

10 NOT LOOKING TO BORROW

THIS CHAPTER PROVIDES

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

Position in the previous 12 months: 16% of SMEs in 2020 reported a borrowing 'event', while 2% met the definition of a 'Would-be seeker' of finance and the majority, 82%, met the definition of a 'Happy non-seeker'. Over the course of 2020 as slightly more SMEs reported a borrowing 'event' (15% in Q1 to 19% in Q4) there was also a slight increase in Would-be seekers (1% to 3%), meaning that the proportion with any appetite for finance increased from 16% in Q1 2020 to 22% in Q4.

Unfulfilled wish to borrow: Smaller, younger SMEs, and those with a poorer risk rating remained slightly more likely to have been a 'Would-be seeker' of finance (an SME that had wanted to apply for finance but felt that something had stopped them), as were those in the Manufacturing, Health or Other Community sectors.

The main barrier to application for WBS in 2020 was the process of borrowing (the hassle, expense etc), cited by 43% of WBS, ahead of discouragement, 29%, almost all of it indirect where the SME assumes the bank will turn them down and so does not apply.

Over time, the proportion of WBS initially declined from 6% of SMEs in 2013 to 2% in 2016 but has been stable since.

Happy non-seekers of finance: As in previous waves, most respondents (82%) met the definition of a 'Happy non-seeker' of finance that had not applied and said that nothing had stopped them doing so. They were the largest group for all demographics.

Attitudes to finance: Those that had reported a borrowing event and Would-be seekers typically held similar attitudes to finance, but the WBS were more likely to be put off by an increase in the cost of credit or to feel it might be difficult for them to get finance and the most concerned about having enough funding in place for the next 6 months. They were also though more likely to have an ambition to be significantly bigger and to be prepared to take risks to be successful and thus to meet the definition of an ‘Ambitious risk taker’ (46% v 36% of those who had an event).

Happy non-seekers of finance were not as happy to use finance to grow, or to be an Ambitious risk taker (25%) but they were also less likely to feel the need for caution with an uncertain future, or that it would be difficult for them to get finance if they wanted.

Previous declines: Earlier research identified the potential long term impact of a previous decline for finance. 4% of all SMEs had ever been declined for finance, with little variation by size. Three-quarters (76%) of those who had been declined said that it had made them more reluctant to apply (the equivalent of 3% of all SMEs) and whilst 60% of this group were now using external finance, they were more likely to meet the definition of a Would-be seeker of finance than their peers (10% v 2% overall).

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.

DEFINITIONS OVER TIME

From Q1 2018, the scope of the SME Finance Monitor was widened to include more products than just loans and overdrafts. The definitions in this chapter 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 changed slightly from Q1 2018, data is still comparable.

The proportion of SMEs reporting an event was 19% in Q4 2020, somewhat higher than in other recent quarters (13% for 2019 as a whole). Most SMEs continued to meet the definition of a Happy non-seeker of finance (albeit the 77% in Q4 2020 was the lowest level seen in recent quarters), while the proportion of Would-be seekers remained low (3% in Q4 2020):

Any events

Over time – all SMEs By date of interview	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Unweighted base:	4500	4500	4500	4500	4500	4505	4511	4500	4252
Have had an event	13%	14%	15%	12%	11%	15%	14%	18%	19%
• <i>New or (auto) renewed facility</i>	12%	13%	14%	11%	9%	10%	11%	17%	18%
• <i>Type 2 or 3 events</i>	2%	2%	2%	2%	3%	6%	3%	1%	2%
Would-be seekers	1%	2%	2%	1%	1%	1%	1%	2%	3%
Happy non-seekers	85%	84%	83%	86%	88%	84%	85%	80%	77%

Pastevt 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, not use of finance per se). Since 2015 around a quarter of Happy non-seekers have been using external finance and although the figure for 2019 was somewhat higher (38%), in 2020 it was back in line with previous years (27%).

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.

ANALYSIS BY KEY DEMOGRAPHICS

As in previous periods, SMEs with no employees were slightly 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. In 2020, the profile for the largest SMEs with 50-249 employees was similar to that for 0 employee SMEs:

Any events		0	1-9	10-49	50-249
YEQ4 20 All SMES	Total	emp	emps	emps	emps
Unweighted base:	17,768	3567	5838	5611	2752
Have had an event	16%	15%	21%	24%	17%
Would-be seekers	2%	2%	2%	1%	*
Happy non-seekers	82%	83%	77%	75%	82%

Pastfin All SMEs

Overall, SMEs with employees were more likely to have experienced a borrowing event (22%). 2% met the definition of a Would-be seeker of finance, with the largest group, as overall, the Happy non-seekers (77%).

There was little variation by risk rating, with 8 in 10 SMEs in each category meeting the definition of a Happy non-seeker:

Any events		Min	Low	Avge	Worse/ Avge
YEQ4 20 All SMEs with a risk rating	Total				
Unweighted base:	17,768	3012	4935	4823	3582
Have had an event	16%	16%	18%	16%	16%
Would-be seekers	2%	1%	1%	2%	2%
Happy non-seekers	82%	83%	81%	82%	82%

Pastfin All SMEs

The proportion of SMEs reporting a borrowing event ranged from 22% of those in Agriculture to 12% in Health. Would-be seekers varied relatively little by sector (1-3%). In all sectors the majority had been Happy non-seekers of finance:

Any events

All SMEs YEQ4 20	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop / Bus	Hlth SWrk	Other Comm
Unweighted base:	1155	1583	3043	1838	1227	1921	3642	1384	1975
Have had an event	22%	16%	15%	18%	20%	20%	15%	12%	17%
Would-be seekers	2%	3%	1%	2%	2%	2%	2%	3%	3%
Happy non-seekers	76%	82%	84%	80%	78%	78%	83%	86%	80%

Pastfin All SMEs

The proportion of Would-be seekers declined slightly by age (4% to 1%) but as overall, most SMEs had been a Happy non-seeker of finance:

Any events

All SMEs YEQ4 20	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15+ yrs
Unweighted base:	1604	1450	1655	2892	10,167
Have had an event	14%	17%	18%	15%	17%
Would-be seekers	4%	3%	2%	1%	1%
Happy non-seekers	82%	80%	80%	84%	81%

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 (37% v 5% of SMEs not using external finance).

ANALYSIS OVER TIME

The table below takes a longer-term annual view back to 2013. The proportion of Happy non-seekers of finance rose steadily 2012 to 2016, as appetite for finance fell and has been broadly stable since.

Appetite for finance for 2020 as a whole was in line with 2013-15:

Any events								
Over time – all SMEs	2013	2014	2015	2016	2017	2018	2019	2020
<i>Unweighted base:</i>	<i>20,036</i>	<i>20,055</i>	<i>20,046</i>	<i>18,000</i>	<i>18,102</i>	<i>18,002</i>	<i>18,000</i>	<i>17,768</i>
Have had an event	17%	16%	17%	13%	15%	14%	13%	16%
Would-be seekers	6%	5%	3%	2%	2%	2%	1%	2%
Happy non-seekers	77%	79%	80%	84%	83%	83%	85%	82%

Pastfin All SMEs

Analysis of SMEs with employees up to 2019 showed that they became less likely to have had an event (from 33% in 2012 to 17% in 2019), or to have been a Would-be seeker of finance (8% to 1%). In 2020, the proportion reporting an event increased to 22%, while the proportion of Would-be seekers was stable (2%). As a result, 77% met the definition of a Happy non-seeker, slightly lower than the 81% reported in 2019, but still ahead of previous years (59% in 2012).

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

Taking a longer term view of Would-be seekers, the proportion declined from 10% in 2012 to 2% in 2016 and has been stable since. The decline was most marked for smaller SMEs and those with a worse than average risk rating as larger SMEs and those with a minimal risk rating were always less likely to have been a Would-be seeker of finance.

Would-be seekers

Over time – row percentages

By date of interview

	2013	2014	2015	2016	2017	2018	2019	2020
All SMEs	6%	5%	3%	2%	2%	2%	1%	2%
0 employee	6%	5%	4%	2%	2%	2%	1%	2%
1-9 employees	6%	4%	3%	3%	2%	2%	2%	2%
10-49 employees	3%	2%	2%	1%	1%	1%	1%	1%
50-249 employees	1%	1%	1%	1%	*	1%	1%	*
Minimal external risk rating	3%	1%	1%	2%	1%	1%	1%	1%
Low external risk rating	3%	2%	2%	1%	1%	1%	1%	1%
Average external risk rating	6%	3%	3%	2%	2%	1%	2%	2%
Worse than average external risk rating	6%	6%	4%	3%	3%	2%	2%	2%
Agriculture	4%	3%	3%	2%	2%	1%	1%	2%
Manufacturing	4%	4%	4%	3%	2%	2%	2%	3%
Construction	7%	4%	3%	2%	2%	2%	1%	1%
Wholesale/Retail	6%	5%	4%	3%	3%	1%	1%	2%
Hotels & Restaurants	7%	6%	4%	4%	3%	3%	3%	2%
Transport	8%	7%	4%	3%	3%	1%	2%	2%
Property/Business Services etc.	6%	3%	3%	2%	3%	2%	1%	2%
Health	5%	4%	2%	1%	1%	2%	1%	3%
Other Community	5%	6%	5%	2%	2%	2%	2%	3%
All excluding PNBs	10%	8%	6%	4%	4%	3%	2%	3%

Pastfin All SMEs base size varies by category

BARRIERS TO APPLICATION FOR WOULD-BE SEEKERS

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, and respondents could initially nominate as many reasons as they wished for not having applied when they wanted to.

The reasons given YEQ4 2020 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 29% of all Would-be seekers YEQ4 2020 and remained 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 46% of all Would-be seekers YEQ4 2020, slightly lower than in 2019 (52%).

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 28% of all Would-be seekers YEQ4 2020, back in line with 2018.

Current economic climate – those that felt that it had not been the right time to borrow. This was given as a reason by 11% of all Would-be seekers YEQ4 2020, back in line with 2015-2017.

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						
Over time – all Would-be seekers	2015	2016	2017	2018	2019	2020
Unweighted base:	485	318	277	225	190	221
Discouraged (any)	42%	45%	50%	29%	26%	29%
Issues with <u>process</u> of borrowing	48%	32%	48%	37%	52%	46%
Issues with <u>principle</u> of borrowing	29%	26%	19%	29%	37%	28%
Economic climate	11%	13%	9%	19%	17%	11%

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

From 2015 to 2017, the two key reasons for not applying were discouragement (almost all of it indirect) and the process of borrowing. In 2018, discouragement, the process of borrowing and the principle of borrowing were mentioned more equally, then in 2019 and 2020 the process of borrowing was mentioned by around half of Would-be seekers with discouragement and the principle of borrowing in equal second place.

The table below shows the results for YEQ4 2020, 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 YEQ4 20 excluding DK	All reasons	Main reason
Unweighted base:	221	198
Issues with <u>process</u> of borrowing	46%	43%
-Would be too much hassle	18%	13%
-Thought would be too expensive	22%	18%
-Would be asked for too much security	7%	3%
-Too many terms and conditions	16%	5%
-Did not want to go through process	7%	3%
-Forms too hard to understand	7%	1%
Discouraged (any)	29%	29%
-Direct (put off by bank)	6%	5%
-Indirect (thought would be turned down)	24%	25%
Issues with <u>principle</u> of borrowing	28%	17%
-Not lose control of business	15%	7%
-Can raise personal funds if needed	11%	4%
-Prefer other forms of finance	10%	4%
-Go to family and friends	5%	3%
Economic climate	11%	7%
-Not the right time to apply	11%	7%

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

4 in 10 (43%) gave the process of borrowing as their main reason for not seeking finance, specifically the expense and the hassle. 3 in 10 gave discouragement as their main reason (29%), almost all of it indirect where the SME assumes they will not be successful and so does not apply. 1 in 6 Would-be seekers (17%) cited the principle of borrowing as their main reason.

7% cited the economic climate, down from 17% for 2018 which was the highest level recorded to date. As reported later though, this remained lower than when SMEs looked forward, where three quarters of Future would-be seekers gave the economic climate (or their performance in that climate) as the reason why they wouldn't be applying for finance in future.

Would-be seekers constituted a minority of all SMEs (2%). This means that amongst all SMEs less than 1% had not applied for finance due to one of these barriers.

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 YEQ4 2020 analysed by recent borrowing behaviour, to provide additional insight into those who had, or had not, applied for finance.

The table below typically shows similar attitudes between those that had an event and the Would-be seekers who wanted to apply, with the exception of Would-be seekers being more likely to be ambitious and prepared to take risks (46% of them met the definition of an ‘Ambitious risk taker’ compared to 36% of those who had an event and 25% of ‘Happy non-seekers’) but also to be put off by an increase in the cost of credit and to feel it might be difficult for them to get finance:

Attitudes to finance YEQ4 20 – all SMEs	Had an event	Would-be seeker	Happy non-seeker
Unweighted base:	3671	225	13,872
Plans based on what can afford ourselves	80%	84%	86%
Accept slower growth rather than borrow	76%	73%	81%
Because the future feels uncertain we are being very cautious with our plans for the business	76%	74%	66%
Increase in cost of credit would discourage application	65%	71%	55%
Never think about using (more) external finance	42%	43%	53%
As a business we are prepared to take risks to become more successful	52%	65%	41%
We have a long term ambition to be a significantly bigger business	50%	59%	39%
My impression is that it is quite difficult for businesses like ours to get external finance	49%	61%	34%
Happy to use finance to help business grow	51%	47%	29%

Q96 (238a5) All SMEs

Happy non-seekers of finance were not as happy to use finance to grow, nor as likely to have a longer term ambition to be bigger, or to be prepared to take risks to succeed. They were though less likely to feel the future was uncertain or that it might be difficult for them to get finance if they wanted.

Would-be seekers were the most likely to agree with the additional attitude statement run in Q4 2020, that they were worried about whether they have enough funding for the next 6 months (57%), followed by those who had reported a borrowing event (50%). Happy non-seekers were the least likely to agree (24%).

THE EFFECT OF THE PERMANENT NON-BORROWER

In 2020, 41% of all SMEs met the definition of a Permanent non-borrower. If such SMEs were excluded from the analysis in this chapter (because there is no indication from their answers that they will borrow), the population of SMEs would reduce to around 3 million from just over 5 million.

28% of this group of SMEs excluding PNBs reported a borrowing event, compared to 16% of SMEs overall:

Any events		All SMEs	All SMEs excl. PNB
YEQ4 20 – all SMES			
Unweighted base:		17,768	12,010
Have had an event		16%	28%
Would-be seekers		2%	3%
Happy non-seekers		82%	69%

Pastfin All SMEs

The proportion of Happy non-seekers declined from 82% to 69% but remained the largest group and 3% 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. Up to Q3 2018 around 3 in 10 SMEs (excluding the PNBs) reported a borrowing event. This proportion subsequently declined to 19% of SMEs in Q4 2019 (excluding the PNBs) but for most of 2020 once again 3 in 10 reported a borrowing event:

Any events										
All SMES, excluding PNBs – over time	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
By date of interview	18	19	19	19	19	20	20	20	20	
Unweighted base:	2843	2906	3156	3127	2958	2766	3062	3093	3089	
Have had an event	24%	26%	24%	20%	19%	30%	23%	29%	29%	
Would-be seekers	3%	3%	3%	2%	2%	3%	2%	3%	5%	
Happy non-seekers	72%	71%	72%	77%	78%	67%	75%	67%	66%	

Pastfin All SMEs excluding PNBs

On an annual basis, the proportion of SMEs (excluding the PNBs) reporting a borrowing event has been fairly stable since 2013 (25-28%) with the exception of 2015 (32%). The figure for 2020 (28%) was up from 22% in 2019 but in line with most previous years.

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								
Over time – excl PNBs	2013	2014	2015	2016	2017	2018	2019	2020
Unweighted base:	14,578	13,613	13,011	11,634	11,940	11,294	12,147	12,010
Have had an event	28%	28%	32%	25%	28%	27%	22%	28%
Would-be seekers	10%	8%	6%	4%	4%	3%	2%	3%
Happy non-seekers	62%	64%	62%	70%	67%	68%	74%	69%

Pastfin All SMEs excl PNBs

THE LONGER TERM IMPACT OF PREVIOUS DECLINES

Previous 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 several years before. 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 YEQ4 2020
By size of SME	<p>There was relatively little difference by size of SME:</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 • 2% of those with 50-249 employees <p>Amongst SMEs with employees, 4% had previously been declined.</p>
Excluding the PNBs	Once the PNBs were excluded, 5% of remaining SMEs had experienced a previous decline (compared to 1% of PNBs).
Risk rating	2% of those with a minimal risk rating had experienced a decline, compared to 3% if a low or average risk rating and 4% with a worse than average risk rating.
Use of external finance	6% of those currently using external finance had experienced a previous decline, compared to 2% of those who were not using external finance.

Amongst SMEs who had experienced a previous decline, 76% 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 that they had been made more reluctant (78% of 0 employee SMEs that had been declined compared to 49% of such SMEs with 50-249 employees).
- Once the PNBs had been excluded, 77% of remaining SMEs experiencing a decline had been made more reluctant.
- Those declined who had a minimal risk rating were less likely to have been made more reluctant (70%) than those with any other rating (73-77%).
- Amongst those currently using finance, 76% of SMEs experiencing a decline had been made more reluctant.

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 with larger SMEs somewhat less likely to have been impacted:

Impact of previous decline by bank		0	1-9	10-49	50-249
All SMEs YEQ4 20	Total	emps	emps	emps	emps
Unweighted base:	17,768	3567	5838	5611	2752
More reluctant to apply after a decline	3%	3%	3%	2%	1%
Declined but not more reluctant	1%	1%	1%	1%	1%
Have not been declined in past	96%	96%	96%	97%	98%

Q78su (240x and Q240y) All SMEs

A similar pattern was seen once the PNBs were excluded:

Impact of previous decline by bank		0	1-9	10-49	50-249
All SMEs YEQ4 20 excl PNBs	Total	emps	emps	emps	emps
Unweighted base:	12,010	2036	3974	4066	1934
More reluctant to apply after a decline	4%	4%	4%	3%	2%
Declined but not more reluctant	1%	1%	2%	1%	1%
Have not been declined in past	95%	95%	94%	96%	97%

Q78su (240x and Q240y) All SMEs excluding PNBs

There remained relatively little difference overall by risk rating:

Impact of previous decline by bank		Min	Low	Avg	Worse/ Avg
All SMEs YEQ4 20	Total				
Unweighted base:	17,768	3012	4935	4823	3582
More reluctant to apply after a decline	3%	2%	2%	3%	3%
Declined but not more reluctant	1%	1%	1%	1%	1%
Have not been declined in past	96%	98%	97%	97%	96%

Q78su (240x and Q240y) All SMEs

Amongst those currently using external finance, 5% had become more reluctant to apply as the result of a previous decline, compared to 5% of the small group 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. One of the best predictors of applying for finance is to be already using some, and this is reflected in the analysis below:

- Those who reported that the decline had made them more reluctant to apply for bank finance were none the less more likely than their non-declined peers to be using finance (60%), and also more likely to have had an event (39%) than other SMEs. They were also though the most likely to meet the definition of a Would-be seeker of finance (10%) than either those not put off by their decline (4%) or those who had never been declined (2%).
- Those who had been declined but said it had not made them more reluctant to apply were also likely to be using external finance (59%) and almost as likely as those made more reluctant by a decline to have had an event (33%).
- Those who had never been declined were less likely to be using external finance (36%) and less likely to have had a borrowing event (16%). Most of them (83%) qualified as a Happy non-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 YEQ4 20	All SMEs			
<i>Unweighted base:</i>	17,768	418	179	17,171
Using external finance	37%	60%	59%	36%
Have had an event	16%	39%	33%	16%
Would-be seekers	2%	10%	4%	2%
Happy non-seekers	82%	50%	63%	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 had been made more reluctant by a previous decline and were currently Would-be seekers of finance (the 10% group shown above).

The table below presents the same analysis once the PNBs had been excluded. Use of external finance increased as a result in all groups, but more markedly for those who had never been declined (from 36% to 61%), such that there was a much smaller difference between the three groups:

Impact of previous decline by bank		Made more reluctant by decline	Declined but not made more reluctant	Not previously declined
All SMEs YEQ4 20 excl PNBs	All SMEs			
<i>Unweighted base:</i>	12,010	394	165	11,451
Using external finance	61%	67%	70%	61%
Have had an event	28%	44%	39%	27%
Would-be seekers	3%	12%	4%	3%
Happy non-seekers	69%	44%	56%	70%

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

Whilst those with no previous decline were as likely to be using finance once the PNBs had been excluded, they were less likely than the other groups to have had a borrowing event (27%) and most still met the definition of a Happy non-seeker of finance (70%).