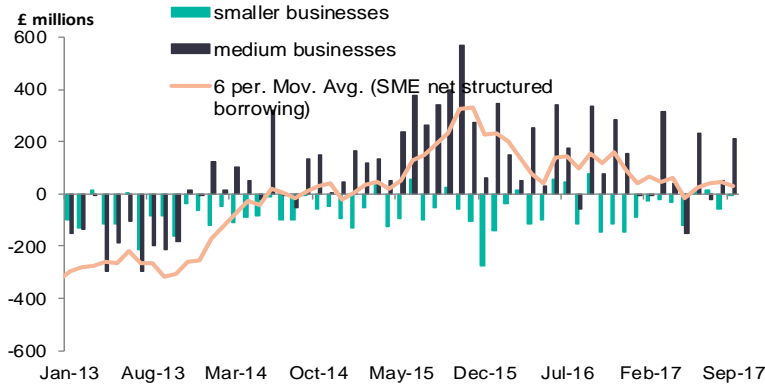


## SME net borrowing

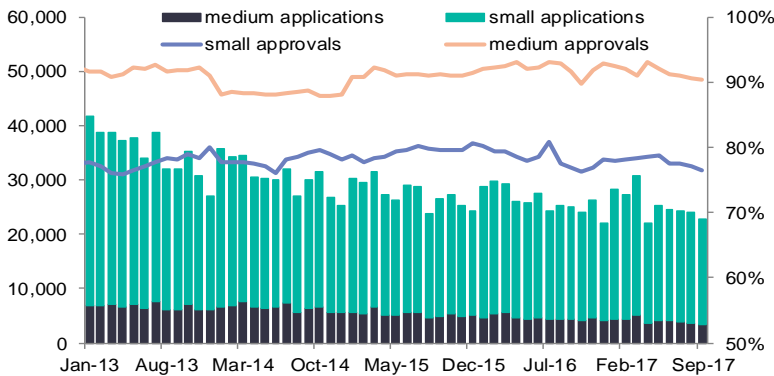


SME borrowing levels remained stable in the third quarter of the year, continuing the trend of subdued demand for bank finance over the previous 12 months.

SME borrowing facilities at the end of Q3 2017 stood at £108.7bn, of which structured term loans were £83.5bn, overdrafts were £9.1bn and facilities available but undrawn were £16.1bn.

New loans less repayments resulted in a slight increase in net lending of £189mn in the third quarter. Overdraft levels largely remained unchanged.

## Number of loan & overdraft applications and percentage approved

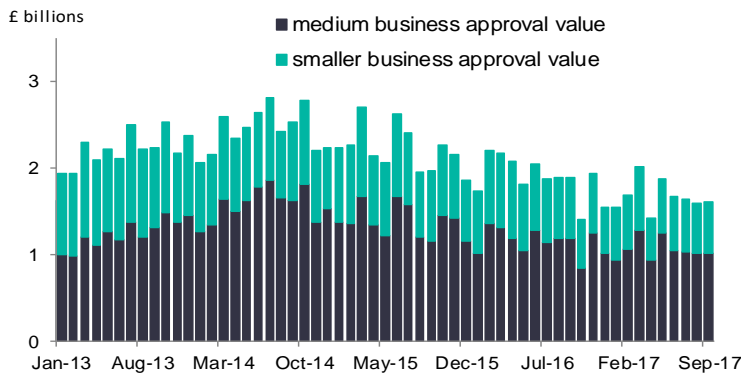


Applications volumes for bank finance have been reducing for some time. The third quarter saw a total of 30,010 loan applications, some 5% fewer than in the same quarter a year earlier.

The number of overdraft applications in the quarter (41,153) was lower than in Q3 2016 (43,047).

Approval rates in the quarter were:  
Smaller businesses - Loans 79%, Overdrafts 75%  
Medium businesses - Loans 86%, Overdrafts 96%

## Value of loan & overdraft application approvals



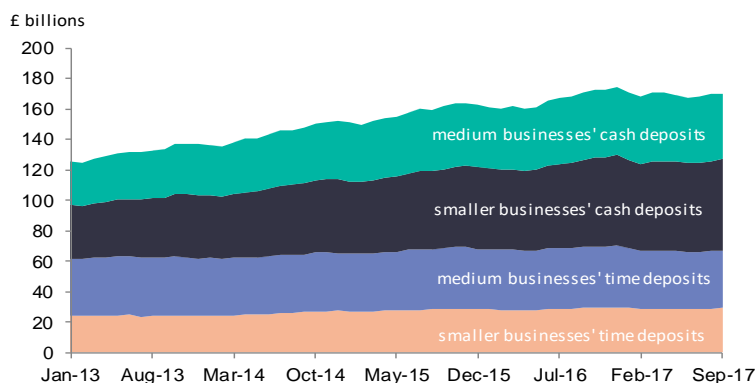
Reflecting the lower number of loan applications in Q3, aggregate loan & overdraft facilities approved, of £4.8bn, were some 3% lower than in Q2 2017 and also some 15% lower than in the same quarter of 2016.

£1.3bn of loan facilities and £0.5bn of overdraft facilities were approved for smaller businesses.

£2.4bn of loan facilities and £0.7bn of overdraft facilities were approved for medium businesses.

The average loan value approved for smaller and medium-sized businesses in the quarter reduced, to £74,382 and £487,494 respectively.

## SME deposit account balances



Cash held by SMEs, predominantly in current accounts, totalled £170.1bn at the end of September 2017. A re-segmentation of business customers within one banking group resulted in a group of firms being re-allocated outside of the SME scope of these data, causing a break in the series, but the underlying annual growth in deposits is around 3%.

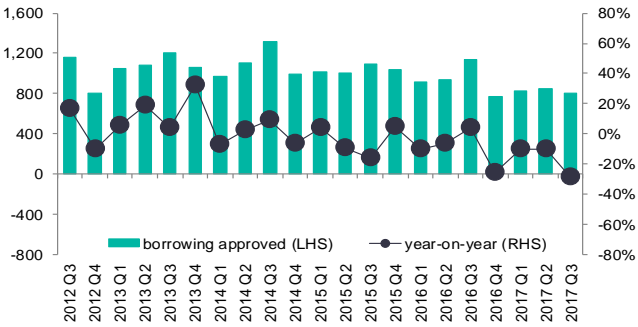
At the end of June, £103.5bn of cash was held in current accounts and £66.6bn in deposit accounts.

## Quarterly value of borrowing facilities approved across industrial sectors (£mn)

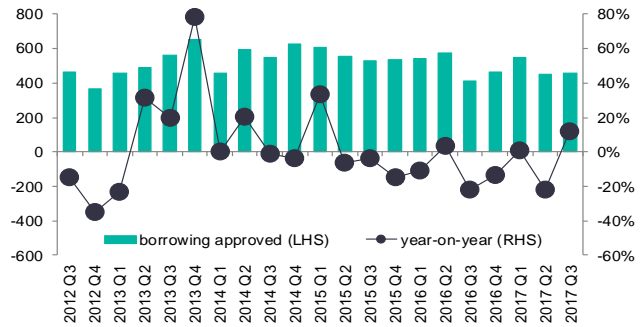
The Accommodation & Food Services, Education & Public Administration and Manufacturing, mining and quarrying sectors are seeing more lending approved than in the corresponding quarter a year earlier. In general, quarterly amounts are relatively stable.



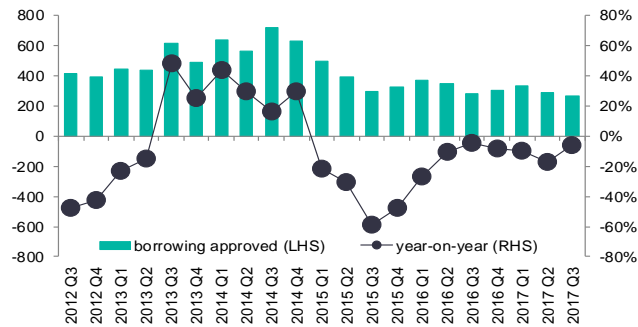
### Agriculture, fishing, hunting & forestry



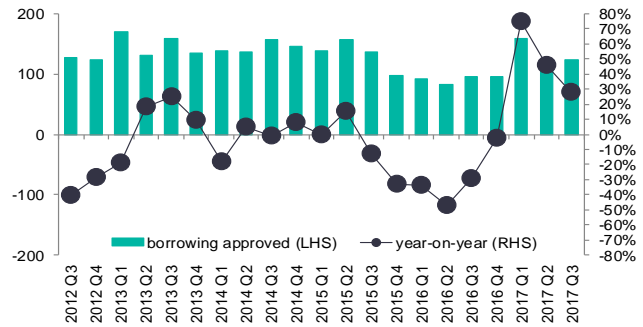
### Accommodation & food services



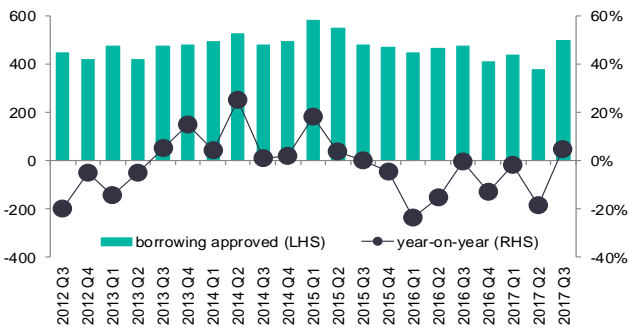
### Construction



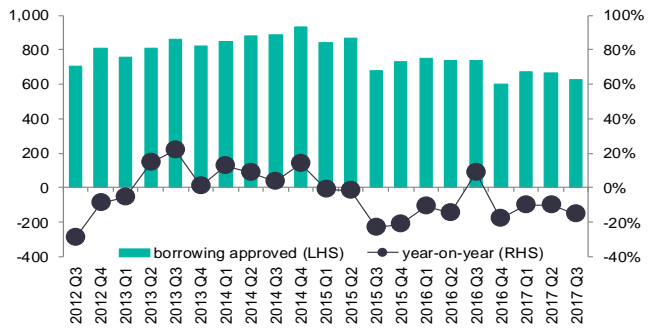
### Education & public administration



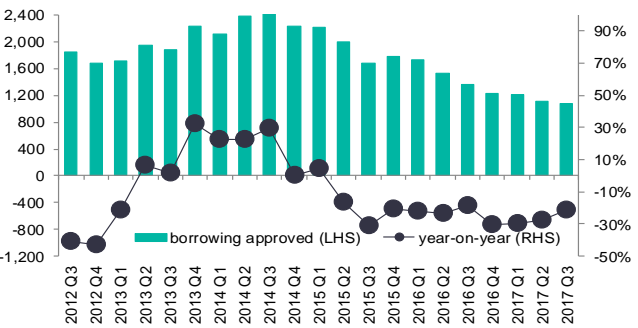
### Manufacturing, mining & quarrying



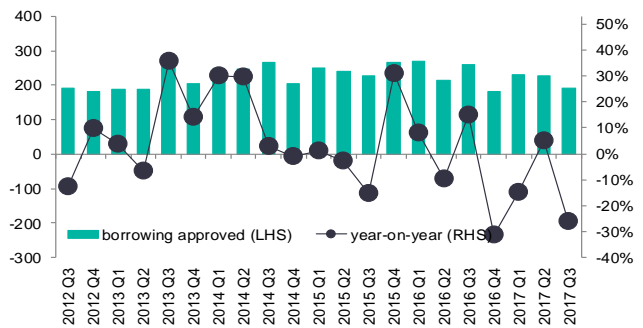
### Health, professional & social services



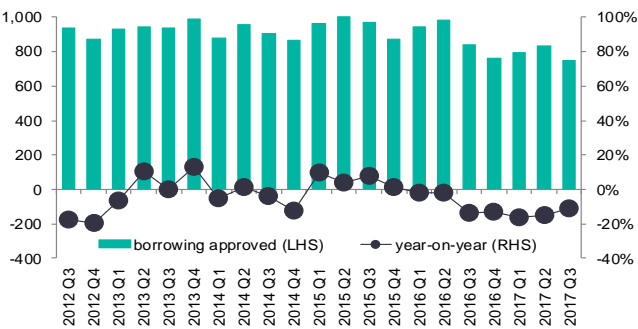
### Professional, services & property



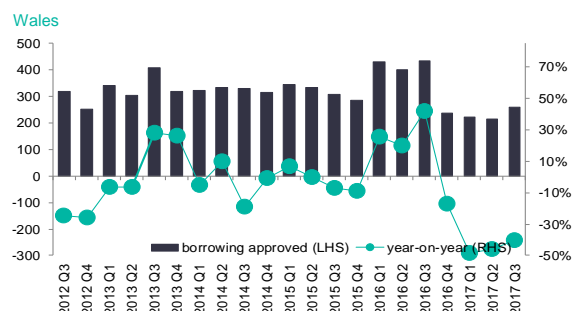
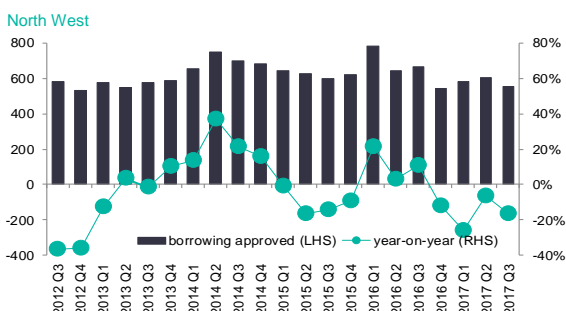
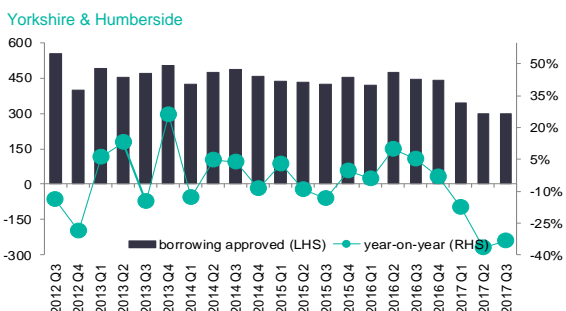
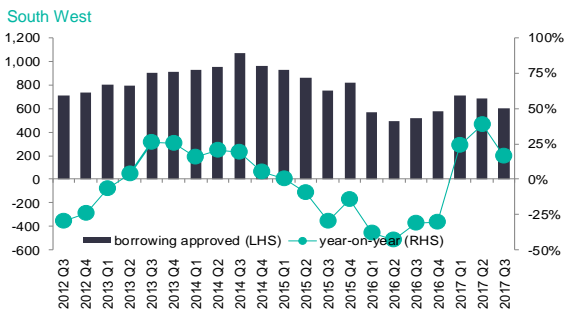
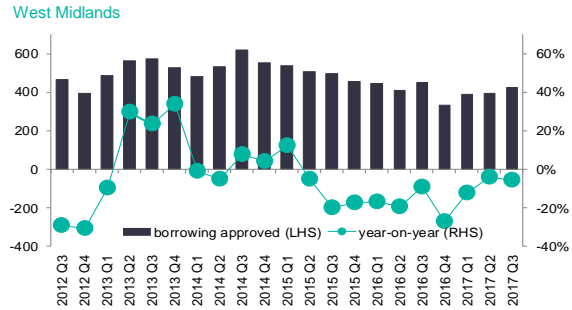
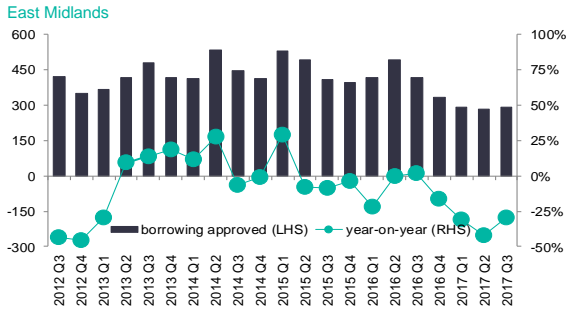
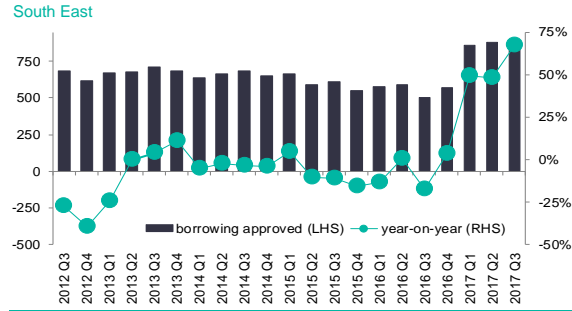
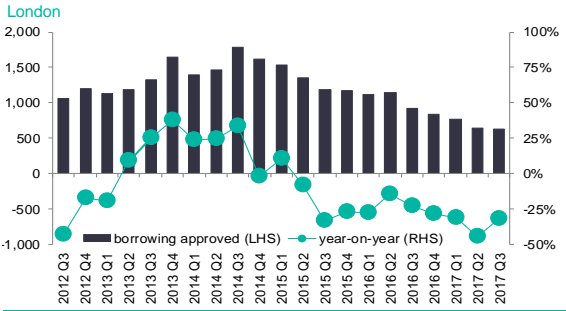
### Transport, Utilities & Communication



### Wholesale & retail trade



Quarterly value of borrowing facilities approved across regions (£mn)





Notes to editors:

1. Contributors to these regular datasets are Barclays, HSBC, Lloyds Banking Group (including HBOS), Clydesdale (including Yorkshire Bank), Royal Bank of Scotland Group (including NatWest), Santander and the Co-operative Bank.

a. Data for Quarter 4 2014 exclude balances related to TSB Bank, which was previously included within the Lloyds Banking Group.

2. SMEs covered are private sector businesses (sole traders, partnerships, limited companies) but NOT the following:

a. Clubs, charities and societies operating business accounts with banks, because their activities are not typically commercial in nature and are not covered.

b. Financial sector businesses are not covered.

3. The provision of credit to SMEs is not restricted to business loans (structured over a fixed term period) and overdrafts. Banks also provide business credit cards and asset-based finance (such as hire purchase, leasing, revolving credit, trade finance, invoice discounting, factoring, etc), but those products are not covered by these data.

4. These datasets are not consistent with the data published by the Bank of England for the Project Merlin agreement. That basis of measurement covered a much wider range of credit products provided across whole banking groups (ie including non-bank subsidiaries) for all UK businesses (ie including financial sector and non-commercial customers) and included rolled-over facilities in some cases.

5. The distinction between 'smaller businesses' and 'medium-sized businesses' is not exact – the notional differentiation of size is based on business turnover (with smaller-sized business segmentation for SMEs being up to £1m/£2m and medium-sized business segmentation being up to £25m), but operationally, banks consider many other business characteristics to position SMEs in either their standard business product range 'smaller business banking' segment or the more relational, 'medium business commercial banking' segment.

6. In aggregating data from banks, it is not possible to de-duplicate multi-banked businesses. There is no impact on lending or deposit data but in associated published tables, the numbers of businesses covered will include double-counting.

7. Net changes are adjusted where appropriate to remove the effects of reporting discontinuities or coverage breaks, thus reflecting underlying movements.

8. BetterBusinessFinance is the 'delivery channel' for initiatives coming out from the Business Finance Taskforce. Progress on the range of initiatives is detailed at <http://www.betterbusinessfinance.co.uk/>

Ends