36%
£25,000 to £99,999	18%	24%	42%
£100,000 or more	7%	11%	14%
Don't remember	8%	10%	3%
£25,000+ excl DK	***28%***	***39%***	***57%***

Q41/59 All successful applications made Q323 to Q424 and reported to Q424

The table below provides further information on the applications that were successful, with 1 in 4 requiring security and 7 in 10 being on a fixed interest rate:

	Successful applications made Q3 2024-Q4 2025
Security	36% of all successful applications (excluding DK answers) required security. 20% of bank overdrafts, 41% of leasing/hp facilities, and 42% of bank loans were secured. For overdrafts this was a somewhat lower proportion than in the previous period (33%) while there was an increase for leasing/hp (from 30%) and limited change for loans (47%).
Interest rate	8 in 10 successful applications were on a fixed interest rate (78% excluding DK answers). 98% of leasing/hp facilities were on a fixed rate, compared to 85% of bank loans and 48% of bank overdrafts (down from 72% in the last 18 month period).

Q42/60 and Q43/61 All successful applications made Q323 to Q425 and reported to Q425

Impact of process – by product

The outcome of almost 6 in 10 of all applications was rated satisfactory by the applicant (57% overall, compared to 52% in the last report). Satisfaction was lowest for loans (43%), then overdrafts (51%) with leasing/hp still the highest rated (unchanged on 89%) reflecting the higher success rates achieved:

Application outcome satisfaction			
All applications with a response Q3 24-Q4 25	Bank OD	Bank Loan	Leasing hp
Unweighted base:	***191***	***412***	***216***
Very satisfied	24%	24%	58%
Fairly satisfied	27%	19%	31%
Satisfied	***51%***	***43%***	***89%***
Not very satisfied	20%	9%	9%
Not at all satisfied	28%	45%	1%
Don't know	1%	2%	1%

Q48/66 All Applications made Q324 to Q425 and reported to Q425 excluding those waiting to hear

The table below is based on all applications and shows those very satisfied with the application from the table above, plus those who were not very satisfied but reported no adverse effects to the business, followed by the adverse effects that were reported. It shows that:

- 4 in 10 overdraft applications were rated very satisfactory/no adverse effect, a slightly lower proportion than for loans (51%). Those applying for leasing/hp remained more likely to give these ratings than their peers (68%).
- The most common barriers were that running the business was more of a struggle (especially for overdraft applicants, 45%) or that they had not expanded as they wanted, more likely to be mentioned by loan applicants (24%).

Impact of application outcome			
All applications with a response Q3 24-Q4 25	Bank OD	Bank Loan	Leasing hp
Unweighted base:	***191***	***142***	***216***
Very satisfied	24%	24%	58%
No adverse impact	20%	27%	10%
Very satisfied / no adverse impact	***44%***	***51%***	***68%***
Running the business more of a struggle	45%	29%	16%
Not expanded as would have liked	16%	24%	10%
Made spending cuts	7%	13%	7%
Not improved business as would have liked	7%	15%	5%
Made staff redundant	4%	7%	5%
Deferred expenditure/investment	4%	9%	*
Other negative impact	3%	4%	1%
Don't know	1%	2%	1%

Q48/66 and Q49/67 All Applications made Q322 to Q423 and reported to Q423 excluding those waiting to hear

Success rates over time – a summary

It is now possible to provide a summary table of success rates over time for different types of application:

- The overall success rate initially declined to 71% in the 18 months to Q4 2019, but during the pandemic increased to 85% for the 18 months to Q4 2020 and remained at a similar level for the 18 months to Q4 2021 (82%).
- As the Government backed schemes ended, both the number of applications and their success rates declined, reaching 51% in the 18 months to Q4 2023, with little change in the 18 months to Q4 2024 (52%) but a slight improvement in the latest 18 months to Q4 2025 (55% on interim data)
- This latest improvement was seen for applications made away from the main bank (up 11 points to 67%) and for leasing/hp applications (up 9 points to 92%)
- Success rates by size of SME applying show different patterns over time. Larger SMEs have always been more likely to be successful, and their success rates went up only slightly during the pandemic. Smaller SMEs saw a bigger positive impact during the pandemic then more of a decline afterwards and whilst success rates are somewhat higher in the current 18 months to Q4 2025 they remain markedly below pre-pandemic levels:

All applications success rates								
by date of application – All with a facility	Q3 17-Q4 18	Q3 18-Q4 19	Q3 19-Q4 20	Q3 20-Q4 21	Q3 21-Q4 22	Q3 22-Q4 23	Q3 23-Q4 24	Q3 24-Q4 25*
Unweighted base (all):	***1620***	***1552***	***3698***	***2245***	***1078***	***1056***	***1442***	***1101***
All applications	***77%***	***71%***	***85%***	***82%***	***59%***	***51%***	***52%***	***55%***
-All applications at main bank	74%	69%	88%	84%	52%	45%	47%	43%
-All applications elsewhere	82%	72%	81%	80%	68%	55%	56%	67%
-All overdraft applications	79%	76%	73%	61%	48%	48%	52%	53%
-All loan applications	65%	60%	88%	85%	56%	40%	41%	44%
-All leasing/hp applications	94%	88%	89%	96%	97%	89%	83%	92%
-All 0 employee applicants	73%	63%	83%	81%	52%	39%	46%	51%
-All 1-9 employee applicants	80%	76%	91%	83%	74%	70%	55%	58%
-All 10-49 employee applicants	84%	86%	92%	93%	87%	74%	79%	77%
-All 50-249 employee applicants	90%	98%	98%	95%	94%	86%	94%	92%

Q39/57 All Applications reported Q118 to Q425 excluding those waiting to hear. *interim data

A comparison between three key time periods may provide better insight into what is affecting the current success rate. These are pre-pandemic applications (the 18 months to Q4 2019 when 71% were successful), the 18 months to Q4 2022 (59%) and the latest period to Q4 2025 (56%). As the table below shows:

- Across the three time periods, these three types of application (overdrafts, loans and leasing/hp) have made up a stable three-quarters of applications between them, although the proportions of each have varied.
- Loans remain the most common type of application, and thus their success rates have had the most influence on overall success rates. In the latest period they made up a slightly lower proportion of applications than in the 18 months to Q4 2022 (42% v 51%), but as the largest group the decline in success rates from 56% to 44% has clearly influenced the overall decline in success rates from 59% to 56%.
- Overdrafts were the next largest group (17% of applications) and the increase in success rates to 53% has helped to mitigate some of the impact of the loan applications.
- Finally leasing and hp, which has traditionally had the highest success rate of the three products. This was also true in the current period (92%) albeit this was slightly lower than in the 18 months to Q4 2022 (97%). Whilst they make up more of the applications this time, at 13% this is a minority, so their higher success rate does not impact the overall success rate much.

Application details			
by date of application	Q3 18-Q4 19	Q3 21-Q4 22	Q3 24-Q4 25*
Unweighted base:	***1552***	***1078***	***1101***
All applications successful	***71%***	***59%***	***55%***
% overdrafts successful	76%	48%	53%
% loans successful	60%	56%	44%
% leasing/hp successful	88%	97%	92%
% of all applications that were overdrafts	28%	19%	17%
% of all applications that were loans	37%	51%	42%
% of all applications that were leasing /hp	12%	5%	13%

Similar analysis can be done looking at the sizes of SMEs that were applying for finance and the relative change in decline rates, as shown in the table below.

This shows that:

- 0 employee SMEs have always made up the largest proportion of applications, but the proportion in the current period is lower (61%) than last time (74%) though not yet back to the proportion seen in the year to Q4 2019 (55%).
- That said the 0 employee SMEs remain the largest group and so the decline in success rates since 2019 for 0 employee applications from 63% to 51% has had a significant effect on the overall success rates (down from 71% to 55%).
- The proportion of 1-9 employee applications has varied over time, now closer to the 18 months to 2019 figure at 31%, but their success rate has also declined (from 76% to 58%).
- Those with 10-249 employees were more likely to have been successful and to have seen smaller declines in success rates, but as they make up a small proportion of all applications (8%), the positive impact on overall success rates is limited.

	% of all applications			Success rate		
	Q3 18-Q4 19	Q3 21-Q4 22	Q3 24-Q4 25*	Q3 18-Q4 19	Q3 21-Q4 22	Q3 24-Q4 25*
Unweighted base (overall):	***1552***	***1078***	***1101***	***1552***	***1078***	***1101***
All applications	***100%***	***100%***	***100%***	***71%***	***59%***	***55%***
0 employee	55%	74%	61%	63%	52%	51%
1-9 employees	35%	23%	31%	76%	74%	58%
10-49 employees	10%	3%	7%	86%	87%	778%
50-249 employees	*	*	1%	98%	94%	92%

Not looking to borrow

Summary

All SMEs were allocated to one of three categories depending on their financial behaviour in the previous 12 months, in order to identify those with an unfulfilled need for finance. 13% of SMEs reported a borrowing event, 81% had been a Happy non-seeker of finance and 5% had been a Would-be seeker with something stopping them applying for finance:

- In all size bands the Happy non-seekers, who had not applied for finance and said that nothing had stopped them from doing so, were the largest group (78-82% amongst those with up to 49 employees and 88% of the largest SMEs). 37% of this group were using external finance as the definition is based on applications for, and not use of, finance
- 13% had reported a borrowing event, increasing to 17% of those with 1-9 employees and 20% of those with 10-49 employees, and covered in detail in earlier chapters

This left 5% of SMEs as Would-be seekers of finance, where something had stopped them applying:

- This decreased by size of SME from 6% with 0 employees to 1% with 50-249 employees.
- 9% of Starts were in this category, together with 7% trading for 2-5 or 6-9 years, and 7% in Transport and the Other Community sectors.
- This has always been a small group of SMEs, though the 5% meeting the definition in 2024 and 2025 was at the top of the range seen
- Excluding the Permanent non-borrowers with no apparent appetite for finance increases borrowing events to 22% of remaining SMEs and Would be seekers to 9%. Happy non-seekers remained the largest group at 69% of remaining SMEs

For Would-be seekers, issues with the process of borrowing were the **key barriers** to an application and the main reason for not applying for 4 in 10:

- In H2 2025, 45% of Would-be seekers mentioned any issue with the process of borrowing and 39% gave it as their main reason for not applying for borrowing, citing in particular the expense (13%), the impact of increasing interest rates (9%) and the hassle involved (6%)

- 23% of Would-be seekers mentioned any issue with the current economic climate and 17% gave it as their main reason for not applying, with 12% saying they did not want to borrow in the current economic climate and 5% that the performance of their business in the current climate meant they didn't want to borrow
- 18% of Would-be seekers mentioned any issue with discouragement and 15% gave it as their main reason for not applying, with 7% saying they thought they would be turned down and so didn't apply (compared to 1% who mentioned it informally to their bank and felt put off by their response) and 4% that they were already borrowing as much as they thought they could
- 16% of Would-be seekers mentioned any issue with the principle of borrowing and 11% gave it as their main reason for not applying, with 6% not wanting to lose control of the business and 5% saying they can raise personal funds if needed

As already detailed in this report, a minority of SMEs reported any borrowing event in the 12 months prior to interview. This chapter looks in more detail at those that had not had a borrowing event, to explore whether they had wanted to apply for finance in the previous 12 months, and any barriers to such an application being made. Because this chapter covers those that have not had a borrowing event, analysis continues to be based on the date of interview.

Definitions over time

From Q1 2018, the scope of the SME Finance Monitor was widened to include more products than just loans and overdrafts. The definitions in this chapter have also been widened to cover all external funding, but the structure of the three groups remains essentially the same:

- **Had an event:** those SMEs reporting a Type 1 new or renewed borrowing event in the previous 12 months, or an automatic renewal of an overdraft facility, or any Type 2 or 3 borrowing event where either the bank or the SME was looking to reduce or repay an existing facility. These events were described in more detail in Chapter 8.
- **Would-be seekers:** those SMEs that had no borrowing event of any kind who then said something had stopped them applying for finance in the previous 12 months.
- **Happy non-seekers:** those SMEs that had no borrowing event of any kind but who then said that nothing had stopped them applying for finance in the previous 12 months. Note that a proportion of Happy non-seekers use finance, as the metric is defined on borrowing 'event' not use of finance.

Where applicable, data is shown over time, accepting the changes made to the definitions in Q1 2018. Note too that an application for pandemic related funding at that specific question is not included within the 'Had an event' definition, so as to keep comparability with pre Covid metrics. As time moves on, it becomes less likely that a pandemic borrowing event happened withing the 12 months prior to interview and so the analysis in this chapter has not been adjusted to take such borrowing into account in any way.

This analysis remains separate to whether the SME is currently using finance or not, this is based on applications made (or not) in the 12 months prior to interview.

To what extent do SMEs have an unfulfilled wish to borrow?

The table below details how many SMEs have met each of the three definitions over time.

The proportion of SMEs reporting an event was 15% in Q4 2025, somewhat higher than in the earlier quarters of 2025 (and 13% for the year, in line with 2023 and 2024). Most SMEs continued to meet the definition of a Happy non-seeker of finance (80% in Q4 2025), while the proportion of Would-be seekers remained low (5% in Q4 2025):

Any events									
Over time – all SMEs By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Have had an event	13%	12%	10%	12%	16%	12%	12%	14%	15%
Would-be seekers	6%	5%	4%	7%	6%	5%	6%	4%	5%
Happy non-seekers	81%	83%	86%	82%	78%	82%	81%	82%	80%

Pastevt /Past fin All SMEs NEW DEFINITION Q1 2018

Almost all, 93%, of those that reported a borrowing event were using some external finance at the time of interview, compared to 62% of those that met the definition of a Would-be seeker. Amongst Happy non-seekers, 37% were using any external finance, as the definition is based on borrowing events in the previous 12 months, not on use of finance per se:

- From 2015 to 2018 around a quarter of Happy non-seekers had been using external finance, then from 2019 to 2022 it was somewhat higher at 30-38% (with the exception of 2020 at 27%).
- In 2025, with the revised definition of using external finance, 37% of Happy non-seekers were using external finance, with 21% using core finance and 16% other forms of finance. 15% were still repaying pandemic funding.

Permanent non-borrowers are by definition part of the Happy non-seekers group. The impact on the analysis above once these PNBs are removed is discussed later in the chapter.

Analysis by key demographics

In all size bands the Happy non-seekers were the largest group, increasing to 88% of those with 50-249 employees:

Any events					
YEQ4 25 All SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Have had an event	13%	12%	17%	20%	11%
Would-be seekers	5%	6%	4%	2%	1%
Happy non-seekers	81%	82%	80%	78%	88%

Pastfin All SMEs

Overall, 17% of SMEs with employees had experienced a borrowing event. 3% met the definition of a Would-be seeker of finance, with the largest group, as overall, the Happy non-seekers (80%).

There was relatively little variation by risk rating, with the majority of SMEs in each category meeting the definition of a Happy non-seeker:

Any events					
YEQ4 25 All SMEs	Total	Min	Low	Avge	Worse/ Avge
Unweighted base:	***16,729***	***2843***	***4200***	***4582***	***3674***
Have had an event	13%	14%	13%	13%	13%
Would-be seekers	5%	2%	5%	5%	5%
Happy non-seekers	81%	84%	82%	83%	81%

Pastfin All SMEs

The proportion of SMEs reporting a borrowing event ranged by sector from 9% in Health to 25% in Agriculture. The proportion of Would-be seekers varied relatively little by sector (3-7%). In all sectors the majority were Happy non-seekers of finance:

Any events									
All SMEs YEQ4 25	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***797***	***2198***	***2677***	***2374***	***818***	***1384***	***3855***	***864***	***1762***
Have had an event	25%	15%	15%	18%	13%	13%	11%	9%	12%
Would-be seekers	4%	4%	6%	4%	3%	7%	4%	5%	7%
Happy non-seekers	72%	80%	79%	78%	83%	80%	85%	86%	81%

Pastfin All SMEs

Analysis by age of SMEs showed that, as overall, most SMEs had been a Happy non-seeker of finance. Younger SMEs were slightly more likely to have been a Would-be seeker of finance, with Starts less likely to have had a borrowing event, but little difference by age of SME otherwise:

Any events					
All SMEs YEQ4 25	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15+ yrs
Unweighted base:	***324***	***1292***	***1727***	***3188***	***10198***
Have had an event	9%	15%	14%	12%	15%
Would-be seekers	9%	7%	7%	4%	4%
Happy non-seekers	82%	78%	79%	84%	81%

Pastfin All SMEs

Those currently using external finance were slightly more likely to have been a Would-be seeker (7% v 4% not using external finance) and much more likely to have had an event (27% v 2% of SMEs not using external finance), and so were therefore also much less likely to have been a Happy non-seeker (66% v 95%).

Analysis over time

The table below takes a longer-term annual view back to 2018. The Happy non-seekers of finance, always the largest group of SMEs, increased steadily to 85% in 2019 and have been fairly stable since (81% in 2025). The 13% reporting a borrowing event in 2025 is in line with 2024, towards the lower end of the range seen in recent years:

Any events								
Over time – all SMEs	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***18,002***	***18,000***	***17,768***	***16,486***	***17,002***	***17,010***	***17,011***	***16,729***
Have had an event	14%	13%	16%	17%	11%	11%	12%	13%
Would-be seekers	2%	1%	2%	4%	3%	4%	5%	5%
Happy non-seekers	83%	85%	82%	79%	87%	85%	82%	81%

Pastfin All SMEs

The impact on these longer-term trends once the Permanent non-borrowers are excluded is reported later in this chapter.

The table below takes a longer-term view of Would-be seekers. From 2017 to 2020 just 1-2% of SMEs met the definition of a Would-be seeker of finance. Since then, the percentages have been slightly higher (5% in 2025, increasing to 9% once the PNBs are excluded) but still only apply to a minority of SMEs. Those more likely to have been a WBS include smaller SMEs and Starts (9%), while those with a minimal risk rating were somewhat less likely to meet the definition.

Would-be seekers								
Over time – row percentages By date of interview	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***2%***	***1%***	***2%***	***4%***	***3%***	***4%***	***5%***	***5%***
0 employee	2%	1%	2%	5%	3%	4%	6%	6%
1-9 employees	2%	2%	2%	3%	2%	3%	4%	4%
10-49 employees	1%	1%	1%	1%	1%	1%	2%	2%
50-249 employees	1%	1%	*	*	*	1%	1%	1%
Minimal external risk rating	1%	1%	1%	1%	1%	3%	1%	2%
Low external risk rating	1%	1%	1%	1%	2%	2%	3%	5%
Average external risk rating	1%	2%	2%	3%	2%	3%	5%	5%
Worse than average external risk rating	2%	2%	2%	7%	4%	5%	6%	5%
Agriculture	1%	1%	2%	2%	2%	4%	9%	4%
Manufacturing	2%	2%	3%	5%	3%	4%	6%	4%
Construction	2%	1%	1%	3%	2%	3%	5%	6%
Wholesale/Retail	1%	1%	2%	4%	2%	5%	6%	4%
Hotels & Restaurants	3%	3%	2%	2%	2%	6%	4%	3%
Transport	1%	2%	2%	4%	2%	2%	5%	7%
Property/Business Services etc.	2%	1%	2%	3%	2%	3%	4%	4%
Health	2%	1%	3%	7%	5%	3%	4%	5%
Other Community	2%	2%	3%	7%	4%	8%	9%	7%
All excluding PNBs	3%	2%	3%	7%	5%	6%	8%	9%
Starts	2%	1%	4%	11%	4%	6%	7%	9%
2-5 years trading	3%	3%	3%	5%	5%	8%	8%	7%
6-9 years	1%	1%	2%	2%	4%	4%	8%	7%
10-15 years	2%	1%	1%	3%	2%	2%	4%	4%
15+ years	1%	1%	1%	2%	1%	3%	3%	4%

Pastfin All SMEs base size varies by category

Barriers to application for Would-be seekers

SMEs that were identified as Would-be seekers (i.e. they had wanted to apply for finance in the 12 months prior to their interview but felt that something had stopped them) were asked about the barriers to making such an application.

These are reported below, firstly in terms of how frequently they were mentioned at all and secondly how frequently they were nominated as the main barrier.

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

From Q3 2025, two additional codes were added to the reasons for not applying for finance, to match those asked about future plans:

- We did not want to borrow (more) given the economic climate
- The performance of the business meant we didn't want to borrow more

These codes replaced the previous code "This is not the right time to apply for borrowing" and have taken its place in the net code "Economic climate" as a reason for not borrowing. The impact this has for H2 2025 is detailed below.

The reasons given H2 2025 (excluding DK answers) were:

- **Process of borrowing** – those who did not want to apply because they thought it would be too expensive, too much hassle etc. This was given as a reason by 45% of all Would-be seekers in H2 2025, somewhat lower than in 2024 (56%) but in line with 2023 (45%).
- **Discouragement** – those that had been put off, either directly (they made informal enquiries of the bank and were put off) or indirectly (they thought they would be turned down by the bank so did not ask), or because they felt they were borrowing as much as they could. This was given as a reason by 18% of all Would-be seekers in H2 2025, somewhat lower than previous seen (27% in 2024)
- **Principle of borrowing** – those that did not apply because they feared they might lose control of their business or preferred to seek alternative sources of funding. This was given as a reason by 16% of all Would-be seekers in H2 2025 down from 20% in 2024 and a further decline from the 26% in 2023 and the 32% in 2022.
- **Current economic climate** – now defined by the two new codes above. This was given as a reason by 23% of all Would-be seekers H2 2025, a somewhat higher proportion than typically seen (12% in 2024)

Accepting the changes made to the way in which Would-be seekers have been defined over time, the table below shows, on an annual basis from 2018, any mentions of each of the four key themes by Would-be seekers, plus for H2 2025 with the new economic climate codes detailed above:

All reasons for not applying for finance								
Over time – all Would-be seekers	2018	2019	2020	2021	2022	2023	2024	H2 25
Unweighted base:	***225***	***190***	***221***	***279***	***219***	***365***	***486***	***250***
Discouraged (any)	29%	26%	29%	34%	32%	23%	27%	18%
Issues with process of borrowing	37%	52%	46%	42%	47%	45%	56%	45%
Issues with principle of borrowing	29%	37%	28%	32%	32%	26%	20%	16%
Economic climate*	19%	17%	11%	14%	17%	11%	12%	23%

Q32/77 and Q32b/77b (210/210a) All Would-be seekers SMEs that wished they had applied for finance excl DK * metric changed H2 2025

- From 2015 to 2017, the two most mentioned reasons for not applying were discouragement (almost all of it indirect) and the process of borrowing.
- In 2018, discouragement, the process of borrowing and the principle of borrowing were mentioned more equally, then from 2019 the process of borrowing was most mentioned by Would-be seekers, with discouragement and the principle of borrowing in equal second place.
- In H2 2025, the process of borrowing remained top (45%), with slightly fewer mentions of discouragement (to 18%) or the principle of borrowing (16%). Instead, 23% mentioned either of the two new economic climate codes, somewhat higher than when the code was only 'this is not the right time to apply for borrowing'

The table below details all the reasons for not applying for finance H2 2025 that are included in the summary categories above. An additional question was asked of those giving more than one reason, asking them to nominate the main reason for not applying and these are also shown in the table below (together with the single reason from those who only gave one reason). Note that 14% of SMEs could not give a main reason, and thus the percentages add up to less than 100%:

All Would-be seekers H225	All reasons	Main reason
Unweighted base:	***250***	***250***
Issues with process of borrowing	***45%***	***39%***
-Thought would be too expensive	17%	13%
-Worried about the impact of increasing interest rates	15%	9%
-Would be too much hassle	11%	6%
-Did not want to go through process	8%	7%
-Too many terms and conditions	7%	3%
-Would be asked for too much security	4%	1%
-Forms too hard to understand	1%	-
Discouraged (any)	***18%***	***15%***
-Indirect (thought would be turned down)	9%	7%
-Direct (put off by bank)	1%	1%
-Already borrowing as much as feel we can	5%	4%
- Banks don't lend to businesses like ours for environ/ethical reasons	4%	3%
Issues with principle of borrowing	***16%***	***11%***
-Not lose control of business	9%	6%
-Can raise personal funds if needed	8%	5%
-Prefer other forms of finance	1%	1%
-Go to family and friends	2%	*
Economic climate*	***23%***	***17%***
- We did not want to borrow (more) given the economic climate	16%	12%
-The performance of the business meant we didn't want to borrow more	11%	5%

Q32/77 and Q32b/77b (210/210a) All Would-be seekers SMEs that wished they had applied for finance

Analysis of the main reasons for not applying for finance showed that those who mentioned discouragement as one of their reasons for not applying were most likely to nominate it as their main reason (18% any, 15% main) with more of a decline between any and main reason for the other factors.

- 39% gave the process of borrowing as their main reason for not seeking finance, typically the expense
- 15% gave discouragement as their main reason, most of it indirect where the SME assumes they will not be successful and so does not apply.
- 11% of Would-be seekers cited the principle of borrowing as their main reason, typically not wanting to lose control of the business.
- 17% cited the economic climate. As reported later, this remained lower than when SMEs looked forward, where half of Future would-be seekers gave the economic climate (or their performance in that climate) as the reason why they wouldn't be applying for finance in future.

Would-be seekers – attitudes to finance

Earlier in this report a series of attitude statements about external finance showed key variations by different demographics. These statements are repeated here for H2 2025 (so that all statements are reported on an equal basis, including those added/amended from Q3 2025) analysed by recent borrowing behaviour, to provide additional insight into those who had, or had not, applied for finance.

The table below shows that all groups were most likely to agree that they would rather grow more slowly than borrow to grow more quickly, with little difference between them (74% of those reporting a borrowing event, 73% of WBS and 78% of HNS), but that this was not the case for most statements:

- Would-be seekers were more likely than any of their peers to agree that the future felt uncertain so they were being cautious (81%), that they had a long term ambition to be bigger (63%), and that it might be difficult for them to get finance (62%)
- For the other statements, the view of Would-be seekers were more closely aligned with those that had reported a borrowing event. In all instances, the Happy non-seekers were the least likely to agree, notably for a decrease in interest rates increasing the likelihood of application (18% v 31-33% of their peers) and being happy to use finance to grow (28% v 51-54% of their peers)

Attitudes to finance			
H2 25 – all SMEs	Had an event	Would-be seeker	Happy non-seeker
Unweighted base:	***1401***	***250***	***6568***
Accept slower growth rather than borrow	74%	73%	78%
As a business we are prepared to take risks to become more successful	57%	56%	43%
We have a long term ambition to be a significantly bigger business	49%	63%	36%
My impression is that it is quite difficult for businesses like ours to get external finance	49%	62%	33%
Banks and other providers perceive us as riskier than we really are	47%	49%	30%
Happy to use finance to help business grow	54%	51%	28%
Decreases in interest rates make us more likely to apply for finance	33%	31%	18%
Future feels uncertain so we are being cautious with plans*	67%	81%	60%

Q96 (238a5) All SMEs H2 2025 *Q4 25 only

The effect of the Permanent non-borrower

In 2025, 40% of all SMEs met the definition of a Permanent non-borrower (based on the adjusted definition from Q1 2023 described earlier in this report, excluding those who applied for pandemic funding). If such SMEs were excluded from the analysis in this chapter (because there is no indication from their answers that they will borrow), the population of SMEs would reduce to around 3 million from 5 million.

22% of this group of SMEs excluding PNBs reported a borrowing event, compared to 13% of SMEs overall:

Any events		
YEQ4 25 – all SMEs	All SMEs	All SMEs excl. PNB
Unweighted base:	***16,729***	***11,394***
Have had an event	13%	22%
Would-be seekers	5%	9%
Happy non-seekers	81%	69%

Pastfin All SMEs

The proportion of Happy non-seekers reduced from 81% to 69% of non-PNBs but remained the largest group and 9% met the definition of a Would-be seeker, compared to 5% of all SMEs.

On an annual basis, the proportion of SMEs (excluding the PNBs) reporting a borrowing event had been fairly stable. Lower proportions were seen 2023-2024 (17-19%) but in 2025 the proportion was back to 22%.

The proportion of Would-be seekers declined significantly 2012-16 (15% to 4%) with limited change until a recent slight increase to 8% in 2024 and 9% in 2025. As a result, the proportion of Happy non-seekers, which had been around 7 in 10 since 2016, was somewhat higher 2022 to 2024 (73-77%) but back below 70% in 2025 (69%):

Any events								
Over time – excl PNBs	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***11,294***	***12,147***	***12,010***	***10,774***	***10,034***	***12,252***	***11,825***	***11,394***
Have had an event	27%	22%	28%	28%	21%	17%	19%	22%
Would-be seekers	3%	2%	3%	7%	5%	6%	8%	9%
Happy non-seekers	68%	74%	69%	66%	74%	77%	73%	69%

Pastfin All SMEs excl PNBs

The future

Summary

4 in 10 SMEs in 2025 reported that they were planning to grow, increasing by size of SME and declining by age. This was down 6 points from 2024 and is the lowest level seen since 2022 when 42% were planning to grow. Overall, a stable 18% of SMEs (excluding Starts) had both grown and planned to grow again:

- The proportion of SMEs planning to grow declined during the second half of 2025 and was 41% for the year as a whole, down 6 points from 2024:
  - Ambition to grow increased by the size of SME from 38% of 0 employee SMEs to 48% with 1-9 employees and then to 57% with 10-49 employees and 58% with 50-249 employees. All size bands were less likely to be planning to grow in 2025 than in 2024, down 5-6 points for those up to 49 employees and 3 points for those with 50-249 employees
  - Younger SMEs remained more likely to be planning to grow. 68% of Starts and 56% of those trading for 2-5 years planned to grow, compared to 48% trading for 6-9 years, 39% trading for 10-15 years and 30% of those trading for more than 15 years. All age groups were less likely to be planning to grow in 2025 than in 2024, notably those trading for 2-5 years (down 6 points)
  - SMEs in Manufacturing were the most likely to be planning to grow (51%) compared to 33% in Construction (and down 11 points on 2024). The Health sector saw a 9-point improvement in growth aspirations in 2025, to 45%
- 18% of SMEs (excluding Starts) had grown in the previous year and planned to grow again:
  - This increased by size of SME from 15% of 0 employee SMEs to 24% of those with 1-9 employees, and to 34% of those with either 10-49 or 50-249 employees
  - The proportion decreased with the age of business from 30% of those trading 2-5 years to 14% of those trading for more than 15 years
  - This proportion increased from 11% in 2021 to 19% in 2023 with little change since
- At the other end of the scale, 20% of SMEs (excluding Starts) had not grown in the past year and did not expect to grow in the coming year:

- This proportion decreased by size of SME from 22% of 0 employee SMEs to 7% of those with 50-249 employees and increased by the age of business from 10% of those trading 2-5 years to 23% of those trading for more than 15 years
- Over time the proportion neither having grown nor planning to grow decreased from 31% in 2021 to 20% in 2023 with little change since

All SMEs, irrespective of their growth ambition, were asked if they were planning any of a series of **initiatives** that could support future growth. In Q4 2025, 60% were planning any of these activities:

- The proportion planning any activity increased by size of SME from 56% of those with 0 employees to 88% with 50-249 employees and decreased by age of SME from 79% of Starts to 54% trading for more than 15 years
- Those with plans to grow were much more likely than those with no plans to have any activities planned (84% v 45%) as were those planning to apply for finance (83%)
- In Q4 2025, the activities most likely to be planned were significantly improving an aspect of the business (38%) and developing a new product or service (24%). These constitute 'future innovation' and are reported on below
- In terms of other activities, 23% of SMEs planned to take steps to reduce the carbon footprint of the business, increasing by size to 51% of the largest SMEs and this group was also more likely to be planning to invest in plant, machinery, etc. (45% v 22% of all SMEs)
- 1 in 5 SMEs had plans to take on more staff, with a clear pattern by size of SME from 14% of 0 employee SMEs to 57% with 50-249 employees

41% of SMEs had innovated in the past year and 43% planned to do so in the coming year. As a result, 57% of all SMEs had some **involvement in innovation** (past or future) and 27% could be described as Consistent Innovators, having innovated in the past year and planning to do so again in the coming year:

- The proportion reporting any innovation (past or future) increased by size of SME, from 53% of 0 employee SMEs to 83% with 50-249 employees. It declined by age from 68% of Starts and those trading for 2-5 years, to 49% of those trading for over 15 years
- 53% of SMEs in the Manufacturing sector reported any innovation, the highest proportion by a margin, especially to those in Construction (32% and 43-48% for other sectors)

- Since this any innovation metric was first reported in 2023 it has changed very little (55-58%)
- The largest SMEs were twice as likely to be a Consistent Innovator as the smallest ones (53% v 24%) with a less marked decline by age of SME (from 34% of Starts and those trading for 2-5 years to 22% of those trading for more than 15 years)
- Those in Manufacturing were the most likely to be a Consistent Innovator (39%), compared to 18% in Construction and 19% in Agriculture and 23-32% across other sectors
- When this metric was first reported in 2023, 24% met the definition of a Consistent Innovator, increasing very slightly to 27% in both 2024 and 2025

"The largest SMEs were twice as likely to be a Consistent Innovator as the smallest ones"

A stable quarter of SMEs (26%) met the definition of an **Ambitious Innovator**, an SME that is both planning to grow and to be innovative in the coming year. A further 32% planned to do one of these but not both, leaving 42% with no plans for either:

- Ambitious Innovators increased by size of SME from 24% of those with 0 employees to 42% of those with 50-249 employees, and decreased by age of SME from 46% of Starts to 17% of those trading for 15+ years
- Those in Manufacturing (37%) and Health (35%) were also more likely to meet the definition, compared to 17% of SMEs in Construction
- Those more likely to have no plans to either grow or innovate included 0 employee SMEs (45%), those trading for more than 15 years (53%) and those in Construction (53%), as well as PNBs (49%)

In 2025, there were three **main barriers** for SMEs: higher costs (36%), the economic climate (36%) and political uncertainty/future government policy (35%). Each had changed in a different way over time:

- 36% of SMEs cited higher costs as a main barrier, and this has been a top barrier since its introduction at the end of 2021:
  - Those most likely to be impacted included those with 1-9 or 10-49 employees (41% and 42%) and those in the Hotel and Restaurant sector (55%), but there was limited difference by age of SME (35-38%)
  - In Q4 2021, 34% of SMEs saw this as a major barrier, increasing to 39% in 2022 and 38% in 2023. The proportion has been slightly lower since (35% in 2024 and 36% in 2025)

- The proportion seeing the economic climate as a barrier is currently 36%, and has varied over time:
  - SMEs with up to 49 employees were more likely to see it as a barrier (35-38%) than the largest SMEs (21%), while by age, Starts were less likely to see it as a barrier (28%) than older SMEs (36-40%)
  - By sector, this was more of a barrier for the Hotel and Restaurant sector (45% v 31-38% in other sectors)
  - Back in 2020, 36% of SMEs saw the economic climate as a major barrier, declining to 23% in 2021. It was somewhat higher between 2022 and 2024 (30-32%) before increasing again in 2025 back to 36%, closing the gap to the higher costs barrier
- Political uncertainty and future government policy as a barrier has also varied over time, with the 35% currently seeing it as a barrier up from 26% in 2024 and the highest proportion to date:
  - SMEs with 1-9 or 10-49 employees were more likely to see it as a barrier (both 41%) while by age Starts were less likely to see it as a barrier (25%) than older SMEs (34-38%)
  - It was also more likely to be seen as a barrier by those in Agriculture (44%) and Manufacturing (40%) but less of an issue for Health (25%)
  - The proportion seeing this as a barrier increased from 22% in 2023 to 35% in 2025, the highest level seen to date. The increase was seen across all sizes and age bands except Starts, but with more marked increases 2024-25 amongst those with 10-49 employees (up 19 points to 41%) as well as those in Manufacturing and Wholesale/ Retail (both up 14 points to 40% and 39%)
- Three other barriers were mentioned by around a quarter of SMEs and these were legislation and regulation (27%), lower demand (23%) and cash flow/ late payment (22%) which is now reported in its constituent parts (16% cash flow and 9% late payment). Access to finance continued to be seen as a barrier by a small minority of SMEs (7%)

The **trading arrangements** with the EU were slightly less likely to have had a negative impact in 2025. Those trading internationally remained more likely to report a negative impact, as they were for a new metric on trade with the US, but most SMEs reported no impact:

- 27% of SMEs reported a negative impact from the changes in trade with the EU post Brexit. 3% reported a positive impact and most, 70%, reported no impact:
  - Negative impacts were more likely to be reported by those with 1-9 or 10-49 employees (31% and 30%) and by SMEs in Manufacturing and Wholesale/Retail (both 36%) who were more likely to be trading internationally
  - Across the broader group of those trading internationally, 47% of those both importing and exporting reported a negative impact, compared to 41% that were just importing and 34% that were just exporting, all higher than domestic only SMEs (24%)
- The 27% negative impact score in 2025 was 6 points lower than in 2024, and back to 2021 levels (29%):
  - The change 2024 to 2025 was seen in each size band, but more notably for those with 10-49 or 50-249 employees (down 9 points and 11 points respectively)
  - Of the two sectors most likely to be trading internationally, there was a drop in negative impact for Wholesale/Retail of 12 points, but of only 1 point for those in Manufacturing
  - Those who are both exporting and importing saw a drop of 14 points, and for export-only SMEs it was 15 points, compared to 8 points for those who only exported. The drop for Domestic only SMEs was smaller at 4 points
- In a new metric for H2 2025, SMEs were asked about the changing trading arrangements with the USA. This was less likely to have had a negative impact with 14% of SMEs reporting a negative impact from the changes in trade, 2% a positive impact and most, 84%, reporting no impact:
  - The proportion reporting a negative impact was slightly higher for those with 1-9 or 10-49 employees (18% and 17% respectively) and for SMEs in Manufacturing and Wholesale/Retail (20% and 21%) and also those in Agriculture (19%)
  - As for trade with the EU, those trading internationally were more likely to report a negative impact, 38% of those importing and exporting reported a negative impact, compared to 20% that were just importing and 15% that were just exporting, all higher than domestic only SMEs (12%)

"Fewer SMEs reported a negative impact from changes to trade with the EU"

In 2025, a stable 11% of SMEs had **plans to apply/renew some finance**, with 6 in 10 wanting the funds for business development purposes. 1 in 3 were confident of a successful application, still below pre-pandemic levels, and lower than the 'hypothetical' confidence amongst those with no plans to apply:

- Future appetite for finance was higher amongst SMEs with 1-9 or 10-49 employees (16% and 18%) compared to 9% of the smallest and largest SMEs. It was also higher for those trading for 2-5 years (15%) compared to 9-12% of other age groups, and amongst SMEs in Agriculture (17%)
- Most of those planning to apply for finance were already using some (82%) up from 70% in 2024 and one of the highest proportions seen
- 42% would want the facility for cash flow purposes and 62% for business development, with limited differences by size of SME
- 36% of those planning to apply were confident the lender would say yes, up slightly from the 32% who were confident in 2024
- In 2018-19 over half of potential applicants were confident of success, with confidence then declining over time to 33% in 2022 and remaining at that level until the recent slight increase in 2025. This latest increase to 36% was due to increased confidence amongst smaller applicants with 0-9 employees (up 4 points to 35%) and those with an average or worse than average risk rating (also up 4 points to 35%), but confidence amongst applicants with a minimal or low risk rating dropped over the same period by 6 points to 43%
- Those with no plans to apply were also asked how likely they thought they would be to be successful if they did apply. 47% were confident in 2025, increasing by size of SME to 67% of those with 10-49 or 50-249 employees
- Taken together, 46% of all SMEs, irrespective of their borrowing plans, were confident of success in 2025, little changed since 2023. This remained lower than previously seen, in 2018 and 2019, 58-59% of all SMEs were confident, declining to 51% for 2020 to 2022

14% of SMEs in 2025 were **Future would-be seekers**, who thought something would stop them applying for funding (typically the current economic climate), while the largest group remained the **Future happy non-seekers** of finance, with no future need for finance (75%):

- 14% of SMEs met the definition of a Future would-be seeker, those with no plans to apply and feeling that something would stop them if they did want to apply

- The proportion of FWBS declined by size of SME from 15% of those with 0 employees to 6% with 50-249 employees. Starts were more likely to be in this group (29%) with limited variation otherwise by age (11-15%)
- This proportion has varied over time. From 11% in 2019 it increased to 21% in 2020 and has been at this level for most years since, with the exceptions of 2022 and now 2025 (both 14%)
- The drop of 4 points from 2024 to 2025 was seen across all size bands except the largest SMEs where the proportion was unchanged at 6%

"Half of Future would-be seekers gave an issue with the current economic climate as their main reason for not applying"

- 48% of Future would-be seekers gave an issue with the current economic climate as their main reason for not applying, with 34% saying they did not want to borrow in the current economic climate and 14% that the performance of their business in the current climate meant they didn't want to borrow:
  - Those who cited the economic climate as their main barrier went on to say that it would require a steady increase in customer demand and a more certain outlook for them to reconsider, including lower interest rates and more clarity around future government policy
- 19% of Future would-be seekers gave an issue with the process of borrowing as their main reason for not applying for borrowing, citing in particular the expense (7%), and the hassle involved (7%)
- 15% of Future would-be seekers gave an issue with the principle of borrowing as their main reason for not applying, with 9% saying they can raise personal funds if needed and 4% not wanting to lose control of the business
- 8% of Future would-be seekers gave an issue with discouragement as their main reason for not applying, with 6% saying they thought they would be turned down and so didn't apply (compared to 1% who mentioned it informally to their bank and felt put off by their response) and 2% that they were already borrowing as much as they thought they could

SMEs are no longer more likely to think that the **future offers mainly opportunities** (26% in Q4 2025) than it does threats (35%). Over recent years the proportion seeing mainly opportunities had remained at around 3 in 10, but the proportion seeing mainly threats had increased from around 1 in 6 to around 1 in 3 with fewer SMEs now seeing a mix of opportunities and threats (39%):

- 26% of SMEs saw the future offering mainly opportunities in Q4 2025, with the proportion declining during the year (from 31% in Q1).
  - There was very little variation by size of SME (24-26%) but more variation by age: 33% of Starts and 28% of those trading for 2-5 years saw opportunities, compared to 20% trading for 6-9 years, with a slightly higher proportion amongst the older SMEs (24% and 25%)
  - Opportunities were most likely to be seen by those in Agriculture (38%) and Construction (30%), compared to 17% in Hotels and Restaurants and 18% in Transport
- 35% of SMEs saw the future offering all threats, resulting in a negative net score (opportunities-threats) of -9:
  - There was clear variation in the proportion seeing threats by size of SME, from 35% of 0 employee SMEs and 37% of those with 1-9 employees, to 30% with 10-49 employees and 19% of those with 50-249 employees.
  - As a result, the net scores were negative for all SMEs up to 49 employees (with the worst negative score for those with 1-9 employees at -11), but +5 for the largest SMEs who were less likely to see threats
  - Starts were less likely to perceive future threats (16%) resulting in a positive net score of +17. All other age bands were more likely to see threats (32% for 2-5 years and 36-38% for older SMEs) and all had negative net scores, notably those trading for 6-9 years at -18
  - As reported above, those in Agriculture were much more likely to see future opportunities, so whilst 32% saw future threats, their net score was positive at +6, the only sector where this was the case. This was in contrast to those in Hotels and Restaurants (46% saw threats with a net negative score of -29), and also Wholesale/Retail (43% saw threats with a net negative score of -22) and Transport (39% saw threats with a net negative score of -21)

- Back in Q4 2021 the net score was +18 (36% saw mainly opportunities and 18% mainly threats) . This then declined over time to +3 in both Q4 2023 and Q4 2024 as more SMEs reported threats. This is the first Q4 negative score, caused in Q4 2025 by not only fewer seeing opportunities (down 7 points from Q4 2024) but also more seeing threats (up 5 points from Q4 2024)

Having reviewed performance over the 12 months prior to interview, SMEs were then asked about the future. As this is looking forward, the results from each quarter can more easily be compared to each other, providing a guide to changes in SME sentiment over time.

This chapter reports on growth objectives and perceived barriers to future business performance. It then explores SMEs' intentions for the next 3 months in terms of finance and the reasons why SMEs think that they will/will not be applying for new/renewed finance in that time period.

Much of this chapter therefore is based on Q4 2025 data gathered between October and December 2025, during which the Labour Government delivered a much-anticipated budget, the Bank of England cut interest rates right at the end of the quarter to 3.75%, and economic growth of 1.3% was reported for 2025.

SMEs that trade internationally will have potentially seen the most impact on their trade post-Brexit and with the new EU trading arrangements in place, so this chapter also includes a summary of how such SMEs have been feeling since the referendum result and the new trading arrangements established. New for this report, a similar question is now asked about trading with the USA.

This chapter starts with one of the questions added during the pandemic around the future offering threats or opportunities.

Assessing the future

From Q3 2020, a new question has explored the extent to which SMEs saw the future as being full of threats (score 1) or full of opportunities (score 10) for their business. The table below shows the scores in Q4 of each year, from 2021 to 2024 and then the four quarters of 2025:

- Back in Q4 2021, 36% of SMEs saw the future offering more opportunities than threats (scores 7-10). In both Q4 2022 and Q4 2023 this proportion was lower (27-28%) before a slight increase in Q4 2024 to 33%.
- Over the course of 2025 this opportunity score decreased again and was 26% in Q4 2025, in line with Q4 2022, while the proportion seeing mostly threats increased to 35%
- As a result of these two opposing trends, the net score (opportunities-threats) has moved from positive territory (+18 in Q4 2021) to negative, while the proportion scoring a neutral 5-6 remained at around 4 in 10 during 2025, a lower proportion than previously seen:

Future offers threats/opportunities								
By date of interview	Q4 21	Q4 22	Q4 23	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
Unweighted base:	***4085***	***4252***	***4595***	***4253***	***4250***	***4260***	***4035***	***4184***
9-10 All opportunities	16%	10%	8%	9%	8%	6%	7%	6%
7-8	20%	17%	20%	24%	23%	21%	21%	20%
5-6	46%	57%	45%	36%	37%	41%	41%	39%
1-4 All threats	18%	16%	25%	30%	32%	32%	32%	35%
Score 7-10 on opportunities	***36%***	***27%***	***28%***	***33%***	***31%***	***27%***	***28%***	***26%***
Opportunities - threats	***+18***	***+11***	***+3***	***+3***	***-1***	***-5***	***-4***	***-9***

CV7 All SMEs

There was little difference by size of SME in the proportion in Q4 2025 that saw the future as offering mostly opportunities (24-26% scores 7-10), but smaller SMEs remained more likely to think the future offered only threats (scores 1-4), notably compared to those with 50-249 employees. All sizes of SMEs except the largest had a negative opportunities-threats score:

Future offers threats/opportunities					
Q4 25 All SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***4184***	***966***	***1922***	***943***	***353***
9-10 All opportunities	6%	6%	6%	5%	5%
7-8	20%	20%	20%	19%	19%
5-6	39%	39%	37%	46%	57%
1-4 All threats	35%	35%	37%	30%	19%
Score 7-10 on opportunities	***26%***	***26%***	***26%***	***24%***	***24%***
Opportunities - threats	***-9***	***-9***	***-11***	***-6***	***+5***

CV7 All SMEs

Starts (33%) were slightly more likely to see opportunities than their older peers, notably those trading for 6-9 years (20%), while a consistent 4 in 10 of those trading for more than 5 years saw the future as mainly threats. As a result, Starts were the only age band with a positive net score, with those trading for 6-9 years having the lowest net score:

Future offers threats/opportunities					
Q4 25 All SMEs	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***82****	***335***	***401***	***763***	***2603***
9-10 All opportunities	13%	5%	2%	9%	5%
7-8	20%	23%	18%	15%	20%
5-6	52%	40%	41%	38%	38%
1-4 All threats	16%	32%	38%	38%	36%
Score 7-10 on opportunities	***33%***	***28%***	***20%***	***24%***	***25%***
Opportunities - threats	***+17***	***-4***	***-18***	***-14***	***-11***

CV7 All SMEs

By sector, the 7-10 opportunities score ranged from 17% in Hotels and Restaurants and 18% in Transport to 38% in Agriculture. Over 4 in 10 in the Wholesale/Retail and Hotels and Restaurants sectors saw the future as only threats (43% and 46%). Three sectors reported particularly negative net scores on this metric: Hotels and Restaurants (the sector lowest on opportunities and highest on threats), Wholesale/Retail and Transport. Agriculture was the only sector with a positive net score:

Extent of obstacles in next 12 months									
Q4 25 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***191***	***520***	***745***	***574***	***194***	***341***	***951***	***203***	***465***
9-10 All opportunities	11%	4%	8%	4%	7%	6%	5%	3%	6%
7-8	27%	23%	22%	17%	10%	12%	23%	21%	19%
5-6	30%	40%	37%	36%	37%	42%	39%	44%	41%
1-4 All threats	32%	33%	33%	43%	46%	39%	33%	31%	34%
Score 7-10 on opportunities	***38%***	***27%***	***30%***	***21%***	***17%***	***18%***	***28%***	***24%***	***25%***
Opps - threats	***+6***	***-6***	***-3***	***-22***	***-29***	***-21***	***-5***	***-7***	***-9***

CV7 All SMEs

The table below shows the annual position by key demographics for those saying the future presents more opportunities than threats (scores 7-10). This is shown for H2 2020, then by year from 2021 to 2025.

The opportunities score increased from 22% of SMEs in H2 2020 to 32% in 2021, with little further change to 2024 (32%). In 2025 however, the score was down 4 points at 28%:

- This change in sentiment 2024-25 was seen more amongst the larger SMEs, down 9 points for those with 10-49 employees (to 29%) and down 8 points for those with 50-249 employees (to 26%). As a result, there is no longer much of a difference in 7-10 scores by size of SME (26-29%)
- While those with a minimal risk rating were slightly more likely to give a 7-10 score in 2025 (up 2 points to 35%) all other risk ratings were less likely to give this score, notably those with a low (down 5 points to 30%) or average (down 8 points to 26%) risk rating
- Those in Agriculture (31%) and Transport (24%) were as likely to give a 7-10 score in 2025 as in 2024, albeit at the opposite end of the range of answers. Those in Agriculture were now the most likely to give a 7-10 score alongside those in Property/Business Services (down 3 points to 31%).
- The least likely sector to score 7-10 was Wholesale/Retail, down 11 points to 22% and almost back to 2020 levels (20%). There were also marked decreases for those in Manufacturing (down 12 points to 26%), Health (down 8 points to 29%) and Construction (down 7 points to 30%)
- By age of SME, the main change was for Starts (down 10 points to 29%) with limited changes for older SMEs
- PNBs saw a drop of 10 points in their 7-10 score to 31%, narrowing the gap to their peers, down 1 point to 26%

Opportunities (7-10) over time						
By date of interview – row percentages	H2 2020	2021	2022	2023	2024	2025
All SMEs	***22%***	***32%***	***30%***	***31%***	***32%***	***28%***
0 emp	22%	33%	30%	30%	31%	28%
1-9 emps	22%	32%	32%	31%	33%	28%
10-49 emps	21%	32%	31%	36%	38%	29%
50-249 emps	20%	31%	47%	33%	34%	26%
Minimal external risk rating	24%	30%	29%	31%	33%	35%
Low	21%	27%	30%	30%	35%	30%
Average	20%	29%	29%	32%	34%	26%
Worse than average	23%	37%	32%	31%	30%	27%
Agriculture	19%	28%	28%	25%	31%	31%
Manufacturing	22%	32%	29%	32%	38%	26%
Construction	21%	32%	27%	36%	37%	30%
Wholesale/Retail	20%	28%	29%	25%	33%	22%
Hotels & Restaurants	14%	25%	26%	24%	27%	24%
Transport	15%	29%	25%	28%	24%	24%
Property/ Business Services	25%	37%	36%	33%	34%	31%
Health	19%	39%	34%	31%	37%	29%
Other	28%	31%	30%	28%	29%	25%
Starts	26%	44%	37%	37%	39%	29%
2-5 years trading	25%	35%	33%	30%	32%	32%
6-9 years	20%	32%	30%	28%	30%	28%
10-15 years	23%	30%	31%	26%	29%	27%
15+ years	18%	27%	26%	30%	30%	27%
PNBs	22%	35%	32%	37%	41%	31%
All excl PNBs	21%	31%	29%	27%	27%	26%

CV7 All SMEs

Growth related activities planned for the next 12 months

A number of activities, listed below, could be associated with growing a business and also with an SME's willingness to invest. From Q2 2023 this has also included the second part of the traditional definition of innovation 'significantly improving some aspect of the business' to allow for a net 'Future innovation' code to be calculated that matches the questions asked about past behaviour.

In Q4 2025, a stable 6 in 10 of all SMEs (not just those planning to grow) planned to undertake at least one of these activities in the following year, increasing by size of SME to 88% of those with 50-249 employees:

Planned activities in next 12 mths					
Q4 25 All SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***4184***	***966***	***1922***	***943***	***353***
Significantly improve an aspect of the business	38%	35%	44%	51%	64%
Develop a new product or service	24%	23%	26%	25%	28%
Sig. steps to reduce business carbon footprint	23%	21%	26%	36%	51%
Invest in new plant, machinery, premises	22%	19%	26%	33%	45%
Take on more staff	19%	14%	28%	45%	57%
Start to sell, or sell more, overseas	8%	7%	9%	9%	11%
Some other major expenditure	10%	9%	13%	15%	20%
Any of these	***60%***	***56%***	***68%***	***78%***	***88%***
None of these	40%	44%	32%	22%	12%

Q90 (240w) All SMEs

Other analysis showed that in Q4 2025

- There was limited variation in the proportion planning any activities by sector (62-67%) with the exception of Health (48%), Construction (54%), and Transport (56%) who were all less likely to be planning these activities.
- Permanent non-borrowers were also less likely to be planning such activities (51%) and excluding them increased the proportion planning to take any action to 65% of remaining SMEs.

Those trading for up to 9 years were the most likely to be planning any activity in Q4 2025. Activity then declined by age of business to half of those trading for more than 15 years:

Planned activities in next 12 mths					
Q4 25 All SMEs	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***82****	***335***	***401***	***763***	***2603***
Significantly improve an aspect of the business	67%	43%	47%	40%	31%
Develop a new product or service	38%	29%	32%	28%	18%
Sig. steps to reduce business carbon footprint	36%	25%	26%	19%	22%
Invest in new plant, machinery, premises	32%	24%	26%	22%	19%
Take on more staff	53%	23%	23%	18%	14%
Start to sell, or sell more, overseas	13%	7%	7%	9%	7%
Some other major expenditure	25%	13%	12%	9%	8%
Any of these	***79%***	***65%***	***68%***	***62%***	***54%***
None of these	21%	35%	32%	38%	46%

Q90 (240w) All SMEs

Key differences in levels of planned activity continued to be seen by future plans for both growth and finance.

- Those planning to grow in the next 12 months and those planning to apply for finance were much more likely to be planning any of these activities than their peers (84% and 83%), led by higher levels of innovation and plans to take on staff.
- Amongst those with no plans to apply, Future would-be seekers were slightly more likely than Happy non-seekers to be planning any activity (63% v 56%):

Planned activities in next 12 mths					
Q4 25 All SMEs	Plan to grow	No plans to grow	Plan to apply	FWBS	FHNS
Unweighted base:	***1939***	***2245***	***632***	***454***	***3098***
Significantly improve an aspect of the business	58%	25%	60%	43%	34%
Develop a new product or service	42%	13%	38%	22%	22%
Sig. steps to reduce business carbon footprint	33%	17%	34%	25%	21%
Invest in new plant, machinery, premises	30%	16%	36%	26%	19%
Take on more staff	35%	8%	34%	25%	16%
Start to sell, or sell more, overseas	14%	4%	15%	8%	7%
Some other major expenditure	19%	5%	19%	16%	8%
Any of these	***84%***	***45%***	***83%***	***63%***	***56%***
None of these	16%	55%	17%	37%	44%

Q90 (240w) All SMEs

Analysis of planned activities over time (in Q4 of each year since Q4 2018) showed how the proportion planning any activity has increased over time, which is partly as a result of the inclusion of 2 additional statements added from Q4 2021 and from Q4 2023.

The key difference from Q4 2024 to Q4 2025 was the decrease in the proportion (of all SMEs) planning to take on staff, down 7 points to 19% and negating the increase see in Q4 2024. The most mentioned activity was significantly improving an aspect of the business (38% and up 4 points on Q4 2024) which contributes to the innovation analysis later in this chapter:

Planned activities								
By date of interview All SMEs – over time	Q4 18	Q4 19	Q4 20	Q4 21	Q4 22	Q4 23	Q4 24	Q4 25
Unweighted base:	***4500***	***4500***	***4252***	***4085***	***4252***	***4595***	***4253***	***4184***
Take on more staff	17%	18%	21%	26%	20%	21%	26%	19%
Sig. steps to reduce carbon f'print	-	-	-	25%	17%	23%	20%	23%
Invest in new plant etc	13%	13%	21%	20%	17%	24%	22%	22%
Develop a new product or service	15%	14%	21%	18%	16%	21%	23%	24%
Start to sell, or sell more, overseas	7%	5%	7%	6%	4%	7%	9%	8%
Some other major expenditure	4%	6%	11%	11%	6%	8%	8%	10%
Sig improve aspect of the business	-	-	-	-	-	36%	34%	38%
Any of these	***34%***	***35%***	***47%***	***59%***	***45%***	***58%***	***61%***	***60%***
None of these	66%	65%	53%	41%	55%	42%	39%	40%

Q90 (240w) All SMEs

The table overleaf provides analysis of any activity planned on an annual basis, over time, noting this question was not asked consistently every quarter during the pandemic. The latest period is based on 2025 as a whole, with 58% of SMEs planning any activity, little changed from 2024 (up 1 point):

- There were few changes year on year by size of SME or age of SME with the exception of those trading for 6-9 years (up 6 points to 64%)
- Those with a minimal or low risk rating were more likely to be planning any activities in 2025, up 6 and 7 points respectively to 65% and 60%. There was little change for either of the other risk ratings (54% and 61%)
- There were a few more changes by sector. Those in Agriculture (up 15 points to 66%), Hotels and Restaurants (up 6 points to 65%) and Health (up 6 points to 57%) all recorded above average increases in any activity planned, while those in Construction were the only sector with a lower score in 2025 than in 2024 (down 5 points to 50% and the sector least likely to be planning any of these activities)

Plan any activity								
Over time – row percentages	2018	2019	H2 20	H2 21*	2022	Q2-4 23*	2024	2025
All SMEs	***38%***	***37%***	***44%***	***57%***	***48%***	***54%***	***57%***	***58%***
0 emp	34%	33%	41%	54%	44%	50%	53%	54%
1-9 emps	46%	45%	52%	65%	58%	62%	66%	67%
10-49 emps	58%	55%	57%	75%	72%	77%	78%	79%
50-249 emps	58%	63%	58%	71%	78%	84%	84%	87%
Minimal external risk rating	40%	40%	44%	56%	53%	62%	59%	65%
Low	39%	40%	46%	53%	48%	53%	53%	60%
Average	34%		38%	52%	43%	47%	53%	54%
Worse than average	40%	40%	49%	63%	51%	57%	62%	61%
Agriculture	37%	34%	47%	56%	49%	54%	51%	66%
Manufacturing	46%	42%	45%	65%	54%	57%	65%	69%
Construction	30%	29%	40%	52%	44%	50%	55%	50%
Wholesale/Retail	44%	46%	52%	60%	50%	53%	62%	62%
Hotels & Restaurants	38%	36%	41%	64%	52%	59%	59%	65%
Transport	33%	31%	42%	52%	44%	52%	52%	55%
Property/ Business Services	40%	39%	44%	57%	50%	55%	60%	60%
Health	36%	36%	49%	56%	51%	53%	51%	57%
Other	41%	40%	44%	60%	47%	55%	57%	58%
Starts	42%	40%	58%	77%	63%	66%	74%	75%
2-5 years trading	49%	48%	52%	65%	59%	69%	68%	69%
6-9 years	41%	38%	48%	59%	47%	59%	58%	64%
10-15 years	36%	38%	38%	53%	46%	50%	53%	57%
15+ years	30%	29%	35%	46%	40%	45%	48%	50%
PNBs	32%	30%	34%	46%	39%	40%	49%	49%
All excl PNBs	43%	42%	50%	64%	57%	60%	62%	64%
Plan to grow	55%	52%	67%	76%	70%	74%	76%	79%
Plan to apply for finance	62%	59%	66%	76%	73%	80%	81%	81%

Q90 (240w) All SMEs *additional metric introduced

Innovation – past and future

The addition during 2023 of the metric 'planning to significantly improve an aspect of the business' as part of future plans allows for consistent analysis, both past and future, of SME innovation (developing a new product or service and/or making a significant improvement).

The table below summarises key groups, detailing for 2025 the proportion that have been innovative in the recent past (41%) and the proportion that plan to be innovative in future (43%). Taken together, 57% of SMEs have some involvement in innovation, whether past or future, and 27% qualify as consistently innovative (innovation both in the past and also planned for the future).

A number of demographics were more likely to report and/or plan innovation:

- SMEs with employees were more likely to have/plan to innovate. This was especially the case for those with more than 10 employees, where three-quarters or more reported any innovation (74% of those with 10-49 employees, and 83% of those with 50-249 employees). These larger SMEs were also more likely to be consistent innovators (43% and 53%)
- There were limited differences by risk rating in terms of any innovation (57-61%) or consistent innovation (28-29%) with the slight exception of those with an average risk rating (52% and 25%)
- Those in Manufacturing were more likely both to have innovated and to plan to, with 66% reporting any innovation and 39% consistent innovation, making it the highest sector for both metrics. Those in Agriculture and Construction were less likely to have innovated: Construction was the least likely to report any innovation (45%) and, with Agriculture, the least likely to report consistent innovation (18% in Construction and 19% in Agriculture)
- Starts and those trading for up to 5 years were more likely to report any innovation (both 68%) and, with those trading for 6-9 years, more likely to report consistent innovation (34% and 32%). Meanwhile, 49% of those trading for 15+ years reported any innovation and just 22% reported consistent innovation.
- Those who planned to grow, and those who planned to apply for finance, were more likely to have innovated and also to plan to. As a result, three quarters reported any innovation (75% and 77%) and 4 in 10 were consistent innovators (42% and 44%)

Any innovation				
2025 – row percentages	Have	Plan to	Any innovation	Consistent innovation
All SMEs	***41%***	***43%***	***57%***	***27%***
0 emp	37%	40%	53%	24%
1-9 emps	50%	48%	65%	33%
10-49 emps	62%	54%	74%	43%
50-249 emps	70%	65%	83%	53%
Minimal external risk rating	47%	43%	61%	28%
Low	43%	42%	57%	28%
Average	38%	38%	52%	25%
Worse than average	43%	47%	61%	29%
Agriculture	32%	43%	56%	19%
Manufacturing	52%	53%	66%	39%
Construction	31%	32%	45%	18%
Wholesale/Retail	45%	43%	58%	31%
Hotels & Restaurants	46%	44%	63%	27%
Transport	35%	43%	55%	23%
Property/ Business Services	44%	45%	60%	29%
Health	43%	48%	59%	32%
Other	48%	44%	61%	32%
PNBs	36%	34%	49%	21%
All excl PNBs	45%	48%	62%	31%
Starts	41%	62%	68%	34%
2-5 years trading	48%	55%	68%	34%
6-9 years	45%	49%	62%	32%
10-15 years	44%	42%	59%	27%
15+ years	37%	33%	49%	22%
Plan to grow	54%	63%	75%	42%
Plan to apply for finance	54%	66%	77%	44%

Q84/Q90 (240w) All SMEs being or planning to be innovative (Any =past or future plans, Consistent = past and future plans)

The second table provides some analysis over time. The proportion reporting any past/future innovation increased slightly 2023 to 2024 (up 3 points to 58%) and there was a similar 3 point increase in the proportion of consistent innovators (to 27%). There was then little change in either metric for 2025 (57% and 27%).

There were though a few changes in 2025 by key demographics:

- The largest SMEs with 50-249 employees were more likely to report any innovation (up 5 points to 83%) and also consistent innovation (up 5 points to 53%)
- Those with a minimal risk rating were also more likely to report any innovation (up 6 points to 61%) but only slightly more likely to report consistent innovation (up 2 points to 28%)
- Those in Agriculture were more likely to report any innovation (up 9 points to 56%) but with no change in consistent innovation (down 1 point to 19%), while those in Construction were less likely to report any innovation (down 6 points to 45%) but again with little change in consistent innovation (down 2 points to 18%).
- Those in Manufacturing on the other hand were slightly more likely to report any innovation (up 3 points to 66%) but with a more marked increase in consistent innovators (up 11 points to 39%).

Any/Consistent innovation over time						
	Any Innovation			Consistent Innovation		
Row percentages	Q2-4 23	2024	2025	Q2-4 23	2024	2025
All SMEs	***55%***	***58%***	***57%***	***24%***	***27%***	***27%***
0 emp	52%	55%	53%	22%	24%	24%
1-9 emps	63%	66%	65%	29%	32%	33%
10-49 emps	72%	75%	74%	37%	42%	43%
50-249 emps	78%	78%	83%	43%	48%	53%
Minimal external risk rating	58%	55%	61%	23%	26%	28%
Low	55%	55%	57%	24%	26%	28%
Average	50%	55%	52%	22%	25%	25%
Worse than average	58%	62%	61%	24%	29%	29%
Agriculture	48%	47%	56%	17%	20%	19%
Manufacturing	58%	63%	66%	23%	28%	39%
Construction	43%	51%	45%	14%	20%	18%
Wholesale/Retail	57%	63%	58%	26%	30%	31%
Hotels & Restaurants	60%	62%	63%	24%	27%	27%
Transport	49%	53%	55%	20%	22%	23%
Property/ Business Services	60%	63%	60%	29%	32%	29%
Health	54%	58%	59%	23%	22%	32%
Other	62%	62%	61%	30%	31%	32%
PNBs	43%	50%	49%	13%	20%	21%
All excl PNBs	60%	63%	62%	29%	31%	31%
Starts	63%	69%	68%	29%	33%	34%
2-5 years trading	70%	70%	68%	38%	36%	34%
6-9 years	62%	63%	62%	30%	31%	32%
10-15 years	53%	57%	59%	23%	27%	27%
15+ years	47%	50%	49%	17%	21%	22%
Plan to grow	71%	75%	75%	37%	41%	42%
Plan to apply for finance	78%	75%	77%	46%	42%	44%

Q84/Q90 (240w) All SMEs being or planning to be innovative (Any =past or future plans, Consistent = past and future plans)

Growth ambitions for next 12 months

All SMEs were asked about their growth ambitions for the next 12 months. Over time the range of answers has been extended, with (planned) growth of more than 40% recorded from Q1 2018, and from Q2 2020, more granularity on those expecting to get smaller or to sell/close the business.

In Q4 2025, the smallest SMEs were less likely to be planning to grow than their peers, while 15% of SMEs thought they would get smaller or close/sell the business, most of them with 0-9 employees:

Plans to grow in next 12 mths					
Q4 25 - all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***4184***	***966***	***1922***	***943***	***353***
Grow by more than 40%	5%	5%	4%	3%	3%
Grow by 20-40%	11%	10%	12%	15%	15%
Grow by less than 20%	23%	21%	29%	40%	41%
All with objective to grow	***39%***	***36%***	***46%***	***58%***	***59%***
Stay the same size	46%	48%	43%	35%	38%
Become smaller by less than 50%	6%	7%	5%	3%	2%
Become smaller by more than 50%	1%	1%	1%	*	-
Plan to sell/pass on the business	3%	3%	3%	2%	1%
Plan to close the business	5%	5%	3%	1%	-

Q91 (225) All SMEs

The proportion planning to grow in Q4 2025 amongst other sub-groups included:

- 67% of Ambitious Risk Takers
- 73% of Starts and 58% of those who both import and export
- 58% of those planning to apply for finance.

Combining past and future growth for SMEs in 2025 (where answers are available to both questions, so excluding Starts who were not asked about growth in the previous year) gives some key categories of SME.

18% of SMEs (excluding Starts) had grown in the previous year and planned to grow again:

- This increased by size of SME from 15% of 0 employee SMEs to 24% of those with 1-9 employees, and to 34% of those with either 10-49 or 50-249 employees.
- The proportion decreased by age of business from 30% of those trading 2-5 years to 14% of those trading for more than 15 years.
- There were limited differences by risk rating (20-23%) with the exception of those with an average risk rating (14%).
- Those in Health (14%) or Agriculture (15%) were less likely to be in this category, compared to 23% in Manufacturing and 16-21% elsewhere
- Those using external finance were slightly more likely to be in this category (20%) than those not using finance (17%) or PNBs (16%), as were those planning to apply for finance (25%)
- 37% of those who described themselves as 'Well off' were in this category, declining to 9% of those who were 'Struggling'.

At the other end of the scale, 20% of SMEs (excluding Starts) had declined in the previous year and were either expecting to decline again or to stay at the same size:

- This proportion decreased by size of SME from 22% of 0 employee SMEs to 16% of those with 1-9 employees, 9% of those with 10-49 employees and 7% of those with 50-249 employees.
- The proportion increased by age of business from 10% of those trading 2-5 years to 23% of those trading for more than 15 years.
- There were limited differences by risk rating (18-21%) with the slight exception of those with a minimal risk rating (15%).
- There were also limited differences by sector (14-22%), with the slight exception of Construction and Transport (both 24%).
- There was little difference between those using external finance (19%), those not using finance (20%) or PNBs (20%), but those planning to apply for finance were slightly less likely to be in this category (15%).
- 8% of those who described themselves as 'Well off' were in this category, increasing to 20% who were 'Managing' and 39% of those who were 'Struggling'.

Analysis over recent years, reported below, shows how the proportion of SMEs that have grown and plan to grow again increased from 11% in 2021 to 19% in both 2023 and 2024, with increases across all size bands but more notably for those with 10-49 or 50-249 employees. There was no further change overall in 2025 (18%).

Meanwhile the proportion that had declined and did not expect to grow next year decreased in a similar way from 31% in 2021 to 18% in 2024, with decreases across all size bands. It was slightly higher again in 2025 (20%) with more smaller SMEs (with fewer than 10 employees) in this category:

Growth in combination					
All SMEs excluding Starts	2021	2022	2023	2024	2025
Unweighted base:	***14,662***	***15,087***	***15,241***	***15,348***	***15,031***
Grow and grow again					
All SMEs excl Starts	***11%***	***17%***	***19%***	***19%***	***18%***
0 emps	10%	15%	16%	16%	15%
1-9 emps	14%	22%	25%	25%	24%
10-49 emps	19%	30%	35%	37%	34%
50-249 emps	15%	18%	34%	36%	34%
Declined and not grow					
All SMEs excl Starts	***31%***	***22%***	***20%***	***18%***	***20%***
0 emps	33%	25%	22%	20%	22%
1-9 emps	26%	17%	15%	13%	16%
10-49 emps	20%	10%	8%	8%	9%
50-249 emps	22%	8%	7%	6%	7%

Growth ambitions over time

The next section looks at growth aspirations over time, initially by quarter and then over the longer term on an annual basis.

Over recent quarters since Q4 2023, initially around half of SMEs were planning to grow (46-49% Q4 2023 to Q4 2024). During 2025 that proportion has declined somewhat and was 39% in both Q3 and Q4 2025:

Growth in next 12 mths									
All SMEs- over time By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Grow by 20% or more*	21%	23%	21%	20%	18%	17%	17%	15%	16%
Grow by 40% +	*6%*	*8%*	*8%*	*6%*	*6%*	*6%*	*7%*	*4%*	*5%*
Grow by 20-40%	*15%*	*14%*	*12%*	*14%*	*13%*	*11%*	*10%*	*11%*	*11%*
Grow by less than 20%*	28%	25%	29%	27%	27%	26%	26%	25%	23%
All with objective to grow	***49%***	***47%***	***49%***	***46%***	***46%***	***44%***	***43%***	***39%***	***39%***
Stay the same size	38%	42%	39%	42%	44%	44%	43%	47%	46%
Become smaller	5%	5%	6%	7%	5%	6%	7%	6%	7%
Plan to sell/pass on/close	8%	6%	6%	5%	5%	7%	7%	8%	8%

Q91 (225) All SMEs

Whilst the quarterly analysis shows how growth ambitions have been affected in the last couple of years, the variability in predicted growth quarter on quarter can make trends harder to discern. The table below looks at annual growth plans since 2018 to provide a longer term perspective before, during and post-pandemic.

Back in 2015, 45% of SMEs were planning to grow. This proportion then started to increase gradually, reaching 52% in 2019. The pandemic then knocked ambition back to 37% for 2020 and it has been more variable since, reaching 47% in 2024, but down 6 points in 2025 to 41%, back in line with 2022.

As with the overall picture, key business demographics were also less likely to be planning to grow in 2025, though not always to the same degree:

- Growth aspirations were lower for all size bands, but only by 3 points for those with 50-249 employees
- Those with a minimal risk rating were very slightly more likely to be planning to grow in 2025 (up 2 points to 44%), with other risk ratings less likely to be planning to grow, notably those with a worse than average risk rating (down 7 points to 46%)
- Meanwhile growth aspirations improved for those in Agriculture (up 4 points to 37%) and Health (up 9 points to 45%) and were stable for those in Manufacturing (51% and the most likely to be planning to grow).
- Aspirations were also stable in Transport (37%), one of the sectors least likely to be planning to grow, alongside Construction (down 11 points at 33%). Growth aspirations were also down 11 points for the Other Community sector (to 43%), down 9 points for Wholesale/Retail (to 43%) and down 8 points for Property/ Business Services (to 45%)

Objective to grow (any) in next 12 months								
Over time By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***49%***	***52%***	***37%***	***46%***	***42%***	***46%***	***47%***	***41%***
0 emp	46%	49%	35%	45%	39%	44%	44%	38%
1-9 emps	55%	56%	42%	51%	49%	51%	54%	48%
10-49 emps	64%	66%	46%	56%	57%	59%	62%	57%
50-249 emps	79%	76%	45%	47%	51%	58%	61%	58%
Minimal external risk rating	47%	53%	33%	40%	35%	38%	42%	44%
Low	43%	48%	35%	38%	38%	38%	44%	40%
Average	43%	44%	34%	44%	36%	39%	41%	35%
Worse than average	54%	59%	42%	53%	49%	55%	53%	46%
Agriculture	40%	46%	33%	39%	30%	32%	33%	37%
Manufacturing	56%	52%	37%	50%	41%	48%	49%	51%
Construction	39%	44%	31%	38%	34%	44%	44%	33%
Wholesale/Retail	55%	61%	45%	48%	44%	46%	52%	43%
Hotels & Restaurants	48%	53%	35%	43%	40%	35%	47%	42%
Transport	45%	48%	30%	43%	39%	43%	37%	37%
Property/ Business Services	53%	52%	41%	51%	48%	49%	53%	45%
Health	53%	62%	41%	47%	45%	49%	36%	45%
Other	49%	51%	40%	50%	45%	50%	54%	43%
PNBs	41%	40%	34%	42%	36%	41%	41%	37%
All excl PNBs	56%	60%	39%	49%	48%	49%	50%	44%
Starts	71%	80%	52%	70%	65%	73%	70%	68%
2-5 years trading	63%	63%	48%	60%	56%	62%	62%	56%
6-9 years	48%	52%	42%	49%	47%	51%	50%	48%
10-15 years	43%	45%	33%	41%	40%	40%	43%	39%
More than 15 years	33%	34%	26%	33%	28%	31%	33%	30%

Q91 (225) All SMEs

Future innovation and growth – The Ambitious Innovators

The extension of the future innovation question from Q2 2023 allows for additional analysis of those SMEs that were both planning to grow and planning to be innovative – the 'Ambitious Innovators'. This was presented for the first time in the 2023 report when 24% of SMEs met this definition.

Given the focus on growth in the economy, the definition of this group was refined for 2024 and now also reports on those who are planning one of these actions, either to grow or to be innovative (the 'partly' category shown below). In order to maximise base sizes, this data is presented below for 2025 as a whole.

A number of growth-related metrics have shown a pattern of increasing by size of SME and decreasing by age and this is also true for Ambitious Innovators.

A quarter of SMEs (26%) met the definition of an Ambitious Innovator, increasing by size of SME from 24% of those with 0 employees to 42% of those with 50-249 employees. At the other end of the scale, 42% of SMEs were planning neither growth nor innovation, decreasing by size of SME from 45% with 0 employees to 20% with 50-249 employees:

Ambitious innovators					
YEQ4 25- all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
Yes (plan to grow and innovate)	26%	24%	30%	35%	42%
Partly (plan to either grow or innovate)	32%	31%	35%	41%	38%
Neither of these	42%	45%	34%	24%	20%

Q90/91 (225) All SMEs

The proportion of Ambitious Innovators continued to decrease by age of SME from 46% of Starts to 17% of those trading for 15+ years where half (53%) had no plans for either growth or innovation in the coming year:

Ambitious innovators					
YEQ4 25 All SMEs	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***324***	***1292***	***1727***	***3188***	***10198***
Yes (plan to grow and innovate)	46%	39%	31%	23%	17%
Partly (plan to either grow or innovate)	37%	32%	34%	34%	30%
Neither of these	16%	29%	35%	43%	53%

Q90/91 (225) All SMEs

By sector, 37% of those in Manufacturing and 35% of SMEs in Health met the Ambitious Innovator definition compared to 17% of those in Construction (where 53% had no plan for either growth or innovation):

Ambitious innovators

YEQ4 25 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***797***	***2198***	***2677***	***2374***	***818***	***1384***	***3855***	***864***	***1762***
Yes (plan to grow and innovate)	25%	37%	17%	26%	24%	22%	29%	35%	26%
Partly (plan to either grow or innovate)	30%	30%	30%	34%	38%	36%	32%	22%	35%
Neither of these	45%	33%	53%	40%	38%	42%	39%	43%	39%

Q90/91 (225) All SMEs

PNBs and the broader group not using external finance were less likely to be Ambitious Innovators (21% and 23%) compared to those that were not a PNB or who were using finance (29% and 30%):

Ambitious innovators

YEQ4 25 All SMEs	PNB	Not PNB	Use finance	No finance
Unweighted base:	***5335***	***11,394***	***9309***	***7420***
Yes (plan to grow and innovate)	21%	29%	30%	23%
Partly (plan to either grow or innovate)	31%	33%	33%	31%
Neither of these	49%	37%	37%	46%

Q90/91 (225) All SMEs

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). Scores have been analysed in 3 bands:

- 1-4 = a minor obstacle
- 5-7 = a moderate obstacle
- 8-10 = a major obstacle.

Over time, some amendments have been made to the list of possible obstacles:

- Two changes were made for Q1 2017 with the addition of 'Changes in the value of sterling' and the amendment of the existing code 'Legislation and regulation' to include 'red tape'.
- 'The impact of the coronavirus pandemic' was included from Q2 2020 to Q4 2022.
- Two new statements were added from Q4 2021 to reflect changes in trading conditions, namely 'Supply chain issues' and 'Increasing costs'. In Q3 2024 the latter was amended to 'Higher costs'.
- In 2022, the metric 'Availability of relevant advice' was deleted.
- From Q3 2024, the previously combined code 'Cash flow/issues with late payment' was split into its constituent parts and is reported here on an individual basis.
- Also from Q3 2024, a new barrier 'Lower demand for your products /services' has been included.

From Q1 2021, SMEs have also been asked about the impact on their business of the new trading arrangements with the EU. In 2025, a second part was added to this question around trade with the USA, and both are reported at the end of this Barriers section.

Obstacles in Q4 2025

The analysis below looks in detail at the barriers perceived in Q4 2025, by size of SME and ranked in order of mean score:

Extent of obstacles in next 12 months

Q4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***4184***	***966***	***1922***	***943***	***353***
The current economic climate	6.2	6.1	6.4	6.3	5.0
- 8-10 major obstacle	40%	39%	44%	38%	21%
- 5-7 moderate obstacle	33%	33%	32%	37%	39%
- 1-4 minor obstacle	25%	25%	23%	24%	39%
Higher costs	6.1	6.0	6.4	6.6	5.4
- 8-10 major obstacle	37%	36%	42%	45%	23%
- 5-7 moderate obstacle	33%	34%	32%	33%	41%
- 1-4 minor obstacle	28%	29%	24%	21%	34%
Political uncertainty/future govt policy	6.0	5.9	6.4	6.4	4.7
- 8-10 major obstacle	41%	39%	46%	43%	20%
- 5-7 moderate obstacle	26%	25%	26%	31%	37%
- 1-4 minor obstacle	30%	32%	25%	24%	40%
Legislation, regulation, red tape	5.3	5.1	5.7	5.8	4.4
- 8-10 major obstacle	31%	30%	37%	33%	19%
- 5-7 moderate obstacle	27%	27%	29%	34%	30%
- 1-4 minor obstacle	39%	41%	33%	30%	48%
Lower demand for products/services	4.9	5.0	4.8	4.6	4.0
- 8-10 major obstacle	24%	25%	23%	19%	17%
- 5-7 moderate obstacle	33%	33%	32%	34%	25%
- 1-4 minor obstacle	41%	39%	44%	45%	57%

Continued

Continued

Cash flow difficulties	3.9	3.9	4.1	4.0	3.1
- 8-10 major obstacle	17%	17%	18%	16%	8%
- 5-7 moderate obstacle	24%	24%	28%	25%	22%
- 1-4 minor obstacle	57%	58%	53%	57%	66%
Issues with late payment	3.7	3.6	3.8	4.0	3.6
- 8-10 major obstacle	15%	16%	14%	15%	10%
- 5-7 moderate obstacle	21%	20%	26%	28%	27%
- 1-4 minor obstacle	62%	63%	58%	56%	62%
Changes in the value of sterling	3.6	3.5	3.9	3.7	3.0
- 8-10 major obstacle	13%	13%	16%	12%	5%
- 5-7 moderate obstacle	23%	22%	25%	27%	26%
- 1-4 minor obstacle	58%	60%	54%	57%	66%
Supply chain issues	3.0	2.9	3.3	3.7	2.9
- 8-10 major obstacle	9%	8%	11%	11%	7%
- 5-7 moderate obstacle	19%	18%	21%	26%	19%
- 1-4 minor obstacle	70%	72%	66%	61%	73%
Recruiting/retaining staff	2.9	2.5	3.9	5.0	4.2
- 8-10 major obstacle	12%	9%	18%	27%	15%
- 5-7 moderate obstacle	15%	11%	23%	28%	33%
- 1-4 minor obstacle	70%	75%	57%	43%	50%
Access to external finance	2.7	2.6	3.0	2.9	2.4
- 8-10 major obstacle	7%	7%	8%	8%	4%
- 5-7 moderate obstacle	16%	14%	21%	20%	15%
- 1-4 minor obstacle	71%	72%	66%	66%	77%

The changes in the impact of these barriers over time is reported later in this chapter.

Obstacles to running the business – by key demographics

The tables below focus on those scoring 8-10 (a major barrier) for each potential obstacle. For ease, the analysis by size of SME (provided in more detail in the previous table) is also summarised below, ranked for Q4 2025.

In Q4 2025 higher costs (37%) were no longer the top barrier overall, but narrowly in third place behind political uncertainty/ future government policy (41%) and the economic climate (40%). The ranking of the 3 top barriers varied by size of SME - higher costs were still the most mentioned barrier for those with 10-49 or 50-249 employees, albeit by a narrow margin.

Legislation/regulation and red tape is the other barrier mentioned by more than 3 in 10 SMEs overall (31%) and a particular issue for those with 1-9 employees (37%).

SMEs with 50-249 employees were typically less likely than their smaller peers to see any of these as barriers, though the relative importance of the barriers was very similar:

Extent of obstacles in next 12 months

Q4 25– all SMEs 8-10 impact score	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***4184***	***966***	***1922***	***943***	***353***
Political uncertainty/future govt policy	41%	39%	46%	43%	20%
The current economic climate	40%	39%	44%	38%	21%
Higher costs	37%	36%	42%	45%	23%
Legislation, regulation and red tape	31%	30%	37%	33%	19%
Lower demand for your products/services	24%	25%	23%	19%	17%
Cash flow difficulties	17%	17%	18%	16%	8%
Recruiting/retaining staff	12%	9%	18%	27%	15%
Supply chain issues	9%	8%	11%	11%	7%
Late payment issues	8%	8%	9%	10%	6%
Access to external finance	7%	7%	8%	8%	4%
Changes to value of sterling	7%	6%	8%	7%	3%

Q93 (227a) All SMEs

Analysis by risk rating showed that:

- Those with a minimal risk rating were somewhat less likely than their peers to mention a number of these barriers, notably the economic climate (29%) and lower demand (18%)
- Those with an average risk rating were somewhat more concerned about higher costs (40%) and legislation etc (34%), while those with a worse than average risk rating were more likely than their peers to be concerned about political uncertainty (43%) or cash flow difficulties (20%)

Extent of obstacles in next 12 months

Q4 25 – all SMEs 8-10 impact score	Total	Min	Low	Avge	Worse/ Avge
Unweighted base:	***4184***	***675***	***1089***	***1168***	***944***
Political uncertainty/future govt policy	41%	36%	39%	39%	43%
The current economic climate	40%	29%	41%	41%	40%
Higher costs	37%	34%	38%	40%	37%
Legislation, regulation and red tape	31%	31%	30%	34%	29%
Lower demand for your products/services	24%	18%	24%	23%	24%
Cash flow difficulties	17%	10%	17%	15%	20%
Recruiting/retaining staff	12%	15%	14%	8%	14%
Supply chain issues	9%	8%	8%	8%	10%
Late payment issues	8%	10%	7%	8%	9%
Access to external finance	7%	3%	4%	6%	9%
Changes to value of sterling	7%	5%	8%	6%	8%

Q93 (227a) All SMEs where risk rating known

Analysis by age of business showed that:

- The top issue varied by age: for Starts it was higher costs (47%), for those trading for 2-5 years it was the economic climate (39% but by a narrow margin from the other top barriers), for those trading 6-9 years it was higher costs (50%), for those trading 10-15 years it was the economic climate (45%) and for the oldest SMEs it was political uncertainty (41%)
- Starts were more likely than their peers to be concerned about recruiting/retaining staff (23%) or access to external finance (13%), but typically it was those trading for 6-9 years who were the most likely to cite many of these factors as barriers:

Extent of obstacles in next 12 months					
Q4 25 – all SMEs 8-10 impact score	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	***82****	***335***	***401***	***763***	***2603***
Political uncertainty/future govt policy	41%	37%	45%	41%	41%
The current economic climate	32%	39%	45%	45%	38%
Higher costs	47%	37%	50%	39%	34%
Legislation, regulation and red tape	18%	32%	34%	31%	32%
Lower demand for your products/services	22%	22%	27%	28%	23%
Cash flow difficulties	19%	21%	21%	19%	14%
Recruiting/retaining staff	23%	12%	17%	11%	10%
Supply chain issues	8%	8%	12%	8%	8%
Late payment issues	10%	10%	12%	8%	8%
Access to external finance	13%	8%	10%	7%	6%
Changes to value of sterling	5%	9%	7%	8%	5%

Q93 (227a) All SMEs

In Q4 2025 those with plans to grow were typically as likely as those with no such plans to see these as barriers, though they were slightly more likely to see recruiting/retaining staff as a barrier (15% v 10%) and somewhat less likely to see legislation as a barrier (27% v 34%)

Those using external finance were much more likely than those that met the definition of a Permanent non-borrower to see all of these as barriers, giving equal, and above average, scores to each of the top 3 barriers (46%):

Extent of obstacles in next 12 months					
Q4 25 – all SMEs 8-10 impact score	Total	Plan to grow	No plans to grow	PNB	Using finance
Unweighted base:	***4184***	***1939***	***2245***	***1294***	***2341***
Political uncertainty/future govt policy	41%	42%	40%	33%	46%
The current economic climate	40%	40%	40%	30%	46%
Higher costs	37%	39%	36%	27%	46%
Legislation, regulation and red tape	31%	27%	34%	23%	37%
Lower demand for your products/services	24%	23%	25%	18%	28%
Cash flow difficulties	17%	18%	16%	6%	26%
Recruiting/retaining staff	12%	15%	10%	8%	15%
Supply chain issues	9%	9%	9%	4%	12%
Late payment issues	8%	11%	7%	5%	12%
Access to external finance	7%	8%	6%	2%	11%
Changes to value of sterling	7%	7%	7%	4%	9%

Q93 (227a) All SMEs

Analysis by future finance plans saw those that were Future would-be seekers the most likely to see these as barriers, sometimes alongside those planning to apply for finance, while those expecting to be a Future happy non-seeker were less likely to see these as barriers:

- Over half of FWBS saw political uncertainty and higher costs as barriers, as well as the current economic climate (the top issue for those planning to apply)
- Cash flow difficulties were a barrier for a third of those planning to apply and of FWBS, compared to 12% of Future HNS:

Extent of obstacles in next 12 months				
Q4 25 – all SMEs 8-10 impact score	Total	Plan to apply	Future WBS	Future HNS
Unweighted base:	***4184***	***632***	***454***	***3098***
Political uncertainty/future govt policy	41%	47%	52%	38%
The current economic climate	40%	52%	54%	36%
Higher costs	37%	49%	54%	33%
Legislation, regulation and red tape	31%	40%	46%	28%
Lower demand for your products/services	24%	28%	36%	21%
Cash flow difficulties	17%	34%	35%	12%
Recruiting/retaining staff	12%	14%	17%	11%
Supply chain issues	9%	11%	13%	8%
Late payment issues	8%	13%	9%	8%
Access to external finance	7%	19%	16%	4%
Changes to value of sterling	7%	13%	10%	5%

Q93 (227a) All SMEs

Analysis by sector also showed some clear differences:

- Agriculture was the most likely to cite political uncertainty/government policy as a barrier (50%) and it was their top barrier as it was for Transport (49%), compared to just 22% in the Health sector
- For Health, the economic climate was their key barrier (45%) and mentioned more by them, alongside Hotels and Restaurants (46%) and Wholesale/Retail (45%), compared to 30% of those in Agriculture
- The third of the key barriers, higher costs, was also more likely to be mentioned by those in Hotels and Restaurants (52%) and Wholesale/Retail (48%), compared to 27% in Property/Business Services
- Those in Wholesale/Retail were also more likely than their peers to see lower demand (28%) and cash flow difficulties (24%) as barriers, with lower demand also mentioned more by the Other Community sector (32%):

Extent of obstacles in next 12 months

Q4 25 all SMEs 8-10 impact scores	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***191***	***520***	***745***	***574***	***194***	***341***	***951***	***203***	***465***
Political uncertainty etc	50%	34%	43%	43%	46%	49%	42%	22%	32%
Economic climate	30%	35%	41%	45%	46%	36%	40%	45%	39%
Higher costs	41%	34%	43%	48%	52%	42%	27%	32%	37%
Legislation etc	40%	26%	33%	35%	34%	34%	33%	21%	26%
Lower demand	17%	21%	22%	28%	24%	21%	23%	23%	32%
Cash flow difficulties	12%	17%	17%	24%	18%	15%	16%	17%	17%
Recruit/retain staff	12%	14%	17%	15%	20%	15%	7%	9%	8%
Supply chain issues	6%	11%	11%	15%	7%	12%	6%	4%	4%
Late payment issues	7%	10%	10%	6%	4%	9%	10%	4%	8%
Access to finance	5%	6%	10%	10%	9%	8%	5%	2%	6%
Changes to sterling	5%	6%	7%	10%	6%	7%	6%	5%	7%

Q93 (227a) All SMEs

Obstacles to running the business – over time

The summary tables below show the proportion of SMEs that rated each factor a major obstacle, firstly across the most recent nine quarters of the Monitor, and then on a longer-term basis across the last 8 years. Both tables have been ranked by the latest results (Q4 2025 and 2025)

The first table shows:

- The consistent impact of higher (initially increasing) costs as a barrier, albeit concern is currently at around 1 in 3 SMEs compared to 4 in 10 during most of 2023, and it was no longer the top barrier in the second half of 2025
- More SMEs reporting concern about the current economic climate during 2025, reaching 40% in Q4.
- The increase in concern around political uncertainty/future government from around a quarter of SMEs in the first half of 2024 to 1 in 3 at the start of 2025 and 4 in 10 in Q4 2025
- Until Q3 2024, cash flow and late payment were asked as a combined metric, with an increase seen over time to a quarter of SMEs in 2025. The individual barriers will be reported going forward, with cash flow consistently more likely to be seen as a barrier (17% in Q4 2025) than late payment (8% in Q4 2025)
- Lower demand is a new barrier from Q3 2024 and was mentioned by 1 in 4 SMEs at the end of 2025:

Extent of obstacles in next 12 months									
All SMEs over time 8-10 impact score By date of interview	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Economic climate	32%	32%	31%	29%	30%	33%	33%	37%	40%
Political uncertainty	24%	24%	24%	31%	29%	33%	32%	36%	41%
Higher costs	36%	38%	34%	32%	35%	37%	35%	35%	37%
Legislation etc	23%	20%	23%	23%	24%	24%	24%	28%	31%
Lower demand	-	-	-	19%	20%	25%	21%	23%	24%
Cash flow/ late pyt	15%	15%	16%	21%	22%	22%	22%	22%	22%
Cash flow	-	-	-	*14%*	*15%*	*16%*	*15%*	*16%*	*17%*
Late payment	-	-	-	*13%*	*12%*	*9%*	*9%*	*8%*	*8%*
Changes in sterling	11%	12%	10%	7%	8%	9%	9%	10%	13%
Staff issues	11%	11%	11%	10%	14%	14%	10%	11%	12%
Supply chain issues	12%	13%	13%	10%	9%	7%	8%	7%	9%
Access to finance	8%	8%	7%	8%	9%	8%	7%	7%	7%

Q93 (227a) All SMEs

Taking a longer-term view back to 2018 on an annual basis provides a clear steer on changes over time:

- Higher costs have been a consistent barrier since 2022 (36% in 2025), but have now been joined by the economic climate (up 6 points to 36%), and political uncertainty/future government policy (up a further 9 points to 35% in 2025)
- There were smaller increases in 2025 in the proportion seeing legislation, regulation and red tape as a barrier (up 4 points to 27%) and lower demand (up 3 points to 23%)
- Other barriers were more stable year on year, including all SMEs seeing recruitment and retention of staff as a barrier (12%). Analysis amongst existing employers is provided later in this chapter.

Extent of obstacles in next 12 months

Over time – all SMEs 8-10 impact score	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***18,002***	***18,000***	***17,768***	***16,486***	***17,002***	***17,010***	***17,011***	***16,729***
Higher costs	-	-	-	-	39%	38%	35%	36%
Economic climate	17%	21%	36%	23%	31%	32%	30%	36%
Political uncertainty	19%	24%	24%	19%	21%	22%	26%	35%
Legislation etc	19%	19%	21%	21%	20%	20%	23%	27%
Lower demand*	-	-	-	-	-	-	20%*	23%
Cash flow/late pyt	13%	13%	15%	12%	11%	13%	19%	22%
*Cash flow**	-	-	-	-	-	-	*15%**	*16%**
*Late payment**	-	-	-	-	-	-	*13%**	*9%**
Staff issues	7%	8%	7%	10%	11%	12%	12%	12%
Changes in sterling	12%	14%	9%	9%	12%	12%	9%	10%
Supply chain issues	-	-	-	-	18%	14%	11%	8%
Access to finance	5%	7%	8%	8%	7%	7%	8%	7%

Q93 (227a) All SMEs * new statement reported for H2 2024 only

All these barriers have been mentioned more by SMEs since the pandemic, notably two of the current top 3 (economic climate and political uncertainty) with a 'gap' opening up between mentions of these (each by 1 in 3 SMEs in 2025) and the other barriers. The new barrier of lower demand currently sits just below the top 4.

Another longer-term view back to 2018 is provided below, this time excluding the Permanent non-borrowers. This increased the proportion seeing higher costs and the current economic climate as barriers by 5-6 points each (to 42% and 42%) and cash flow late payment by 7 points to 29%, with smaller increases elsewhere:

Extent of obstacles in next 12 months								
Over time – all SMEs excl PNBs 8-10 impact score	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***11,294***	***12,147***	***12,010***	***10,774***	***10,034***	***12,252***	***11,825***	***11,394***
Higher costs	-	-	-	-	46%	43%	40%	42%
Current economic climate	21%	25%	41%	27%	37%	36%	35%	41%
Political uncertainty	22%	28%	28%	21%	26%	24%	29%	39%
Legislation etc	22%	22%	25%	24%	24%	22%	25%	31%
Cash flow/late pyt	20%	19%	19%	15%	15%	16%	22%	29%
*Cash flow**	-	-	-	-	-	-	*18%**	*22%**
*Late payment**	-	-	-	-	-	-	*15%*	*10%*
Lower demand*	-	-	-	-	-	-	23%*	27%
Staff issues	9%	10%	8%	12%	16%	14%	13%	15%
Changes in sterling	16%	18%	10%	11%	15%	13%	11%	13%
Supply chain issues	-	-	-	-	21%	14%	13%	10%
Access to finance	8%	10%	12%	11%	10%	10%	11%	10%

Q93 (227a) All SMEs excluding PNBs * new statement reported for H2 2024 only

Given the current economic situation, the tables below provide a snapshot over recent quarters by size of SME for the current top 3 barriers - higher costs, the current economic climate and political uncertainty/ government policy. This is then followed by analysis over the longer-term on an annual basis.

Higher costs have been a barrier for around a third of SMEs in recent years, with limited change year on year. Compared to 2024 as a whole, in Q4 2025 they were more of a barrier for those with 1-9 employees (up 5 points to 42%) and those with 10-49 employees (up 11 points to 45%), and slightly less of a barrier for the largest SMEs (down 4 points to 23%):

Higher costs								
8-10 impact score Row percentages	Q4 2021	2022	2023	2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
All SMEs	***34%***	***36%***	***38%***	***35%***	***37%***	***35%***	***35%***	***37%***
0 employees	33%	37%	38%	34%	36%	34%	33%	36%
1-9 employees	36%	45%	42%	37%	39%	40%	41%	42%
10-49 employees	39%	44%	37%	34%	41%	39%	42%	45%
50-249 employees	26%	38%	30%	27%	35%	32%	26%	23%

Q93 (227a) All SMEs

Since 2022, around a third of SMEs have seen the current economic climate as a main barrier, higher than levels typically seen pre-pandemic. In the second half of 2025, concern increased further, reaching 40% in Q4 2025, an increase of 10 points from 2024. With the exception of the largest SMEs (up 3 points to 21%) all sizes of SME were much more likely to see the economic climate as a barrier in Q4 2025 than in 2024, up 9 points for those with 0 employees to 39%, up 12 points to 44% for those with 1-9 employees and up 14 points to 38% for those with 10-49 employees:

The current economic climate											
8-10 impact score Row percentages	2018	2019	2020	2021	2022	2023	2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
All SMEs	***17%***	***21%***	***36%***	***23%***	***31%***	***32%***	***30%***	***33%***	***33%***	***37%***	***40%***
0 employees	17%	20%	36%	23%	31%	32%	30%	32%	32%	37%	39%
1-9 employees	18%	22%	37%	24%	32%	33%	32%	36%	37%	38%	44%
10-49 employees	16%	20%	34%	21%	27%	26%	24%	30%	33%	37%	38%
50-249 employees	13%	25%	29%	13%	18%	19%	18%	24%	21%	18%	21%

Q93 (227a) All SMEs

After several years with limited changes, since 2024 political uncertainty and future government policy has been increasingly likely to be a major barrier. During 2025, concern reached 41% in Q4 2025, up 15 points from 2024 overall:

- Those with 0 employees saw concern increase by 13 points to 39% between 2024 and Q4 2025 with a larger increase for those with 1-9 employees (up 18 points to 46%) and those with 10-49 employees (where concern increased 18 points to 40% in Q1 with smaller increases over the rest of the year to 43% in Q4 2025)

- The largest SMEs saw increased concern in the first 3 quarters of 2025 (33-35% compared to 17% in 2024) but this abated somewhat in Q4 2025 (20%)

Political uncertainty											
8-10 impact score Row percentages	2018	2019	2020	2021	2022	2023	2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
All SMEs	***19%***	***24%***	***24%***	***21%***	***21%***	***22%***	***26%***	***33%***	***32%***	***36%***	***41%***
0 employees	18%	23%	24%	21%	21%	22%	26%	31%	30%	34%	39%
1-9 employees	21%	27%	25%	18%	22%	23%	28%	39%	38%	40%	46%
10-49 employees	18%	26%	22%	20%	17%	17%	22%	40%	39%	42%	43%
50-249 employees	13%	31%	19%	12%	10%	11%	17%	35%	33%	33%	20%

Q93 (227a) All SMEs

This barrier saw the largest change 2024 to 2025 (up 9 points to 35% for the year as a whole) so the table below shows how the 8-10 scores for this barrier have changed since 2023 when 22% of SMEs saw it as a barrier.

The proportion of SMEs seeing political uncertainty and future Government policy as a barrier increased from 22% in 2023 to 26% in 2024 and then to 35% in 2025, an increase across the three years of 13% (most of it between 2024 and 2025 when there was a 9 point increase). The increase 2024 to 2025 was seen:

- Across all sizes of SME, notably those with 10-49 employees (up 19 points to 41%)
- There were similar sized increases by risk rating, (10-12%) with the exception of those with a worse than average risk rating (up 6 points to 35%)
- Those in Manufacturing (up 14% to 40%) and Wholesale/Retail (also up 14 points to 39%) recorded the largest change year on year, while those in Agriculture also saw an above average increase (up 12 points to 44%) and were the sector most likely to see political uncertainty and future Government policy as a barrier in 2025
- There were similar increases year on year by age of SME with the exception of Starts (up 2 points to 25%) and they were less likely than their peers to see this as a barrier

Political uncertainty and future government policy 8-10			
Over time - row percentages	2023	2024	2025
All SMEs	***22%***	***26%***	***35%***
0 employee	22%	26%	34%
1-9 employees	23%	28%	41%
10-49 employees	17%	22%	41%
50-249 employees	11%	17%	30%
Minimal external risk rating	22%	28%	39%
Low external risk rating	20%	24%	36%
Average external risk rating	21%	25%	35%
Worse than average risk rating	22%	29%	35%
Agriculture	28%	32%	44%
Manufacturing	20%	26%	40%
Construction	18%	27%	38%
Wholesale/Retail	22%	25%	39%
Hotels & Restaurants	21%	32%	39%
Transport	24%	29%	37%
Property/Business Services etc.	24%	27%	35%
Health	17%	15%	25%
Other Community	20%	24%	29%
PNBs	16%	21%	30%
All excl PNBs	24%	29%	39%
Starts	21%	23%	25%
2-5 years trading	24%	24%	34%
6-9 years	24%	29%	36%
10-15 years	23%	26%	35%
15+ years	21%	28%	38%

Q93 (227a) All SMEs

Detailed analysis of 4 key barriers

This section provides more detailed analysis over time of four key metrics:

- The current economic climate - an important bell weather for SMEs and currently increasing as a barrier.
- Access to finance - the key focus of this study.
- Recruiting and retaining staff – an increasing barrier for employers in recent years.
- Higher costs – which has been a key and consistent barrier since it was first introduced.

The current economic climate

The table below shows the impact of Covid, with the previous 'peak' on the current economic climate as a barrier in 2020 (36%). It declined as a barrier the next year, to 23%, but has increased again since and in 2025 was once again back to 36% (up 6 points on 2024). Almost all demographics saw an increase in the economic climate as a barrier, including:

- Those with up to 50 employees, notably those with 10-49 employees (up 11 points to 35%), with a much smaller increase for the largest SMEs (up 3 points to 21%)
- Analysis by risk rating showed increases across all 4 ratings, notable for SMEs with a low rating (up 12 points to 35%).
- In terms of sector, Hotels and Restaurants remained the most likely to see the economic climate as a barrier (up 1 point to 45%) while the least likely were those in Transport (up 4 points to 31%). The biggest change year on year was for those in Health (up 11 points to 37%)
- Starts remained less likely than their older peers to see the economic climate as a barrier (stable at 28%) with increases seen for older SMEs trading for 10-15 years (up 7 points to 40%) and for more than 15 years (up 7 points to 36%)

Current economic climate 8-10								
Over time - row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***17%***	***21%***	***36%***	***23%***	***31%***	***32%***	***30%***	***36%***
0 employee	17%	20%	36%	23%	31%	32%	30%	35%
1-9 employees	18%	22%	37%	24%	32%	33%	32%	38%
10-49 employees	16%	20%	34%	21%	27%	26%	24%	35%
50-249 employees	13%	25%	29%	13%	18%	19%	18%	21%
Minimal external risk rating	17%	12%	31%	21%	26%	29%	29%	33%
Low external risk rating	17%	22%	34%	22%	30%	30%	23%	35%
Average external risk rating	16%	19%	36%	23%	29%	29%	28%	35%
Worse than average risk rating	18%	21%	38%	24%	33%	34%	34%	37%
Agriculture	17%	19%	27%	21%	33%	28%	30%	32%
Manufacturing	20%	23%	36%	20%	34%	29%	31%	37%
Construction	15%	19%	32%	17%	30%	29%	28%	35%
Wholesale/Retail	21%	24%	36%	25%	36%	37%	34%	39%
Hotels & Restaurants	18%	23%	44%	28%	37%	42%	44%	45%
Transport	13%	22%	38%	32%	33%	32%	27%	31%
Property/Business Services etc.	19%	18%	37%	21%	26%	31%	29%	35%
Health	14%	23%	40%	26%	31%	32%	26%	37%
Other Community	20%	22%	37%	24%	33%	33%	34%	38%
PNBs	13%	15%	28%	17%	24%	24%	23%	28%
All excl PNBs	21%	25%	41%	27%	37%	36%	35%	41%
Starts	19%	27%	42%	25%	30%	34%	27%	28%
2-5 years trading	18%	18%	33%	23%	37%	36%	32%	36%
6-9 years	19%	18%	36%	23%	32%	40%	38%	37%
10-15 years	17%	20%	36%	25%	31%	32%	33%	40%
15+ years	16%	19%	34%	21%	29%	29%	29%	36%

Q93 (227a) All SMEs

Access to finance

Access to finance is the key theme of this report but an issue that has been less likely than others to be rated a barrier by SMEs (5-8% annually since 2015 and 7% in 2025):

Access to finance 8-10								
Over time – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***5%***	***7%***	***8%***	***8%***	***7%***	***7%***	***8%***	***7%***
0 employee	5%	7%	9%	9%	7%	7%	8%	7%
1-9 employees	6%	6%	8%	7%	7%	8%	9%	8%
10-49 employees	5%	5%	6%	5%	5%	5%	5%	7%
50-249 employees	4%	9%	5%	4%	3%	4%	4%	3%
Minimal external risk rating	3%	4%	5%	4%	3%	5%	6%	4%
Low external risk rating	5%	6%	6%	5%	4%	5%	5%	4%
Average external risk rating	5%	6%	7%	7%	6%	6%	7%	6%
Worse than average risk rating	6%	8%	10%	11%	8%	9%	9%	10%
Agriculture	4%	8%	6%	7%	6%	6%	13%	6%
Manufacturing	6%	5%	9%	7%	8%	6%	11%	11%
Construction	5%	8%	9%	6%	7%	8%	8%	8%
Wholesale/Retail	5%	6%	10%	10%	8%	11%	11%	10%
Hotels & Restaurants	7%	6%	10%	7%	7%	10%	9%	11%
Transport	6%	8%	12%	12%	8%	9%	8%	7%
Property/Business Services etc.	4%	5%	6%	7%	5%	6%	6%	5%
Health	4%	10%	7%	8%	8%	6%	6%	5%
Other Community	7%	7%	9%	10%	7%	8%	8%	7%
PNBs	2%	2%	3%	3%	2%	4%	3%	2%
All excl PNBs	8%	10%	12%	11%	10%	10%	11%	10%
Starts	9%	14%	11%	15%	10%	11%	10%	11%
2-5 years trading	6%	8%	10%	11%	10%	13%	10%	9%
6-9 years	5%	4%	8%	8%	8%	8%	11%	8%
10-15 years	3%	5%	6%	8%	6%	6%	7%	7%
15+ years	4%	4%	7%	5%	5%	5%	6%	6%

Q93 (227a) All SMEs

The table shows limited changes 2024 to 2025 with the exception of the decrease in concern amongst those in Agriculture (down 7 points to 6%) reversing the increase seen in 2024.

Recruitment and retention of staff (SME employers)

The third barrier, 'recruiting and retaining staff' is reported below amongst SME employers only. It was seen as a barrier by around 1 in 10 employers until 2020 (11%) before increasing to 21% in 2022 with limited change since (18-20%). In 2025, 19% of employers rated this as a barrier, down just 1 point from 2024 and 2 points from 2022.

Most employer demographics saw limited change 2024 to 2025 with a few exceptions:

- 24% of employers in the Hotel and Restaurant sector saw this is a barrier, up 8 points from 2024, but back in line with 2021-23
- Employers in Property /Business Services have become less likely over recent years to see this as a barrier, (12% in 2025) down 4 points from 2024 and the lowest of the sectors
- The Health sector was, with the Hotel and Restaurant sector, the most likely to see this as a barrier in 2025 (25%). Whilst this was 2 points higher than in 2024 it was 4 points lower than the 29% who saw it as a barrier in 2022
- PNBs (14%) remained less likely to see this as a barrier than those that did not meet the definition (21%), with the latter down 4 points from 2022
- There was little variation by age of SME

Staff issues 8-10 (employers)								
Over time - Row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All employers	***12%***	***12%***	***11%***	***18%***	***21%***	***20%***	***18%***	***19%***
1-9 employees	11%	12%	11%	17%	19%	19%	17%	17%
10-49 employees	15%	15%	14%	23%	30%	26%	23%	25%
50-249 employees	10%	12%	12%	15%	22%	17%	17%	15%
Minimal external risk rating	12%	13%	10%	19%	24%	21%	22%	20%
Low external risk rating	13%	13%	13%	19%	23%	21%	20%	19%
Average external risk rating	11%	11%	12%	17%	19%	19%	16%	18%
Worse than average risk rating	11%	11%	10%	18%	18%	19%	16%	18%
Agriculture	10%	15%	13%	19%	19%	20%	23%	21%
Manufacturing	14%	13%	9%	17%	22%	17%	21%	20%
Construction	14%	13%	13%	23%	26%	23%	23%	23%
Wholesale/Retail	9%	11%	11%	15%	15%	18%	18%	19%
Hotels & Restaurants	14%	15%	14%	26%	25%	23%	16%	24%
Transport	12%	11%	12%	19%	21%	20%	15%	17%
Property/Business Services etc.	12%	11%	10%	15%	19%	19%	16%	12%
Health	11%	15%	14%	22%	29%	28%	23%	25%
Other Community	11%	15%	12%	16%	20%	19%	17%	16%
PNBs	9%	10%	8%	14%	14%	14%	12%	14%
All excl PNBs	14%	14%	13%	20%	25%	22%	21%	21%
Starts	10%	10%	9%	21%	17%	20%	15%	18%
2-5 years trading	12%	13%	13%	20%	23%	22%	19%	20%
6-9 years	13%	13%	12%	18%	23%	21%	18%	19%
10-15 years	11%	13%	11%	19%	21%	20%	20%	18%
15+ years	12%	12%	12%	17%	21%	19%	18%	18%

Q93 (227a) All SMEs with employees

The impact of higher costs

As reported above, 'higher costs' has been a major barrier for SMEs since it was first included in Q4 2021:

Higher costs 8-10					
Row percentages	Q4 2021	2022	2023	2024	2025
All SMEs	***34%***	***39%***	***38%***	***35%***	***36%***
0 employee	33%	37%	38%	34%	35%
1-9 employees	36%	45%	42%	37%	41%
10-49 employees	39%	44%	37%	34%	42%
50-249 employees	26%	38%	30%	27%	29%
Minimal external risk rating	37%	37%	36%	31%	38%
Low external risk rating	32%	39%	36%	29%	35%
Average external risk rating	31%	38%	33%	34%	35%
Worse than average risk rating	35%	41%	42%	39%	37%
Agriculture	46%	51%	44%	37%	42%
Manufacturing	35%	48%	37%	37%	39%
Construction	37%	44%	41%	38%	41%
Wholesale/Retail	40%	47%	39%	42%	43%
Hotels & Restaurants	46%	59%	57%	50%	55%
Transport	49%	49%	45%	33%	40%
Property/Business Services etc.	22%	27%	30%	29%	26%
Health	29%	30%	32%	24%	26%
Other Community	30%	32%	43%	39%	37%
PNBs	27%	31%	29%	26%	27%
All excl PNBs	40%	46%	43%	40%	42%
Starts	38%	38%	41%	35%	37%
2-5 years trading	38%	40%	44%	35%	38%
6-9 years	37%	40%	42%	37%	38%
10-15 years	30%	40%	39%	36%	36%
15+ years	32%	39%	35%	34%	35%

Q93 (227a) All SMEs

The overall proportion seeing higher costs as a barrier was 38-39% for 2022-23 then slightly lower in both 2024 and 2025 (35% and 36%). Most demographics saw similar small changes 2024 to 2025, with some exceptions:

- Those with 1-9 employees were more likely to see higher costs as a barrier in 2025 (up 4 points to 41%), with a similar score but more of an increase year on year for those with 10-49 employees (up 8 points to 42%)
- Those with a low or minimal risk rating were more likely to see higher costs as a barrier (up 7 points to 38% and 6 points to 35% respectively), back to 2023 levels.
- Transport reported a 7 point increase in this barrier (to 40% but still lower than in earlier years) and there was a 5 point increase for Hotels and Restaurants (to 55%, the highest of the sectors and back in line with 2023). The proportion seeing higher costs as a barrier in Property/Business Services was down 3 points to 26%, the lowest of the sectors alongside Health
- There was little change by age of SME over time, or variation by age in 2025

The impact of the EU and US trading arrangements

From Q1 2021 all SMEs have been asked about the impact on running their business of the trading arrangements in place with the EU following the end of the transition period on the 31st of December 2020. The impact of changes in trading with the USA was added more recently and is reported separately below.

The table below shows the change in EU impact scores since Q4 2023 and how during 2025, the overall negative impact score declined somewhat, from 30% in Q1 and Q2 to 25% in Q4, with more SMEs (73%) reporting no impact and a stable 3% a positive impact:

Impact on running business (EU)									
All- over time By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4484***	***4086***	***4209***	***4130***	***4151***	***4131***	***4119***	***3858***	***3984***
Very positive impact	*	1%	1%	*	1%	1%	*	1%	*
Positive impact	3%	2%	2%	2%	2%	2%	2%	3%	3%
No impact	64%	65%	64%	65%	65%	67%	67%	74%	73%
Negative impact	24%	23%	24%	23%	24%	22%	21%	16%	16%
Very negative impact	9%	9%	9%	9%	9%	8%	10%	6%	8%
Total positive	**3%**	**3%**	**2%**	**3%**	**2%**	**3%**	**2%**	**3%**	**3%**
Total negative	**33%**	**32%**	**33%**	**32%**	**33%**	**30%**	**30%**	**22%**	**25%**
Net positive-negative	***-30***	***-29***	***-31***	***-29***	***-31***	***-27***	***-28***	***-19***	***-22***

Q84c All SMEs excluding DK

The tables below show the full answers for various demographics for 2025 as a whole, to maximise base sizes. It shows that overall, the most common answer continued to be 'no impact' (70%) while those SMEs who reported any impact were much more likely to report a negative impact (27%) than a positive one (3%).

Analysis by size for 2025 showed limited variation, but those with 1-9 or 10-49 employees were somewhat more likely to report any negative impact:

Impact on running business (EU)					
YEQ4 25– all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,092***	***3808***	***7178***	***3673***	***1433***
Very positive impact	*	*	1%	1%	*
Positive impact	2%	2%	3%	2%	3%
No impact	70%	72%	65%	67%	70%
Negative impact	19%	17%	22%	24%	22%
Very negative impact	8%	8%	9%	6%	5%
Total positive	**3%**	**3%**	**3%**	**3%**	**3%**
Total negative	**27%**	**26%**	**31%**	**30%**	**27%**
Net positive-negative	***-24***	***-23***	***-28***	***-27***	***-24***

Q84c All SMEs excluding DK

Analysis by sector showed very few SMEs in any sector reporting a positive impact (with the very slight exception of 7% in Agriculture). The main differences by sector were between the proportion saying there has been no impact (70% overall) and those reporting a negative impact (27% overall).

The net positive-negative impact score ranged from -17 in Health (80% no impact) to -33 in Manufacturing (61% no impact) and -32 in Wholesale/Retail (60% no impact):

Impact on running business (EU)									
YEQ4 25– all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***766***	***2107***	***2567***	***2286***	***781***	***1337***	***3732***	***819***	***1697***
Very positive impact	1%	1%	1%	1%	*	*	1%	*	*
Positive impact	6%	2%	2%	3%	2%	3%	2%	*	2%
No impact	64%	61%	71%	60%	70%	72%	74%	80%	70%
Negative impact	19%	24%	19%	24%	20%	18%	16%	13%	20%
Very negative impact	10%	11%	7%	12%	7%	7%	8%	6%	7%
Total positive	**7%**	**3%**	**3%**	**4%**	**2%**	**3%**	**2%**	*****	**2%**
Total negative	**29%**	**36%**	**26%**	**36%**	**27%**	**25%**	**24%**	**20%**	**27%**
Net positive-negative	***-22***	***-33***	***-23***	***-32***	***-25***	***-22***	***-28***	***-20***	***-25***

Q84c All SMEs excluding DK

Looking over the longer term, the proportion of SMEs reporting a negative impact from the new EU trading arrangements increased from 29% in 2021 to 33% in 2022 and remained at that level to 2024 before a drop of 6 points in 2025 (to 27%) predominantly due to more SMEs reporting no impact (up 5 points to 70%). There were though some more marked changes by business demographics 2024 to 2025:

- The drop in negative impact scores increased by size of SME from 5 points for 0 employee SMEs (to 26%) to 11 points for those with 50-249 employees (to 27%). Those with 1-9 or 10-49 employees also saw a reduction in negative impact but remained slightly ahead of their peers (31% and 30%)

- Of the two sectors most likely to be trading internationally, those in Manufacturing reported almost no change year on year, compared to a drop in negative score of 12 points for Wholesale/Retail (to 36%) though they remained the most likely to report a negative score, along with those in Construction, and a marked drop for Agriculture (down 10 points to 29%). The Health sector remained the least likely to report a negative score (up 1 point to 20%)

Negative impact score (EU)					
All SMEs over time By date of interview	2021	2022	2023	2024	2025
All SMEs	***29%***	***33%***	***34%***	***33%***	***27%***
0 employee	27%	31%	32%	31%	26%
1-9 employees	34%	39%	40%	38%	31%
10-49 employees	39%	43%	40%	39%	30%
50-249 employees	37%	39%	41%	38%	27%
Minimal external risk rating	28%	31%	35%	37%	31%
Low external risk rating	30%	36%	37%	32%	26%
Average external risk rating	27%	32%	34%	32%	27%
Worse than average risk rating	29%	32%	33%	33%	27%
Agriculture	29%	35%	32%	39%	29%
Manufacturing	39%	42%	38%	37%	36%
Construction	29%	34%	30%	31%	26%
Wholesale/Retail	48%	48%	43%	48%	36%
Hotels & Restaurants	26%	36%	34%	31%	27%
Transport	27%	31%	39%	33%	25%
Property/Business Services etc.	24%	29%	33%	30%	24%
Health	23%	28%	23%	19%	20%
Other Community	27%	28%	34%	32%	27%
All SMEs excluding PNBs	33%	37%	37%	36%	30%

Q84c All SMEs excluding DK

SMEs trading internationally are potentially more likely to have been impacted by the change in trading arrangements (given the importance of trading with the EU) and this is supported by the analysis below. That said, international SMEs were less likely to report a negative impact in 2025, notably exporters, down 15 points for Export only SMEs and 14 points for fully International SMEs compared to 8 points for Import only SMEs:

Negative impact score (EU)					
All SMEs- over time By date of interview, row percentages	2021	2022	2023	2024	2025
All SMEs	***29%***	***33%***	***34%***	***33%***	***27%***
Export only	38%	40%	41%	49%	34%
Import only	48%	55%	51%	49%	41%
Import and export	58%	67%	62%	61%	47%
Domestic SMEs	25%	28%	30%	28%	24%

Q84c All SMEs excluding DK

From Q3 2025, a second metric has been added asking for the impact of 'potential changes to trading with the USA including imposing tariffs'. As the table below shows, most SMEs (84% in H2 2025) said that this had 'no impact' on them, but where an impact was reported it was more likely to be negative (14%) than positive (2%):

Impact of potential changes to trading with USA					
H2 25- all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***7733***	***1831***	***3587***	***1692***	***623***
Very positive impact	*	*	*	*	-
Positive impact	1%	1%	2%	2%	1%
No impact	84%	85%	80%	81%	89%
Negative impact	10%	9%	14%	14%	7%
Very negative impact	4%	4%	4%	3%	2%
Total positive	**2%**	**2%**	**2%**	**2%**	**1%**
Total negative	**14%**	**13%**	**18%**	**17%**	**9%**
Net positive-negative	***-12***	***-11***	***-16***	***-15***	***-8***

Q84c All SMEs excluding DK

SMEs in Agriculture, Manufacturing and Wholesale/Retail were more likely to report a negative impact:

Impact of potential changes to trading with USA

H2 25- all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	***351***	***1015***	***1328***	***1104***	***347***	***632***	***1767***	***363***	***826***
Very positive impact	-	1%	*	1%	*	*	*	-	*
Positive impact	1%	1%	2%	2%	2%	2%	1%	*	1%
No impact	81%	77%	87%	76%	85%	81%	85%	93%	86%
Negative impact	14%	14%	9%	14%	11%	10%	10%	4%	9%
Very negative impact	5%	6%	2%	7%	2%	6%	3%	3%	4%
Total positive	**1%**	**2%**	**2%**	**3%**	**2%**	**3%**	**1%**	*****	**1%**
Total negative	**19%**	**20%**	**11%**	**21%**	**12%**	**16%**	**14%**	**7%**	**13%**
Net positive-negative	***-18***	***-18***	***-9***	***-18***	***-10***	***-13***	***-13***	***-7***	***-12***

Q84c All SMEs excluding DK

SMEs that both imported and exported were more likely to have been impacted by the changes to trade with the US with 45% reporting any impact and 38% a negative impact:

Impact of potential changes to trading with USA

H2 25- all SMEs	Total	Export only	Import only	Both	Domestic
Unweighted base:	***7733***	***430***	***810***	***747***	***5746***
Very positive impact	*	*	1%	1%	*
Positive impact	1%	1%	3%	5%	1%
No impact	84%	83%	76%	55%	87%
Negative impact	10%	9%	14%	23%	9%
Very negative impact	4%	6%	6%	15%	3%
Total positive	**2%**	**2%**	**4%**	**6%**	**1%**
Total negative	**14%**	**15%**	**20%**	**38%**	**12%**
Net positive-negative	***-12***	***-13***	***-16***	***-32***	***-11***

Q84c All SMEs excluding DK

The table below summarises the impact scores for the EU and USA reported for H2 2025 in both cases, so as to be comparable.

This shows that SMEs were more likely to say that there had been no impact in terms of the USA (84%) than the EU (73%) and in both cases where an impact had been felt, it was predominantly negative:

Impact of trading with EU /USA		
H2 25- all SMEs	EU	USA
Unweighted base:	***7842***	***7733***
Very positive impact	*	*
Positive impact	3%	1%
No impact	73%	84%
Negative impact	16%	10%
Very negative impact	7%	4%
Total positive	**3%**	**2%**
Total negative	**24%**	**14%**
Net positive-negative	***-21***	***-12***

Q84c All SMEs excluding DK

Financial requirements in the next 3 months

SMEs were asked to consider their financial plans over the next 3 months. No changes were made to this question for the revised questionnaire from Q1 2018, but from Q3 2025 two of the metrics have only been asked of those currently using external finance, in order to streamline the questionnaire for those not using finance. This change is reflected in analysis for Q3 and Q4 2025 below (figures are re-based to all SMEs for consistency).

- Renew existing borrowing at same level
- Reduce the amount of external finance used

The proportion planning to apply/renew has typically been around 1 in 10 since the start of 2018, and this was also true in 2025. The proportion planning to inject personal funds was also stable at 1 in 5 SMEs:

% likely in next 3 months									
All SMEs – over time By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Will have a need for (more) external finance	12%	9%	7%	10%	9%	7%	9%	9%	9%
Will apply for more external finance	8%	8%	6%	8%	8%	6%	6%	7%	7%
Renew existing borrowing at same level	3%	5%	4%	4%	4%	6%	7%	5%*	7%*
Any apply/renew	***10%***	***11%***	***9%***	***11%***	***11%***	***9%***	***11%***	***11%***	***12%***
Reduce the amount of external finance used	12%	15%	12%	11%	12%	13%	13%	12%*	13%*
Inject personal funds into business	20%	22%	19%	20%	19%	19%	19%	20%	19%

Q99 (229) All SMEs * asked of those using finance but re-based to all SMEs to be consistent with other metrics

Amongst those SMEs that are companies, there continued to be limited interest in seeking new equity finance:

% likely in next 3 months									
All companies– over time By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***3182***	***3025***	***3034***	***3030***	***3148***	***3162***	***2931***	***2966***	***3062***
Any new equity	4%	3%	3%	3%	6%	3%	3%	3%	4%

Q99_6 (229) All companies

In Q4 2025, as in previous quarters, there continued to be a difference in future appetite for finance by size of business:

- The smallest and the largest SMEs were less likely to be planning to apply (6% and 9%) than those with 1-9 or 10-49 employees (11% and 13%).
- Those with 1-9 or 10-49 employees were the most likely to be planning to reduce the amount of external finance they were using (16% and 19%).
- The smaller SMEs were the most likely to be planning an injection of personal funds (both 19%), declining by size of SME to 6% of those with 50-249 employees.

% likely in next 3 months					
Q4 25 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***4184***	***966***	***1922***	***943***	***353***
Will have a need for (more) external finance	9%	8%	13%	14%	9%
Will apply for more external finance	7%	6%	11%	13%	9%
Renew existing borrowing at same level	7%*	6%	9%	10%	3%
Any apply/renew	***12%***	***10%***	***17%***	***19%***	***10%***
Reduce the amount of external finance used	13%*	12%	16%	19%	10%
Inject personal funds into business	19%	19%	19%	10%	6%

Q99 (229) All SMEs * asked of those using finance but re-based to all SMEs to be consistent with other metrics

Amongst SMEs with employees, 13% believed they would have a need for (more) external finance, 17% had plans to apply/renew in the next 3 months, and a similar proportion (18%) planned to inject personal funds into the business.

Before looking at future applications for finance in more detail, the analysis below explores the role of injections of personal funds for SMEs:

- Between 2014 and 2018, just under 1 in 3 SMEs reported having made an injection of personal funds.
- A slight drop to 24% in 2019 was followed by a sharp increase to 37% in 2021 with little change to 2024 (37%), before a further slight drop in 2025 (32%)
- Over the same period, the proportion planning to inject funds in future initially declined to 12% in 2018 and 2019, before increasing to 20% in 2021, with limited change since (19% in 2025):

Injections of personal funds past and future								
Over time – All SMEs	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***18,002***	***18,000***	***17,768***	***16,486***	***17,002***	***17,010***	***17,011***	***16,729***
Have injected personal funds	29%	24%	32%	37%	34%	36%	37%	32%
Plan to inject personal funds	12%	12%	19%	20%	17%	17%	20%	19%

Q15d/Q99-5 (229-5) All companies

The table below shows how these injections of personal funds past and future have combined over recent quarters:

- Typically, around 1 in 10 SMEs had both injected personal funds and planned to do so again, increasing in the second half of 2023 and to 17% in Q1 2024. Since then, the proportion has been slightly lower (13% in Q4 2025).
- A stable 6% of SMEs planned to inject funds having not previously done so, continuing the trend of the majority of those planning a future injection having done so previously.
- The largest group was those that had neither injected funds nor planned to do so, which increased over the course of 2025 from 59% in Q1 to 65% in Q4, the highest level seen recently. This was due to slightly fewer SMEs reporting a past injection of personal funds that they were unlikely to repeat (16% in Q4 2025)

Injections of personal funds									
Over time – All SMEs	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Injected personal funds and likely to do so again	16%	17%	14%	14%	13%	13%	14%	14%	13%
Have not put in personal funds but likely to do so	4%	4%	5%	6%	6%	6%	5%	6%	6%
Injected personal funds but unlikely to do so again	19%	22%	22%	22%	22%	21%	21%	18%	16%
Have not put in personal funds and not likely to do so	61%	57%	59%	58%	59%	59%	60%	63%	65%

Q99 (229)/Q15d-d2 All SMEs

Analysis of injections of personal funds for 2025 as a whole showed that:

- The proportion that had both injected funds and were planning to inject them again (13% overall) declined by size of SME from 14% to 2%
- Those more likely to have both injected funds and to be planning to inject them again (13% overall) included those with a worse than average risk rating (19%), in Agriculture and Hotels and Restaurants (both 19%) Starts (23%) and those who were Struggling (27%). Those planning to grow remained more likely to be in this category than those with no plans (17% v 11%).
- At the other end of the scale, the proportion that had neither injected funds nor had any plans to do so (62% overall) increased by size from 60% to 89%.
- Those more likely to have neither injected funds nor be planning to do so (62% overall) included those with a minimal or low risk rating (78% and 74%), those trading for more than 10 years (69%), those who felt Well off (92%) and PNBs (73%).

Returning to future appetite for finance, the variability in predicted appetite for finance quarter on quarter makes trends harder to discern, so the table below looks at annual appetite for finance (apply or renew) since 2018 by key business demographics.

- It shows around 1 in 10 SMEs overall typically planning to apply/renew (10-13%) over time, and this was also the case in 2024 (10%) and 2025 (11%) after two years at a slightly lower level (8% in 2022 and 2023)
- There was limited variation year on year with the exception of those with 10-49 employees (up 5 points to 18% and the most likely size band to have an appetite for finance) and Agriculture (up 9 points to 17% and the most likely sector to have an appetite for finance)

Likely to apply/renew								
By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***10%***	***11%***	***13%***	***10%***	***8%***	***8%***	***10%***	***11%***
0 emp	9%	10%	12%	9%	8%	8%	9%	9%
1-9 emps	13%	15%	17%	14%	10%	10%	14%	16%
10-49 emps	15%	15%	16%	11%	11%	10%	13%	18%
50-249 emps	17%	17%	12%	5%	5%	5%	5%	9%
Minimal external risk rating	10%	10%	11%	10%	6%	5%	7%	12%
Low	11%	12%	14%	8%	6%	6%	8%	11%
Average	9%	10%	12%	10%	8%	7%	8%	9%
Worse than average	10%	11%	14%	11%	9%	11%	13%	11%
Agriculture	11%	15%	14%	12%	11%	10%	8%	17%
Manufacturing	13%	12%	14%	10%	10%	8%	10%	12%
Construction	8%	10%	12%	8%	8%	8%	8%	11%
Wholesale/Retail	11%	15%	17%	11%	10%	10%	12%	13%
Hotels & Restaurants	10%	13%	20%	12%	10%	10%	14%	11%
Transport	11%	13%	18%	14%	8%	11%	12%	11%
Property/ Business Services	9%	9%	11%	9%	7%	7%	10%	9%
Health	12%	9%	10%	8%	7%	6%	8%	6%
Other	10%	12%	14%	13%	11%	10%	12%	10%
All excl PNBs	19%	19%	22%	17%	16%	13%	16%	18%
Starts	13%	13%	15%	13%	11%	13%	18%	10%
2-5 years trading	11%	13%	15%	12%	11%	11%	14%	15%
6-9 years	8%	10%	13%	12%	10%	9%	10%	12%
10-15 years	10%	11%	12%	10%	9%	7%	7%	11%
More than 15 years	9%	10%	12%	8%	6%	6%	7%	9%

Q99 (229) All SMEs

Previous analysis has shown that those already using external finance were more likely to consider applying for (more) finance than those not currently using it. Taking current and planned use of finance together showed that:

- 9% of all SMEs in 2025 were both using finance and planned to apply for more, compared to the 2% not currently using finance but planning to apply for some. These proportions have changed little over time.
- 37% were using finance but had no plans to apply for more, little changed from 2024. The largest group of SMEs (52%) remained those that neither used finance nor had plans to apply for any.
- This means that of the 11% of all SMEs planning to apply for finance in 2025, most (82%) were already using it, the highest proportion seen to date.

Plans to apply/renew v use of external finance								
Over time – all SMEs	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***18,002***	***18,000***	***17,768***	***16,486***	***17,002***	***17,010***	***17,011***	***16,729***
Use external finance and plan to apply	7%	8%	9%	8%	6%	6%	7%	9%
Use external finance, no plans to apply	29%	37%	28%	35%	30%	35%	38%	37%
Do not use finance but plan to apply	3%	3%	4%	3%	3%	3%	3%	2%
Do not use finance, no plans to apply	61%	52%	59%	55%	61%	57%	52%	52%
% of future applicants using finance	***70%***	***73%***	***69%***	***73%***	***67%***	***67%***	***70%***	***82%***

Q15 and futfin All SMEs

From 2014 to 2017, the proportion of SMEs planning to reduce the amount of finance they used was stable (7-8%) but has typically been somewhat higher since (12% in 2025). As the table below shows those with 1-9 or 10-49 employees have been slightly more likely to be planning to reduce their need for finance (14% and 18% in 2025) compared to their smaller and larger peers:

	Planning to reduce finance used							
Row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***12%***	***15%***	***8%***	***10%***	***10%***	***11%***	***13%***	***12%***
0 employees	11%	15%	7%	9%	9%	10%	12%	11%
1-9 employees	12%	14%	9%	13%	13%	13%	15%	14%
10-49 employees	14%	16%	9%	11%	15%	15%	14%	18%
50-249 employees	38%	21%	5%	4%	8%	8%	7%	10%

Q99 All SMEs 2025 figures re-based to all SMEs as question now asked of those who are using relevant external finance

Future funding requirements

The list of options for why a new/renewed facility was required was extensively revised for Q1 2018. The new list is shown below, split into the two over-arching groups (Cash flow and Business development) also used earlier in this report to analyse a past need for funding.

- Back in Q2 2020 an additional code was included 'To cope with the impact of the coronavirus pandemic' later amended to 'To cope with the impact of current trading conditions'.
- In Q3 2022, to match the changes made to reasons for seeking finance in the past, a new code was introduced: 'To fund something to reduce an environmental impact or to be more sustainable'.

In Q3 2025, codes were added to the past reasons for not seeking finance, to align them more closely with these future focussed questions

The longer term view back to 2018, below, shows:

- An increase in future finance being sought for cash flow purposes to 76% in 2020, followed by a steady decline to 34% in 2023, back in line with 2018. The proportion was slightly higher in both 2024 (39%) and again in 2025 (42%) as more SMEs looked for working capital to help with cashflow, with fewer mentions of funding to cover a short-term funding gap
- Meanwhile, applications for funding for business development increased from 27% in 2020 to 67-68% in 2022-24. This proportion was slightly lower in 2025 (62%), with fewer mentions of new business opportunities, UK expansion or to take on staff

Use of new/renewed facility								
All planning to seek/renew – over time	2018	2019	2020*	2021	2022	2023	2024	2025
Unweighted base:	***2420***	***2567***	***2100***	***1712***	***1496***	***1464***	***1789***	***2276***
Cash flow related	***38%***	***43%***	***76%***	***52%***	***41%***	***34%***	***39%***	***42%***
Working capital to help cash flow	26%	34%	52%	35%	34%	31%	34%	37%
Cover short term funding gap	11%	11%	18%	22%	15%	7%	7%	8%
Help through trading difficulties	9%	9%	11%	12%	8%	5%	4%	8%
To cope with trading conditions	-	-	18%	12%	5%	4%	3%	4%
Business development related	***68%***	***64%***	***27%***	***53%***	***68%***	***68%***	***67%***	***62%***
To fund UK expansion	26%	26%	9%	22%	29%	25%	26%	22%
Plant & machinery	26%	27%	12%	23%	27%	31%	29%	27%
A new business opportunity	18%	14%	6%	9%	20%	11%	16%	11%
Take on staff	12%	16%	4%	10%	15%	9%	10%	6%
Fund new premises	6%	7%	3%	6%	9%	8%	6%	4%
Fund expansion overseas	5%	4%	1%	3%	7%	2%	5%	3%
Take over another business	2%	2%	1%	1%	1%	*	2%	1%
To fund something environmental	-	-	-	-	-	1%	3%	3%
To fund R&D	-	-	1%	6%	6%	4%	6%	6%

Q100 (230) All planning to apply for/renew facilities in next 3 months excl DK. New codes from Q1 2018 *Q2-4 only

Amongst SMEs planning to apply/renew, there were limited differences by size in the proportions wanting funding for business development and/or cash flow purposes:

- Business development was mentioned by 61% of those with 0 employees, 63% of those with 1-9 employees, 57% with 10-49 employees and 62% of those with 50-249 employees seeking to apply/renew.
- Cash flow was mentioned by 41% of those with 0 employees and also those with 1-9 employees, 45% of those with 10-49 employees and 38% of those with 50-249 employees seeking to apply/renew.

Application confidence

Those planning to apply for new and/or renewed finance were asked how confident they were that their main bank would agree to their request.

As the table below shows, confidence in recent quarters has typically been around 1 in 3 of those planning to seek finance, with the exceptions of Q4 2023 and Q3 2024 (both 25%). In Q4 2025, 39% of future applicants were confident of success, up from 34% in Q4 2024, as more future applicants reported being 'very confident' (up 6 points to 15%):

Confidence bank would lend									
All planning to seek finance Over time by date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***466***	***487***	***454***	***387***	***461***	***526***	***577***	***541***	***632***
Very confident	9%	11%	17%	10%	9%	12%	11%	17%	15%
Fairly confident	16%	22%	20%	16%	25%	23%	21%	20%	24%
Overall confidence	***25%***	***33%***	***37%***	***25%***	***34%***	***34%***	***32%***	***37%***	***39%***
Neither/nor	43%	37%	34%	40%	38%	37%	36%	31%	36%
Not confident	32%	30%	29%	35%	28%	29%	31%	32%	25%
Net confidence (confident – not confident)	***-7***	***+3***	***+8***	***-10***	***+6***	***+5***	***+1***	***+5***	***+14***

Q103 (238) All SMEs seeking new/renewing finance in next 3 months - New definition from Q1 2023 includes all those planning to apply/renew

Confidence amongst prospective applicants with employees was 40% in Q4 2025, up 9 points from Q4 2024 (31%).

Up until 2019, half or more future applicants were confident of success. Confidence has been lower since, to 32% in both 2023 and 2024 with more respondents in the 'neither/nor' category. In 2025, confidence was slightly higher at 36%:

Confidence bank would agree to lend								
All planning to apply – over time	2018	2019	2020	2021	2022	2023*	2024	2025
Unweighted base:	***1551***	***1707***	***1830***	***1160***	***969***	***1475***	***1789***	***2276***
Very confident	18%	16%	11%	10%	12%	13%	12%	14%
Fairly confident	36%	40%	31%	28%	20%	19%	20%	22%
Overall confidence	***54%***	***56%***	***42%***	***38%***	***33%***	***32%***	***32%***	***36%***
Neither/nor	22%	24%	33%	34%	41%	38%	37%	35%
Not confident	25%	20%	26%	29%	26%	29%	31%	29%
Net confidence (confident – not confident)	***+29***	***+36***	***+16***	***+9***	***+7***	***+3***	***+1***	***+7***

Q103 (238) All SMEs seeking new/renewing finance in next 3 months *definition slightly revised in Q1 2023

Confidence for 2025 as a whole was 36% and whilst smaller would-be applicants and those with an average or worse than average risk rating saw an increase in confidence in 2025 (both up 4 points to 35%), they remained less confident than their peers. Compared to 2024, confidence amongst larger SMEs was little changed (up 2 points to 50%), while those with a minimal or low risk rating were slightly less confident (down 6 points to 43%):

Confidence bank would agree to lend								
All planning to apply – over time Row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All	***54%***	***56%***	***42%***	***38%***	***33%***	***32%***	***32%***	***36%***
0-9 employees	52%	54%	41%	37%	32%	31%	31%	35%
10-249 employees	69%	74%	59%	59%	54%	54%	48%	50%
Minimum/Low risk rating	67%	61%	53%	55%	42%	45%	49%	43%
Average/WTA risk rating	49%	53%	39%	35%	33%	29%	31%	35%

Q103 (238) All SMEs seeking new/renewing finance in next 3 months *definition slightly revised in Q1 2023

Application confidence – for a hypothetical application

In a question asked from Q1 2016, all other SMEs with no plans to apply/renew were asked how confident they would be of their bank saying yes if they were to apply.

The table below shows the results for 2025 when 47% were confident of success with a hypothetical application. This 'hypothetical' confidence increased by size of SME from 44% of those with no employees to two thirds of those with 10-49 or 50-249 employees (both 67%):

Confidence bank would say yes if asked					
YEQ4 25– Those with no plans to apply	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***14,453***	***3552***	***6309***	***3173***	***1419***
Very confident	21%	19%	27%	34%	30%
Fairly confident	26%	25%	27%	33%	37%
Overall confidence	***47%***	***44%***	***54%***	***67%***	***67%***
Neither/nor	35%	36%	32%	25%	29%
Not confident	18%	19%	14%	8%	3%
Net confidence (confident – not confident)	***+29***	***+25***	***+40***	***+59***	***+64***

Q106 (239b) All SMEs not seeking new/renewing finance from bank in next 3 months. Definition adjusted in Q1 2023

The table below summarises the confidence of all SMEs in 2025, based on their future application plans. This shows that:

- Around 1 in 3 in each group were unsure of how the bank would respond to a request for funding
- The largest group, the Future happy non-seekers (those who had no need or plans to apply) were the most confident that if they were to approach their bank they would be successful (50%).
- Those planning to apply/renew and Future would-be seekers were less confident than the Future happy non-seekers (36% and 34%) with limited differences between the two groups, with the exception of FWBS being slightly more likely to say they were "not confident" (34% v 29% of those planning to apply)

Confidence bank would say yes if asked				
YEQ4 25– all SMEs	All SMEs	All planning to apply	Future WBS	Future HNS
Unweighted base:	***14,453***	***2276***	***1740***	***12,713***
Very confident	21%	14%	13%	23%
Fairly confident	26%	22%	21%	27%
Overall confidence	***47%***	***36%***	***34%***	***50%***
Neither/nor	35%	35%	33%	35%
Not confident	18%	29%	34%	15%
Net confidence (confident – not confident)	***+29***	***+7***	***0***	***+35***

Q103/106 (238/ 239b) All SMEs

The summary table below tracks overall confidence amongst all SMEs, irrespective of their future application plans. It shows that overall confidence decreased from 59% in 2019 to 51% in 2020 with more limited changes since, though confidence in both 2024 and 2025 (46%) was 5 points below 2022 levels (51%):

- With overall confidence unchanged 2024 to 2025 (46%) there were limited differences year on year with the exception of those with a low risk rating (down 7 points to 50%) or in Agriculture (down 6 points to 48%), balanced by an increase in confidence amongst Starts (up 7 points to 41%)
- Taking a slightly longer view back to 2022, when confidence was 5 points higher at 51%, revealed a drop of 10 points in confidence amongst those in the Hotel and Restaurant sector (to 43% and the lowest confidence along with Health sector, 42%). There was also a drop of 9 points for those with 50-249 employees (to 66% but still the most confident size band)

Confidence bank will say yes (whether planning to apply or not)								
Over time By date of interview – row percentages	2018	2019	2020	2021	2022	2023	2024	2025
All SMEs	***58%***	***59%***	***51%***	***51%***	***51%***	***48%***	***46%***	***46%***
0 emp	55%	57%	48%	48%	48%	46%	43%	43%
1-9 emps	65%	64%	60%	59%	59%	54%	51%	52%
10-49 emps	73%	74%	71%	70%	69%	68%	66%	64%
50-249 emps	80%	77%	72%	75%	75%	75%	68%	66%
Minimal external risk rating	70%	71%	69%	68%	68%	61%	62%	62%
Low	67%	68%	60%	62%	59%	56%	57%	50%
Average	61%	58%	53%	48%	55%	49%	48%	47%
Worse than average	51%	54%	45%	47%	45%	44%	40%	42%
Agriculture	63%	67%	57%	58%	56%	58%	54%	48%
Manufacturing	61%	60%	55%	50%	54%	48%	47%	51%
Construction	60%	65%	51%	55%	55%	50%	48%	47%
Wholesale/Retail	62%	59%	56%	60%	55%	48%	49%	48%
Hotels & Restaurants	58%	57%	51%	48%	53%	45%	44%	43%
Transport	58%	57%	51%	45%	51%	49%	45%	49%
Property/ Business Services	54%	57%	54%	51%	52%	50%	47%	46%
Health	57%	61%	46%	46%	44%	41%	41%	42%
Other Community	54%	54%	44%	45%	44%	45%	40%	40%
PNBs	57%	60%	56%	55%	54%	53%	49%	49%
All excl PNBs	58%	58%	48%	48%	49%	46%	44%	44%
Starts	60%	61%	48%	38%	40%	41%	34%	41%
2-5 years trading	51%	53%	46%	45%	46%	43%	40%	41%
6-9 years	56%	56%	50%	52%	48%	48%	44%	42%
10-15 years	57%	59%	49%	52%	53%	49%	49%	45%
More than 15 years	60%	62%	57%	58%	58%	53%	52%	50%

Q103/106 (238/239b) All SMEs

Analysis by future plans showed that:

- For 2025, the new combined confidence figure for all those planning to apply/renew was 36%, up slightly from 2023 and 2024.
- Future would-be seekers, whose level of confidence is little changed since 2019, were almost as confident of hypothetical success than those planning to apply (34% v 36% in 2025).
- The most confident remained those expecting to be a Happy non-seeker of finance (50%), albeit there has been a steady decline over time from the 63% of this group who were confident in 2019.

<table>
<tr><th colspan="9">Confidence bank will say yes (whether planning to apply or not)</th></tr>
<tr><td>Over time
By date of interview – row percentages</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td><td>2022</td><td>2023</td><td>2024</td><td>2025</td></tr>
<tr><td>All SMEs</td><td>58%</td><td>59%</td><td>51%</td><td>51%</td><td>51%</td><td>48%</td><td>46%</td><td>46%</td></tr>
<tr><td>Planning to apply (to bank)</td><td>54%</td><td>56%</td><td>42%</td><td>38%</td><td>33%</td><td rowspan="2">32%</td><td rowspan="2">32%</td><td rowspan="2">36%</td></tr>
<tr><td>Planning to apply (elsewhere)</td><td>54%</td><td>54%</td><td>43%</td><td>48%</td><td>41%</td></tr>
<tr><td>Future would-be seeker</td><td>46%</td><td>40%</td><td>40%</td><td>35%</td><td>40%</td><td>38%</td><td>35%</td><td>34%</td></tr>
<tr><td>Future happy non-seeker</td><td>60%</td><td>63%</td><td>57%</td><td>57%</td><td>55%</td><td>53%</td><td>51%</td><td>50%</td></tr>
</table>

Q103/106 (238/239b) All SMEs

Those not planning to seek or renew facilities in the next 3 months

In 2025, 11% of all SMEs reported plans to apply for, or renew, facilities in the following 3 months, leaving the majority (89%) with no immediate plans. Analysis showed that, overall, 52% of all SMEs in 2025 neither used external finance nor had any immediate plans to apply for any.

On an annual basis, the proportion neither using finance nor planning to apply for it increased from 50% of SMEs in 2011 to 60% for 2014 and was then stable (58-61%) to 2018. Since then, it has been closer to 50% (2019, 2023-25) than 60% (2022).

When thinking about SMEs with no plans to apply/renew, 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 Future happy non-seekers.
- Those that felt that there were barriers that might stop them making an application (such as discouragement, the economy or the principle or process of borrowing) – the Future would-be seekers.

These Future would-be seekers can then be split into 2 further groups:

- Those that had already identified that they were likely to need external finance in the coming 3 months (and could foresee barriers to an application that met that need).
- Those that had not yet identified a need for external finance in the next 3 months but who thought there would be barriers to their applying, were such a need to emerge.

As reported later in this chapter, very few Future would-be seekers had an actual need for finance already identified, and thus they were a wider group than the Would-be seekers of the past 12 months, all of whom reported having an identified need for finance that they had not applied for.

There have been no changes over time to these definitions, and these questions continue to be asked in the same way as they were in 2017 and previous waves.

The picture for recent quarters is reported below. 76% of SMEs in Q4 2025 met the definition of a Future happy non-seeker and they remained the largest group. The proportion planning to apply was fairly stable, but there was a decline in Future would-be seekers over the course of the year from 18% in Q1 to 12% in Q4 2025:

Future finance plans									
All SMEs – over time By date of interview	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4595***	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
Plan to apply/renew	10%	11%	9%	11%	11%	9%	11%	11%	12%
Future would-be seekers – with identified need	2%	1%	1%	2%	1%	2%	3%	1%	1%
Future would-be seekers – no immediate identified need	19%	21%	20%	16%	13%	16%	12%	10%	11%
Future happy non-seekers	69%	67%	70%	72%	75%	73%	74%	78%	76%

Q99/104 (230/239) All SMEs

In most years since 2016, around 1 in 3 Future happy non-seekers have reported using external finance. The figures for 2023 and 2024 were at the top of the range seen (42% and 51%) but back in line for 2025 (39%).

The table below shows the changes in the relative sizes of these groups on an annual basis over recent years:

- Future demand for finance had been broadly stable at around 1 in 10 (10-14% 2015-21 and 2024-25) with the slight exception of the 8% in both 2022 and 2023.
- More markedly, the proportion of Future would-be seekers, having halved between 2012 and 2019 (23% to 11%), was back to 1 in 5 in 2020 and in most years since then, with the exceptions this time of 2022 and 2025 (both 14%)
- This change in FWBS affected the proportion of Future happy non-seekers but they remained the largest group (75% of all SMEs in 2025, in line with recent years).

Future finance plans								
Over time – all SMEs	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***18,002***	***18,000***	***17,768***	***16,486***	***17,002***	***17,010***	***17,011***	***16,729***
Plan to apply/renew	10%	11%	13%	10%	8%	8%	10%	11%
Future would-be seekers	13%	11%	21%	19%	14%	19%	19%	14%
Future happy non-seekers	77%	78%	65%	71%	78%	72%	71%	75%

Q99/104 (230/239) All SMEs

Amongst SMEs with employees:

- The proportion planning to apply/renew, having been higher and broadly stable 2018-2021 (13-16%) was somewhat lower in 2022 and 2023 (10%), but then back in line in both 2024 (14%) and 2025 (16%).
- Over the same time period, the proportion of Future would-be seekers was more variable, from 18% in 2020 to 13% in 2022. Since 2023 the figure has declined from 17% to 11% in 2025, at the lower end of the range typically seen.
- This initially left the Future happy non-seekers of finance as an increasingly large group (increasing to 76% in 2018 and 75% for 2019). The size of this group has been more variable since, from 66% in 2020 to 76% in 2022, then slightly lower in both 2024 (71%) and 2025 (74%).

Currently 40% of SMEs can be described as Permanent non-borrowers based on their past and indicated future behaviour. The table below shows future plans over recent years once this group has been excluded:

- The proportion planning to apply was around 1 in 5 until 2020 but has been lower since then. The 18% seen in 2025 was up from 16% in 2024 and closer to those previous levels.
- The proportion of Future would-be seekers declined from 35% in 2012 to 19% in 2017. It increased again to 36% in 2020 and remained around 3 in 10 to 2024 but was somewhat lower again in 2025 (23%).
- The largest group remained the Future happy non-seekers of finance. This group increased from 44% of these SMEs in 2012 to 61% in 2019. It was somewhat lower in 2020 and 2021 (42% and 52%) but since then close to 6 in 10 of non-PNBs have been Future Happy non-seekers of finance, with 2025 at the upper end of the range seen (59%).

Future finance plans

Over time – all SMEs excluding PNBs	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***11,294***	***12,147***	***12,010***	***10,774***	***10,034***	***12,252***	***11,825***	***11,394***
Plan to apply/renew	19%	19%	22%	17%	16%	13%	16%	18%
Future would-be seekers	24%	20%	36%	31%	27%	30%	29%	23%
Future happy non-seekers	57%	61%	42%	52%	57%	57%	55%	59%

Q99/104 (230/239) All SMEs excluding PNBs

Future would-be seekers

The Future would-be seekers are a group of interest as they represent a measure of future 'unmet' demand for funding. Between 2022 to 2024 the proportion increased by 5 percentage points to 19% but was back to 14% for 2025:

Future would-be seekers							
Over time By date of interview – row percentages	2019	2020	2021	2022	2023	2024	2025
All SMEs	***11%***	***21%***	***19%***	***14%***	***19%***	***19%***	***14%***
0 emp	12%	22%	20%	14%	20%	20%	15%
1-9 emps	10%	19%	16%	14%	18%	16%	11%
10-49 emps	10%	15%	14%	12%	14%	13%	9%
50-249 emps	8%	14%	11%	9%	8%	6%	6%
Minimal external risk rating	9%	18%	15%	9%	16%	15%	6%
Low	11%	18%	16%	13%	17%	14%	11%
Average	11%	21%	18%	13%	19%	20%	14%
Worse than average	11%	24%	22%	15%	21%	20%	16%
Agriculture	12%	20%	17%	13%	19%	26%	15%
Manufacturing	12%	19%	17%	15%	23%	20%	11%
Construction	12%	23%	18%	13%	16%	19%	16%
Wholesale/Retail	15%	19%	18%	14%	23%	20%	12%
Hotels & Restaurants	12%	22%	21%	17%	26%	21%	16%
Transport	11%	21%	20%	15%	19%	17%	16%
Property/ Business Services	10%	20%	16%	13%	18%	16%	12%
Health	9%	20%	22%	11%	20%	17%	11%
Other Community	13%	26%	24%	17%	22%	22%	17%
All excl PNBs	20%	36%	31%	27%	30%	29%	23%

Future finance All SMEs

The table above shows the proportion of Future would-be seekers was 5 points lower in 2025 (14%) than in 2024 (19%):

- This decline was seen across all sizes of SME except those with 50-249 employees where the proportion of FWBS was unchanged at 6%
- There was slightly more of a decline for those with a minimal risk rating (down 9 points to 6% and the least likely to be a FWBS)
- There was a more marked decline in FWBS for those in Agriculture (down 11 points to 15%) and an above average decline for those in Manufacturing (down 9 points to 11%)

Bringing together those planning to apply (reported earlier in this chapter) with the Future would-be seekers gives a measure of any future appetite for finance (i.e. all except the Future happy non seekers). In 2025, 25% of SMEs had any future appetite for finance by this measure, down 4 points from 2024, due to a lower proportion of FWBS (down 5 points to 14%):

- Compared to 2024, smaller SMEs saw lower overall appetite for finance in 2025 (down 5 points for 0 employees and 3 points for 1-9 employees), while the proportion of larger SMEs with future appetite for finance was either stable (for 10-49 employees) or somewhat higher (up 4 points for those with 50-249 employees to 15% as more planned to apply, though this is still the lowest proportion across the size bands)
- All risk ratings reported a lower future appetite for finance with the exception of those with a low rating where overall appetite was stable (but within the 22%, more planned to apply)
- With the exception of three sectors (Agriculture, Construction and Transport) appetite for finance was down 7-8 points in 2025, typically due to fewer FWBS. Whilst overall appetite amongst those in Agriculture was down 2 points 2024 to 2025, the proportion planning to apply was up 9 points to 17%, balanced by a decline in FWBS of 11 points to 15%

Any appetite for finance 2024 to 2025							
	2024			2025			
Over time By date of interview – row percentages	Apply	FWBS	Any	Apply	FWBS	Any	Change
All SMEs	***10%***	***19%***	***29%***	***11%***	***14%***	***25%***	**-4%**
0 emp	9%	20%	**29%**	9%	15%	**24%**	-5%
1-9 emps	14%	16%	**30%**	16%	11%	**27%**	-3%
10-49 emps	13%	13%	**26%**	18%	9%	**27%**	+1%
50-249 emps	5%	6%	**11%**	9%	6%	**15%**	+4%
Minimal external risk rating	7%	15%	**22%**	12%	6%	**18%**	-4%
Low	8%	14%	**22%**	11%	11%	**22%**	-
Average	8%	20%	**28%**	9%	14%	**23%**	-5%
Worse than average	13%	20%	**33%**	11%	16%	**27%**	-6%
Agriculture	8%	26%	**34%**	17%	15%	**32%**	-2%
Manufacturing	10%	20%	**30%**	12%	11%	**23%**	-7%
Construction	8%	19%	**27%**	11%	16%	**27%**	-
Wholesale/Retail	12%	20%	**32%**	13%	12%	**25%**	-7%
Hotels & Restaurants	14%	21%	**35%**	11%	16%	**27%**	-8%
Transport	12%	17%	**29%**	11%	16%	**27%**	-2%
Property/ Business Services	10%	16%	**26%**	9%	12%	**19%**	-7%
Health	8%	17%	**25%**	6%	11%	**17%**	-8%
Other Community	12%	22%	**34%**	10%	17%	**27%**	-7%
All excl PNBs	16%	29%	**45%**	18%	23%	**41%**	-4%

Future finance All SMEs

To understand this further, the table below shows all the reasons given by Future would-be seekers in Q4 2025 for thinking that they would not apply for finance in the next three months.

The reasons have been grouped into the themes used earlier in this report, and respondents could initially nominate as many reasons as they wished for not having applied when they wanted to. Over time, three new statements have been added to match those available to past Would-be seekers:

- Q2 22: We are already borrowing as much as we feel we can (Discouraged)
- Q1 23: We are worried about the impact of increasing interest rates (Process of borrowing)
- Q3 23: Banks don't lend to businesses like ours for environmental or ethical reasons (Discouraged).

The most mentioned reason remained a reluctance to borrow (49%), either due to the current economic climate (35%) or the predicted performance of the business (15%):

- Larger Future would-be seekers with 10-249 employees were more likely to give this as a reason (70%) than smaller FWBS (48%).
- Across the other main themes, 20% mentioned the process of borrowing (mainly the perceived cost and/or hassle), 9% felt discouraged (most of it indirect) and 16% mentioned the principle of borrowing (typically being able to raise personal funds if needed) All were mentioned slightly more by smaller FWBS with 0-9 employees.

Reasons for not applying (all mentions)			
Q4 25 - Future would-be seekers	Total	0-9 emps	10-249 emps
Unweighted base:	***454***	***335***	***119***
Reluctant to borrow now (any)	***49%***	***48%***	***70%***
-Prefer not to borrow in economic climate	35%	34%	56%
-Predicted performance of business	15%	15%	14%
Issues with principle of borrowing	***16%***	***16%***	***13%***
-Not lose control of business	5%	5%	10%
-Can raise personal funds if needed	10%	10%	1%
-Prefer other forms of finance	1%	1%	2%
-Go to family and friends	*	*	-
Issues with process of borrowing	***20%***	***20%***	***13%***
-Thought would be too expensive	7%	7%	6%
-Would be too much hassle	9%	9%	2%
-We are worried about the impact of increasing interest rates	2%	2%	3%
-Bank would want too much security	*	*	-
-Too many terms and conditions	1%	1%	2%
-Did not want to go through process	1%	1%	-
-Forms too hard to understand	-	-	-
Discouraged (any)	***9%***	***9%***	***3%***
-Indirect (Think I would be turned down)	7%	7%	2%
-Direct (Put off by bank)	*	*	-
-We are already borrowing as much as we feel we can	2%	2%	1%
-Banks don't lend to business like ours for environmental/ethical reasons	-	-	-

Q104 (239) Future would-be seekers SMEs

Further analysis of the main reasons given by Future would-be seekers, is also based on the latest quarter (Q4 2025) and shows a similar picture, with half being reluctant to borrow now:

Reasons for not applying (main mentions)			
Q4 25 - Future would-be seekers	Total	0-9 emps	10-249 emps
Unweighted base:	***454***	***335***	***119***
Reluctant to borrow now (any)	***48%***	***47%***	***68%***
-Prefer not to borrow in economic climate	34%	33%	54%
-Predicted performance of business	14%	14%	14%
Issues with process of borrowing	***19%***	***19%***	***13%***
-Thought would be too expensive	7%	7%	6%
-Would be too much hassle	7%	8%	2%
-We are worried about the impact of increasing interest rates	2%	2%	3%
-Bank would want too much security	*	*	-
-Too many terms and conditions	1%	1%	2%
-Did not want to go through process	1%	1%	-
-Forms too hard to understand	-	-	-
Discouraged (any)	***8%***	***9%***	***3%***
-Indirect (Think I would be turned down)	6%	7%	2%
-Direct (Put off by bank)	*	*	-
-We are already borrowing as much as we feel we can	2%	2%	1%
-Banks don't lend to business like ours for environmental/ethical reasons	-	-	-
Issues with principle of borrowing	***15%***	***15%***	***12%***
-Not lose control of business	4%	4%	9%
-Can raise personal funds if needed	9%	10%	1%
-Prefer other forms of finance	1%	1%	2%
-Go to family and friends	*	*	-

Q105 (239) Future would-be seekers SMEs

Amongst Future would-be seekers with employees, 60% mentioned a reluctance to borrow compared to 17% citing the process of borrowing, 6% mentioning discouragement and 9% the principle of borrowing.

The table below shows the main reasons given for not applying in Q4 2025 by risk rating, with a 'reluctance to borrow now' still the main barrier across the risk ratings, with the other barriers somewhat more likely to be mentioned by those with an average or worse than average risk rating:

Main reason for not applying			
Q4 25 - Future would-be seekers	Total	Min/Low	Avge/ Worse Avg
Unweighted base:	***454***	***158***	***258***
Reluctant to borrow now (any)	***48%***	***54%***	***47%***
-Prefer not to borrow in economic climate	34%	41%	31%
-Predicted performance of business	14%	13%	15%
Issues with process of borrowing	***19%***	***16%***	***19%***
Discouraged (any)	***8%***	***5%***	***8%***
-Indirect (Think I would be turned down)	6%	5%	6%
-Direct (Put off by bank)	*	-	*
-Already borrowing as much as can	2%	*	3%
-Banks don't lend to business like ours for environmental/ethical reasons	-	-	-
Issues with principle of borrowing	***15%***	***12%***	***16%***

Q105 (239/239a) Future would-be seekers SMEs

From Q3 2024, those FWBS who said that they did 'not want to borrow more in the current climate' were asked what would need to change for them to consider borrowing.

The table below shows the results for these Future would-be seekers in 2025, and the range of reasons (from a pre-coded list) selected by these SMEs.

- 41% would need to see a steady increase in customer demand, up from 25% in H2 24 and now the most mentioned reason, especially for smaller SMEs in this group
- There were also more mentions in 2025 of wanting a more certain economic outlook (36% from 28%), and this was the top reason for larger SMEs in this group. The same proportion needed interest rates to be lower (36% from 32%), and this was mentioned more by smaller SMEs, and 36% also mentioned more clarity around future government policy. 27% would consider borrowing if a strong opportunity presented itself, (up from 20% in H2 2024) almost twice the proportion that said they would need the staff or other resources to take advantage of any opportunities (15% up from 10%), and with little variation by size
- A stable 23% felt their business would need to be in a stronger position more generally, a view held more strongly by smaller rather than larger SMEs.

Not wanting to borrow more in current climate			
YEQ4 25 - Future would-be seekers	Total	0-9 emps	10-249 emps
Unweighted base:	***731***	***522***	***209***
If saw a steady increase in customer demand	41%	42%	28%
If the economic outlook were more certain	36%	36%	33%
If interest rates were lower	36%	36%	26%
More clarity about future government policy	36%	36%	28%
If strong new opportunity presented itself	27%	27%	24%
Stronger financial position in the business	23%	23%	18%
If had staff/resources to take advantage of opportunities	15%	15%	16%
None of these	17%	17%	21%

Q104b Future would-be seekers SMEs

Returning to all the reasons cited by FWBS, the main reasons for being unlikely to apply for new/renewed facilities are shown on an annual basis over time below.

A reluctance to borrow now remained the most mentioned reason but, at 49% in 2025, this was somewhat lower than the 7 in 10 seen 2020-2023. There was a further small increase in discouragement (up 4 points to 14%) and in mentions of the principle of borrowing (up 4 points to 10%):

Main reason for not applying								
Future would-be seekers – over time	2018	2019	2020	2021	2022	2023	2024	2025
Unweighted base:	***1700***	***1779***	***3157***	***2484***	***2081***	***2740***	***2507***	***1740***
Reluctant to borrow now (any)	57%	63%	77%	75%	76%	74%	65%	49%
Issues with process of borrowing	20%	12%	8%	9%	9%	8%	15%	15%
Discouraged (any)	13%	12%	7%	8%	7%*	7%*	10%	14%
Issues with principle of borrowing	3%	4%	4%	5%	4%	5%	6%	10%

Q105 (239/239a) Future would-be seekers SMEs * does not include bank not lending for environmental/ethical reasons

These reasons remain in contrast to those given by past Would-be seekers where there was more of a spread of reasons for not applying, but the process of borrowing was the top mention.

How have international SMEs responded to current conditions?

When the 2025 interviews were conducted, UK SMEs were negotiating the UK being outside the EU, the impact of higher costs and the wars in Ukraine and the Middle East, as well as the challenges of trading with the USA. As highlighted at the start of this chapter, those SMEs that trade internationally are potentially more likely to have felt an impact on their business, whether from a change in the value of sterling or the impact of changes in the terms upon which the UK now trades with other countries.

This section summarises how international SMEs have felt from 2019 onwards, split into three groups based on the ways in which they trade internationally alongside their domestic trade. The sizes of these groups have changed very little since 2016, and in 2025:

- Export-only: 5% of SMEs exported but did not import (with little difference by size 3-6%).
- Import-only: 8% of SMEs imported but did not export (increasing by size of SME from 8% to 13%).
- Fully international: 6% of SMEs both imported and exported (increasing by size of SME from 4% to 18%).
- Domestic only (for completeness): 80% of SMEs only traded domestically (decreasing by size of SME from 82% to 67%).

Key results for 2025 are shown below. Analysis showed that:

- International SMEs were more likely to be planning to grow than SMEs overall, notably those that both import and export (57%)
- Import only SMEs were more likely to be 'Struggling' (26%) and, with fully international SMEs, more likely to see higher costs, the economic climate and political uncertainty as barriers.
- All were more likely to report a negative impact from leaving the EU, especially those that were fully international (47%)

Future outlook summary table

YEQ4 25– all SMEs row percentages	All SMEs	Export	Import	Both
Unweighted base:	***16,729***	***899***	***1797***	***1690***
Plan to grow	41%	51%	50%	57%
Struggling	23%	18%	26%	20%
Higher costs 8-10 barrier	36%	26%	39%	35%
Economic climate 8-10 barrier	36%	34%	40%	38%
Political uncertainty 8-10 barrier	35%	32%	41%	40%
Sterling 8-10 barrier	10%	8%	17%	19%
Supply chain issues 8-10 barrier	8%	3%	12%	12%
Negative impact of leaving EU (excl DK)	27%	34%	41%	47%
Plan to apply for finance	11%	10%	14%	15%
Future would-be seeker of finance	14%	10%	13%	13%

The table below takes a longer-term view back to 2018 where data exists:

International	Summary analysis over time
Export only	In 2025, Export-only SMEs were: • As likely to be planning to grow (51%) as in 2021-2024, but still below pre-pandemic levels (56% in 2018) and also below the growth aspirations of their fully international peers (57%). • Slightly more likely to be planning to apply for finance (10%) than in 2023-24, but below their international peers. • As likely to see the economic climate as a barrier (34%) as in 2024, and below their international peers. • More likely to see political uncertainty as a barrier (up 7 points to 32%) than in 2024, but still below their international peers. • Less likely than their international peers to see the value of sterling as a barrier (8%), little changed from 2024.
Import only	In 2025, Import-only SMEs were: • Less likely to be planning to grow (down 6 points to 50%) back to 2023 levels and now in line with their Export only peers. • As likely to be planning to apply for finance (up 1 point to 14%), still slightly ahead of their Export only peers. • Slightly more likely to see the economic climate as a barrier (up 3 points to 40%) and still ahead of their international peers. • Also more likely to see political uncertainty as a barrier (up 8 points to 41%) than in 2024, and still ahead of their Export only peers. • Almost as likely to see the value of sterling as a barrier (down 2 points to 17%) as they were in 2024.
Import and export	In 2025, fully international SMEs were: • The most likely to be planning to grow (57%) albeit this was 8 points lower than in 2024. • The most likely to be planning to apply for finance (15%), almost unchanged from 2022-24. • More likely to see the economic climate as a barrier (up 8 points to 38%) and now in line with their Import-only peers. • More likely to see political uncertainty as a barrier (up 12 points to 40%) and now in line with their Import-only peers. • Slightly less likely to see the value of sterling as a barrier (down 2 points to 19%).

Future outlook summary table								
Over time – all SMEs	2018	2019	2020	2021	2022	2023	2024	2025
Plan to grow								
All SMEs	49%	51%	37%	46%	42%	46%	47%	41%
Export only	56%	56%	41%	49%	51%	52%	51%	51%
Import only	64%	61%	50%	57%	54%	50%	56%	50%
Import and export	64%	60%	51%	64%	60%	63%	65%	57%
Plan to apply for finance								
All SMEs	10%	11%	13%	10%	8%	8%	10%	11%
Export only	10%	13%	13%	9%	8%	7%	6%	10%
Import only	17%	18%	20%	14%	11%	9%	13%	14%
Import and export	17%	21%	17%	11%	16%	16%	16%	15%
Economic climate 8-10 barrier								
All SMEs	17%	21%	36%	23%	31%	32%	30%	36%
Export only	20%	23%	41%	23%	32%	31%	33%	34%
Import only	25%	28%	43%	24%	42%	35%	37%	40%
Import and export	22%	30%	41%	31%	38%	37%	30%	38%
Political uncertainty 8-10 barrier								
All SMEs	19%	24%	24%	19%	21%	22%	26%	35%
Export only	25%	29%	28%	20%	23%	27%	25%	32%
Import only	25%	32%	31%	25%	33%	25%	33%	41%
Import and export	29%	42%	28%	25%	29%	28%	28%	40%
Value of sterling 8-10 barrier								
All SMEs	12%	14%	9%	9%	12%	12%	9%	10%
Export only	15%	18%	10%	14%	11%	14%	9%	8%
Import only	22%	21%	18%	16%	28%	18%	19%	17%
Import and export	28%	34%	21%	20%	32%	32%	21%	19%

Additional analysis of more recent issues is provided below:

Current issues	Summary analysis
Export only	In 2025, Export-only SMEs were: • Less likely than their international peers to see a negative impact from the new EU trading arrangements (and down 15 points to 34%). • Less likely than their international peers to see any of the current top 3 metrics as major barriers: economic climate (almost unchanged at 34%), political uncertainty/future government policy (though the score was up 7 points from 2024 at 32%) or higher costs (down 5 points to 26%) • 41% met the definition of an Ambitious Innovator, up 11 points from 2024 and putting them in line with their fully international peers (and ahead of Import-only SMEs).
Import only	In 2025, Import-only SMEs were: • Less likely to report a negative impact from the new EU trading arrangements (down 8 points to 41%), though this was a smaller year on year decline than amongst their international peers. • More likely (by a narrow margin) than their international peers to see any of the current top 3 metrics as major barriers: political uncertainty/ future government policy (up 8 points to 41%), the economic climate (up 3 points to 40%) and higher costs (although down 4 points at 39%) • 34% met the definition of an Ambitious Innovator, almost unchanged from 2024 and the lowest of the international groups.
Import and export	In 2025, fully international SMEs were: • Less likely than they had been in 2024 to report a negative impact from the new EU trading arrangements (down 14 points to 47%), but still more likely than their international peers. • The biggest change in barriers 2024 to 2025 for this group was political uncertainty/ future government policy, up 12 points to 40%. Concern around the economic climate was also higher in 2025 (up 8 points to 38%) and to a lesser degree higher costs (up 2 points to 35%). This puts fully international SMEs between Import-only and export-only SMEs in terms of seeing these as major barriers • Now as likely as Export only SMEs to meet the definition of an Ambitious Innovator (42%, down 4 points on 2024)

Current issues summary table					
Over time – all SMEs	2021	2022	2023	2024	2025
Negative impact of new EU trading					
All SMEs	29%	33%	34%	33%	27%
Export only	38%	40%	41%	49%	34%
Import only	48%	55%	51%	49%	41%
Import and export	58%	67%	62%	61%	47%
Higher costs 8-10*					
All SMEs	34%	39%	38%	35%	36%
Export only	18%	28%	39%	31%	26%
Import only	34%	46%	39%	43%	39%
Import and export	49%	39%	41%	33%	35%
Current economic climate 8-10*					
All SMEs	23%	31%	32%	30%	36%
Export only	23%	32%	31%	33%	34%
Import only	24%	42%	35%	37%	40%
Import and export	31%	38%	37%	30%	38%
Political uncertainty 8-10%					
All SMEs	19%	21%	22%	26%	35%
Export only	20%	23%	27%	25%	32%
Import only	25%	33%	25%	33%	41%
Import and export	25%	29%	28%	28%	40%
Ambitious Innovator					
All SMEs	-	-	-	27%	26%
Export only	-	-	-	30%	41%
Import only	-	-	-	35%	34%
Import and export	-	-	-	46%	42%

*data for 2021 is for Q4 only

Awareness of initiatives

Summary

In 2025, 1 in 5 SMEs were aware of the British Business Bank and/or its Finance Hub, with little change since 2021:

- Awareness increased slightly by the size of SME, from 20% with 0 employees to 25% with 50-249 employees (up 6 points from 2024). There was limited variation by age (21-23%, except for those trading for 15+ years, 19%)
- Awareness was also higher for those in Property/Business Services (28%), compared to 13% in Construction, and 14% in Agriculture and Hotels and Restaurants (down 7 points from 2024).
- Excluding the Permanent non-borrowers with no apparent appetite for finance increased awareness amongst remaining SMEs to 23%

Awareness remained limited for the **other support measures** included in H2 2025, the Standards of Lending Practice (14%), the Growth Guarantee Scheme (1%) and/or CDFIs (6%):

- Awareness of the Standards of Lending practice increased steadily by size of SME from 14% with 0 employees to 24% with 50-249 employees, with limited variation by age (13-17%) Awareness increased to 16% once the PNBs were excluded
- Awareness of the Growth Guarantee Scheme was limited (1%) but was somewhat higher amongst larger SMEs (9% with 10-49 employees and 7% with 50-249 employees) again with limited variation by age (1% or less) Awareness was also 1% once the PNBs were excluded
- Awareness of CDFIs did not vary much by size of SME (5-7%) but was somewhat higher for Starts (8%) than older SMEs (5-6%). Awareness remained at 6% once the PNBs were excluded

6 in 10 SMEs (excluding the PNBs) were aware of **different forms of finance**, such as Venture Capital, Business Angels and equity funding or peer-to-peer lending platforms:

- In Q4 2025, 51% of these SMEs were aware of Venture Capital, with limited variation by size of SME (50-53%) with the exception of those with 10-49 employees (56%)

- 45% were aware of equity crowdfunding platforms with limited variation by size of SME (43-47%) again with the exception of those with 10-49 employees (50%)
- 40% were aware of peer-to-peer lending platforms. Those with 0 employees were somewhat less likely to be aware (39%) with little variation otherwise (42-43%)
- 36% were aware of Business Angels. Those with 0 employees were again somewhat less likely to be aware (35%) with little variation otherwise (38-41%)
- 61% of SMEs (excluding PNBs) were aware of 1 or more of these sources of finance, initially increasing by size from 60% with 0 employees to 67% with 10-49 employees but then somewhat lower for the largest SMEs (61%).
- This overall awareness was unchanged from Q4 2024 when the question was last asked, and also in line with most previous years, though awareness was slightly higher in Q4 2022 and Q4 2023 at 65%

Half of SMEs (excluding the PNBs) were aware of **equity crowdfunding platforms and/or peer-to-peer lending**. Usage remained limited, with a minority saying they would consider it as a form of finance in the future:

- 52% of SMEs were aware of either of these forms of funding with limited variation by size (51-55%). This was somewhat lower than in Q4 2024 when 60% were aware, and towards the lower end of the range of awareness previously seen
- Very few were using these forms of finance (1%). 9% said they would consider using them in future but most, 42, said they would not consider them, all with limited variation by size
- The 9% who were aware and would consider using these forms of funding were the equivalent of 17% of all those aware of the funding. This was also slightly lower than in Q4 2024 (20%) but in line with Q4 2023.

In October 2010, the Business Finance Taskforce agreed to a range of initiatives with the aim of supporting SMEs in the UK. This final section of the report looks at awareness amongst SMEs of some of those original commitments, together with other, more recent, initiatives.

This part of the survey has been revised regularly as new initiatives have been developed and during Covid, some of these questions were rested in order to create space for the Covid related questions. This chapter provides details of those core measures that remain, as well as other newer initiatives that have been added to the questionnaire more recently.

Awareness of the British Business Bank

The table below details awareness of the British Business Bank across recent quarters. Awareness was lower at the end of 2025 (20% in Q4) than the end of 2024 (27%):

Awareness of BBB								
Over time – all SMEs	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Unweighted base:	***4182***	***4322***	***4254***	***4253***	***4250***	***4260***	***4035***	***4184***
The British Business Bank*	17%	16%	21%	27%	22%	19%	20%	20%
The BBB's Finance Hub	12%	10%	13%	13%	11%	11%	11%	11%
Aware of BBB / Finance hub	***18%***	***17%***	***21%***	***27%***	***22%***	***20%***	***21%***	***20%***

QAw1 from Q2 2020

On an annual basis, awareness is more stable as the table below shows:

- Any awareness in 2025 was unchanged from 2024 (21%) with only a few notable changes year on year, as awareness amongst the largest SMEs increased by 6 points to 25% (the highest of any size band) and by 4 points for those in Manufacturing (to 22%), but was down 7 points for those in the Hotel and Restaurant sector (to 14%)
- Overall awareness was also higher amongst SMEs in Property/Business Services (unchanged at 28%) and increased to 23% once the PNBs were excluded.

Any awareness of BBB:							
Over time By date of interview – row percentages	Q3 2020	Q4 2020	2021	2022	2023	2024	2025
All SMEs	***24%***	***26%***	***22%***	***21%***	***18%***	***21%***	***21%***
0 emp	22%	24%	20%	20%	17%	20%	20%
1-9 emps	29%	31%	26%	22%	20%	24%	22%
10-49 emps	34%	34%	29%	25%	25%	25%	23%
50-249 emps	39%	35%	30%	19%	22%	19%	25%
Minimal external risk rating	28%	31%	22%	23%	17%	18%	21%
Low	25%	30%	20%	22%	19%	22%	22%
Average	27%	23%	22%	20%	19%	20%	19%
Worse than average	21%	28%	23%	20%	18%	21%	21%
Agriculture	18%	22%	21%	18%	14%	15%	14%
Manufacturing	19%	25%	24%	17%	14%	18%	22%
Construction	20%	23%	16%	18%	12%	16%	13%
Wholesale/Retail	34%	31%	24%	19%	22%	22%	22%
Hotels & Restaurants	26%	26%	24%	16%	17%	21%	14%
Transport	32%	18%	20%	21%	19%	23%	24%
Property/ Business Services	25%	32%	26%	26%	23%	27%	28%
Health	22%	15%	19%	13%	9%	15%	18%
Other	15%	31%	22%	19%	19%	18%	17%
PNBs	22%	23%	19%	19%	16%	18%	17%
All excl PNBs	25%	28%	24%	22%	19%	22%	23%
Starts	27%	35%	24%	22%	18%	26%	22%
2-5 years trading	24%	27%	21%	21%	18%	22%	23%
6-9 years	29%	24%	23%	21%	19%	22%	23%
10-15 years	21%	21%	22%	21%	22%	20%	21%
15+ years	23%	24%	21%	19%	17%	18%	19%

AW1 All SMEs

Awareness of other support initiatives

A number of schemes have been developed to support SMEs in their relationships with their bank, including, the Standards of Lending practice which 14% of SMEs were aware of, increasing by size:

Awareness of SLP					
YEQ4 2025 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***16,729***	***3912***	***7433***	***3835***	***1549***
The Standards of Lending Practice	14%	14%	16%	19%	23%

AW1 All SMEs

Amongst those using external finance, 16% had heard of the Standards of Lending Practice.

From Q3 2025, two further initiatives have been measured, with limited awareness:

- The Growth Guarantee Scheme (GGS), the successor to the Recovery Loan Scheme, covering a range of lending products and facilities up to £2 million, and providing the lender with a 70% government backed guarantee
- Community Development Finance Institution (CDFI), a non-profit lender that provides debt finance and support to SMEs that might face barriers accessing mainstream finance

Awareness of initiatives					
H2 2025 – all SMEs	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***8219***	***1959***	***3811***	***1786***	***663***
Growth Guarantee Scheme	1%	*	1%	9%	7%
CDFI	6%	6%	5%	6%	7%

AW1 All SMEs

Awareness of ALL initiatives by key groups

The tables below bring together all the initiatives available to all SMEs in H2 2025 by key demographics. The first table by size, risk rating, sector and age shows that:

- Awareness was highest for the British Business Bank (21%), and typically higher amongst larger SMEs, those in Wholesale/Retail or Property/Business Services and those trading for 6-9 years
- 14% were aware of the Standards of Lending Practice, again increasing by size of SME, but otherwise with only limited variation by demographics
- Awareness of the Growth Guarantee Scheme was very limited overall (1%), though again awareness did increase to a certain extent for the larger SMEs (to 9% of those with 10-49 employees)
- 6% were aware of SCFI, this time with little variation by size of SME, or other demographics

The second table below looks at awareness by future plans around growth and finance, as well as current use of finance. Awareness of GGS and CDFI varied little by these demographics:

- Those with plans to grow in the coming year were more likely than those with no such plans to be aware of the BBB and slightly more likely to be aware of the Standards of Lending Practice.
- Those with plans to apply for finance were slightly more likely to be aware of the BBB and the Standards of Lending Practice than their peers
- PNBs were somewhat less likely to be aware of the BBB and the Standards of Lending Practice

Awareness of ALL initiatives by key groups

The table below brings together all the initiatives available to all SMEs by key demographics for H2 2025 when all 4 metrics were measured, with a second table (below) analysing awareness by financial metrics:

Any awareness (1):				
H2 25 row percentages	BBB (any)	Lending Sta'ds	GGS	CDFI
All SMEs	***21%***	***14%***	***1%***	***6%***
0 emp	21%	14%	*	6%
1-9 emps	20%	16%	1%	5%
10-49 emps	24%	19%	9%	6%
50-249 emps	24%	24%	7%	7%
Minimal external risk rating	23%	17%	3%	4%
Low	22%	13%	2%	5%
Average	18%	13%	1%	4%
Worse than average	21%	16%	*	8%
Agriculture	15%	12%	-	3%
Manufacturing	21%	14%	*	5%
Construction	14%	12%	*	5%
Wholesale/Retail	25%	18%	4%	5%
Hotels & Restaurants	12%	14%	3%	4%
Transport	21%	14%	*	7%
Property/ Business Services	26%	17%	*	8%
Health	21%	11%	*	4%
Other Community	18%	13%	1%	5%
Starts	21%	13%	*	8%
2-5 years trading	23%	16%	1%	5%
6-9 years	25%	17%	1%	5%
10-15 years	21%	13%	1%	5%
15+ years	19%	14%	1%	6%

AW1 All SMEs

Any awareness (2):				
Q4 24 row percentages	BBB (any)	Lending Sta'ds	GGS	CDFI
All SMEs	***21%***	***14%***	***1%***	***6%***
Plan to grow	24%	16%	1%	5%
No plans to grow	18%	13%	1%	6%
Plan to apply for finance	26%	17%	1%	6%
Future would-be seekers	20%	11%	1%	4%
Future Happy non-seekers	20%	14%	1%	6%
PNBs	19%	12%	1%	6%
All excl PNBs	22%	16%	1%	6%
All using external finance	22%	17%	1%	6%

AW1 All SMEs

In addition, Exporters were asked if they were aware of the General Export Facility from UK Export Finance. In 2025 as a whole:

- 16% of exporters had heard of this facility, little changed from 17% in 2024, but still lower than the 24% aware in H2 2022.
- Awareness was lower for 0 employee exporters (13%) then varied little by size of exporter (21-23% of those with employees).
- Of the two main international sectors, 24% of exporters in Wholesale/Retail were aware of the General Export Facility and 18% of those in Manufacturing.
- Those who were importing as well as exporting (typically larger SMEs) were slightly more likely to be aware (18%) than those who only exported (14%).
- Awareness levels were also slightly higher amongst exporters using external finance (18%) than for those who weren't (14%).

Crowd Funding and other forms of finance

Questions on crowd funding have been through several iterations in the SME Finance Monitor since they were originally included in Q2 and Q3 2012, when awareness of the concept was 18%.

The question was revised most recently in Q1 2017 when SMEs were asked specifically if they were aware of either 'equity crowd funding platforms' or 'peer to peer lending platforms'. Since 2021 this question has been asked in Q4 only of each year due to space being needed for other questions.

The table below looks at awareness of these two forms of funding plus some others which were also added to the questionnaire when the change was made in 2017. Results are shown here for Q4 2025 with the PNBs excluded as has been standard practice in the past.

Awareness was highest for Venture Capital and equity crowd funding (with around half of these SMEs aware), while around 4 in 10 were aware of peer-to-peer lending and Business Angels. Overall, 6 in 10 had heard of one or more of these forms of funding:

Awareness of finance sources

All SMEs excl PNBs Q4 25	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***2812***	***546***	***1348***	***714***	***204***
Venture Capital	51%	50%	53%	56%	53%
Equity crowd funding platform	45%	43%	47%	50%	45%
Peer to peer lending platform	40%	39%	42%	43%	42%
Business Angels	36%	35%	38%	39%	41%
Any of these	***61%***	***60%***	***64%***	***67%***	***61%***
Not aware	39%	40%	36%	33%	39%

Q111 (238a3x) All SMEs excl PNBs and DK

Amongst those with employees, 64% were aware of one or more of the forms of funding tested.

The table below shows awareness of crowd funding/ peer to peer lending over time, initially under a more generic question and then (from Q1 2017) calculated as awareness of either 'equity crowd funding platforms' and/or 'peer to peer lending platforms'. Given the reduced frequency with which this question is asked, the analysis focusses on Q4 of each year for which comparable data is available.

Overall awareness of these forms of funding has been around 6 in 10 since Q4 2019, rising to two thirds in Q4 2022 and Q4 2023, then back to 6 in 10 for Q4 2024 and Q4 2025, albeit 2024 to 2025 awareness did improve somewhat for those with employees (but declined amongst those with plans to apply)

Crowd funding/peer to peer lending								
All SMEs excl PNBs Row percentages	Q4 2018	Q4 2019	Q4 2020	Q4 2021	Q4 2022	Q4 2023	Q4 2024	Q4 2025
All	***53%***	***57%***	***59%***	***58%***	***65%***	***65%***	***60%***	***61%***
0 emps	54%	59%	57%	57%	66%	64%	59%	60%
1-9 emps	50%	50%	63%	60%	62%	66%	60%	64%
10-49 emps	57%	56%	65%	62%	68%	72%	61%	67%
50-249 emps	68%	64%	59%	51%	44%	65%	53%	61%
All planning to apply	61%	66%	60%	61%	72%	58%	67%	61%

Q111 (238a3) All SMEs excl PNBs *Question changed in Q1 2017

The table below provides more specific detail on use, awareness and consideration of 'crowd funding' i.e. equity crowd funding platforms and/or peer to peer lending, for Q4 2025. Very few SMEs were using this form of finance (1%) while 1 in 10 would consider using it in future (17% of those aware, the equivalent of 9% of all SMEs excluding the PNBs):

Awareness and use of crowd funding					
All SMEs excl PNBs Q4 25	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	***2809***	***546***	***1346***	***713***	***204***
Aware of 'crowd funding'	***52%***	***51%***	***54%***	***55%***	***52%***
Using crowd funding	1%	1%	1%	1%	-
Unsuccessfully applied for crowd funding	*	*	*	*	-
Would consider applying in future	9%	8%	10%	10%	8%
Would not consider applying	42%	42%	43%	44%	44%
Not aware	48%	49%	46%	45%	48%
% aware who would consider	***17%***	***16%***	***19%***	***18%***	***15%***

Q111/112 (238a3x4) All SMEs excl PNBs

As the table below shows:

- Awareness increased from around half of SMEs, (excluding the PNBs) up to 2020, to 60% in Q4 2024, but was back to more typical levels in Q4 2025 (52%).
- The proportion of SMEs who would consider applying for such finance increased to 20% in H2 2019 but has been lower since. In Q4 2025 it was 9%, in line with recent years.
- As a result, 17% of SMEs that were aware of crowd funding in Q4 2025 said they would consider it as a form of funding, down 3 points on Q4 2024. This remained slightly lower than levels typically seen (around 1 in 5 since 2020) but back in line with Q4 2023

Awareness and use of crowd funding								
All SMEs excl PNBs Over time	H2 2018	H2 2019	Q1&4 2020	Q4 2021	Q4 2022	Q4 2023	Q4 2024	Q4 2025
Unweighted base:	***5691***	***6085***	***5855***	***2416***	***2484***	***3327***	***2888***	***2809***
Aware of crowd funding	47%	52%	52%	58%	56%	55%	60%	52%
Would consider applying in future	15%	20%	10%	13%	11%	9%	12%	9%
% aware who would consider	***32%***	***38%***	***19%***	***22%***	***20%***	***17%***	***20%***	***17%***

Q111/112 (238a3) All SMEs excl PNBs

Quotas and weighting

Eligible SMEs

In order to qualify for interview, SMEs had to meet the following criteria in addition to the quotas by size, sector and region:

- not 50%+ owned by another company
- not run as a social enterprise or as a not for profit organisation
- turnover of less than £25m
- The respondent was the person in charge of managing the business's finances. No changes have been made to the screening criteria in any of the waves conducted to date.

Sample structure

Quotas were set overall by size of business, by number of employees, as shown below. The classic B2B sample structure over-samples the larger SMEs compared to their natural representation in the SME population, in order to generate robust sub-samples of these bigger SMEs. Fewer interviews were conducted with 0 employee businesses to allow for these extra interviews. This has an impact on the overall weighting efficiency (once the size bands are combined into the total), which is detailed later in this chapter.

The sample design shown below was adopted from Q1 2025 (based on 2024 DBT data), and the sample sizes shown were achieved once the Q4 2024 interviewing was complete. The total annual sample size has reduced over time from 20,000 interviews a year (up to 2015) to 17,000 a year currently and the data is grossed to a total of 5,097,980 SMEs.

Business size			
	% of universe	Total sample size	% of sample
Total	***100%***	***17,000***	***100%***
0 employee (resp)	74%	3800	22%
1-9 employees	21%	7400	44%
10-49 employees	4%	4000	24%
50-249 employees	1%	1800	11%

Overall quotas were set by sector and region as detailed below. In order to ensure a balanced sample, these overall region and sector quotas were then allocated within employee size band to ensure that SMEs of all sizes were interviewed in each sector and region.

Business sector*			
(SIC 2007 in brackets)	% of universe	Total sample size	% of sample
AB Agriculture etc. (A)	3%	800	5%
D Manufacturing (C)	5%	2000	12%
F Construction (F)	17%	2600	15%
G Wholesale etc. (G)	11%	2400	14%
H Hotels etc. (I)	4%	1000	6%
I Transport etc. (H&J)	13%	1700	10%
K Property/Business Services (L,M,N)	27%	3800	22%
N Health etc. (Q)	7%	900	5%
O Other (R&S)	13%	1800	11%

Quotas were set overall to reflect the natural profile by sector, but with some amendments to ensure that a robust sub-sample was available for each sector. Thus, fewer interviews were conducted in Construction and Property/Business Services to allow for interviews in other sectors to be increased, in particular for Agriculture and the Hotel and Restaurant sector.

A similar procedure was followed for the regions and devolved nations:

Region	% of universe	Total sample size	% of sample
London	19%	1800	11%
South East	17%	2800	16%
South West	8%	1900	11%
East	11%	1900	11%
East Midlands	6%	1200	7%
North East	3%	600	4%
North West	9%	1500	9%
West Midlands	8%	1400	8%
Yorks & Humber	7%	1300	8%
Scotland	6%	1200	7%
Wales	4%	800	5%
Northern Ireland	2%	600	4%

Weighting

The weighting regime was initially applied separately to each quarter. The four most recent quarters were then combined and grossed to the total of 5,097,980 SMEs, based on DBT 2024 SME data.

This ensured that each individual wave is representative of all SMEs while the total interviews conducted in a 4-quarter period gross to the total of all SMEs.

The table below shows the new weighting being applied to interviews from Q1 2025 onwards:

		0	1-49	50-249	Total
AB	Agriculture, Hunting and Forestry; Fishing	2.32%	1.16%	0.02%	3.50%
D	Manufacturing	3.13%	1.55%	0.12%	4.80%
F	Construction	13.76%	3.26%	0.03%	17.05%
G	Wholesale and Retail Trade; Repairs	6.15%	4.65%	0.10%	10.90%
H	Hotels & Restaurants	1.34%	2.73%	0.07%	4.14%
I	Transport, Storage and Communication	10.33%	2.32%	0.08%	12.73%
K	Real Estate, Renting and Business Activities	20.57%	6.50%	0.17%	27.24%
N	Health and Social work	5.73%	1.14%	0.08%	6.95%
O	Other Community, Social and Personal Service Activities	10.80%	1.87%	0.02%	12.69%
		74.13%	**25.18%**	**0.69%**	

An additional weight then split the 1-49 employee band into 1-9 and 10-49 overall:

- 0 employee 74.13%
- 1-9 employees 21.18%
- 10-49 employees 4.00%
- 50-249 employees 0.69%.

Overall rim weights were then applied for regions:

Region	
	% of universe
London	17.89%
South East	16.54%
South West	9.71%
East	9.60%
East Midlands	6.49%
North East	3.02%
North West	8.99%
West Midlands	7.84%
Yorks & Humber	7.05%
Scotland	6.45%
Wales	4.00%
Northern Ireland	2.42%

Finally, a weight was applied for Starts and those trading for 2-5 years (Q13) set, after consultation with stakeholders at 20%.

The up-weighting of the smaller SMEs and the down-weighting of the larger ones has an impact on weighting efficiency. Whereas the efficiency is 77% or more for the individual employee bands, the overall efficiency is reduced to 28% by the employee weighting, and this needs to be considered when looking at whether results are statistically significant. The table below is based on the new sample design of 17,000 interviews per year:

Business size				
	Sample size	Weighting efficiency	Effective sample size	Significant differences
Total	17,000	28%	4760	+/-2%
0 employee (resp)	3800	79%	3002	+/-3%
1-9 employees	7400	77%	5698	+/-2%
10-49 employees	4000	78%	3120	+/-2%
50-249 employees	1800	82%	1476	+/-3%

Analysis techniques

CHAID (or Chi-squared Automatic Interaction Detection) is an analytical technique, which uses Chi-squared significance testing to determine the most statistically significant differentiator on some target variable from a list of potential discriminators. It uses an iterative process to grow a 'decision tree', splitting each node by the most significant differentiator to produce another series of nodes as the possible responses to the differentiator. It continues this process until either there are no more statistically significant differentiators, or it reaches a specified limit. When using this analysis, we usually select the first two to three levels to be of primary interest.

This report is the largest and most detailed study of SMEs' views of bank finance ever undertaken in the UK. More importantly, this report is one of a series of regular reports. So not only is it based on a large enough sample for its findings to be robust, but over time the dataset has been building into a hugely valuable source of evidence about what is really happening in the SME finance market.

A report such as this can only cover the main headlines emerging from the results. Information within this report and extracts and summaries thereof are not offered as advice and must not be treated as a substitute for financial or economic advice. This report represents BVA BDRC's interpretation of the research information and is not intended to be used as a basis for financial or investment decisions. Advice from a suitably qualified professional should always be sought in relation to any particular matter or circumstance.

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