SMALL BUSINESS FINANCE MARKETS REPORT **2018/2019**



FINANCE MARKETS GREW IN 2018, BUT AT A SLOWER RATE THAN IN 2017





value of smaller business asset finance deals (vs up 10% in 2017) Up 18%



value of peer-to-peer business lending (vs up 51% in 2017) Up 4%



value of smaller business equity finance deals (vs up 79% in 2017) Down 6%



number of smaller business equity finance deals (vs up 12% in 2017)

SMALLER BUSINESSES ARE VITAL TO THE ECONOMY





382,000

new businesses formed in a year over 1,000 per day



60%

of UK private sector employees work in an SME



USE OF EXTERNAL FINANCE IN 2018



gross bank lending still strong, but...



...repaid by SMEs, so net lending of £0.5bn, slightly down on last year (£0.7bn)

36%



of smaller businesses used external finance in 2018 (down from 38% in 2017) 73%



of smaller businesses would rather forgo growth than borrow (up from 70% in 2017)

THE BREXIT EFFECT



of smaller businesses expect Brexit to impact their business negatively (22% in 2017) 34%

of smaller businesses think it will be more difficult to access finance post-Brexit



50% of businesses surveyed in Q4 2018 still said they expect to grow over the next 12 months

AWARENESS OF SMALLER BUSINESS FINANCE CHOICES CONTINUES TO GROW



(up from 47% in 2017)





70%

are aware of venture capital are aware of equity crowdfunding (up from 62% in 2017) (up from 60% in 2017)



HOW WE OPERATE

EXPERTISE

Designing solutions to make finance markets for small businesses work better



MONEY

£6.2bn of public funding commitments

PRIVATE

START-UP FUNDING **PROVIDERS**

INVOICE FINANCE/ FACTORING **BUSINESS ANGELS**

ASSET FINANCE PROVIDERS

HIGH STREET **BANKS**

PROVIDERS

P2P & MARKETPLACE

VENTURE

CAPITAL

PRIVATE SECTOR MONEY

SECTOR MONEY

> DEBT **FUNDS**

CHALLENGER **BANKS**

SUPPLY-**CHAIN FINANCE PROVIDERS**

LENDERS

START UP

Mentoring and funds to 'be your own boss'

Start Up Loans

Provides loans and mentoring to help people start their own businesses or become self-employed

SCALE UP

Funds for higher growth potential businesses

Regional Angels Programme

Increases the availability, supply and awareness of angel and other early-stage equity investments across the UK

Enterprise Capital Funds

Increase equity finance to UK growth companies and lower barriers for fund managers coming into the VC market

Managed Funds Programme

Makes investments into Funds of Funds designed to increase institutional funding of long-term patient capital for high growth innovative businesses

British Patient Capital

Increases the availability of scale up equity, demonstrates returns and acts as a catalyst to market growth

National Security Strategic Investment Fund

Supports long-term equity investment to help develop advanced dual use technologies

STAY AHFAD

More funding options and choice of provider

Investment Programme

Partners with finance providers to increase the choice of finance for smaller and mid-sized businesses

ENABLE programmes

Provide capital market solutions for funders which allow more finance to become available for smaller businesses

Enterprise Finance Guarantee

Provides government-backed loans for viable smaller businesses lacking security

We deliver debt and equity funding to specific regions through our regional funds: the Northern Powerhouse, Midlands Engine and Cornwall & Isles of Scilly Investment Funds. We enhance local business finance ecosystems through our UK Network. We encourage and enable SMEs to seek the finance best suited to their needs through our Business Finance Guide and online Finance Hub.

RESULTING IN INCREASED BUSINESS INVESTMENT, GROWTH AND JOBS

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