

# 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

17% of SMEs reported a borrowing event in 2021. Amongst the remaining SMEs, as in previous years, there were very few ‘Would-be seekers’ of finance and most met the definition of a ‘Happy non-seeker’:

- 17% of SMEs in 2021 reported a borrowing ‘event’, while 4% met the definition of a ‘Would-be seeker’ of finance and the majority, 79%, had been a ‘Happy non-seeker’ of finance.
- The largest SMEs, those with a minimal risk rating, those trading for more than 15 years and those in Property/Business Services were all more likely to have been a ‘Happy non-seeker’ of finance (note that this does not necessarily mean they are not using external finance, just that they have not applied for any in the previous 12 months).
- Compared to pre-pandemic in 2019, there were more SMEs reporting a borrowing event in 2021 (from 13% to 17%), a few more ‘Would-be seekers’ (from 1% to 4%) and the largest group was still the ‘Happy non-seekers’ (79% from 85%).

‘Would-be seekers’ continue to make up only a small part of the SME population. Their main barriers to application remained issues with the process of borrowing and discouragement:

- Having declined from 10% of all SMEs in 2012 to 2% in 2016, the proportion of ‘Would-be seekers’, who had wanted to apply for finance but felt that something had stopped them, has remained at a similar level since (1-2% 2017 to 2020 and 4% in 2021).
- 0 employee SMEs (5%), those with a worse than average risk rating (7%) and those in the Health or Other Community sectors (both 7%) were more likely to meet the definition of a WBS in 2021.
- When asked why they had not applied for finance, 36% of WBS in 2021 cited the process of borrowing, typically the likely expense, while 34% cited discouragement, almost all of it indirect where the SME assumes they will be turned down and so does not apply.

Attitudinally, 'Would-be seekers' are similar to those who had a borrowing event, albeit a bit more ambitious and a bit more likely to foresee problems getting finance:

- Self-reliance is a consistent attitude across the three groups, with 8 in 10 saying they would accept slower growth rather than borrowing to grow.
- WBS are also much more likely than their peers to want to be a bigger business (69%) and to be prepared to take risks to success (66%). As a result, 55% of them met the definition of an 'Ambitious risk taker' compared to 35% of those who had a borrowing event and 26% of 'Happy non-seekers'.
- They were though also somewhat more cautious about the future (79%) than those who had an event (74%) or 'Happy non-seekers' (57%), and also more likely to think that they would find it difficult to get finance (69% v 48% with an event and 29% HNS).

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. Note to that an application for pandemic related funding is not included within the “Had an event” definition, so as to keep comparability with pre (and hopefully post) Covid metrics.

## 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 14% in Q4 2021, somewhat lower than in other recent quarters (17% for 2021 as a whole). Most SMEs continued to meet the definition of a Happy non-seeker of finance (82% in Q4 2021 and more in line with pre-pandemic levels), while the proportion of Would-be seekers remained low (4% in Q4 2021):

### Any events

Over time – all SMEs	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
By date of interview	2019	2020	2020	2020	2020	2021	2021	2021	2021
<b>Unweighted base:</b>	<b>4500</b>	<b>4505</b>	<b>4511</b>	<b>4500</b>	<b>4252</b>	<b>4263</b>	<b>4250</b>	<b>3888</b>	<b>4085</b>
Have had an event	11%	15%	14%	18%	19%	20%	19%	15%	14%
• <i>New or (auto) renewed facility</i>	9%	10%	11%	17%	18%	18%	18%	13%	11%
• <i>Type 2 or 3 events</i>	3%	6%	3%	1%	2%	3%	2%	2%	4%
Would-be seekers	1%	1%	1%	2%	3%	4%	3%	5%	4%
Happy non-seekers	88%	84%	85%	80%	77%	76%	78%	81%	82%

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 on use of finance per se). From 2015 to 2018 around a quarter of Happy non-seekers had been using external finance, but there has been more variation since: In 2019 the figure was somewhat higher (38%), in 2020 it was back in line with previous years (27%), but in 2021 it was 34%.

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’ and therefore somewhat more likely to meet the definition of a Happy non-seeker of finance. In 2021, reflecting their current lower use of external finance, the largest SMEs with 50-249 employees were the least likely to have had an event and the most likely to be a Happy non-seeker of finance:

<b>Any events</b>		0	1-9	10-49	50-249
YEQ4 21 All SMEs	Total	emp	emps	emps	emps
<b>Unweighted base:</b>	<b>16,486</b>	<b>3313</b>	<b>5466</b>	<b>5260</b>	<b>2447</b>
Have had an event	17%	15%	22%	22%	11%
Would-be seekers	4%	5%	3%	1%	*
Happy non-seekers	79%	80%	75%	77%	89%

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 (76%).

There was relatively little variation by risk rating, with the majority of SMEs in each category meeting the definition of a Happy non-seeker. Those with a worse than average risk rating were the most likely to meet the definition of a Would-be seeker of finance, but it was still a small minority (7%) of such SMEs:

<b>Any events</b>		Min	Low	Avge	Worse/ Avge
YEQ4 21 All SMEs with a risk rating	Total				
<b>Unweighted base:</b>	<b>16,486</b>	<b>3007</b>	<b>4494</b>	<b>4549</b>	<b>2867</b>
Have had an event	17%	15%	19%	16%	16%
Would-be seekers	4%	1%	1%	3%	7%
Happy non-seekers	79%	84%	80%	81%	77%

Pastfin All SMEs

The proportion of SMEs reporting a borrowing event ranged from 22% of those in Transport to 12% in Health. Would-be seekers varied relatively little by sector (2-5%) with the exception of Health and the Other Community sectors (both 7%). In all sectors the majority had been Happy non-seekers of finance:

**Any events**

All SMEs YEQ4 21	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop / Bus	Hlth SWrk	Other Comm
<b>Unweighted base:</b>	<b>982</b>	<b>1704</b>	<b>2908</b>	<b>1859</b>	<b>1167</b>	<b>1601</b>	<b>3536</b>	<b>1039</b>	<b>1690</b>
Have had an event	21%	19%	16%	19%	20%	22%	15%	12%	16%
Would-be seekers	2%	5%	3%	4%	2%	4%	3%	7%	7%
Happy non-seekers	77%	76%	81%	77%	78%	74%	82%	81%	78%

Pastfin All SMEs

Starts were more likely to have been a Would-be seeker of finance (11% v 2-5% of other age bands) but as overall, most SMEs had been a Happy non-seeker of finance:

**Any events**

All SMEs YEQ4 21	Starts	2-5 yrs	6-9 yrs	10-15 yrs	15+ yrs
<b>Unweighted base:</b>	<b>882</b>	<b>1194</b>	<b>1447</b>	<b>2983</b>	<b>9980</b>
Have had an event	14%	18%	18%	19%	17%
Would-be seekers	11%	5%	2%	3%	2%
Happy non-seekers	76%	77%	80%	78%	81%

Pastfin All SMEs

Those currently using external finance were no more or less likely to be a Would-be seeker (3% v 4% not using external finance) but remained much more likely to have had an event (34% v 4% of SMEs not using external finance).

## ANALYSIS OVER TIME

The table below takes a longer-term annual view back to 2014. The proportion of Happy non-seekers of finance rose steadily to 85% in 2019, but was slightly lower in 2021 (79%) due to slightly more borrowing events and Would-be seekers:

<b>Any events</b>								
Over time – all SMEs	2014	2015	2016	2017	2018	2019	2020	2021
<i>Unweighted base:</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>	<i>16,486</i>
Have had an event	16%	17%	13%	15%	14%	13%	16%	17%
Would-be seekers	5%	3%	2%	2%	2%	1%	2%	4%
Happy non-seekers	79%	80%	84%	83%	83%	85%	82%	79%

### Pastfin All SMEs

Analysis of SMEs with employees showed that up to 2019 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%). The figures for 2020 and 2021 showed 22% reporting an event and 2% as Would-be seekers in each year, with the majority 76%, Happy non-seekers of finance.

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 then remained stable until 2021 when it was slightly higher at 4%. The increase in 2021 was most marked for 0 employee SMEs and those with a worse than average risk rating while larger SMEs and those with a minimal/low risk rating remained less likely to have been a Would-be seeker of finance.

### Would-be seekers

#### Over time – row percentages

##### By date of interview

	2014	2015	2016	2017	2018	2019	2020	2021
<b>All SMEs</b>	<b>5%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>	<b>2%</b>	<b>4%</b>
0 employee	5%	4%	2%	2%	2%	1%	2%	5%
1-9 employees	4%	3%	3%	2%	2%	2%	2%	3%
10-49 employees	2%	2%	1%	1%	1%	1%	1%	1%
50-249 employees	1%	1%	1%	*	1%	1%	*	*
Minimal external risk rating	1%	1%	2%	1%	1%	1%	1%	1%
Low external risk rating	2%	2%	1%	1%	1%	1%	1%	1%
Average external risk rating	3%	3%	2%	2%	1%	2%	2%	3%
Worse than average external risk rating	6%	4%	3%	3%	2%	2%	2%	7%
Agriculture	3%	3%	2%	2%	1%	1%	2%	2%
Manufacturing	4%	4%	3%	2%	2%	2%	3%	5%
Construction	4%	3%	2%	2%	2%	1%	1%	3%
Wholesale/Retail	5%	4%	3%	3%	1%	1%	2%	4%
Hotels & Restaurants	6%	4%	4%	3%	3%	3%	2%	2%
Transport	7%	4%	3%	3%	1%	2%	2%	4%
Property/Business Services etc.	3%	3%	2%	3%	2%	1%	2%	3%
Health	4%	2%	1%	1%	2%	1%	3%	7%
Other Community	6%	5%	2%	2%	2%	2%	3%	7%
All excluding PNBs	8%	6%	4%	4%	3%	2%	3%	7%

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 2021 were:

**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 42% of all Would-be seekers YEQ4 2021, slightly lower than in 2019 (52%) or 2020 (46%).

**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 34% of all Would-be seekers YEQ4 2021 and remained less of an issue than in previous years (50% in 2017).

**Principle of borrowing** – those that did not apply because they feared they might lose control of their business, or preferred to seek alternative sources of funding. This was given as a reason by 32% of all Would-be seekers YEQ4 2021, slightly more than in 2020 (28%).

**Current economic climate** – those that felt that it had not been the right time to borrow. This was given as a reason by 14% of all Would-be seekers YEQ4 2021, slightly higher than in 2020.

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 2016, 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	2016	2017	2018	2019	2020	2021
<b>Unweighted base:</b>	<b>318</b>	<b>277</b>	<b>225</b>	<b>190</b>	<b>221</b>	<b>279</b>
Discouraged (any)	45%	50%	29%	26%	29%	34%
Issues with <u>process</u> of borrowing	32%	48%	37%	52%	46%	42%
Issues with <u>principle</u> of borrowing	26%	19%	29%	37%	28%	32%
Economic climate	13%	9%	19%	17%	11%	14%

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 most mentioned 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 from 2019 to date the process of borrowing was most mentioned by Would-be seekers, with discouragement and the principle of borrowing in equal second place.

The table below shows the results for YEQ4 2021, 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 21 excluding DK	All reasons	Main reason
<b>Unweighted base:</b>	<b>279</b>	<b>271</b>
Issues with <u>process</u> of borrowing	42%	36%
-Would be too much hassle	11%	6%
-Thought would be too expensive	15%	14%
-Would be asked for too much security	10%	7%
-Too many terms and conditions	14%	8%
-Did not want to go through process	3%	*
-Forms too hard to understand	2%	1%
Discouraged (any)	34%	34%
-Direct (put off by bank)	9%	6%
-Indirect (thought would be turned down)	28%	28%
Issues with <u>principle</u> of borrowing	32%	22%
-Not lose control of business	7%	5%
-Can raise personal funds if needed	18%	9%
-Prefer other forms of finance	9%	7%
-Go to family and friends	2%	1%
Economic climate	14%	5%
-Not the right time to apply	14%	5%

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

Analysis of the main reasons for not applying for finance showed that:

- 1 in 3 (36%) gave the process of borrowing as their main reason for not seeking finance, specifically the expense.
- 1 in 3 gave discouragement as their main reason (34%), almost all of it indirect where the SME assumes they will not be successful and so does not apply.
- 1 in 5 Would-be seekers (22%) cited the principle of borrowing as their main reason.
- 5% 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 – 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 2021 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 (55% of them met the definition of an 'Ambitious risk taker' compared to 35% of those who had an event and 26% of 'Happy non-seekers') but also to feel it might be difficult for them to get finance, while those who had an event were less likely to agree that their plans are based on what they can afford.

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.

<b>Attitudes to finance</b> YEQ4 21 – all SMEs	<b>Had an event</b>	<b>Would-be seeker</b>	<b>Happy non-seeker</b>
<b>Unweighted base:</b>	<b>3204</b>	<b>282</b>	<b>13,000</b>
Plans based on what can afford ourselves	79%	89%	86%
Accept slower growth rather than borrow	77%	80%	80%
Because the future feels uncertain, we are being very cautious with our plans for the business	74%	79%	63%
Increase in cost of credit would discourage application	67%	66%	57%
Never think about using (more) external finance	42%	42%	61%
As a business we are prepared to take risks to become more successful	56%	66%	45%
We have a long term ambition to be a significantly bigger business	48%	69%	40%
My impression is that it is quite difficult for businesses like ours to get external finance	48%	69%	29%
Happy to use finance to help business grow	57%	58%	31%

Q96 (238a5) All SMEs

In Q3 2021, a new attitude statement was added “We are very worried about the amount of debt the business has”. For H2 2021, 9% of all SMEs agreed with this statement and 79% disagreed. Analysis by recent events showed that it was those who had reported a borrowing event who were the most likely to agree with this statement (23%), compared to 10% of Would-be seekers and 7% of Happy non-seekers.

## THE EFFECT OF THE PERMANENT NON-BORROWER

In 2021, 40% 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 17% of SMEs overall:

<b>Any events</b>		All SMEs	All SMEs excl. PNB
YEQ4 21 – all SMES			
<b>Unweighted base:</b>		<b>16,486</b>	<b>10,774</b>
Have had an event		17%	28%
Would-be seekers		4%	7%
Happy non-seekers		79%	66%

### Pastfin All SMEs

The proportion of Happy non-seekers reduced from 79% to 66% of non-PNBs but remained the largest group and 7% met the definition of a Would-be seeker, compared to 4% of all SMEs.

The table below shows the pattern over recent quarters, once the PNBs had been excluded. For most of 2020 3 in 10 reported a borrowing even, in line with earlier years pre 2019. This level was maintained in Q1 and Q2 2021, but then was then slightly lower in the second half of the year at 24%:

<b>Any events</b>										
All SMES, excluding PNBs – over time	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
By date of interview	19	20	20	20	20	21	21	21	21	
<b>Unweighted base:</b>	<b>2958</b>	<b>2766</b>	<b>3062</b>	<b>3093</b>	<b>3089</b>	<b>2951</b>	<b>2832</b>	<b>2501</b>	<b>2490</b>	
Have had an event	19%	30%	23%	29%	29%	31%	31%	24%	24%	
Would-be seekers	2%	3%	2%	3%	5%	6%	5%	8%	8%	
Happy non-seekers	78%	67%	75%	67%	66%	62%	64%	68%	68%	

### 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 figures for 2020 and 2021 (both 28%) were an increase from 22% in 2019 but in line with most previous years.

The proportion of Would-be seekers declined significantly 2012-16 (15% to 4%) and then remained stable to 2021 when 7% met the definition. As a result, the proportion of Happy non-seekers, which has been around 7 in 10 since 2016 was slightly lower in 2021 at 66%:

<b>Any events</b>								
<b>Over time –</b>								
<b>excl PNBs</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b><i>Unweighted base:</i></b>	<b>13,613</b>	<b>13,011</b>	<b>11,634</b>	<b>11,940</b>	<b>11,294</b>	<b>12,147</b>	<b>12,010</b>	<b>10,774</b>
Have had an event	28%	32%	25%	28%	27%	22%	28%	28%
Would-be seekers	8%	6%	4%	4%	3%	2%	3%	7%
Happy non-seekers	64%	62%	70%	67%	68%	74%	69%	66%

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.

This question was asked in Q1 2021 but then rested for the remainder of the year to make space for pandemic related questions. This limits the analysis it is possible to report here, so the results for 2020 as a whole have been left as a place holder.

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"> <li>• 4% of 0 employee SMEs</li> <li>• 4% of those with 1-9 employees</li> <li>• 3% of those with 10-49 employees</li> <li>• 2% of those with 50-249 employees</li> </ul> <p>Amongst SMEs with employees, 4% had previously been declined.</p>
Excluding the PNBs	<p>Once the PNBs were excluded, 5% of remaining SMEs had experienced a previous decline (compared to 1% of PNBs).</p>
Risk rating	<p>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.</p>
Use of external finance	<p>6% of those currently using external finance had experienced a previous decline, compared to 2% of those who were not using external finance.</p>

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.

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.

<b>Impact of previous decline by bank</b>		<b>Made more reluctant by decline</b>	<b>Declined but not made more reluctant</b>	<b>Not previously declined</b>
<b>All SMEs YEQ4 20</b>	<b>All SMEs</b>			
<i>Unweighted base:</i>	<b>17,768</b>	<b>418</b>	<b>179</b>	<b>17,171</b>
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).