

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

Two thirds of SMEs in Q4 2016 were aware of any of the initiatives tested, with limited difference this quarter by size of SME:

- 59% were aware of any of the specific funding initiatives such as Start-up Loans (46%).
- 29% were aware of any of the support initiatives such as a network of business mentors (20%).
- 17% were aware of any of the information initiatives such as the Better Business Finance programme and website (10%).

Awareness was somewhat higher amongst those planning to apply for finance in the next 3 months (71%) than amongst Future would-be seekers (66%) or Future happy non-seekers (63%).

Overall awareness of the appeals process was 12% in Q4 2016 and has changed very little over recent quarters. Awareness was no different amongst those who had initially been declined for a loan or overdraft facility.

Awareness of crowd funding continued to increase steadily. 47% of SMEs (excluding the PNBs) were aware of crowd funding in Q4 2016, compared to 32% in Q4 2014.

- Levels of usage of crowd funding remained low (1-2%).
- 3 in 10 of those aware of crowd funding said that they would consider using it, decreasing by size of SME (33% of 0 employee SMEs aware of crowd funding would consider using it compared to 20% of those with 50-249 employees).
- The proportion of those aware who would consider using crowd funding has remained unchanged since the start of 2014.



15% of SMEs in 2016 had been contacted by a bank expressing a willingness to lend in the 3 months prior to interview.

- This was in line with 2015 but analysis by quarter showed that there had been more contact in the first half of 2016 (16-17%) than in the second (11-13%).



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

As the table below shows, when prompted with the various schemes listed, 59% of SMEs in Q4 2016 were aware of one or more of these specific schemes, with overall awareness not varying much by size:

Awareness of specific funding initiatives		0	1-9	10-49	50-249
Q4 16 – all SMEs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	4500	900	1450	1450	700
Start Up Loans*	46%	47%	44%	43%	43%
Funding for Lending	29%	27%	34%	33%	33%
Enterprise Finance Guarantee Scheme	18%	16%	21%	20%	21%
The Business Growth Fund	17%	17%	19%	22%	25%
The British Business Bank	12%	11%	14%	17%	16%
Any of these	59%	59%	60%	59%	59%
None of these	41%	41%	40%	41%	41%

Q240 All SMEs

Amongst those with employees, 60% 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 Q4 2016. Around 3 in 10 SMEs were aware of one or more of these initiatives, increasing somewhat by size of SME:

Awareness of initiatives		0	1-9	10-49	50-249
Q4 16 – all SMEs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	4500	900	1450	1450	700
A network of business mentors	20%	18%	25%	24%	29%
The Lending Code/principles	17%	15%	20%	23%	25%
Independently monitored appeals process	12%	11%	13%	15%	22%
<i>Any of these</i>	29%	28%	34%	35%	40%
<i>None of these</i>	71%	72%	66%	65%	60%

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:

Initiative	Awareness
Loan refinancing talks, 12 months ahead – asked of SMEs with a loan	Awareness of this initiative amongst SMEs with loans was 9% in Q4 and for 2016 as a whole, unchanged from 2014 or 2015.

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 Q4 2016. Around 1 in 6 SMEs were aware of one or more of these initiatives, again increasing somewhat by size of SME:

Awareness of initiatives		0	1-9	10-49	50-249
Q4 16 – all SMEs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	4500	900	1450	1450	700
The Better Business Finance (BBF) programme and website	10%	10%	11%	14%	19%
The British Banking Insight website	10%	9%	11%	14%	19%
The Business Finance Guide published by the ICAEW and the British Business Bank	10%	9%	11%	14%	17%
<i>Any of these</i>	17%	16%	19%	22%	27%
<i>None of these</i>	83%	84%	81%	78%	73%

Q240 All SMEs * indicates new or amended question

Amongst those with employees, 20% were aware of any of these initiatives.



Awareness of all initiatives by key groups

64% of all SMEs in Q4 2016 were aware of one or more of these initiatives after prompting. Unlike previous waves, total awareness varied little by size of SME:

- 64% of SMEs with no employees were aware of any of these initiatives
- 65% of those with 1-9 employees were aware of any of these initiatives
- 63% of those with 10-49 employees were aware of any of these initiatives
- 65% of SMEs with 50-249 employees were aware of any of these initiatives.

Excluding the PNBs increased overall awareness slightly to 69%.

There was relatively little variation in overall awareness by age of business (32-39%).

Those currently using external finance were more likely to be aware (73%) than those not using finance (57%), as were those planning to apply in the next 3 months (71%, compared to 66% of Future would-be seekers and 63% of 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 Q4 2016. Overall awareness varied from 60% for Agriculture, Manufacturing and Construction to 67% for the Property/Business Services and Other Community sectors:

% aware of initiatives									
Q4 16 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
<i>Unweighted base:</i>	300	376	800	452	303	500	897	372	500
Start Up Loans	41%	42%	38%	47%	48%	41%	49%	50%	58%
Funding for Lending	29%	30%	26%	36%	33%	26%	33%	22%	24%
A network of business mentors	21%	15%	14%	24%	23%	14%	24%	27%	20%
The Lending Code/ principles	15%	16%	16%	19%	21%	12%	19%	16%	15%
Enterprise Finance Guarantee Scheme	19%	19%	16%	16%	16%	14%	22%	12%	17%
The Business Growth Fund	15%	19%	14%	18%	16%	18%	20%	12%	18%
Independently monitored appeals process	12%	10%	11%	13%	10%	10%	14%	15%	8%
The British Business Bank	11%	12%	10%	14%	14%	8%	16%	7%	11%
BetterBusinessFinance.co.uk	10%	7%	10%	14%	11%	10%	10%	11%	13%
The BBI website*	8%	8%	8%	12%	7%	7%	12%	9%	10%
The Business Finance Guide*	9%	8%	7%	13%	8%	7%	12%	14%	10%
<i>Any of these</i>	60%	60%	60%	66%	64%	63%	67%	65%	67%
<i>None of these</i>	40%	40%	40%	34%	36%	37%	33%	35%	33%

Q240 All SMEs * indicates new or amended question



Excluding the Permanent non-borrowers with little apparent interest in external finance increases awareness of *any* initiatives from 64% to 69%. The table below shows awareness of all the individual initiatives tested in Q4 2016, once these PNBs have been excluded:

Awareness of initiatives		0	1-9	10-49	50-249
Q4 16 – all SMEs excluding PNBs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	3017	507	927	1062	521
Start Up Loans	50%	50%	48%	47%	47%
Funding for Lending	31%	29%	34%	35%	37%
A network of business mentors	23%	21%	28%	27%	31%
The Lending Code/principles	18%	16%	22%	27%	27%
Enterprise Finance Guarantee Scheme	17%	16%	21%	21%	21%
The Business Growth Fund	19%	18%	19%	24%	27%
Independently monitored appeals process	13%	12%	14%	17%	23%
The British Business Bank	13%	12%	14%	19%	17%
BetterBusinessFinance.co.uk	12%	12%	12%	16%	21%
The BBI website*	12%	11%	12%	15%	22%
The Business Finance Guide*	12%	11%	12%	15%	20%
<i>Any of these</i>	69%	70%	68%	68%	70%
<i>None of these</i>	31%	30%	32%	32%	30%

Q240 All SMEs * indicates new or amended question



Awareness over time for all SMEs is shown in the table below for 2015 and 2016. The initiatives tested in Q4 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 and overall awareness remained at around 6 in 10 SMEs:

Awareness of Taskforce initiatives

Over time – all SMEs By date of interview	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Unweighted base:	5038	5001	5004	5003	4500	4500	4500	4500
Start Up Loans	40%	40%	40%	42%	41%	40%	43%	46%
Funding for Lending	23%	24%	26%	24%	26%	26%	28%	29%
A network of business mentors	22%	19%	26%	24%	19%	17%	18%	20%
The Lending Code/principles	18%	19%	23%	22%	15%	18%	15%	17%
Enterprise Finance Guarantee Scheme	18%	18%	19%	19%	17%	18%	17%	18%
The Business Growth Fund	15%	15%	16%	16%	16%	15%	16%	17%
Independently monitored appeals process	12%	13%	14%	14%	10%	11%	10%	12%
The British Business Bank	11%	10%	12%	11%	9%	9%	10%	12%
BetterBusinessFinance.co.uk	8%	9%	10%	9%	8%	8%	9%	10%
The BBI website*	6%	9%	9%	8%	6%	6%	7%	10%
The Business Finance Guide*	-	-	-	-	8%	7%	8%	10%
Any of these	61%	62%	64%	61%	60%	58%	60%	64%
None of these	39%	38%	36%	39%	40%	42%	40%	36%

Q240 All SMEs



This second table also details awareness over recent quarters but this time with the Permanent non-borrowers excluded. It shows a similar picture of awareness over recent quarters:

Awareness of Taskforce initiatives

Over time – all SMEs excl PNBS By date of interview	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Unweighted base:	3220	3195	3258	3338	2854	3008	2755	3017
Start Up Loans**	44%	41%	42%	47%	42%	44%	47%	50%
Funding for Lending**	25%	26%	26%	26%	25%	26%	28%	31%
A network of business mentors	25%	22%	25%	24%	20%	19%	18%	23%
The Lending Code/principles	20%	21%	25%	24%	15%	18%	15%	18%
Enterprise Finance Guarantee Scheme**	22%	20%	19%	19%	18%	18%	17%	17%
The Business Growth Fund**	18%	19%	17%	17%	18%	15%	15%	19%
Independently monitored appeals process	14%	14%	15%	14%	11%	12%	10%	13%
The British Business Bank**	12%	10%	11%	12%	9%	8%	10%	13%
BetterBusinessFinance.co.uk	9%	9%	10%	8%	8%	7%	9%	12%
The BBI website*	8%	8%	9%	8%	6%	5%	7%	12%
The Business Finance Guide*	-	-	-	-	9%	7%	8%	12%
Any of these	66%	65%	66%	66%	62%	62%	65%	69%
None of these	34%	35%	34%	34%	38%	38%	35%	31%

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 2016 as a whole, 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 Q3 2015 and Q4 2016, had applied for an overdraft and initially been declined, 11% said that they had been made aware of the appeals process. For loans the equivalent figure was 12%.
Overall general awareness	Overall awareness of the appeals process (asked of <u>all</u> SMEs at Q240) was 11% for 2016, somewhat lower than for previous years (14% consistently for 2013-2015). Once the PNBs were excluded awareness was unchanged at 11%, also somewhat lower than previously seen.
Overall awareness by size	Awareness continued to increase somewhat by size of SME. Excluding the PNBs, in 2016 10% of remaining SMEs with 0 employees were aware of appeals, increasing to 20% of those with 50-249 employees.
Awareness by interest in finance	13% of those reporting a borrowing event in the 12 months prior to interview were aware of the appeals process (YEQ416). Awareness was somewhat lower amongst both Happy non-seekers (10%) 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 11% 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 for the most recent quarters is shown below. Awareness has increased over time and in Q4 2016 almost half of SMEs (excluding the PNBs) were aware of crowd funding:

Aware of crowd funding

All SMEs excl PNBs Row percentages	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
All SMEs	32%	32%	38%	36%	37%	45%	42%	41%	43%	47%
0 emps	29%	31%	38%	34%	37%	46%	40%	39%	44%	45%
1-9 emps	36%	33%	39%	41%	38%	45%	46%	44%	41%	51%
10-49 emps	35%	34%	40%	42%	40%	46%	47%	46%	47%	49%
50-249 emps	36%	38%	33%	40%	41%	44%	48%	53%	54%	51%
All planning to apply	37%	45%	47%	38%	40%	49%	47%	40%	40%	53%

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 and this was once again the case in Q4 2016 as awareness amongst those planning to apply increased to 53%.



The table below shows awareness and consideration of crowd funding for YEQ4 2016 to maximise base sizes. Very few SMEs were using crowd funding (1%) while a minority of those aware would consider using it (30% of those aware, the equivalent of 13% of all SMEs excluding the PNBs). Willingness to use declined slightly by size of SME:

Awareness and use of crowd funding						
All SMEs excl PNBs YEQ4 16	Total	0 emps	1-9 emps	10-49 emps	50-249 emps	
Unweighted base:	11,634	1821	3592	4113	2108	
Aware of crowd funding	44%	42%	46%	47%	51%	
- Using crowd funding	1%	1%	2%	1%	1%	
- Unsuccessfully applied for crowd funding	1%	1%	1%	*	*	
- Would consider applying in future	13%	14%	13%	10%	10%	
- Would <u>not</u> consider applying	29%	27%	31%	35%	40%	
Not aware	56%	58%	54%	53%	49%	
% aware who would consider	30%	33%	28%	21%	20%	

Q238a2 All SMEs excl PNBs

As the table below shows, since the start of 2014, awareness of crowd funding has increased from 22% to 45% 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 31% in H2 2016):

Awareness and use of crowd funding						
All SMEs excl PNBs Over time	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016	H2 2016
Unweighted base:	6884	6729	6415	6596	5862	5772
Aware of crowd funding	22%	32%	37%	41%	42%	45%
- Would consider applying in future	7%	10%	11%	12%	12%	14%
% aware who would consider	32%	31%	30%	29%	29%	31%

Q238a2 All SMEs excl PNBs



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

- In H1 2015, 36% of 0 employee SMEs (excluding PNBs) were aware of crowd funding, with 11% willing to consider it as a form of finance. By H2 2016, 45% were aware and consideration had also increased to 15%.
- In H1 2015, 40% of 1-9 employee SMEs (excluding PNBs) were aware of crowd funding, with 10% willing to consider it as a form of finance. By H2 2016, 46% were aware and consideration had increased slightly to 13%.
- In H1 2015, 41% of 10-49 employee SMEs (excluding PNBs) were aware of crowd funding, with 9% willing to consider it as a form of finance. By H2 2016, 48% were aware while consideration was almost unchanged at 10%.
- In H1 2015, 37% of 50-249 employee SMEs (excluding PNBs) were aware of crowd funding, with 6% willing to consider it as a form of finance. By H2 2016, awareness had increased significantly to 52% while consideration had increased more modestly to 10%.



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 Q4 2016, 14% of all SMEs said that they had received such a contact in the previous 3 months (9% of SMEs had heard from their main bank, while 8% had heard from another bank). After a gradual increase in reported contact between Q2 2015 (14%) and Q2 2016 (18%), levels of contact were somewhat lower in the latter half of 2016:

Approached by any bank in last 3 mths

Over time – all SMEs	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
All SMEs	14%	14%	14%	16%	17%	17%	18%	13%	14%
0 emps	12%	14%	13%	15%	16%	16%	17%	11%	13%
1-9 emps	17%	16%	17%	17%	19%	17%	20%	17%	16%
10-49 emps	17%	18%	18%	20%	21%	22%	19%	17%	19%
50-249 emps	22%	16%	18%	19%	17%	17%	18%	21%	14%
All SMEs excluding PNBs	16%	17%	16%	19%	20%	20%	20%	15%	15%

Q221 All SMEs

SMEs with employees remained more likely to have been contacted. 17% reported in Q4 2016 that they had been approached by a bank (11% by their main bank and 7% by another bank).



Analysis over time shows that level of contacts for 2016 as a whole were in line with 2015:

Approached by banks in last 3 months					
All SMEs over time	2012	2013	2014	2015	2016
Unweighted base:	20,055	20,036	20,055	20,046	18,000
Approached by main bank	8%	9%	10%	11%	10%
Approached by other bank	6%	5%	5%	6%	7%
Any approach	13%	13%	14%	15%	15%

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 (70% compared to 59% of those who had not been approached and 64% of all SMEs). They were also more likely to be planning to apply for finance (18% v 11%).

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.