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## **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

**Awareness of initiatives:** 7 in 10 SMEs (71%) were aware of any of the initiatives tested in Q2 2019: 68% were aware of any of the funding initiatives tested, 30% of any of the support initiatives and 19% of any of the information initiatives. Overall awareness increased slightly by size (70% of those with 0 employees to 76% of those with 50-249 employees)

- Awareness was highest for the funding initiatives tested – 68% overall increasing by size of SME from 67% of those with 0 employees to 73% of those with 50-249 employees. Within this group, awareness was highest for Funding Circle (51%) and Start up Loans (45%)
- 30% were aware of any of the support initiatives tested, with the largest SMEs more likely to be aware (44% of those with 50-249 employees). Awareness within the group was highest for business mentors (16%)
- 19% were aware of any of the information initiatives tested, and again the largest SMEs were more likely to be aware (39% of those with 50-249 employees)
- Awareness over time is fairly stable for most initiatives. Funding Circle, which has only been included since Q1 2018, has though seen awareness increase from 35% to 51%, helping to increase overall awareness of any of the initiatives tested from 59% to 71%
- Awareness of the appeals process was stable in H1 2019 (9%) but higher for those who had had a borrowing event (14%) or who were planning to apply for finance (15%). Awareness of the referrals process was similar: 10% overall, 17% for those that had had a borrowing event and 15% for those planning to apply for finance

**Crowd funding:** 49% of all SMEs excluding the PNBs were aware of equity crowd funding and/or peer to peer lending YEQ2 2019

- Awareness did not vary much by size with the exception of those with 50-249 employees (62%)
- Over time, awareness has increased from 38% in H1 2017 to 51% in H1 2019 and the proportion who would consider applying for such finance also increased from 9% to 17%

**Equity finance:** 6 in 10 (63%) of SMEs that are companies reported that they did not know anything about equity finance YEQ2 2019. Most of the rest, 19% overall, said that they did not think it was a suitable form of finance for them

- Smaller companies were more likely to say they did not know about this form of finance (65% with 0 employees to 39% of those with 50-249 employees)
- For companies with up to 49 employees, the key barrier was not being a suitable form of finance (19-22%). 22% of those with 50-249 employees cited this as a barrier but they were more likely to report that they did not want to lose control of the business (30%)
- Awareness and barriers have changed little over time since this question was first asked in H2 2017

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**Open Banking:** In H1 2019, 16% of SMEs had heard of Open Banking and 19% said that they would be happy to use the service, with little variation by size

- 7% of SMEs were both aware of Open Banking and happy to use the service, with larger SMEs more likely to agree (13% of those with 50-249 employees)
- 12% of SMEs were not aware of Open Banking but would be happy to use the service, with larger SMEs less likely to agree (7% of those with 50-249 employees)
- The largest group, 72% of SMEs were neither aware, nor happy to use, Open Banking, with larger SMEs less likely to agree (64% of those with 50-249 employees)
- The proportion aware of Open Banking has changed little since this question was first asked in H1 2018, with a slight increase in the proportion happy to use the service (from 15% in 2018 to 19% in H1 2019)

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 included for the first time.

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 this wording change is limited, answers from Q3 2018 onwards have been reported alongside those for the previous code in earlier 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/suppliers. As the table below shows, 68% of SMEs in Q2 2019 were aware of one or more of these specific schemes, with overall awareness increasing somewhat by size. Awareness of these initiatives was typically higher than for others tested:

Awareness of specific funding initiatives		0	1-9	10-49	50-249
Q2 19 – 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*	51%	50%	56%	58%	45%
Start Up Loans	45%	46%	44%	43%	46%
The British Business Bank	21%	21%	19%	22%	39%
The Business Growth Fund	20%	20%	18%	24%	41%
Enterprise Finance Guarantee Scheme	20%	20%	18%	19%	26%
<b>Any of these</b>	<b>68%</b>	<b>67%</b>	<b>70%</b>	<b>70%</b>	<b>73%</b>
<b>None of these</b>	<b>32%</b>	<b>33%</b>	<b>30%</b>	<b>30%</b>	<b>27%</b>

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

Amongst those with employees, 70% 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 Q2 2019. 3 in 10 SMEs were aware of one or more of these initiatives, with the largest SMEs more likely to be aware:

Awareness of initiatives		0	1-9	10-49	50-
Q2 19 – all SMEs	Total	emp	emps	emps	249 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	16%	17%	14%	17%	22%
Standards of lending practice	15%	15%	15%	18%	21%
Independently monitored appeals process	10%	10%	8%	10%	18%
The referral platform for unsuccessful applications	10%	10%	10%	11%	20%
<b>Any of these</b>	<b>30%</b>	<b>31%</b>	<b>27%</b>	<b>31%</b>	<b>44%</b>
<b>None of these</b>	<b>70%</b>	<b>69%</b>	<b>73%</b>	<b>69%</b>	<b>56%</b>

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

Amongst those with employees, 28% 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 Q2 2019. Awareness was again higher for the largest SMEs (24%)

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 Q2 2019. A fifth of SMEs were aware of one or more of these initiatives, with awareness varying little by size of SME with the exception of those with 50-249 employees:

<b>Awareness of initiatives</b>		0	1-9	10-49	50-249
Q2 19 – 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	10%	10%	8%	9%	23%
The Business Finance Guide published by the ICAEW and the British Business Bank	11%	11%	10%	12%	19%
The British Banking Insight website	9%	9%	8%	8%	25%
<b>Any of these</b>	<b>19%</b>	<b>19%</b>	<b>17%</b>	<b>18%</b>	<b>39%</b>
<b>None of these</b>	<b>81%</b>	<b>81%</b>	<b>83%</b>	<b>82%</b>	<b>61%</b>

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

Amongst those with employees, 18% were aware of any of these initiatives.

## AWARENESS OF ANY INITIATIVES BY KEY GROUPS

68% of all SMEs in H1 2019 were aware of one or more of these initiatives after prompting, somewhat higher than previously seen. Over time (and accepting a series of changes have been made to the list) awareness has typically been around 6 in 10 (62% in 2015, 60% in 2016 and 63% in 2018). It was somewhat lower in 2017 when 54% were aware (of a slightly different list and before Funding Circle was included).

Total awareness in Q2 2019 itself was 71% and increased somewhat by size of SME:

- 70% of SMEs with 0 employees were aware of any of these initiatives
- 72% of those with 1-9 employees were aware of any of these initiatives
- 72% of those with 10-49 employees were aware of any of these initiatives
- 76% of SMEs with 50-249 employees were aware of any of these initiatives.

Excluding the PNBs did not increase overall awareness (PNBs 72%, non-PNBs 70%).

Overall awareness by age of business varied little (70-74%) with the exception of those trading 6-9 years where 67% were aware of any initiatives.

In contrast to previous waves, those currently using external finance were no more likely to be aware (71%) than those not using finance (70%), but those planning to apply in the next 3 months remained more likely to be aware (81%) than those with no such plans (65% of Future would-be seekers and 70% of Future happy non-seekers).

Awareness remained highest for the latest addition to the list, Funding Circle (51% in Q2 2019). In H1 2019, 79% of those aware of Funding Circle were aware of at least one other initiative compared to 40% of those who were not aware of Funding Circle.

If Funding Circle were excluded from the list, awareness for H1 2019 would fall from 68% to 59% aware of the remaining initiatives, similar to the equivalent impact in 2018 (63% to 53%).



The table below details awareness by sector of all the initiatives tested in Q2 2019, and already reported by size of SME. Overall awareness varied from 58% in Agriculture to 80% in Wholesale/Retail:

<b>% aware of initiatives</b>									
Q2 19 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other 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>
<b>Funding initiatives</b>									
Funding Circle*	35%	60%	44%	60%	49%	45%	59%	41%	51%
Start Up Loans	43%	47%	46%	52%	41%	36%	47%	43%	47%
The Business Growth Fund	21%	20%	21%	25%	13%	21%	17%	23%	16%
The British Business Bank	21%	27%	20%	30%	19%	16%	17%	27%	18%
Enterprise Finance Guarantee Scheme	16%	17%	18%	27%	13%	18%	22%	23%	13%
<b>Support initiatives</b>									
A network of business mentors	11%	18%	13%	22%	13%	15%	15%	27%	17%
Standards of Lending practice	14%	11%	16%	17%	13%	12%	16%	20%	11%
Independently monitored appeals process	4%	13%	14%	11%	5%	8%	10%	5%	7%
Referral platform	7%	9%	11%	14%	8%	9%	8%	12%	12%
<b>Information initiatives</b>									
BetterBusinessFinance.co.uk	7%	11%	14%	14%	9%	9%	7%	13%	18%
The Business Finance Guide	8%	9%	13%	13%	9%	10%	9%	17%	10%
The BBI website	6%	9%	10%	14%	7%	10%	5%	20%	6%
<b>Any of these</b>	<b>58%</b>	<b>71%</b>	<b>70%</b>	<b>80%</b>	<b>67%</b>	<b>64%</b>	<b>71%</b>	<b>75%</b>	<b>71%</b>
<b>None of these</b>	<b>42%</b>	<b>29%</b>	<b>30%</b>	<b>20%</b>	<b>33%</b>	<b>36%</b>	<b>29%</b>	<b>25%</b>	<b>29%</b>

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

Excluding the Permanent non-borrowers with little apparent interest in external finance did not increase overall awareness of any initiatives (71% of all SMEs, 70% once the PNBs were excluded). The table below shows awareness of all the individual initiatives tested in Q2 2019, once these PNBs were excluded:

<b>Awareness of initiatives</b>		0	1-9	10-49	50-249
Q2 19 – all SMEs excluding PNBs	Total	emp	emps	emps	emps
<b>Unweighted base:</b>	<b>3156</b>	<b>551</b>	<b>965</b>	<b>1048</b>	<b>592</b>
<b>Funding initiatives</b>					
Funding Circle*	48%	45%	56%	61%	46%
Start Up Loans	44%	43%	44%	46%	49%
The Business Growth Fund	23%	23%	20%	25%	46%
The British Business Bank	23%	24%	20%	24%	44%
Enterprise Finance Guarantee Scheme	21%	22%	18%	20%	27%
<b>Support initiatives</b>					
A network of business mentors	18%	18%	14%	18%	23%
Standards of Lending practice	16%	16%	15%	19%	23%
Independently monitored appeals process	11%	12%	9%	11%	21%
Referral platform	12%	12%	11%	11%	21%
<b>Information initiatives</b>					
BetterBusinessFinance.co.uk	14%	15%	9%	10%	26%
The Business Finance Guide	13%	13%	10%	13%	20%
The BBI website	11%	12%	9%	9%	28%
<b>Any of these</b>	<b>70%</b>	<b>69%</b>	<b>73%</b>	<b>76%</b>	<b>80%</b>
<b>None of these</b>	<b>30%</b>	<b>31%</b>	<b>27%</b>	<b>24%</b>	<b>20%</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 2019 included some that had been tracked consistently over the period shown and other more recent additions. Awareness of Funding Circle has increased since it was first included (35% to 51%), and awareness was also somewhat higher in Q2 2019 for Start Up loans, with a stable picture for most other initiatives.

Awareness of any initiative was 71%, somewhat higher than previously seen:

#### Awareness of Taskforce initiatives

Over time – all SMEs	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
By date of interview	17	17	17	18	18	18	18	19	19
<b>Unweighted base:</b>	<b>4507</b>	<b>4505</b>	<b>4500</b>	<b>4500</b>	<b>4500</b>	<b>4502</b>	<b>4500</b>	<b>4500</b>	<b>4500</b>
<b>Funding initiatives</b>									
Funding Circle*	-	-	-	35%	39%	40%	43%	44%	51%
Start Up Loans	39%	37%	37%	37%	32%	37%	39%	40%	45%
The Business Growth Fund	15%	16%	19%	16%	17%	19%	22%	21%	20%
The British Business Bank	10%	11%	13%	12%	14%	15%	22%	21%	21%
Enterprise Finance Guarantee Scheme	17%	20%	22%	18%	16%	16%	19%	18%	20%
<b>Support initiatives</b>									
A network of business mentors	15%	14%	16%	14%	11%	14%	18%	18%	16%
Standards of Lending practice	17%	15%	18%	16%	16%	12%	14%	14%	15%
Independently monitored appeals process	7%	8%	11%	8%	7%	7%	10%	8%	10%
Referral platform	7%	8%	10%	8%	6%	8%	10%	9%	10%
<b>Information initiatives</b>									
BetterBusinessFinance.co.uk	7%	8%	9%	7%	7%	10%	11%	10%	10%
The Business Finance Guide	7%	8%	10%	9%	8%	10%	11%	9%	11%
The BBI website	4%	8%	9%	7%	7%	8%	9%	8%	9%
<b>Any of these</b>	<b>55%</b>	<b>53%</b>	<b>53%</b>	<b>59%</b>	<b>62%</b>	<b>63%</b>	<b>68%</b>	<b>66%</b>	<b>71%</b>
<b>None of these</b>	<b>45%</b>	<b>47%</b>	<b>47%</b>	<b>41%</b>	<b>38%</b>	<b>37%</b>	<b>32%</b>	<b>34%</b>	<b>29%</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 once the Permanent non-borrowers were excluded. It shows a similar picture in terms of awareness for Funding Circle, with 7 in 10 aware of any initiative:

#### Awareness of Taskforce initiatives

Over time – all SMEs excl PNBs	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
By date of interview	17	17	17	18	18	18	18	19	19
<b>Unweighted base:</b>	<b>3038</b>	<b>2890</b>	<b>3001</b>	<b>2735</b>	<b>2868</b>	<b>2848</b>	<b>2843</b>	<b>2906</b>	<b>3156</b>
<b>Funding initiatives</b>									
Funding Circle*	-	-	-	40%	41%	41%	43%	46%	48%
Start Up Loans	43%	39%	41%	42%	33%	39%	43%	47%	44%
The Business Growth Fund	16%	16%	20%	19%	22%	21%	27%	25%	23%
The British Business Bank	11%	11%	13%	13%	19%	18%	28%	27%	23%
Enterprise Finance Guarantee Scheme	19%	23%	24%	21%	16%	16%	19%	20%	21%
<b>Support initiatives</b>									
A network of business mentors	17%	16%	17%	16%	13%	14%	22%	23%	18%
Standards of Lending practice	21%	17%	20%	19%	20%	12%	15%	17%	16%
Independently monitored appeals process	8%	11%	14%	9%	10%	7%	13%	11%	11%
Referral platform	8%	9%	11%	11%	8%	9%	13%	11%	12%
<b>Information initiatives</b>									
BetterBusinessFinance.co.uk	8%	10%	11%	9%	10%	11%	15%	13%	14%
The Business Finance Guide	8%	10%	12%	11%	10%	11%	14%	13%	13%
The BBI website	5%	9%	12%	8%	9%	8%	10%	11%	11%
<b>Any of these</b>	<b>59%</b>	<b>56%</b>	<b>59%</b>	<b>65%</b>	<b>68%</b>	<b>68%</b>	<b>74%</b>	<b>73%</b>	<b>70%</b>
<b>None of these</b>	<b>41%</b>	<b>44%</b>	<b>41%</b>	<b>35%</b>	<b>32%</b>	<b>32%</b>	<b>26%</b>	<b>27%</b>	<b>30%</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 more recently established referral platforms may not be immediately relevant to many SMEs. Awareness of these initiatives amongst potential key groups is shown below:

Awareness of initiatives							H1
All SMEs over time	2013	2014	2015	2016	2017	2018	2019
<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>	<b>9000</b>
All SMEs:							
• Independent appeals process	13%	13%	14%	11%	9%	8%	9%
• Referral platform	-	-	-	-	8%	8%	10%
All who use external finance:							
• Independent appeals process	14%	15%	15%	12%	11%	11%	12%
• Referral platform	-	-	-	-	10%	12%	13%
All who had borrowing 'event'							
• Independent appeals process	14%	13%	16%	13%	16%	14%	14%
• Referral platform	-	-	-	-	14%	14%	17%
All planning to apply for finance:							
• Independent appeals process	15%	13%	17%	11%	12%	12%	15%
• Referral platform	-	-	-	-	11%	13%	15%
All Future would-be seekers:							
• Independent appeals process	11%	13%	11%	9%	7%	8%	7%
• Referral platform	-	-	-	-	6%	8%	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. It was 9% for H1 2019:

- Awareness of the appeals process in H1 2019 was highest for those planning to apply for finance (15%) or who had had a borrowing event (14%).
- Future would-be seekers of finance remained somewhat less likely to be aware (7%).

Data on awareness of the referrals process is available from 2017, with 10% of all SMEs aware of it in H1 2019, in line with previous years and current awareness of the appeals process:

- In H1 2019 awareness of the referral process was highest amongst those reporting a borrowing event (17%) and those planning to apply for finance (15%).
- 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'.

The below looks at awareness of these two forms of funding plus some others which have also been included in the SME Finance Monitor since that change was made. Results are shown here for YEQ2 2019 to maximise base sizes, excluding PNBs as has been standard practice in the past. Around 4 in 10 SMEs were aware of each of the funding sources tested and two thirds were aware of any:

### Awareness of finance sources

All SMEs excl PNBs YEQ2 19	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>11,074</b>	<b>1892</b>	<b>3259</b>	<b>3722</b>	<b>2201</b>
Venture Capital	42%	40%	46%	51%	55%
Equity crowd funding platform	41%	41%	41%	45%	50%
Peer to peer lending platform	39%	39%	36%	42%	52%
Business Angels	33%	34%	31%	37%	48%
<b>Any of these</b>	<b>65%</b>	<b>66%</b>	<b>62%</b>	<b>69%</b>	<b>81%</b>
Not aware	35%	34%	38%	31%	19%

Q111 (238a3x) All SMEs excl PNBs and DK

Awareness of any of these sources of funding was higher for the largest SMEs. Amongst those with employees, 64% 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 of 2017 and 2018 around 4 in 10 SMEs (excluding the PNBs) said that they had heard of these forms of funding. In Q4 2018 this increased to half of such SMEs (53%) and the proportion has remained above 50% of such SMEs since (55% in Q2 2019):

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

All SMEs excl PNBs Row percentages	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
All	40%	42%	46%	40%	43%	45%	53%	56%	55%
0 emps	38%	41%	45%	39%	42%	45%	54%	57%	54%
1-9 emps	43%	41%	46%	39%	44%	44%	50%	51%	54%
10-49 emps	47%	47%	51%	52%	50%	49%	57%	59%	56%
50-249 emps	62%	63%	55%	62%	57%	60%	68%	70%	64%
All planning to apply	48%	49%	57%	44%	48%	51%	61%	61%	60%

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

Awareness in 2019 to date is above 50% for all sizes of SME and also amongst those planning to apply for new/renewed finance, who remained somewhat more likely to be aware of crowd funding (60% in Q2 2019).



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 YEQ2 2019 to maximise base sizes. Very few SMEs were using this form of finance (2%) while a third of those aware would consider using it in future (33% of those aware, the equivalent of 16% of all SMEs excluding the PNBs):

#### Awareness and use of crowd funding

All SMEs excl PNBs YEQ2 19	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>11,753</b>	<b>2034</b>	<b>3518</b>	<b>3892</b>	<b>2309</b>
<b>Aware of ‘crowd funding’</b>	<b>49%</b>	<b>49%</b>	<b>47%</b>	<b>53%</b>	<b>62%</b>
- <i>Using crowd funding</i>	2%	2%	1%	2%	3%
- <i>Unsuccessfully applied for crowd funding</i>	1%	1%	1%	1%	1%
- <i>Would consider applying in future</i>	16%	17%	13%	14%	23%
- <i>Would <u>not</u> consider applying</i>	31%	30%	32%	37%	36%
Not aware	51%	51%	53%	47%	38%
<b>% aware who would consider</b>	<b>33%</b>	<b>35%</b>	<b>28%</b>	<b>26%</b>	<b>37%</b>

Q111/112 (238a3x4) All SMEs excl PNBs

The largest SMEs with 50-249 employees were somewhat more likely to be aware of crowd funding (62%). Just over a third of those aware (37%) would consider using it, in line with equivalent 0 employee SMEs (35%) and ahead of those with 1-49 employees where around a quarter of those aware would consider applying.

As the table below shows, around 4 in 10 SMEs (excluding the PNBs) had been aware of crowd funding each half year since H2 2015, with awareness somewhat higher in H2 2018 (47%) and H1 2019 (51%). The proportion of SMEs who would consider applying for such finance has typically been around 10% in each period but was somewhat higher in H1 2019 (17%). 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	H2	H1	H2	H1	H2	H1	H2	H1
Over time	2015	2016	2016	2017	2017	2018	2018	2019
<b>Unweighted base:</b>	<b>6596</b>	<b>5862</b>	<b>5772</b>	<b>6049</b>	<b>5891</b>	<b>5603</b>	<b>5691</b>	<b>6062</b>
Aware of crowd funding	41%	42%	45%	38%	44%	40%	47%	51%
- <i>Would consider applying in future</i>	12%	12%	14%	9%	13%	10%	15%	17%
<b>% aware who would consider</b>	<b>29%</b>	<b>29%</b>	<b>31%</b>	<b>24%</b>	<b>30%</b>	<b>25%</b>	<b>32%</b>	<b>33%</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 almost two thirds (63%) saying they knew nothing about this form of finance and most of the rest (19% overall) saying they did not think it was a suitable form of finance for them:

### Attitudes to equity finance

All companies YEQ2 19	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<b>Unweighted base:</b>	<b>11,677</b>	<b>767</b>	<b>3396</b>	<b>4879</b>	<b>2635</b>
Use or plan to use in near future	3%	3%	3%	3%	7%
Reluctant to give up control of the business	11%	11%	10%	14%	30%
Do not think it is suitable for us	19%	19%	19%	22%	22%
Wouldn't know where to start	3%	3%	3%	2%	2%
Don't know anything about this form of finance	63%	65%	64%	58%	39%

Q113 (238a4) All SMEs that are companies

Larger companies were more likely to know something about this form of finance, and for them the main 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 (73% unaware) as were those in Construction (72% unaware) compared to the Health sector where 53% were unaware and 9% were already using/planning to use this finance:

### Attitudes to equity finance

YEQ2 19 – all companies	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop / Bus	Hlth SWrk	Other Comm
<b>Unweighted base:</b>	<b>542</b>	<b>1037</b>	<b>2164</b>	<b>1277</b>	<b>652</b>	<b>1338</b>	<b>2480</b>	<b>928</b>	<b>1259</b>
Use or plan to use	3%	5%	1%	3%	4%	2%	2%	9%	3%
Reluctant to give up control	8%	9%	8%	9%	12%	11%	12%	17%	17%
Do not think it is suitable for us	12%	20%	16%	20%	16%	18%	22%	18%	22%
Wouldn't know where to start	3%	2%	2%	2%	4%	4%	3%	2%	2%
Don't know anything about this	73%	65%	72%	66%	63%	65%	61%	53%	56%

Q113 (238a4) All SMEs that are companies

The proportion of companies knowing nothing about equity finance varied relatively little by age of company (60–68%). 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 YEQ2 19	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
<b>Unweighted base:</b>	<b>615</b>	<b>884</b>	<b>1261</b>	<b>2165</b>	<b>6752</b>
Use or plan to use in near future	6%	4%	2%	3%	2%
Reluctant to give up control of the business	11%	11%	13%	11%	11%
Do not think it is suitable for us	14%	17%	15%	22%	23%
Wouldn't know where to start	4%	4%	2%	4%	2%
Don't know anything about this form of finance	65%	64%	68%	60%	63%

Q113 (238a4) All SMEs that are companies

71% 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 and amongst those already using external finance. However, these 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 YEQ2 19	Total	PNBs	Excl PNBs	Using finance	Plan to grow
<b>Unweighted base:</b>	<b>11,677</b>	<b>3774</b>	<b>7903</b>	<b>6876</b>	<b>7420</b>
Use or plan to use in near future	3%	1%	4%	5%	3%
Reluctant to give up control of the business	11%	8%	14%	14%	14%
Do not think it is suitable for us	19%	17%	21%	21%	20%
Wouldn't know where to start	3%	2%	3%	4%	3%
Don't know anything about this form of finance	63%	71%	58%	56%	60%

Q113 (238a4) All SMEs that are companies

When this question was first asked in H2 2017, 62% of SME companies said that they did not know anything about equity finance and this proportion has changed little since (63% in H1 2019). Around 1 in 5 felt that this was not a suitable form of funding for them and 1 in 10 were reluctant to give up control of their business:

<b>Attitudes to equity finance</b>				
All companies Over time	H2 2017	H1 2018	H2 2018	H1 2019
<b><i>Unweighted base:</i></b>	<b>5657</b>	<b>5611</b>	<b>5817</b>	<b>5860</b>
Use or plan to use in near future	3%	3%	2%	4%
Reluctant to give up control of the business	8%	10%	12%	11%
Do not think it is suitable for us	22%	17%	20%	19%
Wouldn't know where to start	4%	2%	3%	3%
Don't know anything about this form of finance	62%	68%	64%	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:

‘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 2019 16% had, with little variation by size of SME except for those with 50-249 employees where 29% were aware.
- 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 H1 2019 19% said they would be, with little 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. In H1 2019, three quarters of SMEs (72%) were neither aware of the initiative, nor happy to use it:

### Awareness and use of Open Banking

All SMEs H1 19	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	7%	8%	4%	5%	13%
Aware but not happy to use	9%	9%	9%	10%	16%
Not aware but happy to use	12%	12%	13%	12%	7%
Not aware and not happy to use	72%	72%	74%	73%	64%
<b>All aware</b>	<b>16%</b>	<b>17%</b>	<b>13%</b>	<b>15%</b>	<b>29%</b>
<b>All happy to use</b>	<b>19%</b>	<b>20%</b>	<b>17%</b>	<b>17%</b>	<b>20%</b>

Q114a/b All SMEs NEW

As this question was added more recently only limited analysis over time is possible. As the table below shows, awareness of Open Banking was little changed between H1 2018 and H1 2019 but there has been a slight increase in the proportion 'happy to use' from 15% to 19%:

<b>Awareness and use of Open Banking</b>			
All SMEs Over time	H1 2018	H2 2018	H1 2019
<b>Unweighted base:</b>	<b>9000</b>	<b>9002</b>	<b>9000</b>
Aware and happy to use	5%	5%	7%
Aware but not happy to use	10%	9%	9%
Not aware but happy to use	10%	10%	12%
Not aware and not happy to use	75%	75%	72%
<b>All aware</b>	<b>15%</b>	<b>14%</b>	<b>16%</b>
<b>All happy to use</b>	<b>15%</b>	<b>15%</b>	<b>19%</b>

Q114a/b All SMEs NEW