

Q1 SME PULSE SURVEY

We know the knowledge of our broker panel is our best resource when it comes to understanding the SME lending market.

That's where our SME Pulse Survey comes in. It's a quarterly survey, providing you with the opportunity to share your views on the market with us

We'll use the insight gained from the survey to improve our bank in ways that will benefit both you, the broker, and the businesses we lend to. We'll also aim to track emerging patterns in the sector over time and share those with you. You can check out the results from our Pulse for Q1 2024 below.

KEY HEADLINES FOR Q1

62%

Nearly two-thirds of brokers see a rising appetite from SMEs for external funding, up 17% from our last Pulse of 2023

55%

Lower interest rates are driving this increased appetite, brokers reported, ahead of business confidence

49%

Property purchase is now the most common purpose for taking out a loan, with a significant rise on our Q4 Pulse (34%)

73%

The vast majority of commercial brokers expect property investors to take advantage of the market bottoming out this year

73%

Three quarters of brokers said they did not expect clients to take a 'wait and see' approach ahead of this years General Election



"2023 was undoubtedly a difficult one for commercial borrowers, but our latest Pulse survey shows that attitudes are changing, with SMEs recognising the chance to take advantage of lower interest rates than were available last year.

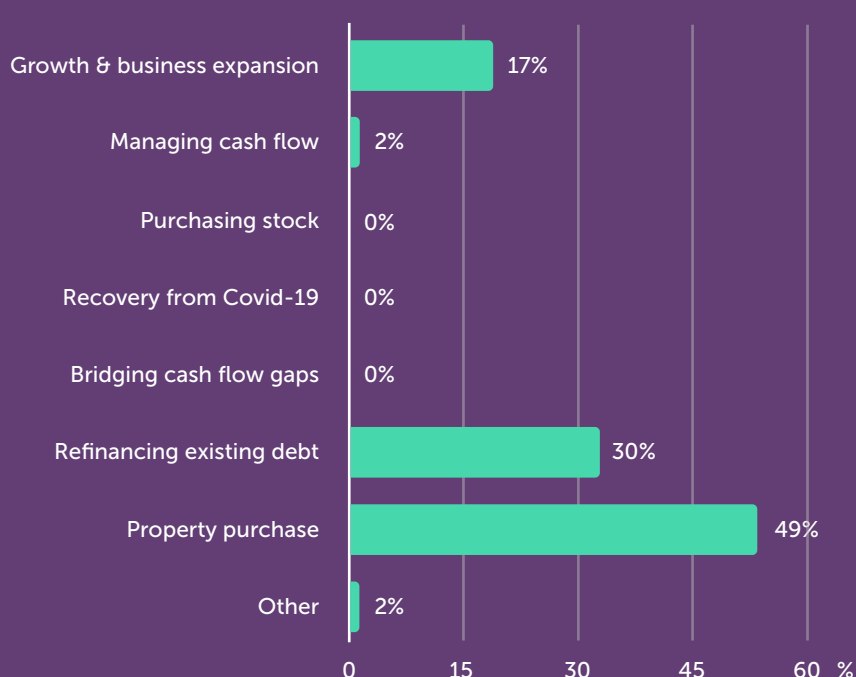
That property purchase has become a more common driver for SME borrowing is a reflection not only of the borrowing costs, but also the pricing of commercial premises, which have taken a hit in recent times. There are increasing opportunities for businesses to secure the perfect home for years to come, and at an attractive price.

Despite the general positivity among brokers, it's notable that one in four SMEs still experience difficulties in accessing the funding they require. Small businesses are hugely important to the economy, but they can only thrive if they can raise funds when necessary. That is why it's so crucial for brokers to work with lenders who are genuinely committed to this sector, with the products and processes in place to provide swift funds and certainty to SME borrowers."

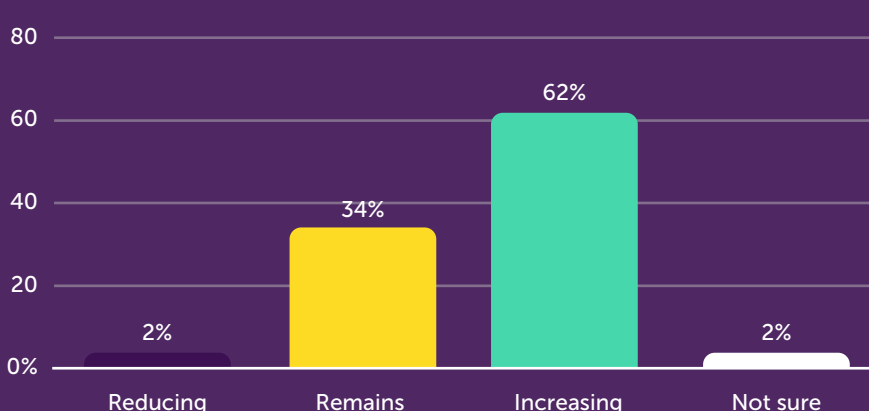
David Castling
Head of Intermediary Distribution

THE RESULTS

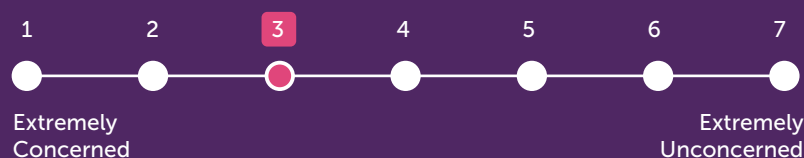
1. What is the most common purpose for taking out a loan among your clients?



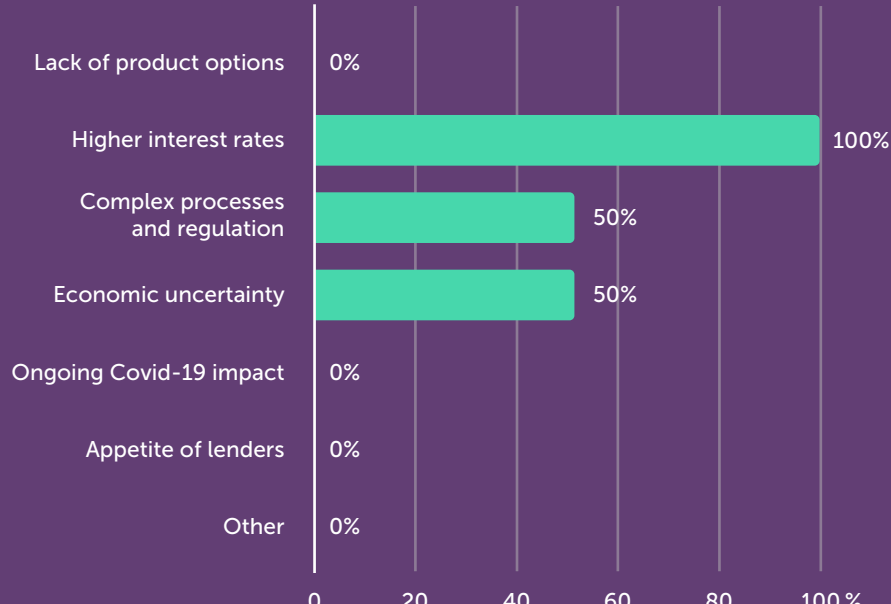
2. Do you believe that SMEs' appetites for external finance is increasing or reducing?



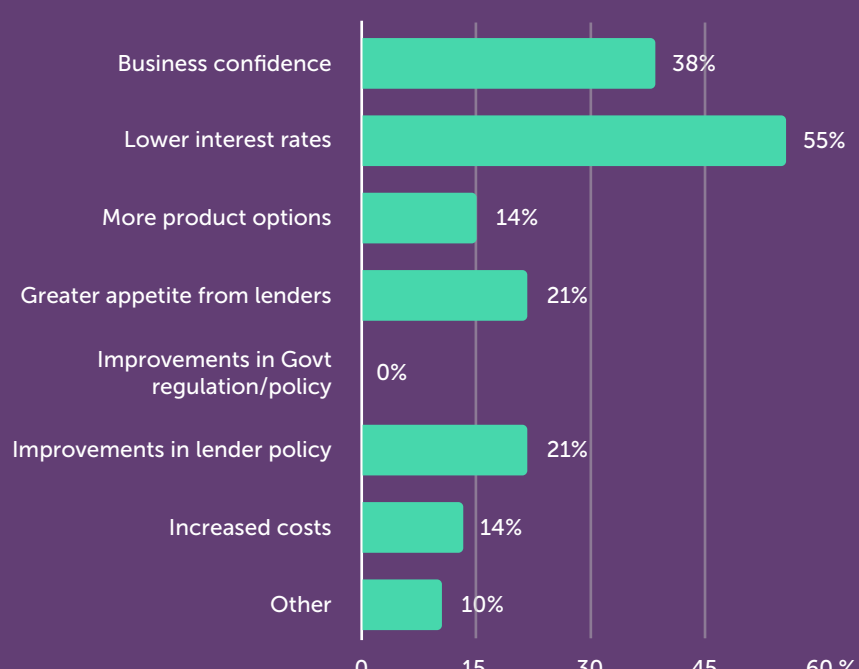
3. How concerned or unconcerned are you that SMEs' appetite for external finance may be reducing?



4. What do you think is causing any potential slow down in appetite for business lending?

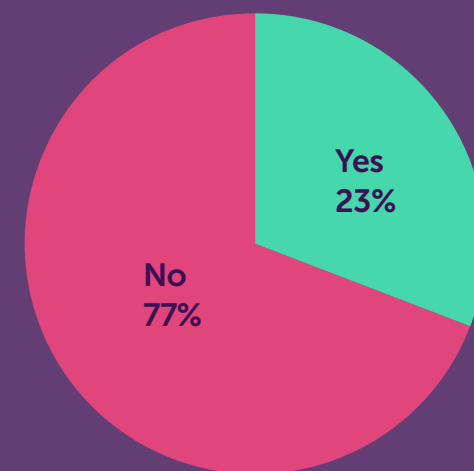


5. Why do you think that SMEs' appetite for external finance may be increasing?



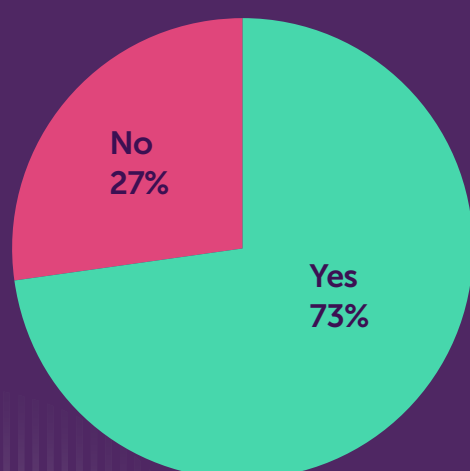
6.

Do you currently find it difficult to access financing on behalf of your clients?



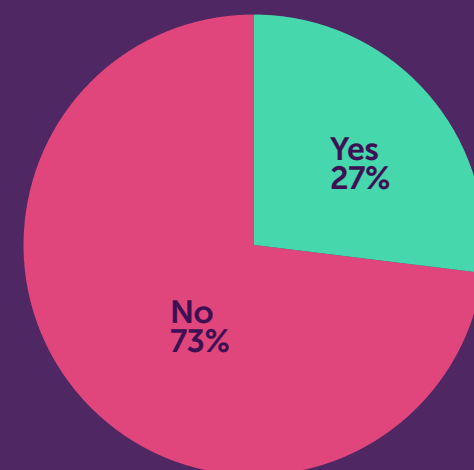
7.

Do you expect property investors to take advantage of the market bottom out this year?



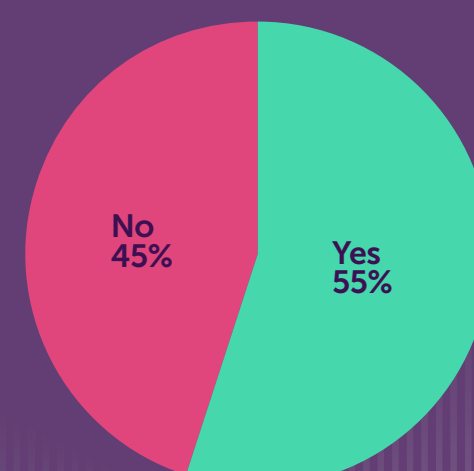
8.

Do you think small businesses will take a 'wait and see' approach to investment with an impending general election?



9.

With recent movement in the yield curve and market expectations for base rate cuts, do you expect demand for fixed rate products to fall?



THANK YOU