

Press release

8 May 2020

Survey on the Access to Finance of Enterprises: Small businesses report challenging outlook for their access to external financing due to COVID-19

- Small and medium-sized enterprises (SMEs) reporting rapid deterioration in economic environment in context of COVID-19
- Deterioration in economic outlook and SMEs' financial situations having strong negative impact on availability of finance
- SME expectations about access to external finance deteriorating sharply, reflecting expected impact of coronavirus pandemic

Euro area small and medium-sized enterprises (SMEs) reported a decline in turnover (in net terms -2%, from 20% in the previous six months) in the latest European Central Bank (ECB) [Survey on the Access to Finance of Enterprises \(SAFE\)](#). This was the first such decline reported in the twice-yearly survey since early 2014. They also reported a sharp deterioration in profits (in net terms -15%, down from -1% in the previous survey), which was widespread across countries and sectors. The survey covered the period from October 2019 to March 2020.

Euro area SMEs continued to indicate the lack of availability of skilled labour as their main concern (24% of respondents, down from 28%), followed by the difficulty in finding customers (21%, down from 22%).

Regarding access to finance, the net percentage of SMEs reporting an improvement in the availability of bank loans remained positive, but declined to 5% (down from 10%). This was attributed to the willingness of banks to provide credit (11%, down from 14%). However, for the first time since September 2014, euro area SMEs perceived their own financial situations as a factor impeding their access to finance (-18%, down from 5%). In addition, the general economic outlook was reported to be having a strong negative impact (-30%, down from -13%), a net percentage not seen since March 2013.

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SMEs' responses on the expected availability of external finance are useful in gauging the possible impact of the coronavirus (COVID-19) pandemic in the immediate future. On balance, they show that expectations about the availability of bank loans were falling significantly in the euro area (-11%, down from 4%), with the level of deterioration varying across countries. Reflecting the severity of the coronavirus pandemic in different countries, Italian SMEs reported the largest deterioration in net terms (-13%, from 9%), followed by French and Spanish SMEs (-9% and -12%, from 8% and -1%, respectively).

This survey round introduced two additional questions: one on the most important factors affecting price-setting and the other on the expected impact of those factors on the prices of goods and services produced by SMEs over the next 12 months. Euro area SMEs reported expected demand for their own products and labour costs as the most important factors, followed by other input prices, competitors' prices and market shares. Looking ahead, they expect price pressures to remain subdued.

The Survey on the Access to Finance of Enterprises was developed to provide evidence on changes in the financial situation of enterprises and to document trends in the need for and availability of external finance. This survey round was conducted between 2 March and 8 April 2020. Despite the difficulties in conducting the survey owing to the spread of the coronavirus across Europe and the associated disruption in the business activity of many euro area firms, the survey was completed successfully, with a total euro area sample size of 11,236 enterprises, of which 10,287 (92%) had 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.

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