# SMALL BUSINESS FINANCE MARKETS 2015/16



SEE FULL REPORT AT: WWW.BRITISH-BUSINESS-BANK.CO.UK

THE UK'S SMALLER BUSINESS POPULATION IS THRIVING

5.4<sub>M</sub>

Record number of smaller businesses in the UK<sup>1</sup> 350,000

new enterprises registered in 2014<sup>2</sup> 85%

of new jobs in the UK between 2008-13 created by firms with fewer than 50 employees<sup>3</sup> 56%

of smaller businesses plan to grow their turnover in the coming year4

SUPPORTED BY GROWING AND DIVERSIFYING FINANCE MARKETS



consecutive quarters in which net bank lending to smaller businesses has increased<sup>5</sup> 75%

increase in peer-to-peer business lending in 2015<sup>6</sup>

 $2.2_{\text{EBN}}$ 

invested annually in smaller businesses by equity providers<sup>7</sup>

CHALLENGES REMAIN IN THE SUPPLY OF FINANCE

1%

Total of small businesses who use equity finance in the last 3 years<sup>4</sup> 80% combined market share for business

loans held by the four

largest UK banks<sup>8</sup>

BUSINESS PERFORMANCE
– MORE TO DO

-20%

UK businesses are on average 20% less productive than the G7 average<sup>9</sup>

13тн

UK's position in cross country comparison of start-ups that grow to more than ten employees within three years<sup>10</sup> THE BRITISH BUSINESS BANK IS WORKING TO UNLOCK FINANCE FOR UK'S SMALLER BUSINESSES



44.000+

over 44,000 smaller businesses are currently supported through our programmes

# 400em

New Northern Powerhouse Investment Fund to boost growth in the North

- 1 BIS Business Population Estimates 2015
- 2 ONS Business Demography 2014
- 3 Enterprise Research Centre, Goldman Sachs and British Business Bank (2015) "Unlocking UK Productivity Internationalisation and Innovation in SMEs"
- 4 Business Bank Finance Survey 2015
- 5 Bank of England Bankstats

- 6 AltFi Data 2016
- 7 British Business Bank analysis of Beauhurst Data 2016
- 8 Competition & Markets Authority, Retail Banking Market Investigation 2015
- 9 ONS (2015) 'International Comparisons of Productivity First Estimates, 2014'
- 10 Organisation for Economic Co-Operation and Development; 'The Dynamics of Employment Growth: New Evidence from 18 Countries', Chiara Criscuolo, Peter N. Gal and Carlo Menon (OECD), 2014.

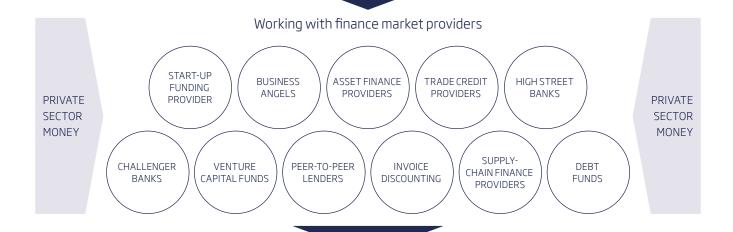


# HOW WE OPERATE

## SOLUTIONS

Designed to make finance markets for small businesses work better

**MONEY** £3bn+ of public funding commitments



Start Up Loans

Providing loans and mentoring support to help entrepreneurs to start a business.

# SCALE UP

Funds for high growth potential businesses

Matching equity investment in smaller businesses from business angels.

Supporting a vibrant and diverse venture capital market for early stage and high growth businesses.

Allowing fast-growing firms to reach their potential. It will include debt finance with equity elements or, more simply, junior debt.

### STAY AHEAD

More funding options and choice of provider

Supporting a greater range of funding for smaller businesses.

Funding and capital products to help increase the flow of finance.

Encourages financial institutions to lend to viable smaller businesses lacking collateral or track record.

### RESULTING IN INCREASED BUSINESS INVESTMENT, GROWTH AND JOBS

