EUROPEAN CENTRAL BANK

EUROSYSTEM

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

October 2015 to March 2016

June 2016

Contents

Introduction

This report presents the main results of the 14th round of the Survey on the Access to Finance of Enterprises (SAFE), which was conducted between 10 March and 21 April 2016. The total euro area sample size was 11,725 enterprises, of which 10,709 (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 2015 to March 2016.

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

1 Overview of the results

According to the results from the 14th round of the Survey on the Access to Finance of Enterprises (SAFE), euro area SMEs were less concerned about **access to finance** as an impediment to their business compared with other factors related to their business activity. Indeed, “Access to finance” was considered the least important concern for euro area SMEs (10%) while “Finding customers” remained the dominant concern (27%), followed by lack of “Availability of skilled labour”, increases in “Costs of production and labour” and “Competitive pressures” and “Regulation”.

There is still significant divergence across countries regarding the difficulties in accessing external sources of finance. Some 31% of SMEs in Greece, 13% in Italy and 12% in Ireland and the Netherlands mentioned that access to finance was the most significant problem, compared with around 6% of SMEs in Austria and Germany and 8% of SMEs in Finland.

Euro area SMEs reported, in net terms[2], an increase in **turnover** (16%) which was widespread across most countries. Only SMEs in Greece recorded declining turnovers. Despite an environment of subdued price and wage pressures, a large proportion of SMEs continued to signal rising **labour** and **other costs** (44% and 29% respectively), as has been the case in practically every wave since the survey started. In net terms, only 1% of euro area SMEs stated that **profits** had declined, unchanged from the previous round.

Looking at the need (demand) for external sources of finance, euro area enterprises reported that their need for bank loans and overdrafts had increased somewhat. On balance, 1% of euro area SMEs reported an increase in their **external financing needs for bank loans** and 6% for overdrafts, similar to the previous survey round (see Table A). SMEs in Austria, Finland, Germany, Ireland and the Netherlands reported, in net terms, falling needs for external finance amid an environment of strong internal sources of finance.

Fixed investment 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 with firm size.

For the third time in a row, SMEs confirmed, on balance, an increase in the **availability of bank financing** (loans and bank overdrafts) and in the **willingness of banks** to provide credit at lower interest rates (see Table A). For the first time, micro firms also reported having benefited from this improvement. Across countries, SMEs in Ireland, Slovakia and Spain indicated, on balance, the largest improvement in the availability of bank loans, whereas SMEs in Austria and Finland reported a deterioration. In marked contrast to other countries, SMEs in Greece continued to

[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.

record a worsening in the availability of bank loans, albeit less strongly than in the previous wave.

Table A

Latest developments in SAFE country results

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

	NEEDS				AVAILABILITY				FINANCING GAP		FINANCING OBSTACLES	
	bank loan		bank overdraft		bank loan		bank overdraft					
	15H1	15H2	15H1	15H2	15H1	15H2	15H1	15H2	15H1	15H2	15H1	15H2
euro area	1	1	5	6	8	10	6	10	-2	-4	12	11
BE	-6	3	3	8	2	6	6	8	-3	-1	10	8
DE	-11	-10	-7	-2	11	14	11	14	-10	-10	7	7
IE	-1	-3	6	10	19	17	16	15	-5	-6	12	12
GR	35	29	46	26	-38	-27	-29	-21	34	27	43	34
ES	2	2	6	10	30	30	28	26	-11	-13	13	12
FR	8	9	17	18	-2	1	-8	0	8	5	11	10
IT	9	7	12	5	5	10	0	7	3	-1	14	13
NL	-16	-8	-5	-2	3	4	3	7	-7	-5	15	12
AT	0	-10	1	4	-7	-1	-8	1	2	-2	8	7
PT	1	-1	6	9	22	10	19	10	-8	-4	10	9
SK	2	1	2	5	19	22	16	24	-7	-11	7	10
FI	-9	-9	0	3	1	-5	0	2	-3	-2	3	6

Note: For the definitions of needs, see the note to Chart 11, for availability, see the note to Chart 15 and for the financing gap, see the note to Chart 17. 15H1 refers to round thirteen (April-September 2015) and 15H2 to round fourteen (October 2015-March 2016 of the survey).

Turning to the **factors affecting the availability** (supply) of external financing for SMEs, the increase in availability of external financing for SMEs was mainly attributed to increased willingness on the part of banks to provide credit (14%, up from 11%). For the first time, micro firms also indicated a positive attitude on the part of banks in granting loans (4%, up from 0%). However, the general economic outlook has had a somewhat larger negative impact on SMEs' financing conditions (-5%, down from -1%). At the same time, SMEs continued to report improvements in their outlook, capital and credit history as factors affecting the availability of bank loans.

In this survey round, the **external financing gap** of euro area SMEs, which measures, at firm level, the perceived difference between the need for external funds and the availability of funds, remained negative at the euro area level (see Table A). This means that SMEs in most countries signalled that the potential supply of external funds may have exceeded their need for external financing.

During the period from October 2015 to March 2016, 30% of all SMEs applied for a loan. Of these, 68% were fully successful in their loan applications and 8% reported that their application had been rejected. The overall **financing obstacles indicator** declined slightly to 11%.[3] The largest improvement was observed in Greece, albeit starting from a rather high level (34%, down from 43%). Among the other countries, only in Finland and Slovakia was there an increase in the percentage of SMEs indicating financing obstacles, although this was starting from percentages below the euro area average.

[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 too-high borrowing costs, as well as the percentage of SMEs which did not apply for a loan for fear of rejection.

On balance, SMEs reported that **terms and conditions** for bank loans had improved. The net percentage of SMEs reporting a decline in interest rates increased considerably (30%, up from 18%) in a context of improvements in the available size and maturity of loans. However, a positive net percentage of SMEs continued to indicate a tightening in the collateral requirements and increasing costs of financing other than interest rates, such as charges, fees and commissions.

This survey round included two ad hoc questions on levels of liquid assets (cash, deposit accounts, savings with withdrawal on demand without any costs) and factors affecting unusual levels. About 40% of SMEs replied that their levels of liquid assets were unusual and, in net terms[4], 11% of SMEs signalled lower levels than usual, with marked percentages in Greece (49%), France (23%), Italy and Portugal (around 19%). By contrast, in net terms, SMEs in Germany (3%), Austria (1%) and the Netherlands (1%) signalled unusually high levels of cash, as was also the case for large enterprises in the euro area (4%).

Looking at the factors behind this, SMEs mentioned that the unusual levels of liquid assets were mostly driven by transaction volumes.

For those indicating higher levels than usual, the second most often cited factor was upcoming payments for investment, while for those reporting lower levels than usual, it was lower uncertainty about future cash flows.

The financial situation of **large enterprises** remained better than that of SMEs, as they reported increases in both turnover and profits in the period from October 2015 to March 2016. In addition, around 42% of large firms applied for a bank loan with a success rate that was much higher (78%) and a rejection rate that was much lower (0.5%) than those of SMEs, indicating that, overall, they experienced easier access to finance compared with SMEs. According to the survey results, the average interest rate charged to large enterprises on credit lines or bank overdrafts was an estimated 180 basis points lower than that paid by SMEs.

4 The percentage of firms reporting higher than usual levels of liquid assets minus those reporting levels that were lower than usual.

2 The financial situation of SMEs in the euro area

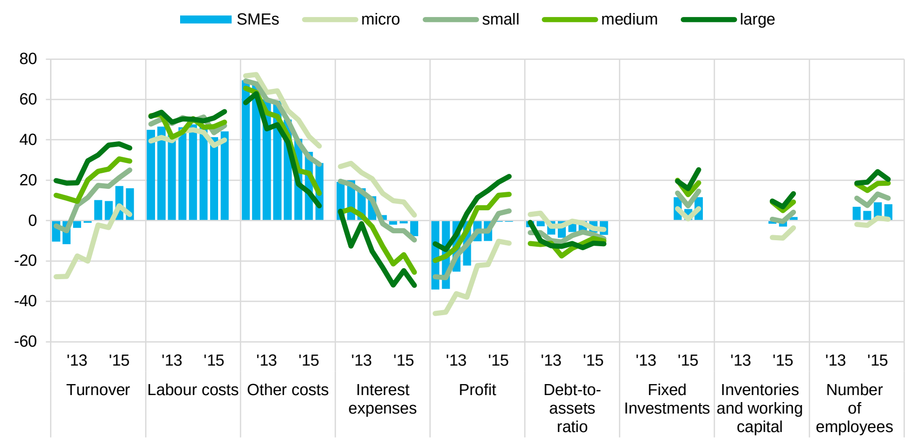
2.1 Some signs of improvement in the financial situation of euro area SMEs

In the period between October 2015 and March 2016 there were signs of improvement in the financial situation of euro area SMEs across all firm sizes, supported by the ongoing economic recovery and more 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 seven (April 2012-September 2012) to fourteen (October 2015-March 2016) 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 terms[5], euro area SMEs[6] continued to report an increase in **turnover** (16%, down from 17% in the previous survey period[7]), which was widespread across firms' sizes and across countries. In particular, micro enterprises signalled a positive development for the second consecutive time (3%, down from 7% in the previous survey round), while high percentages of small and medium-sized enterprises continued to report increases in turnover (25% and 30%, up from 21% and 31% respectively), as was the case for large enterprises (36%, down from 38%).

5 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.

6 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.

7 The reference period for the previous survey round was April 2015 to September 2015.

Despite subdued producer price and wage pressures, a large proportion of euro area SMEs continued to signal rising **labour costs** (44%, compared with 41%) and **other costs** (29%, down from 34%). For large enterprises, the net percentage reporting an increase in labour costs was also slightly higher at 54%, while the percentage reporting an increase in other costs fell to 7%.

Euro area SMEs continued to signal only a marginal decline in **profits** (-1%, unchanged from the previous survey period), reflecting a negative percentage among micro enterprises (-11%, down from -10%) and positive developments for small enterprises (5%, up from 3%) and medium enterprises (13%, unchanged). More large enterprises reported an increase in profit (22%, up from 19%).

Deleveraging in euro area enterprises was reported to have continued. The net percentage of SMEs indicating a decline in their debt-to-total assets ratio was slightly more negative (-7%, down from -6%) compared with the previous survey period, while the percentage of large enterprises signalling reductions remained unchanged at -11%.

Declines in interest expenses were reported across firm sizes, except in the case of micro enterprises, where 3% of them (down from 9%) reported an increase. On balance, 8% of SMEs reported a reduction in interest expenses, compared with 1% in the previous survey period. For large enterprises, 32% indicated declines in interest expenses in net terms.

Euro area SMEs confirmed positive developments in **fixed investments** (12%) and **inventories and working capital** (2%), unchanged from the previous survey period. With regard to firms' size, only micro enterprises continued to report a decrease in their inventories and working capital.

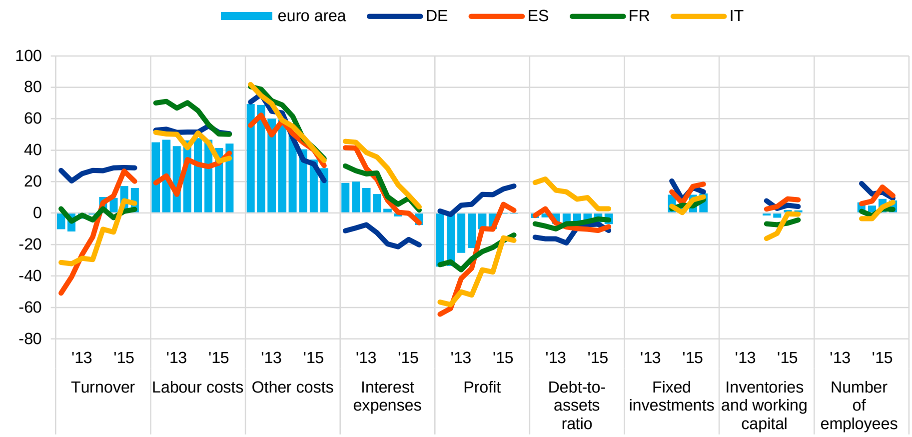
Among the largest euro area countries, the survey results reported a partial slowdown in positive economic developments in Spain, whereby 20% of SMEs signalled increasing turnover compared with 27% in the previous survey round, with 6% of SMEs in Italy signalling increasing turnover (down from 8%) (see **Chart 2**). Minor improvements were recorded among French SMEs (2%, up from 1%), while, for German SMEs, the positive percentage remained unchanged at high levels (29%). Among other euro area countries, declining percentages of SMEs in Ireland, Portugal and Slovakia signalled increases in turnover (35%, 8% and 18% respectively) (see Chart 1a in Annex 1). By contrast, only SMEs in Greece reported a deterioration in their turnover in net terms (-20%, from -29%).

Mixed results are reported for SMEs' profit dynamics in this survey round, as fewer SMEs were signalling rising profits than those signalling declining profits in Spain, Ireland, the Netherlands and Slovakia. In the same period, SMEs in Belgium, Italy France and Greece continued to report declining profits. By contrast, more SMEs in Germany, Austria and Finland indicated increases in their profits.

On balance, SMEs reported declines in their debt-to-assets ratio in most countries (see also Chart 2a in Annex 1), with the exception of SMEs in Italy and Greece, which signalled increases (3% and 1% respectively). As for interest expenses on debt, on balance, SMEs continued to report a reduction, whereas a smaller percentage of French, Italian, Irish and Greek SMEs indicated a further increase in interest expenses on debt.

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 seven (April-September 2012) to fourteen (October 2015-March 2016) 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)".

On balance, SMEs in most euro area countries reported growing fixed investments. Among the largest countries, the positive net percentages increased in Spain, France and Italy. In the remaining countries, larger positive values were registered in Belgium, the Netherlands and Greece. Regarding developments in inventories and working capital, SMEs reported continued negative net percentages in France (-4%, compared with -6%), Italy (-1% compared with 0%) and, to a considerably greater extent, in Greece (-28%, compared with -33%). Among the other countries where SMEs recorded increases in their inventories and working capital, SMEs in the Netherlands signalled marked positive developments (11%, up from 6%).

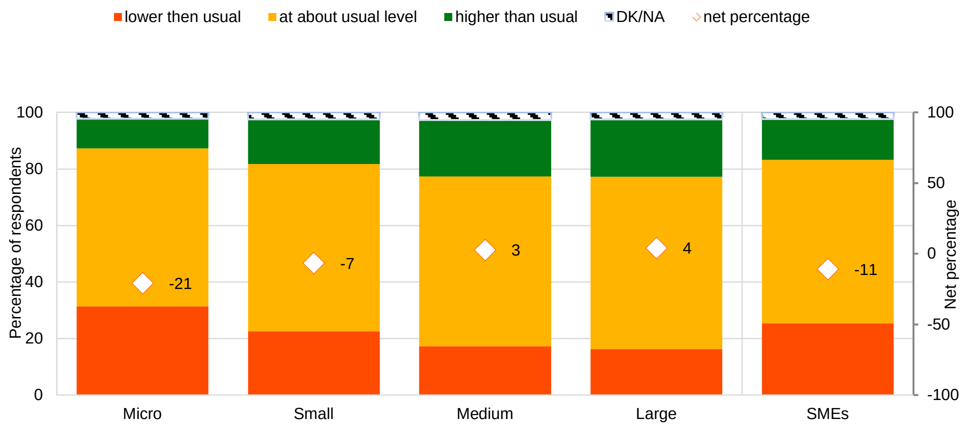
In this survey round, a set of **ad hoc questions about levels of liquid assets** (cash, deposit accounts and savings with withdrawal on demand without any costs) held by enterprises and factors that potentially causing unusual levels was included.

About 40% of SMEs replied that their levels of liquid assets were unusual, while the figure was slightly lower for large enterprises (36%). However, while, in net terms[8], more SMEs signalled that they were holding lower levels of liquid assets than usual (-11%), for large enterprises, the net percentage was positive, indicating, in net terms, a level of liquid assets that was higher than usual (4%) (see **Chart 3**). Among SMEs, the net percentage of enterprises signalling lower levels of liquid assets was much higher for micro and small firms (-21% and -7% respectively).

8 The percentage of firms reporting higher than usual levels of liquid assets minus those reporting levels that are lower than usual.

Chart 3
Level of liquid assets of euro area enterprises

(percentage of respondents and net percentage)



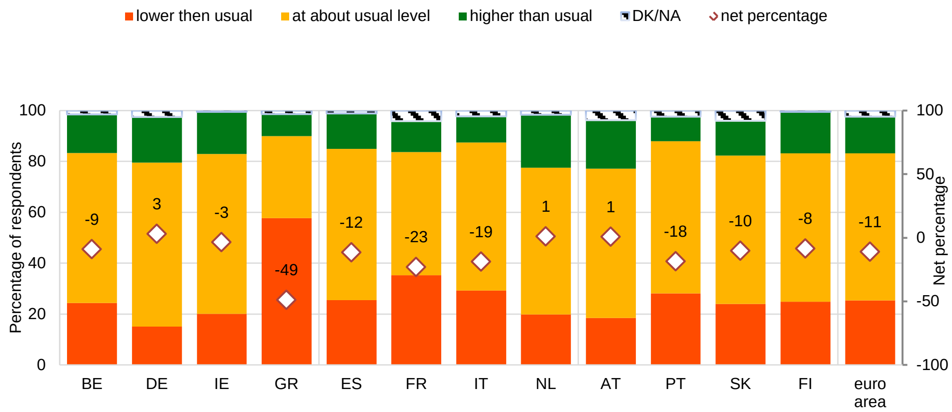
QA1: How would you describe the current level of liquid assets held by your enterprise?

Base: All enterprises. Figures refer to round fourteen of the survey (October 2015-March 2016). Net percentages are defined as the difference between higher and lower than usual levels of liquid assets. A positive (negative) figure signals an unusually higher (lower) level of liquid assets.

Marked differences exist across countries. In particular, a relatively high percentage of SMEs in Greece (49%), France (23%), Italy and Portugal (both at around 19%) reported that, on balance, they were keeping unusually lower level of cash and deposit accounts (see **Chart 4**). By contrast, in net terms, SMEs in Germany (3%), Austria (1%) and the Netherlands (1%) signalled unusually high levels of cash holdings.

Chart 4
Level of liquid assets of euro area SMEs

(percentage of respondents and net percentage)



QA1: How would you describe the current level of liquid assets held by your enterprise?

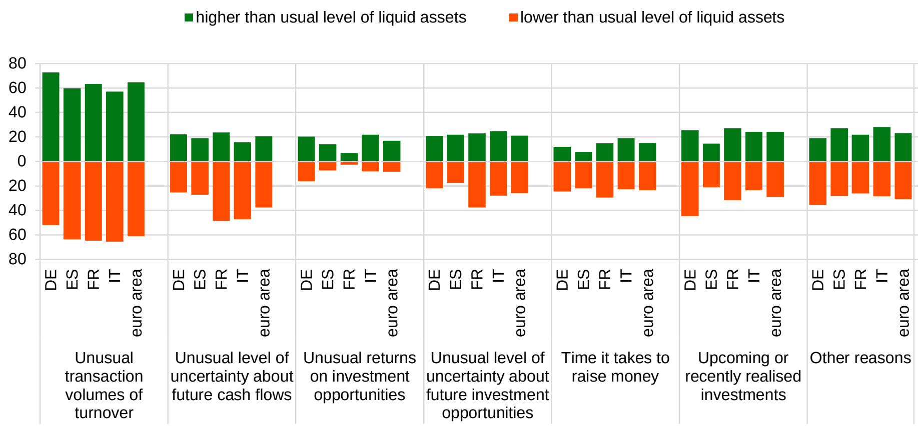
Base: All SMEs. Figures refer to round fourteen (October 2015-March 2016) of the survey. Net percentages are defined as the difference between higher and lower than usual levels of liquid assets. A positive (negative) figure signals an unusually higher (lower) level of liquid assets.

Looking at the factors underlying the unusual level of liquid assets, SMEs mentioned that the unusual levels of liquid assets were mostly driven by transaction volumes (see **Chart 5**). For those indicating higher than usual levels, the second most often cited factor was upcoming payments for investment, while for those reporting lower levels than usual, it was lower uncertainty about future cash flows.

Chart 5

Reasons explaining unusual levels of liquid assets of euro area SMEs

(percentage of respondents)



QA2: What are the main reasons for the higher/lower level of liquid assets?

Base: SMEs which reported higher or lower levels of liquid assets. Figures refer to round fourteen of the survey (October 2015-March 2016).

2.2 Access to finance was the least important concern for euro area enterprises

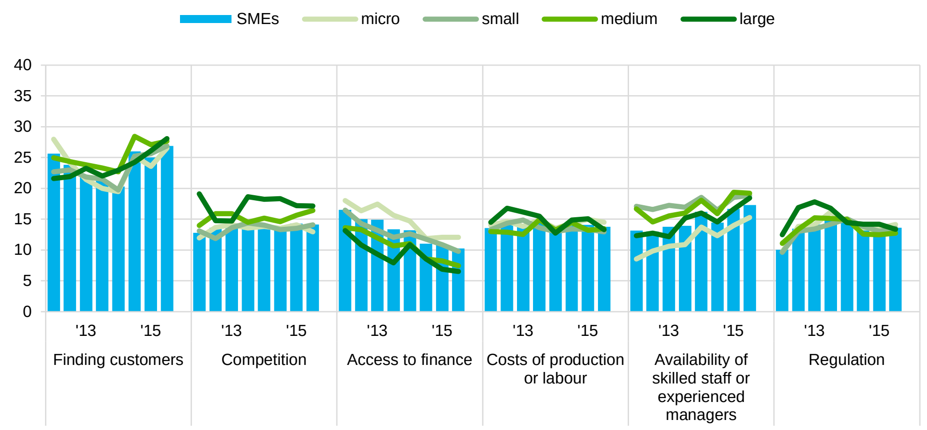
During the period from October 2015 to March 2016, fewer SMEs saw access to finance as the main impediment to their business. This suggests a further improvement in financing conditions (see **Chart 6**).

"**Finding customers**" was the dominant concern for euro area SMEs in this survey period, with 27% of euro area SMEs mentioning this as their main problem, up from 25% in the previous survey round. "**Access to finance**" was considered the least important concern (10%, down from 11%), after "Regulation", "Competition" and "Cost of production" (all 14%) and "Availability of skilled labour" (17%). Among SMEs, access to finance was a more important problem for micro enterprises (12%). For large enterprises, "Finding customers" (28%) was reported as the dominant concern, followed by "Availability of skilled labour" (18%) and "Competition" (17%). "Access to finance" was mentioned less frequently as an important problem for large firms (7%, unchanged from the previous round).

Chart 6

The most important problems faced by euro area enterprises

(percentage of respondents)



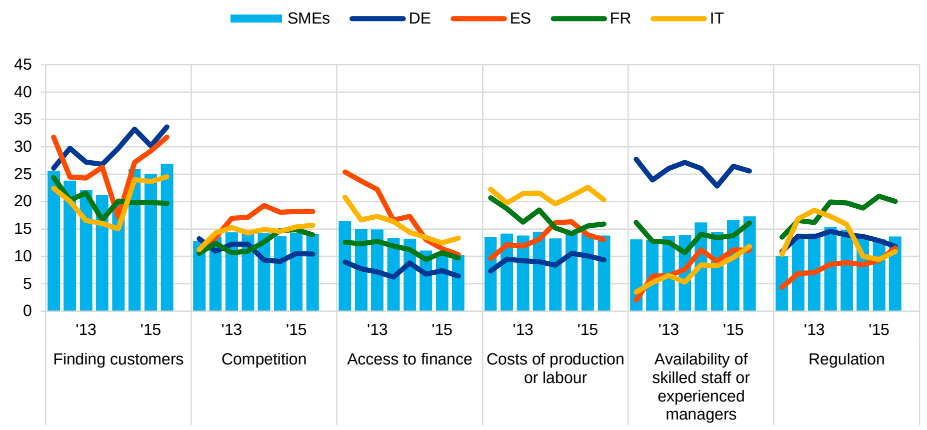
Q0. How important have the following problems been for your enterprise in the past six months?

Base: All enterprises. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) 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”.

Chart 7

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 seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the note to Chart 6.

Wide divergences across euro area countries persisted in terms of what was reported by SMEs to be the main problem. “**Access to finance**” remained the dominant concern for SMEs in Greece (31%, up from 30%), while 13% of SMEs in Italy and 12% in both Ireland and the Netherlands named access to finance as the most important problem, compared with only around 6% of SMEs in both Austria and

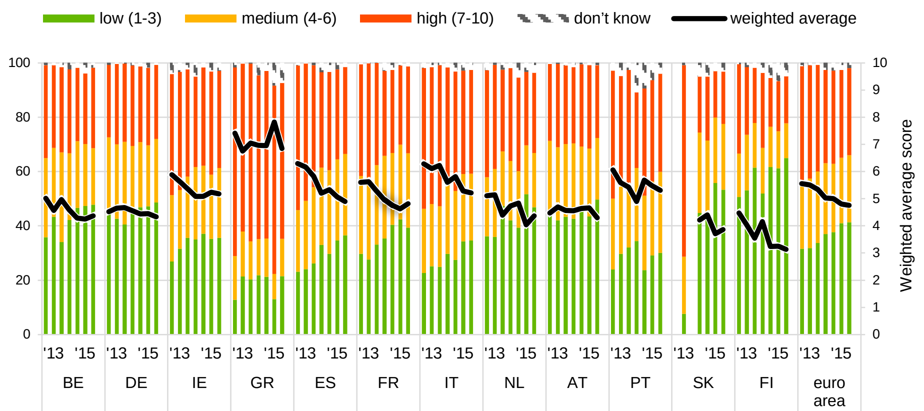
Germany and 8% in Finland (see **Chart 7** and Chart 3a in Annex 1). The "**Availability of skilled staff or experienced managers**" (17% at the euro area level) remained a significant concern in countries such as Austria, Belgium, Germany and Slovakia, where the percentages stood at 24%, 21%, 26% and 28% respectively.

When asked whether "**access to finance**" was a problem in their current situation,[9] SMEs in Greece continued to perceive it as a very important problem (rating it at approximately 7 on a scale of 1-10; see **Chart 8**). In France, Ireland, Italy, Portugal and Spain, access to finance has become less of a problem than before (falling to or remaining around 5). In the remainder of the countries, the average score was slightly lower (around 4), except in Finland, where it remained close to 3.

Chart 8

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 seven (April-September 2012) to fourteen (October 2015-March 2016) 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). The first observation, referring to round seven (April-September 2012), is based on half of the sample. In the chart, the scale has been divided into three categories: low importance (1-3), medium importance (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.

9 See the note to Chart 8.

3 External sources of financing and needs of SMEs in the euro area

3.1 Use of external finance increases with firm size

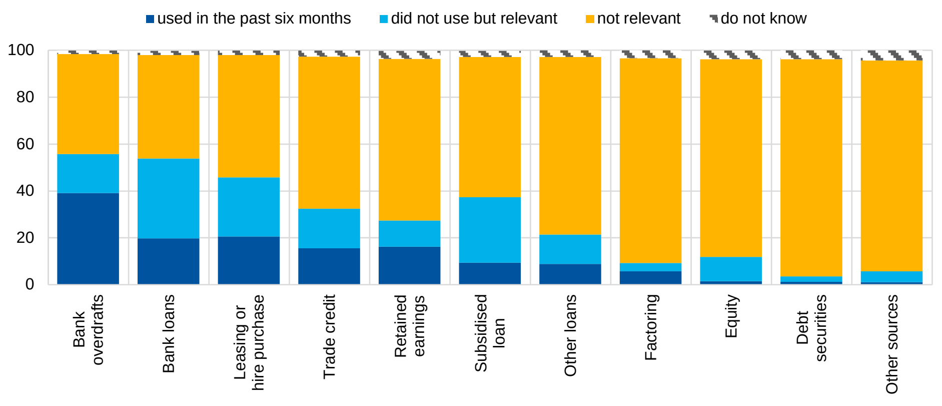
Bank-related products remained the most relevant source of finance for SMEs vis-à-vis market-based products and other sources of finance (see **Chart 9**).

During the period from October 2015 to March 2016, 54% of SMEs considered bank loans to be relevant and 56% included bank overdrafts.[10] Furthermore, 37% 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. Leasing and trade credit were also relevant for 46% and 32% of SMEs respectively. Other loans, for example from family, friends or related companies, were important sources of financing for 21% of SMEs. Market-based sources of finance, as well as factoring, were reported less often as relevant instruments. Internal funds played an important role as an alternative source of finance, as indicated by 27% of SMEs.

Chart 9

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 fourteen (October 2015-March 2016) of the survey.

The survey replies suggest that the use of external finance increases with the size of the firm. In particular, large firms are consistently reporting higher percentages than SMEs across all instruments (see **Chart 10**). In terms of the type of funding, short-term bank finance (credit line/bank overdraft/credit card), followed by long-term bank

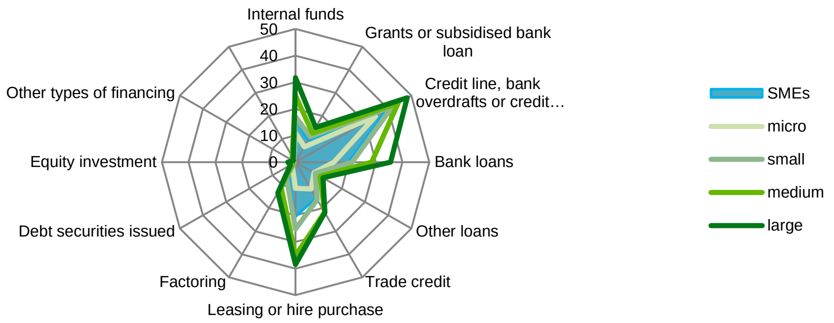
[10] A formulation of the question allows the relevance of a specific financial instrument to be disentangled from its usage. See the SAFE questionnaire: http://www.ecb.europa.eu/stats/pdf/surveys/sme/SAFE_Questionnaire_2015H2.pdf.

loans, leasing and trade credit are the most often used by micro and small firms. Likewise, credit lines are also the most often reported financing instrument for medium and large enterprises, while leasing, followed by bank loans (long-term and short-term) and internal funds, are the other external financing sources most often used by medium and large firms.

Chart 10

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 fourteen (October 2015-March 2016) of the survey.

3.2 Subdued increases in the need for bank-related products

Looking at the need (demand) for external sources of finance, euro area enterprises continued to report a subdued increase in their need for bank loans and overdrafts (see **Chart 11**).

In particular, a net 1% of SMEs[11] continued to signal an increase in their **need (demand) for bank loans** (unchanged from the previous survey round). Noteworthy is the neutral demand for bank loans from micro firms (0%, down from 3%), while firms in the remaining size classes responded that their needs had somewhat increased. SMEs reported a slightly increased need for **bank overdrafts** (6%, up from 5%) reflecting somewhat increased demand from small firms, while the needs of micro and medium-sized firms had decreased slightly. A net 9% of euro area SMEs reported a decreased need for **trade credit** (down from 11%), with diminishing percentages for all firm sizes.

As for other sources of external finance, SMEs signalled increasing need for **leasing and hire purchase** (8%) and **other loans** (6%), but at a slower pace than in the

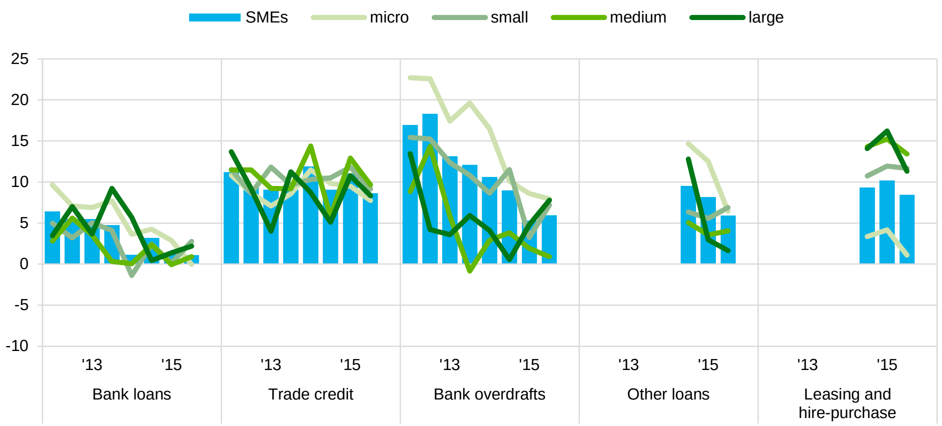
[11] See the note to Chart 11. Only survey respondents who report that a particular financing instrument is relevant for their enterprise are asked about their need for this source of financing (i.e. bank loans, bank overdrafts and credit lines, trade credit, equity and debt securities issuance).

previous survey round. They also indicated a slightly higher need for raising **equity capital** (9%) and no need for **debt securities** (0%). Among large enterprises, a higher percentage reported increasing need for issuing debt securities (4%), while the percentage was unchanged for equity (7%) and lower for leasing and hire purchase (11%) and other loans (2%).

Chart 11

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 seven (April-September 2012) to fourteen (October 2015-March 2016) 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.

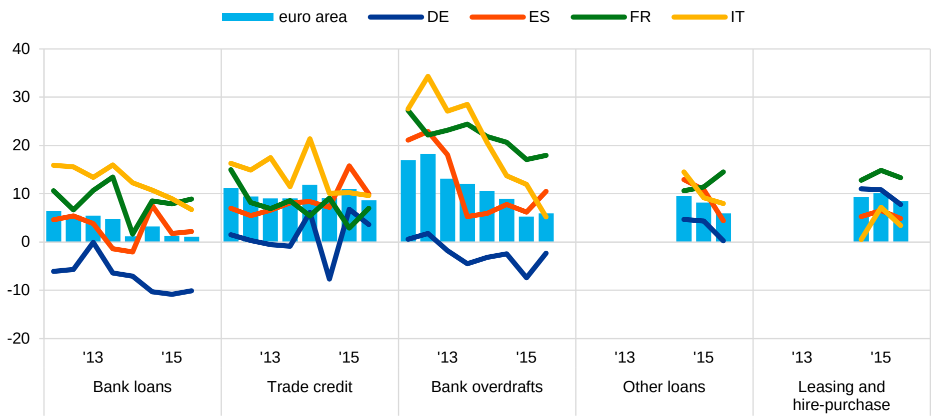
Among the largest countries, SMEs in France, Italy and Spain continued to report increases in their need for bank loans and bank overdrafts, although Italy reported lower net percentages than in the previous survey round (see **Chart 12**). By contrast, German SMEs confirmed a decreasing need both for bank loans and bank overdrafts. In the case of trade credit, signals about increases in the need for this source of financing were widespread across countries, but the reported net percentages were, in most countries, lower than in the previous survey round. The negative net percentages recorded for the first time in Austria and Slovakia are of note.

Among euro area countries, SMEs in Greece continued to report the highest, although moderated, net percentages in their need for bank loans (29%, down from 35%), bank overdrafts (26%, down from 46%) and trade credit (29%, down from 38%) (see Chart 5a in Annex 1).

Chart 12

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 seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the note to Charts 1 and 11.

3.3 SMEs continued to use financing mainly for fixed investment and inventory and working capital

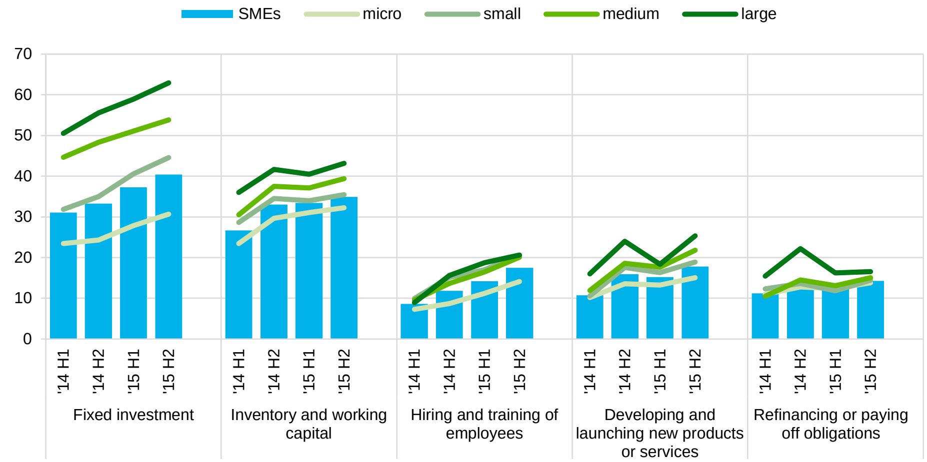
Fixed investment with inventory and working capital remained the two most important purposes for which SMEs used their total (internal and external) financing, with their importance increasing with firm size (see **Chart 13**).

While a net 40% of SMEs signalled **fixed investment** and 35% signalled **inventory and working capital** as the main sources of their financing needs, the percentages were somewhat lower for micro enterprises, at 31% and 33% respectively. By contrast, much higher percentages of large enterprises signalled that they financed fixed investments and working capital (63% and 43% respectively).

Chart 13

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?

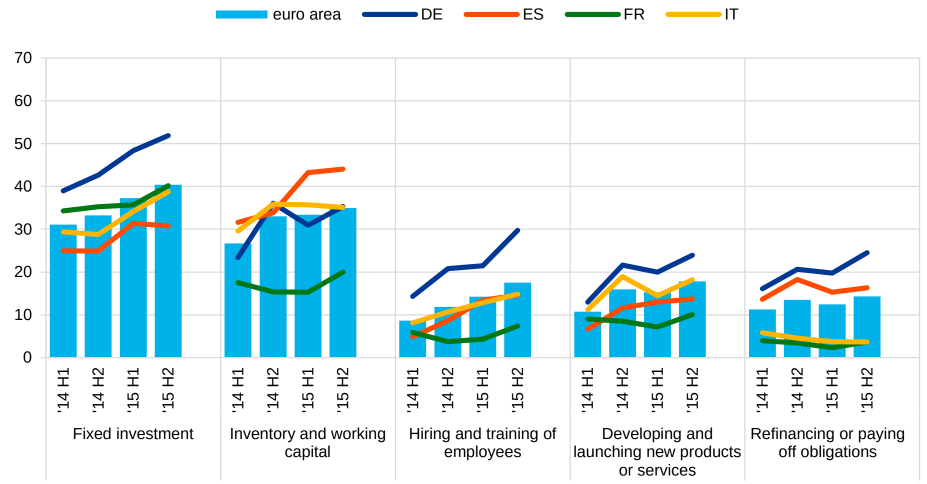
Base: All enterprises. Figures refer to rounds eleven (April-September 2014) to fourteen (October 2015-March 2016) of the survey.
Note: The figures are based on the new question introduced in round eleven (April-September 2014).

Across large euro area countries, 52% of German, 40% of French and 39% of Italian SMEs identified fixed investment as the main purpose of their financing needs (see **Chart 14**), followed by inventory and working capital (35%, 20% and 35% respectively). However, for Spanish firms, total financing is channelled more to fund inventory and working capital (44%) than to investments in property, plant or equipment (31%).

Chart 14

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 fourteen (October 2015-March 2016) of the survey.
Note: See the note to Chart 13.

4 Availability of external financing for SMEs in the euro area

4.1 Increased availability of external financing

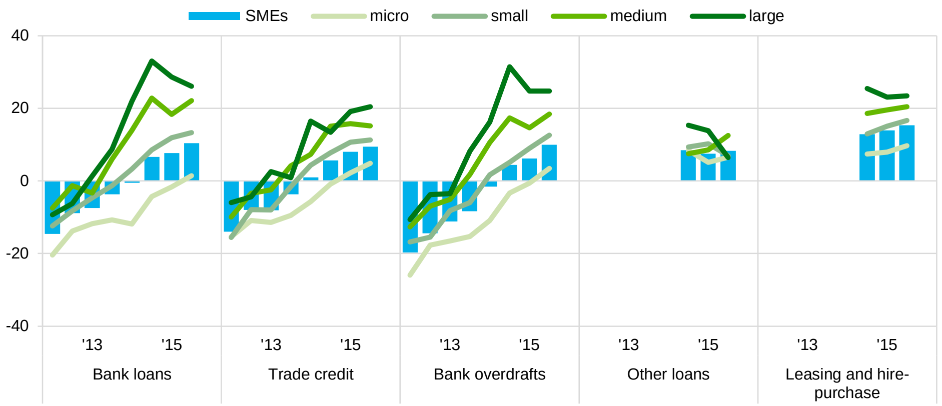
4.1.1 Bank credit became more available across firm sizes and countries

For the third consecutive time since early 2015, SMEs signalled an improvement in the availability of external sources of finance. This survey round shows that, for the first time, micro firms also benefited from the improvement in the availability of external sources of finance (see **Chart 15**).[12]

Chart 15

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 seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the note to Charts 1 and 11.

With regard to the availability of **bank financing** (**loans** and **bank overdrafts**) to SMEs, small and medium-sized enterprises reported greater improvements in net terms, while micro-sized enterprises reported increased availability for both of these bank instruments (1% and 3% respectively) for the first time since the beginning of the survey. With regard to **trade credit**, an improvement was reported on balance across all size categories.

12 See the note to Chart 11. 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 aggregated results.

Confirming their generally easier access to external finance, a sizeable percentage of **large enterprises** in the euro area reported, on balance, increases in the availability of bank loans (26%, compared to 29% in the previous survey round) and bank overdrafts (25%, unchanged). The net percentage for trade credit slightly increased to 20%.

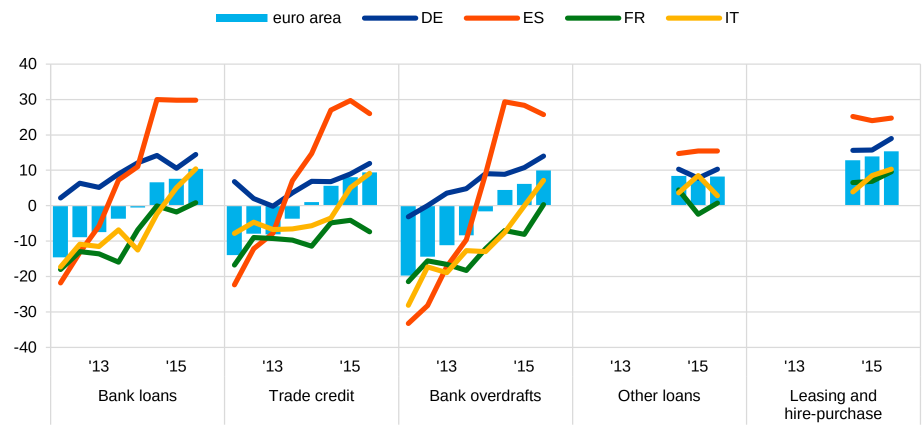
As for other sources of external finance, SMEs signalled increasing availability of **leasing and hire purchase** (15%), **other loans** (8%) and **equity** (5%), but decreasing availability of **debt securities** (-6%). However, large enterprises in the euro area mostly reported a large improvement in the issuance of debt securities (12%), while a smaller percentage of them signalled increasing availability of equity capital (1%) and other loans (6%) during the period from October 2015 to March 2016.

Among the largest euro area countries, SMEs in Germany and, above all, in Spain continued to signal significant improvements in the availability of bank loans and bank overdrafts. In Italy, it is noteworthy that the percentage of SMEs signalling an increase in bank loans availability doubled. In addition, for the first time since 2009 there was a sizeable improvement in the availability of bank overdrafts. In France, for the first time, SMEs reported marginally positive developments in the availability of bank loans (1%) and bank overdrafts (0%) (see **Chart 16**).

Chart 16

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 seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the notes to Charts 1 and 11.

In other euro area countries, there has been a widespread improvement in bank loan availability and bank overdrafts (see Chart 5a in Annex 1). In Belgium, the Netherlands and Slovakia, the positive net percentages of SMEs signalling an improvement in bank loan availability increased further (6%, 4% and 22% respectively), while SMEs in Austria (-1%) and Finland (-5%) reported a small deterioration. In marked contrast to other countries, Greek SMEs continued to record a deterioration in the availability of bank loans, although this was less marked than in the previous wave (-27%, down from -38%).

Difficulties in accessing trade credit remained in France (-7%), while the remaining countries recorded positive net percentages. In particular, for the first time since the beginning of the survey, SMEs in Belgium signalled improvements in the availability of trade credit (3%, up from -1%), while SMEs in Italy reported the second consecutive almost double positive percentage (9%, up from 5%). By contrast, Greek SMEs continued to report impediments to accessing trade credit (-18%, up from -40% in the previous survey round).

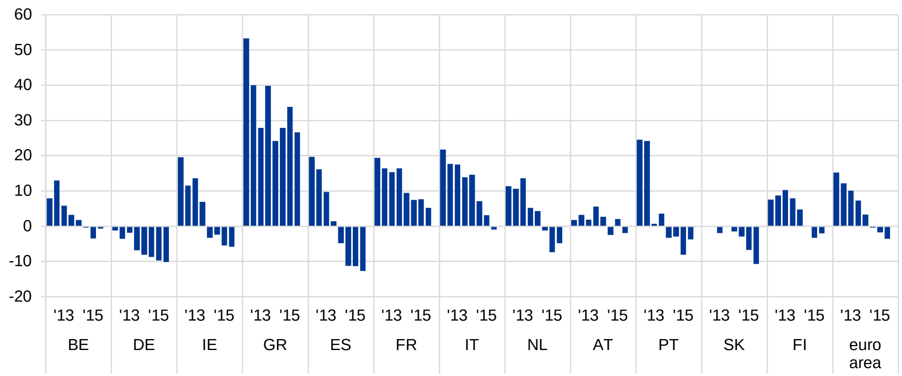
4.1.2 The need for external financing of SMEs continued to be less than the potential supply of external funds

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, continued to record a negative value at the euro area level for the second consecutive time since 2009 (see **Chart 17**).

Chart 17

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 seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: The financing gap indicator combines both financing needs and availability of bank loans, bank overdrafts, trade credit, and 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 indicator for the euro area reached -4%, from -2% in the previous survey round. A negative financing gap was signalled by SMEs in most countries. By contrast, SMEs in France reported a positive, although reduced financing gap (5%, down from 8%), while SMEs in Greece continued to report the highest value, although it had narrowed markedly compared with the previous survey period (27%, down from 34%).

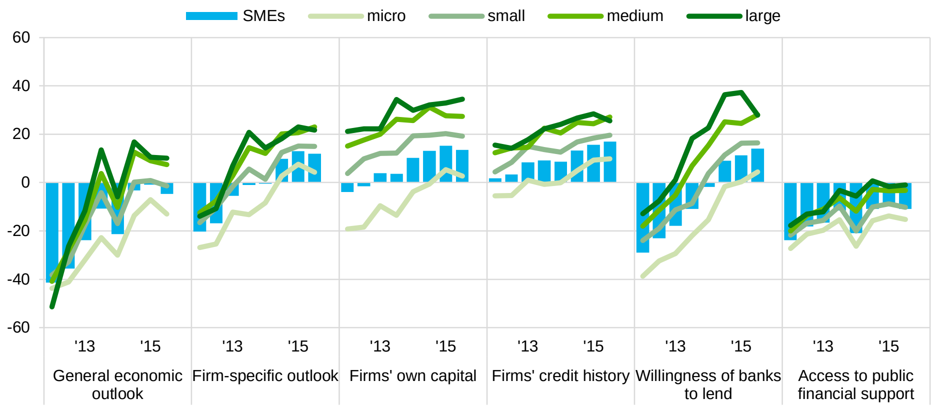
4.1.3 Willingness of banks to provide credit to SMEs continued to increase across countries

Turning to the **factors** affecting the availability of external financing for SMEs, this survey round clearly confirmed once again the positive developments in the contributions of most factors. Nevertheless, the general economic outlook has had a somewhat larger negative impact on the SMEs' financing conditions, compared with the previous survey round (see **Chart 18**).

Chart 18

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 seven (April-September 2012) to fourteen (October 2015-March 2016) 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".

SMEs continued to attribute the positive developments in the availability of external financing to an improvement in the **willingness of banks to provide credit** (14%, up from 11%), while, for the first time, micro firms also reported an improvement (4%, up from 0%. Euro area SMEs continued to report positive contributions from the **firm-specific outlook** (12%), **firms' own capital** (14%) and **credit history (**17%). By contrast, a somewhat strengthened negative contribution was reported for the **general economic outlook** (-5%, compared with -1%) and to a lesser extent for **access to public financial support** (-11%, compared with -10%).

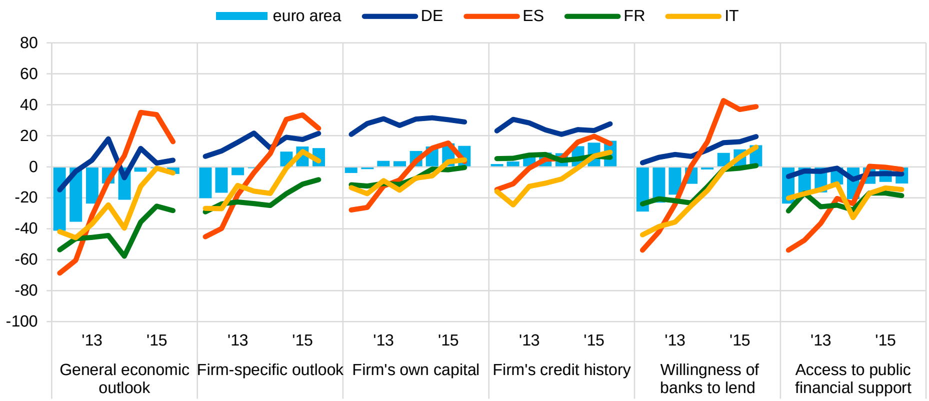
Large enterprises also assessed positively the impact of most factors on the availability of external financing. On balance, 28% of them signalled improvements in the willingness of banks to provide credit (down from 37%). The effect of the general economic outlook on the availability of external financing continued to be considered positive by 10% of large enterprises.

Across countries, the somewhat strengthened negative contribution of the general economic outlook at the euro area level was driven by the widened negative percentages of SMEs in Belgium, France and Italy and the narrowed positive percentages in Ireland, Spain and the Netherlands (see **Chart 19** and Chart 6a in Annex 1). The contribution of the general economic outlook turned negative in Portugal, while Greek SMEs continued to report the highest although receded negative contributions (-67%), followed by SMEs in Austria and Finland.

Chart 19

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 seven (April-September 2012) to fourteen (October 2015-March 2016) 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”.

SMEs in most countries signalled a continued positive contribution from firms’ outlook, own capital and credit history. In Austria, the reported percentages turned positive (9%) for firms' outlook in terms of sales or profitability as a factor affecting the availability of external financing. SMEs in Greece saw the contribution of their credit history enter negative territory for the first time since the beginning of the survey. By contrast, in France and Greece, SMEs continued to report some deterioration, although receded, in their outlook and in their own capital as factors affecting the availability of external financing.

From the supply side, on balance, SMEs in most countries indicated an improvement in banks’ willingness to provide credit in the period from October 2015 to March 2016. For French SMEs (1%), it was the first time since the beginning of the survey that they did not report a deterioration, while, on balance, the indicator continued to be negative, although markedly narrowed, for SMEs in Greece (-25%).

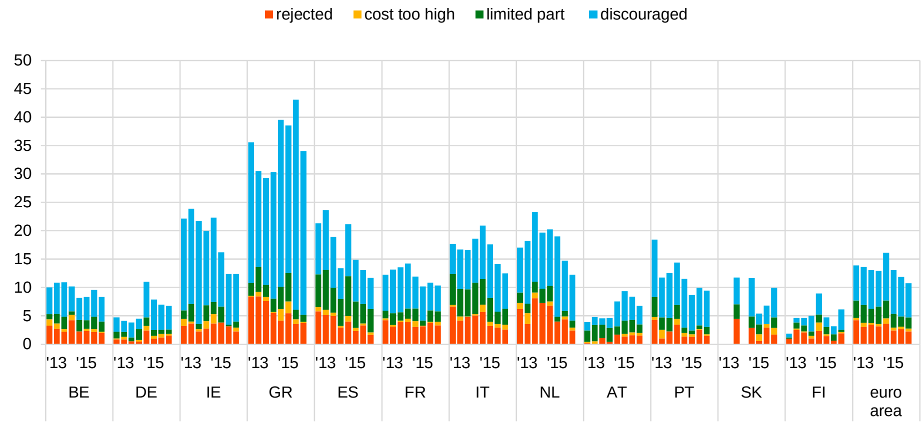
4.2 Increased success in bank loan applications

Between October 2015 and March 2016, 30% of respondent SMEs **applied for a bank loan**, which was broadly unchanged from the previous survey, while 38% did not apply because of **sufficient internal funds** (see Chart 7a in Annex 1). The percentage of enterprises not applying for a loan for **fear of rejection** (discouraged borrowers) declined slightly (6%, down from 7%). When asked about the **actual success** of their bank loan applications, 68% of SMEs reported that they had received the **full amount** they had applied for (up from 66%). On the opposite side of the distribution, the share of SMEs reporting a rejection of their bank loan application declined slightly to 8% (down from 9%), while the share of SMEs reporting that they had received only **a limited part** of the amount requested increased marginally (7%, up from 6%. During the survey period, 8% of SMEs reported that their **loan applications** were still **pending** (down from 10%). **Large enterprises** had greater success in applying for bank loans than SMEs, with 78% of requests being met and with a rejection rate decreasing to 0% (from 1% in the previous round).

As a result, the overall indicator of **financing obstacles** has somewhat improved, falling from 12% to 11% for SMEs, while increasing slightly for large enterprises (from 5% to 6%) (see **Chart 20**).

Chart 20
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 subsided bank loans) are relevant. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: 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.

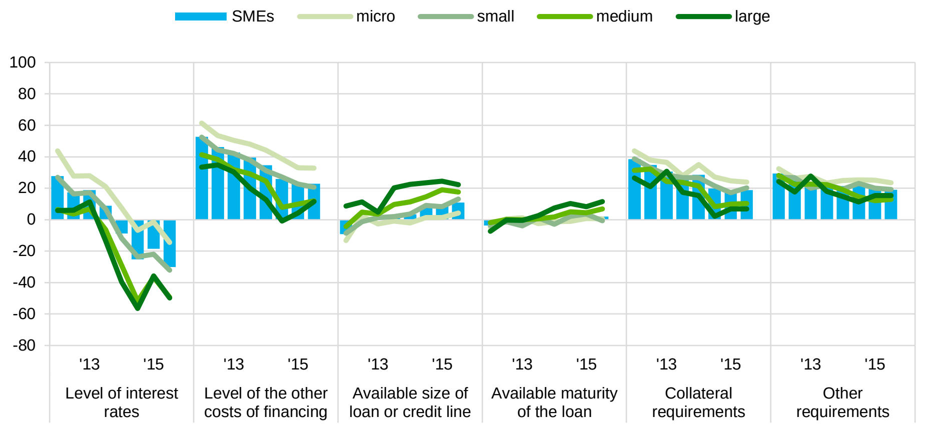
4.3 Improvement in terms and conditions of bank loans, in particular regarding bank loan interest rates

In line with the improvement in the availability of bank loans for all enterprises, the percentage of euro area SMEs reporting, on balance, a decline in interest rates that had almost doubled (-30%, down from -18%) in the context of an increase in the available size (11%, up from 9%) and maturity (2%, down from 3%) of loans and overdrafts (see **Chart 21**). The large negative net percentages regarding the level of **interest rates** reflect the reduction in aggregate bank lending rates, including those on very small loans (up to €0.25 million) that occurred in the period from October 2015 to March 2016; they also confirm the recent results of the euro area bank lending survey, which showed a net easing of credit standards as well as an easing of terms and conditions on new loans to enterprises. A positive net percentage of SMEs continued to indicate a tightening in the collateral and other requirements of banks related, in particular, to charges, fees and commissions.

Chart 21

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.

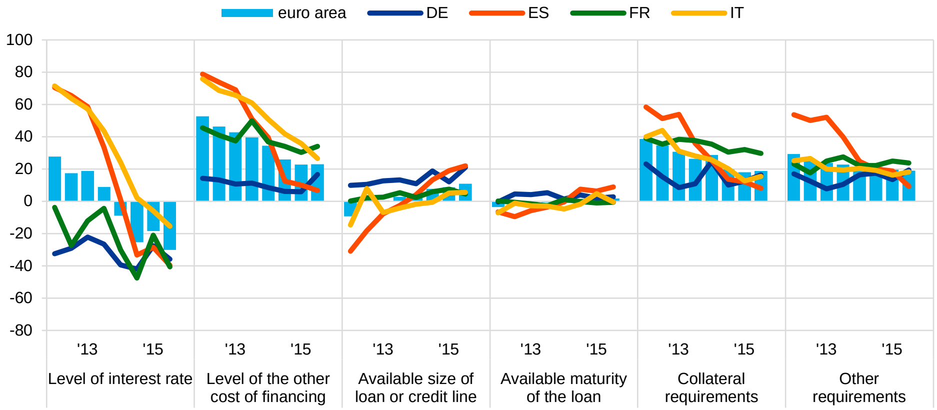
Base: Enterprises that had applied for bank loans (including subsidised bank loans), credit line, bank overdraft or credit card overdraft. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the note to Chart 1.

With regard to the large countries, around 40% of SMEs in France, Germany and Spain signalled, on balance, a decline in interest rates, while, in Italy, the net percentage of SMEs indicating declines in interest rates reached 15% (see **Chart 22**). As far as the other indicators of price and non-price terms and conditions are concerned, country developments signal a better situation for SMEs, which is widespread across the largest countries. However, compared with the previous survey round, more SMEs in Germany (17%) and France (34%) reported increasing costs of financing other than interest rates.

Chart 22

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 seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the note to Chart 1.

In most of the other euro area countries (see Chart 8a in Annex 1), the net percentage of SMEs reporting a decline in bank lending rates was most pronounced in Belgium (-48%), Slovakia (-41%) and the Netherlands (-26%). By contrast, SMEs in Greece, Ireland (both 11%) and Finland (3%) reported, on balance, an increase in bank lending rates during the period between October 2015 and March 2016.

With respect to non-price terms and conditions, only SMEs in Greece (-14%) indicated, on balance, a decrease in the available **size of loans,** whereas SMEs in other euro area countries reported an increase in the available loan size (see Chart 9a in Annex 1). As for costs of financing not related to interest rates, the highest net percentages of SMEs reporting increasing levels were recorded in Ireland (41%), Greece (58%) and Austria (35%).

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 2015 to March 2016 (see **Chart 23**).

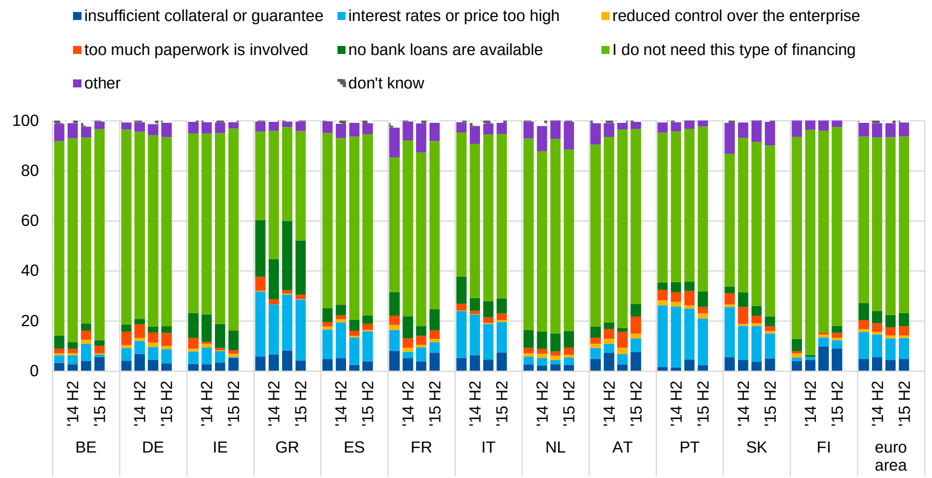
Although the majority of SMEs, at both the euro area level and in each country, reported that they simply do not need bank loans (70%, down from 71% in the previous survey round), around 5% of SMEs signalled that no bank loans were available to them, ranging from 22% in Greece and 8% in both France and Ireland to 2% in Belgium. Among the remaining SMEs that answered this question in the survey, 8% indicated that price conditions were still considered too high, in particular SMEs in Greece, Italy, Portugal, Slovakia and Spain, where the percentages were between 24% and 10%. Finally, 5% of SMEs reported insufficient collateral or guarantees as a reason, a factor that was more often chosen by Finnish, Italian and Austrian SMEs, while the excessive paperwork involved was cited as an important reason by Austrian and German SMEs.

Looking at the percentages by size of enterprise, price conditions were 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.

Chart 23

Reasons why bank loans are not a relevant source of financing for euro area SMEs

(over the preceding six months; percentage of respondents)



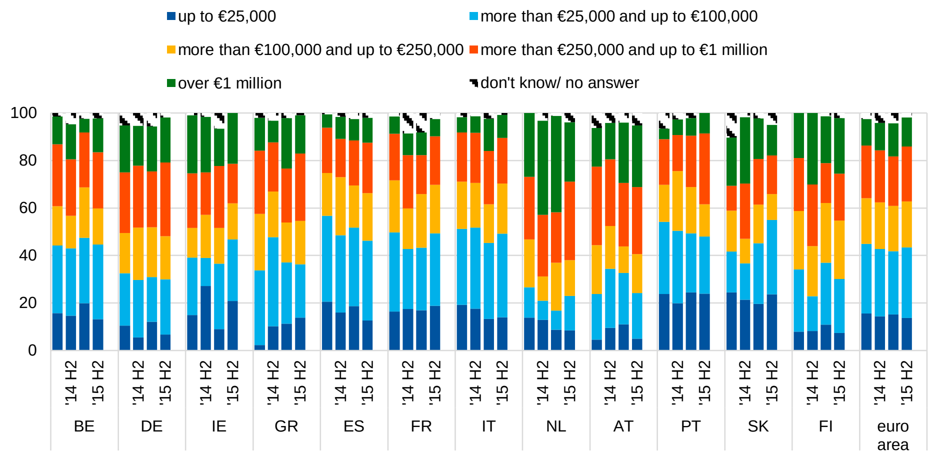
Q32. You mentioned that bank loans are not relevant for your enterprise. What is the main reason for this?

Base: SMEs for which bank loans are not a relevant source of financing. Figures refer to rounds eleven (April-September 2015) to fourteen (October 2015-March 2016) of the survey.
Note: 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.

Chart 24

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 2015) to fourteen (October 2015-March 2016) of the survey.
Note: The figures are based on the new question introduced in round eleven (April-September 2014).

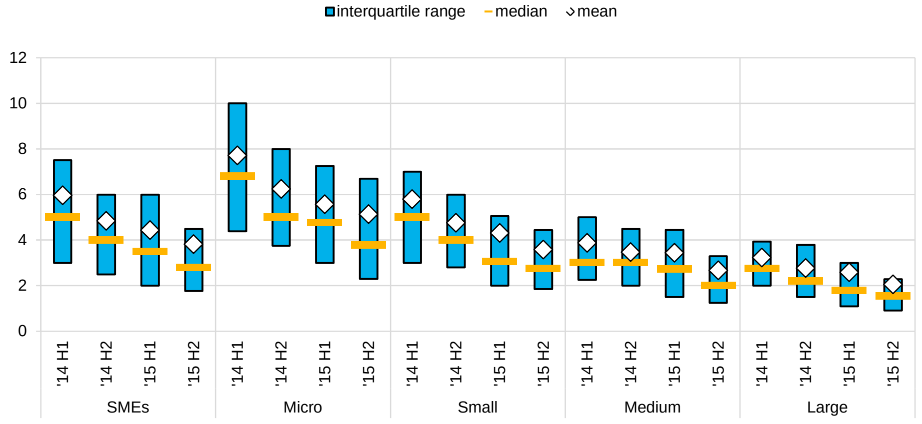
SMEs in the euro area were asked about **the size of the last loan** they had obtained or attempted to obtain in the past six months (see **Chart 24**). The majority applied for small loans, with 14% reporting that they received a loan of up to €25,000 and 30% reported a loan of between €25,000 and €100,000. Large loans were obtained by 35% of SMEs: 23% reported a loan of between €250,000 and €1 million, and 12% reported a loan that exceeded €1 million.

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**.[13] **Chart 25** indicates a reduction in interest rates across all firm sizes with a positive, but declining, gap between average interest rates charged to large enterprises and SMEs. In this survey round, the difference between average interest rates charged to large enterprises and SMEs is approximately 180 basis points when considering average values (130 in terms of median values).

Chart 25

Interest rate charged for the 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 2015) to fourteen (October 2015-March 2016) of the survey.
Note: 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).

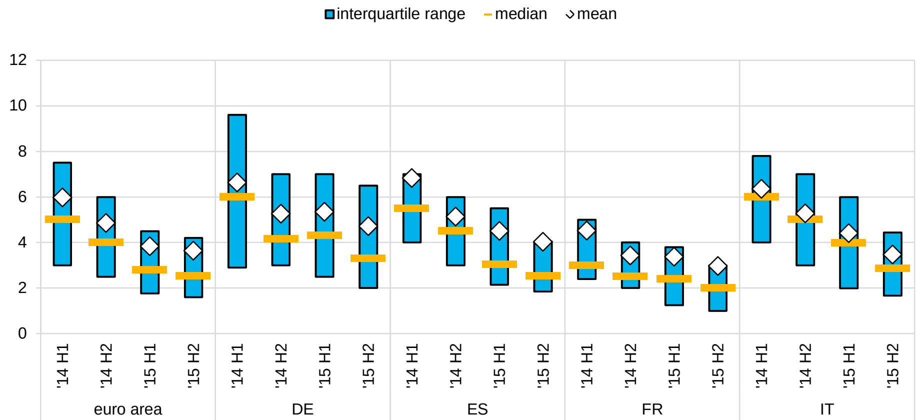
During the period from October 2015 to March 2016, the largest decline in interest rates from the previous survey round concerned small and medium-sized enterprises in particular. On average, they reported a decline of around 70 and 80 basis points, while for micro and large enterprises, the declines were 40 and 50 basis points respectively. Across the large euro area countries, the largest declines were recorded by SMEs in Italy and Germany (see **Chart 26**).

[13] 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 10 basis points higher than the official monetary financial institutions interest rate statistics on bank overdrafts (average in the period from October 2015 to March 2016), while the median value is 100 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 26

Interest rate charged for the 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 the credit line or bank overdraft or that did not apply because the cost was too high. Figures refer to rounds eleven (April-September 2015) to fourteen (October 2015-March 2016) of the survey.
Note: 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

Continued optimism for future availability of internal and external financing sources

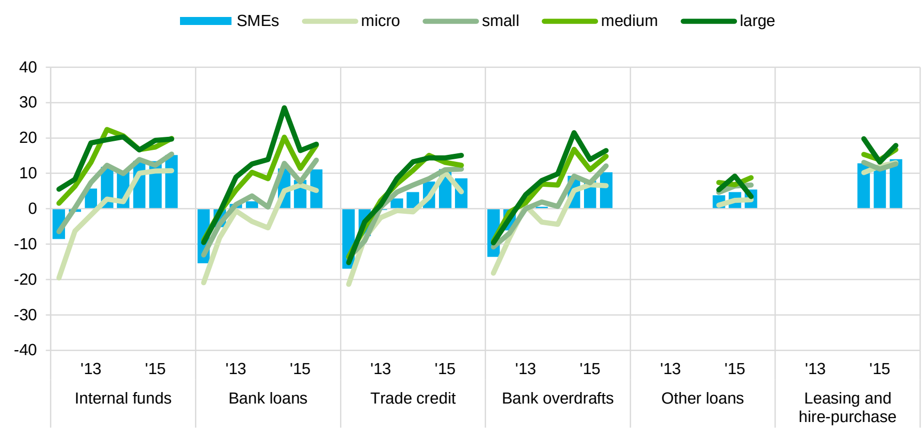
For the coming six-month period (April to September 2016), euro area SMEs expected, on balance, continued improvements in the availability of external and internal sources of finance.

Looking ahead, an increased percentage of euro area SMEs reported a net improvement in the **availability of bank loans** (11%, compared with 8% for the period from October 2015 to March 2016) (see **Chart 27**). In addition, they expected higher improvements in **internal funds** (retained earnings or sale of assets) and **bank overdrafts** (15% and 10% respectively, compared with 13% and 8%). Euro area SMEs expected a lower improvement in the availability of **trade credit** for the same period (9%, down from 11%).

Chart 27

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 seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the note to Charts 1 and 11.

Among SMEs, optimism increases with firm size considering the future availability of internal funds, bank loans, bank overdrafts, trade credit and other loans. Compared with their expectations reported in the previous survey period, **large enterprises** expected a greater improvement in the availability of bank loans (18%), bank overdrafts (16%) and trade credit (15%), as well as in their internal funds (20%).

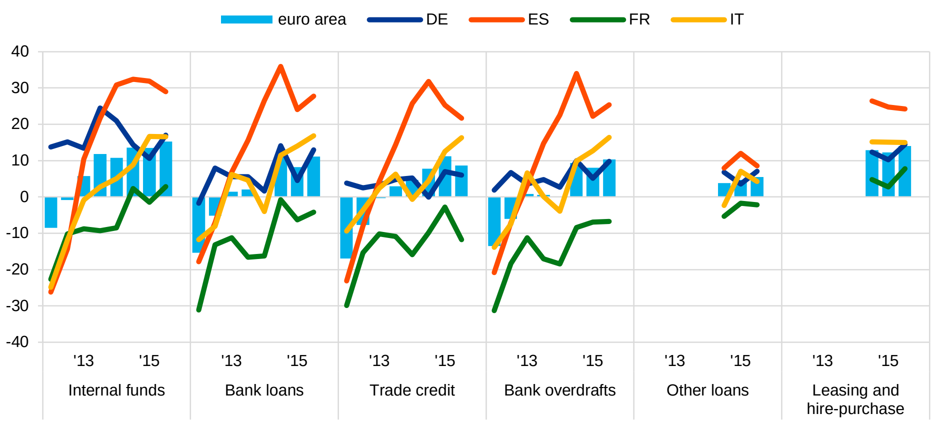
According to information available since the last survey round, euro area enterprises continued to expect positive developments for their **equity**, while their expectations were higher across all size classes about the increased availability of **leasing or hire purchase** for the coming six-month period.

Optimism about further improvements was widespread in most, but not all, countries (see **Chart 28**). SMEs in Italy continued to report a strengthened positive outlook of their access to internal and most external financing sources. The outlook of SMEs in France turned positive for internal funds, while regarding external financing sources was still negative for bank loans, bank overdrafts and trade credit. Across euro area countries, enterprises in Ireland, Slovakia and Spain continued to be distinguished as being more optimistic about the availability of most sources of external financing (see Chart 10a in Annex 1). By contrast, SMEs in Greece continued to report increasingly pessimistic expectations regarding the availability of bank loans, while expecting a smaller deterioration in internal funds, bank overdrafts and trade credit.

Chart 28

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.

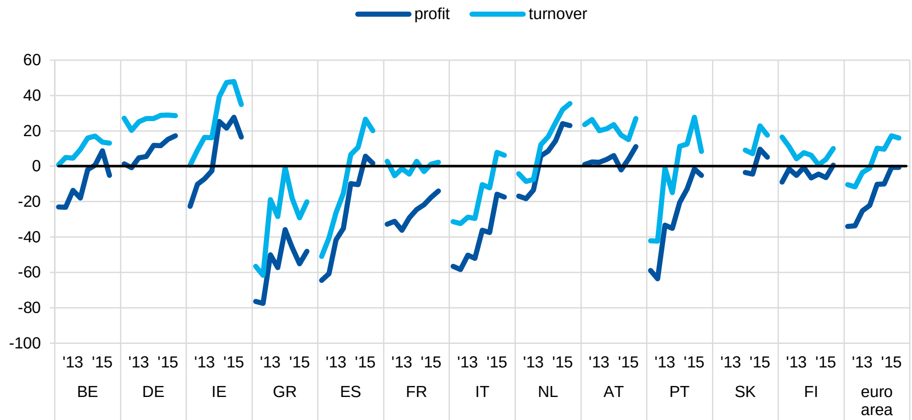
Base: SMEs for which the respective instrument is relevant. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the notes to Charts 1 and 11.

Annex 1
Overview of the survey replies – selected charts

Chart 1a

Change in turnover and profit of SMEs across euro area countries

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



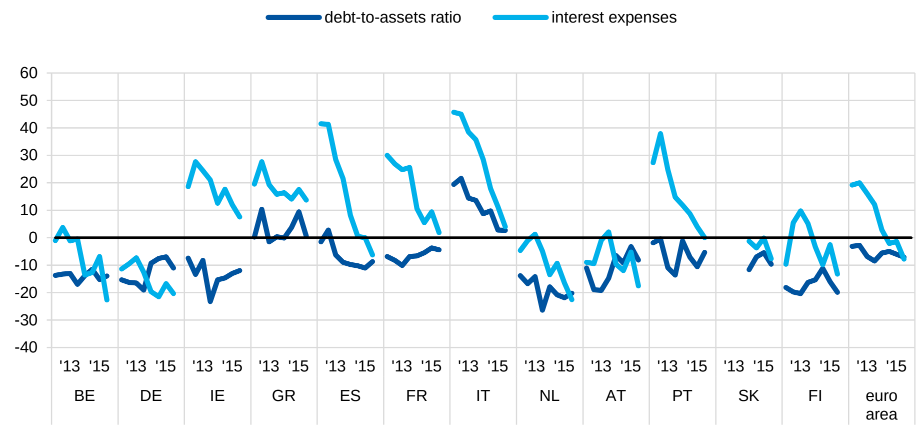
Q2. Have the following company indicators decreased, remained unchanged or increased over the past six months?

Base: All SMEs. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: 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)



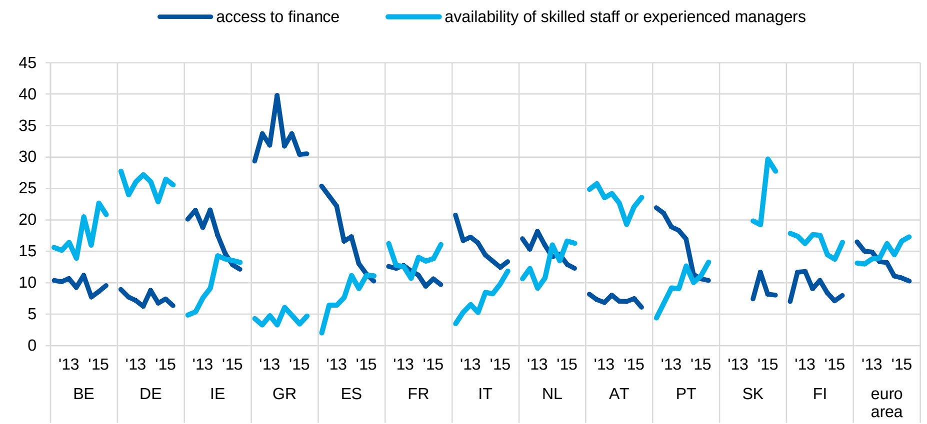
Q2. Have the following company indicators decreased, remained unchanged or increased over the past six months?

Base: All SMEs. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: 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)



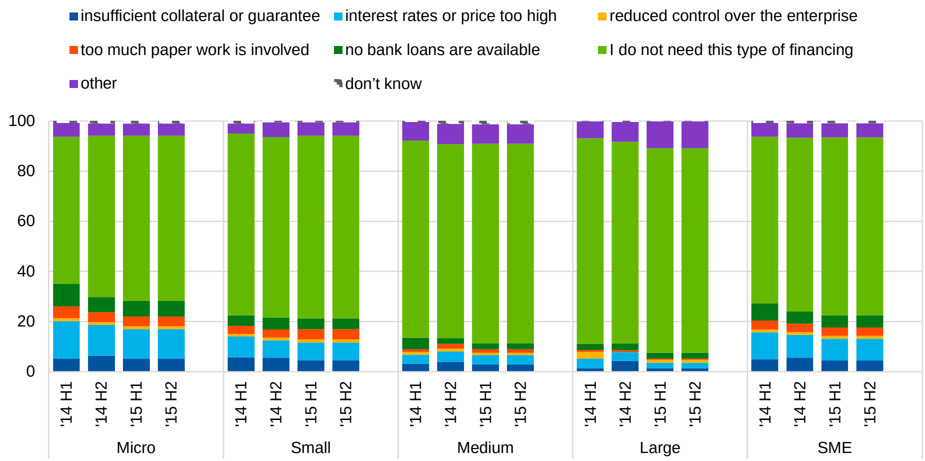
Q0B. How important have the following problems been for your enterprise in the past six months?

Base: All SMEs. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the notes to Chart 6. 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)



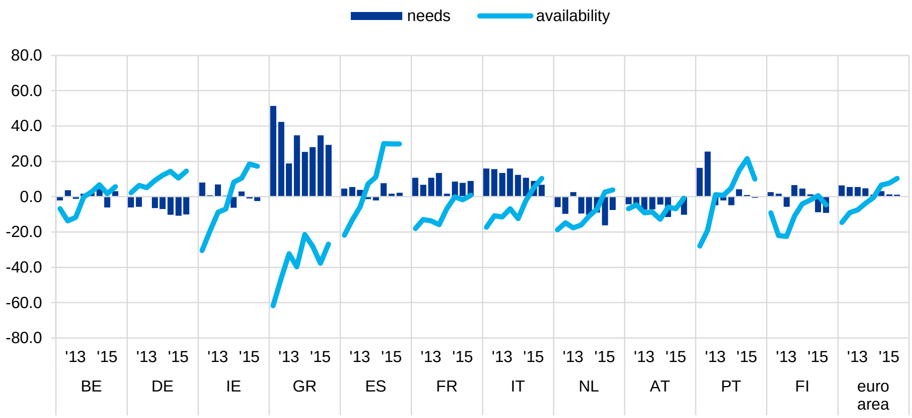
Q32. You mentioned that bank loans are not relevant for your enterprise. What is the main reason for this?

Base: Enterprises for which bank loans are not a relevant source of financing. Figures refer to rounds eleven (April-September 2014) to fourteen (October 2015-March 2016) 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)



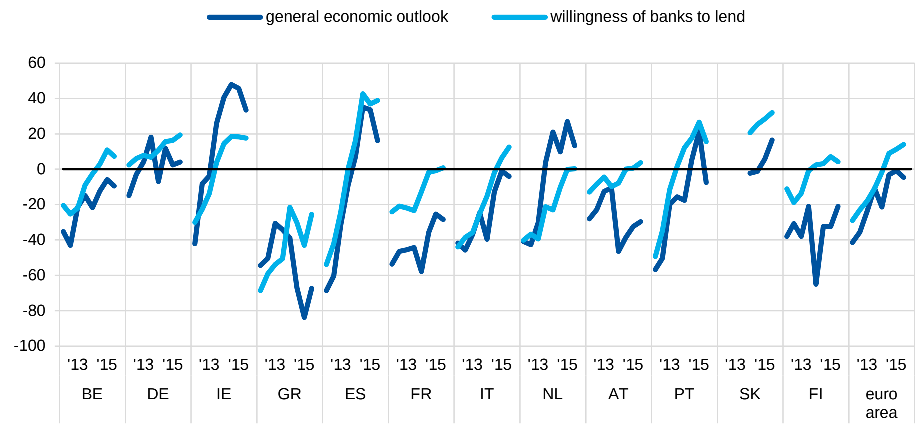
Q5. For each of the following types of external financing, please indicate if your needs increased, remained unchanged or decreased over the past six months.
Q9. For each of the following types of financing, would you say that their availability has improved, remained unchanged or deteriorated for your enterprise over the past six months?

Base: SMEs for which the respective instrument is relevant. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the note to Charts 1 and 11. 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)



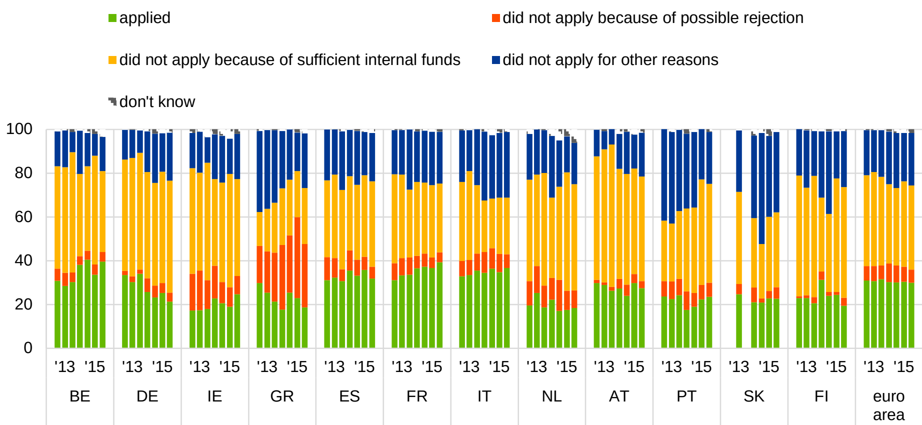
Q11. For each of the following factors, would you say that they have improved, remained unchanged or deteriorated over the past six months?

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 seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the note to Charts 1 and 11. 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 s' across euro area countries

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



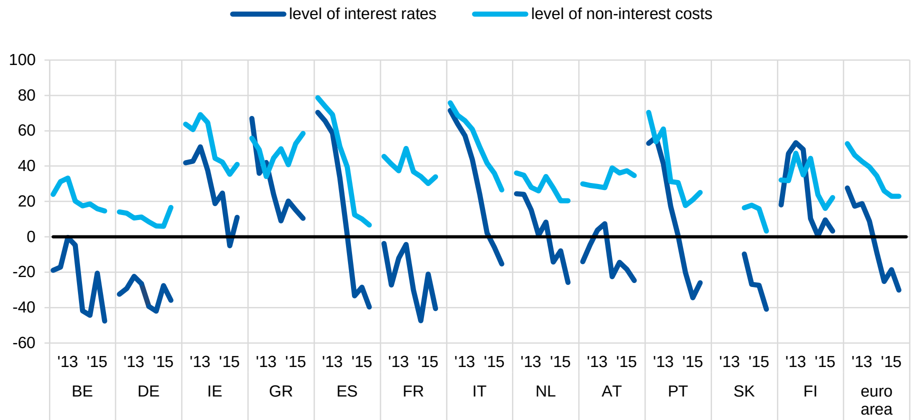
Q7A. Have you applied for the following types of financing in the past six months?

Base: SMEs for which bank loans (including subsided bank loans) are relevant. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) 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)



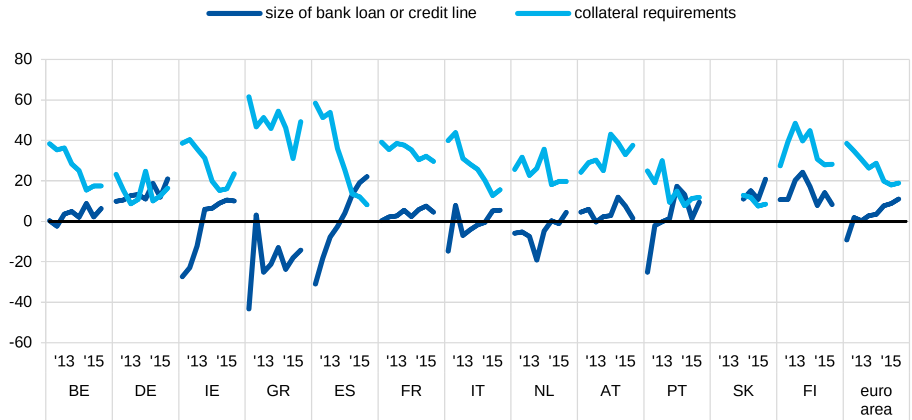
Q10. Please indicate whether the following items increased, remained unchanged or decreased in the past six months.

Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: 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)



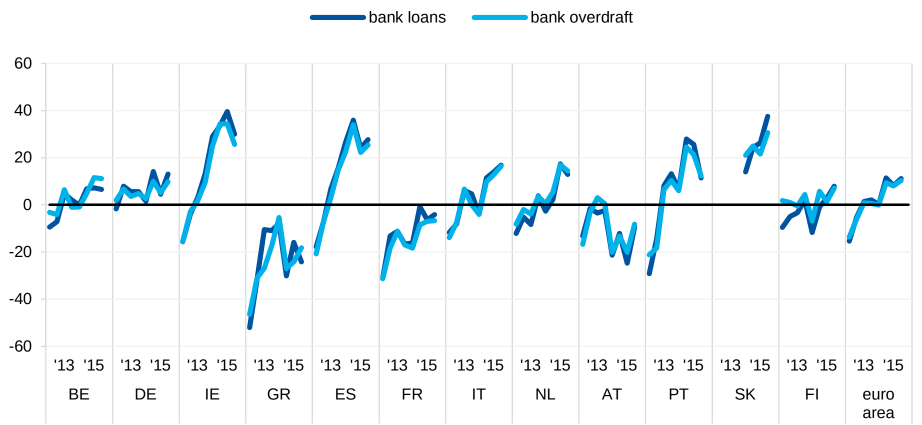
Q10. Please indicate whether the following items increased, remained unchanged or decreased in the past six months.

Base: SMEs that had applied for bank loans (including subsidised bank loans), credit lines, bank overdrafts or credit card overdrafts. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: 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)



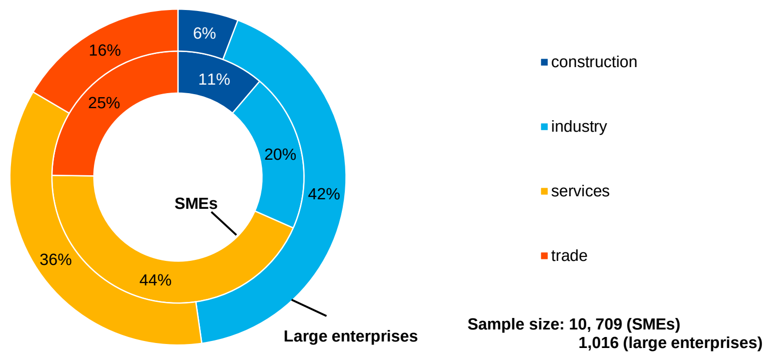
Q23. Looking ahead, for each of the following types of financing available to your enterprise, please indicate whether you think their availability will improve, deteriorate or remain unchanged over the next six months.

Base: SMEs for which the respective instrument is relevant. Figures refer to rounds seven (April-September 2012) to fourteen (October 2015-March 2016) of the survey.
Note: See the note to Charts 1 and 11. 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

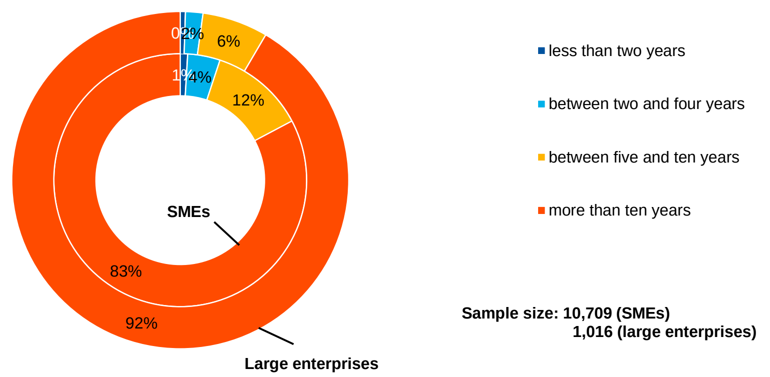
(unweighted percentage)



Base: Figures refer to round fourteen (October 2015-March 2016) of the survey.

Chart 2b
Breakdown of enterprises by age of the firm

(unweighted percentage)

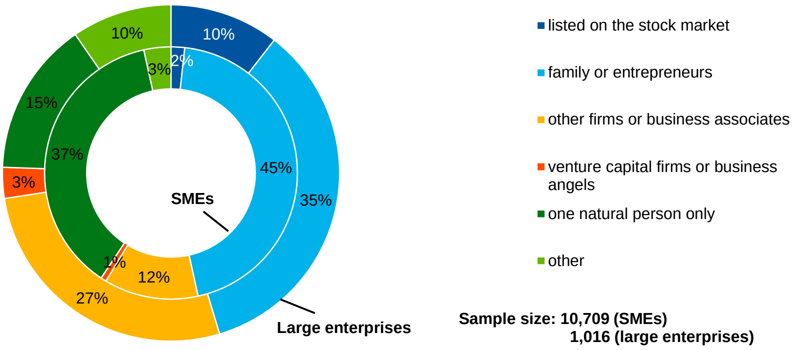


Base: Figures refer to round fourteen (October 2015-March 2016) of the survey.

Chart 3b

Breakdown of enterprises according to ownership

(unweighted percentage)

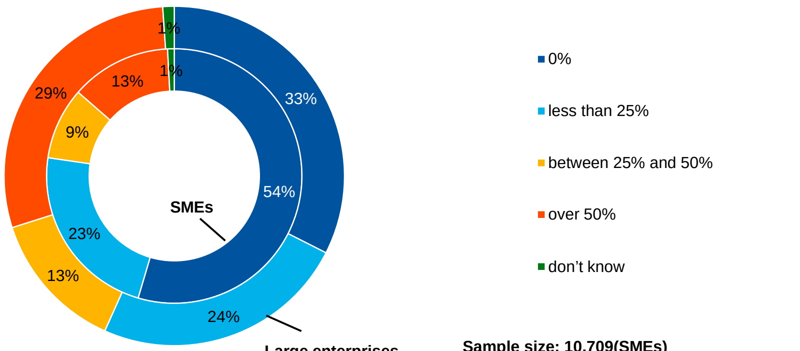


Base: Figures refer to round fourteen (October 2015-March 2016) of the survey.

Chart 4b

Breakdown of enterprises according to exports

(unweighted percentage)



Base: Figures refer to round fourteen (October 2015-March 2016) 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 website.[14]

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 details[15]).

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). However, given that the updates have only a minimal impact on the final results, the calibration targets for this round are unchanged from those of the previous round.[16]

Two changes were introduced in the H2 2015 questionnaire[17].

The set of questions on the interest rate charged for the credit line or bank overdraft was reformulated. To better capture the information, the question was divided to request specific information about: i) type of interest rate (fixed/variable); ii) reference rate with Euribor categories of specific maturities; and iii) interest rate spread.

In addition, two ad hoc questions on the level of liquid assets were included: i) question QA1 on the relative level of liquid assets; and ii) question QA2, which asked the enterprises with a higher or lower level of liquid assets to identify the main reasons for the unusual level.

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14 "Methodological information on the survey and user guide for the anonymised micro dataset"

15 "Survey on the Access to Finance of Enterprises in the euro area - April 2014 to September 2014"

16 For more details, see Section Weighting in "Methodological information on the survey and user guide for the anonymised micro dataset".

17 The questionnaire is available on the ECB website. It was translated into the respective languages for the purposes of the survey.

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