

Small Business Finance Markets Report 2020/21

Record levels of smaller businesses sought external financial support

45%

of SMEs applied for external financial support in 2020, compared to 13% in 2019



£104bn

gross bank lending (excluding overdrafts) to smaller businesses, 82% higher than 2019



Surge in use of government-backed finance schemes and grants

25%

of SMEs using loans, up from 10% in previous years



31%

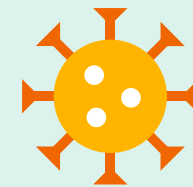
of businesses using grant funding, up from 2% in 2019



External finance most often sought for cashflow

89%

of businesses seeking finance in 2020 did so because of the impact of Covid-19



75%

of these SMEs sought external finance to help with cashflow



Both cash balances and debt have risen

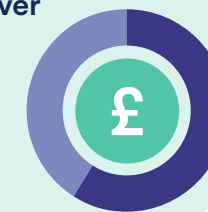
23%

of SMEs have spent all their facilities, and 19% had not spent any by Q3 2020



59%

of SMEs using Covid-19 loans have borrowed more than 20% of their turnover



Moving towards recovery

In the 4th quarter of 2020:

21%

of businesses expected to grow over the next 12 months



SMEs in business services (25%) and production (23%) sectors were most optimistic about their prospects for growth over the next year



More SMEs will look to grow as the economy emerges from lockdown

