

SME Banking Price Transparency Research

Survey 1 Applying for Finance

DRAFT

INTRODUCTION

Good morning/ afternoon, my name's XXXXX and I'm calling from Charterhouse Research. We are carrying out a survey on small businesses' needs for, and attitudes to, finance. You answered some questions last year on our national banking survey and agreed we could re-contact you if we had further questions

This is bone fide market research and there is no selling involved at all. These discussions are being conducted strictly in accordance with the Market Research Society's Code of Conduct which means that none of your comments will be attributed to you by name.

The interview will only take only about **10 minutes** to complete. Is it OK for me to carry on?

(If pushed say "this wave is for a special project undertaken by the Competition & Markets Authority, the CMA", but otherwise keep anonymous)

Can I check that you are the person in your organisation responsible for making banking decisions? (if needed - Many of the people I've spoken to have been **the main owner of the business**)

As a thank-you to those who take part, we'll be providing a management summary of the results so you can compare your own experiences with those of other businesses

A SCREENING/CHECKING

A1 Is the main bank account you use for your day-to-day business banking still X?

Yes

No

A2 If no, who is day-to-day business banking with now?

LIST TO BE AS BBS

A3 I understand you applied to (MAIN BANK) for a loan, overdraft, or other borrowing facility for your business in the past 2 years? Is this correct?

If no/don't recall - CLOSE



Charterhouse Research

B LOOKING FOR FINANCE

From now on we are asking only about your most recent application FOR BUSINESS FINANCE. This does not necessarily need to be at your main bank.

- B1 What prompted your business to seek finance?
1. Start-up of the business
 2. Investment to expand the business
 3. A shortfall in cashflow
 4. Other
- B2 What type of finance did you **consider**? READ OUT
1. Unsecured business loan
 2. Secured business loan
 3. Commercial mortgage
 4. Overdraft facility
 5. Credit card
 6. Asset finance, including HP, leasing or contract hire
 7. Invoice discounting/factoring
 8. Other (specify)
- B3 Did you search around at all?
1. No, I just applied directly to my main bank
 2. No, I applied directly to a bank other than my main bank
 3. Yes
- B4 What characteristics were important when searching for finance? *Spontaneous – probe fully*
1. Borrowing rate
 2. Arrangement fees
 3. Amount of security I would have to put up against the loan
 4. Penalty fees and repayment charges
 5. How quickly I would receive the finance
 6. How much I could borrow
 7. Other (specify)
- B5 Where did you look to collect information?
1. financial institution websites
 2. financial institution direct mail/email/advertising
 3. Branch visits or leaflets from branches
 4. Financial press or articles
 5. Financial advice websites eg Martin Lewis
 6. Online reviews
 7. Talking to colleagues, friends, family
 8. Financial adviser or other finance broker
 9. Other (specify)
- B6 How easy was it to find information on [...]

Ask for each:

- I. Borrowing Rate
- II. Arrangement fees
- III. Security
- IV. Penalty fees and early repayment charges
- V. Other terms and conditions
 1. Very easy

2. Quite easy
3. Neither easy not difficult
4. Difficult
5. Very difficult
6. I didn't look into this

B7 (for each statement in B6 where code 4 or 5 given)

Why did you find it difficult? DO NOT READ OUT

1. Too many options
2. I had to call each bank individually
3. Information was in different formats
4. No comparison tools/ websites
5. Other

B8 Did you compare a number of financial institutions against each other in terms of rates, charges, products, service & terms & conditions to help you make the decision you did?

1. Yes in an organised way
2. Yes but more superficially
3. No not really

C Application MAIN BANK

- C1 What type of finance did you **apply** for?
1. Unsecured business loan
 2. Secured business loan
 3. Commercial mortgage
 4. Overdraft facility
 5. Credit card
 6. Asset finance, including HP, leasing or contract hire
 7. Invoice discounting/factoring
 8. Other (specify)
- C2 Did you apply to your main business bank for business finance?
1. Yes
 2. No
- C3 *if applied to main bank, Why did you apply to your main bank?*
1. I am very satisfied with my bank or they have given me good service in the past
 2. I trust my bank with my finances
 3. They approached me proactively with an offer
 4. Thought I would be more likely to get a loan approved
 5. Thought it would be faster
 6. Thought I would receive a better rate
 7. Thought I would receive better terms
- C4 (If *didn't apply to main bank*) Why did you not apply to your main bank?
1. Previously been rejected
 2. I'm dissatisfied with my bank
 3. Thought I would be more likely to get a loan approved elsewhere
 4. Thought it would be faster elsewhere
 5. Thought I would receive a better rate elsewhere
 6. Thought I would receive better terms elsewhere
 7. I just didn't consider it
- C6 Now thinking about the MOST RECENT application you made with your main bank At what stage in the application process were you made aware of following?
- a) Rates (indicative and final rates)
 - b) Arrangement fees
 - c) Security and fees associated with valuing security
 - b) Penalty fees and early repayment charges
 - d) Other terms and conditions
1. Immediately, when I first enquired
 2. Not immediately but before I made the application
 4. After my application was accepted
 6. In my loan agreement/offer letter
 5. I was never told about these
- C8 What information did you have to supply for the application? MULITCODE
1. Details about the business and its employees
 2. Past business financial performance
 3. Future predictions of business performance
 4. Other

D OTHER FINANCIAL INSTITUTION

D1 Did you apply to any financial institutions other than your main business bank for business finance?
1. Yes –SKIP TO E
2. No

D2 How many applications did you make with other financial institutions?
ENTER NUMBER

D3 What type of institution did you also] apply to?
1. Another traditional bank or building society
2. corporate finance specialists
3. venture capitalists
4. private investors,
5. shareholders via increased share capital,
6. Peer to peer finance
7. Supplier finance
8. Crowd finance eg Kickstarter

D4 *If yes, why did you apply there?*
1. They approached me proactively with an offer
2. Thought I would be more likely to get a loan approved
3. Thought it would be faster
4. Thought I would receive a better rate
5. Thought I would receive better terms

D5 *If No, why not?*
1. Previously been rejected
2. Thought I wouldn't get a loan approved
3. Thought it would be too slow
4. Thought it would be too much hassle
5. Didn't want to go through the process again
6. Thought I would receive a worse rate
7. Thought I would receive worse terms
8. My bank rejected me so I thought it would be best not to get a loan now
9. I just didn't consider it

if more than one application

Now please now think about the application which progressed the furthest

D6 At what stage in the application process were you made aware of:

- a) Rates (indicative and final rates)
- b) Arrangement fees
- c) Security and fees associated with valuing security
- b) Penalty fees and early repayment charges
- d) Other terms and conditions

- 1. Immediately, when I first enquired
- 2. Not immediately but before I made the application
- 4. After my application was accepted
- 6. In my loan agreement/offer letter
- 5. I was never told about these

D8 What information did you have to supply for the application to be accepted? MULTICODE

5. Details about the business and its employees
6. Past business financial performance
7. Future predictions of business performance
8. Other

D9 Did a bank other than your main bank offer you a better rate if you switched your Business Current Account with them?

1. Yes
2. No

E: OFFER/ NEGOTIATION

- E1 Was your application for finance with your main bank approved?
1. Yes
 2. No
- E2 If No, were told why you had been rejected?
1. Lack of security
 2. Low credit rating
 3. Asked for too much or not sufficient security in the business
- E3 Were you offered an alternative form of finance?
1. Yes
 2. No
- E4 If so, what?
1. Unsecured business loan
 2. Secured business loan
 3. Commercial mortgage
 4. Overdraft facility
 5. Credit card
 6. Asset finance, including HP, leasing or contract hire
 7. Invoice discounting/factoring
 8. Other (specify)
- E5 *If approved*, what type of finance did you **take out in the end**? DO NOT READ OUT
1. NONE
 2. Unsecured business loan
 3. Commercial mortgage or other secured loan
 4. Overdraft facility
 5. Extended credit card balance
 6. Other (specify)
- E6 Did you try to negotiate on the rates or any charges or other terms and conditions with the supplier of this finance?
1. Yes
 2. No
- E7 *if yes*, How did you negotiate?
1. Use offers from other banks/ financial institutions
 2. Ask for a better rates
 3. Ask for reduced charges or different terms
 4. other
- E8 *If yes*, what was the outcome of any negotiation?
1. The bank agreed to reduced rates
 2. The bank agreed to reduced charges or different terms
 3. The bank listened but couldn't offer any changes at this point
 4. The bank didn't/wouldn't listen
 5. Other
- E9 How long did the application process take from the initial inquiry to your loan?
1. Within 48 hours
 2. Within a week
 3. Within a month

4. Longer

- E10 And was this length of time..?
1. About the same as you were led to believe
2. Shorter than you were led to believe
3. Longer than you were led to believe
- E11 *If it was longer*, did they provide you with any information about why it took them longer?
1. Yes, I didn't submit the relevant paperwork]
2. Yes (other)
3. No
- E12 How long did they take to provide you with the funds once your loan application was approved?
1. Within 48 hours
2. Within a week
3. Within a month
4. Longer
- E13 And was this length of time..?
1. About the same as you were led to believe
2. Shorter than you were led to believe
- E14 Did they provide you with an explanation about why they took longer?
1. Yes, I did not complete the relevant paperwork
2. No
- E15 Were you sold any additional products alongside this loan?
1. Yes other products were bundled in with it as a fixed deal
2. Yes I was offered other products as optional add on
3. Yes I was offered other products as optional add on but received more favourable rates on the products
4. No I wasn't offered other products at the same time
- E16 *If yes*, which other products?
1. Current account
2. Savings account
3. Insurance
4. Business protection products
5. Other
- E17 And did you take up any of these offers?
1. Yes
2. No

FINALLY

F1 Thinking back, once you took out the loan/finance and you realised the charges or penalty fees you had to pay and any other additional terms and conditions, would you have acted differently when you originally chose your finance?

1. Yes I would have spent more time reviewing options
2. Yes I would have focused on the fees and charges more rather than the loan rates
3. No I wouldn't have done anything differently