



An Roinn Airgeadais  
Department of Finance

---

# SME Credit Demand Survey – October 2021 - March 2022

---

## Report



## Contents

<b>1. Summary of Main Findings .....</b>	<b>1</b>
1. Summary .....	3
1.1 Trading Performance .....	3
1.2 Demand for Bank Finance .....	3
1.3 Demand for Non-Bank Finance .....	5
1.4 The Application Process .....	5
1.4 SME Supports and Initiatives .....	5
<b>2. Introduction.....</b>	<b>7</b>
<b>2.1 Economic Context .....</b>	<b>7</b>
2.2 Government Support Measures .....	8
2.3 Rationale for Study .....	12
2.4 Study Scope.....	13
<b>3. Methodology .....</b>	<b>16</b>
3.1 Sample Selection .....	16
3.2 Sample Accuracy .....	16
3.3 Collection of Data.....	17
3.4 Comparative Results.....	17
3.5 Sample Size .....	17
3.6 Limitations .....	18
3.7 Privacy of the Respondent.....	18
<b>4. Profile of Respondents .....</b>	<b>19</b>
4.1 Company Size, Turnover & Length of Time in Business .....	19
4.2 Exporting Companies.....	20
<b>5. Trading Performance.....</b>	<b>22</b>
5.1 Turnover Trends .....	22
5.2 Turnover by Sector .....	24
5.3 Turnover for Exporting Companies .....	26
5.4 Profit Trends .....	27
<b>6.0 Demand for Bank Finance .....</b>	<b>30</b>
6.1 Current Demand for Credit .....	30
6.2 Future Demand for Credit .....	31
6.3 Reasons for Not Seeking Credit.....	32
6.4 Demand for Credit by Product.....	33
6.5 Demand for Credit by Sector .....	34

6.6	Demand for Credit by Turnover and Profit Performance.....	35
6.7	Cost of Credit .....	36
6.8	Missed Payments .....	37
6.9	Factors of Importance When Seeking Finance .....	38
6.10	Usage of Bank Branch for Business Purposes .....	40
<b>7.</b>	<b>The Application Process .....</b>	<b>43</b>
7.1	Nature of Demand.....	43
7.2	Economic Value of Credit Applications.....	44
7.3	Collateral Required for Credit Applications .....	46
7.4	Turnaround Time on Decisions.....	47
7.5	Decline Rate.....	48
7.6	Criteria, Conditions and Interest Rates Attached to Approved Applications	52
7.7	Reasons for Decline.....	53
7.8	The Right to an Internal Bank Review.....	54
7.9	Credit Review Office.....	55
<b>8.0</b>	<b>SME Supports &amp; Initiatives .....</b>	<b>58</b>
8.1	Awareness of Supports & Initiatives .....	58
8.2	Use of Government Support Schemes & Other Non-Bank Finance .....	59
8.3	Reasons for not applying for Government Supports .....	62
<b>9.0</b>	<b>Investment Activity &amp; Climate Change .....</b>	<b>63</b>
9.1	Investment of the Organisation in Assets .....	63
9.2	Climate Change Investment .....	67
9.3	Insurance Cover .....	73
9.4	Energy Costs .....	76
9.5	Plans to Invest in Energy Efficiency .....	78
<b>10.0</b>	<b>Business Performance .....</b>	<b>80</b>
10.1	Turnover.....	80
10.2	Operating Expenditure .....	84
10.3	Company Assets .....	87
10.4	Outstanding Debt.....	90
	<b>Appendix: The Questionnaire .....</b>	<b>94</b>

# 1. Summary of Main Findings

## Overview of Report – Credit Demand (October 2021-March 2022)

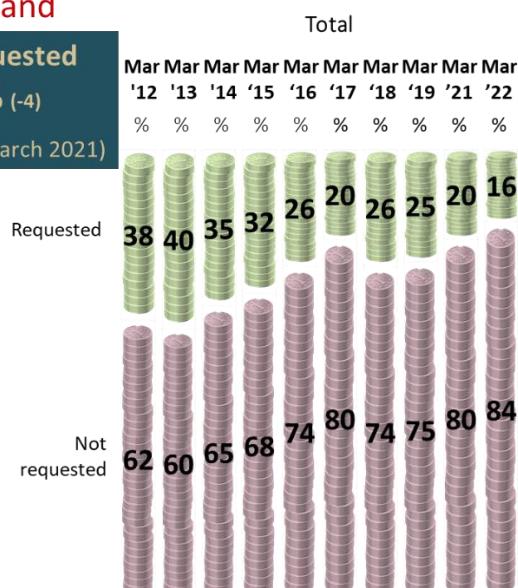
(Base: All SMEs – 1,504)

### Demand

#### Requested

**16% (-4)**

(vs. March 2021)



Requested By Company Size											Demand
	Mar '12 %	Mar '13 %	Mar '14 %	Mar '15 %	Mar '16 %	Mar '17 %	Mar '18 %	Mar '19 %	Mar '21 %	Mar '22 %	Mar '22 vs Mar '21
Micro	30	36	29	26	23	15	21	22	17	12	-5%
Small	43	43	40	35	31	22	27	24	22	18	-4%
Medium	42	41	37	40	21	25	32	31	20	20	=

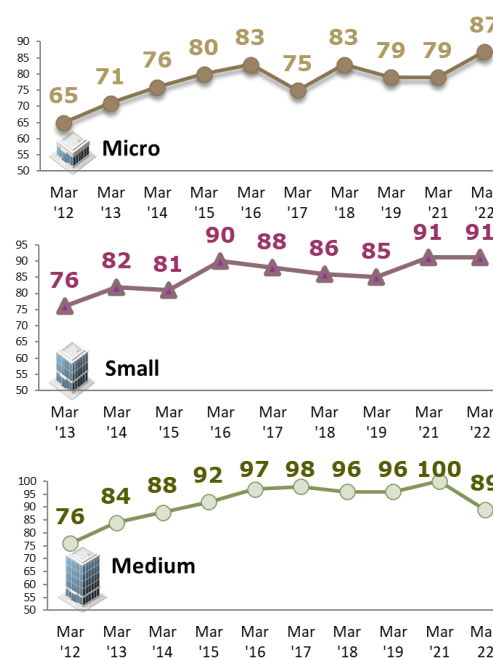
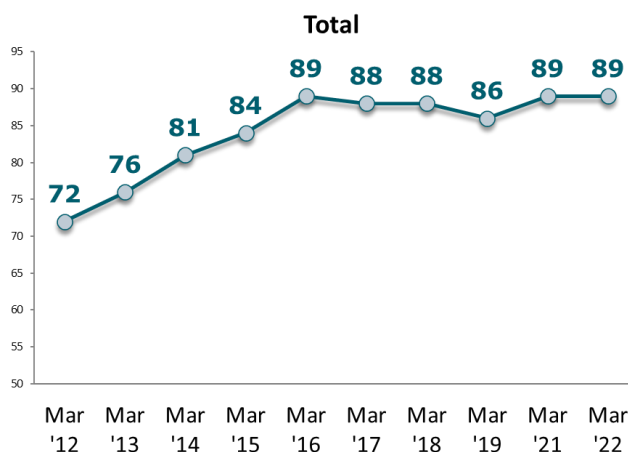
## Status of Application at Date of Survey

(Base: All SMEs Seeking Finance – 226)

### Approval/Partial

**89% (=)**

(vs March 21)

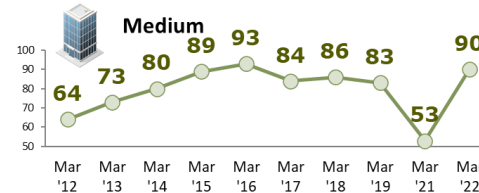
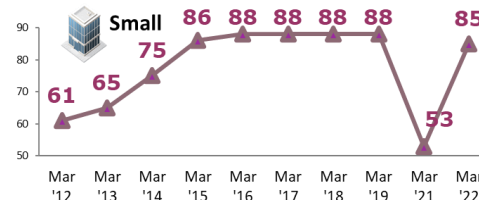
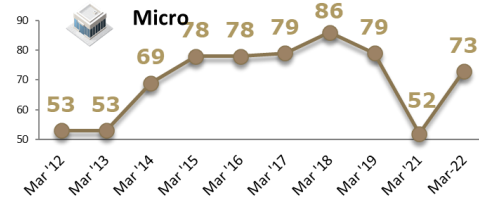
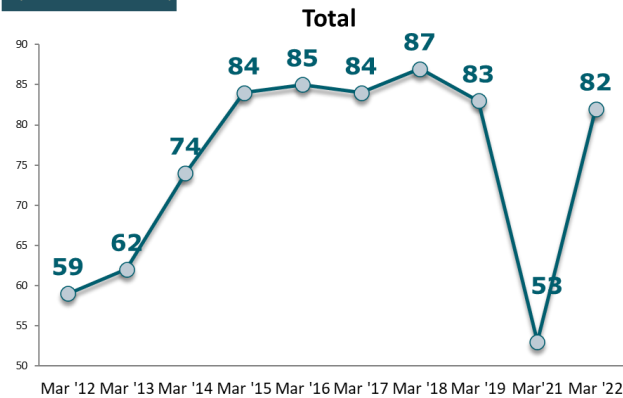




## Trading Performance - Turnover (October 2021 - March 2022)

(Base: All SMEs – 1,504)

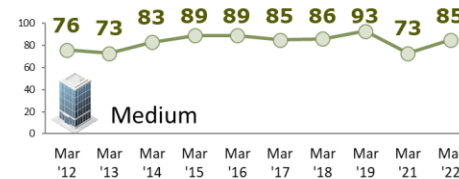
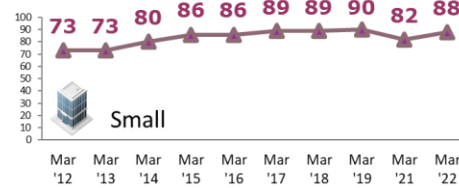
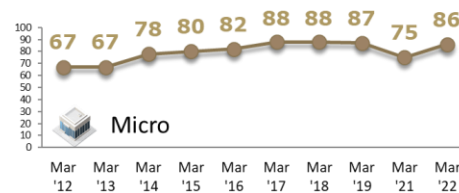
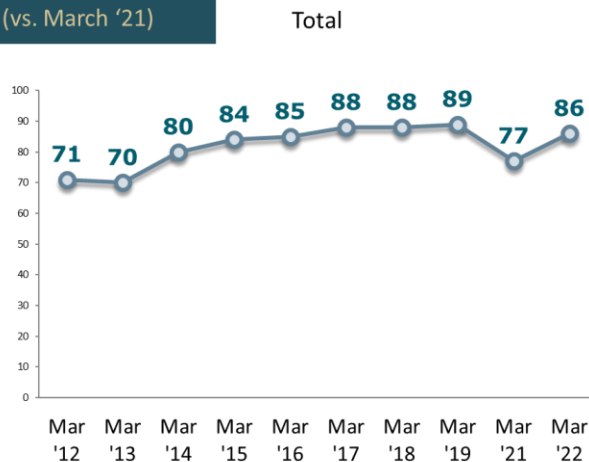
**Stable/  
Increase  
63% (+29)  
(vs. March '21)**



## Profit in the Business (October 2021-March 2022)

(Base: All SMEs – 1,504)

**Made a Profit/  
Broke Even  
86% (+9)  
(vs. March '21)**



## **1. Summary**

This report contains the results of the Department of Finance SME Credit Demand Survey. All interviews were conducted between the 6<sup>th</sup> April and 1<sup>st</sup> June 2022 and covered the period from October 2021 to March 2022. Throughout the report, the most recent wave of findings (referred to as March 2022) 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.

Please note that due to Covid-19 restrictions, no interviewing was possible for the same period in 2020.

A new question was introduced specifically in relation to demand for non-bank finance in its own right to reflect a growing market share for this source of finance. In addition, questions on climate change investment, energy costs and plans to invest in energy efficiency were added to this wave.

### **1.1 Trading Performance**

The average amount of reported turnover for the year up to March 2022 (€4.29m) was 5% higher than the average amount of reported turnover for the previous year (€4.09m). This was €614,808 for micro companies (up 5%) and €3.68m for small sized enterprises (down 5%), while medium sized companies reported an average turnover of €11.81m (up 15%).

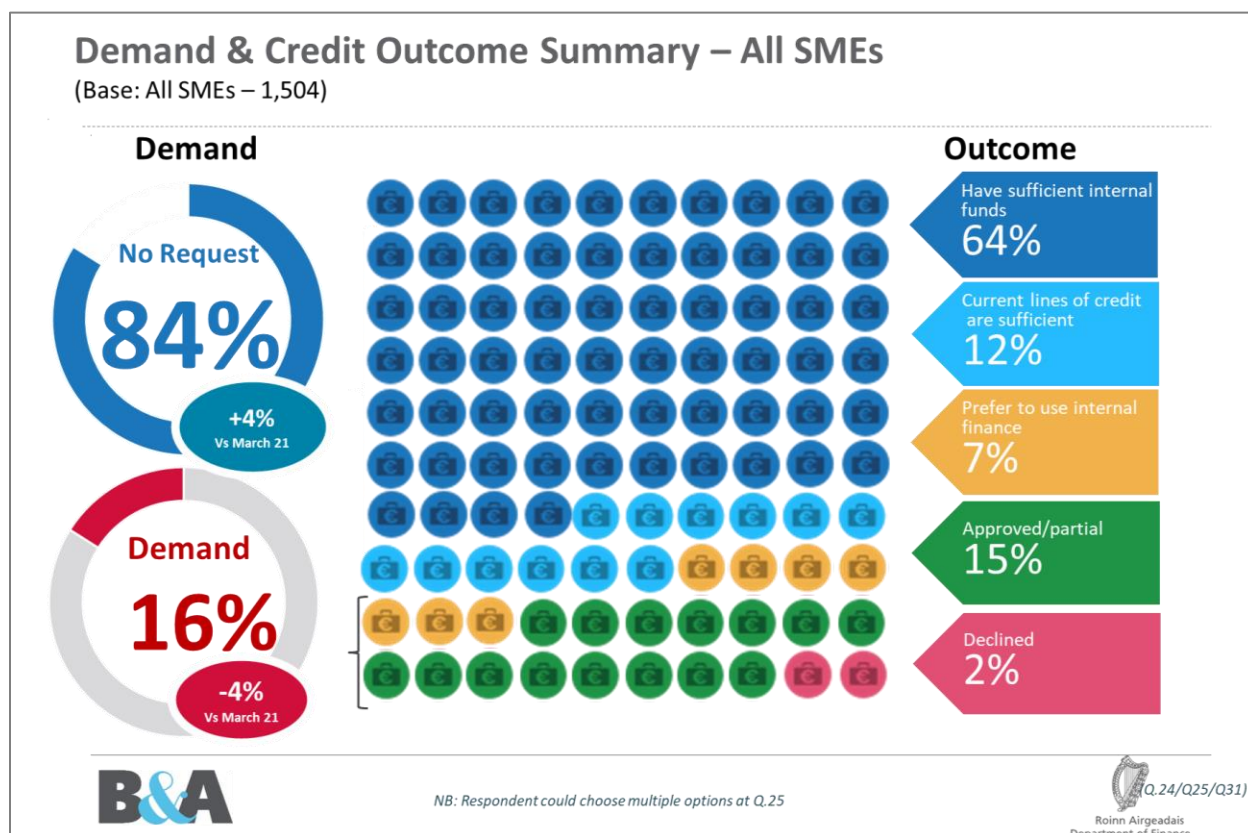
45% of all businesses surveyed reported increased turnover in the six months up to March 2022 compared to the previous six months, with 18% reporting a decrease. This is a significant improvement from 30% of businesses reporting an increase and 47% reporting a decrease as recorded in March 2021.

The percentage of firms reporting an increase in turnover was highest in the hotels and restaurants (66%) sector which builds on the improvement recorded in the previous wave to September 2021.

61% of all businesses reported making a profit in the six months period up to March 2022, with 10% reporting a loss. Again, this is a significant improvement compared to March 2021 and represents a continuation of the improvement recorded in the previous wave to September 2021.

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

Credit demand from banks was lower in March 2022 than March 2021, with 16% having applied for bank finance in the March 2022 period compared to 20% in March 2021. This is the lowest level of demand recorded for bank finance since the survey series began. The lower demand for bank finance is driven by micro and small sized companies while credit demand is unchanged for medium sized companies. In addition, there appears to be a growing reliance on non-bank finance which accounted for about 25% of applications for finance in the six month period to March 2022.



Expectations to seek bank finance in the coming six months are relatively unchanged compared to March 2021, with 12% of SMEs expecting to apply for bank finance in the next 6 months.

The main stated reason for not seeking credit was a simple lack of credit requirements due to sufficient internal funds, a reason cited by 76% of businesses not seeking credit (up from 72% in March 2021).

Of the companies which had requested bank finance in the previous six months, new loans and leasing/hire purchase were the most common bank finance products requested.

The decline in credit demand is driven by the Hotels & Restaurants (down from 26% to 10%) and Construction (down from 26% to 19%) sectors while remaining sectors hold stable. Demand for credit was highest for Manufacturing (22%) and Construction (19%).

The average reported cost of credit on outstanding loans was 4.59% – a decrease from 4.90% in March 2021.

Just 2% of SMEs reported having missed repayments of bank loans in the period, down from 5% in March 2021.

### **1.3 Demand for Non-Bank Finance**

5% of SMEs applied for non-bank finance in the ix month period to March 2022. Of those who applied for non-bank finance, 89% were approved fully, 1% partially, while 6% were refused. 3% of the applications were still pending at the time of the interview.

### **1.4 The Application Process**

Of those companies that have requested bank finance, business expansion, working capital and new machinery/equipment were cited as the main reasons for making a finance request.

The average value of a credit application for new finance was €353,577, up notably from €163,550 in March 2021. The average value of applications for renewal/restructuring of existing finance was €41,538, down notably from €180,260 in March 2021.

Of those applying for bank finance, 35% had to provide some type of collateral, with the main collateral types required being accounts receivable, buildings, machinery and equipment, and personal assets. The average value of collateral required as a percentage of loan was 59% – rising to 77% for micro sized applicants.

58% of all finance applications were processed within the stipulated 15 working days of receipt of all information from the company, down slightly from 60% in March 2021.

The average amount of time from application to decision was 22 working days, compared to 24 working days in March 2021. The proportion of loans that were still pending stood at just 6% (7% in March 2021).

The proportion of credit applications declined stood at 11% in March 2022, the same level as recorded in March 2021. Decline rates were lowest amongst the Manufacturing, Construction and Business Services sectors. Highest decline rates were in for Hotels & Restaurants (40%). It should be noted this analysis is based on a small sub-sample size of respondents.

Those applying for Covid related funding needs and/or to restructure debt were more likely to have their request declined.

In March 2022, 45% of SMEs that were refused credit reported that they were informed of their right to an internal review. This figure was 43% for March 2021, although it should be noted that this calculation is based on a very small base size.

### **1.4 SME Supports and Initiatives**

A large majority of SMEs are aware of Government supports such as Enterprise Ireland (91%), Local Enterprise Offices (83%), and the Credit Guarantee Scheme (66%).

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 Credit Guarantee Scheme, with 9% having applied for other Government financial support. This includes both loans schemes and other financial support. A total of 12% 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 October 2021 to March 2022. 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, 1,504 telephone interviews were conducted with a random sample of Irish based micro, small and medium sized firms. The interviews were conducted between the 6<sup>th</sup> April and 1<sup>st</sup> June 2022.

### 2.1 Economic Context

With the mass mobilisation of vaccines during 2021, restrictions on economic activity were gradually eased, triggering a rebound in economic activity. The domestic economy rebounded strongly last year with Modified Domestic Demand (MDD) growth of 5.8 per cent. The extent of the recovery has been most clearly evident in the labour market, with a record 2½ million people in employment and the unemployment rate at 4.8 per cent in June. At the start of this year, as the remaining pandemic restrictions were eased, it looked like the Irish economy was poised to rebound further. However the positive tailwinds from the reopening of the economy were outweighed by the negative spill-over effects from Russia's invasion of Ukraine.

While direct trade and investment links with Russia are relatively minor, spill-overs via higher energy prices, weaker business and consumer sentiment, as well as migrant flows have been substantial. Already on an upward trajectory from the second half of last year, perhaps the most tangible economic impact of war has been the upward pressure on energy prices. Because of this, consumer price inflation reached 9.6 per cent in June.

Official data confirms a decline in the domestic economy at the start of the year, with MDD declining by 1 per cent in the first quarter. Part of this was due to the restrictions associated with the Omicron wave in January, though by the end of the quarter, the surge in commodity prices on foot of war in Ukraine was an additional factor weighing on demand.

In the short-term, price dynamics will continue to play a key role in shaping the domestic economic outlook. Sustained volatility in the wholesale oil and gas markets are expected to feed into higher energy prices, eroding real incomes. The pass-through of higher energy prices, alongside tighter labour market conditions and supply chain disruptions, is expected to keep core inflation at an elevated level this year.

Despite the positive tailwinds from the reopening of the economy, the headwinds households face continue to mount. With a sharp fall in consumer sentiment and a decline in real incomes, consumers will likely continue to adopt a precautionary approach until these headwinds subside. With lower levels of consumer spending, falling external demand as well as higher

input costs (including labour costs) businesses, including SMEs are likely to adopt a 'wait and see' approach, holding back on investment in the process.

## **2.2 Government Support Measures**

The Programme for Government acknowledges the critical role the business community will play in reigniting and renewing the economy, it contains a range of commitments to help support small and medium-sized enterprises which will play a central role in a jobs-led recovery. 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.

### **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.

To end June 2022, the SBCI has provided €3,230m in low-cost, flexible funding and 50,773 individual facilities to Irish SMEs and farmers.—Up to the 30 June, 2022 under the Government's €2bn Covid-19 Credit Guarantee Scheme, almost €687.63 had been provided to 9,768 SMEs and small mid-caps.

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.

On 15<sup>th</sup> October, 2021 the Brexit Impact Loan Scheme was launched. Its objective is to provide for an improved low-cost loan scheme for SMEs, including primary producers, and small mid-caps impacted by Brexit. BILS replaced the Covid-19 Working Capital Loan Scheme and Brexit Loan Scheme.

BILS makes up to €315 million in lending available and loans of up to 6 years to help SMEs, including primary producers, and small mid-caps up to the end of 2022.

SBCI supported sanctioned lending for 2021, across all its product lines, totalling €819.331m with 10,012 loans to SMEs and an average loan size of €81,834.

The SBCI currently has five banks (AIB; Bank of Ireland; Ulster Bank; Permanent TSB; KBC) and seven six non-banks (Finance Ireland Limited; Fexco Asset Finance; Bibby Financial Services Ireland; Capital Flow; Invoice Fair, SME Financing and Leasing Solutions DAC and Close Brothers Commercial Finance) on-lending partners. SBCI has also started 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.
2021	Scottish Equity Partners Fund VI	33	Growth stage private equity fund that will target technology opportunities in Ireland, UK and Europe.
2022	Claret European Growth Capital Fund Iii	15	Venture Debt Fund Targeting Technology And Life Sciences Companies

### 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 for Finance.

Three calls for expressions of interest have taken place with thirteen funds established to date. This has leveraged additional capital to a total combined fund size of over €1bn, with Enterprise Ireland committing over €160m in total to these funds

The most recent call for expressions of interest was in March 2021, targeting the Pre-Seed, Seed & Series A/A+ stages, in EI target sectors including ICT, Lifesciences and Industrial.

### **Microfinance Loan Fund**

The Microenterprise Loan Fund administered by Microfinance Ireland (MFI) was established in 2012. The purpose of the fund is to provide loans of €2,000 up to €25,000 to microenterprises that cannot obtain funding through traditional sources. A microenterprise is defined as a business with less than 10 employees and/or turnover less than €2 million.

Loans are available to microenterprises based in Ireland, and the interest rate is 4.5% APR if submitted through the Local Enterprise Office Network (or other referral partners) or 5.5% APR if you apply directly. In addition to its lending services, MFI provides post approval mentoring services to its borrowers. The mentoring services are delivered through the Local Enterprise Office Network.

There is wide regional spread of loans across the country with 78% of loans approved for microenterprises outside Dublin.

The dominant sectors availing of loans from MFI have been the wholesale and retail sector (21%), accommodation and food services (11%), manufacturing (9%) and construction (9%).

In September 2021, the Strategic Banking Corporation of Ireland (SBCI) and MFI agreed a new partnership enhancing the availability of lower-cost SBCI loans for Irish SMEs. The SBCI has committed €30 million to MFI which significantly increased MFI's lending capacity and ability to support more small and micro enterprises.

As of 30th of June 2022, a total of 4,402 loans had been approved to the value of €73.3 million since 2012 supporting up to 10,000 jobs, including 545 loans approved to the value of €8.54 million in 2021 and 225 loans approved to the value of €3.35m to 30 June 2022.

### **Credit Guarantee Scheme**

The Covid-19 Credit Guarantee Scheme which was launched in September 2020 has closed to lending with effect from 30 June 2022 due to the cessation of the State aid Framework under which it operated.

This scheme provided an 80% State guarantee on loans of up to €1 million for working capital and investment purposes to SMEs and small mid-caps (business with less than 500 employees), including primary producers (business engaged in the farming and seafood sectors).

A total of 10,357 loans for a value of €730 million have been drawn or approved up to 31 May 2022, across many sectors, including those most impacted by the pandemic such as the hospitality and retail sectors. The scheme has helped to support 77,200 jobs.

### **Future Growth Loan Scheme**

The Future Growth Loan Scheme makes available up to €800m in lending to assist long term, strategic investment by eligible businesses, including in response to Brexit and COVID-19. This scheme is also available to businesses engaged in the farming and seafood sectors. Loans under the scheme range from €25,000 to €3m and are offered for terms of seven to 10 years. Loans of up to €500,000 are available unsecured.

As of July 4<sup>th</sup>, 2022, a total of 3,503 loans have been progressed to sanction under the scheme, to a total value of €766m.

All the participating lenders are now closed to new applications under the FGLS as they reached the limits of their allocations under the scheme.

### **Brexit Impact Loan Scheme and COVID-19 Loan Scheme**

In October 2021, the Department of Enterprise, Trade and Employment together with the Department of Agriculture, Food and the Marine launched the Brexit Impact Loan Scheme (the 'BILS'), to support SME and small mid-cap businesses (including those in the farming and fishing sectors) that have been affected by the UK's withdrawal from the EU.

SBCI are delivering the BILS with funding provided from the Department of Enterprise, Trade and Employment and the Department of Agriculture, Food, and the Marine on a 60:40 basis. The BILS is underpinned by a counter-guarantee by the European Investment Fund (EIF) to SBCI through the European Guarantee Fund, such that the risk share for the BILS is: 56% EIF; 24%; SBCI; 20% lenders.

Loans under this scheme range from €25,000 to €1.5m and are for terms of up to six years. Loans of up to €500,000 are available unsecured. As of July 4<sup>th</sup>, 2022, 1,243 loans have progressed to sanction to a total value of €156,128,420.

This Scheme was set up to make up to €330m available to eligible businesses (including those in the farming and fishing sectors) that have been affected by the UK's withdrawal from the EU, but this lending capacity is now also serving the **Covid-19 Loan Scheme which was launched to the market** on the 4<sup>th</sup> of July 2022.

Like BILS, CLS loans range from €25,000 up to €1,500,000, with terms of one to six years, and unsecured up to €500,000. Finance provided is competitively priced and some refinance can be availed to address existing short-term credit. Access to this scheme is based on businesses meeting a criterion of business being impacted by the Covid-19 pandemic, resulting in business turnover or profit being negatively impacted by a minimum of 15%.

The CLS will ensure that a State-backed option for lending remains available over the coming months to help eligible SMEs, including farmers, fishers and food businesses, and small mid-caps in Ireland in managing their finances as they respond to the impacts of COVID-19.

## **2.3 Rationale for Study**

The 4<sup>th</sup> 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:

- trading conditions
- 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.
- future business performance expectations
- state supports and initiatives
- banking and bank relationships

In addition, the questionnaire covered a number of new areas this wave – these questions were rotated to manage questionnaire length. These included:

- SME climate initiatives
- energy costs
- insurance cover
- usage of bank branches for business purposes

### 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 October 2021 to March 2022. 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 112,000 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, 20,330 companies were called, and contact was made with 18,624 companies. Of these 18,624 contacted, 1,504 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.

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 6%, with the sub-sample statistically up-weighted to its more representative 23% at analysis stage (see Section 4.1).

#### **3.2 Sample Accuracy**

The sample error for a survey of this nature is very good. Based on a total database of 112,000 SMEs in Ireland, the total sample of 1,504 companies has a possible sample error of just +/- 2.5% (at a 95% significance level), while the sub-samples of micro, small and medium companies have a possible sample error of between  $\pm 10.2\%$  (medium companies) to  $\pm 3.2\%$  (micro companies).

### **3.3 Collection of Data**

Telephone interviews were conducted with 1,504 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 related to climate change investment.

All interviews were conducted between the 16<sup>th</sup> April and 1<sup>st</sup> June 2022 and covered the period from October 2021 to March 2022. Over the course of the study, 1,504 SME interviews were conducted. The typical telephone interview lasted between 16 and 26 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 1,504 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.

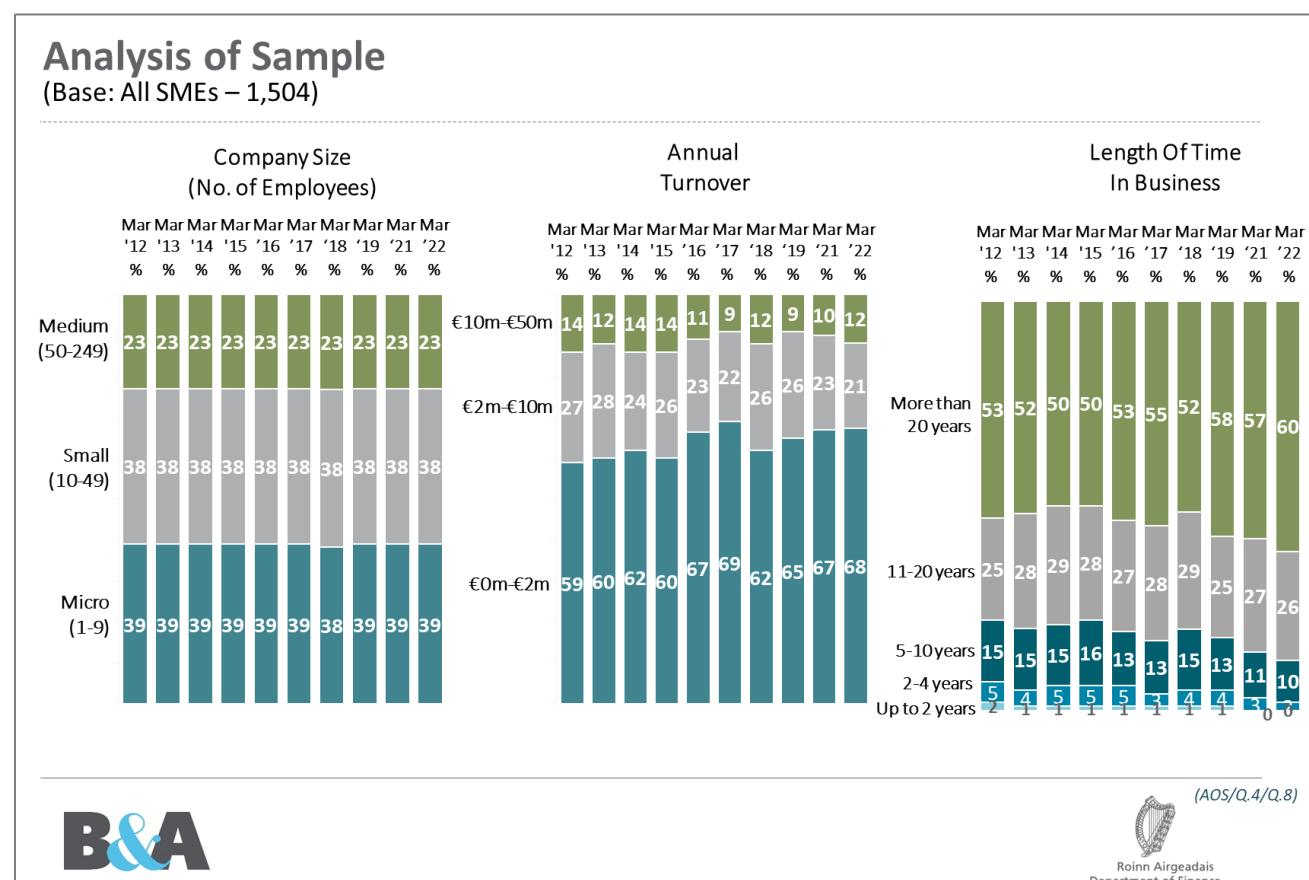
The Department of Finance had no specific interest in the individual financial affairs of any of the SMEs that participated in this study. Rather, the key objective was to better inform Government of the volume, nature and demand for credit in this key sector of the Irish economy.

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

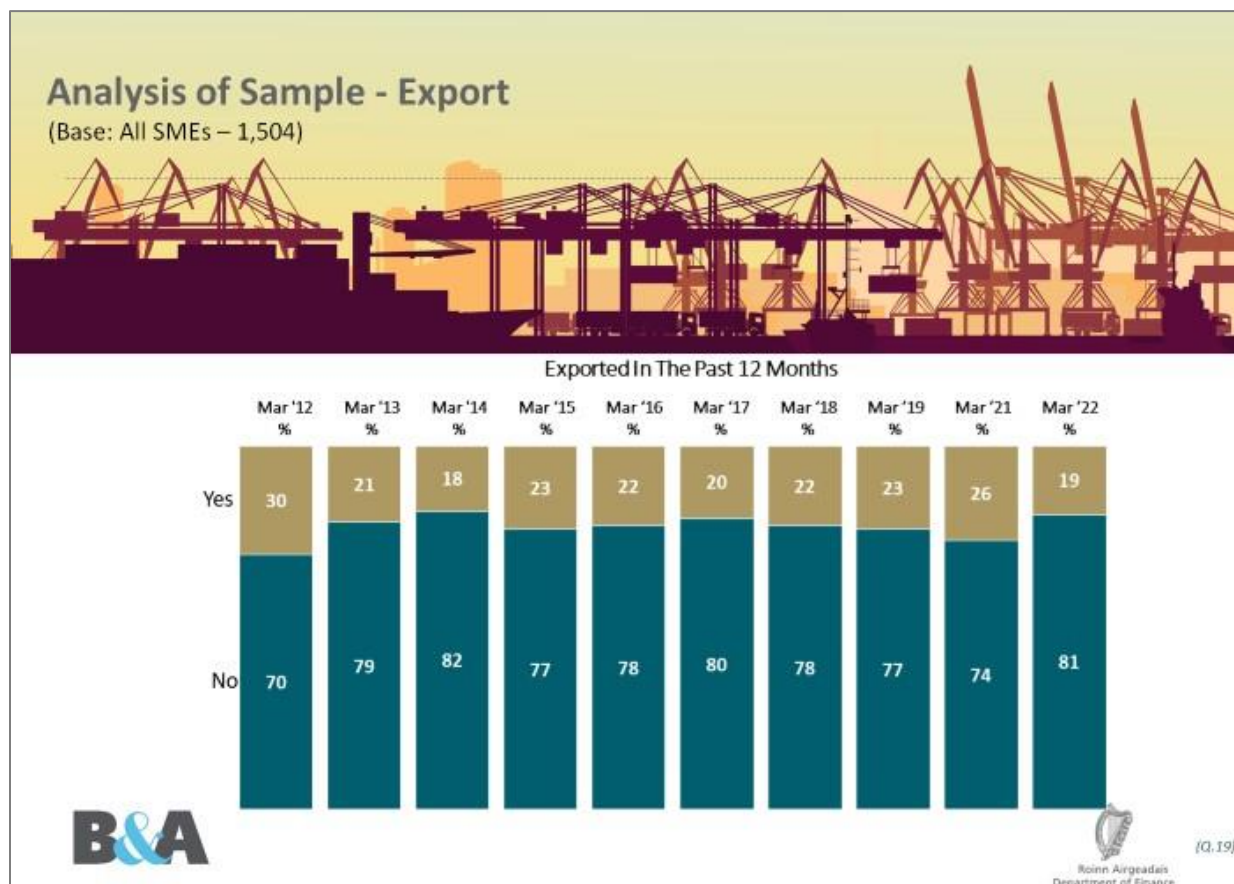
To be able to compare the results from the Credit Demand Survey wave-by-wave, it is important that the samples achieved are similar on key business demographics. This was achieved through strict quota control on company size and sector, and subsequent statistical weighting of the dataset in line with 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 March 2021 to 19% in March 2022. Since March 2012, survey results for the percentage of SMEs exporting have also varied from 30% (March 2012) to 18% (March 2014). 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.

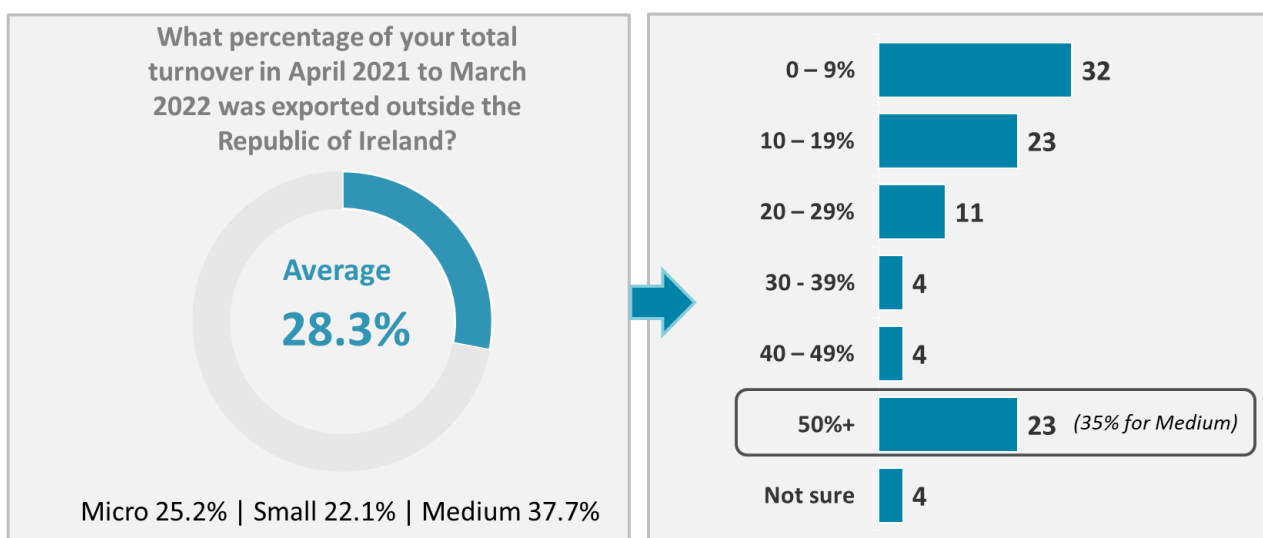


NB: The graphic above illustrates the average proportion of all exporting companies that export anything to areas outside of the Republic of Ireland and does not reflect the relative scale of different firms' exporting activity.

Approximately 28% of the turnover of exporting companies was exported outside the Republic of Ireland.

## Percentage of Total Turnover in 2021 exported outside Republic of Ireland

(Base: All SMEs who export – 221 excluding don't knows)



On average, 17% of SMEs' export sales during the last 12 months went to the EU/Eurozone. One-quarter (25%) went to Great Britain and a third (33%) to Northern Ireland. Other European countries (outside the EU) accounted for 14%, with the US accounting for 8%. The rest of the World accounted for 4%.

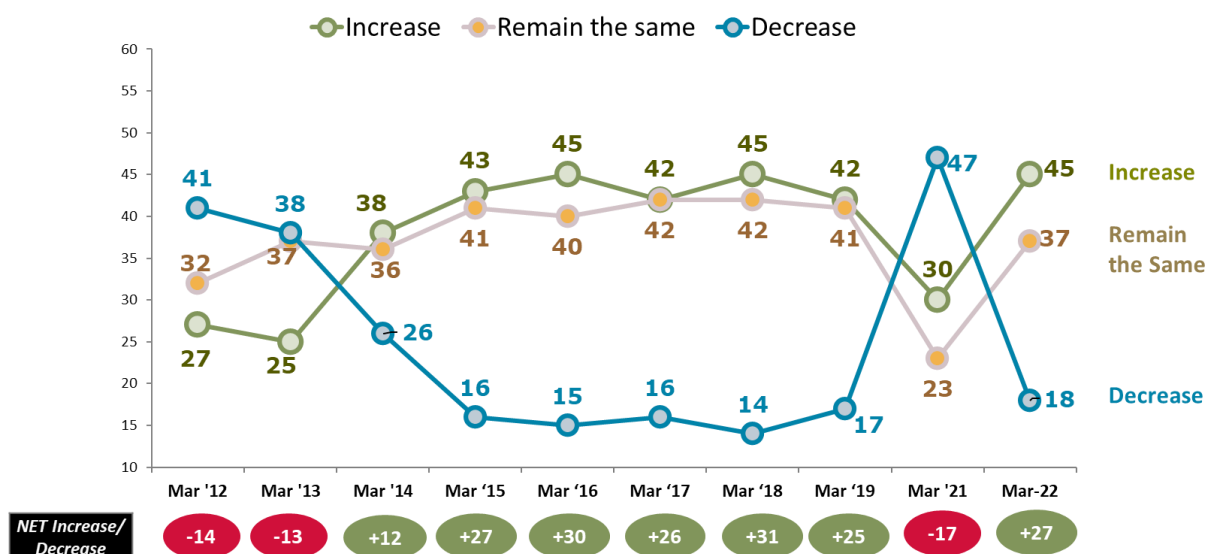
## 5. Trading Performance

### 5.1 Turnover Trends

After a difficult 2021 with Covid-19, conditions have improved significantly in the six month period up March 2022, returning to levels similar to 2019. 45% of SMEs reported increased turnover for the 6 month period ending March 2022, compared to just 30% in 2021. 37% reported no change in turnover, while 18% reported decreased turnover.

#### Turnover of the Business October 2021 – March 2022

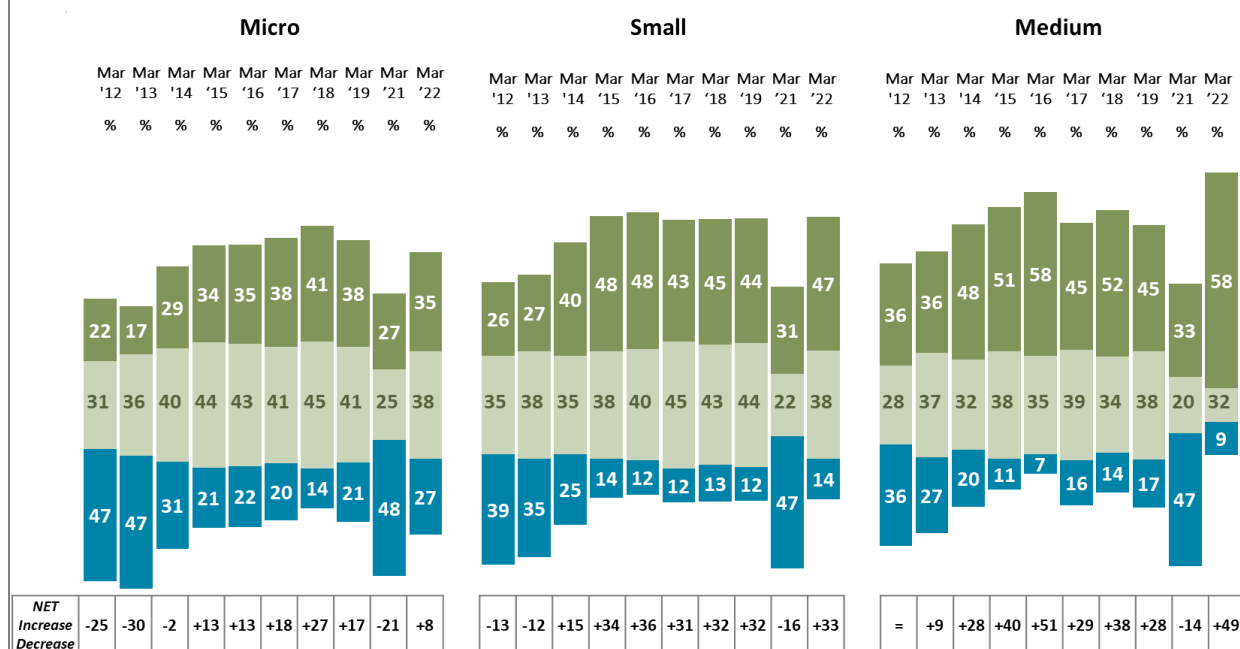
(Base: All SMEs – 1,504)



Trading conditions were better among small and medium-sized companies while micro companies reported the least favourable trading conditions. 35% of micro companies experiencing increased turnover, compared to 47% for small companies, and 58% for medium sized enterprises.

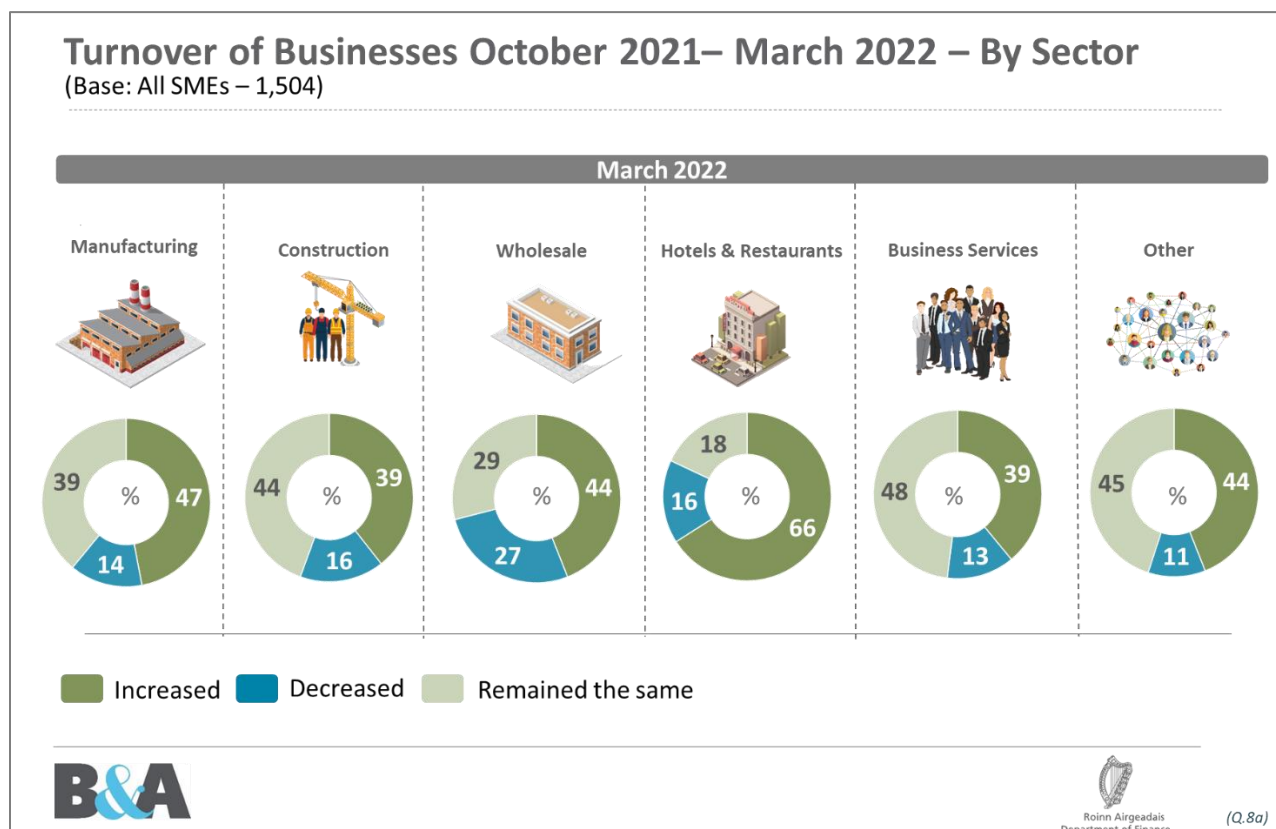
## Turnover of the Business – By Company Size

(Base: All SMEs – 1,504)



## 5.2 Turnover by Sector

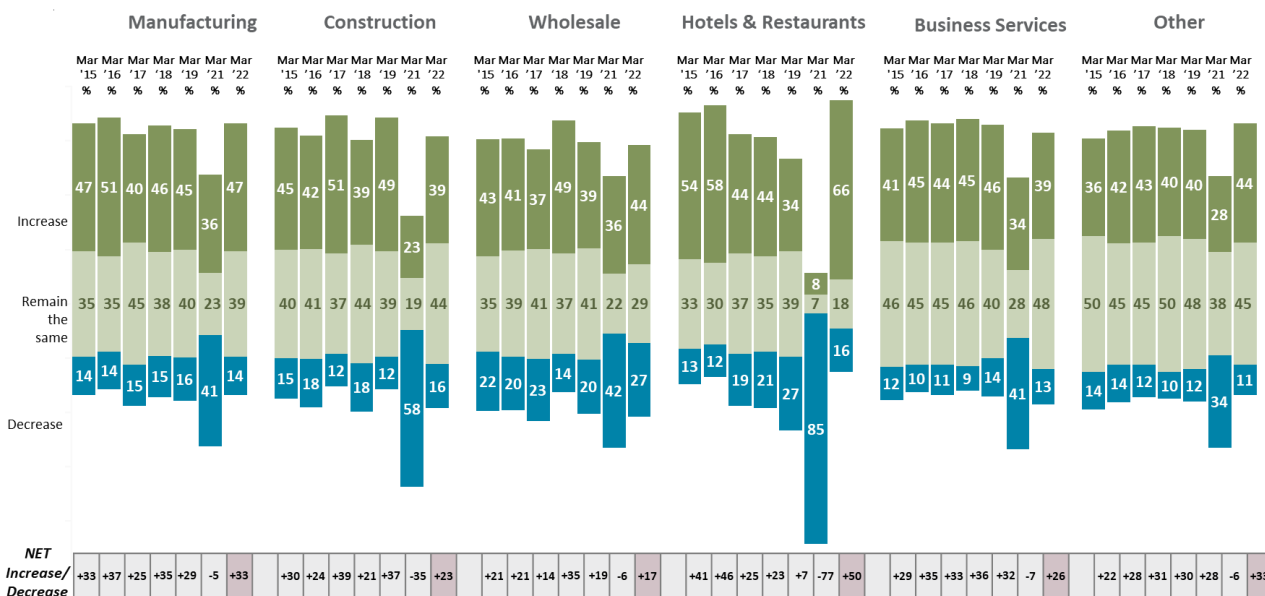
Hotels and Restaurants reported the highest levels of turnover increase, with the remaining sectors being broadly in line with the across all companies surveyed.



All sectors reported an improvement in turnover performance compared to March 2021. The biggest improvement was seen for Hotels & Restaurants, with Covid-19 restrictions being removed for this sector.

## Turnover of Businesses – By Sector Comparison

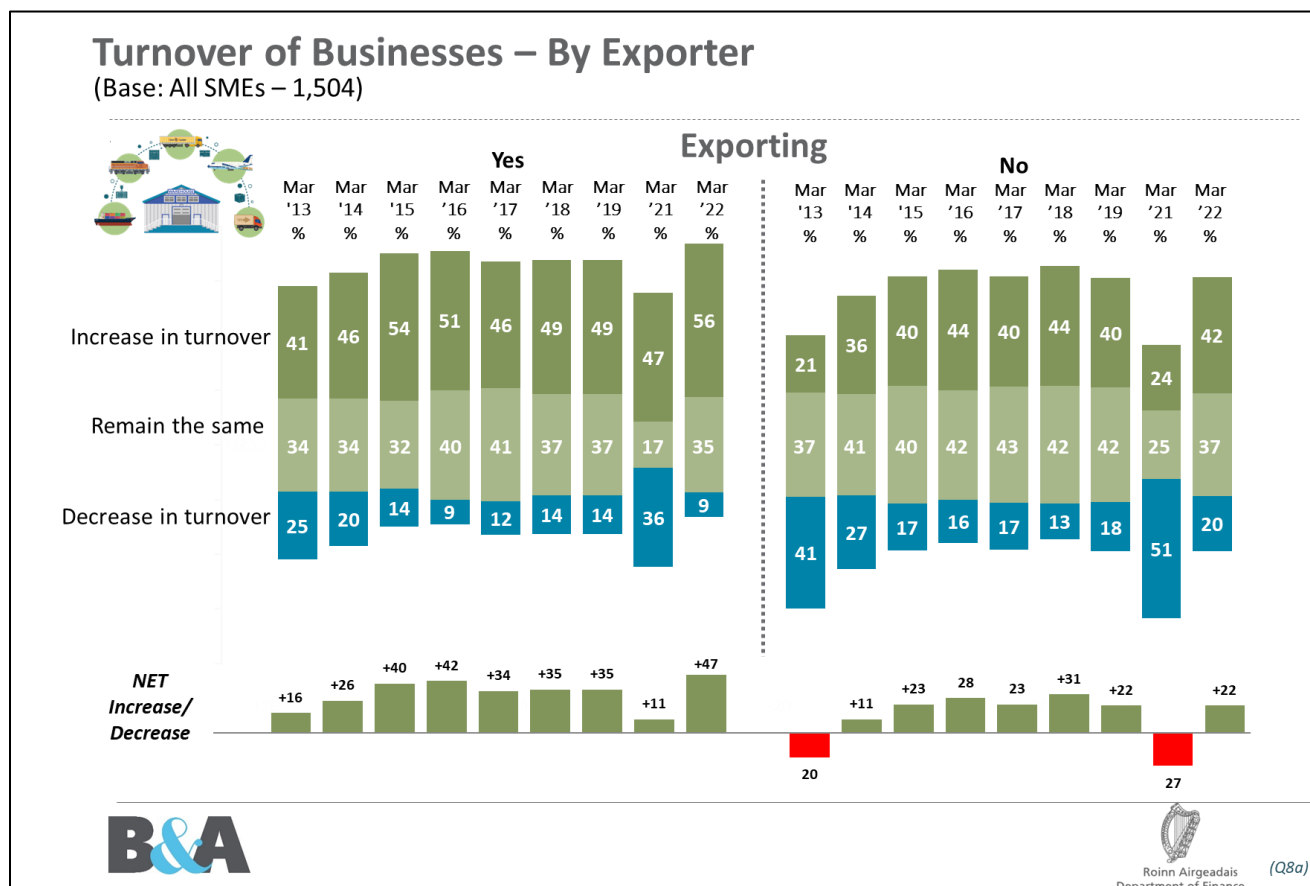
(Base: All SMEs – 1,504)





### 5.3 Turnover for Exporting Companies

Both export and non-export companies indicated an improvement in turnover levels from 2021 to 2022. 56% of SMEs not exporting experienced an increase in revenue in 2022, compared to 42% for exporting companies.

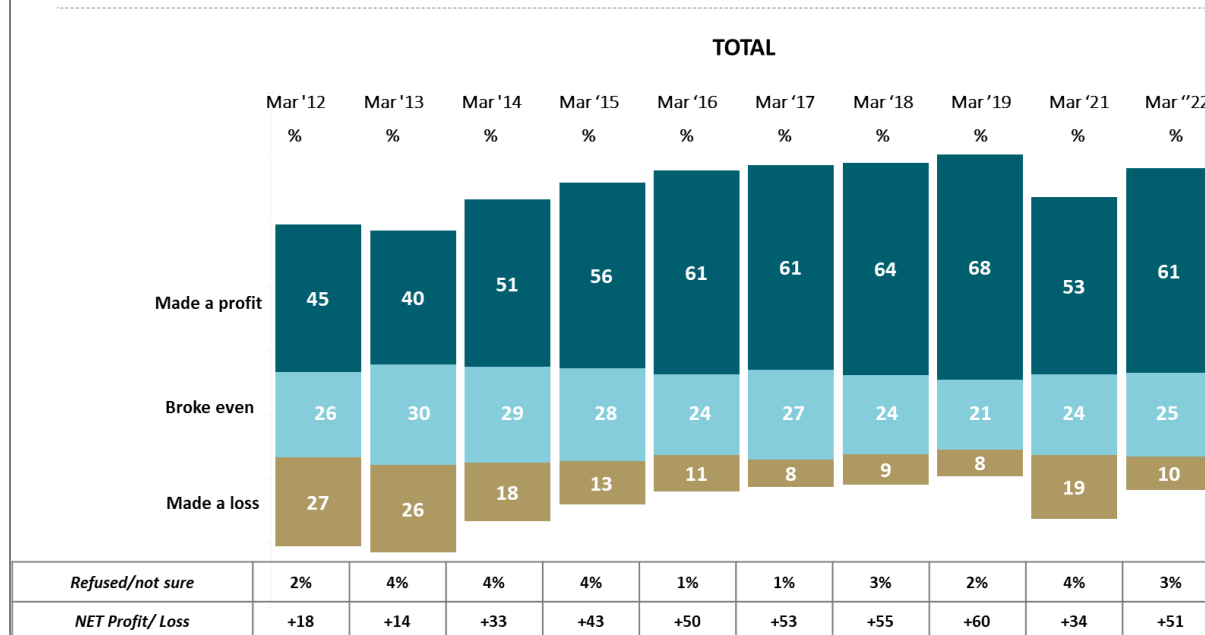


## 5.4 Profit Trends

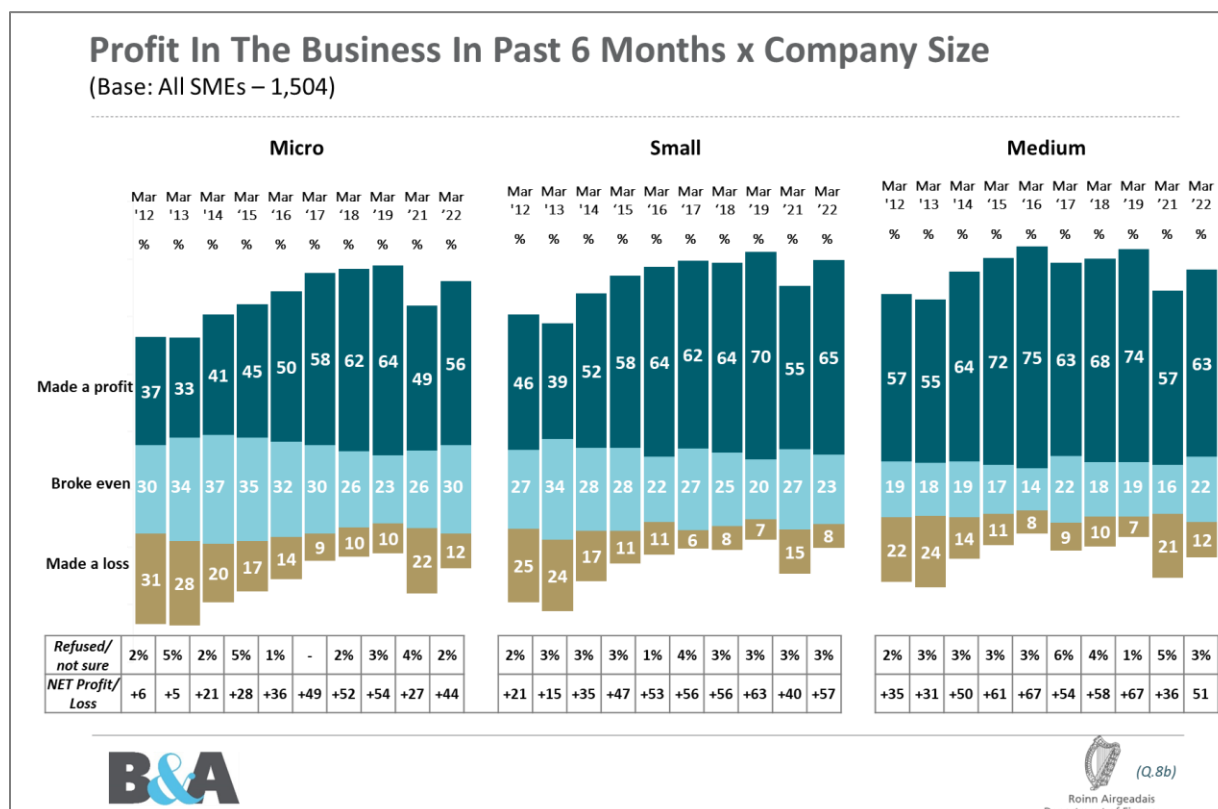
A recovery was also evident from reported profit trends, however, not to the same degree as the turnover trend. 61% of SMEs reported profit during 2022, compared to 53% in 2021. This remains lower than the 68% who reported profit in 2019. 10% reported a loss in 2022 while 25% broke even.

### Profit In The Business In Past 6 Months

(Base: All SMEs – 1,504)



As in March 2021, micro companies performed less well in terms of profit compared to small and medium-sized companies. However, the sector did also register an uplift compared to 2021.



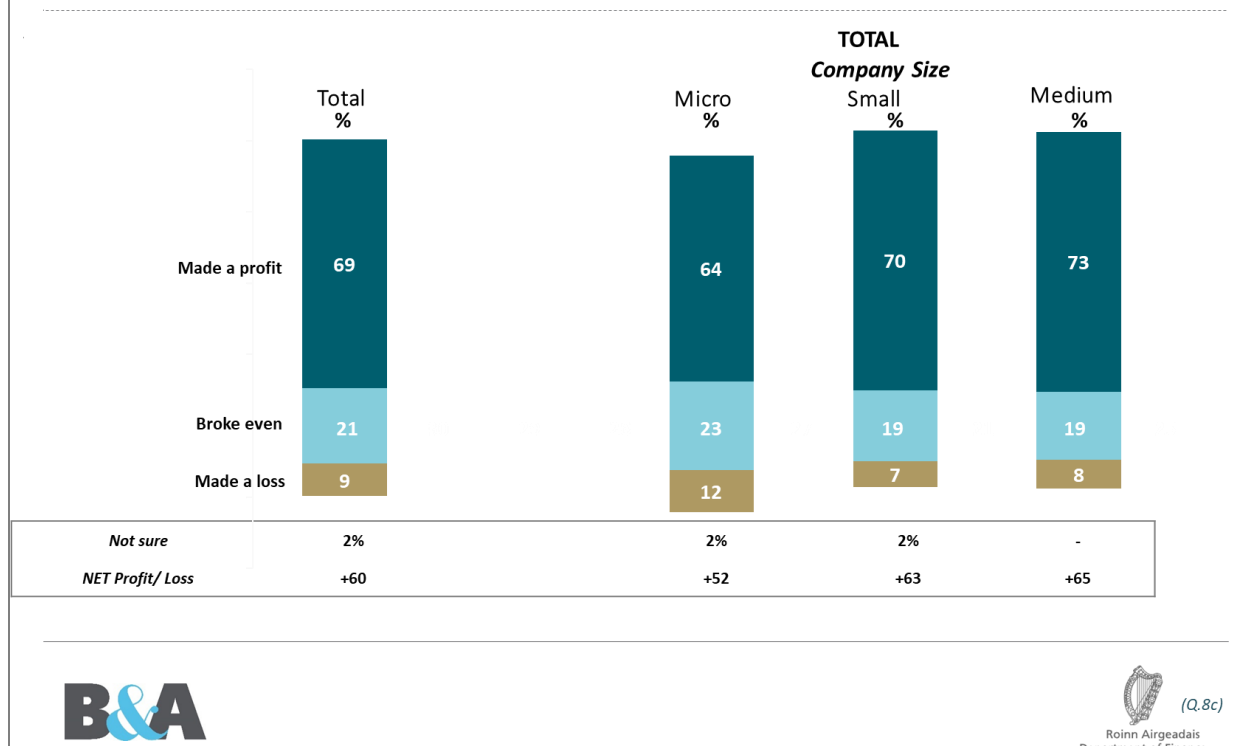
As has always been the case in the credit demand series, a strong relationship exists between turnover and profit performance, with companies having increased turnover being much more likely to report profit than companies with declining turnover, which were more likely to report a loss.

Turnover – Last Six Months	Turnover Increased	Turnover Remained the Same	Turnover Decreased
	%	%	%
Made a profit	71	59	40
Broke even	18	28	38
Made a loss	8	9	20
Refused	0	0	-
Don't know	3	4	2

Looking at profit in the business for the past 12 months up to March 2022, 69% report profit, with 9% reporting a loss. Again, micro companies perform below small and medium-sized SMEs.

## Profit In The Business In Past 12 Months x Company Size

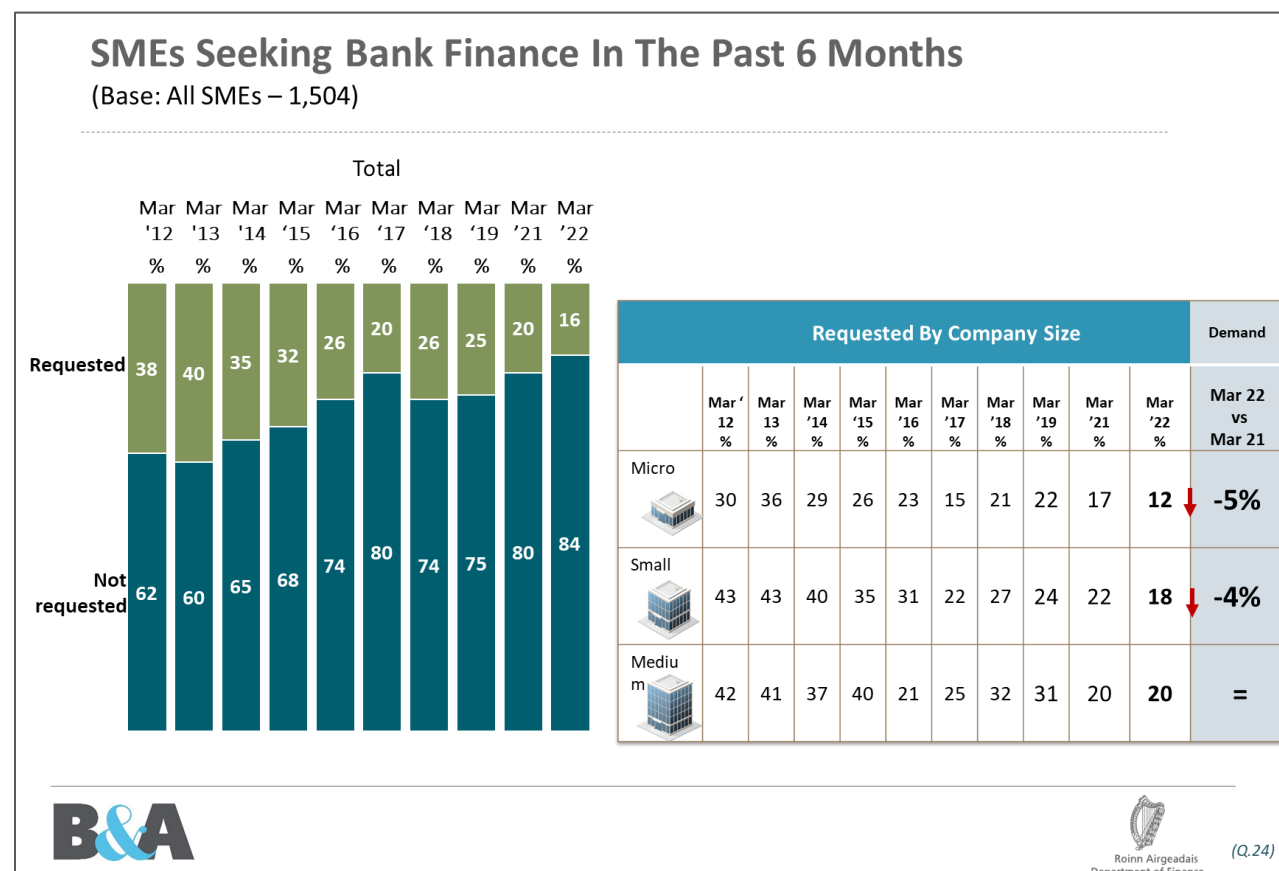
(Base: All SMEs – 1,504)



## 6.0 Demand for Bank Finance

### 6.1 Current Demand for Credit

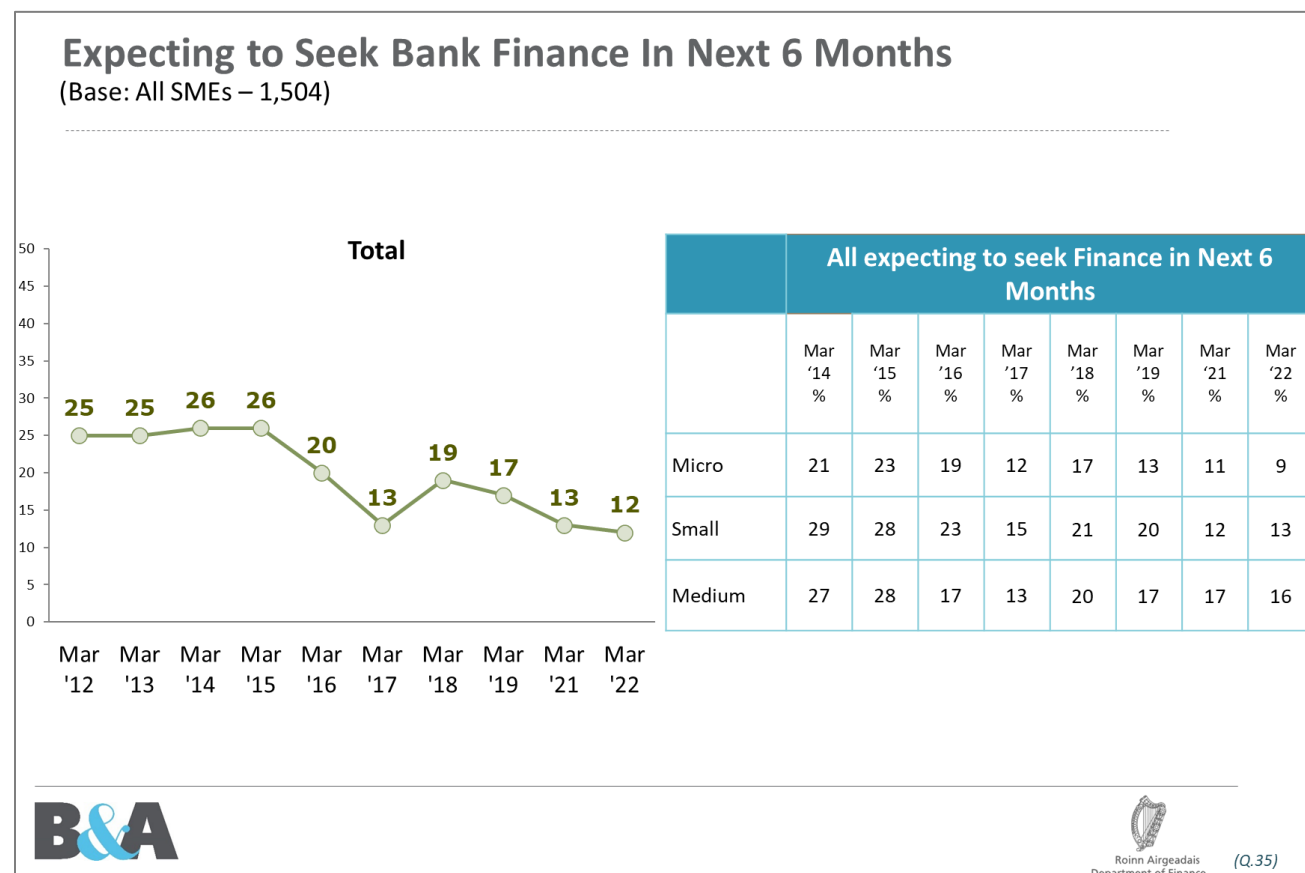
Credit demand for March 2022 declined from March 2021. 16% of firms applied for bank finance in the six month period up to March 2022, compared to 20% in the period up to March 2021.



Credit demand remained unchanged at 20% among medium-sized companies, with the decline driven by micro and small businesses

## 6.2 Future Demand for Credit

Expectations for seeking bank finance in the following six months remain stable compared to 2021, with 12% expecting to seek bank finance over the next six months. This is higher among medium-sized companies (16%).



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

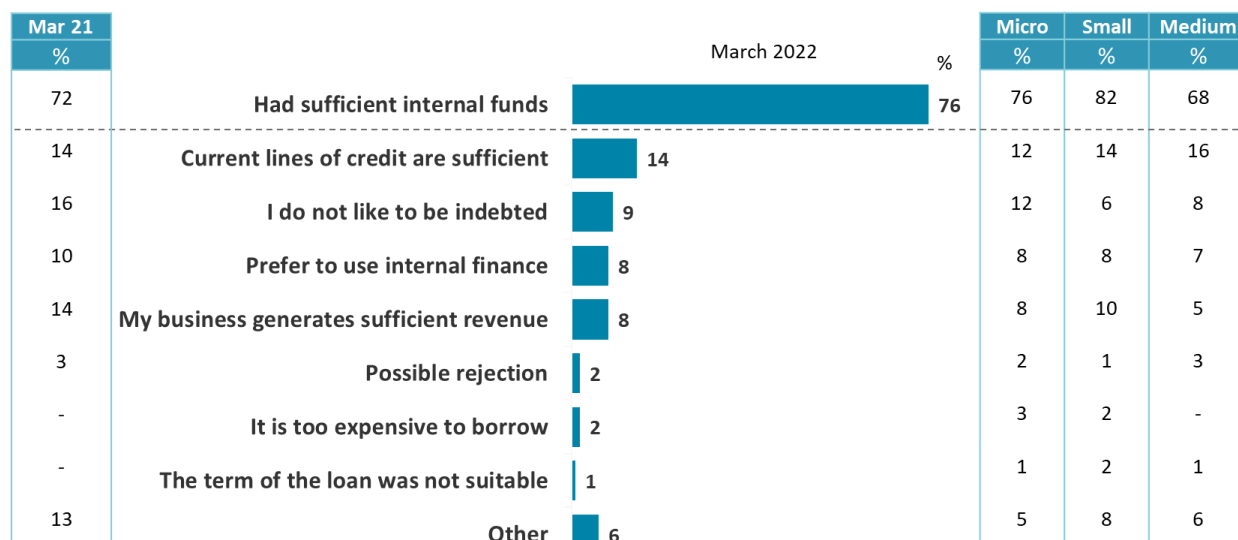
In order to better understand the reasons behind SMEs' lack of demand for credit, companies were specifically asked to provide reasons for not seeking credit in the past six months.

The main reason proffered centred on finance not being required as businesses had sufficient internal funds – with 76% of those businesses that did not apply for credit mentioning this. This figure was up from the 72% in March 2021.

Other key reasons for not requiring bank finance included companies stating that they had sufficient existing lines of credit (14%), preferred not to borrow (9%), preferred to use internal finance (8%) and/or that the business generated sufficient revenue (8%).

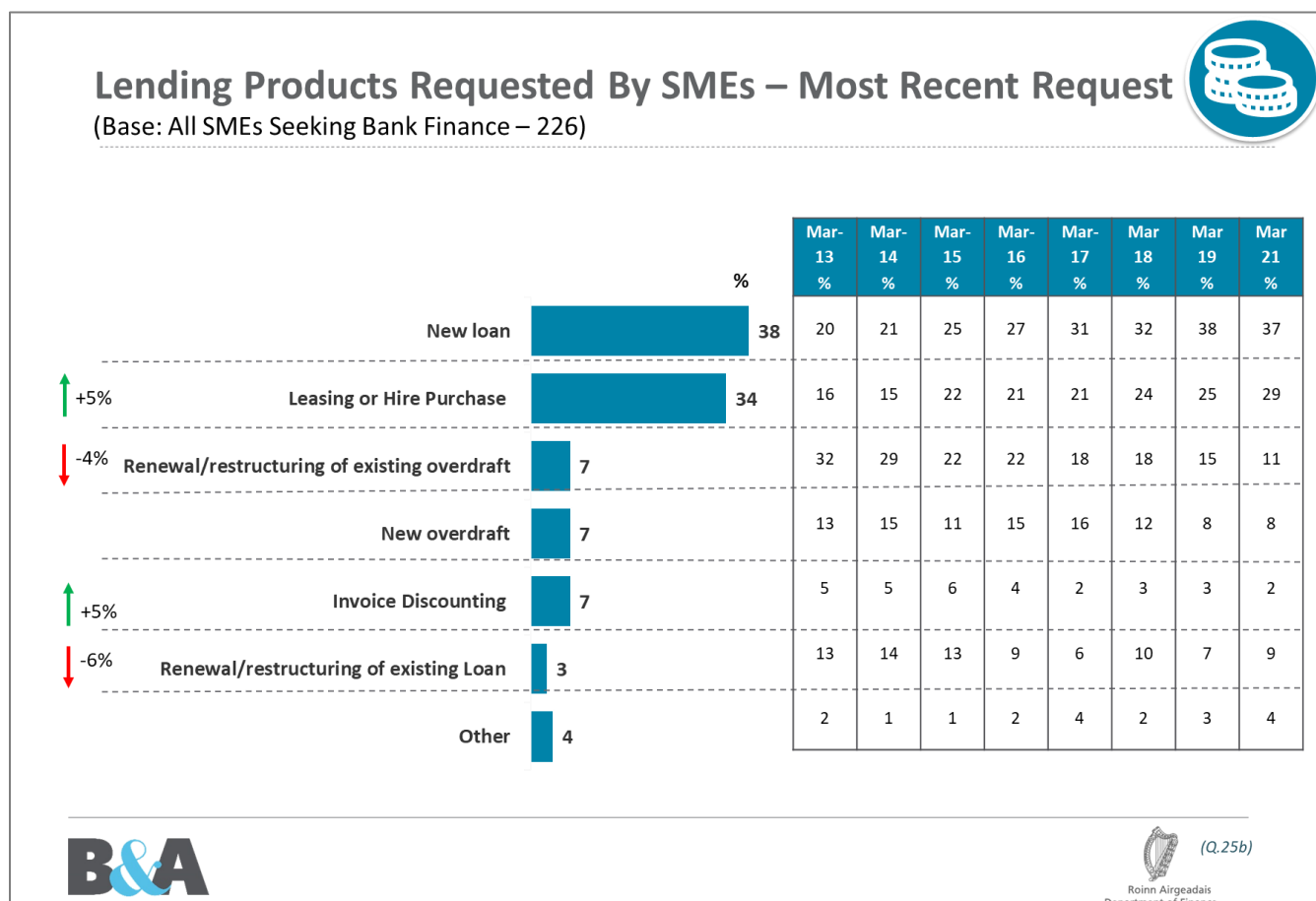
### Reasons did not look for external finance

(Base: All SMEs no finance requested – 1,278)



## 6.4 Demand for Credit by Product

Among those SMEs that requested bank finance in the October 2021 to March 2022 period, new loans and leasing/hire purchase accounted for most of the credit demand.



Just 3% of those who applied for bank finance in the period, applied for renewal/ restructuring of existing loans.



## 6.5 Demand for Credit by Sector

The decline in credit demand was driven by the Hotels & Restaurants (down from 26% to 10%) and Construction (down from 26% to 19%) sectors while remaining sectors held stable. Demand for credit was highest for Manufacturing (22%) and Construction (19%).

### Demand for Credit x Sector

(Base: All SMEs 1,504)



**Mar '22** %  
**Manufacturing** **22**



**Construction** **19**



**Wholesale** **16**



**Hotels & restaurants** **10**



**Business Services** **17**



**Other** **15**

Mar '12	Mar '13	Mar '14	Mar '15	Mar '16	Mar '17	Mar '18	Mar '19	Mar '21
%	%	%	%	%	%	%	%	%
36	43	38	27	33	22	32	24	23
33	39	35	39	31	19	34	27	26
39	40	37	33	28	20	28	24	17
35	39	37	27	21	22	20	25	26
39	41	31	30	20	17	21	24	16
38	36	34	41	25	21	25	27	18

## 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. 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 decreased.

		Turnover up to March 2022 compared to previous period		
Turnover	TOTAL	Increased	Decreased	Remained the same
	1,504	610	336	558
	%	%	%	%
Any Demand	16	17	18	15
None	84	83	82	85

	Profit performance past 6 months				
Profit	TOTAL	Made a profit	Broke even	Made a loss	Refused
	1,504	882	412	169	41
	%	%	%	%	%
Any Demand	16	18	15	16	8
None	84	82	85	84	92

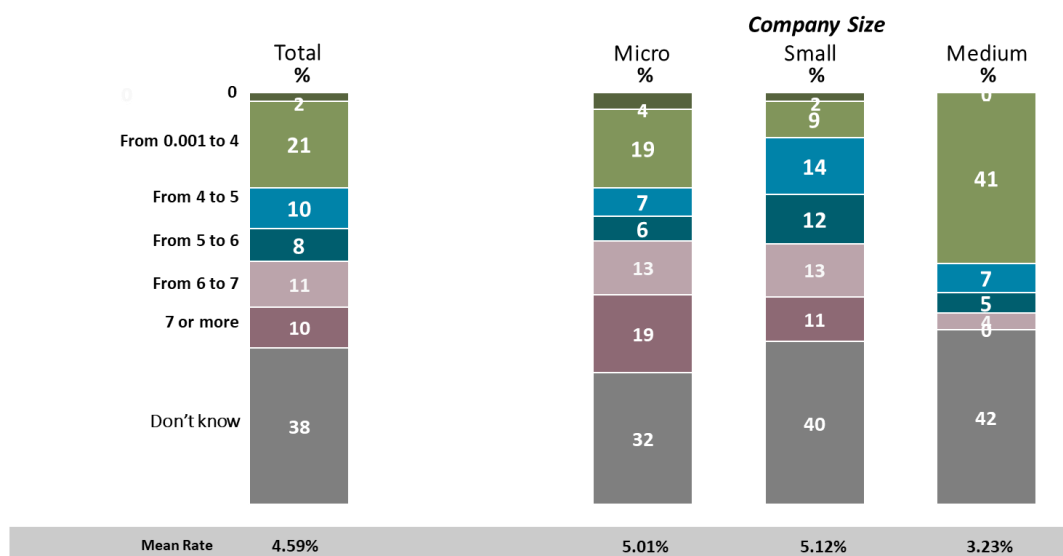
A similar pattern is seen for profit performance.

## 6.7 Cost of Credit

Amongst those with outstanding loans, the average claimed cost of credit for March 2022 was 4.59 – down from 4.9% last year.

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

(Base: All SMEs successful/partially successful - 198)

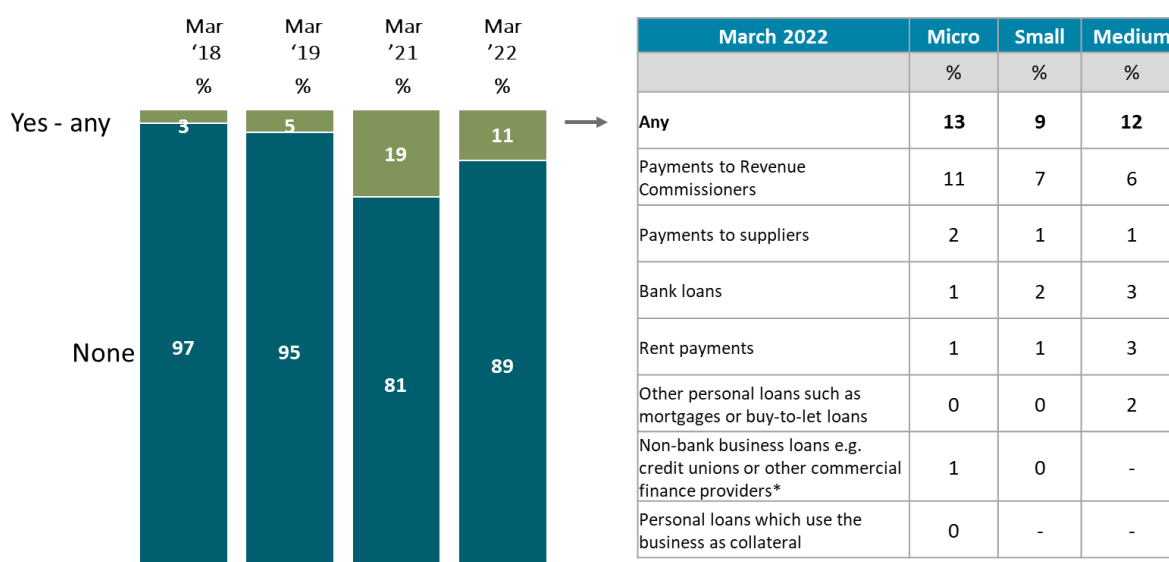


## 6.8 Missed Payments

The financial position of a business can also be affected by having missed repayments on existing loans, as this can be used to effectively avoid requiring credit in the short term. 11% of SMEs reported that they had missed repayments of any type in the period October 2021 to March 2022. This significant decline in missed repayments was due to a notable proportion of companies missing revenue payments during the pandemic. Just 2% missed repayment on bank loans in March 2022.

### Missed Repayments On Loans In Past 6 Months (Oct 21 – Mar 22)

(Base: All SMEs – 1,504)

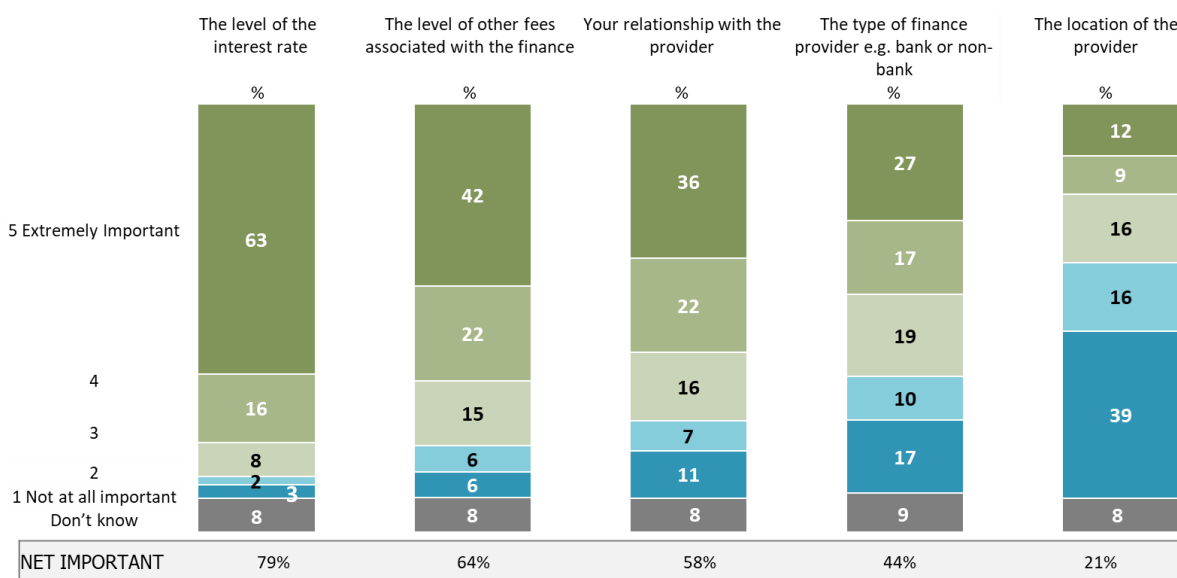


## 6.9 Factors of Importance When Seeking Finance

The level of interest rate is most important when seeking finance, with 63% rating the interest rate as extremely important. This is followed by other fees associated with credit and the relationship with the provider.

### Factors of Importance when seeking Finance

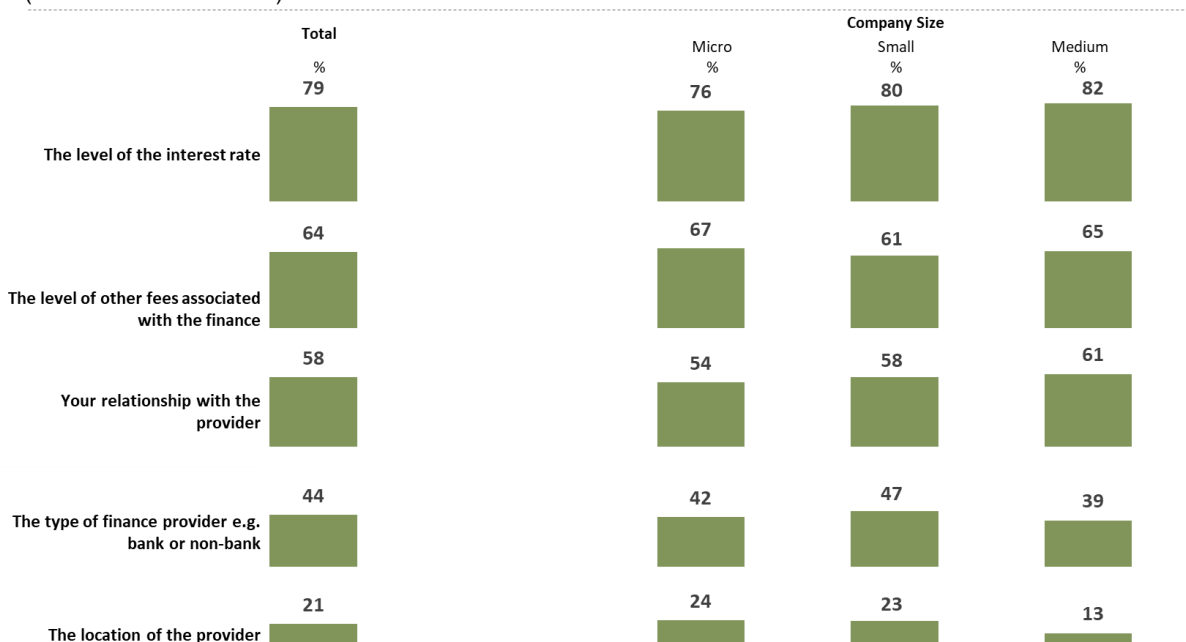
(Base: All SMEs - 1504)



The costs of credit (interest rate and other fees) are most important across all three company sizes. With 79% of SMEs stating that the level of the interest rate is an important factor when seeking finance.

## Factors of Importance when seeking Finance Net Important x Company Size

(Base: All SMEs - 1504)

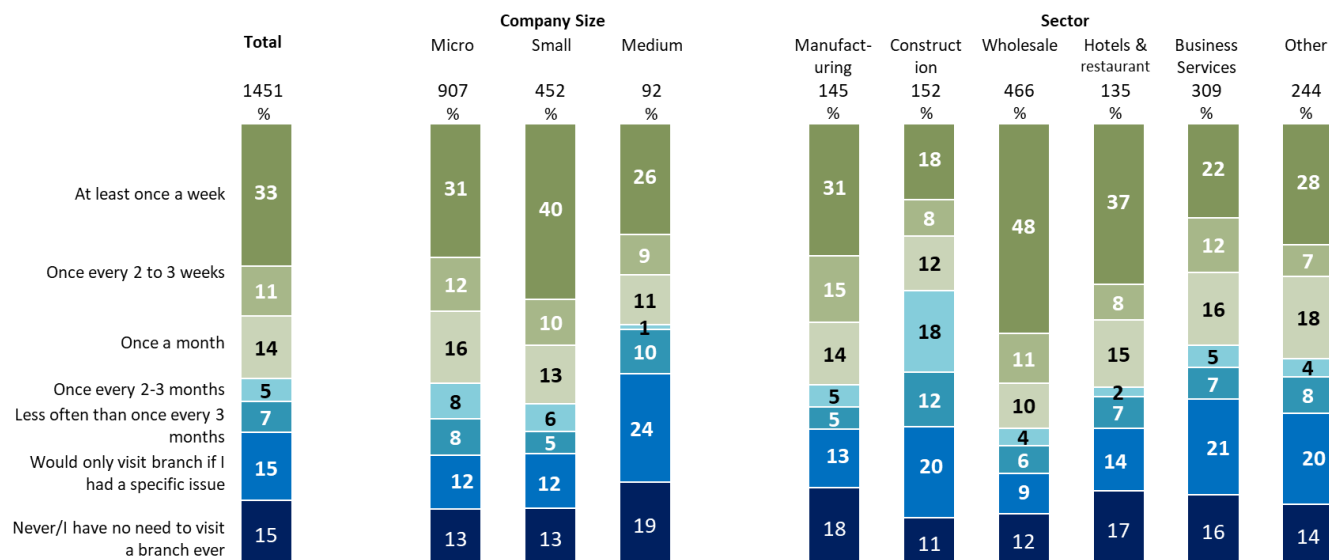


## 6.10 Usage of Bank Branch for Business Purposes

One-third (33%) of SMEs visited a bank branch for business purposes at least weekly, with 58% visiting at least monthly. 15% claim to never use a bank branch for business purposes, with additional 15% who would only use a branch for a specific issue (highest amongst medium companies).

### Frequency of Visiting Bank for business purposes x Company Size and Sector

(Base: All SMEs - 1451)

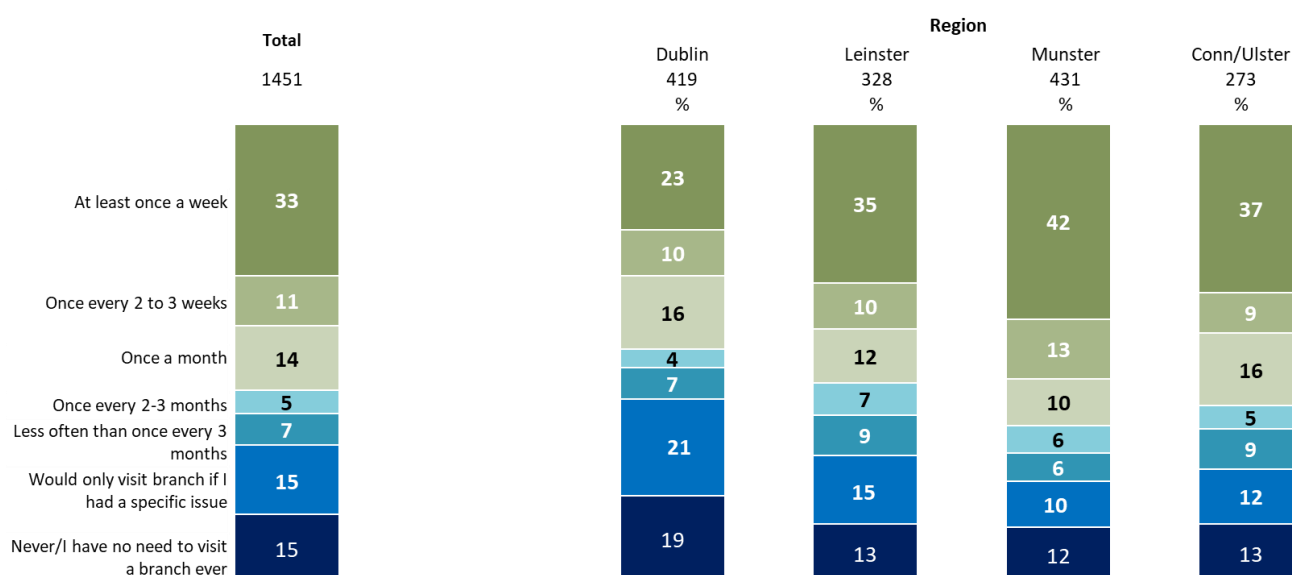


Micro and small-sized companies indicated higher likelihood of visiting a branch regularly. This was also the case for companies in the Wholesale and Hotel & Restaurants Sector.

SMEs outside Dublin were more likely to visit their branch weekly for business purposes. In Dublin, just 23% of SMEs visited their branch weekly.

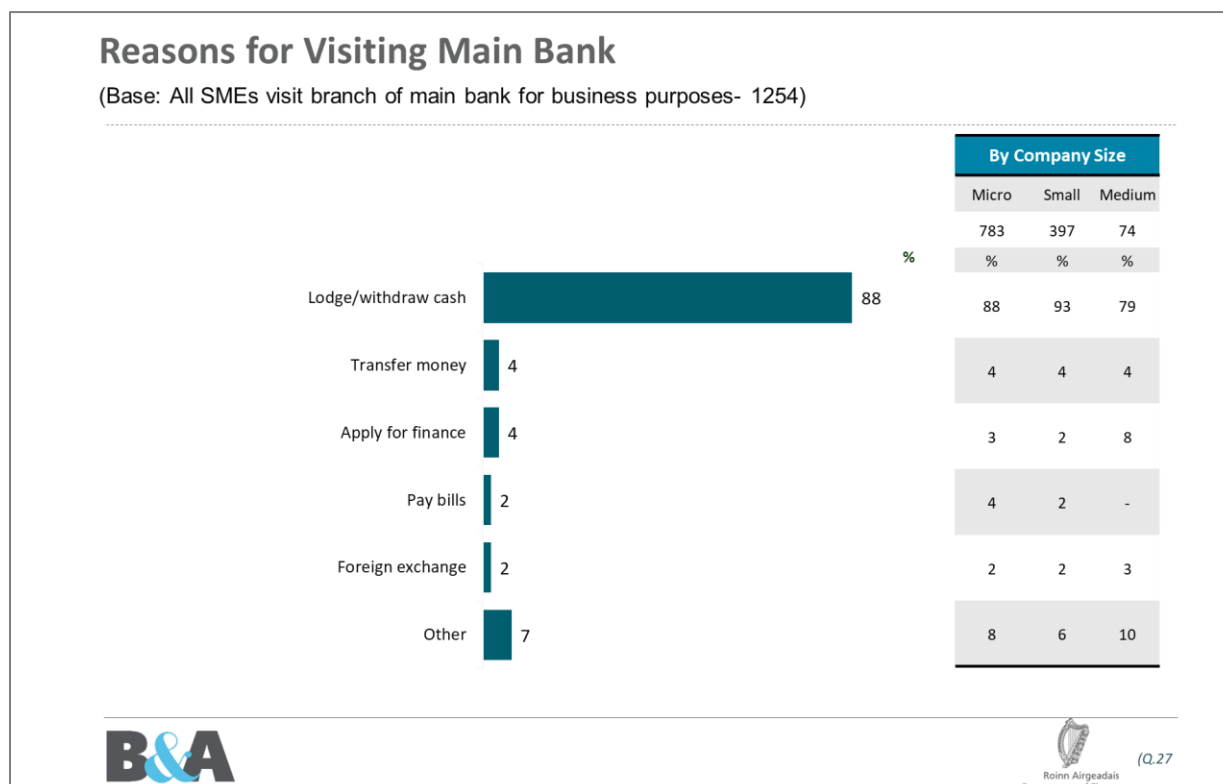
## Frequency of Visiting Bank x Region

(Base: All SMEs - 1504)





The main reason for visiting a branch for business purposes was to lodge or withdraw cash (88%). 4% visit to apply for finance – however, this was 8% among medium-sized companies.

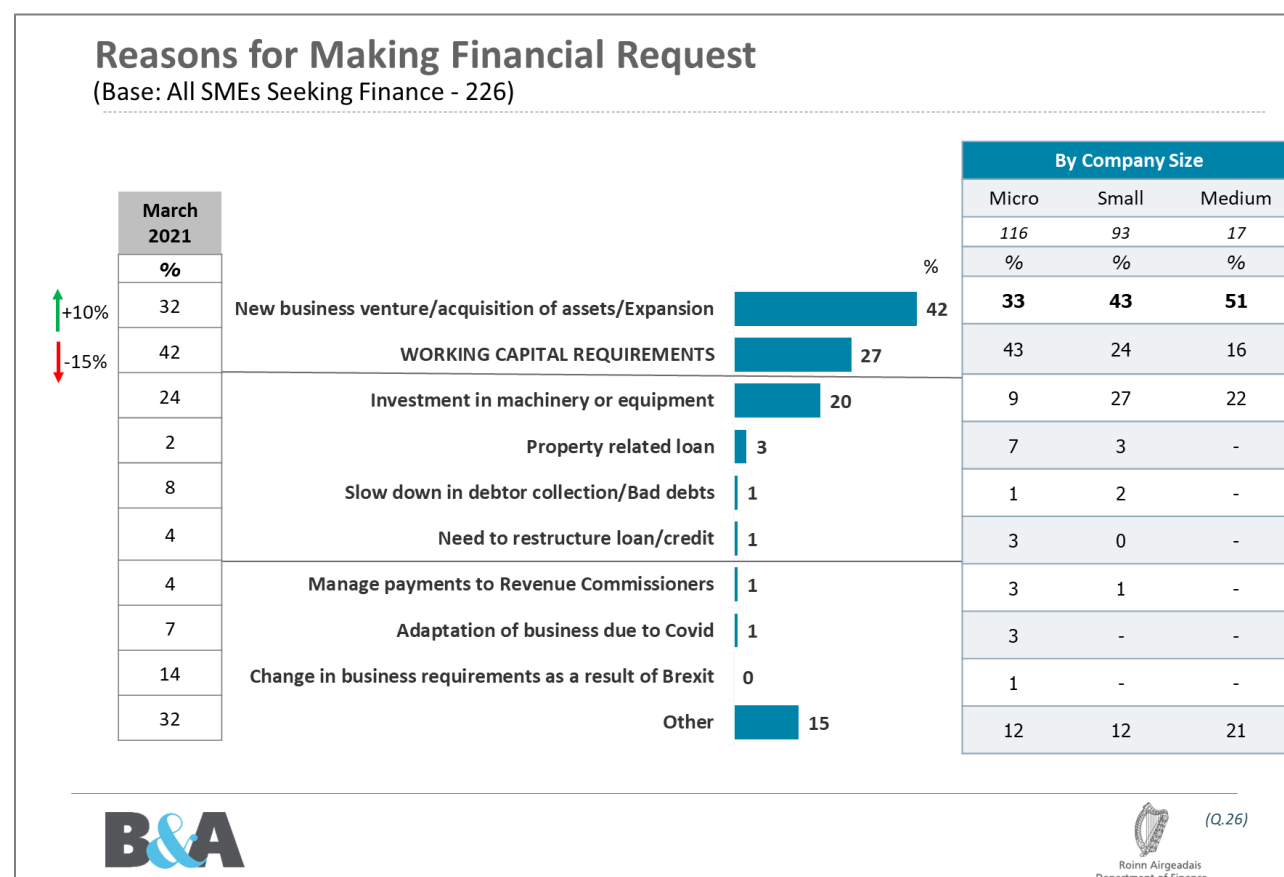


## 7. The Application Process

Of the 1,504 SMEs interviewed for this wave of research, 16% requested bank finance in the six months to March 2022 – down from 20% in March 2021.

### 7.1 Nature of Demand

Expansion needs (42%) was the main reason for finance requests, followed by working capital/cash flow (27%) and new machinery/equipment (20%). Applying for bank finance for expansion needs was up from 32% in March 2021.

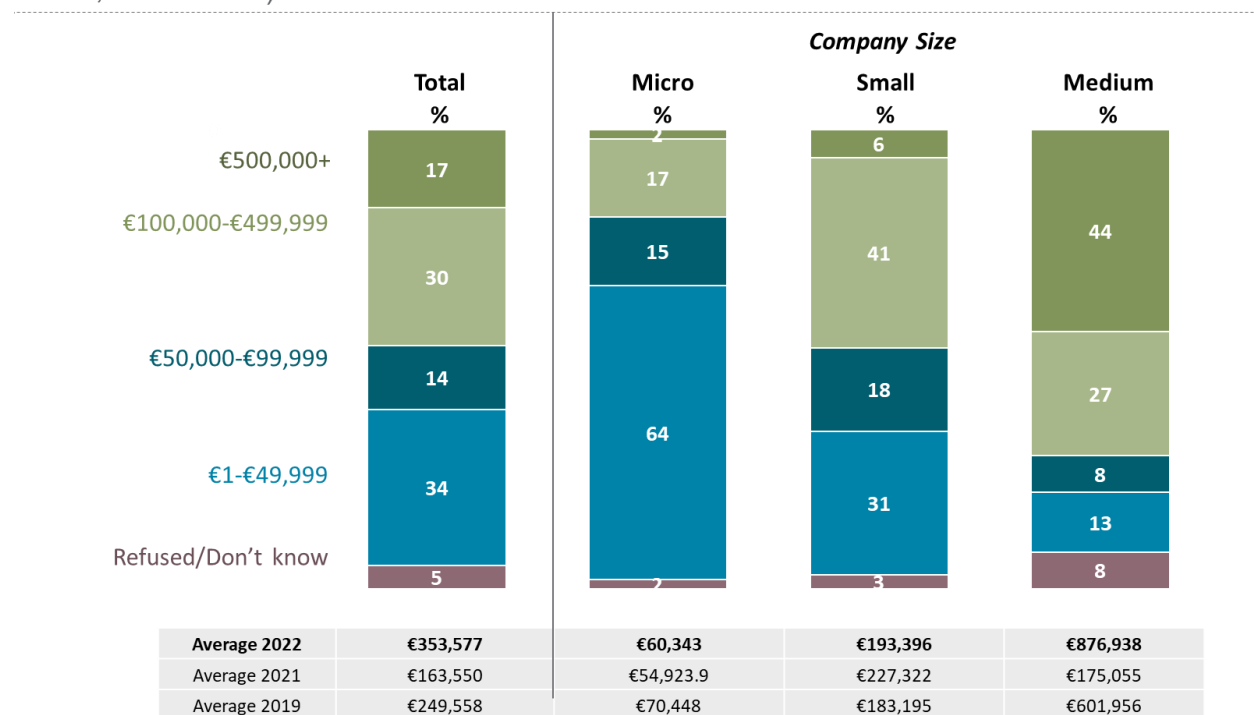


## 7.2 Economic Value of Credit Applications

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 €353,577 – up from €163,550 in March 2021.

### New Finance – Value Applied for

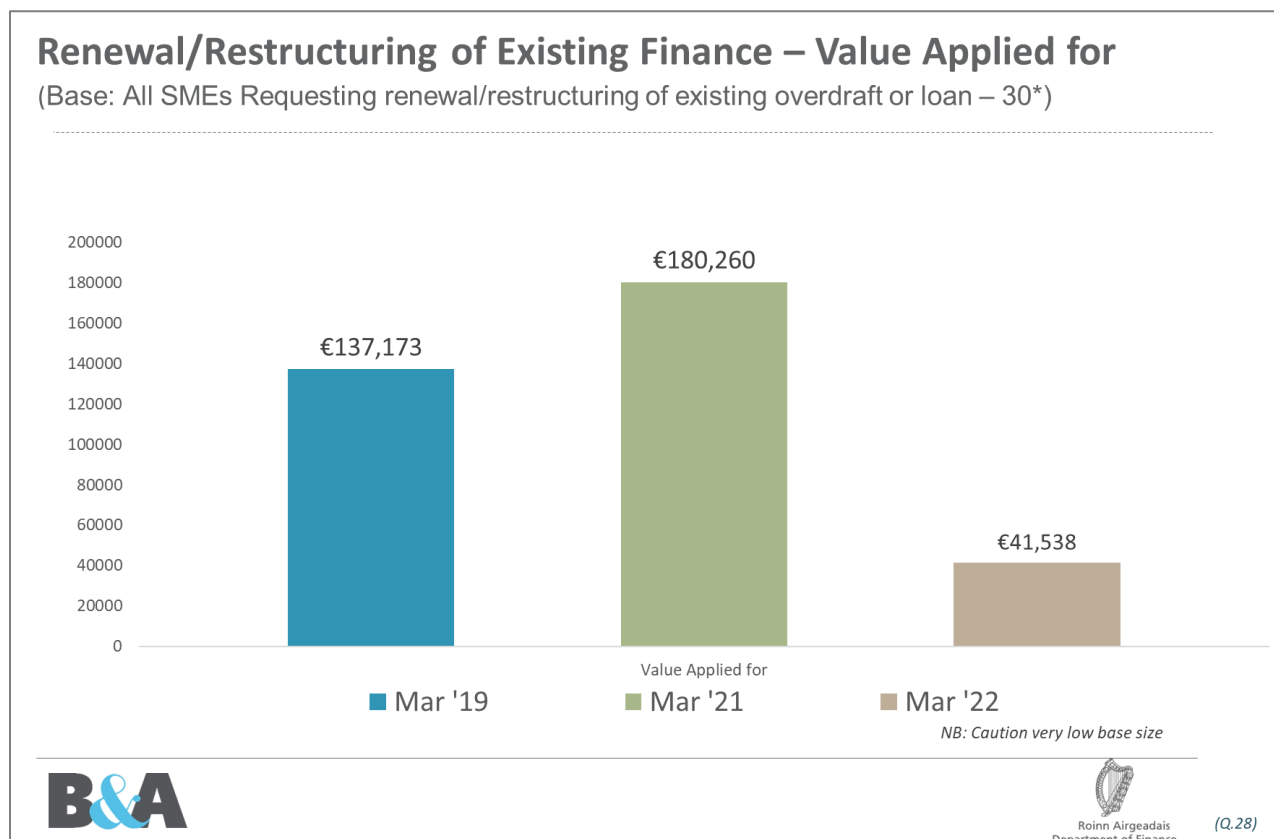
(Base: All SMEs Requesting New Overdraft, Loan, Invoice Discounting, Lease/Hire Purchase, Bonds, Other – 196)



When looking at the different sizes of SMEs, it is notable, though perhaps unsurprising, that medium-sized companies (at €876,938) sought higher levels of new bank finance than micro (at €60,343) and small-sized companies (at €193,396).

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 number (33 respondents) of SMEs seeking renewal/restructuring finance was just over €40,000 in March 2022 – down from circa €180,000 in March 2021.

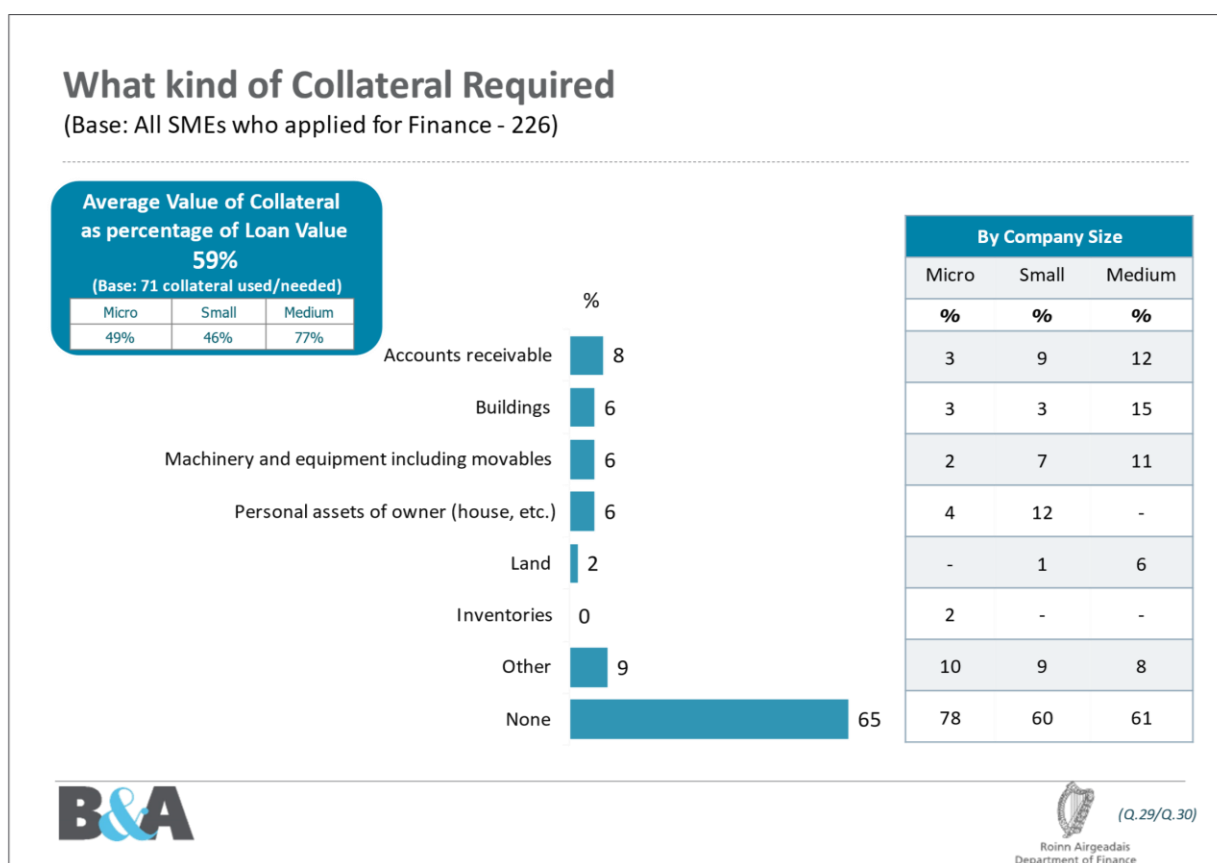


### 7.3 Collateral Required for Credit Applications

Among the SMEs that applied for bank finance, 35% of applications required some kind of collateral. This was higher than the corresponding 27% recorded in March 2021.

The most common kinds of collateral required were accounts receivable (8%), buildings (6%), machinery and equipment (6%) and personal assets (6%).

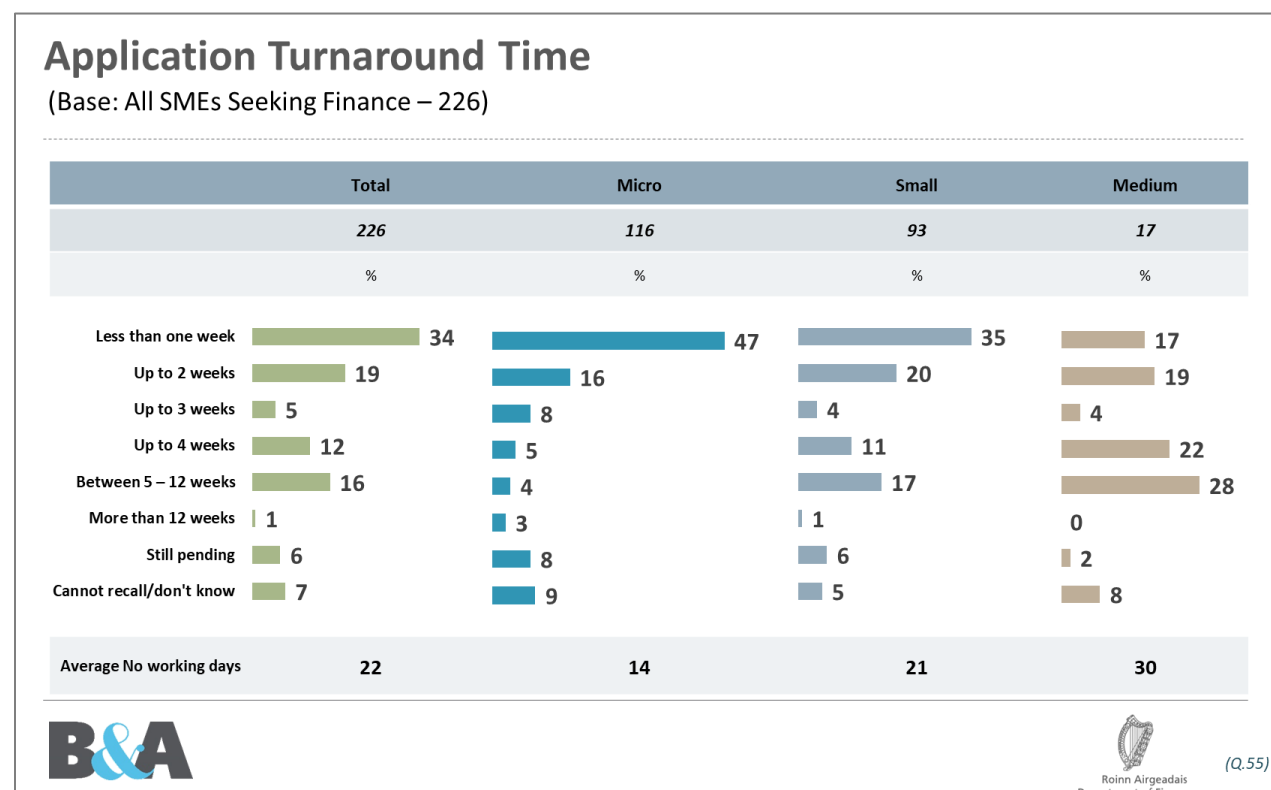
The average value of collateral required as a percentage of the loan was 59%, but 77% for medium-sized companies.



## 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 businesses themselves, 58% of all finance applications were processed within the 15 working days in the period to March 2022 – up slightly from 56% in March 2021.



The average amount of time from application to decision stood at 22 working days in March 2022. The average turnaround time for micro companies was 14 days, with small-sized companies receiving decisions within 21 working days, and medium-sized companies within 30 days on average.

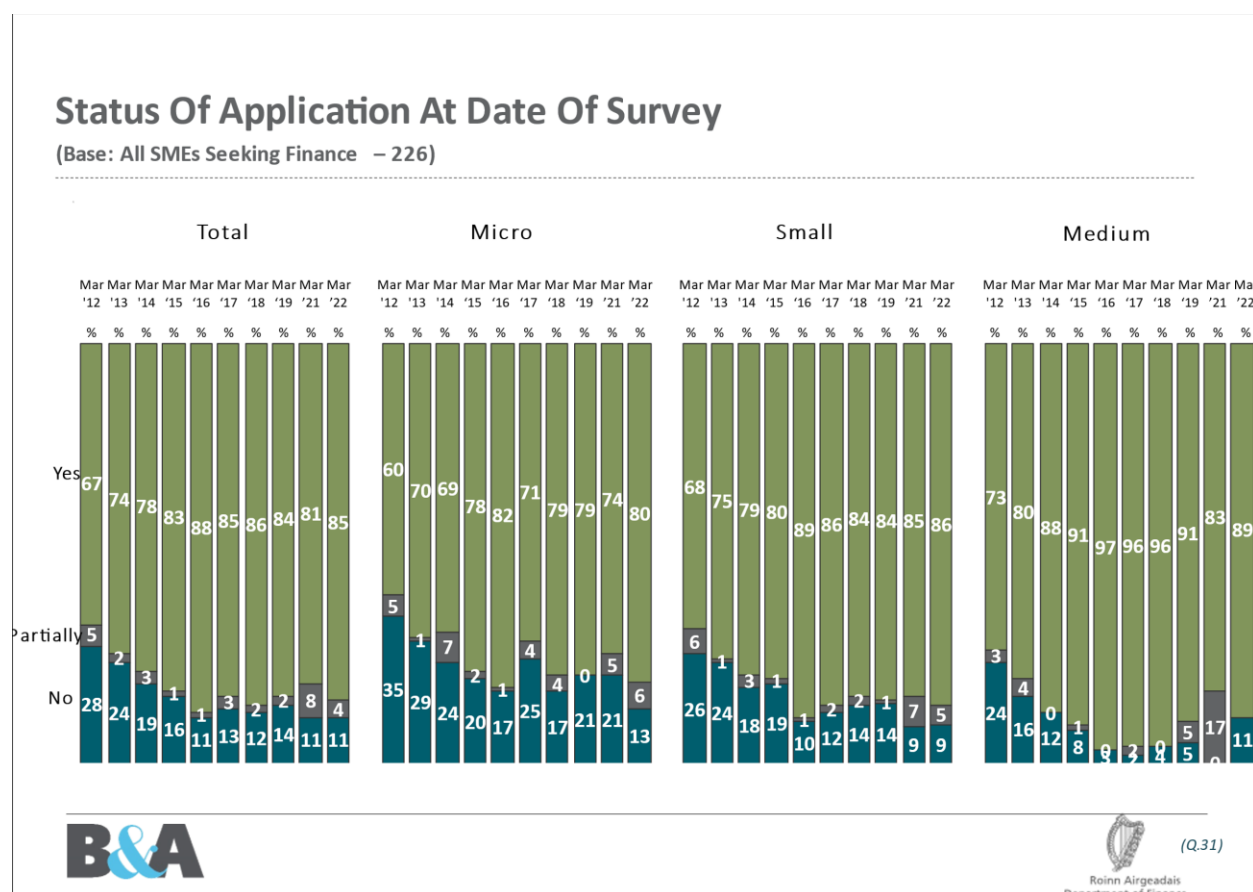
It should be noted that this does not differentiate between businesses that supply all information required by the lender at the outset and those that receive requests for further information. The proportion of loans that remained "still pending", meanwhile, stood at just 6%.

## 7.5 Decline Rate

The decline rate for all credit applications in the period October 2021 to March 2022 stood at 11% – unchanged from the previous year.

About 85% of all applications were approved in full over the six months – an increase from 81% when compared to March 2021.

A further 4% stated that their credit applications had been partially approved, leaving 89% of all credit applications fully or partially approved.



Small and medium sized businesses seeking finance indicated the highest levels of approval rates. Refusal rates amongst micro companies stands at 13% - but has reduced from 21% in March 2021.

### Decline Rate by Product

Decline rates varied across financial type requested – which can be a reflection of the differences in application process, in the sense that some lending products could require more extensive or rigorous application processes than others. In particular, new overdrafts and loans had the highest decline rates.

Lending Products	Yes	Partially	No
Total	85%	4%	11%
	%	%	%
New overdraft	56	9	35
Renewal/restructuring of existing overdraft	83	7	10
New Loan	76	7	17
Renewal/restructuring of existing Loan	91	-	9
Invoice Discounting	92	-	8
Leasing or Hire Purchase	98	-	2
Other	96	4	-

*Note: Small base sizes per product*

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

	Yes	Partially	No
	85%	4%	11%
	%	%	%
Export Business	90	7	3
Non Export Business	83	3	14

Decline rates are higher for non-export businesses compared to export businesses.



### Decline Rate by Sector\*

	Yes	Partially	No
Total	85%	4%	11%
	%	%	%
Manufacturing	87	11	1
Construction	95	-	5
Wholesale	85	4	11
Hotels & restaurants	56	4	40
Business Services	93	1	6
Other	77	4	20

The lowest levels of decline rate by sector were amongst the Manufacturing (1%), Construction (5%) and Business Services (6%) sectors, with the highest levels in Hotels & Restaurants (40%). \*This analysis is based on a small sub-sample size of respondents.

### Decline Rate Linked to Company Trading Performance

Decline rates were identical for companies where turnover had decreased and companies where turnover had increased (8%), while higher (16%) among companies where turnover had remained the same.

	Yes	Partially	No
Total	85%	4%	11%
	%	%	%
Increased	90	2	8
Decreased	87	5	8
Remained the same	77	7	16

Decline rates were higher amongst applicants registering a loss (18%).

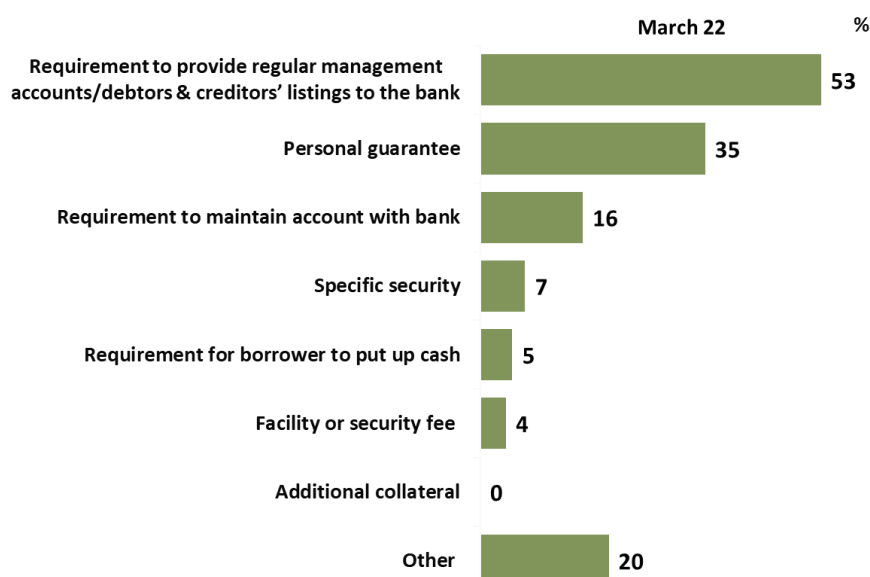
	Yes	Partially	No
Total	85%	4%	11%
	%	%	%
Made a profit	88	1	10
Broke even	84	7	9
Made a loss	67	15	18

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

Of those applicants for whom conditions were applied to credit applications in the period to March 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 – 88)



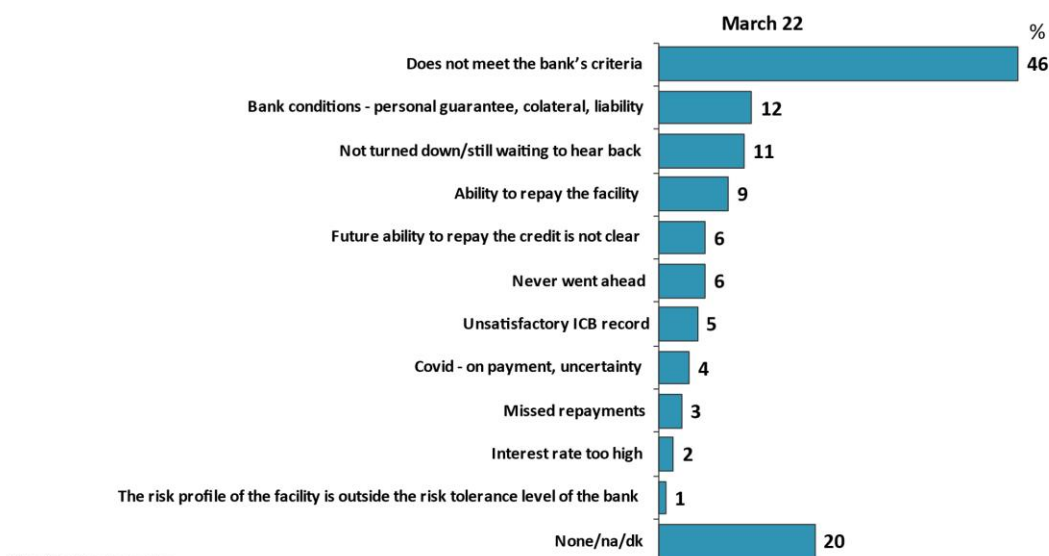
March '18 %	March '19 %	March '21 %
53	49	49
47	50	34
26	28	28
22	17	16
15	7	9
19	11	20
6	4	5
5	9	8

## 7.7 Reasons for Decline

The main stated reason for credit decline was an inability to meet the bank's criteria (46%).

### Reasons for Bank Declining Application for Loan

(Base: All SMEs Refused Credit – 28\*)



\*Caution low base size

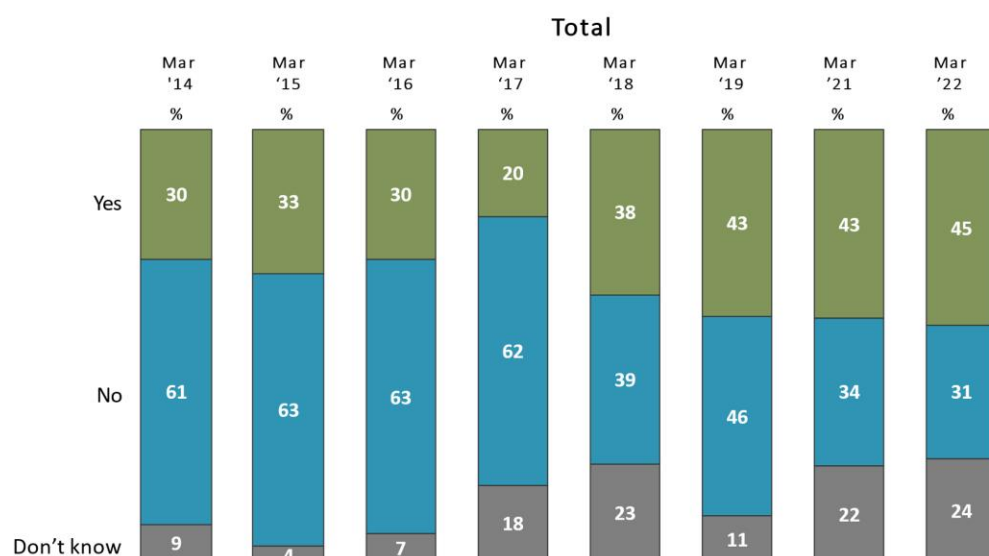
## 7.8 The Right to an Internal Bank Review

In March 2022, 45% of all SMEs that were refused credit claimed that they were informed of the right to an internal review – similar to March 2021 (43%).

The proportion of respondents that were uncertain as to whether or not they were informed of their right to a review was similar to March 2021.

### Informed Of Right To An Internal Review

(Base: All SMEs Refused Credit – 28\*)



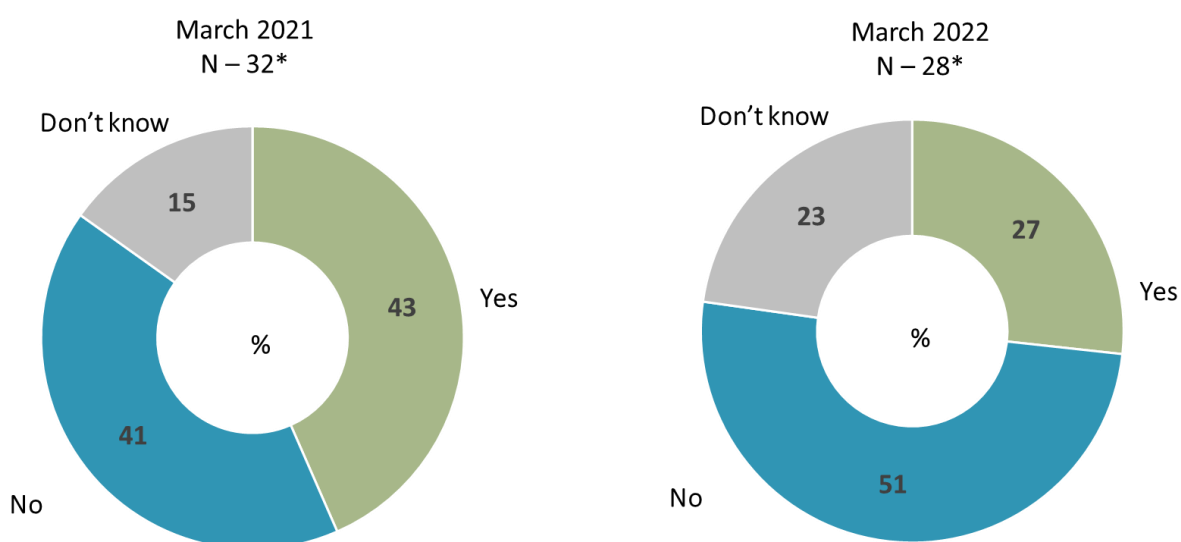
\*Caution low base sizes

## 7.9 Credit Review Office

About 27% of those refused credit stated that they were informed of their right to a decision review by the Credit Review Office – down from 43% in March 2021. This analysis is based on a small sub-sample size of 28 respondents.

### Main Banks – Informed Of Right To Review by Credit Review Office

(Base: All SMEs Refused Credit)



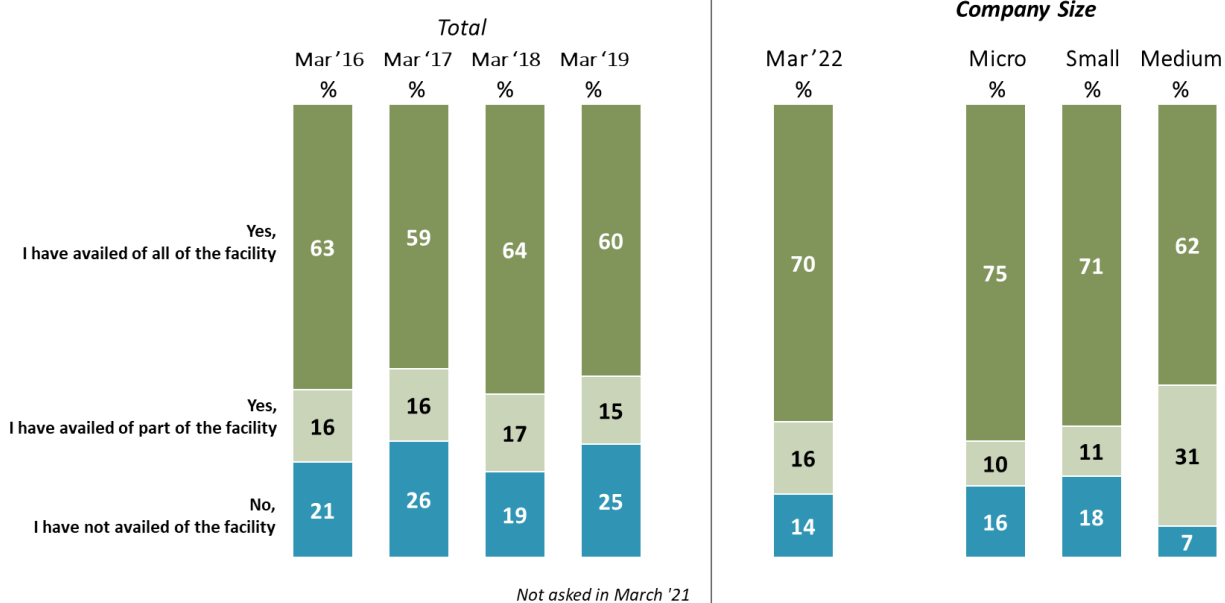
\*Caution low base

## 7.10 Drawdown of Approved Facilities

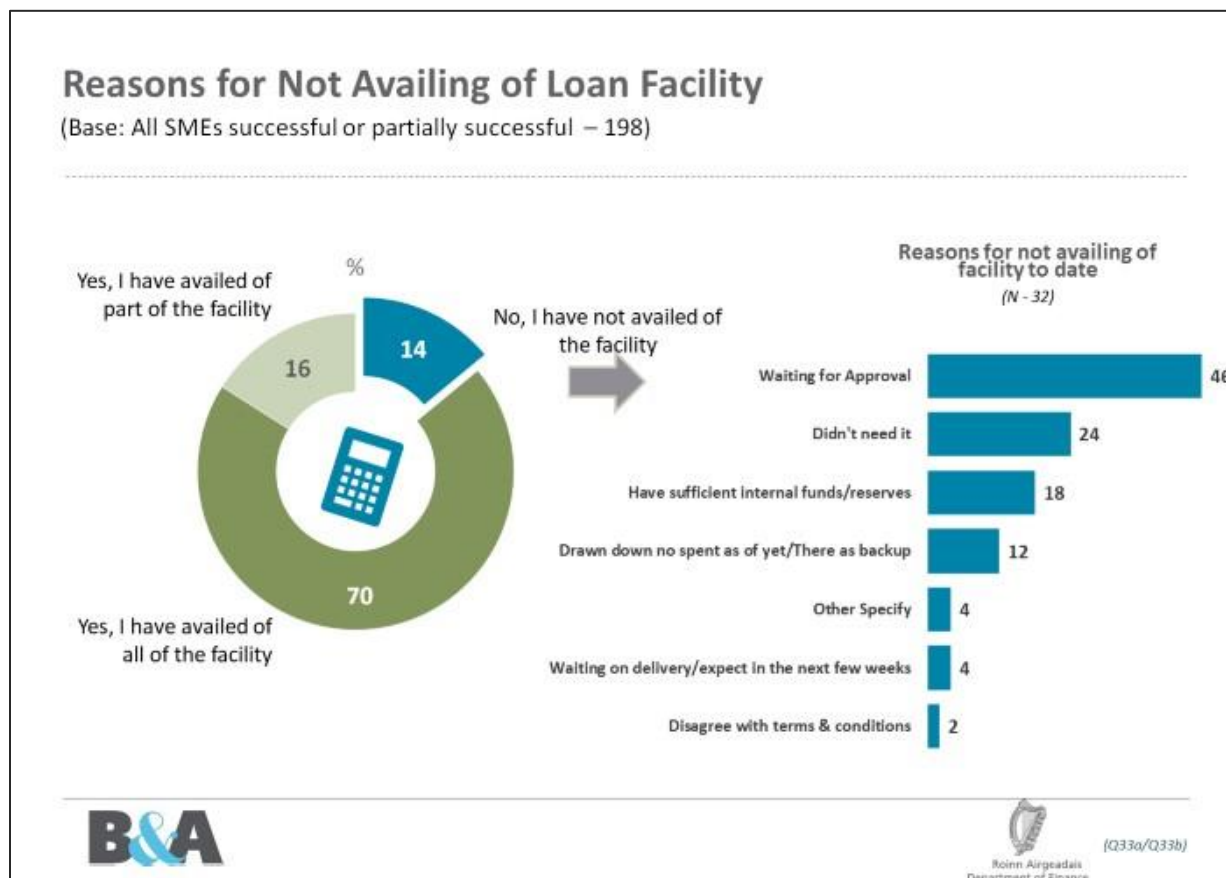
Of those applicants who were fully or partially successful in their credit application, 70% availed fully of the approved finance request, with an additional 16% availing of part of the facility. Micro companies were more likely to have availed of the loan facility.

### Availed Of Facility To Date

(Base: All Successful/Partially Successful In Application – 198)



Of the 14% who have not yet availed of the loan facility, 46% said they were waiting for approval, with 24% reporting they did not need it.

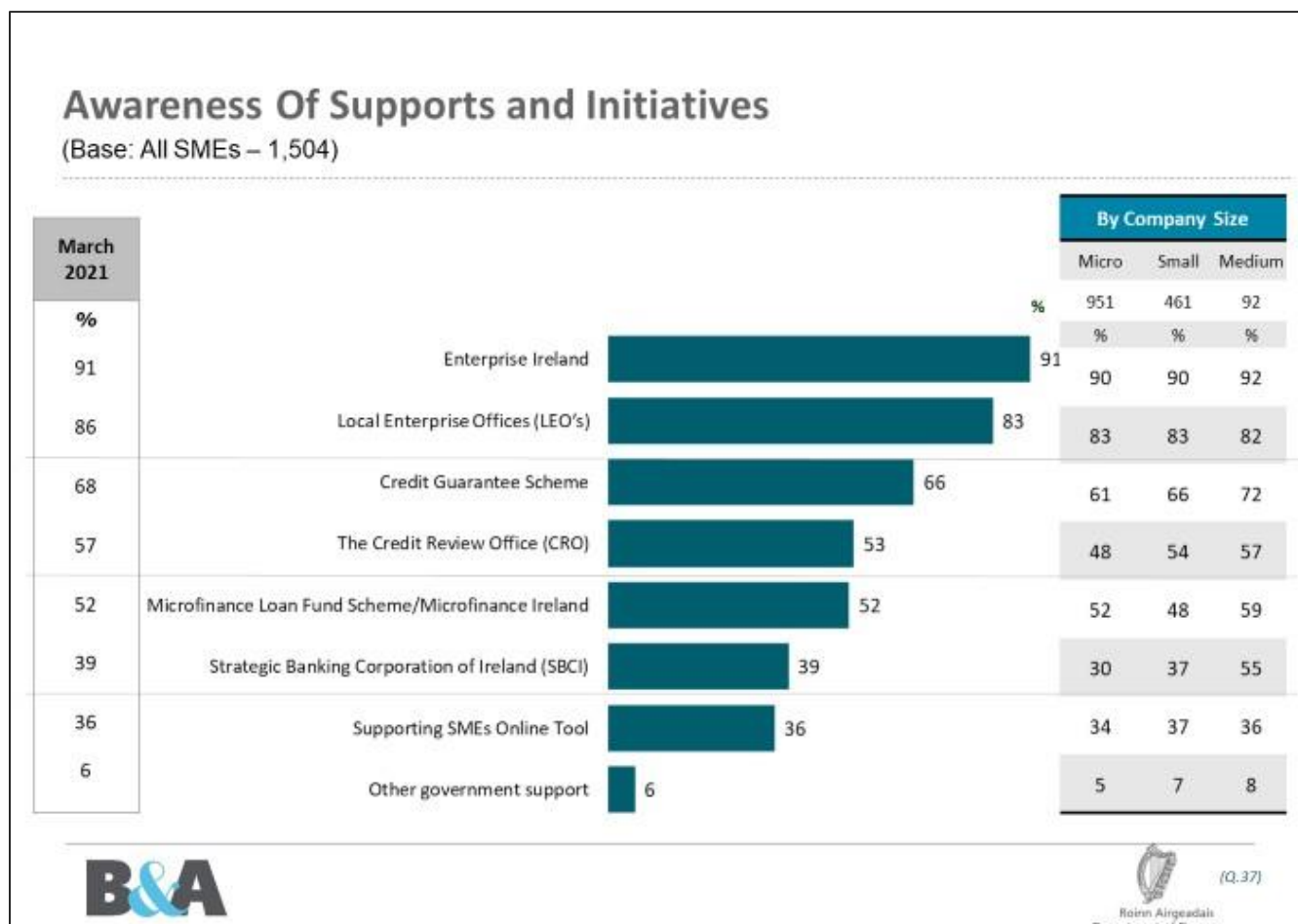




## 8.0 SME Supports & Initiatives

### 8.1 Awareness of Supports & Initiatives

Awareness of business supports and initiatives was highest for Enterprise Ireland (91%) and Local Enterprise Office initiatives (83%). Two-thirds (66%) of SMEs were aware of the Credit Guarantee Scheme, 53% were aware of the Credit Review Office, and 52% were aware of Microfinance Ireland supports.



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

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 Credit Guarantee Scheme, with 9% having applied for other Government financial support. This includes both loans schemes and other financial support. A total of 12% of SMEs applied for Government Support Schemes.

Of those who applied for non-bank finance, 89% were approved fully, 1% partially, while 6% were refused. 3% 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>170</b>	18*	3*	116
	%	%	%	%
Yes	89	79	42	97
No	6	6	58	2
Partially	1	-	-	1
Still pending	3	14	-	1

\*NB: Very small base sizes

Success in obtaining non-bank Finance (All who applied)					
	Total	Venture Capital Finance	Business Angel or Investor Finance	Loans/Equity from Family or friends	Loans/Equity from business partners
Base	<b>170</b>	4*	3*	7*	3*
	%		%	%	%
Yes	89	49	81	100	73
No	6	-	-	-	27
Partially	1	39	-	-	-
Still pending	3	11	19	-	-

\*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>170</b>	2*	2*	12*
	%	%	%	%
Yes	89	-	100	84
No	6	100	-	-
Partially	1	-	-	-
Still pending	3	-	-	16

\*NB: Very small base sizes

Of those who applied for non-bank finance, 54% applied due to working capital requirements, with 24% applying due to a new business venture/expansion/purchase of assets or equipment. Just 2% 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
	170	18*	3*	116
	%	%	%	%
Working capital requirements	54	23	58	61
New business venture/expansion/ purchase assets or equipment	24	62	-	13
Need to restructure loan/credit	2	12	-	1
Property related loan	1	13	-	-
Other	20	-	42	22

\*NB: Very small base size

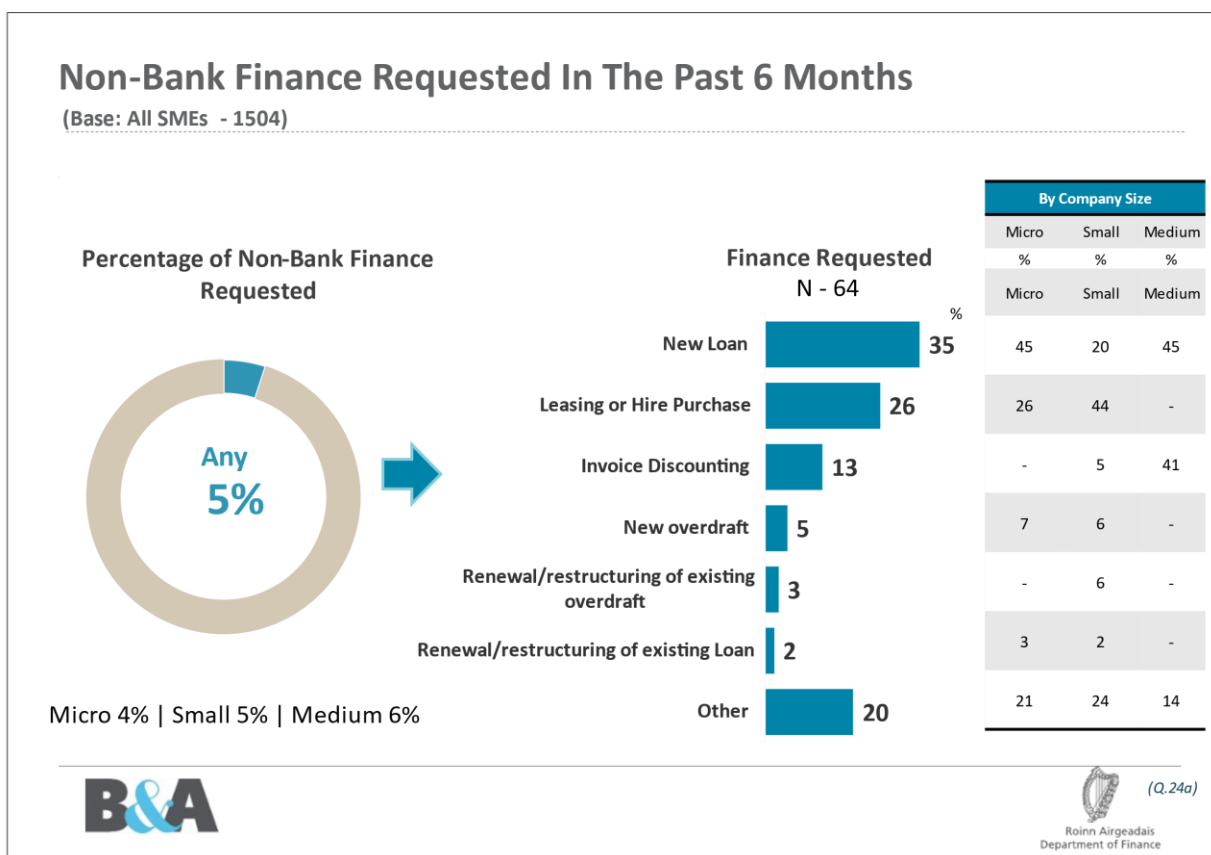
Purpose of applying for non-bank Finance (All who applied)					
	Total	Venture Capital Finance	Business Angel or Investor Finance	Loans/Equity from Family or friends	Loans/Equity from business partners
Base	170	4*	3*	7*	3*
	%		%	%	%
Working capital requirements	54	18	-	43	79
New business venture/expansion/ purchase assets or equipment	24	82	100	60	21
Need to restructure loan/credit	2	-	-	-	-
Property related loan	1	-	-	-	-
Other	20	-	-	20	-

\*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
Base	170	2*	2*	12*
	%	%	%	%
Working capital requirements	54	80	-	30
New business venture/expansion/ purchase assets or equipment	24	-	100	54
Need to restructure loan/credit	2	-	-	-
Property related loan	1	-	-	-
Other	20	-	-	43

\*NB: Very small base size

5% of SMEs applied for non-bank finance in the six months period up to March 2022. The most common non-bank finance requested are new loans (35%) and leasing/hire purchase (26%).



### 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 (77%), while 8% believe Government support is not relevant for their business or sector – up from 4% in March 2021.

#### Reasons for Not Applying for Government Supports in Past Six Months

(Base: All SMEs did not apply for any government financial support - 1367)

	March 2022	%	By Company Size		
			Micro	Small	Medium
			%	%	%
Don't need this type of financing		77	77	75	82
I don't believe this source is relevant for my business or sector	8		7	8	10
Lack of knowledge	3		4	2	2
Don't want to lose control of business	2		2	1	2
Application process too difficult	2		3	1	2
Already have this type of financing in place so do not need more	2		2	4	-
Terms and conditions too onerous	1		2	1	-
Used in past but not currently relevant	1		1	2	-
Previously rejected for this type of finance	1		1	1	-
Costs/Fees are too high	0		1	-	-
Other	7		8	8	3

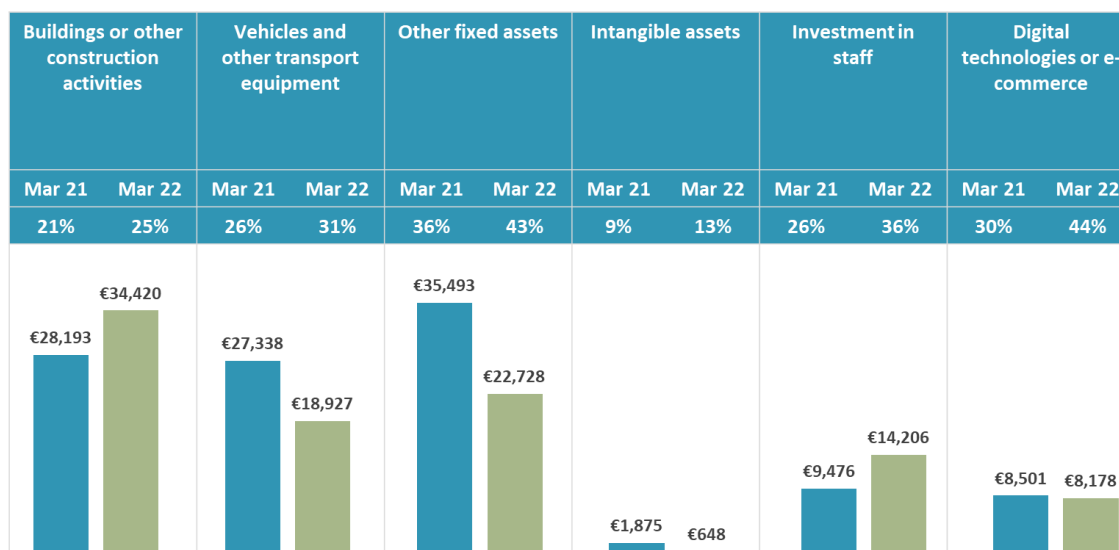
## 9.0 Investment Activity & Climate Change

### 9.1 Investment of the Organisation in Assets

SMEs were asked how much the organisation had invested in assets in 2021. A total of 43% of SMEs reported their company had invested in other fixed assets in 2021, with 36% investing in staff during 2021. The average investment is highest for buildings and other construction activities at €34,420, with 25% of SMEs having invested in buildings/construction during 2021.

#### Investment of the Organisation in Assets 2021 vs 2020

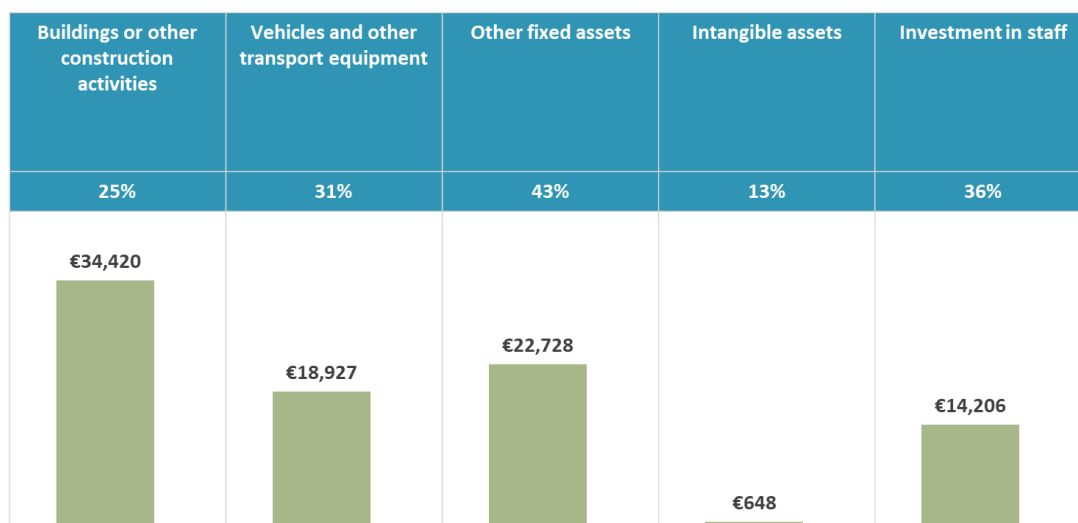
(Base: All SMEs – March 2021 N -1,500/ March 2022 N-937\*)



\*March 2022 Rotated sample

## Investment of the Organisation in Assets in 2021

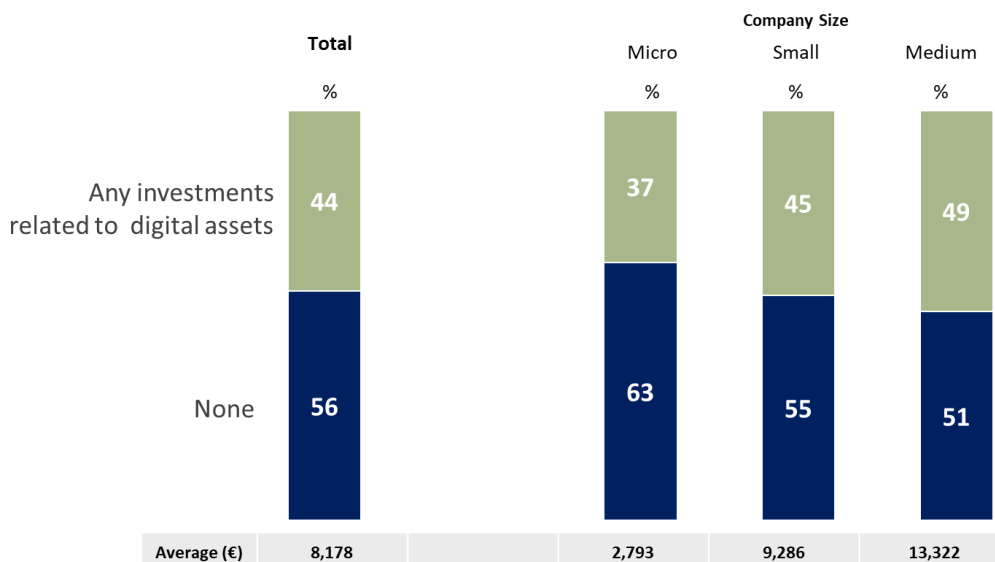
(Base: All SMEs – 937\*)



Of those SMEs who have invested in assets, 44% of SMEs allocated some of this investment to digital activities, with the average investment in digital activities being €8,178.

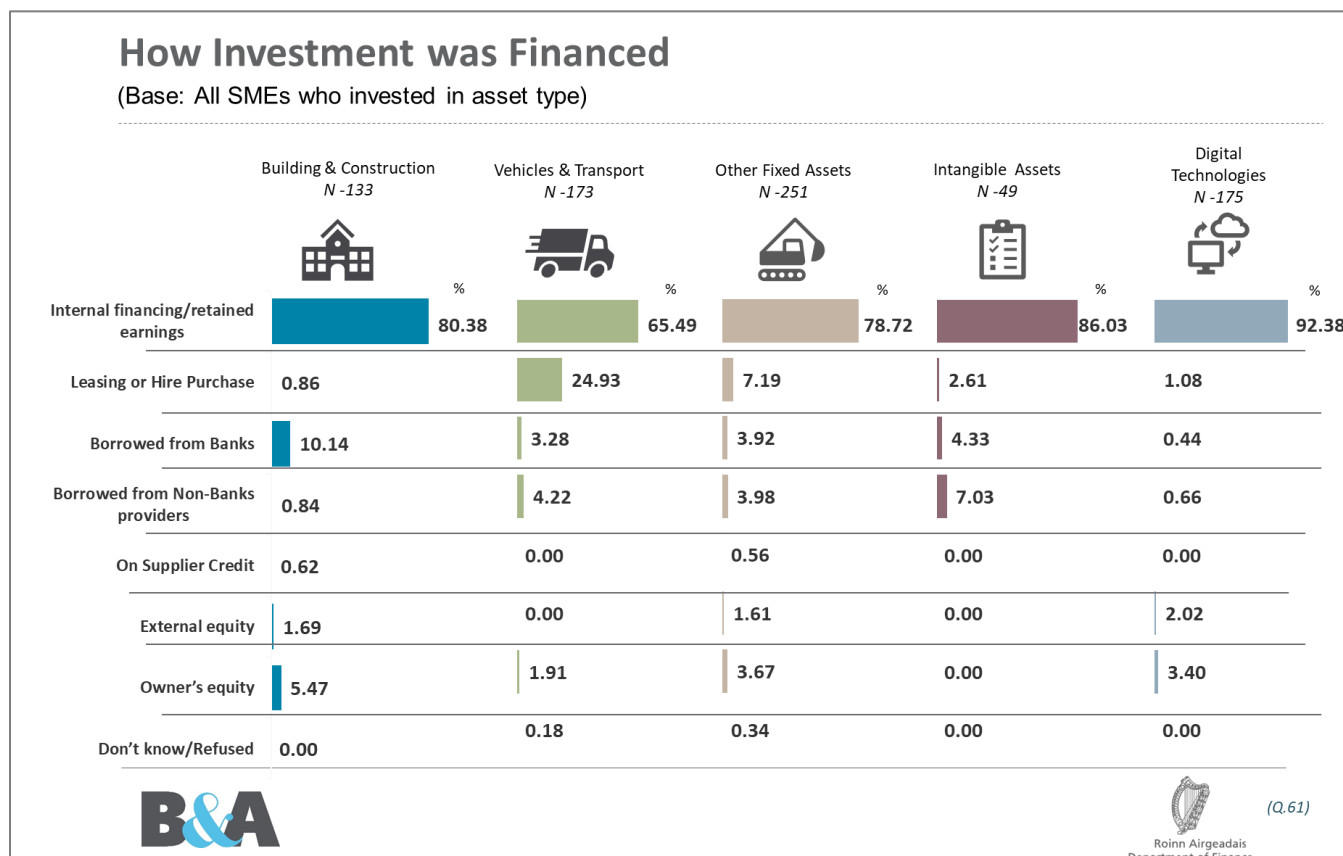
## Proportion of Investment in Assets Related to Digital Technology

(Base: All SMEs who invested in Assets – 505\*)





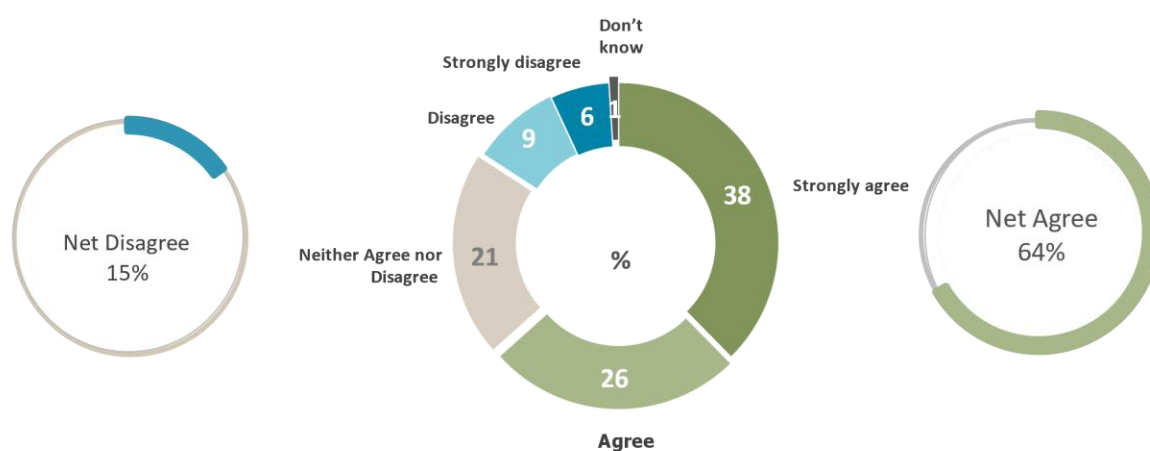
The vast majority of investments made were funded by companies' internal funds. Not surprisingly, 25% of investment in vehicles & transport are sourced through leasing or hire purchase. Companies were more likely to seek bank finance for investment in buildings & construction compared to other categories.



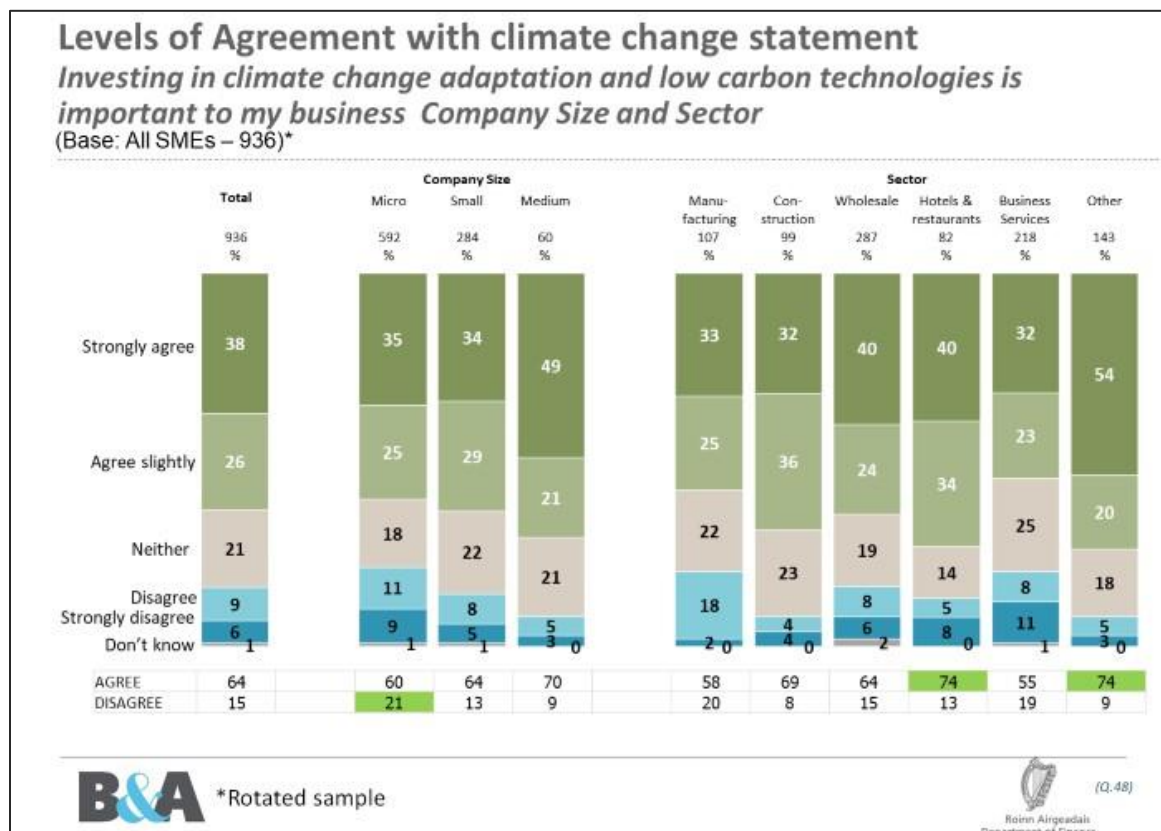
## 9.2 Climate Change Investment

Two-thirds (64%) of SMEs agree that investing in climate change adaptation and low carbon technologies is important to their business, with 38% strongly agreeing.

### Levels of Agreement with climate change statement *Investing in climate change adaptation and low carbon technologies is important to my business* (Base: All SMEs – 936)



Medium-sized companies were more likely to emphasis climate change investment, with 49% agreeing strongly that it is important.

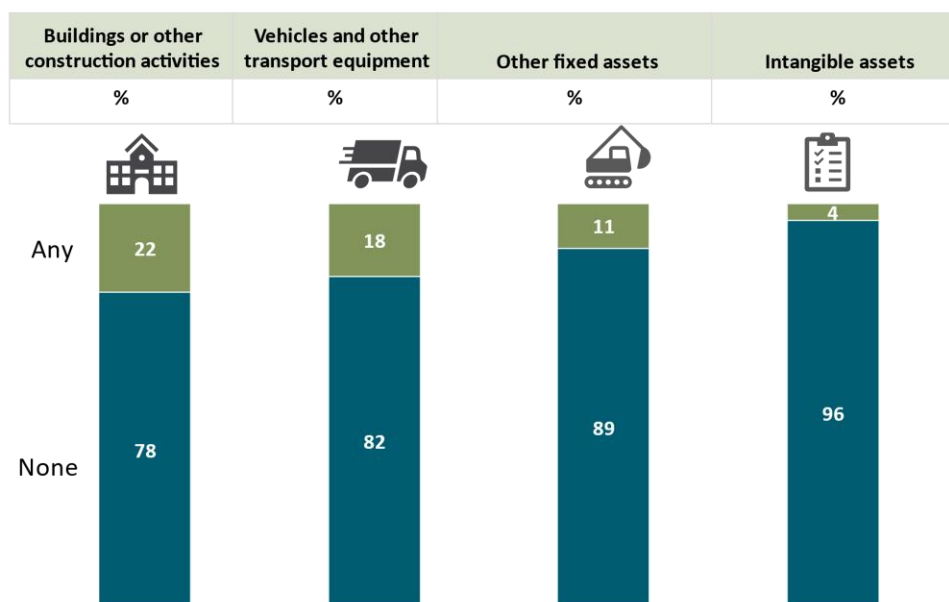


In terms of sector, Wholesale and Hotel & Restaurants were more likely to emphasise climate change investment.

22% of those who have invested in building & construction have invested in climate change related assets for this asset type. The corresponding proportion was 18% for vehicles & transport and 11% for other fixed assets.

## Investment in Climate Change Activities in 2021

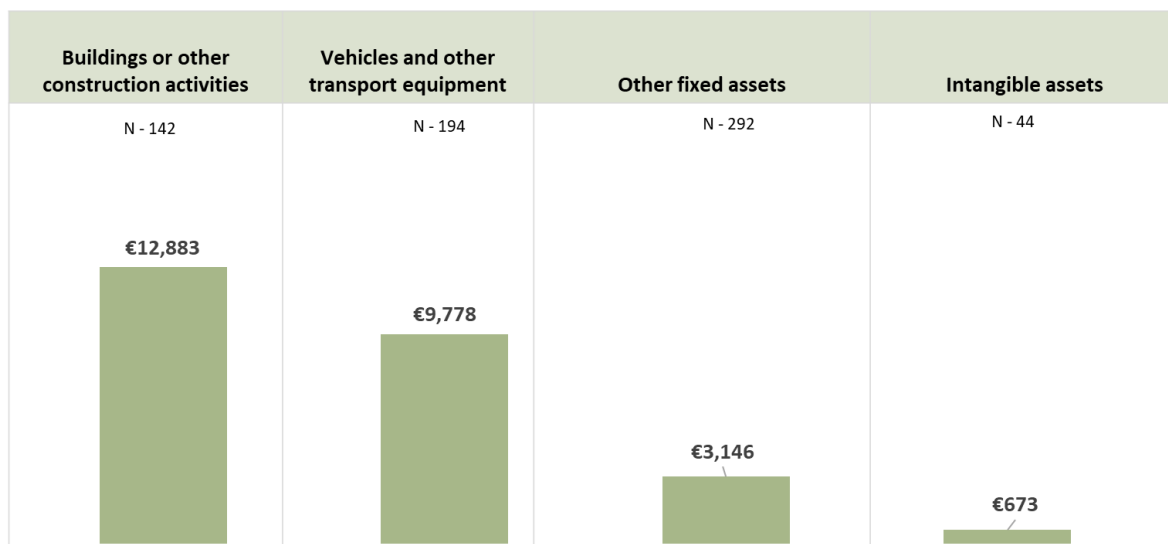
(Base: All SMEs who have invested)



The average investment in climate related activities was highest for Building & Construction at €12,883, followed by Vehicles & Transport at €9,778.

## Amount invested in Climate Change Activities in 2021

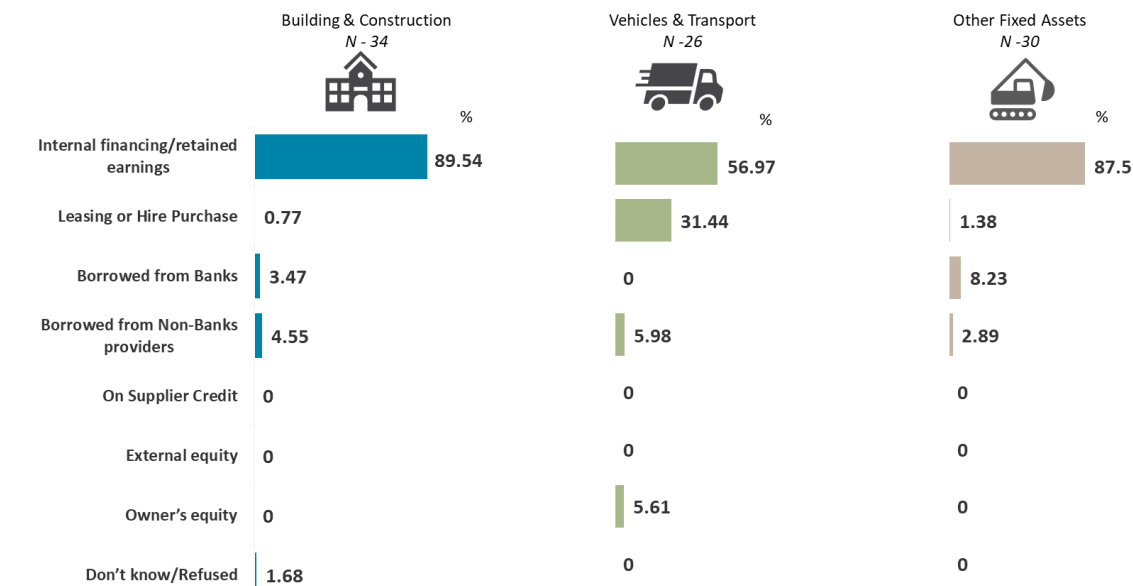
(Base: All SMEs who have invested)



Like overall investment assets, investment in climate change related activities tended to be mainly sourced through internal earnings. But again, leasing & hire purchase is widely used for vehicles & transport.

## Investment of the Organisation in Climate Change Activities in 2021

(Base: All SMEs who have invested)

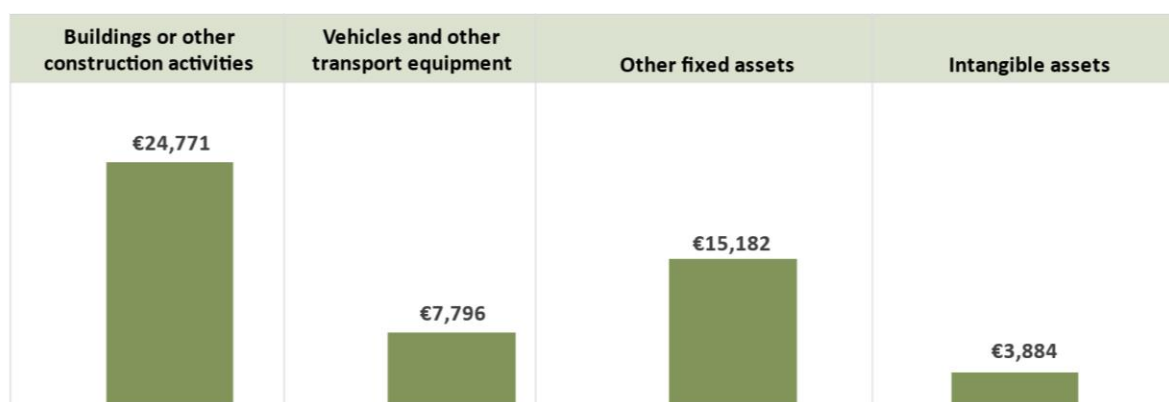


Caution: low base size

For the next 12 months, SMEs plan to invest on average €24,771 in climate change related activities for buildings & construction and €15,182 for other fixed assets.

## Expected Investment of the Organisation in Climate Change Activities in the next 12 Months

(Base: All SMEs – 936)\*

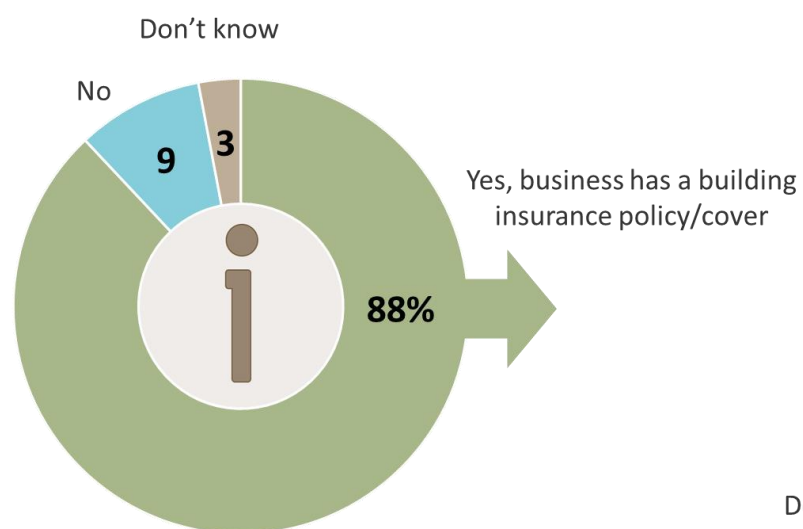


### 9.3 Insurance Cover

88% of companies have a building insurance policy in place, with 63% of those having cover for flooding included in the policy.

#### Incidence of having building insurance policy

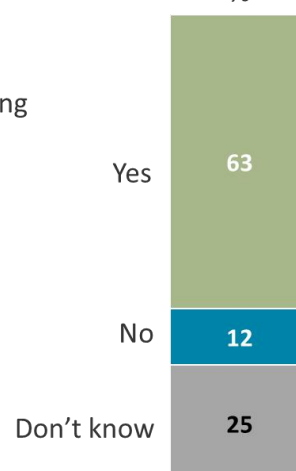
(Base: All SMEs – 936\*)



#### Does policy cover flooding (All who have insurance in place)

N-781

%

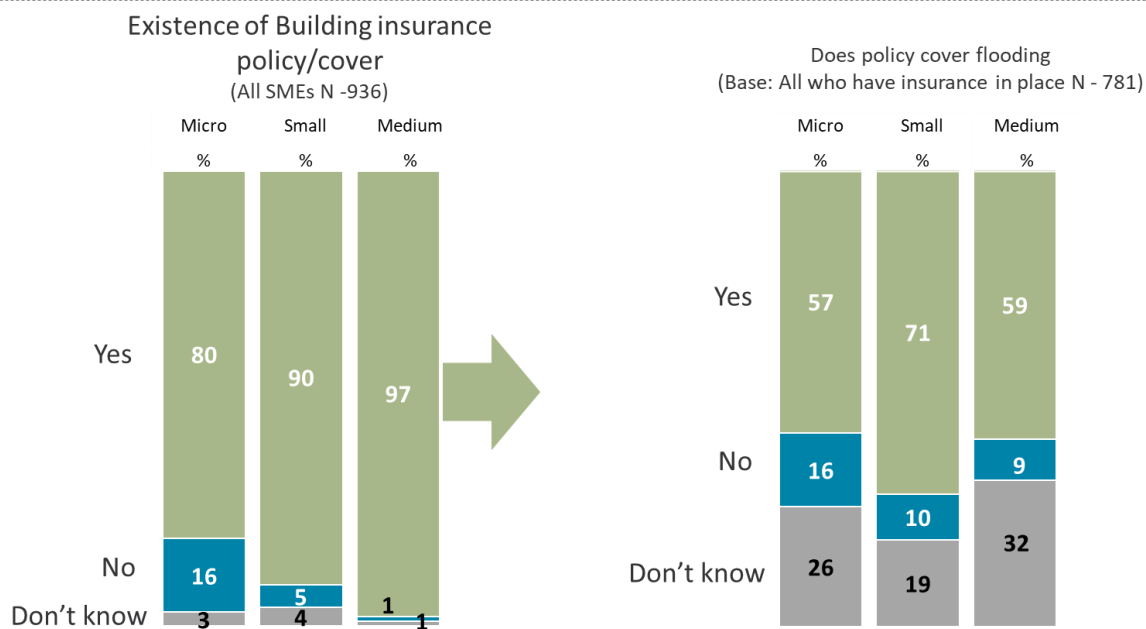




Building insurance was more common among the medium-sized companies, with 97% having cover vs. just 80% among micro companies.

## Insurance Cover x Company Size

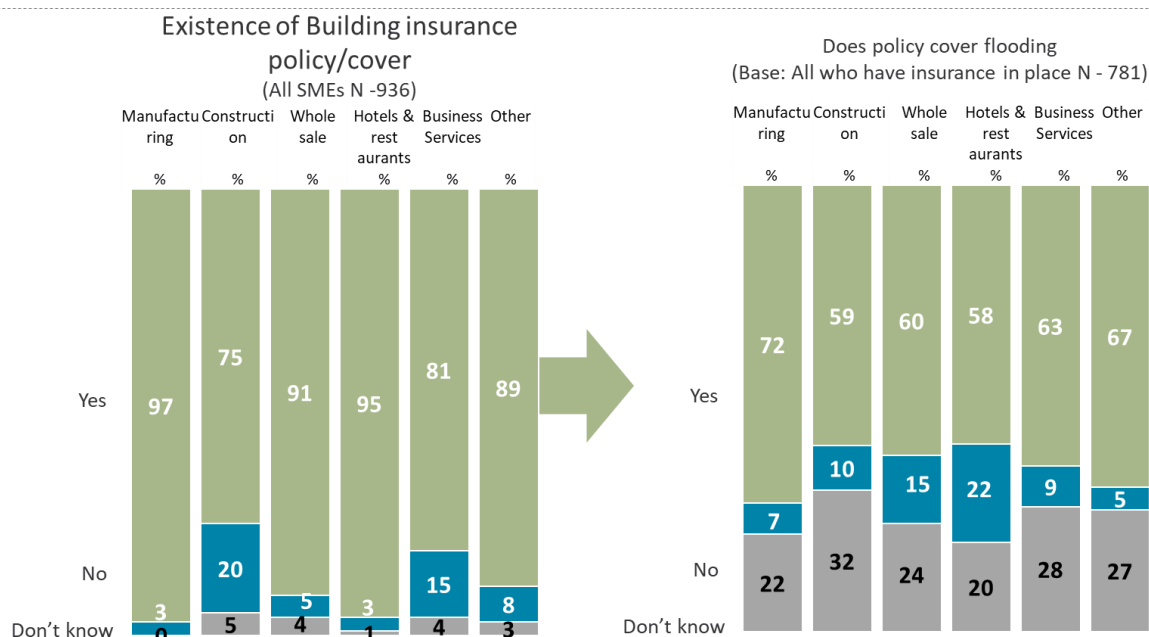
(Base: All SMEs – 936\*)



Companies in the Construction and Business Services sectors indicated less likelihood of having building insurance.

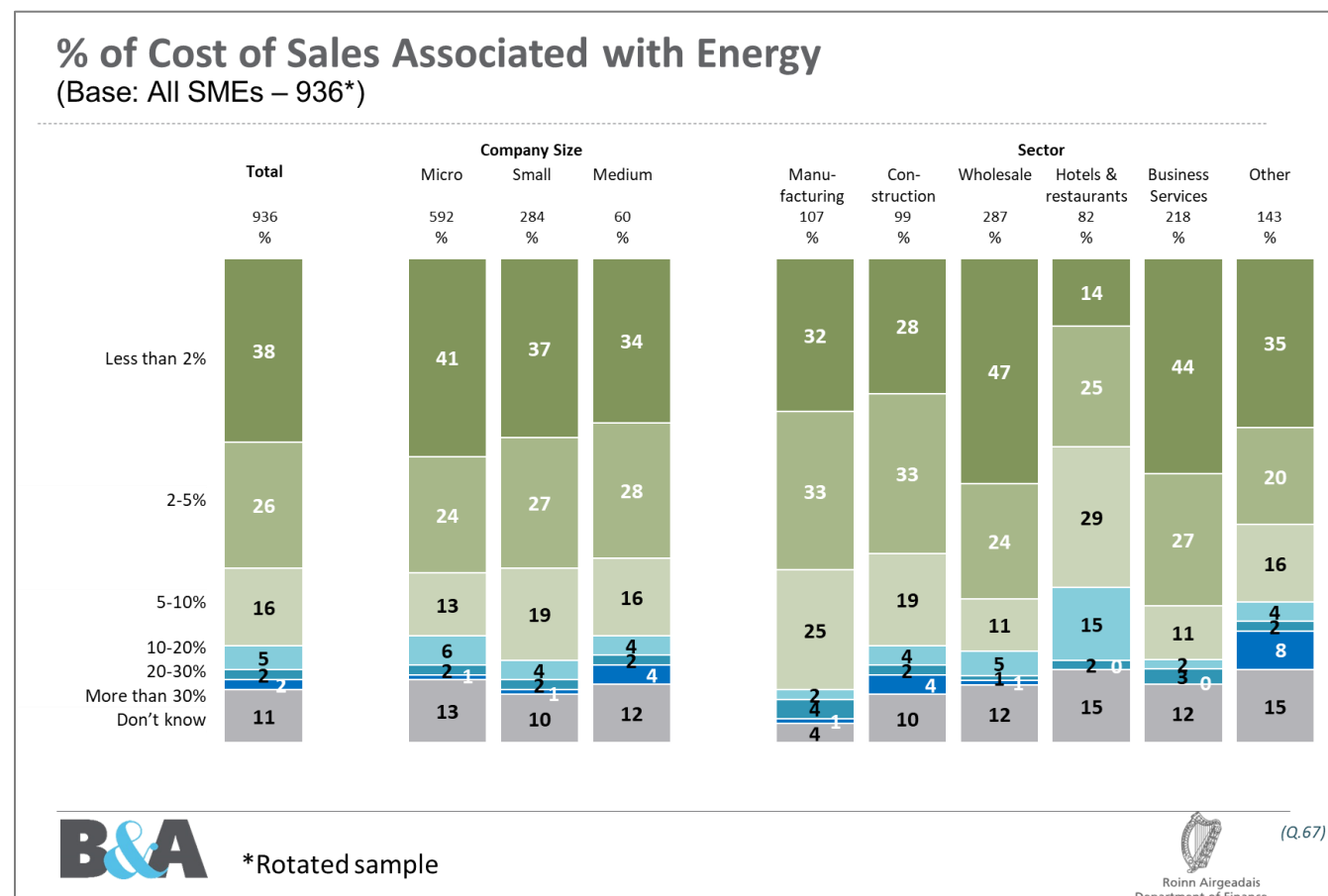
## Insurance Cover x Sector

(Base: All SMEs – 936\*)



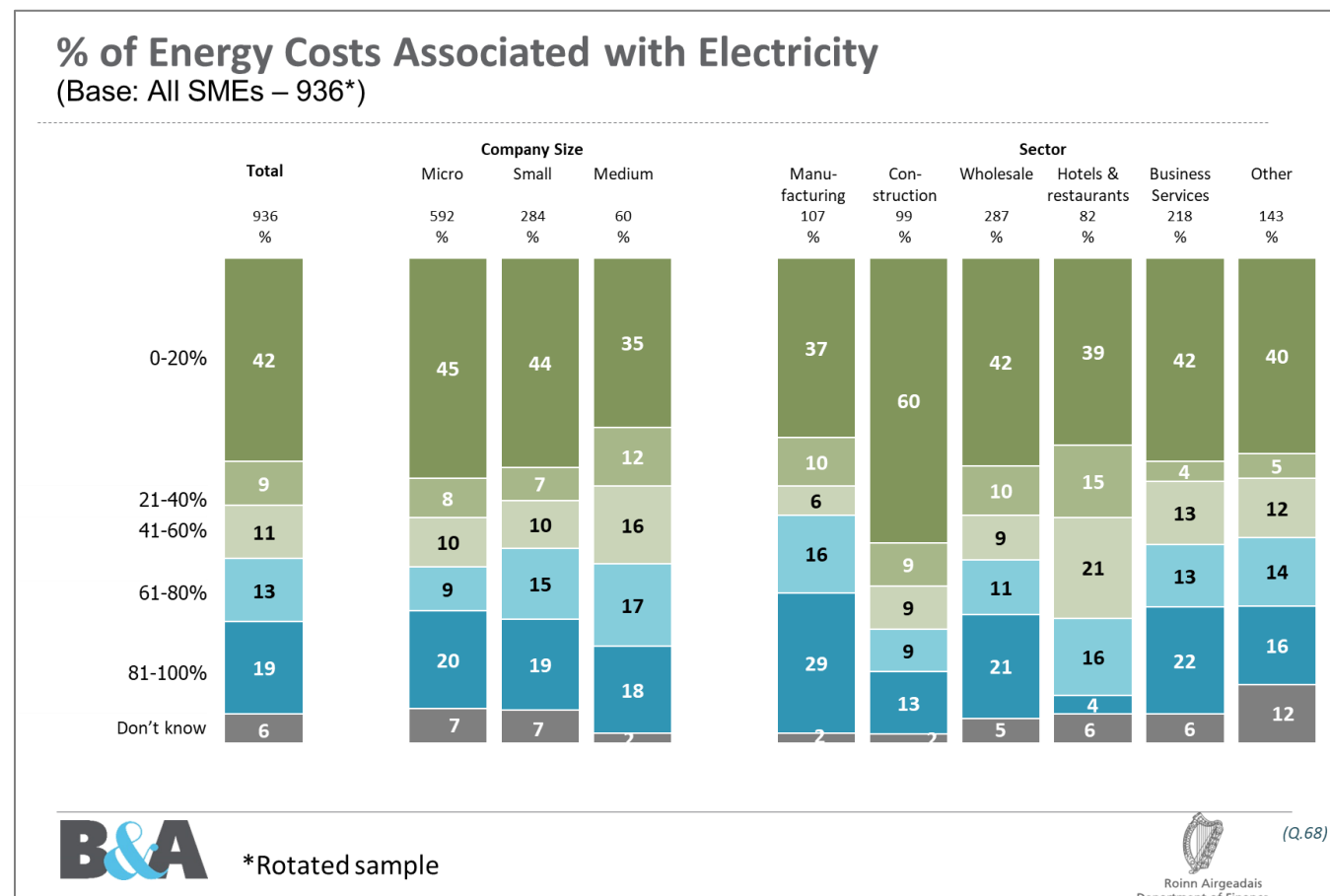
## 9.4 Energy Costs

For 38% of SMEs, energy costs were less than 2% of cost of sales, while for 26% the energy costs were between 2-5% of cost of sales. For 9%, energy costs are more than 10% of cost of sales.



Energy costs as a percentage of cost of sales is higher for the Hotel & Restaurants sector.

For 42% of SMEs, electricity costs are less than 21% of total energy costs. However, for 32% of SMEs, electricity costs are more than 60% of total energy costs.



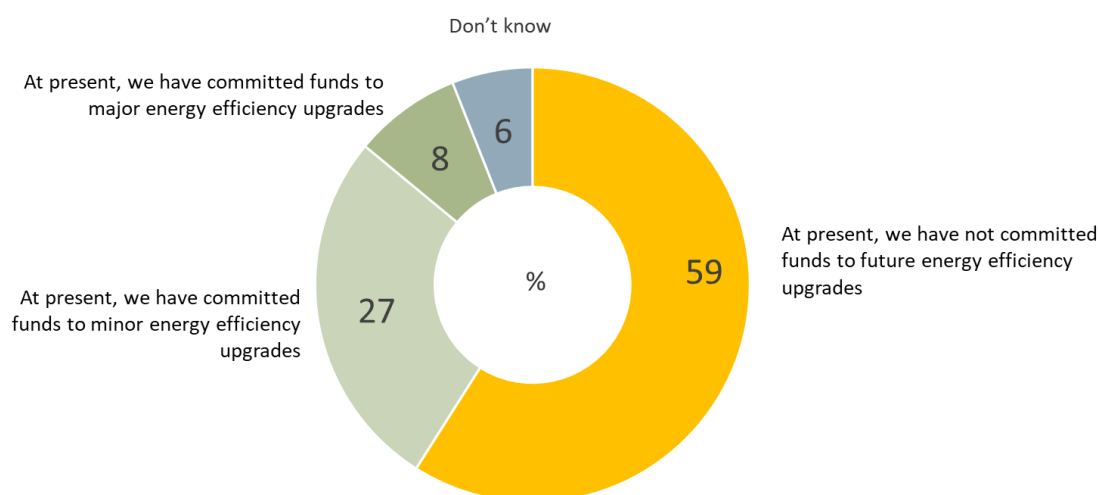
The manufacturing sector had the highest electricity costs as a percentage of total energy costs.

## 9.5 Plans to Invest in Energy Efficiency

35% of businesses have committed funds to invest in energy efficiency over the next year, with 8% planning major upgrades and 27% minor upgrades. 59% have not committed any funds to energy efficiency upgrades.

### Business Plans to Invest in Energy Efficiency over next 8 Years

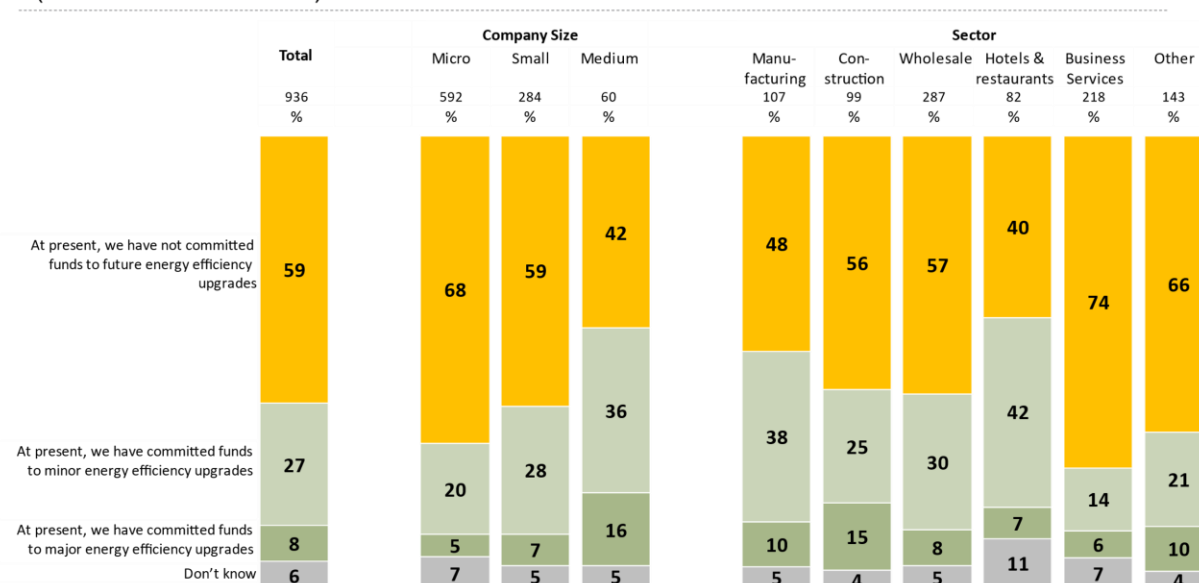
(Base: All SMEs – 936\*)



Micro companies are less likely to have committed funds for energy efficiency investment, with just 25% having committed funds. Commitment was also lower among companies in the Business Services sector.

## Business Plans to Invest in Energy Efficiency over next 8 Years x Company Size & Sector

(Base: All SMEs – 936\*)

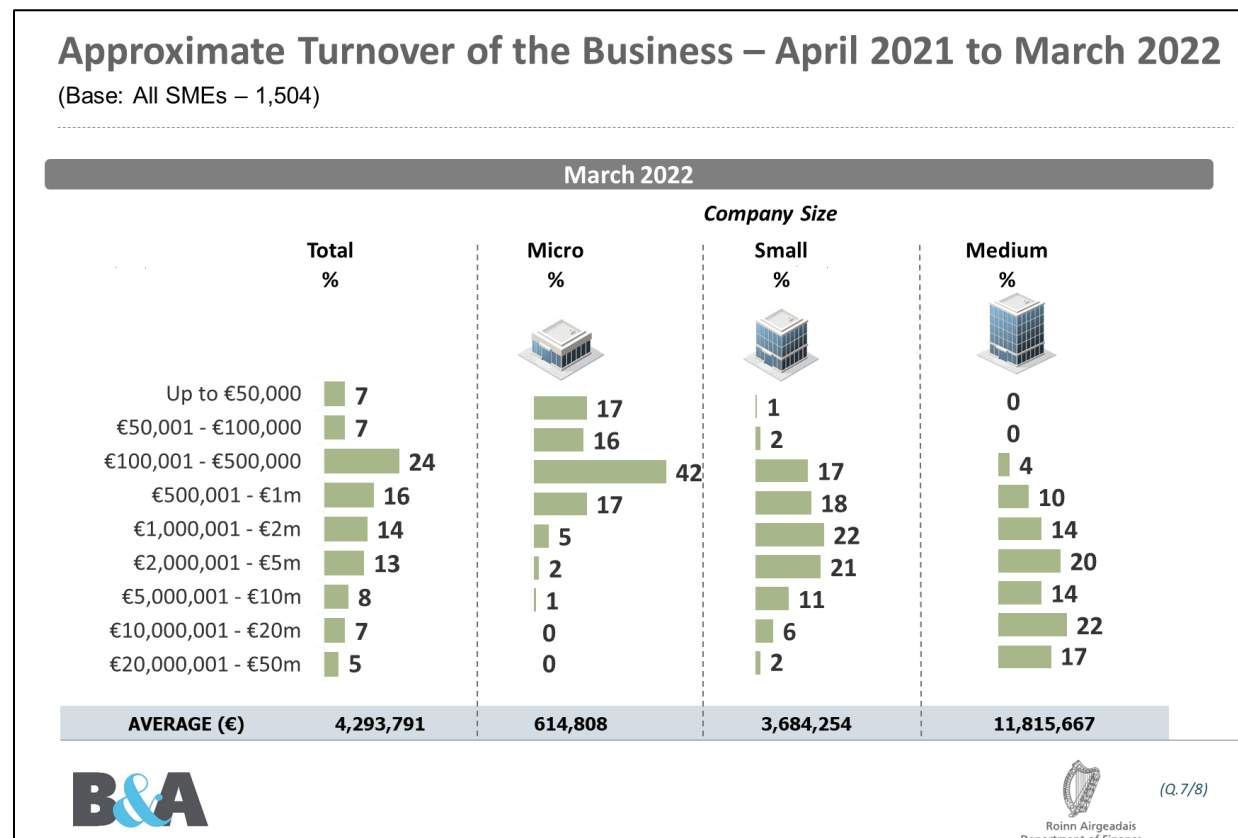


\*Rotated sample

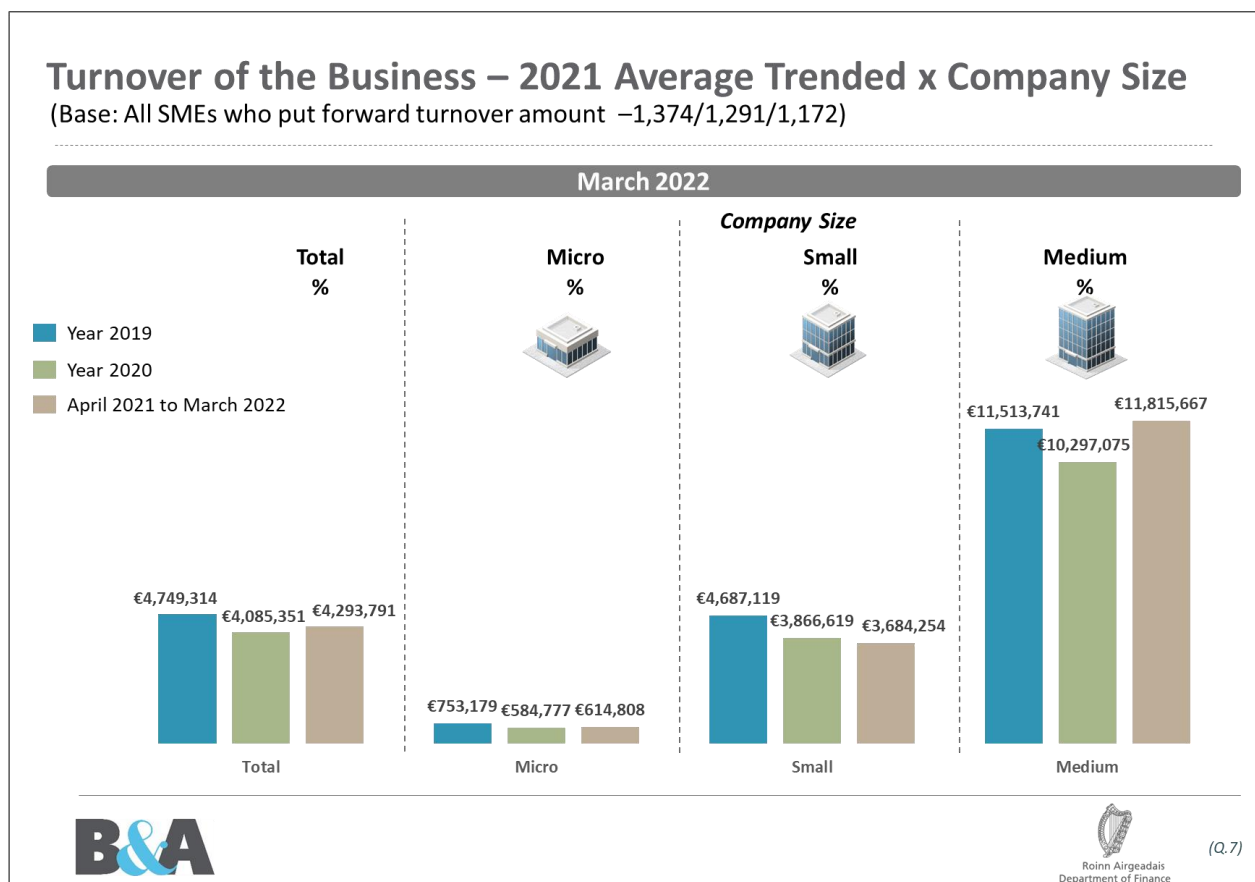
## 10.0 Business Performance

### 10.1 Turnover

Average reported turnover for Irish SMEs during the 12 months up to March 2022 was just over €4m, rising close to €12m for medium-sized companies.



Reported turnover for this period represents a 5% increase compared to the same period up to March 2021. Medium-sized companies see an increase in turnover at 15% for this period, while small-sized companies see a decline.

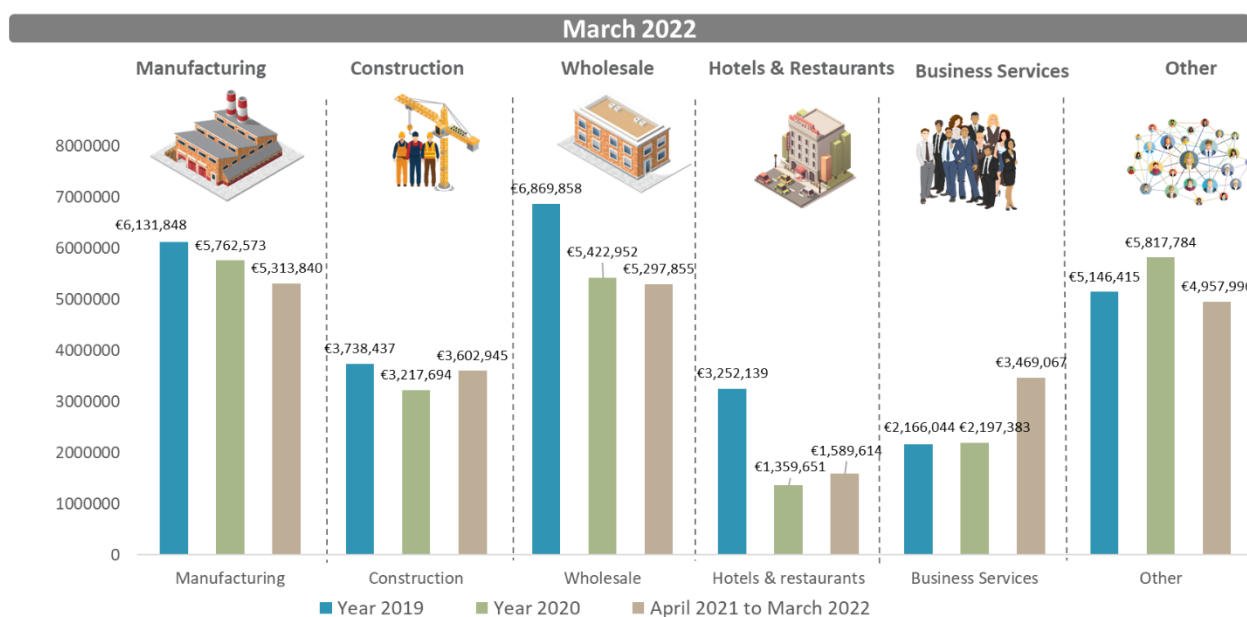




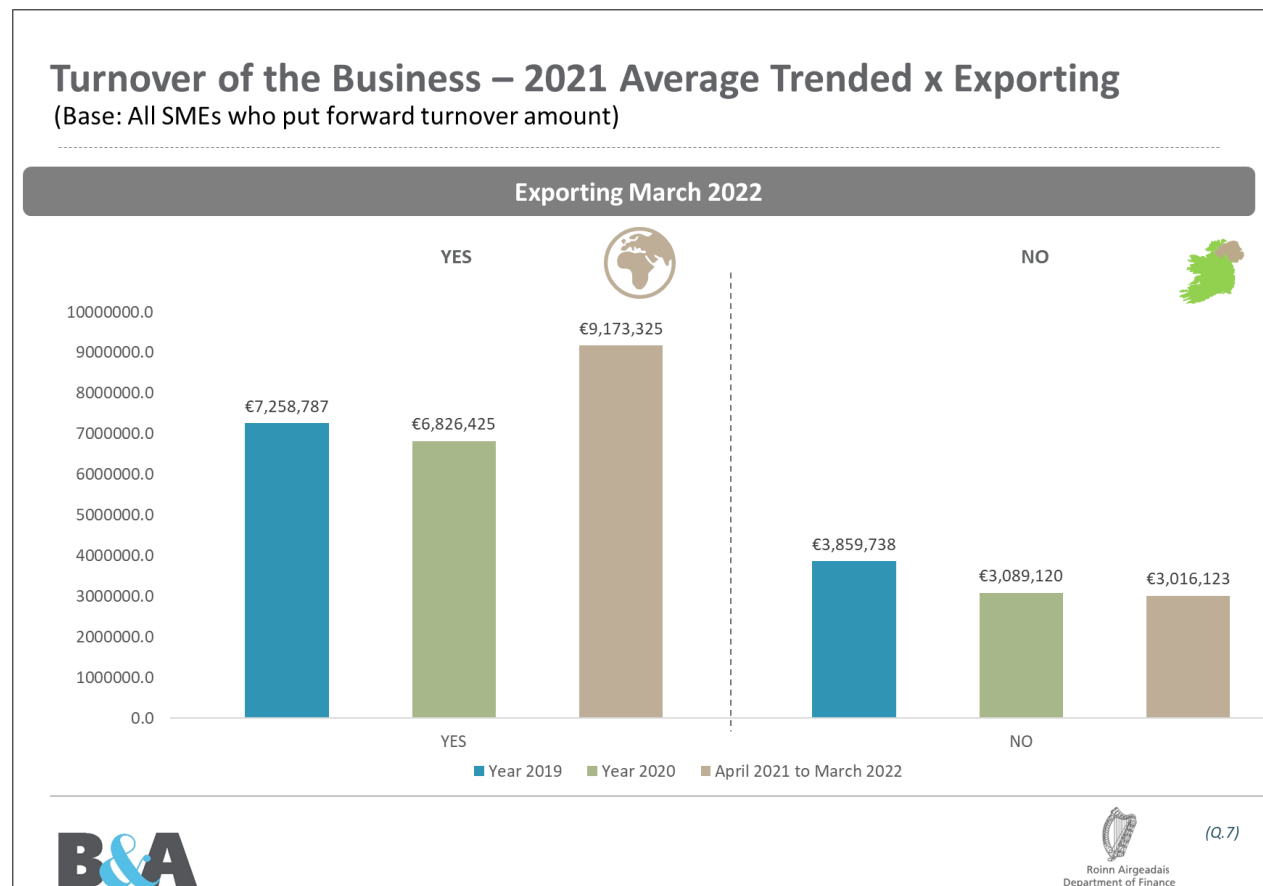
There are differences by industry when comparing turnover levels this period vs. the previous period. Turnover has increased for Business Services, Hotel & Restaurants and Construction, while Manufacturing saw a decline.

## Turnover of the Business – 2021 Average Trended x Sector

(Base: All SMEs who put forward turnover amount)

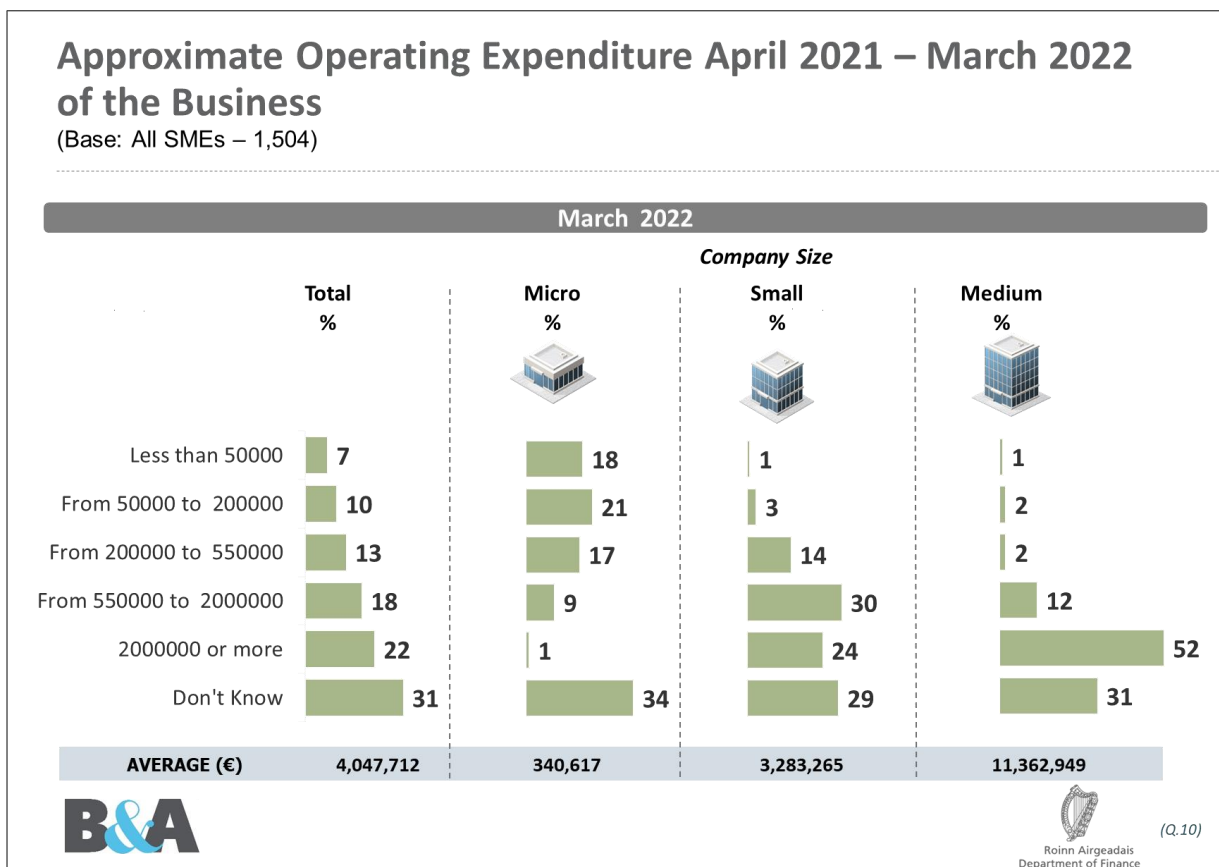


The turnover for exporting companies has increased 34% while non-export companies saw a slight drop in turnover.



## 10.2 Operating Expenditure

2021 SME operating expenditure registered at an average of just over €4m – rising to over €11m for medium sized companies and declining to just over €340,000 for micro enterprises.



34% of all SME 2021 expenditure was accounted for by the purchase of goods and services, and 35% by wages and salaries.

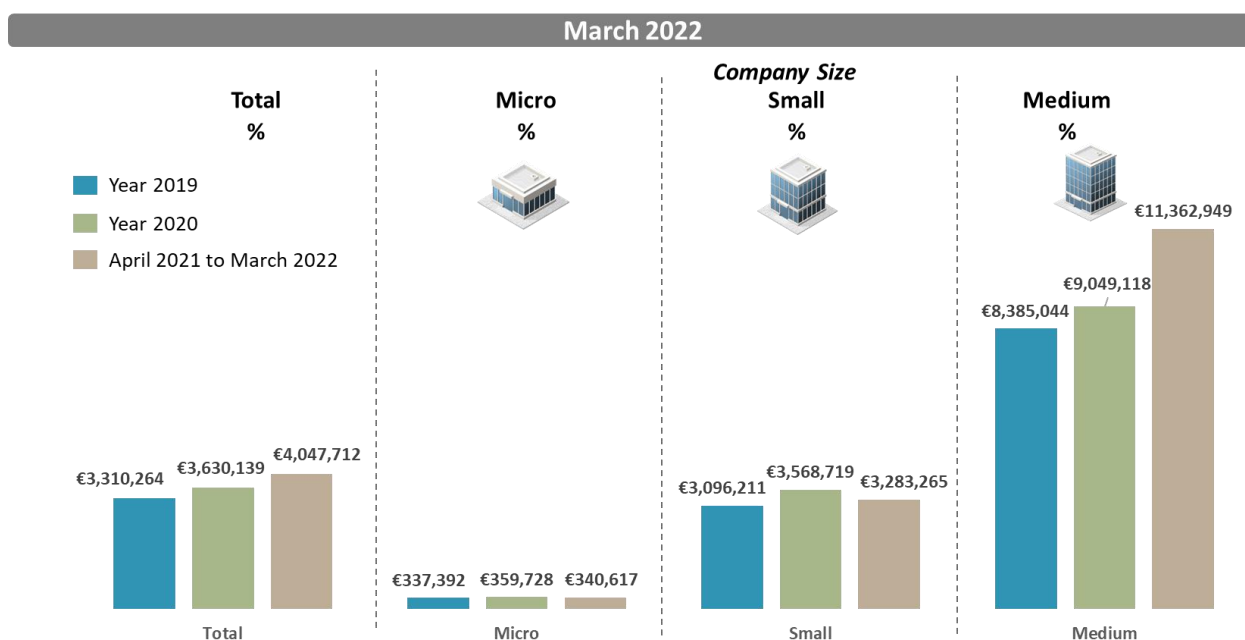
Less than 2% of all expenditure was accounted for by interest and debt payments.

	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	1313	1313	1313	1313	1313	1313	1313	1313
	%	%	%	%	%	%	%	%
0	3	1	3	19	20	10	15	8
From 1 to 10	9	7	53	22	17	21	22	17
From 11 to 20	10	13	10	4	1	8	2	10
From 21 to 30	13	17	5	1	0	3	1	6
From 31 to 40	12	13	0	0	0	1	1	3
From 41 to 50	11	15	1	1	0	0	0	2
From 51 to 60	8	6	0	0	-	0	-	1
From 61 to 70	7	7	0	-	-	-	0	1
From 71 to 80	6	8	0	-	-	-	-	0
From 81 to 90	2	1	-	-	-	-	0	0
From 91 to 100	3	1	0	0	0	0	-	6
<b>Mean</b>	<b>33.66</b>	<b>35.33</b>	<b>7.48</b>	<b>2.78</b>	<b>1.22</b>	<b>3.59</b>	<b>1.82</b>	<b>14.12</b>

The average SME operating expenditure rose 12% between 2020 and 2021, with the greatest rate of increase registered amongst medium-sized SMEs, whose expenditure rose by 26% over the 12 month period.

## Operating Expenditure of the Business Average x Company Size

(Base: All SMEs who answered N – 1504)

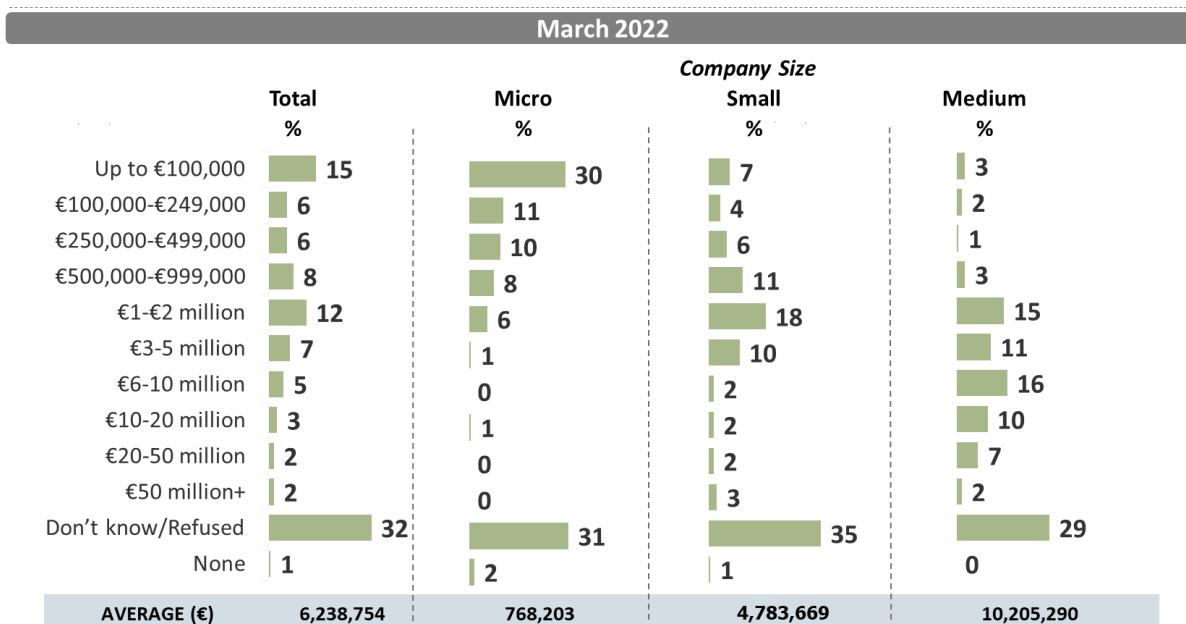


### 10.3 Company Assets

The average value of SME assets in 2021 was €6.2m, a figure which rose to just over €10m for medium-sized enterprises.

#### Value of Company Assets – April 2021 to March 2022

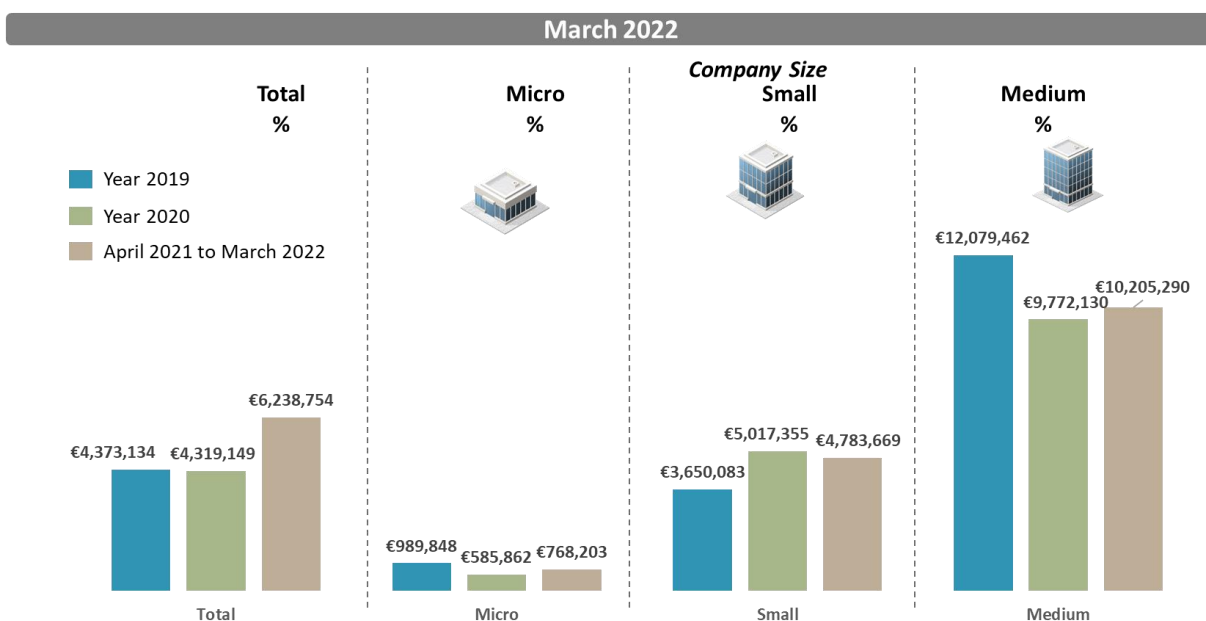
(Base: All SMEs - 1504)



The value of company assets increased year-on-year for micro and medium-sized companies while a decline was observed for small-sized businesses.

## Value of Company Assets by Company Size

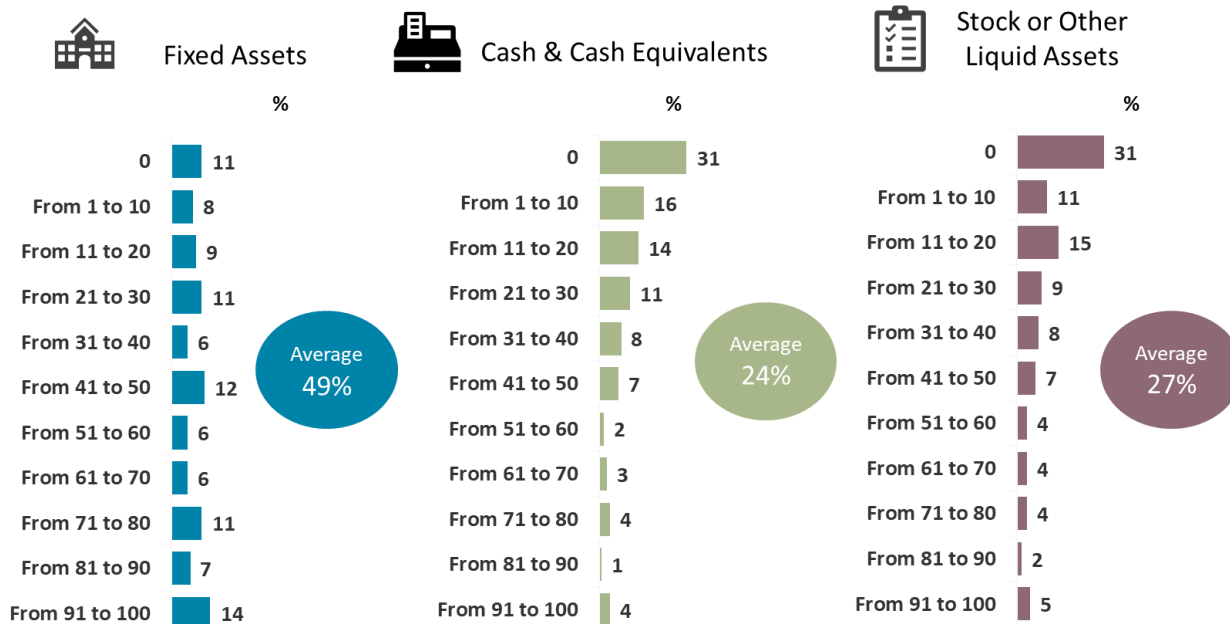
(Base: All SMEs who answered - 1015)



Roughly half of all SME assets were accounted for by fixed assets, with the balance split quite evenly between cash/cash equivalents, and stocks or other liquid assets.

## Proportion of Value in Fixed assets vs Cash & Equivalents/Stock

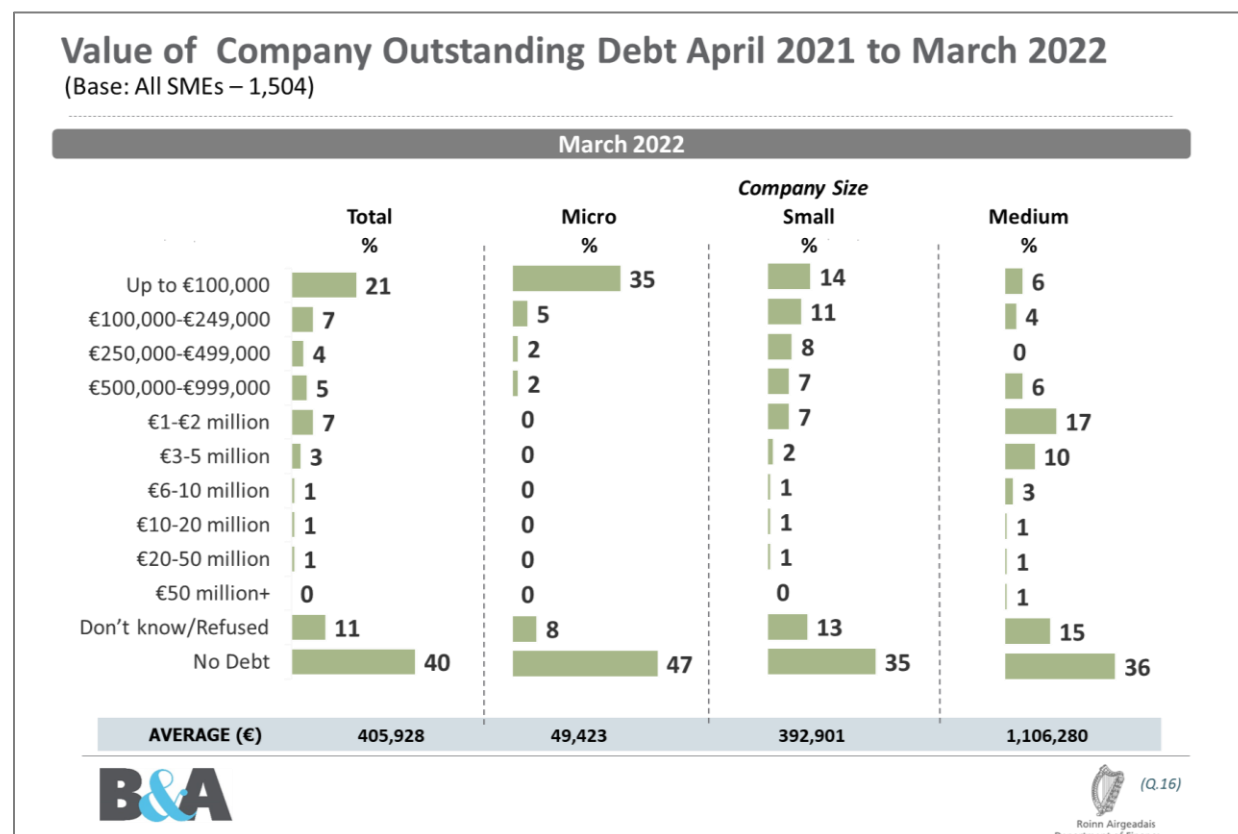
(Base: All SMEs who answered excluding don't know - 875)



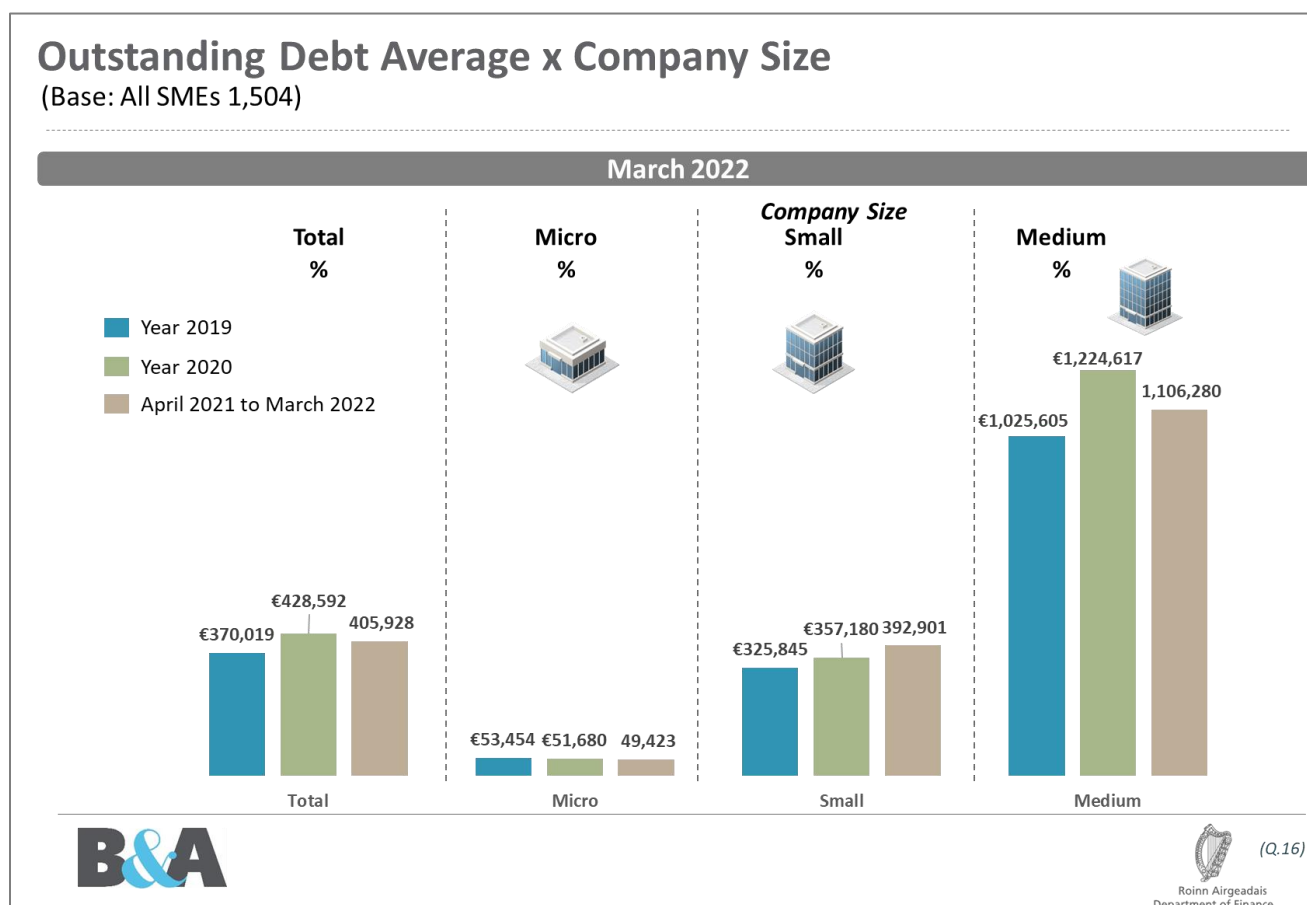


## 10.4 Outstanding Debt

The average Irish SME had outstanding debt of just over €400,005, a figure which was almost three times higher amongst medium-sized companies.



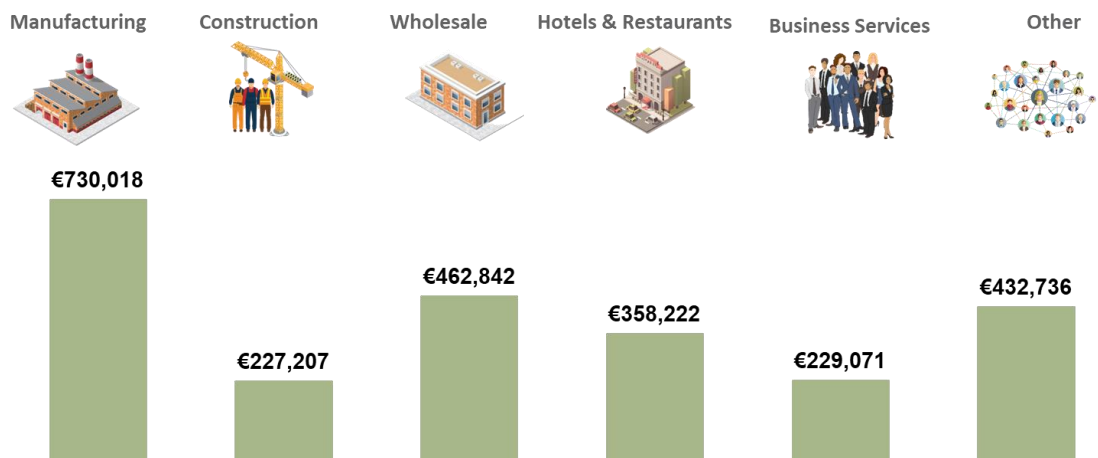
Overall, SME debt decreased between 2020 and 2021.



Manufacturing had considerably more outstanding debt than other sectors, at an average of €730,018. Lowest outstanding debt was registered for Construction and Business Services.

## Reported Value of Outstanding Debt x Sector

(Base: All SMEs 1,504)



More than half (54%) of all SME outstanding debt was to retail banks, with the balance owed to non-bank bodies.

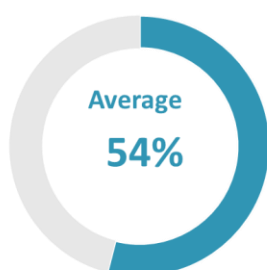
## Outstanding Debt owed to Retail Banks/Other

(Base: All SMEs who answered – 608)

What is the approximate share of your outstanding debt owed to

**Retail Banks**

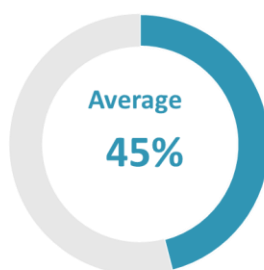
N - 608



What is the approximate share of your outstanding debt owed to

**Other Non-Banks**

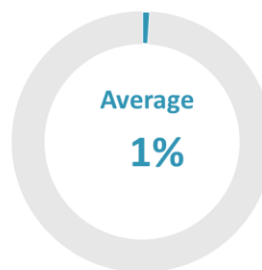
N - 608



What is the approximate share of your outstanding debt owed to

**Credit Union**

N - 608



## Appendix: The Questionnaire

### DEPARTMENT OF FINANCE SME CREDIT DEMAND SURVEY QUESTIONNAIRE

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

**April 2022 (for the period Oct '21-Mar '22)**

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.**

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 to 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. 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 26 counties, including none of these. If none of these → SCREEN OUT

**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 April 2021 to March 2022? **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	
2 – 4	2	MICRO:
5 - 9	3	CHECK QUOTAS
10 -20	4	SMALL:
21 – 49	5	CHECK QUOTAS
50 – 100	6	MEDIUM:
101 – 249	7	CHECK QUOTAS
250+	8	CLOSE
Refused/ don't know	9	

**Q. 7** What was the approximate turnover of the company for the twelve-month period April 2021 to March 2022? Even if you are uncertain of the precise figure, please give your best estimate.

€ 

--	--	--	--	--	--	--	--

Don't know/Refused 1 – ASK Q.8

If greater than €50mn close.

**Q.8** What was your business' turnover for the twelve-month period April 2021 to March 2022 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 CLOSE
Refused/don't know (DNRO) .....	99 CLOSE

**Q.8a** For the 6 month period from October 2021 – March 2022, 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

**Q.8b** For the 6 month period from October 2021 to March 2022, 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 (DNRO) .....	5

**Q.8c** For the 12 month period from April 2021 to March 2022, 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 (DNRO) ..... 5

**Q.10** What was the approximate total operating expenditure of the company for the the 12 month period from April 2021 to March 2022, Again, even if you are uncertain of the precise figure, please give your best estimate. Please include all operating expenditure including purchases, debt and interest payments, rent, wage and salaries, utilities, etc. Do not include expenditure on investment items or replacement of depreciated items.

€ 

--	--	--	--	--	--	--	--

Don't know/Refused 1

**Q.11** In terms of your operating expenditure for the the 12 month period from April 2021 to March 2022, can you tell me what percent of the operation expenditure was accounted for by the following items:

Expenditure item READ OUT	Share of total operation expenditure
Purchases of goods and services	% of total
Wages and salaries/personal costs	% of total
Utilities	% of total
Rent (if renter)	% of total
Interest and debt payments	% of total
Payments to the Revenue Commissioners	% of total
Commercial rates	% of total
Other	% of total
Don't know/Refused	1

**Q.13** And, what was the approximate value of your company's total assets for the the 12 month period from April 2021 to March 2022? By total assets we mean all assets including fixed assets, cash, stocks or other liquid assets. Even if you are not entirely certain of this figure, please give your best estimate. RECORD PRECISE NUMBER BELOW.

€ 

--	--	--	--	--	--	--	--	--

Don't know/Refused 1



**Q.14** Roughly what proportion of this \_\_\_\_\_ (VALUE FROM Q.13) in total assets was in fixed assets, and what proportion was in cash, stocks or other liquid assets?

Fixed assets 

			%
--	--	--	---

Cash and cash equivalents 

			%
--	--	--	---

Stocks or other liquid assets 

			%
--	--	--	---

Don't know/Refused 1

**Q.16** What was the approximate value of your company's total outstanding debt, if any, for the the 12 month period from April 2021 to March 2022Please 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 the the 12 month period from April 2021 to March 2022 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 April 2021 to March 2022 was exported outside the Republic of Ireland?

 %

**ASK ALL**

**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%**

## SECTION 2 – FINANCING YOUR BUSINESS

ASK ALL

**Q.23** In the period October 2021 to March 2022, have you missed or deferred repayments on the following?  
**READ OUT.**

READ OUT	Yes	No	Don't know
Bank loans*	1	2	0
Non-bank business loans e.g. credit unions or other commercial finance providers*	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 |

**Q.24** In the period October 2021 to March 2022, 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              | } | GO TO Q.26 |
| 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 |   |            |

**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              |
| It is too expensive to borrow            | 7              |
| 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..... | 9  |
| Cover fixed payments while business shut down due to Covid .....        | 10 |
| Other (specify).....  | 11 |

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

**Q.27** What was the value of the \_\_\_\_\_(FROM Q.24) for which you applied?  
*OPEN END: INSERT AMOUNT*

--	--	--	--	--	--

- |                 |   |
|-----------------|---|
| 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.**

--	--	--	--	--	--

Don't know..... 8

Refused ..... 9

**Q.29** Thinking of your application for \_\_\_\_\_, 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 AND Q.33 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
<u>Other (specify)</u>	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	1
Does not meet the bank's criteria	2
The risk profile of the facility is outside the risk tolerance level of the bank	3
Risk factors have come to light as part of the bank's assessment of the application	4
Further information is required to help the bank complete assessment of this application	5
Future ability to repay the credit is not clear	6
In the past the operation of the current account has not been satisfactory	7
Missed repayments	8
Unsatisfactory ICB record	9
The goods are not suitable for HP/Leasing	10
The repayment timeframe sought is too long	11
Insufficient financial information was provided	12
Level of security offered	13
Existing level of borrowing	14
Other	15

**ASK ALL**

**Q.35** Do you expect to seek bank finance for your business between now and the end of 2021? 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  
No

**If yes proceed to Q53(a) & Q.54**

- 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 THOSE WHO HAVE APPLIED FOR BANK FINANCE IN Q.24**

- 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

**ASK ALL**

Q.24(a) In the period October 2021 to March 2022, did you request from any non-bank, e.g. finance providers that is not a bank, any of the following types of finance? It does not matter if you were successful or not.

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

**ASK ALL**

Q.25 (b) How important are the following factors when you are seeking finance, on a scale from 1-5 where 1 is "not at all important" and 5 is "extremely important".

	Not at all important				Extremely Important	Don't know
The level of the interest rate	1	2	3	4	5	6
The level of other fees associated with the finance	1	2	3	4	5	6
The location of the provider	1	2	3	4	5	6
The type of finance provider e.g. bank or non-bank	1	2	3	4	5	6
Your relationship with the provider	1	2	3	4	5	6

**ASK ALL**

Q.26 On average, how often do you visit a branch of your main bank for business purposes?

- |   |   |
|---|---|
| At least once a week                              | 1 |
| Once every 2 to 3 weeks                           | 2 |
| Once a month                                      | 3 |
| Once every 2-3 months                             | 4 |
| Less often than once every 3 months               | 5 |
| Would only visit branch if I had a specific issue | 6 |
| Never/I have no need to visit a branch ever       | 7 |

Q.27 When you visit a branch of your main bank for business purposes, which of the following would best describe your reasons for visit? Any other reasons?

- |                              |   |
|------------------------------|---|
| Lodge/withdraw cash          | 1 |
| Transfer money               | 2 |
| Apply for finance            | 3 |
| Pay bills                    | 4 |
| Foreign exchange             | 5 |
| Other, please specify: _____ | 6 |

---

**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)         |   |
| The Credit Review Office (CRO)....                      | 6 |
| Other government support (specify).....                 | 7 |
| None .....  | 8 |

Q.17b For the period October 2021 to March 2022, 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
- Refused credit from a bank ..... 5
- Other (specify) ..... 6

**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

## SECTION 4 – SME CLIMATE INITIATIVES

Q.59 How much do you agree or disagree with the following statement, on a scale from 1 to 5 where 1 is strongly disagree and 5 is strongly agree. **READ OUT STATEMENT.**

	Strongly Disagree	Disagree	Neither how Agree nor Disagree	Agree	Strongly Agree	Don't know
Investing in climate change adaptation and low carbon technologies is important to my business	1	2	3	4	5	6

### ASK ALL

Q.60 In 2021, can you tell me how much your firm invested in each of the following type of assets Even if you are uncertain of the precise figure, please give your best estimate. **READ OUT**

	Amount invested (including nothing invested)	Nothing invested	Don't know / No reply
Buildings or other construction activities*	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Vehicles and other transport equipment	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Other fixed assets (including other machinery and equipment)	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Intangible assets* (i.e. research and development, patents, trademarks and copyrights.)	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Investment in staff	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2

### Ask if ANY IN Q60>0

Q.60a Can you tell me how much of your 2021 investments related to digital assets? Even if you are uncertain of the precise figure, please give your best estimate. **READ OUT**

	Amount invested (including nothing invested)	Nothing invested	Don't know / No reply
Digital technologies or e-commerce activities (such as automation, robotics, artificial intelligence, blockchain, data analytics infrastructure, internet communication devices etc)	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2



**ASK IF >0 FOR EACH OF AT Q.60/60a**

**Q.61** For each of the following investments, can you tell me how you financed that investment in 2021 in terms of per cent of total investment? Firstly, what percentage of your € \_\_\_\_\_ (VALUE FROM Q.60/a) 2021 investment in \_\_\_\_\_ (INVESTMENT TYPE) did you finance through (Financing Source Type)?  
**REPEAT FOR ALL OTHER FINANCING SOURCE TYPES.**

Financing source READ OUT	Buildings or other construct ion activities	Vehicles and other transport equipment	Other fixed assets (including other machinery and equipment)	Intangible Assets	Digital technologies or e- commerce activities
Internal financing/retained earnings	% of total	% of total	% of total	% of total	% of total
Leasing or Hire Purchase	% of total	% of total	% of total	% of total	% of total
Borrowed from Banks	% of total	% of total	% of total	% of total	% of total
Borrowed from Non- Banks providers	% of total	% of total	% of total	% of total	% of total
On Supplier Credit	% of total	% of total	% of total	% of total	% of total
External equity	% of total	% of total	% of total	% of total	% of total
Owner's equity	% of total	% of total	% of total	% of total	% of total
Don't know/Refused					

**ASK ALL**

**Q.62** I would now like to ask you about investments related to climate change activities. This could for example be investments to reduce carbon emissions, improve energy efficiency or adapt to changing weather patterns. For 2021, can you tell me how much your firm invested in each of the following type of assets for climate change activities specifically? Even if you are uncertain of the precise figure, please give your best estimate.  
**READ OUT, ONLY SHOW CATEGORIES WHERE > 0 IN Q.60**

	Amount invested (including nothing invested)	Nothing invested	Don't know / No reply
Buildings or other construction activities*	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Vehicles and other transport equipment*	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Other fixed tangible assets (including machinery and equipment)	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Intangible assets* (i.e. research and development, patents, trademarks and copyrights.)	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2

**ASK IF >0 FOR EACH OF AT Q.62**

**Q.63** For each of the following investments in climate change activities, can you tell me how you financed these investments in 2021 in terms of per cent of total investment? Firstly, what percentage of your € \_\_\_\_\_ (VALUE FROM Q.62) 2021 investment in \_\_\_\_\_ (INVESTMENT TYPE) did you finance through (Financing Source Type)? **REPEAT FOR ALL OTHER FINANCING SOURCE TYPES.**

Financing source READ OUT ↓	Buildings or other construction activities	Vehicles and other transport equipment	Other fixed tangible assets (including other machinery and equipment)	Intangible Assets
Internal financing/retained earnings	% of total	% of total	% of total	% of total
Leasing or Hire Purchase	% of total	% of total	% of total	% of total
Borrowed from Banks	% of total	% of total	% of total	% of total
Borrowed from Non-bank providers				
On Supplier Credit	% of total	% of total	% of total	% of total
External equity	% of total	% of total	% of total	% of total
Owner's equity	% of total	% of total	% of total	% of total
Don't know/Refused				

**ASK ALL**

**Q.64** I would now like to ask you about investments related to climate change activities. This could for example be investments to reduce carbon emissions, improve energy efficiency or adapt to changing weather patterns. For the next 12 months, can you tell me how much your firm expect to invest in each of the following type of assets for climate change activities specifically? Even if you are uncertain of the precise figure, please give your best estimate

	Planned Amount invested (including nothing invested)	Invest Nothing	Don't know / No reply
Buildings or other construction activities	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Vehicles and other transport equipment	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Other fixed tangible assets (including machinery and equipment)	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Intangible assets (i.e. research and development, patents, trademarks and copyrights.)	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2

**ASK ALL**

**Q.65** Does your business have a building's insurance policy/cover?

- Yes
- No
- Don't know

**ASK THOSE WHO ANSWER YES IN Q.65**

**Q.66** Does your building's insurance policy cover you for flooding?

- Yes
- No
- Don't know

**ASK ALL**

**Q.67** What percentage of your Cost of Sales is associated with energy? Please give you best estimate.

- Less than 2%
- 2-5%
- 5-10%
- 10-20%
- 20-30%
- More than 30%
- Don't know

**ASK ALL**

**Q.68** What percentage of your energy costs are associated with electricity? Please give you best estimate.

- 0-20%
- 21-40%
- 41-60%
- 61-80%
- 81-100%
- Don't know

**ASK ALL**

**Q.69** Which of the following statements best describes your business' plans to invest in energy efficiency over the next 8 years, e.g. changes to vehicles, buildings and machinery?

**READ OUT**

- at present, we have **not** committed funds to future energy efficiency upgrades
- at present, we have committed funds to **minor** energy efficiency upgrades
- at present, we have committed funds to **major** energy efficiency upgrades
- Don't know