On 24 May the ECB released the results of the 16th edition of the Survey on the Access to Finance of Enterprises in the euro area (SAFE), covering the period from October 2016 to March 2017. The firms surveyed, essentially SMEs, are asked about the changes, over the past six months, in their economic and financial situation, their financing needs and the conditions of the financing received or rejected.

In the case of Spanish SMEs, the latest survey data reflect, overall, a continued improvement in their economic situation. Thus, the number of firms reporting an increase in sales was again, for the sixth consecutive time, higher than the number of firms reporting a decrease, with a relative difference between the two groups (net percentage) of 22%, somewhat higher than the figure recorded six months earlier and than the figure for the euro area (19% in both cases; see Chart 1). The profit performance was somewhat less favourable, owing to the increase both in labour and other costs, a circumstance reported by a high net proportion of SMEs in the sample (45% and 57%, respectively, compared with 49% and 50% in the euro area). Thus, the proportion of firms that reported an increase in profits was 3 pp higher than that which reported a drop in profits, 1 pp more than in the previous edition. In the euro area, the difference between firms reporting higher profits and those reporting lower profits was negligible.

When asked which was their main concern, most SMEs, both in Spain (29%) and in the euro area overall (26%), referred to the lack of customers (see Chart 2). By contrast, access to financing was again, from among all those included in the question, the factor cited by the fewest companies (9% both in Spain and the euro area), a similar percentage to that reported six months earlier and the lowest figure recorded in both areas since the survey was launched in 2009.

In this setting, the proportion of Spanish SMEs that applied for bank loans rose by approximately 6 pp to 36% (see Chart 3), which is also above the euro area figure (32%). In turn, the availability of bank financing continued to improve (see Chart 4). Thus, in net terms, 28% of Spanish SMEs reported an improvement in this respect, 2 pp more than in the previous survey and 16 pp above the figure for their euro area peers. In addition, the firms surveyed considered that the favourable development of most factors affecting credit supply had a positive impact on the availability of financing. Specifically, in net terms, 32% reported that the improvement in their particular situation had a positive effect on access to credit (11 pp more than six months earlier), 31% perceived greater willingness of banks to provide credit (similar to the previous survey) and 28% signalled a positive influence associated with the improved macroeconomic outlook (12 pp more than six months earlier).

In addition, the proportion of Spanish SMEs that had had loan applications rejected was virtually unchanged, standing at 6%, similar to the figure for the euro area as a whole. When a broader indicator of obstacles in obtaining bank loans was considered,[1] the figure improved further. Thus, those difficulties affected 9% of Spanish SMEs; this percentage is slightly below the figure for the euro area (10%) and continues in the downward pattern observed in recent years from the high levels recorded in 2013 (see Chart 5).

Regarding financing conditions, the net percentage of firms reporting a drop in interest rates was 11%, much lower than six months earlier (30%; see Chart 6). In addition, the net proportion of firms that reported an increase in loan amount and loan maturity remained positive (10% and 5%, respectively). By contrast, in net terms, 3% of Spanish SMEs perceived that collateral requirements had tightened, and 8% that other terms and conditions of loans had tightened, although this tightening continued to moderate compared with the levels recorded in previous editions.

Lastly, this edition of SAFE also included two ad-hoc questions on the appropriate level of debt and the main determinant factors of the level of debt. In this respect, 42% of Spanish SMEs reported that they considered their present level of debt appropriate, while the same percentage indicated that they wished to reduce their level of debt and only 5% that they wished to increase it. As to the fundamental factors determining the appropriate level of debt, for 24% of SMEs the most important factor was preserving the ability to borrow more in the future, for 18% it was preserving the firm's credit rating and for 16% it was the risk of facing financial distress.

To conclude, the latest SAFE shows that, between October 2016 and March 2017, access to external financing for Spanish SMEs continued to improve. Against a backdrop of progressive strengthening of their economic and financial situation, these firms reported, in general, that the availability of bank financing had increased over the period, with a greater willingness of banks to grant loans on more favourable conditions. Lastly, the survey results also show that Spanish SMEs expected access to bank credit to improve in the period between April and September 2017.

1 This indicator reflects the proportion of firms to which any of the following apply: loan application rejected; loan approved only partially; loan approved at what firm considered to be a very high cost; and loan not requested because firm did not expect it to be approved.

Chart 1
SALES AND PROFITS (a)

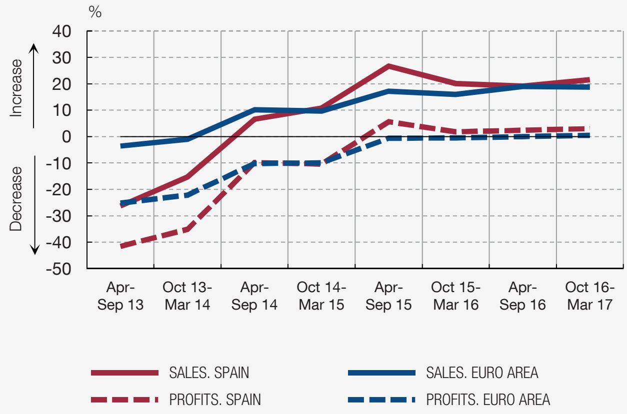


Chart 2
MAIN PROBLEMS AFFECTING ACTIVITY. OCTOBER 2016 - MARCH 2017

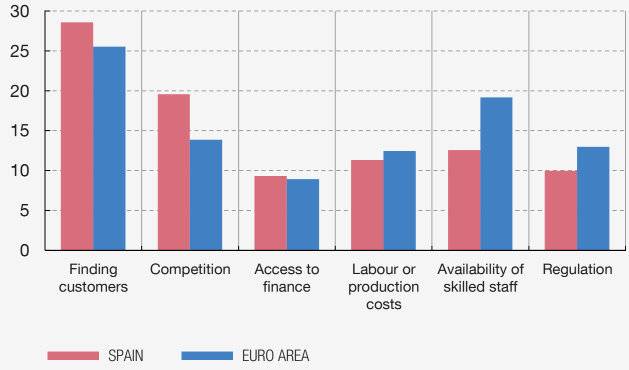


Chart 3
SMES APPLYING FOR BANK LOANS

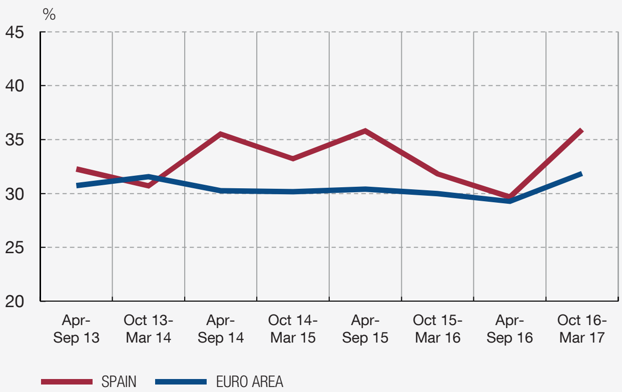


Chart 4
AVAILABILITY OF BANK LOANS (b)

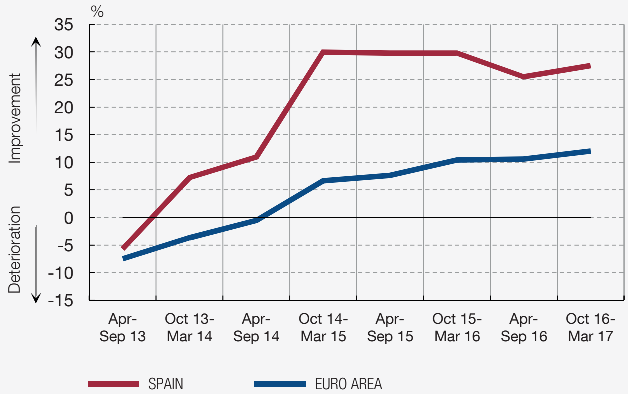


Chart 5
SMES FACING DIFFICULTIES OBTAINING BANK LOANS (c)

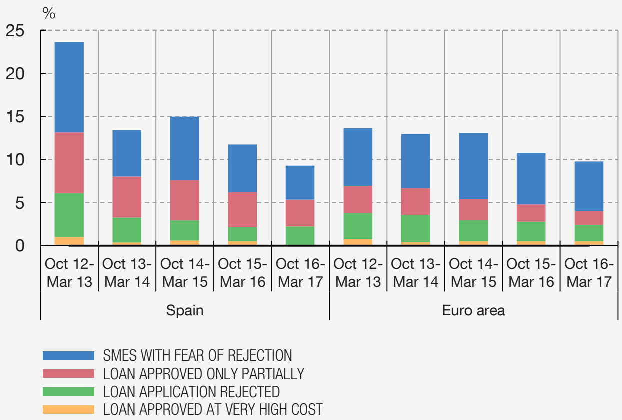
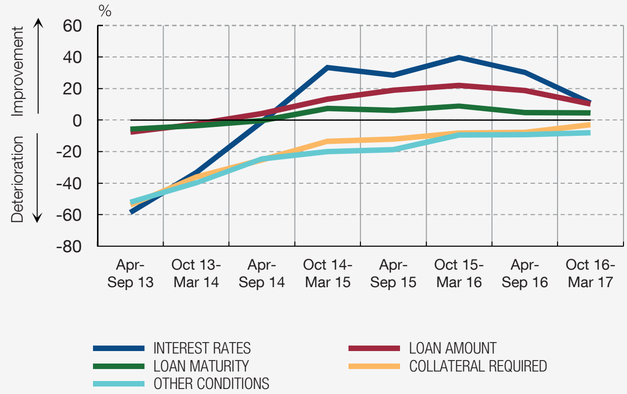


Chart 6
BANK FINANCING CONDITIONS. SPAIN (d)



SOURCE: ECB.

a The proportion of firms reporting an increase minus the proportion reporting a decrease.
b The proportion of firms reporting an improvement minus the proportion reporting a deterioration.
c This indicator reflects the proportion of firms to which any of the following apply: loan application rejected; loan approved only partially; loan approved at what firm considered to be a very high cost; and loan not requested because firm did not expect it to be approved (fear of rejection).
d The proportion of firms reporting an improvement in conditions (lower interest rates, higher loan amounts and longer maturities, and lower collateral and other requirements) minus the proportion reporting a deterioration in conditions.

NB: This box was published in Spanish on the Banco de España website on 26 June 2017.