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REVIEW

OF THE SURVEY OF NON-FINANCIAL ENTERPRISES ON BUSINESS FINANCING

2015

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REVIEW OF THE SURVEY OF NON–FINANCIAL ENTERPRISES ON BUSINESS FINANCING 2015 / 1

The Survey of Non-Financial Enterprises on Business Financing is aimed at the assessment of the demand of non-financial enterprises for financial resources, changes in borrowing from credit and other financial institutions as well as developments in credit standards, also at obtaining information on the financial standing and developments in the 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, commissioned by the Bank of Lithuania, was used.

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 February–March 2015; 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). Further in this Survey, enterprises having less than 9 employees are referred to as small enterprises, those having more than 10 but less than 50 employees — medium enterprises, and those with more than 50 employees — large enterprises.[3]

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

Number of employees	Industry	Construction	Trade	Services	Total
1–9	30	30	42	65	167
10–49	35	30	51	59	175
50 and more	59	28	29	43	159
Total	124	88	122	167	501

The average operating period of the surveyed enterprises is 14 years. Slightly more than 88 per cent of the surveyed enterprises operated as private or public limited liability companies, while the rest of them included 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	6	2	5	2	15
Kaunas	42	22	25	40	129
Klaipėda	9	6	8	18	41
Marijampolė	2	5	8	2	17
Panevėžys	9	7	6	5	27
Šiauliai	12	9	9	10	40
Tauragė	5	1	4	3	13
Telšiai	3	7	3	1	14
Utena	6	0	3	5	14
Vilnius	30	29	51	81	191
Total	124	88	122	167	501

The Survey consists of three parts. The first part summarises the data on the development of key financial indicators of enterprises. The second part examines funding of enterprises and its sources. The third part — assessment of the borrowing of enterprises from credit institutions and the relations between enterprises and creditors are covered.

In the 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.

Net percentage is defined as the difference between the percentage of enterprises that responded with “tightening of credit standards” and the percentage of banks that responded with “easing of credit standards”. A positive net percentage means that enterprises believe that credit institutions have tightened and a negative net percentage (with a minus sign) — that they have eased their credit standards. The analogous differences in percentages are explained by calculating changes in financial indicators (or the factor’s importance, its change): positive difference of percentages means that the indicators increased (importance is great, will increase), negative — that it decreased (importance is low, will decrease).

[1] 1 In this Survey, credit and other financial institutions are commercial banks, credit unions, leasing companies and other investment undertakings, from which non-financial enterprises borrow financial resources.
[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 applied 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

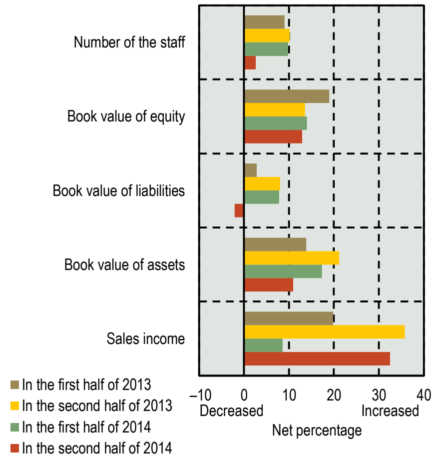
- The performance results of non-financial undertakings improved over the second half year of 2014. Slightly more than half of the enterprises participating in the Survey noted, that their sales income increased in the period under review, while a fifth of respondents claimed, that they remained unchanged. In addition, there was an increase in enterprises that were able to decrease the whole burden of liabilities. Compared to the previous half-year, there were 7.5 p.p. more such enterprises (27.1%).
- The major share of enterprises identified the tax burden as the main challenge, again. Also, the Survey's participants identified increased competition and shortage of customers as the most important challenges. The least problems for enterprises were raised by a lack of financing sources, increase in production costs and business partner indebtedness. In the opinion of the surveyed enterprises the importance of most of the challenges identified in the first half year of 2015 should decrease; however, it is believed that there will be a more tense situation due to increase in competition and production costs.
- Internal resources continue to be the main business financing instrument. The most significant influence on selecting such a financing instrument was had by sufficient internal resources and large external financing costs. Nevertheless, in the future, enterprises plan to borrow more actively. The share of enterprises planning expansion by using external financial resources increased by 3.6 p.p., compared to the previous half-year and amounted to 25.4 per cent.
- Traditional external financing instruments (bank loans, leasing, trade credits) continued to be more popular than alternative financing instruments (venture capital funds, angel investors, crowd funding, mezzanine financing). Although nearly three thirds of enterprises planning to expand indicated that they are familiar with alternative financing instruments, the absolute majority claimed that they never used them, as there was no need to.
- In the second half-year of 2014 about 14.8 per cent of all surveyed enterprises (2.3 p.p. less that half a year ago) applied to credit institutions to borrow or change the contractual terms and conditions of their current liabilities. Three fifths of all requests were satisfied and the entire requested sum was granted, i.e. almost as much as half a year ago. A fourth of the Survey's respondents, who applied to credit institutions, indicated that borrowing availability improved over the half year, while for half of the enterprises — remained unchanged. Respondents most often indicated that possibilities for borrowing were more favourable due to decreased interest rates.

SUMMARY OF THE SURVEY RESULTS

1. Business Trends of Non-Financial Enterprises

The operating results of more than half of the enterprises participating in the Survey improved over the second half of 2014. 54.5 per cent of respondents claimed that their sales income in the period under review increased, while a fifth of the Survey's participants claimed, that they were unchanged (see Chart 1 and Table 1 in the Annex). There were almost 17.0 p.p more enterprises, which were able to increase turnover, than in the previous half-year. Most often it was the income of enterprises engaged in construction (59.1%) activities, while most rarely — engaged in trade activities (47.5%). In addition, the results of the survey indicated that there was an increase in enterprises that were able to decrease the burden of liabilities. Slightly more than 27 per cent of respondents claimed that their liabilities in the second half-year of 2014 decreased (7.5 p.p. more than in the previous half-year). The level of indebtedness was successfully decreased mostly by large enterprises (37.1%) and enterprises engaged in industrial activities.

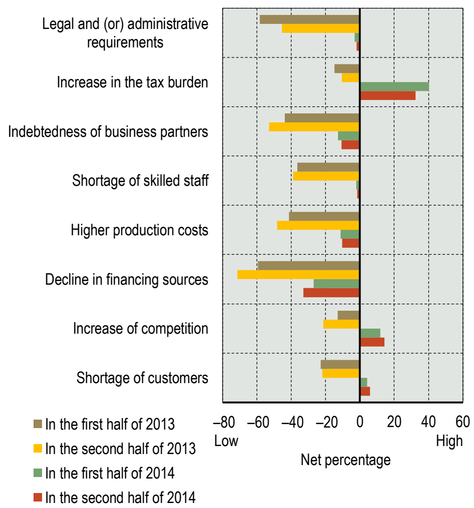
Chart 1. Changes in key financial indicators and number of employees of non-financial enterprises



Source: Survey of Non-Financial Enterprises on Business Financing

In the second half of 2014, the share of enterprises operating profitably remained large (65.1%); however over the half-year the profitability performance deteriorated (the share of profitable enterprises was smaller by 9.4 p.p.). Almost 6.0 per cent of enterprises, which in the first half year of 2014 operated at a loss, in the second half year of 2014 operated profitably. At the same time, 13.8 per cent of enterprises operated at a loss in the second half year of 2014 and earned a profit in the first half-year. The majority of profitable enterprises operated in the trade sector, while the lowest amount of profitable undertakings — in the construction sector (see Table 1 of the Annex).

Chart 2. Value of the challenges experienced by non-financial enterprises.



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

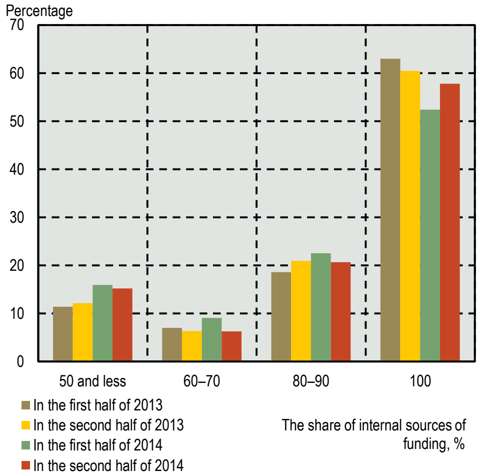
The results of the Survey indicated that the changes in the number of employees in enterprises was lower. Almost a fourth of respondents indicated that they had increased the number of employees. Compared to the previous half-year, number of such enterprises decreased by 5.1 p.p. (to 23.6%), while the share of enterprises where the number of employees remained unchanged grew (by 5.4 p.p. to 54.9%). Most often the number of employees increased in enterprises engaged in construction activities (30.7%), while more rarely — trade (20.5%).

The tax burden continued to be the greatest concern for enterprises; however, its importance decreased, while the lack of financing sources was among the factors raising the least issues (see Chart 2 and Table 2 of the Annex). Almost half of the Survey's participants indicated that in the second half of 2014 the tax burden was great, but there are 5.0 p.p. less such enterprises than in the previous half-year (see Chart 2 and Table 2 of the Annex). The tax burden raised the most concerns for small and medium-sized enterprises (53.9% and 48.6% respectively). The participants of the Survey, as challenges of increasing significance, indicated an increase in competition and lack of customers, while the least issues were raised by production costs, indebtedness of business partners and financing sources (see Table 2 of the Annex). According to the data of the Survey, industrial and trade companies encountered the lack of financing sources the least, while enterprises engaged in construction activities felt the greatest need for such sources.

In the opinion of the Survey participants the importance of the challenges identified by many in the first half year of 2015 will decrease; however, it is believed that there will be a tenser situation due to competition and increase in production costs. Slightly more than a third of the surveyed enterprises believed that competition in the future will increase (half a year ago, 6.6 p.p. less enterprises had such expectations), while increasing production costs were accented by 37.7 per cent of enterprises as a future issue (5.2 p.p. more than in the previous half year).

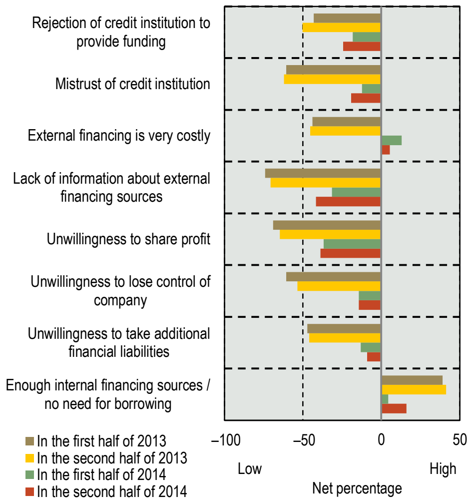
The enterprises participating in the survey were asked whether the conflict taking place between Ukraine and Russia will impact the financial situation of the enterprises. Almost two thirds of the respondents indicated that this conflict would not be significant in regards to their financial situation. On the other hand, a fifth of those surveyed claimed that profitability could decrease, although the discharge of debt liabilities will not deteriorate as a result.

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



Sources: Survey of Non-Financial Enterprises on Business Financing

Chart 4. Significance of factors that determined the choice of internal financial resources in satisfying business needs



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

2. Funding of the Business of Non-Financial Enterprises and Its Sources

The share of enterprises dependent only on domestic financing sources remains the largest (see Table 3 of the Annex). Almost three fifths of the Survey participants indicated that they financed their activities using only domestiv sources (see Chart 3). The most significant impact on the choice of internal financing sources was from the large external financing costs and sufficient internal resources, while least important was the unwillingness of enterprise owners to share profits, shortage of information on the drawing in of external financing sources as well as the refusal of credit institutions to provide funding (see Chart 4).

Although domestic sources were the primary means of business financing, in the future their importance should drop. The results of the Survey showed that only 38.6 of surveyed enterprises plan to finance their businesses expansion with domestic sources only, while in the second half year of 2014, 57.8 per cent of economic entities financed their development in such a way (see Table 3 of the Annex). The weighted average share of enterprises planning expansion financed by external financial resources also increased (by 3.6 p.p. over half a year — to 25.4%); the largest increase was in enterprises engaged in industrial activities (by 7.4 p.p. — to 30.7%).

Traditional financing instruments (bank loans, leasing, trade credit) continued to be the most popular among external financing instruments. Slightly more than two fifths of the Survey's participants indicated that in financing their activities they use leasing services, while respondents with a credit line (or overdraft), bank loan or trade credit amounted to 32.9, 27.3 and 27.9 per cent respectively (see Table 3 of the Annex). Large enterprises and enterprises engaged in manufacturing activities were most likely to use traditional financing instruments.

Although a rather large share of enterprises planning to expand indicated that they are familiar with alternative financing instruments (venture capital funds, angel investors, crowd funding, mezzanine financing), the absolute majority claimed that they did not use them. Slightly more than three fourths of the respondents replied that they had heard of at least one of the indicated alternative financing sources; however, barely 3.5 per cent of enterprises had a chance to use them in financing business expansion. Most widely known are venture and private equity funds (67.7%), while least known — mezzanine financing (12.5%). Almost three fourths of enterprises claimed that they do not use alternative financing instruments, as they do not have the need.

In the future, the popularity of bank loans should increase the most, while of debt securities — decrease. Almost half of enterprises planning to change their financing sources had begun to use bank loans or wanted to step up their use.

3. Assessment of Borrowing from Credit Institutions

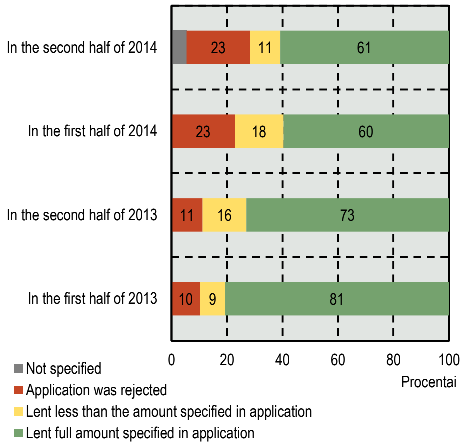
More than half of the surveyed enterprises reported that in the second half-year of 2014 they did not have any financial liabilities to credit institutions (see Chart 3 of the Annex). The largest share of respondents, having financial liabilities to credit institutions was among large (68.5%) enterprises, while the smallest — among small and medium-sized enterprises (31.7% and 44.6% respectively). Slightly more than two thirds of surveyed enterprises indicated that the execution of their liabilities to credit institutions was secured by pledged assets or guarantees. Small enterprises were less willing to pledge their assets than large enterprises (69.8% and 72.5 % respectively). Enterprises engaged in construction activities secured their liabilities with pledged assets or guarantees most often (78.6%), while this was most rarely done by enterprises providing services (65.4%). A third of enterprises had also secured their liabilities with warranty of natural persons. Slightly more than four fifths of such respondents indicated that the main reason for the appearance of such warranties was the initial condition for the granting of loans.

In the second half year of 2014 14.8 per cent of all enterprises participating in the survey applied to credit institutions for borrowing or changing the terms and conditions of the current liabilities, three fifths of these requests were satisfied and the entire requested amount was given (see Chart 5). The primary reason for the not satisfying or not fully satisfying applications was the same as in earlier periods — i.e. the poor financial position of the enterprises. Half of the Survey's respondents, who applied to credit institutions, believed that the borrowing availability remained almost the same over the half year, while for a fourth of the enterprises — improved. Most respondents (18.9%) indicated that the opportunities for borrowing were more favourable due to decreased interest rates, while the greatest concern was mostly raised by the increase in other borrowing costs (18.9%).

In the first half of 2015, the requirement for borrowing from credit institutions increased (7.3%). Slightly more than a fifth of enterprises indicated that their planned borrowing requirement grew (see Table 3 of the Annex). The greatest need for loans was felt by construction enterprises, while the least — by trade enterprises. As in last half-year, non-financial enterprises will use borrowed funds for the repair or acquisition of equipment, machinery and vehicles (52.0%), for the acquisition of raw materials or supplies (37.6 %), and the construction, reconstruction, rental or acquisition of buildings or engineering structures (16.2 %, see Table 5 of the Annex).

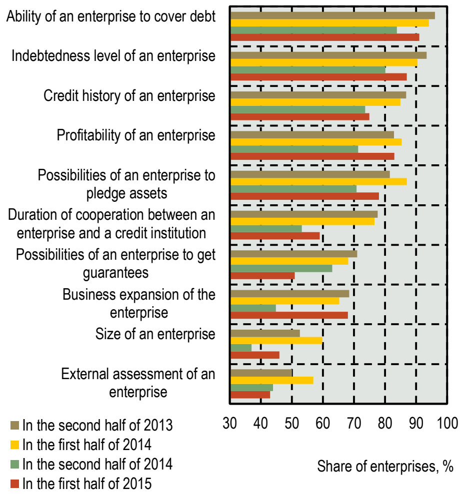
The most important factors determining the selection of a credit institution were favourable credit standards of a credit institution, low service charges and quick decision–making (see Chart 7 of the Annex). In the perception of the surveyed enterprises, the most important factors for a credit institution in making a decision on lending remained the same as half a year ago: the ability of an enterprise to repay its debts, its level of indebtedness and profitableness (see Chart 6). In the opinion of the Survey participants, the importance of profitability grew the most, while of guarantees — the least.

Chart 5. Satisfaction of applications for borrowing/changing the contractual terms and conditions of existing liabilities



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

Chart 6. Share of enterprises that see the indicated factors as important for credit institutions in making a decision on lending



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

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

ANNEX. RESULTS OF ANSWERS TO THE MAIN QUESTIONS (second half-year of 2014)

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

	Industry	*Construc-tion*	*Trade*	*Services*	*Low*	*Medium*	*High*	**Total**
Sales income (net percentage)	**36.3**	**39.8**	**21.3**	**34.1**	**24.5**	**27.4**	**46.5**	**32.5**
Decreased	20.2	19.3	26.2	21.6	21.6	26.9	17.0	22.0
Remained unchanged	20.2	17.0	23.0	20.4	28.1	17.1	15.7	20.4
Increased	56.5	59.1	47.5	55.7	46.1	54.3	63.5	54.5
Unspecified	3.2	4.5	3.3	2.4	4.2	1.7	3.8	3.2
Book value of assets (net percentage)	**5.7**	**10.2**	**12.2**	**14.3**	**13.2**	**2.9**	**17.6**	**10.9**
Decreased	26.6	21.6	14.8	18.6	13.2	21.7	25.8	20.2
Remained unchanged	36.3	40.9	54.9	44.3	55.1	50.3	26.4	44.3
Increased	32.3	31.8	27.0	32.9	26.4	24.6	43.4	31.1
Unspecified	4.8	5.7	3.3	4.2	5.4	3.4	4.4	4.4
Book value of liabilities (net percentage)	**–1.6**	**4.5**	**–3.3**	**–5.3**	**0.0**	**–3.4**	**–3.1**	**–2.1**
Decreased	30.6	23.9	27.9	25.7	16.8	28.0	37.1	27.1
Remained unchanged	35.5	39.8	41.8	48.5	58.1	42.9	24.5	42.1
Increased	29.0	28.4	24.6	20.4	16.8	24.6	34.0	25.0
Unspecified	4.8	8.0	5.7	5.4	8.4	4.6	4.4	5.8
Book value of equity (net percentage)	**10.4**	**18.2**	**13.1**	**12.0**	**11.4**	**5.7**	**22.7**	**12.9**
Decreased	20.2	9.1	13.9	10.8	10.2	12.6	18.2	13.6
Remained unchanged	45.2	54.5	54.9	59.9	58.7	65.7	36.5	54.1
Increased	30.6	27.3	27.0	22.8	21.6	18.3	40.9	26.5
Unspecified	4.0	9.1	4.1	6.6	9.6	3.4	4.4	5.8
Number of employees (net percentage)	**0.8**	**5.7**	**4.9**	**0.6**	**3.0**	**–1.7**	**6.9**	**2.6**
Decreased	23.4	25.0	15.6	21.0	18.0	21.7	23.3	21.0
Remained unchanged	51.6	43.2	63.9	56.9	59.9	58.3	45.9	54.9
Increased	24.2	30.7	20.5	21.6	21.0	20.0	30.2	23.6
Unspecified	0.8	1.1	0.0	0.6	1.2	0.0	0.6	0.6
Result of first half-year of 2014 (net percentage)	**53.2**	**50.0**	**61.5**	**55.1**	**49.7**	**52.6**	**64.1**	**55.3**
Profit	73.4	70.5	77.1	75.5	70.7	72.6	80.5	74.5
Loss	20.2	20.5	15.6	20.4	21.0	20.0	16.4	19.2
Unspecified	6.5	9.1	7.4	4.2	8.4	7.4	3.1	6.4
Result of second half-year of 2014 (net percentage)	**37.9**	**27.0**	**56.5**	**33.6**	**31.8**	**36.0**	**44.6**	**37.4**
Profit	66.1	53.4	75.4	62.9	61.1	64.0	70.4	65.1
Loss	28.2	36.4	18.9	29.3	29.3	28.0	25.8	27.7
Unspecified	5.7	10.2	5.7	7.8	9.6	8.0	3.8	7.2
Share of enterprises that experienced losses in the first half of 2014, but which in the second half-year earned a profit	**4.0**	**5.7**	**7.4**	**6.0**	**6.6**	**5.1**	**5.7**	**5.8**
Share of enterprises that earned a profit in the first half of 2014, but which in the second half-year experienced losses	**12.1**	**19.3**	**9.8**	**15.0**	**13.8**	**12.6**	**15.1**	**13.8**

Table 2. Significance of experienced or possible challenges and their likely development in the first half-year of 2015 (unless otherwise specified, %)

	Industry	Construction	Trade	Services	Low	Medium	High	Total
Shortage of customers in the second half-year of 2014 (net percentage)	**–0.8**	**–5.6**	**28.7**	**0.6**	**3.5**	**17.7**	**–4.4**	**5.9**
Low	28.2	26.1	12.3	24.6	24.6	17.7	26.4	22.8
Medium	41.1	51.1	46.7	45.5	45.5	44.0	47.8	45.7
High	27.4	20.5	41.0	25.2	28.1	35.4	22.0	28.7
Unspecified	3.2	2.3	0.0	4.8	1.8	2.9	3.8	2.8
Shortage of customers in the first half-year of 2015 (net percentage)	**8.9**	**6.8**	**14.8**	**1.8**	**–1.8**	**11.4**	**13.2**	**7.6**
Will decrease	15.3	17.1	16.4	19.2	25.2	16.0	10.1	17.2
Will remain unchanged	51.6	52.3	45.1	49.1	40.7	48.6	59.1	49.3
Will increase	24.2	23.9	31.2	21.0	23.4	27.4	23.3	24.8
Unspecified	8.9	6.8	7.4	10.8	10.8	8.0	7.6	8.8
Increase in competition in the second half-year of 2014 (net percentage)	**-4.0**	**14.8**	**35.3**	**12.5**	**8.3**	**24.6**	**9.5**	**14.3**
Small	25.8	13.6	9.0	19.8	19.8	11.4	22.0	17.6
Medium	46.0	53.4	45.9	38.9	47.9	45.7	40.9	44.9
High	21.8	28.4	44.3	32.3	28.1	36.0	31.5	31.9
Unspecified	6.5	4.6	0.8	9.00	4.2	6.9	5.7	5.6
Likely development of the increase in competition in the first half-year of 2015 (net percentage)	**22.6**	**36.3**	**40.2**	**30.5**	**28.7**	**34.9**	**32.1**	**31.9**
Will decrease	3.2	2.3	4.1	2.4	4.8	3.4	0.6	3.00
Will remain unchanged	62.1	50.0	44.3	51.5	52.1	46.9	57.9	52.1
Will increase	25.8	38.6	44.3	32.9	33.5	38.3	32.7	34.9
Unspecified	8.9	9.1	7.4	13.2	9.6	11.4	8.8	10.0
Decrease in the sources of funding in the second half-year of 2014 (net percentage)	**–37.1**	**–22.7**	**–40.2**	**–29.9**	**–28.1**	**–22.9**	**–49.0**	**–32.9**
Low	50.8	39.8	52.5	45.5	45.5	38.9	59.1	47.5
Average	23.4	26.1	13.9	21.6	17.4	25.1	20.1	21.0
High	13.7	17.1	12.3	15.6	17.4	16.0	10.1	14.6
Unspecified	12.1	17.1	21.3	17.4	19.8	20.0	10.7	17.0
Likely development of the decrease in the sources of funding in the first half- year of 2015 (net percentage)	**3.2**	**0.0**	**–0.8**	**1.2**	**0.6**	**1.7**	**0.6**	**1.0**
Will decrease	8.1	11.4	9.8	7.8	10.8	8.0	8.2	9.0
Will remain unchanged	62.9	58.0	56.6	59.9	52.1	58.9	67.9	59.5
Will increase	11.3	11.4	9.0	9.0	11.4	9.7	8.8	10.0
Unspecified	17.7	19.3	24.6	23.4	25.8	23.4	15.1	21.6
Increased production costs in the second half-year of 2014 (net percentage)	**–1.6**	**–4.5**	**–19.7**	**–13.1**	**–23.9**	**–2.3**	**–5.1**	**-10.3**
Low	25.8	28.4	35.3	31.7	43.1	23.4	25.2	30.5
Average	46.8	39.8	33.6	41.3	27.0	48.0	46.5	40.5
High	24.2	23.9	15.6	18.6	19.2	21.1	20.1	20.2
Unspecified	3.2	8.0	15.6	8.4	10.8	7.4	8.2	8.8
Likely development of increased production costs in the first half- year of 2015 (net percentage)	**30.6**	**30.7**	**22.1**	**30.5**	**23.9**	**27.4**	**34.6**	**30.5**
Will decrease	6.5	11.4	7.4	5.4	6.6	10.9	3.8	7.2
Will remain unchanged	47.6	35.2	47.5	46.7	47.9	41.1	46.5	45.1
Will increase	37.1	42.1	29.5	35.9	30.5	38.3	38.4	37.7
Unspecified	8.9	11.4	15.6	12.0	15.0	9.7	11.3	12.0
Shortage of adequate staff in the second half-year of 2014 (net percentage)	**–1.6**	**25.0**	**15.5**	**–5.4**	**–9.0**	**8.6**	**-5.0**	**–1.6**
Low	29.0	18.2	38.5	34.1	38.3	25.1	30.2	31.1
Average	38.7	33.0	32.0	28.7	23.4	34.9	40.3	32.7
High	27.4	43.2	23.0	28.7	29.3	33.7	25.2	29.5
Unspecified	4.8	5.7	6.6	8.4	9.0	6.3	4.4	6.6
Likely development of the shortage of adequate staff in the first half-year of 2015	**19.3**	**36.3**	**18.0**	**16.2**	**20.4**	**23.5**	**18.9**	**21.0**

	Industry	*Construc-tion*	*Trade*	*Services*	*Low*	*Medium*	*High*	**Total**
Will decrease	6.5	4.6	6.6	7.2	4.8	7.4	6.9	6.4
Will remain unchanged	58.1	45.5	59.0	56.9	57.5	49.1	61.0	55.7
Will increase	25.8	40.9	24.6	23.4	25.2	30.9	25.8	27.4
Unspecified	9.7	9.1	9.8	12.6	12.6	12.6	6.3	10.6
Indebtedness of business partners in the second half-year of 2014 (net percentage)	**–20.9**	**10.2**	**–15.5**	**–10.7**	**–11.3**	**–9.8**	**–11.4**	**–10.7**
Low	41.9	23.9	42.6	34.1	38.3	34.9	35.9	36.3
Medium	33.9	36.4	26.2	35.9	29.9	34.3	35.2	33.1
High	21.0	34.1	27.1	23.4	27.0	25.1	24.5	25.6
Unspecified	3.2	5.7	4.1	6.6	4.8	5.7	4.4	5.0
Likely development of the indebtedness of business partners in the first half-year of 2015 (net percent-age)	**6.4**	**15.9**	**17.2**	**7.8**	**12.0**	**9.1**	**12.6**	**11.2**
Will decrease	10.5	8.0	6.6	10.8	12.0	10.3	5.0	9.2
Will remain unchanged	62.9	56.8	58.2	56.3	51.5	57.1	67.3	58.5
Will increase	16.9	23.9	23.8	18.6	24.0	19.4	17.6	20.4
Unspecified	9.7	11.4	11.5	14.4	12.6	13.1	10.1	12.0
Increase in tax burden in the second half-year of 2014 (net percentage)	**22.6**	**40.9**	**41.0**	**29.3**	**40.1**	**41.7**	**14.5**	**32.5**
Low	16.1	10.2	9.8	13.8	13.8	6.9	18.2	12.8
Medium	42.7	35.2	37.7	38.9	30.5	41.1	45.3	38.9
High	38.7	51.1	50.8	43.1	53.9	48.6	32.7	45.3
Unspecified	2.4	3.4	1.6	4.2	1.8	3.4	3.8	3.0
Likely development of the increase in tax burden in the first half-year of 2015 (net percentage)	**21.8**	**30.7**	**27.0**	**24.6**	**29.9**	**30.9**	**15.1**	**25.5**
	3.2	3.4	2.5	2.4	2.4	3.4	2.5	2.8
	63.7	55.7	59.8	59.3	56.9	50.9	73.0	59.9
Will increase	25.0	34.1	29.5	27.0	32.3	34.3	17.6	28.3
Unspecified	8.1	6.8	8.2	11.4	8.4	11.4	6.9	9.0
Legal/administrative require-ments in the second half-year of 2014 (net percentage)	**–11.3**	**0.0**	**0.9**	**1.7**	**–6.5**	**1.1**	**-0.6**	**-2.0**
Low	28.2	25.0	26.2	26.4	28.7	26.3	24.5	26.6
Medium	41.1	38.6	39.3	35.3	38.9	33.1	43.4	38.3
High	16.9	25.0	27.1	28.1	22.2	27.4	23.9	24.6
Unspecified	13.7	11.4	7.4	10.2	10.2	13.1	8.2	10.6
Likely development of le-gal/administrative require-ments in the first half-year of 2015 (net percentage)	**13.7**	**18.2**	**19.7**	**18.6**	**16.2**	**22.9**	**13.3**	**17.6**
Will decrease	2.4	3.4	4.9	1.2	3.6	1.7	3.1	2.8
Will remain unchanged	64.5	61.4	58.2	61.7	59.9	57.1	67.9	61.5
Will increase	16.1	21.6	24.6	19.8	19.8	24.6	16.4	20.4
Unspecified	16.9	13.6	12.3	17.4	16.8	16.6	12.6	15.4
Other challenges in the first half-year of 2015 (net percent-age)	**–19.3**	**–22.7**	**–13.1**	**–22.1**	**–15.6**	**–16.6**	**–26.4**	**–19.4**
Low	26.6	25.0	19.7	28.7	21.6	22.9	32.1	25.4
Medium	13.0	19.3	15.6	8.4	12.0	14.9	12.6	13.2
High	7.3	2.3	6.6	6.6	6.0	6.3	5.7	6.0
Unspecified	53.2	53.4	58.2	56.3	60.5	56.0	49.7	55.5
Likely development of other challenges in the first half-year of 2015 (net percentage)	**1.6**	**–6.8**	**–3.3**	**0.0**	**–3.0**	**0.0**	**–1.9**	**–1.6**
Will decrease	3.2	9.1	7.4	3.6	6.0	5.1	5.0	5.4
Will remain unchanged	38.7	30.7	32.0	34.7	29.9	30.9	42.8	34.3
Will increase	4.8	2.3	4.1	3.6	3.0	5.1	3.1	3.8
Unspecified	53.2	58.0	56.6	58.1	61.1	58.9	49.1	56.5

Table 3. Breakdown of enterprises by source of satisfying business funding needs (%, unless otherwise specified)

	Industry	Construc-tion	Trade	Services	Low	Medium	High	Total
Breakdown of enterprises by source of satisfying business funding needs with internal resources								
50 and less	18.6	9.6	14.7	15.9	10.6	13.9	21.5	**15.2**
60–70	11.0	6.0	5.2	3.8	2.5	5.5	11.4	**6.3**
80–90	22.9	22.9	21.6	17.2	20.6	21.2	20.1	**20.7**
100	47.5	61.4	58.6	63.1	66.3	59.4	47.0	**57.8**
Breakdown of enterprises by intention of satisfying business funding needs with internal resources								
50 and less	32.6	6.9	34.9	28.8	27.0	18.5	37.5	**27.7**
60–70	15.2	20.7	7.0	6.1	10.8	11.1	10.7	**10.9**
80–90	19.6	34.5	20.9	21.2	17.6	31.5	21.4	**22.8**
100	32.6	37.9	37.2	43.9	44.6	38.9	30.4	**38.6**
Share of enterprises that did not have financial liabilities to credit institu-tions that needed to be returned	**41.9**	**68.2**	**51.6**	**51.5**	**68.3**	**55.4**	**31.5**	**52.1**
Share of enterprises, the liabilities of which are secured by collateral or guarantees	**70.8**	**78.6**	**72.9**	**65.4**	**69.8**	**68.0**	**72.5**	**70.4**
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)	20.0	16.7	16.8	12.3	25.3	–1.2	25.4	**16.1**
Unwillingness of owners of an enterprise to assume additional liabilities (net percentage)	–14.5	3.6	–12.4	–9.7	5.1	–6.2	–28.2	**-9.1**
Unwillingness of owners of an enterprise to lose control over management of the enterprise (net percentage)	–21.8	–15.5	–13.3	–9.1	–6.3	–10.6	–27.5	**–14.3**
Unwillingness of owners of an enterprise to share profits earned (net percentage)	–40.0	–33.3	–34.5	–44.2	-40.5	-32.3	–44.4	**–38.8**
Lack of information or not knowing how to attract external financing sources (net percentage)	–48.2	–33.3	–42.5	–40.9	–31.6	-32.9	–62.7	**-41.6**
Too-large expenditure of external financing sources (net percentage)	–10.0	20.2	10.6	4.5	14.6	14.9	–15.5	**5.4**
Distrust in system of credit institutions (net percentage)	–37.3	–17.9	–13.3	–12.3	–4.4	–13.0	–43.7	**–19.3**
Refusal of credit institutions of other lenders to provide funding (net percentage)	–33.6	–16.7	–30.1	–17.5	–13.3	–17.4	–44.4	**–24.3**
Instruments for funding enterprise operations (share of enterprises using instru-ments)								
Internal sources	98.4	98.9	95.9	97.0	95.8	97.1	99.4	**97.4**
Overdraft and credit line	41.1	35.2	30.3	27.5	20.4	33.1	45.9	**32.9**
Bank loans	40.3	27.3	23.8	20.4	18.0	24.0	40.9	**27.3**
Leasing, factoring	48.4	35.2	41.8	36.5	28.1	35.4	59.1	**40.5**
Increase of share capital (new issue of enterprise stocks)	13.7	12.5	13.9	4.8	10.8	9.7	11.3	**10.6**
Issue of debt securities	7.3	6.8	5.7	3.6	6.0	4.6	6.3	**5.6**
Use of European Union	30.6	11.4	6.6	16.8	11.4	14.3	25.2	**16.8**

	Industry	Construc-tion	Trade	Services	Low	Medium	High	Total
funds								
Trade credits	33.9	36.4	33.6	15.0	24.6	24.6	35.2	**27.9**
Financial aid from state/municipality	18.5	12.5	9.0	12.6	12.6	12.6	14.5	**13.2**
Other	29.0	36.4	21.3	24.0	26.3	25.1	28.9	**26.7**
Share of enterprises planning to change their business financing sources	12.9	13.6	8.2	13.8	16.2	8.6	12.0	**12.2**
Share of enterprises planning to expand in the first half-year of 2015	**38.7**	**37.5**	**36.1**	**40.1**	**44.3**	**32.0**	**39.0**	**38.3**
Average weighted share of enterprises planning expansion using external financing resources	**30.7**	**16.6**	**26.5**	**24.8**	**22.7**	**21.5**	**32.7**	**25.4**
Satisfaction of applica-tions for borrow-ing/changing the contractual terms and conditions of existing liabilities								
Application was rejected	9.5	50.0	20.0	20.8	16.7	36.8	18.6	**23.0**
Lent less amount than was applied for	9.5	0.0	13.3	16.7	16.7	15.7	7.0	**10.8**
Lent entire amount applied for	76.2	35.7	66.7	58.3	58.3	42.1	69.8	**60.8**
Change of need for enter-prises to borrow from credit institutions (net percentage)	–27.7	14.3	–39.1	–16.0	–15.2	–28.2	–20.2	**–21.6**
Decreased	44.4	14.3	49.2	39.5	34.0	42.3	42.2	**40.4**
Remained unchanged	38.9	57.1	40.7	37.0	47.2	43.6	35.8	**40.8**
Increased	16.7	28.6	10.1	23.5	18.8	14.1	22.0	**18.8**

Table 4. Planned development of financial instruments by enterprises (unless otherwise indicated, %)

	Bus nustota naudoti	Naudojimas sumažės	Naudojimas nepakis	Naudojimas padidės	Bus pradėta naudoti
Internal resources	3.2	16.4	59.0	19.7	1.6
Account overdrafts and credit lines	18.0	3.3	47.5	9.8	9.8
Bank loans	14.8	4.9	24.6	19.7	29.5
Leasing and factoring	11.5	0.0	42.6	18.0	16.4
Increase of share capital	21.3	0.0	45.9	9.8	4.9
Issue of debt securities	23.0	0.0	50.8	0.0	1.6
Use of European Union funds	23.0	0.0	36.1	11.5	8.2
Trade credits	18.0	3.3	41.0	16.4	1.6
Financial aid from state/municipality	23.0	0.0	47.5	0.0	23.0
Other	19.7	0.0	47.5	1.6	1.6

Table 5. Use of funds from external financing sources by enterprises that responded to this question (%, sampling of respondents — 173 enterprises)

	Total
Repair, purchase/rental of equipment, machinery, transport vehicles	**52.0**
Purchase of raw materials, fuel, goods for resale	**37.6**
Construction, reconstruction, purchase/renting of engineering buildings, buildings.	**16.2**
Outsourcing	**11.0**

Table 6. Assessment of borrowing availability and service standards of credit institutions by enterprises that responded to the questions (unless otherwise specified, %; sampling of respondents — 74 enterprises)

	Total
Change in borrowing availability (net percentage)	**12.1**
Decreased	**12.2**
Remained unchanged	**63.5**
Increased	**24.3**
Change in service standards of credit institutions (net percentage)	–17.5
Eased	**1.4**
Remained unchanged	**79.7**
Tightened	**18.9**

Table 7. Assessment of factors, which could be important in selecting a credit institution, as submitted by enterprises that answered the question (unless otherwise specified, %; sampling of respondents — 240 enterprises)

	Total
Credit terms of the credit institution are favourable	**84.6**
The fees for the services of credit institutions are small	**75.8**
The credit institution quickly takes decisions	**75.8**
Credit institution has a wide range of services	**58.3**
Credit institution is knowledgeable of the activities of your enterprise	**46.7**
Broad network of the credit institution's branches	**32.1**
Personal relations of the owners (managers) of an enterprise with a credit institution	**19.6**