LIETUVOS BANKAS

REVIEW

OF THE SURVEY OF NON-FINANCIAL ENTERPRISES ON BUSINESS FINANCING

2014

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Review of the Survey of Non-Financial Enterprises on Business Financing 2014/1

The Survey of Non-Financial Enterprises on Business Financing is aimed at the assessment of demand of non-financial enterprises for financial resources, changes in borrowing from credit and other financial institutions as well as changes in lending conditions; also, obtainment of information on changes in the financial conditions and operations of non-financial enterprises.

In the preparation of the Review of the Survey of Non-Financial Enterprises on Business Financing, the data of the Survey of Non-Financial Enterprises, conducted by order of the Bank of Lithuania, was used.

Note: In the first half-year of 2013 the survey methodology was changed, therefore the presented results should not be compared with the previously conducted surveys of non-financial enterprises on business financing. The charts presented in this Review, illustrating the results of previous surveys, are to be used solely for information purposes.

AIMS, METHODS AND PRINCIPLES OF THE SURVEY

Surveys of non-financial enterprises on business financing are conducted twice a year in order to assess the demand of enterprises for financial resources, changes in borrowing from credit and other financial institutions[1] (hereinafter — credit institutions) and developments in credit standards, as well as to obtain information on changes in the financial standing and operations of enterprises. The non-financial enterprises were surveyed in March–April 2014; responses were received from 501 non-financial enterprises operating in Lithuania (hereinafter — enterprises).[2]

During the survey of enterprises on business financing, commissioned by the Bank of Lithuania, heads or accountants of the enterprises, classified by economic activity (considering value added generated) and the number of employees, were interviewed over the telephone (CATI). Enterprises with up to 50 employees accounted for two-thirds of the survey respondents, while those having 50 and more employees made up one-third of the respondents (see Table 1). Enterprises having less than 9 employees further in this Review[3] are referred to as small enterprises, those having more than 10 but less than 49 employees — medium enterprises and those with more than 50 employees — large enterprises.

Table 1. Number of surveyed enterprises by economic activity and number of employees

Number of employees	Industry	Construction	Trade	Services	Total
1–9 employees	29	30	41	66	166
10-49 employees	30	31	51	55	167
50 and more	63	30	31	44	168
Total	122	91	123	165	501

The average business period of surveyed enterprises is 17 years. Almost 95 per cent of surveyed enterprises operated as private or public limited liability companies, while the remaining part of enterprises consisted of sole proprietorships, partnerships, municipal and other enterprises.

Table 2. Number of surveyed enterprises by economic activity and location of registration

Counties	Industry	Construction	Trade	Services	Total
Alytus	9	5	2	5	21
Kaunas	24	14	37	31	106
Klaipėda	13	12	10	24	59
Marijampolė	11	3	3	8	25
Panevėžys	11	11	8	11	41
Šiauliai	15	8	11	16	50
Tauragė	4	3	4	2	13
Telšiai	5	6	5	5	21
Utena	4	3	4	8	19
Vilnius	26	26	39	55	146
Total	122	91	123	165	501

The survey consists of 4 parts. The first part summarises the data on demographic aspects and developments in the key financial indicators of enterprises. The second part examines enterprises' business funding and sources of funding. The third part summarises the assessment of enterprise borrowing from credit institutions and the fourth one deals with the relations between enterprises and creditors.

In this Review, a half-year means a calendar half-year, i.e. the first half of the year covers the period of January–June, while the second half of the year covers the period of July–December.

A net percentage is defined as the difference between the percentage of enterprises responding that lending conditions have been tightened and the percentage of enterprises responding that lending conditions have been eased. A positive net percentage means that enterprises believe that credit institutions have tightened lending conditions and a negative net percentage (with a minus sign) means that they have eased lending conditions. Likewise the net percentage is interpreted in calculating changes in financial indicators (or the importance of the factor, its change): a positive net percentage means an increase (the importance is high, will increase), while a negative net percentage — a decrease (importance is low, will decrease).

[1] In this survey, credit and other financial institutions are commercial banks, credit unions, leasing companies and other investment entities, from which non-financial enterprises borrow monetary resources for their business needs that they have to repay on later.
[2] Similar to any selective quantitative research, statistical error is applied to the results of this Survey.
[3] The division used by the European Commission and often encountered in international practice is as follows: very small enterprises — those that have less than 10 employees, small enterprises — from 10 to 50 employees, medium enterprises — from 50 to 250 employees and large enterprises — more than 250 employees. Since small and medium-sized businesses dominate in Lithuania, the division applied by the European Commission is too broad.

SUMMARY

- Improving performance is indicated by more enterprises: about 85 per cent of enterprises noted that their main financial indicators did not decrease (on average for a third of enterprises they improved, while for half of surveyed enterprises — remained unchanged), enterprises increased the number of employees. On the other hand the share of enterprises increasing the number of employees did not significantly change compared to the results of the earlier survey and were close to a fifth.
- In the second half of 2013, the enterprises surveyed saw the significance of experienced or possible challenges as low. Minor problems were posed by the increased tax burden, competition and shortage of clients while the least problems were caused by decreased financing sources, business partner indebtedness and output expenditure. In the first half-year of 2014 enterprises assessed the importance of these challenges as being slightly higher. Enterprises in all of the sectors indicated that the lack of qualified personnel and the increased tax burden should create greater challenges than before.
- Although the share of enterprises dependant on internal financing sources remains the largest (61%), it is decreasing. Business development in the first half-year of 2014 is projected by over a third of the surveyed enterprises; about 11 per cent of this development is expected to be funded with borrowed funds.
- Almost a three-fourths of all credit applications by enterprises were satisfied, granting the entire amount applied for.
- In the first half-year of 2014 the surveyed enterprises will further mainly use bank loans, overdraft and credit facilities; some 7 per cent of them are going to change their sources of funding. Large and construction business mostly plan to finance development through external financing sources, while small and medium-sized trade businesses plan the least. More than 27 per cent of enterprises already having financial liabilities, plan to increase their assumed liabilities, while about a tenth — to decrease.
- According to the surveyed enterprises, recently, the possibility to borrow or change the contractual terms of existing liabilities remains almost unchanged. About two-thirds of the enterprises having financial obligations to credit institutions believe that conditions for borrowing remained the same, however, there were more enterprises that indicated that lending conditions had tightened, than those that indicated that they had eased.

SUMMARY OF THE SURVEY RESULTS

1. Business Trends of Non-financial Enterprises

An increasing number of enterprises is recording improving operating results (see Chart 1). 84.2 per cent of enterprises noted that their main financial indicators did not decrease (for a third of enterprises they improved, while for half of surveyed enterprises — remained unchanged; see Table 1 in the Annex). About 77.2 per cent of surveyed enterprises indicated that the book value of their liabilities did not increase (the book value of liabilities of 12.8% of enterprises decreased, while for 56.5% — remained unchanged). Based on the survey results, the performance indicators of industrial enterprises improved most, i.e. the greatest share of industrial enterprises responded that the development of their major financial indicators improved, compared to the answers of enterprises engaged in other economic activities.

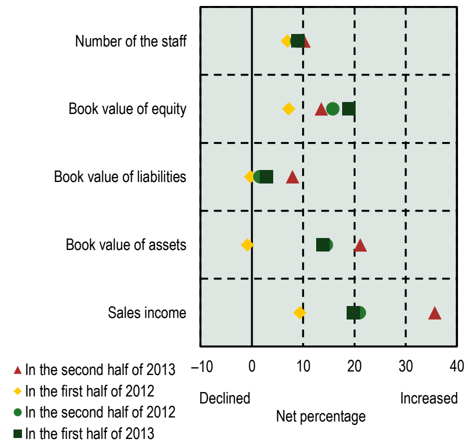
The share of enterprises earning a profit increased — 10.8 per cent of surveyed enterprises, which in the first half-year of 2013 operated at a loss, in the second half-year of 2013 earned a profit. In the second half-year of 2013, more than three fourths of surveyed enterprises indicated that they earned a profit. It should be noted that in the second half-year of 2013 the share of construction enterprises operating at a profit increased the most. In the second half of 2013, the share of enterprises engaged in construction economic activity that recorded a profit increased by more than 15.4 p.p., compared to the first half of 2013, and amounted to 71.4 per cent.

The share of enterprises increasing the number of employees did not change significantly and were close to a fifth. As in the previous survey, the most significant growth in the number of employees was in industrial enterprises, while in enterprises in other sectors in the aforementioned period the number of employees did not increase much.

The significance of experienced or possible challenges for the majority of enterprises was low (see Chart 2 and Table 2 in the Annex). For the enterprises participating in the survey the least challenges were posed by decreased financing sources, increased production costs and business partner indebtedness; on the other hand, more relevant were the issues of increased tax burden, competitiveness and lack of clients.

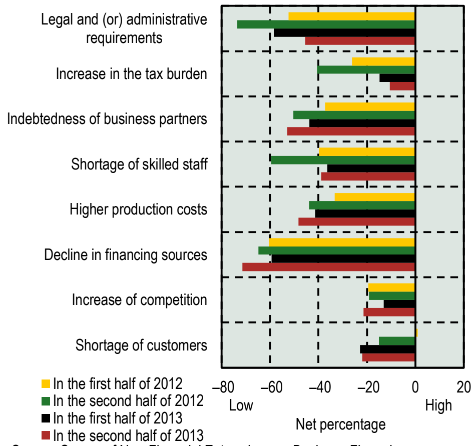
The importance of the above problems to the operation of the surveyed enterprises was assessed as being somewhat higher in the first half-year of 2014. On the other hand, in the first half-year of 2014 enterprises in all of the sectors indicated that the lack of qualified personnel and the increased tax burden should create greater challenges than before. Other challenges were more characteristic to particular sectors: increased production costs — industrial enterprises, increase in competitiveness — trade enterprises.

***Chart** 1. Changes in key financial indicators and number of employees of non-financial enterprises*



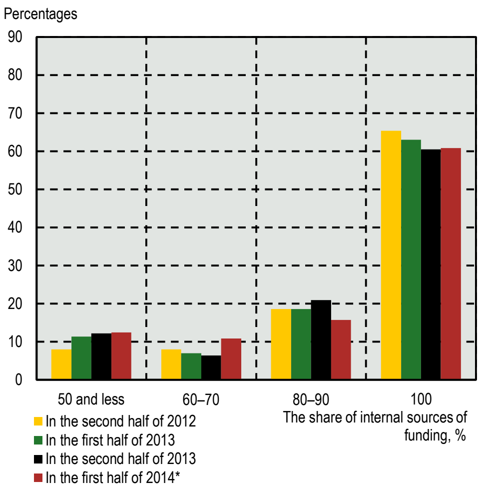
Source: Survey of Non-Financial Enterprises on Business Financing .
Note: Due to changed methodology, the results for the second half-year of 2012 and of subsequent surveys should not be compared with the previous surveys.

Chart 2. Significance of experienced or possible challenges



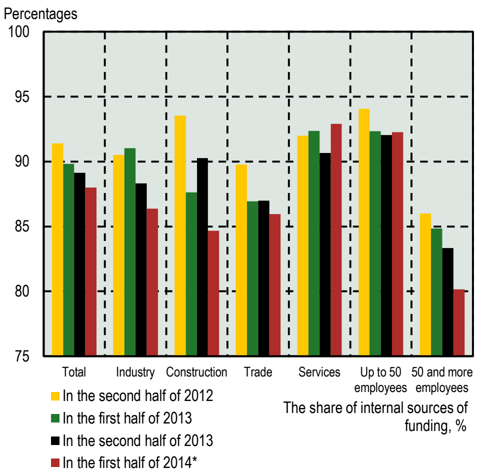
Source: Survey of Non-Financial Enterprises on Business Financing .
Note: Due to changed methodology, the results for the second half-year of 2012 and of subsequent surveys should not be compared with the previous surveys.

***Chart** 3. Breakdown of enterprises by source of satisfying business funding needs with internal resources*



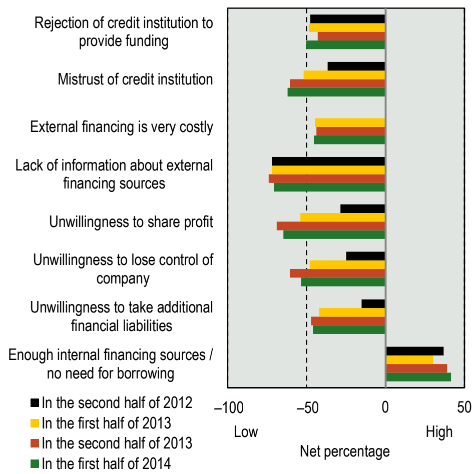
Source: Survey of Non-Financial Enterprises on Business Financing .
**Enterprises planning business expansion.*

***Chart** 4. Average share of business funding needs of an enterprise satisfied using internal financial resources*



Source: Survey of Non-Financial Enterprises on Business Financing .
**Enterprises planning business expansion.*

***Chart** 5 .Significance of factors that determined the choice of internal financial resources in satisfying business needs*



Sources: Survey of Non-Financial Enterprises on Business Financing.

2. Business Financing of Non-financial Enterprises and Its Sources

Although the share of enterprises dependent exclusively on internal financing remains the largest (60.5%), it is gradually decreasing (see Chart 3). The most significant influence on such a choice was made by sufficient internal financial sources, while the least importance was in the lack of information on attracting external financing sources, the unwillingness of enterprise owners to share profits or distrust in credit institutions. Construction and service enterprises were more prone to finance a larger share of operations through internal sources.

In the second half of 2013 enterprises satisfied on average one-tenth of their financing needs from external financing sources (see Chart 4). The most popular among them were bank loans (used by 29.3% of the enterprises surveyed, using external financing sources), leasing and factoring (26.3%), account overdrafts and credit lines (25.0%). Construction and trade enterprises used external resources less actively in the second half-year of 2013; however, construction enterprises intend to use external sources of funding more actively in the future.

The enterprises that in the first half-year of 2014 plan to borrow will continue to mainly use bank loans, account overdrafts and credit lines. About 7.0 per cent of the enterprises surveyed are planning to change their operation financing sources. Medium-sized and large enterprises, as well as industrial and construction enterprises, plan to do this for the most part. A substantial part of enterprises that plan to change their financing sources intend to more often use account overdrafts (2.0% pf surveyed enterprises) and bank loans (1.8%). In the coming half-year one of the most important financing sources for services enterprises will are going to be European Union funds.

Business development in the first half-year of 2014 is projected by over a third of the surveyed enterprises; about 10.9 per cent of the needs for this development are expected to be funded with borrowed funds. Large enterprises and trade enterprises plan the greatest expansion. The relatively insignificant increase of the use of borrowed funds stemmed from enterprises' available sufficient internal financial resources (see Chart 5). Large and trade enterprises mostly plan to finance through external financing sources, while small and services enterprises plan the least.

3. Assessment of Borrowing from Credit Institutions

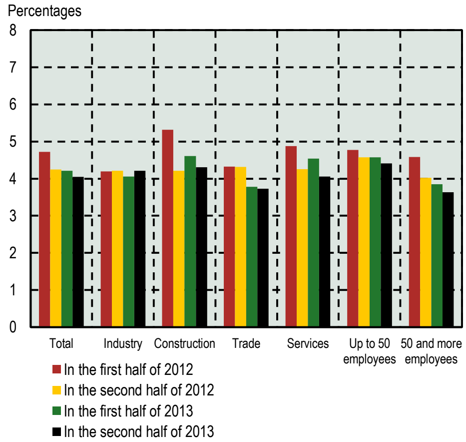
More than half of the surveyed enterprises reported that in the second half-year of 2013 they did not have any monetary liabilities to credit institutions that needed to be returned (see Table 3 of the Annex). Industrial and trade enterprises had more monetary liabilities to credit institutions. Three fourths of assumed liabilities to credit institutions were secured by collateral or guarantees. At the end of the second half-year of 2013 the largest share of liabilities to credit institutions relative to total book value of liabilities was assumed by industrial enterprises, the smallest— by construction enterprises.

In the second half of 2013, enterprises on the assumed financial obligations paid an average annual interest of 4.1 per cent (see Chart 6). Smaller interest (3.6%) was paid by large enterprises. For smaller enterprises that participated in the survey, the interest rate for assumed liabilities was larger (4.4%). Also, smaller interest was paid by trade enterprises (3.7%). More than a fifth of surveyed enterprises indicated that in the second half-year of 2013 interest decreased, while for three fourth of enterprises — remained unchanged.

In the second half-year of 2013 about one fifth of all surveyed enterprises applied to credit institutions to borrow or change the contractual terms and conditions of their current liabilities. Almost three fourths of all enterpeses' applications were satisfied, granting the entire amount applied for (see Chart 7). According to the surveyed enterprises, recently the possibility to borrow or change the contractual terms of existing liabilities remains almost unchanged, compared to the results of the previous survey.

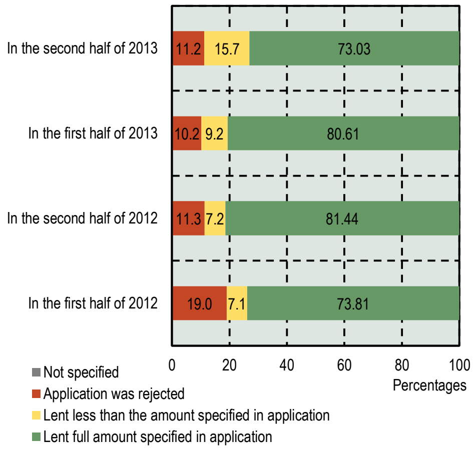
In the first half of 2014, 27.4 per cent of enterprises surveyed intend to increase their borrowing from credit institutions. Industrial enterprises plan to borrow most actively, while distribution enterprises — less actively. Non-financial enterprises will use the bulk of borrowed funds for the repair or acquisition of equipment, machinery and vehicles (40.4%) as well as for the acquisition of raw materials or supplies (33.4%), and the construction, reconstruction, rental or acquisition of buildings or engineering structures (12.3%, see Table 4 of the Annex).

***Chart** 6. Average annual interest rates on financial liabilities assumed by non-financial enterprises*



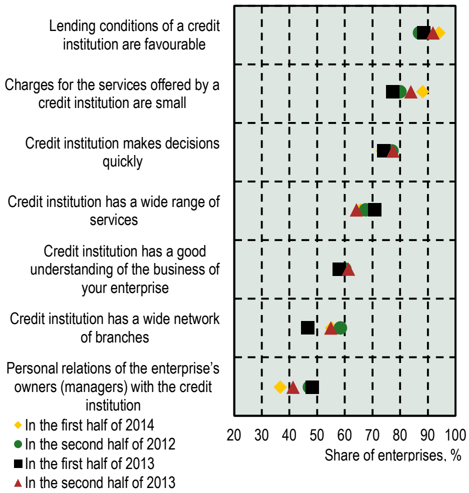
Sources: Survey of Non-Financial Enterprises on Business Financing
Note: Due to the changed survey methodology, the results thereof are incomparable with the previously conducted surveys

***Chart** 7. Satisfaction of applications for borrowing/changing the contractual terms and conditions of existing liabilities*



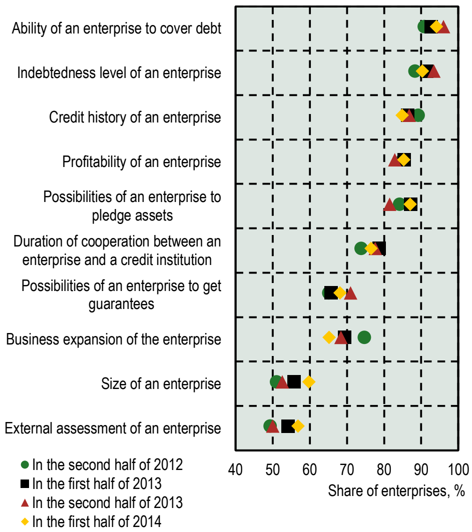
Source: Survey of Non-Financial Enterprises on Business Financing .
Note: Due to changed methodology, the results for the second half-year of 2012 and of subsequent surveys should not be compared with the previous surveys.

***Chart** 8. Share of enterprises that see the indicated factors as important and very important in the selection of a credit institution*



Source: Survey of Non-Financial Enterprises on Business Financing.

***Chart** 9. Share of enterprises that see the indicated factors as important or very important for credit institutions in making a decision on lending*



Source: Survey of Non-Financial Enterprises on Business Financing.

4. Relations Between Non-financial Enterprises and Creditors

The most important factors determining the selection of a credit institution were favourable credit standards of a credit institution, low service charges and quick decision-making (see Chart 8). In the perception of the surveyed enterprises, the most important factor for a credit institution in making a decision on lending was the ability of an enterprise to repay its debts, its current level of indebtedness, and credit history (see Chart 9). The least important factor specified by the enterprises was external assessment of their enterprise. The factors specified by the enterprises as important for a credit institution in making a decision on lending were almost the same among different-sized enterprises engaged in different economic activities.

The Review was prepared by
the Financial Stability Department
of the Economics and Financial Stability Service
of the Bank of Lithuania

ANNEX. RESULTS OF THE RESPONSES TO MAIN QUESTIONS

Table 1. Changes in key financial indicators and number of employees of non-financial enterprises by sector (unless otherwise specified, %)

	Industry	*Construction*	*Trade*	*Services*	*Small*	*Medium*	*Large*	Total
Sales income (net percentage)	**44.3**	**36.3**	**32.5**	**31.5**	**12.7**	**39.5**	**54.8**	**35.7**
Decreased	9.0	16.5	16.3	10.3	19.9	10.2	7.7	**12.6**
Remained unchanged	34.4	24.2	31.7	46.1	45.2	35.3	26.8	**35.7**
Increased	53.3	52.7	48.8	41.8	32.5	49.7	62.5	**48.3**
Unspecified	3.3	6.6	3.3	1.8	2.4	4.8	3.0	**3.4**
Book value of assets (net percentage)	**31.1**	**14.3**	**17.9**	**20.0**	**7.8**	**19.2**	**36.3**	**21.2**
Decreased	5.7	13.2	13.0	7.3	9.6	9.0	9.5	**9.4**
Remained unchanged	50.0	52.7	50.4	60.6	68.7	56.3	37.5	**54.1**
Increased	36.9	27.5	30.9	27.3	17.5	28.1	45.8	**30.5**
Unspecified	7.4	6.6	5.7	4.8	4.2	6.6	7.1	**6.0**
Book value of liabilities (net percentage)	**16.4**	**4.4**	**6.5**	**4.8**	**-2.4**	**4.2**	**22.0**	**8.0**
Decreased	11.5	9.9	18.7	10.9	8.4	15.0	14.9	**12.8**
Remained unchanged	47.5	63.7	47.2	66.1	76.5	55.7	37.5	**56.5**
Increased	27.9	14.3	25.2	15.8	6.0	19.2	36.9	**20.8**
Unspecified	13.1	12.1	8.9	7.3	9.0	10.2	10.7	**10.0**
Book value of equity (net percentage)	**12.3**	**15.4**	**17.9**	**10.3**	**3.6**	**10.2**	**26.8**	**13.6**
Decreased	9.8	6.6	8.9	6.7	7.2	9.6	7.1	**8.0**
Remained unchanged	58.2	64.8	57.7	68.5	74.7	64.1	49.4	**62.7**
Increased	22.1	22.0	26.8	17.0	10.8	19.8	33.9	**21.6**
Unspecified	9.8	6.6	6.5	7.9	7.2	6.6	9.5	**7.8**
Number of employees (net percentage)	**15.6**	**5.5**	**10.6**	**8.5**	**6.6**	**9.6**	**14.3**	**10.2**
Decreased	16.4	19.8	13.8	15.2	15.7	13.8	18.5	**16.0**
Remained unchanged	51.6	54.9	61.8	61.2	62.0	62.9	48.8	**57.9**
Increased	32.0	25.3	24.4	23.6	22.3	23.4	32.7	**26.1**
Unspecified	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Result of first half-year of 2013 (net percentage)	**52.5**	**22.0**	**43.1**	**41.2**	**45.8**	**33.5**	**43.5**	**40.9**
Profit	73.8	56.0	69.1	68.5	69.9	63.5	69.6	**67.7**
Loss	21.3	34.1	26.0	27.3	24.1	29.9	26.2	**26.7**
Unspecified	4.9	9.9	4.9	4.2	6.0	6.6	4.2	**5.6**
Result of second half-year of 2013 (net percentage)	**63.9**	**51.6**	**63.4**	**46.1**	**48.8**	**49.1**	**69.0**	**55.7**
Profit	81.1	71.4	80.5	72.1	72.3	73.1	83.3	**76.2**
Loss	17.2	19.8	17.1	26.1	23.5	24.0	14.3	**20.6**
Unspecified	1.6	8.8	2.4	1.8	4.2	3.0	2.4	**3.2**
Share of enterprises earning a profit in the second half-year of 2013 after operating at a loss in the first half-year of 2013	**2.6**	**3.2**	**3.2**	**1.8**	**1.8**	**4.0**	**5.0**	**10.8**
Share of enterprises operating at a loss in the second half-year of 2013 after earning a profit in the first half-year of 2013	**1.4**	**0.6**	**1.0**	**1.2**	**1.6**	**1.6**	**1.0**	**4.2**

Table 2. Significance of experienced or possible challenges and their likely development in the first half-year of 2014 (unless otherwise specified, %)

	Industry	*Construc-tion*	*Trade*	*Services*	*Small*	*Medium*	*Large*	**Total**
Shortage of clients in the second half-year of 2013 (net percentage)	**–31.1**	**–22.0**	**0.8**	**–30.3**	**–16.9**	**–13.8**	**–33.3**	**–21.4**
Low	50.0	41.8	31.7	48.5	39.8	38.3	52.4	**43.5**
Medium	29.5	36.3	32.5	30.9	34.9	34.1	26.8	**31.9**
High	18.9	19.8	32.5	18.2	22.9	24.6	19.0	**22.2**
Unspecified	1.6	2.2	3.3	2.4	2.4	3.0	1.8	**2.4**
Likely development of the shortage of clients in the first half-year of 2014 (net percentage)	**13.1**	**2.2**	**14.6**	**5.5**	**13.3**	**3.6**	**10.1**	**9.0**
Will decrease	3.3	18.7	10.6	10.3	6.6	15.0	8.9	**10.2**
Will remain unchanged	78.7	59.3	61.8	72.7	72.3	65.3	69.6	**69.1**
Will increase	16.4	20.9	25.2	15.8	19.9	18.6	19.0	**19.2**
Unspecified	1.6	1.1	2.4	1.2	1.2	1.2	2.4	**1.6**
Increase in competitive-ness in the second half-year of 2013 (net percent-age)	**–45.1**	**–25.3**	**5.7**	**–20.0**	**–21.7**	**–10.8**	**–29.8**	**–20.8**
Low	56.6	45.1	24.4	40.0	42.8	36.5	44.0	**41.1**
Medium	29.5	34.1	41.5	36.4	34.3	33.5	38.7	**35.5**
High	11.5	19.8	30.1	20.0	21.1	25.7	14.3	**20.4**
Unspecified	2.5	1.1	4.1	3.6	1.8	4.2	3.0	**3.0**
Likely development of the increase in competitive-ness in the first half-year of 2014 (net percentage)	**11.5**	**6.6**	**19.5**	**9.1**	**10.2**	**15.0**	**10.1**	**11.8**
Will decrease	0.8	7.7	4.9	4.8	3.6	6.0	3.6	**4.4**
Will remain unchanged	84.4	76.9	69.1	80.0	81.9	71.3	80.4	**77.8**
Will increase	12.3	14.3	24.4	13.9	13.9	21.0	13.7	**16.2**
Unspecified	2.5	1.1	1.6	1.2	0.6	1.8	2.4	**1.6**
Decrease in the sources of funding in the second half-year of 2013 (net percent-age)	**–75.4**	**–58.2**	**–57.7**	**–75.8**	**–74.7**	**–56.9**	**–72.6**	**–68.1**
Low	79.5	68.1	65.0	78.2	76.5	64.1	79.8	**73.5**
Medium	13.1	17.6	21.1	15.2	18.1	21.6	10.1	**16.6**
High	4.1	9.9	7.3	2.4	1.8	7.2	7.1	**5.4**
Unspecified	3.3	4.4	6.5	4.2	3.6	7.2	3.0	**4.6**
Likely development of the decrease in the sources of funding in the first half-year of 2014 (net percent-age)	**0.8**	**2.2**	**0.8**	**–3.6**	**–0.6**	**0.0**	**–0.6**	**–0.4**
Will decrease	3.3	6.6	5.7	7.3	3.6	8.4	5.4	**5.8**
Will remain unchanged	90.2	81.3	83.7	84.8	89.8	80.2	85.7	**85.2**
Will increase	4.1	8.8	6.5	3.6	3.0	8.4	4.8	**5.4**
Unspecified	2.5	3.3	4.1	4.2	3.6	3.0	4.2	**3.6**
Increased production cost in the second half-year of 2013 (net percentage)	**–40.2**	**–39.6**	**–53.7**	**–47.9**	**–59.6**	**–37.7**	**–40.5**	**–45.9**
Low	46.7	50.5	60.2	60.0	65.1	49.1	51.2	**55.1**
Medium	43.4	30.8	27.6	24.2	24.1	32.3	36.3	**30.9**
High	6.6	11.0	6.5	12.1	5.4	11.4	10.7	**9.2**
Unspecified	3.3	7.7	5.7	3.6	5.4	7.2	1.8	**4.8**
Likely development of the decrease in the sources of funding in the first half-year of 2014 (net percent-age)	**14.8**	**7.7**	**11.4**	**7.9**	**4.2**	**13.2**	**13.7**	**10.4**
Will decrease	2.5	8.8	4.9	5.5	4.8	6.6	4.2	**5.2**
Will remain unchanged	78.7	70.3	74.8	80.6	83.7	71.3	74.4	**76.4**
Will increase	17.2	16.5	16.3	13.3	9.0	19.8	17.9	**15.6**
Unspecified	1.6	4.4	4.1	1.8	2.4	2.4	3.6	**2.8**
Shortage of adequate staff in the second half-year of 2013 (net percentage)	**–53.3**	**–12.1**	**–38.2**	**–39.4**	**–42.8**	**–29.9**	**–39.9**	**–37.5**

Low	59.8	46.2	48.8	57.0	59.0	47.9	54.2	**53.7**
Medium	31.1	18.7	33.3	23.0	22.9	29.3	28.0	**26.7**
High	6.6	34.1	10.6	17.6	16.3	18.0	14.3	**16.2**
Unspecified	2.5	1.1	7.3	2.4	1.8	4.8	3.6	**3.4**
Likely development of the shortage of adequate staff in the first half-year of 2014 (net percentage)	**13.9**	**15.4**	**16.3**	**10.9**	**14.5**	**15.6**	**11.3**	**13.8**
Will decrease	3.3	5.5	2.4	3.6	3.0	3.6	4.2	**3.6**
Will remain unchanged	77.9	72.5	75.6	80.6	78.3	75.4	78.0	**77.2**
Will increase	17.2	20.9	18.7	14.5	17.5	19.2	15.5	**17.4**
Unspecified	1.6	1.1	3.3	1.2	1.2	1.8	2.4	**1.8**
Indebtedness of business partners in the second half-year of 2013 (net percentage)	**–71.3**	**–17.6**	**–46.3**	**–58.8**	**–55.4**	**–47.3**	**–51.2**	**–51.3**
Low	75.4	47.3	54.5	67.9	65.7	57.5	64.9	**62.7**
Medium	18.0	23.1	31.7	20.0	20.5	28.7	19.6	**23.0**
High	4.1	29.7	8.1	9.1	10.2	10.2	13.7	**11.4**
Unspecified	2.5	0.0	5.7	3.0	3.6	3.6	1.8	**3.0**
Likely development of the indebtedness of business partners in the first half-year of 2014 (net percent-age)	**4.1**	**0.0**	**–0.8**	**–3.6**	**0.6**	**–3.6**	**1.8**	**–0.4**
Will decrease	4.9	9.9	11.4	11.5	7.2	12.0	9.5	**9.6**
Will remain unchanged	83.6	75.8	74.0	78.8	81.9	76.6	76.2	**78.2**
Will increase	9.0	9.9	10.6	7.9	7.8	8.4	11.3	**9.2**
Unspecified	2.5	4.4	4.1	1.8	3.0	3.0	3.0	**3.0**
Increase in tax burden in the second half-year of 2013 (net percentage)	**–17.2**	**–5.5**	**–3.3**	**–13.3**	**–15.7**	**7.8**	**–23.2**	**–10.4**
Low	45.1	36.3	31.7	40.6	41.0	29.9	45.2	**38.7**
Medium	25.4	33.0	35.8	30.9	33.1	29.3	31.0	**31.1**
High	27.9	30.8	28.5	27.3	25.3	37.7	22.0	**28.3**
Unspecified	1.6	0.0	4.1	1.2	0.6	3.0	1.8	**1.8**
Likely development of the increase in tax burden in the first half-year of 2014 (net percentage)	**12.3**	**8.8**	**16.3**	**13.3**	**12.7**	**16.2**	**10.1**	**13.0**
Will decrease	2.5	4.4	0.0	2.4	1.2	3.6	1.8	**2.2**
Will remain unchanged	80.3	81.3	81.3	80.6	83.1	75.4	83.9	**80.8**
Will increase	14.8	13.2	16.3	15.8	13.9	19.8	11.9	**15.2**
Unspecified	2.5	1.1	2.4	1.2	1.8	1.2	2.4	**1.8**
Legal/administrative requirements in the sec-ond half-year of 2013 (net percentage)	**–42.6**	**–38.5**	**–41.5**	**–49.1**	**–51.2**	**–29.3**	**–50.6**	**–43.7**
Low	58.2	53.8	52.8	59.4	62.7	46.1	60.7	**56.5**
Medium	23.8	29.7	28.5	26.7	22.9	33.5	24.4	**26.9**
High	15.6	15.4	11.4	10.3	11.4	16.8	10.1	**12.8**
Unspecified	2.5	1.1	7.3	3.6	3.0	3.6	4.8	**3.8**
Likely development of legal/administrative re-quirements in the first half-year of 2014 (net percent-age)	**13.9**	**4.4**	**9.8**	**3.0**	**4.2**	**12.6**	**6.0**	**7.6**
Will decrease	2.5	4.4	1.6	3.0	2.4	3.6	2.4	**2.8**
Will remain unchanged	78.7	85.7	83.7	88.5	89.2	77.8	86.3	**84.4**
Will increase	16.4	8.8	11.4	6.1	6.6	16.2	8.3	**10.4**
Unspecified	2.5	1.1	3.3	2.4	1.8	2.4	3.0	**2.4**
Other challenges in the second half-year of 2013 (net percentage)	**–4.1**	**–11.0**	**–10.6**	**–5.5**	**–6.6**	**–6.6**	**–8.9**	**–7.4**
Low	5.7	12.1	10.6	6.7	8.4	7.2	9.5	**8.4**
Medium	4.1	11.0	3.3	2.4	7.2	6.0	0.6	**4.6**
High	1.6	1.1	0.0	1.2	1.8	0.6	0.6	**1.0**
Unspecified	88.5	75.8	86.2	89.7	82.5	86.2	89.3	**86.0**
Likely development of other challenges in the first half-year of 2014 (net percentage)	**1.6**	**–2.2**	**1.6**	**0.0**	**–0.6**	**0.0**	**1.8**	**0.4**

Will decrease	0.8	4.4	0.8	1.2	1.8	1.8	1.2	**1.6**
Will remain unchanged	21.3	25.3	22.0	28.5	30.1	24.6	19.0	**24.6**
Will increase	2.5	2.2	2.4	1.2	1.2	1.8	3.0	**2.0**
Unspecified	75.4	68.1	74.8	69.1	66.9	71.9	76.8	**71.9**

Table 3. Breakdown of enterprises by source of satisfying business funding needs (%)

	Industry	Construc-tion	Trade	Services	Small	Medium	Large	Total
Breakdown of enterprises by source of satisfying business funding needs with internal resources								
50 and less	14.8	9.9	13.8	10.3	3.6	14.4	18.5	**12.2**
60–70	4.1	9.9	8.9	4.2	0.0	7.8	11.3	**6.4**
80–90	24.6	14.3	22.8	20.6	8.4	23.4	31.0	**21.0**
100	56.6	65.9	54.5	64.8	88.0	54.5	39.3	**60.5**
Breakdown of enterprises by intention of satisfying business funding needs with internal resources								
50 and less	18.2	16.7	13.2	5.3	3.4	10.0	23.1	**12.5**
60–70	4.5	16.7	13.2	10.5	3.4	13.3	15.4	**10.9**
80–90	18.2	13.3	17.0	14.0	8.5	21.7	16.9	**15.8**
100	59.1	53.3	56.6	70.2	84.7	55.0	44.6	**60.9**
Share of enterprises that did not have monetary liabilities to credit institu-tions that needed to be returned	**45.9**	**59.3**	**46.3**	**57.6**	**78.9**	**46.7**	**31.5**	**52.3**
Share of enterprises, the liabilities of which are secured by collateral or guarantees	**83.3**	**73.0**	**75.8**	**71.4**	**51.4**	**73.0**	**86.1**	**76.2**
Average annual interest rates on financial liabilities assumed by non-financial enterprises	***4.21***	***4.31***	***3.73***	***4.06***	***4.52***	***4.36***	***3.63***	***4.05***
Significance of factors that determined the choice of internal financial re-sources in satisfying business needs								
Sufficient internal sources of funding or lack of the need to borrow (net percentage)	41.3	44.0	37.5	53.2	49.4	36.4	48.6	**41.3**
Unwillingness of owners of an enterprise to assume additional liabilities (net percentage)	–47.7	–46.4	–53.6	–50.6	–53.7	–43.0	–52.7	**–45.9**
Unwillingness of owners of an enterprise to lose control over management of the enterprise (net percent-age)	–63.3	–57.1	–48.2	–62.2	–65.4	–47.7	–60.8	**–53.5**
Unwillingness of owners of an enterprise to share profits earned (net percent-age)	–73.4	–66.7	–69.6	–70.5	–83.3	–56.3	–70.3	**–64.7**
Lack of information or not knowing how to attract external financing sources (net percentage)	–81.7	–73.8	–77.7	–74.4	–75.9	–71.5	–83.1	**–70.7**
Overpriced cost of exter-nal financing sources (net percentage)	–45.9	–47.6	–47.3	–53.8	–51.2	–33.8	–62.8	**–45.3**
Distrust in system of credit institutions (net percentage)	–65.1	–67.9	–70.5	–66.7	–65.4	–58.3	–79.1	**–62.1**
Refusal of credit institu-tions of other lenders to provide funding (net per-centage)	–56.9	–48.8	–52.7	–57.7	–56.2	–48.3	–59.5	**–50.3**
Instruments for funding enterprise operations (share of enterprises using instruments)								
Internal resources	100.0	98.9	99.2	99.4	100.0	98.8	99.4	**99.4**
Account overdraft and credit	30.3	22.0	32.5	17.0	7.8	23.4	43.5	**25.0**

lines								
Bank loans	34.4	22.0	34.1	26.1	9.6	31.1	47.0	**29.3**
Leasing, factoring	27.0	26.4	27.6	24.8	9.6	27.5	41.7	**26.3**
Increase of share capital (new issue of enterprise stocks)	4.1	2.2	9.8	1.8	1.8	6.6	4.8	**4.4**
Issue of debt securities	2.5	2.2	3.3	1.8	0.6	3.0	3.6	**2.4**
Use of money from EU funds	13.9	6.6	12.2	7.3	3.0	9.6	17.3	**10.0**
Trade credits	4.9	7.7	14.6	1.8	3.0	7.2	10.1	**6.8**
Financial aid from state/municipality	4.1	4.4	7.3	4.8	1.8	6.0	7.7	**5.2**
Other	13.1	9.9	7.3	6.1	4.8	9.6	11.9	**8.8**
Share of enterprises planning to change operation financing sources	**8.2**	**9.9**	**5.7**	**5.5**	**5.4**	**7.2**	**8.3**	**7.0**
Foreseen changes of enterprise operation financing instruments (p.p.)								
Internal resources	–0.2	0.0	0.0	0.0	–0.2	–0.2	0.2	**–0.2**
Account overdrafts and credit lines	0.8	0.8	0.4	0.0	0.2	1.0	0.8	**2.0**
Bank loans	0.8	0.8	–0.2	0.4	0.4	–0.2	1.6	**1.8**
Leasing, factoring	0.2	0.8	0.2	0.0	1.0	0.0	0.2	**1.2**
Increase of share capital (new issue of enterprise stocks)	0.0	0.2	–0.2	0.2	0.2	0.0	0.0	**0.2**
Issue of debt securities	0.0	0.0	–0.2	0.0	0.0	–0.2	0.0	**–0.2**
Use of money from EU funds	0.0	0.2	–0.2	0.4	0.0	0.0	0.4	**0.4**
Trade credits	0.0	0.6	0.0	0.0	0.2	0.0	0.4	**0.6**
Financial aid from state/municipality	0.0	0.2	–0.2	0.0	0.0	–0.2	0.2	**0.0**
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Share of enterprises planning to expand in the first half-year of 2014	**36.1**	**33.0**	**43.1**	**34.5**	**35.5**	**35.9**	**38.7**	**36.7**
Average weighted share of enterprises planning expansion using external financing resources	**11.7**	**9.7**	**13.0**	**9.3**	**3.0**	**12.9**	**16.7**	**10.9**
Satisfaction of applications for borrowing and/or changing the contractual terms and conditions of existing liabilities								
Application was rejected	13.6	4.8	12.0	14.3	44.4	6.1	8.5	**11.2**
Lent less than amount applied for	13.6	19.0	12.0	19.0	22.2	18.2	12.8	**15.7**
Lent entire amount applied for	72.7	76.2	76.0	66.7	33.3	75.8	78.7	**73.0**
Change of need for enterprises to borrow from credit institutions (net percentage)	**22.7**	**22.7**	**3.1**	**20.5**	**31.7**	**12.6**	**15.0**	**16.9**
Decreased	9.1	6.8	16.9	8.2	4.9	11.5	11.7	**10.5**
Remained unchanged	59.1	63.6	63.1	63.0	58.5	64.4	61.7	**62.1**
Increased	31.8	29.5	20.0	28.8	36.6	24.1	26.7	**27.4**

Table 4. Use of funds from external financing sources by enterprises that responded to this question (%, sample of respondents — 249 enterprises)

	Total
Construction, reconstruction, purchase/renting of buildings and engineering structures	**16.5**
Repair, purchase/rental of equipment, machinery, transport vehicles	**53.8**
Purchase of raw materials, fuel, goods for resale	**44.6**
Other	**18.5**

Table 5. Assessment of borrowing possibilities of enterprises and of service standards of credit institutions by enterprises that responded to the questions (unless otherwise specified, %; sample of respondents — 89 enterprises)

	Total
Change in borrowing possibilities (net percentage)	**6.7**
Decreased	**11.2**
Remained unchanged	**70.8**
Increased	**18.0**
Change in service standards of credit institutions (net percentage)	**–5.6**
Eased	**20.2**
Remained unchanged	**65.2**
Tightened	**14.6**