



EUROPEAN CENTRAL BANK  
EUROSYSTEM

# PRESS RELEASE

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## Survey on the Access to Finance of Enterprises in the euro area: small businesses continue to report declines in turnover and profits, but activity expected to improve

- SME turnover and profits continued to deteriorate, but business activity expected to improve
- Availability of external finance improved marginally, but not for the smallest firms
- Recruiting skilled employees and finding customers are main concerns

For the period from October 2020 to March 2021, small and medium-sized enterprises (SMEs) in the euro area reported a further deterioration in their turnover and profits, reflecting the weakness of economic activity, albeit less so than in the first wave of the pandemic (with net percentages of -29% (up from -46%) for turnover and -35% (up from -47%) for profits).<sup>1</sup> The resurgence in commodity prices triggered a jump in the net percentage of euro area SMEs reporting an increase in the cost of materials and energy (36%, up from 11%). At the same time, after forecasting declines in the two previous survey rounds, SMEs expected turnover to increase over the next six months (19%, up from -9%).

After one year of the coronavirus (COVID-19) pandemic, euro area SMEs reported that difficulties in recruiting skilled labour (21%) and finding customers (20%) were the main concerns for their business activity. Concerns about access to finance remained low in the euro area as a whole (9%). The net percentage of SMEs reporting an improvement in the availability of bank loans declined marginally to stand at 3% (down from 6%). The slight improvement in the availability of bank loans was broad-based across countries, with few exceptions. That was not the case, however, for micro firms (defined as firms with fewer than ten employees), which signalled a decline in the availability of bank loans for the first time since mid-2015 (-2%). In contrast, large companies indicated that the availability of bank loans had returned to pre-COVID-19 levels. SMEs' external financing gap – the difference between the change in demand for and the change in the availability of external financing – remained positive, both at the euro area level (4%, down from 5%) and across all euro area countries. SMEs also indicated that the supply of trade credit

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<sup>1</sup> Net percentages are defined here as the difference between the percentage of enterprises reporting that something has increased and the percentage reporting that it has declined.

remained unchanged (0%, up from -1%), while a net 6% of euro area SMEs reported an increase in the availability of leasing or hire-purchase (up from 3%). For most external financing sources, there are now fewer SMEs expecting a deterioration in availability in the future.

In this survey round, a smaller net percentage of SMEs reported that the economic environment had adversely affected the availability of external financing (-29%, up from -41%). That net percentage is comparable to the levels seen prior to the pandemic and may point to the beneficial impact of the ongoing policy support measures. Similarly, fewer SMEs reported that their firm-specific outlooks (-15%) and capital positions (-2%) had deteriorated.

Replies to ad hoc questions on the importance of government support schemes introduced in response to the pandemic show that a large number of SMEs accessed such schemes over the last 12 months and that the measures have helped firms to meet their immediate and short-term obligations. In particular, firms highlighted government measures aimed at alleviating wage bills and providing support in the form of tax cuts and tax moratoria. SMEs also indicated that government measures that were currently in place or planned on account of the pandemic would increase their ability to meet their debt obligations in the next two years (i.e. beyond the short term).

SMEs reported that they expected to see an economic recovery in the coming months. Firms in all size categories expected, in net terms, to see increases in turnover over the next six months, suggesting a widespread recovery in business activity. Firm size was, however, a fundamental factor in those expectations, with larger companies reporting the highest expectations (45%) and micro SMEs signalling more modest expectations (12%).

This report presents the main results of the 24th round of the Survey on the Access to Finance of Enterprises (SAFE) in the euro area, which was conducted between 8 March and 22 April 2021. The survey covered the period from October 2020 to March 2021. The sample comprised 11,007 enterprises in the euro area, of which 10,054 (91%) were SMEs (i.e. firms with fewer than 250 employees).

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#### **Notes:**

- The survey report is available at [Statistics > ECB surveys > Survey on the Access to Finance of Enterprises \(SAFE\)](#).
- Detailed data series for euro area countries and aggregate euro area results are available from the [Statistical Data Warehouse](#) on the ECB's website.