



Business Finance Survey

Ipsos
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Growth expectations and demand for financial support

- 38% of SMEs expect to grow over the next 12 months, compared to 34% in 2023 and 39% in 2022
- One-quarter of SMEs sought external finance in the past three years
- Around half of those who had sought finance did this to help with working capital

Financial awareness and future use of finance

- Three in five SMEs are confident they know where to obtain information on external finance
- One in five SMEs are considering applying for external finance in the next 12 months
- Around half of SMEs say they are likely to seek external advice if they need finance in the future

Experiences in seeking financial support

- Three in five SMEs were considering only one finance provider on the last occasion
- Four in five SMEs seeking finance obtained all or some of the finance they needed from the first provider
- Four in five SMEs that accepted a finance offer are not concerned about their ability to repay

Environmental, Social, Governance (ESG)

- Becoming more environmentally sustainable is a high priority for around half of SMEs
- Uncertainty around government policies and economic conditions are the top obstacles to SMEs becoming more environmentally sustainable
- Two-thirds of SMEs say they face obstacles to reporting carbon emissions

Background



Business Finance Survey 2024

- In 2012, BIS commissioned a new survey exploring the stages SMEs go through when considering the need to raise external finance (1,500 SMEs interviewed by CATI)
- The British Business Bank repeated the survey in 2014 (1,000 SMEs interviewed), in 2015 (1,608 SMEs), 2016 (1,535 SMEs), in 2017 (2,070 SMEs), 2018 (2,000 SMEs), 2019 (4,003 SMEs), 2020 (4,125 SMEs), 2021 (2,804 SMEs), 2022 (2,213 SMEs) and 2023 (1,723 SMEs)
- The 2024 survey is based on 1,547 SME interviews, with fieldwork conducted between 19 September 2024 and 20 December 2024
- In 2023 and 2024, the survey was endorsed by the Federation of Small Businesses
- Two versions of the questionnaire were used: a long version and a short version. Core questions remained the same in both versions to enable comparison over time. The survey was available via CATI and online

Business Finance Survey 2024 continued

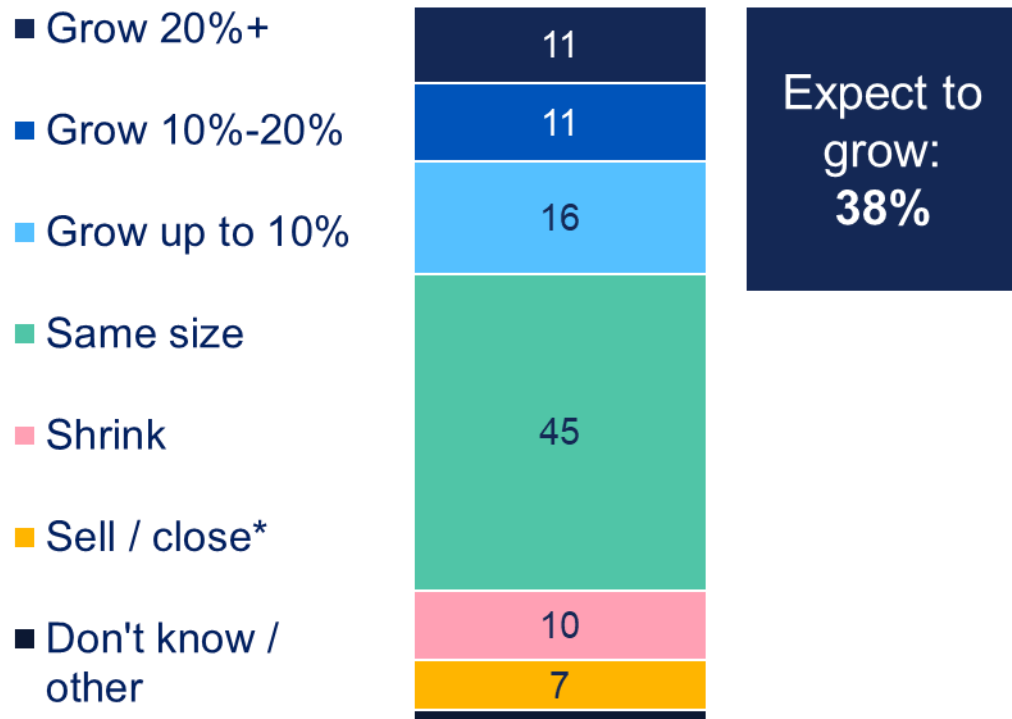
- Statistically significant changes between the 2023 and 2024 Business Finance surveys (at 95% confidence level) are identified by green arrows (increases) and red arrows (decreases)
- Differences between sub-groups of firms by size and sectors in the 2024 survey are identified by green squares (higher) and red squares (lower)
- Where figures in charts do not add to 100%, this is due to rounding of percentages, exclusion of responses (e.g. 'don't know' and 'refused') or because the question allows more than one response
- Responses of less than 0.5% but greater than 0% are marked with *

SME growth expectations and innovation



38% of SMEs expect to grow over the next 12 months, compared to 34% in 2023 and 39% in 2022

Expectations for the business' turnover over the next 12 months (%)



Businesses with no employees are less likely to expect to grow (34%) than businesses with employees (49%). Firms led by those from an Ethnic Minority background or by people with a disability are more likely to expect to grow (48% and 50%, respectively, compared with 38% overall).

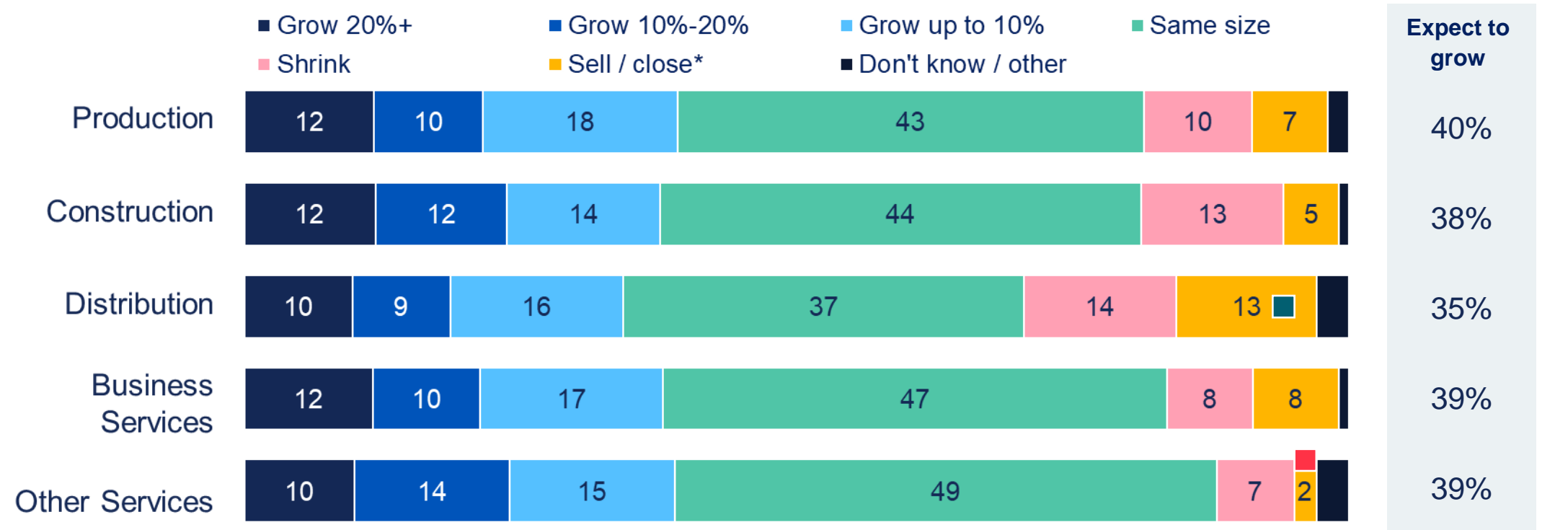
45% of SMEs expect to stay the same size over the next 12 months. A much lower proportion, 16% overall, expect to shrink (10%) or sell or close their business (7%).

B6 – Base: All SMEs (n=1,547 in 2024, 1,723 in 2023, n=2,213 in 2022)

*Sell / close could be combined with other codes

Expectations for growth are lowest among firms in Distribution

Expectations for business' turnover in the next 12 months (%)

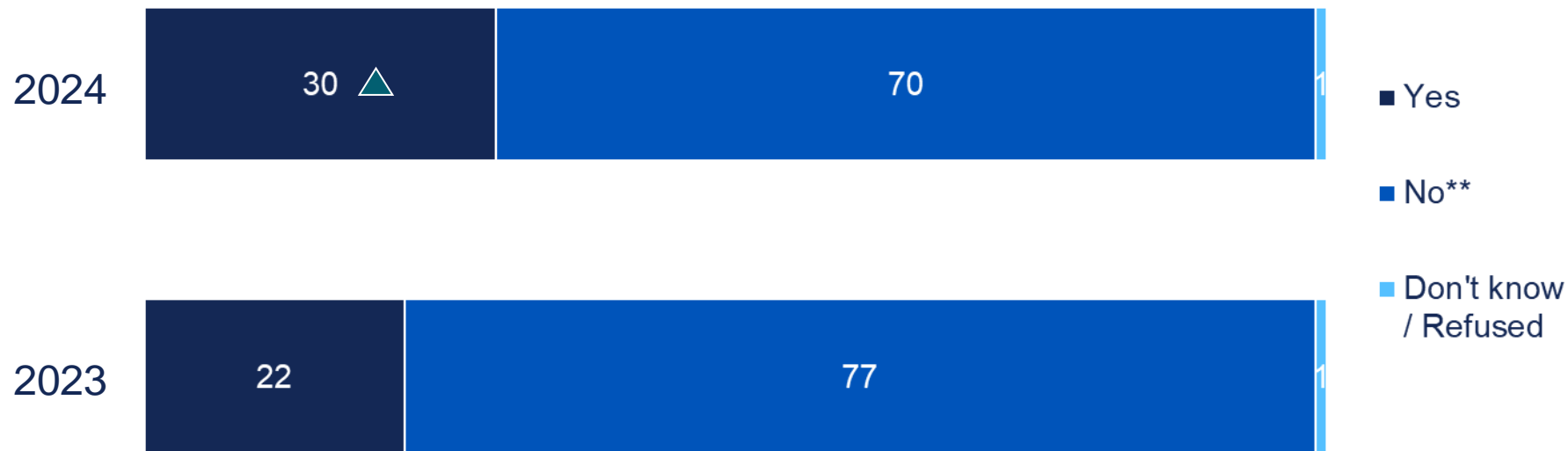


B6 – Base: Production (n=213), Construction (n=282), Distribution (n=253), Business Services (n=470), Other Services (n=329) *Sell / close could be combined with other codes

■ Sig higher than overall
■ Sig lower than overall

The proportion of SMEs developing or introducing new products, processes or services has increased since 2023

Has your business developed or introduced new products, processes or services in the last 12 months? (%)



Firms led by those with a disability are significantly more likely to be innovating than the average (41%).

G1 – Base: All SMEs (n=1,532 in 2024, n=822 in 2023*); SMEs led by those with a disability (n=86). This question was introduced in 2023. This question was asked in the long version only in 2023, and in both the long and short versions in 2024 following the pilot. ** This code was introduced to replace ‘no – but your business wanted to’ and ‘no – and your business did not want to’ during the pilot stage of 2024.

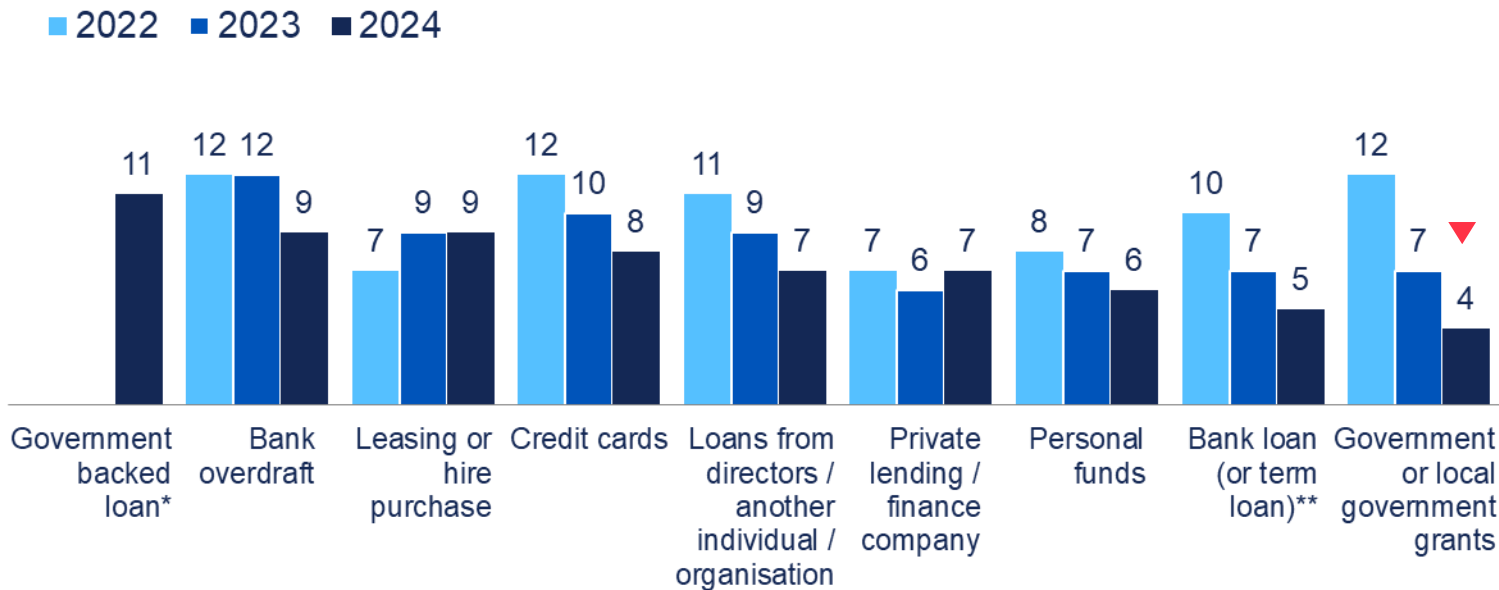
▲ Sig higher than 2023
▼ Sig lower than 2023

SME demand for external financial support



One-quarter of SMEs sought external finance in the past three years

Finance applied for or sought in the last three years (%)



Overall, 26% of SMEs sought external finance in the last three years (in line with 30% in 2023 and down from 39% in 2022).

Businesses with employees (36%) were more likely to seek external finance than businesses with no employees (22%).

Younger businesses up to 5 years old were more likely to seek external finance than average (42% versus 26% overall).

Firms in Production (34%), Construction (34%) and Distribution (32%) were more likely to seek external finance than firms in Business services (19%) and Other services (21%).

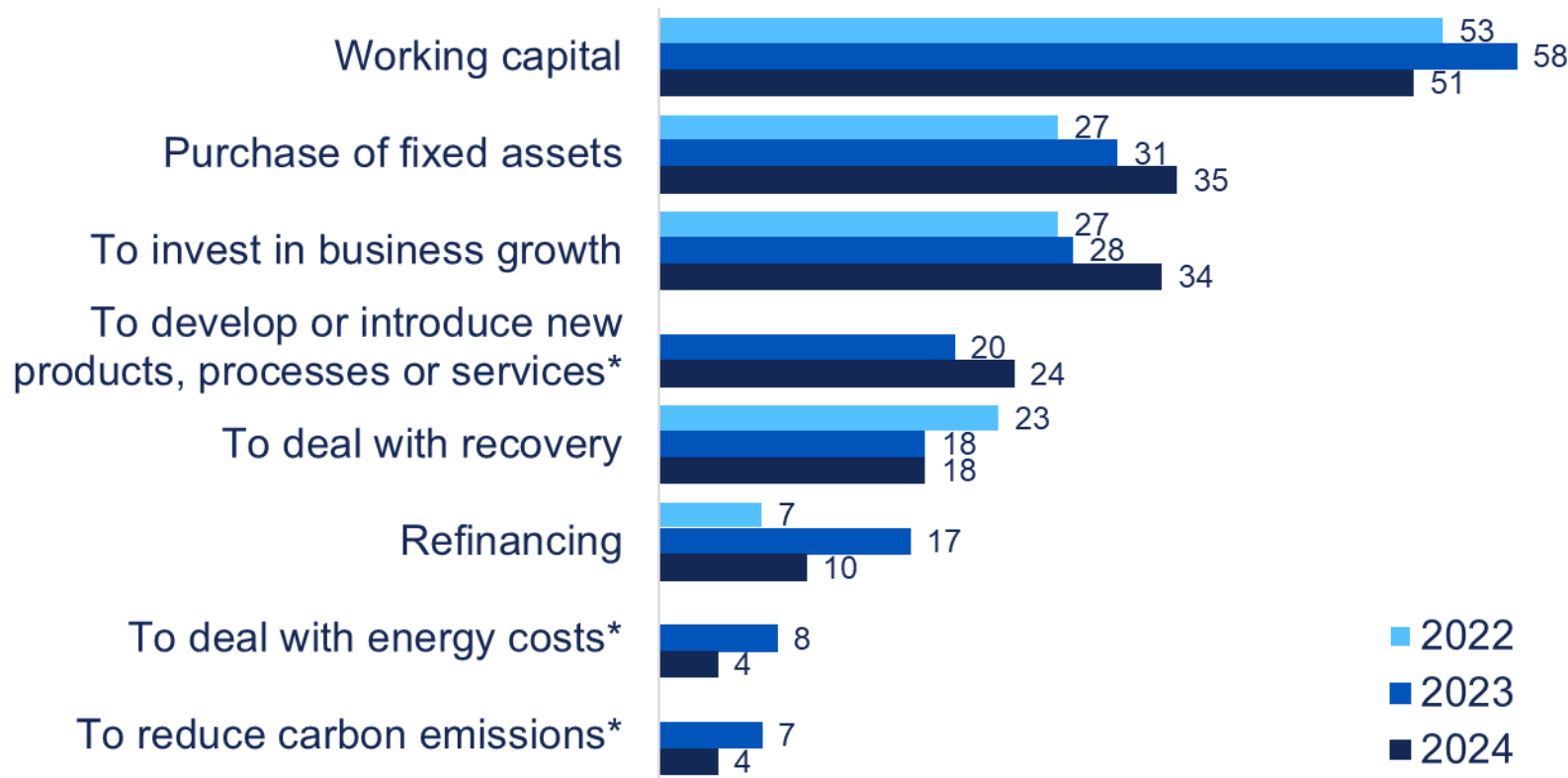
A6a_Type, A6a – Base: All SMEs (n=1,547 in 2024, n=1,723 in 2023, n=2,213 in 2022). Those less than 5% for sought in last three years not shown. *'Government backed loan' was removed in 2022 but reintroduced in 2024. **'Bank loan (or term loan)' has excluded any government-backed loans in its definition since 2022.

▲ Sig higher than 2023

▼ Sig lower than 2023

The top reasons for SMEs seeking finance relate to the day-to-day and business growth

Main reasons for seeking finance (%)

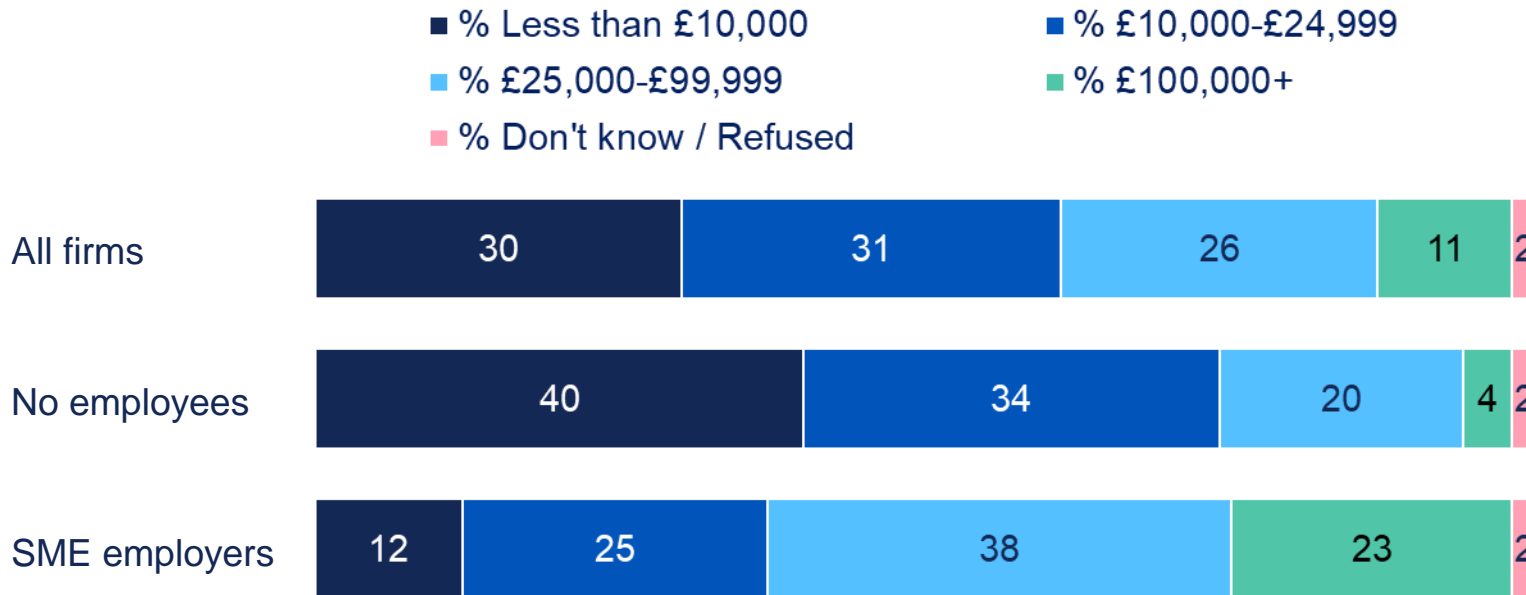


Pre-pandemic, in 2019, fewer than two in five (37%) SMEs sought finance mainly to help with working capital. Only 2% of SMEs sought finance mainly to help with refinancing.

A13a_2 (long version only) – Base: All who sought finance in the last 3 years (n=486 in 2024, n=755 in 2019) or non-government-backed finance in the last three years (n=335 in 2023, n=498 in 2022). * Introduced in 2023.

Almost two in five SMEs seeking finance sought facilities exceeding £25,000

Amount of finance sought on last occasion by business size (%)



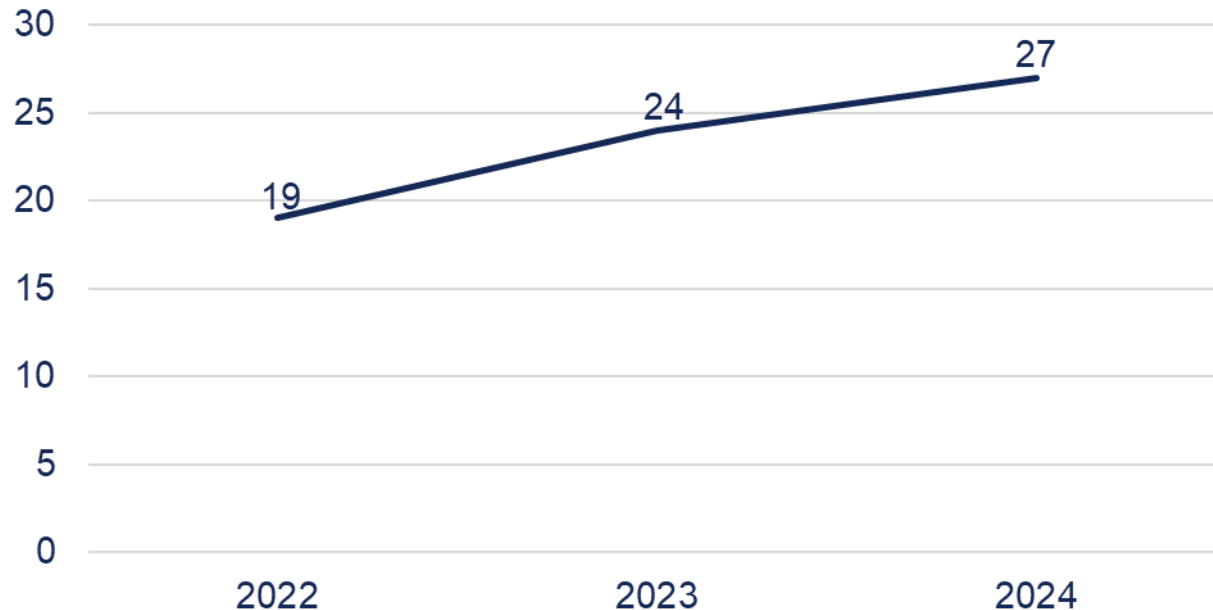
37% of SMEs seeking finance sought facilities exceeding £25,000, which is in line with 2023 (39%), following an increase from 2022 (34%) and 2021 (27%).

Businesses with employees (61%) remain more likely to seek larger amounts of finance than businesses with no employees (23%).

A28/A29 (single code, prompted) – Base: All who sought finance in the last 3 years* (n=486), No employees (n=135), SME employers (n=351). *This question was updated from those seeking non-government backed finance to those seeking all types of finance in 2024

One in four SMEs who considered but did not seek non-government finance were discouraged from applying

Has your business wanted to apply for any external finance that is not guaranteed by the government in the last 12 months, but something has stopped you? (%)



Having been discouraged in the last 12 months does not always prevent SMEs from considering future applications. Of the 41 weighted total firms that said they had been discouraged, 34 were considering applying for finance in the next 12 months (see slide 25 for more information on future intentions).

B1 – Base: All SMEs who considered, but did not seek, any non-government-backed finance (n=189 in 2024, n=334 in 2023, n=483 in 2022), businesses considering applying for finance in the next 12 months (n=103)

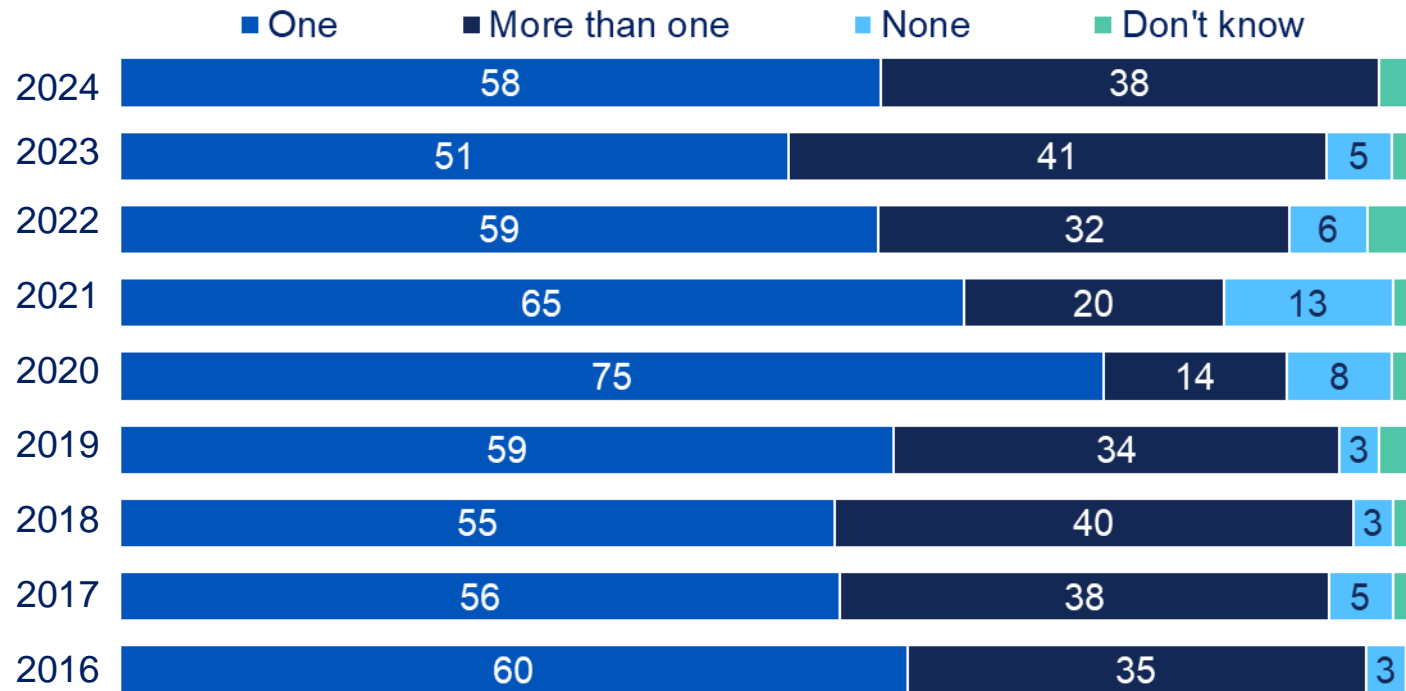
B3j - Base: All SMEs (n=1,547), all SMEs who wanted to applying for external finance but did not (n=40). *Small base size

SME experiences in seeking external financial support



Three in five SMEs were considering only one finance provider on the last occasion

Number of providers considered on the last occasion (%)



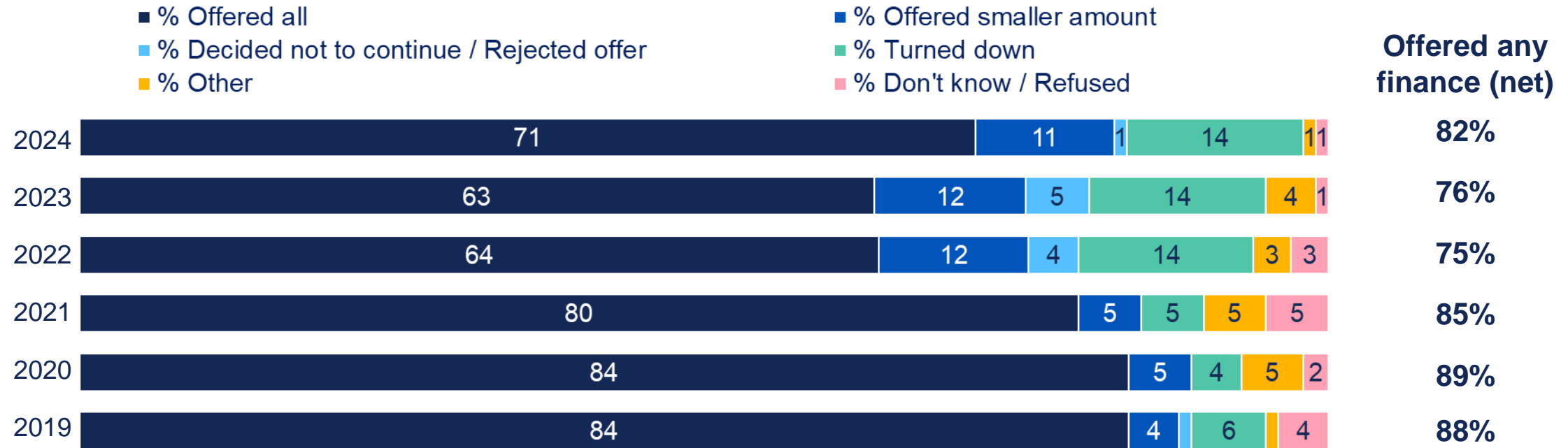
Of those who considered one or more finance providers, 51% contacted one provider and 30% contacted more than one provider. 16% did not contact any providers.

*This question was asked of all SMEs seeking any type of finance in 2024 and 2016-2021 but was only asked of those seeking non-government backed finance in 2022 and 2023.

A22 (single code, unprompted, long version only) – Base: SMEs seeking finance in the last 3 years* (n=222 in 2024, n=335 in 2023).
 A23/A23b (long version only) – Base: All who considered one or multiple providers of finance (n=212 in 2024, n=312 in 2023). *This question was updated from those seeking just non-government backed finance to those seeking all types of finance in 2024

Four in five SMEs seeking finance obtained all or some of what they needed from the first provider

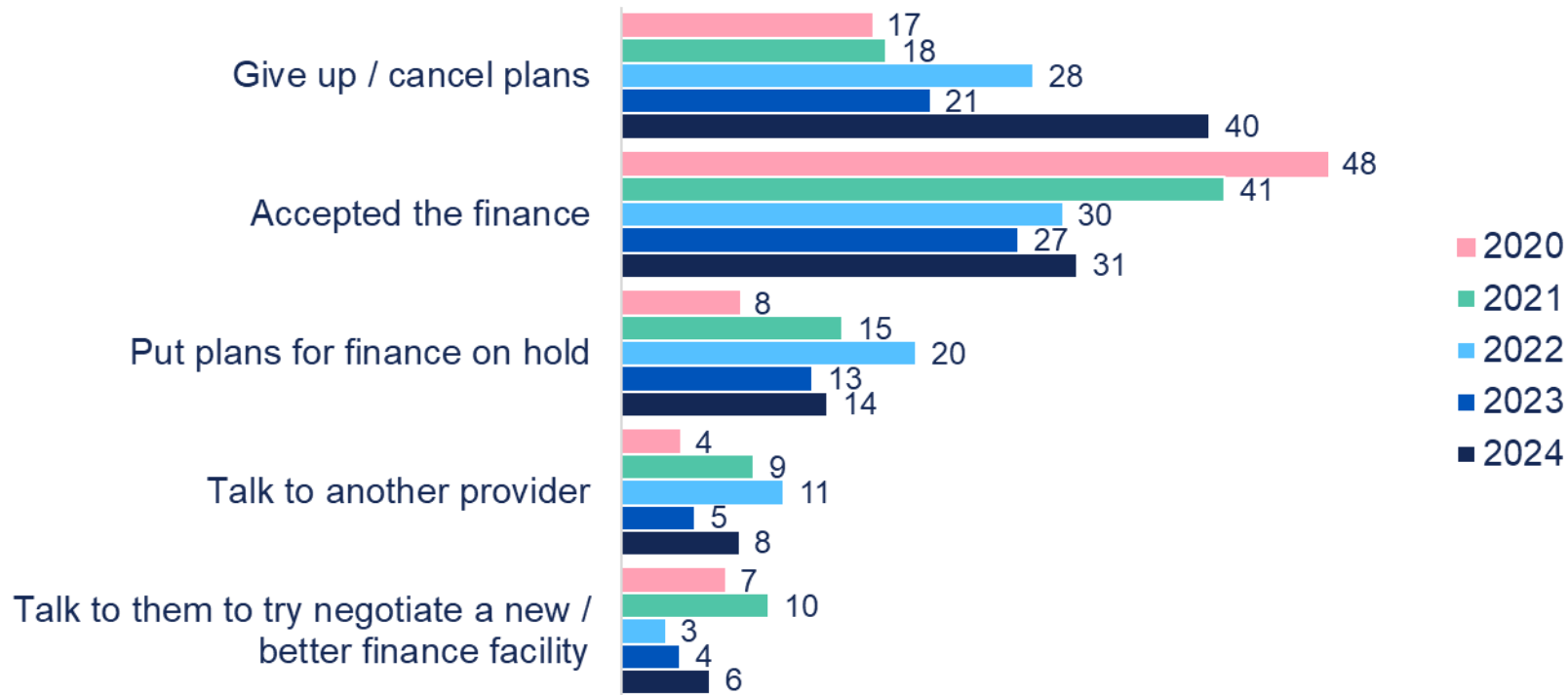
Whether successful in obtaining finance from first provider (%)



A30 (single code, unprompted, long version only) – Base: All SMEs who sought finance in the last 3 years* (n=222 in 2024, n=335 in 2023, n=498 in 2022, n=837 in 2021, n=1,366 in 2020, n=755 in 2019). ‘Offered any finance (net)’ may not equal the sum of figures presented on the chart due to rounding. *This question was updated from those seeking non-government backed finance to those seeking all types of finance in 2024

If not offered full amount, three in ten accepted the finance, but four in ten gave up or cancelled plans

What was done next if not offered full amount (%)

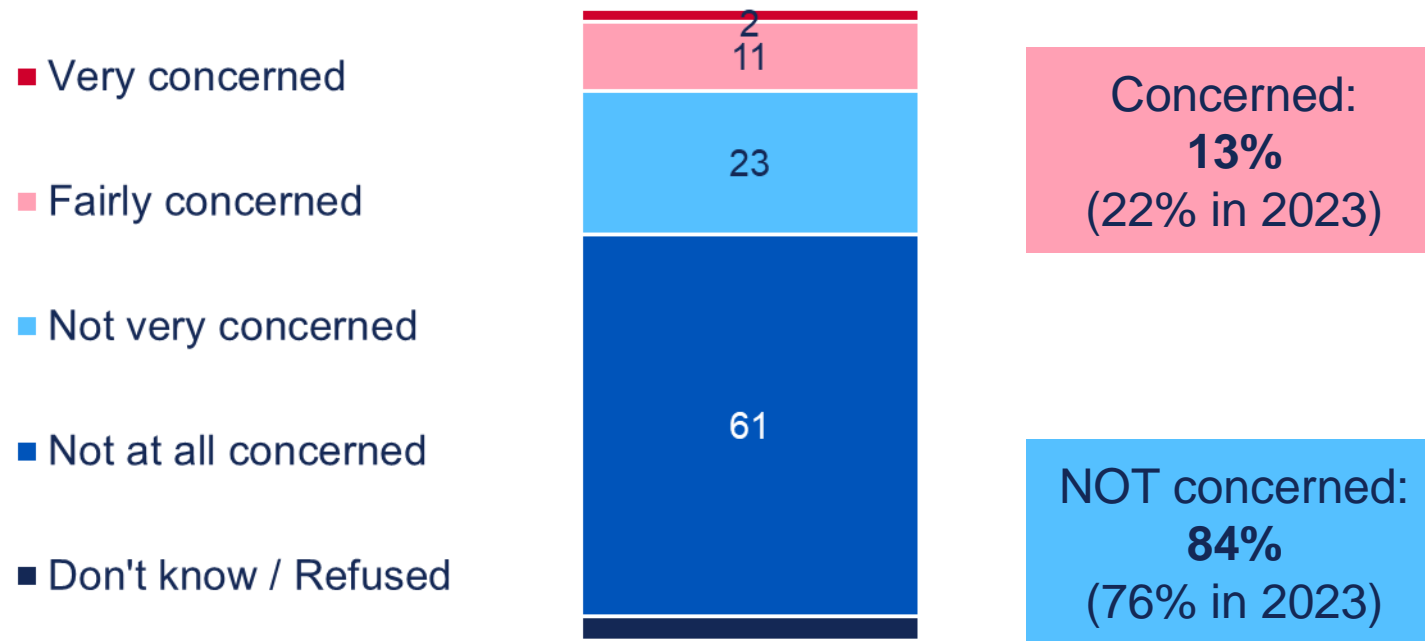


Overall, there has been an increase in those who gave up/cancelled plans or put their plans on hold, despite a decrease in 2023 (54% in 2024 versus 34% in 2023 and 48% in 2022).

A32 (single code, prompted, long version only) – Base: All SMEs offered a smaller amount/worse terms/turned down for or did not accept finance** (n=50* in 2024, n=65* in 2023, n=100 in 2022, n=85* in 2021, n=119 in 2020). * Small base. ** This question was updated from those seeking non-government backed finance to those seeking all types of finance in 2024

Four in five SMEs that accepted a finance offer are not concerned about their ability to repay

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



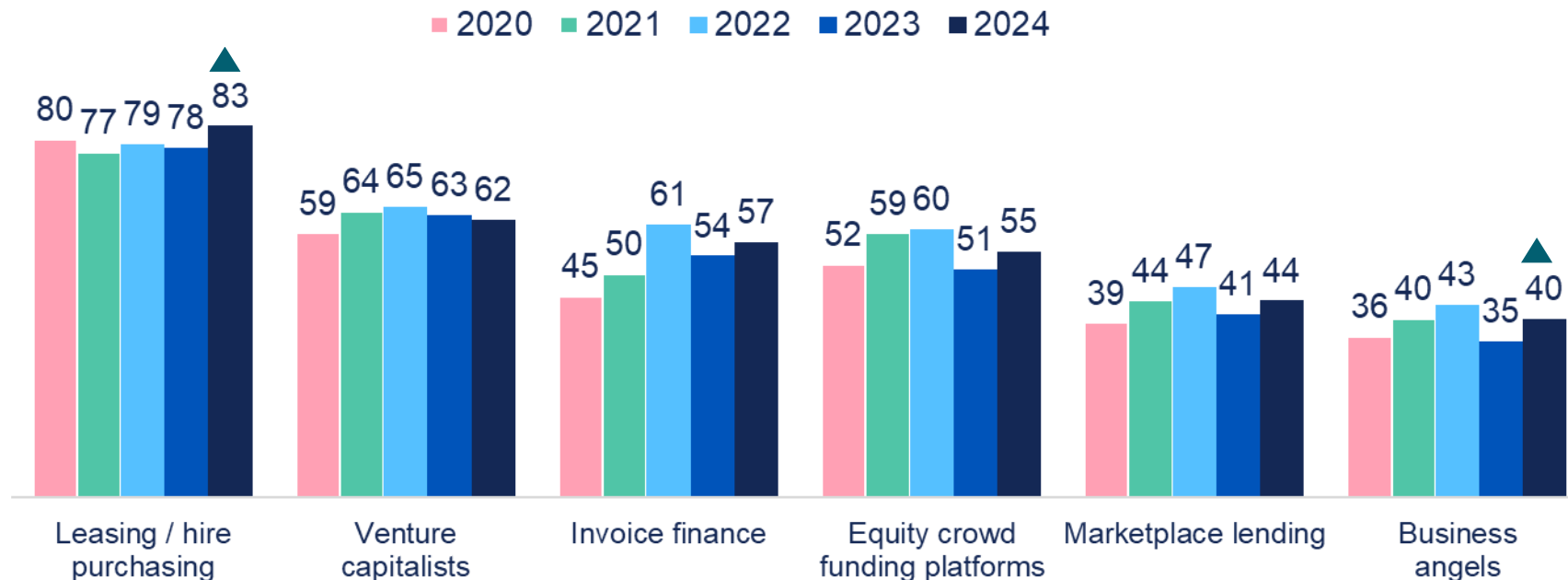
Small firms are significantly less likely to be concerned about their ability to make full repayments (95% not concerned compared with 84% overall).

Financial awareness and future use of finance



Awareness of leasing / hire purchasing and business angels has increased since 2023

Awareness of main forms of alternative external finance (%)



18% of SMEs were aware of the Growth Guarantee Scheme, which was launched on 1 July 2024.

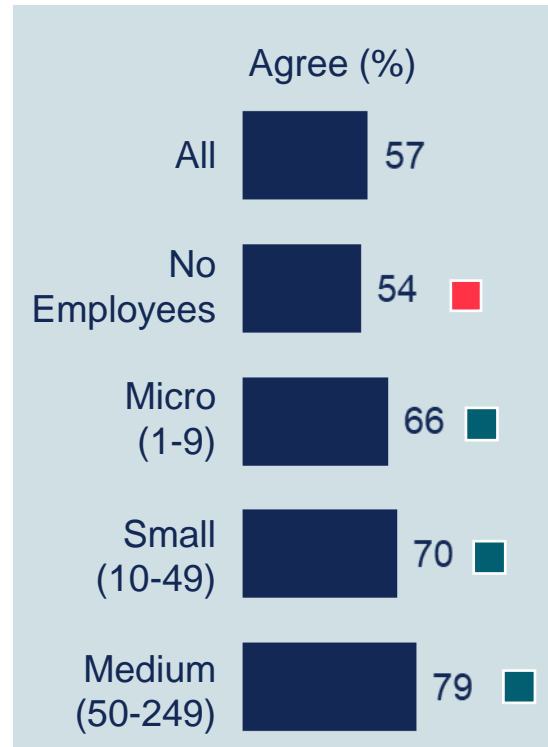
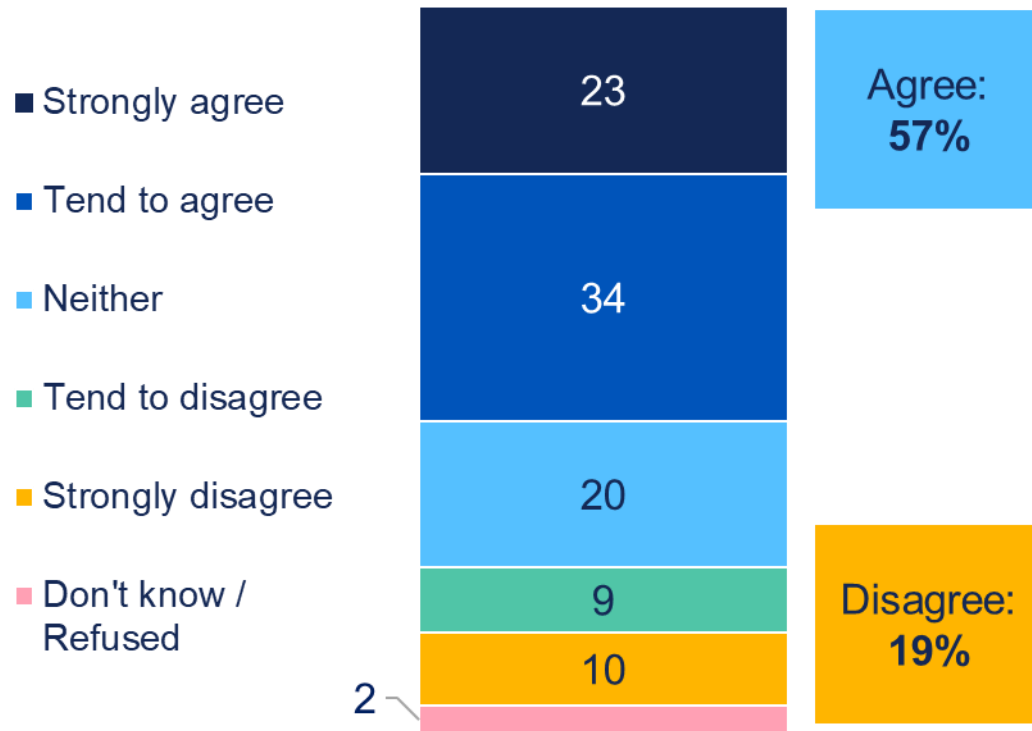
A1 (multi-code, prompted) – Base: All SMEs (n=1,547 in 2024, 1,723 in 2023, n=2,213 in 2022, n=2,804 in 2021, n=4,125 in 2020)

▲ Sig higher than 2023

▼ Sig lower than 2023

Three in five SMEs are confident they know where to obtain information on external finance

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



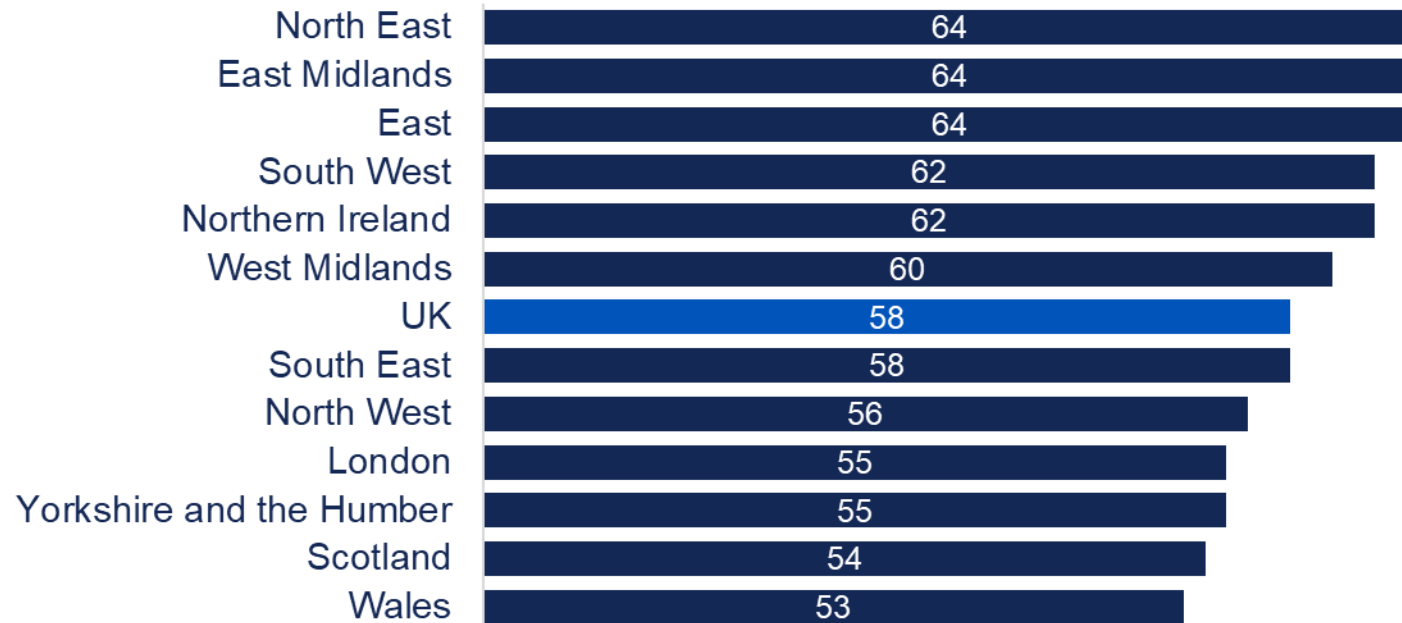
Firms led by those from an **Ethnic Minority background** (28%), with a **disability** (38%), or from a **lower socio-economic background** (31%) are more likely to disagree that they know where to obtain information on external finance.

A5 (single code, prompted, long version only) – Base: All SMEs* (n=1,532), No employees (n=616), Micro (n=502), Small (n=268), Medium (n=146). *This question was asked of the long version only during the pilot, but in both questionnaire versions post-pilot.

■ Sig higher than overall
 ■ Sig lower than overall

Confidence in finding out about finance is not statistically significantly different by region, combining two years of data

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



Although the differences in point estimates appear to be relatively large, sample sizes mean that these differences are not statistically significant.

These rankings change year on year. For example, in 2020, firms in Yorkshire and the Humber, East and Scotland were most likely to agree that they know where to obtain information on finance.

A5 (single code, prompted) – Base: All SMEs combining 2023 and 2024 data (n=2,354), East (n=222), East Midlands (n=147), London (n=347), North East (n=115), North West (n=212), Northern Ireland (n=101), Scotland (n=125), South East (n=395), South West (n=219), Wales (n=130), West Midlands (n=185), Yorkshire and the Humber (n=156). * Small base. ** These differences are not statistically significant. This question was asked of the long version only in 2023 and during the pilot in 2024, but in both questionnaire versions post-pilot in 2024

One in five (17%) SMEs are considering applying for external finance in the next 12 months

Forms of finance considering applying for in next 12 months (%)



SMEs that are more likely to be considering some form of external finance in the next 12 months:

- Medium firms (26%)
- Small firms (25%)
- Micro firms (22%)
- SMEs up to 5 years old (32%)
- SMEs expecting high growth (20%+) (40%)
- SMEs in Construction (24%)
- SMEs led by those from an Ethnic Minority background (34%)
- SMEs led by those with a disability (26%)

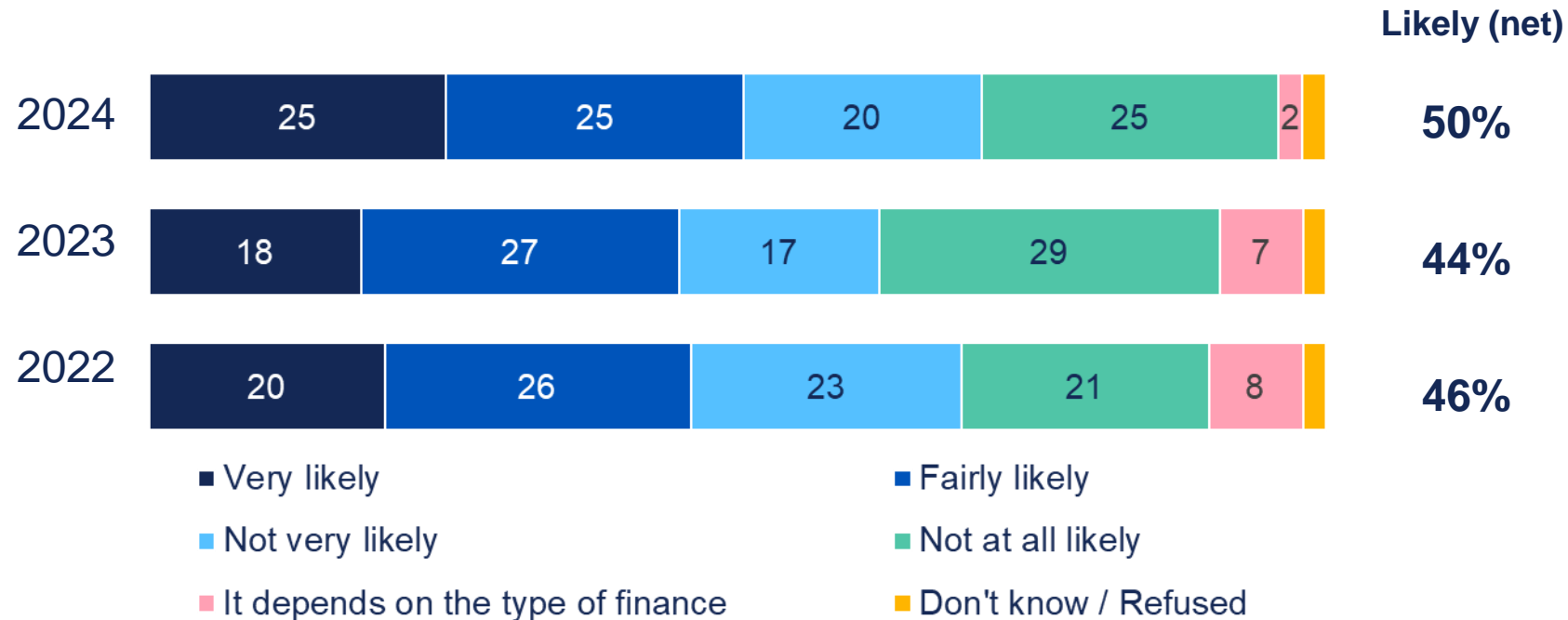
B3j – Base: All SMEs (n=1,547), Medium firms (n=146), Small firms (n=272), Micro firms (n=507), SMEs up to 5 years old (n=204), SMEs expecting high growth (20%+) (n=181), SMEs in Construction (n=282), SMEs led by those from an Ethnic Minority background (n=131), SMEs led by people with a disability (n=86)

B3k (multi-code, prompted) – Base: All SMEs considering applying for finance in the next 12 months (n=301)

* Funds external to the business. Those less than 5% not shown

Around half of SMEs are likely to seek external advice if they need finance in the future

Likelihood to seek external advice in the future (%)



Female-led (30%) and Ethnic Minority-led (34%) businesses are more likely to say they are 'very likely' to seek external advice.

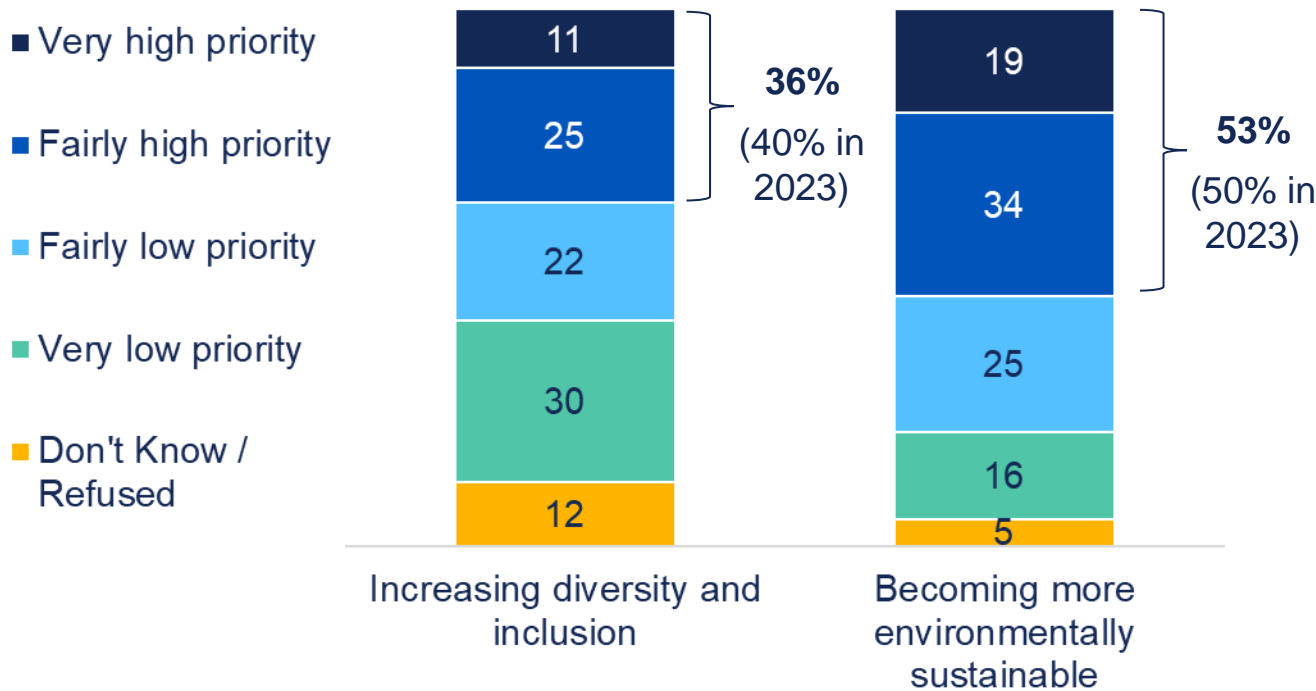
B3ii – Base: All SMEs (n=1,532* in 2024, n=822 in 2023, n=1,168 in 2022), SMEs led by women in 2024 (n=492), and led by those from an Ethnic Minority background in 2024 (n=129); 'Likely (net)' may not equal the sum of figures presented on the chart due to rounding. *This question was asked of the long version only during the pilot, but in both questionnaire versions post-pilot

Environmental, Social, Governance (ESG)



Becoming more environmentally sustainable is a high priority for around half of SMEs

Priorities for the business' operations and plans over the next 12 months (%)



Production sector firms are more likely to say becoming more environmentally sustainable is a high priority (68% versus 53% overall).

Firms in **Other Services** and **Construction** are more likely to say increasing diversity and inclusion is a high priority (50% and 46%, respectively, versus 36% overall).

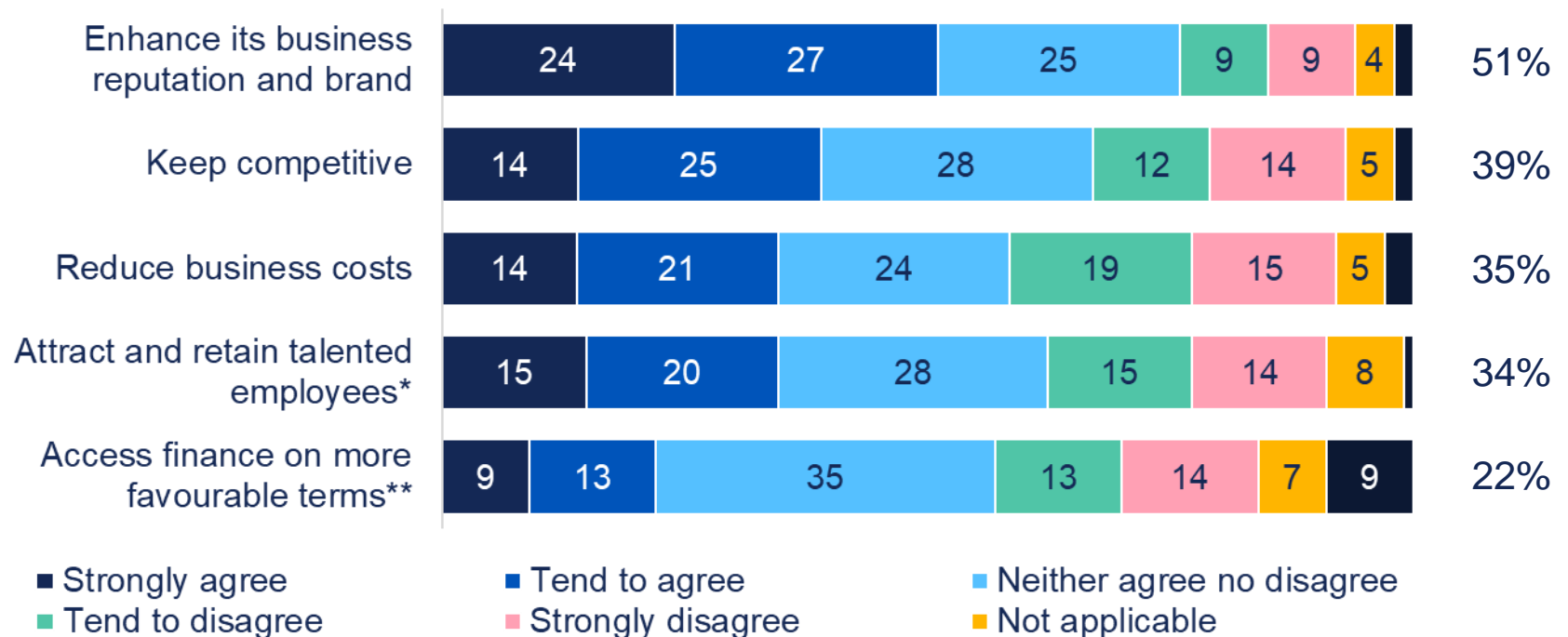
Among SMEs considering environmental sustainability a low priority for their business, **38%** said it was due to there not being much that they can do, whilst one-third (35%) said it was because they already have a low environmental impact.

F3 (long version only) – Base: All SMEs (n= 753 in 2024, n=822 in 2023); SMEs in Production (n=99)

F3a (long version only) – Base: All SMEs who do not consider environmental sustainability a priority in the next 12 months (n=293)

Half of SMEs believe ESG practices enable their firm to enhance its business reputation

Implementing environmental sustainability practices enables your firm to ... (%)



Of those who consider environmental sustainability to be a priority in 2024, there is broadly consistency with 2023. The proportion of those who believe that ESG practices enable their business to attract and retain talented employees has increased significantly since 2023 (51%*** versus 34% in 2023).

F4 (long version only) – Base: All SMEs**** (n=753 in 2024). All SMEs who consider environmental sustainability a priority (n=431 in 2024 and 462 in 2023). 'Agree (net)' may not equal the sum of figures presented on the chart due to rounding *Base is all SMEs with more than 1 employee (n=428 in 2024). **Base is all SMEs who have sought finance (n=467 in 2024) ***Base for 2024 is all SMEs with more than 1 employee and who consider environmental sustainability a high priority (n=259). ****The base for this question was updated in 2024 from 'all SMEs who consider environmental sustainability to be a priority' to 'all SMEs'.

Uncertainty over government policies and economic conditions are the top obstacles to SMEs becoming more environmentally sustainable

Which of the following, if any, present an obstacle to your business becoming more environmentally sustainable in the next 12 months? (%)

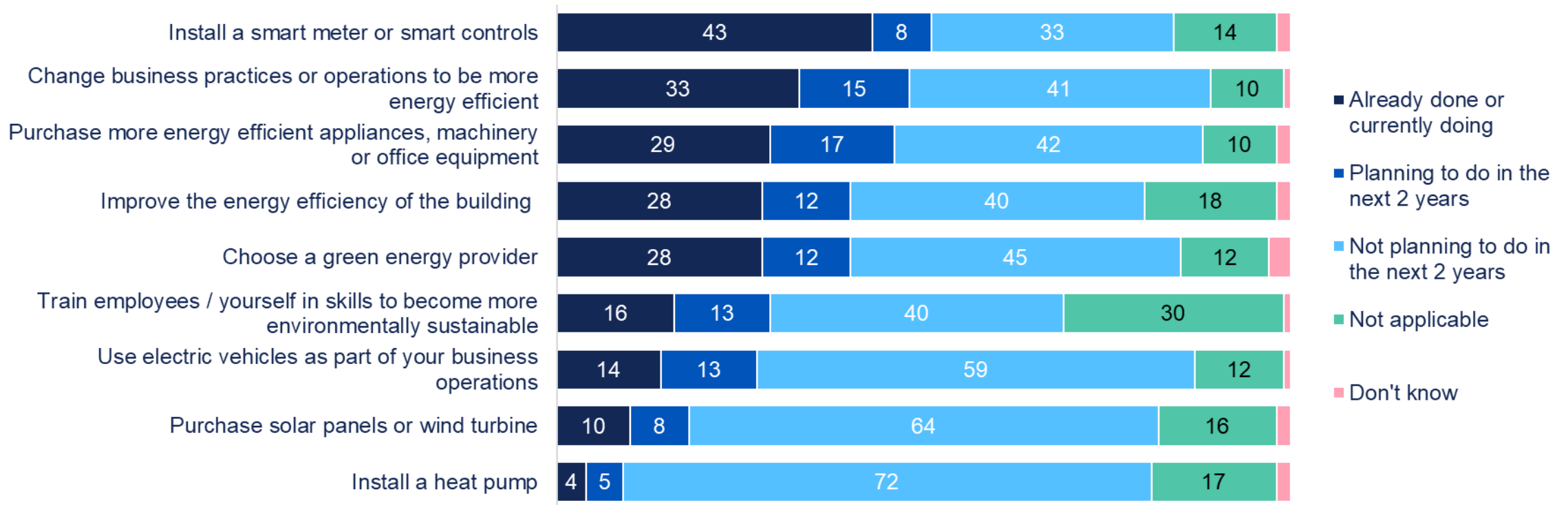


SMEs with business premises are more likely than the average to find uncertainty around government policies (47%) and current economic conditions (46%) an obstacle to becoming more environmentally sustainable.

F6 (long version only) – Base: All SMEs** (n=753 in 2024) or all SMEs that consider environmental sustainability a priority in the next 12 months (n=431 in 2024, n=462 in 2023), SMEs with business premises (n=480) * Introduced in 2024 ** The base for this question was updated in 2024 from all SMEs who consider environmental sustainability to be a priority to all SMEs.

Seven in ten SMEs are taking at least one measure to improve energy efficiency or environmental sustainability

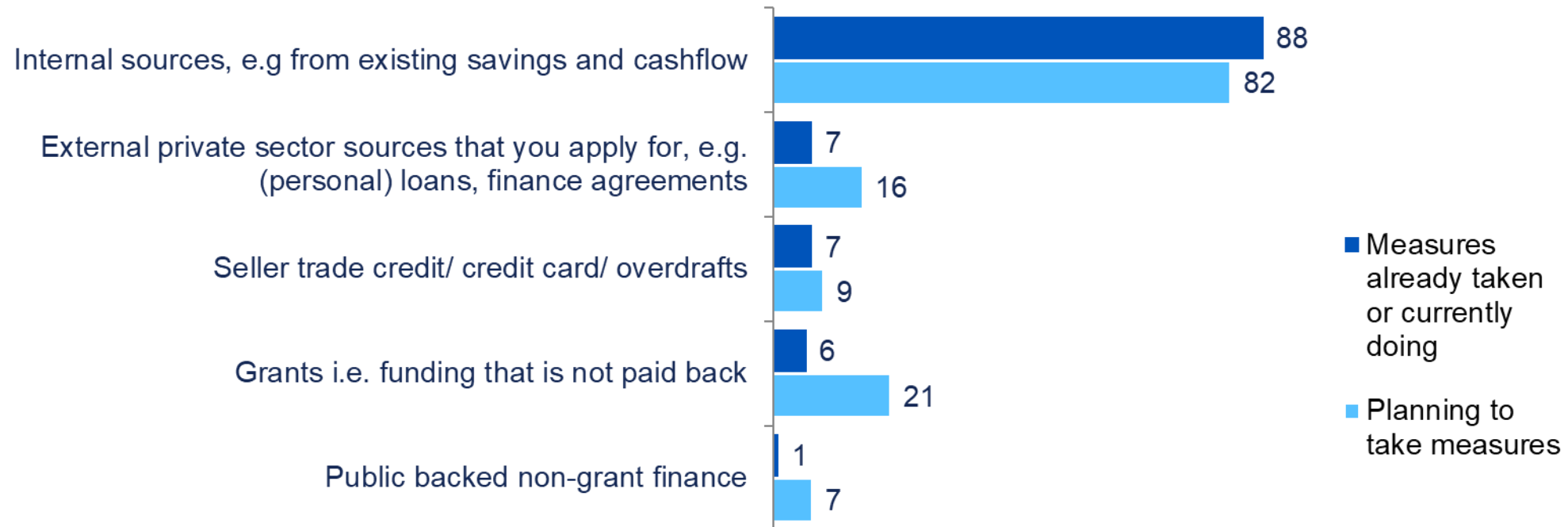
For each of the following, could you say whether your business has done or is currently doing this, or whether your business is planning to do this in the next 2 years? (%)



F8 (long version only) – Base: All SMEs (n=753).

Internal sources are the most common way of funding sustainability measures

Thinking of the measures your business has already taken or is currently doing, how is this funded? (%)
Thinking of the things your business is planning to do in the next 2 years, how will this be funded? (%)



F8a (long version only) – Base: All SMEs who have taken or are currently taking measures to be more sustainable (n=562).

F8b (long version only) – Base: All SMEs who are planning to take measures to be more sustainable in the next 12 months (n=361).

Two-thirds of SMEs say they face obstacles to reporting carbon emissions

Which of the following, if any, present an obstacle to your business measuring, monitoring or reporting its carbon emissions? (%)



Only 6% of SMEs were currently measuring, monitoring or reporting their carbon emissions, while 8% said they were not right now but that they intended to do so, which is significantly lower than in 2023, where 14% said they intended to do so.

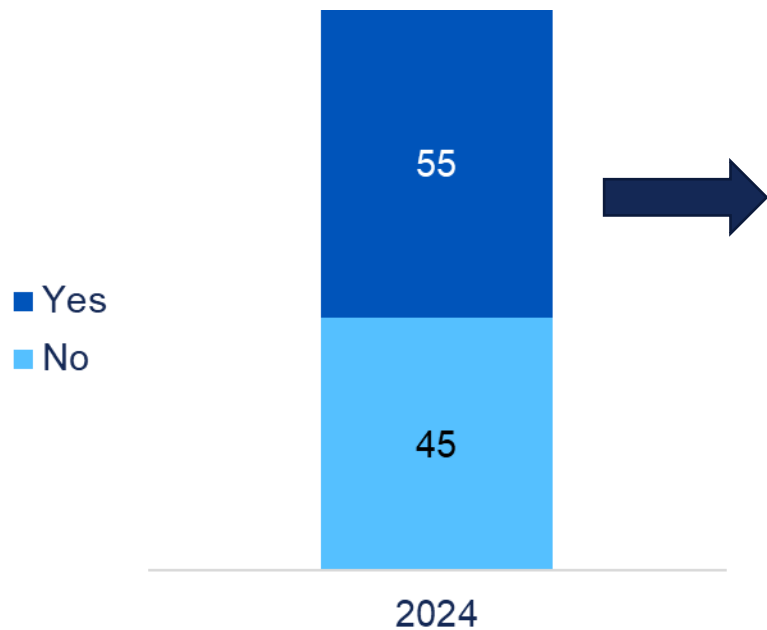
As in 2023, small firms (10%) and medium firms (28%) were more likely to be measuring, monitoring or reporting their carbon emissions.

Of the businesses who have one business premises, those who rent or lease their premises were more likely than average to face obstacles to measuring, monitoring or reporting their carbon emissions (75%).

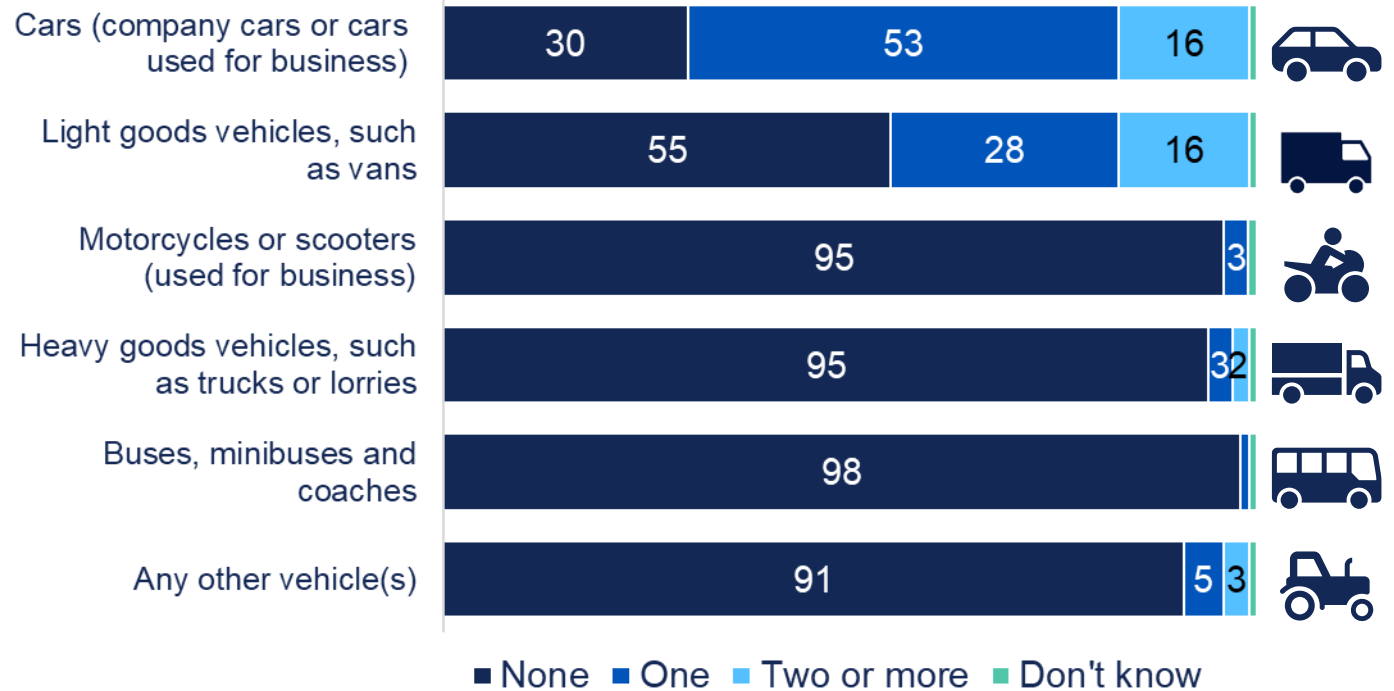
F9, F10 (long version only) – Base: All SMEs (n=753 in 2024, n=822 in 2023). Participants were prompted to obstacle codes and multiple responses were allowed excluding ‘no obstacles’, ‘not applicable’ and ‘don’t know / refused’. These questions were introduced in 2023.

Around half (55%) of SMEs operate vehicles for business purposes

Does your business operate any vehicles, including cars, motorcycles, HGVs or buses? (%)



For each of the following types of vehicles, please could you say how many your business operates? (%)



Summary



Growth expectations and demand for financial support

- 38% of SMEs expect to grow over the next 12 months, compared to 34% in 2023 and 39% in 2022
- The proportion of SMEs developing or introducing new products, processes or services has increased since 2023
- One-quarter of SMEs sought external finance in the past three years
- Around half of SMEs who had sought finance did this to help with working capital
- Almost two in five SMEs seeking finance sought finance facilities with value exceeding £25,000

Experience in seeking financial support

- Three in five SMEs were considering only one finance provider on the last occasion
- Four in five SMEs seeking finance obtained all or some of the finance they needed from the first provider
- Four in five SMEs that accepted a finance offer are not concerned about their ability to repay

Financial awareness and future use of finance

- Awareness of leasing / hire purchasing and business angels has increased since 2023
- Three in five SMEs are confident they know where to obtain information on external finance
- Confidence in finding out about finance is not statistically significantly different by region, combining two years of data
- One in five SMEs are considering applying for external finance in the next 12 months
- Around half of SMEs say they are likely to seek external advice if they need finance in the future

Environmental, Social, Governance (ESG)

- Becoming more environmentally sustainable is a high priority for half of SMEs
- Half of SMEs believe ESG practices enhance their firm's reputation
- Uncertainty around government policies and current economic conditions are the top obstacles to SMEs becoming more environmentally sustainable
- The majority of SMEs fund environmental measures through internal sources
- Two-thirds of SMEs say they face obstacles to reporting carbon emissions
- Over half of SMEs operate some kind of vehicle for business purposes

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Annex

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

Business profile – sector

Sector	Achieved	% (out of 100%)	Weighted* %
ABCDE Primary / manufacturing	213	14%	8%
F Construction	282	18%	16%
GHI Distribution	253	16%	20%
JKLMN Business services	470	30%	33%
PQRS Other services	329	21%	24%
Total	1,547	100%	100%

*Based on the October 2024 business population estimates

Business profile – size

Size band	Achieved	% (out of 100%)	Weighted* %
No employees	622	40%	74%
Micro (1-9)	507	33%	21%
Small (10-49)	272	18%	4%
Medium (50-249)	146	9%	1%
Total	1,547	100%	100%

*Based on the October 2024 business population estimates

Business profile – region

Region	Achieved	% (out of 100%)	Weighted* %
East	150	10%	10%
East Midlands	95	6%	7%
London	262	17%	18%
North East	73	5%	3%
North West	141	9%	9%
South East (excl. London)	260	17%	16%
South West	142	9%	10%
West Midlands	111	7%	8%
Yorkshire and the Humber	96	6%	7%
Scotland	74	5%	6%
Wales	75	5%	4%
Northern Ireland	68	4%	2%
Total	1,547	100%	100%

*Based on the October 2024 business population estimates

Business profile – Gender, ethnicity, disability and socio-economic background

Among the 611 sole traders, 26% are female, 10% identify as being an ethnic group other than White, 8% consider themselves to have a disability, and 24% consider themselves to be from a lower socio-economic background.

Proportion of ownership of the business (among businesses with employees)	Female	People who identify as being from an ethnic group other than White	People with a disability	People from a lower socio-economic background
None	34%	78%	83%	74%
More than one percent but less than 50%	19%	7%	5%	6%
50% or more, but less than 100%	32%	3%	3%	3%
100%	9%	5%	2%	5%
Don't know / Prefer not to say	6%	8%	8%	13%
Total	100%	100%	100%	100%

E3_2, E3b, E3c, E3d – Base: All sole traders (n=611); E5a – Base: All SMEs except sole traders (n=936)