



EUROPEAN CENTRAL BANK

EUROSYSTEM

PRESS RELEASE

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Report on the results of the Survey on the Access to Finance of Enterprises in the euro area – October 2016 to March 2017

- SMEs continued to signal improvements in the availability of external finance
- For the first time general economic outlook is seen as conducive to the availability of external finance
- SMEs signalled improved turnover and debt situations, along with stable profits and rising costs
- Many SMEs continued to pursue deleveraging, either as a way to achieve better credit ratings or to rebuild balance sheet capacity for the future.

The European Central Bank (ECB) published its 16th report on the results of the “Survey on the Access to Finance of Enterprises”. The report provides evidence on changes in the financial situation, financing needs and access to financing of small and medium-sized enterprises (SMEs) in the euro area in the six months from October 2016 to March 2017, as well as comparing the situation of SMEs with that of large enterprises. This survey round was conducted between 6 March and 14 April 2017. The total euro area sample size was 11,724 firms, of which 10,712 (91%) had fewer than 250 employees.

The financial situation of firms continued to improve. On balance, 19% of SMEs reported higher turnover (percentage unchanged) and 16% reported increased fixed investment (up from 13%). Cost pressures have also intensified, in particular for costs other than labour, with 50% of firms reporting an increase (up from 37%).

While, on balance, only 3% of SMEs signalled an increase in their need for bank loans, the net percentage of SMEs reporting an improvement in the availability of bank loans increased for the fifth consecutive period (12%, up from 11%). For the first time since the beginning of the survey, SMEs indicated that the general economic outlook supported, rather than constrained, the availability of external

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finance (5%, up from -5%). Of the 32% of SMEs that had applied for a loan, 74% received the full amount requested (up from 69%) and 6% reported that their applications had been rejected (down from 7%).

This survey round included two ad hoc questions on the appropriate level of debt and its determinants. About 40% of euro area SMEs indicated that they would like to retain their current level of debt, while 39% preferred less debt and only 7% of SMEs would like to incur more debt. As to the determinants of debt, 25% of SMEs cited the ability to borrow more in the future as the most important factor, while 20% mentioned the firm's credit rating and 16% the risk of financial distress.

The full report on the results of the survey can be found on the ECB's website at <http://www.ecb.europa.eu> in the "Research & Publications" section under "Publications by activity"/"Statistics", along with detailed statistical tables.

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