



EUROPEAN CENTRAL BANK

EUROSYSTEM

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

October 2016 to March 2017

May 2017



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Introduction

This report presents the main results of the 16th round of the Survey on the Access to Finance of Enterprises (SAFE), which was conducted between 6 March and 14 April 2017. The total euro area sample size was 11,724 enterprises, of which 10,712 (91%) had fewer than 250 employees.¹ The report mainly provides evidence on changes in the financial situation, financing needs and access to external financing of small and medium-sized enterprises (SMEs) in the euro area, and compares it with that of large enterprises. In addition, it provides an overview of developments in SMEs' access to finance across euro area countries. The reference period is the period from October 2016 to March 2017.

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

1 Overview of the results

The 16th round of the Survey on the Access to Finance of Enterprises (SAFE) asked entrepreneurs to name the most pressing problem facing their company. As in the previous round, **finding customers** emerged as the dominant concern of euro area SMEs (26%, compared with 25% in the previous wave) followed by the **availability of skilled labour** (19%, unchanged). **Access to finance**, on the other hand, was considered the least important (9%, unchanged). Only SMEs in Greece continued to be disproportionately affected by poor access to finance, with 27% mentioning it as their biggest problem (from 24%).

Euro area SMEs continued to indicate improvements in their overall financial situation during the reference period. In particular, SMEs reported an increase in **turnover** (19%, unchanged) in net terms², which applied to firms regardless of size class and country. The exception was Greece, where SMEs continued to signal a decline in turnover (-13%, from -4%). As in the previous wave, euro area SMEs reported unchanged **profits**, with differences across countries partly reflecting the turnover trends.

An increasing proportion of SMEs were affected by rising costs. The net percentage of SMEs indicating higher **labour costs** rose from 44% to 49%. For **other costs**, the increase was even more pronounced (50%, from 37%). It appears that weak demand as reflected by the difficulty of finding customers prevents SMEs, in particular, to pass on higher costs to customers such that profitability does not keep pace with the rise in turnover.

Euro area enterprises reported improvements in their debt situation amid a recovery in investment. SMEs signalled continued **deleveraging** efforts, as reflected by a net decline in their debt-to-total assets ratio (-8%, unchanged). The recovery in **fixed investments** accelerated slightly (16%, from 13%), and was especially pronounced in Ireland (28%), Portugal (26%) and Spain (20%).

Demand for external finance increased moderately over the period under review. On balance, 3% of SMEs (from 1%) signalled an increase in their **need (demand) for bank loans**, while 6% (from 5%) reported higher demand for **bank overdrafts**. These results are consistent with the euro area bank lending survey for the first quarter of 2017, which showed the demand for loans continuing to increase.

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.

For the fifth time in a row, SMEs confirmed, on balance, an increase in the **availability of bank financing** (loans and bank overdrafts) and the **willingness of**

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.

banks to provide credit at lower interest rates (see [Table A](#), [Chart 14](#) and [Chart 15](#)). These developments align with results from the euro area bank lending survey for the first quarter of 2017, which indicated a continued easing of bank lending conditions. Compared with the previous wave, a significant part of the improvement in bank loan availability was attributable to Ireland, Austria, the Netherlands and Finland. On the other hand, improvements in bank loan availability slowed markedly in Belgium and slightly in France, while Greek SMEs continued to record a sizeable net worsening.

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					
	H1 2016	H2 2016	H1 2016	H2 2016	H1 2016	H2 2016	H1 2016	H2 2016	H1 2016	H2 2016	H1 2016	H2 2016
euro area	1	3	5	6	11	12	8	10	-3	-4	10	10
BE	6	4	7	8	13	7	6	7	-2	-2	7	9
DE	-10	-8	1	-2	11	12	8	11	-7	-9	7	6
IE	-1	-1	2	12	13	21	11	17	-5	-7	10	12
GR	26	31	24	39	-27	-23	-17	-16	23	24	34	36
ES	-3	2	6	11	26	28	25	26	-11	-10	12	9
FR	10	12	10	17	7	6	0	1	3	4	9	9
IT	8	8	6	10	10	13	3	6	-1	0	11	12
NL	-8	-12	-3	-7	6	11	8	11	-5	-11	12	12
AT	-10	-6	0	-2	0	7	5	2	-4	-4	7	5
PT	0	-6	3	1	15	16	14	12	-7	-8	12	10
SK	0	4	7	8	18	18	17	21	-5	-6	9	9
FI	-4	0	1	4	2	6	4	9	-4	-4	5	5

Note: For the definitions of needs, see the note to Chart 10, for availability, see the note to Chart 14 and for the financing gap, see the note to Chart 16. H1 2016 refers to round fifteen (April –September 2016) and H2 2016 to round sixteen (October 2016–March 2017).

The favourable supply conditions were driven by a range of factors. Regardless of their size category, SMEs continued to mention a net improvement in the **willingness of banks to provide credit** (16%, from 14%). For the first time since the survey was launched, SMEs viewed the general economic outlook as supporting credit supply. At the same time, euro area SMEs reported that their firm-specific outlook, capital position and credit history all facilitated access to finance.

The **external financing gap** of SMEs, which is defined as the perceived difference between the need for, and availability of, external financing, remained negative at the euro area level ([Table A](#), column 10). On balance, SMEs thus signalled that the increase in their needs for external financing was less than the improvement in their access to external funds. Noteworthy in comparison to the previous wave is the widening gap in the Netherlands, indicating even more ample external financing for Dutch SMEs.

During the period from October 2016 to March 2017, 32% of all SMEs applied for a loan. Compared with the previous wave, there was an increase in fully successful loan applications (74%, from 69%) and a slight decline in those that were rejected (6%, from 7%). The overall **indicator of financing obstacles**³ to receiving a bank loan remained unchanged at 10% (**Table A**, last column), reflecting somewhat mixed developments across countries cancelling each other out.

On balance, SMEs reported that **terms and conditions** for bank loans had improved. SMEs continued to signal a net decline in interest rates, albeit not as pronounced as in the previous round, 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, as well as in other costs of financing related, in particular, to charges, fees and commissions.

This round of the survey included two ad hoc questions on the **appropriate level of debt** and its determinants. About 40% of euro area SMEs indicated that they would like to retain the current level of debt, while 39% preferred less debt and only 7% of SMEs would like to incur more debt. When asked what determined the appropriate level of debt, 25% of SMEs cited the ability to borrow more in the future as the most important factor. For 20% of SMEs, the firm's credit rating was most important factor, followed by the risk of financial distress (16%). The interest rate charged on new debt was the most important determinant for 13% of enterprises.

The financial situation of **large enterprises** remained better than that of SMEs, as they continued to report marked increases in both turnover and profits in the period from October 2016 to March 2017. In addition, around 39% of large firms applied for a bank loan, with a success rate that was much higher (86%) and a rejection rate that was much lower (1%) than those of SMEs, for which the success rate was 74% and the rejection rate 6%. 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. These measures indicate that large firms benefit more from easier 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 put in place since 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

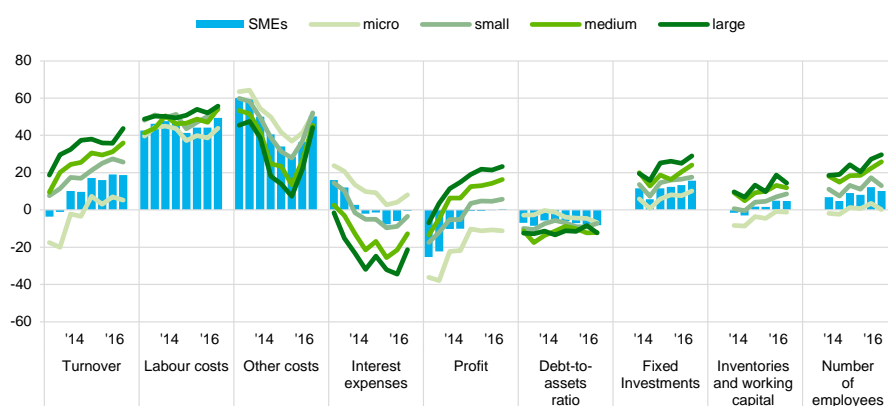
2.1 Overall improvement in the financial situation of euro area SMEs

In the period between October 2016 and March 2017 the financial situation of euro area SMEs improved overall, supported by the ongoing economic recovery and 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 nine (April-September 2013) to sixteen (October 2016-March 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)".

In net terms⁴, euro area SMEs⁵ continued to report an increase in **turnover** (19%, unchanged relative to the previous survey period⁶), which was applicable regardless of firm size and across most countries. As in previous survey rounds, the net percentage of firms signalling higher turnover increased with size. While on balance only 5% (from 7%) of micro firms reported higher turnover, the corresponding share of large firms was 44% (from 36%), with small and medium-sized firms in between (26% and 36%, respectively, from 27% and 31%).

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 April to September 2016.

A large net proportion of euro area SMEs across all size categories continued to signal rising **labour costs** (49%, from 44%) as well as larger increases in **other costs** (50%, from 37%). Compared with SMEs, a greater net share of **large** firms reported an increase in labour costs (56%, from 52%), while only 44% reported an increase in other costs (from 22%).

Euro area SMEs continued to signal unchanged **profits** for the fourth consecutive period. Thus profits kept lagging turnover trends that had been positive since 2014. But the strong positive correlation between turnover and company size also applied to profits. While micro firms, on balance, reported a decline in profits (-11%, unchanged), 23% of large firms signalled an increase (from 21%).

Euro area enterprises continued to **deleverage**. In net terms, SMEs indicated a constant decline in their debt-to-total assets ratio (-8%, unchanged), while the percentage of **large** enterprises signalling reductions increased (-12%, from -8%).

The decline in **interest expenses** appears to have levelled off (0%, from -6%). The average masks considerable heterogeneity with regard to firm size. While on balance, 8% of micro enterprises reported an increase in interest expenses (from 4%), a sizeable, albeit smaller share of **large** enterprises continued to indicate lower interest expenses (-21%, from -34%).

The recovery was also visible in investment and hiring decisions. On balance, euro area SMEs reported rising **fixed investments** (16%, from 13%), **inventories and working capital** (5%, unchanged) and **number of employees** (10%, from 12%). These positive developments applied to firms of all size categories with the exception of micro firms, which continued to report a marginal net decrease in inventories and working capital (-1%, unchanged). **Large** firms, on the other hand, continued to outperform SMEs along each of the three dimensions.

The net increase in turnover enjoyed a broad geographical base. Among the large euro area countries, increasing net improvements for turnover were reported by SMEs in Germany (32%, from 31%) and Spain (22%, from 19%). French SMEs (10%, unchanged) indicated, on balance, a stable increase in turnover, while Italian SMEs reported stagnant revenues (0, from 6%, see **Chart 2**). Among other euro area countries, Greece was the only country where SMEs continued to report an even wider net decline in turnover (-13%, from -4%, 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, SMEs in Germany (16%, from 13%) and Spain (3%, from 2%) reported a net increase in profits, while French (-11%, from -12%) and Italian SMEs (-20%, from -15%) reported a net decline. In all other euro area countries with the exception of Greece (-50%, from -42%) and Slovakia (-3%, from 3%), SMEs reported positive profit dynamics on balance (see **Chart 1a** in Annex 1).

The reported net decline in leverage ratios was present in most countries. Among the large economies, SMEs in Germany (-11%, from -9%), Spain (-10%, from -8%) and France (-8%, unchanged) reported a net reduction in the debt-to-asset ratio, while in

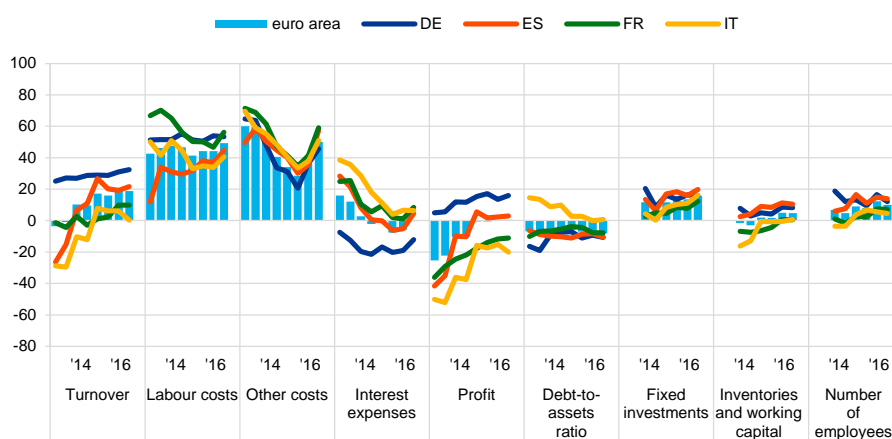
Italy leverage barely changed (1%, from 0%). Among other euro area economies, only Greek SMEs indicated an even larger net increase in the debt-to-asset ratio (8%, from 2%, see also [Chart 2a](#) in Annex 1).

Country-specific developments differed with regard to interest payments. Among the large economies, only German SMEs reported lower net interest expenses (-12%, from -19%). In the other countries, only SMEs from the Netherlands (-13%, from -19%), Austria (-5%, from -13%) and Slovakia (-3%, from -6%) 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 nine (April-September 2013) to sixteen (October 2016-March 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 France (56%, from 47%) and lowest in Italy (40%, from 34%). For other costs, the corresponding net percentage was highest in France (59%, from 41%) and lowest in Germany (46%, from 36%). The net percentage of firms reporting a rise in other costs increased in all countries compared with the previous wave.

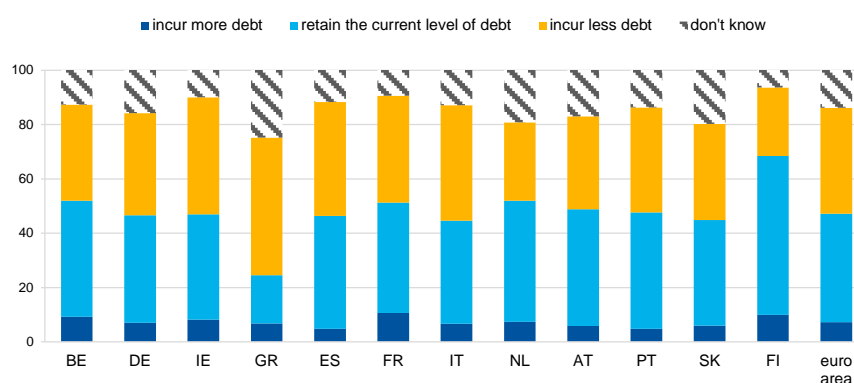
In balance, SMEs in all countries except for Greece reported increasing fixed investment, inventories and working capital, and employee numbers. Among the large euro area countries, a similar picture emerges along the three dimensions. The net percentage of SMEs reporting an increase in fixed investment is highest in Spain (20%, from 16%) followed by Germany (16%, unchanged). The same applies to inventories and working capital, with on balance 10% of Spanish SMEs (from 11%) and 8% of German SMEs (from 9%) reporting higher levels. Likewise, 14% of Spanish SMEs (from 15%) and 12% of German SMEs (from 16%) report rising employee numbers.

This round of the survey included two ad hoc questions on the appropriate level of debt and its determinants. About 40% of euro area SMEs indicated that they would like to retain the current level of debt, while 39% preferred less debt and only 7% of SMEs would like to incur more debt (**Chart 3**). The picture was slightly different for firms less than two years old, with 15% of SMEs seeking to incur more debt. The share of SMEs preferring lower debt levels was highest in Greece (51%), followed by Ireland (43%), Italy and Spain (both 42%).

Chart 3

Self-reported deleveraging needs of SMEs across euro area countries

(percentage of respondents)



QA1. Considering the current level of debt of your enterprise, what do you think would be best for your enterprise? Your enterprise should...

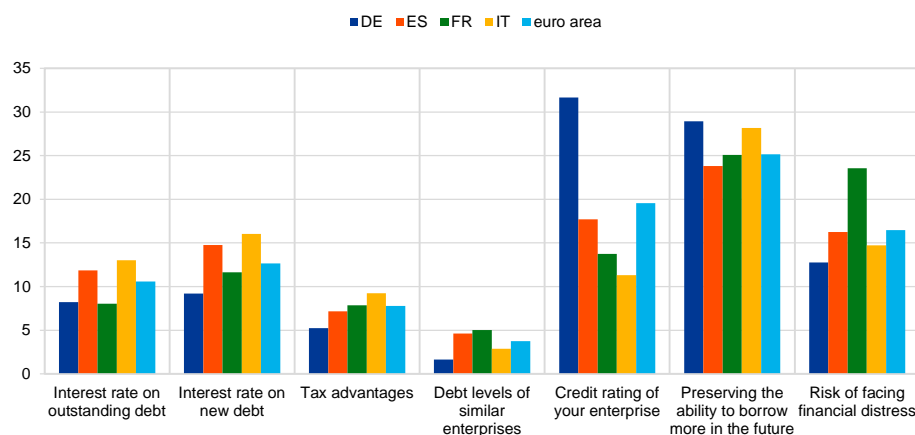
Base: All SMEs. Figures refer to round 16 (October 2016-March 2017) of the survey.

When asked what determines the appropriate level of debt, 25% of SMEs cited the ability to borrow more in the future as the most important factor (**Chart 4**). For 20% of SMEs, the firm's credit rating was most important, followed by the risk of financial distress (16%). Cost considerations, on the other hand, appeared to play a secondary role, with only 13% of SMEs mentioning the interest rate charged on new debt as the most important factor. Likewise, the tax advantages of debt were generally a minor concern (8%). The importance of the individual factors differed to some extent across countries. The firm's credit rating, for instance, was particularly important in Germany (32%), but less so in Italy (11%). The risk of financial distress features prominently in France (24%), but not as highly in Germany (13%).

Chart 4

Most important factor determining the appropriate level of debt of euro area SMEs

(percentage of respondents)



QA2. How important are the following factors in determining the appropriate level of debt incurred by your enterprise?

Base: All SMEs. Figures refer to round 16 (October 2016-March 2017) of the survey.

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

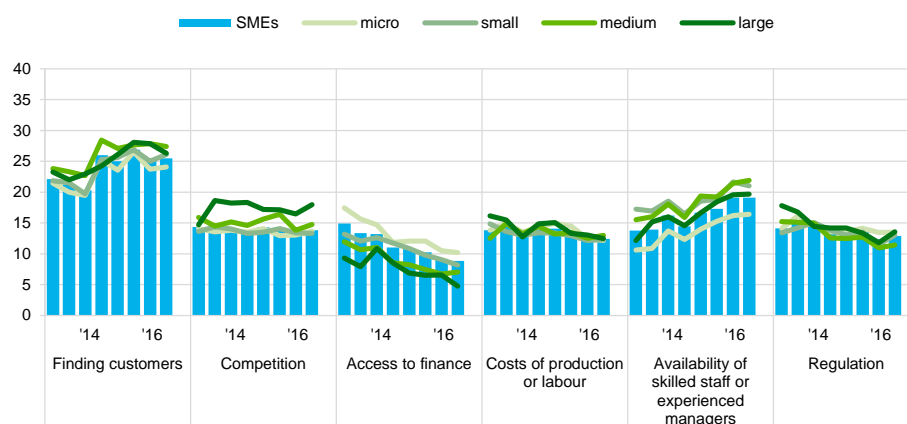
During the period from October 2016 to March 2017, SMEs continued to rank access to finance as their least important concern, confirming further improvements in their financing conditions (see [Chart 5](#)).

“**Finding customers**” continued to be the dominant concern for euro area SMEs in this survey period, with 26% of them mentioning this as their main problem (unchanged compared with the previous survey round). “**Access to finance**”, on the other hand, was considered the least important concern (9%, unchanged), after “Cost of production” (12%), “Regulation” (13%), “Competition” (14%) and “Availability of skilled labour” (19%). Concern with access to finance decreased with firm size. While for 10% of micro firms access to finance was the dominant problem, this applied to only 5% of large companies. Like SMEs, large enterprises reported “Finding customers” (26%) as the dominant concern, followed by “Availability of skilled labour” (20%) and “Competition” (18%).

Chart 5

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?

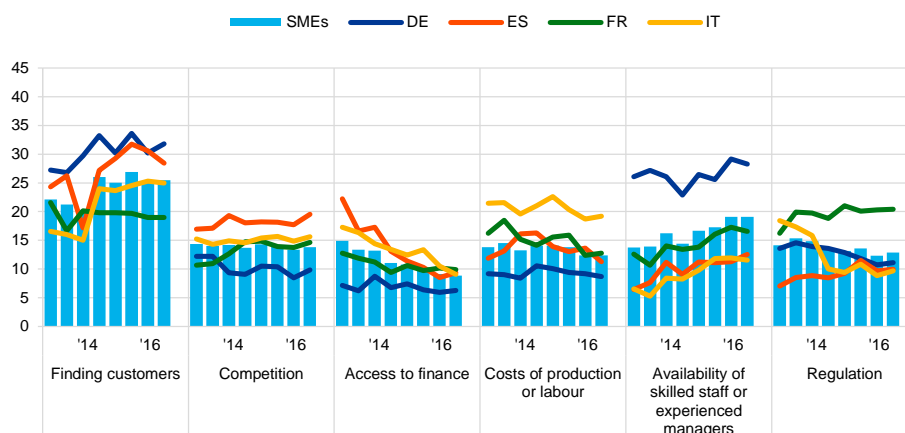
Base: All enterprises. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey. Note: The formulation of the question has changed over the survey rounds. Initially, respondents were asked to select one of the categories as the most pressing problem. From 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 6](#) and [Chart 3a](#) in Annex 1). Though German SMEs cited finding customers most frequently as their dominant concern (32%), the availability of skilled staff and managers came in a close second (28%). Spanish (29%) and Italian (25%) SMEs also reported finding customers as their dominant problem, but were not concerned about skill shortages. In France, regulation was most frequently cited as the dominant concern (21%), even ahead of finding customers (19%).

Chart 6

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?

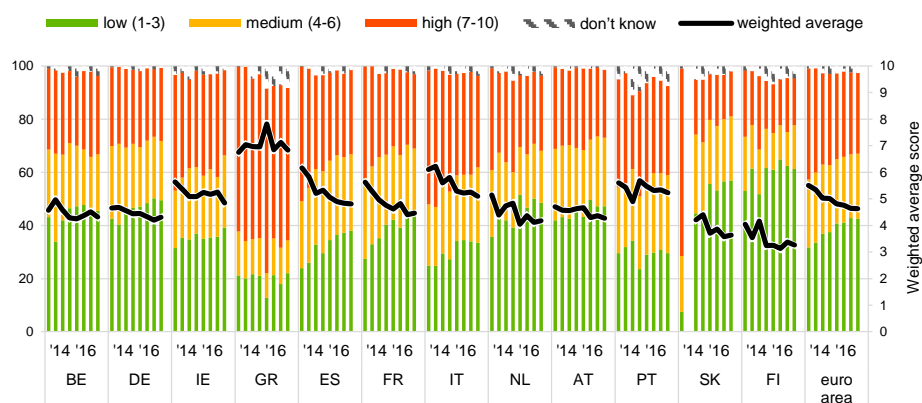
Base: All SMEs. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.
Note: See the note to Chart 3.

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 7**). A score close to the euro area average (about 5) was reported by SMEs in Italy, Ireland, Portugal and Spain. The remainder of the countries reported a score of around 4, while SMEs in Finland continued to report on average the lowest score (close to 3).

Chart 7

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

(percentages and weighted averages)



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

Base: All SMEs. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 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

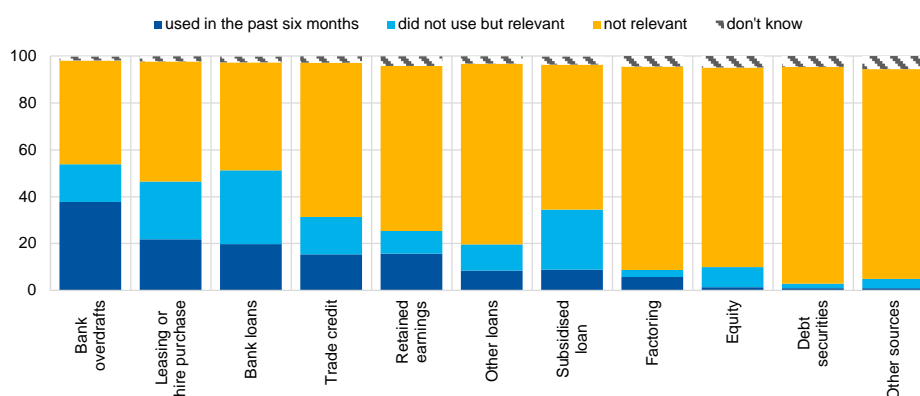
3.1 Banks remained the most relevant source of finance

Bank-related products remained the most relevant financing source for SMEs vis-à-vis market-based instruments and other sources of finance (see [Chart 8](#)).

From October 2016 to March 2017, 54% of SMEs considered bank overdrafts to be relevant, followed by 51% for bank loans.⁷ Leasing and trade credit were relevant for 46% and 31% of SMEs, respectively. Furthermore, 34% of SMEs signalled that grants and subsidised loans, which involve support from public sources in the form of guarantees or other interventions, were relevant for their financing. About 25% of SMEs indicated that internal funds were a potential source of finance. 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 (10%) and debt securities (3%), but also factoring (9%), were less frequently considered a potential source of finance.

Chart 8
Financing structure of euro area SMEs

(over the preceding six months; percentage of respondents)



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

Base: All SMEs. Figures refer to round sixteen (October 2016-March 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 9](#)). Short-term bank finance (credit line/bank overdraft/credit card) remained the most popular instrument by some margin, followed by leasing and

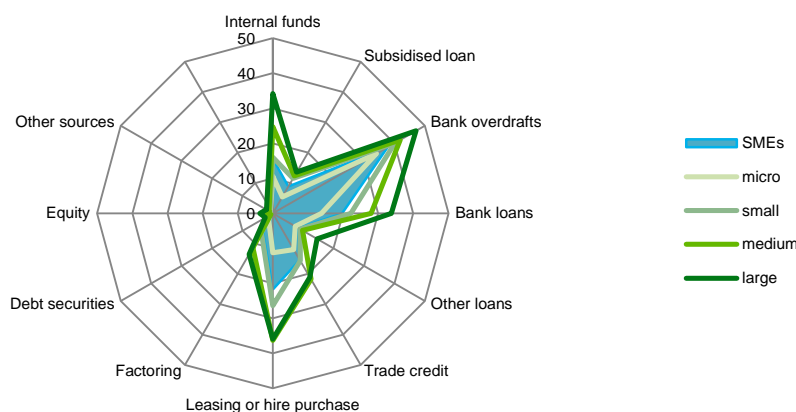
⁷ The formulation of the question allows the relevance of a specific financial instrument to be disentangled from its usage. See the [SAFE questionnaire](#).

long-term bank loans. Equity and debt securities, on the other hand, were among the least frequently used sources of finance. This pattern applied to both SMEs and large firms.

Chart 9

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 sixteen (October 2016-March 2017) of the survey.

3.2 Demand for external finance increased moderately

Demand for all financing sources increased during the period under review at a marginally faster pace than recorded in previous editions of the survey.

On balance, 3% of SMEs signalled an increase in their **need (demand) for bank loans**⁸, compared with 1% during the three preceding rounds. Nevertheless, the net increase in demand for bank loans was smaller than for the other sources of finance covered by the survey. About 8% of SMEs, on balance, reported an increased need for **trade credit** (from 7%), while 6% indicated higher demand for **bank overdrafts** (from 5%). As for other sources of external finance, SMEs signalled, on balance, a constant increase in their need for **leasing or hire-purchase** (10%, unchanged) and a slightly stronger need for **other loans** (8%, from 6%).

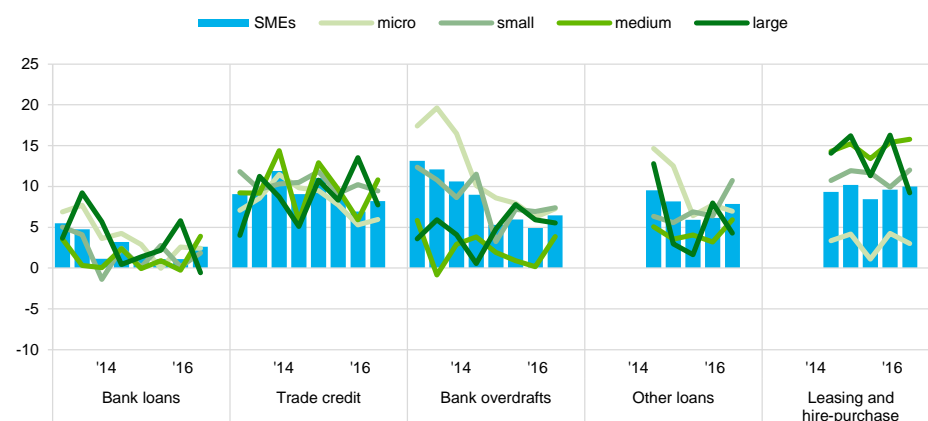
In previous survey rounds, **large** firms had reported a stronger net increase in demand for external finance than SMEs, but this pattern no longer held in the latest wave. In net terms, large firms even reported a marginal decline in their need for bank loans (-1%, from 6%), though demand for overdrafts continued to increase (6%, unchanged). Net demand for trade credit (8%, from 14%), other loans (4%,

⁸ See the note to Chart 10. 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).

from 8%) and leasing (9%, from 16%) continued to expand, albeit at a slower pace than before.

Chart 10
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 nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.

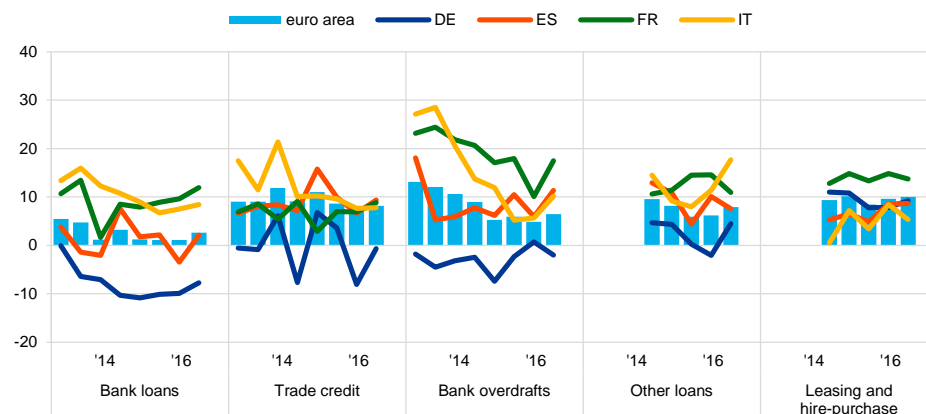
Note: The categories "Other loans" and "Leasing or hire-purchase" were introduced in round twelve (October 2014-March 2015). A financing instrument is "relevant" if the enterprise used the instrument in the past six months or did not use it but has experience of it (for rounds one to ten). From round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

Among the large euro area countries, demand for external finance differs between France, Italy and Spain on the one hand and Germany on the other (see **Chart 11**). In net terms, SMEs in France Italy, and Spain reported increased demand for bank loans, overdrafts and trade credit, whereas German SMEs displayed weaker demand. The net increase in demand for loans was particularly strong in France (12%, from 10%) and Italy (8%, unchanged). For non-bank loans and leasing the picture is different in that SMEs from all countries reported on balance increased needs for these financing sources. In the other euro area countries demand for bank loans increased, on balance, only in Greece (31%, from 26%), Belgium (4%, from 6%) and Slovakia (4%, from 0%, see **Chart 5a** in Annex 1).

Chart 11

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 nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.
Note: See the notes to Charts 1 and 10.

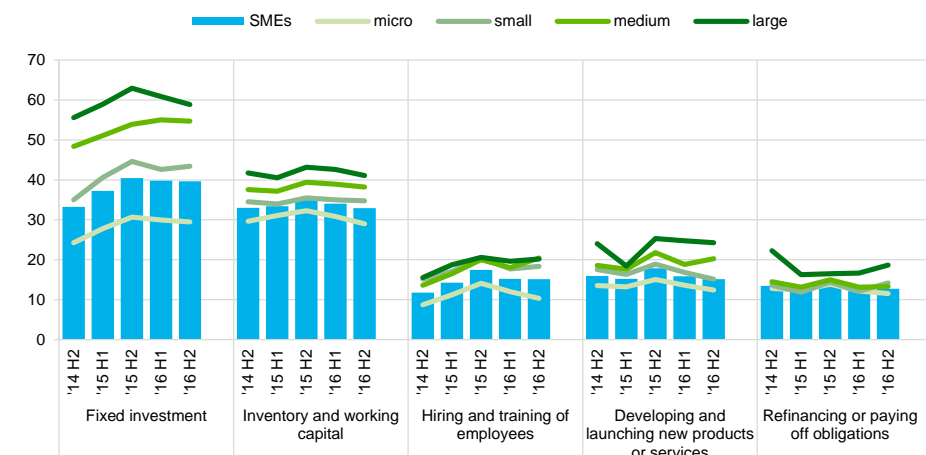
3.3 SMEs continued to use financing mostly for fixed investments and inventory and working capital

Fixed investment remained the most frequently mentioned purpose of external and internal funds, followed by **inventory and working capital** (see **Chart 12**).

Chart 12

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 sixteen (October 2016-March 2017) of the survey.
Note: The figures are based on the new question introduced in round eleven (April-September 2014).

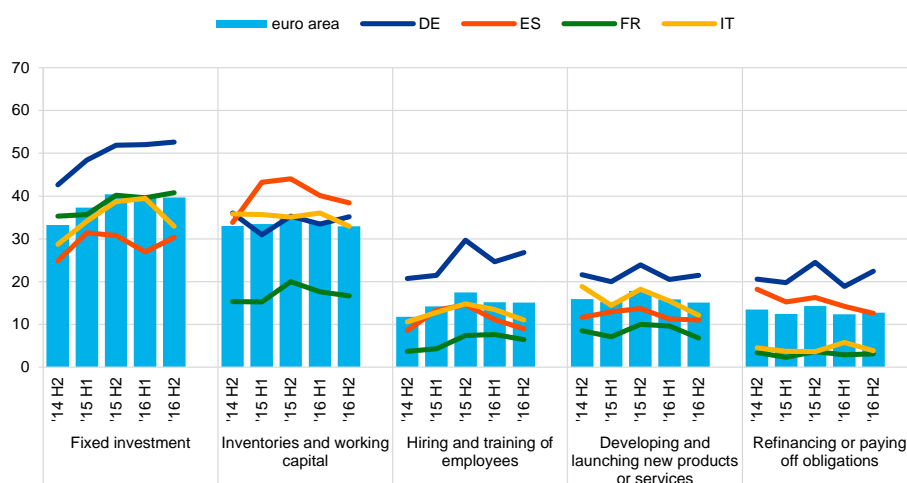
About 40% of SMEs (unchanged) reported using financing for fixed investment, while 33% (from 34%) mentioned inventory and working capital. Perhaps unsurprisingly, the prevalence of fixed investment is strongly associated with company size. While 59% of large firms reported using funds for fixed investment, this applied to only 30% of micro firms. Inventory investment also correlates with firm size. To a lesser extent, SMEs used financing to **develop new products** (15%, from 16%), **hire employees** (15%, unchanged) and **refinance obligations** (13%, from 12%).

Across large euro area countries, German SMEs continued to stand out in terms of the high prevalence of fixed investment. About 53% of German SMEs used funding for that purpose, compared with only 30% of Spanish SMEs. Apart from that, on average German SMEs more frequently reported using funds for the development of new products, hiring of employees and refinancing of obligations. Interestingly, Spanish firms used financing for inventory and working capital (38%) more frequently than for fixed investment (30%, see **Chart 13**).

Chart 13

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 sixteen (October 2016-March 2017) of the survey.
Note: See the note to Chart 12.

4 Availability of external financing for SMEs in the euro area

4.1 Increased availability of external financing

4.1.1 Bank credit continues to be more easily available

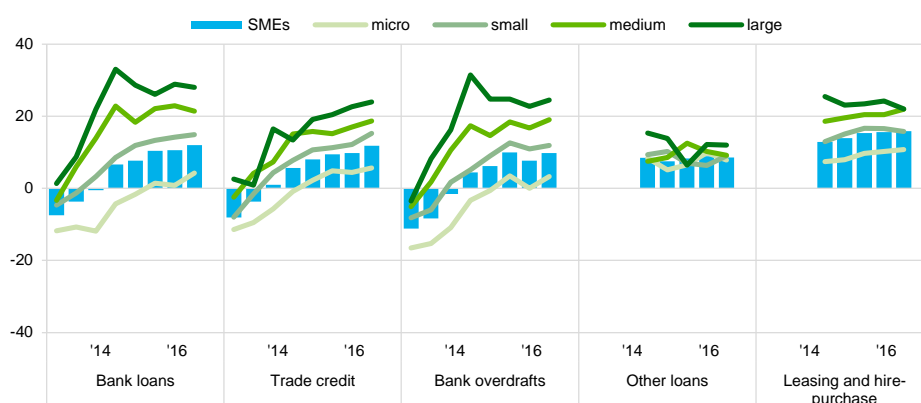
For the fifth time in a row, SMEs signalled an improvement in the availability of external sources of finance (see [Chart 14](#)).⁹

With regard to the availability of **bank loans**, slightly larger net improvements were recorded by micro (4%, from 1%) and small enterprises (15%, from 14%), while medium-sized firms reported somewhat lower but still sizeable improvements (21%, from 23%). In this round, improvements reported in the availability of **bank overdrafts** were somewhat more pronounced for micro (3%, from 0%), small (12%, from 11%) and medium-sized enterprises (19%, from 17%).

Chart 14

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 nine (April - September 2013) to sixteen (October 2016 - March 2017) of the survey.

Note: See the note to Charts 1 and 10.

Larger net improvements were also reported in the availability of **trade credit** across all size classes. As regards other sources of external finance, SMEs reported

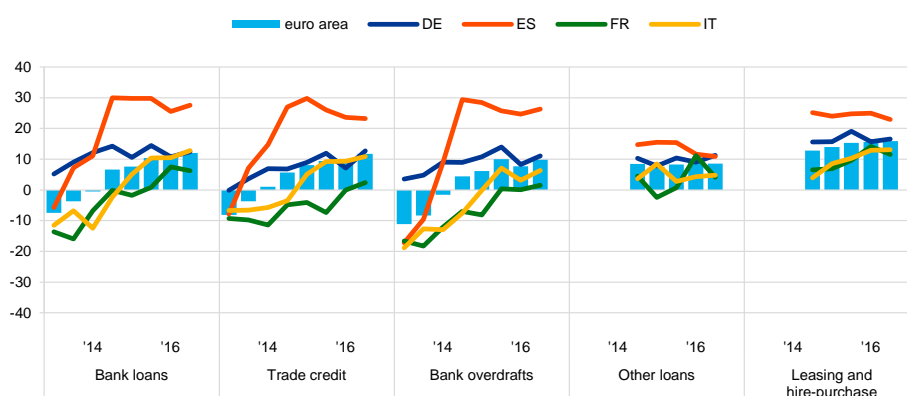
⁹ See the note to Chart 10. Only survey respondents that report that a particular financing instrument (i.e. bank loans, bank overdrafts and credit lines, trade credit, equity and debt securities issuance) is relevant for their enterprise are asked about the availability of this source of financing. 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.

constant improvements in the availability of **leasing or hire-purchase** (16%), **other loans** (9%) and **equity** (6%). For the first time since the survey was launched, SMEs reported increases in the availability of **debt securities** (5%, from -1%), which was spread across firm size classes.

Regarding the availability of most sources of finance, net percentages among euro area enterprises increase with firm size. Equity and debt securities are exceptions, with the highest net percentages being reported by small and medium-sized firms, respectively. Overall, **large** enterprises continued to benefit from better availability of finance relative to SMEs. Compared with the previous survey period, large firms in the euro area reported, on balance, larger improvements in the availability of bank overdrafts (25%), trade credit (24%) and equity (10%), while they signalled constant increases in debt securities (14%) and other loans (12%), and slightly smaller positive developments in bank loans (28%) and leasing or hire-purchase (22%).

Chart 15
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 nine (April - September 2013) to sixteen (October 2016 - March 2017) of the survey.
Note: See the notes to Charts 1 and 10.

Among the largest euro area countries, Spain (28%, from 26%) continued to signal distinctly bigger improvements in the availability of bank loans. Compared with the previous wave, SMEs in Germany (12%, from 11%) and Italy (13%, from 10%) indicated larger net improvements (see **Chart 15**), while SMEs in France (6%, from 7%) reported a slightly smaller positive development in the availability of bank loans. In Germany, SMEs also reported larger positive developments regarding the availability of other external financing sources. Overall, SMEs in the four largest countries signalled improvements in all external financing sources except for equity, where a sizeable decrease was reported in Italy. The increase in the availability of debt securities reported for the first time by SMEs was mainly due to positive developments in the four largest countries and Austria.

Turning to developments in other euro area countries, increases in bank loan availability reported by SMEs in Ireland (21%, from 13%), Austria (7%, from 0%), the

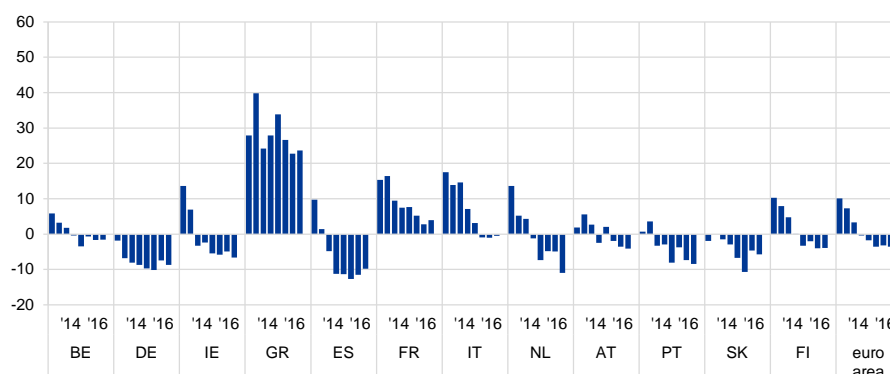
Netherlands (11%, from 6%) and Finland (6%, from 2%) were particularly noteworthy (see **Chart 10a** in Annex 1). On the other hand, improvements in bank loan availability slowed markedly in Belgium (7%, from 13%), while Greek SMEs continued to record a sizeable net worsening in the availability of bank loans (-23%, from -27%). Regarding availability of bank overdrafts, SMEs in most countries reported higher net improvements, while they signalled, on balance, positive but slightly reduced developments in Austria and Portugal and negative percentages in Greece. In marked contrast to all other euro area countries, Greek SMEs continued to record, on balance, a deteriorated availability of other external financing sources as well.

4.1.2 The external financing gap indicator continued to signal ample external financing for SMEs in the euro area

Chart 16

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 nine (April - September 2013) to sixteen (October 2016 - March 2017) of the survey.

Note: 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, which measures the perceived difference at firm level between the need for external funds (across all channels, i.e. bank loans, bank overdrafts, trade credit, equity and debt securities) and the availability of funds, has remained negative at the euro area level (-4%, from -3%) for the fourth time in a row, indicating further eased financing conditions (see **Chart 16**). SMEs therefore signalled that the improvement in their access to external funds was larger than the increase in their needs for external financing, except in Italy (0, from -1%), France (4%, from 3%) and, even more so, Greece (24%, from 23%).

Noteworthy in comparison to the previous wave is the widening gap in the Netherlands (-11%, from -5%), indicating even more ample external financing for Dutch SMEs.

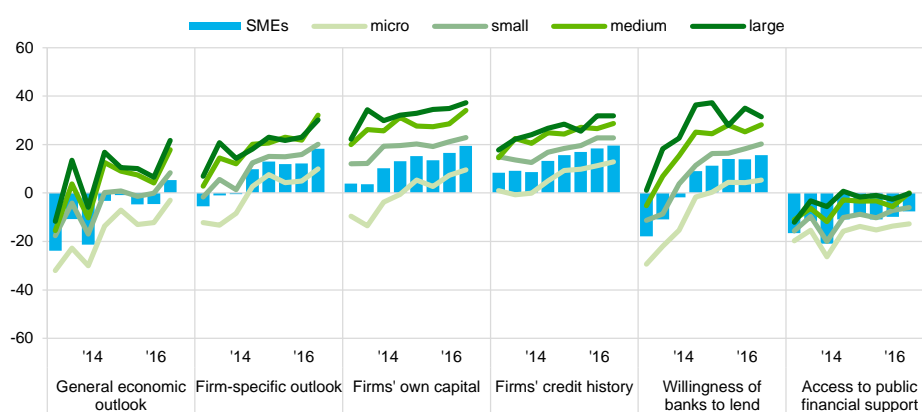
4.1.3 Further increasing willingness of banks to provide credit, along with first-time positive effect from the general economic outlook

Most **factors** examined by the survey affected the availability of external financing for SMEs positively. Furthermore, for the first time since the survey was launched in 2009, SMEs reported that the general economic outlook supported the availability of external finance (see **Chart 17**).

Chart 17

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

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



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

Base: All enterprises; for the category "Willingness of banks to lend", enterprises for which at least one bank financing instrument (credit line, bank overdraft, credit card overdraft, bank loan, subsidised bank loan) is relevant. Figures refer to rounds nine (April - September 2013) to sixteen (October 2016 - March 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 net terms, SMEs across all size classes continued to attribute the favourable developments in the availability of external financing to an improvement in the **willingness of banks to provide credit** (16 %, from 14%). For the first time since the survey was launched in 2009, SMEs reported a positive effect on their finances from the **general economic outlook** (5%, from -5%). Only micro firms continued to report a net negative effect, albeit significantly moderated, from the general economic outlook (-3%, from -12%). At the same time, euro area SMEs reported larger net improvements in their **outlook** (18%, from 12%), **own capital** (19%, from 17%) and **credit history** (20%, from 18%). On the other hand, SMEs continued to report, on balance, an adverse development in terms of **access to public financial support** (-8%, from -10%).

Large enterprises also assessed the impact of most factors on the availability of external financing positively. On balance, the impact of their own capital (37%), credit history (32%), the willingness of banks to provide credit (31%) as well as their own outlook (30%) were the factors perceived as most positive. In this survey round, the net effect of the general economic outlook on the availability of external financing was considered positive by a markedly higher percentage of large enterprises (22%, from 7%), while access to public financial support was perceived as a factor with a net neutral impact (0, from -3%).

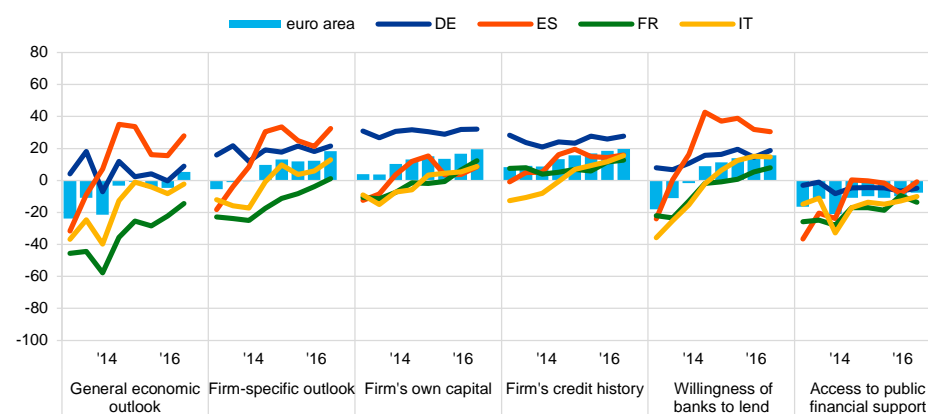
Compared with the previous wave, the net balance of SMEs reporting higher willingness of banks to provide credit rose strongly in the Netherlands (13%, from 4%) and Ireland (20%, from 13%), and to a lesser extent in Germany, Austria, France, Portugal and Finland, but fell somewhat (from high levels) in Belgium, Slovakia and Spain. In marked contrast to all other euro area countries, SMEs in Greece continued to record a significant net worsening in the willingness of banks to provide credit (-20%, from -18%).

Compared with the previous round, positive net effects of the general economic outlook were reported in many countries, with marked increases in Portugal (15%, from -9%), Austria (7%, from -17%), Finland (23%, from 3%) and Belgium (7%, from -12%). As in the previous wave, the highest net percentages were reported by SMEs in the Netherlands (36%), Ireland (31%) and Spain (28%). On the other hand, SMEs in France and Italy continued to signal a net negative effect, though markedly smaller than in the previous wave, while Greek SMEs recorded a still sizeable net worsening (-61%, from -62%) (see **Chart 18** and **Chart 6a** in Annex 1).

Chart 18

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

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



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

Base: All SMEs; for the category "Willingness of banks to lend", SMEs for which at least one bank financing instrument (credit line, bank overdraft, credit card overdraft, bank loan, subsidised bank loan) is relevant. Figures refer to rounds nine (April - September 2013) to sixteen (October 2016 - March 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 all countries, SMEs signalled a net positive influence from their credit history. Similarly, a positive net contribution of their specific outlook and own capital was reported by SMEs in all countries but Greece. On the other hand, the net effect from access to public financial support was negative for most countries, with the exception of SMEs in Ireland (7%, from 3%), the Netherlands (4%, from 2%) and Finland (0, from -8%). In marked contrast to all other euro area countries, Greek SMEs continued to record net negative contributions from all factors but their credit history.

4.2 Increased success in bank loan applications

Between October 2016 and March 2017, 32% of SMEs **applied for a bank loan** (from 29% in the previous survey round). Of these, 6% reported a rejection (from 7%). The slight decrease in the rejection rate masks mixed developments across countries.

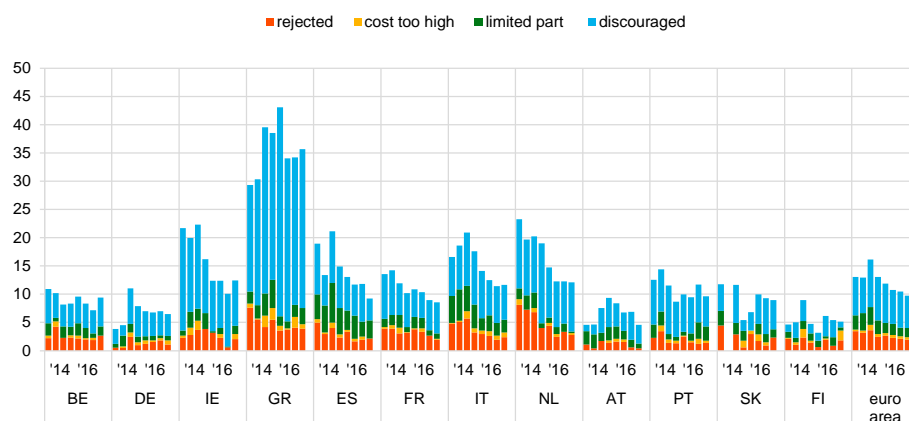
In this survey period, 39% (unchanged) of SMEs did not apply for a bank loan because of **sufficient internal funds** (see **Chart 7a** in Annex 1). The percentage of enterprises not applying for a loan because of a **fear of rejection** (discouraged borrowers) remained unchanged at 6%. When asked about the **actual success** of their bank loan applications, a significantly higher percentage of SMEs reported that they had received the **full amount** they had applied for (74%, from 69%), while the share of SMEs reporting that they had received only **a limited part** of the amount requested remained unchanged at 5%. During this survey period, 6% of SMEs reported that their **loan applications** were still **pending** (from 10%). **Large enterprises** had even greater success in applying for bank loans than SMEs, with 86% of requests being met (from 78%) and with a rejection rate of 1% (unchanged).

The overall indicator of **financing obstacles** to receiving a bank loan has remained unchanged at 10%, reflecting somewhat mixed developments across countries, which cancel each other out (see **Chart 19**).

Chart 19

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

(over the preceding six months; percentage of respondents)



Base: SMEs for which bank loans (including subsidised bank loans) are relevant. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 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.

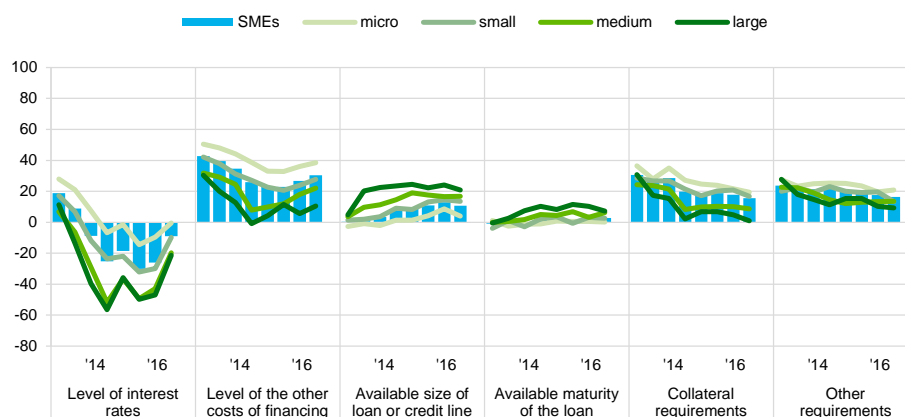
4.3 Declining interest rates continued to reflect improvements in the terms and conditions of bank loans

In this survey period, SMEs reported a weaker net decline in interest rates (-9%, from -26%) in the context of continued increases in the available size (11%, from 13%) and maturity (3%, from 2%) of loans and overdrafts (see **Chart 20**). A positive net percentage of SMEs indicated a somewhat smaller tightening in the collateral (15%, from 18%) and other requirements of banks (16%, from 18%), along with larger increases in other costs of financing (30%, from 27%) related, in particular, to charges, fees and commissions.

Chart 20

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 nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey. Note: See the note to Chart 1.

With regard to the large countries, the net reductions in the level of interest rates reported by SMEs were markedly smaller in France (-12%, from -50%), Germany (-12%, from -28%) and Spain (-11%, from -30%), and slightly smaller in Italy (-7%, from -9%) (see [Chart 21](#)). As far as the other indicators of price and non-price terms and conditions are concerned, SMEs in the four largest countries signalled continued net improvements in the size of loans and overdrafts available. While, on balance, maturity increased in Germany, Italy and Spain, it decreased marginally in France. Compared with the previous survey round, fewer SMEs in large countries signalled a net increase in collateral requirements. More significant net increases in other costs of financing, such as charges, fees and commissions, were reported by SMEs in all large countries except for Italy, where they signalled a smaller net increase (25%, from 32%).

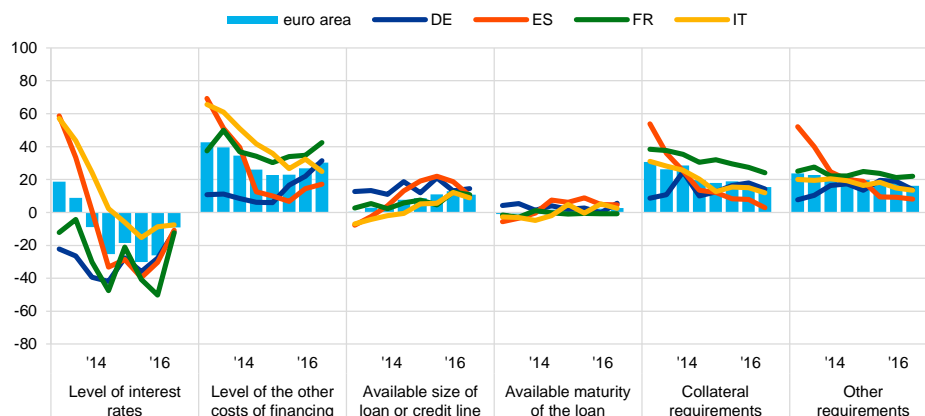
In the other euro area countries (see [Chart 8a](#) in Annex 1), a moderate net decline in bank lending rates was reported by SMEs in the Netherlands (-13%), Portugal (-12%) and Slovakia (-26%). By contrast, SMEs in Finland (14%), Belgium (8%), Greece (8%), Austria (3%) and Ireland (2%) reported, on balance, increases in bank lending rates during the period between October 2016 and March 2017.

With respect to non-price terms and conditions, a net decline in the available size of loans and overdrafts was only reported by SMEs in Greece. As regards maturity, small net reductions were signalled by SMEs in Greece and Belgium, whereas SMEs in other euro area countries reported increases (see [Chart 9a](#) in Annex 1). For costs of financing not related to interest rates, the highest net percentages of SMEs reporting increased levels were recorded in Greece (41%), Portugal (37%), Ireland (30%) and Belgium (30%).

Chart 21

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.

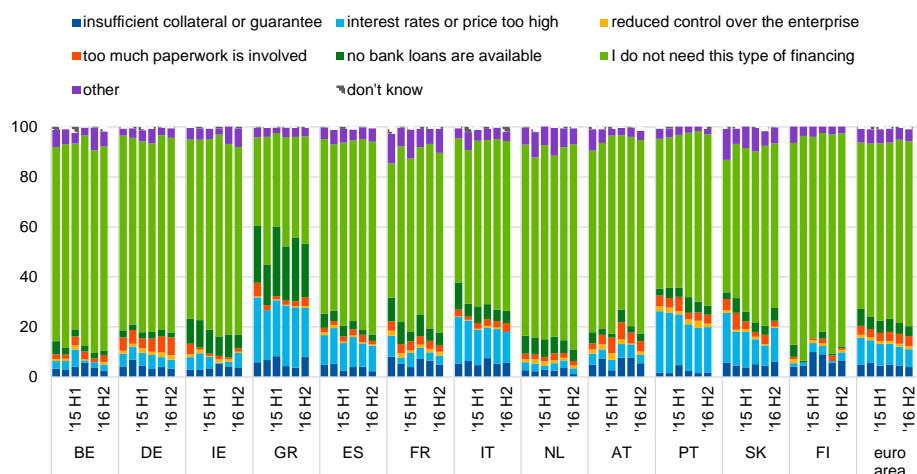
Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.
Note: See the note to Chart 1.

Some of the terms and conditions analysed in the previous charts are also important for explaining **why bank loans were a less relevant source of financing** for euro area SMEs during the period from October 2016 to March 2017 (see **Chart 22**).

Chart 22

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 sixteen (October 2016-March 2017) of the survey.

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.

Although the majority of SMEs (74%, from 73%) reported that they simply do not need bank loans, around 4% continued to signal that **no bank loans were available**

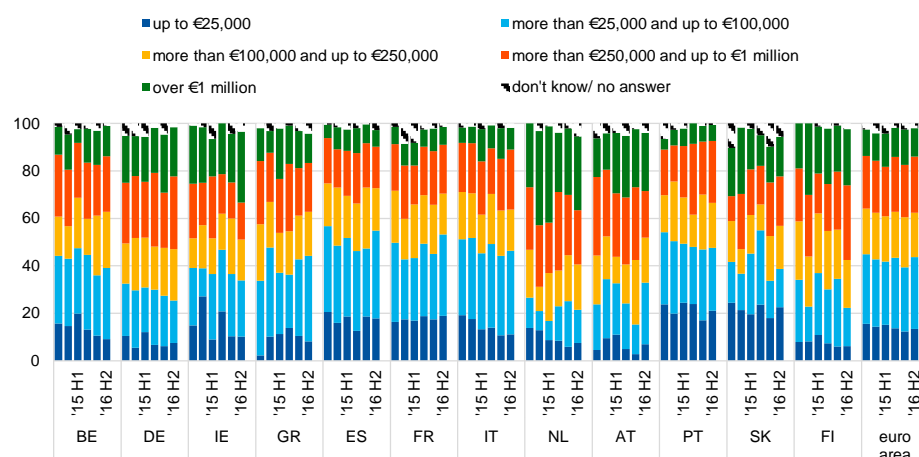
to them, with substantial variation across countries, from 21% in Greece (from 26%) to 6% in Ireland (from 9%) and 1% in Finland (unchanged). Among the SMEs that answered this question in the survey, 7% again indicated that **interest rates or price conditions** were still **not attractive**. Cross-country differences in the responses were large, ranging from 19% in Greece (from 24%), 18% in Portugal (unchanged) and 14% in Slovakia (from 8%) to 3% in Austria, Finland and Germany and 2% in Belgium and the Netherlands. 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).

Taking firm size into account, the results show that price conditions were more important for micro and small enterprises. Overall, the larger the enterprise, the more often loans were reported as not being relevant because they were not needed.

SMEs in the euro area were asked about **the size of the last loan** they had obtained or attempted to obtain in the past six months (see **Chart 23**). The majority (62%) applied for small loans (up to €250,000), with 13% reporting a loan of up to €25,000, 30% a loan of between €25,000 and €100,000, and 19% a loan of between €100,000 and €250,000. Large loans were obtained by 36% of SMEs: 24% reported a loan of between €250,000 and €1 million, and 12% reported a loan that exceeded €1 million.

Chart 23
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 sixteen (October 2016-March 2017) of the survey.
Note: The figures are based on the new question introduced in round eleven (April-September 2014).

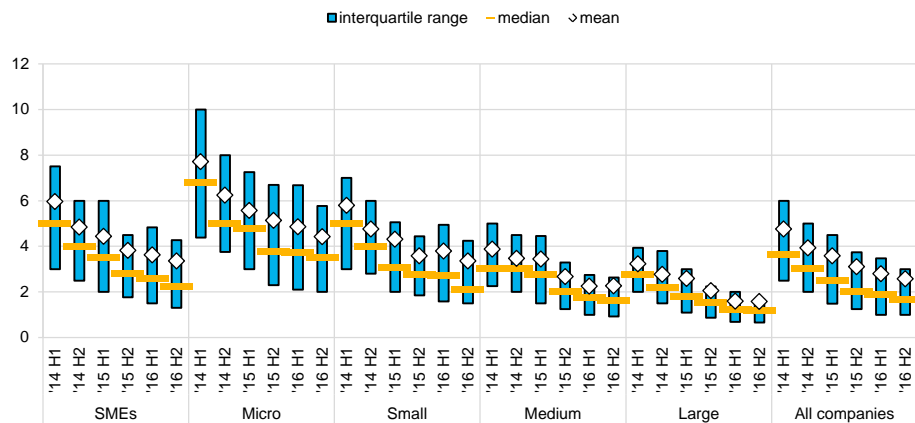
Concerning the price conditions of the loans obtained by SMEs, the survey included a question on the **interest rates charged by banks on credit lines and**

overdrafts.¹⁰ Chart 24 indicates a reduction in interest rates regardless of firm size while, as expected, the level of interest rates charged by banks is inversely related to firm size. In this survey round, the difference between average interest rates charged to large enterprises and those charged to SMEs decreased slightly, to approximately 180 basis points (down from about 200 basis points), with a median of 110 basis points (down from about 140 basis points).

Chart 24

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 sixteen (October 2016-March 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).

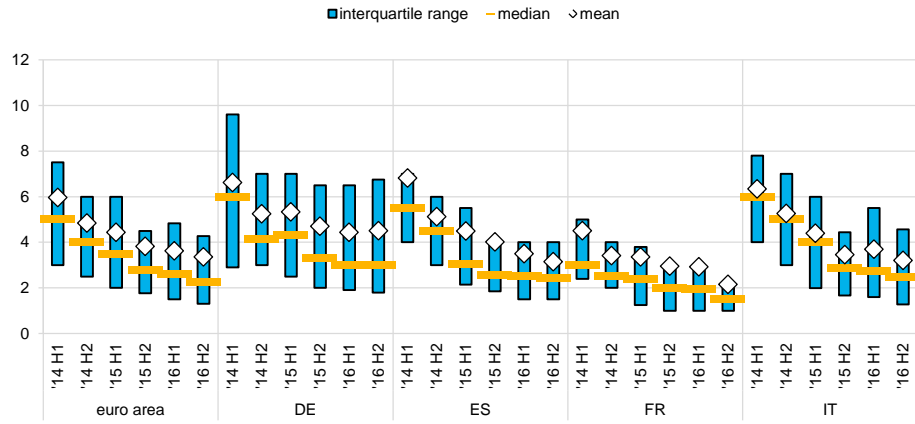
In this survey round, micro and small enterprises benefitted the most from the decline in interest rates. On average, SMEs in the euro area reported a decline of around 30 basis points. Micro and small firms reported average reductions of around 40 basis points, while medium and large enterprises recorded a constant average level of interest rates. Across the large euro area countries, SMEs in France, Italy and Spain reported declining interest rates (reductions of around 80, 50 and 40 basis points, respectively), while in Germany they recorded an increase (by around 10 basis points) (see Chart 25).

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 5 basis points higher than the official monetary financial institutions' interest rate statistics on bank overdrafts (average in the period from October 2016 to March 2017), while the median value is 95 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 25

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 sixteen (October 2016-March 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

More pronounced optimism for future availability of most financing sources

For the coming six-month period (April-September 2017), euro area SMEs expected, on balance, continued improvements in the availability of external and internal sources of finance.

Looking ahead, euro area SMEs expected constant net improvements in the **availability of bank loans** (7%, unchanged from the previous survey period) (see **Chart 26**). On balance, more SMEs were optimistic regarding the availability of **internal funds** (21%, from 16%), **bank overdrafts** (9%, from 6%), **trade credit** (10%, from 8%) and **equity** (14%, from 11%). Expectations were positive but stable concerning **leasing or hire-purchase** (13%, unchanged) and slightly lower in the case of **other loans** (5%, from 6%). For the first time since the beginning of the survey, SMEs signalled positive expectations regarding the availability of **debt securities** (7%, from -2%).

Chart 26

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 nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.
Note: See the notes to Charts 1 and 10.

The optimism expressed by **SMEs** regarding the expected availability of all financing sources applied to firms of all size classes and, in most cases, was more pronounced than in the previous survey round. Regarding the availability of bank loans and bank overdrafts in net terms, positive expectations were expressed by an increased number of micro firms (2% and 5%, respectively, from 1% and 2%) and

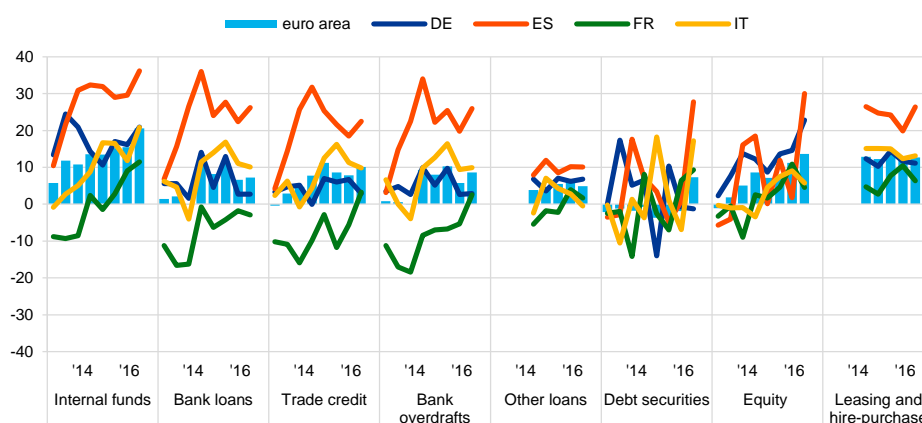
medium-sized firms (13% and 12%, respectively, from 12% and 10%), while small firms signalled more pronounced improvements in bank overdrafts (11%, from 7%) and constant increases in bank loans (10%, unchanged).

Optimism expressed by **large** enterprises was greater than that expressed by SMEs for all financing sources except equity. Compared with the previous survey period, optimism regarding the availability of bank loans, trade credit, bank overdrafts and leasing or hire-purchase slowed somewhat, but there was increased optimism concerning internal funds and other external financing sources.

Chart 27

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 nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.
Note: See the notes to Charts 1 and 10.

More pronounced optimism about further improvements in the availability of internal and external financing was present in most, but not all, countries (see **Chart 27**). Concerning the availability of bank loans, SMEs' optimism improved, on balance, in Spain (26%, from 22%), Ireland (22%, from 16%), the Netherlands (20%, from 13%), Portugal (14%, from 1%), Finland (18%, from 8%) and Belgium (9%, from 8%), but remained unchanged in Germany (3%) and slowed in Slovakia (15%, from 19%) and Italy (10%, from 11%) (see **Chart 10a** in Annex 1). On the other hand, there were continued expectations of reductions in the availability of bank loans by SMEs in Greece (-28%, from -22%), Austria (-1%, from -3%) and France (-3%, from -2%).

Overall, enterprises in most countries reported, in net terms, positive expectations about the availability of most sources of external financing. In marked contrast with all other countries, SMEs in Greece continued to report even more pessimistic expectations regarding the availability of most financing sources.

Annexes

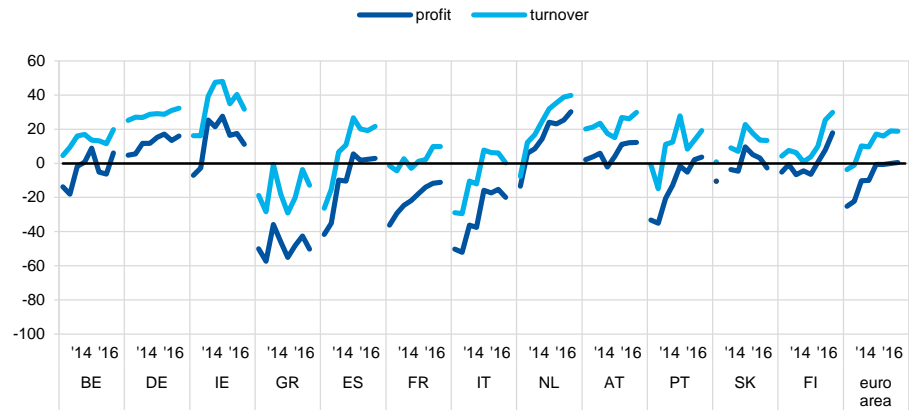
Annex 1

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?

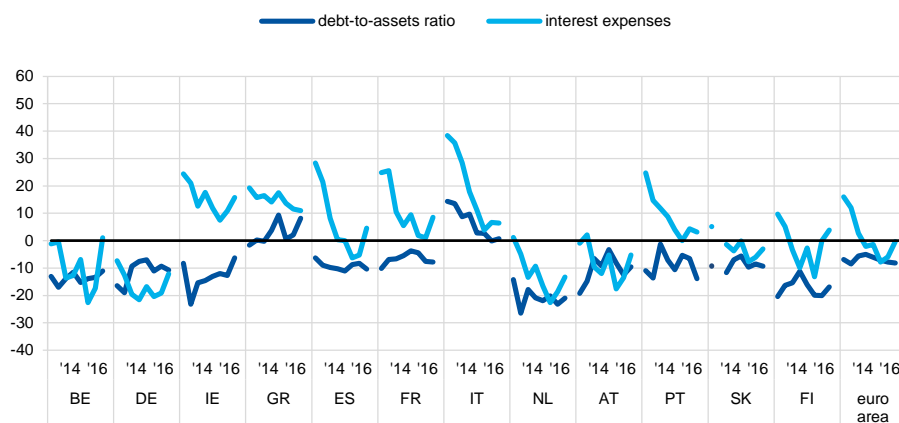
Base: All SMEs. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.

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?

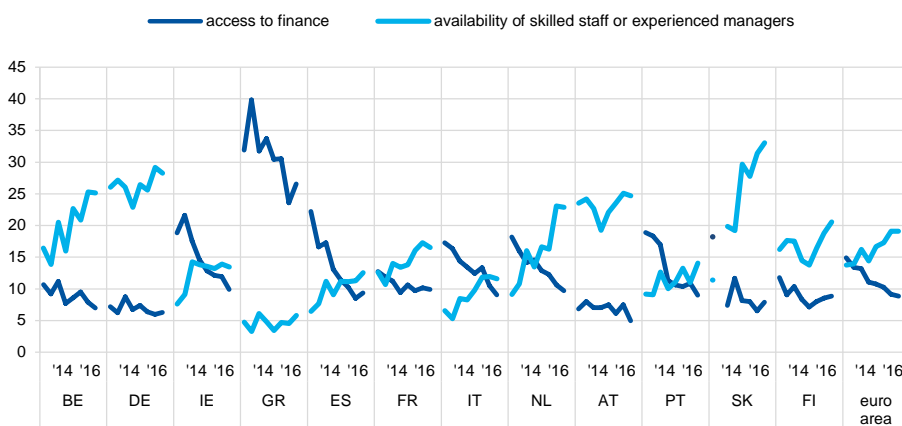
Base: All SMEs. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.

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

Chart 3a

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

(over the preceding six months; percentage of respondents)



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

Base: All SMEs. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 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)



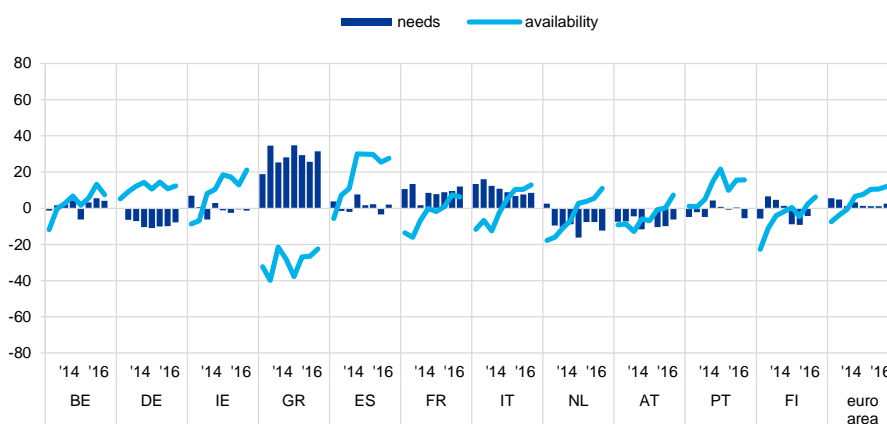
Q32. You mentioned that bank loans are not relevant for your enterprise. What is the main reason for this?

Base: Enterprises for which bank loans are not a relevant source of financing. Figures refer to rounds eleven (April-September 2014) to sixteen (October 2016-March 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?

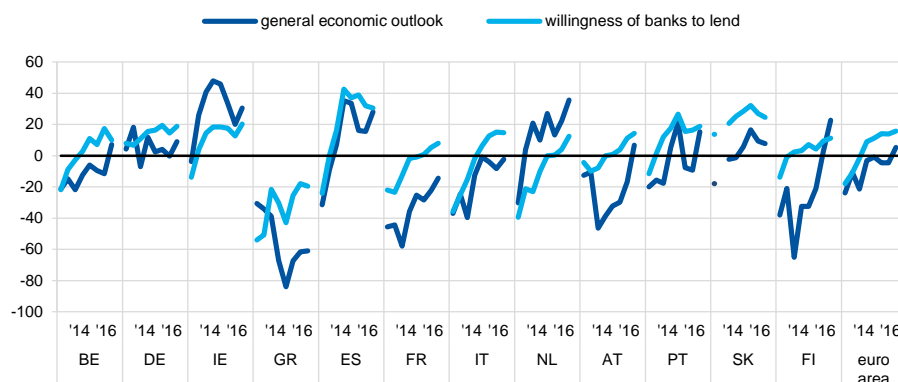
Base: SMEs for which the respective instrument is relevant. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.

Note: 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?

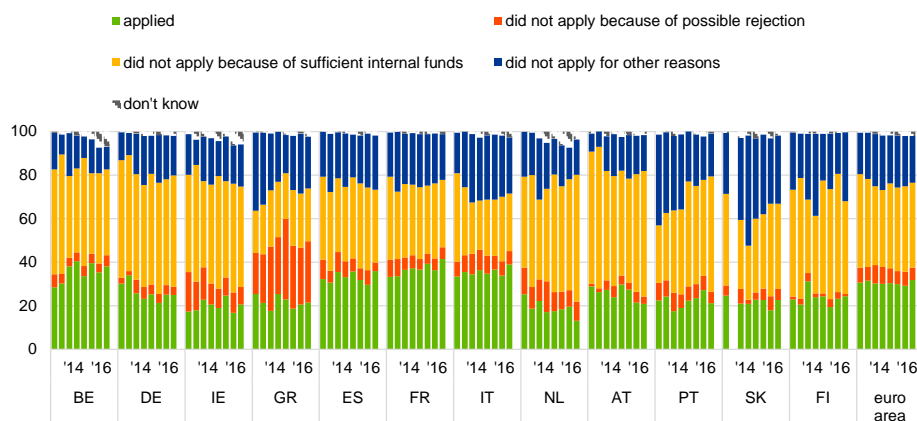
Base: All SMEs. For the category "Willingness of banks to lend", these are SMEs for which at least one bank financing instrument (credit line, bank overdraft, credit card overdraft, bank loan, subsidised bank loan) is relevant. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.

Notes: See the note to Charts 1 and 8. From round eleven (April-September 2014), the category "Willingness of banks to provide a loan" was reformulated slightly to "Willingness of banks to provide credit to your enterprise". In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia has been included in the sample in each survey round.

Chart 7a

Applications for bank loans by SMEs across euro area countries

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



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

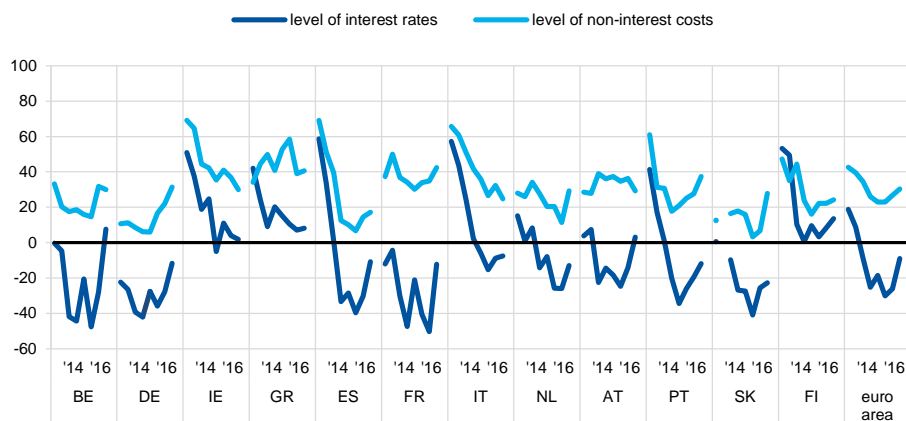
Base: SMEs for which bank loans (including subsidised bank loans) are relevant. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.

Note: In Slovakia, the survey was initially conducted every two years (H1 2009, H1 2011 and H1 2013). From 2014 onwards Slovakia is included in the sample in each survey round.

Chart 8a

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

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



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

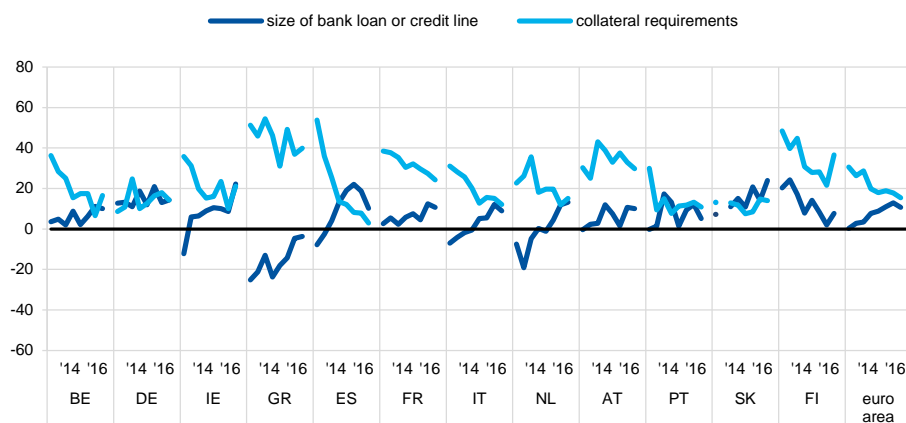
Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.

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 9a

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

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



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

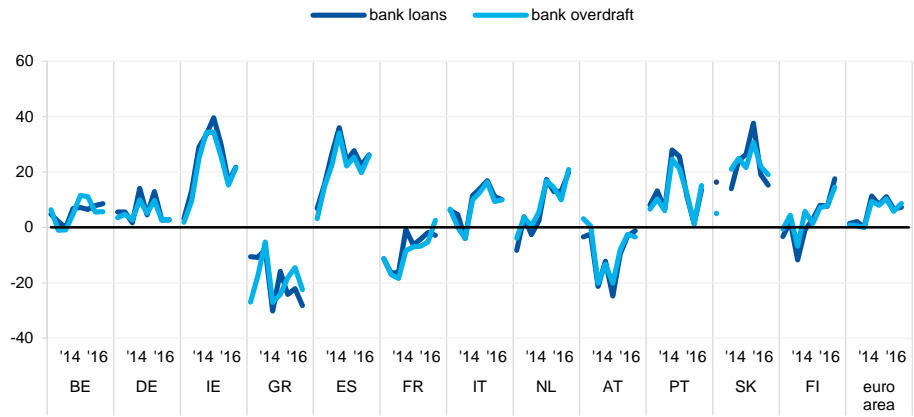
Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds nine (April-September 2013) to sixteen (October 2016-March 2017) of the survey.

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

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 nine (April-September 2013) to sixteen (October 2016-March 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.

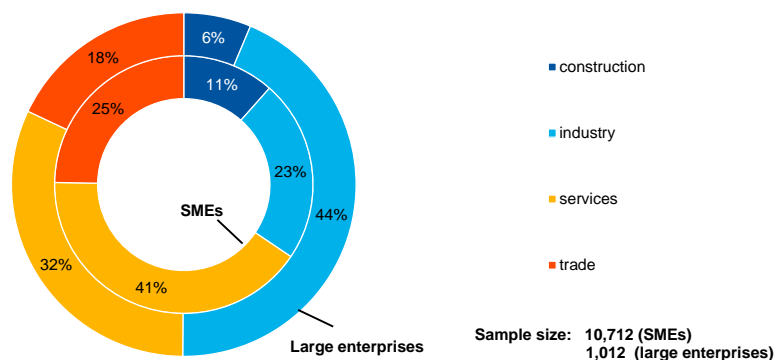
Annex 2

Descriptive statistics for the sample of enterprises

Chart 1b

Breakdown of enterprises across economic activities

(unweighted percentages)

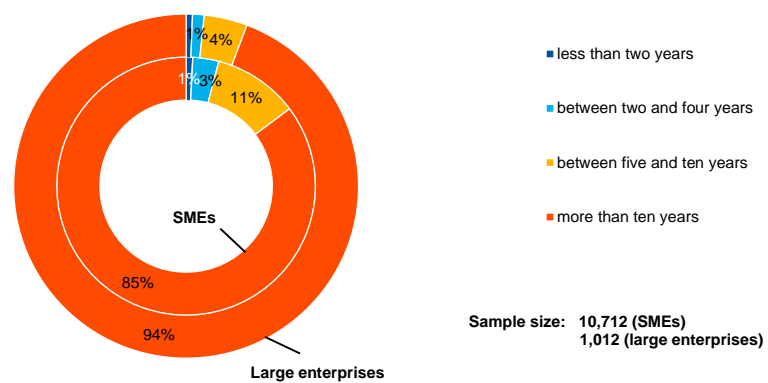


Base: Figures refer to round sixteen (October 2016-March 2017) of the survey.

Chart 2b

Breakdown of enterprises by age of the firm

(unweighted percentages)

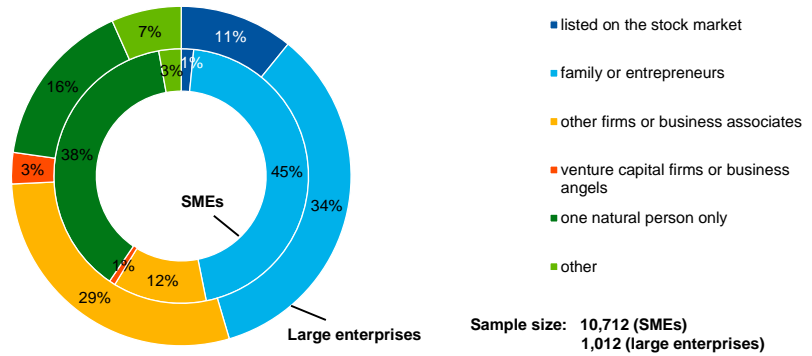


Base: Figures refer to round sixteen (October 2016-March 2017) of the survey.

Chart 3b

Breakdown of enterprises according to ownership

(unweighted percentages)

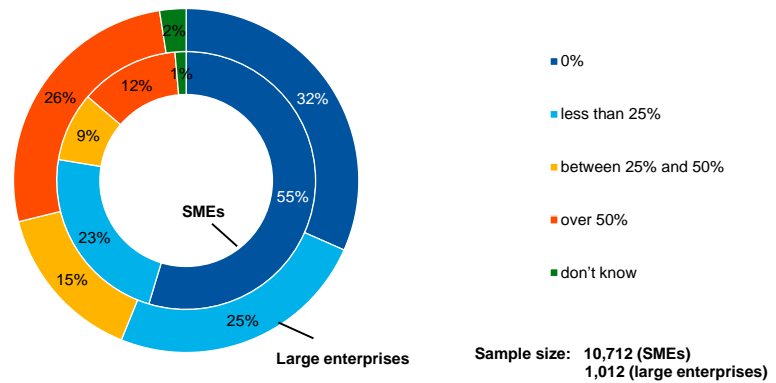


Base: Figures refer to round sixteen (October 2016-March 2017) of the survey.

Chart 4b

Breakdown of enterprises according to exports

(unweighted percentages)



Base: Figures refer to round sixteen (October 2016-March 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 details¹²).

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 For this round the calibration targets are unchanged from those of the previous round.

In this survey round no major changes were made to the existing questions in the questionnaire.¹⁴ However, two ad hoc questions were added regarding the level of debt and the factors determining it: QA1 on the level of debt that would be appropriate to the enterprise, and QA2 on the factors determining the appropriate level of incurred debt.

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		

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