

Ipsos MORI



# Bounce Back Loan Scheme Finance Survey Report 2020

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Ipsos MORI

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# Background



# Bounce Back Loan Scheme Finance Survey 2020

The British Business Bank commissioned the 2020 SME finance survey, engaging 4,125 businesses between 27 August and 25 November 2020: 762 of these respondents had applied to the Bounce Back Loan Scheme (BBLs).

The Bank commissioned an additional survey, using the same questionnaire, with recipients of a Bounce Back Loan. In total, 1,001 businesses completed this second survey between 27 November and 18 December 2020.

This report is based upon the combined results of 1,763 interviews. Seven businesses noted that their application was not approved or they were still waiting for a decision (at the time of the interview).

Statistically significant differences between groups of firms (at 95% confidence level) are identified as follows:

- Between BBLs applicants and firms that did not apply by green arrows (higher) and red arrows (lower)
  - Within and between BBLs applicants, by size or sector, by green squares (higher) and red squares (lower).
  - The profiles of BBLs applicants, and non-applicants, are very different (as outlined on slides 39 and 40) and any direct comparisons need to be considered with caution.
- 
- Where figures in charts do not add to 100%, or to an associated net score, this is due to rounding of percentages, exclusion of 'don't know' or 'refused' responses, or because the questions were not mutually exclusive.
  - Responses with less than 0.5% but greater than 0% are marked with \*.



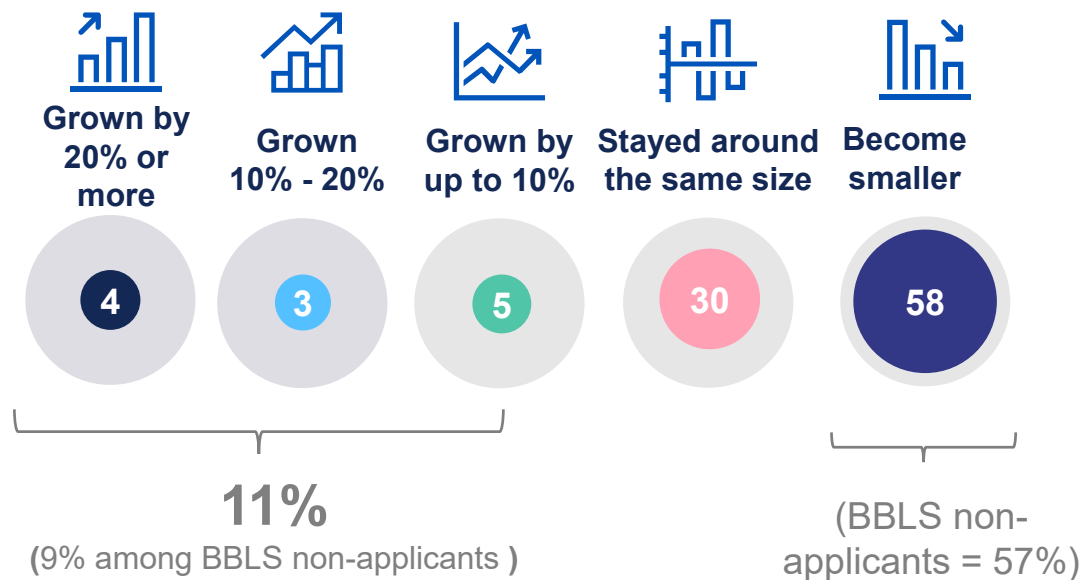
# Demand for external financial support: impact of Covid-19



# Around one in ten BBLs applicants were in growth over the past year

The proportion of SMEs reporting growth was similar among both BBLs applicants and non-applicants.

Growth of business turnover or in the number of employees in past 12 months (%)



BBLs applicants more likely to have reported growth over the past 12 months were:

- small and medium firms (19% vs. 11% micro and 9% of firms with no employees)
- those with a higher turnover (15% for those with turnover of £250k<£1m vs. 7% of those with turnover under £50k)

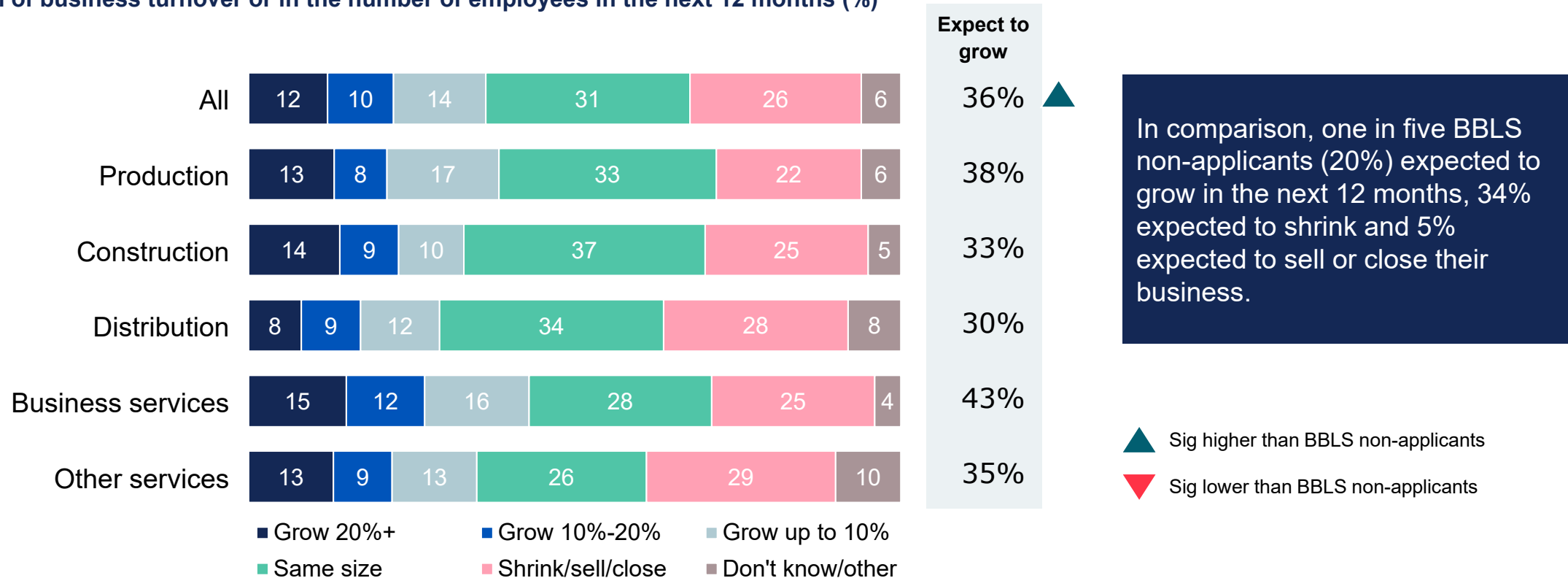
▲ Sig higher than 2019  
▼ Sig lower than 2019

Base = All BBLs applicants in business 2+ years (n=1,713), small/medium firms (n=268), micro firms (n=1056), no employees (n=389), firms with turnover under £50k (n=225), firms with turnover of £250k<£1m (n=518), all BBLs non-applicants in business 2+ years (n=3,305), B4.

# Over a third of BBLs applicants expected to grow over the next 12 months

A quarter expected to shrink (25%), close or sell (1%) the business. Those in businesses services were most likely to expect growth.

Growth of business turnover or in the number of employees in the next 12 months (%)

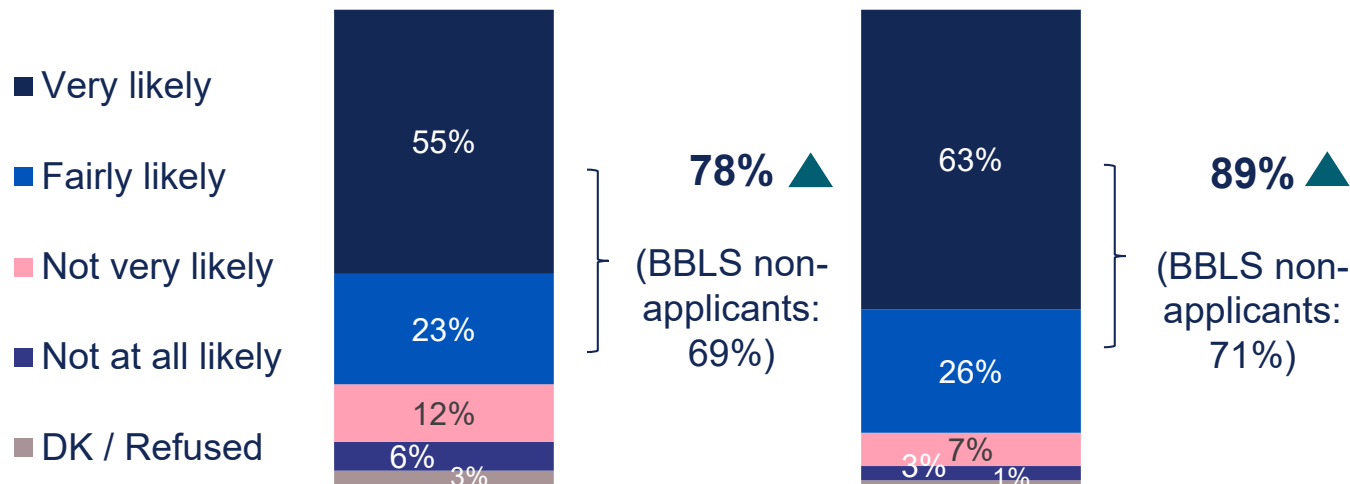


Base = All BBLs applicants (n=1,763), Production (n=267), Construction (n=257), Distribution (n=413), Business services (n=515), Other services (n=311), all BBLs non-applicants (n=3,363), B6.

# Nearly all BBLs applicants reported that their turnover would have been higher or would have grown more if Covid-19 had not taken place

Likelihood that **turnover would have grown** more over the next 12 months if Covid-19 had not taken place  
(among BBLs who expect their turnover to grow over the next 12 months)

Likelihood that **turnover would have been higher** over the next 12 months if Covid-19 had not taken place  
(among BBLs who expected their turnover to stay the same/get smaller/plan to close)



BBLs applicants were more likely to say their turnover would have been higher or have grown more if it was not for Covid-19 than non-applicants.

BBLs applicants in the **Production sector** were least likely to say that their turnover would have been higher (82%).

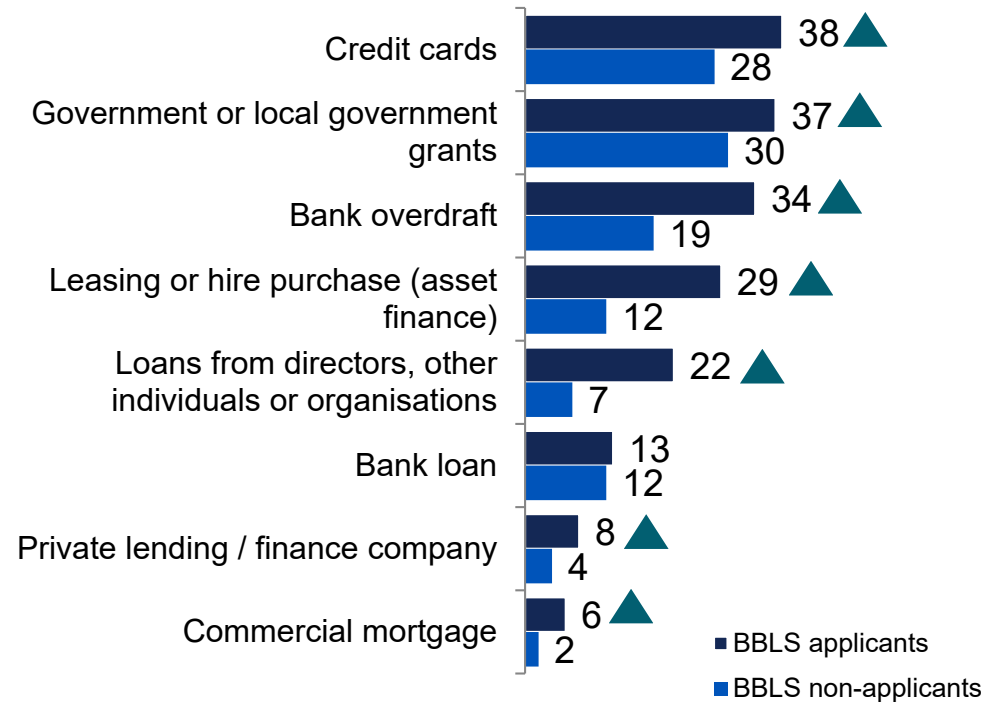
▲ Sig higher than BBLs non-applicants  
▼ Sig lower than BBLs non-applicants


Base = All BBLs who expect the business' turnover over the next 12 months to stay the same size, become smaller, or plan to close/sell (997), all BBLs who expect the business' turnover over the next 12 months to grow (n=651), B6aa. All non-applicants who expect the business' turnover over the next 12 months to stay the same size, become smaller, or plan to close/sell (n=2378), Production sector (n=145), all non-applicants who expect the business' turnover over the next 12 months to grow (n=812), B6ab.





# Nine in ten BBLs applicants were currently using some sort of external financial support other than their Bounce Back Loan

% Finance currently used (other than a BBLs)



 88% of BBLs applicants were currently using some form of external financial support, in addition to their BBL, compared to 62% of BBLs non-applicants.

 Small and medium BBLs applicants were more likely to be using some form of external financial support in addition to their Bounce Back Loan (98%).

 BBLs applicants in Production (93%) and Distribution (91%) sectors were also more likely to use some form of external financial support compared to firms in other business sectors.

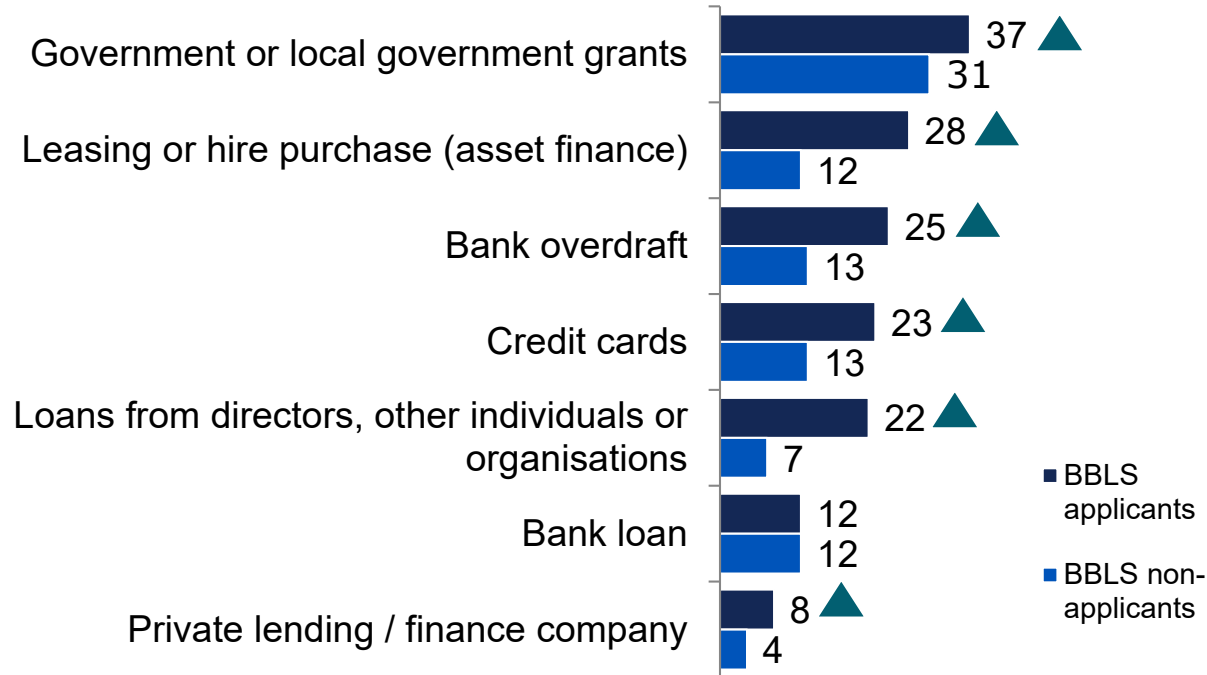
▲ Sig higher than BBLs non-applicants  
▼ Sig lower than BBLs non-applicants

Base = All BBLs applicants (n=1,763/1,001), small and medium firms (n=275), Production sector (n=267), Distribution sector (n=413), all BBLs non-applicants (n= 3,363), A6a\_AA (multi code, prompted). Facilities with less than 5% of firms reporting they currently use not shown.

# BBLS applicants were more likely than non applicants to have sought all types of external financial support over the last three years

Two in five BBLS applicants sought a government grant – mostly driven by applications in the past year.

% Financial support sought in the last three years (other than BBLS)



**84%** of BBLS applicants sought external financial support in the past three years compared to 53% non-applicants.

Small and medium BBLS applicants\* were more likely to seek finance (92% vs. 82% among firms with no employees).

BBLS applicants with employees were more likely to have sought government grants than zero employee firms (39% vs. 29%).

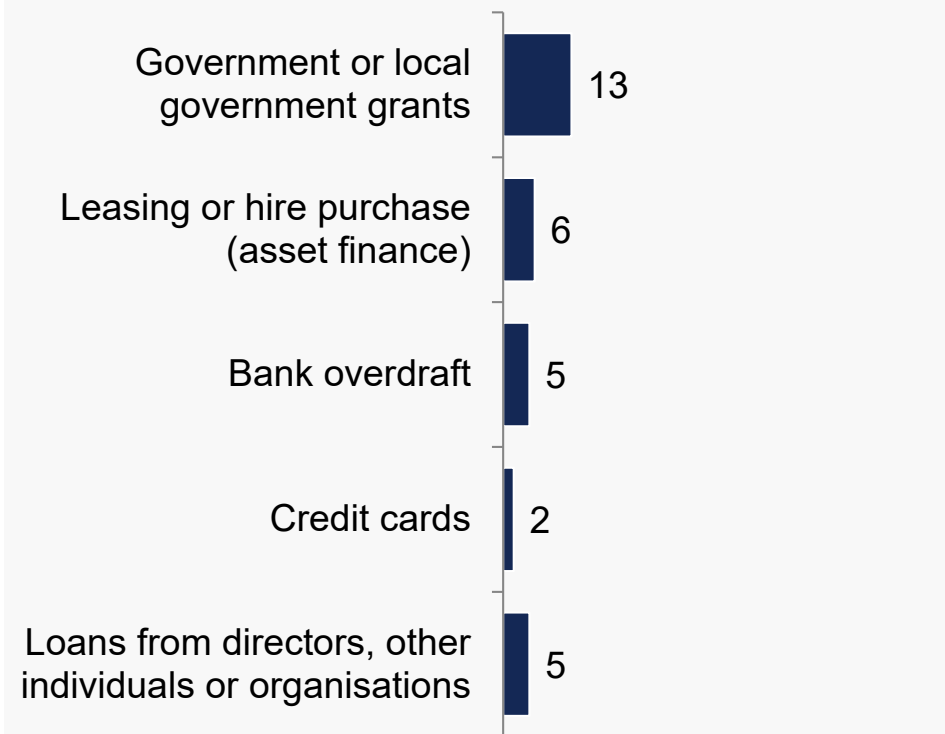
▲ Sig higher than BBLS non-applicants  
▼ Sig lower than BBLS non-applicants

Base = All BBLS applicants (n=1763/1001), all BBLS non-applicants (n= 3363), A6a\_AB (multi code, prompted). Those less than 5% for currently use not shown

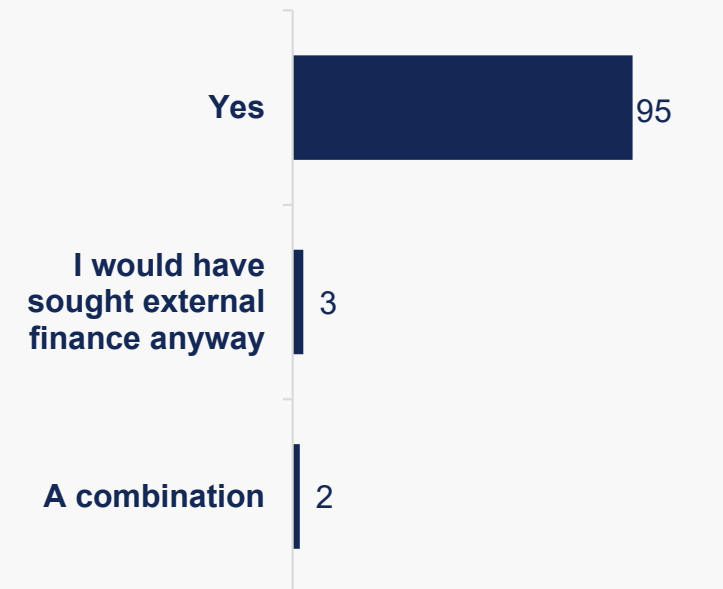
\*Definition of small/medium businesses is on slide 39.

# One in ten BBLs applicants applied for a government grant (in addition to BBLs) when seeking financial support most recently

% Financial support sought most recently (other than BBLs)

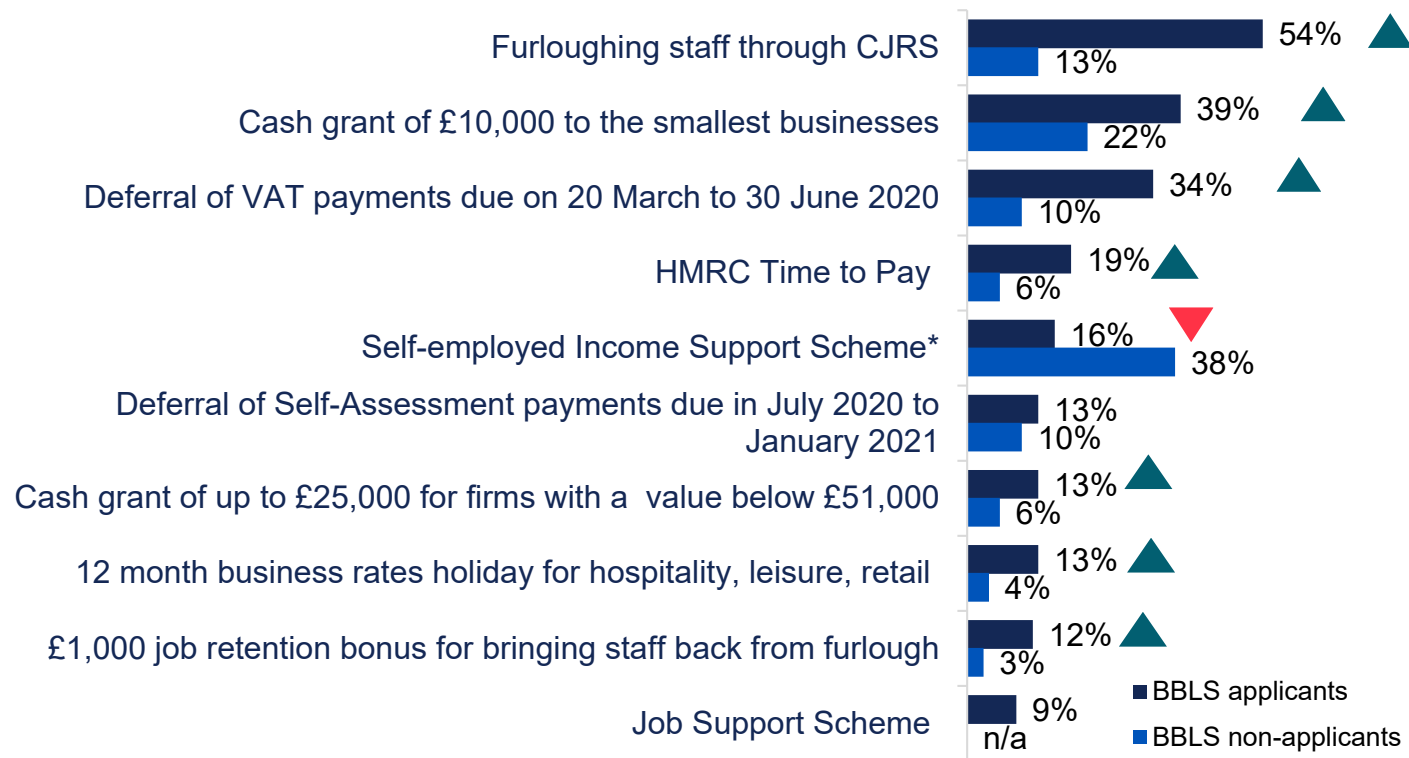


Was your application for finance prompted by the Covid-19 crisis or would you have sought external finance even if the pandemic hadn't happened?



Base = All BBLs applicants who sought finance in the last three years (n=1,465), A11b. Only responses over 5% are shown. All BBLs who sought finance in 2020 (n=1,451), A11d.

# Nine in ten BBLs applicants also applied for government support, most commonly the Coronavirus Job Retention Scheme



Nine in ten (87%) BBLs applicants used some form of government support compared to 65% of non-applicants.

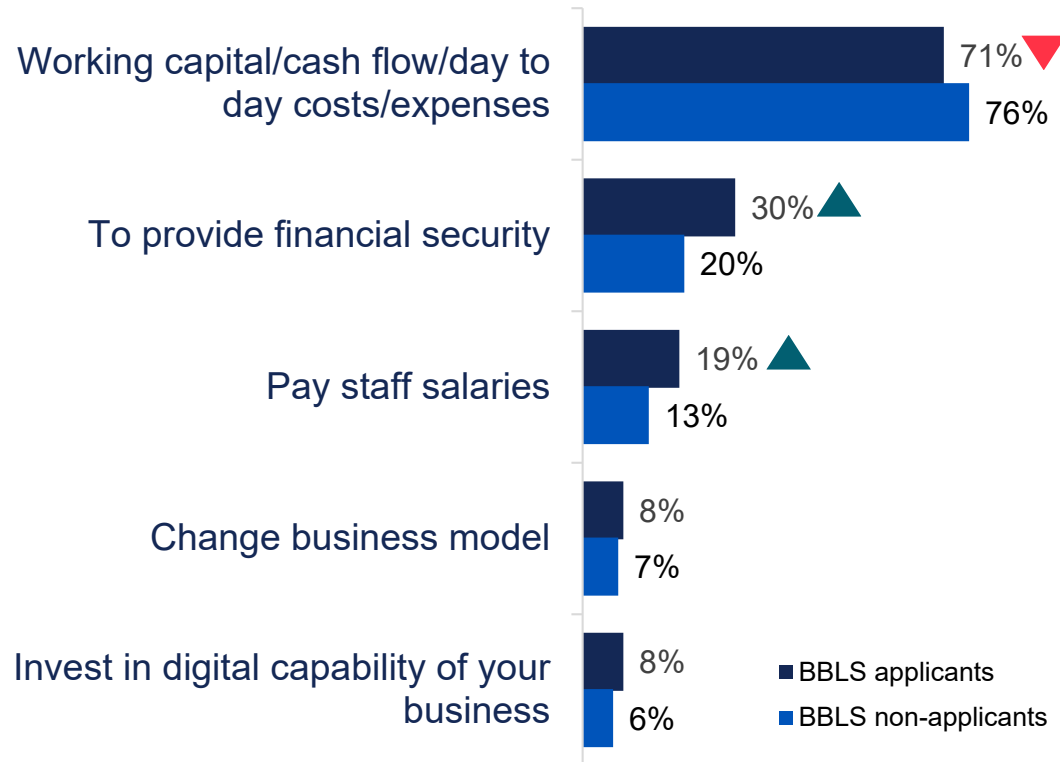
BBLs applicants with employees were much more likely to use some form of government support (90% for micro, 94% for small/medium vs. 76% for nano employer applicants).

▲ Sig higher than BBLs non-applicants  
▼ Sig lower than BBLs non-applicants

Base = All BBLs applicants (n=1,763), micro firms (n=1,083), small/medium firms (n=275), zero-employee firms (n=405), all BBLs non-applicants (n= 3,363). A13d. Only answers over 5% are shown. \*Non-applicants include a higher proportion of self-employed hence a higher proportion were eligible for SEISS

# Most BBLs applicants sought financial support to cover working capital and cash flow

You said you sought finance to deal with issues caused by the Covid-19 crisis. What have you used, or do you intend to use, this finance for?



BBLs applicants in London and South East were most likely to seek financial support for working capital (77%) or to pay staff salaries (23%).

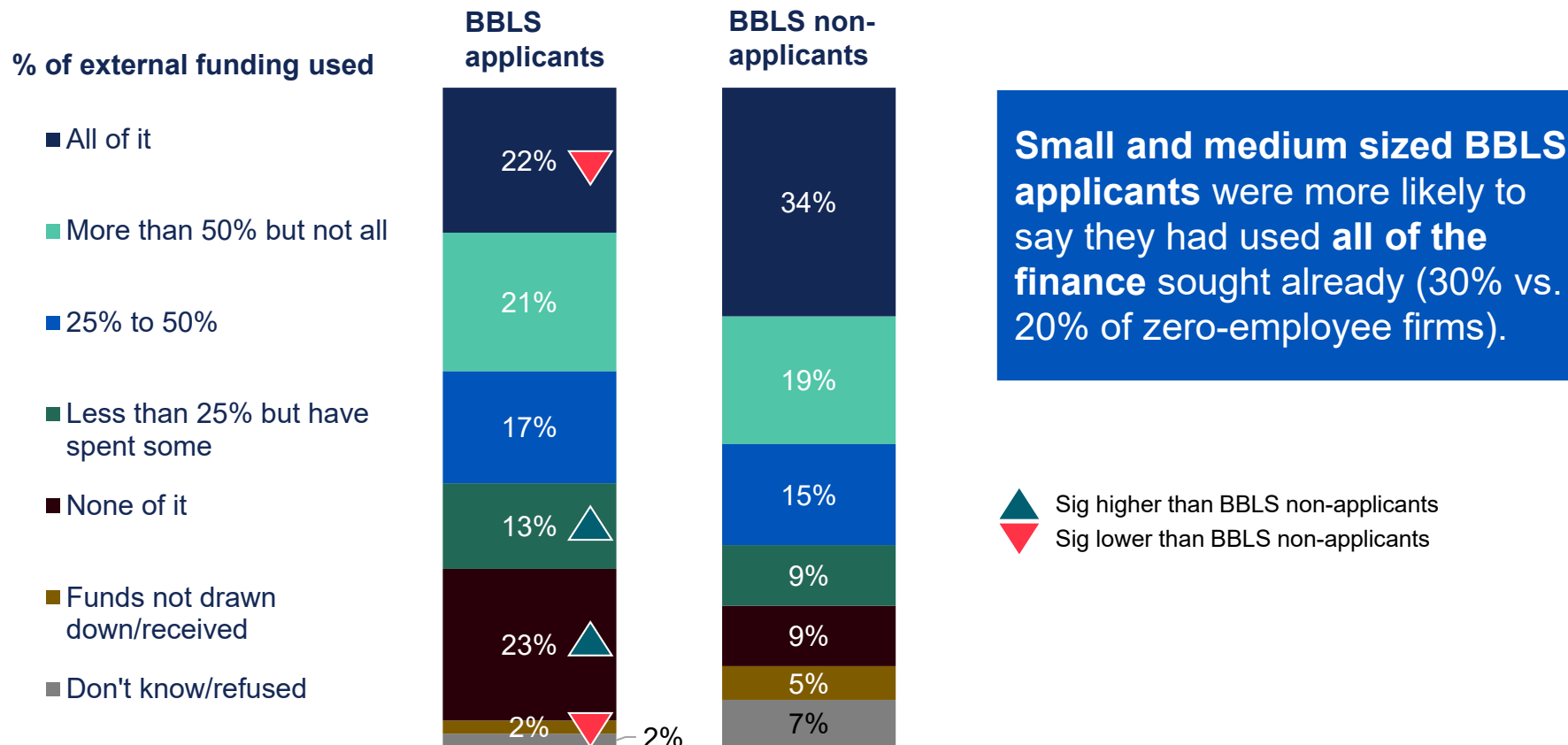
Those who anticipate needing to apply for financial support again in the next 4-12 months were much more likely to use the finance for cash flow or day to day expenses.

▲ Sig higher than BBLs non-applicants  
▼ Sig lower than BBLs non-applicants

Base = All BBLs that sought finance on the last occasion because of Covid-19 (n=1,687), firms in London and South East (n=432), those anticipating needing to apply for finance in the next 4-12 months (n= 56), all BBLs non-applicants who sought finance on the last occasion because of Covid-19 (n=1,206), A13c.

# One in five BBLS applicants had already used all of the finance they sought

In contrast, a third of non-applicants have already used all of the finance they sought\*

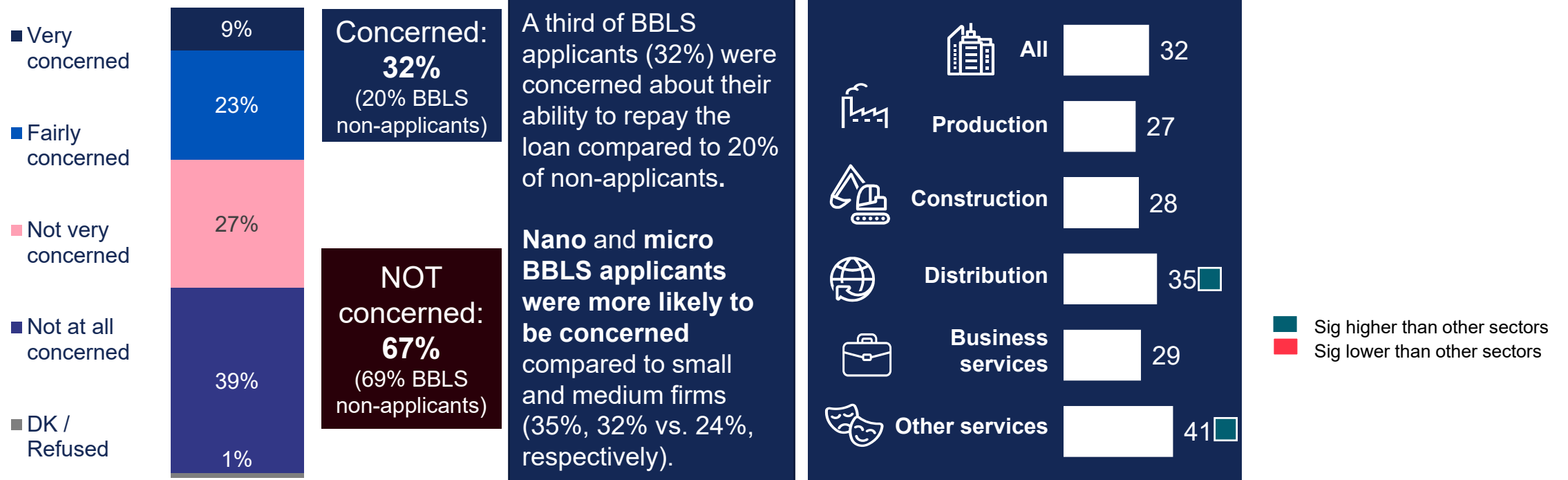


Base = All BBLS applicants (n=1763), small and medium firms (n=275), no employees (n=405), all non-applicants who last sought finance in 2020 (n=1,451), A13cA. \* Not a like for like comparator, given differences in timing of application, types of finance, value sought as well as the date of the interview

# A third of BBLs applicants were concerned about their ability to repay the loan

15% of businesses applied for the Bounce Back Loan and 1% for the Coronavirus Business Interruption Loan.

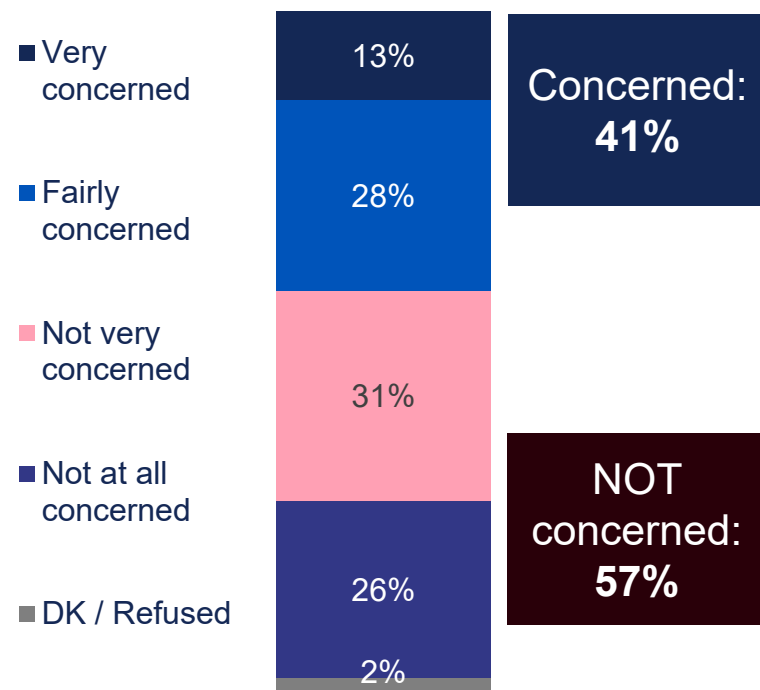
How concerned, or otherwise, are you about your ability to make full repayments as and when they become due?



Base = All BBLs applicants (n=1,763), nano firms (n= 158), micro firms (n=454), small and medium firms (n=81), , Production (n=267), Construction (n=257), Distribution (n=413), Business services (n=515), Other services (n=311), all BBLs non-applicants who sought finance in the past three years (n= 1,451), A11e.

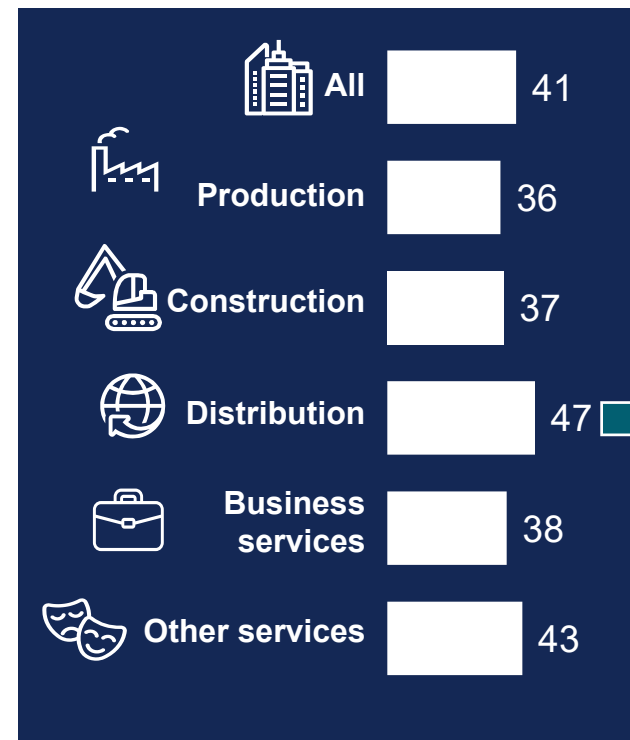
# Two in five BBLs applicants were concerned about their ability to pay other business expenses alongside their loan repayments

How concerned, or otherwise, are you about your ability to pay other business expenses (such as staff salaries, rent and bills, regular fees etc) alongside your loan repayments due for your Bounce Back loan?



**BAME-led business owners** were more likely than average to be **concerned** about their ability to pay (53% vs. 41%).

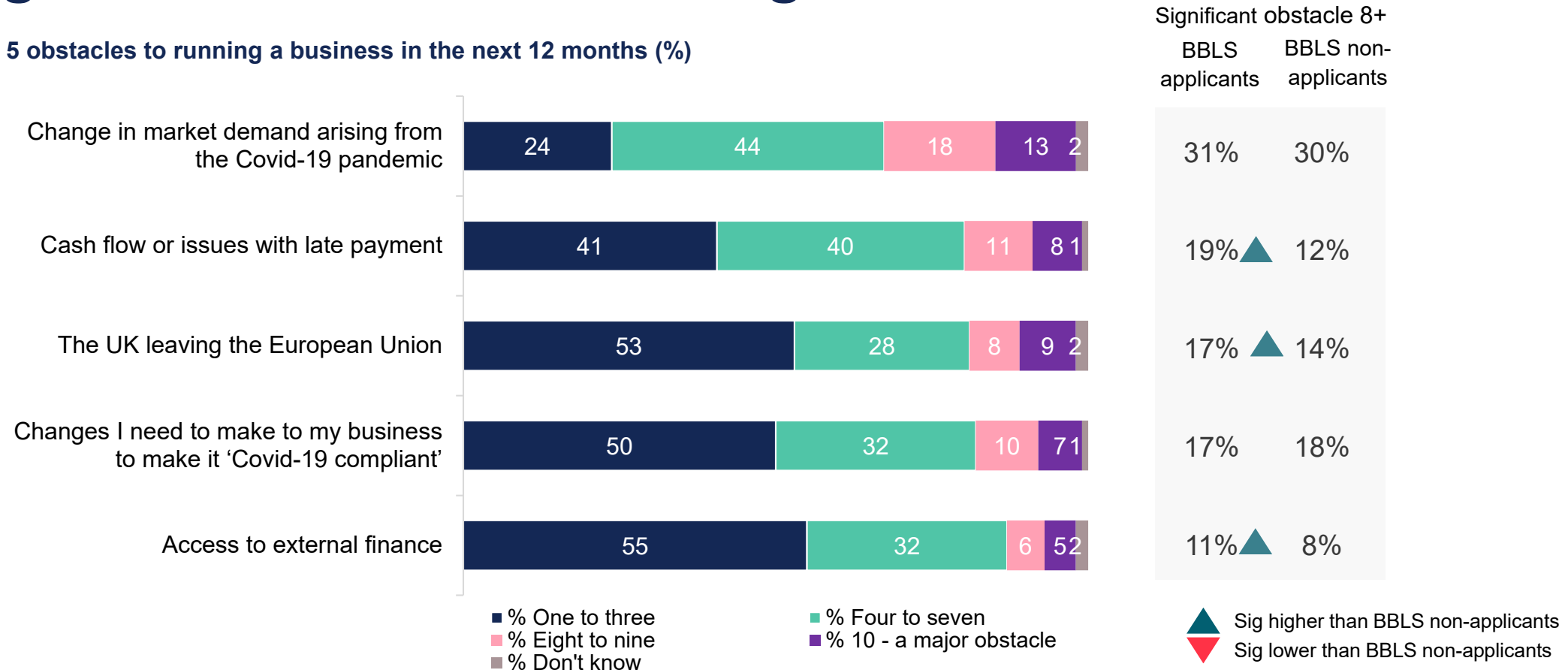
**Sole traders** who received a BBL were most likely to be **very concerned** (22% vs. 13% overall).





# Three in ten BBLs applicants expected changes in market demand as a result of Covid-19 to be a significant obstacle to running their business

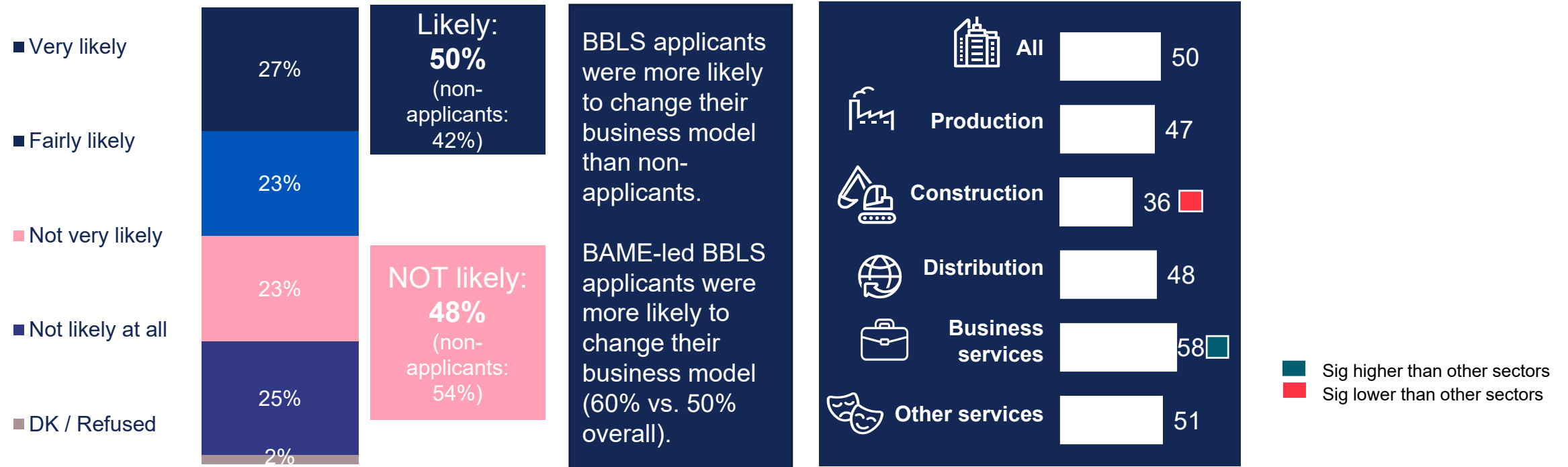
Top 5 obstacles to running a business in the next 12 months (%)



# A half of BBLs applicants were likely to substantially alter their business model as a result of Covid-19

BBLs applicants in business services sector were most likely to alter their model.

How likely, if at all, are you to significantly alter your business model over the next year or two as a result of the Covid-19 pandemic?



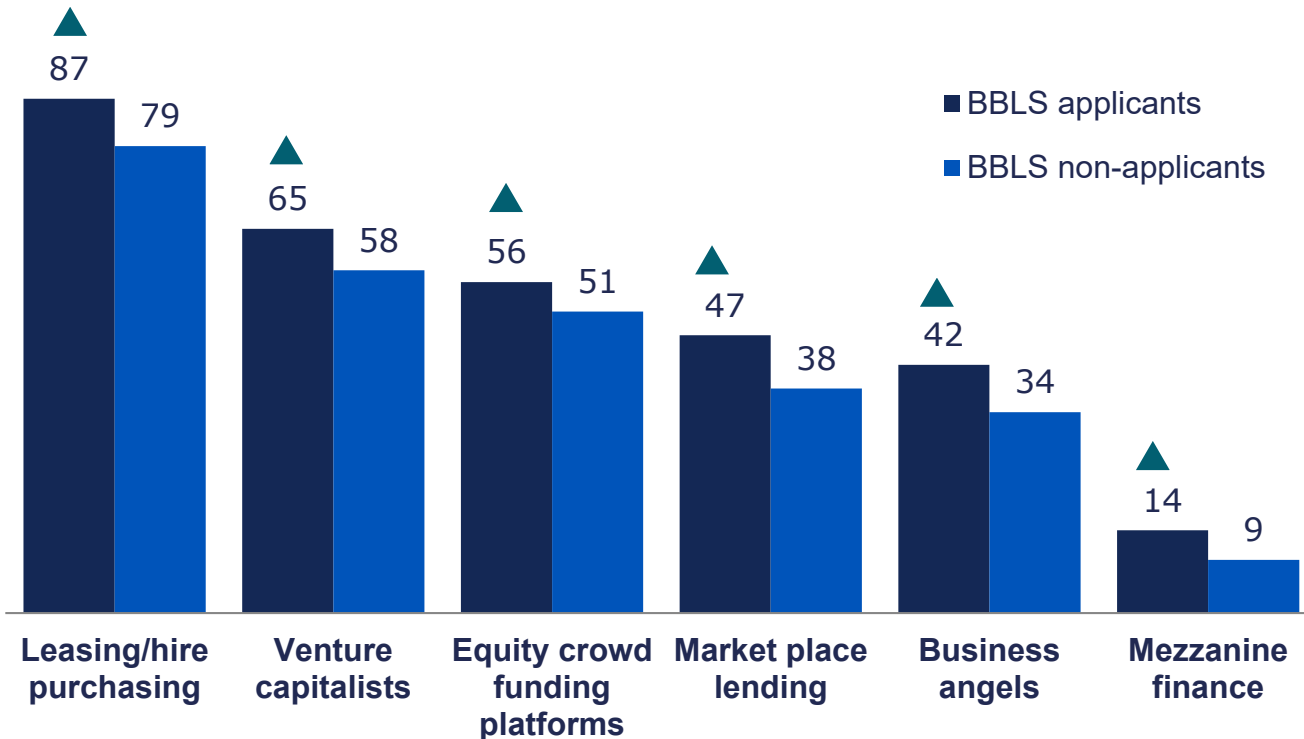
Base = All BBLs applicants (n=1,719), Production (n=260), Construction (n=248), Distribution (n=407), Business services (n=503), Other services (n=301), BAME-led businesses (n=148), all BBLs non-applicants (n=3,050), B3iv\_2.

# Awareness and use of different types of finance



# BBLs applicants were significantly more likely to be aware of all six alternative finance types than non-applicants

Awareness of six main forms of external finance (%)



Significantly more BBLs applicants (92%) were aware of at least one of these six alternative finance types than BBLs non-applicants (86%).

Awareness of at least one of six finance types was higher among small/medium business (95%) than those with no employees (90%).

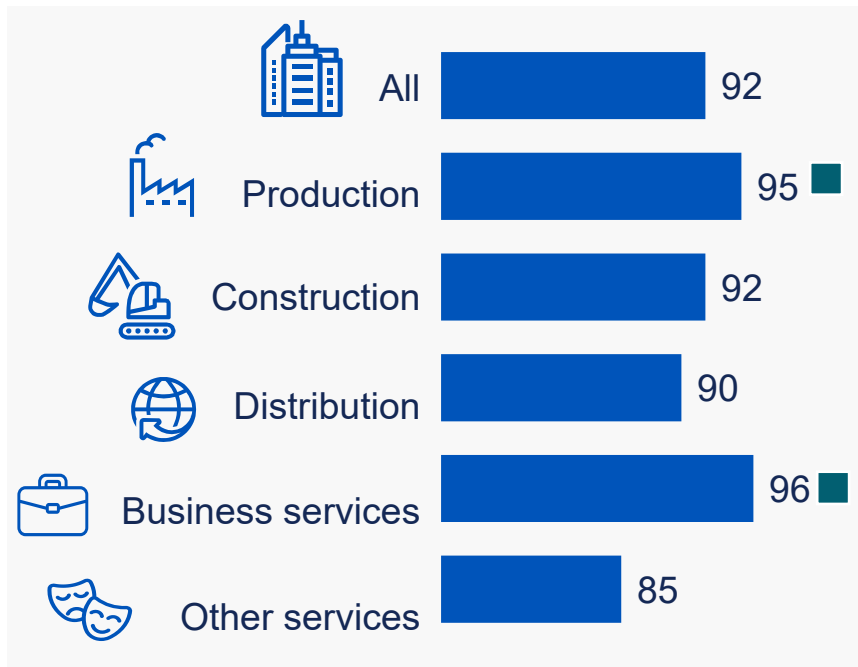
87% of BBLs applicants were aware of government finance.

▲ Sig higher than BBLs non-applicants  
▼ Sig lower than BBLs non-applicants

Base = All BBLs applicants (n=1,763), BBLs non-applicants (n=3,363), small/medium enterprises (n=275), no employees (n=405), A1 (multi code, prompted).  
Note: Awareness of government finance is highest (87% BBLs applicants, 83% BBLs non-applicants).

# BBLs applicants in Production or Business Services were the most likely to be aware of at least one of six forms of alternative finance

BBLs applicants with an awareness of at least one of six key forms of alternative external finance\* by sector (%)



BBLs applicants with a turnover of £50k <£1m were more likely to be aware of at least one of six key finance types compared with BBLs applicants whose turnover was below £50k (93% vs. 85% respectively).

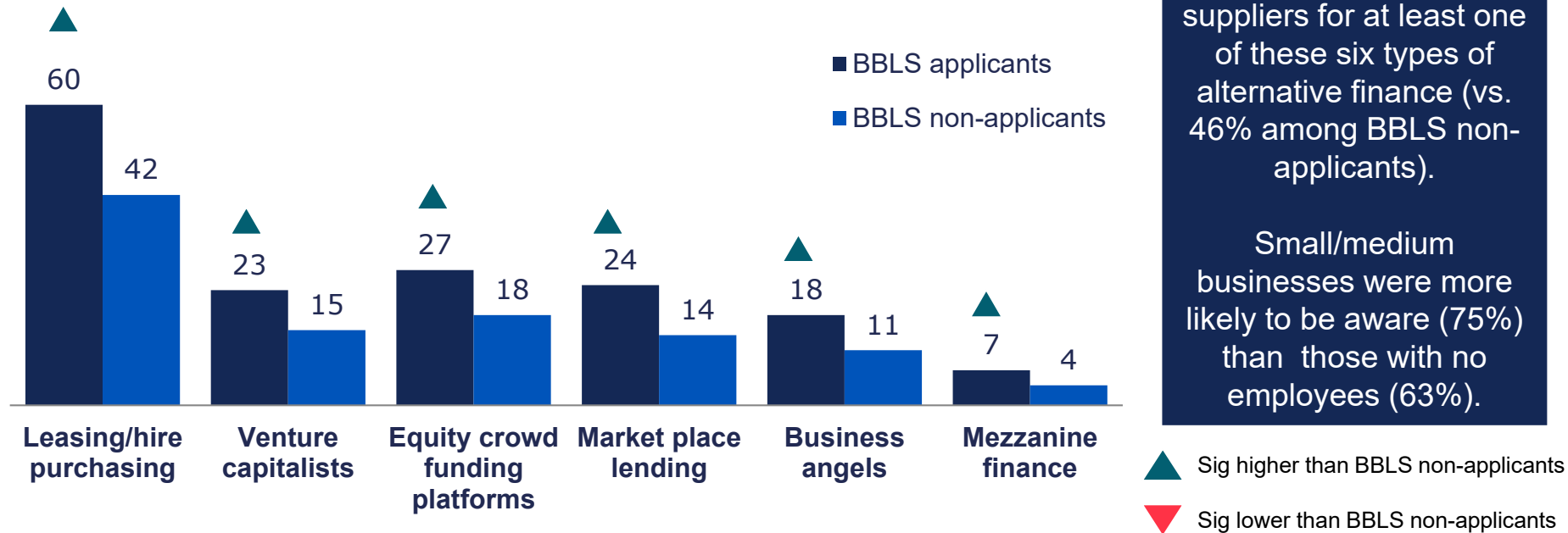
■ Sig higher than other sectors  
■ Sig lower than other sectors

Base = All BBLs applicants (n=1,763), BBLs non-applicants (n=3,363), Production (n=267), Construction (n=257), Distribution (n=413), Business services (n=515), Other services (311), turnover <£50,000 (n=240), turnover £50k<£1m (n=1,254), A1 (multi code, prompted). \*Please see slide 42 for definition of the six forms of alternative finance.

# Six in ten BBLs applicants were aware of specific suppliers to approach for leasing/hire purchasing

Around one in four BBLs applicants are aware of venture capitalists, equity finance or marketplace lending.

Awareness of specific suppliers to approach for external finance (%)

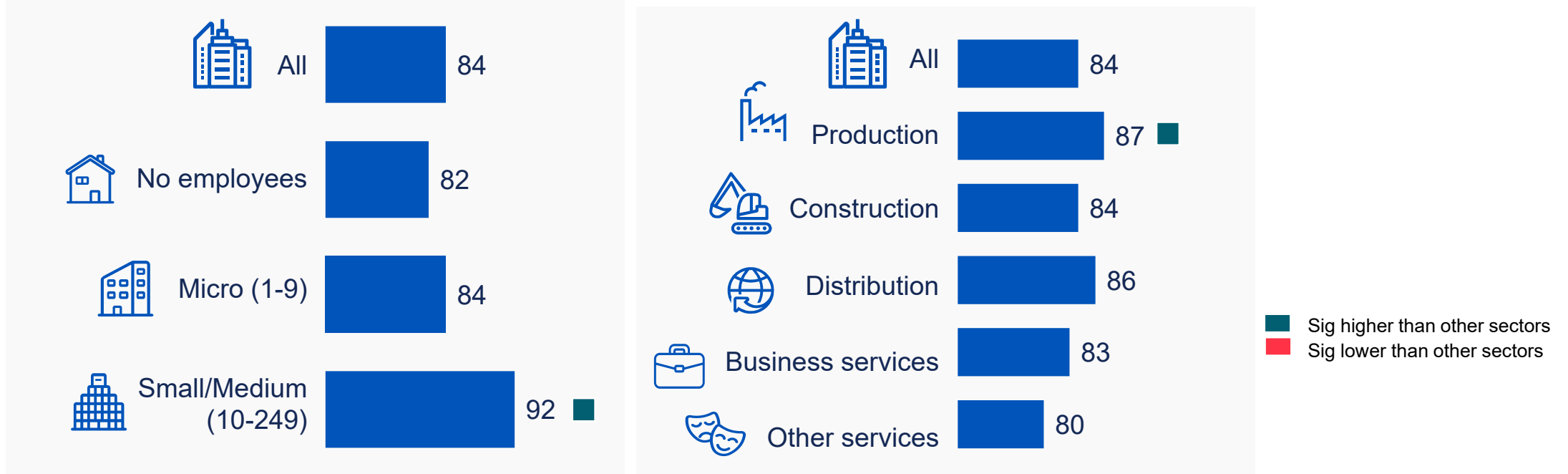


Base = All BBLs applicants aware of some form of alternative finance (n=1,717), BBLs non-applicants aware of some form of alternative finance (n=3,216), A2 (multi code, prompted).

# Over eight in ten BBLs applicants sought external financial support in the last 3 years

BBLs applicants with a turnover over £1 million were more likely to have sought external financial support in the last 3 years compared with BBLs applicants with a turnover of less than £250k (90% vs. 82%). In comparison, only 53% of BBLs non-applicants sought finance\* in the past three years.

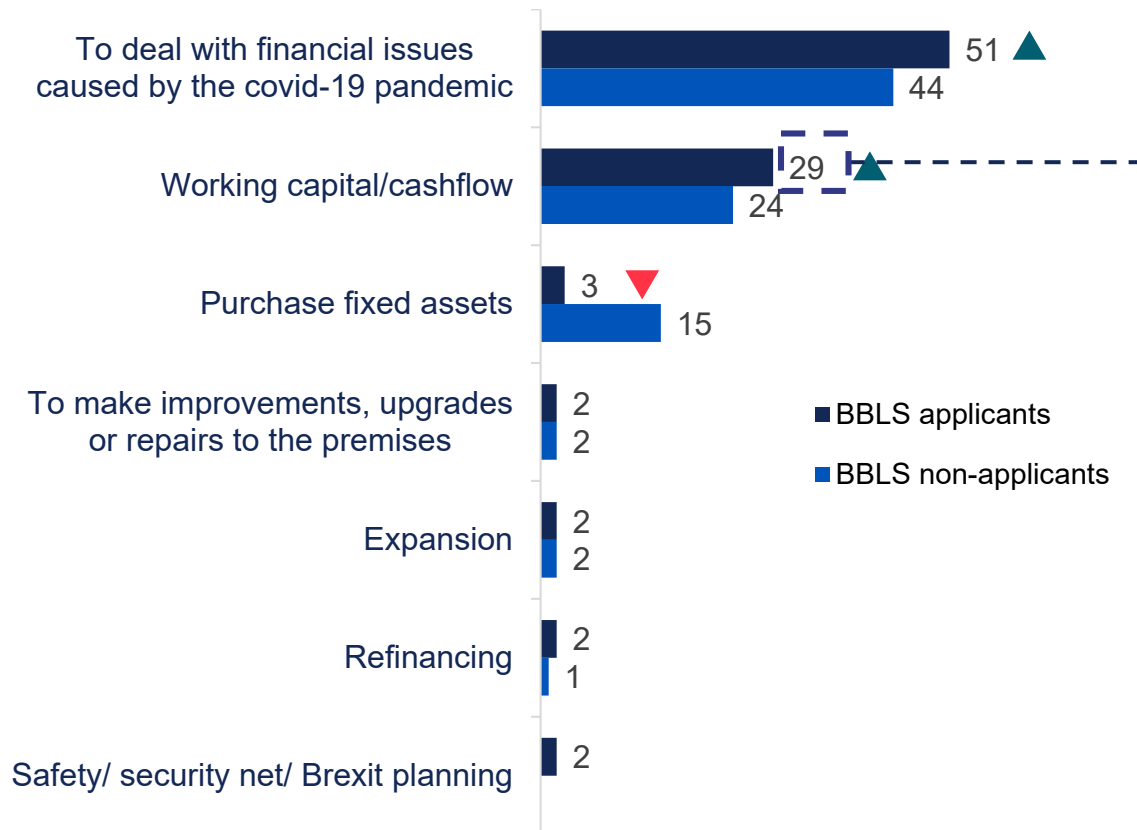
Sought external financial support in the previous three years - by business size and sector (%)



Base = All BBLs applicants (n=1,763), no employees (n=405); micro (n=1,083), small/medium (n=275), Production (n=267), Construction (n=257), Distribution (n=413), Business services (n=515), Other services (n=311), A6a B (multicode, prompted). \*Figure includes bank loan other than BBLs.

# The main reason for seeking financial support among BBLS applicants was dealing with financial issues caused by Covid-19

% Main reason for seeking financial support – when sought Bounce Back Loan / on the last occasion sought finance



The five most common reasons for seeking working capital were:

- **continue trading** (78% vs. 68% among BBLS non-applicants)
- **cover fall in sales/turnover as a result of the Covid-19 crisis** (75% vs. 61%)
- As a safety net (64% vs. 39%)
- An attractive offer (40% vs. 10%)
- To cover a short-term gap until funds were received from customers (38% vs. 27%)

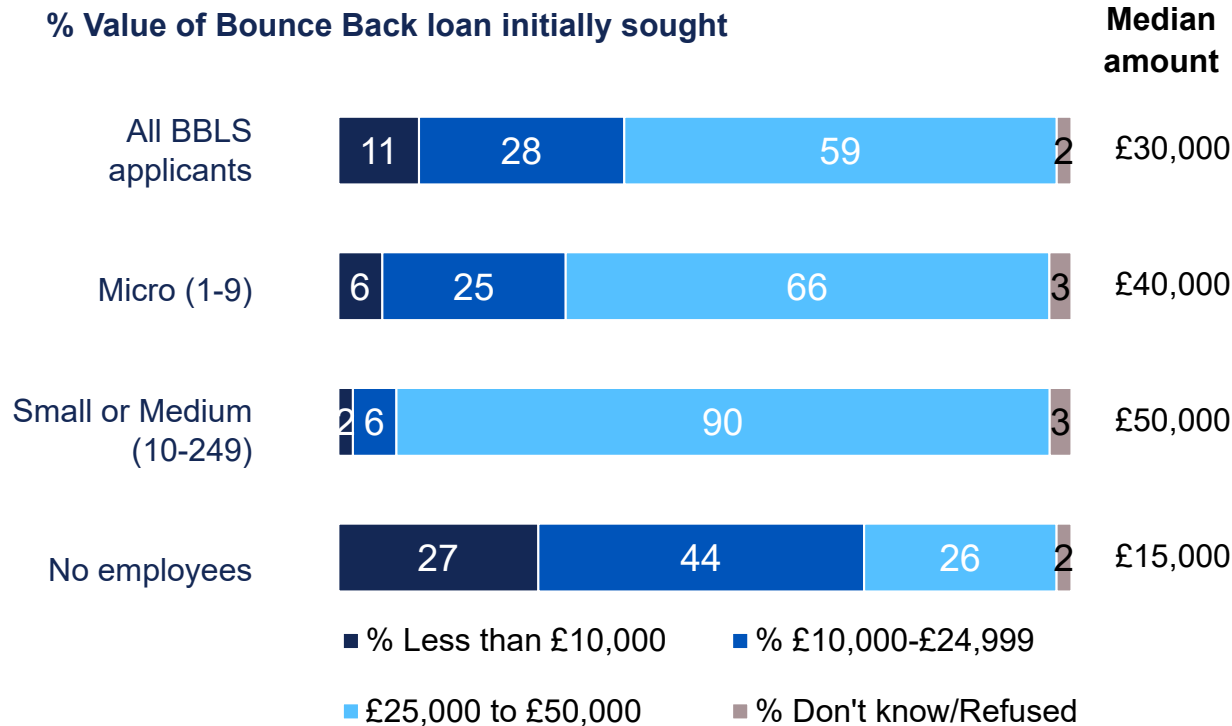
▲ Sig higher than BBLS non-applicants  
▼ Sig lower than BBLS non-applicants

Base = All BBLS applicants (n=1,763), BBLS non-applicants who sought finance in the last three years (n=1,856), A13a/b (single code, prompted). BBLS applicants 1% or less not shown, A14 (multi code, prompted). All BBLS applicants seeking finance for working capital (n=1,230), BBLS non-applicants seeking finance for working capital (n=861).



# Six in ten BBLs applicants sought a loan of £25,000 to £50,000

Firms with employees were more likely to seek a higher value facility than those without employees.



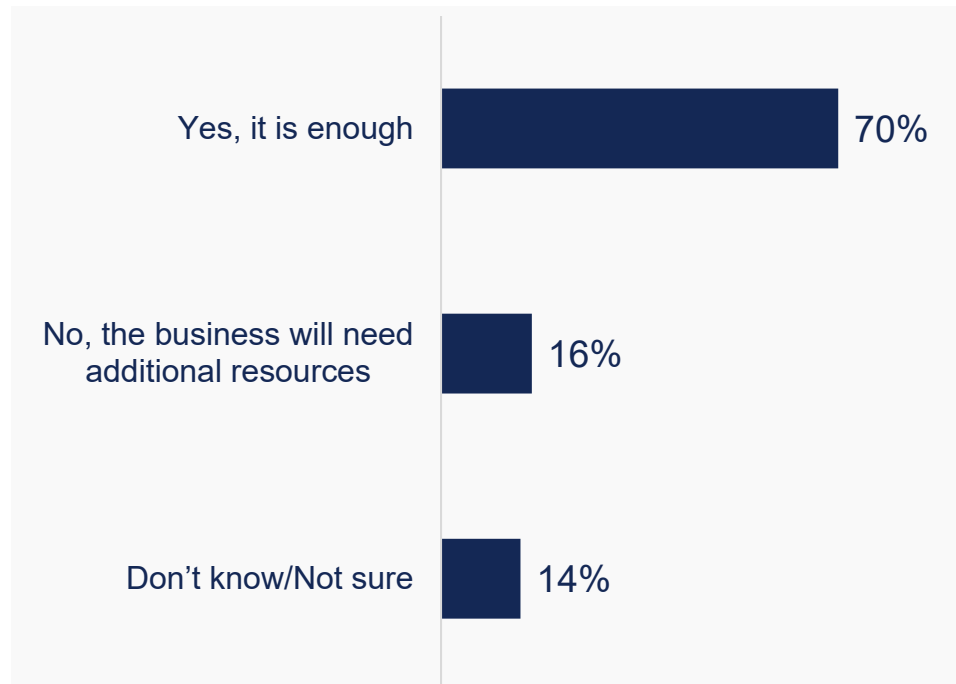
The median value sought by BBLs applicants was £30,000 compared to £10,000 among non-applicants\*

Small or medium sized businesses sought the highest value Bounce Back Loan £50,000 (median value).  
Businesses operating in production sought the highest value (£40,000 median value), and other services the lowest value (£25,000 median value) Bounce Back Loans.

Base = All BBLs applicants (n=1,763), BBLs non-applicants who sought finance in the last three years (n=1,856), A28/A29 (single code, prompted). \* Not a like for like comparator, given differences in timing of application, types of finance, value sought as well as the date of the interview

# Seven in ten BBLs applicants said the amount received was enough to keep the business going until the end of the financial year

Is that amount enough to keep the business going until the end of the financial year, i.e. March 2021?



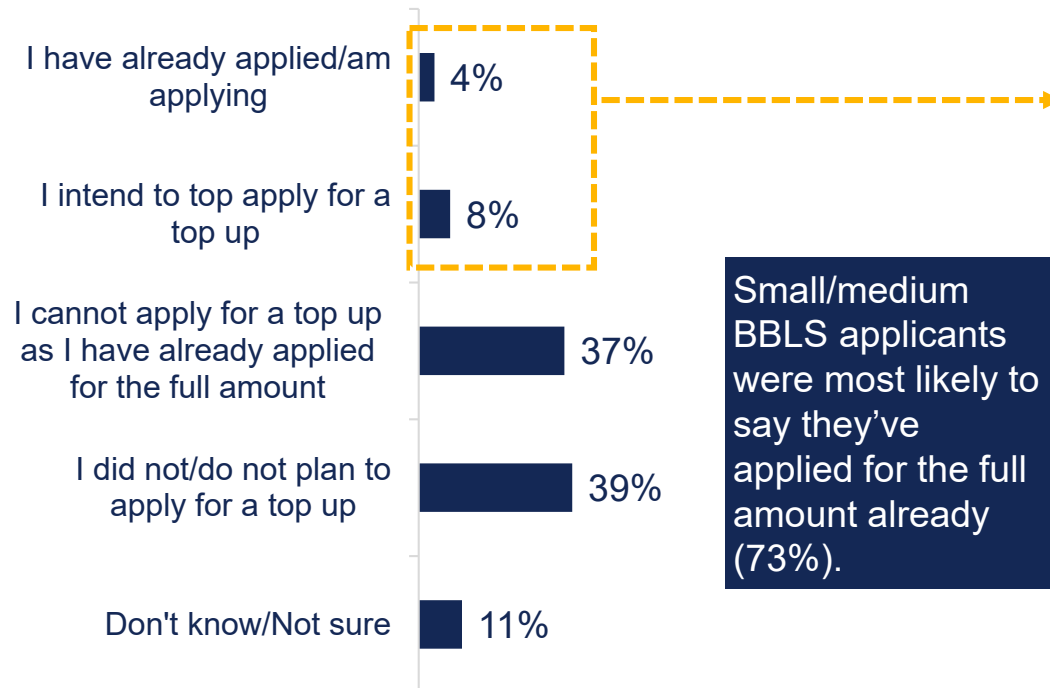
BAME-led BBLs applicants were less likely to say the loan is enough to keep their business going (59% vs 70% overall).

BBLs applicants operating for less than two years were more likely to say their business will need additional resources to keep the firm going (31% vs. 16% overall).

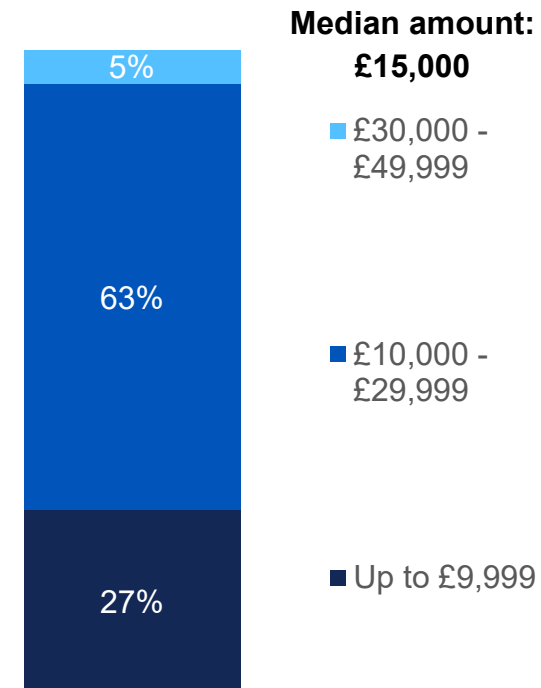
# One in ten BBLS applicants either planned to or had already applied for a top up loan

Around four in ten could not apply as they had either got the full amount already (37%) or did not intend to apply for a top up loan (39%).

Are you applying for or do you intend to apply for a top up for your Bounce Back Loan?

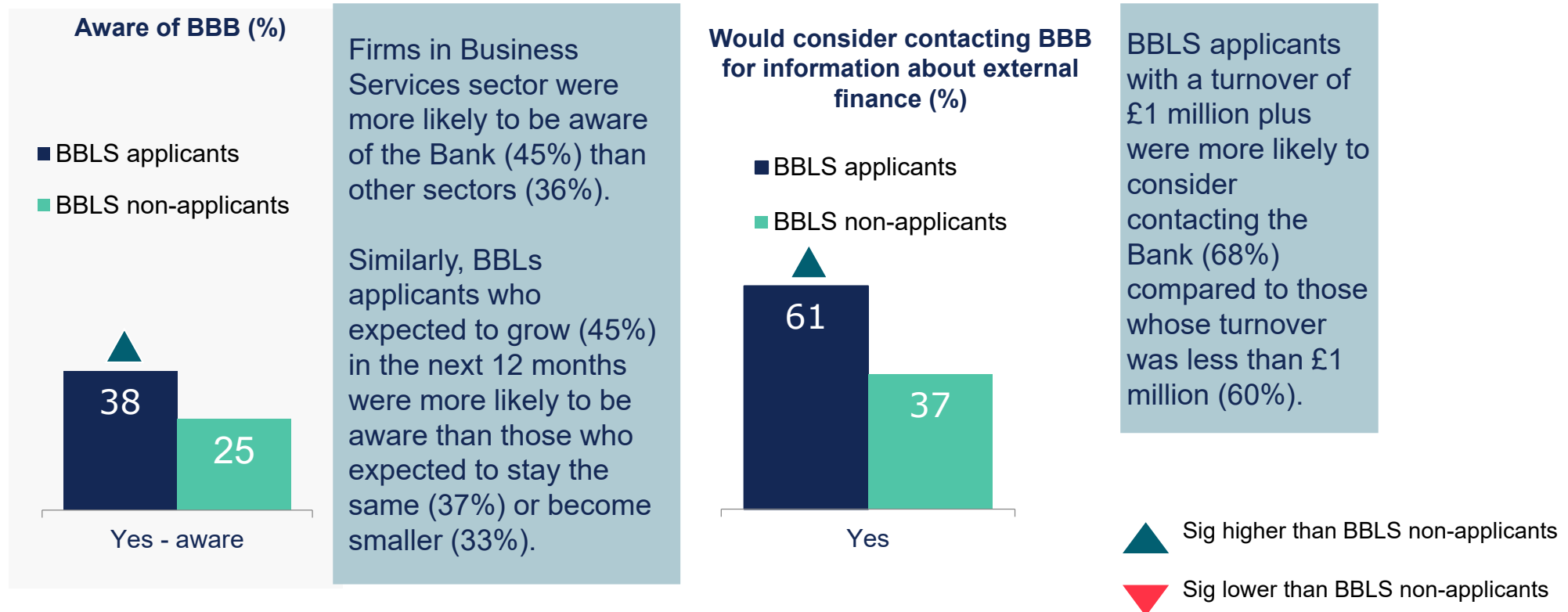


How much are you applying for / did you / do you intend to apply for?



# Four in ten BBLs applicants were aware of the British Business Bank

BBLs applicants were more likely to be aware of or consider contacting the Bank in the future.



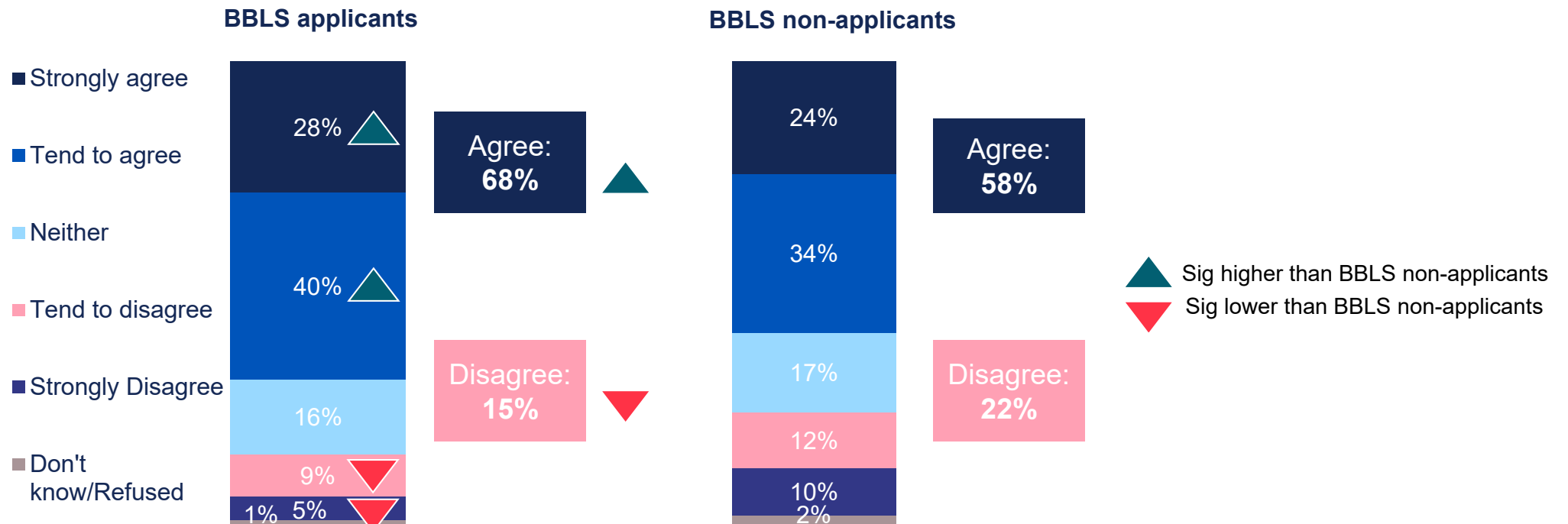
# Perceptions of raising finance and future use



# Seven in ten BBLs applicants were confident they know where to obtain information on the types of finance and specific providers available

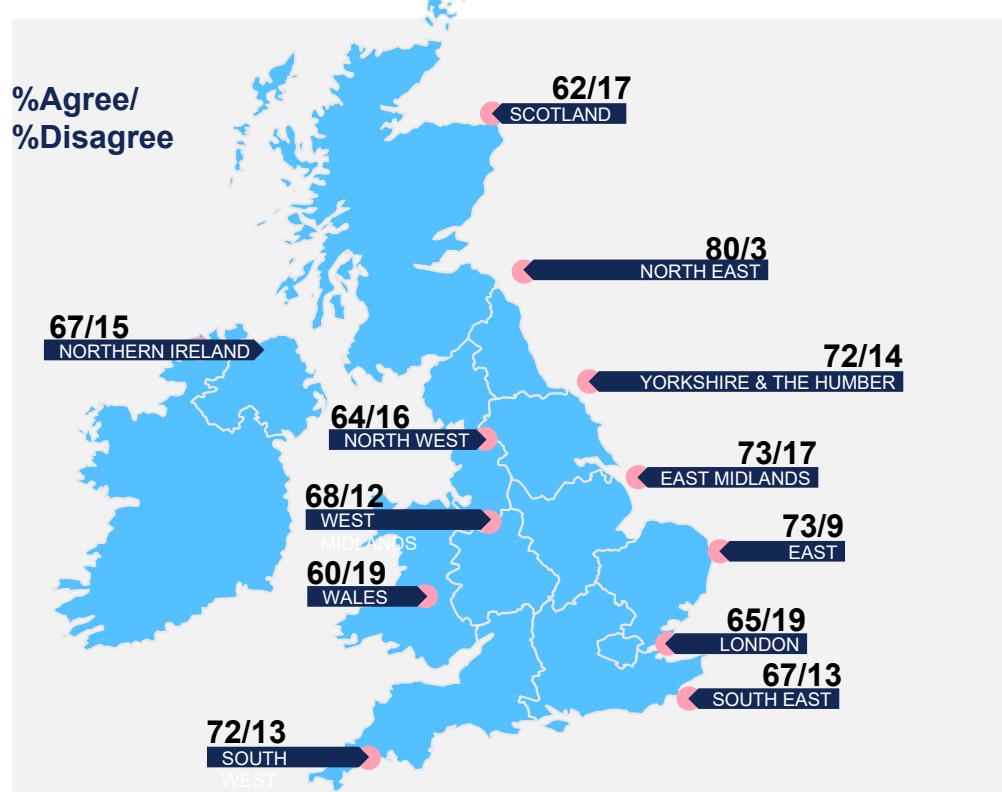
The proportion of confident BBLs applicants is ten percentage points higher than non-applicants

I know where to obtain information on the types of finance and specific providers available (%)



# Substantial variations in knowledge of where to obtain information on the types of finance and specific providers available across the UK

I know where to obtain information on the types of finance and specific providers available (%)



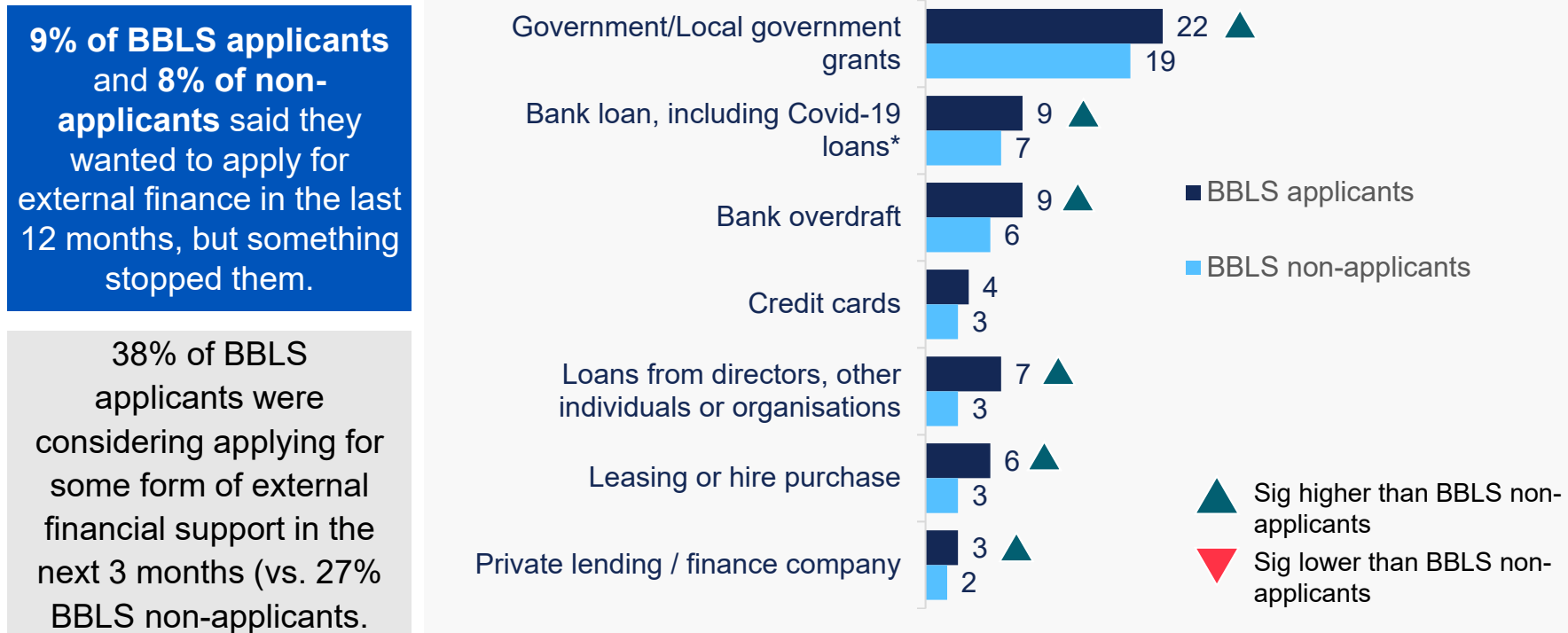
Firms in the North East\* (80%) were more likely, and in Wales (60%) least likely, to **agree** compared to the UK average (68%).

Firms in Business Services (72%) were **most** likely, and those in Other Services sector (62%) **least** to agree they know where to obtain information on the types of finance and specific providers available. Small or medium employers (75%) and micro (69%) employers were more likely than those with no employees (63%) to agree they know where to get the information from.

Base = All BBLs applicants (n=1,763), A5 (single code, prompted), Scotland (n= 143), North East (n=78\*), Yorkshire & the Humber (n=133), East Midlands (n=127), East (n=172), London (n=173), South East (n=280), South West (n=212), Wales (n=106), West Midlands (n=116), North West (n=175), Northern Ireland (n=48\*), Business services (n=515), Other services (n=311), no employees (n=405), micro (n=1,083), small/medium (n=275). \*SMALL BASE

# Four in ten BBLs applicants were considering applying for some form of external financial support in the next three months

One in five planned to apply for a government grant, significantly more than among BBLs non-applicants.



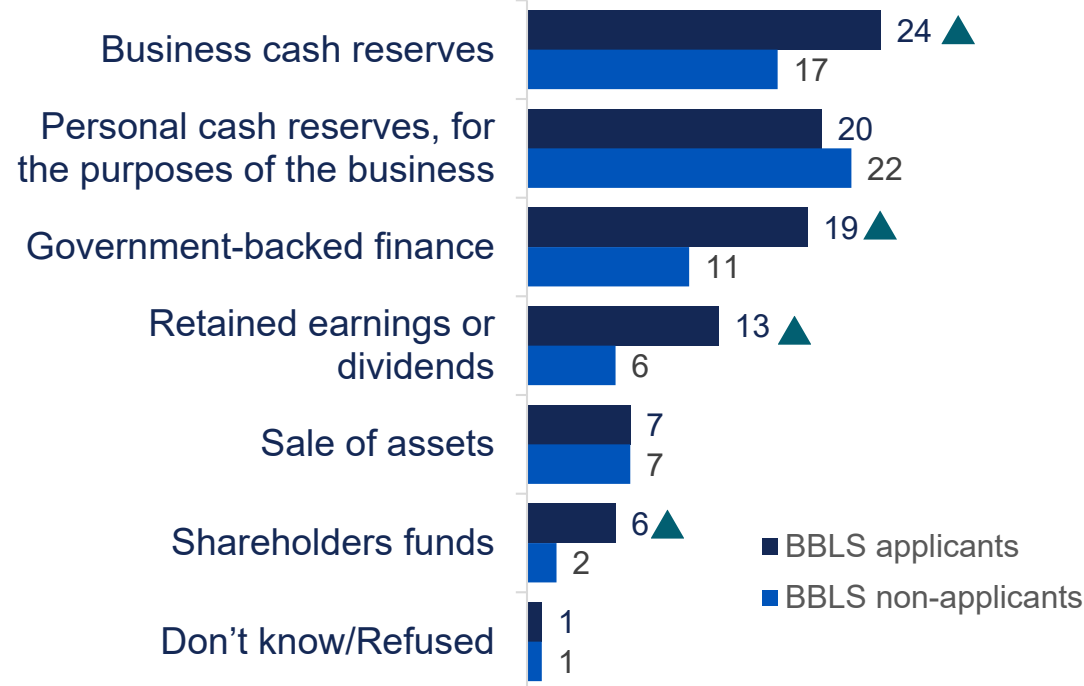
Base = All BBLs applicants (n=1,763), all BBLs non-applicants (3,363), B1 (single code), B3i (multi code, prompted). Note: Other types of finance under 3% (BBLs applicants) are not shown.



# BBLs applicants were more likely to report a need to capitalise their business in the coming three months (than BBLs non-applicants)

One-quarter of BBLs applicants anticipated using business cash reserves in the next three months. One in five planned to use personal cash reserves or Government-backed finance.

Types of finance planned to use in the next three months (%)



**BBLs applicants more likely to anticipate using business cash reserves:**

- Small/medium employers (32%)
- Turnover between £50k <£1m (26%)
- Business Services (31%)
- Businesses who expect to become smaller (30%)

▲ Sig higher than BBLs non-applicants  
▼ Sig lower than BBLs non-applicants

Base = All BBLs applicants (n=1,763), all BBLs non-applicants (n=3,363), B3iaa (multiple options allowed). Those who said 'none of these' are not included in the chart: 53% among BBLs applicants and 59% among non-applicants.

# Summary



### Growth and impact of Covid-19

- Around one in ten BBLS applicants (11%) were in growth over the past year.
- Over a third of BBLS applicants (36%) expected to grow over the next 12 months compared to only 20% of BBLS non-applicants.
- Nearly all BBLS applicants said their turnover would have been higher (89%) or would have grown more (78%) if it was not for the Covid-19 pandemic.
- Nine in ten BBLS applicants (88%) were currently using some sort of external financial support other than their Bounce Back Loan compared to 62% of non-applicants.
- Two in five BBLS applicants (37%) sought a government or local authority grant over the last three years compared to 31% of non-applicants.
- Half of BBLS applicants were likely to substantially alter their business model as a result of Covid-19 (50%) compared to 42% of non-applicants.

### Use of BBLs

- Six in ten BBLs applicants sought a loan of £25,000 to £50,000.
- Median value of BBLs facilities overall was £30,000, increasing to £40,000 for micro firms and £50,000 for small and medium-sized businesses .
- Seven in ten BBLs applicants said the amount received is enough to keep the business going until the end of the financial year.
- One in ten BBLs applicants either planned to or have already applied for a top up loan, the median value is £15,000.
- 22% of BBLs applicants had already used all of the financial support sought compared to 34% of non applicants. This might be related to when they applied for financial support or the lower overall value of support sought among non-applicants.
  - A third of BBLs applicants (32%) were concerned about their ability to repay the loan.
  - Two in five BBLs applicants (41%) were concerned about their ability to pay other business expenses alongside their loan repayments.

### Awareness and use of different types of finance

- Significantly more BBLS applicants (92%) were aware of at least one of these six alternative finance types than BBLS non-applicants (86%).
  - 67% of BBLS applicants were aware of specific suppliers for at least one of these six types of alternative finance (vs. 46% among BBLS non-applicants).
  - Seven in ten BBLS applicants were confident they know where to obtain information on the types of finance and specific providers available.
- BBLS applicants were much more likely to be aware of the Bank (38% vs. 25%) or consider contacting the Bank in the future (61% vs. 37%).

### Perceptions of raising finance and future use

- Four in ten BBLS applicants (38%) were considering applying for some form of external financial support in the next three months compared to 27% of non-applicants.
- One-quarter of BBLS applicants (24%) anticipated using business cash reserves in the next three months and one in five (20%) anticipated injecting personal cash reserves into the business in the next three months.

# Annex



# Business profile – BBLs applicants

Turnover	Unweighted profile	Weighted profile
Below £50k	14%	14%
£50K up to £249,999	42%	44%
£250K up to £1m	30%	29%
£1m+	14%	13%
Sector		
Primary/manufacturing	15%	11%
Construction	15%	14%
Distribution	23%	30%
Business services	29%	31%
Other Services	18%	14%
Number of employees		
No employees	23%	25%
Micro (1-9 employees)	61%	65%
Small/medium (10-249 employees)	16%	10%

# Business profile – BBLs non-applicants

Turnover	Unweighted profile	Weighted profile
Below £50k	39%	60%
£50K up to £249,999	28%	28%
£250K up to £1m	14%	7%
£1m+	18%	5%
Sector		
Primary/manufacturing	16%	8%
Construction	13%	17%
Distribution	20%	18%
Business services	29%	33%
Other Services	21%	24%
Number of employees		
No employees	45%	79%
Micro (1-9 employees)	33%	17%
Small/medium (10-249 employees)	21%	4%



# Sector definitions

Sector	Definition
Production	A Agriculture, Forestry and Fishing
	B Mining and Quarrying
	C Manufacturing
	D Electricity, gas, steam and air conditioning supply
	E Water supply, sewerage, waste management and remediation activities
Construction	F Construction
Distribution	G Wholesale and retail trade; repair of motor vehicles and motorcycles
	H Transportation and storage
	I Accommodation and food service activities
Business Services	J Information and communication
	K Financial and insurance activities
	L Real estate activities
	M Professional, scientific and technical activities
	N Administrative and support service activities
Other Services	O Public administration and defence; compulsory social security
	P Education
	Q Human health and social work activities
	R Arts, entertainment and recreation
	S Other service activities
	T Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use
U Activities of extraterritorial organisations and bodies	

# For more information

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