BANCO DE ESPAÑA
Eurosistema

Communication

PRESS RELEASE

Madrid, 19 November 2024

Spanish firms' perception of their access to bank financing improved in 2024 Q3

- Firms reported growth in both turnover and profits.
- Firms' perception of access to bank financing continued to improve, thanks to favourable developments in their financial standing and banks' greater willingness to lend.
- For the first time since 2019, the share of firms reporting a decline in bank interest rates outweighed those reporting an increase.

On 7 November the European Central Bank (ECB) published the results of the 32nd round of the Survey on the Access to Finance of Enterprises (SAFE) in the euro area,[1] which asks firms about changes in their economic and financial situation and their financing conditions over two different periods. 60% of the firms surveyed were asked about developments between April and September 2024, while the other 40% were asked about the period between July and September 2024.

The main results for Spain are summarised below.

Economic activity

The net percentage[2] of Spanish firms reporting an increase in turnover between July and September was positive (at 23%) and almost identical to that reported three months ago (see Chart 1). The net share of firms reporting rising costs remained high, at 65% for labour costs (7 percentage points (pp) higher than in the previous round) and 52% for other costs (compared with 44% three months earlier). Despite this, the percentage of firms reporting improved profits was still higher than that of firms reporting declines (net 7%), a value very similar to that seen in the previous survey round. By size, both SMEs and large firms saw an improvement in business between July and September, although for smaller firms the percentages were lower (in the case of turnover) or still slightly negative (in the case of

[1] The survey was conducted between 2 September and 15 October, comprising a sample of 12,788 firms (1,394 in Spain), of which 92% (11,799, of which 1,293 were in Spain) had fewer than 250 employees. The results for the euro area as a whole, and also specifically for Spain, were published by the ECB on 7 November. An analysis of the overall euro area results can be found here.

[2] Net percentages are defined here as the difference between positive (increase, in this case) and negative (decrease) responses.

profits). Lastly, data for the period from April to September (see H1 in Chart 1) also show positive business developments.

Financing

According to the survey, Spanish firms continued deleveraging, although the process was somewhat less pronounced than in previous quarters. The net proportion of Spanish firms reporting a decrease in their debt ratio (total debt as a percentage of assets) between July and September stood at 11%, 1 pp lower than in the previous round.

Meanwhile, financing needs dropped, in net terms, for 3% of firms, compared with three months earlier, when 4% of firms reported higher needs for bank loans. Likewise, the percentage of firms that applied for bank loans dropped by 2 pp to 18%, remaining at historically low levels.

According to Spanish firms, bank loan availability continued to improve between July and September, with 13% of firms, in net terms, reporting an improvement. This percentage was practically the same as in the previous survey round (see Chart 2). This favourable development can also be seen for the April-September reference period. The respondent firms considered that most of the factors affecting credit supply had had a positive effect. In particular, in net terms, 21% of firms reported a favourable impact associated with their credit history (3 pp more than three months earlier), while 11% of firms also linked it to an improvement in their specific situation (down from 18% in the previous survey round) and 19% perceived an increased willingness of banks to lend (7 pp less than in Q2). Meanwhile, although 1% of firms still considered that the general economic outlook hampered access to credit, this percentage is almost 2 pp lower than that recorded in the previous round. A breakdown by size shows that both SMEs and large corporations perceived an improvement in the availability of bank loans, also underpinned, in both cases, by most of the factors analysed.

The financing obstacles indicator[3] improved, with the proportion of firms encountering this type of obstacle declining by just under 2 pp, to 9% (see Chart 3). This fall is mainly due to the decrease in both the percentage of discouraged borrowers (firms that did not apply for credit because they believed that it would not be granted), which fell by 1.5 pp to 2%, and the proportion of companies that obtained only part of the amount they applied for, which decreased by almost 1 pp to 1.3%. These two decreases offset the increase in the percentage of rejected applications, which rose from 0.7% to 1.5%. The decline in the financing obstacle indicator was seen in both SMEs and large firms. The indicator also performed soundly in the April-September reference period, compared with previous six-month periods.

In line with the less restrictive monetary policy stance, the percentage of firms reporting a decline in interest rates was higher, for the first time since 2019, than the percentage of firms reporting an increase, with a difference of 21 pp, in contrast with -17 pp in the previous edition (see Chart 4). By size, although both SMEs and large firms reported more favourable (or less unfavourable) cost of financing developments, the majority of SMEs continued to report an increase in interest rates, whereas the

---

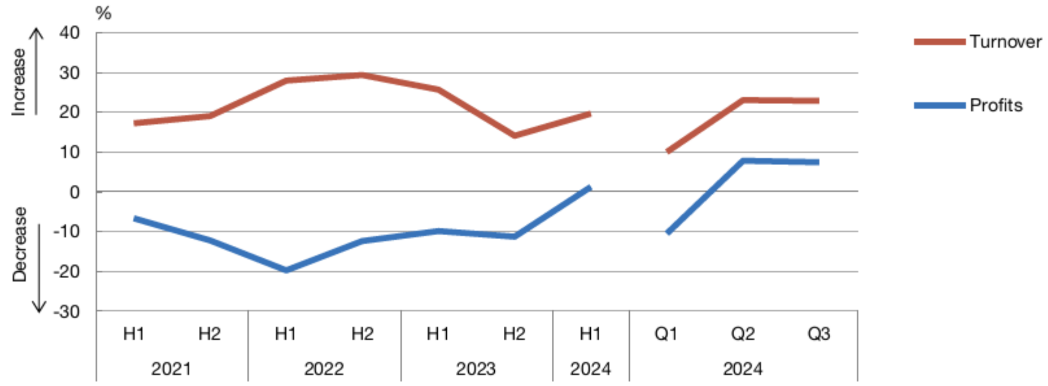
[3] This indicator captures the percentages of firms reporting (i) loan applications that resulted in an offer that was declined by the enterprise because the borrowing costs were too high, (ii) loan applications that were rejected, (iii) a decision not to apply for a loan for fear of rejection (discouraged borrowers), and (iv) loan applications for which only a limited amount was granted.

opposite was true for larger firms. A similar development was observed for the April-September reference period, although the net percentage in this period was more moderate (3%).

As regards other bank lending conditions, firms reported a tightening of collateral requirements between July and September, while both the amounts granted and the maturities continued to increase, albeit less strongly than in the previous quarter.

Finally, as regards expectations, at the time of the survey 19% of firms, in net terms, anticipated that their access to bank financing would continue to improve in the final quarter of the year.

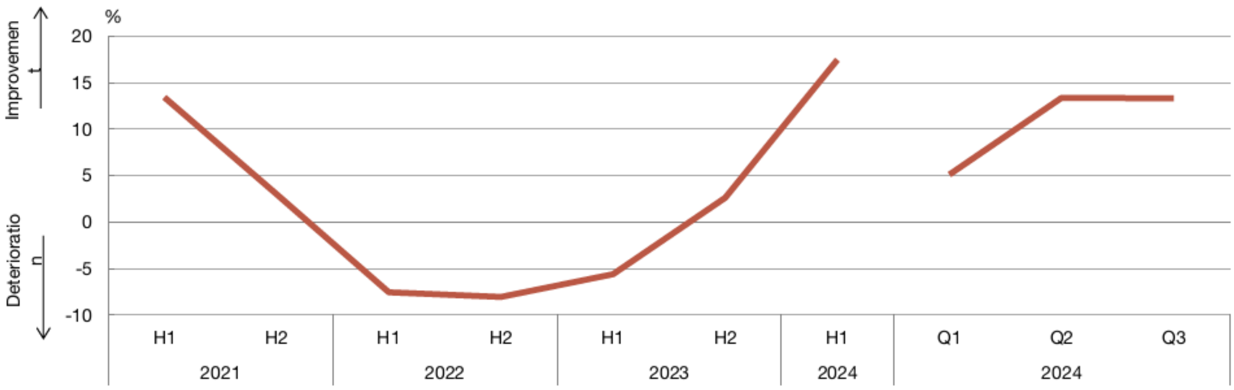
Chart 1
Changes in Spanish firms' turnover and profits (a)



SOURCE: ECB.

a. Percentage of firms reporting an increase minus percentage reporting a decline. Two time frames are used since the SAFE is currently conducted quarterly instead of every six months and now enquires about changes observed in both the last six and three months. The last survey round asked around 60% of the firms in the sample about the period between April and September 2024 (H1), and the remainder about the period between July and September 2024 (Q3).

Chart 2
Spanish firms' perception of bank loan availability (a)

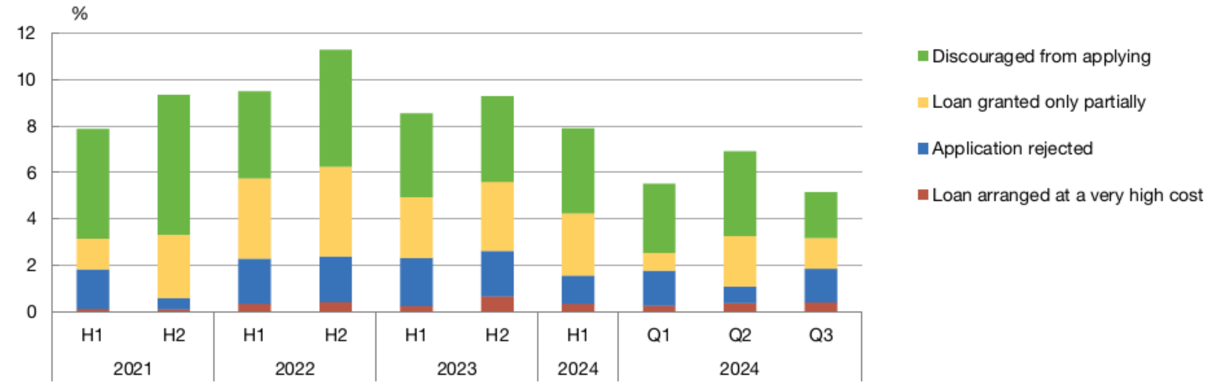


SOURCE: ECB.

a. Percentage of firms reporting an improvement less percentage of firms reporting a deterioration. Responses from firms for which bank loans are significant (firms that have used this type of financing in the past or plan to in the future).

Chart 3

Spanish firms that have difficulties in obtaining bank loans (a)

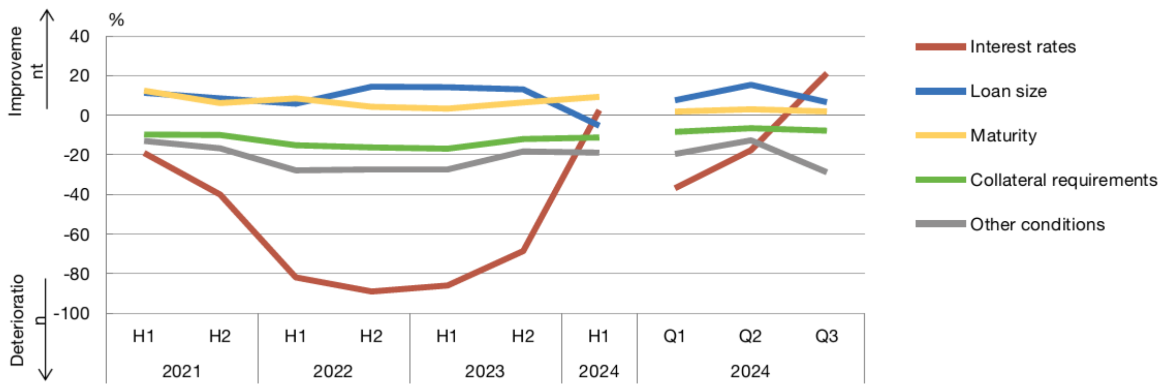


SOURCE: ECB.

a. This indicator captures the percentages of firms reporting (i) loan applications that resulted in an offer that was declined by the enterprise because the borrowing costs were too high, (ii) loan applications that were rejected, (iii) a decision not to apply for a loan for fear of rejection (discouraged borrowers), and (iv) loan applications for which only a limited amount was granted. Based on responses from firms for which bank loans are significant (firms that have used this type of financing in the past or plan to in the future).

Chart 4

Changes in the terms and conditions of bank financing applied to Spanish firms (a)



SOURCE: ECB.

a. Percentage of firms reporting an improvement less percentage of firms reporting a deterioration. Responses from firms that have applied for bank loans, credit facilities or overdrafts in the last six (three) months.

Reproduction permitted only if the source is cited