

12

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.

12. AWARENESS OF TASKFORCE AND OTHER INITIATIVES

KEY FINDINGS

In order to make space for the Covid-19 and other new questions already reported, many of the metrics in this section were rested after Q1 2020. The 2021 report provided this data where it was available but it has not been included here if no new data had been gathered in 2022.

In Q4 2022, 1 in 3 SMEs (36%) had heard of either of the two current Government backed pandemic schemes, Pay as you Grow and the Recovery Loan scheme:

- 31% had heard of Pay as you Grow, increasing to 39% of those in Property/Business Services, 39% of those using external finance and 35% of those with plans to grow (who typically had higher awareness of initiatives).
- 20% had heard of the Recovery Loan Scheme, increasing to 27% of those in Property/Business Services and 26% of those using external finance.

Just over half of SMEs (56%) had heard of any of 4 other support measures, with awareness highest for the Financial Ombudsman Scheme:

- 53% of SMEs had heard of the Financial Ombudsman Service, increasing to 72% of those with 50-249 employees and 61% of those using finance.
- 18% had heard of the Standards of Lending Practice and 10% each had heard of the Business Banking Resolution Service and/or the SME Finance Charter.

65% of SMEs in Q4 2022 (excluding PNBs) were aware of Crowd funding/peer to peer lending:

- This was at the upper end of the range typically seen and was slightly higher for those planning to apply for finance (72%).

In H2 2022, 24% of exporters had heard of the General Export Facility, up slightly from 19% in H2 2021.

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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.

In order to create space for the Covid related questions, many of these core tracking questions were rested from Q2 2020. This chapter provides details of those core measures that remain, as well as other newer initiatives that have been added to the questionnaire.

The table below details awareness of the British Business Bank. A stable 1 in 5 SMEs were aware of BBB:

Awareness of BBB	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Over time – all SMEs	2021	2021	2021	2021	2022	2022	2022	2022
Unweighted base:	4263	4250	3888	4085	4250	4250	4250	4252
The British Business Bank*	24%	21%	19%	21%	18%	20%	19%	21%
The BBB's Finance Hub	19%	6%	6%	8%	8%	9%	12%	12%
Aware of BBB / Finance hub	24%	21%	19%	22%	19%	20%	20%	23%

QAw1 from Q2 2020

As the table below shows, SMEs with a better external risk rating, those in Property/Business Services and those trading for 2-5 years were the most likely to be aware of the BBB:

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Any awareness: Over time By date of interview – row percentages	BBB/Hub					
	Q3 2020	Q4 2020	Q2 2021	Q4 2021	Q2 2022	Q4 2022
All SMEs	24%	26%	21%	22%	20%	23%
0 emp	22%	24%	20%	22%	20%	22%
1-9 emps	29%	31%	24%	23%	22%	24%
10-49 emps	34%	34%	30%	26%	25%	25%
50-249 emps	39%	35%	33%	25%	21%	17%
Minimal external risk rating	28%	31%	27%	21%	22%	30%
Low	25%	30%	19%	22%	19%	24%
Average	27%	23%	20%	22%	19%	22%
Worse than average	21%	28%	22%	24%	21%	22%
Agriculture	18%	22%	17%	20%	24%	19%
Manufacturing	19%	25%	27%	26%	18%	20%
Construction	20%	23%	13%	18%	24%	16%
Wholesale/Retail	34%	31%	27%	20%	18%	24%
Hotels & Restaurants	26%	26%	28%	22%	13%	17%
Transport	32%	18%	24%	15%	17%	28%
Property/ Business Services	25%	32%	24%	28%	24%	31%
Health	22%	15%	19%	25%	14%	9%
Other	15%	31%	17%	22%	19%	18%
PNBs	22%	23%	18%	20%	18%	22%
All excl PNBs	25%	28%	24%	24%	22%	23%
Starts	27%	35%	17%	31%	24%	22%
2-5 years trading	24%	27%	23%	20%	19%	27%
6-9 years	29%	24%	23%	20%	22%	24%
10-15 years	21%	21%	25%	20%	20%	24%
15 years+	23%	24%	21%	20%	19%	21%

AW1 and BBB1 All SMEs

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The rest of this chapter looks at the awareness of other initiatives that have been included in 2022. Changes were made during the year, but all were asked in Q4 2022 and so are reported on that basis here.

AWARENESS OF SUPPORT INITIATIVES Q4 2022

Respondents were prompted with the names of a range of different initiatives relating to pandemic funding. As the table below shows, 36% of SMEs in Q4 2022 were aware of either or both of these specific schemes, with lower awareness for those with 50-249 employees:

Awareness of funding initiatives		0	1-9	10-49	50-249
Q4 22 – all SMEs	Total	emp	emps	emps	emps
<i>Unweighted base:</i>	4252	832	1471	1407	542
Pay as you Grow	31%	31%	33%	31%	16%
The Recovery Loan scheme	20%	20%	21%	19%	11%
<i>Either of these</i>	36%	36%	38%	36%	17%
<i>Neither of these</i>	64%	64%	62%	64%	83%

AW1c56 All SMEs

Amongst those with employees, 37% were aware of either of these initiatives, while amongst those using external finance, 46% had heard of either initiative (39% Pay as you Grow and 26% the Recovery Loan scheme).

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A number of schemes have been developed to support SMEs in their relationships with their bank, including, from Q3 2022, the SME Finance Charter. Over half had heard of the Financial Ombudsman, which has a wider role with consumers, but awareness of the other initiatives was limited:

Awareness of support initiatives		0	1-9	10-49	50-249
Q4 22 – all SMEs	Total	emp	emps	emps	emps
Unweighted base:	4252	832	1471	1407	542
The Financial Ombudsman Service	53%	53%	52%	55%	72%
The Standards of Lending practice	18%	18%	18%	24%	13%
The Business Banking Resolution Service	10%	10%	10%	10%	9%
The SME Finance Charter	10%	10%	9%	11%	8%
Any of these	56%	55%	55%	57%	75%
None of these	44%	45%	45%	43%	25%

AW1 All SMEs

Amongst those using external finance, 22% had heard of the Standards of Lending Practice and 13% had heard of the SME Finance Charter.

Exporters were asked if they were aware of the General Export Facility from UK Export Finance. In order to provide robust analysis the figures quoted below are for H2 2022:

- 24% of exporters had heard of this facility (from 19% in H2 2021).
- Awareness varied little by size of exporter (21-26%)
- Of the two main international sectors, 24% of exporters in Wholesale/Retail were aware of the General Export Facility and 32% of those in Manufacturing.
- Those who were importing as well as exporting (typically larger SMEs) were slightly less aware (20%) than those who only exported (29%).
- Awareness levels were the same amongst exporters using external finance (25%) as for those who weren't (23%).

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AWARENESS OF ALL INITIATIVES BY KEY GROUPS

The table below brings together all the initiatives available to all SMEs by key demographics:

Awareness:						
Q4 2022 row percentages	PayG	Recy Ln	BB Resln	Finl Omb	Lending Sta'ds	SME Charter
All SMEs	31%	20%	10%	53%	18%	10%
0 emp	31%	20%	10%	53%	18%	10%
1-9 emps	33%	21%	10%	52%	18%	9%
10-49 emps	31%	19%	10%	55%	24%	12%
50-249 emps	16%	11%	9%	72%	13%	9%
Minimal external risk rating	35%	20%	13%	62%	27%	13%
Low	31%	22%	10%	56%	18%	9%
Average	34%	22%	11%	49%	17%	11%
Worse than average	30%	18%	9%	53%	17%	9%
Agriculture	30%	17%	10%	60%	19%	16%
Manufacturing	22%	12%	8%	48%	16%	9%
Construction	29%	16%	6%	44%	18%	8%
Wholesale/Retail	32%	24%	16%	52%	24%	12%
Hotels & Restaurants	31%	17%	6%	50%	13%	7%
Transport	31%	20%	14%	55%	16%	9%
Property/ Business Services	39%	27%	11%	60%	20%	12%
Health	28%	16%	9%	41%	8%	7%
Other	23%	18%	9%	56%	19%	10%
Starts	26%	20%	10%	51%	23%	9%
2-5 years trading	28%	25%	11%	50%	18%	7%
6-9 years	41%	24%	8%	51%	15%	8%
10-15 years	32%	15%	9%	64%	20%	13%
15 years+	32%	20%	11%	51%	16%	10%

AW1 All SMEs

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The table above shows limited variations with few consistent patterns across the various initiatives tested:

- With the exception of the Financial Ombudsman, the largest SMEs were somewhat less likely to be aware of these initiatives.
- There was little variation by risk rating, with the exception of the Lending Standards.
- Those in the Property/Business Services sector had higher awareness of a number of initiatives, including Pay as you Grow, and awareness was also higher for this initiative amongst those trading for 6-9 years.

The table below looks at awareness by future plans around growth and finance, as well as current use of finance:

- Those with plans to grow in the coming year remained slightly more likely to be aware of these initiatives than those with no such plans.
- Those with plans to apply for finance were slightly more likely to be aware of Pay as you Grow and the Recovery Loan scheme, as were those already using external finance.

Awareness:						
Q4 2022 row percentages	PayG	Recy Ln	BB Resln	Finl Omb	Lending Sta'ds	SME Charter
All SMEs	31%	20%	10%	53%	18%	10%
Plan to grow	35%	23%	12%	56%	23%	12%
No plans to grow	29%	19%	9%	51%	14%	9%
Plan to apply for finance	41%	25%	13%	53%	18%	13%
Future would-be seekers	29%	18%	6%	57%	19%	9%
Future Happy non-seekers	31%	20%	11%	52%	18%	10%
PNBs	29%	18%	10%	48%	16%	9%
All excl PNBs	33%	23%	11%	58%	20%	11%
All using external finance	39%	26%	12%	61%	22%	13%

AW1 All SMEs

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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 both 2021 and 2022 this question was asked in Q4 only due to space being needed for more topical 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 Q4 2022 with the PNBs excluded as has been standard practice in the past.

Awareness was highest for Venture Capital and equity crowd funding (around half of these SMEs), with around 4 in 10 aware of either peer-to-peer lending or Business Angels. Overall, two thirds had heard of one or more of these forms of funding:

Awareness of finance sources

All SMEs excl PNBs Q4 2022	Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:	2484	389	868	968	259
Venture Capital	51%	52%	47%	53%	36%
Equity crowd funding platform	50%	51%	48%	52%	30%
Peer to peer lending platform	42%	42%	42%	44%	27%
Business Angels	37%	39%	33%	31%	23%
Any of these	65%	66%	62%	62%	44%
Not aware	35%	34%	38%	32%	56%

Q111 (238a3x) All SMEs excl PNBs and DK

Amongst those with employees, 69% were aware of one or more of the forms of funding tested.

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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'. Given the reduced frequency with which this question is asked, the analysis focusses on Q4 of each year for which comparable data is available.

Overall awareness of these forms of funding has been around 6 in 10 since Q4 2019, rising to 7 in 10 in Q4 2022 primarily due to increased awareness amongst 0 employee SMEs. Awareness amongst those with 1-9 or 10-49 employees has increased slightly, while those with 50-249 employees have seen a drop in awareness:

Crowd funding/peer to peer lending

All SMEs excl PNBs Row percentages	Q4 2018	Q4 2019	Q4 2020	Q4 2021	Q4 2022
All	53%	57%	59%	58%	65%
0 emps	54%	59%	57%	57%	66%
1-9 emps	50%	50%	63%	60%	62%
10-49 emps	57%	56%	65%	62%	68%
50-249 emps	68%	64%	59%	51%	44%
All planning to apply	61%	66%	60%	61%	72%

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

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The table below provides more detail on use, awareness and consideration of ‘crowd funding’ i.e. equity crowd funding platforms and/or peer to peer lending, for Q4 2022. Very few SMEs were using this form of finance (<1%) while 1 in 10 would consider using it in future (20% of those aware, the equivalent of 10% of all SMEs excluding the PNBs):

Awareness and use of crowd funding						
All SMEs excl PNBs Q4 2022		Total	0 emps	1-9 emps	10-49 emps	50-249 emps
Unweighted base:		2484	389	868	968	259
Aware of ‘crowd funding’		56%	57%	54%	57%	35%
-	Using crowd funding	*	*	*	*	*
-	Unsuccessfully applied for crowd funding	*	*	*	*	*
-	Would consider applying in future	11%	13%	9%	7%	4%
-	Would <u>not</u> consider applying	43%	42%	45%	49%	31%
Not aware		42%	43%	40%	38%	49%
% aware who would consider		20%	22%	16%	12%	8%

Q111/112 (238a3x4) All SMEs excl PNBs

With the exception of the largest SMEs, 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.

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As the table below shows:

- Awareness has increased steadily over time, to just over half of SMEs, excluding the PNBs (56% in Q4 2022).
- The proportion of SMEs who would consider applying for such finance increased to 20% in H2 2019 but was back to 10% in 2020 and 11% in Q4 2022.
- As a result, a stable 20% of SMEs aware of crowd funding in Q4 2022 said they would consider it as a form of funding, still somewhat lower than the 1 in 3 more commonly seen up to H2 2019.

Awareness and use of crowd funding						
All SMEs excl PNBs Over time	H2 2017	H2 2018	H2 2019	Q1&4 2020	Q4 2021	Q4 2022
Unweighted base:	5891	5691	6085	5855	2416	2484
Aware of crowd funding	44%	47%	52%	52%	58%	56%
- <i>Would consider applying in future</i>	13%	15%	20%	10%	13%	11%
% aware who would consider	30%	32%	38%	19%	22%	20%

Q111/112 (238a3) All SMEs excl PNBs