

11. Not looking to borrow



This chapter looks

at those that had not had a borrowing event, to explore whether they wanted to apply for finance in the previous 12 months and any barriers to applying.



Key findings

Most SMEs had been ‘Happy non-seekers’ of finance over the 12 months prior to interview (83% H1 2018) and they were the largest group across all key demographics:

- This group increased in size from 68% in 2012 to 84% in 2016 and has been stable since.
- Attitudinally, they were less happy to borrow to grow than other SMEs, and less prepared to take risks to succeed, but also less likely to feel the future was uncertain or that it would be difficult for them to get finance if they needed it.

15% of SMEs reported a borrowing event (H1 2018), increasing by size of SME from 13% of those with 0 employees to 39% of those with 50-249 employees.

- This proportion declined over time from 23% in 2012 to 13% in 2016 and has changed little since, despite the expanded product definition used in 2018.

2% of SMEs were ‘Would-be seekers’ of finance, where the SME had wanted to apply for finance but something had stopped them, with little variation by key demographics.

- Over time the proportion of ‘Would-be seekers’ has declined from 10% in 2012 to 2% in 2016 and has been stable since.

Excluding the Permanent non-borrowers with little apparent appetite for finance increased the proportion of remaining SMEs reporting an event to 29% in H1 2018. 4% met the definition of a ‘Would-be seeker’ and the ‘Happy non-seekers’ declined somewhat to 67% but remained the largest group.



‘Would-be seekers’ gave a wider range of answers as to why they had not applied than has been seen in recent waves.

- As before, the most mentioned main reason was the process of borrowing (40% in H1 2018). This had been mentioned slightly more in 2017 (48%) as was discouragement, most of it indirect where the SME assumes they will not be successful and so does not apply (mentioned by 50% of WBS in 2017 but by 28% in H1 2018).
- More mentions were made in H1 2018 of the principle of borrowing (31% from 19% in 2017) and the economic climate (17% from 9% in 2017).



As already detailed in this report, a minority of SMEs reported any borrowing event in the 12 months prior to interview. This chapter looks in more detail at those that had not had a borrowing event, to explore whether they had wanted to apply for finance in the previous 12 months, and any barriers to such an application being made. Because this chapter covers those that have not had a borrowing event, analysis continues to be based on the date of **interview**.

In previous reports all SMEs were allocated to one of three groups, depending of their experience in the previous 12 months of both overdrafts and loans:

- **Had an event:** those SMEs reporting any Type 1, 2 or 3 loan or overdraft borrowing event in the previous 12 months, or an automatic renewal of an overdraft facility.
- **Would-be seekers:** those SMEs that had not had a loan or overdraft borrowing event/automatic renewal, and said something had stopped them applying for either loan or overdraft funding in the previous 12 months.
- **Happy non-seekers:** those SMEs that had not had a loan/overdraft borrowing event/automatic renewal, but said that nothing had stopped them applying for either loan or overdraft funding in the previous 12 months.

From Q1 2018, the scope of the SME Finance Monitor was widened to include more products than just loans and overdrafts. These definitions have also been widened to cover all external funding, but the structure of the three groups remains essentially the same:

- **Had an event:** those SMEs reporting a Type 1 new or renewed borrowing event in the previous 12 months, or an automatic renewal of an overdraft facility, or any Type 2 or 3 borrowing event where either the bank or the SME was looking to reduce or repay an existing facility. These events were described in more detail in Chapter 8
- **Would-be seekers:** those SMEs that not had a borrowing event of any kind and said something had stopped them applying for finance in the previous 12 months.
- **Happy non-seekers:** those SMEs that had not had a borrowing event of any kind, but said that nothing had stopped them applying for finance in the previous 12 months.

Where applicable, data is shown over time accepting the changes made to the definitions in Q1 2018.



To what extent do SMEs have an unfulfilled wish to borrow?

The table below details how many SMEs have met each of the three definitions over time. Whilst the nature of the events has changed slightly from Q1 2018, data is still comparable.

This shows that over recent quarters, most SMEs met the definition of a Happy non-seeker of finance (83% in Q2 2018), while the proportion of Would-be seekers remained low (1% in Q2 2018). The proportion of SMEs reporting an event was 15%, in line with recent quarters (and not significantly changed by the additional scope of the questionnaire from Q1 2018).

Any events

Over time – all SMES By date of interview	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Unweighted base:	4500	4500	4500	4500	4507	4505	4500	4500	4500
Have had an event	15%	11%	14%	11%	15%	17%	18%	14%	15%
• <i>New or (auto) renewed facility</i>	13%	11%	12%	10%	13%	15%	16%	12%	12%
• <i>Type 2 or 3 events</i>	3%	2%	3%	2%	3%	2%	3%	3%	4%
Would-be seekers	2%	2%	2%	2%	2%	2%	2%	2%	1%
Happy non-seekers	83%	87%	84%	86%	82%	81%	80%	83%	83%

Pastfin All SMEs NEW DEFINITION Q1 2018

Happy non-seekers can, and do, use external finance (the definition is based on borrowing events in the previous 12 months). Since 2015 around a quarter of Happy non-seekers have been using external finance (26% for H1 2018).

Permanent non-borrowers are by definition part of the Happy non-seekers group. The impact on the analysis above once these PNBs are removed is discussed later in the chapter.



The table below shows the small and broadly stable proportion of Would-be seekers of finance over recent quarters, by key demographics:

Would-be seekers

Over time – row percentages By date of interview	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
All SMEs	2%	2%	2%	2%	2%	2%	2%	2%	1%
0 employee	2%	2%	2%	2%	2%	2%	3%	2%	1%
1-9 employees	3%	2%	3%	3%	2%	2%	2%	2%	2%
10-49 employees	1%	1%	2%	1%	1%	1%	2%	1%	1%
50-249 employees	2%	2%	1%	1%	*	*	*	1%	*
Minimal external risk rating	*	1%	3%	2%	1%	*	1%	2%	*
Low external risk rating	1%	1%	1%	2%	2%	1%	2%	2%	1%
Average external risk rating	2%	2%	1%	2%	1%	2%	1%	2%	1%
Worse than average external risk rating	3%	3%	3%	2%	3%	1%	4%	2%	2%
Agriculture	1%	2%	2%	2%	1%	*	4%	2%	1%
Manufacturing	1%	4%	1%	*	2%	3%	3%	1%	5%
Construction	1%	2%	1%	2%	2%	1%	2%	3%	2%
Wholesale/Retail	1%	4%	3%	3%	3%	2%	3%	1%	1%
Hotels & Restaurants	6%	2%	4%	3%	5%	2%	1%	4%	2%
Transport	3%	2%	2%	2%	4%	4%	2%	2%	1%
Property/Business Services etc.	3%	*	2%	3%	3%	2%	3%	3%	1%
Health	*	1%	2%	*	*	3%	2%	3%	*
Other Community	3%	2%	3%	3%	1%	1%	2%	*	1%
All excluding PNBs	4%	4%	3%	4%	4%	4%	4%	4%	3%

Pastfin All SMEs base size varies by category



As in previous periods, SMEs with no employees were less likely to have had an ‘event’ than those with employees and were therefore somewhat more likely to meet the definition of a Happy non-seeker of finance:

Any events		0	1-9	10-49	50-249
YEQ2 18 All SMES	Total	emp	emps	emps	emps
Unweighted base:	18,005	3603	5802	5800	2800
Have had an event	16%	14%	19%	24%	33%
Would-be seekers	2%	2%	2%	1%	*
Happy non-seekers	82%	83%	79%	74%	66%

Pastfin All SMEs

SMEs with employees were more likely to have experienced a borrowing event (20%). 2% met the definition of a Would-be seeker of finance, with the largest group, as overall, the Happy non-seekers (78%).

By risk rating, those SMEs with a lower risk rating were somewhat more likely to have had an event but across all risk ratings 8 in 10 SMEs met the definition of a Happy non-seeker:

Any events					Worse/ Avge
YEQ2 18 All SMEs with a risk rating	Total	Min	Low	Avge	Avge
Unweighted base:	18,005	3071	5419	4130	4086
Have had an event	16%	18%	18%	16%	14%
Would-be seekers	2%	1%	1%	2%	2%
Happy non-seekers	82%	81%	81%	82%	83%

Pastfin All SMEs

Those currently using external finance were no more or less likely to be a Would-be seeker (3% v 2% not using external finance), but remained much more likely to have had an event (38% v 3% not using external finance).



The proportion of Would-be seekers varied relatively little by sector (1-3%). More variation was seen in terms of Happy non-seekers, which accounted for 85% of those in the Property/Business Services sector, compared to 77% of those in Agriculture (who were more likely to have had an event):

Any events

All SMEs YEQ2 18	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop / Bus	Hlth SWrk	Other Comm
Unweighted base:	1200	1500	3200	1800	1200	2003	3600	1502	2000
Have had an event	22%	17%	15%	20%	17%	16%	13%	18%	16%
Would-be seekers	2%	3%	2%	2%	2%	2%	2%	2%	1%
Happy non-seekers	77%	79%	83%	78%	81%	82%	85%	79%	83%

Pastfin All SMEs

Analysis by age of business showed little variation in the proportion of Would-be seekers. SMEs trading for between 2 and 9 years were somewhat less likely to report a borrowing event:

Any events

All SMEs YEQ2 18	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15+ yrs
Unweighted base:	1828	1736	2078	3077	9286
Have had an event	20%	10%	13%	18%	16%
Would-be seekers	3%	2%	1%	2%	1%
Happy non-seekers	76%	87%	85%	81%	82%

Pastfin All SMEs



The table below takes a longer term view back to 2012, accepting the changes to the questionnaire made over this period (summarised at the start of the chapter). The proportion of Happy non-seekers of finance rose steadily 2012 to 2016, as appetite for finance fell. Figures for 2017 and H1 2018 show appetite for finance may have stabilised:

Any events								H1
Over time – all SMEs	2012	2013	2014	2015	2016	2017	2018	
<i>Unweighted base:</i>	20,055	20,036	20,055	20,046	18,000	18,102	9000	
Have had an event	23%	17%	16%	17%	13%	15%	15%	
Would-be seekers	10%	6%	5%	3%	2%	2%	2%	
Happy non-seekers	68%	77%	79%	80%	84%	83%	83%	

Pastfin All SMEs

Analysis of SMEs with employees over time showed that they had also become less likely to have had an event (from 33% in 2012 to 18% in H1 2018), or to have been a Would-be seeker of finance (8% to 2%). As a result, the Happy non-seekers increased from 59% of SMEs with employees in 2012 to 80% in H1 2018.

The impact on these longer term trends once the Permanent non-borrowers are excluded is reported later in this chapter.

It should be noted that all the analysis in this chapter to date compares the loan and overdraft only events recorded on the Monitor to the end of 2017 with the ‘any product’ events recorded in Q1 and Q2 2018. In 2017, questions were also asked about whether the SME had applied (or wanted to apply) for a list of products apart from loans and overdrafts.

Adding these extra products increased the proportion reporting an ‘event’ in 2017 to 24% of all SMEs (from 15%) but had no effect on the proportion of Would be seekers (2%). This should provide a closer comparison with the new 2018 definitions. However, as can be seen above, the proportion of ‘events’ in H1 2018 is lower than this (15%), and will be monitored over time as base sizes increase.



Barriers to application

SMEs that were identified as Would-be seekers (i.e. they had wanted to apply for finance in the 12 months prior to their interview, but felt that something had stopped them) were asked about the barriers to making such an application.

These are reported below, firstly in terms of how frequently they were mentioned at all and secondly how frequently they were nominated as the main barrier.

The reasons have been grouped into the themes shown below, and respondents could initially nominate as many reasons as they wished for not having applied when they wanted to.

The reasons given in H1 2018, using the new questionnaire structure were:

Discouragement – those that had been put off, either directly (they made informal enquiries of the bank and were put off) or indirectly (they thought they would be turned down by the bank so did not ask). This was given as a reason by 28% of all Would-be seekers H1 2018 and was somewhat less of an issue than in previous years (50% in 2017)

Process of borrowing – those who did not want to apply because they thought it would be too expensive, too much hassle etc. This was given as a reason by 40% of all Would-be seekers H1 2018 having been 48% in 2017

Principle of borrowing – those that did not apply because they feared they might lose control of their business, or preferred to seek alternative sources of funding. This was given as a reason by 31% of all Would-be seekers H1 2018, up from 19% in 2017 and back to levels previously seen (29% in 2015)

Current economic climate – those that felt that it had not been the right time to borrow. This was given as a reason by 16% of all Would-be seekers H1 2018, the highest level seen to date (9% in 2017)



The table below shows the results for H1 2018, and all the reasons for not applying for finance that are included in the summary categories above. An additional question was asked of those giving more than one reason, asking them to nominate the key reason for not applying and these are also shown in the table below:

All Would-be seekers H1 2018 excluding DK	All reasons	Main reason
Unweighted base:	122	113
Issues with <u>process</u> of borrowing	40%	31%
-Would be too much hassle	19%	14%
-Thought would be too expensive	16%	11%
-Would be asked for too much security	5%	4%
-Too many terms and conditions	10%	1%
-Did not want to go through process	2%	1%
-Forms too hard to understand	1%	-
Discouraged (any)	28%	26%
-Direct (put off by bank)	11%	9%
-Indirect (thought would be turned down)	19%	17%
Issues with <u>principle</u> of borrowing	31%	24%
-Not lose control of business	7%	2%
-Can raise personal funds if needed	17%	14%
-Prefer other forms of finance	8%	6%
-Go to family and friends	4%	2%
Economic climate	17%	16%
-Not the right time to apply	17%	16%

Q32/77 and Q32b/77b (210/210a) All Would-be seekers SMEs that wished they had applied for finance excl DK

3 in 10 gave the process of borrowing as their main reason for not seeking finance, specifically the hassle and the expense. Almost as many, a quarter of Would-be seekers, cited discouragement, most of it indirect where the SME assumes they will be turned down and so does not apply. A similar proportion cited the principle of borrowing, with the main reason being an ability to raise personal funds.



16% cited the economic climate, the highest level recorded to date (but still lower than when SMEs look forward, where over half of Future would-be seekers cite the economic climate as the reason why they won't be applying for finance in future).

Accepting the changes made to the way in which Would-be seekers have been defined over time, the table below shows, on an annual basis from 2015, any mentions of each of the four key themes by Would-be seekers:

All reasons for not applying for finance				H1
Over time – all Would-be seekers	2015	2016*	2017	2018
<i>Unweighted base:</i>	485	318	277	122
Discouraged (any)	42%	45%	50%	28%
Issues with <u>process</u> of borrowing	48%	32%	48%	40%
Issues with <u>principle</u> of borrowing	29%	26%	19%	31%
Economic climate	11%	13%	9%	17%

Q32/77 and Q32b/77b (210/210a) All Would-be seekers SMEs that wished they had applied for finance excl DK

In the past, the two key reasons for not applying were discouragement (almost all of it indirect) and the process of borrowing. In H1 2018, the main reasons were more evenly spread across the 4 potential categories than previously, with more mentions of the principle of borrowing and the economic climate than in 2017 and this will be monitored going forward.



Would-be seekers constituted a minority of all SMEs (2%). The table below shows, for the main reasons given by Would-be seekers for H1 2018, the equivalent proportion of all SMEs:

Main reason for not applying	Would-be seekers	All SMEs
H1 18		
<i>Unweighted base:</i>	113	18,005
Discouraged (any)	26%	*
-Direct (put off by bank)	9%	*
-Indirect (thought I would be turned down)	17%	*
Issues with <u>process</u> of borrowing	31%	1%
Issues with <u>principle</u> of borrowing	24%	*
Economic climate	16%	*

Q32/77 and Q32b/77b (210/210a) All Would-be seekers SMEs that wished they had applied for finance excl DK

The equivalent of less than 1% of all SMEs reported having felt discouraged from applying for a facility.



Would-be seekers - attitudes to finance

Earlier in this report a series of attitude statements about external finance showed key variations by different demographics. These statements are repeated here (for H1 2018 so that all the latest statements can also be included) analysed by recent borrowing behaviour, to provide additional insight into those who had not applied for finance.

The table below typically shows similar attitudes between those that have had an event and the Would-be seekers who wanted to apply, with the exception of feeling discouraged from applying by an increase in the cost of credit and not thinking about using finance:

Attitudes to finance H1 18 – all SMEs	Had an event	Would-be seeker	Happy non-seeker
<i>Unweighted base:</i>	1991	111	6865
Plans based on what can afford ourselves	76%	82%	79%
Accept slower growth rather than borrow	72%	72%	73%
Increase in cost of credit would discourage application	67%	51%	48%
Never think about using (more) external finance	47%	34%	51%
Because the future feels uncertain we are being very cautious with our plans for the business	65%	64%	49%
As a business we are prepared to take risks to become more successful	52%	56%	41%
My impression is that it is quite difficult for businesses like ours to get external finance	54%	58%	35%
Happy to use finance to help business grow	50%	47%	29%

Q96 (238a5) All SMEs

Happy non-seekers of finance were not as happy to use finance to grow, or as prepared to take risks. They were though less likely to feel the future was uncertain or that it would be difficult for them to get finance if they wanted.



The effect of the Permanent non-borrower

As identified earlier in this report, almost half of all SMEs met the definition of a Permanent non-borrower and this proportion has increased steadily over time. If such SMEs were excluded from the analysis in this chapter (because there is no indication from their answers that they will borrow), the results when scaled to the population of SMEs would reduce to around 2.7 million from 5 million.

30% of this group of SMEs excluding PNBs reported a borrowing event, compared to 16% of SMEs overall:

Any events (Overdraft <u>and</u> loan)		
YEQ2 18 – all SMES	All SMEs	All SMEs excl. PNB
Unweighted base:	18,005	11,494
Have had an event	16%	30%
Would-be seekers	2%	4%
Happy non-seekers	82%	65%

Pastfin All SMEs

The proportion of Happy non-seekers declined to 65% but remained the largest group and 4% met the definition of a Would-be seeker, compared to 2% of all SMEs.

The table below shows the pattern over recent quarters, once the PNBs had been excluded. In the latter half of 2016 and early 2017, the proportion reporting an event was somewhat lower at around a quarter, before returning to around 3 in 10 from Q2 2017 onwards:

Any events										
All SMES, excluding PNBs – over time										
By date of interview	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	
Unweighted base:	3008	2755	3017	3011	3038	2890	3001	2735	2868	
Have had an event	29%	23%	23%	21%	28%	32%	32%	28%	29%	
Would-be seekers	4%	4%	3%	4%	4%	4%	4%	4%	3%	
Happy non-seekers	67%	73%	73%	74%	68%	64%	64%	66%	67%	

Pastfin All SMEs excluding PNBs



Accepting the changes in definition over time, the proportion of SMEs (excluding the PNBs) reporting a borrowing event remained fairly stable between 2012 and 2015, before dropping to 25% for 2016 but has increased since, to 29% in H1 2018. The proportion of Would-be seekers declined significantly 2012-16 (15% to 4%) but has been stable since. As a result, the proportion of Happy non-seekers has been around 7 in 10 since 2016, up from 51% in 2012:

Any events							H1
Over time – excl PNBs	2012	2013	2014	2015	2016	2017	2018
Unweighted base:	15,312	14,578	13,613	13,011	11,634	11,940	5603
Have had an event	35%	28%	28%	32%	25%	28%	29%
Would-be seekers	15%	10%	8%	6%	4%	4%	4%
Happy non-seekers	51%	62%	64%	62%	70%	67%	67%

Pastfin All SMEs excl PNBs

The table below shows the main reasons for not applying, using the revised 'all SME' definition that excludes the PNBs:

Main reason for not applying when wished to	Would-be seekers	All SMEs excl. pnb
H1 18		
Unweighted base:	113	5603
Discouraged (any)	26%	1%
-Direct (put off by bank)	9%	*
-Indirect (thought I would be turned down)	17%	*
Issues with <u>process</u> of borrowing	31%	1%
Issues with <u>principle</u> of borrowing	24%	1%
Economic climate	16%	*

Q32b/77b (210a) All SMEs v all that wished they had applied for an overdraft or a loan

The equivalent of 1% of all SMEs (excluding the PNBs) reported having felt discouraged from applying for a facility.



The longer term impact of previous declines

Qualitative research conducted amongst Would-be seekers revealed that a number of them felt discouraged due to a previous decline from a bank, which might have occurred a number of years ago. In order to understand the impact of such declines on the wider SME population as a whole, a question was added to the SME Finance Monitor from Q1 2014, which has remained unchanged.

4% of SMEs reported a declined banking facility at some time in the past and this has changed very little over time:

Previous decline by bank All SMEs YEQ2 2018

By size of SME	<p>The largest SMEs were somewhat less likely to report a previous decline:</p> <ul style="list-style-type: none">• 4% of 0 employee SMEs• 4% of those with 1-9 employees• 3% of those with 10-49 employees• 1% of those with 50-249 employees <p>Amongst SMEs with employees, 4% had previously been declined.</p>
Excluding the PNBs	<p>Once the PNBs were excluded, 6% of remaining SMEs had experienced a previous decline (compared to 1% of PNBs).</p>
Risk rating	<p>There was little difference by risk rating (2-4%)</p>
Use of external finance	<p>7% of those currently using external finance had experienced a previous decline, compared to 2% of those who had not used external finance in the past 5 years (and 7% of the small group that had used finance in the past but were not using it now).</p>

Amongst SMEs who had experienced a previous decline, 67% said that this had made them more reluctant to apply for bank finance subsequently (the equivalent of 3% of all SMEs).

- The smaller the SME experiencing the decline, the more likely they were to say they had been made more reluctant (69% of 0 employee SMEs that had been declined compared to 39% of such SMEs with 50-249 employees).
- By external risk rating, those declined who had an average risk rating (72%) were slightly more likely to have been made more reluctant than those with a minimal (64%), low (58%) or worse than average (66%) external risk rating.



The tables below explore this reluctance in more detail, across all SMEs. 3% of all SMEs had been made more reluctant by a previous decline, increasing to 4% once the PNBs were excluded. Larger SMEs remained somewhat less likely to have been impacted:

Impact of previous decline by bank

All SMEs YEQ2 18	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	18,005	3603	5802	5800	2800
More reluctant to apply after a decline	3%	3%	3%	2%	1%
Declined but not more reluctant	1%	1%	2%	1%	1%
Have not been declined in past	96%	96%	95%	97%	98%

Q78su (240x and Q240y) All SMEs

Impact of previous decline by bank

All SMEs YEQ2 18 excl PNBs	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	11,494	1806	3412	4055	2221
More reluctant to apply after a decline	4%	4%	4%	3%	1%
Declined but not more reluctant	2%	2%	2%	2%	1%
Have not been declined in past	94%	94%	94%	95%	98%

Q78su (240x and Q240y) All SMEs excluding PNBs



There was relatively little difference overall by risk rating:

Impact of previous decline by bank

All SMEs YEQ2 18	Total	Min	Low	Avge	Worse/ Avge
<i>Unweighted base:</i>	18,005	3071	5419	4130	4086
More reluctant to apply after a decline	3%	2%	1%	3%	3%
Declined but not more reluctant	1%	1%	1%	1%	2%
Have not been declined in past	96%	97%	98%	96%	95%

Q78su (240x and Q240y) All SMEs

Amongst those currently using external finance, 4% had become more reluctant to apply as the result of a previous decline, compared to 5% of those that had used finance in the past five years but were not using it currently and 2% of those who have not used external finance for at least the past 5 years.

Analysis was then undertaken to see what impact this previous decline might have had on actual use of external finance and borrowing behaviour in the 12 months prior to interview. As the table below shows:

- Almost 6 in 10 of those who had previously been made more reluctant by a decline were currently using any external finance, increasing to 7 in 10 of those who had also been declined but said that it had not made them more reluctant
- Those who had never been declined were less likely to be using external finance (35%) and more likely to qualify as a Happy non-seeker of finance (83%).
- Those who reported that the decline had made them more reluctant to apply for bank finance were more likely to meet the definition of a Would-be seeker of finance (9%) than either those not put off by their decline (5%) or those who had never been declined (2%).



Impact of previous decline by bank		Made more reluctant by decline	Declined but not made more reluctant	Not previously declined
All SMEs YEQ2 18	All SMEs			
Unweighted base:	18,005	380	219	17,406
Using external finance	36%	57%	72%	35%
Have had an event	16%	42%	48%	15%
Would-be seekers	2%	9%	5%	2%
Happy non-seekers	82%	48%	46%	83%

Q78/78b and pastfin (240x and Q240y and Q115/209) All SMEs

To put these figures in context, less than 1% of all SMEs were Would-be seekers of finance who had been made more reluctant by a previous decline (the 9% group shown above).

The table below presents the same analysis once the PNBs were excluded. This increased the use of finance in all groups, while those made more reluctant by a previous decline remained more likely to be a Would-be seeker of finance:

Impact of previous decline by bank		Made more reluctant by decline	Declined but not made more reluctant	Not previously declined
All SMEs YEQ2 18 excl PNBs	All SMEs			
Unweighted base:	11,494	345	193	10,956
Using external finance	70%	65%	84%	70%
Have had an event	30%	49%	57%	29%
Would-be seekers	4%	11%	6%	3%
Happy non-seekers	65%	40%	36%	67%

Q78/78b and pastfin (240x and Q240y and Q115/209) All SMEs excluding PNBs

A similar pattern was seen for future borrowing intentions. Excluding the PNBs, 21% of remaining SMEs were planning to apply for finance in the next 3 months. Amongst those who had been made more reluctant by a decline this proportion was higher (35%) and they were also more likely to be a Future would-be seeker of finance (30% v 22% overall) and consequently less likely to meet the definition of a Future happy non-seeker of finance (34% v 57% of all SMEs excluding the PNBs).