



EUROPEAN CENTRAL BANK

EUROSYSTEM

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# SURVEY ON THE ACCESS TO FINANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN THE EURO AREA: SECOND HALF OF 2009

*This report presents the main results of the second wave of the biannual survey “Access to finance of small and medium-sized enterprises”, conducted between 19 November and 18 December 2009 on behalf of the European Central Bank.<sup>1</sup> It provides evidence on the financial situation, financing needs and access to financing of small and medium-sized enterprises (SMEs) in the euro area, compared with large firms, during the preceding six months, i.e. roughly the second half of 2009. In addition, it provides an overview of developments in access to finance across the euro area countries and the main sectors of economic activity.*

## 1. Overview of the results

- **While half of the respondent SMEs reported an unchanged need for bank loans in the second half of the year, a quarter of them reported an increased need** and only slightly less than 10% a reduction. As a result, on balance, 16% of the SMEs (up from 11% in the first half of 2009) reported an increase in their need for bank loans. By contrast, the balance of large firms reporting an increase in the need for bank loans remained lower and broadly unchanged (6%, as against 5% in the first half of 2009). Large firms, by contrast, had greater recourse to market-based financing, the terms of which became considerably more favourable in the second half of 2009. As factors behind the net increase in their external financing needs, large and medium-sized firms mentioned, in particular, fixed investment, while small and micro firms mentioned, in particular, inventories and working capital and, in the case of micro firms, also the (non-)availability of internal funds.
- There was a considerably less negative assessment of the availability of bank loans by large firms (on balance -29%, as against -41% in the first half of 2009). At the same time, the balance of deterioration was broadly unchanged for SMEs from that in the previous six months (-32%, as against -33% in the first half of 2009). 42% of the SMEs reported a further deterioration and 10% an improvement. While a smaller net percentage of SMEs reported a deterioration in factors having an impact on the

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<sup>1</sup> The survey was conducted by the Gallup Organisation and covered 5,320 firms in the largest countries of the euro area. Compared with the first wave of the survey, which was run jointly by the ECB and the European Commission and will be repeated every two years, this wave was run by the ECB alone. The ECB will run part of the survey every six months, in order to assess the latest developments in the financing conditions for firms in the euro area.

availability of bank loans, such as the general economic and firm-specific outlook, on balance they did not see any improvement in banks' willingness to provide a loan.

- **A large majority (75%) of the SMEs reported that they had received either the full or part of the amount of the bank loans they had applied for**, compared with 77% in the first half of 2009. In addition, 18% of the SMEs reported a rejection of their bank loan application, up from 12% in the first half of 2009. By contrast, bank loan application success and rejection rates remained stable for large firms.
- In the second half of 2009, around one third of SMEs reported an increase in the level of interest rates charged on bank loans (specifically 35%, with little change from the first half of 2009), while 27% reported a decline (as against 29% in the first half of 2009). By contrast, large firms reported on balance a decline in the level of interest rates. In addition, SMEs reported on balance a deterioration in the terms and conditions other than interest rates in the second half of 2009.
- **Among the four largest euro area countries, the access to finance of SMEs in Spain remained worse than for those in Germany, France and Italy.** While SMEs in all euro area countries reported on balance a further deterioration in the availability of bank loans, Spanish SMEs continued to be the most negative. Likewise, the rejection rate for bank loan applications was highest for Spanish SMEs (25%, as against 20% in the first half of 2009) and lowest for French SMEs (7%, as compared with 12% in the first half of 2009).
- **In terms of sectors, SMEs in all the main sectors of economic activity reported a deterioration in the availability of bank loans in the second half of 2009**, but there was considerable heterogeneity across sectors. While the majority of SMEs in all the main sectors of economic activity received the entire amount of the bank loan they had requested in the second half of 2009, SMEs in the services and construction sectors were the least successful when applying for a bank loan.

## 2. The financial situation of euro area SMEs

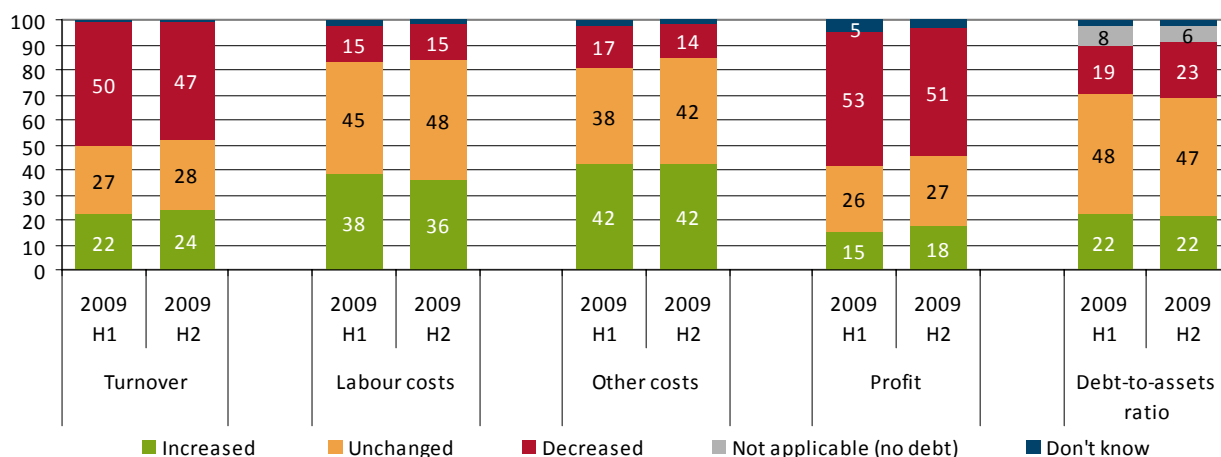
In the second half of 2009 the **income and debt situation** of SMEs changed only marginally. The percentage of SMEs reporting a deterioration of profits decreased to 51%, from 53% in the first half of 2009, while the percentage reporting an increase in profits stood at 18%, up from 15% in the first half of 2009 (see Chart 1). On balance, 34% of the SMEs (38% in the first half of 2009) reported a deterioration in their profits.<sup>2</sup> The profit situation was somewhat less negative for large firms (see Annex 1 on the results for large firms), as 25% (33% in the first half of 2009) on balance reported a deterioration in their profits.

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<sup>2</sup> The net percentage or balance of firms reporting an increase (decrease) is calculated as the difference between the percentage of reported "increases" ("decreases") and the percentage of reported "decreases" ("increases").

### Chart 1. Income and debt situation of euro area SMEs

(change over the preceding six months, percentage of respondents)

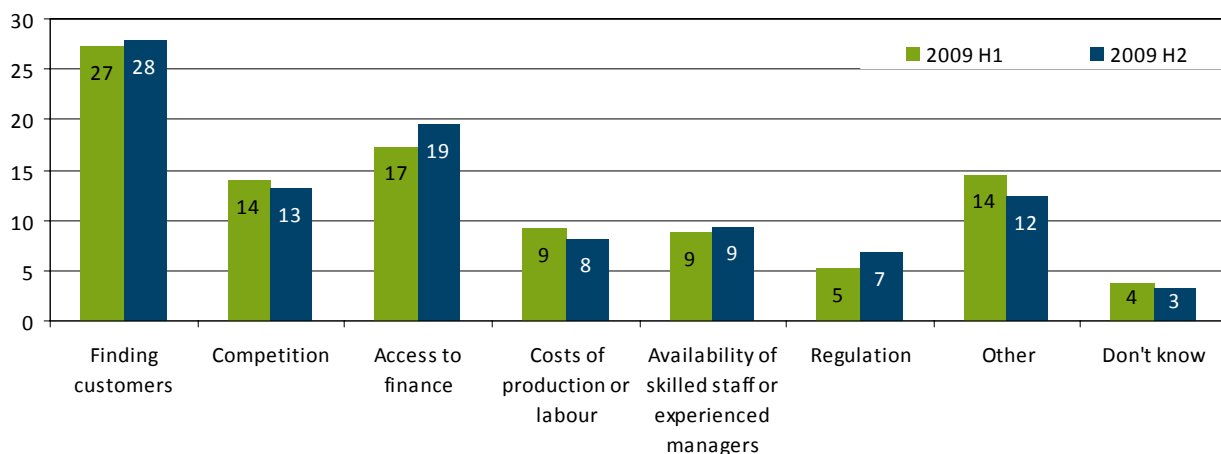


Base: All SMEs.

In addition, the percentage of SMEs reporting a decrease in **turnover** also declined slightly (from 50% to 47%), while the percentage reporting a higher turnover increased somewhat (from 22% to 24%), in line with a slight improvement in economic activity in the second half of 2009. At the same time, however, around half of the SMEs continued to report a decrease in turnover and profits.

### Chart 2. The most pressing problem faced by euro area SMEs

(percentage of respondents)



Base: All SMEs.

Note: The results for 2009 H1 are based on a more limited sample.

The **most pressing problem** facing euro area SMEs in the second half of 2009 continued to be finding customers (28%, as against 27% in the first half of 2009), followed by access to finance (19%, as against 17%; see Chart 2). For large firms (see Annex 1), by contrast, finding customers (24%) and competition (23%) were mentioned most by firms, whereas access to finance (12%) was mentioned less often as the most pressing problem.

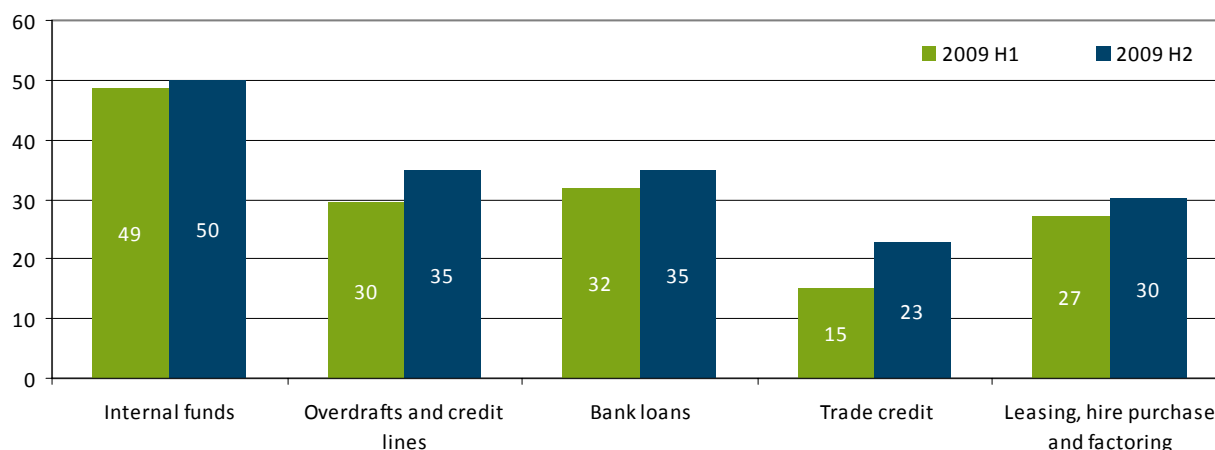
### 3. The financing structure and external financing needs of SMEs

#### 3.1 Financing structure

In the second half of 2009 the overall structure of SMEs' financing remained broadly unchanged. Internal funds and external financing from banks (loans, overdrafts and credit lines) continued to be the most important sources of financing for SMEs. As in the first half of 2009, the use of bank loans and trade credit increased with the size of the firm. At the same time, internal financing and all the external financing instruments shown in Chart 3 were used somewhat more than in the first half of the year, reflecting SMEs' increased financing needs (see below). In line with the lower percentage of firms reporting a decline in profits in the second half of 2009, the use of internal funds also increased with firm size.

**Chart 3. Financing structure of euro area SMEs**

(over the preceding six months, percentage of respondents)



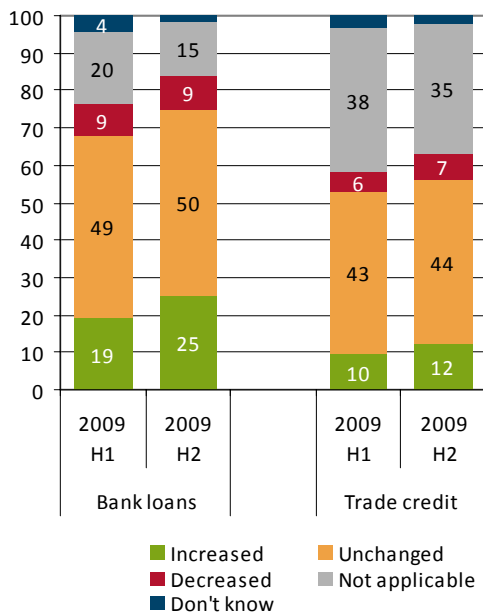
Base: All SMEs.

#### 3.2 External financing needs

While half of the SMEs reported an unchanged need for **bank loans** over the second half of 2009, a quarter of them reported an increase in bank financing needs and only slightly less than 10% a reduction (see Chart 4). On balance, 16% of SMEs (up from 11% in the first half of 2009), especially micro and small firms, reported an increase in their need for bank loans. By contrast, the balance of large firms reporting an increase in the need for bank loans remained lower and broadly unchanged (6%, as against 5% in the first half of 2009). This difference across firm size reflects the greater recourse by large firms to market-based financing, the conditions of which became considerably more favourable in the second half of 2009. In general, large firms have a greater ability to substitute equity or bond issuance for bank financing. In addition, SMEs' need for **trade credit** remained broadly unchanged (on balance, 5% of SMEs reported an increase, as against 4% in the first half of 2009), while that of large firms declined somewhat (-2%, as against 0%).

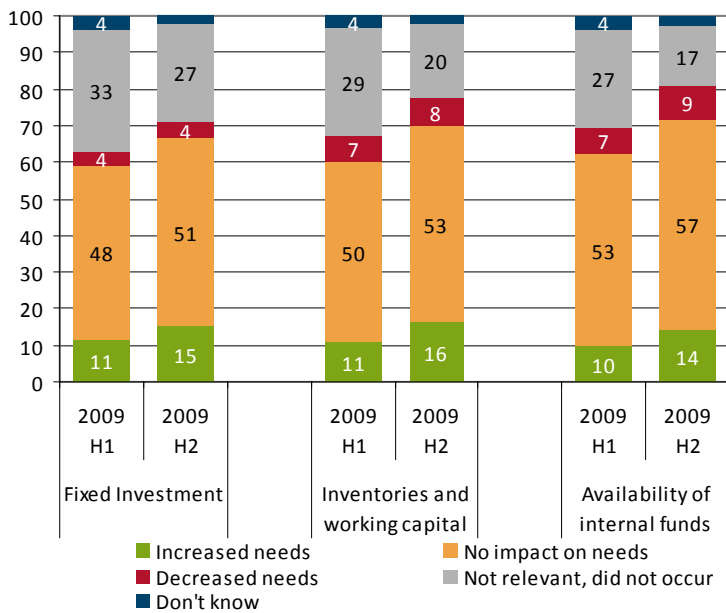
All the **factors** shown in Chart 5 (fixed investment, inventories and working capital, and the availability of internal funds) had some impact on the net increase in the external financing needs of SMEs. At the same time, there were some noticeable differences across firm sizes. Fixed investment was more important for large and medium-sized firms, possibly indicating that such firms were able to benefit from the improvement in economic activity in the second half of 2009. By contrast, inventories and working capital were especially important in the increased need for external financing of micro and small firms, as also was the lack of available internal funds in the case of micro firms. This is in line with the less favourable developments in the profitability of smaller firms compared with larger firms.

**Chart 4. External financing needs of euro area SMEs**  
(change over the preceding six months, percentage of respondents)



Base: All SMEs.

**Chart 5. Factors affecting the external financing needs of euro area SMEs**  
(change over the preceding six months, percentage of respondents)



Base: All SMEs.

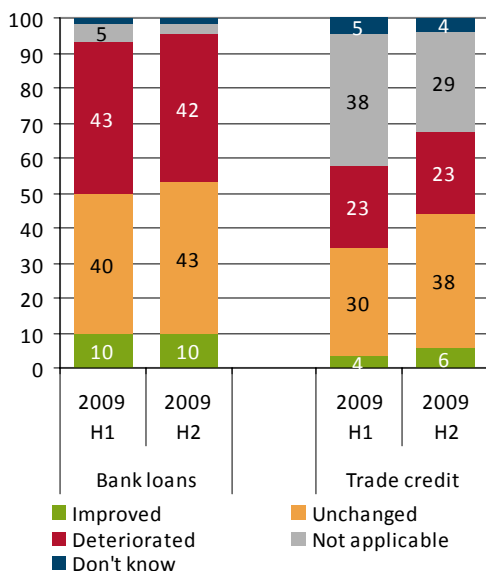
## 4. The access to finance of euro area SMEs

### 4.1 Availability of external financing

There was a considerably less negative assessment of the availability of bank loans by large firms (on balance -29%, as against -41%), mainly due to a decline in the percentage of large firms reporting a deterioration. At the same time, the net percentage of SMEs reporting a deterioration in the availability of **bank loans** (in the form of new loans or the renewal of existing loans) was broadly unchanged from the first half of 2009 (-32%, as against -33% in the first half). 42% of the SMEs reported a deterioration and 10% an improvement (see Chart 6). In line with the variation in external financing needs across firm sizes, large firms may have been less negative regarding the availability of bank financing as they had

partly replaced it with market-based financing. With respect to **trade credit**, both SMEs and large firms reported on balance a slightly lower deterioration in its availability in the second half of 2009.

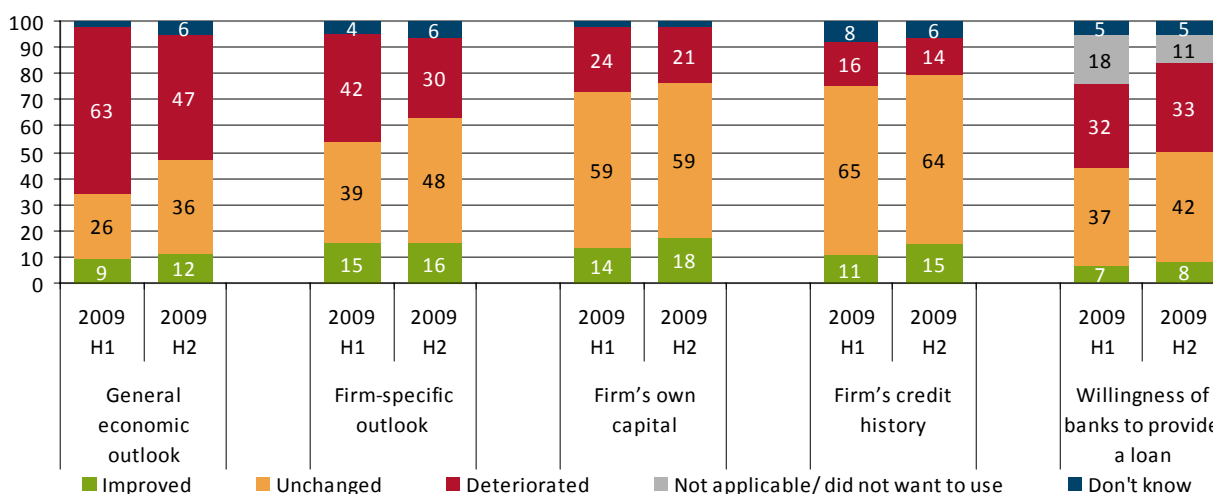
**Chart 6. Availability of external financing to euro area SMEs**  
(change over the preceding six months, percentage of respondents)



Base: SMEs that had applied for external financing.

While a deterioration in the availability of external financing was reported by a net percentage of SMEs comparable to that in the first half of the year, SMEs reported less negatively on the development of **factors** having an impact on the availability of external financing (see Chart 7). As in the first half of 2009, the main factors behind the deterioration in the availability of external financing were the general economic and the firm-specific outlook and banks' willingness to provide loans. On the positive side, the net percentage of SMEs reporting a deterioration in the general economic and the firm-specific outlook decreased considerably in the second half of 2009. On balance, all firm size classes except micro firms reported an improvement in their firm's own capital and credit history, which may be linked to the somewhat slower pace of decline in profits.

**Chart 7. Factors having an impact on the availability of external financing to euro area SMEs**  
(change over the preceding six months, percentage of respondents)



Base: All SMEs.

By contrast, there was no improvement in SMEs' assessment of banks' willingness to provide a loan: 33% (as against 32% in the first half of 2009) of the SMEs reported a deterioration in banks' willingness to provide a loan, while only 8% (7% in the first half of 2009) saw an improvement. At the same time, the

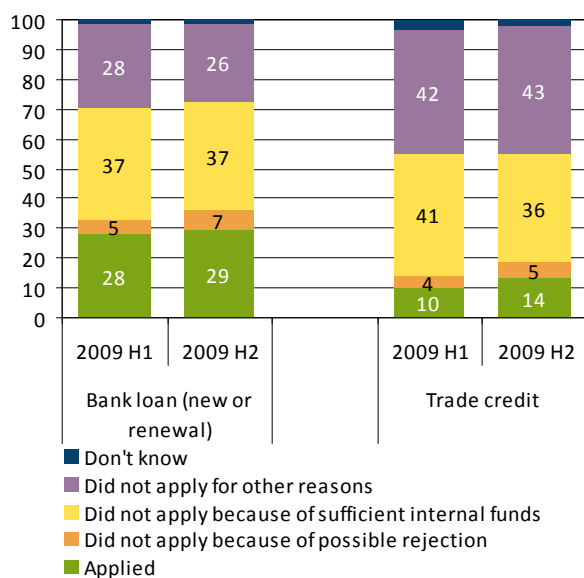
net percentage of large firms reporting a deterioration in banks' willingness to provide a loan decreased to 14%, from 20% in the first half of 2009.

#### 4.2 Applications for external financing and their success

In the second half of 2009 the percentages of SMEs that applied for bank loans and trade credit were similar to those in the first half of the year (see Chart 8). 29% of the SMEs reported that they had applied for **bank loans** (new loans or the renewal of existing loans), which was almost the same percentage as in the first half of the year. Generally, the percentage of firms that applied for loans increased with the firm's size. In addition, the percentage of firms that did not apply for fear of rejection decreased with the firm's size. Just 7% of SMEs did not apply for a bank loan for fear of rejection, as against 5% in the first half of 2009. Compared with bank loans, **trade credit** was less important: 14% of the SMEs (10% in the first half of 2009) had attempted to use trade credit.

**Chart 8. Applications for external financing by euro area SMEs**

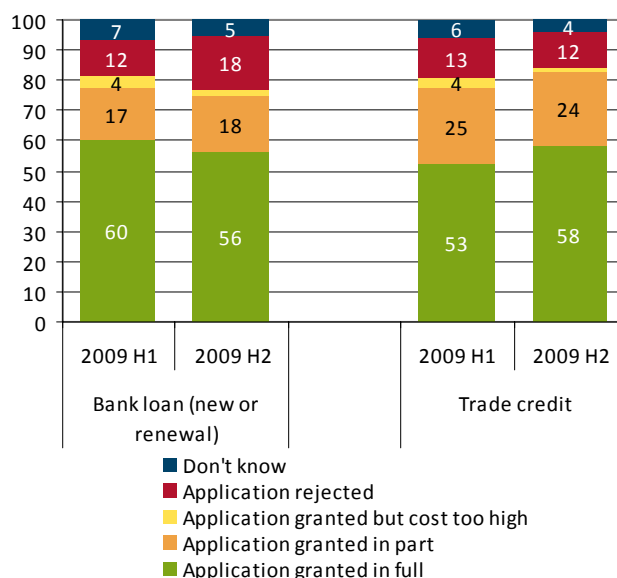
(over the preceding six months, percentage of respondents)



Base: All SMEs.

**Chart 9. Outcome of the applications for external financing by euro area SMEs**

(over the preceding six months, percentage of firms that had applied for bank loans or trade credit)



Base: SMEs that had applied for bank loans or trade credit.

Note: Figures may not add up due to rounding.

As regards the **outcome of the applications for external financing**, a large majority (75%) of the SMEs reported that they had received either the full or part of the amount of the **bank loans** they had applied for, compared with 77% in the first half of 2009.<sup>3</sup> However, the success rate of the bank loan applications of SMEs declined slightly, while the rejection rate increased (see Chart 9). 56% of the SMEs reported that

<sup>3</sup> Due to rounding effects, the percentage of applications granted in full (56%) and the percentage of applications granted in part (18%) add up to 75%.

they have received the full amount they had applied for (in the form of a new loan or the renewal of an existing loan), as compared with 60% in the first half of 2009. In addition, the percentage of SMEs reporting a rejection of their bank loan applications increased to 18%, from 12% in the first half of 2009. As in the first half of the year, as the size and age (from two years to more than ten years) of the firm increased, the application success rate increased and the rejection rate decreased. By contrast, the bank loan application success rate (72%) and rejection rate (5%) remained stable for large firms.

In contrast to bank loans, the success rate of SMEs' applications for **trade credit** increased, but in this case too the success rate increased as the firm size increased.

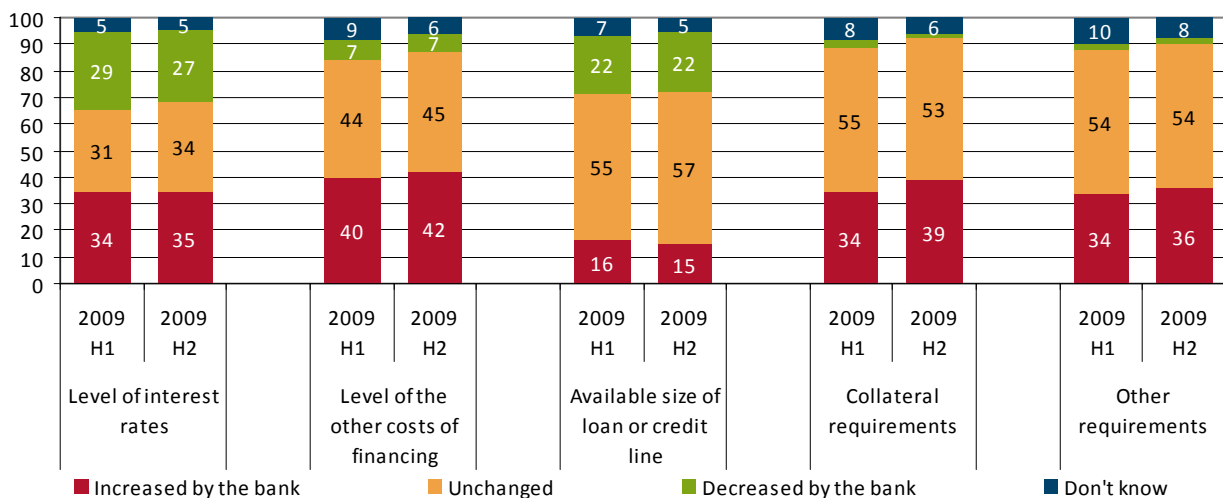
### 4.3 Terms and conditions of loan financing

In the second half of 2009 around one third of SMEs reported an increase in the level of the interest rate charged on bank loans (specifically 35%, broadly unchanged from the first half of 2009), while 27% reported a decline (29% in the first half of 2009; see Chart 10). As a result, the net percentage of SMEs reporting an increase in the level of interest rates charged on bank loans increased slightly. In particular a higher net percentage of micro firms reported an increase in the level of interest rates, which may be linked to the ongoing deterioration in their own capital and credit history, whereas the net percentages of small and medium-sized firms reporting an increase were smaller. By contrast, large firms on balance reported a decline in the level of interest rates.

In addition, on balance, slightly more than one third of the SMEs reported a further increase in collateral requirements and in other requirements, such as loan covenants, as well as in charges, fees and commissions. Large firms, on balance, also reported a further deterioration in these conditions. However, a large percentage of firms reported that such conditions had remained unchanged.

**Chart 10. Terms and conditions of bank loans granted to euro area SMEs**

(change over the preceding six months, percentage of firms that had applied for bank loans)



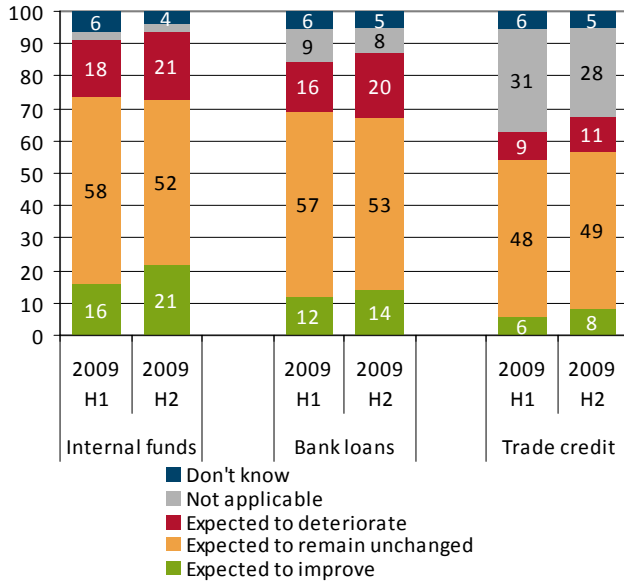
Base: SMEs that had applied for bank loans.



#### 4.4 Expectations regarding the access to finance

**Chart 11. Euro area SMEs' expectations regarding access to finance**

(change over the following six months, percentage of respondents)



Base: All SMEs.

At the time of the survey, around half of the SMEs expected their access to **internal and external financing** sources to remain unchanged in the first half of 2010 (see Chart 11). At the same time, the percentage of SMEs expecting a deterioration in their access to bank loans and trade credit in the first half of 2010 continued to be somewhat larger than the percentage of SMEs expecting an improvement. In addition, SMEs' responses became more polarised, as both the percentage of SMEs expecting an improvement and the percentage of SMEs expecting a deterioration were higher than in the last wave of the survey. While around half also of the large firms expected their access to internal and external financing to remain unchanged, large firms were on balance somewhat more optimistic about their internal funds and access to bank loans in the first half of 2010. Firms' expectations can be put into perspective by comparing them with the assessment of the actual availability of bank loans and trade credit in the second half of 2009, which was on balance considerably more negative.

#### 5. Overview of the main country results

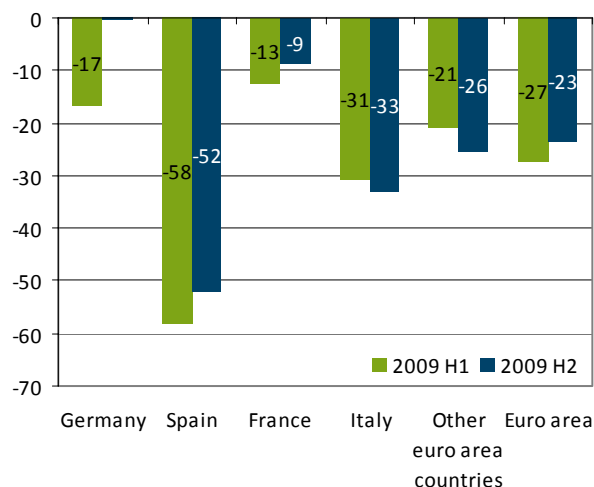
**Income situation.** In Germany and France, the net percentage of SMEs reporting a decrease in their **turnover** in the second half of 2009 was lower than on average in the euro area, whereas in Italy and Spain it was higher (see Chart 12). This net percentage was in fact close to zero in Germany. Similarly, the net percentage of SMEs reporting a decline in **profits** was lower in Germany and France than on average in the euro area average, whereas it was higher in Italy and especially in Spain.

**External financing needs.** In all the euro area countries shown in Chart 13, SMEs on balance reported an increased need for **bank loans** in the second half of 2009. The net percentage of SMEs reporting an increased need was above the euro area average in Spain and especially in Italy. In the case of **trade credit**, SMEs on balance reported either a broadly unchanged need (Germany and France) or an increased need (Spain, Italy and other euro area countries). For both bank loans and trade credit, the net percentage of SMEs reporting an increased need was highest in Italy, which may be linked to the high net percentage of SMEs in Italy reporting a decline in profitability.

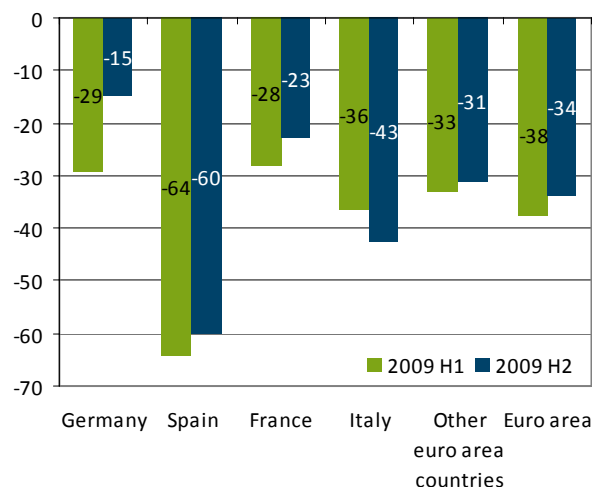
### Chart 12. Income situation of SMEs across euro area countries

(net percentage of respondents reporting an increase (+) or decrease (-) over the preceding six months)

a) turnover



b) profit

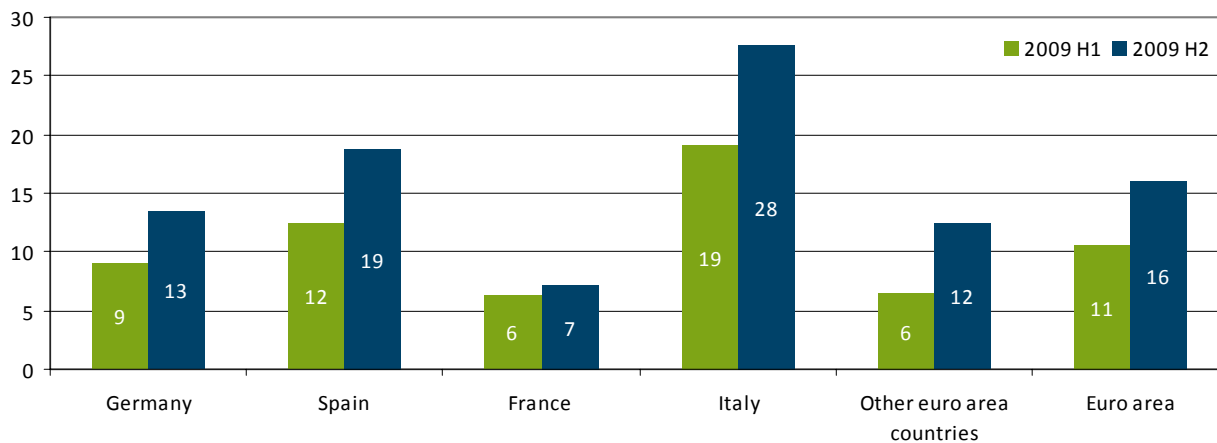


Base: All SMEs.

Note: The net percentage of firms reporting an increase (decrease) is calculated as the difference between the percentage of reported “increases“ (“decreases”) and the percentage of reported “decreases“ (“increases”).

### Chart 13. SMEs’ need for bank loans across euro area countries

(net percentage of respondents reporting an increase (+) or decrease (-) over the preceding six months)

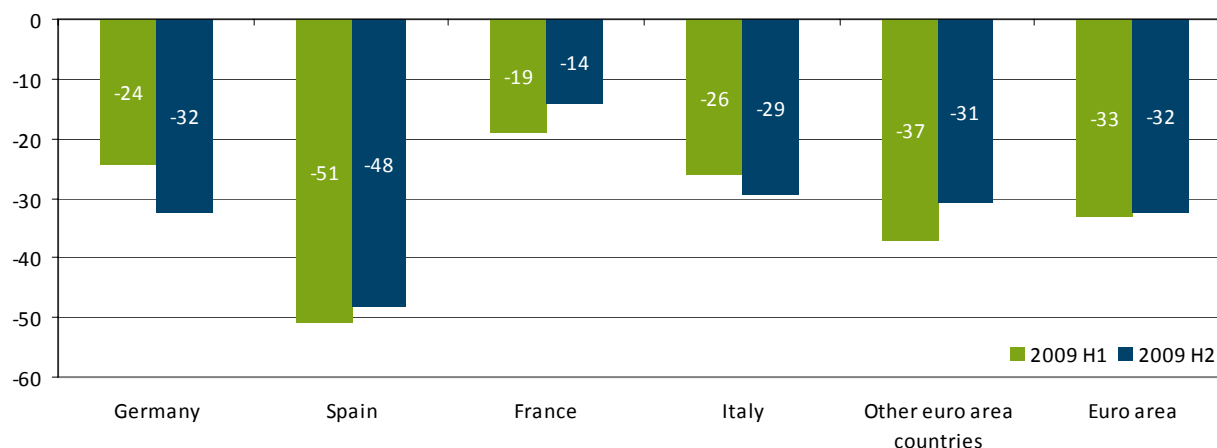


Base: All SMEs.

**Availability of external financing.** On balance, SMEs in all the euro area countries shown in Chart 14 reported a (in some cases considerable) deterioration in the availability of **bank loans** (in the form of new loans or the renewal of existing loans). As in the first half of 2009, Spanish SMEs were the most negative, while French SMEs were the least negative. In addition, the net percentage of SMEs reporting a deterioration in the availability of bank loans increased in Germany and Italy, to around the euro area average, while it declined in the other countries. The strongly negative assessment of Spanish SMEs is probably related to their more sceptical assessment of the general economic and firm-specific outlook as well as to the higher net percentage of Spanish SMEs reporting a decline in own capital and credit history compared with the other countries.

**Chart 14. Availability of bank loans to SMEs across euro area countries**

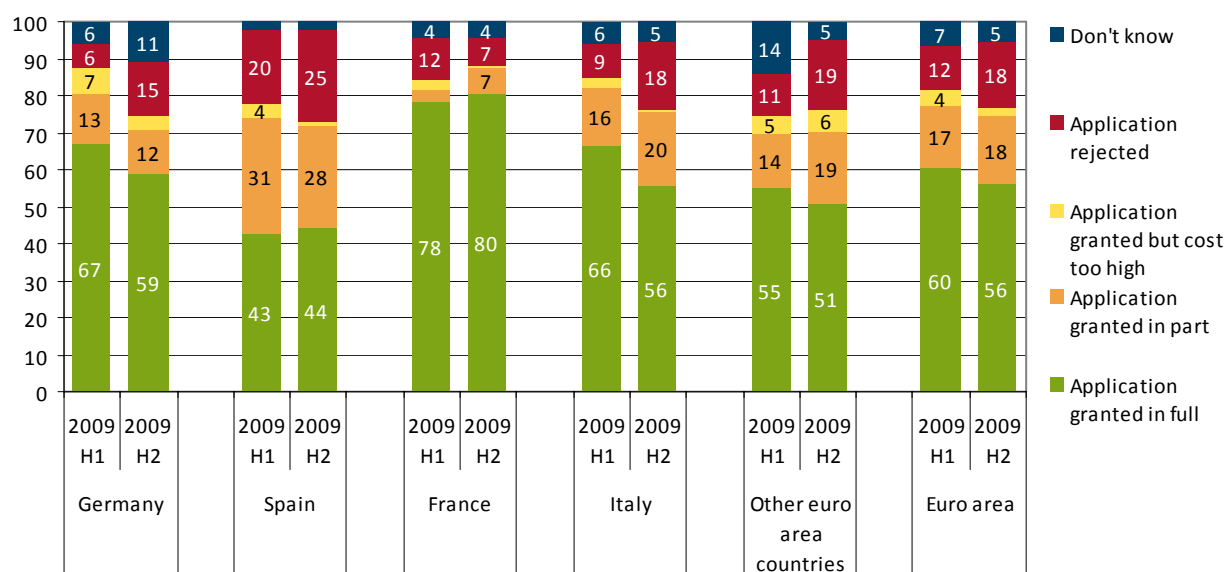
(net percentage of respondents reporting an increase (+) or decrease (-) over the preceding six months)



Base: SMEs that had applied for external financing.

**Chart 15. Outcome of the applications for bank loans by SMEs across euro area countries**

(over the preceding six months, percentage of firms that had applied for bank loans)



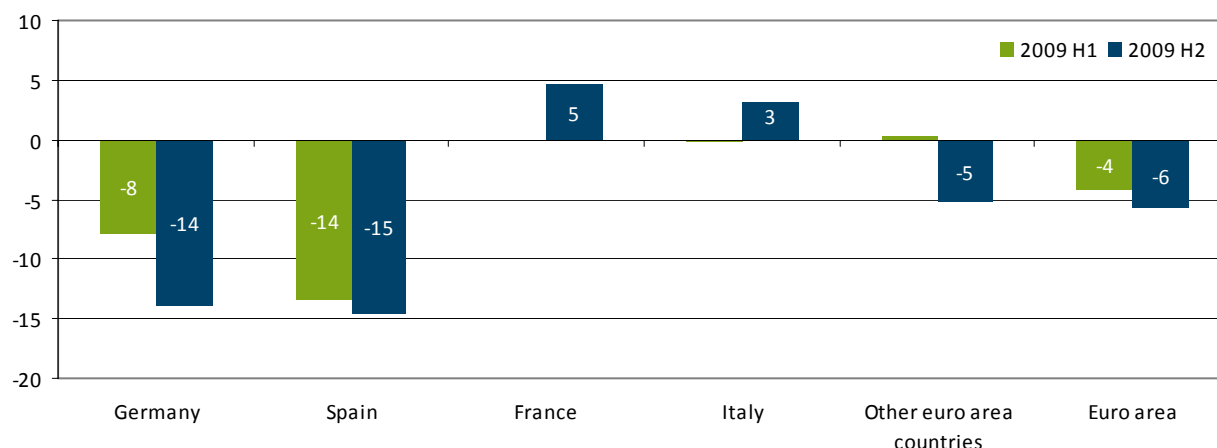
Base: SMEs that had applied for bank loans.

**Outcome of the applications for external financing.** In the second half of 2009, 59% of the German and 80% of the French SMEs reported that they had received the entire amount of the **bank loan** (in the form of a new loan or the renewal of an existing loan) they had applied for (see Chart 15), which was above the euro area average. The percentage for Italian SMEs was broadly in line with the euro area average, while the percentage of Spanish SMEs that had been fully successful in their loan application, was considerably lower (44%), and similar to that in the first half of 2009. In turn, the rejection rate was highest for Spanish SMEs (25%) and lowest for French SMEs (7%). Compared with the first half of 2009, while the situation improved in France, the deterioration of the situation was remarkable in Germany and Italy. In the case of Italy this may be linked to the high percentage of SMEs reporting a deterioration in their profit situation.

As in the first half of 2009, such results confirm the considerable heterogeneity in the access to finance of SMEs across euro area countries.

**Expectations regarding access to finance.** At the time of the survey, on balance German, French and Italian SMEs expected an improvement in their **internal funds** in the first half of 2010, while Spanish SMEs expected on balance a further net deterioration. Comparing with expectations six months ago, SMEs in France and Italy were again more optimistic regarding their access to **bank loans** in the first half of 2010 than the other euro area countries and on balance they expected an improvement in access, while SMEs in Germany, Spain and in the other euro area countries were more pessimistic (see Chart 16). Such expectations can be put into perspective by comparing SMEs’ expectations regarding bank loan availability for the second half of 2009 with their assessment of actual developments in that period. It turns out that the assessment of actual bank loan availability by SMEs in Italy and in the “other euro area countries” was considerably more negative than their expectations for that period. The overall picture is similar for SMEs’ expectations regarding the availability of **trade credit**.

**Chart 16. SMEs’ expectations regarding access to bank loans across euro area countries**  
(over the following six months, net percentage of respondents)



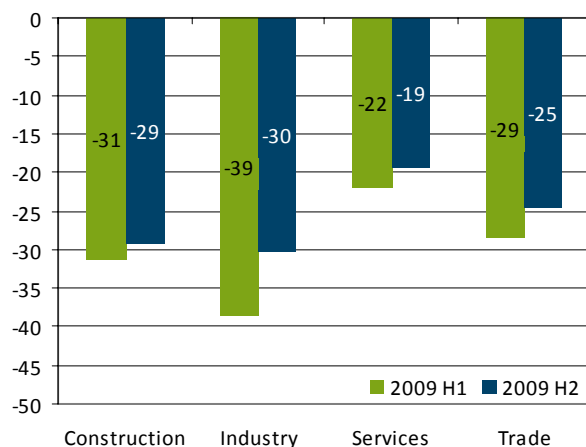
Base: All SMEs.

## 6. Overview of the main results across sectors of economic activity

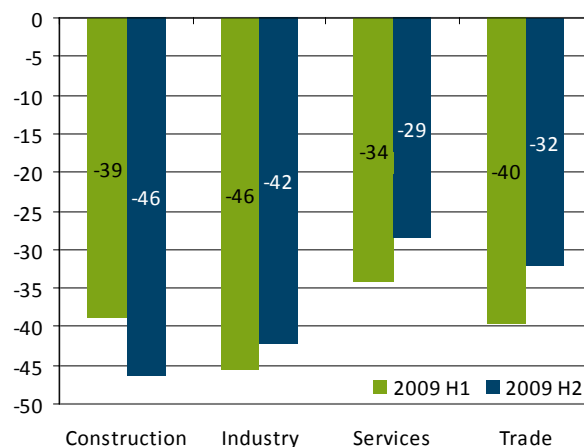
**Income situation.** In line with results in the first half of 2009, the net percentage of SMEs reporting a deterioration in **turnover** in the second half of 2009 was highest in construction and industry (see Chart 17), the sectors that are most sensitive to the business cycle. The construction sector has, moreover, been affected by the difficult situation in housing markets in some euro area countries. The net percentage of SMEs reporting a decline in **profit** was also highest in construction and industry.

**Chart 17. Income situation of SMEs across euro area sectors of economic activity**  
(net percentage of respondents reporting an increase (+) or decrease (-) over the preceding six months)

a) turnover



b) profit

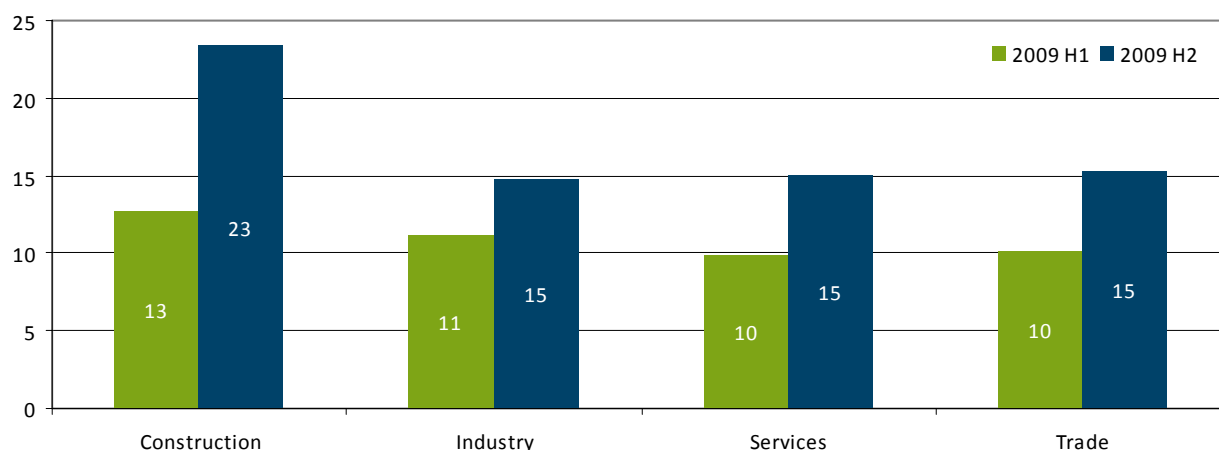


Base: All SMEs.

Note: The net percentage of firms reporting an increase (decrease) is calculated as the difference between the percentage of reported “increases” (“decreases”) and the percentage of reported “decreases” (“increases”).

**External financing needs.** In line with the large increase in the net percentage of SMEs reporting a deterioration in profit in the construction sector, this sector had the largest increase in the net percentage of SMEs reporting an increase in their need for **bank loans** (from 13% in the first half of the year to 23%; see Chart 18). The increase in the net percentage of SMEs reporting a higher need for bank loans in the other sectors was smaller and roughly the same across sectors.

**Chart 18. SMEs’ need for bank loans across euro area sectors of economic activity**  
(net percentage of respondents reporting an increase (+) or decrease (-) over the preceding six months)



Base: All SMEs.

**Availability of external financing.** In the second half of 2009, SMEs in all the main sectors of economic activity reported on balance a deterioration in the availability of **bank loans** over the preceding six months, with considerable heterogeneity across sectors (see Chart 19). SMEs in the construction sector were again the most negative with respect to the availability of bank loans. On balance, 41% of the SMEs

in the construction sector reported a deterioration in the availability of bank loans. In line with this, the percentage of SMEs reporting access to finance as their most pressing problem in the second half of 2009 was higher in construction than in other sectors. By contrast, despite the high percentage reporting a decline in turnover and profitability, SMEs in industry were less negative overall regarding the availability of bank loans, which may be related to a less negative assessment of their firm-specific outlook compared with the other sectors and a relatively positive assessment of their credit history.

**Chart 19. Availability of bank loans to SMEs across euro area sectors of economic activity**

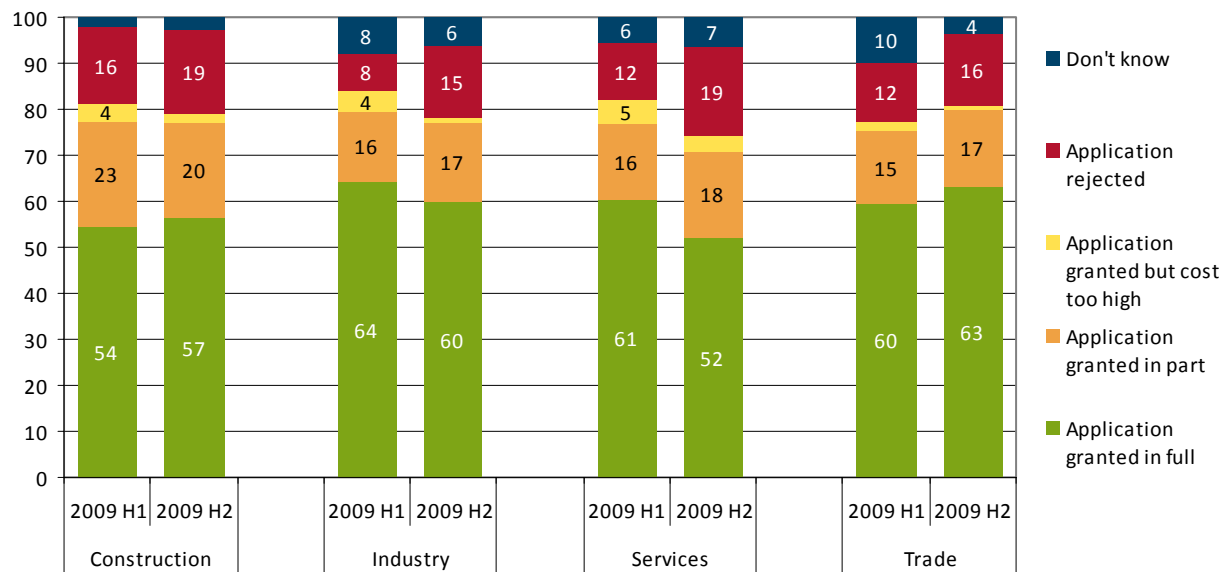
(net percentage of respondents reporting an increase (+) or decrease (-) over the preceding six months)



Base: SMEs that had applied for external financing.

**Chart 20. Outcome of the applications for bank loans by SMEs across euro area sectors of economic activity**

(over the preceding six months, percentage of firms that had applied for bank loans)

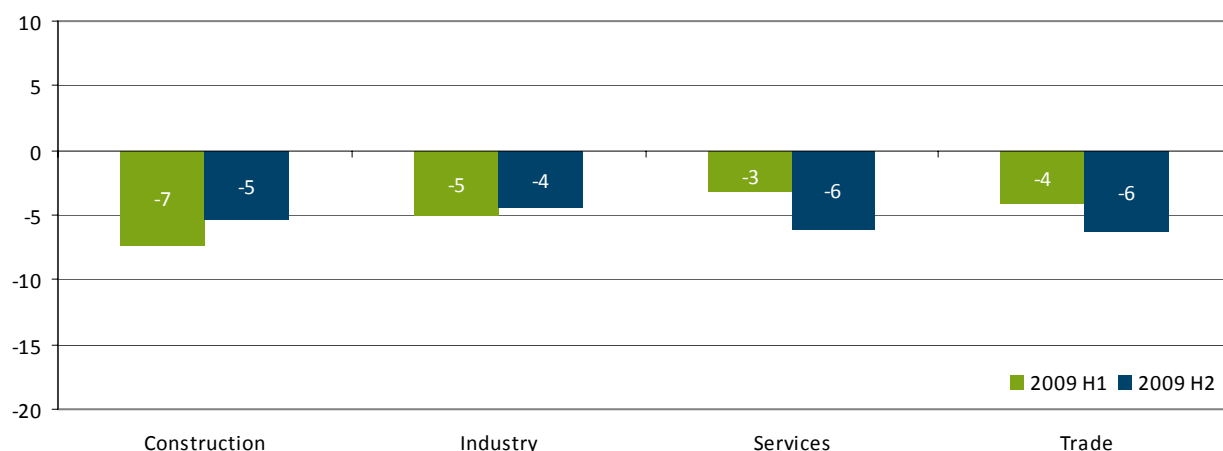


Base: SMEs that had applied for bank loans.

**Outcome of the applications for external financing.** While the majority of SMEs in all sectors of economic activity received the entire amount of the **bank loan** they had requested, SMEs in the services and construction sectors were the least successful when applying for a bank loan (see Chart 20). 52% of the SMEs in the services sector and 57% in the construction sector received the full amount of the bank loan they had requested, while in both sectors 19% of the SMEs had their loan applications rejected. This outcome may be related to a more negative assessment of the development of the firms' own capital situation in these two sectors compared with the industry and trade sectors.

**Chart 21. SMEs' expectations regarding access to bank loans across euro area sectors of economic activity**

*(over the following six months, net percentage of respondents)*



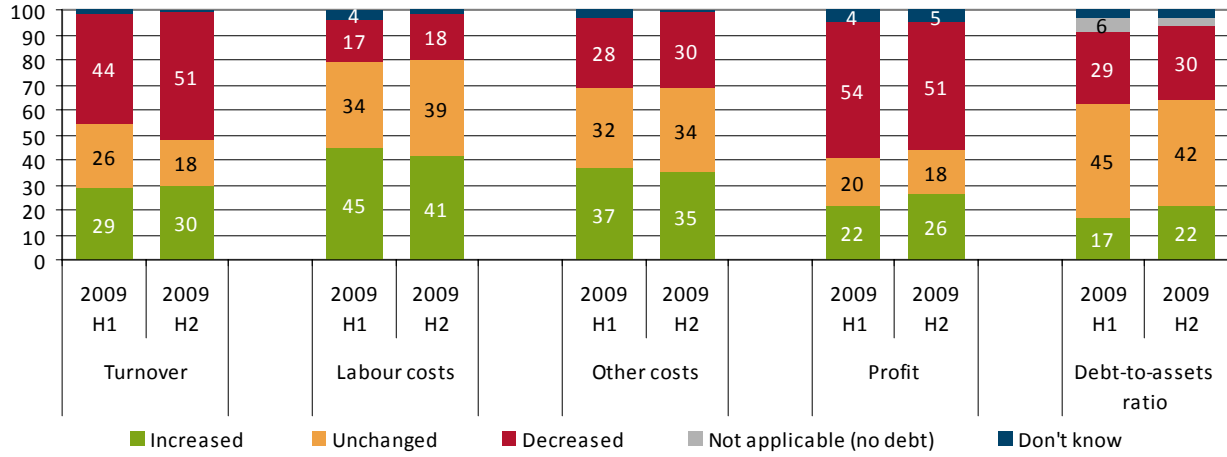
*Base: All SMEs.*

**Expectations regarding access to finance.** At the time of the survey, in all sectors of economic activity SMEs expected on balance a deterioration in the availability of **bank loans** in the first half of 2010 (see Chart 21). SMEs in the services and trade sectors were slightly more pessimistic than SMEs in the construction and industry sectors. Compared with the assessment of the actual deterioration of bank loan availability in the second half of 2009 (see Chart 19), a considerably smaller net percentage of firms expected a deterioration in the first half of 2010.

## ANNEX 1: LARGE FIRMS – OVERVIEW OF THE SURVEY REPLIES

**Chart 1a. Income and debt situation of large euro area firms**

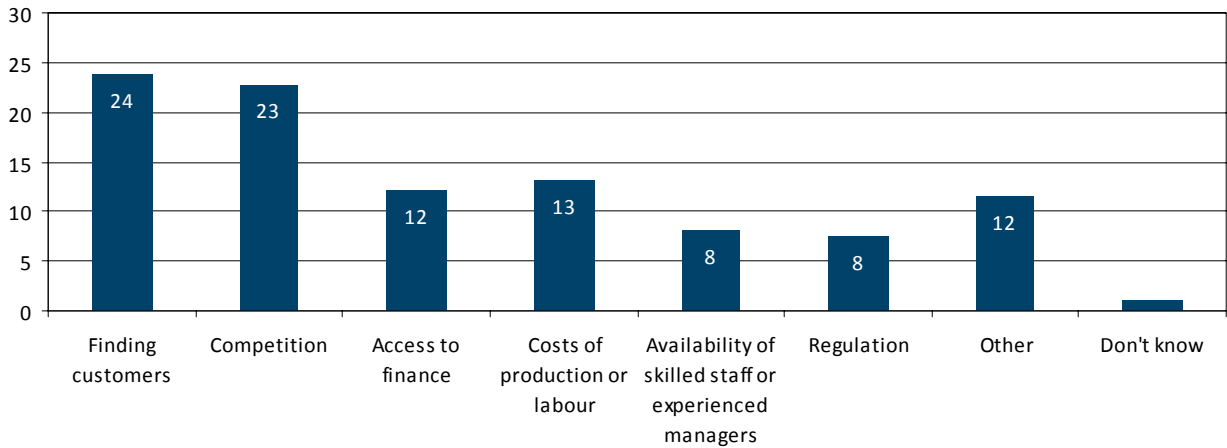
(change over the preceding six months, percentage of respondents)



Base: All large firms.

**Chart 2a. The most pressing problem faced by large euro area firms**

(percentage of respondents)



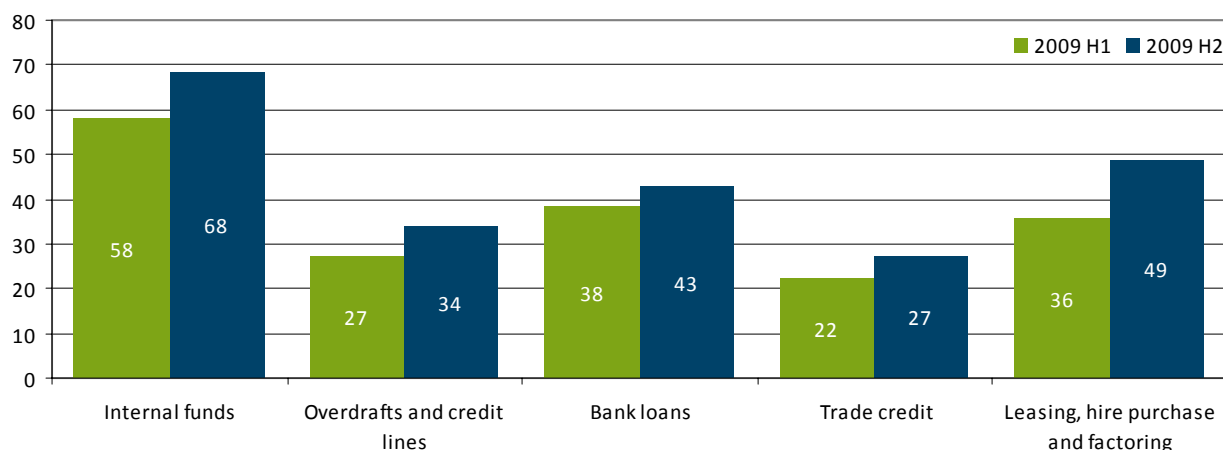
Base: All large firms.

Note: Figures for 2009 H1 are not available for large firms.



### Chart 3a. Financing structure of large euro area firms

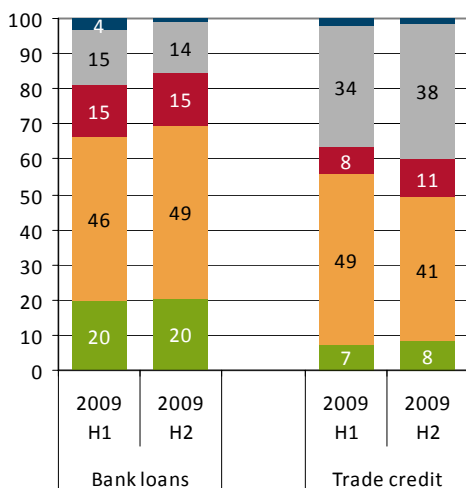
(over the preceding six months, percentage of respondents)



Base: All large firms.

### Chart 4a. External financing needs of large euro area firms

(change over the preceding six months, percentage of respondents)

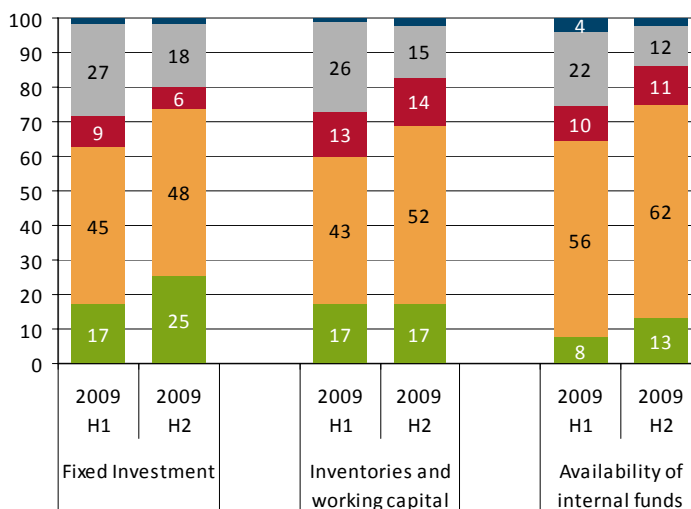


■ Increased  
■ Decreased  
■ Don't know  
■ Unchanged  
■ Not applicable

Base: All large firms.

### Chart 5a. Factors affecting the external financing needs of large euro area firms

(change over the preceding six months, percentage of respondents)

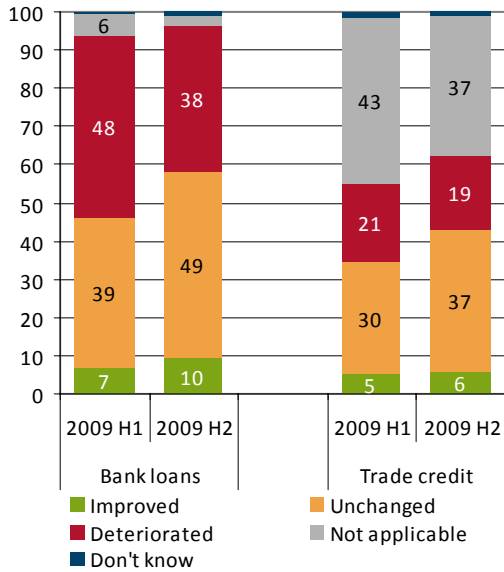


■ Increased needs  
■ Decreased needs  
■ Don't know  
■ No impact on needs  
■ Not relevant, did not occur

Base: All large firms.

### Chart 6a. Availability of external financing to large euro area firms

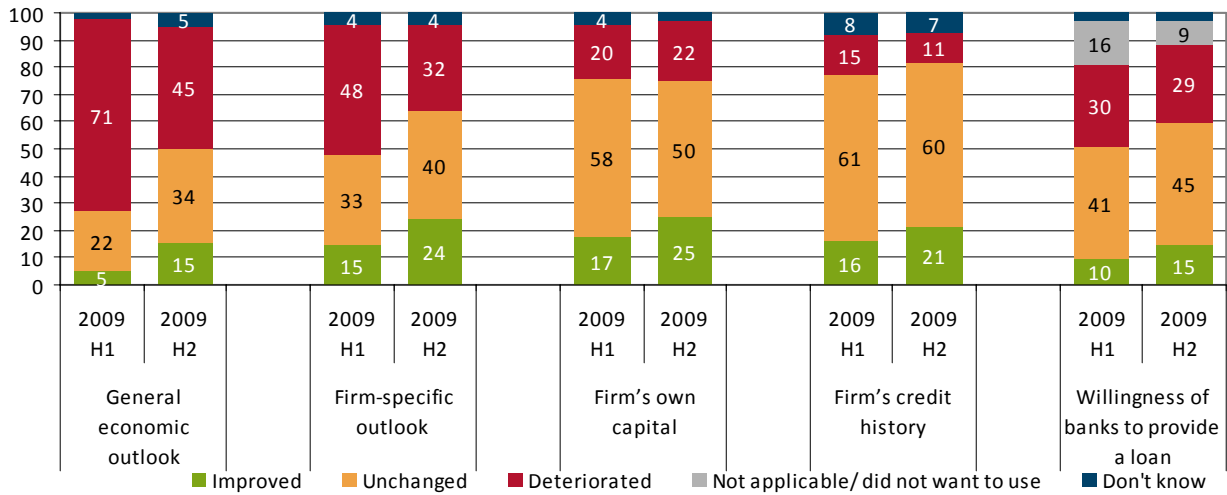
(change over the preceding six months, percentage of respondents)



Base: Large firms that had applied for external financing.

### Chart 7a. Factors having an impact on the availability of external financing to large euro area firms

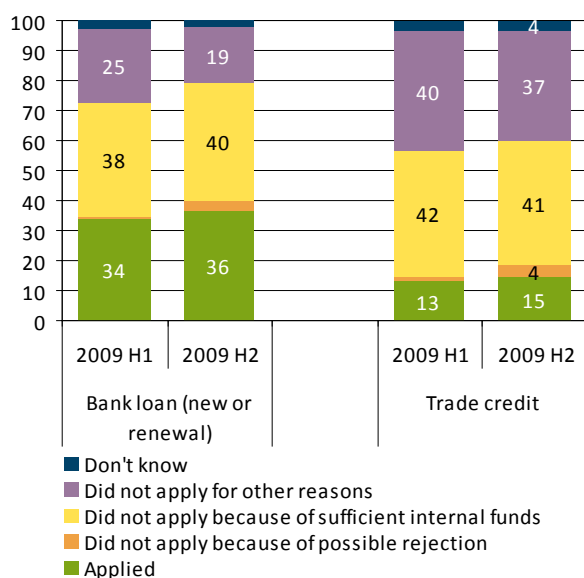
(change over the preceding six months, percentage of respondents)



Base: All large firms.

**Chart 8a. Applications for external financing by large euro area firms**

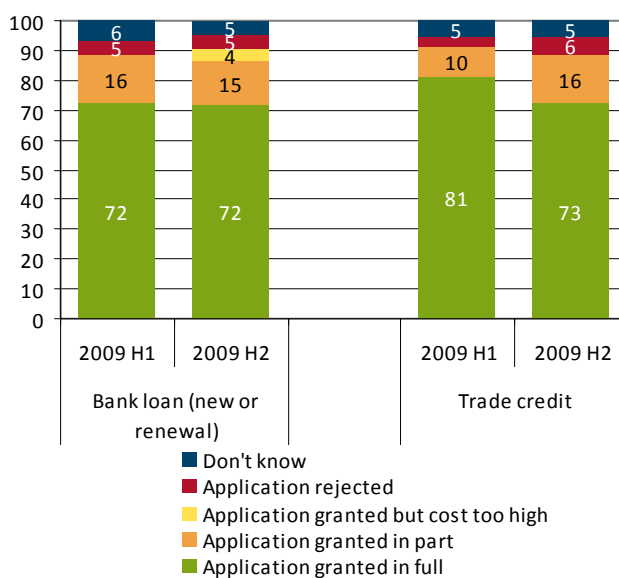
(over the preceding six months, percentage of respondents)



Base: All large firms.

**Chart 9a. Outcome of the applications for external financing by large euro area firms**

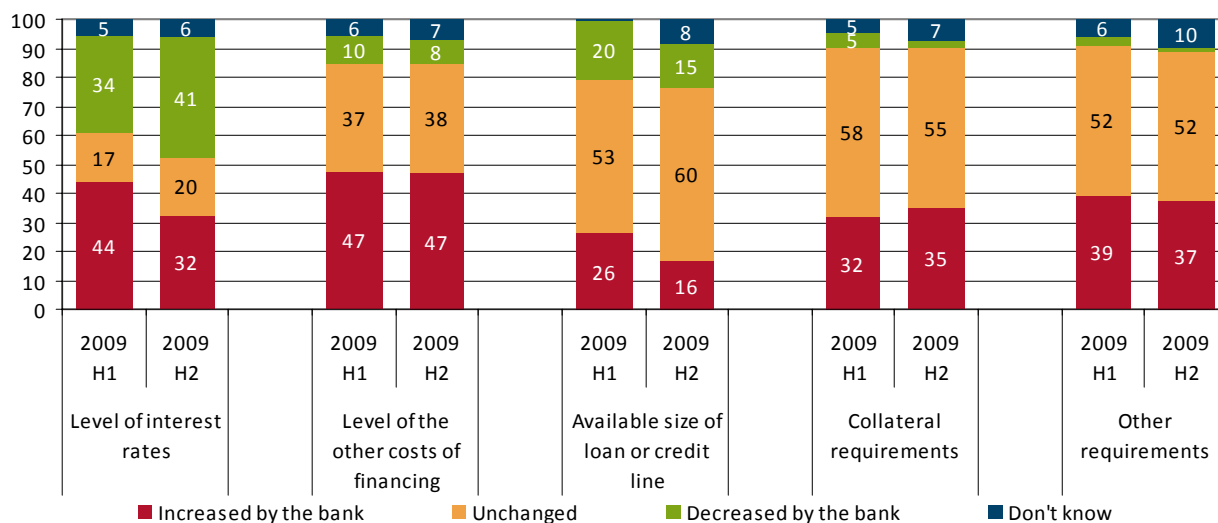
(over the preceding six months, percentage of firms that had applied for bank loans or trade credit)



Base: Large firms that had applied for bank loans or trade credit.

**Chart 10a. Terms and conditions of bank loans granted to large euro area firms**

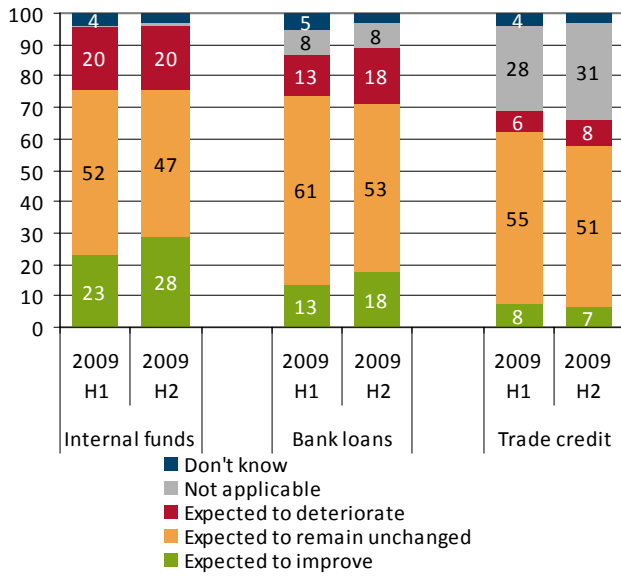
(change over the preceding six months, percentage of firms that had applied for bank loans)



Base: Large firms that had applied for bank loans.

**Chart 11a. Large euro area firms' expectations regarding access to finance**

(change over the following six months, percentage of respondents)

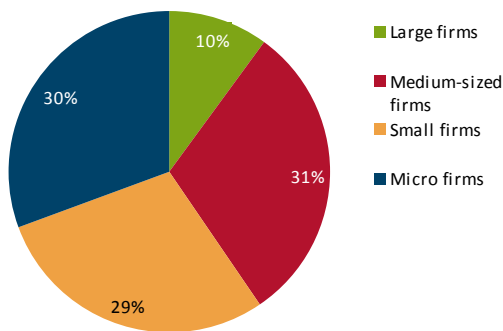


Base: All large firms.

## ANNEX 2: GENERAL CHARACTERISTICS OF THE FIRMS

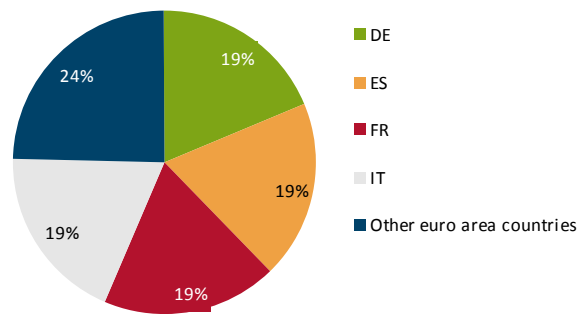
This annex presents an overview of the general characteristics of the euro area firms that participated in this survey.

**Chart A: Breakdown of firms into size classes**



Sample size: 5,320

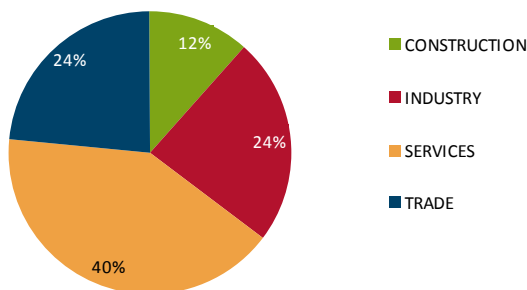
**Chart B: Breakdown of firms across countries**



Sample size: 5,320

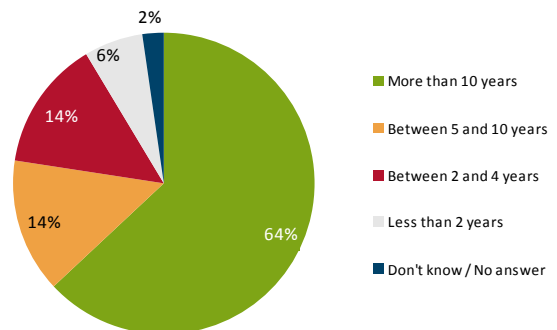
Note: firms have been classified according to size in terms of the number of employees: micro firms have between 1 and 9 employees, small firms between 10 and 49, medium-sized firms between 50 and 249, and large firms have 250 or more employees.

**Chart C: Breakdown of firms across economic activities**



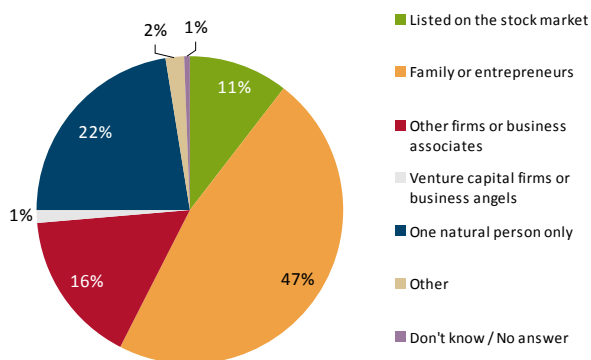
Sample size: 5,320

**Chart D: Breakdown of firms by firm age**



Sample size: 5,320

**Chart E: Breakdown of firms according to ownership**



Sample size: 5,320

## ANNEX 3: METHODOLOGICAL INFORMATION ON THE SURVEY

### Background

The data presented in this report were collected through a survey of companies in the euro area, conducted on behalf of the European Central Bank. The survey was carried out by Gallup, in cooperation with Gallup's network of national research agencies in the various countries.

The survey interviews were conducted between 19 November and 18 December 2009.

### Sample selection

The companies in the sample were randomly selected from the Dun & Bradstreet database of firms. The sample was stratified by firm size class, economic activity and country. The number of firms in each of these strata of the sample was adjusted to increase the accuracy of the survey across activities and size classes. For example, the proportion of small firms selected for the sample was higher than their economic weight. The results were then corrected using the appropriate weights (as described below).

The total euro area sample size was 5,320 firms, of which 4,786 had less than 250 employees.

As regards the stratification by firm size class, the sample was constructed to offer the same precision for micro (1 to 9 employees), small (10 to 49 employees) and medium-sized firms (50 to 249 employees). In addition, a sample of large firms (250 or more employees) was included in order to be able to compare developments for SMEs with those for large firms.

#### Number of interviews conducted with euro area firms, broken down by firm size classes

	Number of interviews		Number of interviews
Micro	1546	Medium-sized	1619
Small	1621	Large	534

The sample sizes for each economic activity were selected to ensure sufficient representativeness across the four major activities: industry, construction, trade and services. The statistical stratification was based on economic activities at the one-digit level of the European NACE classification (Rev. 1.1). Enterprises from mining and quarrying (C), manufacturing (D), electricity, gas and water supply (E) were combined into "industry". "Construction" is simply construction (F). "Trade" includes wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (G). "Services" includes enterprises in hotels and restaurants (H), transport, storage and communication (I), real estate, renting and business activities (K), education (M), health and social work (N) and other community, social and personal service activities (O).

Agriculture, hunting and forestry (A), fishing (B), financial intermediation (J), public administration (L), activities of households (P), extra-territorial organisations and bodies (Q), holding companies (NACE 74.15) and private non-profit institutions were excluded from the sample.

### Number of interviews conducted with euro area firms, broken down by economic activity

	Number of interviews
Industry	1256
Construction	622

	Number of interviews
Trade	1255
Services	2187

Finally, the sample sizes in the different countries were selected on the basis of a compromise between the costs of the survey at the euro area level and representativeness at the country level. Besides being representative at the euro area level, the sample is also representative for the four largest euro area countries, i.e. Germany, France, Italy and Spain (see the section “Weighting” below for information on the weights used). However, the sample size in the other countries is too small to permit robust analysis in each country separately. Additionally, the five smallest countries in the euro area (Cyprus, Luxembourg, Malta, Slovenia, and Slovakia) were not included in the sample, as they only represent 2.3% of the total number of employees of the euro area. The results are only very marginally affected by this undercoverage. The sample structure by country is as follows:

### Number of interviews conducted with euro area firms, broken down by country

	Number of interviews
Belgium	202
Germany	1001
Ireland	101
Greece	200
Spain	1004
France	1001

	Number of interviews
Italy	1004
Netherlands	252
Austria	203
Portugal	252
Finland	100

## Fieldwork

The survey interviews were conducted between 19 November and 18 December 2009. The interviews were predominantly conducted by telephone. In addition, the option was offered to participate through an internet questionnaire or on paper, via fax. The person interviewed in each company was a top level executive (general manager, financial director or chief accountant).

## Questionnaire

The questionnaire used for the survey is available on the ECB’s website. It was translated into the respective languages for conducting the survey.

## Weighting

In order to restore the modified proportions, with regard to company size and economic activity (see the section “Sample selection” above), post-stratification weights were used. Since the economic weight of the companies varies according to the size of the company, two main classes of weights could be used: (i) weights that restore the proportions of the number of firms in each size class, economic activity and

country, and (ii) weights that restore the proportions of the economic weight of each size class, economic activity and country. In this report the second set of weights is used, as the objective is to measure the effect of access to finance on economic variables. The number of persons employed is used as a proxy for economic weight.<sup>4</sup>

The post-stratification targets were derived from the latest figures of Eurostat's Structural Business Statistics in terms of the number of firms and the number of persons employed, by economic activity, size class and country, with figures from national accounts and from different country-specific registers to cover for activities not included in the Structural Business Statistics regulations.

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<sup>4</sup> According to official statistics, 92% of firms in the euro area are micro firms (with 1 to 9 employees), 7% are small firms, 1% are medium-sized and 0.2% are large firms. However, in terms of economic weight, as measured by the number of persons employed, micro firms represent 31%, small firms 22%, medium-sized firms 16% and large firms 30% of all firms.