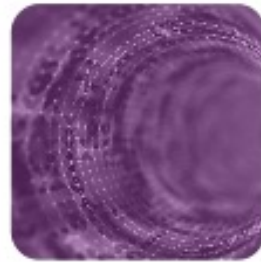


14. Awareness of taskforce and other initiatives



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

Very few companies (3% in H2 2017) were using or planning to use equity finance. Most, 62%, said that they did not know anything about this type of finance:

- Use/planned use of equity finance was slightly higher for larger SMEs (6% of those with 50-249 employees)
- The proportion that knew nothing about this type of finance declined somewhat by size (from 62% of those with 0 employees to 52% of those with 50-249 employees)
- 22% of companies did not think it was a suitable form of finance for them and this varied very little by size of business.

Half of all SMEs (53% in Q4 2017) were aware of any of the broader support initiatives tested:

- This included 37% who were aware of Startup Loans, 22% aware of the Enterprise Finance Guarantee Scheme and 19% aware of the Business Growth Fund
- 9% were aware of the independent appeals process and 8% of the new referral platform, with slightly higher awareness amongst those using or applying for finance
- Overall awareness did not vary much by size of SME (52-59%) or once the Permanent non-borrowers were excluded (59%)
- While awareness of individual initiatives has not varied much over time, awareness of any of them is now around 5 in 10, having been around 6 in 10 in 2016.



Excluding the Permanent non-borrowers, 46% of remaining SMEs were aware of equity crowd funding or peer to peer lending platforms:

- Awareness increased by size of SME (from 45% of 0 employee SMEs in Q4 2017 to 55% of those with 50-249 employees) and was also higher for those planning to apply (57%)
- Very few SMEs were using this form of funding but around a third of those aware would consider using it in future and this proportion has varied relatively little over time.



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, 46% of SMEs in Q4 2017 were aware of one or more of these specific schemes, with overall awareness varying relatively little by size:

Awareness of specific funding initiatives		0	1-9	10-49	50-249
Q4 17 – all SMEs	Total	emp	emps	emps	emps
Unweighted base:	4500	900	1450	1450	700
Start Up Loans	37%	36%	37%	37%	31%
Enterprise Finance Guarantee Scheme	22%	22%	21%	27%	30%
The Business Growth Fund	19%	19%	18%	23%	21%
The British Business Bank	13%	13%	13%	19%	23%
Any of these	46%	46%	47%	50%	46%
None of these	54%	54%	53%	50%	54%

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

Amongst those with employees, 47% 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 the 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 Q4 2017. Around 3 in 10 SMEs were aware of one or more of these initiatives, again with limited variation by size:

Awareness of initiatives		0 emp	1-9 emps	10-49 emps	50-249 emps
Q4 17 – all SMEs	Total				
Unweighted base:	4500	900	1450	1450	700
A network of business mentors	16%	15%	16%	21%	19%
The Lending Code/Standards of lending practice*	18%	16%	21%	23%	18%
Independently monitored appeals process	11%	11%	10%	14%	12%
The referral platform for unsuccessful applications*	10%	9%	11%	13%	13%
Any of these	30%	29%	33%	37%	34%
None of these	70%	71%	67%	63%	66%

Q240 All SMEs * indicates new or amended question

Amongst those with employees, 33% were aware of any of these initiatives.

A further initiative around loans was only asked of those SMEs directly affected by it, as detailed below:

Initiative	Awareness
Loan refinancing talks, 12 months ahead – asked of SMEs with a loan	Awareness of this initiative amongst SMEs with loans was 9% in Q4 2017, back to levels recorded previously. 0 employee SMEs were less likely to be aware (5%) than those with employees (13%)

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



Prompted awareness of other information initiatives

The table below shows awareness of other communications and sources of information tested in Q4 2017. Around 1 in 6 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 17 – all SMEs	Total	emp	emps	emps	emps
Unweighted base:	4500	900	1450	1450	700
The Better Business Finance (BBF) programme and website	9%	8%	9%	16%	21%
The British Banking Insight website	9%	9%	8%	13%	15%
The Business Finance Guide published by the ICAEW and the British Business Bank	10%	10%	9%	14%	18%
Any of these	17%	17%	16%	25%	32%
None of these	83%	83%	84%	75%	68%

Q240 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

53% of all SMEs in Q4 2017 were aware of one or more of these initiatives after prompting. This was in line with Q2 2017 (when 55% were aware) but lower than the 64% aware in Q4

2016. This was at least in part a reflection of changes made to the questionnaire as awareness of Funding for Lending (which was 29% in Q4 2016) is no longer measured.

Total awareness did not vary much by size of SME:

- 52% of SMEs with no employees were aware of any of these initiatives
- 55% of those with 1-9 employees were aware of any of these initiatives
- 59% of those with 10-49 employees were aware of any of these initiatives
- 53% 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 (51-57%) with the exception of those trading for 6-9 years where 45% were aware.

Those currently using external finance were more likely to be aware (62%) than those not using finance (47%), as were those planning to apply in the next 3 months (65%, compared to 45% of Future would-be seekers and 52% of Future happy non-seekers).



The table below details awareness by sector of all the initiatives tested in Q4 2017. Overall awareness varied from 49% for Construction to 57% for Agriculture:

% aware of initiatives									
Q4 17 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	300	375	800	450	300	500	900	375	500
Start Up Loans	39%	36%	30%	35%	38%	35%	38%	42%	42%
A network of business mentors	16%	16%	10%	16%	16%	18%	18%	15%	16%
The Lending Code	25%	14%	15%	18%	17%	21%	19%	16%	16%
Enterprise Finance Guarantee Scheme	21%	20%	17%	19%	19%	28%	24%	20%	26%
The Business Growth Fund	15%	18%	18%	19%	17%	20%	21%	11%	24%
Independently monitored appeals process	12%	5%	13%	10%	10%	11%	11%	13%	13%
Referral platform	11%	5%	9%	10%	13%	7%	11%	10%	10%
The British Business Bank	12%	15%	9%	13%	14%	14%	16%	7%	14%
BetterBusinessFinance.co.uk	10%	5%	10%	9%	9%	8%	9%	10%	11%
The BBI website*	11%	5%	9%	10%	7%	11%	9%	5%	12%
The Business Finance Guide*	10%	8%	9%	9%	9%	13%	10%	7%	11%
Any of these	57%	54%	49%	50%	51%	50%	55%	56%	56%
None of these	43%	46%	51%	50%	49%	50%	45%	44%	44%

Q240 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 53% to 59%. The table below shows awareness of all the individual initiatives tested in Q4 2017, once these PNBs were excluded:

Awareness of initiatives		0	1-9	10-49	50-249
Q4 17 – all SMEs excluding PNBs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	3001	454	902	1108	537
Start Up Loans	41%	42%	41%	38%	29%
A network of business mentors	17%	17%	19%	22%	20%
The Lending Code	20%	19%	24%	24%	20%
Enterprise Finance Guarantee Scheme	24%	24%	22%	27%	31%
The Business Growth Fund	20%	20%	18%	24%	20%
Independently monitored appeals process	14%	14%	12%	14%	12%
Referral platform	11%	10%	14%	13%	13%
The British Business Bank	13%	13%	12%	20%	20%
BetterBusinessFinance.co.uk	11%	11%	10%	17%	22%
The BBI website*	12%	12%	10%	13%	16%
The Business Finance Guide*	12%	13%	9%	15%	19%
<i>Any of these</i>	59%	59%	62%	60%	52%
<i>None of these</i>	41%	41%	38%	40%	48%

Q240 All SMEs * indicates new or amended question



Awareness over time for all SMEs is shown in the table below. The initiatives tested in Q4 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 remained broadly stable but awareness of any of these initiatives was around 5 in 10 compared to 6 in 10 previously:

Awareness of Taskforce initiatives									
Over time – all SMEs	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
By date of interview	2015	2016	2016	2016	2016	2017	2017	2017	2017
Unweighted base:	5003	4500	4500	4500	4500	4500	4507	4505	4500
Start Up Loans	42%	41%	40%	43%	46%	42%	39%	37%	37%
A network of business mentors	24%	19%	17%	18%	20%	16%	15%	14%	16%
The Lending Code	22%	15%	18%	15%	17%	17%	17%	15%	18%
Enterprise Finance Guarantee Scheme	19%	17%	18%	17%	18%	17%	17%	20%	22%
The Business Growth Fund	16%	16%	15%	16%	17%	15%	15%	16%	19%
Independently monitored appeals process	14%	10%	11%	10%	12%	9%	7%	8%	11%
Referral platform*	-	-	-	-	-	8%	7%	8%	10%
The British Business Bank	11%	9%	9%	10%	12%	12%	10%	11%	13%
BetterBusinessFinance.co.uk	9%	8%	8%	9%	10%	6%	7%	8%	9%
The BBI website	8%	6%	6%	7%	10%	6%	4%	8%	9%
The Business Finance Guide	-	8%	7%	8%	10%	7%	7%	8%	10%
Any of these	61%	60%	58%	60%	64%	57%	55%	53%	53%
None of these	39%	40%	42%	40%	36%	43%	45%	47%	47%

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, but again current awareness of any of these initiatives was slightly lower than previously seen:

Awareness of Taskforce initiatives

Over time – all SMEs excl

PNBs By date of interview	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
<i>Unweighted base:</i>	3338	2854	3008	2755	3017	3011	3038	2890	3001
Start Up Loans	47%	42%	44%	47%	50%	43%	43%	39%	41%
A network of business mentors	24%	20%	19%	18%	23%	15%	17%	16%	17%
The Lending Code/principles	24%	15%	18%	15%	18%	18%	21%	17%	20%
Enterprise Finance Guarantee Scheme	19%	18%	18%	17%	17%	17%	19%	23%	24%
The Business Growth Fund	17%	18%	15%	15%	19%	15%	16%	16%	20%
Appeals process	14%	11%	12%	10%	13%	9%	8%	11%	14%
Referral platform*	-	-	-	-	-	8%	8%	9%	11%
The British Business Bank	12%	9%	8%	10%	13%	13%	11%	11%	13%
BetterBusinessFinance.co.uk	8%	8%	7%	9%	12%	6%	8%	10%	11%
The BBI website	8%	6%	5%	7%	12%	7%	5%	9%	12%
The Business Finance Guide	-	9%	7%	8%	12%	7%	8%	10%	12%
<i>Any of these</i>	66%	62%	62%	65%	69%	59%	59%	56%	59%
<i>None of these</i>	34%	38%	38%	35%	31%	41%	41%	44%	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 of SMEs is shown in more detail below:

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

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 2017 (to 9% overall). 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 similar 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 has been revised several times, 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, the table below looks at awareness of a range of additional sources of funding, which have been included in the SME Finance Monitor from Q1 2017. Note that 'Mezzanine finance' was replaced in Q3 2017 by 'Venture Capital' and so results are shown here for H2 2017 to maximise base sizes, excluding PNBs as has been standard practice in the past:

Awareness of finance sources

All SMEs excl PNBs
H2 17

	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	5819	897	1757	2105	1060
Equity crowd funding platform	37%	36%	38%	43%	52%
Peer to peer lending platform	32%	32%	31%	37%	48%
Business Angels	30%	30%	28%	34%	42%
Venture Capital	39%	37%	43%	49%	52%
Any of these	57%	56%	56%	64%	72%
Not aware	43%	44%	44%	36%	28%

Q238a3x 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 both previous levels of awareness of crowd funding 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 Q4 2017 was back in line with earlier waves:

Aware of equity crowd funding/peer to peer lending

All SMEs excl PNBs Row percentages	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1* 2017	Q2 2017	Q3 2017	Q4 2017
All SMEs	45%	42%	41%	43%	47%	36%	40%	42%	46%
0 emps	46%	40%	39%	44%	45%	35%	38%	41%	45%
1-9 emps	45%	46%	44%	41%	51%	38%	43%	41%	46%
10-49 emps	46%	47%	46%	47%	49%	42%	47%	47%	51%
50-249 emps	44%	48%	53%	54%	51%	42%	62%	63%	55%
All planning to apply	49%	47%	40%	40%	53%	43%	48%	49%	57%

Q238a3 All SMEs excl PNBs *Question changed in Q1 2017

Those planning to apply for new/renewed finance in the 3 months after interview were typically somewhat more likely to be aware of crowd funding and this was also the case in Q4 2017 when 57% of those planning to apply were aware.



The table below shows both awareness and consideration of ‘crowd funding’ ie equity crowd funding platforms and/or peer to peer lending for H2 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 in future (30% of those aware, the equivalent of 13% of all SMEs excluding the PNBs). Willingness to use was slightly higher amongst smaller SMEs:

Awareness and use of crowd funding

All SMEs excl PNBs H2 17	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	5891	900	1769	2140	1082
Aware of “crowd funding”	44%	43%	44%	49%	59%
- <i>Using crowd funding</i>	1%	1%	1%	1%	1%
- <i>Unsuccessfully applied for crowd funding</i>	*	*	*	*	*
- <i>Would consider applying in future</i>	13%	13%	11%	11%	13%
- <i>Would <u>not</u> consider applying</i>	30%	28%	32%	37%	45%
Not aware	56%	57%	56%	51%	41%
% aware who would consider	30%	30%	25%	22%	22%

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 finance overall.



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 (31% in H2 2014 to 31% in H2 2016).

Both awareness and consideration were somewhat lower with the new question in H1 2017 but back in line for H2 2017:

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

Q238a3 All SMEs excl PNBs



A new question introduced in Q3 2017 sought 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 6 in 10 (62%) saying they knew nothing about this form of finance and most of the rest (22% overall) saying they did not think it was a suitable form of finance for them:

Attitudes to equity finance

All companies H2 17	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	5657	378	1617	2354	1308
Use or plan to use in near future	3%	4%	3%	3%	6%
Reluctant to give up control of the business	8%	7%	7%	14%	22%
Do not think it is suitable for us	22%	21%	23%	22%	19%
Wouldn't know where to start	4%	6%	4%	2%	2%
Don't know anything about this form of finance	62%	62%	63%	59%	52%

Q238a4 All SMEs that are companies

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 (5%) with 1 in 5 saying it was not a suitable form of finance for them:

Attitudes to equity finance

All companies H2 17	Total	PNBs	Excl PNBs
Unweighted base:	5657	1743	3914
Use or plan to use in near future	3%	1%	5%
Reluctant to give up control of the business	8%	5%	10%
Do not think it is suitable for us	22%	25%	20%
Wouldn't know where to start	4%	2%	6%
Don't know anything about this form of finance	62%	67%	59%

Q238a4 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).