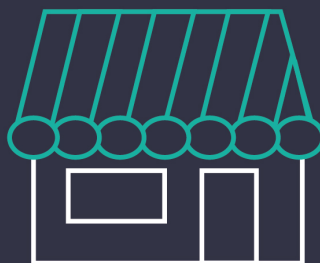


# SME Finance Update



Release Date : 28 February 2018

UK Finance: SME Finance Update - Quarter 4, 2017

## Q4, 2017: SME MANUFACTURERS BORROW MORE WHILE SERVICE BUSINESSES RETRENCH

### Key data highlights:

- The quarterly value of new loans to SMEs in Great Britain was almost identical in the second, third and fourth quarters last year. The £5.6bn of new loans drawn by SMEs in Q4 was, however, some 11 per cent lower than in the final quarter of 2016.
- Reduced volumes of loan approvals reflect lower SME borrowing appetite in general, although SMEs in Wales buck the trend, with more loans approved than in the same quarter last year.
- Within industries, SMEs in production and manufacturing borrowed more in the final quarter of last year than in Q4 2016, whereas service sector SMEs saw comparatively lower volumes and value.
- Banks approved eight in 10 small business loan and overdraft applications and nine in 10 loan and overdraft applications from medium sized business

Commenting on the data, [Stephen Pegge, Managing Director, Commercial at UK Finance](#) said:

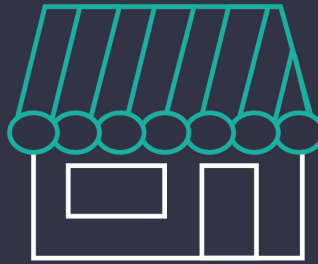
"SME borrowing in the final quarter of 2017 remained subdued compared with 2016, despite higher approval rates for bank finance. Uncertainty about domestic trading prospects and a high level of reserves reflected in growing deposits are weakening demand. However, lending to the more export oriented SMEs in production and manufacturing industries expanded in 2017, even as the more domestically oriented service industries retrenched."

### Notes to Editor

- 1 For more information please call the UK Finance press office on 020 7416 6750 or mail [press@ukfinance.org.uk](mailto:press@ukfinance.org.uk).
- 2 UK Finance is a new trade association which was formed on 1 July 2017 to represent the finance and banking industry operating in the UK. It represents around 300 firms in the UK providing credit, banking, markets and payment-related services. The new organisation brings together most of the activities previously carried out by the Asset Based Finance Association, the British Bankers' Association, the Council of Mortgage Lenders, Financial Fraud Action UK, Payments UK and the UK Cards Association.
- 3 This update relates to the business of mainstream SME financing banks in Great Britain and Northern Ireland, representing around 60 per cent of all debt finance for SMEs in the UK.

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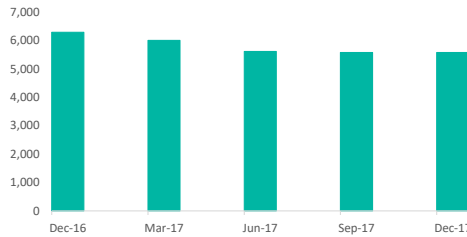


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## Gross Lending

Total outstanding amounts of lending to SMEs through loans and overdrafts in the UK at end-2017 was **£91bn**.

Total of deposits held by SMEs in business current and deposit accounts in the UK at end-2017 was **£178bn** (£112bn in immediate access accounts and £66bn in time or notice accounts)

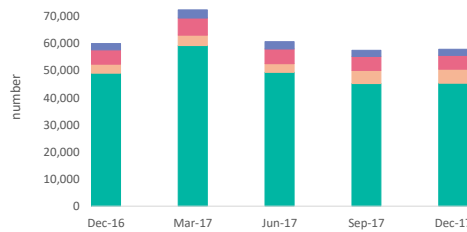


Taskforce banks' gross lending to SMEs in Great Britain (loans only)

Latest (Dec 17)	Y-o-Y comparison
<b>£5.6 bn</b>	<b>-11.3%</b>

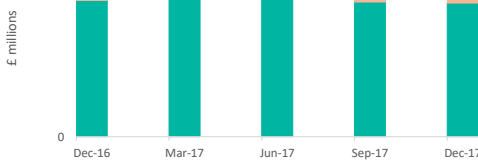
## Approvals (Regional)

Quarterly number of new loans approved for SMEs in the UK



Region	Latest (Dec 17)	Y-o-Y comparison
Northern Ireland	2,245	-2.1%
Scotland	5,094	-3.2%
Wales	5,158	55.2%
England	45,318	-7.6%

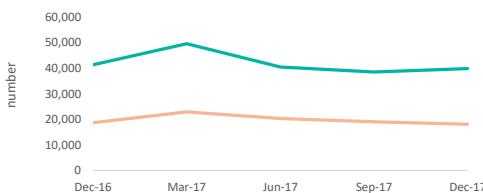
Quarterly value of new loans approved for SMEs in the UK



Region	Latest (Dec 17)	Y-o-Y comparison
Northern Ireland	£383 mn	19.3%
Scotland	£464 mn	-11.5%
Wales	£281 mn	18.4%
England	£4,046 mn	-2.0%

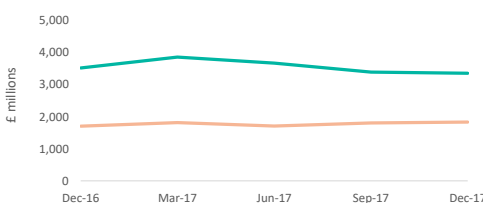
## Approvals (industry type)

Quarterly number of new loans approved for SMEs in the UK



Industry Type	Latest (Dec 17)	Y-o-Y comparison
Service industries	39,762	-3.7%
Production & manufacturing industries	18,046	-3.3%

Quarterly value of new loans approved for SMEs in the UK

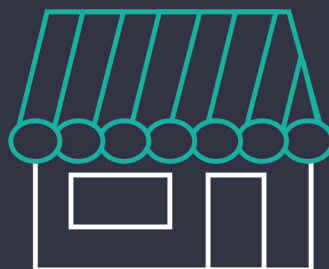


Industry Type	Latest (Dec 17)	Y-o-Y comparison
Service Industries	£3.3 bn	-4.7%
Production & manufacturing industries	£1.8 bn	7.5%

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		Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Source
<b>Gross lending</b>							
Great Britain	£bn	6,284	6,000	5,609	5,571	5,575	GB data
<b>New loan approvals across countries of the UK</b>							
England	Number	49,057	59,220	49,348	45,234	45,318	GB data
	£mn	4,129	4,495	4,260	4,080	4,046	GB data
Scotland	Number	5,264	6,351	5,381	5,122	5,094	GB data
	£mn	524	535	486	414	464	GB data
Wales	Number	3,324	3,816	3,215	4,832	5,158	GB data
	£mn	237	223	215	260	281	GB data
Northern Ireland	Number	2,292	2,985	2,701	2,235	2,245	NI data
	£mn	321	411	405	427	383	NI data
<b>New loan approvals within standard industrial categories (SIC) of the UK</b>							
Agriculture, Hunting & Forestry	Number	7,588	8,330	8,647	7,795	6,599	GB/NI data
	£mn	808	896	919	855	853	GB/NI data
Fishing	Number	163	191	148	182	207	GB/NI data
	£mn	13	24	8	24	31	GB/NI data
Mining & Quarrying	Number	96	79	33	76	76	GB/NI data
	£mn	50	40	6	53	28	GB/NI data
Manufacturing	Number	4,010	4,854	3,883	3,661	3,899	GB/NI data
	£mn	415	457	402	481	414	GB/NI data
Electricity, gas & water supply	Number	266	314	224	233	255	GB/NI data
	£mn	79	42	37	60	28	GB/NI data
Construction	Number	6,532	9,100	7,319	7,016	7,010	GB/NI data
	£mn	335	356	329	328	474	GB/NI data
<b>Total production &amp; manufacturing industries (total of SICs above)</b>	Number	18,654	22,868	20,255	18,964	18,046	GB/NI data
	£mn	1,701	1,814	1,702	1,801	1,828	GB/NI data

## New loan approvals across standard industrial categories (SIC) of the UK

Wholesale and retail trade	Number	11,606	13,551	10,999	10,651	11,066	GB/NI data	
	£mn	799	839	893	769	736	GB/NI data	
Accommodation & food service activities	Number	4,413	5,607	4,121	3,826	4,508	GB/NI data	
	£mn	480	566	462	463	590	GB/NI data	
Transport, storage & communication	Number	4,200	5,257	4,432	4,033	4,019	GB/NI data	
	£mn	201	235	268	198	200	GB/NI data	
Real estate, professional services & support activities	Number	12,375	14,783	12,574	11,594	11,717	GB/NI data	
	£mn	1,305	1,351	1,205	1,179	1,081	GB/NI data	
Within SIC above, property-related companies buying, selling & renting own or leased real estate	Number	2,765	3,100	2,713	2,340	2,239	GB/NI data	
	£mn	632	651	627	536	509	GB/NI data	
Public administration & defence	Number	59	50	60	65	77	GB/NI data	
	£mn	7	5	10	1	2	GB/NI data	
Education	Number	1,071	1,135	941	1,166	1,030	GB/NI data	
	£mn	92	157	114	125	88	GB/NI data	
Human health & social work	Number	2,941	3,501	2,911	2,703	2,735	GB/NI data	
	£mn	383	487	491	417	398	GB/NI data	
Recreational, personal & community service activities	Number	4,614	5,614	4,346	4,418	4,610	GB/NI data	
	£mn	243	208	221	230	250	GB/NI data	
<b>Total service industries (total of SICs above)</b>	Number	41,279	49,497	40,385	38,455	39,762	GB/NI data	
	£mn	3,510	3,850	3,663	3,382	3,347	GB/NI data	
<b>Deposits</b>	Sight Deposits	£mn	111,071	110,638	108,016	110,872	112,019	GB/NI data
	Time Deposits	£mn	71,539	68,112	67,398	67,890	65,767	GB/NI data

### Technical notes

Series referred to as 'GB' data reflect the SME business of Barclays, Clydesdale/Yorkshire banks, The Co-operative Bank, Lloyds Banking Group, HSBC Bank, RBS Group and Santander UK.

Series referred to as 'NI' data reflect the SME business of Bank of Ireland, Danske Bank, First Trust and Ulster Bank, plus the SME business of Barclays, HSBC Bank, RBS and Santander UK banking groups for Northern Ireland customers.

Year on year percentage changes compare the latest quarter's figure with the same quarter in the previous year, adjusted to exclude the effects of population changes, write-offs and sales/purchases of loan books to reflect underlying business trends.

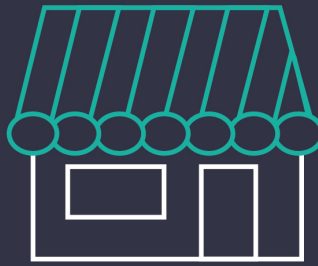
More detailed data tables (eg with distinctions between small-sized and medium-sized enterprises, loans and overdrafts, etc) are available from [www.ukfinance.org.uk/statistics/](http://www.ukfinance.org.uk/statistics/)

For information or media enquiries, please contact [press@ukfinance.org.uk](mailto:press@ukfinance.org.uk)

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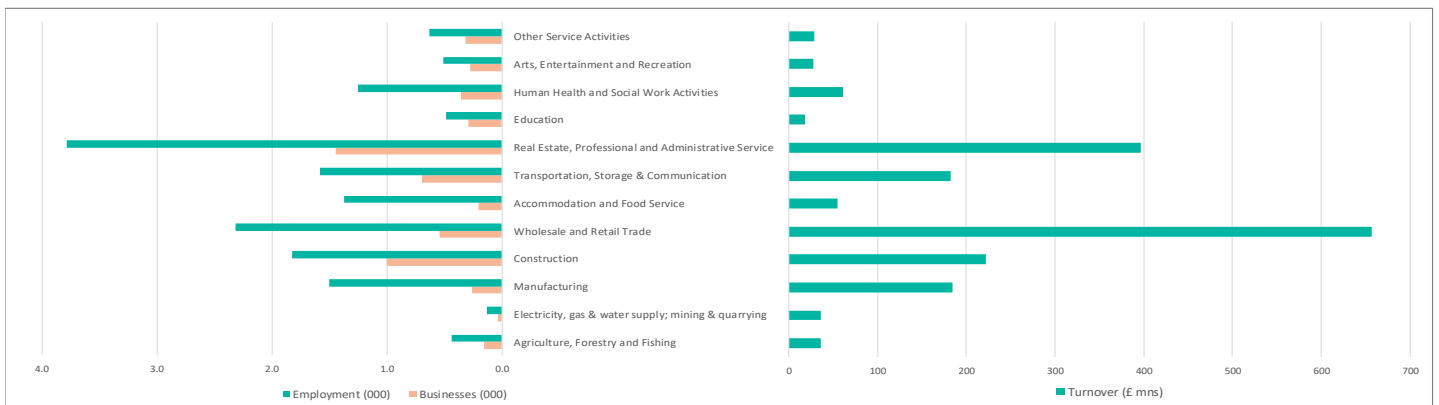
There are 5.6 million small and medium sized enterprises across the UK providing employment for 15.9 million people, generating annual turnover of £1.9bn within regions or sectors where all sizes of businesses contribute £1.7bn to economic output. The charts below show the distribution of SMEs across regions and within industrial sectors, together with comparable economic contributions.

## Regional profile of SMEs as at 2016



Source: BEIS, ONS

## Industry sector profile of SMEs as at 2016



Source: BEIS

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