

10 OUTCOME OF TYPE 1 APPLICATIONS

THIS CHAPTER PROVIDES

more detail on the outcome of all Type 1a and Type 1b borrowing events for new/renewed finance, including the amount granted and whether security was required.

KEY FINDINGS

This chapter is based on all Type 1 applications made, so an SME that had several Type 1a and/or Type 1b events will appear more than once in the analysis.

1305 Type 1a/1b applications were reported in 2018 (made between Q1 2017 and Q4 2018):

- 64% were made to their main bank, 17% to another existing provider, 12% to a new provider, 3% to an online platform and 4% elsewhere
- 35% of applications were made online
- 48% were applications for a product they had not used before
- 82% were in the name of the business
- 64% were for either a bank loan (32%) or a bank overdraft (32%). 9% were for leasing/hp

1233 of the applications reported had received a response:

- 80% ended the process with a facility: 71% were offered the facility they wanted and took it, 7% had their facility after issues and 2% took a different product to the one they applied for
- 5% were offered a facility but declined it, typically due to cost, or a better offer elsewhere
- 15% were turned down for a facility

Those more likely to end the process with a facility (80% overall) included:

- SMEs with 50-249 employees (91%), those applying to an existing provider (93%), those not applying for the first time (86%), those applying for leasing/hp or a credit card (both 97%)

Those more likely to be declined (15% overall) included:

- Those applying to a new provider (24%), those applying for the first time (18%) and those applying for a bank loan (28%)
- Just over half (57%) of those declined by their main bank said their bank had taken some action, with 34% saying the bank explained why they could not lend to them. 21% of these applicants recalled being made aware of the appeals process and 2% of the referrals process but none took these options

Analysis by 18 month application period (on partial data) showed very consistent success rates overall:

- 80% of applications that took place Q1 2017 to Q2 2018 were successful and 81% of those that took place Q3 2017 to Q4 2018
- There was also little change in specific success rates for bank overdrafts, bank loans or leasing/hp

82% of applications were handled satisfactorily:

- This increased to 93% of applications made to an existing provider, compared to 77% to a new provider (where more facilities were declined), and 96% of applications made for leasing/hp
- This also increased to 94% where they had been offered what they wanted but decreased to 28% of those who were turned down

80% of applications were thought to have had a satisfactory outcome:

- Those who were offered what they wanted (94%) and those who took their facility after issues (91%) were more likely to have been satisfied with the outcome than those declined (22%)
- 95% of applications for leasing/hp and credit cards had a satisfactory outcome, compared to 73% of loan applications

70% were either very satisfied with the outcome of their application or said that there had been no adverse effects. The main adverse effect was running the business being more of a struggle (17% of applications)

- 81% of those offered what they wanted were either very satisfied with the outcome or said there had been no adverse impact, decreasing to 28% of those declined, where 40% said running the business was more of a struggle, 42% said they had not expanded as they would have liked and 30% had made spending cuts

This is the final of the four revised chapters looking at all borrowing events in the wider finance market beyond loans and overdrafts. It looks at the application process, the final outcome of these Type 1 borrowing events and the impact on the SME of the outcome of the application(s) made. The new questionnaire was designed to provide an overall view of all applications for finance (across providers and products) and how successful these applications were, but some analysis is now possible by specific type of provider and product.

THE OUTCOME OF ALL TYPE 1A/1B NEW AND RENEWED APPLICATIONS

Those who had applied for a facility to meet a finance need and those who reported making any other application for new or renewed finance were asked a series of questions about this/these application(s), including their outcome. This chapter currently includes all Type 1a and 1b applications reported to date with the revised questionnaire (ie from those interviewed in 2018 reporting events dating back to Q1 2017).

Compared to previous reports, this section:

- Has been expanded to include applications for a wider range of products and providers other than the main bank to provide a more holistic view of finance applied for
- Has been simplified in terms of the number of questions asked about each application

The analysis below is based on the total number of Type 1a and 1b applications made, as one SME could make several applications for different products and to different providers.

The first half of this chapter presents the overall application success rates and impact of the application, across all products, with some analysis by size of SME and finance provider. The second half of the chapter provides this data by product, where base sizes are sufficient.

ALL APPLICATIONS MADE - CONTEXT

4% of SMEs reported any Type 1a or Type 1b applications for new or renewed finance. Further information about these applications is reported below. Two thirds of Type 1 applications were made to the main bank, and the same proportion involved either a loan or an overdraft. Most applications were in the name of the business, half were first time applications for a particular product and a third of applications were made online:

All Type 1a/1b applications for finance reported YEQ4 2018

Size of applicant	<p>Of the 1305 applications recorded:</p> <ul style="list-style-type: none"> • 62% of applications were made by 0 employee SMEs • 28% by those with 1-9 employees • 9% by those with 10-49 employees • 1% by those with 50-249 employees. <p>0 employee SMEs make up 75% of all SMEs but 62% of all applications made, while those with 10-249 employees make up 5% of all SMEs but 10% of all applications</p>
Where applied	<p>Two thirds (64%) of all applications were made to the main bank, and a further 17% to another existing provider.</p> <p>12% were made to a new provider, 3% to an online platform and 4% were made elsewhere.</p>
Date of application	<p>Respondents were asked which quarter their application had been made in. Compared to an even distribution of applications over time (based on how often each quarter could have been mentioned) applications were more likely to have been made in either H2 2017 or H1 2018 (77% of applications made v 68% if distributed evenly) and applications were somewhat less likely to have been made in H2 2018 (10% v 16% if distributed evenly).</p>
Applied online	<p>A third of applications (35%) were made online. This was more likely to be the case for smaller SMEs (40% of those made by 0 employee SMEs, 28% with 1-9 employees, 21% with 10-49 employees and 14% of those made by SMEs with 50-249 employees).</p>
Business name	<p>The majority of applications (82%) were made in the name of the business.</p> <p>88% of the applications made in a personal name were made by SMEs with 0 employees.</p>
First time applicants	<p>48% of applications involved a product that had not been applied for before by that SME (excluding DK answers). This was more likely to be the case for applications made by 0 employee SMEs (51%), declining by size to 27% of those with 50-249 employees.</p>

As the table below shows, two thirds of all applications were for either a bank loan or overdraft:

YEQ4 18 – all applications made	Total
<i>Unweighted base:</i>	1305
Bank Overdraft	32%
Bank Loan	32%
Commercial mortgage	6%
Credit cards	6%
Other overdraft	3%
Other loan	3%
Leasing/hire purchase	9%
Invoice finance	2%
Other specified product	7%

All applications for finance– new definition from Q1 2018

ALL APPLICATIONS MADE – THE FINAL OUTCOME

SMEs were asked about the final outcome of these applications. When this question was previously asked (specifically for loans and overdrafts and with slightly fewer answer options), 80% of applications made in the 18 months to Q4 2017 had resulted in a facility.

3% of applications had not received a response from the lender at the time of interview and have been excluded from this chapter.

As the table below shows, 80% of the applications reported in 2018 resulted in a facility. Applications made by SMEs with 50-249 employees were more likely to end the process with a facility:

YEQ4 18 – all applications outcome	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	1233	141	376	551	165
Offered facility wanted and took it	71%	70%	73%	74%	90%
Offered facility after issues	7%	8%	5%	8%	1%
Took a different product from provider	2%	2%	1%	1%	-
Have facility	80%	80%	79%	83%	91%
Offered facility but declined to take it	5%	4%	6%	3%	-
Turned down for facility	15%	16%	15%	14%	10%

Q39/57 All applications for finance excluding those waiting to hear – new definition from Q1 2018

Further information on the applications that did not result in a facility is somewhat limited at this stage:

- 17 applications (1%) resulted in taking a different product to the one applied for, typically a loan with some taking a credit card. 8 of these 17 applications had originally been for an overdraft.
- There were also few occasions where something was offered but it was declined (5%, ie 37 applications). This was typically because the facility was too expensive, with some saying they got a better offer elsewhere or the facility had too many terms and conditions.
- The 150 applications that were turned down for a facility are reported on later in this chapter, but only where the original application was made to the main bank (82 applications).

Applications (for any product) made to an existing provider (but not the main bank) were somewhat more likely to be successful (93%). 80% of applications to a main bank resulted in a facility while applications to a new provider remained the least likely to be successful (67%):

YEQ4 18 – all applications outcome	Total	Main bank	Existing provider	New provider
Unweighted base:	1233	781	227	144
Offered facility wanted and took it	71%	69%	88%	65%
Offered facility after issues	7%	9%	4%	1%
Took a different product from provider	2%	2%	1%	1%
Have facility	80%	80%	93%	67%
Offered facility but declined to take it	5%	4%	1%	8%
Turned down for facility	15%	16%	6%	24%

Q39/57 All applications for finance excluding those waiting to hear – new definition from Q1 2018

Indicative data for those applying to an online platform is that 7 in 10 applications resulted in a facility.

Those applying for a product for the first time were less likely to end the process with a facility (although most did), while those applying online were as likely to have been offered the facility they wanted as those applying through another channel:

YEQ4 18 – all applications outcome	Total	First time	Not first time	Online	Not online
Unweighted base:	1233	457	746	292	912
Offered facility wanted and took it	71%	70%	74%	74%	70%
Offered facility after issues	7%	5%	10%	3%	10%
Took a different product from provider	2%	1%	2%	2%	1%
Have facility	80%	76%	86%	79%	81%
Offered facility but declined to take it	5%	6%	4%	4%	5%
Turned down for facility	15%	18%	10%	17%	14%

Q39/57 All applications for finance excluding those waiting to hear – new definition from Q1 2018

The success rate reported for first time applicants (76%) is somewhat higher than the 50-60% reported for first time loan and overdraft applicants over previous Monitor reports and will be monitored over time.

ALL APPLICATIONS – THE FINAL OUTCOME OVER TIME

In previous SME Finance Monitor reports, success rates have been reported in 18 month time periods by date of application not interview. Given the changes made to the questionnaire for Q1 2018, results are not directly comparable to previous data (although separate analysis is underway to link previous and current data around success rates).

The table below shows overall success rates for two 18 month periods:

- Q1 2017 to Q2 2018
- Q3 2017 to Q4 2018.

Note that these success rates are based entirely on data collected in 2018 using the new questionnaire. Data on applications made in 2017 but collected in 2017 using the previous questionnaire is not included here.

The table shows a very consistent 8 in 10 applications resulting in a facility:

YEQ4 18 – all applications outcome	Total	Applied Q117-Q218	Applied Q317-Q418
<i>Unweighted base:</i>	1233	1091	1053
Offered facility wanted and took it	71%	71%	73%
Offered facility after issues	7%	8%	6%
Took a different product from provider	2%	1%	2%
<i>Have facility</i>	80%	80%	81%
Offered facility but declined to take it	5%	5%	5%
Turned down for facility	15%	15%	14%

Q39/57 All applications for finance reported in 2018 excluding those waiting to hear – new definition from Q1 2018

ALL APPLICATIONS - NATURE OF FACILITY GRANTED

Of the 1305 applications made, 1044 were successful and resulted in a facility. Further details about these successful applications, in terms of their size, whether security was required and whether they were on a fixed or variable interest rate, is provided below.

The table below shows the size of facility granted. As would be expected, successful applications from larger SMEs were more likely to be for £25,000 or more (86%) than those from the smallest SMEs (17%):

YEQ4 18 – size of facility granted	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	1044	110	303	479	152
Less than £5,000	27%	34%	18%	9%	*
£5,000 to £24,999	40%	44%	36%	19%	12%
£25,000 to £99,999	15%	9%	23%	29%	19%
£100,000 or more	10%	6%	11%	30%	52%
Don't remember	8%	6%	12%	13%	18%
£25,000+ excl DK	27%	17%	38%	68%	86%

Q41/59 All successful applications for finance – new definition from Q1 2018

A fifth of those applying to their main bank were granted a facility of £25,000 or more, compared to just under half (45%) of those granted a facility by another existing provider:

YEQ4 18 – size of facility granted	Total	Main bank	Existing provider	New provider
Unweighted base:	1044	662	201	113
Less than £5,000	27%	36%	10%	11%
£5,000 to £24,999	40%	34%	43%	56%
£25,000 to £99,999	15%	13%	25%	16%
£100,000 or more	10%	7%	19%	14%
Don't remember	8%	10%	3%	3%
£25,000+ excl DK	27%	22%	45%	31%

Q41/59 All successful applications for finance – new definition from Q1 2018

The table below provides further information on the applications that were successful, with 4 in 10 requiring security and 7 in 10 being on a fixed interest rate:

Successful applications for finance reported YEQ4 2018

Security	<p>4 in 10 of all successful applications (40% excluding DK answers) required security.</p> <p>Those with a facility from their main bank were somewhat less likely to require security (38%) than those applying to another provider known to them (51%).</p> <p>There was also variation by size of applicant (36% of applications made by SMEs with 1-9 employees to 54% of those with 50-249 employees).</p>
Interest rate	<p>69% of successful applications were on a fixed interest rate (excluding DK answers).</p> <p>This was most likely to be the case for those using a new provider to them (94% v 80% applying to an existing provider and 61% applying to the main bank) and those applicants with 1-9 (77%) or 10-49 (75%) employees (v 65% of applications made by 0 employee SMEs and 59% of those made by 50-249 employee SMEs).</p>

Q42/60 and Q43/61 All successful applications for finance – new definition from Q1 2018 excluding DK

ALL APPLICATIONS – THOSE THAT WERE UNSUCCESSFUL

15% of all applications reported in 2018 were declined (excluding those waiting to hear). On limited base sizes, the types of SME more likely to be declined included:

- Those applying to a new provider – 12% of applications but 19% of declines
- First time applicants – 47% of applications, 57% of declines
- Those applying online – 35% of applications, 41% of declines.

Any applicants who were declined by their main bank were asked further questions about the way the decline was handled. This question was asked once to each SME, rather than for *each* main bank decline (if they had more than one). This means that base sizes will not tally exactly with previous analysis.

82 SMEs had been turned down by their main bank for a finance product or products, so limited analysis is available at this stage.

Unsuccessful applications for finance reported YEQ4 2018

Bank response	<p>34% of these unsuccessful applicants said that the bank explained to them why it could not offer them the facility they had applied for.</p> <p>9% were asked to supply more information and 4% were referred to an external source of advice (both typically the larger applicants).</p> <p>Just over half (57%) said that the bank had taken some action (including on appeals or referrals described below).</p>
Referrals	<p>2% of these SMEs (5 applicants) said that they were offered the opportunity to have their application referred to an online platform. None took up the offer of a referral.</p>
Appeals	<p>21% of these applicants said they were made aware of their bank's appeals process. No further information is available on the outcome.</p>

Q46/64 and Q47/65 All unsuccessful applicants for finance at main bank – new definition from Q1 2018

ALL APPLICATIONS - SATISFACTION WITH THE WAY THE APPLICATION WAS HANDLED

SMEs were asked, for each application that had received a response (whether successful or not), how satisfied they were with the way the application had been handled. Overall 8 in 10 were satisfied:

YEQ4 18 – Application handling satisfaction	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	1233	141	376	551	165
Very satisfied	52%	54%	47%	56%	53%
Fairly satisfied	30%	30%	31%	24%	32%
Satisfied	82%	84%	78%	80%	85%
Not very satisfied	6%	6%	6%	6%	6%
Not at all satisfied	10%	10%	12%	10%	9%
Don't know	2%	1%	3%	4%	*

Q45/63 All applications for finance that had received response – new definition from Q1 2018

Those who applied to a provider they knew were more likely to be satisfied with the way the application was handled:

YEQ4 18 – Application handling satisfaction	Total	Main bank	Existing provider	New provider
Unweighted base:	1233	781	227	144
Very satisfied	52%	46%	78%	44%
Fairly satisfied	30%	35%	15%	33%
Satisfied	82%	81%	93%	77%
Not very satisfied	6%	6%	2%	10%
Not at all satisfied	10%	12%	5%	10%
Don't know	2%	2%	*	2%

Q45/63 All applications for finance that had received response – new definition from Q1 2018

As would be expected, even on the limited base sizes currently available for some groups, there are clear differences in levels of satisfaction depending on the outcome of the application. While 9 in 10 of those with a facility were satisfied, this declined to 6 in 10 of the small group who turned down the facility offered to them and 3 in 10 of those declined for a facility:

YEQ4 18 – Application handling satisfaction	Total	Offered what wanted	After issues	Decided not to	Turned down
Unweighted base:	1233	949	78*	39*	150
Very satisfied	52%	65%	46%	21%	5%
Fairly satisfied	30%	29%	42%	36%	23%
Satisfied	82%	94%	88%	57%	28%
Not very satisfied	6%	3%	5%	31%	14%
Not at all satisfied	10%	1%	6%	11%	56%
Don't know	2%	2%	*	1%	3%

Q45/63 All applications for finance that had received response – new definition from Q1 2018

ALL APPLICATIONS - IMPACT OF THE OVERALL PROCESS

Those who had applied for finance to meet a need for funding and those who reported making any other application for new or renewed finance were then asked some further questions about the impact of this/these application(s) on the SME, asked once for all the Type 1a applications they had made and once for all the Type 1b applications.

In order to report this data in a consistent way with other data in this chapter, the single answer given to cover all type 1a applications has been applied to each individual Type 1a application made and the single answer given to cover all type 1b applications has been applied to each individual Type 1b applications, so the table is based on the 1233 applications that had received a response.

80% of applications were rated as having a satisfactory outcome:

YEQ4 18 – Application outcome satisfaction	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	1233	141	376	551	165
Very satisfied	58%	61%	54%	53%	58%
Fairly satisfied	22%	19%	27%	24%	28%
Satisfied	80%	80%	81%	77%	86%
Not very satisfied	6%	6%	6%	6%	2%
Not at all satisfied	12%	14%	9%	10%	8%
Don't know	2%	1%	4%	7%	3%

Q46/64 All applications for finance that had received response – new definition from Q1 2018

Applications from the largest SMEs were slightly more likely to be seen as having a satisfactory outcome.

As would be expected, satisfaction with application outcome varied considerably by whether the application(s) in question had been successful or not:

YEQ4 18 – Application outcome satisfaction	Total	Offered what wanted	After issues	Decided not to	Turned down
<i>Unweighted base:</i>	1233	949	78*	39*	150
Very satisfied	58%	73%	65%	18%	3%
Fairly satisfied	22%	21%	26%	21%	19%
<i>Satisfied</i>	80%	94%	91%	39%	22%
Not very satisfied	6%	3%	4%	21%	16%
Not at all satisfied	12%	1%	3%	40%	60%
Don't know	2%	2%	1%	-	2%

Q46/64 All applications for finance that had received response – new definition from Q1 2018

Those applications where the applicants had been less than 'very satisfied' with the outcome were asked whether there had been any negative impact on the running of their business as a result of these applications not being entirely satisfactory.

In order to present the views of all applicants, the table below includes those who were very satisfied with the outcome of their application (and not asked this question) and shows that 7 in 10 were either very satisfied with the outcome of their application or said that there had been no negative impact:

YEQ4 18 – Impact of application outcome	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	1233	141	376	551	165
Very satisfied	58%	61%	54%	53%	58%
No adverse impact	12%	11%	15%	12%	12%
Very satisfied / no adverse impact	70%	72%	69%	65%	70%
Running the business more of a struggle	17%	18%	14%	21%	23%
Not expanded as would have liked	9%	9%	7%	11%	1%
Not improved business as would have liked	8%	9%	5%	10%	5%
Made spending cuts	6%	7%	4%	9%	6%
Deferred expenditure/investment	4%	5%	2%	6%	6%
Made staff redundant	2%	1%	4%	7%	6%
Other negative impact	2%	3%	1%	2%	3%
Don't know	2%	1%	4%	7%	3%

Q46/64 and Q49/67 All applications for finance that had received response – new definition from Q1 2018

The most frequently mentioned negative impacts (as in previous Monitor reports) were that running the business was more of a struggle, expansion had been limited or spending cuts made, the latter two more likely to be mentioned by smaller applicants.

The table below shows how this varied by application outcome:

- 81% of applications where the applicant was offered what they wanted were either very satisfactory or caused no adverse effects (71% for those where they had the facility after issues).
- This declines to 28% of those who were turned down, with 42% saying they had not expanded as they wished and 40% that running the business was now more of a struggle.

YEQ4 18 – Impact of application outcome	Total	Offered what wanted	After issues	Decided not to	Turned down
Unweighted base:	1233	949	78*	39*	150
Very satisfied	58%	73%	65%	18%	3%
No adverse impact	12%	8%	6%	29%	25%
Very satisfied / no adverse impact	70%	81%	71%	47%	28%
Running the business more of a struggle	17%	12%	18%	26%	40%
Not expanded as would have liked	9%	1%	4%	25%	42%
Not improved business as would have liked	8%	2%	3%	37%	29%
Made spending cuts	6%	2%	3%	7%	30%
Deferred expenditure/investment	4%	*	2%	6%	25%
Made staff redundant	2%	1%	2%	6%	10%
Other negative impact	2%	*	-	-	13%
Don't know	2%	2%	1%	-	2%

Q46/64 and Q49/67 All applications for finance that had received response – new definition from Q1 2018

THE APPLICATION PROCESS - BY PRODUCT

This section analyses the data available on applications made by the product that was applied for. 85% of applications involved one of 5 products: an overdraft (32%), loan (32%), leasing/hp (9%), commercial mortgage (6%) or credit cards (6%) and the analysis in this section covers these specific products where sample sizes are sufficiently robust.

The small group applying for credit cards were more likely to be applying in a personal name and/or for the first time. Bank loans were more likely than bank overdrafts to be applied for in a personal name, and from a first time applicant:

YEQ4 18 – all applications	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	384	387	179	69*	66*
Applied in personal name	9%	23%	21%	37%	2%
Applied online	36%	32%	28%	29%	15%
Applied for the first time	44%	50%	34%	50%	36%

Almost all leasing/hp and credit card applications were successful, compared to 8 in 10 commercial mortgages and overdrafts and two thirds of bank loans:

YEQ4 18 – all applications outcome	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	371	358	177	69*	60*
Offered facility wanted and took it	73%	60%	86%	72%	81%
Offered facility after issues	4%	5%	11%	25%	1%
Took a different product from provider	2%	2%	*	-	-
Have facility	79%	67%	97%	97%	82%
Offered facility but declined to take it	6%	5%	2%	1%	12%
Turned down for facility	15%	28%	1%	3%	6%

Q39/57 All applications for finance excluding those waiting to hear – new definition from Q1 2018

Those applying for a bank loan were more likely to be declined (28%) than those applying for an overdraft (15%), and this was also true in previous Monitor reports. In the Q4 2017 Monitor report, the combined overdraft and loan success rate was 80% (71% offered what they wanted and 9% taking a facility after issues). Here for overdrafts and loan combined (including commercial mortgages) it is 72%, with 68% offered what they wanted.

When the equivalent questions were last reported (excluding those waiting to hear), the success rate for loans was in line, but the success rate for overdrafts was somewhat higher:

- 85% of overdraft applicants ended the process with a facility (88% if the previous 'took another form of funding' code were to be included) and 11% ended the process with no facility.
- 67% of loan applicants ended the process with a facility (74% if the previous 'took another form of funding' code were to be included) and 26% ended the process with no facility.

THE FINAL OUTCOME OVER TIME – BY PRODUCT

In previous SME Finance Monitor reports, success rates have been reported in 18 month time periods by date of application not interview. Given the changes made to the questionnaire for Q1 2018, results are not directly comparable to previous data (although separate analysis is underway to link previous and current data around success rates).

The table below shows overall success rates for two 18 month periods:

- Q1 2017 to Q2 2018
- Q3 2017 to Q4 2018.

Note that these success rates are based entirely on data collected in 2018 using the new questionnaire. Data on applications made in 2017 but collected in 2017 using the previous questionnaire is not included here.

The table shows very consistent success rates across the two 18 month periods for which (partial) data is available:

All applications outcome by date of application	Overdraft Q117- Q218	Overdraft Q317- Q418	Loan Q117- Q218	Loan Q317- Q418	Leasing Q117- Q218	Leasing Q317- Q418
<i>Unweighted base:</i>	336	326	315	296	151	149
Offered facility wanted and took it	74%	73%	60%	63%	87%	93%
Offered facility after issues	3%	4%	6%	3%	12%	4%
Took a different product	2%	2%	3%	3%	*	*
<i>Have facility</i>	79%	80%	69%	69%	99%	97%
Offered facility but declined to take	7%	7%	6%	4%	*	3%
Turned down for facility	15%	14%	26%	28%	1%	*

Q39/57 All applications for finance reported in 2018 excluding those waiting to hear – new definition from Q1 2018

NATURE OF FACILITY GRANTED – BY PRODUCT

Almost half of bank overdrafts granted were for less than £5,000 (44%), with a similar proportion of bank loans granted for between £5,000 and £25,000. As expected, commercial mortgages were typically larger facilities:

YEQ4 18 – size of facility granted	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	309	266	172	65*	49*
Less than £5,000	44%	14%	7%	37%	14%
£5,000 to £24,999	31%	47%	66%	41%	4%
£25,000 to £99,999	14%	19%	15%	17%	19%
£100,000 or more	4%	11%	5%	1%	60%
Don't remember	8%	10%	6%	4%	3%
£25,000+ excl DK	20%	33%	21%	19%	82%

Q41/59 All successful applications for finance – new definition from Q1 2018

In the Q4 2017 Monitor report, 14% of overdrafts and 36% of loans granted were for £25,000 or more. Note that the loans category previously included commercial mortgages - adding the commercial mortgages and loans together in the latest data would see 43% of such applications being granted for £25,000 or more.

The table below provides further information on the applications that were successful, with 4 in 10 requiring security and 7 in 10 being on a fixed interest rate:

Successful applications for finance reported YEQ4 2018

Security	<p>4 in 10 of all successful applications (40% excluding DK answers) required security.</p> <p>Around a third of both loans (35%) and overdrafts (32%) were secured. Bank overdrafts were as likely to be secured as they were previously (32% of successful applications v 38% in the Q4 2017 report) while loans were slightly less likely to be secured (35% v 55% in the Q4 2017 report excluding commercial mortgages).</p> <p>92% of commercial mortgages were secured, with leasing/hp (41%) and credit cards (18%) less likely to have been secured.</p>
Interest rate	<p>69% of successful applications were on a fixed interest rate (excluding DK answers).</p> <p>51% of successful bank overdraft applications were on a fixed rate, broadly in line with previous reports (46%). Successful loan applications were more likely to be on a fixed rate (80%) and this is also broadly in line with previous reports (72%).</p> <p>94% of commercial mortgages and 92% of leasing/hp were on a fixed rate, compared to 63% of credit cards.</p>

Q42/60 and Q43/61 All successful applications for finance – new definition from Q1 2018 excluding DK

APPLICATION HANDLING AND IMPACT OF PROCESS – BY PRODUCT

When asked about their satisfaction with the way the application had been handled, most applicants were satisfied:

- Those applying for leasing/hp and credit cards (where almost all had been successful) were the most likely to be satisfied.
- Those applying for a loan (where two thirds had been successful) were somewhat less satisfied.
- Success rates for bank overdrafts and commercial mortgages were similar, but those applying for a commercial mortgage were more likely to be satisfied with the way the application had been handled:

YEQ4 18 – Application handling satisfaction	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	371	358	177	69*	60*
Very satisfied	41%	48%	80%	65%	74%
Fairly satisfied	42%	26%	16%	29%	17%
Satisfied	83%	74%	96%	94%	91%
Not very satisfied	6%	8%	3%	1%	4%
Not at all satisfied	9%	16%	1%	5%	4%
Don't know	1%	1%	*	*	*

Q45/63 All applications for finance that had received response – new definition from Q1 2018

The second satisfaction metric, satisfaction with the overall application outcome, is asked once for all Type 1a and once for all Type 1b applications, but the answers have been applied to all Type 1a or Type 1b applications made by an individual SME. Most applications had a satisfactory outcome (80% overall), but around 1 in 5 applications for a loan or commercial mortgage were not rated as satisfactory:

YEQ4 18 – Application outcome satisfaction	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	371	358	177	69*	60*
Very satisfied	51%	54%	82%	62%	62%
Fairly satisfied	30%	19%	13%	33%	17%
Satisfied	81%	73%	95%	95%	79%
Not very satisfied	8%	5%	3%	2%	1%
Not at all satisfied	9%	21%	1%	2%	16%
Don't know	2%	1%	1%	1%	3%

Q48/66 All applications for finance that had received response – new definition from Q1 2018

As the table below shows:

- The outcome of 85% of applications for leasing/hp were either very satisfactory or reported no adverse effects.
- This was also true for 7 in 10 loan and credit card applications and two thirds of overdraft and commercial mortgage applications.
- The main issues for applications where negative effects were reported, were struggling to run the business day to day, or not improving/expanding the business, with loan applicants citing a wider range of issues.

YEQ4 18 – Application outcome satisfaction	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	371	358	177	69*	60*
Very satisfied	51%	54%	82%	62%	62%
No adverse impact	14%	17%	3%	9%	2%
Very satisfied / no adverse impact	65%	71%	85%	71%	64%
Running the business more of a struggle	20%	14%	11%	23%	28%
Not expanded as would have liked	6%	14%	3%	5%	14%
Not improved business as would have liked	5%	14%	3%	2%	13%
Made spending cuts	4%	12%	1%	1%	1%
Deferred expenditure/investment	2%	10%	1%	*	1%
Made staff redundant	4%	3%	1%	*	1%
Other negative impact	*	5%	-	*	1%
Don't know	2%	1%	1%	1%	3%

Q48/66 and Q49/67 All applications for finance that had received response – new definition from Q1 2018