

The EU-ECB SME Survey : evidence of a credit crunch ?

Véronique Genre

**FEE Roundtable on “Access to finance
for SMEs and the economic recovery:
challenges and creative solutions”**

Brussels, 13 October 2010

Outline

1. **Presentation of the survey:** main characteristics, sample and design, questionnaire, dissemination of results
2. **Main findings** of the survey
3. **Which factors contribute to access to finance problems?**
4. **Conclusions**

Main characteristics of the survey

- **Joint survey ECB - European Commission (DG ENTR) on the “Access to finance of European SMEs”**
- **Frequency**
 - **Every 6 months:** ECB part on latest developments in financing conditions
 - **Every 2 years:** full survey (incl. more forward-looking and structural questions)
- **Two rounds have been published so far :**
 - **Summer 2009:** between 17 June and 23 July 2009, results refer broadly to first half of 2009
 - **Winter 2009:** results broadly refers to the 2nd half of 2009
 - **Fall 2010:** fieldwork completed – report due 20 October

Sample size and design

- **Sample: more than 8,500 firms of different sizes in the EU, of which 5,000 firms in the euro area**
- **1000 interviews in each of the four largest economies (Germany, France, Italy and Spain)**
- **1300 interviews in the other countries**
- **10% large firms; the rest equally divided among micro (<10), small (10-49) and medium (50-249)**
- **Representative:**
 - for each of the largest countries;
 - for industry, construction, trade and services
 - by firm size categories (4)

Questionnaire

- “**Structural**” information: firms’ size, age, type of ownership, sector, nationality, etc.
- Information on the **financing needs**, use of **financing**, and **availability of finance**
- Questions are often: “**Over the past six months, has [X] improved, deteriorated, or remained unchanged?**”
 - with [X] economic or financial indicators, access to or needs for financing sources, or other topics

Dissemination of survey results

- Report on euro area results published by the ECB on its website (+ report published by the EC)
- Complete aggregate tables for all variables and various breakdowns (e.g. size, sector, countries) available on the website www.ecb.int
- Third wave in progress (publication date : 20 October)



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Survey on the access to finance of SMEs in the euro area

Results | Description of the survey | Questionnaire

Press releases of the SME access to finance survey

2009 Summer

Report on the SME access to finance survey

2009 Summer [1.56 MB]

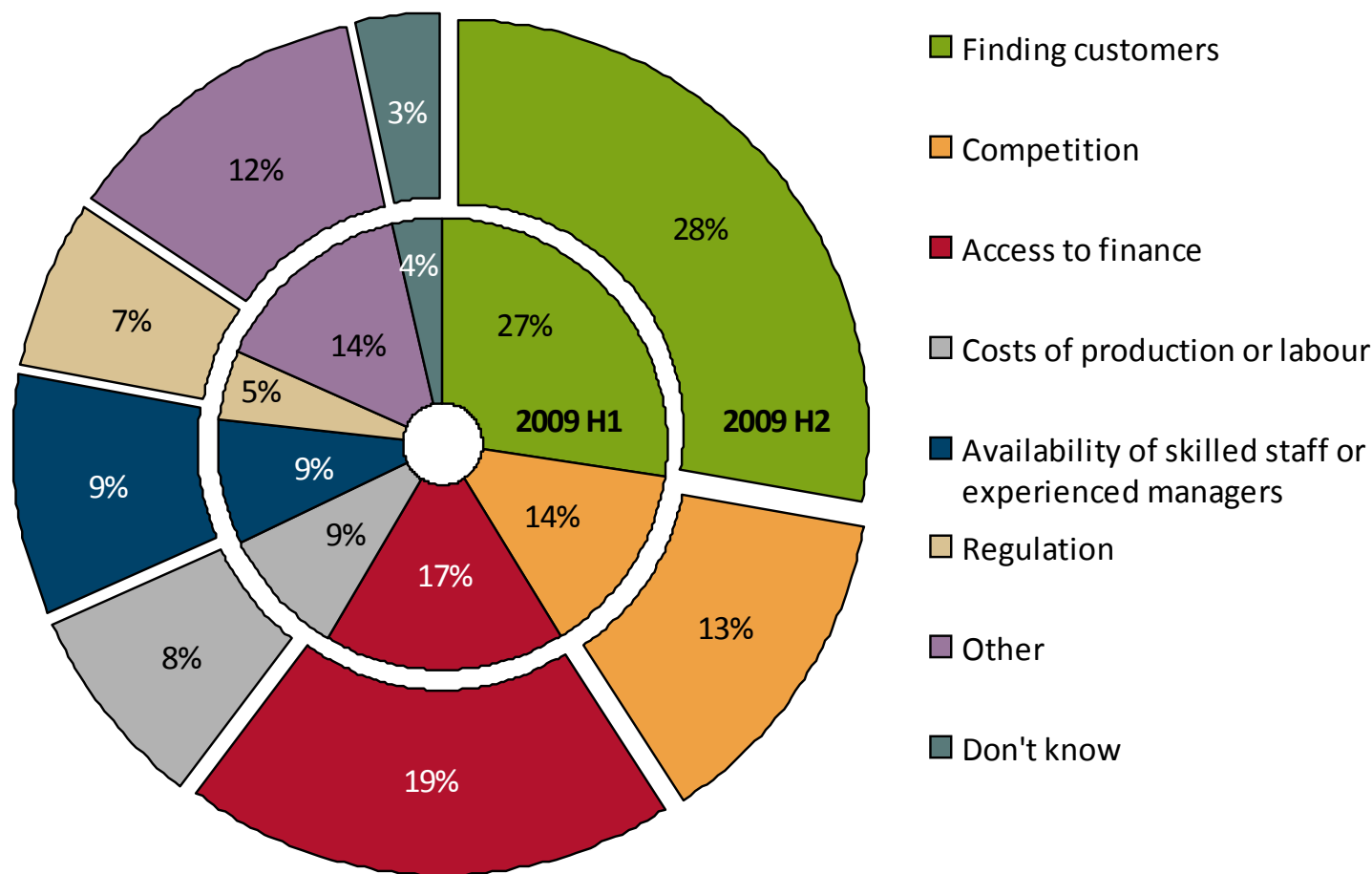
Data of the SME access to finance survey (Excel zipped)

2009 Summer

<http://www.ecb.europa.eu/stats/money/surveys/sme/html/index.en.html>

Main findings

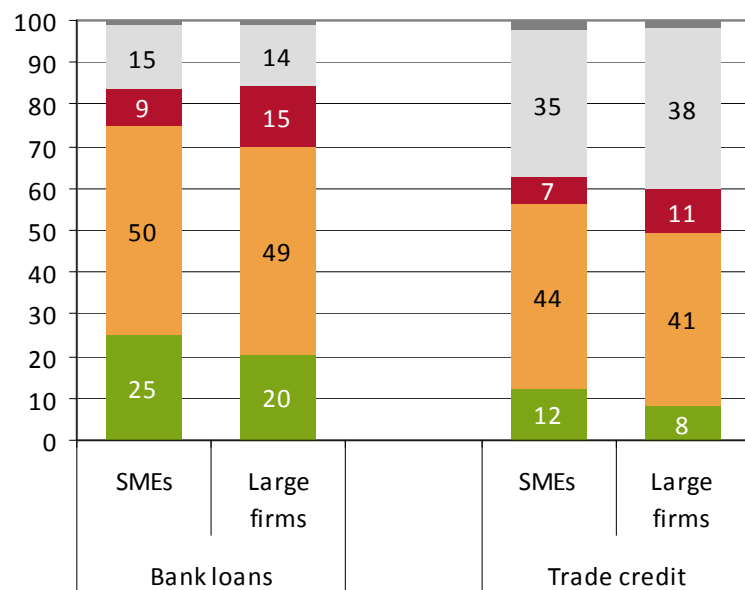
Access to finance is the second biggest problem reported by euro area firms



Main findings

Needs of external financing

(% change compared with previous six months; weighted % of respondents)

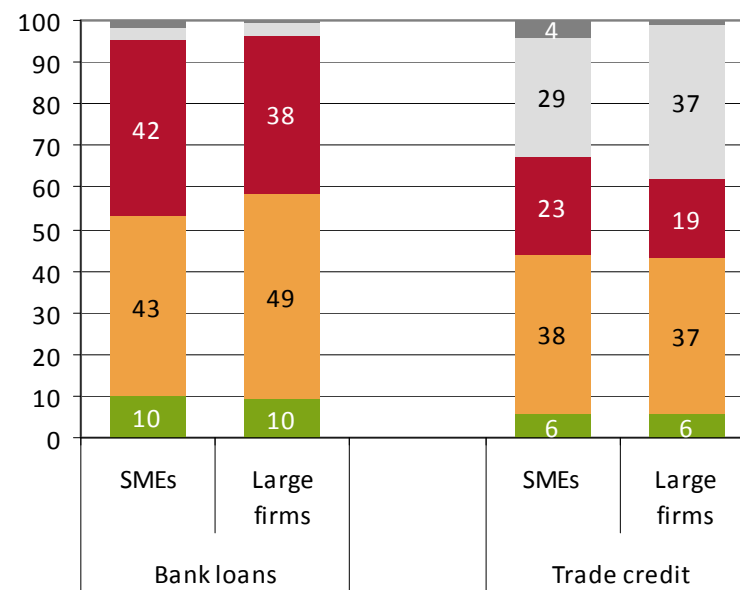


- Don't know/ No answer
- Instrument is not applicable to my firm
- Decreased
- Remained unchanged
- Increased

Base: All firms

Availability of financing

(% change compared with previous six months; weighted % of respondents)



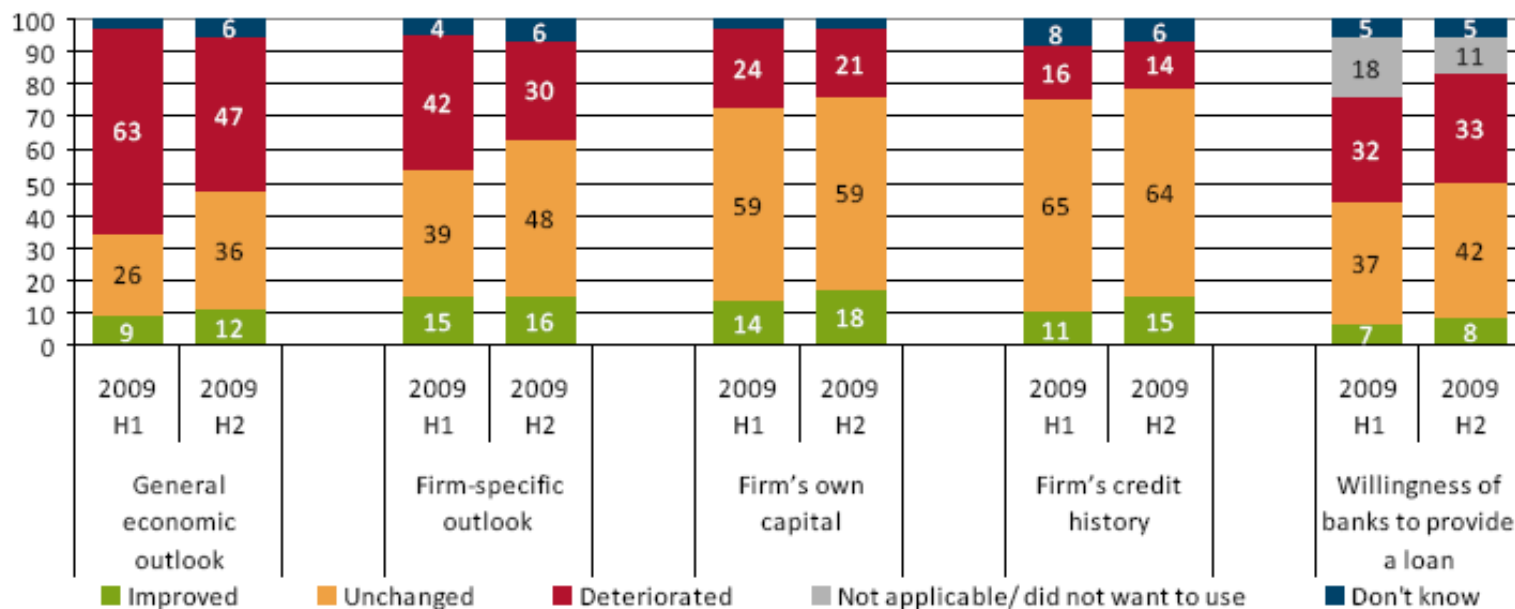
- Don't know/ No answer
- Instrument is not applicable to my firm
- Deteriorated
- Remained unchanged
- Improved

Base: firms that applied for external financing

Main findings

Factors having an impact on the availability of external financing

(% change compared with previous six months; weighted % of respondents)

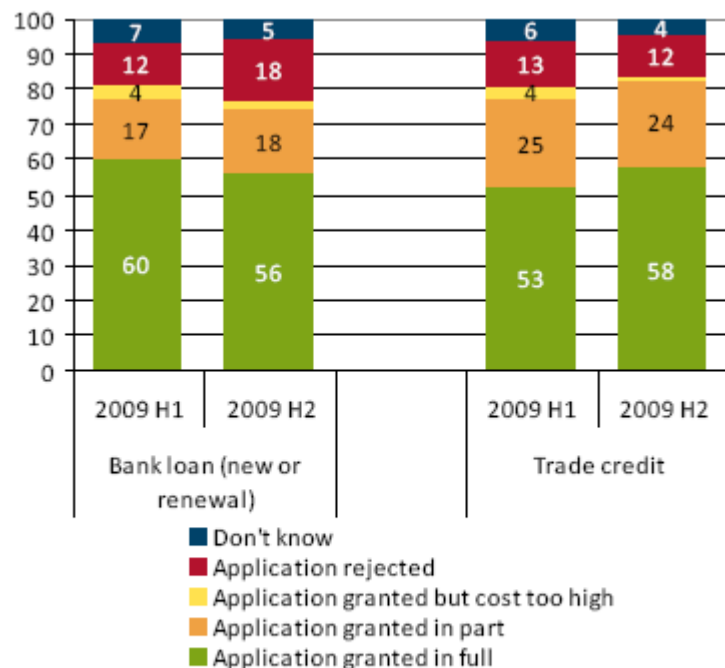


Base: All SMEs.

Main findings

Outcome of application for external financing

(% change compared with previous six months; weighted % of respondents)

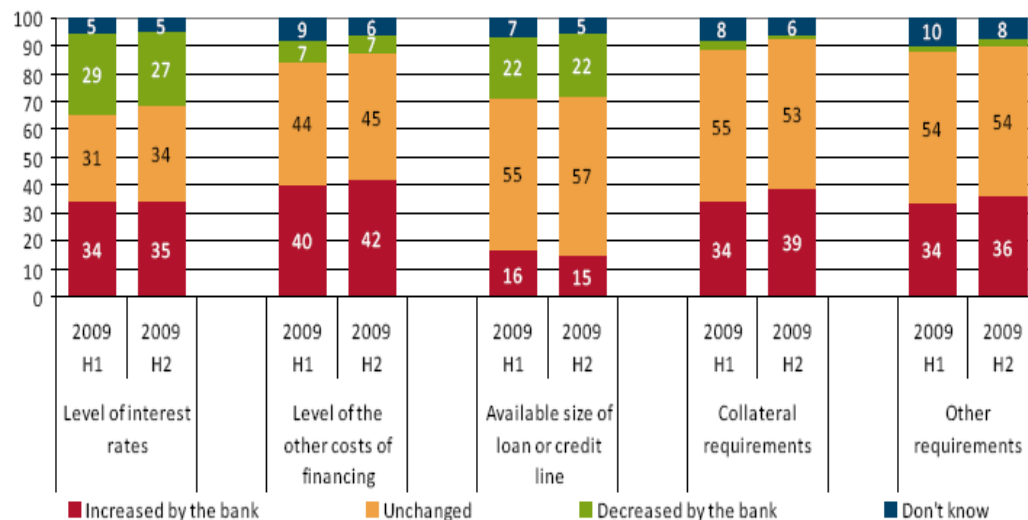


Base: SMEs that had applied for bank loans or trade credit.

Note: Figures may not add up due to rounding.

Terms and conditions of bank loans granted to euro area SMEs

(change over the preceding six months, % of firms that applied for bank loans)

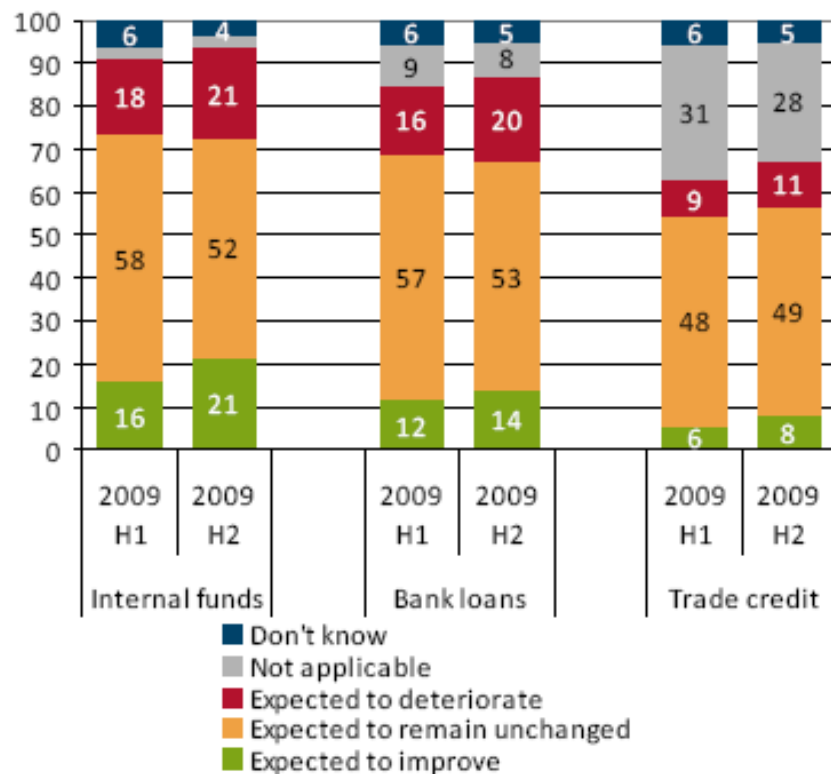


Base: SMEs that had applied for bank loans.

Main findings

Euro area SME's expectations on access to finance

(% change compared with previous six months; weighted % of respondents)



Base: All SMEs.

Factors contributing to problems of access to finance

Facts Vs. Beliefs: the survey provides alternative ways to define firms under financial constraints

1. Firms who **perceived** financial obstacles :

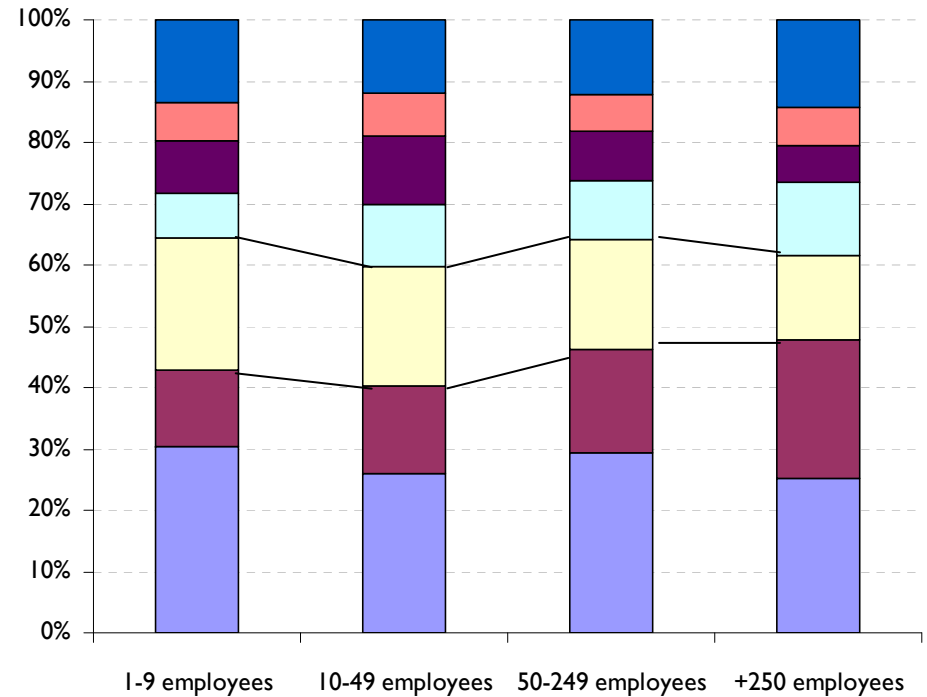
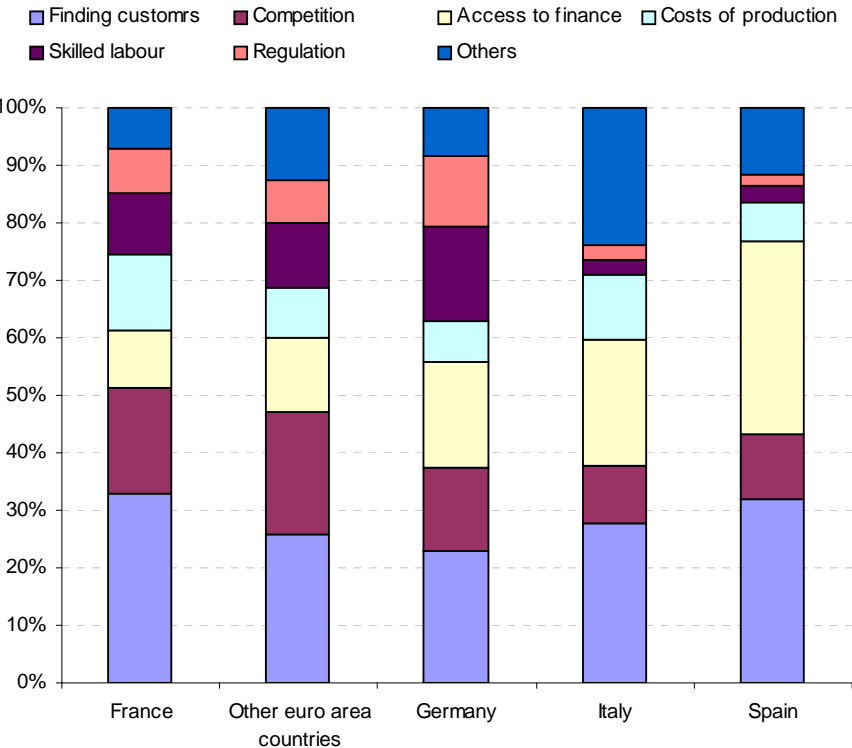
- Question Q0 – what is currently your most pressing problem ? > 19% reply “access to finance”

2. Firms who **actually experienced** a credit crunch :

- Q5 & Q9 – i.e. firms judging that financing needs increased but financing availability decreased (pending)
- Q7A & Q7b – i.e.
 - = firms having applied for a loan but application was partly or fully rejected
 - + those that refuse bank loan because cost was too high
 - + firms who did not apply for fear of rejection

Factors contributing to problems of access to finance (preliminary results)

Country and size seem to be significant determinants...



...while sector and firm age are not.

Conclusions

- Access to finance is 2nd biggest problem for euro area SMEs
- In 2009, external financing needs have increased but availability has deteriorated
- General and firm-specific economic outlook largely blamed for this financing gap
- But willingness of banks to provide loans is also highlighted
- Outlook for 2010: no real improvement foreseen
- Firms reporting financing obstacles are likely to really have experienced it
- Most significant determinants of finance obstacles seem to be country and firm size (rather than economic activity or age)