



Data on lending to UK SMEs

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This article presents a summary of the known available data on measures of lending to UK small and medium-sized enterprises.

Introduction

There are a number of sources that provide information on data on lending to and credit conditions for small and medium-sized enterprises (SMEs). This article presents a summary of the known available data on measures of lending to UK SMEs. Table 1 at the end of this article lists where these data can be found. Tables 2 and 3 contain more detail about some of these data sets.

Quantitative lending data

The Bank of England publishes a number of series on bank and building society lending to UK non-financial businesses. This includes a split of gross lending, repayments and overdraft balances by business size; SMEs and large businesses. These are published on a monthly frequency in *Bankstats* Table A8.1 and in Tables M and N of the Bank of England's *Money and Credit* statistical release. These data are available from April 2011.

The Bank is not the only institution that publishes data on SME lending volumes. The British Bankers' Association (BBA) publish monthly data on a quarterly basis from a panel of lenders covering the provision of credit to SMEs from July 2011. These data include lending with regional and industry breakdowns. Deposit balances are also published.

There are certain definitional differences between the Bank and BBA data sets that make these data not directly comparable. For example, there are differences in the reporting population (Bank data are from all banks and building societies while the BBA data are sourced from a panel of lenders), and in geographical coverage (BBA data cover Great

Britain, rather than the UK, so do not include lending to SMEs in Northern Ireland).

Gross flows of other types of external finance to SMEs, such as asset finance and peer-to-peer lending, are small compared to bank lending but are growing.¹ Estimates of some other types of external finance for UK SMEs can be found in the *Small Business Finance Markets 2014* report published by the British Business Bank.²

All these data are published at an aggregated level for either all banks or building societies or a group of lenders. There are also some SME lending data available by individual institution. In addition to their quarterly publication highlighted above, the BBA publish aggregated SME lending data by participating lenders across more than 8,000 postcode sectors. As part of it, they provide links to the participating lenders published data relating to their own customers' borrowing by postcode sector.

Data on lending to SMEs is reported by participants in the Funding for Lending Scheme Extension. A condition of the Scheme has been that the Bank will publish the details of participants' quarterly certified net lending flows to UK businesses, including a breakdown of net lending to SMEs. These data are available quarterly from 2014 Q1. Cumulative net flows for Q2-Q4 2013 are also available.

¹ For more details, see the box 'An update to estimates of external finance for UK businesses' on pages 12-14 in October 2014 *Trends in Lending*, available at www.bankofengland.co.uk/publications/Documents/other/monetary/trendsoctober14.pdf.

² The British Business Bank is a Government-owned financial institution whose goal is to change the structure of finance markets for smaller businesses, so these markets work more effectively and dynamically.

Pricing data

In addition to lending volumes, the Bank of England publishes data on the price of lending to SMEs. One source is the monthly collection by the Department for Business, Innovation and Skills (BIS) of data on new and renewed variable-rate credit facilities to SMEs by four major UK lenders. These are regularly published by the Bank of England in *Trends in Lending* and available from November 2008. Another source relevant to the price of business lending is the Bank's monthly effective interest rates data set. This includes the effective rate on new corporate lending for advances of £1 million or less, which may provide an indicator of pricing on lending to smaller businesses. These data are available from January 2004.

In interpreting such data, it should be noted that the measured rates that SMEs face on new borrowing can vary widely, taking into account various business-specific risk and credit quality factors. As a result there is no single definitive measure of loan pricing; statistical and survey data can provide broad estimates, but these may not entirely reflect the true cost of credit faced by SMEs.

Survey data

In addition to quantitative data, qualitative data from a number of sources can also provide an indication of credit conditions for SMEs. The Bank of England's quarterly *Credit Conditions Survey* provides responses from bank and building society lenders on issues pertaining to credit demand, availability and pricing over the past three months and coming three months for both small and medium-sized businesses.

The monthly *Agents' Summary of Business Conditions* covers intelligence on business conditions, including those faced by smaller businesses. This publication is a summary of monthly reports compiled by the Bank of England's network of Agents, following discussions with around 700 businesses of all sizes.

There are other regular surveys, such as the quarterly *SME Finance Monitor*, the Federation of Small Businesses' *Voice of Small Business Index*, and the annual BIS *SME Business Barometer* which provide data on access to finance and business confidence from the perspective of the businesses.

Changes to future Bank data collections

Looking ahead, the Bank is planning to collect additional detail on lending by business size. Data on gross lending, repayments, loan amounts outstanding and balance of overdrafts will be collected by industry and by business size (SMEs and large). Additionally, under the changes for the Effective Interest Rates data series, pricing data will be collected by business size rather than loan size, and will include a split for SMEs.³

³ For more details on the planned changes to these data collections see *Statistical Notice 2015/01*, available at www.bankofengland.co.uk/statistics/Documents/reporters/snotice/pdf/2015/sn201501.pdf.

Table 1: Sources of available SME data

Source	Publication	Start date	Latest published data
Lending Volumes (aggregated)			
<i>Banks and building societies</i>			
Bank of England	<i>Bankstats</i> (Monetary and Financial Statistics) Table A8.1 'Monetary financial institutions' loans to non-financial businesses, by size of business'	April 2011	www.bankofengland.co.uk/statistics/Documents/bankstats/current/tab8.1.xls
	Bank of England <i>Money and Credit</i> statistical release Tables M and N		www.bankofengland.co.uk/statistics/Pages/mc/2015/jan.aspx
British Bankers' Association	<i>Bank support for SMEs</i>	July 2011	www.bba.org.uk/news/statistics/sme-statistics/
<i>Other gross flows of SME finance</i>			
British Business Bank	<i>Small Business Finance Markets 2014</i>	end-2011 for non-bank lending flows	http://british-business-bank.co.uk/performance/small-business-finance-markets-2014/
Lending Volumes (individual institutions)			
British Bankers' Association	SME Postcode Lending	2013 Q2	www.bba.org.uk/news/statistics/postcode-lending/
Funding for Lending Scheme	Funding for Lending Scheme Extension - 'Usage and lending data'	2013 Q2	www.bankofengland.co.uk/markets/Pages/FLS/extensiondata.aspx
Loan pricing data			
Department for Business, Innovation and Skills - Median by value of SME facilities	<i>Trends in Lending</i>	November 2008	Nov – Dec 2008 are in worksheet 'Chart 2.4', available at www.bankofengland.co.uk/publications/Documents/other/monetary/loanpricingoctober2013.xls . Jan 2009 - Nov 2014 are in worksheet 'Chart 2.4', available at www.bankofengland.co.uk/publications/Documents/other/monetary/loanpricingjanuary2015.xls
Bank of England	Statistical Interactive Database	January 2004	BJ88
Survey data on SME credit			
Bank of England	<i>Credit Conditions Survey</i>	2007 Q2 (questions specifically relating to small businesses from 2009 Q4)	www.bankofengland.co.uk/publications/Pages/other/monetary/creditconditions.aspx
	<i>Agents' Summary of Business Conditions</i>	January 2005	www.bankofengland.co.uk/publications/Pages/agentssummary/default.aspx
BDRC Continental	<i>SME Finance Monitor</i>	2011 Q1	http://bdrc-continental.com/products/sme-finance-monitor/
Federation of Small Businesses	<i>Voice of Small Business Index</i>	2010 Q1	www.fsb.org.uk/small-business-index
Department for Business, Innovation and Skills	<i>SME Business Barometer</i>	December 2009	www.gov.uk/government/collections/small-business-barometer

Table 2: Definitions of different lending volumes to SMEs series

Definitions	Bank of England	British Bankers' Association	
Description	Loans to UK non-financial businesses with annual debit account turnover on the main business account less than £25 million	Loans to private sector businesses in Great Britain with turnover up to £25 million, excluding non-profit institutions serving households	
Currency	Sterling and foreign currency, expressed in sterling		
Seasonal adjustment	Non seasonally adjusted		
Frequency	Monthly from April 2011	Monthly from July 2011	
Coverage	UK-resident banks and building societies	BBA panel of lenders	
Loans to	UK-resident businesses	Businesses in Great Britain (i.e. excludes Northern Ireland)	
Main Components			
Loans and overdrafts	✓ ¹	✓	
Reverse repos	✓	✓	
Sources			
Bank of England form ²	Form LN	n/a	
Other	n/a	British Banker's Association	
IADB codes			
	Including overdrafts	Excluding overdrafts	
Amounts outstanding	Z8YH	Z8YB	n/a
Changes	Z8YN	Z8Y8	n/a
Gross lending	n/a	Z8Y2	n/a
Repayments	n/a	Z8Y5	n/a
Three-month growth rate (annualised)	Z8YQ	Z8Z8	n/a
Twelve-month growth rate	Z8YT	Z8ZB	n/a
References	Bankstats Table A8.1	Bank support for SMEs	

Table footnotes

1 This includes activities such as finance leasing, factoring or invoice discounting undertaken by the reporting institution.

2 More details on specific Bank of England forms and definitions can be found at www.bankofengland.co.uk/statistics/Pages/reporters/defs/default.aspx.

Table 3: Definitions of different pricing data on new lending to SMEs

Definitions	PNFC loans less than £1 million	BIS indicative median interest rates
Description	Weighted average of new lending to PNFCs of all sizes by UK monetary financial institutions for advances less than or equal to £1 million	Median by value of SME facilities (new loans, new and renewed overdrafts). Smaller and medium SMEs are businesses with annual debit turnover less than £1 million and between £1 million and £25 million respectively
Currency	Sterling	Sterling and foreign currency, expressed in sterling
Seasonal adjustment	Non seasonally adjusted	
Frequency	Monthly from January 2004	Monthly from November 2008
Coverage	UK-resident banks and building societies who report Form ER	BIS survey of four major UK lenders
Main Components		
Loans and overdrafts	✓	✓
Reverse repos	x	x
Source		
Bank of England form ¹	Form ER	n/a
Other	n/a	Department for Business, Innovation and Skills
IADB Code		
Effective interest rate	BJ88	n/a
References	Statistical Interactive Database	Trends in Lending

Table footnote

1 More details on specific Bank of England forms and definitions can be found at www.bankofengland.co.uk/statistics/Pages/reporters/defs/default.aspx.