



An Roinn Airgeadais  
Department of Finance

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# SME Credit Demand Survey – April-September 2021

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# 1. Summary of Main Findings

## Overview of Report – Credit Demand (Apr - Sept 2021)

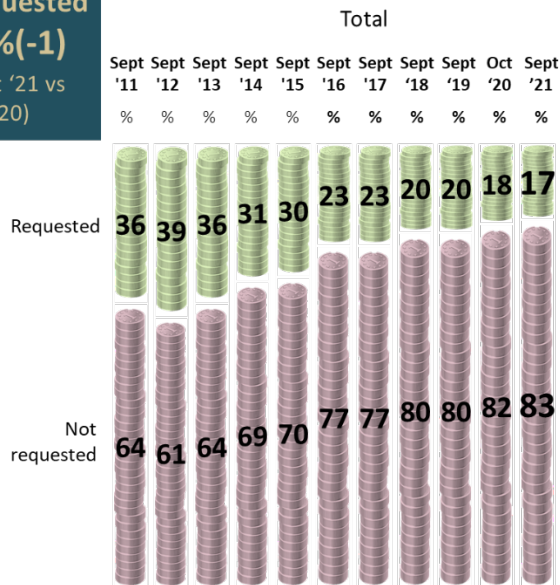
(Base: All SMEs – 1,502)

### Demand

**Requested**

**17%(-1)**

(Sept '21 vs Oct '20)



	Requested By Company Size											Demand
	Sept '11 %	Sept '12 %	Sept '13 %	Sept '14 %	Sept '15 %	Sept '16 %	Sept '17 %	Sept '18 %	Sept '19 %	Oct '20 %	Sept '21 %	
Micro	27	36	30	24	24	20	18	15	14	16	11	-5%
Small	41	41	39	38	34	24	26	24	25	18	19	+1%
Medium	41	43	39	32	34	28	26	22	23	21	25	+4%

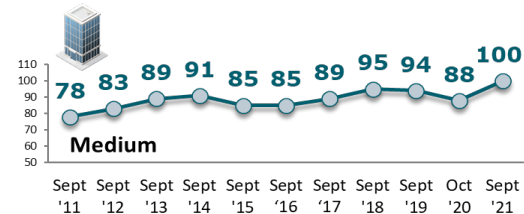
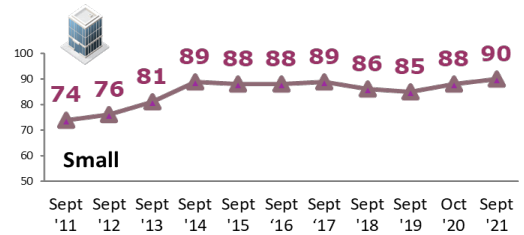
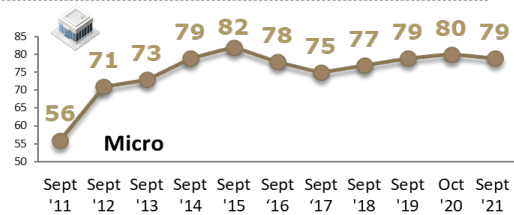
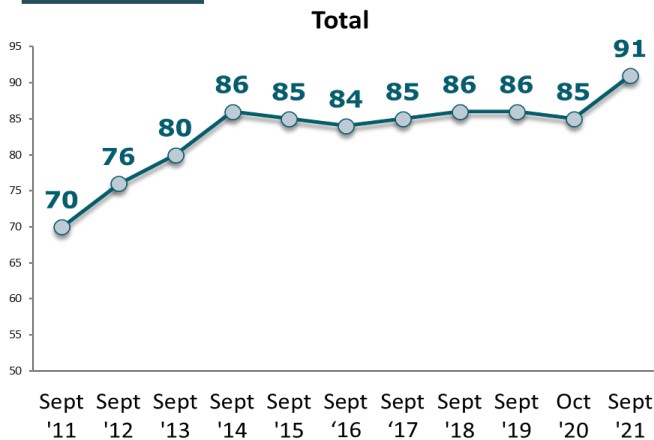
## Status of Application at Date of Survey

(Base: All SMEs Seeking Finance – 212)

**Approval/Partial**

**91% (+6)**

(Sept '21 vs Oct '20)

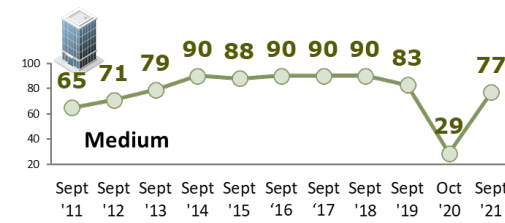
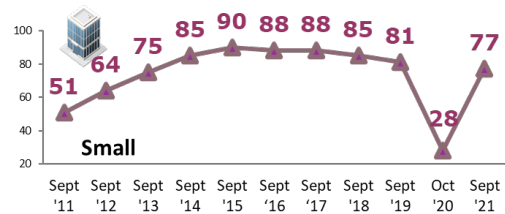
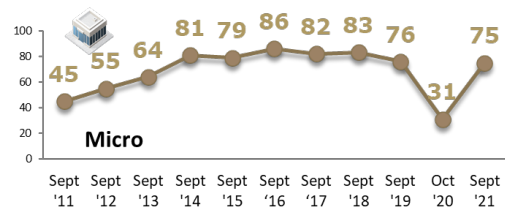
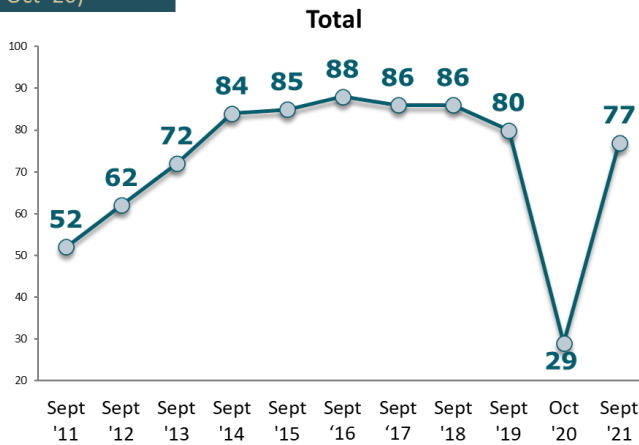




## Trading Performance (April - Sept 2021)

(Base: All SMEs – 1,502)

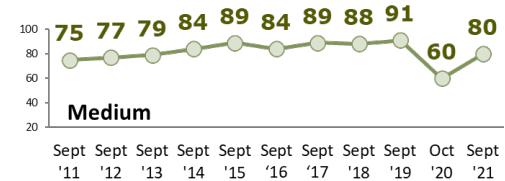
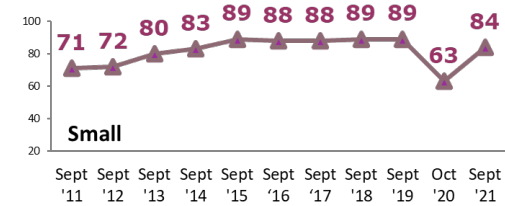
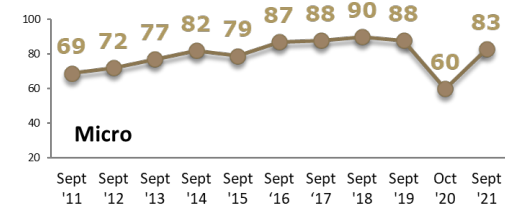
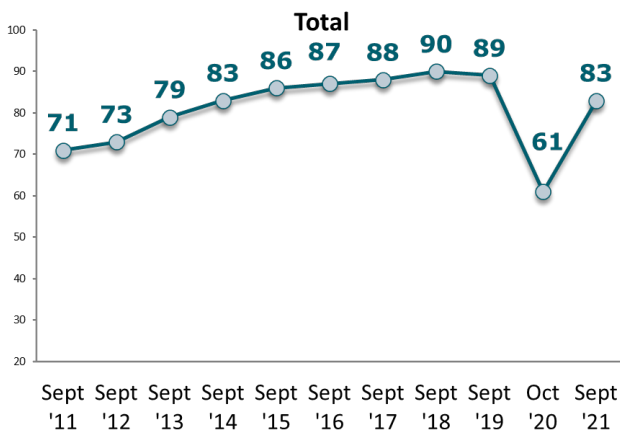
**Stable/  
Increase**  
**77%** (+48%)  
(Sept '21 vs  
Oct '20)



## Profit In the Business (April - Sept 2021)

(Base: All SMEs – 1,502)

**Made a Profit/  
Broke Even**  
**83%** (+22%)  
(Sept '21 vs  
Oct '20)



## **1. Summary**

This report contains the results of the Department of Finance SME Credit Demand Survey. All interviews were conducted between 18<sup>th</sup> of October and the 29<sup>th</sup> of November, 2021 and covered the period from April to September 2021. Throughout the report, the most recent wave of findings (referred to as September 2021) is compared with corresponding waves. This ensures that historical comparisons are being made on a like-for-like basis, taking any seasonal issues into account.

Due to Covid-19 restrictions, no interviews were conducted for the period up to March 2020 and as such the wave referred to as October 2020 covers the period from mid-March 2020 (onset of the pandemic) up to the time of interviewing which took place between 25<sup>th</sup> August and 12<sup>th</sup> October 2020.

### **1.1 Trading Performance**

The average reported turnover for the 12 month period up to and including September 2021 was €3.64m. This was €515k for Micro companies and €3.63m for small sized enterprises, while medium sized companies reported an average turnover of €9.96m.

46% of all businesses surveyed reported increased turnover for the six months up to and including September 2021. This is up significantly from the 12% reported increase in October 2020 and slightly higher than the pre-pandemic level reported in September 2019 (42%). This indicates a strong bounce back from the negative impact of the pandemic. However business conditions remain difficult for a cohort of SMEs, 24% reported a decrease in turnover in September 2021. This is down from 71% last year but slightly higher than September 2019 (21%). 31% of SMEs reported no change in turnover in September 2021.

The percentage of firms who reported an increase in turnover was highest in the hotels and restaurants (55%) and manufacturing (53%) sectors. However, 39% of hotels/restaurants reported a decrease in turnover.

A recovery from 2020 is also evident when looking at profit trends, 57% of SMEs reported a profit in September 2021 compared to just 31% in October 2020. Nevertheless, this proportion remains lower than pre-pandemic levels. 69% of SMEs reporting a profit in September 2019. 14% reported a loss in the six months up to September 2021, down from 35% in October 2020 but still higher than September 2019 (9%). 26% broke even in the six months to September 2021.

### **1.2 Demand for Bank Finance**

Credit demand remained relatively unchanged in the six months to September 2021, 17% of SMEs reported that they applied for bank finance. This compares with 18% in October 2020 and 20% in September 2019. When this is broken down by firm size, credit demand has decreased among micro companies (-5%) and increased in respect of medium sized companies (+4%).

Expected future demand for credit (next six months) is just 7%, down from 12% in October 2020 and 18% in September 2019. There was no difference in expected future credit demand by company size reported.

The main reasons stated for not seeking credit in the past six months were no need for credit (63%) and sufficient internal funds already in place (40%). Whereas, 14% did not apply for credit as they prefer not to borrow.

Of the companies which had requested bank finance in the previous six months, new loans, and leasing or hire purchase were the most requested finance products, followed by renewal/restructuring of existing overdrafts and loans, and new overdrafts.

Credit demand was highest among hotels/restaurants (28%) and the construction sector (27%). Demand was lowest for manufacturing (14%) and wholesale (13%).

The average reported cost of credit on outstanding loans was 4.59% – a decrease from 5.88% reported in October 2020.

5% of SMEs reported having missed repayments of bank loans in the period.

### **1.3 The Application Process**

Of those companies that requested bank finance, business expansion (40%), working capital (37%) and new machinery/equipment (16%) were cited as the main reasons for making a finance request. Compared to October 2020, bank finance requests were up for business expansion, while they were down for working capital.

The average value of a credit application for new finance was €208,469, up slightly from €192,185 in October 2020. The average value of applications for renewal/restructuring of existing finance was €61,017, down notably from €258,388 in October 2020.

Of those applying for bank finance, 42% had to provide some type of collateral, with the main collateral types required being buildings, land, and accounts receivable. The average value of collateral required as a percentage of the loan was 50%.

56% of all finance applications were processed within the stipulated 15 working days of receipt of all information from the company. The average amount of time from application to decision was 25 working days. The proportion of loans that were still pending stood at just 3%.

The proportion of credit applications declined stood at 9% in September 2021, down from 15% in October 2020. Decline rates were lowest amongst the Hotels & Restaurants (5%) and Business Services (4%) sectors. The highest decline rates were in the Construction (17%) and Manufacturing (16%) sectors.

Those applying for funds to manage payments to Revenue Commissioners and/or a need to restructure debt were more likely to have their request declined.

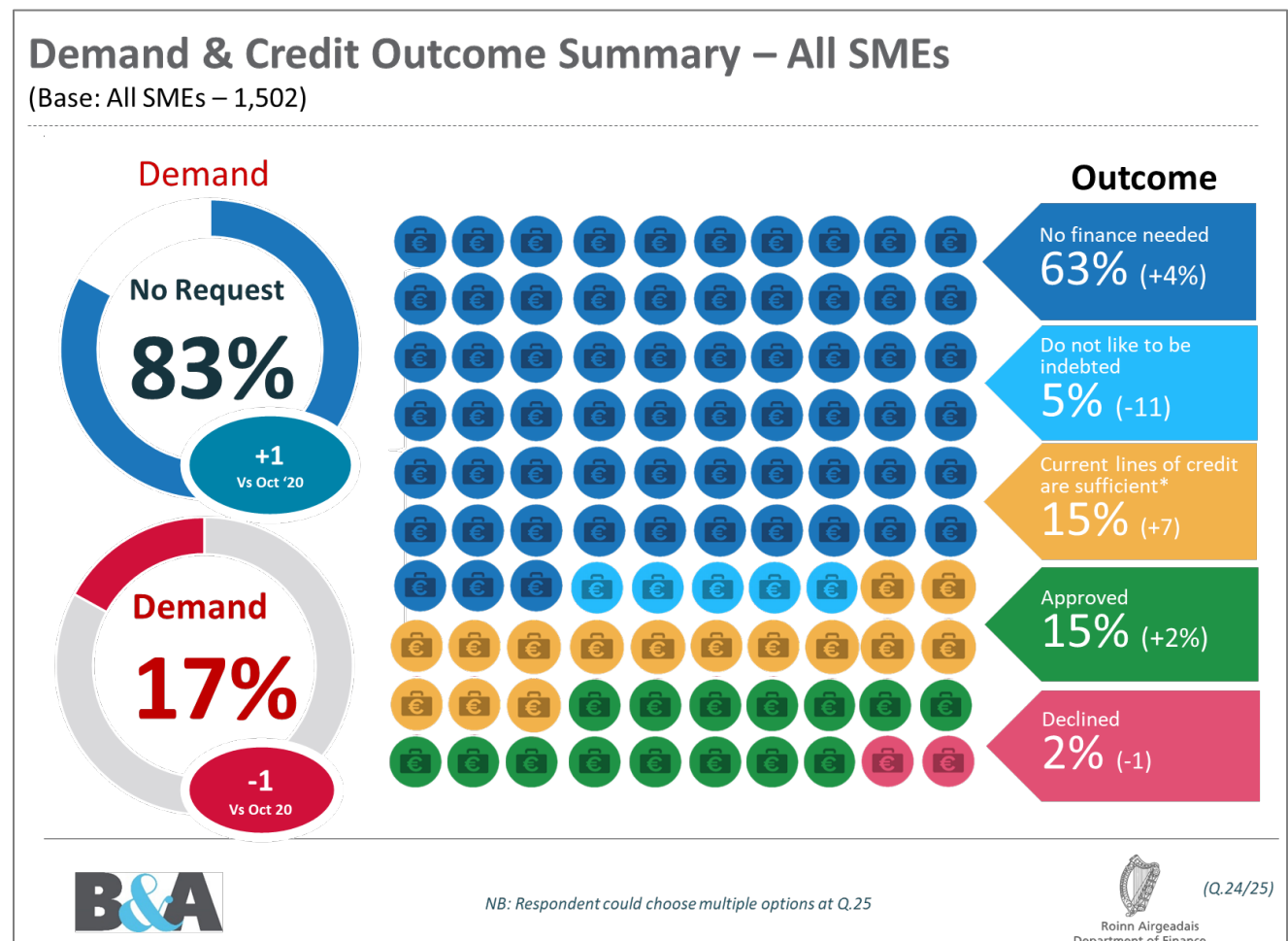
In September 2021, 42% of the SMEs that were refused credit reported that they were informed of their right to an internal review. This is down from the pre-pandemic level of 53%

in September 2019, although it should be noted that this calculation is based on a very small base size of just 31 respondents. Just 24% of those who were refused credit reported that they were informed of their right to a review by the Credit Review Office, however, 43% were unsure if they were informed or not.

### 1.3 SME Supports and Initiatives

A large majority of SMEs were aware of Enterprise Ireland (87%), Local Enterprise Offices (79%), and the Credit Guarantee Scheme (63%).

Following the extensive Covid-19 supports provided to companies during the pandemic, we see relatively low levels of applications for other Government Support Schemes. 1% of the SMEs surveyed applied for the Covid-19 Credit Guarantee Scheme, with 13% having applied for other Government financial support. This includes both loans schemes and other financial support. A total of 16% of SMEs applied for Government Support Schemes.



## 2. Introduction

This Report presents the results for the latest wave of the SME Credit Demand Survey commissioned by the Department of Finance and covers the period April to September 2021. This wave of the survey has been conducted by Behaviour & Attitudes Ltd (B&A), the independent market research and polling organisation.

The key parameters of the survey have been kept similar to those in previous waves in order to ensure comparability of data over time. This includes the quotas set for company size and industry, the database of leads used to select businesses for interview, and the core questions in the questionnaire itself.

All interviews for the study were conducted through Behaviour & Attitudes' Computer Assisted Telephone Unit. In total, 1,502 telephone interviews were conducted with a random sample of Irish based micro, small and medium sized firms. The interviews were conducted between 18<sup>th</sup> of October and the 29<sup>th</sup> of November 2021.

### 2.1 Economic Context

Prior to the pandemic, the Irish economy was in a strong position, with robust growth and a labour market close to full employment. Indeed the primary concern at the time was the fine line between a no-deal Brexit and over-heating pressures. However, the outbreak of the pandemic in March 2020 turned the economy on its head in the space of a few weeks. The introduction of stringent public health restrictions led to an unprecedented contraction of domestic economic activity, with the labour market bearing the brunt of the economic impact. At the peak of the first lockdown, there were approximately 1.2 million recipients of state income supports such as the Pandemic Unemployment Payment (PUP) and the Employment Wage Subsidy Scheme (EWSS). However, economic conditions improved as restrictions were eased, with domestic demand recovering strongly as the economy re-opened.

While the economy has since faced further lockdowns with the emergence of the Alpha, Delta and, most recently, the Omicron variants, the economy has become more resilient and the impact of lockdowns on domestic activity has weakened over time. This reflects adaptation by households and businesses through the shift to remote working and e-commerce. Additionally, the success of our vaccination programme paved the way for the re-opening of the economy over the course of the second quarter of 2021 and largely remaining open thereafter.

Modified Domestic Demand (MDD) – the best measure of domestic economic activity grew by 1½ per cent in the third quarter of 2021, and as a result, now exceeds the level immediately preceding the pandemic (2019-Q4) by 3%. Consumer spending growth of 0.5% on the quarter however was surprisingly soft particularly given that additional contact intensive services sectors re-opened, the ongoing strength of VAT numbers and the recovery in employment and wages. Nonetheless, consumer spending remains around 1% below the pre-pandemic level despite standing at almost 15% below that level in the first quarter of this year. Improvements can also be seen in the labour market the numbers in receipt of the Pandemic Unemployment Payment have fallen to c.75,000 currently, from almost half a

million in February 2021. Notwithstanding the strong recovery in employment, the unemployment rate remains elevated at around 7.5% currently.

Looking ahead, the economy is expected to continue to grow, albeit at a more modest pace than during the catch-up phase in the second and third quarters of 2021. This partly reflects the continued adjustment in growth towards pre-pandemic trends with re-opening effects and pent-up demand tapering off, as well as household caution in light of the recent emergence of the Omicron variant. While the emergence of this new variant is likely to weigh on activity in the near term, with the booster campaign well underway and much of the economy remaining open, it is likely that the economy will begin to strengthen once again as the epidemiological situation begins to improve.

Of course, there are risks to the outlook for the domestic economy. Although insolvency rates have been relatively low during the pandemic, there is the possibility of higher bankruptcies and debt defaults as fiscal supports are unwound, which could slow the rate of investment and hamper the domestic recovery. The domestic economic recovery has also been accompanied by a sharp increase in inflation. While the recent rise in inflation is partly a result of temporary factors, which are expected to fade over time, a scenario in which inflation proves more persistent cannot be ruled out. Persistent supply side bottlenecks also pose a risk to the domestic recovery. While supply chain disruptions are currently expected to ease over time as demand stabilises and supply catches up, they could prove more persistent, with implications for both output and inflation. In addition, the Irish economy remains exposed to the risks posed by Brexit, which have yet to be fully resolved.

## **2.2 Government Support Measures**

The Programme for Government contains a range of commitments to help support small and medium-sized enterprises. This includes action to ensure that an adequate pool of credit is available to fund small and medium-sized businesses in the real economy during the restructuring and down-sizing programme for the domestic banking sector. Since 2014, the Department of Finance has examined and collated detailed data from AIB, Bank of Ireland and more recently Permanent TSB on a monthly basis, to ensure there is a more informed understanding of the SME bank lending environment with a particular focus on new lending.

### **Credit Review**

The Credit Review Office was established in 2010 to help SME or Farm borrowers who have had an application for credit of up to €3 million declined or reduced by participating banks, and who feel that they have a viable business proposition. The Credit Review Office also looks at cases where borrowers believe that the terms and conditions of their existing loan, or loan offer, are unfairly onerous or have been unreasonably changed to their detriment. This is a strictly confidential process between the business, the Credit Review Office and the bank. Currently the participating institutions are Bank of Ireland, AIB, Ulster Bank and Permanent TSB.

### **Strategic Banking Corporation of Ireland**

The Strategic Banking Corporation of Ireland (SBCI) was set up in September 2014 to ensure that SMEs in Ireland have access to stable, lower-cost, long-term funding options.



Since the SBCI began its activities and to the end of June 2021, the SBCI has provided €2,626m in low-cost, flexible funding and 42,621 individual facilities to Irish SME's and farmers.

The SMEs who received SBCI finance are from a variety of business and economic sectors, including agriculture, food, retail, healthcare, transport and manufacturing, and they are spread across every region of the country.

During 2020 and 2021 the SBCI focused on expanding its risk sharing activities to quickly address the challenges presented by the Covid-19 pandemic and Brexit, as well as further developing its non-bank partner liquidity operations. The COVID-19 Credit Guarantee Scheme is the largest loan guarantee scheme in the history of the State, providing up to €2 billion of additional credit capacity for lending to eligible businesses that have been negatively impacted as a result of COVID-19. There has been high demand for the Future Growth Loan Scheme. Participating banks' capacity has been fully subscribed though at the time of writing Close Brothers are accepting loan applications for the Scheme from businesses meeting SBCI eligibility.

The Covid-19 Working Capital Loan Scheme was launched in March 2020 and the expansion of the long-term Future Growth Loan Scheme by an additional €500m was announced in July 2020. These schemes were followed in September 2020 with the launch of the Government's €2bn Covid-19 Credit Guarantee Scheme. The Brexit Impact Loan Scheme (BILS) was launched in October 2021, making up to €330m in lending available to help businesses, including those engaged in farming and fishing, continue to respond to Brexit.

SBCI supported sanctioned lending for 2021, across all its product lines, totalling €819,331,298 with 10,012 loans to SMEs.

The SBCI currently has five bank (AIB; Bank of Ireland; Ulster Bank; Permanent TSB; KBC) and seven non-bank (Microfinance Ireland; Finance Ireland Limited; Fexco Asset Finance; Bibby Financial Services Ireland; Capital Flow; SME Financing and Leasing Solutions DAC and Close Brothers Commercial Finance) on-lending partners. SBCI also has partnerships with Credit Unions through the Metamo Group of Credit Unions, Irish League of Credit Unions (ILCU) and the Credit Union Development Association (CUDA). More will join as suitable products materialise.

The SBCI is constantly seeking to broaden its distribution capability and market coverage by adding new on-lenders and working to develop innovative products, thereby serving to meet the needs of Irish SMEs and drive competition in the SME finance market.

### **Ireland Strategic Investment Fund**

The Ireland Strategic Investment Fund (ISIF) invests on a commercial basis in a manner designed to support economic activity and employment in Ireland. To ensure efficient delivery of funding to the SME sector, the support of which requires large volumes of granular debt and equity investments to be made in underlying SMEs, the ISIF will generally target investment in private sector entities that interface directly with those SMEs. Programme terms are flexible, once the underlying requirement that the funding is provided on a commercial basis is met.



The following ISIF commitments have been made to date:

Year	Description	Original Commitment €m	Description
2012	Carlyle Cardinal Ireland	125	Private equity fund targeting growth and lower mid-market buy-out transactions in Ireland.
2012	Highland Europe Fund I	10	Early and Growth stage private equity fund that will target technology opportunities in Ireland, UK and Europe.
2013	BlueBay	200	Credit fund making loans of between €5m and €45m to medium/large Irish SMEs.
2015	Highland Europe Fund II	10	Early and Growth stage private equity fund that will target technology opportunities in Ireland, UK and Europe.
2016	Causeway Capital	15	Private equity fund that will invest in established, growing SMEs in Ireland and the UK.
2016	BMS	15	Non-bank lender providing growth loans to Irish SMEs.
2016	Finance Ireland	30	Non-bank lender providing SME leasing, commercial mortgages, agri finance and auto finance.
2016	Scottish Equity Partners Fund V	16	Growth stage private equity fund that will target technology opportunities in Ireland, UK and Europe.
2017	Muzinich Pan-European Private Debt Fund	45	Growth capital to Irish SMEs and corporates.
2017	Insight Venture Partners X	83	Growth stage private equity fund that will target software opportunities in Ireland and globally.
2017	BGF	125	Largest ever growth capital fund dedicated to Irish SMEs with €250m to invest.
2018	Motive Capital Fund I	25	Specialist financial technology focused private equity fund providing growth equity to FinTech businesses.
2018	DunPort SME Fund	95	Successor vehicle to the Bluebay SME credit fund. Fund providing a mix of unitranche, senior and



			mezzanine debt to medium/large Irish SMEs and mid-sized corporates.
2018	Finance Ireland - Follow On	15	Follow on investment in non-bank lender supporting its SME and Agri Leasing business.
2018	Beach Point Capital I	15	Successor vehicle to BMS Finance Ireland. Fund lends to high growth potential Irish SMEs.
2019	MML Growth Capital Partners Ireland Fund II L.P.	20	Growth capital private equity fund focused solely on supporting indigenous SMEs on the island of Ireland to grow domestically and internationally.
2019	Beechbrook Capital	20	Credit Fund focussed on providing loans to regionally based SMEs.
2020	Insight Partners XI	9	Specialist private equity firm that invests in growth-stage technology, software and internet businesses.
2020	Development Capital Fund II	20	Private equity firm that provides development and growth capital to Irish SMEs which have significant growth opportunities, primarily in export markets.
2020	Motive Capital Fund I	27	Specialist financial technology focused private equity fund providing growth equity to FinTech businesses.
2020	Melior Equity Partners II	26	Private equity firm focused on investing in high potential Irish businesses.
2020	Renatus Capital Partners II	7	Private equity firm that provides growth funding to ambitious Irish SMEs
2020	Finance Ireland - Follow On	17	Follow on investment in non-bank lender supporting its SME and Agri Leasing business.
2021	Beach Point Capital II	25	Successor vehicle to Beach Point Capital I. Fund lends to high growth potential Irish SMEs.
2021	Dunport Fund for Pandemic Impacted SMEs	50	Credit fund targeting loans to pandemic impacted SMEs.
2021	DunPort SME Fund	95	Fund providing a mix of unitranche, senior and mezzanine debt to medium/large Irish SMEs and mid-sized corporates.

### **Enterprise Ireland Seed & Venture Capital Scheme**

The Seed & Venture Capital Scheme (2019-24), operated by Enterprise Ireland, aims to foster a strong pipeline of high growth, innovative businesses in the Irish economy by increasing the availability of appropriate sources of risk capital for start-up/early-stage businesses with high growth potential at each stage of their development and by signalling strong Government support for an innovative enterprise culture.

Under the most recent Seed and Venture Capital Scheme (2019–2024) a fund of €175m was announced. This fund was further increased to €185m following the 2020 July Stimulus package by the Minister of Finance.

Two calls for expressions of interest have taken place with four funds established to date. This has leveraged additional capital to a total combined fund size of over €340m, with Enterprise Ireland committing over €60m in total to these funds

A third call for expression was announced in March 2021 targeting the Pre-Seed, Seed & Series A/A+ stages, in EI target sectors including ICT, Lifesciences and Industrial. Up to €82m may be committed as part of this call, with a maximum of €20m to any individual Fund.

### **Microfinance Loan Fund**

The Microenterprise Loan Fund was established in 2012 to make loans available to viable micro-enterprises with commercially viable proposals in order to sustain and create jobs. Microfinance Ireland (MFI) was set up to administer the Fund on behalf of the Minister for Business, Enterprise and Innovation.

Businesses can apply for an unsecured loan of between €2,000 and €25,000 for working capital, equipment, start-up costs, or marketing purposes. The loan term is typically 3 years for working capital purposes and can be extended to 5 years for capital expenditures. Interest rates range from between 4.5% for clients of Local Enterprise Offices and other partners to 5.5% for direct applications.

In response to the onset of the Covid-19 pandemic, MFI introduced its Covid-19 Business Loan in March 2020 to assist those microenterprises where business has been negatively impacted, resulting in a reduction of 15% or more in turnover or profit. These loans, for up to €25,000 are available interest free for the first 6 months and with interest rates of between 4.5% and 5.5% for the remainder of the loan.

From the 1st Oct 2012 to 30th November 2021, the Fund approved loans to 4,148 micro-enterprises for a total value of €69.6 million, of which €26.84 million related to the Covid-19 Business Loan. These funds supported 9,799 jobs.

### **Credit Guarantee Scheme**

The Credit Guarantee Scheme was launched in October 2012, to facilitate additional bank lending to eligible SMEs. The Credit Guarantee Scheme offers State guarantees of up to 80% on loans ranging between €10,000 and €1 million in value and are provided to banks against losses on qualifying loans to firms who would otherwise have difficulty getting credit.

The Covid-19 Credit Guarantee Scheme was launched in September 2020. The Scheme provides an 80% State guarantee on lending for terms between 3 months and five and a half years and offers a range of lending products between €10,000 and €1 million including

working capital and term loan facilities. Loans up to €250,000 are unsecured. The Scheme is available to SMEs, small Mid-Caps and primary producers. As a result of the high level of the State guarantee, loans are being provided at interest rates lower than the current market rate for similar loans. The long-term policy goal of diversification in participating finance providers has also been achieved with 3 banks, 6 non-banks and 19 Credit Unions all lending under the Scheme. The Scheme was developed in accordance with the European Commission's Temporary Framework and was extended with legislation in December 2021 to be available until 30 June 2022 in line with the Framework. Borrowers pay a small premium as required by the Framework.

Since the launch of the Covid-19 Credit Guarantee Scheme in September 2020, there have been 8,780 loans drawn or sanctioned for the value of €611 million up until the 16th of December 2021. The Scheme has helped to support 61,291 jobs.

### **Brexit Loan Scheme/COVID-19 Working Capital Scheme**

The Brexit Loan Scheme launched in 2018 and makes lending available to Brexit-exposed businesses with up to 499 employees to help them innovate, change or adapt to overcome their Brexit challenge. The maximum interest rate is 4%. Loans range from €25,000 to €1.5m, with unsecured loans of up to €500,000 and terms ranging from 1-3 years.

In March of 2020, in response to the onset of COVID-19 in Ireland, a proportion of the funding made available under the Brexit Loan Scheme was repurposed for use by eligible businesses impacted by the pandemic. The Brexit Loan Scheme closed to new applications in tandem with the launch of the successor scheme, the Brexit Impact Loan Scheme. Existing eligibility codes for the BLS remain valid and code-holders may continue to apply for funding up to the expiry date of their code.

Under the COVID-19 Working Capital Scheme loan features are similar to those of the Brexit Loan Scheme. The COVID-19 Working Capital Scheme closed to new applications for eligibility codes in July 2021. Existing code-holders may continue to apply for funding up to the expiry date of their code. For COVID-19 impacted businesses, the COVID-19 Credit Guarantee Scheme remains open as an option for accessing finance through participating lenders.

### **Future Growth Loan Scheme**

The Future Growth Loan Scheme (FGLS) is offered by the Government of Ireland, through the Department of Enterprise, Trade and Employment and the Department of Agriculture, Food and the Marine, and the Strategic Banking Corporation of Ireland, supported by the EIB Group's Guarantee Facility.

The scheme is operated by the Strategic Banking Corporation of Ireland (SBCI) through participating lenders.

The scheme first launched with a total funding of €300 million in 2019 and was expanded by a further €500 million in 2020. This scheme is available to eligible businesses in Ireland, including those in the primary agriculture (farmers) and seafood sectors, to support strategic long-term investment. Finance provided under the scheme is competitively priced and offered at favourable terms.

Loans range from €25,000 to €3 million per eligible business, with loans up to €500,000 available unsecured. Loans are available for terms of 7-10 years. The initial maximum interest

rate is capped at 4.5% for loans up to €249,999 and 3.5% for loans more than or equal to €250,000 for the first six months. The rates thereafter are variable and will be dependent on the cost of funds at that point in time, however the credit margin component of the price has been capped. These rates represent a significant saving compared with the prevailing rates that are otherwise being offered for similar loans on the market.

Close Brothers are the only financial provider still accepting applications for the Future Growth Loan Scheme, as the other lenders have reached their capacity or have sufficient applications in their pipelines to reach their capacity under the scheme.

As of December 20th, 2021, there have been 9,175 applications for eligibility under the FGLS, of which 8,561 have been approved. 3,508 have progressed to sanction to a total value of €753,830,728.

### **Brexit Impact Loan Scheme**

The Brexit Impact Loan Scheme (BILS) was launched in mid-October 2021 to make up to €330 million in lending and is available to eligible Brexit impacted businesses in Ireland, including those in the primary agriculture (farmers) and seafood sectors as they respond to the dual-impacts of Brexit and COVID-19.

Finance provided under the scheme is competitively priced and offered at favourable terms. Loans range from €25,000 to €1.5 million per eligible business, with loans up to €500,000 available unsecured. Lending is available for terms of one to six years and some elements of refinancing are supported through the scheme.

The BILS is supported by a guarantee through the European Guarantee Fund (EGF), which is being implemented by the European Investment Fund (EIF) on behalf of the European Commission. The scheme is operated by the Strategic Banking Corporation of Ireland (SBCI) through participating lenders, which to date include Bank of Ireland, AIB and five Metamo Credit Unions, with the anticipation of a further lender offering lending under the scheme from January 2022.

As of December 20th, 2021, there have been 583 applications for eligibility under the BILS, of which 514 have been approved. 117 have progressed to sanction, to a total value of €14,091,744.

## **2.3 Rationale for Study**

The 4th report of the Credit Review Office suggested that *"existing 'credit surveys' are being used widely as a commentary on the availability of bank lending. These surveys are not quality assured by any reputable market research organisation and may be misleading many businesses into not seeking bank credit and using alternative sources of financing, both of which are risky"*.

As such, Irish SMEs, the Government, policy makers and other stakeholders require a reliable and reputable demand study to be conducted either as a once-off exercise or as part of an on-going process. This report represents the output from such a demand study exercise.

## 2.4 Study Scope

The scope of this exercise was to establish a regular, independent measure of the demand for credit (encompassing all lending institutions) from the perspective of the SME. Additionally, and since the provision of credit to SMEs extends beyond the two pillar banks, information is required to inform Government as to the experience of micro, small and medium sized enterprises in accessing credit from the banking sector as a whole. In this context, the Department of Finance commissioned this study to ascertain the situation in relation to:

- the demand for credit from SMEs;
- why SMEs did not seek credit;
- the reasons given for refusal of credit;
- SMEs' level of knowledge on their rights in relation to credit.

### Company Size

This review was conducted on the basis of companies falling into one of three categories of SMEs, as determined by the EU definition of each category, which can be broadly summarised as follows:

Description	Employee Numbers	Turnover	Balance Sheet
<b>Micro</b>	1-9	<=2million	<b>&lt;=2million</b>
<b>Small</b>	10-49	<=10 million	<b>&lt;=10 million</b>
<b>Medium</b>	50-250	<=50 million	<b>&lt;=43 million</b>

*\*A company which satisfies two of the three criteria is deemed to be an SME, one of which is employees.*

### Credit Products

The review covered the following credit products:

- Overdrafts
  - New overdraft
  - Renewal/restructuring of an existing overdraft
- Loan
  - New loan
  - Renewal/restructuring of an existing loan
- Invoice discounting
- Leasing or hire purchase
- Other credit products

## Sectoral Analysis

In order to ensure that information produced as part of this study was comparable with previous studies and could be collated to form a sectoral picture, we have used Central Bank sectoral codes.

- Central Bank sectoral codes are those codes used by the Central Bank, and specified at EU level, under which individual banks submit their quarterly returns to that organisation. These codes are based on NACE Rev. 1 codes.
- The NACE code system is a pan-European classification system, which groups organisations according to their business activities. It assigns a unique five or six digit code to each industry sector, e.g. B – Mining and Quarrying, B5 –Mining of Coal and Lignite.
- In order to ensure that the results are representative of the overall SME population, the construction sector, in so far as property development and speculative activities are concerned, has been excluded. Only companies that support or supply to the construction sector have been included.

The specific sectors or subsectors included in our analysis on the basis of NACE codes are shown below:

NACE Categories
Agriculture/Forestry/Fishing
Manufacturing - Processing & Food
Manufacturing – High Tech
Manufacturing – Other
Construction – General Construction
Construction – Other
Wholesale
Retail, Trade and Repairs – Non-Motor
Retail, Trade and Repairs – Motor Only
Hotels & Restaurants (including Bars)
Transport/Storage/Communication
Financial & Other Business Services
Real Estate Activities ( excl. Speculative)
Professional, Scientific and Technical
Human, Health and Social Work
Administration and Support Services

The specific sectors or sub-sectors excluded from the analysis are set out in detail below:

- Non-SME related financial intermediaries: non-bank credit grantors, credit unions, collective investment schemes, SPVs, asset-backed securities, pension funds
- Speculative real estate activities
- Speculative construction activities
- Education – schools and colleges
- Hospitals
- Churches and religious organisations
- Charities
- Government (central and other)
- Extra-territorial organisations and bodies
- Private household lending

### **Time Period of Study**

In reviewing results, it should be noted that the time period of this study is a six month period from April 2021 to September 2021. Seasonality may have an impact on the results of the study.

### **3. Methodology**

This survey represents a Behaviour & Attitudes study of lending to SMEs in Ireland examining the issue of credit availability. Fieldwork and analysis for the survey was carried out by B&A, the independent market research company.

#### **3.1 Sample Selection**

The study sample was selected at random from an industry-leading database of all SMEs across Ireland supplied by Bill Moss, the leading compiler and database provider in Ireland. This database is compiled from multiple sources and updated regularly. At the date of writing, the database held approximately 113,000 SME records.

The starting sample of SMEs was randomly extracted from this database, across each SME size category and NACE sectoral group, ensuring that respondents included a reasonable spread of micro, small and medium sized SMEs and a proportional representation of the 16 key business sectors set out in Section 2.4 above.

In total, 16,288 companies were called, and contact was made with 14,867 companies. Of these 14,867 contacted, 1,502 interviews were completed, with some companies either falling outside of the quotas classifying SMEs, or others refusing to take part or to complete within the time frame set out for interview.

This is down from the 18,118 companies called for the previous wave, when contact was made with 16,643 and 1,500 interviews were completed.

Quotas were set in order to ensure that the sample was sufficiently representative of the SME population in terms of both SME size (micro, small and medium) and sector (as defined by NACE codes). Note due to the reticence of many medium sized enterprises in particular to participate in Covid-era research, the percentage of all completed interviews accounted for by this grouping was 5%, with the sub-sample statistically up-weighted to its more representative 23% at analysis stage (see Section 4.1). The remote working during the pandemic has had a significant impact on ability to reach decision makers within medium sized enterprises.

#### **3.2 Sample Accuracy**

The sample error for a survey of this nature is very good. Based on a total database of approximately 113,000 SMEs in Ireland, the total sample of 1,502 companies has a possible sample error of just +/-2.5% (at a 95% confidence level), while the sub-samples of micro, small and medium companies have a possible sample error of between  $\pm 11.2\%$  (medium companies) to  $\pm 3.2\%$  (micro companies).



### **3.3 Collection of Data**

Telephone interviews were conducted with 1,502 Irish micro, small and medium sized firms, based on a questionnaire finalised between the Department of Finance and B&A.

In addition to the core credit demand tracking questions, a range of questions was included to cover Government SME supports and initiatives. The format of questioning designed to measure turnover patterns differed from that used in the October 2020 (due to Covid 19) but is identical to previous waves before that.

All interviews were conducted between 18<sup>th</sup> October and 29<sup>th</sup> November 2021 and covered the period from April to September 2021. Over the course of the study, 1,502 SME interviews were conducted. The typical telephone interview lasted between 17 and 27 minutes, depending on the level of credit demand.

Data from completed questionnaires was reviewed and analysed, and the results are presented in this report. The full study questionnaire is attached as an appendix to the report, and detailed results are presented in Sections 4-10.

### **3.4 Comparative Results**

All key parameters of the methodology used in this wave of the Credit Demand Survey were kept the same as in previous waves, in order to ensure direct comparability. This included the approach, quotas, key questions in the questionnaire and sample database.

Within each micro, small and medium category, the number of study respondents by sector can vary slightly (+/-2% on a sectoral level). Results for this study were weighted to the same size profile as that used in the prior study, however.

Information relating to applications is based on actual results, on the basis that lenders must consider each application for credit on its own merit.

### **3.5 Sample Size**

Some 1,502 SMEs participated in the telephone interviews. Companies were allocated to micro, small and medium size categories based on employee numbers as a proxy for company size.

The three SME size categories have very different characteristics. As such, and in line with previous surveys, SMEs should not necessarily be considered as a single population but as three distinct populations – micro, small and medium. Study results have been provided separately for each category, and this report should be read on that basis.

It should be noted that, while the physical number of micro enterprises operating in Ireland is significantly higher than the number of small and medium enterprises, the economic weight or value of each category of SME (micro, small and medium) to the Irish economy is broadly similar.

### **3.6 Limitations**

The results set out in this document should be considered in the context of the following limitations:

1. The study provides the consolidated opinions of a wide range of SMEs, but it is not a census of the entire population of SMEs in Ireland.
2. Each study collects responses from a random sample of SMEs, and hence the change in the underlying quality and characteristics of the business will contribute to some of the variations noted from study to study (however, sample error rates shown earlier should account for this).
3. Whilst every effort has been made to ensure that the study sample is as fully representative of the population as a whole as possible, it is possible that certain sub-groups are under-represented. It should be noted that the following sub-populations, for example, are relatively small for robust analysis:
  - a) the study included a sample of companies which employed one person (i.e. were self-employed);
  - b) the study included a number of companies who had been in business for up to two years, however this type of company has generally not filed company accounts and/or is not listed in Company Registration Office records, and is not in the database used for sampling purposes.
4. Demand for credit and the bank lending decisions surrounding the approval of credit are complex, multi-faceted and unique to each individual SME application. Not every variable contributing to a credit decision can be probed during a telephone interview, and likewise the characteristics of a respondent's business cannot be fully and comprehensively captured in such a timeframe.
5. Slight rounding may occur in the graphical or other representation of figures in this document.

### **3.7 Privacy of the Respondent**

Throughout the study process all interviews conducted with SMEs were carried out on a confidential basis and the respondents' rights under the Data Protection Act(s) were fully observed, including the rights of respondents to choose not to answer or to end the interview at any stage. In all instances, the interviewer ensured that responses were collected from the person who had primary responsibility for financial matters in their business.

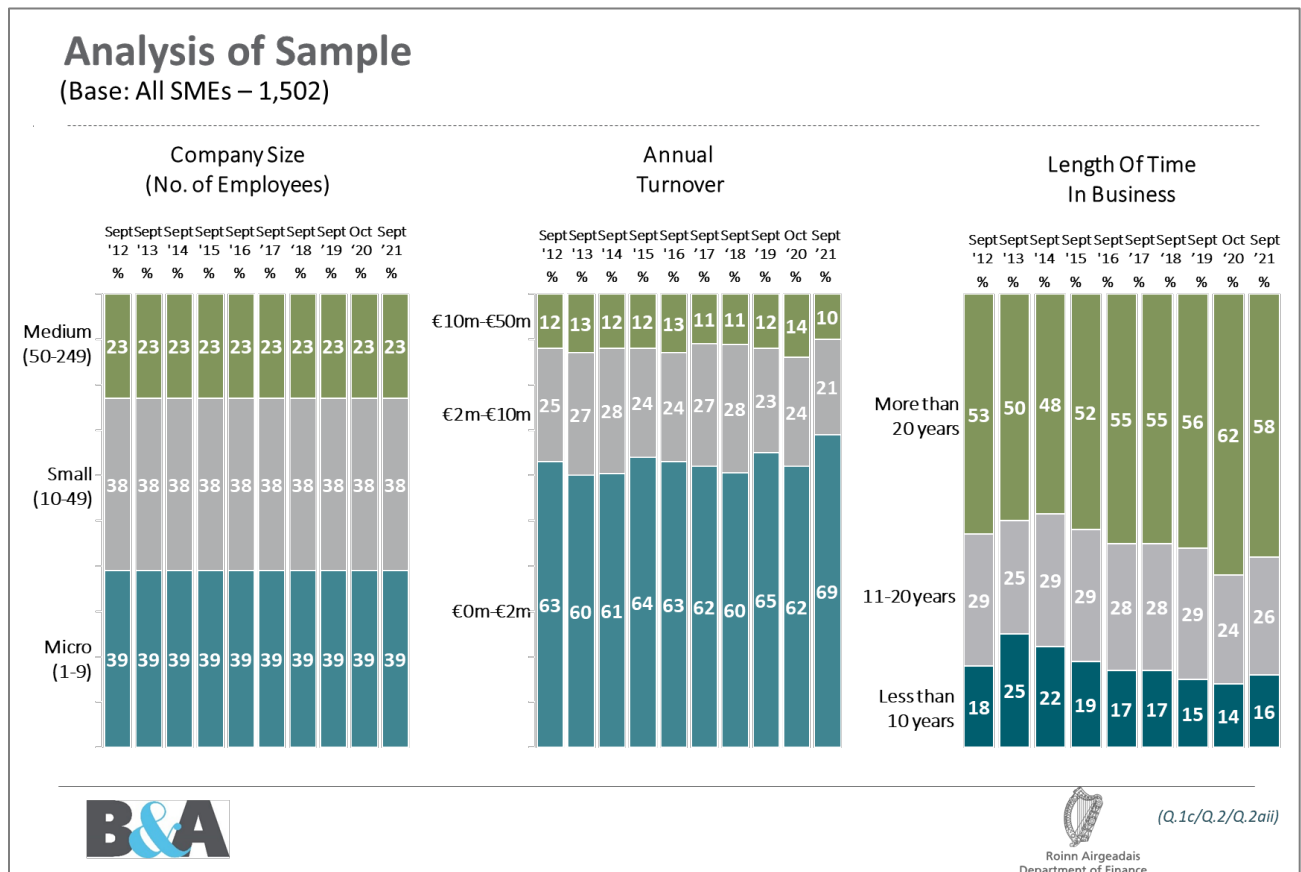
The Department of Finance had no specific interest in the individual financial affairs of any of the SMEs that participated in this study. Rather, the key objective was to better inform Government of the volume, nature and demand for credit in this key sector of the Irish economy.

We would like to express our sincere thanks to all those SMEs who have participated in this study.

## 4. Profile of Respondents

### 4.1 Company Size, Turnover & Length of Time in Business

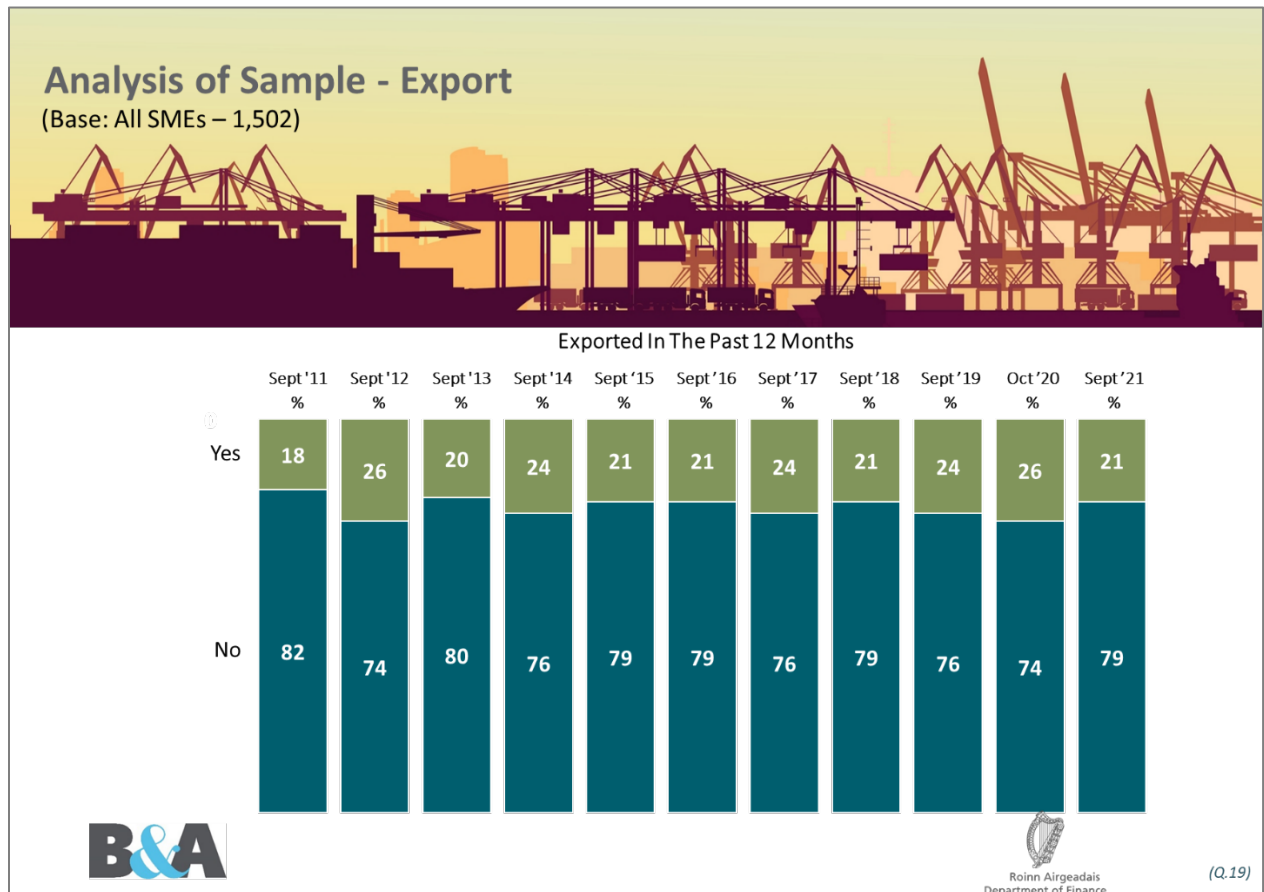
To be able to compare the results from the Credit Demand Survey series wave-by-wave, it is important that the samples achieved are similar on key business demographics. This was achieved through strict quota control on company size and sector, and subsequent statistical weighting of the dataset in line with these quotas.



The above confirms the similarity of the weighted samples, with identical distribution on company size and very similar distribution on turnover and length of time in business.

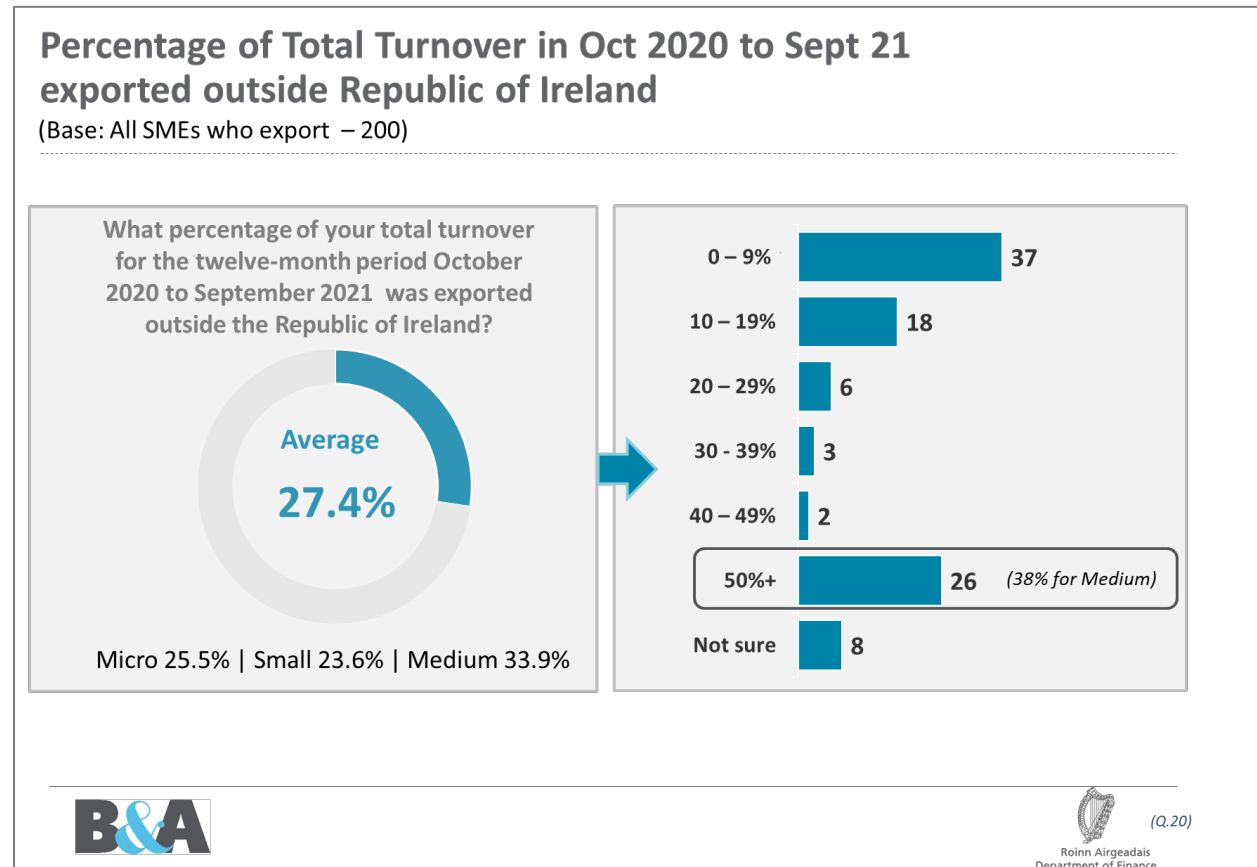
## 4.2 Exporting Companies

The percentage of companies exporting has decreased from 26% in October 2020 to 21% in October 2021. Since September 2011, survey results for the percentage of SMEs exporting have also varied from 30% (March 2012) to 18% (March 2014 & September 2011). In this regard, it is worth noting that the export question was changed slightly for the March 2013 wave, and again for the March 2015 wave, which might impact comparability for this question slightly over the years.



NB: The graphic above illustrates the average proportion of all exporting companies that export anything to areas outside of The Republic of Ireland, and does not reflect the relative scale of different firms' exporting activity.

Approximately 27% of the turnover of exporting companies was exported outside the Republic of Ireland.



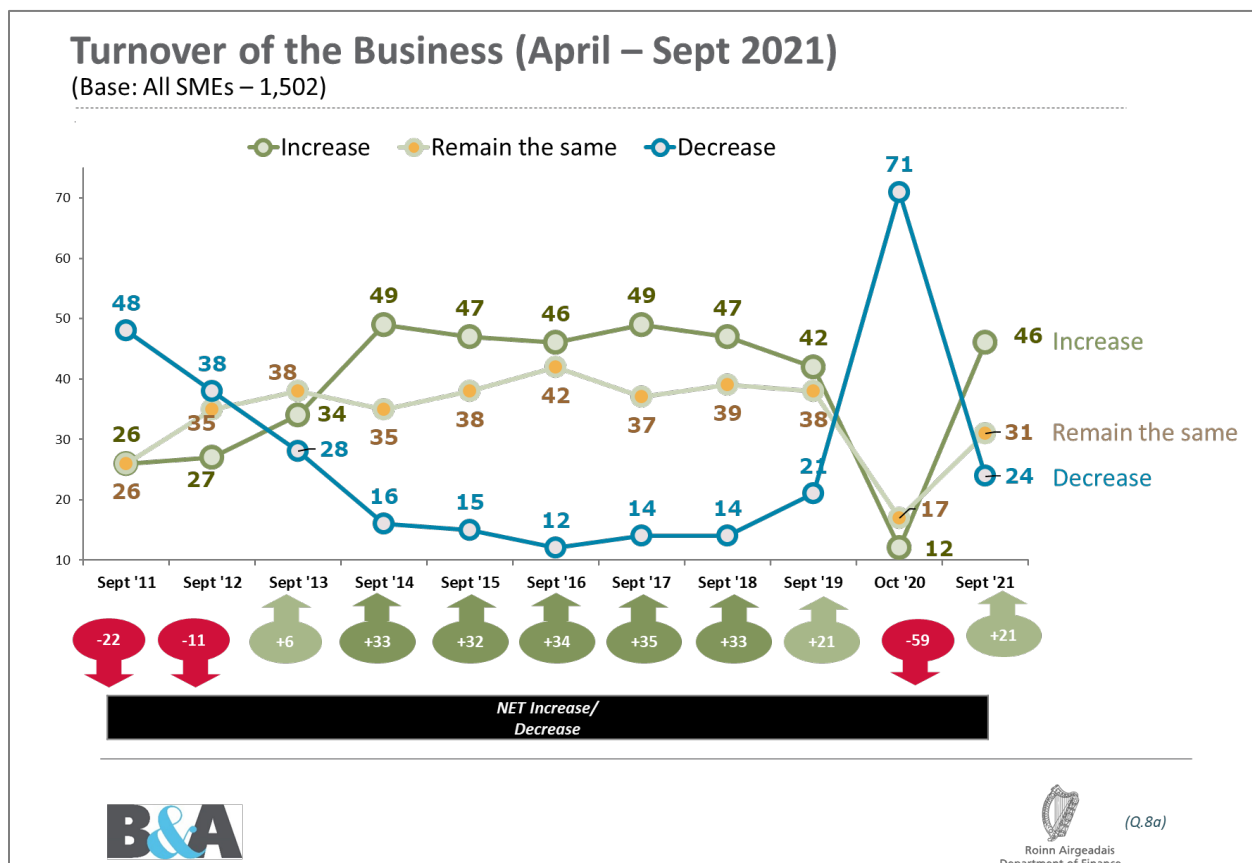
On average, 31% of SMEs' export sales during the last 12 months went to the EU/Eurozone. This was followed by 27% to Great Britain and 24% to Northern Ireland. Other European countries (outside the EU) accounted for 5%, with the US accounting for 6%. The rest of the World accounted for 8%. Compared to the previous year, export sales is up for the EU/Eurozone while down for the rest of the World.

## 5. Trading Performance

### 5.1 Turnover Trends

After a difficult 2020 with the onset of the Covid 19 pandemic, conditions have improved significantly in 2021, to a level similar to 2019. 46% of SMEs reported increased turnover for the 6 months period ending September 2021, compared to just 12% in 2020. 31% reported no change in turnover, while 24% reported decreased turnover – higher than the 21% recorded in the pre-pandemic year of 2019.

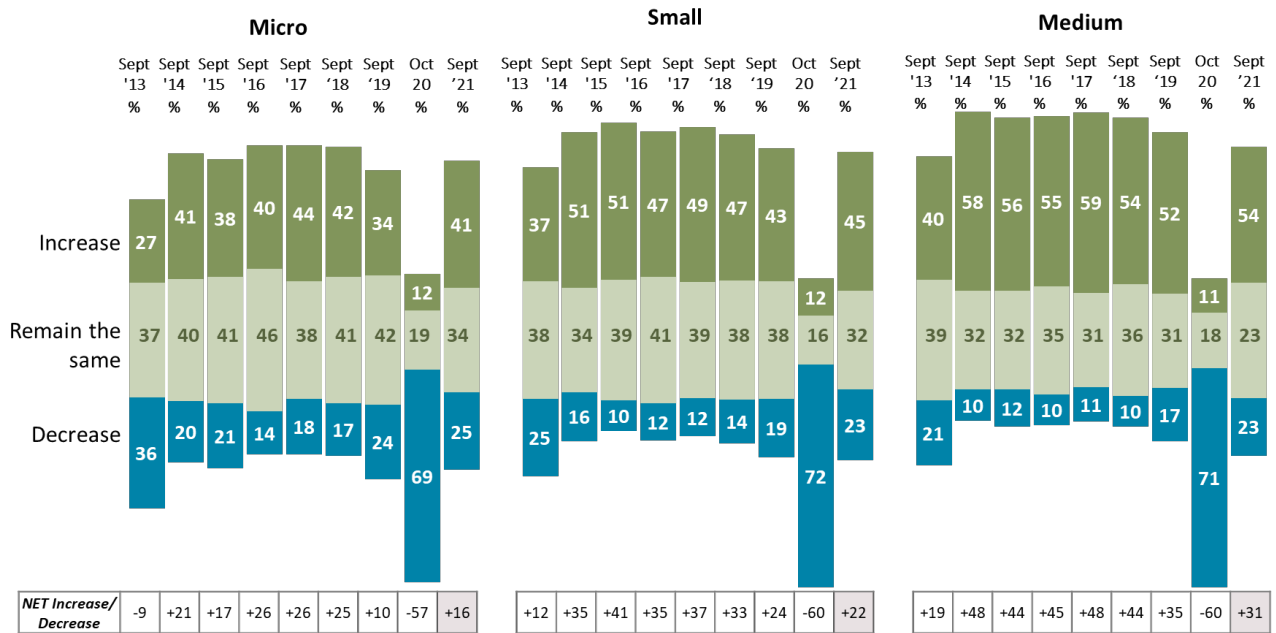
Note, the turnover question was slightly different in 2020, focusing on change to turnover following the onset of the pandemic rather than a strict 6 months period. Nonetheless, the below demonstrates a recovery from the difficult year of 2020; though 24% of SMEs still record a decrease in turnover.



Trading conditions were slightly better among medium sized enterprises, where 54% reported increased turnover. Among Micro companies, 41% reported increased turnover, while it was 45% in respect of small companies.

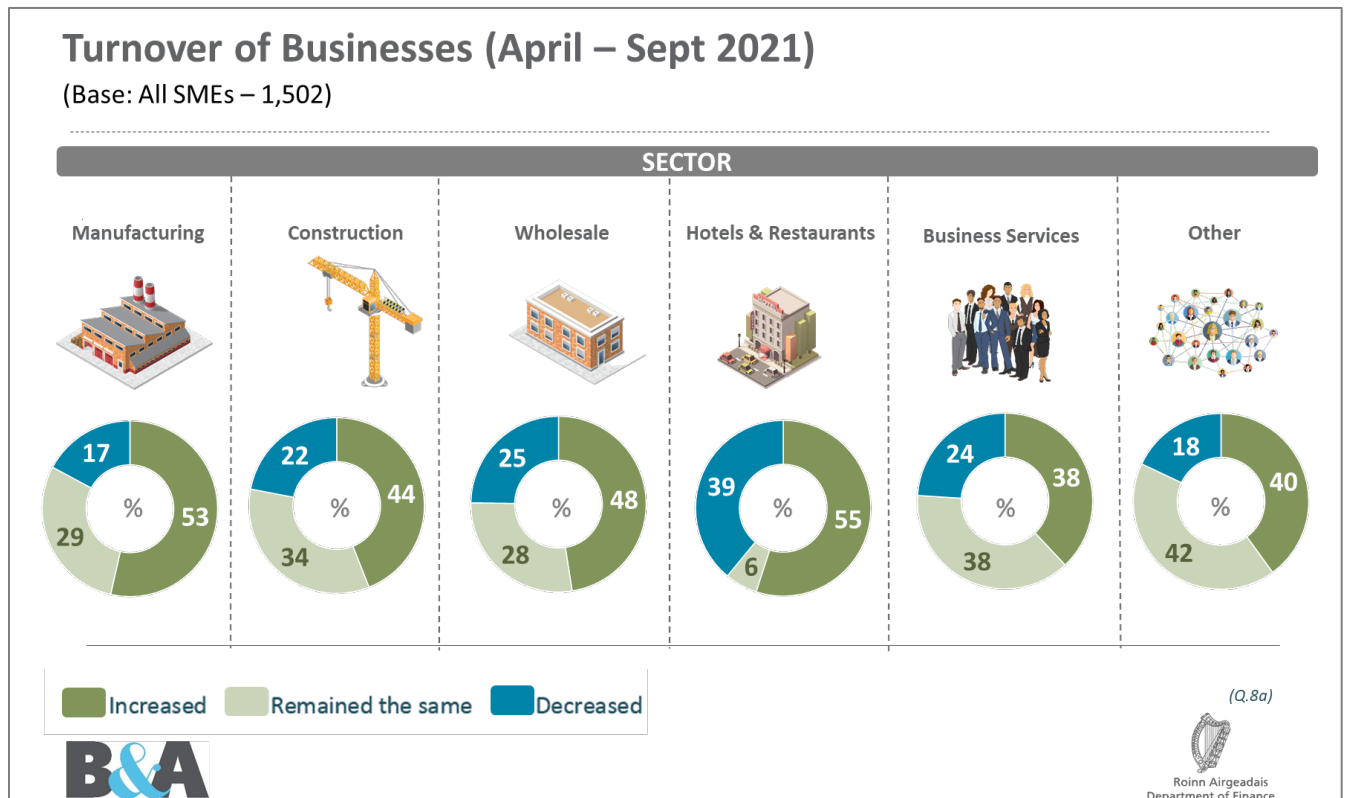
## Turnover of the Business (April – Sept 2021) – By Company Size

(Base: All SMEs – 1,502)



## 5.2 Turnover by Sector

Manufacturing reported the highest net turnover increase (increase minus decrease), where 53% reported an increase in turnover and 17% reported a decrease. While 55% of SMEs within the Hotels & Restaurants sector reported increased turnover, 39% reported a decrease in turnover.

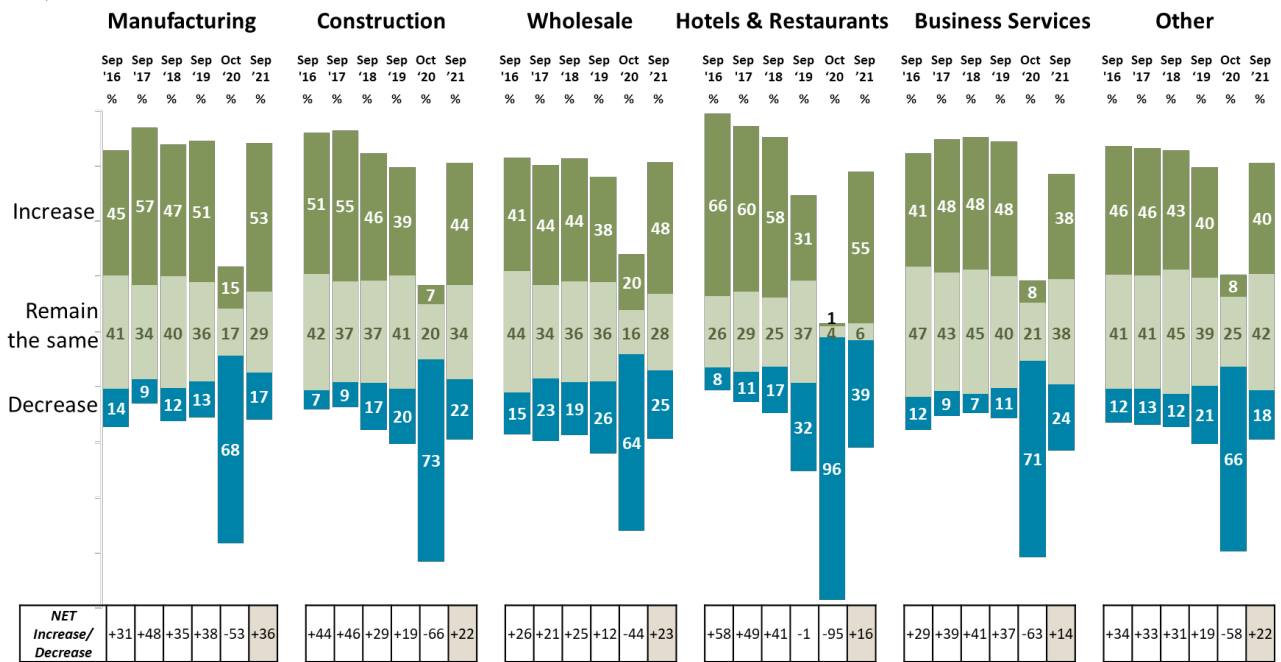




With Construction and Hotels & Restaurants sectors hardest hit by the pandemic in 2020, both sectors reported significant growth in 2021. However, Hotels & Restaurants continue to have the highest proportion of respondents that reported a decline in turnover.

## Turnover of Businesses (April – Sept 2021) By Sector Comparison

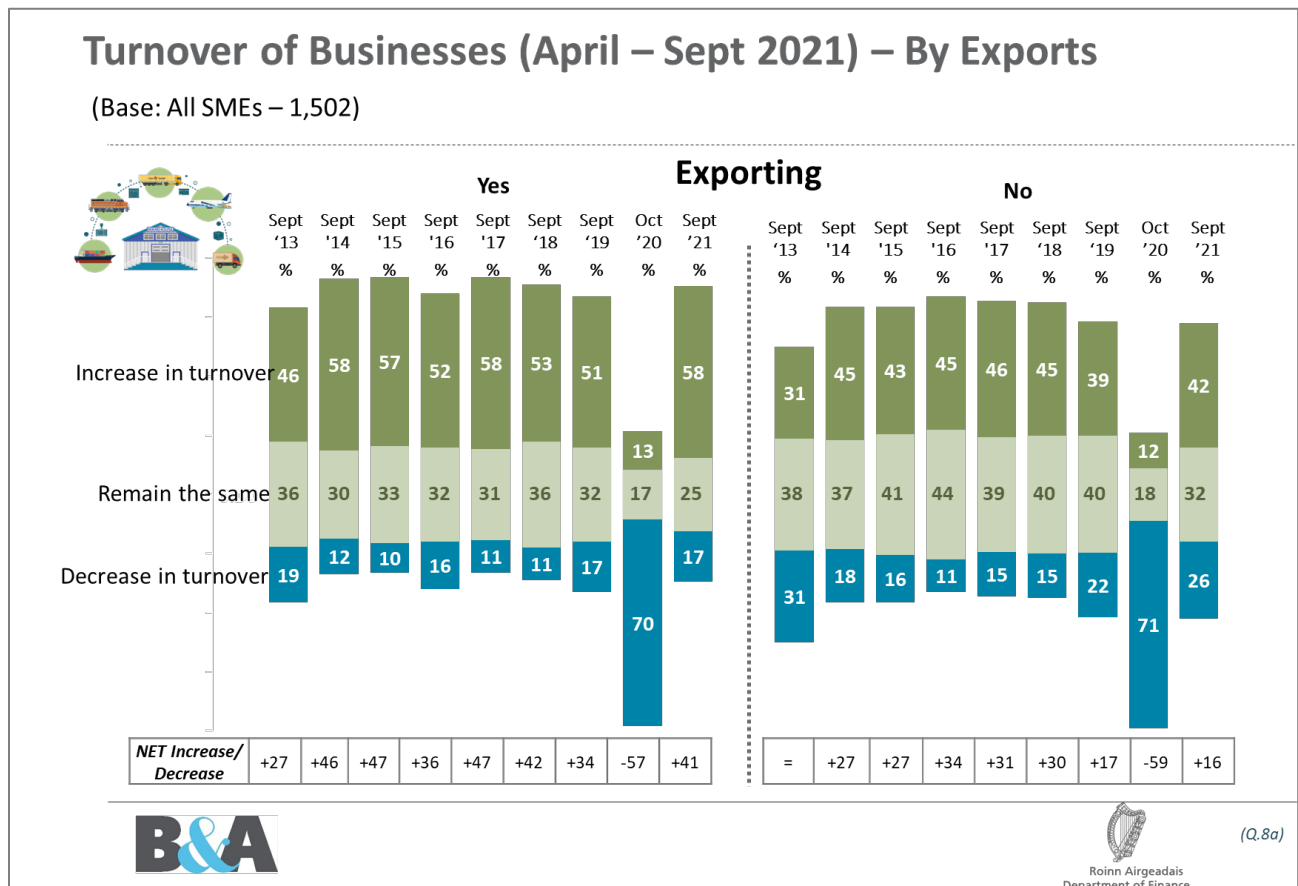
(Base: All SMEs – 1,502)



### 5.3 Turnover for Exporting Companies

Trading conditions are significantly better among exporting companies, 58% reported an increased turnover and 17% reported a decline. For non-exporting companies, 42% reported an increase in turnover while 26% reported a decline.

During the onset of the pandemic in 2020, there was no difference in turnover between export and non-exporting companies.

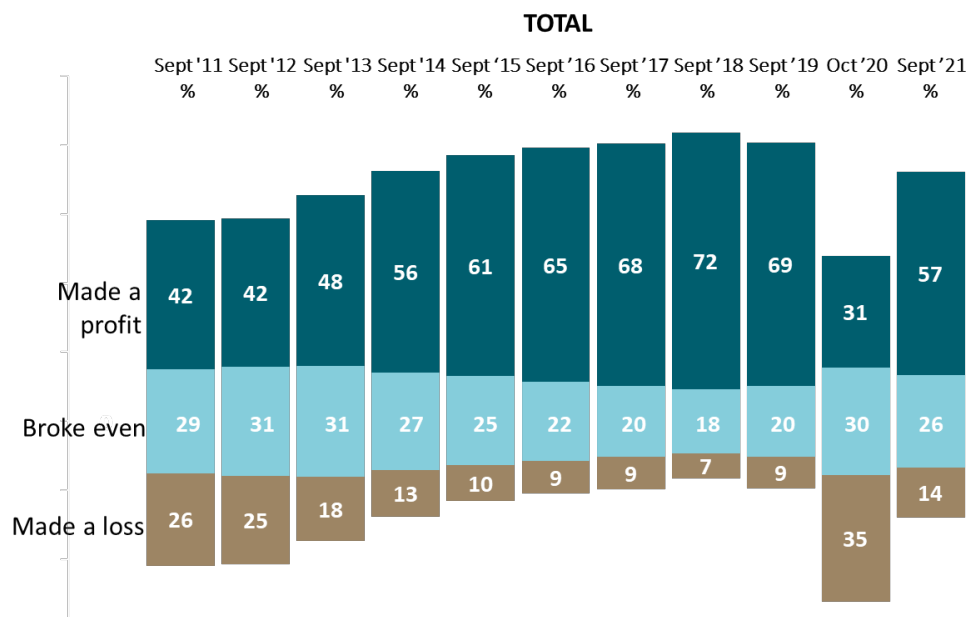


## 5.4 Profit Trends

A recovery is also evident from reported profit trends, however, not to the same degree as the turnover trend. 57% of SMEs reported profit during 2021, compared to 31% in 2020. This remains lower than the 69% who reported profit in 2019. 14% reported a loss in 2021 while 26% broke even.

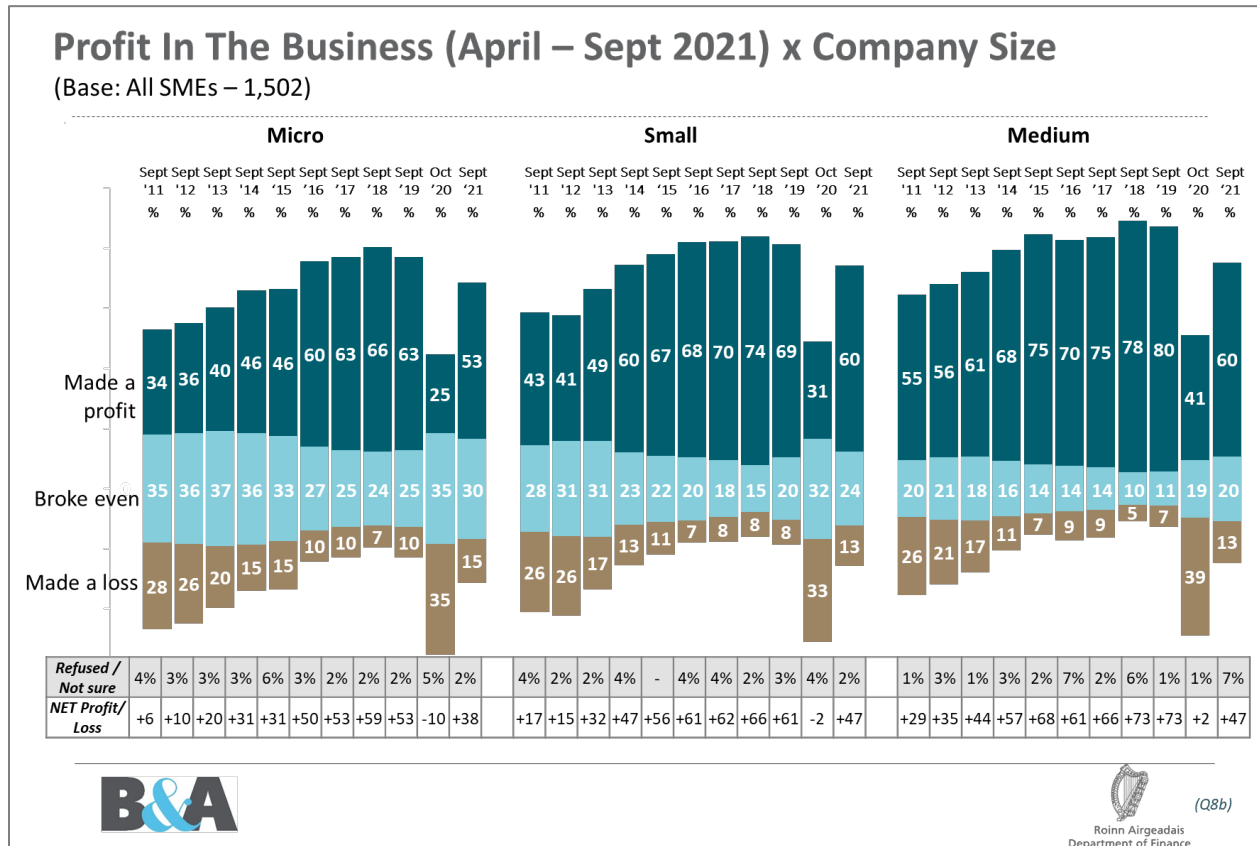
### Profit In The Business (April – Sept 2021)

(Base: All SMEs – 1,502)



<b>Refused /Not sure</b>	3%	2%	3%	4%	4%	4%	2%	3%	2%	4%	4%
<b>NET Profit/ Loss</b>	+16	+17	+30	+43	+51	+56	+59	+65	+60	-4	+43

In terms of profit, Micro companies performed less well, 53% reported a profit and 15% reported a loss in 2021. In comparison, 60% of small and medium sized enterprises reported a profit.



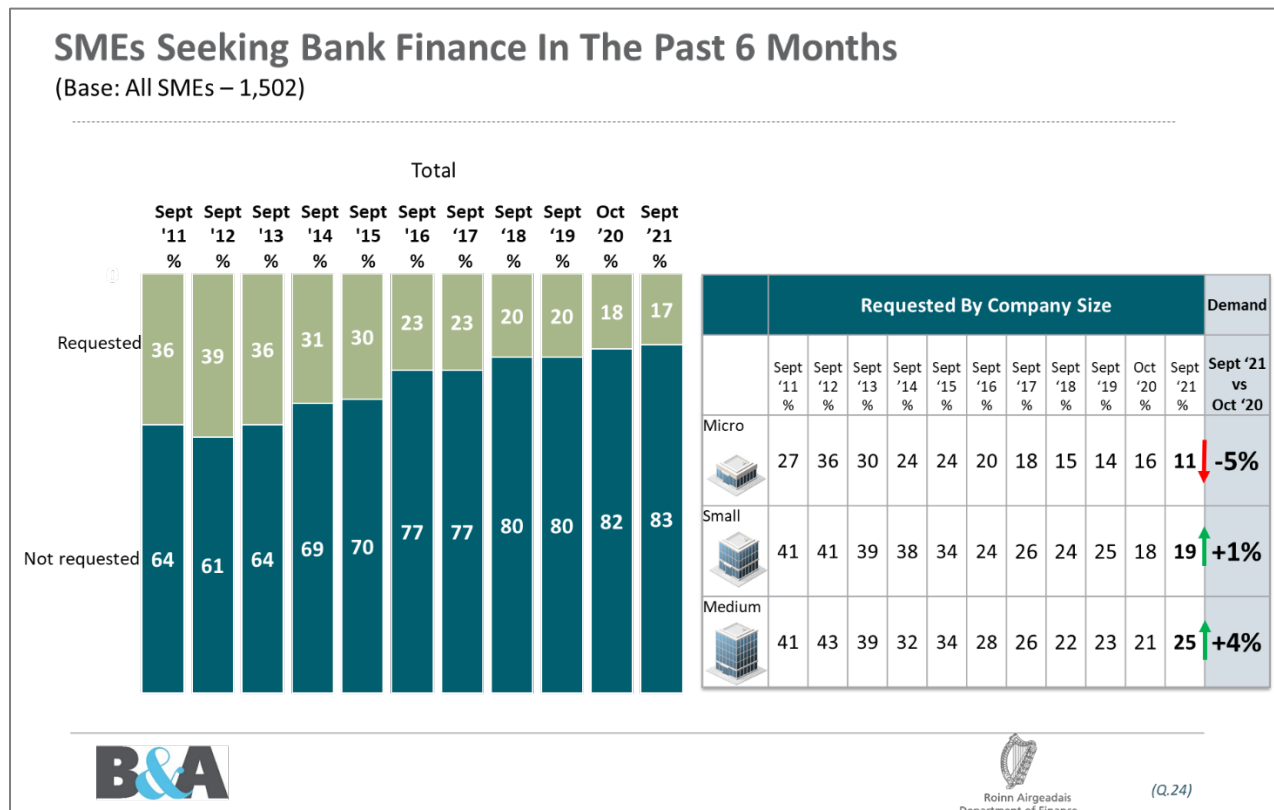
As has always been the case in the credit demand series, a strong relationship exists between turnover and profit performance, with companies having increased turnover being much more likely to report profit than companies with declining turnover, which were more likely to report a loss.

Turnover – Last Six Months	Turnover Increased	Turnover Remained the Same	Turnover Decreased
	%	%	%
Made a profit	67	58	37
Broke even	22	30	27
Made a loss	8	8	32
Refused/Not sure	3	4	3

## 6.0 Demand for Bank Finance

### 6.1 Current Demand for Credit

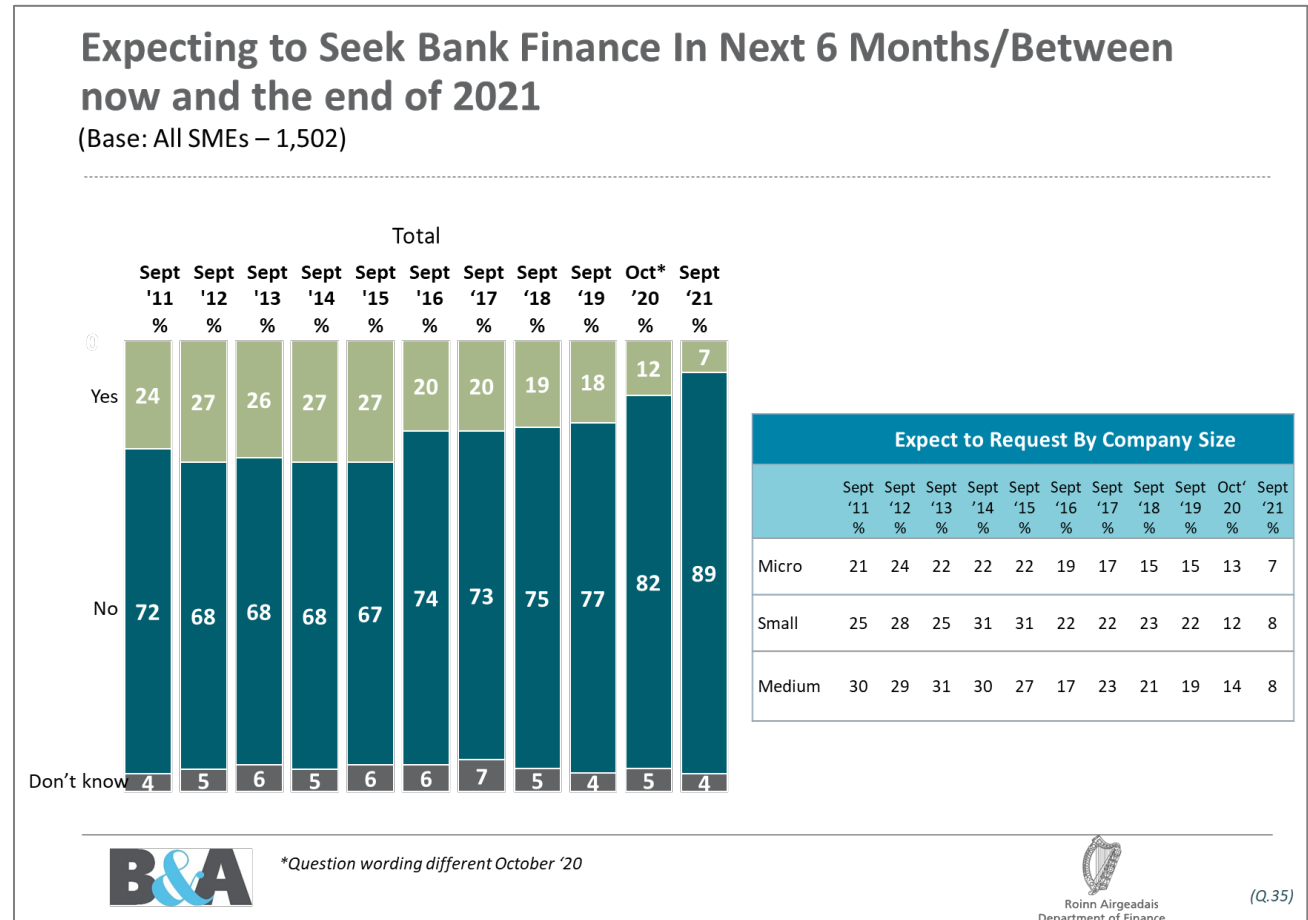
Credit demand for September 2021 remained relatively unchanged compared to October 2020. About 17% of firms applied for bank finance in the six month period up to September 2021.



However, among Micro companies, there was a decline in credit demand from 16% in October 2020 to 11% in the six months up to September 2021. Credit demand has increased for medium sized companies, where 25% applied for credit over the six months up to September 2021.

## 6.2 Future Demand for Credit

Just 7% of respondents expected to apply for credit in the next six months, down from 12% in October 2020 and 18% in September 2019. This decline takes place across all three company sizes.



It is worth noting, however, that this is simply a prediction of possible future demand, and therefore should not be directly compared to actual credit demand reported in the past.

### 6.3 Reasons for Not Seeking Credit

In order to better understand the reasons behind SMEs' lack of demand for credit, companies were specifically asked to provide reasons for not seeking credit in the next six months.

The main reasons given were that finance was simply not needed (63%) and that the business had sufficient internal funds (40%). 14% did not apply for credit as they preferred not to borrow. This rose to 18% among Micro companies.

#### Reasons will not be seeking finance between now and end of 2021

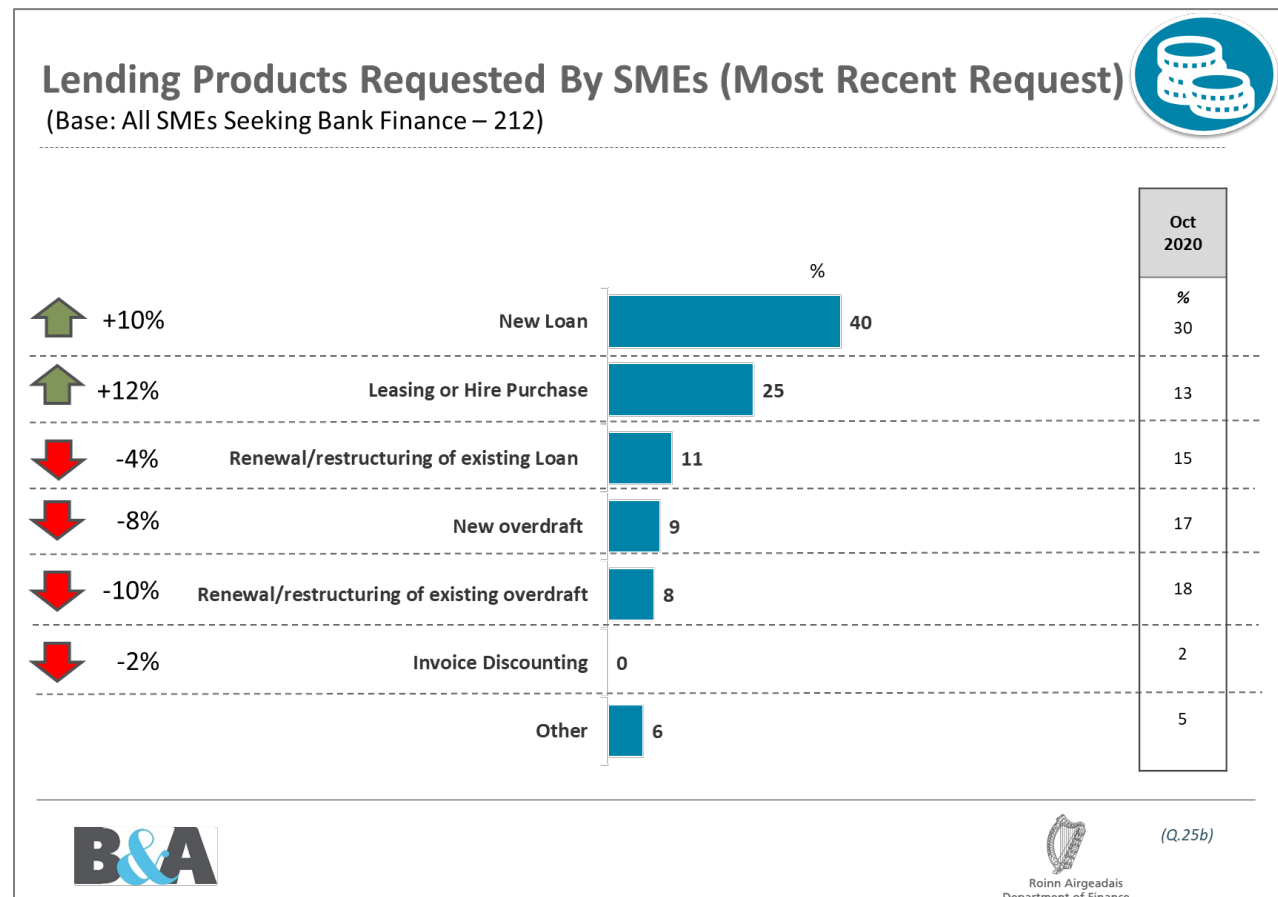
(Base: All SMEs not seeking bank finance – 1,359)

		Micro	Small	Medium
	%	%	%	%
Don't need it	63	63	64	62
Have sufficient internal funds/reserves	40	31	44	47
Prefer not to borrow	14	18	11	12
Existing finance products/restructures are already in place	3	2	3	3
Inability to pay/meet requirements of bank finance	1	1	0	-
Don't trust the banks/believe they are not lending	1	3	0	-
Application process for bank finance is too difficult	1	2	0	1
Can raise finance from other non-bank sources	0	0	0	-
Other Specify	7	7	6	10
No Reason	1	1	2	0

## 6.4 Demand for Credit by Product

Among those SMEs that requested bank finance in the April to September 2021 period, new loans and leasing/hire purchase were the main bank finance products requested, followed by renewal/restructuring of existing overdrafts/loans and new overdrafts.

Compared to October 2020, there was a significant increase in the percentage of new loans and leasing/hire purchase products requested.



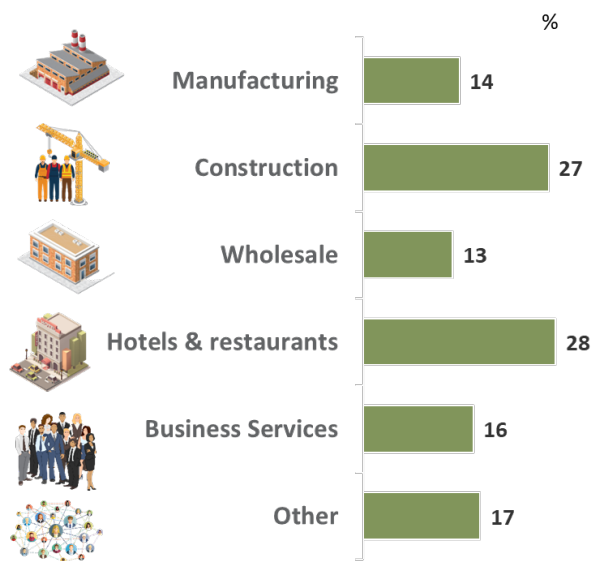


## 6.5 Demand for Credit by Sector

The pandemic hit sectors of hotels/restaurants and construction are more likely to have requested bank finance in the period April to September 2021. Credit demand is lower for manufacturing and wholesale.

### Demand for Credit x Sector

(Base: All SMEs 1,502)



Sept '13	Sept '14	Sept '15	Sept '16	Sept '17	Sept '18	Sept '19	Oct '20
%	%	%	%	%	%	%	%
41	38	36	25	25	21	22	12
31	32	31	30	25	26	27	23
36	31	29	20	22	19	18	19
39	33	34	22	25	28	22	26
33	26	27	23	22	17	18	19
35	32	29	26	23	16	21	11

## 6.6 Demand for Credit by Turnover and Profit Performance

It is interesting to look at credit demand by business performance to gauge whether companies are requesting credit for growth or for stability/maintenance of the business, especially considering the negative economic impact of the pandemic.

From the results below, it is evident that both motivations play a role, with broadly similar levels of credit demand from companies whose turnover increased, and from those that decreased.

		Turnover past 6 months		
Turnover	TOTAL	Increased	Remained the same	Decreased
	<i>1,502</i>	<i>613</i>	<i>375</i>	<i>514</i>
	%	%	%	%
Any Demand	17	17	21	14
None	83	79	86	83

		Profit performance past 6 months		
Profit	TOTAL	Made a profit	Broke even	Made a loss
	<i>1,502</i>	<i>832</i>	<i>413</i>	<i>218</i>
	%	%	%	%
Any Demand	17	17	20	19
None	83	83	80	81

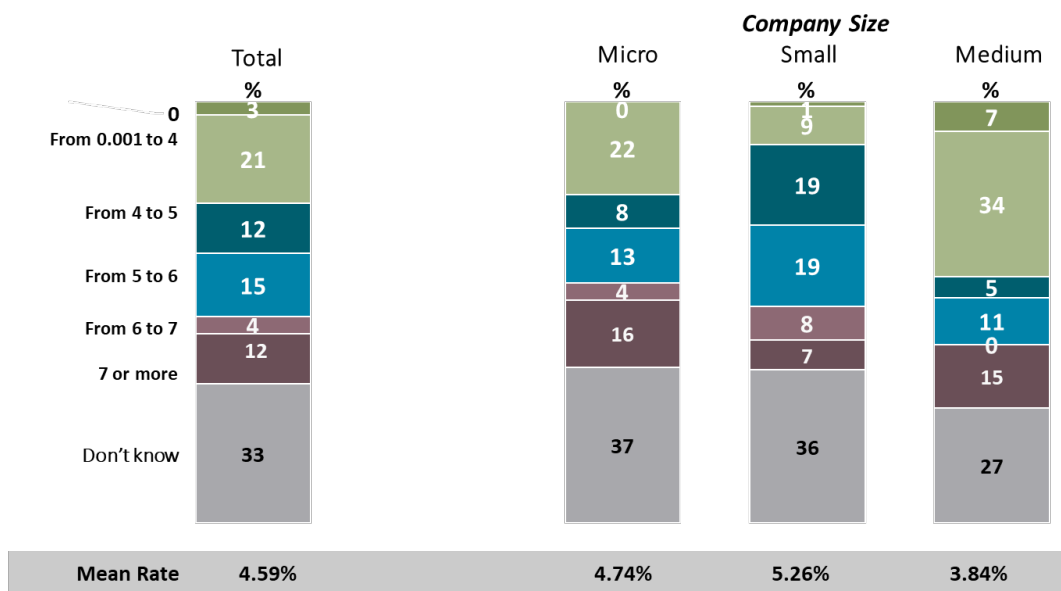
A similar picture is seen when comparing companies making profit vs. companies recording a loss.

## 6.7 Cost of Credit

Amongst those SMEs with outstanding loans, the average claimed cost of credit for September 2021 was 4.59%. This is a decrease from October 2020, when the cost of credit for outstanding loans was, on average, 5.88%. As has been the case historically, a significant percentage of SMEs did not know the cost of their outstanding loans.

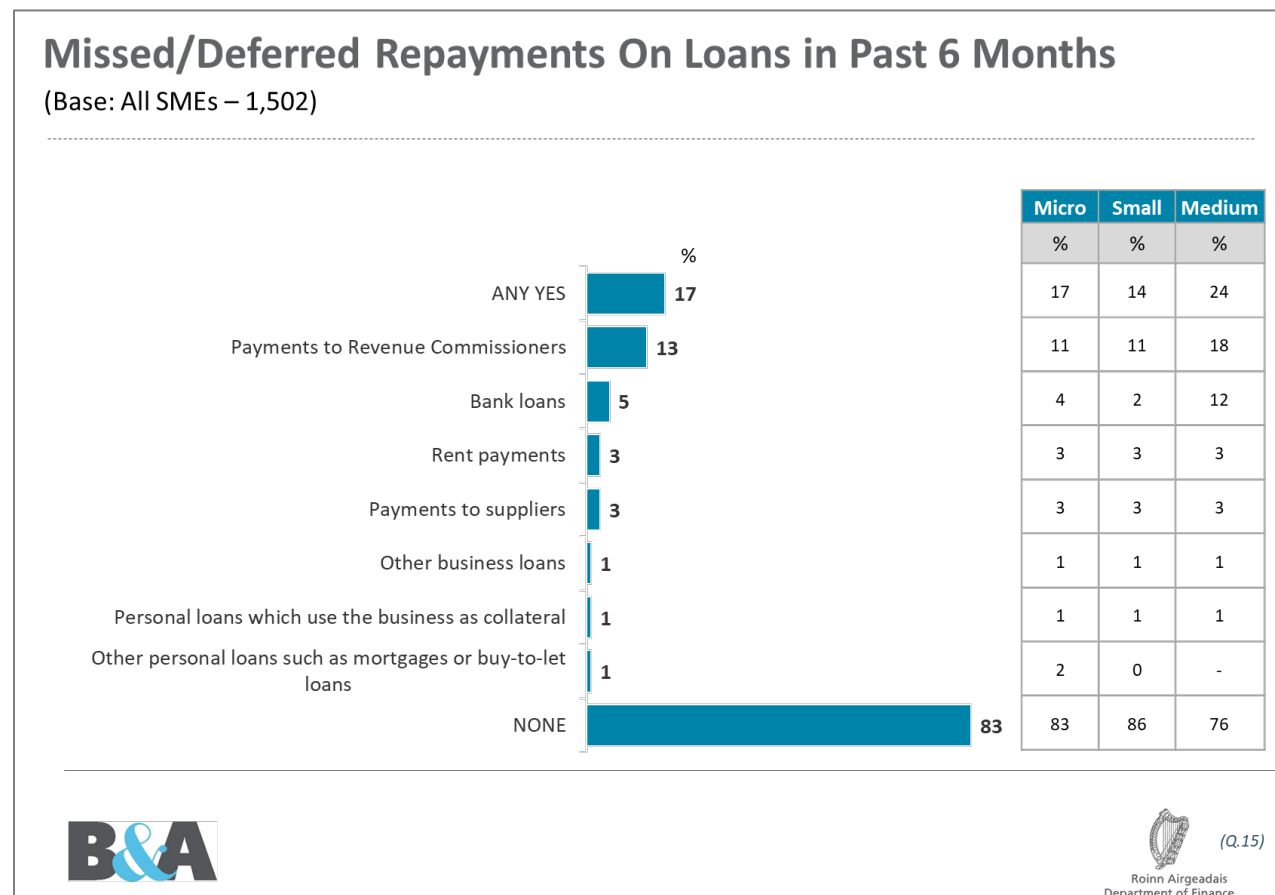
### Average Costs Of Credit (Interest Rate) For Outstanding Loans

(Base: All SMEs successful/partially successful - 181)



## 6.8 Missed payments

17% of SMEs reported that they had missed repayments of any type in the period April to September 2021. 13% have missed payments to revenue commissioners, with 5% having missed payments on bank loans – down from the 12% recorded in October 2020.



Of the 5% of SMEs with missed payments on bank loans, 56% have re-structured the loans with creditors, 10% have paid the balance without any need for re-structuring, while 17% have an outstanding balance with no restructuring.

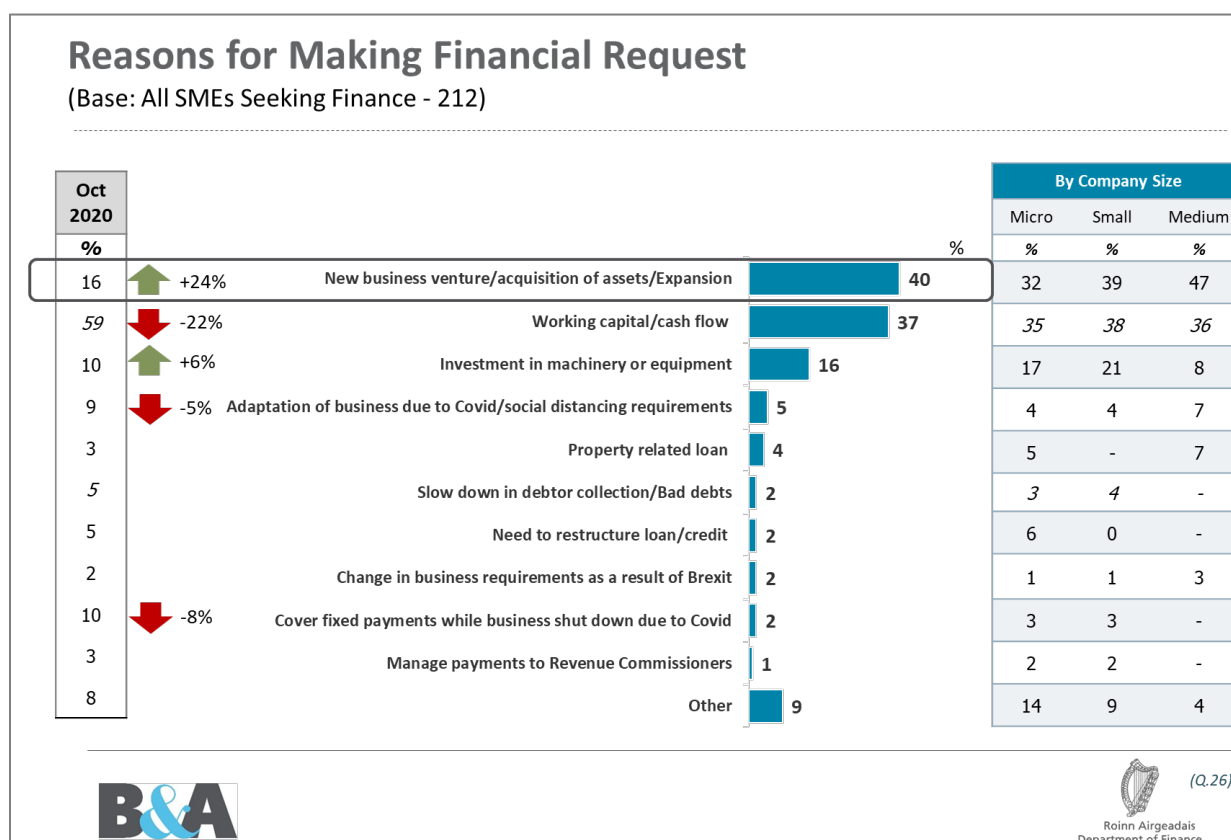
## 7. The Application Process

Of the 1,502 SMEs interviewed for this wave of research, 17% requested bank finance in the six months to September 2021 – similar to 18% in October 2020, and down from 20% in September 2019.

### 7.1 Nature of Demand

New business venture/acquisition of assets/expansion was the main reason for finance requests (40%) – up from 16% in October 2020. This was followed closely by working capital/cash flow needs at 37%, down from 59% in October 2020. 16% applied for finance for investment in machinery/equipment.

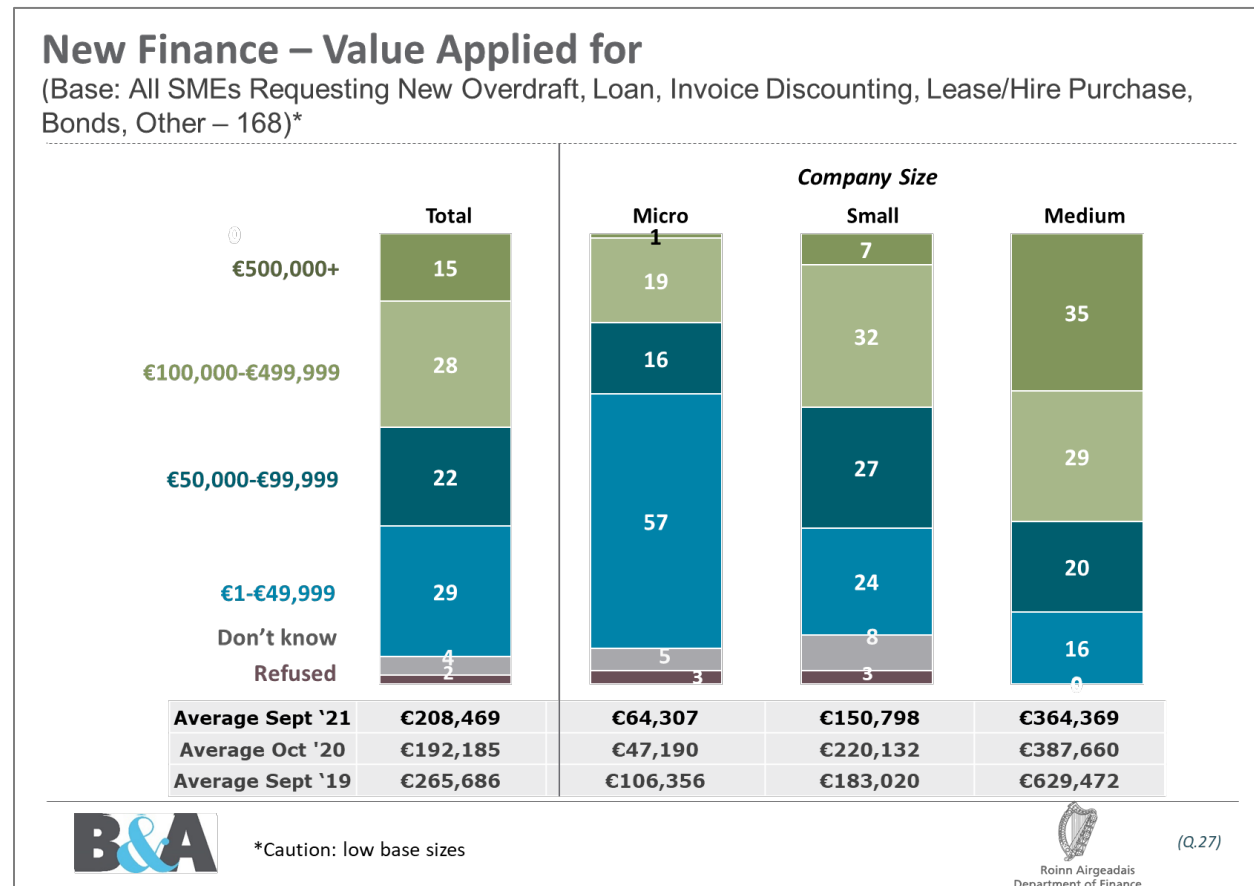
5% of firms applied for bank finance for Covid/social distancing adaptations, while 4% of bank credit demands were for property related loans.



Reasons for financial requests were quite similar across all company sizes, although medium companies were more likely to seek funding for new business ventures/acquisition of assets/expansion.

## 7.2 Economic Value of Credit Applications

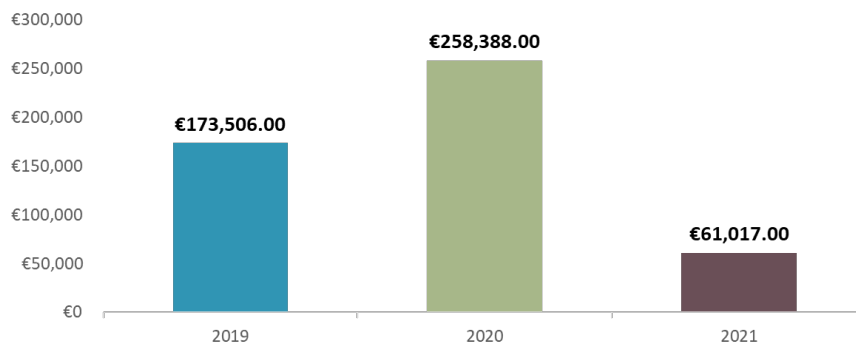
Each business that applied for credit provided the monetary value of that application. When looking at applications for new bank finance (e.g. overdraft, loan or lease/hire purchase), the average stated amount was €208,469 – up from €192,185 in October 2020, however it is still below the pre-pandemic level of September 2019.



When looking at the different sizes of SMEs, it is notable, though perhaps unsurprising, that small (at €150,798) and medium sized companies (at €364,369) sought higher levels of new bank finance than micro firms (at €64,307). Nevertheless, it is the micro firms that are driving the higher credit demand this wave compared to October 2020. Note, however, that caution should be exercised in reviewing differences between company sizes, due to small sub-sample sizes.

The average value of credit sought by the small (N-44) number of SMEs seeking renewal/restructuring finance was just over €61,017 in September 2021 – down notably from the previous two years. This corresponds well with these credit types being less common this wave.

### Renewal/Restructuring of Existing Finance – Value Applied for (Base: All SMEs Requesting renewal/restructuring of existing overdraft or loan – 44)\*



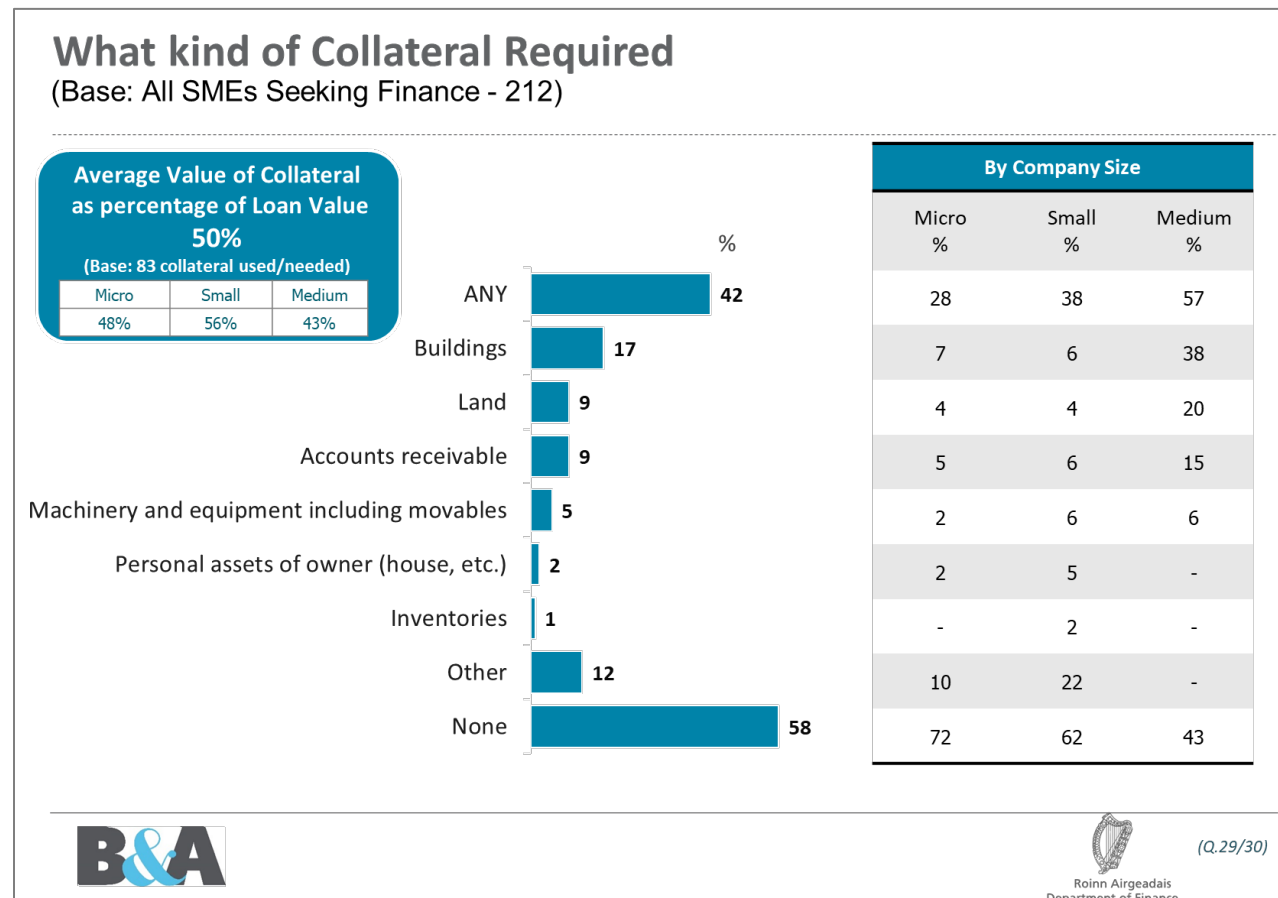
\*Caution: low base size – 2021 N - 44

### 7.3 Collateral Required for Credit Applications

Among the SMEs that applied for bank finance, 42% of applications required some kind of collateral – up from 34% in October 2020.

The most common kinds of collateral required were buildings (17%), accounts receivable (9%) and land (9%).

The average value of collateral required as a percentage of the loan was 50%, with only small differences recorded by company size.

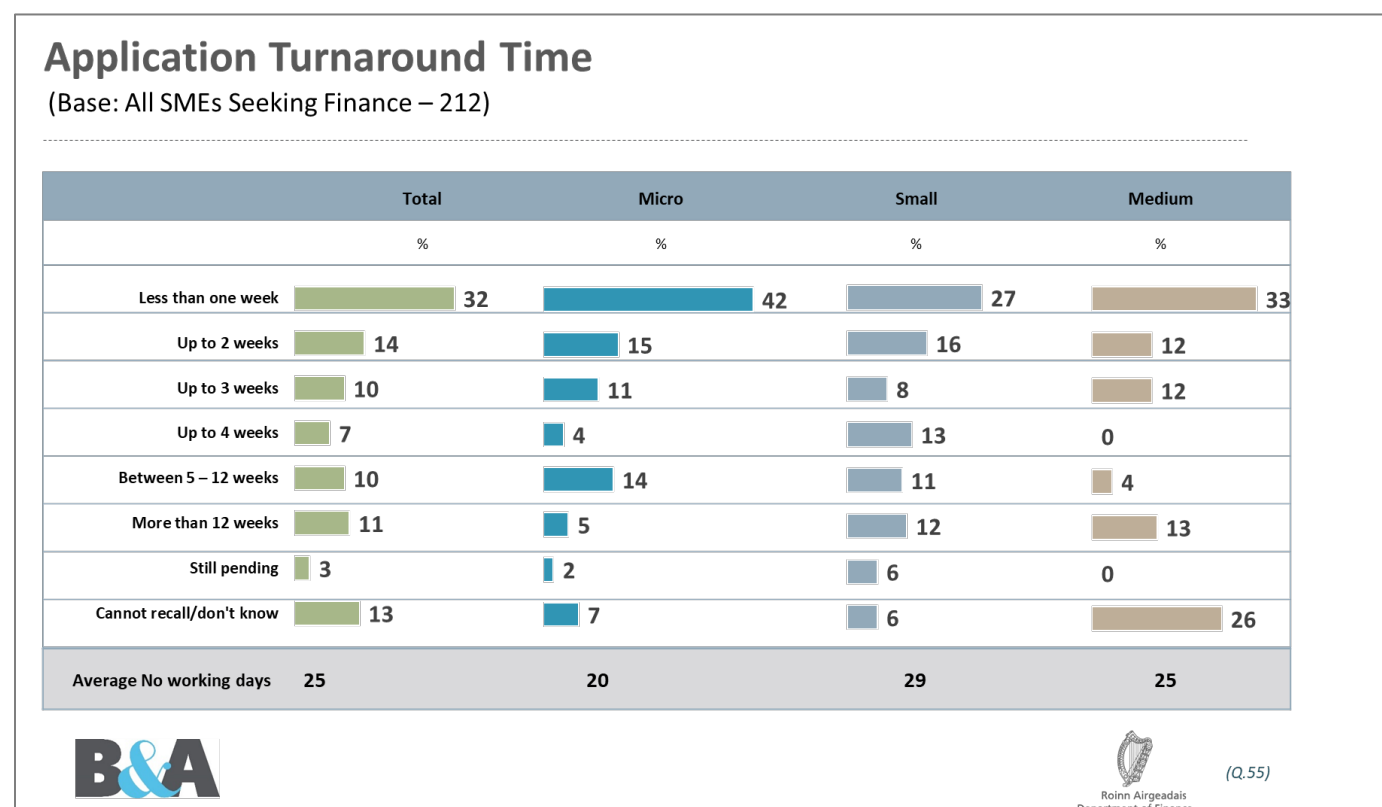




## 7.4 Turnaround Time on Decisions

Based on the Central Bank of Ireland’s regulations for firms lending to SMEs, which regulated lenders (other than credit unions) must have complied with from 1<sup>st</sup> July 2016 or (in the case of credit unions) from 1<sup>st</sup> January 2017, lenders are required to inform SMEs of a decision on their loan within 15 working days of receiving all information they require from the company.

According to the businesses themselves, 56% of all finance applications were processed within the 15 working days in the period to September 2021.



The average amount of time from application to decision stood at 25 working days in September 2021. The average turnaround time for small companies was 29 working days, with medium-sized companies receiving decisions within 25 working days, and micro companies within 20 days.

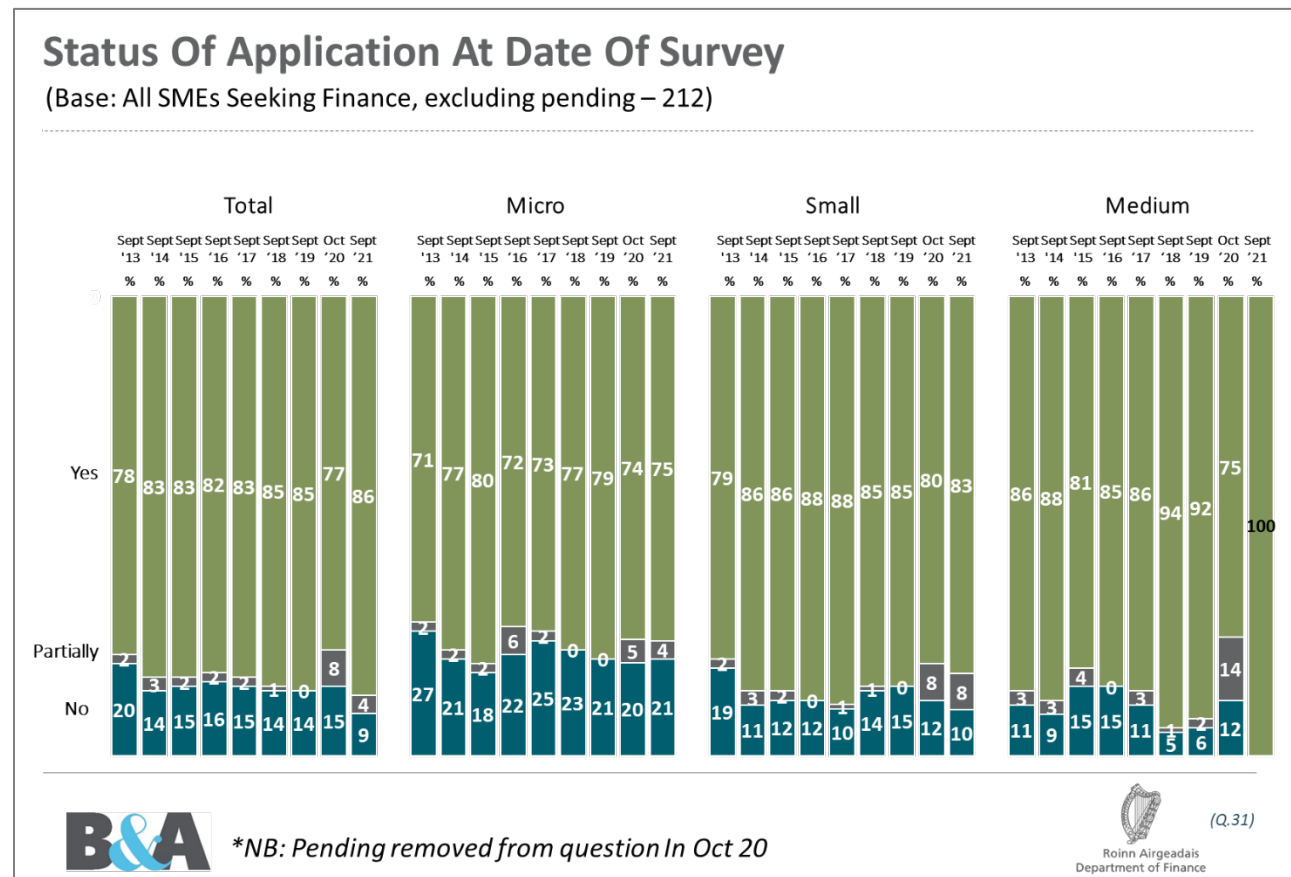
It should be noted that this does not differentiate between businesses that supply all information required by the lender at the outset and those that receive requests for further information. The proportion of loans that remained “still pending”, meanwhile, stood at just 3%.

## 7.5 Decline Rate

The decline rate for all credit applications in the period April to September 2021 stood at 9% – down from 15% in October 2020.

About 86% of all applications were approved in full over the six months – an increase from 77% when compared to October 2020 but similar to the level recorded in September 2019.

A further 4% stated that their credit applications had been partially approved, leaving 90% of all credit applications fully or partially approved.



Although based on small base sizes, small and medium sized businesses seeking finance indicated the highest levels of approval rates. Refusal rates amongst micro companies stood at 21% - the same level recorded in October 2020.

### Decline Rate by Product

Decline rates varied across the type of finance requested – which can be a reflection of the differences in application processes as some lending products could require more extensive or rigorous application processes than others. In particular, invoice discounting had the highest decline rates.

Lending Products	Yes	Partially	No
Total	86	4	9
	%	%	%
New overdraft	89	-	11
Renewal/restructuring of existing overdraft	90	3	7
New Loan	83	6	11
Renewal/restructuring of existing Loan	87	3	10
Invoice Discounting	64	-	36
Leasing or Hire Purchase	93	3	4
Other	87	6	7

*Note: Small base sizes per product*

### Decline Rate by Type of Credit Applied For

	Yes	Partially	No
Total	86	4	9
	%	%	%
New business venture/acquisition of assets/Expansion	83	10	7
Working capital/cash flow	89	0	10
Slowdown in debtor collection/Bad debts	100	-	-
Property related loan	93	-	7
Investment in machinery or equipment	93	-	7
Need to restructure loan/credit	64	10	26
Manage payments to Revenue Commissioners	63	-	37
Change in business requirements as a result of Brexit	89	-	11
Adaptation of business due to Covid/social distancing requirements	85	3	12
Cover fixed payments while business shut down due to Covid	100	-	-
Other	84	-	16

*Note: Small base sizes per type of credit applied for*

Credit refusal rates for September 2021 were highest when related to managing payments to Revenue Commissioners and need to restructure loan/credit.

### Decline Rate by Export vs. Non-Export Companies

	Yes	Partially	No
	86	4	9
	%	%	%
Export Business	84	3	13
Non Export Business	87	5	8

Decline rates for export businesses were higher than those experienced by non-export businesses.

### Decline Rate by Sector

	Yes	Partially	No
Total	86	4	9
	%	%	%
Manufacturing	73	12	16
Construction	82	1	17
Wholesale	82	7	11
Hotels & restaurants	95	-	5
Business Services	94	3	4
Other	87	6	8

*Note: Small base sizes per sector*

The lowest levels of decline rate by sector were amongst the business services (4%) and hotels/restaurants (5%), with the highest levels in construction (17%) and manufacturing (16%).

### Decline Rate Linked To Company Trading Performance

Decline rates were broadly the same for companies with increased turnover (11%) compared to companies with a decline in turnover (8%).

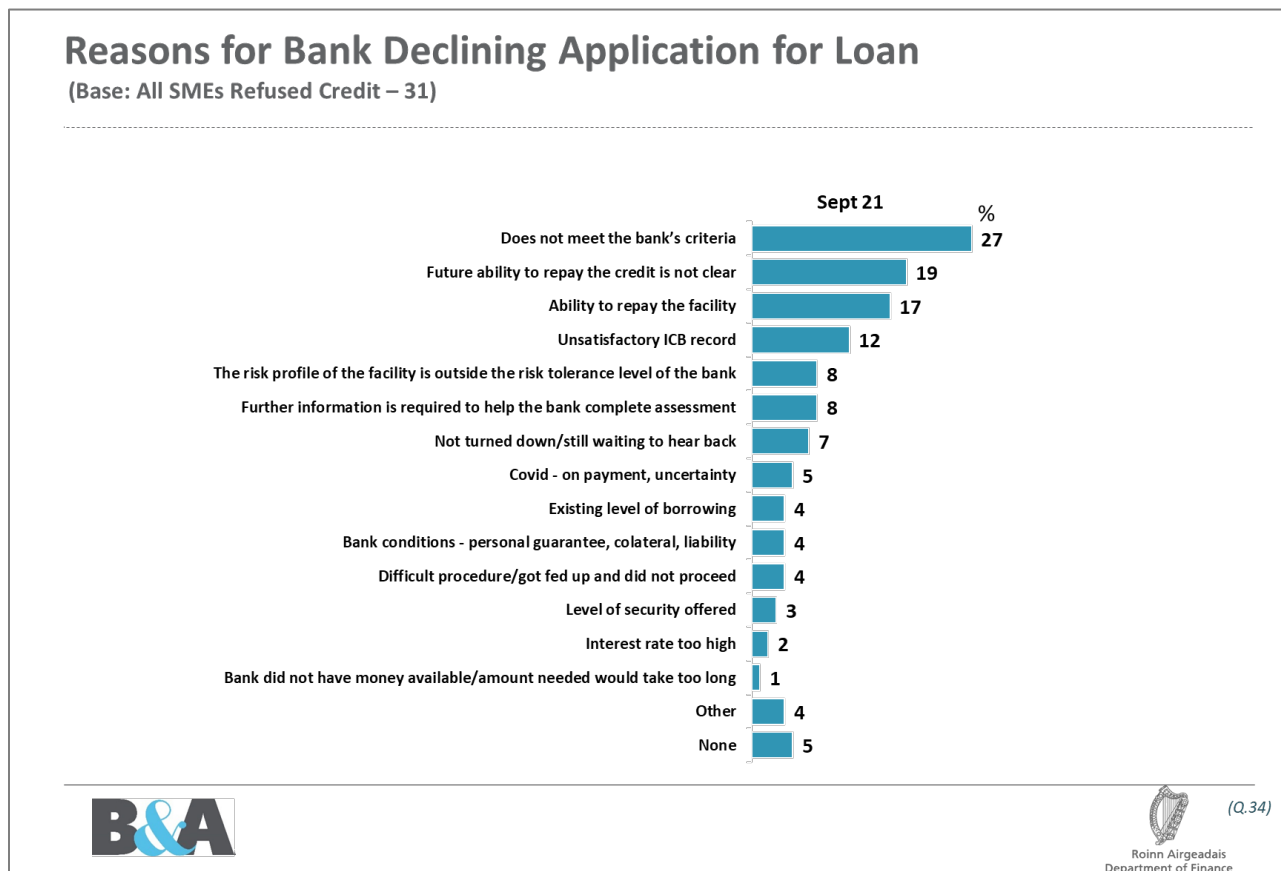
	Yes	Partially	No
Total	86	4	9
	%	%	%
Increased	83	6	11
Decreased	89	3	8
Remained the same	90	3	7

However, companies that made a loss were much more likely to be declined credit with a refusal rate of 21%. Among SMEs with a profit, the refusal rate was just 6%.

	<b>Yes</b>	<b>Partially</b>	<b>No</b>
Total	86	4	9
	%	%	%
Made a profit	88	5	6
Broke even	89	2	10
Made a loss	74	5	21

## 7.6 Reasons for Decline

The main stated reasons for credit decline were an inability to meet the bank’s criteria, inability to repay the facility and unsatisfactory operation of the company’s current account in the past. Please note that this is based on a very small base size of 31 respondents.



## 7.7 Criteria, Conditions and Interest Rates Attached to Approved Applications

Of those applicants for whom conditions were applied to credit applications in the period to September 2021, the most common conditions were the provision of regular management accounts, personal guarantees and/or a requirement to maintain an account with the bank.

## Conditions attached to approved/partially approved applications

(Base: All SMEs Seeking Bank Finance Successful or Partially criteria attached – 94)

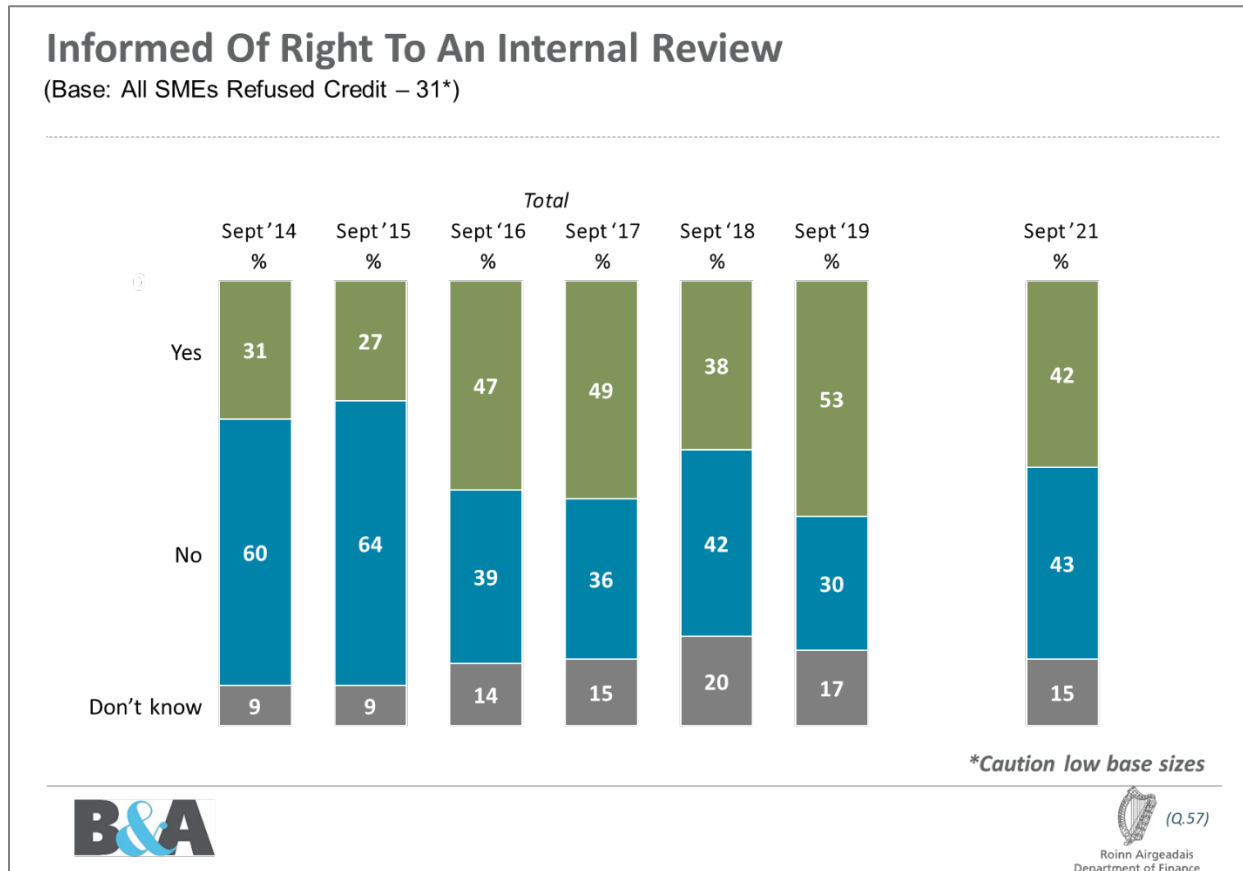
	Sept 21	%									
		Sept '12	Sept '13	Sept '14	Sept '15	Sept '16	Sept '17	Sept '18	Sept '19	Oct '20	
Requirement to provide regular management accounts/debtors + creditors' listings to the bank	48	57	54	58	49	34	47	51	43	44	
Personal guarantee	40	41	50	38	47	40	48	43	51	52	
Requirement to maintain account with bank	25	16	27	22	19	18	19	20	14	21	
Requirement for borrower to put up cash	20	9	9	6	5	8	13	6	8	3	
Specific security	16	21	28	14	18	12	15	20	17	8	
Facility or Security	7	20	28	23	22	28	20	19	12	7	
Additional collateral	5	7	5	2	5	4	7	3	2	4	
Other	15	1	2	3	3	14	11	6	15	9	



## 7.8 The Right to an Internal Bank Review

In September 2021, 42% of all SMEs refused credit claimed that they were informed of the right to an internal review. This is a decline from the 53% level recorded in September 2019.

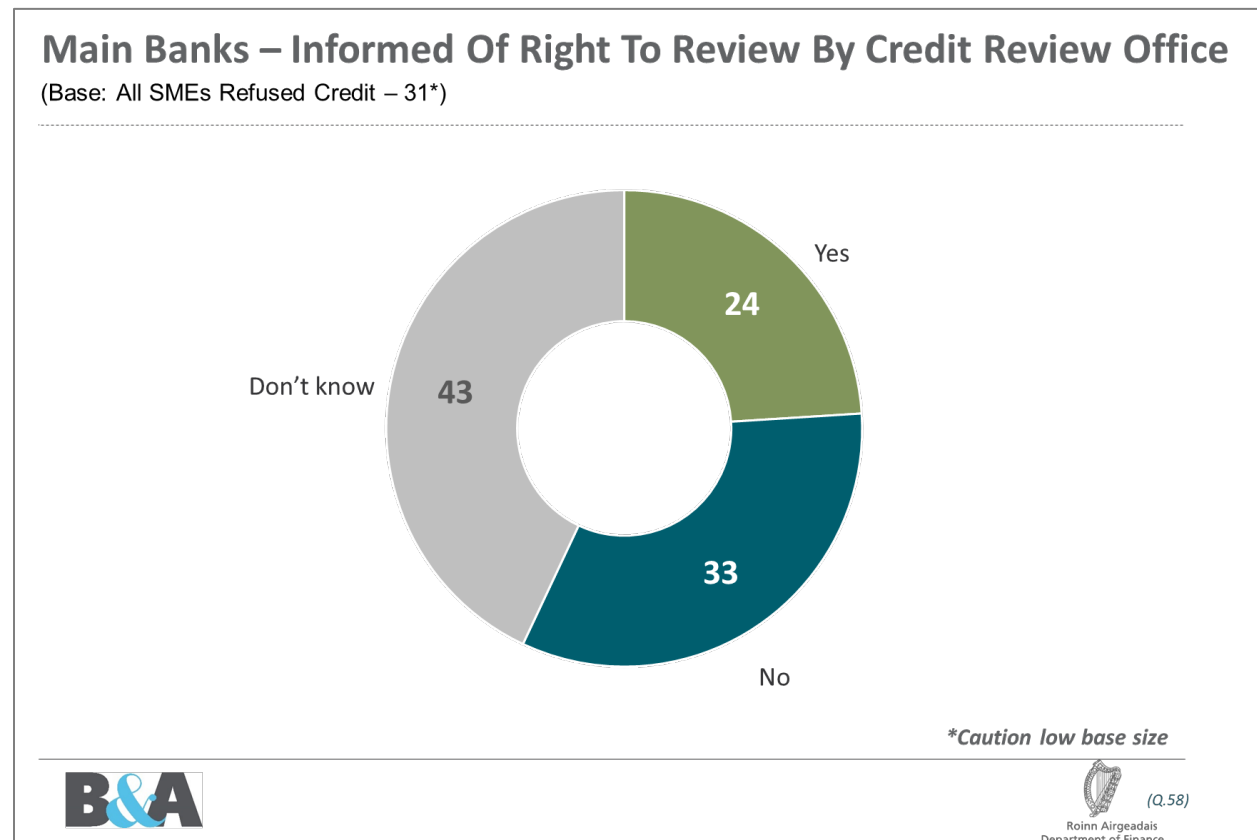
The proportion of respondents that were uncertain as to whether or not they were informed of their right to a review was 15% in September 2021.



Note, these 2021 percentages are based on a limited sample size of just 31 respondents.

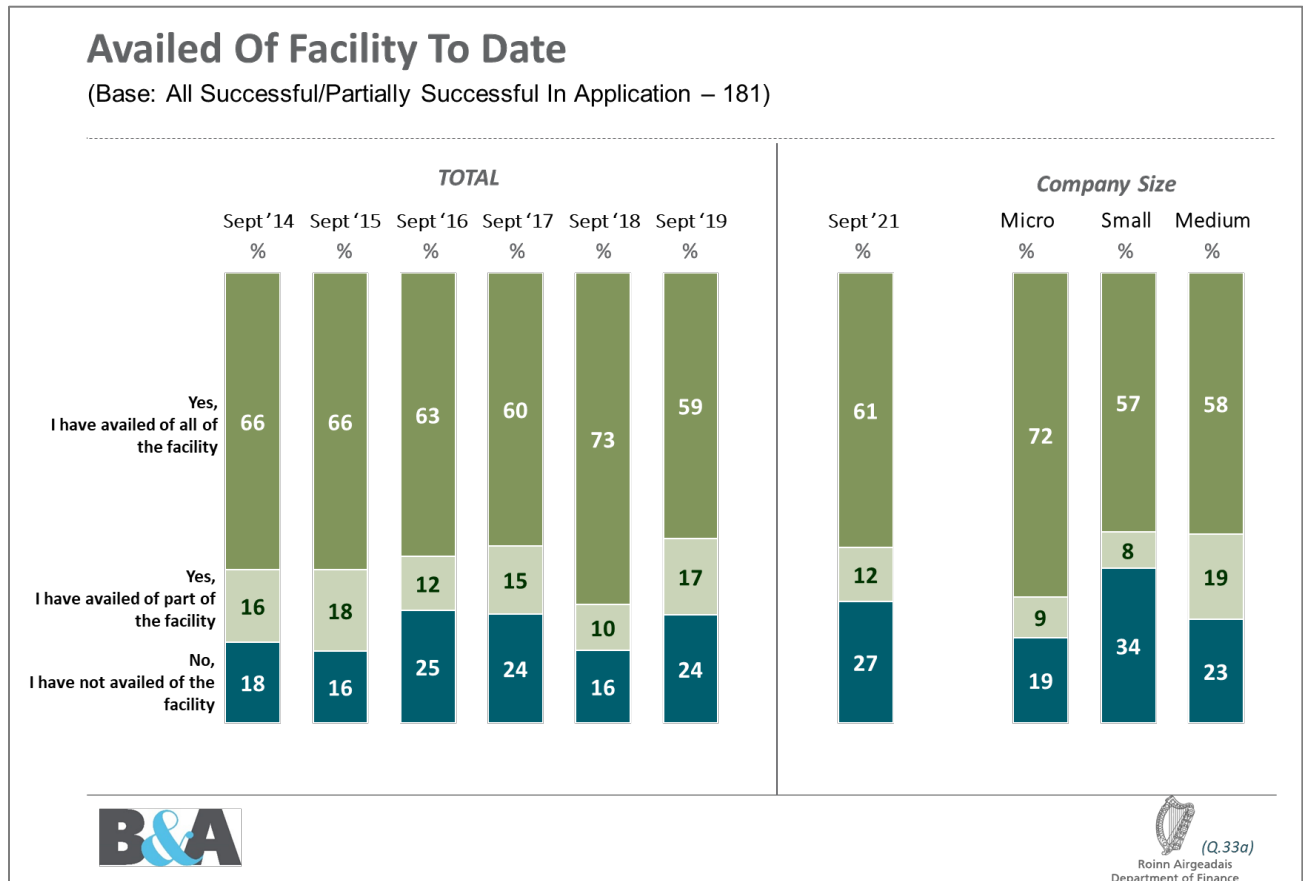
## 7.9 Credit Review Office

About 24% of those refused credit report that they were informed of their right to appeal to the Credit Review Office, with 33% claiming they were not informed. 43% were not sure whether they were informed. Again, this analysis is based on a small sub-sample size of 31 respondents.



## 7.10 Drawdown of Approved Facilities

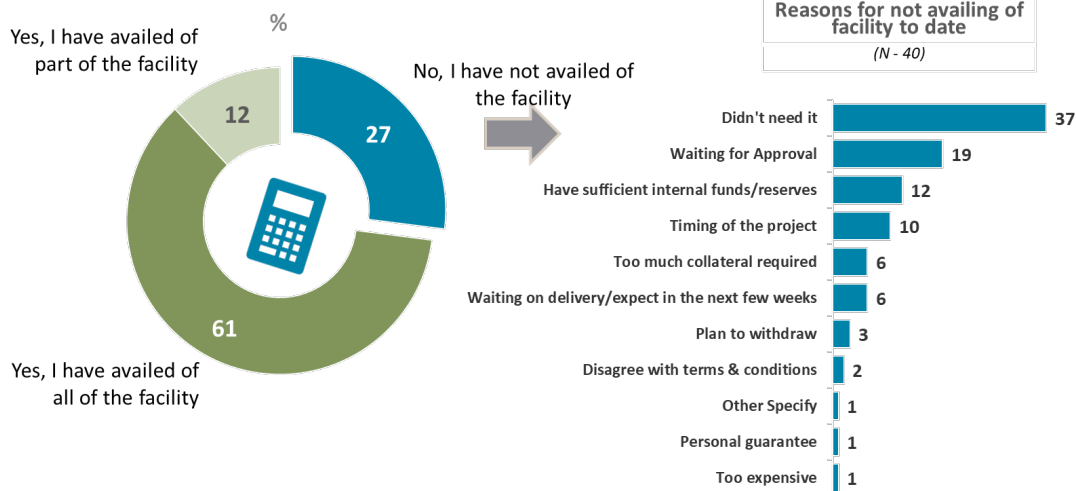
Of those applicants who were fully or partially successful in their credit application, 61% availed fully of the approved finance request, with an additional 12% availing of part of the facility. This is similar to the levels seen in September 2019. Micro companies are more likely to have availed of the loan facility.



Of the 27% who have not yet availed of the loan facility, 37% said they didn't need it, with 19% waiting for approval.

## Reasons for Not Availing of Loan Facility

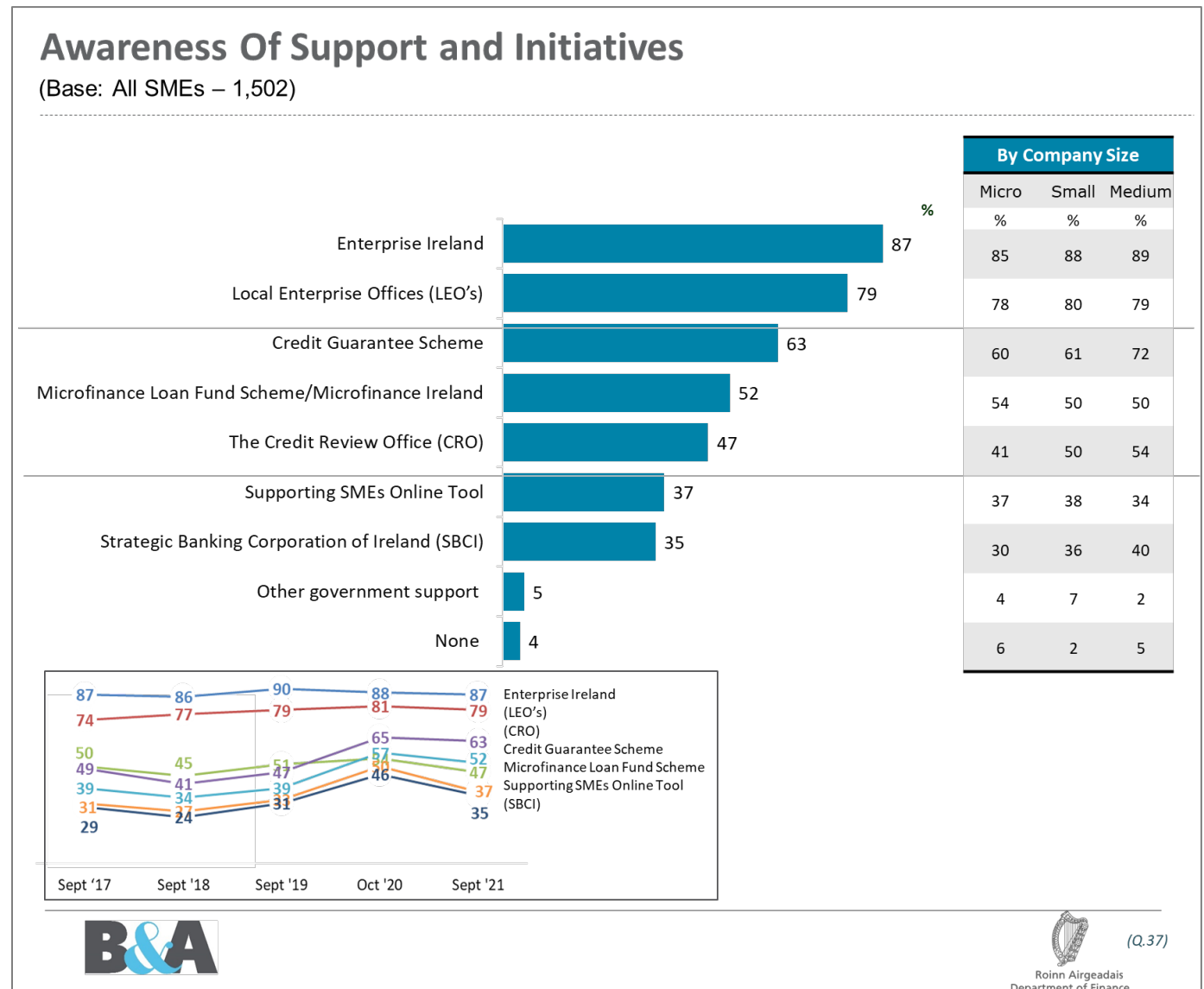
(Base: All SMEs successful or partially successful – 181)



## 8.0 SME Supports & Initiatives

### 8.1 Awareness of Supports & Initiatives

Awareness of business supports and initiatives was highest for Enterprise Ireland initiatives (87%) and Local Enterprise Office initiatives (79%). Some 63% of SMEs were aware of the Credit Guarantee Scheme and 52% were aware of Microfinance Ireland supports. Just 4% were not aware of any government support.



Compared to October 2020, there was a decline in awareness of the Supporting SMEs Online Tool, the SBCI and the Credit Review Office.



## 8.2 Use of Government Support Schemes & Other Non-Bank Finance

Following the extensive direct COVID-19 support provided to companies during the pandemic, low levels of applications for Government Support Schemes were recorded. 1% have applied for the Credit Guarantee Scheme, with 13% having applied for other Government financial support. A total of 17% of SMEs have applied for non-bank finance, including both Government financial support and other non-bank finance.

Of those who applied for non-bank finance, 86% were approved fully, 2% partially, while 5% were refused. 7% of the applications were still pending at the time of the interview.

Success in obtaining Government Supports (All who applied)				
	Total	Credit Guarantee Scheme	Microfinance Loan Fund Scheme	Other government financial support
Base	<b>233</b>	19*	5*	153
	%	%	%	%
Yes	<b>86</b>	68	14	90
No	<b>5</b>	19	37	2
Partially	<b>2</b>	-	34	1
Still pending	<b>7</b>	13	15	7

\*NB: Very small base sizes

Success in obtaining non-bank Finance (All who applied)				
	Total	Business Angel or Investor Finance	Loans/Equity from Family or friends	Loans/Equity from Business Partners
Base	<b>233</b>	3*	7*	4*
	%	%	%	%
Yes	<b>86</b>	52	50	100
No	<b>5</b>	48	-	-
Partially	<b>2</b>	-	44	-
Still pending	<b>7</b>	-	5	-

\*NB: Very small base sizes

Success in obtaining non-bank Finance (All who applied)				
	Total	Non-bank invoice finance related facilities	Non-bank asset finance related facilities	Other non-bank finance
Base	<b>233</b>	4*	6*	30*
	%	%	%	%
Yes	<b>86</b>	100	86	93
No	<b>5</b>	-	14	4
Partially	<b>2</b>	-	-	3
Still pending	<b>7</b>	-	-	-

\*NB: Very small base sizes

Of those who applied for non-bank finance, 44% applied due to working capital requirements, with 25% applying due to a new business venture/expansion/purchase of assets or equipment. 7% applied due to a need to restructure current loans/credit.

Purpose of applying Government Supports (all who applied)				
	TOTAL	Credit Guarantee Scheme	Microfinance Loan Fund Scheme	Other government financial support
	<b>233</b>	19*	5*	153
	<b>%</b>	%	%	%
New business venture/expansion/ purchase assets or equipment	<b>25</b>	65	23	23
Working capital requirements	<b>44</b>	28	48	47
Property related loan	<b>2</b>	5	-	-
Need to restructure loan/credit	<b>7</b>	14	28	6
Other	<b>28</b>	4	14	29

\*NB: Very small base size

Purpose of applying for non-bank Finance (all who applied)				
	TOTAL	Business Angel or Investor Finance	Loans/Equity from Family or friends	Loans/Equity from Business Partners
	<b>233</b>	3*	7*	4*
	<b>%</b>	%	%	%
New business venture/expansion/ purchase assets or equipment	<b>25</b>	69	26	43
Working capital requirements	<b>44</b>	-	85	92
Property related loan	<b>2</b>	-	-	8
Need to restructure loan/credit	<b>7</b>	-	10	-
Other	<b>28</b>	31	-	-

\*NB: Very small base size

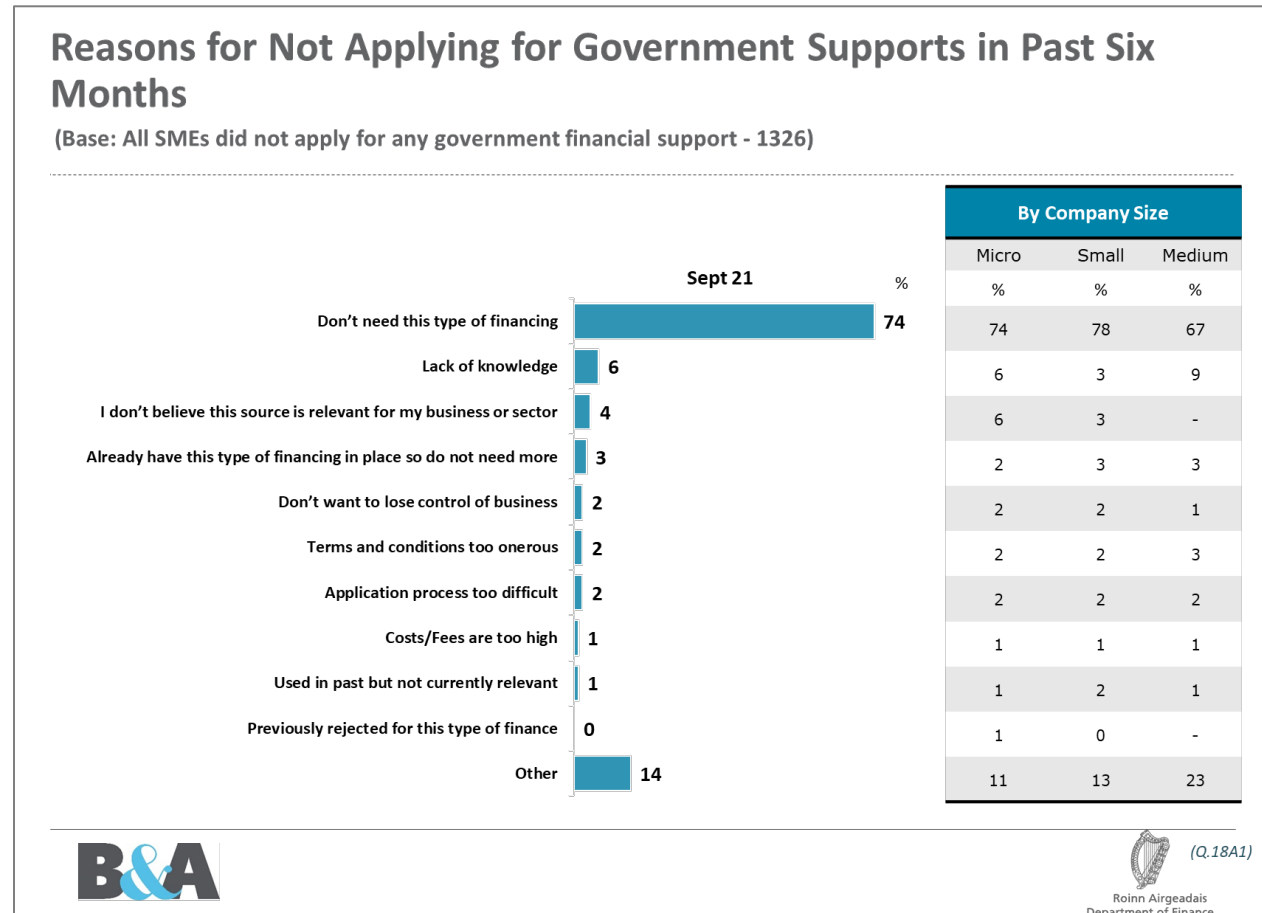
Purpose of applying for non-bank Finance (all who applied)				
	TOTAL	Non-bank invoice finance related facilities	Non-bank asset finance related facilities	Other non-bank finance
	<b>233</b>	4*	6*	30*
	<b>%</b>	%	%	%
New business venture/expansion/ purchase assets or equipment	<b>25</b>	-	7	11
Working capital requirements	<b>44</b>	-	10	19
Property related loan	<b>2</b>	-	8	11
Need to restructure loan/credit	<b>7</b>	-	42	-
Other	<b>28</b>	53	33	51
Don't know	<b>1</b>	47	-	7

\*NB: Very small base size



### 8.3 Reasons for not applying for Government Supports

The main reason for not applying for Government Supports is that SMEs do not need this type of financing (74%), while 6% claim it is due to lack of knowledge about Government Support Schemes. 4% believe Government support is not relevant for their business or sector. 4% believe Government support is not relevant for their business or sector. 4% believe Government support is not relevant for their business or sector.



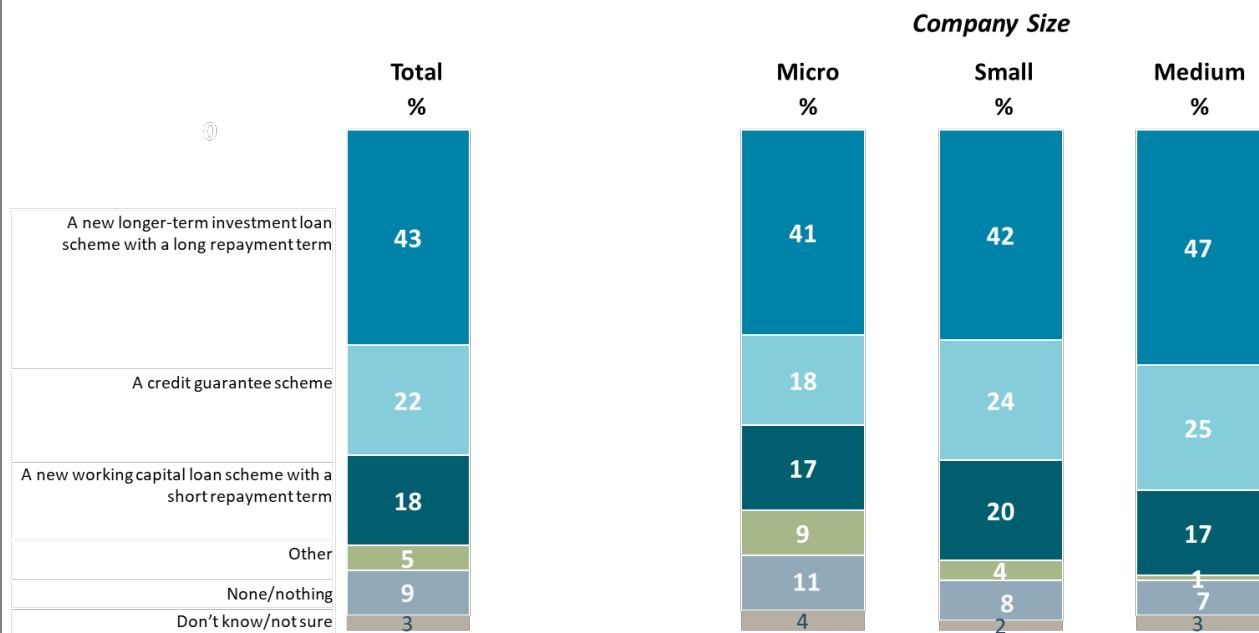
Reason for Not Applying for Government Financial Support	Sept '14	Sept '15	Sept '16	Sept '17	Sept '18	Sept '19	Sept '21
	%	%	%	%	%	%	%
Don't need this type of financing	66	64	69	68	71	70	74
Lack of knowledge	24	18	11	10	7	5	6
I don't believe this source is relevant for my business or sector	12	15	4	9	6	13	4
Already have this type of financing in place so do not need more	1	2	2	1	1	3	3
Application process too difficult	2	3	2	1	1	1	2
Don't want to lose control of business	5	2	2	1	1	2	2
Previously rejected for this type of finance	1	2	1	1	0	1	0
Costs/Fees are too high	1	1	1	1	0	1	1
Terms and Conditions too onerous	1	1	1	1	1	2	2
Used in past but not currently relevant	0	1	1	1	1	1	1

## 8.4 Type of Support Government Should Consider to help SMEs access Credit

When asked about what type of Government support SMEs prefer, 42% would like a new longer-term investment loan scheme with a long repayment term. 21% would like a credit guarantee scheme, while 18% would prefer a new working capital loan scheme with a short repayment term. Medium sized companies have the strongest preference for a longer-term investment loan scheme (47%).

### Type of Support Government Should Consider to help SMEs access Credit

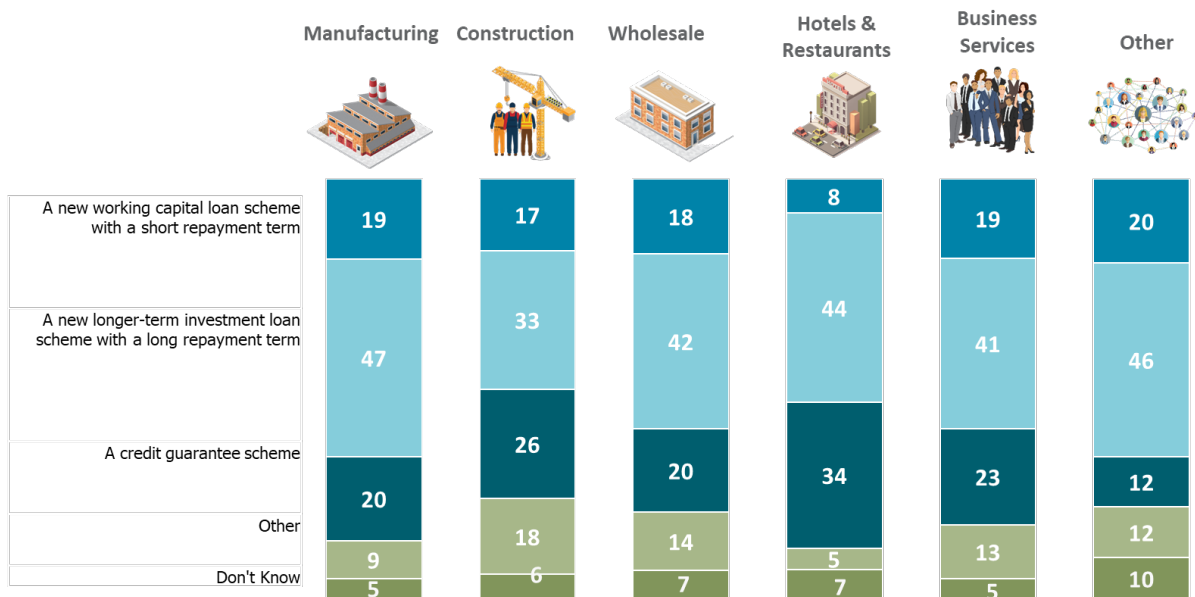
(Base: All SMEs did not apply for any Government Financial Support – 1,326)



Companies in the manufacturing sector have the strongest preference for a long-term investment loan scheme while hotels/restaurants have the greatest preference for a credit guarantee scheme.

## Type of Support Government Should Consider to help SMEs access Credit x Sector

(Base: All SMEs did not apply for any Government Financial Support – 1,326)

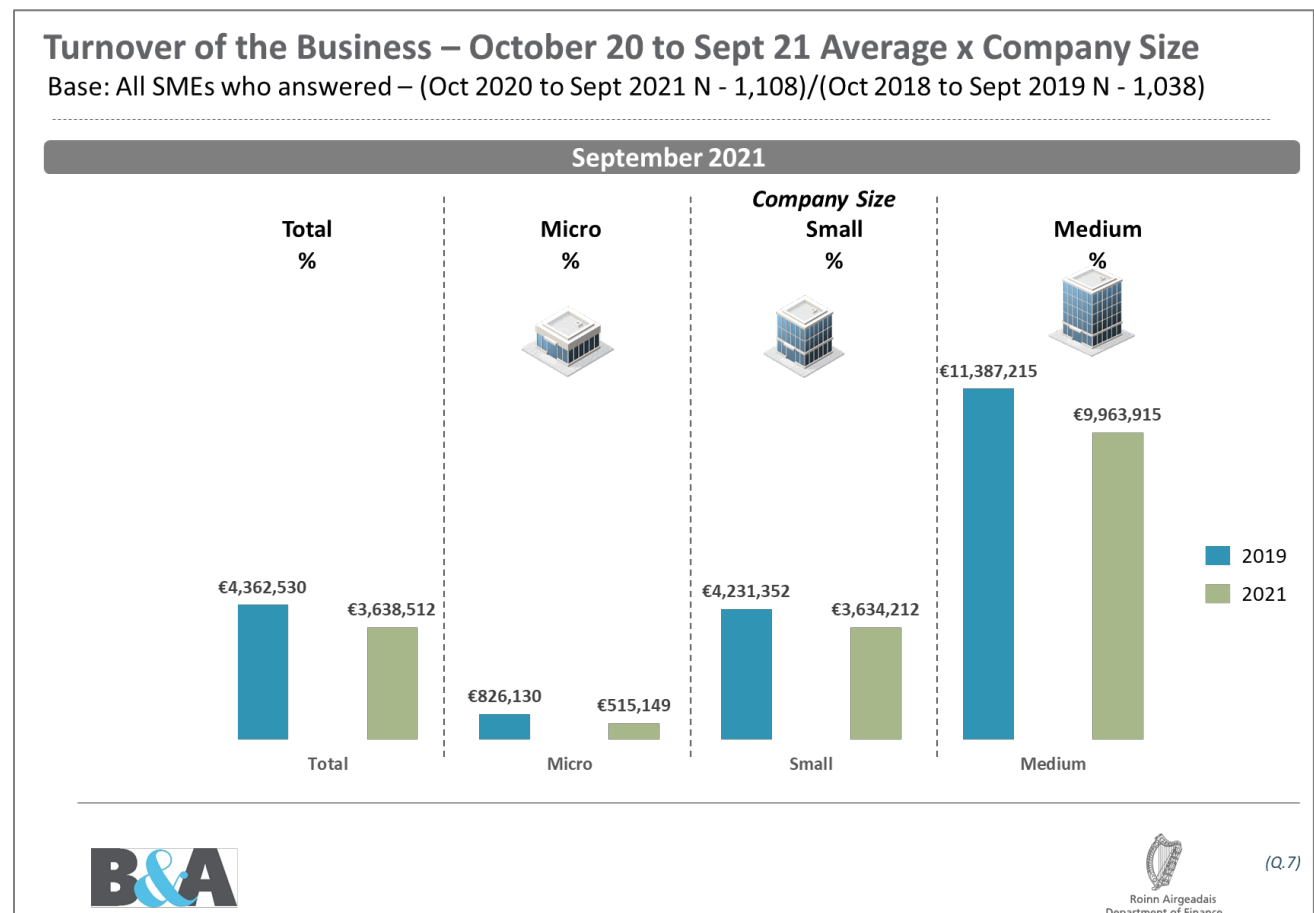


## 9.0 2021 Business Performance

### 9.1 Turnover

Average reported turnover for Irish SMEs for the period October 2020 to September 2021 was circa €3.6m, rising to circa €9.9m for medium sized businesses.

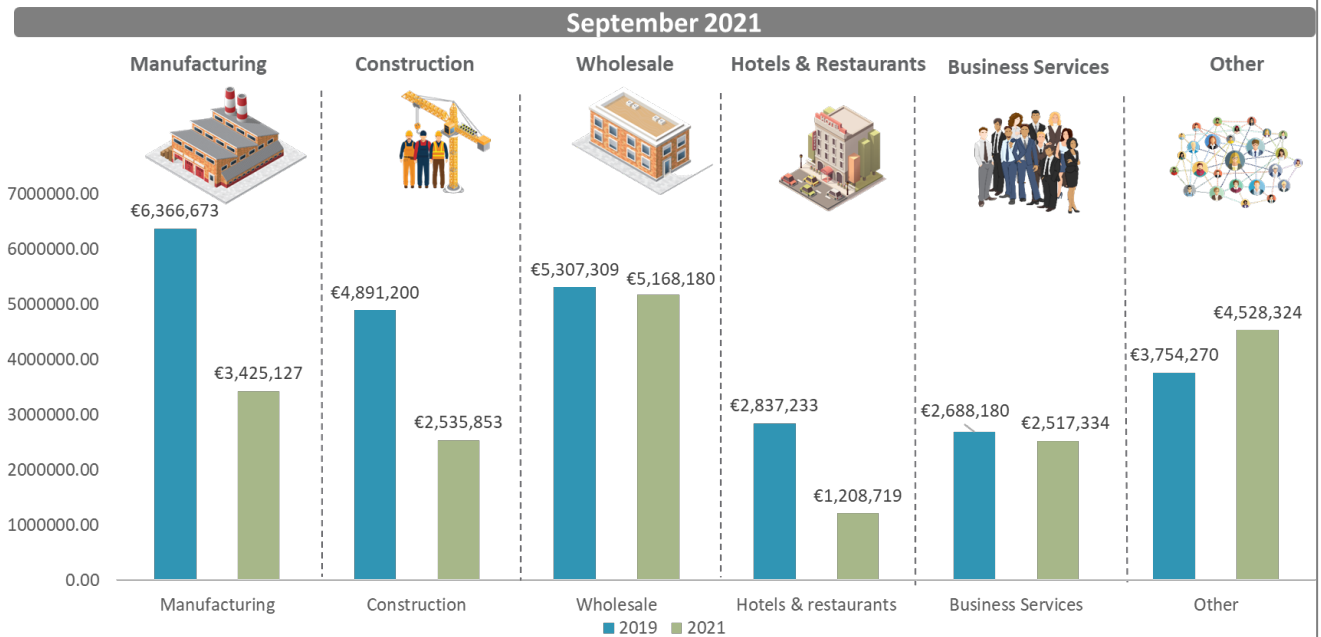
Reported turnover for 2021 represents a 17% drop compared to 2019 turnover levels (pre-pandemic). There is a direct relationship between size of company and extent of revenue decline between 2021 and 2019, with turnover for micro enterprises dropping by 38%, small sized SMEs turnover declining by 14%, and medium sized company turnover dropping by 13%



Differences emerge by industry sector when we compare 2021 turnover versus pre-pandemic levels, with biggest declines in turnover seen for manufacturing, construction and hotel/restaurants.

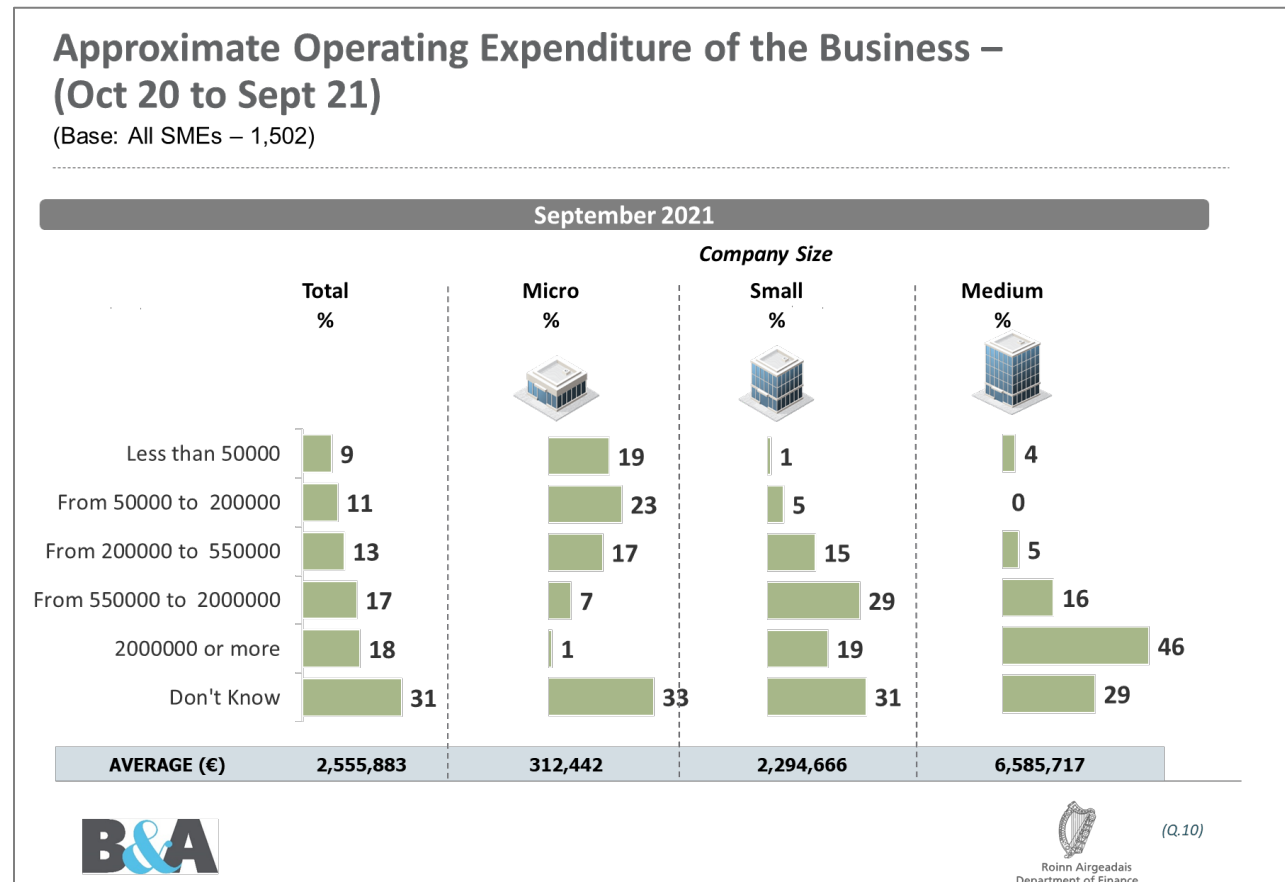
## Turnover of the Business – 2021 vs 2019 Average x Sector

Base: All SMEs who answered – (Oct 2020 to Sept 2021 N - 1,108)/(Oct 2018 to Sept 2019 N - 1,038)



## 9.2 Operating Expenditure

For the period October 2020 to September 2021, the average SME operating expenditure was circa €2.6m – rising to €6.6m for medium sized companies and declining to just under €312k for micro enterprises.



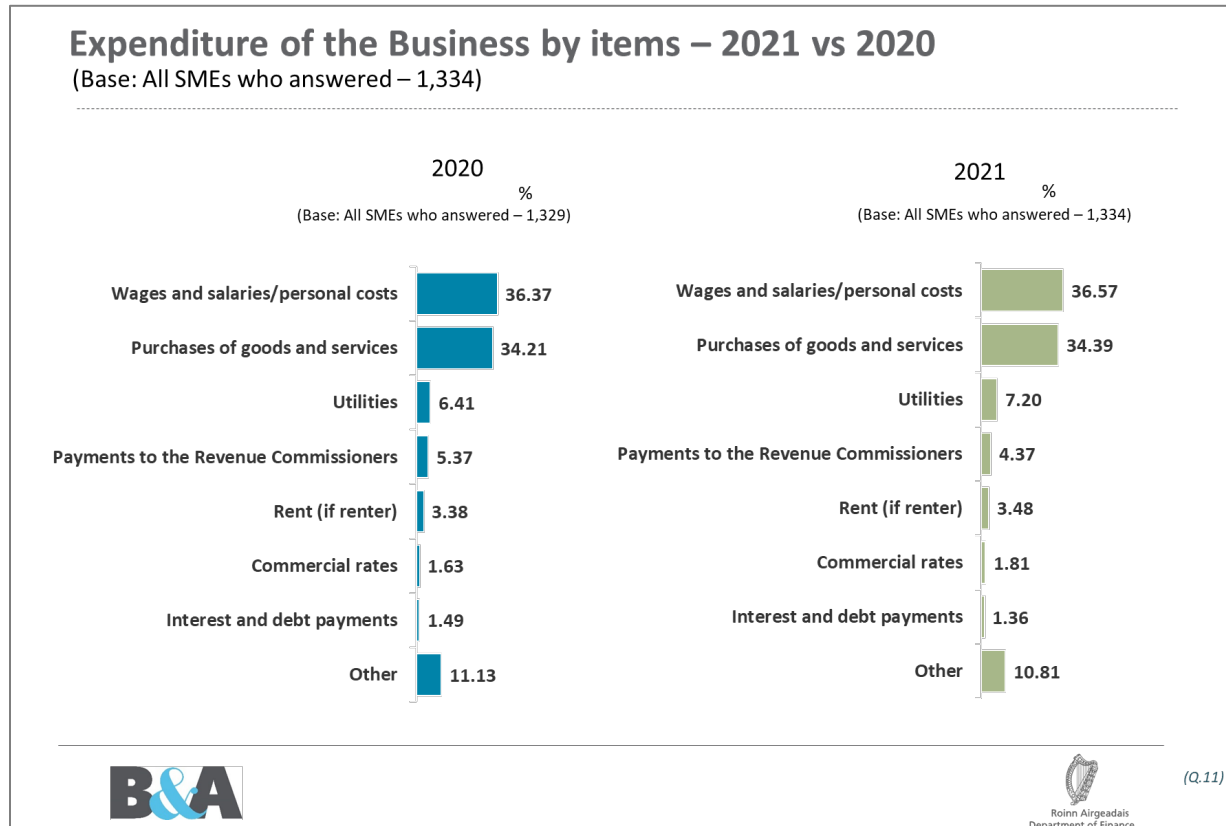
Roughly a third of all SME expenditure was accounted for by the purchase of goods and services, and a third by wages and salaries.

Less than 2% of all expenditure was accounted for by interest and debt payments.

	In terms of your 2021 operating expenditure, can you tell me what percent of the operating expenditure was accounted for by the following items:							
	Purchases of goods and services	Wages and salaries/personal costs	Utilities	Rent (if renter)	Interest and debt payments	Payments to the Revenue Commissioners	Commercial rates	Other
All who answered excluding DK	1334	1334	1334	1334	1334	1334	1334	1334
	%	%	%	%	%	%	%	%
0	2	1	4	27	30	13	22	17
From 1 to 10	10	7	52	22	18	29	28	13
From 11 to 20	12	16	12	5	2	9	2	8
From 21 to 30	12	18	2	2	0	2	1	4
From 31 to 40	10	13	1	2	0	1	0	4
From 41 to 50	13	15	1	0	0	0	-	2
From 51 to 60	8	7	0	0	-	-	-	1
From 61 to 70	8	8	0	0	-	0	0	1
From 71 to 80	7	5	0	-	-	-	-	1
From 81 to 90	2	1	0	0	-	0	-	0
From 91 to 100	1	0	0	-	-	0	0	3
<b>Mean</b>	34.39	36.57	7.20	3.48	1.36	4.37	1.81	10.81

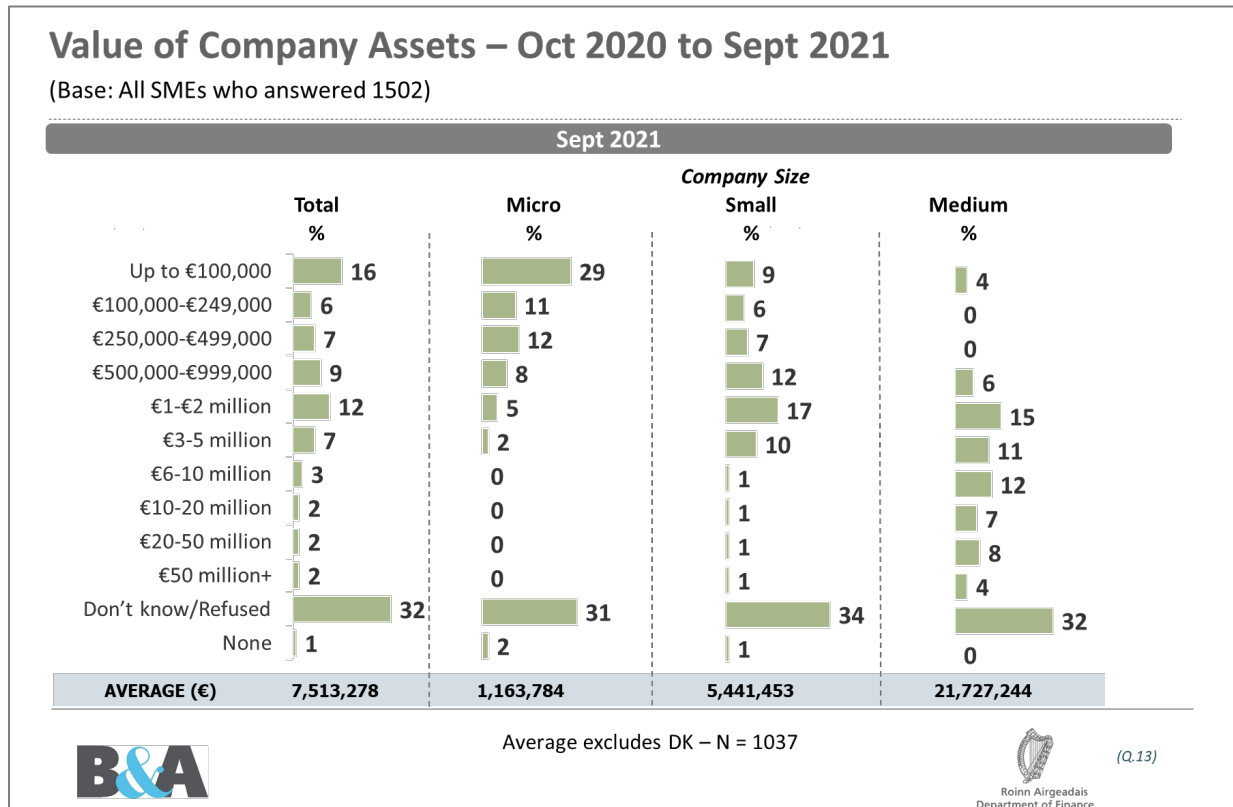


This expenditure pattern is largely in line with 2020. This question was not asked in September 2019, so a pre-pandemic comparison is not possible.

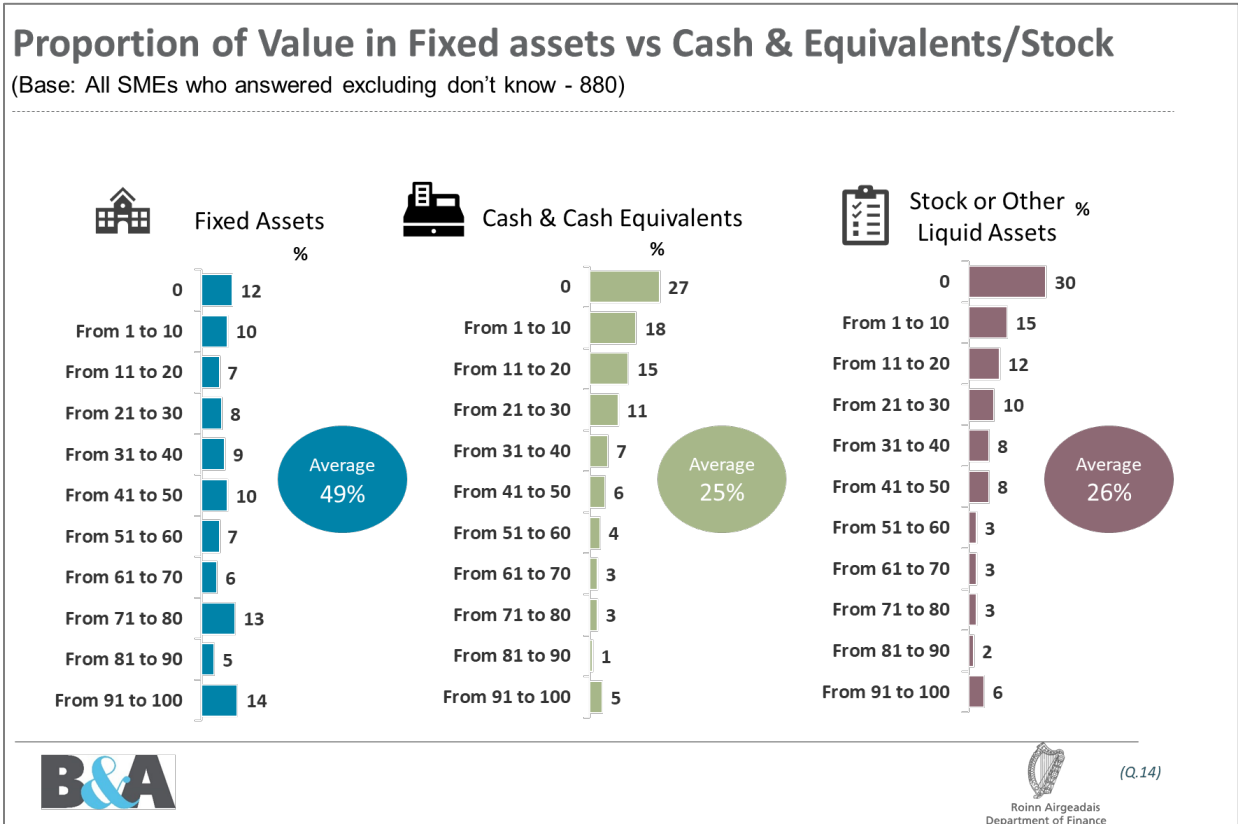


### 9.3 Company Assets

The average value of SME assets in the 12 month period up to September 2021 was €7.5m, a figure which rises to almost €22m for medium size enterprises.

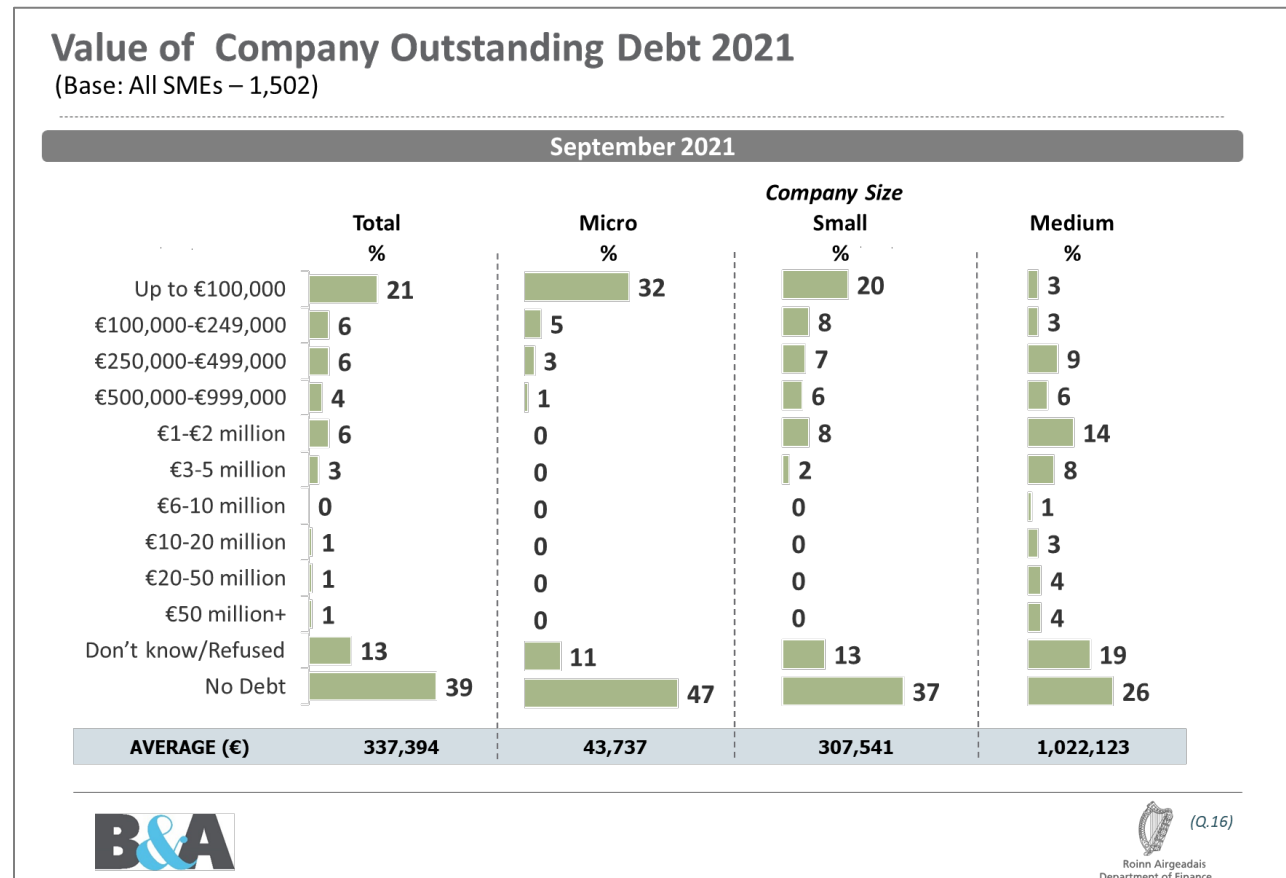


Roughly half of all SME assets were accounted for by fixed assets, with cash/cash equivalents, and stocks or other liquid assets accounting for a fourth each.

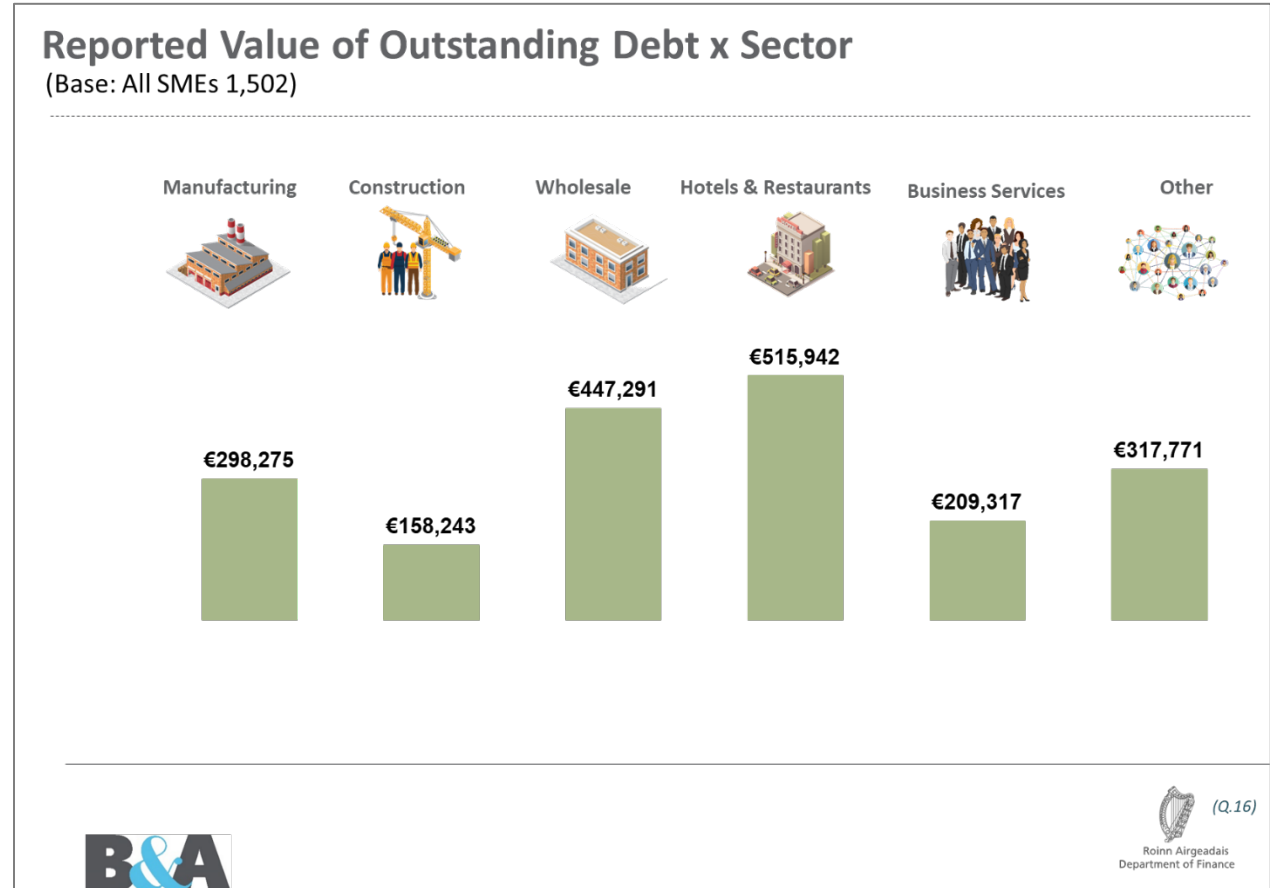


## 9.4 Outstanding Debt

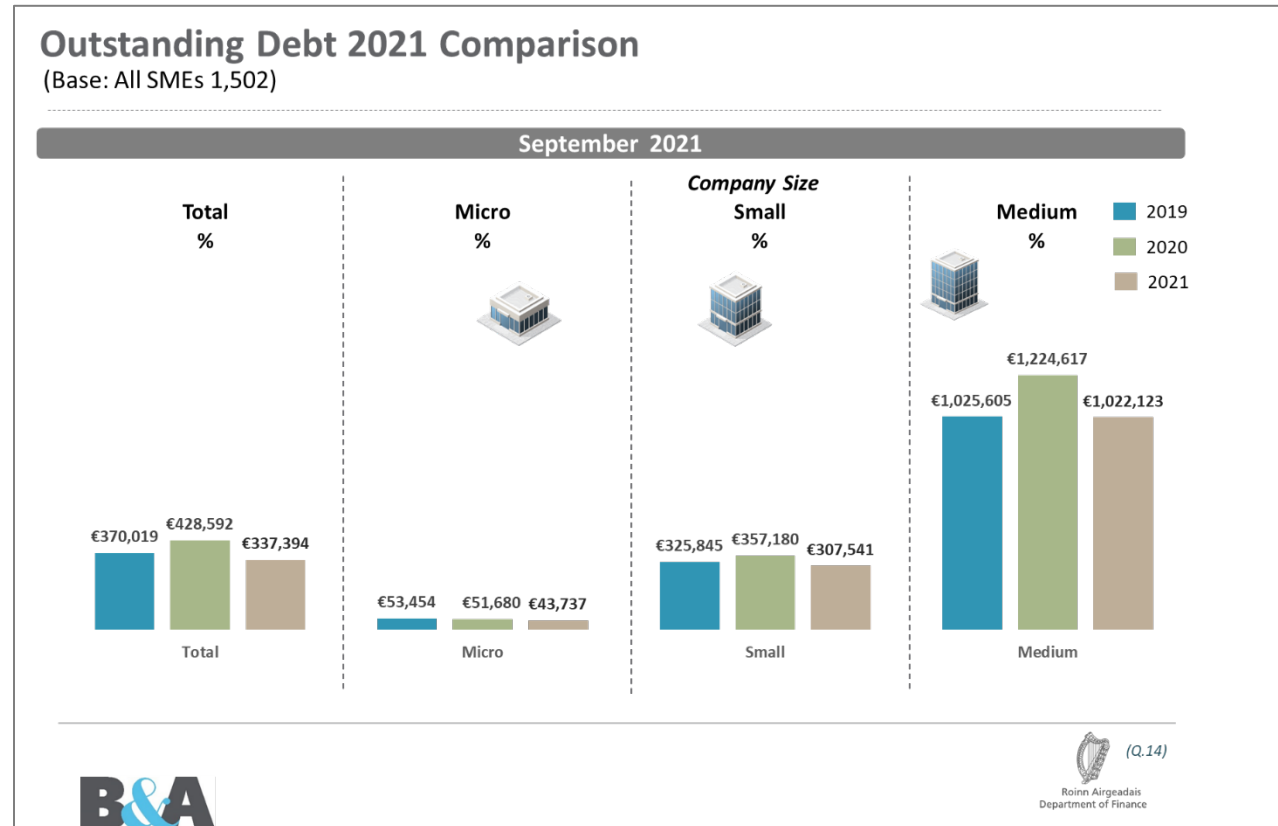
The average Irish SME had outstanding debt of just circa €337k for the 12 month period up to September 2021. Among medium sized companies, the average debt was just above €1m.



Hotels/restaurants and wholesale sectors were the most indebted while the lowest level of debt was in the Business Service and Construction sectors.



SME debt decreased between 2020 and 2021 for both small and medium sized enterprises, and remained relatively static over that period amongst micro sized enterprises.



Approximately 53% of all SME outstanding debt is to retail banks, while other non-bank bodies accounts for 46%. Credit unions only account for 1%.

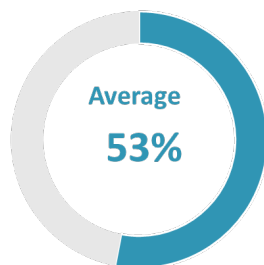
### Outstanding Debt owed to Retail Banks/Other

(Base: All SMEs who answered – 591 )

What is the approximate share of your outstanding debt owed to

**Retail Banks**

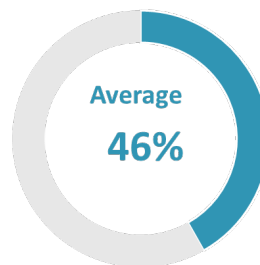
N - 591



What is the approximate share of your outstanding debt owed to

**Other Non-Banks**

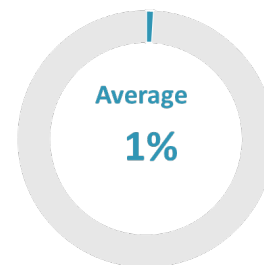
N - 591



What is the approximate share of your outstanding debt owed to

**Credit Unions**

N - 591



## Appendix – The Questionnaire

Please note that some of the question numbering is not sequential, this for data processing purposes to ensure comparability year on year.

### DEPARTMENT OF FINANCE SME CREDIT DEMAND SURVEY QUESTIONNAIRE

Good morning/afternoon/evening. My name is ..... from Behaviour & Attitudes, the independent Irish market research agency. We are conducting a survey on behalf of the Department of Finance. **Please may I speak to the person with primary responsibility for financial matters in your business? Verify right person.**

Q.1 Can I just confirm that you are the person who has primary responsibility for financial matters in your business?

Yes..... 1 CONTINUE

No..... 2

#### REPEAT ABOVE IF PASSED OVER TO SOMEONE ELSE

The study will take about 20 minutes depending on your answers. We are conducting a survey on bank lending and the economic impact the pandemic has had on SMEs on behalf of the Department of Finance. This survey has been conducted on a number of occasions and the Department has published the results. We may also be conducting this research again over the coming months. All information that we collect will be kept in the strictest confidence and results will be reported at a merged level only. It will not be possible to identify any particular individual or business in the results and no information will be provided to the Department of Finance or any bank that could identify you or your company.

This interview will be conducted in accordance with Market Research Society guidelines - for quality control purposes this call may be monitored by a supervisor.

- 1. Yes 1
- 2. Yes, later (INTERVIEWER MAKE APPOINTMENT) 2
- 3. No/refusal to participate (INTERVIEWER PLEASE PROCESS AS A REFUSAL) 3

---

### SECTION 1 – COMPANY INFORMATION

---

Q.2 Can you confirm the county in which is your main office is based? **SINGLE CODE**

List 32 counties

Q.3a For this survey we need to talk to businesses of different sizes and in different industry sectors. Can you confirm that your business operates in \_\_\_\_\_ (sector)?

Yes ..... 1

No ..... 2 IF 'NO' at Q.3a ASK Q.3b

**NOTE, ALL QUESTIONS IN THE SURVEY REFER TO THIS SPECIFIC BUSINESS, WHICH IS REFERRED TO THROUGHOUT AS 'YOUR BUSINESS', FOR EASE OF ADMINISTRATION**

*INDUSTRY SECTOR ASK Q.3b IF NO AT Q.3a*



**Q.3b** What industry sector do you operate in? **PROBE TO PRECODES – SINGLE CODE**

**CHECK QUOTAS**

Agriculture & forestry & fishing	1	
Manufacturing - Processing & Food from agricultural activities + manufacturing of food from non-agricultural activities (tobacco and beverages)	2	
Manufacturing - High Tech (including pharmaceutical, electronic, electrical equipment etc	3	
Manufacturing - All other manufacturing.	4	
Construction - General construction (including general building & civil engineering).	5	
Construction - All other construction activities (excluding speculative activities).	6	
Wholesale	7	
Retail Trade & Repairs (non-motor)	8	
Retail Trade & Repairs (motor only)	9	
Hotels & restaurants	10	
Transport, storage & communications	11	
Financial & Insurance Activities	12	
Real estate activities (excluding speculative activities)	13	
Professional, scientific & technical	14	
Administrative & Support Service Activities	15	
Human Health & Social Work Activities	16	
Other	17	CLOSE

**ASK ALL**

**Q.4** How many years has your business been in operation?

_____ Years (Min-Max 0-999)
-----------------------------

**Q.5** Including yourself, how many people were employed in the business in the twelve-month period October 2020 to September 2021? **INTERVIEWERS PLEASE NOTE THAT THIS INCLUDES FULL AND PART TIME EMPLOYEES BUT SHOULD ONLY REFER TO THE Full Time Equivalent (FTE) number of EMPLOYEES.**

SCRIPTER: ALLOW DON'T KNOW

\_\_\_\_\_ SCRIPTER: MIN-MAX 1-249, IF MORE THAN 250      CLOSE

**ONLY FOR QUOTA CONTROL, NOT PART OF SCRIPT**

1 (self-employed)	1	<b>MICRO: CHECK QUOTAS</b>
2 – 4	2	
5 - 9	3	
10 -20	4	<b>SMALL: CHECK QUOTAS</b>
21 – 49	5	
50 – 100	6	<b>MEDIUM: CHECK QUOTAS</b>
101 – 249	7	
250+	8	<b>CLOSE</b>
Refused/ don't know	9	

**Q. 7** What was the approximate turnover of the company for the twelve-month period October 2020 to September 2021? Even if you are uncertain of the precise figure, please give your best estimate.

€ 

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 Don't know/Refused      1 – ASK Q.8

**If greater than €50mn close.**

Page Break

**Q.8** What was your business' turnover for the twelve-month period October 2020 to September 2021 as per the following bands?

**READ OUT - SINGLE CODE**

Up to €50,000 .....	1
€50,001 - €100,000 .....	2
€100,001 - €500,000.....	3
€500,001 - €1m .....	4
€1,000,001 - €2m .....	5
€2,000,001 - €5m .....	6
€5,000,001 - €10m.....	7
€10,000,001 - €20m .....	8
€20,000,001 - €50m .....	9
€50m+ .....	10 <b>CLOSE</b>
Refused/don't know ( <b>DNRO</b> ) .....	99 <b>CLOSE</b>

**Q.8a** For the 6 month period from April – September 2021, has the turnover of your business increased, decreased or stayed the same compared to the previous 6 month period?

**SINGLE CODE**

Increased .....	1
Decreased .....	2
Remained the same .....	3

**ASK ALL**

**Q.52** For the 6 month period from April 2021 to September 2021, has your company made a profit, broke even, or made a loss?

**READ OUT - SINGLE CODE**

Made a profit.	1
Broke even	2
Made a loss	3
Refused	4
Not sure ( <b>DNRO</b> )	5



**Q.16** What was the approximate value of your company’s total outstanding debt, if any, for the twelve-month period October 2020 to September 2021? Please give your best estimate.

€

- Don't know/refused 1
- None/No debt 2 **–GO TO Q.19**

**Q.17** What was the approximate share of your outstanding debt for the twelve-month period October 2020 to September 2021 owed to the following:

Retail banks

%

- Don't know/refused 1
- None/No debt 2

Credit Unions

%

- Don't know/refused 1
- None/No debt 2

Other non-bank finance

%

- Don't know/refused 1
- None/No debt 2

**ASK ALL**

**Q.19** Does your company export any goods or services outside the Republic of Ireland?

- Yes 1 **ASK Q.20**
- No 2 **GO TO Q.23**

**Q.20** What percentage of your total turnover for the twelve-month period October 2020 to September 2021 was exported outside the Republic of Ireland?

%

**Q.20a** For the past 12 months, what percentage of your export sales go to the following destinations? **READ OUT DESTINATIONS.**

INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE  
 SCRIPTER: ALLOW DON'T KNOW, MIN-MAX 1-100

\_\_\_\_\_ % of export sales

- Northern Ireland..... %
- Great Britain (i.e. excluding Northern Ireland) ..... %
- EU/Eurozone .....%
- Other European country..... %
- United States.....%
- Other country.....%
- .....% **100%**

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## SECTION 2 – FINANCING YOUR BUSINESS

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ASK ALL

**Q.23** In the period April 2021 to September 2021, have you missed or deferred repayments on the following?  
**READ OUT.**

READ OUT	Yes	No	Don't know
Bank loans*	1	2	0
Other business loans*	1	2	0
Personal loans while use the business as collateral*	1	2	0
Payments to Revenue Commissioners	1	2	0
Other personal loans such as mortgages or buy-to-let loans*	1	2	0
Rent payments	1	2	0
Payments to suppliers	1	2	0

ASK ALL WHO ANSWER YES IN Q.23, I.E. HAVE MISSED ANY REPAYMENTS ON LOANS \*

**Q.23a** Which of the following best describe how you have dealt with these missed repayments?

**READ OUT FOR ALL ABOVE ASTERISKED**

- We have re-structured the loans with the creditor \_\_\_\_\_ 1
- We have paid the balance without any need for re-structuring \_\_\_\_\_ 2
- The balance is still outstanding without any re-structuring \_\_\_\_\_ 3
- Other, please specify: \_\_\_\_\_ (DO NOT READ OUT) \_\_\_\_\_ 4

ASK ALL

**Q.24** In the period April 2021 to September 2021, did you request from any bank, any of the following types of finance? It does not matter if you were successful or not.

**READ OUT - MULTICODE**

- New overdraft ..... 1
- Renewal/restructuring of existing overdraft..... 2
- New Loan ..... 3
- Renewal/restructuring of existing Loan ..... 4
- Invoice Discounting ..... 5
- Leasing or Hire Purchase ..... 6
- Other (specify) \_\_\_\_\_ 7
- None ..... 8 - GO TO Q.25

**GO TO Q.26**

**Q.25 Why did you not look for external finance? READ OUT**

- |  |                |
|--|----------------|
| Had sufficient internal funds            | 1              |
| Current lines of credit were sufficient  | 2              |
| Preferred to use internal finance`       | 3              |
| My business generated sufficient revenue | 4              |
| Possible rejection                       | 5              |
| I do not like to be indebted             | 6              |
| The-term of the loan was not suitable 7  |                |
| It is too expensive to borrow            |                |
| Other specify ( .....)                   | 8 – GO TO Q.35 |

**IF MORE THAN ONE REQUEST FOR ONE PARTICULAR TYPE OF FINANCE AT Q.24, ASK ABOUT MOST RECENT**

**Q.26** I'm now going to ask you about your \_\_\_\_\_ (FROM Q.24) request. Which, if any, of these, were reasons for making your\_\_ (FROM Q.24) request?

**READ OUT – MULTICODE**

- New business venture/acquisition of assets/Expansion ..... 1
- Working capital/cash flow..... 2
- Slowdown in debtor collection/bad debts..... 3
- Property related loan ..... 4
- Investment in machinery or equipment..... 5
- Need to restructure loan/credit..... 6
- Manage payments to Revenue Commissioners..... 7
- Change in business requirements as a result of Brexit..... 8
- Adaptation of business due to Covid/social distancing requirements
- Cover fixed payments while business shut down due to Covid
- Other (specify)\_\_\_\_\_ 9

**ASK Q.27 FOR ALL WHO ANSWERED CODES 1, 3, 5, 6, 7 in Q.24**

**Q27** What was the value of the \_\_\_\_\_ (FROM Q.24) for which you applied?

*OPEN END: INSERT AMOUNT*

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- Don't know..... 8
- Refused ..... 9

**ASK Q.28 FOR ALL WHO ANSWERED CODES 2 OR 4 @ Q.24**

**Q.28** What was the additional value of the \_\_\_\_\_ (**FROM Q.24**) for which you applied?

**OPEN END: INSERT AMOUNT**

**INTERVIEWERS PLEASE INSERT ZERO WHERE RESPONDENT HAS NOT RECEIVED ANY ADDITIONAL FUNDS, BUT HAS RESTRUCTURED THEIR EXISTING LOAN OR OVERDRAFT INSTEAD.**

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- Don't know ..... 8
- Refused ..... 9

**Q.29** Thinking of your application for \_\_\_\_\_ (**FROM Q.24**) what kind of collateral (e.g. land, buildings, machinery, your home, etc.) was required, if any? **Probe fully:** What other collateral? Any other collateral?

**MULTIPLE ANSWER ALLOWED**

- Land.....1
- Buildings.....2
- Machinery and equipment including movables .....3
- Accounts receivable .....4
- Inventories .....5
- Personal assets of owner (house, etc.).....6
- Other (specify)\_\_\_\_\_.....7
- None.....8

**ASK Q.30 IF ANY COLLATERAL IN Q.29 (NOT CODE 8 AT Q.29)**

**Q.30** What was the approximate value of the collateral required as a percentage of the loan value? **INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE.**

\_\_\_\_\_ % (MIN-MAX 0-100, ALLOW REFUSAL/NOT SURE)

**Q.31** Were you successful in your \_\_\_\_\_ (**FROM Q.24**) request?

**SINGLE CODE**

- Yes..... 1 **GO TO Q 32**
- No ..... 2 **GO TO Q 34**
- Partially ..... 3 **GO TO Q 32**

**ASK Q.32, Q.33 AND Q.33a/b TO ALL SUCCESSFUL (CODE 1 AT Q.31) OR PARTIALLY (CODE 3 AT Q.31)**

**Q.32** Were any of the following criteria/conditions attached to your \_\_\_\_\_ (FROM Q.24) request?

**READ OUT – MULTICODE**

- Requirement to provide regular management accounts/debtors + creditors' listings to the bank ..... 1
- Personal guarantee.....2
- Specific security.....3
- Facility or security .....4
- Requirement to maintain account with bank..... 5
- Additional collateral.....6
- Requirement for borrower to put up cash.....7
- Other (specify) \_\_\_\_\_.....8
- No.....9

**Q.33** What is the average interest rate attached to your \_\_\_\_\_ (FROM Q.24) request?

INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE.

\_\_\_\_\_ % (MIN-MAX 0-99, ALLOW REFUSAL/NOT SURE)

**Q.33a** Have you availed of all or part of the facility or not availed of the facility?

SINGLE CODE

- Yes, I have availed of all of the facility 1
- Yes, I have availed of part of the facility 2
- No, I have not availed of the facility ..... 3 GO TO Q.33b

**Q.33b** TO ALL WHO HAVE NOT AVAILED OF FACILITY AT Q.33a

What are the reasons for not availing of the facility to date?

MULTICODE ALLOWED – PROBE FULLY

- Didn't need it 1
- Have sufficient internal funds/reserves 2
- Waiting for Approval 3
- Too much collateral required 4
- Disagree with terms & conditions 5
- Other Specify \_\_\_\_\_ 6



**ASK Q.34 TO ALL UNSUCCESSFUL IN APPLICATION (CODE 2 AT Q.31) OR PARTIALLY (CODE 3 AT Q.31) IN APPLICATION**

**Q.34** Were any of the following reasons given by the bank for turning down your \_\_\_\_\_ (FROM Q.24) request?

**READ OUT – MULTICODE**

Ability to repay the facility	<b>1</b>
Does not meet the bank's criteria	<b>2</b>
The risk profile of the facility is outside the risk tolerance level of the bank	<b>3</b>
Risk factors have come to light as part of the bank's assessment of the application	<b>4</b>
Further information is required to help the bank complete assessment of this application	<b>5</b>
Future ability to repay the credit is not clear	<b>6</b>
In the past the operation of the current account has not been satisfactory	<b>7</b>
Missed repayments	<b>8</b>
Unsatisfactory ICB record	<b>9</b>
The goods are not suitable for HP/Leasing	<b>10</b>
The repayment timeframe sought is too long	<b>11</b>
Insufficient financial information was provided	<b>12</b>
Level of security offered	<b>13</b>
Existing level of borrowing	<b>14</b>
Other	<b>15</b>

**ASK ALL**

**Q.35** Do you expect to seek bank finance for your business in the next six months?

**SINGLE CODE**

- Yes ..... **1 GO TO Q.37**  
 No ..... **2 GO TO Q.36**  
 Don't know (DNRO) ..... **3 GO TO Q.37**

**ASK Q.36 IF NO AT Q.35**

**Q.36** Why will you not be seeking bank finance/further bank finance in this period?

**MULTICODE ALLOWED – PROBE FULLY**

- Don't need it ..... **1**  
 Have sufficient internal funds/reserves ..... **2**  
 Prefer not to borrow ..... **3**  
 Existing finance products/restructures are already in place ..... **4**  
 Inability to pay/meet requirements of bank finance ..... **5**  
 Don't trust the banks/believe they are not lending ..... **6**  
 Application process for bank finance is too difficult ..... **7**  
 Can raise finance from other non-bank sources ..... **8**  
 Other Specify \_\_\_\_\_ ..... **9**  
 No Reason ..... **X**

**ASK ALL**

**Q.53 Do you have a business bank account?**

- Yes ..... 1
- No ..... 2

**ASK Q.53(a) and Q.54 OF ALL WHO HAVE A BUSINESS BANK ACCOUNT (CODE 1 AT Q.53)**

**Q 53(a) With what bank is your main business account?**

**SINGLE CODE**

- AIB ..... 1
- Bank of Ireland ..... 2
- Ulster Bank ..... 3
- Permanent TSB ..... 4
- Other financial institution (specify) \_\_\_\_\_ ..... 5

**Q.54 For how many years have you been a customer of this bank?**

\_\_\_\_\_ years (MIN-MAX 0-999, ALLOW REFUSAL/NOT SURE)

**ASK ALL**

**Q.55 From the date of application, how long did it take the bank to process your (FROM Q.24) request and give a final answer?**

**SINGLE CODE**

- Less than one week ..... 1
- Up to 2 weeks ..... 2
- Up to 3 weeks ..... 3
- Up to 4 weeks ..... 4
- Between 5 – 12 weeks ..... 5
- More than 12 weeks ..... 6
- Still pending ..... 7 **GO TO Q.56**
- Cannot recall/don't know ..... 9

**IF STILL PENDING CODE 7 AT Q.55**

**Q.56 Has your bank asked you for additional information which you have not yet supplied e.g. accounts etc.?**

- Yes ..... 1
- No ..... 2
- Don't know ..... 3

**ASK Q.57 AND 58 TO ALL WHO WERE UNSUCCESSFUL CODE 2 AT Q.31**

**Q.57** Did the bank inform you of your right to an internal review of the decision to refuse credit?

**SINGLE CODE**

- Yes ..... 1
- No..... 2
- Don't know (DNRO)..... 3

**Q.58** Did the bank inform you of your right to a review of the decision to refuse credit by the Credit Review Office? **SINGLE CODE**

- Yes ..... 1
- No..... 2
- Don't know (DNRO)..... 3

### **SECTION 3: SME Supports and Initiatives**

**ASK ALL**

**Q.37** Which of the following supports or initiatives are you aware of?

**READ OUT - MULTICODE**

- Supporting SMEs Online Tool ..... 1
- Credit Guarantee Scheme ..... 2
- Microfinance Loan Fund Scheme/Microfinance Ireland ..... 3
- Enterprise Ireland ..... 4
- Local Enterprise Offices (LEOs)..... 5
- Strategic Banking Corporation of Ireland (SBCI) ..... 6
- The Credit Review Office (CRO)..... 7
- Other government support (specify)..... 8
- None ..... 9

**Q.17b** For the period April 2021 to September 2021, did you apply for any of the following types of finance?

**READ OUT – MULTICODE**

- Credit Guarantee Scheme .....1
- Microfinance Loan Fund Scheme/Microfinance Ireland .....2
- Other government financial support (specify) .....3
- Venture Capital Finance .....4
- Business Angel or Investor Finance .....5
- Loans/Equity from Family or friends.....6
- Loans/equity from business partners.....7
- Crowd funding/Peer-to-Peer lending.....8
- Non-bank invoice finance related facilities ..... 9
- Non-bank asset finance related facilities.....10
- Other non-bank finance (specify) .....11
- None (DNRO) ..... 12 GO TO Q.18b

**ASK Q.18 FOR EACH NON-BANK FINANCE OPTIONS APPLIED FOR (CODES 1-11 AT Q17b**

Q.18 Were you successful, partially successful, or unsuccessful in obtaining finance from (FROM Q.17b) or is the decision still pending?

SINGLE CODE

- Yes ..... 1
- No..... 2
- Partially ..... 3
- Still pending..... 4

**ASK Q.18a FOR EACH NON-BANK FINANCE OPTIONS IN Q17b (CODES 1 – 11)**

Q.18a I'm now going to ask you about your (FROM Q.17b) request. Which, if any of these, were reasons for making your (FROM Q.17b) request?

READ OUT - MULTICODE

- New business venture/expansion/purchase assets or equipment..... 1
- Working capital requirements .....2
- Property related loan .....3
- Need to restructure loan/credit.....4
- Other (specify) .....5

**ASK Q.18a1 FOR THOSE WHO DID NOT APPLY FOR ANY GOVERNMENT FINANCIAL SUPPORT (NOT CODE 1, 2, 3 IN Q.17b)**

Q.18a1 Why did you not apply for Government financial support in the last 6 months?

MULTICODE, PROBE FULLY, DO NOT READ OUT

- Don't want to lose control of business ..... 1
- Costs/Fees are too high.....2
- Terms and conditions too onerous .....3
- Lack of knowledge .....4
- Used in past but not currently relevant ..... 5
- Previously rejected for this type of finance.....6
- Application process too difficult .....7
- I don't believe this source is relevant for my business or sector. ....8
- Don't need this type of financing..... 9
- Already have this type of financing in place so do not need more..... 10
- Other (specify).....11

**ASK ALL**

Q AA. What type of support do you think Government should consider to help SMEs access credit? READ OUT

- A new working capital loan scheme with a short repayment term? 1
- A new longer-term investment loan scheme with a long repayment term? 2
- A credit guarantee scheme? 3
- Other 4
- Specify

**ASK ALL**

Q.59 And finally, would you be willing to allow us retain your contact details with a view to being re-interviewed by Behaviour & Attitudes at some stage in the future in relation to the type of topics covered in today's survey?

Yes

No

Don't know/depends