

26 May 2011

**Survey on Access by Companies to Finance**  
Year 2010

**One out of four non-financial companies seeking a loan in 2010 are unable to obtain one**

**60% of companies consider that the willingness of banks to provide finance has worsened as compared with 2007**

**Six out of 10 companies will need finance between 2011 and 2013, mainly in order to maintain the business as a going concern**

38.0% of non-financial companies needed finance via loan finance in the year 2010. Of these, 25.2% were unsuccessful in their attempt to obtain a loan. These results stood out in the 2010 Survey on Access by Companies to Finance, published today, for the first time, by the INE. The survey, forming part of a joint project on a European level, was aimed at a subset of small and medium-sized industrial, construction and services companies (see methodological note).

As compared with 2007, the percentage of companies seeking loans remained stable (with an increase of 1.7 points), whereas **the percentage of companies that did not manage to obtain finance recorded an increase of 15.4 points.**

**Results by type of finance (%)**

	Need for finance year 2010 (*)	Degree of success in the year 2010			Need for finance year 2007 (*)	Degree of success in the year 2007		
		Successful	Partially successful	Unsuccessful		Successful	Partially successful	Unsuccessful
Loan finance	38.0	50.6	24.2	25.2	36.3	80.3	10.0	9.8
Capital finance	5.9	32.6	15.7	51.7	4.4	70.2	11.2	18.6
Other types of finance	32.8	62.7	20.1	17.2	30.6	81.2	12.9	5.9

(\*) non-exclusive options

50.6% of companies considered that they had been completely successful in obtaining loan finance in 2010, as compared with the 80.3% registered in 2007. In turn, 24.2% stated that their needs had been partially met, in other words, having not obtained the full amount sought or having not achieved the desired terms.

5.9% of companies turned to capital finance. More than half (51.7%) were unsuccessful in their attempt. In 2007, the percentage of unsuccessful attempts was 18.6%.

Lastly, one out of three companies sought another type of finance, with a 62.7% success rate, as compared with 81.2% obtained in 2007. Within this category, bank overdraft and credit lines (which 52.5% of companies turned to), leasing (41.1%) and trade credits (21.8%) were of note.

### Loan finance

96.8% of companies seeking finance via loans turned to banks. 21.6% sought loans from owners and executives of the company itself, and 12.4% from other companies.

#### Sources of finance (\*) by means of loan finance (%)

	Year 2010	Year 2007
Banks	96.8	96.0
Owner(s)/director(s)	21.6	13.6
Other companies	12.4	6.8
Other company employees	9.4	4.7
Relatives, friends or other persons outside the company	9.1	5.1
Other sources of loan finance	6.4	5.6

(\*) non-exclusive options

### Reasons preventing or hindering the granting of loans

The main reasons given by banks and other sources of finance for refusing companies loans, in full or in part, in the year 2010 were **insufficient collateral or guarantees and poor credit rating**.

#### Reasons preventing or hindering the granting of loans (%)

Reasons given by banks and other sources of financing	Year 2010	Year 2007
Insufficient collateral or guarantee	38.6	31.2
Poor credit rating	36.9	39.5
No reason given	35.5	30.5
Already too many loans or too much debt	35.5	32.6
Lack of own capital	12.2	23.3
Insufficient or risky potential (of the business or project)	8.8	6.0
Other reason(s)	12.9	15.2

Reasons given by the company itself	Year 2010	Year 2007
Interest rates offered were too high	33.7	36.8
Non-interest-rate related conditions of the loan were unacceptable (e.g.	26.3	26.6
Other reason(s)	7.7	7.4

(\*) non-exclusive options

In turn, companies considered that they had problems obtaining loans because the interest rates were too high, or because the other conditions of the loan were unacceptable.

### Companies' perception of changes occurring between 2007 and 2010

Six out of 10 companies considered that the willingness of banks to provide finance had worsened since 2007. Similarly, more than half considered that the cost of obtaining finance had increased, and that their financial situation had worsened.

#### Evolution of factors affecting finance between 2007 and 2010 (%)

	Much better	Better	No change	Worse	Much worse	Indifferent
Financial situation of the business	3.2	16.9	24.6	38.2	13.3	3.8
Cost (interest and others) of obtaining finance for the business	1.3	9.3	19.3	33.0	21.1	16.1
The debt/turnover ratio of the business	2.1	14.5	23.4	36.7	12.9	10.4
Other terms and conditions of finance	0.4	6.1	31.2	27.4	14.3	20.5
The burden or effort of obtaining finance for the business	0.5	4.3	28.0	27.6	22.2	17.3
The willingness of banks to provide finance	1.1	4.5	21.6	26.4	33.6	12.9

### Looking ahead to the 2011-2013 period

61.4% of companies considered that they would need finance in the 2011-2013 period. The latter would be sought mainly from banks (93.0%).

#### Main types of finance needed between 2011 and 2013 (%)

Percentage of companies that will need finance between 2011 and 2013	61.4
Percentage of companies that will turn to the following sources:	
Banks	93.0
Leasing companies	28.1
Owner(s)/director(s)	18.9
National Public Administrations	13.7
Other loan sources e.g. Finance houses and subsidiaries of banks	8.4
Other companies	7.5

(\*) non-exclusive options

Companies considered the main factors likely to limit their growth until 2013 to be the general economic outlook, reduction in demand in the domestic markets and price competition. One out of four considered that their future growth would be affected by not enough financing.

#### Most important factors (\*) limiting the growth of the business

General economic outlook	87.2
Reduction in demand in local and domestic markets	70.1
Price competition and small margins	59.4
High cost of labour	40.1
Lack of fiscal incentives	33.1
Not enough financing	24.1
New entrants in the market	21.1

(\*) non-exclusive options

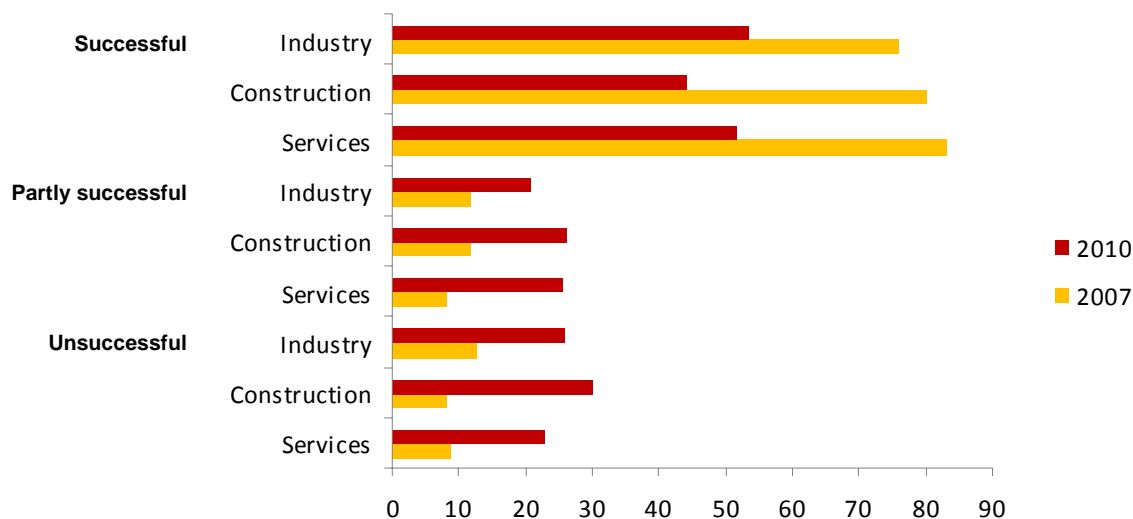
### Results by sector of activity

41.5% of construction companies sought loan finance in the year 2010, as compared with 39.2% of industrial companies and 35.9% of services companies.

With regard to the degree of success achieved, industrial companies obtained the desired finance in 53.5% of cases, services companies did so in 51.7% of cases, and construction companies in 44.0%.

In turn, the percentage of those unsuccessful in obtaining loans showed an increase as compared with 2007 in all sectors, being more pronounced in construction.

### Degree of success in obtaining loan finance by sector and year. (%)



### Destination of future finance

Regarding finance obtained between 2011 and 2013, companies predicted that they would dedicate it, mainly, to maintaining the business as a going concern and increasing its domestic activities.

Moreover, a significant percentage of companies in industry (24.6%) and in services (13.8%) would also channel their efforts into financing innovation and R&D.

### Purpose (\*) finance will be put to between 2011 and 2013 by activity sector (%)

	Industry	Construction	Services	Total
Maintaining the business as a going concern	85.8	92.7	89.4	89.0
Growing the business's domestic activities	27.6	15.8	22.0	22.3
Financing export sales	12.4	0.4	4.5	6.0
Financing innovation and R&D	24.6	3.6	13.8	14.9
For mergers and acquisitions	2.0	1.6	4.2	2.9
Developing international activities.	8.8	1.3	7.4	6.5
Other purpose(s)	6.9	9.6	5.9	7.0

(\*) non-exclusive options

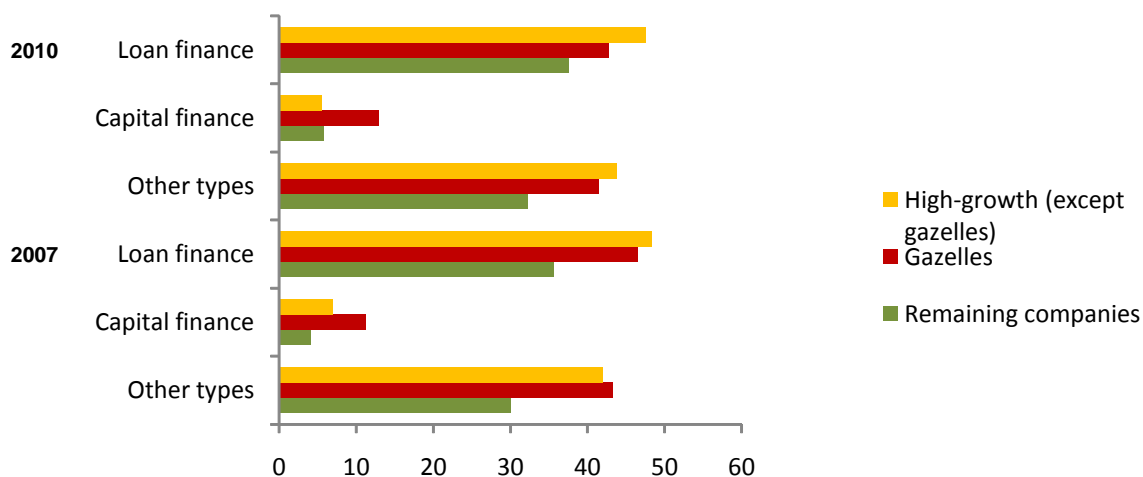
### Results by type of company

In 2010 high-growth companies<sup>1</sup> sought loans at a higher percentage (42.8% gazelles<sup>2</sup> and 47.6% other high-growth companies) than remaining companies.

High-growth companies' need for loans decreased as compared with 2007, as compared with the increase experienced by remaining ones.

Gazelles and remaining high-growth companies were those that turned in the greatest numbers to capital finance and other types of finance in 2010.

### Need for finance by type of company, type of finance and year (%)



Regarding the degree of success in other types of finance, high-growth companies obtained a lower percentage of complete satisfaction than remaining companies. However, they considered that they had achieved partial success to a greater extent.

The percentage of failure increased between 2007 and 2010 for all types of company.

### Degree of success in securing other types of finance by type of company (%)

	Year 2010			Year 2007		
	Successful	Partially successful	Unsuccessful	Successful	Partially successful	Unsuccessful
High-growth companies (except gazelles)	58.6	22.1	19.3	69.6	21.1	9.3
Gazelles	57.4	25.4	17.3	74.9	13.5	11.6
Remaining companies	63.0	19.9	17.1	82.0	12.4	5.6

<sup>1</sup> High-growth companies: companies with an annual average growth in terms of employment above 20% between the years 2005 and 2008.

<sup>2</sup> Gazelles: high-growth companies that were a maximum of five years old at the end of the growth observation period, in other words, that were created in 2003 or 2004.

## Methodological note

The **Survey on Access by Companies to Finance (SACF)** is a single statistical operation, carried out for reference year 2010 in 20 European Union countries, with a common questionnaire and the same methodology. Its fundamental objective is to have information available regarding the problems and limitations of companies being able to access finance, analysing the different alternatives and types of finance, and evaluating their situation in the year 2010, the changes as compared with the situation in 2007 and their outlook.

The scope of the survey includes the whole of non-financial, industrial, construction and services companies (sections B to N of the CNAE 2009, except section K), located in the national territory, that are not subsidiaries of other companies and that fulfil a three-fold condition:

- a) that they had between 10 and 249 employees in the year 2005
- b) that they continued to carry out their activity in 2008
- c) and that they had a minimum of 10 employees in the current reference period (2010).

The investigated population is formed of a little over 96,000 population units. In order to conduct this survey, a sample containing 3.000 units has been selected.

Information is provided in terms of percentage on the main variables relating to finance problems in the years 2010 and 2007, as well as outlook for the 2011-2013 period. Classification variables used are the economic activity sector (industry, activities and services) and type of company (high-growth companies (except gazelles), gazelles and remaining companies).

For the purposes of the survey, high-growth companies are considered to be those with an annual growth average, in terms of employment, above 20% between the years 2005 and 2008. Gazelles are high-growth companies that are a maximum of five years old at the end of the growth observation period, in other words, those created in 2003 or 2004.

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For further information see [INEbase-www.ine.es/en/welcome\\_en.htm](http://INEbase-www.ine.es/en/welcome_en.htm) All press releases at: [www.ine.es/en/prensa/prensa\\_en.htm](http://www.ine.es/en/prensa/prensa_en.htm)

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