

# Small Business Finance Markets Report 2020/21

## Record levels of smaller businesses sought external financial support

**45%**

of SMEs applied for external financial support in 2020, compared to 13% in 2019



## Surge in use of government-backed finance schemes and grants

**25%**

of SMEs using loans, up from 10% in previous years



**£104bn**

gross bank lending (excluding overdrafts) to smaller businesses, 82% higher than 2019



**31%**

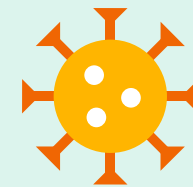
of businesses using grant funding, up from 2% in 2019



## External finance most often sought for cashflow

**89%**

of businesses seeking finance in 2020 did so because of the impact of Covid-19



**75%**

of these SMEs sought external finance to help with cashflow



## Both cash balances and debt have risen

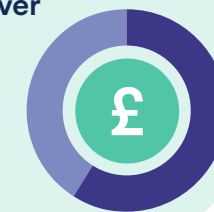
**23%**

of SMEs have spent all their facilities, and 19% had not spent any by Q3 2020



**59%**

of SMEs using Covid-19 loans have borrowed more than 20% of their turnover



## Moving towards recovery

In the 4<sup>th</sup> quarter of 2020:

**21%**

of businesses expected to grow over the next 12 months



SMEs in business services (25%) and production (23%) sectors were most optimistic about their prospects for growth over the next year



More SMEs will look to grow as the economy emerges from lockdown

