

SME FINANCE MONITOR

The main deck to March 2026

An independent report by
Ipsos, April 2026



The SME Finance Monitor was established in 2011 and provides detailed analysis of SMEs and their access to finance, typically on a half yearly basis. The YEQ4 2025 report and chart pack will be published in March 2026.

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

The most recent data point for this report is the 3 months from January to March 2026. Note that because of the transfer of fieldwork from BVA BDRC to Ipsos (post acquisition), no reporting was done for the 3mths to January 2026 as only a limited number of interviews were possible.

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

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

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

Introduction – Changes to main SME Finance Monitor questionnaire and reporting

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

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

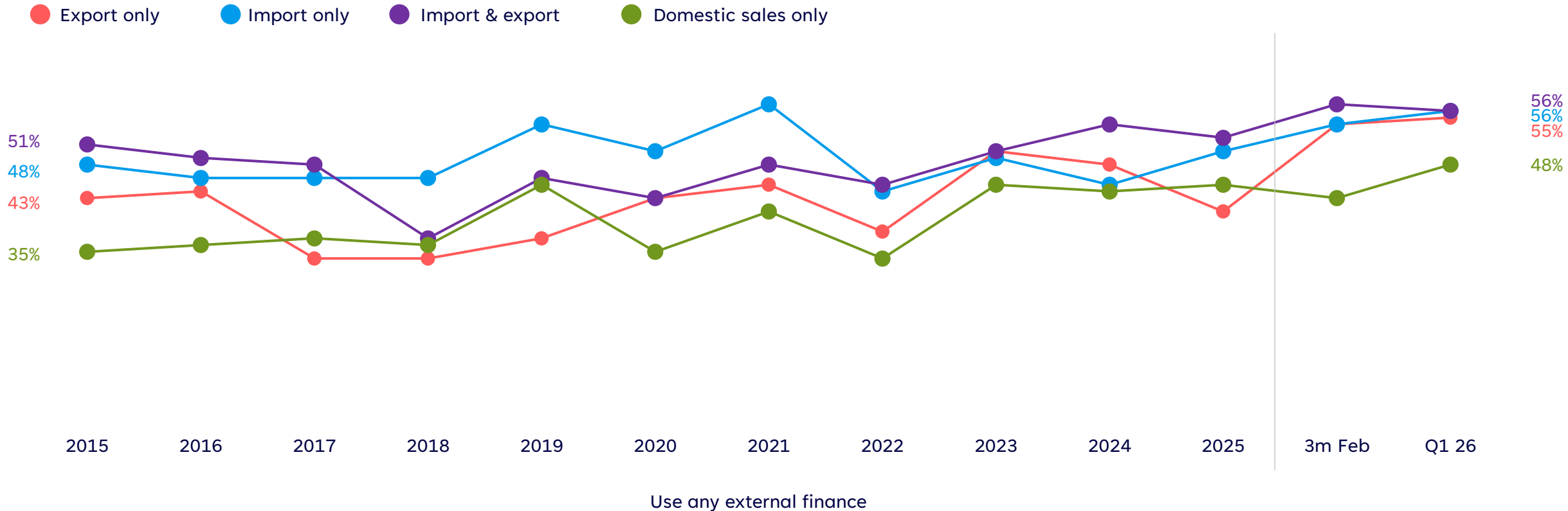
Most of the questions reported in this pack remained unchanged.

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

For Q1 2025 onwards (and most recently from January 2026) the size, sector and region weighting has been adjusted slightly to reflect the current profile of SMEs. From July 2025, the weighting of Starts (20%) has been adjusted to include those trading for 2-5 years to reflect market changes, this appears to have caused only minor changes to the current results.

All sizes of SME saw increases in use of external finance with little to choose currently between SMEs trading internationally. Domestic only SMEs remained less likely to be using external finance

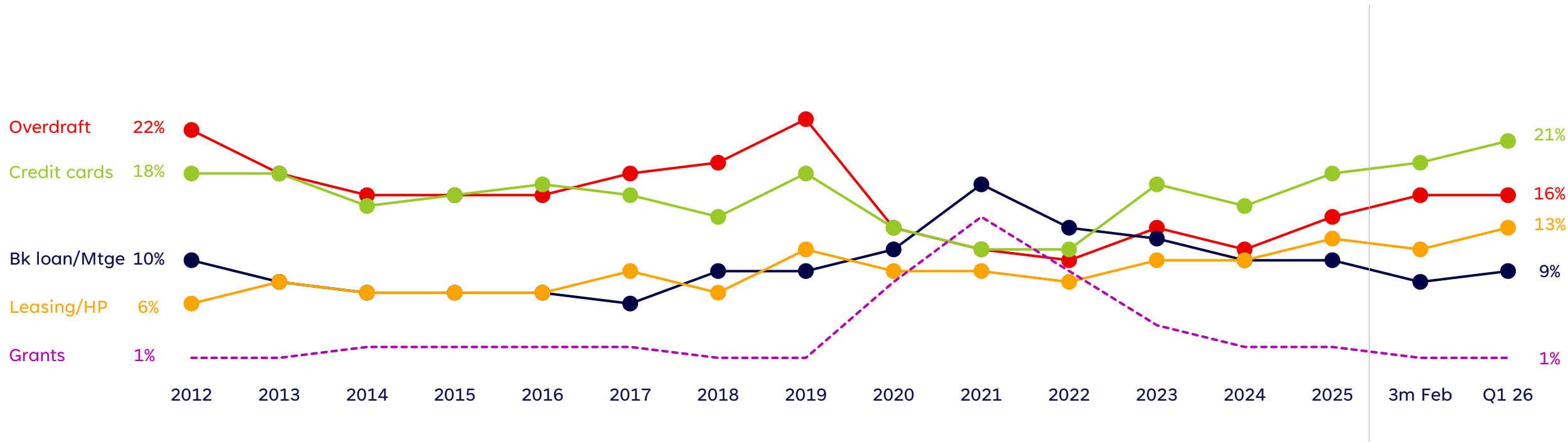
Time series: use of external finance by extent of international trade alongside domestic sales



Q15 Base : All 3m to Mar 215/366/357/2587

Credit cards remained the most common form of finance used, at 21%, while a stable 16% of SMEs have an overdraft, both higher than in 2025

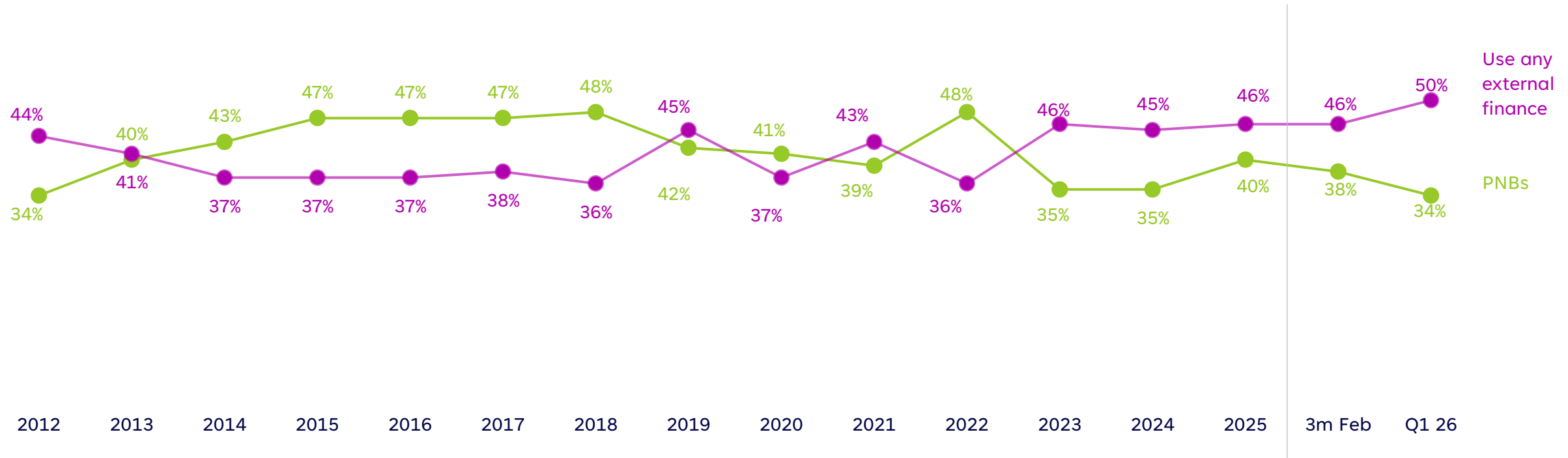
Time series: % of SMEs using each of the main forms of finance



Q15 all SMEs 3m to Mar 3525 (no adjustment made re new use of finance definition)

There continued to be more SMEs using external funding (50%) than there were Permanent non-borrowers (34%) with the 'gap' between them widening again

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

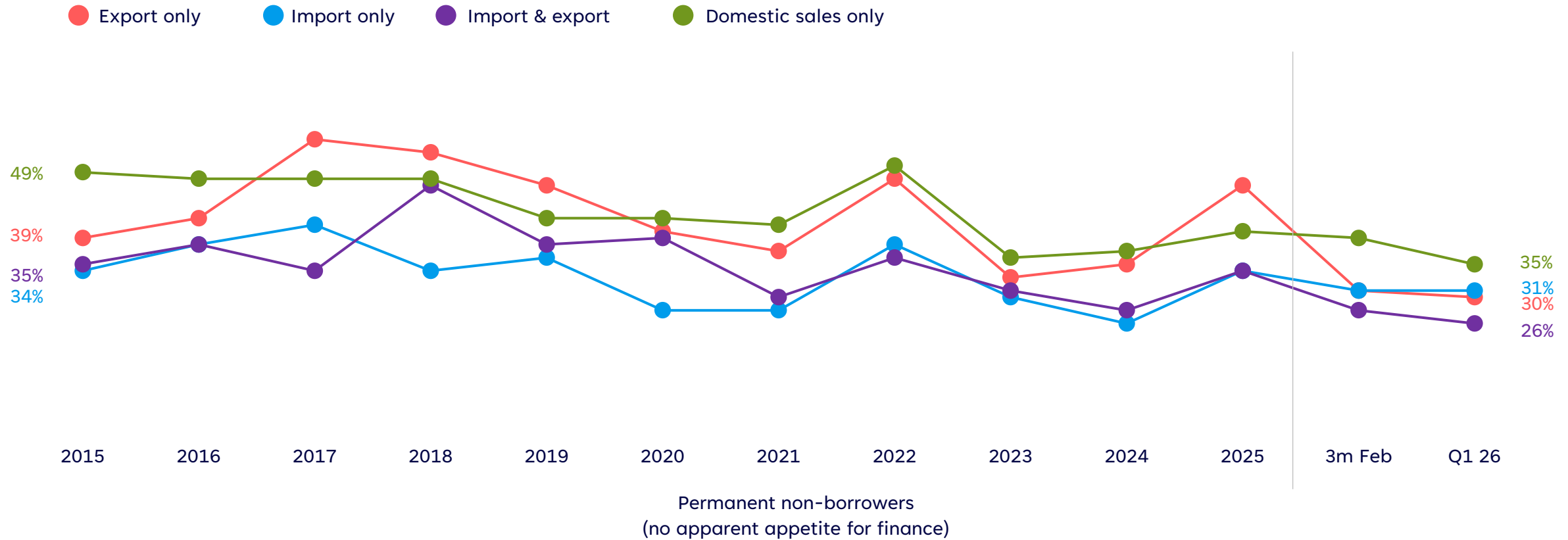


The 'Permanent non-borrowers' are firms with no apparent appetite for finance and are defined as not using external finance and showing no inclination to do so. From Q1 2023 a revised definition has applied, taking into account any pandemic funding the SME might have received – those who are still repaying it are now “using external finance” and those who took funding but have since repaid it cannot be a PNB. Pre-pandemic there were typically more PNBs than SMEs who use finance but this has not been the case since Q1 2023, though the gap has varied over recent periods (currently 16 points)

Q15 and Disgeg Base : All respondents 3m to Mar 3525

Domestic-only SMEs remained the most likely to meet the definition of a Permanent non-borrower, though with little to choose currently between international and domestic SMEs

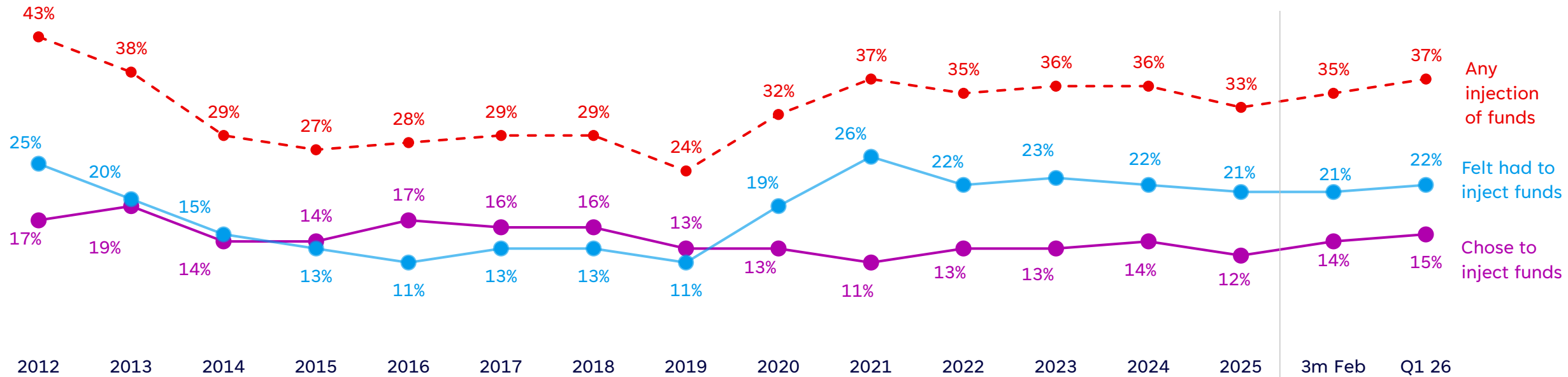
Time series: Permanent non-borrowers by extent of international trade alongside domestic sales



Disgeg Base: all 3m to Mar 215/366/357/2587

37% of SMEs reported having injected personal funds, back to the higher levels seen in 2023-24, as more SMEs said they felt they had to inject funds (22%) as well as an increase in those choosing to do so (to 15%)

Time series: Injections of personal funds in previous 12 months

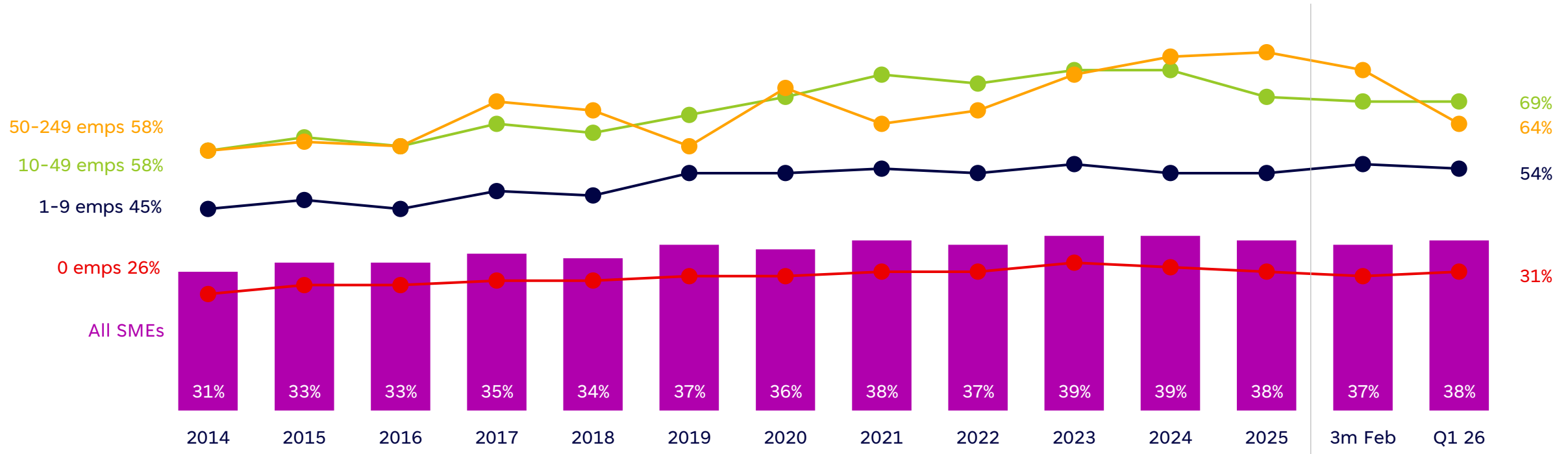


The proportion of SMEs injecting funds fell from a peak of 43% in 2012 to 28-29% of SMEs from 2016 onwards. In 2019 the proportion dropped to a quarter of SMEs but then increased again to 37% in 2021. In 2022 35% reported an injection and remained stable until the second half of 2025 (29% in Q4). The proportion has now increased again, back to 37% as SMEs continued to be more likely to say they had to inject funds (22%) rather than it being a choice (15%)

Q15d Base : All respondents 3m to Mar 3525

38% of SMEs used trade credit, increasing by size of SME. The larger SMEs remained the most likely to be using trade credit but at slightly lower levels than seen in 2024-25

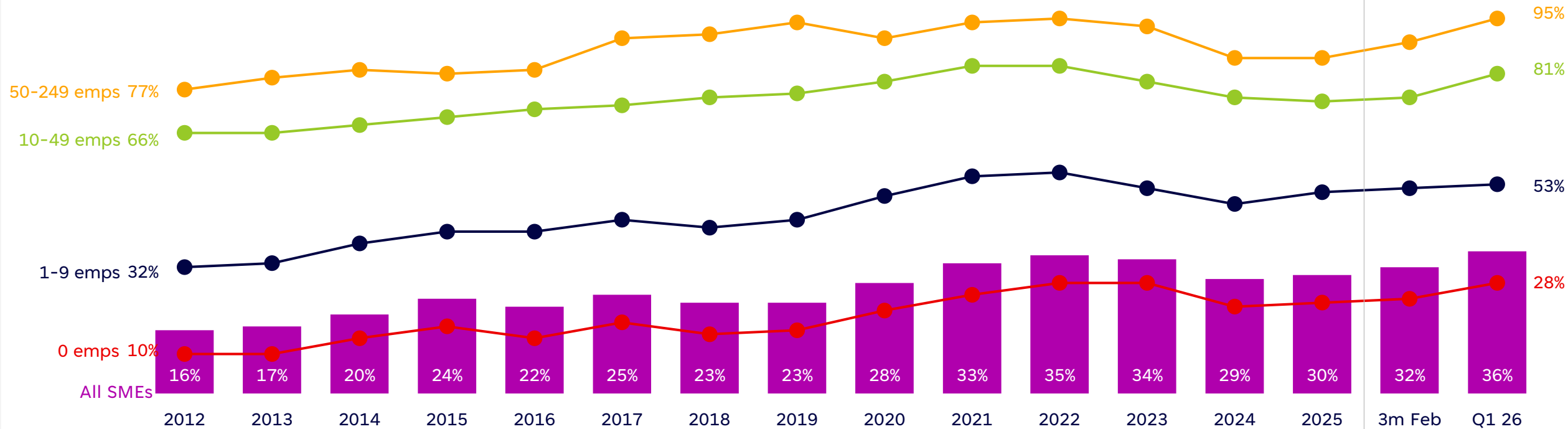
Time series: : Using trade credit



Q14 Base: All respondents 3m to Mar 3525

36% of SMEs held more than £10,000 of credit balances, with increases for all sizes of SME to 95% of the largest SMEs

Time series: £10k credit balances held

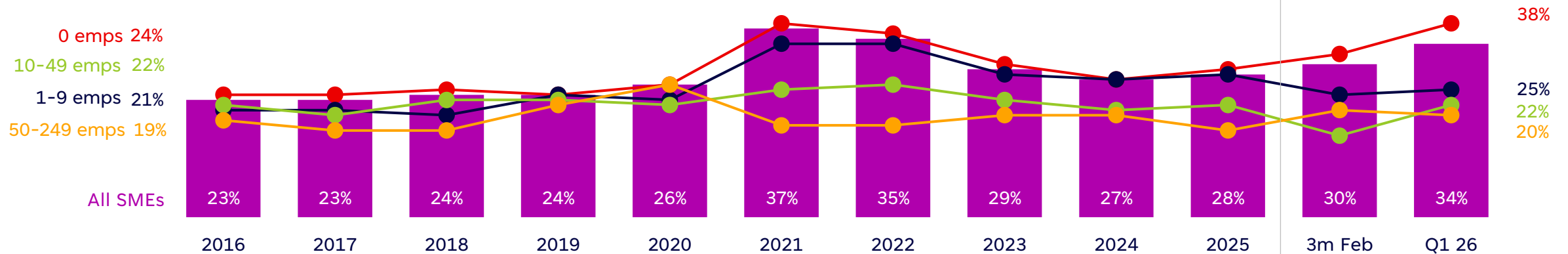


The proportion of SMEs holding £10,000 or more in credit balances increased from 3% in 2012 to 24% in 2015 and remained broadly stable to 2019. During 2020, the proportion of SMEs holding such sums increased steadily, to 28% for the year as a whole. 35% of SMEs held such sums in 2022, and 34% in 2023. Since then around 3 in 10 have held such sums, with the proportion in the current period at the top of the range seen recently at 36%

Q117 Base: All respondents 3m to Mar excl DK 2349

The proportion of turnover held as credit balances was also slightly higher at 34%, led by the 0 employee SMEs

Time series: % of turnover held as credit balances

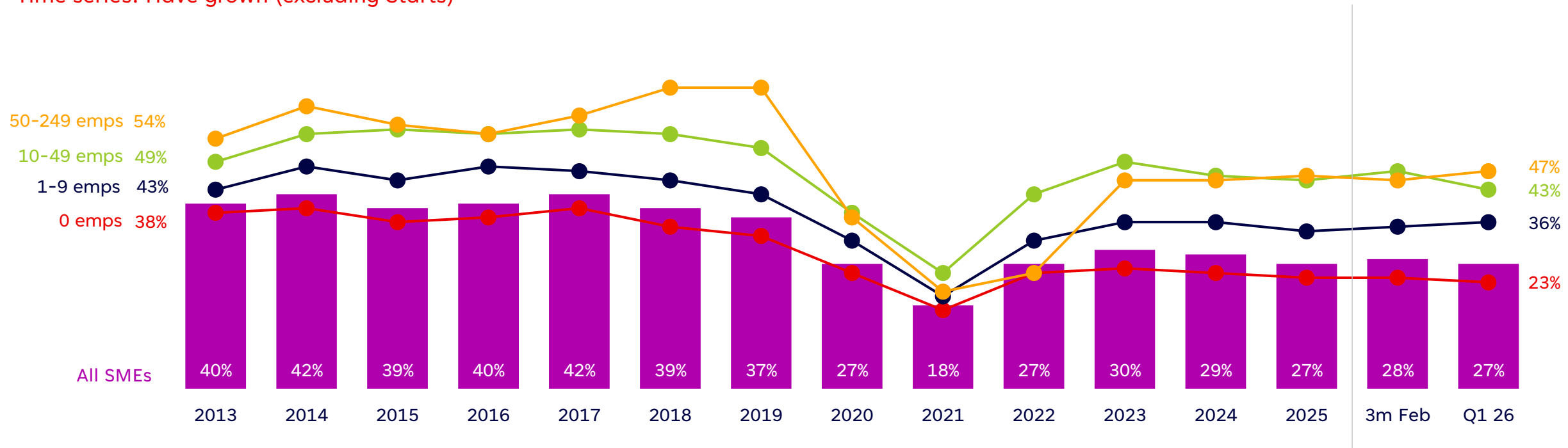


This analysis looks at credit balances held as a percentage of total turnover, both collected in bands with mid-points used and noting that turnover figures were affected by the pandemic but did increase somewhat in 2023. In the latest period SMEs held the equivalent of 30% of their turnover in credit balances, in line with most of 2024 and the first half of 2025. While the smallest SMEs saw an increase in the percentage held compared to Q3 2025, to 38%, the opposite was true for those with 1-9 employees, down to 25%

Q117/Q9 Base : All respondents 3m to Mar excl DK 2221
 Percentage cap imposed from Jan 2022 to prevent 1-2 respondents having disproportionate impact on average

A stable 27% of SMEs reported growth in the last 12 months, in line with 2025, but still well below pre-pandemic levels

Time series: Have grown (excluding Starts)

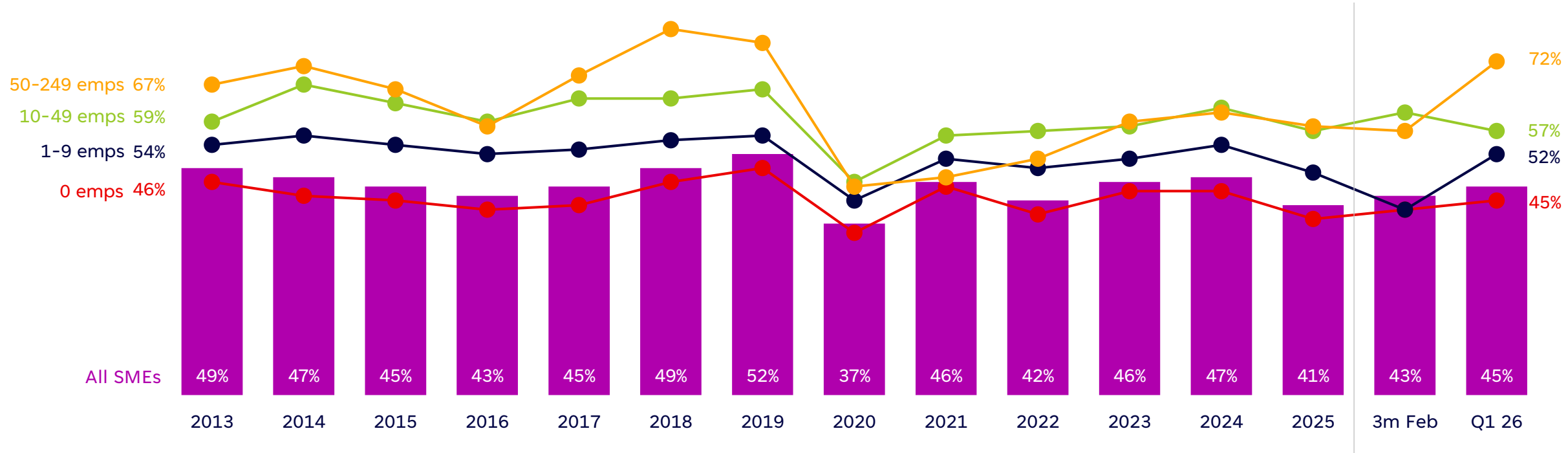


From 2012 to 2019, the proportion of SMEs (excluding Starts) reporting growth varied little and was 37% for 2019. During the pandemic, reported past growth was initially broadly stable in 2020 but then declined steadily across all size bands and was 27% for the year as a whole and 18% for 2021. It increased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

Q81 Base : All respondents excluding Starts and DK. 3 mths to Mar 3314

Growth aspirations, at 45%, were somewhat higher than in 2025, with increased ambition for all except those with 10-49 employees where it remained stable

Time series: Have plans to grow

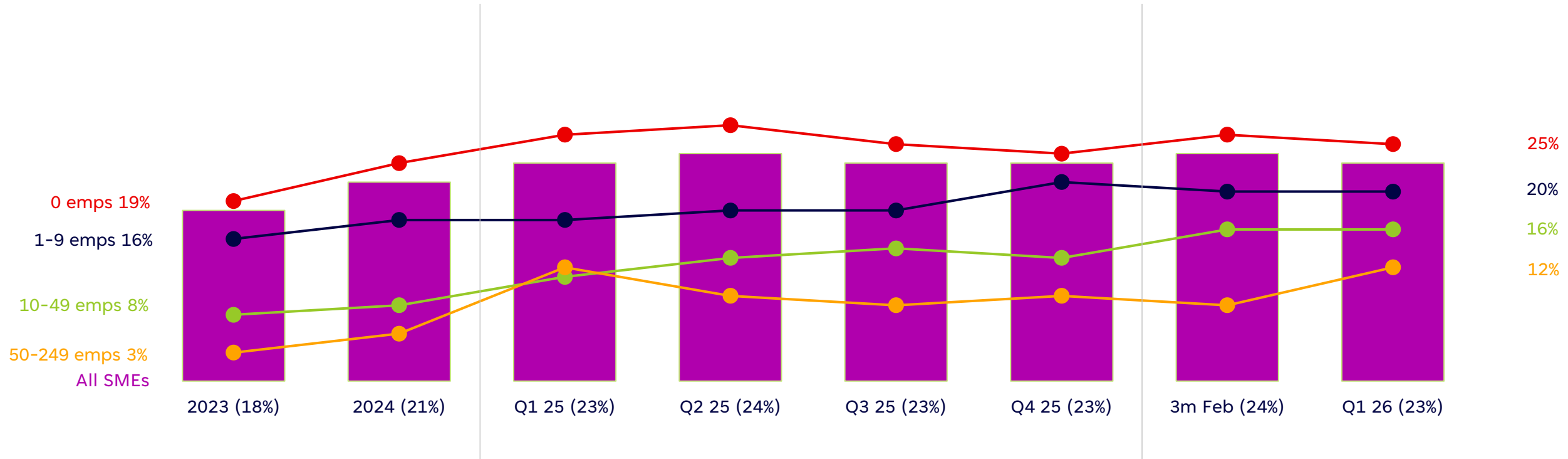


For 2019 as a whole, 52% of SMEs expected to grow, up from 49% in 2018 and the highest level seen to date on SMEFM. In 2020 those aspirations fell significantly to 37%. The increase in 2021 to 46% was not maintained in 2022 (42%) but increased to 46% for 2023. 47% planned to grow in 2024 but that proportion declined during 2025 to 39% in Q4. It was somewhat higher in the current period (45%) and across all size bands to different extents, with the exception of those with 10-49 employees (stable)

Q91 Base : All respondents 3m to Mar 3525

A stable 23% of SMEs in the current period felt that they were 'Struggling', still led by the smallest SMEs, but with the gap narrowing slightly to those with more than 10 employees

NEW Time series: Feel that they are 'Struggling'

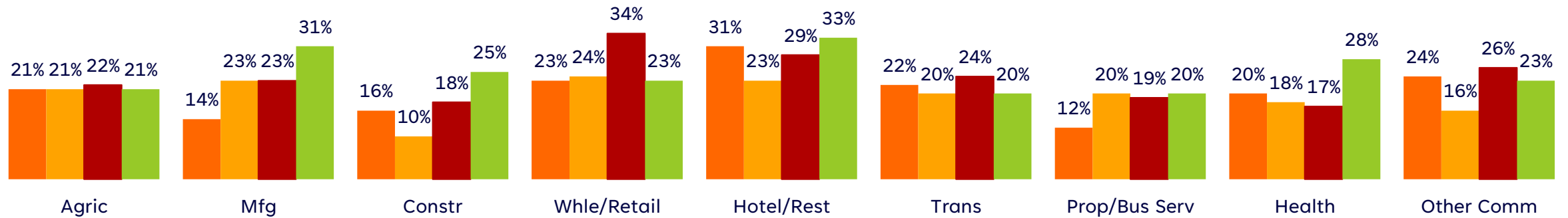


Qcv8 all SMEs 3m to Mar 3525

Compared to Q4 25, there were more SMEs ‘Struggling’ increased in the current period in Manufacturing, Construction and Health, but fewer in Wholesale/Retail. Those in Hospitality remained the most likely to be ‘Struggling’

Struggling: by sector (over time)

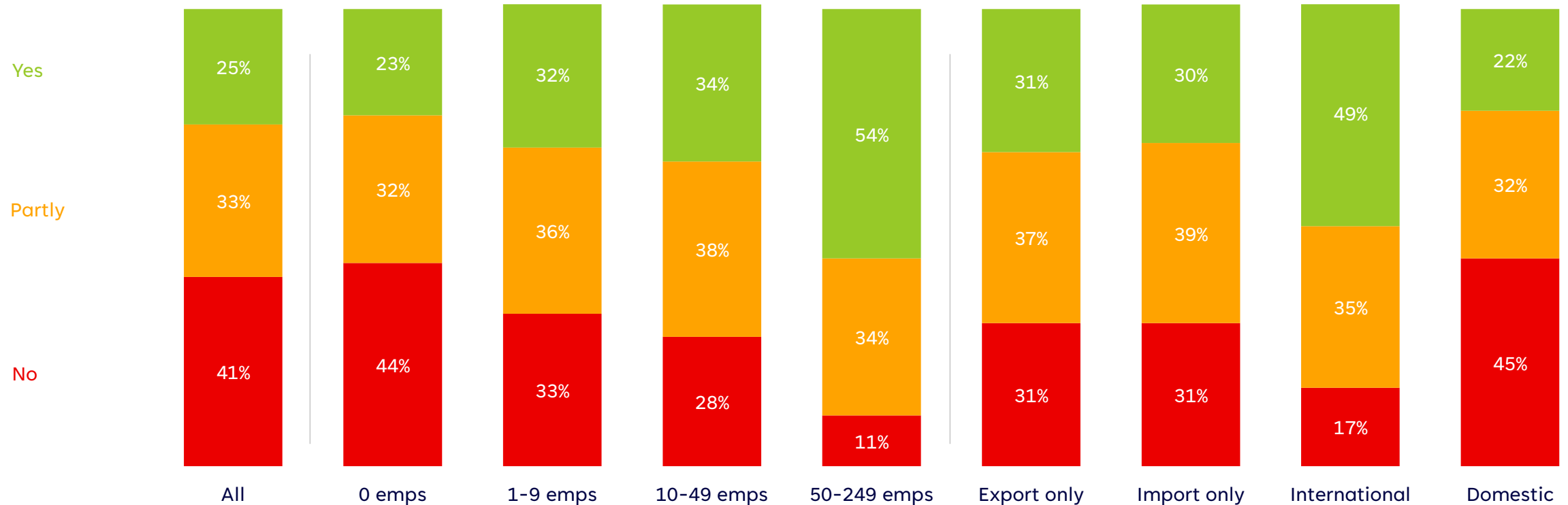
Q4 23 (18%) Q4 24 (18%) Q4 25 (23%) Q1 26 (23%)



Cv8 Base : All SMEs

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

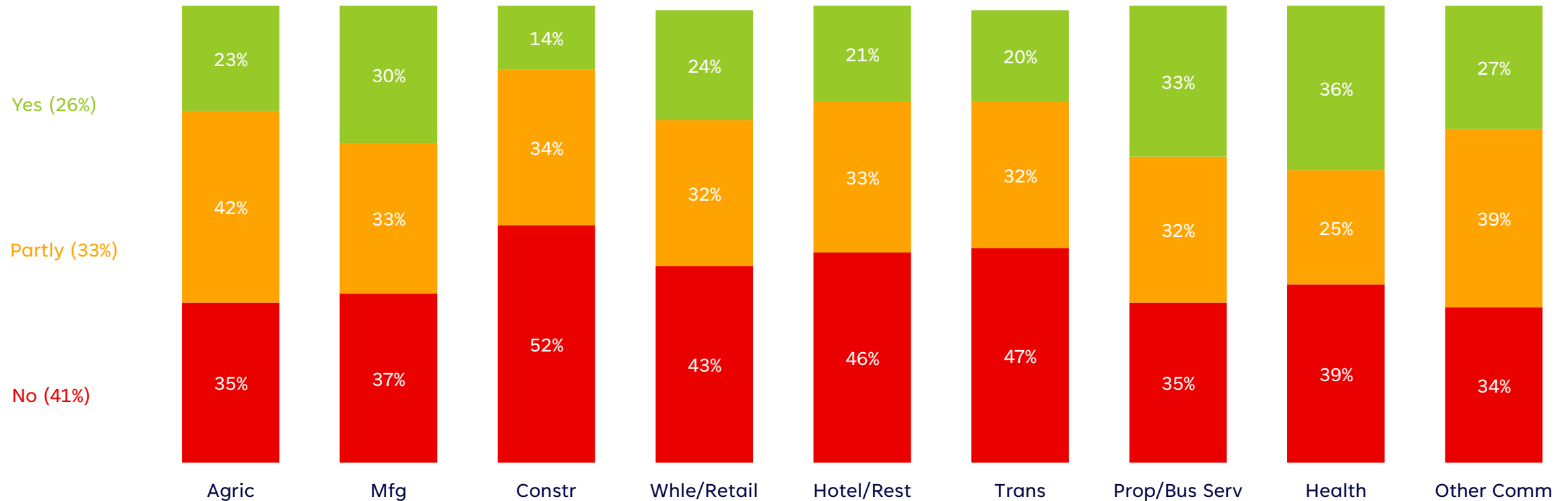
Ambitious Innovators: 3m to March 2026



All SMEs 3m to Mar 3525 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

SMEs in Manufacturing (30%) and those in Property/Business Services (33%) remained more likely to have plans to grow *and* innovate in the coming year, with those in Construction still the least likely (14%)

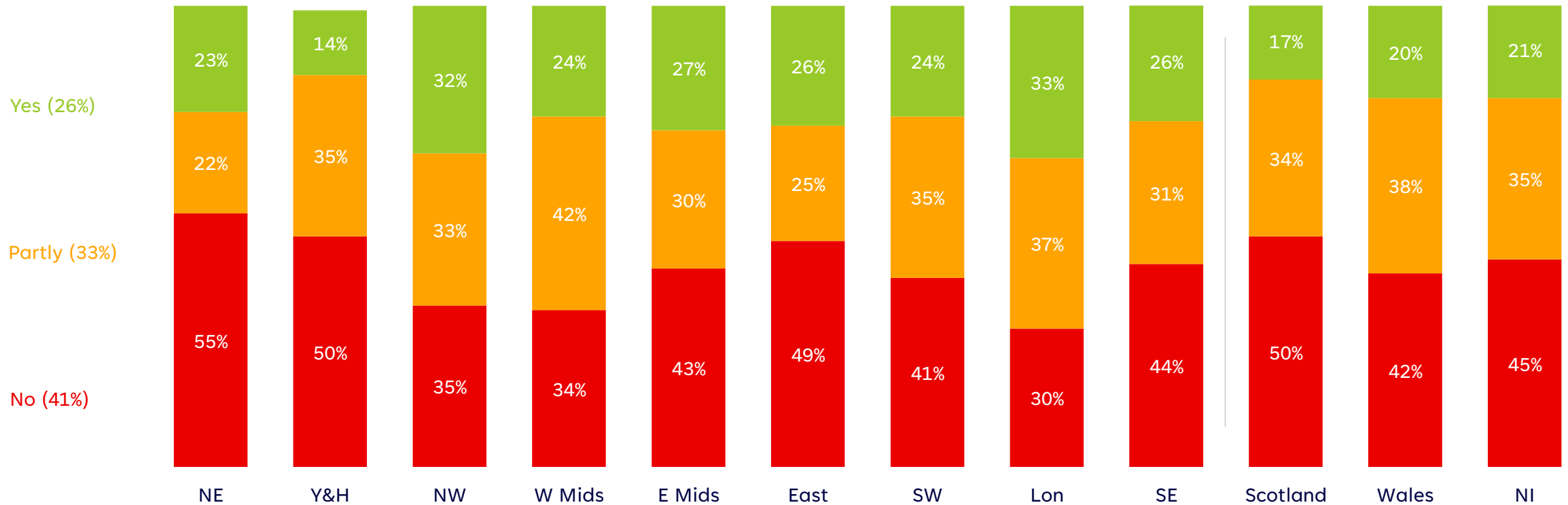
Ambitious Innovators: 3m to March 2026



All SMEs 3m to Mar 3525 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

By region, the proportion with plans to innovate *and* grow ranged from 33% in London and 32% in the North West to 14% in Y&H, 17% in Scotland and 20-27% elsewhere

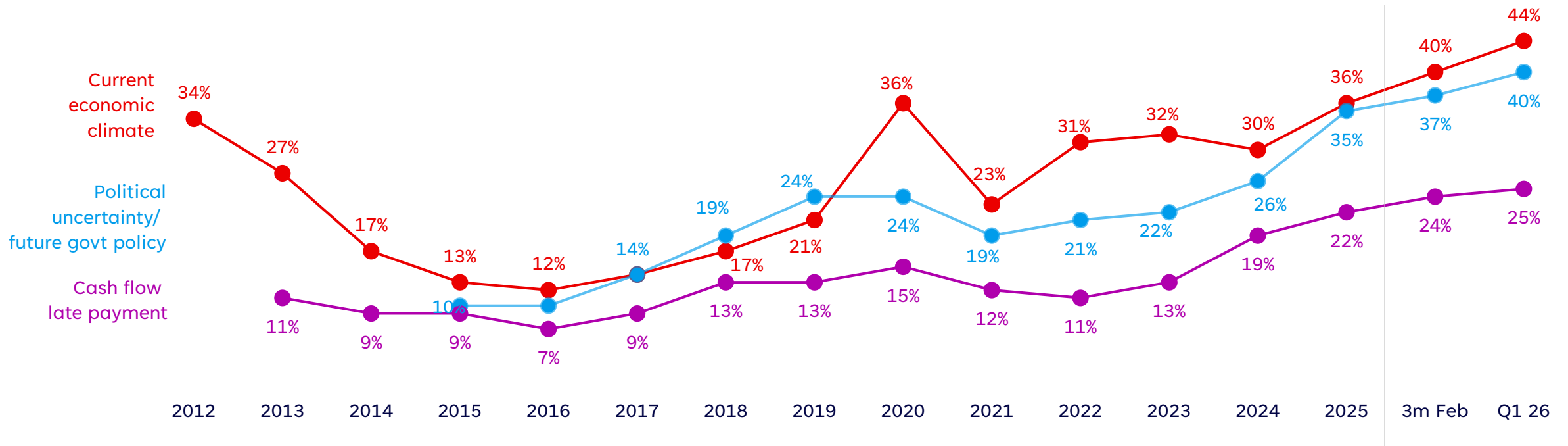
Ambitious Innovators: 3m to March 2026



All SMEs 3m to Mar 3525 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

There has been a further marked increase in the economic climate as a barrier and a smaller one in political uncertainty/ future government policy. Cash flow/late payment as a barrier has increased more steadily since 2024.

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



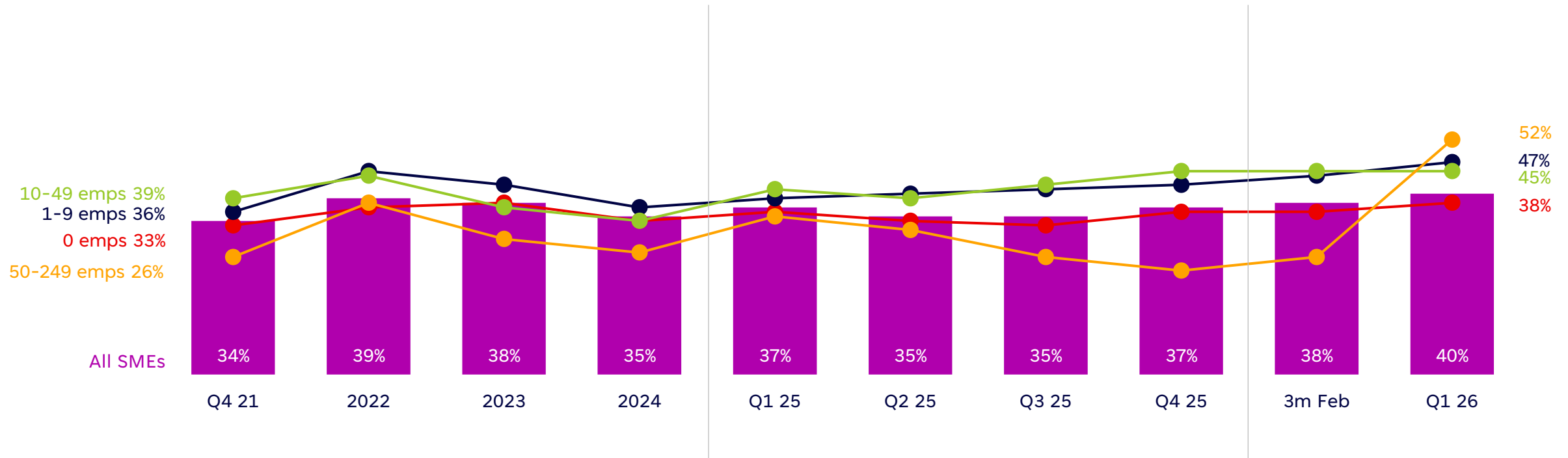
Concern for the economic climate increased most markedly from Q1 to Q2 2020 (20% in Q1 to 47% in Q2), the highest level seen to date. It then declined, to 23% in 2021, but increased from the start of 2022 to 32% in 2023 and increased steadily during 2025 with the 40% seen in Q4 2025 and 44% in the current period the highest seen recently. Political uncertainty/government policy increased steadily as a barrier during 2024 and 2025 to 41% in Q4 2025 and 40% currently. Concerns around cash flow and late payment increased steadily to Q1 2025 (22%) and with a further slight increase in the current period (to 25%)

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

Base : All respondents 3m to Mar 3525. Feb to March economic climate increased 41% to 51%, political uncertainty 37% to 45%

40% of SMEs viewed higher costs as a potential barrier in Q1 with now little difference by size of SME

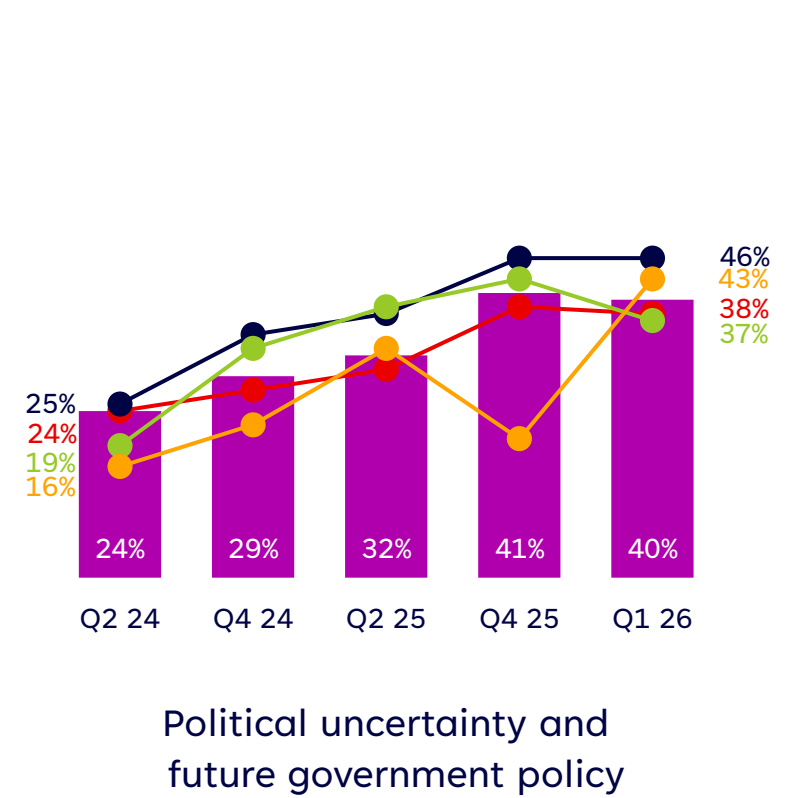
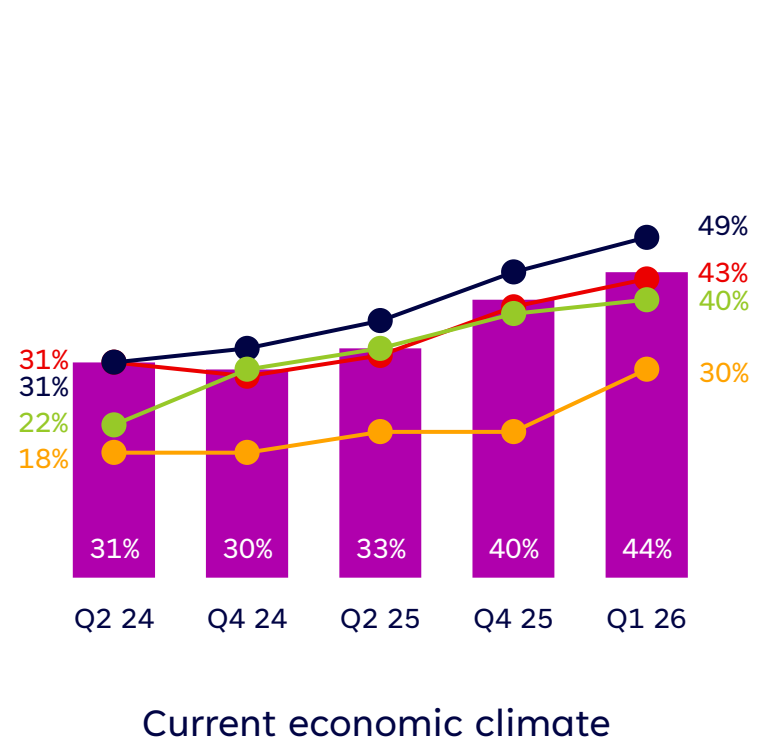
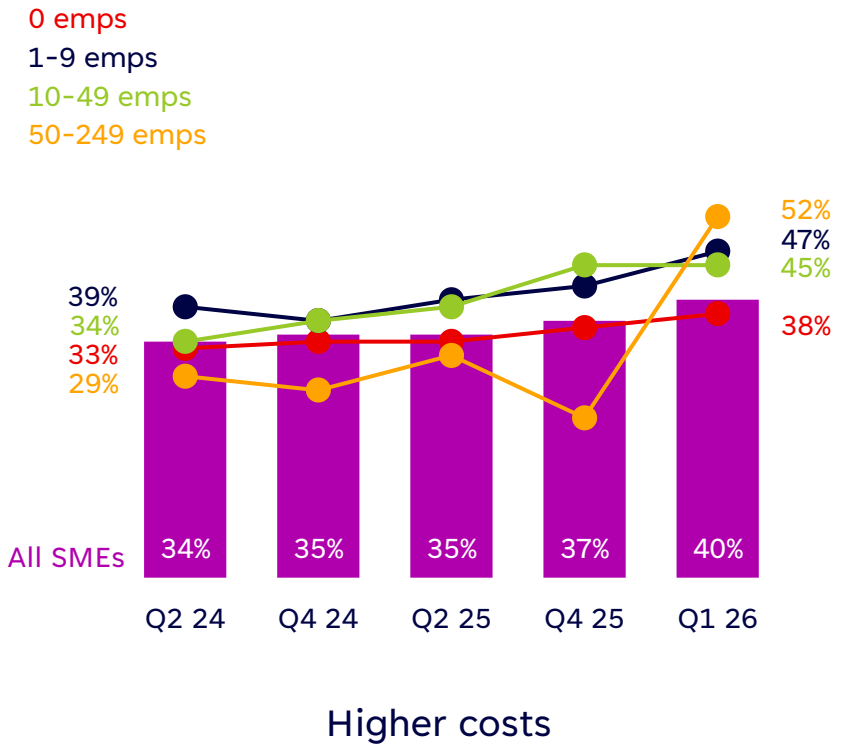
Time series: Higher costs 8-10 barrier (asked as Increasing costs to Q2 2024)



Q93 Base : All SMEs 3m to Mar 3525- Higher costs 36% Jan-Feb and 47% in March itself

Over recent quarters, there has been an increase in concern for the economic climate and higher costs. Political uncertainty/future government increased to Q4 2025 but is stable since

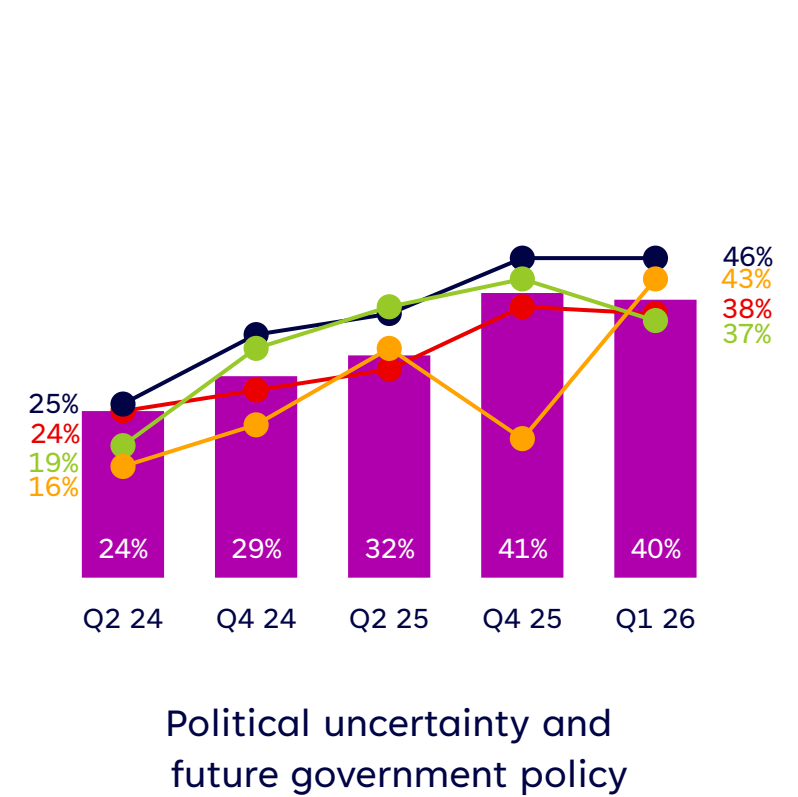
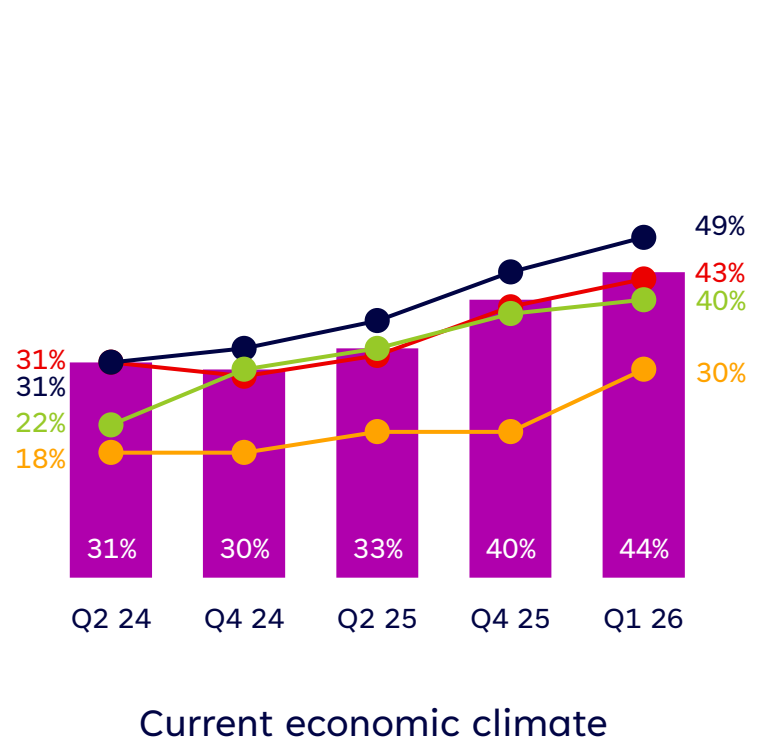
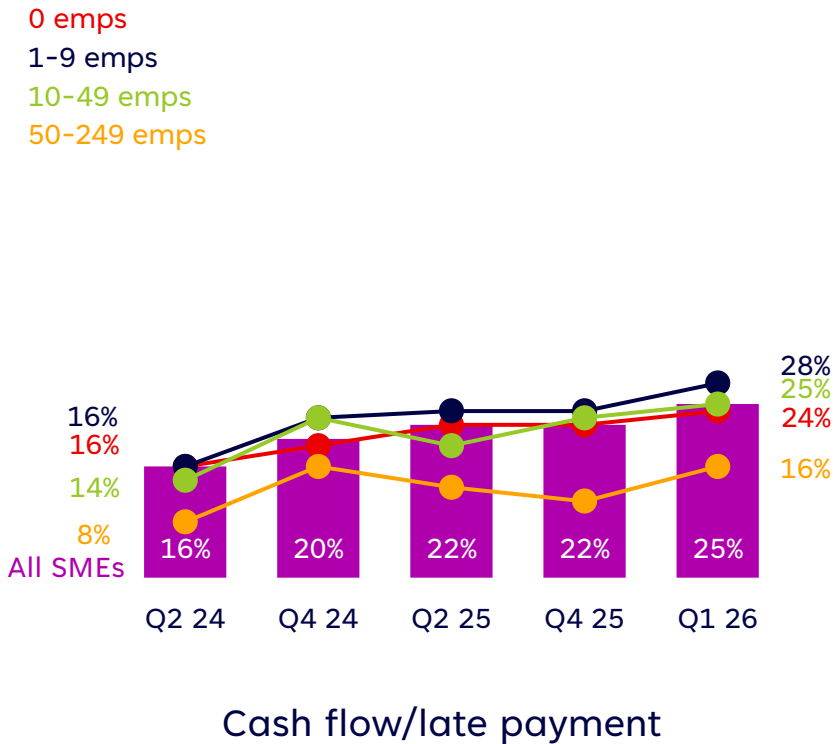
Additional analysis: Key barriers over recent quarters



Q93 Base : All SMEs 3m to Mar 3525

The largest SMEs remained less concerned about cash flow/late payment, with little to choose by SMEs size otherwise. Despite a steady increase over recent quarters, it remained less of a barrier than the economy or political uncertainty

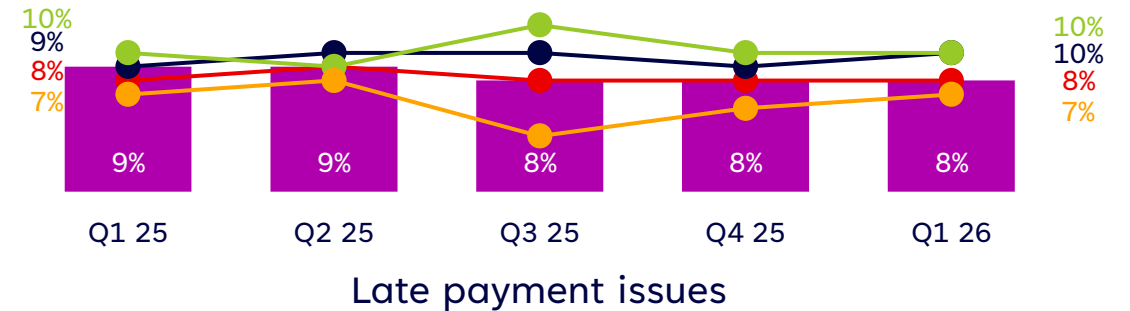
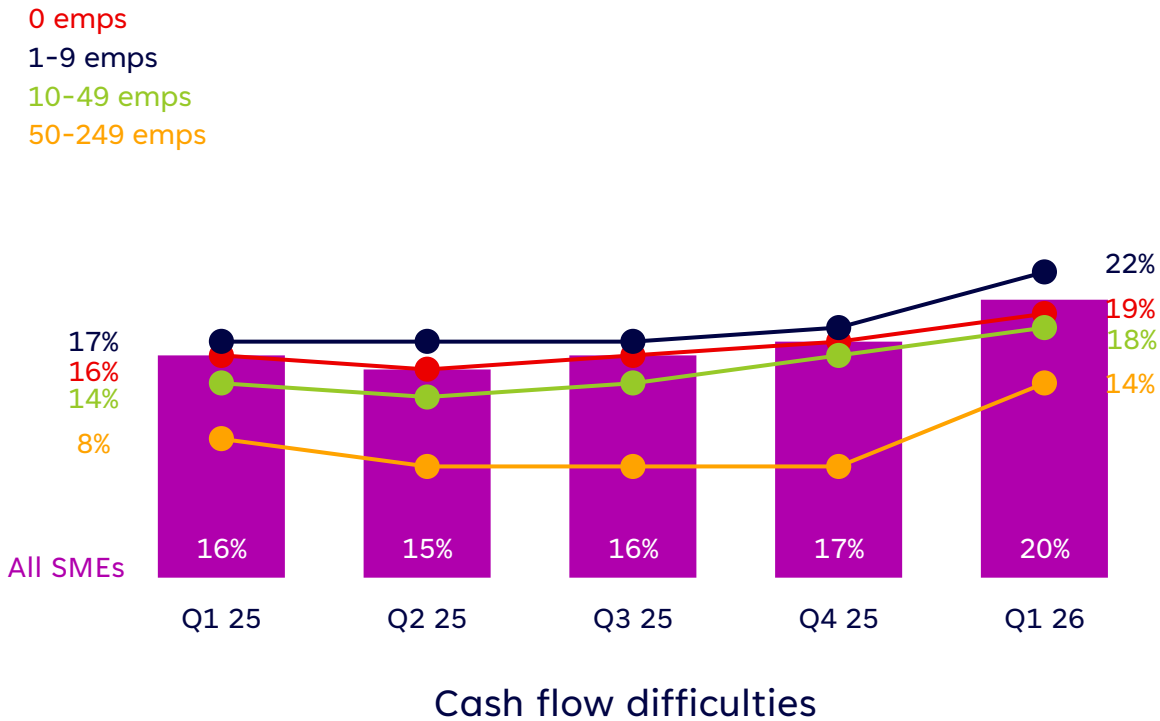
Additional analysis: Key barriers over recent quarters



Q93 Base : All SMEs 3m to Mar 3525

In their constituent parts, cash flow issues have increased slightly in Q1 2026 for all, while late payment is a more consistent issue both over time and by SME size

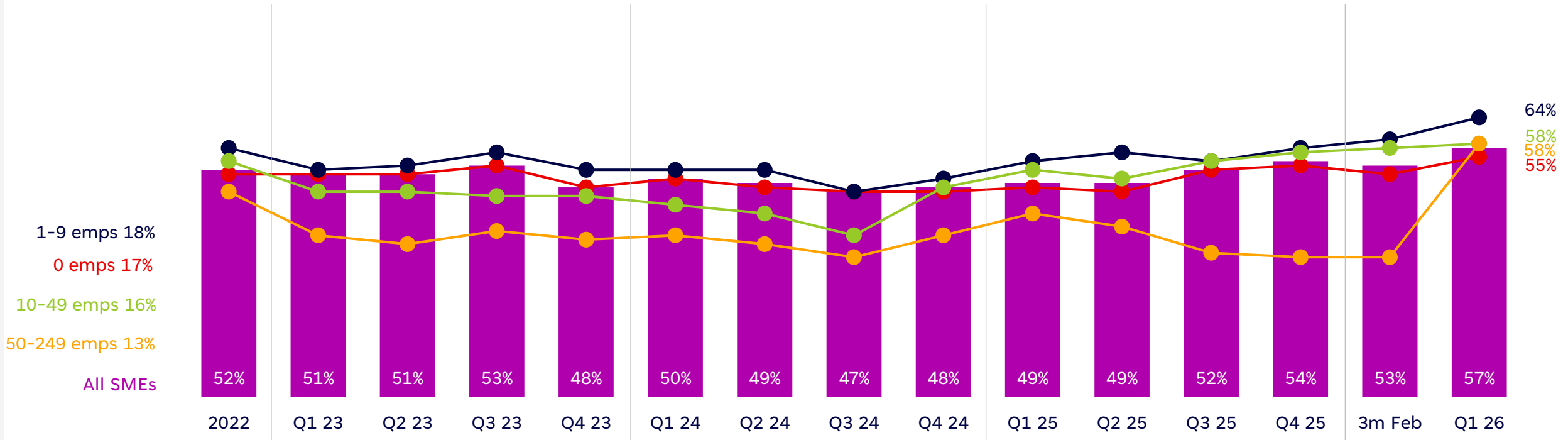
Additional analysis over time: Cash flow and late payment by employee size



Q93 Base : All SMEs 3m to Mar 3525

The proportion of SMEs reporting wider economic concerns, at 57%, was higher than typically seen and now little difference by size of SME

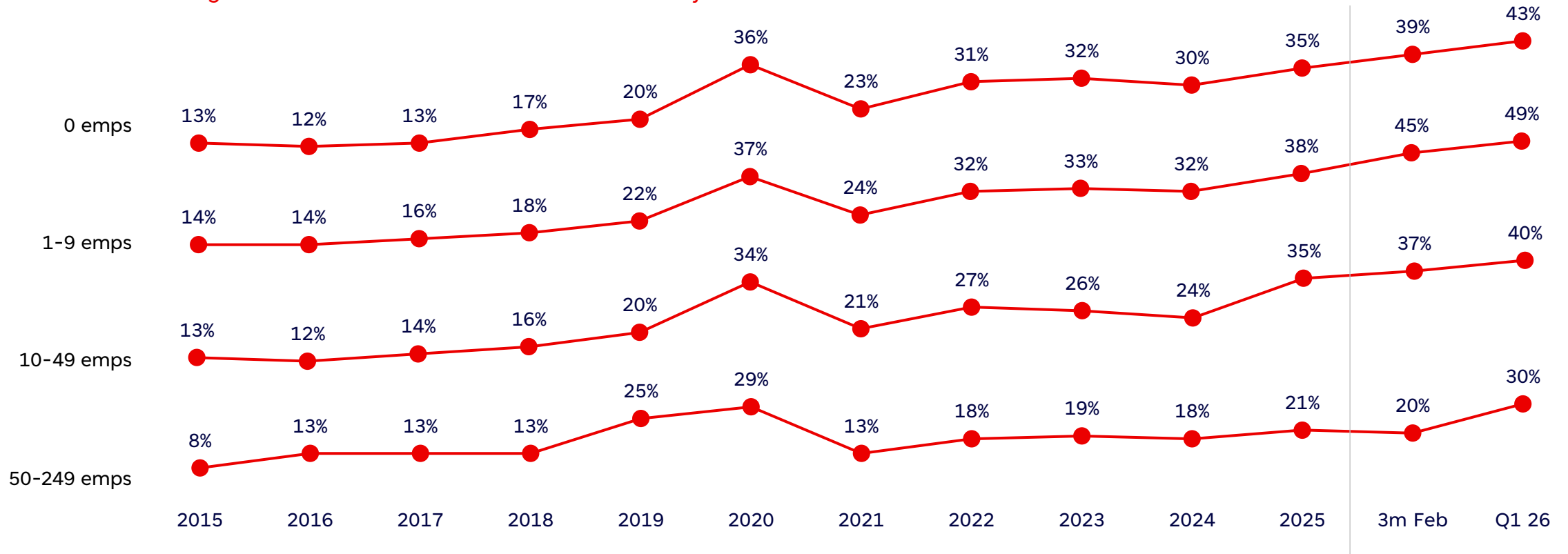
Time series: Broader economic concerns



Q93 Base : All SMEs 3m to Mar 3525 score 8-10 for any of "Current economic climate", "Increasing/higher costs" or "Supply chain issues" Net score increased from 54% in February to 65% in March
 Feb to March: Economic climate 41% to 51%, higher costs 36% to 47% and supply chain 9% to 16%

Concern about the economic climate increased steadily to Q4 2025 and has continued to do so in Q1 2026 for all sizes of SME

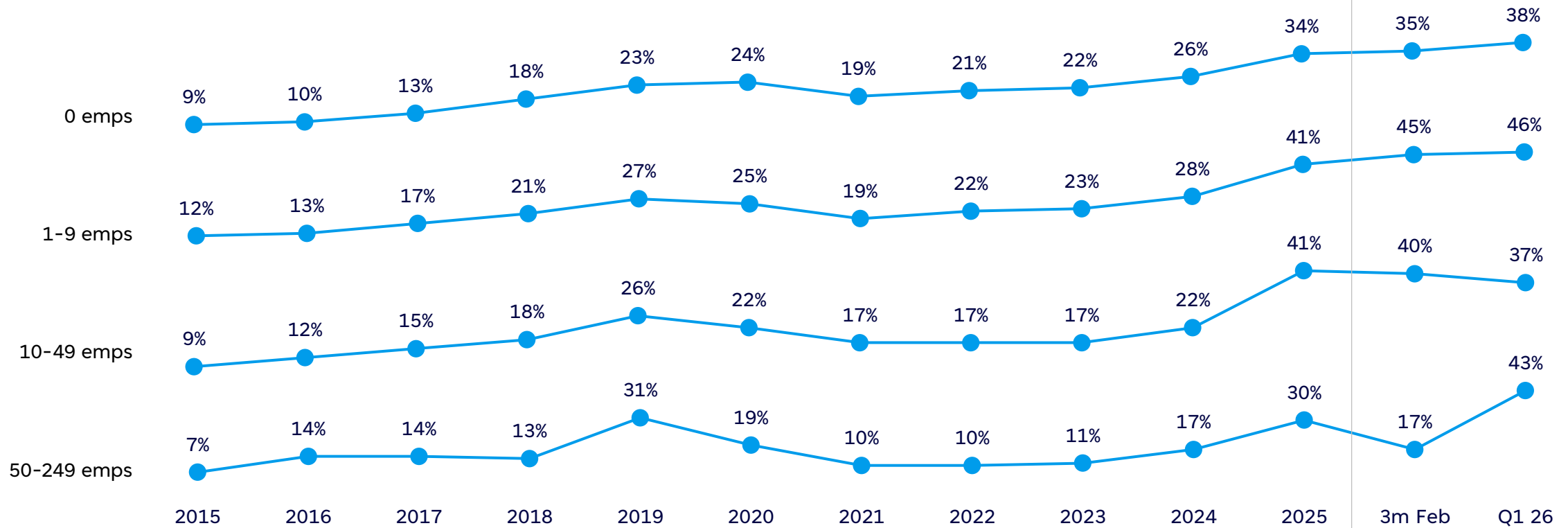
Time series: % Rating 'The current economic climate' 8-10 a major obstacle for next 12 mths



Q93 Base: All Economic climate 41% to 51% overall February to March

Concern about political uncertainty/future government policy also increased to Q1 2026 for most SMEs except those with 10-49 employees

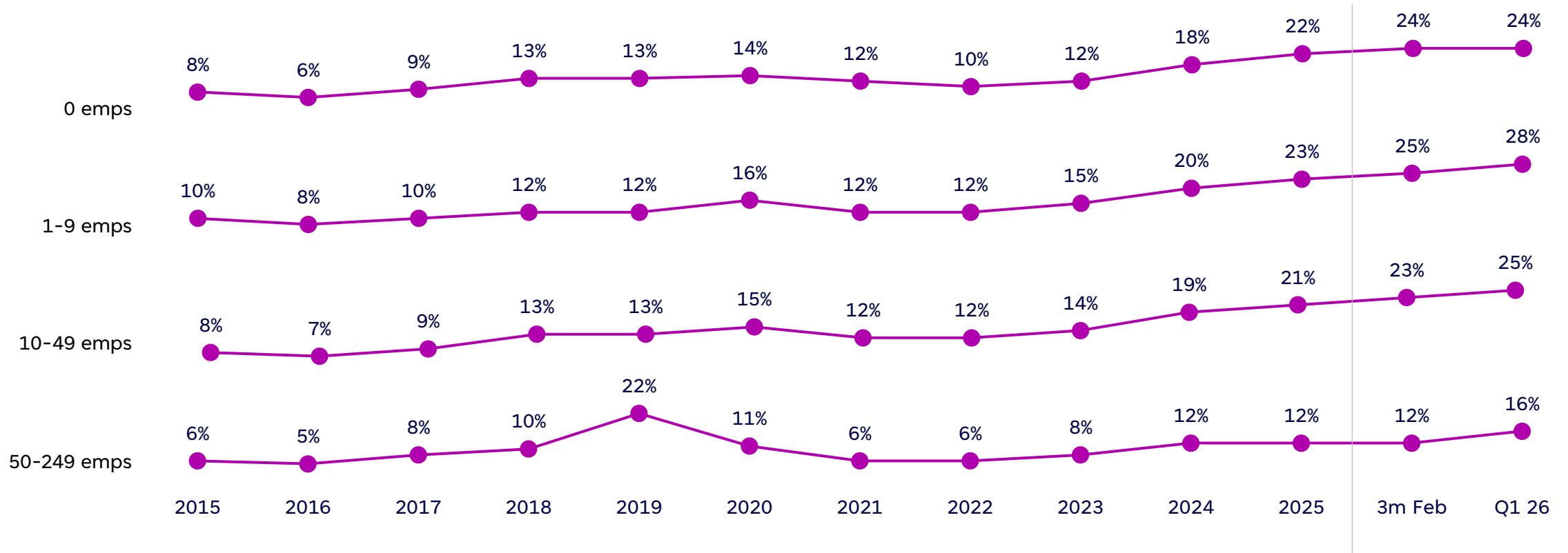
Time series: % Rating 'Political uncertainty and future government policy' a major obstacle for next 12 mths



Q93 Base: All Political uncertainty 45% overall in March 2026 (from 37% in February)

The slight increase overall in concern about cash flow/late payment in the current period was seen amongst all but the 0 employee SMEs

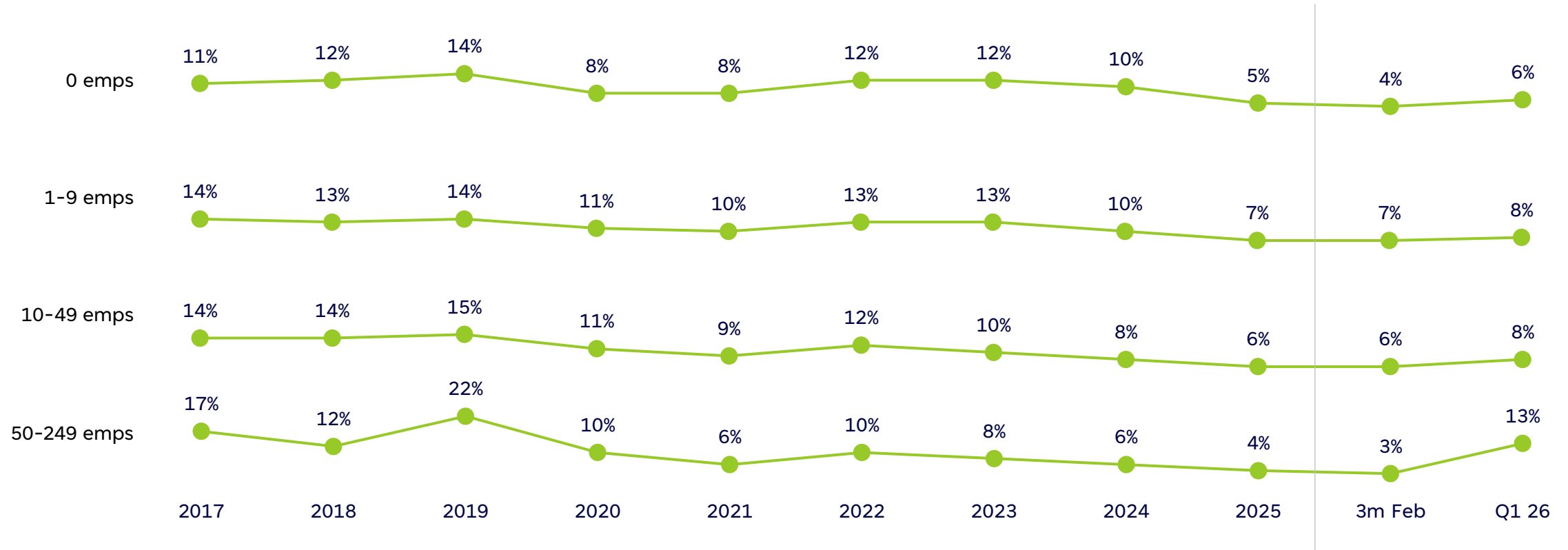
Time series: % Rating 'Cash flow or issues with late payment' a major obstacle for next 12 mths



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

Concerns about the value of sterling continued to be reported by a small minority of SMEs but at a slightly higher level than recently seen

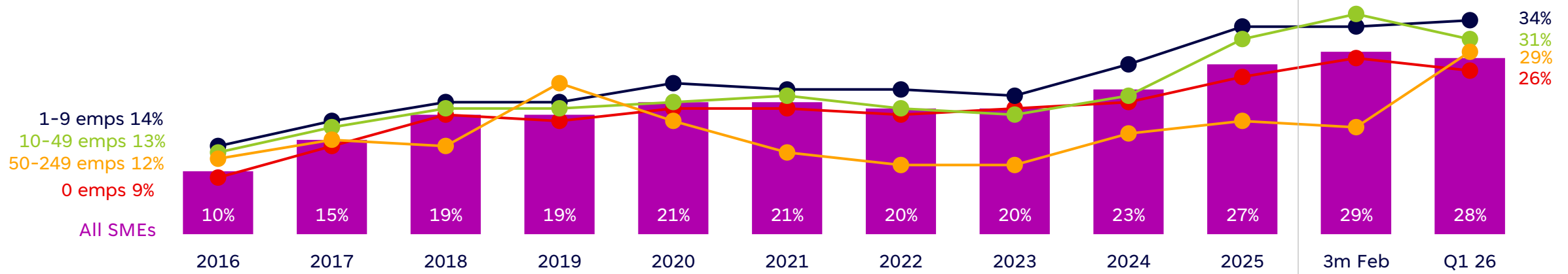
Time series: % Rating 'Changes in the value of sterling' a major obstacle for next 12 mths



Q93 Base: All

3 in 10 SMEs (28%) saw legislation, regulation and red tape as a barrier. It was somewhat less of an issue in the current period for all but the largest SMEs, now back in line with their peers

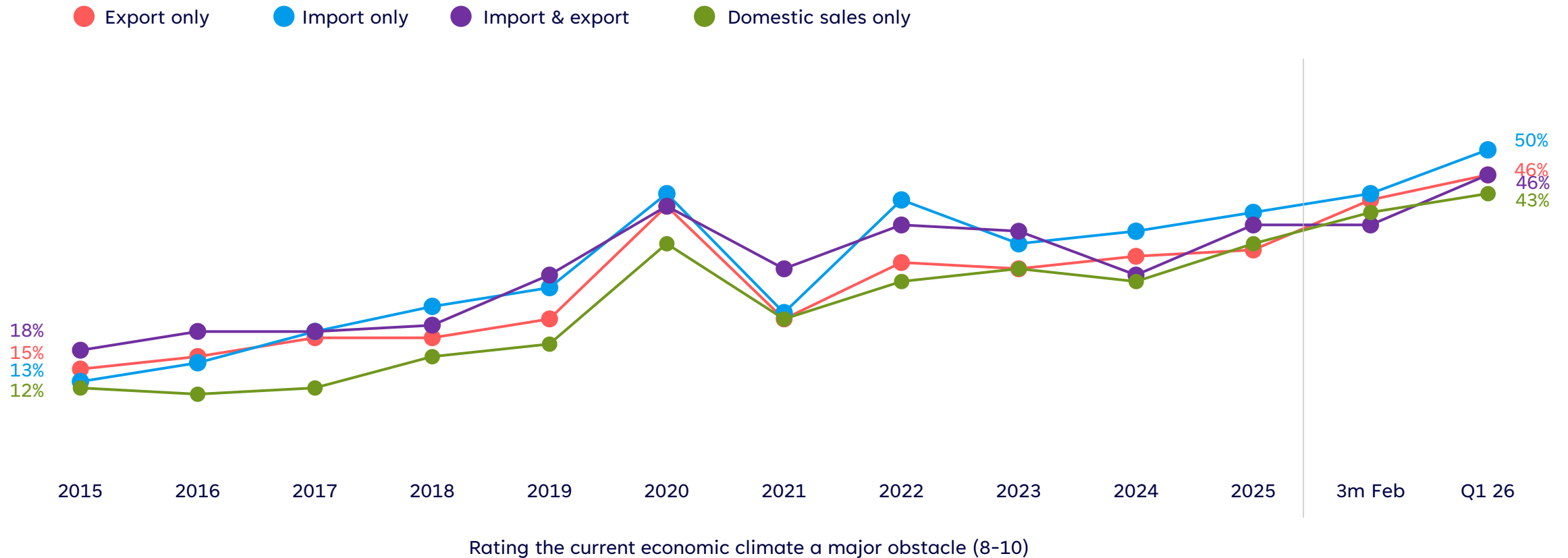
Time series: % legislation/regulation/red tape 8-10 barrier



Q93 Base : All SMEs 3m Mar 3525

There is currently little choose between international and Domestic only SMEs in terms of concerns about the economic climate, all at higher levels since the start of 2026

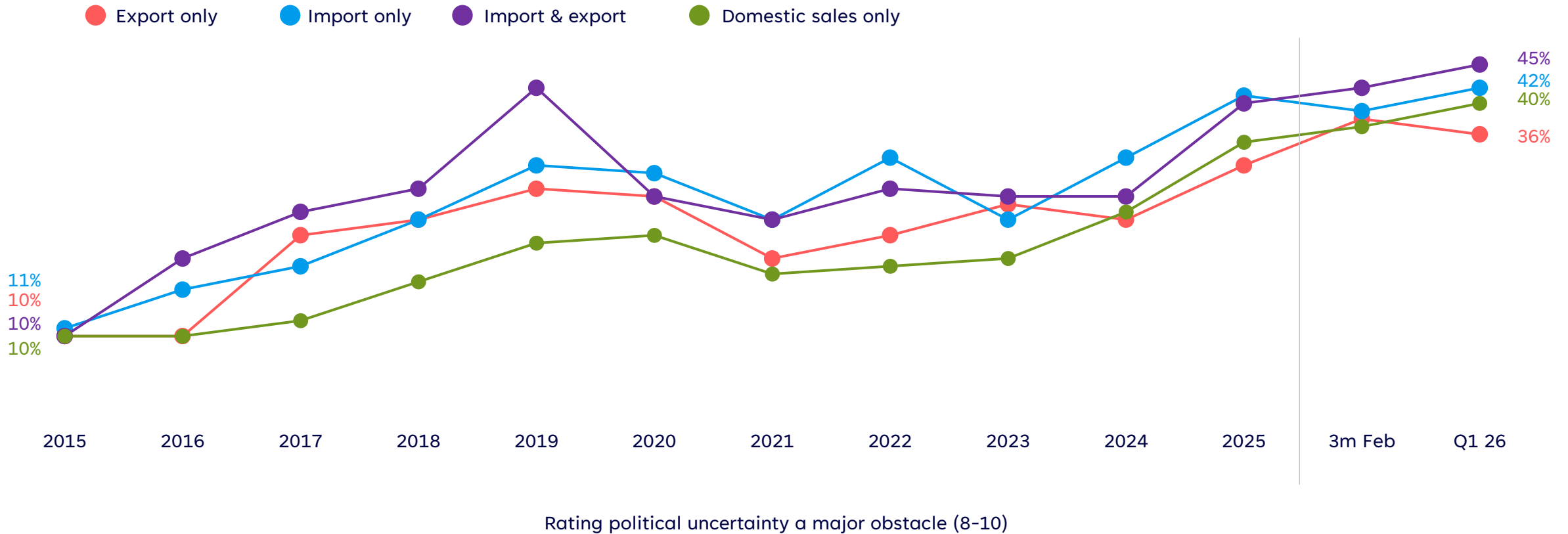
Time series: 8-10 economic climate by extent of international trade alongside domestic sales



Q93 Base: All 3m to Mar 215/366/357/2587

Political uncertainty/ government policy as a barrier has increased slightly to Q1 2026 for all except Export only SMEs

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



Q93 Base: All 3m to Mar 215/366/357/2587

Import only SMEs have become the most likely to see cash flow/late payment as a barrier

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



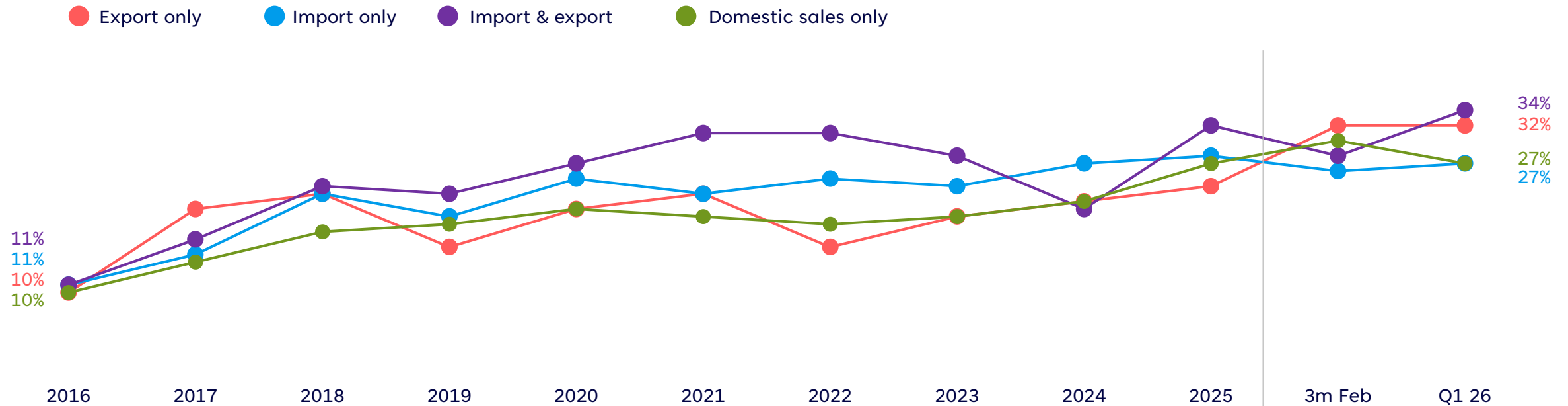
Rating cash flow / late payment a major obstacle (8-10)

Q93 Base: All 3m to Mar 215/366/357/2587

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

In the current period, concern around legislation/regulation was somewhat higher for those with an element of exporting to their business

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

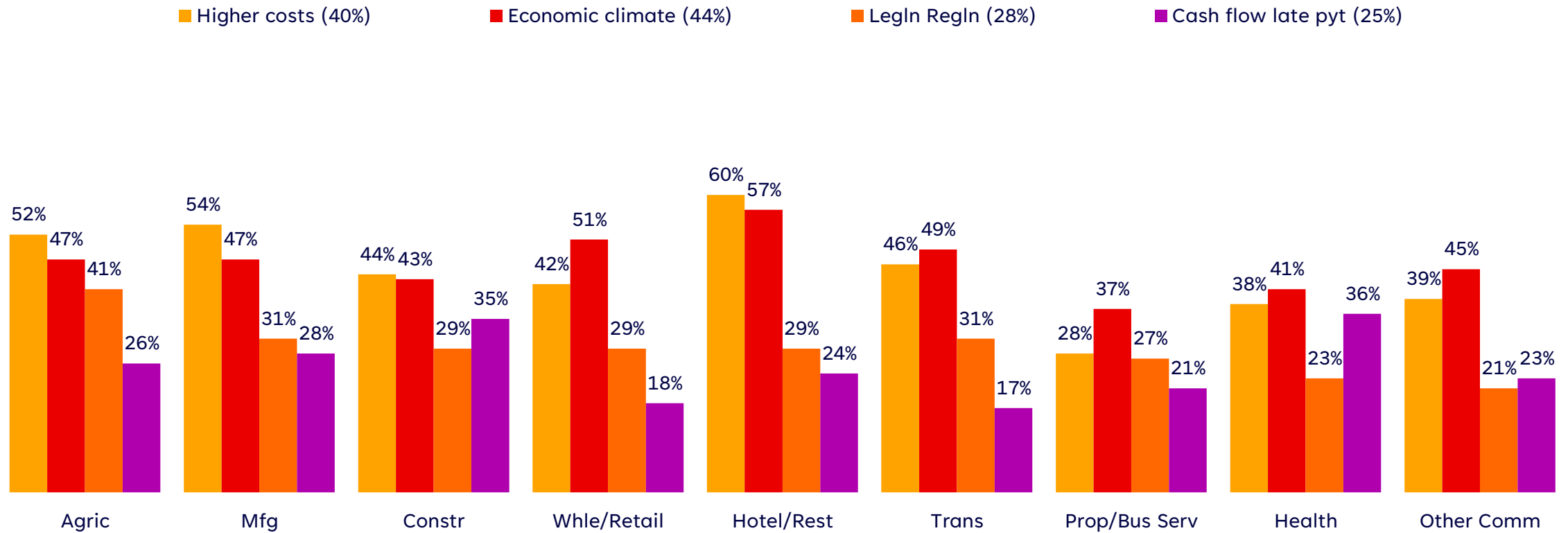


Rating changes in legislation/regulation/red tape a major obstacle (8-10)

Q93 Base: All 3m to Mar 215/366/357/2587

Costs and the economic climate remained a particular issue for Hospitality. The economic climate was also more of an issue for Wholesale/Retail and cash flow/late payment a barrier for Health and Construction

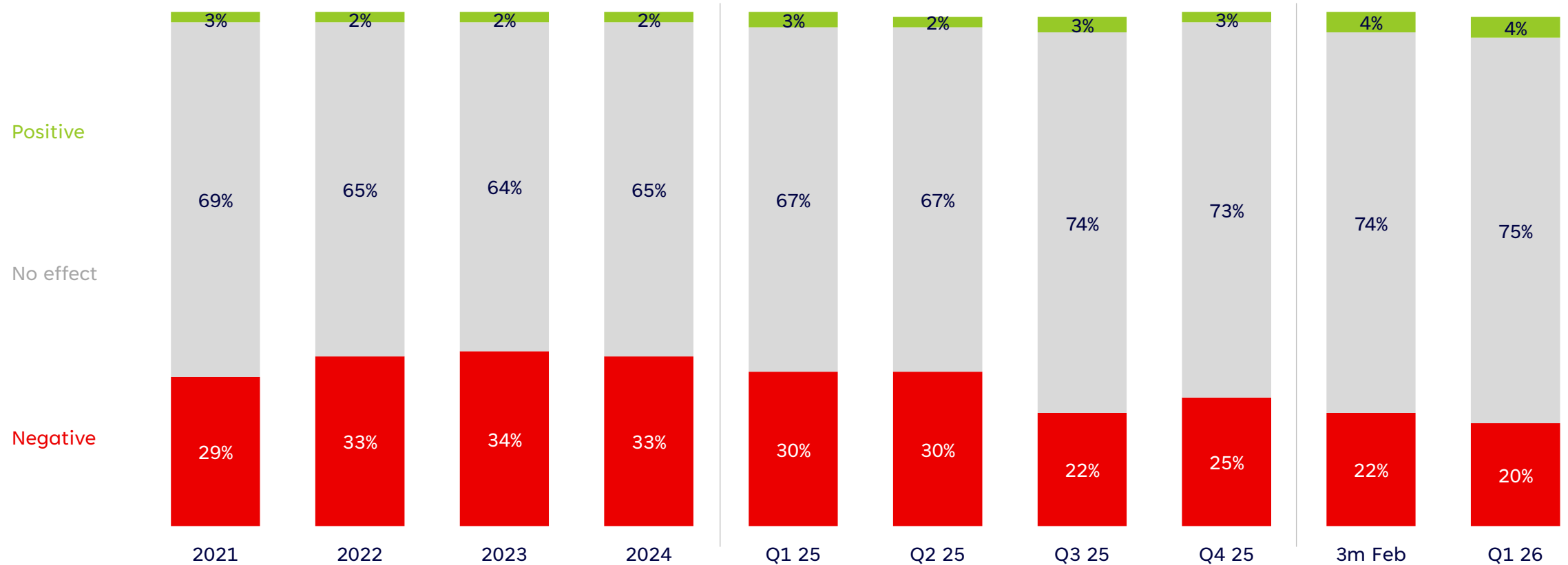
Major barriers: by sector 3m to March 2026



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

From Q3 2025, slightly fewer SMEs have reported a negative impact on their business due to the revised trading arrangements with the EU (20%), as more (75%) reported no impact

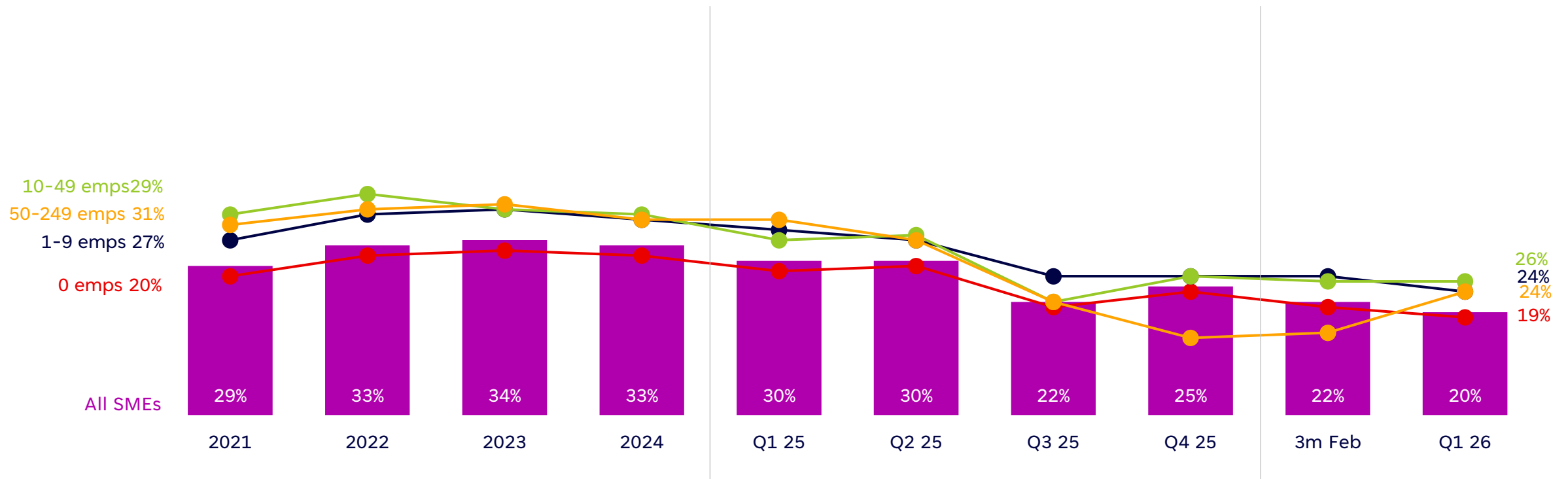
Time series: Impact of the new trading arrangements with the EU



Q84c all SMEs excluding Dk 3m to Mar 3378

The decline over recent quarters has been led by the 0 employee SMEs

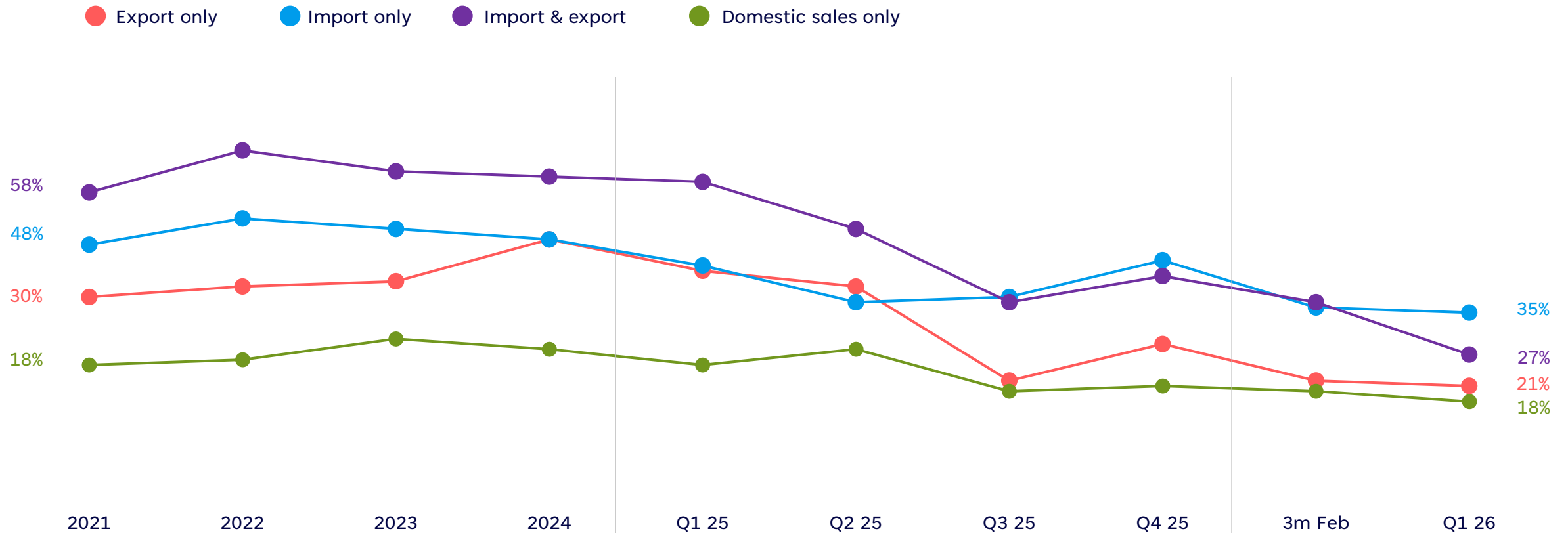
Time series: Negatively impacted by new EU trading arrangements



Q84c all SMEs excluding DK 3m to Mar 3378

Those with an element of importing remained more likely to see a negative impact than their peers, but from Q3 2025, all international SMEs have been less likely to report a negative impact

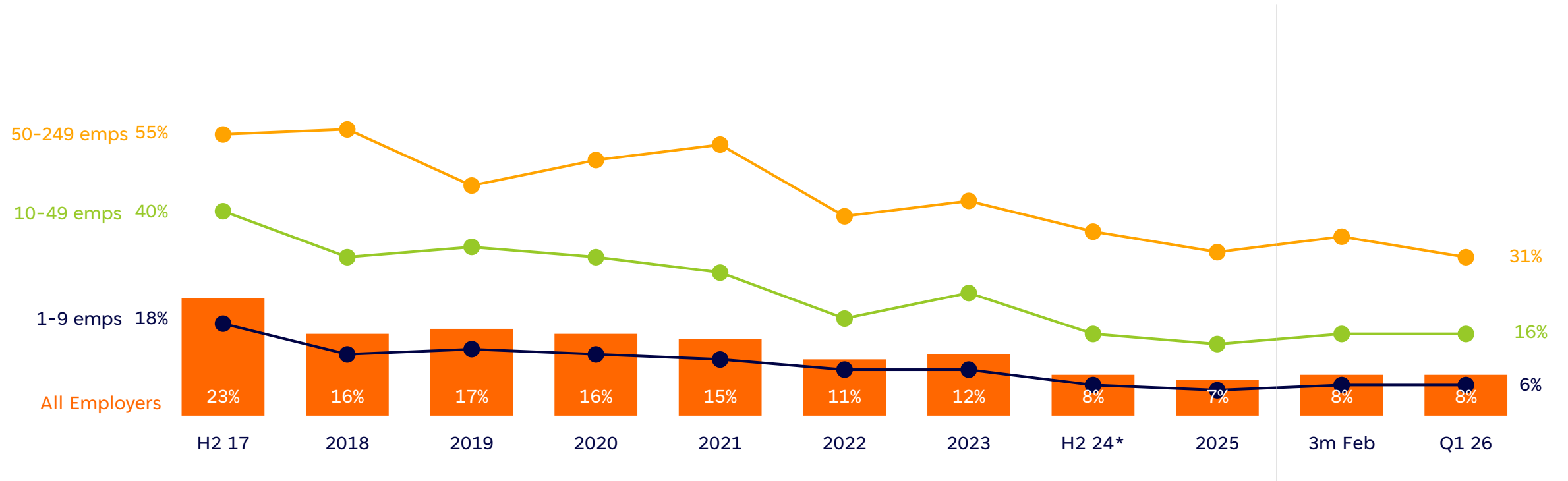
Time series: Negatively impacted by new EU trading arrangements by extent of international trade



Q84c Base: All 3m to Mar ex DK: 209/351/350/2468

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

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

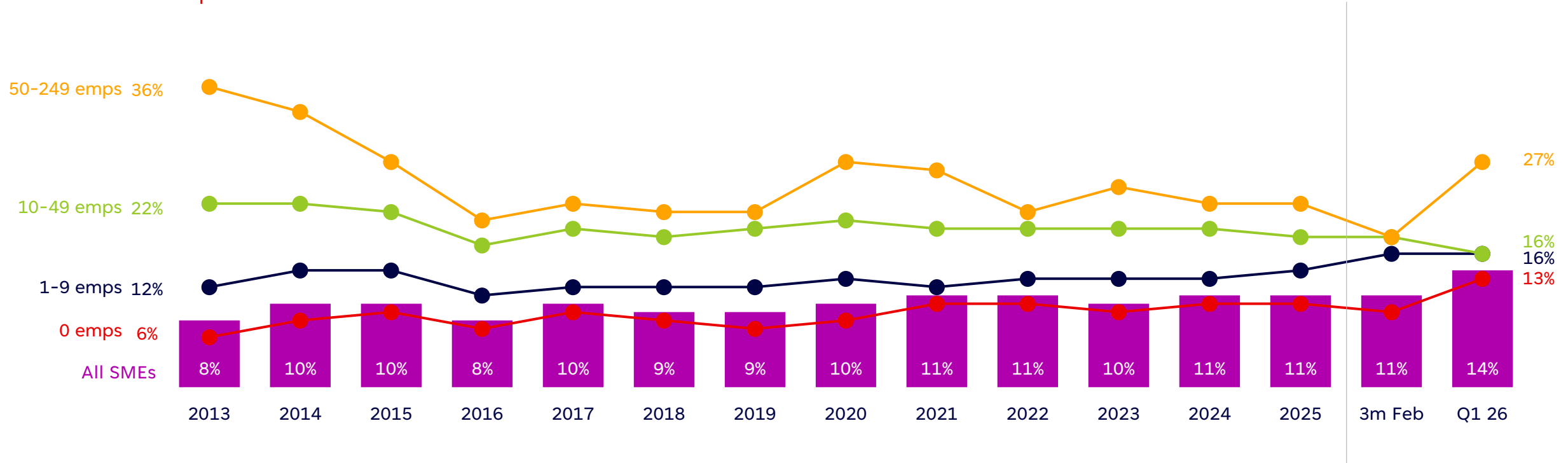


When this question was first asked in H2 2017, a quarter (23%) of employers had staff from overseas. From 2018 to Q2 2021 the proportion was lower but stable, then started to fall and has been under 1 in 10 since the middle of 2024. In the current period, 8% of employers had staff from overseas (half the proportion 2018-2020).

Q84 Base : All employers 3m to Mar 2682 *From Aug 24, one net "overseas employees" metric has been gathered so no information on EU citizens will be available

14% of SMEs reported that they were exporting, slightly higher than recently seen as more of the smallest and largest SMEs reported exporting

Time series: Exporters

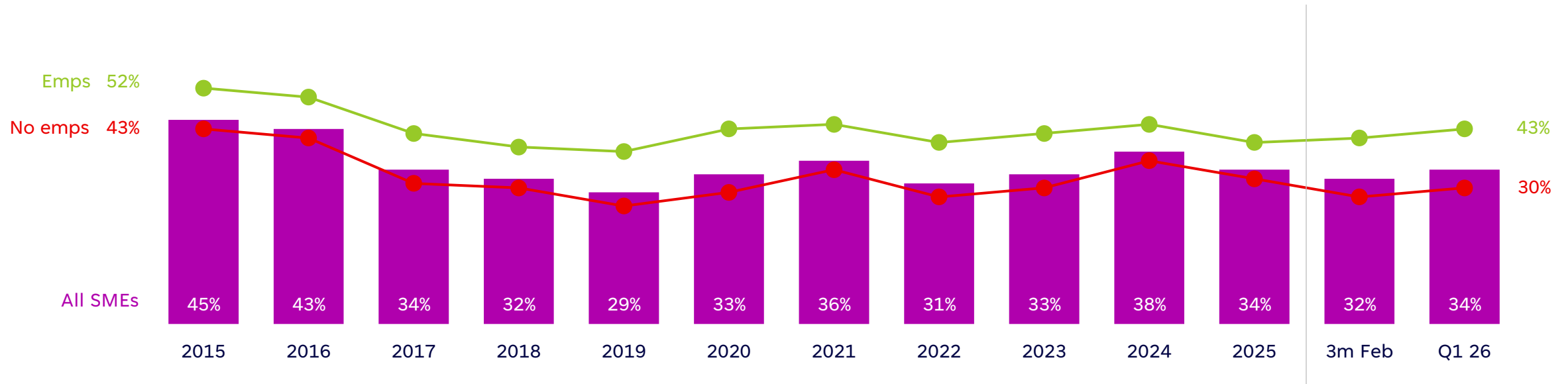


The proportion of exporters increased from 8% in 2013 to 10% in 2014 and 2015. There has been relatively little change since, with larger SMEs more likely to be selling overseas than their smaller peers, with the exception of those with 50-249 employees who have become somewhat less likely to export over the course of 2025

Q84 Base: All respondents 3m to Mar 3525

3 in 10 SMEs were happy to borrow to grow. Over the course of 2025, those with no employees became less likely to agree but the proportion is currently stable for them and overall

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

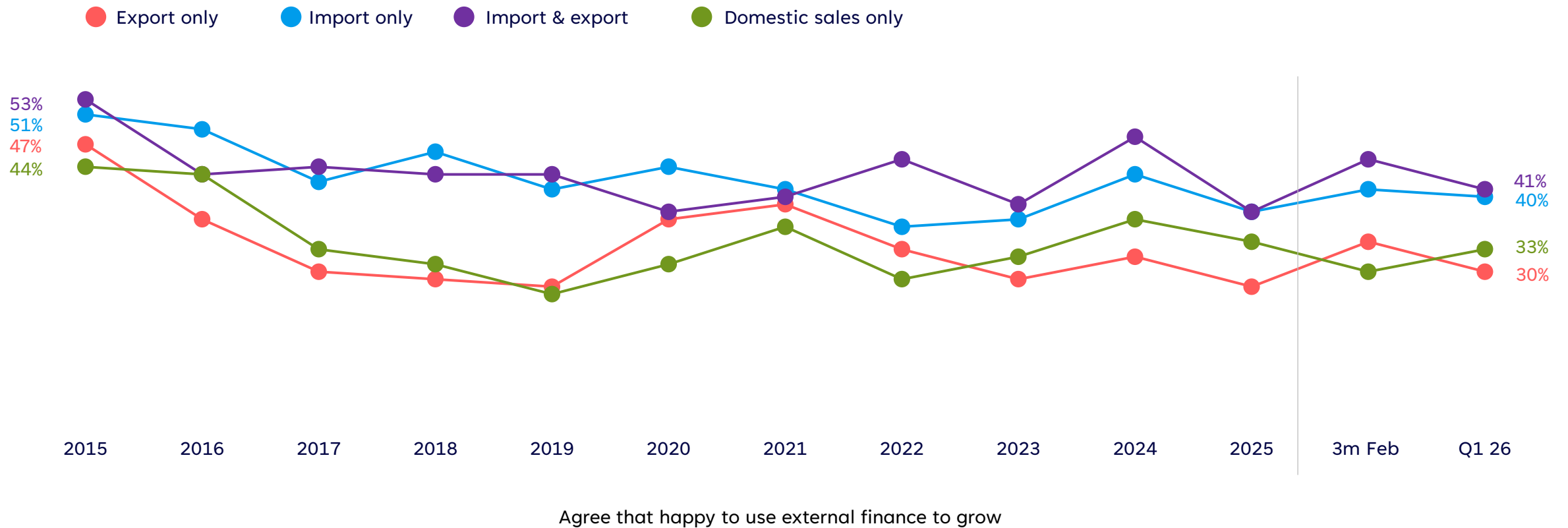


From a high in 2015, the proportion of SMEs happy to use finance to grow declined over time to 3 in 10 SMEs in 2019. It then increased steadily to 36% for 2021. Since then, it has fluctuated between low and high thirty per cent. In the current period, 32% were happy to borrow to grow, down 4 points from Q1 2025 and at the lower end of the range usually seen.

Q96 Base : All respondents 3m to Mar

In the current period, willingness to borrow to grow recovered slightly for Domestic only SMEs but was somewhat lower for those trading internationally

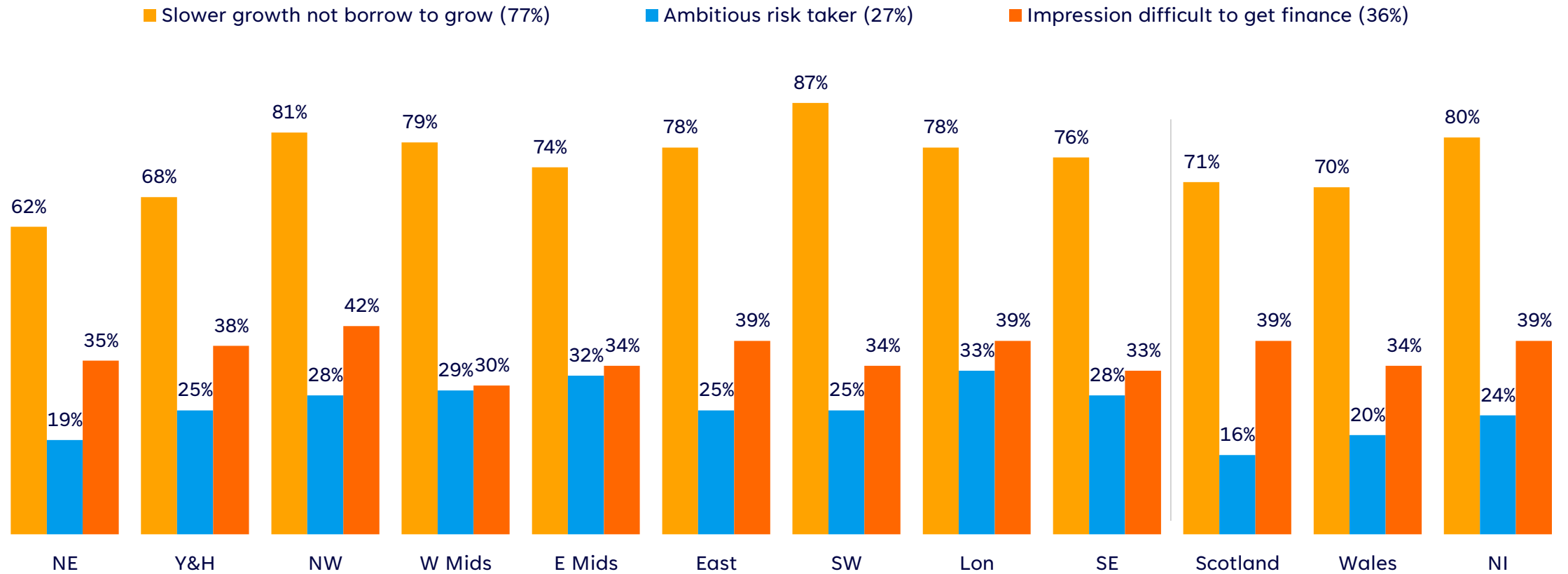
Time series: Agree that happy to use external finance to help business grow



Q96 Base: All 3m to Mar 215/366/357/2587

SMEs in the North West were more likely to feel it would be difficult for them to get finance (42%), while those in London were more likely to be an Ambitious Risk Taker (33%)

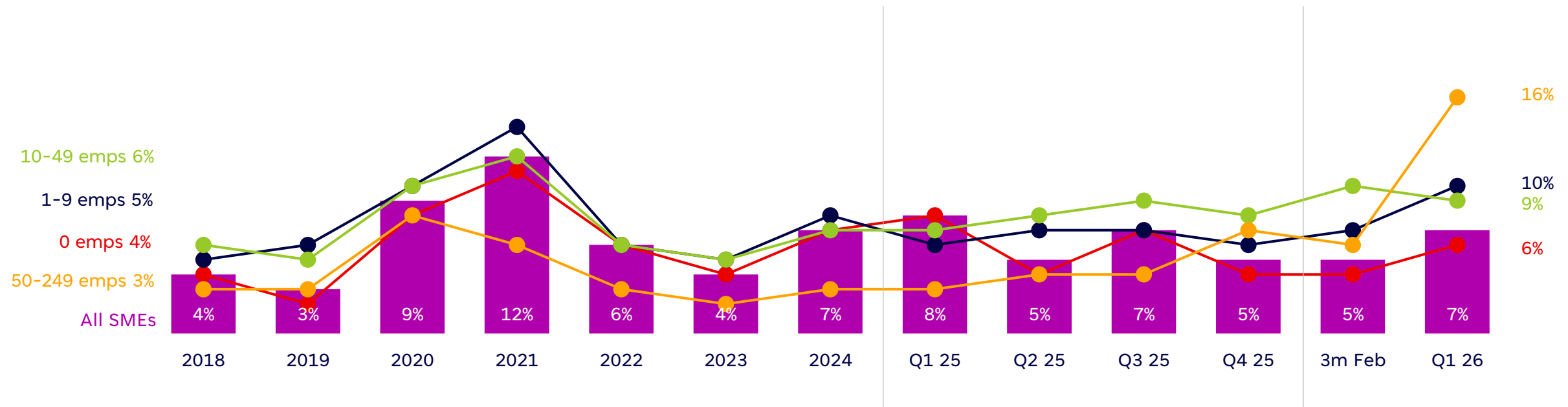
Key attitudes: by region 3m to March 2026



Q96 Base : All SMEs

7% of SMEs reported a need for external funding in the last 12 months, with increased appetite for all but those with 10-49 employees

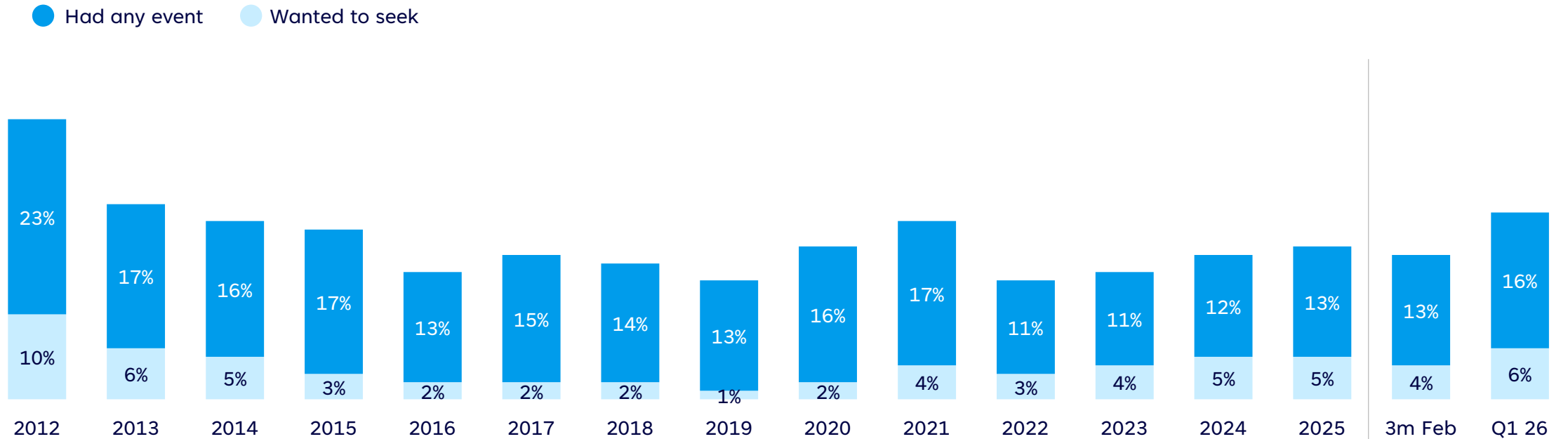
Time series: Had a need for external funding in past 12 months (whether applied or not)



Q25 Base: All SMEs 3m to Mar 3525

Reported borrowing events were slightly higher in Q1 2026, led by those with employees

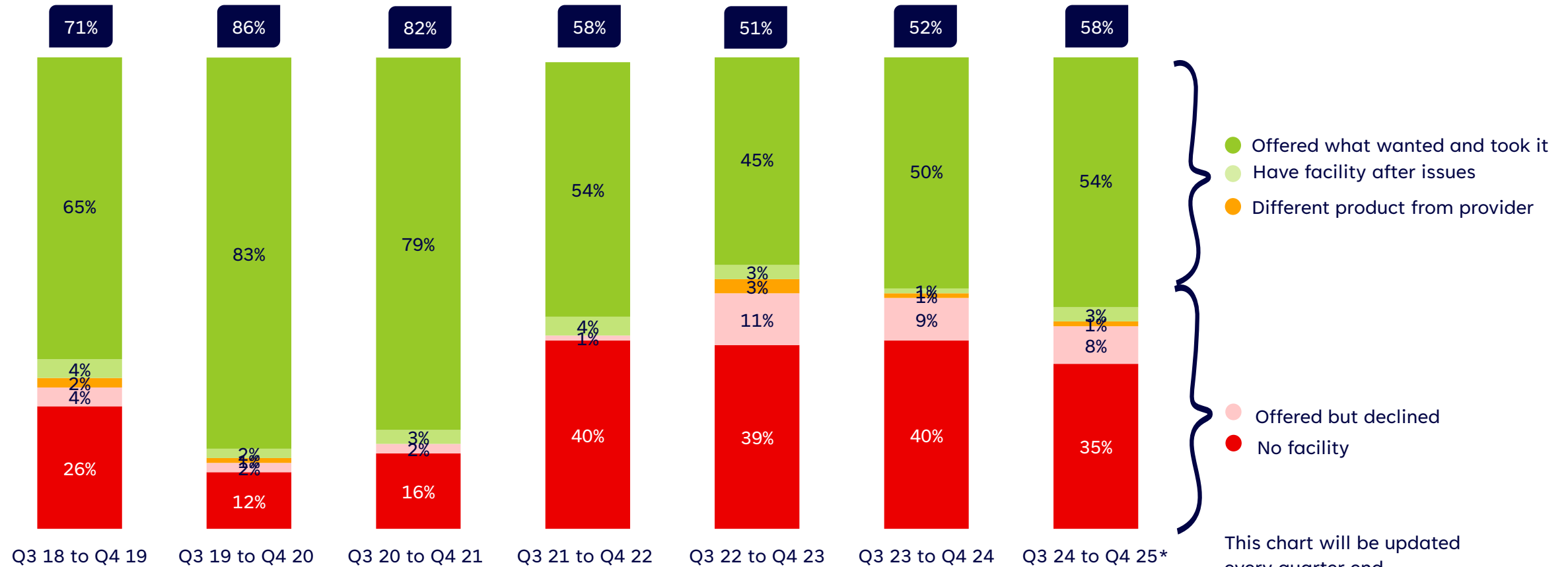
Time series: Any appetite for finance in 12 months prior to interview



Pastfin Base: All SMEs 3m to Mar 3525 Had an event – 20% in March from 14% in February

Application success rates (across all applications) have increased slightly but remained below those seen prior to 2022, with 8% of applicants now declining the lending offered and 35% being declined (driven by applications from smaller SMEs)

Global success rate: all applications reported from Q3 2018 to Q1 2026, occurring in the periods shown

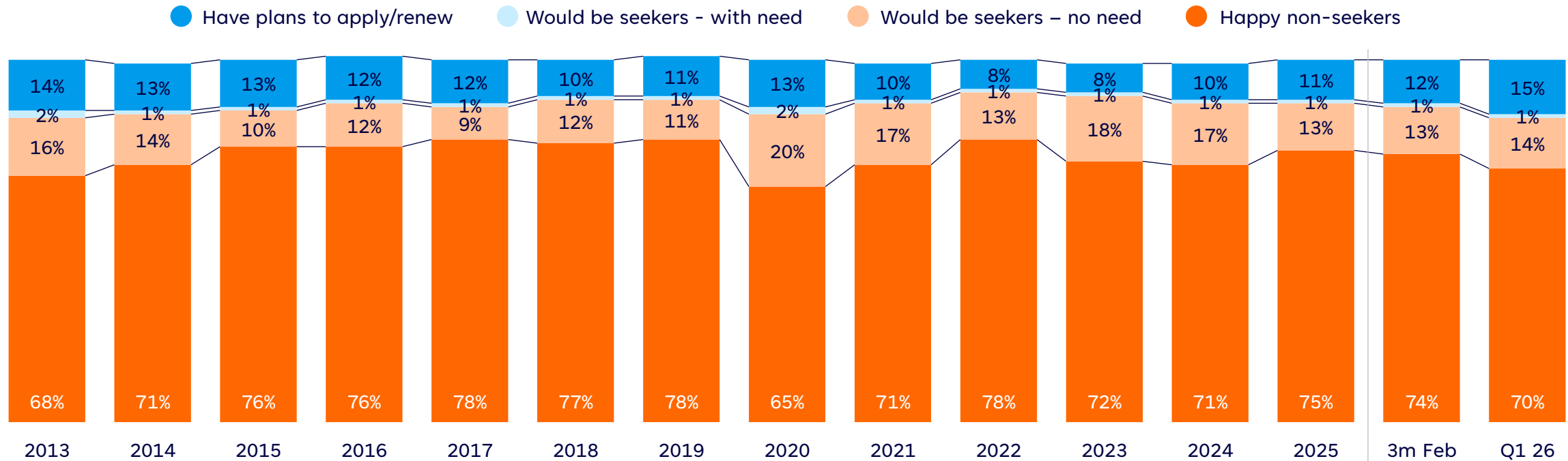


Q39/57 Base : All Type 1a/b applications with a response 1552/3698/2245/1078/1056/1441/1350

This chart will be updated every quarter end
Last updated Q1 2026

Looking forward, Future happy non-seekers remained the largest group at 70%. In Q1 2026, the proportions of both those planning to apply (15%) and Future would-be seekers (15%) have been slightly higher, led by those with employees

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

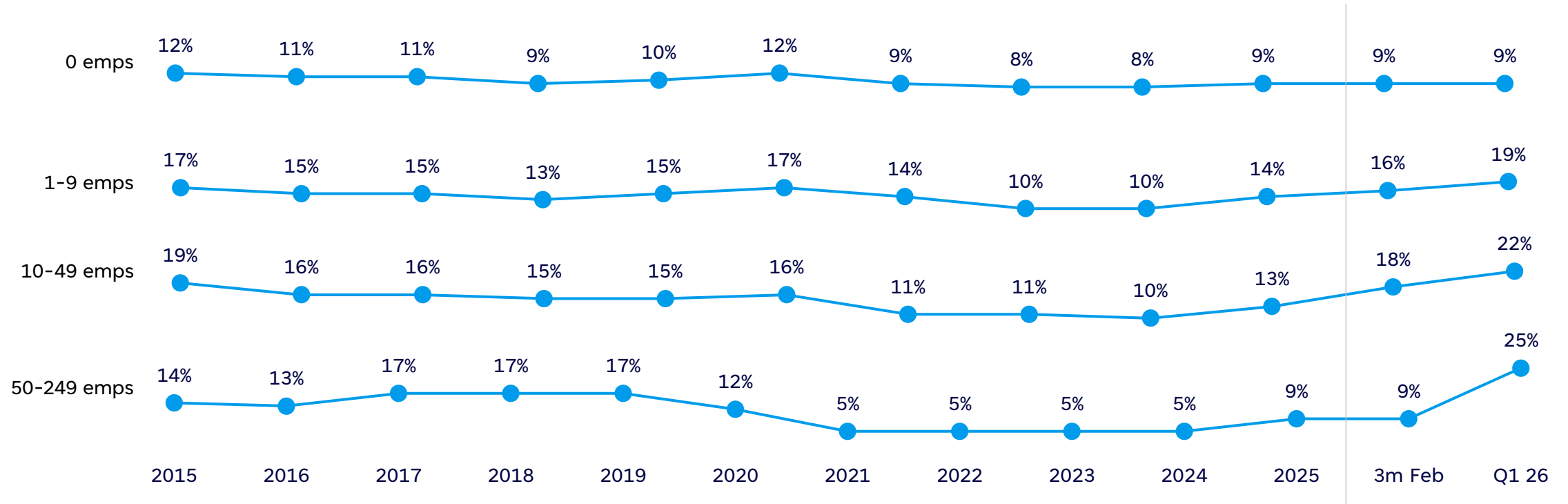


The proportion of SMEs classified as FHNS declined to 65% in 2020 before increasing to 78% in 2022. It was slightly lower in 2023-24 but in the current period was 70%. 15% of SMEs were planning to apply for finance, with a clear divide for those with employees 920-25%) compared to 0 employee SMEs (12%)

Futfin Base: All respondents 3m to Mar 3525. Would-be seekers think something would stop them applying for finance in future. They are split into those with a specific need for finance already identified that they won't apply for, and those with no specific need at time of interview

SMEs with employees have become more likely to plan to apply for finance in Q1 2026

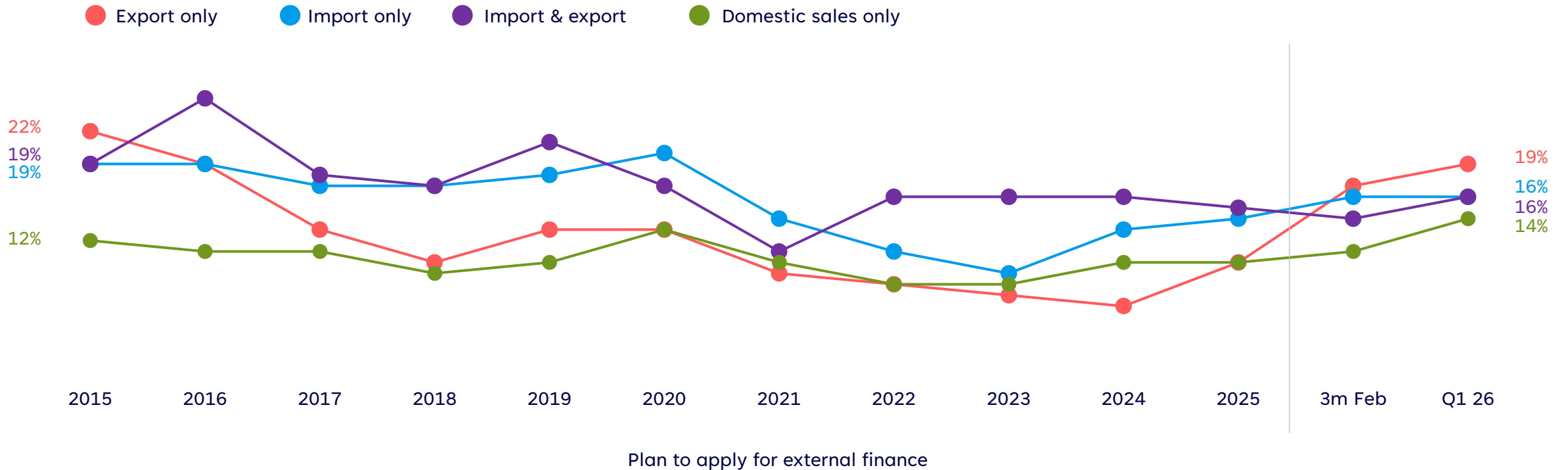
Time series: % planning to apply



Futfin Base : All

Export only and Domestic only SMEs have seen slightly more of an increase in appetite for finance from 2025 to Q1 2026

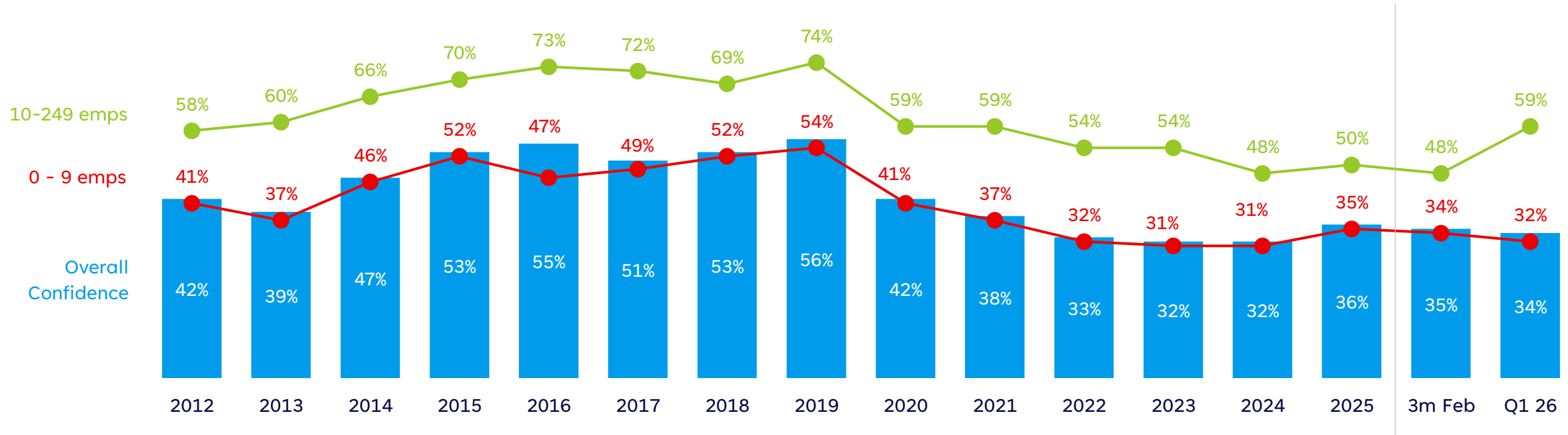
Time series: plan to apply for finance by extent of international trade alongside domestic sales



Futfin Base: All 3m to Mar 215/366/357/2587

Overall confidence, amongst SMEs planning to apply, that a bank would agree to a facility, was 36% in 2025 overall but was somewhat lower again in Q1 2026 due to the smaller would-be applicants

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

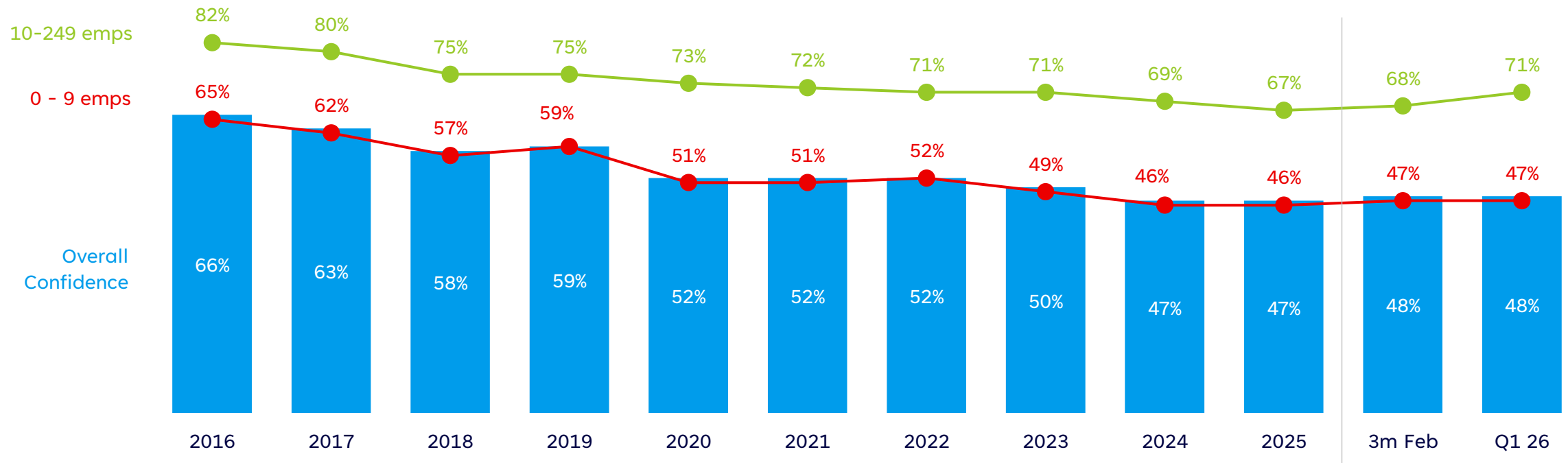


Confidence amongst those planning to apply that they would be successful was at 56% in 2019 but has been more variable since (and typically below actual success rates). Since 2022 around 1 in 3 has been confident of success, with the improvements seen during 2025 (to 39% in Q4 2025) not maintained in the current period as fewer 0-9 employees felt confident (34%) with 37% not sure what response they would get

Q103 Base: All planning to apply for new/renewed facilities 3m to Mar 688 490/198 CARE RE SMALL BASE

Those with no immediate plans to apply remained more confident of success than those with plans. Confidence overall was in line with 2025, but with a longer-term trend of lower confidence overall

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



48% of those with no plans to apply to a bank for finance are confident of a hypothetical success. From 2020 the proportion moved from just above to just below half of such SMEs, primarily due to declining confidence amongst smaller SMEs. Larger hypothetical applicants continue to be more confident than smaller ones, and they are even more confident than those of a similar size who do intend to apply (71% versus 59%). While smaller hypothetical applicants are less confident than their larger peers, they are still more confident than those of a similar size who plan to apply (47% versus 32%, as seen in the previous slide).

Q106 Base: All not planning to apply for new/renewed facilities 3m to Mar 2837 2237/600

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This work was carried out in accordance with the requirements of the international quality standard for market research, ISO 20252

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