



EUROPEAN CENTRAL BANK

EUROSYSTEM

Survey on the Access to Finance of Enterprises in the euro area

April to September 2016

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Introduction

This report presents the main results of the 15th round of the Survey on the Access to Finance of Enterprises (SAFE), which was conducted between 19 September and 27 October 2016. The total euro area sample size was 11,233 enterprises, of which 10,245 (91%) had fewer than 250 employees.¹ The report mainly provides evidence on changes in the financial situation, financing needs and access to external financing of small and medium-sized enterprises (SMEs) in the euro area, and compares it with that of large enterprises. In addition, it provides an overview of developments in SMEs' access to finance across euro area countries. The reference period is the period from April to September 2016.

¹ See Annex 3 for details on methodological issues related to the survey set-up.

1 Overview of the results

According to the results from the 15th round of the Survey on the Access to Finance of Enterprises (SAFE), euro area SMEs continued to signal improvements in their overall income situation. In particular, SMEs reported a strengthened increase in **turnover** (19%) in net terms², which was widespread across all classes of firm size and most countries. Only SMEs in Greece continued to signal deterioration in their turnover, albeit markedly less than in the previous round.

For the third consecutive time, euro area SMEs continued to signal broadly unchanged **profits** (0%, from -1% in the previous two waves), after a long period of sizeable negative developments since the beginning of the survey. At the same time, SMEs signalled a greater increase in **other costs** (37%) across all firm size classes and, as was the case in every wave since the start of the survey, an increase in **labour costs** (44%). These results are in line with the somewhat improved capacity of euro area non-financial corporations to generate earnings, driven by the gradual economic recovery but still muted corporate profitability, reflecting the limited ability of firms to pass on rising costs to output prices in an environment of weak demand.

Euro area enterprises also reported overall improvements in their debt situation. SMEs signalled their continued involvement in the **deleveraging** process, reflected by slightly larger net declines in their debt-to-total assets ratio (-8%). **Declines in interest expenses** were also reported by firms in all size classes other than micro enterprises.

SMEs in the euro area continued to be less concerned about **access to finance** as an impediment compared with other factors related to their business activity. Indeed, “Access to finance” was considered the least important concern for euro area SMEs (9%) while difficulties in “Finding customers” remained the dominant concern (25%), followed by lack of “Availability of skilled labour”, increased “Costs of production and labour”, strengthened “Competitive pressures” and non-accommodative “Regulation”. There is still significant divergence across countries regarding the difficulties in accessing external sources of finance. Some 24% of SMEs in Greece, 12% in Ireland and 11% in Italy, Portugal and the Netherlands, respectively, mentioned that access to finance was the most significant problem, compared with 7% of SMEs in Austria, 7% in Slovakia and 6% in Germany.

In net terms, euro area SMEs reported relatively stable external financing needs overall. For the third consecutive round, only a net 1% of SMEs signalled an increase in their **need (demand) for bank loans**. As regards the demand for **bank overdrafts**, broadly unchanged increases were reported by all size classes. These results square with available evidence from the latest euro area bank lending survey

² Net terms or net percentages are defined as the difference between the percentage of enterprises reporting that a given factor has increased and the percentage of those reporting that it has declined.

of October 2016, suggesting a continued increase in loan demand across all loan categories.

Fixed investments and **inventory and working capital** remained the two most important purposes for which SMEs used their total (internal and external) financing, with their importance increasing with firm size.

For the fourth time in a row, SMEs confirmed, on balance, an increase in the **availability of bank financing** (loans and bank overdrafts) and the **willingness of banks** to provide credit at lower interest rates (see Table A and **Chart 12**). These developments align with results from the euro area bank lending survey, which suggest favourable supply-side conditions for lending to enterprises during the period under review in this survey round. Compared with the previous wave, a significant part of the improvement in bank loan availability was attributable to Belgium, France, Portugal, Finland and the Netherlands. In marked contrast to all other euro area countries, Greek SMEs continued to record a sizeable net worsening in the availability of bank loans. The somewhat weakened improvement in the availability of bank overdrafts was mainly due to the smaller increases reported by SMEs in Belgium, Germany, Ireland, Italy and Slovakia.

Table A

Latest developments in SAFE country results for SMEs

(over the preceding six months; net percentage of respondents)

	NEEDS				AVAILABILITY				FINANCING GAP		FINANCING OBSTACLES	
	bank loan		bank overdraft		bank loan		bank overdraft		15H2	16H1	15H2	16H1
euro area	1	1	6	5	10	11	10	8	-4	-3	11	10
BE	3	6	8	7	6	13	8	6	-1	-2	8	7
DE	-10	-10	-2	1	14	11	14	8	-10	-7	7	7
IE	-3	-1	10	2	17	13	15	11	-6	-5	12	10
GR	29	26	26	24	-27	-27	-21	-17	27	23	34	34
ES	2	-3	10	6	30	26	26	25	-13	-11	12	12
FR	9	10	18	10	1	7	0	0	5	3	10	9
IT	7	8	5	6	10	10	7	3	-1	-1	13	11
NL	-8	-8	-2	-3	4	6	7	8	-5	-5	12	12
AT	-10	-10	4	0	-1	0	1	5	-2	-4	7	7
PT	-1	0	9	3	10	15	10	14	-4	-7	9	12
SK	1	0	5	7	22	18	24	17	-11	-5	10	9
FI	-9	-4	3	1	-5	2	2	4	-2	-4	6	5

Note: For the definitions of needs, see the note to Chart 8, for availability, see the note to Chart 12 and for the financing gap, see the note to Chart 14. 15H2 refers to round fourteen (October 2015-March 2016) and 16H1 to round fifteen (April -September 2016) of the survey.

Turning to the **factors affecting the availability** (supply) of external financing for SMEs, the favourable supply-side conditions were once again driven by the improvement in the willingness of banks to provide credit, which was widespread across all size classes. Although this round confirmed once again the positive developments in the contributions of most factors, the general economic outlook continued to have a small negative impact on SMEs' financing conditions, as in the previous survey periods.

The **external financing gap** of euro area SMEs, which measures the perceived difference at firm level between the need for external funds and the availability of funds, continued to record a negative value at the euro area level for the third

consecutive time. This means that SMEs in most countries signalled that the potential supply of external funds may have exceeded their need for external financing.

During the period from April to September 2016, 29% of all SMEs applied for a loan. Of these, 69% were fully successful in their loan applications and 7% reported that their application had been rejected. The overall **indicator of financing obstacles**³ to receiving a bank loan improved slightly, falling from 11% to 10%, with an improvement spread among most countries. Only in Portugal was there an increase in the percentage of SMEs indicating greater financing obstacles.

On balance, SMEs reported that **terms and conditions** for bank loans had improved. In line with the improvement in the availability of bank loans, SMEs continued to report a net decline in interest rates in the context of an increase in the available size and maturity of loans and overdrafts. By contrast, a positive net percentage of SMEs continued to indicate a tightening in the collateral and other requirements of banks, as well as in other costs of financing related, in particular, to charges, fees and commissions.

The financial situation of **large enterprises** remained better than that of SMEs, as they continued to report marked increases in both turnover and profits in the period from April to September 2016. In addition, around 46% of large firms applied for a bank loan with a success rate that was much higher (78%) and a rejection rate that was much lower (1%) than those of SMEs, indicating that, overall, they experienced easier access to finance compared with SMEs. According to the survey results, the average interest rate charged to large enterprises on credit lines or bank overdrafts was an estimated 200 basis points lower than that paid by SMEs.

Overall, in this survey round, replies by euro area enterprises signalled stable improvements in their external financing conditions, remaining supportive of the projected recovery in business investment and external financing. At the same time, the financial situation of firms, although improved, remains quite heterogeneous across the corporate sector. In a financial system dominated by bank-based credit intermediation, euro area firms, especially SMEs, often still have limited access to market financing. The ECB's standard and non-standard monetary policy measures contributed to the improvement in financial market conditions and supported the easing of lending conditions, thus facilitating SMEs' access to credit.

³ The financing obstacles indicator is the sum of the percentages of SMEs reporting rejections of loan applications, loan applications for which only a limited amount was granted, and loan applications which resulted in an offer that was rejected by the SMEs owing to borrowing costs that were too high, as well as the percentage of SMEs which did not apply for a loan for fear of rejection.

2 The financial situation of SMEs in the euro area

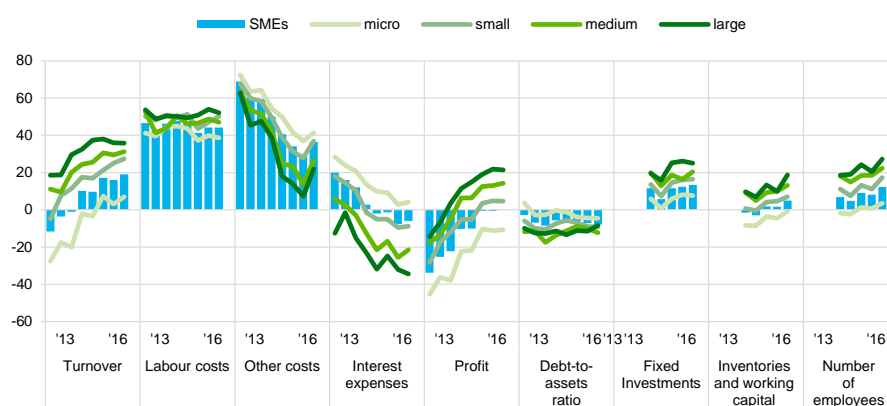
2.1 Overall improvement in the financial situation of euro area SMEs

In the period between April and September 2016 the financial situation of euro area SMEs improved overall across most firm sizes, supported by the ongoing economic recovery and more favourable financing conditions (see [Chart 1](#)).

Chart 1

Change in the income and debt situation of euro area enterprises

(over the preceding six months; net percentage of respondents)



Q2: Have the following company indicators decreased, remained unchanged or increased over the past six months?

Base: All enterprises. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.

Note: The net percentage is the difference between the percentage of enterprises reporting an increase for a given factor and that reporting a decrease. From round eleven onwards (April-September 2014), the concept of "Net interest expenses (what you pay in interest for your debt minus what you receive in interest for your assets)" was changed to "Interest expenses (what your company pays in interest for its debt)".

In net terms⁴, euro area SMEs⁵ continued to report a strengthened increase in **turnover** (19%, from 16% in the previous survey period⁶), which was widespread across firm size classes and most countries. In particular, micro enterprises signalled a positive development for the third consecutive time (7%, from 3%), while sizeable and strengthened net percentages of small and medium-sized enterprises continued to report increases in turnover (27% and 31%, from 25% and 30%, respectively). Large enterprises continued to report marked but stable increases in turnover.

⁴ Net terms or net percentages are defined as the difference between the percentage of enterprises reporting that a given factor has increased and the percentage of those reporting that it has declined.

⁵ Micro enterprises are enterprises with 1-9 employees, while small enterprises are those with 10-49 employees, medium-sized enterprises have 50-249 employees and large enterprises have more than 250 employees. SMEs comprise micro, small and medium-sized enterprises.

⁶ The reference period for the previous survey round was October 2015 to March 2016.

A large net proportion of euro area SMEs across all size classes continued to signal rising **labour costs** (unchanged at 44%) and greater increases in **other costs** (37%, from 29%). The net percentage of large enterprises reporting an increase in labour costs was slightly lower (52%, from 54%), while the percentage reporting an increase in other costs rose markedly (22%, from 7%).

For the third consecutive time euro area SMEs continued to signal broadly unchanged **profits** (0%, from -1% in the previous two waves) after a long sequence of distinctively negative developments since the beginning of the survey. All size classes reported stable developments in their profits, although still in negative territory for micro firms (unchanged at -11%). The increase in profits signalled by large firms was also broadly stable at 21%.

Deleveraging in euro area enterprises was reported to have continued. SMEs continued to indicate a slightly increased decline in their debt-to-total assets ratio (-8%, from -7%), while the percentage of large enterprises signalling reductions receded (-8%, from -11%).

Declines in **interest expenses** were reported across all firm sizes, with the exception of micro enterprises, of which 4% (from 3%) reported an increase. On balance, 6% of SMEs reported a reduction in interest expenses (from 8%). Large enterprises continued to indicate marked net declines in interest expenses (-34%, from -32%).

Euro area SMEs confirmed strengthened positive developments in **fixed investments** (13%), **inventories and working capital** (5%) and **number of employees** (12%). Only micro enterprises continued to report a decrease in their inventories and working capital, albeit smaller than in the previous wave. Large firms continued to report sizeable positive net percentages in each of these categories.

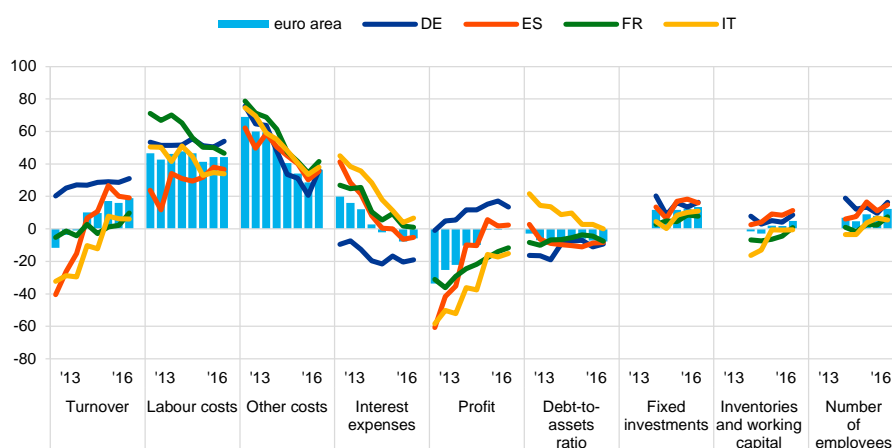
Among the largest euro area countries, increasing positive net percentages for turnover were reported by SMEs in Germany (31%, from 29%) and France (10%, from 2%), while a stable increase in turnover was reported by Italian SMEs and a slightly smaller improvement by Spanish SMEs (see **Chart 2**). Among other euro area countries, increasing net percentages of SMEs in the Netherlands, Ireland, Portugal and Finland reported increases in their turnover (see Chart 1a in Annex 1). By contrast, SMEs in Greece continued to report a deterioration in their turnover, albeit markedly smaller than in the previous round (-4%, from -20%).

In this survey round, SMEs reported mixed results for their profit dynamics. In net terms, SMEs in the Netherlands (25%), Ireland (17%), Germany (13%), Austria (12%) and Finland (8%) reported sizeable increases in their profits. However, in Germany the number of firms reporting an increase in profits fell in net terms (13%, from 17%), while in Finland it went up (8%, from 1%). By contrast, SMEs in Greece (-42%), Italy (-15%), France (-12%) and Belgium (-6%) continued to indicate reductions in their profits, although in all of these countries except Belgium there was a slight improvement compared with the previous wave.

On balance, SMEs in most countries reported declines in their debt-to-assets ratio (see also Chart 2a in Annex 1), with the exception of Greek SMEs, which continued to signal small increases (2%), and Italian SMEs, which did not signal any specific change. On balance, SMEs continued to report a reduction in interest expenses on debt, whereas SMEs in France, Greece, Ireland, Italy and Portugal reported increases.

Chart 2
Change in the income and debt situation of euro area SMEs

(over the preceding six months; net percentage of respondents)



Q2: Have the following company indicators decreased, remained unchanged or increased over the past six months?

Base: All SMEs. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
Note: See the note to Chart 1. From round eleven onwards (April-September 2014), the concept of "Net interest expenses (what you pay in interest for your debt minus what you receive in interest for your assets)" was changed to "Interest expenses (what your company pays in interest for its debt)".

SMEs across countries continued to report, on balance, marked increases in labour costs and other costs. Noteworthy reductions were reported in the still sizeable net increases in labour costs reported by SMEs in Austria (49%, from 61%) and Belgium (35%, from 44%). The increase in the number of SMEs reporting higher other costs, in net terms, compared with the previous wave was observable in all euro area countries other than Austria and Portugal.

As regards fixed investments, SMEs reporting net increases were widespread across countries. Among the largest euro area countries reporting positive net percentages, there was a slight increase in Germany and Italy, while there was a slight reduction in Spain and France, compared with the previous round. Larger positive values were registered in most of the remaining countries with the exception of Portugal, where SMEs reported equally sizeable increases, and Belgium, where the net increases were somewhat smaller than in the previous round.

Regarding developments in inventories and working capital, SMEs in most countries reported continued increases. Among large countries, the first positive, albeit marginal, net percentage in France (1%, from -4%) is noteworthy. SMEs in Italy reported broadly neutral developments for the third consecutive time, while SMEs in Germany and Spain reported higher positive net percentages. Among the other countries, higher positive net percentages were reported by SMEs in Ireland (17%),

Slovakia (15%) and Finland (7%). SMEs in Greece recorded a markedly smaller net reduction in their inventories and working capital (-17%, from -28%).

2.2 SMEs continued to rank access to finance as their least important concern

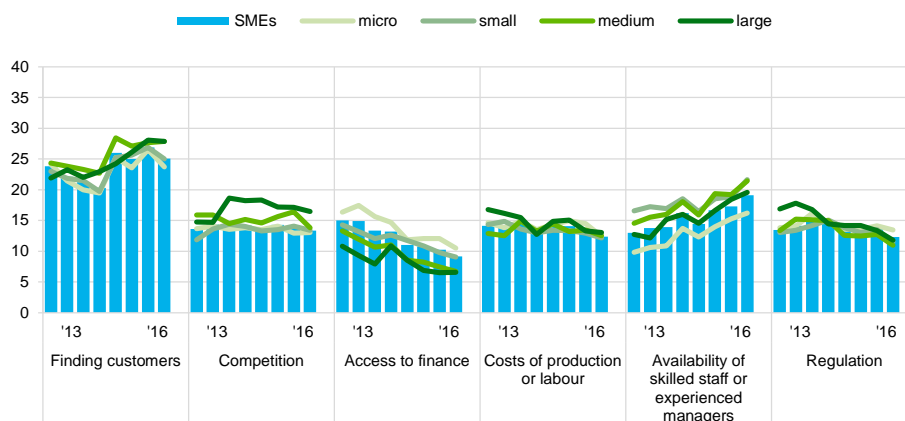
During the period from April to September 2016, SMEs continued to rank access to finance as their least important concern, confirming further improvements in their financing conditions (see [Chart 3](#)).

“**Finding customers**” was the dominant concern for euro area SMEs in this survey period, with 25% of euro area SMEs mentioning this as their main problem (from 27% in the previous survey round). “**Access to finance**” was considered the least important concern (9%, from 10%), after “Cost of production” (12%), “Regulation” (12%), “Competition” (13%) and “Availability of skilled labour” (19%). Among SMEs, access to finance was a more important problem for micro enterprises (11%). For large enterprises, “Finding customers” (28%) was reported as the dominant concern, followed by “Availability of skilled labour” (20%) and “Competition” (16%). “Access to finance” was mentioned less frequently as an important problem for large firms (7%, unchanged for the third time).

Chart 3

The most important problems faced by euro area enterprises

(percentage of respondents)



Q0. How important have the following problems been for your enterprise in the past six months?

Base: All enterprises. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey. Note: The formulation of the question has changed over the survey rounds. Initially, respondents were asked to select one of the categories as the most pressing problem. From round eight, respondents were asked to indicate how pressing a specific problem was on a scale from 1 (not pressing) to 10 (extremely pressing). In round seven, the formulation of the question followed the initial phrasing for half of the sample and the new phrasing for the other half. Additionally, if two or more items had the highest score in question Q0B on the “pressingness” of the problems, a follow-up question (Q0C) was asked to resolve this, i.e. which of the problems was more pressing, even if only by a small margin. This follow-up question was removed from the questionnaire in round eleven. The past results from round seven onwards were recalculated, disregarding the replies to question Q0C. In round twelve, the word “pressing” was replaced by the word “important”.

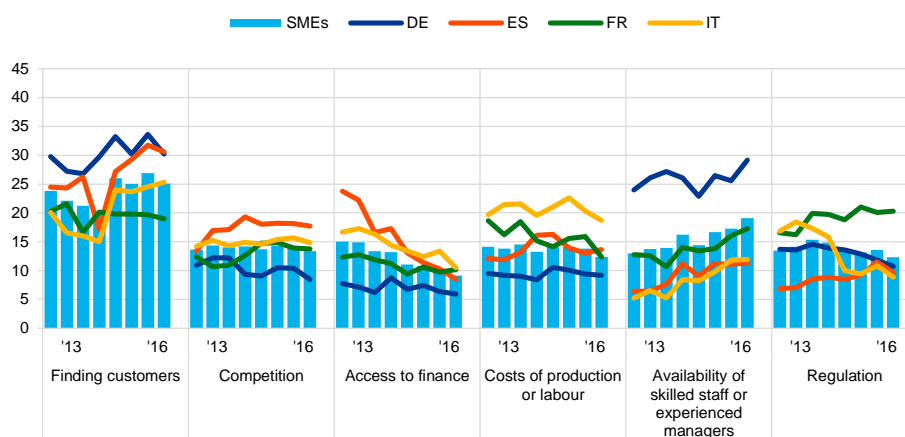
Wide divergences persisted across euro area countries in terms of what SMEs reported to be their main problem. “**Access to finance**” remained the dominant concern for SMEs in Greece (24%), Ireland (12%), Italy, Portugal and the

Netherlands (all 11%), compared with 7% of SMEs in Austria and Slovakia and 6% in Germany (see [Chart 4](#) and Chart 3a in Annex 1).

Chart 4

The most important problems faced by euro area SMEs

(percentage of respondents)



Q0. How important have the following problems been for your enterprise in the past six months?

Base: All SMEs. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
Note: See the note to Chart 3.

Although ranked as the most important problem at the euro area level, there were dominant concerns other than “**Finding customers**” in France (regulation), Belgium (availability of skilled staff), Greece (access to finance), Slovakia (availability of skilled staff) and Finland (competition). The “**Availability of skilled staff or experienced managers**” was reported as a significant concern in Slovakia (31%), Germany (29%), Belgium (25%), Austria (25%) and the Netherlands (23%).

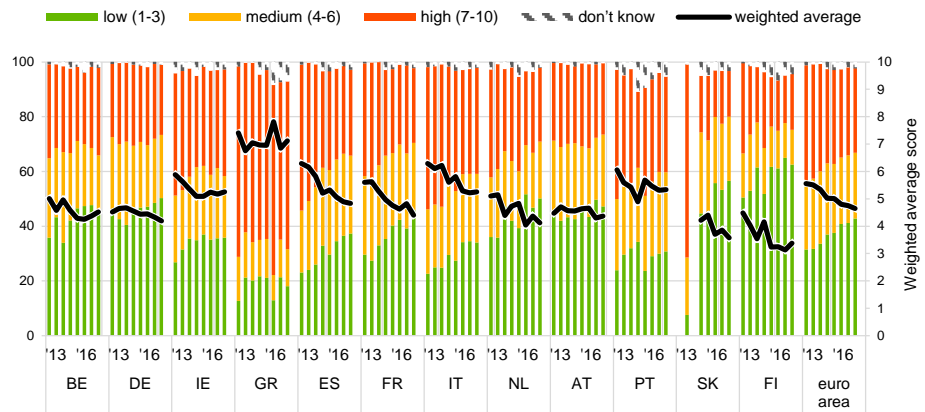
When asked whether “**access to finance**”⁷ was a problem in their current situation, SMEs in Greece continued to perceive it as a very important problem (rating it at approximately 7 on a scale of 1-10; see [Chart 5](#)). A score close to the euro area average (about 5) was reported by SMEs in Belgium, Italy, Ireland, Portugal and Spain. The rest of the countries reported a score of around 4, while SMEs in Finland continued to report on average the lowest score (close to 3).

⁷ See the note to Chart 8.

Chart 5

Importance of access to finance as perceived by SMEs across euro area countries

(percentages and weighted averages)



Q0. How important have the following problems been for your enterprise in the past six months?

Base: All SMEs. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
 Note: Enterprises were asked to indicate how important a specific problem was on a scale from 1 (not at all important) to 10 (extremely important). In the chart, the scale has been divided into three categories: low (1-3), medium (4-6) and high importance (7-10). The weighted average score is an average of the responses using the weighted number of respondents as weight. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards, Slovakia has been included in the sample in each survey round.

3 External sources of financing and needs of SMEs in the euro area

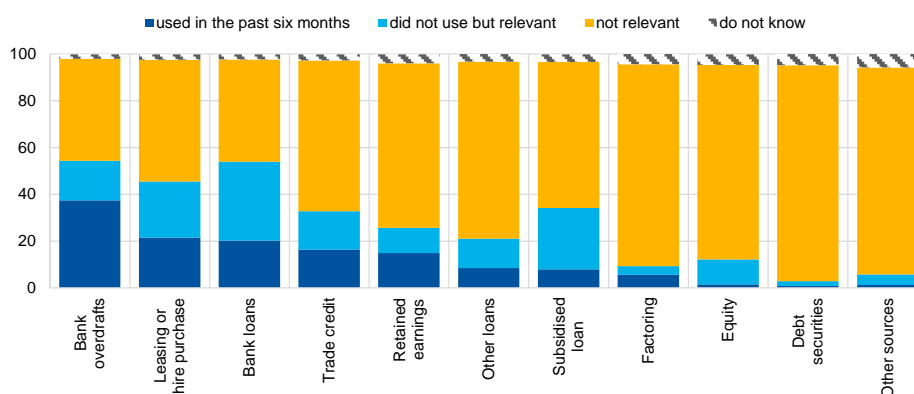
3.1 Use of most financing sources increases with firm size

Bank-related products remained the most relevant financing source for SMEs vis-à-vis market-based instruments and other sources of finance (see **Chart 6**).

During the period from April to September 2016, 54% of SMEs considered bank loans to be relevant and an equal percentage included bank overdrafts.⁸ Leasing and trade credit were relevant for 45% and 33% of SMEs, respectively. Furthermore, 34% of SMEs signalled that grants and subsidised loans, which involve support from public sources in the form of guarantees or other interventions, were relevant for their financing. Internal funds also played an important role as an alternative source of finance, as indicated by 26% of SMEs. Other loans, for example from family, friends or related companies, were important sources of financing for 21% of SMEs. Market-based sources of finance such as equity (12%) and debt securities (3%), as well as factoring (9%), were reported less often as relevant instruments.

Chart 6
Financing structure of euro area SMEs

(over the preceding six months; percentage of respondents)



Q4. Are the following sources of financing relevant to your enterprise, that is, have you used them in the past or considered using them in the future? If 'yes', have you obtained new financing of this type in the past six months?

Base: All SMEs. Figures refer to round fifteen (April-September 2016) of the survey.

The survey replies suggest that the use of most financing sources increases with the size of the firm. In particular, large firms are consistently reporting higher percentages than average SMEs across all instruments (see **Chart 7**), although

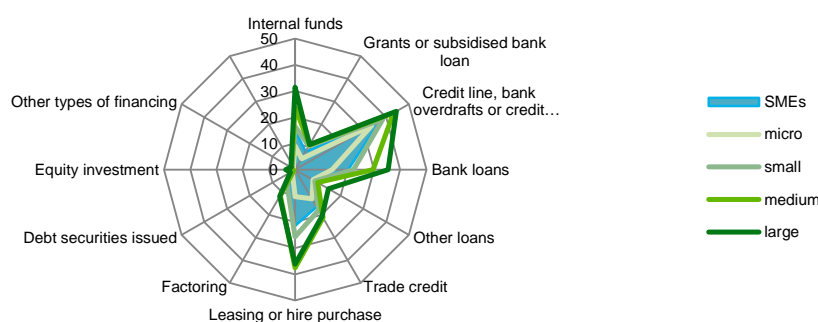
⁸ The formulation of the question allows the relevance of a specific financial instrument to be disentangled from its usage. See the SAFE questionnaire:
http://www.ecb.europa.eu/stats/pdf/surveys/sme/SAFE_Questionnaire_2016H1.pdf.

recourse to leasing or hire purchase was slightly higher for medium firms than large firms in this survey round. Short-term bank finance (credit line/bank overdraft/credit card), followed by leasing and long-term bank loans are the most often used financing instruments across all size classes in this round, while equity and debt securities are among the least often used sources of finance.

Chart 7

Use of internal and external funds by euro area enterprises across firm size

(percentage of respondents that had used the respective instrument in the past six months)



Q4. Are the following sources of financing relevant to your enterprise, that is, have you used them in the past or considered using them in the future? If 'yes', have you obtained new financing of this type in the past six months?

Base: All enterprises for which the respective instrument is relevant. Figures refer to round fifteen (April-September 2016) of the survey.

3.2 Overall stable external financing needs

In net terms, euro area SMEs reported broadly stable **external financing needs** overall (see **Chart 8**).

In particular, for the third consecutive round only a net 1% of SMEs signalled an increase in their **need (demand) for bank loans**⁹. It is noteworthy that small and medium-sized firms did not report any specific change, while micro firms reported a somewhat increased demand for bank loans (3%, from 0%). As regards the demand for **bank overdrafts**, broadly unchanged increases were reported in all size classes. SMEs reported a slightly smaller increase in **trade credit** (7%, from 9%), driven by similar developments signalled by micro and medium-sized enterprises.

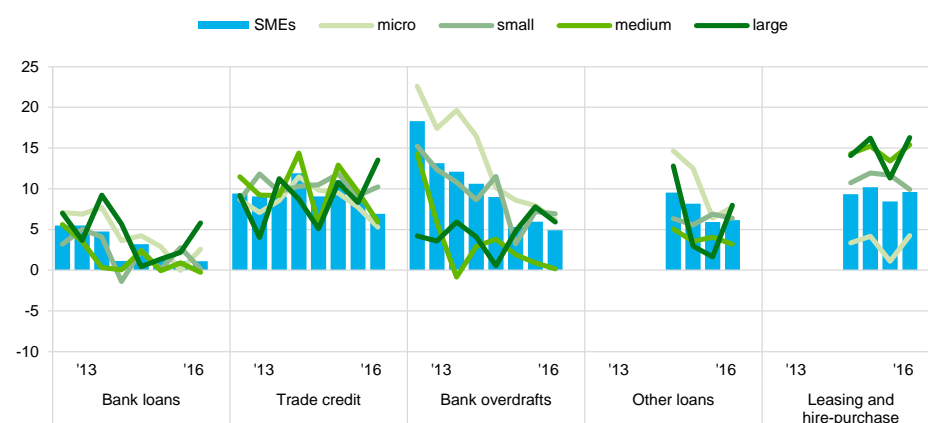
As for other sources of external finance, SMEs signalled a slightly strengthened increase in their need for **leasing or hire purchase** (10%) and **debt securities** (2%), while their financing needs increased slightly less for **equity** (7%) and at the same pace for **other loans** (6%).

⁹ See the note to Chart 8. Only survey respondents who report that a particular financing instrument is relevant for their enterprise are asked about their need for this source of financing (i.e. bank loans, bank overdrafts and credit lines, trade credit, equity and debt securities issuance).

In this survey round, **large** firms reported strengthened net increases in their need for most sources of finance. Although, in net terms, large firms reported slightly smaller increases in their need for bank overdrafts and equity financing, they did not record any specific change in their demand for debt securities. Compared with average SMEs, large firms reported greater increases in their need for most financing sources, while their need for equity and debt securities was lower than average SMEs, reflecting their better access to market-based sources of finance.

Chart 8
Change in external financing needs of euro area enterprises

(over the preceding six months; net percentage of respondents)



Q5. For each of the following types of external financing, please indicate if your needs increased, remained unchanged or decreased over the past six months.

Base: Enterprises for which the respective instrument is relevant. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.

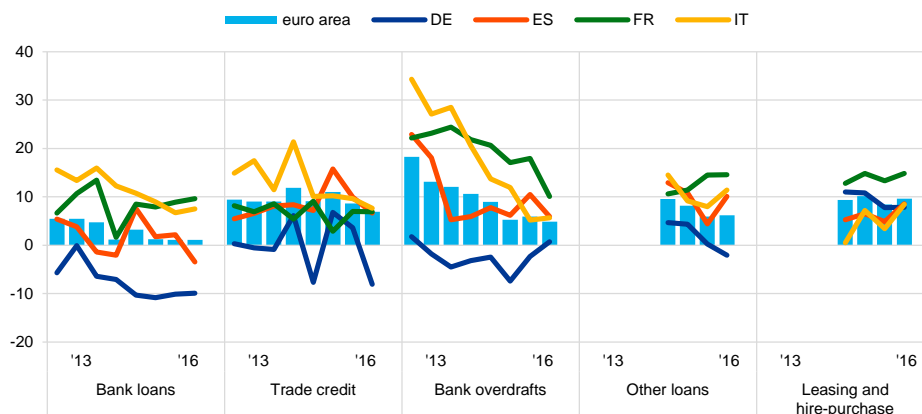
Note: The categories "Other loans" and "Leasing or hire-purchase" were introduced in round twelve (October 2014-March 2015). A financing instrument is "relevant" if the enterprise used the instrument in the past six months or did not use it but has experience of it (for rounds one to ten). From round eleven onwards, the respondents were asked whether the instrument was relevant, i.e. whether the enterprise had used it in the past or considered using it in the future. Given that the current concept of a "relevant" financing instrument differs from that used in the past, this might have an impact on the comparability over time for the following questions. Caution should therefore be exercised when comparing the recent results with those of the previous rounds.

Among the largest countries, SMEs in France and Italy continued to report increased needs for bank loans and bank overdrafts, while the need of SMEs in Spain for bank loans turned negative and their need for bank overdrafts increased at a slower pace (see **Chart 9**) in this round. German SMEs continued to report stable decreases in their need for bank loans (-10%), while for the first time since the first half of 2013 they signalled marginally increased demand for bank overdrafts (1%). The slightly smaller increase in the demand for trade credit reported by SMEs at the euro area level masks noteworthy developments in several countries: demand went from positive to negative in Germany (-8%, from 4%) and Belgium (-3%, from 7%), and from negative to positive in Austria and Slovakia (10%, from -2% in both countries). It is also noteworthy that demand for equity by Italian SMEs turned negative, while the sizeable increases previously reported in Austria were distinctively smaller in this survey period. SMEs in Greece continued to report the highest net percentages in their need for bank loans (26%), bank overdrafts (24%), trade credit (30%), other loans (25%) and equity (15%) (see Chart 5a in Annex 1).

Chart 9

Change in external financing needs of euro area SMEs

(over the preceding six months; net percentage of respondents)



Q5. For each of the following types of external financing, please indicate if your needs increased, remained unchanged or decreased over the past six months.

Base: SMEs for which the respective instrument is relevant. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
Note: See the notes to Charts 1 and 8.

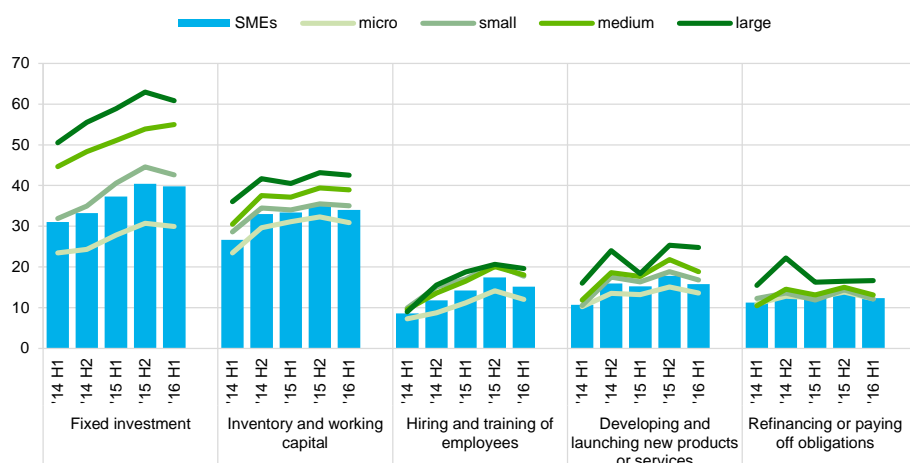
3.3 SMEs continued to use financing mostly for fixed investments and inventory and working capital

Fixed investment and **inventory and working capital** remained the two most important purposes for which SMEs used their total (internal and external) financing, with their importance increasing with firm size (see **Chart 10**).

Chart 10

Purpose of the financing as perceived by euro area enterprises

(over the preceding six months; percentage of respondents)



Q6A. For what purpose was financing used by your enterprise during the past six months?

Base: All enterprises. Figures refer to rounds eleven (April-September 2014) to fifteen (April-September 2016) of the survey.
Note: The figures are based on the new question introduced in round eleven (April-September 2014).

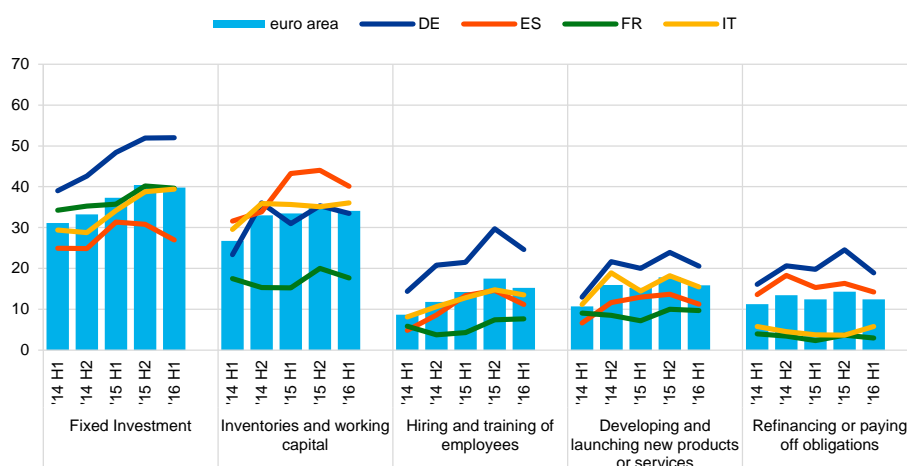
A net 40% of SMEs signalled fixed investment and 34% signalled inventory and working capital as the main sources of their financing needs (broadly unchanged from the previous wave), while the corresponding net percentages were somewhat lower for micro enterprises, at 30% and 31%, respectively. Other uses of finance reported by SMEs include **new products** (16%), **hiring of employees** (15%) and **refinancing of obligations** (12%). Compared with SMEs, much higher percentages of **large** enterprises signalled that they financed fixed investments (61%) and working capital (43%).

Across large euro area countries, 52% of German, 40% of French and 39% of Italian SMEs identified fixed investment as the main purpose of their financing needs, followed by inventory and working capital (33%, 18% and 36%, respectively). However, for Spanish firms, total financing is used more to fund inventory and working capital (40%) than investments in property, plant or equipment (27%) (see **Chart 11**).

Chart 11

Purpose of the financing as perceived by SMEs across euro area countries

(over the preceding six months; percentage of respondents)



Q6A. For what purpose was financing used by your enterprise during the past six months?

Base: All SMEs. Figures refer to rounds eleven (April-September 2014) to fifteen (April-September 2016) of the survey.
Note: See the note to Chart 10.

4 Availability of external financing for SMEs in the euro area

4.1 Increased availability of external financing

4.1.1 Bank credit continues to be more easily available across firm sizes and countries

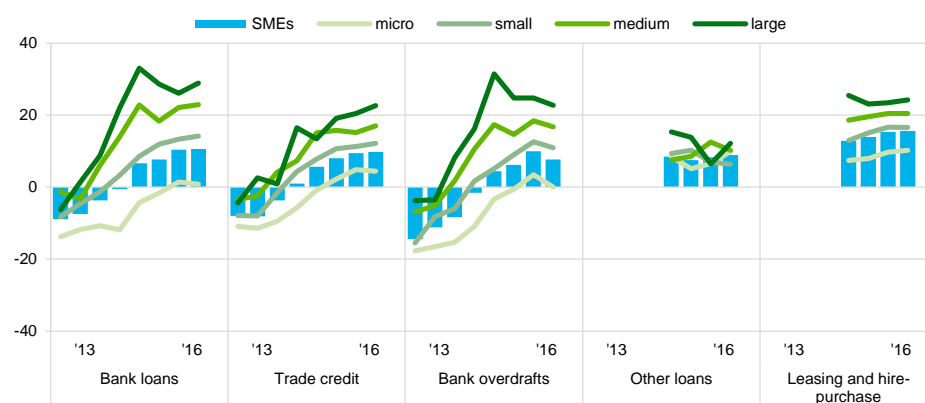
For the fourth consecutive time SMEs signalled an improvement in the availability of external sources of finance (see **Chart 12**).¹⁰

With regard to the availability of **bank loans**, slightly wider net improvements were recorded by small (14%, from 13%) and medium-sized enterprises (23%, from 22%), while micro-sized firms continued to report a marginal improvement (unchanged at 1%). Improvements reported in the availability of **bank overdrafts** were somewhat less pronounced for small (11%, from 13%) and medium-sized enterprises (17%, from 18%), while in this round no specific change in net terms was reported by micro-sized enterprises (0%, from 3%).

Chart 12

Change in the availability of external financing for euro area enterprises

(over the preceding six months; net percentage of respondents)



Q9. For each of the following types of financing, would you say that their availability has improved, remained unchanged or deteriorated for your enterprise over the past six months?

Base: Enterprises for which the respective instrument is relevant. Figures refer to rounds eight (October 2012- March 2013) to fifteen (April-September 2016) of the survey.
Note: See the note to Charts 1 and 8.

¹⁰ See the note to Chart 8. Only survey respondents that report that a particular financing instrument (i.e. bank loans, bank overdrafts and credit lines, trade credit, equity and debt securities issuance) is relevant for their enterprise are asked about the availability of this source of financing. In addition, for equity and debt securities, only enterprises that have applied for external financing are taken into account in the calculation of the aggregated results.

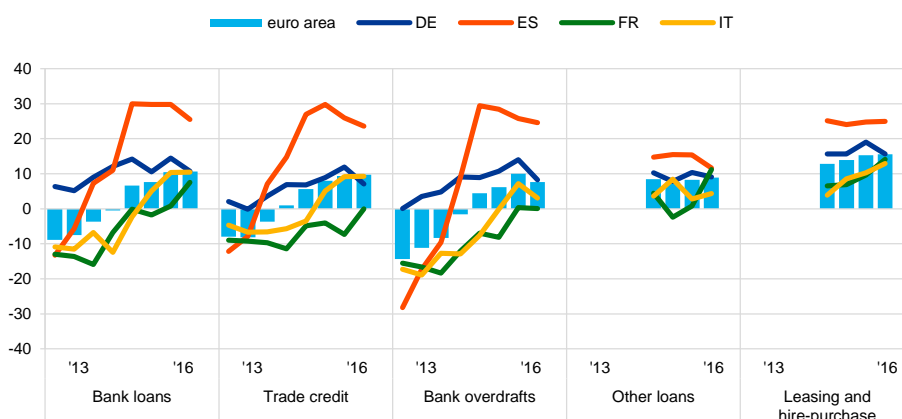
Net improvements were also reported in the availability of **trade credit** across all size classes. As regards other sources of external finance, SMEs reported slightly increased improvements in the availability of **leasing or hire purchase** (16%), **other loans** (9%) and **equity** (6%). They reported a decrease in the availability of **debt securities** (-1%, from -6%), which was significantly less pronounced, mainly due to sizeable improvements for medium-sized enterprises (9%, from 0%) and less negative percentages for micro enterprises (-6%, from -15%).

Among euro area enterprises, net percentages increase with firm size regarding the availability of most sources of finance. Thus, with the exception of equity, the availability of financing sources for **large** enterprises was greater than for SMEs. Confirming their generally easier access to finance, large firms in the euro area reported, on balance, an even larger improvement in the availability of bank loans (29%), leasing or hire purchase (24%), trade credit (23%), debt securities (14%), other loans (12%) and equity (5%), while for bank overdrafts they signalled a somewhat smaller positive development (23%, from 25%) compared with the previous wave.

Chart 13

Change in the availability of external financing for euro area SMEs

(over the preceding six months; net percentage of respondents)



Q9. For each of the following types of financing, would you say that their availability has improved, remained unchanged or deteriorated for your enterprise over the past six months?

Base: SMEs for which the respective instrument is relevant. Figures refer to rounds eight (October 2012- March 2013) to fifteen (April-September 2016) of the survey.
Note: See the notes to Charts 1 and 8.

Among the largest euro area countries, SMEs in Germany (11%, from 14%) and Spain (26%, from 30%) signalled somewhat lower, but still significantly positive, net changes in the availability of bank loans (see **Chart 13**). Compared with the previous wave, improvements were recorded by SMEs in Italy (unchanged at 10%), while SMEs in France reported a sizeably larger positive development compared with previous wave (7%, from 1%). In France, SMEs also reported noteworthy positive developments regarding the availability of other loans (11%, from 1%), trade credit (0%, from -7%), debt securities (-2%, from -8%) and leasing or hire purchase (14%, from 10%). In net terms, SMEs in Spain continued to report a sizeable improvement in the availability of external financing, albeit at a slower pace. In Italy, stronger

improvement was signalled for leasing or hire purchase, and somewhat weaker improvement for bank overdrafts.

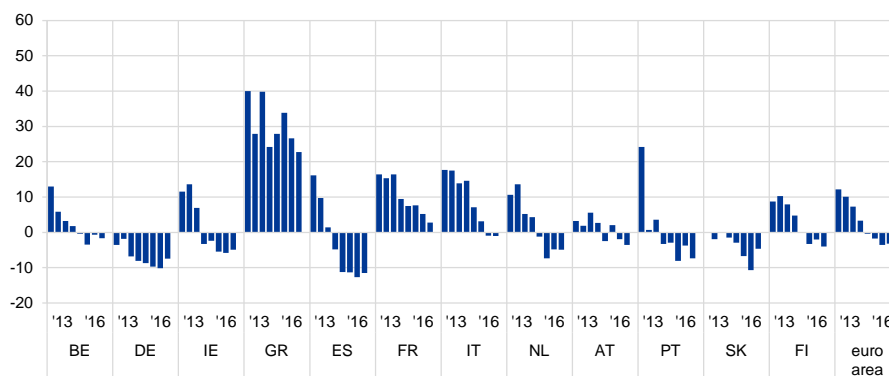
Compared with the previous wave, a significant part of the improvement in bank loan availability was attributable to Belgium, France, Portugal, Finland and the Netherlands (see Chart 5a in Annex 1). In Germany, Ireland, Spain and Slovakia, on the other hand, the net balances of SMEs reporting a net improvement in the availability of bank loans fell somewhat from the relatively high levels of the previous wave. In marked contrast to all other euro area countries, Greek SMEs continued to record a sizeable net worsening in the availability of bank loans (unchanged at -27%). The somewhat weakened improvement in the availability of bank overdrafts was mainly due to the smaller improvements reported by SMEs in Germany (8%, from 14%), Ireland (11%, from 15%), Italy (3%, from 7%) and Slovakia (17%, from 24%).

4.1.2 The need for external financing of SMEs continued to be less than the potential supply of external funds

Chart 14

Change in the external financing gap perceived by SMEs across euro area countries

(over the preceding six months; weighted net balances)



Q5. For each of the following types of external financing, please indicate if your needs increased, remained unchanged or decreased over the past six months.

Q9. For each of the following types of financing, would you say that their availability has improved, remained unchanged or deteriorated for your enterprise over the past six months?

Base: SMEs for which the respective instrument is relevant. "Non-applicable" and "Don't know" answers are excluded. Figures refer to rounds eight (October 2012- March 2013) to fifteen (April-September 2016) of the survey.

Note: The financing gap indicator combines both financing needs and availability of bank loans, bank overdrafts, trade credit, and equity and debt securities at firm level. For each of the five financing instruments, an indicator of a perceived financing gap change takes the value of 1 (-1) if the need increases/decreases and availability decreases/increases. If enterprises perceive only a one-sided increase/decrease in the financing gap, the variable is assigned a value of 0.5 (-0.5). The composite indicator is the weighted average of the financing gap related to the five instruments. A positive value of the indicator suggests an increasing financing gap. Values are multiplied by 100 to obtain weighted net balances in percentages. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

The **external financing gap** of euro area SMEs, which measures the perceived difference at firm level between the need for external funds (across all channels, i.e. bank loans, bank overdrafts, trade credit, equity and debt securities) and the

availability of funds, continued to record a negative value at the euro area level for the third consecutive time (see [Chart 14](#)).

The external financing gap of SMEs remained negative at the euro area level (-3%, from -4%). This means that SMEs in most countries signalled that the increase in their needs for external financing were smaller than the improvement in their access to external funds, except in France (3%, from 5%) and, to a greater extent, in Greece (23%, from 27%), where SMEs reported a positive financing gap.

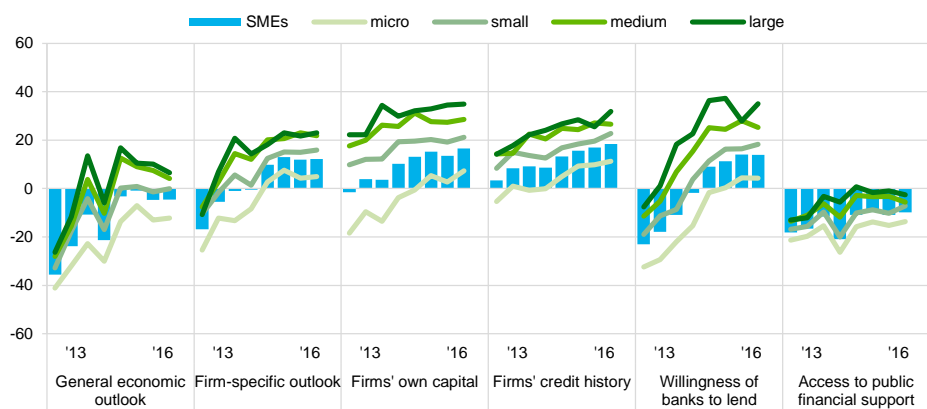
4.1.3 Willingness of banks to provide credit to SMEs increased further

Turning to the **factors** affecting the availability of external financing for SMEs, this survey round confirmed once again the positive developments in the contributions of most factors. Nevertheless, the general economic outlook continued to have a small negative impact on the SMEs' financing conditions, as in the previous survey rounds (see [Chart 15](#)).

Chart 15

Change in factors having an impact on the availability of external financing to euro area enterprises

(over the preceding six months; net percentage of respondents)



Q11. For each of the following factors, would you say that they have improved, remained unchanged or deteriorated over the past six months?

Base: All enterprises; for the category "Willingness of banks to lend", enterprises for which at least one bank financing instrument (credit line, bank overdraft, credit card overdraft, bank loan, subsidised bank loan) is relevant. Figures refer to rounds eight (October 2012- March 2013) to fifteen (April-September 2016) of the survey.

Note: From round eleven (April-September 2014), the category "Willingness of banks to provide a loan" was reformulated slightly to "Willingness of banks to provide credit to your enterprise".

In net terms, SMEs across all size classes continued to attribute the favourable developments in the availability of external financing to an improvement in the **willingness of banks to provide credit** (unchanged at 14%). SMEs continued to report net improvements in the impact from their **outlook** (unchanged at 12%), **own capital** (17%, from 14%), and **credit history** (18%, from 17%). A net percentage of SMEs continued to report a negative effect on their finances of the **general economic outlook** (unchanged at -5%), as well as a slightly less unfavourable impact of **access to public financial support** (-10%, from -11%).

Large enterprises also assessed positively the impact of most factors on the availability of external financing. On balance, distinctively large net percentages of large firms continue to perceive as positive the net impact of the willingness of banks to provide credit (35%) and firms' own capital (35%), as well as of their credit history (32%) and outlook (23%). The net effect of the general economic outlook on the availability of external financing continued to be considered positive by 7% of large enterprises, which continued to perceive access to public financial support as the only factor with a net negative impact (-3%).

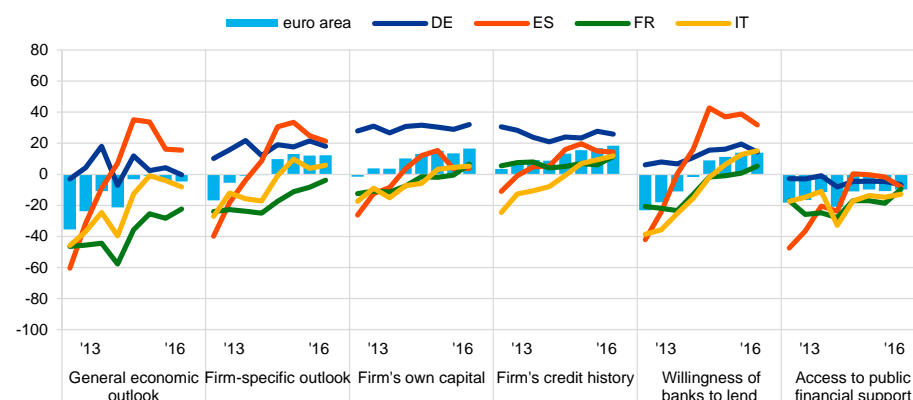
On the supply side, different developments could be observed across countries compared with the previous wave. The net balance of SMEs reporting greater willingness of banks to provide credit rose in Belgium, France, Italy, the Netherlands, Austria and Finland, but fell somewhat (from high levels) in Germany, Ireland, Spain and Slovakia. SMEs in Greece continued to record a net worsening in the willingness of banks to provide credit, albeit less pronounced than in the previous wave (-18%, from -25%).

Across countries, the still negative net contribution of the general economic outlook at the euro area level was driven by the narrower, but still negative, net percentages of SMEs in Greece (-62%), France (-22%), Austria (-17%, albeit significantly improved from -30%) and the somewhat widened negative percentages in Belgium (-12%), Portugal (-9%) and Italy (-8%). It is noteworthy that SMEs in Finland assessed the impact of the general economic outlook as positive for the first time since the second half of 2010 (3%, from -21%). Overall, cross country differences in the reported effect of the general economic outlook were large, and changes compared with the previous wave were cancelled out (see **Chart 16** and Chart 6a in Annex 1).

Chart 16

Change in factors having an impact on the availability of external financing to euro area SMEs

(over the preceding six months; net percentage of respondents)



Q11. For each of the following factors, would you say that they have improved, remained unchanged or deteriorated over the past six months?

Base: All SMEs; for the category "Willingness of banks to lend", SMEs for which at least one bank financing instrument (credit line, bank overdraft, credit card overdraft, bank loan, subsidised bank loan) is relevant. Figures refer to rounds eight (October 2012- March 2013) to fifteen (April-September 2016) of the survey.

Note: From round eleven (April-September 2014), the category "Willingness of banks to provide a loan" was reformulated slightly to "Willingness of banks to provide credit to your enterprise".

SMEs in most countries signalled a continued positive contribution of firm-specific outlook, own capital and credit history. SMEs in Finland reported a markedly higher positive net percentage (33%, from 18%), while SMEs in Ireland signalled a sizeably smaller, but still large, net improvement from firm-specific outlook (32%, from 44%). By contrast, in France (-4%) and Greece (-21%), SMEs continued to report negative, albeit smaller, contributions from firm-specific outlook. SMEs in Greece reported for the second consecutive round an even larger positive effect from credit history (8%, from 2%), but at the same time they continued to signal a negative, albeit smaller, impact from their own capital (-17%, from -24%). The net impact from access to public financial support was negative for most countries, with the exception of SMEs in Ireland (3%, from 6%) and the Netherlands (2%, from 0%), where it turned positive for the first time since the beginning of the survey.

4.2 Increased success in bank loan applications

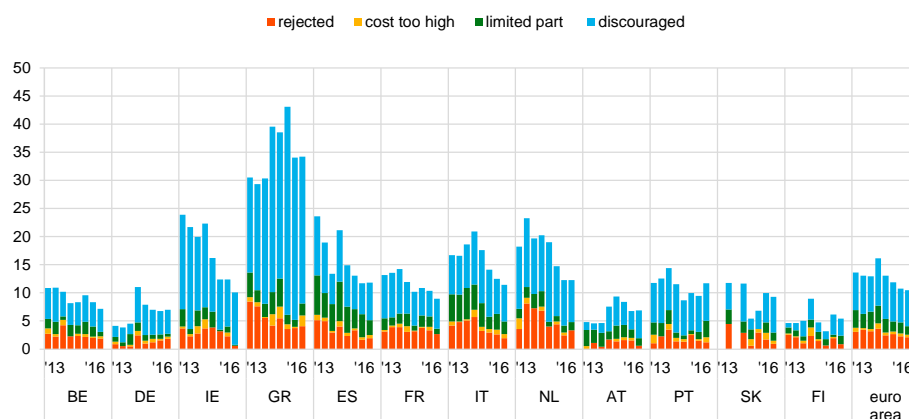
Between April and September 2016, 29% of respondent SMEs **applied for a bank loan** (from 30% in the previous survey round). Of these, 7% reported a rejection (down from 8%). Increases in the rejection rate were reported only in the Netherlands (17%, from 13%) and Spain (7%, from 5%). In this survey period, 39% of SMEs did not apply for a bank loan because of **sufficient internal funds** (see Chart 7a in Annex 1). The percentage of enterprises not applying for a loan for **fear of rejection** (discouraged borrowers) remained unchanged (6%). When asked about the **actual success** of their bank loan applications, a slightly higher percentage of SMEs reported that they had received the **full amount** they had applied for (69%, from 68%), while the share of SMEs reporting that they had received only **a limited part** of the amount requested decreased somewhat (5%, from 7%). During the survey period, 10% of SMEs reported that their **loan applications** were still **pending** (from 8% in the previous wave). **Large enterprises** had greater success in applying for bank loans than SMEs, with 78% (unchanged) of requests being met and with a rejection rate marginally increasing to 1% (from 0% in the previous round).

The overall indicator of **financing obstacles** to receiving a bank loan has improved slightly (10%, from 11%) across most countries. Only in Portugal was there an increase in the percentage of SMEs indicating greater financing obstacles (12%, from 9%) (see **Chart 17**).

Chart 17

Obstacles to receiving a bank loan for SMEs across euro area countries

(over the preceding six months; percentage of respondents)



Base: SMEs for which bank loans (including subsidised bank loans) are relevant. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
 Note: Financing obstacles are defined here as the total of the percentages of SMEs reporting loan applications which were rejected, loan applications for which only a limited amount was granted, and loan applications which resulted in an offer that was rejected by the SME because the borrowing costs were too high, as well as of SMEs which did not apply for a loan for fear of rejection (i.e. discouraged borrowers). The calculation of the indicator starts in 2010 when the question on applications for bank overdrafts was included in the questionnaire. The components of the financing obstacles indicator are affected by the amendments to the questionnaire in round eleven (i.e. filtering based on the relevance of the financing instrument and addition of the new category "My application is still pending"), and past data have been revised accordingly. The figures are calculated including the category "My application is still pending" and "Don't know". In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). As from 2014, Slovakia is included in the sample in each survey round.

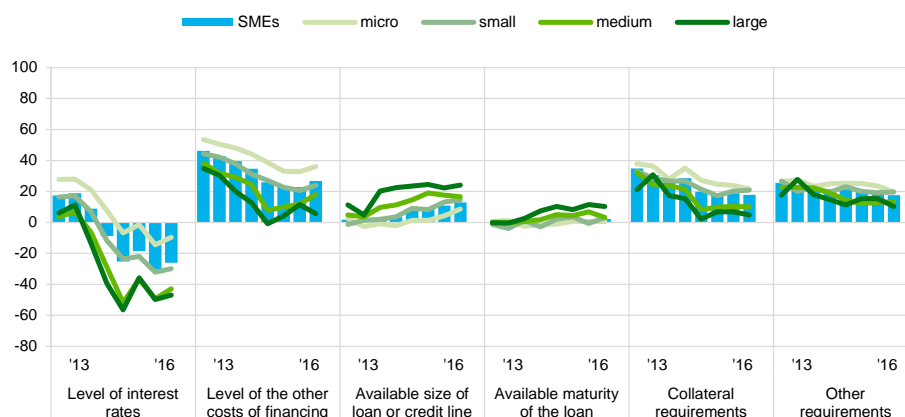
4.3 Declining interest rates continued to reflect improvements in terms and conditions of bank loans

In line with the improvement in the availability of bank loans, SMEs continued to report a net decline in interest rates (-26%, from -30%) in the context of an increase in the available size (13%, from 11%) and maturity (unchanged at 2%) of loans and overdrafts (see [Chart 18](#)). A positive net percentage of SMEs continued to indicate a tightening in the collateral (18%, from 19%) and other requirements of banks (18%, from 19%), as well as in other costs of financing (27%, from 23%) related, in particular, to charges, fees and commissions.

Chart 18

Change in terms and conditions of bank loans granted to euro area enterprises

(over the preceding six months; net percentages of enterprises that had applied for bank loans)



Q10. Please indicate whether the following items increased, remained unchanged or decreased in the past six months.

Base: Enterprises that had applied for bank loans (including subsidised bank loans), credit line, bank overdraft or credit card overdraft. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey. Note: See the note to Chart 1.

With regard to the large countries, 50% of SMEs in France (from 40% in the previous wave) signalled a markedly wider net decrease in interest rates, while less negative but still significant net reductions were reported by SMEs in Germany (-28%, from -36%), Spain (-30%, from -40%) and Italy (-9%, from -15%) (see [Chart 19](#)). As far as the other indicators of price and non-price terms and conditions are concerned, SMEs in the four largest countries signalled improvements in the available size of loans and overdrafts, while maturity increased in Italy and Spain, was stable in Germany and marginally decreased in France. Compared with the previous survey round, more SMEs in large countries signalled an increase in other costs of financing such as charges, fees and commissions.

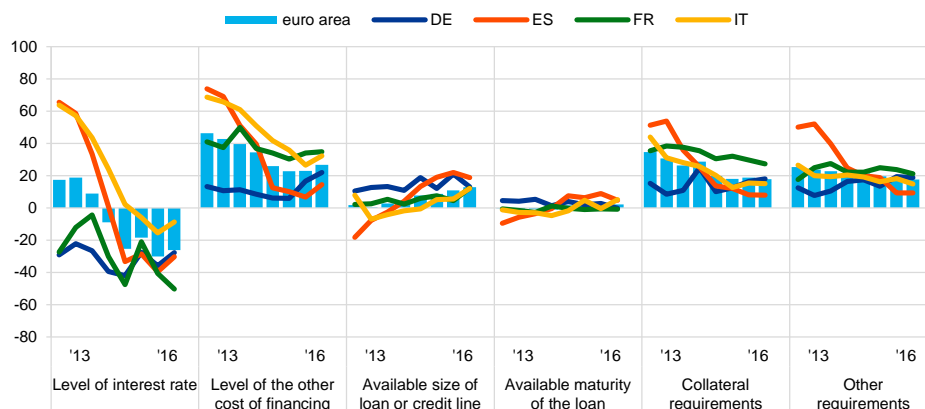
In most of the other euro area countries (see [Chart 8a](#) in Annex 1), the net percentage of SMEs reporting a decline in bank lending rates was still sizeable but less pronounced in Belgium (-28%), Slovakia (-26%), Portugal (-19%) and Austria (-14%), while it was unchanged in the Netherlands (-26%). By contrast, SMEs in Finland (8%), Greece (7%) and Ireland (4%) reported, on balance, an increase in bank lending rates during the period between April and September 2016.

With respect to non-price terms and conditions, only SMEs in Greece continued to indicate a net reduction in the available size and maturity of loans and overdrafts (-5% and -9%, respectively), whereas SMEs in other euro area countries reported increases (see [Chart 9a](#) in Annex 1). Increases in collateral and other requirements were widespread across smaller euro area countries. As for costs of financing not related to interest rates, the highest net percentages of SMEs reporting increasing levels were recorded in Greece (39%), Ireland (37%), Austria (36%), Belgium (32%) and Portugal (28%).

Chart 19

Change in terms and conditions of bank loans granted to euro area SMEs

(over the preceding six months; net percentages of enterprises that had applied for bank loans)



Q10. Please indicate whether the following items increased, remained unchanged or decreased in the past six months.

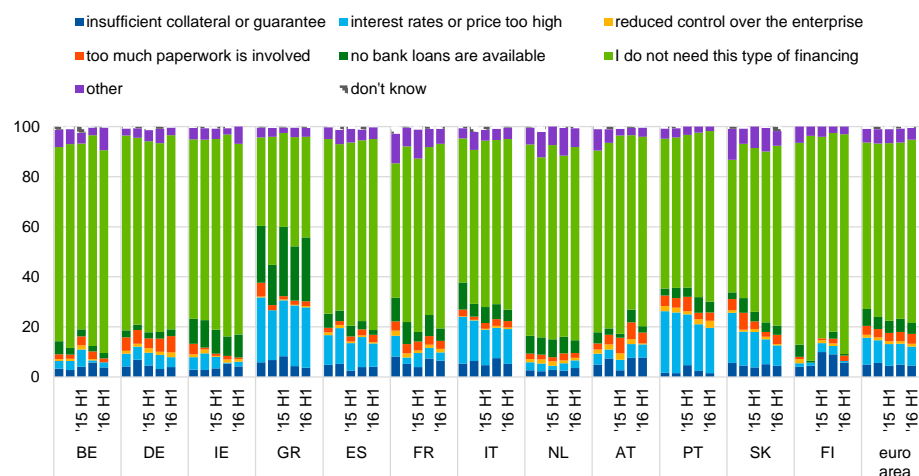
Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey. Note: See the note to Chart 1.

Some of the terms and conditions analysed in the previous charts are also important for explaining **why bank loans were a less relevant source of financing** for euro area SMEs during the period from April to September 2016 (see **Chart 20**).

Chart 20

Reasons why bank loans are not a relevant source of financing for euro area SMEs

(over the preceding six months; percentage of respondents)



Q32. You mentioned that bank loans are not relevant for your enterprise. What is the main reason for this?

Base: SMEs for which bank loans are not a relevant source of financing. Figures refer to rounds eleven (April-September 2015) to fifteen (April-September 2016) of the survey. Note: The figures are based on the new question introduced in round eleven (April-September 2014). In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

Although the majority of SMEs (73%, from 70% in the previous round) reported that they simply do not need bank loans, around 4% signalled that **no bank loans were**

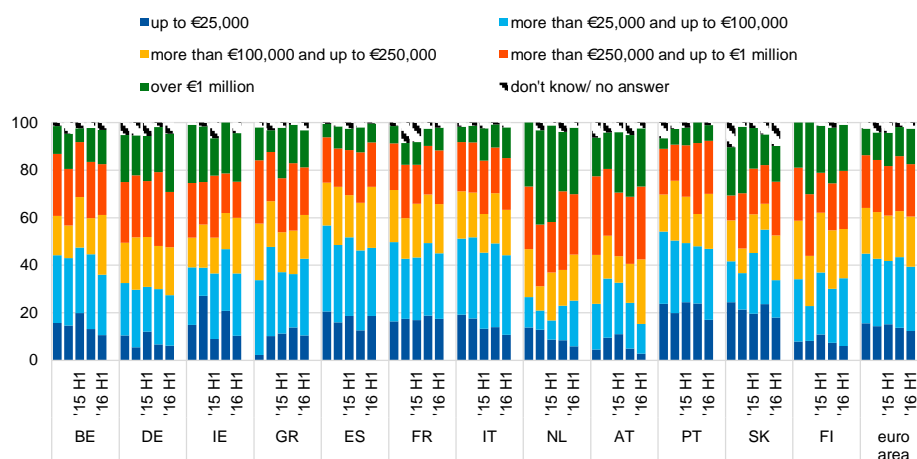
available to them, ranging from 26% in Greece to 9% in Ireland and 1% in Finland. Among the remaining SMEs that answered this question in the survey, 7% indicated that **interest rates or price conditions** were still **too high**. There were large cross-country differences in the responses, with the percentages reported by SMEs ranging from 24% in Greece, 18% in Portugal and 14% in Italy to 3% in the Netherlands and France, 2% in Belgium and Ireland and 1% in Finland. Finally, **insufficient collateral or guarantees** and **too much paperwork being involved** were indicated as reasons for not applying by 5% and 4% of SMEs, respectively.

Looking at the percentages by size of enterprise, price conditions were more important for micro and small enterprises. Overall, the larger the enterprise, the more often loans were reported as not being relevant because they were not needed.

SMEs in the euro area were asked about **the size of the last loan** they had obtained or attempted to obtain in the past six months (see **Chart 21**). The majority (60%) applied for small loans (up to €250,000), with 12% reporting a loan of up to €25,000, 27% a loan of between €25,000 and €100,000, and 21% a loan of between €100,000 and €250,000. Large loans were obtained by 37% of SMEs: 22% reported a loan of between €250,000 and €1 million, and 15% reported a loan that exceeded €1 million.

Chart 21
Size of the last bank loan of euro area SMEs

(over the preceding six months; percentages of enterprises that had applied for bank loans)



Q8A. What is the size of the last bank loan that your enterprise obtained or attempted to obtain in the past six months?

Base: SMEs that had applied for bank loans (including subsidised bank loans). Figures refer to rounds eleven (April-September 2015) to fifteen (April-September 2016) of the survey.
Note: The figures are based on the new question introduced in round eleven (April-September 2014).

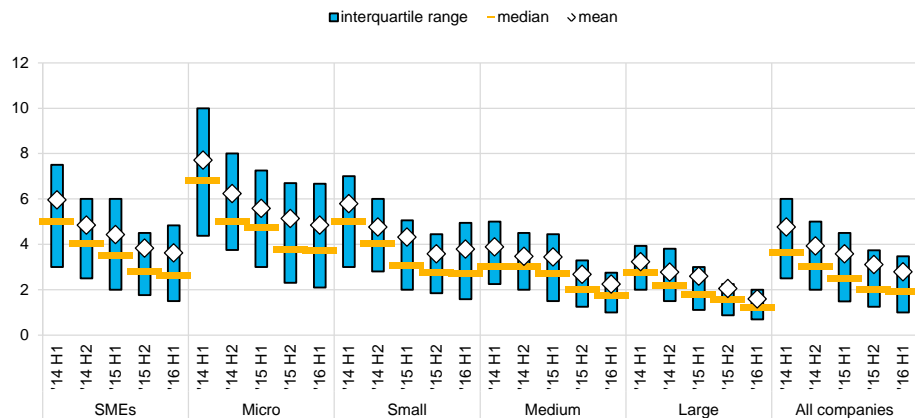
Concerning the price conditions of the loans obtained by SMEs, the survey included a question on the **interest rates charged by banks on credit lines and**

overdrafts.¹¹ Chart 22 indicates a reduction in interest rates across all firm sizes, while, as expected, the interest rate charged by banks increases with firm size. In this survey round, the difference between average interest rates charged to large enterprises and SMEs increased slightly to approximately 200 basis points (from about 180 basis points in the previous wave) when considering average values (140 basis points, from 130 basis points in terms of median values).

Chart 22

Interest rate charged for the credit line or bank overdraft to euro area enterprises

(percentages)



Q8B. What interest rate was charged for the credit line or bank overdraft for which you applied?

Base: Enterprises that had successfully applied for a credit line or bank overdraft or that did not apply because the cost was too high. Figures refer to rounds eleven (April-September 2015) to fifteen (April-September 2016) of the survey.
 Note: The interquartile range is defined as the difference between the 75th percentile and the 25th percentile. The figures are based on the new question introduced in round eleven (April-September 2014).

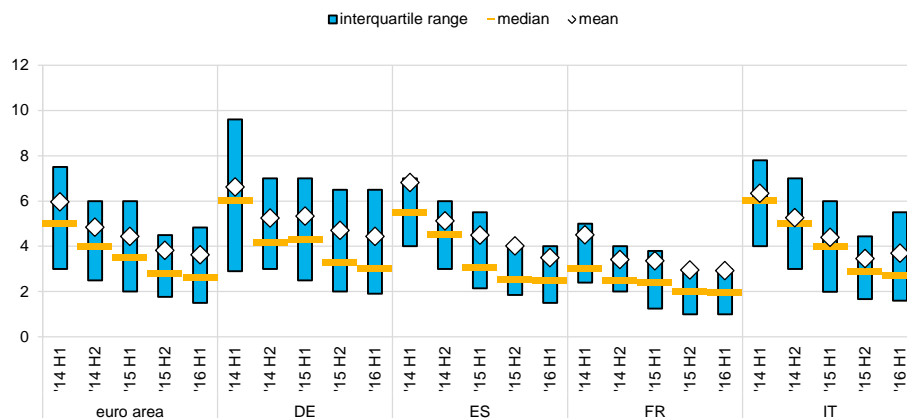
During the period from April to September 2016, the largest decline in interest rates since the previous survey round concerned large and medium-sized enterprises in particular. On average, SMEs in the euro area reported a decline of around 20 basis points. Micro, medium and large firms reported reductions of around 30, 40 and 50 basis points, respectively, while small enterprises recorded an average increase of around 20 basis points. Across the large euro area countries, declines were recorded on average by SMEs in Spain and Germany (around 50 and 30 basis points, respectively), while in Italy SMEs recorded an increase in interest rates (by around 20 basis points) and in France interest rates charged by banks were broadly unchanged (see Chart 23).

¹¹ From round eleven (April-September 2014), the question regarding the interest rate of the credit line or bank overdraft was added to the questionnaire. The weighted mean reported by euro area enterprises is around 5 basis points higher than the official monetary financial institutions' interest rate statistics on bank overdrafts (average in the period from April to September 2016), while the median value is 85 basis points lower. Some caveats apply when comparing the figures quoted in this report with the official bank interest rate statistics: (i) the bank statistics are weighted by the loan volumes, while the survey responses are weighted by the number of employees; and (ii) the bank statistics refer to the full financing granted in the period, while the survey includes all enterprises that had successfully applied for the credit line or bank overdraft or did not apply because the cost was too high.

Chart 23

Interest rate charged for the credit line or bank overdraft to euro area SMEs

(percentages)



Q8B. What interest rate was charged for the credit line or bank overdraft for which you applied?

Base: SMEs that had successfully applied for the credit line or bank overdraft or that did not apply because the cost was too high. Figures refer to rounds eleven (April-September 2015) to fifteen (April-September 2016) of the survey. Note: The interquartile range is defined as the difference between the 75th percentile and the 25th percentile. The figures are based on the new question introduced in round eleven (April-September 2014).

5 Expectations regarding access to finance

Continued optimism for future availability of internal and external financing sources, albeit less pronounced for external sources.

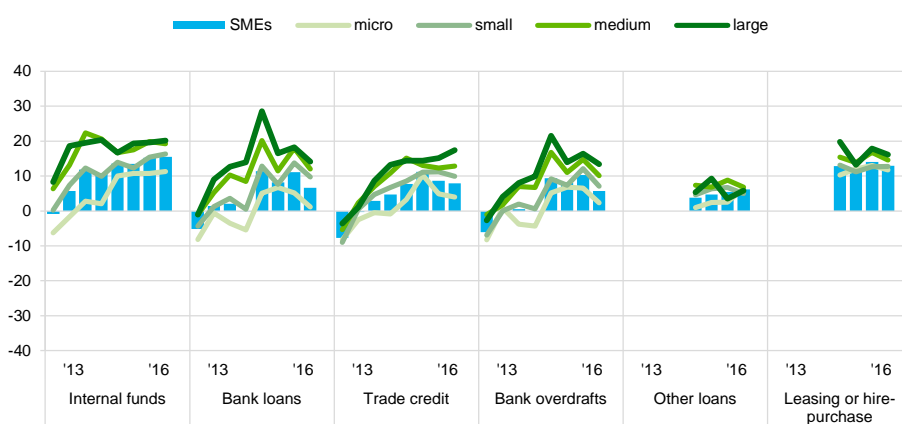
For the coming six-month period (October 2016 to March 2017), euro area SMEs expected, on balance, continued improvements in the availability of external and internal sources of finance. The net increase in expected availability of external sources was smaller than in the previous wave, however.

Looking ahead, euro area SMEs expected net improvements, albeit somewhat smaller, in the **availability of bank loans** (7%, from 11% for the period from April to September 2016) (see **Chart 24**). Notwithstanding their slightly enhanced optimism about the expected availability of **internal funds** (16%, from 15%), SMEs' expectations were somewhat less pronounced regarding improvements in the availability of **bank overdrafts** (10%, from 6%), **leasing or hire purchase** (13%, from 14%), **trade credit** (8%, from 9%) and **other loans** (13%, from 14%).

Chart 24

Change in euro area enterprises' expectations regarding the availability of financing

(over the preceding six months; net percentage of respondents)



Q23. Looking ahead, for each of the following types of financing available to your enterprise, please indicate whether you think their availability will improve, deteriorate or remain unchanged over the next six months.

Base: Enterprises for which the respective instrument is relevant. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
Note: See the note to Charts 1 and 8.

The optimism expressed in this survey round by **SMEs** was less pronounced across all firm sizes for most external financing sources. Regarding the availability of bank loans and bank overdrafts, lower but still positive expectations were expressed by micro (1% and 2%, respectively, from 5% and 7%), small (10% and 7%, respectively,

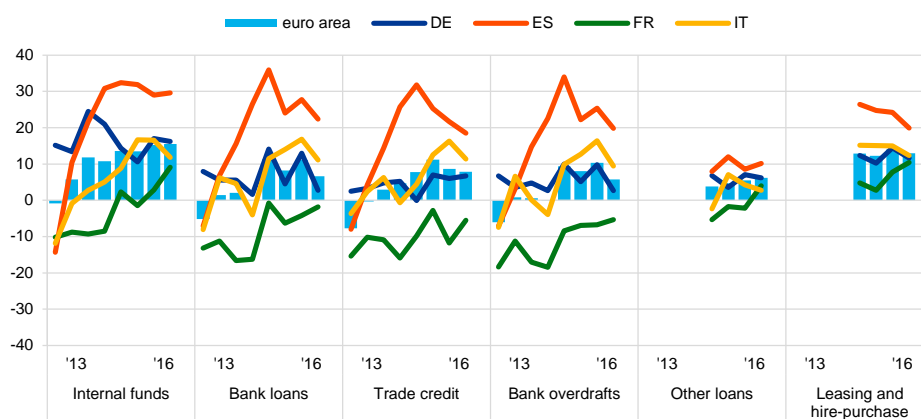
from 14% and 12%) and medium-sized firms (12% and 10%, respectively, from 18% and 15%).

Among euro area enterprises, optimism concerning the future availability of internal funds, bank loans, bank overdrafts, trade credit and leasing or hire purchase increases with firm size. **Large** enterprises thus expressed greater optimism than SMEs, but it was less pronounced concerning future developments in the availability of most external sources of finance, with the exception of trade credit and other loans, for which the net improvements were higher (17% and 6%, respectively, compared with 15% and 3%).

Chart 25

Change in euro area SMEs' expectations regarding the availability of financing

(over the preceding six months; net percentage of respondents)



Q23. Looking ahead, for each of the following types of financing available to your enterprise, please indicate whether you think their availability will improve, deteriorate or remain unchanged over the next six months.

Base: SMEs for which the respective instrument is relevant. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.

Note: See the notes to Charts 1 and 8.

Less pronounced optimism about further improvements in the availability of external financing was widespread in most, but not all, countries (see **Chart 25**). Across countries, significantly lower but still positive expectations were reported, on balance, concerning the availability of bank loans by SMEs in Spain (22%, from 28%), Slovakia (19%, from 38%), Ireland (16%, from 30%), Italy (11%, from 17%), Germany (3%, from 13%) and Portugal (1%, from 11%) (see Chart 10a in Annex 1). On the other hand, there were continued expectations of reductions in the availability of bank loans, but to a lesser extent than in the previous survey round, by SMEs in Greece (-22%, from -24%), Austria (-3%, from -10%) and France (-2%, from -4%). Expectations remained unchanged in the Netherlands (13%) and Finland (8%). Overall, across euro area countries, enterprises in Spain, Italy, Germany, Ireland and Slovakia continued to report, in net terms, positive expectations about the availability of most sources of external financing, but at a lower level. The outlook for SMEs in France remained negative for trade credit and bank overdrafts but turned positive for other loans and become even more positive for internal funds and leasing or hire purchase when compared with the previous survey round. SMEs in Greece continued to report pessimistic expectations regarding the availability of most

financing sources, albeit somewhat less negative in this survey round, while their expectations about leasing or hire purchase have turned positive in this wave.

Annexes

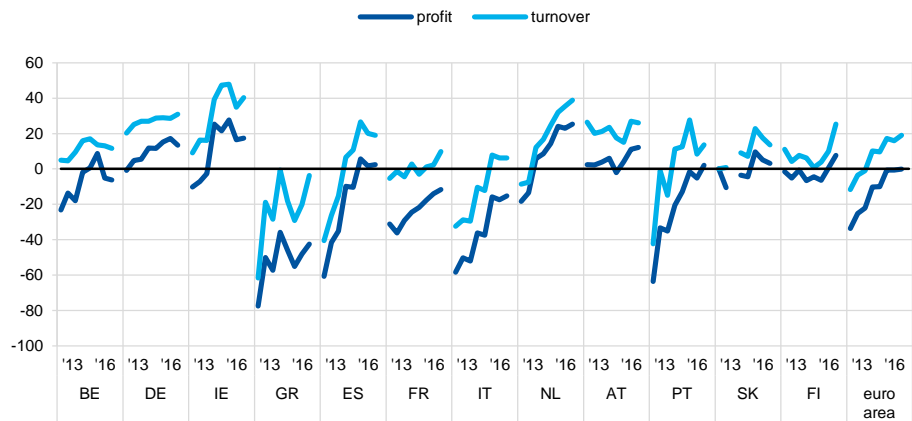
Annex 1

Overview of the survey replies – selected charts

Chart 1a

Change in turnover and profit of SMEs across euro area countries

(over the preceding six months; net percentage of respondents)



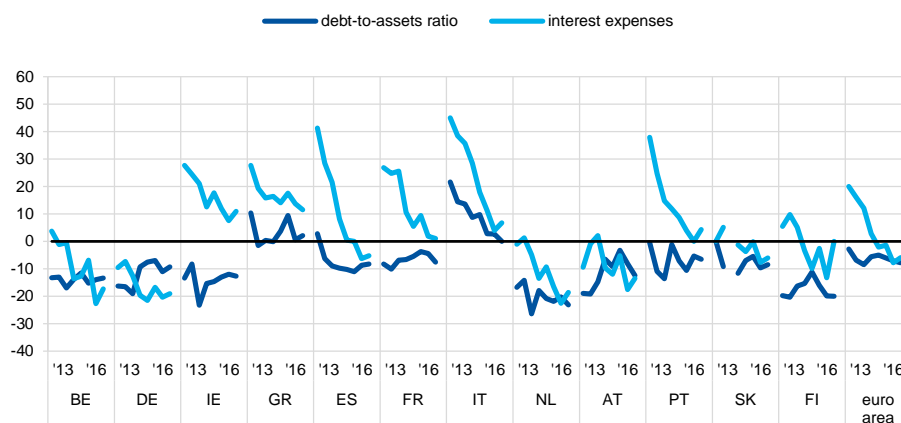
Q2. Have the following company indicators decreased, remained unchanged or increased over the past six months?

Base: All SMEs. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
 Note: See the note to Chart 1. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

Chart 2a

Change in debt-to-total assets ratio and interest expenses of SMEs across euro area countries

(over the preceding six months; net percentage of respondents)



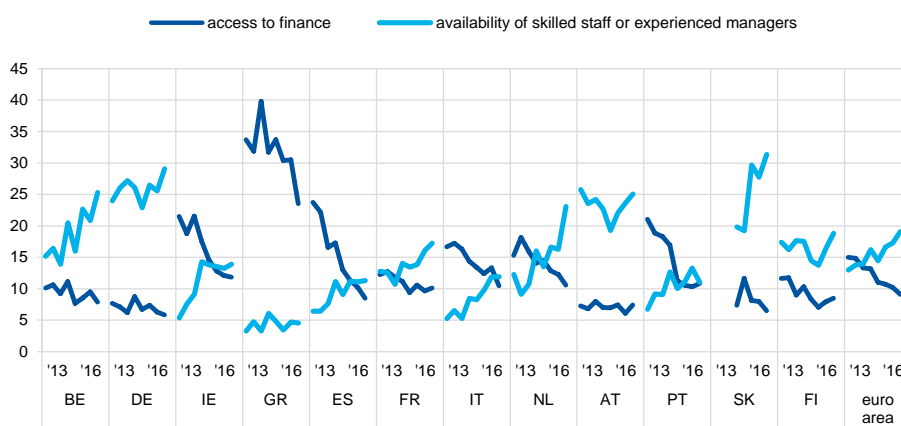
Q2. Have the following company indicators decreased, remained unchanged or increased over the past six months?

Base: All SMEs. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
 Note: See the note to Chart 1. From round eleven (April-September 2014), the concept of "Net interest expenses (what you pay in interest for your debt minus what you receive in interest for your assets)" was changed to "Interest expenses (what your company pays in interest for its debt)". The latest results may therefore not be comparable with those of the previous rounds. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

Chart 3a

The most important problems faced by euro area SMEs across euro area countries

(over the preceding six months; percentage of respondents)



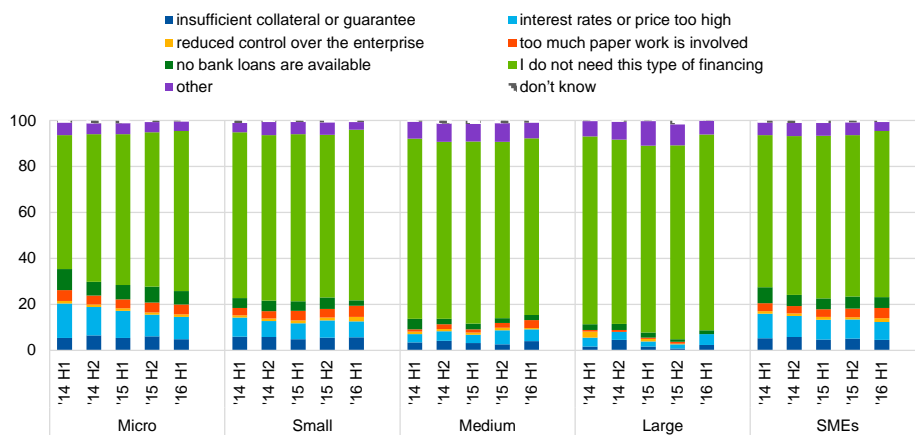
Q0B. How important have the following problems been for your enterprise in the past six months?

Base: All SMEs. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
 Note: See the notes to Chart 3. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

Chart 4a

Reasons why bank loans are not a relevant source of financing for euro area enterprises

(over the preceding six months; percentage of respondents)



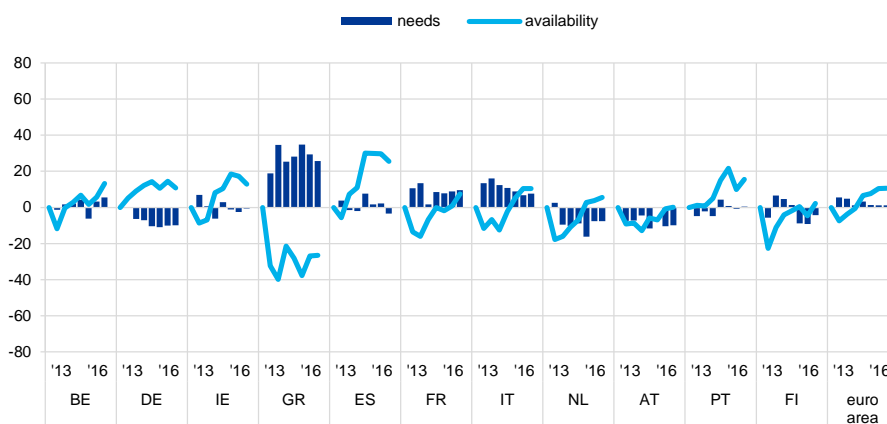
Q32. You mentioned that bank loans are not relevant for your enterprise. What is the main reason for this?

Base: Enterprises for which bank loans are not a relevant source of financing. Figures refer to rounds eleven (April-September 2014) to fifteen (April-September 2016) of the survey.
 Note: The figures are based on the new question introduced in round eleven (April-September 2014).

Chart 5a

Change in the availability of and need for bank loans for SMEs across euro area countries

(over the preceding six months; net percentage of respondents)



Q5. For each of the following types of external financing, please indicate if your needs increased, remained unchanged or decreased over the past six months.

Q9. For each of the following types of financing, would you say that their availability has improved, remained unchanged or deteriorated for your enterprise over the past six months?

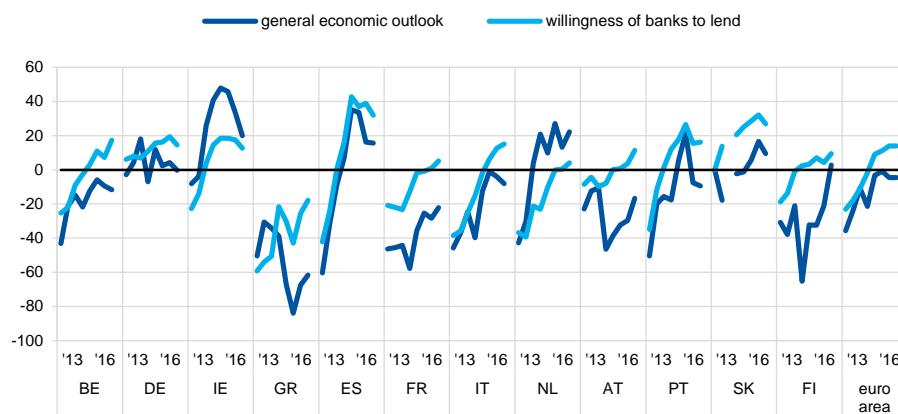
Base: SMEs for which the respective instrument is relevant. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.

Note: See the note to Charts 1 and 8. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

Chart 6a

Change in factors with an impact on the availability of external financing for SMEs across euro area countries

(over the preceding six months; net percentage of respondents)



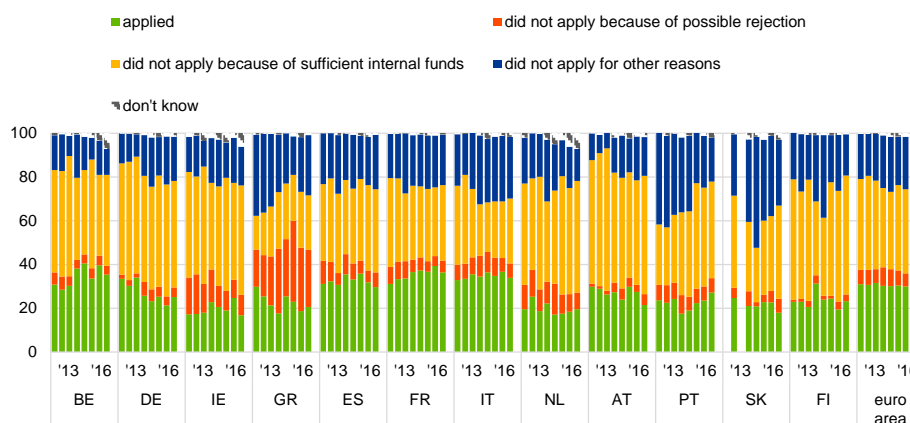
Q11. For each of the following factors, would you say that they have improved, remained unchanged or deteriorated over the past six months?

Base: All SMEs; for the category "Willingness of banks to lend", these are SMEs for which at least one bank financing instrument (credit line, bank overdraft, credit card overdraft, bank loan, subsidised bank loan) is relevant. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
 Note: See the note to Charts 1 and 8. From round eleven (April-September 2014), the category "Willingness of banks to provide a loan" was reformulated slightly to "Willingness of banks to provide credit to your enterprise". In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

Chart 7a

Applications for bank loans by SMEs across euro area countries

(over the preceding six months; net percentage of respondents)



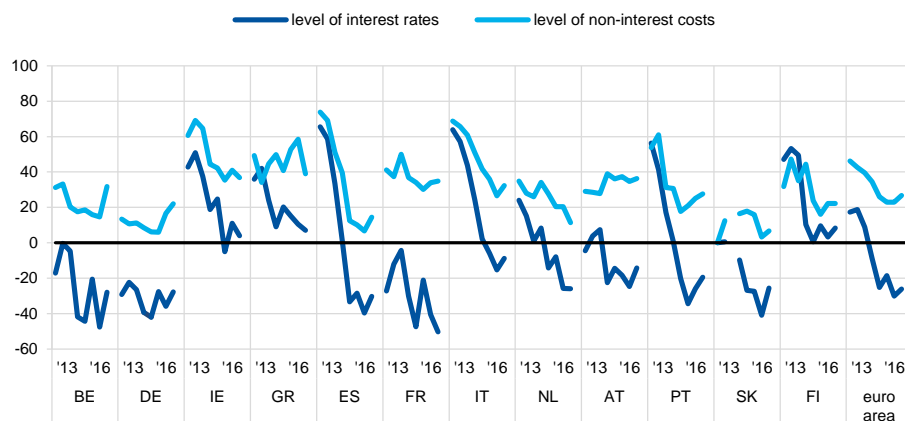
Q7A. Have you applied for the following types of financing in the past six months?

Base: SMEs for which bank loans (including subsidised bank loans) are relevant. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.
 Note: In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia is included in the sample in each survey round.

Chart 8a

Change in the cost of bank loans granted to SMEs across euro area countries

(over the preceding six months; net percentages of enterprises that had applied for bank loans)



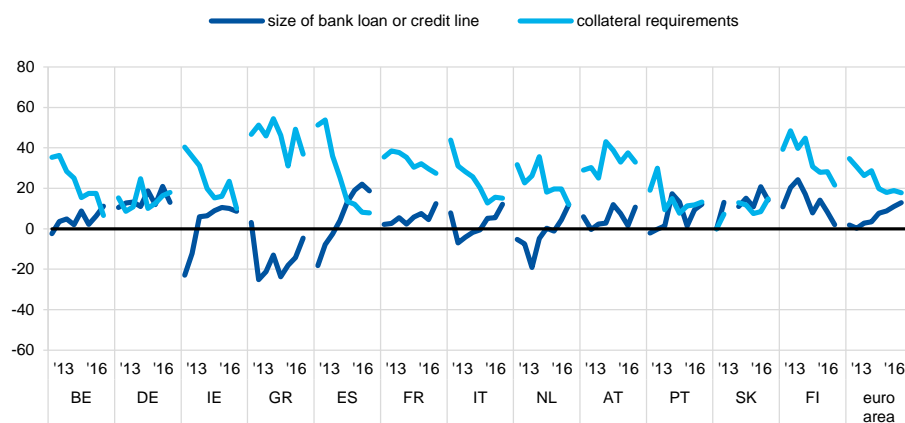
Q10. Please indicate whether the following items increased, remained unchanged or decreased in the past six months.

Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey. Note: See the note to Chart 1. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

Chart 9a

Change in non-price terms and conditions of bank loans granted to SMEs across euro area countries

(over the preceding six months; net percentages of enterprises that had applied for bank loans)



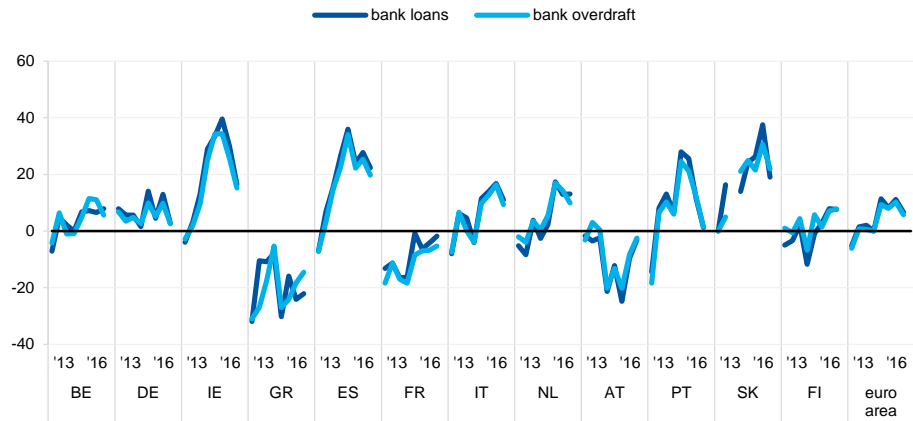
Q10. Please indicate whether the following items increased, remained unchanged or decreased in the past six months.

Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey. Note: See the note to Chart 1. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

Chart 10a

SMEs' expectations regarding the availability of bank loans and overdrafts across euro area countries

(over the preceding six months; net percentages of respondents)



Q23. Looking ahead, for each of the following types of financing available to your enterprise, please indicate whether you think their availability will improve, deteriorate or remain unchanged over the next six months.

Base: SMEs for which the respective instrument is relevant. Figures refer to rounds eight (October 2012-March 2013) to fifteen (April-September 2016) of the survey.

Note: See the note to Charts 1 and 8. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

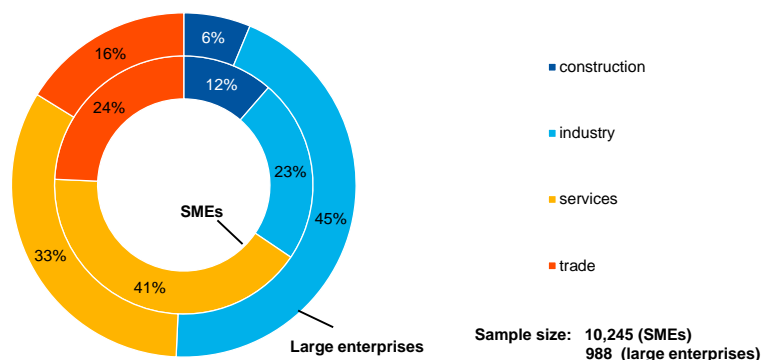
Annex 2

Descriptive statistics for the sample of enterprises

Chart 1b

Breakdown of enterprises across economic activities

(unweighted percentage)

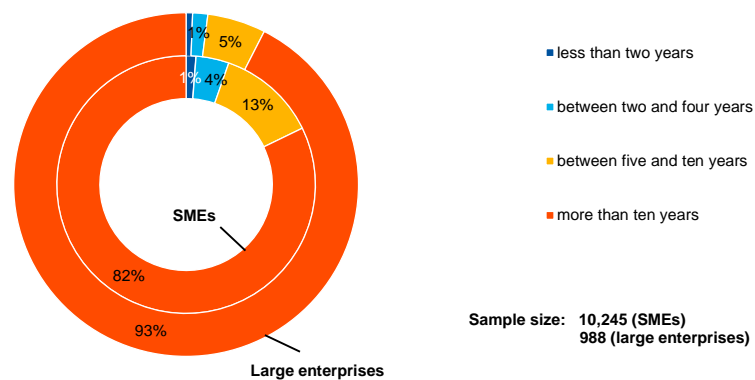


Base: Figures refer to round fifteen (April-September 2016) of the survey.

Chart 2b

Breakdown of enterprises by age of the firm

(unweighted percentage)

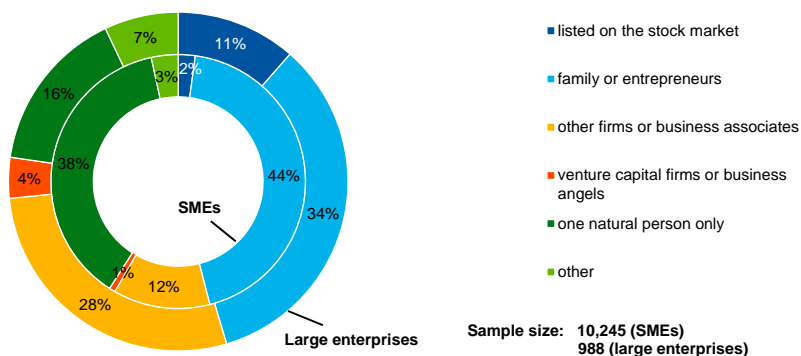


Base: Figures refer to round fifteen (April-September 2016) of the survey.

Chart 3b

Breakdown of enterprises according to ownership

(unweighted percentage)

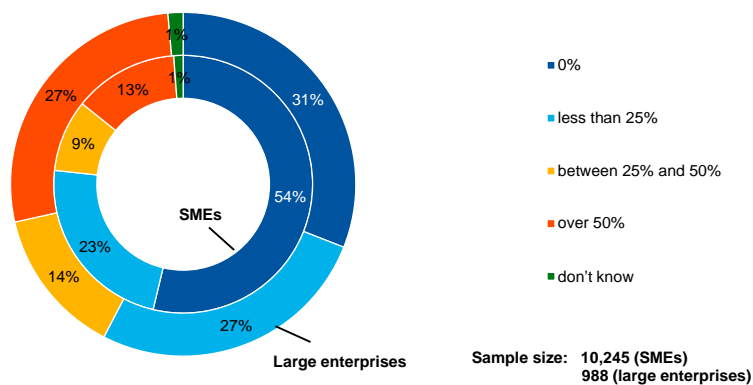


Base: Figures refer to round fifteen (April-September 2016) of the survey.

Chart 4b

Breakdown of enterprises according to exports

(unweighted percentage)



Base: Figures refer to round fifteen (April-September 2016) of the survey.

Annex 3

Methodological information on the survey

This Annex presents the main changes introduced in the latest round of the Survey on the Access to Finance of Enterprises (SAFE). For an overview of how the survey was set up, the general characteristics of the euro area enterprises that participated in the survey and the changes introduced to the methodology and the questionnaire over time, see the “Methodological information on the survey and user guide for the anonymised micro dataset” available on the ECB website.¹²

Since September 2014 the survey has been carried out by Panteia b.v., in cooperation with the fieldwork provider GDCC. To the best of our knowledge, no breaks in the series are attributable to the change of providers over the life cycle of the survey.

However, some changes in the questionnaire may have caused a break between the round covering the second half of 2013 and that covering the first half of 2014. This stems from the review of various components of the SAFE after ten survey rounds, covering the questionnaire, sample allocation, survey mode and weighting scheme (see Annex 4 in the corresponding report on the ECB’s website for details¹³).

With regard to the weighting scheme, up to the H1 2015 round, the calibration targets were updated with each survey round based on the latest available figures from Eurostat’s structural business statistics (SBS). Since then, with all the euro area countries participating in the survey, the weighting scheme is updated once a year.¹⁴

In this survey round no major changes were introduced in the questionnaire.¹⁵

¹² [“Methodological information on the survey and user guide for the anonymised micro dataset”](#)

¹³ [“Survey on the Access to Finance of Enterprises in the euro area - April 2014 to September 2014”](#)

¹⁴ For more details, see Section Weighting in [“Methodological information on the survey and user guide for the anonymised micro dataset”](#).

¹⁵ The [questionnaire](#) is available on the ECB website. It was translated into the respective languages for the purposes of the survey.

Abbreviations

Countries

BE	Belgium	HR	Croatia	PL	Poland
BG	Bulgaria	IT	Italy	PT	Portugal
CZ	Czech Republic	CY	Cyprus	RO	Romania
DK	Denmark	LV	Latvia	SI	Slovenia
DE	Germany	LT	Lithuania	SK	Slovakia
EE	Estonia	LU	Luxembourg	FI	Finland
IE	Ireland	HU	Hungary	SE	Sweden
GR	Greece	MT	Malta	UK	United Kingdom
ES	Spain	NL	Netherlands	US	United States
FR	France	AT	Austria		

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Postal address 60640 Frankfurt am Main, Germany
Telephone +49 69 1344 0
Website www.ecb.europa.eu

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