

59% of UK SME Founders Abandon Loan Applications Midway

New research reveals how stigma, mistrust, and financial exclusion are fuelling Britain's £65bn SME funding crisis, and what must be done to fix it.

Lisbon, Portugal - November 11, 2025 - A new report released today at Web Summit, Lisbon, by one of the UK's fastest growing fintech lenders, Juice, uncovers the hidden behavioural forces driving the UK's £65 billion SME funding gap, and how lenders, fintechs, and policymakers must act to close it.

The report, "Borrowing Blind: Inside the Confidence Gaps Holding Back UK SMEs and the FinTechs who Serve Them", is based on a national survey of 250 small business founders and interviews with leading fintech academics, revealing that nearly 60% of entrepreneurs quit loan applications mid-process, with confusion, shame, and fear of rejection cited as key reasons.

Despite SMEs making up 99% of UK businesses, the vast majority of founders described themselves as underconfident borrowers. Fewer than half feel "very confident" in understanding lending terms, and many view debt as something to hide, not a tool for growth.

"The report highlights that there is more than a funding gap for SMEs, there's a massive confidence gap," said Katherine Chan, CEO of Juice. "Thousands of founders aren't walking away because they're unqualified. They're walking away because finance feels like a trap. They think it's complex, inaccessible, and culturally uncomfortable. SMEs are facing endemic inaccessibility when it comes to funding, and that's a design failure within the lending landscape.

We need to be able to service capital alongside confidence. That means giving founders the tools for clarity, control and context, including data that levels the playing field and support that follows them through their journey. Fintechs have a role to play here as allies in building financial capability".

Key findings:

- **59%** of founders abandoned a loan application mid-way
- **60%** of surveyed founders said they would consider borrowing if better educational resources were available
- **23%** signed finance agreements they didn't fully understand
- **Over 50%** associate borrowing with shame or failure
- **42%** feel embarrassed asking lenders basic questions
- **57%** said the application process made them feel overwhelmed or nervous
- **82%** said plain-language terms would improve their confidence
- **More than half** delayed growth plans due to lack of finance, impacting hiring, innovation, and market expansion

These behaviours have serious national consequences. The British Bank estimates the UK SME funding gap at up to £65 billion, and modelling by the Centre for Finance, Innovation and Technology (CFIT) suggests this could shrink the UK GDP growth by 1.2 percentage points annually over the next decade.

The report also introduces a behavioural concept known as anticipatory rejection, where founders self-select out of funding to avoid perceived reputational or emotional cost.

Oxford Saïd Business School's Professor Nir Vulkan, who's work on founder psychology is cited in this report, explains the direct link between financial education and funding outcomes:

"Our data shows that funding requests rise by 48.59% among those entrepreneurs with business education," said Professor Vulkan. "On average, they raise twice as much as those without. The takeaway is clear that education builds confidence, and confident founders pursue strategic capital."

Juice is calling on all fintechs, lenders, regulators, and founder communities to take action to tackle the behavioural barriers stifling UK entrepreneurship. Its recommendations include:

- Embedding plain-language tools directly into digital lending journeys
- Co-creating financial education campaigns targeted at SME founders
- Integrating advisory support and peer mentoring networks to demystify borrowing
- Designing lending products that reflect real-world confidence gaps
- Incentivising financial education and behavioural insight adoption across fintech regulation

The full report is now available to download [here](#).

CEO of Juice, Katherine Chan, is a panellist at Web Summit Lisbon. Don't miss hearing her speak here:

11th November, Stage 5, 11:20am: Reviving Local: The Future of Community Retail

13th November, Stage 5, 11:05am: Inclusion at the Core