



Dirnad Economi Cymru
Economic Intelligence Wales



Wales SME Access to Finance Report

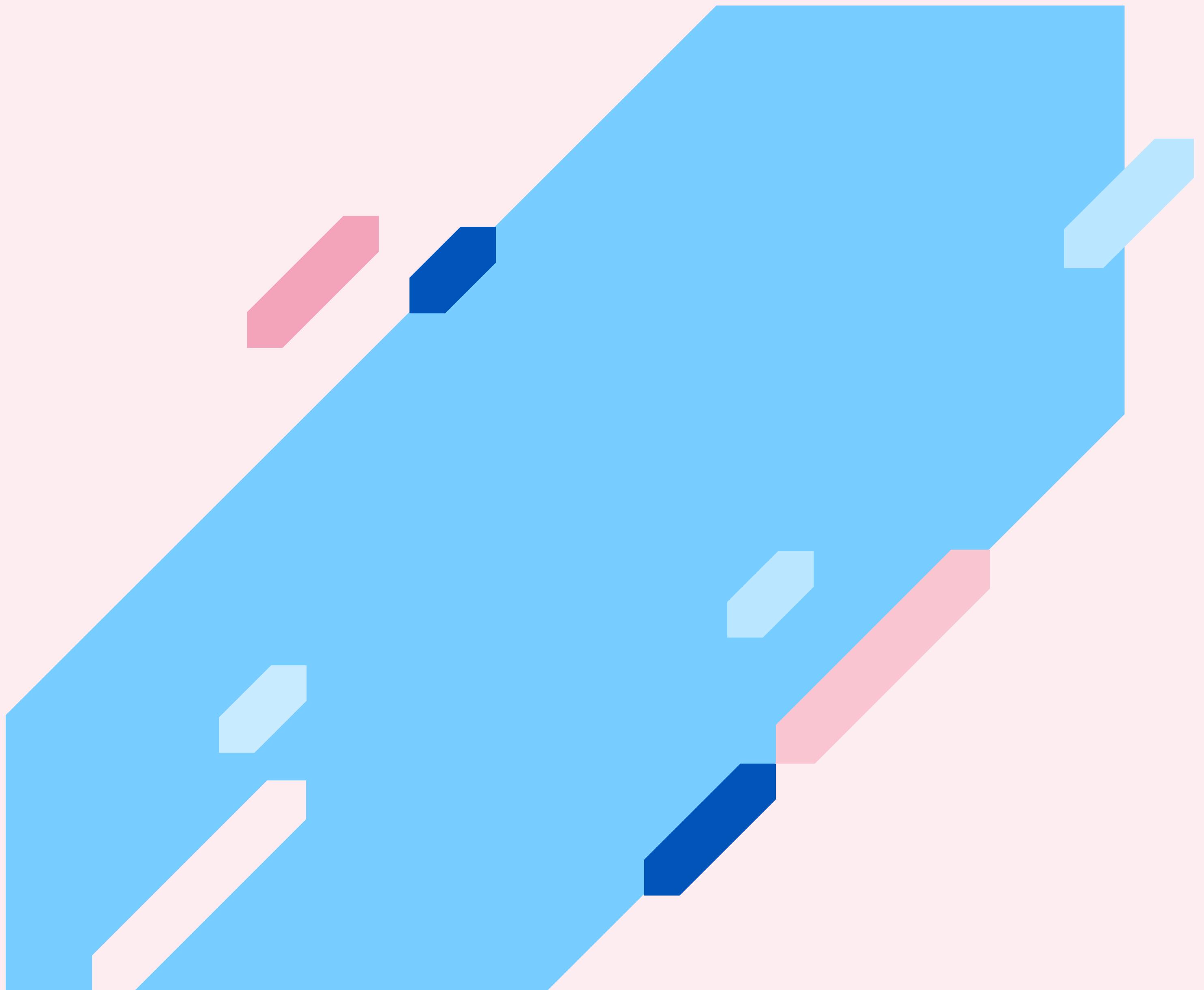
Sub-National and
Devolved Nation analysis



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Partner overview





About British Business Bank

The British Business Bank is the UK government's economic development bank. Established in November 2014, its mission is to drive sustainable growth and prosperity across the UK and to enable the transition to a net zero economy, by improving access to finance for smaller businesses.

Its remit is to design, deliver and efficiently manage UK-wide smaller business access to finance programmes for the UK government. The British Business Bank's core programmes support over £23bn of finance to almost 64,000 smaller businesses (as at end March 2025).

As well as increasing the supply and diversity of finance for UK smaller businesses through its programmes, the Bank works to raise awareness and

understanding of finance options available to smaller businesses.

In 2025, the Bank was given an increased permanent financial capacity of £25.6bn, and more flexibility to deliver. The Bank's Five Year Strategic Plan outlines how the Bank will act through its Investment and Banking businesses, and its Business Development function, to deliver the commitments in the plan. The Bank's planned activity over the next five years is expected to fund around 180,000 businesses, support the creation of around 370,000 new jobs, crowd in £26bn of additional private capital and help deliver £68bn of benefit to the economy.



About Economic Intelligence Wales

Bringing together economic and SME research, Economic Intelligence Wales is a unique research collaboration between the Development Bank of Wales, Cardiff Business School, Bangor Business School, the Enterprise Research Centre, and the Office for National Statistics.

Economic Intelligence Wales collates and analyses data on the Welsh finance market, enriching understanding of the Welsh economy.

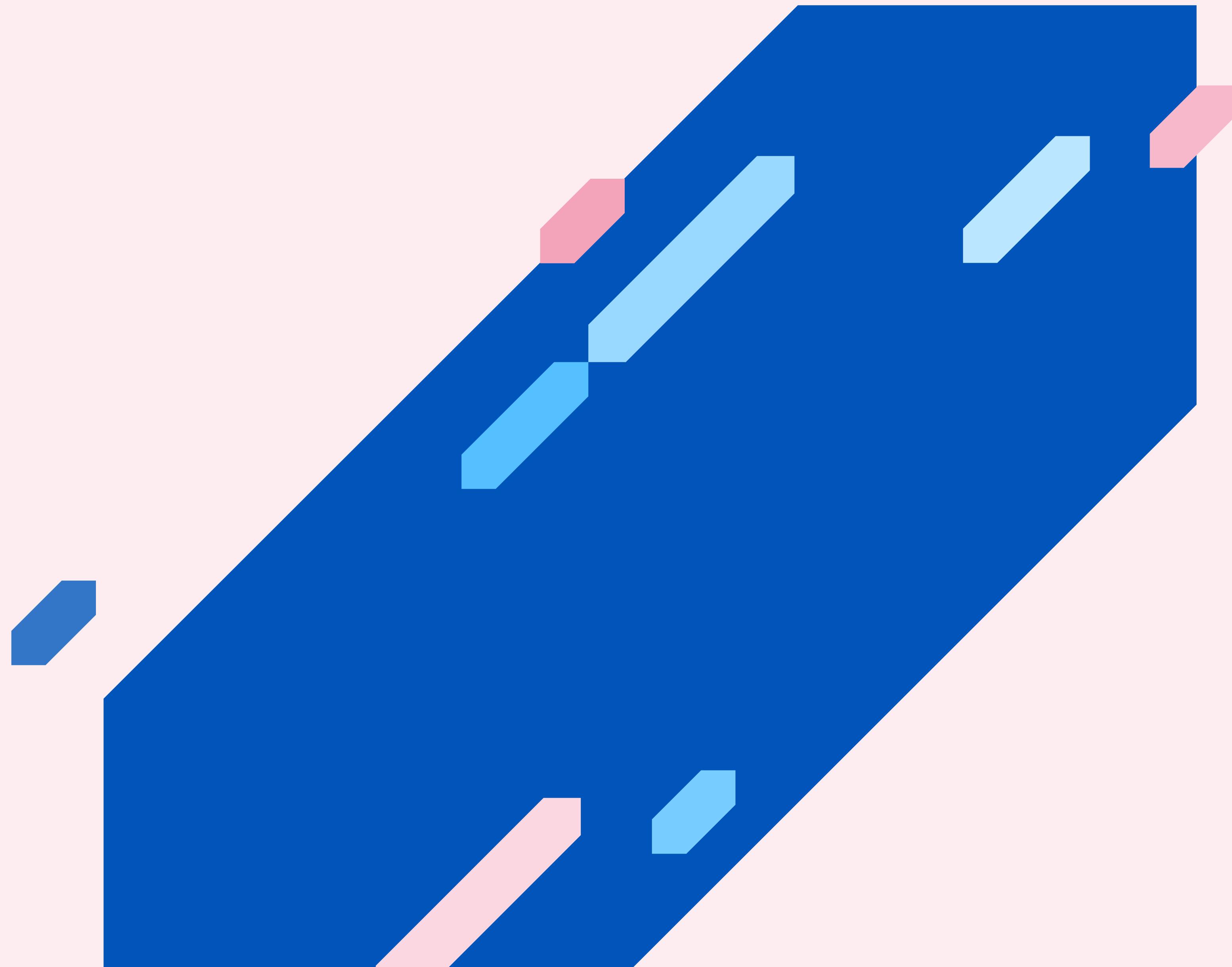
Its research provides robust and reliable insight into the supply of, and demand for, finance in the Welsh market within the broader Welsh economic context.

Economic Intelligence Wales produces quarterly, annual and bespoke reports to:

- Track the supply of, and demand for, finance across Wales
- Improve the understanding of SMEs and their role within the Welsh economy
- Create innovative ways of measuring, interpreting and tracking SME data
- Identify and address Welsh SME finance data gaps
- Improve the understanding of the Development Bank of Wales' wider economic impact

To access reports published to date and to sign up to receive Economic Intelligence Wales' reports, [click here](#).

Project overview



Devolved Nation project overview

The make-up of sub-regional economies can vary significantly within a particular nation. Factors such as location (urban/rural/coastal), the background of business owners (gender, age and ethnicity), the local business base, the size/maturity of businesses, and the sectoral make up all impact the nature of sub-regional economies. This project seeks to understand the extent to which these differing characteristics affect or influence attitudes towards the use of external finance amongst the SME population.

Having supported the [Northern Ireland Enterprise Barometer](#) since 2021, the British Business Bank has worked with Enterprise Northern Ireland to better understand the differences between regional access to finance economies and developed bespoke interventions accordingly. This project seeks to adopt a similar approach across Scotland and Wales, whilst simultaneously undertaking a Devolved Nations comparison. This is the third year the Bank has supported this project, after publishing a suite of nation specific sub-regional access to finance reports in 2024 and 2025.

Carrying out access to finance surveys with c.500 SME respondents and applying quotas to ensure the sample is representative in each Devolved Nation, the British Business Bank is working alongside the Scottish Government's Business Gateway, Economic Intelligence Wales and Enterprise Northern Ireland to produce a third edition of these reports. This is the latest report for Wales, published alongside one for [Northern Ireland](#) and one for [Scotland](#).

Wales project methodology

In Wales, survey fieldwork was conducted by Beaufort Research as part of the October 2025 Business Omnibus Survey.

The survey findings build on 476 interviews with business establishments located in Wales, identified through ownership of a business telephone line. Interviews were conducted between 29 September and 17 October 2025 using Computer Aided Telephone Interviewing technology. The fieldwork targeted small and medium businesses (SMEs), defined as businesses with up to 250 employees (full or part-time) at the location contacted. Eligible respondents were defined as the manager, proprietor, owner, managing director or other senior manager present at the time of interview. The sampling frame for the survey was designed to be representative of all SME business establishments located in Wales. To this end, the sampling frame included interlocking quotas on business activity and size within regions, based on business population counts supplied by Market Location. Once this data had been collected, weighting was applied to correct small deviations between the business activity and size composition of the survey sample and the wider SME

population. Table 1 shows the geographical profile of the sample. The four regions presented are further described in the next section.

For the second year running, the analysis is also complemented by the qualitative insights gathered via a virtual focus group. This focus group was held on 3 November 2025 with a group of small business owners from across Wales.

The survey questionnaire sought responses on eight key questions, replicated from the British Business Bank's annual Business Finance Survey (Annex 1). Alongside these, it collected information on a range of socio-demographic and business characteristics of the respondents, shown in Annex 1. This Omnibus Survey provides a larger sample of responses for Wales than would be possible to collect via UK-wide surveys (which have bigger constraints in terms of the extent of the fieldwork they can complete in any individual UK Nation and region). As such, it provides unprecedented opportunities to analyse the Welsh SME finance landscape at a very granular level. Despite this large sample size, the data is still subject to a range of limitations. These are outlined in Annex 2 – Methodological caveats.

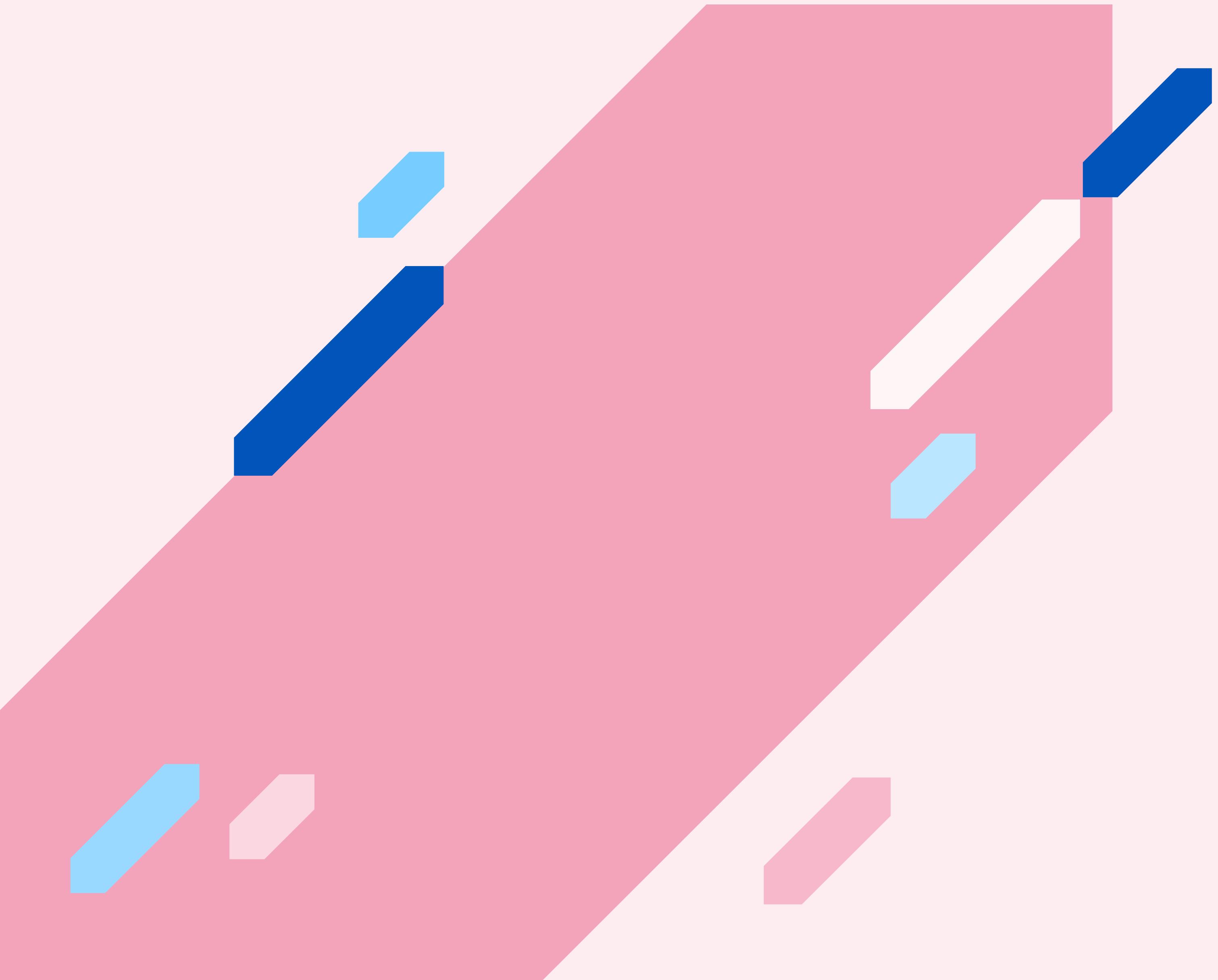
Table 1

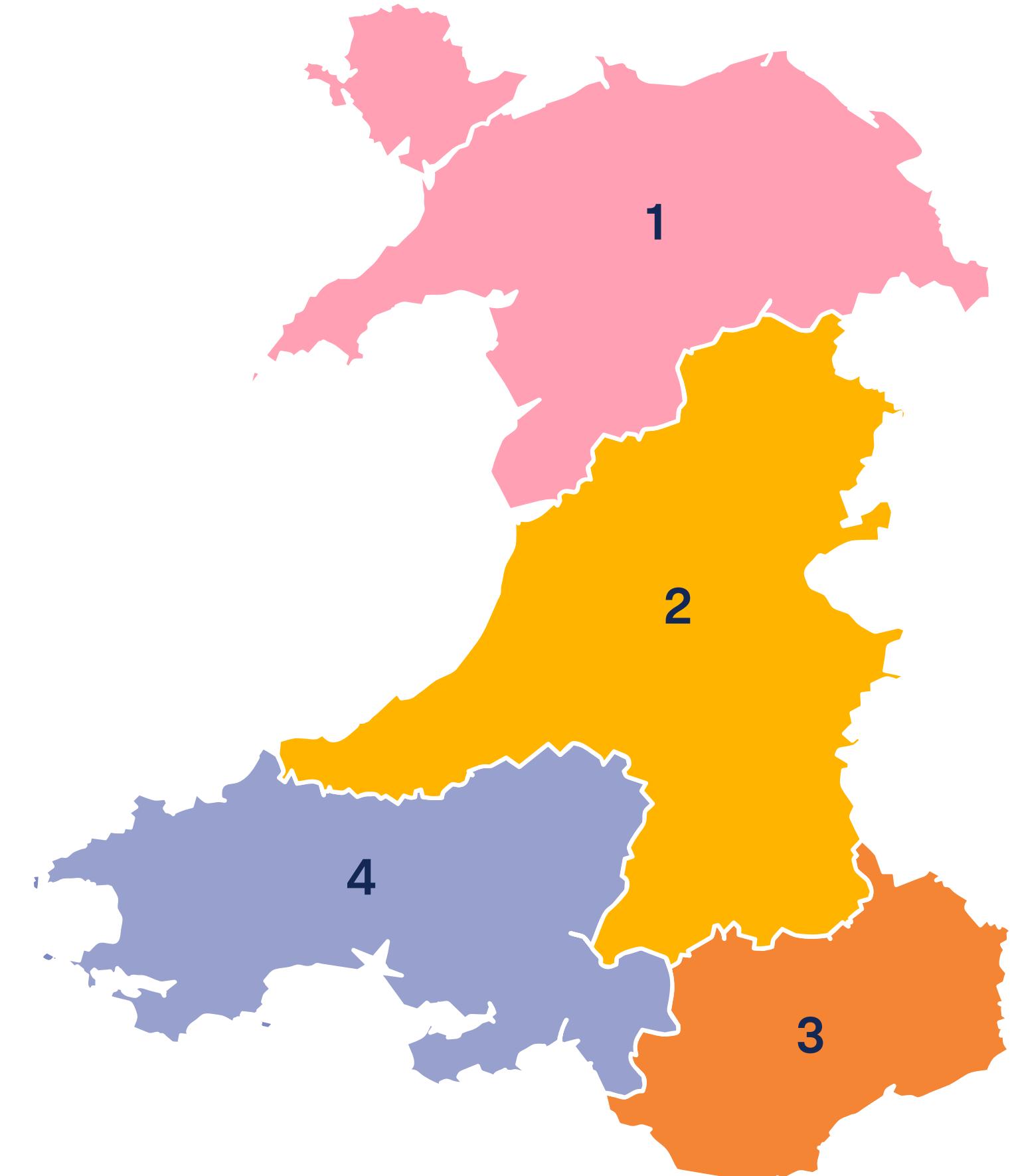
SME sample composition

Region	Sample size	% Sample
North Wales	104	22%
South East Wales	190	40%
South West Wales	105	22%
Mid Wales	77	16%
Total	476	100%



Regional overview





Data set is split by local authority, of which there are 22 and we have grouped them into the following regions:

Region	Local Authority	Colour
1. North Wales	Wrexham, Flintshire, Denbighshire, Conwy, Anglesey, Gwynedd – Arfon and Dwyfor only	Pink
2. Mid Wales	Ceredigion, Powys, Gwynedd – Merionnydd only	Yellow
3. South East Wales	Bridgend, Blaenau Gwent, Caerphilly, Cardiff, Rhondda Cynon Taf, Monmouthshire, Newport, Merthyr Tydfil, Torfaen, Vale of Glamorgan	Orange
4. South West Wales	Swansea, Neath & Port Talbot, Carmarthenshire, Pembrokeshire	Lilac

1. North Wales

North Wales boasts a diverse SME ecosystem, encompassing rural, urban, and coastal areas. Predominantly rural, the region is characterised by a thriving tourism sector and SMEs in sectors like advanced manufacturing and renewable energy, with tech startups also on the rise. Coastal towns like Rhyl and Prestatyn exemplify North Wales' economic diversity, with a historic focus on tourism now expanding to include commerce, industry, and retail.

Developments like the North Wales Growth Deal and Anglesey's approval as a freeport by the Welsh and UK government aim to bolster connectivity and innovation, fostering growth opportunities for SMEs and further enhancing investment prospects for the region. StatsWales estimates for 2023 show there were approximately 60,000 SMEs in North Wales employing around 173,000 people.

2. Mid Wales

Mid Wales offers a picturesque backdrop for SMEs, with a blend of rural landscapes and small towns. The region's SMEs are diverse, spanning sectors such as agriculture, tourism, renewable energy, and niche manufacturing, across a broad spectrum of business sizes and economic activity. Despite facing challenges in connectivity and access to markets, initiatives like the Mid Wales Growth Deal aim to address infrastructure gaps and stimulate economic growth. SMEs benefit from supportive networks like the Mid Wales Manufacturing Group and Aberystwyth University's Innovation and Enterprise Campus. Estimates for 2023 show Mid Wales was home to around 27,000 SMEs, providing employment for over 67,000 individuals.

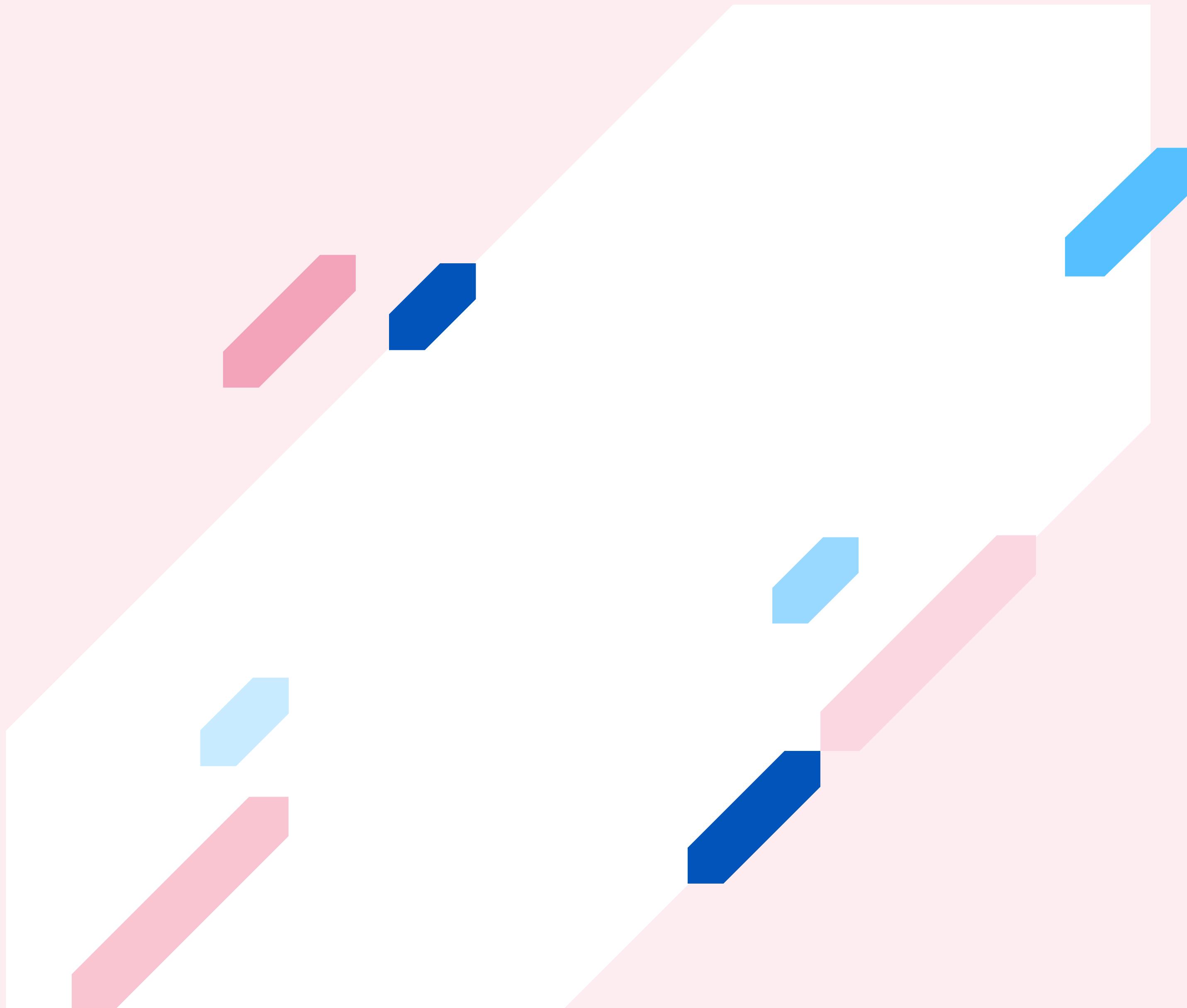
3. South East Wales

South East Wales is a dynamic hub for SMEs, blending urban centres like Cardiff and Newport with rural areas. The region boasts a well-established infrastructure with good public transport links. Cardiff and Newport combined form one of two innovation-led clusters as identified in Wales by the British Business Bank's Nations and Regions Tracker 2023. With a large proportion of innovation-led companies seeking grants and equity to support research and development, spinouts represent a considerable amount of the equity activity. Institutions like Cardiff University and initiatives like the Cardiff Capital Region's Business Growth Programme provide innovation and entrepreneurship support. In 2023, South East Wales had approximately 104,000 SMEs, employing over 322,000 people.

4. South West Wales

South West Wales offers a mix of coastal charm and industrial heritage, fostering a diverse SME ecosystem. Traditional sectors like agriculture and manufacturing coexist with emerging industries such as life sciences, marine technology, and renewable energy. Swansea, one of two Nations and Regions Tracker 2023 innovation-led clusters in Wales, drives innovation and entrepreneurship in the region. A large proportion of innovation-led companies in Swansea seek grants and equity to support research and development. Initiatives like the Swansea Bay City Deal aim to boost innovation and infrastructure, whilst the Celtic Freeport is focused on new economic growth, future skills, and manufacturing for South West Wales. With around 55,000 SMEs in the region in 2023, employing over 156,000 individuals, South West Wales continues to evolve as a hub for entrepreneurship and innovation.

Executive summary



Overall findings

66% of SMEs in Wales were using external finance in late 2025. Credit cards (business and personal) were the most commonly used finance form among smaller businesses in Wales, with a 31% and 23% usage rate respectively. The second and third most commonly used finance forms were again Covid-19 loans and business overdrafts.

Just under one in five smaller businesses (19%) in Wales reported they experienced barriers to accessing finance, with the highest share of respondents that identified barriers mentioning ability to obtain/repay finance (46%), lack of awareness or availability of finance options/support (30%) and time/complexity of finance applications (18%).

8 in 10 Welsh businesses perceived their cash flow position as positive. Of those with negative cash flow perceptions, an increased cost of doing business was identified by nearly 8 in 10 (78%) as the biggest contributing factor, followed by weak demand/sales pipeline (36%).

17% of smaller businesses in Wales as a whole reported requiring additional financing over the next 12 months. Of these, the majority (63%) said they had a requirement at or below £50k, with just under a quarter of eligible respondents (23%) stating a requirement between £50k and £250k and the remaining 14% a larger requirement.

The most common finance forms that Wales-based businesses with a finance need anticipated accessing over the next year were business loans, mentioned by 58% of respondents, followed by grants at 41%. Nearly half (48%) of smaller businesses that anticipated needing finance over the coming year intended to use it for capital expenditure, while just under four in ten (39%) indicated they would use it for working capital purposes. Among Wales-based businesses that anticipated needing it over the next year, 62% felt confident in their ability to secure it.

Just below half (48%) of Wales-based smaller businesses expected stability in the year ahead, whereas 3 in 10 (30%) expected growth and the rest a contraction, difficult trading conditions/risk of closure or were unsure, at 11%, 7% and 2% respectively.

Both male and female respondents reported an increase in the use of finance in 2025, although analysis suggests that male respondents are more likely to use multiple types of finance. This, alongside barriers to accessing finance reducing for female respondents, would suggest improvements in its accessibility.

For businesses with just one employee, cash flow is particularly challenging, with more businesses expecting to trade with difficulty or at risk of closure (17%) than to grow moderately (16%). Meanwhile, businesses with 2-9 and 10+ employees are generally positive about the year ahead.



Roughly two-thirds
(66%) of Welsh
SMEs reported
using finance



Less than
1 in 5 (19%)
experienced barriers
to accessing finance



17%
require additional
financing over
the next year



62%
requiring finance
felt confident
about securing it

Sub-national findings

External finance use rates varied across the four regions of Wales (North Wales, Mid Wales, South East Wales, South West Wales), with the only statistically significant difference being observed with respect to a total lack of usage of equity finance, which was much lower in North Wales (0%) than in any other Welsh region.

Smaller businesses' views on whether they experienced barriers to accessing finance did not differ in a statistically significant way across the four regions of Wales, although

North Wales-based
businesses were
least likely to be using
equity finance



**North Wales and South
West Wales-based**
businesses were most
likely to require finance
over the next year



respondents in North Wales and South West Wales seemed more inclined to report this than those based elsewhere.

The share of smaller businesses which perceived their cash flow position as positive was broadly similar, with North Wales and Mid Wales comprising the highest share reporting this (both 83%), while South East Wales and South West Wales had the lowest (both 79%), although this did not meet statistical significance criteria. Of those reporting a negative cash flow position, a statistically significant difference was identified by businesses in Mid Wales citing an increased cost of borrowing and poor supplier terms as contributing factors.

Respondents based in Mid Wales appeared far less likely to report they expected to require additional finance over the next 12 months than their counterparts elsewhere (14%), but regional differences were not found to be statistically significant. There were statistically significant differences detected across different regions of Wales in the share of smaller businesses requiring amounts over £250k, suggesting that respondents in South East Wales (25%) were the most likely to report they had a finance requirement in this bracket, with the opposite being true in North Wales (5%).

Smaller businesses' confidence in securing additional finance over the next 12 months across the four regions of Wales did not differ in a statistically significant way from the national average, although smaller businesses in South West Wales (45%) exhibited the lowest levels of confidence in securing the additional finance they needed over the next year, compared to the rest of Wales (62%).

Smaller businesses' expectations of their performance over the next year were fairly similar across the four regions, with the only statistically significant difference detected in South East Wales, where the lowest proportion of respondents expected stability (42%), although they did have the joint highest growth expectations with the South West region (34%). Meanwhile, proportionally fewer respondents in Mid Wales (22%) anticipated growing business performance than in other regions.

Devolved Nations comparison

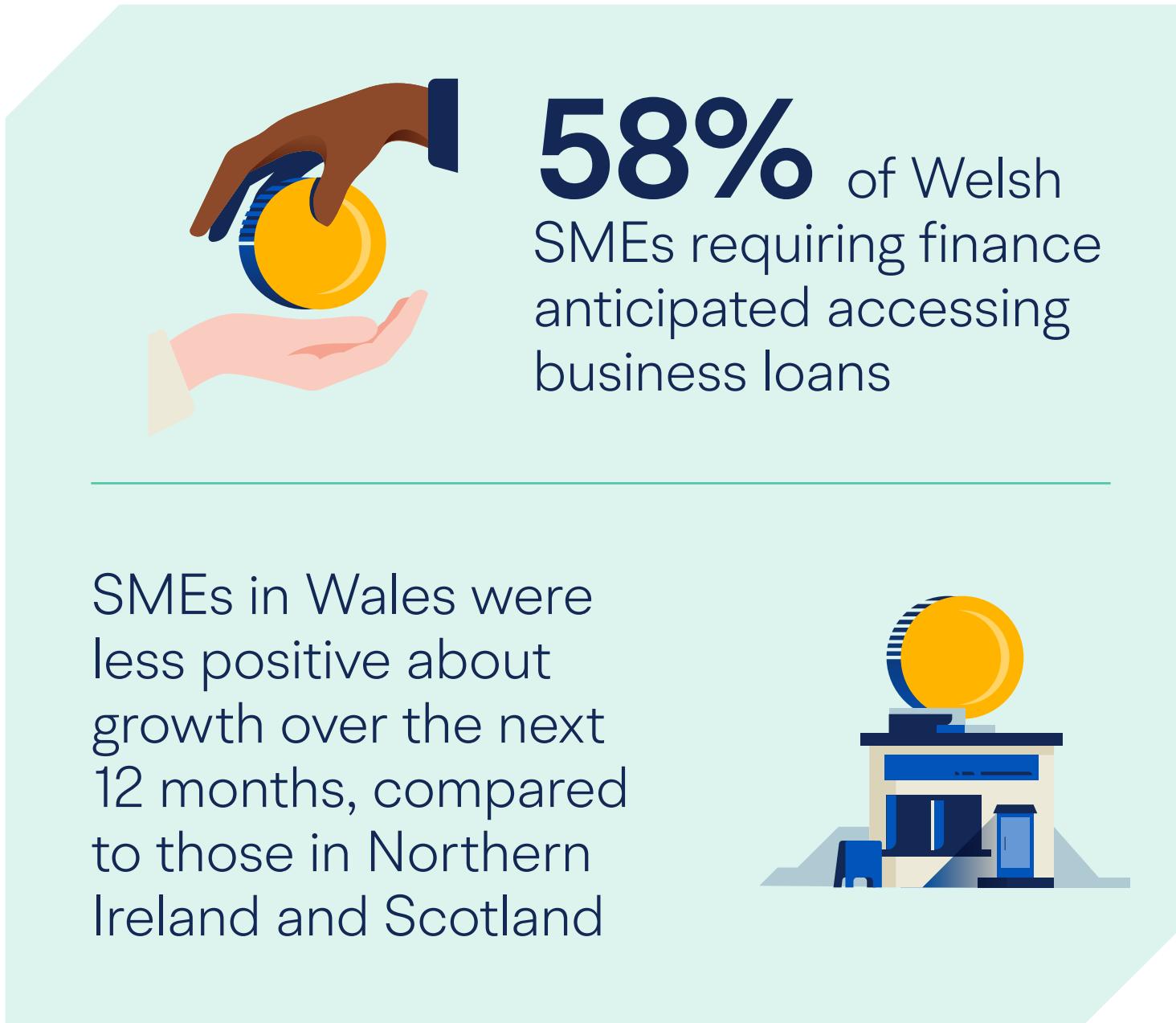
Wales had the second highest proportion of smaller businesses using external finance among the Devolved Nations of the UK. Patterns of finance usage by type among Wales-based SMEs were broadly similar to the other Devolved Nations with respect to most finance types, apart from business overdrafts, personal credit cards and grants.

Wales had the greatest share of smaller businesses reporting any barriers to external finance (19%), albeit only marginally higher than that of Northern Ireland (18%). Both nations scored higher on this dimension than Scotland, where barriers were reported by 13% of respondents.

Meanwhile, the response patterns of businesses that reported at least one barrier varied slightly across Wales, Northern Ireland and Scotland. In particular, issues pertaining to a lack of awareness or availability of finance options/support had a notably higher prevalence in Wales (30%) than in Scotland or Northern Ireland (both 22%).

Welsh businesses' perceptions of their cash flow position as positive (80%) were more broadly aligned with Scotland (85%) than Northern Ireland (69%).

When compared to the other Devolved Nations of the UK, the overall proportion of SMEs that anticipated requiring additional financing over the next 12 months was substantially lower in Wales (17%), at less than half the level seen in Scotland and Northern Ireland (47% and 42% respectively). Differences can also be seen across the Devolved Nations in the size of the additional financing required, with proportionally more smaller businesses anticipating a finance requirement above £250k in Wales (14%) than in Northern Ireland and Scotland.



Furthermore, SMEs in Wales were more inclined to anticipate accessing business loans to satisfy their finance needs over the next year compared to the other Devolved Nations, and much less disposed to consider using business overdrafts or personal credit cards for this purpose. Confidence in their ability to secure the finance they needed over the next 12 months (62%) differed to both Northern Ireland (53%) and Scotland (85%).

Wales-based smaller businesses were the least optimistic about their growth prospects over the next 12 months (30%) compared to those located in Northern Ireland (56%) and Scotland (49%), with a notably higher share reporting they expected to remain stable (48%) than in the other two nations (30% in Northern Ireland and 39% in Scotland).

Data analysis

1. External finance usage
2. Barriers to external finance
3. Cash flow perceptions
4. Future finance needs
5. Future finance needs (type)
6. Future finance needs (purpose)
7. Future finance needs (confidence)
8. Anticipated business performance
9. Gender and business size and access to finance in Wales



1. External finance usage

The results show that 66% of smaller businesses in Wales were using external finance at the time of the survey (Figure B1.1), up from 57% in the survey carried out in Autumn 2024 and the second consecutive year with increased use of external finance. The overall finance usage rates varied across the four regions of Wales, with the South West being the highest (71%) while the South East was lowest (63%).

In terms of finance types, business and personal credit cards surfaced as the most frequently used among smaller businesses in Wales, with a 31% and 23% usage rate respectively (Fig B1.2). This was closely followed by Covid-19 loans and business overdrafts, both of which were at 22%, with the latter experiencing a 6 percentage point increase in usage from 2024. Other loan products (12%) were used at a marginally higher rate than last year (11%), while the proportion of SMEs using other finance types – such as grants or equity/asset/invoice finance – was much smaller (7% or less) throughout the nation.

Figure B1.1

Use of external finance among businesses based in Wales, by region

Unweighted sample sizes: Wales Total (476), North Wales (104), South East Wales (190), South West Wales (105), Mid Wales (77)

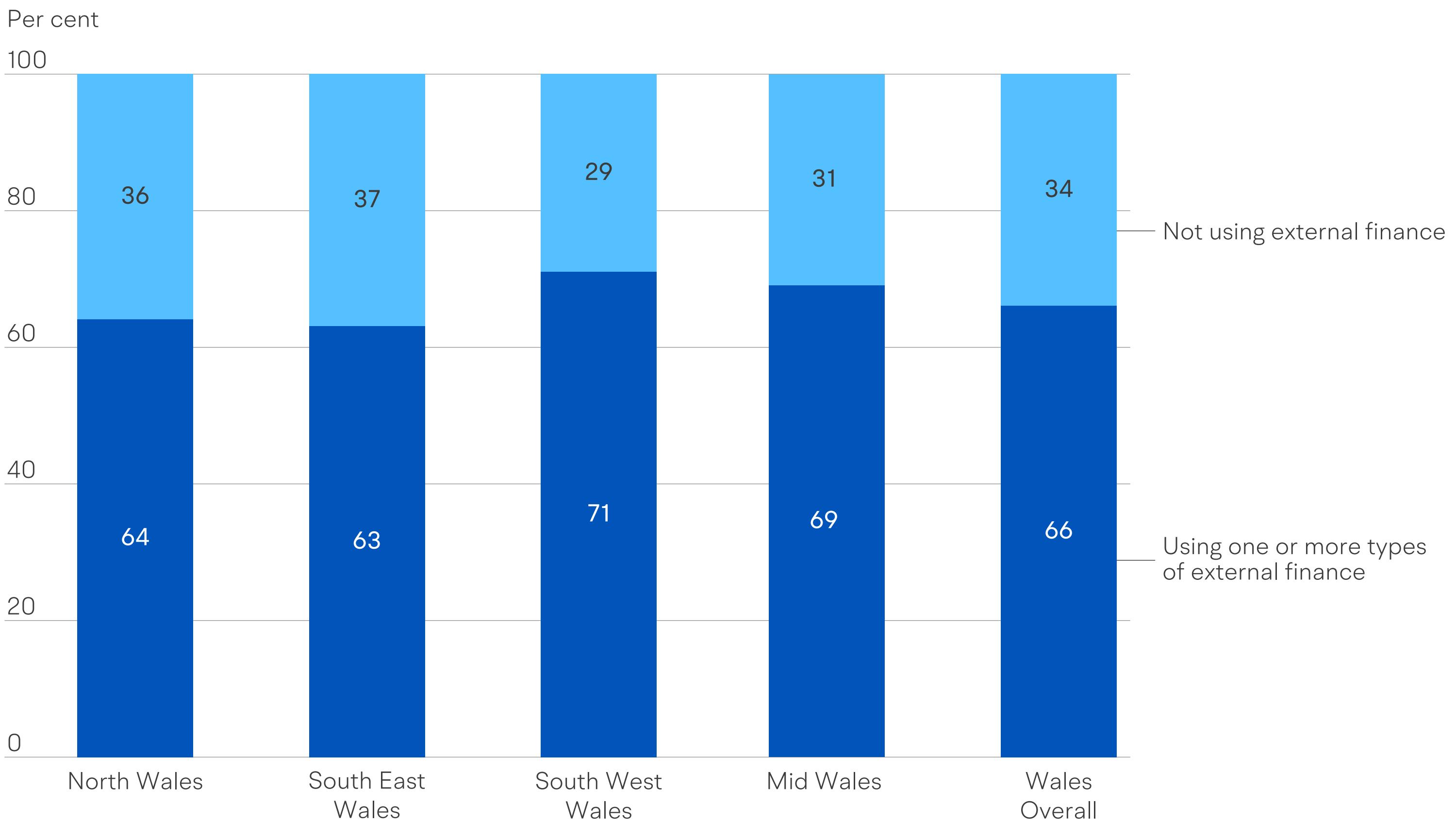


Figure B1.2

Use of external finance among businesses based in Wales, by region and by finance type

Unweighted sample sizes: Wales Total (476), North Wales (104), South East Wales (190), South West Wales (105), Mid Wales (77).

Per cent

40

35

30

25

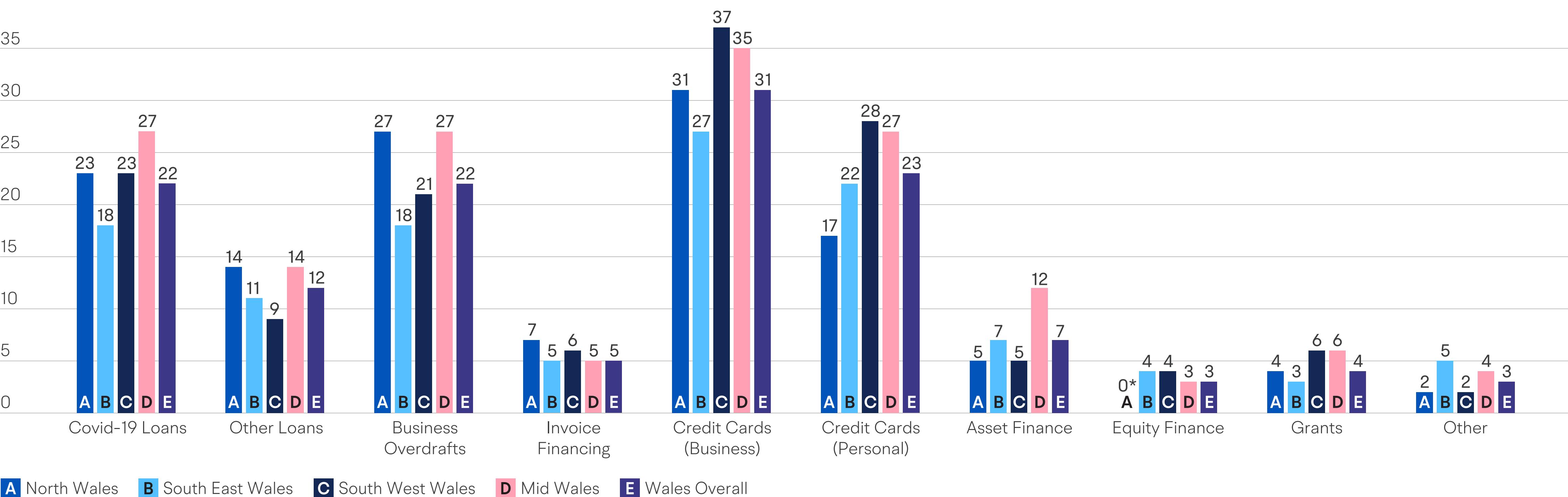
20

15

10

5

0



A North Wales **B** South East Wales **C** South West Wales **D** Mid Wales **E** Wales Overall

*Correlation is significant at the 0.05 level

Usage levels for different external finance types show some variations across smaller businesses located in different regions of Wales. The only identifiable statistically significant difference related to the complete lack of equity finance usage in North Wales, as reported by no respondents, the only region and finance type for which this occurred. As it pertains to the most popular finance types, South West Wales stood out for being the region with the highest rate of usage of both business and personal credit cards (37% and 28% respectively).

Short-term facilities—especially overdrafts—were emphasised as a necessary avenue by participants in our focus group with Wales-based businesses, especially those facing rapid expansion or tight working capital. Participants repeatedly highlighted the importance of strong lender relationships, such as those facilitated by the Development Bank of Wales's local, relationship-driven model that can offer a smoother experience than high-street banks. This is because many SMEs still struggled to access traditional lending before demonstrating profitability or sector credibility.

SMEs in our focus group reported a tendency to often work with long-standing brokers who offered familiarity and responsiveness regarding major financial decisions. For instance, this was particularly true for firms undertaking major asset renewal, many of which combined

asset finance with commercial loans, mortgages, or government grants. Service-based businesses without collateral instead relied on unsecured tools such as Stripe-linked working capital, while product-focused firms stressed the value of Innovate UK loans and R&D-linked packages to support early-scale growth.

Firms also pointed to gaps in provision for IP-led or international service businesses, and to restrictive covenants after management buyouts that constrained investment. Late payments—particularly in construction and export work—further heightened the need for flexible working capital.

Access to finance also varied by location. Businesses reported uneven grant availability across Welsh local authorities, with regional differences shaping both the volume and type of support firms could secure, although this has been improving in recent years. For manufacturers and tourism-based firms in rural or peripheral areas, finance access was closely tied to broader regional conditions such as infrastructure, visitor demand, and the strength of local networks. In these areas, locally rooted intermediaries and public-sector finance partners were seen as vital in overcoming place-based disadvantages.

Wales had the second highest rate of external finance usage among the Devolved Nations, at 66%, behind Scotland (69%) but above Northern Ireland (56%) (Fig B1.3). Patterns of finance usage among Wales-based SMEs were broadly similar to the other Devolved Nations with respect to most finance types, apart from business overdrafts, personal credit cards and grants (Fig B1.4).

Figure B1.3

Use of external finance among businesses based in Wales, Northern Ireland and Scotland

Unweighted sample sizes: Wales (476), Northern Ireland (669), Scotland (501).

Per cent

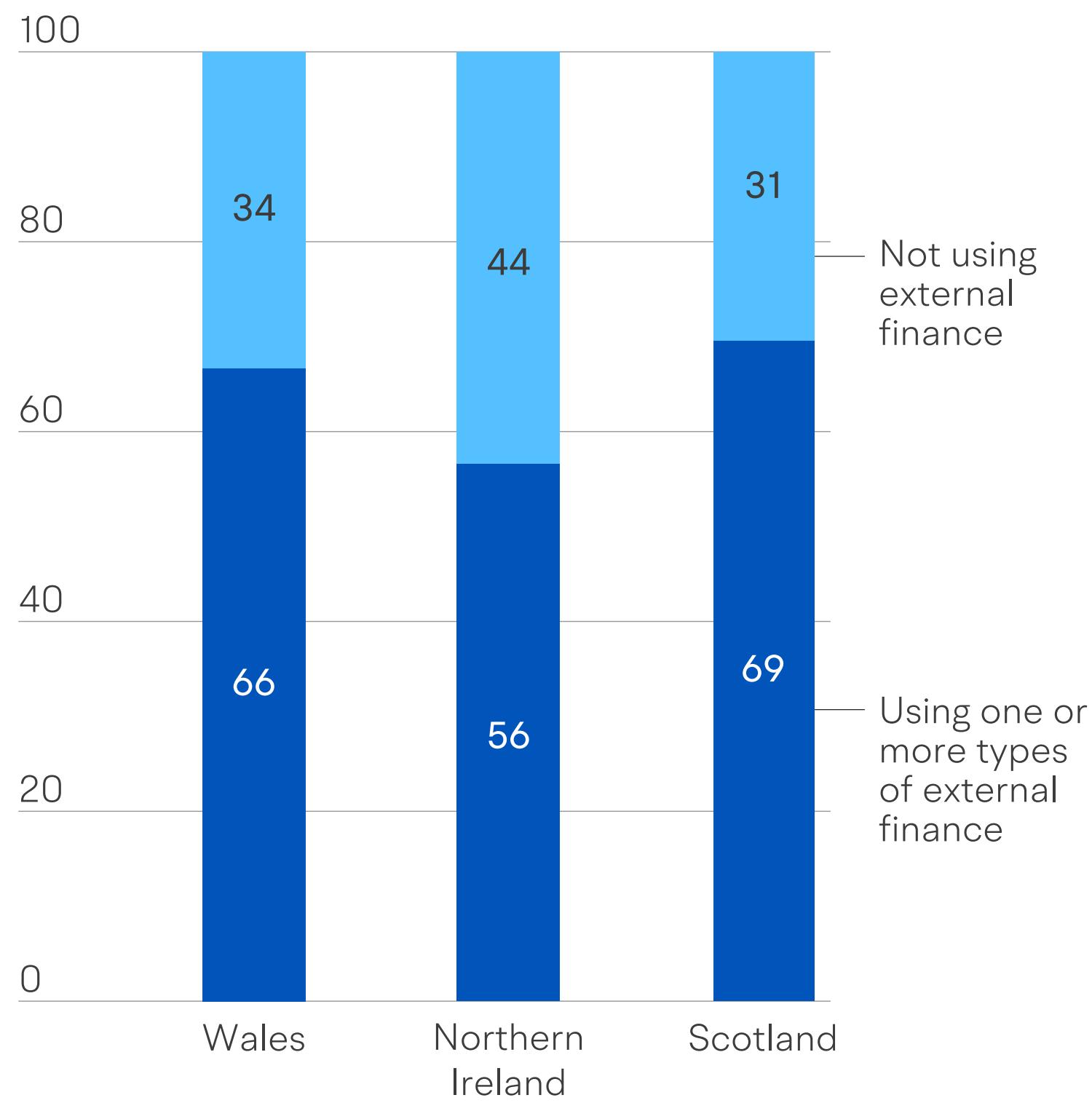
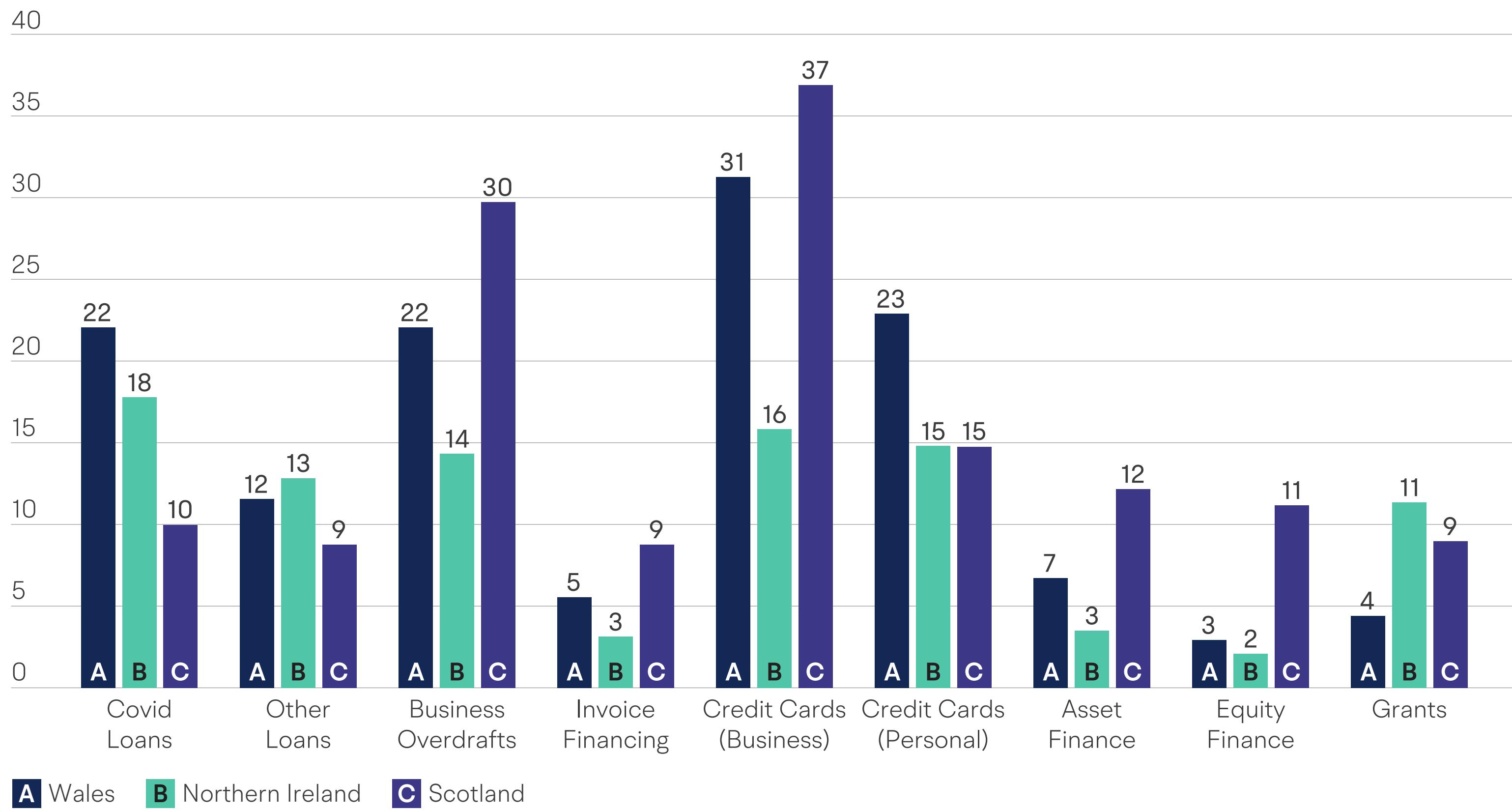


Figure B1.4

Use of external finance among businesses based in Wales, Northern Ireland and Scotland, by finance type

Unweighted sample sizes: Wales (476), Northern Ireland (669), Scotland (501).

Per cent



2. Barriers to external finance

As shown in Figure B2.1, just under one in five SMEs (19%) in Wales reported they experienced barriers to accessing finance, with the rest of the respondents mentioning “None” (64%) or “Not applicable/Don’t know” (17%). The share of respondents reporting barriers was similar to that of the 2024 survey (21%).

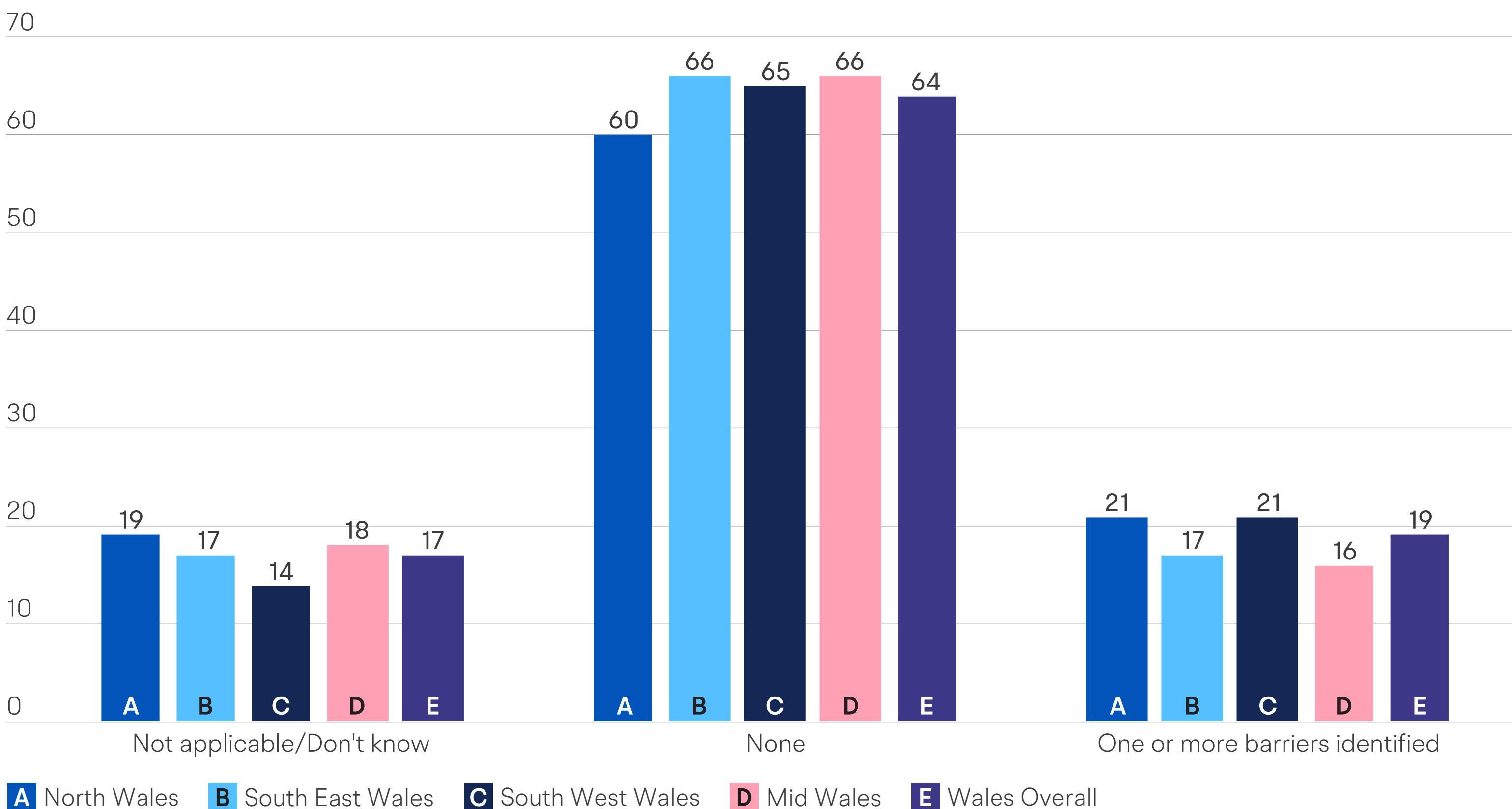
Smaller businesses’ views on whether they experienced barriers to accessing finance did not differ in a statistically significant way across the four regions of Wales, although respondents in North Wales and South West Wales appeared more inclined to report this than those based elsewhere (both 21%).

Figure B2.1

Barriers to external finance access among businesses based in Wales, by region

Unweighted sample sizes: Wales Total (476), North Wales (104), South East Wales (190), South West Wales (105), Mid Wales (77).

Per cent



The responses of businesses that agreed they experienced barriers to external finance access related to a variety of themes, which have been grouped into five broader categories as a means of streamlining interpretation, presented in Fig B2.2.

Of these, the most frequently reported barriers by businesses in Wales as a whole were:

– **Ability to obtain/repay finance (46%):** The key barriers under this theme related to a lack of confidence in obtaining or repaying finance, typically driven by business characteristics/performance or past rejection. These encompass: (high) interest rates; ineligibility/rejection; issues with overdrafts; issues related to being self-employed; irregular cash flow/turnover; difficult for small company/low turnover. This was also the most frequently mentioned barrier theme last year, although to a lesser extent, as it was reported by a smaller share in 2024 (40%).

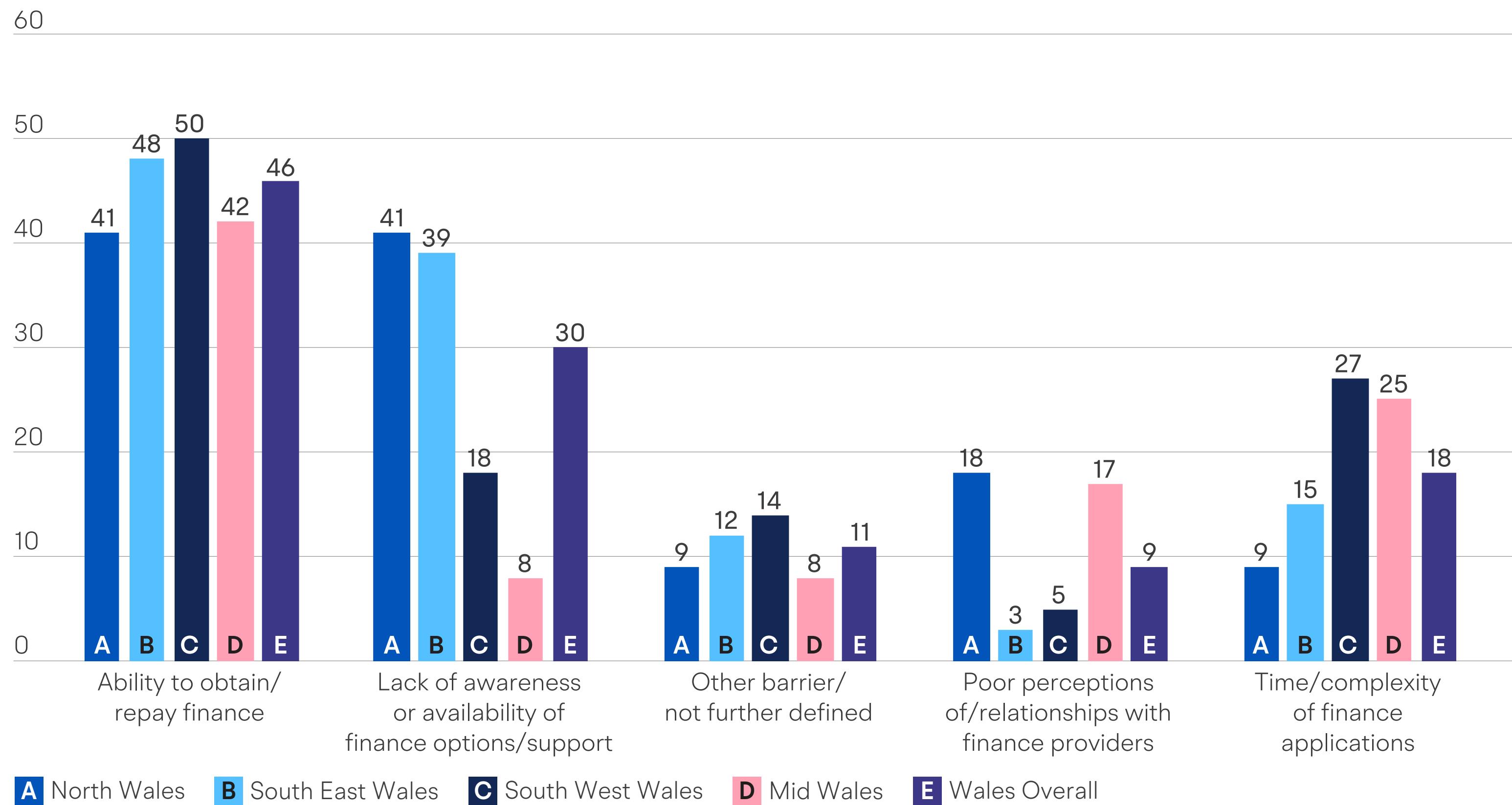
This response pattern appears to be driven by challenges linked to lender requirements and repayment obligations, reflected in our focus group discussion. Businesses that had recently experienced major structural changes described stricter covenants, including the need to maintain minimum cash reserves, thereby limiting their ability to invest or pursue R&D,

Figure B2.2

Barriers to external finance access among businesses based in Wales, by theme and region

Unweighted sample sizes: Wales Total (89), North Wales (22), South East Wales (33), South West Wales (22), Mid Wales (12).

Per cent



even at times where capital may be available. Others noted that traditional lenders were unwilling to engage until the business had achieved profitability. These constraints contributed to hesitancy in taking on further debt, particularly in the context of high interest rates and increasing cost pressures.

– Lack of awareness or availability of finance options/ support (30%): This category encompasses all barriers that stem from a lack of awareness of finance options among businesses, or difficulties in finding information and advice that can help them access available and relevant finance solutions. This was a notable (although not statistically significant) increase on the proportion reported last year (13%).

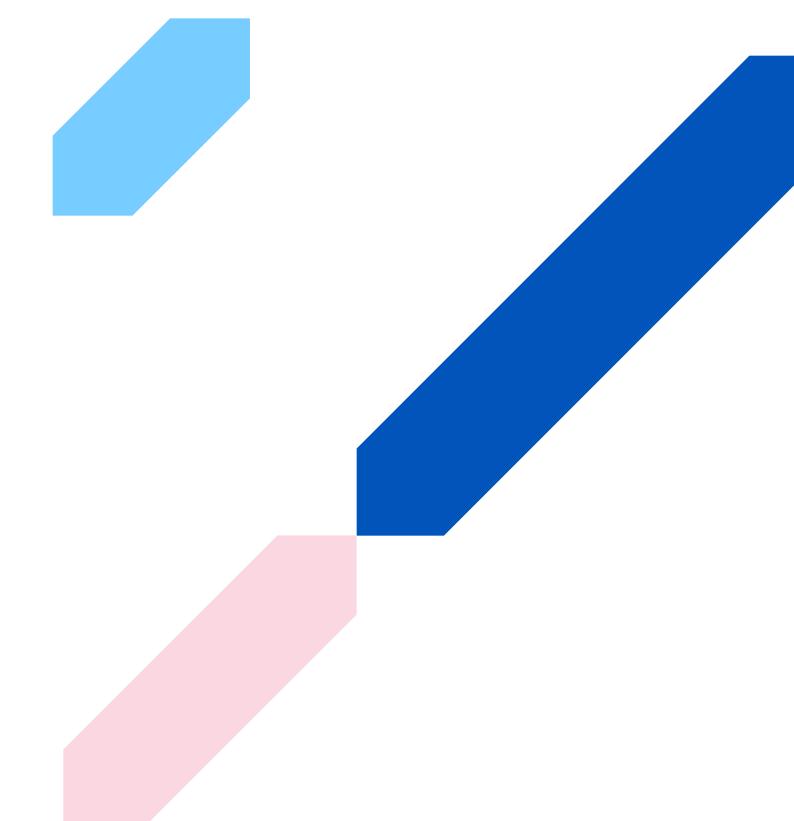
Awareness and availability of finance options varied across firms in our focus group. Some SMEs relied heavily on local intermediaries or brokers to navigate the market, noting that specialist support was essential when internal expertise was limited. Others expressed frustration at the disappearance or reduction of previously accessible grants, with certain schemes shifting to loan-based models and becoming harder to locate or understand. Businesses also reported regional variation in access to Devolved funding, with some local authorities offering well-publicised growth grants while

others appeared less visible or consistent, creating uncertainty about what support was available and how best to access it.

– Time/complexity of finance applications (18%): This theme brought together barriers that related to the effort involved in seeking finance for a small business, including: bureaucracy/red tape/paperwork/too complex/request too much information; time/takes too long; difficulties with online banking/applications. This was a decline on the share reported last year (31%).

Feedback from our focus group highlighted the significant administrative burden associated with some grant and finance application processes. Its arduous nature was exemplified by the obligation to create 50-plus-page grant applications, described as “a full-time job,” emphasising the risks of delayed or rejected claims, especially where upfront expenditure had already been committed. The unpredictable timing of inspections, retrospective payment structures and lengthy procurement steps were described as potential deterrents for smaller firms with limited internal capacity.

A smaller proportion of respondents also cited other types of barriers (11% in Wales overall) as well as those related to poor perceptions of/relationships with finance providers (9%).



Focus group participants noted that operating outside Wales's main urban centres can shape how businesses engage with finance and the support ecosystem. Firms located in more remote areas highlighted the value of Wales's regional support infrastructure—namely organisations like BIC Innovation and the Development Bank of Wales—which they felt offered a more accessible and relationship-driven approach than they had experienced in other parts of the UK. Accessibility to their provided initiatives and resources were seen as critical in improving finance readiness and navigating various facets of small business finance markets. This was noted as especially beneficial for the most rural businesses located “at the opposite end of the country”, emphasising the benefits of locally embedded advisers and signposting mechanisms that are geographically close and responsive to place-based needs.

Wales had the greatest share of smaller businesses reporting any barriers to external finance (19%), although only marginally higher than that of Northern Ireland (18%). Both nations scored higher on this dimension than Scotland, where barriers were reported by 13% of respondents (Fig B2.3).

Figure B2.3

Barriers to external finance access among businesses based in Wales, Northern Ireland and Scotland

Unweighted sample sizes: Wales (476), Northern Ireland (669), Scotland (501).

Per cent

80

70

60

50

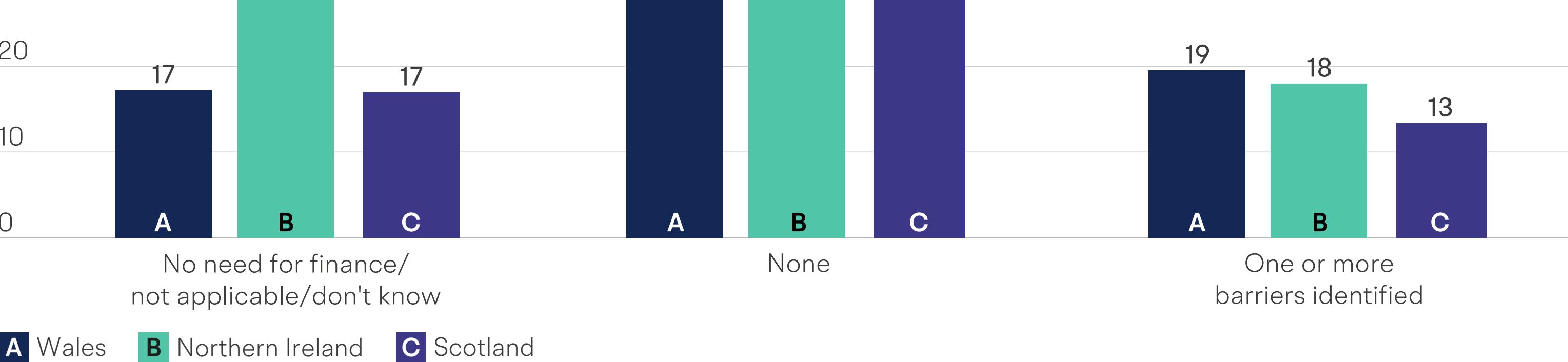
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30

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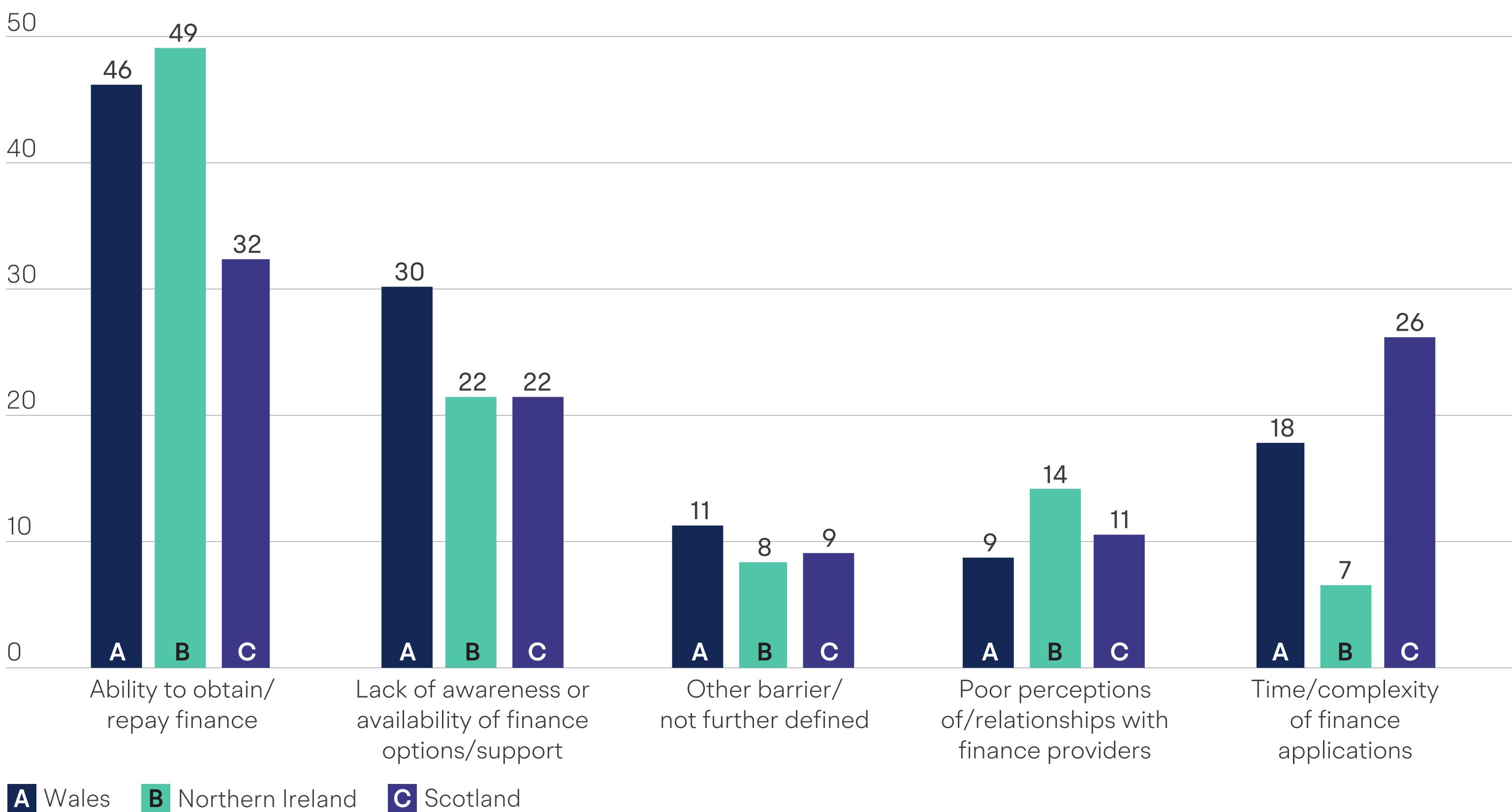
Concurrently, the response patterns of smaller businesses that reported at least one barrier varied slightly across the Devolved Nations (Fig B2.4). In particular, issues pertaining to a lack of awareness or availability of finance options/support had a notably higher prevalence in Wales (30%) than in Scotland or Northern Ireland (both 22%).

Figure B2.4

Barriers to external finance access among businesses based in Wales, Northern Ireland and Scotland, by theme

Unweighted sample sizes: Wales (89), Northern Ireland (120), Scotland (65).

Per cent



3. Cash flow perceptions

This question was asked to all survey respondents in order to gain a view on their perception of their businesses' cash flow at the time of asking. It replaces the question on debt manageability that was asked in previous versions of the survey. Results are shown in Figure B3.1.

8 in 10 (80%) Welsh smaller businesses perceived their cash flow as positive. The regions with the highest share of cash flow positivity were jointly North Wales and Mid Wales (both 83%), while South East Wales and South West Wales were joint lowest, reported by 79% of respondents.

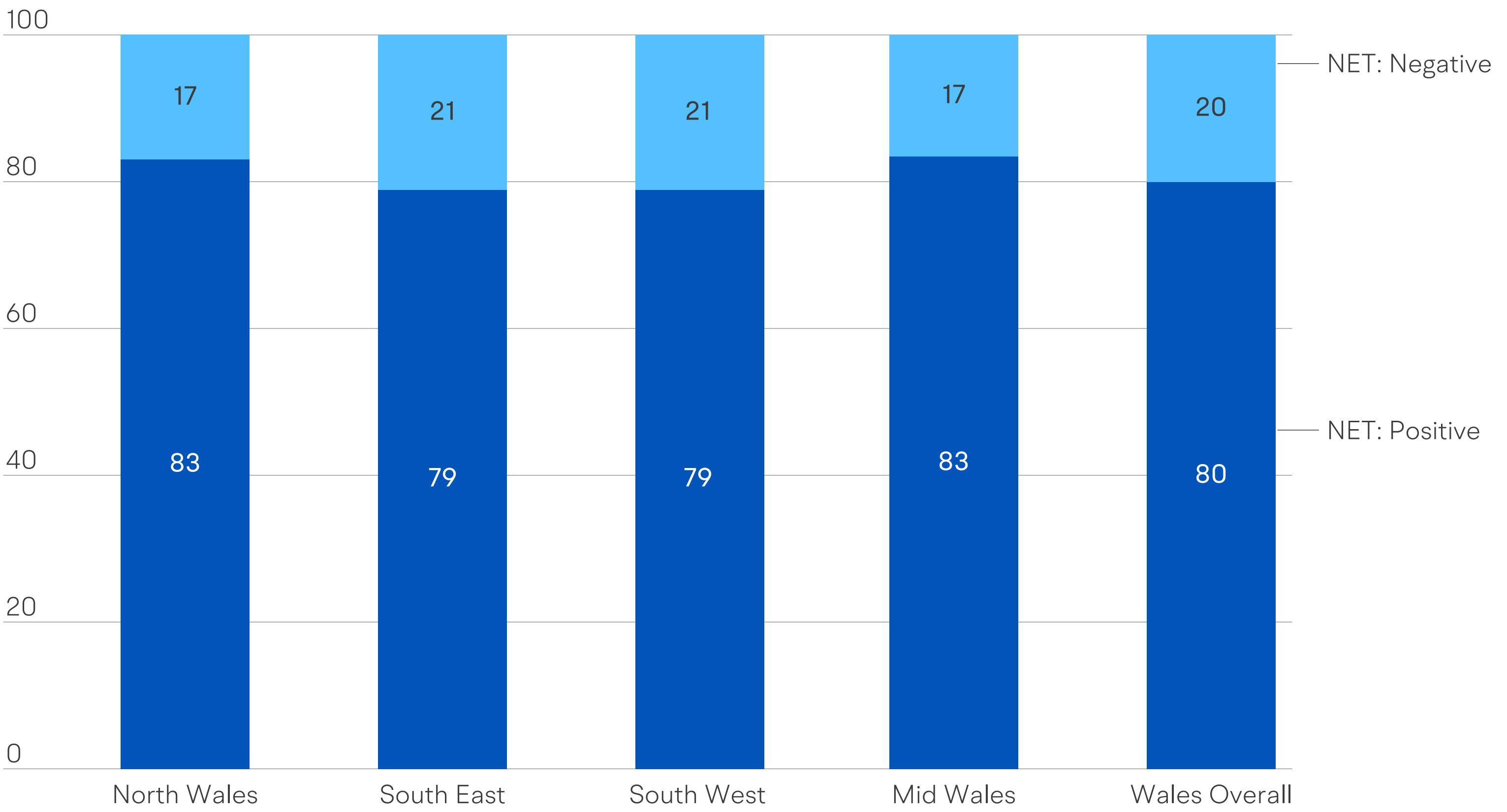
Smaller businesses which participated in the focus group described mixed cash-flow positions shaped by business models, seasonality and recent structural changes. Fast-growing firms emphasised the need for tight forecasting and careful planning around seasonal low points, with some using large annual sales events such as Black Friday to offset expected dips. Direct-to-consumer models were viewed as strengthening cash flow through upfront payment, while businesses with tourist-centre operations

Figure B3.1

Perceptions of cash flow position among businesses based in Wales, by region

Unweighted sample sizes: Wales Total (476), North Wales (104), South East Wales (190), South West Wales (105), Mid Wales (77).

Per cent



highlighted the stabilising effect of daily instant-cash income. Others acknowledged that depleted cash reserves and lender covenants requiring minimum balances restricted their flexibility to reinvest or pursue R&D.

As it pertains to businesses that reported a negative perception of their cash flow position, the underlying factors behind their pessimism were stratified into 7 broad categories (Fig B3.2).

Across Wales overall, the most prevalent factor contributing towards negative cash flow sentiment was an increased cost of doing business, stated by nearly 8 in 10 (78%) respondents. Weak demand/sales pipeline followed as the theme with the next highest percentage of firms reporting it (36%), while the rest were all cited by 21% or fewer respondents. Some notable statistically significant variations were present amongst businesses in Mid Wales regarding poor supplier terms and increased costs of borrowing, where they by far reported these at the highest rate (23% and 38% each), highlighting the manner in which those issues may be structurally embedded within the region.

Some focus group participants described an uneven and sometimes fragile sales pipeline, with client closures and shifting demand in key sectors creating uncertainty. To illustrate, service-based businesses remarked that the

Figure B3.2

Negative perceptions of cash flow by theme among businesses based in Wales, by region

Unweighted sample sizes: Wales Total (92), North Wales (18), South East Wales (39), South West Wales (22), Mid Wales (13).

Per cent

100

80

60

40

20

0

A North Wales

B South East Wales

C South West Wales

D Mid Wales

E Wales Overall

*Correlation is significant at the 0.05 level

Weak demand/ sales pipeline

Slow customer payments

Poor supplier terms

Increased cost of borrowing

Tariff cost increases

Increased cost of doing business

Other

50 33 36 23 36

6 26 18 31 21

0 5 5 23* 7

11 13 14 16

11 21 23 31 21

72 77 77 92 78

17 23 18 15 20

loss of even a few major clients could tighten finances considerably, heightening pressure on cash flow given their small portfolio of high-value customers. Manufacturing firms highlighted the tension between needing strong cash reserves and long payment terms from business customers, which could constrain day-to-day liquidity. These businesses stressed the need to balance investment decisions with the realities of payment cycles that directly shape cash-flow timing.

Firms facing global supply-chain disruption described how uncertainty in material availability and supplier reliability created additional cash-flow pressures. For instance, some reported a need to “overbuild stock” in the low season to insure against disrupted supply, requiring the reallocation of cash originally earmarked for capital investment. Participants noted that relatively high interest rates and increased debt-servicing costs had made borrowing more expensive and influenced investment decisions. Several SMEs described needing to reconsider the timing or scale of planned spending due to the higher cost of capital, with some choosing to pause expenditure to preserve cash. Furthermore, export-oriented manufacturers highlighted the significant cash-flow impact of unpredictable “tariff stacking” in overseas markets, with some products at one point facing a combined tariff load of up to 40% upon entering the US. Such sudden increases result in a

reduction of demand, in turn disrupting import flows and raising planning uncertainty.

The proportion of Welsh smaller businesses with a positive perception of their cash flow position was 80%, below that of Scotland (85%) but above Northern Ireland (69%) (Fig B3.3).

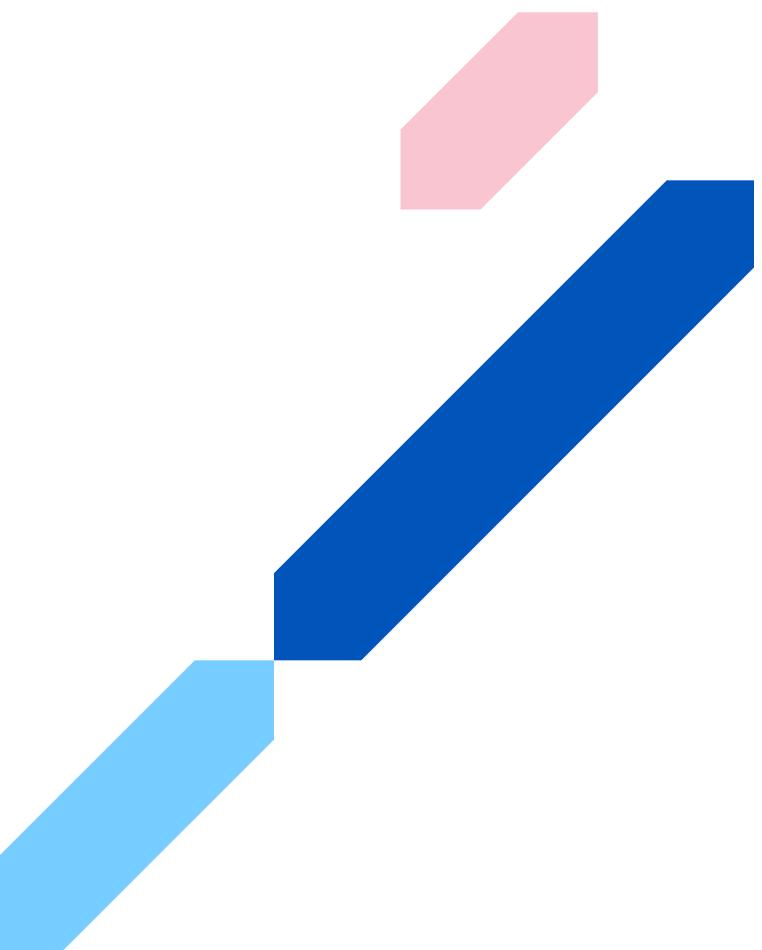
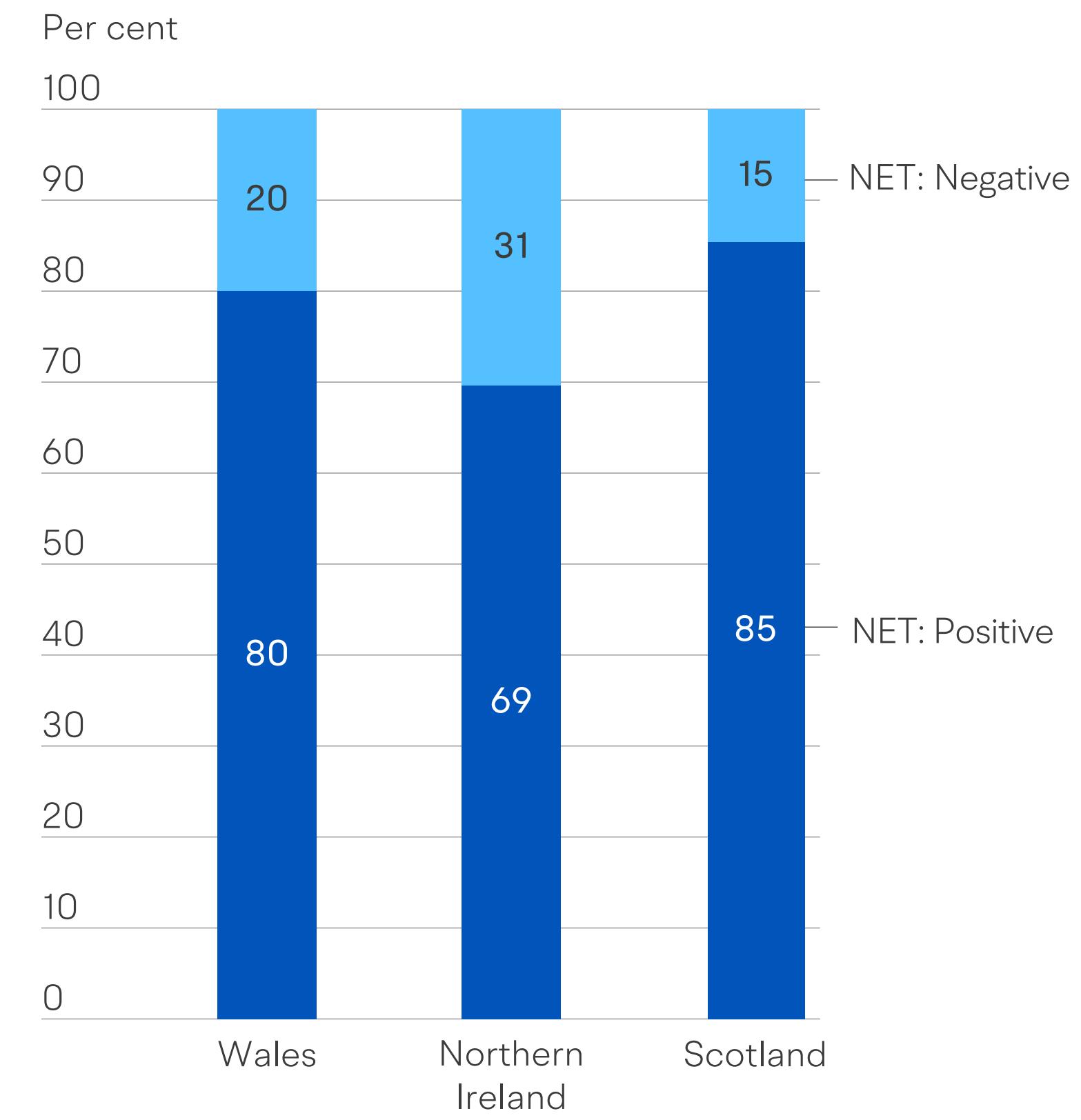


Figure B3.3

Perceptions of cash flow position among businesses based in Wales, Northern Ireland and Scotland

Unweighted sample sizes: Wales (476), Northern Ireland (669), Scotland (501).

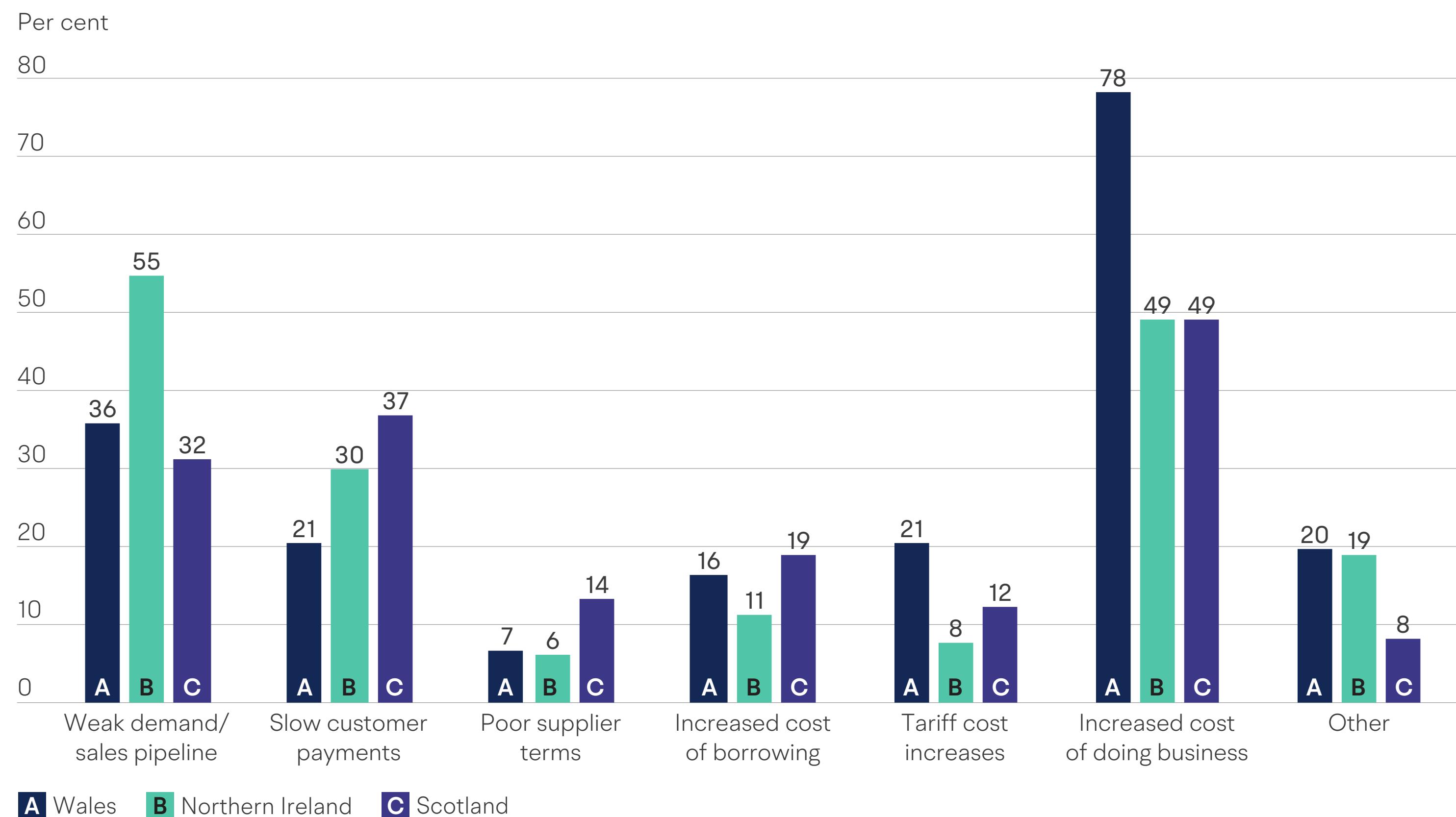


Of those with a negative perception of their cash flow position, Wales-based smaller businesses were far more likely to attribute this to an increased cost of doing business (78% compared to 49% for both Northern Ireland and Scotland). They also had more unfavourable views on the impact of tariff cost increases on their cash flow position, although they were notably less likely than the other two Devolved Nations to have been affected by slow customer payments (Fig B3.4).

Figure B3.4

Negative perceptions of cash flow position among businesses based in Wales, Northern Ireland and Scotland

Unweighted sample sizes: Wales Total (92), Northern Ireland (205), Scotland (73).



4. Future finance needs

17% of smaller businesses in Wales as a whole reported requiring additional financing over the next 12 months (Figure B4.1). This is a lower share than in the 2024 survey (21%) and it also remains far lower than that observed in the other Devolved Nations in 2025.

Respondents based in Mid Wales were far less likely to express this view than their counterparts elsewhere, with 14% of respondents needing additional financing in the next 12 months, the same rate as last year.

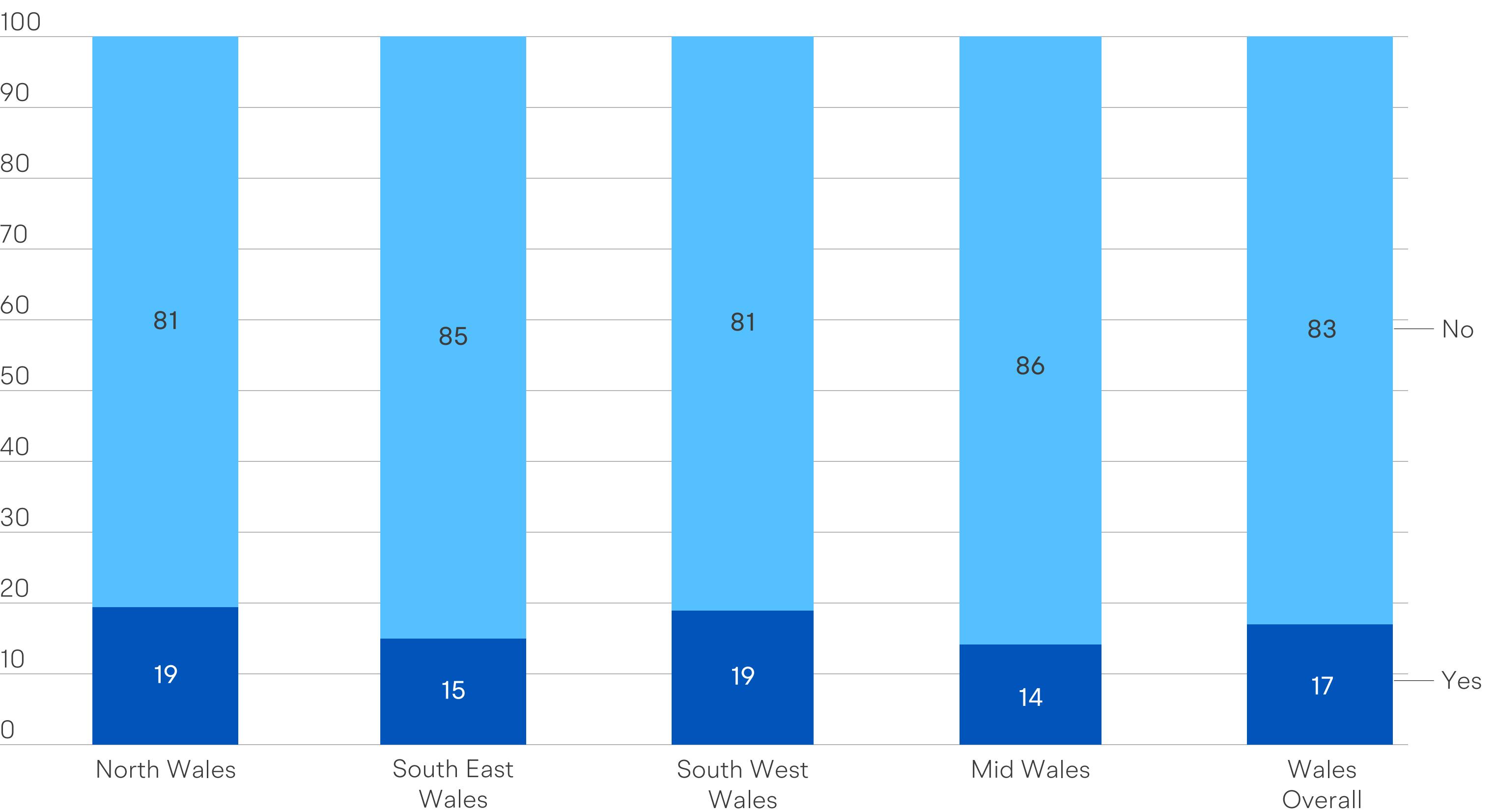
This downward trend in the expected demand for finance in 2026 was recognised by smaller businesses participating in our focus group discussion, which expressed that future finance requirements were shaped by their growth plans, capital investment cycles and the maturity of recent funding arrangements.

Figure B4.1

Proportion of SMEs in Wales that anticipate needing additional financing over the next year, by region

Unweighted sample sizes: Wales Total (476), North Wales (104), South East Wales (190), South West Wales (105), Mid Wales (77).

Per cent



The question also captured the scale of the additional financing potentially required by businesses, using six bands. In the analysis below, these six bands have been merged into three to boost the sample size for each option and align with the pattern of the responses received.

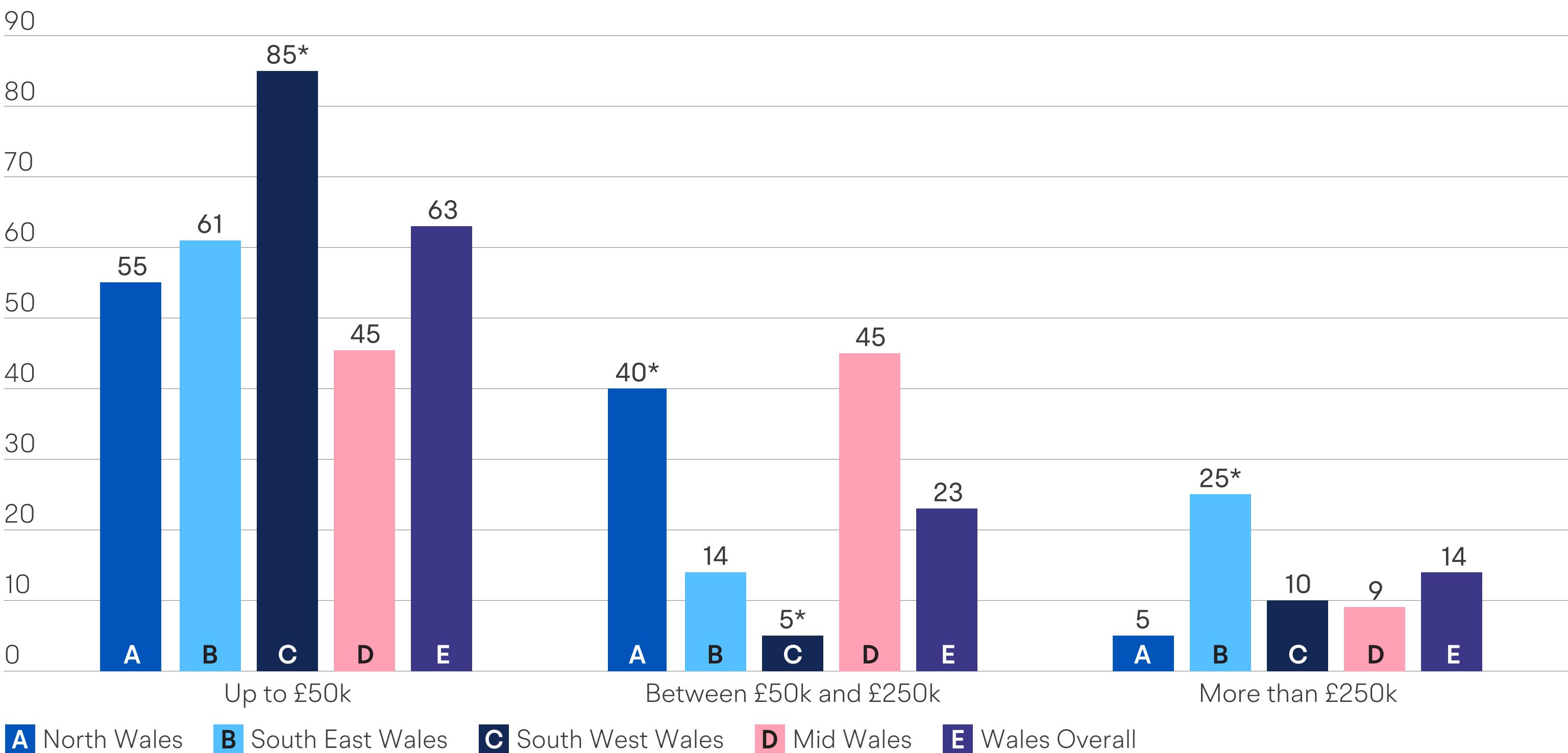
Of the Welsh SMEs that anticipated needing additional financing over the next year, the majority (63%), said they had a requirement at or below £50k, with another 23% of eligible respondents stating a requirement between £50k-£250k and the remaining 14% a larger requirement in excess of £250k (Fig B4.2). There were statistically significant differences in South West Wales for finance needs up to £50k, where it was by far the most cited (85%), and also for those between £50k-£250k, where the 5% that reported it was notably the lowest. Alongside this, a quarter of smaller businesses in South East Wales were inclined to report a need above £250k, with this constituting a statistically significant difference to the rest of Wales.

Figure B4.2

Size of financing requirement of SMEs in Wales that anticipate needing additional financing over the next year, by region

Unweighted sample sizes: Wales Total (79), North Wales (20), South East Wales (28), South West Wales (20), Mid Wales (11).

Per cent



*Correlation is significant at the 0.05 level

When compared to the other Devolved Nations of the UK, the overall proportion of SMEs that anticipated requiring additional financing over the next 12 months was substantially lower in Wales (17%), at less than half the rate of that in Northern Ireland and Scotland (Fig B4.3). This was similar to trends observed in the 2024 survey. Differences can also be seen across the Devolved Nations in the size of the additional financing required, with proportionally more smaller businesses anticipating a finance requirement above £250k in Wales (14%) than in Northern Ireland and Scotland (Fig B4.4).

Figure B4.3
Proportion of SMEs in Wales, Northern Ireland and Scotland that anticipate needing additional financing over the next year

Unweighted sample sizes: Wales (476), Northern Ireland (669), Scotland (501).

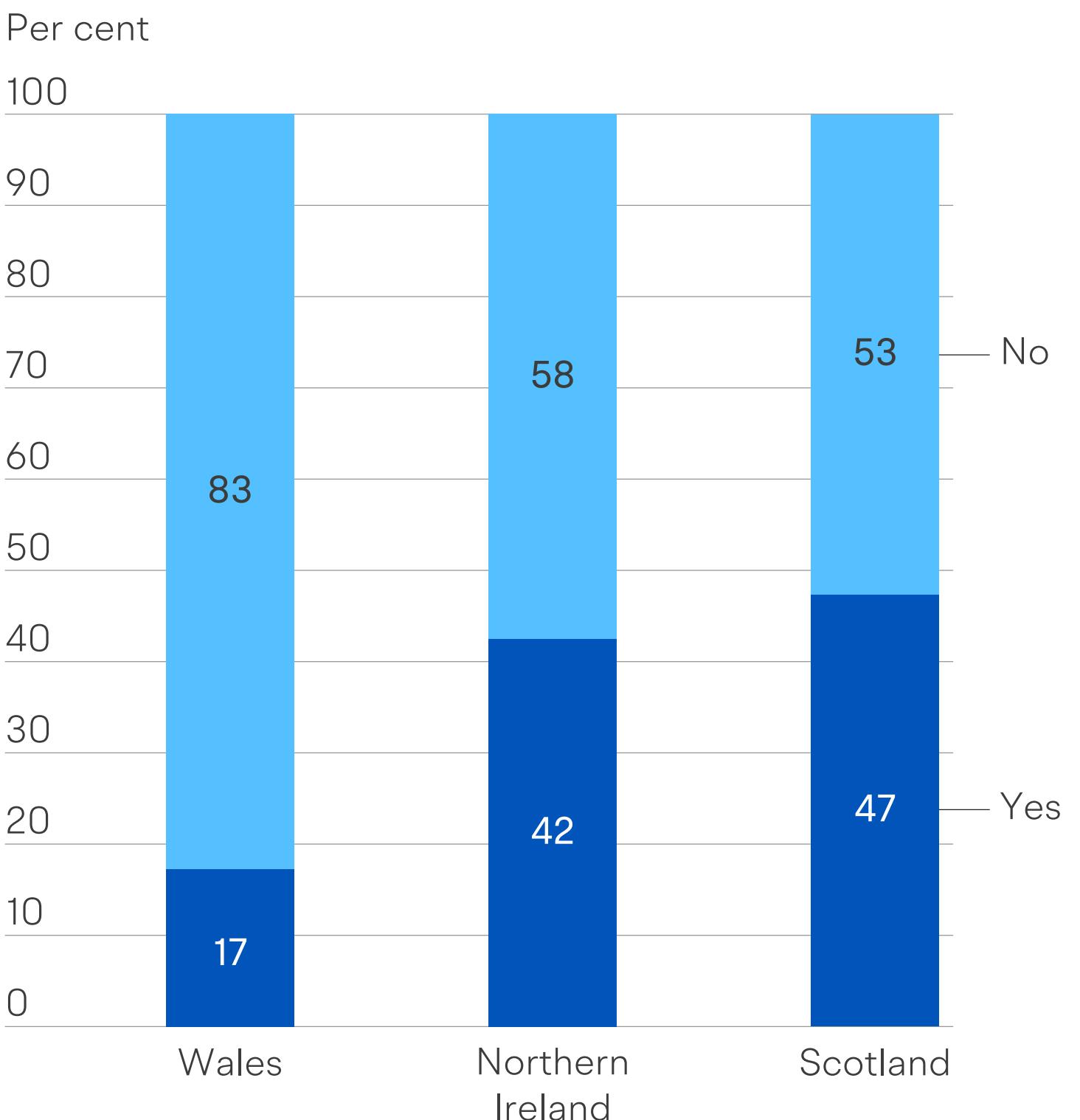
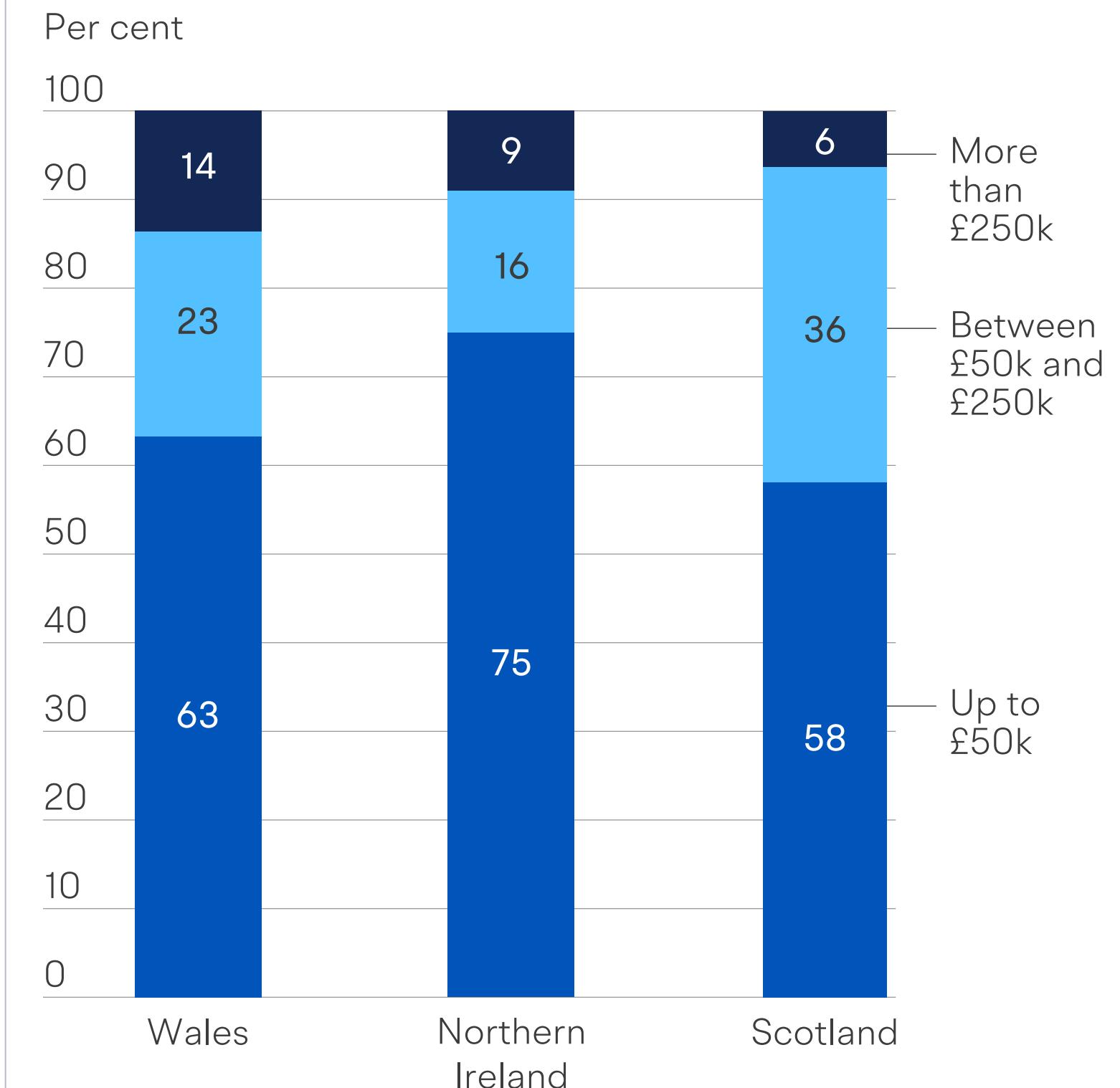


Figure B4.4
Size of financing requirement of SMEs in Wales, Northern Ireland and Scotland that anticipate needing additional financing over the next year

Unweighted sample sizes: Wales (79), Northern Ireland (281), Scotland (237).



5. Future finance needs (type)

Consistent with our previous survey findings, the most common finance forms that Wales-based businesses with a finance need anticipated accessing over the next year were business loans, mentioned by 58% of respondents, followed by grants with 41% (Figure B5.1).

Asset finance and business overdrafts were also relatively popular compared with other finance types, although they were mentioned by a lower proportion of businesses (18% and 14% respectively). Other finance types – equity, invoice and credit cards (both business and personal) were selected by 10% or fewer businesses. Although no statistically significant differences were present, some regions stood out for their high rates of anticipation, such as Mid Wales in relation to business loans (82%), where it was by far the highest among all eligible respondents. Furthermore, anticipation of equity finance was greatest in South East Wales (14%), representing a notable uptick from 2024 where it was not mentioned at all. Interestingly, the lack of anticipation for needing certain finance types was evident too, as no businesses cited a potential requirement for invoice financing or personal credit cards in Mid Wales, with the absence of the latter also occurring in South West Wales.

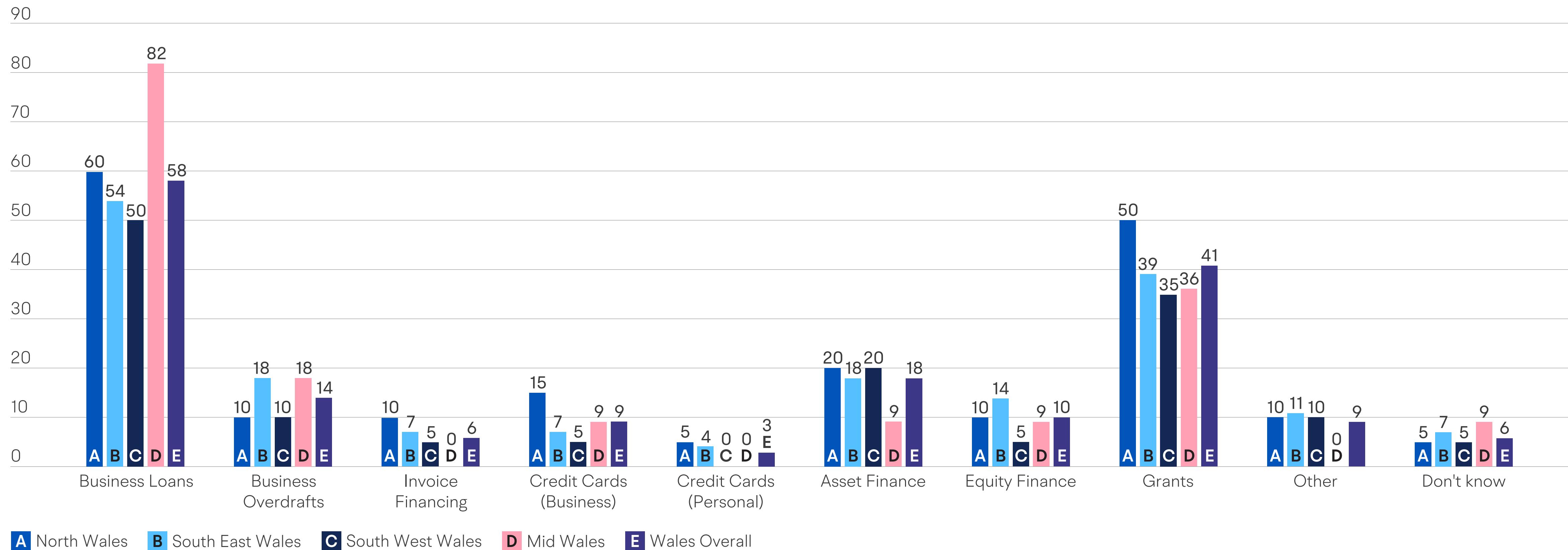


Figure B5.1

Types of finance sought by SMEs in Wales that anticipate needing additional financing over the next year, by region

Unweighted sample sizes: Wales Total (79), North Wales (20), South East Wales (28), South West Wales (20), Mid Wales (11).

Per cent



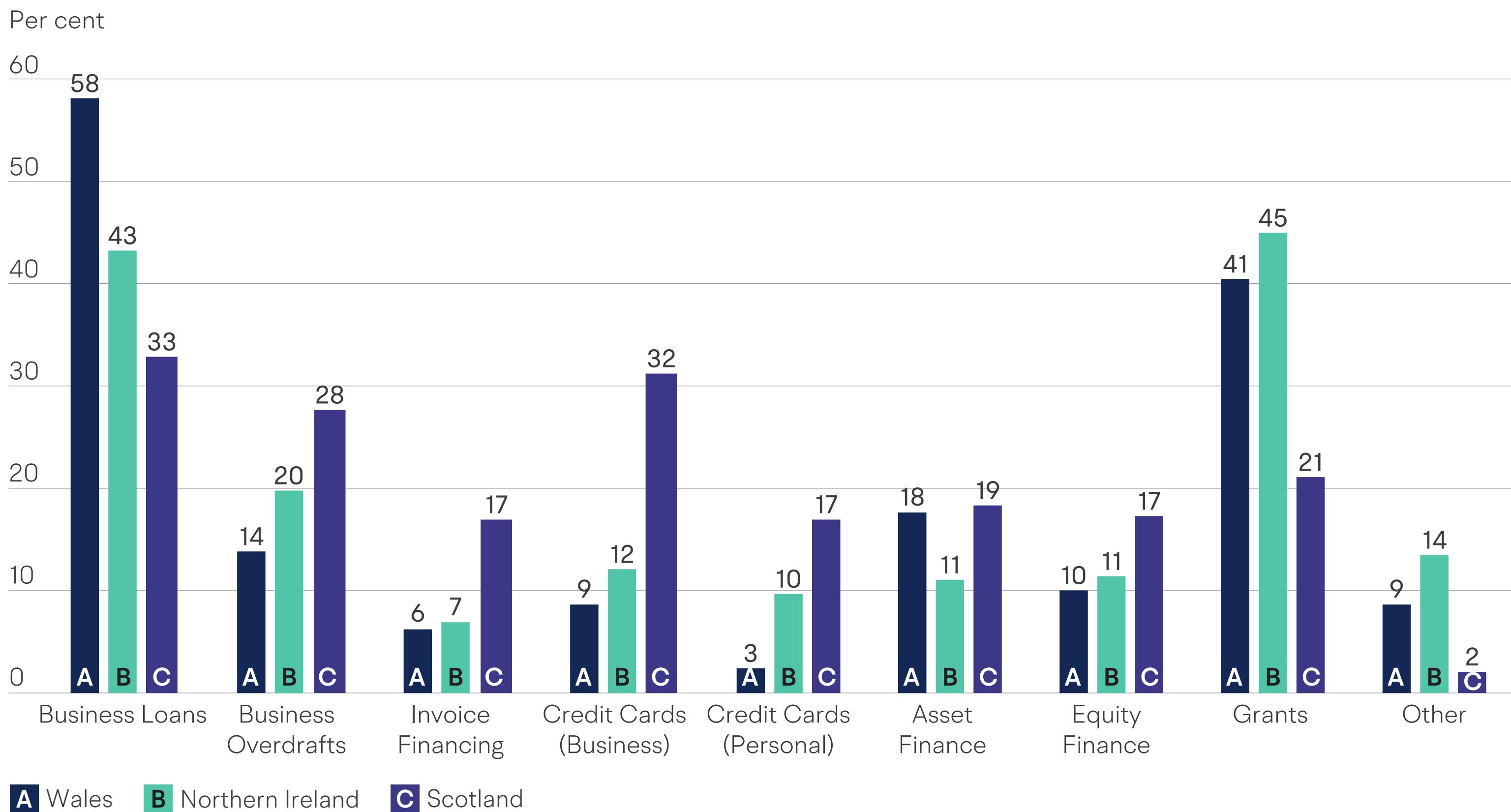
A meaningful takeaway from the focus group discussion was an indication of continued demand for asset finance, particularly for replacing ageing machinery or expanding production capacity following years of under-investment, with some expecting to make multiple medium-sized purchases over not just the next 12 months, but further years to come.

Compared to their counterparts in the other Devolved Nations of the UK, smaller businesses in Wales were more inclined to anticipate accessing business loans to satisfy their additional finance needs over the forthcoming year, and much less likely to consider seeking business overdrafts and personal credit cards (Fig B5.2). This is consistent with survey results from the previous two years.

Figure B5.2

Types of finance sought by SMEs in Wales, Northern Ireland and Scotland that anticipate needing additional financing over the next year

Unweighted sample sizes: Wales (79), Scotland (237), Northern Ireland (281).



6. Future finance needs (purpose)

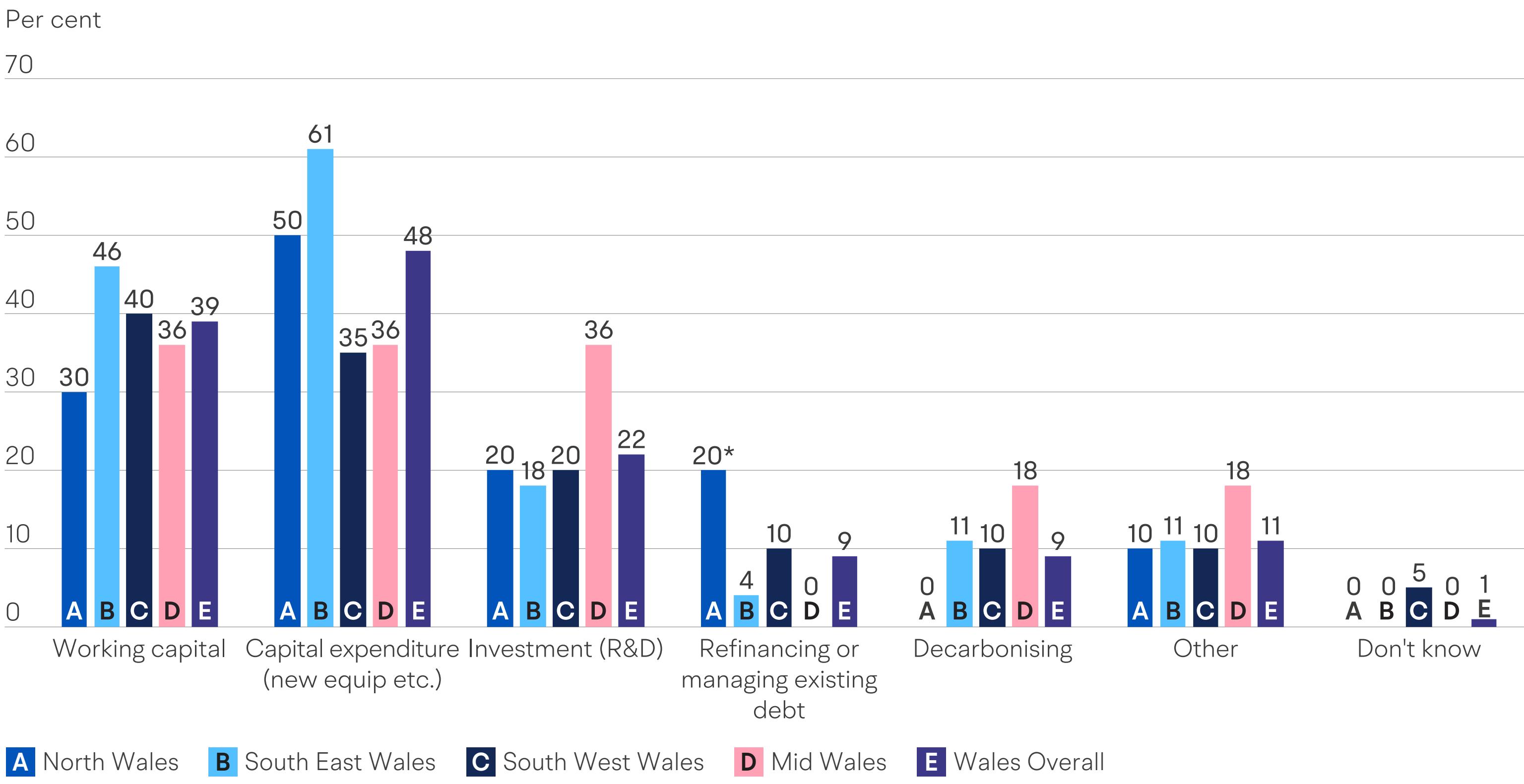
In Wales as a whole (Figure B6.1), 48% of smaller businesses that anticipated needing finance over the coming year intended to use it for capital expenditure (up from 39% in the 2024 survey), while just under four in ten (39%) indicated they would use it for working capital (down from 46% in the 2024 survey).

Investment towards R&D/process improvements/significant maintenance was mentioned by 22% of respondents, marking an increase from 17% in 2024, while other planned uses such as refinancing or managing existing debt and actions related to decarbonising operations/transitioning to net zero were respectively cited by 9% of eligible businesses. The share of respondents mentioning the latter represented a 5 percentage point increase from 2024, indicating that environmental sustainability will become more of a priority moving forward.

Figure B6.1

Planned use of finance by SMEs in Wales that anticipate needing additional financing over the next year, by region

Unweighted sample sizes: Wales Total (79), North Wales (20), South East Wales (28), South West Wales (20), Mid Wales (11).



*Correlation is significant at the 0.05 level

Smaller businesses in the four regions of Wales had largely similar views on how they planned to use any additional financing required, although a statistically significant difference was detected in North Wales regarding anticipated refinancing/management of existing debt, stated by 20% of respondents, notably more than any other region. In terms of annual movements, a noteworthy change also occurred in North Wales, where anticipated use of finance for working capital purposes was at 30%, the lowest among all regions, compared to 50% in 2024 where it was the highest. This change may be reflected in the fact that planned uses have shifted towards capital expenditure, cited by half of eligible respondents in North Wales and the second highest of all regions. Additionally, as was the case last year, respondents based in Mid Wales were the most likely to mention investment in R&D/process improvement/significant maintenance.

The pattern and hierarchy of responses from Wales-based SMEs displayed numerous differences to their counterparts in Northern Ireland and Scotland in terms of the intended purposes of any additional financing sought, as they notably had the lowest propensity for working capital and investment intentions and were the most likely to reference other planned uses of finance (Fig B6.2).

Figure B6.2

Planned use of finance by SMEs in Wales, Northern Ireland and Scotland that anticipate needing additional financing over the next year

Unweighted sample sizes: Wales (79), Northern Ireland (281), Scotland (237).

Per cent

60

50

40

30

20

10

0



7. Future finance needs (confidence)

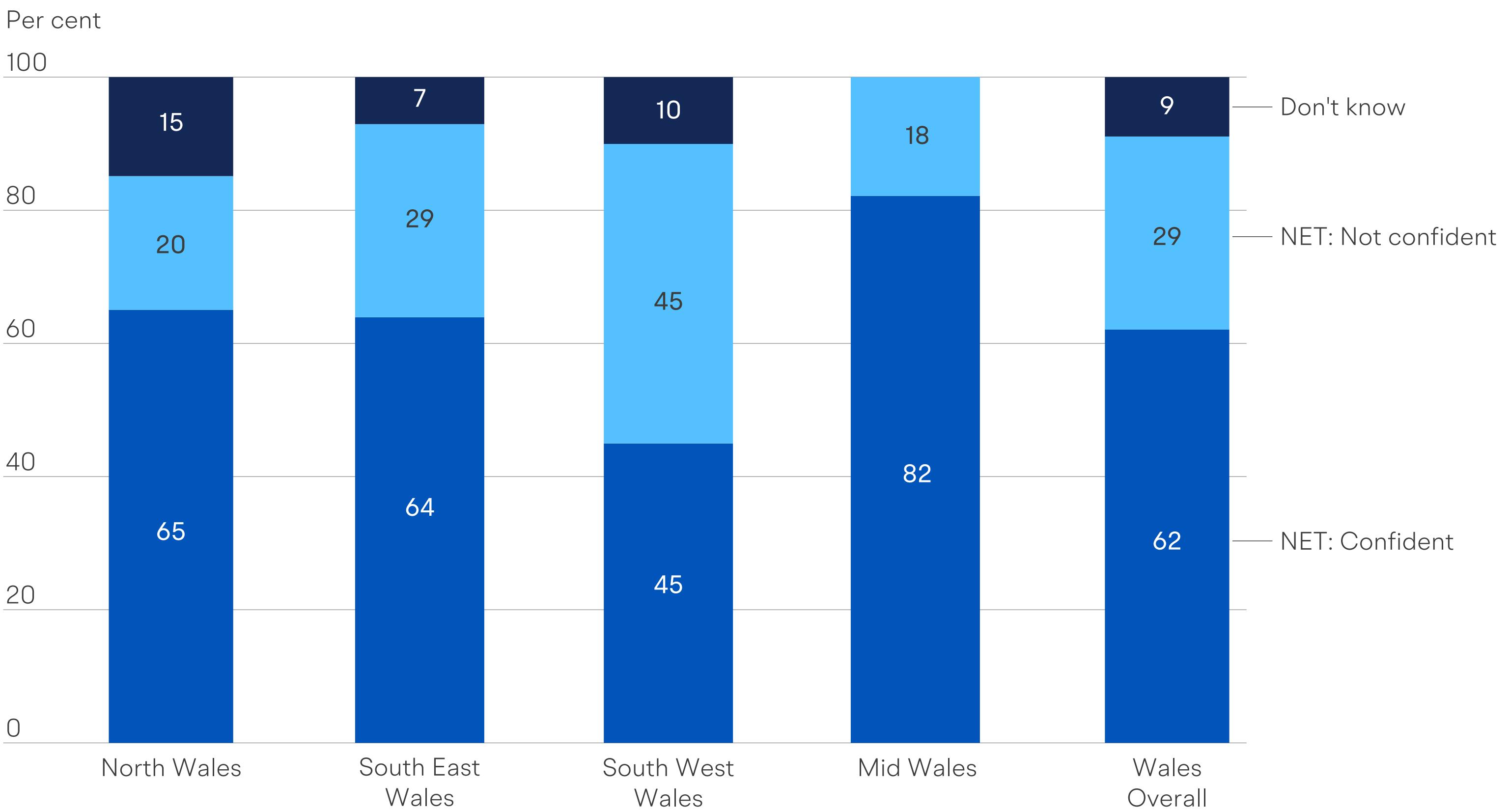
Confidence in securing finance among Wales-based businesses that anticipated needing it over the next year was at 62%, a marginally higher share than in the previous year's survey (61%) (Figure B7.1).

Confidence levels across the four regions of Wales did not differ in a statistically significant way from the national average, although in a reversal of previous trends, smaller businesses in South West Wales were the least likely to feel confident in securing the additional finance they needed over the next year (45%), compared to the rest of Wales. Businesses in Mid Wales expressed confidence in securing finance, at a rate of 82%, that was distinctly higher than the rest of the nation. Moreover, although respondents in North Wales had the second highest rate of confidence (65%), they were also the most likely to report uncertainty in their ability to access the finance that they need (15%).

Figure B7.1

Confidence in accessing additional financing for SMEs in Wales that anticipate needing it over the next year, by region

Unweighted sample sizes: Wales Total (79), North Wales (20), South East Wales (28), South West Wales (20), Mid Wales (11).



Confidence in securing future finance varied. Some SMEs during our focus group discussion expressed strong confidence in their ability to obtain funding—particularly those with growing revenues, strong sales pipelines or recent external recognition that had increased lender interest. Conversely, others were more cautious due to existing restrictions (internal and external), relatively high interest rates and uncertainty about grant availability.

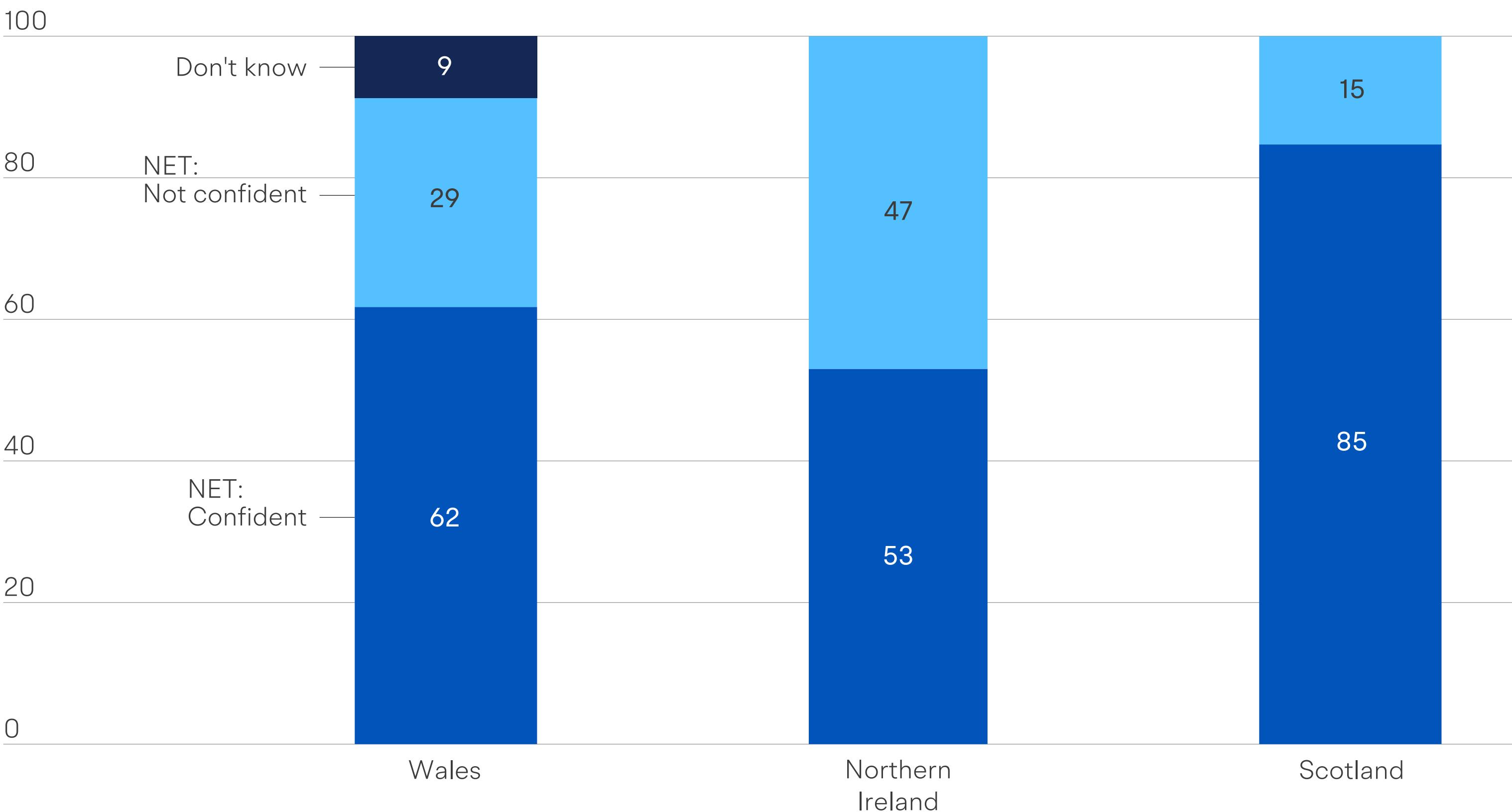
Confidence levels in Wales as a whole (62%) broadly differed to Northern Ireland (53%) and Scotland (85%), as they were also the only Devolved Nation to explicitly express hesitancy in their ability to secure additional finance (9%) (Fig B7.2).

Figure B7.2

Confidence in accessing additional financing for SMEs in Wales, Northern Ireland and Scotland that anticipate needing it over the next year

Unweighted sample sizes: Wales (79), Northern Ireland (281), Scotland (237).

Per cent



8. Anticipated business performance

Just below half (48%) of Wales-based smaller businesses expected stability in the year ahead, while 3 in 10 (30%) expected growth and the rest a contraction, difficult trading conditions/risk of closure or were unsure, at 11%, 9% and 2% respectively (Figure B8.1). This reflects a slightly more positive picture than the 2024 survey, where 26% expected growth and 12% expected negative performance.

Results were fairly similar across the four regions, with the only statistically significant difference detected in South East Wales regarding expectations of stability, where it was stated by the lowest proportion of respondents (42%). However, smaller businesses in this region also expressed growth expectations at the joint highest rate (34%) alongside those in South West Wales. On the other hand, proportionally fewer respondents in Mid Wales expected growth compared to other Welsh regions, although they

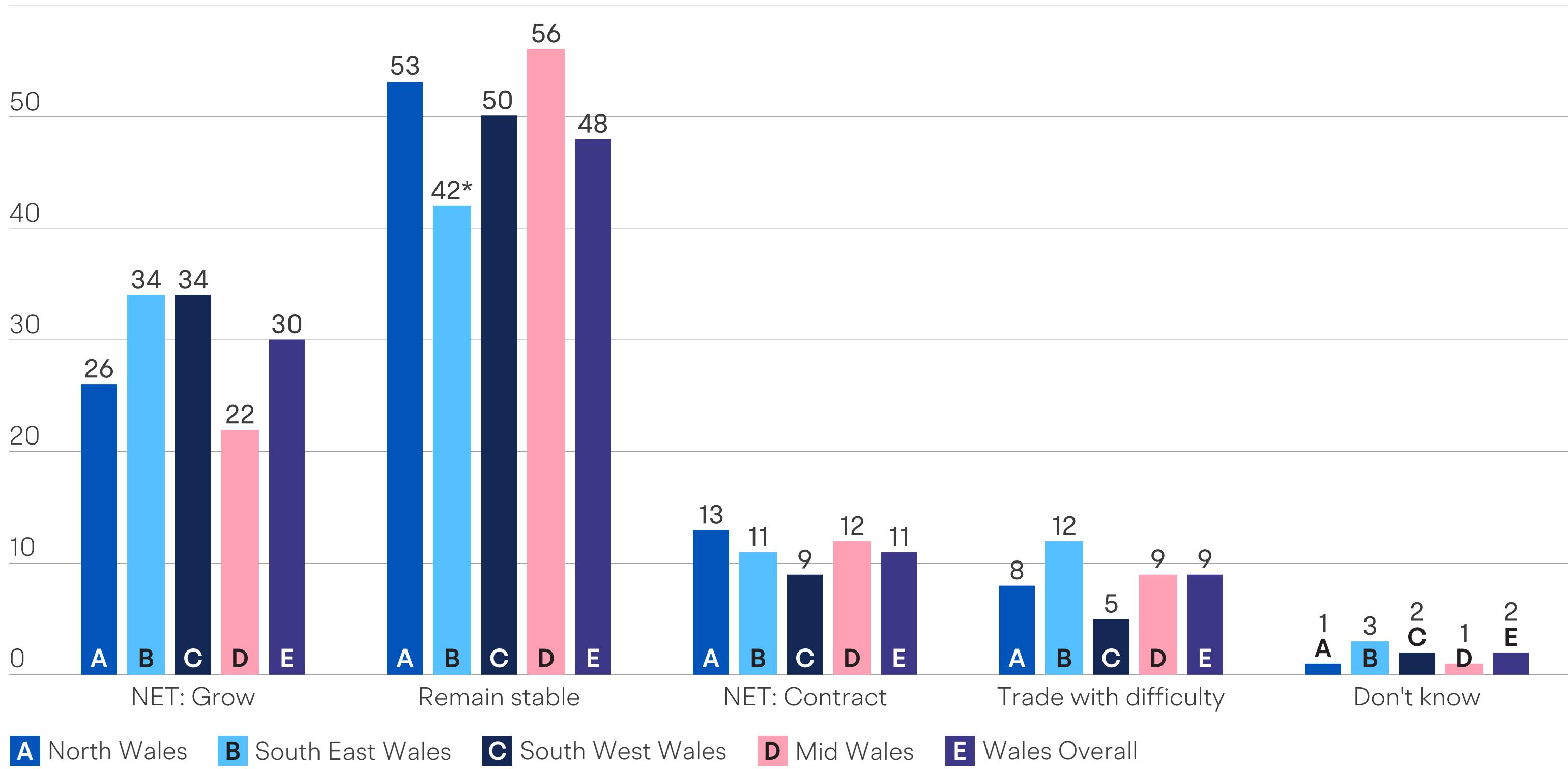
Figure B8.1

Expected performance over the next 12 months of SMEs in Wales, by region

Unweighted sample sizes: Wales Total (476), North Wales (104), South East Wales (190), South West Wales (105), Mid Wales (77).

Per cent

60



*Correlation is significant at the 0.05 level

expressed the highest rate of anticipated stability, as mentioned by 56%.

Wales-based SMEs were the least optimistic about their growth prospects over the next 12 months compared to those located in Northern Ireland and Scotland (Fig B8.2), although a notably higher share of respondents reported an expectation of stability than in the other two nations. This is consistent with results from the survey in the previous two years.

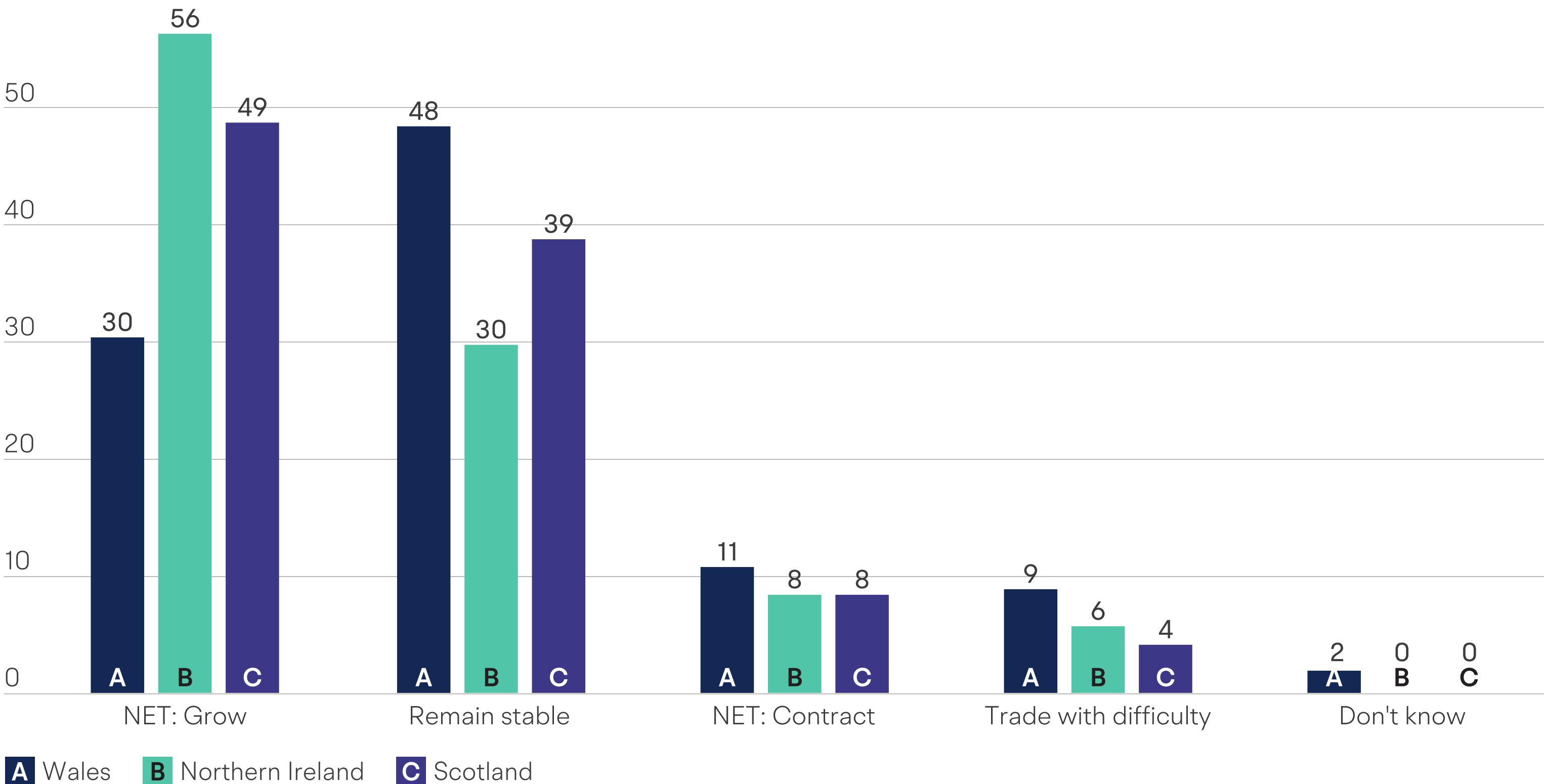
Figure B8.2

Expected performance over the next 12 months of SMEs in Wales, Northern Ireland and Scotland

Unweighted sample sizes: Wales (476), Scotland (501), Northern Ireland (669).

Per cent

60



9. Gender and business size and access to finance in Wales

For this year's report we have conducted a male-led, female-led and business size analysis on access to finance in Wales for the first time, analysing data collected over the last three years. This will explore use of finance type, cash-flow, need for finance and expectations for the year ahead.

Gender analysis

Gender is self-reported by the survey respondent, which is typically one of the leaders of the business. For this analysis, we only included questions where we received a sufficient number of responses and responses received by those who identified as 'male' or 'female' as the sample size for the other options was too small for analysis.

The breakdowns by finance type are broadly similar for both male and female-led businesses (Fig B9.1). Across both genders, use of finance had increased in 2025, with only a third (33%) of both genders saying that they were not using any external finance options, down from 48% and 46% respectively for male and female respondents in 2023.

The increase in finance usage for male respondents was largely driven by a marked increase in usage of credit cards, up from 25% in 2024 to 34% in 2025 for males, alongside usage of business overdrafts (+6 percentage points) and asset finance (+4 percentage points). Conversely, female usage of credit cards remained similar over the three-year period, with the most noticeable change being the increased use of business overdrafts, rising from 14% in 2024 to 21% in 2025, as there were no major swings in uptake of other finance types. Given the increase in female respondents' use of finance options, combined with the lack of uptake across the options compared to male counterparts, it may suggest that the male respondents are more likely to use multiple forms of finance.

Further analysis shows a lower percentage of respondents across both genders reporting difficulties or barriers when accessing finance in 2025 when compared to 2023. In 2023, 23% of males and 25% of females noted difficulties or barriers, compared to 20% and 16% in 2025 respectively. Alongside the increase in use of finance products, this indicates that access to finance is showing signs of improvement for female business leaders. Interestingly, the top barrier given in 2023 and 2024 of bureaucracy/red tape fell to the third most common reason in 2025, being replaced by ineligibility/being rejected for both genders.



Figure B9.1

Use of external finance among businesses based in Wales, by gender and by finance type

Unweighted sample sizes: 2023 (Male = 324, Female = 173), 2024 (Male = 319, Female = 180), 2025 (Male = 336, Female = 140)

Per cent

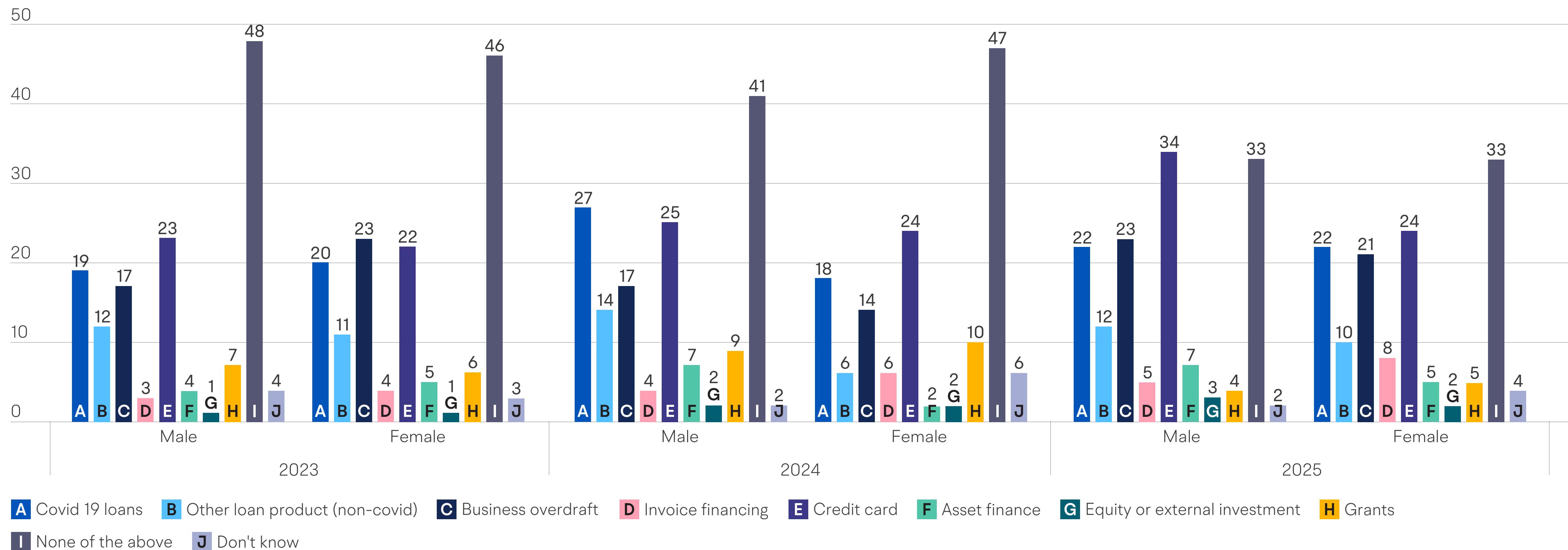
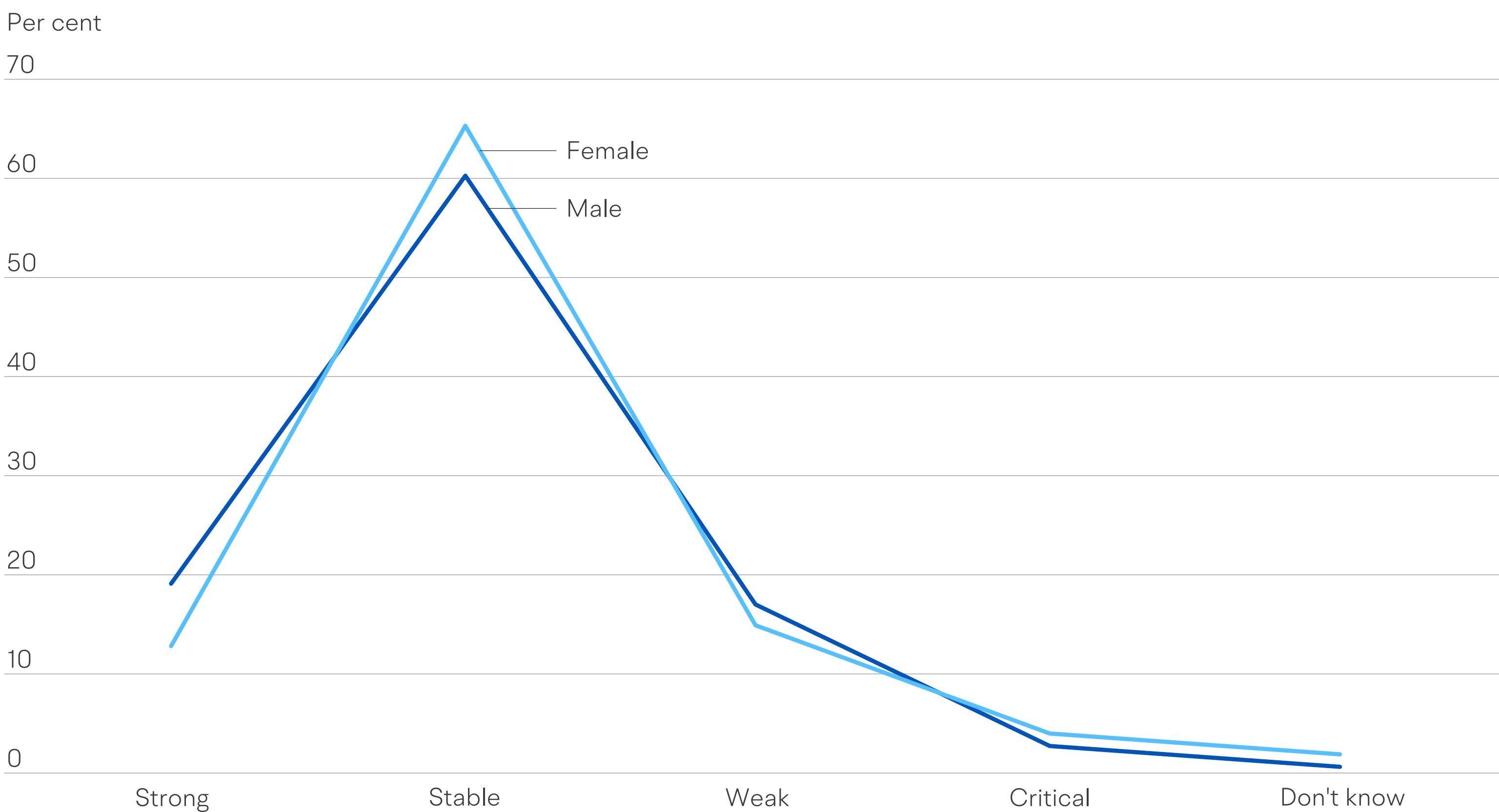


Fig B9.2 shows analysis from a new question in the 2025 survey on cash flow; therefore, a year-by-year analysis is not possible. Positively, business cash-flow does not differ significantly by gender. While 19% of male respondents reported strong cash flow compared to 13% of female respondents, 5 percentage points more female respondents reported stable cash flow and 2 percentage points fewer reported weak cash-flow, compared to male respondents.

Figure B.92

Perceptions of cash flow position among businesses based in Wales in 2025, by gender

Unweighted sample sizes: Male = 336, Female = 140



Despite indications that there might be fewer difficulties or barriers when accessing finance for female respondents, Fig B9.3 shows that only 13% are expecting to require additional finance over the next year, the same as was expected in 2024 and lower than in 2023.

Figure B9.3

Proportion of SMEs in Wales that anticipate needing additional financing over the next year, by gender

Unweighted sample sizes: 2023 (Male = 324, Female = 173), 2024 (Male = 319, Female = 180), 2025 (Male = 336, Female = 140)

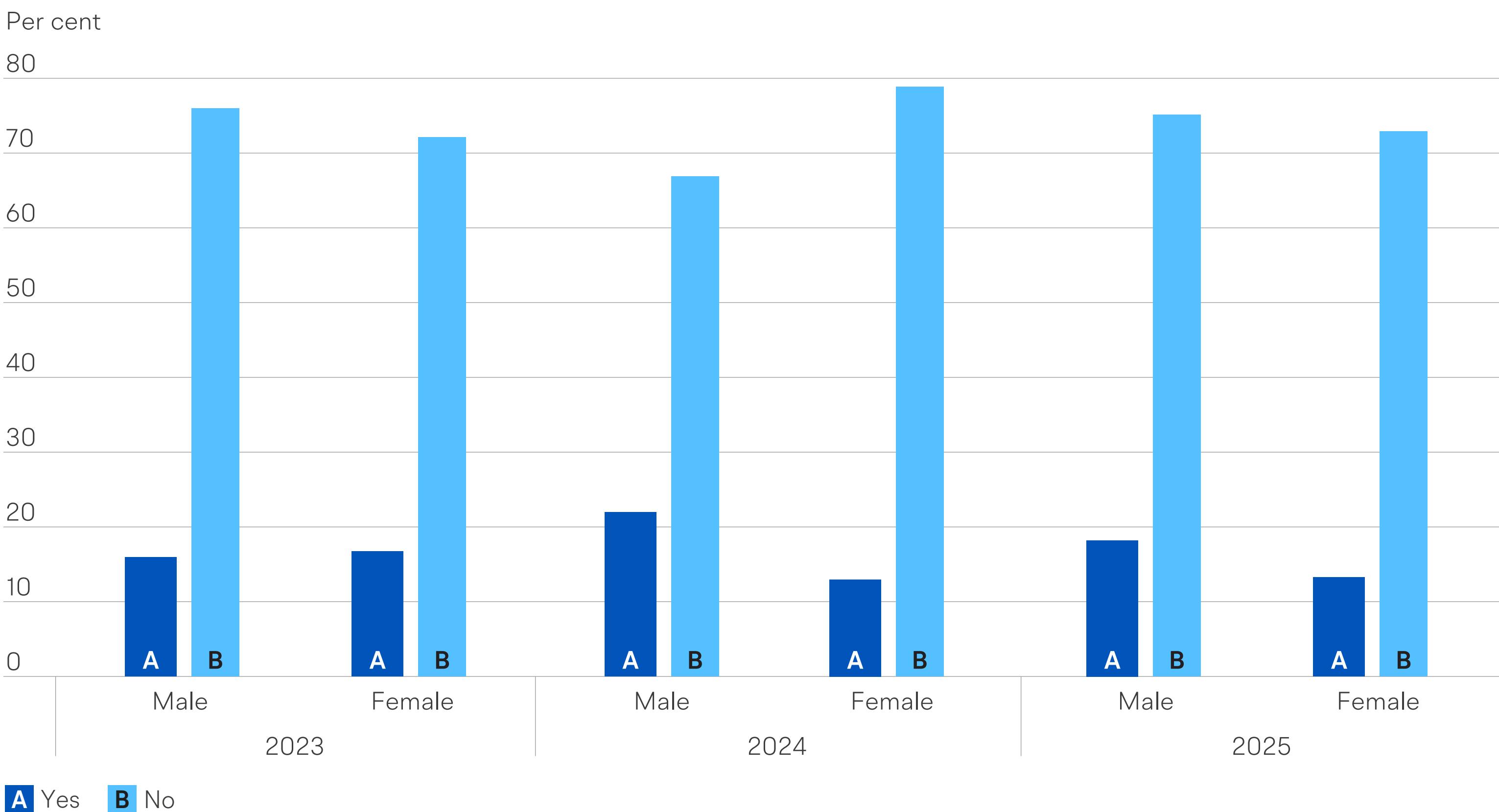
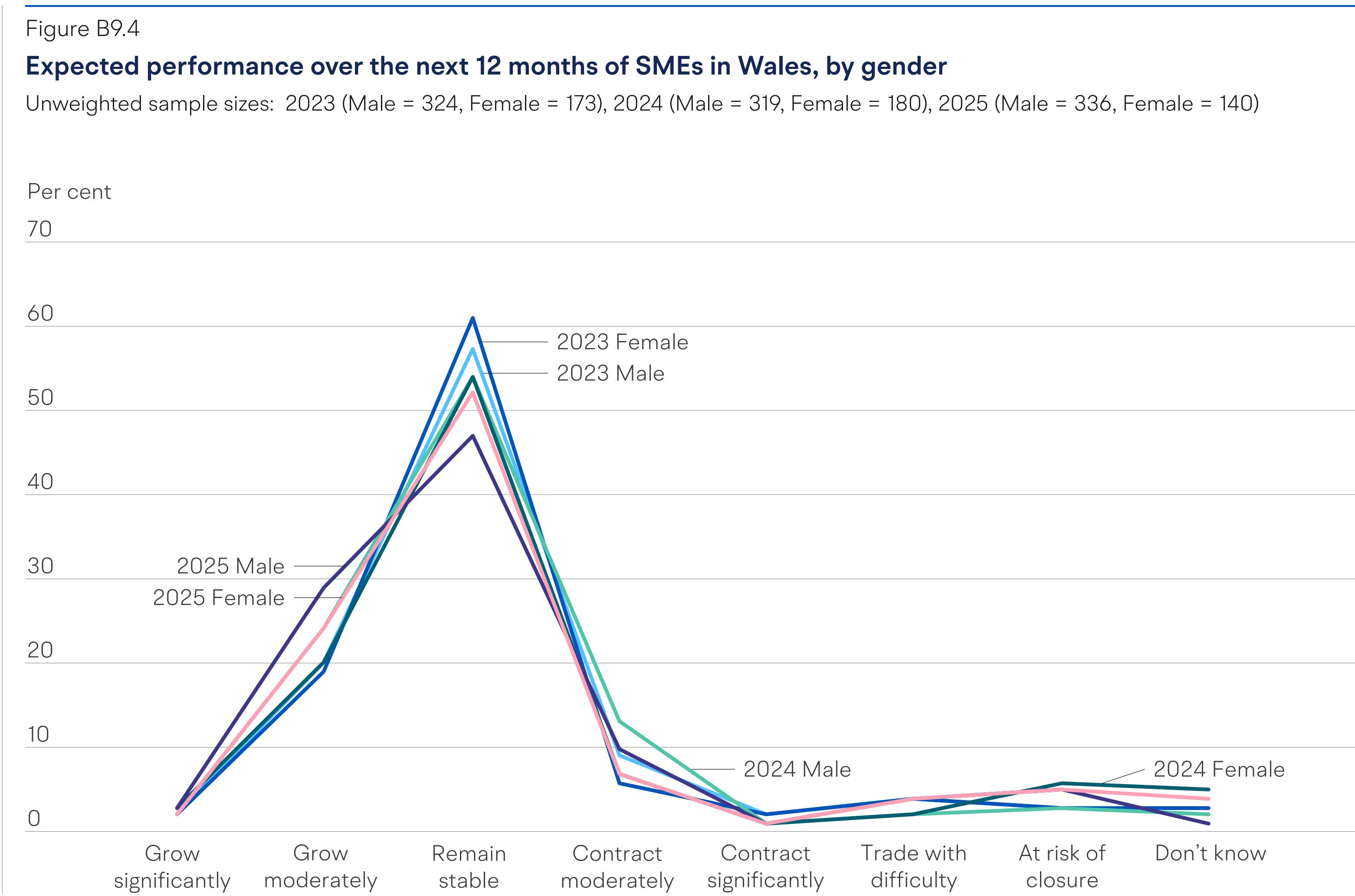


Fig B9.4 shows how expectations across years by gender are broadly similar, with 2025 displaying an increase in expectation for businesses led by both male and female respondents to grow moderately. There have been no significant shifts year-on-year, showing that the outlook of businesses led by both males and female remains largely in line with 2023.

Key

- 2023 Female
- 2023 Male
- 2024 Female
- 2024 Male
- 2025 Female
- 2025 Male



Business size analysis

As business size increases, the use of most finance types increases in each of the past three years (Fig B9.5). Notably, across all business sizes the proportion of firms not using finance has decreased from 2024 – 2025, signalling a greater uptake of finance overall. The fastest growing product has been credit cards, for which usage increased from 2023-2025 by only 2 percentage points in firms with one employee, but 10 percentage points for firms with 1-9 employees and 16 percentage points for firms with over 10 employees.

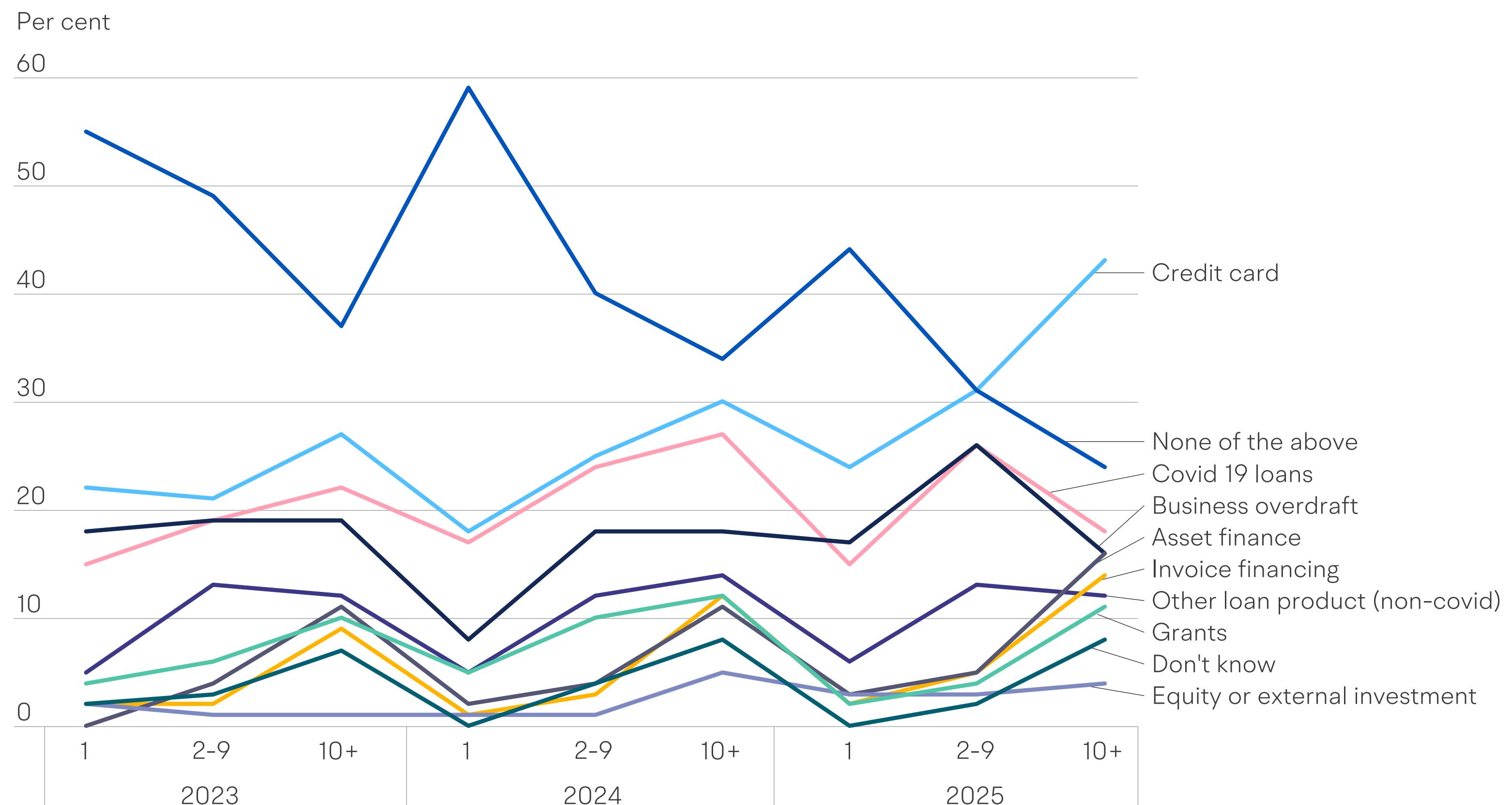
The relative increase in individual use of products by larger firms compared to smaller firms from 2023-2025, but similar decreases in overall use of products, would suggest that larger firms are increasingly using various finance types. This is logical considering they are likely to have more scale and will therefore benefit from having more diversified finance options.

Interestingly, across all business sizes, rates of those who have perceived any difficulties or barriers to accessing finance have remained quite similar over the three-year period. In 2023, four-fifths of respondents across all business sizes reported that they didn't know, there were none or it was not applicable. By 2025, this figure improved slightly for businesses with one employee (up 3

Figure B9.5

Use of external finance among businesses based in Wales, by business size and by finance type

Unweighted sample sizes: 2023 (1 – 90, 2-9 – 318, 10+ – 94), 2024 (1 – 112, 2-9 – 296, 10+ – 92), 2025 (1 – 116, 2-9 – 281, 10+ – 82)



percentage points) and 10+ employees (up 5 percentage points) but remained the same for businesses with 2-9 employees. Similar to the evidence by gender, the main reasons given for difficulties shifted from bureaucracy/red tape in 2023 to ineligibility/being rejected in 2025, although reluctance to lend by banks saw a slight increase for firms with 2-9 employees.

Fig B9.6 shows that for firms with one employee, cash flow is particularly challenging, with only 7% saying it is strong, compared to 20% and 6% saying weak and critical respectively. Conversely, none of the firms with 10+ employees had critical cash flow, with 24% saying it was strong. Overall stable cash flow is consistent across business size. The use of finance options can increase cash flow, as Fig B9.5 illustrates that firms with 2-9 and 10+ employees are more likely to use finance and at a greater rate. It was also noted how their use of finance options, for example credit cards, had increased more than businesses with one employee since 2023.

Given that firms with one employee do not appear to encounter more difficulties when accessing finance, it could be possible that they are not aware of options to increase their cash flow or are more averse to accessing external finance.

Figure B9.6

Perceptions of cash flow position among businesses based in Wales in 2025, by business size

Unweighted sample size: 1 - 116, 2-9 - 281, 10+ - 82

Per cent

70

60

50

40

30

20

10

0

Strong

Stable

Weak

Critical

Don't know

10+

2 to 9

1

0

0

0

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Despite being more likely to have cash flow issues, companies with one employee are much less likely to need additional finance in the next 12 months. Only 10% of these businesses are likely to do so, a figure consistent since 2023, far less than the 26% who consider their cash flow to be weak or critical. For businesses with 2-9 employees, more businesses (18%) anticipate needing finance in the next 12 months than in 2023 (14%) following a sharp rise in 2024 (Fig B9.7). Companies with 10+ employees have seen a decline in requirement for additional funding from 2023 to 2025. This could be due to their already increased rates of uptake in finance from 2023-2025 as shown in Figure B.95.

Figure B9.7

Proportion of SMEs in Wales that anticipate needing additional financing over the next year, by business size

Unweighted sample sizes: 2023 (1 – 90, 2-9 – 318, 10+ – 94), 2024 (1- 112, 2-9 -296, 10+ -92), 2025 (1- 116, 2-9 -281, 10+ -82)

Per cent

90

80

70

60

50

40

30

20

10

0

A Yes **B** No

1
2-9
10+

1
2-9
10+

1
2-9
10+

2023

2024

2025

The need for less additional funding could also be associated with a more positive outlook on performance for the next year for firms with 10+ employees. Fig B9.8 shows how 38% of these firms are expected to grow moderately, although only 1% are expecting significant growth.

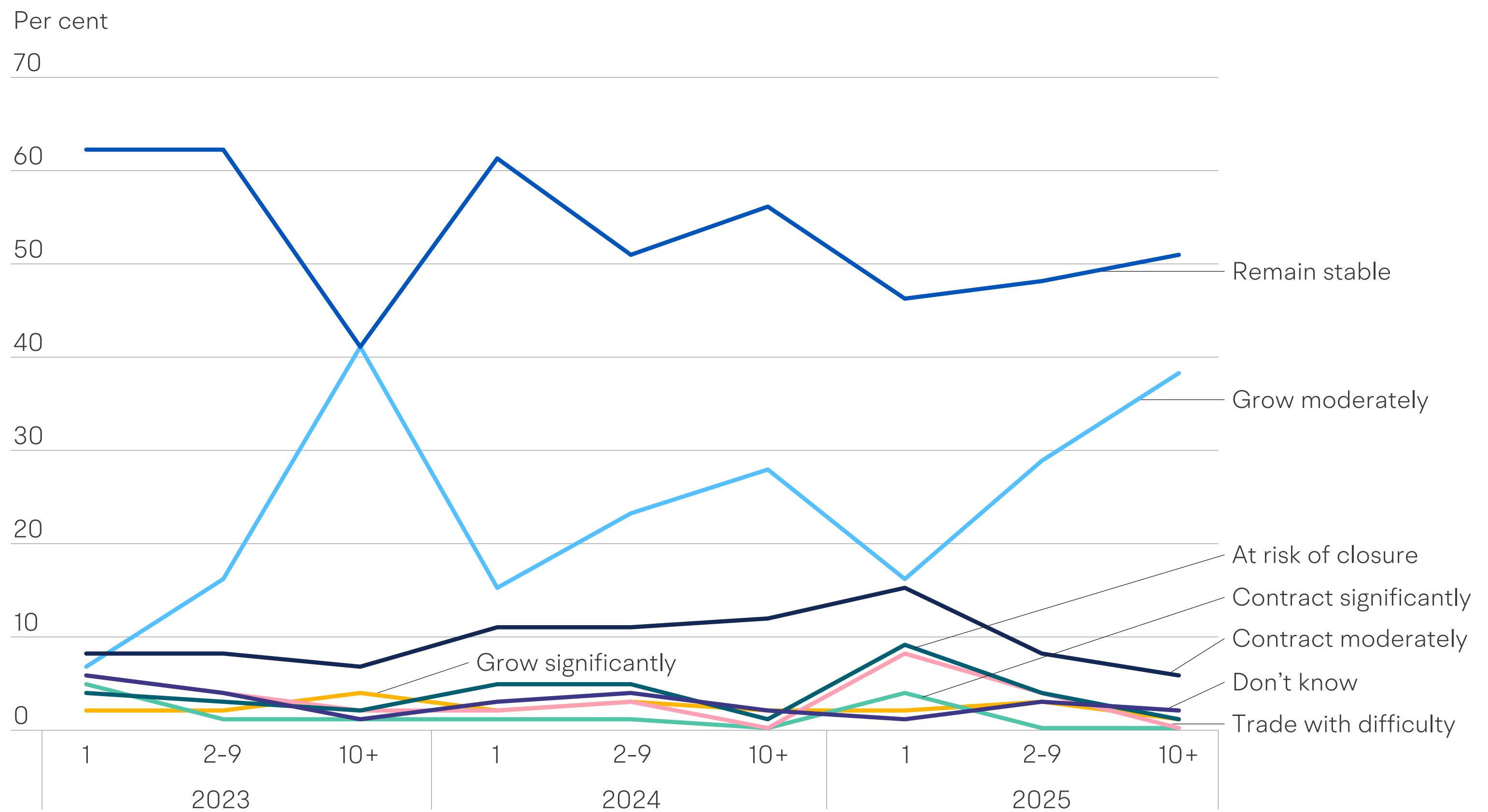
In comparison, companies with one employee are anticipating a difficult year ahead, with more businesses (17%) expecting to trade with difficulty or at risk of closure than to grow moderately (16%), while 15% expect to contract moderately. This could link to the aforementioned cash flow issues and an uncertain economic environment. Meanwhile, companies with 2-9 employees had a better outlook year-on-year from 2023-2025.

Note: Don't know and did not answer are not included in Fig B9.3 or Fig B9.7.

Figure B9.8

Expected performance over the next 12 months of SMEs in Wales, by business size

Unweighted sample sizes: 2023 (1 – 90, 2-9 – 318, 10+ – 94), 2024 (1- 112, 2-9 -296, 10+ -92), 2025 (1- 116, 2-9 -281, 10+ -82)

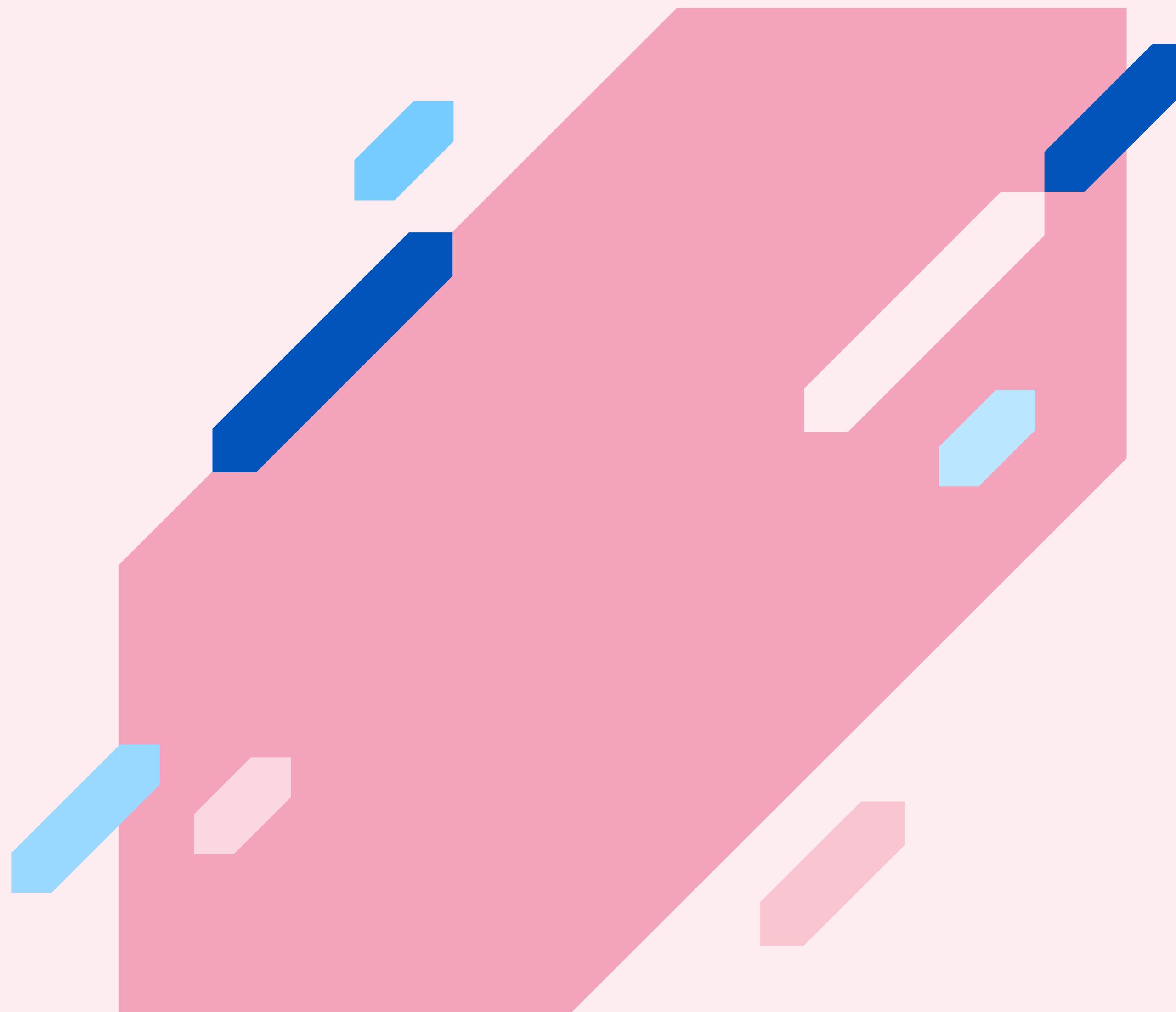


Acknowledgements

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Annex 1:

Question set and variables analysed



Overview and description of the Wales Omnibus survey variables/questions

Variable name/Survey question	Description
Q1 – Is your business currently using any of the following finance options?	Whether the business was using any of the following finance types at the time of the interview: asset finance; business overdrafts; Covid-19 loans; credit cards; grants; invoice financing; other loan products; none of the above.
Q2 – What, if any, difficulties or barriers (actual or perceived) have you experienced when accessing finance?	Any access finance barriers the business had experienced; answers were collected in an open-ended format and subsequently coded into 22 categories.
Q3 – How would you describe the current cash flow position of your business?	The extent to which the business regarded the current cash flow position of their business, rated on a 4-point scale from strong to critical.
Q4 – Are you likely to require additional financing for your business, during the next 12 months?	Whether the business anticipated a finance need over the 12 months following the interview, including an estimated size range (less than £10k; £10-£50k; £100k to £250k; £250k to £1m; more than £1m).
Q5 – What type of finance do you anticipate accessing?	Whether the business anticipated using any of the following finance types to meet their additional financing needs: asset finance; business overdrafts; business loans; credit cards; grants; invoice financing or other working capital product; other.
Q6 – What do you plan to use this finance for?	Whether the business anticipated using any of the additional financing accessed for the following purposes: working capital (supplies/operational costs/business development); capital (new equipment/premises/software); investment (research/process improvement/significant maintenance); refinancing or managing existing debt; decarbonising operations/transition to net zero; other.
Q7 – How confident are you that you will be able to access additional financing for your business?	Confidence in the business's ability to access the additional financing required, rated on a 4-point scale from 1= Not at all confident to 4= Very confident
Q8 – How do you anticipate your business will perform during the year ahead?	Whether the business anticipated their performance over the 12 months following the interview to fit one of the following categories: grow significantly; grow moderately; remain stable; contract moderately; contract significantly; trade with difficulty; at risk of closure.
Local Authority	The Local authority in which the business was located at the time of the interview. This information was then used to assign respondents to one of four geographical regions within Wales (South East Wales; South West Wales; Mid Wales; North Wales), further described in the Wales - Regions Overview.
Number of employees	Range for all part time and full time employees permanently employed at the business's named location, including the respondent (1 employee: 2-9 employees, 10+ employees).

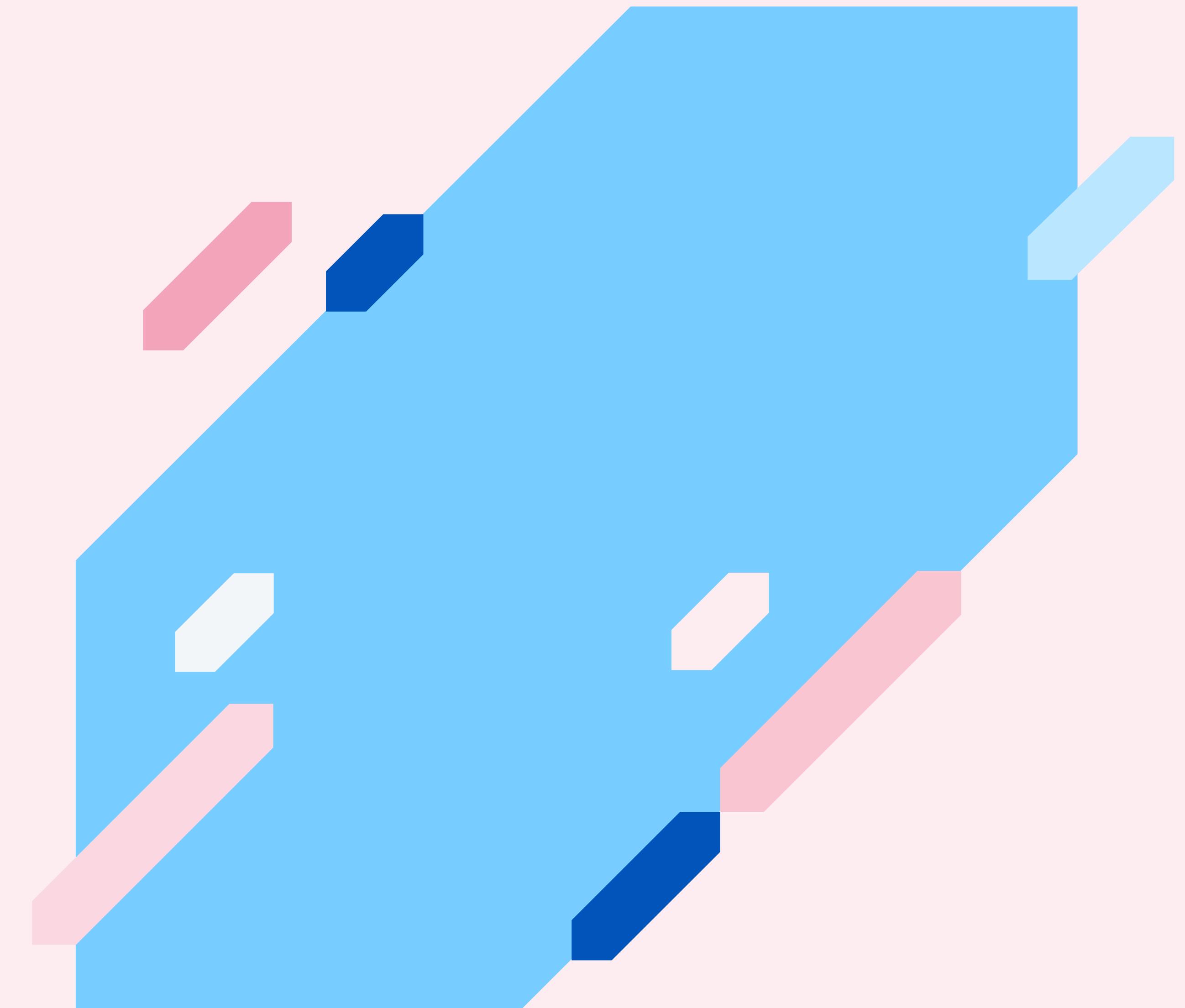
(continued)

Overview and description of the Wales Omnibus survey variables/questions

Variable name/Survey question	Description
Activity group	The business's main sector of operation at the time of the interview, based on the SIC 2007 section classification. Answers were then further aggregated into the following macro-sectors: agriculture, mining and utilities (SIC 2007 sections A-B-D-E); construction/transport (F-H-J.61 only); wholesale/retail (G); hotels and other services (I, J.58-59-60 only, R, S.95-96 only); manufacturing (C); finance and business services (J. 62-63 only, K, L, M, N).
Turnover	Turnover range for the last financial year, in relation to the business's named location only (under £100k: £101k-£500k; £500k+).
When started	The time range in which the business was set up, relative to the time of the interview (20 years ago or less: 20-40 years ago; 40+ years ago)
Business structure	The responding business's legal status (sole trader; partnership; limited company)
Gender (respondent)	The respondent's gender (male; female; other/prefer not to say)
Gender (management team)	Gender mix among the responding business's Owners/Partners/Directors team (all male, all female, or mixed)
Ethnic group	The respondent's ethnic group (white; mixed or multiple ethnic groups; Asian or Asian British: Black African, Caribbean or Black British; other ethnic group)

Annex 2:

Methodological caveats



This survey provides a larger sample of responses for Wales than would be possible to collect via UK-wide surveys (which have bigger constraints in terms of the extent of the fieldwork they can complete in any individual UK Nation and region). As such, it provides unprecedented opportunities to analyse the Welsh SME finance landscape at a very granular level.

Despite this large sample size, the data is still subject to a range of limitations. Firstly, the more granular the analysis, the greater the risk of drawing suboptimal conclusions based on insufficient sample sizes.

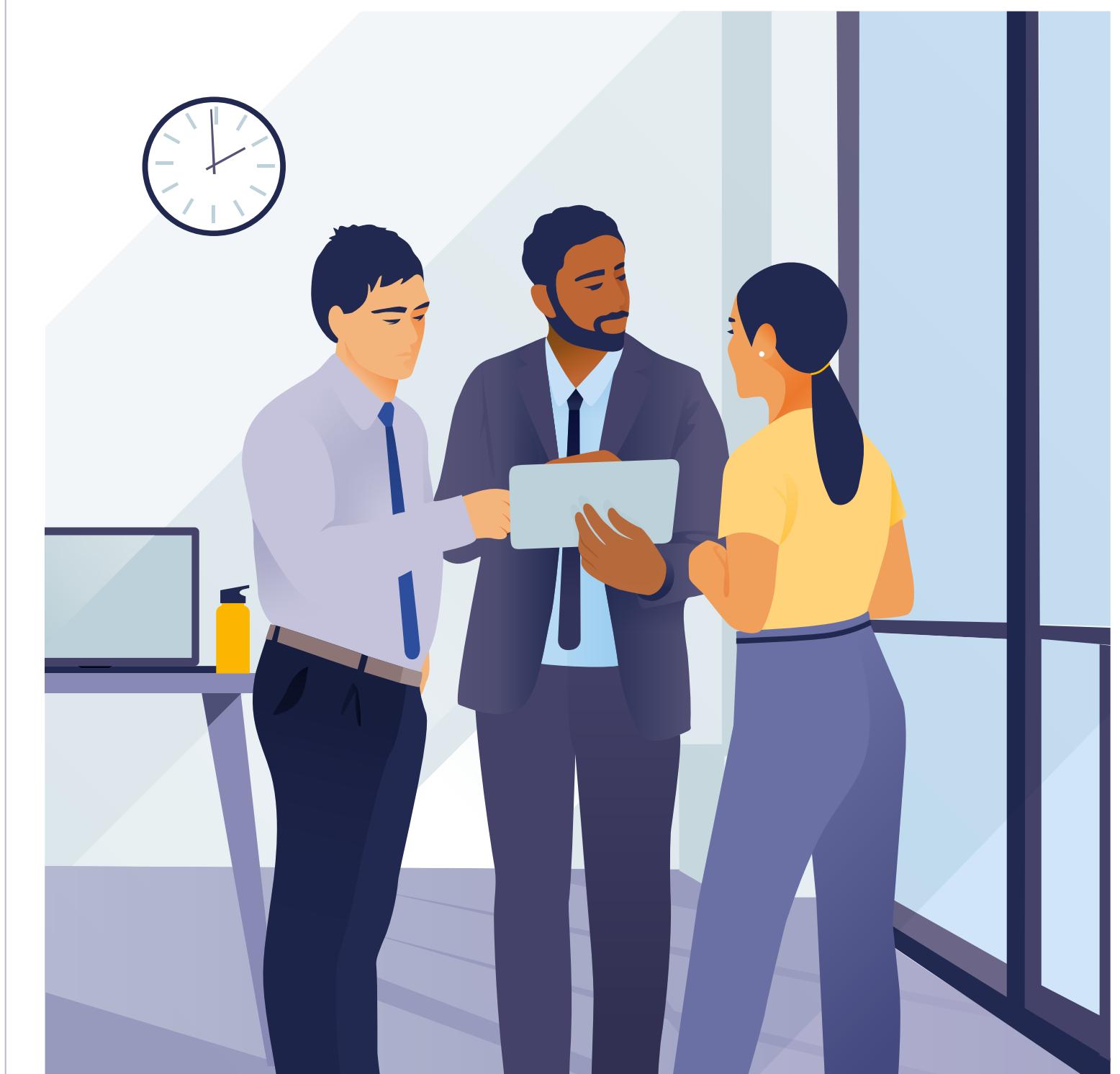
For instance, disaggregating a question with six answer options across four regions of Wales can result in the 476 responses being broken down into 16 data points, some or all of which may contain less than 10 responses each. This can make interpretation of the data at such granular levels uncertain.

To help interpretation, we therefore test all of our comparisons for statistical significance and share this information as appropriate throughout the analysis. We describe comparisons as statistically significant when

we can establish (with a reasonable level of confidence) that any differences detected across categories in the survey sample reflects genuine differences in the business population, rather than “noise” from sampling imperfections or other sources of survey bias.

This has important implications for navigating report. In particular, charts should always be considered alongside the accompanying commentary and data annotation, since those will clarify which of the differences in values that are visible in the chart are likely to reflect genuine differences in the SME population, and which are not.

Caveats also apply to the comparisons with similar surveys from the other devolved nations of the UK. While we have made every effort to collect data in a consistent way across Wales, Northern Ireland and Scotland, there are some slight methodological differences in the design, sampling and administration of each survey, which make it essential for readers to review the “project methodology” section included at the beginning of each report. As a result, we take a cautious approach to comparing results across the three nations, focusing on the broader differences only.



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