SME FINANCE MONITOR

The full chart deck to Q2 2026

An independent report by
Ipsos, September 2026

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September 2026 | FINAL

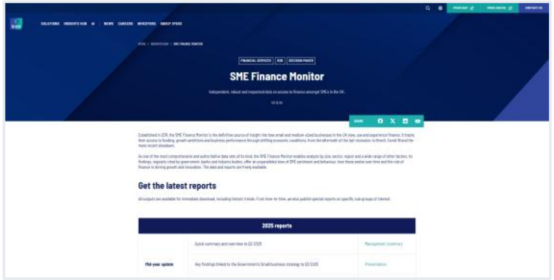
Introducing the SME Finance Monitor

This survey was commissioned to provide a robust and respected independent source of information over time on the demand for, and availability of, finance for SMEs in the UK.

With 17,000 telephone interviews a year, over **275,000 SME interviews** have been conducted since the survey started in Q2 2011, across 59 waves of interviewing. Major changes were made to the questionnaire for Q1 2018, then further adjustments were made during 2020 as the pandemic hit and again at the start of 2023, to adapt to the current environment.

The report and supporting data are made available to all interested parties as a basis for decision-making and strategy setting. It is used by a wide range of organisations from the Government, to the British Business Bank, banks, trade bodies and academics.

Find out more at https://www.ipsos.com/en-uk/sme-finance-monitor



This main deck provides an update on all key slides to Q2 2026

This pack updates the story with data to Q2 2026 and is designed to explore.

- The on-going challenges that SMEs are facing and how this is impacting their mood and thoughts on the future
- What is happening in terms of growth and innovation
- How use of, and appetite for, finance is evolving, after the increase in funding during the pandemic (with clearer questions about the on-going use of pandemic funding) and recent increases in use of finance more generally
- Additional analysis is provided by size and as well as by sector and other demographics to build understanding of how different parts of the economy have been impacted
- The **presentation** pack which sits alongside this master deck provides insight targeted on access to finance for SMEs

The SME Finance Monitor

The go-to source of SME insight

PAST

Finance used

Borrowing events in the past 12 months and their outcomes

Reasons for not borrowing

CURRENT

Attitudes towards finance

Growth and innovation

International trade

Business demographics: size, sector, region, age of business, owner demographics such as age, gender and ethnicity

FUTURE

Future plans for finance

Future growth ambitions

Optimism about the future

This pack is not the only way to access SMEFM data

A range of options are available to meet your information needs:

The **management summary** (available as a standalone document after Q2 as well as Q4) provides key summary headlines from across SMEFM on both access to finance and important context – growth, innovation, international trade etc

The **main report** is published after Q4 each year:

- Each chapter starts with a **chapter summary** which provides the key headlines for that chapter in a bit more detail than the management summary can offer
- The greatest **detail** is found in each chapter of the main report, getting behind the headlines to provide data both by different demographics and over time, creating a 'reference book' on all things SME

There is also **a presentation pack**, which is a subset of the charts in this pack covering key highlights

https://www.ipsos.com/en-uk/sme-finance-monitor has all the latest insights

Overall thoughts

1

The environment for SMEs continued to be challenging, whether the economic climate, costs, taxation etc and with growth limited, SMEs have become more likely to see the future offering threats rather than opportunities

2

Levels of growth and planned growth are stable but still lower than previously seen, or than SMEs have anticipated . But such SMEs do still exist and the quarter of SMEs that are Ambitious Innovators see a brighter future and are prepared to use finance to fund it

3

More SMEs are using external finance and engaging with applications, though more often to fund cash flow than they necessarily expect.

Appetite for finance could be higher with more certainty and there continues to be a clear divide in success rates between smaller and larger SMEs

Presentation to YEQ2 2026 to inform the debate on the key issues facing SMEs:
‘Balancing growth with challenges’

UK Finance

The key challenges facing SMEs

Costs

Staff

Compliance

Growth

SMEs with an appetite for finance

Supply of finance

Ipsos

CONTENTS

1
SME sentiment and context, including challenges

2
Growth and innovation

3
Use of external finance

4
Appetite for finance

SME SENTIMENT AND CONTEXT

The current economic climate is now the main barrier for SMEs (42% YEQ2 26), with a further increase over time. Covid 'peak' was 47% in Q2 2020, but levels of concern now are in line with Q3 and Q4 of that year.

Concern around political uncertainty/future government policy (39%) remains higher than previously seen and more of a barrier for those with 1-9 or 10-49 employees, as is higher costs (38%) which is more stable over time.

These two groups are also most likely to see the new metric 'levels of taxation' as a barrier (35% overall in H1 2026) and it is the 2nd or equal 2nd barrier for employers

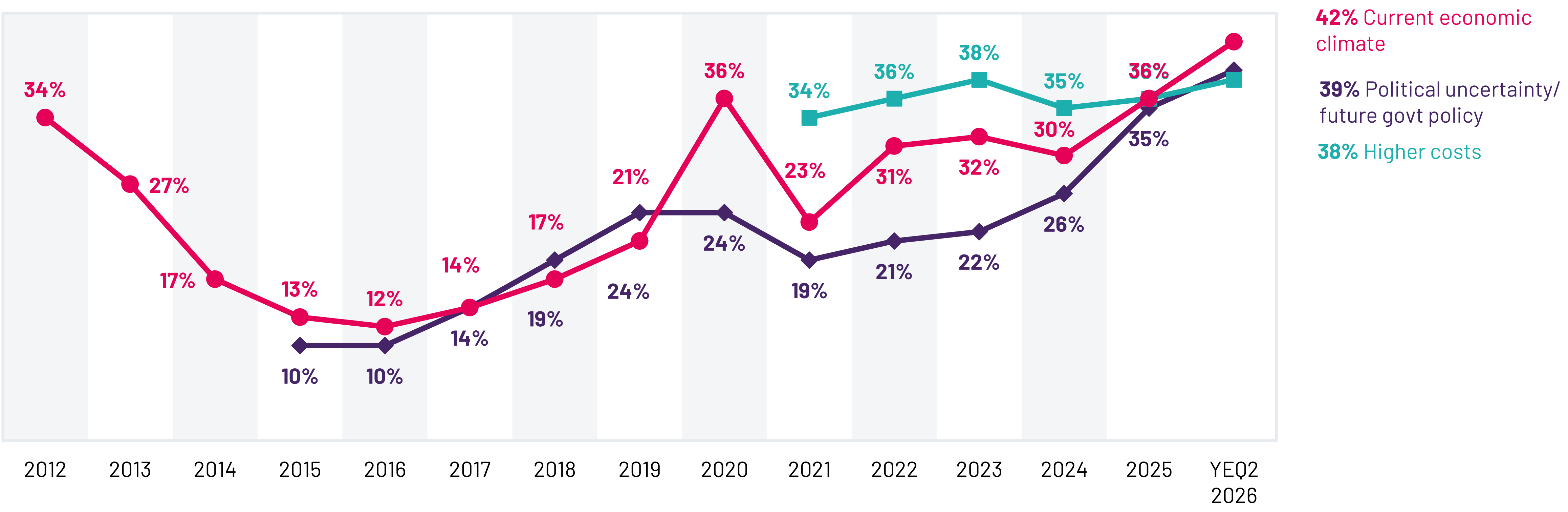
Twice as many employers have no plans to recruit (39%) as say they are struggling to find people (20%) but with clear differences by size. Those with 1-9 employees have seen a steady increase in having no plans to recruit (15% H2 22 to 42% YEQ2 26)

CURRENT AND FUTURE CHALLENGES

1a

The current economic climate is now slightly ahead of political uncertainty/future government policy and higher costs as a major barrier to SMEs

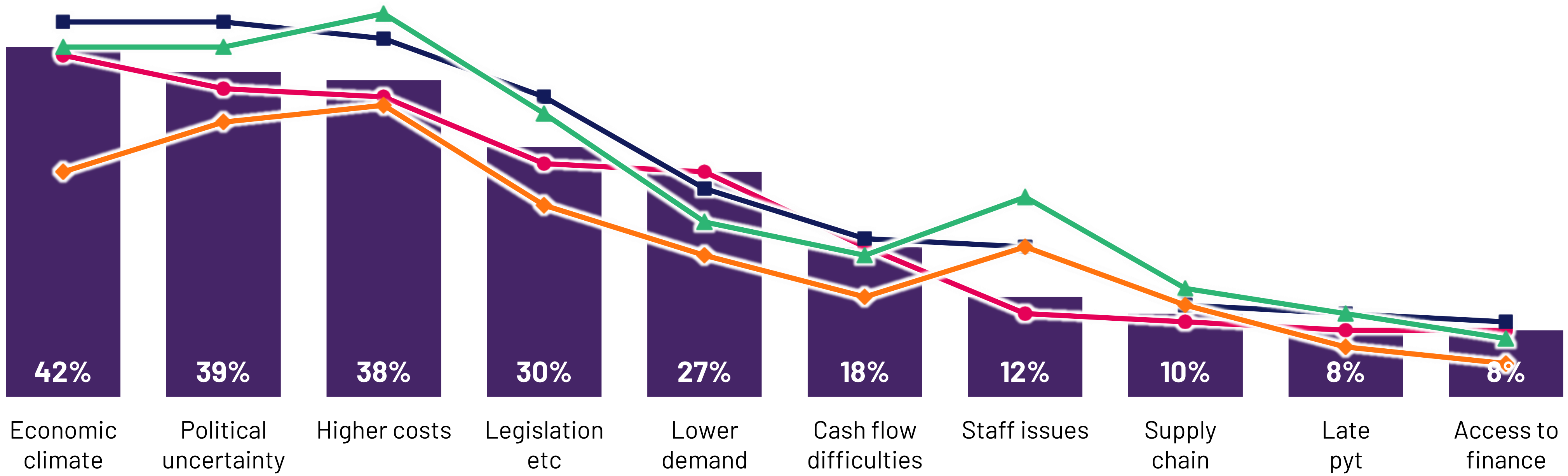
Annual time series: % seeing each as 8-10 barrier



Q93 Base : All respondents YEQ2 2026 15,605

There remained 3 clear barriers for SMEs –the future economic climate, political uncertainty/future government policy and higher costs. All were most likely to be mentioned by those with 1-9 or 10-49 SMEs

YEQ2 2026: All rated 8-10 'major barrier' to business

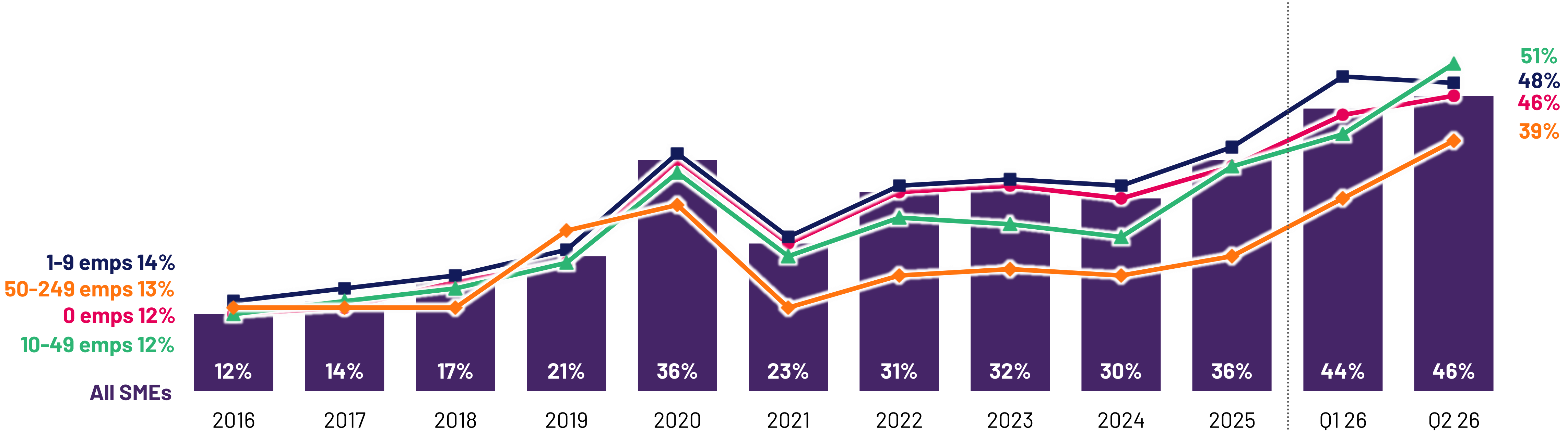


Q93 all SMEs YEQ2 2026 15,605 3580/7672/3294/1059

After several years of stability 2022-24, the current economic climate became an increasing barrier in 2025 and into 2026

UK Finance

Recent time series: Current economic climate an 8-10 major barrier– by size of SME



YEQ2 2026, the economic climate (42%) was more of an issue for:

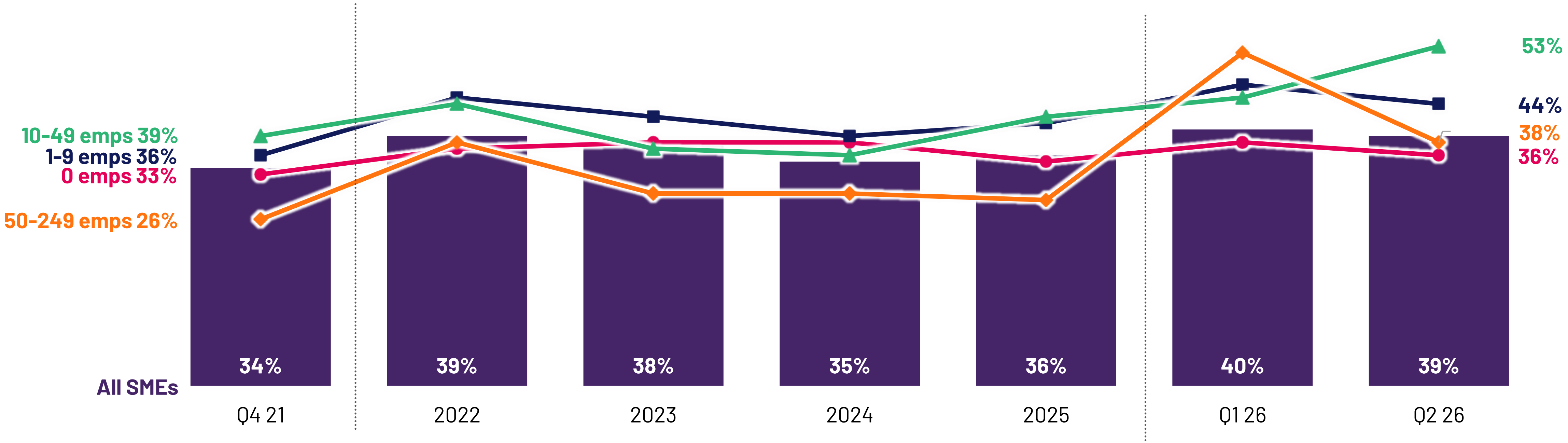
- Those with 1-9 employees (45%) and those in Hospitality (51%) as well as for those using finance (48%), or with a future appetite for finance (52% if plan to apply and 55% for Future WBS)
- It was less of an issue for those with 50-249 employees (33%), Starts (35%) those in Agriculture (37%) and PNBs (30%)

Q93 Base : All SMEs Q2 2026 3,861

Ipsos

Higher costs have been a consistent barrier from their introduction, but since 2024 have increased more markedly for employers, notably those with 10-49 employees

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



YEQ2 2026, higher costs (38%) were more of an issue for:

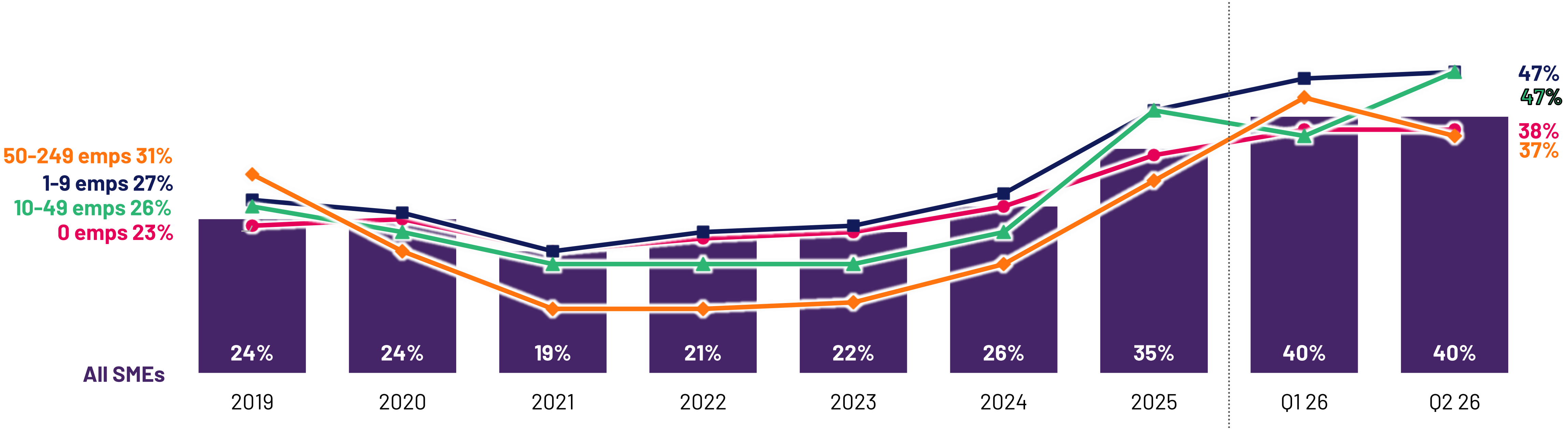
- Those 10-49 employees (46%) and those in Hospitality (55%), and also for those using finance (43%) or with a future appetite for finance (48% if plan to apply and 51% for Future WBS)
- They were less of an issue for those in Property/Business Services or Health (29% and 31%) export-only SMEs (23%) and PNBs (25%)

Q93 Base : All SMEs Q2 2026 3,861

Political uncertainty/future government policy has become an increasing barrier over the past 18 months, now 4 in 10 SMEs in 2026 to date led by those with 1-9 or 10-49 employees

UK Finance

Time series: Political uncertainty/future government policy 8-10 barrier



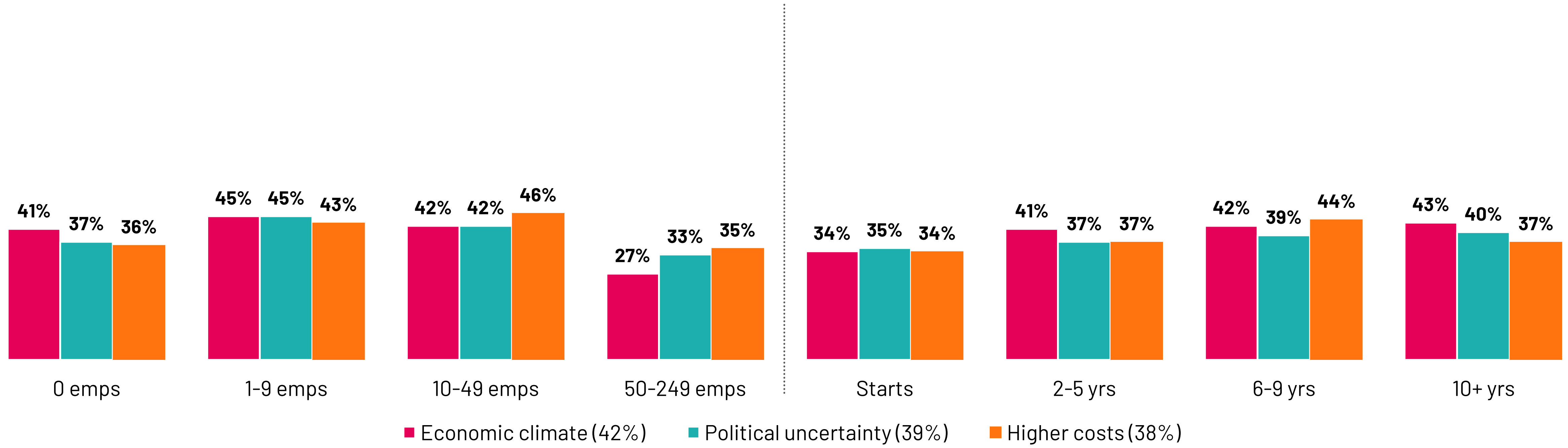
YEQ2 2026, political uncertainty and future government policy (39%) was more of an issue for:

- Those with 1-9 employees (45%) those in Agriculture (48%) and Hospitality (46%), those fully international (43%), as well as for those using finance (44%) or with a future appetite for finance (46% if plan to apply and 50% for Future WBS)
- It was less of an issue for the largest SMEs (33%), those in Health (29%) export-only SMEs (34%) and PNBs (30%)

Q93 Base : All SMEs Q2 2026 3,861

These were the top three barriers for all sizes and ages of SME. The current economic climate was the key barrier for the smallest SMEs, and also the oldest, but not for the larger SMEs, where higher costs were more of a barrier

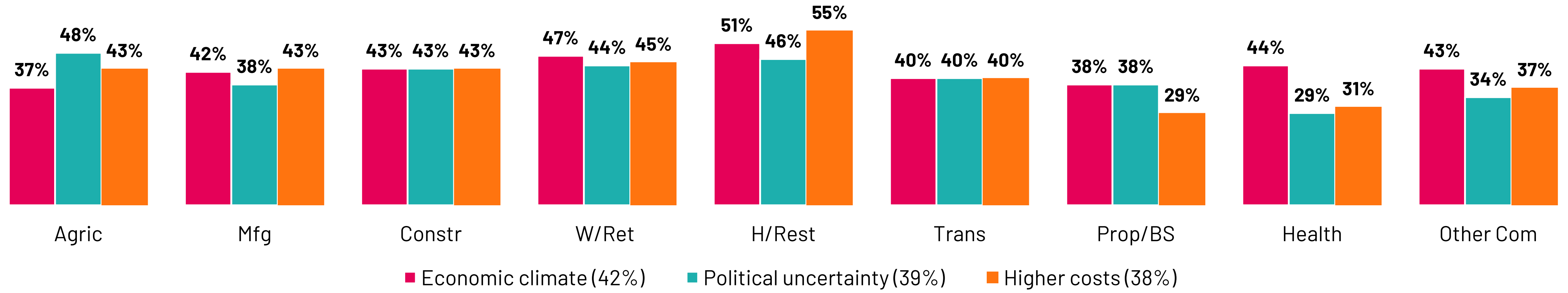
Size and age summary: Main barriers – YEQ2 2026



Q93 score 8-10 all SMEs YEQ2 2026 15,605 3,580/7,672/3,294/1,059/391/1,157/1,608/12,449

There were also different patterns by sector, with the economic climate the top barrier by a margin in Health and higher costs the key barrier in Hospitality. Those in Agriculture were the only sector to have political uncertainty as their top barrier

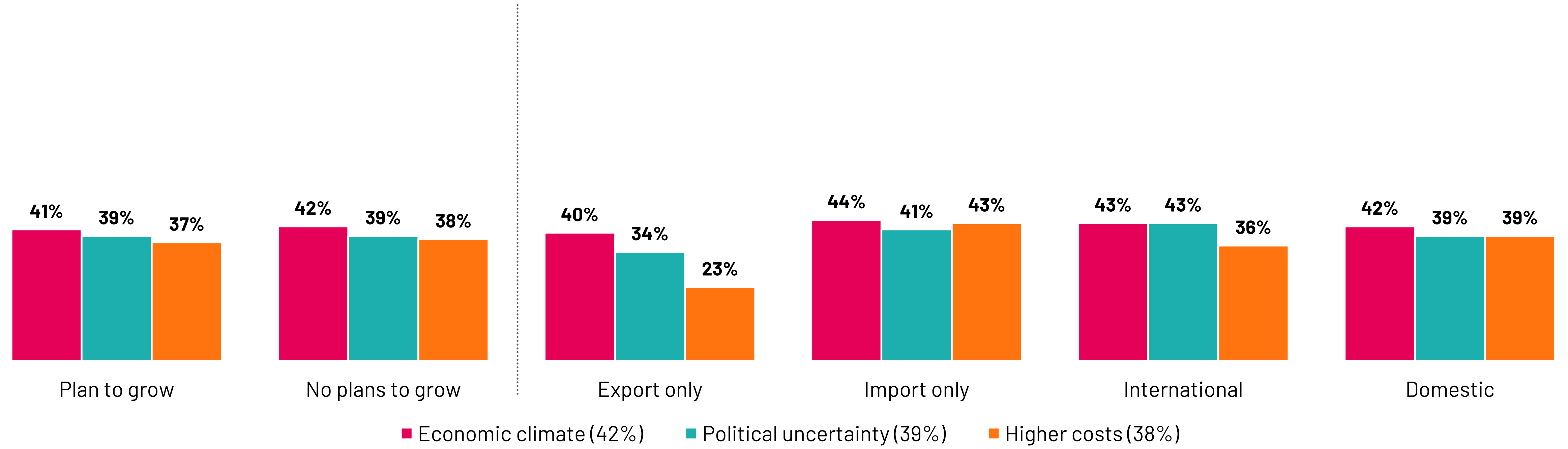
Sector summary: Main barriers YEQ2 2026



Q93 score 8-10 all SMEs YEQ2 2026 15,605 796/2,076/2,564/2,292/866/1,157/3,282/770/1,802

Export only SMEs were less concerned about higher costs than their peers. There was little difference in barriers between those with plans to grow and those with no plans

Growth and international summary: Main barriers YEQ2 2026

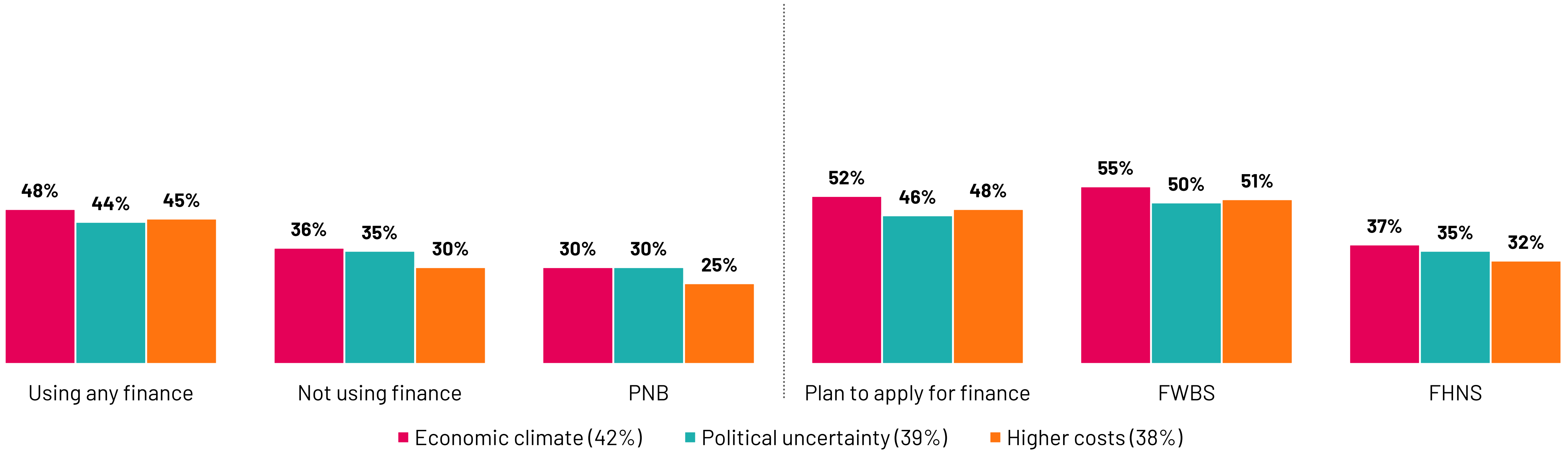


Q93 score 8-10 all SMEs YEQ2 2026 15,605 7,395/8,210/887\/1,732/1,590

Those currently using finance, or with an appetite to apply for more, were more likely to see each of these as barriers, led by the economic climate

UK Finance

Finance summary: Main barriers YEQ2 2026

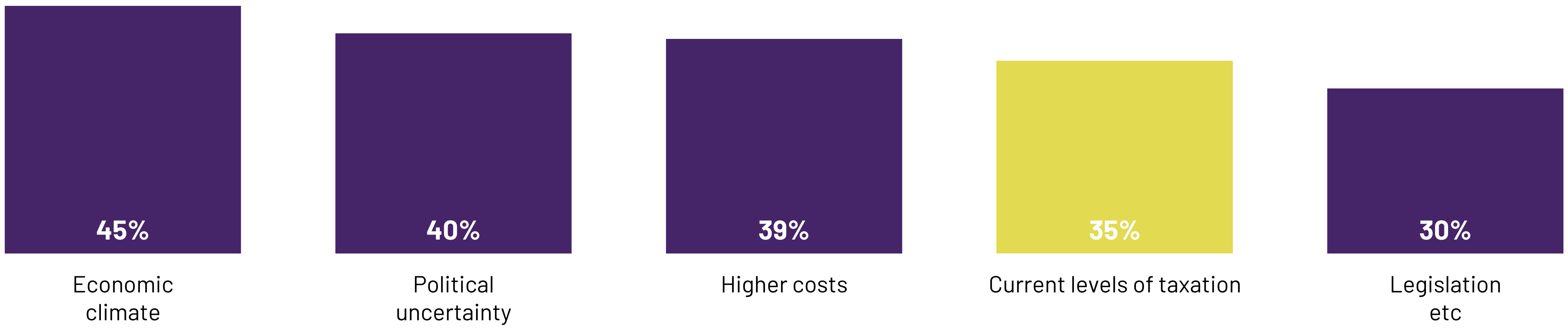


Q93 score 8-10 all SMEs YEQ2 2026 15,605 9,504/6,101/4,088/2,925/2,117/10,563

NEW BARRIER 2026 'CURRENT LEVELS OF TAXATION'

This H1 2026 “snapshot” of top barriers, which includes the new ‘current levels of taxation on your business’ shows the economic climate establishing a lead as top barrier

H1 2026: All rated 8-10 ‘major barrier’ to business



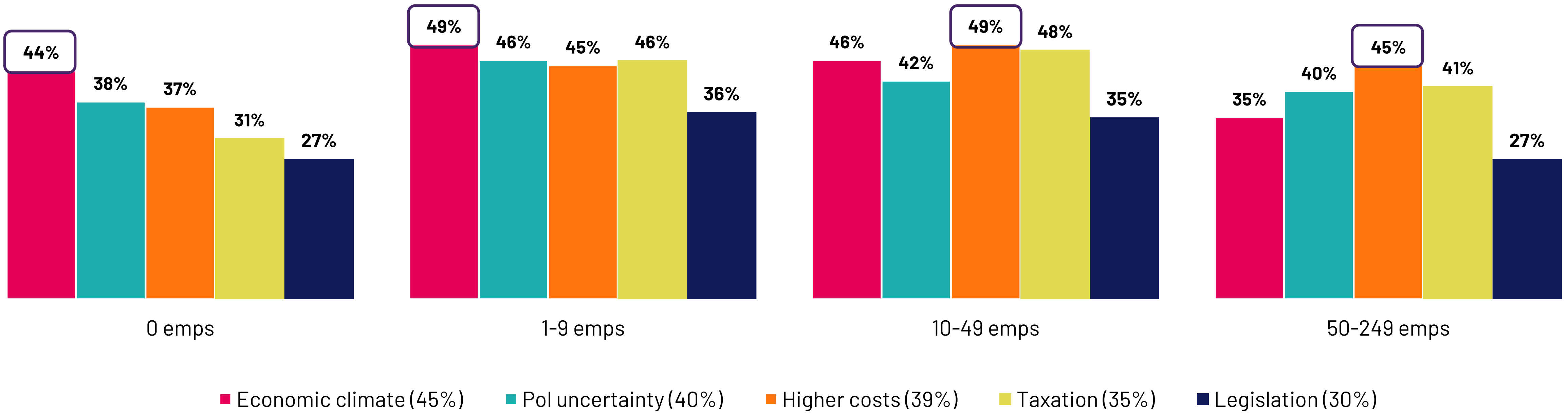
- The new taxation barrier is 4^{th} most important for 0 emps, but 2^{nd} or equal second for those with employees (behind the economic climate for 1-9 emps and higher costs for larger SMEs)
- 52% in the Hospitality sector see it as a barrier (3^{rd} most important behind economic climate and costs)

Q93 all SMEs H1 2026 7386

The smaller SMEs cite the economic climate as their main barrier in H1 2026, while for larger SMEs higher costs come top. Amongst employers, taxation is the 2nd highest barrier

UK Finance

Key barriers H1 2026



Q93 all SMEs H1 2026 7386

Ipsos

Summary of key barriers H1 2026

UK Finance

MORE LIKELY

Economic climate (45%)	Political uncert. (40%)	Higher costs (39%)	Taxation (35%)	Legislation/regln (30%)
59% Hospitality	**51%** Hospitality	**58%** Hospitality	**52%** Hospitality	**47%** Agriculture
57% Future WBS	**51%** Future WBS	**58%** Future WBS	**43%** Future WBS	**39%** Future WBS
54% Plan to apply	**48%** Plan to apply	**49%** Manufacturing	**42%** Plan to apply	**36%** Plan to apply
54% Wholesale/Retail	**47%** W/Retail and Agric	**48%** Agriculture	**40%** 6-9 yrs	**36%** 15+ yrs
52% 10-15 yrs	**45%** ART	**48%** Plan to apply		
52% Use external finance		**47%** ART		
50% Not grown		**46%** Use external finance		
		46% Import only		

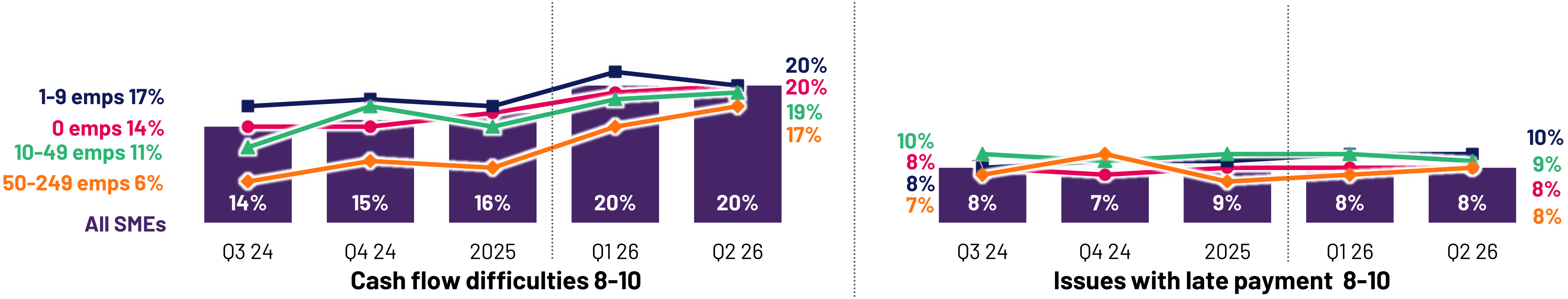
LESS LIKELY

Economic climate (45%)	Political uncertainty (40%)	Higher costs (39%)	Taxation (35%)	Legislation/regulation (30%)
31% PNBs	**29%** PNBs	**23%** Export only	**21%** Health	**20%** PNBs
35% Starts	**32%** Export only	**24%** PNBs	**25%** PNBs	**21-22%** Starts-5 yrs
36% Have grown	**33%** Health	**30%** Property/Bus Services	**29%** Fully international	**22%** Health
38% Property/Bus Services	**33%** Have grown	**32%** Have grown		

OTHER KEY BARRIERS

1 in 5 SMEs reported cash flow issues, now with limited variation by size of SME. Issues with late payment continued to affect a small and stable proportion of SMEs.

Time series: Cash flow and late payment as individual metrics 8-10 barrier



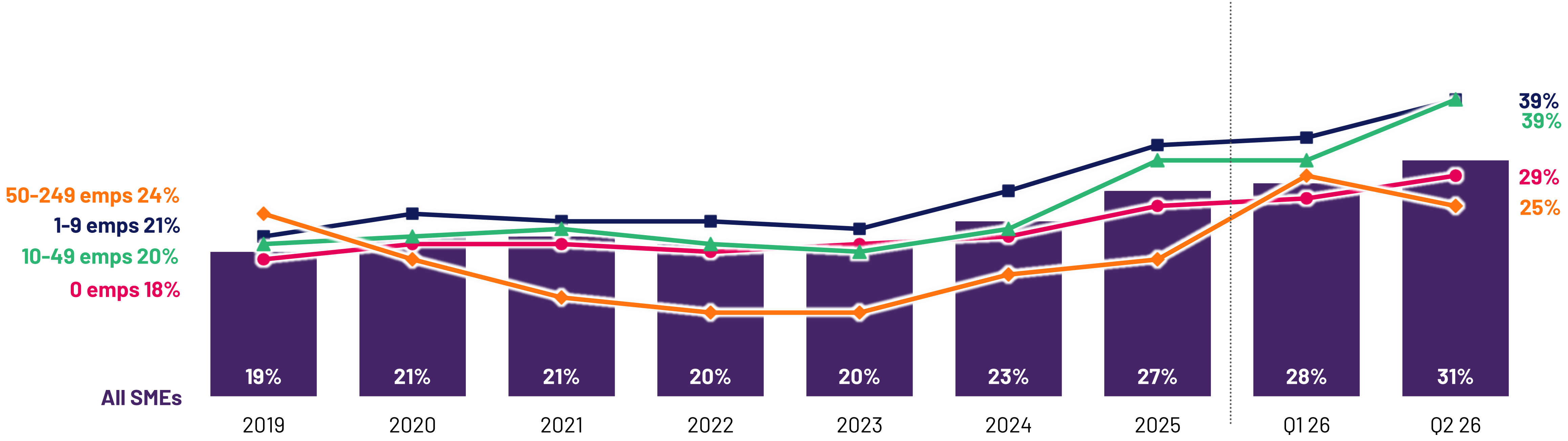
YEQ2 2026:

- **Cash flow (18%)**: Was more of an issue for Starts (25%) those who are fully international (21%) and those using finance (25%) or with an appetite for finance (37% if plan to apply and 30% if Future WBS) and less of an issue for those with 50-249 employees (12%), those trading for more than 10 yrs (16%) and PNBs (7%)
- **Late payment (8%)**: Was slightly more of an issue for Starts (12%), import only SMEs (12%) and for those planning to apply for finance (12%) and less of an issue in Hospitality (4%) and for PNBs (5%)

Q93 Base : All SMEs Q2 2026 3,861

After a number of years of stability, concern around legislation etc increased during 2025 and again in 2026 to 31% in Q2, led by those with 1-9 or 10-49 employees

Time series: Legislation, regulation and red tape 8-10 barrier



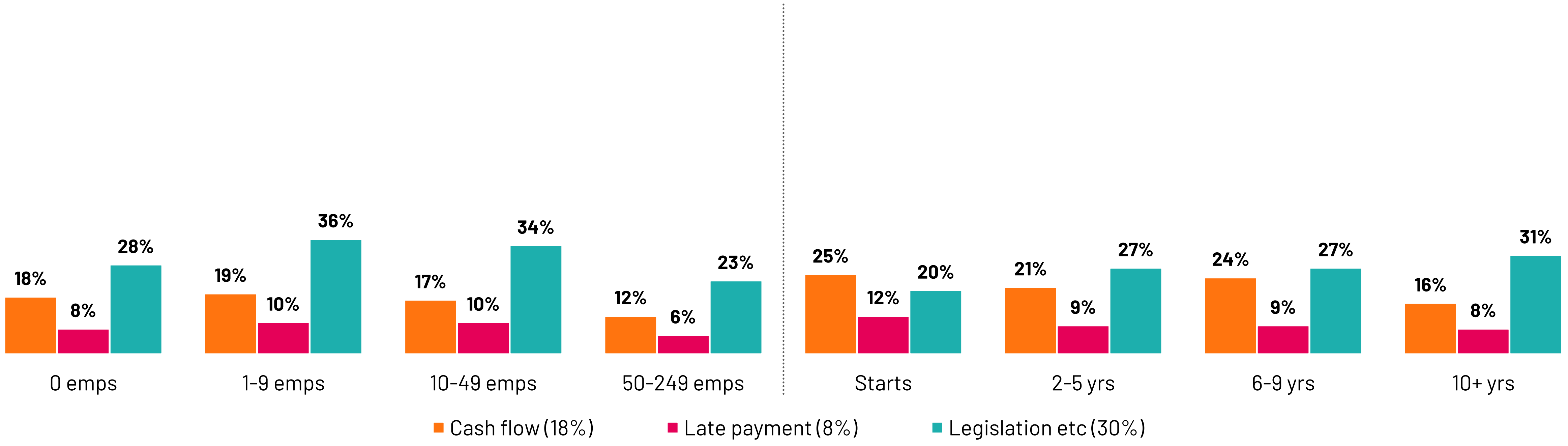
- YEQ2 2026, 30% of SMEs saw legislation, regulation and red tape as an 8-10 barrier, a further increase from 24% in 2024 and higher than has been typically seen (19-21% to 2023)
- It was more of an issue for those with 1-9 employees (36%, those in Agriculture (43%) and for fully international SMEs (33%), as well as those planning to apply (37%) or Future WBS (39%)
- It was less of an issue for Starts (20%), those in Health or Other Community sectors (23%) and PNBs (22%)

Q93 Base : All SMEs Q2 2026 3,861

Cash flow was more of a barrier for smaller and younger SMEs, while late payment varied relatively little by size or age. Legislation etc was more of a barrier for mid-sized SMEs and those beyond start-up.

UK Finance

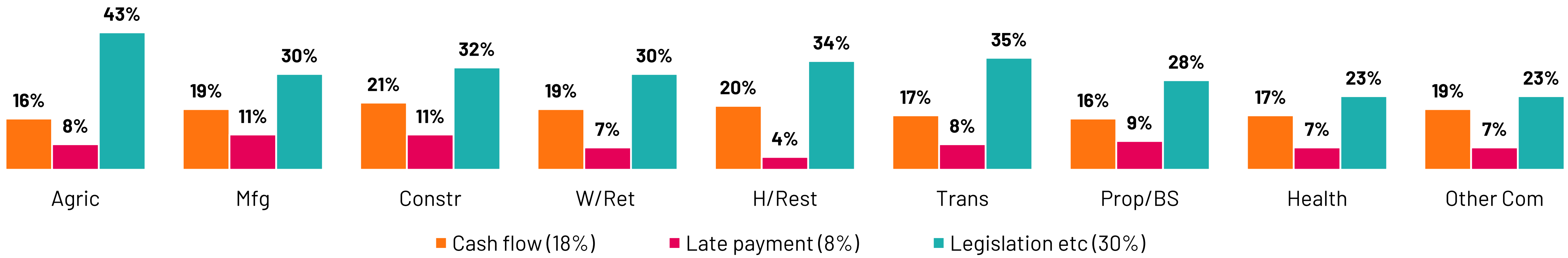
Size and age summary: Other barriers – YEQ2 2026



Q93 score 8-10 all SMEs YEQ2 2026 15,605 3,580/7,672/3,294/1,059 391/1,157/1,608/12,449

Cash flow was a fairly consistent concern by sector, with the slight exception of Construction (21%), as was late payment with the exception of Hospitality. Agriculture remained the most concerned about legislation, regulation and red tape

Sector summary: Other barriers YEQ2 2026

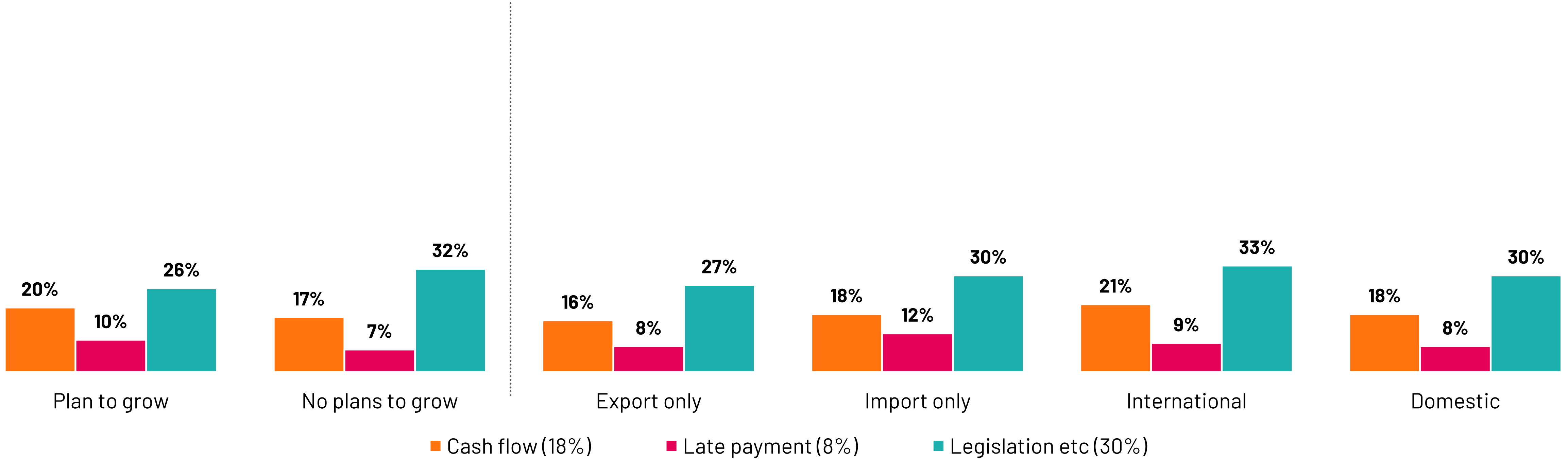


Q93 score 8-10 all SMEs YEQ2 2026 796/2,076/2,564/2,292/866/1,157/3,282/770/1,802

Fully international SMEs were more likely than their peers to see cash flow and legislation etc as barriers, while import only SMEs were slightly more concerned about late payment. Those planning to grow were somewhat less concerned about legislation etc

UK Finance

Growth and international summary: Other barriers YEQ2 2026



Q93 score 8-10 all SMEs YEQ2 2026 7,395/8,210 887/1,732/1,590/11,396

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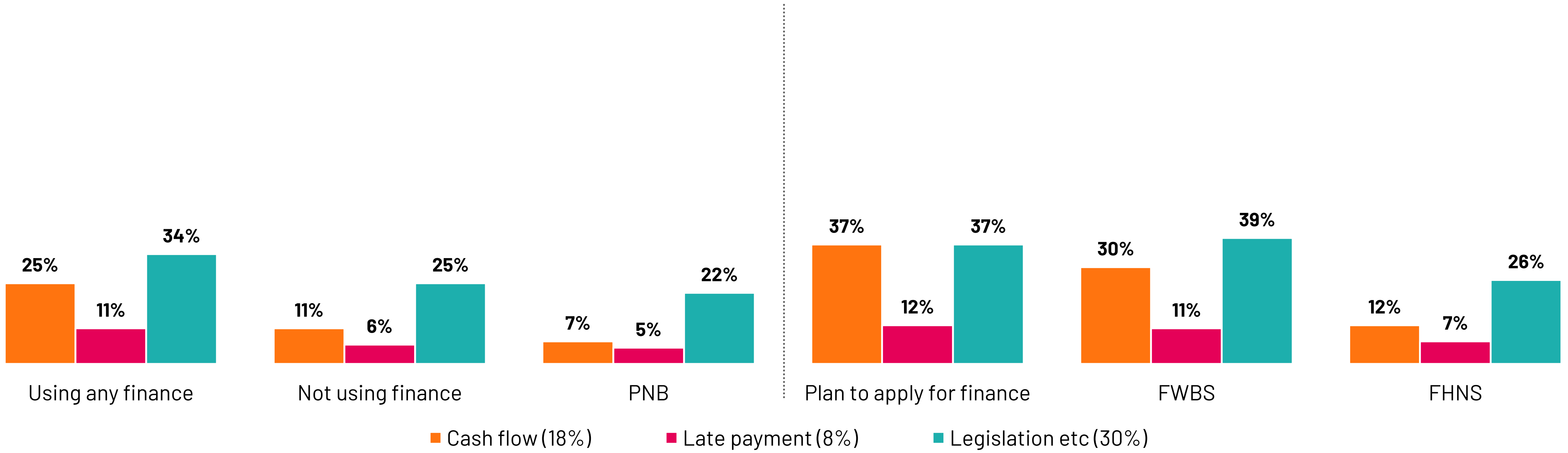
Those currently using finance, or with an appetite to apply for more, were more likely to see all of these as barriers, notably cash flow issues

UK Finance

Finance summary: Other barriers YEQ2 2026



Q93 score 8-10 all SMEs YEQ2 2026 9,504/6,101/4,088 2,925/2,117/10,563

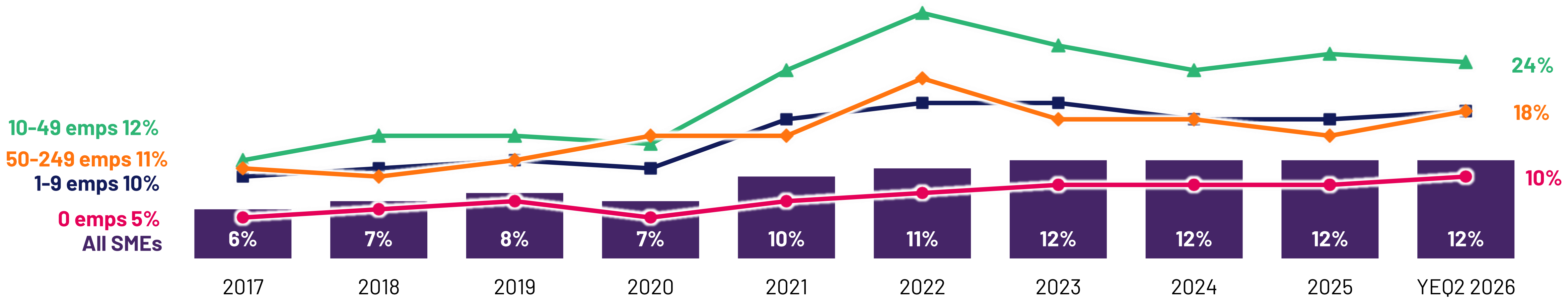
STAFF ISSUES

Recruitment and retention was stable overall as a barrier, and still most likely to affect those with 10-49 employees

UK Finance

Annual time series: % issues recruiting and retaining staff 8-10 barrier

Amongst those already employing staff:
- 11% rated this an issue in 2020
- 18% in 2021
- 21% in 2022
- 20% in 2023
- 18% in 2024
- 19% in 2025
- 19% in 2026



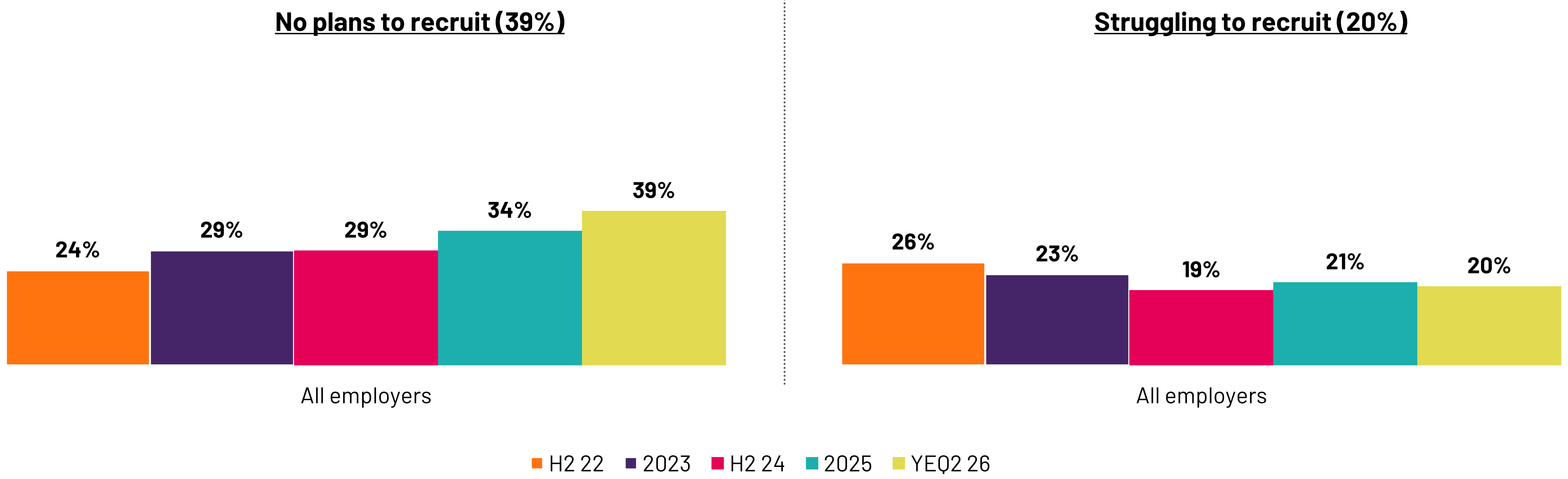
- Issues recruiting and retaining staff were more likely to be seen as a barrier YEQ2 2026 for those with 10-49 employees (24%), those in Construction (19%) import-only SMEs (19%) and those either planning to apply for finance (18%) or Future WBS (17%)
- It was less likely to be an issue for those in Property/Business Services (7%), and PNBs (6%)

Q93 Base : All SMEs YEQ2 2026 15,605

Ipsos

Over time, more employers have reported no plans to recruit (to 39%) as slightly fewer struggled to hire (to 20%)

Key Staff resources (employers) over time



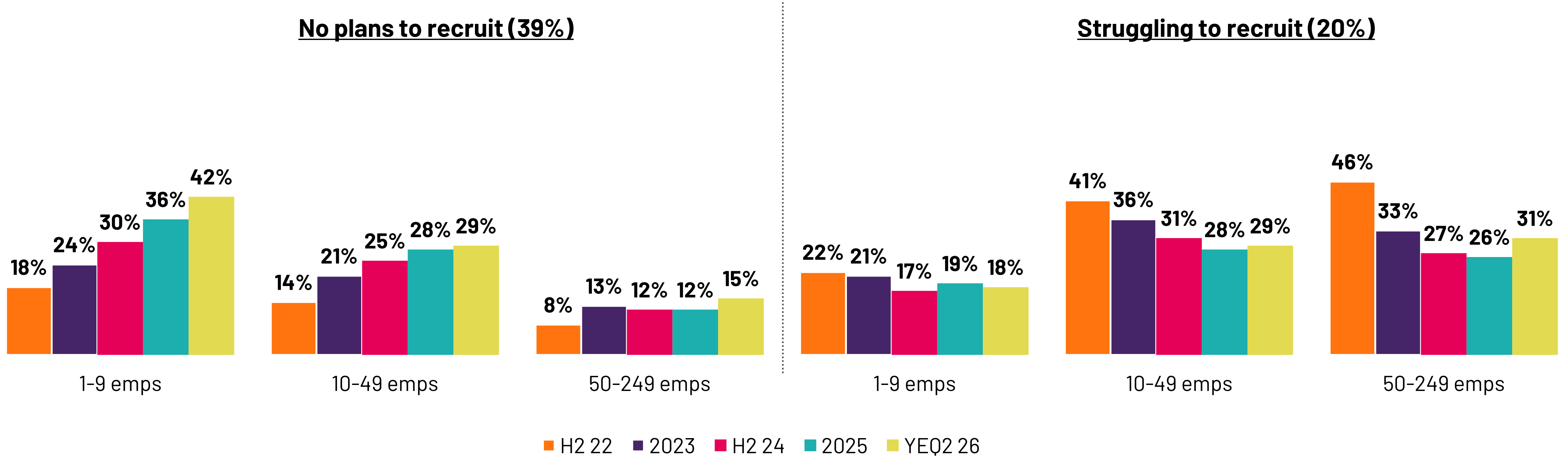
- Those more likely to say they have no plans to recruitYEQ2 26 include employers that either have not grown or have no plans to grow (43%), Import only (43%), those Struggling (44%) and Future WBS (48%)
- Those more likely to be struggling to recruit include employers in Construction (27%), Start ups (27%), Ambitious innovators (26%) and those planning to apply for finance (27%)

NSTAFF all SMEs with employees YEQ2 2026 12,025 7,672/3,294/1,059

The proportion of employers with no plans to recruit has increased steadily over time for up to 50 employees, while the largest SMEs were more likely to be struggling to recruit

UK Finance

Key Staff resources (employers) by size of employer

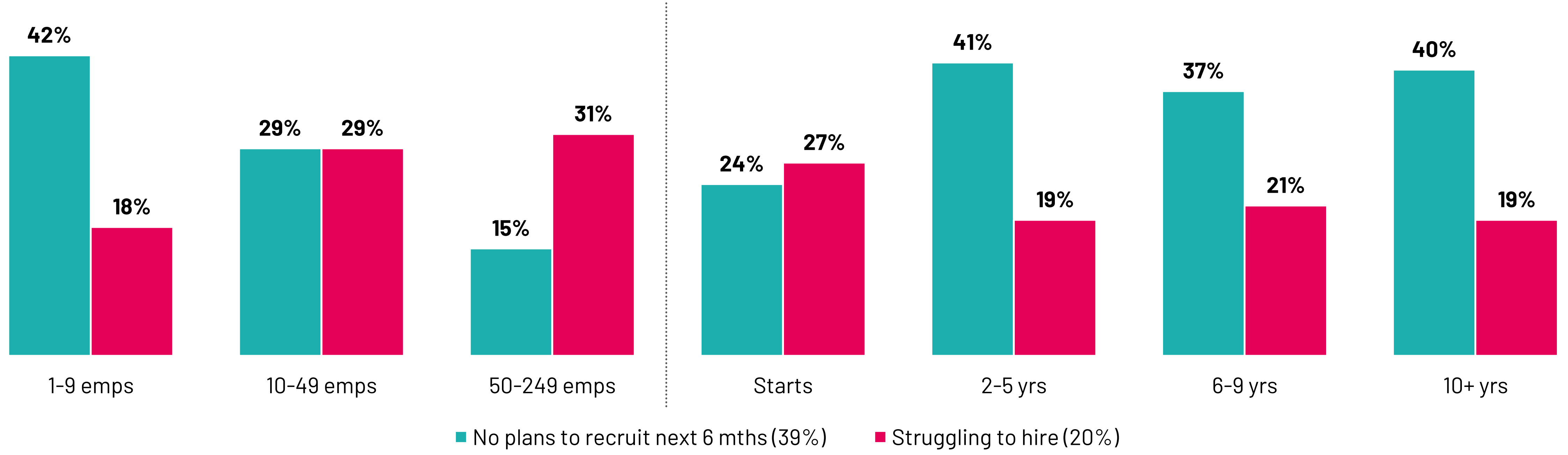


NSTAFF all SMEs with employees YEQ2 2026 12,025 7,672/3,294/1,059

Ipsos

The proportion of employers struggling to recruit continued to increase with size, as the proportion with no plans to recruit decreased. There was more limited variation by age of employer once past start-up

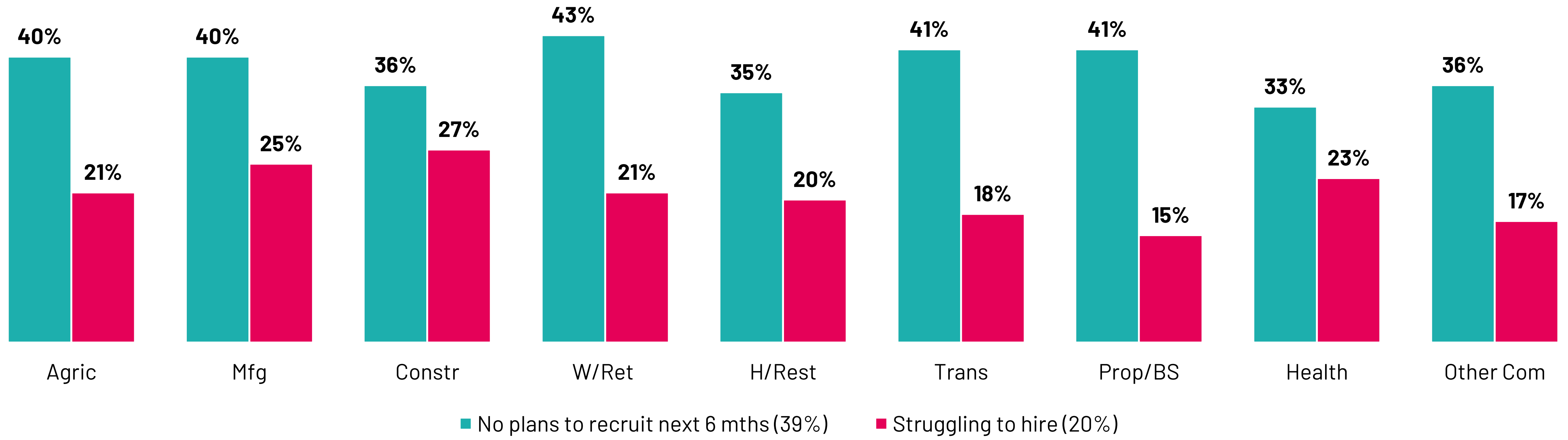
Key Staff resources (employers) by age and size of employer YEQ2 2026



NSTAFF all SMEs with employees YEQ2 2026 12,025 7,672/3,294/1,059 254/816/1,192/9,763

All sectors were more likely to say they had no plans to recruit than to be struggling to do so, with the gap narrowest in Construction and widest in Property/Business Services

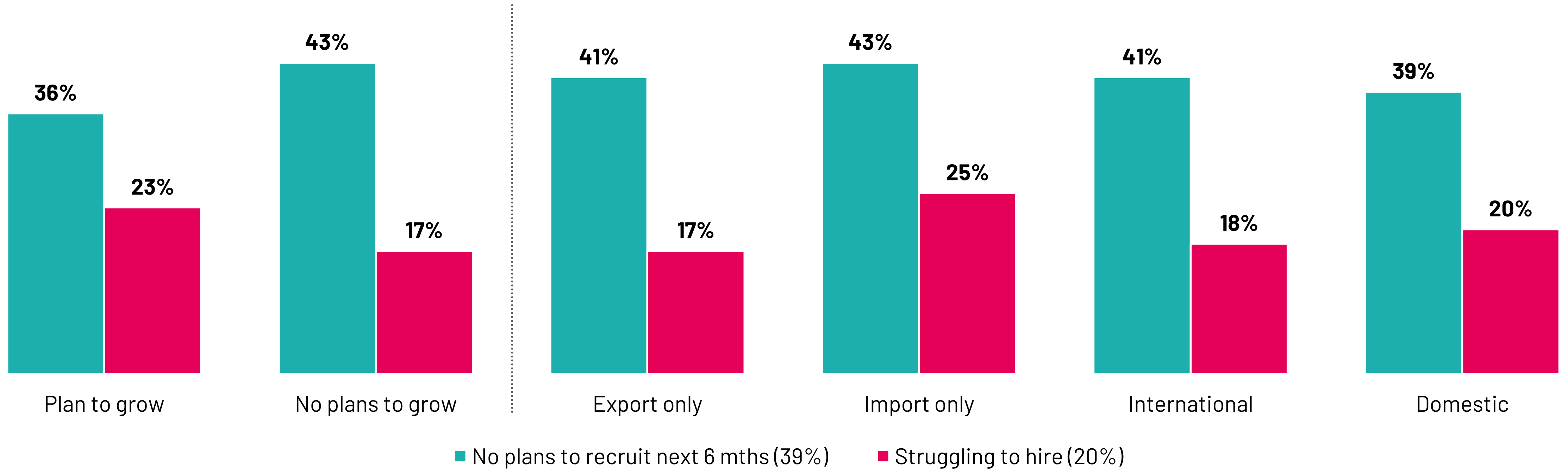
Key Staff resources (employers) by sector YEQ2 2026



NSTAFF all SMEs with employees YEQ2 2026 12,025 622/1,684/1,896/1,947/746/889/2,378/610/1,253

Those planning to grow and import-only SMEs were more likely to be struggling to hire. The proportion with no plans to hire varied relatively little with the exception of those planning to grow

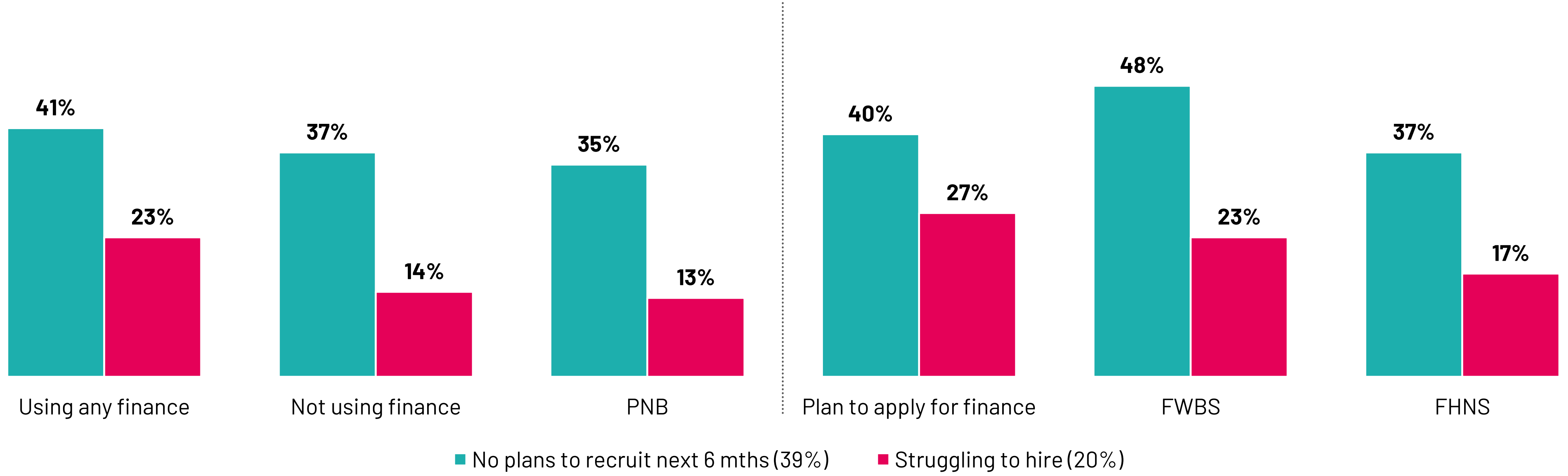
Key Staff resources (employers) by growth and international trade YEQ2 2026



NSTAFF all SMEs with employees YEQ2 2026 12,025 6,084/5,941 668/1,413/1,398

Those planning to apply for finance were the most likely to be struggling to hire, while Future WBS were most likely to say they had no plans to recruit. PNBs were less likely to be in either category

Key Staff resources (employers) by use of finance YEQ2 2026



NSTAFF all SMEs with employees YEQ2 2026 12,025 7,817/4,208 2,767 2,479/1,555/7,991

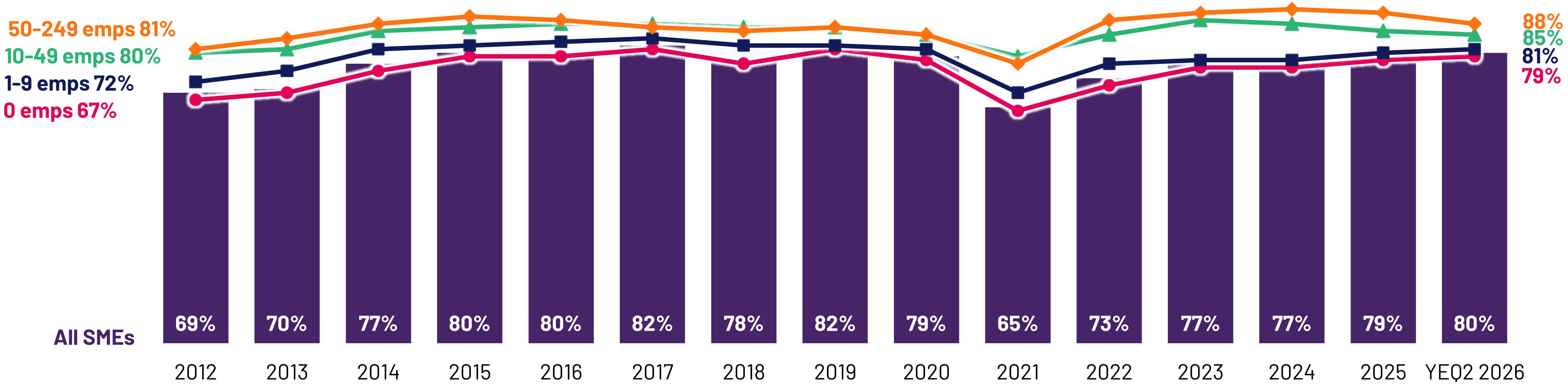
SME RESOURCES

1b

After a 'dip' in 2021, levels of profitability were stable at 80% and with a smaller gap between size bands compared to 2022-2024

UK Finance

Annual time series: % making a profit (excl DK)



- Profitability was back to pre-pandemic levels, led by the larger and older SMEs
- There was limited variation by sector, with the exceptions of Hospitality and Agriculture (both 73%)
- Other SMEs more likely to report a profit included those that had grown (90%), PNBs (86%)
- Those with any future appetite for finance were less likely to have made a profit (72% if planned to apply, 67% if a Future WBS)

The median profit made was £12,000, increasing by size of SME from £11,000 for profitable 0 employee SMEs to £2190,000 for those with 50-249 employees.

The median loss made was £3,000, also increasing by size of SME from £2,000 for 0 employee SMEs that made a loss to £55,000 for those with 50-249 employees.

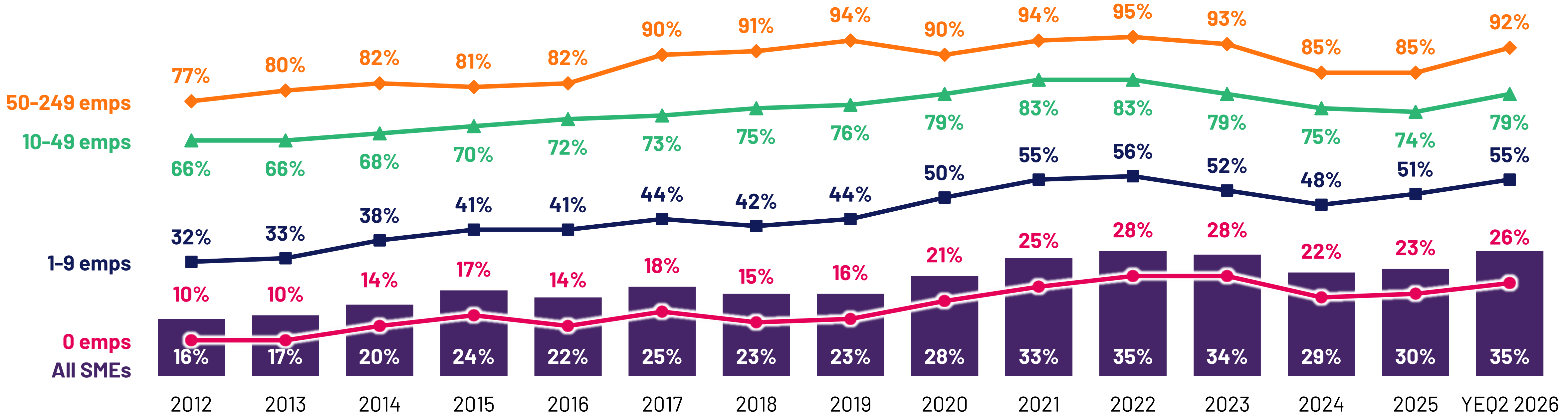
Q115 All SMEs excl Dk YEQ2 2026 14,360

Ipsos

1 in 3 SMEs held £10,000 or more in credit balances, with clear differences by size of SME and an improvement across all size bands in the current period

UK Finance

Annual time series: £10k or more of credit balances held over time



1 in 3 SMEs held £10k+ of credit balances YEQ2 2026:

- By size, this varied from 26% of 0-employee SMEs to 92% of those with 50-249 employees
- By sector it ranged from 40% in Hospitality and Property/Business Services to 27% in the Other Community sector
- Other SMEs more likely to have such balances included the fully international (50%)

In 2025, 14% of SMEs did not hold any credit balances, and a higher proportion than typically seen (3-6% pre-2024). YEQ2 26 the figure was 8%, led by the 0 emps (8%)

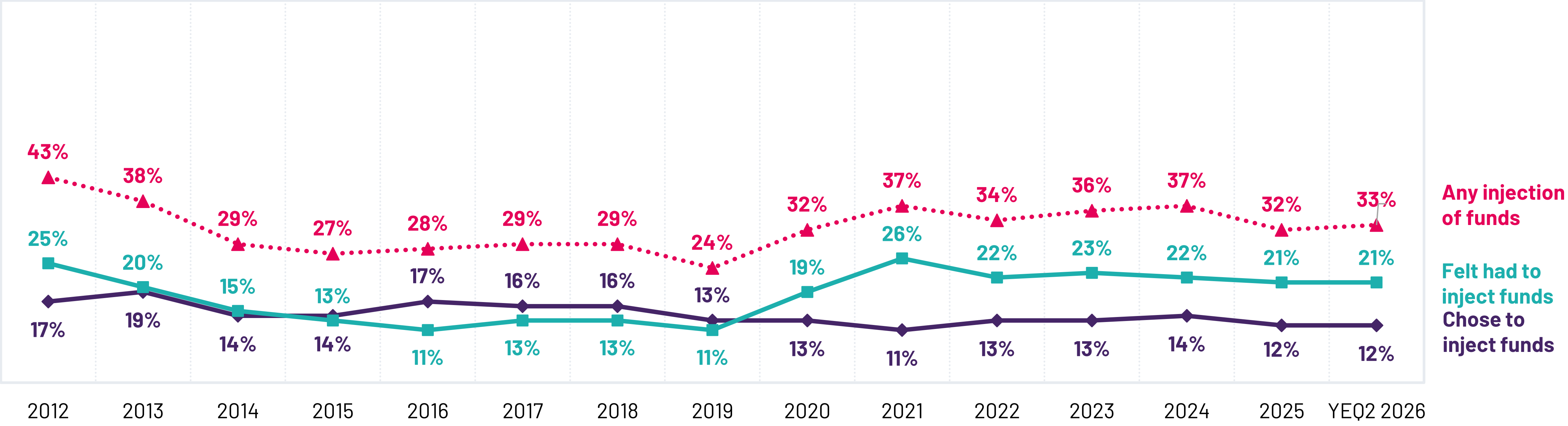
A further 42% of SMEs held £1-5,000 of credit balances, so net 50% of SMEs have credit balances of less than £5k, down from 55% in 2025 and more in line with earlier years

Q117 Base : All SMEs excl DK YEQ2 2026 10,350

Ipsos

1 in 3 SMEs had seen an injection of personal funds into the business. These injections remained more likely to have been a necessity than a choice

Annual time series: Injections of personal funds in previous 12 months



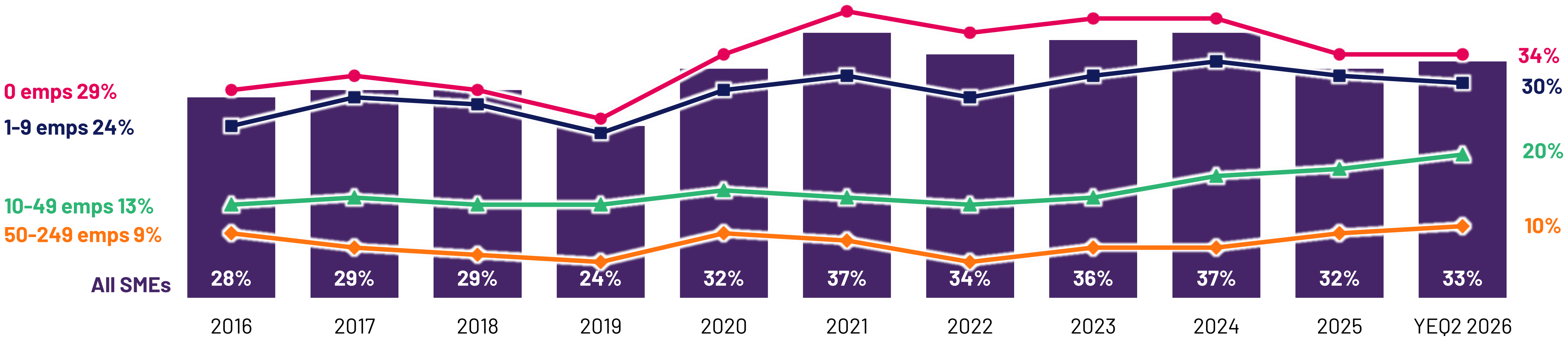
33% of SMEs reported an injection of personal funds YEQ2 2026:

- This decreased by size of SME (34% of 0 emps to 10% with 50-249 emps) and also by age (62% Starts v 29% trading for more than 10 years)
- Other SMEs more likely to have had injections of personal funds included Hospitality (40%), Ambitious Risk Takers (44%), Ambitious Innovators (43%) and those either planning to apply (51%) or a Future WBS (47%)

Q15d/d2 Base : All respondents YEQ2 2026 15,605

The drop in injections of funds since 2024 has been led by those with 0 or 1-9 employees. Whilst larger SMEs were much less likely than their peers to have injected funds, the proportions have increased slightly since 2022

Annual time series: Any injection of personal funds



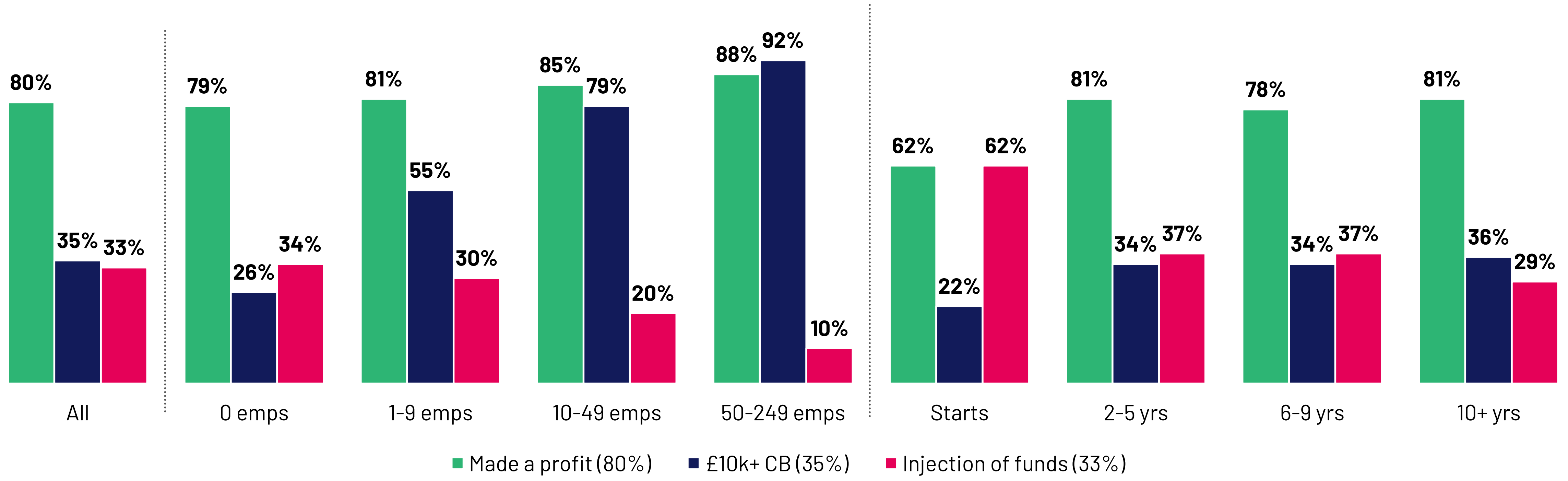
- Pre-pandemic, around 3 in 10 SMEs reported any injection of personal funds, with smaller SMEs always more likely to report such an event. though the gap to larger SMEs narrowed somewhat in 2025
- YEQ2 2026 there has been a further slight increase in the proportion of larger SMEs reporting an injection of funds and a slight decline for those with 1-9 employees, narrowing the gap between them
- Injections of funds decreased by size of SME (34% of 0 emps to 10% with 50-249 emps) and also by age (62% Starts v 29% trading for more than 10 years)

Q15d/d2 All SMEs YEQ2 2026 15,605

Credit balances increased by size and age of SME, while injections of personal funds were more common for smaller and younger SMEs

UK Finance

Size and age summary - Resources YEQ2 2026

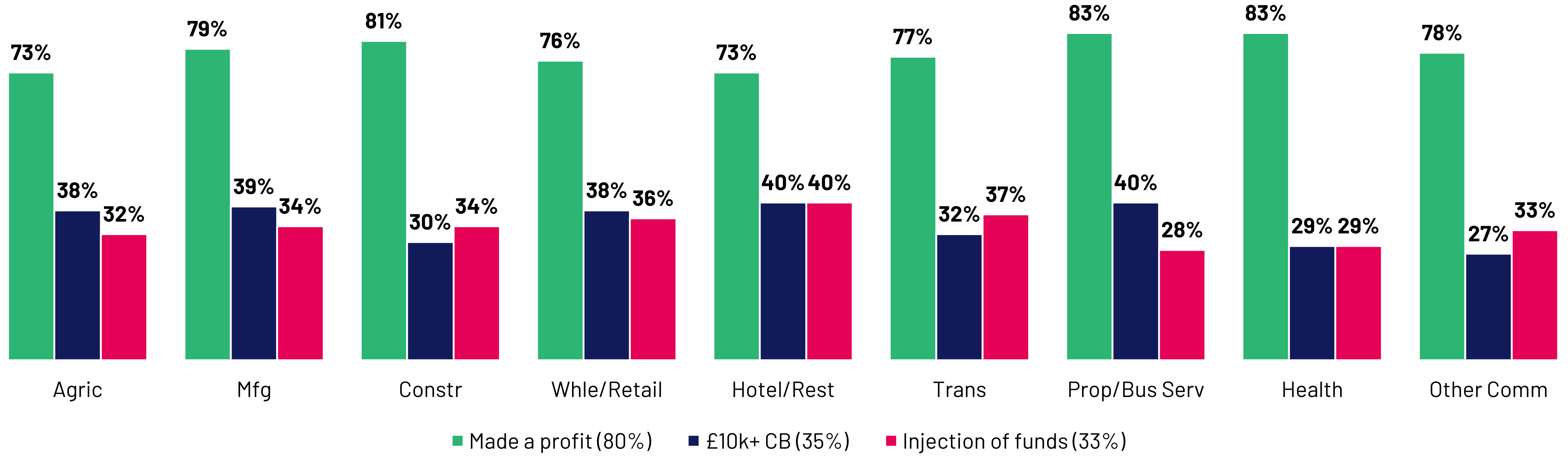


Q115/117/15d/d2 all SMEs YEQ2 2026 base varies 15,605 3,580/7,672/3,294/1,059 391/1,157/1,608/12,449

Ipsos

The proportion making a profit was slightly higher in Property/Business Services and Health (both 83%), with the former more likely to hold £10k+ of credit balances alongside Hospitality (both 40%), who were also the most likely to have seen an injection of personal funds (40%)

Sector summary - Resources YEQ2 2026

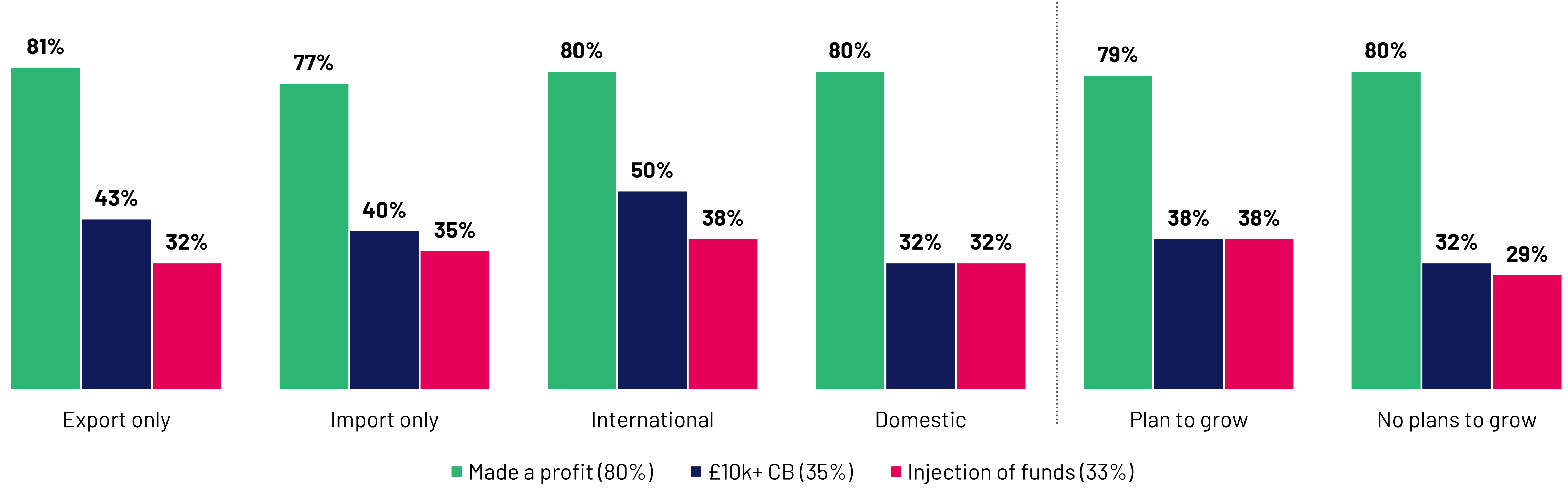


Q115/117/15d2 all SMEs YEQ2 2026 base varies 15,605 796/2,076/2,564/2,292/866/1,157/3,282/770/1,802

Export only SMEs were slightly more likely to have made a profit (81%) , fully international SMEs were more likely to hold £10k+ of credit balances (50%) and were also more likely to have injected personal funds (38%) alongside those with plans to grow

UK Finance

Finance summary - Resources YEQ2 2026

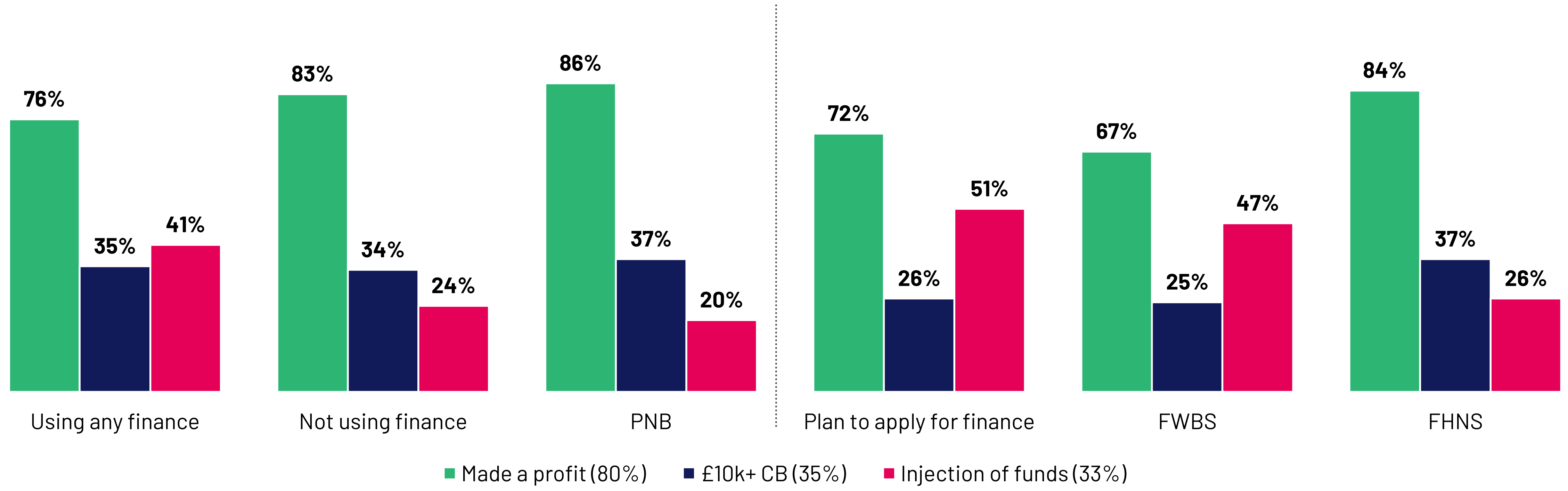


Q115/117/15d2 all SMEs YEQ2 2026 base varies 15,605 887/1,732/1,590/11,396/7,395/8,210

Ipsos

Permanent non-borrowers (86%) and Future happy non-seekers (84%) were more likely to have been profitable, and also more likely to hold £10k+ of credit balances (both 37%). Those with any future appetite for finance were more likely to have seen an injection of personal funds (51% and 47%)

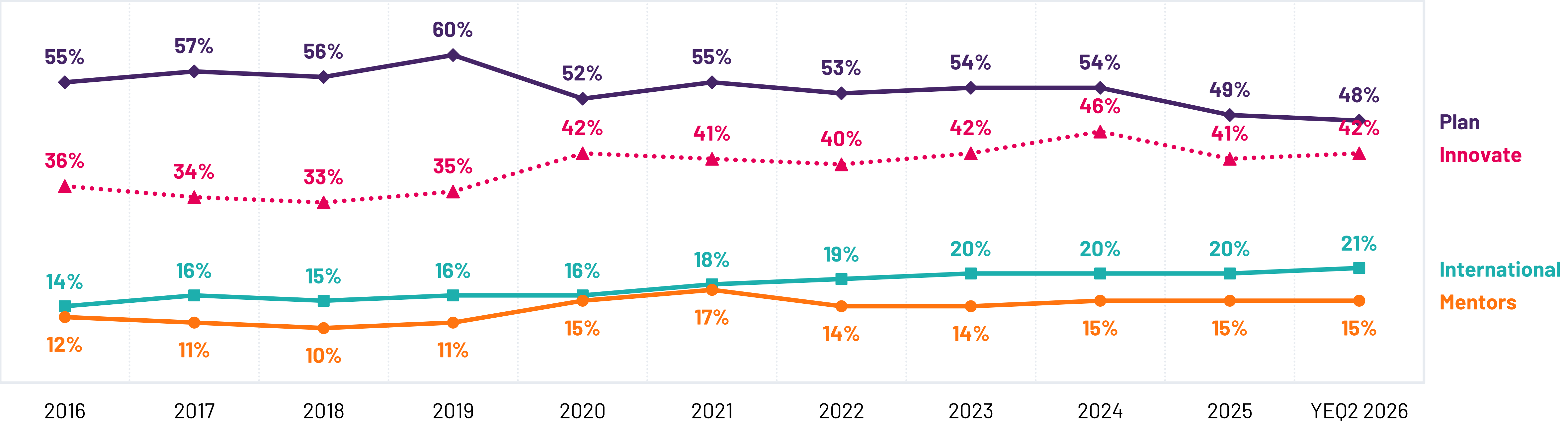
Age and growth summary - Resources YEQ2 2026



Q115/117/15d2 all SMEs YEQ2 2026 base varies 15,605 9,504/6,101/4,088/2,925/2,117/10,563

Fewer SMEs are now planning (48%) than previously seen, while other metrics are more stable

Annual time series: Business management headlines



- **Planning**: The proportion planning was somewhat lower than in previous years (48%) with 40% reporting producing management accounts and 22% saying they had a business plan
- **Innovation**: After an increase in 2024 to 46%, slightly fewer SMEs had innovated since. The 42% innovating YEQ2 26 included 36% that had significantly improved an aspect of the business and 21% that had developed a new product/service
- **International trade**: A stable 21% of SMEs traded internationally, with 13% exporting and 15% importing
- **Mentors**: The proportion of mentors was also stable at 15%

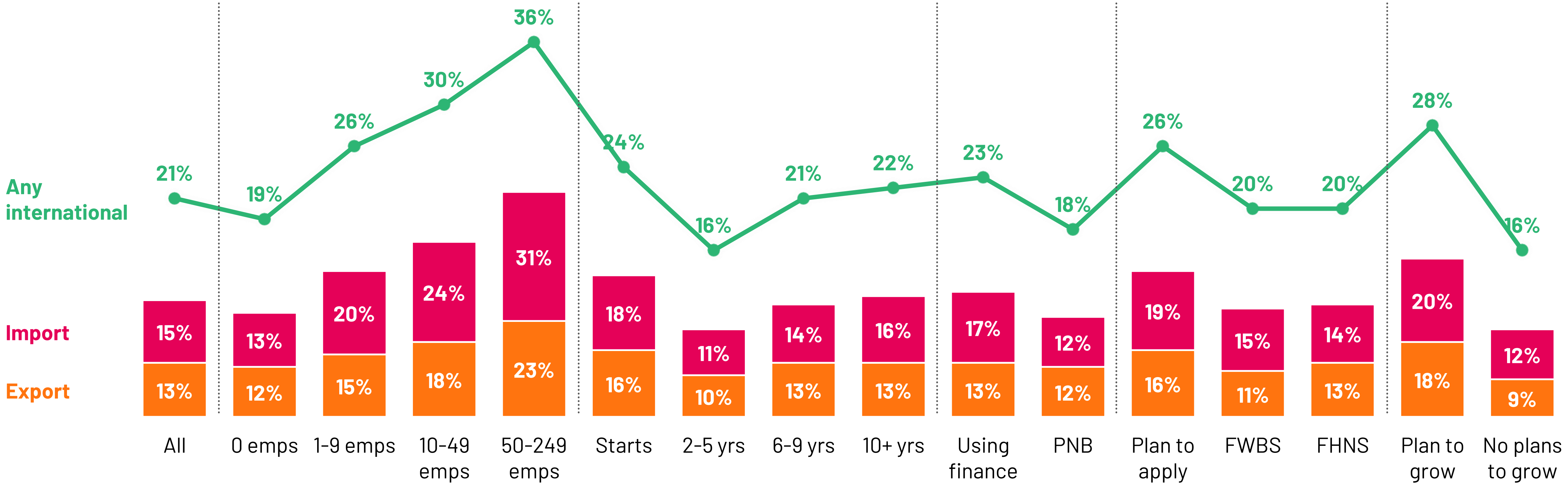
Q84 Base : All SMEs YEQ2 2026 15,605

INTERNATIONAL TRADE

21% of SMEs were trading internationally, increasing by size of SME and also higher for those with plans to grow and/or apply for finance

UK Finance

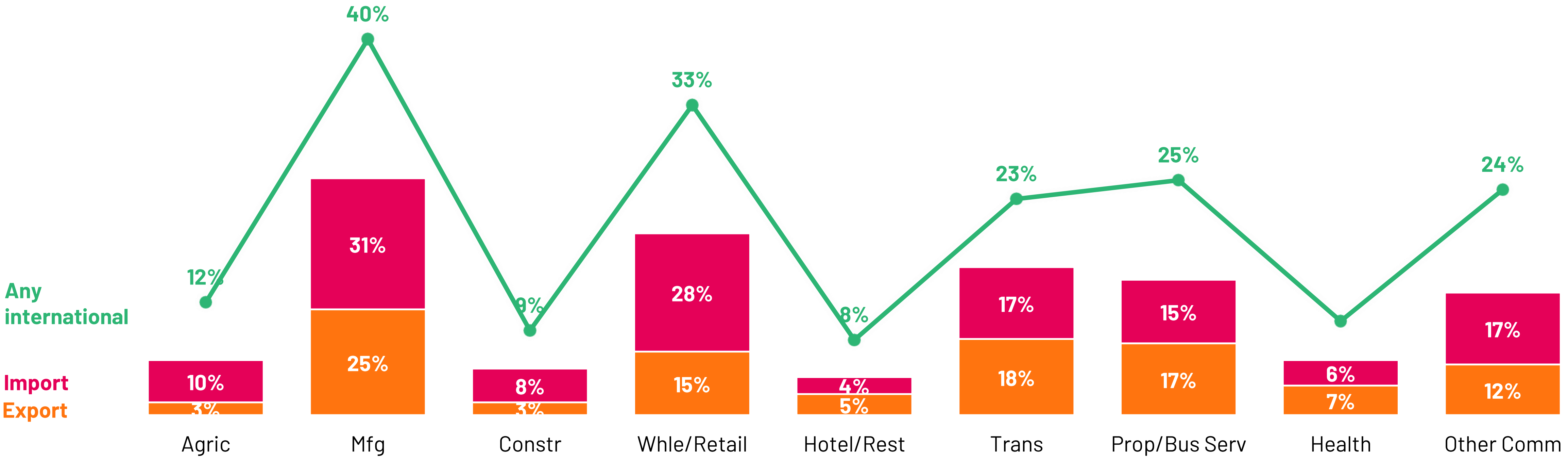
International trade by key demographics YEQ2 2026



Q84 all SMEs YEQ2 2026 15,605 3,580/7,672/3,294/1,059 391/1,157/1,608/12,449 9,504/4,088/2,925/2,117/10,563/7,395/8,210

Manufacturing and Wholesale/Retail remained key sectors for international trade

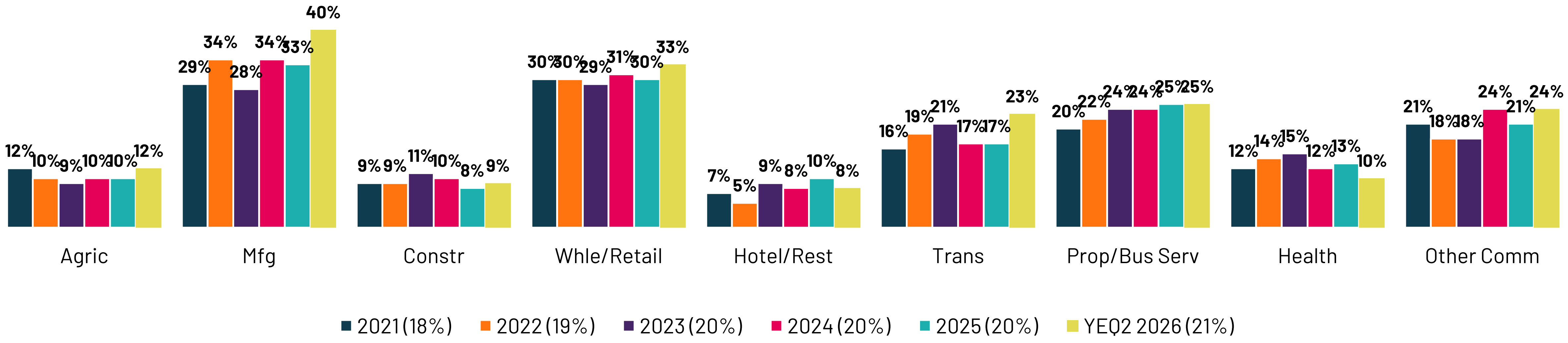
International trade by key demographics YEQ2 2026



Q84 all SMEs YEQ2 2026 796/2,076/2,564/2,292/866/1,157/3,282/770/1,802

The proportion trading internationally has increased steadily since 2018 (15%) to 21% currently. This is primarily due to more international trade amongst the sectors already more likely to be trading internationally, notably Manufacturing

Sector summary: Any international trade – over time



Q84 all SMEs YEQ2

1 in 8 SMEs exported, increasing by size. 1 in 4 exporters did more than 50% of their sales overseas and 4 in 10 were reliant on overseas sales to achieve their overall revenue targets

UK Finance

13% of SMEs are exporters:

7% export and import

6% export but don't import

23% 50-249 emps

23% Northern Ireland

25% Manufacturing

17% Transport

19% 'Well off'

18% Plan to grow

27% of exporters say overseas sales = 50%+ of revenue

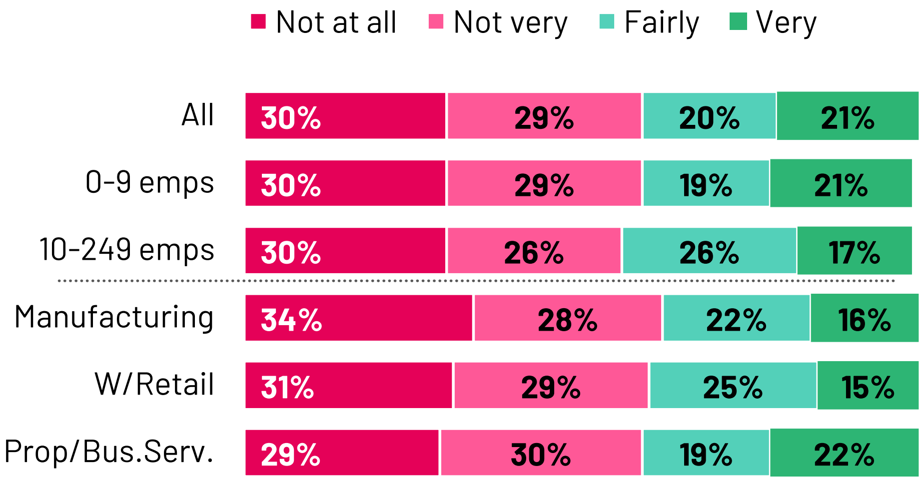
44% Transport

35% North West

30% 'Managing'

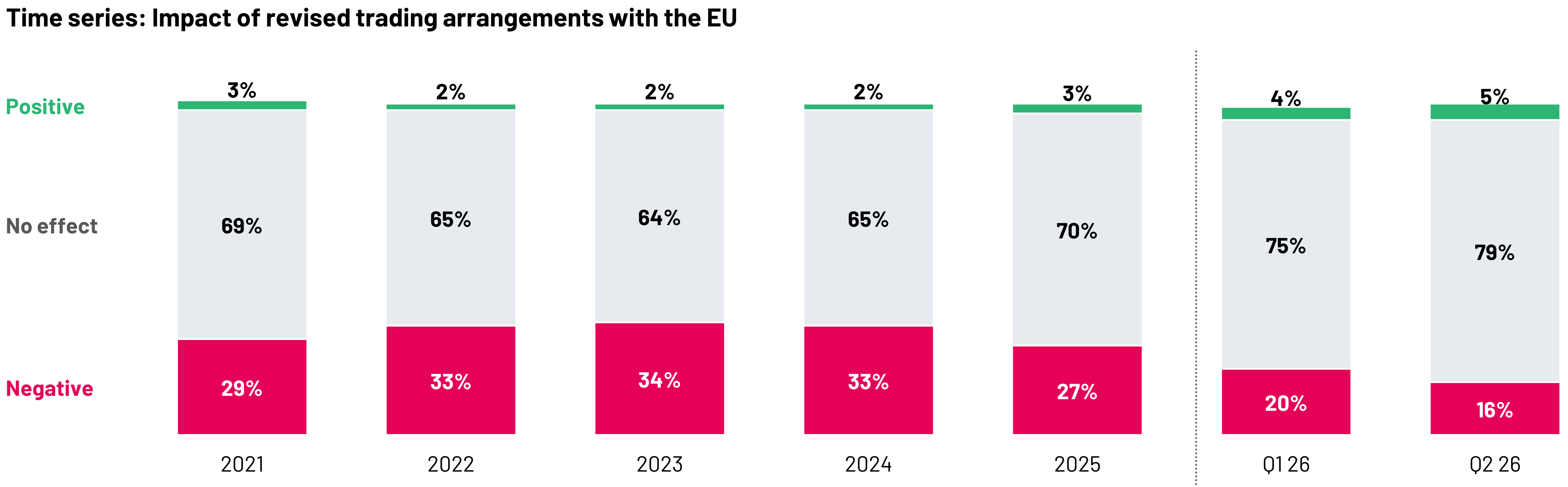
34% PNBs

41% of exporters are "very/fairly" reliant on overseas sales for overall sales targets



Q84/Q85 (ex DK)/NEWQ86 all SMEs/All exporters 2477

From 2025, the trading arrangements with the EU have become somewhat less likely to be seen as having a negative impact



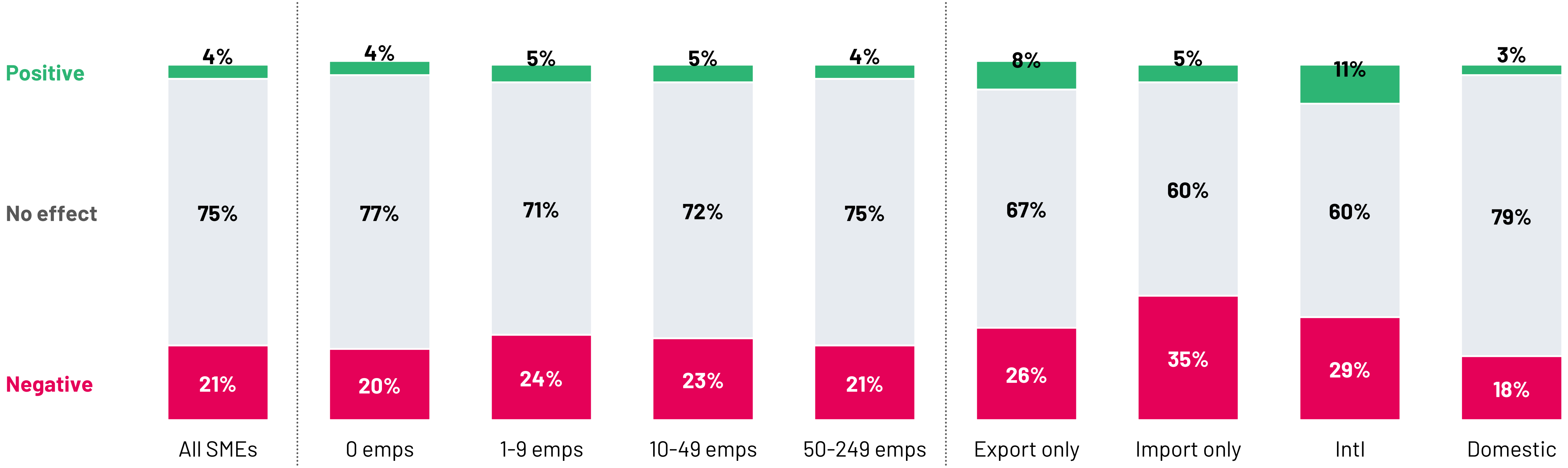
For YEQ2 2026, 21% of SMEs reported a negative impact, a further decrease from 33% in 2024:

- Negative impacts were more likely to be reported by international SMEs (35% if import only and down 6 points from 2024) and by 30% in Manufacturing (down 6 points) and 31% in Wholesale/Retail (down 5 points)

Q84c (eu) all SMEs excluding DK Q2 2026 3,674

There were limited differences by size. Those with an element of importing to their business were more likely to report a negative impact

Impact of revised trading arrangements with the EU – YEQ2 2026

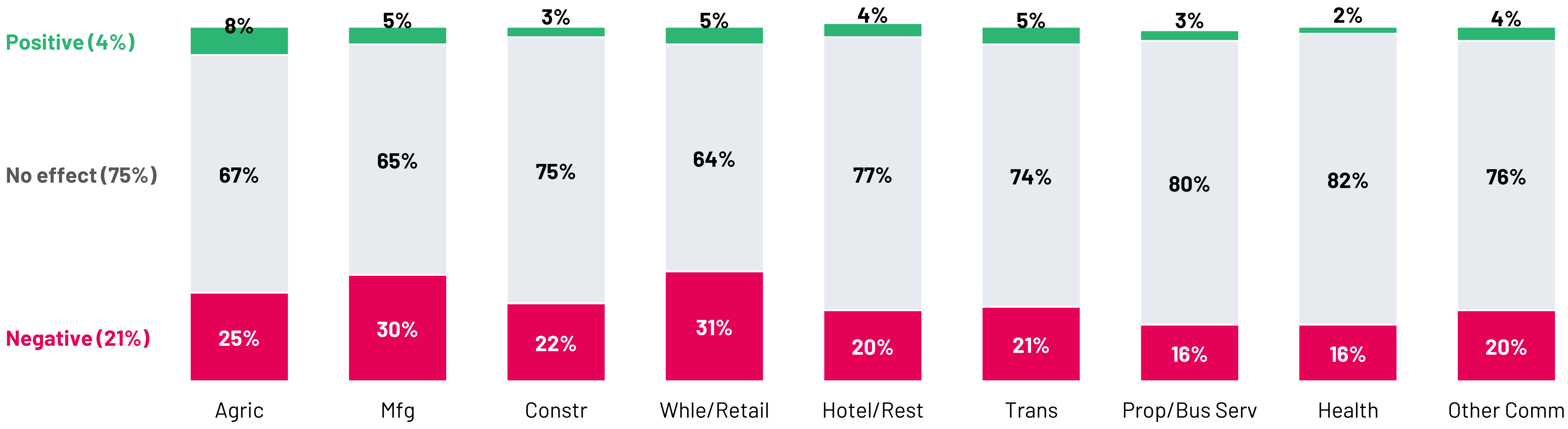


Q84c(eu) all SMEs excluding DK YEQ2 2026 14,894 3,437/7,351/3,114/992 844/1,644/1,518/10,888

Manufacturing and Wholesale/Retail, both more likely to be trading internationally, were also more likely to report a negative impact from EU trade arrangements

UK Finance

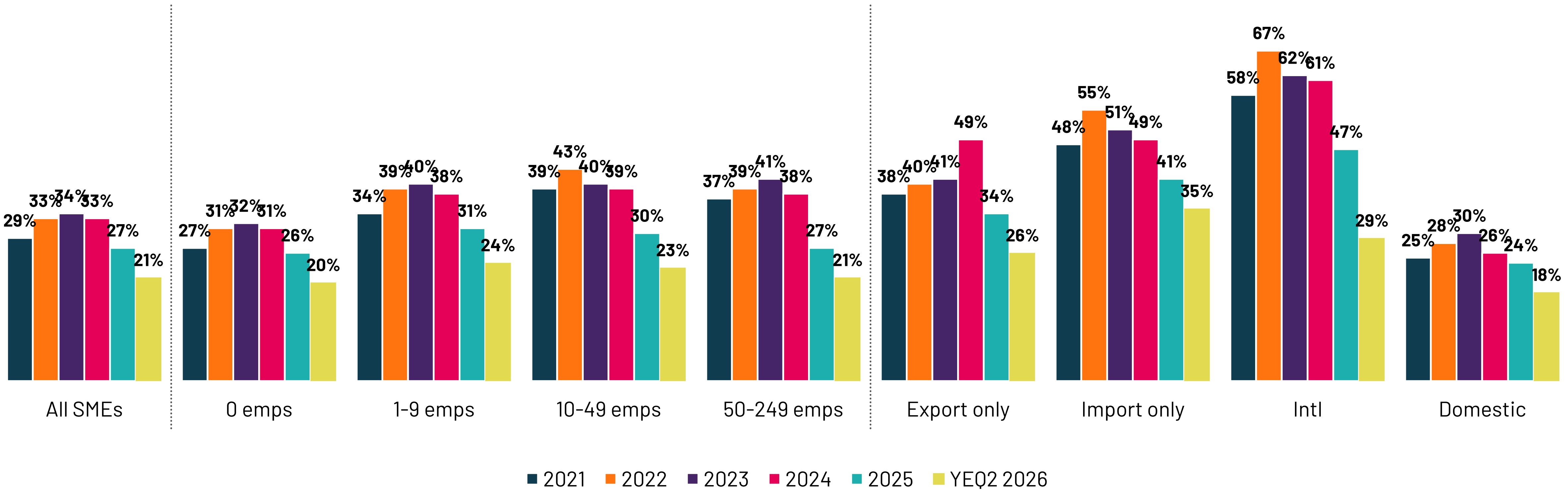
Sector summary: Impact of revised trading arrangements with the EU YEQ2 2026



Q84c (eu) all SMEs excluding DK YEQ2 2026 743/1,980/2,435/2,172/826/1,114/3,164/737/1,723

The reduction in negative impact from 2024 was seen across size bands and for international SMEs generally and exporters in particular

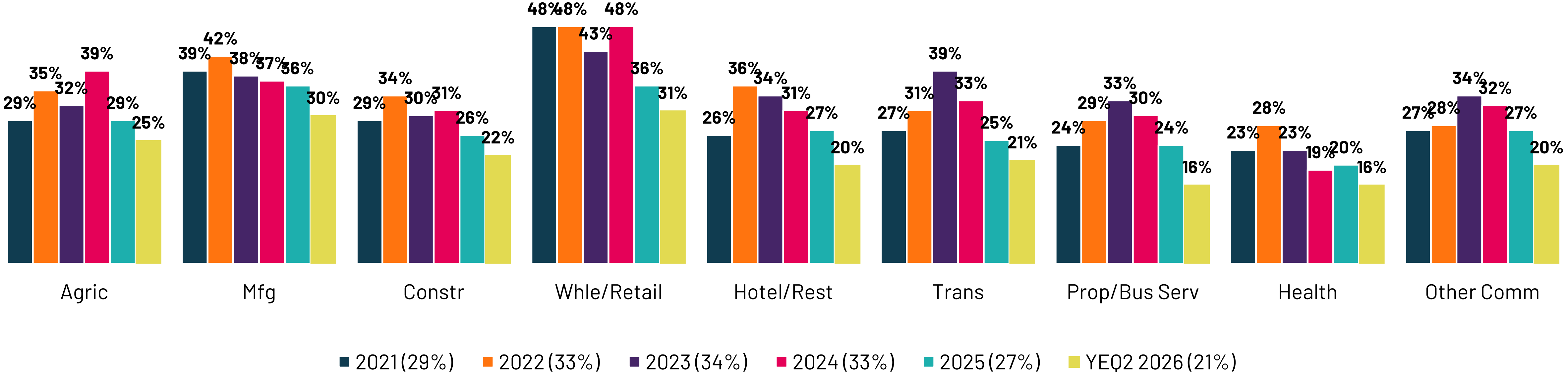
See negative impact of revised trading arrangements with the EU – over time



Q84c all SMEs excluding DK YEQ2 2026 14,894 3,437/7,351/3,114/992 844/1,644/1,518/10,888

Wholesale/Retail were more likely to report a negative impact 2021-2025, but a marked decline in this proportion over time has brought them back in line with Manufacturing (but still above other sectors)

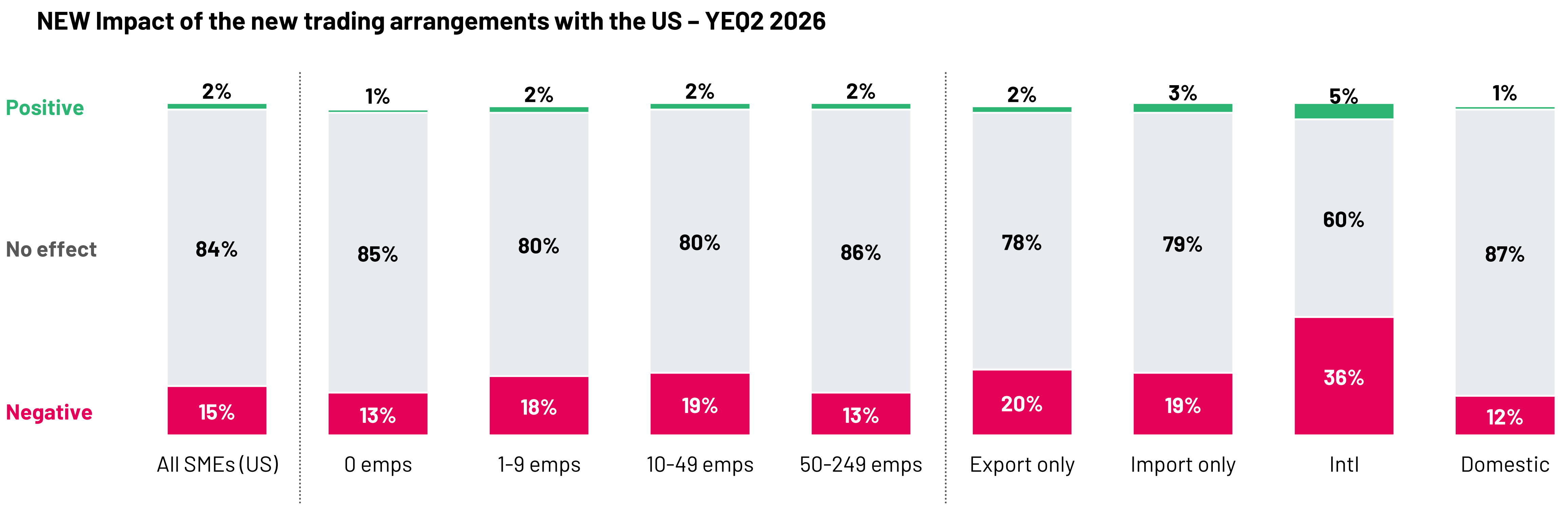
Sector summary: See negative impact of revised trading arrangements with the EU – over time



Q84c all SMEs excluding DK YEQ2 2026 743/1,980/2,435/2,172/826/1,114/3,164/737/1,723

Overall SMEs were less concerned about changes to trading with the US (15%) than with the EU (21%), with the exception of those who both import and export (36% v 29% for EU)

UK Finance



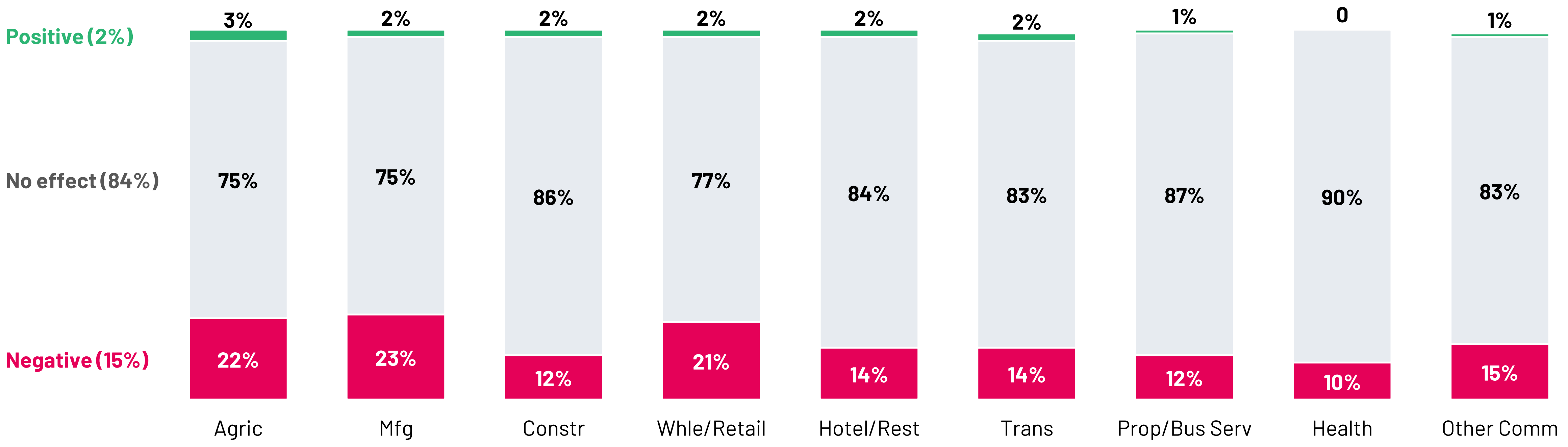
- SMEs were less likely to see negative impact re US trading than with the EU, with the exception of those that both import and export, where 29% reported a negative impact on EU trading and 36% a negative impact on US trade

NEW Q84c (USA) all SMEs excluding DK YEQ2 2026 14,833 (US) 3,387/7,299/3,138/1,009 851/1,649/1,521/10,812

Manufacturing, Agriculture and Wholesale/Retail were more likely to report a negative impact from US trade arrangements

UK Finance

Sector summary: Impact of revised trading arrangements with the US YEQ2 2026



Q84c (eu) all SMEs excluding DK US YEQ2 2026 741/1,996/2,387/2,181/818/1,1110/3,140/737/1,723

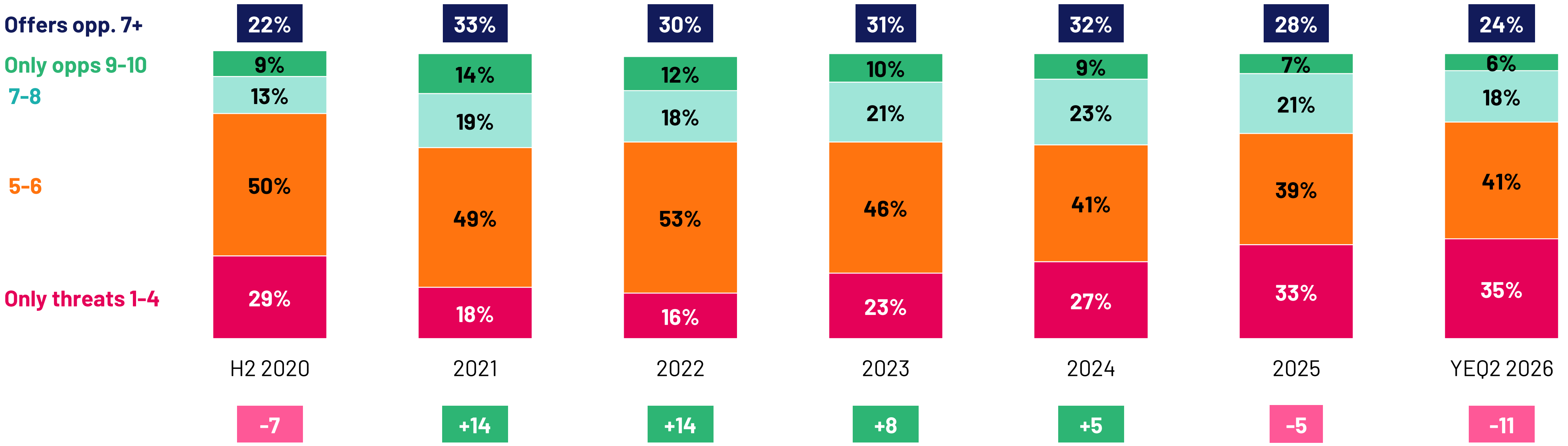
Ipsos

SME MOOD AND VIEW OF THE FUTURE

1c

After a number of years of a steady increase in threats while the proportion seeing opportunities remained stable, the current period has seen both a further small increase in threats and a decrease in opportunities to a net score of -11

Annual time series: Does the future offer opportunities or threats



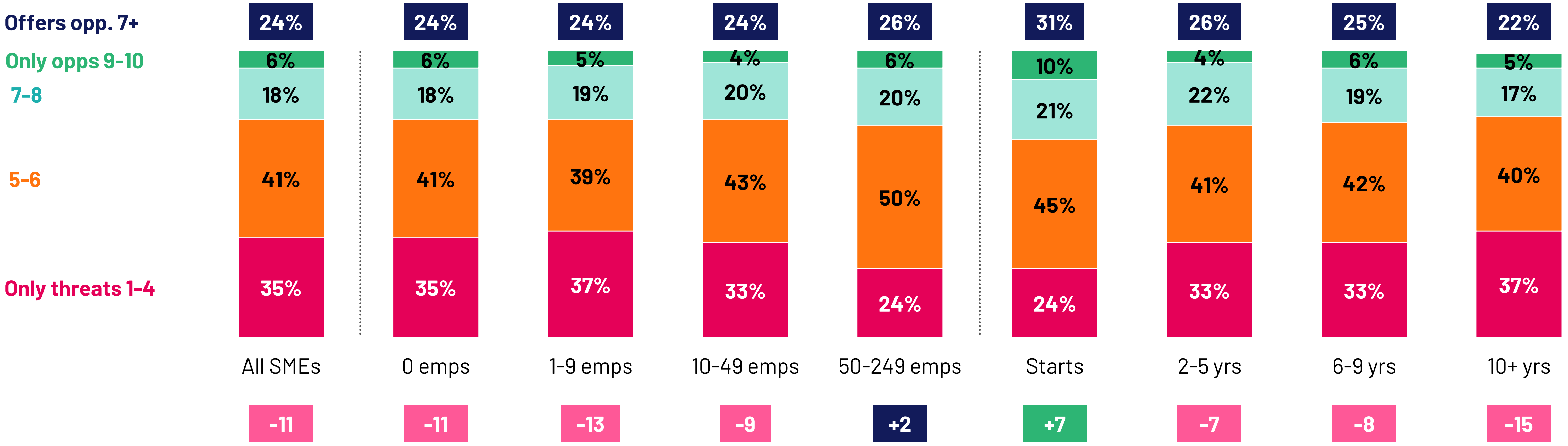
- The most likely to see future opportunities included Starts (31%), those planning to grow (29%) , PNBs (30%) and those who are Comfortable (42%) or Well off (57%)
- Those more likely to see threats included Hospitality (43%), Future WBS (49%) and those Struggling (68%)

NEWcv7 all SMEs YEQ2 2026 15,605

SMEs with 50-249 employees were the only size band with a positive net score. As SMEs get older they become more likely to see threats and less likely to see opportunities

UK Finance

Does the future offer opportunities or threats – YEQ2 2026



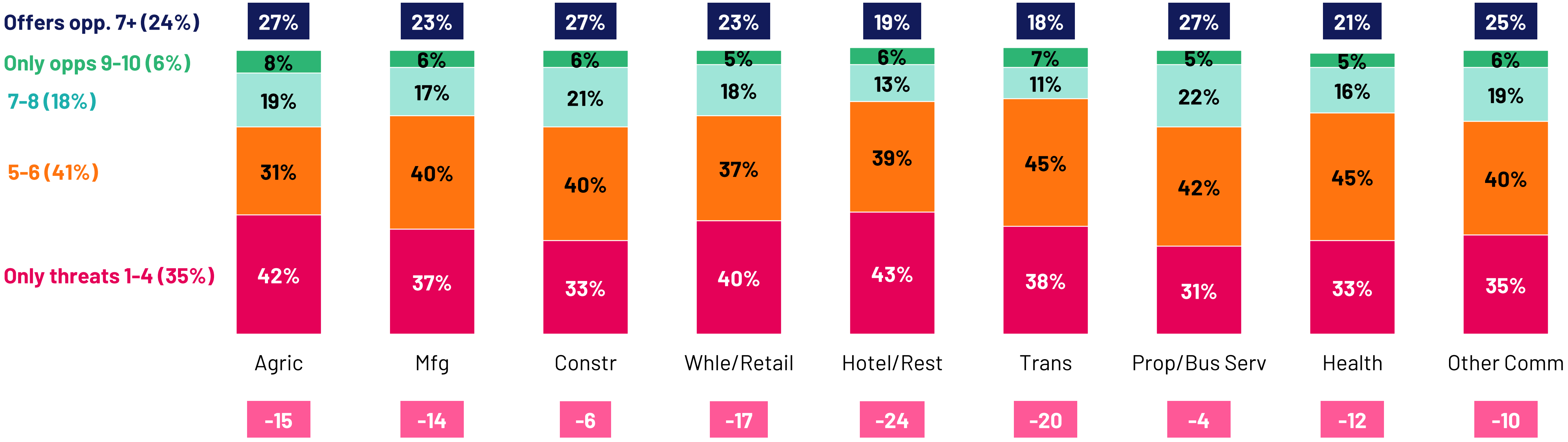
NEWcv7 all SMEs YEQ2 2026 15,605 3,580/7,672/3,294/1,059 391/1,157/1,608/12,449

Ipsos

Agriculture, Wholesale/Retail and Hospitality were the most likely to see future threats. Construction and Property/Business Services had the best net scores

UK Finance

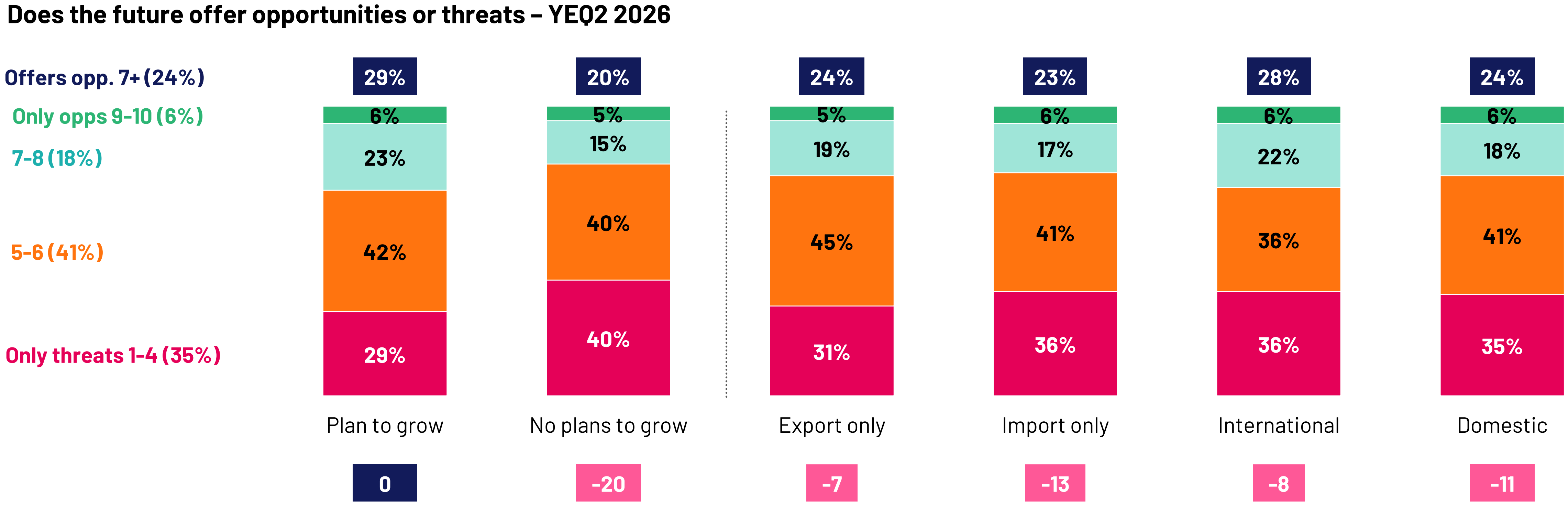
Does the future offer opportunities or threats – YEQ2 2026



NEWcv7 all SMEs YEQ2 2026 796/2,076/2,564/2,292/866/1,157/3,282/770/1,802

Ipsos

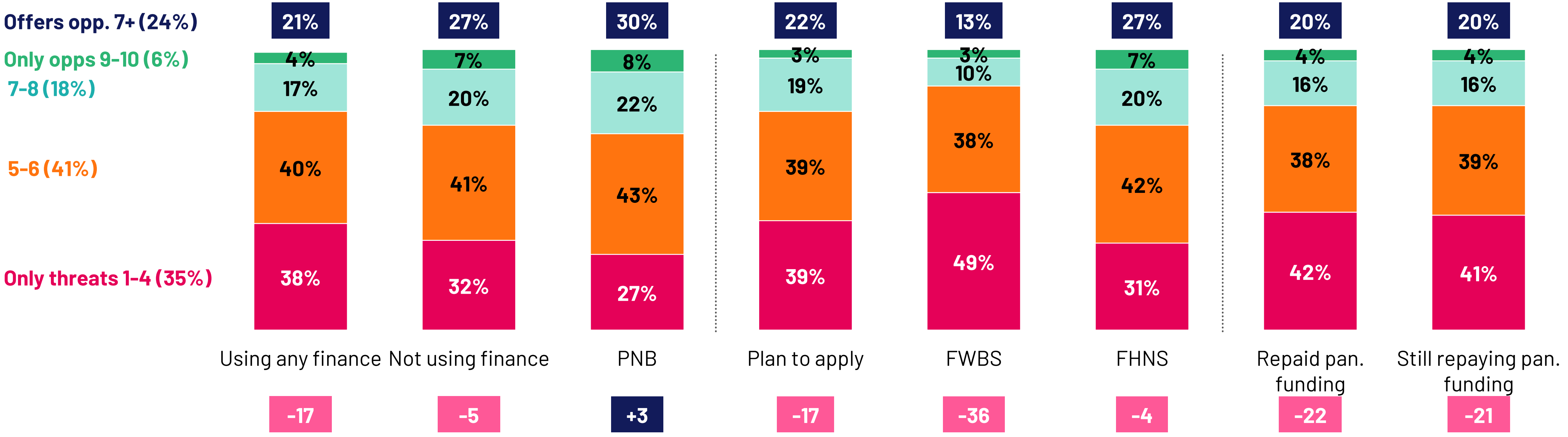
Those who plan to grow had a more positive view of the future than those with no such plans. Internationally, fully international SMEs had the best net score



NEWcv7 all SMEs YEQ2 2026 7,395/8,210 887/1,732/1,590/11,396

Permanent non-borrowers were the most likely to see the future offering opportunities, while half of Future would-be seekers saw the future offering mainly threats

Does the future offer opportunities or threats – YEQ2 2026



NEWcv7 all SMEs YEQ2 2026 9,504/6,101/4,088 2,925/2,117/10,563 2,506/3,397

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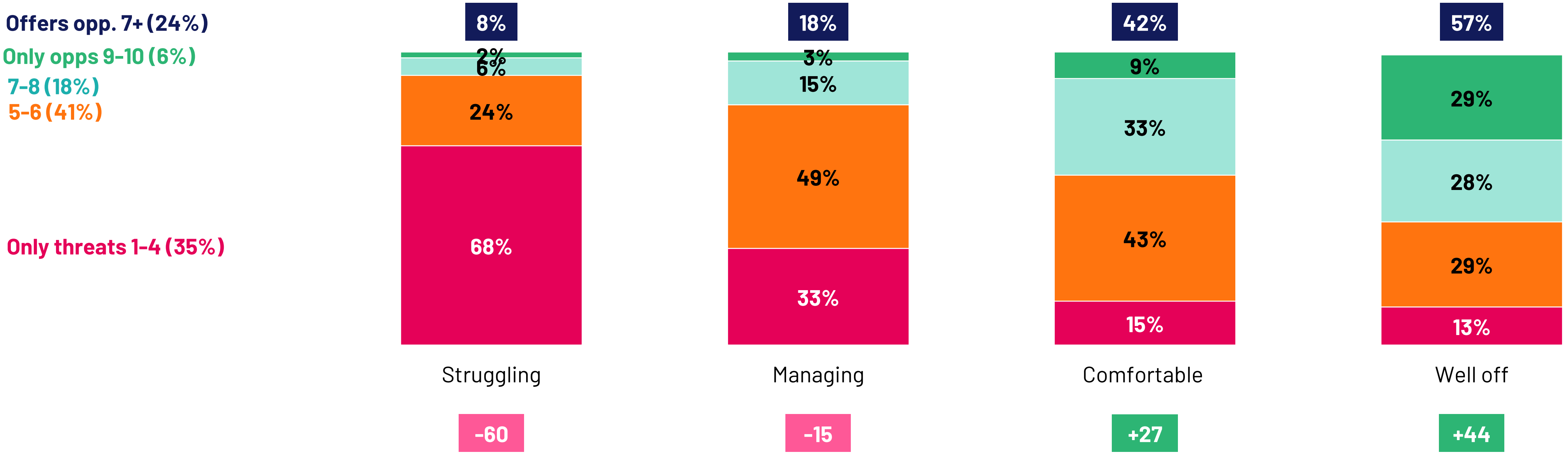
There were clear differences in future perceptions from those currently 'Struggling' through to those who feel Comfortable/Well off

UK Finance

Does the future offer opportunities or threats – YEQ2 2026

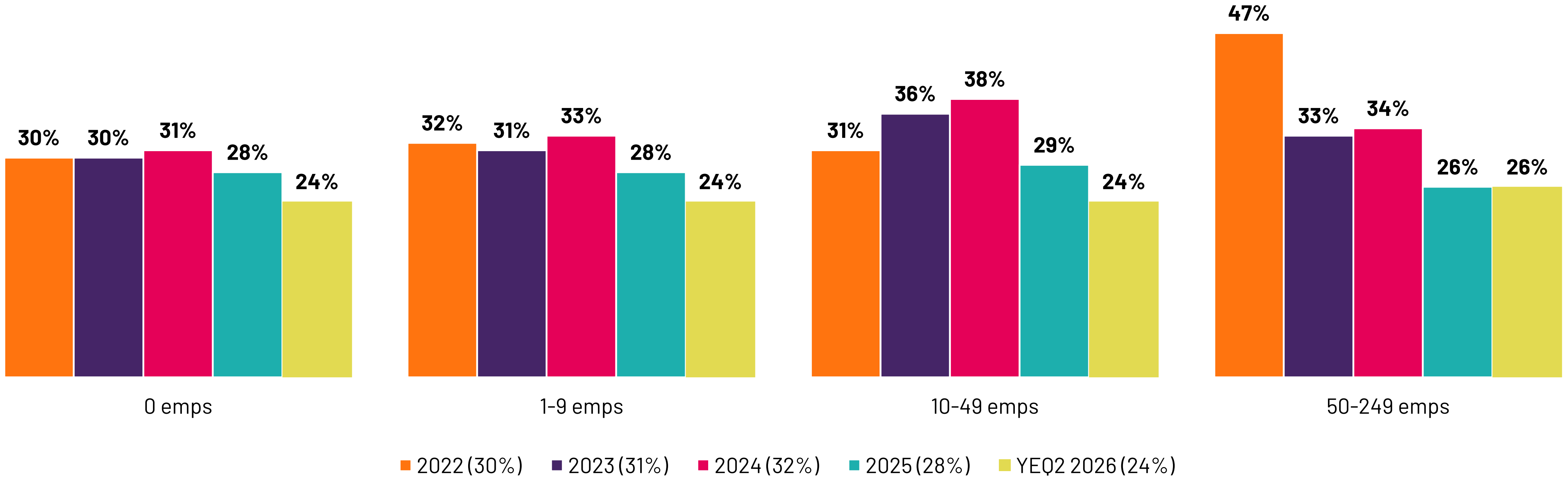


NEWcv7 all SMEs YEQ2 2026 2,704/6,923/5,009/869

All but those with 50-249 employees saw a further drop in future opportunities in the current period

UK Finance

Future offer mostly opportunities- over time



Comparing 2024 to YEQ2 2026 (a drop of 8 points in the opportunities score overall):

- Those particularly less likely to now see opportunities included those with 10-49 employees (down 14 points) those in Health (down 14 points) and those in Wholesale/Retail and Construction (both down 10 points)

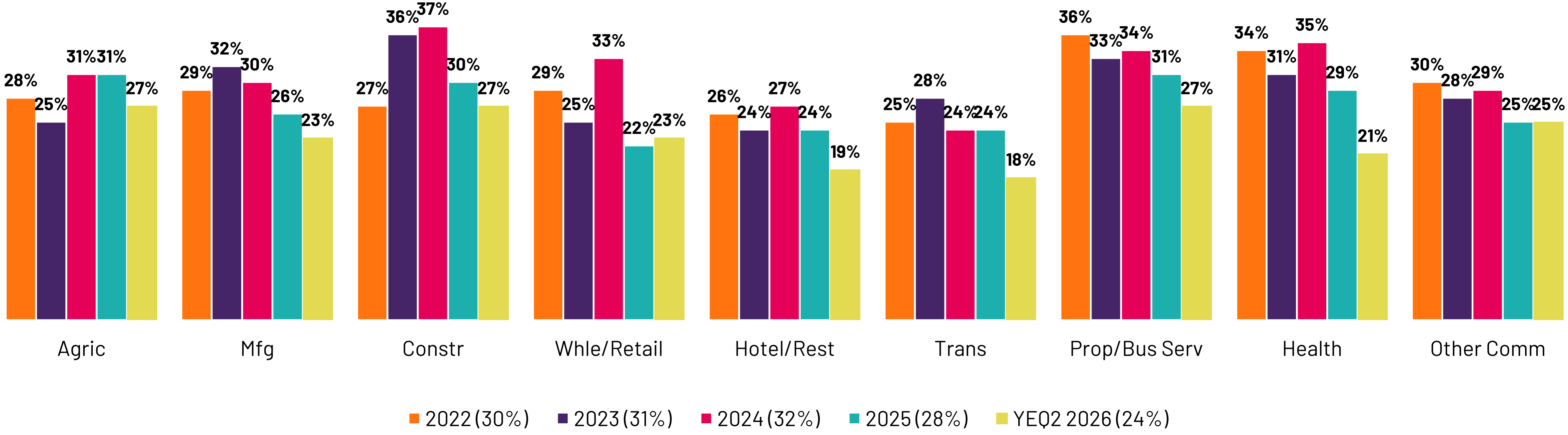
NEWcv7 all SMEs YEQ2 2026 3,580/7,672/3,294/1,059

Ipsos

Almost all sectors saw a drop in the proportion seeing mainly opportunities, notably Health (down 8 points to 21%)

UK Finance

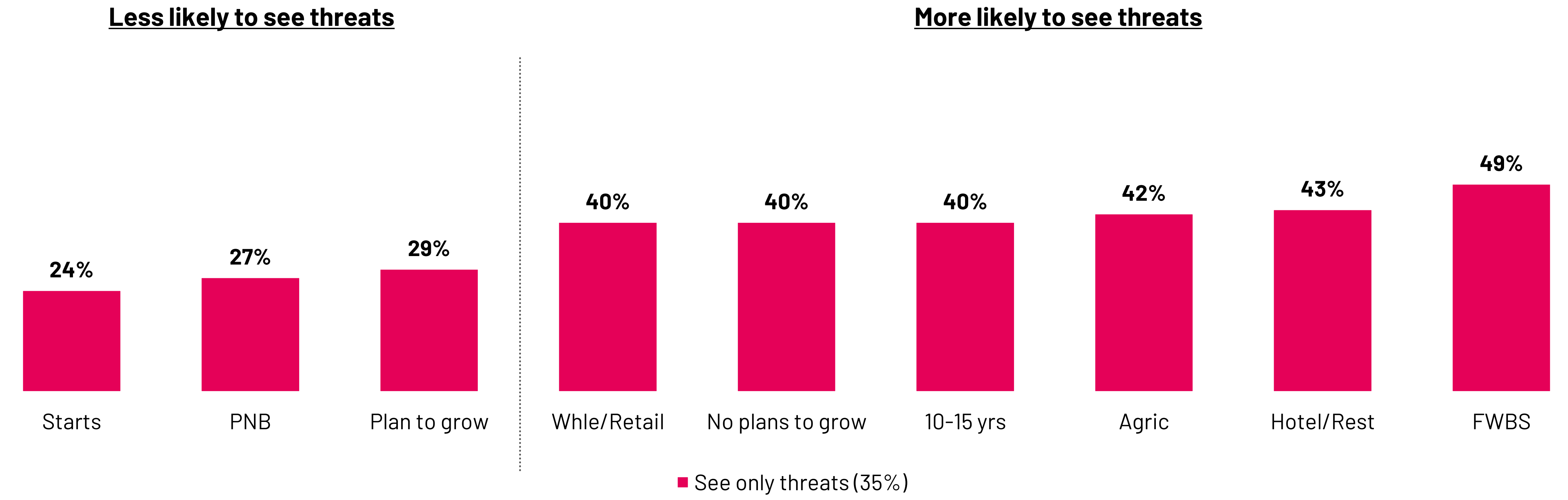
Sector summary: Future offers opportunities 7+



NEWcv7 Base : All SMEs YEQ2 2026 796/2076/5,264/2,292/866/1,157/3,282/770/1,802

Younger, ambitious SMEs and those not using finance were less likely to see future threats, compared to over 4 in 10 in Agriculture and Hospitality and Future WBS

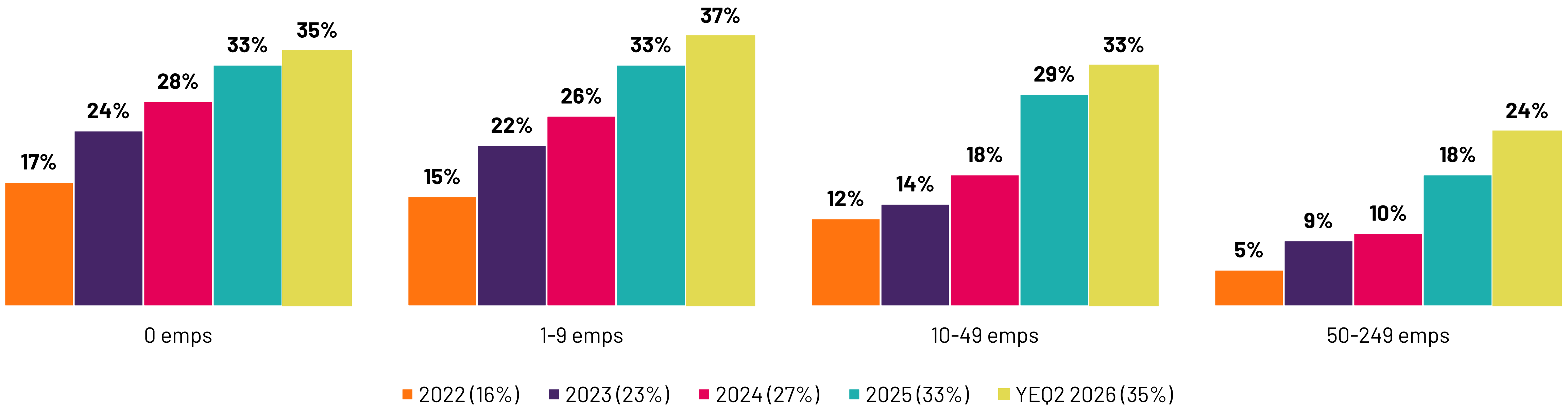
See future threats: by key demographics (excl Starts) YEQ2 2026



Q96 all SMEs YEQ2 2026 15,605

Meanwhile all sizes of SME have seen increases in the proportion seeing mainly threats

Future offers threats– from 2022



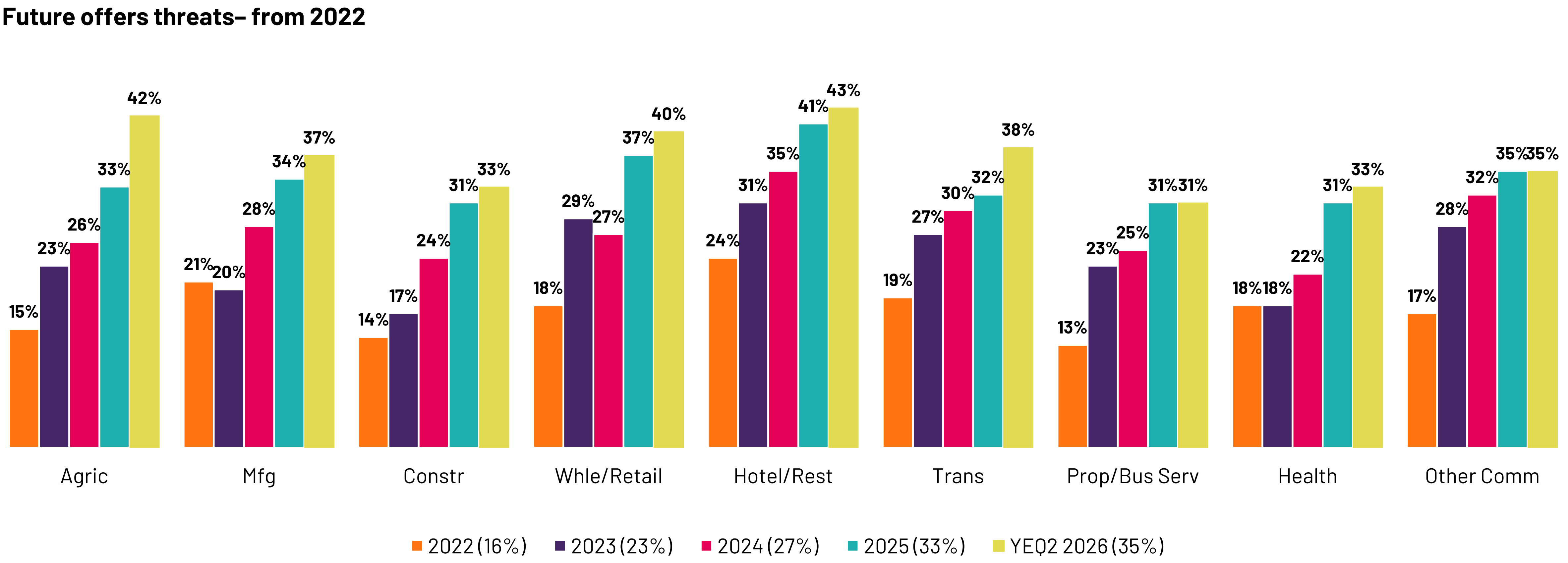
Comparing 2024 to YEQ2 2026, the proportion seeing mainly threats has increased by 8 points:

- Those particularly more likely to now see threats included those with 10-49 employees (up 15 points) , in Agriculture (up 16 points) and Wholesale/Retail (up 13 points)

NEWcv7 all SMEs YEQ2 2026 3,580/7,672/3,294/1,059

Almost all sectors saw an increase in the proportion seeing threats, notably Agriculture (+9) and Transport (+6)

UK Finance



NEWcv7 Base : All SMEs YEQ2 2026 796/2076/5,264/2,292/866/1,157/3,282/770/1,802

Ipsos

A new metric from 2023 provides an overall assessment of the financial situation of each SME:

UK Finance

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

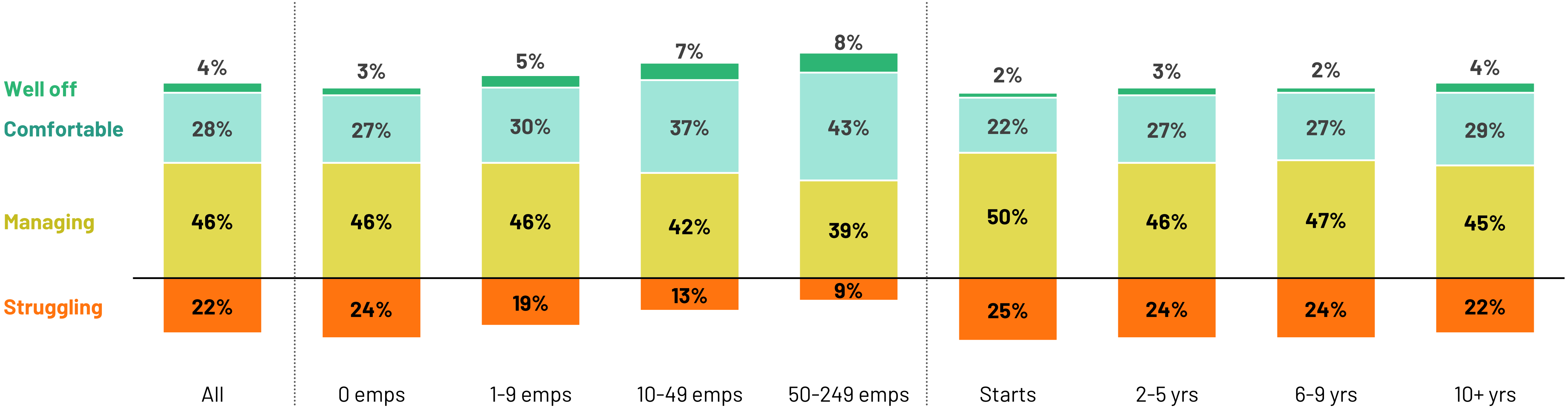
Well off

Our monthly revenue more than meets our needs and the business has a decent sum in savings/investments

1 in 3 SMEs felt they were currently Comfortable/Well off, increasing to half of the larger SMEs. 1 in 5, mainly smaller SMEs were Struggling (22%), with monthly revenue not meeting their needs (up from 18% in 2023)

UK Finance

Overall assessment by size and age – YEQ2 2026



- Those more likely to be Well off/Comfortable also included those that have grown (50%), in Property/Business services (35%), export-only SMEs (36%), Future happy non-seekers of finance (38%) and PNBs (40%)
- Those more likely to be Struggling also included those in Hospitality (28%) those with any future appetite for finance (36% planning to apply and 37% FWBS) and ARTs (28%)

NEWCV8 (v2) All SMEs YEQ2 2026 15,547 3,576/7,657/3,277/1,037 390/1,155/1,606/12,396

Struggling: Our monthly revenue does not meet our needs and the business has no savings or investments , and Well off: Our monthly revenue more than meets our needs and the business has a decent sum in savings and investments

Ipsos

‘Struggling’ SMEs were found across sectors, from 20% in Property/Business Services, to 28% in Hospitality, with relatively limited variation in the proportion ‘Managing’ (43-48%)

UK Finance

Overall assessment by sector – YEQ2 2026

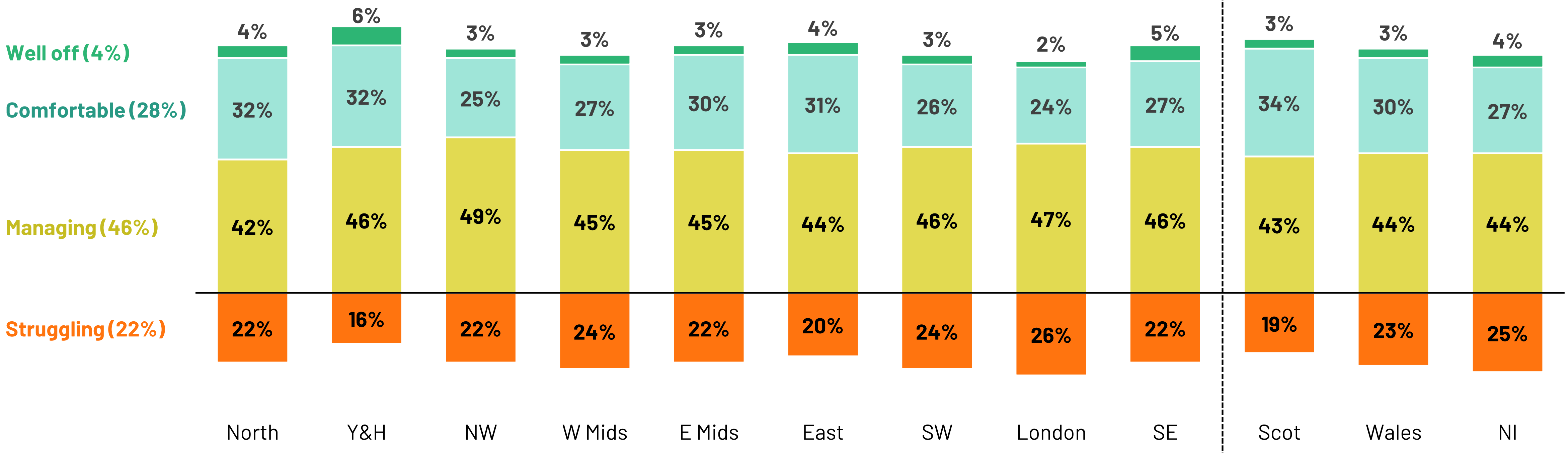
NEWCV8 v2 All SMEs YEQ2 2026 794/2,069/2,555/2,284/863/1,152/3,267/766/1,797

Ipsos

SMEs in London remained the most likely to report they were 'Struggling' (26%), compared to 16% in Yorkshire & Humberside and 19% in Scotland

UK Finance

Overall assessment by region/nation – YEQ2 2026

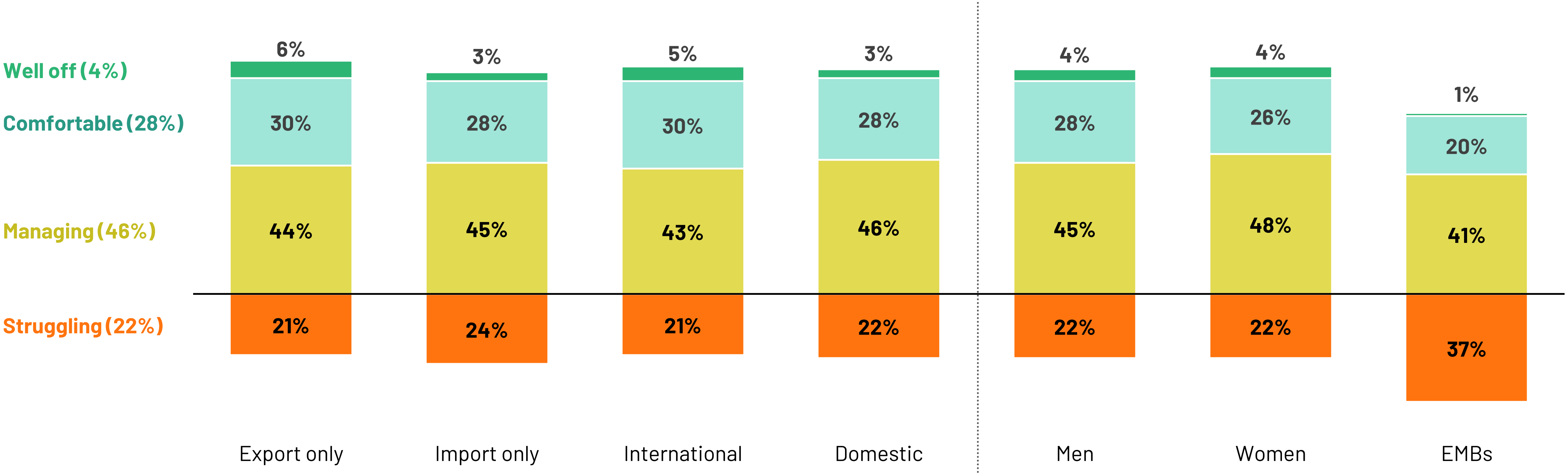


NEWCV8 v2 All SMEs YEQ2 2026 630/1,133/1,240/1,322/1,030/1,812/1,863/1,591/2,557/1,095/783/491

Ipsos

Those with an element of Exporting to their business were more likely to feel Well off/Comfortable, while EMBs were more likely to be 'Struggling'

Overall assessment by demographics – YEQ2 2026



NEWCV8 v2 All SMEs YEQ2 2026 885/1,720/1,584/11,358 11,951/3,184/22

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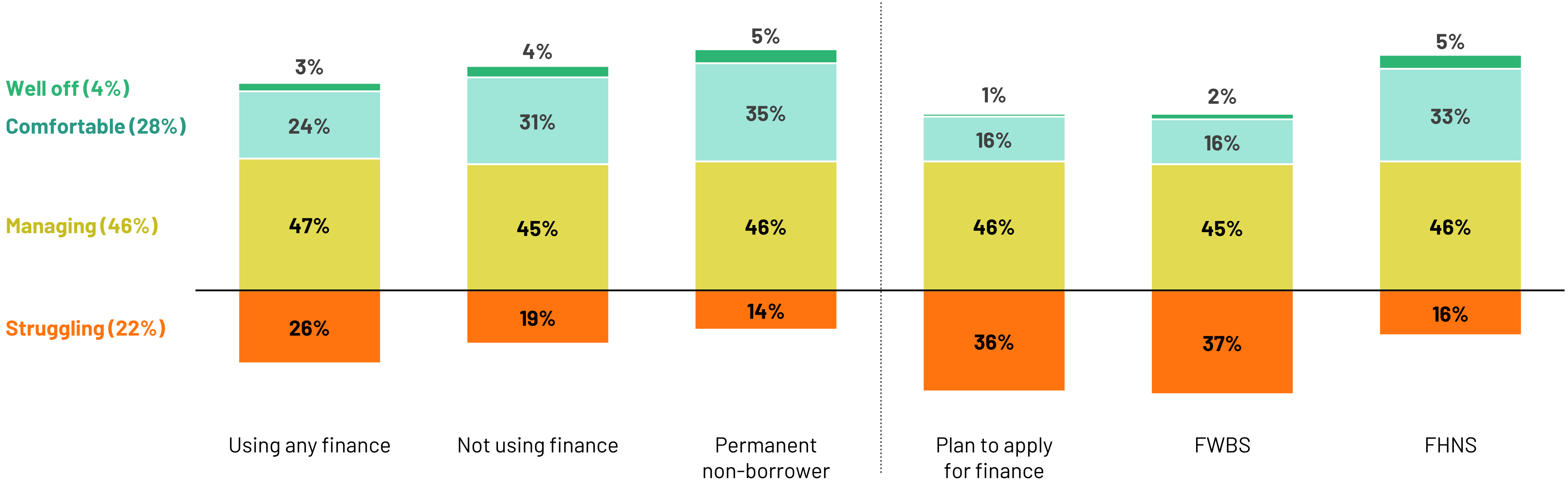
Those already using external finance, and those with any appetite to apply, remained more likely to be 'Struggling'

UK Finance

Overall assessment by finance and growth – YEQ2 2026

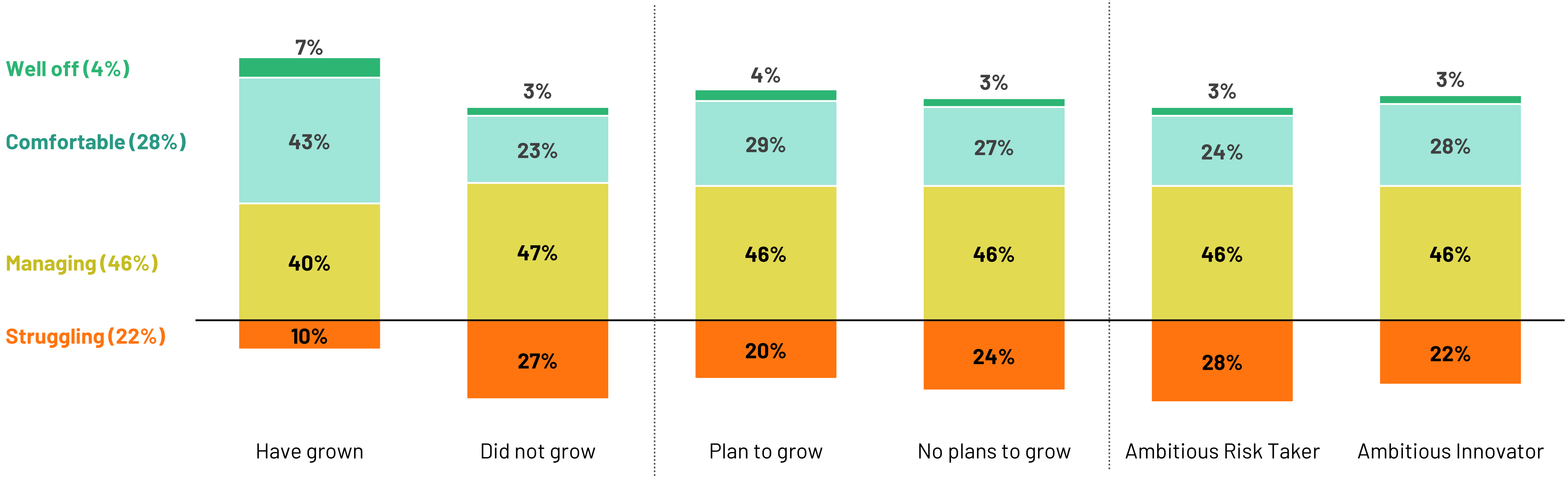


NEWCV8 v2 All SMEs YEQ2 2026 9,489/6,058/4,055/2,923/2,111/10,513

Those who have grown in the past year were much less likely to be 'Struggling' than those who hadn't grown, but there was little difference in sentiment by future growth

UK Finance

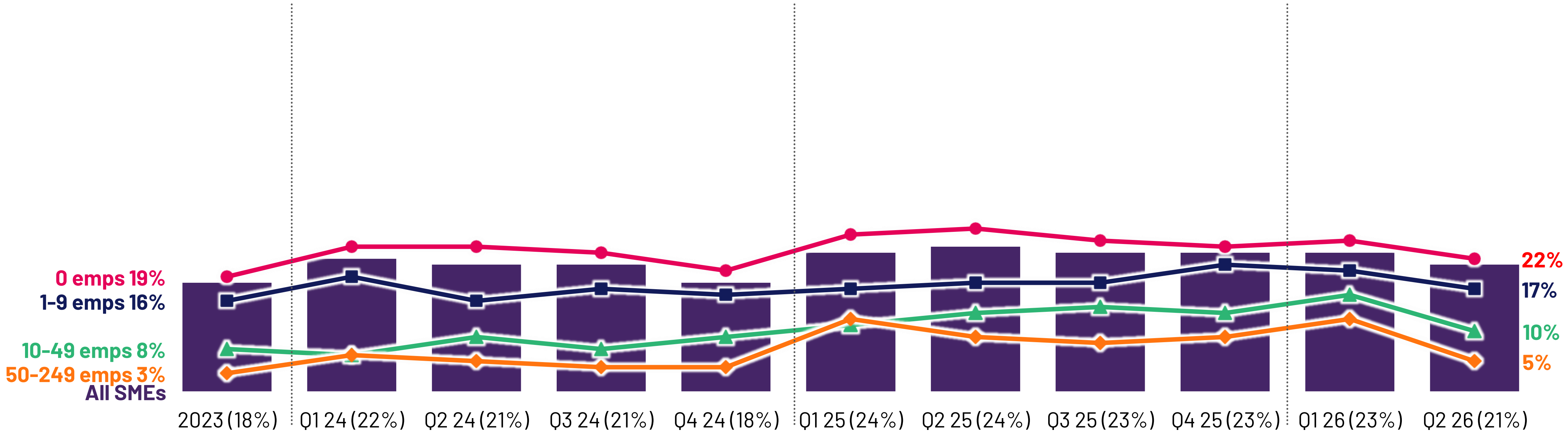
Overall assessment by finance and growth – YEQ2 2026



NEWCV8 v2 All SMEs YEQ2 2026 5,135/9,723 7,371/8,176 4,599/4,577

After a period of stability, the proportion 'Struggling' was slightly lower in Q2 2026, across all size bands

Time series: Feel that they are 'Struggling'



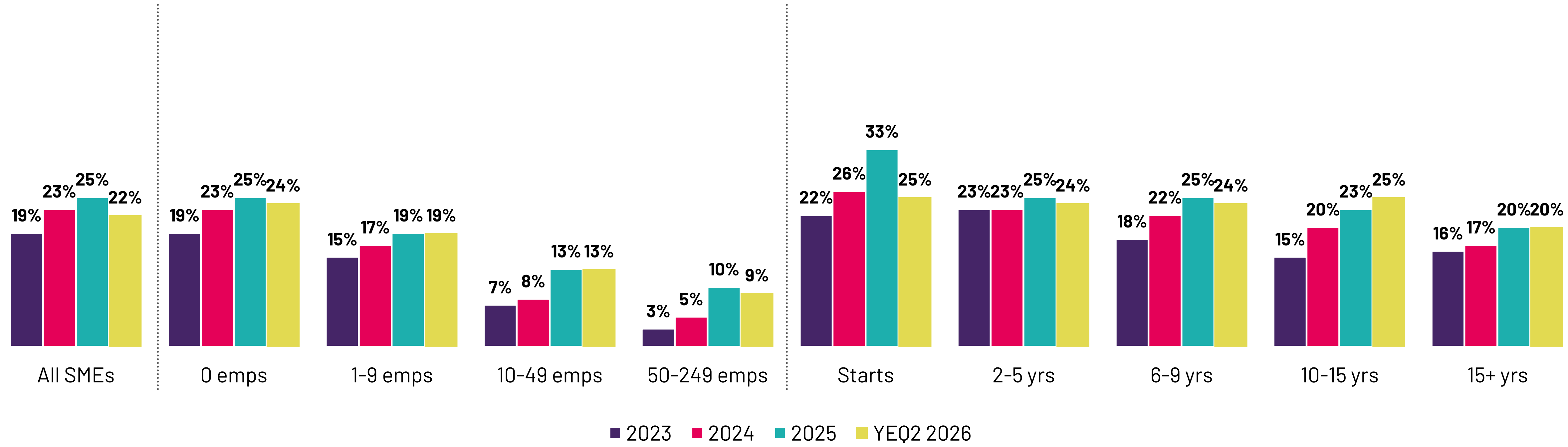
- A slightly lower proportion of SMEs were 'Struggling' in Q2 2026, still led by the smallest SMEs with 0 employees
- The larger SMEs saw a more marked decline in Q2, down 6 points for those with 10-49 employees and 7 points for those with 50-249 employees

NEWCV8 v2 all SMEs 3m to June 3850 ex DK

The proportion 'Struggling' is back in line with 2024 overall, and for smaller and younger SMEs but remains at the highest level seen for larger and older SMEs

UK Finance

Time series: Feel that they are 'struggling'



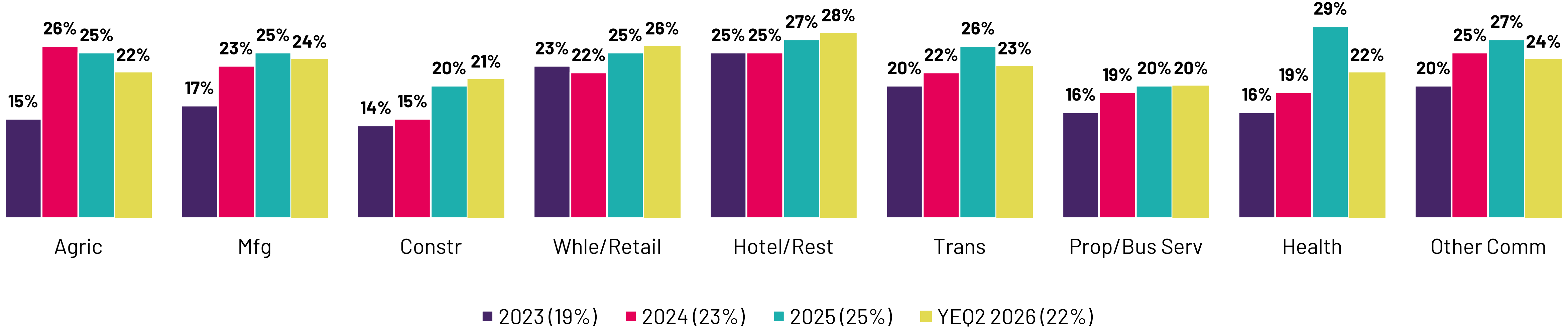
- YEQ2 2026 22% of SMEs were 'Struggling' down 3 points on 2025 and back in line with 2024 for the smaller and younger SMEs. Those with more than 10 employees or trading for more than 10 years remained more likely to be 'Struggling' that they were in 2024
- Also in a worse position than in 2024 were those in Construction, Wholesale/Retail, Hospitality and Health

NEWCV8 v2 all SMEs excluding DK YEQ2 2026 3,850 3,576/7,657/3,277/1,037 390/1,155/1,606/2,874/9,522

Ipsos

There was no consistent pattern in the proportion ‘Struggling’ by sector, still led by Hospitality compared to Agriculture where the proportion is declining over time

Time series: Feel that they are ‘struggling’



NEWCV8 v2 all SMEs excluding DK YEQ2 2026 3,850 794/2,068/2,555/2,284 863/1,152/3,267/766/1,797

GROWTH AND INNOVATION

A stable 27% of SMEs had grown, still below pre-pandemic levels but now led by those with 50-249 employees (49%). There remains a string link between past and future growth, with 44% of those planning to grow saying that they grew in the past year.

33% of SMEs have declined, stable over time and for those with 0 or 1-9 employees (36% and 26%). Larger SMEs remain less likely to have declined (20% and 17%) but these proportions have increased somewhat over recent years

Levels of past and/or future innovation remain stable at 57% and increase by size of SME

Planned future growth is also stable at 42%, again led by those with 50-249 employees (63%). SMEs remain less likely to be able to accurately predict future growth than pre-pandemic

That said, a stable 28% of SMEs are 'Ambitious innovators' planning to grow and innovate and more likely see future opportunities, use finance and plan to apply for more

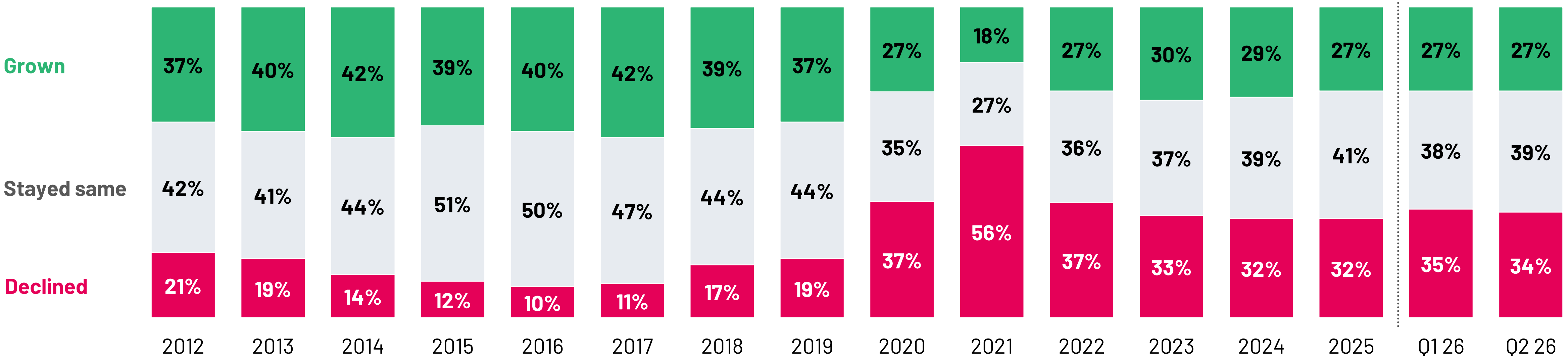
PAST GROWTH AND INNOVATION

2a

Since 2022, levels of growth have been stable but lower than previously seen, and the proportion that had declined has 'stuck' at 1 in 3

UK Finance

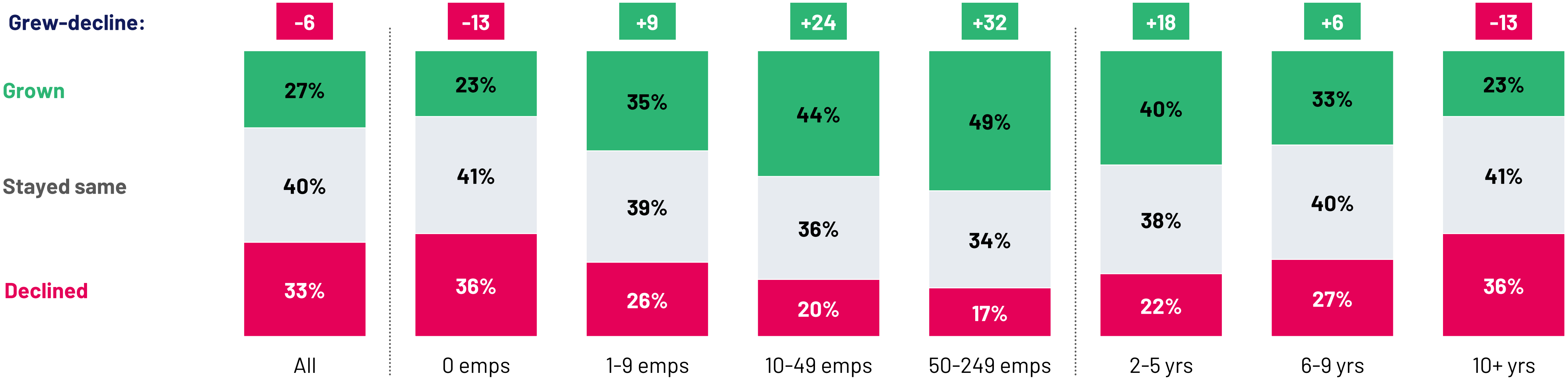
Annual time series: Performance in previous 12 months



Q81 all SMEs excl Starts and DK and DK/ref YEQ2 2026 3,727

SMEs overall remained more likely to have declined than grown, but this is due to the 0 employee SMEs and those trading for 10 years or more, with clear patterns of growth by size and age still observed

Past growth by key demographics YEQ2 2026

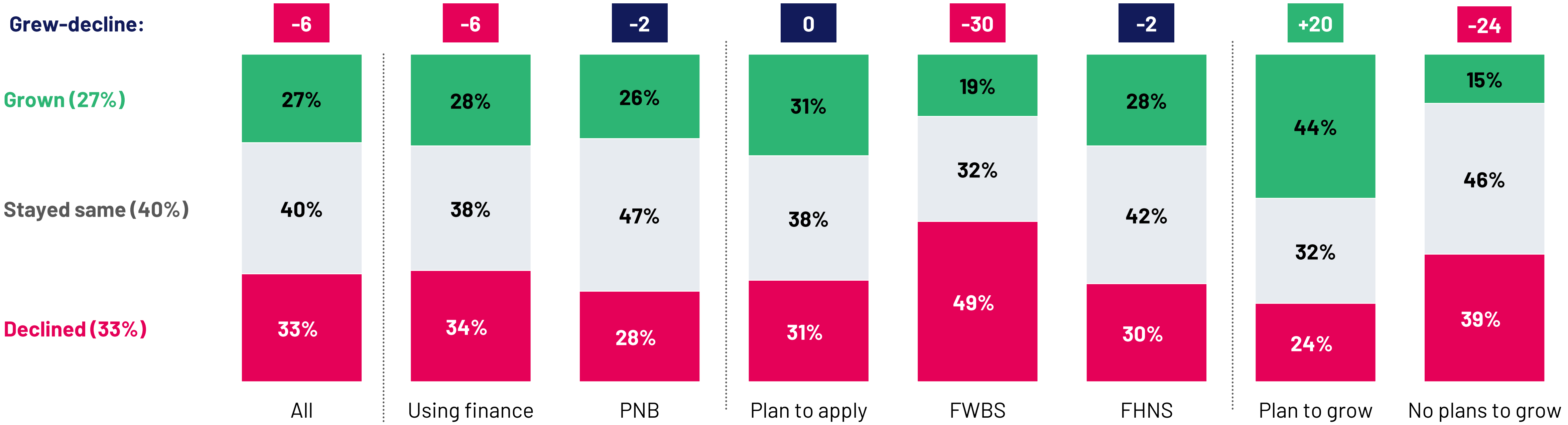


- Whilst overall SMEs YEQ2 2026 were more likely to have declined than grown, this was driven by the 0 employee SMEs and those trading for more than 10 years, with employers and younger SMEs more likely to have grown than declined. Agriculture was the only sector more likely to have grown than declined (32% v 22% declined) though SMEs in Manufacturing and Property/Business Services were as likely to have grown as declined
- Those with no plans to grow in the coming year (39%) and those expecting to be a Future WBS (49%) were more likely to have declined, as were those in Transport (37%)

Q81 all SMEs excl Starts and DK YEQ2 2026 14,899 3,406/7,319/3,151/1,023 1,127/1,581/12,191 9,156/3,852/2,781/2,020/10,098/6,953/7,946

Future Would-be seekers of finance were less likely to have grown than their peers, with clear differences in past growth by future growth plans still observed

Past growth by key demographics YEQ2 2026

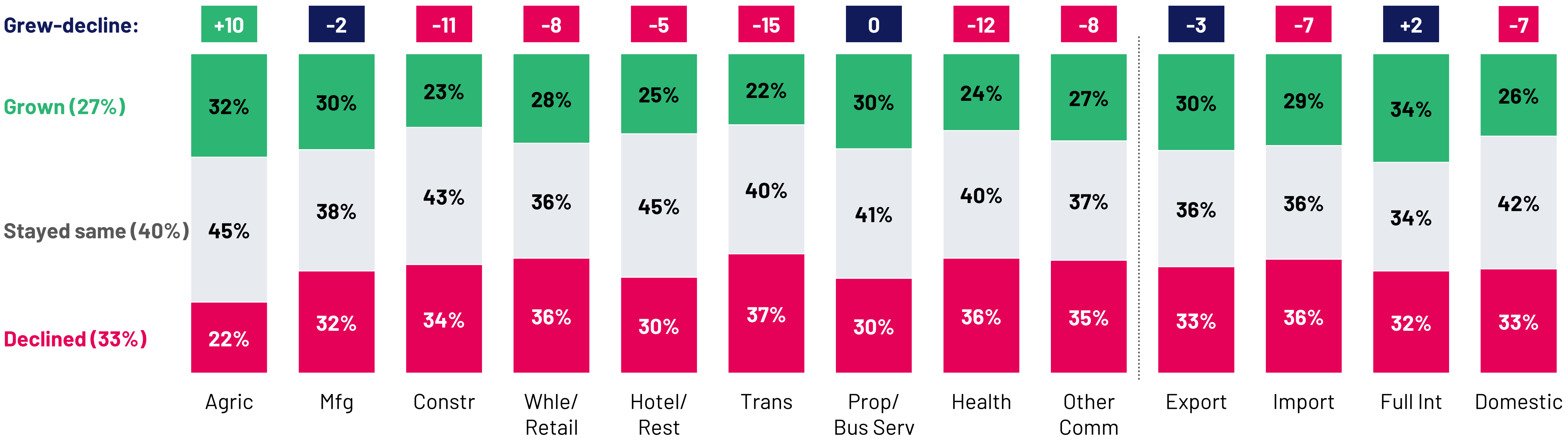


Q81 all SMEs excl Starts and DK YEQ2 2026 14,899 3,406/7,319/3,151/1,023 1,127/1,581/12,191 9,156/3,852/2,781/2,020/10,098/6,953/7,946

Agriculture was the only sectors more likely to have grown than declined, while those in Transport had the lowest net score, being both less likely to have grown and more likely to have declined than their peers

UK Finance

Past growth by key demographics YEQ2 2026

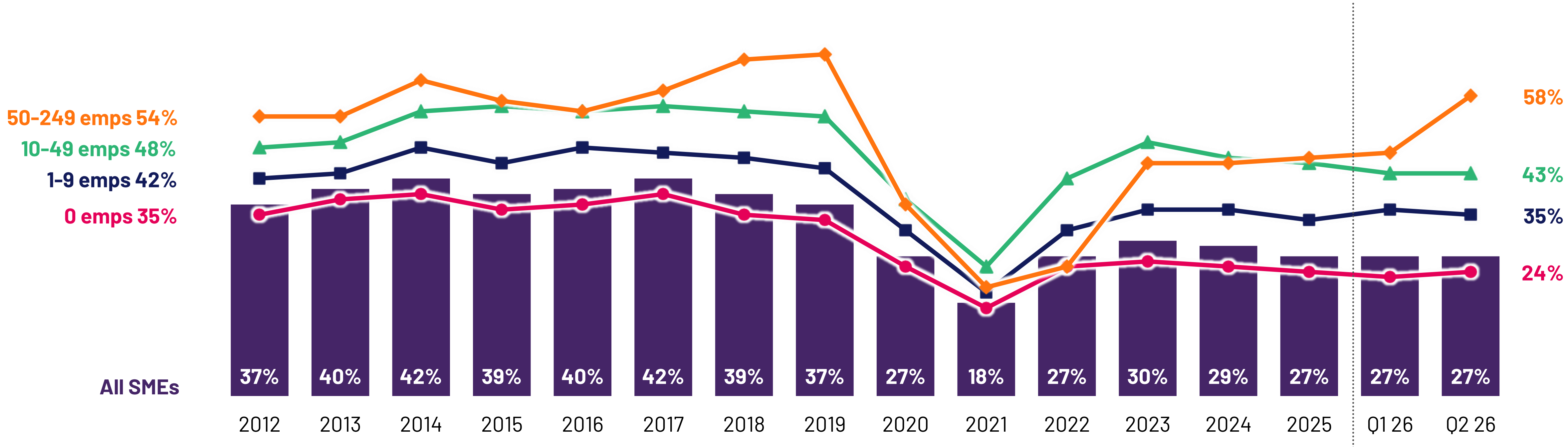


Q81 all SMEs excl Starts and DK YEQ2 2026 770/2,019/2,461/2,158/803/1,103/3,143/732/1,710 857/1,656/1,532/10,854

Ipsos

The proportion of SMEs that had grown remained stable, both overall and by size, with the exception of those with 50-249 employees, where growth is now closer to pre-pandemic levels

Annual time series: % reporting growth in previous 12 months

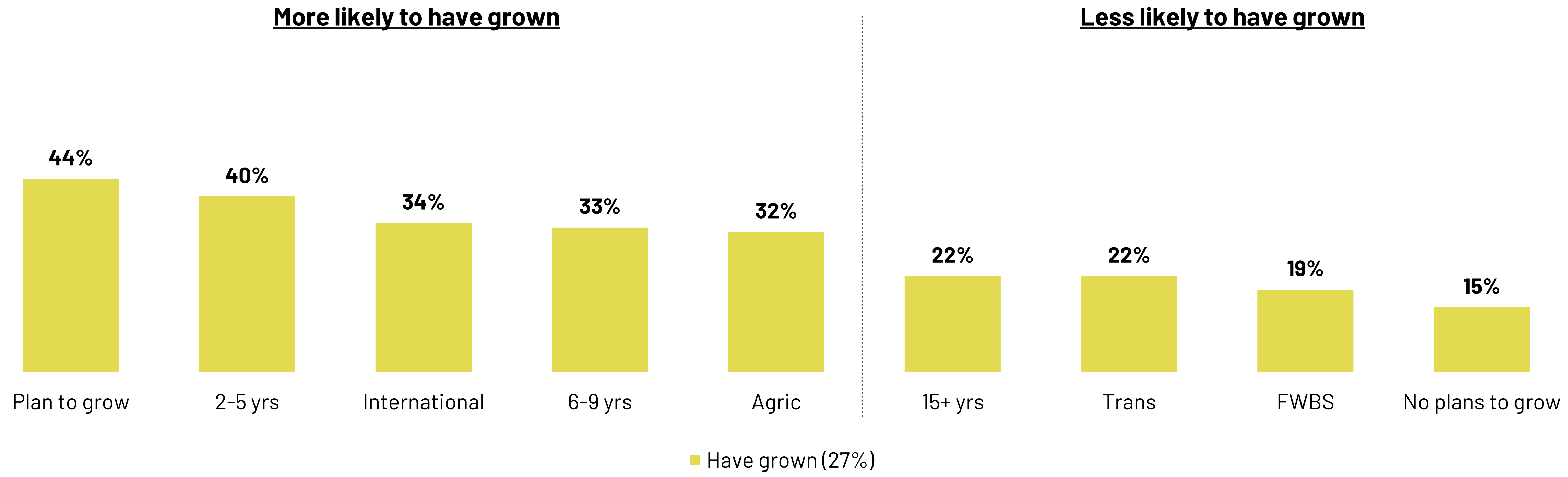


- 27% of SMEs had grown YEQ2 2026, increasing by size of SME and decreasing by age from 40% trading for 2-5 years to 22% trading for more than 15 years. Growth was highest in Agriculture (32%) compared to 23% in Construction
- 44% of those planning to grow in the coming year had grown as had 34% of fully international SMEs

Q81 all SMEs excl Starts and DK YEQ2 2026 3,727

There is a clear link between past and future growth, with past growth also more common amongst younger SMEs and those importing and exporting

Have grown: by key demographics (excl Starts) YEQ2 2026

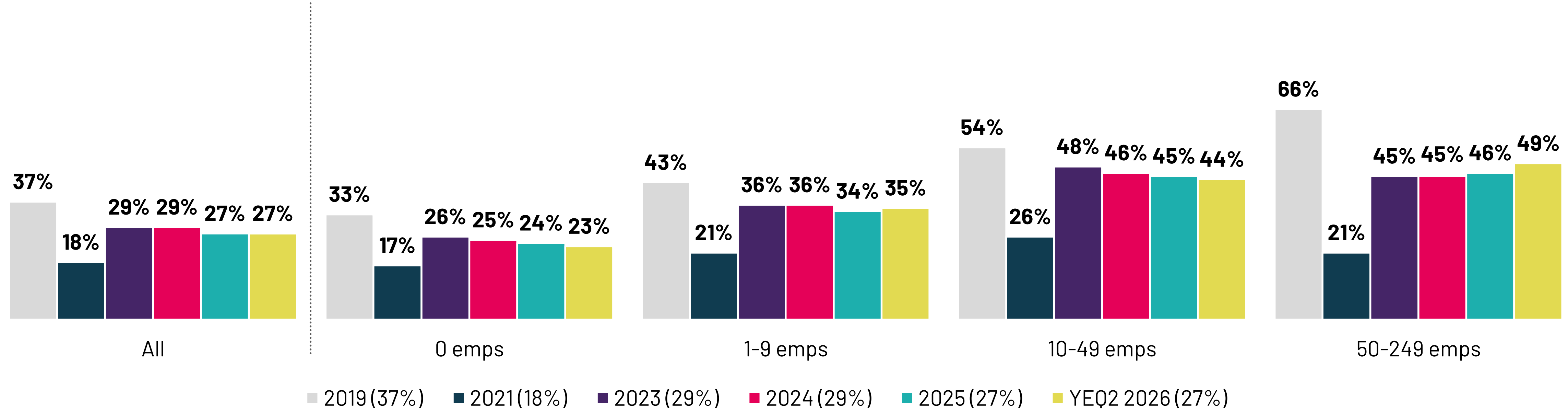


Q96 all SMEs YEQ2 2026 ex Starts 14,899

Whilst growth levels for those with 50-249 employees are somewhat higher this wave, there remains a clear gap to pre-pandemic growth levels in 2019

UK Finance

Size summary: Have grown – over time

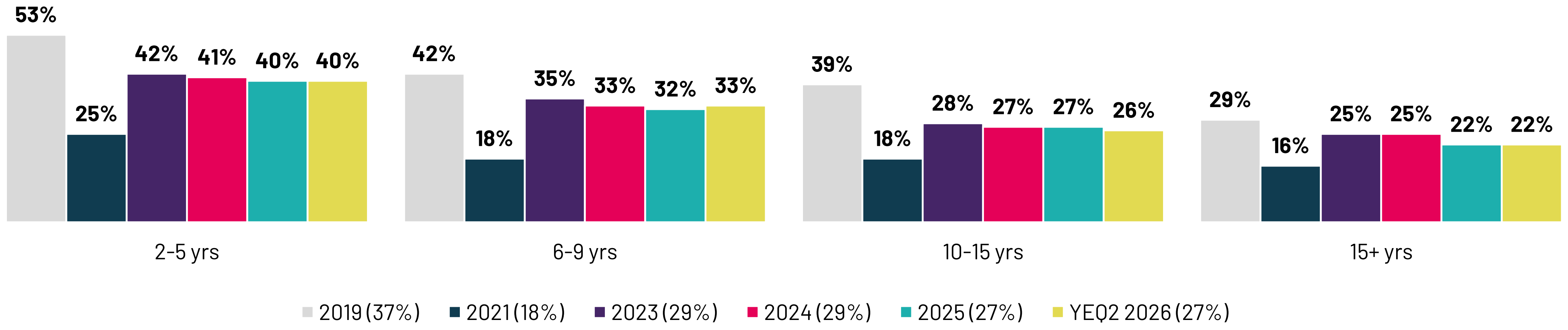


- The 27% of SMEs than had grown YEQ2 2026 as a whole was down 10 points on the 37% in 2019.
- Growth increases by size of SME and reduces by age. There was limited variation by sector, but 44% of those planning to grow had grown in the last year as had 34% of those both importing and exporting

Q81 all SMEs excl Starts and DK YEQ2 2026 14,899 3,406/7,319/3,151/1,023

The oldest SMEs remained less likely to have grown than their peers, albeit they are closer to their growth levels in 2019

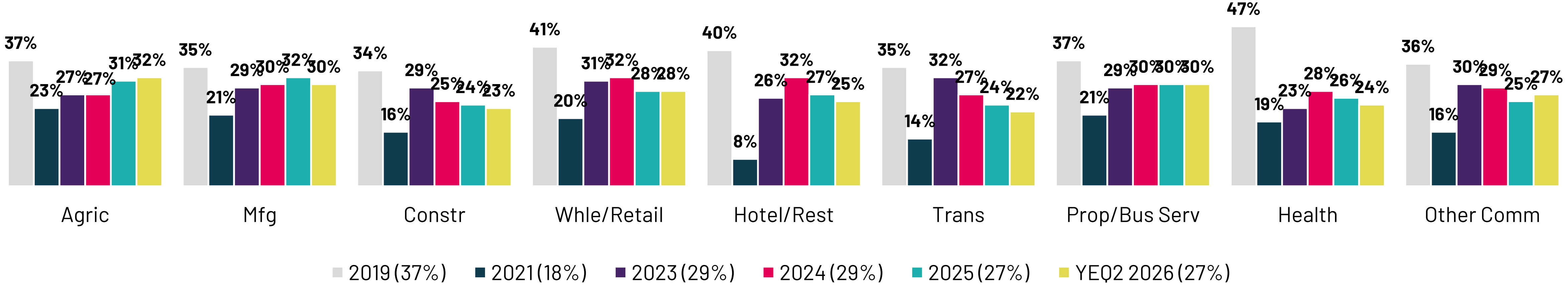
Size summary: Have grown – over time



Q81 all SMEs excl Starts and DK YEQ2 2026 1,127/1,581/2,836/9,355

There was no consistent pattern of recent growth by sector – Agriculture has seen a steady increase in the proportion growing, Property/Business Services is stable and Construction has seen a steady decline

Size summary: Have grown – over time

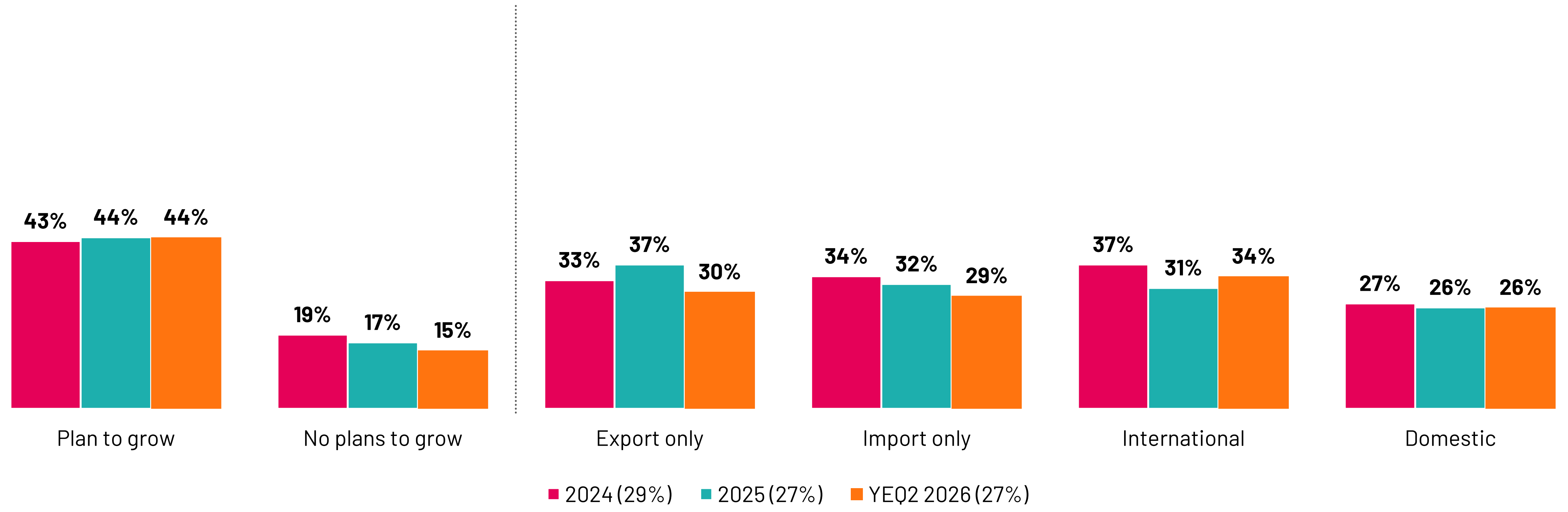


Q81 all SMEs excl Starts and DK YEQ2 2026 770/2,019/2,461/2,158/803/1,103/3,143/732/1,710

Import only SMEs and those with no *plans* to grow have become increasingly less likely to have grown in the past year

UK Finance

Growth and international summary: Have grown – over time

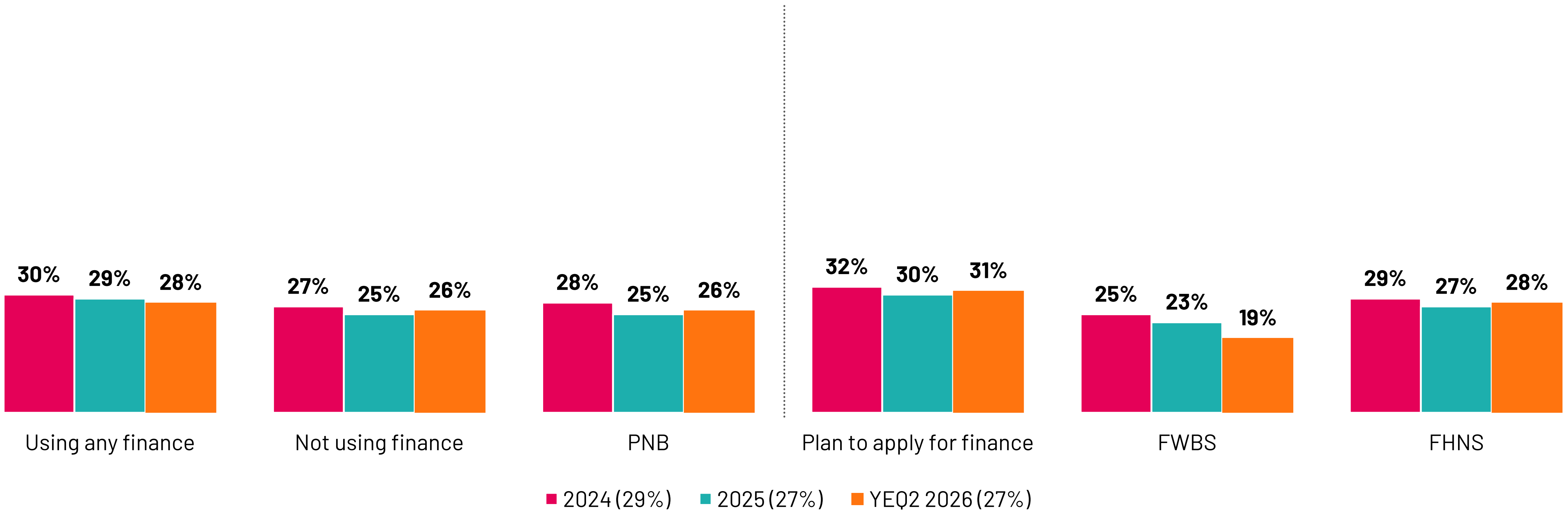


Q81 all SMEs excl Starts and DK YEQ2 2026 6,953/7,946 857/1,656/1,532/10,854

There has bene relatively little change in the past growth by use of finance, but those expecting to be a Future WBS have become less likely to have grown

UK Finance

Finance summary: Have grown – over time

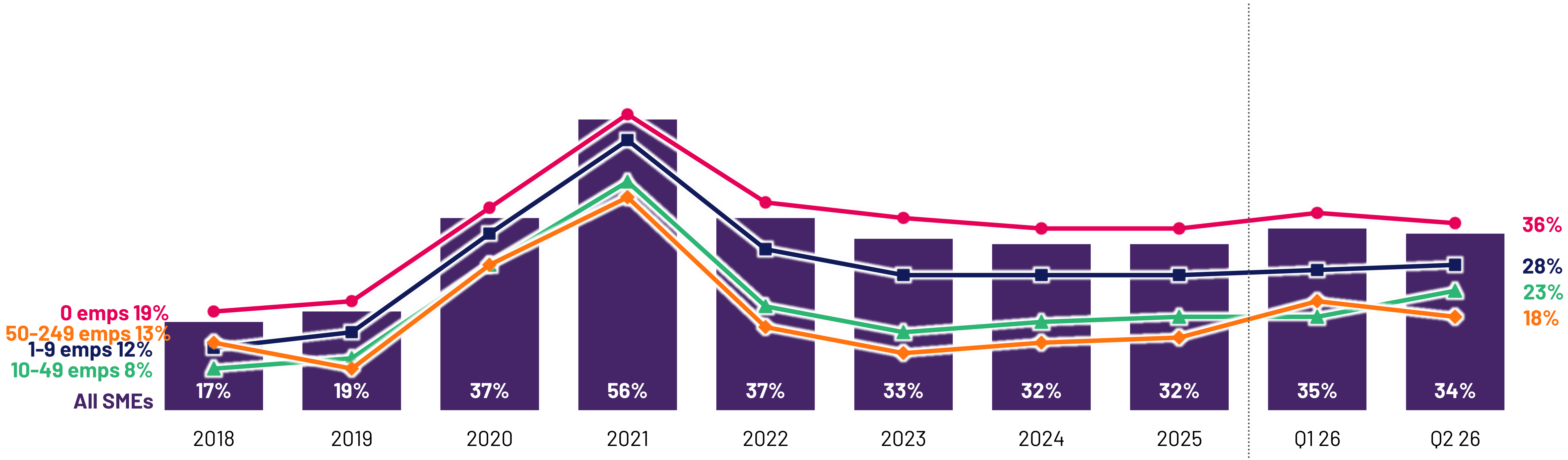


Q81 all SMEs excl Starts and DK YEQ2 2026 9,156/5,743/3,852 2,781/2,020/10,098

Ipsos

Declines remained above pre-pandemic levels but stable over the last 3 years. Whilst larger SMMs remained less likely to have declined, the proportion has increased slightly over this time period

Annual time series: % reporting decline in previous 12 months

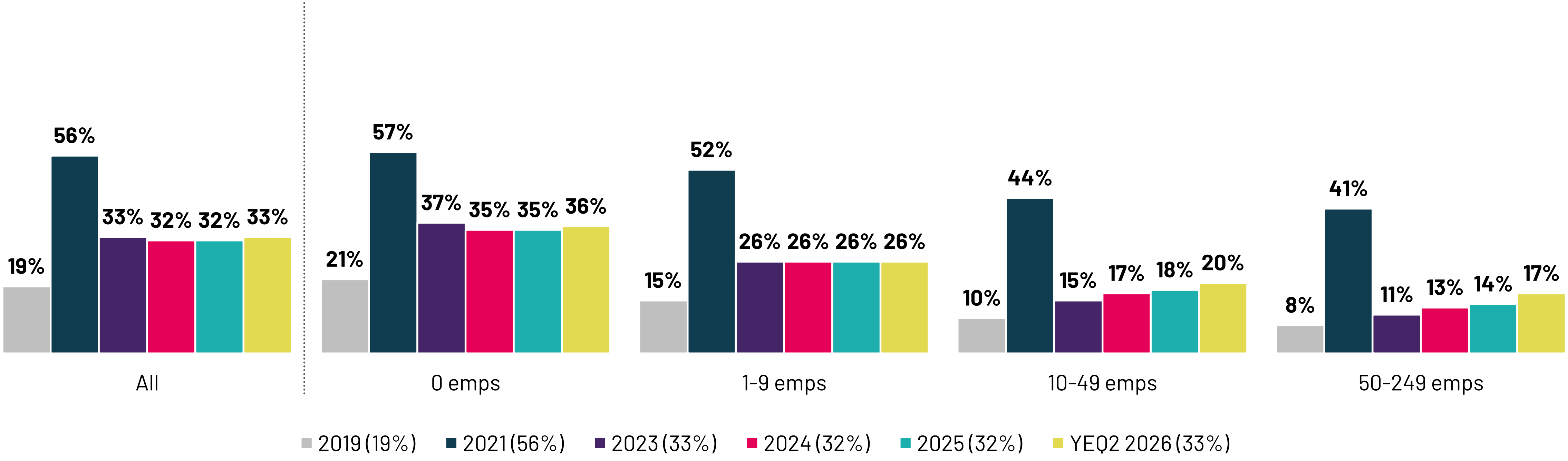


- YEQ2 2026, a stable 33% of SMEs had declined, still above pre-pandemic levels. The largest SMEs remained less likely to have declined (17% but up 4 points on 2024)
- SMEs in Transport were the most likely to have declined (37% and up 5 points on 2024) and there was also a 5 point increase for Wholesale/Retail to 36%

Q81 all SMEs excl Starts and DK YEQ2 2026 3,727

Declines remained above pre-pandemic levels but stable over the last 3 years. Larger SMEs remained less likely to have declined but the proportion has increase slightly since 2023

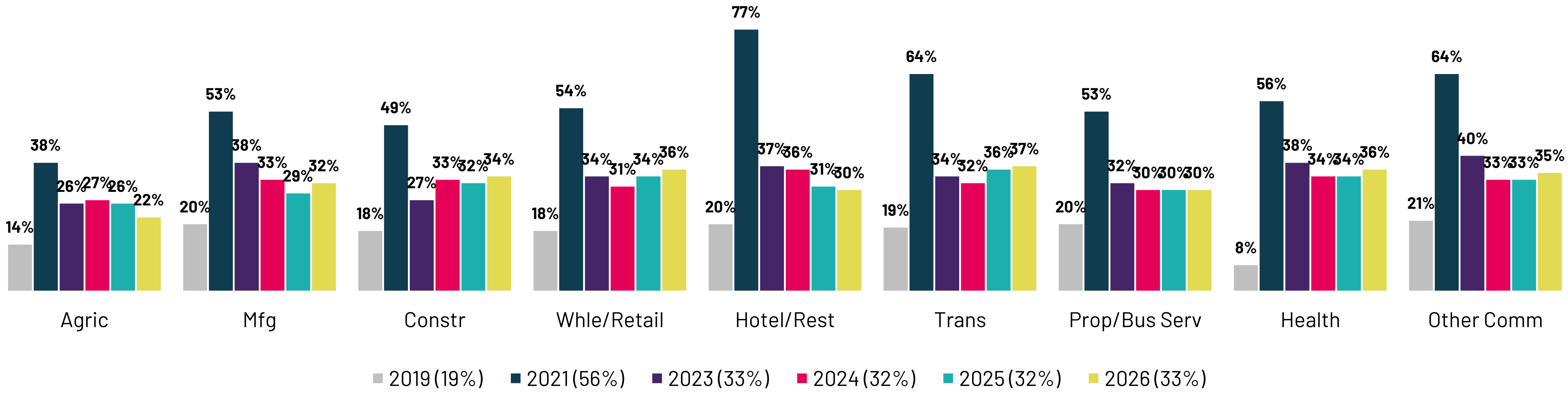
Size summary: Have declined – over time



Q81 all SMEs excl Starts and DK YEQ2 2026 14.899 3,406/7,319/3,151/1,023

Declines remained above pre-pandemic levels but stable over the last 3 years with the exception of Wholesale/Retail and Transport (up 5 points) and Hospitality (down 5 points)

Size summary: Have declined – over time



Q81 all SMEs excl Starts and DK YEQ2 2026 770/2,019/2,461/2,158/803/1,103/3,143/732/1,710

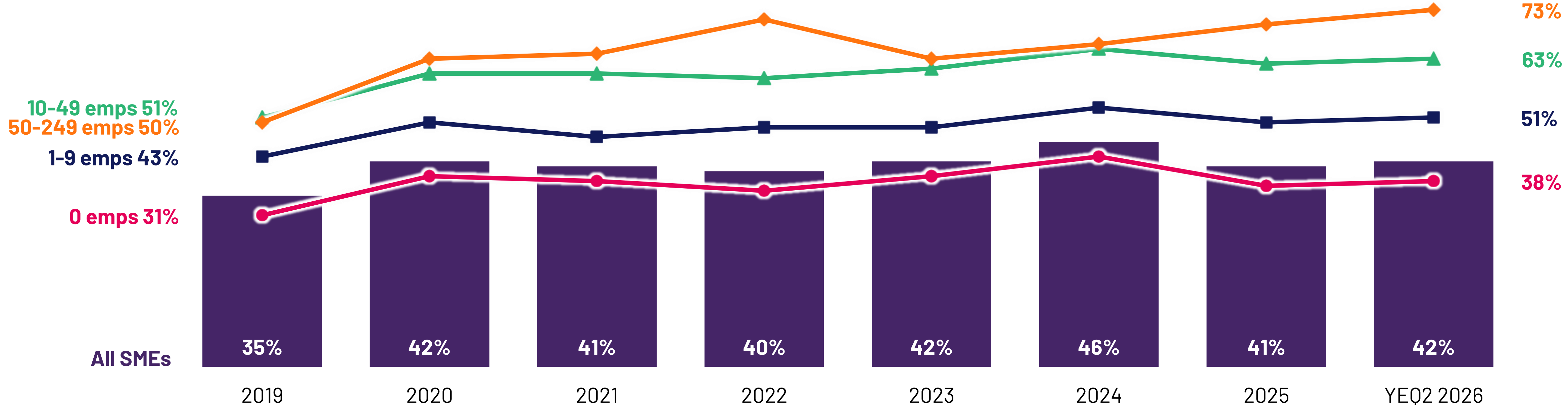
FUTURE GROWTH AND INNOVATION

2b

Levels of past innovation remained in line with 2023, but with a further increase in innovation amongst the largest SMEs back to levels last seen in 2022

UK Finance

Annual time series: % reporting innovation in previous 12 months



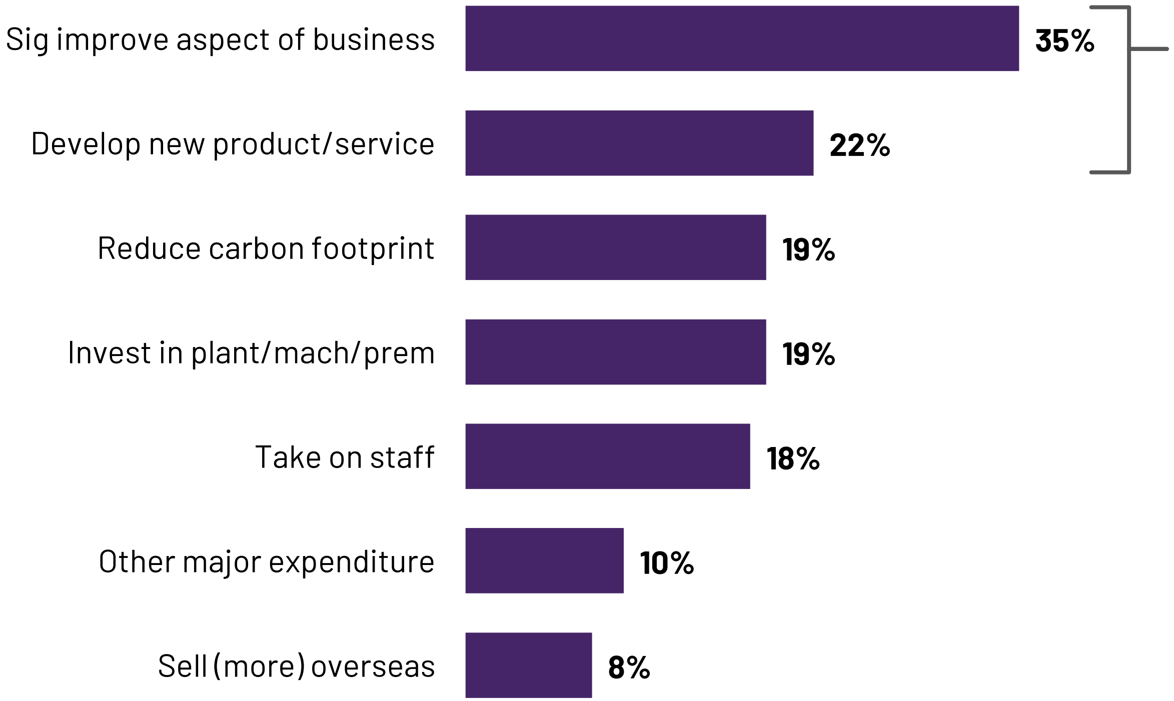
Innovation	2012	2019	2021	2022	2023	2024	2025	YEQ2 2026
Product	17%	15%	20%	19%	21%	23%	21%	21%
Process	35%	30%	35%	35%	37%	40%	35%	36%

Q84 all SMEs YEQ2 2026 15,605

Ipsos

Looking forward, 56% of SMEs were planning any activity related to growth, while 42%planned any innovation activity. Both metrics increased by size of SME and for those with plans to grow

Growth related activities planned– YEQ2 2026



Innovate

All SMEs	42%
50-249 emps	67%
10-49 emps	53%
1-9 emps	47%
0 emps	39%
Plan to grow	62%
No plan	27%

Take any action

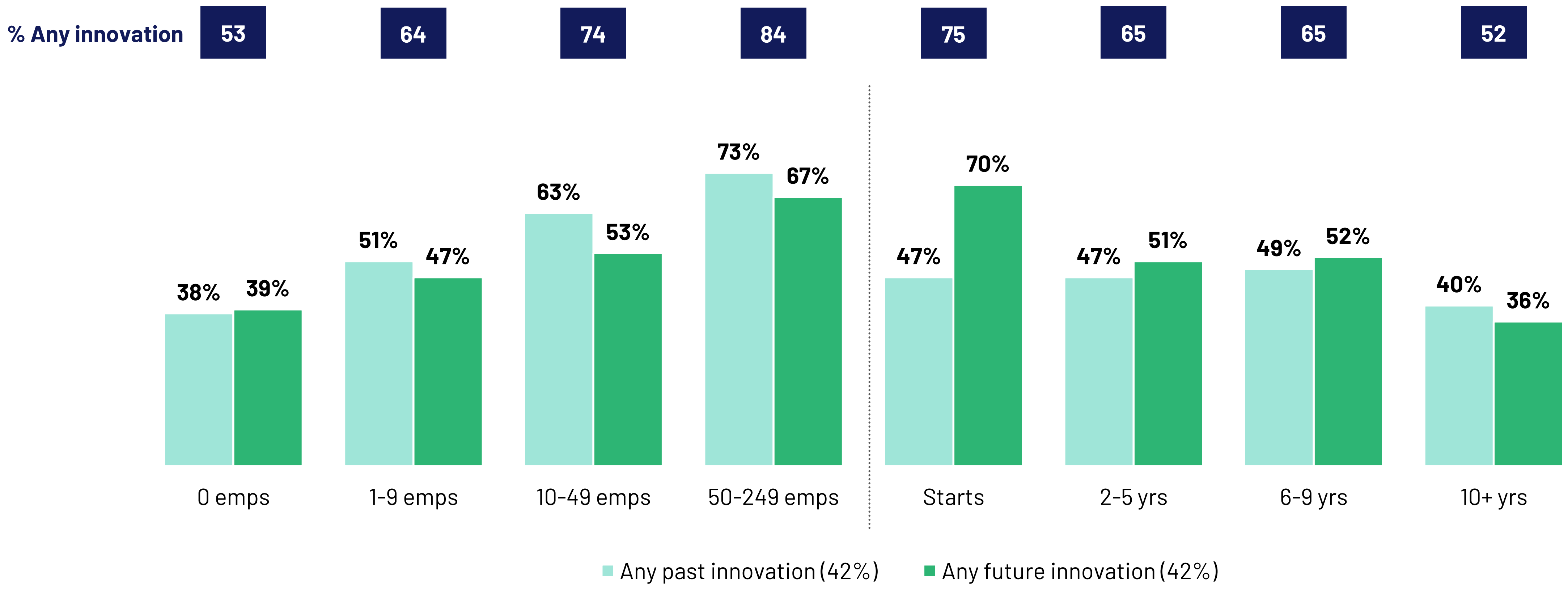
All SMEs	56%
50-249 emps	87%
10-49 emps	77%
1-9 emps	65%
0 emps	52%
Plan to grow	77%
No plan	41%

Q90 v2 all SMEs YEQ2 2026 15,605

57% of SMEs overall had either innovated or were planning to do so, increasing by size of SME and decreasing by age

UK Finance

Size and business age summary YEQ2 2026: Innovation, past and future and any



Q84/90 Base : All SMEs YEQ2 2026 15,605 Been innovative at Q84 and/or Q90 (new product/service or improving business)

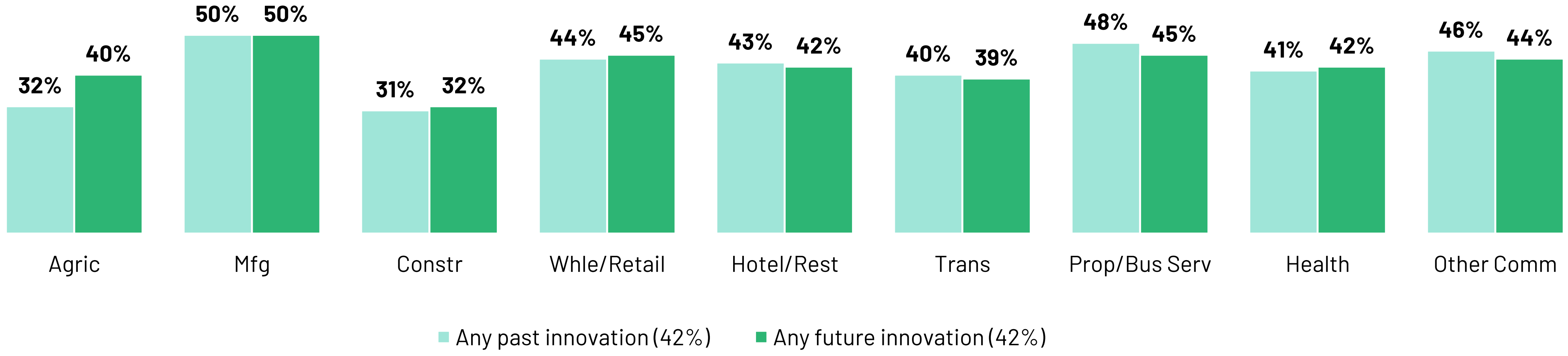
Ipsos

SMEs in Manufacturing remained the most likely to report *any* innovation (64%), compared to less than half in Construction (47%)

UK Finance

Sector summary YEQ2 2026: Innovation, past and future and any

	Agric	Mfg	Constr	Whle/Retail	Hotel/Rest	Trans	Prop/Bus Serv	Health	Other Comm
% Any innovation	50	64	47	59	59	55	61	53	60



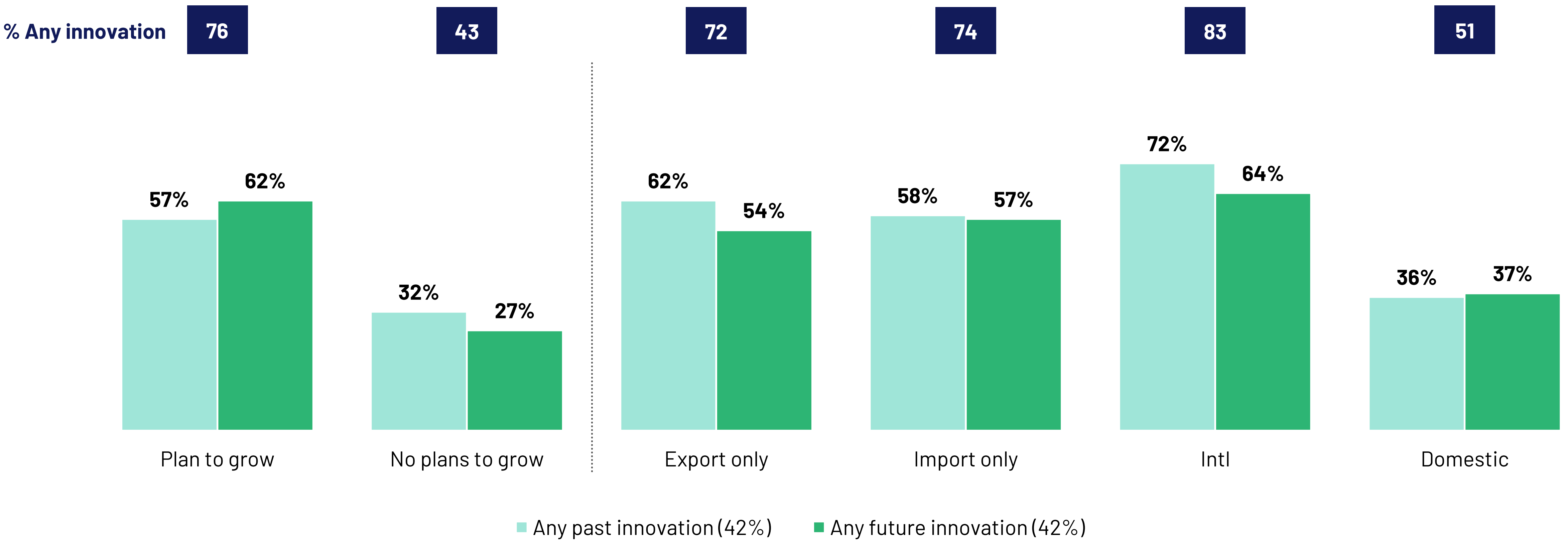
Q84/90 Base : All SMEs YEQ2 2026 15,605 Been innovative at Q84 and/or Q90 (new product/service or improving business)

Ipsos

Three-quarters of those planning to grow also reported any innovation, with innovation levels also higher for those trading internationally

UK Finance

Growth and international summary YEQ2 2026: Innovation, past and future and any



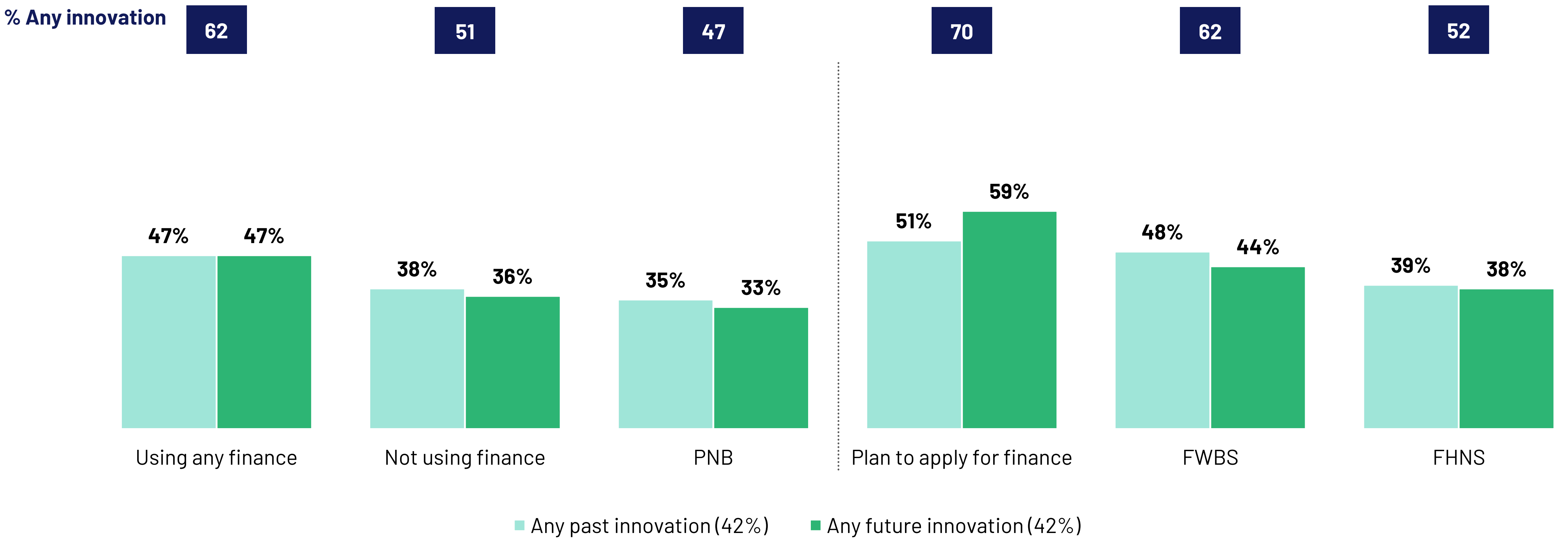
Q84/90 Base : All SMEs YEQ2 2026 15,605 Been innovative at Q84 and/or Q90 (new product/service or improving business)

Ipsos

Levels of any innovation also remained higher for those currently using, or planning to apply for, finance

UK Finance

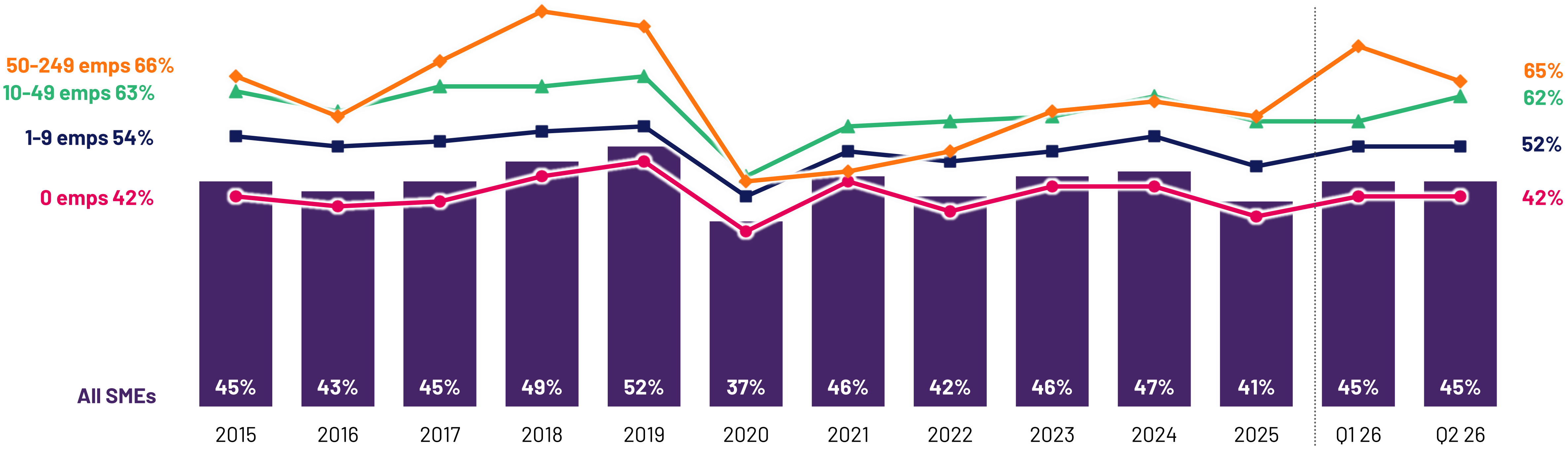
Finance summary YEQ2 2026: Innovation, past and future



Q84/90 Base : All SMEs YEQ2 2026 15,605 Been innovative at Q84 and/or Q90 (new product/service or improving business)

Future growth levels were 41% in 2025 as a whole, but were somewhat higher in the first half of 2026, led by the larger SMEs, and 42% for the year to Q2

Annual time series: % predicting growth in next 12 months

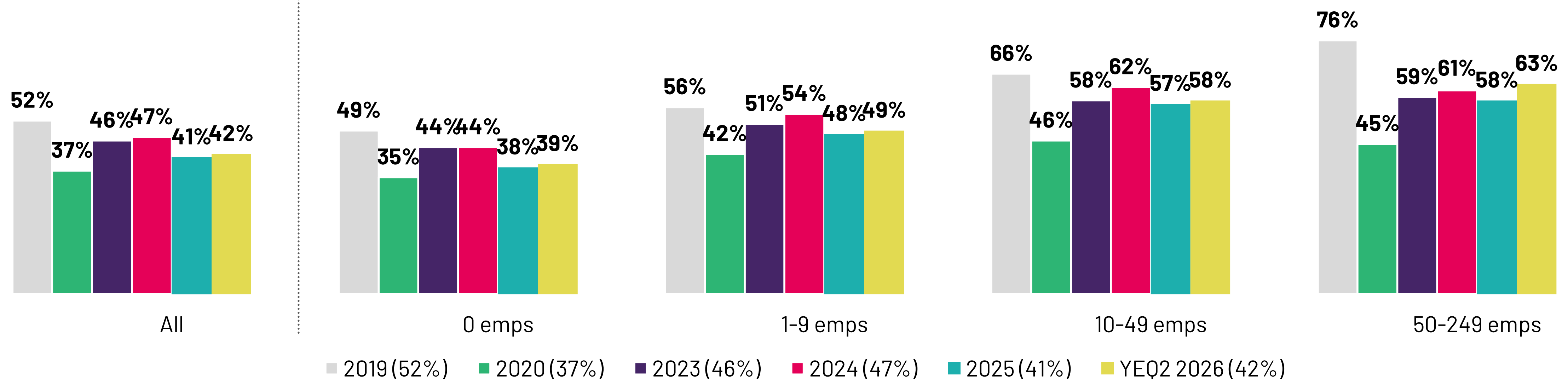


- YEQ2 2026 42% of SMEs were planning to grow, increasing by size of SME from 39% of 0 employee SMEs to 63% with 50-249 employees (and up 5 points on 2025)
- Growth aspirations remained lower for older SMEs (82% of Starts v 35% trading for more than 15 years) and for SMEs in Construction or Agriculture (both 33%)
- More likely to be planning to grow were those in Manufacturing (48%) the fully international SMEs (62%) and those planning to apply for finance (59%) as were those who had grown, with 65% planning to grow again

Q91 all SMEs YEQ2 2026 3,861

Planned growth remained below pre-pandemic levels overall and by size band and down 5 points from 2024, overall and for all except the largest SMEs

Size summary: Planning to grow– over time

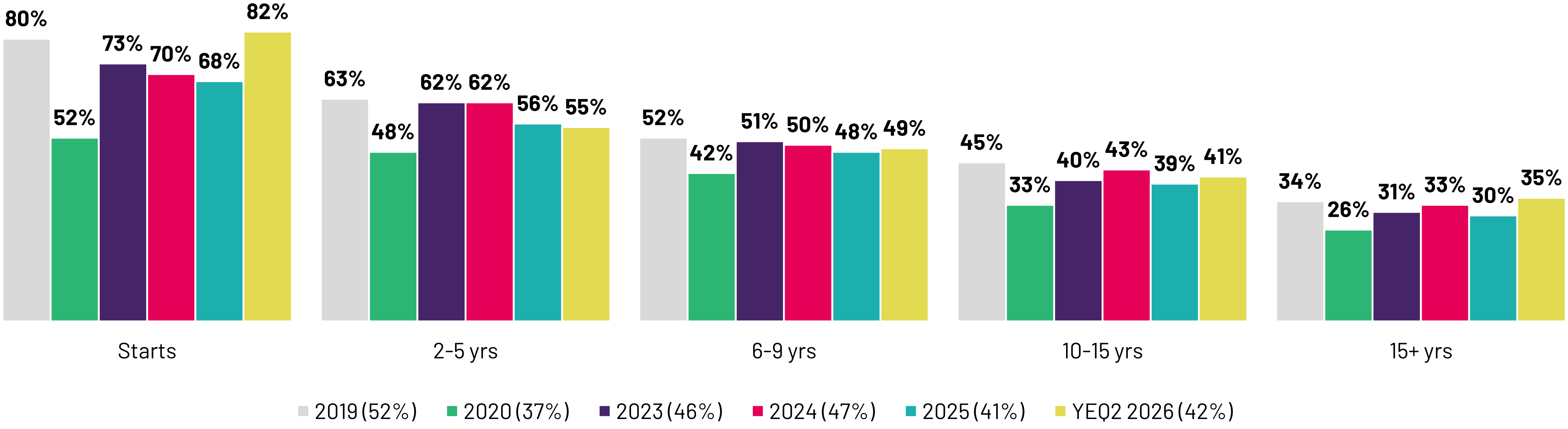


- YEQ2 2026, 42% of SMEs were planning to grow, 5 points lower than in 2024 and seen across all size bands except the largest SMEs

Q91 all SMEs YEQ2 2026 15,605

Younger SMEs remained more likely to be planning to grow than older ones. Starts saw a marked increase in aspiration in the current period, while those trading 2-5 years moved slightly further away from their 2024 position

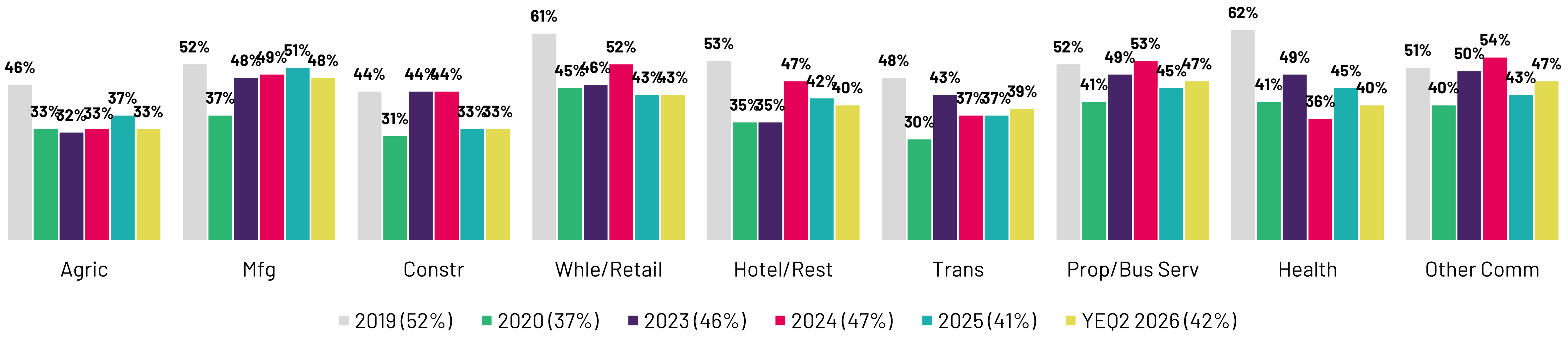
Size summary: Planning to grow– over time



Q91 all SMEs YEQ2 2026 391/1,157/1,608/2,883/12,449

A mixed pattern by sector, ranging from 33% in Agriculture and Construction to 48% in Manufacturing. Compared to 2024, growth aspirations in Construction were down 11 points while Health was up 4 points

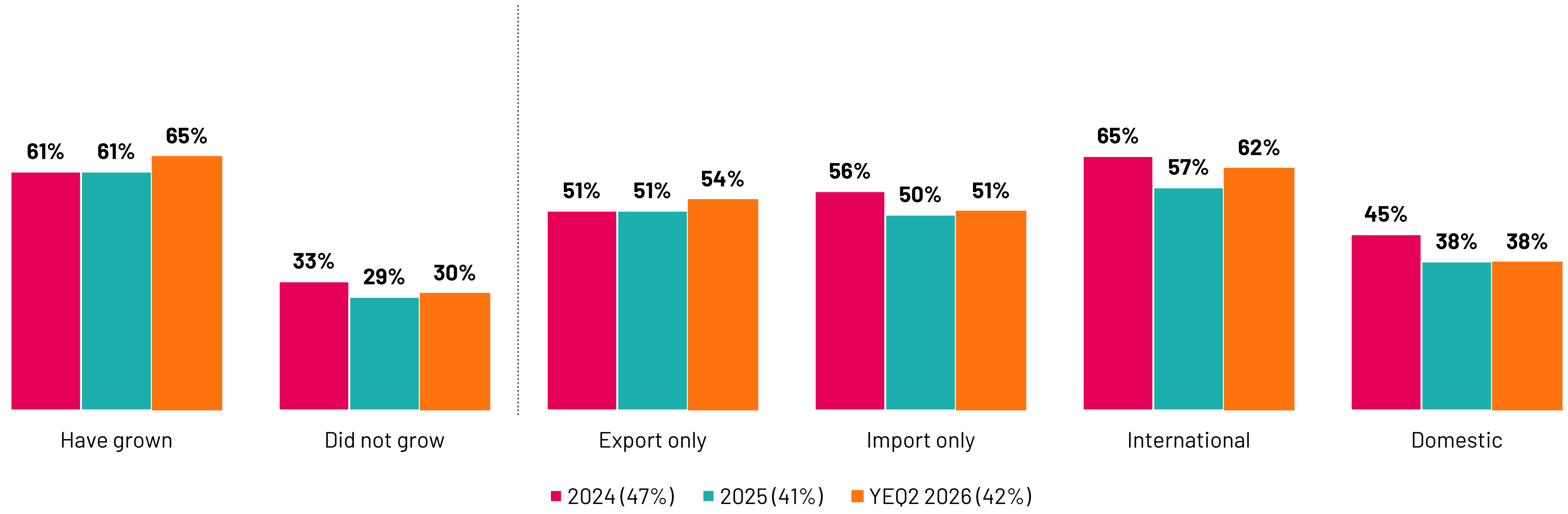
Sector summary: Planning to grow – over time



Q91 all SMEs YEQ2 2026 796/2,076/2,564/2,292/866/1,157/3,282/770/1,802

Those who had grown in the previous year remained twice as likely to be planning to grow as those who had not grown, with fully international SMEs also more likely than their peers to be planning to grow

Past growth and international summary: Planning to grow over time



Q91 all SMEs YEQ2 2026 15,605

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Ambition to grow remained higher for those using finance or planning to apply, but still at lower levels than in 2024

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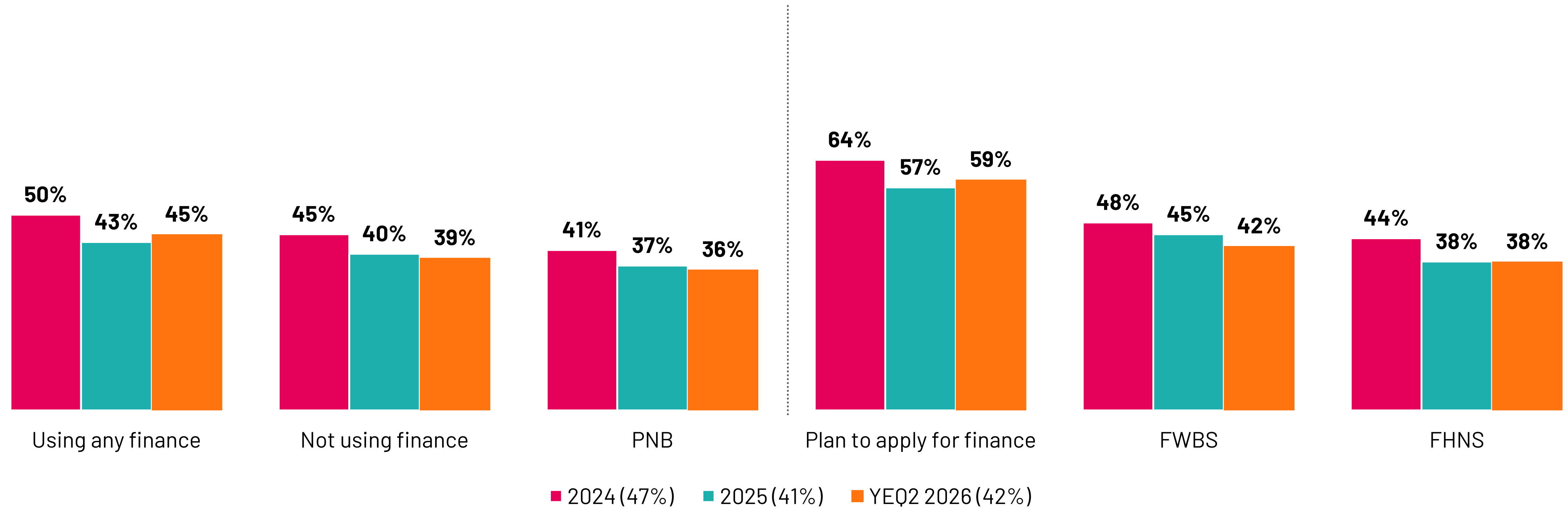
Finance summary: Planning to grow over time



Q91 all SMEs YEQ2 2026 15,605

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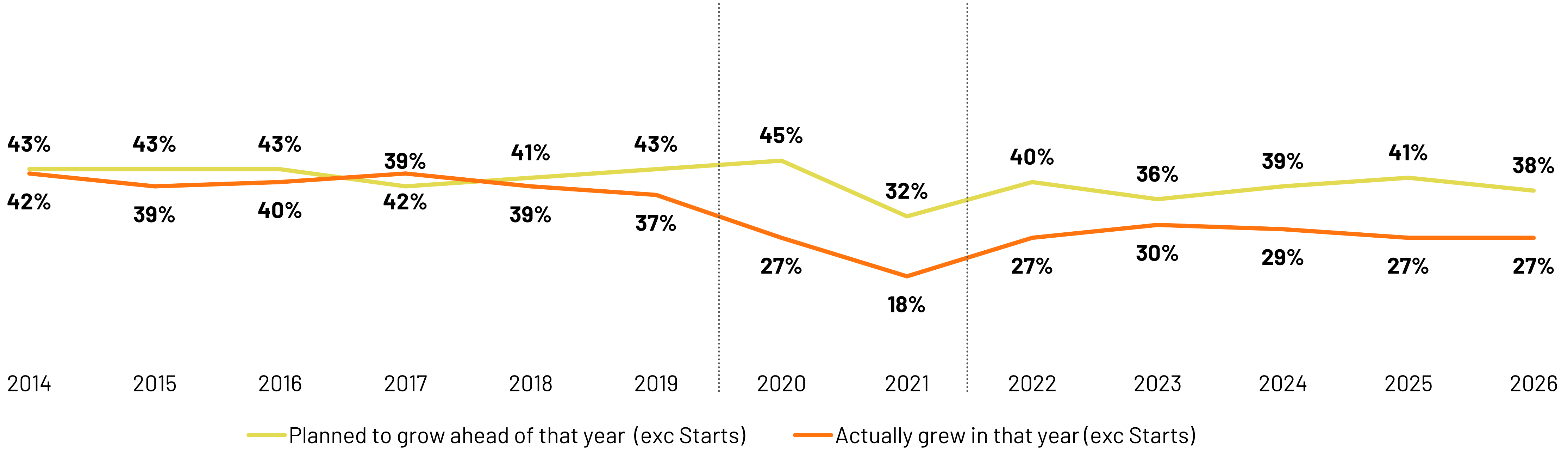
Aspirations to grow and actual growth used to track fairly closely but since 2022 there has been more of a shortfall between aspirations and the growth subsequently achieved

UK Finance

Time series : Growth predictions the previous year v performance that year (both excluding Starts)

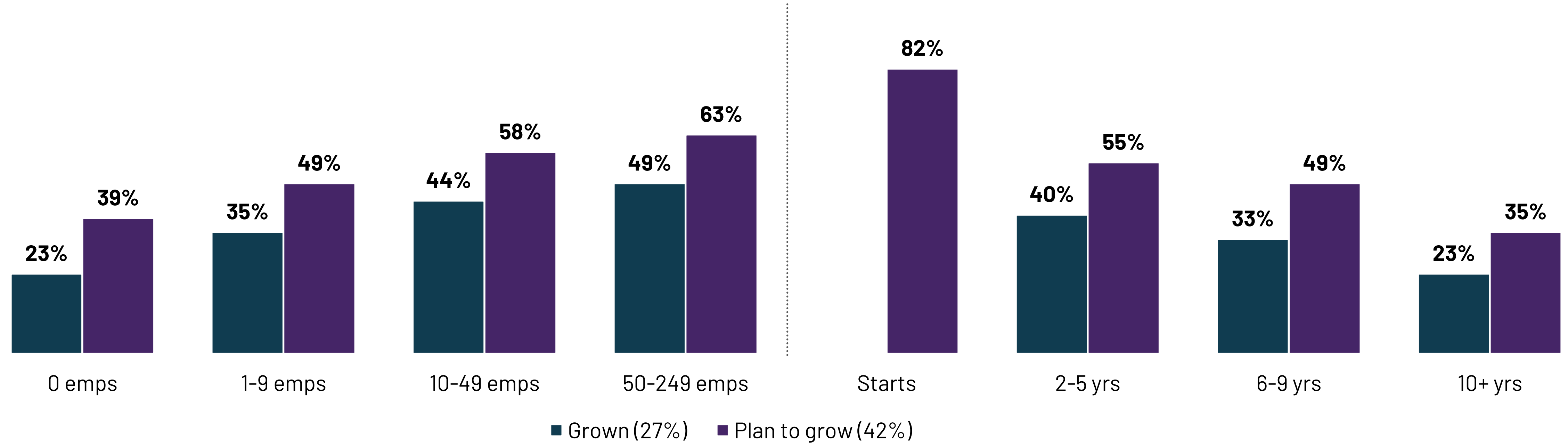


- Planned growth on one year has been matched to the growth achieved in the following year (2024 shows the % planning to grow in 2023 v those who actually grew in 2024)
- Up to 2018 there was on average a 1 point gap between predicted and actual growth, and growth would have had to have been just 3% higher to match the aspiration
- Since 2022, the gap has been 10 points on average as growth aspirations remained similar to pre-pandemic levels but growth achieved remained lower

Q81/91 all SMEs (excl Starts and DK at Q81) YEQ4 2025 Chart plots actual growth in each year against the % planning to grow when asked in the previous year

There remained a clear pattern of both growth achieved and aspired to, increasing by size of SME and declining by age

Demographic summary: Grown (excl Starts) and plan to grow (all) YEQ2 2026

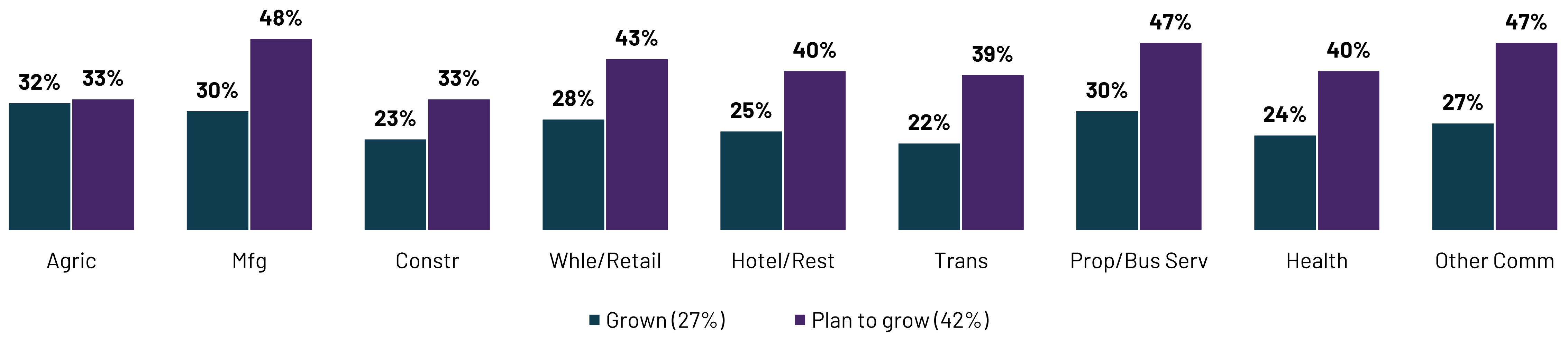


- 27% of SMEs reported having grown with a higher proportion (42%) expecting to grow in the year ahead. Both growth and aspirations increased by size of SME and declined by age.
- There was no clear pattern by sector but the biggest disparity between past and future growth was seen in Manufacturing (30% to 48%), Property/Business Services (30% to 47%) and the Other Community sector (27% to 47%)
- Those planning to apply for finance were more likely to have grown and to plan to grow than their peers (31% and 59%)

Q81/91 all SMEs (excl Starts and DK at Q81) YEQ2 2026 15,605

All except Agriculture were more likely to be planning to grow than to have grown, notably Manufacturing and Property/Business Services

Sector summary: Grown (excl Starts) and plan to grow (all) YEQ2 2026

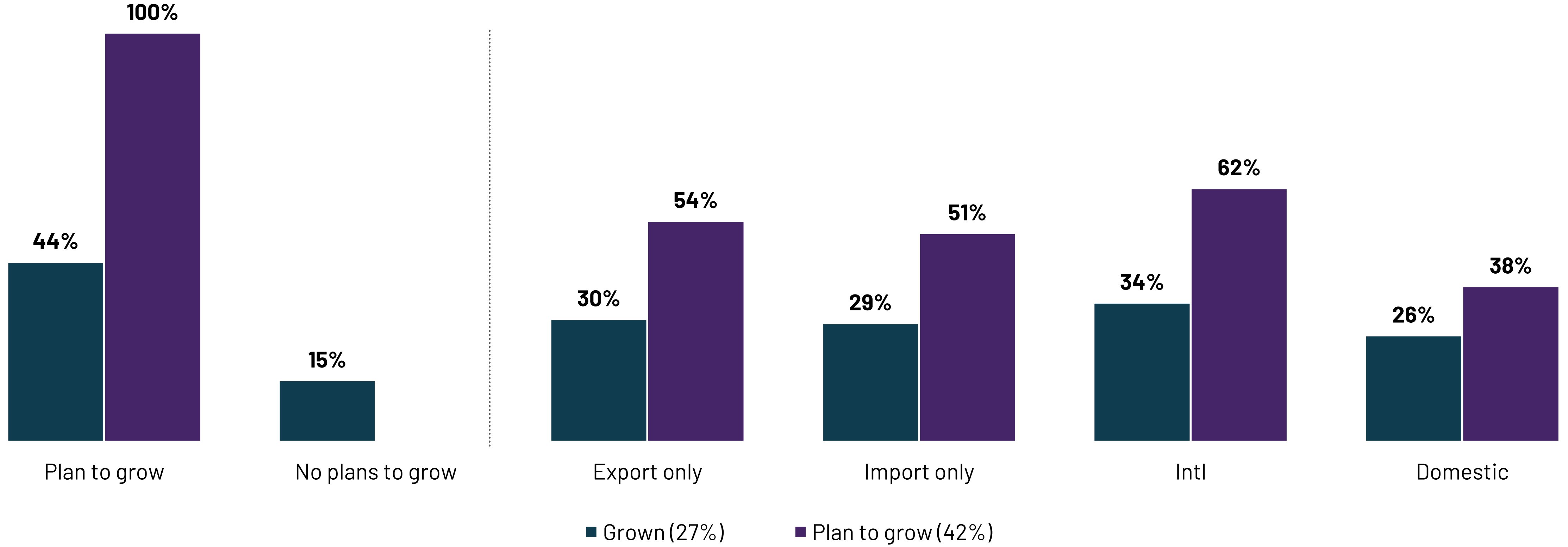


Q81/91 all SMEs (excl Starts and DK at Q81) YEQ2 2026 15,605

There was a larger gap between growth and growth aspirations for those trading internationally than for domestic SMEs notably for the fully international

UK Finance

Growth and international summary: Grown (excl Starts) and plan to grow (all) YEQ2 2026

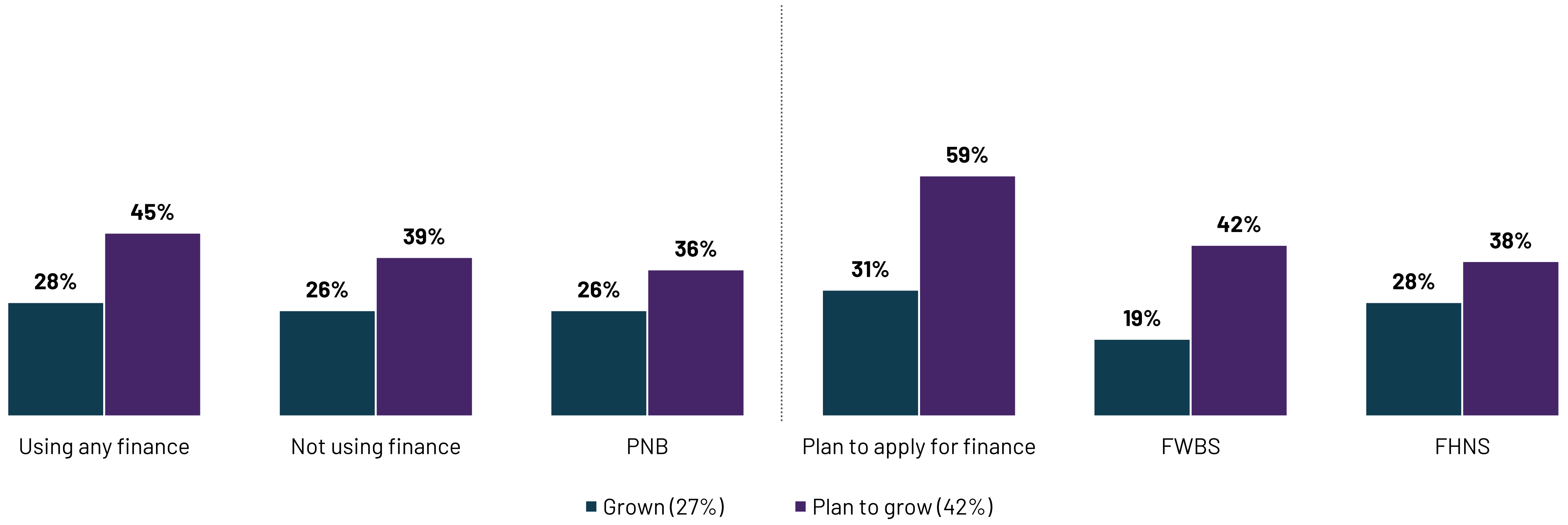


Q81/91 all SMEs (excl Starts and DK at Q81) YEQ2 2026 15,605

Ipsos

Both growth and aspirations to grow were higher for those using, or with an appetite for, finance, notably those planning to apply

Finance summary: Grown (excl Starts) and plan to grow (all) YEQ2 2026

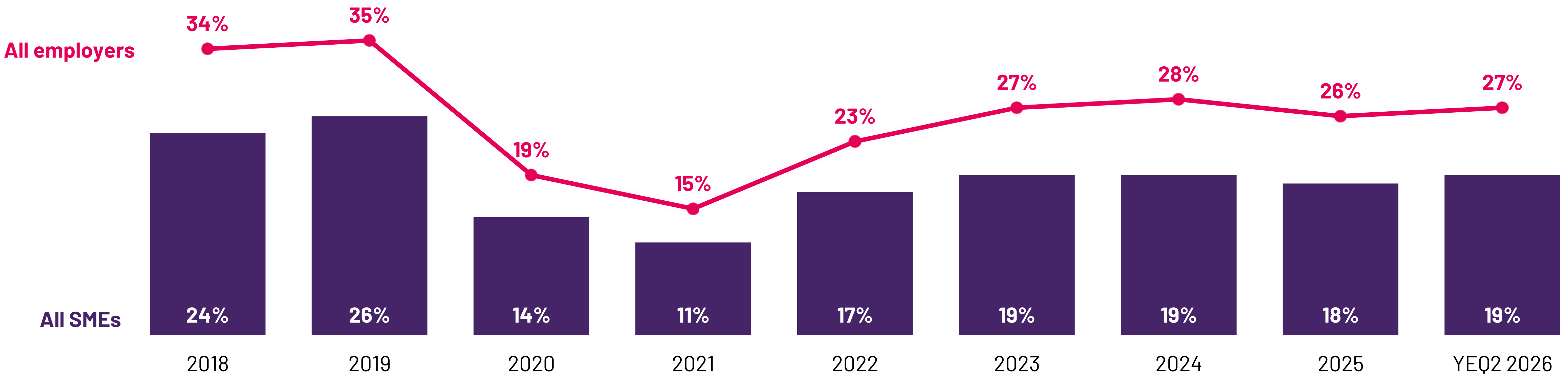


Q81/91 all SMEs (excl Starts and DK at Q81) YEQ2 2026 15,605

A stable 19% of all SMEs (ex Starts) had grown and planned to grow again, increasing to a quarter of those with employees

UK Finance

Annual time series: % that have both grown and predict will grow again in next 12 months (excluding Starts)



- YEQ2 2026, 19% of SMEs excluding Starts had both grown in the previous year and planned to grow again in the coming year, increasing by size of SME from 16% of 0 employees to 26% with 1-9 employees, 33% and 34% with 10-49 employees and 39% with 50-249 employees
- By sector, the proportion varied from 23% in Manufacturing to 12% in Health, and it applied to 20% using external finance and 26% of those planning to apply for finance

Q81/91 all SMEs YEQ2 2026 (excl Starts and DK at Q81) 13,828 / with employees 10,811

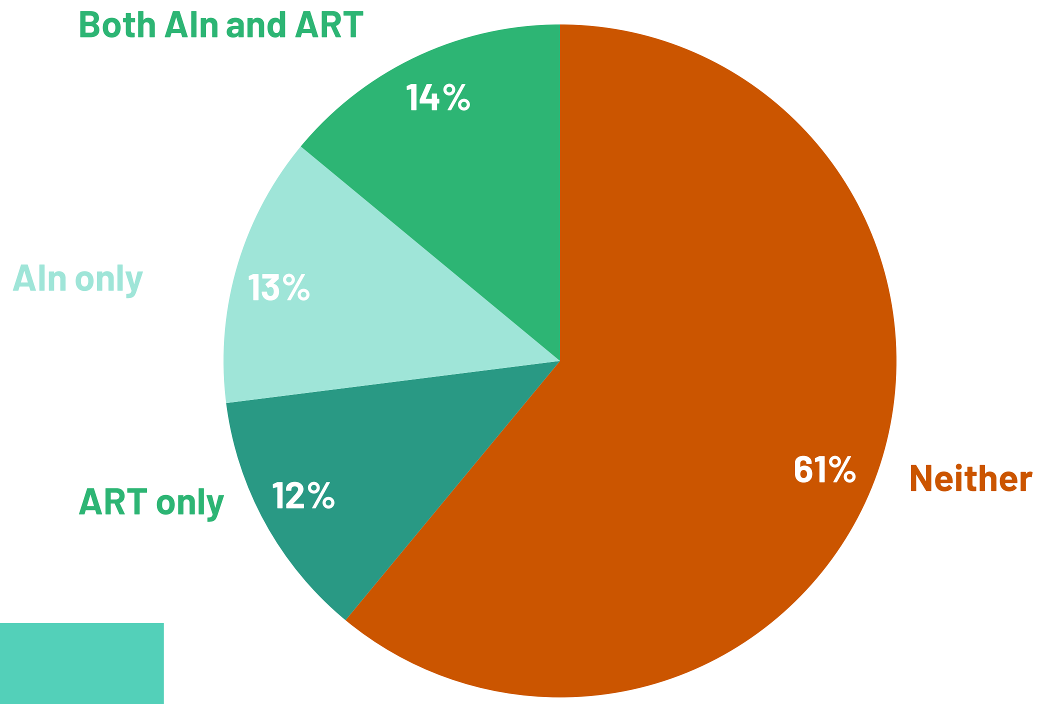
Ipsos

AMBITIOUS INNOVATORS AND RISK TAKERS

4 in 10 SMEs exhibited particular ambition for the future, either as an Ambitious Innovator, an Ambitious Risk Taker, or both

- **Ambitious Innovators:** SMEs that were both planning to grow and to innovate in the coming year. YEQ2 26, this applied to 26% of SMEs
- **Ambitious Risk Takers:** SMEs that agreed both that they wanted to be a significantly bigger business and that they were prepared to take risks to be successful. YEQ2 2026, this applied to 27% of SMEs

- 39% of SMEs were either an Ambitious Innovator or an Ambitious Risk Taker, including 14% who were both
- 61% of SMEs did not meet either definition



As well as planning to grow and innovate, **Ambitious Innovators** were:

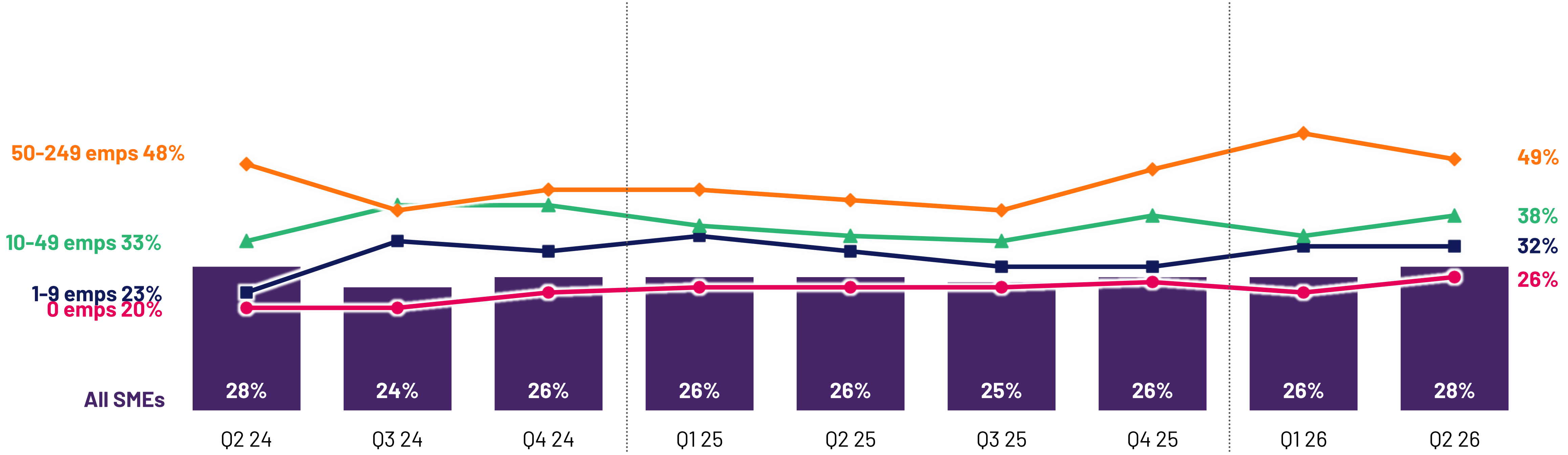
- More likely to have grown (45% v 27%) and innovated (69% v 42%)
- More likely to see opportunities (29% v 24%) and less likely to see threats (29% v 35%)
- More likely to be using finance (57% v 51%) and to be planning to apply (24% v 15%)
- More likely to plan (62% v 48%) and trade internationally (33% v 21%)

Q90/91 all SMEs YEQ4 2025 16,729

A quarter of SMEs meet the full definition of an 'Ambitious Innovator' planning to both grow and innovate in the coming year, led by the largest SMEs

UK Finance

Time series: Ambitious Innovators by size



- YEQ2 2026, like many similar metrics, the proportion of Ambitious Innovators increases by size of SME (24% to 47%) and decreases by age (63% of Starts to 20% trading 10+ years)
- Those more likely to meet the definition included Manufacturing (33%), fully international SMEs (47%) and those planning to apply for finance (43%)
- Those more likely to not meet the definition at all included Construction (53%), those that have not grown (52%), and PNBs (51%)

Q91 all SMEs YEQ2 2026 3,861

Ipsos

A stable quarter of SMEs planned to both grow and innovate, led by larger but also younger SMEs. 4 in 10 had no plans to do either, increasing to half of SMEs in Construction or trading for more than 15 years

UK Finance

26% planned to do both – the 'Ambitious innovators'

63% Starts

43% Plan to apply

47% 50-249 emps

47% Full intl

52% ARTs

33% Manufacturing

31% planned to do one but not both

42% were not planning to do either

52% Did not grow

53% Construction

52% 15+yrs

51% PNBs

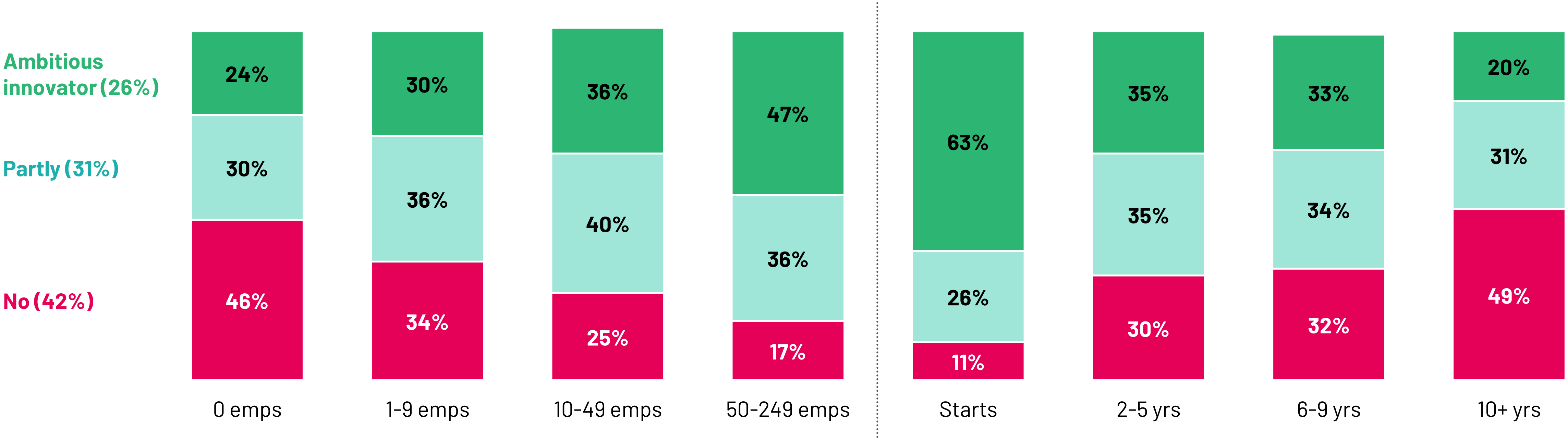
47% Domestic only

46% 0 emps

As with other similar metrics, the proportion of Ambitious Innovators increased with size of SME and decreased with age

UK Finance

Ambitious Innovators (plan to grow and innovate) – YEQ2 2026



- YEQ2 2026, like many similar metrics, the proportion of Ambitious Innovators increases by size of SME (24% to 47%) and decreases by age (63% of Starts to 20% trading 10+ years)
- Those more likely to meet the definition included Manufacturing (33%), fully international SMEs (47%) and those planning to apply for finance (43%)
- Those more likely to <u>not</u> meet the definition at all included Construction (53%) , those that have not grown (52%), and PNBs (51%)

Q90/91 all SMEs 3,580/7,672/3,294/1,059 391/1,157/1,608/12,449

Ipsos

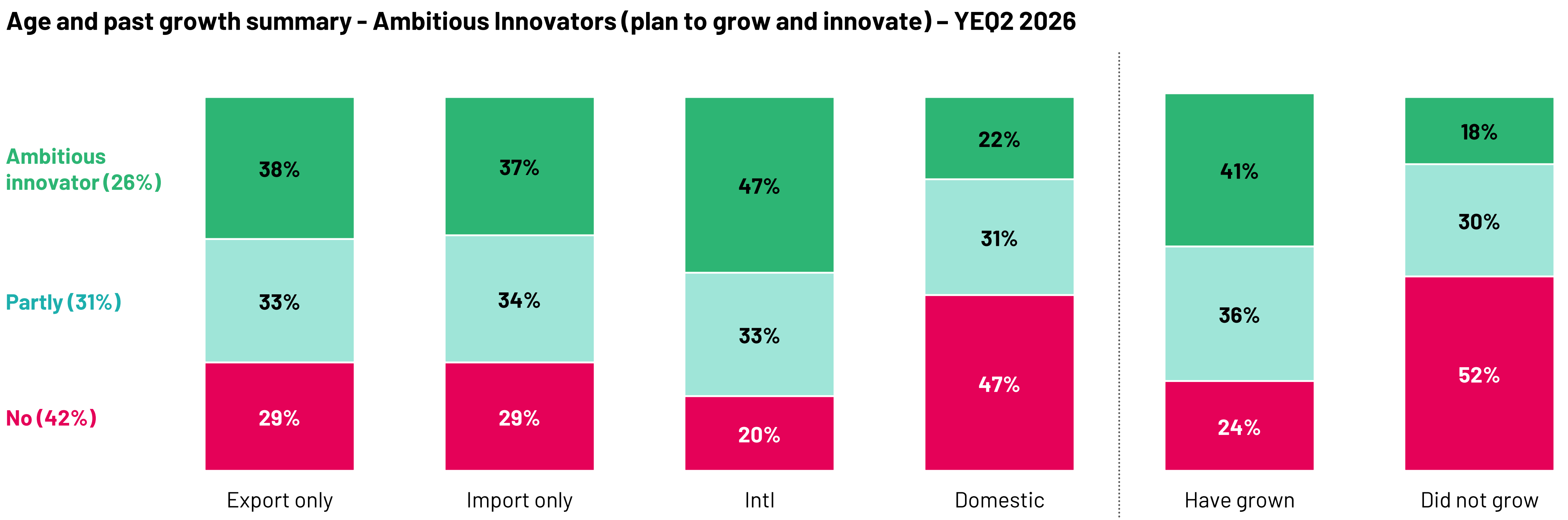
3 in 10 SMEs in Manufacturing and Property/Business Services met the Ambitious Innovator definition, while half of those in Agriculture and Construction had no plans to either grow or innovate

Sector summary: Ambitious Innovators (plan to grow and innovate) – YEQ2 2026

Q90/91 all SMEs 796/2,076/2,564/2,292/866/1,157/3,282/770/1,802

SMEs with an element of international trade (especially those that import and export) were more likely to be an Ambitious Innovator, as were those who grew in the past year

UK Finance

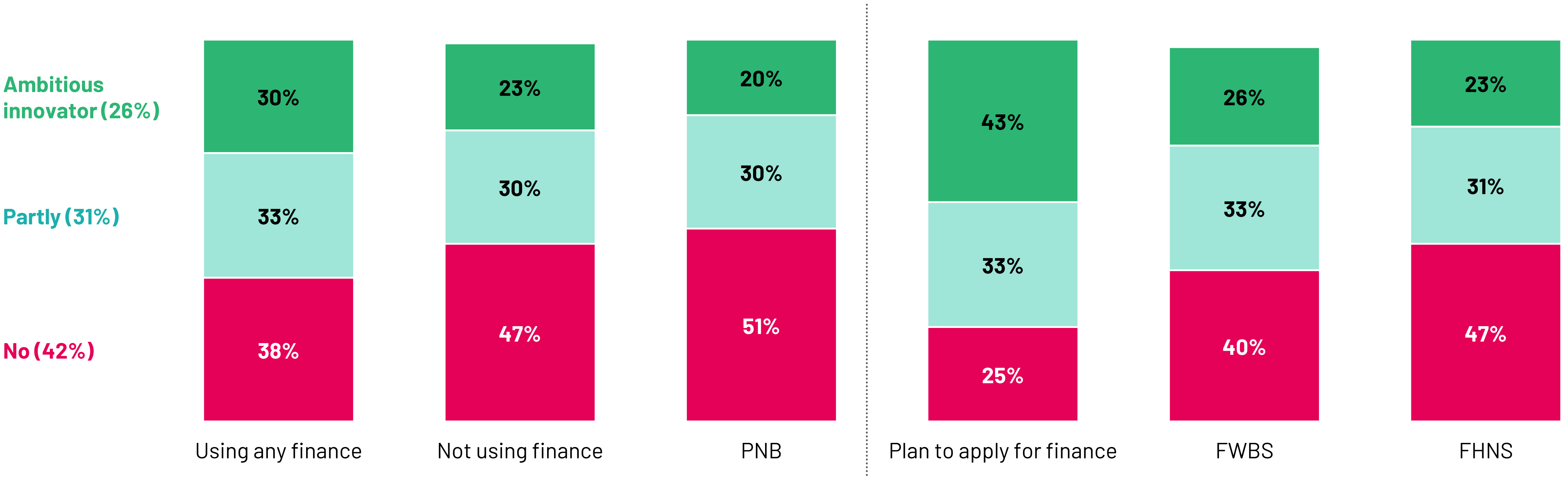


Q90/91 all SMEs 887/1,732/1,590/11,396 5,146/9,753

Ipsos

Ambitious Innovators were also more prevalent amongst those using, or planning to apply for, finance

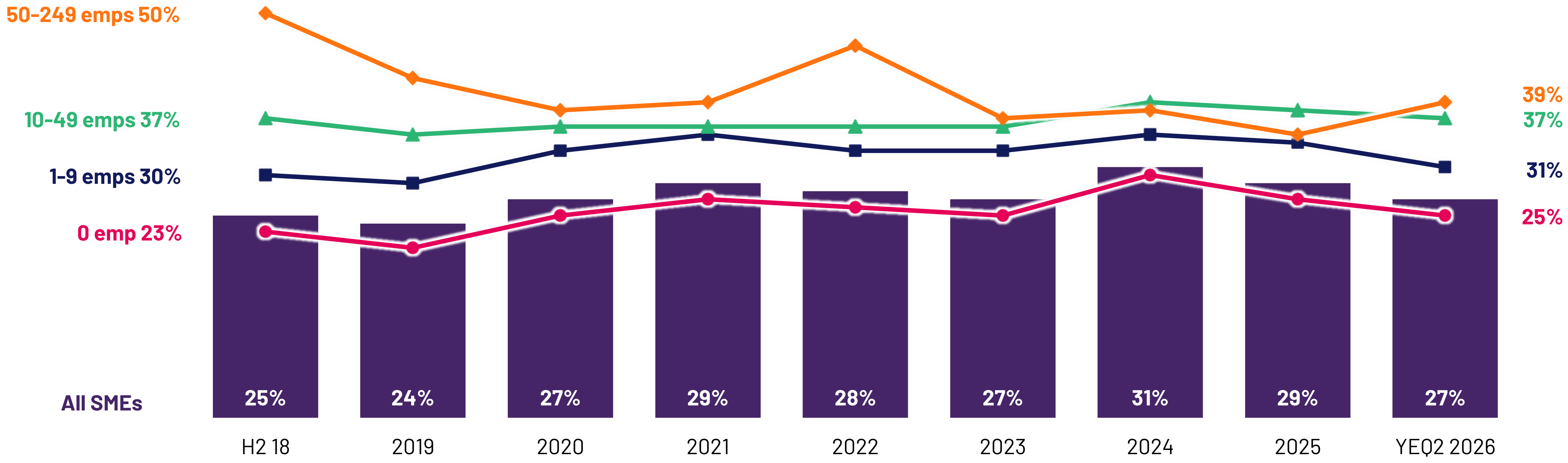
Finance summary - Ambitious Innovators (plan to grow and innovate) – YEQ2 2026



Q90/91 all SMEs 9,504/6,101/4,088 2,925/2,117/10,563

A quarter of SMEs were 'Ambitious Risk Takers' led by those with 10-49 or 50-249 employees. This is 5 points lower than in 2024, with the change seen amongst smaller SMEs

Time series: Meet the definition of an Ambitious Risk Taker
(Looking to be a significantly bigger business and prepared to take risks to be successful)

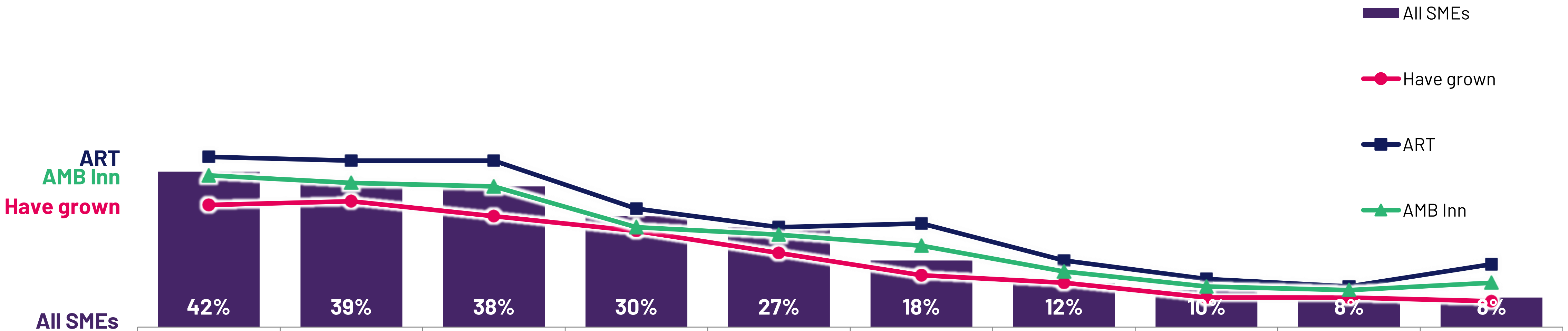


- 27% of SMEs wanted to be a significantly bigger business and were prepared to take risks to succeed, increasing to 39% of those with 50-249 employees, 59% of Starts, 40% of those trading for 2-5 years, 42% of fully international SMEs and 48% of those planning to apply
- Those less likely to be an ART included those trading for more than 15 years (19%) PNBs (18%) and those in Health (19%)

Q96 Base : All SMEs YEQ2 2026 15,605

Ambitious Risk takers were slightly more likely to see these as significant barriers, followed by Ambitious Innovators. Those that had recently grown were less concerned by these factors

Ambition summary: Main barriers YEQ2 2026



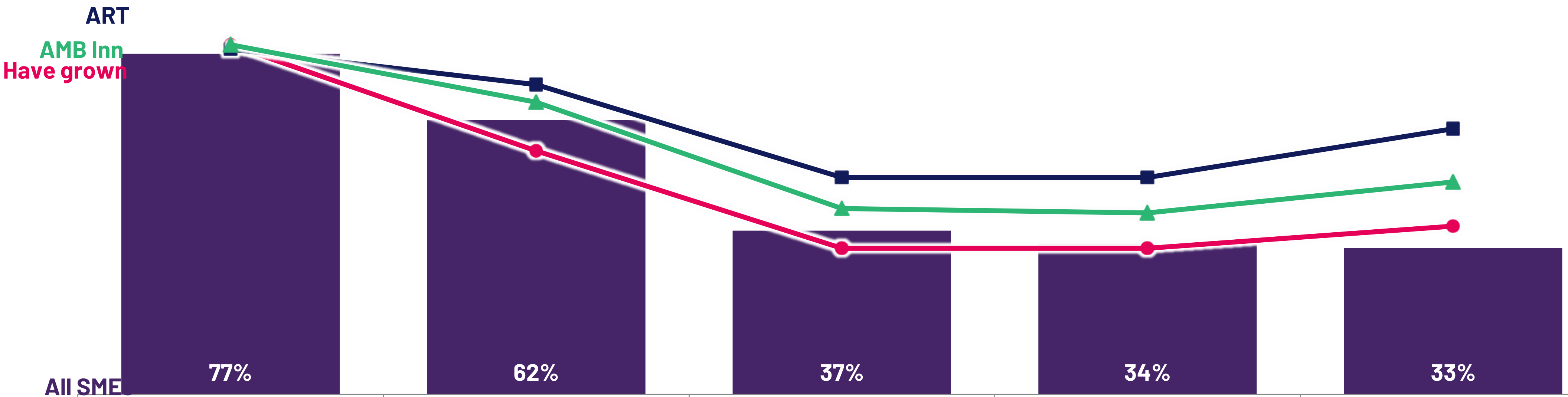
	The current economic climate	Political uncertainty and future government policy	Higher costs	Legislation, regulation and red tape	Lower demand for your products/services	Cash flow difficulties	Issues recruiting and retaining skilled staff	Supply chain issues	Issues with late payment	Access to external finance for the business
All SMEs	42%	39%	38%	30%	27%	18%	12%	10%	8%	8%
Have grown	33%	34%	30%	26%	20%	14%	12%	8%	8%	7%
ART	46%	45%	45%	32%	27%	28%	18%	13%	11%	17%
AMB Inn	41%	39%	38%	27%	25%	22%	15%	11%	10%	12%

Q93 all SMEs YEQ2 2026 15,605 5,146/4,570/4,590

Those with ambition were more willing to use finance but also to think that it might be difficult for them to get funding

UK Finance

Ambition summary: Attitudes to finance YEQ2 2026



	Accept slower growth not borrow to grow faster	Future uncertain so cautious with investment and growth plans*	Think difficult for us to get finance	Providers think we are riskier than we are	Happy to borrow to grow
All SMEs	77%	62%	37%	34%	33%
Have grown	79%	55%	33%	33%	38%
ART	78%	70%	49%	49%	60%
AMB Inn	79%	66%	42%	41%	48%

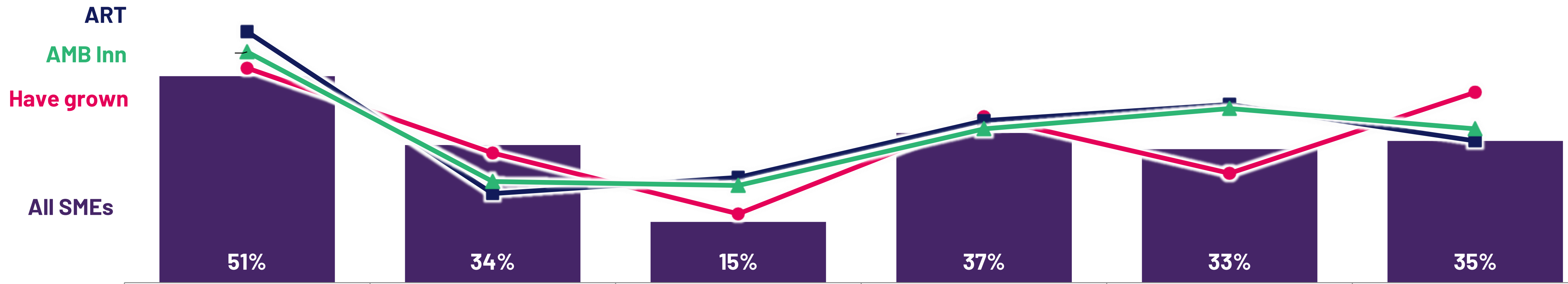
Q96 all SMEs YEQ2 2026 15,605 5,146/4,570/4,590

Ipsos

Ambitious Risk Takers and Ambitious Innovators were more likely to be engaged with finance, to plan to apply for some and to have also injected personal funds into the business

UK Finance

Growth summary: Use of finance and other funding YEQ2 2026



	Use finance	PNB	Plan to apply	Use trade credit	Injected personal funds	£10k+ of credit balances
All SMEs	51%	34%	15%	37%	33%	35%
Have grown	53%	32%	17%	41%	27%	47%
ART	62%	22%	26%	40%	44%	35%
AMB Inn	57%	25%	24%	38%	43%	38%

Q90/91/96 all SMEs YEQ2 2026 17,017 5,146/4,570/4,590

USE OF EXTERNAL FINANCE

SMEs have a range of sources of funding available, with 35% holding £10,000 or more of credit balances Increasing by size of SME) and 33% reporting an injection of personal funds (decreasing by size of SME)

51% of SMEs were using any form of external finance, up across all sizes of SME with the largest SMEs now more likely to be reporting use of (66%) external finance. As a result, the proportion of PNBs has fallen to 34%

Attitudinally, many SMEs continued to agree that they would rather grow more slowly than borrow to grow, and a stable 6 in 10 were being cautious with their plans due to the future feeling uncertain.

16% SMEs were happy to borrow to grow but also thought it could be difficult for them to get finance, especially younger SMEs and those using, or with an appetite for, finance

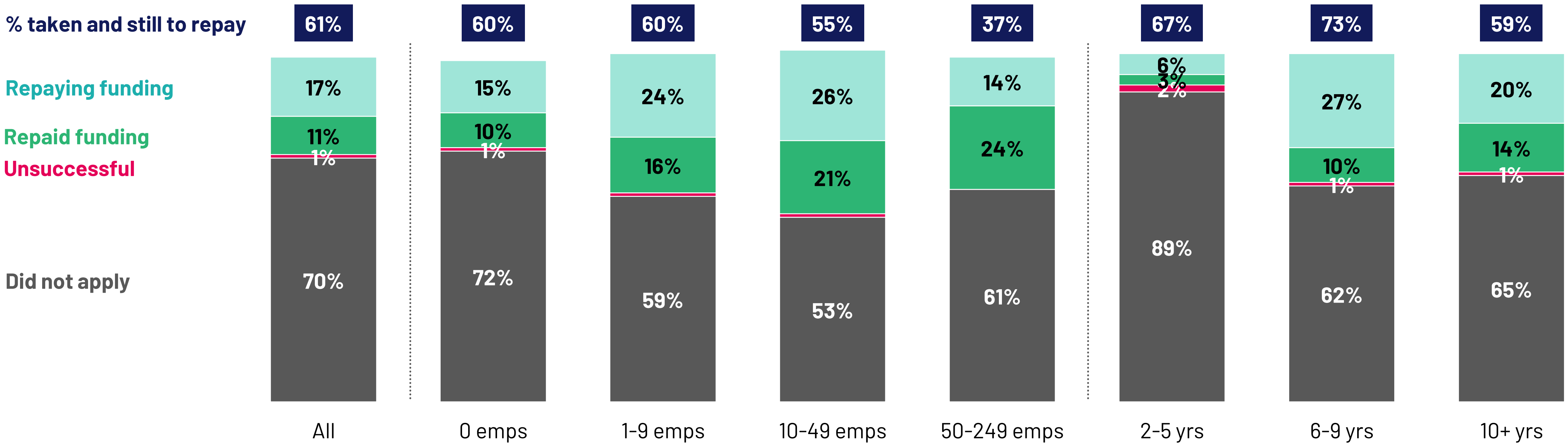
THE IMPACT OF THE PANDEMIC ON FUNDING

3a

1 in 6 SMEs were still repaying pandemic funding , increasing to 1 in 4 of those with 1-9 or 10-49 employees and for those trading for 6-9 years. 5% of all SMEs only qualified as finance users because of these repayments

UK Finance

Pandemic funding (new question from Q1 2023): YEQ2 2026



- 17% of all SMEs were still repaying government backed pandemic funding, increasing to 26% with 10-49 employees and 27% trading for 6-9 years. There was relatively little difference by sector, with the exception of Transport (24%) Health (10%)
- 34% of all SMEs using finance were repaying pandemic funding, as were 31% of those planning to apply for finance

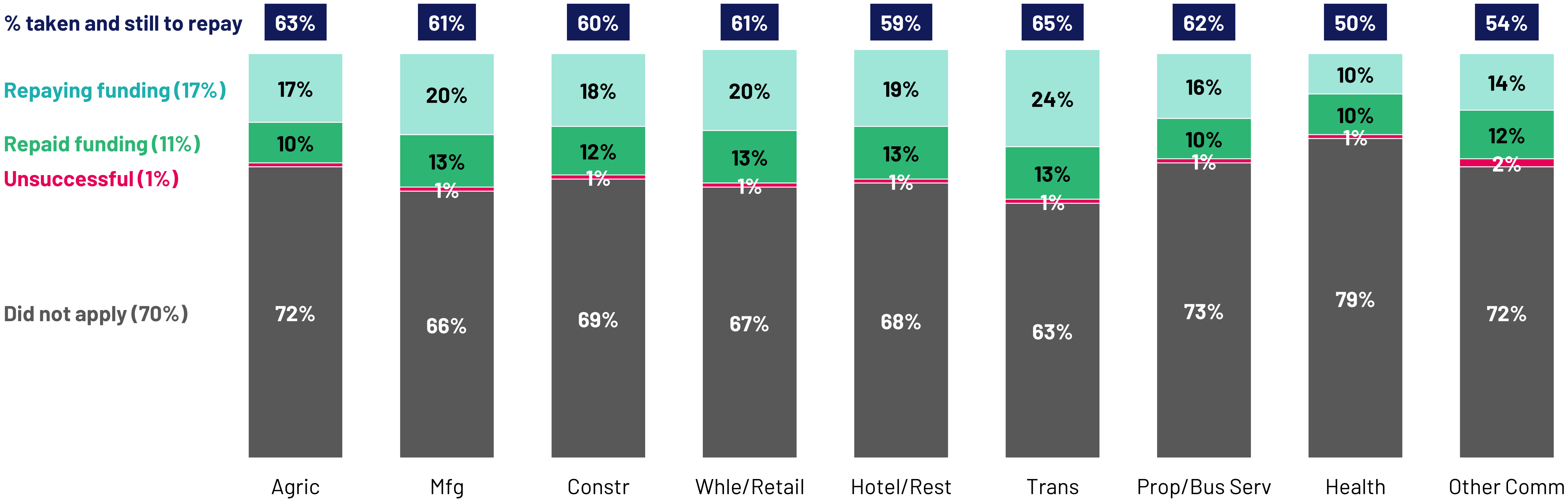
Qbb2ax revised Q1 2023 All SMEs YEQ2 2026 excl DK 14,749 3500/7358/2992/899 1113/1533/11,729

Ipsos

Those in Transport were more likely to still be repaying pandemic funding, twice the proportion in Health

UK Finance

Sector summary: Pandemic funding (new question from Q1 2023): YEQ2 2026

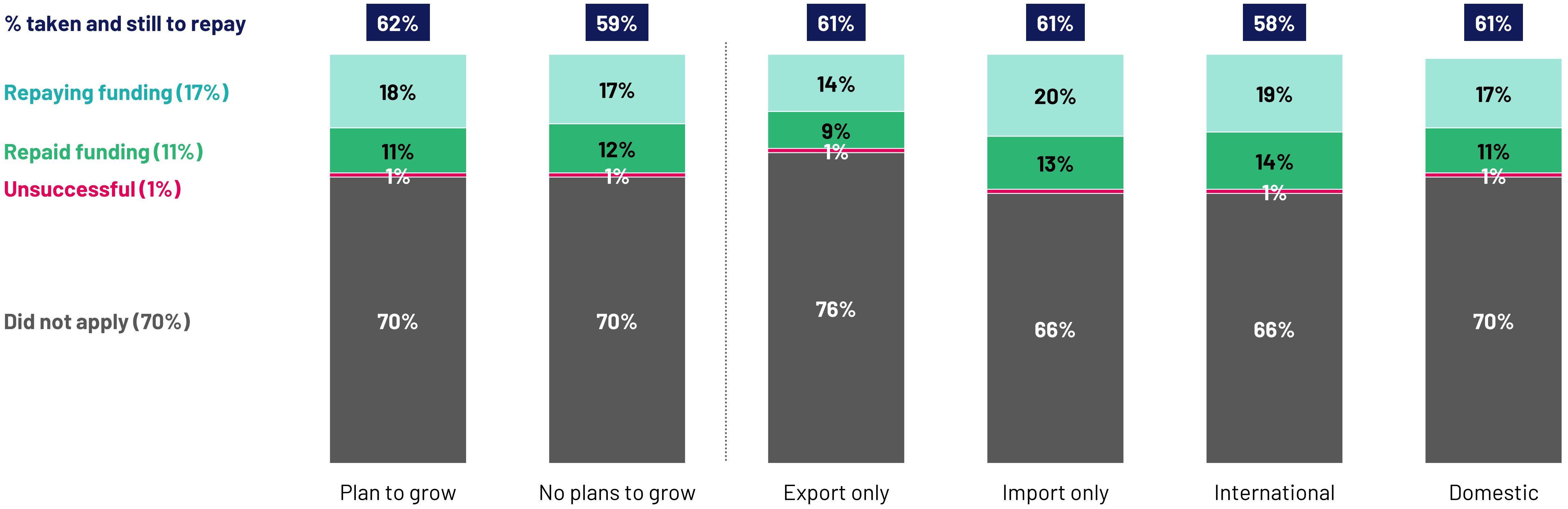


Qbb2ax revised Q1 2023 All SMEs YEQ2 26 excl dk767/1956/2439/2151/807/1109/3107/709/1704

Ipsos

Those with an element of importing to their businesses were more likely to have taken pandemic funding but the proportion with funding still to repay did not vary much

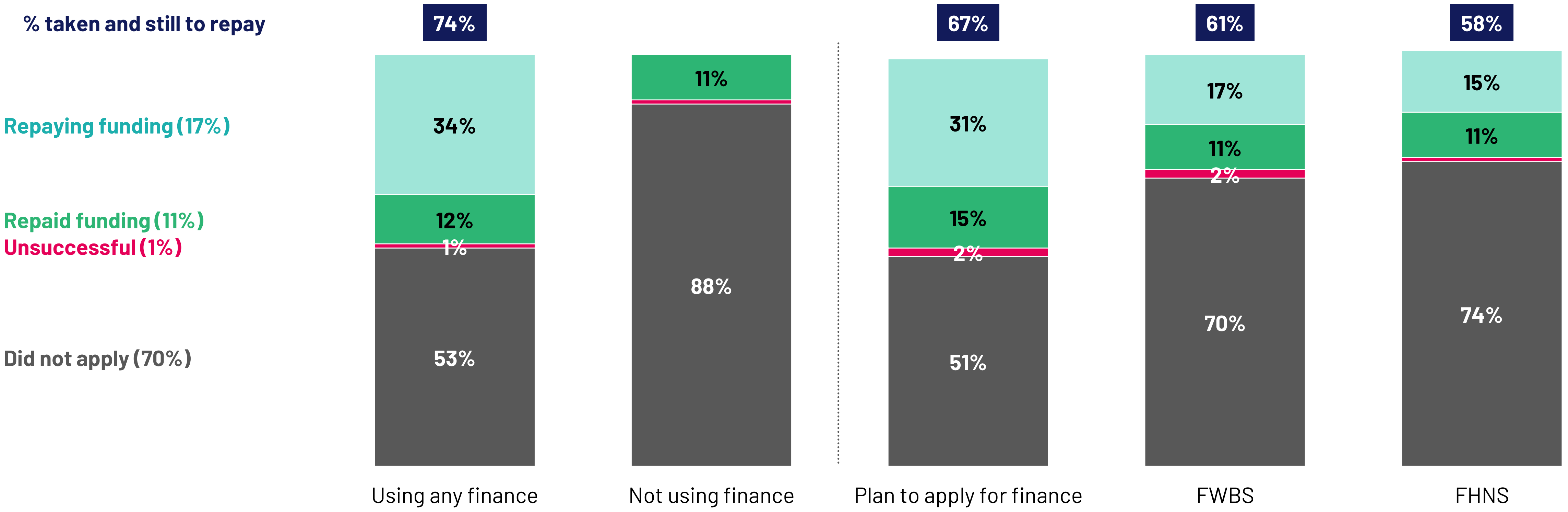
Growth and international summary: Pandemic funding (new question from Q1 2023): YEQ2 2026



Qbb2ax revised Q1 2023 All SMEs YEQ2 2026 excl dk 6903/7846 843/1630/1474/10,802

3 in 10 of those looking to apply for finance still had pandemic funding to repay

Finance summary: Pandemic funding (new question from Q1 2023): YEQ2 2026



Qbb2ax revised Q1 2023 All SMEs YEQ2 2026 excl dk 9084/5665 2808/2042/9899

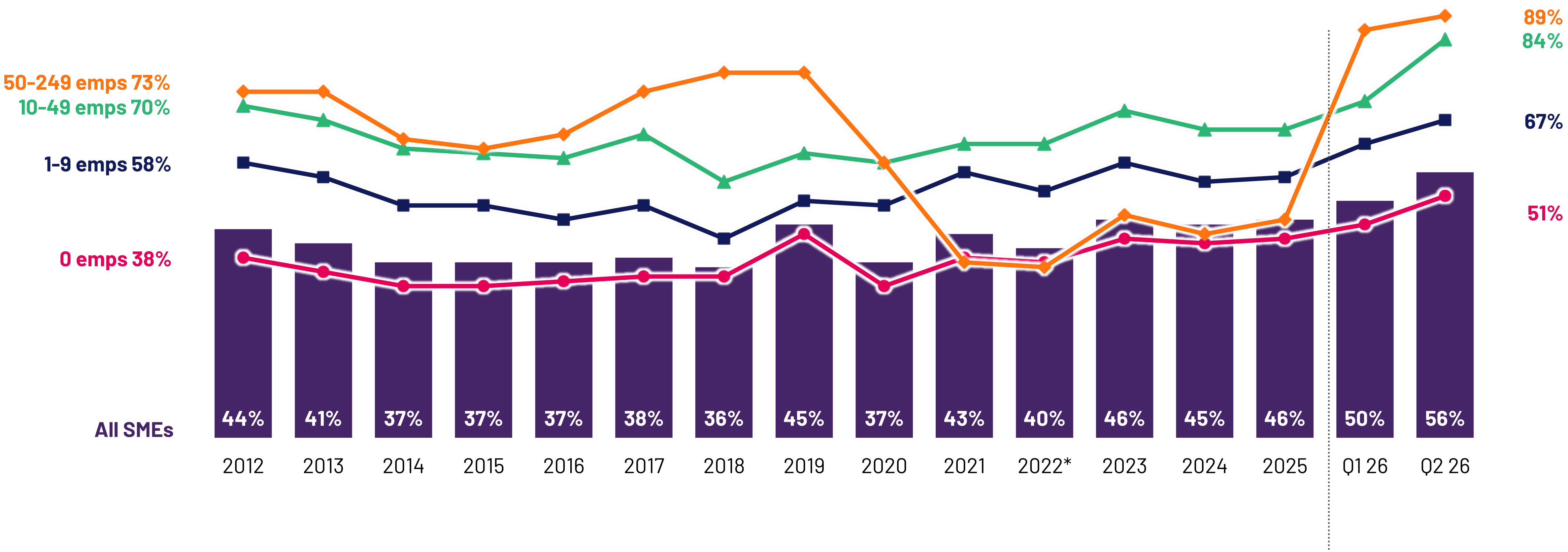
BUSINESS AND PERSONAL FINANCE

3b

There has been a marked increase in the use of finance in the first half of 2026, across all SMEs but notably the largest

UK Finance

Annual time series: Currently using any external finance (new definition from Q1 2023)

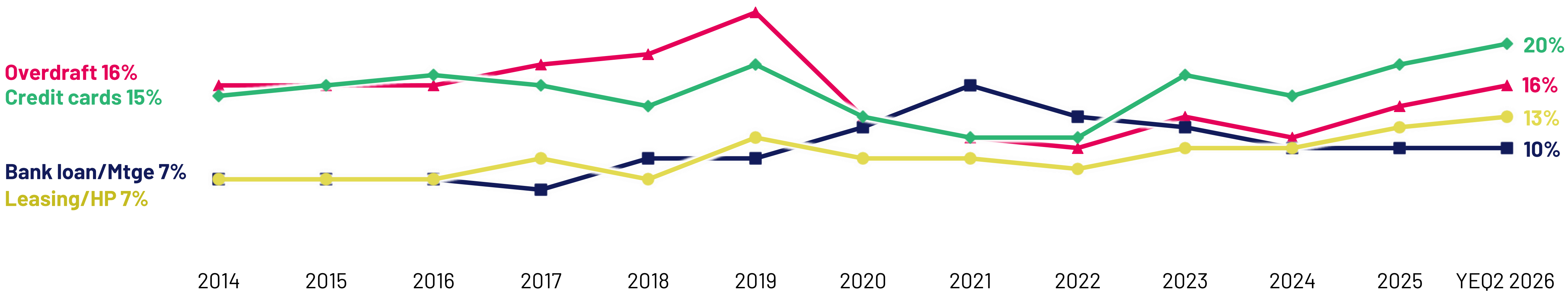


Q14y/15y all SMEs Q2 2026 3861 *2022 annual figure adjusted to include best estimate re pandemic funding

Ipsos

Credit cards remained the most common form of finance used, with a steady increase from 2022, along with higher use of overdrafts and leasing in the current period

Annual time series: Main forms of finance used



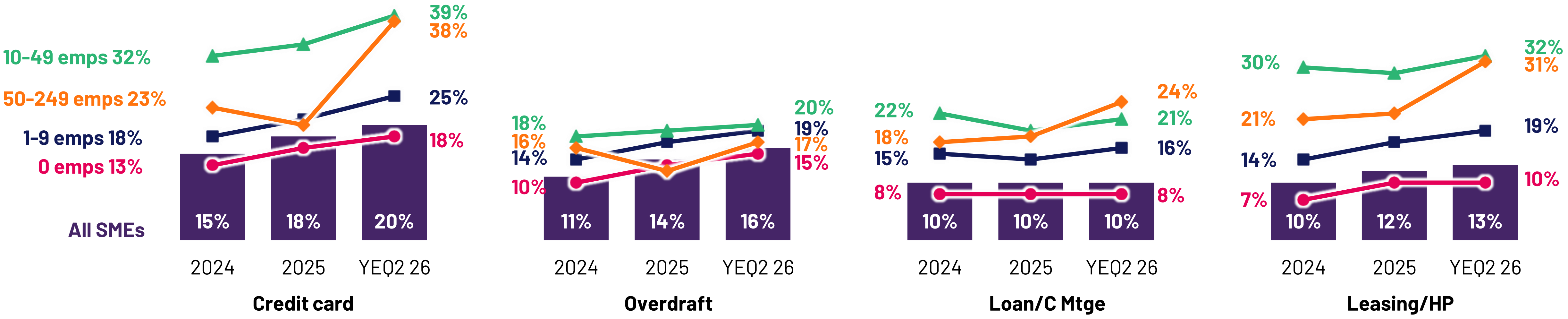
Q15 All SMEs YEQ2 2026 15,605

All sizes of SME are more likely to be using credit cards YEQ2 2026 compared to 2024, with a more marked increase in overdrafts for smaller SMEs and in leasing/HP for larger SMEs

Annual time series: Use of key forms of finance over time

Analysis by age of SME saw:

- bigger increases amongst those trading for 6-9 years in use of credit cards (+7 to 21%) and overdrafts (+6 to 15%)
- Bigger increase in those trading 2-5 years in leasing (+5 to 15%)

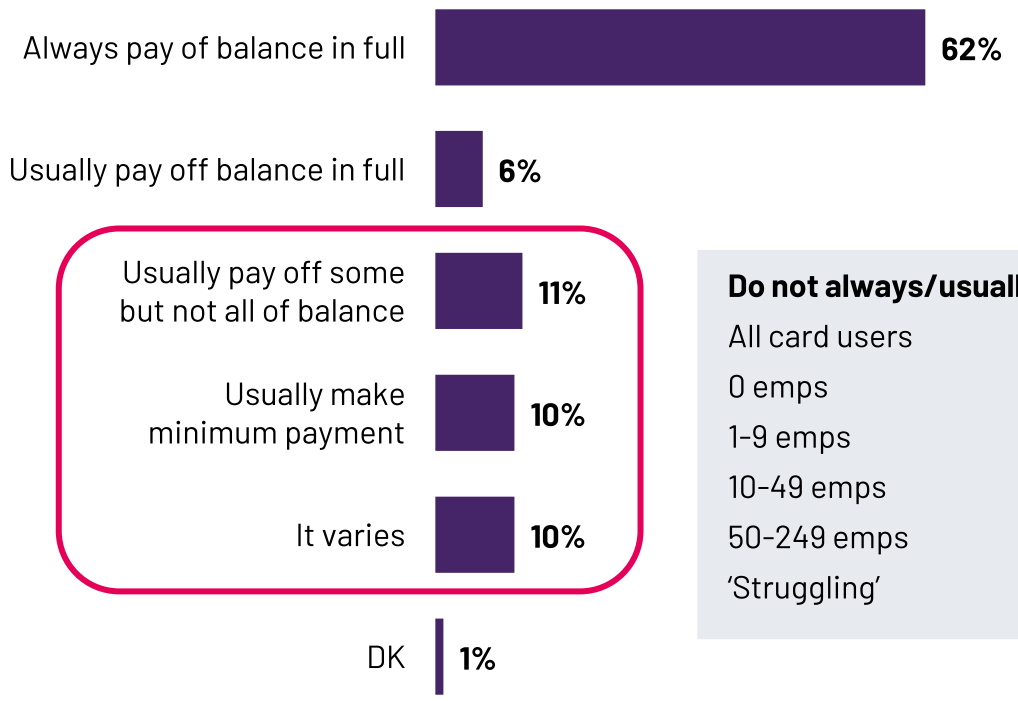


Q15 YEQ2 2026 15,605

Most SMEs with a credit card said they always or usually pay off the balance, with a slight increase from 2025 in those that do not typically clear the balance (from 28% to 32%). As a result, while 20% of SMEs have a credit card, around 6% are regularly using it as a form of finance

UK Finance

How credit cards have been repaid in past 3 months – all with a credit card YEQ2 2026



Increases by size of SME from 55% with 0 emps to 92% with 50-249 emps

30% of credit card holders said the card was in their personal name, and 10% had cards in both a business and personal name

Do not always/usually pay off:

All card users	32% (from 28%)
0 emps	37% (from 34%)
1-9 emps	25% (from 18%)
10-49 emps	10% (from 9%)
50-249 emps	6% (unchanged)
'Struggling'	53% (from 51%)

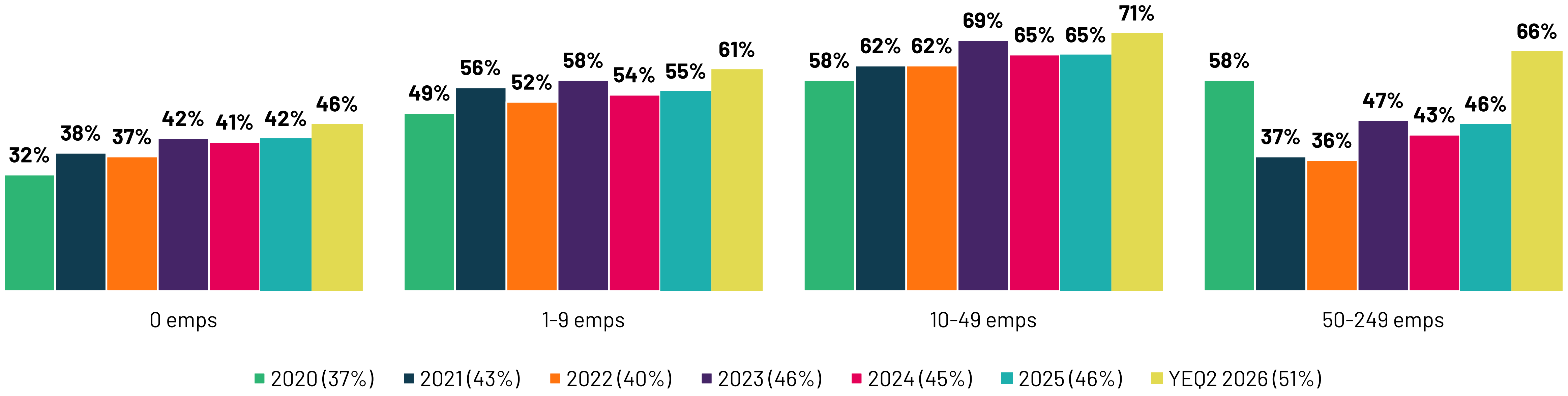
Potential card debt (20% of SMEs use a c/card)

All SMEs	**6%**
50-249 emps	**2%**
10-49 emps	**4%**
1-9 emps	**6%**
0 emps	**7%**

NEW Q15x All SMEs using a credit card in the business YEQ2 2026 4372

All sizes of SME were more likely to be using *any* finance in the current period, notably those with 50-249 employees

Size summary: Using external finance– over time

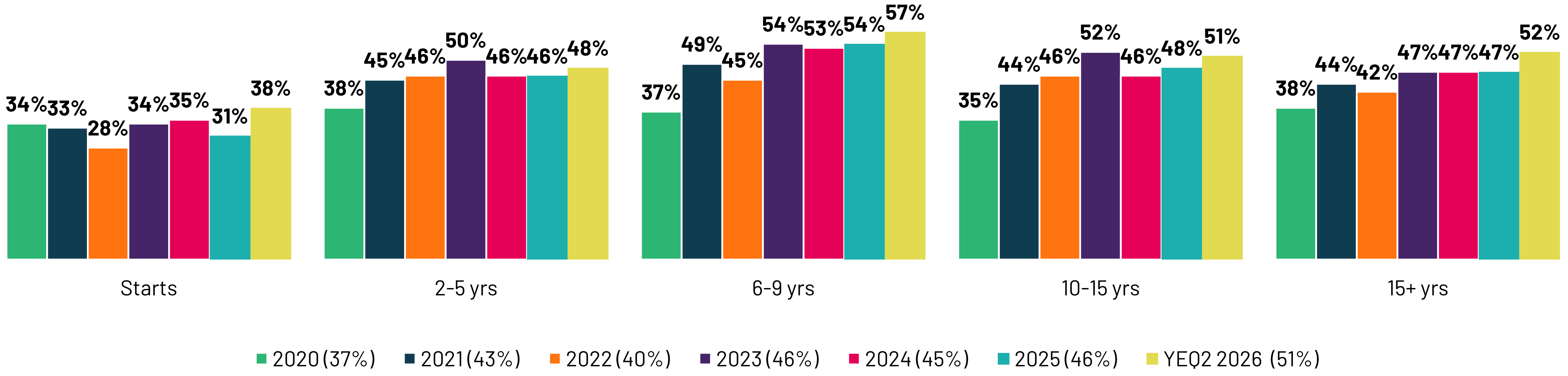


- Use of finance increased by size of SME to 10-49 employees, and to those trading for 6-9 years before declining slightly for the largest/oldest SMEs. Those in Agriculture were the most likely sectors to be using finance (60%) and finance was also higher for import only and fully international SMEs (59% and 57%)
- In the current period there has been a more marked increase in use of finance for those with 50-249 employees (+20 points) and in Manufacturing (+7 points) and for both import only and export only SMEs (both +9 points)

Q14y/15y all SMEs YEQ2 2026 3,580/7,672/3,294/1,059

Those trading for 6-9 years remained the most likely to be using *any* external finance, with an increase for all age groups YEQ2 2026

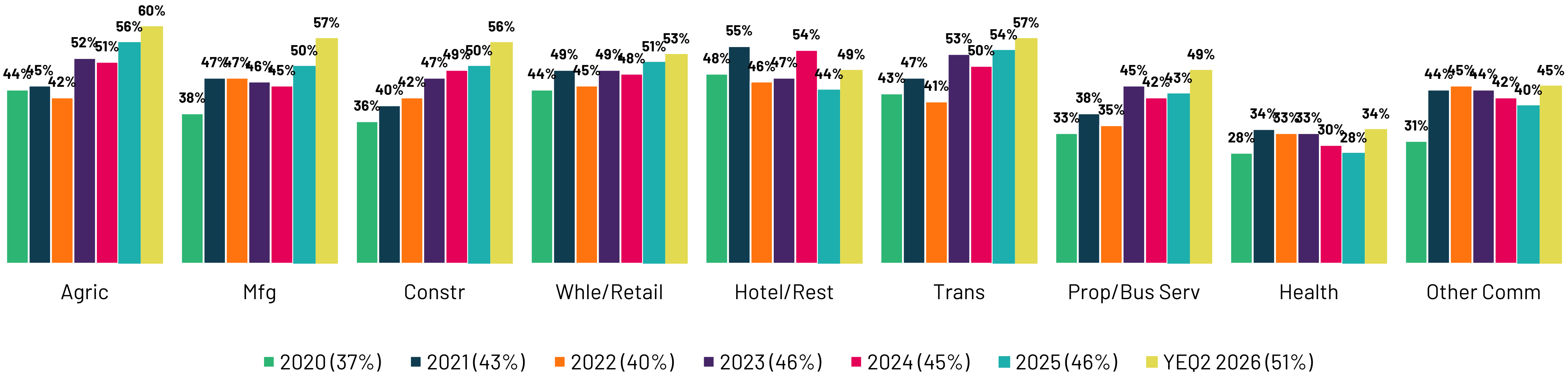
Age summary: Using external finance– over time



Q14y/15y all SMEs YEQ2 2026 391/1,157/1,608/2,883/9,566

Many sectors saw a steady increase in use of finance to YE Q2 26, with Agriculture, Manufacturing and Transport the most likely to be using *any* external finance

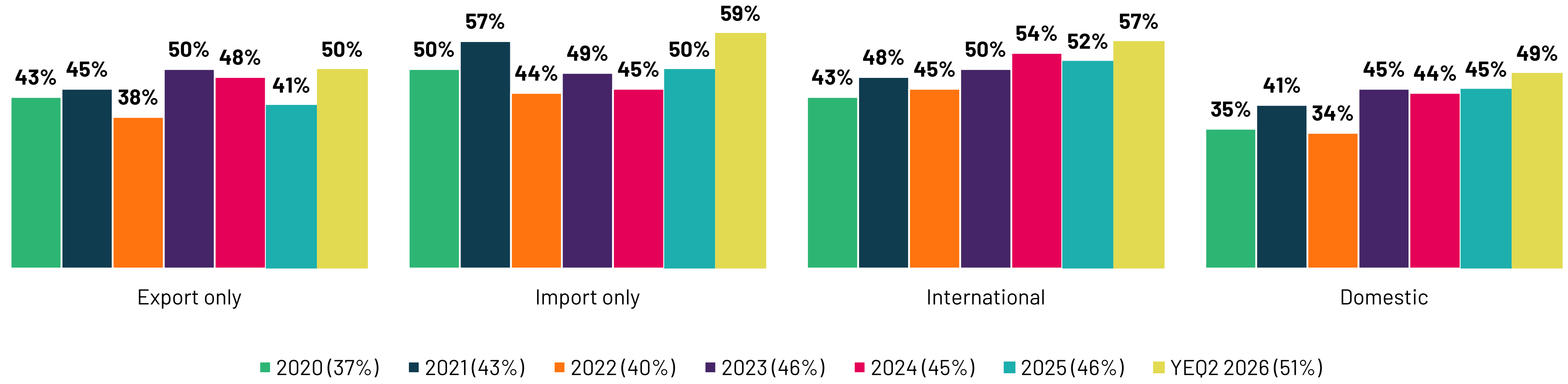
Sector summary: Using external finance– over time



Q14y/15y all SMEs YEQ2 2026 796/2,076/2,564/2,292/866/1,157/3,282/770/1,802

Those with an element of importing to their business were most likely to be using any external finance, those trading domestically remained slightly less likely

International summary: Using external finance– over time

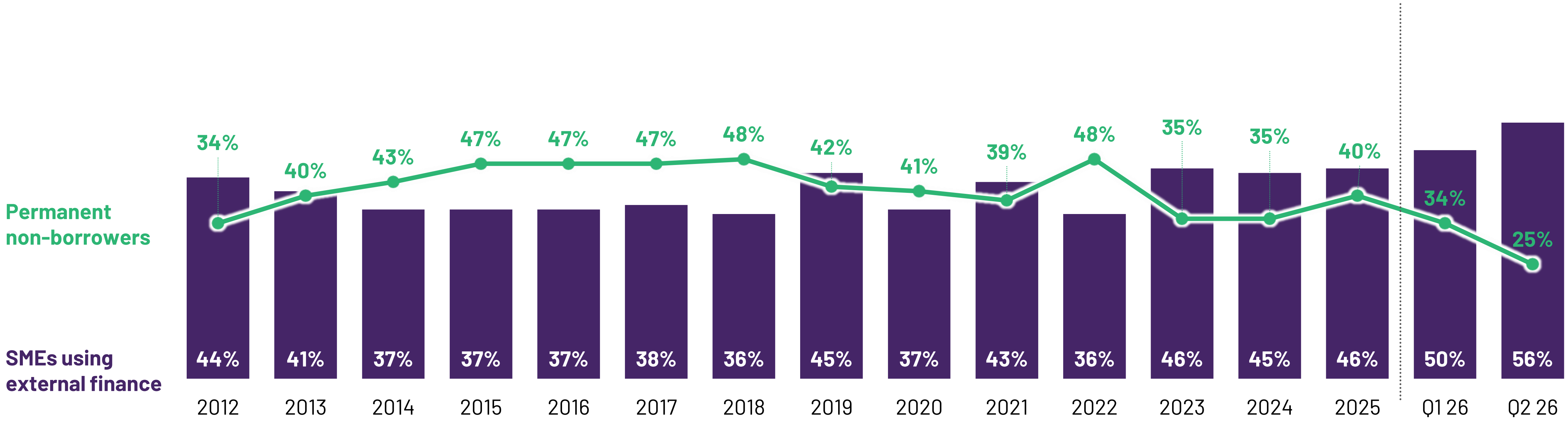


Q14y/15y all SMEs YEQ2 2026 887/1,732/1,590/11,396

As use of external finance increased, fewer SMEs have met the definition of a Permanent non-borrower, currently at one of the lowest levels seen

UK Finance

Annual time series: Currently using external finance and Permanent non-borrowers (new def Q1 23)



- YEQ2 2026, 51% of SMEs were using external finance while 34% met the definition of a PNB with no apparent appetite for finance. All sizes of SME were more likely to be using finance than to be a PNB, though by a narrow margin for those with 0 employees
- Those more likely to be a PNB also included those trading for 2-5 years (38%) and those in the Health sector (48%)
- Half of Future Happy non-seekers met the definition of a PNB (48%)

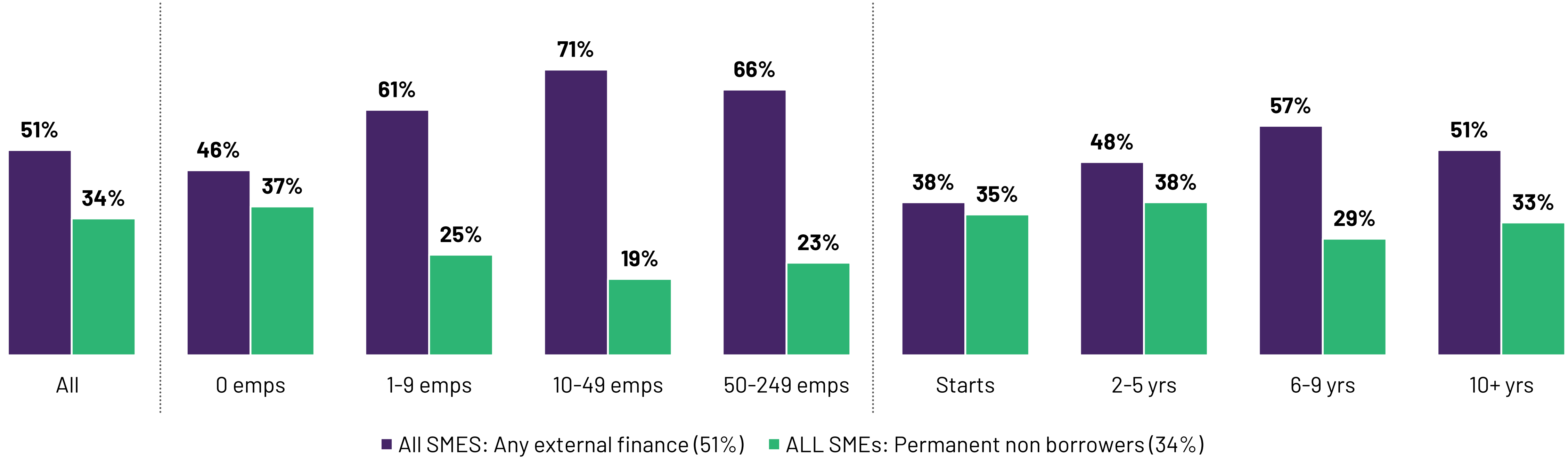
PNBs were:

- More likely to have made a profit or to feel 'Well off/ Comfortable' and as likely to hold £10,000 or more of credit balances,
- Less likely to plan, to have innovated or to be planning to grow

Q14/15yPermanent non borrower Base : All SMEs YEQ2 2026 3,861

The smallest and youngest were more likely to be a PNB. As SMEs get bigger, and to some extent, older, they become more likely to be using finance

Size summary: % using external finance and % of PNBs: YEQ2 2026

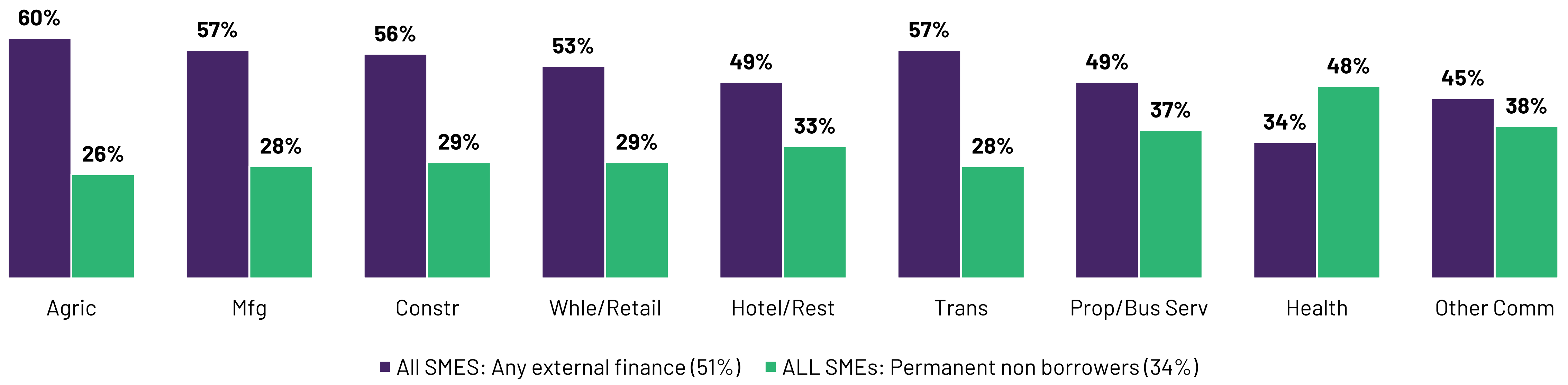


Q14yQ15y all SMEs YEQ2 2026 15,605

All except the Health sector were more likely to be using any external finance than to meet the definition of a Permanent non-borrower, with the widest 'gap' for those in Agriculture

UK Finance

Sector summary: % using external finance and % of PNBs: YEQ2 2026

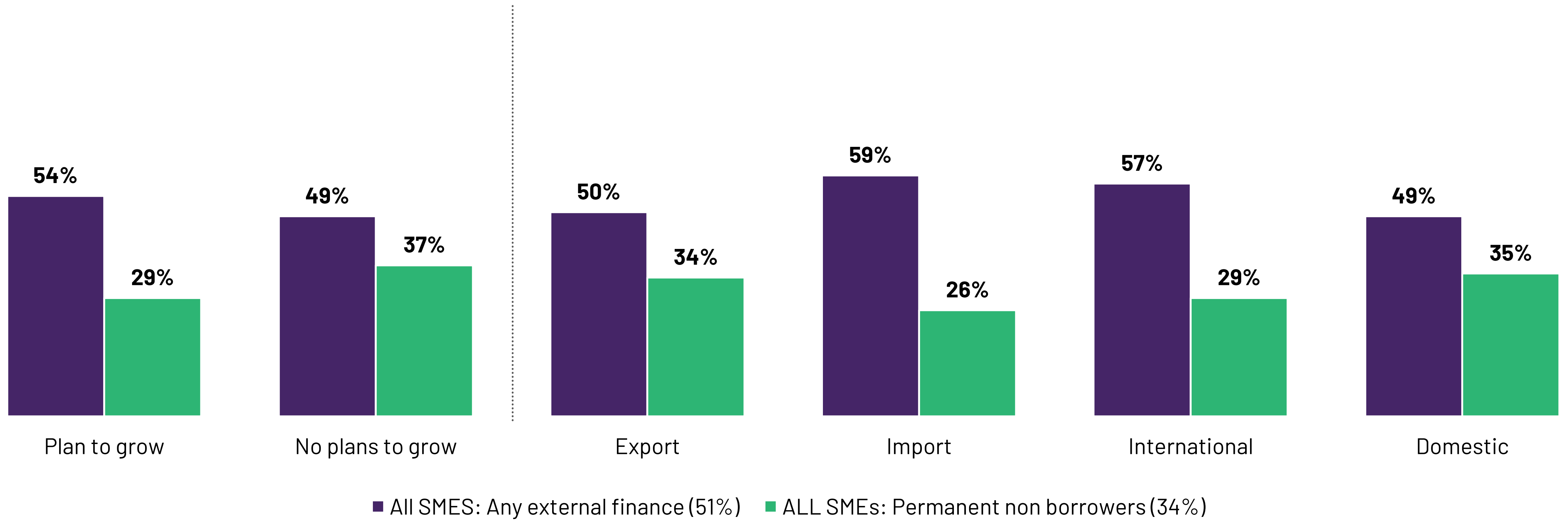


Q14yQ15y all SMEs YEQ2 2026 15,605

Ipsos

Those with plans to grow and those with an element of importing to their business were much more likely to be using finance than to be a PNB

Growth and international summary: % using external finance and % of PNBs: YEQ2 2026



Q14yQ15y all SMEs YEQ2 2026 15,605

Personal finance: While few SMEs used a personal account for their business banking, a quarter of those using finance had a facility in a personal name, typically the 0 employee SMEs and those with a credit card

Finance in personal name – YEQ2 2026

12% of SMEs used a personal account for their business banking, still somewhat lower than previously seen (**16%** in 2017).

0 employee SMEs made up **95%** of this group

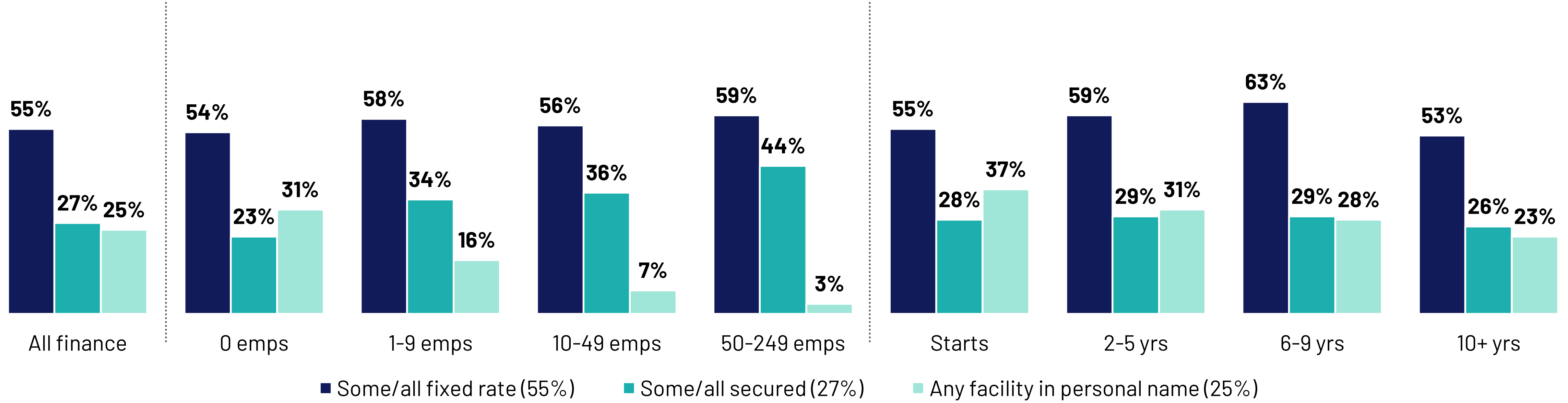
Those with a business bank account have typically been more likely to be using 'any' finance than those with a personal account and that was also the case YEQ2 2026 (**53% v 36%**)

26% of overdrafts, **24%** of loans as well as **41%** of credit cards (new for H1 2026) and **27%** of other forms of finance were not *solely* in a business name

Overall, in H1 2026, **33%** of SMEs using 'traditional' finance had any facility in a personal name (ex Dk and up from **16%** in 2021). This was more likely to be the case for 0 employee SMEs (**41%**) and those in the Health or Hospitality sectors (**43%** of those using finance)

Fixed rate facilities varied little by size of borrower but were more common for those trading 6-9 years. Secured facilities were more common for larger SMEs while personal facilities were more common amongst the smallest and youngest SMEs

Details of finance used – those using finance YEQ2 2026

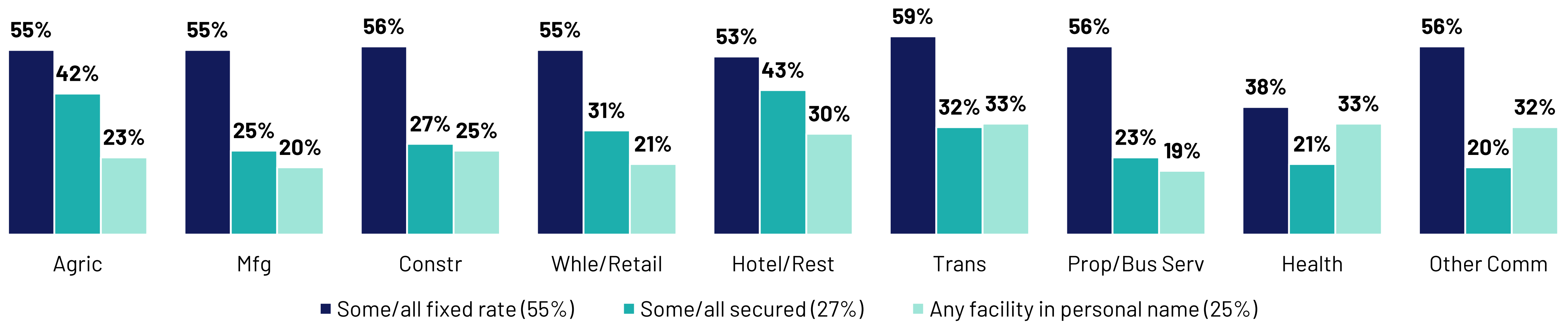


- **Fixed rates**: More common for those trading 6-9 years (63%) or those in Transport (59%)
- **Security**: More common for larger SMEs, and those in Agriculture (42%) or Hospitality (43%)
- **Personal facilities**: More common for smaller and younger SMEs or those in Health (33%) or the Other Community sector (32%)

Q78c / Q15b all SMEs using finance excl DK YEQ2 2026 8,893 1,518/4,468/2,292/615 136/552/959/7,246

Borrowers in the Health sector were less likely to have funding on a fixed rate and more likely to have facilities in a personal name, as were the Other Community sector. Agriculture and Hospitality were the most likely to have secured facilities

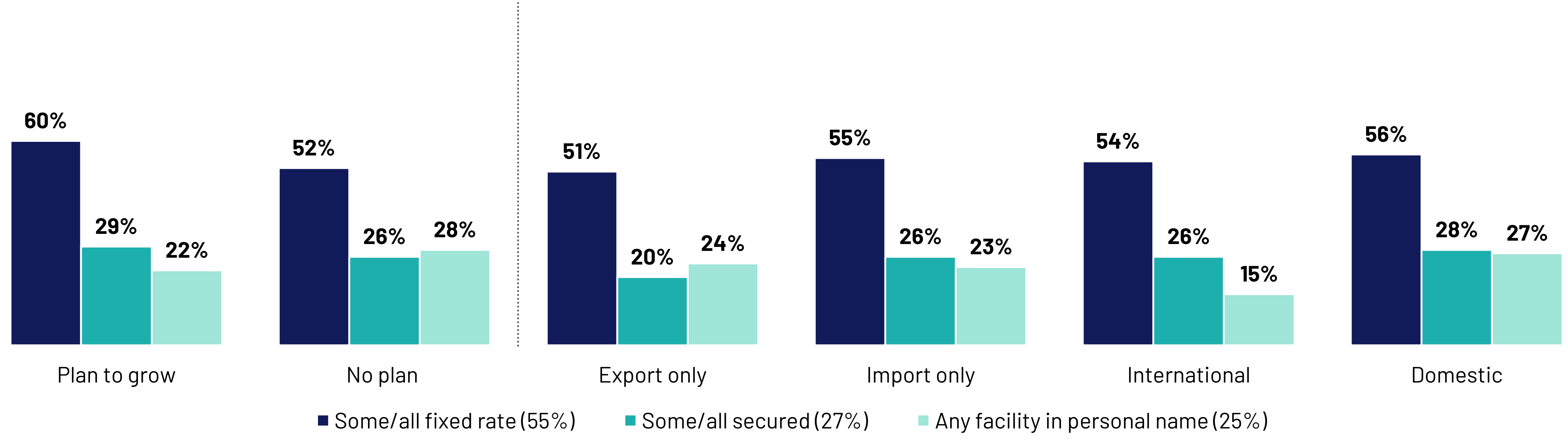
Sector summary: Details of finance used – those using finance YEQ2 2026



Q78c / Q15b all SMEs using finance excl DK YEQ2 2026 524/1,281/1,624/1,330/447/712/1,676/373/926

Amongst those using finance, SMEs planning to grow were more likely to have facility on a fixed rate, and less likely to have a facility in a personal name, with the latter also true for fully international SMEs

Age and growth summary: Details of finance used – those using finance YEQ2 2026



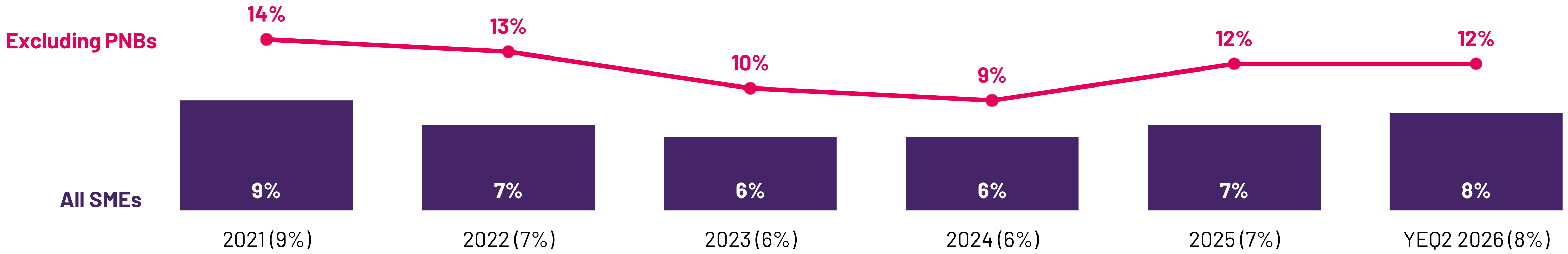
Q78c / Q15b all SMEs using finance YEQ2 2026 4,424/4,469 492/1,077/989/6,335

REPAYMENT CONCERNS

3c

The equivalent of 8%of all SMEs were concerned about their ability to repay the finance they already had, little changed since 2022

Time series: Any repayment concerns

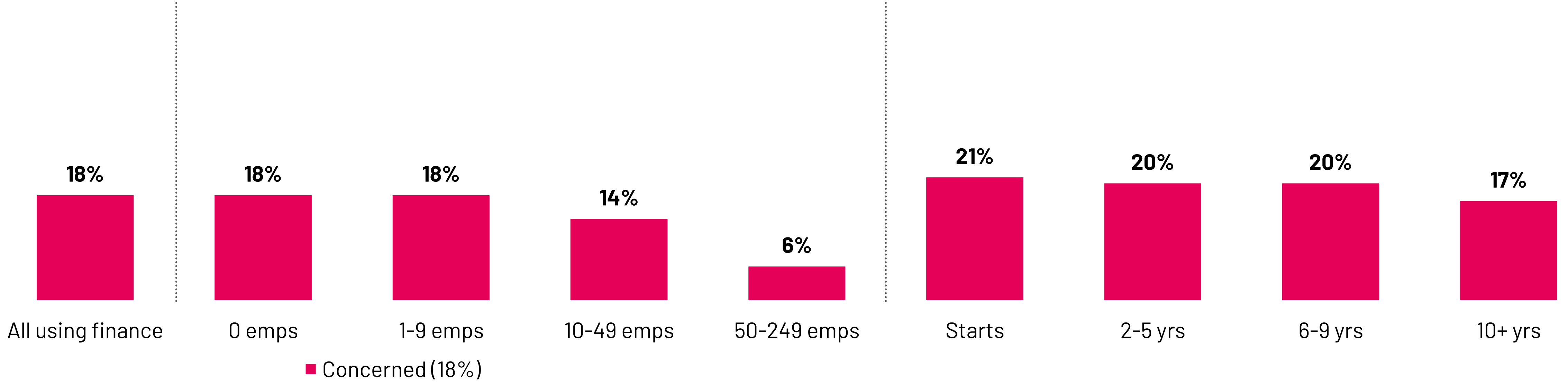


BB2bbv2 rebased to all SMEs YEQ2 2026 15,605

Smaller SMEs using finance were somewhat more likely to be concerned about repaying the finance they had, with limited variation by age of SME

UK Finance

Concerned about repayment – those using finance YEQ2 2026



- Those more likely to be concerned included finance users that Hospitality (27%) and those planning to apply for finance or Future WBS (29% and 33%). Amongst those using finance who also describe themselves as 'Struggling", 39% were concerned about repaying funding
- Those less likely to be concerned included finance users with 50-249 employees (6%), those in Property/Business Services (13%), and Future HNS (8%). Amongst those using finance who also describe themselves as 'Comfortable/Well off", 3% were concerned about repaying funding

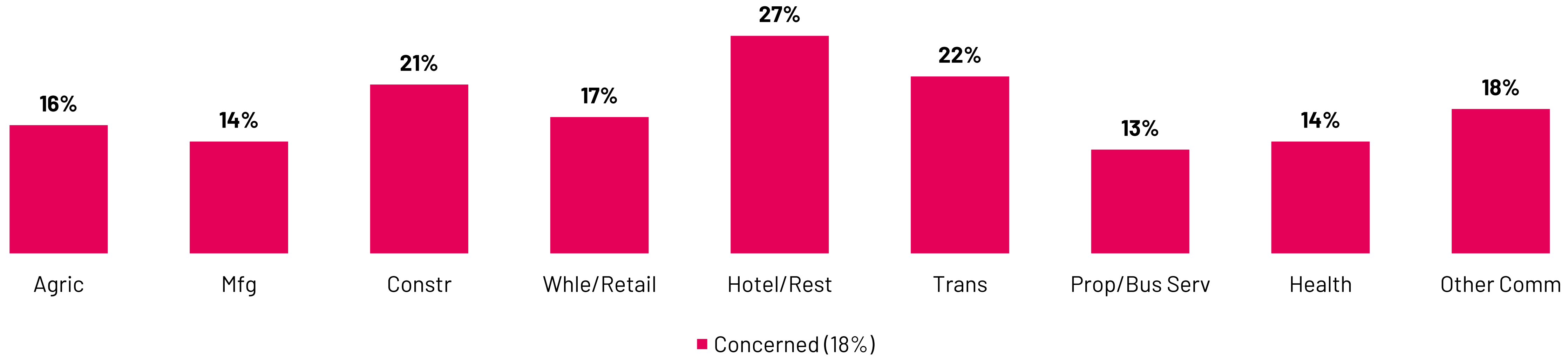
QBB2BB all SMEs using finance YEQ2 2026 8,924

Ipsos

A quarter of finance users in Hospitality were concerned about repayments, around twice the level in Property/Business Services

UK Finance

Sector summary: Concerned about repayment – those using finance YEQ2 2026



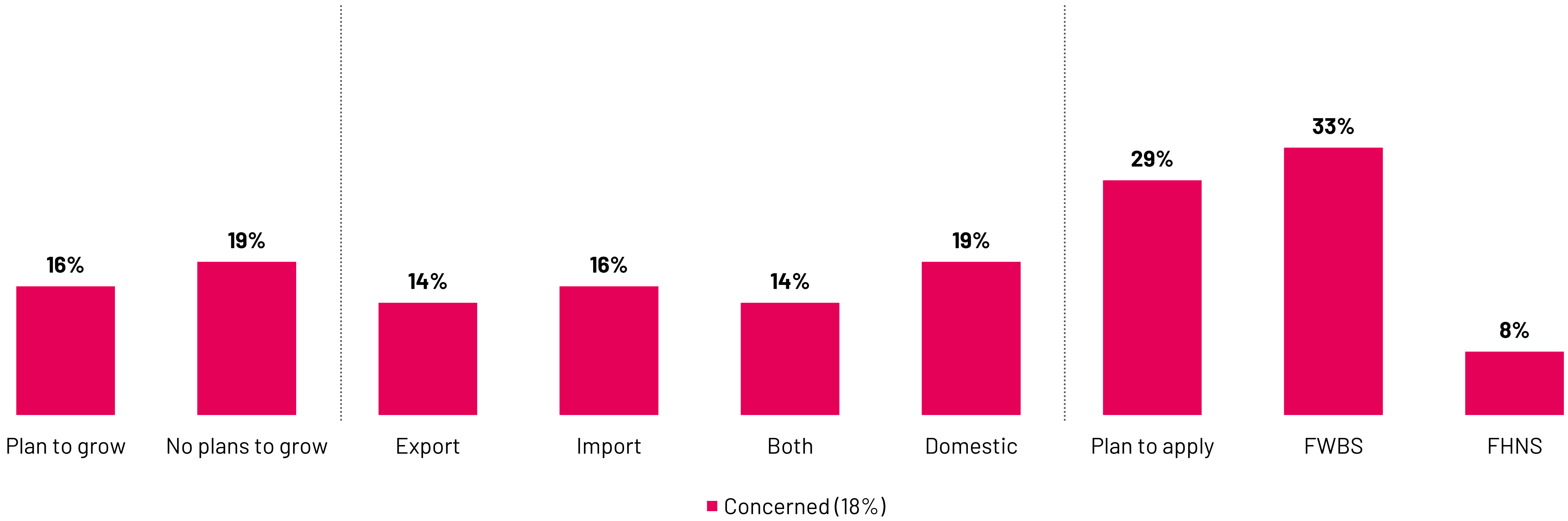
QBB2BB all SMEs using finance YEQ2 2026 8,924

Ipsos

3 in 10 of those with any future appetite for finance were concerned about repaying the finance they already had

UK Finance

Sector summary: Concerned about repayment – those using finance YEQ2 2026



QBB2BB all SMEs using finance YEQ2 2026 8,924

1 in 5 SMEs concerned about repayments had already spoken to their lender. Those with no plans to speak to their lender were more likely to think it ‘unlikely’ the bank would offer practical help

UK Finance

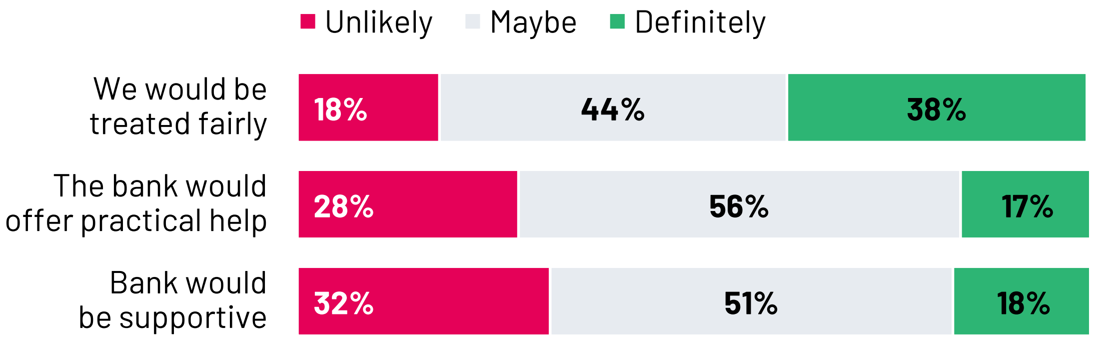
8% of all SMEs using finance in 2026 were worried about repaying

18% of them had <u>already</u> spoken to their lender and of these:

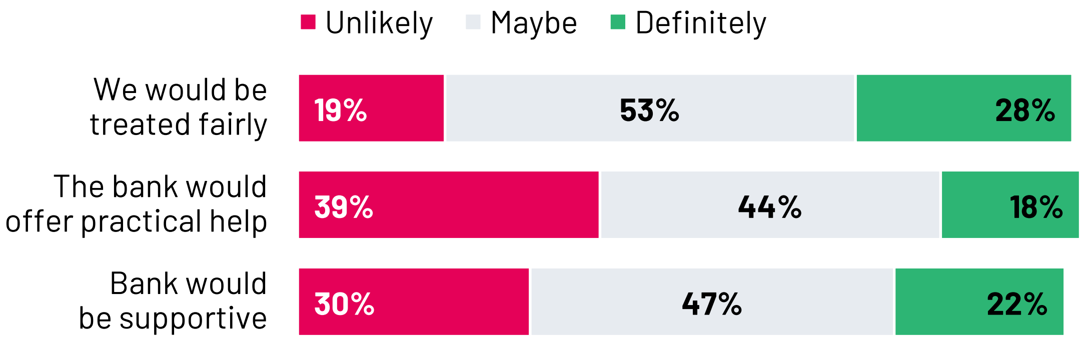
48% of those who have spoken to their lender were satisfied with their response (scores 7-10)

31% were dissatisfied (scores 1-4)

18% of them plan to speak to their lender:



64% of them have no plans to speak to their lender:



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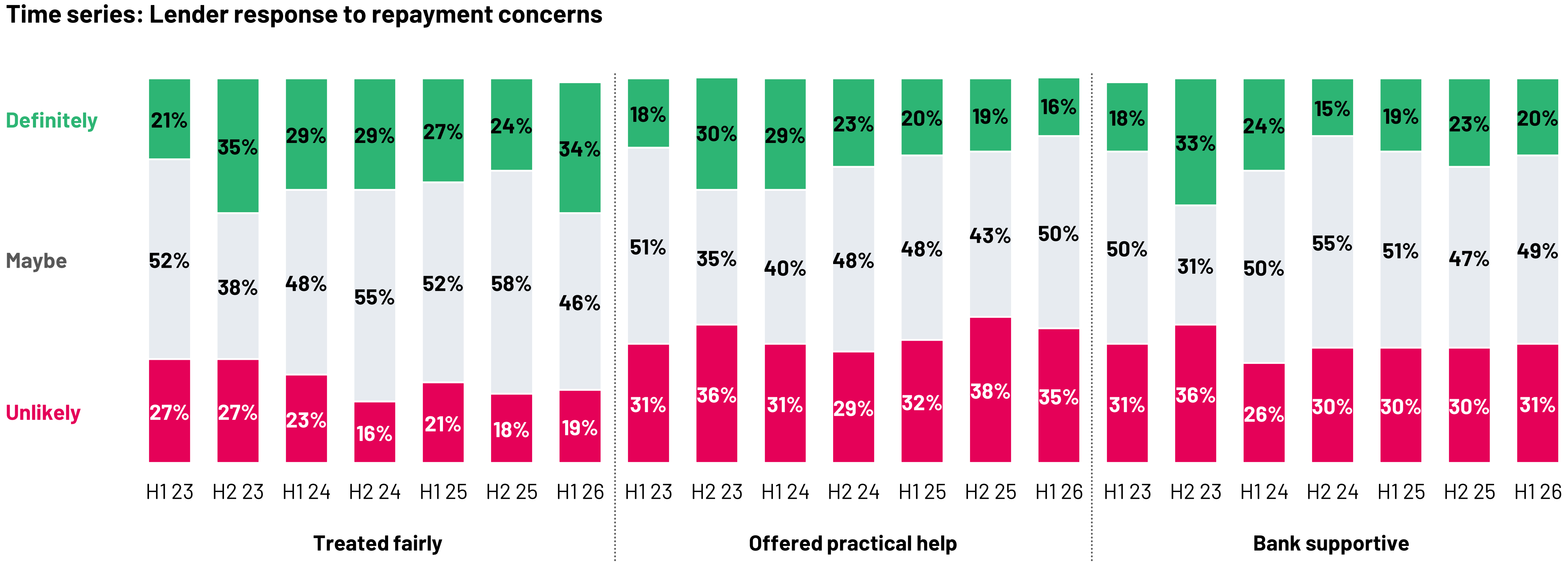
Ipsos

Since H2 2023 those that had not yet spoken to their lender about their concerns have become less likely to feel they would definitely be offered practical help

UK Finance



Qbb4a all SMEs with repayment concerns who have not yet spoken to lender 646

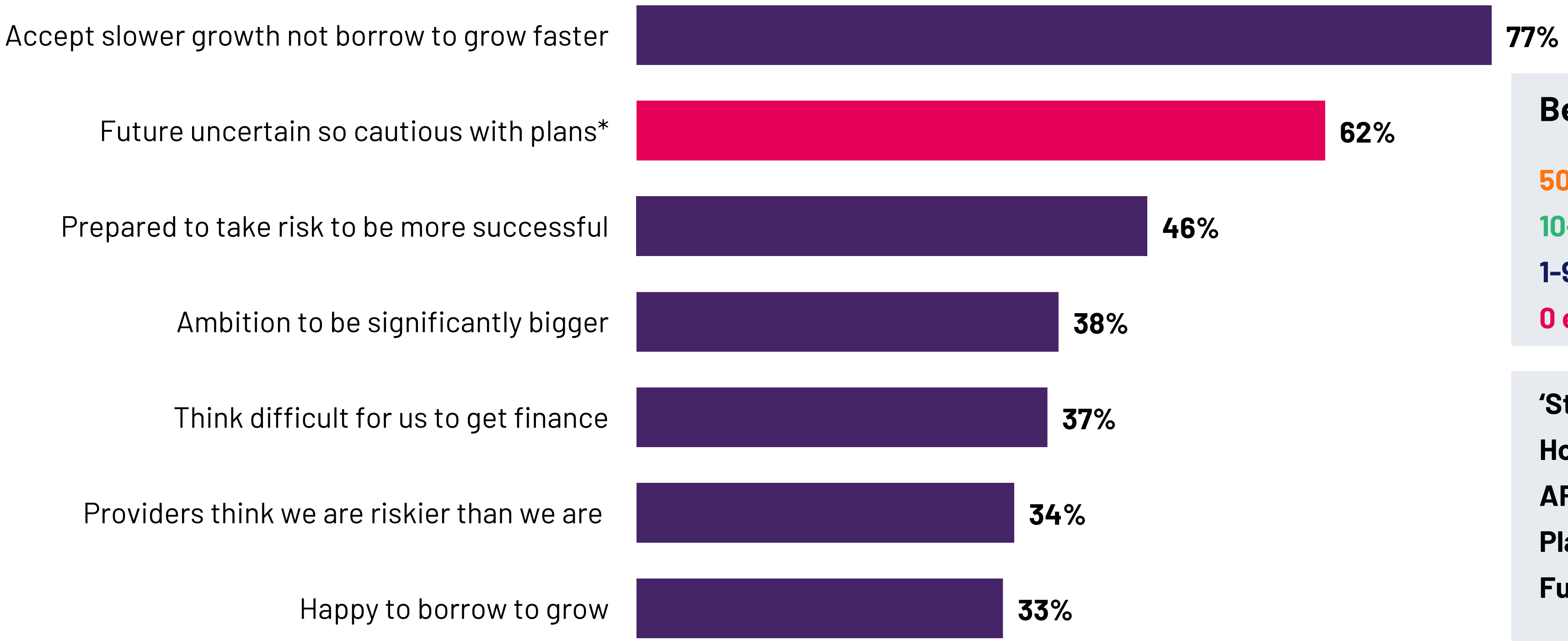
Ipsos

ATTITUDES TO FINANCE

3d

As in previous waves, many SMEs would rather grow more slowly than borrow to grow, set against a backdrop where 6 in 10 were being cautious due to future uncertainty. 1 in 3 were happy to borrow to grow but the same proportion thought it could be difficult to get finance

Attitudes to finance – all SMEs YEQ2 2026



Being cautious (Q4 25-Q2 26)

50-249 emps	53%
10-49 emps	66%
1-9 emps	68%
0 emps	60%

'Struggling'	79%
Hospitality	69%
ART	70%
Plan to apply	73%
Future WBS	75%

Q96 all SMEs YEQ2 2026 15,605

Caution about the future affecting plans was seen particularly for those with 1-9 or 10-49 employees, and more generally across age bands

UK Finance

"Because the future feels uncertain, we are being very cautious with our investment and growth for the business" YEQ2 2026

Q96 all SMEs Q4 25- Q2 26 11,570

Caution about the future affecting plans varied more by sector, led by the Hospitality sector (69%) with those in Health less concerned (52%)

"Because the future feels uncertain, we are being very cautious with our investment and growth for the business" YEQ2 2026

Q96 all SMEs YEQ2 2026 11,570

Those currently using, or with future appetite for finance were more likely to see an uncertain future, with limited differences by international trade

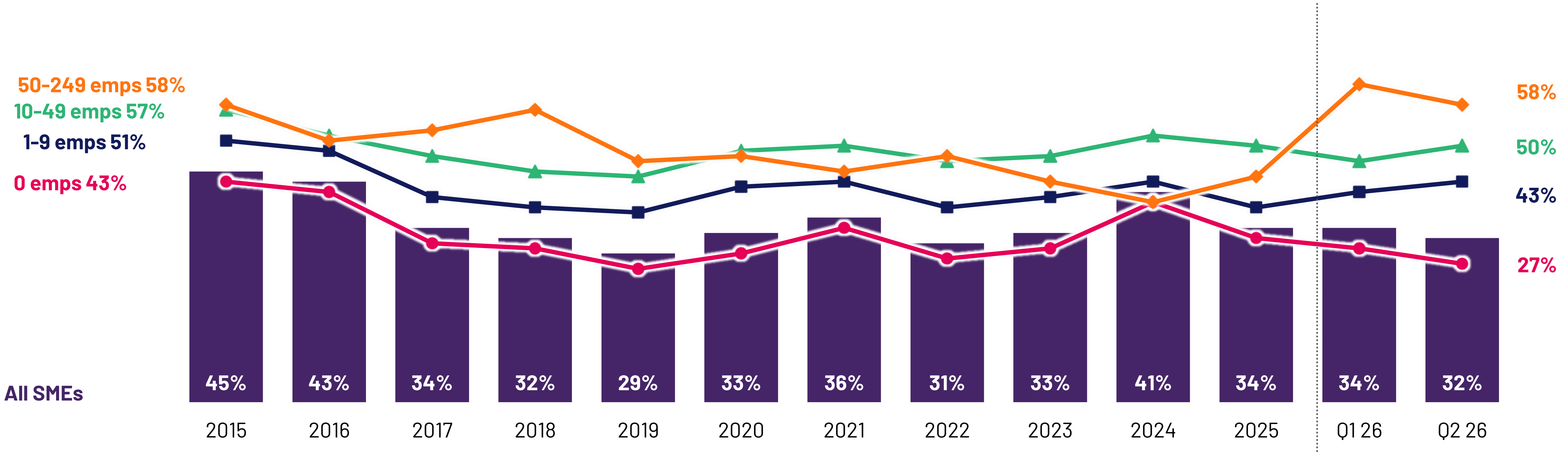
UK Finance

"Because the future feels uncertain, we are being very cautious with our investment and growth for the business" YEQ2 2026

Q96 all SMEs YEQ2 2026 11,570

From 41% in 2024, the proportion happy to borrow to grow has declined to around 1 in 3 in 2026 to date, a clear reflection of the views of those with 0 employees, as appetite for finance recovered for larger SMEs

Annual time series: Happy to borrow to grow



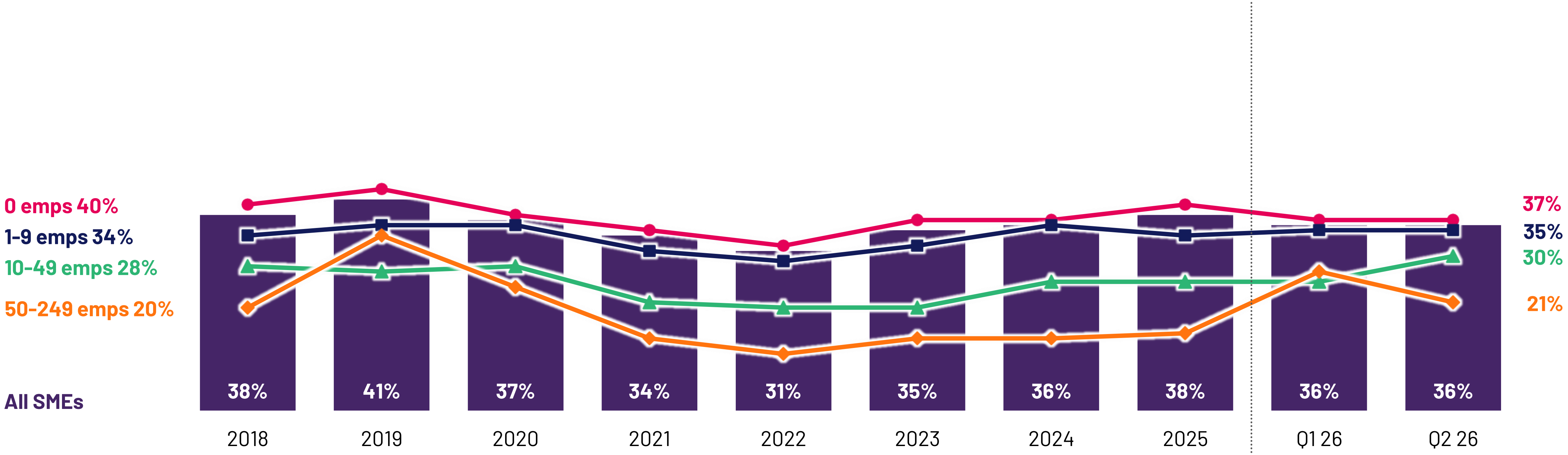
- YEQ2 2026, 33% of SMEs were happy to borrow to grow, increasing by size to 51% of those with 50-249 employees. Those more likely to be happy to borrow to grow included Starts (52%), those in Agriculture (43%), and those planning to grow (44%) or to apply for finance (67%) or to currently be using it (44%)
- Less likely to be happy to borrow to grow were those trading for more than 15 years (28%), those in Health (21%) export only SMEs (28%) and PNBs (17%)

Q96 Base All SMEs YEQ2 2026 3,861

A stable 1 in 3 SMEs thought it could be difficult for them to get finance, still led by the smaller SMEs, though with larger SMEs more likely to agree than prior to 2025

UK Finance

Annual time series: Impression it is difficult for a business like ours to get finance



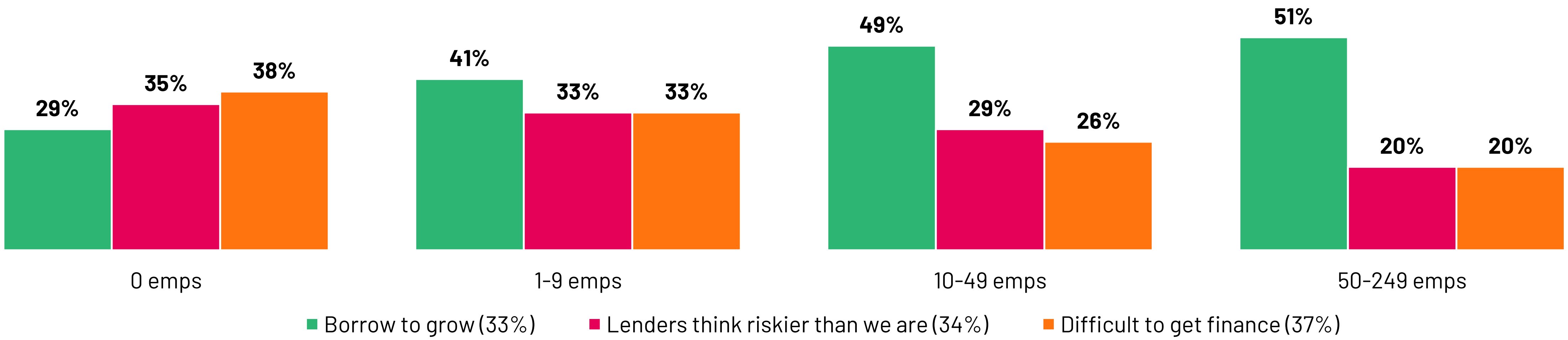
YEQ2 2026, 37% of SMEs thought it could be difficult for them to get finance

- SMEs more likely to think they might struggle to get finance included the smallest and youngest (38% 0 employees and 46% of Starts), as well as 41% in Transport, 55% of those planning to apply and 47% of Future WBS

Q96 Base All SMEs Q2 2026 3,861

Being happy to borrow to grow increased by size of SME while thinking it would be difficult to get finance and/or lenders think they are risky trended the other way

Size summary YEQ2 2026: Key attitudes to finance



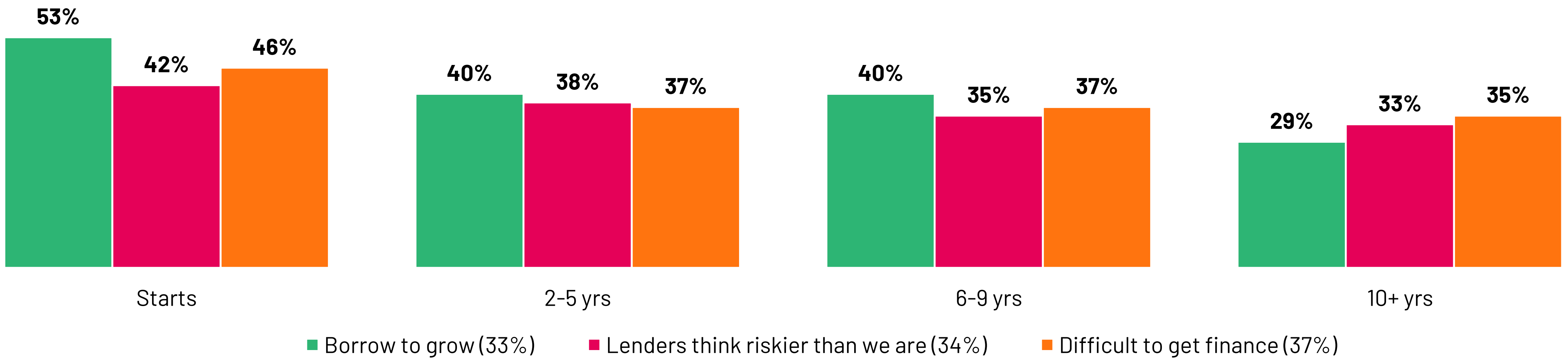
- **Happy to borrow to grow**: YEQ2 26, those more likely to be happy to borrow to grow also included Starts (53%), those in Agriculture (43%), and those planning to grow (44%) or to apply for finance (67%) or to currently be using it (44%)
- **Lenders think riskier**: Those feeling perceived as more risky included those trading for up to 5 years (42% and 38%), those in Transport (41%) and those planning to apply (55%)
- **Difficult to get finance**: Those more likely to think it could be difficult included 46% of Starts, as well as 41% in Transport, 55% of those planning to apply and 47% of Future WBS

Q96 Base All SMEs YEQ2 2026 15,605 3,580/7,672/3,294/1,059

Being happy to borrow to grow was higher for younger SMEs, but so too was feeling it would be difficult to get finance and lenders perceiving them as riskier than they are

UK Finance

Age summary YEQ2 2026: Key attitudes to finance

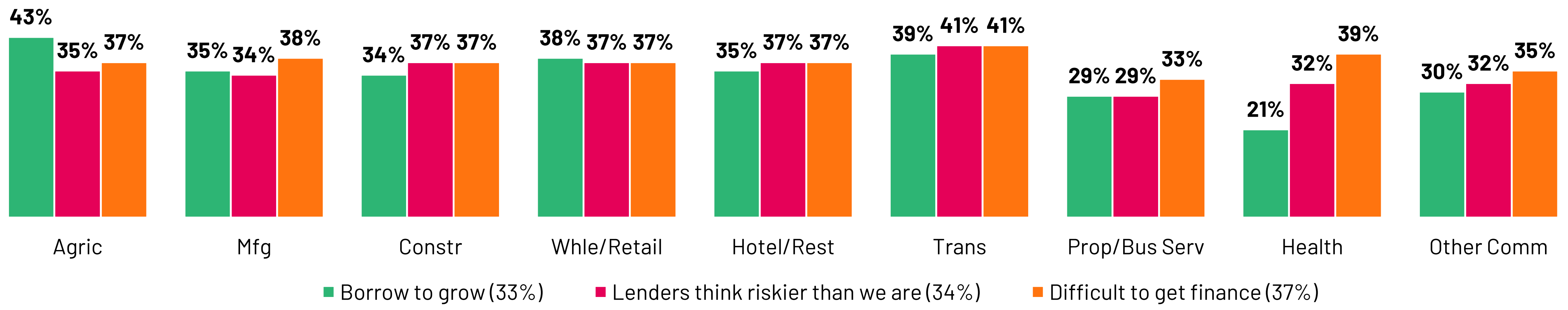


Q96 Base : All SMEs YEQ2 2026 391/1,157/1,608/12,449

Ipsos

Agriculture were most likely to be happier to borrow to grow, while those in Transport were the most likely to see barriers to finance

Sector summary YEQ2 2026: Key attitudes to finance

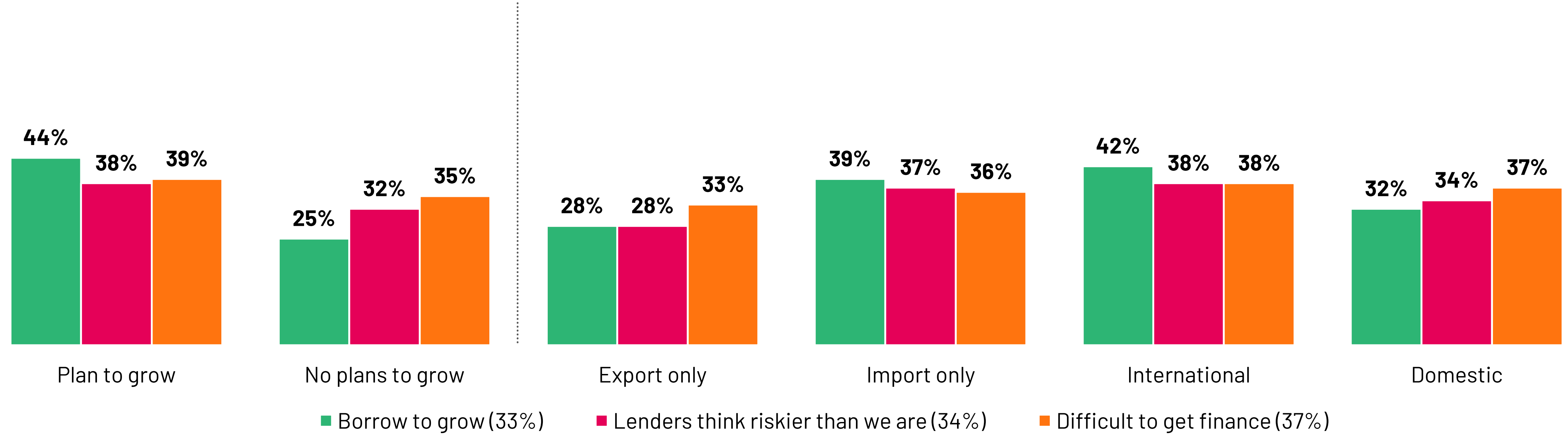


Q96 Base : All SMEs YEQ2 2026 796/2,076/2,564/2,292/866/1,157/3,282/770/1,802

Those with plans to grow were more likely to be happy to borrow to grow but also to see barriers than their non-growing peers. Those with an element of importing to their business were more likely to agree with each of the statements

UK Finance

Growth and international summary YEQ2 2026: Key attitudes to finance

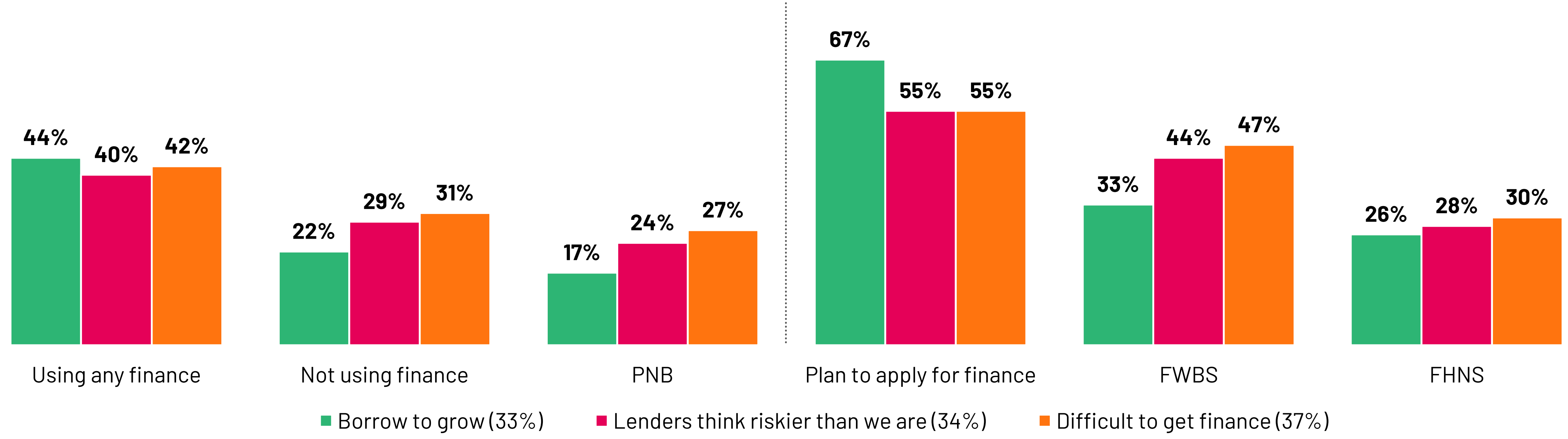


Q96 Base : All SMEs YEQ2 2026 7,395/8,210 887/1,732/1,590/11,396

Those currently using finance were both more likely to be happy to grow to grow and to see problems getting funding and this was even more the case for those planning to apply for finance

UK Finance

Finance and growth summary YEQ2 2026: Key attitudes to finance



Q96 Base : All SMEs YEQ2 2026 9,504/6,101/4,088 2,925/2,117/10,563

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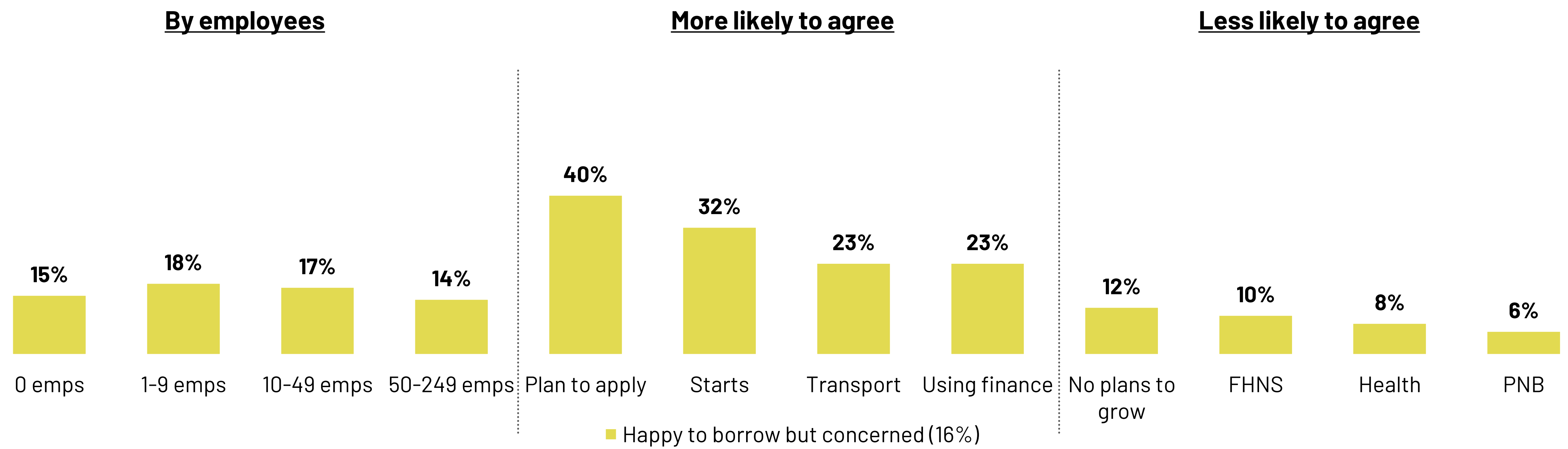
Younger SMEs, those using or planning to apply for finance or to grow were more likely to be happy to borrow to grow but feel they could face difficulties, with limited difference by size of SME

Happy to use finance but think it could be difficult to get: by key demographics YEQ2 2026



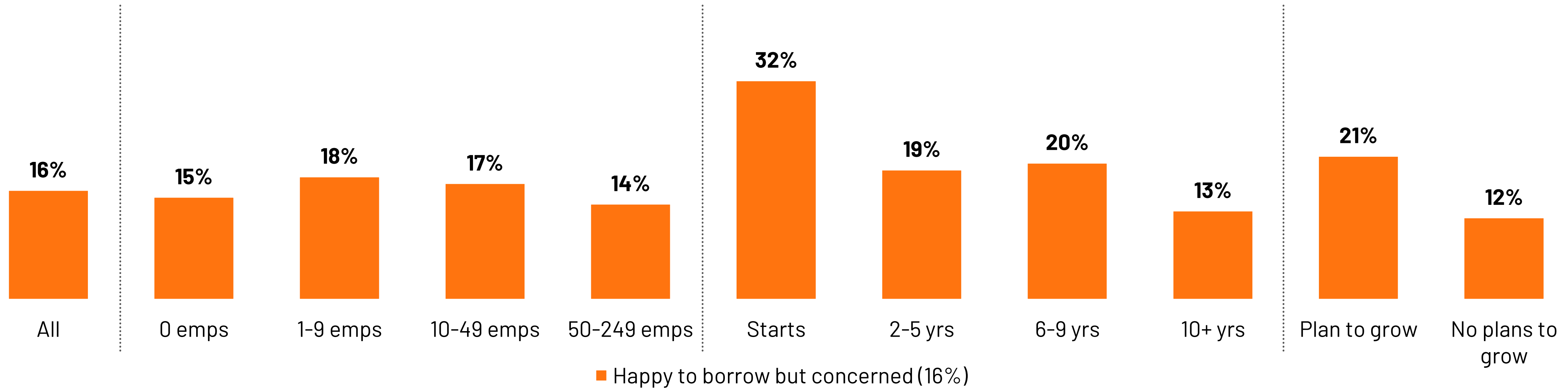
- 16% of SMEs agreed that whilst they were happy to borrow to grow, they thought it could be difficult for them to get finance. This increased to 32% of Starts, 21% of those planning to grow and 23% in Transport. It was higher for those using finance (23%) and higher still for those planning to apply (40%)

Q96 all SMEs YEQ2 2026 15,605

1 in 6 SMEs was happy to borrow to grow but also thought it could be difficult to get finance, higher for both Starts and those with plans to grow

UK Finance

Happy to use finance but think it could be difficult to get: by key demographics YEQ2 2026

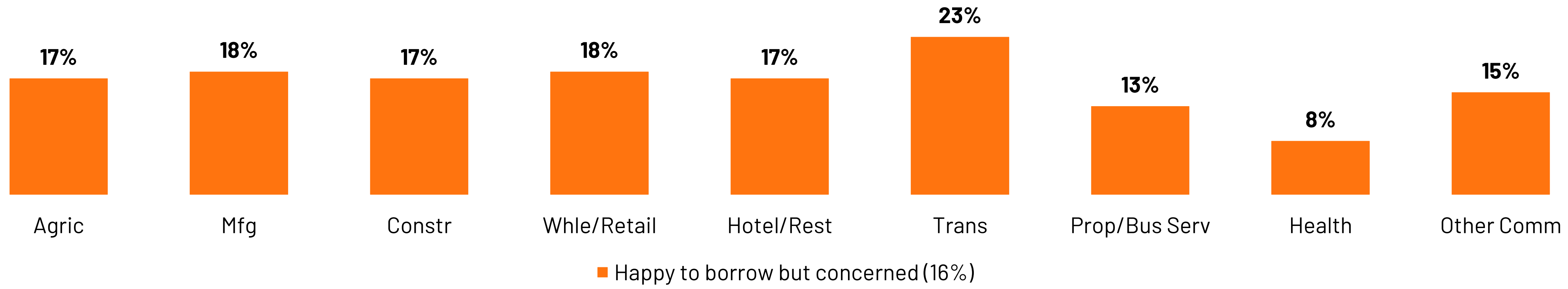


- 16% of SMEs agreed that whilst they were happy to borrow to grow, they thought it could be difficult for them to get finance. This increased to 32% of Starts, 21% of those planning to grow and 23% in Transport. It was higher for those using finance (23%) and higher still for those planning to apply (40%)

Q96 all SMEs YEQ2 2026 15,605

1 in 4 in Health would be happy to borrow but through it could be difficult, compared to 1 in 10 in Health

Happy to use finance but think it could be difficult to get: by key demographics YEQ2 2026

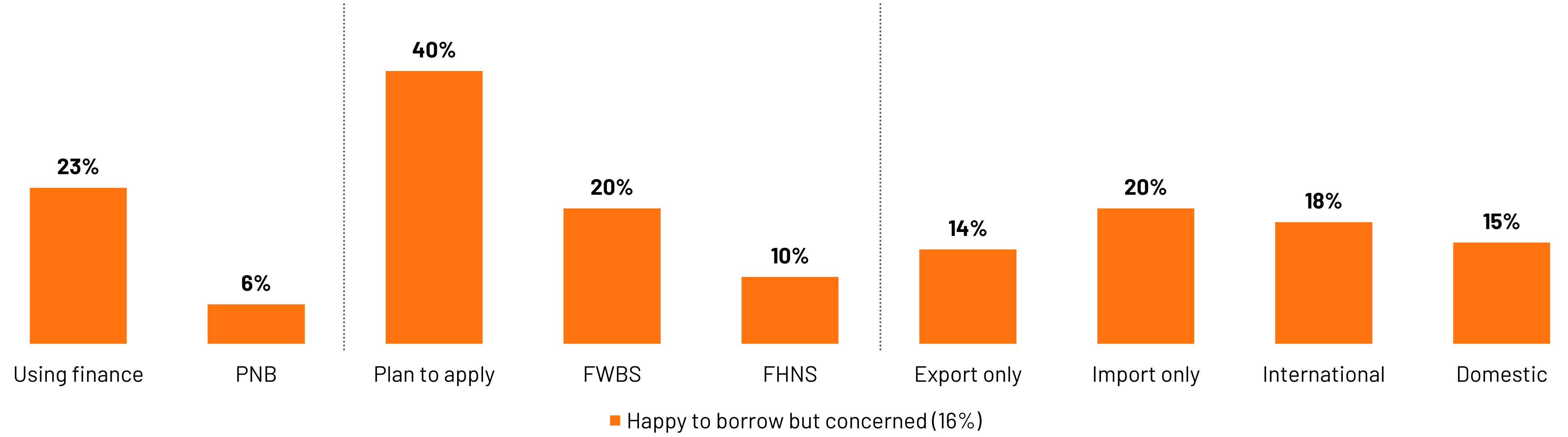


Q96 all SMEs YEQ2 2026 15,605

Concern was higher for those using finance than for PNBs and higher again for those with plans to apply. Those with an element of importing were somewhat more concerned than their peers

UK Finance

Happy to use finance but think it could be difficult to get: by key demographics YEQ2 2026



Q96 all SMEs YEQ2 2026 15,605

APPETITE FOR FINANCE

Overall, 16% of SMEs reported any borrowing event, and 6% had been a Would-be seeker with something stopping them applying for finance – both slightly higher in line with increased use of finance

In the 18 months to Q2 2026, 52% of all applications for new or renewed finance resulted in a facility. 9% were offered a facility but chose not to take it and 39% were declined. Success rates remained higher for larger applicants (81% for 50-249 emps and 78% for 10-49 emps) than for smaller ones (64% 1-9 emps and 42% 0 emps)

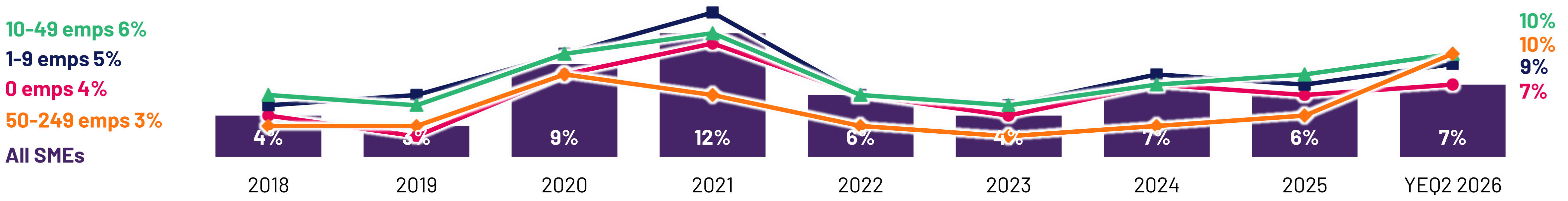
Looking forward, 15% of SMEs planned to apply for finance while 16% were Future would-be seekers, mainly put off by the current economic conditions. 45% of all SMEs were confident they would be successful were they to apply (39% amongst those with plans to do so)

THE APPLICATION PROCESS

4a

7% of SMEs reported a need for funding YEQ2 2026, stable since 2024, as need increased slightly for larger SMEs

Had a need for external funding (whether applied or not) – over time



Q25 Base All SMEs All SMEs YEQ2 2026 15,605

Those with a need who took some action were somewhat more likely to consider applying for funding YEQ2 26 (63%) , but in the end half did, in line with other years, with more self-funding at least part of the need (36%)

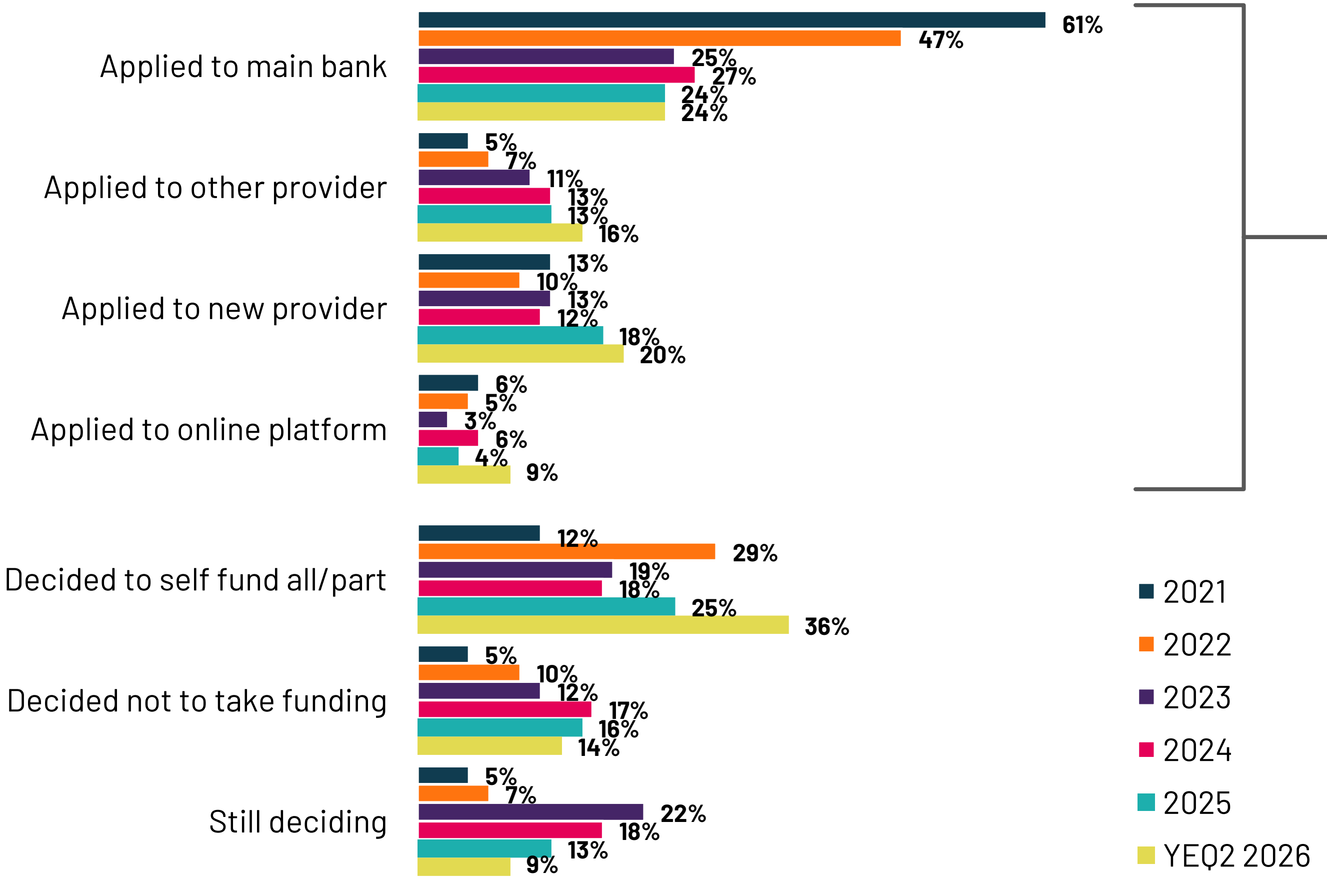
Reported a funding need ▶	Q2-4 20: 10%	2021: 12%	2022: 6%	2023: 4%	2024: 7%	2025: 6%	YEQ2 26: 7%
To fund Cash flow	**81%***	**81%***	**69%***	**43%***	**40%***	**52%***	**49%***
To fund Bus Development	**24%**	**24%**	**37%**	**56%**	**57%**	**54%**	**47%**
Spoke to bank/advisor	**55%**	**48%**	**43%**	**29%**	**34%****	**37%****	**33%****
Spoke to main bank	*38%*	*27%*	*23%*	*10%*	*19%*	*17%*	*15%*
Considered applying	**81%**	**80%**	**58%**	**56%**	**57%**	**56%**	**63%**
To main bank	*67%*	*64%*	*47%*	*30%*	*34%*	*28%*	*35%*
Applied	**80%**	**80%**	**61%**	**50%**	**51%**	**50%**	**51%**
To main bank	*65%*	*61%*	*47%*	*25%*	*27%*	*24%*	*24%*
Self-funded element	**12%**	**12%**	**29%**	**19%**	**18%**	**25%**	**36%**

Base varies, those who took no action excluded after each stage * from Q2 2020 this includes "Coping with impact of Covid 19" changed to "through trading difficulties" from Q1 2023. **From Q1 includes "Spoke to a finance broker"

The main bank continued to take a smaller proportion of applications than previously seen, with more mentions of applying to a new provider, and a bigger role for self-funding

UK Finance

Applications made as a result of a need for finance



Any application:

- 80% 2021
- 61% 2022
- 50% 2023
- 51% 2024
- 50% 2025
- 51% 2026

Excluding the undecided YEQ2 2026 showed:

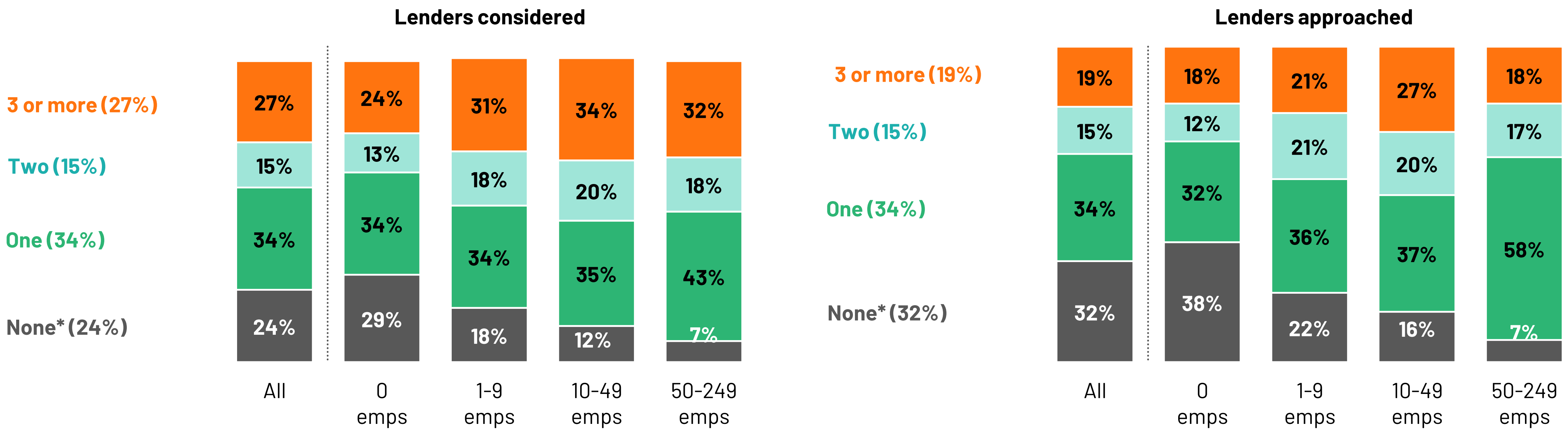
- 56% applied somewhere (v 61% 2024 and 53% in 2025)
- 27% applied to main bank (v 33% in 2024 and 25% in 2025)
- 18% applied to existing provider (v 16% in 2024 and 14% in 2025)
- 22% applied to a new provider (v 15% in 2024 and 19% in 2025)

Q31 All respondents with a need for finance who had taken action 1804/904/665/988/993/1,224

4 in 10 SMEs taking action (42%) had *considered* 2 or more lenders, while slightly fewer (34%) had *approached* this many

UK Finance

Number of providers considered and approached by those with a need for funding YEQ2 2026



- Those with a need for funding considered 2.5 lenders on average, with limited variation by size. Those considering more lenders included those trading 2-5 years (3.0), in Health (3.8) and in Manufacturing (2.9)
- They also approached 2.3 lenders on average, increasing to 2.9 for those trading 2-5 years, 3.8 in Health and 2.7 in Construction

Q30x Base : All SMEs who took action on a need for funding excl DK YEQ2 2026 1,184 *the majority of those saying none did not make an application

Ipsos

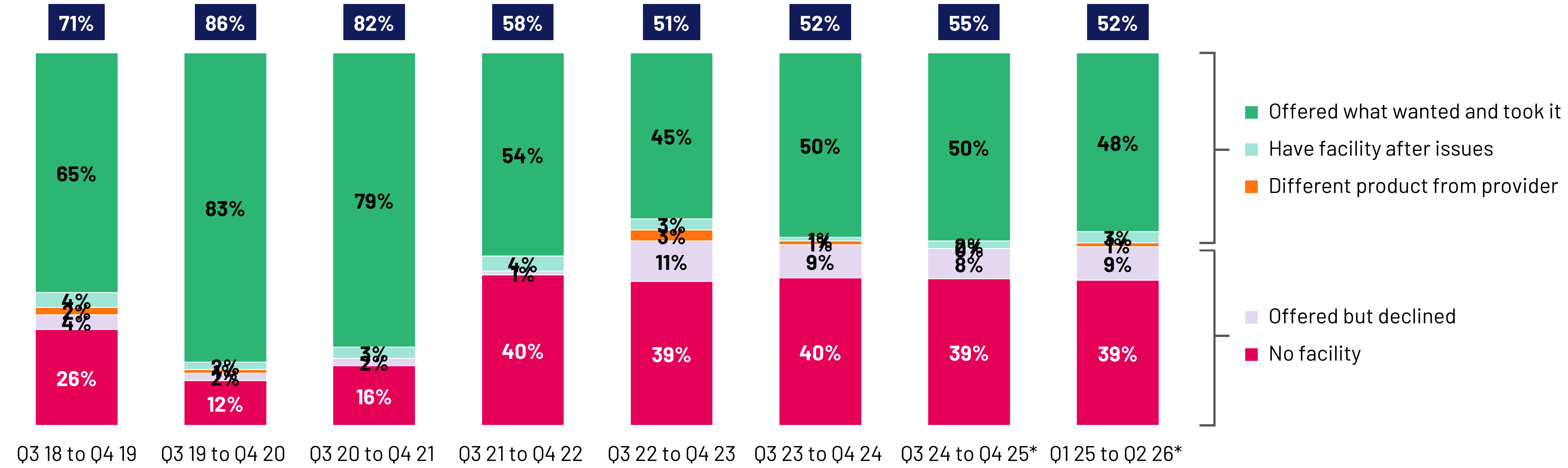
APPLICATION SUCCESS RATES

4b

Post the era of Government backed schemes, around half of applications have been granted. 1 in 10 turned down the facility offered to them

UK Finance

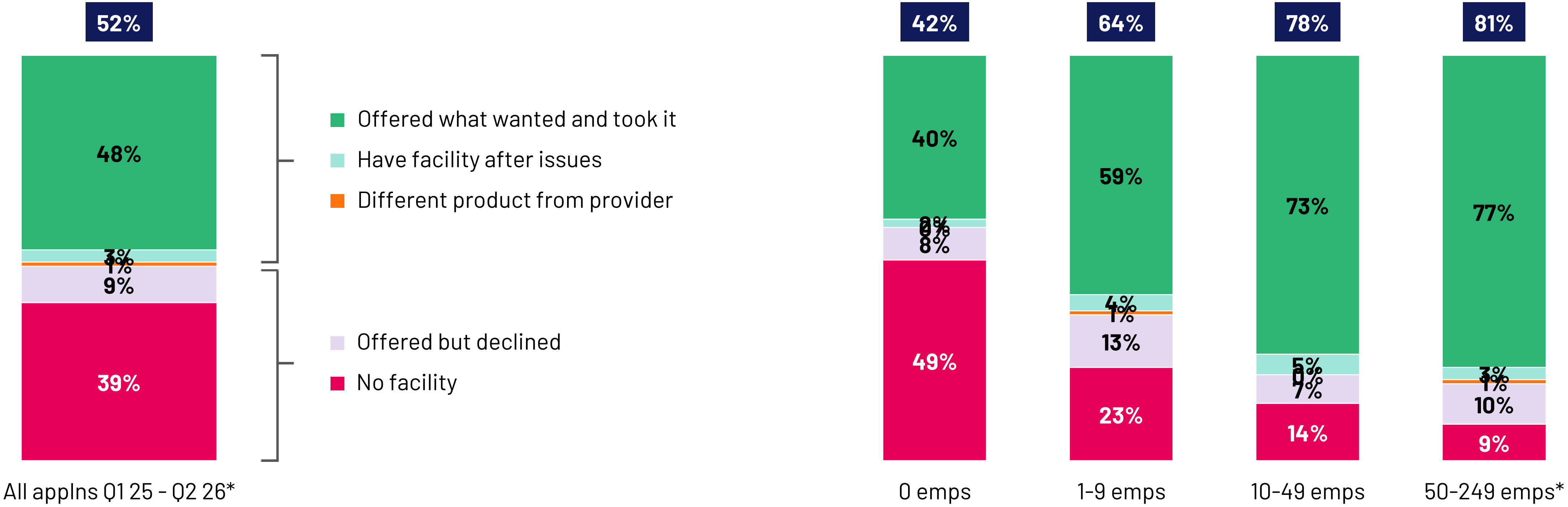
Global success rate: all applications reported from Q3 2018 to Q2 2026, occurring in the periods shown



Q39/57 Base : All Type 1a/b applications with a response 1552/3698/2245/1078/1056/1442/1666/1515

Success rates continued to differ markedly for applicants with more than 10 employees where most got the funding they applied for

Success rate by size: all applications Q1 25 to Q2 26 with a response

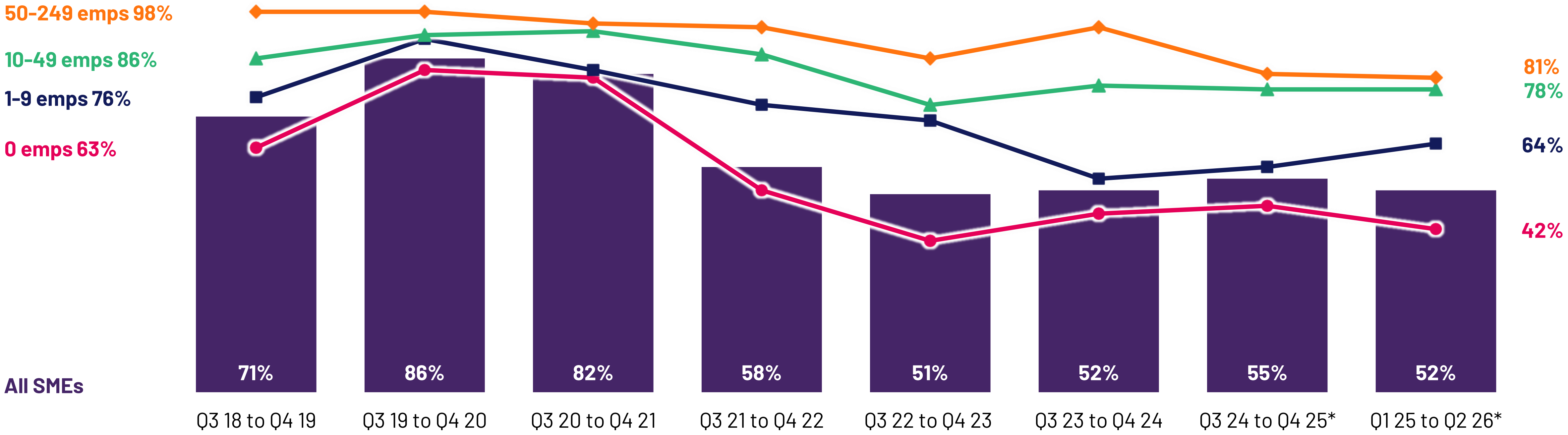


Q39/57 Base : All Type 1a/b applications with a response 1515/172/763/449/131 CARE SMALL BASE

Success rates remained stable but below pre-pandemic levels overall and with clear differences by size of applicant

UK Finance

Annual time series: Success rate - all applications (interim data for last 2 time periods shown)

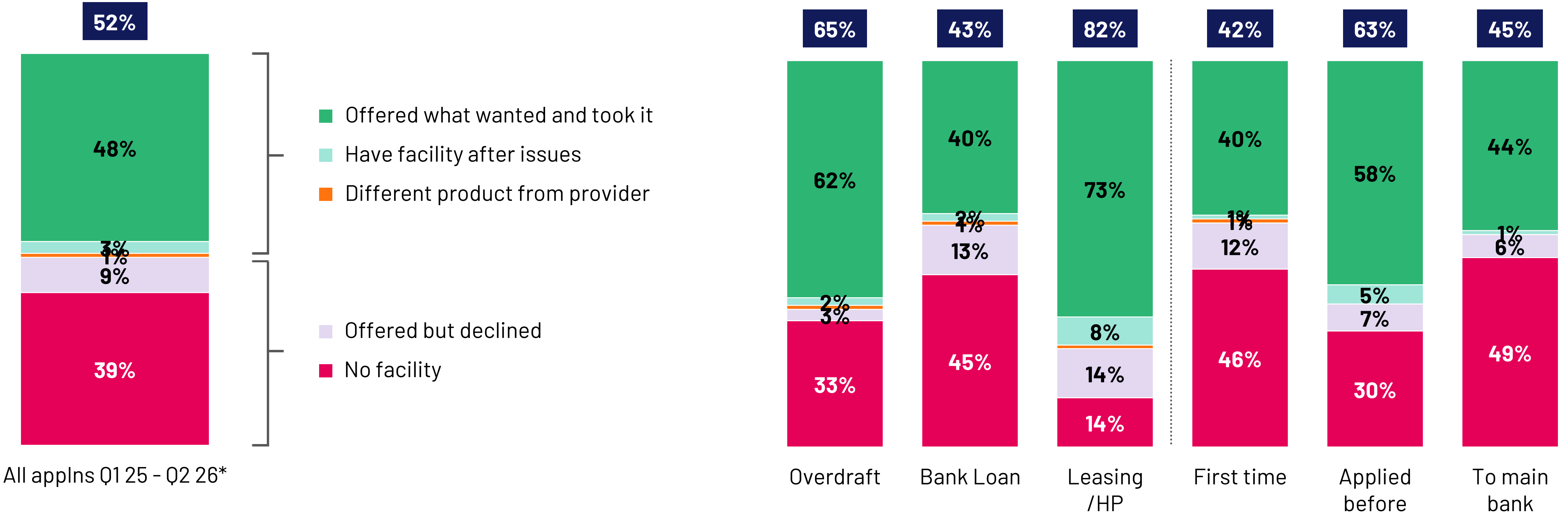


All SMEs Q1 2024 to Q2 2025 interim data from SUCRATE FILTERS table response 1515 172/763/449/131 CARE RE LOW BASE

Ipsos

Bank overdrafts remained more likely to have been successful than loans, with leasing still recording the highest success rates. Those that had borrowed before also remained more successful

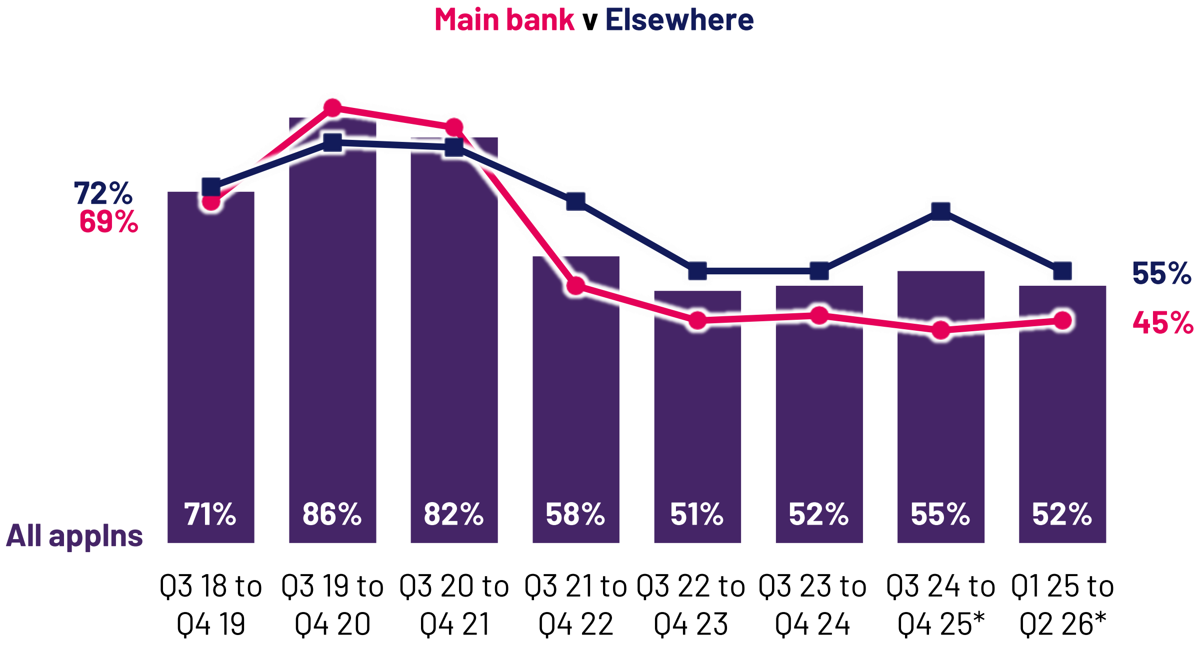
Product / demographic success rate: all applications Q1 25 to Q2 26 with a response

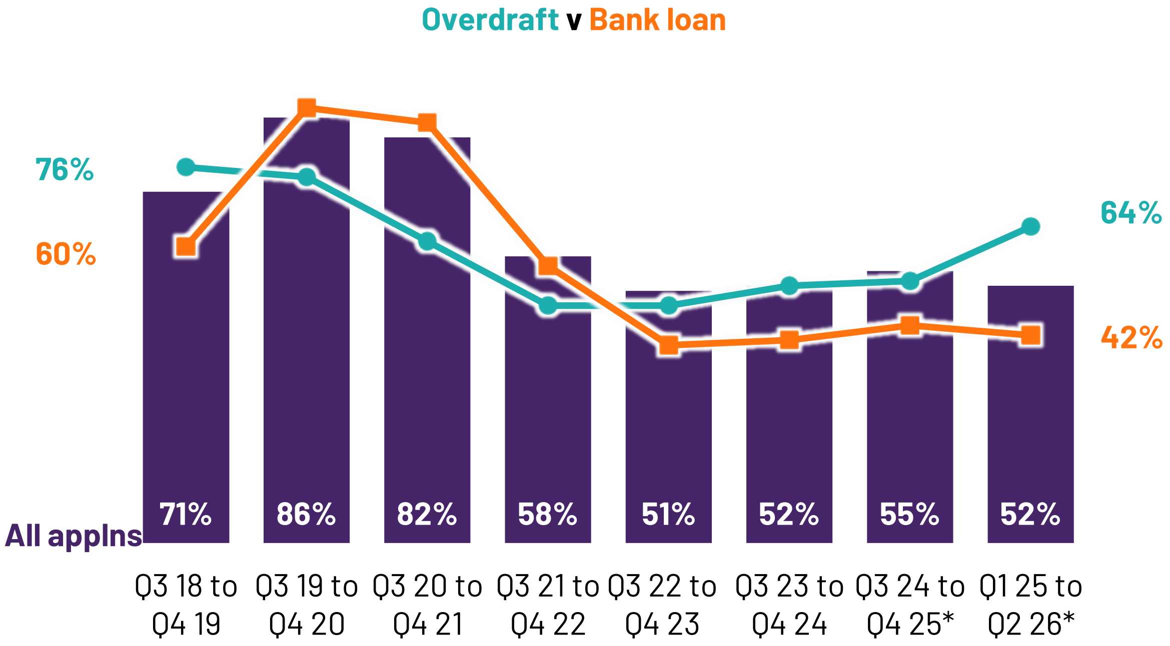


Q39/57 Q39/57 Base : All Type 1a/b applications with a response 1515 207/543/306 562/923/ 575

Success rates for applications made to the main bank remained below those made elsewhere, but the margin has narrowed again . Success rates for overdrafts have increased slightly, extending the gap to loans

Annual time series: Success rate (all applications) indicative for 2025-26

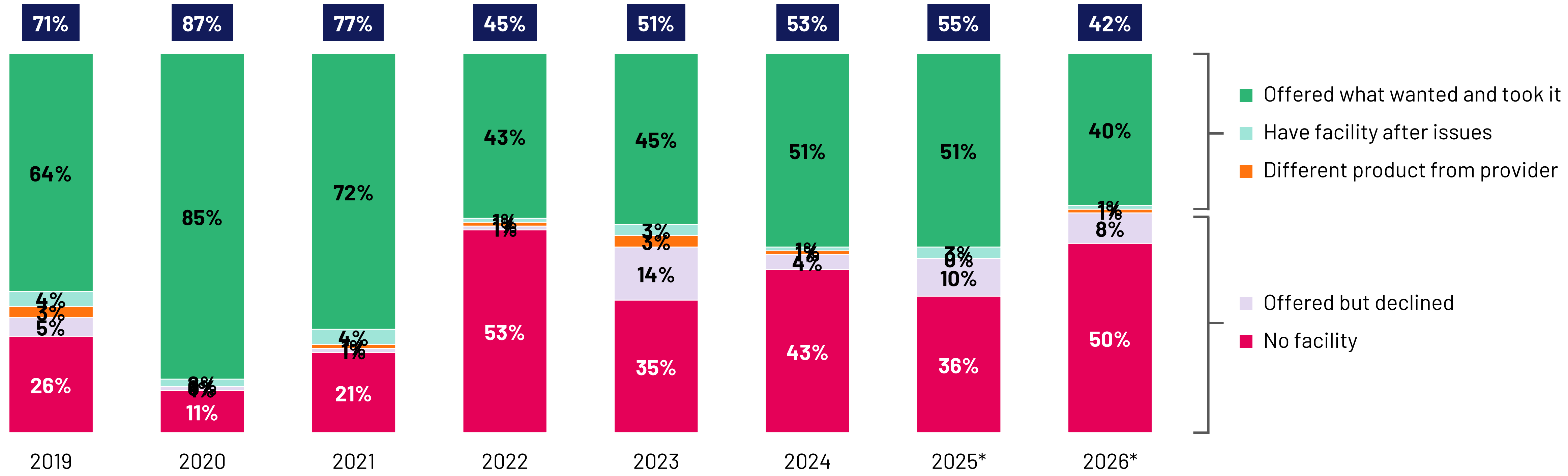




All SMEs applying in each period 1515 575/940 207/543

After an improvement in rates in 2025, applications reported to date in 2026 have been somewhat less likely to result in a facility

Global success rate: all applications reported from Q1 2018 to Q2 2026, occurring in the periods shown



Q39/57 Base : All Type 1a/b applications with a response 984/3237/1057/557/800/1033/1144/371

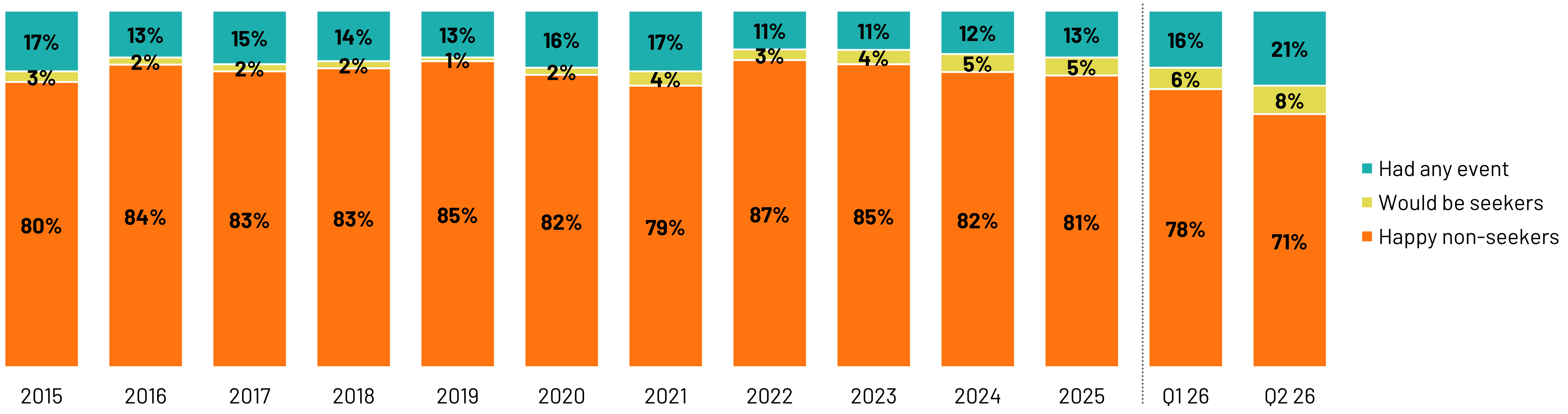
PAST AND FUTURE APPETITE FOR FINANCE

4c

After a gradual increase in reported appetite for finance 2023-2025, SMEs in the first half of 2026 have been more likely to report a borrowing event, or to have been a Would-be seeker of finance

UK Finance

Annual time series: Borrowing profile (past 12 months)



- 16% of SMEs reported a borrowing event YEQ2 2026, with the proportion increasing during that period. A small minority of SMEs said they wanted to apply but something stopped them (6%)
- Those more likely to report a borrowing event YEQ2 2026 included those with 10-49 employees (23%), those in Agriculture (26%) and those using any form of external finance (30%)

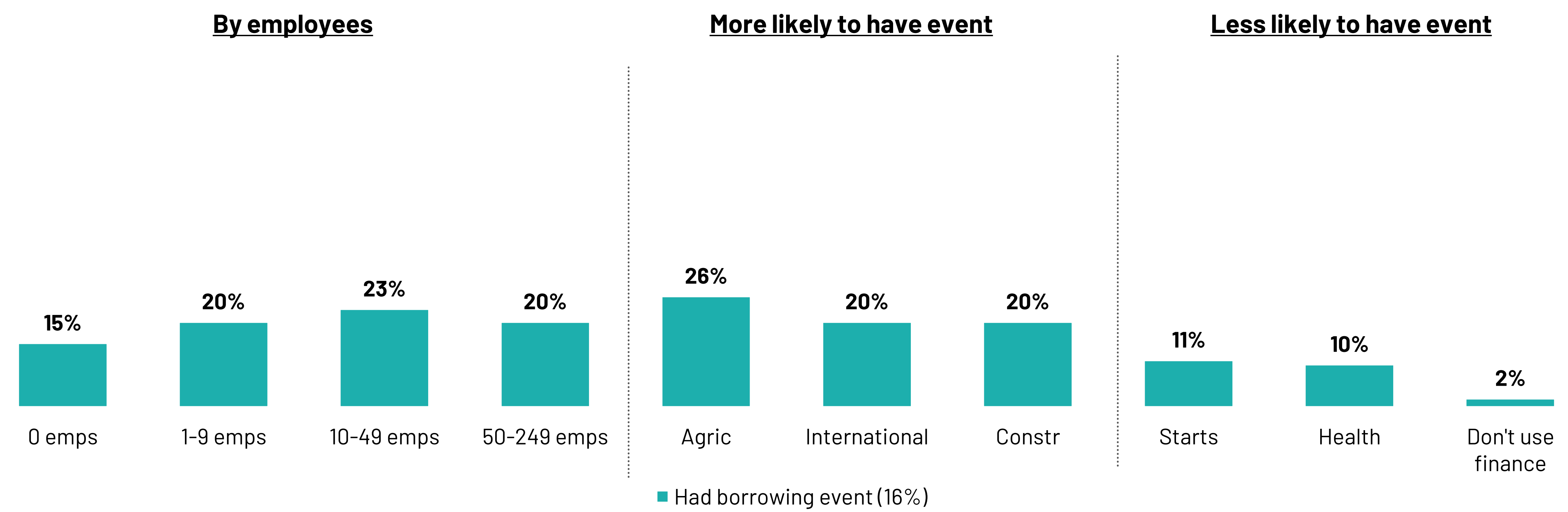
Pastfin Base : All SMEs Q2 2026 3,861

Ipsos

Those already using finance were more likely to report a borrowing event, as were those with 10-49 employees or in Agriculture

UK Finance

Had a borrowing event: by key demographics YEQ2 2026

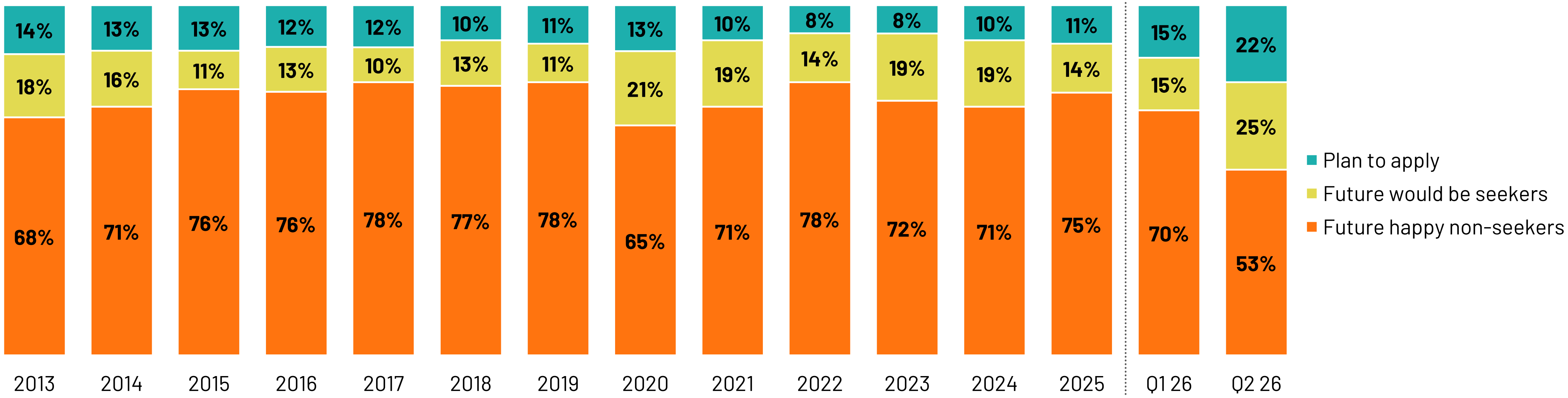


Q96 all SMEs YEQ2 2026 15,605

Looking forward, the proportion planning to apply has also increased in the first half of 2026, and there are also more SMEs expecting to be a Future WBS

UK Finance

Annual time series: Borrowing profile in future



- YEQ2 2026, 15% of SMEs expected to apply for finance and a further 16% expected to be a Future would-be seeker of finance, both somewhat higher than previously seen
- Those with 10-49 employees were more likely to be planning to apply (23%), as were 22% of Starts, those in Agriculture (19%) and those already using finance (25%)

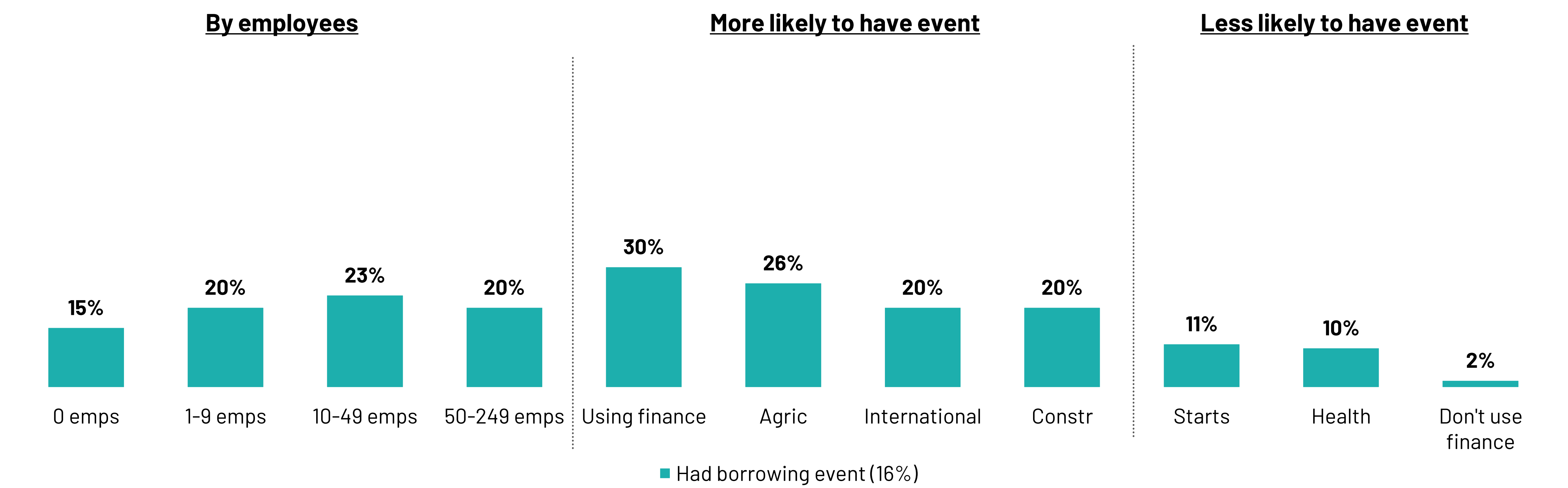
Futfin Base : All SMEs Q2 2026 3,861

Ipsos

Those already using finance were more likely to report a borrowing event , as were those with 10-49 employees or in Agriculture

UK Finance

Had a borrowing event: by key demographics YEQ2 2026

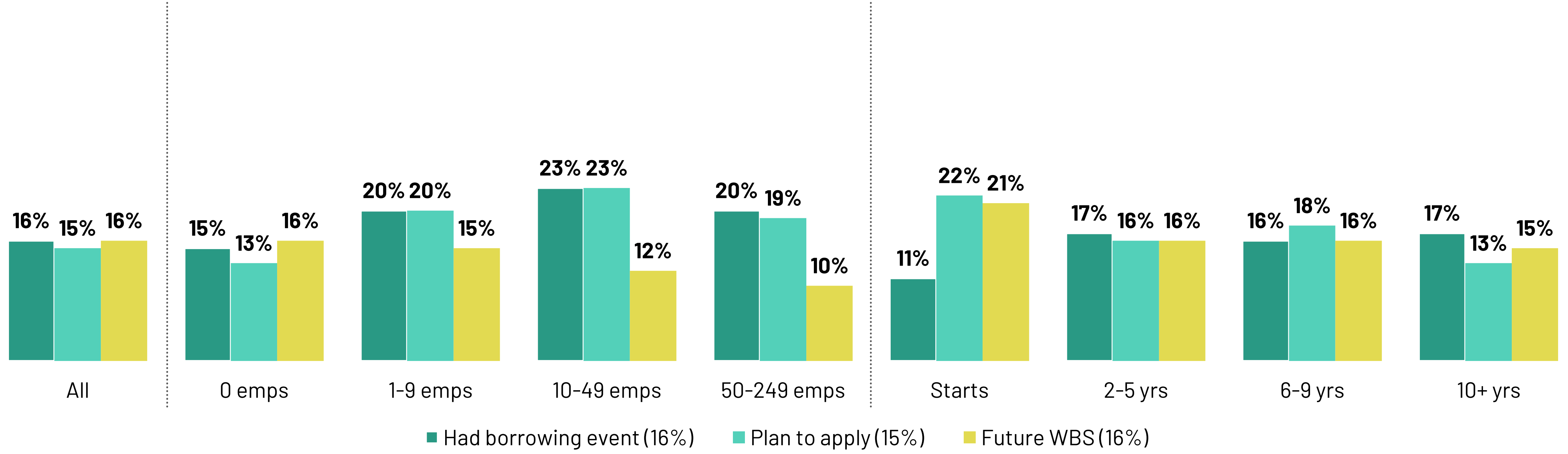


Q96 all SMEs YEQ2 2026 15,605

Ipsos

Larger SMEs were more likely to be planning to apply for finance than to expect to be a Future WBS. With the exception of Starts, a similar proportion of SMEs by age were planning to apply as had reported a borrowing event in the previous 12 months

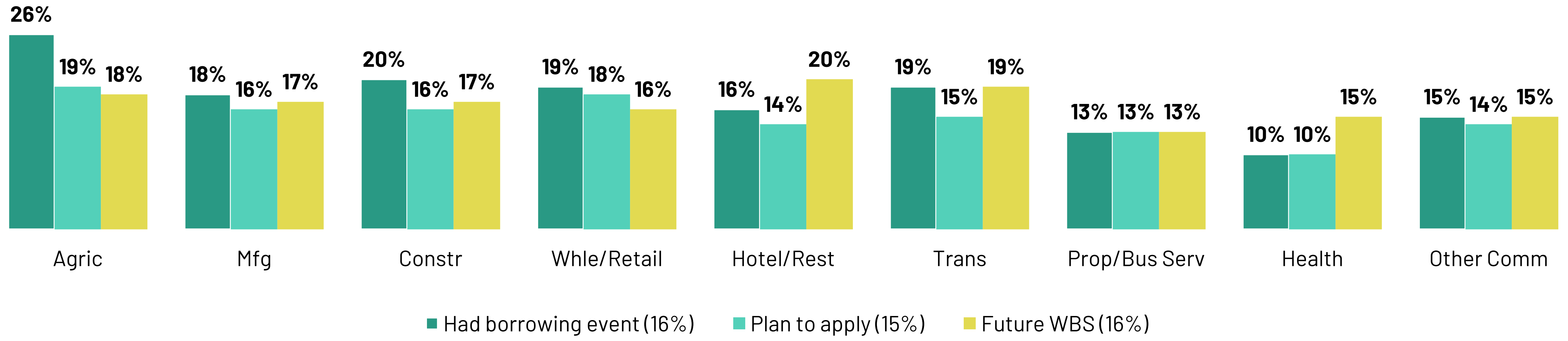
Past or future appetite for finance: by key demographics YEQ2 2026



Pastfin/Fut fin all SMEs 15,605 – includes Had an event, plan to apply and Future would-be seekers

Those in Agriculture were the most likely to have had a borrowing event and they were also the most likely to be planning to apply, along with Wholesale/Retail. Hospitality and Transport were most likely to expect something to stop them applying

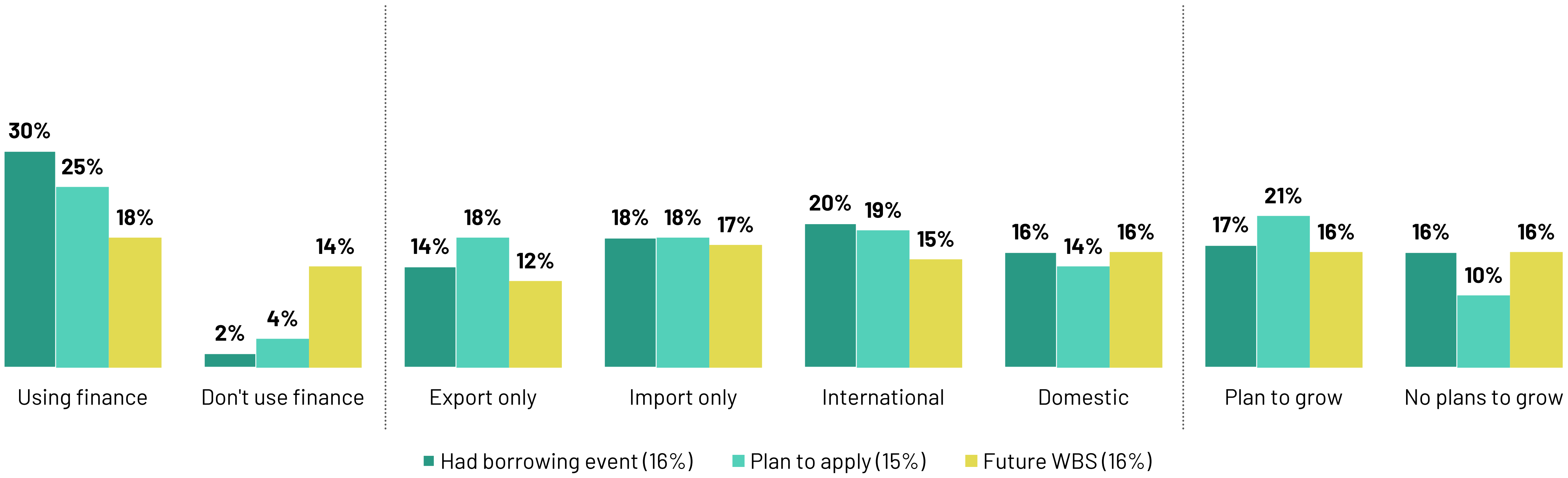
Past or future appetite for finance by key demographics YEQ2 2026



Pastfin all SMEs 15,605 – includes Had an event, plan to apply and Future would-be seekers

Most future appetite for finance came from those already using finance. Plans to apply varied relatively little by international trade, but were more likely amongst those planning to grow

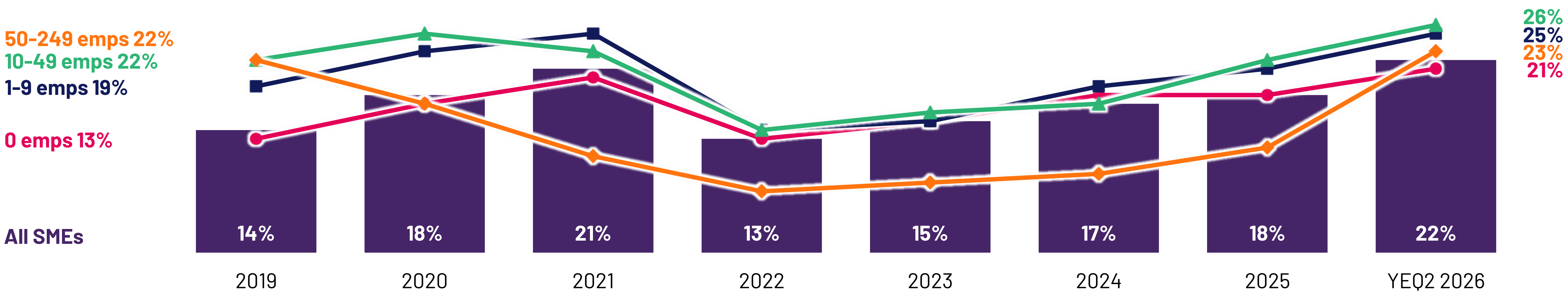
Past or future appetite for finance: by key demographics YEQ2 2026



Pastfin all SMEs 15,605 – includes Had an event, plan to apply and Future would-be seekers

Any *past* financial engagement (past event or would be seeker) has increased across all size bands since 2022 , now back to 2021 levels

Annual time series: Any appetite for finance (event or would-be seeker) in last 12 months



Pastfin Base : All SMEs YEQ2 2026 15,605 - includes Had an event and Would-be seekers

Any *future* appetite for finance has also varied over time. The increase in the current period to 31% was seen across all size bands

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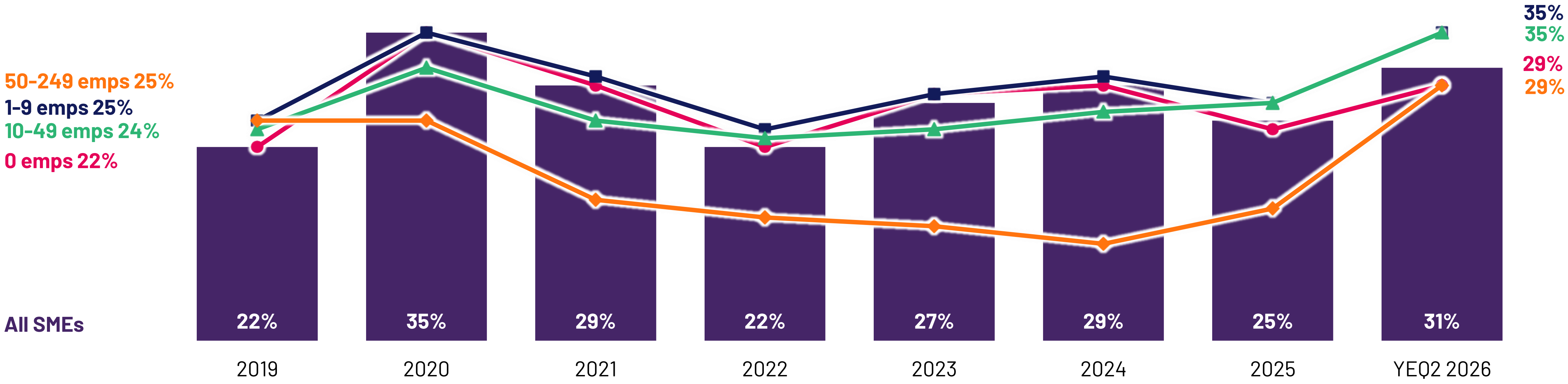
Annual time series: Any future appetite for finance (plan to apply/renew or Future would-be seeker)

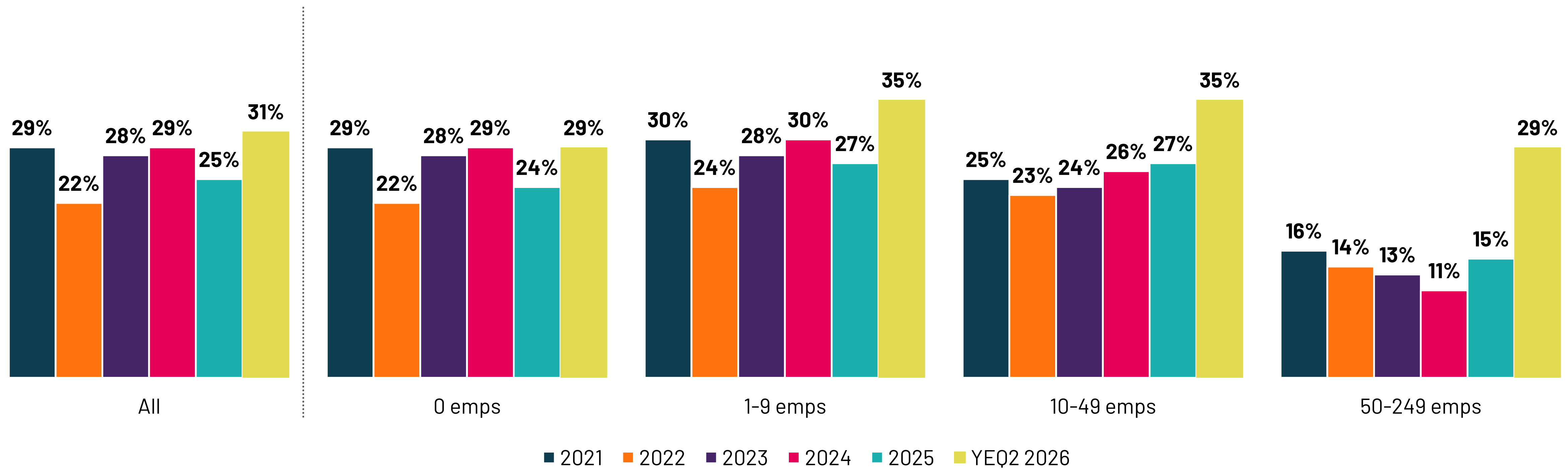


Futfin Base All SMEs YEQ2 2026 15,605 includes Plan to apply and Future would-be seekers

Ipsos

Any future appetite for finance has increased steadily for those with 10-49 employees and increased markedly after several years of decline for those with 50-249 employees

Any future appetite for finance– over time

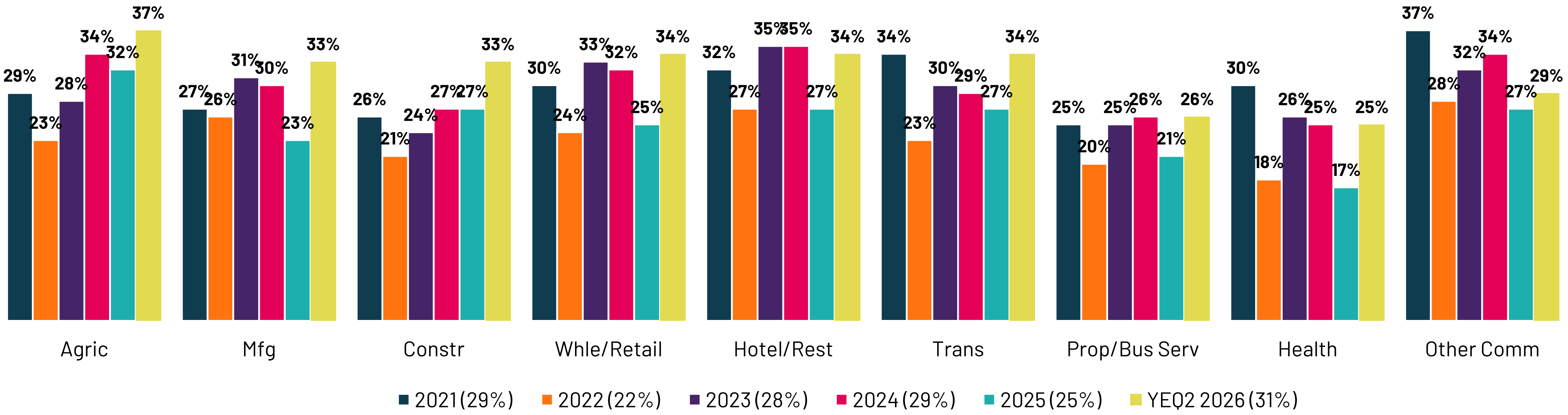


Futfin Base : all SMEs YEQ2 2026 15,605 3,580/7,672/3,294/1,059 includes Plan to apply and Future would-be seekers

All sectors saw some increase in future appetite for finance, most notably Manufacturing and Wholesale/Retail

UK Finance

Sector summary: Any future appetite for finance– over time

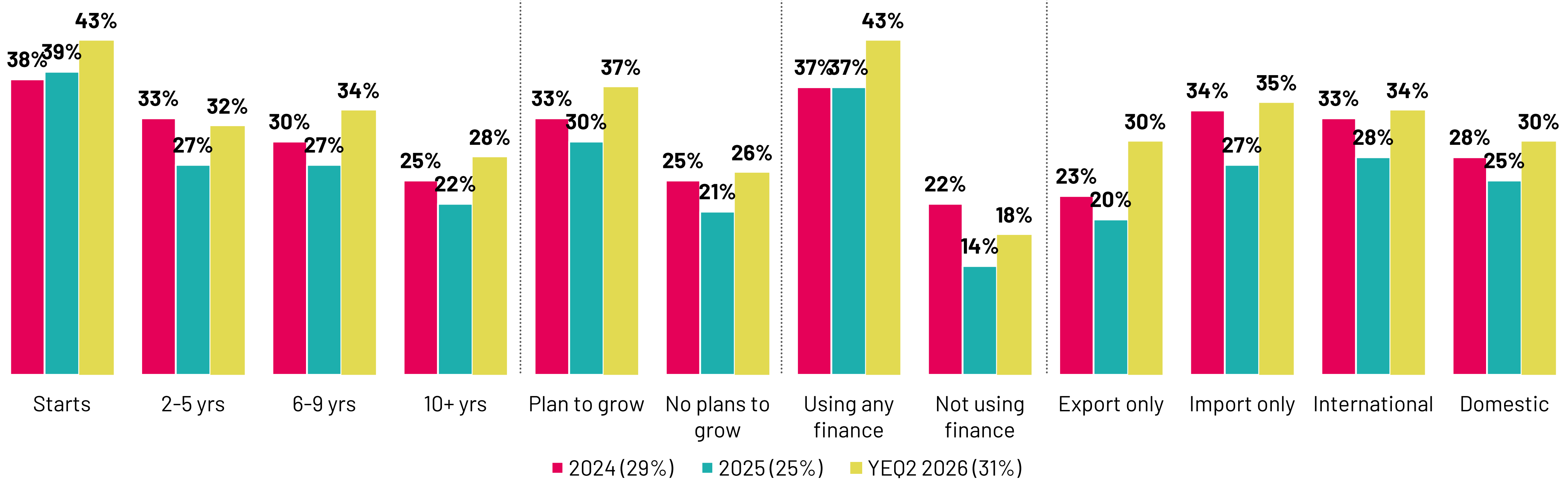


Futfin all SMEs YEQ2 2026 796/2076/2,564/2,292/866/1,157/3,282/770/1,802 includes Plan to apply and Future would-be seekers

Ipsos

Any future appetite for finance increased more for older SMEs and for those using finance already and for all types of international SME

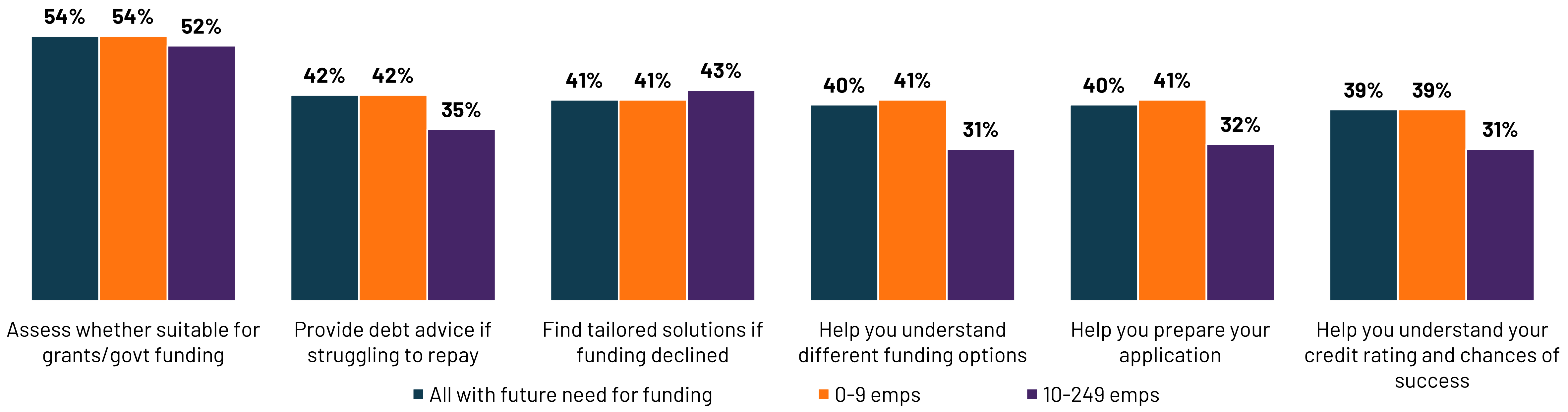
Finance and growth summary: Any future appetite for finance YEQ2 2026



Futfin Base : All SMEs YEQ2 2026 391/1,157/1,608/12,449 7,395/8,210 9,504/6,101 887/1,732/1,590/11,396 includes Plan to apply and Future would-be seekers

Half of those with a need for finance would be likely to use a service offering information on grants and government funding. Smaller SMEs were typically more likely to think they might use the other options

Useful help when applying for finance – all with future need for funding

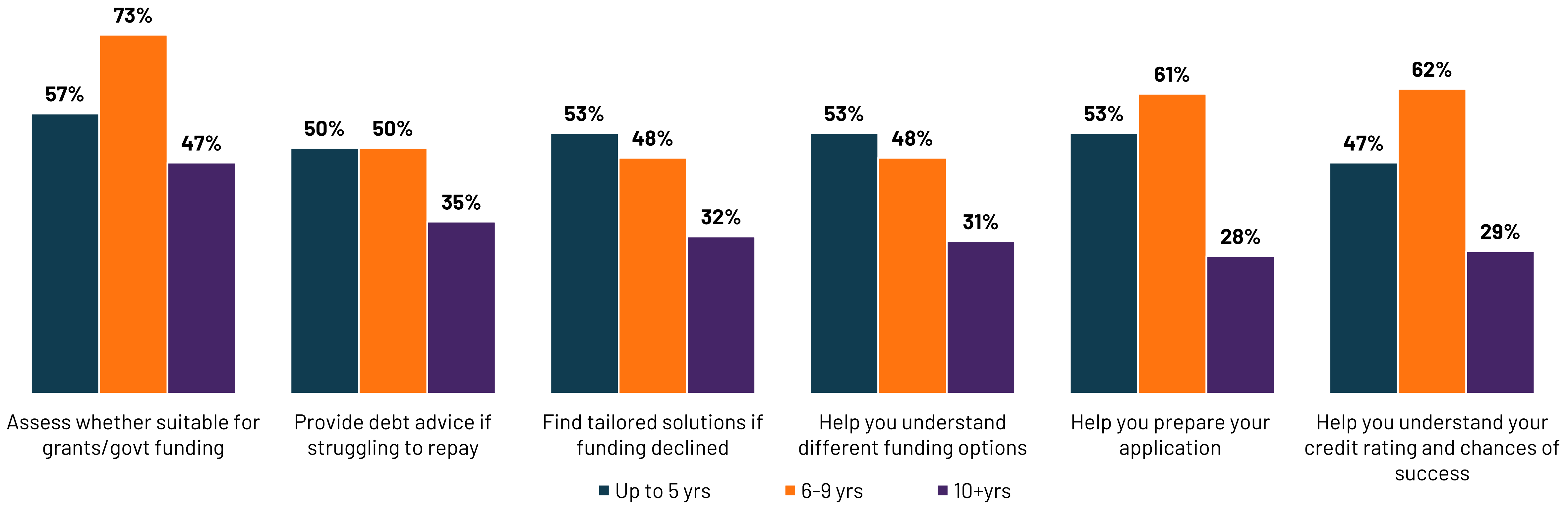


Futfin Base : all SMEs Q1 2026 1043 763/280

Those with a need for finance who had been trading for up to 10 years were more likely to think they would take advantage of these services

UK Finance

Useful help when applying for finance – all with future need for funding



Futfin Base : all SMEs Q1 2026 192/141/710

Ipsos

While 3 in 10 past Would-be seekers mentioned the process as the main barrier to application, 4 in 10 of those looking forward mentioned the economic climate or their predicted performance in that climate

Main reason for not seeking borrowing – All "Would-be seekers" YEQ2 2026

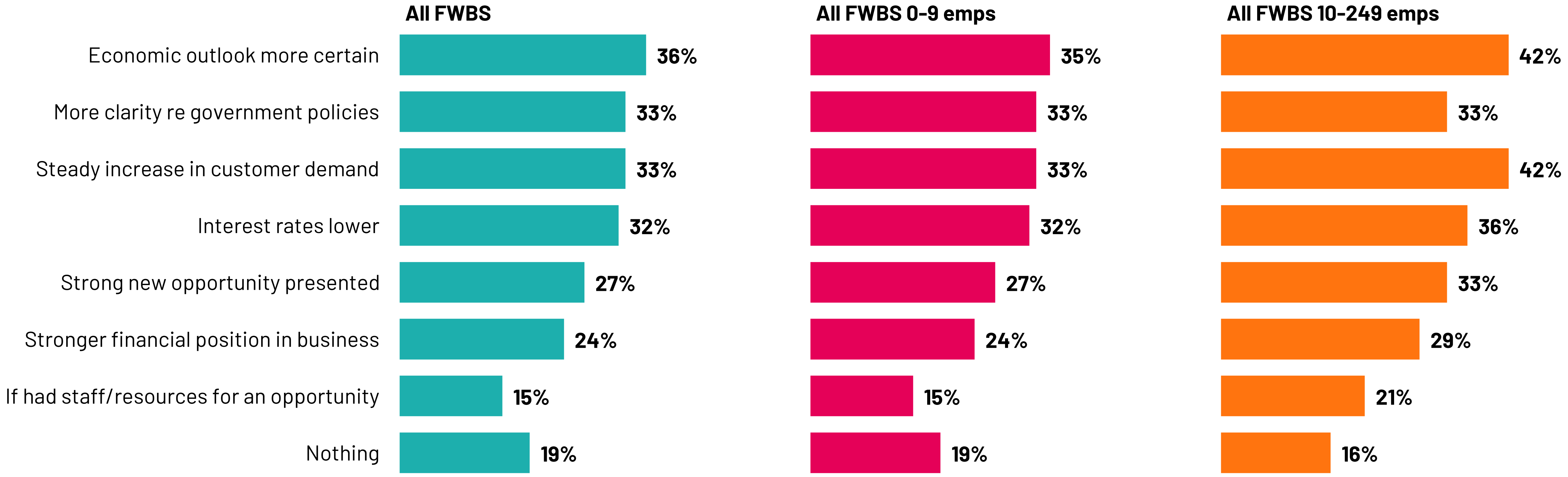
Main reason for not applying:	6% of SMEs were "Would be seekers" of finance	16% of SMEs were "Future would be seekers" of finance
Discouraged: had asked informally but felt put off, or assumed would be turned down, already borrowing all we could, banks don't lend to us for environ/ethical	**16%** *(1% direct)*	**9%** *(1% direct)*
Process: think it's too expensive, too much hassle, needs security	**29%**	**16%**
Principle: prefer not to lose control, or can get funds elsewhere: no longer includes "prefer not to borrow"	**11%**	**12%**
Climate: felt it was not the right time to borrow in the current economic climate	**22%**	**40%** *(30% economic climate, 10% performance)*

Q32b/77b Q104/105 670/2117

Base : All "would be seekers" 250 H2 2025 /454 YEQ2 2026 Indirect discouragement now includes "thought I would be turned down" AND "already borrowing as much as felt we could"

For those who saw the economic climate as a barrier to a future application, a more certain economic outlook was key. For larger FWBS a steady increase in customer demand was equally key, while smaller FWBs gave more of a range of answers

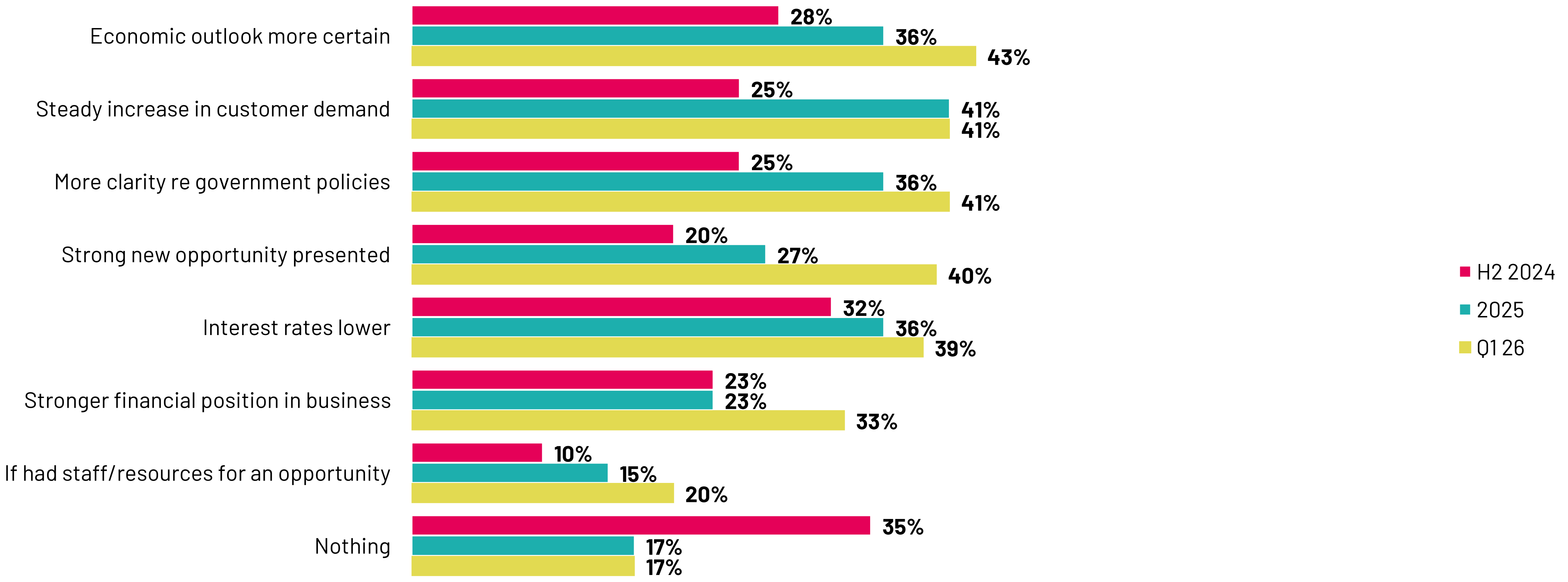
What would need to change about the economic climate – All “Future Would-be seekers” giving this as main reason Q3 25 – Q1 26



Q104b All FWBS selecting economic climate YEQ2 2026 518/381/137

In Q1 2026 there were more mentions than before of a more certain economic outlook. Within the business there was more appetite if a strong new opportunity presented, but also concern re the financial position and having the resources available

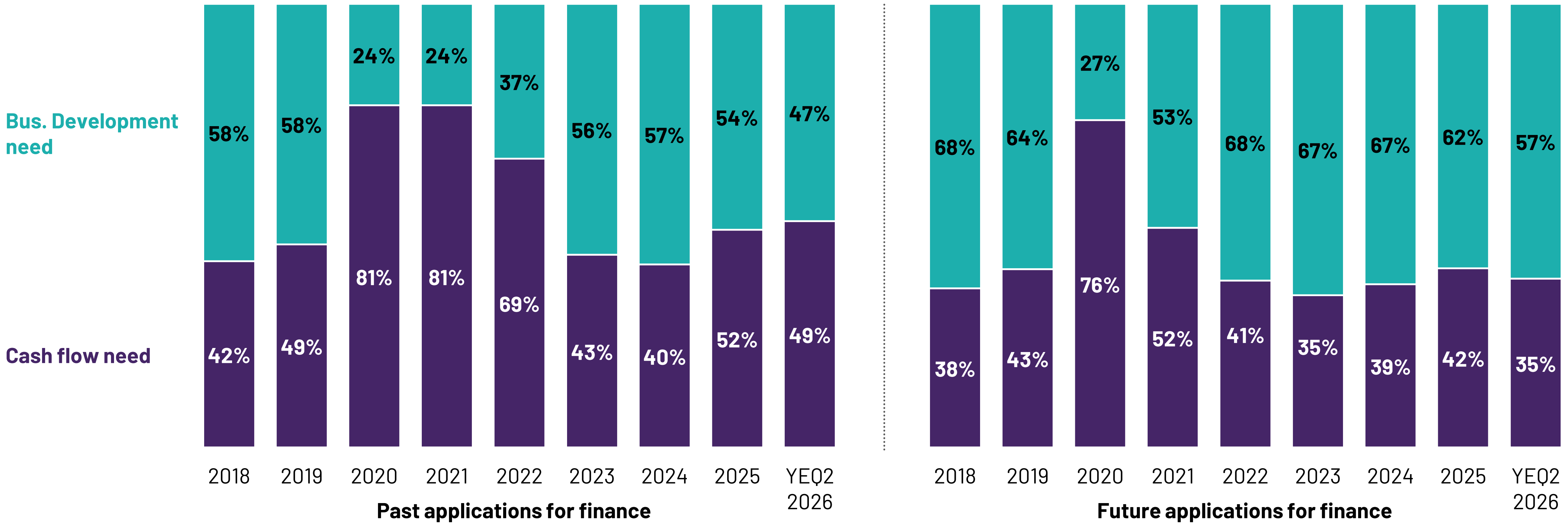
Changes needed to borrow in current economic climate - All Future WBS selecting this option over time



Q104b All FWBS selecting economic climate 607/385

The proportion that applied to meet a cash flow need has increased in recent quarters. *Future* finance still leans more towards business development, but this suggests those planning to apply for cash flow reasons were more likely to convert

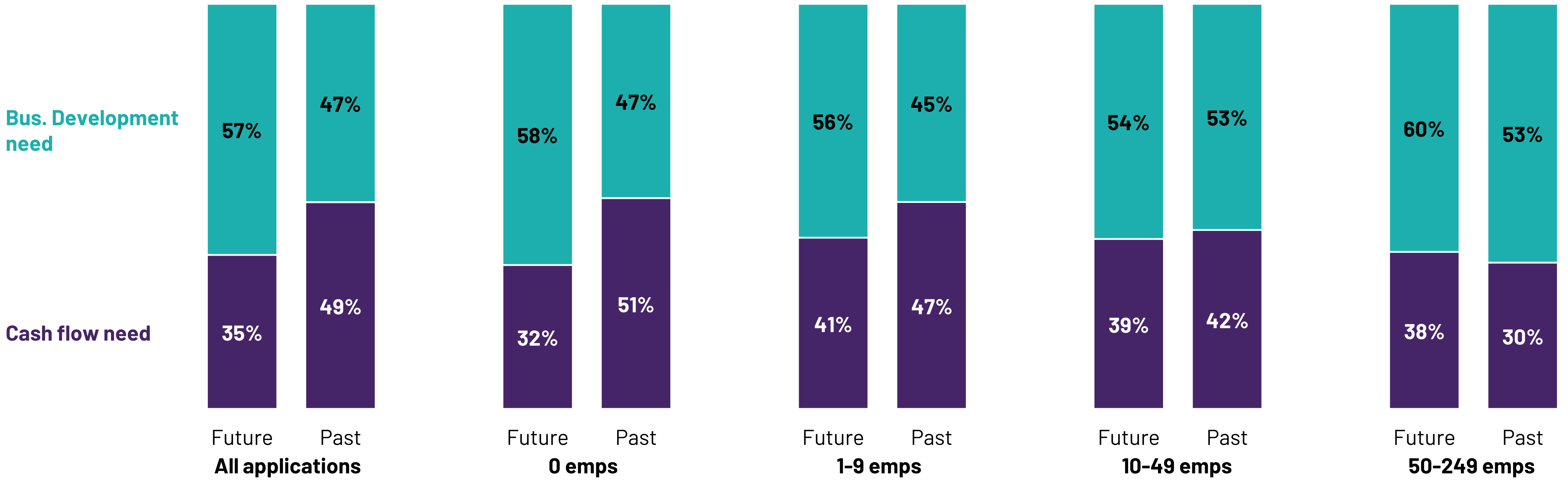
Annual time series: Reason for applying/planning to apply



Q26/ Base : All SMEs who had need for funding Q26 (1,308) / All planning to apply/renew Q100 (2,925)

57% of those planning to apply thought it would be for business development reasons, but BD makes up 47% of recent applications, with the 0 emp SMEs most likely to aspire to apply for BD funding but to actually apply for cash flow

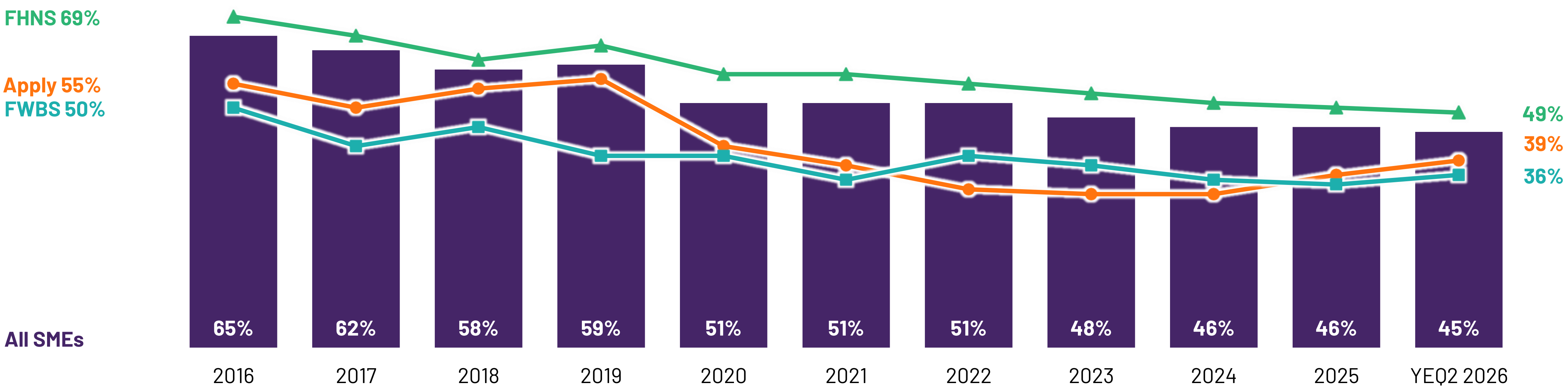
Reason for applying/planning to apply YEQ2 2026



Q26/ Base : All SMEs who had need for funding Q26 (1,308) / All planning to apply/renew Q100 (2,925)

Confidence that the bank would lend remains lower than previously seen, with 45% of SMEs confident their bank would agree to lend to them. Those planning to apply have though seen something of an increase in confidence since 2024

Annual time series: Confidence (very/fairly) bank would agree to facility next 3 months – by appetite for finance



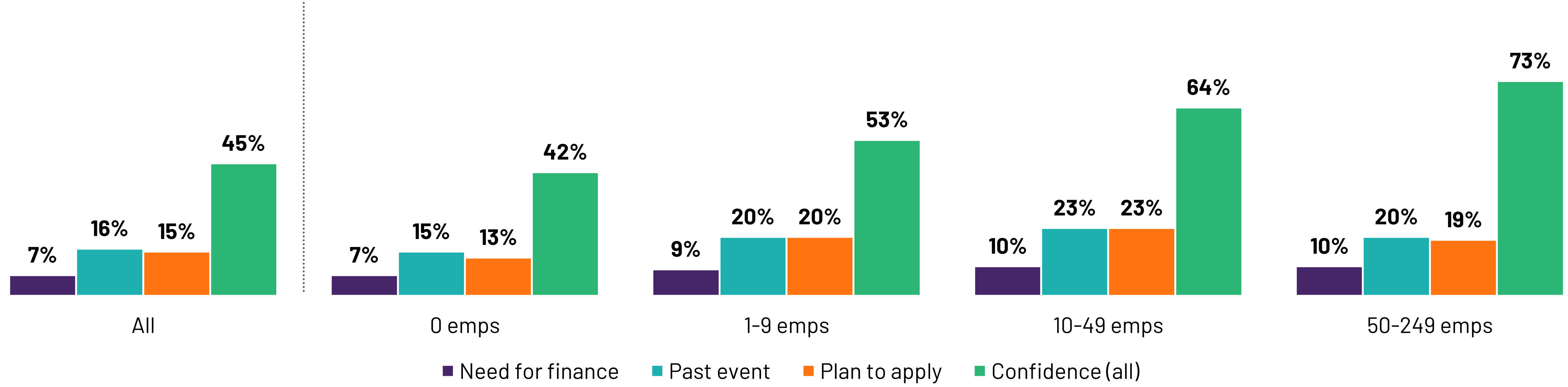
- 45% of all SMEs, irrespective of their plans to apply, were confident of success, down from 65% in 2016 and across all groups of SME
- Overall confidence increased by size of SME from 42% with 0 employees to 73% with 50-249 employees, and by age from 37% of Starts to 48% trading for 10+ years
- 51% of those in Agriculture were confident of success, compared to 40% in Health and 41-48% elsewhere

Q103/106 Base : All SMEs YEQ2 2026 15,605 by appetite for finance Since Q1 23 all those planning to apply have been treated as one group, not split by product

SMEs with employees were more likely to have a need and an appetite for finance, and were also more confident of success if they did apply

UK Finance

Finance summary – YEQ2 2026



- **Need for finance**: Limited variation by size or age but somewhat lower for the oldest SMEs (6%) and somewhat higher for Agriculture (9%)
- **Past event**: Higher for those with 10-49 employees (23%) and those in Agriculture (26%)
- **Plan to apply**: Higher for those with 1-9 or 10-49 employees (20% and 23%) and those in Agriculture (19%)
- **Confident of success**: Increased by size of SME and slightly by age (to 48% trading for 10+ years) and higher for those in Agriculture (51%)

Q25/Pastfin/Futfin/ Q103/106 all SMEs YEQ2 2026 15,605

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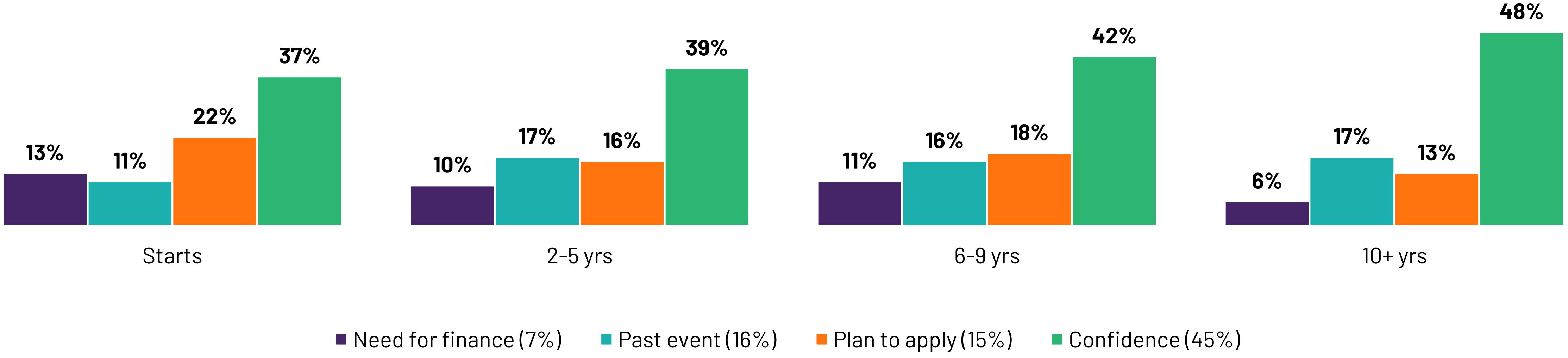
The oldest SMEs were less likely to report a need for finance or plans to apply, but were the most confident of success

Age summary – Finance YEQ2 2026

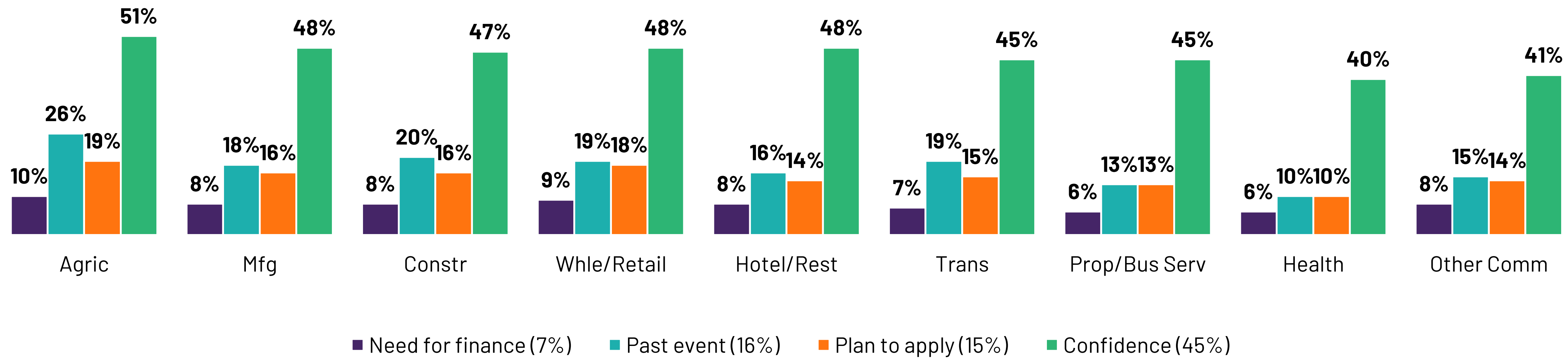


Q25/Pastfin/Futfin/Q103/106 all SMEs YEQ2 2026

Those in Agriculture were the most engaged in finance and also the most confident of success

UK Finance

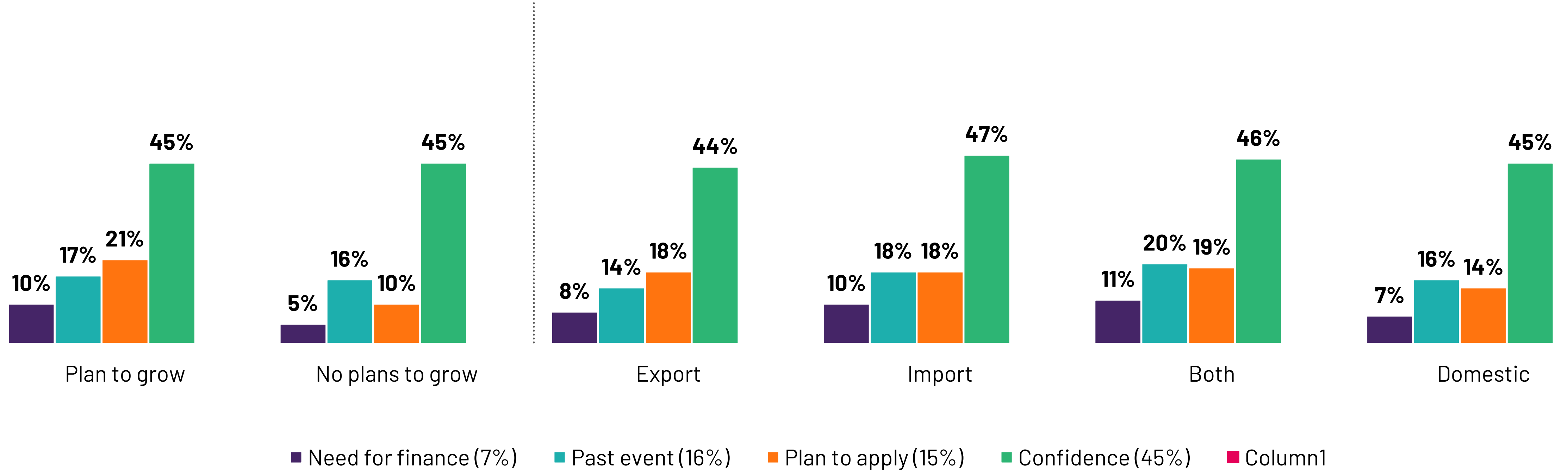
Sector summary –Finance YEQ2 2026



Q25/Pastfin/Futfin/Q103/106 all SMEs YEQ2 2026

Those with plans to grow were more likely to be planning to apply than their peers but no more confident of success. Domestic only SMEs were less engaged with finance, but as confident of success as their international peers

Growth and International trade summary –Finance YEQ2 2026



Q25/Pastfin/Futfin/Q103/106 all SMEs YEQ2 2026

Final thoughts

1

The environment for SMEs continued to be challenging, whether the economic climate, costs, taxation etc and with growth limited, SMEs have become more likely to see the future offering threats rather than opportunities

2

Levels of growth and planned growth are stable but still lower than previously seen, or than SMEs have anticipated . But such SMEs do still exist and the quarter of SMEs that are Ambitious Innovators see a brighter future and are prepared to use finance to fund it

3

More SMEs are using external finance and engaging with applications, though more often to fund cash flow than they necessarily expect.

Appetite for finance could be higher with more certainty and there continues to be a clear divide in success rates between smaller and larger SMEs

Some key terms used in the SME Finance Monitor

UK Finance

Would-be seekers of finance (past or future)

- Those who wanted to apply for finance but something stopped them or who think something will stop them in future

Happy non-seekers of finance (past or future)

- Those who haven't applied / don't plan to apply but say nothing is stopping them doing so (they may be using finance, just not applied)

Permanent non-borrowers

- Those not using/applying/planning to apply for finance (including pandemic related funding) and who show no appetite to do so

Ambitious Innovators

- Those who plan to both grow and to innovate in the coming year

Ambitious Risk Takers

- Those who agree that they want to be a significantly bigger business and also agree that they are prepared to take risks to be successful

Opportunities v threats

- Asked on a scale of 1-10 where 1 is all threats and 10 is all opportunities
- Scores compared are 1-4 for threats and 7-10 for opportunities

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