SME FINANCE MONITOR

The main deck to July 2026

An independent report by
Ipsos, August 2026

UK Finance

Ipsos

Introduction

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 were 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 May to July 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.

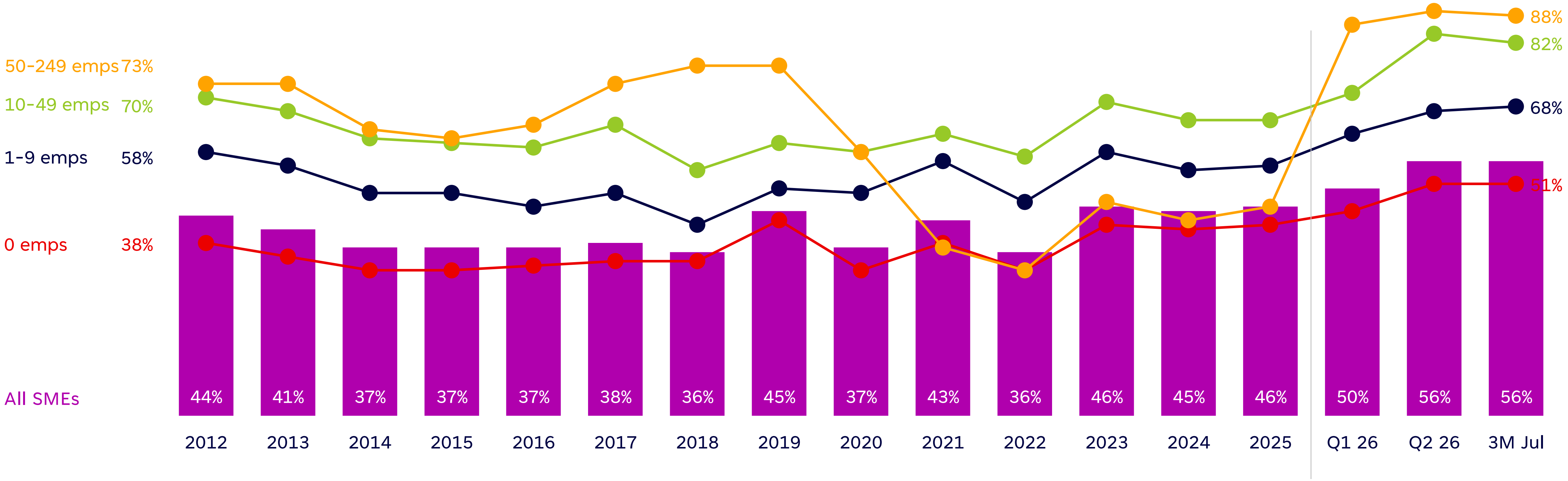
Most of the questions reported in this pack remained unchanged.

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.

Use of external finance has steadied at 56% , with clear differences by size of SME

Time series: use of external finance per quarter

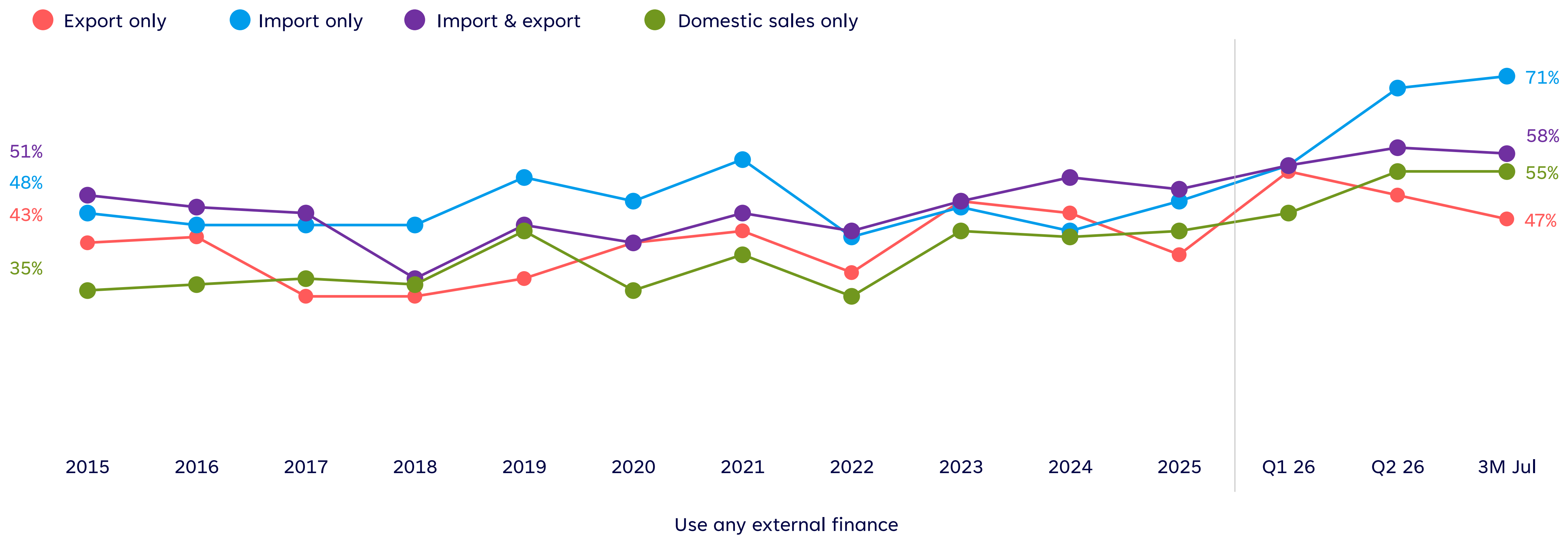


External finance usage increased to 46% for 2023, at the top end of the range seen in recent years, has increased again in the latest periods (56% for Q2 and currently). Increases were seen across all sizes of SME, but use amongst those with 0 employees has steadied this time

Q15 Base : All respondents 3m to July 4165 912/2261/762/230 CARE RE SMALL BASE*

All types of SME have seen increased use of external finance in 2026, notably Import only SMEs

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



Q15 Base : All 3m to July 240/568/496/2861

Credit cards remained the most common form of finance used, at 23%, while 18% of SMEs had an overdraft.

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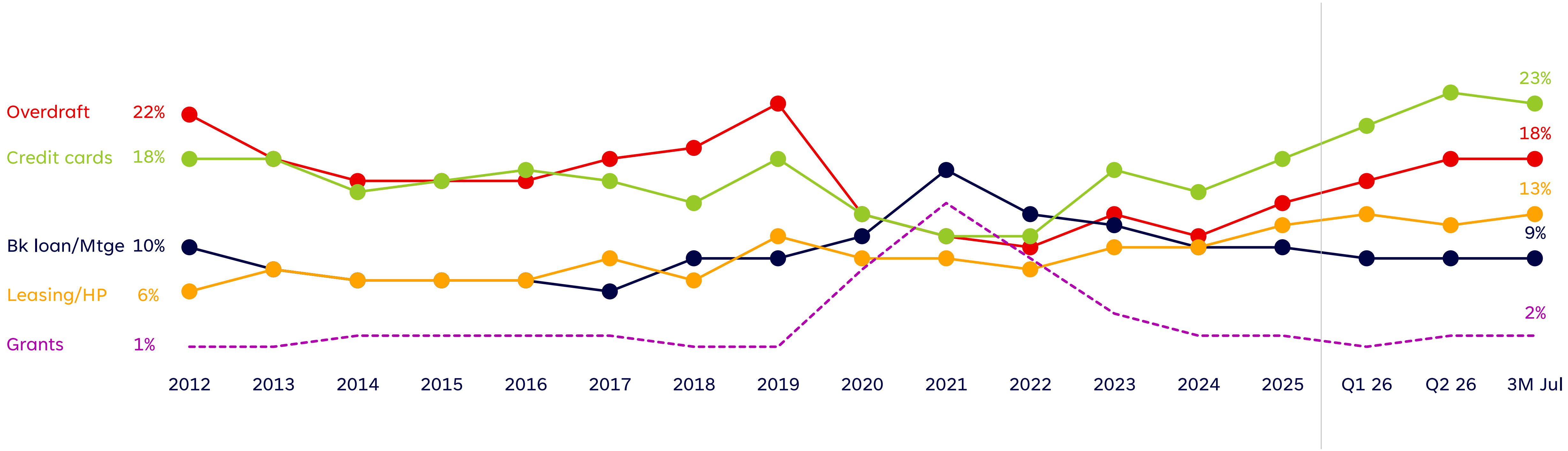
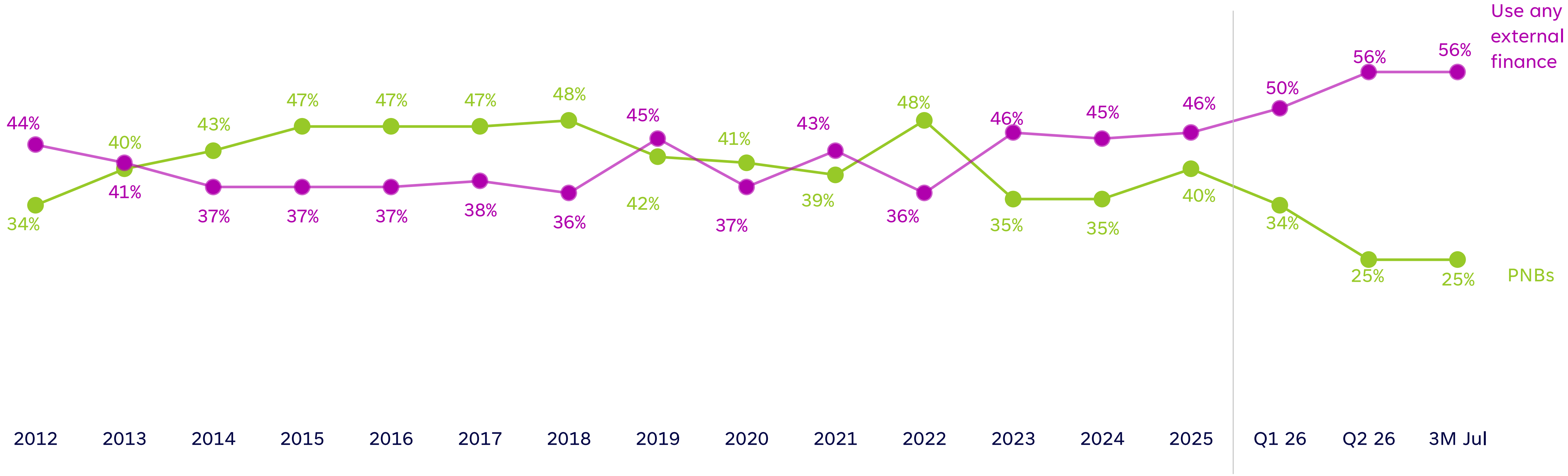
Time series: % of SMEs using each of the main forms of finance



Q15 all SMEs 3m to July 4165 (no adjustment made re new use of finance definition)

The proportion of SMEs using external funding (56%) remained stable, as did the proportion meeting the definition of Permanent non-borrowers (25%)

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

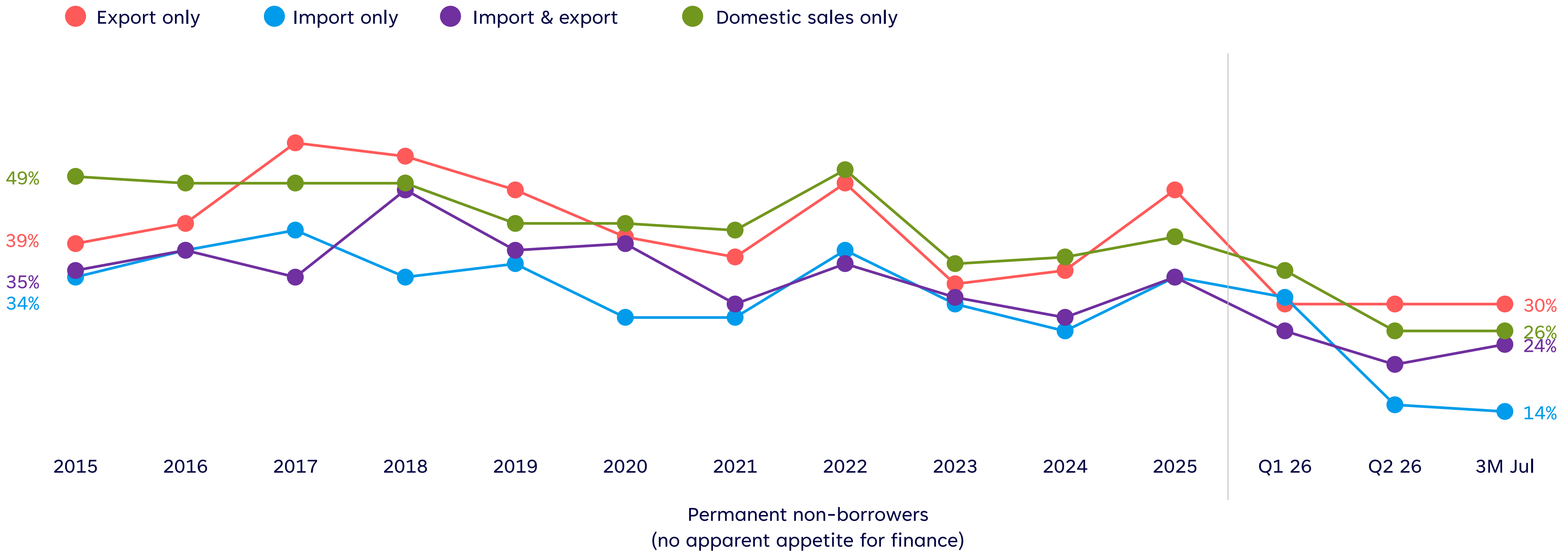


The ‘Permanent non-borrowers’ are firms with no apparent appetite for finance and are defined as not using external finance and showing no inclination to do so. From Q1 2023 a revised definition has applied, taking into account any pandemic funding the SME might have received – those who are still repaying 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, and the gap has widened in 2025 as use of finance increases

Q15 and Disgeg Base : All respondents 3m to July 4165

Analysis by international trade showed a more stable position, with Import only SMEs still less likely to be a PNB

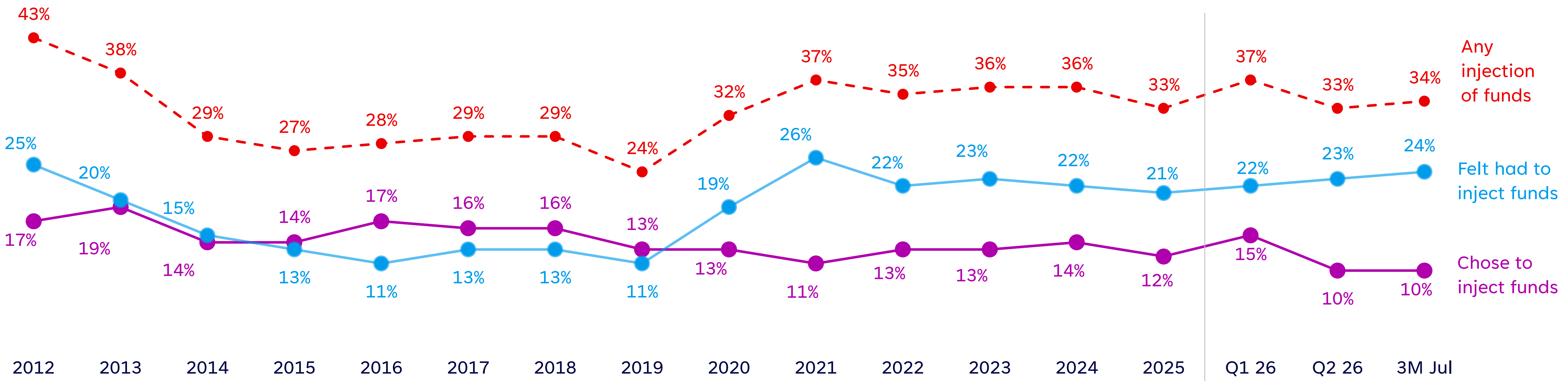
Time series: Permanent non-borrowers by extent of international trade alongside domestic sales



Disgeg Base: all 3m to July 240/568/496/2861

A stable 34% of SMEs reported having injected personal funds, slightly lower than in Q1 (37%) as fewer SMEs said they chose to inject funds (10%)

Time series: Injections of personal funds in previous 12 months

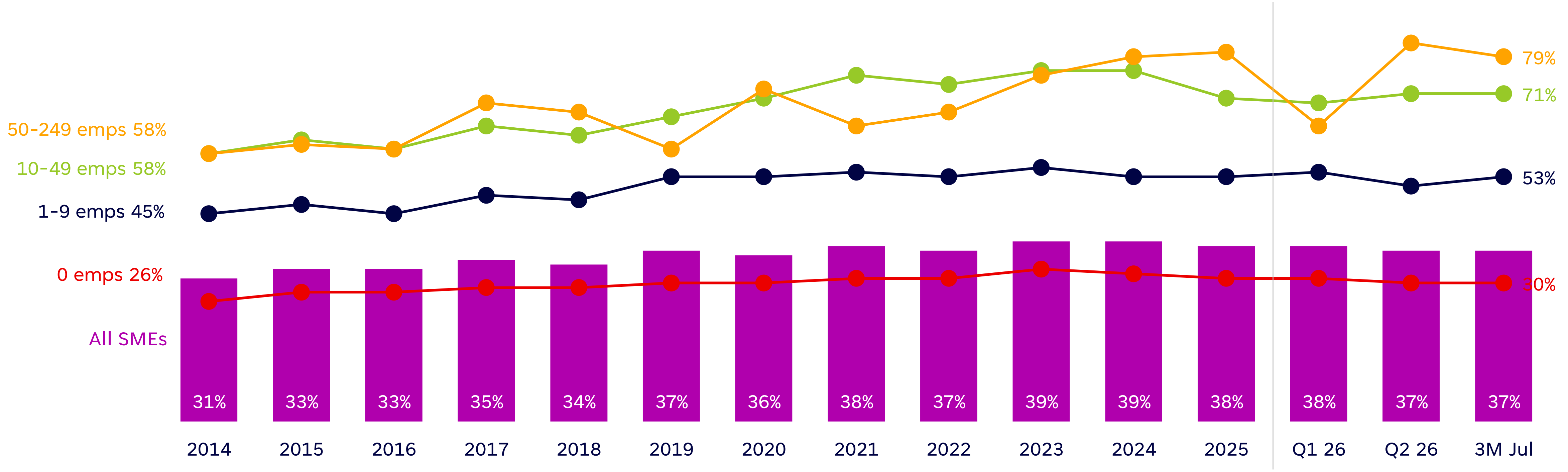


The proportion of SMEs injecting funds fell from a peak of 43% in 2012 to 28-29% of SMEs from 2016 onwards. In 2019 the proportion dropped to a quarter of SMEs but then increased again to 37% in 2021. In 2022 35% reported an injection and remained stable until the second half of 2025 (29% in Q4). The proportion increased again, to 37% in Q1 2026 and 34% currently, with SMEs still more likely to say they had to inject funds (24%) rather than it being a choice (10%)

Q15d Base : All respondents 3m to July 4165

37% of SMEs used trade credit, increasing by size of SME. The larger SMEs remained the most likely to be using trade credit

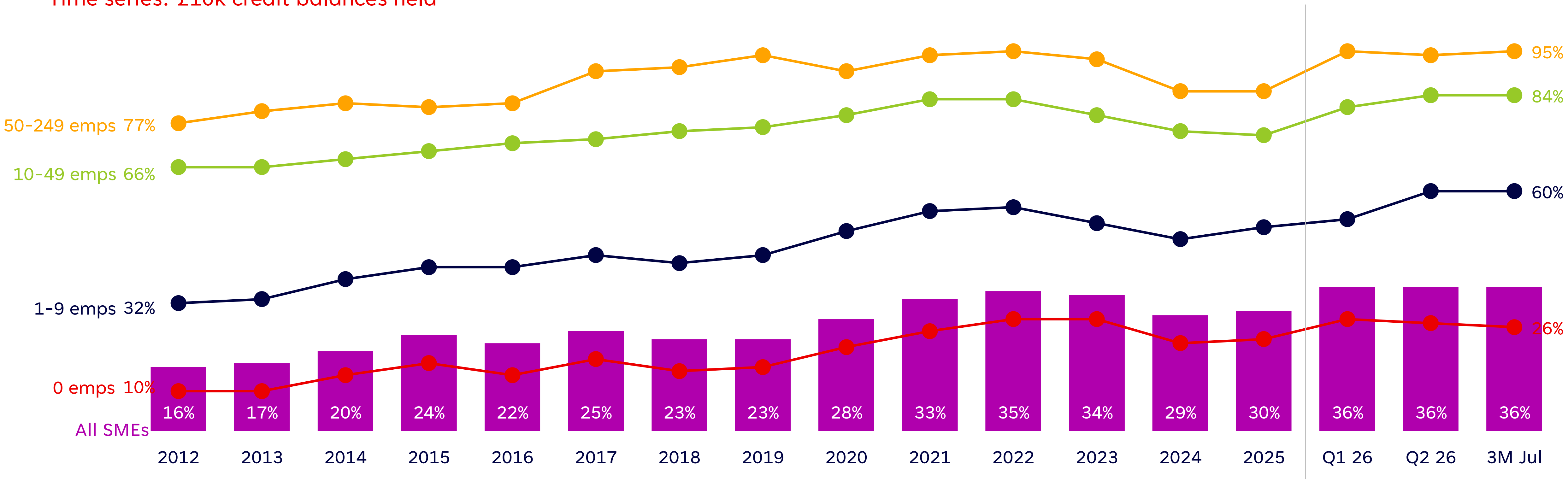
Time series: : Using trade credit



Q14 Base: All respondents 3m to July 4165

A stable 36% of SMEs held more than £10,000 of credit balances, increasing by size of SME

Time series: £10k credit balances held

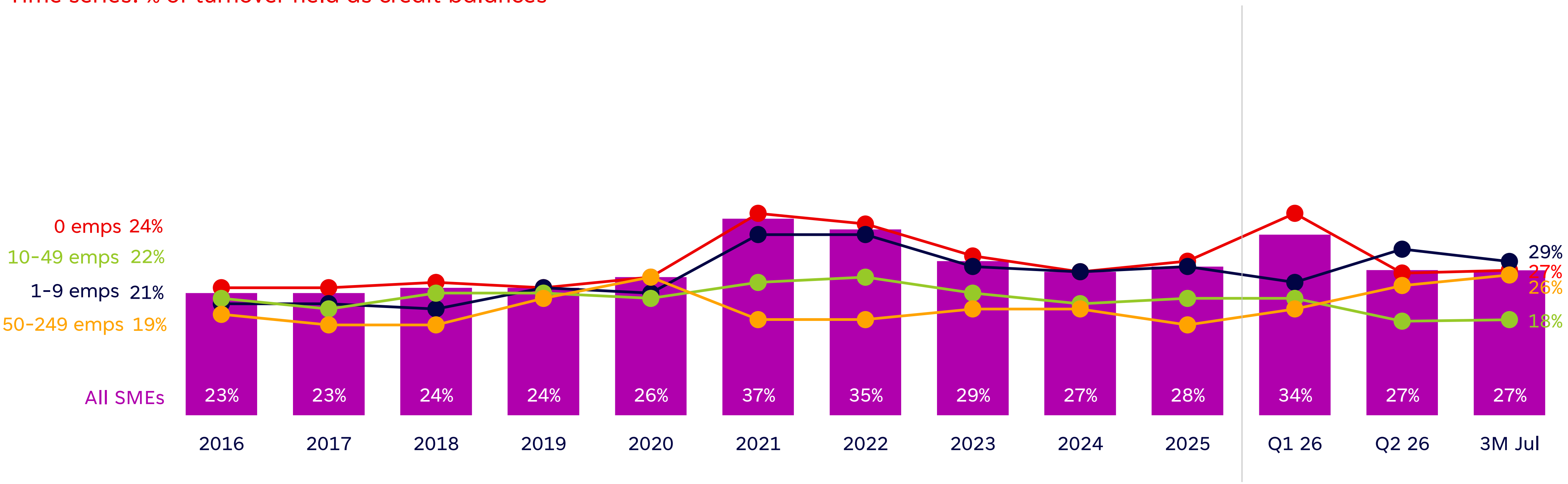


The proportion of SMEs holding £10,000 or more in credit balances increased from 3% in 2012 to 24% in 2015 and remained broadly stable to 2019. During 2020, the proportion of SMEs holding such sums increased steadily, to 28% for the year as a whole. 35% of SMEs held such sums in 2022, and 34% in 2023. 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 July excl DK 3564

The proportion of turnover held as credit balances was somewhat lower than in Q1 at 27%, as the proportion held by 0 employee SMEs dropped from 38% in Q1 to 27% in Q2 and currently

Time series: % of turnover held as credit balances

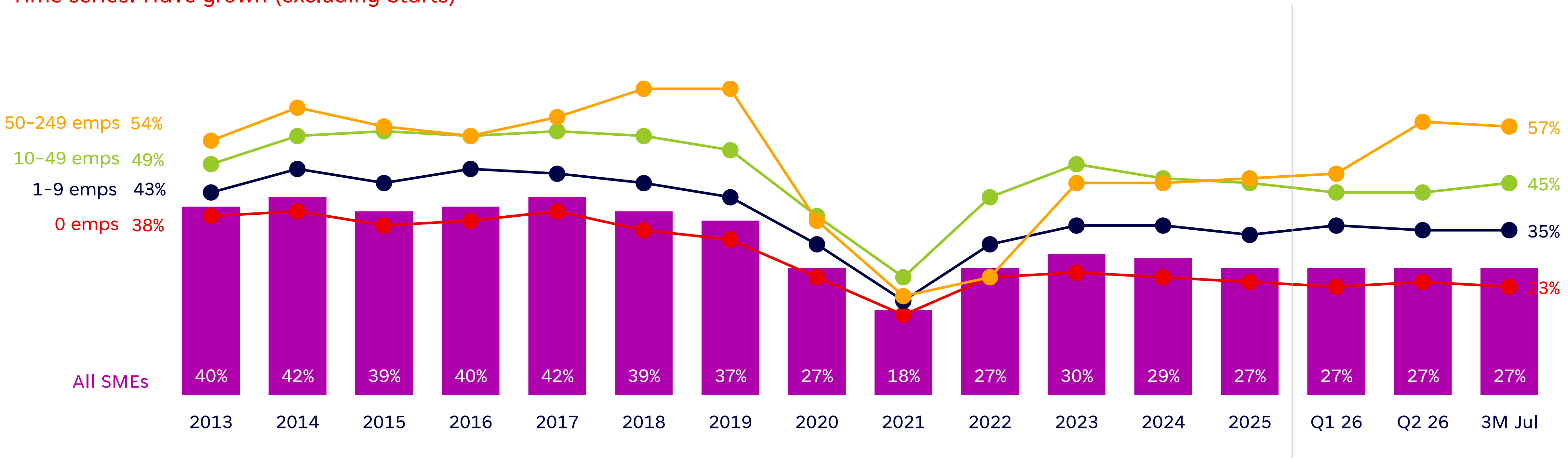


This analysis looks at credit balances held as a percentage of total turnover, both collected in bands with mid-points used and noting that turnover figures were affected by the pandemic but did increase somewhat in 2023. In the latest period SMEs held the equivalent of 27% of their turnover in credit balances, in line with most of 2024 -25

Q117/Q9 Base : All respondents 3m to July excl DK 3508
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 overall. Growth amongst the largest SMEs increased to 58% in Q2 and is currently stable

Time series: Have grown (excluding Starts)

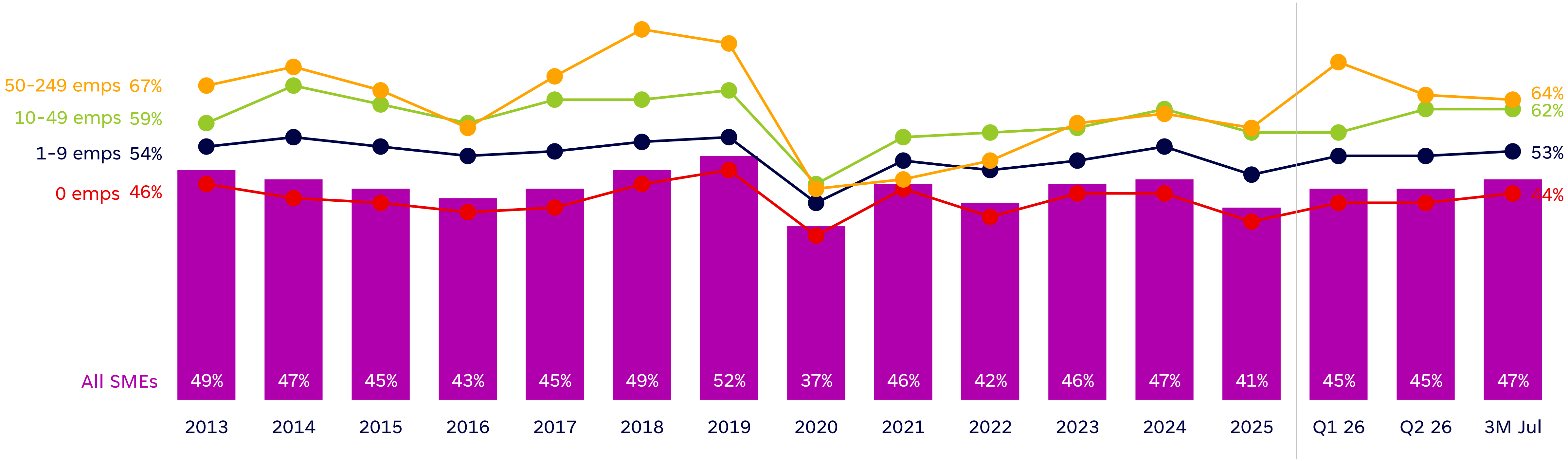


From 2012 to 2019, the proportion of SMEs (excluding Starts) reporting growth varied little and was 37% for 2019. During the pandemic, reported past growth was initially broadly stable in 2020 but then declined steadily across all size bands and was 27% for the year as a whole and 18% for 2021. It increased 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 July 3993

Growth aspirations, at 47%, remained somewhat higher than in 2025. This was still led by the largest SMEs, but their higher growth aspirations in Q1 have not been maintained

Time series: Have plans to grow

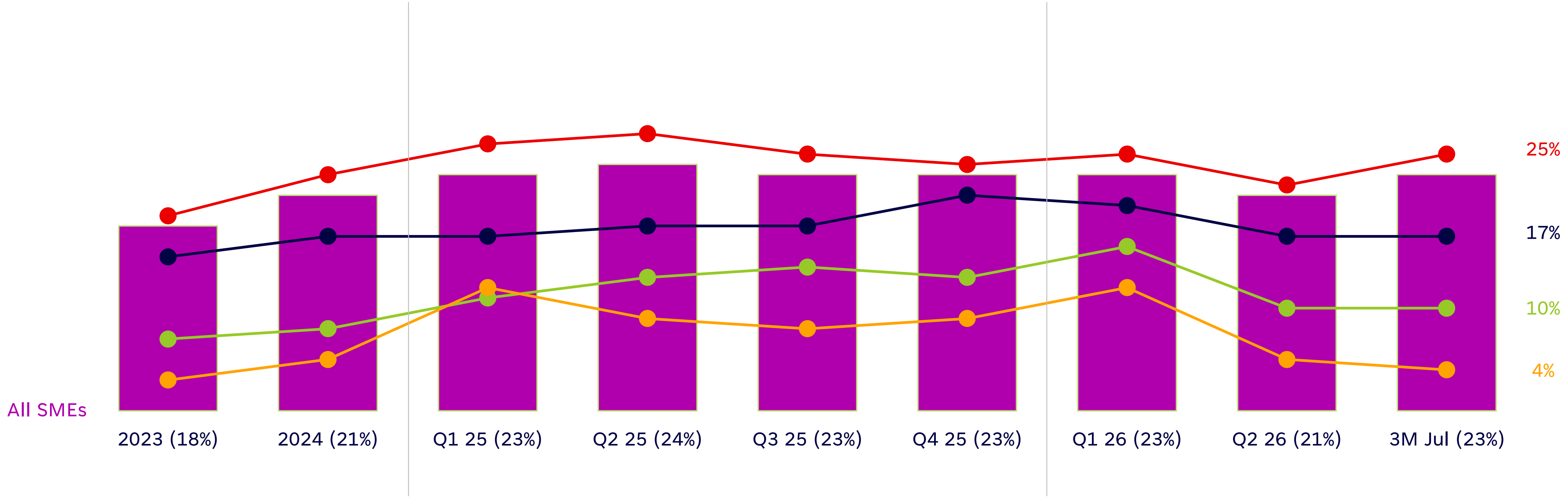


For 2019 as a whole, 52% of SMEs expected to grow, up from 49% in 2018 and the highest level seen to date on SMEFM. In 2020 those aspirations fell significantly to 37%. The increase in 2021 to 46% was not maintained in 2022 (42%) but increased to 46% for 2023. 47% planned to grow in 2024 but that proportion declined during 2025 to 39% in Q4. It has been somewhat higher in 2026 to date (47% currently)

Q91 Base : All respondents 3m to July 4165

23% of SMEs in the current period felt that they were 'Struggling', still led by the smallest SMEs. SMEs with employees were less likely to be 'Struggling' than at the start of the year

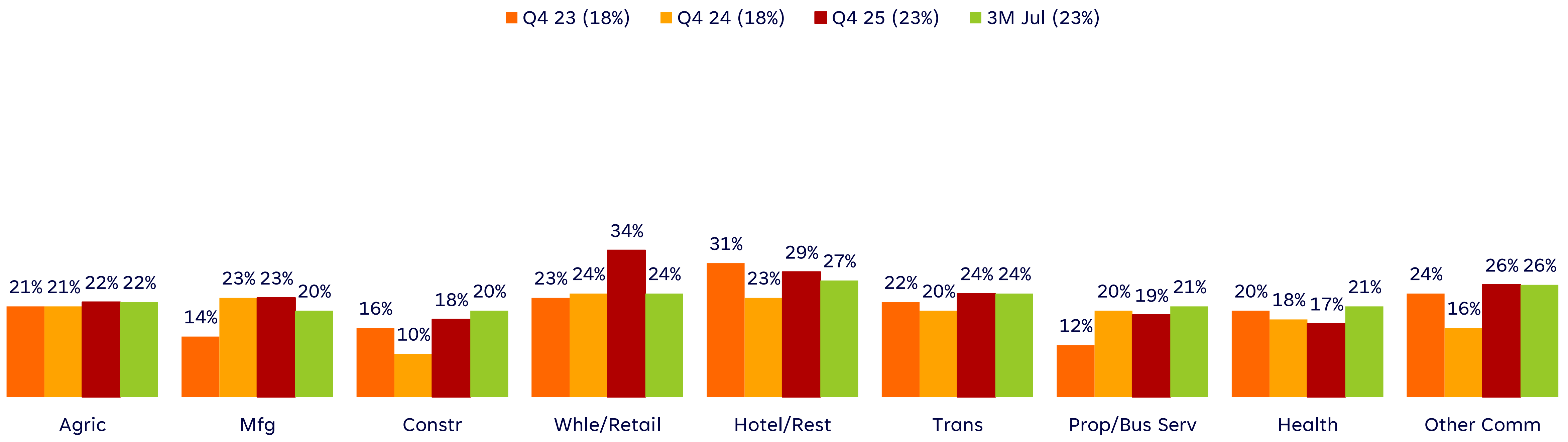
NEW Time series: Feel that they are 'Struggling'



Qcv8 all SMEs 3m to July 4165

Hospitality remained the sector most likely to be 'Struggling' (27%), but with limited variation across sectors (20-26% elsewhere)

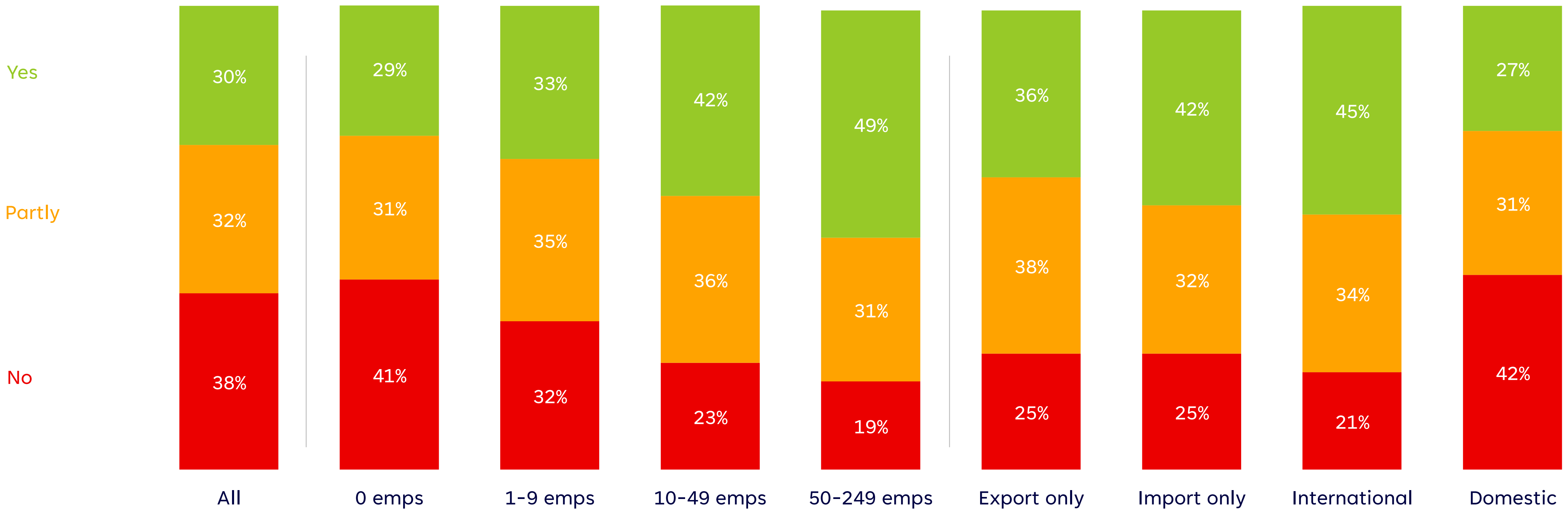
Struggling: by sector (over time)



Cv8 Base : All SMEs

3 in 10 SMEs were planning to both grow *and* to be innovative in the year ahead, increasing by size to around half of the largest SMEs and 4 in 10 of those involved in importing.

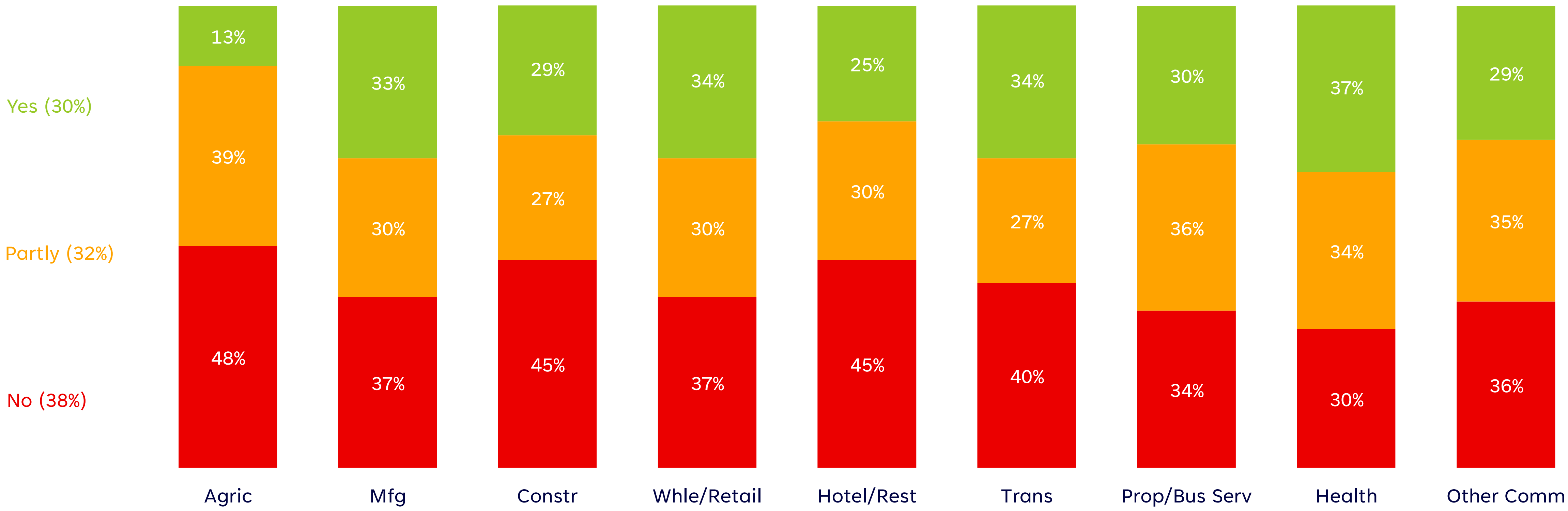
Ambitious Innovators: 3m to July 2026



All SMEs 3m to Jul 4165 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

SMEs in Agriculture (13%) were much less likely to have plans to grow *and* innovate in the coming year, compared to 33% in Manufacturing and 34% in both Wholesale/Retail and Transport

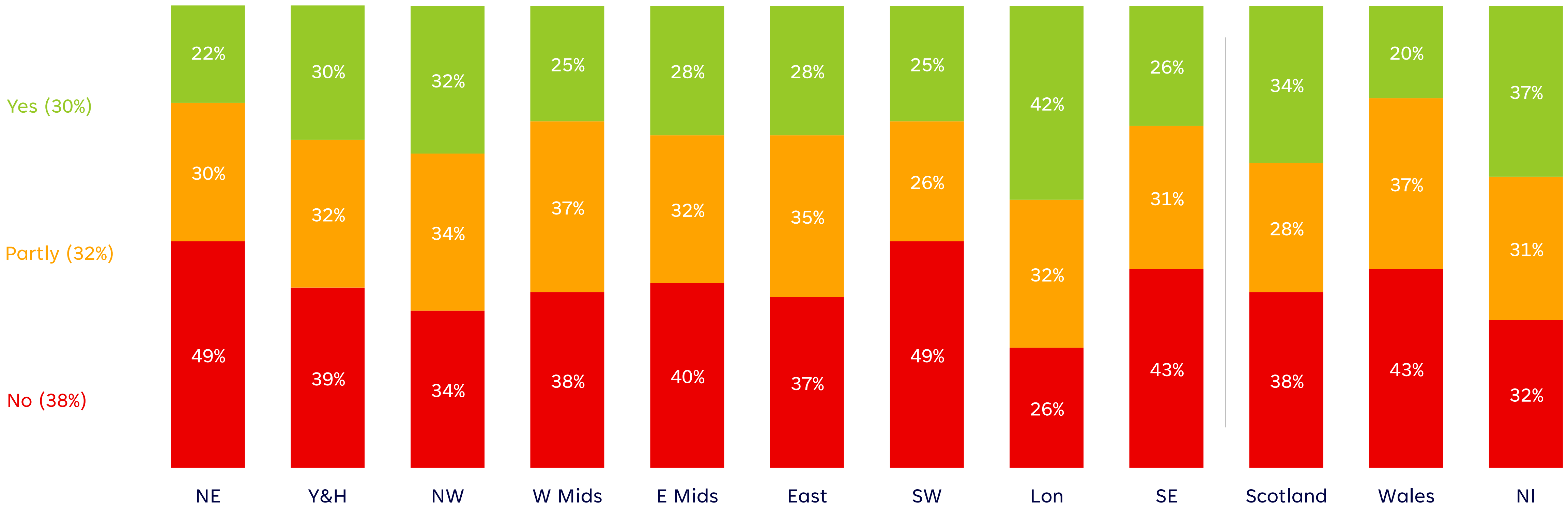
Ambitious Innovators: 3m to July 2026



All SMEs 3m to Jul 4165 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 42% in London to 20% in Wales and 22-37% elsewhere

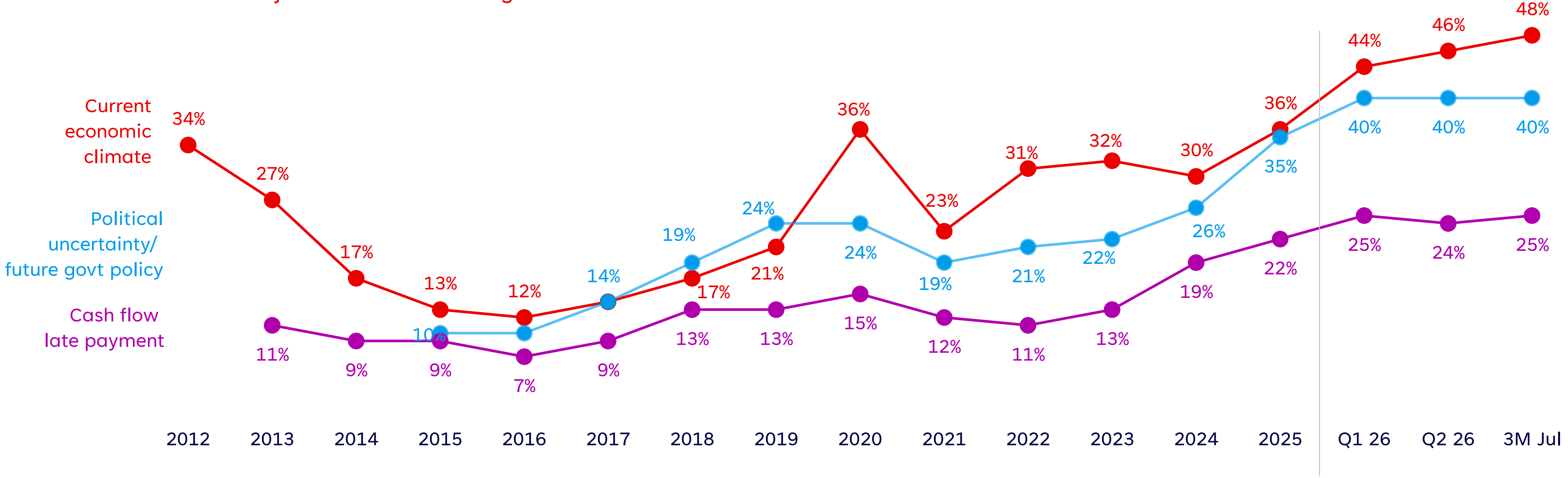
Ambitious Innovators: 3m to July 2026



All SMEs 3m to Jul 4165 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

While political uncertainty/ future government policy has stabilised as a barrier there has bene a further small increase in the current economic climate as a barrier. Concerns about cash flow/late payment remained more stable in 2026

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

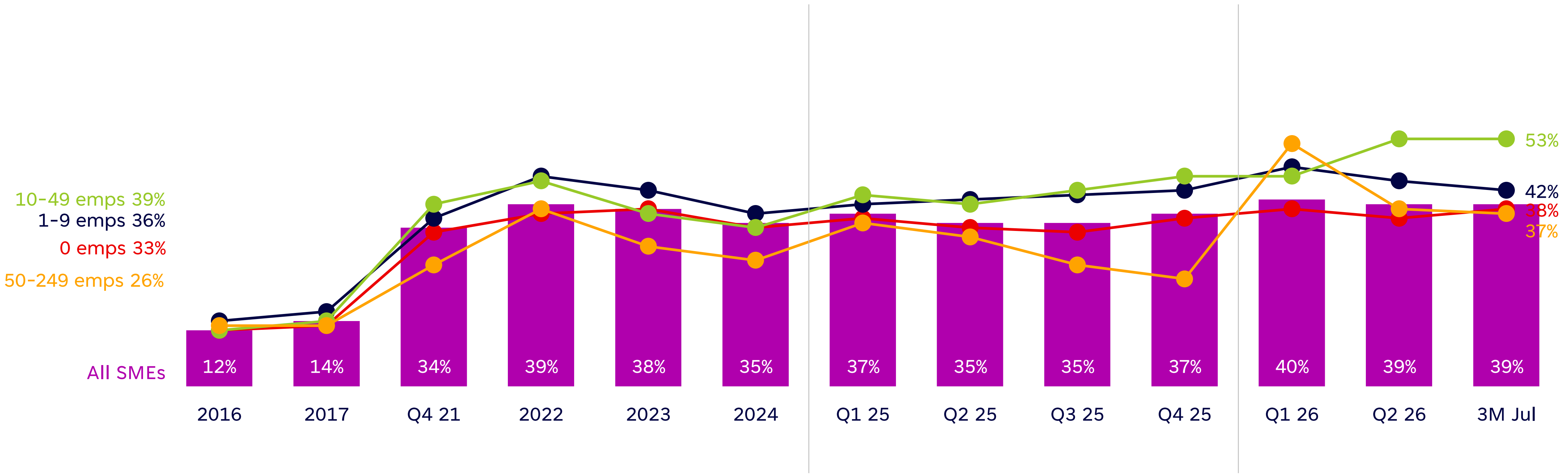


Concern for the economic climate increased most markedly from Q1 to Q2 2020 (20% in Q1 to 47% in Q2), the highest level seen to date. It then declined, to 23% in 2021, but increased from the start of 2022 to 32% in 2023 and increased steadily during 2025 with the 40% seen in Q4 2025 and 48% in the current 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%) with limited change since (currently 25%)

Q93 Barriers to running business as would want in next 12 months
Base : All respondents 3m to July 4165. Feb to March economic climate increased 41% to 51%, political uncertainty 37% to 45%

A stable 39% of SMEs viewed higher costs as a barrier. Those with 10-49 employees remained the most likely to see this as a barrier

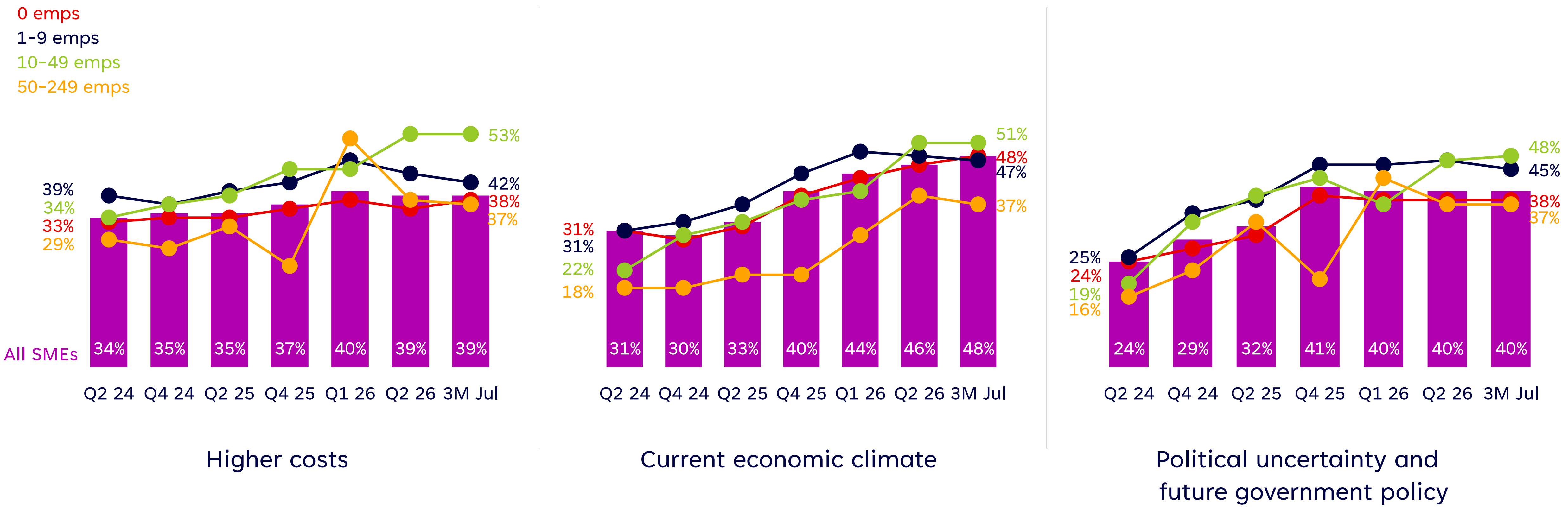
Time series: Higher costs 8-10 barrier (asked as Increasing costs to Q2 2024)



Q93 Base : All SMEs 3m to July 4165

The increase in concern around the economic climate was driven by the 0 employee SMEs, with the other metrics stable in the current period

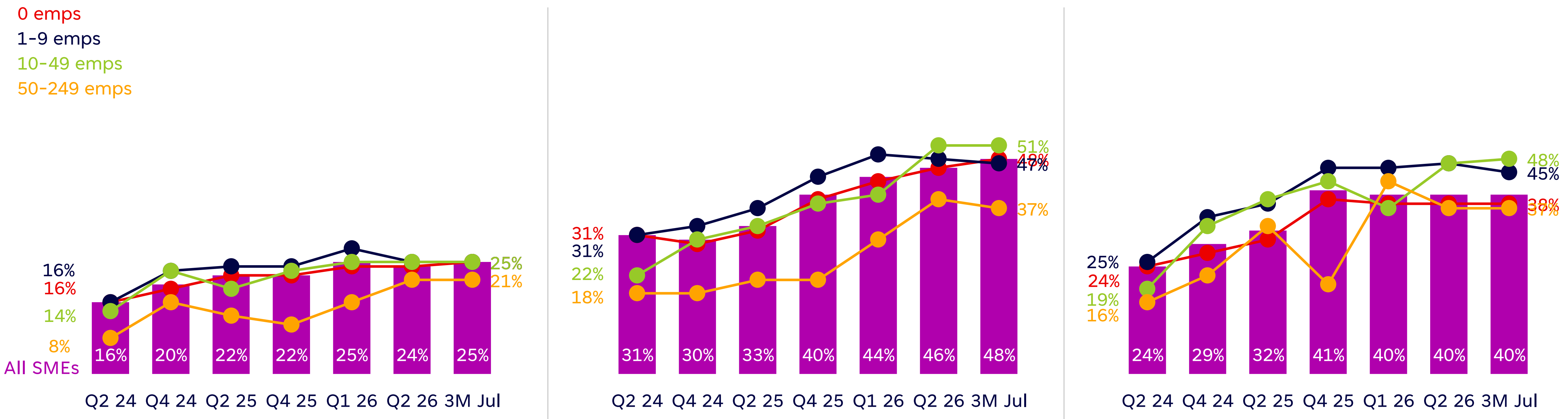
Additional analysis: Key barriers over recent quarters



Q93 Base : All SMEs 3m to July 4165

Meanwhile, there remained limited variation in perceptions of cash flow /late payment as a barrier over time, or by size

Additional analysis: Key barriers over recent quarters



Cash flow/late payment

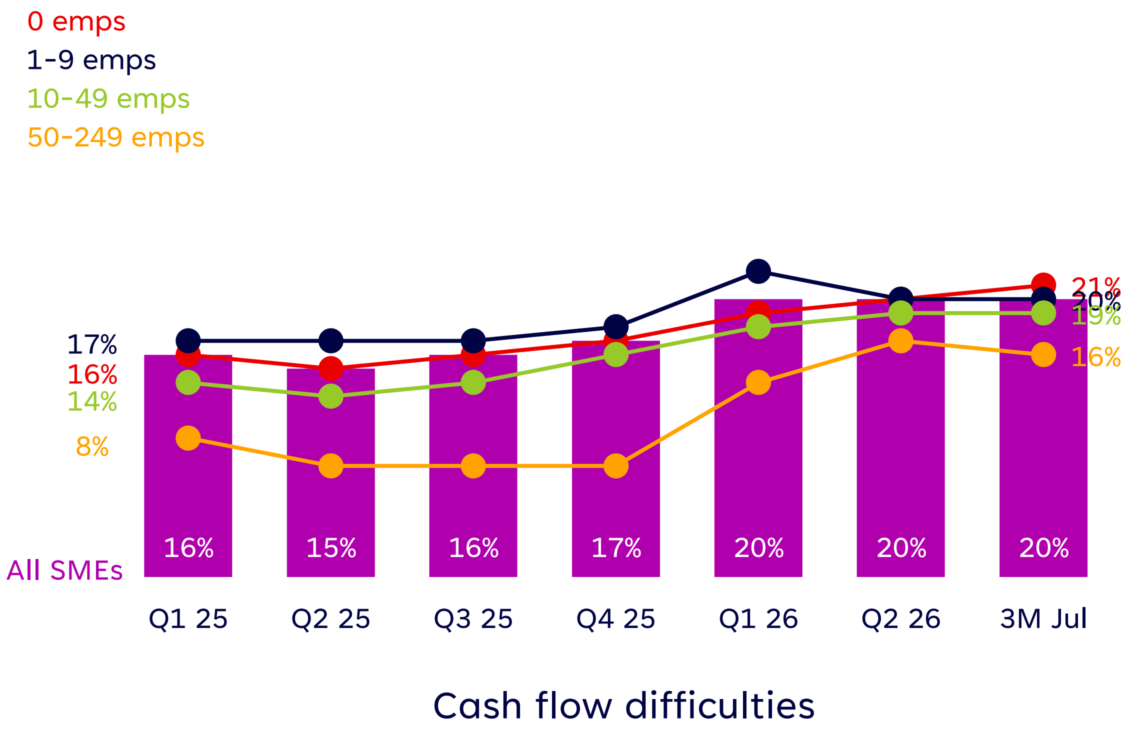
Current economic climate

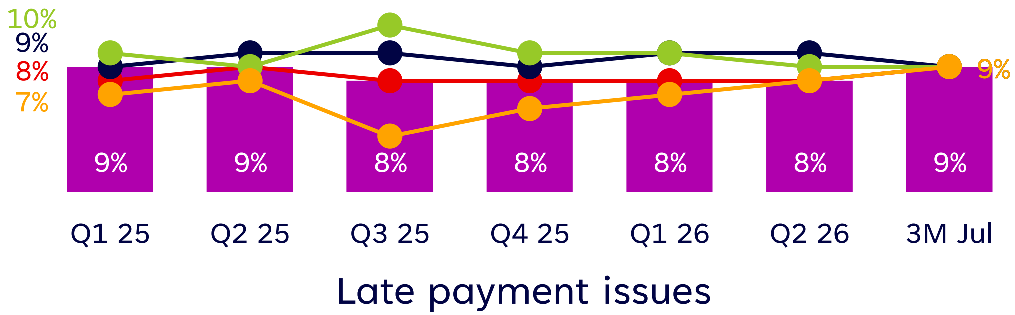
Political uncertainty and future government policy

Q93 Base : All SMEs 3m to July 4165

In their constituent parts, cash flow issues increased to 20% in Q1 2026 but have remained stable overall since, while late payment has been a more consistent issue both over time and by SME size

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

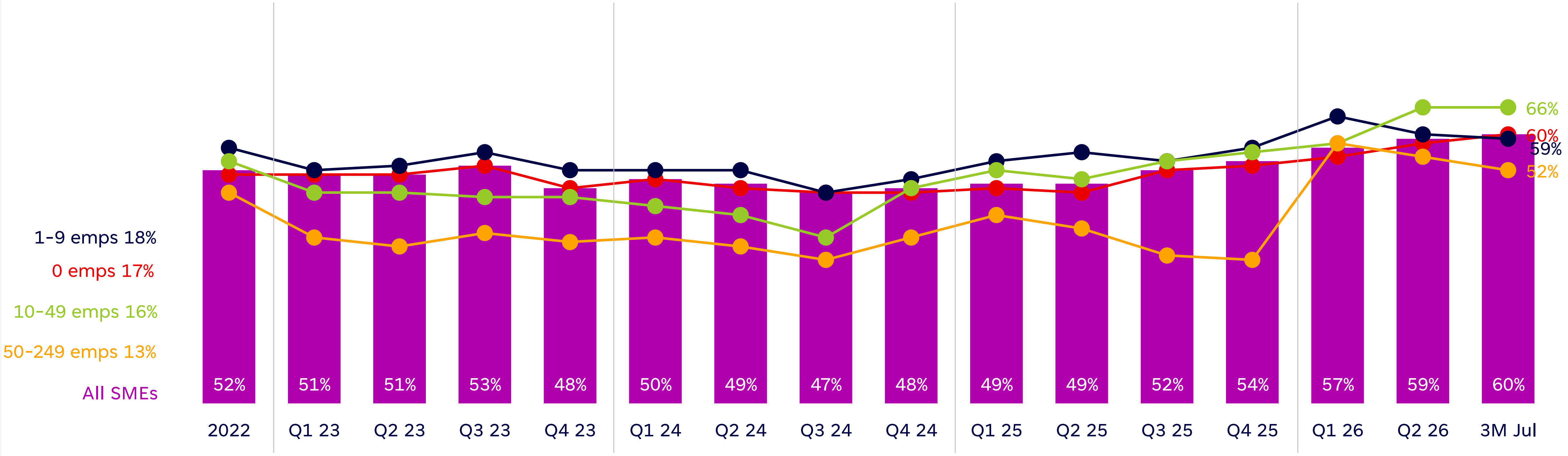




Q93 Base : All SMEs 3m to July 4165

The proportion of SMEs reporting wider economic concerns, currently 60%, remained somewhat higher than in 2025, led by those with 10-49 employees

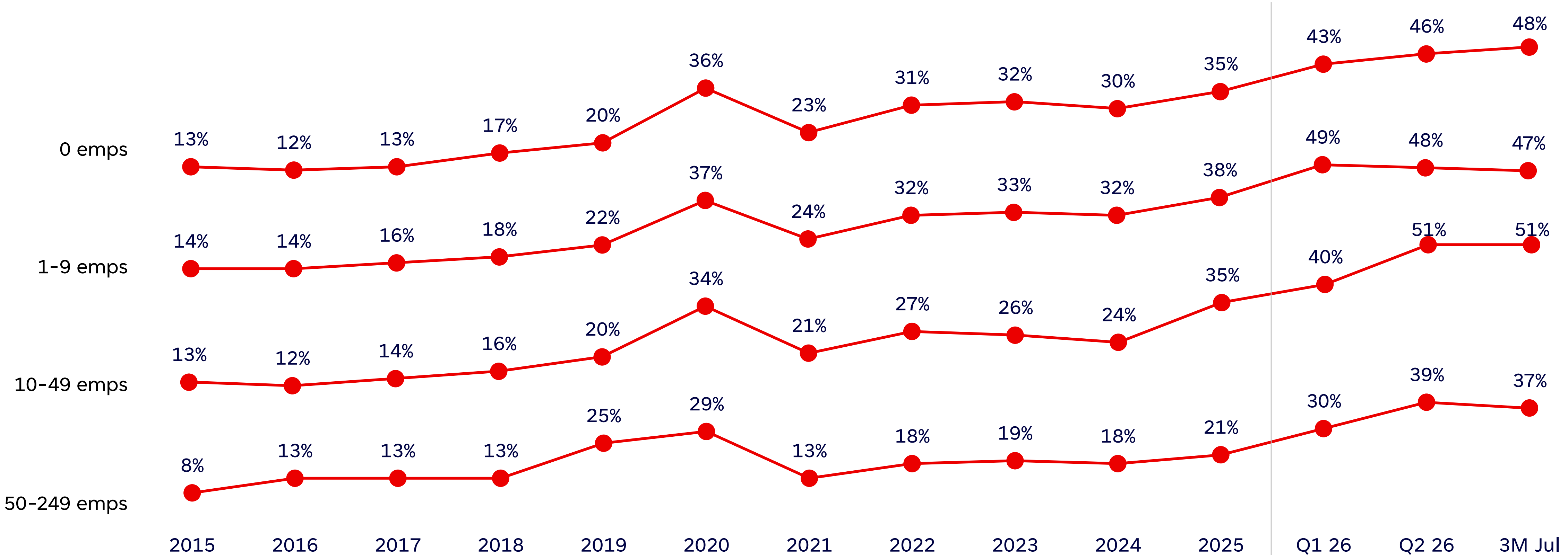
Time series: Broader economic concerns



Q93 Base : All SMEs 3m to July 4165 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 for the smallest SMEs, but is currently more stable for those with employees

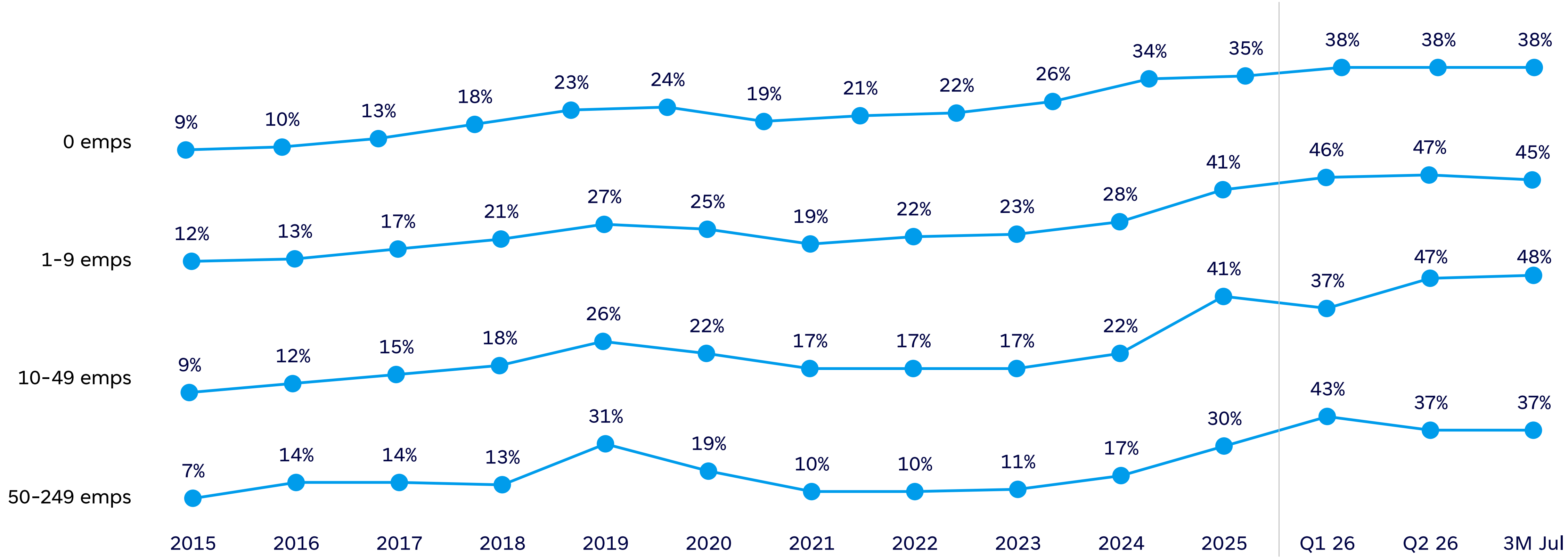
Time series: % Rating 'The current economic climate' 8-10 a major obstacle for next 12 mths



Q93 Base: All Economic climate

Concern about political uncertainty/future government policy was stable for those with 0-9 employees. Amongst larger SMEs those with 10-49 employees were the most concerned

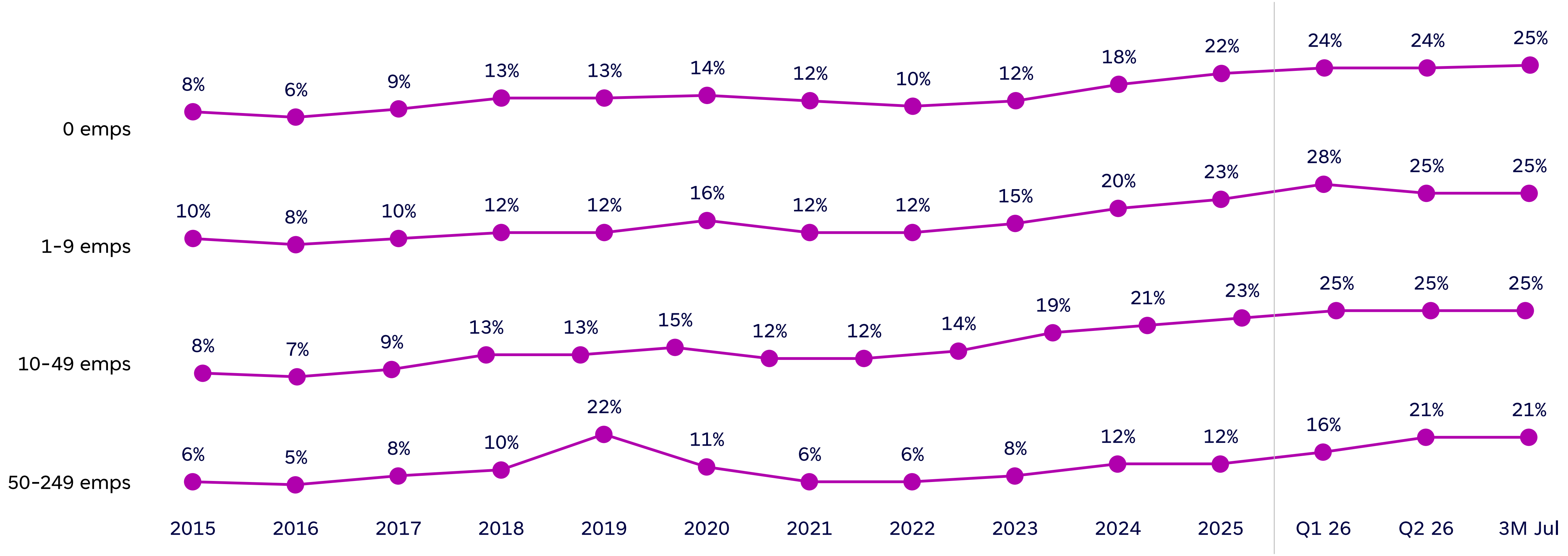
Time series: % Rating 'Political uncertainty and future government policy' a major obstacle for next 12 mths



Q93 Base: All Political uncertainty

Concern about cash flow/late payment was stable in the current period

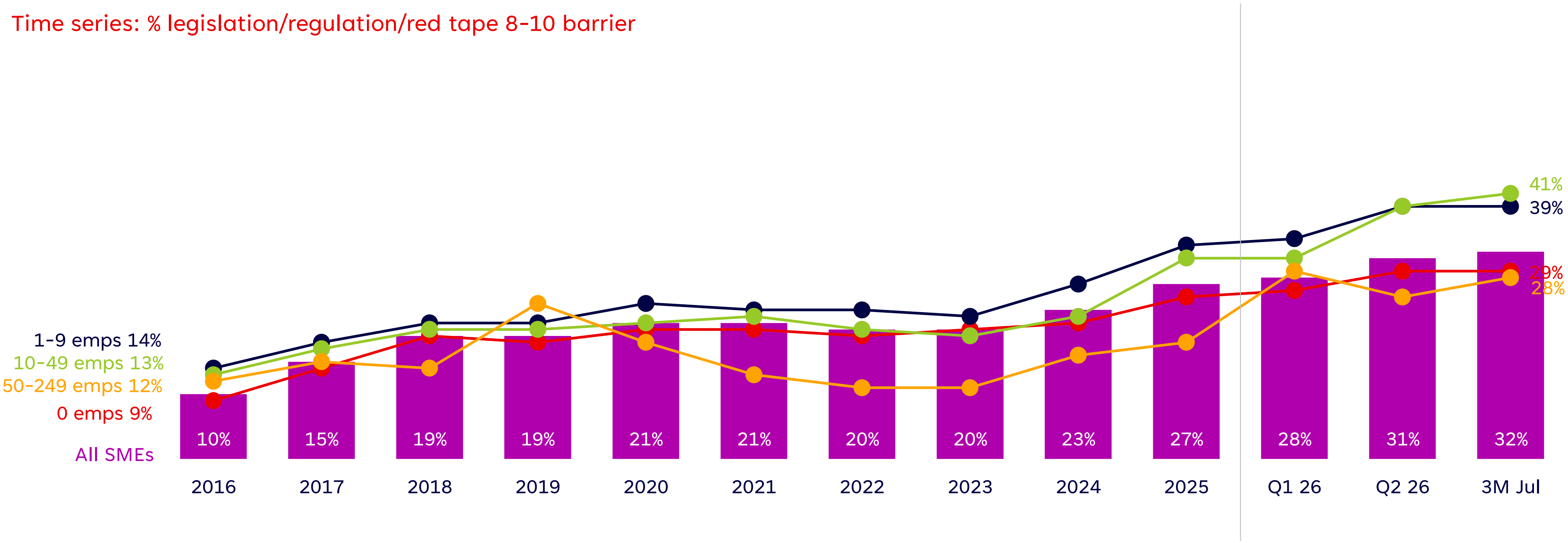
Time series: % Rating ''Cash flow or issues with late payment' a major obstacle for next 12 mths



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

A stable 3 in 10 SMEs (32%) saw legislation, regulation and red tape as a barrier, led by those with 1-9 or 10-49 employees

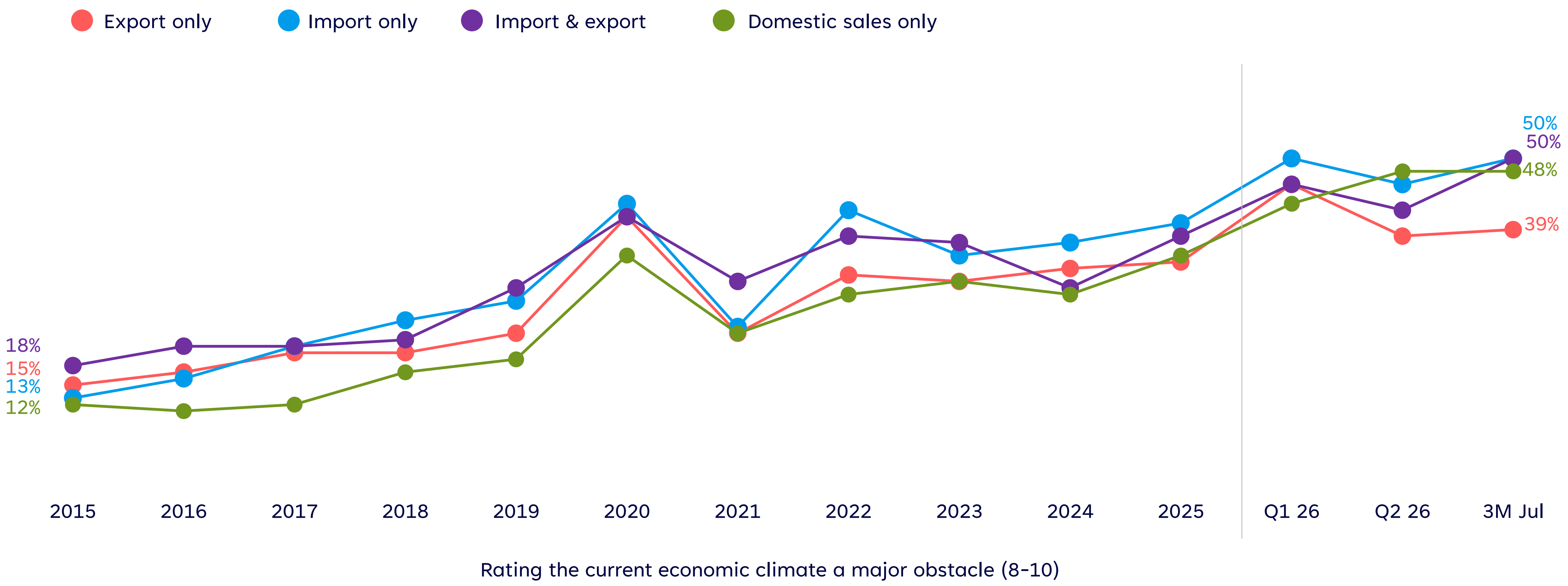
Time series: % legislation/regulation/red tape 8-10 barrier



Q93 Base : All SMEs 3m July 4165

There is currently little to choose between international and Domestic only SMEs in terms of concerns about the economic climate, but with the exception of Export only SMEs

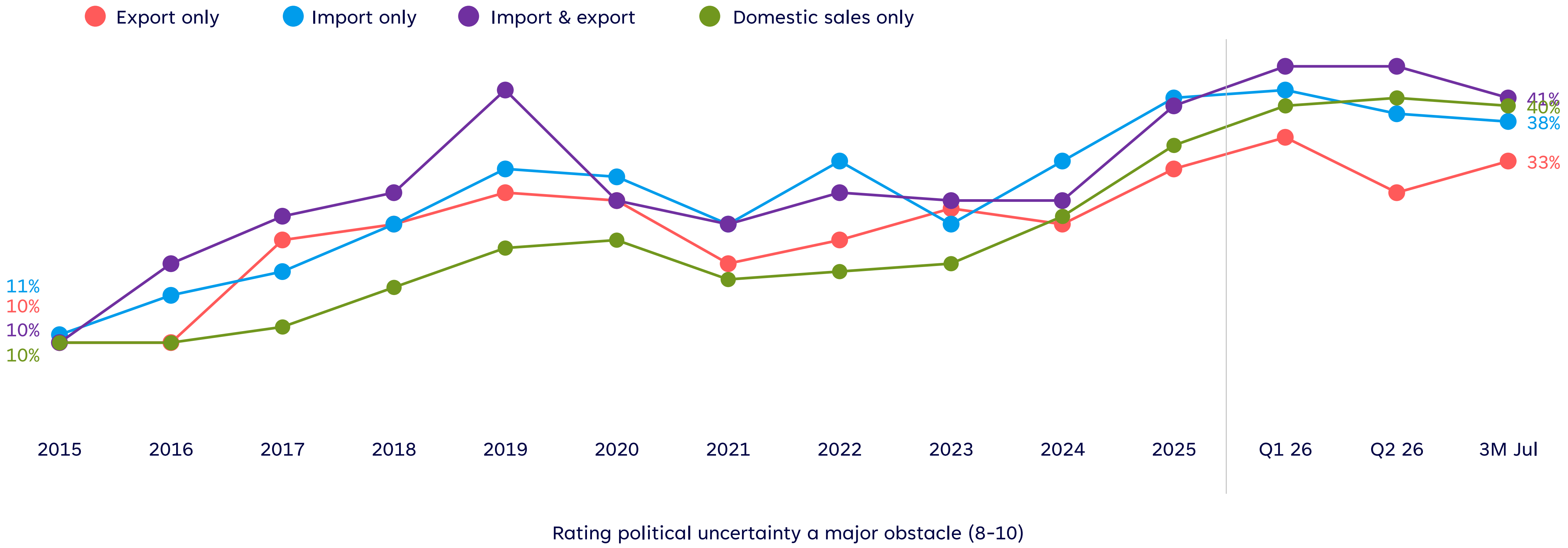
Time series: 8-10 economic climate by extent of international trade alongside domestic sales



Q93 Base: All 3m to July 240/568/496/2861

Political uncertainty/ government policy also remained less of a concern to Export only SMEs

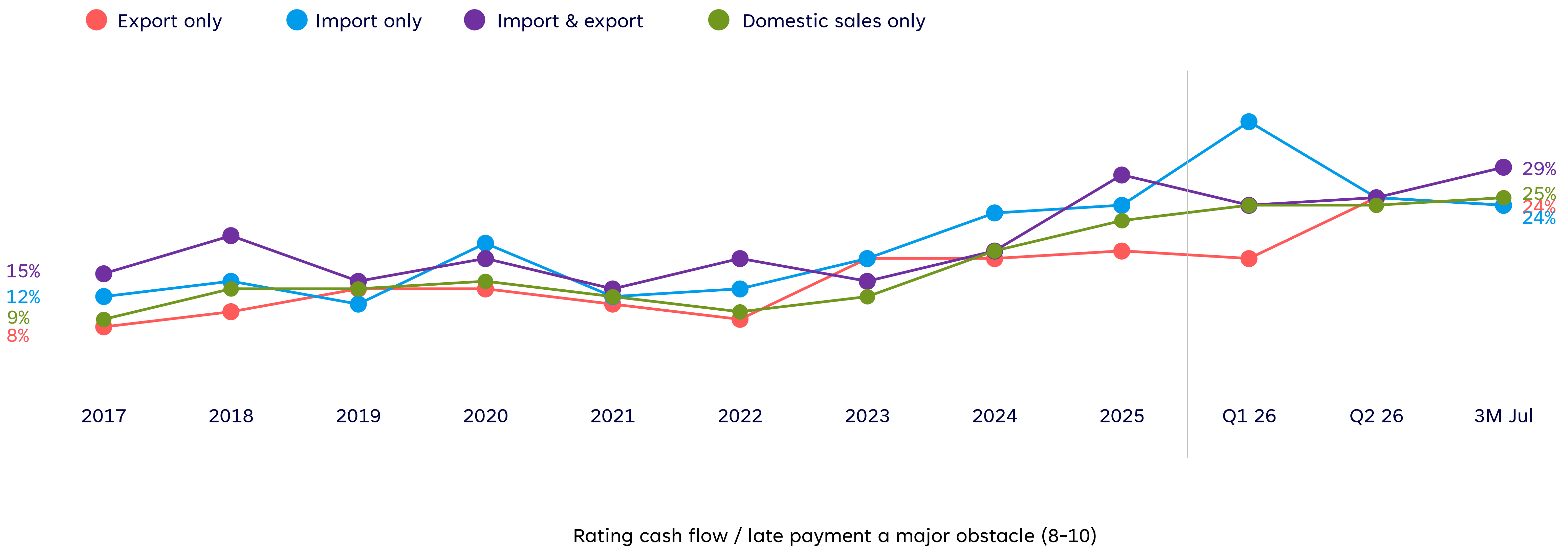
Time series: 8-10 political uncertainty/future government policy by extent of international trade alongside domestic sales



Q93 Base: All 3m to July 240/568/496/2861

Cash flow/late payment did not vary much as a barrier by international trade but was slightly higher for those that both import and export

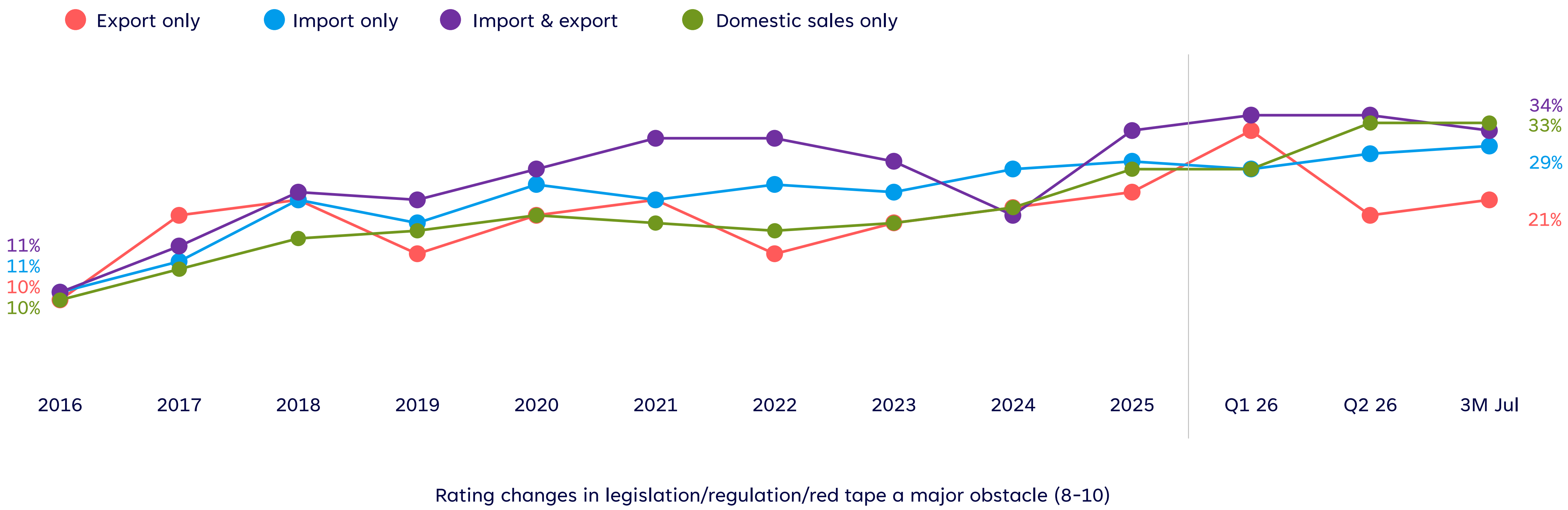
Time series: 8-10 cash flow / late payment by extent of international trade alongside domestic sales



Q93 Base: All 3m to July 240/568/496/2861

In the current period, concern around legislation/regulation was also lower for Export only SMEs

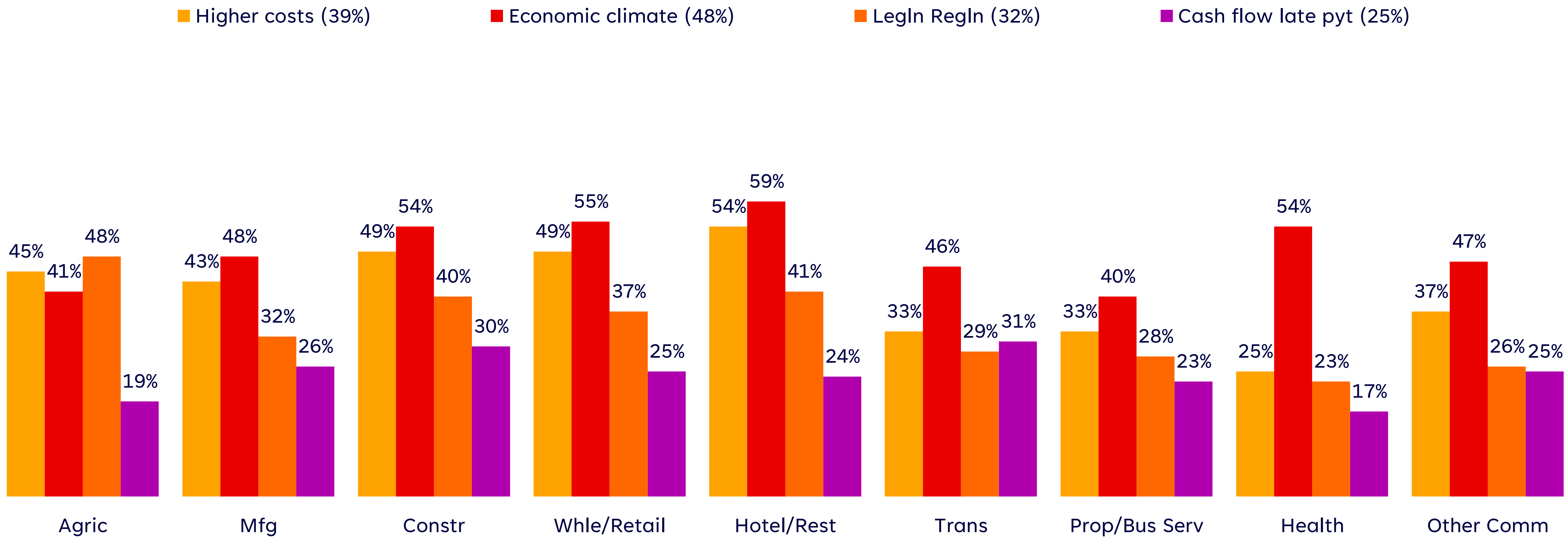
Time series: 8-10 changes in “legislation/regulation/red tape” by extent of international trade alongside domestic sales



Q93 Base: All 3m to July 240/568/496/2861

The economic climate and higher costs remained a particular challenge for Hospitality

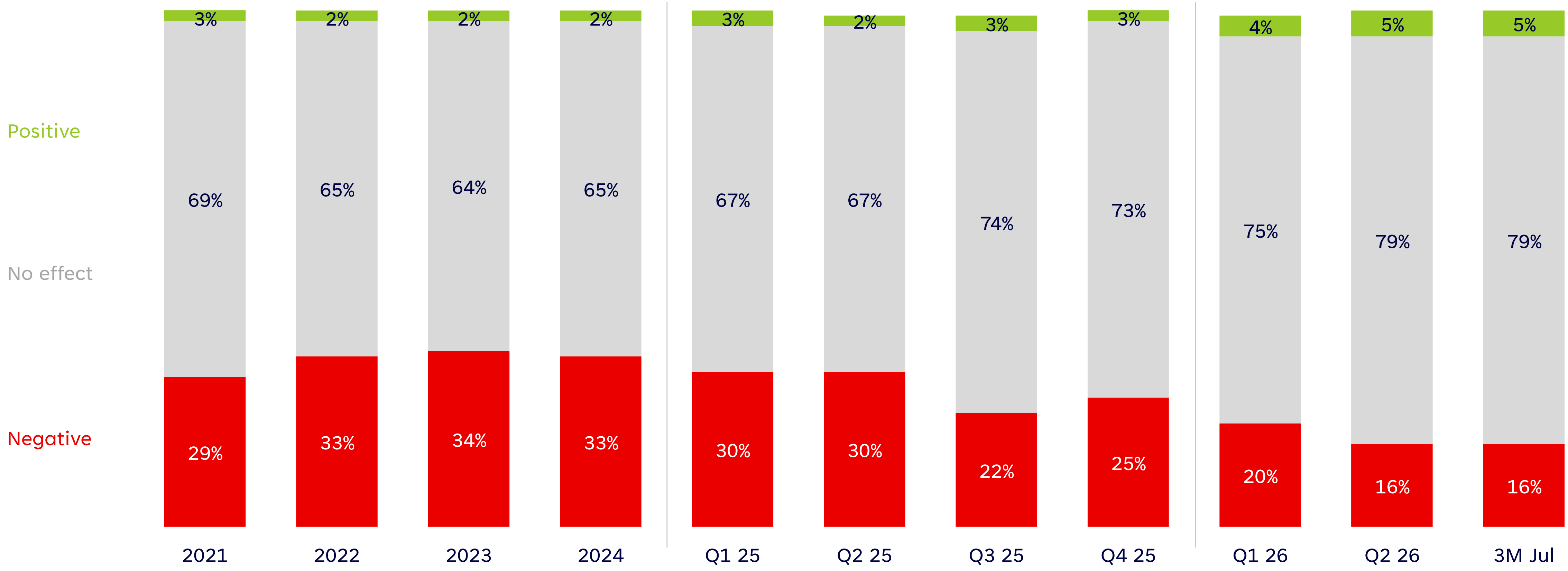
Major barriers: by sector 3m July 2026



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

The proportion of SMEs that have reported a negative impact on their business due to the revised trading arrangements with the EU remained at the recent lower level (16%), as most (79%) reported no impact

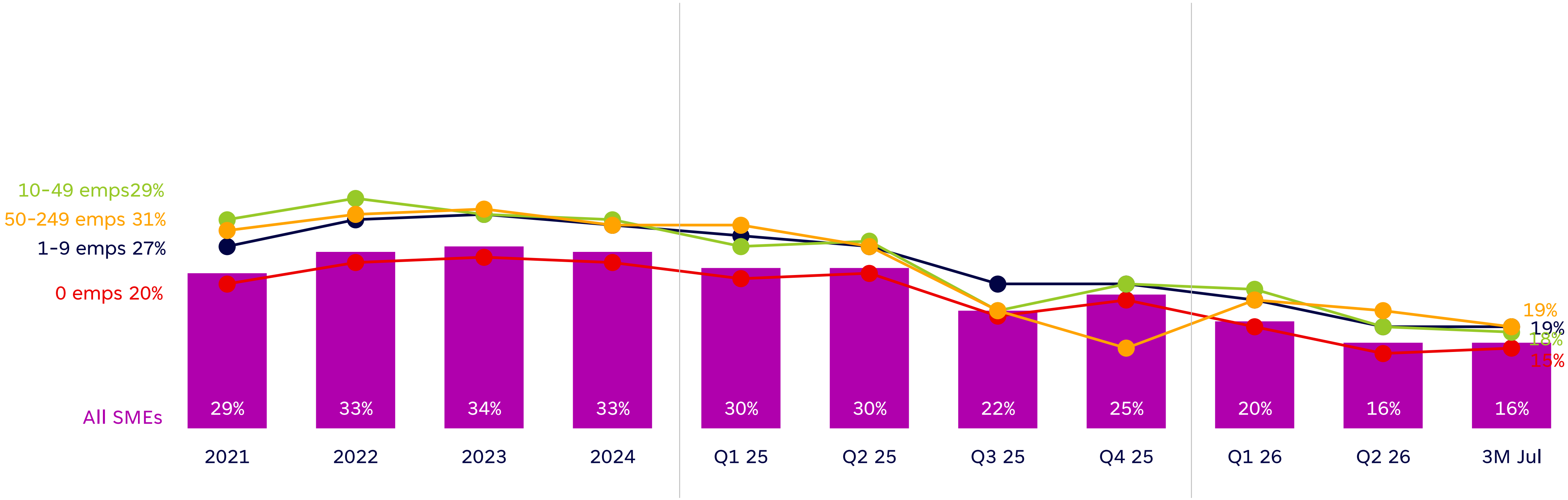
Time series: Impact of the new trading arrangements with the EU



Q84c all SMEs excluding Dk 3m to July 3953

The decline over recent quarters in negative sentiment about EU trading has been seen across all SMEs

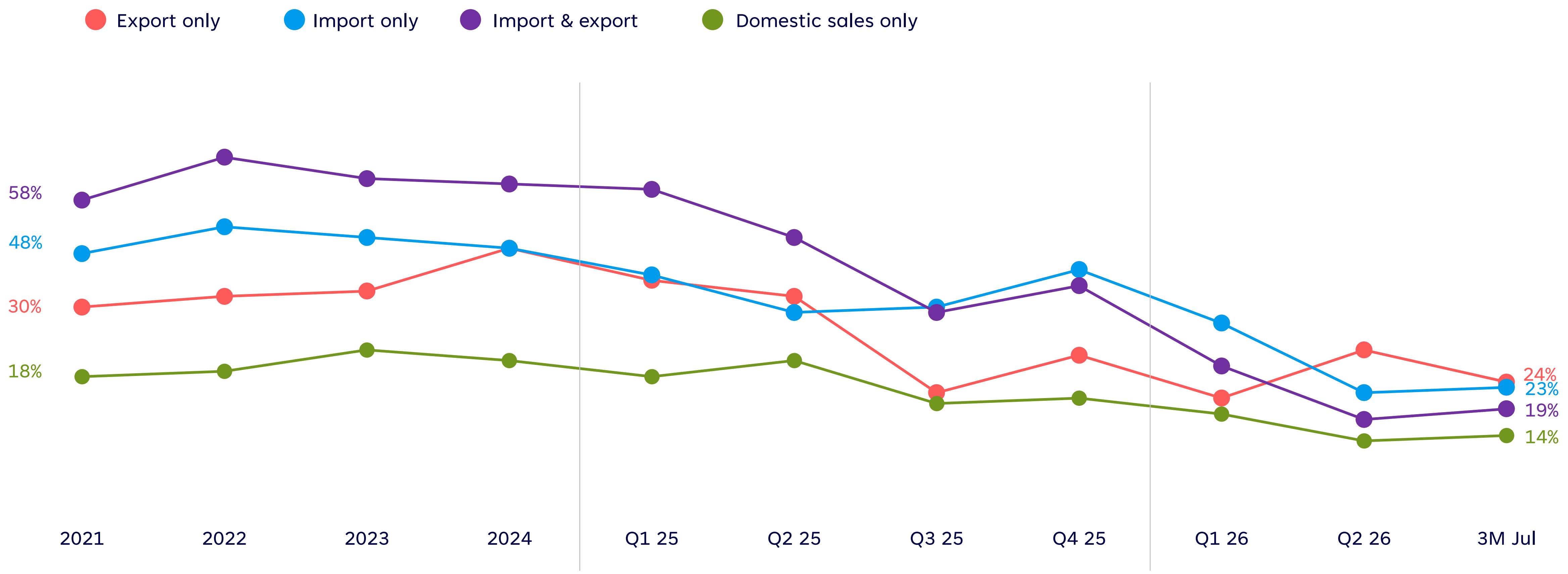
Time series: Negatively impacted by new EU trading arrangements



Q84c all SMEs excluding DK 3m to July 3953

There was once again limited differences in negative impacts for those trading internationally

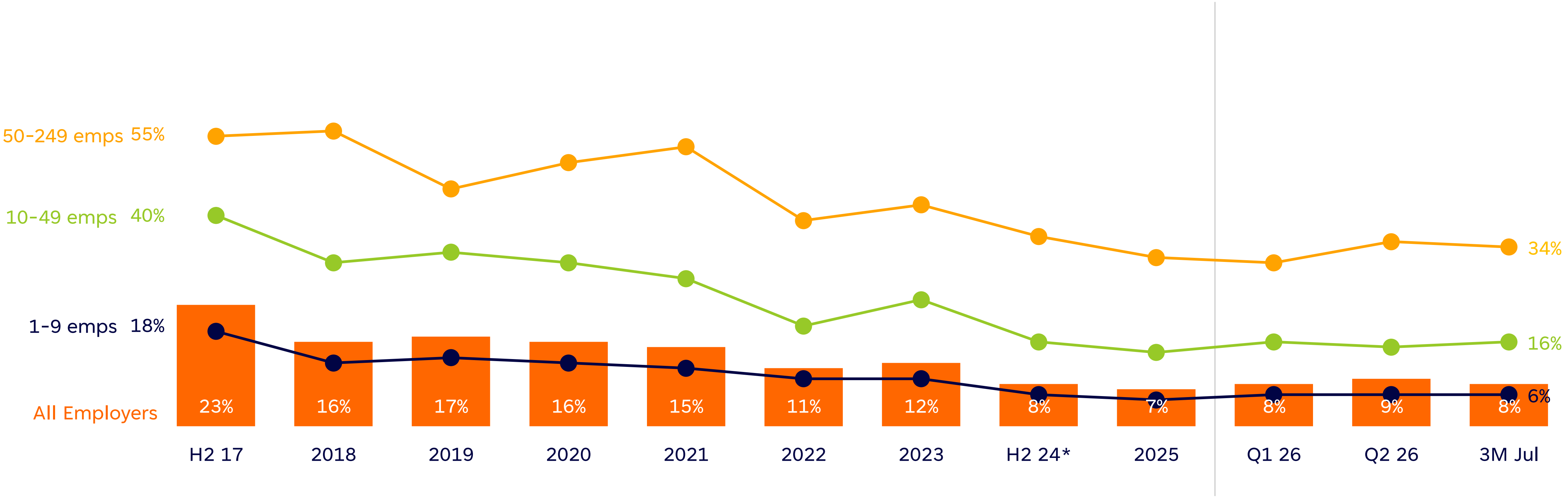
Time series: Negatively impacted by new EU trading arrangements by extent of international trade



Q84c Base: All 3m to July ex DK: 230/533/472/2718

The proportion of SME employers with non-UK staff remained stable but lower than seen to 2023, and across all size bands

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

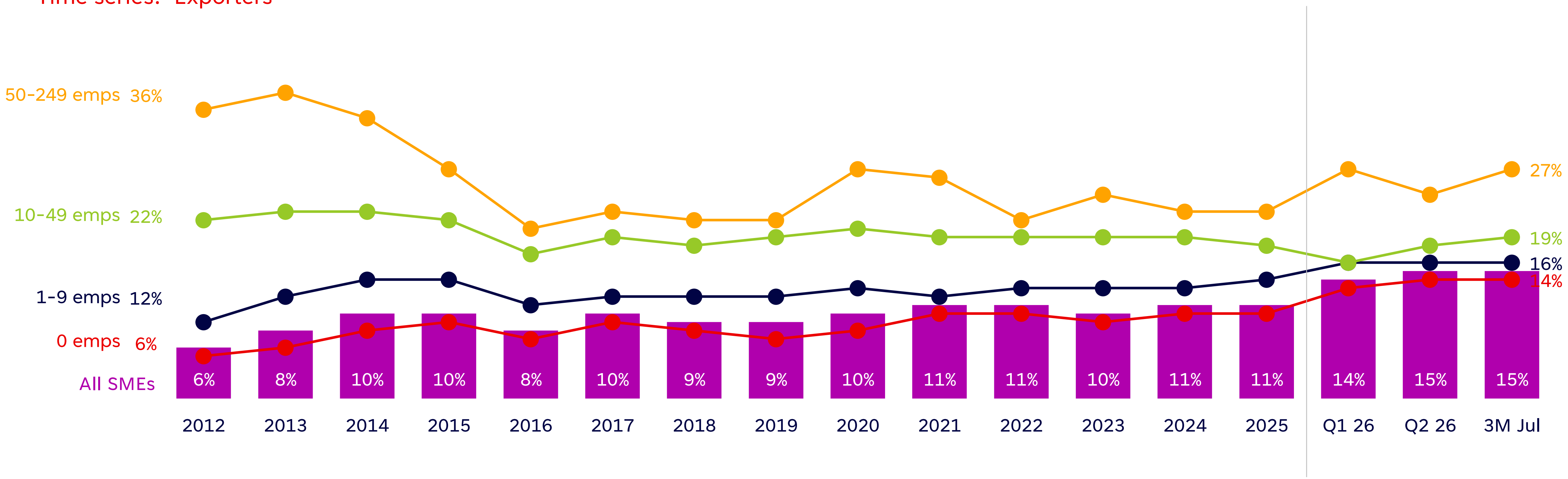


When this question was first asked in H2 2017, a quarter (23%) of employers had staff from overseas. From 2018 to Q2 2021 the proportion was lower but stable, then started to fall and has been under 1 in 10 since the middle of 2024. In the current period, 8% of employers had staff from overseas

*Q84 Base : All employers 3m to July 3253 *From Aug 24, one net “overseas employees” metric has been gathered so no information on EU citizens will be available*

A stable 15% of SMEs reported that they were exporting, somewhat higher than in previous years as more of the smallest SMEs reported exporting than previously

Time series: Exporters

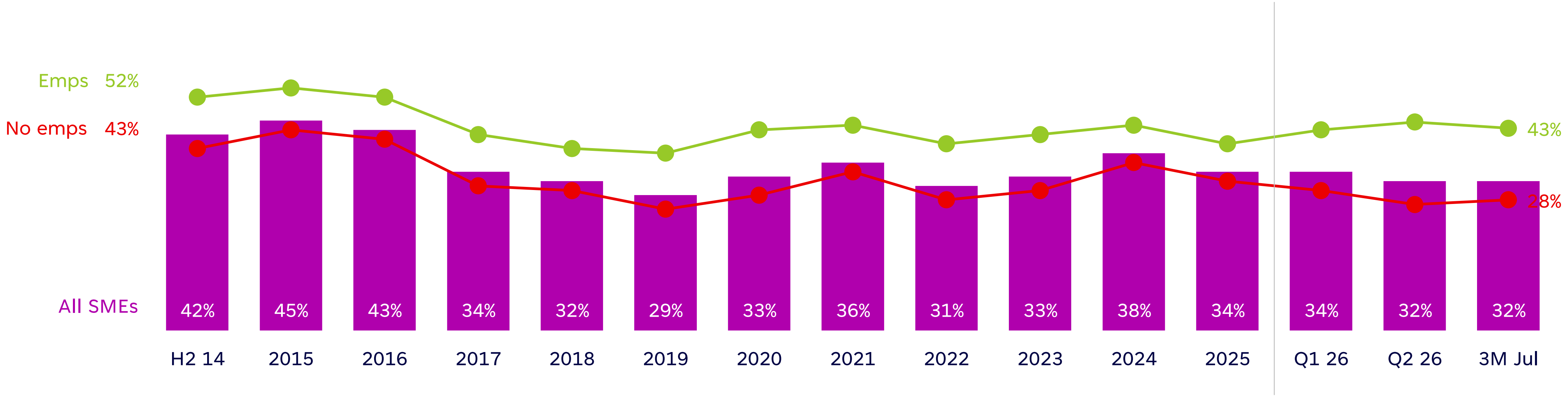


The proportion of exporters increased from 8% in 2013 to 10% in 2014 and 2015. There had been relatively little change since, but more of an increase has been seen recently (to 15% in Q2 and the current period) led by the smallest and largest SMEs

Q84 Base: All respondents 3m to July 4165

1 in 3 SMEs were happy to borrow to grow with SMEs with employees remaining more likely to agree

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

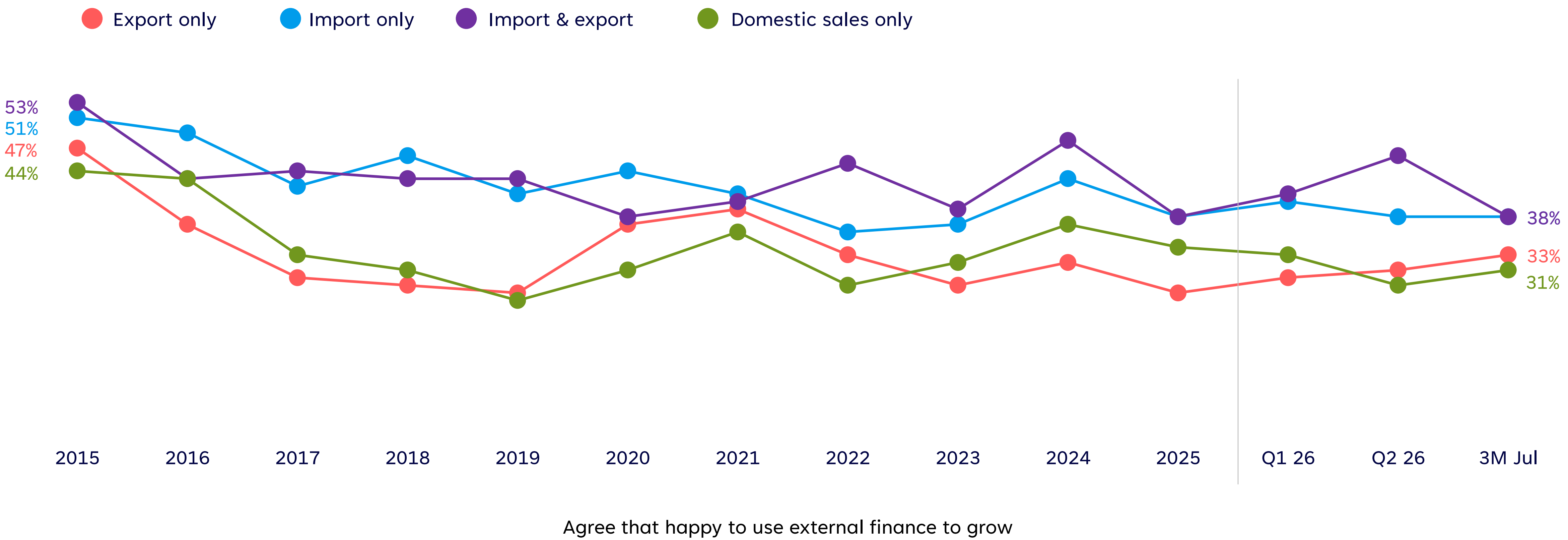


From a high in 2015, the proportion of SMEs happy to use finance to grow declined over time to 3 in 10 SMEs in 2019. It then increased steadily to 36% for 2021. Since then, it has fluctuated between low and high thirty per cent. In the current period, 32% were happy to borrow to grow, down 2 points from Q1 2026.

Q96 Base : All respondents 3m to July 4165

Those with an element of importing to their business were the most likely to be happy to borrow to grow

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



Q96 Base: All 3m to July 240/568/496/2861

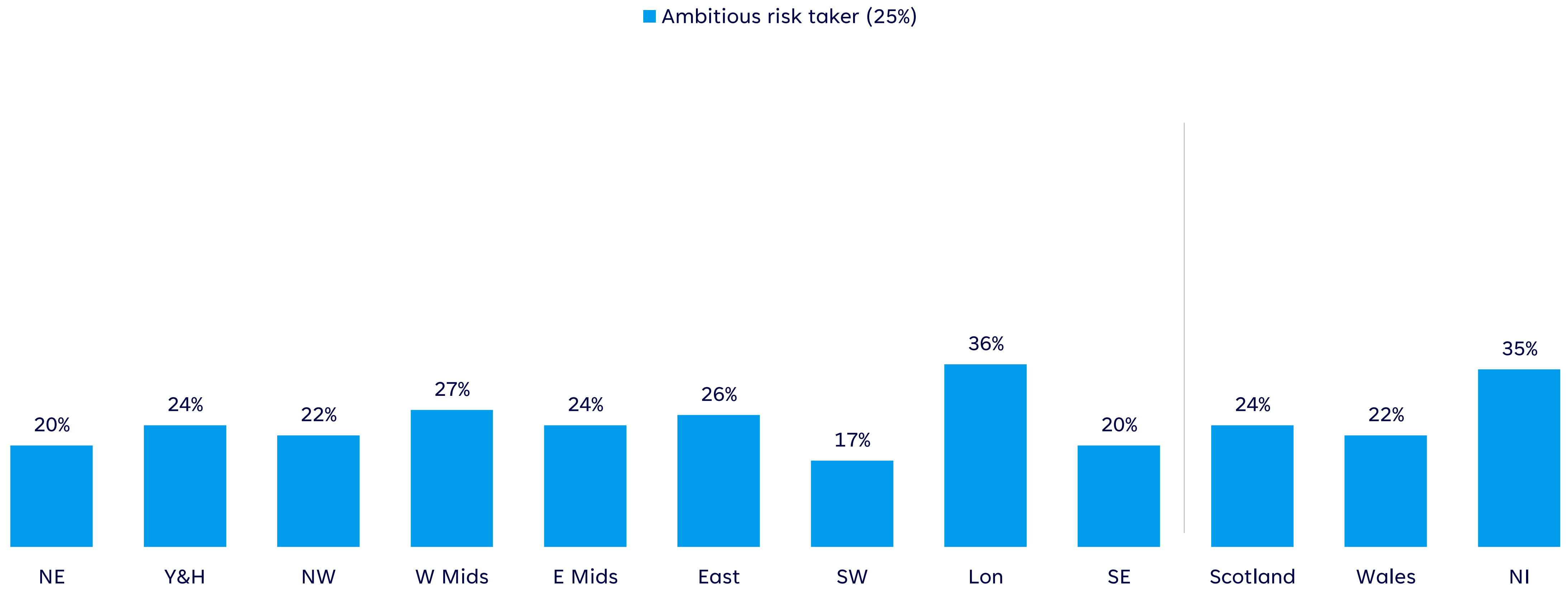
The majority of SMEs agreed with slower growth rather than borrowing to grow, notably those in Y&H

Agree "Slower growth rather than borrow to grow": by region 3m July 2026

Q96 Base : All SMEs

SMEs in Northern Ireland and London were more likely to be an Ambitious Risk Taker, wanting to be a bigger business and prepared to take risks to grow

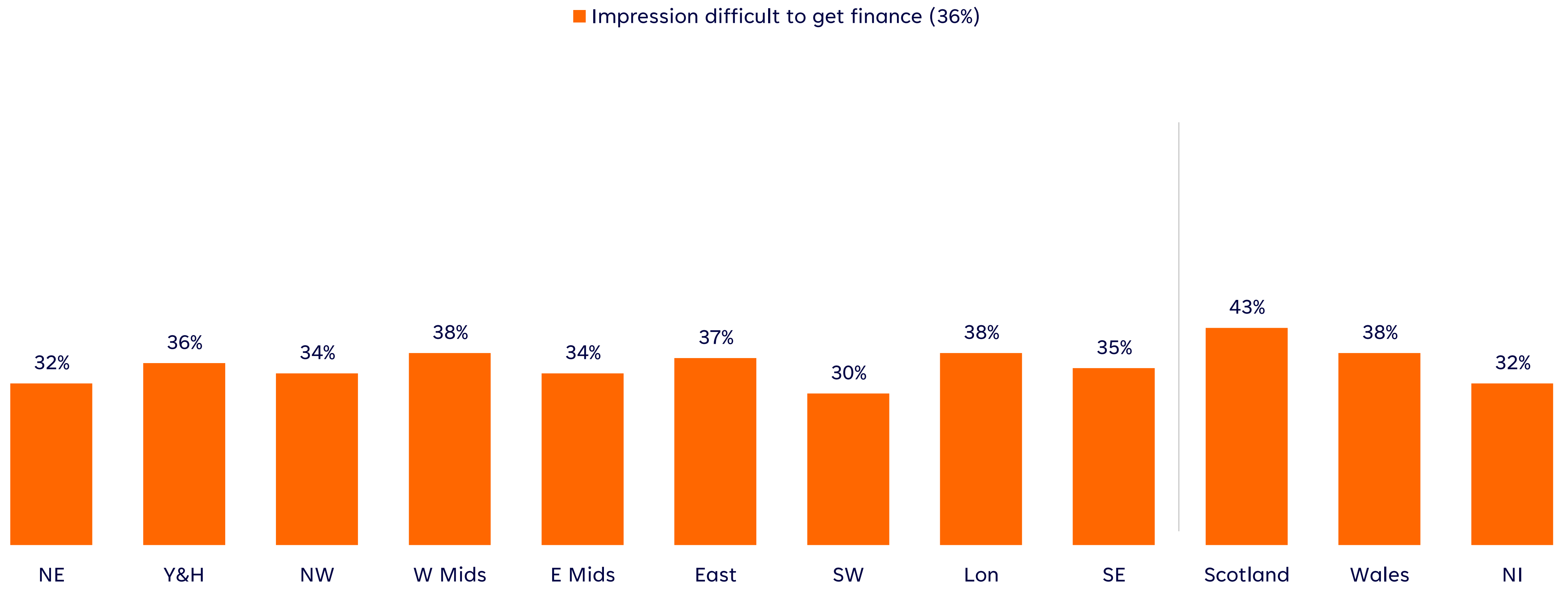
Ambitious risk taker: by region 3m July 2026



Q96 Base : All SMEs

SMEs in Scotland were the most likely to feel it could be difficult for them to get finance (44%) compared to 3 in 10 South West

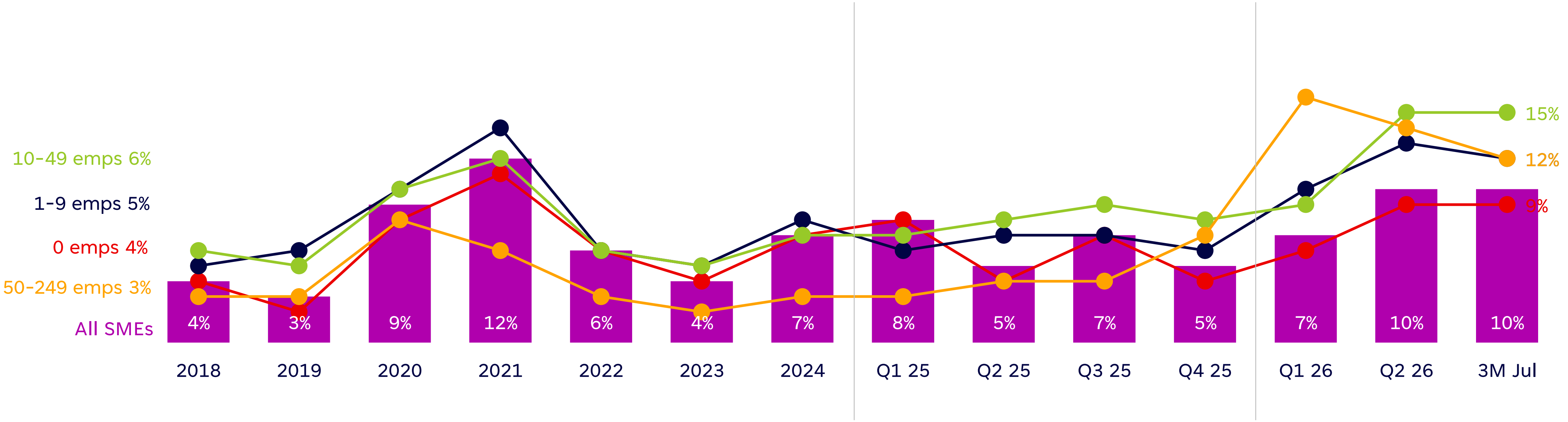
Ambitious risk taker: by region 3m July 2026



Q96 Base : All SMEs

A stable 10% of SMEs reported a need for external funding in the last 12 months, led by those with 10-49 employees

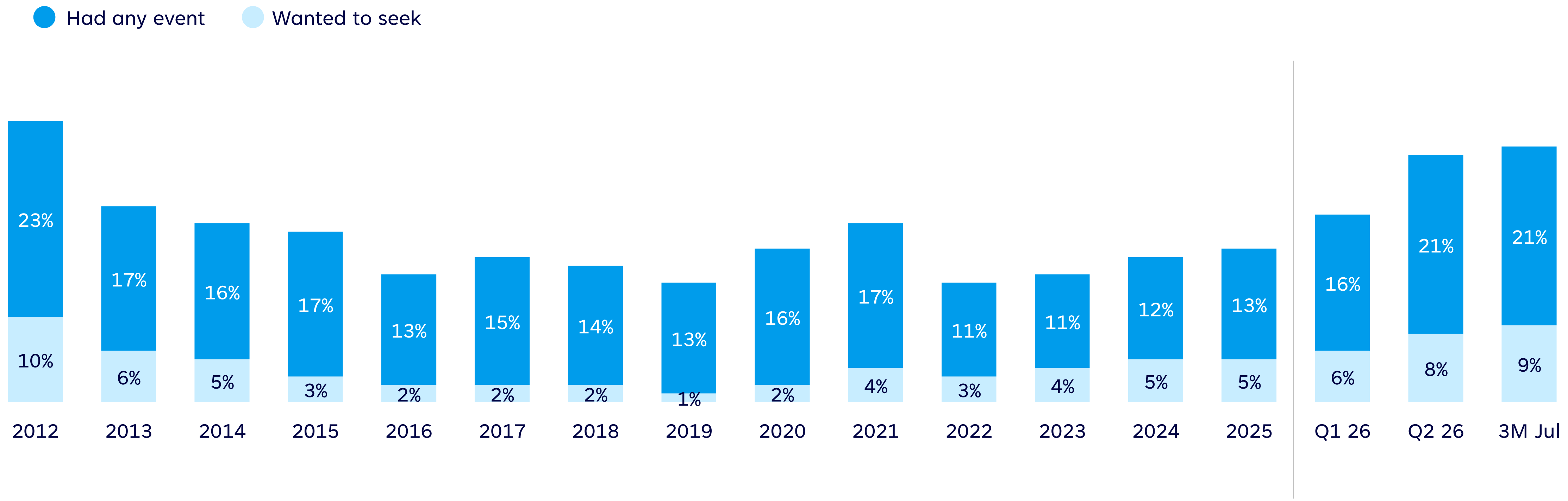
Time series: Had a need for external funding in past 12 months (whether applied or not)



Q25 Base: All SMEs 3m to July 4165

Reported borrowing events were stable at 21% in the current period, with Would-be seekers stable at 9%, both higher than have typically been seen

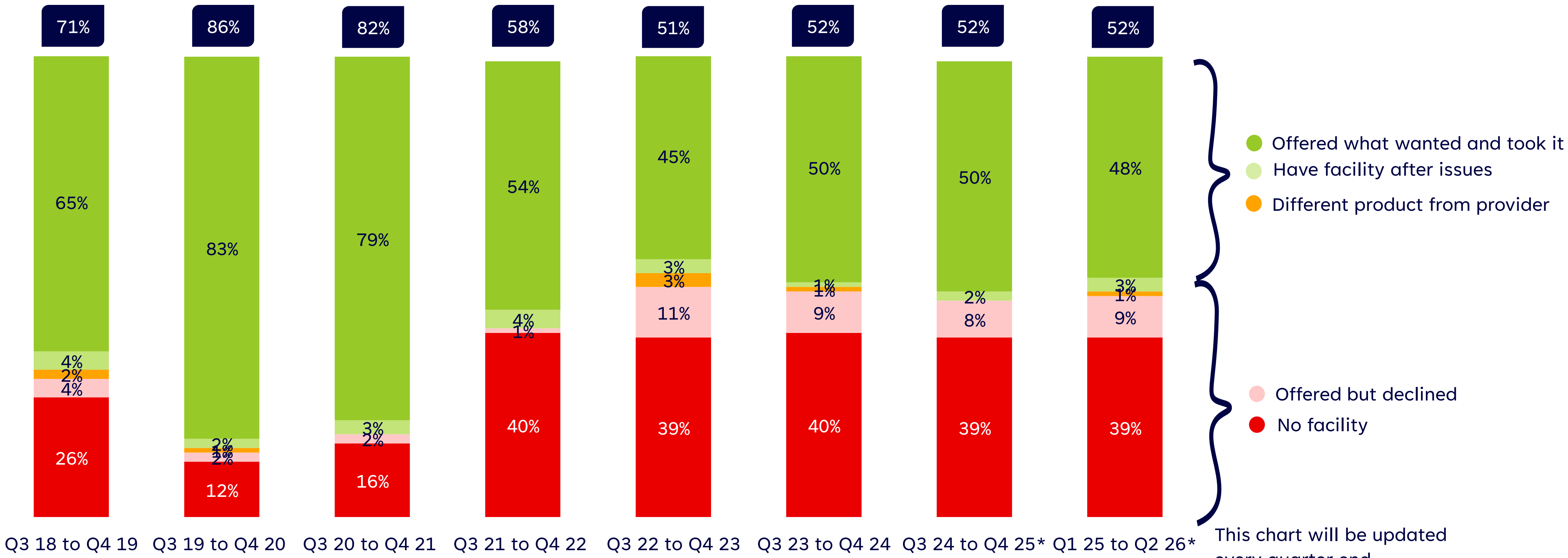
Time series: Any appetite for finance in 12 months prior to interview



Pastfin Base: All SMEs 3m July 4165   Had an event – 20% in March from 14% in February

Application success rates (across all applications) remained stable at 52%, with a consistent 1 in 10 turning down the offer of finance made to them

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

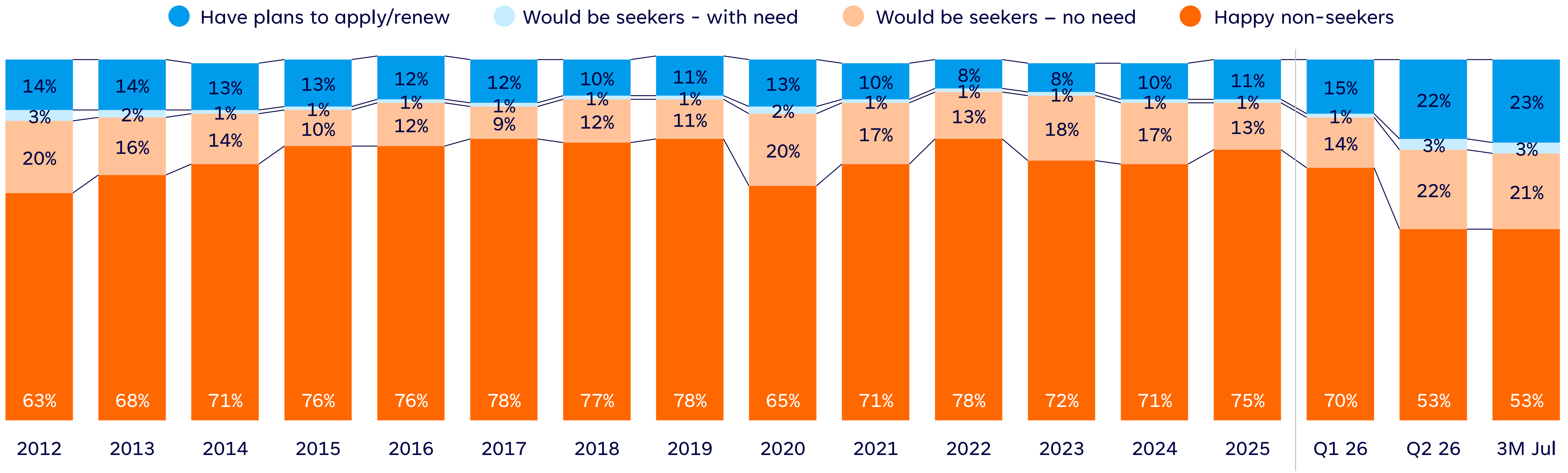


This chart will be updated every quarter end
Last updated Q2 2026

Q39/57 Base : All Type 1a/b applications with a response 1552/3698/2245/1078/1056/1441/1666/1515

Looking forward, there remained more appetite for future applications/ renewals (now 23%), while 24% were Future WBS, stable from Q2 but higher than typically seen

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

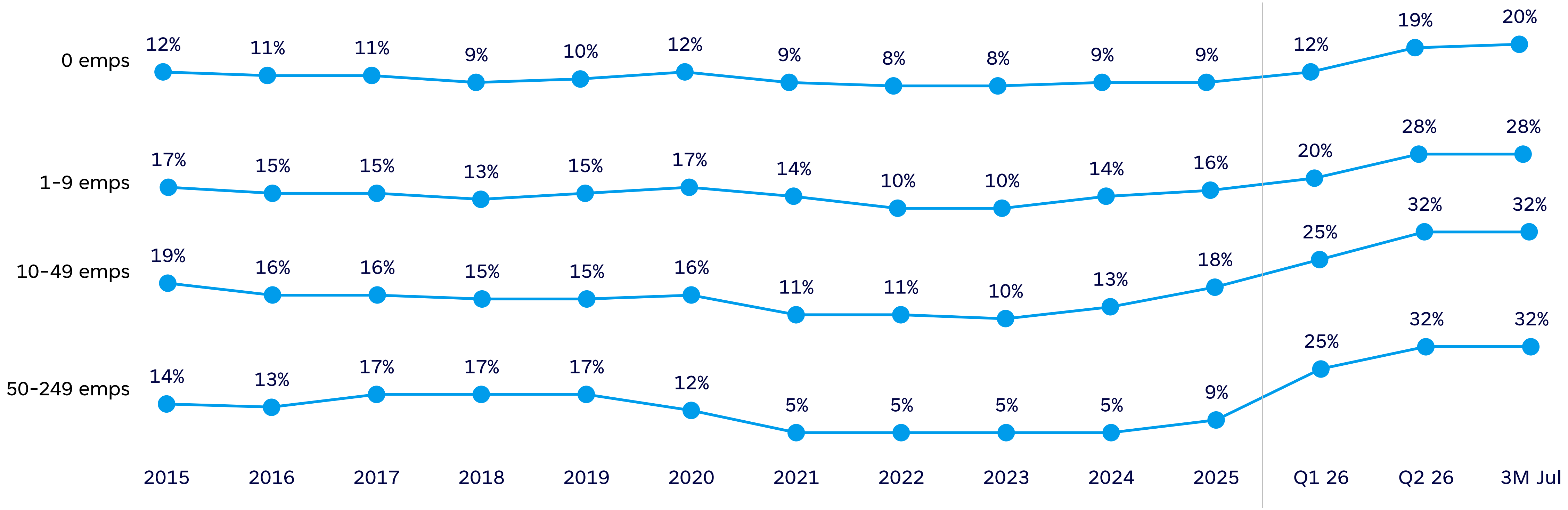


The proportion of SMEs classified as FHNS declined to 65% in 2020 before increasing to 78% in 2022. It was slightly lower in 2023-24 and in the current period was 53% as more SMEs planned to apply for finance (23%), with a clear divide for those with employees (28-32%) compared to 0 employee SMEs (20%)

Pastfin Base: All SMEs 3m July 4165 . 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

All SMEs have become more likely to plan to apply for finance in 2026, notably the larger ones

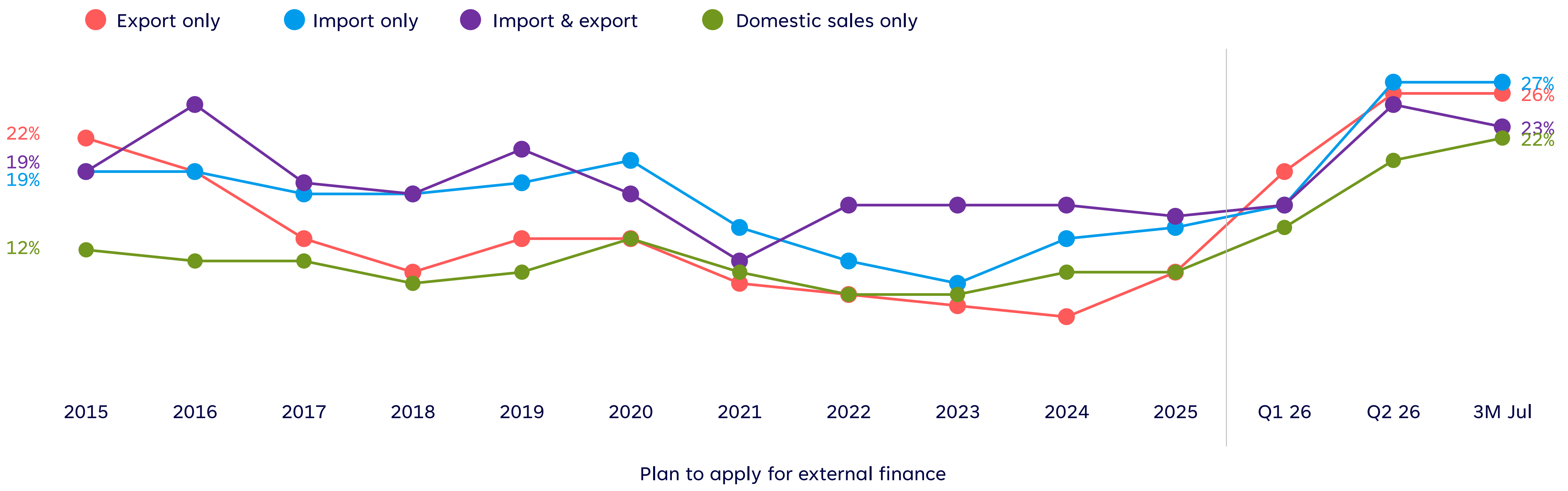
Time series: % planning to apply



Futfin Base : All

All SMEs were more likely to be planning to apply for finance in the current period than at the start of 2026, led by those with an element of importing

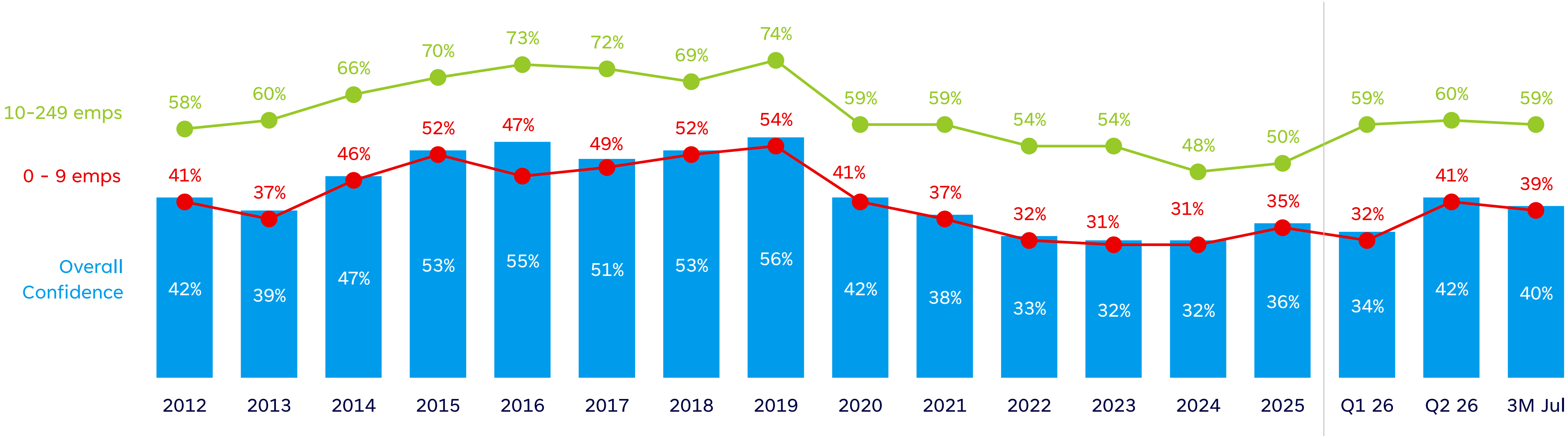
Time series: plan to apply for finance by extent of international trade alongside domestic sales



Futfin Base: All 3m to July 240/568/496/2861

Overall confidence, amongst SMEs planning to apply, that a bank would agree to a facility was 36% in 2025, increasing to 42% in Q2 and 40% currently

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

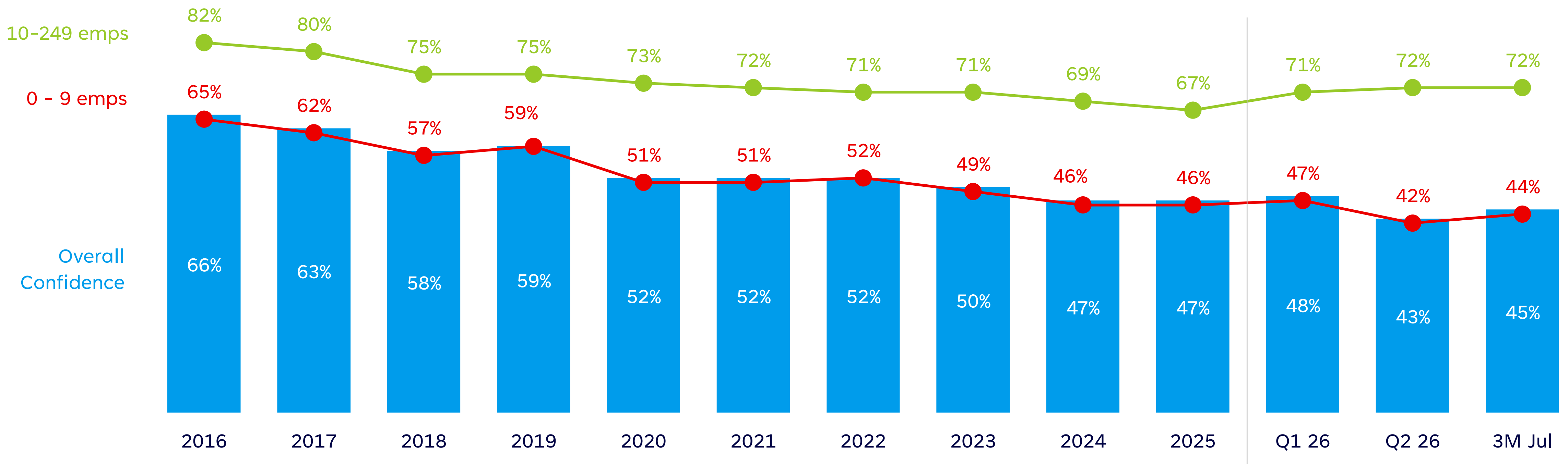


Confidence amongst those planning to apply that they would be successful was at 56% in 2019 but has been more variable since (and typically below actual success rates). Since 2022 around 1 in 3 has been confident of success, with the improvements seen during 2025 (to 39% in Q4 2025) initially not maintained in 2026 but now at 40%

Q103 Base: All planning to apply for new/renewed facilities 3m to July 1135 817/318 *CARE RE SMALL BASE*

Those with no immediate plans to apply have seen something of a decline in confidence in 2026 but remained more confident than those with plans to apply

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



46% 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 more confident than those of a similar size who do intend to apply (72% versus 59%). Smaller hypothetical applicants are less confident than their larger peers, and now no more confident than those of a similar size who plan to apply (44% versus 39%, as seen in the previous slide).

Q106 Base: All not planning to apply for new/renewed facilities 3m to July 3030 2356/674

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UK Finance

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

FOR MORE INFORMATION

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