

# 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

**Initiatives:** In Q4 2018, 68% of SMEs were aware of one or more of the initiatives tested, increasing somewhat by size of SME from 67% of those with 0 employees to 77% of those with 50-249 employees

- SMEs remained most likely to be aware of Funding Circle (43% in Q4) and awareness has increased during the year (from 35% in Q1)
- 39% were aware of Start Up loans and an increasing proportion were aware of the Business Growth Fund and the British Business Bank (both 22%)

**Crowd funding/peer to peer finance:** 53% of SMEs (excluding PNBs) were aware of equity crowd funding or peer to peer lending in Q4 2018, up from 45% in Q3 and the highest proportion seen to date.

- For 2018 as a whole, 44% were aware of this form of finance. Use of this form of finance remained limited (1%) while 12% would consider using it in future. Over recent periods around 3 in 10 of those aware of equity crowd funding or peer to peer lending said that they would consider using it

**Equity finance:** In 2018, 66% of SMEs that were companies said that they knew nothing about this form of finance. The main barrier to use amongst those aware was a feeling that it was not a suitable form of finance for them (18% of all companies) while 11% were reluctant to give up control of the business.

- Excluding the PNBs reduces the proportion saying they know nothing about this form of finance to 59%, but suitability and a loss of control remained the key barriers

**Open Banking:** 14% of SMEs were aware of Open Banking and 15% would be happy to use the service. Larger SMEs were more likely to be aware of the service but no more likely to consider using it.

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.

In Q3 2018, one of the existing codes was updated and changed from “A Lending Code, or Standards of Lending Practice, which sets out the levels of service banks provide to micro-enterprises, medium sized and larger businesses” to “The Standards of Lending Practice, which set out the levels of service banks provide to businesses with a turnover up to £6.5m”

As the change is limited, answers from Q3 and Q4 2018 are reported alongside those for the previous code in previous waves. In Q4 2018, 14% were aware of the Standards of Lending Practice, compared to 16% aware of the previous code in Q2 2018.

## PROMPTED AWARENESS – FUNDING INITIATIVES

Respondents were prompted with the names of a range of different initiatives. As the table below shows, 64% of SMEs in Q4 2018 were aware of one or more of these specific schemes, with overall awareness increasing somewhat by size. Awareness of these initiatives was higher than for others tested:

Awareness of specific funding initiatives		0	1-9	10-49	50-249
Q4 18 – all SMEs	Total	emp	emps	emps	emps
<b>Unweighted base:</b>	<b>4500</b>	<b>900</b>	<b>1450</b>	<b>1450</b>	<b>700</b>
Funding Circle*	43%	41%	49%	52%	49%
Start Up Loans	39%	40%	37%	41%	40%
The Business Growth Fund	22%	21%	23%	26%	29%
The British Business Bank	22%	22%	19%	24%	29%
Enterprise Finance Guarantee Scheme	19%	18%	21%	19%	23%
<b>Any of these</b>	<b>64%</b>	<b>63%</b>	<b>65%</b>	<b>70%</b>	<b>73%</b>
<b>None of these</b>	<b>36%</b>	<b>37%</b>	<b>35%</b>	<b>30%</b>	<b>27%</b>

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

Amongst those with employees, 66% 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 – OTHER SUPPORT INITIATIVES

The table below shows awareness of some of the other support initiatives tested in Q4 2018. Around 3 in 10 SMEs were aware of one or more of these initiatives, with limited variation by size:

Awareness of initiatives		0	1-9	10-49	50-249
Q4 18 – all SMEs	Total	emp	emps	emps	emps
<b>Unweighted base:</b>	<b>4500</b>	<b>900</b>	<b>1450</b>	<b>1450</b>	<b>700</b>
A network of business mentors	18%	19%	15%	18%	24%
Standards of lending practice	14%	14%	13%	17%	24%
Independently monitored appeals process	10%	10%	10%	10%	12%
The referral platform for unsuccessful applications	10%	10%	9%	12%	15%
<b>Any of these</b>	<b>32%</b>	<b>32%</b>	<b>28%</b>	<b>34%</b>	<b>45%</b>
<b>None of these</b>	<b>68%</b>	<b>68%</b>	<b>72%</b>	<b>66%</b>	<b>55%</b>

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

Amongst those with employees, 30% 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 10% in Q4 2018. There was little variation by size (10-11%) with the exception of those with 50-249 employees (21%).

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

## PROMPTED AWARENESS – OTHER INFORMATION INITIATIVES

The table below shows awareness of other communications and sources of information tested in Q4 2018. A fifth of 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 18 – all SMEs	Total	emp	emps	emps	emps
<b>Unweighted base:</b>	<b>4500</b>	<b>900</b>	<b>1450</b>	<b>1450</b>	<b>700</b>
The Better Business Finance (BBF) programme and website	11%	11%	10%	13%	19%
The Business Finance Guide published by the ICAEW and the British Business Bank	11%	11%	10%	13%	14%
The British Banking Insight website	9%	8%	9%	12%	17%
<b>Any of these</b>	<b>20%</b>	<b>20%</b>	<b>18%</b>	<b>24%</b>	<b>32%</b>
<b>None of these</b>	<b>80%</b>	<b>80%</b>	<b>82%</b>	<b>76%</b>	<b>68%</b>

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

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

## AWARENESS OF ANY INITIATIVES BY KEY GROUPS

68% of all SMEs in Q4 2018 were aware of one or more of these initiatives after prompting. This was in line with Q4 2016 when 64% were aware (of any from 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 increased somewhat by size of SME:

- 67% of SMEs with 0 employees were aware of any of these initiatives
- 69% of those with 1-9 employees were aware of any of these initiatives
- 74% of those with 10-49 employees were aware of any of these initiatives
- 77% of SMEs with 50-249 employees were aware of any of these initiatives.

Excluding the PNBs increased overall awareness to 74%.

Overall awareness by age of business ranged from 79% of Starts to 62% of those trading for more than 15 years.

Those currently using external finance were more likely to be aware (77%) than those not using finance (61%), as were those planning to apply in the next 3 months (86%, compared to 61% of Future would-be seekers and 66% of Future happy non-seekers).

Whilst awareness was highest for Funding Circle (43% in Q4 2018) SMEs aware of this provider were also aware of at least one other initiative, so there is no net effect on overall awareness.

The table below details awareness by sector of all the initiatives tested in Q4 2018, and already reported by size of SME. Overall awareness varied from 75% for the Health sector to 61% in Transport:

<b>% aware of initiatives</b>				Whle	Hotel		Prop/	Hlth	Other
Q4 18 – all SMEs	Agric	Mfg	Constr	Retail	Rest	Trans	Bus	SWrk	Comm
<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>
Funding Circle*	39%	45%	35%	46%	43%	39%	48%	40%	48%
Start Up Loans	33%	42%	32%	35%	42%	35%	44%	45%	42%
The Business Growth Fund	18%	25%	23%	20%	25%	23%	21%	21%	24%
The British Business Bank	15%	28%	20%	18%	22%	23%	19%	30%	26%
Enterprise Finance Guarantee Scheme	15%	18%	16%	17%	19%	18%	21%	18%	21%
A network of business mentors	11%	18%	15%	16%	12%	17%	19%	34%	19%
Standards of Lending practice	12%	14%	16%	13%	17%	11%	13%	13%	16%
Independently monitored appeals process	8%	7%	14%	9%	9%	7%	10%	13%	9%
Referral platform	12%	9%	12%	9%	10%	6%	9%	16%	11%
BetterBusinessFinance.co.uk	8%	13%	9%	10%	11%	10%	13%	15%	9%
The Business Finance Guide	10%	15%	10%	12%	8%	9%	11%	15%	11%
The BBI website	9%	9%	7%	9%	10%	7%	9%	13%	8%
<b>Any of these</b>	<b>64%</b>	<b>73%</b>	<b>64%</b>	<b>68%</b>	<b>65%</b>	<b>61%</b>	<b>71%</b>	<b>75%</b>	<b>69%</b>
<b>None of these</b>	<b>36%</b>	<b>27%</b>	<b>36%</b>	<b>32%</b>	<b>35%</b>	<b>39%</b>	<b>29%</b>	<b>25%</b>	<b>31%</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 68% to 74%. The table below shows awareness of all the individual initiatives tested in Q4 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>Q4 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>2843</b>	<b>516</b>	<b>842</b>	<b>928</b>	<b>557</b>
Funding Circle*	43%	40%	50%	54%	50%
Start Up Loans	43%	44%	39%	44%	45%
The Business Growth Fund	27%	28%	25%	29%	33%
The British Business Bank	28%	30%	21%	29%	34%
Enterprise Finance Guarantee Scheme	19%	19%	21%	19%	24%
A network of business mentors	22%	23%	19%	21%	26%
Standards of Lending practice	15%	15%	15%	19%	25%
Independently monitored appeals process	13%	13%	12%	11%	13%
Referral platform	13%	13%	11%	14%	16%
BetterBusinessFinance.co.uk	15%	15%	12%	15%	21%
The Business Finance Guide	14%	15%	12%	14%	14%
The BBI website	10%	10%	10%	13%	19%
<b><i>Any of these</i></b>	<b>74%</b>	<b>74%</b>	<b>73%</b>	<b>78%</b>	<b>82%</b>
<b><i>None of these</i></b>	<b>26%</b>	<b>26%</b>	<b>27%</b>	<b>22%</b>	<b>18%</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 Q4 2018 included some that have been tracked consistently over the period shown and other more recent additions. Awareness of Funding Circle has increased slightly across the 4 quarters it has been included for, and awareness was also somewhat higher in Q4 2018 for the British Business Bank, Business Growth Fund and mentors, with a stable picture for most other initiatives:

<b>Awareness of Taskforce initiatives</b>									
<b>Over time – all SMEs</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>By date of interview</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>Unweighted base:</b>	<b>4500</b>	<b>4500</b>	<b>4507</b>	<b>4505</b>	<b>4500</b>	<b>4500</b>	<b>4500</b>	<b>4502</b>	<b>4500</b>
Funding Circle*	-	-	-	-	-	35%	39%	40%	43%
Start Up Loans	46%	42%	39%	37%	37%	37%	32%	37%	39%
The Business Growth Fund	17%	15%	15%	16%	19%	16%	17%	19%	22%
The British Business Bank	12%	12%	10%	11%	13%	12%	14%	15%	22%
Enterprise Finance Guarantee Scheme	18%	17%	17%	20%	22%	18%	16%	16%	19%
A network of business mentors	20%	16%	15%	14%	16%	14%	11%	14%	18%
Standards of Lending practice	17%	17%	17%	15%	18%	16%	16%	12%	14%
Independently monitored appeals process	12%	9%	7%	8%	11%	8%	7%	7%	10%
Referral platform	-	8%	7%	8%	10%	8%	6%	8%	10%
BetterBusinessFinance.co.uk	10%	6%	7%	8%	9%	7%	7%	10%	11%
The Business Finance Guide	10%	7%	7%	8%	10%	9%	8%	10%	11%
The BBI website	10%	6%	4%	8%	9%	7%	7%	8%	9%
<b>Any of these</b>	<b>64%</b>	<b>57%</b>	<b>55%</b>	<b>53%</b>	<b>53%</b>	<b>59%</b>	<b>62%</b>	<b>63%</b>	<b>68%</b>
<b>None of these</b>	<b>36%</b>	<b>43%</b>	<b>45%</b>	<b>47%</b>	<b>47%</b>	<b>41%</b>	<b>38%</b>	<b>37%</b>	<b>32%</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:

#### Awareness of Taskforce initiatives

Over time – all SMEs excl PNBs

By date of interview

	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
<b>Unweighted base:</b>	<b>3017</b>	<b>3011</b>	<b>3038</b>	<b>2890</b>	<b>3001</b>	<b>2735</b>	<b>2868</b>	<b>2848</b>	<b>2843</b>
Funding Circle*	-	-	-	-	-	40%	41%	41%	43%
Start Up Loans	50%	43%	43%	39%	41%	42%	33%	39%	43%
The Business Growth Fund	19%	15%	16%	16%	20%	19%	22%	21%	27%
The British Business Bank	13%	13%	11%	11%	13%	13%	19%	18%	28%
Enterprise Finance Guarantee Scheme	17%	17%	19%	23%	24%	21%	16%	16%	19%
A network of business mentors	23%	15%	17%	16%	17%	16%	13%	14%	22%
Standards of Lending practice	18%	18%	21%	17%	20%	19%	20%	12%	15%
Independently monitored appeals process	13%	9%	8%	11%	14%	9%	10%	7%	13%
Referral platform	-	8%	8%	9%	11%	11%	8%	9%	13%
BetterBusinessFinance.co.uk	12%	6%	8%	10%	11%	9%	10%	11%	15%
The Business Finance Guide	12%	7%	8%	10%	12%	11%	10%	11%	14%
The BBI website	12%	7%	5%	9%	12%	8%	9%	8%	10%
<b>Any of these</b>	<b>69%</b>	<b>59%</b>	<b>59%</b>	<b>56%</b>	<b>59%</b>	<b>65%</b>	<b>68%</b>	<b>68%</b>	<b>74%</b>
<b>None of these</b>	<b>31%</b>	<b>41%</b>	<b>41%</b>	<b>44%</b>	<b>41%</b>	<b>35%</b>	<b>32%</b>	<b>32%</b>	<b>26%</b>

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

## APPEALS AND REFERRALS – ADDITIONAL ANALYSIS

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>						
All SMEs over time	2013	2014	2015	2016	2017	2018
<b>Unweighted base (overall):</b>	<b>20,036</b>	<b>20,055</b>	<b>20,046</b>	<b>18,000</b>	<b>18,012</b>	<b>18,002</b>
All SMEs:						
• Independent appeals process	13%	13%	14%	11%	9%	8%
• Referral platform	-	-	-	-	8%	8%
All who use external finance:						
• Independent appeals process	14%	15%	15%	12%	11%	11%
• Referral platform	-	-	-	-	10%	12%
All who had borrowing 'event'						
• Independent appeals process	14%	13%	16%	13%	16%	14%
• Referral platform	-	-	-	-	14%	14%
All planning to apply for finance:						
• Independent appeals process	15%	13%	17%	11%	12%	12%
• Referral platform	-	-	-	-	11%	13%
All Future would-be seekers:						
• Independent appeals process	11%	13%	11%	9%	7%	8%
• Referral platform	-	-	-	-	6%	8%

Q109 (240) All SMEs

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This shows broadly stable awareness of the appeals process between 2013 and 2015 (13-14%), before awareness declined slightly, now 8% for 2018:

- Awareness of the appeals process was highest for those who had had a borrowing event (14% in 2018) with little variation over time (13-16%).
- 12% of those planning to apply were aware of the appeals process, somewhat lower than the 17% of this group aware in 2015. Their awareness remained higher than amongst those expecting to be a Future would-be seeker of finance, where 8% were aware of the appeals process.

Data on awareness of the referrals process is now available for 2017 and 2018, with 8% of all SMEs aware of it in both years, in line with current awareness of the appeals process:

- In 2018 awareness of the referral process was highest amongst those reporting a borrowing event (14%) and those planning to apply for finance (13%).
- Future would-be seekers remained slightly less likely to be aware (8%).

## 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 sources of funding, which have also been included in the SME Finance Monitor since that change was made. Results are shown here for YEQ4 2018 to maximise base sizes, excluding PNBs as has been standard practice in the past, with a third of SMEs aware of each of the funding sources tested and 6 in 10 aware of any:

### Awareness of finance sources

All SMEs excl PNBs YEQ4 18	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>10,669</b>	<b>1806</b>	<b>3158</b>	<b>3590</b>	<b>2115</b>
Venture Capital	39%	37%	41%	47%	56%
Equity crowd funding platform	36%	35%	36%	42%	49%
Peer to peer lending platform	34%	34%	32%	39%	48%
Business Angels	31%	31%	28%	35%	43%
<b>Any of these</b>	<b>60%</b>	<b>60%</b>	<b>57%</b>	<b>66%</b>	<b>79%</b>
Not aware	40%	40%	43%	34%	21%

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, 60% 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 around 4 in 10 SMEs (excluding the PNBs) said that they had heard of this form of funding. In Q4 2018 this increased to half of such SMEs (53%):

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

All SMEs excl PNBs Row percentages	Q4 2016	Q1* 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
All SMEs	47%	36%	40%	42%	46%	40%	43%	45%	53%
0 emps	45%	35%	38%	41%	45%	39%	42%	45%	54%
1-9 emps	51%	38%	43%	41%	46%	39%	44%	44%	50%
10-49 emps	49%	42%	47%	47%	51%	52%	50%	49%	57%
50-249 emps	51%	42%	62%	63%	55%	62%	57%	60%	68%
All planning to apply	53%	43%	48%	49%	57%	44%	48%	51%	61%

Q111 (238A3) All SMEs excl PNBs \*QUESTION CHANGED IN Q1 2017

Awareness increased for all sizes of SME in Q4 2018 and also amongst those planning to apply for new/renewed finance, who remained somewhat more likely to be aware of crowd funding (61% in Q4 2018).

The table below provides more detail on use, awareness and consideration of ‘crowd funding’ ie equity crowd funding platforms and/or peer to peer lending, for YEQ4 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 (27% of those aware, the equivalent of 12% of all SMEs excluding the PNBs):

#### Awareness and use of crowd funding

All SMEs excl PNBs YEQ4 18	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>11,294</b>	<b>1879</b>	<b>3337</b>	<b>3782</b>	<b>2296</b>
<b>Aware of ‘crowd funding’</b>	<b>44%</b>	<b>44%</b>	<b>42%</b>	<b>50%</b>	<b>57%</b>
- <i>Using crowd funding</i>	1%	1%	1%	1%	1%
- <i>Unsuccessfully applied for crowd funding</i>	*	*	*	*	1%
- <i>Would consider applying in future</i>	12%	13%	11%	12%	17%
- <i>Would <u>not</u> consider applying</i>	30%	29%	30%	36%	39%
Not aware	56%	56%	58%	50%	43%
<b>% aware who would consider</b>	<b>27%</b>	<b>30%</b>	<b>26%</b>	<b>24%</b>	<b>30%</b>

Q111/112 (238a3x4) All SMEs excl PNBs

As the table below shows, around 4 in 10 SMEs (excluding the PNBs) have been aware of crowd funding each half year since H1 2015, with awareness somewhat higher in H2 2018 (47%). The proportion of SMEs who would consider applying for such finance has been around 10% in each period (9-15%). As a result the proportion of SMEs aware of crowd funding who said they would consider it as a form of funding has also been fairly stable at around 3 in 10 in most periods:

<b>Awareness and use of crowd funding</b>								
All SMEs excl PNBs Over time	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018	H2 2018
<b>Unweighted base:</b>	<b>6415</b>	<b>6596</b>	<b>5862</b>	<b>5772</b>	<b>6049</b>	<b>5891</b>	<b>5603</b>	<b>5691</b>
Aware of crowd funding	37%	41%	42%	45%	38%	44%	40%	47%
- Would consider applying in future	11%	12%	12%	14%	9%	13%	10%	15%
<b>% aware who would consider</b>	<b>30%</b>	<b>29%</b>	<b>29%</b>	<b>31%</b>	<b>24%</b>	<b>30%</b>	<b>25%</b>	<b>32%</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 two thirds (66%) saying they knew nothing about this form of finance and most of the rest (18% overall) saying they did not think it was a suitable form of finance for them:

### Attitudes to equity finance

All companies YEQ4 18	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>11,428</b>	<b>736</b>	<b>3273</b>	<b>4844</b>	<b>2575</b>
Use or plan to use in near future	3%	2%	3%	4%	8%
Reluctant to give up control of the business	11%	11%	10%	14%	27%
Do not think it is suitable for us	18%	18%	18%	21%	19%
Wouldn't know where to start	2%	2%	3%	2%	3%
Don't know anything about this form of finance	66%	67%	67%	60%	43%

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 the suitability of equity as a form of funding.

Analysis by sector shows those in Agriculture were less likely to know anything about equity finance (78% unaware) compared to the Health sector where 53% were unaware and 10% were already using/planning to use this finance:

### Attitudes to equity finance

YEQ4 18 – all companies	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop / Bus	Hlth SWrk	Other Comm
<b>Unweighted base:</b>	<b>540</b>	<b>1038</b>	<b>2069</b>	<b>1247</b>	<b>658</b>	<b>1293</b>	<b>2492</b>	<b>855</b>	<b>1236</b>
Use or plan to use	1%	2%	1%	3%	3%	3%	3%	10%	2%
Reluctant to give up control	9%	11%	9%	8%	11%	9%	12%	18%	13%
Do not think it is suitable for us	11%	18%	16%	19%	15%	16%	19%	16%	21%
Wouldn't know where to start	*	2%	4%	1%	3%	4%	2%	3%	2%
Don't know anything about this	78%	67%	70%	68%	68%	68%	64%	53%	62%

Q113 (238a4) All SMEs that are companies

As the table below shows, the proportion of companies knowing nothing about equity finance varied little by age of company (64-69%). Starts were more likely to be using or planning to use this form of finance (6%) whilst older companies were more likely to say this was not a suitable form of finance for them:

#### Attitudes to equity finance

All companies YEQ4 18	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
<b>Unweighted base:</b>	<b>586</b>	<b>909</b>	<b>1293</b>	<b>2168</b>	<b>6472</b>
Use or plan to use in near future	6%	3%	1%	2%	2%
Reluctant to give up control of the business	12%	12%	13%	12%	9%
Do not think it is suitable for us	14%	14%	16%	19%	21%
Wouldn't know where to start	3%	3%	3%	2%	2%
Don't know anything about this form of finance	64%	69%	67%	64%	66%

Q113 (238a4) All SMEs that are companies

74% of PNBs said that they knew nothing about equity finance. Analysis by other key sub-groups showed awareness of equity finance was higher once the PNBs were excluded, amongst those already using external finance and amongst those planning to grow. However, such companies were no more likely to be using or planning to use such finance, but were more likely to mention a loss of control or lack of suitability as barriers:

#### Attitudes to equity finance

All companies YEQ4 18	Total	PNBs	Excl PNBs	Using finance	Plan to grow
<b>Unweighted base:</b>	<b>11,428</b>	<b>3992</b>	<b>7436</b>	<b>6286</b>	<b>7347</b>
Use or plan to use in near future	3%	1%	4%	4%	3%
Reluctant to give up control of the business	11%	8%	14%	15%	14%
Do not think it is suitable for us	18%	16%	20%	22%	19%
Wouldn't know where to start	2%	2%	3%	3%	3%
Don't know anything about this form of finance	66%	74%	59%	56%	62%

Q113 (238a4) All SMEs that are companies

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% and was 64% in H2 2018. The main barrier was thinking that this was not a suitable form of finance (20% in H2 2018) with slightly more mentions over time of fearing a loss of control (12% in H2 2018):

<b>Attitudes to equity finance</b>			
All companies Over time	H2 2017	H1 2018	H2 2018
<i>Unweighted base:</i>	<b>5657</b>	<b>5611</b>	<b>5817</b>
Use or plan to use in near future	3%	3%	2%
Reluctant to give up control of the business	8%	10%	12%
Do not think it is suitable for us	22%	17%	20%
Wouldn't know where to start	4%	2%	3%
Don't know anything about this form of finance	62%	68%	64%

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 2018 14% had, increasing by size of SME to 25% 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: in 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 YEQ4 18	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>18,002</b>	<b>3602</b>	<b>5800</b>	<b>5800</b>	<b>2800</b>
Aware and happy to use	5%	5%	4%	5%	8%
Aware but not happy to use	10%	10%	9%	11%	18%
Not aware but happy to use	10%	10%	11%	10%	7%
Not aware and not happy to use	75%	75%	76%	74%	68%
<b>All aware</b>	<b>14%</b>	<b>15%</b>	<b>13%</b>	<b>17%</b>	<b>25%</b>
<b>All happy to use</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>14%</b>

Q114a/b All SMEs NEW

As this is a recent question only limited analysis over time is possible. As the table below shows, awareness and appetite to use Open Banking did not change between H1 and H2 2018:

<b>Awareness and use of Open Banking</b>			
All SMEs YEQ4 18		H1 2018	H2 2018
<b>Unweighted base:</b>		<b>9000</b>	<b>9002</b>
Aware and happy to use		5%	5%
Aware but not happy to use		10%	9%
Not aware but happy to use		10%	10%
Not aware and not happy to use		75%	75%
<b>All aware</b>		<b>15%</b>	<b>14%</b>
<b>All happy to use</b>		<b>15%</b>	<b>15%</b>

Q114a/b All SMEs NEW