On 29 May this year the ECB published the results of the twentieth edition of the survey on the access to finance of enterprises in the euro area (SAFE), which covers the period from October 2018 to March 2019. The survey questions firms, essentially SMEs, about developments in the past six months relating to their economic and financial situation, their external financing needs and the conditions in which they have obtained – or not – such financing.

In the case of Spanish SMEs, the data from this latest edition of the survey show overall somewhat less favourable developments in their economic and financial situation. The number of firms reporting an increase in their sales once again exceeded – for the ninth consecutive time – those reporting the opposite. But the difference between both groups (net percentage) was 20%, 4 pp down on the previous survey and also slightly below the figure recorded for the euro area as a whole (21%, see Chart 1). Costs, both labour and other, increased for a high net proportion of SMEs in the sample (57% and 58%, respectively, compared with 52% and 57% in the euro area). That led to a less favourable trend in profits than in sales. Specifically, the percentage of firms reporting a decline in profits exceeded that of those reporting the opposite. This had not occurred since 2015. Consequently, a net negative percentage of -4% was recorded, compared with the zero figure for the euro area as a whole. The breakdown by sector shows that the less favourable trend in sales and in profits was practically across the board. The exception was the wholesale and retail trade, the only sector with somewhat more positive percentages (in the case of sales) or less negative percentages (in the case of profits) than those recorded in the previous edition.

When questioned about their main source of concern, the lack of customers was the reply by the biggest percentage of Spanish SMEs (27%, see Chart 2), while in the euro area as a whole the problem mentioned with most frequency was, for the third time running, the lack of skilled labour (25%). Set against this, access to finance was, once again, among all the factors included in this question, that cited by the least number of firms: 7% of the total in Spain and 8% in the euro area, percentages very similar to those recorded six months earlier.

Against this backdrop, the proportion of Spanish SMEs applying for bank loans grew by 1 pp, to 29% (see Chart 3). This figure was slightly higher than that recorded in the euro area (28%), but remains close to the lower figures observed in recent years. Access to bank financing continued to improve, albeit at an increasingly lower rate (see Chart 4). Thus, in net terms, 16% of Spanish SMEs reported an improvement in this respect, 5 pp down on the previous survey, although 7 pp above the percentage recorded for their euro area counterparts. The respondent firms noted a positive trend in most of the factors affecting credit supply, albeit to a lesser extent than in the previous edition. Specifically, in net terms, 21% of Spanish SMEs perceived a greater readiness of banks to grant loans (6 pp below the figure six months earlier), 13% reported an improvement in the specific situation (4 pp less than the previous survey), and also 13% indicated a favourable impact associated with their credit track record (1 pp below the September 2018 figure). By contrast, 8% of SMEs, in net terms, considered that the general economic outlook hampered access to credit (compared with 1%, in net terms, that considered the opposite in the immediately previous period).

The percentage of SMEs whose financing applications were rejected fell slightly, by 1 pp, to 5%, a figure slightly below that recorded in the euro area as a whole (6%). Also, the broadest indicator of difficulties in obtaining bank loans[1] shows a slight improvement, with a 1 pp decline in the proportion of companies facing such difficulties to 8%, a figure slightly higher than that of the euro area (see Chart 5).

Concerning financing conditions, the net percentage of firms reporting a decline in interest rates was positive, for the ninth consecutive time. However, the resulting figure was very low (1%) and similar to that of the previous edition (see Chart 6). The net proportion of companies reporting an increase in the amount of loans also remained positive (7%, 8 pp less than six months earlier). By contrast, Spanish SMEs on the whole reported a slight reduction in loan maturities, and a tightening in collateral required and in other loan conditions.

In short, the latest edition of the SAFE shows that, between October 2018 and March 2019, access by Spanish SMEs to external financing continued to improve. However, it did so at a more moderate pace than in previous editions, against a background in which the economic and financial situation of these firms showed some signs of worsening. The survey also reveals that Spanish SMEs anticipated, at the time of being questioned, a positive trend in their access to bank financing between April and September this year.

1 This indicator includes companies in one of the following situations: those whose applications for funds were rejected; those to which the funds were granted but only in part; the companies to which the loan was granted but at a cost deemed by the companies to be very high; and those which did not apply for financing because they thought it would not be granted.

Chart 1
SALES AND PROFITS (a)

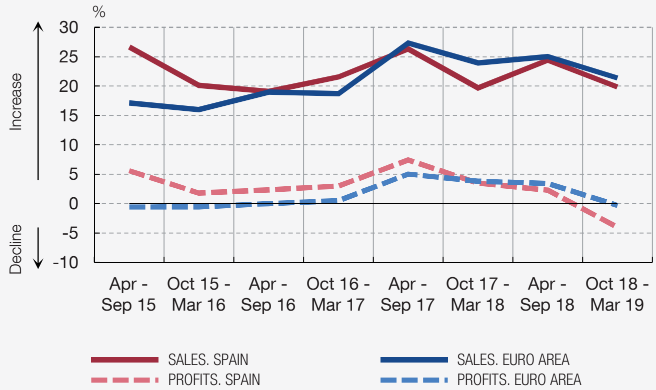


Chart 2
MAIN PROBLEMS AFFECTING ACTIVITY. OCTOBER 2018-MARCH 2019

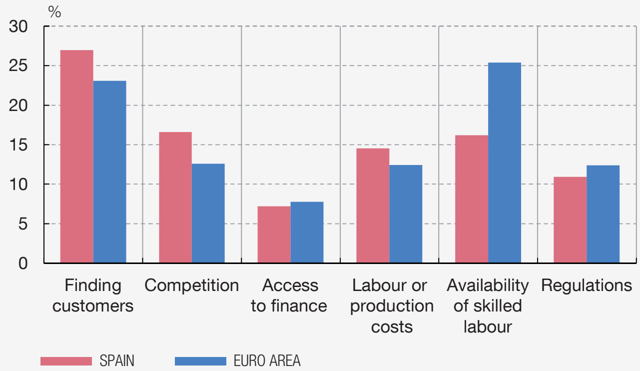


Chart 3
SMEs THAT HAVE APPLIED FOR BANK LOANS

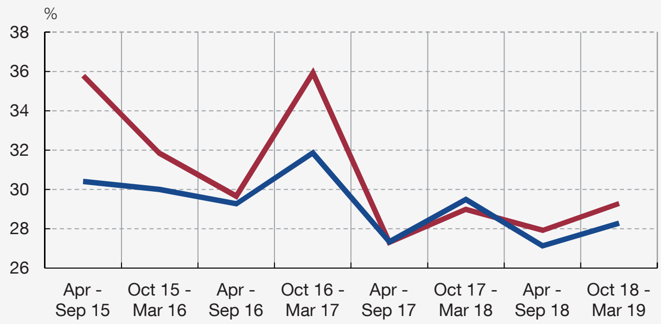


Chart 4
AVAILABILITY OF BANK LOANS (b)

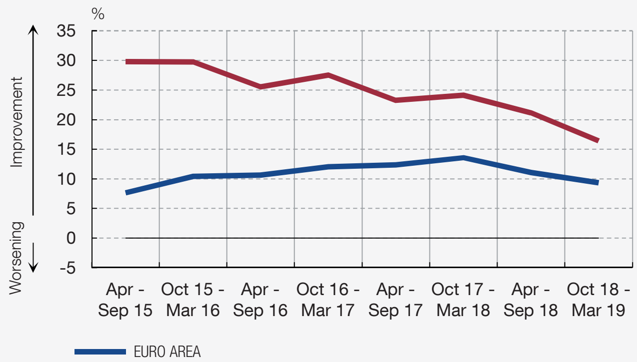


Chart 5
SMEs WITH DIFFICULTIES IN OBTAINING BANK LOANS (c)

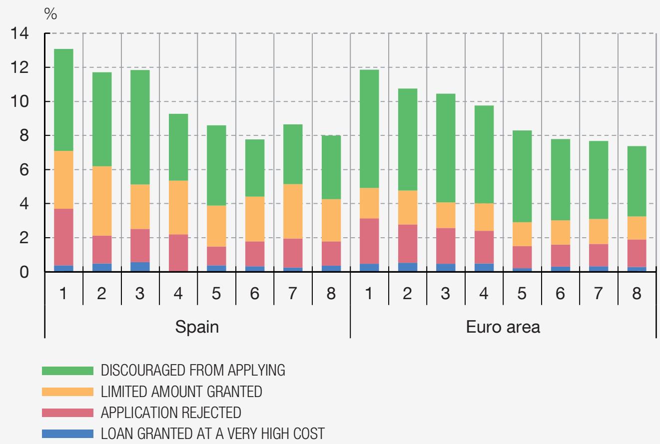
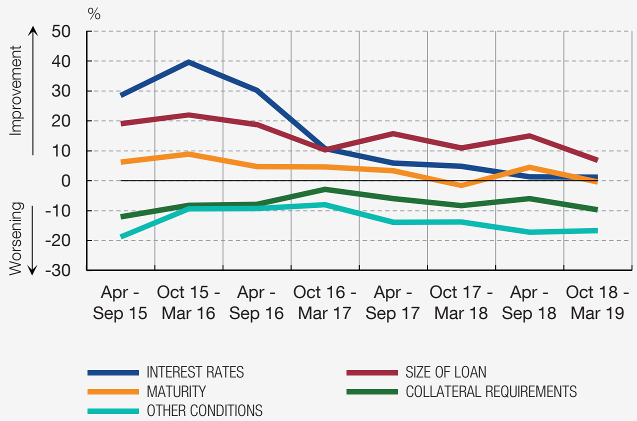


Chart 6
BANK LOAN CONDITIONS. SPAIN (d)



SOURCE: ECB.

a Percentage of firms reporting an increase minus percentage of firms reporting a decline.
b Percentage of firms reporting an improvement minus percentage of firms reporting a worsening
c This indicator reflects the proportion of firms in one of the following situations: those whose applications for funds were rejected; those which were granted funds but only a limited amount; those which were granted the loan but at a cost considered by the companies as too high; and those which did not apply for finance because they thought it would be rejected (discouraged from applying). The numbers on the horizontal axis depict the rounds of the survey, with 1 corresponding to the period April-September 2015 and 8 to the period from October 2018 to March 2019.
d Percentage of firms reporting an improvement in conditions (lower interest rates, increase in amounts and maturities, and reduction in collateral and other required conditions) minus percentage of firms reporting a worsening in these conditions.