EUROPEAN CENTRAL BANK

EUROSYSTEM

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SURVEY ON THE ACCESS TO FINANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN THE EURO AREA

– APRIL TO SEPTEMBER 2011 –

This report presents the main features of the results of the fifth round of the survey "Access to finance of small and medium-sized enterprises in the euro area", conducted between 22 August and 7 October 2011 on behalf of the European Central Bank (ECB) and the European Commission. The total sample size for the euro area was 8,316 firms, of which 7,690 (i.e. 92%) had fewer than 250 employees.[1] *The report provides evidence on the financial situation, financing needs and access to external financing of small and medium-sized enterprises (SMEs) in the euro area, compared with large firms, during the preceding six months, i.e. the period from April to September 2011.*[2] *In addition, it provides an overview of developments in access to finance across euro area countries, as well as information on euro area SMEs' growth expectations and the obstacles they believe may hinder their growth.*

1. The financial situation of euro area SMEs

The net percentage of euro area SMEs reporting an increase in **turnover** rose somewhat further in the period from April to September 2011 (9%, up from 3% in H2 2010; see **Chart 1**), mainly reflecting the stronger pace of economic growth in the first half of 2011. At the same time, euro area SMEs continued to report, on balance, a deterioration in **profits**, although the net percentage declined to 15% (from 21% in the previous survey round). In addition, they continued to report an increase in **labour and other costs** (43% and 59% respectively, in net terms), but the net percentages were somewhat lower than in the previous survey round (46% and 69% respectively).

The net percentage of euro area SMEs reporting a slight further decline in their leverage (defined as the ratio of **debt to assets**) rose to 6%, from 4% in H2 2010. This was due to the ongoing need of SMEs to deleverage from the high overall levels of debt, in an environment of increased sensitivity towards credit

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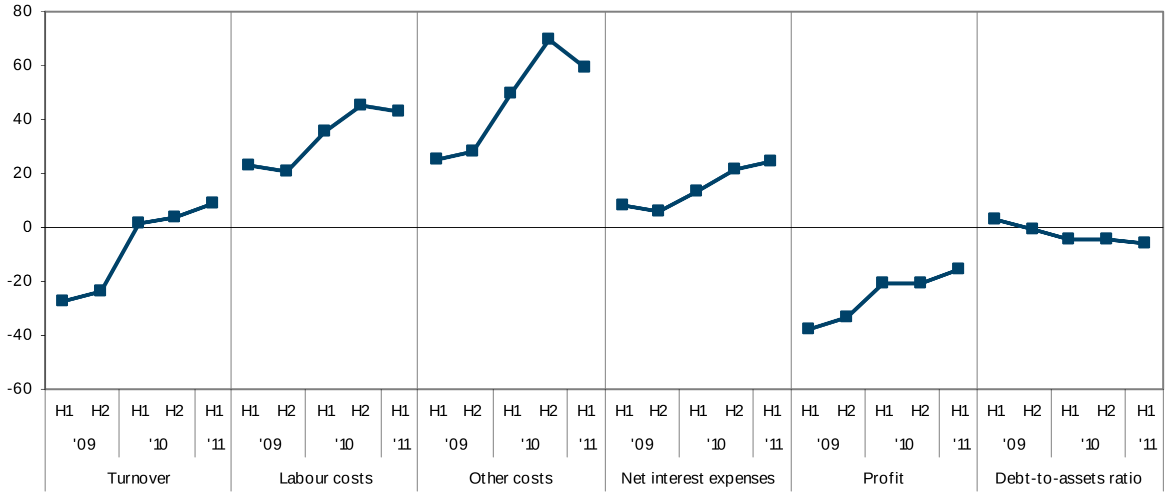
1 See Annex 2 for details on the weighting scheme. For the second time since the start of the survey in 2009, this round was conducted on behalf of the ECB and the European Commission. Unlike the previous survey round, it covered a small sample from the six smallest euro area countries and included an additional set of questions. The total sample size for the European Union was 13,859 firms, of which 12,680 had fewer than 250 employees. There is very little change in the results for the euro area if the sample of firms from the six smallest euro area countries is not taken into account.

2 For this survey round (H1 2011), the reference period was April to September 2011. For the previous survey round (H2 2010), it was September 2010 to February 2011.

risks and overall debt sustainability. Notwithstanding this very gradual deleveraging, 25% of euro area SMEs reported, on balance, a slight increase in their **net interest expenses**, compared with 21% in the previous survey round.

By contrast, in net terms, **large firms** continued to report an increase in profits and a stronger improvement in turnover, although the net percentage of respondents compared with the previous reporting period dropped to 10% from 25% and to 45% from 49% respectively (see Chart 1a in Annex 1A). In addition, the net percentage of respondents reporting that their leverage declined fell to 7% from 10%. Therefore, the overall financial situation of large firms still appears to be much more favourable than that of SMEs.

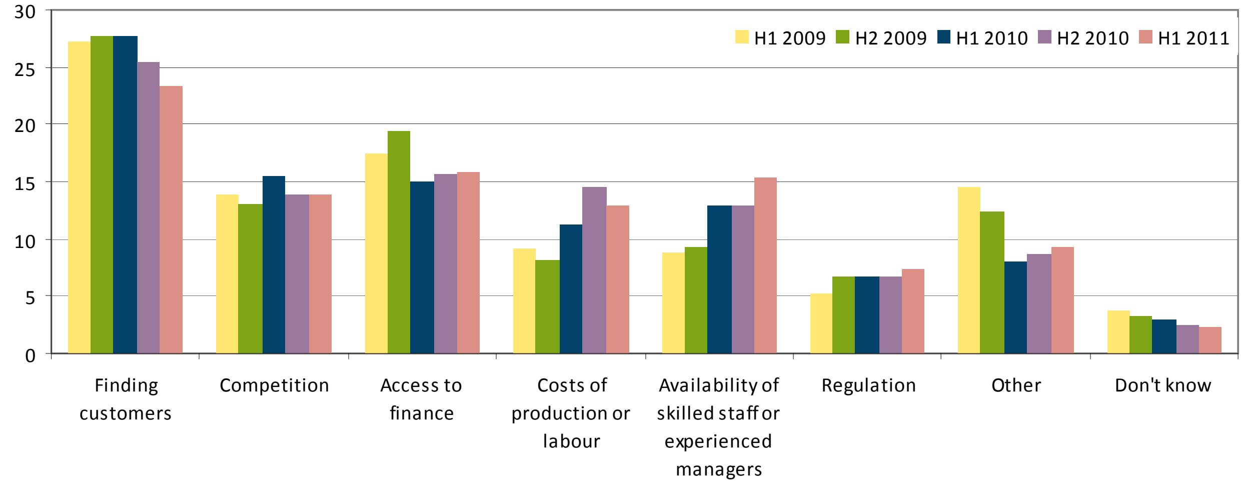
Chart 1 Change in the income and debt situation of euro area SMEs
(over the preceding six months; net percentage of respondents)



Base: All SMEs.
Note: The net percentage is the difference between the percentage of firms reporting an increase for a given factor and that reporting a decrease.

When asked about their **most pressing problem** in the period from April to September 2011, 16% of respondents replied "access to finance" (unchanged from H2 2010), while 23% (from 25%) said "finding customers" (see **Chart 2**). The proportion of SMEs quoting other problems, such as "competition" and "availability of skilled staff or experienced managers" was similar to that quoting "access to finance". Therefore, access to finance remained the second most pressing problem for euro area SMEs. Compared with 2009, when economic activity in the euro area was very subdued, access to finance was perceived by fewer SMEs as their most pressing problem. Access to finance appears to be a more severe concern for SMEs than for large firms (of which 11% considered "access to finance" to be their most pressing issue (see Chart 2a in Annex 1A).

Chart 2 The most pressing problem faced by euro area SMEs
(percentage of respondents)



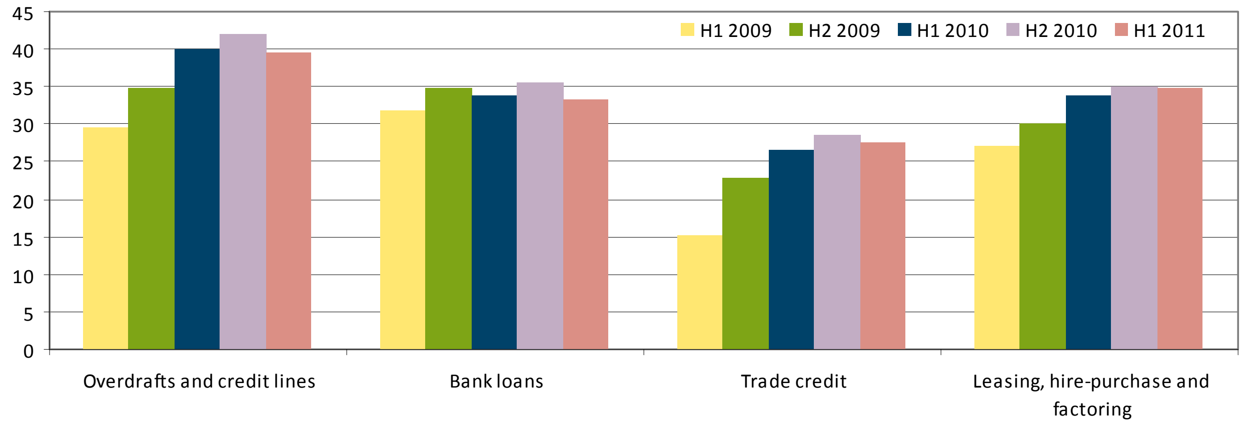
Base: All SMEs.
Note: The results for H1 2009 were based on a more limited sample.

2. External financing needs and access to finance of euro area SMEs

Sources of external financing of euro area SMEs

Compared with the previous survey round, the composition of SMEs' **sources of external financing** remained broadly unchanged between April and September 2011. Although the number of euro area SMEs using bank financing (via overdrafts, credit lines and bank loans) fell slightly in comparison with the previous round, it nevertheless remained their most important source of external financing (see **Chart 3**).

Chart 3 Sources of external financing of euro area SMEs
(over the preceding six months; percentage of respondents)



Base: All SMEs.

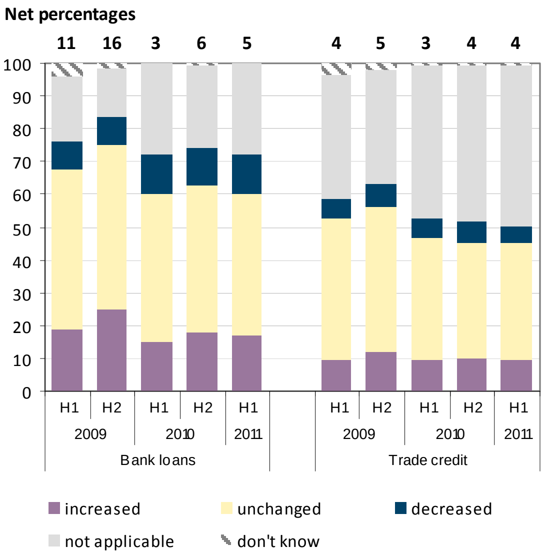
External financing needs of euro area SMEs

In the period from April to September 2011, a net percentage of 5% (from 6%) of SMEs' reported an increase in the **need for bank loans,** broadly unchanged from the previous survey round (see **Chart 4**).[3]

Accordingly, there was also very little change in the **factors** affecting SMEs' external financing needs from the last survey round, with fixed investment (12%, up from 11% in net terms) and inventory and working capital (12%, up from 10% in net terms) remaining the most important (see **Chart 5**).

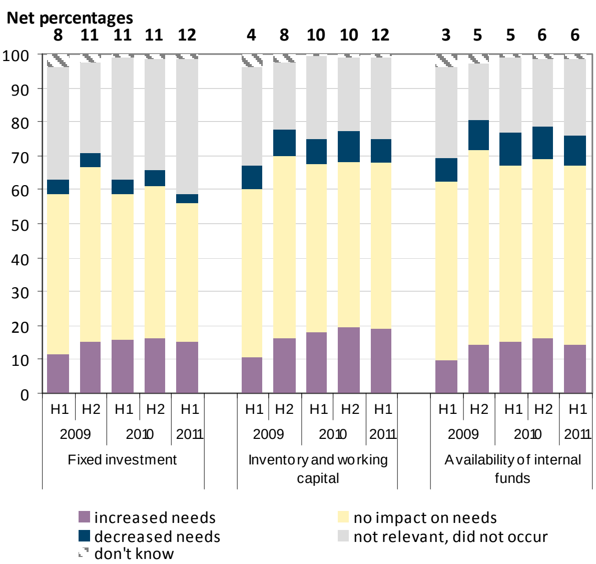
Large firms reported, on balance, an increase in their need for bank loans (6%, up from 1% in the previous survey round), which was driven mainly by a higher financing need for inventories and working capital (22%, up from 17% in net terms). Their financing need for fixed investment, however, declined somewhat (to 24% from 27% in net terms; see Charts 4a and 5a in Annex 1A).

Chart 4 Change in the external financing needs of euro area SMEs
(over the preceding six months; percentage of respondents)



Base: All SMEs.

Chart 5 Change in factors affecting the external financing needs of euro area SMEs
(over the preceding six months; percentage of respondents)



Base: All SMEs.

Availability of external financing for euro area SMEs

The net percentage of SMEs perceiving a deterioration in the **availability** of bank loans between April and September 2011 increased to 14% from 9% in H2 2010 (see **Chart 6**). With regard to other sources of external financing, such as trade credit, SMEs did not report a further deterioration in availability. Compared with 2009, SMEs' assessment of the degree of deterioration in the availability of bank loans and trade credit was more moderate between April and September 2011.

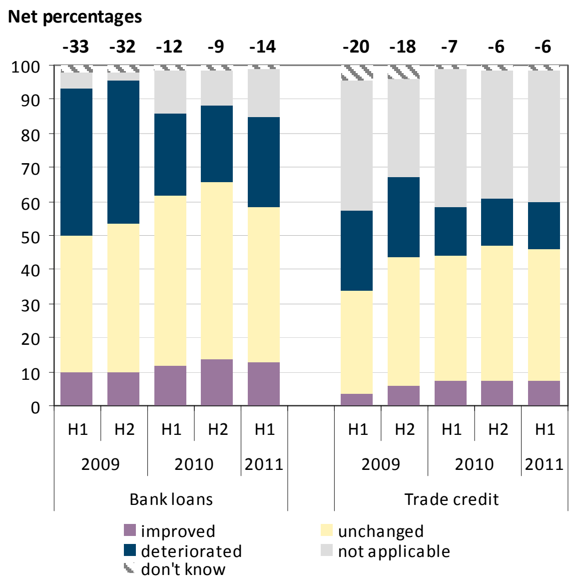
[3] Regardless of whether or not they have applied for external financing, all survey respondents are asked about their needs for each source of external financing (i.e. bank loans, bank overdrafts and credit lines, trade credit, equity and debt securities issuance).

By contrast, large firms reported a more pronounced deterioration in the availability of bank loans (10% in net terms), reflecting the fact that in the previous survey round, they had reported a net improvement (6%; see Chart 6a in Annex 1A).

Turning to the **factors** negatively affecting the availability of external financing, on balance 30% of SMEs (compared with 19% in the previous survey round) referred in particular to the deterioration in the general economic outlook (see **Chart 7**). In addition, a net percentage of 20% (compared with 16%) perceived a further decline in banks' willingness to provide loans. Hence, having made a less negative assessment of banks' willingness to provide loans in 2010, SMEs appear once again to have experienced more constraints in obtaining loans in 2011. Nevertheless, the degree of deterioration in H1 2011 was not as strong as it was in 2009 (25% in net terms in both H1 and H2).

Chart 6 Change in the availability of external financing for euro area SMEs

(over the preceding six months; percentage of respondents)



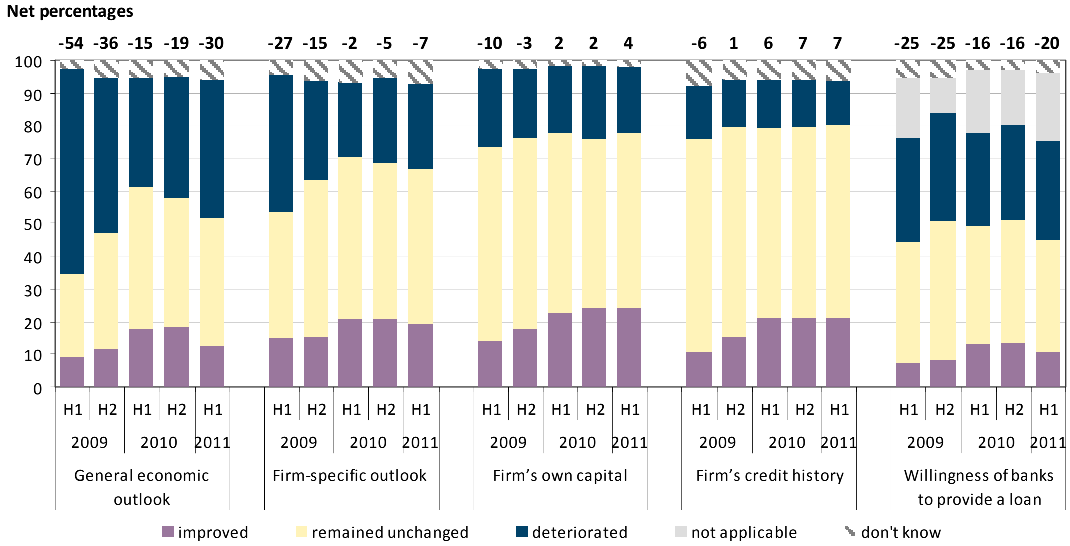
Base: SMEs that had applied for external financing.

The deterioration in the availability of external financing between April and September 2011 went hand in hand with a reported net improvement in SMEs' own capital (4%, up from 2% in H2 2010) and no change in the assessment of their credit history.

With regard to large firms, on balance 30% reported a deterioration in the availability of bank loans owing to the worsening general economic outlook, while a net percentage of 12% reported an improvement in H2 2010 (see Chart 7a in Annex 1A). At the same time, on balance, 8% judged banks to be less willing to provide loans, while in H2 2010 on balance 4% perceived them to be more willing.

Chart 7 Change in factors having an impact on the availability of external financing to euro area SMEs

(over the preceding six months; percentage of respondents)



Base: All SMEs.

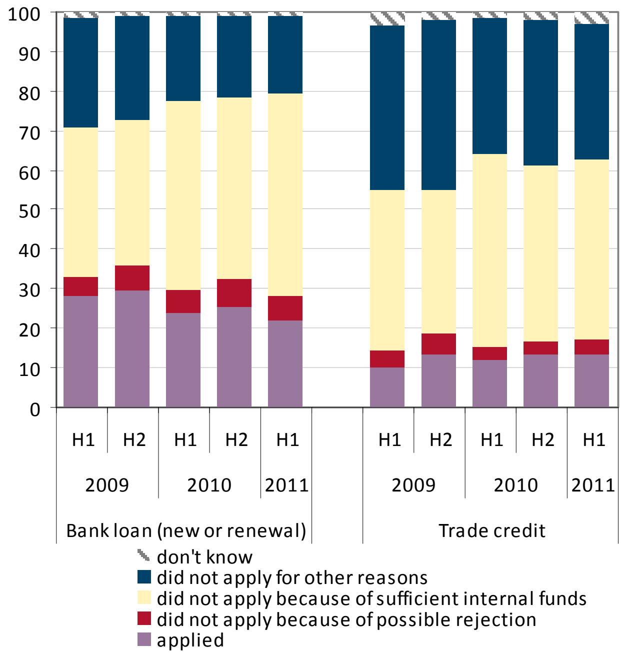
Applications for external financing and their success

Between April and September 2011, 22% of SMEs applied for a bank loan (down from 25% in H2 2010), the lowest percentage since the beginning of the survey. 51% (compared with 46%) did not apply for a bank loan because they believed they had sufficient internal funds (see **Chart 8**). The percentage of firms not applying for a loan for fear of rejection remained broadly stable (at 6%, compared with 7% in the previous survey round).

When asked about the **actual success** of their applications for bank loans, SMEs reported that there had basically been no change in the rejection rate from the previous survey round (10%, down from 11% in H2 2010; see **Chart 9**). In addition, 63% reported that they had received the full amount they had applied for, down from 66% in the previous round, but still considerably more than the 56% in H2 2009. With regard to trade credit and other sources of external financing, SMEs reported that the success rate of their applications had improved. Compared with SMEs, large firms continued to report a lower rejection rate (3%, compared with 2% in the previous survey round) and a higher success rate (78%, up from 73%) when applying for a bank loan (see Chart 9a in Annex 1A).

Chart 8 Applications for external financing by euro area SMEs

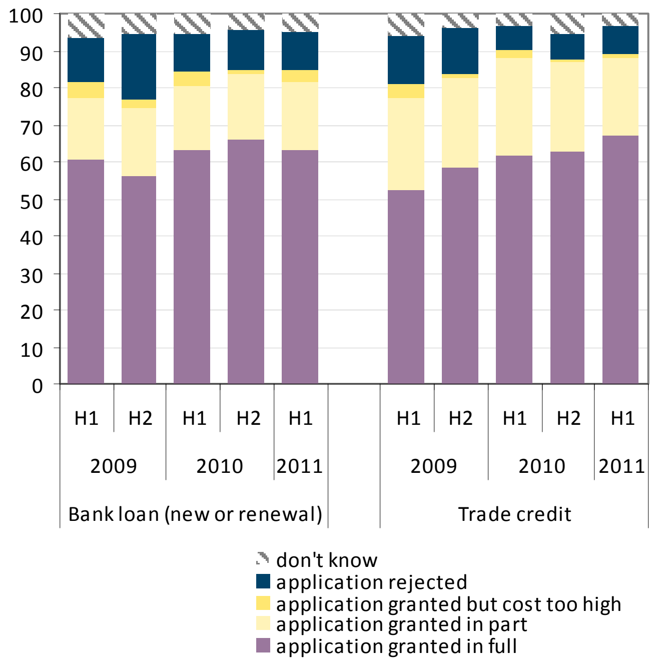
(over the preceding six months; percentage of respondents)



Base: All SMEs.

Chart 9 Outcome of the applications for external financing by euro area SMEs

(over the preceding six months; percentage of firms that had applied for bank loans or trade credit)



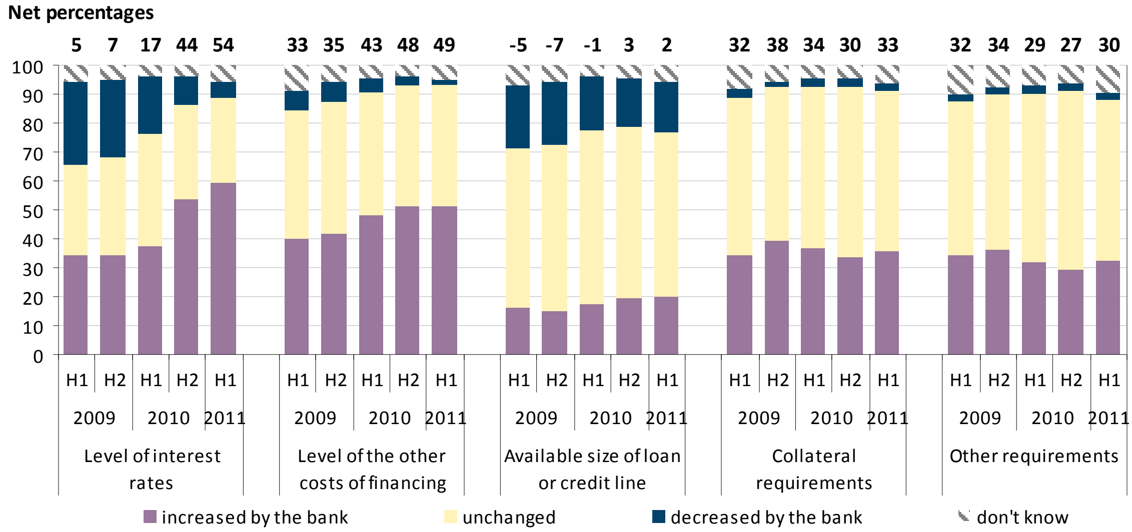
Base: SMEs that had applied for bank loans or trade credit.

Terms and conditions of loan financing

Reflecting the reported deterioration in the availability of bank loans, the net percentage of SMEs reporting increases in **interest rates** charged between April and September 2011 rose to 54% from 44% in H2 2010 (see **Chart 10**). This development was broadly in line with the increase in short and medium-term bank lending rates for non-financial corporations during this period. In addition, the net percentage of SMEs reporting an increase in the **other costs of financing** (which include charges, fees and commissions) remained broadly unchanged at 49%. The degree of deterioration was generally not as high for non-price terms and conditions. For instance, in net terms, 33% of SMEs reported an increase in **collateral requirements** (compared with 30% in the previous survey round).

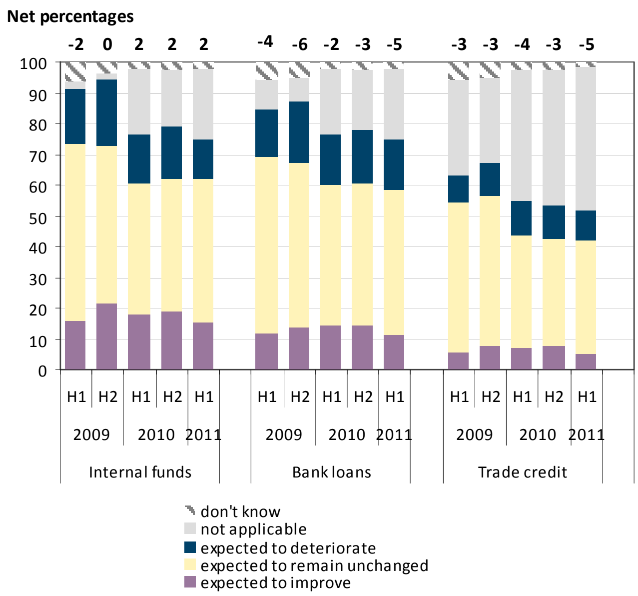
The net percentage of large firms reporting an increase in interest rates charged also rose considerably (57%, up from 42%; see Chart 10a in Annex 1A).

Chart 10 Change in the terms and conditions of bank loans granted to euro area SMEs
(over the preceding six months; net percentage of firms that had applied for bank loans)



Base: SMEs that had applied for bank loans or trade credit.
Note: The net percentage is the difference between the percentage of firms reporting that the given factor has increased and those reporting that it has deceased.

Chart 11 Change in euro area SMEs' expectations regarding access to finance
(over the following six months; net percentage of respondents)



Base: All SMEs.
Note: The net percentage is the difference between the percentage of firms expecting an improvement in the source of financing and those expecting a deterioration.

Expectations regarding access to finance

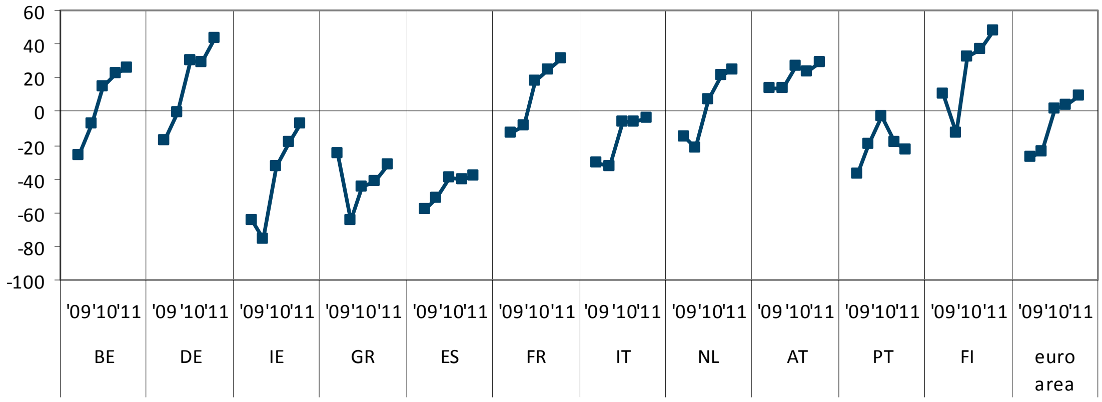
Over the next six months, in net terms, 5% of the SMEs expect access to bank loans and trade credit to deteriorate, broadly unchanged from H2 2010 (3%; see **Chart 11**). Furthermore, they do not expect any change in the availability of internal funds (2% in net terms). By comparison, large firms were, on balance, more optimistic regarding the availability of internal funds, as a higher net percentage expected an improvement, although this percentage is considerably lower than in the previous survey round (10%, down from 23%; see Chart 11a in Annex 1A). By contrast, the deterioration in expectations of large firms is similar to that of SMEs in terms of the availability of bank loans (-7%, from 8% in net terms) and trade credit (-4%, from 4% in net terms).

3. Overview of main country results[4]

Turnover, profits and costs

The rise in the net percentage of euro area SMEs reporting an **increase in turnover** between April and September 2011 was due mainly to German and Finnish SMEs reporting strong increases and other euro area countries reporting more moderate increases (see **Chart 12**). In Greece, Spain, Ireland, Portugal and to some extent Italy, however, the majority of firms reported a decrease in turnover. Compared with the previous survey rounds, these results point to a slightly improved situation in most countries (except Portugal), broadly reflecting the stronger pace of economic growth in the first half of 2011. The net percentage of firms in the remaining six euro area countries (also referred to as the "smallest" or "other small euro area countries", see the table in Annex 1B[5]) that reported an increase in turnover was similar to the euro area average.

Chart 12 Change in the turnover of SMEs across euro area countries
(over the preceding six months; net percentages)



Base: All SMEs.

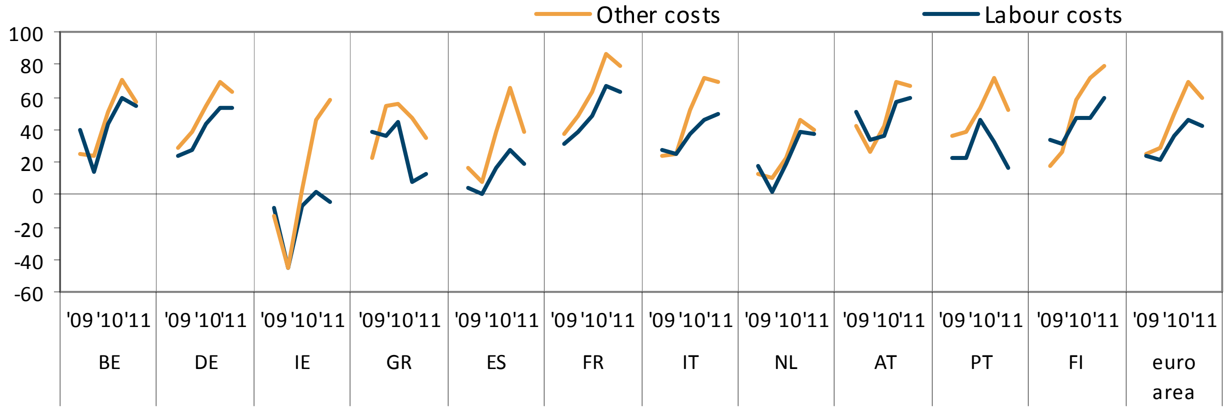
In most euro area countries, SMEs reported, on balance, a decrease in profits, with the net percentages being the most negative in Spain (-55%) and Greece (-60%). SMEs in the other small euro area countries also reported a decrease in net terms in H1 2011. However, German SMEs reported a strong jump in profits in net terms compared with the previous round (21%, up from 7%), while Finnish SMEs indicated persistent increases in their profits. With regard to costs, in most countries, the majority of SMEs continued to report rising labour and other costs, although on balance, cost pressures seem to have eased

4 Besides being representative at the euro area level, the sample is also representative for the four largest euro area countries, i.e. Germany, France, Italy and Spain where 1,000 firms were interviewed in each country (see Annex 2). The sample size in the other countries was increased in the H2 2010 survey round to 500 firms, enabling significant comparisons to be made across countries. Comparisons for the small countries over time should be made with some caution as the sample has changed and may be less precise for the first three rounds of the survey.

5 Annex 1B provides an overview of the available results for Estonia, Cyprus, Luxembourg, Malta, Slovenia and Slovakia on an aggregated level. Data are available for the first survey round (H1 2009) and for this round (H1 2011) and are aggregated using a changing composition. Data for Estonia are available only for the H1 2011 survey round.

somewhat (see **Chart 13**). For Irish and Finnish SMEs, however, there appears to have been no easing in cost pressures, but rather a further rise in labour costs and/or in other input costs.

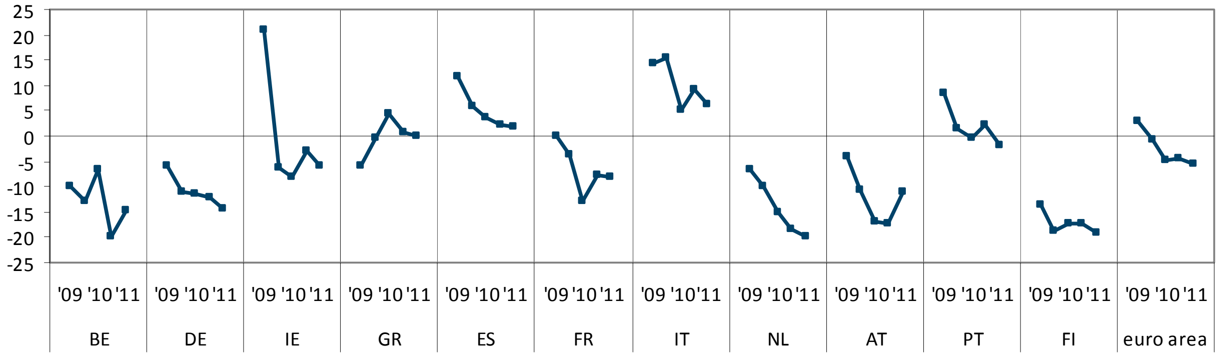
Chart 13 Change in labour and other costs (raw material and other input costs) of SMEs across euro area countries
(over the preceding six months; net percentages)



Base: All SMEs.

The survey results indicate that the deleveraging process continued between April and September 2011, albeit only gradually and unevenly across countries. In most euro area countries, in particular the Netherlands and Finland, SMEs reported a reduction in their ratio of debt to total assets (see **Chart 14**). The results paint a different picture for Italian SMEs, which, on balance, still appear to be increasing their leverage, which is in line with the evidence reported in the integrated euro area accounts. Nevertheless, the net percentage of Italian SMEs reporting an increase has declined over time, probably on account of the slowdown in the rate of growth of bank loans that took place over the summer. Ongoing deleveraging was reported by SMEs in the smallest euro area countries, which are only included in the survey every two years.

Chart 14 Change in the ratio of debt to total assets of SMEs across euro area countries
(over the preceding six months; net percentages)

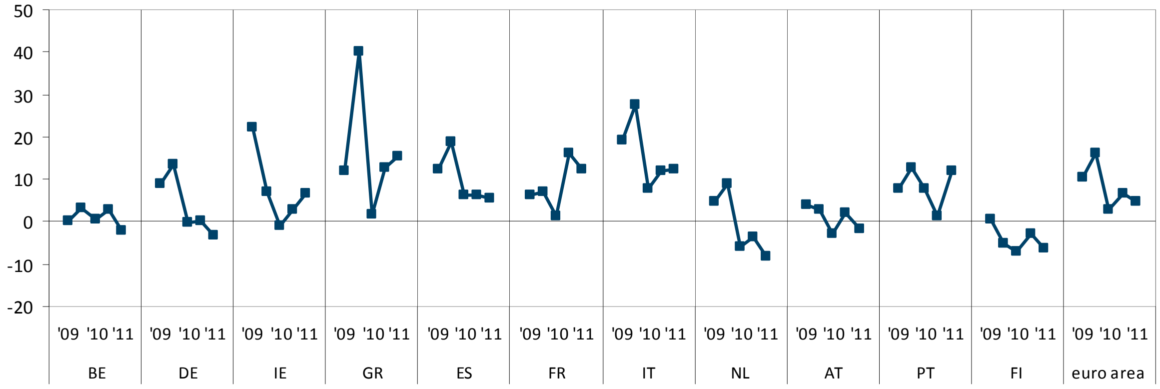


Base: All SMEs.

External financing needs and access to finance

The needs of SMEs for bank loans were heterogeneous across euro area countries, with a slight majority of countries reporting a positive net demand, in line with the overall euro area average. At the same time, compared with the previous survey round, the net percentage of firms reporting an increase in their financing needs diminished in all euro area countries, except Greece, Ireland and Portugal (see **Chart 15**). This is partly attributable to the fact that firms reported only moderate increases in investment. In most countries, but in particular Greece, the two main reasons given by SMEs to explain their external financing needs were inventories and working capital. In net terms, the availability of internal funds remained broadly unchanged across countries. In the other small euro area countries, demand for bank loans was on balance slightly negative in H1 2011, broadly unchanged from H1 2009.

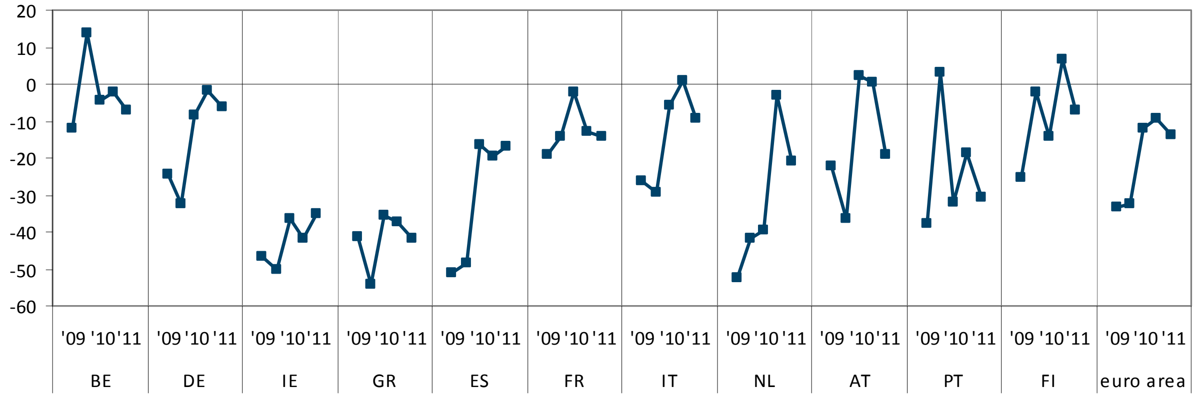
Chart 15 Change in the needs of SMEs for bank loans across euro area countries
(over the preceding six months; net percentages)



Base: All SMEs.

Turning to the supply of financing, in line with the overall deterioration in the availability of bank loans for euro area SMEs, the survey results show that, on balance, SMEs in most euro area countries reported a marked deterioration in the availability of bank loans between April and September 2011. As shown in **Chart 16**, only a few countries saw a moderate improvement in the net availability of bank loans (e.g. Spain and Ireland), while Austrian, Dutch, Finnish and Italian firms reported a clear deterioration compared with previous survey rounds. The highest net percentages of SMEs reporting a deterioration in the availability of bank loans were still in Greece, Ireland and Portugal (42%, 35% and 31% respectively). In the other small euro area countries, the availability of loans remained negative in net terms, but improved by comparison with H1 2009. In most countries, SMEs considered the general economic and the firm-specific outlooks to be the main factors affecting the availability of bank loans. Dutch firms in particular reported a strong deterioration in their assessment of the economic outlook in terms of this affecting the availability of external financing. Pure supply-side factors (i.e. the willingness of banks to provide loans) appear to have worsened further across countries.

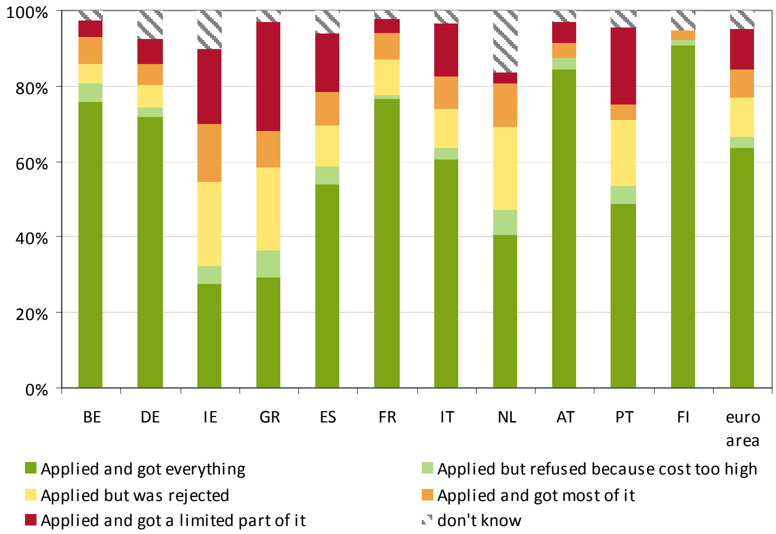
Chart 16 Change in the availability of bank loans, as perceived by SMEs across euro area countries
(over the preceding six months; net percentages)



Base: All SMEs that applied for external financing.

In line with the overall picture for the euro area, from April to September 2011, a smaller percentage of SMEs applied for a bank loan than in the previous survey round. Only in France and Finland has this percentage increased since the beginning of 2009. Looking at the success rates of loan applications, SMEs in Ireland and Greece reported considerably lower success rates (27% and 29% respectively; see **Chart 17**) than SMEs in other countries. Compared with the results of the previous survey round, however, success rates remained broadly unchanged or improved slightly in most countries, with the exception of Ireland and Portugal. In the other small euro area countries, 17% of firms applied for a bank loan in H1 2011, with a relatively high success rate of 63% (see the chart in Annex 1B).

Chart 17 Outcome of applications for bank loans by SMEs across euro area countries
(over the preceding six months; percentage of firms that had applied for bank loans)



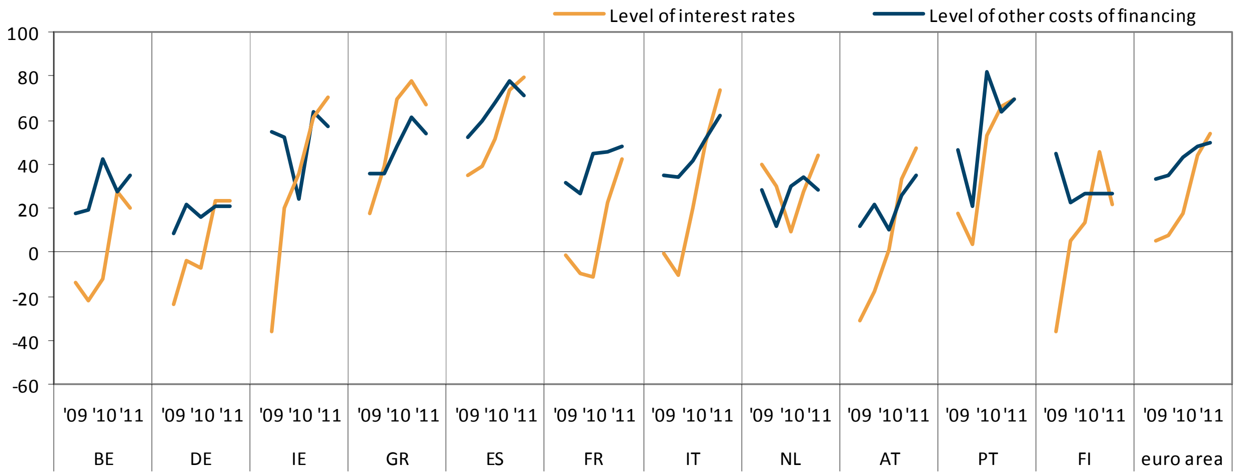
Firms that applied for a bank loan (new or renewal; excluding overdraft and credit lines)
(over the preceding six months; percentages)

	BE	DE	IE	GR	ES	FR	IT	NL	AT	PT	FI	euro area
H1 2011	21	17	15	20	28	31	24	11	17	15	14	22

Base: All SMEs that had applied for bank loans.

Turning to the **terms and conditions of bank financing** (see **Chart 18**), in most countries, the net percentage of firms reporting an increase in lending rates and "other costs of financing" was positive and higher than in the previous survey round. In Spain, Ireland, Italy and Portugal, on balance, between 70% and 80% of SMEs reported an increase in interest rates, while in Germany, Belgium and Finland the net percentage was around 20%. These survey results were broadly in line with recent developments in the bank interest rate statistics, which point to hikes in Portuguese, Italian, Irish and, to a lesser extent, French and Greek small-sized bank lending rates between March and August 2011. In this survey round, the increases in non-price terms and conditions (i.e. collateral requirements, covenants and other guarantees) were generally perceived as lower than for interest rates. With regard to the other small euro area countries, the net percentage of firms reporting an increase in price terms and conditions was smaller than the euro area average, as well as lower than in H1 2009 (see the table in Annex 1B**)**.

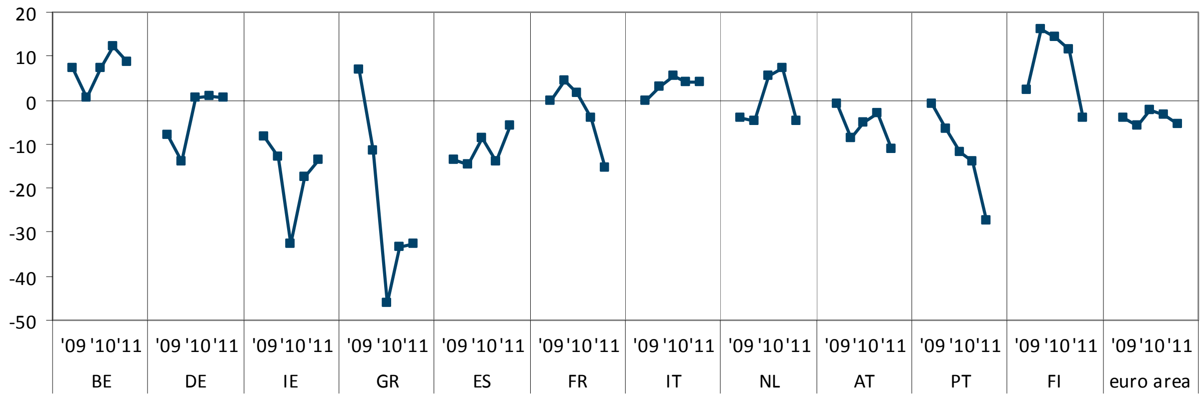
Chart 18 Change in the terms and conditions of bank loans to SMEs across euro area countries
(over the preceding six months; net percentages)



Base: All SMEs that applied for a bank loan.

Regarding **expectations of future developments in access to finance** for the coming six months, SMEs in most euro area countries expect, in net terms, a deterioration in the availability of bank loans in the second half of 2011 (see **Chart 19**). In Greece and Portugal, but also Ireland and France, SMEs tended to foresee a further strong deterioration, while Belgium, Italy and the other small euro area countries stood out as the countries where the balance of opinion on the expected access to bank loans was slightly tilted to the upside. In Germany, expectations regarding access to finance seemed more balanced and did not change much from the last survey round.

Chart 19 SMEs' expectations regarding access to bank loans across euro area countries
(over the following six months; net percentages)



Base: All SMEs that had applied for external financing.

4. Growth and obstacles to growth of SMEs in the euro area and across countries

Every two years, survey participants are also asked about their growth and growth expectations, as well as possible obstacles to their growth aspirations. This section therefore compares SMEs' replies in this survey round (H1 2011) with those two years ago (H1 2009), when there was a severe weakness in economic activity in the euro area.

Turnover growth and the growth expectations of SMEs

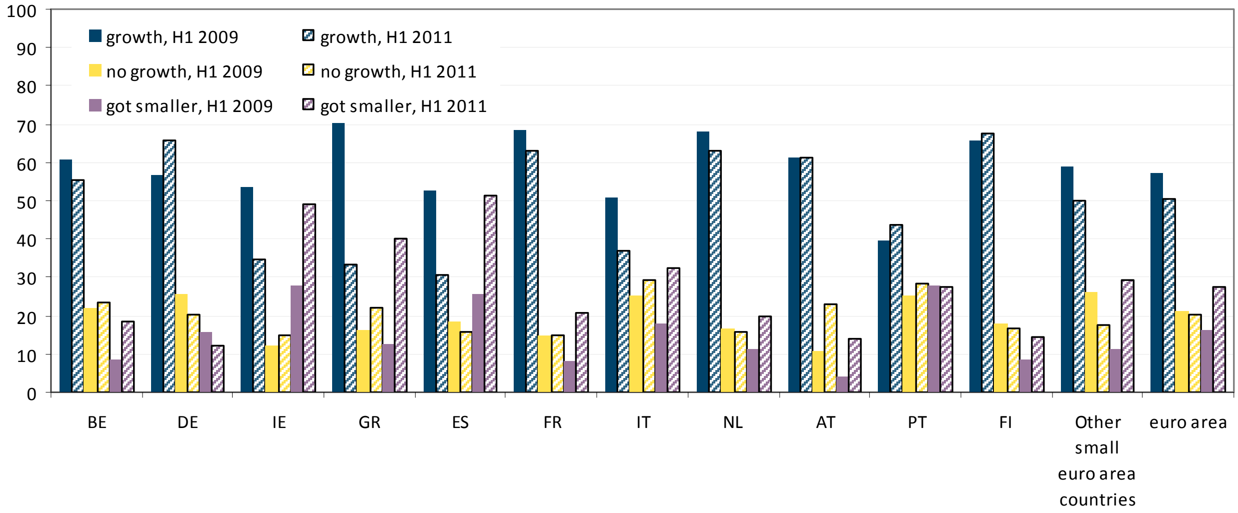
In this survey round, 50% of euro area SMEs reported that, on average, they had grown over the last three years in terms of turnover (see **Chart 20**), which is somewhat fewer than in H1 2009 (57%). Around one-quarter of SMEs (27%) indicated that they had shrunk, which is considerably more than in 2009 (16%), reflecting the impact of the financial crisis on SMEs' growth.

Across countries, the percentage of SMEs indicating a decline in turnover over the last three years was highest in Spain (51%), Ireland (49%) and Greece (40%), owing to the severe economic downturn in these countries. By contrast, it was lowest in Germany (12%), Finland and Austria (both 14%). Germany and Finland were the two euro area countries with the highest percentage of firms reporting an average increase in turnover over the last three years (66% and 67% respectively).

The percentage of large euro area firms indicating a decline in turnover (15%) over the last three years was considerably lower than that of SMEs, suggesting that large firms were not as severely affected by the economic weakness as SMEs. In addition, compared with SMEs, a higher percentage of large firms (71%) indicated that, on average, they had grown over the last three years.

Chart 20 SMEs' average turnover growth across euro area countries

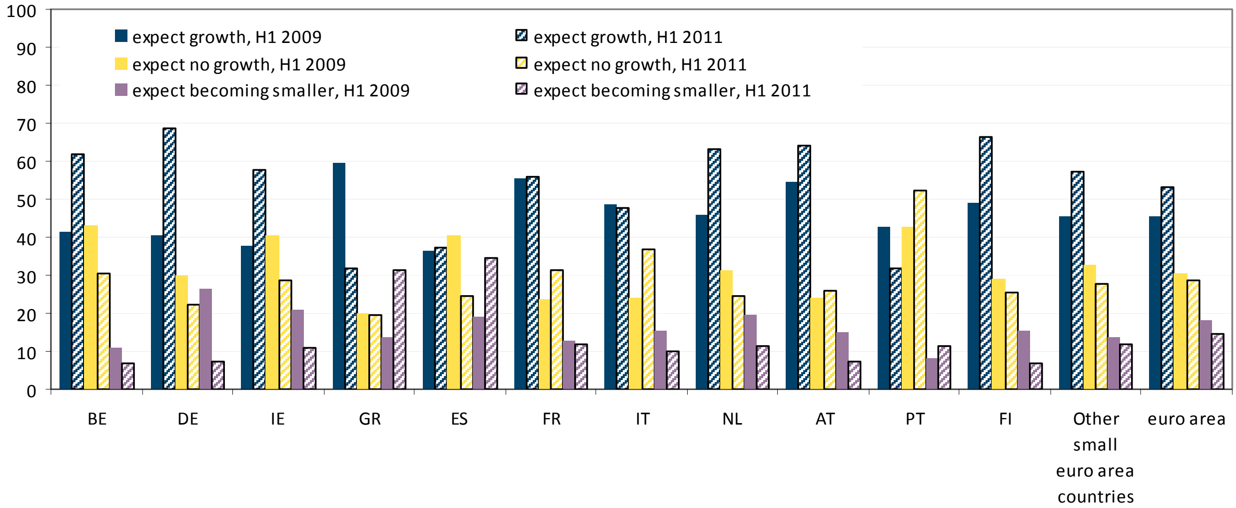
(over the last three years; percentages)



Base: All SMEs.

Chart 21 SMEs' expected turnover growth across euro area countries

(over the next two to three years; percentages)



Base: All SMEs.

SMEs' expectations regarding future turnover growth were better in this survey round than in H1 2009. Over the next two to three years, 53% of euro area SMEs expect to grow in terms of turnover, while in H1 2009 only 45% had this expectation (see **Chart 21**). In addition, the percentage of SMEs expecting a decline in turnover fell to 15%, from 18% in H1 2009.

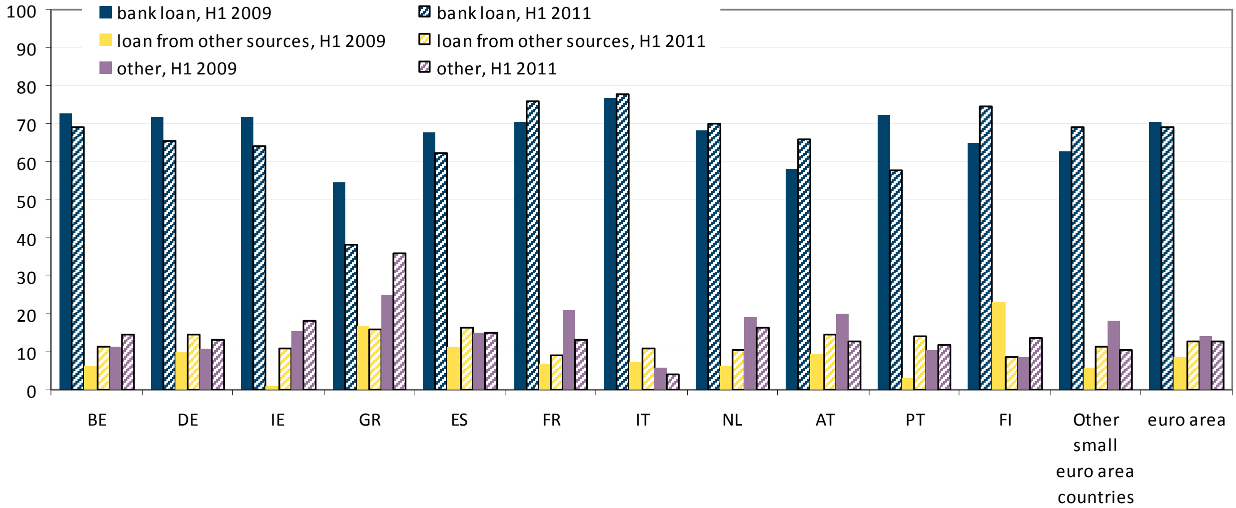
With regard to the individual euro area countries, the percentage of SMEs expecting to grow over the next two to three years either increased or remained broadly unchanged in most countries compared with H1 2009, except for Portugal and Greece. In these two countries and in Spain, the percentage of SMEs expecting a fall in turnover was higher than in the H1 2009 survey round.

Large euro area firms were considerably more optimistic than SMEs. According to the results of this survey round, 72% of large firms expected to grow over the next two to three years and only 6% expected a fall in turnover.

SMEs' preferred source of external financing and factors limiting their access to financing

When asked about their preferred source of external financing for realising their growth ambitions, the large majority of euro area SMEs continued to mention bank loans (69%, broadly unchanged from H1 2009, when it was 70%; see **Chart 22**). However, this broadly stable euro area average masks different developments across countries. While SMEs in around half of the euro area countries (in particular France, Austria and Finland) indicated a somewhat greater preference for bank loans than in 2009, SMEs in most of the other countries indicated a somewhat greater preference for loans from other sources or for other financing instruments (e.g. equity, participation loans). This was particularly the case in Ireland and Portugal (loans from other sources) and in Greece (other financing instruments), probably owing to the constraints experienced by SMEs in obtaining a bank loan.

Chart 22 SMEs' preferred source of external financing across euro area countries
(percentages)



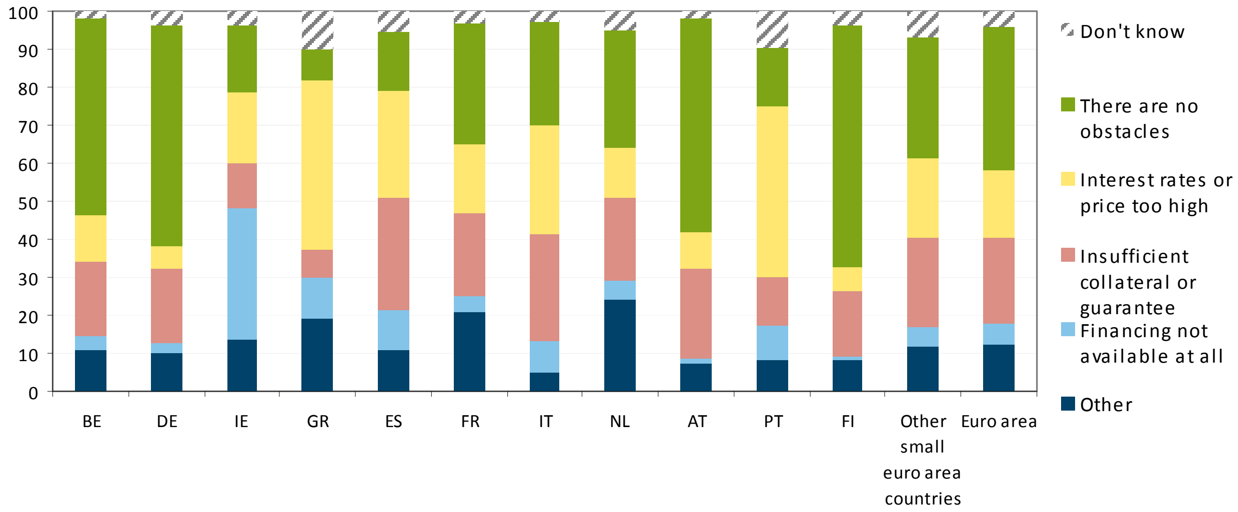
Base: All SMEs.

SMEs were also asked about the main factor limiting their access to financing (see **Chart 23**). 38% of SMEs reported that there were no obstacles to receiving financing (broadly unchanged from 36% in H1 2009). Insufficient collateral or guarantee (23%, from 24% in H1 2009) and too high interest rates or prices (18%, from 19%) were mentioned most frequently as binding financing obstacles. Only a small percentage of euro area SMEs reported that they had no access to financing at all (6%, from 4%).

However, the picture is heterogeneous across euro area countries. The percentage of SMEs reporting that there were no obstacles to receiving financing was highest in Finland (64%), Germany (58%) and Austria (56%), while it was lowest in Greece (8%), Portugal (15%), Spain (16%) and Ireland (18%). Of all the euro area countries, the percentage of SMEs reporting that they had no access to financing at all was highest in Ireland (35%). Moreover, the percentage of SMEs answering that interest rates or prices were too high was highest in Greece and Portugal (both at 45%).

The percentage of large euro area firms indicating that there were no obstacles to receiving financing (50%) was higher than for SMEs.

Chart 23 Main factor limiting access to financing, as indicated by SMEs across euro area countries
(percentages; H1 2011)



Base: All SMEs.

Table 1 Importance of factors for future financing, as indicated by SMEs across euro area countries
(scale of 1 (not at all important) to 10 (extremely important); H1 2011)

	Euro area average score	Minimum score across countries	Maximum score across countries
Guarantee for loans	6.1	4.6 (AT)	7.2 (IT)
Measures to facilitate equity investment(1)	4.3	3.0 (DE)	6.8 (GR)
Export credit or guarantees	3.7	2.1 (DE)	6.5 (GR)
Tax incentives	6.7	5.7 (DE)	8.3 (GR)
Business support services(2)	6.0	5.0 (DE)	7.4 (GR)
Making existing public measures easier to obtain(3)	7.0	5.8 (other small euro area countries)	8.1 (IT)

(1) For instance, support for venture capital or business angel financing.
(2) For instance, advisory services, training, business networks, credit mediation, match-making services, etc.
(3) For instance, through the reduction of administrative burdens.
Base: All SMEs.

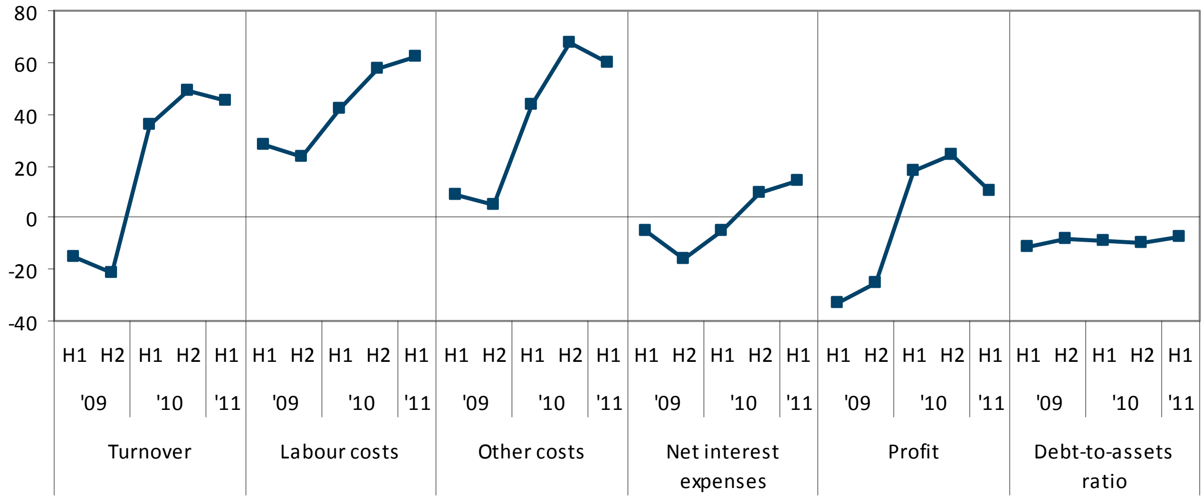
With regard to the importance of factors affecting financing in the future, euro area SMEs pointed mainly to administrative burdens (see **Table 1**).[6] Italian SMEs gave the highest score to this factor. In addition, euro area SMEs indicated that tax incentives would be important for their future financing, possibly by improving their overall financial situation. The lowest importance of all factors for their financing in the future was attributed to export credit and guarantees. Large euro area firms tended to share the same assessment of the relative importance of each factor.

[6] This question (Q24) was not included in the H1 2009 survey round.

ANNEX 1A: LARGE FIRMS – OVERVIEW OF THE SURVEY REPLIES

Chart 1a Change in the income situation of large euro area firms

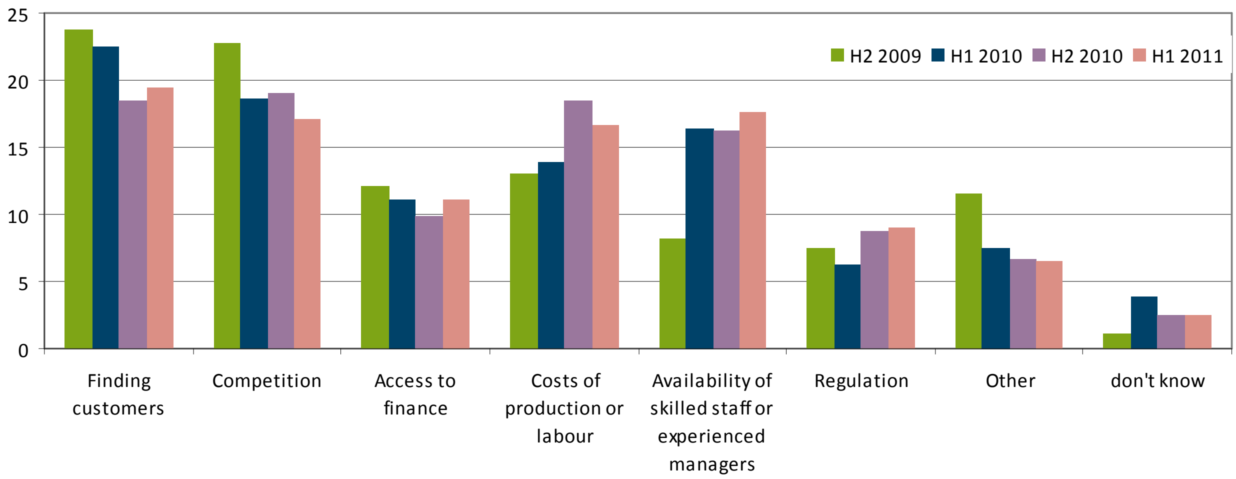
(over the preceding six months; net percentage of respondents)



Base: All large firms.

Chart 2a The most pressing problem faced by large euro area firms

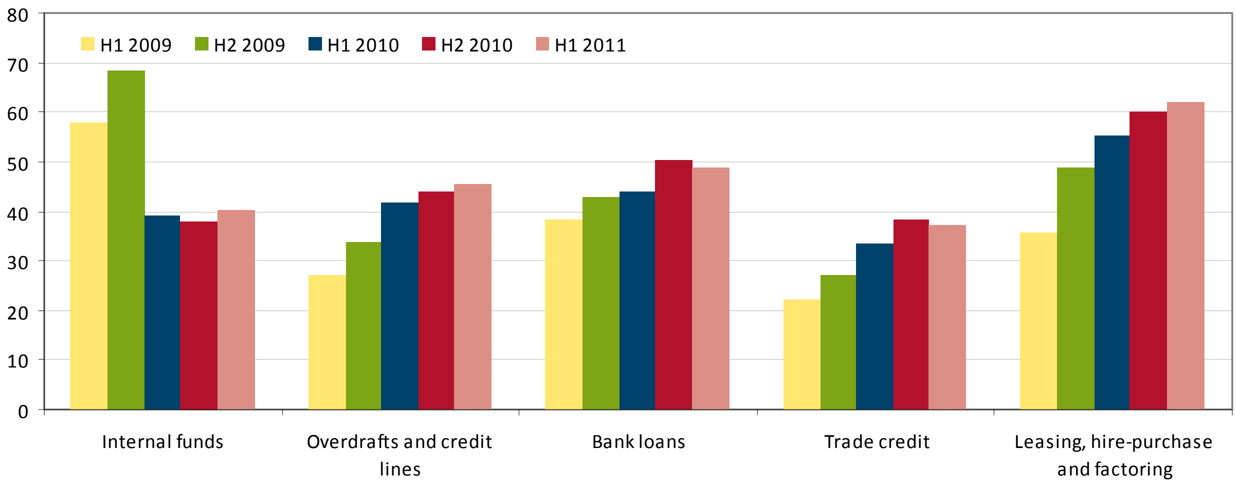
(percentage of respondents)



Base: All large firms.

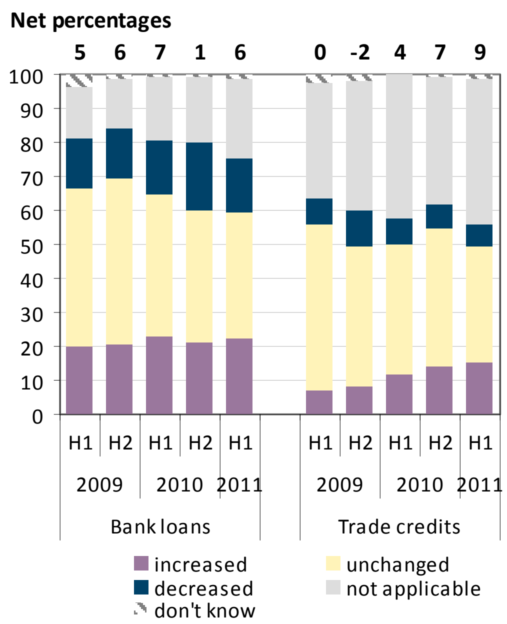
Note: Figures for H1 2009 are not comparable and therefore not shown.

Chart 3a Financing structure of large euro area firms
(over the preceding six months; percentage of respondents)



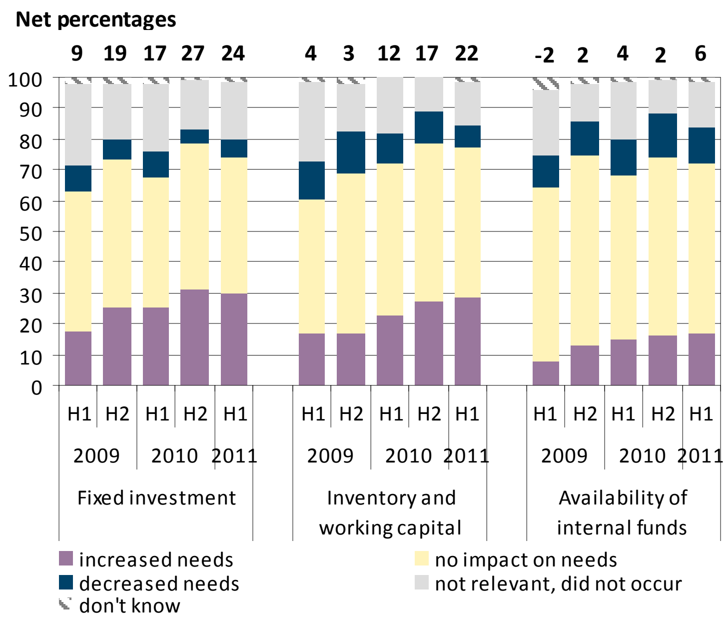
Base: All large firms.

Chart 4a Change in the external financing needs of large euro area firms
(over the preceding six months; percentage of respondents)



Base: All large firms.

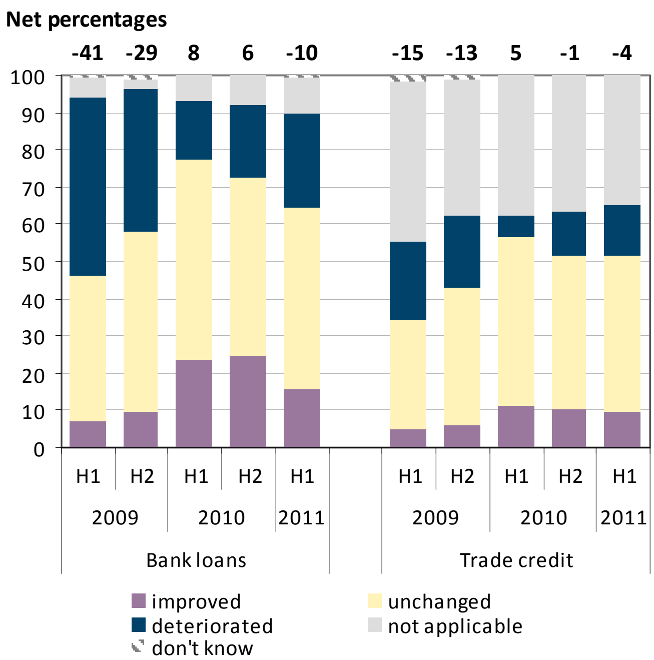
Chart 5a Change in factors affecting the external financing needs of large euro area firms
(over the preceding six months; percentage of respondents)



Base: All large firms.

Chart 6a Change in the availability of external financing for large euro area firms

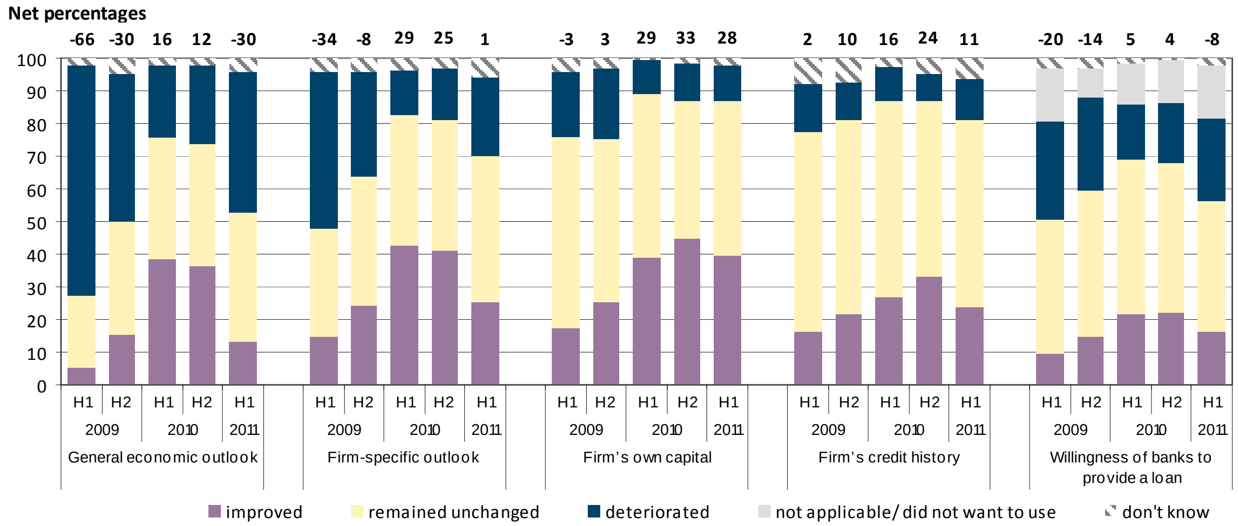
(over the preceding six months; percentage of respondents)



Base: Large firms that had applied for external financing.

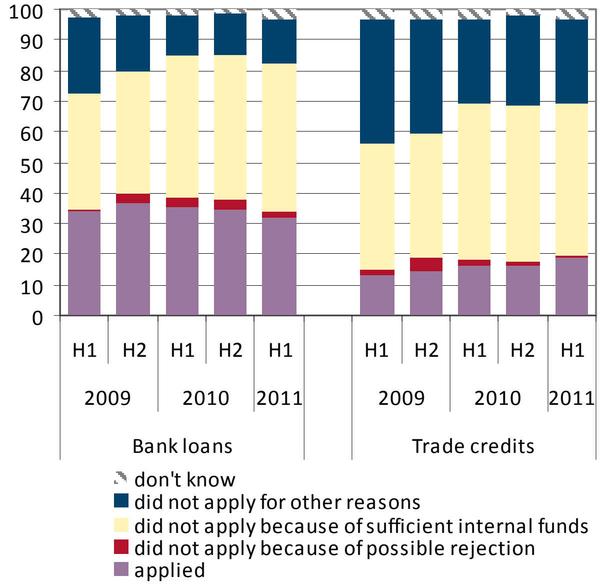
Chart 7a Change in factors having an impact on the availability of external financing for large euro area firms

(over the preceding six months; percentage of respondents)



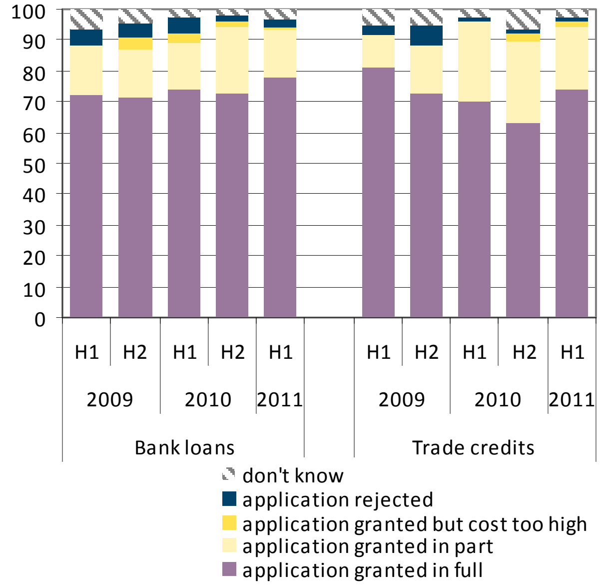
Base: All large firms.

Chart 8a Applications for external financing by large euro area firms
(over the preceding six months; percentage of respondents)



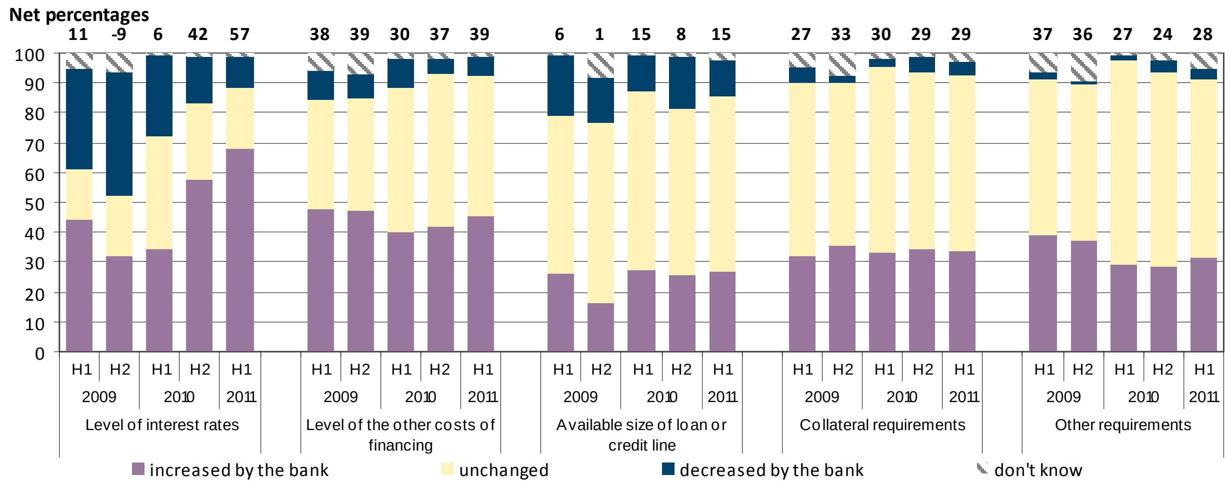
Base: All large firms.

Chart 9a Outcome of the applications for external financing by large euro area firms
(over the preceding six months; percentage of firms that had applied for bank loans or trade credit)



Base: Large firms that had applied for bank loans or trade credit.

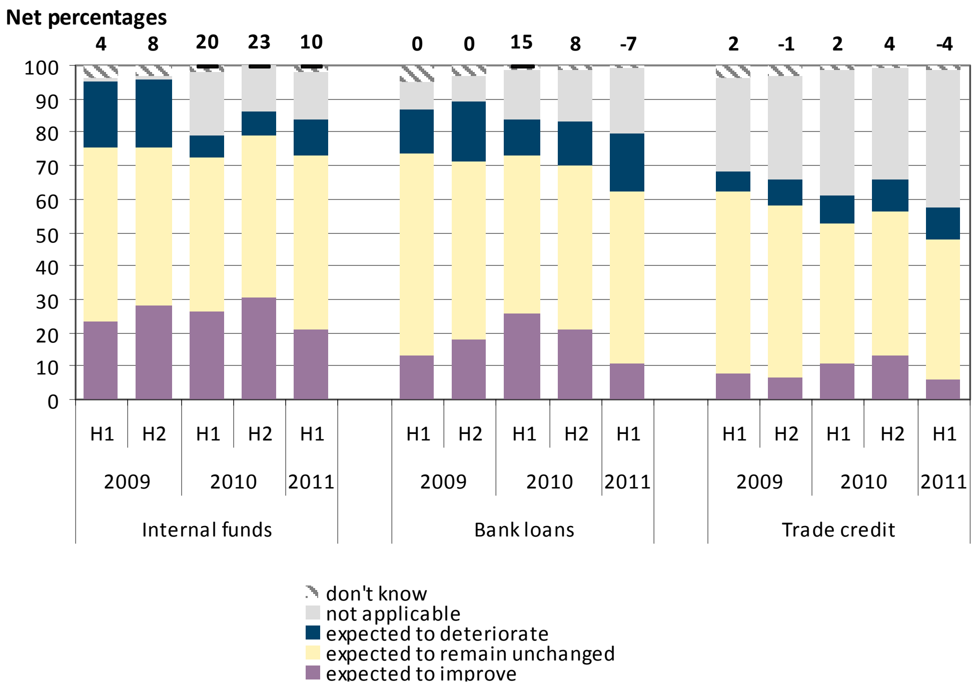
Chart 10a Change in the terms and conditions of bank loans granted to large euro area firms
(over the preceding six months; percentage of firms that had applied for bank loans)



Base: Large firms that had applied for bank loans.

Chart 11a Change in large euro area firms' expectations regarding access to finance

(over the following six months; percentage of respondents)



Base: All large firms.

ANNEX 1B: OTHER SMALL EURO AREA COUNTRIES – OVERVIEW OF THE SURVEY REPLIES

Table Overview of the survey results for the other small euro area countries

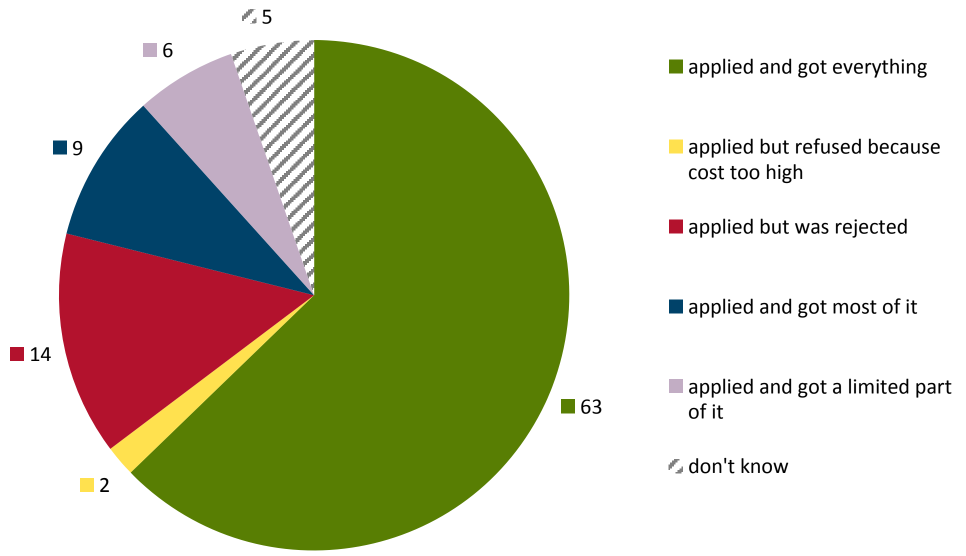
	Balance of opinions	
	H1 2009	H1 2011
Turnover, profit and cost		
Turnover	-33	10
Labour costs	14	31
Other costs	20	46
Profit	-26	-8
Debt to total assets	-10	-6
External financing needs and access to finance		
Needs for bank loans	-1	-2
Availability of bank loans	-47	-8
Level of interest rates	41	27
Level of other costs of financing	46	28
Expectations regarding access to bank loans	-3	2

Note: The balance of opinions is the difference between the percentage of firms reporting that a given factor has increased and that reporting that it has decreased. Caution is required when comparing the results of H2 2010 with previous rounds.

Base: All SMEs.
Note: The category "other small euro area countries" comprises Estonia, Cyprus, Luxembourg, Malta, Slovenia and Slovakia. Data are available for the first survey round (H1 2009) and for this survey round (H1 2011 and are aggregated using a changing composition. For instance, data for Estonia are available only from this round.

Chart Outcome of the application for bank loans by SMEs in the other small euro area countries

(over the preceding six months; percentage of firms that had applied for bank loans)



Base: All SMEs that applied for bank loans, H1 2011survey round.

ANNEX 2: METHODOLOGICAL INFORMATION ON THE SURVEY AND GENERAL CHARACTERISTICS OF THE FIRMS IN THE SAMPLE

This annex presents an overview of the methodology of the survey and the general characteristics of the euro area firms that participated in this survey.

Background

The data presented in this report were collected through a survey of companies in the euro area. For the second time since the start of the survey in 2009, this survey round was conducted on behalf of the European Central Bank (ECB) and the European Commission, and included all EU Member States. The first two survey rounds were carried out by Gallup, while the following rounds were carried out by IPSOS MORI, in cooperation with the IPSOS network of national research agencies in the various Member States. To the best of our knowledge, there were no breaks attributable to the change of provider. Some changes in the questionnaire (for instance, the change to the wording of “internal funds” and “equity”, and additional questions on bank overdrafts) may have caused a break in the series between the H2 2009 and H1 2010 rounds.

The survey interviews were conducted between 22 August and 7 October 2011.

Sample selection

The companies in the sample were selected randomly from the Dun & Bradstreet database of firms. The sample was stratified by firm size class, economic activity and country. The number of firms in each of these strata of the sample was adjusted to increase the accuracy of the survey across activities and size classes. For example, the proportion of small firms selected for the sample was higher than their economic weight. The results were then corrected using the appropriate weights (as described below).

The total euro area sample size was 8,316 firms, of which 7,690 had fewer than 250 employees.

As regards the stratification by firm size class, the sample was constructed to offer the same precision for micro (1 to 9 employees), small (10 to 49 employees) and medium-sized (50 to 249 employees) firms. In addition, a sample of large firms (250 or more employees) was included in order to be able to compare developments for SMEs with those for large firms.

Number of interviews conducted with euro area firms, broken down by firm size class

	Number of interviews
Micro	2,774
Small	2,819

	Number of interviews
Medium-sized	2,097
Large	626

The sample sizes for each economic activity were selected to ensure sufficient representativeness across the four major activities: industry, construction, trade and services. The statistical stratification was based on economic activities at the one-digit level of the European NACE classification (Rev. 1.1). Enterprises from mining and quarrying (C), manufacturing (D), and electricity, gas and water supply (E) were combined into "industry". "Construction" is simply construction (F). "Trade" includes wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (G). "Services" includes enterprises in hotels and restaurants (H), transport, storage and communication (I), real estate, renting and business activities (K), education (M), health and social work (N) and other community, social and personal service activities (O).

Agriculture, hunting and forestry (A), fishing (B), financial intermediation (J), public administration (L), activities of households (P), extra-territorial organisations and bodies (Q), holding companies (NACE 74.15) and private non-profit institutions were excluded from the sample.

Number of interviews conducted with euro area firms, broken down by economic activity

	Number of interviews
Industry	2,234
Construction	850

	Number of interviews
Trade	2,322
Services	2,910

Finally, the sample sizes in the different countries were selected on the basis of a compromise between the costs of the survey at the euro area level and representativeness at the country level. Besides being representative at the euro area level, the sample is also representative for the four largest euro area countries, i.e. Germany, France, Italy and Spain (see the section entitled "Weighting" below for information on the weights used). The sample size in the seven other euro area countries that are included in the survey every six months (Belgium, Ireland, Greece, the Netherlands, Austria, Portugal and Finland) was increased in the H2 2010 round to 500 firms in each country, enabling some significant results to be drawn from these countries. Additionally, and as is the case every two years, the six smallest countries in the euro area (Estonia, Cyprus, Luxembourg, Malta, Slovenia and Slovakia) were included in the sample. Since they represent less than 3% of the total number of employees in the euro area, this had only a very marginal impact on the results for the euro area as a whole.

The survey also covered all EU Member States and several neighbouring countries.

In terms of euro area countries, the sample structure for this survey round was as follows:

Number of interviews conducted with euro area firms, broken down by country

	Number of interviews
Belgium	500
Germany	1,006
Estonia	100
Ireland	502
Greece	500
Spain	1,001
France	1,002
Italy	1,001
Cyprus	100

	Number of interviews
Luxembourg	100
Malta	100
Netherlands	500
Austria	502
Portugal	502
Slovenia	100
Slovakia	300
Finland	500

Fieldwork

All interviews were conducted by telephone (CATI). The person interviewed in each company was a top-level executive (general manager, financial director or chief accountant).

Questionnaire

The questionnaire used for the survey is available on the ECB's website. It was translated into the respective languages for the purposes of the survey. In this round, as is the case every two years, it included additional questions on loan financing, as well as growth expectations and perceived obstacles to growth aspirations.

Weighting

In order to restore the modified proportions, with regard to company size and economic activity (see the section "Sample selection" above), calibrated weights were used. Since the economic weight of the companies varies according to the size of the company, there are two main classes of weights which can be used: (i) weights that restore the proportions of the number of firms in each size class, economic activity and country; and (ii) weights that restore the proportions of the economic weight of each size class, economic activity and country. In this report, the second set of weights is used, as the objective is to measure the effect of access to finance on economic variables. The number of persons employed is used as a proxy for economic weight.[7]

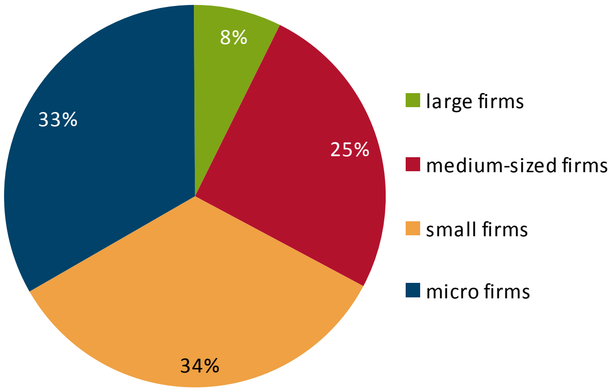
The calibration targets were derived from the latest figures of Eurostat's Structural Business Statistics in terms of the number of persons employed, by economic activity, size class and country, with figures from national accounts and from different country-specific registers to cover for activities not included in the

[7] According to official statistics, 92% of firms in the euro area are micro firms (with 1 to 9 employees), 7% are small firms, 1% are medium-sized firms and 0.2% are large firms. However, in terms of economic weight, as measured by the number of persons employed, micro firms represent 31%, small firms 22%, medium-sized firms 16% and large firms 30% of all firms.

Structural Business Statistics regulations. Non-euro area countries' targets were derived from the SME performance review, prepared by EIM for the European Commission.

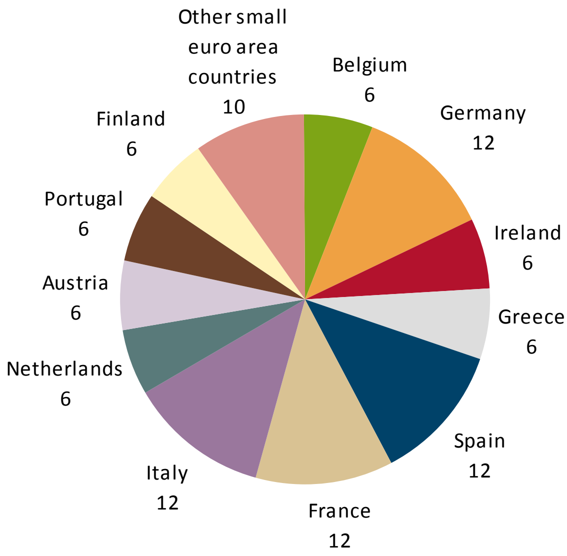
Descriptive statistics of the sample of firms

Chart A Breakdown of firms into size classes



Sample size: 8316

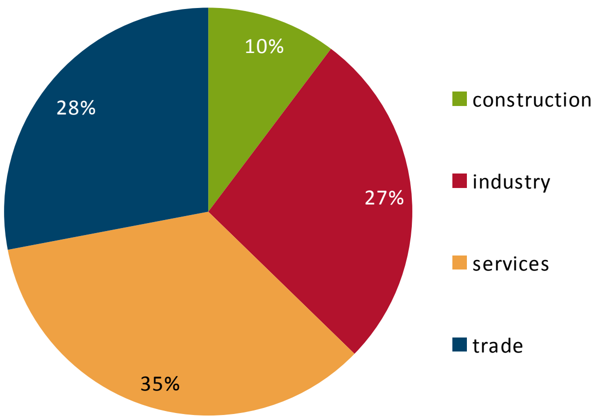
Chart B Breakdown of firms across countries



Sample size: 8316

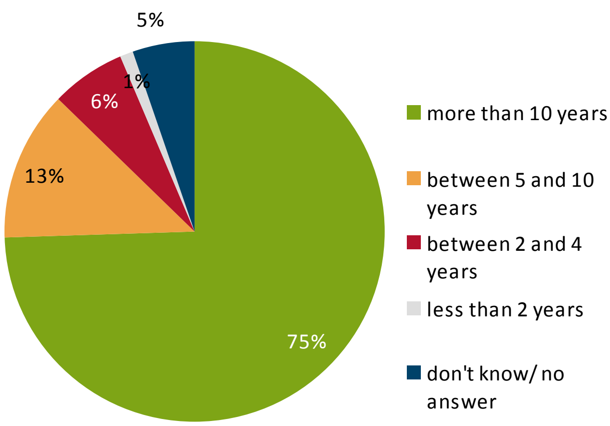
Note: Firms have been classified according to size in terms of the number of employees: micro firms have between 1 and 9 employees, small firms between 10 and 49, medium-sized firms between 50 and 249, and large firms have 250 or more.

Chart C Breakdown of firms across economic activities



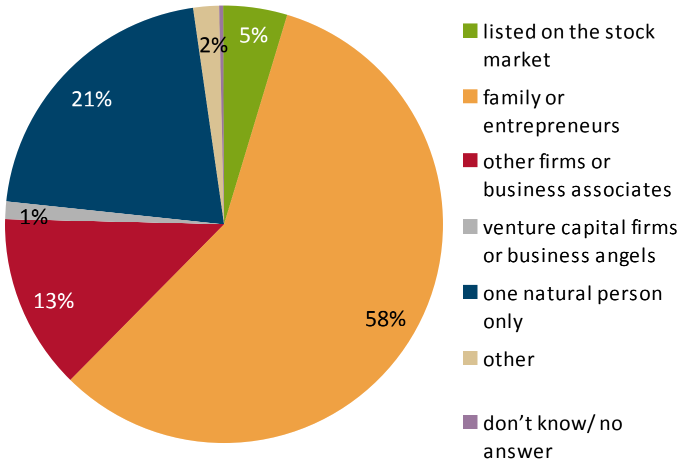
Sample size: 8316

Chart D Breakdown of firms by firm age



Sample size: 8316

Chart E Breakdown of firms according to ownership



Sample size: 8316