



SME CREDIT DEMAND SURVEY

October 2014 - March 2015



PREPARED FOR
The Department of Finance
May 2015



An Roinn Airgeadais
Department of Finance



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Overview of Report - Credit Demand (October to March 2015)

Base – All SMEs interviewed = 1,501

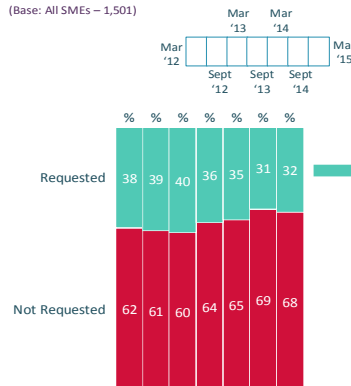
Demand

Requested

32% +1

SMEs Seeking Bank Finance In The Past 6 Months

(Base: All SMEs – 1,501)



	Requested By Company Size						
	Mar '12 %	Sept '12 %	Mar '13 %	Sept '13 %	Mar '14 %	Sept '14 %	Mar '15 %
Micro	30	36	36	30	29	24	26
Small	43	41	43	39	40	38	35
Medium	42	43	41	39	37	32	40

REDC

(Q.9)

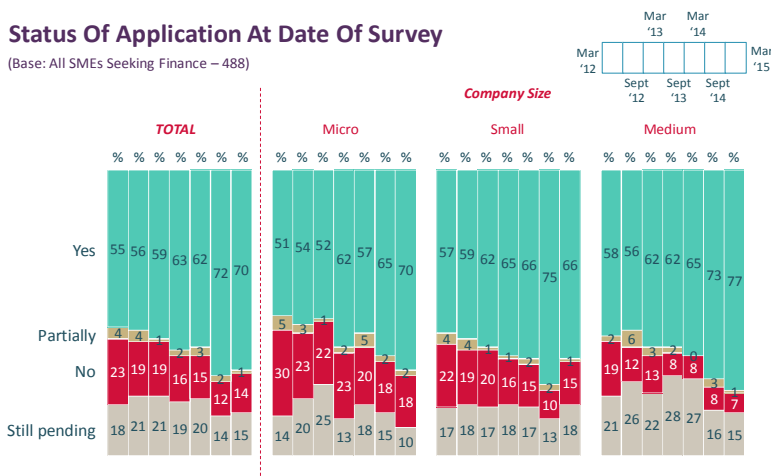
Application Decisions (incl. pending)

Approval/Partial

71% -3

Status Of Application At Date Of Survey

(Base: All SMEs Seeking Finance – 488)



REDC

(Q.14)

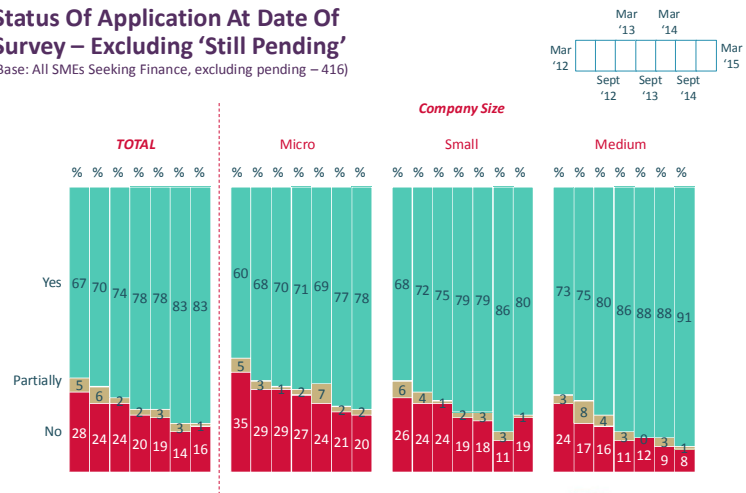


Application Decisions (excl. pending)

Approval/Partial
84% ₋₂

Status Of Application At Date Of Survey – Excluding ‘Still Pending’

(Base: All SMEs Seeking Finance, excluding pending – 416)

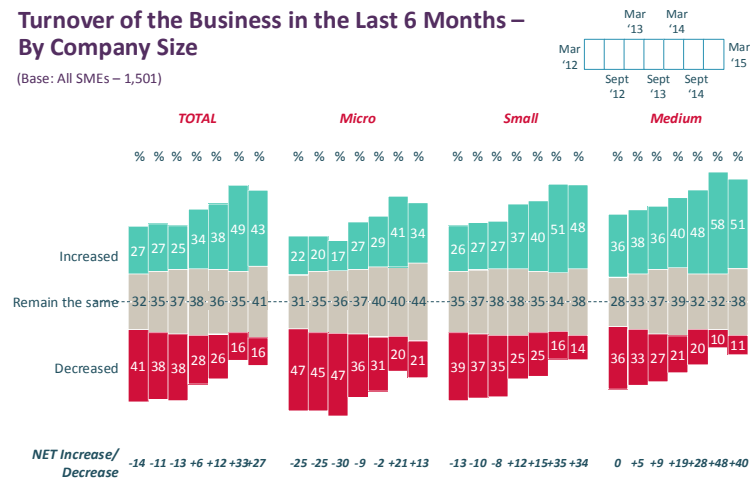


Trading Performance (all SMEs)

Stable/Increase
84% =

Turnover of the Business in the Last 6 Months – By Company Size

(Base: All SMEs – 1,501)



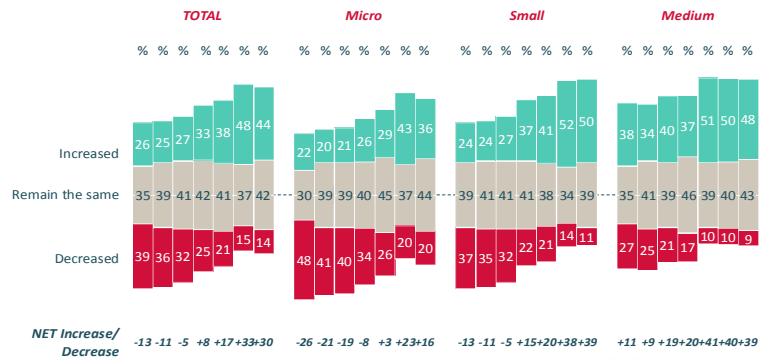


Non-Seasonal Trading Performance (excl. SMEs with Seasonal Turnover)

Stable/Increase
86% +1

Turnover of Non-Seasonal Businesses in the Last 6 Months – By Company Size

(Base: All SMEs – 694)





Commentary

The results from this period's Credit Demand Survey suggest that while trading conditions continue to improve somewhat, the gains are less pronounced than in the previous wave. 84% of SMEs report an increase or stabilization in trading conditions. After an initial boost in recruitment seen when trading conditions began to improve, staff growth has continued, albeit at a less pronounced pace.

As a result many SMEs remain cautious in approaching new business growth opportunities, and prefer to re-invest their own funds rather than demand credit from the banks. Having said that, demand has increased after four periods of decline, with the Medium-sized companies more likely to pursue a growth agenda.

It is also apparent that those SMEs who are applying for credit appear to be looking for larger levels of funds, and are more likely to be testing the water for funds they may not have looked for in the past. This appears to be behind the small increase in decline rates (14%) seen this period.

Bank lending has remained at the more positive levels seen in the previous period, with 71% of all requests for credit being approved. At the same time, fewer loans are being approved with conditions attached and the interest rates for approved credit are also declining. Both of these factors should encourage more businesses to avail of credit facilities offered by the banks.

The majority (54%) of SMEs believe that the banks are lending, with only 25% now stating they don't believe the banks are lending. This view continues to be based on information from third parties, rather than personal experience.



1.0 Summary

The following is the summary of results from the credit demand survey covering the period October 2014 to March 2015, and the trends compared to the seven previous waves reported in September 2014, March 2014, September 2013, March 2013, September 2012, March 2012 and September 2011.

1. Favourable trading conditions remain for SMEs but we see growth at a lower rate compared to the previous six month period

84% of SMEs report an increase or stabilization in trading conditions. After an initial boost in recruitment seen when trading conditions began to improve, staff growth has continued, albeit at a less pronounced pace. Business sentiment for the next 6 months remains positive, with 56% of all SMEs expecting the business climate in Ireland to improve further.

2. SME Credit Demand increases

For all SMEs, we see an increase in credit demand from 31% to 32%. While this is a modest increase, it is the first time in two years that we see an increase in overall credit demand.

3. SMEs remain cautious with focus on business stabilisation and smaller growth opportunities rather than rapid growth

It is evident that the slower pace of growth combined with no significant change in business outlook is making SMEs cautious in terms of exploring new growth opportunities, investment and taking on additional staff. 77% of SMEs are focusing on stabilisation and smaller growth opportunities currently rather than exploring rapid growth opportunities.

4. Changed mentality among SMEs limits future credit demand

The main reason for not applying for bank finance is that the SMEs do not need it or already have finance in place – rather than banks not lending or fear of rejection. It is evident that there is a strong preference for funding working capital and fixed asset acquisitions through internal funds/equity, if possible. This indicates that we are unlikely to see further improvements in credit demand until business confidence and conditions improve further among SMEs, thereby increasing their appetite to explore growth and expansion opportunities.



5. Slight increase in decline rates for bank finance, but clear majority of credit requests continue to be approved fully

We see an increase in decline rates for bank finance from 12% for the period March-September 2014 to 14% for the current period October 2014-March 2015. 71% of all requests for credit have been approved with 70% of these having been approved fully while 1% were approved partially. This is down from 74% in the previous period. When removing credit requests which are still pending, the full/partial approval rate is 84%, down slightly from 86% in the previous period.

6. Slight increase in decline rates is driven by credit demand of higher value and more informal applications

It appears that the slightly lower rate of approval is explained by an increase in the average value of the credit requests by SMEs. Furthermore, we see an increase in SMEs using informal applications due to an expectation that they would not be approved through formal channels – this indicates that some SMEs who did not ask for bank finance in the past due to high debt levels or other business circumstances are now taking a chance and requesting credit. As for previous waves, we see a higher refusal rate for credit applications related to growth (18%) than those related to working capital finance (13%).

7. Increase in application turnaround time due to higher credit amounts

The average time from submission of application to reaching a decision on the finance request has increased slightly from 19 to 20 working days, which is longer than the 15 working days target set by the current code of conduct for business lending. Among Medium-sized companies, we see an increase in turnaround time from 23 to 28 days. The higher average amount of credit requested by these SMEs is part of the explanation for this increase in turnaround time.

8. Less conditions attached to loans and lower interest rates

We see a decrease in the proportion of approved loans where conditions were attached to the credit. 68% of these loans have conditions attached to them, down from 73% in the previous 6 months period. In addition, we see a decrease in the claimed interest rates of these approved credit applications from 6.5% previously to 5.2% now.



9. A quarter of SMEs now believe that banks are not lending

1 in 4 (25%) of all SMEs believe that banks are not lending, this is slightly up from the previous wave where 23% believed banks were not lending. The majority (48%) believe that banks are lending to a small number of SMEs while 6% believe the banks are lending to a large number of SMEs, up from 4% previously. The perception that banks are not lending or only lending to a small number of SMEs tends to be based on third parties, e.g. business peers or media reports, rather than personal experience. Changing this perception has the potential to increase credit demand.

10. Increased awareness and knowledge of Government finance support

23% of SMEs feel that they have a good understanding of state funded support available. This is up from 17% in the previous wave. The “Supporting SMEs” Online Tool plays an important role here and we see increased awareness for this from 23% previously to 27% now.

Demand & Credit Outcome Summary – All SMEs

Demand

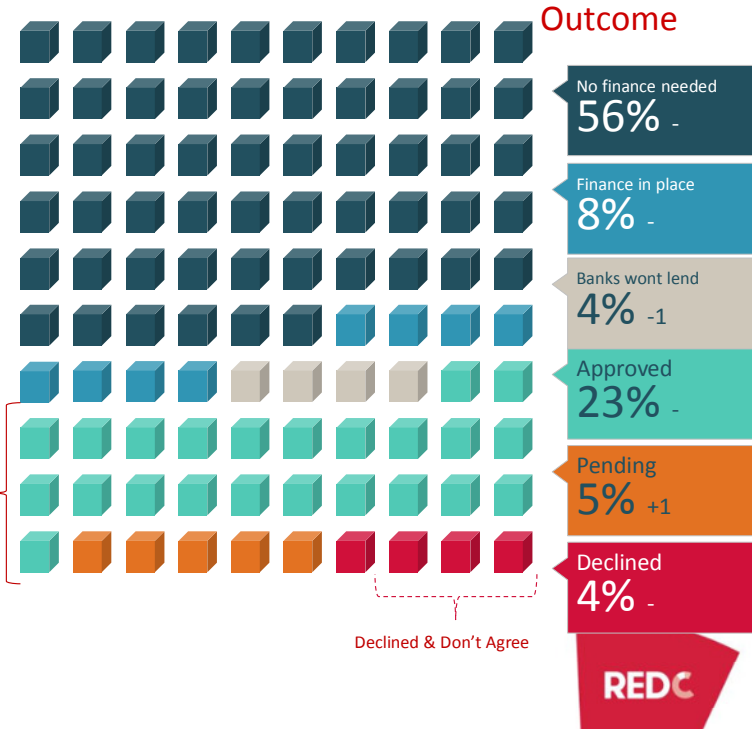
No Request

68%⁻¹

Demand

32%⁺¹

Outcome



REDC



2.0 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 2014 to March 2015. RED C Research & Marketing Ltd, the independent market research and polling organisation, have conducted both this wave and the previous five waves covering the period April 2012 to September 2014.

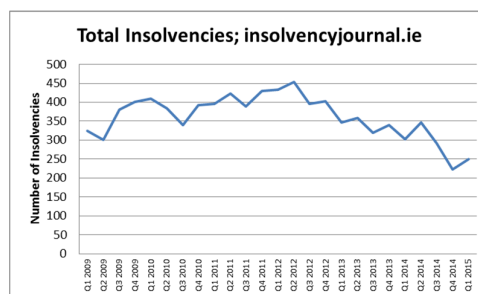
The key parameters of the survey have been kept identical to those in previous waves in order to ensure comparability of data over time. This includes the quotas set for company size and industry, the database of leads used to select businesses for interview, and the key questions in the questionnaire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

All interviews for the study were conducted through RED C's own call centre based in Dundalk. In total 1,501 telephone interviews were conducted with a random sample of Irish micro, small and medium SMEs. The interviews were conducted between the 1st and 28th April 2015.

2.1 Economic Context

The economic recovery in Ireland has gained further momentum and is now driven by both a strong export performance and an increase in domestic consumption. Real GDP growth is estimated at 4.8% for 2014, up from just 0.2% in 2013. The forecast for 2015 is further growth at a rate of 4.0%. Personal consumption is estimated to have grown by 1.1% in 2014 and forecast to grow 2.4% in 2015.

This improvement is being reflected in the labour market. The standardised unemployment rate continues to fall and was 9.9% in the first quarter of 2015, down from a high of just over 15% in early 2012. We also see a downward trend in the number of insolvencies over the past two years.





The Q2 2015 quarterly bulletin from the Central Bank confirms a strong and broad recovery of the Irish economy:

“The momentum of recovery in the Irish economy continues to build and broaden, with domestic demand now making a significant positive contribution to growth. While the strength of net export growth was an important driver of the preliminary estimate of 4.8 per cent GDP growth last year, the recovery in the economy has become more balanced over the past year. Domestically, the continued strong increase in investment spending has been supported by the beginning of a recovery in consumer spending, which is showing signs of gradually strengthening. The pick-up in consumption has benefitted from continuing favourable labour market developments, in particular growth in employment, which is helping to boost incomes. With consumer and investment spending both growing, domestic demand added to growth last year for the first time since 2007.”

The quarterly bulletin also notes that further progress is made in the banking sector which would enable an improved credit demand environment to support the increasing interest for investment:

“In the banking sector, while significant challenges remain, progress is being made and the balance sheets of banks and their borrowers are gradually being repaired. While the overall level of arrears has fallen further, there continues to be some migration of loans into the very long-term arrears category.”

The fourteenth report from the Credit Review Office published November 2014 also note an improvement among businesses who have applied for a review:

“The Credit Review Office is pleased to observe the impact of the recovery in the improving financial figures on those businesses which have asked for their case to be reviewed. It appears that 2013 saw the adverse domestic trading conditions bottom out, and the financial and management accounts for 2014 are showing improved turnover and profitability, albeit on weakened balance sheets reflecting the difficulties encountered between 2008 and 2013. Profit projections are also now more optimistic; however it will take some years for many SMEs to recover their past liquidity and solvency strength.”



But the Credit Review Office report also highlights that while banks are being generally supportive towards businesses, SMEs which have been previously distressed but are now recovering and possible viable businesses find it difficult to obtain bank finance. This applies in particular to those businesses with property debt.

2.2 Government Support Measures

The Programme for Government contains a range of commitments to help support small and medium-sized enterprises. This includes action to ensure that an adequate pool of credit is available to fund small and medium-sized businesses in the real economy during the re-structuring and down-sizing programme for the domestic banking sector. Throughout 2014 and 2015, the Department of Finance have continued to examine and collate detailed data from AIB and Bank of Ireland 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

In 2014, the Minister of Finance created the Strategic Banking Corporation of Ireland (SBCI) through the enacting of enabling legislation and the formation of a company under the companies acts. The SBCI has been mandated in its first phase, to improve the availability of credit to the SME sector through provision of longer term low cost finance. To this end, SBCI is now operating as a wholesale lender, providing part of its initial funding of €800m, sourced from EIB, KfW and ISIF through two on-lending banking institutions – AIB and Bank of Ireland. The SBCI is also in negotiation with a number of other on lenders, both bank and non bank finance providers including invoice discounters and asset financiers. Once negotiations are complete, it is anticipated that SBCI will have loan products available through a number of these entities over the course of 2015. Currently, SBCI has its first loan products on offer through its on lenders: Investment and Working capital loans with up to ten year maturity and payment flexibility, Refinancing loans to address financing issues arising from bank exiting the Irish market and Agricultural Investment loans. This intervention should promote greater competition in the SME lending sector and drive economic growth and job creation across all sectors of the economy.



Supporting SMEs Campaign

Over 55,000 businesses and entrepreneurs have now availed of the Government's Supporting SME Campaign, just as the campaign celebrates its one-year anniversary (19 May 2015).

This campaign is a cross-governmental initiative developed to help small businesses and entrepreneurs learn the full range of potential Government supports available to them. At the heart of this campaign is the Supporting SMEs Online Tool, which brings together over 80 Government business supports from over 30 Departments and Agencies to one simple-to-use website.

The campaign comprises three essential components: the Online Tool itself, marketing of the campaign and outreach to small businesses via events across the country.

The "Supporting SMEs" online tool can be accessed at:
<https://www.localenterprise.ie/smeonlinetool/businessdetails.aspx>

Ireland Strategic Investment Fund

The Ireland Strategic Investment Fund (ISIF), previously the National Pensions Reserve Fund (NPRF), is a cornerstone investor in two SME funds making equity and credit available to SMEs and mid-sized corporates in Ireland:

SME Equity Fund - Carlyle Cardinal Ireland (CCI)

(€300 million fund focused on lower mid-market private equity investing. ISIF commitment of €125 million).

Since the inception of the fund, Carlyle Cardinal has developed strong networks across Ireland and has generated a strong pipeline of attractive opportunities for the fund. The Fund has concluded transactions in Lily O'Brien's, GSLS and recently announced two further deals with Carroll Cuisine Payzone.



SME Credit Fund - Bluebay

(€450 million credit fund focused on lending to large SME and mid sized companies. ISIF commitment of €200 million)

The SME Credit Fund considers credit provision through acquiring and refinancing loans close to maturity where existing lenders are not willing to provide new lines of credit. Lending by the fund is at competitive market rates with loan sizes ranging from €5 million to €45 million with a projected average size of €15 million. To date the SME Credit Fund has completed eleven loan transactions totalling approximately €190 million. The pipeline remains strong.

Both Funds are active in the market place, sourcing deals and have been key drivers in bringing liquidity back into the SME sector. The pipeline for equity investment is good and the SME credit market is becoming increasingly competitive compared to the time of launch of these funds in 2013, where the domestic banks have become more active in the space especially at the upper end of the SME sector (i.e mid-sized corporates).

Development Capital Scheme

The Development Capital Scheme is aimed at addressing a funding gap for mid-sized, high-growth, indigenous companies with significant prospects for jobs and export growth.

Through the Development Capital Scheme Enterprise Ireland committed €75m to three funds, bringing the total investment under these funds to €491m. This has significantly increased the funding available to mid-sized indigenous firms with significant prospects for jobs and export growth.

The Funds are managed by private sector fund managers who will make their own commercial investment decisions in the context of an agreed investment strategy of the funds. Each of the funds has made investments that have been publicly announced.



Enterprise Ireland Seed & Venture Capital Scheme

To develop the domestic venture capital system, the Government commitment of €175 million under the Seed and Venture Capital Scheme 2013-2018 aims to leverage a further €525 million from the private sector, for investment in high potential start-up and scaling companies.

Microfinance Ireland and the Credit Guarantee Scheme

The Government has also launched both the Credit Guarantee Scheme and the Microenterprise Loan Fund. The Microenterprise Loan Fund is managed by Microfinance Ireland on behalf of the Government. It allows microenterprises and sole traders across all sectors, employing fewer than ten people, who have been refused credit by the banks to apply for loans of up to €25,000.

The Credit Guarantee Scheme is open to businesses employing fewer than 250 staff and with an annual turnover of less than €50 million (SMEs). It offers State guarantees on loans of up to €1 million. Under the scheme, a 75 per cent State guarantee is to be provided to banks against losses on qualifying loans to firms who otherwise have difficulty getting credit owing to inadequacy of collateral or inadequacy of banks' understanding of the novelty of a business model, market, sector or technology.

2.3 Rationale for this Demand Study

The 4th report of the Credit Review Office suggested *“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 organization and may be misleading to many businesses into not seeking bank credit and using alternative sources of financing both of which are risky”*.

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

2.4 Study Scope

The scope of this exercise was to establish a regular, independent measure of the demand for credit (encompassing all lending institutions) from the perspective of the SME. Additionally, and since the provision of credit to SMEs extends beyond the



two pillar banks, information is required to inform Government as to the experience of micro, small and medium-sized enterprises in accessing credit from the banking sector as a whole. In this context, the Department of Finance commissioned this study to ascertain the situation in relation to:

- the demand for credit from SMEs
- the failure of SMEs to seek credit
- the reasons given for refusal of credit and
- their level of knowledge on their rights in relation to credit.

Company Size

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

Description	Employee Numbers	Turnover	Balance Sheet Value
Micro	1-9	<=2million	<=2million
Small	10-49	<=10 million	<=10 million
Medium	50-250	<=50 million	<=43 million

** A company which satisfies two of the three criteria is deemed to be a 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
- Bonds (bank backed, advance payment of other bonds etc.)
- 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 5 or 6 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 who 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
Admin and Support services



The specific sectors or subsectors 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
- Educations – 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

This study follows directly on from the April to September 2014 study, conducted previously by RED C. In reviewing results it should be noted that the time period of this study is a six month period from October 2014 to March 2015. Seasonality may have an impact on the results of the study.



3.0 Methodology

This survey represents a study of lending to SMEs conducted in Ireland examining the issue of credit availability. For this wave of research the survey was carried out by RED C Research in its entirety, with calls conducted by RED C interviewers from the outbound call centre located in Dundalk.

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 complier and database provider in Ireland. This database is compiled from multiple sources and updated regularly. At the date of writing, the database held approximately 130,000 SME records.

A starting sample of 10,000 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 16 key business sectors set out in Section 2.4 above.

In total 6,390 companies were contacted to complete the 1,501 interviews, with some companies either falling outside of the quotas classifying small and medium enterprises, others refused to take part or could not do so 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); and also matched the previous waves of this survey.

3.2 Sample Accuracy

The sample error for a survey of this nature is very good. Based on a total database of 130,000 SMEs in Ireland, the total sample of 1,500 companies has a possible sample error of just + or – 2.5% (at a 95% significance level), while the sub samples of micro, small and medium companies (each with approximately 500 interviews) has a possible sample error of just + or – 4.4%.



3.3 Collection of Data

Telephone interviews were conducted with 1,501 Irish micro, small and medium SMEs, based on a questionnaire finalised between the Department of Finance and RED C. Changes to the questionnaire were kept to a minimum this wave, in order to ensure comparability to the previous wave. The most significant change this wave was the inclusion of future export intentions in the export question, inclusion of Enterprise Ireland, Local Enterprise Offices and the Strategic Banking Corporation of Ireland under Government support initiatives, and the inclusion of non bank invoice finance and non bank asset finance under non bank finance facilities. None of these changes impact on the comparability of key data from this wave with previous research waves.

All interviews were conducted between 1st and 28th April 2015 and covered the period from October 2014 to March 2015. Over the course of the study 1,501 SME interviews were conducted. The typical telephone interview lasted between 5-35 minutes, depending on the level of credit demand.

Data from completed questionnaires was reviewed, analysed and the results are presented in this Report. The full study questionnaire is attached as an Appendix to this Report and detailed results are presented in Sections 4-9.

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. Minor changes have been made to a few secondary questions in the questionnaire to provide additional depth or data but this does not impact the comparability of the surveys across key measures.

Within each micro, small and medium category the number of study respondents by sector varied slightly in comparison to the study published in November 2014 (+/-2% on a sectorial level). Results for this study were weighted to the same size profile as that used in the prior study.

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

1,501 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.

A sample of SMEs were contacted and asked to respond to a phone based questionnaire. This sample was selected from a database of approximately 130,000 companies. The study was carried out in April 2015 and respondents were asked to respond based on their experience from October 2014 to March 2015.

It should be noted that whilst 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 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 purpose.
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 the respondents 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 Other Research

We have examined the research work conducted in the area of SME lending (demand and supply) by various stakeholder groups. These include the Central Bank of Ireland, CSO, Credit Review Office and ESRI amongst others.

3.8 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.



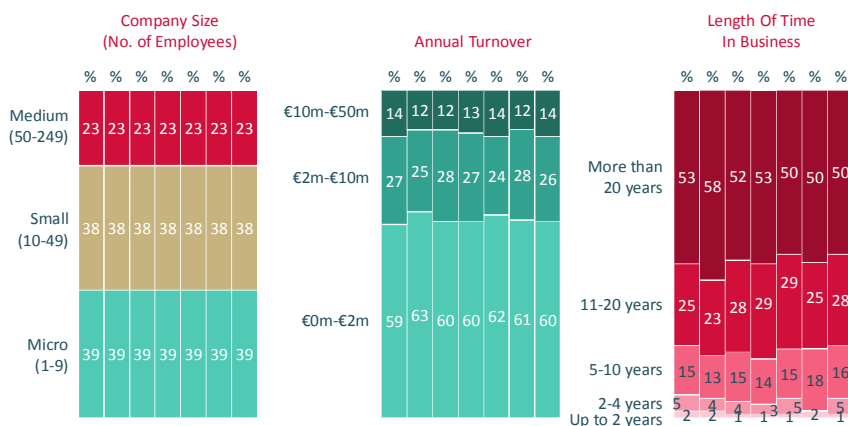
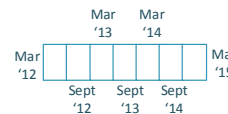
4.0 Profile of Respondents

4.1 Company Size, Turnover & Length of Time in Business

To be able to compare the results from the credit demand study 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.

Analysis Of Sample

(Base: All SMEs – 1,501)



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

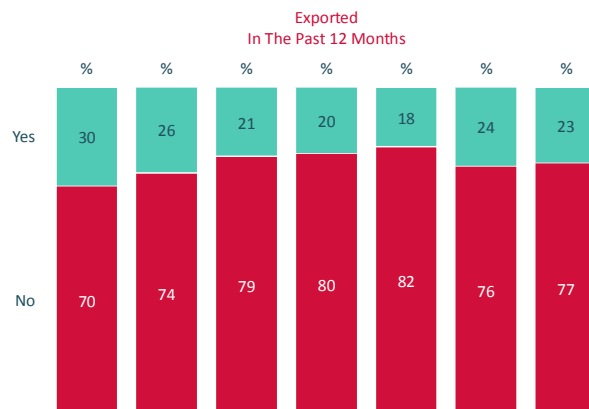
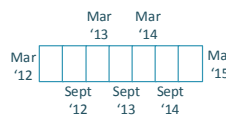
4.2 Exporting Companies

23% of the companies interviewed export goods or services outside the Republic of Ireland. This is similar to the previous wave where 24% exported but higher than a year ago where 18% exported. It is worth noting that the export question (Q.1d) was changed slightly from the March 2013 wave and again this wave which might impact comparability for this question slightly.



Analysis Of Sample – Export

(Base: All SMEs – 1,501)



Among those SMEs who do not currently export, only 3% are considering exporting at a future date.

4.3 Computer Hardware/Software Industry

10% of the sample are involved in the computer industry, i.e. hardware and software. This proportion is similar to the previous survey (September 2014) where the proportion was 11% and the March 2014 survey where the proportion was 9%.

4.4 Innovation

56% of the SMEs have engaged in innovative activities over the past 6 months – this is a decrease from September 2014 but still slightly higher than a year ago.

	March 2013 %	September 2013 %	March 2014 %	September 2014 %	March 2015 %
New marketing concepts/strategy	34	31	31	38	34
New business practices/methods of organising work/external relations	31	28	32	33	31
New/improved services	24	22	24	27	27



New improved methods of production, distribution or support activity	18	16	17	20	20
New/improved goods	16	17	21	24	22
Any Innovation	55	51	53	61	56
None of the above	45	49	47	39	44

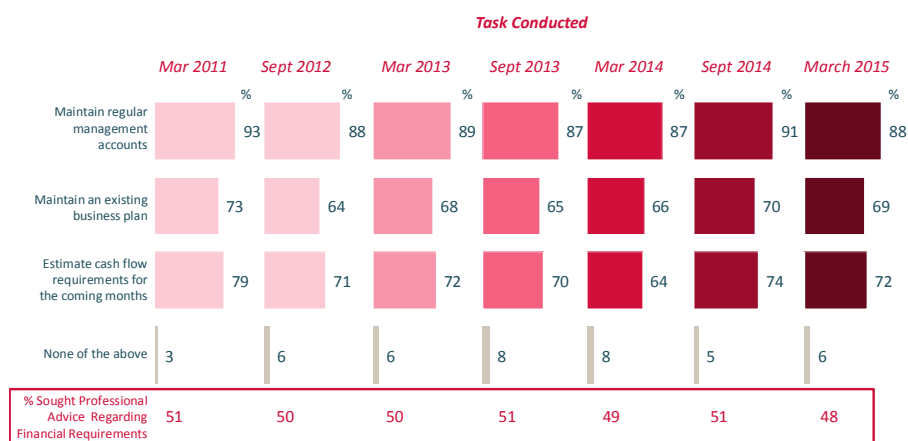
Compared to September 2014, we mainly see a decrease for innovation in terms of new marketing concept/strategies but an increase compared to a year ago in March 2014.

4.5 Regular Financial Management Tasks & Use of Financial Advisors

Compared to September 2014, we see a slight decrease in terms of the financial management tasks undertaken by the companies. 88% maintain regular management accounts (down from 91% in September 2014 but similar to the level seen a year ago) while 72% estimate cash flow requirements for the coming months – down from 74%. 69% maintain an existing business plan – similar to the level seen in September 2014. Almost half (48%) have used financial advisors in the past 6 months – this is down from the previous wave (51%).

Analysis Of Sample - Financial Planning

(Base: All SMEs – 1,501)



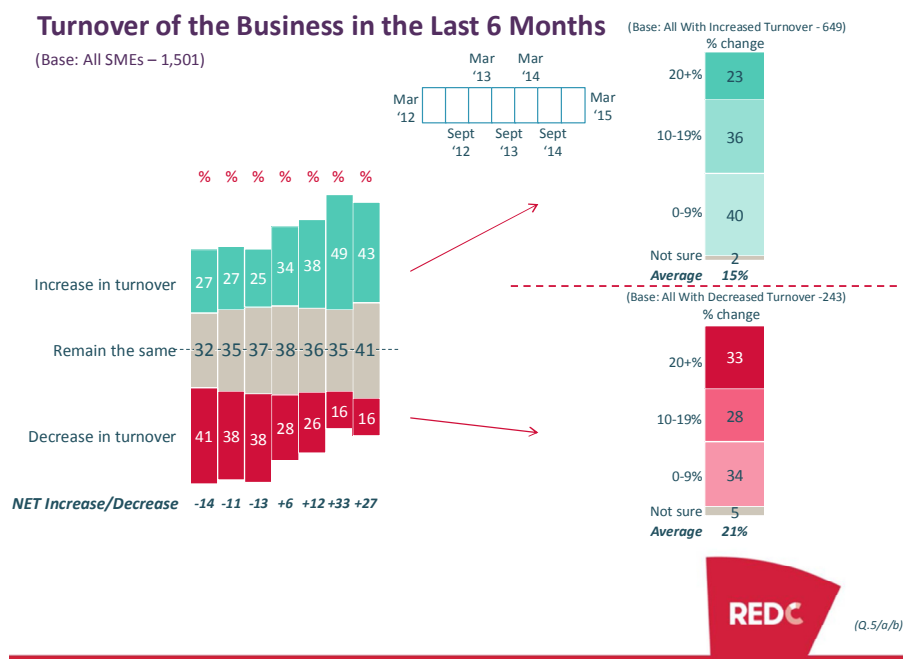
(AOS)



5.0 Trading Performance

5.1 Turnover Trends

We see a further improvement in trading conditions for SMEs in the period October 2014-March 2015 – though at a lower rate compared to the previous 6 months period (April-September 2014). 43% report increased turnover in the last 6 months – this is down from 49% in September 2014 but still higher than a year ago (38%) in March 2014. 41% of all SMEs report no change in turnover in the past 6 months while 16% report a decline in turnover. This is similar to the previous period but significantly lower than a year ago where more than 1 in 4 reporting decreasing turnover.



Among those SMEs with increased turnover, 40% have seen a slight increase (0-9%), while 23% have had an increase larger than 20%. This is similar to the previous research period. Among SMEs with decreased turnover, 34% report a modest decrease of 0-9% with 33% reporting a decrease in turnover of more than 20%. Again, this is similar to what was reported in September 2014.

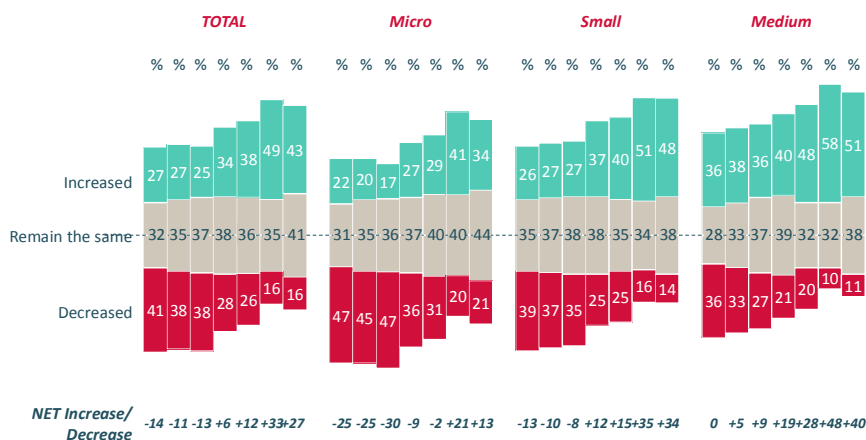
While Medium-sized companies continue to have the best trading conditions, we see growth at a lesser rate compared to the previous wave. 51% of Medium-sized companies report increased turnover – this is down from 58% in September 2014. 11% of the Medium-sized companies report decreased turnover in the past month



while 38% see no change in turnover. The gap between Small-sized and Medium-sized companies has narrowed with 48% of Small-sized companies reporting increased turnover – this is only slightly down from the previous period. 14% of Small-sized companies report declining turnover while 38% see no change in turnover over the past 6 months. Trading conditions continue to be the least favourable among the Micro companies with just 34% reporting increase in turnover – down from 40%. 21% of Micro companies see a decline in turnover over the past 6 months while 44% see no change.

Turnover of the Business in the Last 6 Months – By Company Size

(Base: All SMEs – 1,501)

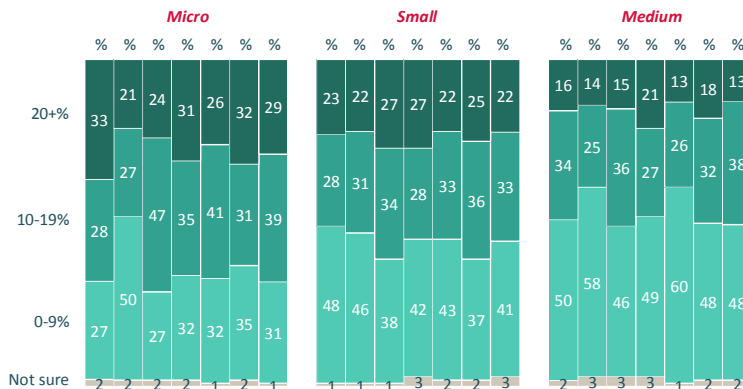


Looking at those SMEs with increased turnover in the last 6 months, we see very few changes in terms of turnover growth with more Micro and Small-sized companies reporting high growth (20+% increase in turnover).



Percentage Increase of Turnover X Company Size

(Base: All SMEs with Increased Turnover – 649)

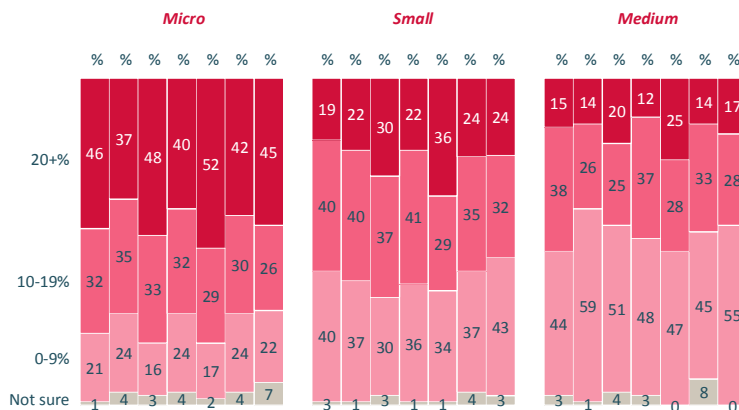


(Q.5/a)

Looking at those SMEs with decreased turnover in the six month period to March 2014, we again see only few changes compared to September 2014 with Micro companies being more likely to report significant declines (20+%).

Percentage Decrease of Turnover X Company Size

(Base: All SMEs with Decreased Turnover – 243)



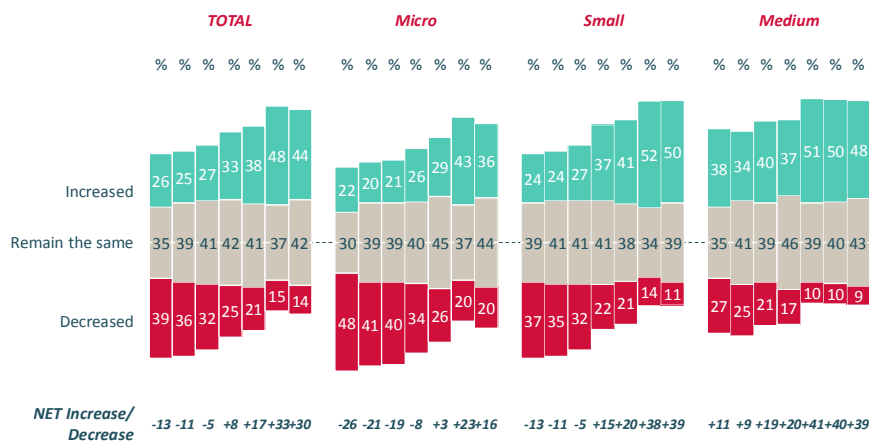
(Q.5/b)



Removing seasonality (considering the six months cycle of each survey) by only looking at SMEs with non-seasonal turnover, we again see more companies reporting increased turnover than companies reporting declines but again at a lower rate compared to September 2014. 44% of these SMEs report that their turnover has increased over the past 6 months while only 14% report decreases in turnover. 42% see no change in turnover in the past 6 months.

Turnover of Non-Seasonal Businesses in the Last 6 Months – By Company Size

(Base: All SMEs – 694)



Looking at turnover development by company size excluding seasonal turnover, we see that Small and Medium-sized companies are much more likely to report increased turnover compared to Micro companies.

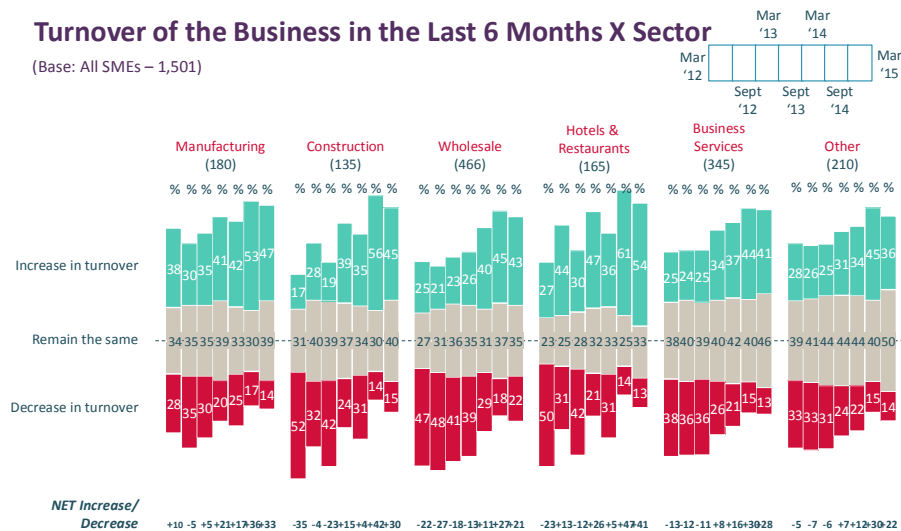
Turnover by Sector

While all sectors continue to have more companies with improving trading conditions than companies with decreasing turnover, we see that all sectors grew at a slower rate than in September 2014. This is particularly the case for construction – though a part of this is also explained by seasonal variations. Manufacturing and business services are less affected by the slower growth rates. All sectors are growing more than a year ago in March 2014.



Turnover of the Business in the Last 6 Months X Sector

(Base: All SMEs – 1,501)

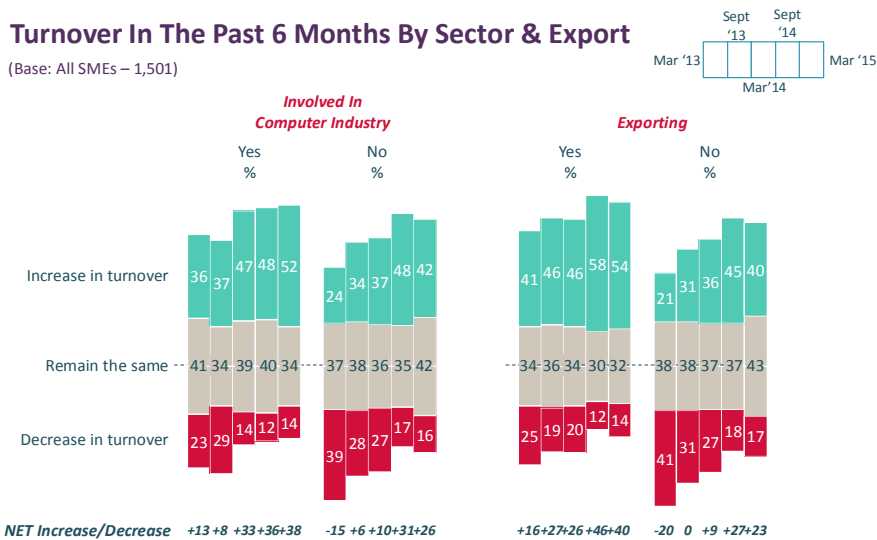


Turnover for Hardware/Software and Exporting Companies

We see an improvement in trading conditions among SMEs involved in the computer industry which means that this sector is again driving growth in Ireland. Turnover has grown at a slower rate among companies not involved in the computer industry.

Turnover In The Past 6 Months By Sector & Export

(Base: All SMEs – 1,501)





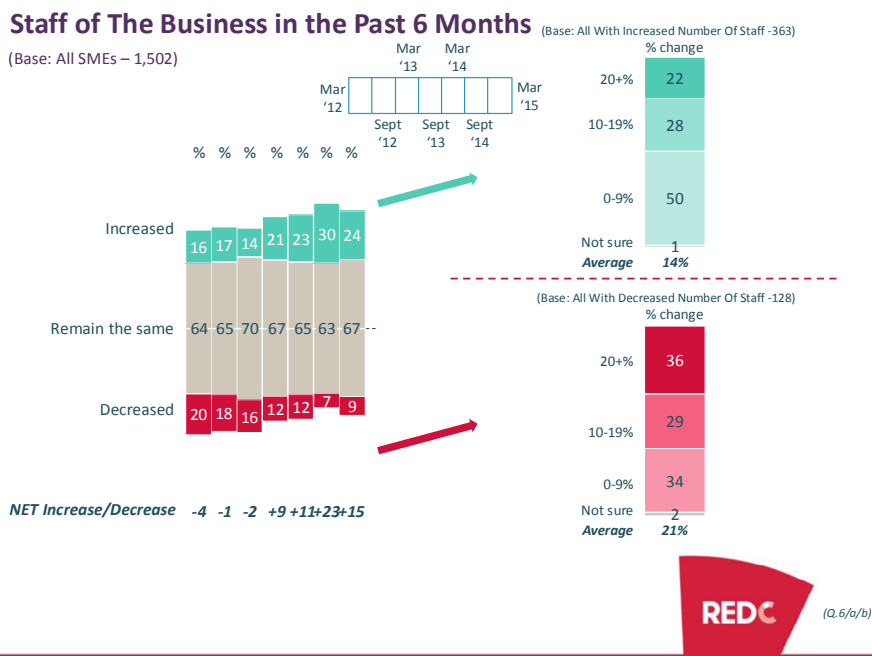
Both export and domestic focused SMEs see a decline in the growth rate for turnover. The export sector continues to be more likely to report turnover growth in the past 6 months.

Companies who have innovated in the past 6 months are also more likely to report increased turnover than those with no innovation activities. 51% of SMEs who have innovated report increased turnover while this proportion is only 34% among SMEs with no innovation activities. It is mainly the non-innovative SMEs which contribute to the lower growth rate compared to September 2014.

5.2 Employment Trends

In relation to employment growth, we see a return to the level seen a year ago in March 2014. 24% have increased staff numbers in the past 6 months – this is down from 30% for the period April-September 2014. 9% report decreasing staff numbers while 67% of SMEs have not changed their staff numbers in the past 6 months.

As seen in previous waves, employment growth is significantly lower than turnover growth, indicating that SMEs remain cautious in terms of spend.



Among SMEs with increased staff numbers, 50% have had moderate growth (0-9%) in staff – up from 44% in September 2014. 22% have increased their staff numbers



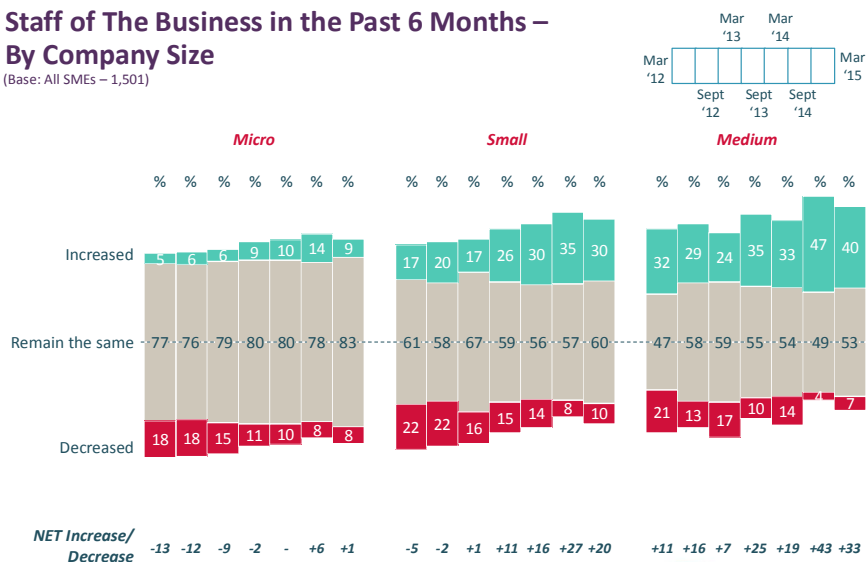
by more than 20%. For companies with decreased staff numbers, 36% have decreased their staff number with more than 20% - similar to the level seen in September 2014.

While all company sizes see less growth in employment compared to the previous 6 months period, Small and Medium-sized companies continue to have significantly more companies taking on new staff than reducing staff numbers. However, for Micro companies we only see 9% having increased staff numbers in the past 6 months while 8% have reduced their staff number. The proportional change in staff number is higher for Micro companies with reduced staff compared to Micro companies with increased.

40% of Medium-sized companies have increased their staff numbers in the past 6 months – this is down from 47% in September 2014 but still higher than a year ago (33%). 30% of Small-sized companies have increased their staff number in the past 6 months – this is down from 35% in September 2014 and similar to the level seen a year ago.

Staff of The Business in the Past 6 Months – By Company Size

(Base: All SMEs – 1,501)



(Q.6)

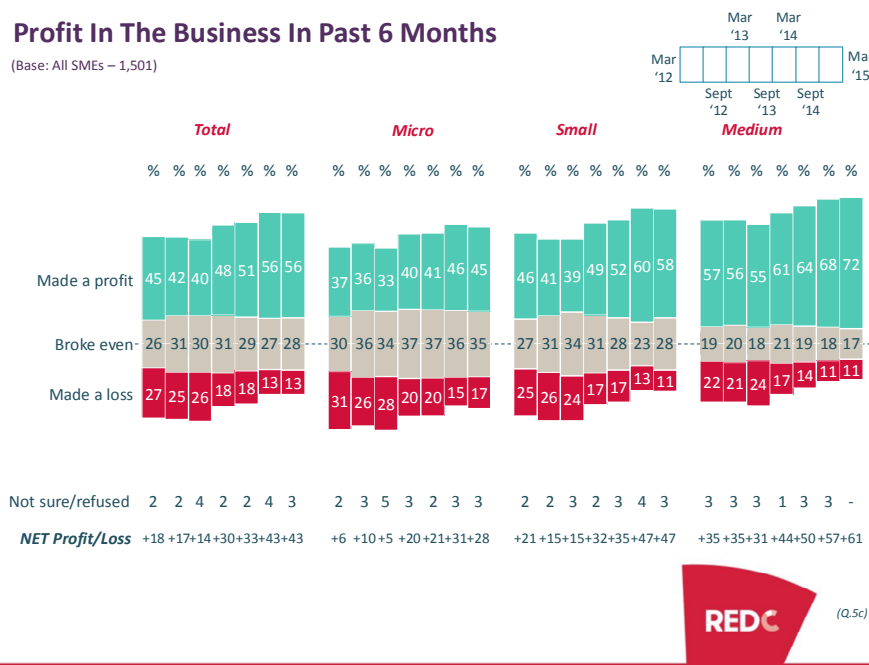


5.3 Profit Trends

In terms of profit trends, we see no change overall compared to September 2014 with more than half (56%) reporting profit in the past 6 months. 13% of SMEs report a loss in the past 6 months with 28% expressing that they broke even.

Profit In The Business In Past 6 Months

(Base: All SMEs – 1,501)



The picture is very different though when looking at company size. Medium-sized companies – which are already the most profitable SME segment – see further growth in profitability with almost 72% of these companies reporting profit. This is in contrast to Micro companies where only 45% are profitable. The proportion of Micro companies with a loss has increased slightly from 15% to 17%.

Finally, we see limited change for Small-sized companies with almost 3 in 5 reporting profit and 11% reporting a loss.

5.4 Overall Trading Trends

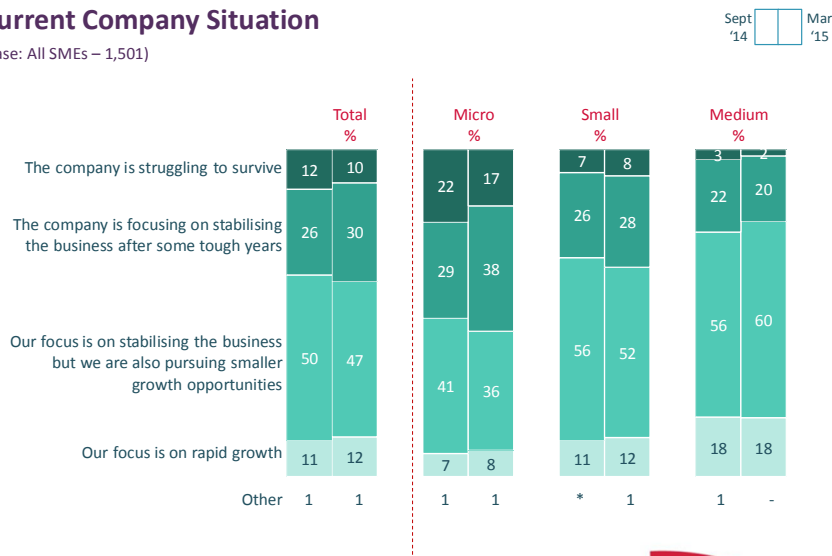
The slower growth rate in terms of turnover and employment could indicate that SMEs remain cautious and this is confirmed by a more qualitative evaluation in the survey. Only 12% of SMEs express that their focus is on rapid growth while 77% are either focusing on stabilising current business or pursuing smaller growth opportunities.



In fact, we see an increase in the proportion of companies which are focusing mainly on stabilising their business from 26% in September 2014 to 30% now. 10% of SMEs express that they are struggling to survive – this is down slightly from the previous period.

Current Company Situation

(Base: All SMEs – 1,501)



(Q.6c)

It is mainly Micro companies which have taken on a more conservative outlook compared to September 2014. 38% of these companies focus mainly on stabilising the business – this is up from 29%. 36% of these pursue smaller growth opportunities while only 8% are focussed on rapid growth. Micro companies are also much more likely to be struggling (17%). We see the biggest appetite for growth opportunities among Medium-sized companies with 18% of those pursuing rapid growth opportunities. Additional 60% are pursuing smaller growth opportunities. Among Small-sized companies we see 12% exploring rapid growth opportunities.

There is a strong relationship between turnover and profit performance with companies having increased turnover being much more likely to report profit and companies with declining turnover more likely to report a loss.



	Turnover Increased %	Turnover Remained the Same %	Turnover Decreased %
Made a profit	71	50	31
Broke even	20	35	32
Made a loss	7	12	34
Don't know/refused	2	3	3

5.5 Business Sentiment – Next 6 Months

While business sentiment remains positive, we do not see any major change from September 2014 to now – unlike previous waves. 56% of SMEs expect the business climate in Ireland to improve in the next 6 months – this is slightly down from 58% in September 2014. 15% expect a worsening of the business climate in the next 6 months while 29% do not expect any change.

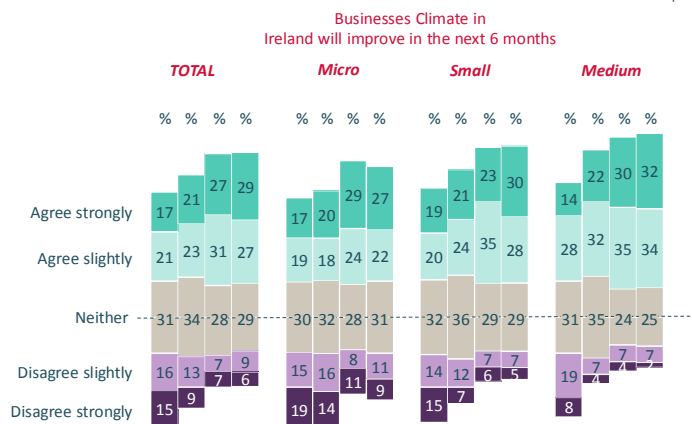
However, we do see changes in business sentiment by company size. Small-sized companies see a significantly uplift in those who agree strongly that the business climate will improve from 23% to 30%. A total of 58% of these companies expect improved business climate in the next 6 months. Among Micro companies, we see a decline in business sentiment. 49% of Micro companies expect an improvement over the next 6 months – this is down from 53% in September 2014. 1 in 5 of Micro companies expect a worsening of the business climate in the next 6 months.

Medium-sized companies continue to have the most positive outlook with 66% believing the business climate will improve. 9% feel that the business climate will be worse in the next 6 months.



Business Sentiment – Next 6 Months

(Base: All SMEs – 1,501)



(Q.24d)

There is a clear relationship between SMEs individual turnover situation and their business climate outlook. Thus, SMEs with increased turnover in the past 6 months are much more likely to think the business climate of Ireland will improve in the next 6 months.

Statement: I think the business climate in Ireland will improve in the next 6 months	Turnover Increased %	Turnover Remained the Same %	Turnover Decreased %
NET Agree	68	52	37
Neither agree nor disagree	25	31	33
NET Disagree	7	17	30



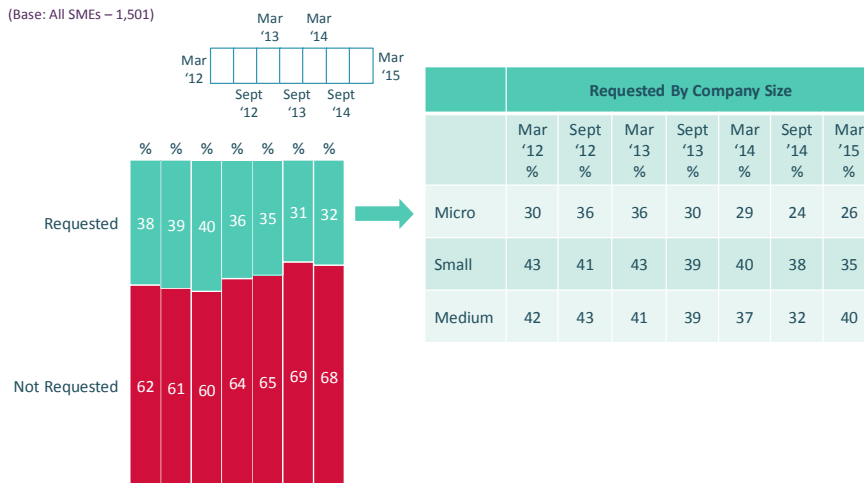
6.0 Demand for Banking Finance

6.1 Current Demand for Credit

Credit demand for the period October 2014-March 2015 has increased slightly from the period April-September 2014. 32% have applied for bank finance in the past 6 months compared to 31% in the previous 6 months period – while this is only a slight increase in credit demand, it is the first increase we have seen since September 2012.

SMEs Seeking Bank Finance In The Past 6 Months

(Base: All SMEs – 1,501)



We see the biggest improvement in credit demand among Medium-sized companies. 40% of these companies applied for bank finance in the past 6 months – up from 32% in September 2014. In fact, this is the highest credit demand among Medium-sized companies in two years.

We also see an increase in credit demand among Micro companies with 26% having applied for bank finance – up from 24% in the previous wave. However, credit demand among Micro companies remains smaller than a year ago. Among Small-sized companies, we see a decline in credit demand from 38% to 35%.

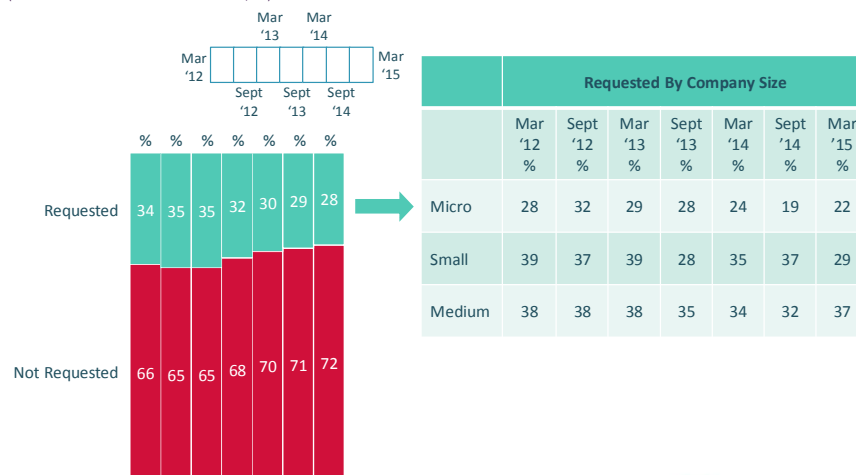
When taking out the impact of seasonality (considering the six month period of this research), we see a slight decline in credit demand from 29% to 28%. This decline is solely driven by Small-sized companies where credit demand has decreased from



37% to 29%. Credit demand has increased for both Micro (from 19% to 22%) and Medium-sized companies (from 32% to 37%).

SMEs (With No Seasonal Demand) Seeking Bank Finance In The Past 6 Months

(Base: All Without Seasonal Credit Demand – 1,033)



The limited change in credit demand is explained by the slower improvement in trading conditions which causes SMEs to continue to focus on business stabilisation post-recession rather than pursuing growth opportunities.

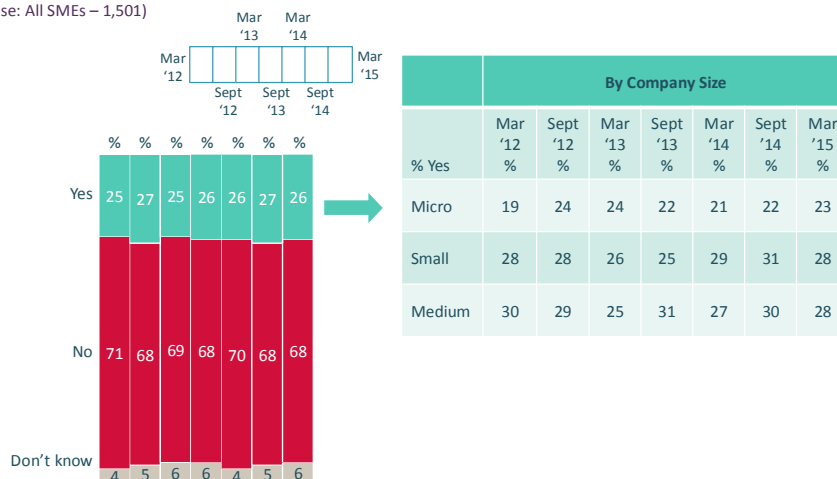
6.2 Future Demand for Credit

Expectations to seek bank finance over the next 6 months have decreased slightly compared to September 2014 with 26% of all SMEs (down from 27%) expecting to apply for finance. As such, most SMEs remain cautious in terms of seeking credit.



Expecting to Seek Bank Finance In Next 6 Months

(Base: All SMEs – 1,501)



This is simply a prediction of possible future demand, and therefore should not be directly compared to actual credit demand recorded in the past. In fact, it tends to underestimate the credit demand for the following 6 months.

Small and Medium-sized companies are more likely to apply for credit in the next 6 months than Micro companies. This can be explained by the less favourable trading conditions for Micro companies making them more cautious.

6.3 Reasons for Not Seeking Credit

In order to better understand the reason behind SMEs' lack of credit demand, companies were specifically asked to provide reasons for not seeking credit in the past six months. The reasons given were then grouped into business related and bank related reasons.

The main reason given is that bank finance is simply not required – with 77% of those businesses who did not apply for credit mentioning this. This is down from 81% in September 2014. 7% did not apply because they already have existing finance products in place while 5% express they prefer not to borrow.



Why did you not request Credit?	Total %	Micro %	Small %	Medium %
Business Related Reasons				
Didn't need it	77	72	79	81
Existing finance product in place	7	5	7	10
Prefer not to borrow	5	8	3	2
Inability to repay/meet requirements of finance	1	1	2	1
Too expensive to borrow	1	1	1	0
Going out of business	1	2	0	0
Raise finances from investors/venture capital	0	0	1	0

Why did you not request Credit?	Total %	Micro %	Small %	Medium %
Bank Related Reasons				
Belief that banks are not lending	7	7	7	5
Possible rejection	4	5	3	3
Don't trust the banks	1	1	0	0
Have been turned down before	1	1	1	0
Application process too difficult	0	1	1	0
Too many terms and conditions	0	1	0	1

A small proportion of SMEs who have not applied for bank finance (7%) suggest that this is due to a belief that banks are not lending – this is up from just 3% in September 2014. 4% did not apply due to possible rejection – down from 5% in September 2014. Micro companies are more likely not to apply due to possible rejection than Small and Medium-sized companies.

Why did you not request Credit? () = change since September 2014	Total %	Micro %	Small %	Medium %
Bank Related Reasons				
Belief that banks are not lending	7 (+4)	7 (+3)	7 (+4)	5 (+4)
Possible rejection	4 (-1)	5 (-3)	3 (-)	3 (+1)
Don't trust the banks	1 (+1)	1 (-)	0 (-1)	0 (-)
Have been turned down before	1 (-)	1 (-1)	1 (-)	0 (-1)
Application process too difficult	0 (-1)	1 (-)	1 (+1)	0 (-)
Too many terms and conditions	0 (-1)	1 (-)	0 (-)	1 (+1)



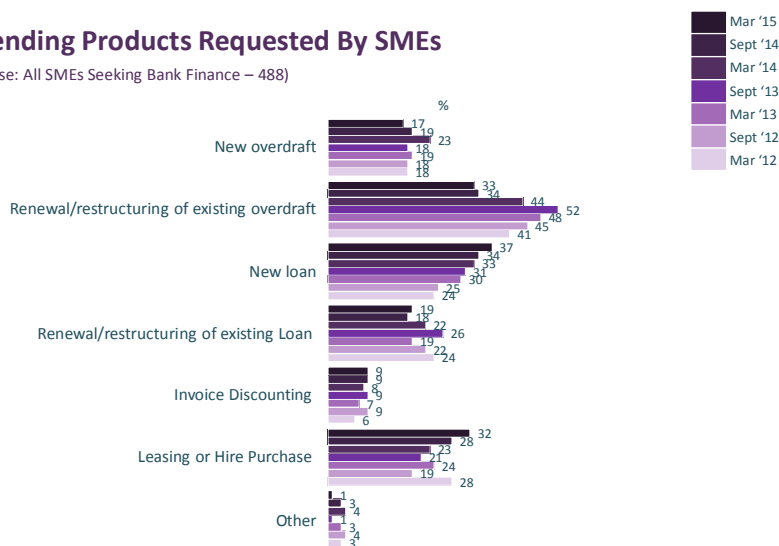
6.4 Demand for Credit by Product

Among those SMEs who have requested bank finance in the period October 2014-March 2015, new loans, renewal/restructuring of existing overdrafts and leasing and hire purchase are the main bank finance products requested. New loans have been requested by 37% of those seeking bank finance – up from 34% in September 2014. Renewal or restructuring of existing overdraft has been requested by 33% while 32% have requested leasing and hire purchase. Leasing and hire purchase sees the strongest growth in terms of requests – from 23% a year ago to 28% in September 2014 to 32% now.

New overdraft has decreased in popularity from 19% to 17% while 19% have applied for renewal/restructuring of existing loan.

Lending Products Requested By SMEs

(Base: All SMEs Seeking Bank Finance – 488)



Invoice discounting is the least popular products with 9% of those who have applied for bank finance having applied for this credit type.

When looking at this based on the total number of products requested the proportion of new loans has increased slightly from 24% in September 2014 to 25% in September 2014. Leasing or hire purchase has also increased from 19% to 22%. Renewal/restructuring of existing overdrafts has decreased further from 24% to 22%.



% of all products requested	Mar 12	Sep 12	Mar 13	Sep 13	Mar 14	Sep 14	Mar 15
	%	%	%	%	%	%	%
New overdraft	13	13	13	11	15	13	11
Renewal/ restructuring of existing overdraft	28	28	32	33	29	24	22
New loan	17	18	20	20	21	24	25
Renewal/restructuring of existing loan	17	17	13	16	14	12	13
Invoice discounting	4	4	5	6	5	6	6
Leasing or hire purchase	19	15	16	13	15	19	22
Other	2	3	2	0	1	2	1

6.5 Demand for Credit by Sector

We see an increase in credit demand especially in the construction sector (from 32% to 39%) but also for business services (from 26% to 30%) and wholesale/retail (from 31% to 33%). Other services also see an increase from 32% to 41% having applied for bank finance in the past 6 months.

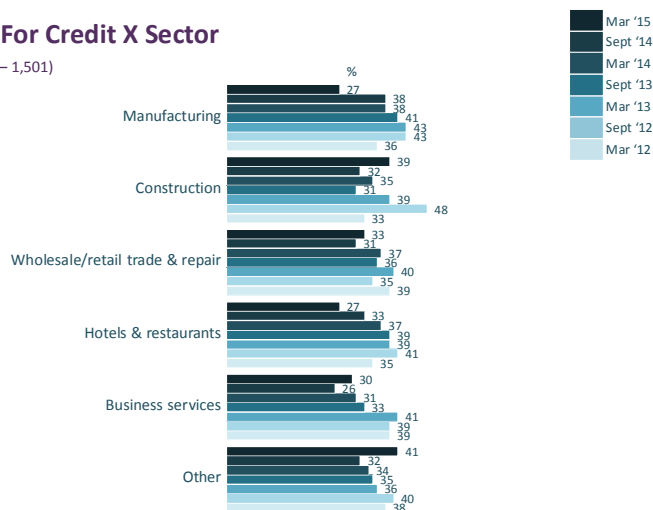
However, the manufacturing sector sees a significant decline in credit demand from 38% to 27% - this is surprising, considering the stability from this sector in previous waves. Credit demand has also decreased for hotel/restaurants from 33% to 27%.

These sectoral changes in credit demand have an impact on overall measures in credit demand with construction demand for credit generally much less likely to be approved.



Demand For Credit X Sector

(Base: All SMEs – 1,501)

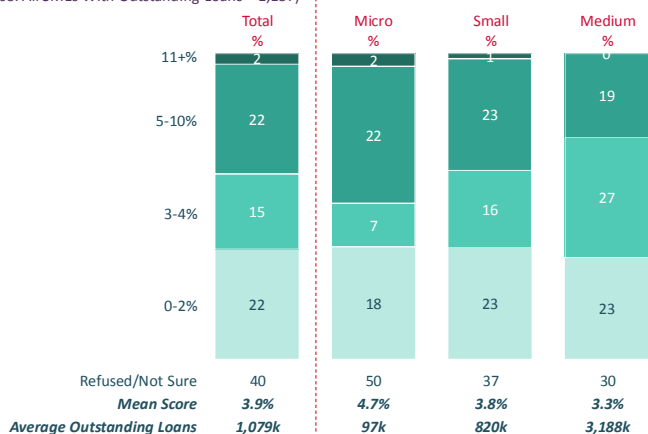


6.6 Cost of Credit

Among those with outstanding loans, the average claimed cost of credit across all outstanding loans is 3.9%. This is down slightly from 4% in September 2014. 36% of SMEs with outstanding loans claim a very low cost of credit between 0-2% (when removing those who have refused to answer this question), while the majority (61%) have an average cost of credit of between 3-10%.

Average Costs Of Credit (Interest Rate) For Outstanding Loans

(Base: All SMEs With Outstanding Loans – 1,157)





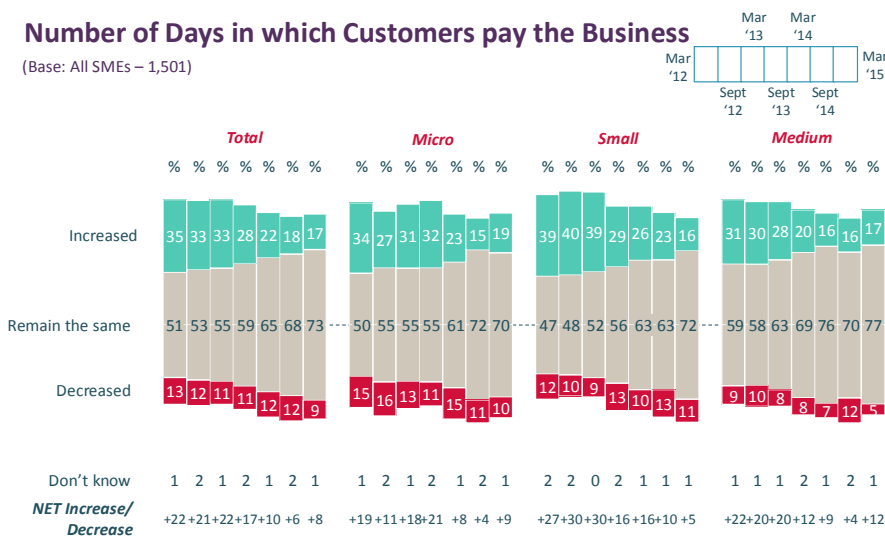
6.7 Financial Position of Businesses

The number of days that go by before businesses are paid by their customers affects the cash flow of the business and thereby also the need for external finance. Likewise, cash flow can be improved by delaying paying suppliers to the business.

17% of SMEs feel that the average number of days within which customers pay has increased during the period October 2014-March 2015. 73% feel that the payment period is unchanged, while 9% feel customers are paying faster. This is similar to the pattern seen in the previous waves. However, we see differences in terms of company size with Small-sized businesses feeling customers are paying faster compared to the previous wave while Micro and Medium-sized businesses feel that customers are paying slower.

Number of Days in which Customers pay the Business

(Base: All SMEs – 1,501)

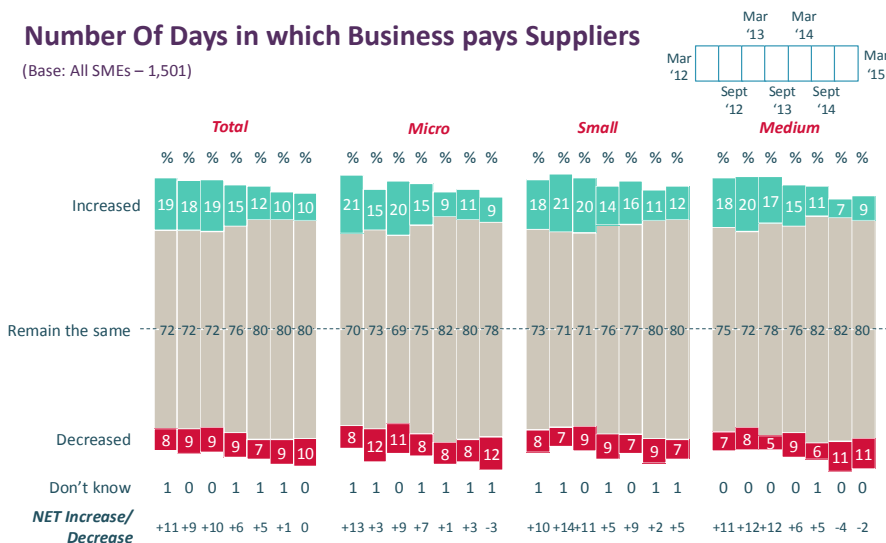


In terms of supplier payment, we do not see any major change from September 2014. 80% of all SMEs feel that the average number of days they take to pay suppliers remains unchanged, while 10% suggest that the payment period has increased. 10% feel that they pay suppliers faster than before. Micro companies generally feel they are paying slower than previously while Small and Medium-sized companies feel they are paying faster.



Number Of Days in which Business pays Suppliers

(Base: All SMEs – 1,501)



Repayment of Current Loans

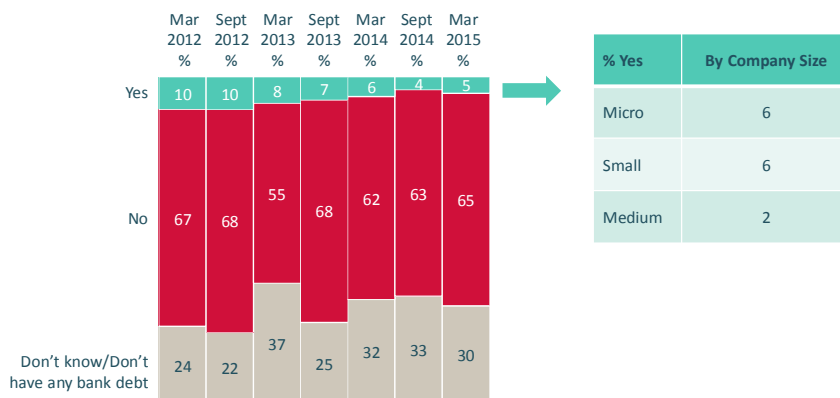
The financial position of businesses can also be established by the incidence of having missed repayments on existing loans, as this can be used to effectively avoid requiring credit in the short term.

Only 5% of SMEs suggested that they had missed repayments on loans in the period October 2014-March 2015 – this is up slightly from 4% in September 2014 but less than a year ago (6%). Micro and Small-sized companies are more likely to have missed repayments compared to Medium-sized companies.



Missed Repayments On Loans In Past 6 Months

(Base: All SMEs – 1,501)



Of those SMEs who have missed payments on loans in the past 6 months, 23% have repaid the outstanding balance without any need for restructuring the loan. 30% have restructured the loan with creditor while 44% have neither restructured the loan or paid the balance. This is similar to the levels seen in September 2014.

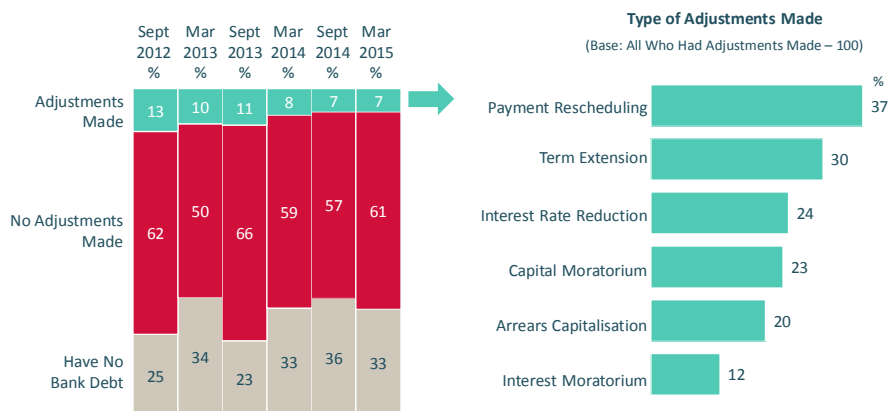
Adjustments to Current Bank Debt

Whether adjustments have been made to current bank debt is the second indicator of a business potentially using a restructuring of debt to provide credit, and affects the future possibility of the business to obtain bank finance. The majority of SMEs did not make adjustments to payment schedules in the past six months. Only 12% of all SMEs with bank debts have made adjustments to this debt in the past 6 months – this is similar to levels seen in September 2014.



Adjustments Made to Bank Debt in Past 6 Months

(Base: All SMEs – 1,501)



The most common adjustment remains payment rescheduling, followed by term extension, interest rate reduction and capital moratorium. Compared to the previous wave, capital moratorium, term extension and arrears capitalisation have increased relatively in usage compared to other adjustments while payment rescheduling has decreased.

Base: All Who Have Adjusted Bank Debt	Sep 2012 %	Mar 2013 %	Sep 2013 %	Mar 2014 %	Sep 2014 %	Mar 2015 %
Base size	(189)	(152)	(165)	(120)	(104)	(100)
Payment Rescheduling	35	47	49	45	46	37
Capital Moratorium	25	26	18	27	14	23
Term Extension	23	26	32	33	20	30
Interest Moratorium	20	20	12	18	9	12
Interest Rate Reduction	19	16	19	20	22	24
Arrears Capitalisation	6	10	11	10	14	20

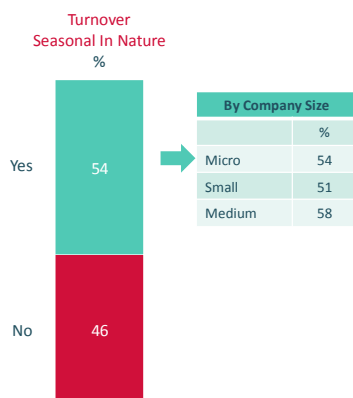


6.8 Seasonality of Demand and Credit

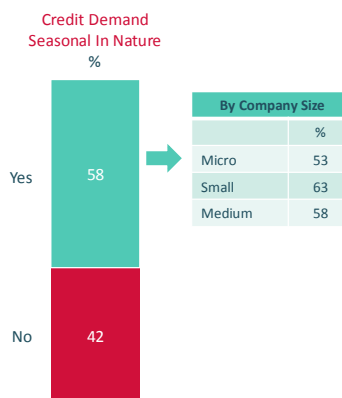
54% of SMEs indicate that their turnover/sales are seasonal. This has an effect on credit demand, with 58% of businesses with seasonal turnover also having seasonal credit demand.

Seasonality of Turnover & Credit Demand

(Base: All SMEs – 1,501)



(Base: All With Seasonal Turnover – 807)



(Q.19a/b)



7.0 The Application Process

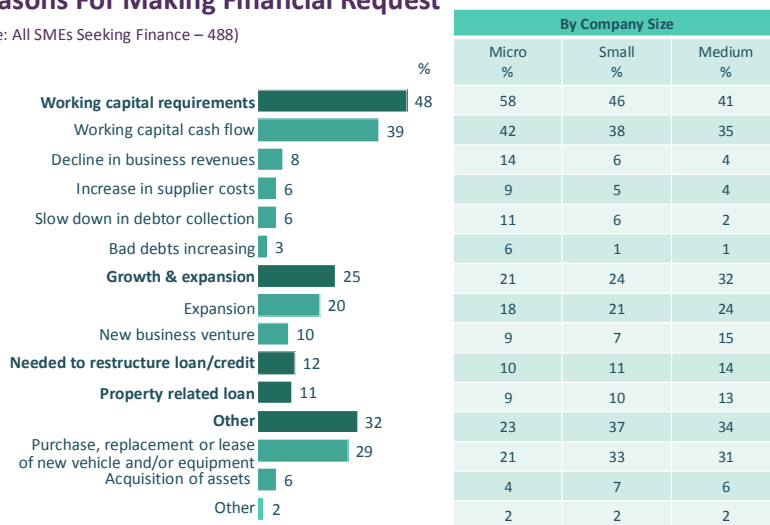
Of the total 1,501 SMEs interviewed for this wave of the study, 32% have requested bank finance in the past 6 months – up from 31% in September 2014.

7.1 Nature of Demand

The split between working capital, growth & expansion and other reasons for finance requests remains almost identical to that seen in September 2014, after a significant shift in less demand for working capital seen six months ago. Working capital requirements remain the main reason for applying for bank finance, however this did reduce significantly between March and September 2014. 48% continue to state they required finance for working capital, the same proportion as six months ago. The proportion of SMEs who applied for finance for growth and expansion remains flat however. This wave sees 25% apply for finance for growth and expansion, compared to 26% in September 2014. There has been a further increase in the proportion of finance required by SMEs for the purchase, replacement or lease of new vehicles and equipment, which now stands at 29%, up 2% since September 2014 and 5% since the same period a year ago.

Reasons For Making Financial Request

(Base: All SMEs Seeking Finance – 488)



REDC

(Q.11)



Finance required for working capital has decreased across all SMEs, with the largest drop seen for Small and Micro companies, both of whom see a 3% fall in demand for this purpose. For Micro companies however 61% of finance applied for remains for working capital, with a significant fall off in terms of the requirement for Growth and Expansion funding (-5%) seen in the past six months.

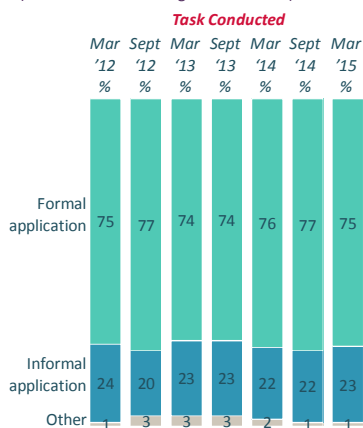
The most interesting change in behaviour is seen among the larger Medium sized companies, where the demand for Growth & Expansion needs do see a lift. In total 29% of all Medium companies requested finance for growth purposes, an increase of 3% on the previous period. Within this figure is a significant increase in the proportion who were looking for finance for a new business venture. Overall 15% of Medium sized companies requested finance for a new business venture in the period September 2014 to March 2015, up from 7% in the previous period.

7.2 Formal Applications for Credit

After an upward trend in the use of formal applications for the last three waves of the survey, this period sees formal application fall back somewhat. In total 75% of applications were made using formal applications, down 2% on the previous period.

Formal Applications For Credit

(Base: All SMEs Seeking Finance – 488)



		Mar '12	Sept '12	Mar '13	Sept '13	Mar '14	Sept '14	Mar '15
Formal	Micro	74	76	69	64	76	80	71
	Small	74	76	74	79	73	75	76
	Medium	77	82	82	76	79	75	80
Informal	Micro	21	21	28	29	23	18	27
	Small	27	20	22	20	24	23	23
	Medium	22	16	17	21	18	21	19

*Formal includes 'formal' & 'both'



(Q.12)

This decline is being driven by Micro companies, where formal applications have fallen from 80% in September 2014 to 71% in March 2015. The reverse situation is



seen among applications from Medium companies, where 80% of applications during the period were formal.

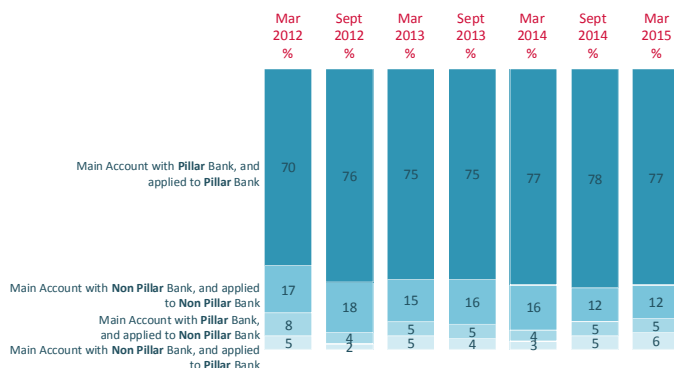
The main reason cited for submitting an informal request is that the business felt there was no need, as it was a repeat loan or a personal relationship. The proportion of SMEs stating this remains very similar to that seen in the previous period at 57%. Those suggesting they used informal applications as they believed the application would fail have increased to 11%.

Reasons for making an informal application	Oct 2012- Mar 2013	Apr-Sep 2013	Oct 2013- Mar 2014	Apr-Sep 2014	Oct 2014 – Mar 2015
No need for providing formal application (e.g. repeat loan or personal relationship)	51%	45%	50%	56%	57%
To see if it would be possible	12%	13%	14%	12%	9%
Knew formal application would not be successful	9%	8%	8%	6%	11%
Time consideration	4%	7%	7%	7%	6%
Accounts not up to date	1%	2%	1%	1%	0%

The proportion of SMEs who have applied for finance through one of the two pillar banks remains high after further gains in the last period. In total (83%) applied through the main pillar banks. Of those who have a main bank account with one of the pillar banks, 94% have applied for finance through a pillar bank.

Bank From Which Finance Was Requested

(Base: All SMEs Seeking Finance –488)



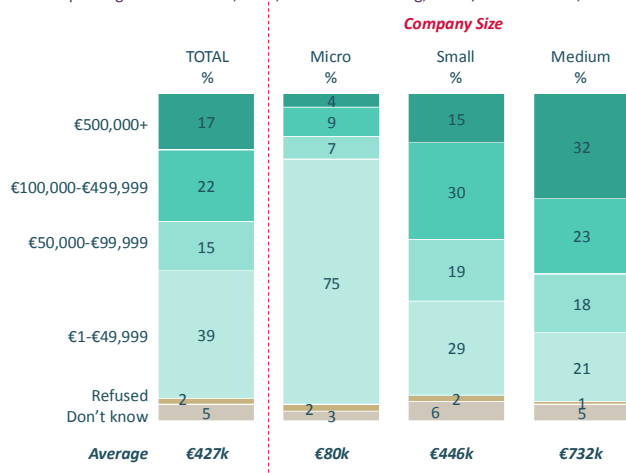


7.3 Economic Value of Credit Applications

Each business that applied for credit provided us with the monetary value of that application. When looking at applications for new bank finance, e.g. overdraft, loan or lease/hire purchase, we see that the average stated amount applied for is up from that seen in the previous period, an average of €427,000. Not surprisingly, this amount increases when looking at Medium companies where the average amount is almost €732,000.

New Finance – Value Applied for

(Base: All SMEs Requesting New Overdraft, Loan, Invoice Discounting, Lease/Hire Purchase, Bonds, Other – 315)



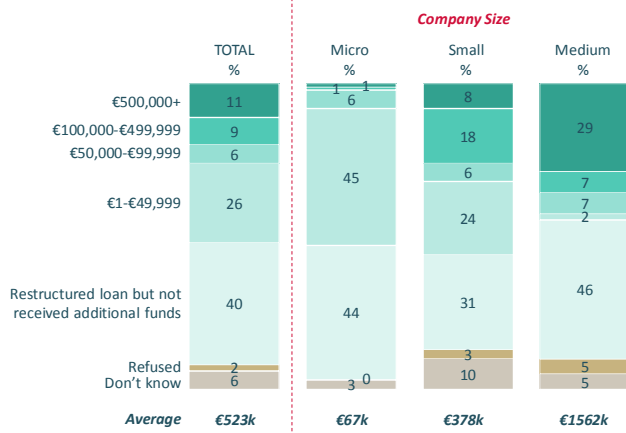
When looking at renewal/restructuring of existing finance, e.g. loans and overdrafts, we see that 40% of SMEs who requested these loan types did not request any additional funds – this is down from 48% in September 2014.

Among those that did apply for additional funds the amount sought has increased significantly, after two periods of decline. The average stated value requested across all SMEs is approximately €523,000, with very large amount recorded among Medium sized companies.



Renewal/Restructuring of Existing Finance – Value Applied for

(Base: All SMEs Requesting renewal/restructuring of existing overdraft or loan –173)



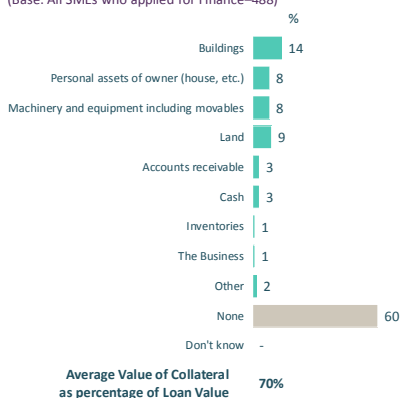
7.4 Collateral Required for Credit Applications

Among those SMEs who applied for bank finance, 40% of the applications required some kind of collateral, which is a small decrease on that seen in September 2014.

The two most common kinds of collateral required were buildings (14% of all applications) and land (9%). This was followed by personal assets (8%) and machinery/equipment (8%).

What kind of Collateral Required

(Base: All SMEs who applied for Finance—488)



By Company Size		
Micro %	Small %	Medium %
4	16	21
10	7	8
4	8	11
4	12	10
2	3	5
4	3	3
0	3	0
0	1	1
2	2	1
67	60	53
-	-	-
65%	65%	79%





Applications from Micro companies are less likely to require collateral due to the smaller amount applied for. The average value of collateral required as percentage of loan has increased slightly to 70%, up from 67% in September 2014.

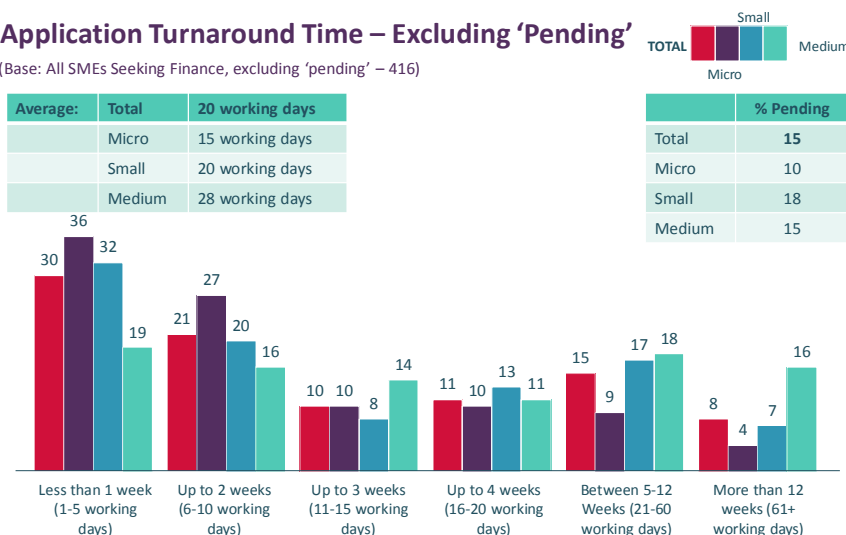
7.5 Turnaround Time on Decisions

Based on the current code of conduct for business lending, all lenders are required to inform SMEs of a decision on their loan within 15 working days of receiving all information from the company. Excluding pending applications and according to the businesses themselves, 61% of all finance applications are processed within the required 15 working days – again almost identical to that seen in both March and September 2014.

The average amount of time from application to decision increases slightly from 19 working days in September 2014 to 20 working days in March 2015. The proportion of loans that remain “still pending” also remains stable, with 15% still pending compared to 14% of all applications made in September 2014.

Application Turnaround Time – Excluding ‘Pending’

(Base: All SMEs Seeking Finance, excluding ‘pending’ – 416)



(Q.13)

While Micro and Small companies see similar turnaround times to those seen in the previous period, the small increase in overall turnaround time is being driven by an increase for Medium companies. The average turnaround time for Medium companies now stands at 28 days, an increase of 5 days on that seen in the previous



period. This is likely to be due to the significant increase in the size of loan being requested by these companies.

It appears that banks are moving quicker to decline applications for credit, with an average of 18 working days that applicants had to wait to hear that they were declined credit. At the same time approved credit demand applications took on average 21 days.

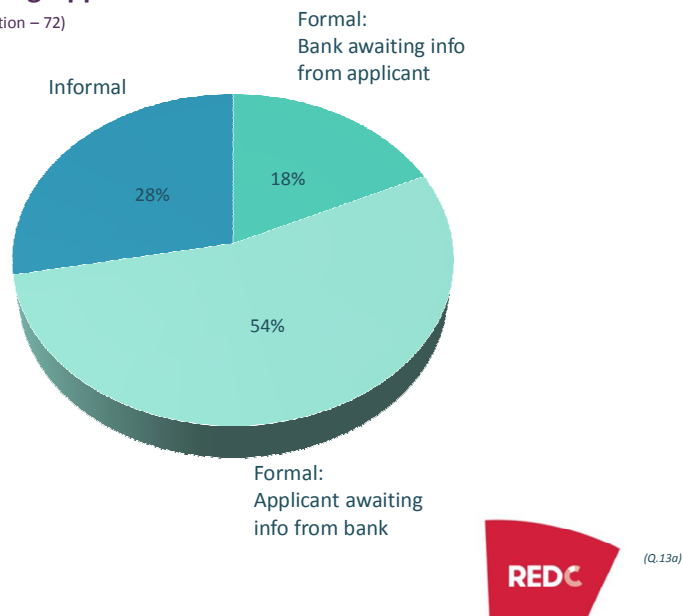
	Approved %	Declined %
Less than 1 week (1-5 working days)	29	37
Up to 2 weeks (6-10 working days)	21	18
Up to 3 weeks (11-15 working days)	10	10
Up to 4 weeks (16-20 working days)	12	11
Between 5-12 weeks (21-60 working days)	15	13
More than 12 weeks (61+ working days)	9	6
Don't know	5	6

Looking at the pending applications, these can be pending due to the bank looking into the application (which is related to the waiting time), but also by the bank awaiting additional information from the applicant. The majority (54%) of the pending applications are with the bank, i.e. the bank has all the information required to decide on the application. This is down from 61% in the previous wave. 18% of the applications are pending due to the fact that the applicant has not yet provided all the necessary information – up from 11% in September 2014. We are only looking at formal requests here, as it is more difficult to ascertain in informal requests whether it is the bank or applicant that needs to reach a decision/provide more information.



Profile Of Pending Applicants

(Base: All Pending Application – 72)



7.6 Decline Rate

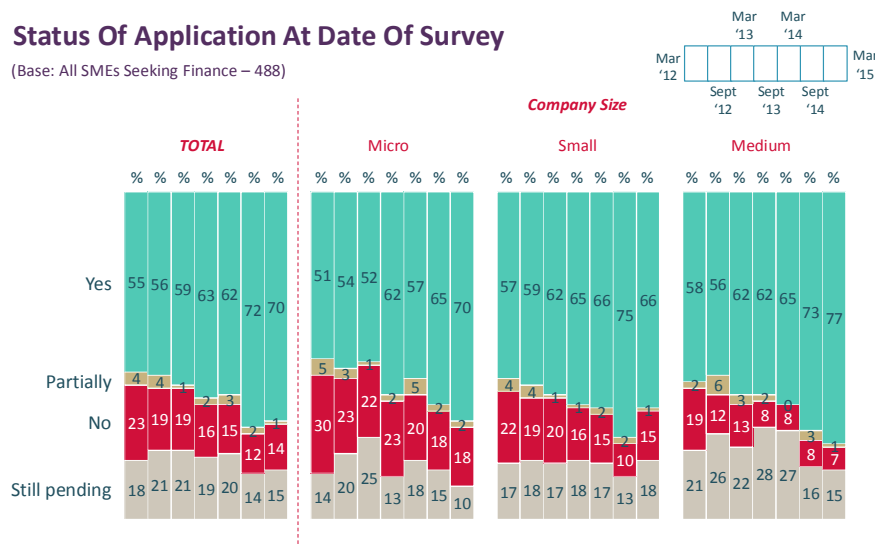
The decline rate for all credit applications in the period October 2014 to March 2015 has increased marginally since the low seen in the previous period. The current rate of decline stands at 14% of all applications - this is up from 12% in September 2014, but down 1% compared to the same period last year.

70% of all applications have been approved in full over the past 6 months – still some way ahead of the same period last year, but a slight drop back on what was seen in September 2014. A further 1% stated that their credit applications had been partially approved, leaving 71% of all SME credit applications either fully or partially approved. Just 15% of all applications are still pending, up 1% on the previous period.



Status Of Application At Date Of Survey

(Base: All SMEs Seeking Finance – 488)



(Q.14)

The overall small decline in approval rates appears to be driven by a decline in approvals for Small companies. The approval rate for Small companies falls back by 9%, from the very strong figure in the previous wave. As such, the total approval rate for Small companies now stands at 66%, the same as seen in the corresponding period last year, but down from 75% seen in March-September 2014. The approval rate has increased among the other company sizes, with the largest increase seen among Micro companies among whom 70% of all applications are now approved in full, up from 65% in September 2014. This improvement is mainly due to a decrease in applications still pending, rather than a better decline rate. There is also an improvement in approval rates among Medium sized companies, with an increase in full approval of 4%, and less applications partially approved.

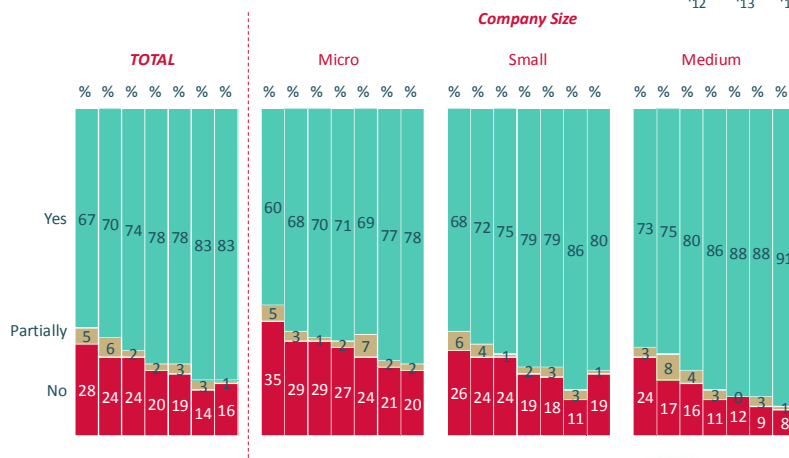
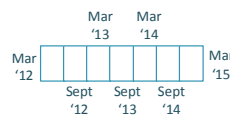
Excluding pending applications, the overall decline rate stands at 16% - this is up slightly on the rate seen in September 2014 when it stood at 14%, however it remains an improvement on the same period last year. In total 83% of all applications over the past 6 months (excluding still pending) have been approved in full (the same proportion as the previous period) with additional 1% being partially approved.

Both Micro and medium sized companies see small improvements in the approval rate, while Small companies see the approval rate fall back to the same levels seen a year ago.



Status Of Application At Date Of Survey – Excluding ‘Still Pending’

(Base: All SMEs Seeking Finance, excluding pending – 416)



(Q.14)

Decline Rate by Product

The decline rate varies across finance type requested – which is a reflection of differences in purpose and application process. New overdrafts continue to have the highest decline rates, and have also seen a significant increase in decline. In total, the new overdraft decline rate currently stands at 26%, up from 17% seen in the previous period, and back to the levels seen at the same time last year. New loan decline rates have however improved, down from 18% seen in the previous period to 14% this time.

Lending Products	Yes %	Partially %	No %	Pending %
Overdraft	69	1	18	13
New overdraft	63	1	26	9
Renewal/restructuring of existing overdraft	68	1	13	18
Loan	64	1	13	24
New loan	65	1	14	21
Renewal/restructuring of existing loan	62	1	12	2
Leasing or hire purchase	81	2	10	7
Other	77	5	5	13



Formal Application Decline Rate

Type Of Application	Yes %	Partially %	No %	Pending %
TOTAL	70	1	14	15
Formal application	72	1	12	14
Informal application	63	1	19	18

As seen in previous waves, the decline rate is higher for informal applications than for formal applications. One of the main reasons for submitting informal applications is that applicants were concerned that a formal application would not be successful. The decline rate for formal applications in the period from October 2014 to March 2015 is 12%, while for informal applications the decline rate stands at 19%.

Decline Rate by What Credit Applied For

Funding For	Yes %	Partially %	No %	Pending %
Working Capital	69	1	13	17
Growth & Expansion	61	2	18	19
Property Related loan	69	0	10	21
Need to re-structure loan/ credit	65	0	11	25

It still appears that banks remain more likely to approve funding for working capital (69%) than for growth (61%). Decline rates are also higher for Growth and Expansion at 18%.

Property related loans and re-structuring also appear to take longer to agree, with more than a fifth of these applications still pending.

Decline Rate by Export vs. Non-Export Companies

Export vs. Non-Export	Yes %	Partially %	No %	Pending %
Export Business	69	1	14	16
Non-Export Business	72	1	14	13



For the first time there appears to be greater possibility of getting non export credit approved, than credit for an export business. Approval rates are 3% higher among non-export businesses at 72% than for export businesses at 69%. The difference is mainly due to export business credit applications to be still pending.

Decline Rate by Pillar/Non Pillar Banks

Decline rates are currently higher among pillar banks than for non-pillar banks. There also appears to be more applications that are still pending for pillar banks than non-pillar banks

<i>Bank</i>	Yes %	Partially %	No %	Pending %
Pillar	69	1	14	15
Non-Pillar	74	1	12	13

Decline Rate by Sector

The largest decline rates are seen among construction and business service sector companies. The manufacturing sector's decline rates remain significantly better than seen in the same period last year, from 19% in March 2014 to just 9% now in March 2015.

<i>Sector</i>	Yes %	Partially %	No %	Pending %
Manufacturing	78	0	9	13
Construction	67	0	21	12
Wholesale/retail trade & repair	71	1	11	16
Hotels & restaurants	63	5	16	16
Business service	72	1	18	8
Other	68	1	9	22

Decline Rate Linked to Company Trading Performance

The relationship between company performance and decline rates, with companies with declining turnover and/or a loss being less likely to be approved for a loan is retained during this period.

<i>Turnover Performance</i>	Yes %	Partially %	No %	Pending %
Increased	69	1	14	16
Decreased	56	4	17	23



Turnover Performance	Yes %	Partially %	No %	Pending %
Made a profit	75	1	11	13
Made a loss	66	3	13	18

It is also the case that those companies applying for credit that are making a loss, are less likely to have their credit application approved, than those that have made a profit.

7.7 Criteria, Conditions & Interest Rates Attached to Approved Applications

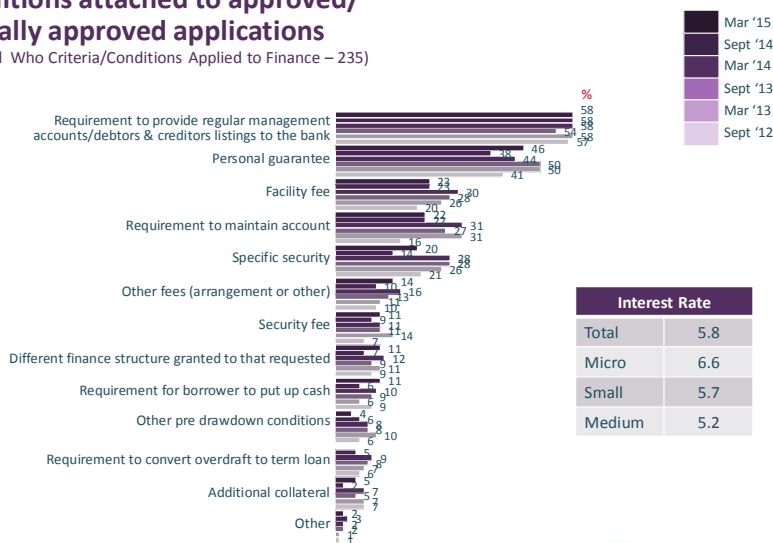
Companies who had credit approved were asked to provide details of any criteria or conditions attached to the credit. The majority of SMEs (68%) with approved finance applications had at least one criteria/condition attached to them. However this represents a significant fall when compared to the previous period, in March to September 2014, 73% had conditions attached, 5% higher than in this period.

The criteria/conditions required are similar to those seen in previous waves with the need to provide regular management accounts/debtors and creditors listing to the bank being the most common requirement; 58% of all approved applications with criteria/conditions continue to have this requirement. The second most popular condition is personal guarantee, which has increased back up to levels seen before a falloff in March to September 2014. Personal guarantees are being sought by 48% in March 2015, slightly higher than the 46% seen a year ago. The requirement to maintain accounts does however remain at lower levels (22%).



Conditions attached to approved/ partially approved applications

(Base: All Who Criteria/Conditions Applied to Finance – 235)



Interest Rate	
Total	5.8
Micro	6.6
Small	5.7
Medium	5.2



The average interest rate on the approved credit provided by the banks is claimed to be 5.8% overall across all SMEs – down quite significantly from the previous period where it stood at 6.5%. Medium companies continue to have the lowest interest rates at 5.2%, on what would be significantly larger loans.

Quite a high proportion (30%) of businesses are not sure exactly what rate they are being charged. Across all SMEs with approved credit, just 3% claim to be charged over 10% in annual interest.

7.8 Reasons for Decline

Reasons for decline can on a broad level be divided into applicant controlled and bank controlled reasons. After a very significant fall in bank controlled reasons in the previous period, the October 2014 to March 2015 period sees a small increase in the proportion of those declined finance that cite bank controlled reasons. In total 37% of declined applicants have given a bank controlled reason, up from 32% in the previous period, but still much lower than the 52% seen during the same period last year. The most common reason given include changes in bank lending policy (21%), insufficient security (13%), and change in bank pricing policy (10%).

Applicant controlled reasons remain more frequently given than bank controlled reasons with 42% mentioning at least one of these reasons – the same as seen in the previous period, but still down on from 52% in March 2014. The main reason



given was that the existing debt burden of those who had been declined was already too high (23%).

Reason for Decline	Sept '11 %	Mar '12 %	Sep '12 %	Mar '13 %	Sep '13 %	Mar '14 %	Sep '14 %	Mar '15 %
Applicant Controlled	45	50	38	42	44	52	42	42
Inadequate repayment capacity	26	25	17	23	18	25	13	20
Account performance/history	17	30	14	18	20	20	16	15
Deterioration in business financial performance	25	29	12	13	20	20	12	5
Inadequate historic information provided	5	3	8	4	9	6	5	0
Existing debt burden already too high (code added from March 2014)	N/A	N/A	N/A	N/A	N/A	18	8	23
Bank Controlled	67	67	49	54	58	52	32	37
Change in bank lending policy	49	45	28	33	32	31	11	21
Inadequate/insufficient security	17	17	15	14	16	14	8	13
No longer a sector to which the bank is prepared to lend	23	20	14	20	23	24	10	8
No longer a type of business to which the bank is prepared to lend	20	20	7	8	16	19	8	1
Requested facility was sanctioned at lower level/different structure	13	15	6	9	8	7	2	2
Change in bank pricing policy	13	19	4	5	9	15	3	10
Other	1	1	1	3	6	8	8	9
No reason given/none	15	13	24	21	10	13	24	19

The proportion of bank controlled reasons versus applicant controlled reasons (when excluding those who claim they have not been given a reason for decline) is at 47% which is 4% higher than in September 2014. There has been a decrease in the proportion of applicants who claim they did not receive a reason for the decline.

7.9 SME Opinions on Reasons for Decline

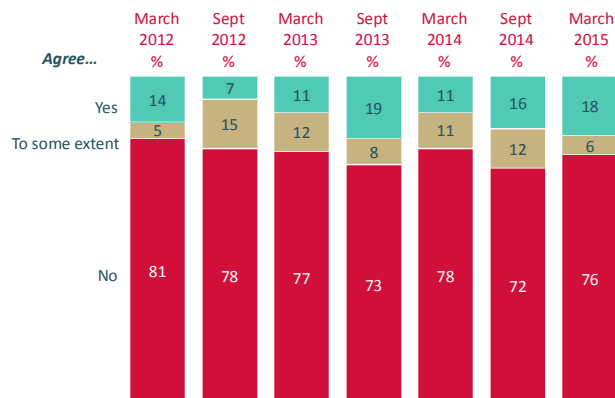
76% of those SMEs who have been declined bank finance disagree with the reasons given for the refusal. This is up slightly vs September 2014 (72%) and down from March 2014 (78%).

18% of those SMEs who have been declined bank finance fully agree with the reasons given for the refusal. This is an increase on that seen in September 2014.



Agreement With Bank Decision To Refuse Credit

(Base: All Banks Who Gave Reason For Refusal – 50)



(*Small Base)



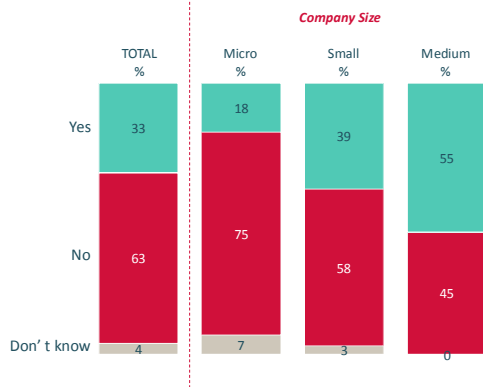
(Q.14c)

7.10 The Right to an Internal Bank Review

63% of those applicants who were refused credit stated that the bank did not inform them of their right to an internal review of the decision to refuse credit. This is very similar to the levels seen in September 2014 where 63% said they were not informed. It remains at a high level, and this continues to suggest that there is more work to do to make applicants fully aware of their rights to a review.

Informed Of Right To An Internal Review

(Base: All SMEs Refused Credit – 67)



Note: Very small base size for company size breakdown



(Q.14d)



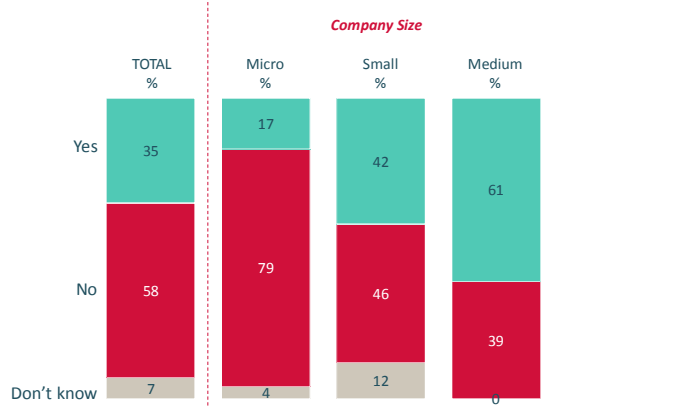
7.11 Credit Review Office

58% of those applicants who were refused bank finance by the two pillar banks said that they were not informed of their right to a decision review by the Credit Review Office. This is down slightly again from 60% in the previous period.

When excluding those who do not know if they were informed of the credit review facility, 62% claim they were not informed of the Credit Review Office, down from 68% seen in the previous period.

Pillar Banks – Informed Of Right To Review By Credit Review Office

(Base: All Requested Application From AIB or BOI – 56)



Note: Very small base size for company size breakdown



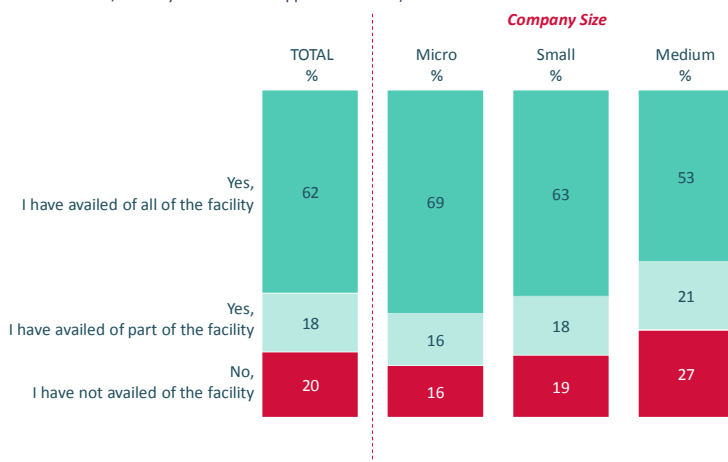
7.12 Drawdown of Approved Facilities

62% of SMEs whose applications were approved, have availed fully of the given credit facilities. An additional 18% have availed of them partially. 20% of the SMEs have not availed of the facilities yet – up from 18% in September 2014. The most cited reason for not availing of the credit facility is that the finance is not needed at present time.



Availed Of Facility To Date

(Base: All Successful/Partially Successful In Application – 349)



(Q.16)



8.0 Non-Bank Finance

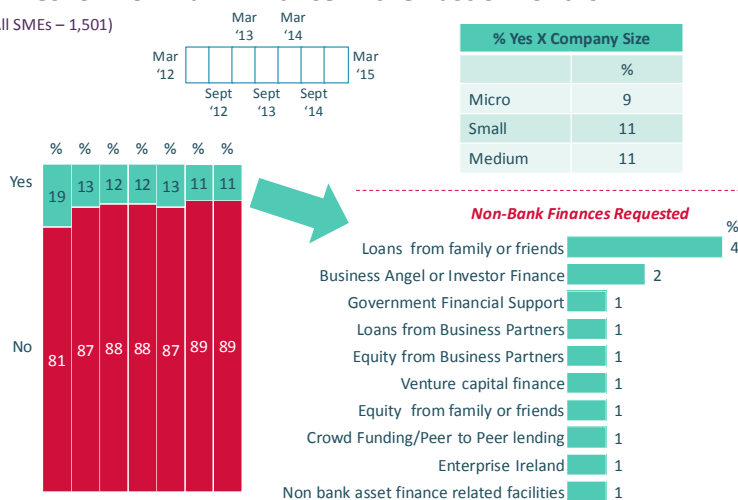
8.1 Enquiries for Non-Bank Finance

The number of enquiries made for non-bank finance is unchanged compared to September 2014 with 11% of SMEs having sought non-bank finance in the period October 2014-March 2015. The demand for non-bank finance continues to be significantly lower than demand for bank finance.

Loans from family or friends (requested by 4%) remain the most common source of non-bank finance requested. Business angel or investor finance (2%) is the next most common source. Government financial support has been requested by 1% of all SMEs.

Enquiries for Non-Bank Finance in the Past 6 Months

(Base: All SMEs – 1,501)



Working capital requirements and growth/expansion purposes are key drivers of applications for non-bank finance. We see an increase in the working capital requirements driving applications for non-bank finance. 52% of the applications for non-bank finance was driven by working capital requirements for the period October 2014-March 2015 – this is up from 36% in September 2014. At the same time, we see a decline for non-bank finance enquires being driven by growth purposes, i.e. new business ventures/expansions/purchase of assets/equipment, from 56% in September 2014 to 49% now. Looking at the different types of non-



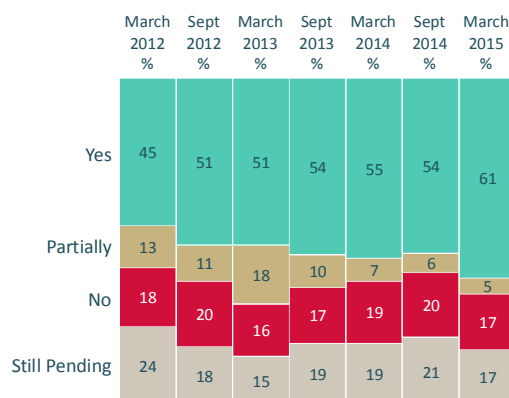
bank finance, loans from family/friends and business partners are more likely to support working capital requirements while Government support, investor finance and equity are more likely to be driven by growth and expansion purposes.

8.2 Decisions Made on Non-Bank Finance Applications

In total 61% of all non-bank finance enquiries were successful with an additional 5% being partially successful. This is a slight improvement from September 2014 where a total of 60% of non-bank finance requests were either fully or partially approved. 17% of all non-bank finance enquires were rejected – this is down from 20% in September 2014 but similar to the level seen a year ago. In comparison, the decline rate for bank finance is 14%.

Success In Obtaining Non-Bank Finance

(Base: All Application for Non-Bank Finance –189)



Equity from business partners is the most successful route to non-bank finance with 83% complete success rate followed by loans from family or friends with 79% complete success rate. The complete success rate for loans from family or friends has decreased from 87% in September 2014.

8.3 Reasons for Not Applying for Government Financial Support

In the 6 months from October 2014-March 2015, the main reasons for not applying for Government Financial Support remain relatively unchanged from the previous 6



months. A belief that they do not need this type of financing remains the top reason, with 62% of SMEs who have not applied for this type of finance mentioning this as the reason, with a lack of knowledge and a belief that the finance type was not relevant for business/sector being the next most common reasons.

<i>Reason for Not Applying for Government Financial Support</i>	March 2014 %	September 2014 %	March 2015 %
Don't need this type of financing	64	66	62
Lack of knowledge	23	24	18
I don't believe this source is relevant for my business or sector	10	12	15
Didn't think we would get it	2	1	2
Application process too difficult	2	2	3
Previously rejected for this type of finance	2	1	2
Costs/Fees are too high	1	1	1
Already have this type of financing in place so do not need more	1	1	2
Don't want to lose control of business	1	5	1
Terms and Conditions too onerous	0	1	1
Used in past but not currently relevant	0	0	1

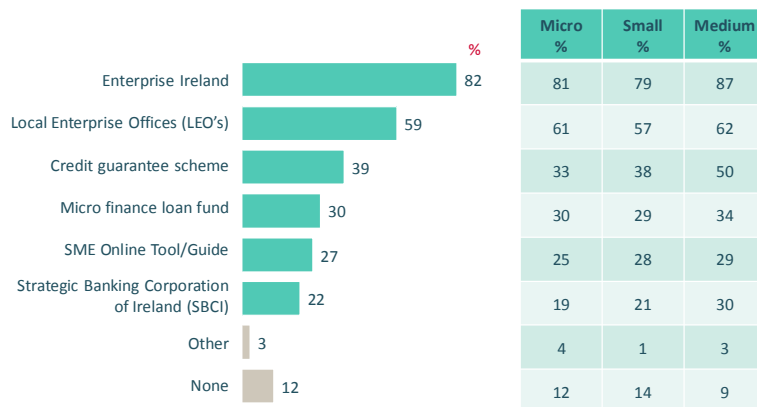
8.4 Awareness of State Funded Support

Looking at state funded support, awareness is highest for Enterprise Ireland (82%) followed by Local Enterprise Offices (59%). 39% of SMEs are aware of the Credit Guarantee Scheme – this is unchanged from the previous research wave – while 30% are aware of the Micro Finance Loan Fund, up from 23% in September 2014. We also see growth in awareness for the SME Online Tool/Guide from 23% in September 2014 to 27% now. Awareness of the Strategic Banking Cooperation of Ireland (SBCI) is 22%.



Awareness Of Government Support Initiatives

(Base: All SMEs – 1,501)



23% of the SMEs agree with the statement *“I have a good knowledge of state funded support available”* – this is an increase from 17% in September 2014. However, 48% continue to disagree with this statement.

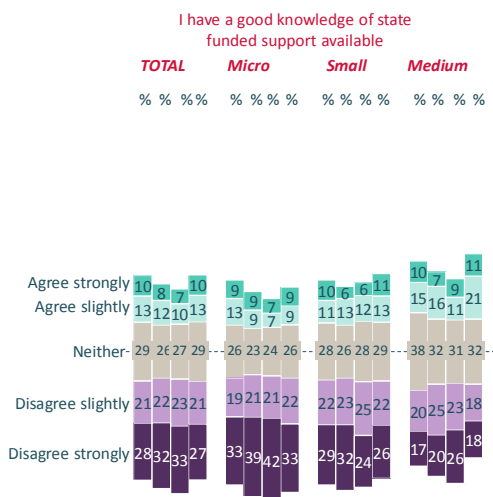
There is also a strong appetite for state funded support with 70% of all SMEs agreeing that they would like to see more information on how businesses can apply for state funded support.



Attitudes Towards State Funded Support

(Base: All SMEs – 1,501)

Sept '13 Mar '14 Sept '14



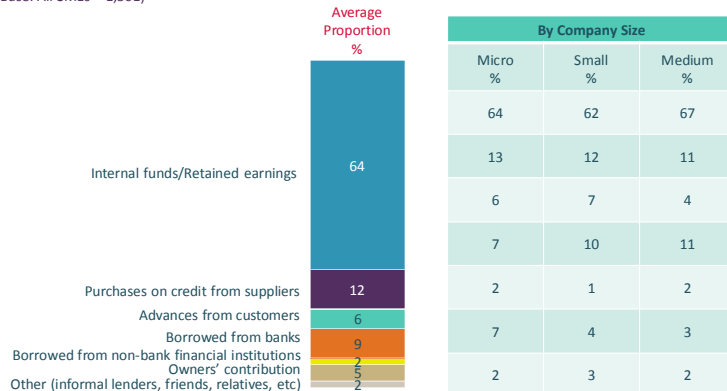
(Q.24d)

8.5 Financing the Business

Internal funds/retained earnings has decreased from 68% in the previous period to 64% now as a proportion for financing working capital. Credit from suppliers (12%) is again the second most utilised source for financing working capital followed by bank credit at 9%.

How Are Working Capital Financed?

(Base: All SMEs – 1,501)



(Q.18b)



30% of SMEs state that they have acquired fixed assets in the past 6 months, representing a 5% decrease from the 35% in September 2014. 13% of Micro companies have acquired fixed assets within the past 6 months while the proportion for Small companies has decreased from 40% to 32% now. Medium-sized companies remain far more likely to have invested in fixed assets with 59% having acquired fixed assets in the past 6 months.

For those who have invested in fixed assets, the average expenditure on fixed assets has decreased notably within the past 6 months – driven by Micro and Medium-sized companies.

	Average Expenditure Fixed Assets	
	Sept 2014	March 2015
All SMEs	€526k	€316k
Micro	€124k	€37k
Small	€191k	€173k
Medium	€1,085k	€548k

Internal funds/retained earnings (67%) continue to be main source of finance for fixed assets acquisitions followed by leasing arrangements and bank finance. Credit from suppliers has increased its proportion.

Source of Finance	Average Proportion		
	March 2014	Sept 2014	March 2015
Internal funds/retained earnings	71%	72%	67%
Leasing arrangements	6%	9%	10%
Borrowed from banks	9%	10%	9%
Credit from suppliers	5%	2%	5%
Advances from customers	0%	1%	0%
Owners' contribution	5%	3%	4%
Borrowed from non-bank financial institutions	1%	2%	3%
Other	3%	1%	2%
Total	100%	100%	100%



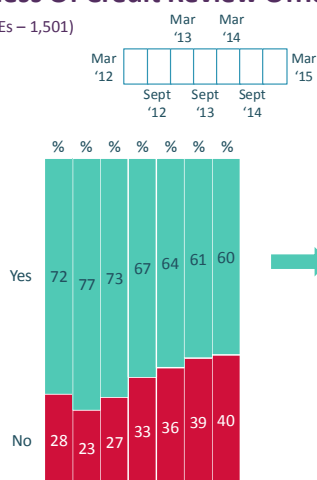
9.0 SME Awareness of Credit Supports

9.1 Credit Review Office

Awareness of the Credit Review Office remains relatively unchanged compared to September 2014 with 3 in 5 SMEs being aware of this facility. However, awareness for the Credit Review Office has increased slightly among Micro companies while we see a decline in awareness among Small-sized companies. Medium-sized companies continue to be more aware of this facility than the average, with 68% awareness.

Awareness Of Credit Review Office

(Base: All SMEs – 1,501)



	By Company Size						
	Mar '12	Sept '12	Mar '13	Sept '13	Mar '14	Sept '14	Mar '15
% Aware							
Micro	64	73	67	65	60	55	57
Small	76	77	73	64	64	64	57
Medium	78	86	85	74	70	66	68



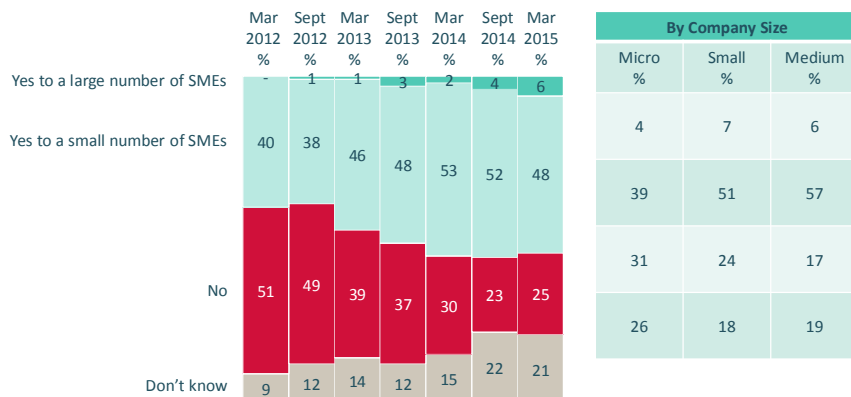
9.2 Perception of Banks Lending to Irish SMEs

We also see limited change in terms of perceptions on whether banks are lending to SMEs in Ireland. A total of 54% believe the banks are lending to the SME sector – this is down from 56% in September 2014. However, we see an increase in the proportion who believes the banks are lending to a large number of SMEs from 4% in September 2014 to 6% now. The majority of SMEs continue to believe the banks are only lending to a small number of SMEs.



Perception of Banks Currently Lending to Irish SMEs

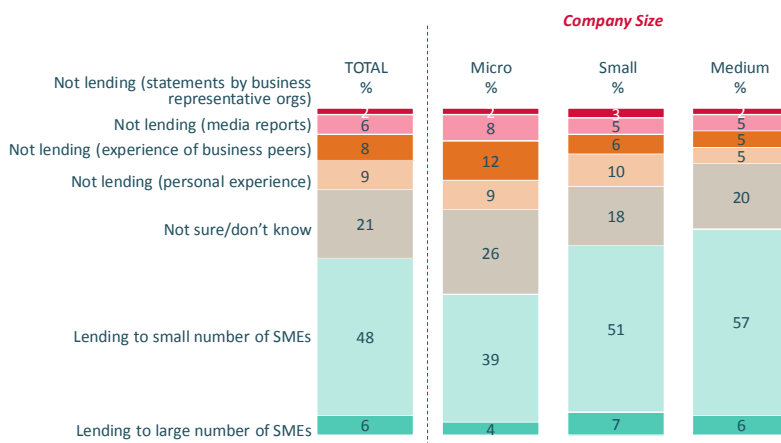
(Base: All SMEs – 1,501)



Of the 25% who suggest the banks are not lending, 36% claim this view is based on personal experience. The rest hold this opinion based on business organisations, media reports or peers.

View On Banks Lending to Irish SMEs in Last 6 Months

(Base: All SMEs – 1,501)





APPENDIX

The SME Demand Survey Questionnaire



103815

**DEPARTMENT OF FINANCE
SME CREDIT DEMAND SURVEY
QUESTIONNAIRE**

Good morning/afternoon/evening. My name is from RED C Research, the opinion and polling research company. We are conducting a survey on behalf of the Department of Finance.

Please may I speak to the person with primary responsibility for financial matters in your business?

Verify right person.

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

Yes 1 **CONTINUE**

No 2

We are conducting a survey on bank lending to SME’s on behalf of the Department of Finance. This survey has been conducted on a number of occasions and the Department has published the results. We may also be conducting this research again over the coming months. All information that we collect will be kept in the strictest confidence and results will be reported at a merged level only. It will not be possible to identify any particular individual or business in the results and no information will be provided to the Department of Finance or any bank that could identify you or your company.

SECTION 1 – COMPANY INFORMATION

Q.1a 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.1a ASK**

INDUSTRY SECTOR Q.1b

ASK Q.1b IF NO AT Q.1a

Q.1b What industry sector do you operate in?

PROBE TO PRECODES – SINGLE CODE

Agriculture & forestry & fishing 1

CHECK QUOTAS

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 Activities12
 Real estate activities (excluding speculative activities)13
 Professional, scientific & technical14
 Administrative & Support Service Activities15
 Human Health & Social Work Activities16
 Other17
 CLOSE

ASK ALL - SME LENDING Questionnaire – October 2014-March 2015

Q.1c Is your business involved in the computer software/hardware industry? By 'involved' we are referring to businesses that develop, sell or implement software and /or hardware. **SINGLE CODE**

- Yes 1
 No 2

Q.1d Which of the following statements about export outside the Republic of Ireland best applies to your business? **SINGLE CODE**

- Our firm regularly exports 1
 We began exporting in the last six months..... 2
 We are thinking of exporting at a future date.....3
 We don't export 4

ASK IF EXPORT (CODE 1+2 IN Q1D)

Q.1d_1 What percentage of the firm's sales are exported?
 INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE
 SCRIPTER: ALLOW DON'T KNOW, MIN-MAX 1-100

_____ % of total sales

ASK ALL

Q.2 Including yourself, how many people are currently employed in your business?
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	MICRO:
2 - 4	2	CHECK QUOTAS
5 - 9	3	
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.2a What was your business' turnover in the last 12 months i.e. for the period **April 2014-March 2015**?

€ _____
SCRIPTER: MAX 50,000,000 IF MORE THAN 50m → **CLOSE**
IF DON'T KNOW/REFUSED ASK Q.2A1

Q.2a1 What was your business' turnover in the last 12 months i.e. for the period **April 2014-March 2015** 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 GO TO Q.2b

ASK Q.2b FOR ALL REFUSED/ DON'T KNOW AT Q2.a1

Q.2b For this survey we need to ensure we are interviewing companies with a turnover of less than €50million. Can you clarify whether your turnover is within the following bands?

READ OUT – SINGLE CODE

Less than or equal to €2m	1
Between €2,000,001m and €10m	2
Between €10,000,001m and €50million	3
Above €50million	4 CLOSE
Refused / don't know (DNRO)	5 CLOSE

ASK ALL

Q.3 How many years has your business been in operation?

_____ years (MIN-MAX 0-999)

Q.3b Does your business perform any of the following tasks?

READ OUT - MULTI CODE

Maintain regular management accounts	1
Maintain an existing business plan	2
Estimate cashflow requirements for the coming months	3
None of these (DNRO)	4



Q.5 In the last 6 months, i.e. from **October 2014-March 2015**, has the turnover of your business increased, decreased or stayed the same compared to the previous 6 month period?

SINGLE CODE

- Increased 1 **GO TO Q.5a**
- Decreased 2 **GO TO Q.5b**
- Remained the same 3 **GO TO Q.5c**

ASK Q.5a FOR ALL WHOSE TURNOVER HAS INCREASED AT Q5

Q.5a By about what percentage has your turnover increased?
 INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE

_____ % (MIN-MAX 1-9999)

IF REFUSED, ASK THE FOLLOWING: By what percentage has your turnover increased as per the following bands: **READ OUT - SINGLE CODE**

- 0 – 9%1
- 10 – 19%2
- 20 – 29%3
- 30 - 39%4
- 40 – 49%5
- 50%+6
- Not sure (**DNRO**)7

ASK Q.5b FOR ALL WHOSE TURNOVER HAS DECREASED AT Q5

Q.5b By about what percentage has your turnover decreased?
 INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE

_____ % (MIN-MAX 1-100)

IF REFUSED, ASK THE FOLLOWING: By what percentage has your turnover decreased as per the following bands: **READ OUT - SINGLE CODE**

- 0 – 9%1
- 10 – 19%2
- 20 – 29%3
- 30 - 39%4
- 40 – 49%5
- 50%+6
- Not sure (**DNRO**)7

ASK ALL

Q.5c In the last 6 months, i.e. from **October 2014-March 2015**, 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



ASK ALL

Q.6 In the last 6 months, i.e. from **October 2014-March 2015**, has your number of staff increased, decreased or stayed the same? **SINGLE CODE**

- Increased 1 **GO TO Q.6a**
- Decreased 2 **GO TO Q.6b**
- Remained the same 3 **GO TO Q.7**

ASK Q.6a FOR ALL WHOSE STAFF HAS INCREASED AT Q6

Q.6a By about what percentage has your staff increased?
INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE

_____ % (MIN-MAX 1-9999)

IF REFUSED, ASK THE FOLLOWING: By what percentage has your staff increased as per the following bands: **READ OUT - SINGLE CODE**

- 0 – 9%1
- 10 – 19%2
- 20 – 29%3
- 30 - 39%4
- 40 – 49%5
- 50%+6
- Not sure (**DNRO**)7

ASK Q.6b FOR ALL WHOSE STAFF HAS DECREASED AT Q6

Q.6b By about what percentage has your staff decreased?
INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE

_____ % (MIN-MAX 1-100)

IF REFUSED, ASK THE FOLLOWING: By what percentage has your staff decreased as per the following bands: **READ OUT - SINGLE CODE**

READ OUT - SINGLE CODE

- 0 – 9%1
- 10 – 19%2
- 20 – 29%3
- 30 - 39%4
- 40 – 49%5
- 50%+6
- Not sure (**DNRO**)7

ASK ALL

Q.6c Which of the following statements best applies to your company?
SINGLE CODE, READ OUT

- The company is struggling to survive
- The company is focusing on stabilising the business after some tough years
- Our focus is on stabilising the business but we are also pursuing smaller growth opportunities
- Our focus is on rapid growth
- Other, please specify: _____ (DO NOT READ OUT)



SECTION 2 – FINANCING YOUR BUSINESS

ASK ALL

Q.7 In the last 6 months, i.e. from **October 2014-March 2015**, have you sought professional advice regarding your financing requirements? By professional advice we are referring to advice from auditors, accountants or professional financial advisors.

SINGLE CODE

Yes 1
No 2

Q.7b In the past 6 months, i.e. **from October 2014-March 2015**, has the average number of days within which you pay your suppliers increased, decreased or stayed the same?

SINGLE CODE

Increased 1
Decreased 2
Remained the same 3
Do not know 4

Q.7c In the past 6 months, i.e. **from October 2014-March 2015**, has the average number of days within which your customers pay you increased, decreased or stayed the same?

SINGLE CODE

Increased 1
Decreased 2
Remained the same 3
Do not know 4

Q.7d Approximately, how much is the total outstanding debt that your company holds?

€ _____ (MIN-MAX 1-99,000,000, ALLOW REFUSAL/NOT SURE)

ASK Q7E IF MORE THAN €0 AT Q7D

Q.7e What is the average cost/interest rate that you pay on this outstanding debt?
INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE, IF COSTS ARE DIFFERENT ACROSS LOAN TYPES, ASK FOR THE AVERAGE ACROSS THE TOTAL

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

Q.7g In the last 6 months, i.e. **from October 2014-March 2015**, have you missed any repayments on your loans, if you have any? **SINGLE CODE**

Yes1
No2
Don't know (DNRO).....3



ASK ALL WHO ANSWER YES IN Q.7G, I.E. HAVE MISSED REPAYMENTS ON LOANS

Q.7h Which of the following best describe how you have dealt with these missed repayments?
READ OUT

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

ASK ALL

Q.8 With what bank is your main business account?
SINGLE CODE

AIB	1
Bank of Ireland	3
Bank of Scotland (Ireland).....	4
Danske Bank	5
Ulster Bank	6
Permanent TSB	7
Rabobank	8
ACC	9
GE Capital/ Woodchester	10
KBC	11
Other financial institution (specify) _____	12
Don't know	13

Q.8a For how many years have you been a customer of this bank?

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

Q.9 In the last 6 months, i.e. from **October 2014-March 2015**, have you requested from any bank, any of the following types of finance? It does not matter if you have been successful or not. **READ OUT - MULTICODE**

New overdraft	1
Renewal/restructuring of existing overdraft	2
New Loan	3
Renewal/restructuring of existing Loan	4
Invoice Discounting	5
Leasing or Hire Purchase	6
Bonds (bank backed, advance payment of other bonds)	7
Other (specify) _____	8
None	9

GO TO Q.9b

INTERVIEWERS: IF MORE THAN ONE REQUEST FOR ONE PARTICULAR TYPE OF FINANCE, ASK ABOUT MOST RECENT.



ASK Q.9b FOR ALL WHO ANSWERED 'NONE' AT Q.9, THEN CONTINUE TO Q.16B

Q9b Why did you not apply for bank finance in the last 6 months, i.e. from **October 2014-March 2015**?

MULTICODE, PROBE FULLY, DO NOT READ OUT.

- Didn't need it
- Existing finance product in place
- Prefer not to borrow
- Not the right time given the economic climate
- Inability to repay/meet requirements of finance
- Use/raise personal funds when needed
- Going out of business
- Raise finance from grants
- Too expensive to borrow
- Raise finances from investors/venture capital
- Belief that banks are not lending
- Possible rejection
- Have been turned down before
- Application process too difficult
- Don't trust the banks
- Too many terms and conditions
- Banks take too long to make decision
- Existing debt burden already too high
- Other, please specify: _____

Q.10 From which bank did you request _____ (FROM Q.9)?

SINGLE CODE

- AIB1
- Bank of Ireland3
- Bank of Scotland (Ireland).....4
- Danske Bank5
- Ulster Bank6
- Permanent TSB7
- Rabobank8
- ACC9
- GE Capital/ Woodchester10
- KBC11
- Other financial institution (specify) _____12
- Don't know13

Q.11 I'm now going to ask you about your _____ (FROM Q.9) request.

Which, if any of these, were reasons for making your _____ (FROM Q.9) request?

READ OUT - MULTICODE

- New business venture 1
- Expansion 2
- Decline in business revenues 3
- Slow down in debtor collection 4
- Bad debts increasing 5
- Increase in supplier costs 6
- Property related loan 7



Working capital / cash flow 8
 Purchase, replacement or lease of new vehicle and/or
 equipment 11
 Need to restructure loan/credit 12
 Acquisition of assets 13
 Other (specify) _____ 14

Q.11b In what month did you apply for _____ (FROM Q.9)
SINGLE CODE

October 20141
November 20142
December 20143
January 20154
February 20155
March 20156
 Cannot recall / Don't know7

ASK Q.11c FOR ALL WHO ANSWERED CODES 1, 3, 5, 6, 7, 8 @ Q.9

Q.11c What was the value of the _____ (FROM Q.9) for which you applied?
OPEN END: INSERT AMOUNT

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

Don't know 8
 Refused 9

ASK Q.11d FOR ALL WHO ANSWERED CODES 2 OR 4 @ Q.9

Q.11d What was the additional value of the _____ (FROM Q.9) 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.11e 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.11f if any collateral in Q.11e (NOT CODE 8 AT Q.11e)

Q.11f 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.12 Did you make a formal request, an informal request or both, when applying for _____
(FROM Q.9) SINGLE CODE

Informal request 1 **GO TO Q.12a**
 Formal application (i.e. filling out formal application form
 which is assessed internally by the bank or signing a
 formal document which the bank prepared for you) 2
 Both 3
 Other (specify) _____ 4

ASK ALL CODE 1 'INFORMAL REQUEST' AT Q.12

Q.12a What were the reasons for not making a formal application?
OPEN END: PROBE FULLY

Q.13 From the date of application, how long did it take the bank to process your _____
(FROM Q.9) 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.13A**
 Don't know/ can't recall 9

IF STILL PENDING CODE 7 AT Q.13

Q.13a Has your bank asked you for additional information which you have not yet supplied e.g. accounts etc?"

Yes 1 **GO TO Q.16B**
 No 2 **GO TO Q.16B**
 Don't know..... 3 **GO TO Q.16B**

Q.14 Were you successful in your _____ **(FROM Q.9) request?**
SINGLE CODE

Yes 1 **GO TO Q 14.a2**
 No 2 **GO TO Q 14.b**
 Partially 3 **GO TO Q 14.a1**



ASK Q.14a1 IF PARTIALLY SUCCESSFUL - CODE 3 AT Q.14

Q. 14a1 What % of your application was partially approved?

- > 70% of the value applied for 1 **GO TO Q 14.a2**
- < 70% of the value applied for 2 **GO TO Q 14.a2**
- Don't know 3 **GO TO Q 14.a2**

ASK Q.14a2 TO ALL SUCCESSFUL (CODE 1 AT Q.14) OR PARTIALLY (CODE 3 AT Q.14) AND >70% (CODE 1 AT Q.14A1) SUCCESSFUL IN APPLICATION AT Q14

Q.14a2 Were any of the following criteria/ conditions attached to your _____ (FROM Q.9) request? **READ OUT - MULTICODE**

- Requirement to provide regular management accounts/ debtors + creditors listings to the bank1
- Different finance structure granted to that requested2
- Personal guarantee3
- Specific security4
- Facility fee5
- Security fee6
- Other fees (arrangement or other)7
- Requirement to maintain account with bank8
- Requirement to convert overdraft to term loan9
- Additional collateral10
- Requirement for borrower to put up cash11
- Other pre drawdown conditions12
- Other (specify) _____13
- No14 **GO TO Q.16**

ASK Q.14a3 TO ALL SUCCESSFUL / PARTIALLY SUCCESSFUL IN APPLICATION AT Q14 (CODE 1 / 3 AT Q.14)

Q.14a3 What is the average interest rate attached to your _____ (FROM Q.9) request?
INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE.

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

ASK Q.14B TO ALL UNSUCCESSFUL IN APPLICATION (CODE 2 AT Q.14) OR PARTIALLY < 70%(CODE 2 AT Q.14A1) IN APPLICATION

Q.14b Were any of the following reasons given by the bank for turning down your _____ (FROM Q.9) request? **READ OUT - MULTICODE**

- Inadequate repayment capacity1
- Account performance/ history2
- Inadequate historic information provided3
- Deterioration in business financial performance4
- Change in bank lending policy5
- Change in bank pricing policy6
- The sector in which your business operates is no longer a sector to which the bank are prepared to lend7
- The business which you are operating, is no longer a type of business to which the bank is prepared to lend8
- Requested facility was sanctioned at lower level/ different structure to that requested9



Existing debt burden already too high.....	10
Inadequate/ insufficient security	11
Other (specify).....	12
No reason given	13
None of these	14

ASK Q.14c IF CODES 1-12 AT Q14b

Q.14c Did you agree with the reasons that the bank gave you for turning down your application _____ (FROM Q.9) your request? **SINGLE CODE**

Yes	1
No	2
To some extent	3

ASK Q.14d TO ALL WHO WERE UNSUCCESSFUL CODE 2 AT Q.14

Q.14d 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 Q.14e ONLY IF CODES 1 (AIB) OR 3 (Bank of Ireland) AT Q.10

Q.14e Did the bank inform you of your right to a review of the decision to refuse credit by the Credit Review Office? **SINGLE CODE**

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

ASK Q.15 TO ALL WHO HAD CRITERIA ATTACHED (CODES 1-13) AT Q14a2

Q.15 Did any of these criteria / conditions prevent you from availing of the sanctioned facility?
SINGLE CODE

Yes	1
No	2

ASK Q.16 TO ALL SUCCESSFUL/ PARTIALLY SUCCESSFUL AT Q.14

Q.16 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.16a

ASK Q.16a TO ALL WHO HAVE NOT AVAILED OF FACILITY AT Q16

Q.16a What are the reasons for not availing of the facility to date?
OPEN END: PROBE FULLY



ASK ALL

Q.16b Do you expect to seek bank finance for your business in the next 6 months (i.e. **from April to September 2015**)? **SINGLE CODE**

- Yes1
- No2 **GO TO Q16C**
- Don't know (DNRO).....3

ASK Q.16c if NO AT Q.16b

Q.16c Why will you not be seeking bank finance in this period?
OPEN END: PROBE FULLY

ASK ALL

Q.16d Thinking about your bank debt, have any of the following adjustments been put in place in the last six months i.e. from **October 2014-March 2015**? **READ OUT. MULTI CODE**

- Arrears Capitalisation 1
- Capital Moratorium 2
- Interest Moratorium 3
- Interest Rate Reduction 4
- Payment Rescheduling 5
- Term Extension 6
- Other.....7
- I don't have any bank debt..... 8
- No adjustments made.....9

SECTION 3 – NON BANK FINANCING

Q.17a Which of the following Government support initiatives are you aware of?
READ OUT - MULTICODE

- SME Online Tool/Guide.....1
- Credit Guarantee Scheme..... 2
- Microfinance Loan Fund Scheme..... 3
- Enterprise Ireland.....4
- Local Enterprise Offices (LEO's).....5
- Strategic Banking Corporation of Ireland (SBCI).....6
- Other government support (specify) _____ ... 7
- None.....8

We would now like you to think about the most recent period from October 2014-March 2015 again.

Q.17b Did you enquire about any of the following types of non-bank finance?
READ OUT – MULTICODE
ONLY SHOW CODE 1-3 IF ANSWERED IN Q17A

- Credit Guarantee Scheme.....1
- Microfinance Loan Fund Scheme..... 2
- Other government financial support (specify)_____ 3
- Venture Capital Finance4
- Business Angel or Investor Finance5



Loans from Family or friends.....	6
Equity from Family or friends.....	7
Loans from business partners	8
Equity from business partners	9
Crowd funding/Peer-to-Peer lending.....	10
Non bank invoice finance related facilities.....	11
Non bank asset finance related facilities.....	12
Other non-bank finance (specify) _____	13
None (DNRO)	14 GO TO Q.18b

ASK Q.18/Q18a FOR ALL NON-BANK FINANCE OPTIONS IN Q17b

Q.18 Were you successful in obtaining finance from _____(FROM Q.17) or only partially successful or is the decision still pending, or were you not successful? **SINGLE CODE**

Yes	1
No	2
Partially	3
Still pending	4

ASK Q.18a FOR ALL NON-BANK FINANCE OPTIONS IN Q17b

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

READ OUT - MULTICODE

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

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

Q.18a1 Why did you not apply for Government financial support in the last 6 months? **MULTICODE, PROBE FULLY, DO NOT READ OUT**

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



ASK ALL

Q.18b Over the last six months (i.e. from **October 2014-March 2015**), please estimate the proportion of this establishment's working capital that was financed from each of the following sources? **(MUST ADD TO 100%)**

Percent Sources of Working Capital

a. Internal funds/Retained earnings		%
b1. Purchases on credit from suppliers		%
b2. Purchases on advances from customers		
c. Borrowed from banks		%
d. Borrowed from non-bank financial institutions		%
e. Owners' contribution		%
f. Other (informal lenders, friends, relatives, etc)		%
None of these (DNRO)		

ASK ALL

Q.18b1 Over the last six months (i.e. from **October 2014-March 2015**), if the company acquired fixed assets, could you please provide an estimate of the total expenditure?

€ _____ (MIN-MAX 1-99,000,000, INCLUDE: NO ACQUISITION, REFUSED)

ASK ALL WHO HAVE NOT ANSWERED "NO ACQUISITION" IN Q.18B1

Q.18c Over the last six months (i.e. from **October 2014-March 2015**), please estimate the proportion of this establishment's purchase of fixed assets that was financed from each of the following sources? **(MUST ADD TO 100%)**

Percent Sources of Investment

a. Internal funds/Retained earnings		%
b. Owners' contribution		%
c. Issued new equity shares		%
d. Issued new debt (including commercial paper and debentures)		%
e. Borrowed from banks		%
f. Borrowed from non-bank financial institutions		%
g1 Purchases on credit from suppliers		%
g2 Purchases on advances from customers		
h. Leasing arrangements		%
h. Loans from friends and relatives		%
h. Other (including informal loans)		%
None of these (DNRO)		%
Does not apply		%



Q18d During the past six months, **October 2014-March 2015**, did your enterprise introduce any of the following:

READ OUT - MULTICODE

New or significantly improved goods.....	1
New or significantly improved services.....	2
New or significantly improved methods of production of goods or services, distribution methods, or support activity for your goods or services.....	3
New business practices, new methods of organising work responsibilities and decision-making, or new methods of organising external relations with other firms or public institutions.....	4
New marketing concepts or strategy.....	5

SECTION 4 – SEASONALITY

ASK ALL

Q.19a Is the turnover of your business seasonal in nature? **SINGLE CODE**

- Yes 1 **GO TO Q.19b**
No 2 **GO TO Q.24a**

Q.19b As a result of the seasonal nature of your business turnover, is your demand for credit also seasonal in nature? **SINGLE CODE**

- Yes 1 **GO TO Q.24a**
No 2 **GO TO Q.24a**

SECTION 5 – AWARENESS

ASK ALL

Q.24a Are you aware of the existence of the Credit Review Office which can assist borrowers who have been refused credit by AIB and Bank of Ireland? **SINGLE CODE**

- Yes 1
No 2

ASK ALL

Q.24c In your view are the banks currently lending to Irish SMEs? **SINGLE CODE**

- Yes, to a small number of SMEs 1
Yes, to a large number of SMEs 2
No 3
Don't know 4



IF NO CODE 2 AT Q.24C

Q.24d(i) And in your opinion, what is the main reason for this **view**? **READ OUT. SINGLE CODE**

The experience of your business in the last 6 months (i.e. from **October 2014-March 2015**) of applying for credit and either being rejected or being partially rejected..... 1

The experience of your business peers in the last 6 months (i.e. **October 2014-March 2015**) of applying for credit and either being rejected or being partially rejected..... 2

Media reports on SME lending in the last 6 months (i.e. from **October 2014-March 2015**). 3

Statements by business representative organisations in the last six months (i.e. from **October 2014-March 2015**)..... 4

ASK ALL

Q.24d (ii) I would now like to read out a list of opinions stated by other companies. On a scale of 1 to 5 where 1 is disagree strongly and 5 is agree strongly, how much do you agree or disagree with each statement? **SINGLE CODE**

I feel I have a good knowledge of state funded support available to my business

There should be more information available on how businesses like mine can get state funded support

I think the business climate in Ireland will improve in the next 6 months

Q.25 Can you confirm the county in which is your main office based? **SINGLE CODE**

List 26 counties

Thank you for responding to this survey for the Department of Finance. The composite results will be published by the department and freely available later in the year.