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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

Types of application made: Most applications were made to a current provider, in the name of the business and for a bank loan or overdraft. Almost half were applying for that product for the first time and 3 in 10 made their application online.

- 55% of applications were made to the SME's main bank and a further 20% to another existing finance provider.
- 57% of applications were for either a bank overdraft (27%) or a bank loan (30%).
- 47% of applications involved the SME applying for that product for the first time, declining by size of SME from 51% of applications made by those with 0 employees to 29% of applications made by those with 50-249 employees.
- Most applications (80%) were made in the name of the business. Of the 20% applying in a personal name, almost all, 86%, were applications from 0 employee SMEs.
- 29% of applications were made online and this was more likely to be the case for smaller applicants (36% of those with 0 employees to 10% of those with 50-249 employees).

Application outcome: Three-quarters of all applications were successful, with 68% offered what they wanted. Larger applicants were the most likely to be successful, first time applicants somewhat less so.

- 75% of all applications made Q1 2018 to Q4 2019 and reported to date resulted in a facility. 68% were offered what they wanted and took it, 6% had their facility after issues and 1% took a different product from the same provider. Success rates increased by size of SME from 72% of those with 0 employees to 95% of those with 50-249 employees. Almost all applications for leasing/hp were successful (94%).
- As well as smaller applicants, those applying for a product for the first time (69%) or to their main bank (71%) were somewhat less likely to be successful. There were also lower success rates for loan applicants (63%).

- A third of successful applications (32%) were granted a facility of £25,000 or more, and a similar proportion were secured (39%), both increasing by size of applicant. 73% were on a fixed interest rate and 78% were satisfied with the outcome of their application, ranging from 93% of those offered what they wanted to 30% of those who were declined.
- Those declined were typically told it was due to their current business performance, with 1 in 4 of those declined by their main bank made aware of the appeals process and 1 in 8 of the referrals process. Most of those declined said that it had had some adverse impact on the business (69%), typically not being able to expand or improve the business as they would have wanted and/or finding running the business more of a struggle.

18 month success rates over time: The overall success rate has declined slightly from 78% for applications made Q1 2017 to Q2 2018 to 71% for applications made Q3 2018 to Q4 2019 and the proportion declined has increased from 16% to 25%.

- There has been a decline in success rates for applications made at the main bank (77% to 69%) as well as those made elsewhere (81% to 74%).
- Overdraft application success rates are broadly stable with no clear pattern (76-81% across these time periods) while those for loans have declined somewhat (65% to 61%).

This is the final of the three 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.

Compared to reports before 2018, this section:

- Has been expanded to include applications across 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 applications made, with some analysis by size of SME and finance provider. The second half of the chapter provides this data by individual product, where base sizes are sufficient.

Prior to Q1 2018, application data was reported in 18 month periods by application (not interview) date (eg Q1 2016 to Q2 2017), in order to provide analysis on a robust base size. When the questionnaire was updated in Q1 2018, the application data effectively started to build again from scratch, as both the questions asked and the products covered had changed. So the first reports based on the new questionnaire (Q2 and Q4 2018) included all applications reported to date.

For the Q2 2019 report and this Q4 2019 report, analysis in this chapter is based on 2 years of applications. For this report this means applications that were made between Q1 2018 and Q4 2019, as reported by applicants interviewed between Q1 2018 and Q4 2019. As base sizes build, it is anticipated that analysis for the whole of this chapter will revert to an 18 month application period. In the meantime, this chapter includes additional reporting of overall success rates by 18 month application period.

As applicants can report on applications made up to 12 months previously, data for applications made from Q1 2019 onwards is interim at this stage.

ALL APPLICATIONS MADE – CONTEXT

YEQ4 2019, 3% of SMEs reported any Type 1a or Type 1b applications for new or renewed finance in the previous 12 months. Further information about those applications that took place between Q1 2018 and Q4 2019 is reported below. Half of Type 1 applications were made to the main bank, and a similar 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 3 in 10 applications were made online:

All Type 1a/1b applications made Q1 2018 to Q4 2019

Size of applicant	<p>Of the 1765 applications recorded:</p> <ul style="list-style-type: none"> • 54% of applications were made by 0 employee SMEs • 35% by those with 1-9 employees • 10% by those with 10-49 employees • 1% by those with 50-249 employees. <p>0 employee SMEs make up 75% of all SMEs but 54% of all applications made, while those with 10-249 employees make up 5% of all SMEs but 11% of all applications.</p>
Where applied	<p>Half (55%) of all applications were made to the main bank, and a further 20% to another existing provider.</p> <p>18% were made to a new provider, 5% to an online platform and 2% were made elsewhere.</p>
Date of application	<p>Respondents were asked when their application had been made and this can then be compared to an even distribution of applications over time (based on how often each quarter has been available as an eligible answer).</p> <p>Applications were more likely to have been made in H1 18 (42% v 24% if evenly distributed), than in H2 2018 (31% v 34% if evenly distributed). In 2019, applications in H1 were in line with expectations (23% v 23%) but there were slightly fewer applications in H2 19 (5% v 10% if evenly distributed).</p>
Applied online	<p>3 in 10 applications (29%) were made online. This was more likely to be the case for smaller SMEs (36% of applications made by 0 employee SMEs, 24% with 1-9 employees, 16% with 10-49 employees and 10% of those made by SMEs with 50-249 employees).</p>
Business name	<p>The majority of applications (80%) were made in the name of the business.</p> <p>86% of the applications made in a personal name were made by SMEs with 0 employees.</p>
First time applicants	<p>47% of applications involved a product that had not been applied for before by that SME. This was more likely to be the case for applications made by 0 employee SMEs (51%), declining by size (45% with 1-9 employees, 34% with 10-49 employees and 29% of those made by SMEs with 50-249 employees).</p>

As the table below shows, almost 6 in 10 of all Type 1 applications were for either a bank loan or overdraft:

All applications made Q1 2018 to Q4 2019	Total
<i>Unweighted base:</i>	1765
Bank Overdraft	27%
Bank Loan	30%
Commercial mortgage	7%
Credit cards	5%
Other overdraft	3%
Other loan	5%
Leasing/hire purchase	10%
Invoice finance	1%
Other specified product	12%

All applications for finance- new definition from Q1 2018. Applications made Q118 to Q419 and reported Q118 to Q419

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.

5% 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, 75% of the applications made Q1 2018 to Q4 2019 and reported to date resulted in a facility, increasing by size of applicant:

All applications Q118-Q419	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	1653	149	550	776	178
Offered facility wanted and took it	68%	63%	70%	83%	93%
Offered facility after issues	6%	7%	4%	4%	2%
Took a different product from provider	1%	1%	2%	1%	*
Have facility	75%	72%	76%	87%	95%
Offered facility but declined to take it	5%	6%	5%	4%	1%
Turned down for facility	20%	22%	19%	8%	3%

Q39/57 Applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

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

- 15 applications (1%) resulted in the applicant taking a different product to the one applied for, typically a loan. Half of these applications had originally been for an overdraft.
- There were also few occasions where something was offered but it was declined (5%, or 61 applications). This was typically because the facility had too many terms and conditions, the decision took too long, they didn't want to lose control of the business, it was too expensive or they got a better offer elsewhere.
- The applications that were turned down for a facility are reported on later in this chapter, predominantly where the original application was made to the main bank (95 applications).

Applications (for any product) made to an existing provider that was not the main bank were somewhat more likely to be successful (90%). 71% of applications to a main bank resulted in a facility, in line with applications to a new provider (73%):

All applications Q118-Q419	Total	Main bank	Existing provider	New provider
Unweighted base:	1653	913	360	269
Offered facility wanted and took it	68%	64%	82%	67%
Offered facility after issues	6%	7%	6%	2%
Took a different product from provider	1%	*	1%	4%
Have facility	75%	71%	90%	73%
Offered facility but declined to take it	5%	5%	4%	6%
Turned down for facility	20%	23%	6%	21%

Q39/57 Applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

Indicative data for those applying to an online platform showed that two thirds of 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 the majority did), while those applying online remained as likely to have been offered the facility they wanted as those applying through another channel:

All applications Q118-Q419	Total	First time	Not first time	Online	Not online
Unweighted base:	1653	598	1010	310	1171
Offered facility wanted and took it	68%	66%	70%	68%	68%
Offered facility after issues	6%	4%	8%	4%	8%
Took a different product from provider	1%	*	2%	3%	*
Have facility	75%	69%	80%	74%	76%
Offered facility but declined to take it	5%	5%	5%	5%	6%
Turned down for facility	20%	25%	15%	20%	18%

Q39/57 Applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

The success rate reported for first time applicants (69%) 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. 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 loan and overdraft success rates).

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

- Q1 2017 to Q2 2018
- Q3 2017 to Q4 2018
- Q1 2018 to Q2 2019
- Q3 2018 to Q4 2019

Note that these success rates are based on an 18 month rather than 24 month period, in order to link to previously available data and they are based entirely on data collected in interviews conducted from Q1 2018 using the new questionnaire. Data on applications collected in 2017 using the previous questionnaire is not included here. Data for applications made in 2019 is still interim at this stage as further data about such applications will be gathered in 2020. A summary table of success rates for different applications is provided at the end of this chapter.

The table shows 71% of applications in the latest period resulted in a facility, somewhat lower than previously seen as fewer applicants were offered the facility they wanted:

Outcome by application period	Applied Q117-Q218	Applied Q317-Q418	Applied Q118-Q219*	Applied Q3 18-Q4 19*
Unweighted base:	1232	1620	1535	1092
Offered facility wanted and took it	70%	70%	68%	65%
Offered facility after issues	7%	6%	6%	4%
Took a different product from provider	1%	1%	1%	2%
Have facility	78%	77%	75%	71%
Offered facility but declined to take it	6%	5%	5%	4%
Turned down for facility	16%	18%	20%	25%

Q39/57 All applications reported Q118 to Q419 excluding those waiting to hear

*interim data

ALL APPLICATIONS – NATURE OF FACILITY GRANTED

Of the 1653 applications with a response, 1394 were successful and resulted in a facility. Further details about these successful applications, in terms of the size of the facility, 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 (19%):

All successful applications Q118-Q419 – size of facility granted	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	1394	107	431	686	170
Less than £5,000	21%	28%	15%	9%	2%
£5,000 to £24,999	42%	51%	36%	20%	10%
£25,000 to £99,999	17%	11%	20%	30%	24%
£100,000 or more	13%	7%	17%	29%	47%
Don't remember	7%	3%	11%	12%	17%
£25,000+ excl DK	32%	19%	42%	67%	86%

Q41/59 All successful applications for finance made Q118 to Q419 and reported Q118 to Q419

A third of those applying were granted a facility of £25,000 or more, with relatively little difference by provider (31-36%):

All successful applications Q118-Q419 – size of facility granted	Total	Main bank	Existing provider	New provider
Unweighted base:	1394	770	324	215
Less than £5,000	21%	27%	16%	8%
£5,000 to £24,999	42%	35%	46%	57%
£25,000 to £99,999	17%	16%	21%	14%
£100,000 or more	13%	12%	14%	19%
Don't remember	7%	10%	4%	1%
£25,000+ excl DK	32%	31%	36%	34%

Q41/59 All successful applications for finance made Q118 to Q419 and reported Q118 to Q419

On limited base sizes, around 1 in 5 of those granted a facility through an online platform received £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 made Q118-Q419

Security	<p>39% of all successful applications (excluding DK answers) required security. There was no variation by provider type (38-39%).</p> <p>There was some variation by size of applicant (36% of applications made by SMEs with 0 employees required security, 42% of those with 1-9 employees or 10-49 employees and 55% of those with 50-249 employees).</p>
Interest rate	<p>73% of successful applications were on a fixed interest rate (excluding DK answers).</p> <p>Successful applications to a main bank were somewhat less likely to have been on a fixed rate (63%) than those made to an existing (83%) or new (90%) provider.</p> <p>Applications from SMEs with 1-9 or 10-49 employees were somewhat more likely to have been on a fixed rate (77% and 74%) compared to those from 0 and 50-249 employee SMEs (70% and 68%).</p>

Q42/60 and Q43/61 All successful applications for finance made Q118 to Q419 and reported Q118 to Q419 excluding DK

ALL APPLICATIONS – THOSE THAT WERE UNSUCCESSFUL

20% of all applications made Q1 2018 to Q4 2019 and reported Q118-Q419 were declined (excluding those waiting to hear). On limited base sizes, the types of SME more likely to be declined included:

- Those with 0 employees – 54% of applications but 62% of declines
- Those applying to their main bank – 55% of applications but 66% of declines
- Those applying for a loan – 30% of applications but 41% of declines
- First time applicants – 48% of applications, 59% of declines.

From Q3 2018 those declined have been asked what reason was given by the provider for the decline. Of 173 declined applications:

- 25% were told it was due to current business performance
- 11% that it was due to a poor credit rating or credit issues
- 11% that it was due to a lack of track record
- 11% that the provider didn't think they could afford it
- 15% said they were not given a reason.

Any applicants who were declined by their main bank have been 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.

95 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 made Q118-Q419

Bank response	<p>47% 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>28% were asked to supply more information and 6% were referred to an external source of advice.</p> <p>70% said that the bank had taken one or more of these actions (including on appeals or referrals described below).</p>
Referrals	<p>13% of these SMEs (17 applicants) said that they were offered the opportunity to have their application referred to an online platform. 7 took up the option, 4 successfully and 3 unsuccessfully.</p>
Appeals	<p>26% 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 made Q118 to Q419 and reported Q118 to Q419

From Q1 2018 to Q2 2019, SMEs were asked, for each application made, how satisfied they were with the way the application was handled. 82% were satisfied (53% very satisfied) with little change over time, and the results were very similar to a second question about satisfaction with the outcome of the application. From Q3 2019 therefore the application handling question has not been asked.

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 (if an SME made more than one) and the same principle was applied to each individual Type 1b application (if more than one was made), so the table is based on the 1653 applications that had received a response.

78% of applications were rated as having a satisfactory outcome, with larger applicants more likely to be satisfied:

All applications Q118-Q419– Application outcome satisfaction	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	1653	149	550	776	178
Very satisfied	57%	60%	52%	61%	67%
Fairly satisfied	21%	18%	24%	25%	24%
Satisfied	78%	78%	76%	86%	91%
Not very satisfied	6%	4%	8%	5%	4%
Not at all satisfied	14%	16%	12%	6%	2%
Don't know	3%	1%	4%	4%	3%

Q48/66 All applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

As would be expected, satisfaction with application outcome varied considerably by whether the application(s) in question had been successful or not, from 93% of those offered what they wanted to 30% of those who were turned down:

All applications Q118-Q419- Application outcome satisfaction	Total	Offered what wanted	After issues	Decided not to	Turned down
<i>Unweighted base:</i>	1653	1303	76*	65*	194
Very satisfied	57%	70%	73%	28%	17%
Fairly satisfied	21%	23%	14%	32%	13%
<i>Satisfied</i>	78%	93%	87%	60%	30%
Not very satisfied	6%	3%	7%	9%	14%
Not at all satisfied	14%	1%	3%	29%	53%
Don't know	3%	3%	2%	1%	2%

Q48/66 All applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

Those applications where the applicant 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 also includes those who were very satisfied with the outcome of their application (and so were not asked this question) and shows that two thirds (67%) were either very satisfied with the outcome of their application or said that there had been no negative impact, with the largest SMEs somewhat more likely to agree:

All applications Q118-Q419- Impact of application outcome	Total	0 emp	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	1653	149	550	776	178
Very satisfied	57%	60%	52%	61%	67%
No adverse impact	10%	8%	13%	9%	9%
Very satisfied / no adverse impact	67%	68%	65%	70%	76%
Running the business more of a struggle	19%	19%	20%	16%	13%
Not improved business as would have liked	12%	16%	8%	8%	4%
Not expanded as would have liked	11%	12%	10%	10%	4%
Made spending cuts	9%	9%	8%	7%	3%
Deferred expenditure/investment	5%	5%	6%	5%	4%
Made staff redundant	2%	1%	3%	5%	2%
Other negative impact	2%	2%	1%	4%	2%
Don't know	3%	1%	4%	4%	3%

Q48/66 and Q49/67 All applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

The most frequently mentioned negative impact (as in previous Monitor reports) was that running the business was more of a struggle, and this was mentioned across all sizes of SME. Other impacts such as expansion / improvement having been limited or spending cuts made, were less likely to be mentioned by the largest SMEs.

The table below shows how this varied by application outcome:

- 78% of applications where they were offered what they wanted were either very satisfactory or caused no adverse effects and 76% for those where they had the facility after issues.
- This declined to 31% of those who were turned down, with 44% saying they had not expanded as they wished, 38% they had not improved the business as they wanted and 35% that running the business was now more of a struggle.

All applications Q118-Q419- Impact of application outcome	Total	Offered what wanted	After issues	Decided not to	Turned down
Unweighted base:	1653	1303	76*	65*	194
Very satisfied	57%	70%	73%	28%	17%
No adverse impact	10%	8%	3%	26%	14%
Very satisfied / no adverse impact	67%	78%	76%	54%	31%
Running the business more of a struggle	19%	13%	13%	39%	35%
Not expanded as would have liked	12%	2%	5%	11%	44%
Not improved business as would have liked	11%	4%	5%	13%	38%
Made spending cuts	9%	2%	5%	4%	30%
Deferred expenditure/investment	5%	2%	5%	2%	19%
Made staff redundant	2%	1%	2%	2%	6%
Other negative impact	2%	*	1%	1%	9%
Don't know	3%	3%	2%	1%	2%

Q48/66 and Q49/67 All applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

THE APPLICATION PROCESS – BY PRODUCT

This section analyses the data available on applications made by the product that was applied for. 79% of applications involved one of 5 products: an overdraft (27%), loan (30%), leasing/hp (10%), commercial mortgage (7%) or credit card (5%) and the analysis in this section covers these specific products where sample sizes are sufficiently robust.

Almost all bank overdrafts were applied to at the main bank (85%). The small group applying for credit cards were more likely to be applying in a personal name (48%). Bank loans were more likely than bank overdrafts to be applied for in a personal name, and from a first time applicant, while leasing applicants were less likely to be applying for the first time:

All applications Q118-Q419	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	425	475	268	86*	97*
Applied to main bank	85%	58%	13%	71%	60%
Applied in personal name	11%	21%	24%	48%	14%
Applied online	26%	34%	28%	21%	13%
Applied for the first time	36%	53%	28%	42%	55%

Analysis of when these applications took place gives an indication of any change in the types of products being applied for by comparing the proportion of applications made in a given period compared to a representative spread based on how many times each quarter has featured in the questionnaire:

- The pattern for loans and overdrafts was similar – they were more likely to have been applied for in H1 2018 than a representative spread would suggest, while applications in H2 2018 and H1 2019 were in line with expectations and in H2 2019 were somewhat lower than expectations.
- Applications for credit cards and commercial mortgages were much more likely to have taken place in H1 2018 than a representative spread would suggest. Applications in H2 2018 were broadly in line with expectations but applications in both H1 and H2 2019 were lower than expected.
- Applications for leasing/hp were slightly higher than expected in H1 2018, slightly lower in H2 2018, and broadly in line for both H1 and H2 2019.

In terms of the final outcome, almost all leasing/hp applications were successful, compared to around 8 in 10 credit card, commercial mortgage and overdraft applications and around two thirds of bank loan applications:

All applications Q118-Q419	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	407	435	262	85*	88*
Offered facility wanted and took it	67%	59%	90%	72%	75%
Offered facility after issues	8%	3%	3%	12%	1%
Took a different product from provider	3%	1%	1%	-	-
Have facility	78%	63%	94%	84%	76%
Offered facility but declined to take it	4%	10%	2%	1%	12%
Turned down for facility	18%	28%	4%	15%	12%

Q39/57 Applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

Those applying for a bank loan were more likely to be declined (28%) than those applying for an overdraft (18%), 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 loans combined (including commercial mortgages) it is 70%, with 64% offered what they wanted.

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. 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 four 18 month periods:

- Q1 2017 to Q2 2018
- Q3 2017 to Q4 2018
- Q1 2018 to Q2 2019
- Q3 2018 to Q4 2019

Note that these success rates are based entirely on data collected since Q1 2018 using the new questionnaire. Data on applications collected in 2017 using the previous questionnaire is not included here and data on applications made in 2019 remains interim at this stage.

The table for bank overdrafts shows consistent success rates across the 18 month periods for which (partial) data is available with 8 in 10 applicants ending the process with a facility:

All applications outcome by date of application – Bank overdraft	Q117- Q218	Q317- Q418	Q118- Q219*	Q318- Q419*
Unweighted base:	373	466	377	250
Offered facility wanted and took it	72%	71%	65%	66%
Offered facility after issues	3%	6%	8%	10%
Took a different product	2%	2%	3%	5%
Have facility	77%	79%	76%	81%
Offered facility but declined to take	6%	5%	4%	2%
Turned down for facility	16%	16%	19%	17%

Q39/57 All Applications reported Q118 to Q419 excluding those waiting to hear. *interim data

Most overdraft applications were made to the main bank and the success rates for such applications were also stable over time (76-79%). Qualitatively, on limited base sizes, bank overdraft applications made to another provider became more likely to be successful over time (from 6 in 10 to 9 in 10).

The table for bank loans shows a slight decline in success rates (65% to 61%) across the 18 month periods for which (partial) data is available:

All applications outcome by date of application – Bank loan	Q117- Q218	Q317- Q418	Q118- Q219*	Q318- Q419*
Unweighted base:	365	461	411	286
Offered facility wanted and took it	58%	61%	59%	58%
Offered facility after issues	5%	2%	3%	2%
Took a different product	2%	2%	1%	1%
Have facility	65%	65%	63%	61%
Offered facility but declined to take	9%	6%	10%	7%
Turned down for facility	26%	28%	28%	32%

Q39/57 All Applications reported Q118 to Q419 excluding those waiting to hear. *interim data

The success rates for applications made to the main bank were broadly stable over these time periods (66% to 64%) while those made to other providers saw something of a decline (63% to 58%).

The table for leasing and hp shows almost all applications resulting in a facility, but success rates in the latest 18 month periods were slightly lower than for Q2 2017 to Q2 2018:

All applications outcome by date of application – Leasing/HP	Q117- Q218	Q317- Q418	Q118- Q219*	Q318- Q419*
Unweighted base:	172	220	234	179
Offered facility wanted and took it	88%	91%	90%	84%
Offered facility after issues	11%	3%	3%	4%
Took a different product	*	*	1%	2%
Have facility	99%	94%	94%	90%
Offered facility but declined to take	*	2%	2%	4%
Turned down for facility	1%	3%	4%	7%

Q39/57 All Applications reported Q118 to Q419 excluding those waiting to hear. *interim data

On limited base sizes, applications to the main bank were somewhat more likely to be successful than those made elsewhere, but almost all resulted in a facility.

Base sizes for applications of commercial mortgages and credit cards are too small to report at present. However, qualitatively, a consistent 8 in 10 commercial mortgage applications were successful while there was something of a decline over time in success rates for credit card applications (from 9 in 10 to 7 in 10).

NATURE OF FACILITY GRANTED – BY PRODUCT

3 in 10 bank overdrafts granted were for less than £5,000 (32%), with a similar proportion of bank loans granted for a larger sum in excess of £25,000. As expected, commercial mortgages were almost all larger facilities (85% were for £25,000 or more):

All successful applications Q118-Q419– size of facility granted	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	347	318	253	80	72
Less than £5,000	32%	12%	13%	16%	12%
£5,000 to £24,999	41%	46%	58%	56%	2%
£25,000 to £99,999	15%	17%	19%	19%	24%
£100,000 or more	6%	17%	5%	1%	56%
Don't remember	7%	8%	5%	7%	7%
£25,000+ excl DK	22%	37%	25%	22%	85%

Q41/59 All successful applications made Q118 to Q419 and reported Q118 to Q419

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 50% 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 made Q118-Q419

Security	39% of all successful applications (excluding DK answers) required security. 86% of successful applications for a commercial mortgage were secured, compared to 18% of credit cards. 37% of loans were secured, and a quarter of overdrafts (28%), and leasing/hp (27%) were secured.
Interest rate	7 in 10 successful applications were on a fixed interest rate (73% excluding DK answers). 93% of successful leasing/hp facilities were on a fixed rate, as were 84% of bank loans and 80% of commercial mortgages. Credit cards (62%) and bank overdrafts (56%) were somewhat less likely to be on a fixed interest rate.

Q42/60 and Q43/61 All successful applications made Q118 to Q419 and reported Q118 to Q419

IMPACT OF PROCESS – BY PRODUCT

Applicants are no longer asked about satisfaction with the way the application was handled, but satisfaction with the application outcome is still asked.

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 (78% overall), but almost 3 in 10 applications for a loan were not rated as satisfactory:

All applications Q118-Q419– Application outcome satisfaction	Bank OD	Bank Loan	Leasing hp	Credit cards	Comml mtge
Unweighted base:	407	435	262	85*	88*
Very satisfied	50%	52%	74%	70%	66%
Fairly satisfied	27%	17%	19%	25%	16%
Satisfied	77%	69%	93%	95%	82%
Not very satisfied	8%	7%	1%	2%	3%
Not at all satisfied	13%	21%	2%	3%	15%
Don't know	1%	3%	4%	*	1%

Q48/66 All Applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

As the table below shows:

- Three quarters of applications for credit cards, leasing/hp and commercial mortgages was either very satisfactory or reported no adverse effects.
- This compared to 7 in 10 loan applications and 6 in 10 overdraft 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.

All applications Q317-Q219– Application outcome satisfaction	Bank OD	Bank Loan	Leasing hp	Credit cards	Comm mtge
Unweighted base:	407	435	262	85*	88*
Very satisfied	50%	52%	74%	70%	66%
No adverse impact	8%	16%	2%	7%	9%
Very satisfied / no adverse impact	58%	68%	76%	77%	75%
Running the business more of a struggle	23%	17%	15%	12%	15%
Not improved business as would have liked	10%	18%	5%	8%	15%
Not expanded as would have liked	10%	17%	4%	4%	11%
Made spending cuts	7%	13%	2%	4%	5%
Deferred expenditure/investment	1%	11%	2%	3%	3%
Made staff redundant	2%	2%	*	1%	1%
Other negative impact	2%	4%	*	1%	2%
Don't know	1%	3%	4%	*	1%

Q48/66 and Q49/67 All Applications made Q118 to Q419 and reported Q118 to Q419 excluding those waiting to hear

SUCCESS RATES OVER TIME – A SUMMARY

Over time, it is possible to provide a summary table of success rates for different types of application and this will be extended as more data becomes available.

The overall success rate has declined from 78% to 71% and for applications made at the main bank as well as elsewhere. Overdraft application success rates are stable but those for loans have declined slightly:

All applications outcome by date of application – All with a facility	Q117- Q218	Q317- Q418	Q118- Q219*	Q318- Q419*
Unweighted base:	1232	1620	1535	1092
All applications	78%	77%	75%	71%
All applications made at main bank	77%	74%	71%	69%
All applications made elsewhere	81%	82%	79%	74%
All overdraft applications	77%	79%	76%	81%
All loan applications	65%	65%	63%	61%
All leasing/hp applications	99%	94%	94%	90%

Q39/57 All Applications reported Q118 to Q419 excluding those waiting to hear. *interim data