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AWARENESS OF TASKFORCE AND OTHER INITIATIVES

THIS FINAL SECTION OF THE REPORT LOOKS

at awareness amongst SMEs of some of the Business Finance Taskforce commitments, together with other relevant initiatives.

KEY FINDINGS

In order to make space for the Covid-19 related questions already reported, many of the metrics in this section were rested after Q1 2020. The Q1 results for these questions have been provided in this chapter for context but are not included in the summary below.

Awareness of new initiatives: Awareness of the new Government backed funding schemes was higher than is typically seen for SME support initiatives. In Q2 when the question was first asked, 65% had heard of the BBL scheme and 75% of the CBIL scheme with 80% having heard of at least one of these two initiatives. Awareness increased further during 2020, to 90% aware of either in Q4 2020 (85% aware of the BBL scheme and 83% of the CBIL scheme). Over the same period, awareness of the British Business Bank also increased from 11% in Q1 2020 to 23% in Q2 and stable thereafter (23-25%).

Crowd funding: Questions around crowd funding were run in Q1 and Q4 2020 and are reported on a combined basis, excluding PNBs. 52% of SMEs (excluding PNBs) were aware of 'crowd funding' (equity crowd funding platforms and/or peer to peer lending). Usage remained very limited (1%), with 10% saying they would consider applying in future and 41% saying they would not consider applying. Consideration amongst those aware was therefore 19%, somewhat lower than normally seen (typically around 3 in 10 of those aware would consider using these forms of finance).

In October 2010, the Business Finance Taskforce agreed to a range of initiatives with the aim of supporting SMEs in the UK. This final section of the report looks at awareness amongst SMEs of some of those commitments, together with other relevant initiatives. This part of the survey has been revised several times as new initiatives were developed, and this report includes the first data on The British Business Bank's Finance Hub, which was included for the first time in Q3 2019, replacing the British Banking Insight website. There has also been a slight change to the description of the Business Growth Fund which is now referred to as 'BGF, that is the Business Growth Fund'.

As many of these initiatives are aimed at those with an interest in seeking external finance, they are potentially less relevant to the Permanent non-borrowers who indicated that they were unlikely to seek such external finance. Awareness excluding these PNBs is provided later in this chapter.

In order to create space for the Covid related questions, these core tracking questions were rested from Q2 2020, so the most recent results available, for Q1 2020, are reported in this chapter. First though, the table below details awareness of the British Business Bank (which has been tracked over 2020 but was moved to a new question from Q2 2020) and the two new lending schemes aimed at SMEs, from their launch in Q2 2020:

Awareness of specific initiatives	Q1 2020	Q2 2020*	Q3 2020	Q4 2020
Over time – all SMEs				
<i>Unweighted base:</i>	4505	2693	4334	4252
The British Business Bank*	11%	23%	23%	25%
The BBB's Finance Hub	8%	-	15%	18%
<i>Aware of BBB / Finance hub</i>	16%	23%	24%	26%
The BBL scheme	-	65%	81%	85%
The CBIL scheme	-	75%	78%	83%
<i>Aware of BBL or CBIL</i>	-	80%	87%	90%

Q108/110 and Qbb1 from Q2 2020

The majority of SMES were aware of the two new lending schemes immediately after launch in Q2 and by Q4, 9 in 10 had heard of at least one of them. These levels of awareness are much higher than typically seen for SME initiatives – in Q1 2020, 69% of SMEs were aware of any of the 12 initiatives tested.

Any awareness: Over time By date of interview – row percentages	BBB/Hub		BBL/CBIL	
	Q3 2020	Q4 2020	Q3 2020	Q4 2020
All SMEs	24%	26%	87%	90%
0 emp	22%	24%	86%	89%
1-9 emps	29%	31%	91%	93%
10-49 emps	34%	34%	91%	93%
50-249 emps	39%	35%	88%	92%
Minimal external risk rating	28%	31%	90%	93%
Low	25%	30%	92%	93%
Average	27%	23%	88%	87%
Worse than average	21%	28%	86%	91%
Agriculture	18%	22%	81%	85%
Manufacturing	19%	25%	82%	92%
Construction	20%	23%	85%	90%
Wholesale/Retail	34%	31%	87%	91%
Hotels & Restaurants	26%	26%	88%	93%
Transport	32%	18%	95%	92%
Property/ Business Services	25%	32%	88%	91%
Health	22%	15%	85%	86%
Other	15%	31%	85%	85%
PNBs	22%	23%	85%	88%
All excl PNBs	25%	28%	89%	91%
Starts	27%	35%	84%	89%
2-5 years trading	24%	27%	87%	91%
6-9 years	29%	24%	91%	92%
10-15 years	21%	21%	88%	89%
15 years+	23%	24%	88%	89%

AW1 and BBB1 All SMEs

As the table above shows, a quarter of SMEs were aware of the British Business Bank in Q4 2020. Larger SMEs, those with a better external risk rating, those in Wholesale/Retail or Property/Business Services and Starts were the most likely to be aware of the BBB.

Also in Q4, 9 in 10 SMEs were aware of either of the Government backed schemes (BBL or CBIL) designed to provide additional funding to SMEs. With such high levels of awareness overall, there was very little difference by demographics.

The rest of this chapter looks at the awareness of other initiatives that have been tracked over time. The British Business Bank is included for completeness, based on the Q1 awareness from the long-running question.

TRACKED AWARENESS – FUNDING INITIATIVES

Respondents were prompted with the names of a range of different initiatives/suppliers. As the table below shows, 66% of SMEs in Q1 2020 were aware of one or more of these specific schemes, with overall awareness varying relatively little by size. Awareness of these initiatives was typically higher than for others tested:

Awareness of specific funding initiatives		0	1-9	10-49	50-249
Q1 20 – all SMEs	Total	emp	emps	emps	emps
Unweighted base:	4505	900	1450	1455	700
Funding Circle	54%	52%	60%	57%	51%
Start Up Loans	39%	39%	40%	36%	33%
The British Business Bank	11%	11%	12%	11%	16%
BGF, the Business Growth Fund	13%	12%	14%	16%	14%
Enterprise Finance Guarantee Scheme	15%	14%	16%	15%	16%
Any of these	66%	66%	69%	63%	60%
None of these	34%	34%	31%	37%	40%

Q108 (240) All SMEs * indicates new or amended question

Amongst those with employees, 68% were aware of any of these initiatives.

TRACKED AWARENESS – OTHER SUPPORT INITIATIVES

The table below shows awareness of some of the other support initiatives tested in Q1 2020. A third of SMEs were aware of one or more of these initiatives, with little variation by size of SME:

Awareness of initiatives		0	1-9	10-49	50-249
Q1 20 – all SMEs	Total	emp	emps	emps	emps
Unweighted base:	4505	900	1450	1455	700
A network of business mentors	16%	15%	17%	15%	15%
Standards of lending practice	19%	19%	18%	18%	15%
Independently monitored appeals process	8%	8%	8%	8%	11%
The referral platform for unsuccessful applications	8%	8%	10%	10%	12%
Any of these	34%	33%	36%	33%	33%
None of these	67%	67%	65%	68%	67%

Q109 (240) All SMEs * indicates new or amended question

Amongst those with employees, 35% were aware of any of these initiatives.

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

Initiative	Awareness
Loan refinancing talks, 12 months ahead – asked of SMEs with a loan	Awareness of this initiative amongst SMEs with loans was 11% in Q1 2020. There was little difference by size (11% 0-9 employees v 13% 10-249 employees)

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

TRACKED AWARENESS – OTHER INFORMATION INITIATIVES

The table below shows awareness of other communications and sources of information tested in Q1 2020. Just under 1 in 5 SMEs were aware of one or more of these initiatives, with awareness varying little by size of SME with the exception of those with 50-249 employees where 24% were aware of one or more initiatives:

Awareness of initiatives		0	1-9	10-49	50-249
Q1 20 – all SMEs	Total	emp	emps	emps	emps
Unweighted base:	4505	900	1450	1455	700
The Better Business Finance (BBF) programme and website	8%	9%	7%	7%	10%
The Business Finance Guide published by the ICAEW and the British Business Bank	10%	10%	10%	10%	13%
The British Business Bank's Finance Hub	8%	8%	9%	8%	12%
Any of these	18%	18%	18%	18%	24%
None of these	82%	82%	82%	82%	76%

Q110 (240) All SMEs

Amongst those with employees, 19% were aware of any of these initiatives.

AWARENESS OF ALL INITIATIVES BY KEY GROUPS

The tables below bring together all these initiatives and looks at overall awareness of any of them and also the proportion of SMEs aware of 4 or more of the initiatives included.

Total awareness of any of these initiatives in Q1 2020 itself was 69% with little variation by size of SME, with a fifth (21%) of SMEs aware of 4 or more initiatives, again with little variation by size:

Awareness of initiatives		0	1-9	10-49	50-249
Q1 20 – all SMEs	Total	emp	emps	emps	emps
Unweighted base:	4505	900	1450	1455	700
Funding initiatives					
Funding Circle	54%	52%	60%	57%	51%
Start Up Loans	39%	39%	40%	36%	33%
The British Business Bank	11%	11%	12%	11%	16%
BGF, the Business Growth Fund	13%	12%	14%	16%	14%
Enterprise Finance Guarantee Scheme	15%	14%	16%	15%	16%
Support initiatives					
A network of business mentors	16%	15%	17%	15%	15%
Standards of Lending practice	19%	19%	18%	18%	15%
Independently monitored appeals process	8%	8%	8%	8%	11%
Referral platform	8%	8%	10%	10%	12%
Information initiatives					
BetterBusinessFinance.co.uk	8%	9%	7%	7%	10%
The Business Finance Guide	10%	10%	10%	10%	13%
The BBB Finance Hub	8%	8%	9%	8%	12%
Any of these	69%	69%	72%	66%	62%
None of these	31%	31%	28%	34%	38%
Aware of 4 or more	21%	21%	22%	23%	27%

Q108/109/110 (240) All SMEs

Overall awareness by sector varied from 58% in Agriculture to 75% in Property/ Business Services. Those in Manufacturing were most likely to be aware of 4 or more initiatives (25%), with limited difference by sector (20-23% elsewhere):

% aware of initiatives									
Q1 20 – all SMEs	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	300	375	800	450	300	500	900	376	504
Funding initiatives									
Funding Circle	37%	53%	48%	53%	55%	52%	64%	52%	52%
Start Up Loans	37%	29%	32%	35%	42%	39%	46%	43%	42%
BGF	12%	14%	16%	10%	14%	8%	14%	10%	11%
The British Business Bank	11%	12%	12%	13%	13%	8%	11%	9%	10%
Enterprise Finance Guarantee Scheme	15%	15%	15%	12%	13%	17%	13%	14%	20%
Support initiatives									
A network of business mentors	12%	21%	12%	16%	16%	11%	17%	16%	23%
Standards of Lending practice	9%	20%	17%	20%	18%	23%	19%	15%	17%
Independently monitored appeals process	5%	12%	10%	9%	7%	7%	7%	9%	7%
Referral platform	9%	16%	8%	8%	10%	7%	9%	10%	5%
Information initiatives									
BetterBusinessFinance.co.uk	8%	13%	8%	7%	9%	8%	9%	9%	7%
The Business Finance Guide	6%	15%	10%	12%	12%	10%	10%	13%	8%
BBB Finance Hub	6%	12%	11%	8%	9%	5%	8%	8%	8%
Any of these	58%	67%	64%	67%	68%	66%	75%	73%	72%
None of these	42%	33%	36%	33%	32%	34%	25%	27%	28%
Aware of 4 or more	20%	25%	20%	22%	21%	21%	22%	20%	23%

Q108/109/110 (240) All SMEs

The table below records awareness for Q1 2020, once the PNBs were excluded. This resulted in a limited increase in overall awareness of any initiatives (from 69% of all SMEs to 71% once the PNBs were excluded) and also an increase in the proportion aware of 4 or more initiatives (from 21% to 23%):

Awareness of initiatives		0	1-9	10-49	50-249
Q1 20 – all SMEs excluding PNBs	Total	emp	emps	emps	emps
Unweighted base:	2766	410	883	967	506
Funding initiatives					
Funding Circle	54%	51%	61%	59%	55%
Start Up Loans	40%	40%	40%	36%	36%
BGF	15%	14%	16%	17%	16%
The British Business Bank	13%	13%	12%	12%	18%
Enterprise Finance Guarantee Scheme	16%	15%	18%	15%	18%
Support initiatives					
A network of business mentors	18%	19%	18%	17%	16%
Standards of Lending practice	19%	19%	18%	19%	17%
Independently monitored appeals process	9%	9%	9%	10%	13%
Referral platform	10%	9%	11%	12%	15%
Information initiatives					
BetterBusinessFinance.co.uk	9%	10%	8%	7%	12%
The Business Finance Guide	11%	11%	8%	11%	14%
The BBB Finance Hub	9%	9%	10%	8%	15%
Any of these	71%	71%	73%	68%	68%
None of these	29%	29%	27%	32%	32%
Aware of 4 or more	23%	23%	24%	25%	29%

Q108/109/110 (240) All SMEs

Further analysis showed that:

- Overall awareness by age of business varied relatively little (66-72%). Starts were more likely to be aware of 4 or more initiatives (26%) with little variation across other age bands (18-21%).
- Those currently using external finance were once again slightly more likely to be aware of any initiatives (73%) than those not using finance (67%), and also to be aware of 4 or more initiatives (26% v 19% of those not using finance).
- 71% of those planning to apply in the next 3 months were aware of any initiatives with 26% aware of 4 or more, compared to 69% of Future happy non-seekers (21% aware of 4 or more) and 66% of Future would-be seekers (18% aware of 4 or more).

Awareness over time for all SMEs is shown in the table below. The initiatives tested in Q1 2020 included some that had been tracked consistently over the period shown and other more recent additions. Awareness of Funding Circle has increased since it was first included (35% to 54% currently), with awareness of most other initiatives slightly lower than in Q4 2019.

Awareness of any initiative in Q1 2020 was 69%, maintaining the increase seen in Q2 2019. The proportion of SMEs aware of 4 or more initiatives was, though, somewhat lower than previously seen. Between Q4 2018 and Q4 2019 a quarter of SMEs had been aware of 4 or more initiatives, compared to a fifth in Q1 2020, back in line with 2017/2018:

Over time – all SMEs

By date of interview	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Unweighted base:	4500	4500	4500	4500	4500	4505
Funding initiatives						
Funding Circle	43%	44%	51%	50%	49%	54%
Start Up Loans	39%	40%	45%	42%	42%	39%
BGF	22%	21%	20%	21%	18%	13%
The British Business Bank	22%	21%	21%	19%	16%	11%
Enterprise Finance Guarantee Scheme	19%	18%	20%	18%	19%	15%
Support initiatives						
A network of business mentors	18%	18%	16%	18%	18%	16%
Standards of Lending practice	14%	14%	15%	18%	17%	19%
Independently monitored appeals process	10%	8%	10%	9%	11%	8%
Referral platform	10%	9%	10%	11%	11%	8%
Information initiatives						
BetterBusinessFinance.co.uk	11%	10%	10%	13%	13%	8%
The Business Finance Guide	11%	9%	11%	13%	13%	10%
The BBB Finance Hub	-	-	-	12%	13%	8%
Any of these	68%	66%	71%	71%	69%	69%
None of these	32%	34%	29%	29%	31%	31%
Aware of 4 or more	26%	25%	25%	27%	26%	21%

Q108/109/110 (240) All SMEs *list last revised in Q3 2019. Total awareness to Q2 2019 includes the BBI website which was replaced in this question in Q3 2019 with the BBB Finance Hub

The table below also details awareness over recent quarters but this time once the Permanent non-borrowers have been excluded. It shows a similar picture in terms of awareness, with 7 in 10 aware of any initiative but fewer SMEs aware of 4 or more initiatives (around a quarter before Q4 2018 to 3 in 10 subsequently, but 23% in Q1 2020):

Over time – all SMEs excl PNBs

By date of interview	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Unweighted base:	2843	2906	3156	3127	2958	2766
Funding initiatives						
Funding Circle	43%	46%	48%	45%	47%	54%
Start Up Loans	43%	47%	44%	40%	42%	40%
BGF	27%	25%	23%	25%	23%	15%
The British Business Bank	28%	27%	23%	23%	21%	13%
Enterprise Finance Guarantee Scheme	19%	20%	21%	19%	22%	16%
Support initiatives						
A network of business mentors	22%	23%	18%	19%	22%	18%
Standards of Lending practice	15%	17%	16%	19%	19%	19%
Independently monitored appeals process	13%	11%	11%	12%	14%	9%
Referral platform	13%	11%	12%	14%	14%	10%
Information initiatives						
BetterBusinessFinance.co.uk	15%	13%	14%	16%	17%	9%
The Business Finance Guide	14%	13%	13%	15%	16%	11%
The BBB Finance Hub*	-	-	-	16%	17%	9%
Any of these	74%	73%	70%	71%	73%	71%
None of these	26%	27%	30%	29%	27%	29%
Aware of 4 or more	32%	31%	28%	29%	31%	23%

Q108/109/110 (240) All SMEs excluding PNBs *list last revised in Q3 2019. Total awareness to Q2 2019 includes the BBI website which was replaced in this question in Q3 2019 with the BBB Finance Hub

APPEALS AND REFERRALS – ADDITIONAL ANALYSIS

Not all SMEs borrow, or have any appetite for external finance, so initiatives such as the independently monitored appeals process and the more recently established referral platforms may not be immediately relevant to many SMEs.

Awareness of these initiatives amongst potential key groups is shown in the table below. As already explained, data is only available for Q1 2020.

This shows broadly stable awareness of the appeals process between 2013 and 2015 (13-14%), before awareness declined slightly. In Q1 2020, 8% were aware of the appeals process, in line with 2017-2019:

- It was only slightly higher for those with some engagement in finance – 10% for those using external finance and 10% of those who had a borrowing event.
- Future would-be seekers of finance remained somewhat less likely to be aware (7%).

Data on awareness of the referrals process is available from 2017, with 8% of all SMEs aware of it in Q1 2020, somewhat lower than the 11% aware in 2019 with limited differences by demographics:

- 11% of those who were using external finance or who had had a borrowing event were aware of the referral process.

Awareness of initiatives							Q1
All SMEs over time	2014	2015	2016	2017	2018	2019	2020
<i>Unweighted base (overall):</i>	20,055	20,046	18,000	18,012	18,002	18,000	4505
All SMEs:							
• Independent appeals process	13%	14%	11%	9%	8%	10%	8%
• Referral platform	-	-	-	8%	8%	11%	8%
All who use external finance:							
• Independent appeals process	15%	15%	12%	11%	11%	14%	10%
• Referral platform	-	-	-	10%	12%	14%	11%
All who had borrowing 'event'							
• Independent appeals process	13%	16%	13%	16%	14%	13%	10%
• Referral platform	-	-	-	14%	14%	16%	11%
All planning to apply for finance:							
• Independent appeals process	13%	17%	11%	12%	12%	15%	4%
• Referral platform	-	-	-	11%	13%	17%	8%
All Future would-be seekers:							
• Independent appeals process	13%	11%	9%	7%	8%	7%	8%
• Referral platform	-	-	-	6%	8%	9%	10%

Q109 (240) All SMEs

CROWD FUNDING AND OTHER FORMS OF FINANCE

Questions on crowd funding have been through several iterations in the SME Finance Monitor since they were originally included in Q2 and Q3 2012, when awareness of the concept was 18%.

The question was revised most recently in Q1 2017 when SMEs were asked specifically if they were aware of either 'equity crowd funding platforms' or 'peer to peer lending platforms'. In 2020 this question was asked in Q1 and Q4 only due to space being needed for Covid related questions.

The table below looks at awareness of these two forms of funding plus some others which were also included in the questionnaire when that change was made. Results are shown here for Q1 and Q4 2020 combined to maximise base sizes and exclude PNBs as has been standard practice in the past.

Around 4 in 10 of these SMEs were aware of each of the funding sources tested, with the exception of Business Angels where a third were aware. 6 in 10 SMEs (excluding PNBs) were aware of any of these forms of funding (63%) with little difference by size of SME:

Awareness of finance sources

All SMEs excl PNBs Q1&Q4 2020	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	5700	946	1937	1910	907
Venture Capital	48%	47%	51%	54%	44%
Equity crowd funding platform	47%	46%	50%	49%	45%
Peer to peer lending platform	38%	37%	42%	43%	44%
Business Angels	34%	34%	34%	34%	35%
Any of these	63%	62%	65%	67%	62%
Not aware	37%	38%	35%	33%	38%

Q111 (238a3x) All SMEs excl PNBs and DK

Amongst those with employees, 65% were aware of one or more of the forms of funding tested.

The table below shows awareness of crowd funding/ peer to peer lending over time, initially under a more generic question and then (from Q1 2017) calculated as awareness of either 'equity crowd funding platforms' and/or 'peer to peer lending platforms'.

In most quarters of 2017 and 2018 around 4 in 10 SMEs (excluding the PNBs) said that they had heard of these forms of funding. In Q4 2018 this increased to half of such SMEs (53%) and the proportion has typically remained above 50% since (59% in Q4 2020):

Aware of equity crowd funding/peer to peer lending

All SMEs excl PNBs Row percentages	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q4 2020
All	43%	45%	53%	56%	55%	56%	57%	45%	59%
0 emps	42%	45%	54%	57%	54%	58%	59%	45%	57%
1-9 emps	44%	44%	50%	51%	54%	50%	50%	46%	63%
10-49 emps	50%	49%	57%	59%	56%	57%	56%	44%	65%
50-249 emps	57%	60%	68%	70%	64%	74%	64%	47%	59%
All planning to apply	48%	51%	61%	61%	60%	62%	66%	52%	60%

Q111 (238A3) All SMEs excl PNBs *QUESTION CHANGED IN Q1 2017

The table below provides more detail on use, awareness and consideration of ‘crowd funding’ ie equity crowd funding platforms and/or peer to peer lending, for Q1 and Q4 2020 combined to maximise base sizes. Very few SMEs were using this form of finance (1%) while 1 in 10 of those aware would consider using it in future (19% of those aware, the equivalent of 10% of all SMEs excluding the PNBs):

Awareness and use of crowd funding

All SMEs excl PNBs Q1&Q4 2020	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	5855	969	1999	1960	927
Aware of ‘crowd funding’	52%	51%	53%	54%	52%
- Using crowd funding	1%	1%	1%	1%	1%
- Unsuccessfully applied for crowd funding	*	*	1%	*	1%
- Would consider applying in future	10%	10%	8%	7%	6%
- Would <u>not</u> consider applying	41%	39%	43%	45%	44%
Not aware	48%	49%	47%	46%	48%
% aware who would consider	19%	20%	15%	13%	12%

Q111/112 (238a3x4) All SMEs excl PNBs

There was little difference in awareness by size of SME, with smaller SMEs more likely to consider applying for this form of finance in future.

As the table below shows:

- Until H1 2018 around 4 in 10 SMEs (excluding the PNBs) had been aware of crowd funding each half year. Awareness from H1 2018 onwards has been somewhat higher at around half of SMEs (excluding the PNBs) and was stable at 52% for Q1 & Q4 2020.
- The proportion of SMEs who would consider applying for such finance had increased from 9% in H1 2017 to 20% in H2 2019 but was back to 10% in 2020.
- As a result, 19% of SMEs aware of crowd funding said they would consider it as a form of funding, somewhat lower than the 1 in 3 more commonly seen.

Awareness and use of crowd funding								
All SMEs excl PNBs Over time	H2 2016	H1 2017	H2 2017	H1 2018	H2 2018	H1 2019	H2 2019	Q1&4 20
<i>Unweighted base:</i>	5772	6049	5891	5603	5691	6062	6085	5855
Aware of crowd funding	45%	38%	44%	40%	47%	51%	52%	52%
- <i>Would consider applying in future</i>	14%	9%	13%	10%	15%	17%	20%	10%
% aware who would consider	31%	24%	30%	25%	32%	33%	38%	19%

Q111/112 (238a3) All SMEs excl PNBs

EQUITY FINANCE

A new question introduced in Q3 2017 sought to provide a better understanding of attitudes amongst companies to equity finance. They were told that 'Equity finance is where an external third party, like an angel investor but not friends, family or the directors, receives shares in the business in exchange for an injection of cash' and then asked for their views on such funding.

This is another question that was rested from Q2 2020 due to the additional Covid questions, so the table below is based on Q1 2020 only.

As the table below shows, two thirds of companies (66%) said that they knew nothing about this form of finance and most of the rest (19% overall) said they did not think it was a suitable form of finance for them. Only a small minority of companies were using, or planning to use, such finance (2%):

Attitudes to equity finance

All companies Q1 2020	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
<i>Unweighted base:</i>	3038	167	918	1286	667
Know something of equity finance	34%	33%	34%	33%	47%
- Use or plan to use in near future	2%	1%	2%	3%	4%
- Reluctant to give up control of the business	11%	11%	11%	10%	17%
- Do not think it is suitable for us	19%	19%	19%	18%	25%
- Wouldn't know where to start	2%	1%	2%	2%	1%
Don't know anything about this form of finance	66%	67%	66%	67%	53%

Q113 (238a4) All SMEs that are companies

Larger companies with 50-249 employees remained more likely to know something about this form of finance (47%), and for them the main barrier was more likely than their peers to be a fear of losing control of the business (17%), alongside the suitability of equity as a form of funding (25%).

Analysis by sector shows those in Manufacturing and Construction were less likely to know something about equity finance (26% and 27%) compared to the Health and Property/Business Services sectors where 41% and 40% were aware:

Attitudes to equity finance

Q1 2020 – all companies	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
Unweighted base:	141	272	572	320	176	334	657	242	324
Know something	30%	26%	27%	31%	37%	31%	40%	41%	33%
- <i>Use or plan to use</i>	*	2%	*	1%	3%	1%	3%	5%	1%
- <i>Reluctant to give up control</i>	20%	11%	11%	14%	13%	8%	11%	11%	8%
- <i>Do not think it is suitable for us</i>	9%	12%	14%	16%	16%	22%	24%	16%	23%
- <i>Wouldn't know where to start</i>	*	*	1%	1%	5%	*	2%	8%	1%
Don't know anything about this finance	70%	74%	73%	69%	63%	69%	60%	59%	67%

Q113 (238a4) All SMEs that are companies

The proportion of companies knowing nothing about equity finance varied relatively little by age of company up to 10 years (69-71%) and was slightly lower for older SMEs (62-65%):

Attitudes to equity finance

All companies Q1 2020	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15 yrs+
Unweighted base:	197	202	266	518	1855
Know something of equity finance	31%	31%	29%	38%	35%
- <i>Use or plan to use in near future</i>	2%	1%	2%	2%	2%
- <i>Reluctant to give up control of the business</i>	15%	13%	8%	11%	10%
- <i>Do not think it is suitable for us</i>	13%	15%	16%	24%	22%
- <i>Wouldn't know where to start</i>	1%	1%	3%	2%	1%
Don't know anything about this form of finance	69%	69%	71%	62%	65%

Q113 (238a4) All SMEs that are companies

Analysis by other key sub-groups showed awareness of equity finance was no higher once the PNBs were excluded or amongst those already using external finance. It was though slightly higher amongst those planning to grow (40%), however, whilst more aware, these companies no more likely to be using or planning to use such finance:

Attitudes to equity finance

All companies Q1 2020	Total	PNBs	Excl PNBs	Using finance	Plan to grow
Unweighted base:	3038	1040	1998	1654	1778
Know something of equity finance	34%	33%	34%	36%	40%
- <i>Use or plan to use in near future</i>	2%	2%	2%	2%	3%
- <i>Reluctant to give up control of the business</i>	11%	12%	10%	11%	13%
- <i>Do not think it is suitable for us</i>	19%	18%	20%	21%	21%
- <i>Wouldn't know where to start</i>	2%	1%	2%	2%	2%
Don't know anything about this form of finance	66%	67%	66%	64%	60%

Q113 (238a4) All SMEs that are companies

When this question was first asked in H2 2017, 4 in 10 (38%) of SME companies said that they knew something about equity finance and this proportion has changed relatively little since (34% in Q1 2020). Around 1 in 5 felt that this was not a suitable form of funding for them and 1 in 10 were reluctant to give up control of their business, again with little change over time:

Attitudes to equity finance						
All companies Over time	H2 2017	H1 2018	H2 2018	H1 2019	H2 2019	Q1 2020
<i>Unweighted base:</i>	5657	5611	5817	5860	6043	3038
Know something of equity finance	38%	32%	36%	37%	39%	34%
- <i>Use or plan to use in near future</i>	3%	3%	2%	4%	4%	2%
- <i>Reluctant to give up control of the business</i>	8%	10%	12%	11%	14%	11%
- <i>Do not think it is suitable for us</i>	22%	17%	20%	19%	18%	19%
- <i>Wouldn't know where to start</i>	4%	2%	3%	3%	3%	2%
Don't know anything about this form of finance	62%	68%	64%	63%	61%	66%

Q113 (238a4) All SMEs that are companies

AWARENESS AND USE OF THE OPEN BANKING INITIATIVE

From Q1 2018, all SMEs were read a description of the new Open Banking initiative:

‘Open Banking is an initiative led by the UK’s Competition and Markets Authority. It enables small businesses to share their banking transaction data securely with other banks and third parties, so that they can get tailored quotes and compare banking products on the basis of their own requirements.

At the moment, to get personalised advice, you often have to hand over your confidential banking information whereas under Open Banking this could be done automatically and securely through your bank with your permission.’

All SMEs were then asked two questions (which were rested from Q2 2020 as others were):

- Whether they had heard of this initiative: In Q1 2020, 10% had, with little variation by size of SME.
- Whether, based on this description, they would be happy to use the Open Banking service to share data with another provider: in Q1 2020, 12% said they would be with little variation by size.

This allows all SMEs to be allocated to one of the four categories below, depending on whether they were previously aware of Open Banking and/or happy to use it. In Q1 2020 when this question was last asked, 8 in 10 SMEs (80%) were neither aware of the initiative, nor happy to use it:

Awareness and use of Open Banking

All SMEs Q1 2020	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	4505	900	1450	1455	700
Aware and happy to use	2%	2%	3%	2%	2%
Aware but not happy to use	8%	8%	7%	10%	8%
Not aware but happy to use	9%	9%	9%	8%	6%
Not aware and not happy to use	80%	81%	80%	80%	84%
All aware	10%	10%	10%	12%	10%
All happy to use	12%	11%	12%	10%	8%

Q114a/b All SMEs NEW

As this question was added more recently only limited analysis over time is possible. As the table below shows, awareness of and willingness to use Open Banking had been fairly stable to H2 2019, but were somewhat lower in Q1 2020:

Awareness and use of Open Banking					
All SMEs Over time	H1 2018	H2 2018	H1 2019	H2 2019	Q1 2020
<i>Unweighted base:</i>	9000	9002	9000	9000	4505
Aware and happy to use	5%	5%	7%	5%	2%
Aware but not happy to use	10%	9%	9%	9%	8%
Not aware but happy to use	10%	10%	12%	10%	9%
Not aware and not happy to use	75%	75%	72%	76%	80%
<i>All aware</i>	15%	14%	16%	14%	10%
<i>All happy to use</i>	15%	15%	19%	15%	12%

Q114a/b All SMEs NEW