
2025

SME RESEARCH



Introduction

ThinCats conducts an annual survey of 2,000 SMEs to better understand sentiment of business leaders throughout the UK, the challenges they are facing and their outlook for growth. This latest survey was conducted between 15 and 20 October 2025.

The following report is split into two sections, the first outlining views on the economic environment in the UK, government policy and general business confidence. The second section explores uptake and use of external funding and access to finance.

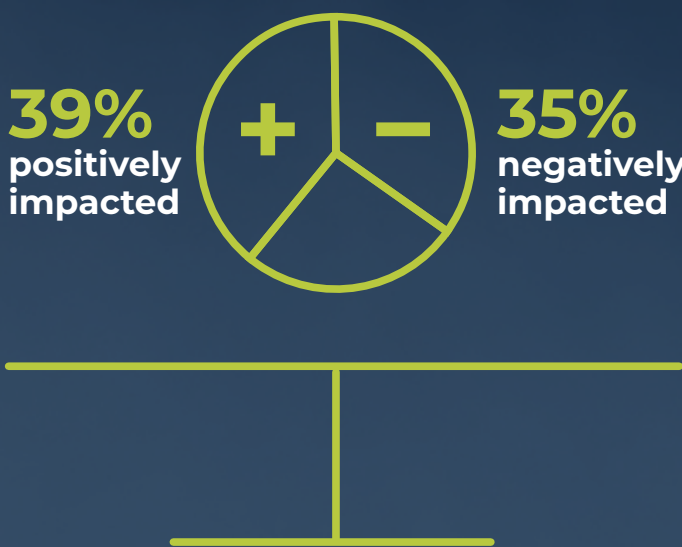
ThinCats is dedicated to providing vital funding to mid-sized SMEs from all industry sectors in the UK, fueling their growth and helping them realise their ambitions.

Executive Summary

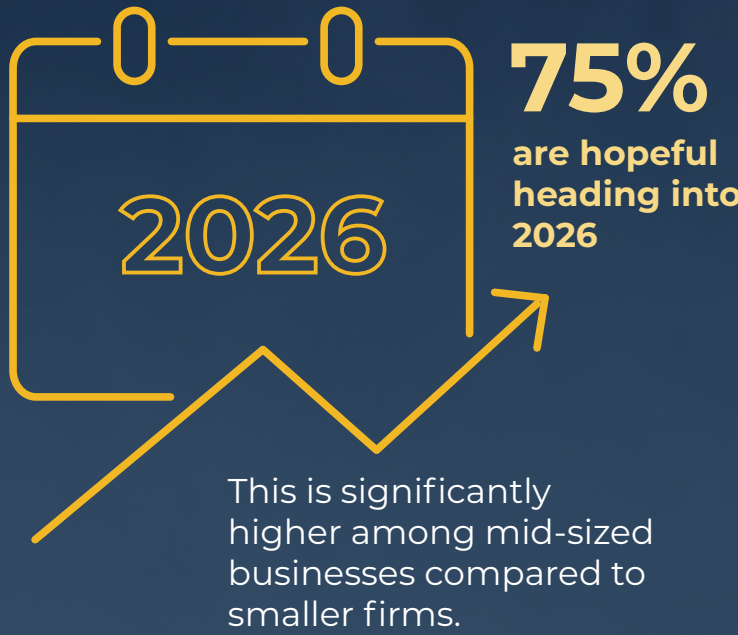
1 Confidence in government support for business growth declines.



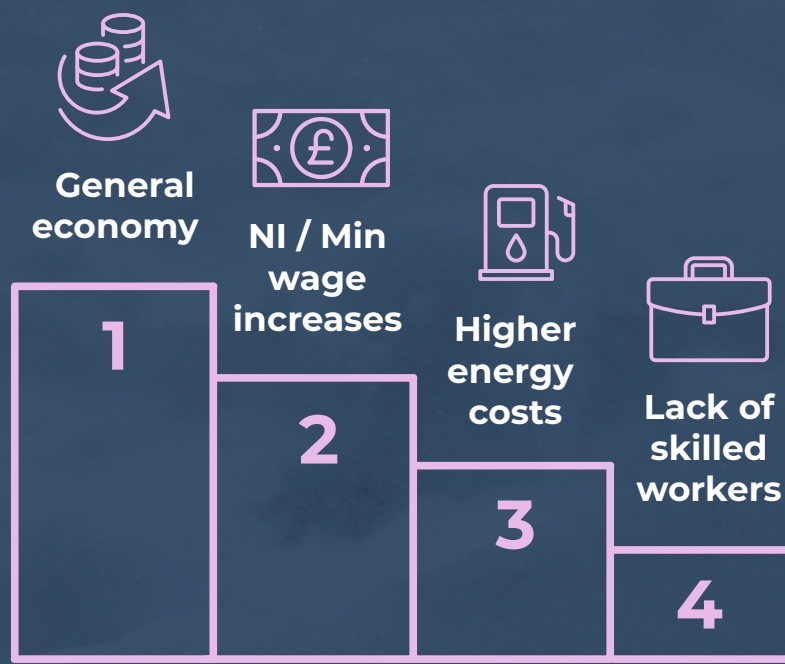
2 SMEs split on impact of Autumn 2024 budget.



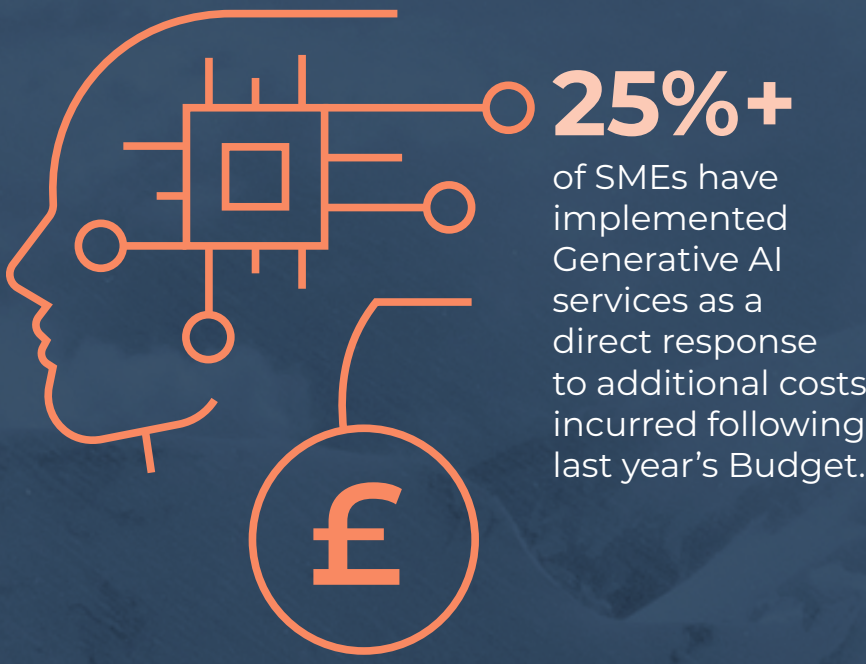
3 Optimism for business growth is on the rise for SMEs in 2026.



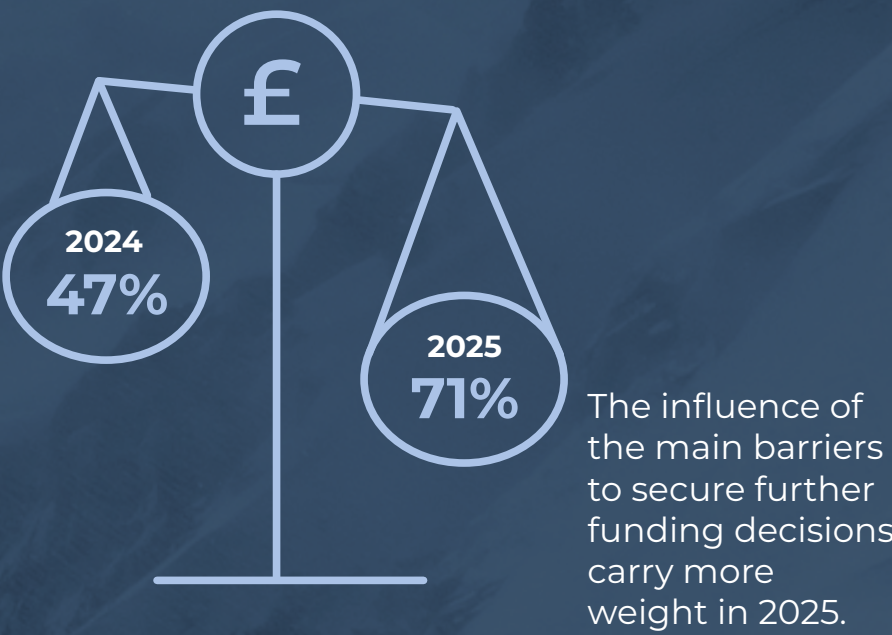
4 The biggest challenges to growth are...



5 SMEs turn to AI to offset rising costs.



6 Barriers to funding gain greater weight in 2025.

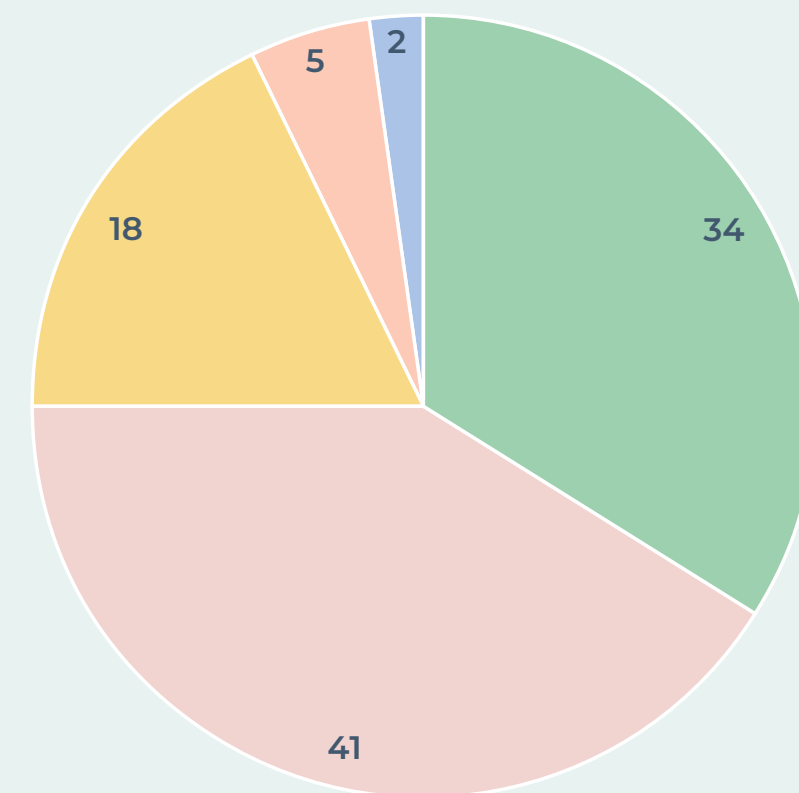


SME Sentiment and Outlook

This section explores views on the economic environment, government policy and general business confidence

Business Confidence

Q1. How confident are you that your business will grow in the next 12 months?



■ Very confident
■ Moderately confident
■ Neutral
■ Moderately unconfident
■ Not at all confident

Base: 2,000

Net: % confident

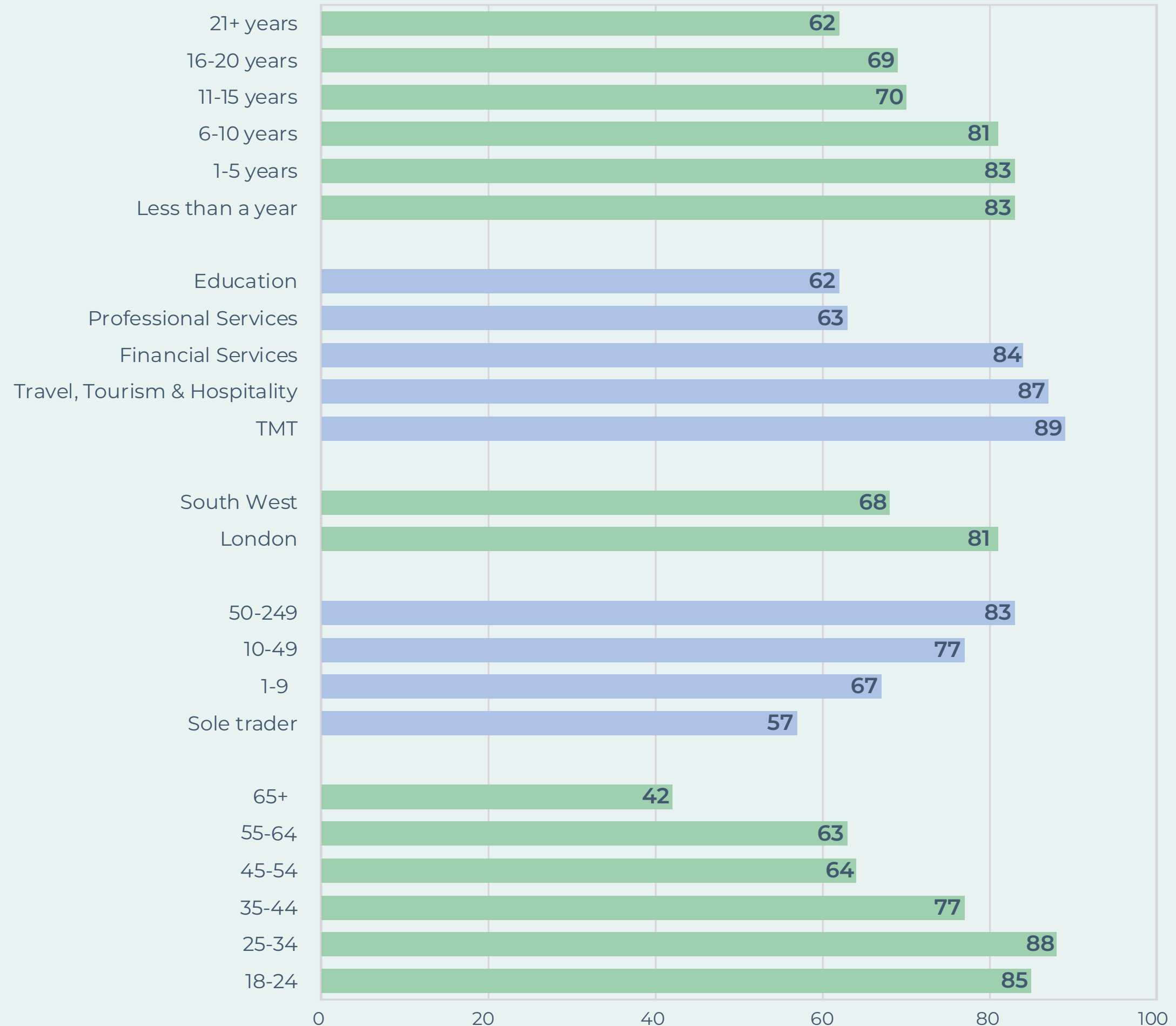
Age of business

Sector

Geography

Size

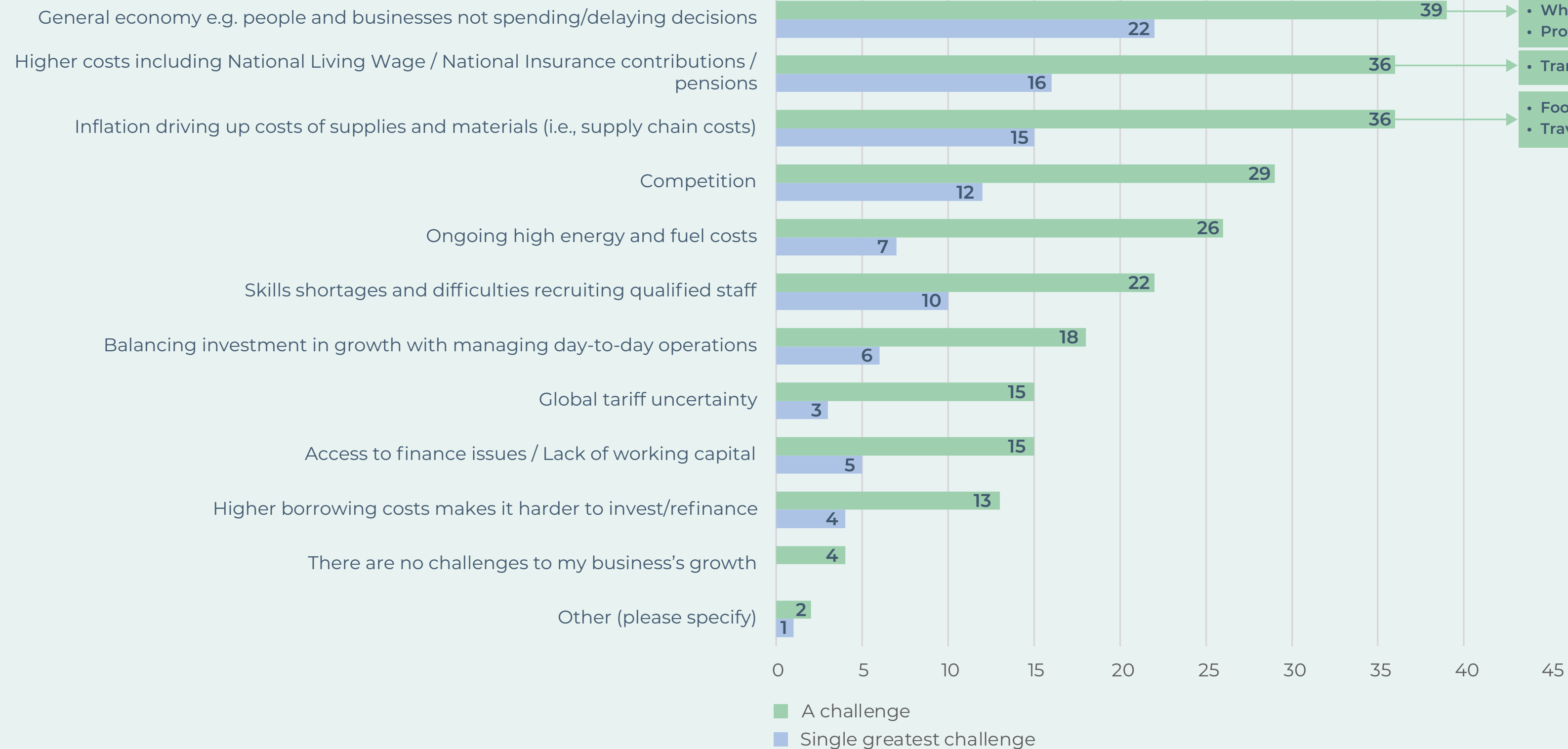
Age of respondent



- 3 in 4 businesses are confident that their business will grow over the coming year. A slight decrease from 81% who reported feeling confident in 2024.
- Confidence differs widely by sector.
- Businesses in London are more confident than the rest of the UK – with the South West the least confident.
- Younger respondents and businesses tend to be more confident about future growth.

Growth Challenges

Q2. Which of the following are the greatest challenges to your business's growth?



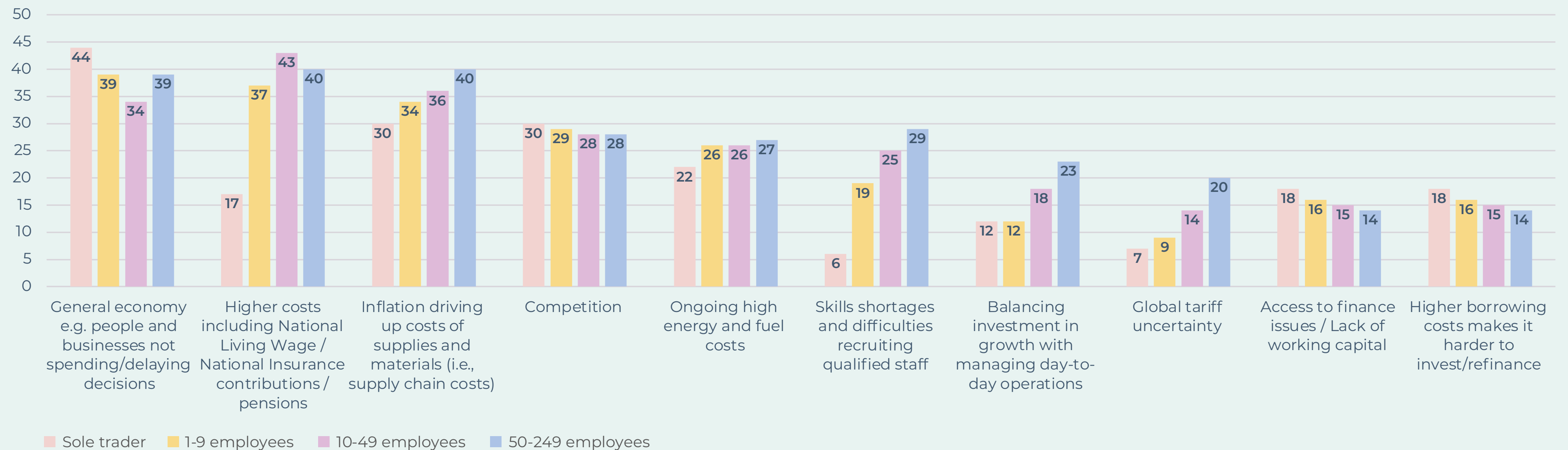
- Arts & Creative (52%)
- Wholesale / Retail (50%)
- Professional Services (48%)
- Transport / Logistics (53%)
- Food & Beverages (55%)
- Travel & Tourism (53%)

- General economic conditions are the single greatest challenge to UK SME growth.
- That said, higher people costs, inflation and competition are also being felt acutely.
- 15% cite access to finance issues / lack of working capital as a challenge to growth, while a further 13% cite higher borrowing costs.

Growth Challenges

Q2. Which of the following are the greatest challenges to your business's growth?

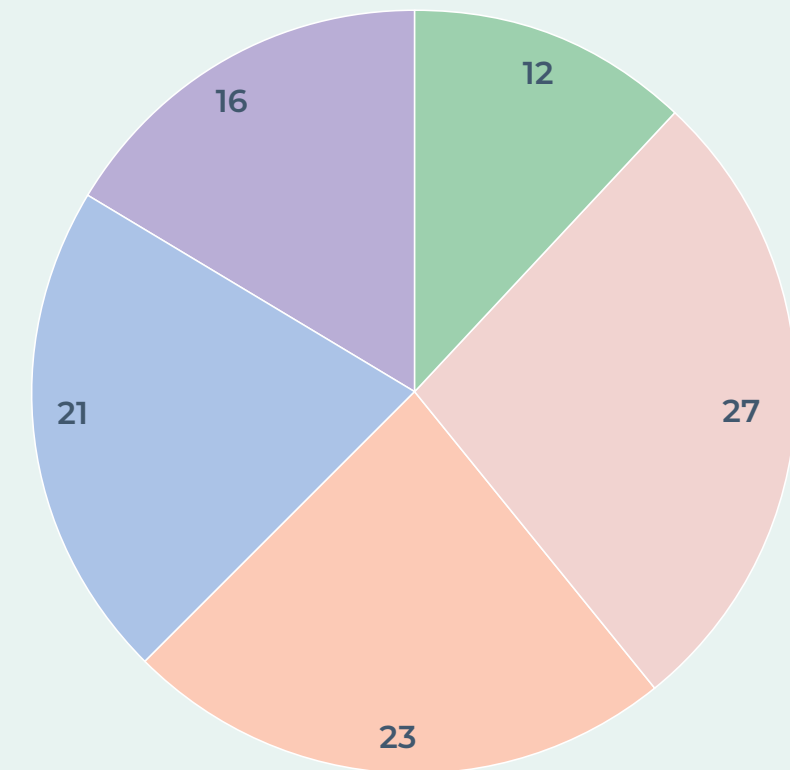
(Split by size of business)



- Inflation, skills shortages, balancing investment and global tariff uncertainty are challenges being felt far more acutely among businesses operating in the mid-market.
- Access to finance and higher borrowing costs are slightly bigger challenges among smaller businesses – particularly sole traders.
- While general economic conditions are a significant challenge across the SME spectrum; it is only the most frequently cited challenges among firms with fewer than 10 employees.

Business Environment

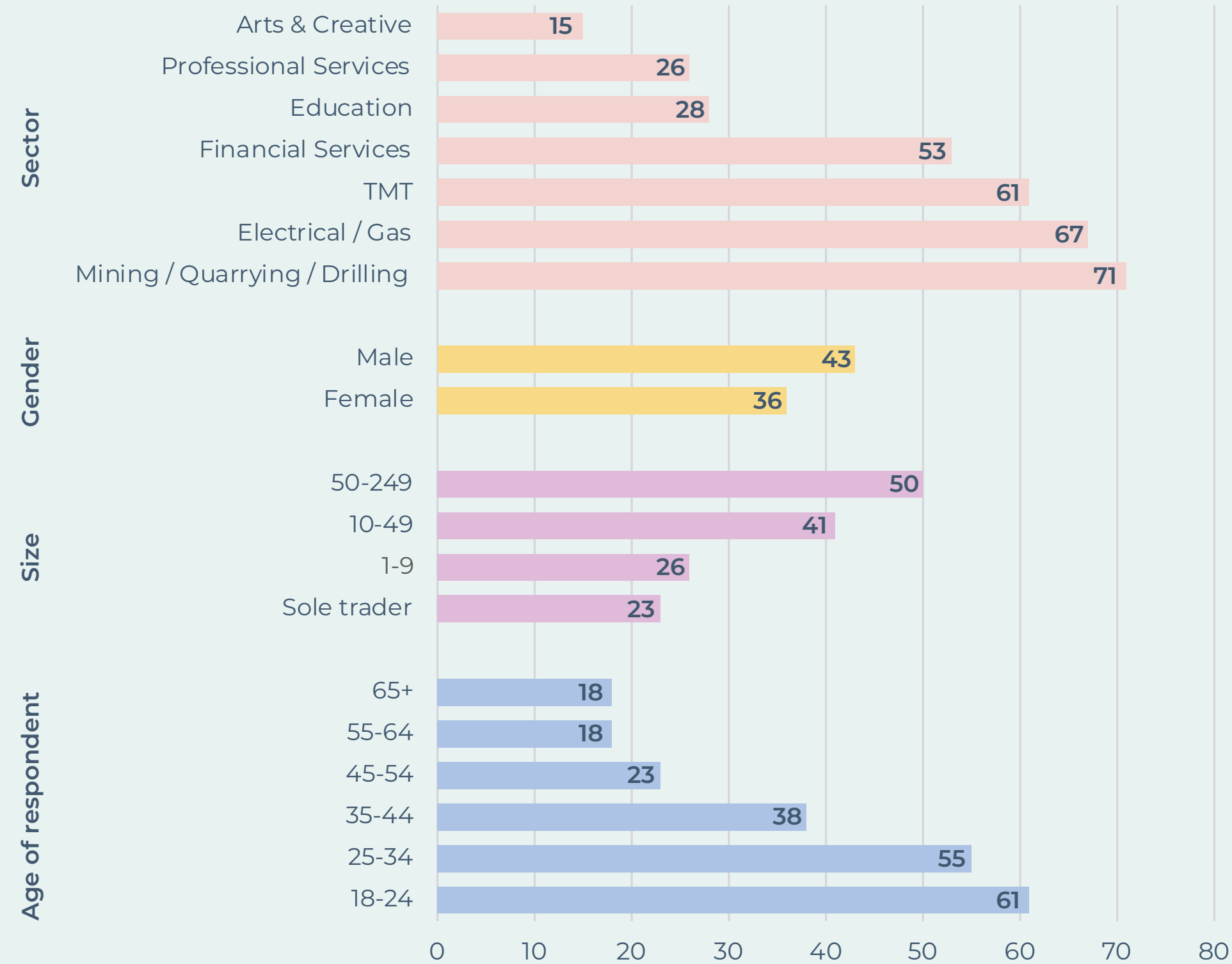
Q3. How confident do you feel that the current government is creating an environment for business growth?



Very confident
 Moderately confident
 Neutral
 Moderately unconfident
 Not at all confident

Base: 2,000

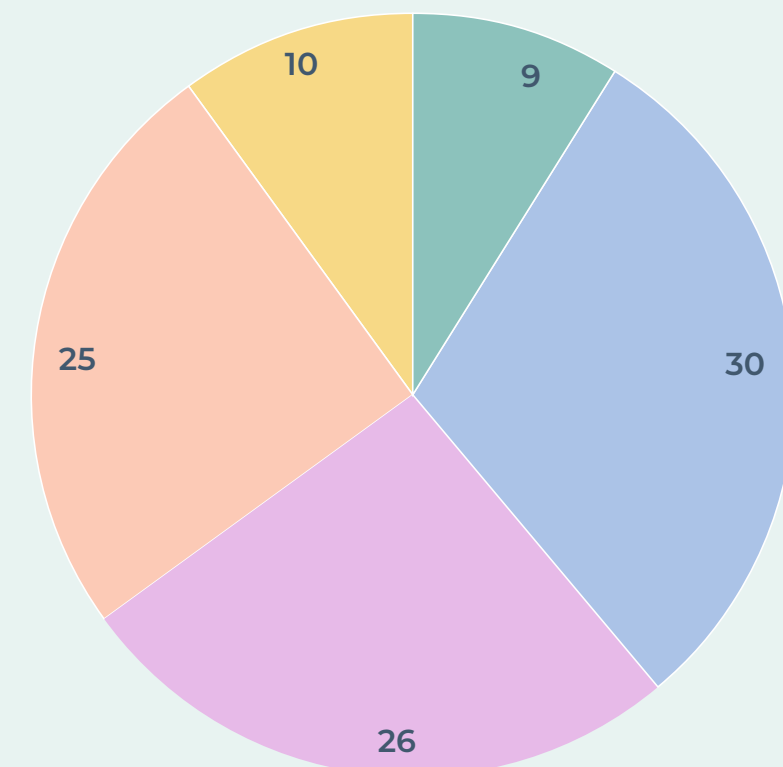
Net: % confident



- Only 39% of SMEs are confident that the current government is creating an environment for business growth – this is down from 49% in 2024.
- Older respondents are far less confident than younger generations.
- Mid-sized firms are far more confident than micro-businesses and sole traders.
- Men are more confident than women.

Impact of Autumn 2024 Budget

Q4. What has been the impact of last year's Autumn Budget on your business finances?



■ Significant positive impact
 ■ Some positive impact
 ■ No impact
 ■ Some negative impact
 ■ Significant negative impact

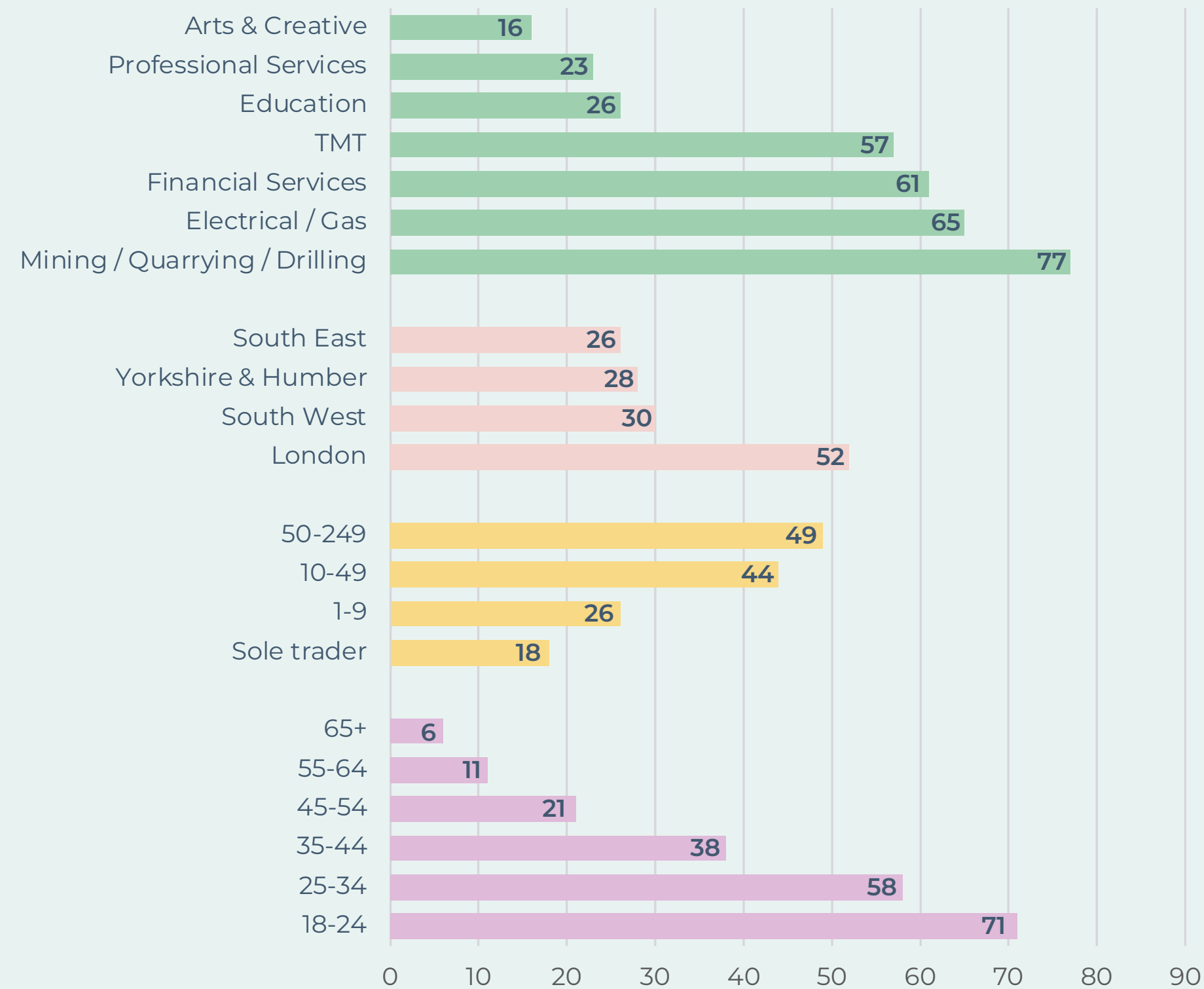
Sector

Geography

Size

Age of respondent

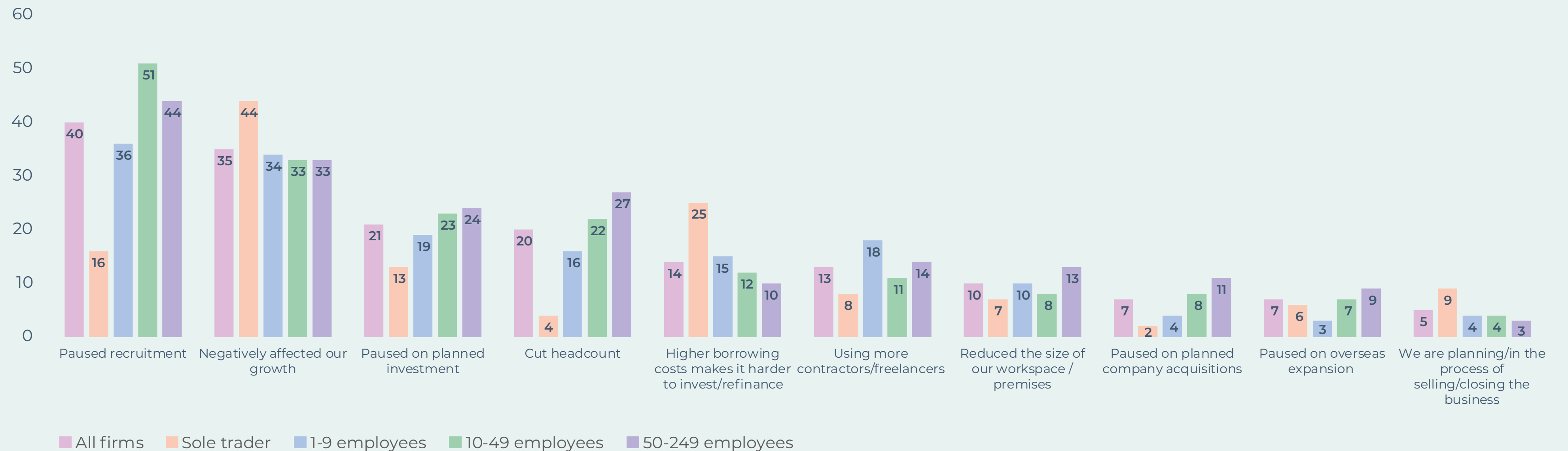
Net: % positive impact



- Only 39% of SMEs believe that the measures introduced in last Autumn's Budget impacted their business finances positively.
- Conversely, 35% feel the changes had a negative impact.
- Older respondents are far less likely to state that the changes had a positive impact on their business finances.
- The same is true for sole traders and micro businesses, while there are also sectoral and geographic differences.

Impact of Autumn 2024 Budget

Q5. And in which of the following ways have the changes impacted your business?

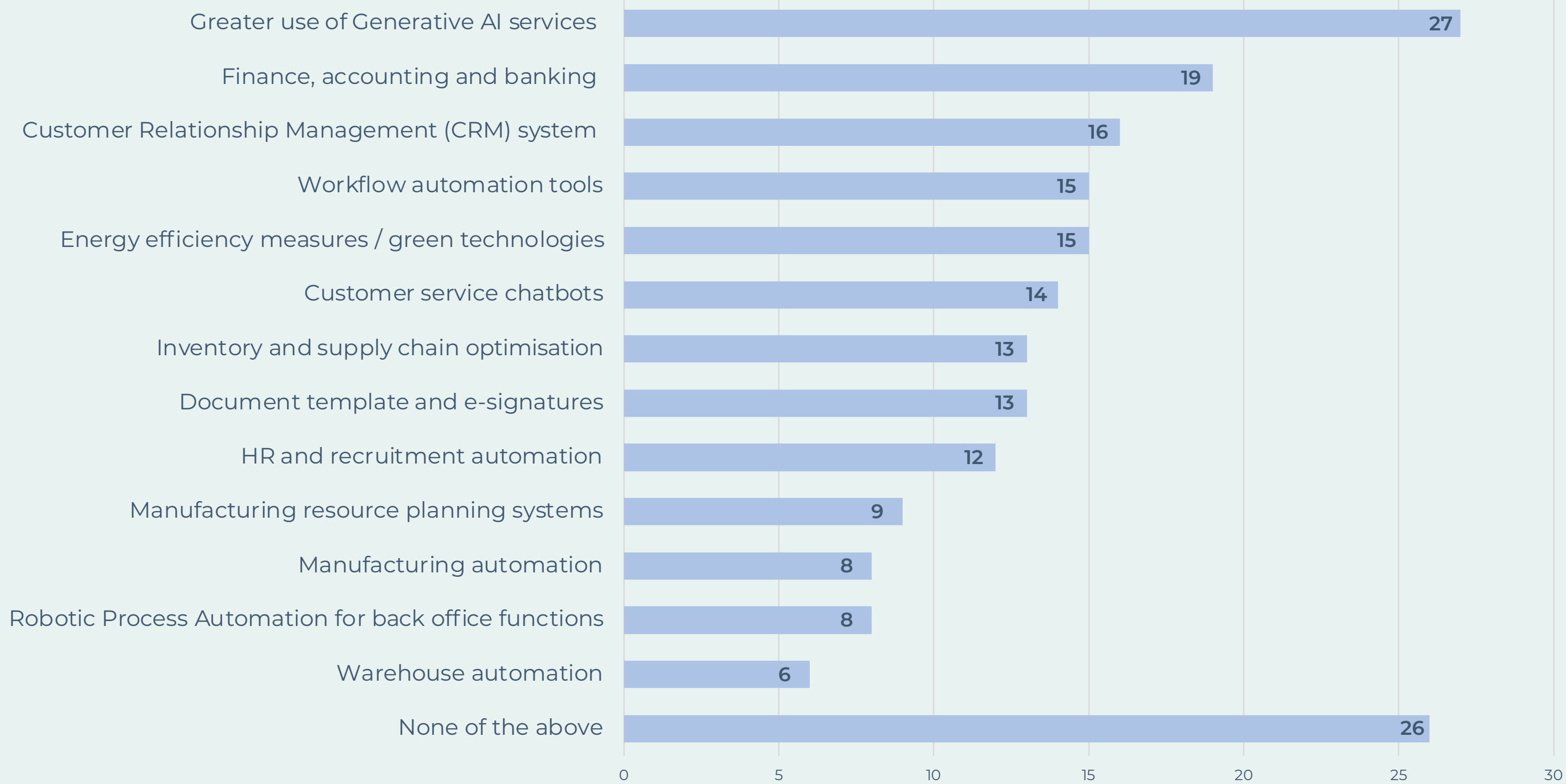


- Of those stating that the previous Autumn Budget announcements negatively impacted their business – the key impact has been on paused recruitment (40%) and negative impact on growth (35%).
- Pausing on recruitment, planned investment and planned acquisitions is felt more acutely among mid-sized firms.
- Conversely, negative impacts on growth and higher borrowing costs are felt more acutely among sole traders.

Base: 695 respondents stating their finances were negatively impacted

Impact of Autumn 2024 Budget

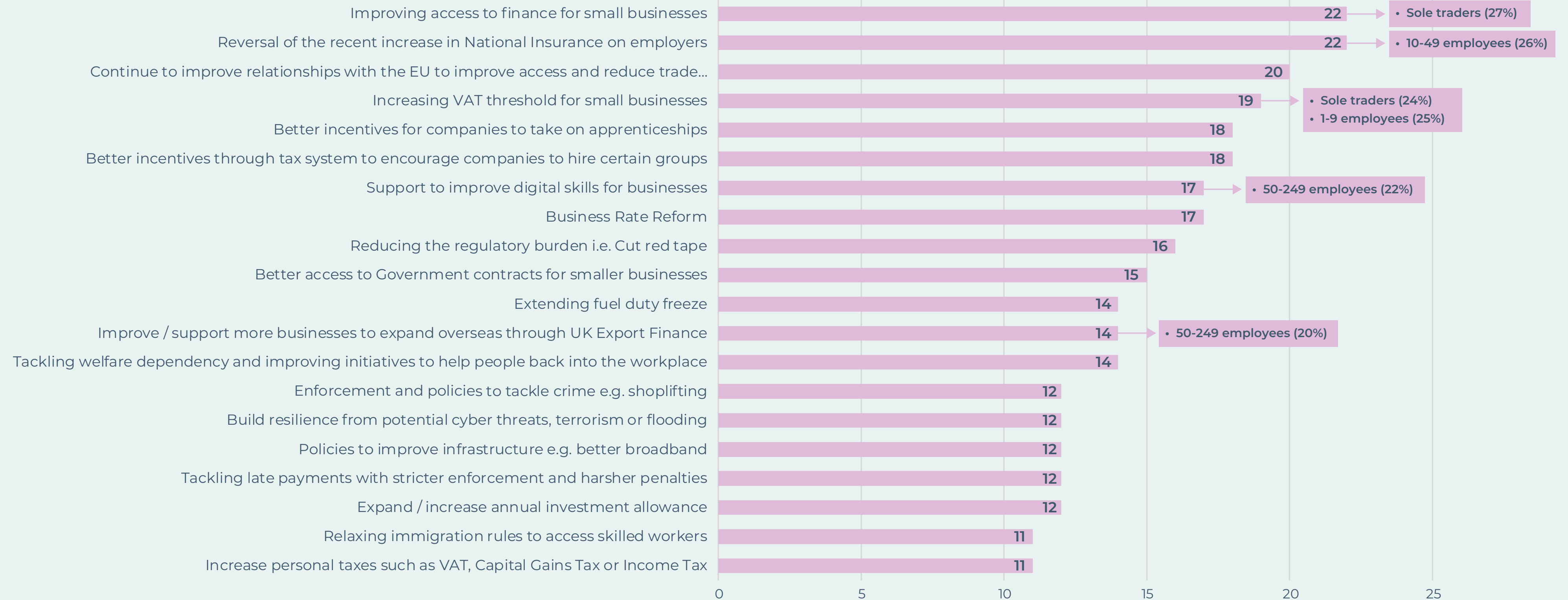
Q6. Which have you implemented as a direct response to the additional costs placed on firms in last year's Budget?



Sole Trader	1-9 Employees	10-49 Employees	50-249 Employees
13%	22%	26%	35%
11%	18%	22%	22%
5%	10%	17%	19%
7%	10%	17%	18%
5%	10%	17%	19%
4%	9%	16%	18%
4%	9%	13%	17%
8%	11%	11%	17%
2%	6%	12%	19%
3%	6%	9%	13%
2%	6%	7%	12%
2%	3%	11%	10%
2%	5%	5%	8%
58%	35%	21%	12%

Future Government Policy

Q7. Which of the following policy measures do you think would be beneficial to see in the upcoming Autumn Statement?



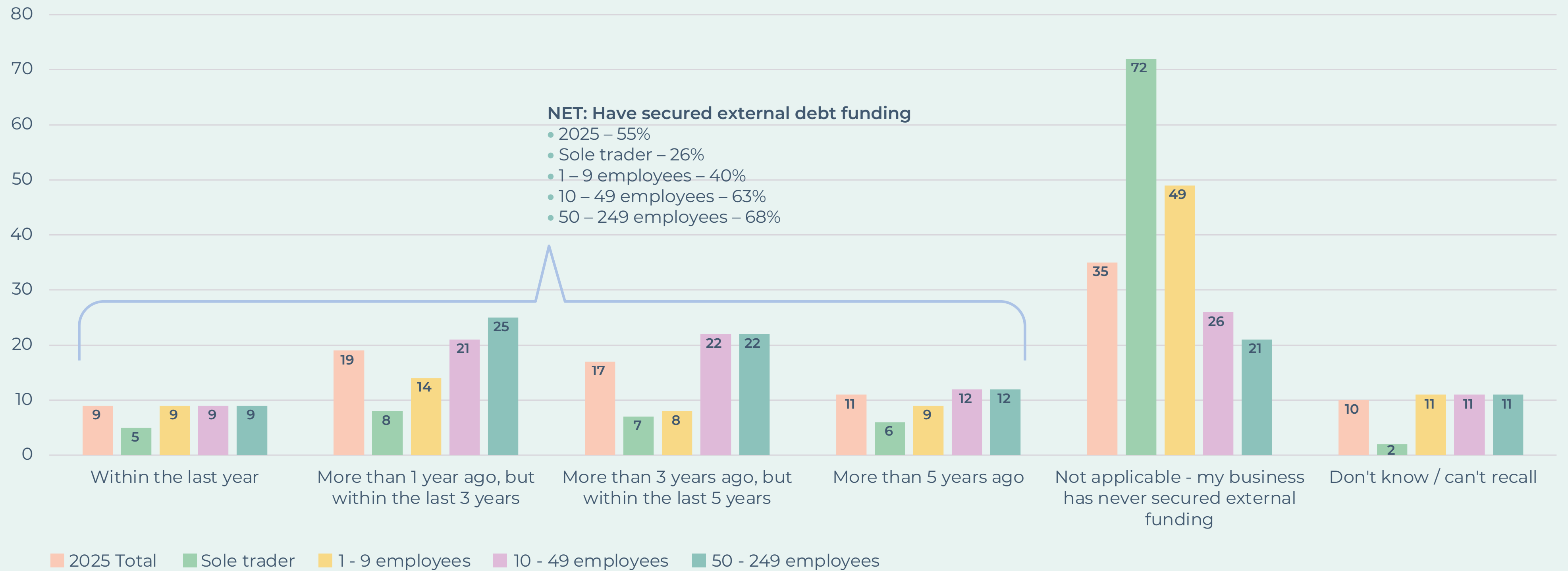
SME Funding

This section explores uptake and use of external funding and access to finance.



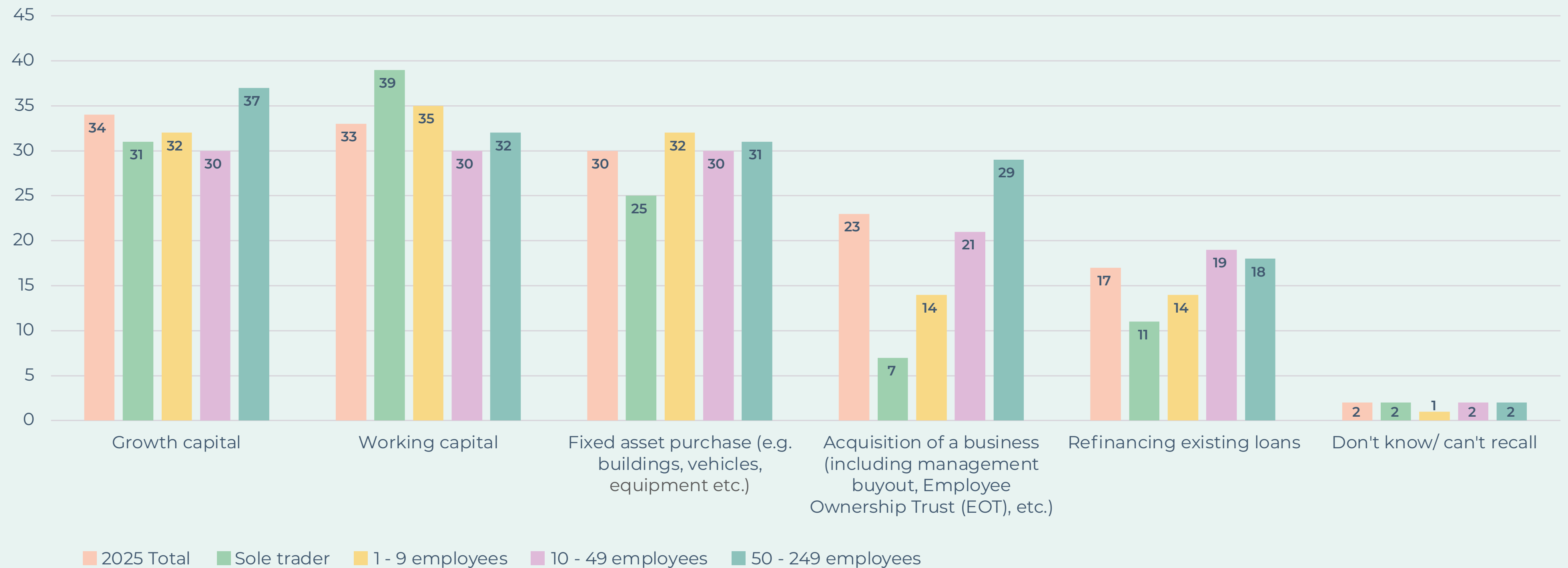
External Debt Funding

Q8. When, if ever, was the last time your business secured external debt funding?



Purpose of External Funding

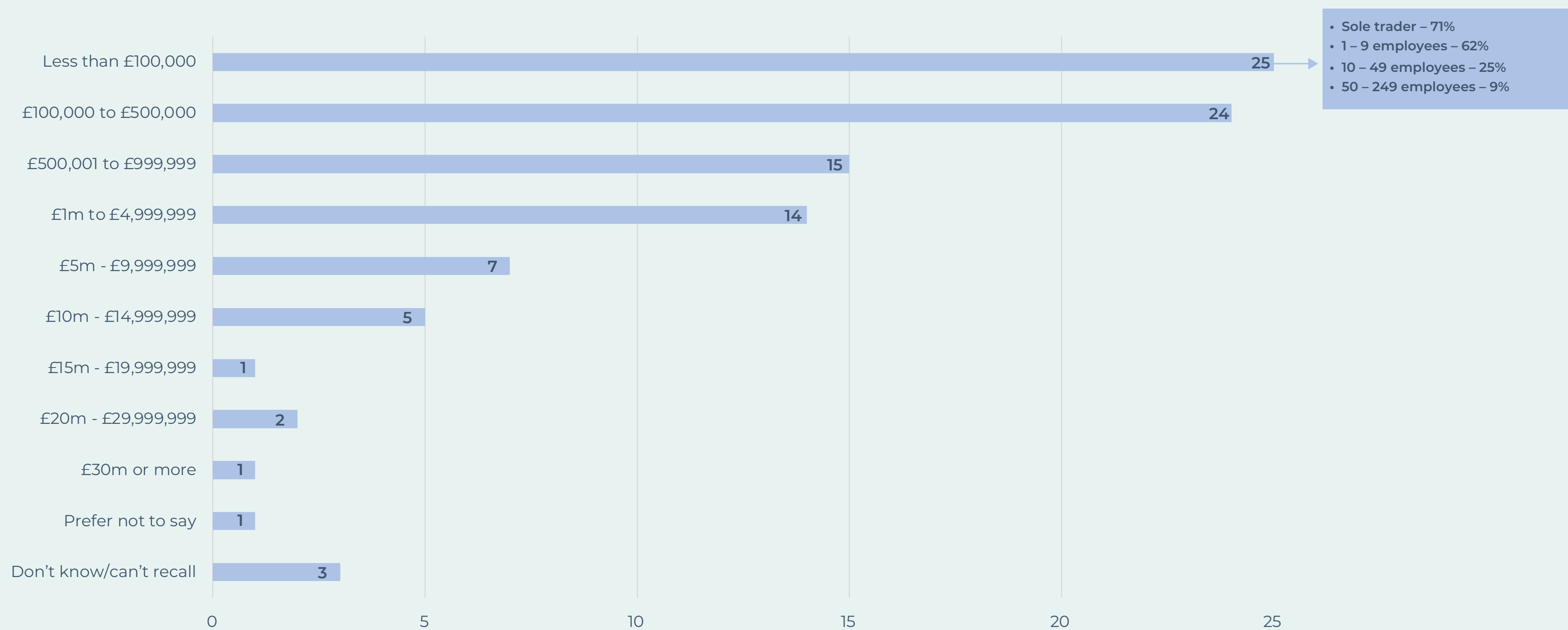
Q9. What was the business purpose for the external funding you secured?



Base: 1,107 - of respondents who secured external funding

Value of External Funding

Q10. What was the value of funding that you secured?



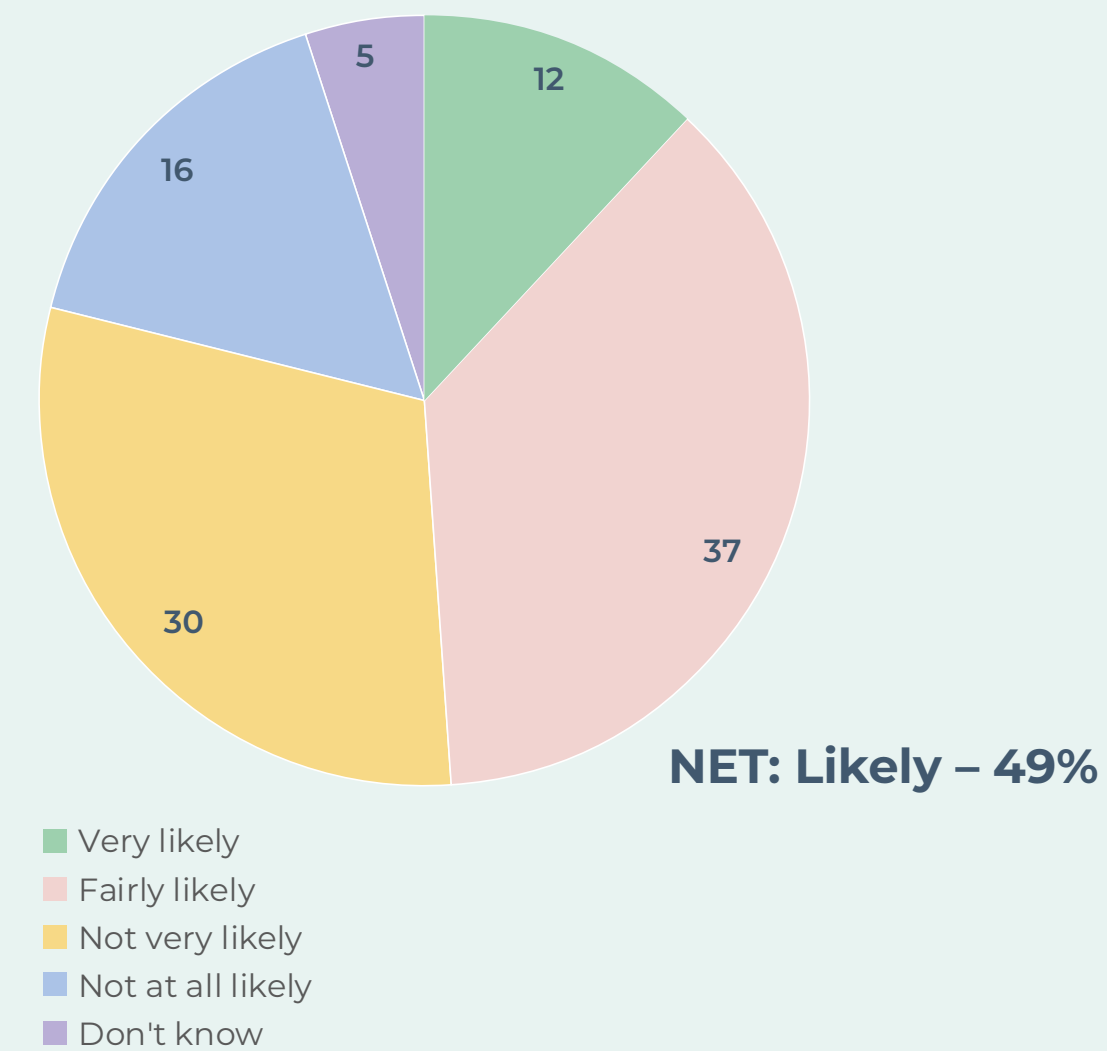
Barriers to External Funding

Q11. What barriers or difficulties did you encounter when you last sought external funding?



Future Funding

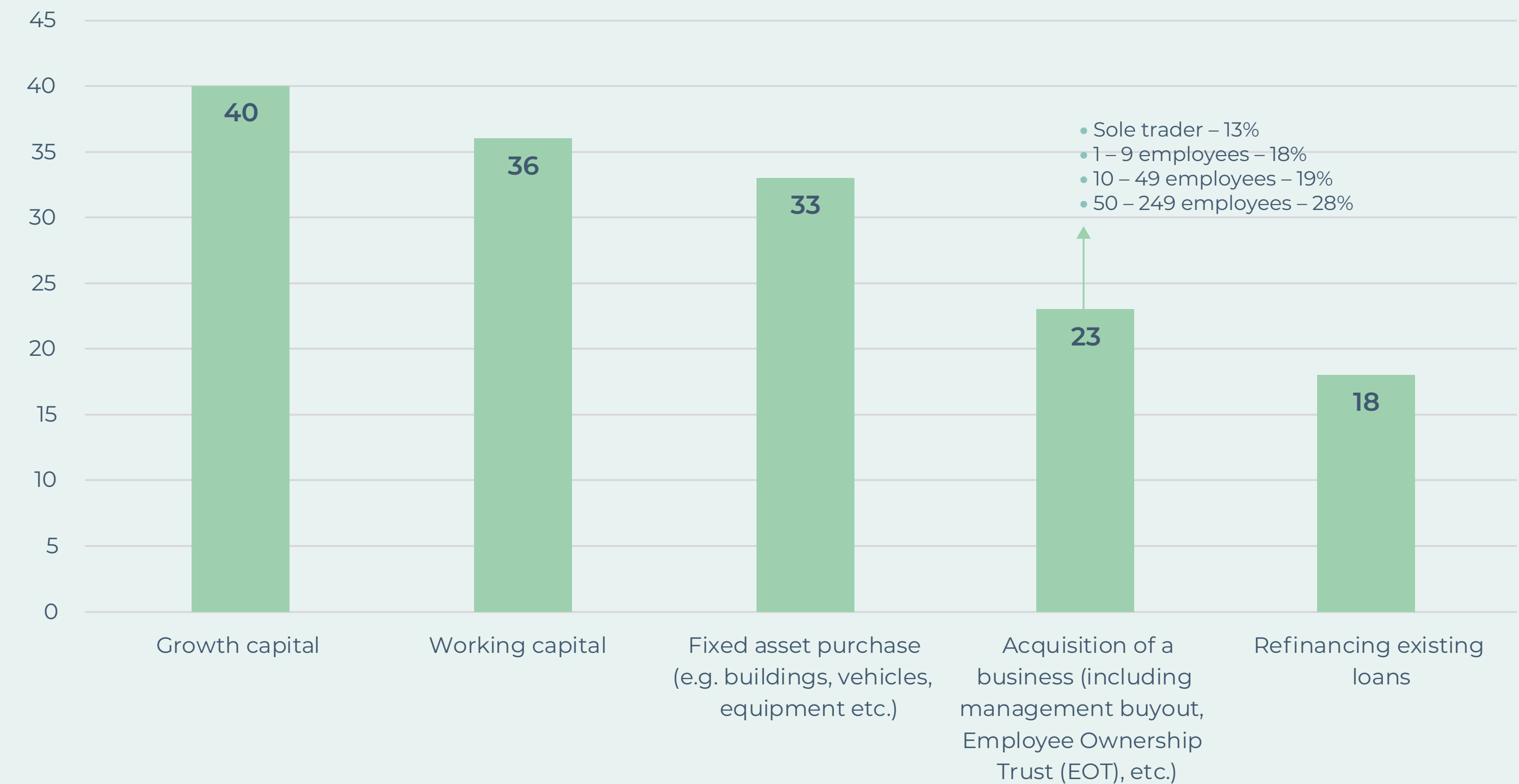
Q12. How likely, if at all, are you to seek further debt funding in the next 12 months?



Base: 1,107

Q. TRACKED - If you will be seeking further funding in the next 12 months, what will it be for?

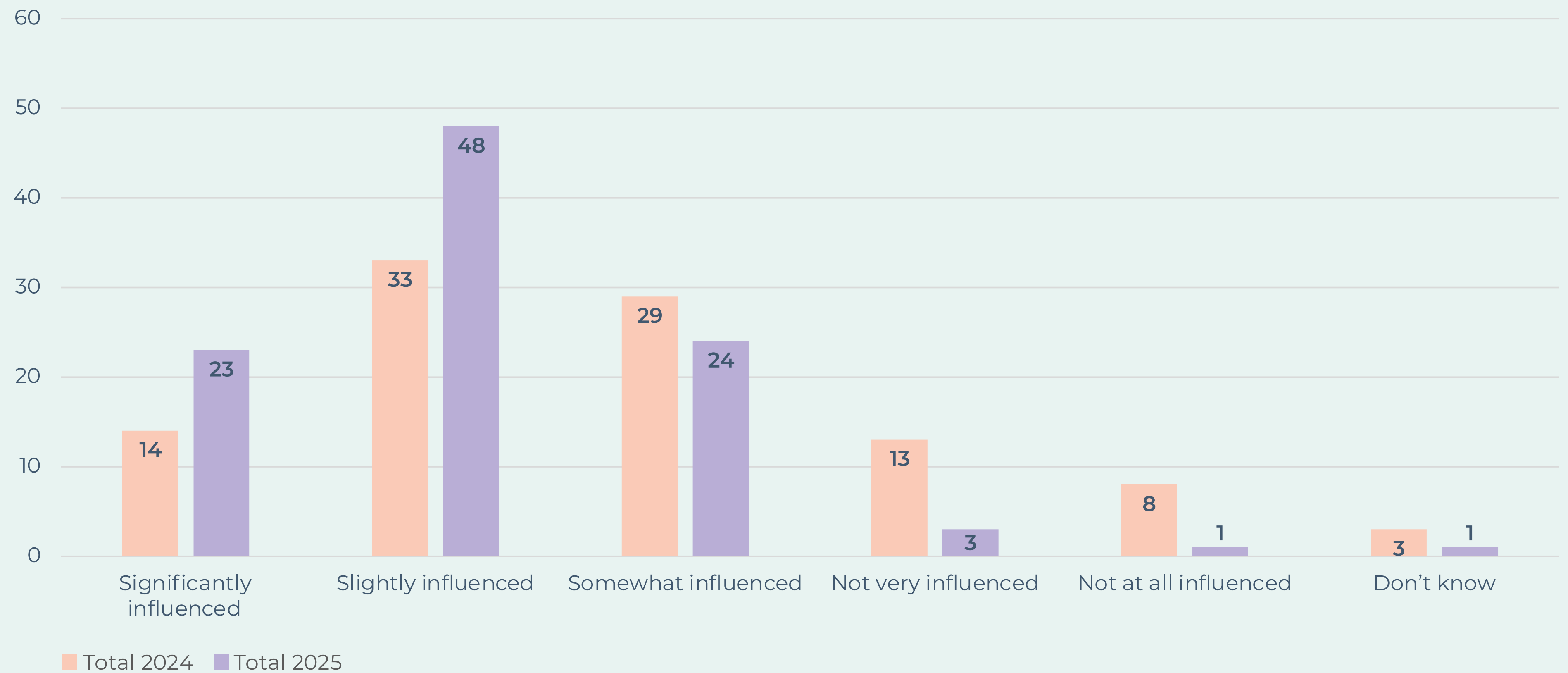
Asked to those very or fairly likely to seek further debt funding in the next 12 months



Base: 674

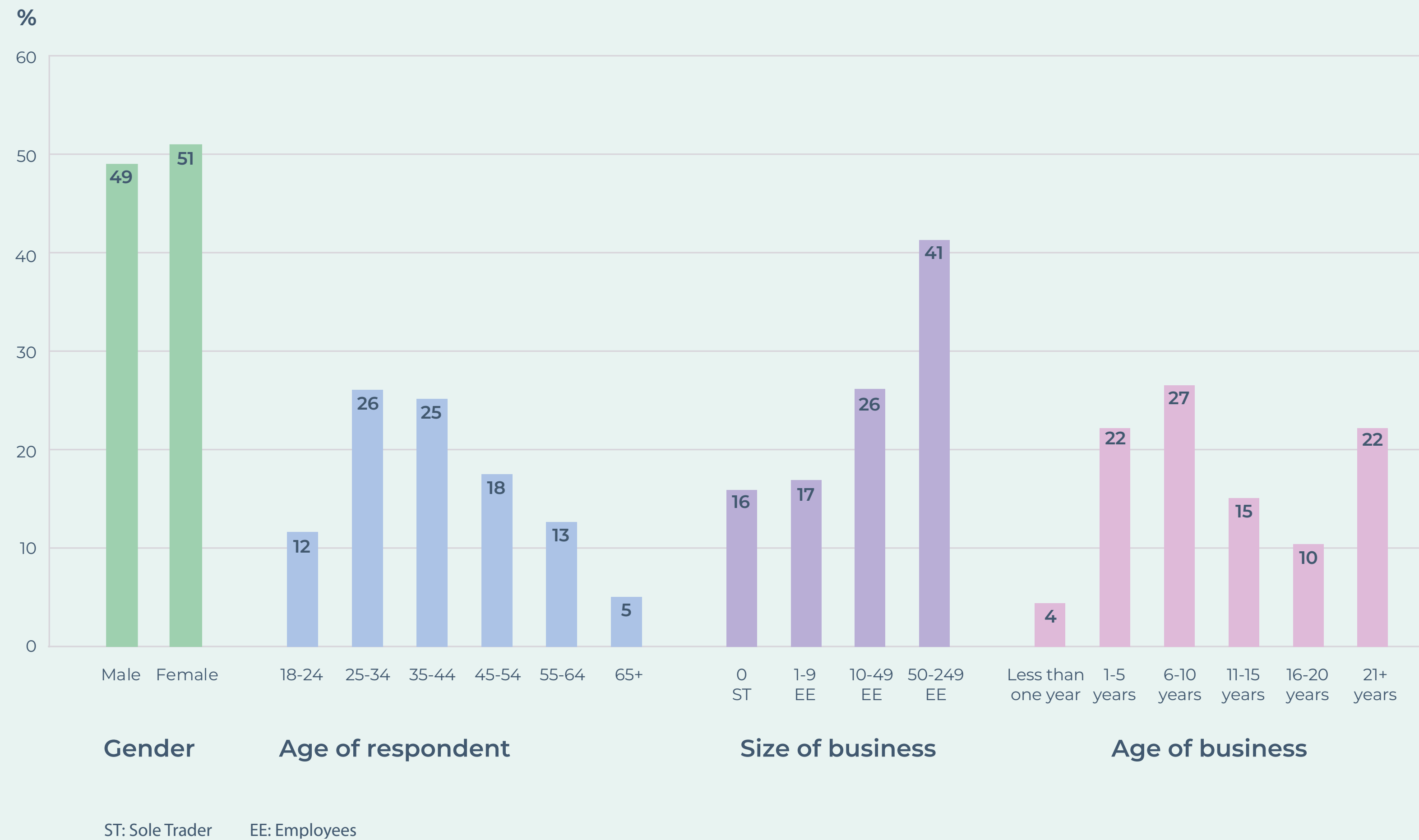
Influence of Previous Barriers

Q13. To what extent is your decision to seek further debt funding influenced by the barriers you faced the last time you sought external funding?



Base: 527 - respondents who have appetite for future funding

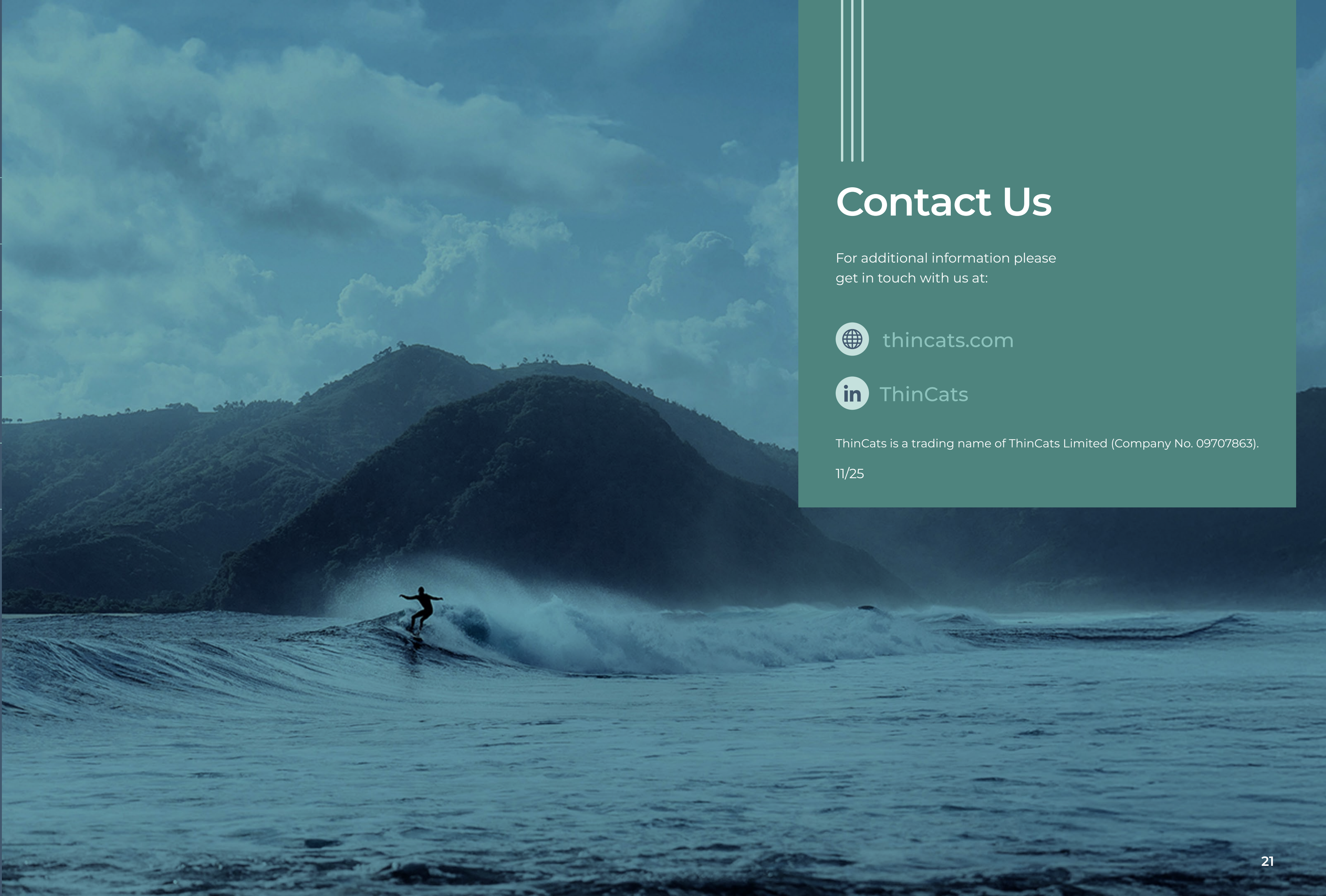
Research Sample



Over 2,000 individuals from a wide range of UK SMEs participated in the research which was conducted from 15 to 20 October 2025.

This chart shows a breakdown of respondents.

- ▶
- ▶
- ▶
- ▶
- ▶



Contact Us

For additional information please
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 thincats.com

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