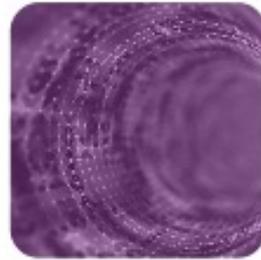


14. Awareness of taskforce and other initiatives



This final section of the report looks

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



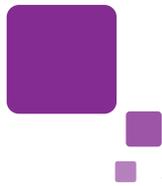
Key findings

Half of all SMEs (55%) were aware of one or more of the initiatives tested, increasing slightly by size of SME (54% of those with 0 employees to 68% of those with 50-249 employees).

- Awareness remained highest for Start-up Loans (39% in Q2 2017)
- Awareness of the new referral platforms was 7% in Q2 2017
- 7% of SMEs were aware of the appeals process in Q2 2017. Since 2015, awareness of the appeals process has declined slightly amongst all SMEs (from 14% in 2015 to 8% for the first half of 2017) and also amongst those using, or planning to apply for, finance.

In the first half of 2017, 38% of SMEs (excluding the PNBs) had heard of either equity based crowd funding (31%) or peer to peer lending (27%). 22% had heard of Business Angels. Awareness increased somewhat by size of SME.

- Use of crowd funding remained very limited, while 1 in 10 would consider using it in future
- Awareness and consideration of crowd funding were somewhat lower in the first half of 2017 than in recent years, which may be partly as a result of a change to the way in which the question is asked.



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 2017 when “Funding for Lending” was removed and the referral platforms added, so results are not always directly comparable over time.

Prompted awareness of funding initiatives

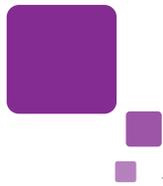
As the table below shows, when prompted with the various schemes listed, 47% of SMEs in Q2 2017 were aware of one or more of these specific schemes, with overall awareness increasing somewhat by size:

Awareness of specific funding initiatives		0	1-9	10-49	50-249
Q2 17 – all SMEs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	4507	904	1452	1451	700
Start Up Loans	39%	38%	41%	43%	41%
Enterprise Finance Guarantee Scheme	17%	15%	23%	23%	28%
The Business Growth Fund	15%	13%	18%	22%	29%
The British Business Bank	10%	9%	13%	15%	24%
<i>Any of these</i>	47%	46%	51%	53%	58%
<i>None of these</i>	53%	54%	49%	47%	42%

Q240 All SMEs (Funding for Lending removed in Q1 2017)

Amongst those with employees, 51% 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 some other support initiatives tested in Q2 2017. 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
Q2 17 – all SMEs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	4507	904	1452	1451	700
A network of business mentors	15%	14%	16%	18%	20%
The Lending Code/Standards of lending practice*	17%	16%	22%	25%	30%
Independently monitored appeals process	7%	6%	10%	12%	13%
The referral platform for unsuccessful applications*	7%	6%	10%	12%	14%
<i>Any of these</i>	28%	26%	33%	37%	47%
<i>None of these</i>	72%	74%	67%	63%	53%

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 5% in Q2 2017, somewhat lower than the 9% recorded previously.

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 2017. Around 1 in 7 SMEs were aware of one or more of these initiatives, again increasing by size of SME:

Awareness of initiatives		0	1-9	10-49	50-249
Q2 17 – all SMEs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	4507	904	1452	1451	700
The Better Business Finance (BBF) programme and website	7%	6%	8%	9%	14%
The British Banking Insight website	4%	4%	6%	11%	11%
The Business Finance Guide published by the ICAEW and the British Business Bank	7%	6%	9%	12%	13%
<i>Any of these</i>	13%	11%	15%	20%	25%
<i>None of these</i>	87%	89%	85%	80%	75%

Q240 All SMEs * indicates new or amended question

Amongst those with employees, 16% were aware of any of these initiatives.



Awareness of all initiatives by key groups

55% of all SMEs in Q2 2017 were aware of one or more of these initiatives after prompting. This is lower than the 64% in Q4 2016, but reflects changes made to the questionnaire (In Q4 2016, 29% were aware of Funding for Lending which is no longer included in this question).

Total awareness increased slightly by size of SME:

- 54% of SMEs with no employees were aware of any of these initiatives
- 59% of those with 1-9 employees were aware of any of these initiatives
- 62% of those with 10-49 employees were aware of any of these initiatives
- 68% of SMEs with 50-249 employees were aware of any of these initiatives.

Excluding the PNBs increased overall awareness slightly to 59%.

There was relatively little variation in overall awareness by age of business (53-57%).

Those currently using external finance were more likely to be aware (61%) than those not using finance (51%), as were those planning to apply in the next 3 months (59%, compared to 50% of Future would-be seekers and 55% of Future happy non-seekers).



The table below details awareness by sector of all the initiatives tested in Q2 2017. Overall awareness varied from 45% for Construction to 61% for the Property/Business Services and Health sectors:

% aware of initiatives				Whle	Hotel		Prop/	Hlth	Other
Q2 17 – all SMEs	Agric	Mfg	Constr	Retail	Rest	Trans	Bus	SWrk	Comm
Unweighted base:	302	376	800	450	300	502	902	375	500
Start Up Loans	42%	43%	33%	39%	40%	41%	38%	43%	44%
A network of business mentors	15%	15%	11%	14%	15%	12%	17%	13%	19%
The Lending Code	14%	17%	16%	18%	19%	11%	19%	20%	22%
Enterprise Finance Guarantee Scheme	17%	19%	13%	20%	19%	16%	20%	12%	20%
The Business Growth Fund	15%	15%	12%	13%	18%	13%	16%	12%	21%
Independently monitored appeals process	7%	9%	5%	9%	9%	3%	7%	3%	12%
Referral platform	2%	7%	5%	11%	6%	7%	8%	5%	9%
The British Business Bank	13%	9%	8%	12%	14%	9%	9%	12%	11%
BetterBusinessFinance.co.uk	4%	9%	2%	8%	8%	8%	7%	11%	7%
The BBI website*	5%	5%	2%	8%	5%	6%	2%	8%	5%
The Business Finance Guide*	9%	9%	4%	6%	9%	6%	8%	8%	8%
Any of these	51%	58%	45%	55%	57%	50%	61%	61%	59%
None of these	49%	42%	55%	45%	43%	50%	39%	39%	41%

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 55% to 59%. The table below shows awareness of all the individual initiatives tested in Q2 2017, once these PNBs have been excluded:

Awareness of initiatives		0	1-9	10-49	50-249
Q2 17 – all SMEs excluding PNBs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	3038	461	956	1047	574
Start Up Loans	43%	42%	46%	45%	44%
A network of business mentors	17%	15%	20%	21%	22%
The Lending Code	21%	18%	26%	28%	33%
Enterprise Finance Guarantee Scheme	19%	16%	27%	23%	30%
The Business Growth Fund	16%	13%	20%	24%	32%
Independently monitored appeals process	8%	6%	11%	13%	15%
Referral platform	8%	7%	11%	13%	16%
The British Business Bank	11%	10%	13%	15%	25%
BetterBusinessFinance.co.uk	8%	7%	8%	10%	15%
The BBI website*	5%	3%	6%	11%	12%
The Business Finance Guide*	8%	7%	10%	12%	14%
<i>Any of these</i>	59%	57%	65%	66%	72%
<i>None of these</i>	41%	43%	35%	34%	28%

Q240 All SMEs * indicates new or amended question



Awareness over time for all SMEs is shown in the table below. The initiatives tested in Q2 2017 included some that have been tracked consistently over the period shown and other more recent additions. For many initiatives where trend data is available, the picture is broadly stable:

Awareness of Taskforce initiatives

Over time – all SMEs By date of interview	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1* 2017	Q2 2017
Unweighted base:	5004	5003	4500	4500	4500	4500	4500	4507
Start Up Loans	40%	42%	41%	40%	43%	46%	42%	39%
Funding for Lending	26%	24%	26%	26%	28%	29%	-	-
A network of business mentors	26%	24%	19%	17%	18%	20%	16%	15%
The Lending Code	23%	22%	15%	18%	15%	17%	17%	17%
Enterprise Finance Guarantee Scheme	19%	19%	17%	18%	17%	18%	17%	17%
The Business Growth Fund	16%	16%	16%	15%	16%	17%	15%	15%
Independently monitored appeals process	14%	14%	10%	11%	10%	12%	9%	7%
Referral platform*	-	-	-	-	-	-	8%	7%
The British Business Bank	12%	11%	9%	9%	10%	12%	12%	10%
BetterBusinessFinance.co.uk	10%	9%	8%	8%	9%	10%	6%	7%
The BBI website	9%	8%	6%	6%	7%	10%	6%	4%
The Business Finance Guide	-	-	8%	7%	8%	10%	7%	7%
Any of these	64%	61%	60%	58%	60%	64%	57%	55%
None of these	36%	39%	40%	42%	40%	36%	43%	45%

Q240 All SMEs * list revised in Q1 2017



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

Awareness of Taskforce initiatives

Over time – all SMEs excl PNBs By date of interview	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1* 2017	Q2 2017
Unweighted base:	3258	3338	2854	3008	2755	3017	3011	3038
Start Up Loans	42%	47%	42%	44%	47%	50%	43%	43%
Funding for Lending	26%	26%	25%	26%	28%	31%	-	-
A network of business mentors	25%	24%	20%	19%	18%	23%	15%	17%
The Lending Code/principles	25%	24%	15%	18%	15%	18%	18%	21%
Enterprise Finance Guarantee Scheme	19%	19%	18%	18%	17%	17%	17%	19%
The Business Growth Fund	17%	17%	18%	15%	15%	19%	15%	16%
Appeals process	15%	14%	11%	12%	10%	13%	9%	8%
Referral platform*	-	-	-	-	-	-	8%	8%
The British Business Bank	11%	12%	9%	8%	10%	13%	13%	11%
BetterBusinessFinance.co.uk	10%	8%	8%	7%	9%	12%	6%	8%
The BBI website	9%	8%	6%	5%	7%	12%	7%	5%
The Business Finance Guide	-	-	9%	7%	8%	12%	7%	8%
Any of these	66%	66%	62%	62%	65%	69%	59%	59%
None of these	34%	34%	38%	38%	35%	31%	41%	41%

Q240 All SMEs excl PNBs * list revised in Q1 2017



Appeals and referrals

Not all SMEs borrow, or have any appetite for external finance. Initiatives such as the independently monitored appeals process and the new referrals platform therefore will not be immediately relevant to many SMEs. Awareness of these initiatives amongst key groups is shown in more detail below:

Awareness of initiatives					H1
All SMEs over time	2013	2014	2015	2016	2017
Unweighted base (overall):	20,036	20,055	20,046	18,000	9007
All SMEs:					
• Independent appeals process	13%	13%	14%	11%	8%
• Referral platform	-	-	-	-	7%
All who use external finance:					
• Independent appeals process	14%	15%	15%	12%	9%
• Referral platform	-	-	-	-	9%
All planning to apply for finance:					
• Independent appeals process	15%	13%	17%	11%	10%
• Referral platform	-	-	-	-	9%
All Future would-be seekers:					
• Independent appeals process	11%	13%	11%	9%	5%
• Referral platform	-	-	-	-	7%

Q240 All SMEs

This shows broadly stable awareness of the appeals process between 2013 and 2015, before awareness declined slightly in 2016 and again in the first half of 2017 (to 8% overall). Those with plans to apply for finance had slightly higher awareness than SMEs overall, but saw the same decline over time.

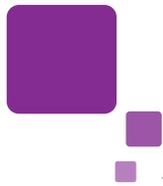


Awareness of the appeals process amongst those reporting a past borrowing event followed a similar pattern to those planning to apply, with 16% aware in 2015, declining to 11% in H1 2017.

In H1 2017, 7% of all SMEs had heard of the referral platforms, with slightly higher awareness amongst those planning to apply (9%). As with appeals, those who had reported

a previous borrowing event were also more likely to be aware (11%).

12% of all SMEs in H1 2017 had heard of either the appeals process and/or the referral platforms. Those planning to apply were more likely to have heard of either of these (17%) as were those already using external finance (15%), or those who had applied for finance in the previous 12 months (18%).



Crowd Funding and other forms of finance

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 and then again in Q1 2017 when SMEs were asked specifically if they were aware of either 'equity crowd funding platforms' or 'peer to peer lending platforms'.

Before reporting on awareness of these specific forms of funding, the table below looks at awareness of a range of additional sources of funding, including 'equity crowd funding platforms' or 'peer to peer lending platforms' which have been part of the SME Finance Monitor since Q1 2017. Results are shown for H1 2017 to maximise base sizes, excluding PNBs as has been standard practice in the past:

Awareness of finance sources

All SMEs excl PNBs H1 17	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	6007	908	1861	2109	1129
Equity crowd funding platform	31%	30%	33%	37%	45%
Peer to peer lending platform	27%	25%	30%	34%	40%
Business Angels	22%	22%	24%	24%	34%
Mezzanine finance	8%	6%	11%	13%	23%
Any of these	44%	42%	46%	50%	60%
Not aware	56%	58%	54%	50%	40%

Q238a3x All SMEs excl PNBs and DK

Awareness increases by size of SME. Amongst those with employees, 47% were aware of one or more of the forms of funding tested.



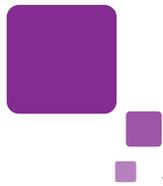
The table below shows both previous levels of awareness under the more generic question and awareness (from Q1 2017) of either 'equity crowd funding platforms' or 'peer to peer lending platforms', Awareness was initially somewhat lower than under the previous question, but in Q2 2017 was back to previous levels for larger SMEs and those planning to apply:

Aware of equity crowd funding/peer to peer lending*

All SMEs excl PNBs Row percentages	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
All SMEs	38%	36%	37%	45%	42%	41%	43%	47%	36%	40%
0 emps	38%	34%	37%	46%	40%	39%	44%	45%	35%	38%
1-9 emps	39%	41%	38%	45%	46%	44%	41%	51%	38%	43%
10-49 emps	40%	42%	40%	46%	47%	46%	47%	49%	42%	47%
50-249 emps	33%	40%	41%	44%	48%	53%	54%	51%	42%	62%
All planning to apply	47%	38%	40%	49%	47%	40%	40%	53%	43%	48%

Q238a3 All SMEs excl PNBs *Question changed in Q1 2017

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 Q2 2017 when awareness amongst those planning to apply was 48%.



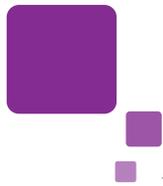
The table below shows awareness and consideration of ‘crowd funding’ ie equity crowd funding platforms and/or peer to peer lending in the new question for H1 2017 to maximise base sizes. Very few SMEs were using these forms of crowd funding (<1%) while a minority of those aware would consider using it (24% of those aware, the equivalent of 9% of all SMEs excluding the PNBs). Willingness to use varied little by size of SME but was lower than previously seen:

Awareness and use of crowd funding

All SMEs excl PNBs H1 17	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	6049	912	1876	2125	1136
Aware of “crowd funding”	38%	37%	40%	45%	52%
- <i>Using crowd funding</i>	*	*	1%	1%	*
- <i>Unsuccessfully applied for crowd funding</i>	*	*	*	*	*
- <i>Would consider applying in future</i>	9%	9%	9%	9%	13%
- <i>Would <u>not</u> consider applying</i>	28%	27%	30%	34%	38%
Not aware	62%	63%	60%	55%	48%
% aware who would consider	24%	24%	23%	20%	25%

Q238a3x4 All SMEs excl PNBs

With minimal use of crowd funding currently recorded, including this form of finance in the ‘Use of external finance’ definition would make no difference to the proportion using such finance overall.



As the table below shows, between 2014 and 2016, awareness of crowd funding increased from 22% to 45% of SMEs (excluding the PNBs) while the proportion of *those aware* who would consider using it stayed broadly stable (32% in H1 2014 to 31% in H2 2016).

Both awareness and consideration were somewhat lower with the new question in H1 2017 and this will be monitored over future waves:

Awareness and use of crowd funding							
All SMEs excl PNBs	H1	H2	H1	H2	H1	H2	H1
Over time	2014	2014	2015	2015	2016	2016	2017
Unweighted base:	6884	6729	6415	6596	5862	5772	6049
Aware of crowd funding	22%	32%	37%	41%	42%	45%	38%
- <i>Would consider applying in future</i>	7%	10%	11%	12%	12%	14%	9%
% aware who would consider	32%	31%	30%	29%	29%	31%	24%

Q238a3 All SMEs excl PNBs