EUROPEAN CENTRAL BANK
EUROSYSTEM

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

April to September 2017

November 2017

Contents

Introduction

This report presents the main results of the 17th round of the Survey on the Access to Finance of Enterprises (SAFE), which was conducted between 18 September and 27 October 2017. The survey covers the period from April to September 2017. The total euro area sample size was 11,202 enterprises, of which 10,210 (91%) had fewer than 250 employees.[1]

The report provides evidence on changes in the financial situation of enterprises and documents trends in the needs for and the availability of external financing. It includes results on small and medium-sized enterprises (SMEs) as well as large firms, and examines developments both at the euro area level and in individual countries.

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

1 Overview of the results

As in previous editions, the 17th round of the Survey on the Access to Finance of Enterprises (SAFE) also asked entrepreneurs to indicate the most pressing problem facing their company. Albeit **finding customers** remained the dominant concern for the largest share of SMEs in the euro area (24%, compared with 26% in the previous survey wave), the percentage of SMEs whose primary concern was the **availability of skilled labour** rose further (23 %, from 19%) and came in as a close second. **Access to finance**, on the other hand, was considered the least important (8%, from 9%). Only SMEs in Greece continued to be disproportionately affected by poor access to finance, with 23% mentioning it as their biggest problem (from 27%).

Euro area SMEs continued to indicate improvements in their overall financial situation during the reference period. In particular, an increasing net percentage[2] of SMEs reported higher **turnover** (27%, from 19%), a finding that applied to firms regardless of size class and country. In Greece, a positive net percentage of SMEs reported an increase in turnover for the first time since the beginning of the survey in 2009 (5%, from -13%). Positive turnover trends were also reflected in **profits**, as for the first time since the beginning of the survey, euro area SMEs reported, in net terms, an increase in profits (5%, from 0%). Cross-country differences in profits were strongly correlated with turnover trends.

Euro area enterprises continued to report, on balance, rising costs amid improvements in their debt situation and higher investment. The net percentage of SMEs indicating an increase in **labour costs** remained constant (49%), while the net percentage of firms reporting an increase in **other costs** declined slightly, albeit from a high level (48%, from 50%). SMEs signalled continued **deleveraging** efforts, as a net share signalled a decline in their debt-to-total assets ratio (-10%, from -8%). The share of SMEs reporting a recovery in **fixed investments** increased slightly (17%, from 16%).

Demand for external financing increased moderately over the period under review. While in net terms, euro area SMEs reported unchanged needs for **bank loans** (0%, from 3%), around 4% (from 6%) reported higher demand for **bank overdrafts**. About 9% of SMEs, on balance, reported an increased need for trade credit (from 8%), and 11% indicated a higher demand for leasing or hire-purchase (from 10%). **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 strongly with firm size.

SMEs continued to report, on balance, an increase in the **availability of bank loans** and **bank overdrafts** (see **Table A**, **Chart 12** and **Chart 13**). These developments are consistent with results from the euro area bank lending survey for the third

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.

quarter of 2017, which indicated a continued easing of bank credit standards. SMEs in Spain, Portugal and Ireland perceived the availability of bank loans to improve the most. Greece, on the other hand, remained the only country where SMEs continued to indicate a net deterioration in the availability of bank loans, albeit to a greatly reduced extent.

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					
	H2 2016	H1 2017	H2 2016	H1 2017	H2 2016	H1 2017	H2 2016	H1 2017	H2 2016	H1 2017	H2 2016	H1 2017
euro area	3	0	6	4	12	12	10	11	-4	-5	10	8
BE	4	10	8	9	7	10	7	10	-2	0	9	9
DE	-8	-9	-2	-3	12	10	11	11	-9	-8	6	4
IE	-1	7	12	10	21	17	17	16	-7	-4	12	11
GR	31	19	39	23	-23	-3	-16	-2	24	11	36	29
ES	2	-2	11	5	28	23	26	23	-10	-10	9	9
FR	12	9	17	12	6	7	1	1	4	2	9	8
IT	8	4	10	5	13	14	6	11	0	-4	12	8
NL	-12	-6	-7	-2	11	15	11	16	-11	-8	12	10
AT	-6	-3	-2	0	7	11	2	7	-4	-5	5	7
PT	-6	-10	1	-3	16	22	12	21	-8	-14	10	11
SK	4	0	8	5	18	15	21	19	-6	-6	9	11
FI	0	-6	4	4	6	13	9	9	-4	-6	5	4

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. H2 2016 refers to round sixteen (October 2016-March 2017) and H1 2017 to round seventeen (April-September 2017).

The favourable supply conditions were driven by a range of factors. Regardless of firm size, SMEs continued to attribute the favourable developments in the availability of external financing to an improvement in the **willingness of banks to provide credit** (18%, from 16%). The net percentage of SMEs reporting a positive effect from the **general economic outlook** increased further (14%, from 5%). SMEs in Italy (6%, from -2%) and France (3%, from -14%) have reported positive net effects for the first time since 2009. At the same time, a greater net percentage of euro area SMEs reported improvements from their **firm-specific outlook** (22%, from 18%), **capital position** (22%, from 19%), and **credit history** (21%, from 20%), when compared to the previous survey round.

The **external financing gap** of SMEs remained negative at the euro area level (**Table A,** column 10). A negative financing gap indicates that the increase in the need for external financing is smaller than the improvement in the access to external funds. The financing gap was negative in all countries except Belgium, France and even more so, in Greece. Although Greece recorded the biggest financing gap, it is also the country with the biggest improvement relative to the last survey round.

Euro area SMEs reported a decline in **financing obstacles**. From April to September 2017, the share of SMEs applying for a bank loan declined (27%, from 32%), as a greater share of SMEs indicated sufficient funds (43%, from 39%). The rate for fully successful loan applications remained unchanged (74%), while the rejection rate declined slightly (5%, from 6%). The overall indicator of financing obstacles[3] to receiving a bank loan declined to 8% (**Table A**, last column). The improvements were evident in most countries, with obstacles increasing only in Austria, Portugal and Slovakia.

On balance, SMEs reported that **terms and conditions** for bank finance had improved. SMEs continued to report, on balance, a decline in interest rates (-5%), albeit to a lesser extent than in the previous wave (-9%), while the available size and maturity of loans and overdrafts increased. By contrast, a positive net percentage of SMEs continued to indicate a tightening in the collateral and other requirements of banks. About 30% of SMEs indicated higher costs of financing related, in particular, to charges, fees and commissions. It seems that banks use these costs to partially offset lower interest revenues.

The financial situation of **large enterprises** remained better than that of SMEs, as they continued to report marked increases in both turnover and profits. Around 46% of large firms applied for a bank loan, with a success rate that was much higher (85%) and a rejection rate that was much lower (1%) than those of SMEs. According to the survey results, the average interest rate charged to large enterprises on credit lines and bank overdrafts was about 180 basis points lower than that paid by SMEs. Large firms therefore continued to benefit from better access to finance than SMEs.

In sum, euro area enterprises signalled further improvements in their external financing conditions, which support the ongoing economic expansion. The pass-through of the monetary policy measures introduced in June 2014 continues to facilitate 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

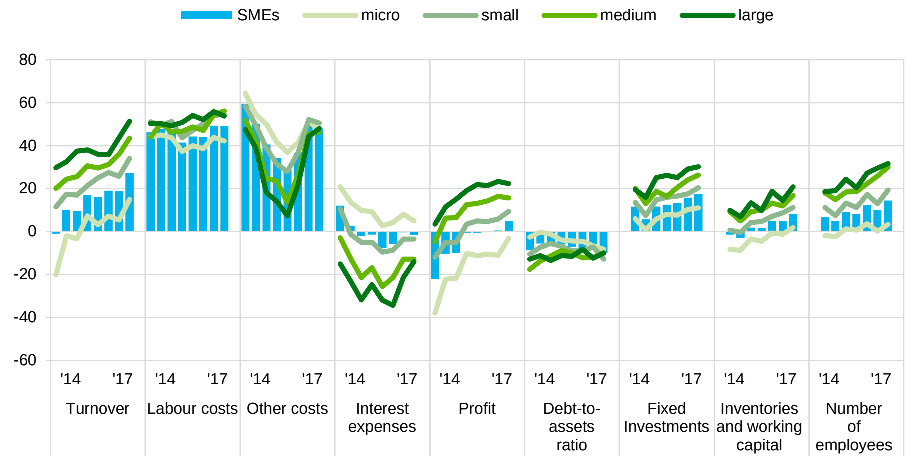
2.1 Further improvement in the financial situation of euro area SMEs

In the period between April and September 2017, the financial situation of euro area SMEs continued to improve, reflecting the ongoing economic expansion and support from 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 ten (October 2013-March 2014) to seventeen (April-September 2017) 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)".

The net percentage[4] of euro area SMEs[5] reporting an increase in **turnover** rose substantially (27%, from 19% during the previous survey period[6]), indicating a broadening of the ongoing economic expansion. As in previous survey rounds, the net percentage of firms signalling higher turnover increased with size. While on balance 15% (from 5%) of micro firms reported higher turnover, the corresponding share of large firms was 51% (from 44%), with small and medium-sized firms in between (34% and 43%, respectively, from 26% and 36%).

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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 2016 to April 2017.

A large net proportion of euro area SMEs across all size categories continued to signal rising **labour costs** (49%, unchanged). On balance, **micro** firms (42%, from 44%) appeared less exposed to labour cost pressures than **small** (55%, from 54%), **medium** (56%, from 53%), and **large** firms (54%, from 56%). As regards net increases in **other costs,** large firms (48%, unchanged) and SMEs (48%, from 50%) were affected to the same extent.

In net terms, euro area SMEs indicated an increase in **profits** (5%, from 0%) for the first time since the beginning of the survey. The positive development was driven by a smaller net percentage of micro firms reporting declining profits (-3%, from -11%) and a higher net share of small firms (9%, from 6%) that recorded an improvement. Yet, profits continued to be strongly associated with company size. While micro firms, on balance, reported a decline in profits, large firms signalled an increase (22%, from 23%).

Euro area enterprises continued to **deleverage**. In net terms, the percentage of SMEs indicating a decline in their debt-to-asset ratio increased (-10%, from -8%). Perhaps owing to their weaker turnover and profit developments, **micro** firms had in the past been slow to reduce their debt-to-asset ratio, though more recently a greater net percentage reported lower leverage (-8%, from -7%). Among large enterprises, the net percentage signalling reductions in leverage decreased slightly (-10%, from -12%).

A small net percentage of euro area SMEs reported a decline in **interest expenses** (-2%, from 0%). The average masks considerable heterogeneity with regard to firm size. While, on balance, 5% of micro enterprises reported an increase in interest expenses (from 8%), a sizeable share of **large** enterprises continued to indicate lower interest expenses (-14%, from -21%).

The ongoing economic expansion was also reflected in investment and hiring decisions. On balance, euro area SMEs continued to report rising **fixed investments** (17%, from 16%), **inventories and working capital** (8%, from 5%) and **number of employees** (14%, from 10%). These positive developments applied to firms of all size categories, though **large** firms continued to outperform SMEs along each of the three dimensions.

The favourable turnover developments enjoyed a broad geographical base. Among the large euro area countries, the net percentage of SMEs indicating higher turnover was largest in Germany (35%, from 32%), followed by Spain (26%, from 22%), France (20%, from 10%) and Italy (17%, from 0%, see **Chart 2**). In all of these countries, the net percentage of SMEs indicating higher turnover increased compared to the previous survey round. SMEs reported higher turnover also in the other euro area countries, including Greece, where turnover turned positive for the first time since the beginning of the survey (5%, from -13%, see **Chart 1a** in Annex 1).

As in previous editions of the survey, profit dynamics vary greatly from country to country. Among the large euro area countries, a net percentage of SMEs in Germany (15%, from 16%) and Spain (7%, from 3%) reported an increase in profits, while French (-5%, from -11%) and Italian SMEs (-11%, from -20%) reported a decline, albeit to a smaller extent. In all other euro area countries with the exception of Greece (-31%, from -50%), SMEs reported, on balance, higher profits (see **Chart 1a** in Annex 1).

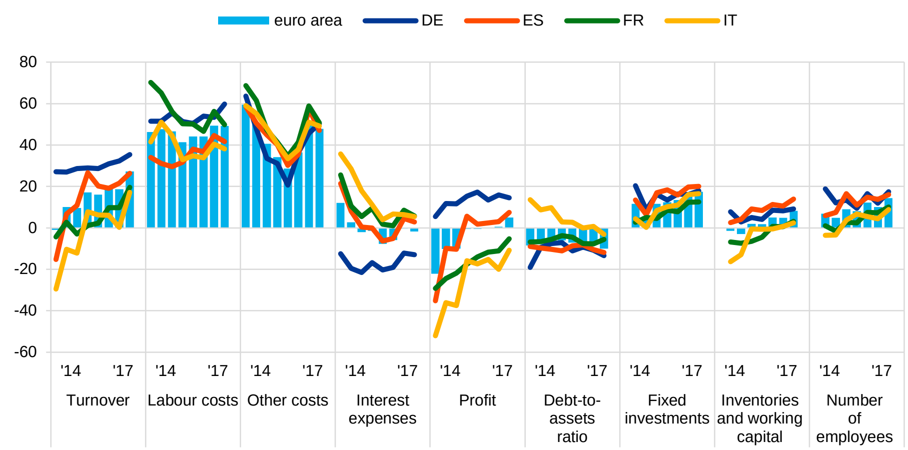
The reported decline in leverage ratios was present in all countries. Among the large economies, on balance, -13% of SMEs in Germany (from -11%), -12 % in Spain (from -10%) -6% in France (from -8%) and -3% in Italy (from 1%) reported a reduction in the debt-to-asset ratio. It was the first time since the beginning of the survey in 2009 that Italian SMEs reported a decline in leverage. Among other euro area economies, Greek SMEs indicated a decline in the debt-to-asset ratio for the first time since 2014 (-1%, from 8%, see also **Chart 2a** in Annex 1).

Country-specific developments differed with regard to interest payments. Although in net terms, euro area SMEs reported a decline in interest expenses, this development was driven by only three countries. Among the large economies, only German SMEs reported lower net interest expenses (-13%, from -12%), while in the other countries, only SMEs from the Netherlands (-15%, from -13%) and Austria (-8%, from -5%) reported, on balance, lower interest expenditures.

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 ten (October 2013-March 2014) to seventeen (April-September 2017) 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)".

The increase in labour and other costs was visible across all countries. Among the large economies, the net percentage of SMEs reporting an increase in labour costs was highest in Germany (60%, from 53%) and lowest in Italy (38%, from 40%). For other costs, the corresponding net percentage was highest in France (51%, from 59%) and lowest in Spain (47%, from 57%).

On balance, SMEs in all countries reported increasing fixed investment and employment. Among the large euro area countries, the net percentage of SMEs reporting an increase in fixed investment was highest in Spain (20%, unchanged) and lowest in France (13%, from 12%). Among the other euro area countries, the net proportion of SMEs indicating rising fixed investment was highest in Portugal (30%). Regarding employment in the large euro area countries, the net percentage of SMEs signalling an increase in the number of employees is highest in Germany (18%, from 12%) and lowest in Italy (9%, from 4%). Among the other euro area countries, the net percentage of SMEs reporting higher employment is highest in Ireland (24%, unchanged).

In net terms, inventories and working capital increased further in most countries. Among the large euro area countries, the net percentage of SMEs reporting an increase in inventories and working capital is highest in Spain (14%, from 10%) and lowest in Italy (2%, from 1%). In the other euro area countries, SMEs reported, on balance, increasing inventories and working capital. The exception is Greece, where inventories and working capital continued to decline, albeit to a smaller extent (-9%, from -26%).

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

During the period from April to September 2017, SMEs continued to rank access to finance as their least important concern, suggesting further improvements in their financing conditions (see **Chart 3**).

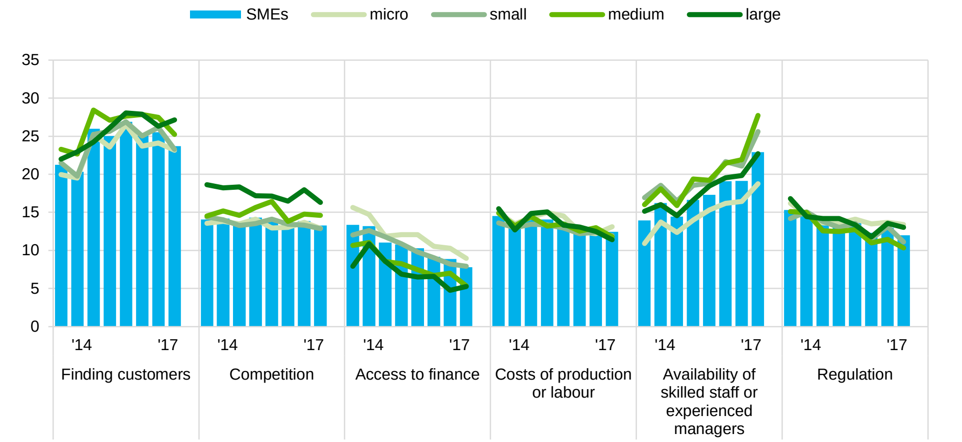
"**Finding customers**" continued to be the dominant concern for euro area SMEs in this survey period. 24% of SMEs mentioned it as their most important problem, down from 26% during the previous survey round. But with the ongoing expansion, concerns about workforce skills became more prominent. For 23% of euro area SMEs, **"Availability of skilled labour"** was the main problem, up from 19% in the last survey round. For small and medium-sized firms, the percentage of companies citing "Availability of skilled labour" as their dominant concern (26% and 28%, respectively) was higher than the share of those concerned mainly with "Finding customers" (23% and 25%). Micro and large firms appeared less concerned with finding skilled staff, perhaps because micro firms exhibit lower demand, while large firms have the means to attract qualified employees.

Once again, "**Access to finance**" was rarely considered an important concern (8%, from 9%), following behind **"Cost of production"** (12%, unchanged), **"Regulation"** (12%, from 13%), and **"Competition"** (13%, from 14%). Concern with access to finance decreased with firm size. While for 9% of micro firms access to finance was the dominant problem, this applied to only 5% of large and medium-sized companies. Large enterprises reported "Finding customers" (27%) as the dominant concern, followed by "Availability of skilled labour" (23%) and "Competition" (16%).

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?

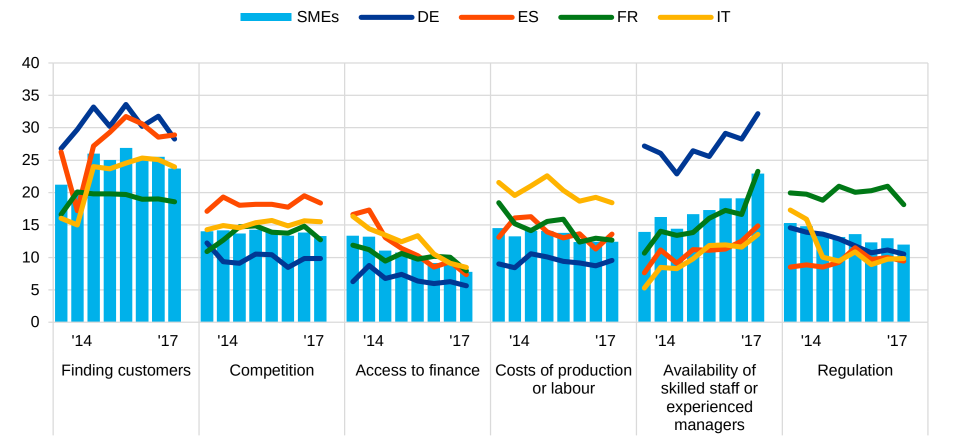
Base: All enterprises. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: The formulation of the question has changed over the survey rounds. Initially, respondents were asked to select one of the categories as the most pressing problem. From 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".

The euro area aggregate masks considerable cross-country differences (see **Chart 4** and **Chart 3a** in Annex 1). German (32%) and French SMEs (23%) most frequently cited the availability of skilled staff as their dominant concern, ahead of finding customers (28% and 19%, respectively). Spanish (29%) and Italian (24%) SMEs most often reported finding customers as their main problem, ahead of competition in Spain (18%) and cost of production in Italy (18%).

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?

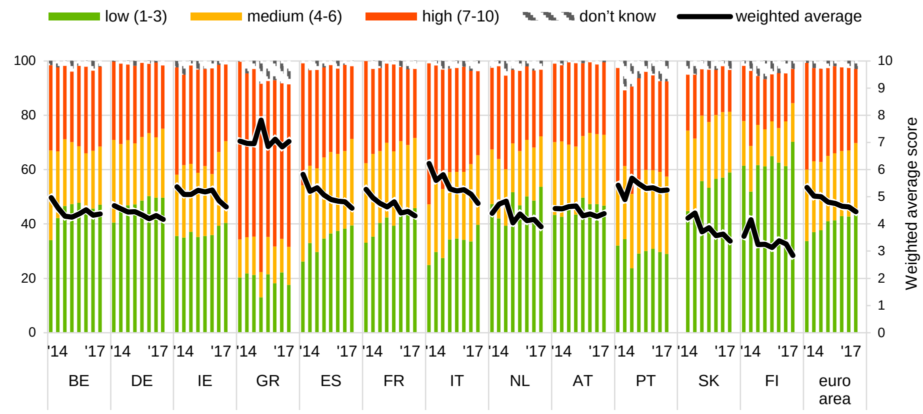
Base: All SMEs. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See the note to Chart 3.

When asked whether "**Access to finance**" was a problem in their current situation, SMEs in Greece continued to perceive it as a very important issue (rating it at approximately 7 on a scale of 1-10; see **Chart 5**). An average score of 5 was reported by SMEs in Italy, Ireland, Portugal and Spain. The remainder of the countries reported a score close to the euro area average of 4, while SMEs in Finland and Slovakia continued to report the lowest average score (close to 3).

Chart 5

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

(percentages and weighted averages)



Q0b. How important have the following problems been for your enterprise in the past six months?

Base: All SMEs. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) 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 Banks remained the most relevant source of finance

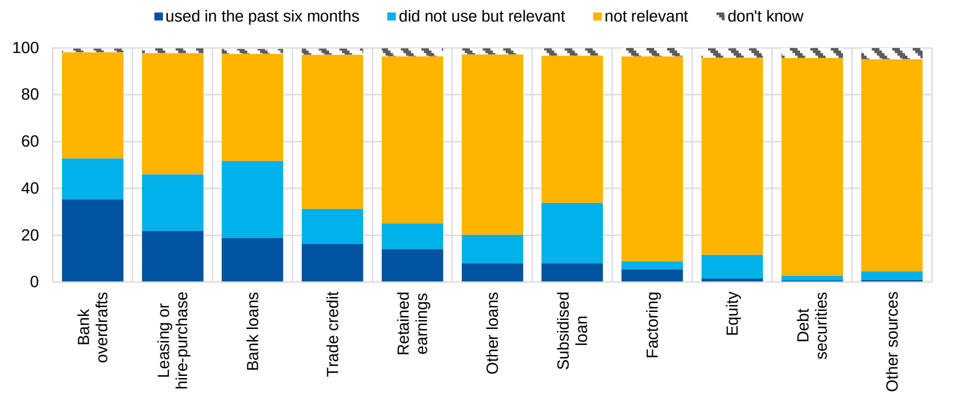
Bank-related products remained the most relevant financing source for SMEs vis-à-vis market-based instruments and other sources of finance (see **Chart 6**).

From April to September 2017, 53% of SMEs considered bank overdrafts to be relevant, followed by 52% for bank loans.[7] Leasing or hire-purchase was relevant for 46%, and 34% of SMEs signalled that grants and subsidised loans were a potential source of finance. Such loans involve support from public sources in the form of guarantees or other interventions. About 31% of SMEs also considered trade credit a potential source of finance, followed by 25% for internal funds. Still 20% of SMEs considered other loans relevant, for example from family, friends or related companies. On the other hand, market-based instruments such as equity (12%) and debt securities (3%), but also factoring (9%), were less frequently considered a potential source of finance.

Chart 6

Relevance of financing sources for 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 seventeen (April-September 2017) of the survey.

The use of all financing instruments increased with firm size. Compared with SMEs, a greater share of large firms reported having used any given financing instrument (see **Chart 7**). Short-term bank finance (credit line/bank overdraft/credit card) remained the most popular instrument by some margin, followed by leasing and long-term bank loans. Equity and debt securities, on the other hand, were among the

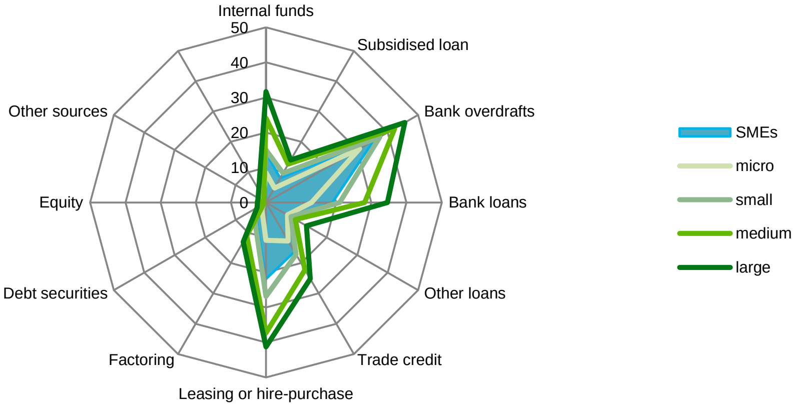
7 The formulation of the question allows the relevance of a specific financial instrument to be disentangled from its usage. See the SAFE questionnaire.

least frequently used sources of finance. This pattern applied to both SMEs and large firms.

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 seventeen (April-September 2017) of the survey.

3.2 Demand for external financing increased moderately

With the exception of bank loans, demand for external financing increased moderately during the period under review. SME demand for **bank loans**[8] stagnated (from 3%), while on balance 4% of SMEs indicated higher demand for **bank overdrafts** (from 6%). A greater net share of SMEs reported higher demand for non-bank finance, with 9% of SMEs reporting a higher need for **trade credit** (from 8%), and 11% indicating an increase in their need for **leasing or hire-purchase** (from 10%). Around 4% of SMEs reported higher demand for **other loans** (from 8%).

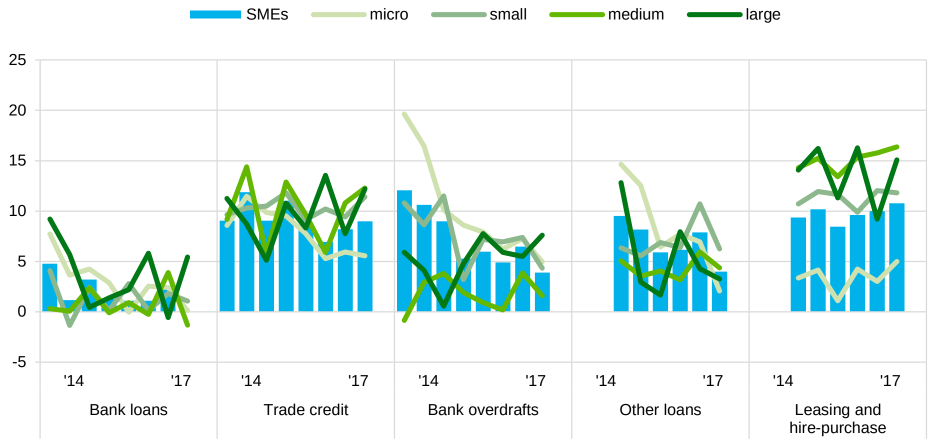
Large firms more frequently reported increased demand for external financing than SMEs. In net terms, 5% of large firms reported increasing demand for bank loans (from -1%), while 8% indicated higher demand for overdrafts (from 6%). On balance, demand for trade credit (12%, from 8%), other loans (3%, from 4%) and leasing (15%, from 9%) also continued to expand. With the exception of other loans, a greater net share of large firms reported higher demand for external financing in comparison to the previous survey round.

8 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).

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 ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See the note to Chart 1. 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.

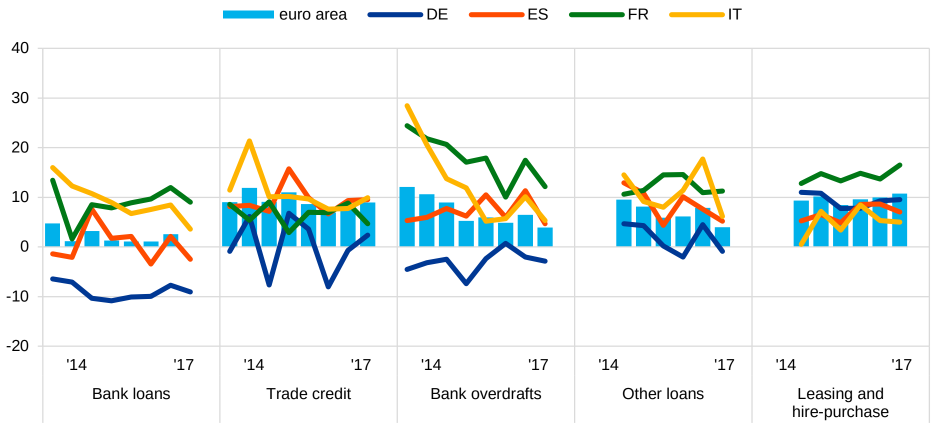
Demand for bank finance differed across the large euro area countries. Needs for bank loans increased in France (9%, from 12%) and Italy (4%, from 8%), but declined in Spain (-2%, from 2%) and Germany (-9%, from -8%; see **Chart 9**). Demand for overdrafts increased in France (12%, from 17%), Italy (5%, from 10%) and Spain (5%, from 11%), and again declined in Germany (-3%, from -2%). For trade and leasing the picture is different in that SMEs from all large countries reported, on balance, higher needs for these financing sources.

In the other euro area countries, demand for external financing was strongest in Greece. In Greece, on balance, 19% of SMEs indicated higher demand for bank loans (from 31%), and 23% signalled higher demand for overdrafts (from 39%; see **Chart 5a** in Annex 1). The lower net percentages compared to the previous survey round suggest a relatively weaker increase in Greek demand for external financing.

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 ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See the notes to Charts 1 and 8.

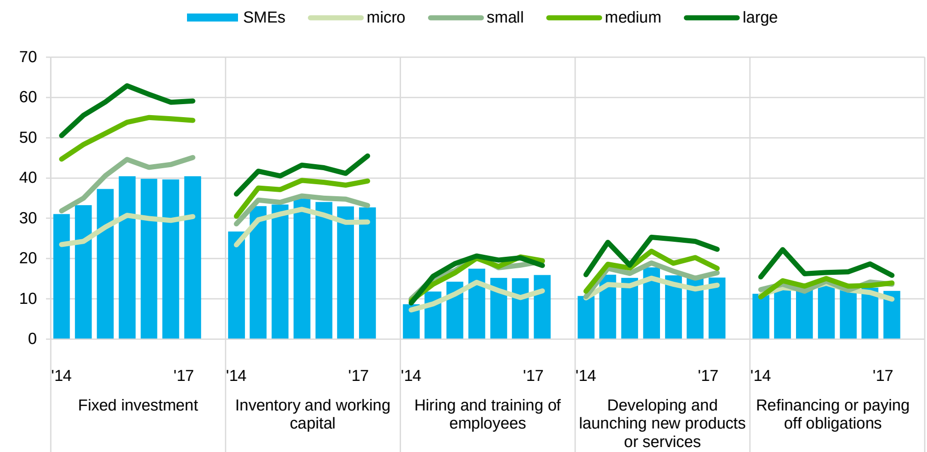
3.3 SMEs continued to use financing mostly for fixed investments, inventory and working capital

Fixed investment remained the most frequently mentioned purpose of external and internal funds, followed by **inventory and working capital** (see **Chart 10**). About 40% of SMEs (unchanged) reported using financing for fixed investment, while 33% (unchanged) mentioned inventory and working capital.

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 seventeen (April-September 2017) of the survey.
Note: The figures are based on the new question introduced in round eleven (April-September 2014).

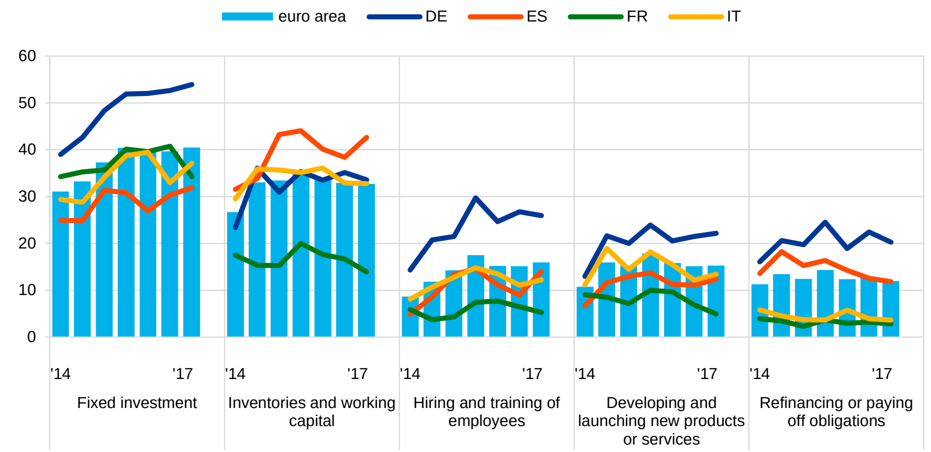
Perhaps unsurprisingly, the prevalence of fixed investment was strongly associated with company size. While 59% of large firms reported using funds for fixed investment, this applied to only 30% of micro firms. Investment in working capital and inventories was also correlated with firm size. Less frequently, SMEs used financing to **hire employees** (16%, from 15%), **develop new products** (15%, unchanged), and **refinance obligations** (12%, from 13%).

Among the large euro area countries, German SMEs continued to stand out in terms of the high prevalence of fixed investment. About 54% of German SMEs used funding for that purpose, compared with only 32% of Spanish SMEs. Apart from that, German SMEs more frequently reported using funds for the development of new products, hiring of employees and refinancing of obligations than SMEs in the other large euro area economies. Spanish firms continued to use financing for inventory and working capital (43%) more frequently than for fixed investment (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 seventeen (April-September 2017) of the survey.
Note: See the note to Chart 10.

4 Availability of external financing for SMEs in the euro area

4.1 Improved availability of external financing

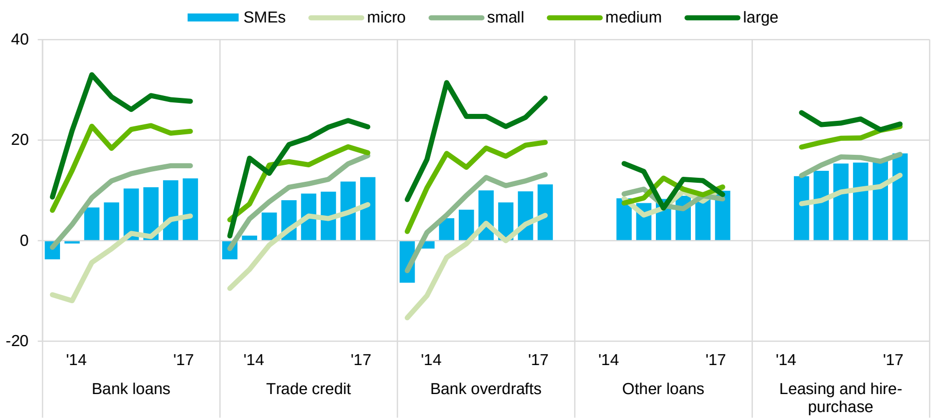
4.1.1 External financing became more easily available

For the sixth time in a row, SMEs signalled an improvement in the availability of external sources of finance (see **Chart 12**).[9] In net terms, 12% (unchanged) of SMEs reported that the availability of **bank loans** improved, while 13% (from 12%) indicated easier access to **trade credit**. In net terms, 11% of SMEs signalled improved availability of **overdrafts** (from 10%), while 17% of SMEs reported improved availability of **leasing and hire-purchase** (from 16%).

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 ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See the note to Charts 1 and 8.

Perceived changes in the availability of external financing continued to be strongly associated with firm size. On balance, 28% of large firms reported that bank loan availability improved, compared to only 5% of micro firms. The same figures applied to bank overdrafts. For other loans the differences were less stark. While in net

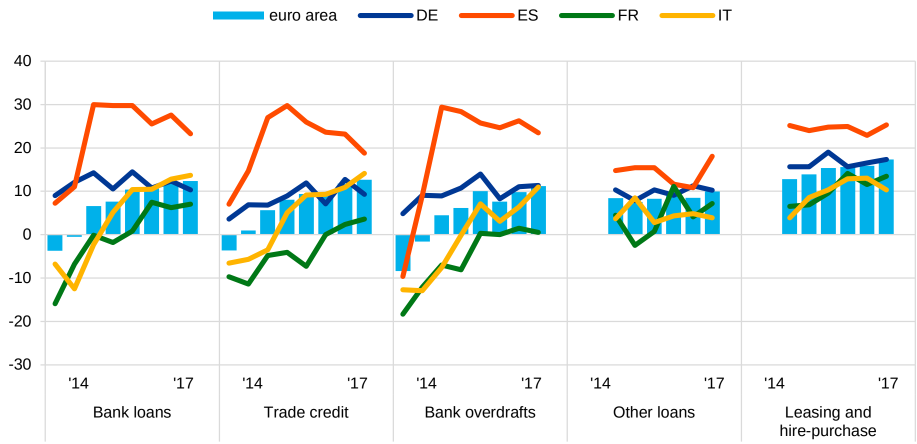
9 See the note to Chart 8. Only survey respondents that report that a particular financing instrument (i.e. bank loans, bank overdrafts and credit lines, trade credit, equity and debt securities issuance) is relevant for their enterprise are asked about the availability of this source of financing. In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

terms 11% of micro firms found that the availability of other loans improved, this applied to only 9% of large firms.

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 ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See the notes to Charts 1 and 8.

Overall, SMEs in the four largest countries signalled improvements in all external financing sources. Again, Spain had the highest net percentage of SMEs perceiving an improvement in the availability of bank loans (23%, from 28%) and overdrafts (23%, from 26%), despite a decline in the net percentage compared to the previous round. The weakest improvements in the availability of bank loans (7%, from 6%) and overdrafts (1%, unchanged) were recorded in France (see **Chart 13**).

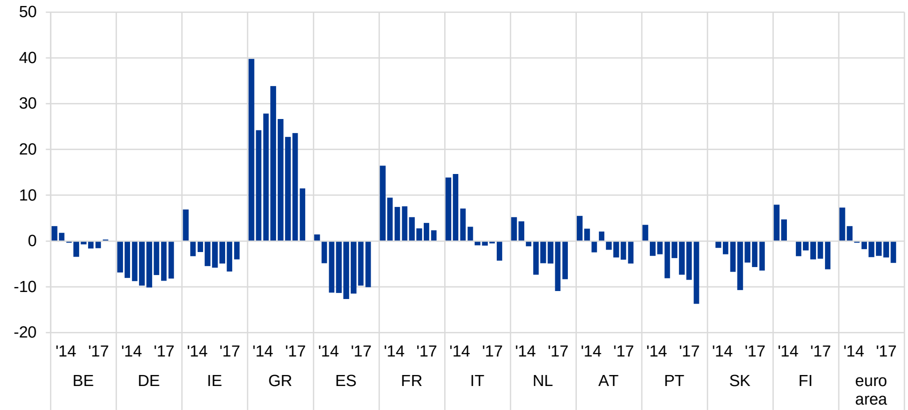
Among the other euro area countries, the net share of SMEs perceiving an improvement in the availability of banks loans was highest in Portugal (22%, from 16%), ahead of Ireland (17%, from 21%), the Netherlands (15%, from 11%) and Slovakia (15%, from 18%; see **Chart 11a** in Annex 1). Greece was the only country where, on balance, the availability of bank loans was perceived to deteriorate, though to a much smaller degree than before (-3%, from -23%). A similar picture emerged for bank overdrafts, where SMEs in Portugal indicated the biggest improvements (21%, from 12%), ahead of Slovakia (19%, from 21%), Ireland (16%, from 17%) and the Netherlands (16%, from 11%). In a similar fashion to loans, Greek SMEs continued to perceive the availability of bank overdrafts to deteriorate (-2%, from -16%), but again to a lesser degree than before.

4.1.2 Availability of external financing perceived to increase faster than needs

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 ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See note to Chart 8. The financing gap indicator combines both financing needs and availability of bank loans, bank overdrafts, trade credit, 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 remained negative at the euro area level (-5%, from -4%; see **Chart 14**). A negative financing gap indicates that the increase in the need for external financing (across all channels, i.e. bank loans, bank overdrafts, trade credit, equity and debt securities) is smaller than the improvement in the access to external funds. The financing gap was negative in all countries except Belgium (0%), France (2%) and, even more so, in Greece (11%). Although Greece recorded the biggest financing gap, it is also the country with the biggest improvement relative to the previous period (from 24%).

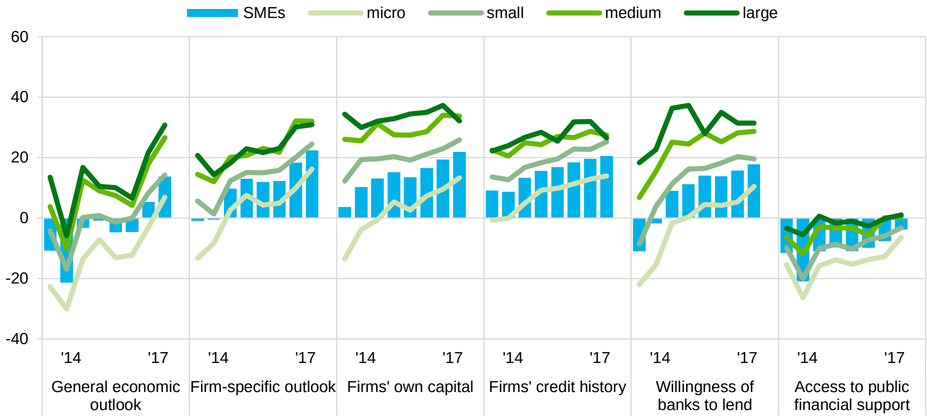
4.1.3 Further increasing willingness of banks to provide credit, along with strengthening support from the general economic outlook

With the exception of access to public support, SMEs perceived all **factors** examined by the survey to positively affect the availability of external financing (see **Chart 15**). Although the incremental improvements recorded from one survey wave to another are small, they add up and the current situation appears much more favourable than the one prevailing in 2014.

Chart 15

Change in factors with 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 ten (October 2013-March 2014) to seventeen (April-September 2017) 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".

The net percentage of SMEs reporting a positive effect on the availability of external financing from the **general economic outlook** increased further (14%, from 5%) compared to the previous survey round. This positive perception of the general economic outlook was shared by micro firms for the first time since the beginning of the survey (7%, from -3%). At the same time, a higher net percentage of SMEs viewed the **firm-specific outlook** (22%, from 18%), the firm's **capital position** (22%, from 19%) and **credit history** (21%, from 20%) as supporting the availability of external financing. SMEs continued to attribute the favourable developments in the availability of external financing to an improvement in the **willingness of banks to provide credit** (18%, from 16%). On the other hand, SMEs continued to report, on balance, an adverse development in terms of **access to public financial support** (-4%, from -8%).

Large enterprises perceived all factors surveyed to positively affect the availability of external financing. The firms' capital position (32%), the firm-specific outlook (31%), the willingness of banks to provide credit (31%), as well as the companies' credit history (27%) were frequently cited as supporting the availability of external financing. What is new is that in this survey round, the net effect of the general economic outlook was mentioned just as frequently (31%, from 22%). Access to public financial support, on the other hand, was perceived as a factor with an almost neutral impact (1%, from 0%).

Among the large euro area countries, the general economic outlook and banks' willingness to lend were perceived to positively affect the availability of external financing (see **Chart 16)**. Spanish SMEs continued to be frequently bullish about the general economic outlook (24%, from 28%), while in Italy (6%, from -2%) and France

(3%, from -14%) perceptions of the general economic outlook turned positive for the first time since 2009. Banks' willingness to lend was seen as positively affecting the availability of external financing, though to a varying degree, ranging from 10% in France to 32% in Spain.

The firm-specific factors also supported the availability of external financing. With regard to capital position and credit history, a substantial gap remained between Germany on the one hand, and France, Italy and Spain on the other. Whereas, on balance, 36% of SMEs in Germany viewed their firm's capital position as conducive to the availability of external financing, the corresponding figures for France (14%), Italy (11%), and Spain (6%) were far lower. Similar figures apply to firms' credit histories. With the exception of Spain, access to public financial support was seen as a drag on the availability of external financing.

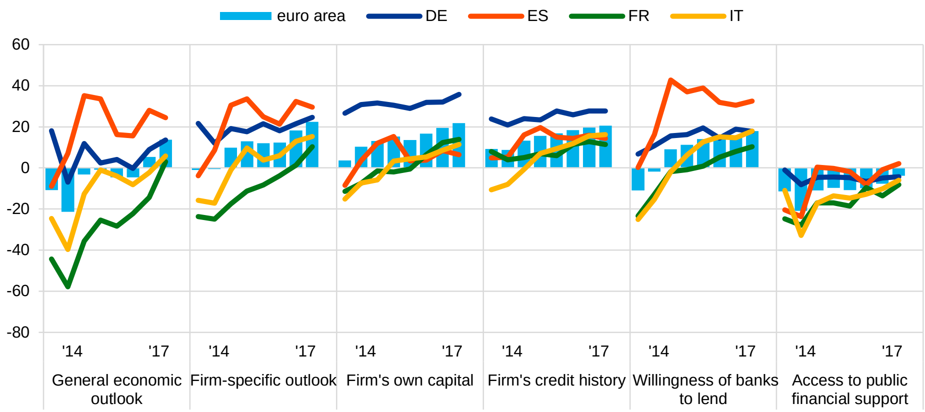
Among the other euro area countries (see **Chart 6a** in Annex 1), SMEs in Finland (44%), the Netherlands (43%), and Portugal (34%) were frequently upbeat about the general economic outlook. The biggest improvements compared to the previous round were recorded in Greece (-31%, from -61%), Austria (31%, from 7%) and Finland (44%, from 23%). Greece remained the only country where a net percentage of SMEs perceived the general economic outlook to adversely affect the availability of external financing.

When it comes to banks' willingness to lend, SMEs in Portugal and Slovakia were the most positive. In net terms, 26% of SMEs in both countries perceived banks' willingness to lend to positively affect the availability of external financing. Though Greece continued to lag behind the other euro area countries, the net percentage of SMEs in Greece reporting an improvement in the willingness of banks to provide credit turned positive for the first time since the beginning of the survey (2%, from -20%).

Chart 16

Change in factors with 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 ten (October 2013-March 2014) to seventeen (April-September 2017) 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 the other euro area countries, SMEs perceived, on balance, a positive influence from their firm-specific outlook and their credit history. A positive contribution from their capital position was reported by SMEs in all other euro area countries but Greece. On the other hand, the net effect from access to public financial support was negative in Greece (-31%, from -48%), Slovakia (-7%, from -12%), Austria (-4%, from -10%) and Belgium (-2%, from -7%).

4.2 SMEs reported lower financing obstacles

Owing to sufficient internal funds, the share of SMEs applying for a bank loan declined. Among the SMEs that considered bank loans (including subsided bank loans) relevant, 27% **applied for a bank loan** during the reporting period (from 32% in the previous survey round). Around 43% (from 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) declined slightly (5%, from 6%).

The success of loan applications remained broadly unchanged. When asked about the **actual success** of their loan applications, 74% of applicants reported that they had received the **full amount** they had applied for (unchanged), while 5% indicated that they had received only **a limited part** of the amount requested (unchanged). The percentage of applicants reporting a rejection declined slightly to 5% (from 6%), while 8% indicated that their **loan applications** were still **pending** (from 6%) (see **Chart 8a** in Annex 1).

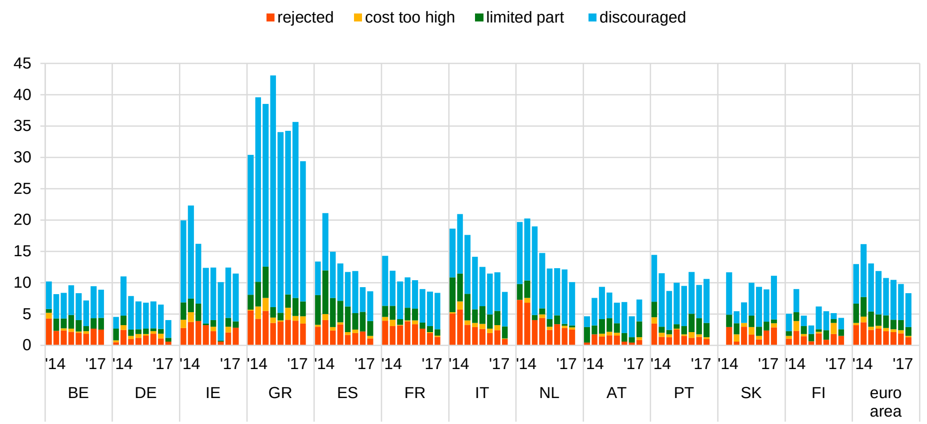
The prevalence of **financing obstacles** declined slightly in the reporting period. Among the SMEs that consider bank finance relevant, 8% encountered financing obstacles (from 10%). Financing obstacles include rejected loan applications, applications granted only in part, loans that were refused because of high costs, and discouragement. The improvements were present in most countries, with obstacles increasing only in Austria, Portugal and Slovakia (see **Chart 17**).

Among **large enterprises,** 46% applied for a bank loan (from 39%). Their applications were more frequently successful than those of SMEs, with 85% of requests being fully met (from 86%) and a rejection rate of only 1% (unchanged).

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 subsided bank loans) are relevant. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: 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 Banks seem to offset lower interest rates with higher non-interest charges

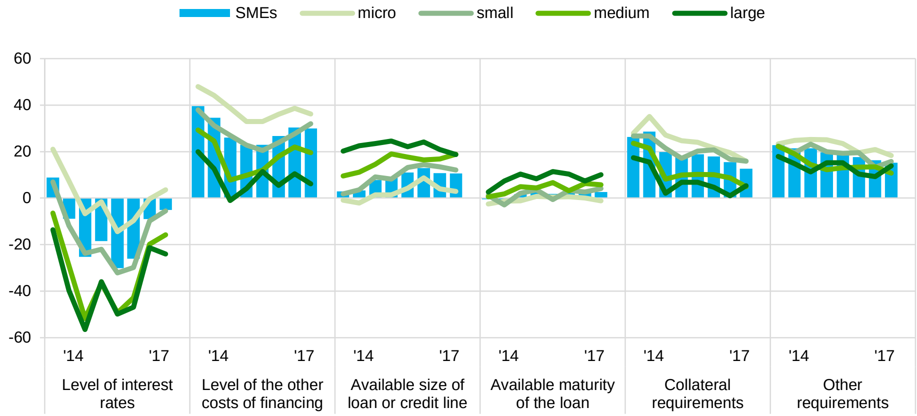
In this survey period, a smaller net share of SMEs reported a decline in interest rates (-5%, from -9%), while the available size (11%, unchanged) and maturity (3%, unchanged) of bank loans and overdrafts continued to increase (see **Chart 18**). A positive net percentage of SMEs indicated tightening in the collateral (13%, from 15%) and other requirements of banks (15%, from 16%). It appears that banks used increases in other costs of financing (30%, unchanged) related, in particular, to charges, fees and commissions to offset declining interest revenues.

In comparison to SMEs, large firms continued to perceive changes in terms and conditions as more favourable. This applied, in particular, to changes in the level of interest rates and other costs of financing. In net terms, -24% of large firms perceived interest rates to decline and only 6% reported increases in other costs of financing.

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 lines, bank overdrafts or credit card overdrafts. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See the note to Chart 1.

The decline in interest rates levelled off across all large euro area economies (see **Chart 19**). While in net terms SMEs in Germany still indicated lower interest rates (-11%), 1% of SMEs in Italy signalled higher rates. Other financing costs were reported to increase across all four countries, with net percentages ranging from 20% in Spain to 38% in France. SMEs in all large economies perceived the available loan size to increase, while maturity barely changed.

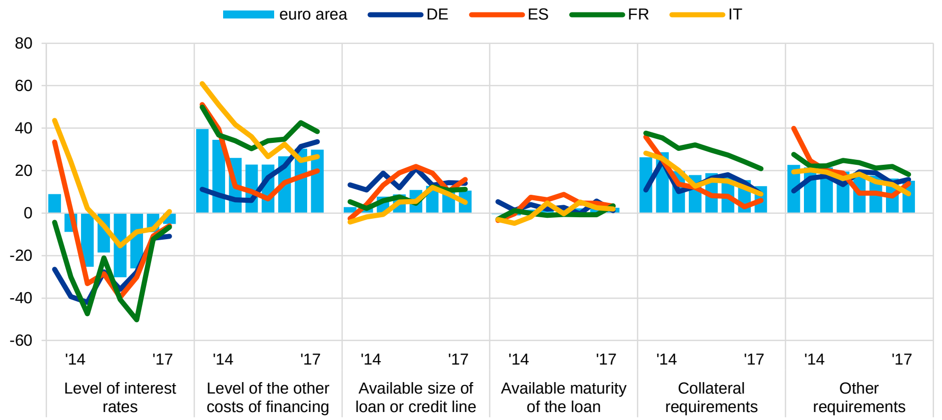
In the other euro area countries (see **Chart 9a** in Annex 1), a net share of SMEs reported lower bank lending rates in the Netherlands (-18%), Portugal (-9%), Austria (-8%), and Belgium (-7%). On the other hand, in Ireland (22%), Finland (7%), Greece (6%) and Slovakia (1%), SMEs reported, on balance, increases in bank lending rates during the period under consideration. With regard to financing costs not related to interest rates, higher levels were most frequently perceived by SMEs in Greece (43%), Portugal (42%), Austria (36%), Ireland (35%) and Slovakia (33%).

With respect to non-price terms and conditions, SMEs perceived the available size of loans and overdrafts to increase in all countries but Greece (-1%, from -4%). The available maturities were reported to increase in all countries but Portugal (-4%, from 2%) and Finland (-4%, from 2%; see **Chart 10a** in Annex 1).

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.

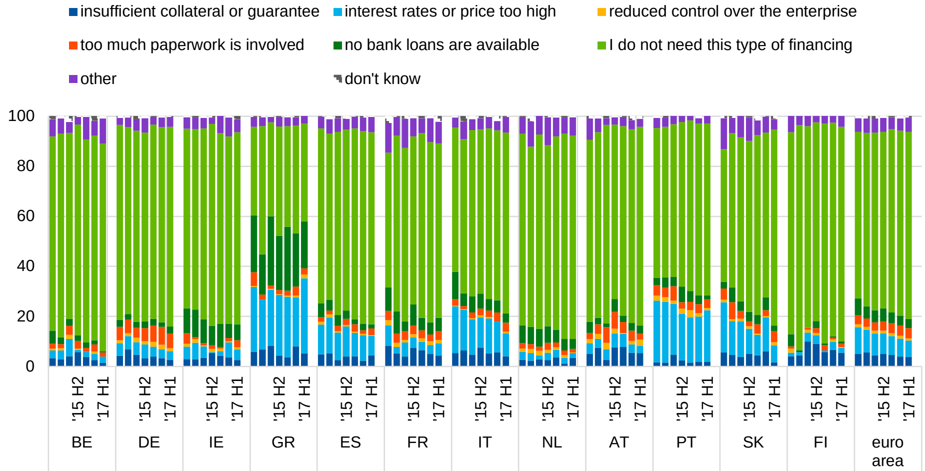
Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See the note to Chart 1.

Some of the terms and conditions discussed above can explain, why, for some SMEs, **bank loans were not a relevant source of financing** (see **Chart 20**). The majority of SMEs that did not consider bank loans relevant reported that they simply did not need this type of financing (75%, from 74%). But around 4% (unchanged) continued to signal that **no bank loans were available** to them, with country averages ranging from 1% in Finland and Belgium to 19% in Greece (from 21%). Another 6% of euro area SMEs (from 7%) indicated that **interest rates or price conditions** were still **not attractive**. Cross-country differences were large, ranging from 2% in Finland and the Netherlands to 21% in Portugal (from 18%) and 30% in Greece (from 19%). Finally, **insufficient collateral or guarantees** and **too much paperwork being involved** were indicated as reasons for not applying for a loan by 4% of SMEs (unchanged).

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?

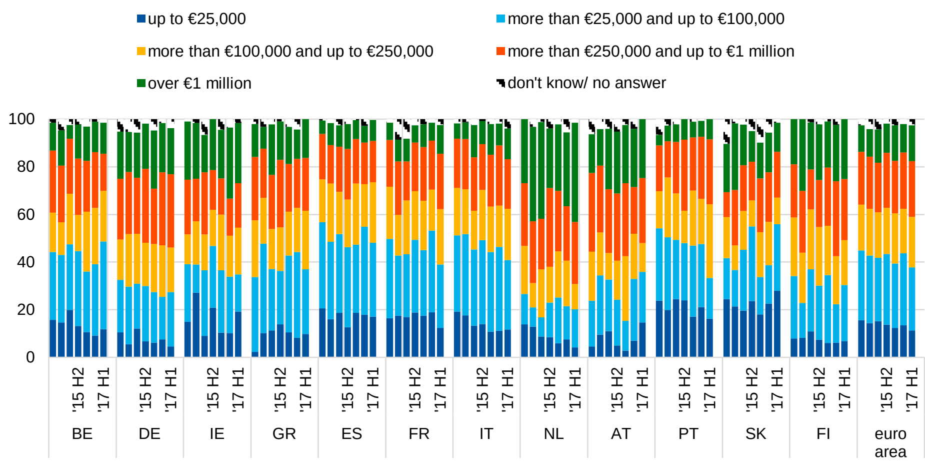
Base: SMEs for which bank loans are not a relevant source of financing. Figures refer to rounds eleven (April-September 2014) to seventeen (April-September 2017).
Notes: The figures are based on the new question introduced in round eleven (April-September 2014). In Slovakia, the survey was initially 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.

In comparison to the previous survey round, SMEs more frequently obtained or attempted to obtain **large loans** (see **Chart 21**). The majority (59%, from 62%) applied for **small loans** (up to €250,000), with 11% reporting a loan of up to €25,000, 26% a loan of between €25,000 and €100,000, and 21% a loan of between €100,000 and €250,000. The percentage of SMEs seeking large loans increased to 38% (from 35%): 23% reported a loan of between €250,000 and €1 million, while 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?

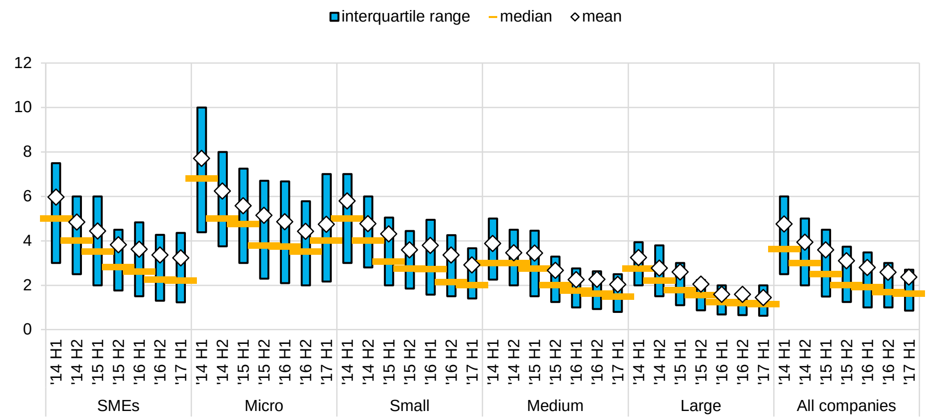
Base: SMEs that had applied for bank loans (including subsidised bank loans). Figures refer to rounds eleven (April-September 2014) to seventeen (April-September 2017).
Note: The figures are based on the new question introduced in round eleven (April-September 2014).

Both SMEs and large firms indicated a reduction in **interest rates charged by banks on credit lines and overdrafts** (see **Chart 22**).[10] As expected, the level of interest rates charged by banks remained inversely related to firm size. In this survey round, the difference between average interest rates charged to large enterprises and those charged to SMEs remained unchanged at the level of approximately 180 basis points, with a median of 110 basis points (also unchanged).

Chart 22

Interest rate charged for a 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 2014) to seventeen (April-September 2017) of the survey.
Notes: 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).

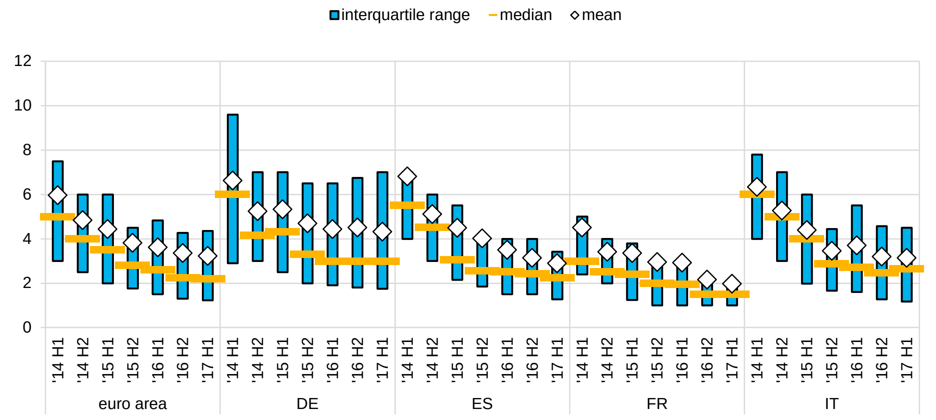
In this survey round, small enterprises benefitted most from the decline in interest rates. On average, SMEs in the euro area reported a decline of around 10 basis points. Small firms reported average reductions of around 40 basis points, while micro firms reported, on average, 30 basis point higher interest rates. Medium and large enterprises recorded a drop in interest rates of 20 and 10 basis points, respectively. Across the large euro area countries, SMEs reported declining interest rates. In Germany, France, and Spain, interest rates declined, on average, by 20 basis points, and in Italy by 10 basis points (see **Chart 23**).

10 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 10 basis points higher than the official monetary financial institutions' interest rate statistics on bank overdrafts (average in the period from April to September 2017), 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 a 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 a credit line or bank overdraft or that did not apply because the cost was too high. Figures refer to rounds eleven (April-September 2014) to seventeen (April-September 2017) of the survey.
Notes: 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

5.1 Continued optimism for future availability of most financing sources

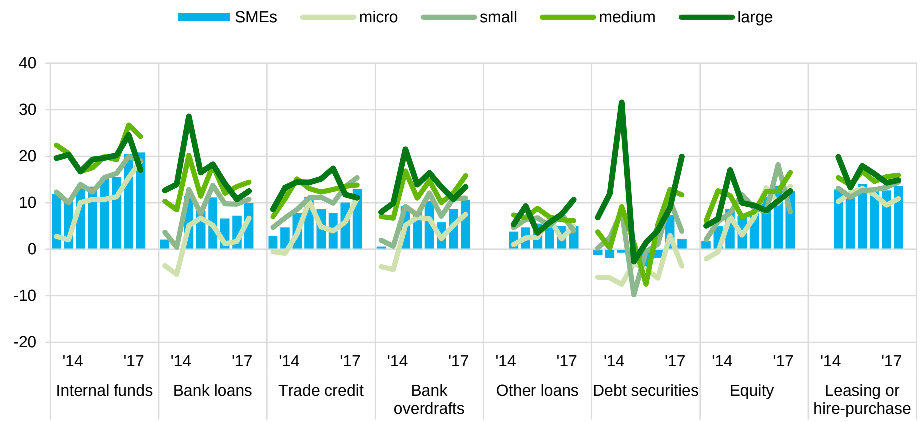
For the coming six-month period (October 2017-March 2018), euro area SMEs expect, on balance, continued improvements in the availability of external and internal sources of finance.

In particular, euro area SMEs expect, on balance, further improvements in the **availability of bank loans** (10%, from 7%; see **Chart 24**), **bank overdrafts** (11%, from 9%), **trade credit** (13%, from 10%) and **leasing or hire-purchase** (14%, from 13%). Expectations are positive but stable concerning the availability of **internal funds** (21%, unchanged) and **other loans** (5%, unchanged). The availability of **debt securities** (2%, from 7%) and **equity** (13%, from 14%) is expected to continue improving, albeit to a lesser extent than before.

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 ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See the notes to Charts 1 and 8.

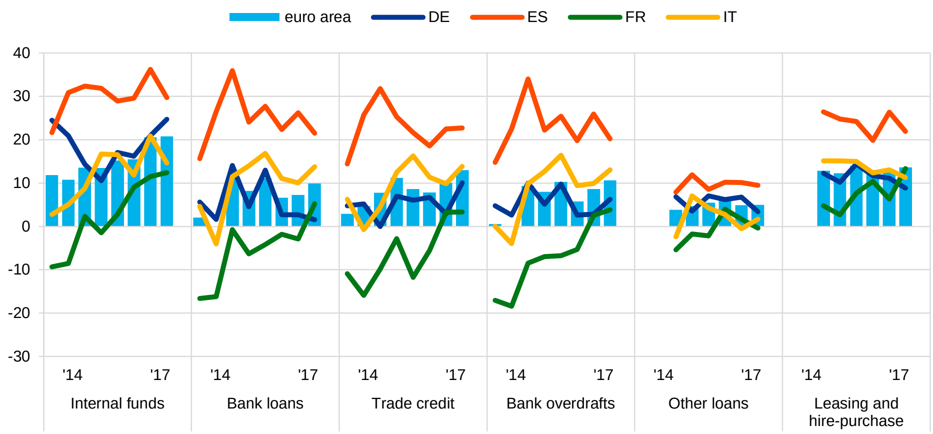
The optimism expressed by **SMEs** regarding the expected availability of all financing sources applies regardless of size. Although small and medium-sized firms continue to be more optimistic about the financing outlook, it appears that micro firms are catching up. Except for debt securities, micro firms expect the availability of all instruments to improve over the next six months. In net terms, 7% of micro firms expect bank loans to become more easily available (from 2%), and 8% expect the availability of bank overdrafts to improve (from 5%).

The outlook of **large** enterprises is broadly comparable to that of SMEs. While large enterprises are slightly more optimistic regarding the availability of bank loans (12%) and overdrafts (13%), they are comparatively less optimistic with regard to internal funds (17%) and trade credit (11%). Noteworthy in comparison to the previous round is the expected increase in the availability of debt securities (20%, from 9%).

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 ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Note: See the notes to Charts 1 and 8.

SMEs remain optimistic about the future availability of internal and external financing in all of the large euro area countries (see **Chart 25**). Spain has the greatest net percentage of optimistic SMEs (21%, from 26%), ahead of Italy (14%, from 10%), France (5%, from -3%) and Germany (2%, from 3%). A similar picture emerges for bank overdrafts, with Spain (20%, from 26%) followed by Italy (13%, from 10%), Germany (6%, from 3%) and France (4%, from 3%).

Enterprises in the other euro area countries expect, in net terms, the availability of bank loans and overdrafts to further improve (see **Chart 11a** in Annex 1). SMEs in Greece remain the exception, as they continue to expect the availability of bank loans (-6%, from -28%) and overdrafts (-4%, from -22%) to decline, albeit to a much lesser extent than before.

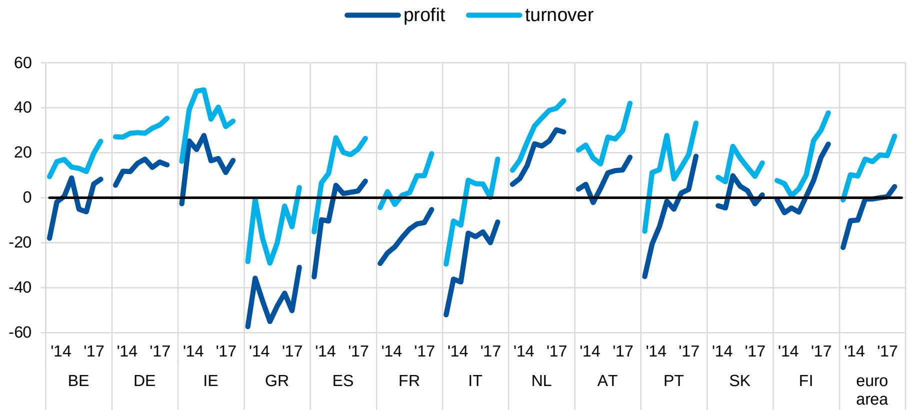
Annexes

Annex 1
Overview of the survey replies – selected charts

Chart 1a

Change in turnover and profits of SMEs across euro area countries

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



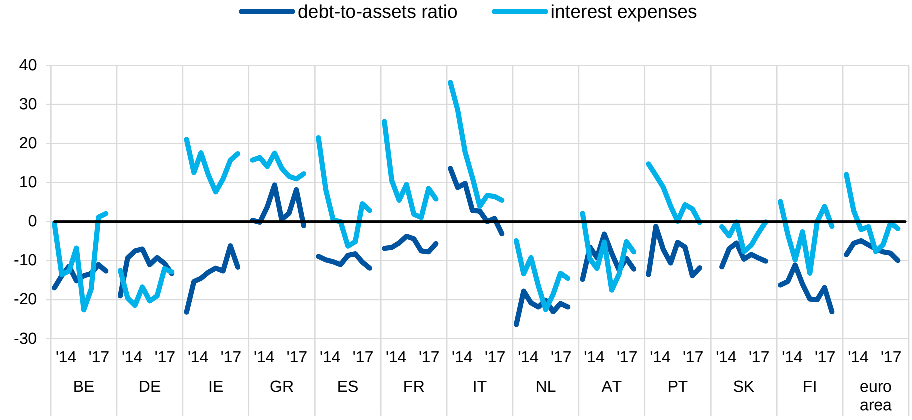
Q2. Have the following company indicators decreased, remained unchanged or increased over the past six months?

Base: All SMEs. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: 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)



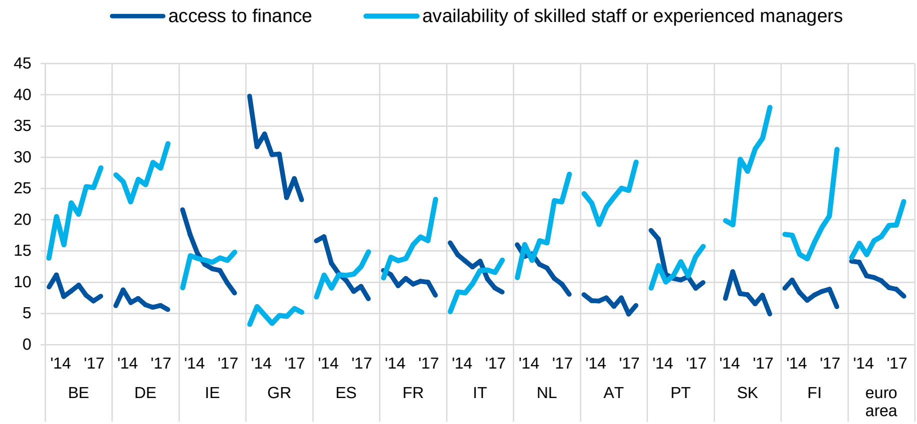
Q2. Have the following company indicators decreased, remained unchanged or increased over the past six months?

Base: All SMEs. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: 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 3a

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

(over the preceding six months; percentage of respondents)



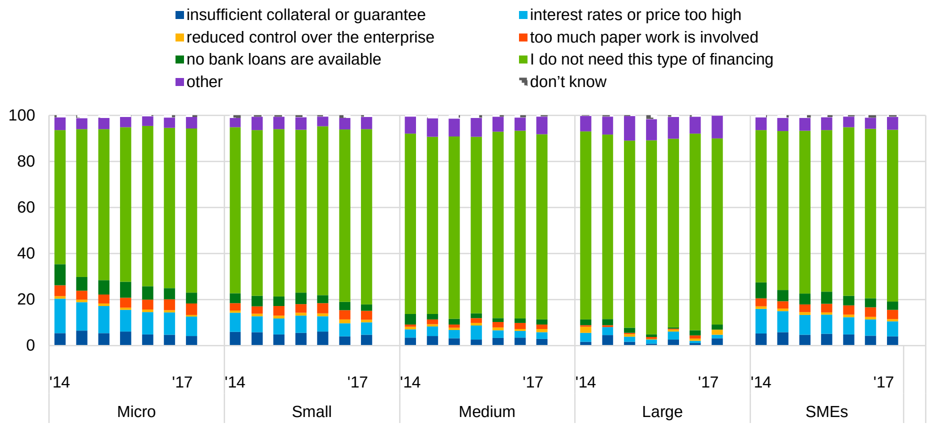
Q0. How important have the following problems been for your enterprise in the past six months?

Base: All SMEs. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: 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)



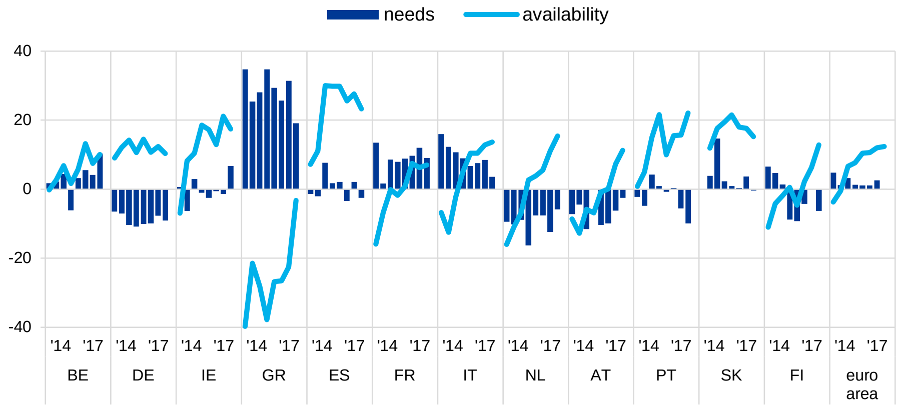
Q32. You mentioned that bank loans are not relevant for your enterprise. What is the main reason for this?

Base: Enterprises for which bank loans are not a relevant source of financing. Figures refer to rounds eleven (April-September 2014) to seventeen (April-September 2017) 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)



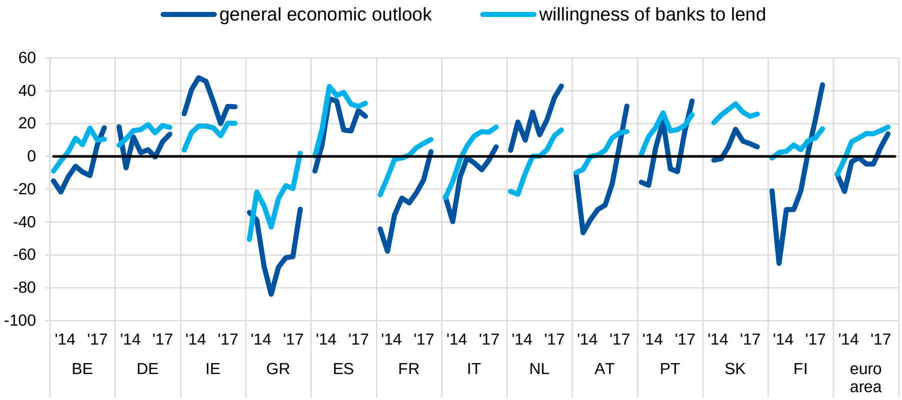
Q5. For each of the following types of external financing, please indicate if your needs increased, remained unchanged or decreased over the past six months.
Q9. For each of the following types of financing, would you say that their availability has improved, remained unchanged or deteriorated for your enterprise over the past six months?

Base: SMEs for which the respective instrument is relevant. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: See the notes 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)



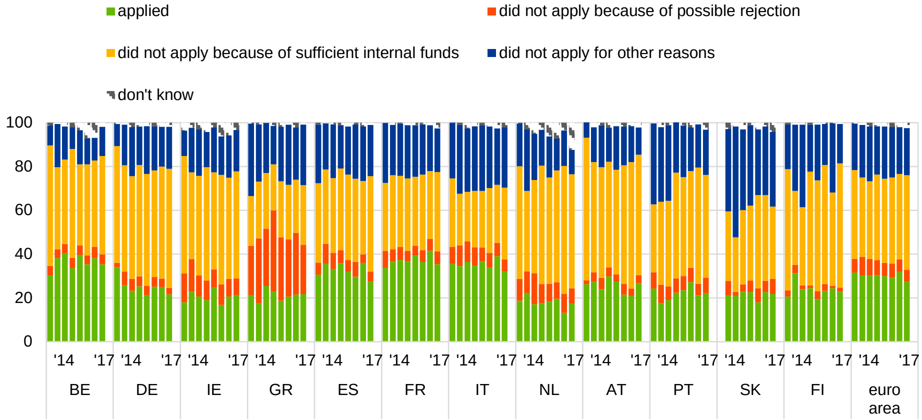
Q11. For each of the following factors, would you say that they have improved, remained unchanged or deteriorated over the past six months?

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 ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: See the notes 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)



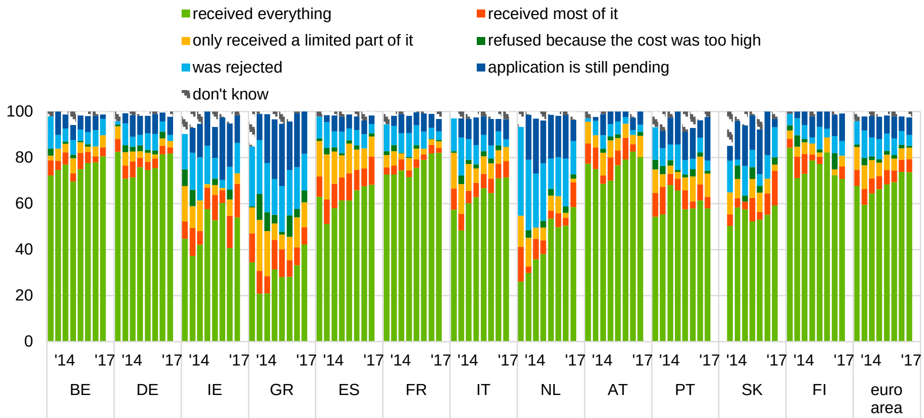
Q7A. Have you applied for the following types of financing in the past six months?

Base: SMEs for which bank loans (including subsided bank loans) are relevant. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: See the notes 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 is included in the sample in each survey round.

Chart 8a

Outcome of applications for bank loans by SMEs across euro area countries

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



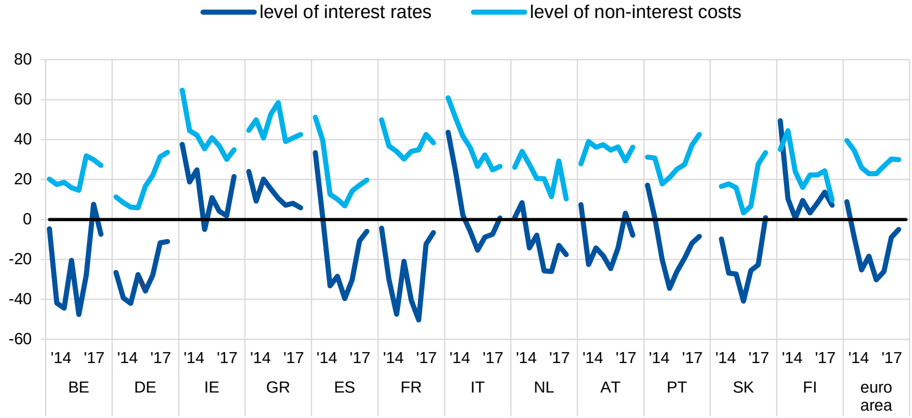
Q7B. If you applied and tried to negotiate for this type of financing over the past six months, what was the outcome?

Base: SMEs that had applied for bank loans (including subsided bank loans). Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: See the notes 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 is included in the sample in each survey round.

Chart 9a

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)



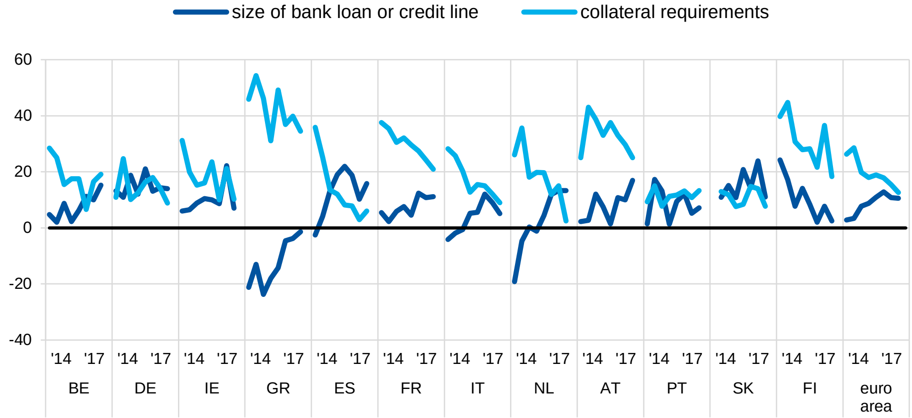
Q10. Please indicate whether the following items increased, remained unchanged or decreased in the past six months.

Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: 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

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)



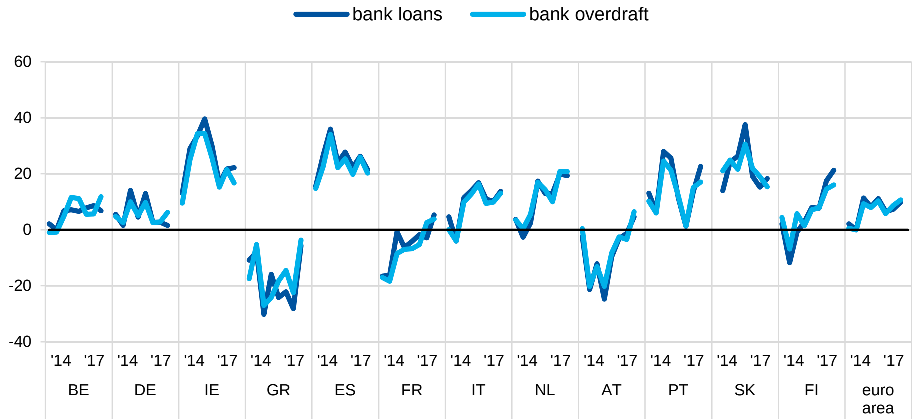
Q10. Please indicate whether the following items increased, remained unchanged or decreased in the past six months.

Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: 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 11a

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.

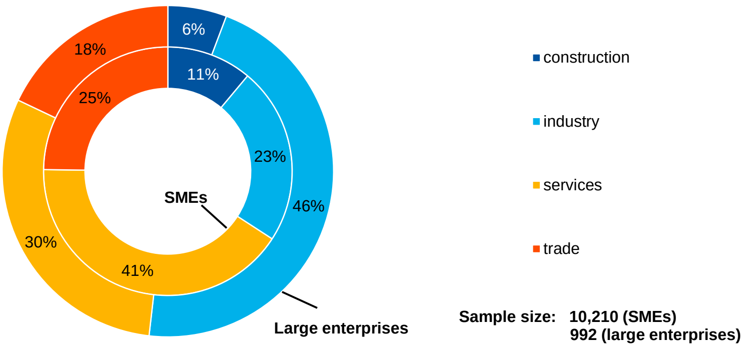
Base: SMEs for which the respective instrument is relevant. Figures refer to rounds ten (October 2013-March 2014) to seventeen (April-September 2017) of the survey.
Notes: See the notes to Charts 1 and 8. In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). 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 percentages)

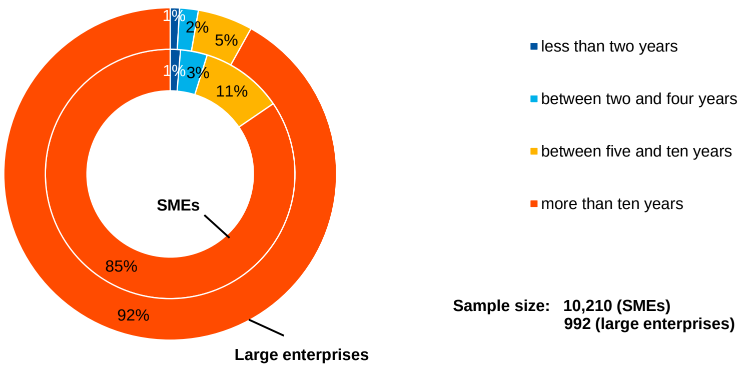


Base: Figures refer to round seventeen (April-September 2017) of the survey.

Chart 2b

Breakdown of enterprises by age of the firm

(unweighted percentages)

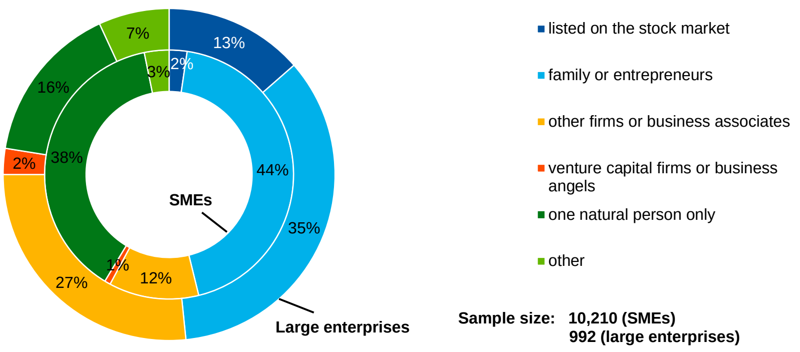


Base: Figures refer to round seventeen (April-September 2017) of the survey.

Chart 3b

Breakdown of enterprises according to ownership

(unweighted percentages)

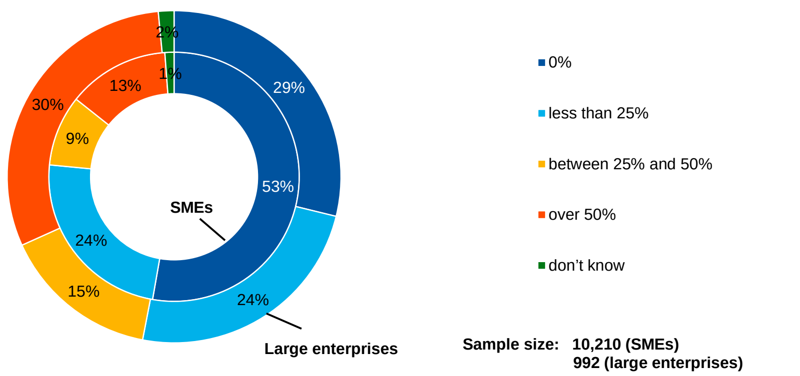


Base: Figures refer to round seventeen (April-September 2017) of the survey.

Chart 4b

Breakdown of enterprises according to exports

(unweighted percentages)



Base: Figures refer to round seventeen (April-September 2017) 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’s website.[11]

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 details[12]).

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 has been updated once a year.[13]

In this survey round no major changes were made to the existing questions in the questionnaire.[14]

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[11] “Methodological information on the survey and user guide for the anonymised micro dataset”.

[12] “Survey on the Access to Finance of Enterprises in the euro area – April 2014 to September 2014”.

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

[14] The questionnaire is available on the ECB’s 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		

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

The cut-off date for data included in this report was 28 November 2017.

ISSN 1831-9998 (pdf) EU catalogue No QB-AP-17-003-EN-N (pdf)