

# 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

In Q2 2018, 62% of SMEs were aware of any of the initiatives tested, with relatively little variation by size (61% of those with 0 employees to 66% of those with 50-249 employees).

- 58% were aware of any of the funding initiatives tested, led by the recent inclusion of Funding Circle (39% aware).
- 27% were aware of other support initiative such as mentors.
- 16% were aware of other information sources such as the Business Finance Guide.

Awareness of the appeals process has declined somewhat over time (13% in 2013 to 8% in H1 2018) but was slightly higher and more stable amongst those that had reported a borrowing event (13-16%, currently 13%).

Awareness of the new referrals process was 7% in H1 2018 and again, higher for those that also reported a borrowing event (15%).

40% of SMEs (excluding the PNBs) were aware of crowd funding in H1 2018. Usage remained low while a quarter of those aware would consider using it in future.

68% of SMEs that are companies said they did not know anything about equity finance. This was more common for smaller companies (70% of those with 0 employees) but almost half of those with 50-249 employees said they knew nothing about it (47%). A further 2% wouldn't know where to start to access this finance.

- 3% of companies were using or planning to use this finance in the near future, with little variation by size (3-7%).
- 17% did not think it would be suitable for them and 10% were reluctant to give up control of the business (mentioned by 27% of those with 50-249 employees).



---

Having been given a description, 15% of SMEs had heard of the Open Banking initiative, increasing by size of SME to 24% of those with 50-249 employees. The same proportion said that they would be prepared to use the service in future (with little variation by size). Overall this means that 75% of all SMEs were neither aware of Open Banking nor happy to use it based on the description provided.



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 2018 when Funding Circle was added.

## Prompted awareness of funding initiatives

As the table below shows, when prompted with the various schemes listed, 58% of SMEs in Q2 2018 were aware of one or more of these specific schemes, with overall awareness varying relatively little by size. Overall awareness has been boosted by the inclusion, from Q1 2018, of Funding Circle:

<b>Awareness of specific funding initiatives</b>		<b>0</b>	<b>1-9</b>	<b>10-49</b>	<b>50-249</b>
<b>Q2 18 – 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	32%	31%	32%	32%	35%
Enterprise Finance Guarantee Scheme	16%	15%	18%	19%	16%
The Business Growth Fund	17%	16%	20%	22%	25%
The British Business Bank	14%	14%	14%	17%	24%
Funding Circle*	39%	38%	42%	42%	46%
<b><i>Any of these</i></b>	<b>58%</b>	<b>58%</b>	<b>58%</b>	<b>59%</b>	<b>64%</b>
<b><i>None of these</i></b>	<b>42%</b>	<b>42%</b>	<b>42%</b>	<b>41%</b>	<b>36%</b>

Q108 (240) All SMEs \* indicates new or amended question

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 indicated that they were unlikely to seek such external finance. Awareness excluding these PNBs is provided later in this chapter.



## Prompted awareness of other support initiatives

The table below shows awareness of some of the other support initiatives tested in Q2 2018. Around 3 in 10 SMEs were aware of one or more of these initiatives, with limited variation by size:

<b>Awareness of initiatives</b>		<b>0</b>	<b>1-9</b>	<b>10-49</b>	<b>50-249</b>
<b>Q2 18 – all SMEs</b>	<b>Total</b>	<b>emp</b>	<b>emps</b>	<b>emps</b>	<b>emps</b>
<b>Unweighted base:</b>	<b>4500</b>	<b>900</b>	<b>1450</b>	<b>1450</b>	<b>700</b>
A network of business mentors	11%	11%	12%	15%	8%
The Lending Code/Standards of lending practice	16%	16%	16%	19%	19%
Independently monitored appeals process	7%	7%	8%	11%	7%
The referral platform for unsuccessful applications	6%	6%	7%	10%	10%
<b>Any of these</b>	<b>27%</b>	<b>27%</b>	<b>26%</b>	<b>31%</b>	<b>31%</b>
<b>None of these</b>	<b>73%</b>	<b>73%</b>	<b>74%</b>	<b>69%</b>	<b>69%</b>

Q109 (240) All SMEs \* indicates new or amended question

Amongst those with employees, 27% 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 13% in Q2 2018, with no clear pattern by size.

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 2018. Around 1 in 6 SMEs were aware of one or more of these initiatives, 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 18 – 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	7%	6%	7%	10%	14%
The British Banking Insight website	7%	7%	8%	10%	9%
The Business Finance Guide published by the ICAEW and the British Business Bank	8%	7%	10%	12%	9%
<b><i>Any of these</i></b>	<b>16%</b>	<b>15%</b>	<b>17%</b>	<b>20%</b>	<b>20%</b>
<b><i>None of these</i></b>	<b>84%</b>	<b>85%</b>	<b>83%</b>	<b>80%</b>	<b>80%</b>

Q110 (240) All SMEs \* indicates new or amended question

Amongst those with employees, 17% were aware of any of these initiatives.



## Awareness of any initiatives by key groups

62% of all SMEs in Q2 2018 were aware of one or more of these initiatives after prompting. This was in line with Q4 2016 when 64% were aware (of a slightly different list) but higher than in Q4 2017 when 53% were aware (also of a slightly different list and before Funding Circle was included).

Total awareness did not vary much by size of SME:

- 61% of SMEs with 0 employees were aware of any of these initiatives
- 63% 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
- 66% of SMEs with 50-249 employees were aware of any of these initiatives.

Excluding the PNBs increased overall awareness slightly to 68%.

There was relatively little variation in overall awareness by age of business (62-68%) with the exception of those trading for more than 15 years where 57% were aware.

Those currently using external finance were more likely to be aware (71%) than those not using finance (57%), as were those planning to apply in the next 3 months (76%, compared to 63% of Future would-be seekers and 60% of Future happy non-seekers).



The table below details awareness by sector of all the initiatives tested in Q2 2018. Overall awareness varied from 72% for Property / Business services to 60% for the Other Community sector:

<b>% aware of initiatives</b>									
<b>Q2 18 – all SMEs</b>	<b>Agric</b>	<b>Mfg</b>	<b>Constr</b>	<b>Whle Retail</b>	<b>Hotel Rest</b>	<b>Trans</b>	<b>Prop/ Bus</b>	<b>Hlth SWrk</b>	<b>Other Comm</b>
<b>Unweighted base:</b>	<b>300</b>	<b>375</b>	<b>800</b>	<b>450</b>	<b>300</b>	<b>501</b>	<b>899</b>	<b>375</b>	<b>500</b>
Start Up Loans	34%	32%	28%	23%	27%	26%	40%	34%	31%
A network of business mentors	11%	11%	7%	10%	13%	6%	19%	11%	10%
The Lending Code	19%	18%	12%	13%	15%	17%	21%	18%	13%
Enterprise Finance Guarantee Scheme	14%	18%	10%	14%	16%	14%	22%	18%	11%
The Business Growth Fund	14%	13%	12%	14%	20%	14%	23%	11%	21%
Independently monitored appeals process	7%	5%	7%	7%	9%	7%	10%	8%	5%
Referral platform	7%	5%	5%	5%	6%	8%	7%	5%	7%
The British Business Bank	13%	11%	12%	12%	12%	13%	16%	16%	13%
BetterBusinessFinance.co.uk	8%	8%	5%	4%	7%	9%	7%	7%	6%
The BBI website	6%	7%	6%	7%	8%	7%	7%	13%	6%
The Business Finance Guide	7%	7%	7%	9%	9%	6%	6%	11%	10%
Funding Circle*	30%	41%	33%	38%	33%	36%	52%	31%	35%
<b>Any of these</b>	<b>62%</b>	<b>62%</b>	<b>55%</b>	<b>55%</b>	<b>56%</b>	<b>58%</b>	<b>72%</b>	<b>64%</b>	<b>60%</b>
<b>None of these</b>	<b>38%</b>	<b>36%</b>	<b>45%</b>	<b>45%</b>	<b>44%</b>	<b>42%</b>	<b>28%</b>	<b>36%</b>	<b>40%</b>

Q108/109/110 (240) All SMEs \* indicates new or amended question





Excluding the Permanent non-borrowers with little apparent interest in external finance increased awareness of *any* initiatives from 62% to 68%. The table below shows awareness of all the individual initiatives tested in Q2 2018, once these PNBs were excluded:

<b>Awareness of initiatives</b>		<b>0</b>	<b>1-9</b>	<b>10-49</b>	<b>50-249</b>
<b>Q2 18 – 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>2868</b>	<b>453</b>	<b>831</b>	<b>956</b>	<b>628</b>
Start Up Loans	33%	33%	33%	36%	35%
A network of business mentors	13%	13%	13%	18%	8%
The Lending Code	20%	20%	17%	22%	20%
Enterprise Finance Guarantee Scheme	16%	15%	18%	21%	15%
The Business Growth Fund	22%	22%	22%	25%	26%
Independently monitored appeals process	10%	10%	11%	13%	8%
Referral platform	8%	8%	9%	12%	10%
The British Business Bank	19%	20%	16%	19%	24%
BetterBusinessFinance.co.uk	10%	10%	8%	11%	14%
The BBI website	9%	9%	9%	11%	9%
The Business Finance Guide	10%	10%	12%	14%	8%
Funding Circle*	41%	40%	44%	46%	46%
<b><i>Any of these</i></b>	<b>68%</b>	<b>68%</b>	<b>67%</b>	<b>69%</b>	<b>67%</b>
<b><i>None of these</i></b>	<b>32%</b>	<b>32%</b>	<b>33%</b>	<b>31%</b>	<b>33%</b>

Q108/109/110 (240) All SMEs \* indicates new or amended question



Awareness over time for all SMEs is shown in the table below. The initiatives tested in Q2 2018 included some that have been tracked consistently over the period shown and other more recent additions. For many initiatives where trend data is available, awareness was somewhat lower in H1 2018 than in 2017 but awareness of *any* of these initiatives was back to 6 in 10 due to the inclusion of Funding Circle:

<b>Awareness of Taskforce initiatives</b>									
<b>Over time – all SMEs</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>
<b>By date of interview</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>18</b>
<b>Unweighted base:</b>	<b>4500</b>	<b>4500</b>	<b>4500</b>	<b>4500</b>	<b>4507</b>	<b>4505</b>	<b>4500</b>	<b>4500</b>	<b>4500</b>
Start Up Loans	40%	43%	46%	42%	39%	37%	37%	37%	32%
A network of business mentors	17%	18%	20%	16%	15%	14%	16%	14%	11%
The Lending Code	18%	15%	17%	17%	17%	15%	18%	16%	16%
Enterprise Finance Guarantee Scheme	18%	17%	18%	17%	17%	20%	22%	18%	16%
The Business Growth Fund	15%	16%	17%	15%	15%	16%	19%	16%	17%
Independently monitored appeals process	11%	10%	12%	9%	7%	8%	11%	8%	7%
Referral platform	-	-	-	8%	7%	8%	10%	8%	6%
The British Business Bank	9%	10%	12%	12%	10%	11%	13%	12%	14%
BetterBusinessFinance.co.uk	8%	9%	10%	6%	7%	8%	9%	7%	7%
The BBI website	6%	7%	10%	6%	4%	8%	9%	7%	7%
The Business Finance Guide	7%	8%	10%	7%	7%	8%	10%	9%	8%
Funding Circle*	-	-	-	-	-	-	-	35%	39%
<b>Any of these</b>	<b>58%</b>	<b>60%</b>	<b>64%</b>	<b>57%</b>	<b>55%</b>	<b>53%</b>	<b>53%</b>	<b>59%</b>	<b>62%</b>
<b>None of these</b>	<b>42%</b>	<b>40%</b>	<b>36%</b>	<b>43%</b>	<b>45%</b>	<b>47%</b>	<b>47%</b>	<b>41%</b>	<b>38%</b>

Q108/109/110 (240) All SMEs \*list last revised in Q1 2018



The table below also details awareness over recent quarters but this time with the Permanent non-borrowers excluded. It shows a similar picture with overall awareness improved by the inclusion of Funding Circle:

### Awareness of Taskforce initiatives

#### Over time – all SMEs

excl PNBs	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
By date of interview	16	16	16	17	17	17	17	18	18
<b>Unweighted base:</b>	<b>3008</b>	<b>2755</b>	<b>3017</b>	<b>3011</b>	<b>3038</b>	<b>2890</b>	<b>3001</b>	<b>2735</b>	<b>2868</b>
Start Up Loans	44%	47%	50%	43%	43%	39%	41%	42%	33%
A network of business mentors	19%	18%	23%	15%	17%	16%	17%	16%	13%
The Lending Code/principles	18%	15%	18%	18%	21%	17%	20%	19%	20%
Enterprise Finance Guarantee Scheme	18%	17%	17%	17%	19%	23%	24%	21%	16%
The Business Growth Fund	15%	15%	19%	15%	16%	16%	20%	19%	22%
Appeals process	12%	10%	13%	9%	8%	11%	14%	9%	10%
Referral platform	-	-	-	8%	8%	9%	11%	11%	8%
The British Business Bank	8%	10%	13%	13%	11%	11%	13%	13%	19%
BetterBusinessFinance.co.uk	7%	9%	12%	6%	8%	10%	11%	9%	10%
The BBI website	5%	7%	12%	7%	5%	9%	12%	8%	9%
The Business Finance Guide	7%	8%	12%	7%	8%	10%	12%	11%	10%
Funding Circle*	-	-	-	-	-	-	-	40%	41%
<b>Any of these</b>	<b>62%</b>	<b>65%</b>	<b>69%</b>	<b>59%</b>	<b>59%</b>	<b>56%</b>	<b>59%</b>	<b>65%</b>	<b>68%</b>
<b>None of these</b>	<b>38%</b>	<b>35%</b>	<b>31%</b>	<b>41%</b>	<b>41%</b>	<b>44%</b>	<b>41%</b>	<b>35%</b>	<b>32%</b>

Q108/109/110 (240) All SMEs excluding PNBs \* indicates new or amended question



## Appeals and referrals

Not all SMEs borrow, or have any appetite for external finance, so initiatives such as the independently monitored appeals process and the recently established referral platforms may not be immediately relevant to many SMEs. Awareness of these initiatives amongst potential key groups is shown below:

<b>Awareness of initiatives</b>						H1
All SMEs over time	2013	2014	2015	2016	2017	2018
<i>Unweighted base (overall):</i>	<i>20,036</i>	<i>20,055</i>	<i>20,046</i>	<i>18,000</i>	<i>18,012</i>	<i>9000</i>
All SMEs:						
• Independent appeals process	13%	13%	14%	11%	9%	8%
• Referral platform	-	-	-	-	8%	7%
All who use external finance:						
• Independent appeals process	14%	15%	15%	12%	11%	11%
• Referral platform	-	-	-	-	10%	11%
All who had borrowing 'event'						
• Independent appeals process	14%	13%	16%	13%	16%	13%
• Referral platform	-	-	-	-	14%	15%
All planning to apply for finance:						
• Independent appeals process	15%	13%	17%	11%	12%	11%
• Referral platform	-	-	-	-	11%	15%
All Future would-be seekers:						
• Independent appeals process	11%	13%	11%	9%	7%	7%
• Referral platform	-	-	-	-	6%	9%

Q109 (240) All SMEs



This shows broadly stable awareness of the appeals process between 2013 and 2015 (13-14%), before awareness declined slightly to 8% in H1 2018. Those who had experienced a borrowing 'event' had higher awareness which has been broadly stable over time, while those with plans to apply for finance also had slightly

higher awareness than SMEs overall, but had seen a decline over time.

Initial awareness of the referrals platforms was also higher amongst those who have applied, or plan to apply for external finance.



## Crowd Funding and other forms of finance

Questions on crowd funding have been through several iterations in the SME Finance Monitor since they were originally included in Q2 and Q3 2012, when awareness of the concept was 18%.

The question was revised most recently 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 in combination, the table below looks at awareness of a range of additional sources of funding, which have also been included in the SME Finance Monitor since that change was made. Results are shown here for YEQ2 2018 to maximise base sizes, excluding PNBs as has been standard practice in the past:

### Awareness of finance sources

All SMEs excl PNBs  
YEQ2 18

	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>11,097</b>	<b>1778</b>	<b>3316</b>	<b>3911</b>	<b>2092</b>
Venture Capital	39%	38%	41%	48%	55%
Equity crowd funding platform	35%	35%	36%	43%	50%
Peer to peer lending platform	32%	32%	31%	38%	47%
Business Angels	30%	30%	28%	33%	41%
<b>Any of these</b>	<b>57%</b>	<b>56%</b>	<b>56%</b>	<b>64%</b>	<b>74%</b>
Not aware	43%	44%	44%	36%	26%

Q111 (238a3x) All SMEs excl PNBs and DK

Awareness of any of these sources of funding increased by size of SME. Amongst those with employees, 58% were aware of one or more of the forms of funding tested.



The table below shows awareness of crowd funding over time, initially under a more generic question and then (from Q1 2017) calculated as awareness of either 'equity crowd funding platforms' or 'peer to peer lending platforms'. In most quarters 4 in 10 SMEs (excluding the PNBs) said that they had heard of this form of funding:

#### Aware of equity crowd funding/peer to peer lending

All SMEs excl PNBs Row percentages	Q2 2016	Q3 2016	Q4 2016	Q1* 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
All SMEs	41%	43%	47%	36%	40%	42%	46%	40%	43%
0 emps	39%	44%	45%	35%	38%	41%	45%	39%	42%
1-9 emps	44%	41%	51%	38%	43%	41%	46%	39%	44%
10-49 emps	46%	47%	49%	42%	47%	47%	51%	52%	50%
50-249 emps	53%	54%	51%	42%	62%	63%	55%	62%	57%
All planning to apply	40%	40%	53%	43%	48%	49%	57%	44%	48%

Q111 (238a3) All SMEs excl PNBs \*Question changed in Q1 2017

Awareness increased by size of SME and those planning to apply for new/renewed finance were also typically somewhat more likely to be aware of crowd funding (48% in Q2 2018).



The table below shows use, awareness and consideration of ‘crowd funding’ ie equity crowd funding platforms and/or peer to peer lending, for YEQ2 2018 to maximise base sizes. Very few SMEs were using this form of finance (1%) while a minority of those aware would consider using it in future (26% of those aware, the equivalent of 11% of all SMEs excluding the PNBs):

### Awareness and use of crowd funding

All SMEs excl PNBs YEQ2 18	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>11,494</b>	<b>1806</b>	<b>3412</b>	<b>4055</b>	<b>2221</b>
Aware of ‘crowd funding’	42%	41%	42%	49%	54%
- Using crowd funding	1%	1%	1%	1%	1%
- Unsuccessfully applied for crowd funding	*	*	*	*	*
- Would consider applying in future	11%	12%	10%	11%	15%
- Would <u>not</u> consider applying	30%	29%	31%	36%	41%
Not aware	58%	59%	58%	51%	48%
<b>% aware who would consider</b>	<b>26%</b>	<b>29%</b>	<b>24%</b>	<b>22%</b>	<b>28%</b>

Q111/112 (238a3x4) All SMEs excl PNBs

As the table below shows, between 2014 and 2016, awareness of crowd funding increased from 32% to 45% of SMEs (excluding the PNBs) while the proportion of those aware who would consider using it remained broadly stable (Typically 3 in 10 but 25% in H1 2018).





Both awareness and consideration have varied somewhat since the change in question:

<b>Awareness and use of crowd funding</b>								
All SMEs excl PNBs Over time	H2 2014	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018
<i>Unweighted base:</i>	<b>6729</b>	<b>6415</b>	<b>6596</b>	<b>5862</b>	<b>5772</b>	<b>6049</b>	<b>5891</b>	<b>5603</b>
Aware of crowd funding	32%	37%	41%	42%	45%	38%	44%	40%
- <i>Would consider applying in future</i>	10%	11%	12%	12%	14%	9%	13%	10%
<b>% aware who would consider</b>	<b>31%</b>	<b>30%</b>	<b>29%</b>	<b>29%</b>	<b>31%</b>	<b>24%</b>	<b>30%</b>	<b>25%</b>

Q111/112 (238a3) All SMEs excl PNBs



## Equity finance

A new question introduced in Q3 2017 sought to provide a better understanding of attitudes amongst companies to equity finance. They were told that ‘Equity finance is where an external third party, like an angel investor but not friends, family or the directors, receives shares in the business in exchange for an injection of cash’ and then asked for their views on such funding.

As the table below shows, only a small minority of companies were using, or planning to use, such finance (3%) with 7 in 10 (68%) saying they knew nothing about this form of finance and most of the rest (17% overall) saying they did not think it was a suitable form of finance for them:

### Attitudes to equity finance

All companies H1 18	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b><i>Unweighted base:</i></b>	<b>5611</b>	<b>356</b>	<b>1591</b>	<b>2387</b>	<b>1277</b>
Use or plan to use in near future	3%	3%	3%	4%	7%
Reluctant to give up control of the business	10%	10%	8%	13%	27%
Do not think it is suitable for us	17%	15%	18%	20%	16%
Wouldn't know where to start	2%	2%	2%	2%	3%
Don't know anything about this form of finance	68%	70%	69%	62%	47%

Q113 (238a4) All SMEs that are companies

Larger companies were more likely to know something about this form of finance, and for them the barrier was more likely to be a fear of losing control, rather than its suitability as a form of finance.



When this question was first asked in H2 2017, 62% of SMEs that were companies said that they did not know anything about equity finance. This proportion increased slightly in H1 2018 to 68% ranging by size of SMEs from 70% of those with 0 employees to 47% of those with 50-249 employees:

<b>Attitudes to equity finance</b>		
All companies Over time	H2 2017	H1 2018
<b>Unweighted base:</b>	<b>5657</b>	<b>5611</b>
Use or plan to use in near future	3%	3%
Reluctant to give up control of the business	8%	10%
Do not think it is suitable for us	22%	17%
Wouldn't know where to start	4%	2%
Don't know anything about this form of finance	62%	68%

Q113 (238a4) All SMEs that are companies

Those in the Health sector were the most likely to be using or planning to use such finance (12%) compared to less than 1% in Agriculture and 1-5% for other sectors. Those in Manufacturing were the most likely to say this finance was not suitable for them (30%) compared to 11% in Health, 13% in Agriculture and 19-24% in other sectors.

SMEs that were planning to grow were no more likely to be using or planning to use equity finance (4% v 3% of those not planning to grow) with 24% saying it was not a suitable form of finance for them (v 20% of those not planning to grow).



Once the Permanent non-borrowers with no apparent appetite for external finance were excluded, the remaining companies were slightly more likely to be using or planning to use such finance (4%) but 6 in 10 did not know anything about this form of finance:

### Attitudes to equity finance

All companies H1 18	Total	PNBs	Excl PNBs
<b><i>Unweighted base:</i></b>	<b>5611</b>	<b>1994</b>	<b>3617</b>
Use or plan to use in near future	3%	2%	4%
Reluctant to give up control of the business	10%	7%	13%
Do not think it is suitable for us	17%	17%	17%
Wouldn't know where to start	2%	1%	4%
Don't know anything about this form of finance	68%	74%	63%

Q113 (238a4) All SMEs that are companies



## Awareness and use of the Open Banking initiative

From Q1 2018, all SMEs were read a description of the new Open Banking initiative led by the Competition and Markets Authority:

‘Open Banking is an initiative led by the UK’s Competition and Markets Authority. It enables small businesses to share their banking transaction data securely with other banks and third parties, so that they can get tailored

quotes and compare banking products on the basis of their own requirements.

At the moment, to get personalised advice, you often have to hand over your confidential banking information whereas under Open Banking this could be done automatically and securely through your bank with your permission.’

All SMEs were then asked two questions:

- Whether they had heard of this initiative: In H1 2018 15% had, increasing by size of SME to 24% of those with 50-249 employees
- Whether, based on this description, they would be happy to use the Open Banking service to share data with another provider if they wanted a quote: again, in H1 2018 15% said they would be, with no variation by size

This allows all SMEs to be allocated to one of the four categories below, depending on whether they were aware of Open Banking and/or happy to use it. Three quarters of SMEs were neither aware of the initiative, nor happy to use it:

### Awareness and use of Open Banking

All SMEs H1 18	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>9000</b>	<b>1800</b>	<b>2900</b>	<b>2900</b>	<b>1400</b>
Aware and happy to use	5%	5%	3%	5%	7%
Aware but not happy to use	10%	10%	10%	11%	17%
Not aware but happy to use	10%	10%	11%	10%	7%
Not aware and not happy to use	75%	75%	76%	75%	69%
<b>All aware</b>	<b>15%</b>	<b>15%</b>	<b>13%</b>	<b>16%</b>	<b>24%</b>
<b>All happy to use</b>	<b>15%</b>	<b>15%</b>	<b>14%</b>	<b>15%</b>	<b>14%</b>

Q114a/b All SMEs NEW