

# 13. Awareness of taskforce and other initiatives



## **This final section of the report looks**

at awareness amongst SMEs of some of the Business Finance Taskforce commitments, together with other relevant initiatives.



## Key findings

After prompting, 6 in 10 SMEs in Q2 2016 (58%) were aware of any of the initiatives tested.

- Overall awareness increased by size of SME from 55% of those with 0 employees to 73% of those with 50-249 employees. Excluding the PNBs increased awareness slightly to 62%.
- 52% were aware of any of the funding initiatives tested including Start up Loans (40%) and Funding for Lending (26%).
- 28% were aware of any of the support initiatives tested including 17% aware of the network of business mentors (10% of SMEs have a mentor).
- 14% were aware of any of the information initiatives tested including the Better Business Finance programme (8%).
- Awareness has changed relatively little over time.

41% of all SMEs in Q2 2016 (excluding the PNBs) had heard of crowd funding.

- There was wider variation in awareness by size of SME than previously seen (from 39% of 0 employee SMEs to 53% of those with 50-249 employees).
- Use of crowd funding remained limited (1% YE Q2 2016) while 12% were aware of the funding and would consider it in future. This has changed little over time.

18% of SMEs in Q2 2016 reported being contacted by a bank expressing a willingness to lend (20% once the PNBs were excluded).

- There has been a slight increase in such contact over time. In 2012, 13% reported having been contacted by a bank.



In October 2010, the Business Finance Taskforce agreed to a range of initiatives with the aim of supporting SMEs in the UK. This final section of the report looks at awareness amongst SMEs of some of those commitments, together with other relevant initiatives. This part of the survey has been revised several times, most recently in Q1 2016, so results are not always directly comparable over time.

The main change for Q1 2016 involved dropping the spontaneous awareness question asked before prompting on a range of specific initiatives and adding the Business Finance Guide to the list of initiatives tested.

## Prompted awareness of funding initiatives

From Q3 2014 a revised list of funding initiatives has been used, and the question has been asked in a slightly different way. As the table below shows, when prompted with the various schemes listed, 52% of SMEs in Q2 2016 were aware of one or more of these specific schemes, with awareness increasing by size:

<b>Awareness of specific funding initiatives</b>		<b>0</b>	<b>1-9</b>	<b>10-49</b>	<b>50-249</b>
<b>Q2 16 – all SMEs</b>	<b>Total</b>	<b>emp</b>	<b>emps</b>	<b>emps</b>	<b>emps</b>
<b><i>Unweighted base:</i></b>	<b>4500</b>	<b>900</b>	<b>1450</b>	<b>1450</b>	<b>700</b>
Start Up Loans*	40%	39%	42%	43%	42%
Funding for Lending	26%	24%	32%	35%	35%
Enterprise Finance Guarantee Scheme	18%	17%	20%	23%	25%
The Business Growth Fund	15%	14%	18%	25%	23%
The British Business Bank	9%	8%	13%	15%	23%
<b><i>Any of these</i></b>	<b>52%</b>	<b>50%</b>	<b>58%</b>	<b>60%</b>	<b>65%</b>
<b><i>None of these</i></b>	<b>48%</b>	<b>50%</b>	<b>42%</b>	<b>40%</b>	<b>35%</b>

Q240 All SMEs

Amongst those with employees, 58% were aware of any of these initiatives.

As many of these initiatives are aimed at those with an interest in seeking external finance, they are potentially less relevant to the Permanent non-borrowers who have indicated that they are unlikely to seek such external finance. Awareness excluding PNBs is provided later in this chapter.



## Prompted awareness of other support initiatives

The table below shows awareness of other support initiatives tested in Q2 2016. Around a quarter of SMEs were aware of one or more of these initiatives, again increasing somewhat by size of SME:

<b>Awareness of initiatives</b>		<b>0</b>	<b>1-9</b>	<b>10-49</b>	<b>50-249</b>
<b>Q2 16 – all SMEs</b>	<b>Total</b>	<b>emp</b>	<b>emps</b>	<b>emps</b>	<b>emps</b>
<b><i>Unweighted base:</i></b>	<b>4500</b>	<b>900</b>	<b>1450</b>	<b>1450</b>	<b>700</b>
A network of business mentors	17%	16%	19%	23%	21%
The Lending Code/principles	18%	17%	20%	25%	24%
Independently monitored appeals process	11%	10%	12%	17%	17%
<b><i>Any of these</i></b>	<b>28%</b>	<b>26%</b>	<b>32%</b>	<b>39%</b>	<b>41%</b>
<b><i>None of these</i></b>	<b>72%</b>	<b>74%</b>	<b>68%</b>	<b>61%</b>	<b>59%</b>

Q240 All SMEs \* indicates new or amended question

Amongst those with employees, 34% were aware of any of these initiatives.

A further initiative around loans was only asked of those SMEs directly affected by it, as detailed below:

<b>Initiative</b>	<b>Awareness</b>
Loan refinancing talks, 12 months ahead – asked of SMEs with a loan	Awareness of this initiative amongst SMEs with loans was 7% in Q2. For 2015 as a whole it was 9%, unchanged from 2014.

As it applies only to specific SMEs, this initiative is not included in any of the overall summary tables below.



## Prompted awareness of other information initiatives

The table below shows awareness of other communications and sources of information tested in Q2 2016. Around 1 in 7 SMEs were aware of one or more of these initiatives, again increasing somewhat by size of SME:

<b>Awareness of initiatives</b>		<b>0</b>	<b>1-9</b>	<b>10-49</b>	<b>50-249</b>
<b>Q2 16 – all SMEs</b>	<b>Total</b>	<b>emp</b>	<b>emps</b>	<b>emps</b>	<b>emps</b>
<b><i>Unweighted base:</i></b>	<b>4500</b>	<b>900</b>	<b>1450</b>	<b>1450</b>	<b>700</b>
The Better Business Finance (BBF) programme and website	8%	6%	11%	12%	14%
The British Banking Insight website	6%	5%	8%	9%	12%
The Business Finance Guide published by the ICAEW and the British Business Bank	7%	6%	10%	11%	13%
<b><i>Any of these</i></b>	<b>14%</b>	<b>12%</b>	<b>19%</b>	<b>21%</b>	<b>24%</b>
<b><i>None of these</i></b>	<b>86%</b>	<b>88%</b>	<b>81%</b>	<b>79%</b>	<b>76%</b>

Q240 All SMEs \* indicates new or amended question

Amongst those with employees, 19% were aware of any of these initiatives.



## Awareness of all initiatives by key groups

58% of all SMEs in Q2 2016 were aware of one or more of these initiatives after prompting. As with individual initiatives, total awareness increased by size of SME:

- 55% of SMEs with no employees were aware of any of these initiatives
- 63% of those with 1-9 employees were aware of any of these initiatives
- 66% of those with 10-49 employees were aware of any of these initiatives
- 73% of SMEs with 50-249 employees were aware of any of these initiatives

Excluding the PNBs increased overall awareness slightly to 62%.

There was relatively little variation in overall awareness by age of business. Those trading 2-5 years were most likely to be aware (64%) with between 55% and 58% in other age groups aware of any of these initiatives.

Those currently using external finance were more likely to be aware (66%) than those not using finance (53%), as were those planning to apply in the next 3 months (67%, compared to 57% for Future would-be seekers and 56% for Future happy non-seekers).

The tables below provide detailed awareness by other key demographic groups.



The table below details awareness by sector of all the initiatives tested in Q2 2016. Overall awareness varied from 48% for Agriculture to 63% for Property/Business Services:

<b>% aware of initiatives</b>				Whle	Hotel		Prop/	Hlth	Other
<b>Q2 16 – all SMEs</b>	<b>Agric</b>	<b>Mfg</b>	<b>Constr</b>	<b>Retail</b>	<b>Rest</b>	<b>Trans</b>	<b>Bus</b>	<b>SWrk</b>	<b>Comm</b>
<b>Unweighted base:</b>	<b>300</b>	<b>375</b>	<b>800</b>	<b>450</b>	<b>300</b>	<b>500</b>	<b>900</b>	<b>375</b>	<b>500</b>
Start Up Loans	33%	45%	42%	38%	33%	33%	44%	44%	32%
Funding for Lending	26%	29%	27%	28%	25%	22%	27%	24%	25%
A network of business mentors	9%	21%	15%	14%	13%	11%	22%	19%	22%
The Lending Code/principles	16%	20%	11%	18%	16%	11%	21%	24%	25%
Enterprise Finance Guarantee Scheme	18%	19%	14%	15%	14%	12%	24%	25%	14%
The Business Growth Fund	15%	19%	13%	16%	9%	8%	18%	18%	16%
Independently monitored appeals process	11%	15%	8%	11%	10%	8%	12%	15%	11%
The British Business Bank	10%	14%	6%	7%	11%	6%	11%	10%	9%
BetterBusinessFinance.co.uk	9%	10%	7%	7%	9%	5%	10%	5%	6%
The BBI website*	6%	7%	6%	5%	6%	2%	8%	5%	7%
The Business Finance Guide*	8%	7%	5%	8%	6%	3%	10%	8%	9%
<b>Any of these</b>	<b>48%</b>	<b>61%</b>	<b>56%</b>	<b>57%</b>	<b>50%</b>	<b>49%</b>	<b>63%</b>	<b>58%</b>	<b>60%</b>
<b>None of these</b>	<b>52%</b>	<b>39%</b>	<b>44%</b>	<b>43%</b>	<b>50%</b>	<b>51%</b>	<b>37%</b>	<b>42%</b>	<b>40%</b>

Q240 All SMEs \* indicates new or amended question



Excluding the Permanent non-borrowers with little apparent interest in external finance slightly increases awareness of *any* initiatives to 62%. The table below shows awareness of all the individual initiatives tested in Q2 2016, once these PNBs have been excluded:

<b>Awareness of initiatives</b>		<b>0</b>	<b>1-9</b>	<b>10-49</b>	<b>50-249</b>
<b>Q2 16 – all SMEs excluding PNBs</b>	<b>Total</b>	<b>emp</b>	<b>emps</b>	<b>emps</b>	<b>emps</b>
<b><i>Unweighted base:</i></b>	<b>3008</b>	<b>427</b>	<b>962</b>	<b>1064</b>	<b>555</b>
Start Up Loans	44%	43%	45%	47%	46%
Funding for Lending	26%	23%	33%	38%	39%
A network of business mentors	19%	18%	22%	25%	21%
The Lending Code/principles	18%	16%	23%	29%	27%
Enterprise Finance Guarantee Scheme	18%	16%	21%	24%	28%
The Business Growth Fund	15%	13%	18%	26%	26%
Independently monitored appeals process	12%	10%	14%	18%	18%
The British Business Bank	8%	5%	11%	16%	26%
BetterBusinessFinance.co.uk	7%	5%	11%	13%	15%
The BBI website*	5%	4%	8%	8%	14%
The Business Finance Guide*	7%	5%	11%	11%	13%
<b><i>Any of these</i></b>	<b>62%</b>	<b>59%</b>	<b>68%</b>	<b>71%</b>	<b>76%</b>
<b><i>None of these</i></b>	<b>38%</b>	<b>41%</b>	<b>32%</b>	<b>29%</b>	<b>24%</b>

Q240 All SMEs \* indicates new or amended question





Awareness over recent quarters for all SMEs is shown in the table below. The initiatives tested in Q2 2016 included some that were tested for the first time in Q1 2016, or where the wording has changed, as well as some that have been tracked consistently over the period shown. For many initiatives where trend data is available, the picture is broadly stable, but awareness of mentors and the Lending Code were both somewhat lower in 2016 to date:

### Awareness of Taskforce initiatives

Over time – all SMEs By date of interview	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
<b>Unweighted base:</b>	<b>5023</b>	<b>5024</b>	<b>5038</b>	<b>5001</b>	<b>5004</b>	<b>5003</b>	<b>4500</b>	<b>4500</b>
Start Up Loans	35%	34%	40%	40%	40%	42%	41%	40%
Funding for Lending	25%	24%	23%	24%	26%	24%	26%	26%
A network of business mentors	22%	19%	22%	19%	26%	24%	19%	17%
The Lending Code/principles	21%	17%	18%	19%	23%	22%	15%	18%
Enterprise Finance Guarantee Scheme	22%	17%	18%	18%	19%	19%	17%	18%
The Business Growth Fund	16%	15%	15%	15%	16%	16%	16%	15%
Independently monitored appeals process	14%	12%	12%	13%	14%	14%	10%	11%
The British Business Bank	13%	10%	11%	10%	12%	11%	9%	9%
BetterBusinessFinance.co.uk	14%	14%	8%	9%	10%	9%	8%	8%
The BBI website*	-	-	6%	9%	9%	8%	6%	6%
The Business Finance Guide*	-	-	-	-	-	-	8%	7%
<b>Any of these</b>	<b>62%</b>	<b>58%</b>	<b>61%</b>	<b>62%</b>	<b>64%</b>	<b>61%</b>	<b>60%</b>	<b>58%</b>
<b>None of these</b>	<b>38%</b>	<b>42%</b>	<b>39%</b>	<b>38%</b>	<b>36%</b>	<b>39%</b>	<b>40%</b>	<b>42%</b>

Q240 All SMEs



This second table excludes the Permanent non-borrowers, but shows a similar picture of awareness over recent quarters:

### Awareness of Taskforce initiatives

Over time – all SMEs excl PNBs By date of interview	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
<b>Unweighted base:</b>	<b>3576</b>	<b>3153</b>	<b>3220</b>	<b>3195</b>	<b>3258</b>	<b>3338</b>	<b>2854</b>	<b>3008</b>
Start Up Loans**	36%	38%	44%	41%	42%	47%	42%	44%
Funding for Lending**	25%	26%	25%	26%	26%	26%	25%	26%
A network of business mentors	21%	20%	25%	22%	25%	24%	20%	19%
The Lending Code/principles	20%	19%	20%	21%	25%	24%	15%	18%
Enterprise Finance Guarantee Scheme**	21%	19%	22%	20%	19%	19%	18%	18%
The Business Growth Fund**	16%	16%	18%	19%	17%	17%	18%	15%
Independently monitored appeals process	15%	12%	14%	14%	15%	14%	11%	12%
The British Business Bank**	13%	10%	12%	10%	11%	12%	9%	8%
BetterBusinessFinance.co.uk	16%	14%	9%	9%	10%	8%	8%	7%
The BBI website*	-	-	8%	8%	9%	8%	6%	5%
The Business Finance Guide*	-	-	-	-	-	-	9%	7%
<b>Any of these</b>	<b>64%</b>	<b>62%</b>	<b>66%</b>	<b>65%</b>	<b>66%</b>	<b>66%</b>	<b>62%</b>	<b>62%</b>
<b>None of these</b>	<b>36%</b>	<b>38%</b>	<b>34%</b>	<b>35%</b>	<b>34%</b>	<b>34%</b>	<b>38%</b>	<b>38%</b>

Q240 All SMEs excl PNBs



## The independently monitored appeals process

Not all SMEs borrow, or have any appetite for external finance. Initiatives such as the independently monitored appeals process therefore will not be immediately relevant to many SMEs. Awareness of this initiative is shown in more detail below, typically for H1 2016, and looking at those SMEs for whom it could have particular relevance:

### The appeals process

Awareness amongst those declined for a loan or overdraft	As reported earlier, of those who, in the 18 months between Q1 2015 and Q2 2016, had applied for an overdraft and initially been declined, 18% said that they had been made aware of the appeals process. For loans the equivalent figure was 15%.
Overall general awareness	Overall awareness of the appeals process (asked of <u>all</u> SMEs at Q240) was 10% for H1 2016, somewhat lower than for previous years (14% consistently for 2013-2015). Once the PNBs were excluded awareness was 11%, also somewhat lower than previously seen.
Overall awareness by size	Awareness continued to increase somewhat by size of SME. Excluding the PNBs, in H1 2016 10% of remaining SMEs with 0 employees were aware of appeals, increasing to 17% of those with 10-49 or 50-249 employees.
Awareness by interest in finance	14% of those reporting a borrowing event in the 12 months prior to interview were aware of the appeals process. Awareness was lower amongst both Happy non-seekers and Would-be seekers (9%).  Looking forward, 11% of those planning to apply in the next 3 months were aware of the appeals process, compared to 10% of Future happy non-seekers and 9% of Future would-be seekers.



## Crowd Funding

Questions on crowd funding have been through several iterations in the SME Finance Monitor. They were originally included in Q2 and Q3 2012, when awareness of the concept was 18%, varying by size from 17% of 0 employee SMEs to 27% of those with 50-249 employees. Excluding the PNBs with little apparent appetite for finance did not change these figures.

When the question was re-introduced for the Q2 2013 survey the answers available were extended to cover both awareness *and* use of crowd funding and a quarter of SMEs (excluding the PNBs) were aware of crowd funding.

The question was revised again for Q1 2014, to provide more granularity on applications for crowd funding. Overall awareness since then is shown by quarter below. Since the start of 2014 awareness has increased and around 4 in 10 SMEs are now aware of crowd funding. Initial results for 2016 show a slightly lower level of overall awareness (41% in Q2 2016) due to lower levels of awareness amongst the smaller SMEs (39% of those with 0 employees v 53% of those with 50-249 employees):

### Aware of crowd funding

All SMEs excl PNBs Row percentages	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
All SMEs	18%	25%	32%	32%	38%	36%	37%	45%	42%	41%
0 emps	16%	23%	29%	31%	38%	34%	37%	46%	40%	39%
1-9 emps	21%	32%	36%	33%	39%	41%	38%	45%	46%	44%
10-49 emps	24%	29%	35%	34%	40%	42%	40%	46%	47%	46%
50-249 emps	22%	29%	36%	38%	33%	40%	41%	44%	48%	53%
All planning to apply	25%	33%	37%	45%	47%	38%	40%	49%	47%	40%

#### Q238a3 All SMEs excl PNBs

Those planning to apply for new/renewed finance in the 3 months after interview have typically been somewhat more likely to be aware of crowd funding but this was not the case in Q2 2016.



The table below showing awareness and consideration of crowd funding is based on YEQ2 2016 to maximise base sizes. Very few SMEs were using crowd funding (1%) while a minority of those aware would consider using it (29% of those aware, the equivalent of 12% of all SMEs excluding the PNBs). Willingness to use declined slightly by size of SME:

<b>Awareness and use of crowd funding</b>					
All SMEs excl PNBs YEQ2 2016	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>12,458</b>	<b>1877</b>	<b>4022</b>	<b>4405</b>	<b>2154</b>
Aware of crowd funding	42%	41%	43%	45%	47%
- Using crowd funding	1%	1%	1%	2%	1%
- Unsuccessfully applied for crowd funding	*	*	1%	*	*
- Would consider applying in future	12%	12%	12%	11%	9%
- Would <u>not</u> consider applying	28%	27%	29%	32%	37%
Not aware	58%	59%	57%	55%	53%
<b>% aware who would consider</b>	<b>29%</b>	<b>29%</b>	<b>28%</b>	<b>24%</b>	<b>19%</b>

Q238a2 All SMEs excl PNBs

As the table below shows, since the start of 2014, awareness of crowd funding has increased from 22% to 42% of SMEs (excluding the PNBs) while the proportion of those aware who would consider using it has stayed broadly stable (32% in H1 2014 to 29% in H1 2016):

<b>Awareness and use of crowd funding</b>					
All SMEs excl PNBs Over time	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016
<b>Unweighted base:</b>	<b>6884</b>	<b>6729</b>	<b>6415</b>	<b>6596</b>	<b>5862</b>
Aware of crowd funding	22%	32%	37%	41%	42%
- Would consider applying in future	7%	10%	11%	12%	12%
<b>% aware who would consider</b>	<b>32%</b>	<b>31%</b>	<b>30%</b>	<b>29%</b>	<b>29%</b>

Q238a2 All SMEs excl PNBs



Overall consideration is driven by the views of the 0 employee SMEs:

- Between H1 2014 and H2 2015, the proportion of 0 employee SMEs (excluding PNBs) who were aware of crowd funding and said that they would consider using it in future dropped from 35% to 29%, before increasing again to 33% for H1 2016 (the highest level of consideration by size).
- For the equivalent group of SMEs with 1-9 employees, future consideration also dropped between H1 2014 and H2 2015, from 35% to 29%, and then dropped slightly again to 27% for H1 2016.
- Consideration amongst the equivalent 10-49 employee SMEs was at a consistent 26% H1 2014 to H2 2015, but was somewhat lower at 21% for H1 2016.
- Consideration amongst the equivalent 50-249 employees SMEs has been very consistent over time (19% in both H1 2014 and H2 2015 and 20% in H1 2016).



## Bank communication about lending

SMEs were asked whether, in the 3 months prior to interview, they had been contacted by either their main bank, or another bank, expressing a willingness to lend.

In Q2 2016, 18% of all SMEs said that they had received such a contact in the previous 3 months (12% of SMEs had heard from their main bank, while 8% had heard from another bank). There has been a gradual increase in reported contact over time (14% had been approached in Q2 2014), which was seen across all sizes of SME:

### Approached by any bank in last 3 mths

Over time – all SMEs	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
All SMEs	14%	14%	14%	14%	14%	16%	17%	17%	18%
0 emps	14%	12%	12%	14%	13%	15%	16%	16%	17%
1-9 emps	15%	17%	17%	16%	17%	17%	19%	17%	20%
10-49 emps	16%	21%	17%	18%	18%	20%	21%	22%	19%
50-249 emps	19%	24%	22%	16%	18%	19%	17%	17%	18%
All SMEs excluding PNBs	15%	14%	16%	17%	16%	19%	20%	20%	20%

### Q221 All SMEs

SMEs with employees remained more likely to have been contacted. 20% reported in Q2 2016 that they had been approached by a bank (14% by their main bank and 8% by another bank).



Analysis over time shows that the increased level of contact has been primarily due to increased approaches from the main bank:

<b>Approached by banks in last 3 months</b>					H1
All SMEs over time	2012	2013	2014	2015	2016
<b>Unweighted base:</b>	<b>20,055</b>	<b>20,036</b>	<b>20,055</b>	<b>20,046</b>	<b>9000</b>
Approached by main bank	8%	9%	10%	11%	11%
Approached by other bank	6%	5%	5%	6%	7%
<b>Any approach</b>	<b>13%</b>	<b>13%</b>	<b>14%</b>	<b>15%</b>	<b>17%</b>

Q221 All SMEs

Those who had been contacted by a bank were more likely to be aware of *any* of the initiatives tested earlier in this chapter (71% compared to 56% of those who had not been approached and 61% of all SMEs). They were also more likely to be planning to apply for finance (18% v 12%).

Those who had heard from a bank were typically slightly larger SMEs with a somewhat better external risk rating profile than those who had not been contacted, and these factors are also likely to have impacted on awareness. More detailed analysis would therefore be needed to explore the actual impact that contact from a bank has had.