



# Business Survey 2019

## Financing climate remains strong despite economic headwind

Summary



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## Financing climate remains strong despite economic headwind

### Summary

The financing situation of German enterprises continues at an all-time high. In this year's survey, similarly few enterprises as last year assessed their access to credit as 'difficult'. Enterprises' robust self-financing capacity, low interest rates and German banks' relaxed lending criteria have been major contributors. As before, however, small businesses are still much more likely to face difficulties accessing credit than large enterprises. Structurally lower creditworthiness and problems providing adequate collateral remain concentrated in these businesses. These result in rejections of applications and unfavourable terms for the affected businesses. The individual survey results:

1. The financing situation of enterprises is distinctly positive. The proportion of enterprises reporting difficulties in accessing credit was 8.9%. By contrast, 60.6% of businesses indicated that accessing credit was 'easy'.
2. The proportion of companies rating their credit access as 'difficult' has fallen by around a third since 2012.
3. Of the small businesses with an annual turnover of up to EUR 1 million, 19.4% reported difficulties in accessing credit. That means small businesses are around three times more likely to encounter difficulties in accessing credit than enterprises with turnover of more than EUR 50 million.
4. As in the previous year, ratings improved across a broad front. Improved rating scores were reported by 34.5% of enterprises, while 8.1% reported rating downgrades. The balance (improved ratings minus lower ratings) remained almost unchanged on the previous year.

5. Bank loans remain an important source of funding, as 53.9% of businesses conducted loan negotiations last year. But that share has dropped in the past few years.
6. Long-term loans were highest in demand. Of the businesses that had a demand for loans, 54.9% conducted relevant negotiations. Medium- and short-term loans, however, were just behind with 51.6 and 51.1%.
7. With values between 9.7 and 6.9% (for the failure of all loan negotiations), there is little difference in the frequency of failed negotiations between loans of varying maturities. Relatively small businesses with an annual turnover of up to EUR 10 million reported a failure of all loan negotiations two to four times more often – depending on the loan term applied for – than enterprises with a turnover in excess of EUR 10 million.
8. What enterprises expect most of all from their banks are personal contacts and their continuity (86.2 and 76.3%). This applies equally to small and large enterprises. The proportion of enterprises that additionally expect online information on products and services as well as easy online banking transactions has grown significantly since 2013.

The survey was conducted for the 18th time among enterprises of all size classes, sectors, legal forms and regions. Nearly 1,300 businesses from 17 umbrella organisations, trade and regional associations took part in the survey. It was conducted between mid-December 2018 and the end of March 2019. The present report provides the findings relating to the topic of credit access. The findings on the topic of digital transformation are published separately.