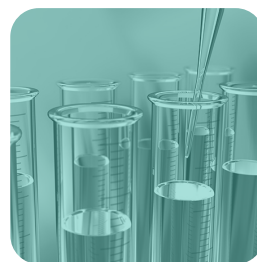


6. An initial summary of all overdraft and loan events



This chapter provides

the full definition of each borrowing event together with summary tables of their occurrence. Subsequent chapters then investigate in more detail, and over time. The chapter covers the individual waves of interviews conducted to date. In each wave, SMEs have been asked about borrowing events in the previous 12 months, so overall, borrowing events may have occurred from Q2 2010 to Q2 2016. Where year-ending data is provided this is YE Q2 2016.



Key findings

YEQ2 2016, demand for new and renewed loan or overdraft facilities remained limited with 6% of SMEs reporting such an application in the 12 months prior to interview.

- Larger SMEs remained more likely to have made such an application (1 in 10 of those with employees compared to 1 in 20 of those with 0 employees).
- Demand has declined over time. In 2012, 11% of SMEs reported an application for new or renewed facilities. This then reduced to 7% for 2015 and 6% for the first half of 2016, across all size bands and risk ratings and also once the PNBs were excluded.

Overdraft applications remained somewhat more common than loan applications but both have declined over time. In 2012, 8% of SMEs had applied for a new or renewed overdraft and 4% for a new or renewed loan. In the first half of 2016, 4% had applied for such an overdraft and 2% for such a loan.

Almost half of SMEs with an overdraft said that it had been automatically renewed by the bank, the equivalent of 7% of all SMEs.



All SMEs reported on activities occurring in the 12 months prior to interview concerning borrowing on loan or overdraft. These borrowing events have been split into three types, defined as follows:

- Type 1, where the SME had applied for a new facility or to renew/roll over an existing facility
- Type 2, where the bank had sought to cancel an existing borrowing facility or renegotiate an existing facility
- Type 3, where the SME had sought to reduce an existing borrowing facility or pay off an existing facility.

This chapter provides analysis on loan and overdraft events reported in interviews conducted to YEQ2 2016. This provides bigger base sizes and more granularity for sub-group analysis, such as by employee size band. Where possible, analysis has also been shown over time.

The rolling aggregate of demand/activity

The table below shows the percentage of all SMEs interviewed in recent quarters that reported a loan or overdraft borrowing event in the 12 months prior to interview. Type 1 events remained the most common. In 2016 to date SMEs have been somewhat less likely to report a borrowing event:

Borrowing events in the previous 12 months

All SMEs – over time	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
By date of interview	2014	2014	2014	2015	2015	2015	2015	2016	2016
Unweighted base:	5008	5023	5024	5038	5001	5004	5003	4500	4500
Type 1: New application/renewal	8%	8%	7%	8%	7%	8%	7%	6%	6%
Applied for new facility (any)	5%	5%	4%	5%	3%	4%	4%	3%	3%
Renewed facility (any)	4%	5%	4%	4%	4%	4%	4%	3%	3%
Type 2: Cancel/renegotiate by bank	3%	5%	3%	4%	3%	3%	3%	2%	2%
Type 3: Chose to reduce/pay off facility	2%	3%	1%	3%	2%	2%	2%	1%	1%

Q25/26 All SMEs



In the previous chapter of this report it was noted that almost half of SMEs met the definition of a Permanent non-borrower and therefore appeared disinclined to use external finance. The table below excludes these PNBs from the sample, and shows the higher proportion of remaining SMEs that have had an event as a result.

In Q2 2016, 10% of SMEs (excluding the PNBs) reported a Type 1 event in the 12 months prior to interview, at the lower end of the range seen over recent quarters:

Borrowing events in the previous 12 months

All SMEs, excluding PNBs over time	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
By date of interview	2014	2014	2014	2015	2015	2015	2015	2016	2016
Unweighted base:	3514	3576	3153	3220	3195	3258	3338	2854	3008
Type 1: New application/renewal	13%	14%	13%	15%	13%	14%	12%	11%	10%
Applied for new facility (any)	8%	7%	8%	10%	6%	8%	6%	6%	6%
Renewed facility (any)	7%	8%	8%	7%	8%	8%	7%	6%	6%
Type 2: Cancel/renege by bank	5%	8%	6%	8%	6%	5%	5%	5%	5%
Type 3: Chose to reduce/pay off	4%	4%	2%	6%	3%	3%	3%	2%	2%

Q25/26 All SMEs



Events in the 12 months prior to interview, by key demographics

The remainder of this chapter looks in more detail at the types of SME that were more or less likely to report any of the loan or overdraft events specified. In order to provide robust sub-sample groups, these are reported below for YEQ2 2016, and, unless otherwise stated, are based on all SMEs.

The table below shows how SMEs with employees were more likely to have experienced a Type 1 event:

Borrowing events in the previous 12 months		0	1-9	10-49	50-249
YEQ2 16 all SMEs	Total	emp	emps	emps	emps
Unweighted base:	19,007	3800	6203	6103	2901
Type 1: New application/renewal	6%	5%	10%	11%	10%
Applied for new facility (any)	3%	3%	5%	5%	4%
- applied for new loan	2%	1%	3%	3%	3%
- applied for new overdraft	2%	2%	3%	3%	1%
Renewed facility (any)	4%	3%	6%	8%	7%
- renewed existing loan	1%	1%	2%	3%	3%
- renewed existing overdraft	3%	2%	5%	6%	6%
Type 2: Cancel/renege by bank	3%	2%	4%	5%	4%
Bank sought to renegotiate facility (any)	2%	2%	3%	4%	3%
- sought to renegotiate loan	1%	1%	1%	2%	2%
- sought to renegotiate overdraft	1%	1%	2%	2%	2%
Bank sought to cancel facility (any)	1%	1%	2%	2%	2%
- sought to cancel loan	1%	1%	1%	1%	1%
- sought to cancel overdraft	*	*	1%	1%	1%
Type 3: Chose to reduce/pay off facility	1%	1%	2%	3%	2%
- reduce/pay off loan	1%	1%	2%	2%	2%
- reduce/pay off overdraft	1%	*	1%	1%	1%

Q25/26 All SMEs – does not include automatic renewal of overdraft facilities



Excluding those SMEs with no employees increases the incidence of Type 1 events to 10% of SMEs with employees, of Type 2 events to 4% and of Type 3 events to 2%.

Experience of events varied relatively little by risk rating, albeit those with a low risk rating were somewhat more likely to report a Type 1 event:

Borrowing events in the previous 12 months

YEQ2 16 – all SMEs	Total	Min	Low	Avg	Worse/ Avg
Unweighted base:	19,007	2965	5907	4231	4276
Type 1: New application/renewal	6%	8%	10%	6%	5%
Applied for new facility (any)	3%	3%	4%	4%	3%
- applied for new loan	2%	2%	2%	2%	2%
- applied for new overdraft	2%	1%	3%	2%	2%
Renewed facility (any)	4%	6%	7%	3%	3%
- renewed existing loan	1%	1%	3%	1%	1%
- renewed existing overdraft	3%	6%	6%	3%	2%
Type 2: Cancel/renege by bank	3%	3%	4%	3%	2%
Bank sought to renegotiate facility (any)	2%	2%	3%	2%	2%
- sought to renegotiate loan	1%	1%	1%	1%	1%
- sought to renegotiate overdraft	1%	1%	2%	1%	1%
Bank sought to cancel facility (any)	1%	1%	1%	1%	1%
- sought to cancel loan	1%	1%	1%	1%	1%
- sought to cancel overdraft	*	*	*	*	*
Type 3: Chose to reduce/pay off facility	1%	2%	2%	1%	1%
- reduce/pay off loan	1%	2%	1%	1%	1%
- reduce/pay off overdraft	1%	1%	1%	1%	*

Q25/26 All SMEs with external risk rating



Those in Property/Business Services were somewhat less likely to report a Type 1 event:

Borrowing events in the previous 12 months

YEQ2 16 – all SMES	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	1350	1790	3349	1912	1500	1909	3550	1645	2002
Type 1: New application/ renewal	11%	9%	6%	10%	10%	5%	4%	5%	8%
Applied for new facility (any)	5%	5%	4%	4%	6%	2%	2%	3%	4%
- applied for new loan	3%	2%	2%	2%	4%	2%	1%	2%	2%
- applied for new overdraft	3%	3%	3%	3%	2%	1%	1%	2%	2%
Renewed facility (any)	8%	5%	2%	6%	5%	3%	3%	3%	4%
- renewed existing loan	4%	1%	*	2%	3%	1%	1%	1%	1%
- renewed existing overdraft	6%	4%	2%	6%	4%	2%	2%	3%	3%
Type 2: Cancel/ renegotiate by bank	6%	4%	2%	2%	5%	3%	2%	3%	2%
Bank sought to renegotiate facility (any)	5%	3%	2%	1%	4%	2%	2%	2%	2%
- sought to renegotiate loan	2%	1%	1%	1%	2%	1%	1%	1%	1%
- sought to renegotiate overdraft	4%	2%	1%	1%	2%	1%	1%	1%	1%
Bank sought to cancel facility (any)	1%	1%	1%	1%	1%	1%	*	1%	1%
- sought to cancel loan	1%	1%	1%	1%	1%	1%	*	1%	*
- sought to cancel overdraft	1%	*	1%	*	*	*	*	*	*
Type 3: Chose to reduce/ pay off facility	3%	2%	1%	2%	2%	2%	1%	1%	1%
- reduce/pay off loan	2%	1%	1%	1%	2%	1%	1%	1%	1%
- reduce/pay off overdraft	1%	1%	*	1%	1%	1%	*	*	1%

Q25/26 All SMEs



The table below repeats this detailed analysis for all SMEs once the Permanent non-borrowers have been excluded from the SME population. The incidence of Type 1 events (applications/renewals) increases as a result from 6% to 12% of remaining SMEs:

Borrowing events in the previous 12 months		Total	All excl. PNBs
YEQ2 16 – all SMEs			
Unweighted base:		19,007	12,458
Type 1: New application/renewal		6%	12%
Applied for new facility (any)		3%	7%
- applied for new loan		2%	3%
- applied for new overdraft		2%	4%
Renewed facility (any)		4%	7%
- renewed existing loan		1%	2%
- renewed existing overdraft		3%	6%
Type 2: Cancel/renege by bank		3%	5%
Bank sought to renegotiate facility (any)		2%	4%
- sought to renegotiate loan		1%	2%
- sought to renegotiate overdraft		1%	2%
Bank sought to cancel facility (any)		1%	2%
- sought to cancel loan		1%	1%
- sought to cancel overdraft		*	1%
Type 3: Chose to reduce/pay off facility		1%	3%
- reduce/pay off loan		1%	2%
- reduce/pay off overdraft		1%	1%

Q25/26 All SMEs/all excluding the Permanent non-borrowers



Other business demographics showed limited variation in incidence of a Type 1 event YEQ2 2016:

Demographic	Incidence of Type 1 events reported YEQ2 2016
Age of business	The incidence of Type 1 events varied only slightly by age of business. 5% of Starts reported a Type 1 event compared to 8% of those trading for 10-15 years or 7% of those trading for more than 15 years.
Profitable SMEs	Those who had made a loss were more likely to report a borrowing event (10%), compared to those who had made a profit (6%) or broken even (4%).
Growth	Those who had grown in the past year were slightly more likely to have had a Type 1 event: Grown 20%+ 12% Grown by less than this 8% Not grown in last yr 6%.
Importers/exporters	Those engaged in international trade were also only slightly more likely to have had an event (8%) than those who were not (6%).

The next analysis focuses specifically on Type 1 events and on the SMEs more or less likely to report such an event over time.

The first table below shows the proportion reporting a Type 1 event over recent quarters, overall and by key demographics. This shows a broadly stable picture between Q2 2014 and Q4 2015 with slightly lower levels of application in 2016 to date primarily due to SMEs with employees.

The subsequent table takes the longer term view from 2012. This shows the decline in Type 1 borrowing events (a new or renewed loan or overdraft facility) from 11% of all SMEs in 2012 to 6% in the first half of 2016, seen across all size and risk rating bands. Since 2012, the proportion of PNBs (who by definition have not had a Type 1 event) has increased, but even amongst remaining SMEs the proportion reporting an event has declined from 16% to 11%.



Had any Type 1 event

New application/renewal

By date of interview

Over time – row percentages

	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
All SMEs	8%	8%	7%	8%	7%	8%	7%	6%	6%
0 employee	6%	6%	5%	6%	4%	7%	5%	4%	5%
1-9 employees	13%	14%	12%	12%	13%	10%	12%	9%	8%
10-49 employees	12%	18%	12%	16%	12%	11%	13%	12%	10%
50-249 employees	9%	16%	12%	9%	10%	8%	13%	10%	8%
Minimal external risk rating	10%	10%	9%	5%	8%	7%	11%	6%	6%
Low external risk rating	9%	8%	8%	10%	10%	13%	9%	10%	7%
Average external risk rating	7%	10%	6%	6%	7%	8%	7%	6%	5%
Worse than average external risk rating	8%	7%	7%	8%	4%	5%	6%	5%	5%
Agriculture	15%	15%	14%	10%	13%	15%	10%	11%	5%
Manufacturing	10%	11%	11%	9%	6%	10%	12%	7%	7%
Construction	6%	8%	6%	4%	4%	6%	5%	6%	6%
Wholesale/Retail	12%	10%	10%	12%	8%	15%	6%	10%	7%
Hotels & Restaurants	9%	10%	8%	11%	8%	7%	16%	9%	9%
Transport	8%	5%	5%	7%	6%	6%	6%	5%	4%
Property/Business Services etc.	6%	6%	6%	7%	6%	5%	6%	2%	4%
Health	8%	6%	6%	6%	3%	5%	7%	4%	5%
Other Community	9%	11%	5%	8%	10%	9%	7%	7%	8%
All SMEs excluding Permanent non-borrowers	13%	14%	13%	15%	13%	14%	12%	11%	10%

Q26 All SMEs: base size varies by category



The longer term view shows the decline in Type 1 borrowing events (a new or renewed loan or overdraft facility) from 2012:

Type 1 borrowing events					
Over time – all SMEs					H1
Row percentages	2012	2013	2014	2015	2016
All	11%	8%	8%	7%	6%
0 emp	9%	6%	6%	5%	4%
1-9 emps	16%	13%	12%	12%	8%
10-49 emps	19%	15%	15%	13%	11%
50-249 emps	19%	14%	12%	10%	9%
Minimal external risk rating	13%	9%	10%	8%	6%
Low	13%	10%	9%	11%	8%
Average	10%	7%	7%	7%	5%
Worse than average	11%	7%	7%	6%	5%
Agriculture	18%	13%	14%	12%	8%
Manufacturing	11%	9%	10%	9%	7%
Construction	10%	7%	7%	5%	6%
Wholesale/Retail	14%	10%	10%	10%	9%
Hotels & Restaurants	16%	12%	9%	11%	9%
Transport	10%	9%	6%	6%	4%
Property/ Business Services	10%	6%	6%	6%	3%
Health	6%	5%	6%	5%	5%
Other	10%	5%	8%	8%	7%
All excl PNBs	16%	13%	13%	13%	11%

Q26 All SMEs



The remainder of this chapter provides some further information on the proportion of SMEs that reported a Type 1 new or renewed loan or overdraft event in the 12 months prior to interview, both over time and by key demographics. It also includes data on the proportion of overdrafts that have been ‘automatically renewed’ by the bank, rather than a formal review being conducted (something which has not been included in the data reported in the first part of this chapter).

Type 2 (bank cancellation or renegotiation) and Type 3 (SME reducing/repaying facility) events remained rare and at stable levels. No further detail is therefore provided on these events in this report, and from Q3 2014 no further questions were asked about the detail of these events. This will be reviewed should the proportion of SMEs reporting such events start to increase.

Subsequent chapters of this report investigate those SMEs that have applied for a new overdraft or loan facility or to renew an existing one (a Type 1 event), and the outcome of that application by application date.

- SMEs were only asked these follow up questions for a maximum of one loan and one overdraft event. Those that had experienced more than one event in a category were asked which had occurred most recently and were then questioned on this most recent event. Base sizes may therefore differ from the overall figures reported above.

While reflecting on these events, it is important to bear in mind that 36% of SMEs currently use external finance while less than 1 in 10 reported one of the Type 1 borrowing ‘events’ in the previous 12 months. Indeed, half of SMEs might be considered to be outside the borrowing process – the Permanent non-borrowers described earlier.

A later chapter reports on those SMEs that had not had a borrowing event in the 12 months prior to interview, and explores why this was the case.



Loan and overdraft applications

As the table below shows, the proportion of SMEs having had any Type 1 **overdraft** event in the 12 months prior to interview has remained fairly stable over recent quarters, albeit the results for 2016 to date are at the lower end of the range seen. This was also true once the Permanent non-borrowers were excluded:

Overdraft events in previous 12 months

All SMEs – over time By date of interview	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Unweighted base:	5008	5023	5024	5038	5001	5004	5003	4500	4500
Applied for a new overdraft	3%	2%	2%	3%	2%	2%	2%	2%	2%
Renewed an existing overdraft	4%	4%	3%	3%	3%	4%	3%	3%	3%
Any Type 1 overdraft event	6%	5%	5%	5%	4%	5%	5%	4%	4%
Any Type 1 overdraft event excluding PNBs	9%	9%	9%	10%	9%	10%	9%	8%	8%

Q26 All SMEs



The incidence of Type 1 **loan** events in the 12 months prior to interview has been stable, and remained low. In 2016 to date 2% of SMEs have reported a loan event (4% once the PNBs are excluded), slightly lower than previously seen:

Loan events in previous 12 months

All SMEs – over time By date of interview	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Unweighted base:	5008	5023	5024	5038	5001	5004	5003	4500	4500
Applied for a new loan	3%	3%	2%	3%	2%	2%	2%	1%	2%
Renewed an existing loan	1%	2%	1%	1%	1%	2%	1%	1%	1%
Any Type 1 loan event	4%	4%	3%	4%	3%	4%	3%	2%	2%
Any Type 1 loan event excl PNBs	6%	7%	6%	7%	5%	7%	5%	4%	4%

Q26 All SMEs

Looking at the longer term picture, since 2012 there has been something of a decline in Type 1 applications for both loans and overdrafts:

Type 1 borrowing events					H1 2016
Over time – all SMEs	2012	2013	2014	2015	
Any Type 1 overdraft event	8%	6%	5%	5%	4%
Any Type 1 loan event	4%	3%	3%	3%	2%
Any Type 1 overdraft (excl PNBs)	12%	10%	9%	9%	8%
Any Type 1 loan (excl PNBs)	6%	5%	6%	6%	4%



Further analysis was undertaken to explore the proportion of applications being made in each quarter, in order to establish whether any change in demand for Type 1 loan/overdraft finance can be identified. Respondents have had fewer opportunities to nominate a Type 1 borrowing event that occurred in Q2 2016 (which has only appeared as an option in one quarter of the SME Finance Monitor), compared to other quarters like Q4 2014 which has appeared as an option in 5 quarters (the maximum number possible).

If all applications made and reported from Q1 2014 to date had been distributed evenly over that period then half of them should have been made in 2014, 43% in 2015 and 7% in the first 2 quarters of 2016:

- Overdrafts follow this pattern fairly closely – 49% in 2014, 44% in 2015 and 7% in 2016 to date
- Loan applications were more likely to happen in 2014 (54%), with fewer than might be expected in 2015 (39%) while 2016 to date was in line (6%)

Those that reported a Type 1 event were asked whether the application was made in the name of the business or a personal name. For YEQ2 2016:

- 14% of overdraft applications reported were made in a personal name, while for loans the figure was 25% (excluding DK answers).
- In both instances applicants with 0 employees were much more likely to have applied in a personal name (19% for overdrafts and 37% for loans) and more than 8 in 10 of all applications in a personal name were from 0 employee SMEs.
- For context, this means that for YEQ2 2016, the equivalent of less than 1% of **all** SMEs reported making an overdraft or loan application in their personal name, in the 12 months prior to interview.



Overdraft events – definition and further clarification

Overdrafts are usually granted for a period of 12 months or less, but it was apparent in early Monitor reports that not all overdraft users reported having had an overdraft ‘event’ in the 12 months prior to interview.

To explore this further, SMEs that had reported having an overdraft facility but that had *not* subsequently mentioned any overdraft event were asked whether, in the previous 12

months, their bank had automatically renewed their overdraft facility at the same level, for a further period, without their having to do anything.

The results for YEQ2 2016 are reported below and show that almost half of overdraft holders (46%) reported that they had had such an automatic renewal, the equivalent of 7% of all SMEs:

Any overdraft activity	All with overdraft	All SMEs
YEQ2 16		
<i>Unweighted base:</i>	4118	19,007
Had an overdraft ‘event’	27%	4%
Had automatic renewal	46%	7%
Neither of these but have overdraft	27%	4%
No overdraft	-	84%

Q15/ 26/26a All SMEs who now have an overdraft/all SMEs

Questions asked from Q4 2012 provide some further detail on these automatic renewals:

- For YEQ2 2016, 18% of those reporting an automatic renewal said that the facility was in a personal name (slightly higher than for other overdraft applications, where 14% were in a personal name).
- The proportion of automatic renewals that were in a personal name has varied over time. Having been 21% of renewals made in 2013, it was 13% for 2014 and almost unchanged at 14% for 2015, before increasing to 22% for those reported in 2016 to date.



When this question was first asked in Q4 2011, 57% of SMEs with an overdraft reported that it had been automatically renewed in the previous 12 months, the equivalent of 13% of all SMEs. For 2012 as a whole, 50% of SMEs with an overdraft said that it had been automatically renewed, the equivalent of 11% of all SMEs.

Since then the proportion experiencing an automatic renewal has been somewhat lower, but in 2015 the proportion reporting an automatic renewal increased to 48% for the year as a whole. This is the equivalent of 8% of all SMEs (as the proportion of SMEs with an overdraft has declined over time). Initial results for 2016 show no clear trend:

Experienced an automatic renewal in previous 12 mths

By date of interview – over time Row percentages	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
SMEs with overdraft	39%	38%	39%	46%	50%	44%	49%	44%	48%
‘All SMEs’ equivalent	7%	7%	6%	8%	8%	7%	9%	6%	8%

Q15/ 26/26a All SMEs who now have an overdraft/all SMEs

Over time, with fewer SMEs having an overdraft facility at all, the proportion of total overdraft *activity* (i.e. an event or a renewal) which was accounted for by a borrowing event has remained broadly stable. In both 2012 and 2013, 40% of overdraft activity was an ‘event’. In 2014 the proportion was 42% and for both 2015 and 2016 to date it was 37%.



The analysis below looks at which types of business with an overdraft were more likely to have an overdraft 'event', based on YEQ2 2016 data to ensure robust base sizes.

For SMEs with an overdraft facility, overdraft 'events' made up a higher proportion of overdraft 'activity' if they had employees:

Overdraft activity		0	1-9	10-49	50-249
YEQ2 16 – All with overdraft	Total	emp	emps	emps	emps
Unweighted base:	4118	531	1378	1542	667
Had an overdraft 'event'	27%	24%	31%	31%	28%
Had automatic renewal	46%	48%	44%	39%	32%
% of overdraft activity that was 'event'	37%	33%	41%	44%	47%
Neither of these but have overdraft	27%	27%	25%	30%	40%

Q15/ 26/26a All SMEs

There were few differences by external risk rating but a higher proportion of overdraft activity amongst those with a low external risk rating was an 'event':

Overdraft activity		Min	Low	Avge	Worse/ Avge
YEQ2 16 – All with overdraft	Total				
Unweighted base:	4118	560	1448	1017	775
Had an overdraft 'event'	27%	28%	34%	23%	28%
Had automatic renewal	46%	45%	42%	49%	44%
% of overdraft activity that was 'event'	37%	38%	45%	32%	39%
Neither of these but have overdraft	27%	26%	24%	28%	28%

Q15/ 26/26a All SMEs



Analysis by sector showed that the proportion of overdraft ‘activity’ made up by an ‘event’ varied from 43% of those with an overdraft in Agriculture to 33% in Construction:

Overdraft activity									
YEQ2 16 – All with overdraft	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	443	405	762	436	288	400	665	323	396
Had an overdraft ‘event’	31%	26%	24%	31%	32%	21%	26%	26%	27%
Had automatic renewal	41%	53%	49%	45%	44%	39%	49%	36%	48%
% of overdraft activity that was ‘event’	43%	34%	33%	41%	42%	35%	40%	42%	36%
Neither of these but have overdraft	28%	21%	27%	24%	24%	40%	25%	38%	25%

Q15/ 26/26a All SMEs

The answers to these questions reflect the SME’s perception of how their business overdraft facility had been managed by their bank. Given the low level of ‘events’ reported generally, these SMEs with an automatic renewal form a substantial group and, from Q2 2012, they have answered further questions about this automatic renewal.

This means that the definition of ‘having a borrowing event’ has been adjusted to include

these automatic renewals (see Chapter 11) and data is now available on the security and fees relating to these automatically renewed overdraft facilities (see Chapter 10). A further question about when this automatic renewal took place was added to the questionnaire for Q4 2012, and is also now incorporated into the analysis (the question about the size of this facility is no longer asked).