SME FINANCE MONITOR

3mth rolling deck to September 2026

An independent report by
Ipsos, October 2026



UK Finance

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Introduction

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

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

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

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

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

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

Introduction – Changes to main SME Finance Monitor questionnaire and reporting

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

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

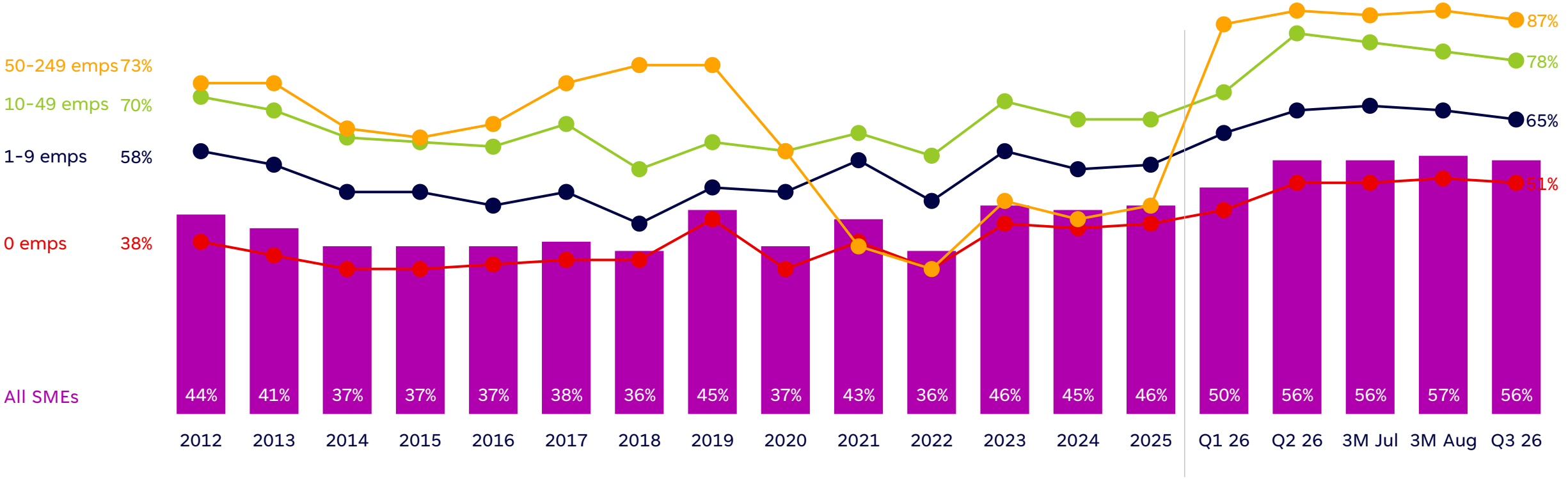
Most of the questions reported in this pack remained unchanged.

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

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

Use of external finance remained steady at the higher level of 56%

Time series: use of external finance per quarter

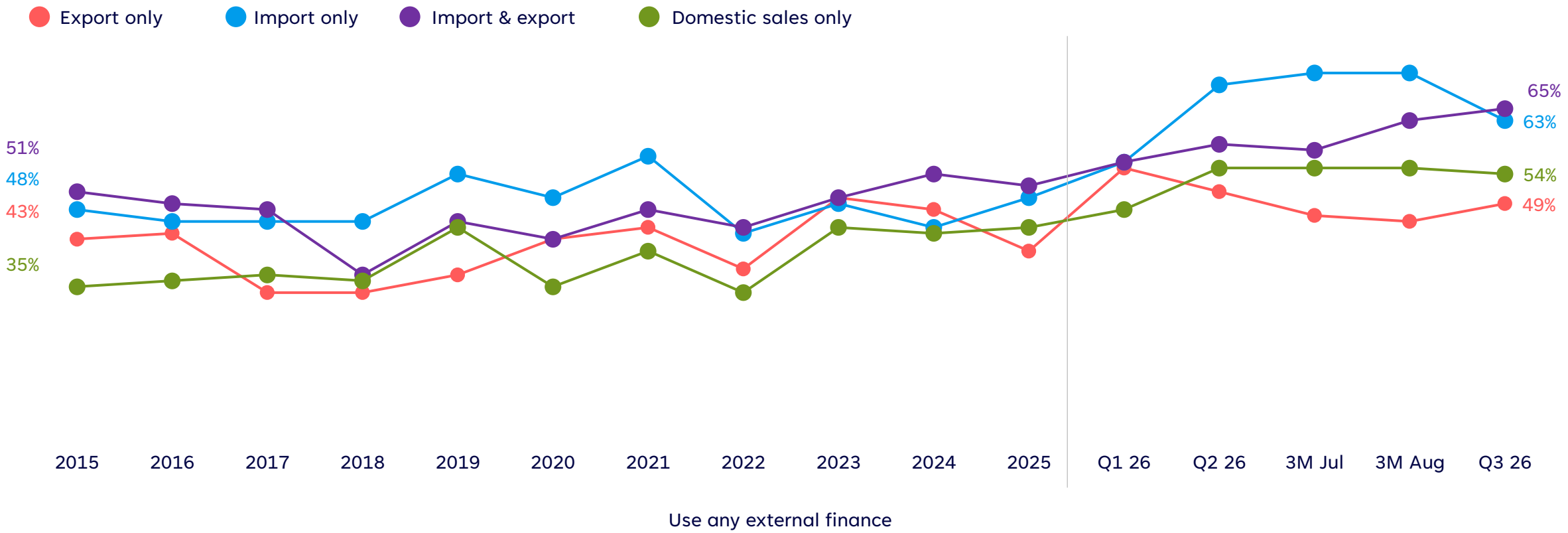


External finance usage increased to 46% for 2023, at the top end of the range seen in recent years, and then again in 2026 to 56% in Q2. Use is currently stable overall

Q15 Base : All respondents 3m to September 3811 815/1989/887/120 CARE RE SMALL BASE*

Those that import and export have seen a further increase in use of finance over the last few months

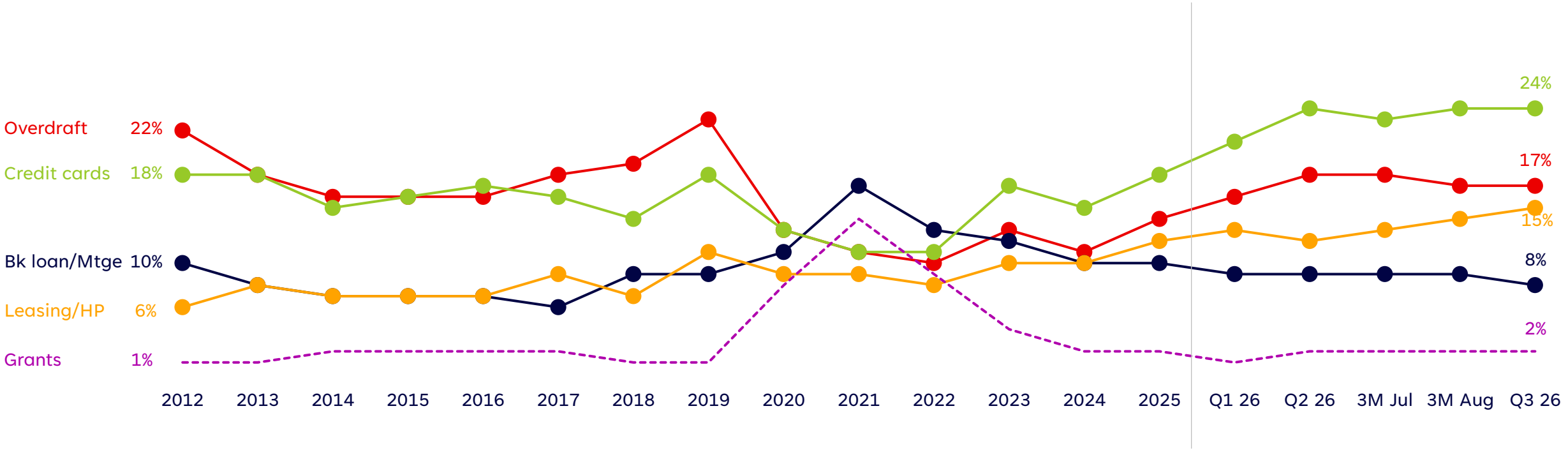
Time series: use of external finance by extent of international trade alongside domestic sales



Q15 Base : All 3m to September 250/501/444/2616

Credit cards remained the most common form of finance used, at 24%, while 17% of SMEs had an overdraft. There has been a further increase in the use of Leasing/HP to 15%

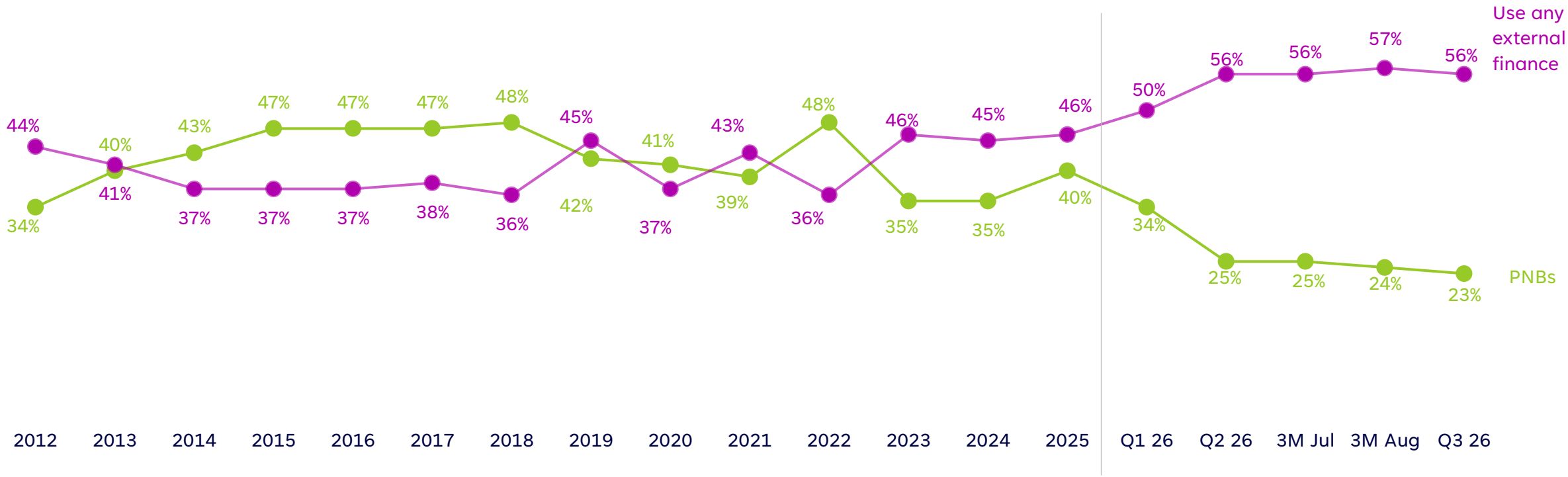
Time series: % of SMEs using each of the main forms of finance



Q15 all SMEs 3m to September 3811 (no adjustment made re new use of finance definition)

With more SMEs using external funding (56%) the proportion meeting the definition of Permanent non-borrowers remained lower than typically seen (23%)

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



The 'Permanent non-borrowers' are firms with no apparent appetite for finance and are defined as not using external finance and showing no inclination to do so. From Q1 2023 a revised definition has applied, taking into account any pandemic funding the SME might have received – those who are still repaying it are now "using external finance" and those who took funding but have since repaid it cannot be a PNB. Pre-pandemic there were typically more PNBs than SMEs who use finance but this has not been the case since Q1 2023, and the gap has widened in 2025 as use of finance increased

Q15 and Disgeg Base : All respondents 3m to September 3811

Analysis by international trade showed those with an element of importing to their business were somewhat less likely to be a PNB (and more likely to be using finance)

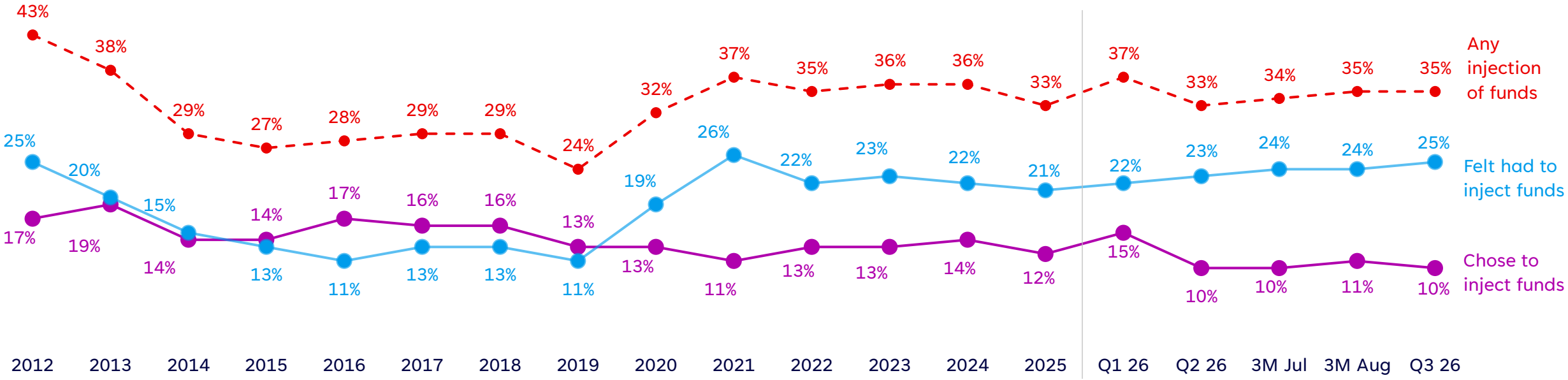
Time series: Permanent non-borrowers by extent of international trade alongside domestic sales



Disgeg Base: all 3m to September 250/501/444/2616

A stable 35% of SMEs reported having injected personal funds, and this remained more likely to be something an SME felt they had to do (25%)

Time series: Injections of personal funds in previous 12 months

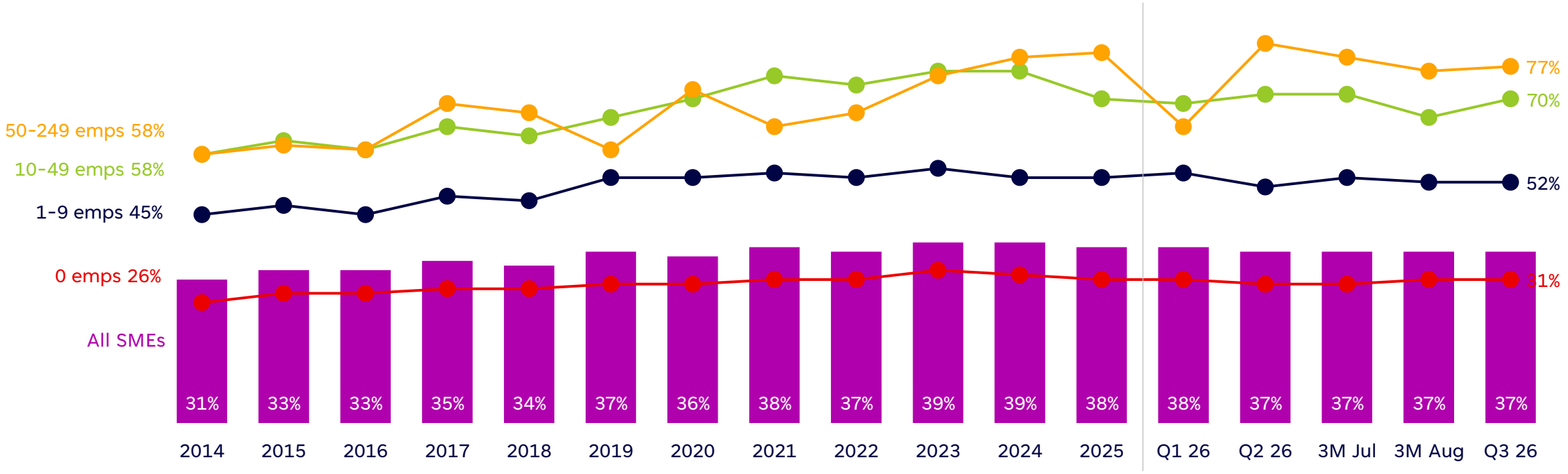


The proportion of SMEs injecting funds fell from a peak of 43% in 2012 to 28-29% of SMEs from 2016 onwards. In 2019 the proportion dropped to a quarter of SMEs but then increased again to 37% in 2021. In 2022 35% reported an injection and remained stable until the second half of 2025 (29% in Q4). The proportion increased again, to 37% in Q1 2026 and 35% currently, with SMEs still more likely to say they had to inject funds (25%) rather than it being a choice (10%)

Q15d Base : All respondents 3m to September 3811

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

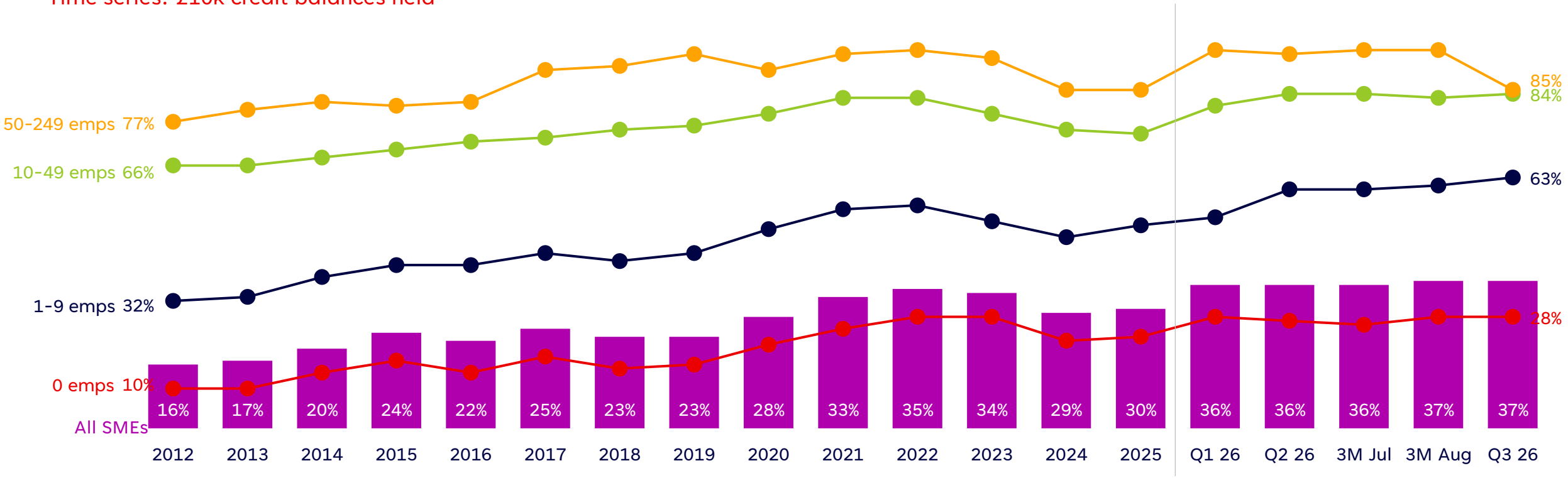
Time series: : Using trade credit



Q14 Base: All respondents 3m to September 3811

A stable 37% of SMEs held more than £10,000 of credit balances, increasing by size of SME

Time series: £10k credit balances held

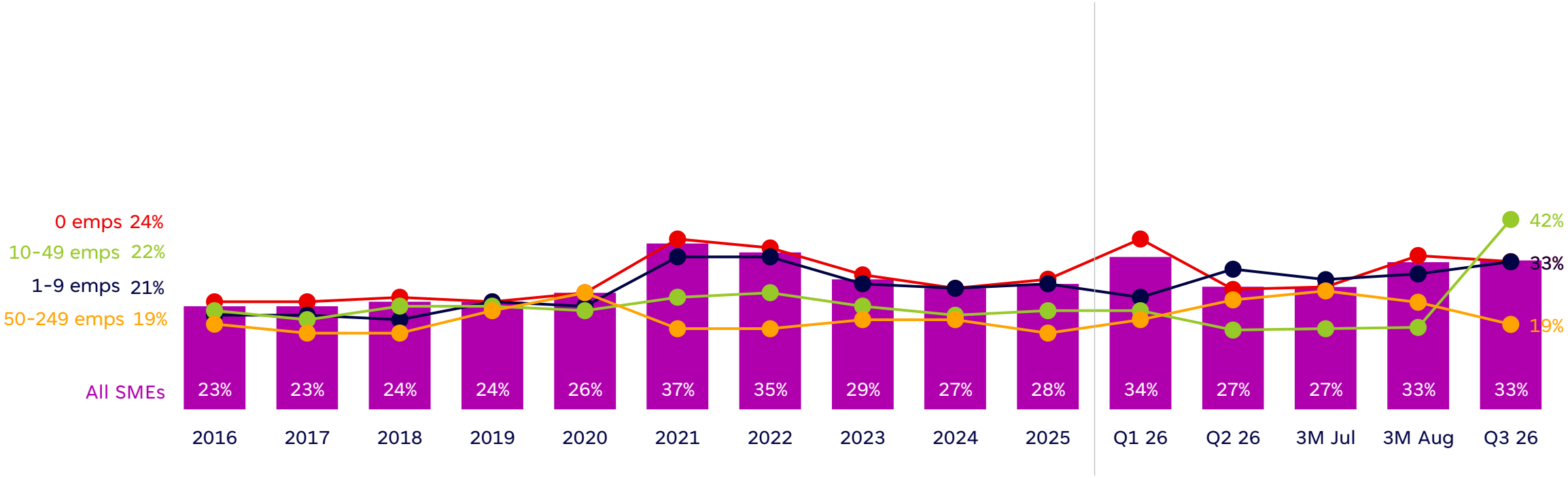


The proportion of SMEs holding £10,000 or more in credit balances increased from 3% in 2012 to 24% in 2015 and remained broadly stable to 2019. During 2020, the proportion of SMEs holding such sums increased steadily, to 28% for the year as a whole. 35% of SMEs held such sums in 2022, and 34% in 2023. Since then around 3 in 10 have held such sums, with the proportion in the current period at the top of the range seen recently at 37%

Q117 Base: All respondents 3m to September excl DK 3191

The proportion of turnover held as credit balances was stable at 33%. Those with 10-49 emps are now holding a higher proportion of turnover as credit balances (and this will be monitored)

Time series: % of turnover held as credit balances

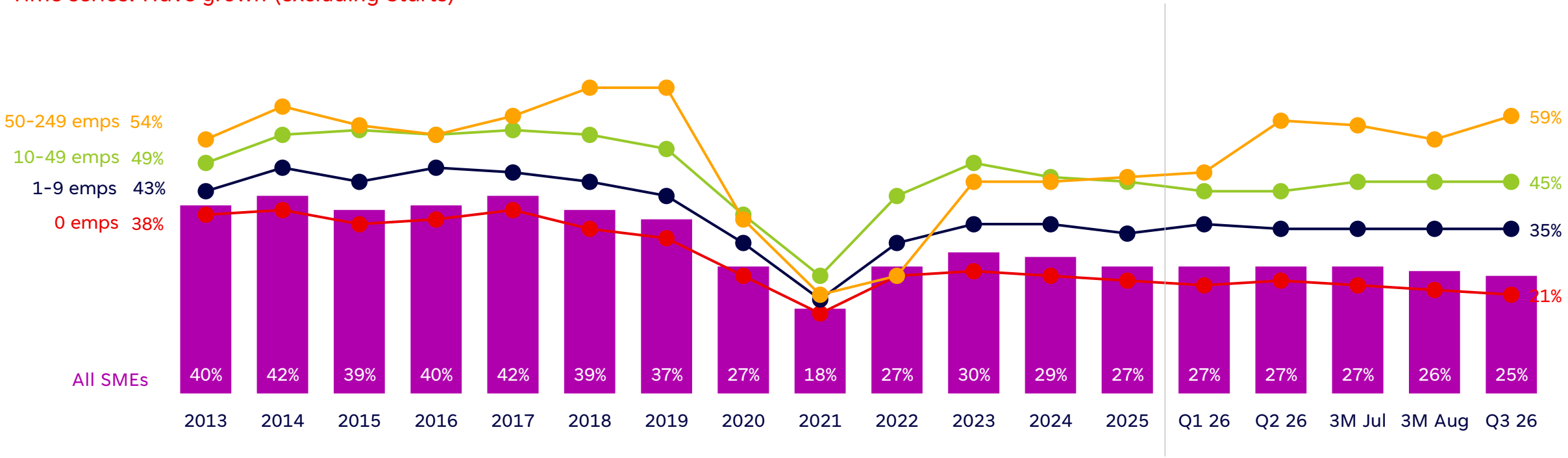


This analysis looks at credit balances held as a percentage of total turnover, both collected in bands with mid-points used and noting that turnover figures were affected by the pandemic but did increase somewhat in 2023. In the latest period SMEs held the equivalent of 33% of their turnover in credit balances

Q117/Q9 Base : All respondents 3m to September excl DK 3118
Percentage cap imposed from Jan 2022 to prevent 1-2 respondents having disproportionate impact on average

25% of SMEs reported growth in the last 12 months, the lowest level seen in 2026 to date as fewer 0 emp SMEs reported growth, with other SMEs more stable from Q2

Time series: Have grown (excluding Starts)

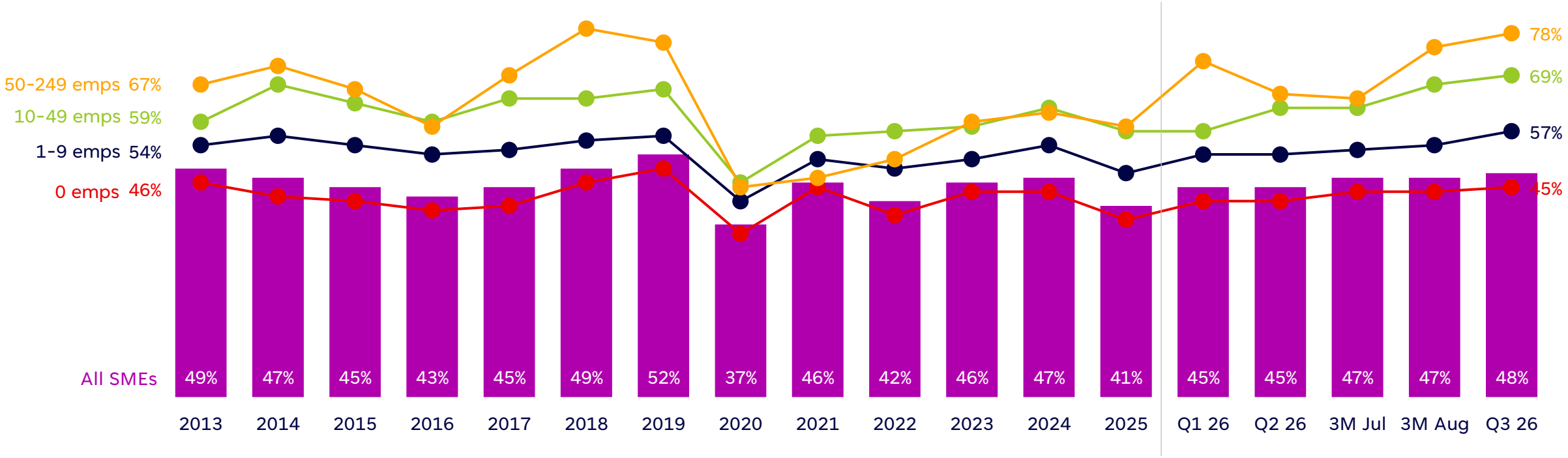


From 2012 to 2019, the proportion of SMEs (excluding Starts) reporting growth varied little and was 37% for 2019. During the pandemic, reported past growth was initially broadly stable in 2020 but then declined steadily across all size bands and was 27% for the year as a whole and 18% for 2021. It increased in 2022 (27%) and 2023 (30%) but has declined somewhat in 2026 to date, currently 25%, due to the smallest SMEs (21%)

Q81 Base : All respondents excluding Starts and DK. 3 mths to September 3674

Growth aspirations, at 48%, remained higher than in 2025 and have increased over recent periods for larger SMEs in particular

Time series: Have plans to grow

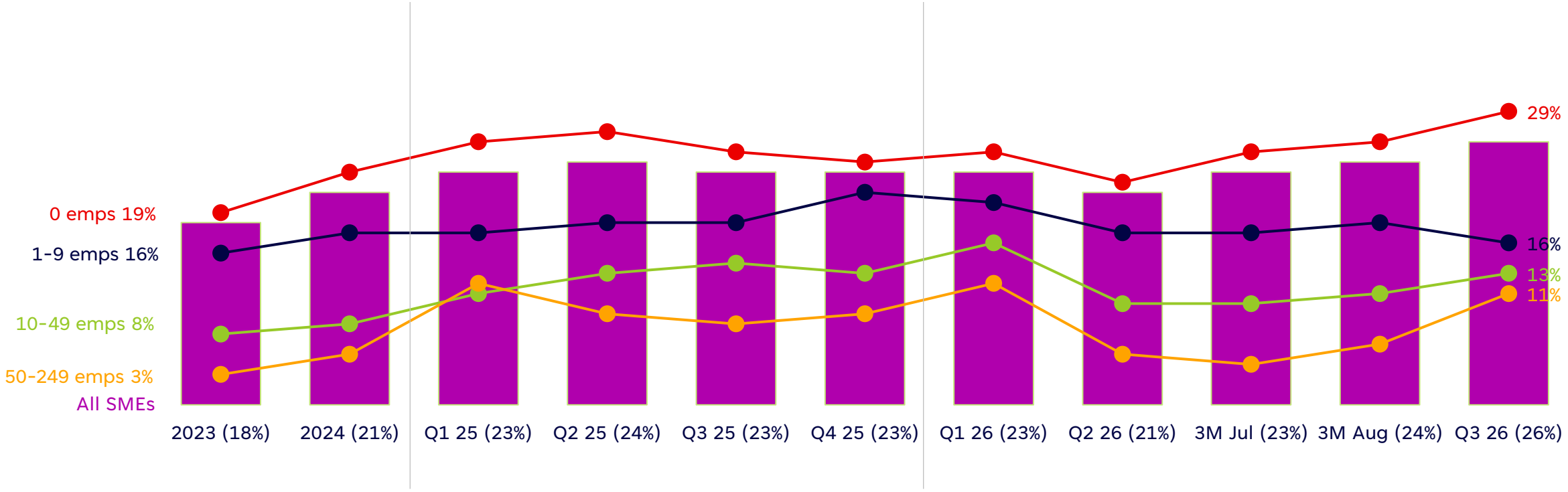


For 2019 as a whole, 52% of SMEs expected to grow, up from 49% in 2018 and the highest level seen to date on SMEFM. In 2020 those aspirations fell significantly to 37%. The increase in 2021 to 46% was not maintained in 2022 (42%) but increased to 46% for 2023. 47% planned to grow in 2024 but that proportion declined during 2025 to 39% in Q4. It has been somewhat higher in 2026 to date (48% currently)

Q91 Base : All respondents 3m to September 3811

26% of SMEs in the current period felt that they were ‘Struggling’, still led by the smallest SMEs (now up to 29%). All except those with 1-9 employees were more likely to be Struggling in Q3 than in Q2 2026

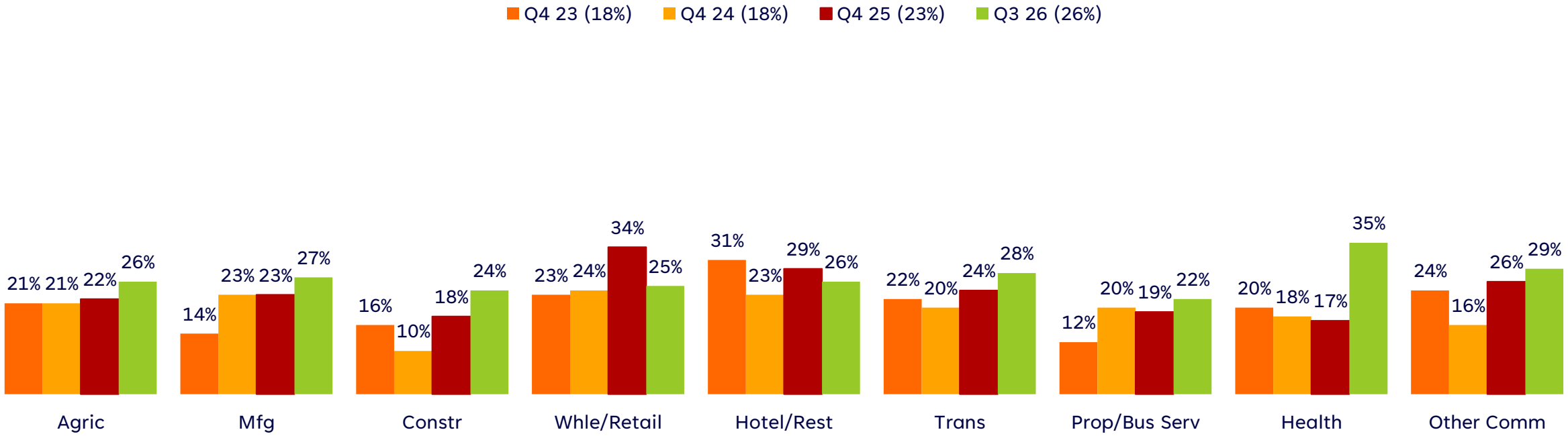
NEW Time series: Feel that they are ‘Struggling’



Qcv8 all SMEs 3m to September 3811

There was little to choose by sector for the proportion Struggling in Q3, with the slight exception of the Health sector

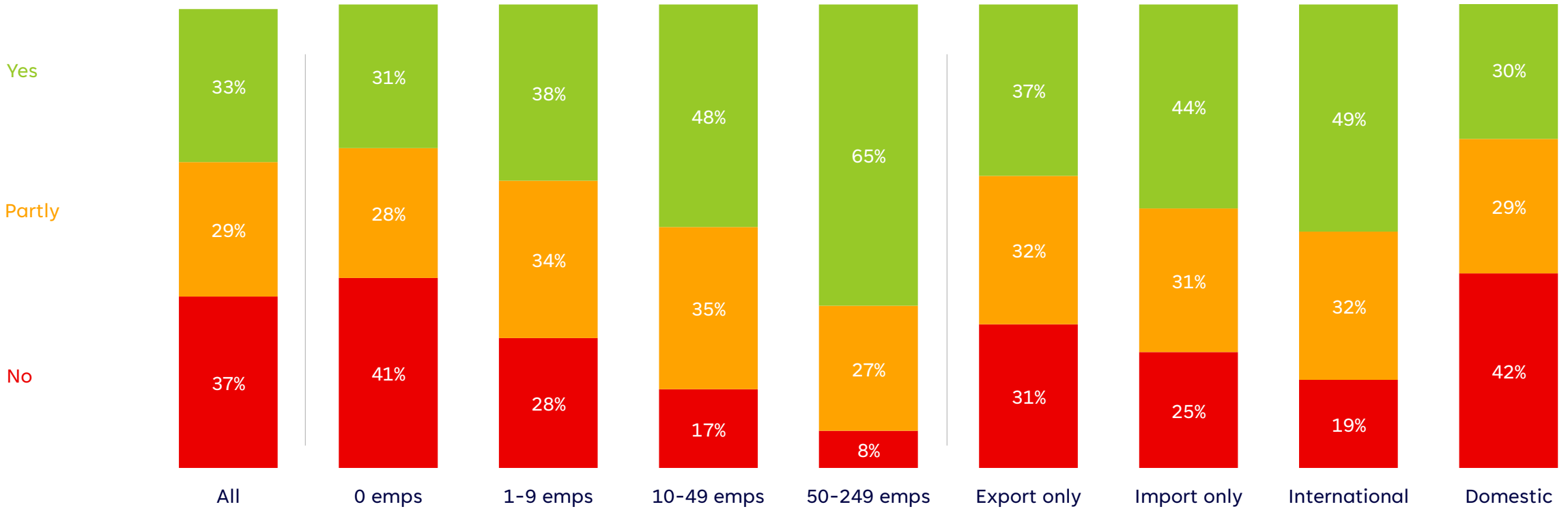
Struggling: by sector (over time)



Cv8 Base : All SMEs

1 in 3 SMEs were planning to both grow *and* to be innovative in the year ahead, increasing by size to two thirds of the largest SMEs and half of those both importing and exporting.

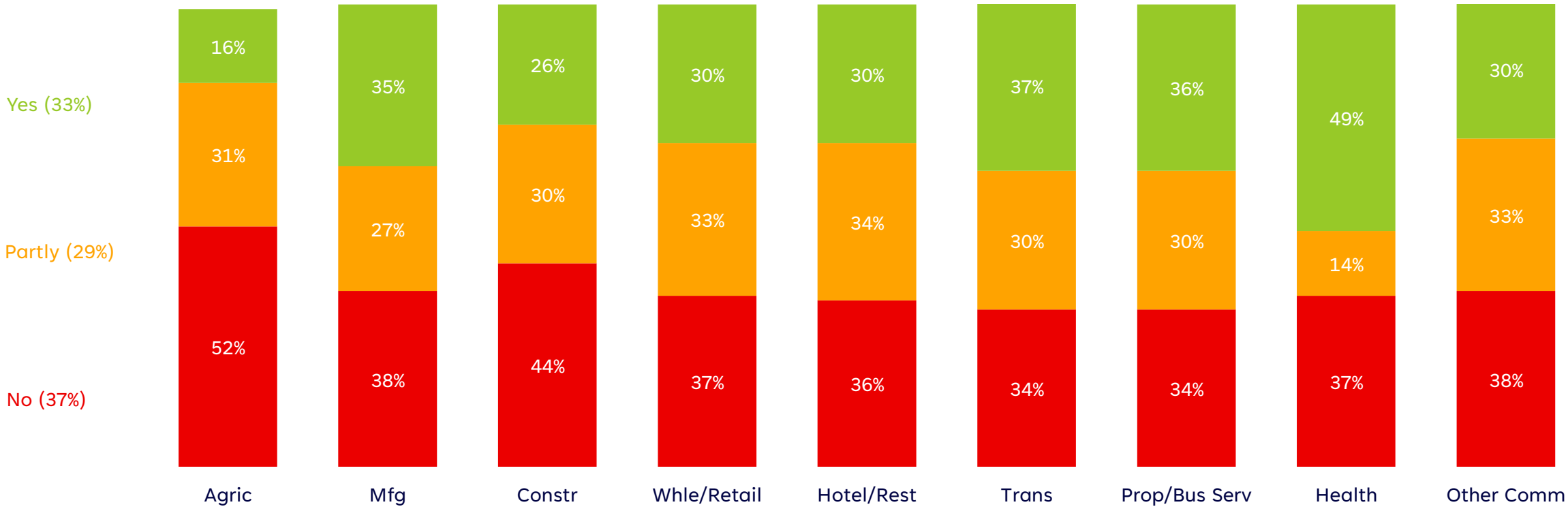
Ambitious Innovators: 3m to September 2026



All SMEs 3m to 26 3811 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

SMEs in Agriculture (16%) were much less likely to have plans to grow *and* innovate in the coming year, compared to half of those in Health

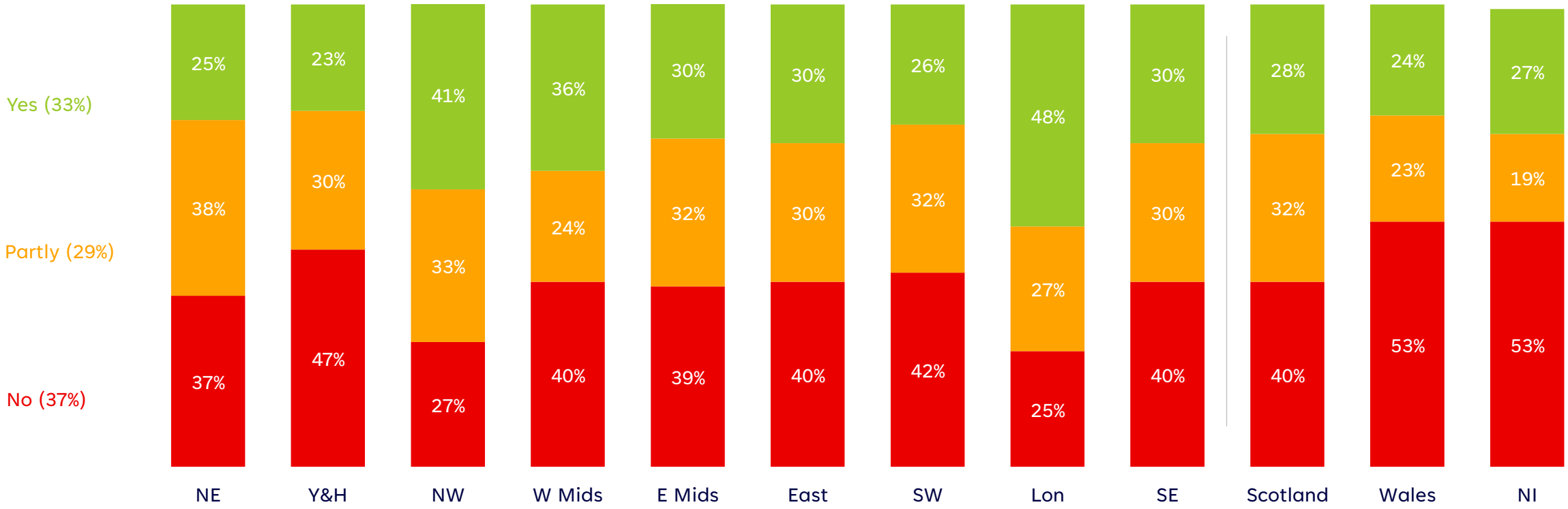
Ambitious Innovators: 3m to September 2026



All SMEs 3m to 26 3811 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

By region, the proportion with plans to innovate *and* grow ranged from 48% in London and 41% in the North West, to 24% in Wales and 23% in Y&H

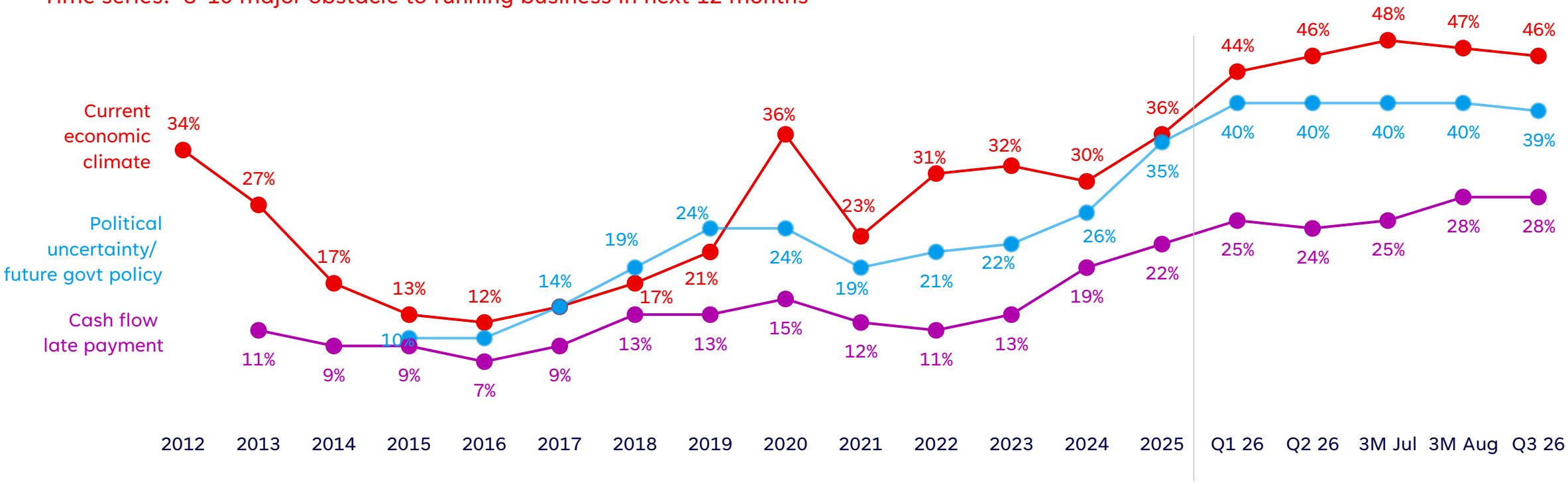
Ambitious Innovators: 3m to September 2026



All SMEs 3m to 26 3811 Yes = those planning to both grow and innovate in the year ahead, Partly = one of those only, No – neither of these

Both the economic climate and political uncertainty/ future government policy were as likely to be rated as a barrier in Q3 as in Q2, but still at a higher level than in previous years. Concerns have increased about cashflow/late payment during 2026

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

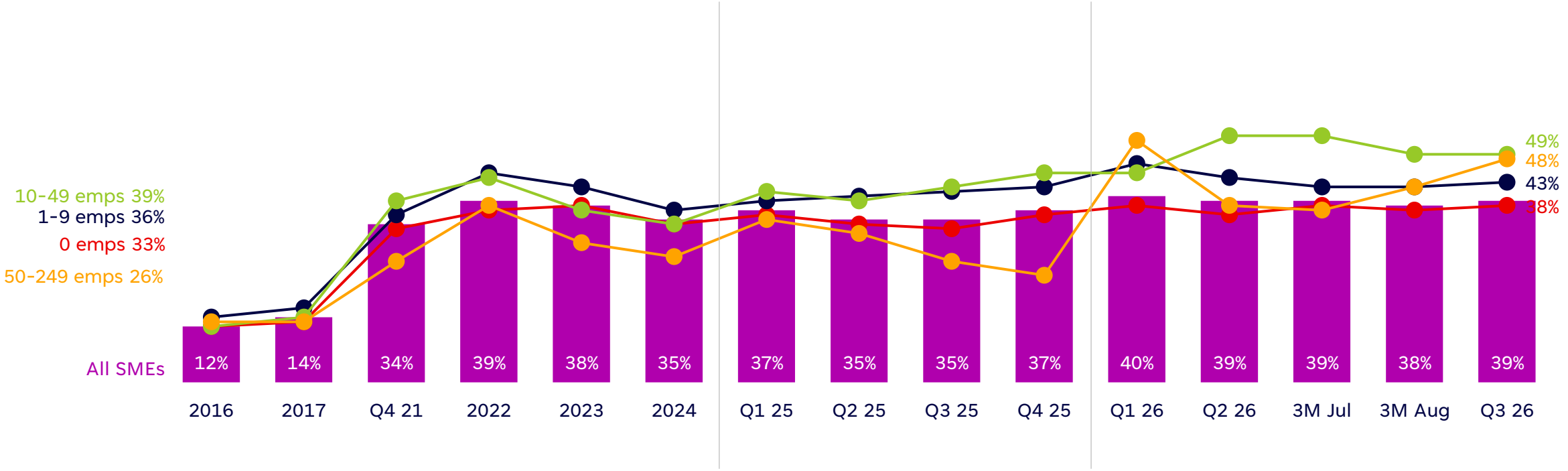


Concern for the economic climate increased most markedly from Q1 to Q2 2020 (20% in Q1 to 47% in Q2), the highest level seen to date. It then declined, to 23% in 2021, but increased from the start of 2022 to 32% in 2023 and increased steadily during 2025 and 2026 to 46% in both Q2 and Q3. Political uncertainty/government policy increased steadily as a barrier during 2025 to 40% in Q1 2026 but has remained stable since. Concerns around cash flow and late payment increased steadily to Q1 2026 (25%) and is somewhat higher in Q3 (28%)

Q93 Barriers to running business as would want in next 12 months
Base : All respondents 3m to September 3811.

A stable 39% of SMEs viewed higher costs as a barrier. They have become more of a barrier for those with 50-249 employees since Q2, back in line with Q1 2026

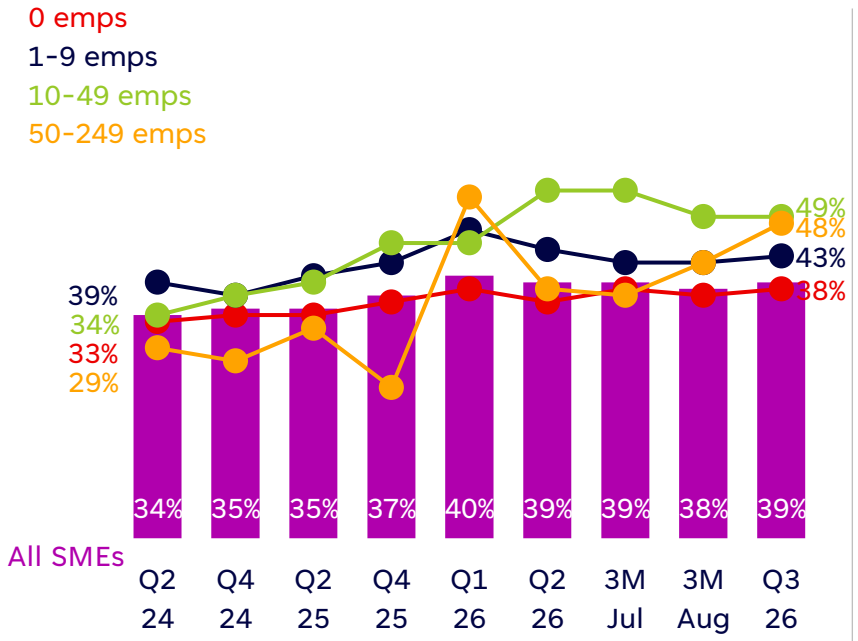
Time series: Higher costs 8-10 barrier (asked as Increasing costs to Q2 2024)



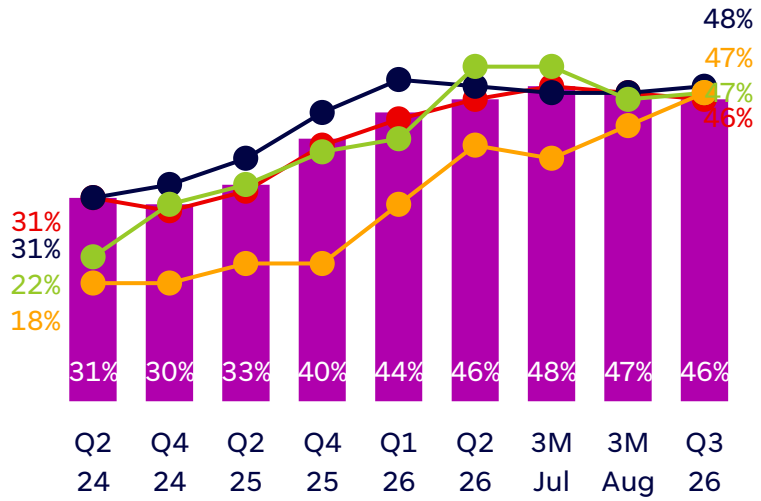
Q93 Base : All SMEs 3m to September 3811

SMEs with no employees were somewhat less concerned about higher costs and political uncertainty than their peers, with little variation in concern about the economic climate

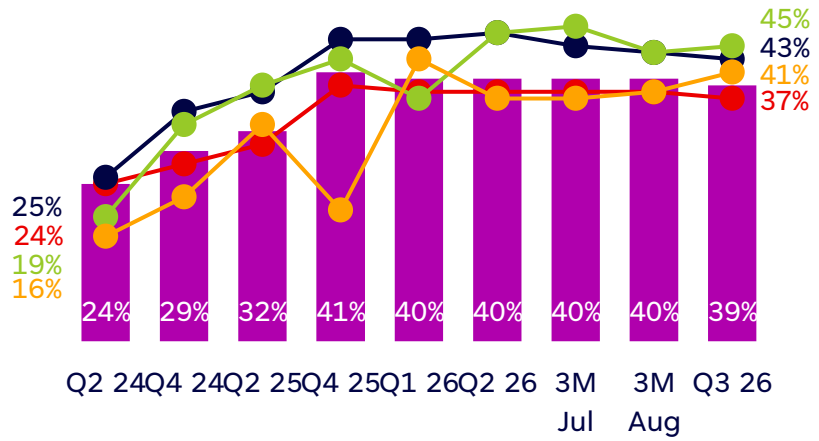
Additional analysis: Key barriers over recent quarters



Higher costs



Current economic climate

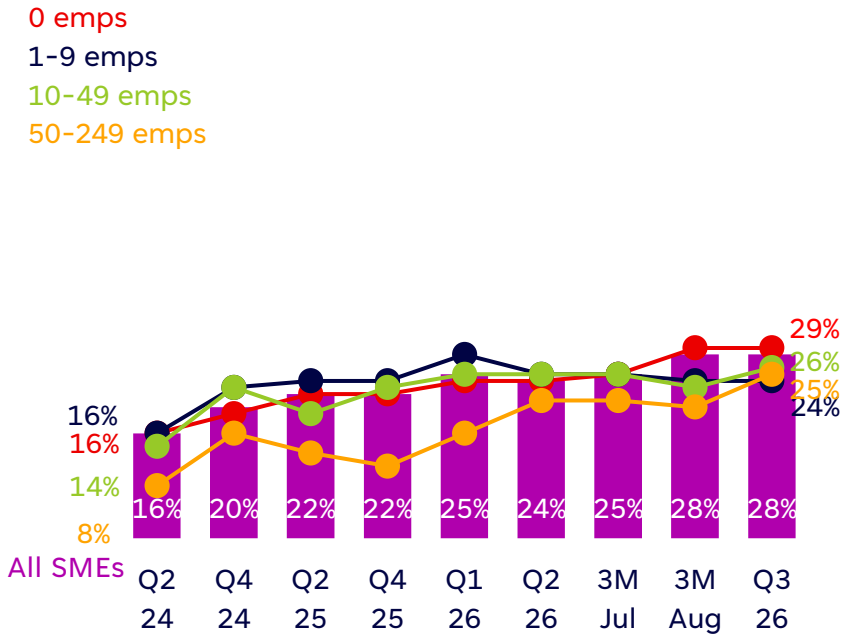


Political uncertainty and future government policy

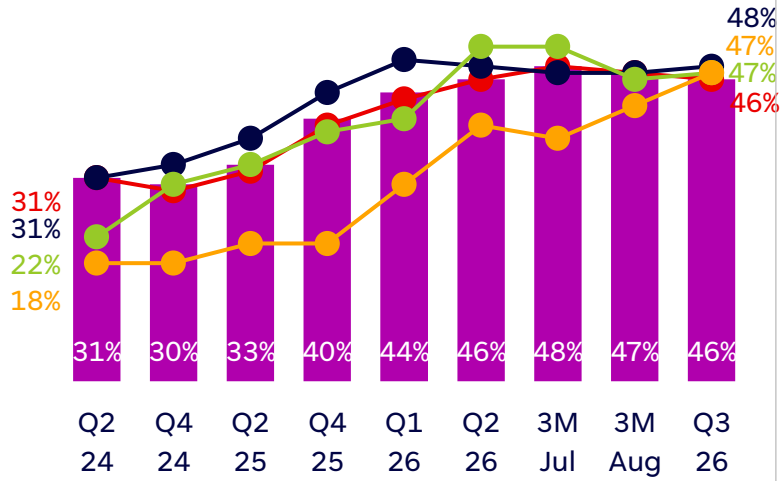
Q93 Base : All SMEs 3m to September 3811

Meanwhile, there remained limited variation in perceptions of cash flow /late payment by size

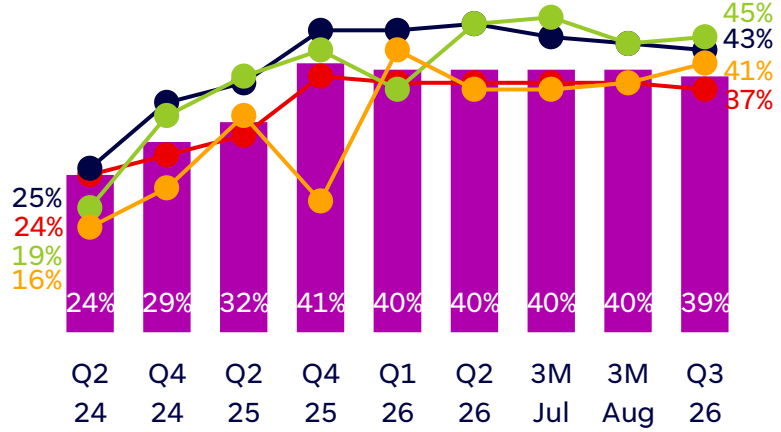
Additional analysis: Key barriers over recent quarters



Cash flow/late payment



Current economic climate

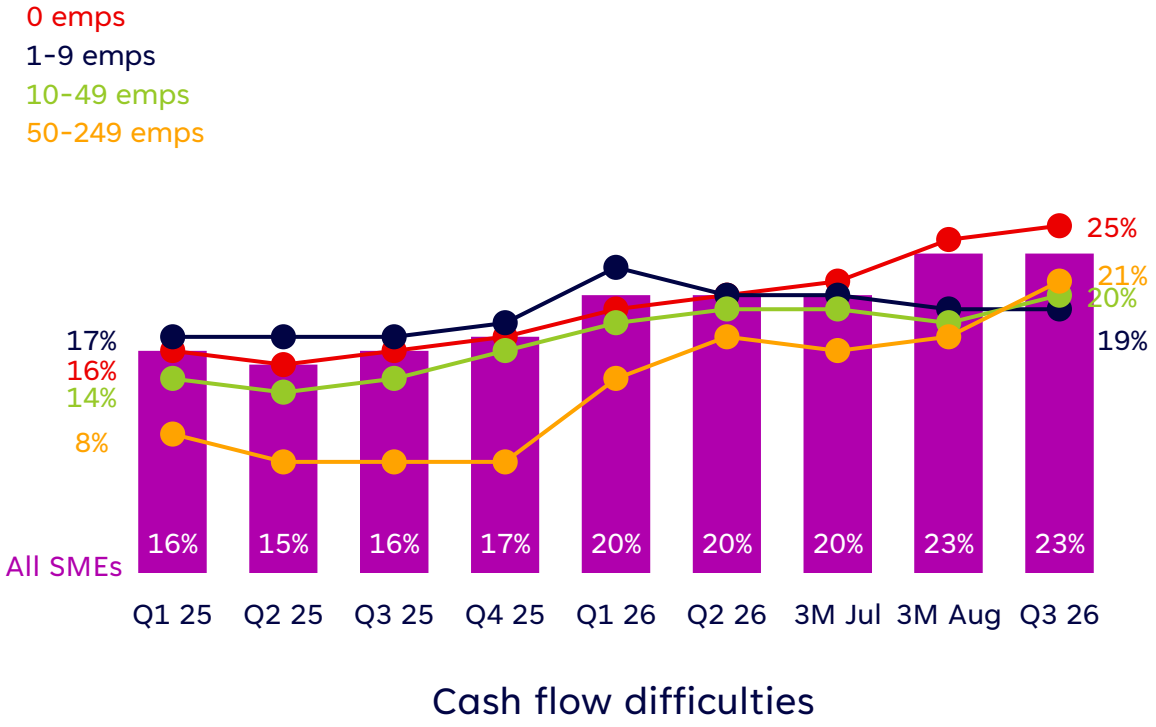


Political uncertainty and future government policy

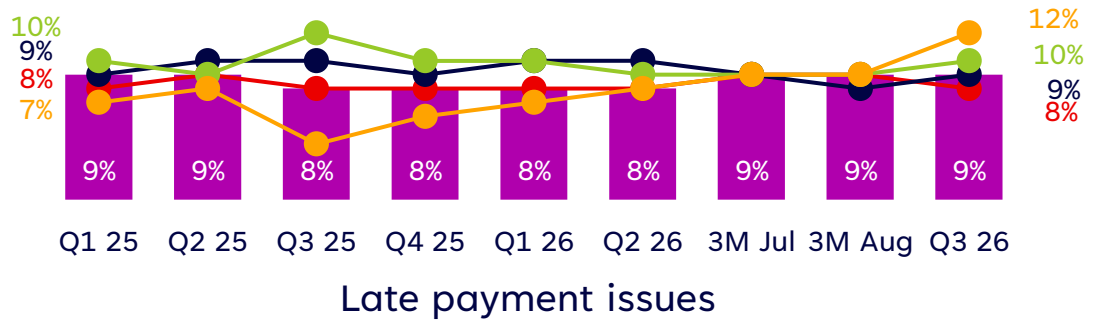
Q93 Base : All SMEs 3m to September 3811

In their constituent parts, cash flow issues increased to Q3 2026 (23%), while late payment has been a more consistent issue both over time and by SME size

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



Cash flow difficulties

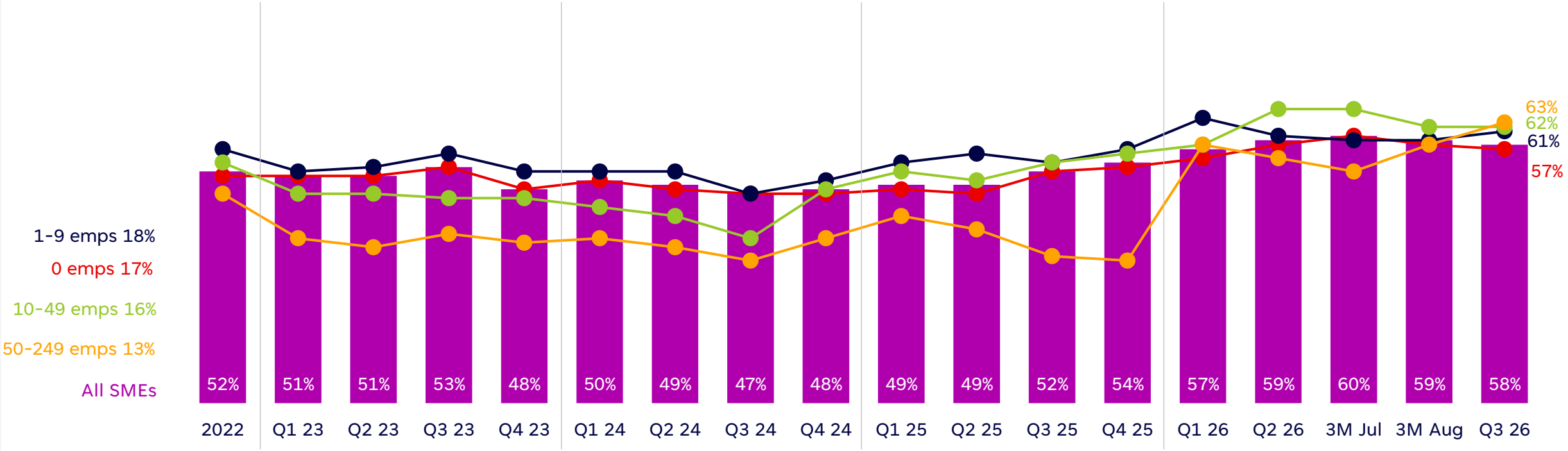


Late payment issues

Q93 Base : All SMEs 3m to September 3811

The proportion of SMEs reporting wider economic concerns, now 58%, increased steadily to Q2 2026 but has been stable since overall

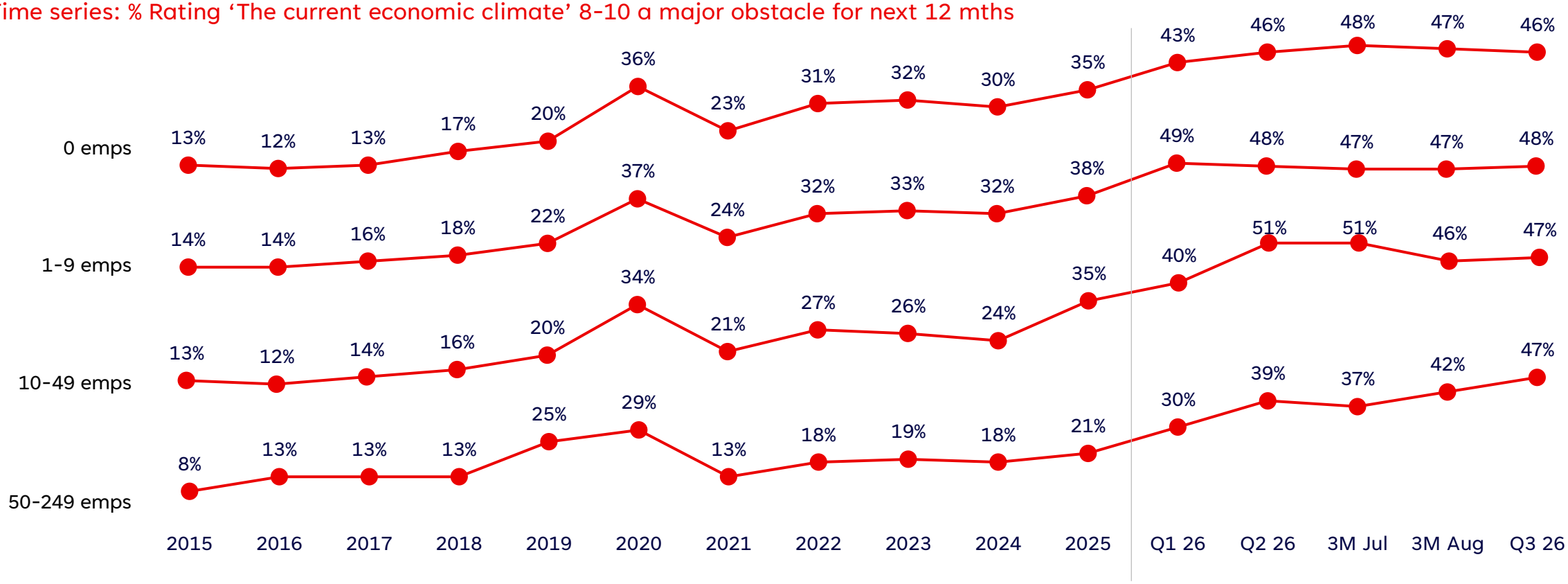
Time series: Broader economic concerns



Q93 Base : All SMEs 3m to September 3811 score 8-10 for any of "Current economic climate", "Increasing/higher costs" or "Supply chain issues"

Concern about the economic climate increased steadily to Q2 2026. It has been stable to Q3 for the smaller SMEs and somewhat lower for those with 10-49 emps but concern has increased again for the largest SMEs

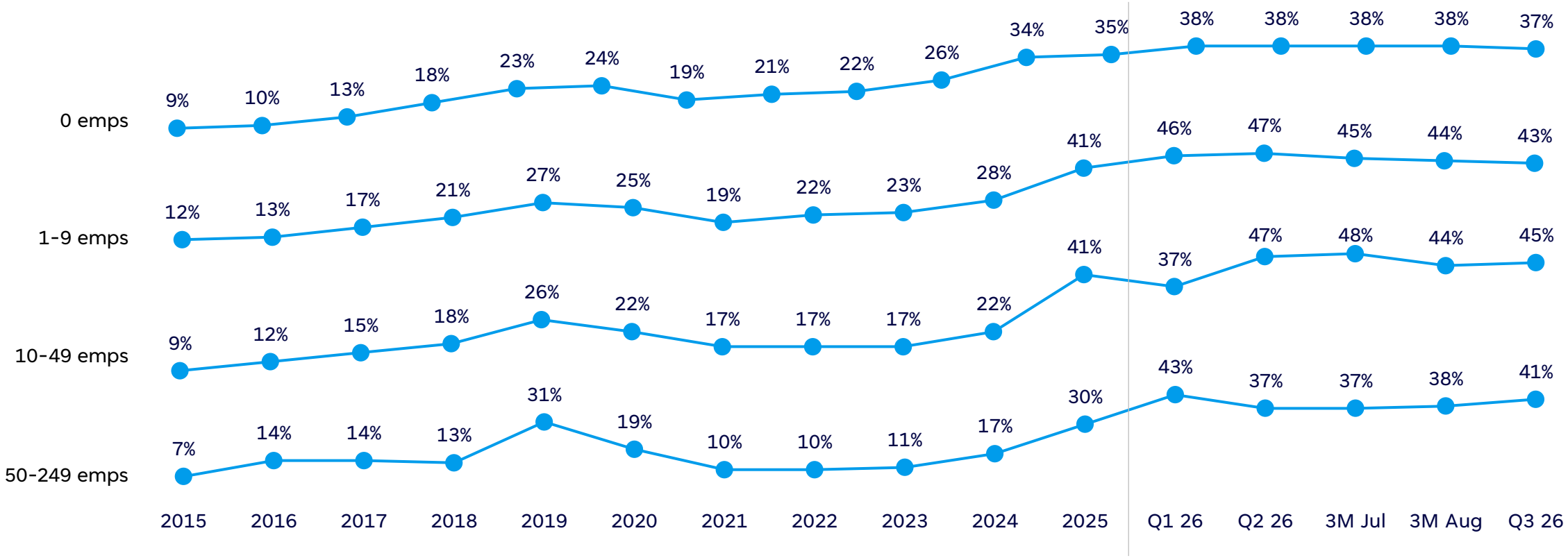
Time series: % Rating 'The current economic climate' 8-10 a major obstacle for next 12 mths



Q93 Base: All Economic climate

Concern about political uncertainty/future government policy remained stable to Q3, still higher in 2026 than 2025

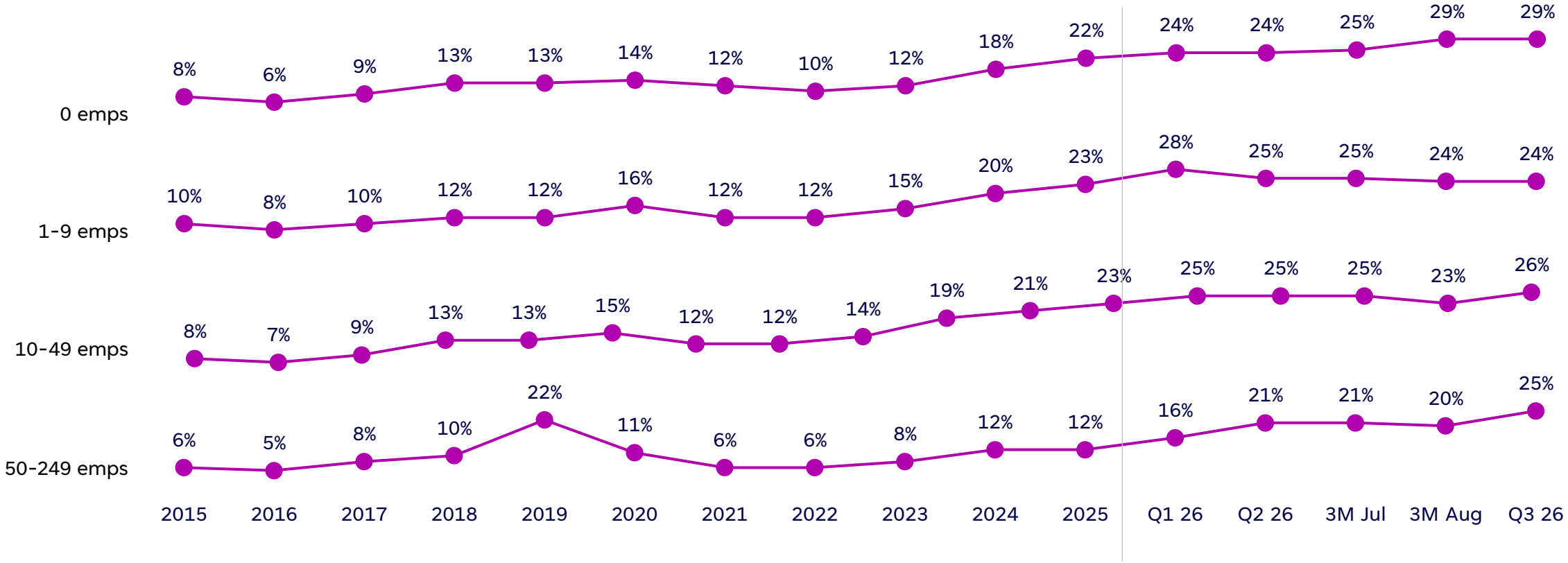
Time series: % Rating 'Political uncertainty and future government policy' a major obstacle for next 12 mths



Q93 Base: All Political uncertainty

Concern about cash flow/late payment increased Q2 to Q3 2026 for the smallest and largest SMEs

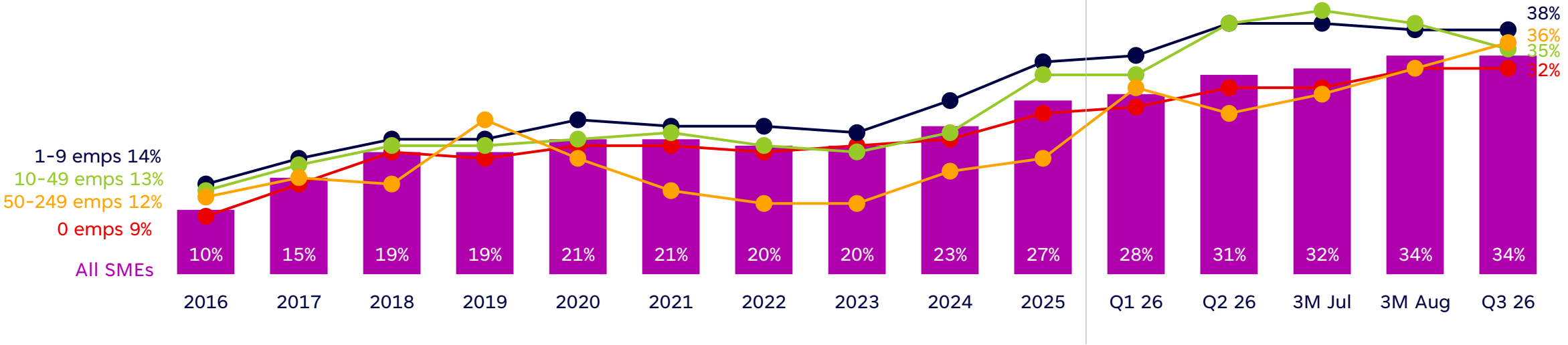
Time series: % Rating ‘’Cash flow or issues with late payment’ a major obstacle for next 12 mths



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

1 in 3 SMEs (34%) saw legislation, regulation and red tape as a barrier, with limited differences now by size of SME

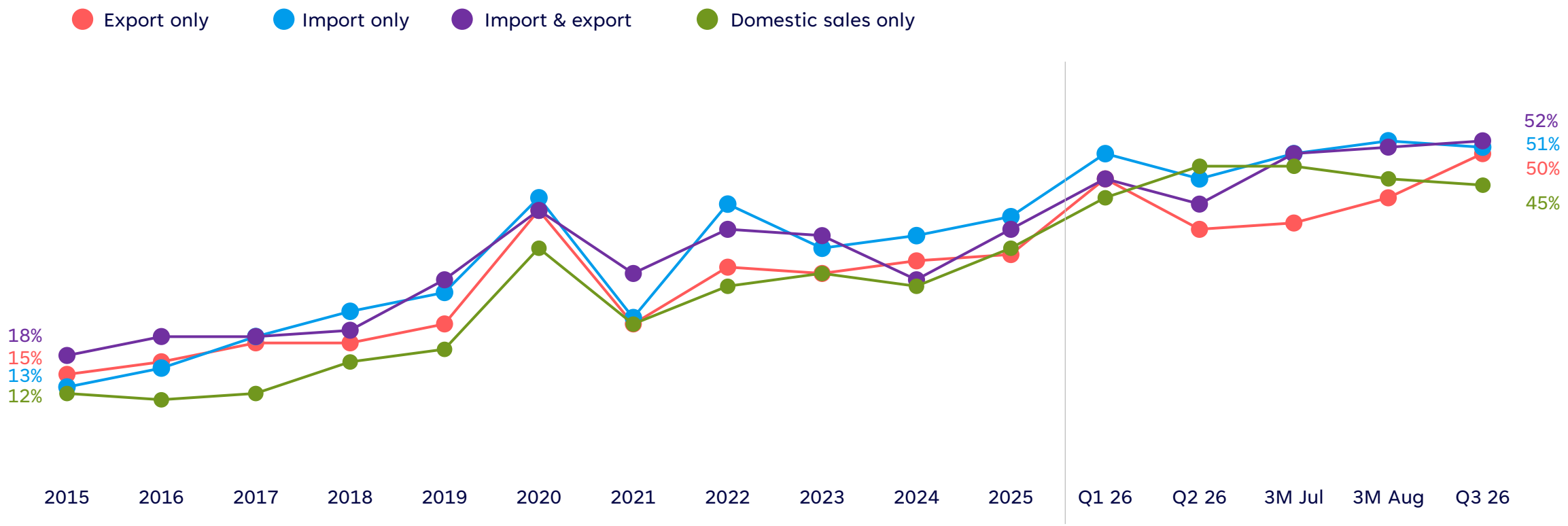
Time series: % legislation/regulation/red tape 8-10 barrier



Q93 Base : All SMEs 3m September 3811

In Q3, SMEs with an element of international trade were slightly more concerned about the economic climate than their domestic only peers

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

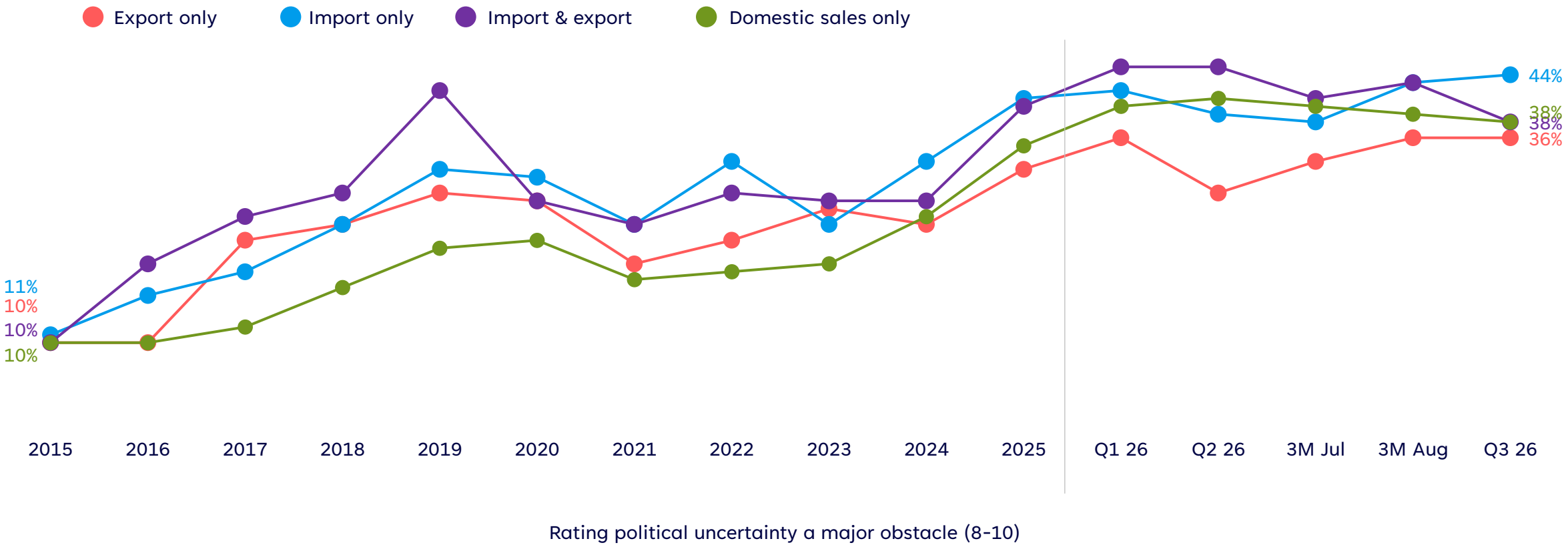


Rating the current economic climate a major obstacle (8-10)

Q93 Base: All 3m to September 250/501/444/2616

Q2 to Q3 2026 saw Import only and Export only SMEs become somewhat more concerned about political uncertainty

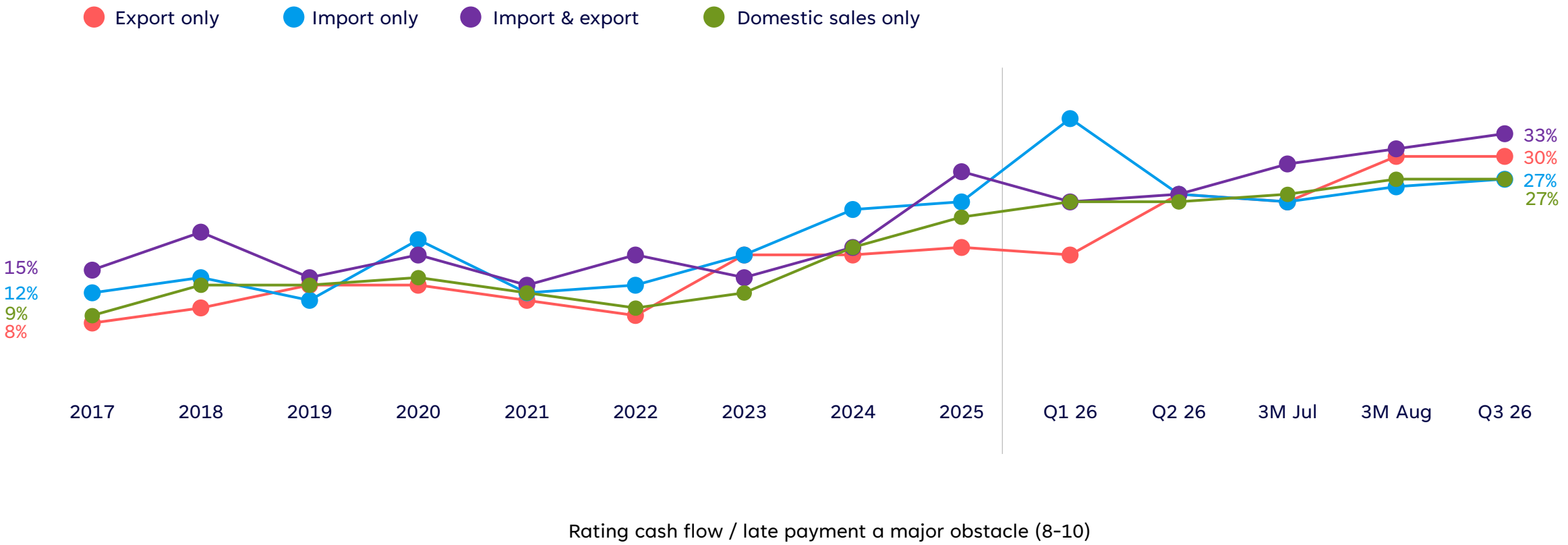
Time series: 8-10 political uncertainty/future government policy by extent of international trade alongside domestic sales



Q93 Base: All 3m to September 250/501/444/2616

Cash flow/late payment did not vary much as a barrier by international trade

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

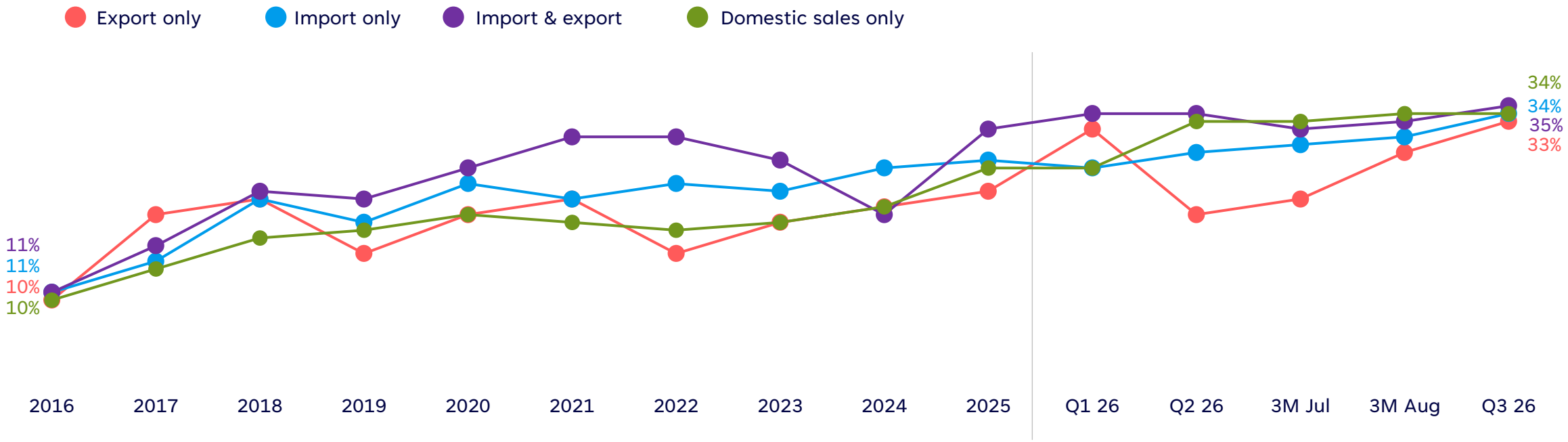


Rating cash flow / late payment a major obstacle (8-10)

Q93 Base: All 3m to September 250/501/444/2616

Q2 to Q3 2026 saw Import only and Export only SMEs become more concerned about legislation/regulation, now in line with their peers

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

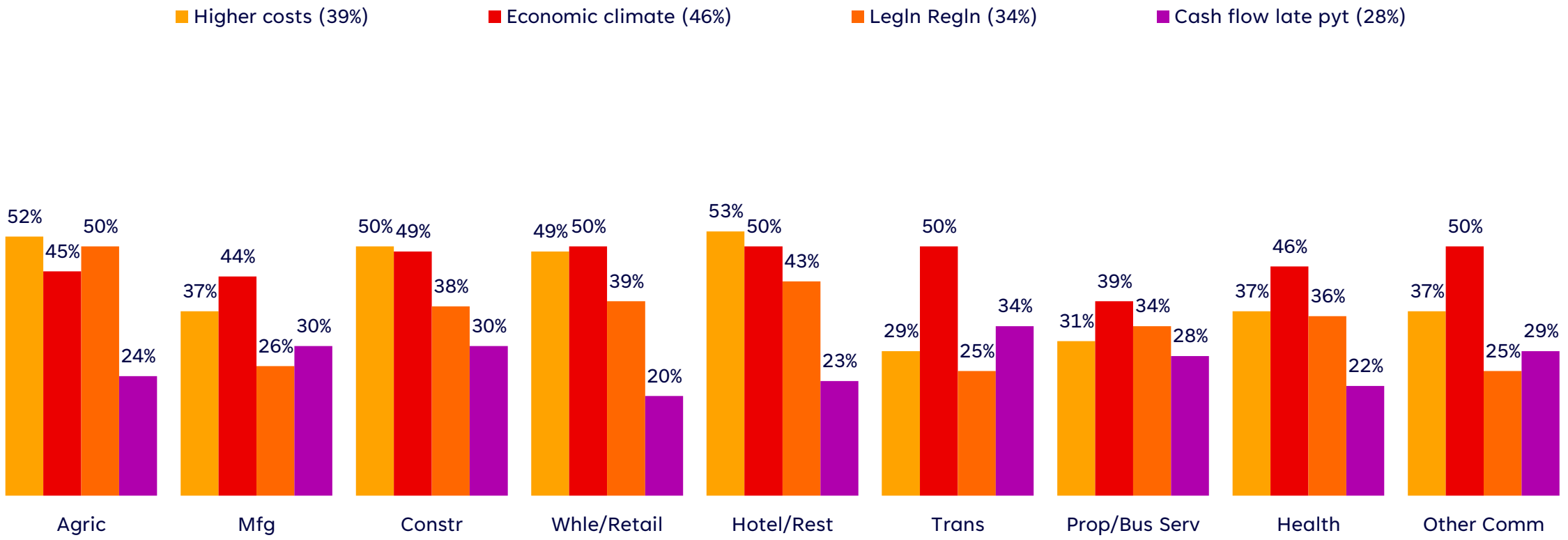


Rating changes in legislation/regulation/red tape a major obstacle (8-10)

Q93 Base: All 3m to September 250/501/444/2616

Higher costs impact on Hospitality and Agriculture, while the economic climate is a more general concern, with the exception of Property/Business Services

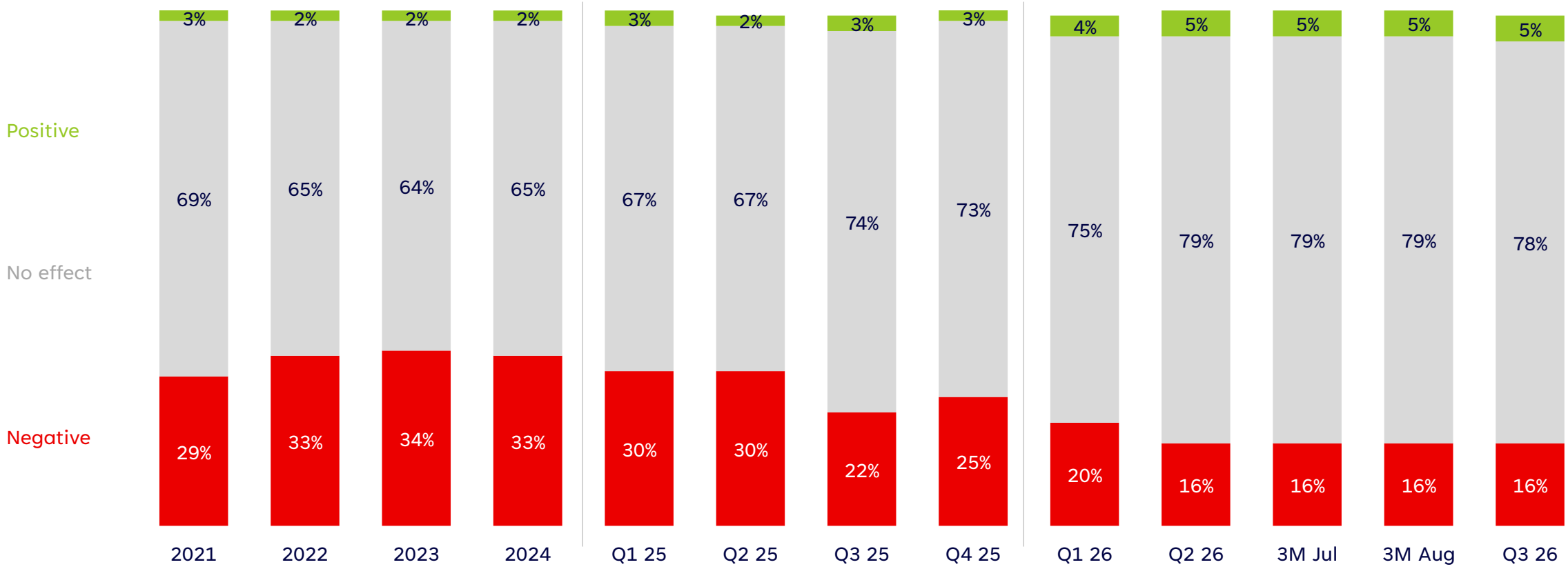
Major barriers: by sector 3m September 2026



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

The proportion of SMEs that have reported a negative impact on their business due to the revised trading arrangements with the EU is stable (at the lower level of 16%), as most (78%) reported no impact

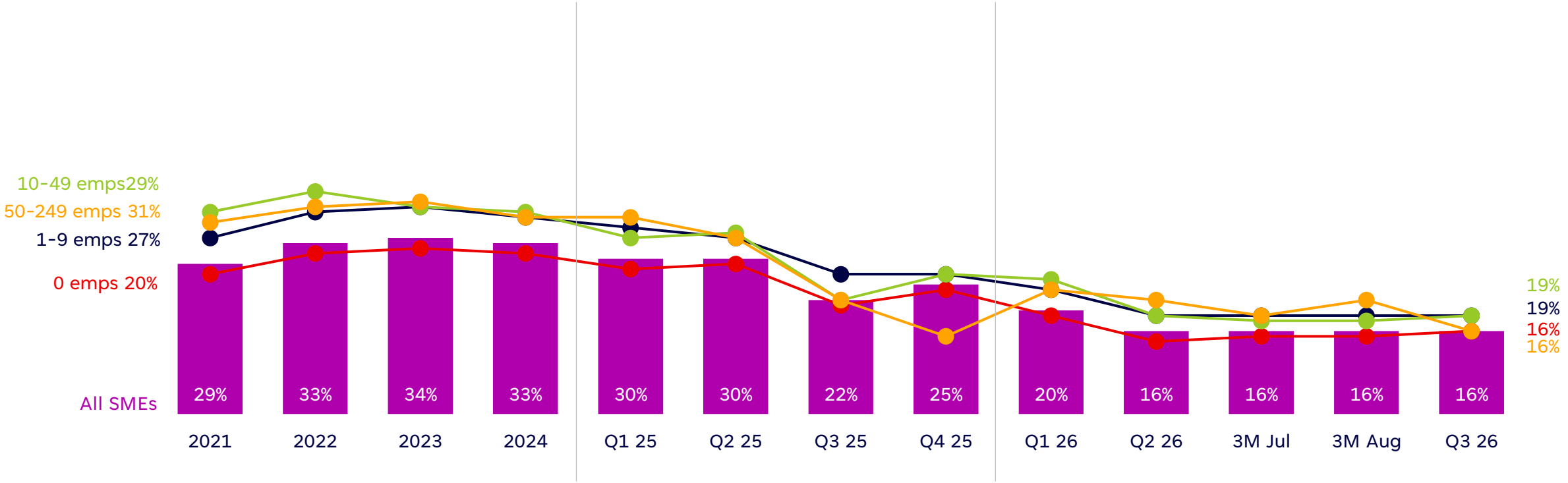
Time series: Impact of the new trading arrangements with the EU



Q84c all SMEs excluding Dk 3m to September 3630

There is currently little variation in levels of negative impact by size of SME

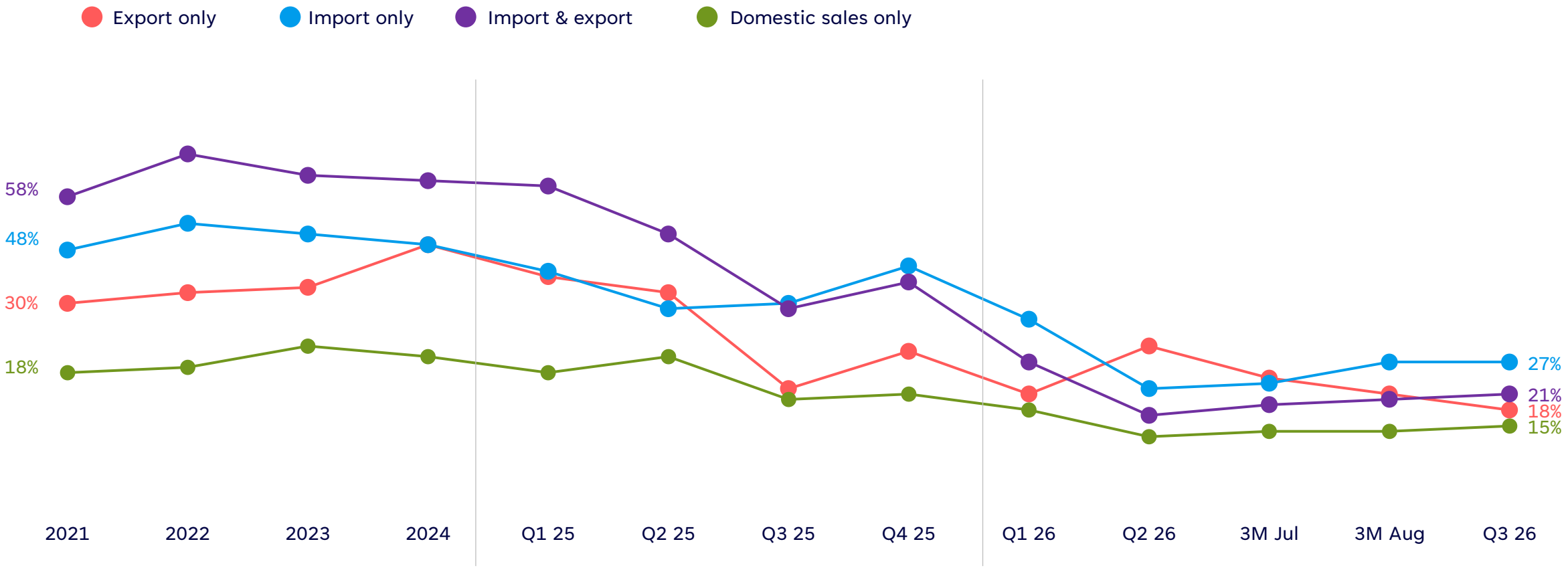
Time series: Negatively impacted by new EU trading arrangements



Q84c all SMEs excluding DK 3m to September 3630

Import only SMEs were slightly more likely to see a negative impact to Q3 2026 than their peers, but all groups remained less likely to see a negative impact than in 2025

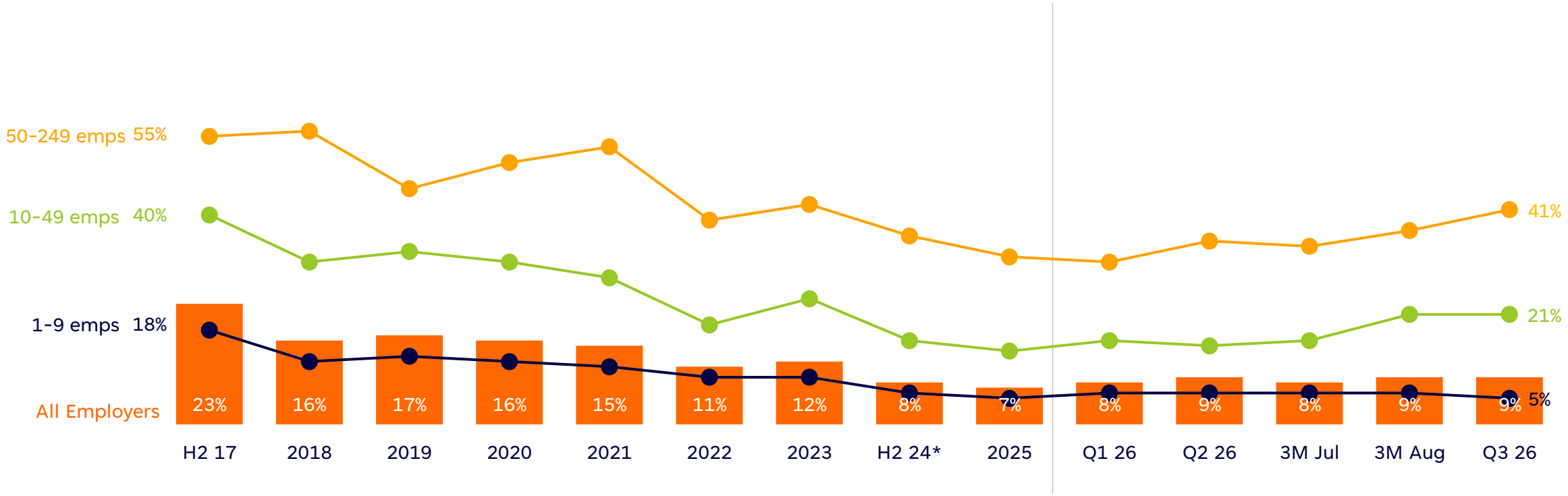
Time series: Negatively impacted by new EU trading arrangements by extent of international trade



Q84c Base: All 3m to September ex DK: 241/469/415/2505

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

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

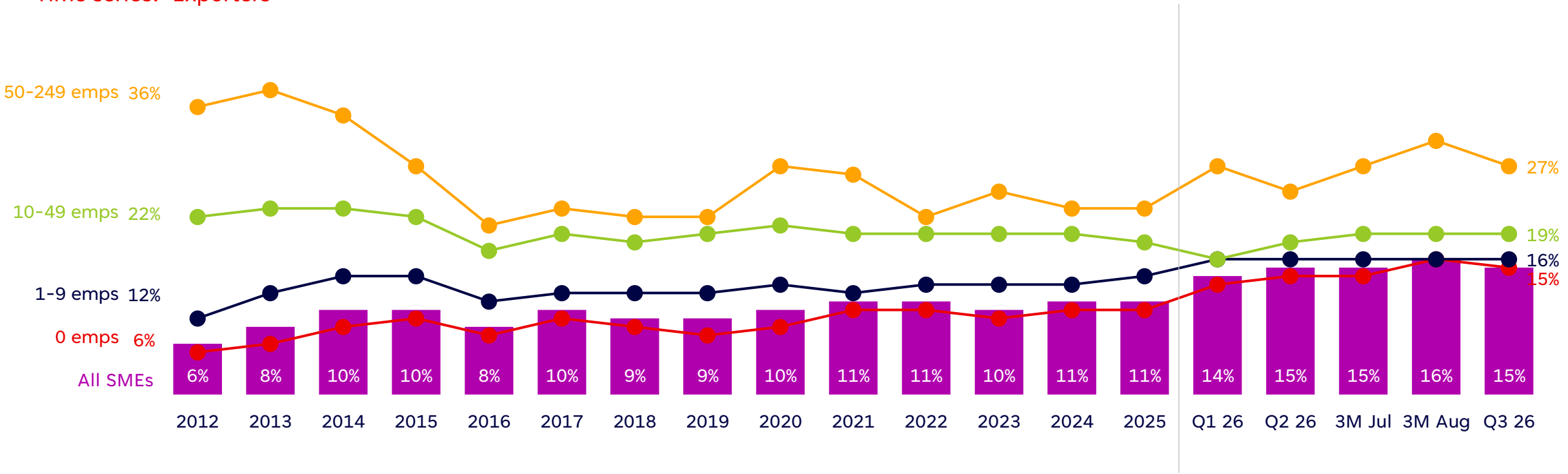


When this question was first asked in H2 2017, a quarter (23%) of employers had staff from overseas. From 2018 to Q2 2021 the proportion was lower but stable, then started to fall and has been under 1 in 10 since the middle of 2024. In the current period, 9% of employers had staff from overseas

*Q84 Base : All employers 3m to September 2996 *From Aug 24, one net "overseas employees" metric has been gathered so no information on EU citizens will be available*

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

Time series: Exporters

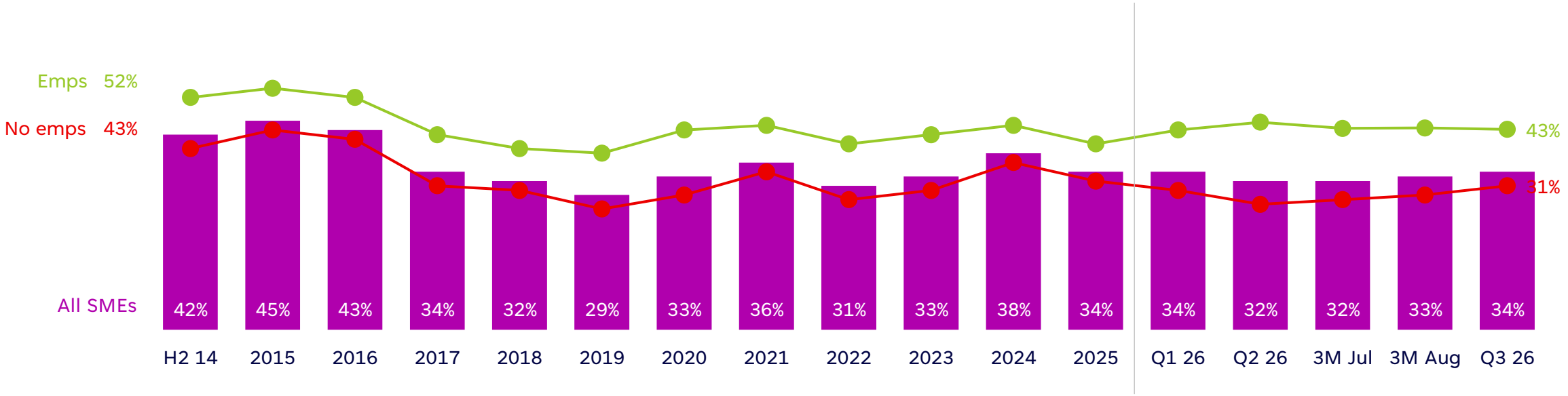


The proportion of exporters increased from 8% in 2013 to 10% in 2014 and 2015. There had been relatively little change since, but more of an increase has been seen recently (to 15% in the current period) led by the smallest and largest SMEs

Q84 Base: All respondents 3m to September 3811

1 in 3 (34%) SMEs were happy to borrow to grow. From Q2 to Q3 2026 the gap between larger and smaller SMEs has narrowed somewhat as smaller SMEs became more likely to be happy to borrow to grow

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

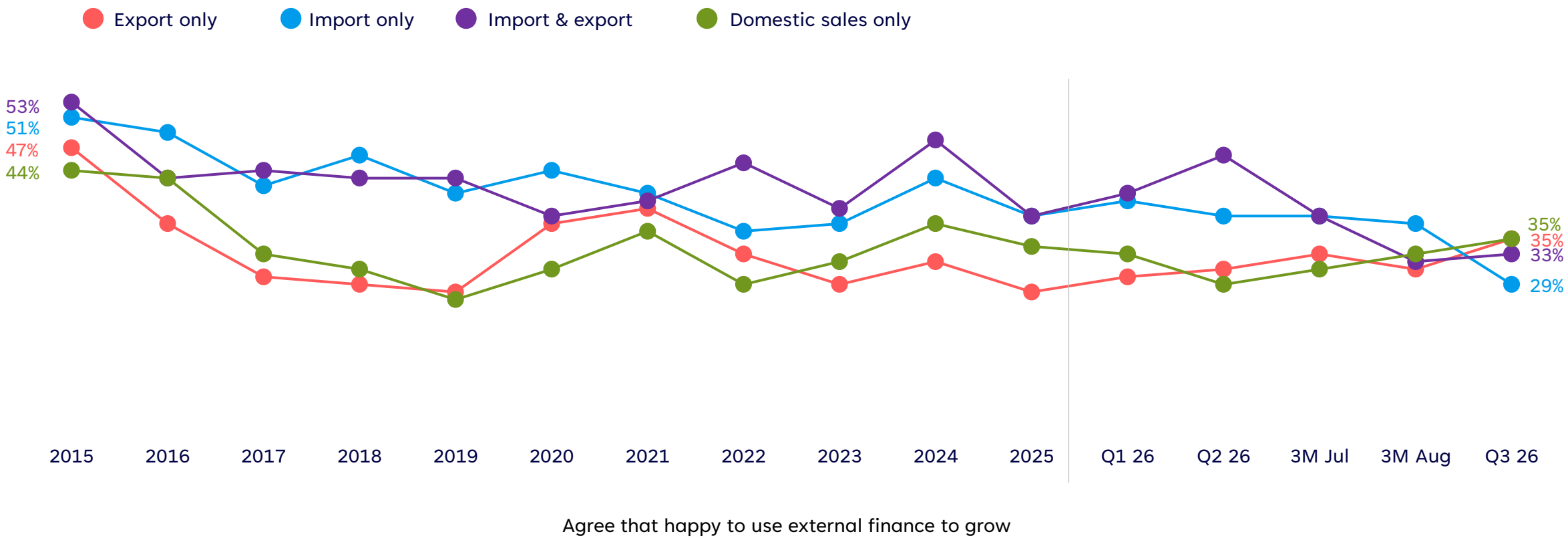


From a high in 2015, the proportion of SMEs happy to use finance to grow declined over time to 3 in 10 SMEs in 2019. It then increased steadily to 36% for 2021. Since then, it has fluctuated between low and high thirty per cent. In the current period, 34% were happy to borrow to grow, back in line with 2025 and Q1 2026.

Q96 Base : All respondents 3m to September 3811

There were limited differences by international trade in terms of being happy to borrow to grow

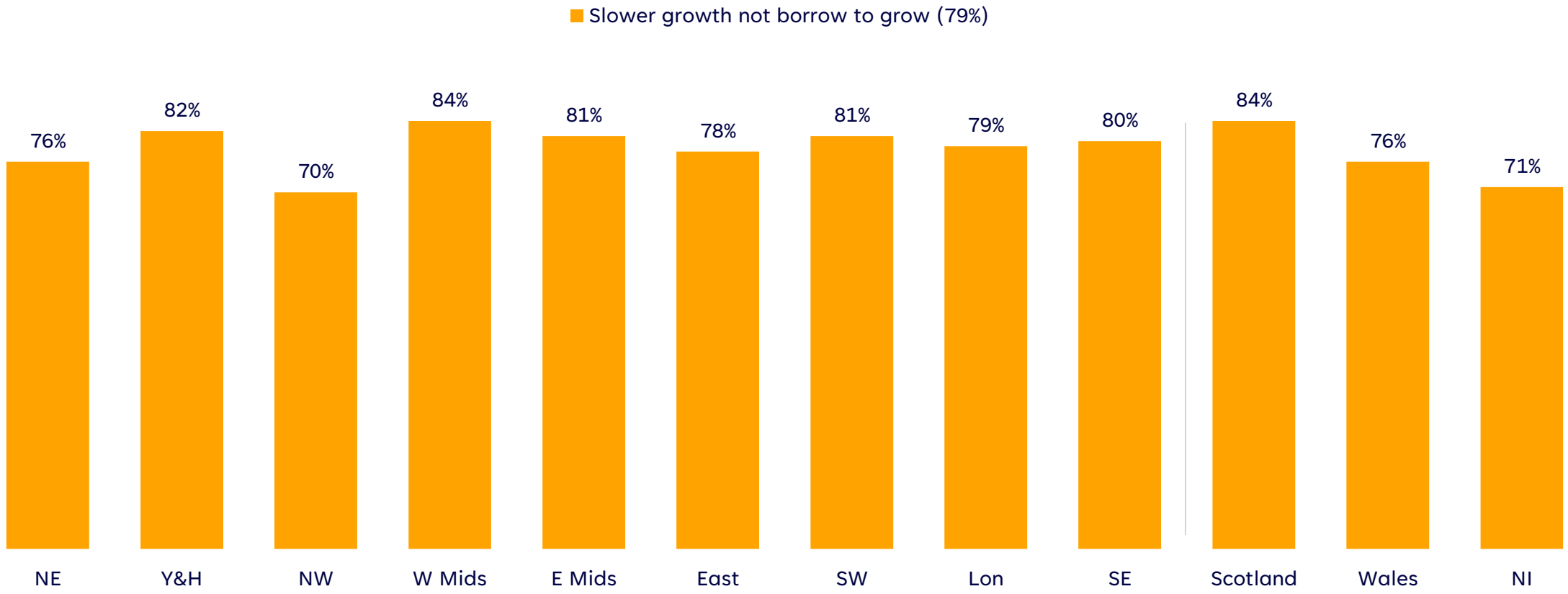
Time series: Agree that happy to use external finance to help business grow



Q96 Base: All 3m to September 250/501/444/2616

The majority of SMEs agreed with slower growth rather than borrowing to grow, with the slight exception of the North West and Northern Ireland

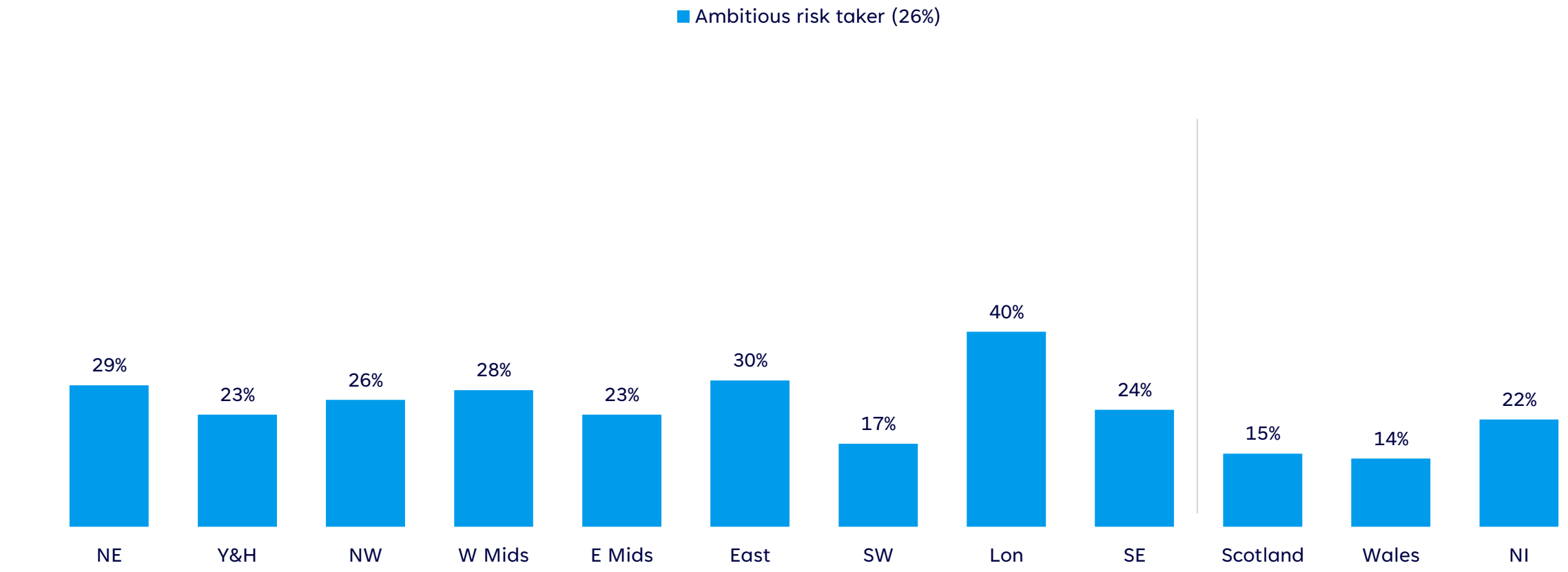
Agree “Slower growth rather than borrow to grow”: by region 3m September 2026



Q96 Base : All SMEs

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

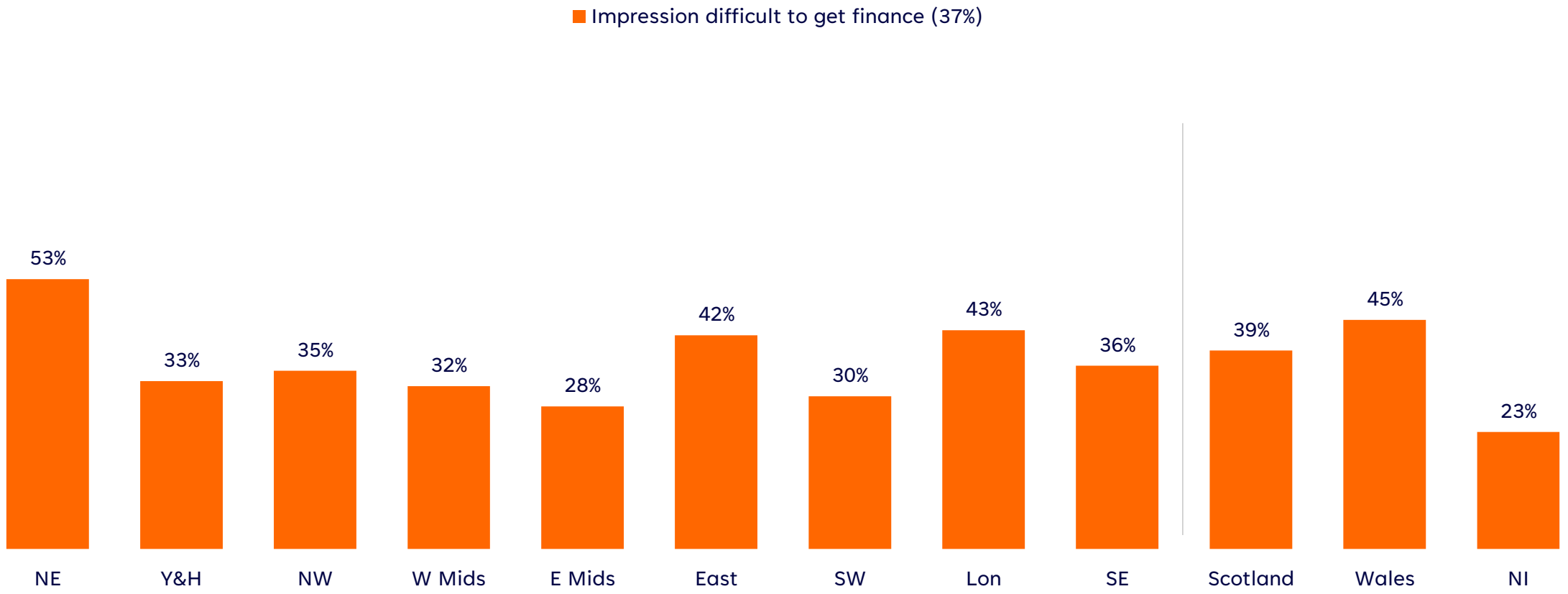
Ambitious risk taker: by region 3m September 2026



Q96 Base : All SMEs

SMEs in the North East were the most likely to feel it could be difficult for them to get finance (53%) compared to 23% in Northern Ireland

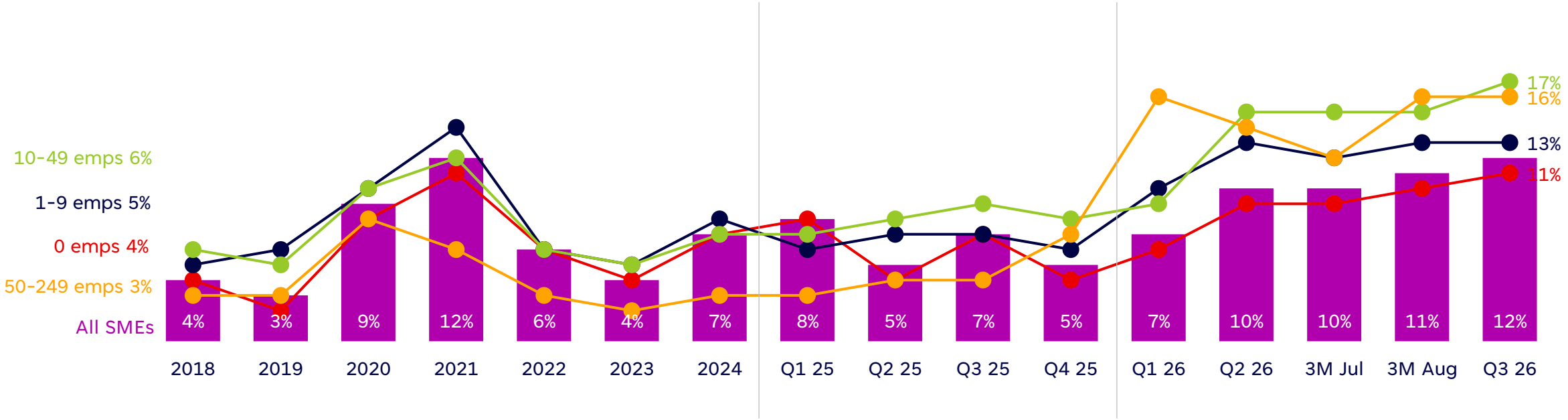
Ambitious risk taker: by region 3m September 2026



Q96 Base : All SMEs

12% of SMEs reported a need for external funding in the last 12 months, with an increasing need seen in 2026 across most size bands

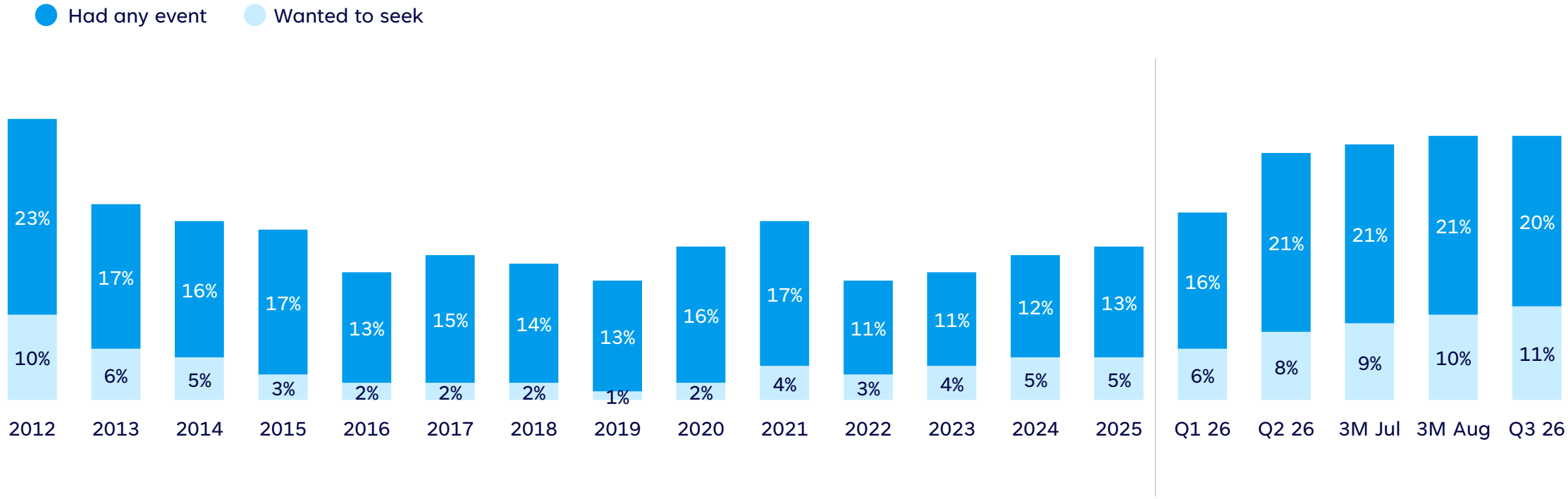
Time series: Had a need for external funding in past 12 months (whether applied or not)



Q25 Base: All SMEs 3m to September 3811

A stable 1 in 5 reported a borrowing event, maintaining the increase seen to Q2 2026. There was also a further small increase in Would-be seekers, to 11%

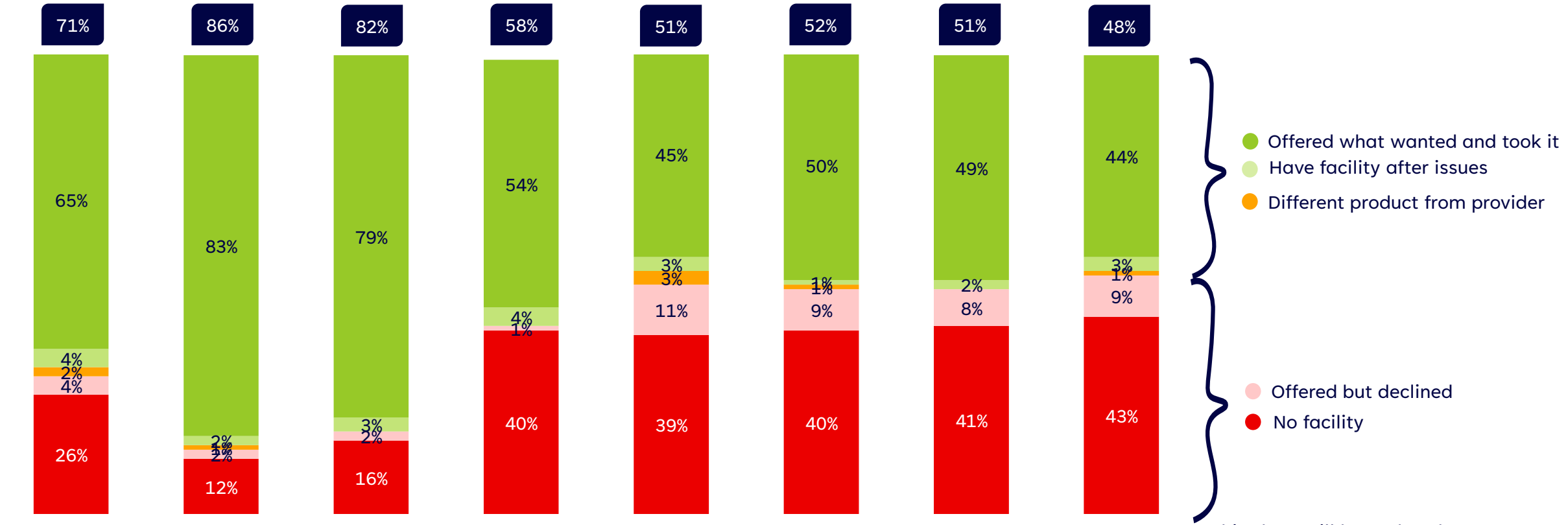
Time series: Any appetite for finance in 12 months prior to interview



Pastfin Base: All SMEs 3m September 3811

A stable half of applications were successful, with a consistent 1 in 10 turning down the offer of finance made to them

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

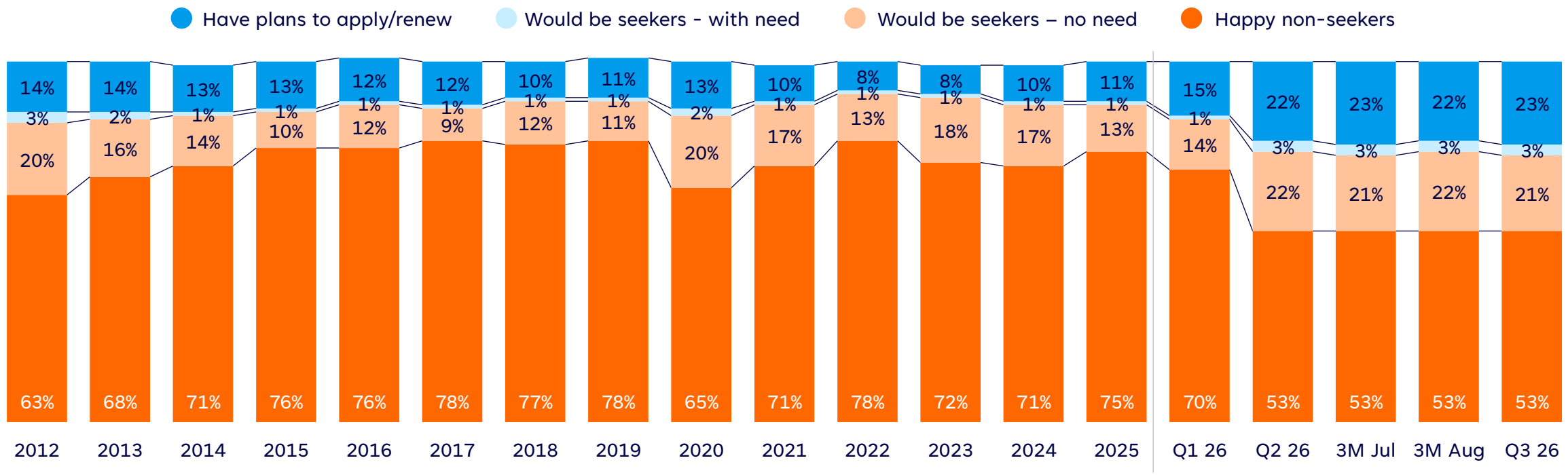


This chart will be updated every quarter end
Last updated Q3 2026

Q39/57 Base : All Type 1a/b applications with a response 1552/3698/2245/1078/1056/1441/1893/1555

Looking forward, there was also a higher but stable appetite for future applications/ renewals (now 23%), and in Future WBS (24%). As a result, the proportion of Future Happy non-seekers remained lower at 53%

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

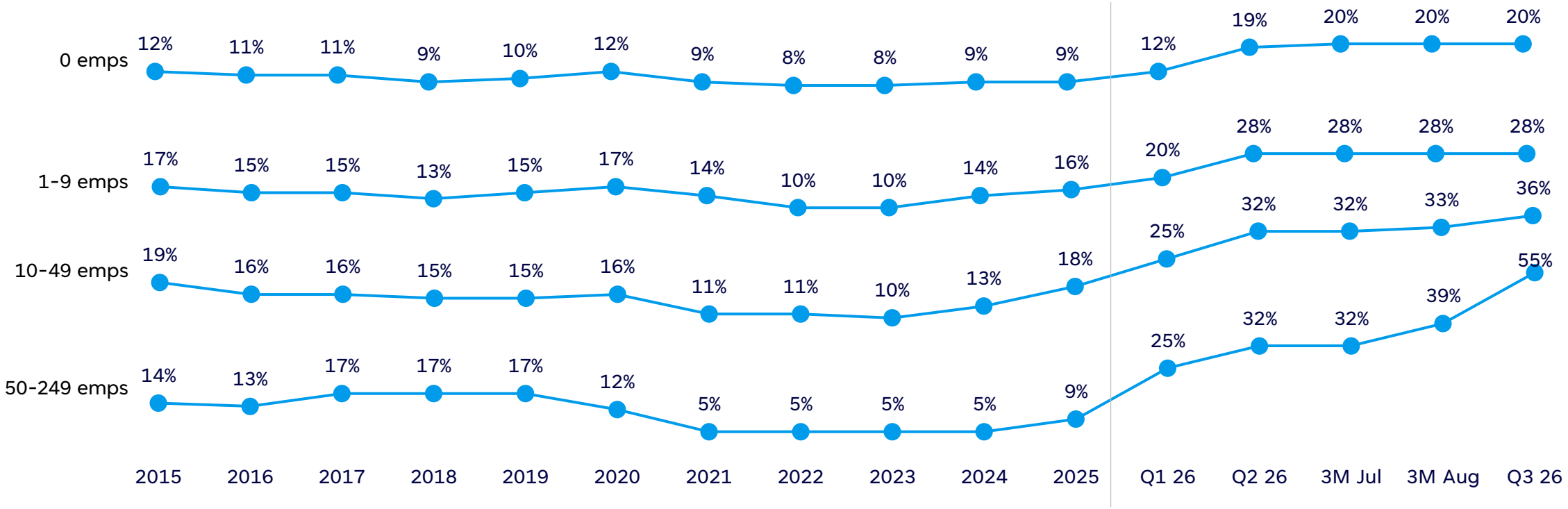


The proportion of SMEs classified as FHNS declined to 65% in 2020 before increasing to 78% in 2022. It was slightly lower in 2023-24 and in the current period was 53% as more SMEs planned to apply for finance (23%), with a clear divide for those with employees (28-32%) compared to 0 employee SMEs (19%)

Pastfin Base: All SMEs 3m September 3811 . Would-be seekers think something would stop them applying for finance in future. They are split into those with a specific need for finance already identified that they won't apply for, and those with no specific need at time of interview

From Q2, SMEs with 10 or more employees have become more likely to plan to apply for finance in 2026, notably the largest ones (albeit on a limited base)

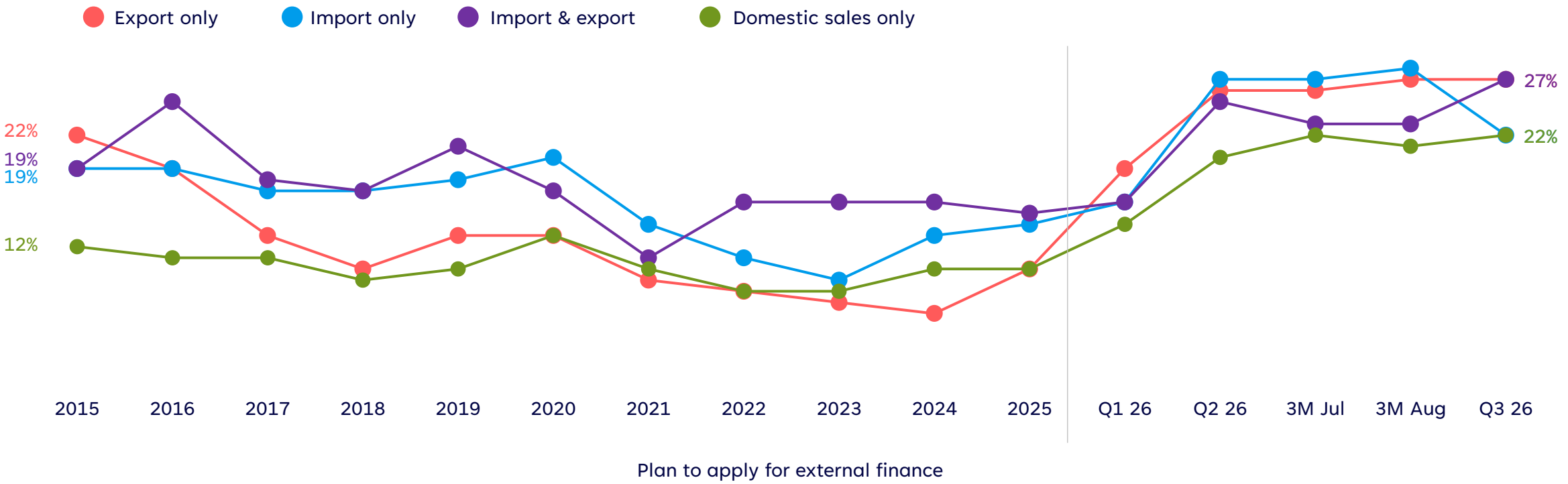
Time series: % planning to apply



Futfin Base : All

Compared to Q2, appetite for finance in Q3 was stable overall but was somewhat lower for those that were Import only

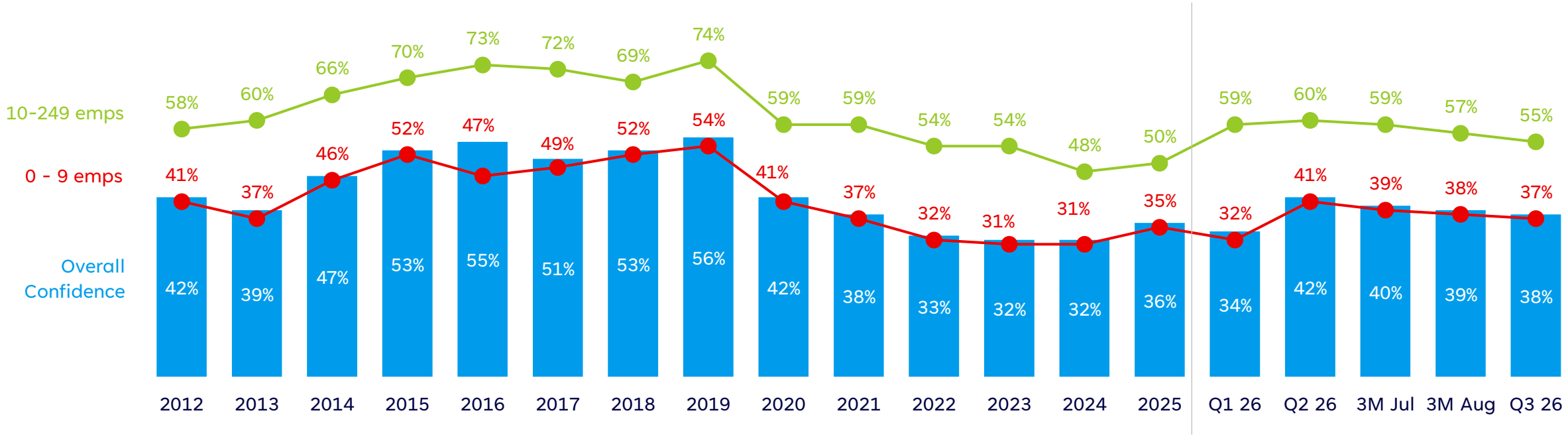
Time series: plan to apply for finance by extent of international trade alongside domestic sales



Futfin Base: All 3m to September 250/501/444/2616

Overall confidence, amongst SMEs planning to apply, that a bank would agree to a facility increased to 42% to Q2 2026, but was somewhat lower in Q3 (38%) overall and for both larger and smaller would-be applicants

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

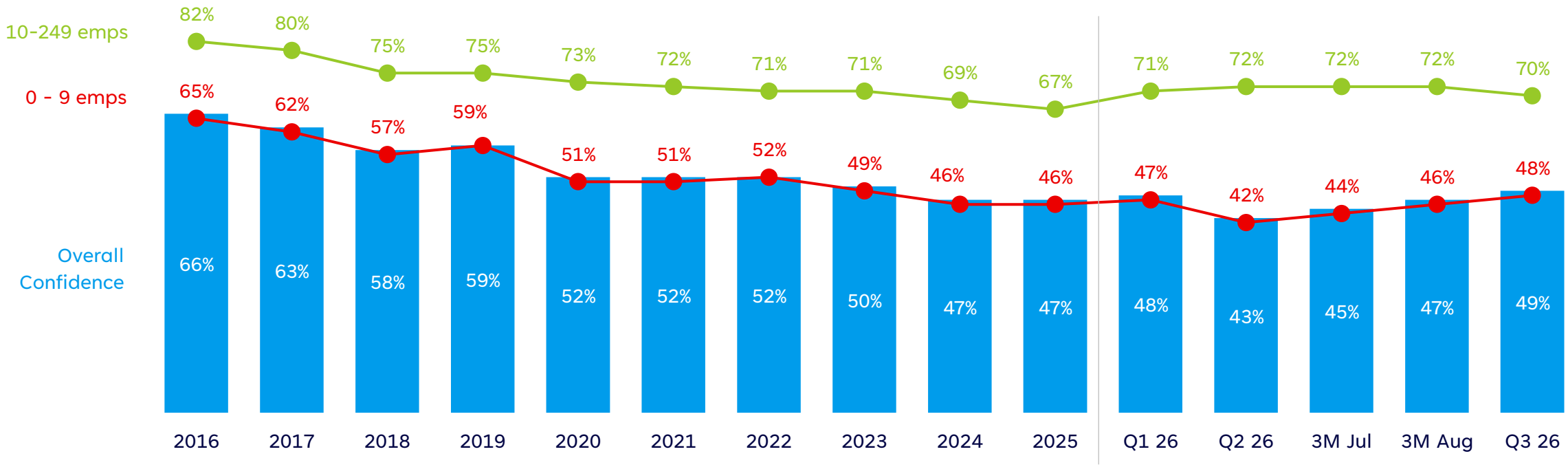


Confidence amongst those planning to apply that they would be successful was at 56% in 2019 but has been more variable since (and typically below actual success rates). Since 2022 around 1 in 3 has been confident of success, with the improvements seen to Q2 2026(42%) not maintained (38% in Q3)

Q103 Base: All planning to apply for new/renewed facilities 3m to September 1064 696/368 CARE RE SMALL BASE

Those with no immediate plans to apply saw an increase in confidence Q2 to Q3 2026, now back in line with Q1. This was due to higher confidence amongst those with 0-9 emps, as confidence amongst larger SMEs remained stable

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



49% of those with no plans to apply to a bank for finance are confident of a hypothetical success. From 2020 the proportion moved from just above to just below half of such SMEs, primarily due to declining confidence amongst smaller SMEs. Larger hypothetical applicants continue to be more confident than smaller ones, and they are more confident than those of a similar size who do intend to apply (70% versus 55%). Smaller hypothetical applicants are less confident than their larger peers, but more confident than those of a similar size who plan to apply (48% versus 37%, as seen in the previous slide).

Q106 Base: All not planning to apply for new/renewed facilities 3m to September 2747 2108/639

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UK Finance

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

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