



# Survey on the access to finance of enterprises (SAFE)

**Annalisa Ferrando**

DG Monetary Policy - Capital Markets/Financial Structure  
Division

Meeting with ECON WG on SMEs - 22 March 2023

*Any views expressed are the speaker's own and should not be regarded as views of the  
ECB and the Eurosystem*

1. Main characteristics of the survey
2. Core indicators on financing conditions
3. Analysis of the most recent results (until September 2022)

# Survey on the Access to Finance of enterprises (SAFE)

- ✓ Focus on firms' financing and production
  - Turnover, profits, financing needs/availability, loan applications/rejections, conditions of bank loans
  - Expectations on financing / turnover
  - Answers are qualitative / directional (increase/unchanged/decrease)
- ✓ Biannual frequency
  - Latest available data: April to September 2022
  - Next release: 7 June 2023 – Reference period : October 2022- March 2023
- ✓ Sample characteristics
  - Size : 12,000 EA for ECB rounds /17,000 EU for EC/ECB joint rounds (once a year)
  - Quota: 30% each of micro, small and medium; 10% large firms
  - Calibration weights to the population of firms
- ✓ *Switch to quarterly frequency under development (with additional questions)*

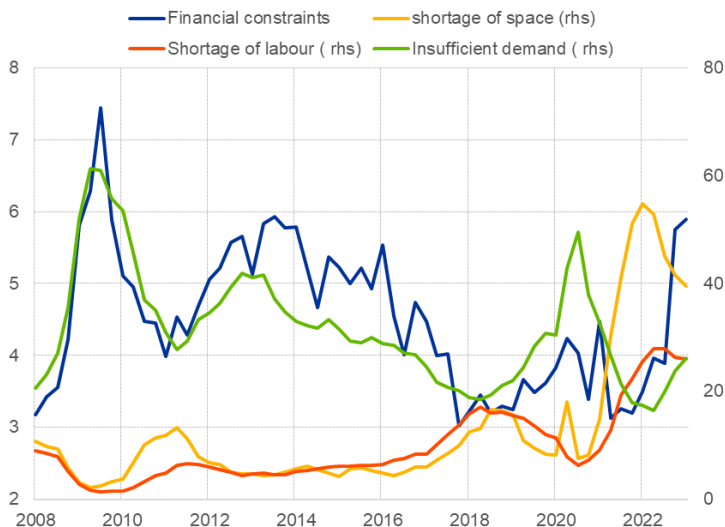
# Core indicators

Indicators/ Instruments	Core questions in SAFE
<b>Financing constraints</b> Bank loans, credit lines, trade credit, other external financing	Applications / discouragement Outcome of applications / rejections
<b>Financing gap</b> Bank loans, credit lines, trade credit and accounts receivable, debt securities, equity, leasing/factoring	Needs (demand) and availability (supply) of external finance
<b>Firms' vulnerability</b>	Turnover, profits, costs, debt, interest expenses (investment/ employment)
<b>Financing conditions</b> Bank loans, credit lines	Price Terms & Conditions (T&C) ( i.e. interest rate, other charges ) Non-price T&C i.e. size, maturity, collateral)
<b>Factors affecting availability of finance</b>	Economic & firm outlook, Access to public support, credit history & capital, willingness of banks to provide credit
<b>Expected access to finance</b> Bank loans, credit lines, trade credit and accounts receivable, debt securities, equity, leasing/factoring	Expected changes in availability of external finance in the next six months
<b>Expected turnover</b>	Expected changes in turnover in the next six months

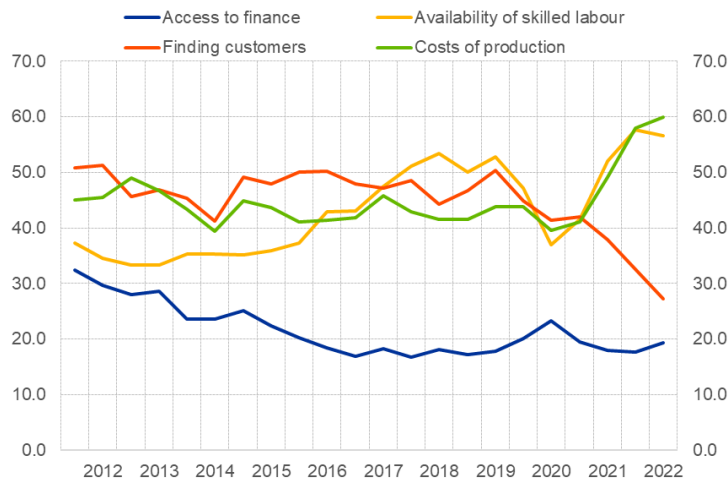
# Access to finance not yet perceived as a major problem

## Limits to production faced by euro area manufacturing firms

(percentages of respondents)



## Most important problems by euro area manufacturing firms



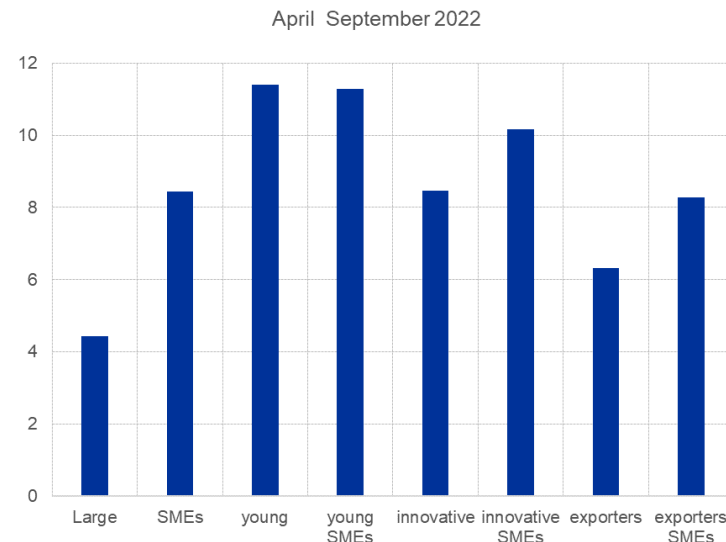
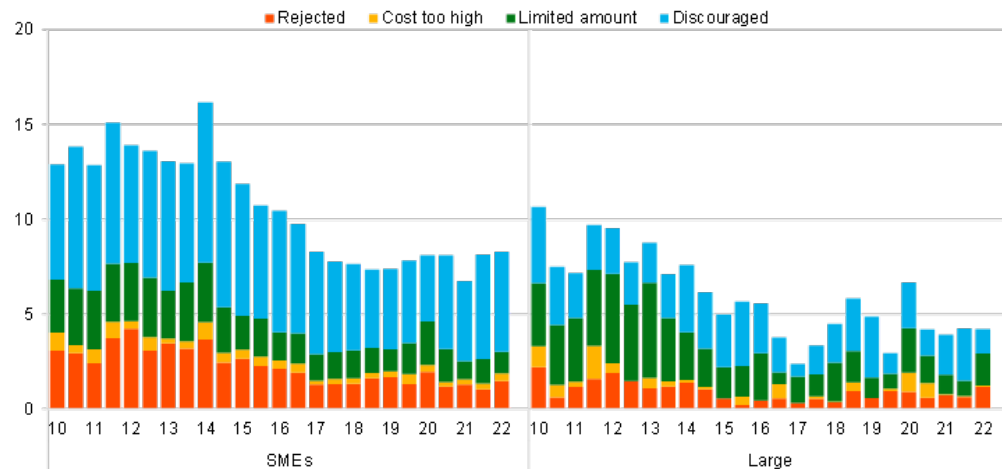
Sources: Left panel: European Commission business and consumer surveys, right panel: Survey on the Access to Finance of Enterprises (SAFE) in the euro area.

Notes: left panel: Percentage of respondents, right panel: A "big problem" is defined as scoring min 7 on a scale from 1 to 10. The latest observation are for the first quarter of 2023 for the left panel and September 2022 for the right panel.

# Financing constraints still muted but with differences across firms

## Obstacles of obtaining a bank loan

(percentages of respondents)



Source: ECB and European Commission Survey on the Access to Finance of Enterprises (SAFE).

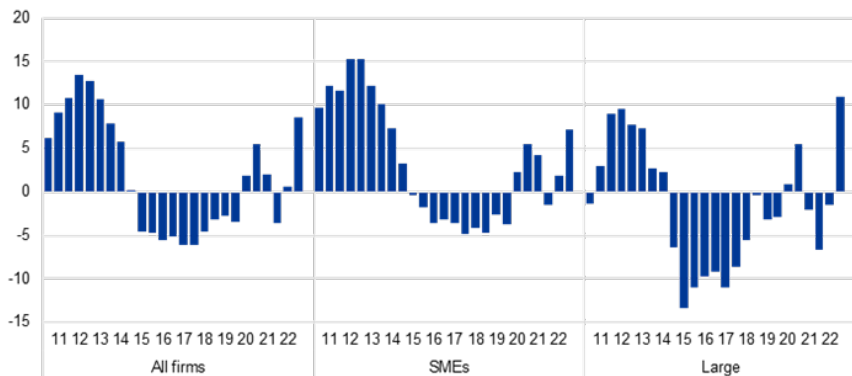
Notes: Financing obstacles are defined here as the total of the percentages of enterprises reporting (i) loan applications that were rejected, (ii) loan applications for which only a limited amount was granted, (iii) loan applications that resulted in an offer that was declined by the enterprise because the borrowing costs were too high and (iv) a decision not to apply for a loan for fear of rejection (discouraged borrowers).

- Persistently higher financing constraints for SMEs

# However, financing gaps are widening for all firms

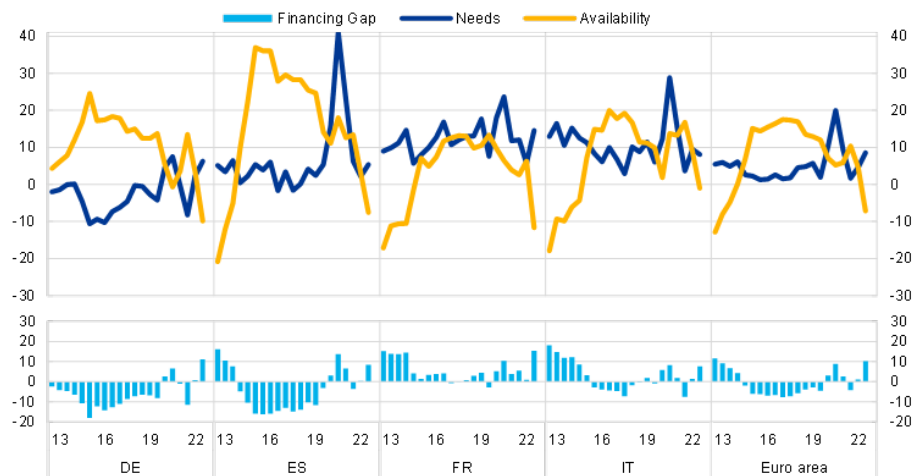
## Changes in the external financing gaps

(weighted net balances)



## Changes in needs and availability of bank loans

(net percentages of respondents)



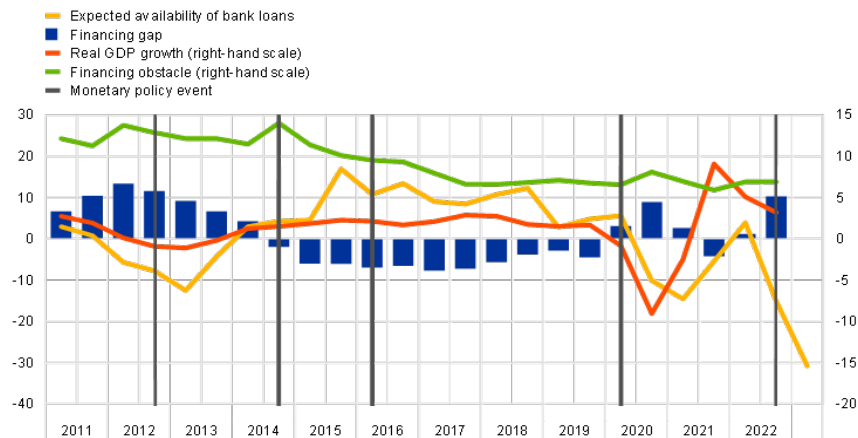
Source: ECB and European Commission Survey on the Access to Finance of Enterprises (SAFE).

- Recently firms' higher financing needs along with lower availability of external funds resulted in a widening of the financing gap

# Financing gaps relate to current and future GDP growth

## Changes in SAFE indicators and development of euro area real GDP growth

(weighted net balances of external financing gap, net percentage changes in the expected availability of finance, annualised percentage changes)



- Historically, inverse relation between changes in the financing gap and expectations about future availability of bank loans
- Expansions of euro area activity usually coincide with declining financing gaps and greater firms' optimism
- Our calculations: after a 1 pp increase in the financing gap indicator/ decrease in the expectations, real GDP declines on average by 0.2% more in the subsequent year relative to no change in these financing indicators

Sources: ECB and European Commission Survey on the Access to Finance of Enterprises (SAFE) and Eurostat.

Notes: The first vertical grey line denotes the announcement of the Outright Monetary Transactions; the second vertical grey line denotes the start of the first series of targeted longer-term refinancing operations (TLTRO I) and the negative interest rate policy; the third vertical grey line denotes the start of TLTRO II and the corporate sector purchase programme; the fourth one denotes the start of the pandemic emergency purchase programme and TLTRO III; and the last vertical grey vertical line denotes the rise of the three key ECB interest rates by 50 basis points and approval of the Transmission Protection Instrument (TPI) in July 2022. See Durante et al. (2022) "Firms' access to finance and the business cycle: evidence from the SAFE" ECB EB 8.



# Significant tightening of supply conditions across firm sizes

## Changes in the terms and conditions of bank financing

(net percentages of respondents)



Source: ECB and European Commission Survey on the Access to Finance of Enterprises (SAFE).

Notes: Enterprises that had applied for bank loans (including subsidised bank loans), credit lines, or bank or credit card overdrafts.

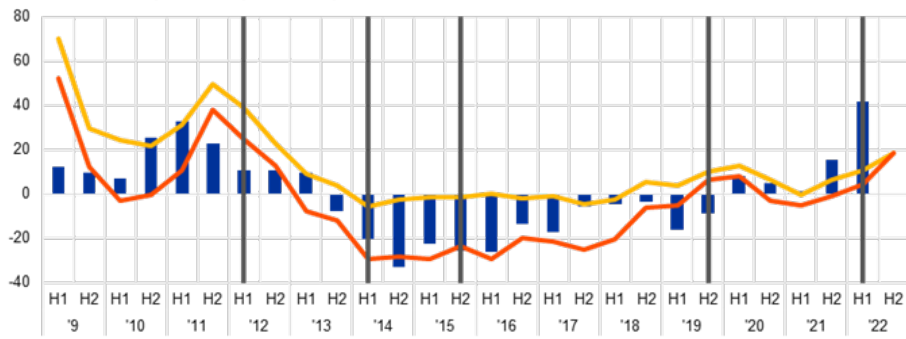
# Banks' lending conditions and firms' assessment of financing conditions

## Banks' margins applied to loans and firms' composite indicator of price terms and conditions

(net percentages for margins; weighted scores for price terms and conditions in percentages)

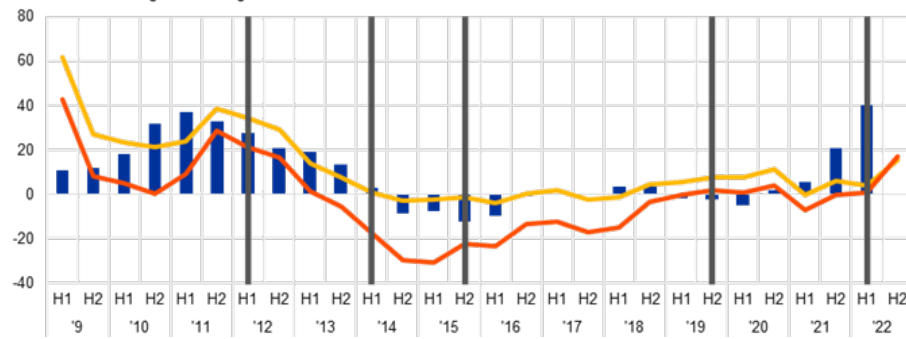
Large firms

■ Price T&C  
— BLS margins on riskier loans - Large  
— BLS margins on average loans - Large



SMEs

■ Price T&C  
— BLS margins on riskier loans - SMEs  
— BLS margins on average loans - SMEs



Source: ECB and European Commission Survey on the Access to Finance of Enterprises (SAFE) and ECB Bank Lending Survey

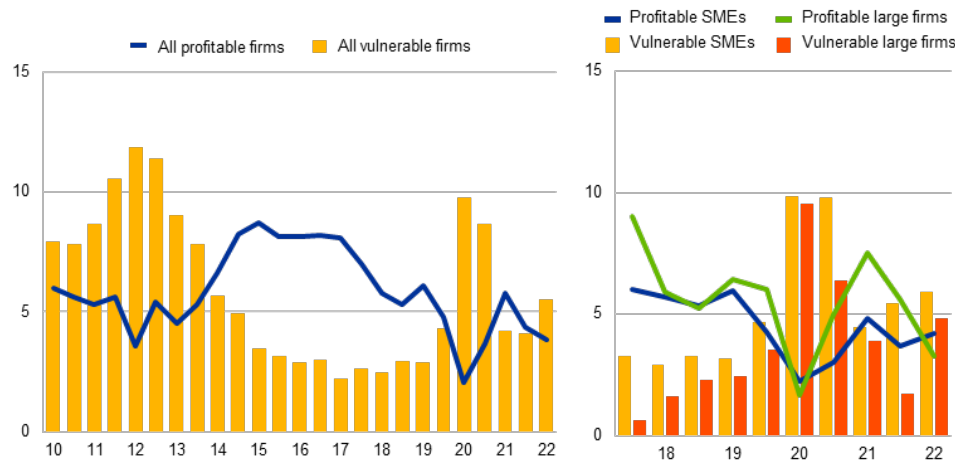
Notes: Indicators obtained by factor analysis (A. Ferrando – S. Gori (2022) “Financing conditions through the lens of euro area companies”, ECB Economic Bulletin n. 8.) Positive values indicate a deterioration in the principal component and a net widening in loan margins. Vertical lines: 1. announcement of the Outright Monetary Transactions; 2. the start of the first series of targeted longer-term refinancing operations (TLTRO I) and the negative interest rate policy; 3. the start of TLTRO II and the corporate sector purchase programme; 4. the start of the pandemic emergency purchase programme and TLTRO III; and 5. the rise of the three key ECB interest rates by 50 basis points and approval of the Transmission Protection Instrument (TPI) in July 2022.

- Banks' margins on riskier loans usually related to SMEs price T&C

# Firms are becoming more vulnerable as well as less optimistic about the future

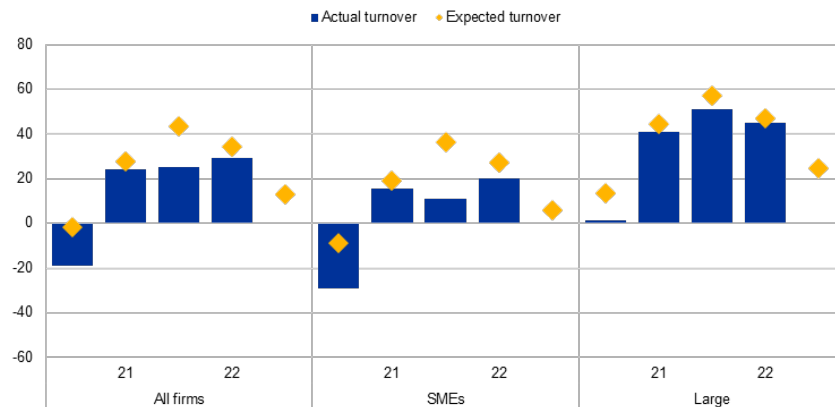
## Vulnerable and profitable enterprises in the euro area

(percentages of respondents)



## Actual and expected turnover among euro area enterprises

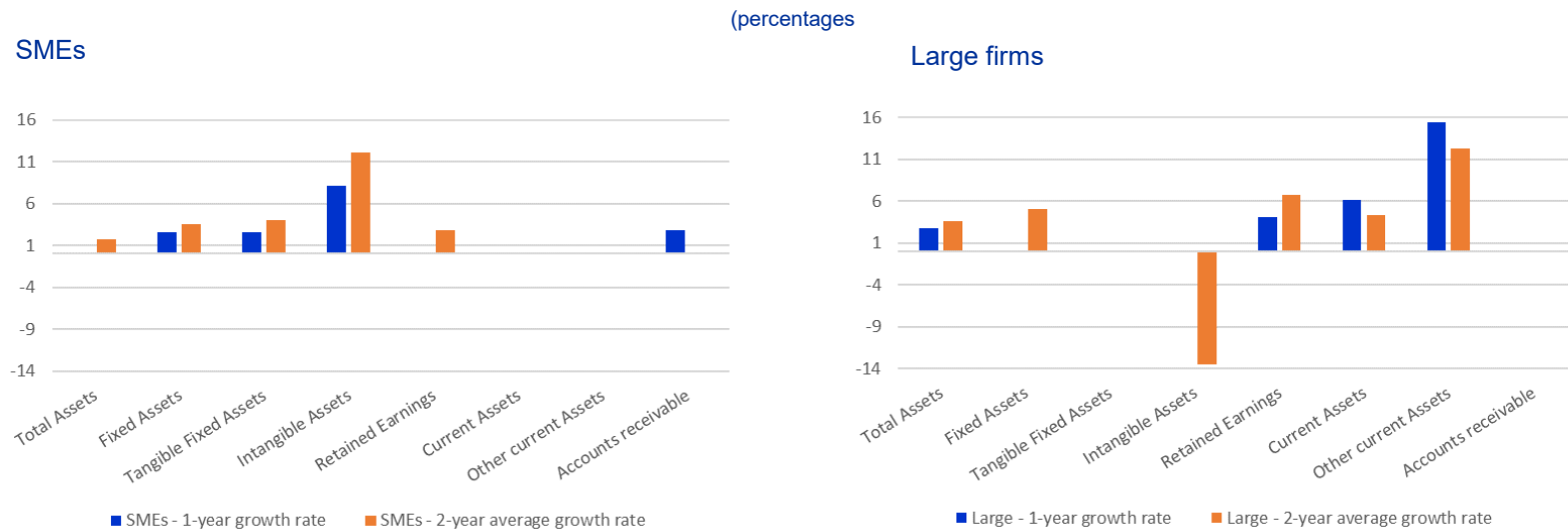
(past six-month period and next six-month period; net percentages of respondents)



Source: ECB and European Commission Survey on the Access to Finance of Enterprises (SAFE).

Notes: Vulnerable firms simultaneously report : lower turnover ; decreasing profits; higher interest expenses; a higher or unchanged debt-to-assets ratio. The figures refer to rounds 3-27 of the survey (March 2010-September 2010 to April 2022-September 2022) for all firms and to rounds 18-27 (October 2017-March 2018 to April 2022-September 2022) for SMEs and large firms. The data included in the chart refer to Question 2 of the survey.

## Differential ex-post growth rates of issuing firms versus non-issuing firms



Source: ECB and European Commission Survey on the Access to Finance of Enterprises (SAFE).

Notes: Based on propensity score analysis. Boccaletti et al. (2023), European SMEs' growth: the role of market-based finance and public financial support, *forthcoming*.

- SMEs tend to use the proceeds to expand their production capabilities in fixed operating capital (i.e. new investments for growth-oriented business strategies)
- Large firms increase total assets mostly through an expansion of current assets pursuing alternative (less-growth oriented) business strategies

## Concluding remarks

- ✓ SAFE is a rich source of information across different firms' characteristics
- ✓ Firms' assessment of financing conditions is important to inform ECB monetary policy decisions
  - Access to finance no major problem yet, but financing conditions are tightening, reflected in lower availability and higher cost of finance
  - This could foreshadow lower investment and weaker GDP growth and expose firms to increased vulnerabilities
- ✓ Next survey round important to evaluate scale and impact of emerging financing constraints

# Background slides

[https://www.ecb.europa.eu/stats/ecb\\_surveys/safe/html/index.en.html](https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/index.en.html)

Press releases + summary reports

Methodological note

Aggregate tables with all variables / breakdowns

Questionnaire

Access to firm-level data ( on request)

# Main characteristics of SAFE - run every six months

- Sponsors
  - ✓ Cooperation of ECB / European Commission
- Survey company
  - ✓ Kantar/Panteia
- Sample size
  - ✓ 12,000 for ECB rounds – limited euro area
  - ✓ 17,000 for joint rounds – extended EU (once a year)
- Representativeness
  - ✓ Limited coverage EE, CY, LV, LT, LU, MT, SI, HR
- Sample design
  - ✓ Quota: 30% each of micro, small and medium; 10% large firms
  - ✓ Calibration weights to the population of firms
- Mode
  - ✓ Telephone /Mixed mode (Phone/Web)
  - ✓ Respondents are owners, finance managers/directors or CFOs
  - ✓ Panel component: Around 25% of firms are observed in more than consecutive round



## Number of firms

	Total	AT	BE	CY	DE	EE	ES	FI	FR	GR	IE	IT	LT	LU	LV	MT	NL	PT	SI	SK
2020H1	11019	500	502	100	1337	100	1304	503	1501	500	507	1502	303	100	200	100	804	501	200	455
2020H2	11007	594	711	0	1317	0	1501	502	1501	801	508	1501	0	0	0	0	771	800	0	500
2021H1	10493	419	500	101	1220	100	1301	501	1400	501	499	1504	302	100	176	100	751	502	175	341
2021H2	10950	739	740	0	1271	0	1448	502	1275	679	510	1502	0	0	0	0	976	803	0	505
2022H1	10984	501	501	100	1332	100	1300	449	1500	501	501	1501	296	100	200	101	800	501	200	500