Fitzpatrick Associates

An Roinn Airgeadais
Department of Finance

SME Credit Demand Survey – March-October 2020

Final Report

Fitzpatrick Associates ECONOMIC CONSULTANTS

B&A

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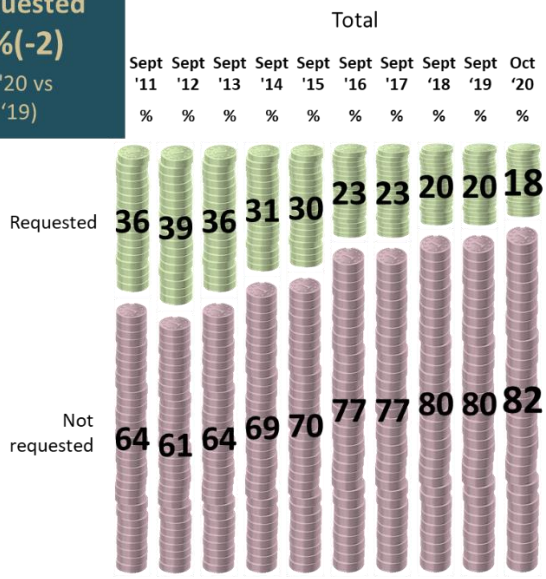
1. Summary of Main Findings

Overview of Report – Credit Demand (Mar 2020 - Oct 2020)

(Base: All SMEs – 1,503)

Demand

Requested 18%(-2)
(Oct '20 vs Sept '19)

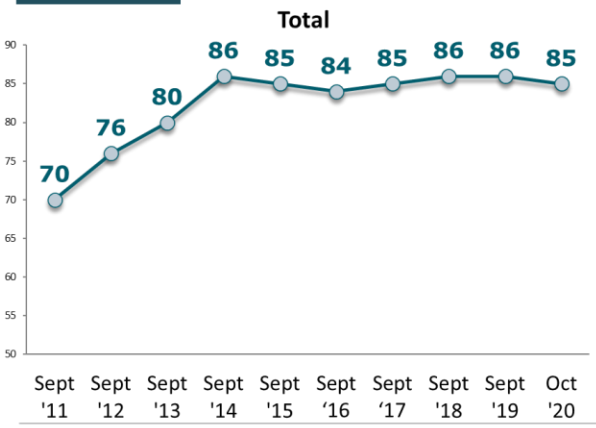


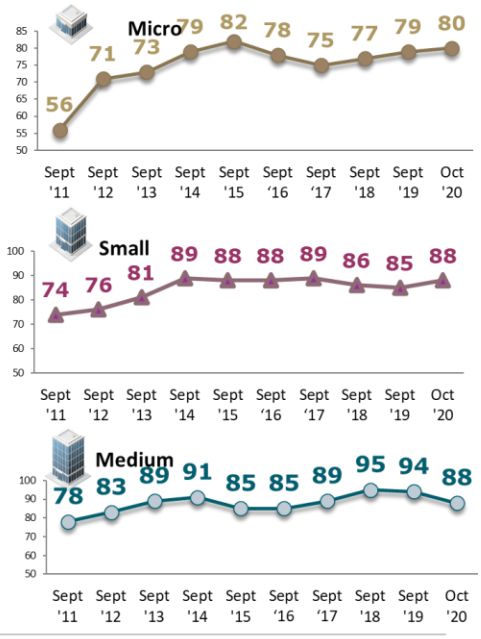
	Requested By Company Size										Demand
	Sept '11 %	Sept '12 %	Sept '13 %	Sept '14 %	Sept '15 %	Sept '16 %	Sept '17 %	Sept '18 %	Sept '19 %	Oct '20 %	Oct '20 vs Sept '19
Micro	27	36	30	24	24	20	18	15	14	16 ↑	+2%
Small	41	41	39	38	34	24	26	24	25	18 ↓	-7%
Medium	41	43	39	32	34	28	26	22	23	21 ↓	-2%

Status of Application at Date of Survey

(Base: All SMEs Seeking Finance, excluding pending – 224)

Approval/ Partial 85% (-1)
(Oct '20 vs Sept '19)

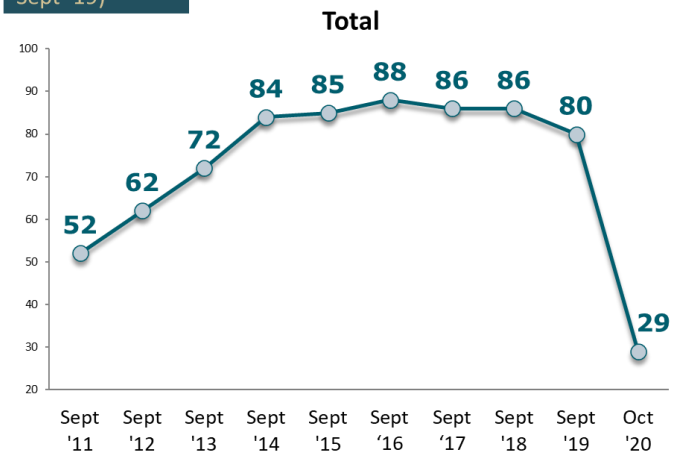


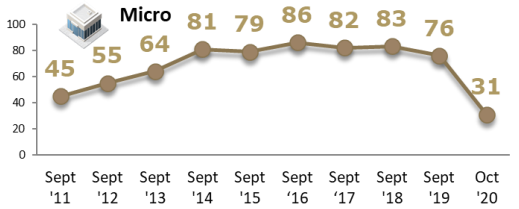


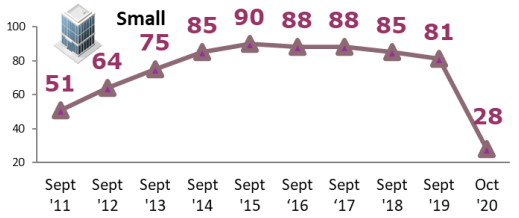
Trading Performance (Since the Onset of Covid 19)

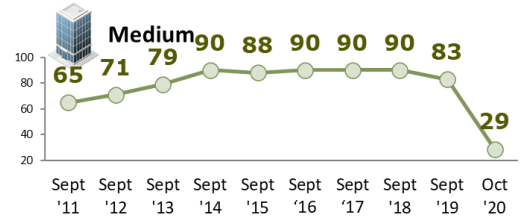
(Base: All SMEs – 1,503)

Stable/ Increase 29% (-51%)
(Oct '20 vs Sept '19)





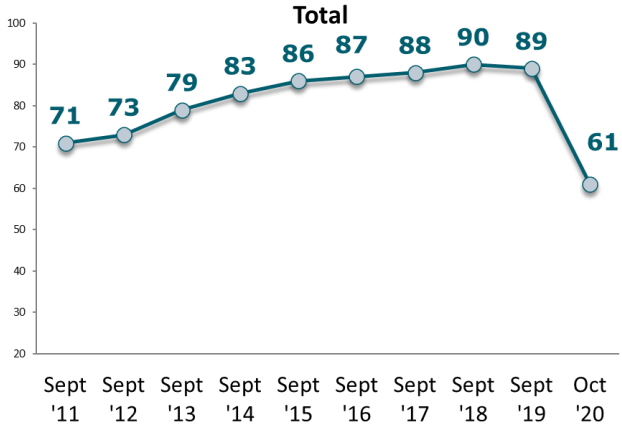


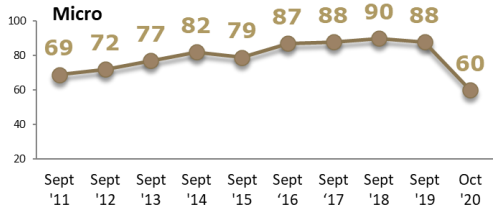


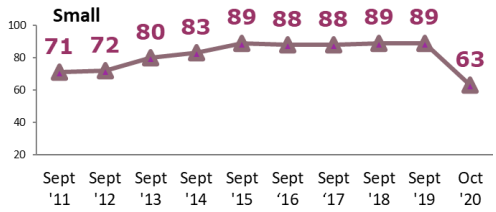
Profit In the Business (Since the Onset of Covid 19)

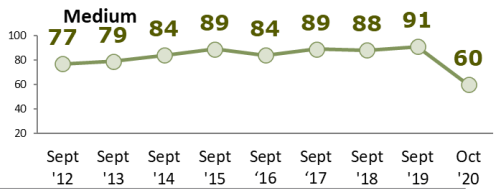
(Base: All SMEs – 1,503)

Made a Profit/ Broke Even 61% (-28%)
(Oct 20 vs Sept '19)









1. Summary

The following is the summary of results from the SME Credit Demand. All interviews were conducted between 25th August and the 12th October 2020 and covered the period from mid-March 2020 (the onset of the Covid-19 restrictions). Throughout the report, where possible, the SME Credit Demand SME Credit Demand Survey findings (referred to as October 2020) are compared with previous waves of the Department of Finance Credit Demand Survey. This ensures that historical comparisons are being made on a like-for-like basis, taking the current pandemic into account.

1.1 Trading Performance

Trading conditions since the onset of the Covid-19 crisis have been extremely difficult at all levels.

In terms of turnover, just 29% of all businesses surveyed reported increased or stable turnover since the onset of Covid-19 compared to 80% in September 2019.

By sector, all SME categories have experienced significant declines in turnover, with the greatest decline registering in the hotels & restaurants sector, where 96% of survey respondents report a decrease. The business services and manufacturing sectors reported the most pronounced levels of increased turnover. However, the turnover of all businesses across all SME sectors is significantly lower than corresponding levels registered at any stage throughout the SME Credit Demand Survey series.

The proportion of companies increasing their staff numbers stood at 9% in this SME Credit Demand Survey, compared with 32% of companies that decreased their head count. The net reported increase/decrease figure of -23%, therefore, represents a very significant decline from the +17% registered in September 2019.

The survey has also registered a significant decline in the reported number of companies making a profit, with a net profit versus loss balance of -4% in October 2020 compared to +60% in September 2019. More SMEs in Ireland (35%) report having made a loss since the onset of Covid-19 than report having made a profit (31%).

Of those firms that made a loss, on average, this loss equated to 48% of turnover. Of those companies that made a profit, the average profit made equated to 17% of turnover.

There are significant differences in levels of profit generated between different company sizes, with 41% of medium-sized companies indicating they made a profit since the onset of Covid-19, compared 31% of small companies and 25% of micro companies that also reported a profit.

1.2 Demand for Banking Finance

Credit demand from banks has declined marginally year-on-year, with 18% having applied for bank finance since the onset of Covid-19 (mid-March 2020) – two percentage points lower from 20% in September 2019. The survey did register a significant decline in expected future demand for credit, with 12% of SMEs expecting to apply for finance in the next six months, compared to 18% in September 2019.

The main reason given for not applying for bank credit was that the company felt they had sufficient internal funds and thus they did not need external finance – with this being stated by 72% of those businesses that did not apply for credit.

Other stated reasons for not requiring bank finance since the onset of Covid-19 included a desire not to be indebted (19%), a belief that current lines of credit were sufficient (13%), a general preference to use internal finance (13%) and a view that their business generates sufficient revenue (12%).

Among those SMEs that have requested bank finance since the onset of Covid-19 new loans, new overdrafts and the renewal/restructuring of existing overdrafts were the main bank finance products requested.

Compared to September 2019, the demand for bank finance for new loans and leasing or hire purchase has declined by 14 percentage points and 12 percentage points respectively. The demand for new overdrafts and the renewal/restructuring of existing loans has, conversely, increased since September 2019 by 12% in both instances.

Invoice discounting still remains the least popular product, with just 4% of those that applied for bank finance having applied for this credit type.

The highest demand by sector was found in the hotels and restaurants sector (up 22% in September 2019 to 26% in this survey) and construction at 23%. The lowest demand was noted for the manufacturing sector, at 12%.

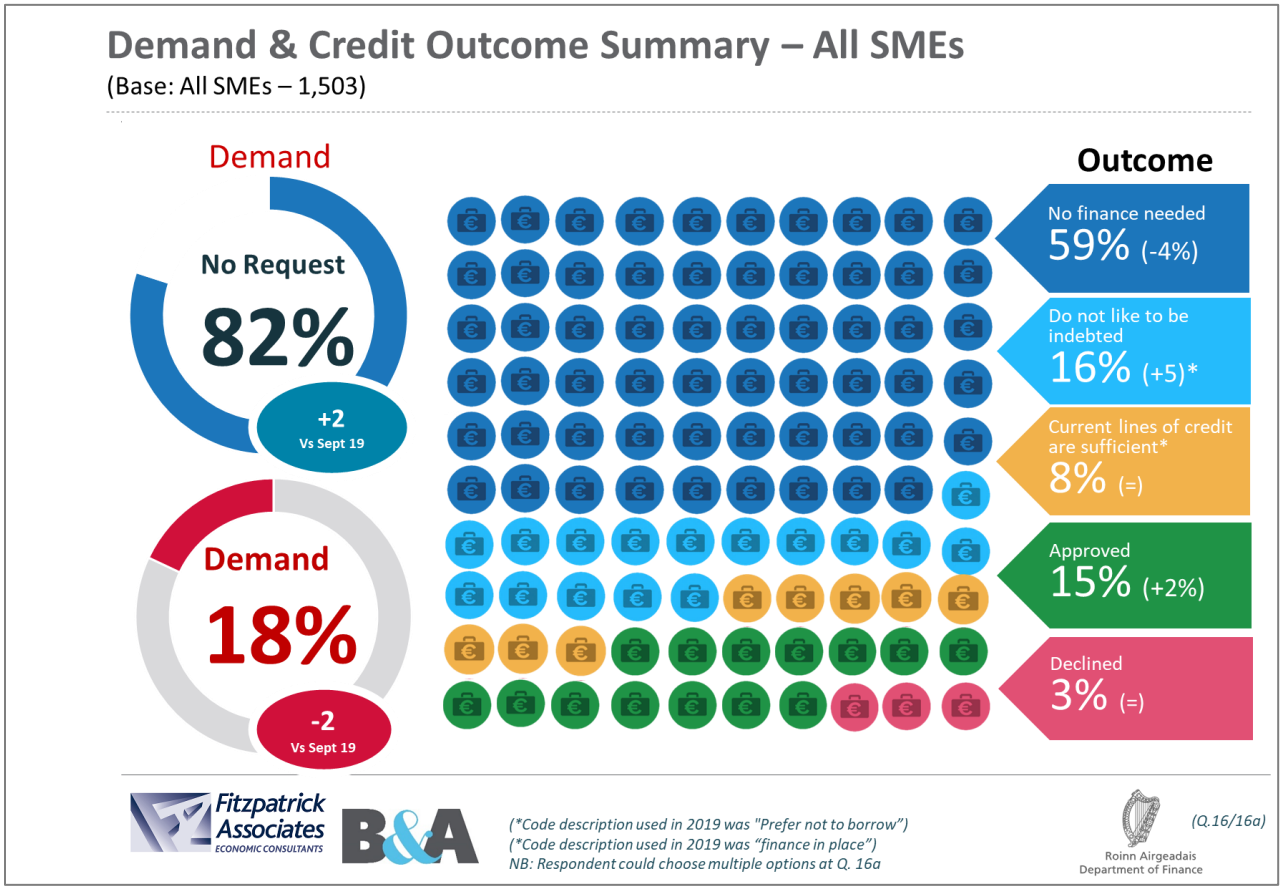
About 35% of all SMEs who applied for credit and were successful or partially successful were not certain of the interest rate attached to their outstanding loans. Of those that were aware, the average cost of credit reported on outstanding loans was 5.8%, up from 5.1% in September 2019 (the figure of 5.1% applies to outstanding debt in Sept 19).

64% of all SMEs reported that their percentage of unpaid invoices was between 0% and 9%. The average number overall was 10%.

One in five of all SMEs indicate they have missed or deferred payments to the Revenue Commissioners since the onset of Covid-19, a figure which is highest amongst small and medium-sized firms. 12% of all SMEs have missed or deferred payments on bank loans, while 7% have missed other business loan, rent and supplier repayments.

1.3 Credit Demand Overview

In summary, there has been a drop of two percentage points in credit demand amongst Irish SMEs compared to 2019.



1.4 The Application Process

As noted, 18% of all SMEs have requested bank finance since the start of the current restrictions in March 2020 (-2%) compared to 20% in 2019.

The single greatest reason given for finance requests was the need for working capital, with 59% of those requesting bank finance since the onset of Covid-19 doing so for this reason. This is followed by new business venture/acquisition of assets/expansion requirements (16%), investment in machinery or equipment (10%), covering fixed payments while businesses shut down due to Covid (10%) and the adaptation of businesses due to Covid/social distancing requirements (9%).

Medium sized companies were more likely to require finance for working capital cashflow purposes, while micro and small SMEs were most likely to require finance to cover fixed payments while their businesses remained shut down due to Covid.

Each business that applied for credit provided the estimated monetary value of that application. When looking at applications for new bank finance (e.g. overdraft, loan or lease/hire purchase), the average stated amount was €192,185. This is lower than the stated value in September 2019, which was €265,686.

When looking at the different sizes of SME, it is notable that medium-sized companies (at €387,660) sought higher levels of new bank finance than micro or small firms (at about €47,000 and €220,132 respectively).

As might be expected, there are also differences between different sized companies in the value of renewal/restructuring finance requested, with micro-sized companies requesting €32,000, which is almost €226,000 less than the average SME (at €258,000).

The proportion of credit applications that were declined stood at 15% in this survey, up marginally from 14% in September 2019. Overall, 85% of all SME credit applications were fully or partially approved at the time of surveying. Decline rates were highest amongst micro companies at 20%, and are broadly similar for export versus non-export businesses.

Refusal rates since the onset of Covid-19 were highest for credit sought due to changed business requirements as a result of Brexit (34%), credit for new venture/acquisition of assets/expansion (25%) and credit to restructure loans (25%).

The most common reasons given by banks for not loaning the full amount requested by firms were a requirement for further information to help with assessment of the application (at 16%), followed by the applicant's ability to repay (13%), failure to meet the bank's criteria (13%) and lack of clarity around their future ability to repay the credit (12%).

1.5 Support and Initiatives

Awareness of business support and initiatives was highest for the Temporary Wage Subsidy Scheme, or TWSS (94%), Enterprise Ireland initiatives (88%), and Local Enterprise Office initiatives (81%). Some 73% of SMEs were aware of payment breaks, with 65% aware of the Credit Guarantee Scheme and 60% aware of Tax Warehousing.

Six in ten of all SMEs in Ireland report having availed of the TWSS – a figure which rises to 73% of small businesses and 67% of medium-sized enterprises. In addition, one in five of all SMEs have availed of Tax Warehousing, a figure which rises to just over a third of all medium-sized SMEs.

The hotels and restaurants sector has been most likely to avail of the TWSS and Tax Warehousing facilities, with a majority of the manufacturing sector (59%) and the wholesale sector (56%) having availed of the TWSS scheme. Just under one in ten (9%) of hotels and restaurant businesses have also availed of SBCI products, as has 8% of manufacturing SMEs.

86% of SMEs report having invested in their business in line with public health guidelines since the onset of Covid-19, with the average amount invested just under €14,000. The vast majority of SMEs that have invested in their business in line with public health guidelines have funded the investment from internal financing/retained earnings.

2. Introduction

This report presents the results of the SME Credit Demand Survey commissioned by the Department of Finance, and covers the period March to October 2020. Fitzpatrick Associates has conducted the study and Behaviour & Attitudes Ltd (B&A), the independent market research and polling organisation, has carried out its fieldwork.

The key parameters of the survey have been kept identical to those in previous waves of the Department of Finance Credit Demand Survey to ensure comparability of data over time in relation to a range of key questions. Thus, the SME Credit Demand Survey utilises the same quotas as the historical Credit Demand Survey for company size and industry, as well as the same database of leads used to select businesses for interview. A series of key questions included in the SME Credit Demand Survey match those that have historically been asked in the Credit Demand Survey, albeit with the emphasis on the SME experience since the onset of Covid-19.

Interviews were conducted through B&A's own Computer Assisted Telephone Unit. In total, 1,503 telephone interviews were conducted with a random sample of Irish micro, small and medium sized firms. Interviews were conducted from 25 August-12 October 2020.

2.1 Economic Context

While the Covid-19 pandemic and the associated containment measures have had a significant impact on the Irish economy, it is important to recall the robust nature of the economy pre-pandemic. Real GDP grew by 5.6 per cent in 2019. While GDP figures can be exaggerated in an Irish context, a range of other measures – tax revenue developments and labour market indicators - confirm that the economy was growing strongly. At the turn of the year, the unemployment rate was below 5 per cent (effectively at full employment), following seven successive years of employment growth of around 3 per cent.

However, the onset of the pandemic and the temporary suspension of all 'non-essential' economic activity following the outbreak of the virus led to a severe contraction of the economy in the second quarter of this year. The unemployment rate – including recipients of the Pandemic Unemployment Payment (PUP) - peaked at 30 per cent in April. While at a headline level, GDP fell by 6 per cent in the second quarter, the sharpest contraction on record yet one of the smaller impacts amongst advanced economies. This is very much a function of the 'dual-nature' of the Irish economy – characterised by highly productive and mainly foreign-owned MNCs on one side and domestic-SMEs on the other – and masks an unprecedented contraction in the domestic economy. Domestic demand fell by 16 per cent in the second quarter, gross value-added in domestic sectors declined by 20 per cent, and indigenous exporting sectors have seen year-on-year declines. Ireland also saw some of the largest declines in private consumption and construction investment, as a result of the comparatively severe lockdown.

As restrictions were lifted over the summer, however, the economy began to show signs of recovery. The initial bounce-back was confirmed by high-frequency official data as well as real-time indicators, such as those based on payments technology and road-usage. Retail sales, which had collapsed in April, surged in May and recorded the largest monthly increase on record in June, and were 11 per cent above the pre-pandemic level in September. The

unemployment rate began to fall slowly as the economy reopened, reaching 16 per cent in September.

At the time of Budget 2021, the Department of Finance projected that the economy as a whole would contract by 2 ½ per cent this year and grow by 1 ¾ per cent next year. These projections were based on a set of key assumptions, namely that the post-Brexit transition period would end without a trade deal - with bilateral trade taking place on the basis of a WTO most-favoured-nation tariff regime as a result, and that a widespread vaccine for Covid-19 would not be available until at least 2022. The impact of a no-deal Brexit is estimated to reduce growth by around 3 percentage points next year.

However, these projections also crucially assumed that there was no return to a national lockdown. The recent move to Level 5 of the Plan for Living with Covid-19 on October 22nd has seen the return of severe but necessary restrictions on economic and social activity in order to prevent the further spread of the disease. Based on a scenario analysis published with the Budget, more stringent restrictions in the fourth quarter are estimated to reduce the growth rate this year by a further percentage point, and also by up a significant amount next year if the additional restrictions lead to behavioural changes on behalf of households and firms (i.e. excess precautionary savings and deferrals of investment). However, this scenario is based on no policy change. Enhanced income support schemes were designed to soften this impact, in particular by maintaining the link between employers and employees and therefore limiting scarring effects as much as possible.

While the impact of the move to level 5 restrictions is likely to be significant, it is likely that the economic fall-out will not be as severe as in the scenario outlined in the Budget or that seen in the spring, as construction, education, childcare and most manufacturing activity will remain open under the current restrictions. Indeed, a number of indicators such as payment card transactions and mobility have fallen since these additional restrictions were introduced, but significantly smaller than the falls seen in the spring. Of course, these additional restrictions have meant that many additional people will also now rely on income support schemes, with the number of recipients of the Pandemic Unemployment Payment now standing at around 342,000 as of the 10th November, an increase of approximately 98,000 since we entered level 5. However, the rate of increase dropped substantially this week and with more sectors remaining open compared to the spring, the number of people claiming the PUP should remain well below the spring peak of 600,000.

As the short-term economic outlook depends on factors which are impossible to predict including the epidemiology of the virus, the economy faces a number of risks. The potential impact from a more adverse than expected outcome from Brexit would have a detrimental impact on the Irish economy. However, the biggest risk facing the economy in the short term is the threat of subsequent national lockdowns which would have severe implications for the economy and public finances. Further lockdowns would likely cause scarring effects on the economy, with some firms unable to survive the repeated level of restrictions and more jobs therefore permanently lost (in the absence of further policy supports). When combined with the disruption expected by a potential disorderly Brexit in January, these factors would mean that the economic recovery expected next year would be significantly weakened.

2.2 Government Support Measures

Over the past decade, successive governments have supported a range of commitments to help aid small and medium-sized enterprises, including actions 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 (which was precipitated by the global financial and economic crisis in 2008-09).

This has led to the introduction of a variety of initiatives, which have been highlighted in previous Department of Finance surveys of credit demand in SMEs[1], such as:

- the establishment of the Strategic Banking Corporation of Ireland (SBCI), which commenced lending in March 2015. Up to end October 2020, the SBCI supported sanctioned loans totalling €1.4bn to 30,000 Irish SMEs through the provision of a combination of liquidity and risk sharing, with SMEs that received SBCI finance coming from a variety of business and economic sectors (e.g. agriculture, food, retail, healthcare, transport and manufacturing) and from every region of the country;
- the Ireland Strategic Investment Fund (ISIF), which invests on a commercial basis in a manner designed to support economic activity and employment in Ireland. To ensure efficient delivery of funding to the SME sector, the support of which requires large volumes of granular debt and equity investments to be made in underlying SMEs, the ISIF will generally target investment in private sector entities that interface directly with those SMEs;
- the Seed and Venture Capital Scheme, run by Enterprise Ireland, which committed €175m in seed and venture capital funding for the 2013-18 period, plus a further €175m for the 2019-24 period;
- the Microenterprise Loan Fund Scheme, which is managed by Microfinance Ireland on behalf of the Government, and which The provides loans of between €2,000 and €25,000 to micro-enterprises (businesses with fewer than 10 employees and/or turnover of less than €2m). To the end of Q3 2019, €32m in loans were approved under this scheme, supporting 5,364 jobs, with about 79% of loans being granted to micro-enterprises outside of Dublin;
- the Credit Guarantee Scheme, which was launched in October 2012 to facilitate additional bank lending to eligible SMEs. This scheme offers State guarantees of up to 80% on loans ranging between €10,000 and €1m in value, with guarantees being provided to banks against losses on qualifying loans to firms that would otherwise have difficulty getting credit.
- the Brexit Loan Scheme, which was launched in March 2018, to make funds of up to €300m available to eligible businesses (with up to 499 employees) to help them innovate, change or adapt to overcome their Brexit challenge, with loans ranging from €25,000 to €1.5m, with unsecured loans of up to €500,000 and terms ranging from 1-3 years. Up to end of October 2020, 279 businesses have progressed to sanction at finance provider level, to a total value of €56.4m;
- the €300m Future Growth Loan Scheme, established under Budget 2019, to provide loans of up to 10 years as a means of addressing a lack of availability of long-term loans in the marketplace (with terms of over seven years), with loans ranging from

[1] See Fitzpatrick Associates/B&A, *SME Credit Demand Survey – April 2019-September 2019*, Report for the Department of Finance, January 2020. Also, for previous SME credit demand surveys, see https://www.gov.ie/en/collection/788135-credit-demand-surveys/.

€100,000 (or €50,000 in the case of primary agriculture) up to a maximum of €3m, with unsecured loans of up to €500,000. Up to end of October 2020, 2,122 businesses have progressed to sanction at finance provider level), to a total value of €430m.

The impact of the Covid-19 pandemic, however, has placed further, previously unforeseen funding challenges on business in Ireland, including SMEs. As a result, a wide range of additional measures have been introduced since March 2020 in order to assist businesses, which include:

- income supports such as the Employment Wage Subsidy Scheme (EWSS) and the Pandemic Unemployment Payment (PUP). The EWSS provides a flat-rate subsidy to qualifying employers based on the numbers of eligible employees on the employer's payroll, and is currently in place until end March 2021, while the PUP is available to all employees and self-employed who have lost their job due to the Covid-19 pandemic;
- supports like the Enterprise Support Grant and the new Micro-Enterprise Assistance Fund. The Enterprise Support Grant provides business owners with a once-off grant of up to €1,000 to restart a business which was closed due to the Covid-19 pandemic, while the Micro-Enterprise Assistance Fund helps businesses with fewer than 10 employees, which are ineligible for existing grants, with a grant of up to €1,000 to help them adapt and invest to rebuild their businesses;
- a new Covid-19 Restrictions Support Scheme (CRSS), which offers targeted, timely and temporary sector-specific support to businesses forced to close or trade at significantly reduced levels as a result of restrictions imposed in response to Covid-19. The relief operates as a cash payment equal to 10% of the average weekly value of the 2019 business turnover up to €20,000 and 5% thereafter, subject to a maximum weekly payment of €5,000, for the same number of weeks as the restricted period;
- provision of a Covid-19 Credit Guarantee Scheme, operated by SBCI through participating finance providers, which facilitates up to €2 billion in lending to eligible businesses. Loans under the Scheme range from €10,000 to €1m, for terms of up to 5½ years, with financing offered through a range of products, including term loans, working capital loans and overdrafts. Loans of up to €250,000 under the scheme are also available unsecured (except where this is a requirement of the product feature, as in the case of asset finance, invoice discount facilities etc);
- the introduction of Covid-19 Business Loans, which are made available through Microfinance Ireland, for loans of between €5,000 and €25,000, for typically up to three years. Under this scheme, loans are initially made available with zero repayments and zero interest for the first six months, with the equivalent of an additional six months interest-free credit also available subject to certain terms and conditions, and with reduced interest rates thereafter;
- the Covid-19 Working Capital Scheme, managed by SBCI, which provides eligible businesses with loans of between €25,000 and €1.5m (with up to the first €500,000 unsecured) at a maximum interest rate of 4%;
- enhancement of the Future Growth Loan Scheme, making up to €800m in loans available for terms of 7-10 years to support strategic long-term investment
- the Sustaining Enterprise Fund, operating by Enterprise Ireland, with up to €180m in funding specifically aimed at firms operating in the manufacturing and internationally traded services sectors, with 10 or more employees. Amounts of between €100,000 and €800,000 are available to eligible companies that have been negatively impacted by Covid-19, including a 50% non-repayable grant element, up to a limit of €200,000. In addition, the fund also provides a short-term working capital injection of up to

€50,000 to eligible smaller companies to support business continuity and strengthen their ability to return to growth;
- a Pandemic Stabilisation and Recovery Fund, operated by the ISIF, which focuses on investment in medium and large-scale enterprises in Ireland, making capital funding worth up to €2 billion available to medium and large enterprises on commercial terms;
- enhancement of the Future Growth Loan Scheme, making up to €800m in loans available for terms of 7-10 years to support strategic long-term investment.

2.3 Rationale for Study

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

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 ongoing process. This report represents the output from such a demand study exercise.

In addition, an acute need was identified for a thorough understanding of SME Credit Demand within the context of the on-going Covid-19 crisis, and this survey is structured and designed to provide direction and insight into the specific credit needs of SMEs both during the crisis and in future months as we approach 2021.

2.4 Study Scope

The scope of this exercise was to provide an independent measure of the demand for credit encompassing all institutions, from the perspective of the SME. Additionally, information is captured to inform Government as to the experience of micro, small and medium sized enterprises in accessing credit from the banking sector as a whole. As discussed in the previous sub-section, the focus of the survey at a broader level was to understand the needs and requirements of the SME within the context of the on-going Covid-19 crisis and beyond, with a view to informing the Department of Finance as to the measures it might take to support the sector in its recovery during 2021 and beyond. Specific areas covered in the survey relate to:

- Credit availability
- Trading conditions
- Financial impact of Covid-19
- Future business performance expectations
- State supports and initiatives (with emphasis on Covid-19 support)
- Banking and bank relationships

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 an SME, one of which is employees.*

Credit Products

The review covered the following credit products:

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

Sectoral Analysis

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

- Central Bank sectoral codes are those codes used by the Central Bank, and specified at EU level, under which individual banks submit their quarterly returns to that organisation. These codes are based on NACE Rev. 1 codes.

- The NACE Code system is a pan-European classification system which groups organisations according to their business activities. It assigns a unique five- or six-digit code to each industry sector, e.g. B – Mining and Quarrying, B5 – Mining of Coal and Lignite.

- In order to ensure that the results are representative of the overall SME population, the construction sector, in so far as property development and speculative activities are concerned, has been excluded. Only companies that support or supply to the construction sector have been included.

- The specific sectors or sub-sectors 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 (incl. Bars)
Transport/Storage/Communication
Financial & Other Business Services
Real Estate activities (excl. Speculative)
Professional, Scientific and Technical
Human, Health and Social Work
Administration and Support Services

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

- Non-SME related financial intermediaries: non-bank credit grantors, credit unions, collective investment schemes, SPVs asset-backed securities, pension funds
- Speculative real estate activities
- Speculative construction activities
- 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

In reviewing results, it should be noted that the time period of this study related to conditions in the company since the onset of Covid-19 (mid-March 2020).

3. Methodology

This survey represents a Fitzpatrick Associates study of SMEs in Ireland examining a range of issues including credit availability, trading conditions, financial impact of Covid-19, future business performance expectations, state supports and non-banking finance, banking and bank relationships. Fieldwork and analysis for the survey was carried out by B&A, the independent market research company.

3.1 Sample Selection

The study sample was selected at random from an industry-leading database of all SMEs across Ireland supplied by Bill Moss, the leading compiler and database provider in Ireland. This database is compiled from multiple sources and updated regularly. At the date of writing, the database held approximately 120,000 SME records.

A starting sample of 20,000 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 enterprises and a proportional representation of 16 key business sectors set out in Section 2.4 above.

In total, 14,776 companies were called, and contact was made with 14,140 companies. Of these 14,140 contacted, 1,503 interviews were completed, with some companies either falling outside of the quotas classifying small and medium enterprises, or others refusing to take part or to complete within the time frame set out for interview.

Quotas were set in order to ensure that the sample was sufficiently representative of the SME population in terms of both SME size (micro, small and medium) and sector (as defined by NACE codes) and to match 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 120,000 SMEs in Ireland, the total sample of 1,503 companies has a possible sample error of just +/- 2.6% (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 +/– 4.4%.

3.3 Collection of Data

Telephone interviews were conducted with 1,503 Irish micro, small and medium SMEs, based on a questionnaire finalised between the Department of Finance, Fitzpatrick Associates and B&A. Some of the core questions asked in the April - September 2019 survey followed the same format in this survey, with a range of Covid-19 specific questions also incorporated.

All interviews were conducted between 25th August and 12th October 2020 and covered the period from mid-March 2020 (since the onset of the Covid-19 pandemic) up to the time of interview. The typical telephone interview lasted between five and 35 minutes, depending on the level of credit demand.

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

3.4 Comparative Results

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

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

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

3.5 Sample Size

As noted already, 1,503 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 the report should be read on that basis.

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. The SME Credit Demand Survey collected 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 with the last SME Credit Demand Survey (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 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 that employed one person (i.e. were self-employed).
   b) The study included a number of companies that had been in business for up to two years, however this type of company has generally not filed company accounts and/or is not listed in Company Registration Office records, and is not in the database used for sampling purposes.

4. Demand for credit, and 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, the CSO, the Credit Review Office and the 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 that had primary responsibility for financial matters in their business.

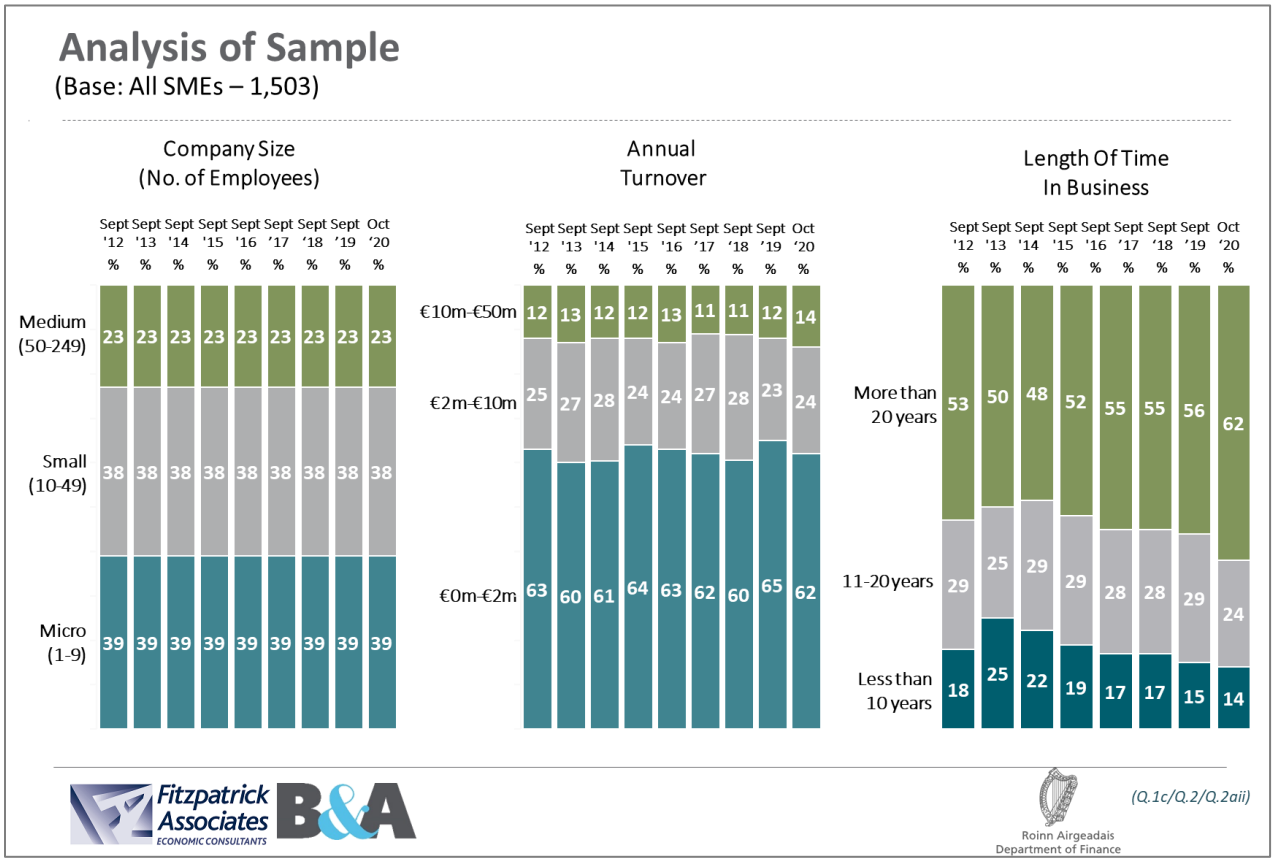
The Department of Finance had no specific interest in the individual financial affairs of any of the SMEs that participated in this study. Rather, the key objective was to better inform Government of the volume, nature and demand for credit in this key sector of the Irish economy.

Fitzpatrick Associates and B&A would like to express sincere thanks to all those SMEs that have participated in this study.

4. Profile of Respondents

4.1 Company Size, Turnover and Length of Time in Business

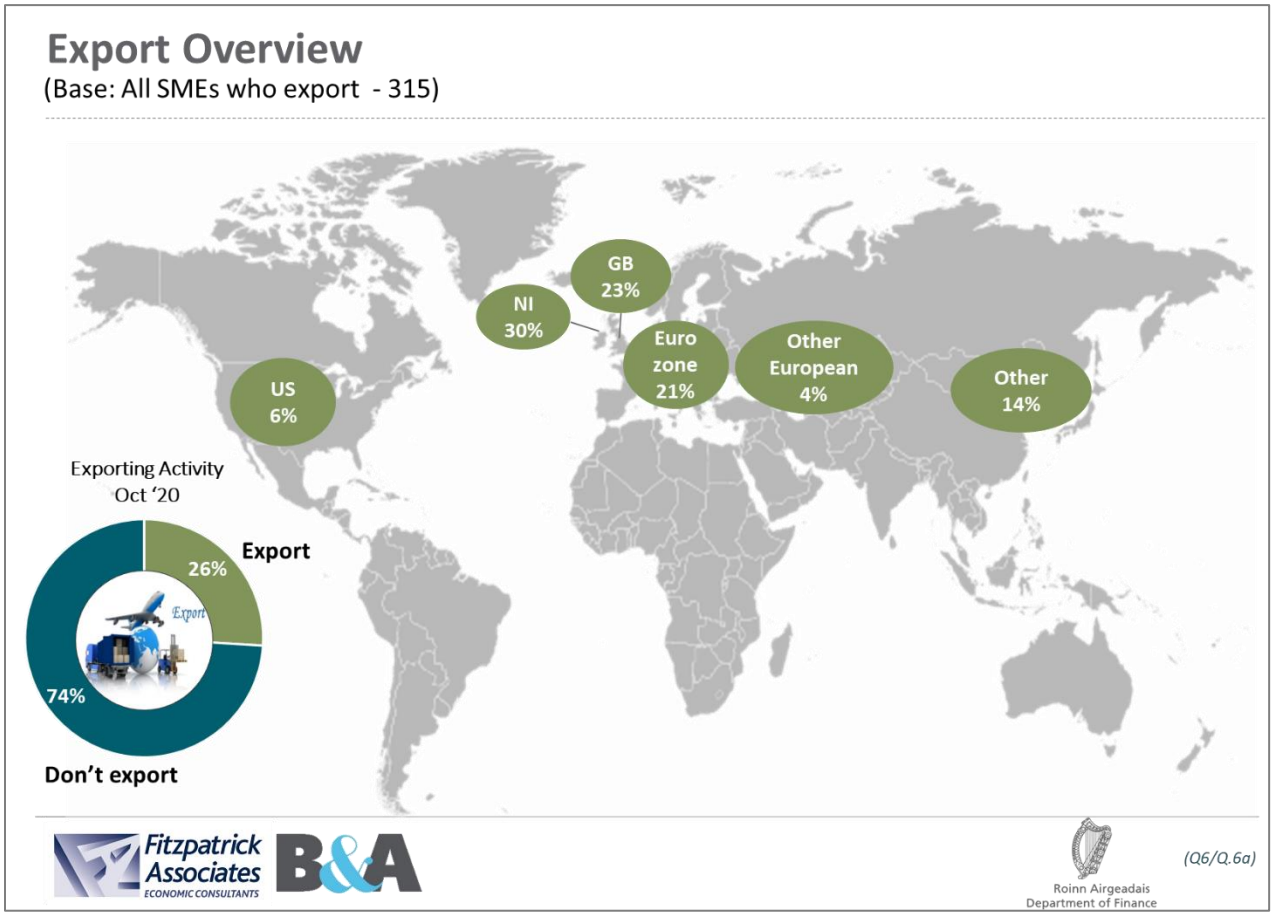
To be able to compare the core credit demand results from the current survey with the last SME Credit Demand Survey, it is important that the samples achieved are similar on key business demographics. This was achieved through strict quota control on company size and sector.



The above confirms the similarity of the historical SME Credit Demand Survey samples and this SME Credit Demand Survey sample, with identical distribution on company size, almost identical distribution on turnover and very similar distribution on length of time in business.

4.2 Exporting Companies

26% of the companies interviewed exported goods or services outside the Republic of Ireland, compared to 24% in September 2019. It is worth noting, however, that the export question was changed slightly over previous waves of the SME Credit Demand Survey (March 2013, March 2015 and September 2017), which might impact comparability for this question slightly over the years.



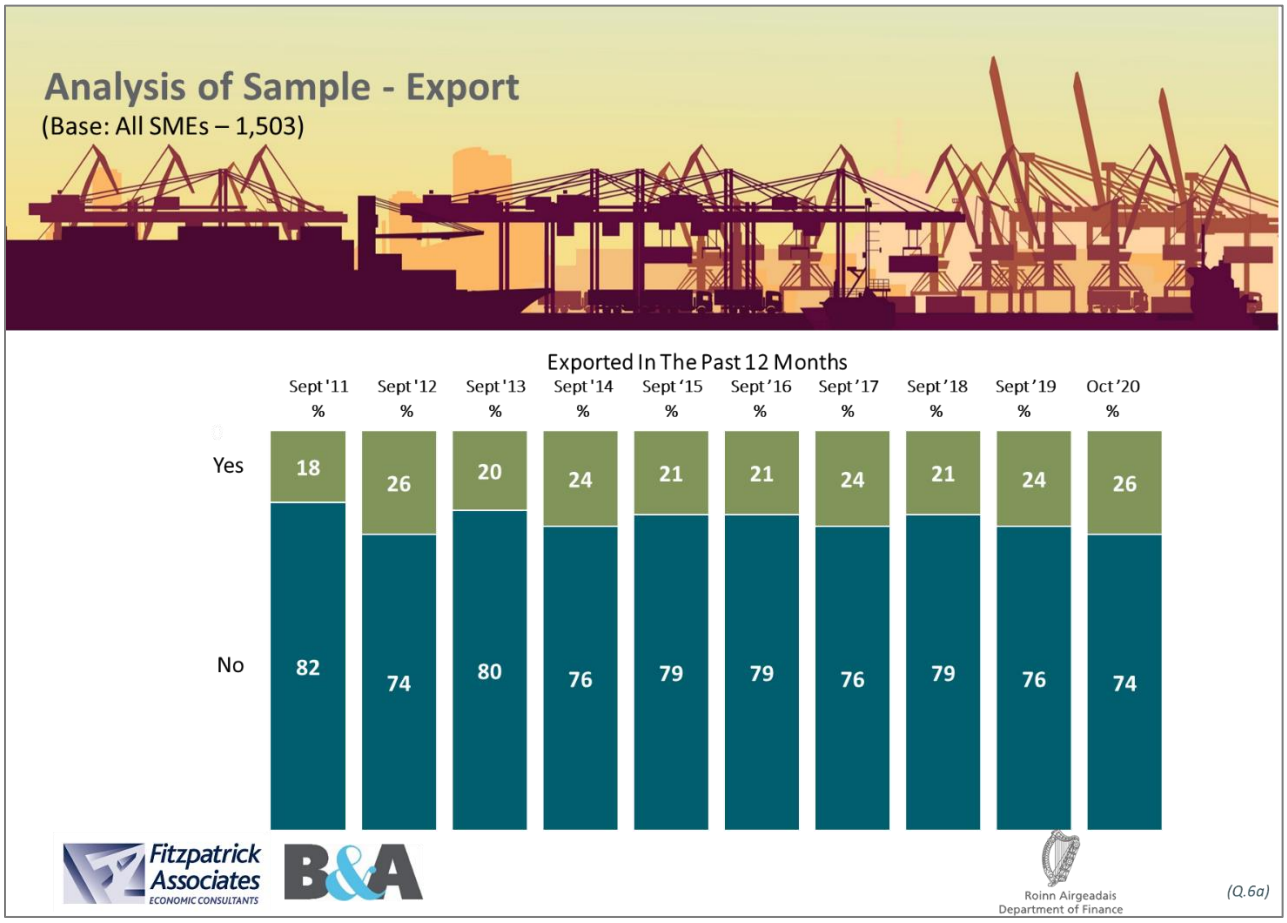
NB: The graphic above illustrates the average proportion of all exporting companies that export anything to each region featured and does not reflect the relative scale of different firms' exporting activity.

In looking at a breakdown of countries exported to, it can be seen that Northern Ireland, Great Britain and the EU/Eurozone are the main exporting destinations for exporting SMEs.

Export Overview Percentage of Firms' Sales Exported Sept 20 – All That Export (Base: 315)						
% of sales exported	Northern Ireland	Great Britain (i.e. excl. Northern Ireland)	EU/Eurozone	Other European country	United States	Other
	%	%	%	%	%	%
None	24	21	25	39	33	27
From 1 to 10	17	16	10	7	11	6
From 11 to 20	7	7	5	1	3	3
From 21 to 30	3	4	4	1	1	2
From 31 to 40	0	3	3	1	2	1
From 41 to 50	6	9	4	0	1	1
From 51 to 60	1	1	1	0	1	0
From 61 to 70	2	2	2	0	0	2
From 71 to 80	3	6	1	-	1	2
From 81 to 90	2	1	2	0	1	3
From 91 to 100	17	7	12	2	1	6
Don't Know	17	24	32	48	45	46
Mean	30.08	23.09	21.33	3.48	5.83	13.82

NB: The table above illustrates the average proportion of all exporting companies that export anything to each region featured and does not reflect the relative scale of different firms' exporting activity.

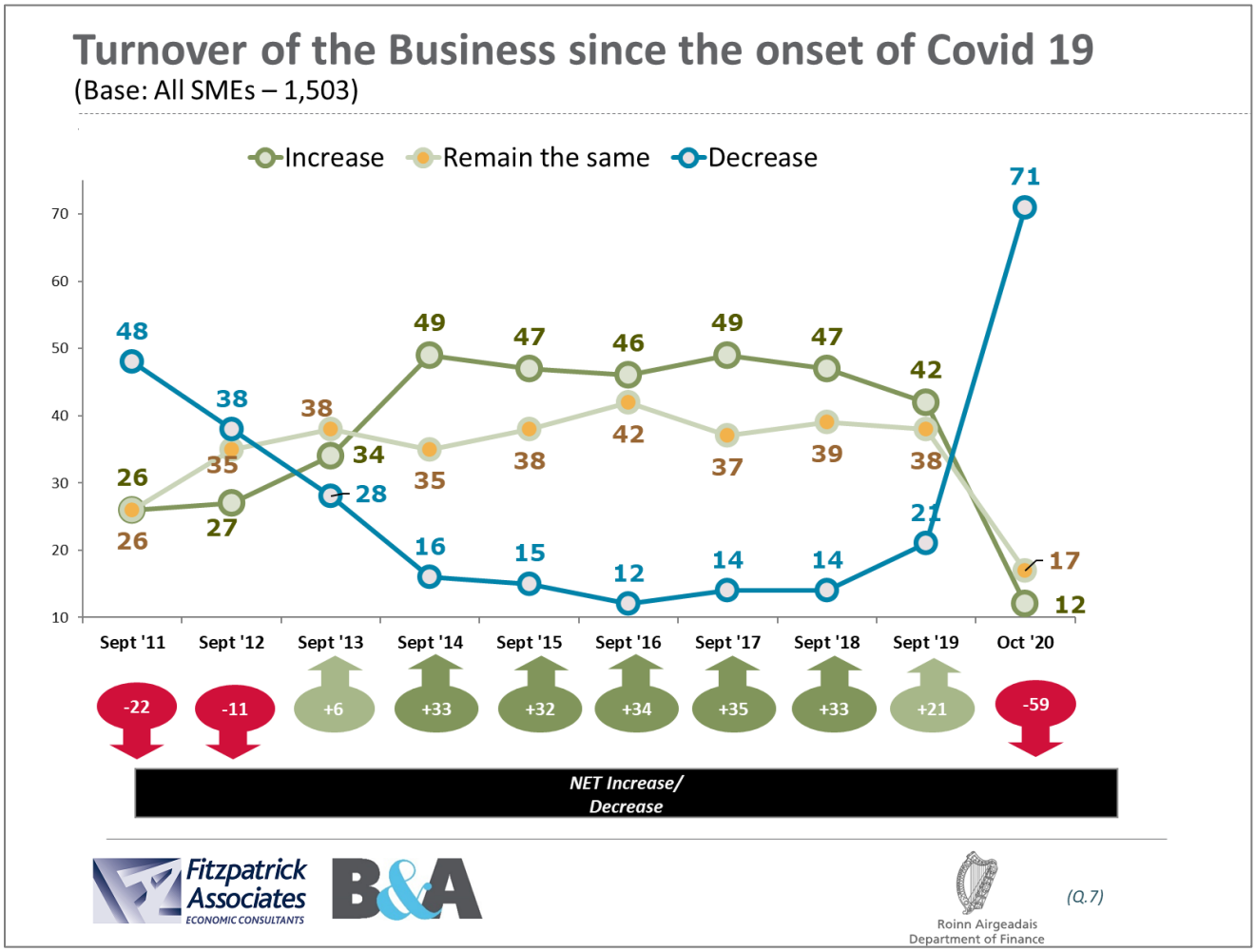
The percentage of companies exporting has increased from 24% in September 2019 to 26% in October 2020. Since September 2011, survey results for the percentage of SMEs exporting have varied from 18% (September 2011) up to 26% (in both September 2012 and October 2020).



5. Trading Performance

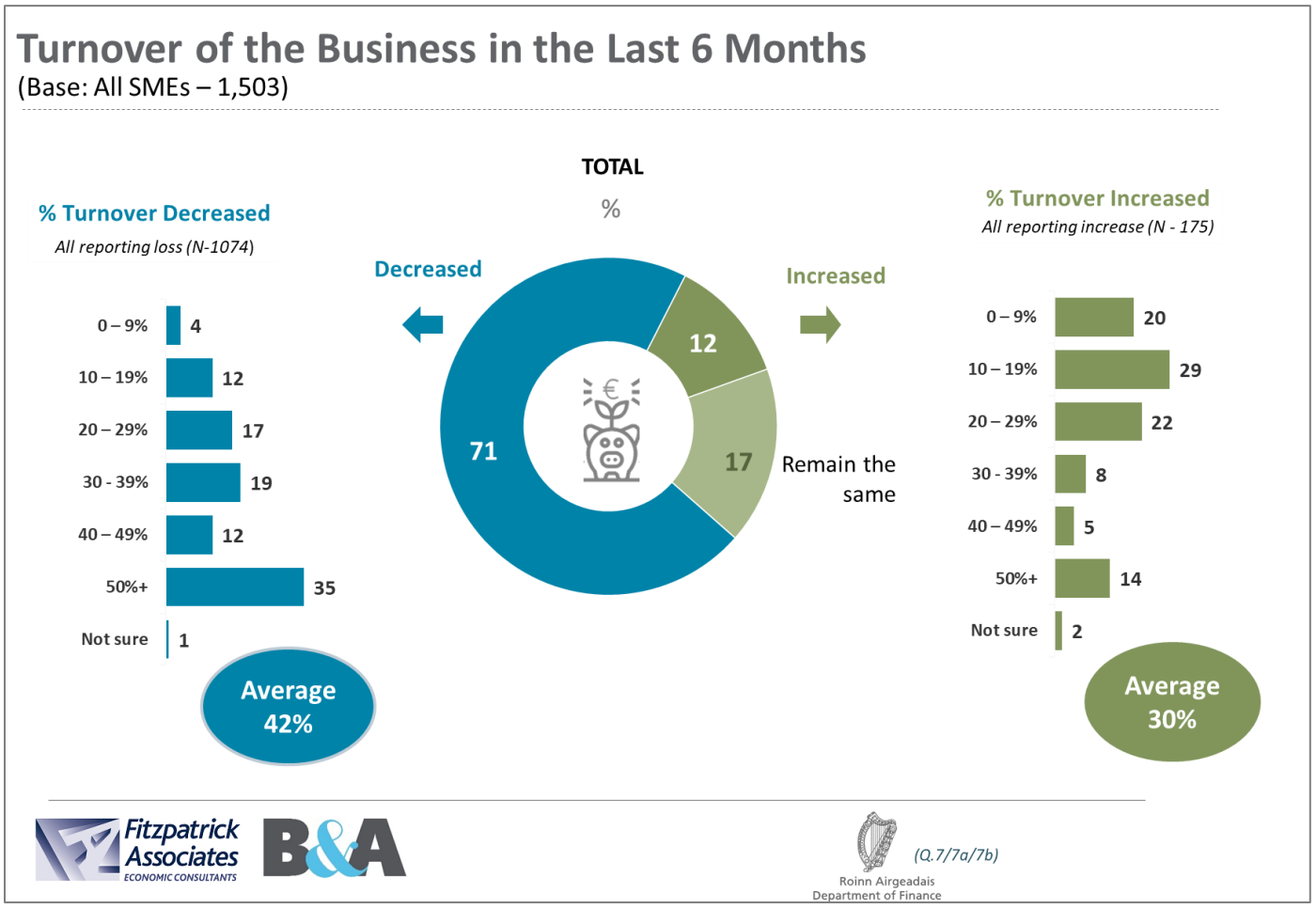
5.1 Turnover Trends

Trading conditions for SMEs since the onset of the Covid-19 pandemic (mid-March 2020) have been extremely challenging, with 71% reporting that their turnover has decreased since the onset of the Covid-19 crisis, 17% reporting that their turnover has remained the same over this period, with just 12% reporting increased turnover.

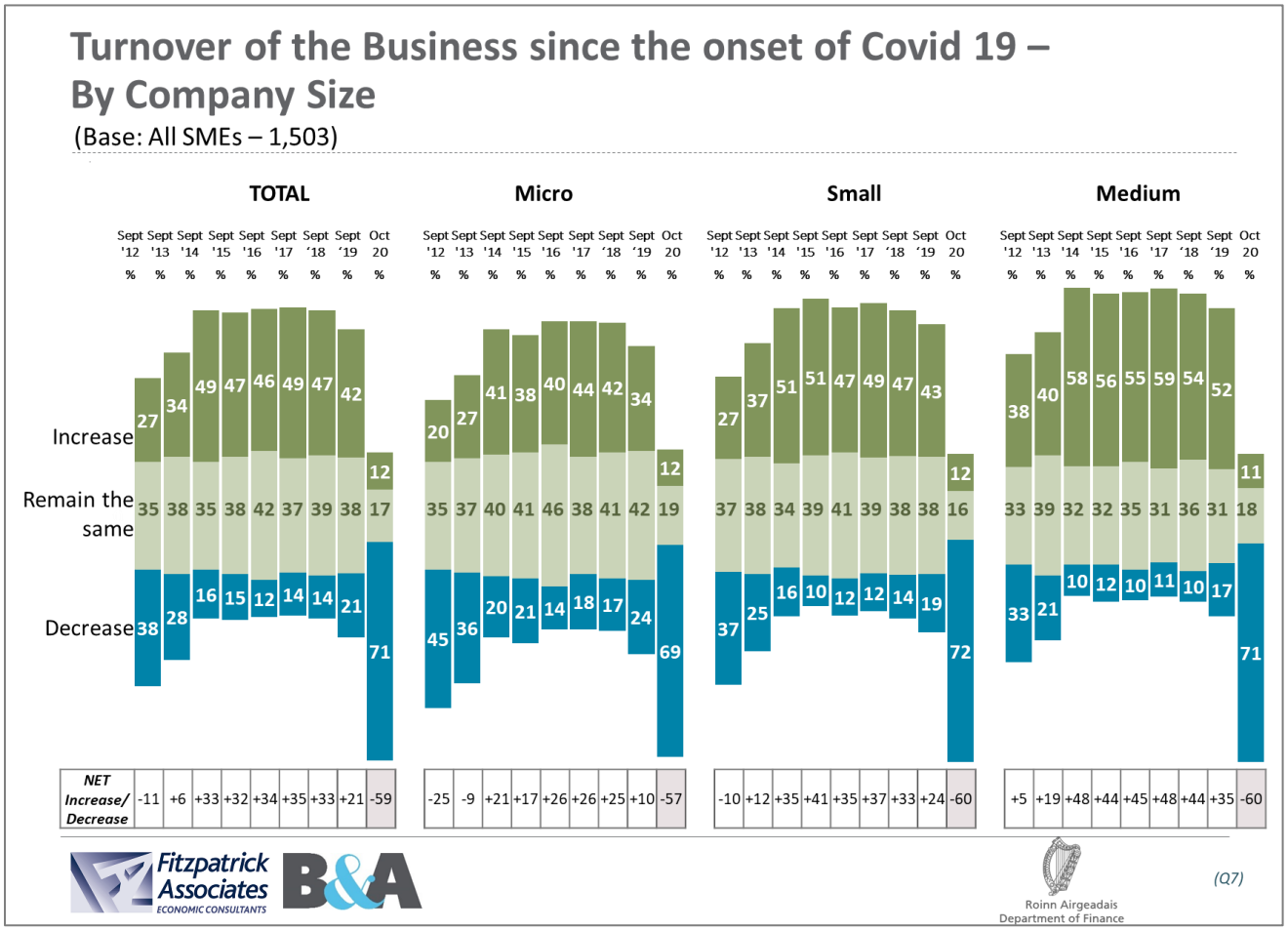


5.2 Rate of Turnover Increase/Decrease

Those reporting a decrease in turnover report an average reduction of 42%. For the smaller number who reported an increase in turnover, the average rate of reported increase is 30%.

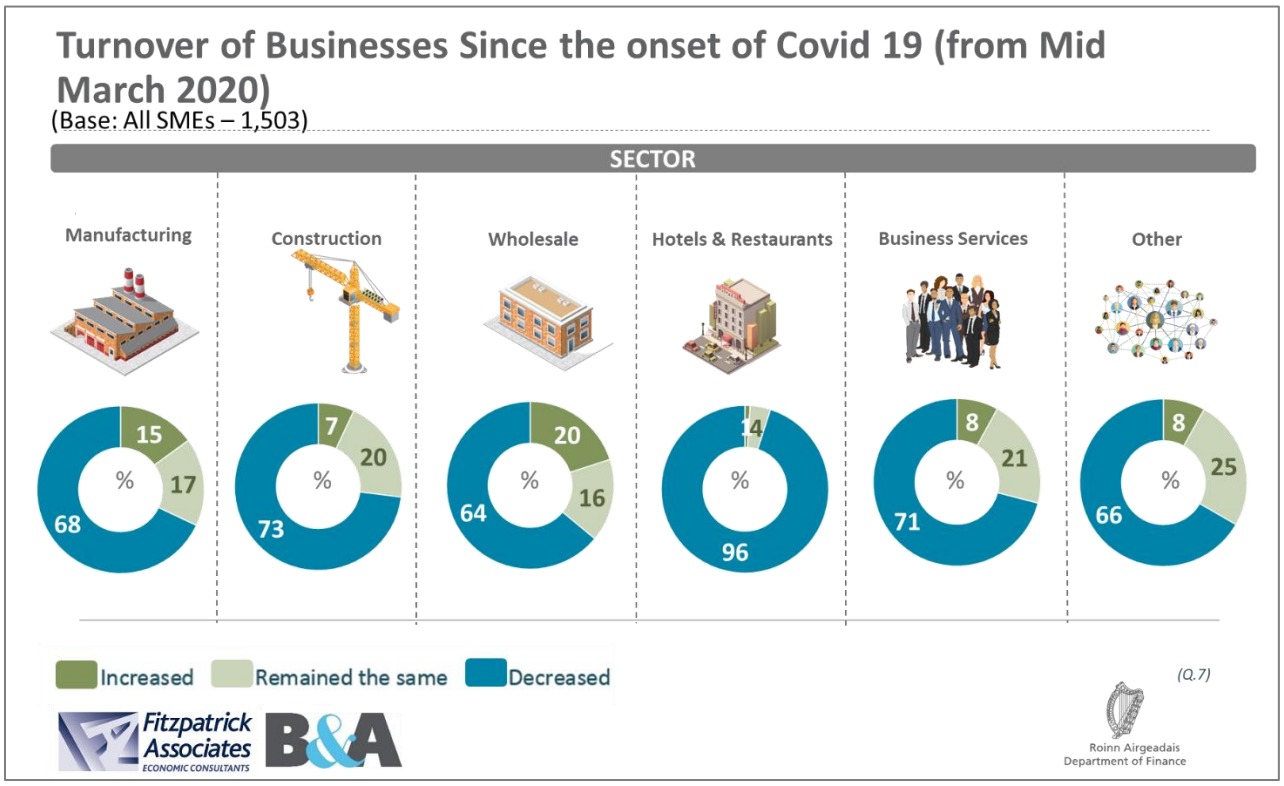


Trading conditions are very similar when looking at different company sizes, with the net increase/decrease turnover level ranging from -57 amongst micro companies to -60 for both small and medium companies – statistically insignificant differences. These reported levels of turnover are significantly lower than measured in any of the historical SME Credit Demand Surveys, and is reflective of the profound effect the Covid-19 crisis has had on the SME sector in recent months.

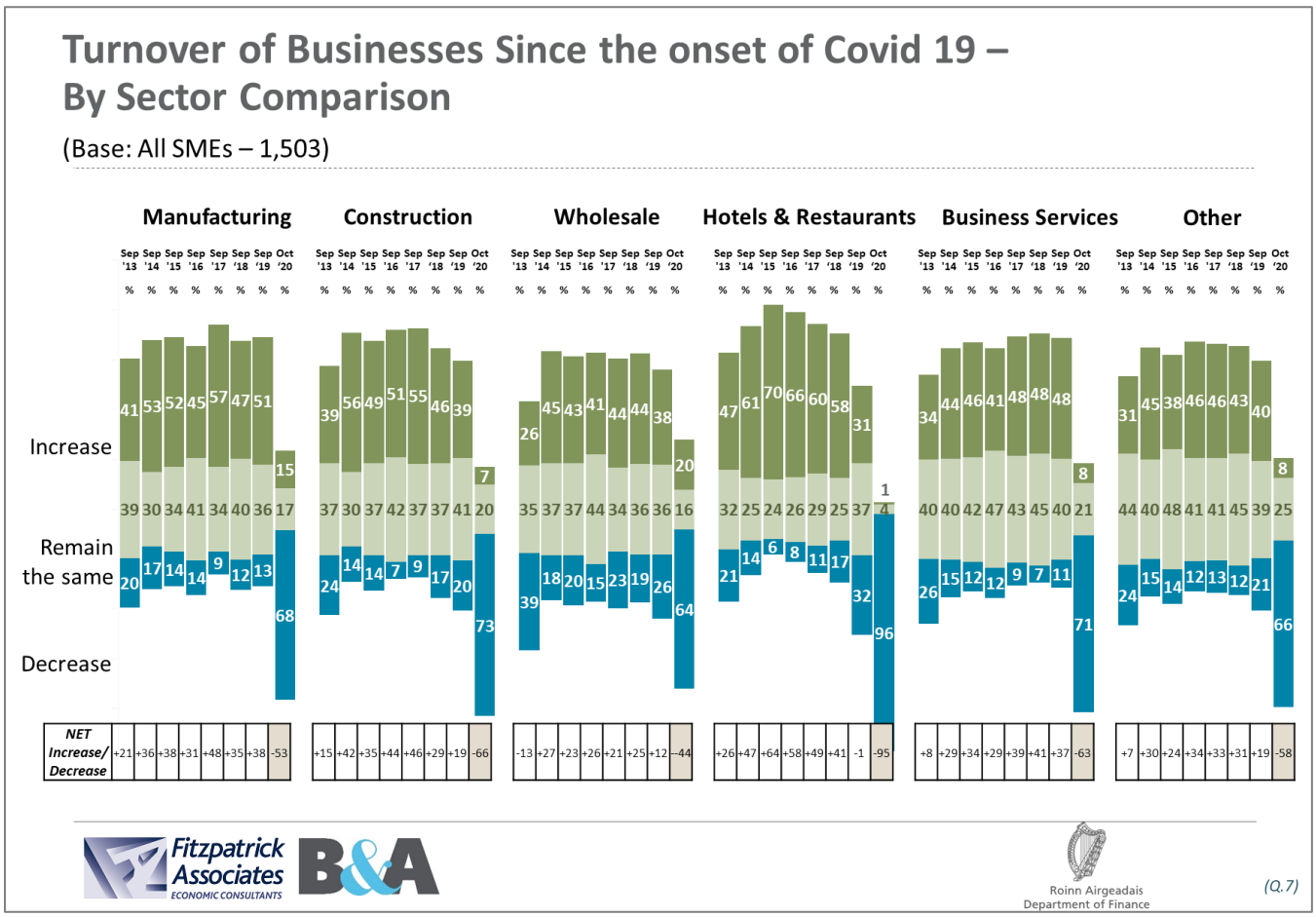


5.3 Turnover by Sector

By sector, all SME categories have experienced significant declines in turnover, with the greatest decline registering in the hotels & restaurants sector, where 96% of survey respondents report a decrease.



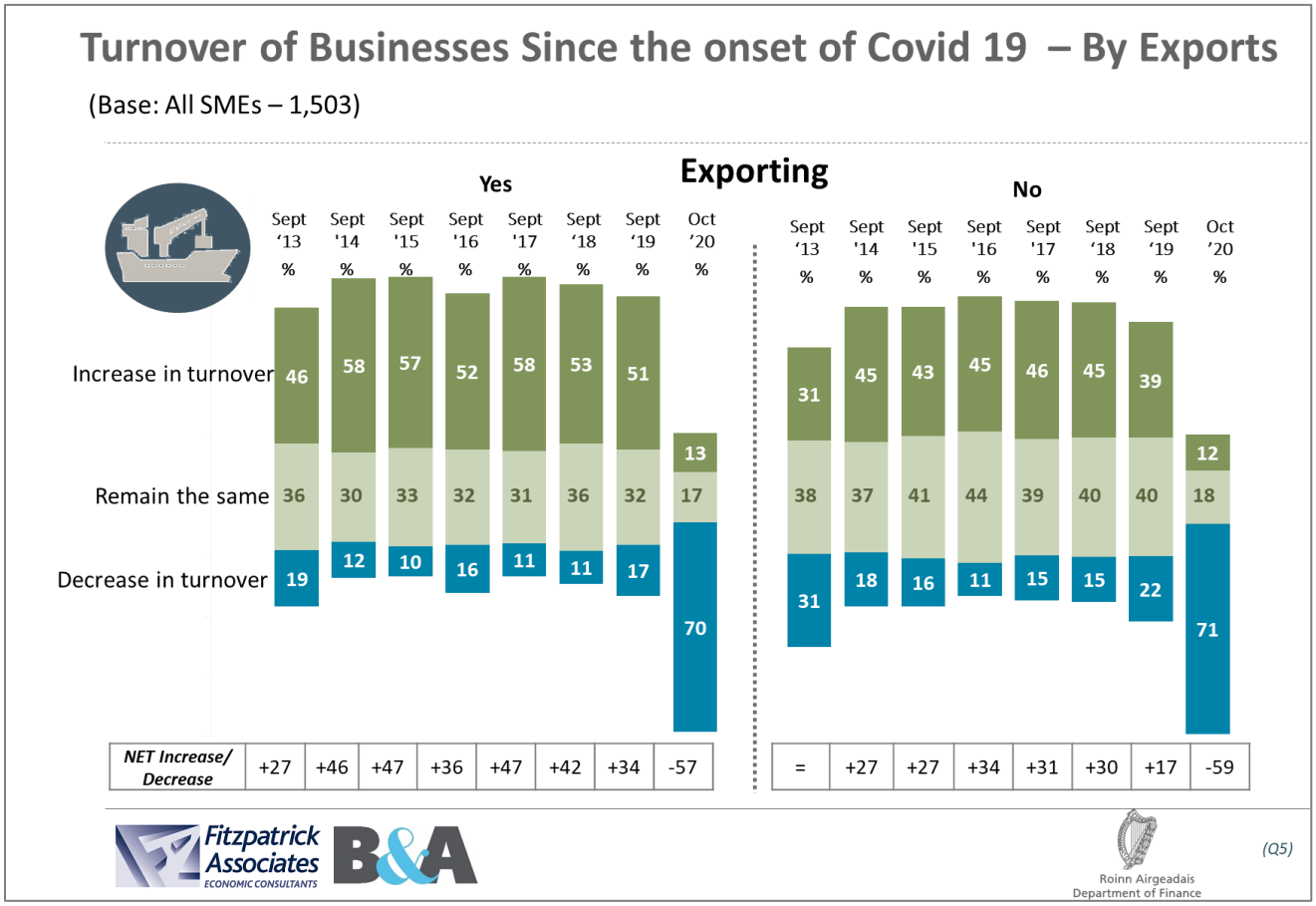
The wholesale and manufacturing sectors reported the highest levels of increased turnover, with 20% of wholesale companies reporting improved turnover and 15% of manufacturing companies also indicating improved turnover.



The turnover of all businesses across all SME sectors is significantly lower than corresponding levels registered at any stage throughout the SME Credit Demand Survey series.

5.4 Turnover for Exporting Companies

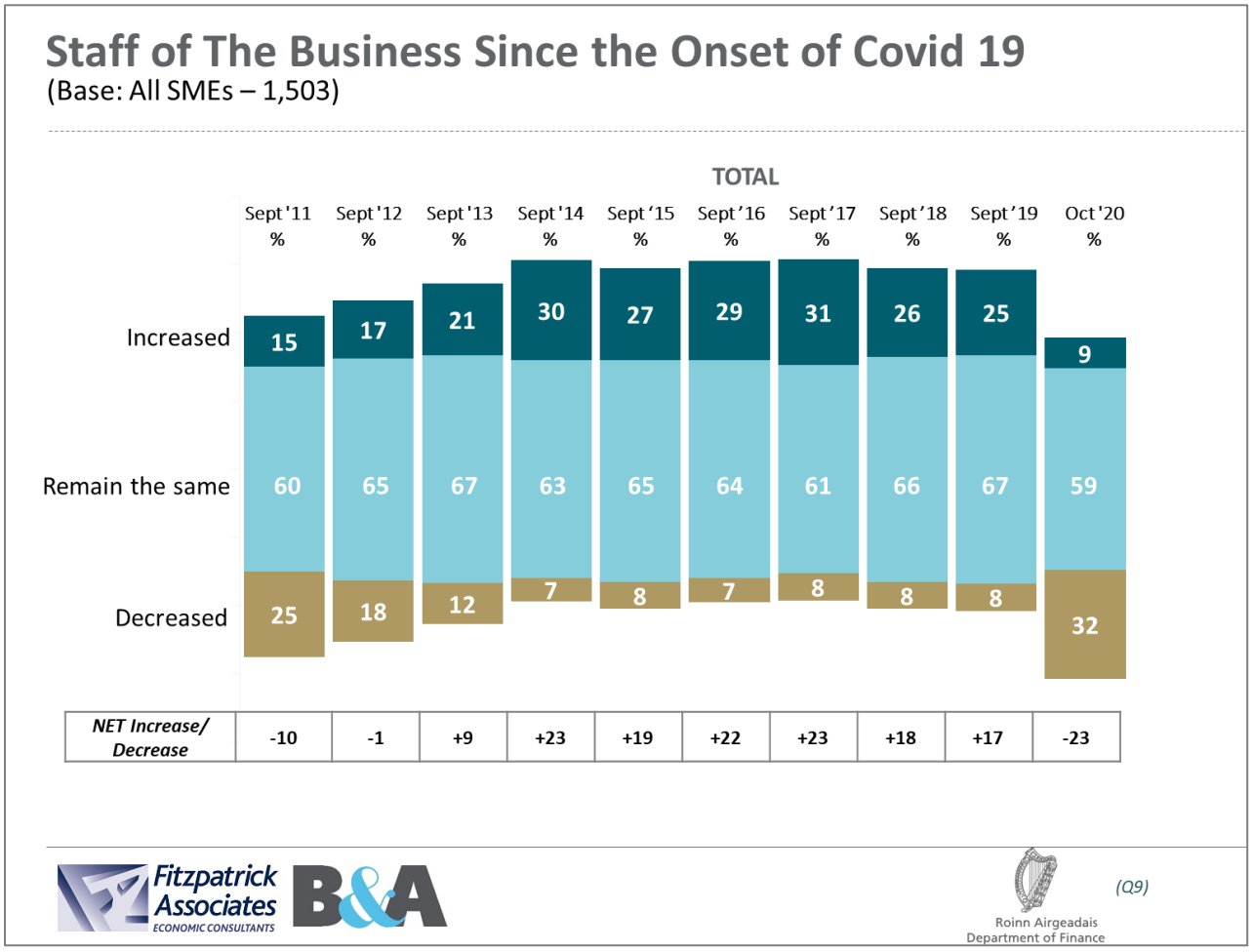
There is no statistical difference between the levels of decrease in turnover for exporting and non-exporting companies.



Just 13% of exporting firms reported an increase in turnover since the onset of the Covid-19 pandemic (mid-March 2020), 70% reported a decrease in turnover, with 17% reporting no change. The corresponding levels of turnover for non-exporting firms are 71% reporting a decrease, 12% an increase and 18% no change.

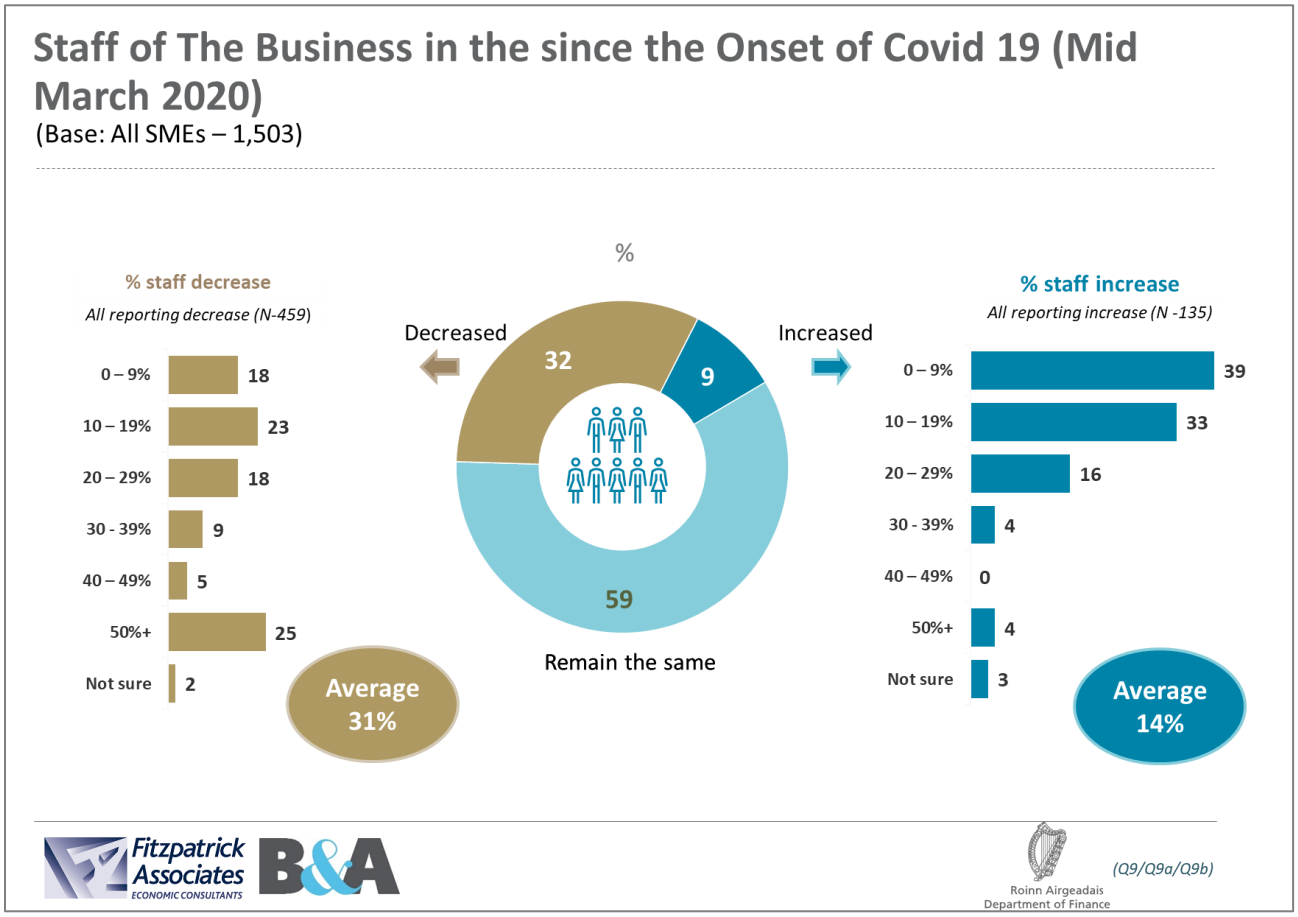
5.5 Employment Trends

Just under one-third of SMEs in Ireland (32%) have decreased their number of staff since the onset of the Covid-19 pandemic (mid-March 2020). 9% have increased their staff numbers, with the balance retaining the same level of staffing.

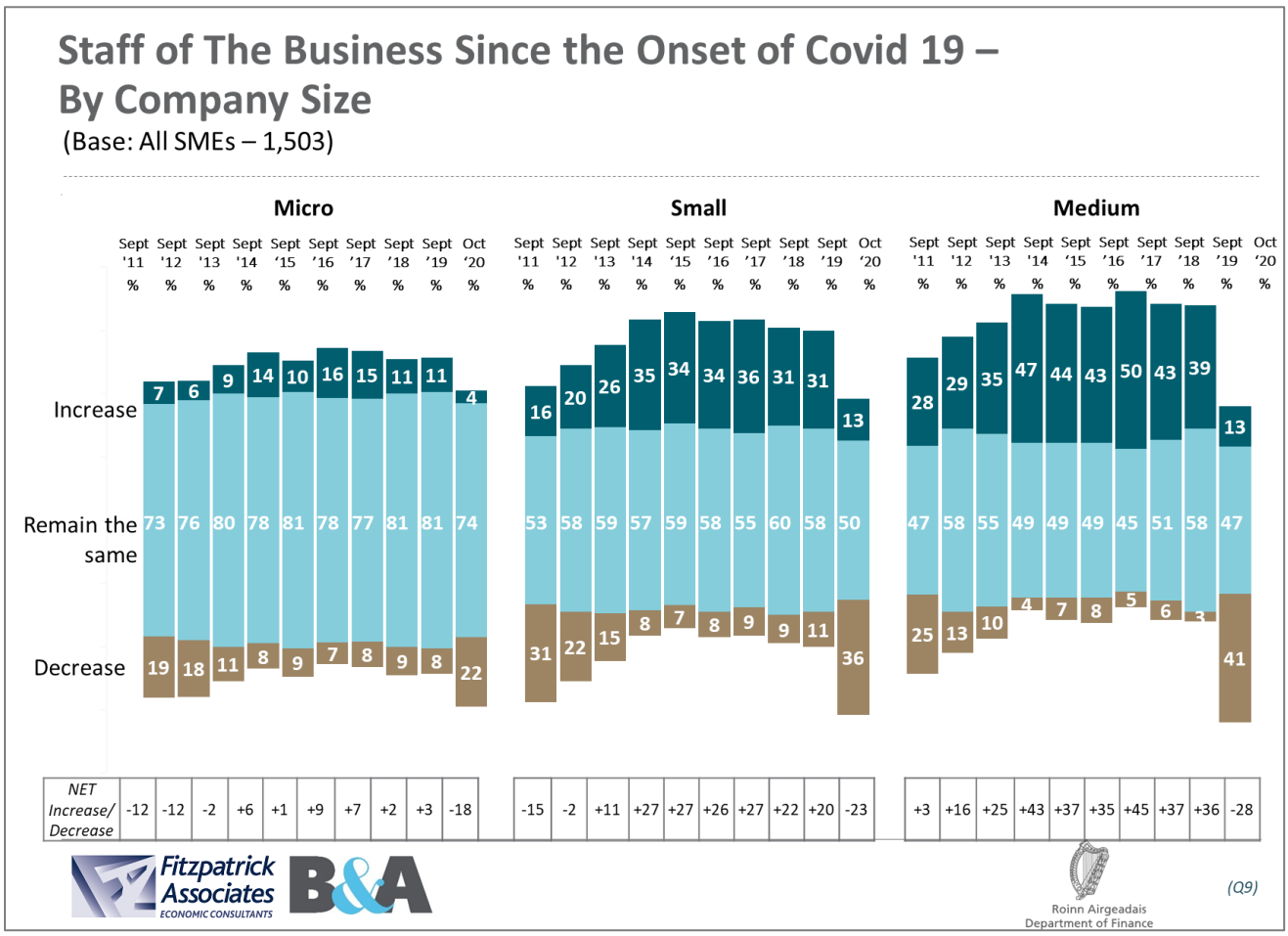


5.6 Rate of Staff Increase/Decrease

Of the companies that have decreased their staff numbers since the onset of Covid-19, the average level of decrease is 31%. Amongst the smaller number of SMEs that have increased their staff numbers, the average level of increase is 14%.



Medium-sized companies reported the highest incidence of decrease in staff numbers, with 41% reporting a decrease, compared to 36% of small-sized companies reporting a decrease and 22% of micro companies reducing their headcount.

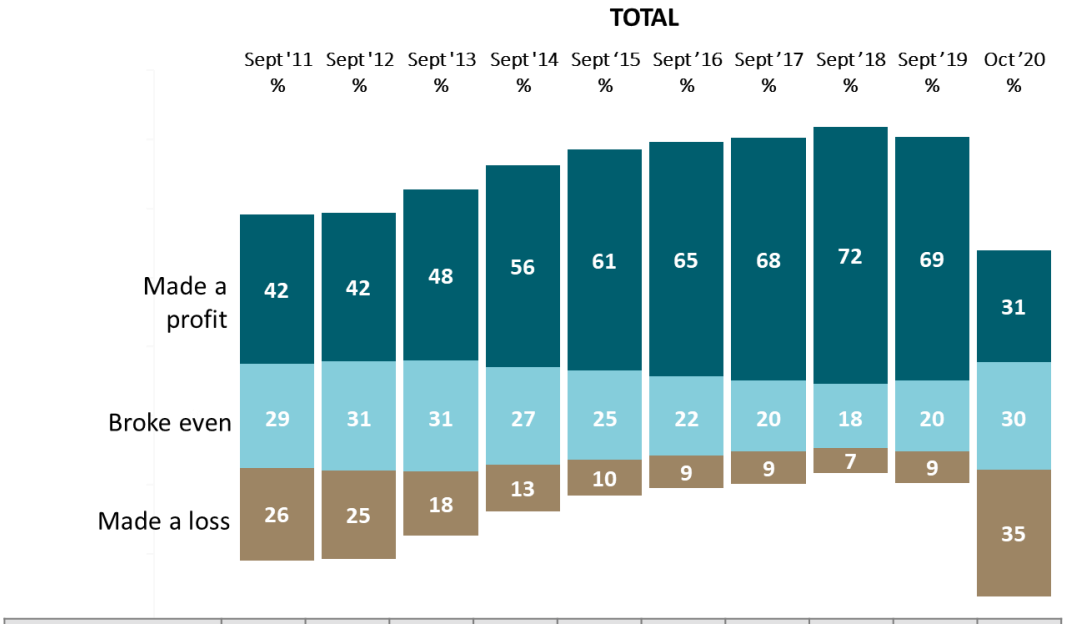


5.7 Profit Trends

More SMEs in Ireland (35%) report having made a loss since the onset of Covid-19 than report having made a profit (31%).

Profit In The Business Since the onset of Covid 19

(Base: All SMEs – 1,503)



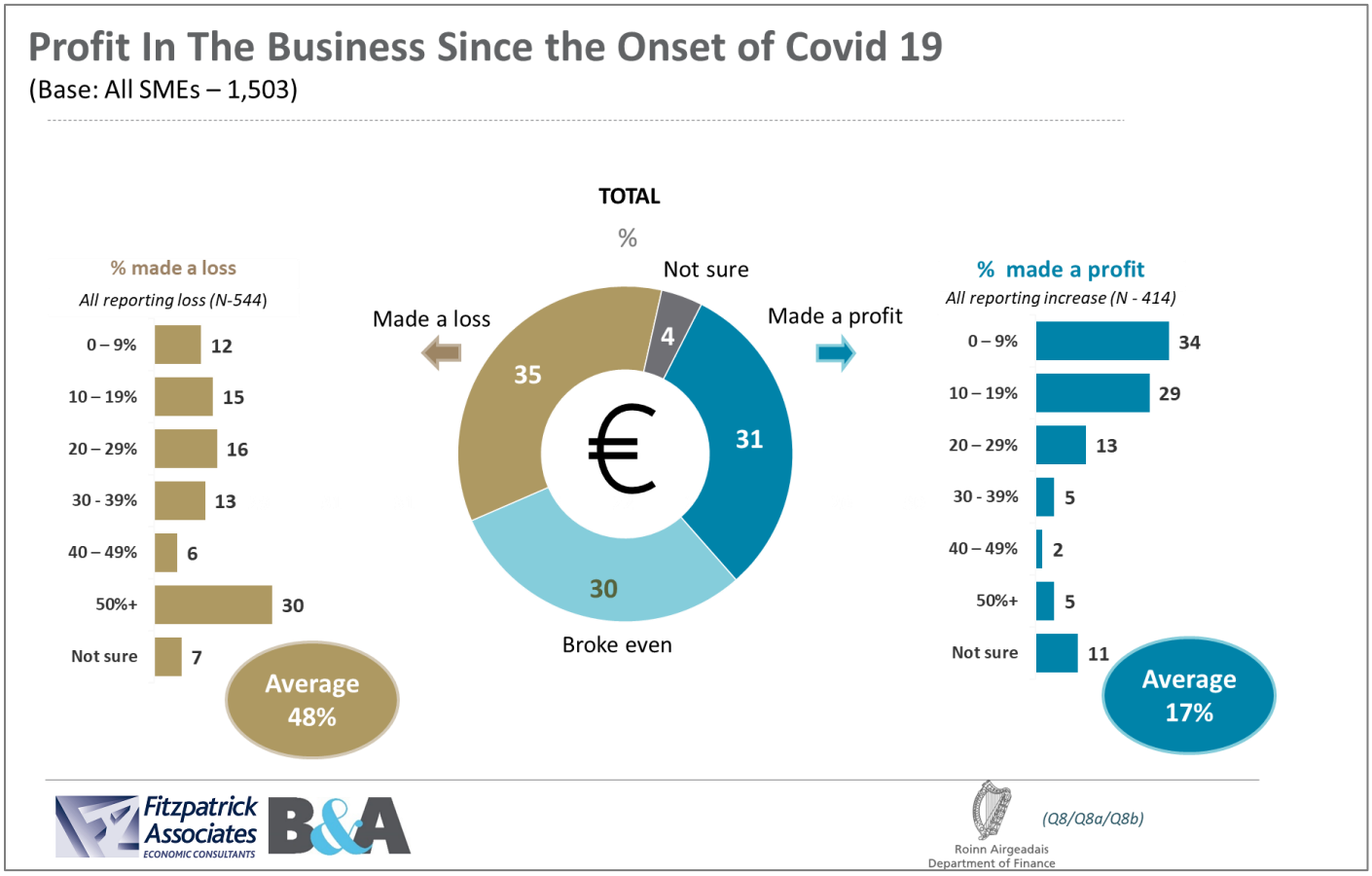
	Sept '11 %	Sept '12 %	Sept '13 %	Sept '14 %	Sept '15 %	Sept '16 %	Sept '17 %	Sept '18 %	Sept '19 %	Oct '20 %
Refused /Not sure	3%	2%	3%	4%	4%	4%	2%	3%	2%	0%
NET Profit/ Loss	+16	+17	+30	+43	+51	+56	+59	+65	+60	-4

(Q8/Q8a/Q8b)

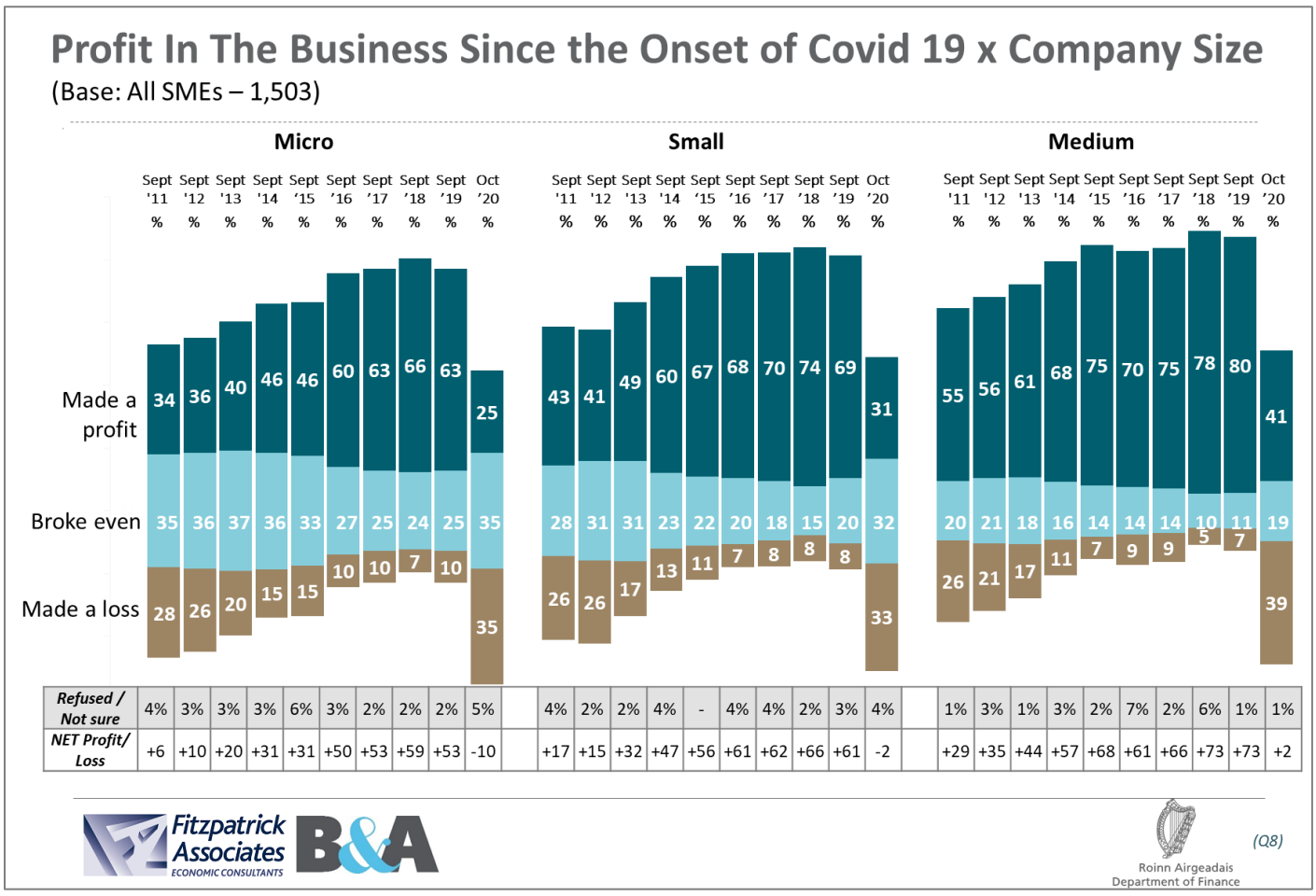
Roinn Airgeadais
Department of Finance

5.7 Level of Profit Increase/Decrease

Of those firms that made a loss, on average, this loss equated to 48% of turnover. Of those companies that made a profit, the average profit equated to 17% of turnover.



There are significant differences in levels of profit generated between different company sizes, with 41% of medium-sized companies indicating they made a profit since the onset of Covid-19, compared 31% of small companies and 25% of micro companies.



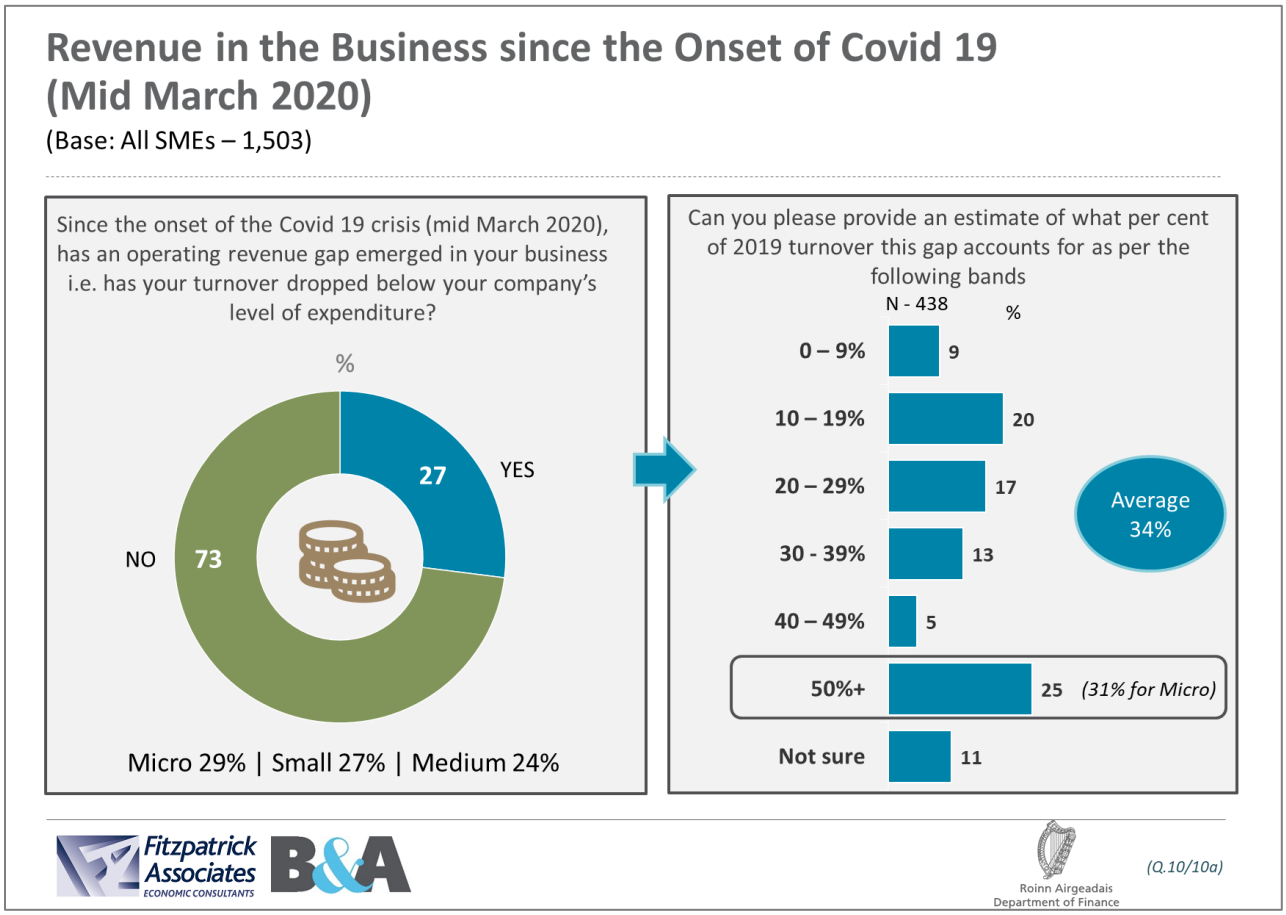
A strong relationship between turnover and profit performance also exists. Companies with increased turnover, for example, are much more likely to report profit than companies with declining or static turnover, which are more likely to report a loss.

	Turnover Increased	Turnover Remained the same	Turnover Decreased
	%	%	%
Made a profit	60	32	22
Broke even	16	35	24
Made a loss	23	29	51
Don't know / Refused	1	4	3

6. Revenue and Business Expenditure

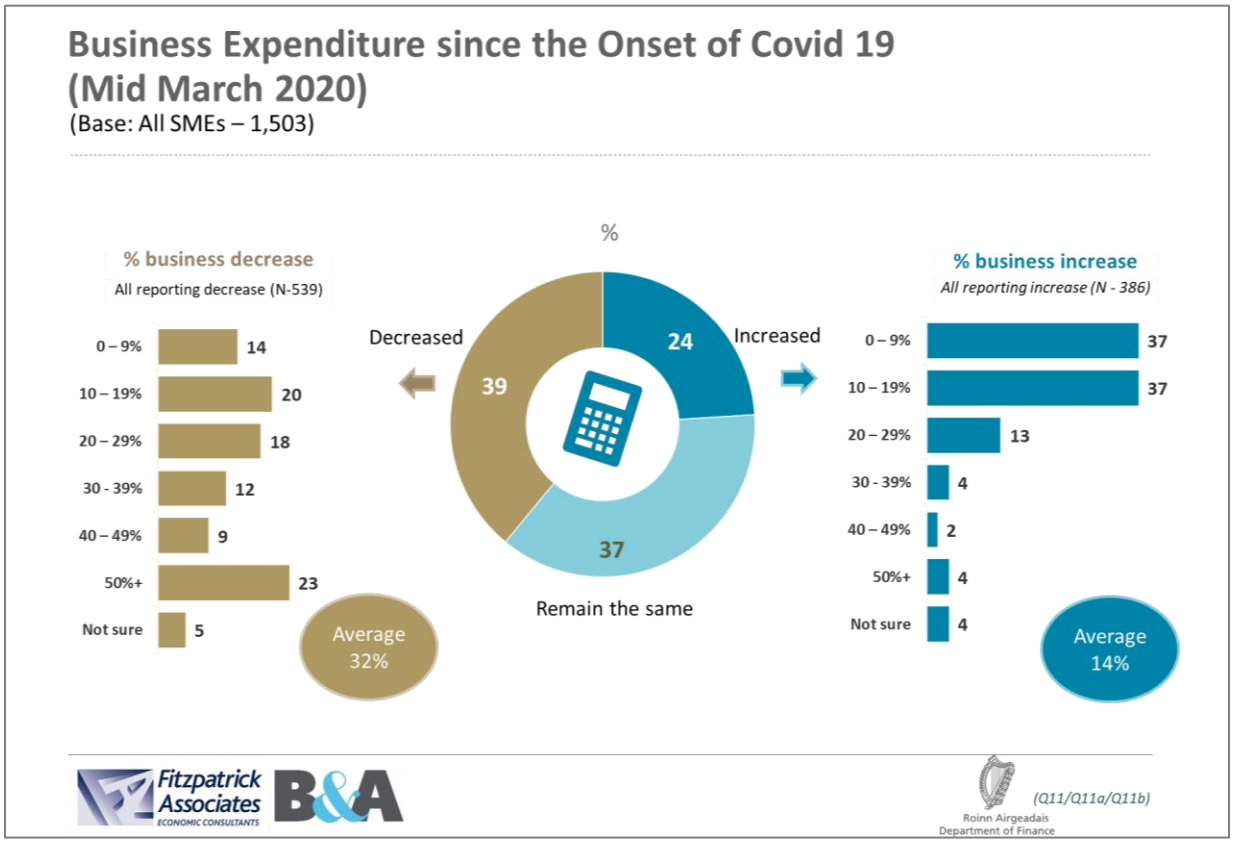
27% of SMEs in Ireland report that an operating revenue gap has emerged in their business since the onset of the Covid-19 crisis.

Amongst this sub-group of companies, the revenue gap accounts for on average 34% of 2019 turnover.



6.1 Business Expenditure Since the Onset of Covid-19

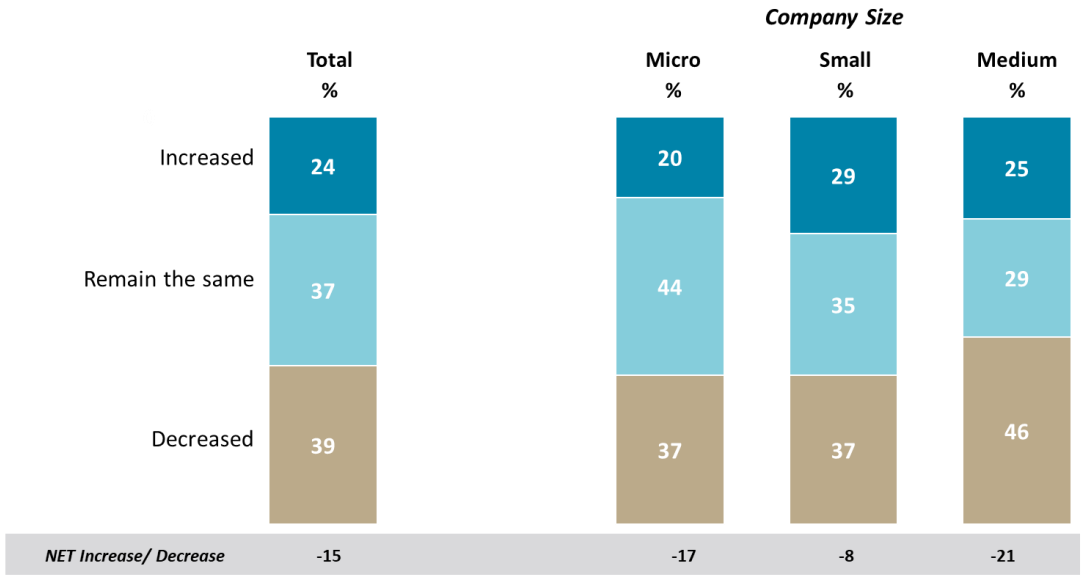
Since the onset of Covid-19, 24% of firms report an increase in business expenditure, with the average level of increase estimated at 14%. 39% of SMEs indicate in the survey that business expenditure has declined since the onset of Covid-19, with the average level of decline standing at 32%.



Medium-sized companies report the greatest net decrease in business expenditure at -21%, followed by micro companies at -17% and small companies at -8%.

Business Expenditure since the Onset of Covid 19 x Company Size (Mid March 2020)

(Base: All SMEs – 1,503)



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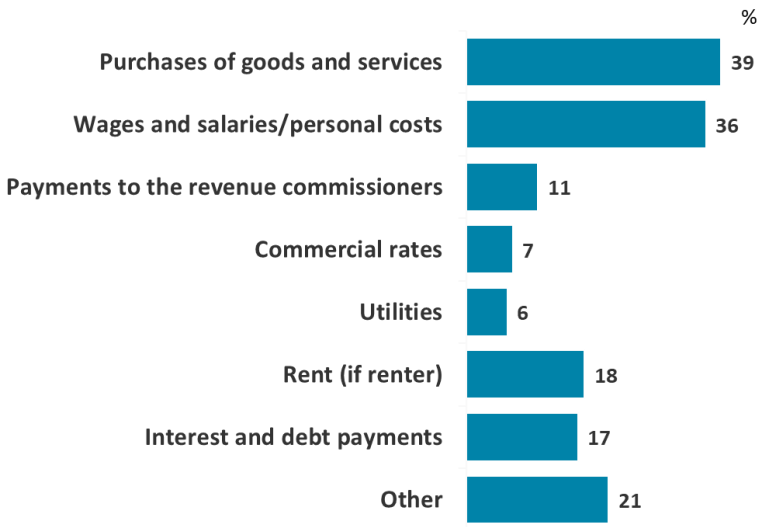
Department of Finance

(Q11)

Amongst those reporting a decrease in business expenditure, the areas of highest decline relate to the purchase of goods and services, and staff-related costs.

Where expenditure has fallen

(Base: All SMEs reporting decrease in business expenditure – 539)



NB: Respondent could choose multiple options at Q.11c

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(Q11c)

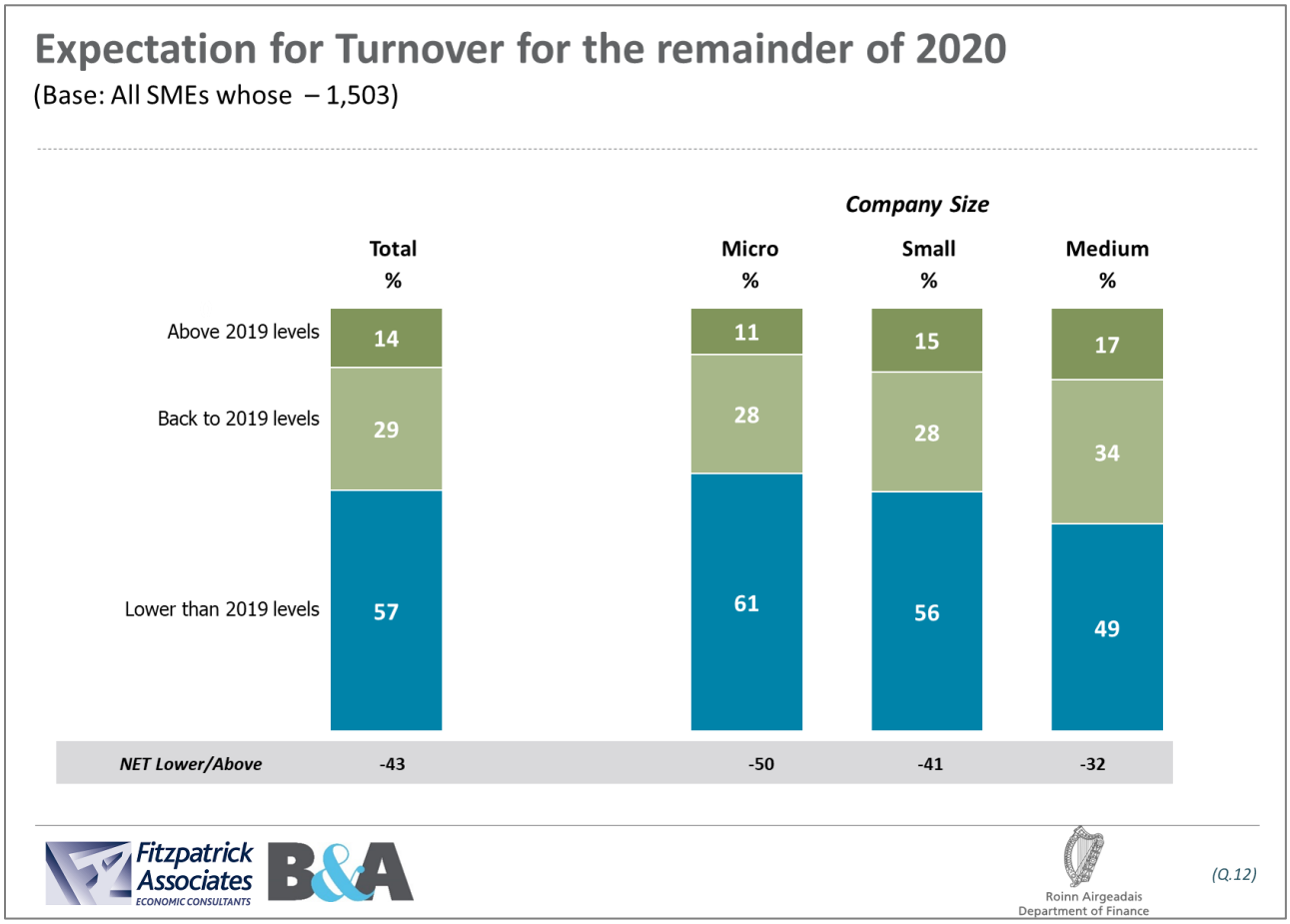
6.2 Percentage Expenditure Decline

Based on all SMEs reporting a decrease in expenditure, by far the most significant material drops in expenditure are accounted for by the purchase of goods and services and staff related costs, followed at some remove by payments to the Revenue Commissioners and commercial rates.

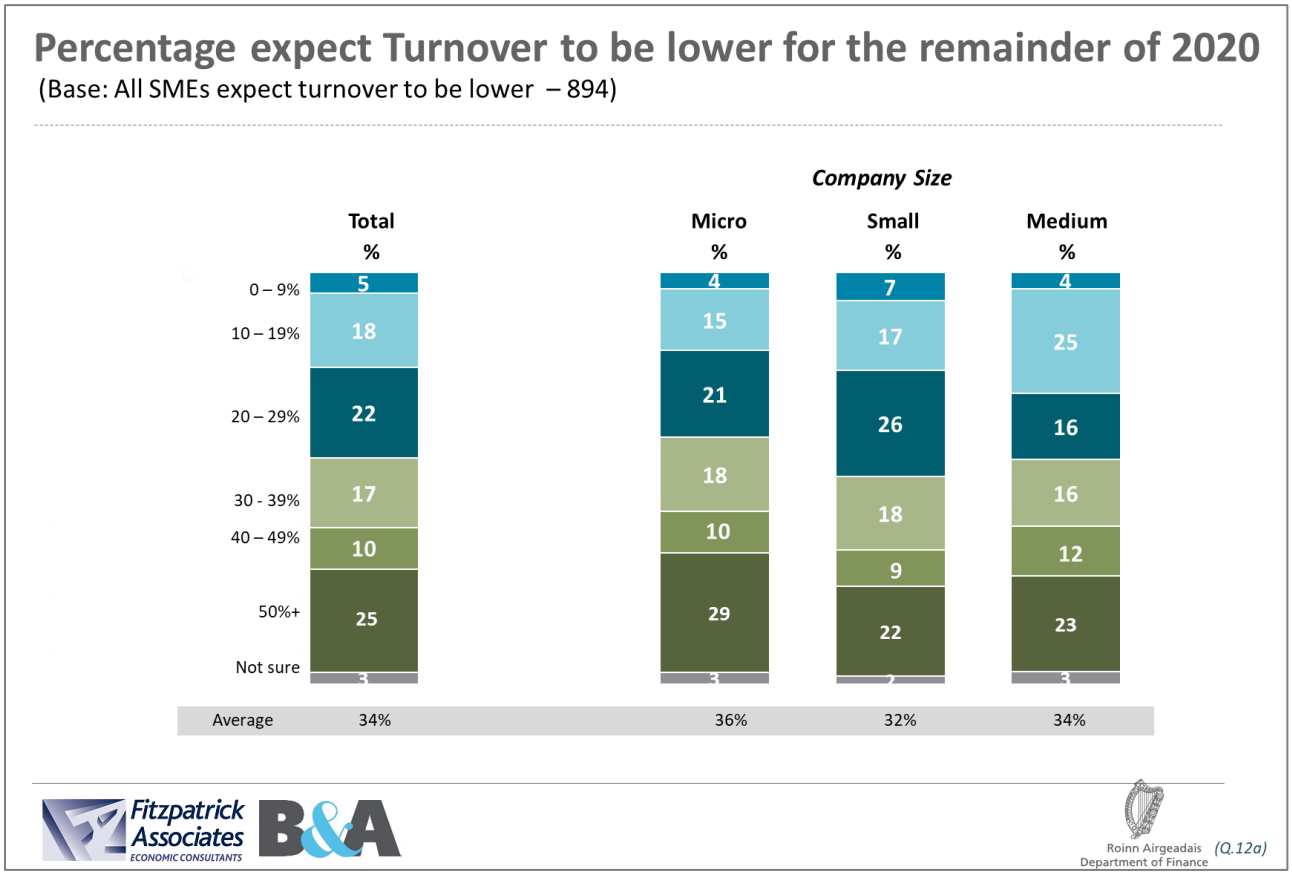
	And by what percent has expenditure fallen by for the following items							
	Purchases of goods and services	Wages and salaries/personal costs	Utilities	Rent (if renter)	Interest and debt payments	Payments to the revenue commissioners	Commercial rates	Other
Base:	*539*	*539*	*539*	*539*	*539*	*539*	*539*	*539*
	%	%	%	%	%	%	%	%
0	14	18	37	50	48	33	40	29
From 1 to 10	9	8	11	3	4	7	5	2
From 11 to 20	11	10	4	2	1	4	2	3
From 21 to 30	10	8	4	2	1	4	1	1
From 31 to 40	5	6	3	0	1	2	-	1
From 41 to 50	7	9	1	2	0	3	4	2
From 51 to 60	4	2	0	-	-	1	0	0
From 61 to 70	4	3	1	-	-	-	0	0
From 71 to 80	4	5	1	0	0	1	0	2
From 81 to 90	3	1	0	0	0	1	0	1
From 91 to 100	10	9	1	2	2	4	6	5
Don't Know	20	20	37	39	42	41	41	54
Mean	**38.50**	**36.22**	**10.76**	**7.04**	**6.17**	**17.82**	**16.82**	**21.49**

6.3 Expectation for Turnover

57% of SMEs expect their turnover for the remainder of 2020 to be lower than the equivalent 2019 level. This expectation for lower turnover for the remainder of 2020 is greatest amongst micro SMEs at 61%, followed by small SMEs at 56%, and medium-sized SMEs at 49%.



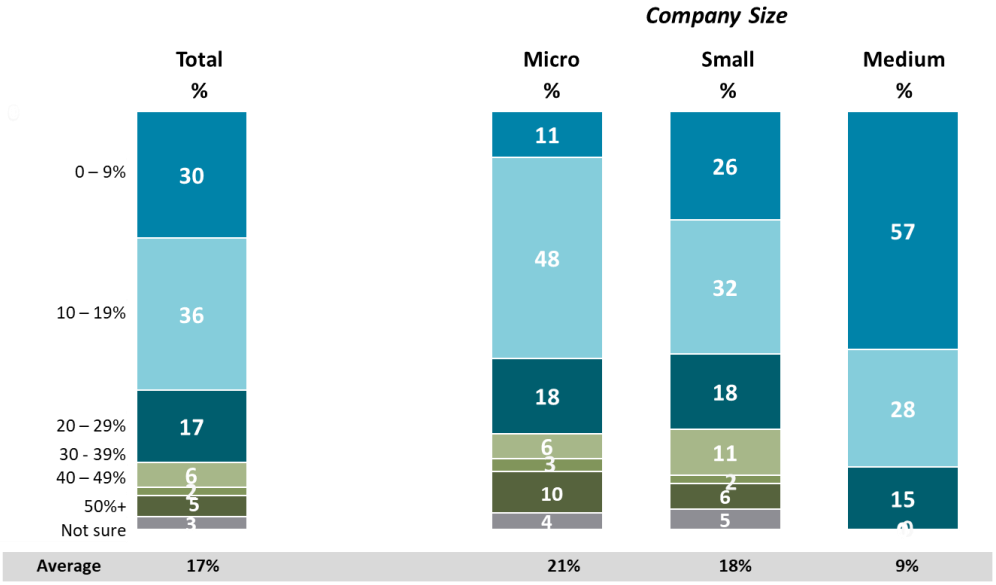
The average SME that expects its turnover to be lower for the remainder of 2020 estimates a decline of 34%. This level of expected turnover decline remains relatively consistent across company size.



Amongst the smaller number of SMEs that expect their turnover to be higher for the remainder of 2020, the average expected turnover increase is 17%. This expected level of increased turnover is greatest amongst micro companies at 21%, followed by small SMEs at 18% and medium-sized SMEs at 9%.

Percentage expect Turnover to be higher for the remainder of 2020

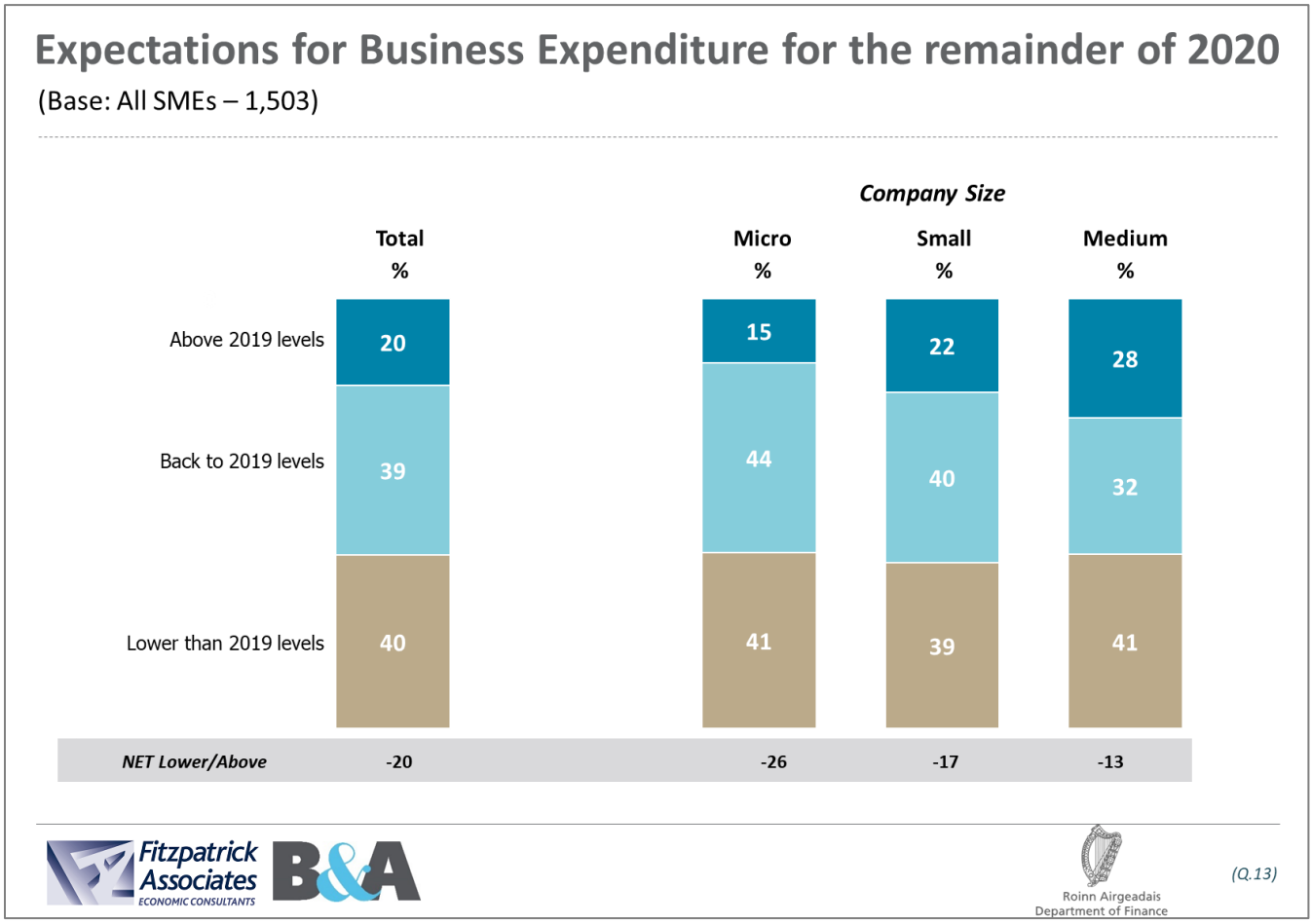
(Base: All SMEs expect turnover to be higher – 159)



Roinn Airgeadais Department of Finance (Q.12b)

6.4 Expectation for Business Expenditure for the Remainder of 2020

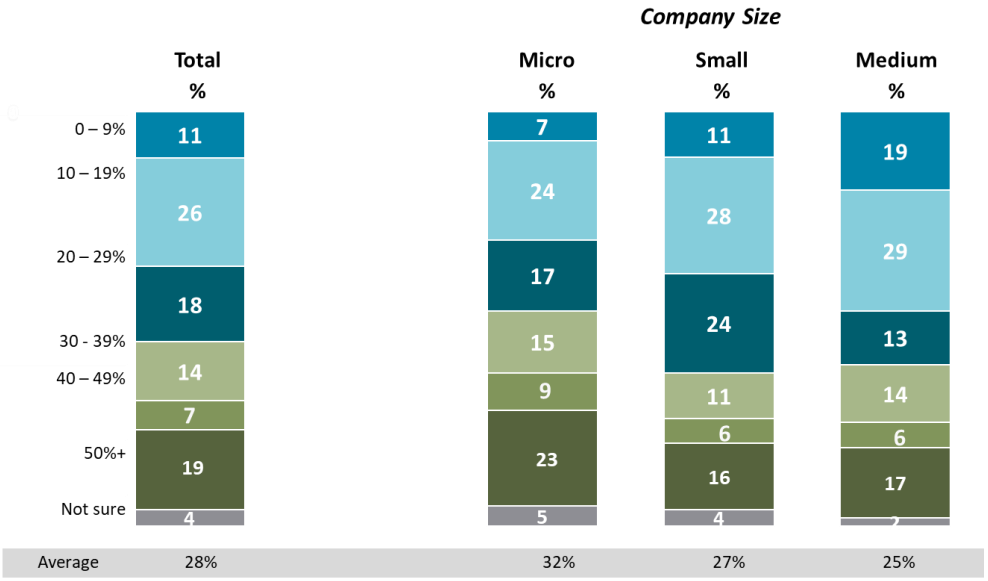
Four in ten SMEs in Ireland expect business expenditure for the remainder of 2020 to be lower than 2019 levels, 20% expect it to be above 2019 levels, with the remaining 39% believing their expenditure will be back to 2019 levels by the end of 2020. Micro SMEs are the most pessimistic in this regard, with 41% expecting lower business expenditure for the remainder of 2020 compared to 2019, and just 15% expecting it to be above 2019 levels.



The subset of SMEs that expect their business expenditure to be lower estimates an average business expenditure decline of 28%. This expected level of business expenditure decline is greatest amongst micro SMEs at 32%, followed by an expected 27% expenditure decline for small firms, and 25% amongst medium-sized firms.

Percentage expect business expenditure to be lower for the remainder of 2020

(Base: All SMEs expect business expenditure to be lower – 597)

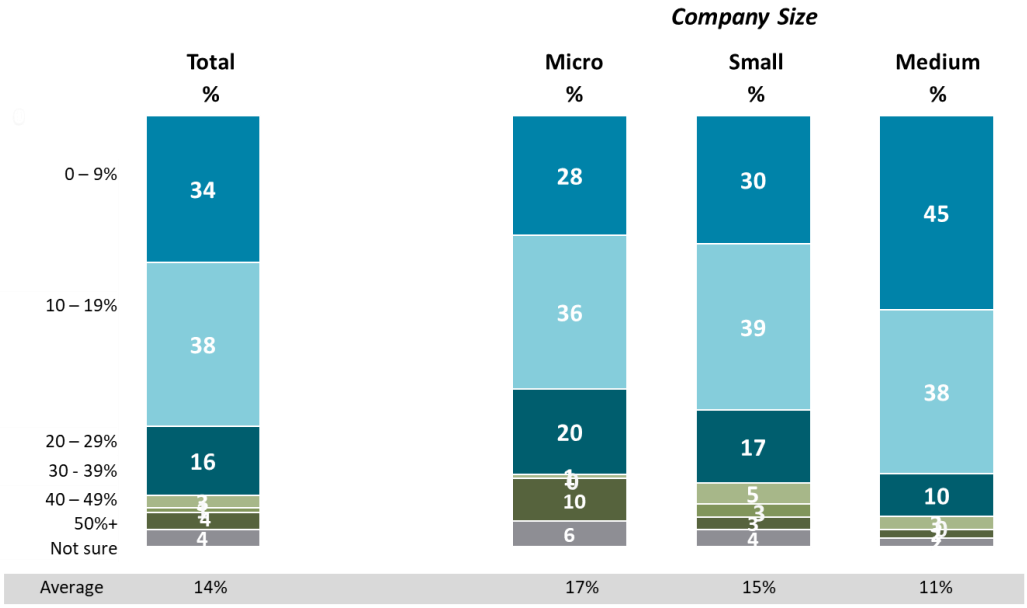


Roinn Airgeadais Department of Finance (Q.13b)

The average SME that expects their business expenditure to be higher estimates an average increase in business expenditure of 14%. This expected level of increased business expenditure is highest amongst micro companies at 17%, and lowest amongst medium-sized companies at 11%.

Percentage expect business expenditure to be higher for the remainder of 2020

(Base: All SMEs expect busines expenditure to be higher – 298)

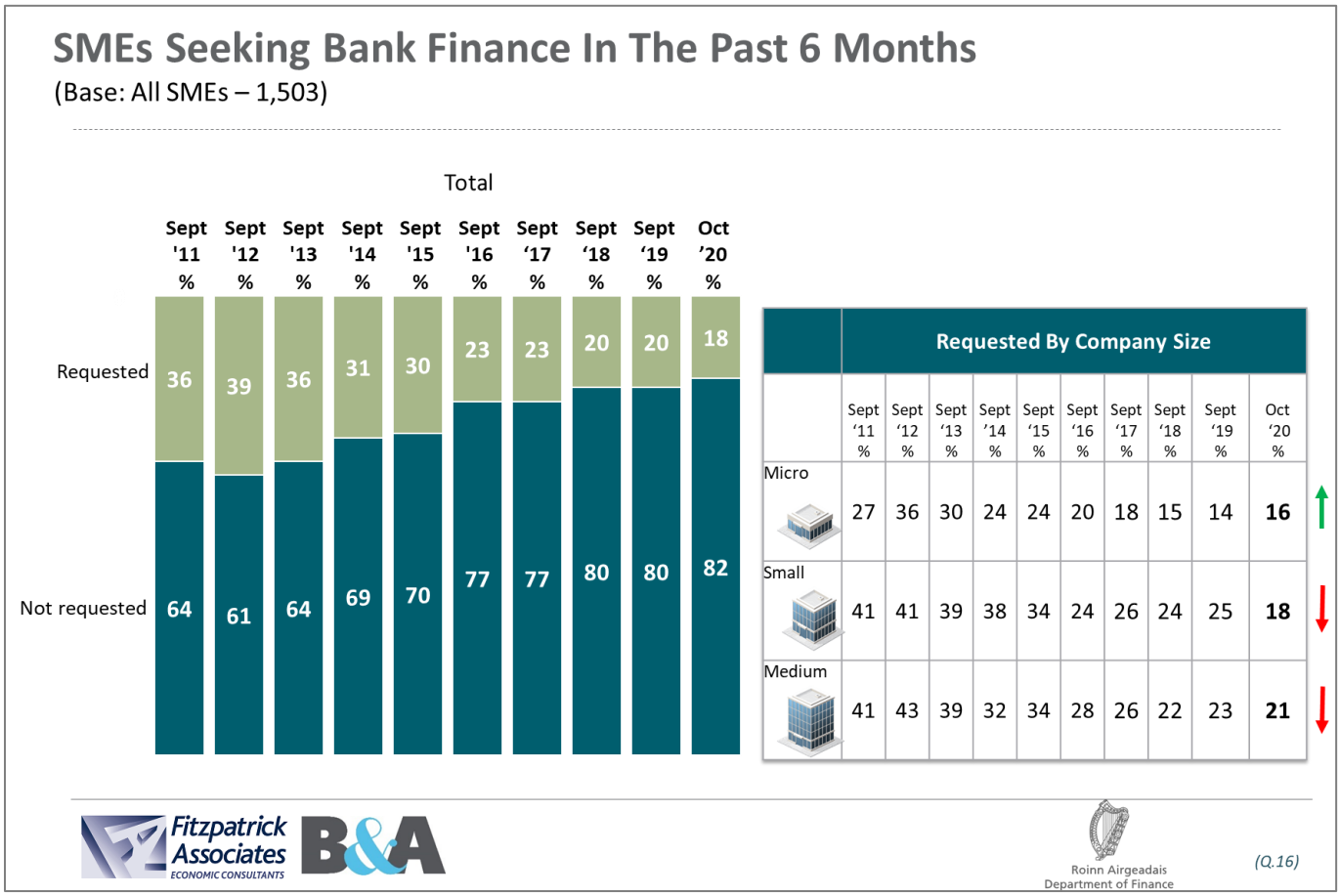


Roinn Airgeadais Department of Finance (Q.13b)

7.0 Demand for Banking Finance

7.1 Current Demand for Credit

Credit demand since the onset of Covid-19 has been marginally lower than it was for the six-month period to September 2019.



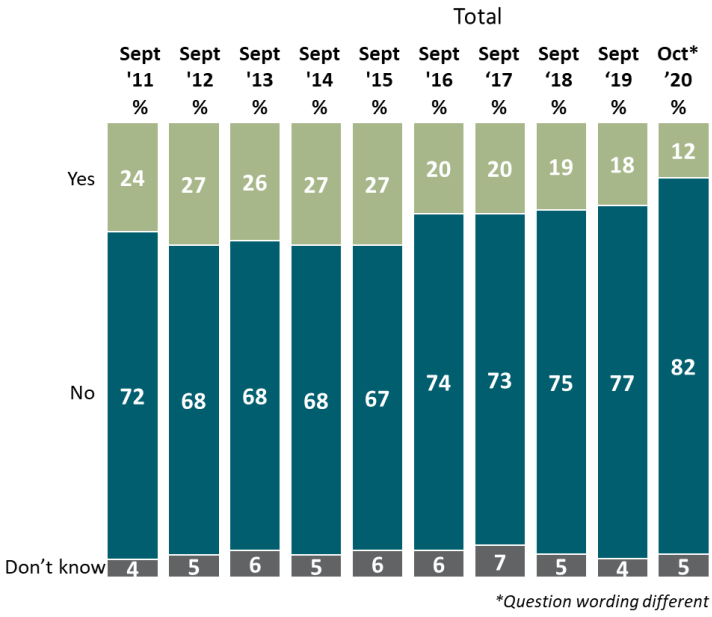
Credit demand since the onset of Covid-19 has been highest amongst medium sized companies at 21%, followed by small firms at 18% and micro-sized companies, at 16%.

7.2 Future Demand for Credit

Expectations for seeking bank finance between now and the end of 2020 are low, with just 12% expecting to seek bank finance by the end of 2020, compared to 18% who expected to do so in the six months after September 2019. This future demand for credit is relatively stable across all company sizes.

Expecting to Seek Bank Finance In Next 6 Months/Between now and the end of 2020

(Base: All SMEs – 1,503)



*Question wording different

Expect to Request By Company Size

	Sept '11 %	Sept '12 %	Sept '13 %	Sept '14 %	Sept '15 %	Sept '16 %	Sept '17 %	Sept '18 %	Sept '19 %	Oct' 20 %
Micro	21	24	22	22	22	19	17	15	15	13
Small	25	28	25	31	31	22	22	23	22	12
Medium	30	29	31	30	27	17	23	21	19	14

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(Q.18)

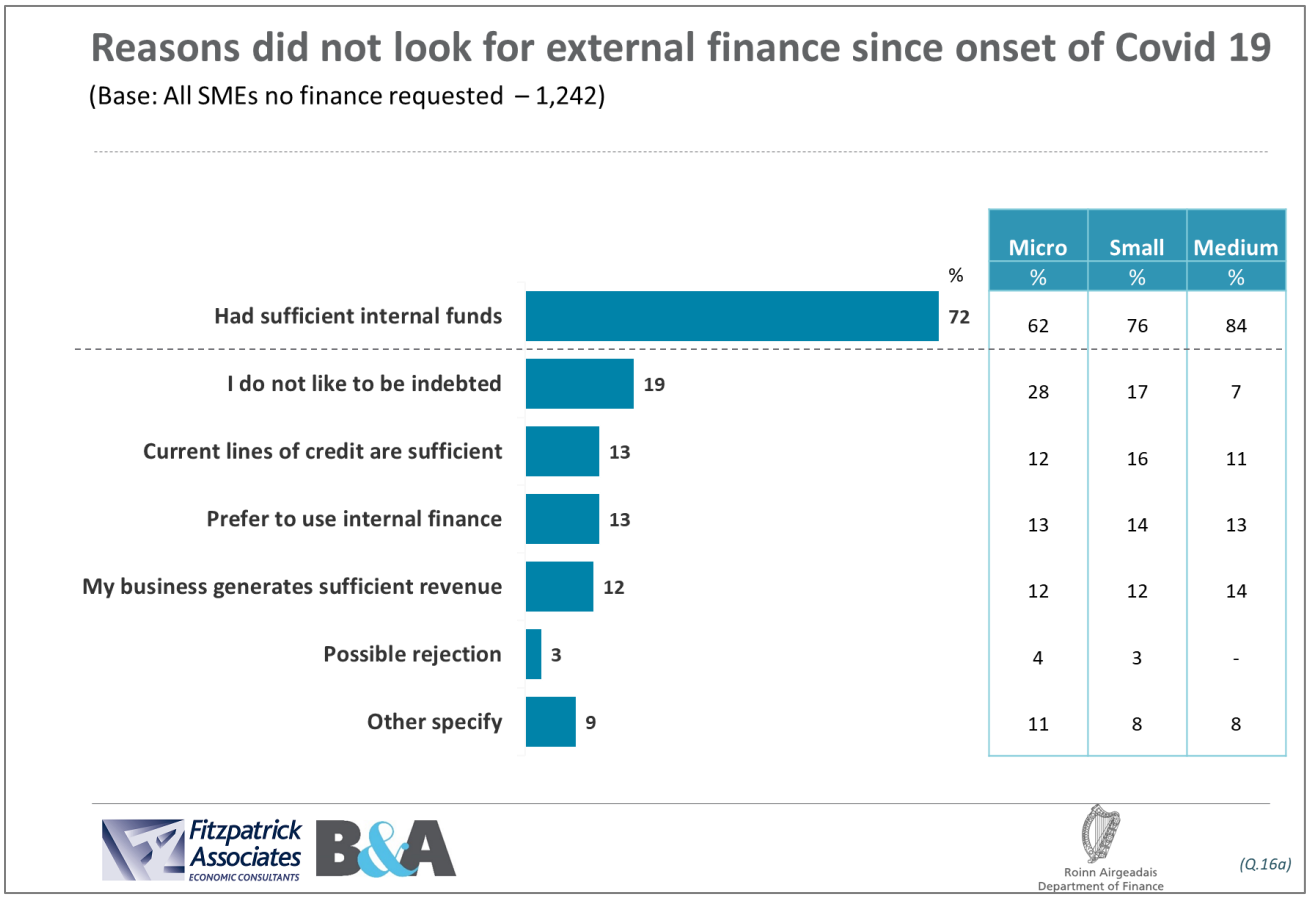
It should be noted, however, that this is simply a prediction of possible future demand, and therefore should not be directly compared to actual credit demand reported in the past.

7.3 Reasons for Not Seeking Credit

In order to better understand the reasons behind SMEs' lack of demand for credit, companies were specifically asked to provide their reasons for not seeking credit since the onset of Covid-19.

The main reason given was that the company felt they had sufficient internal funds whereby they did not need external finance – with 72% of those businesses that did not apply for credit mentioning this.

Other stated reasons for not requiring bank finance since the onset of Covid-19 included a desire not to be indebted (19%), a belief that current lines of credit were sufficient (13%), a general preference to use internal finance (13%) and a view that their business generates sufficient revenue (12%).



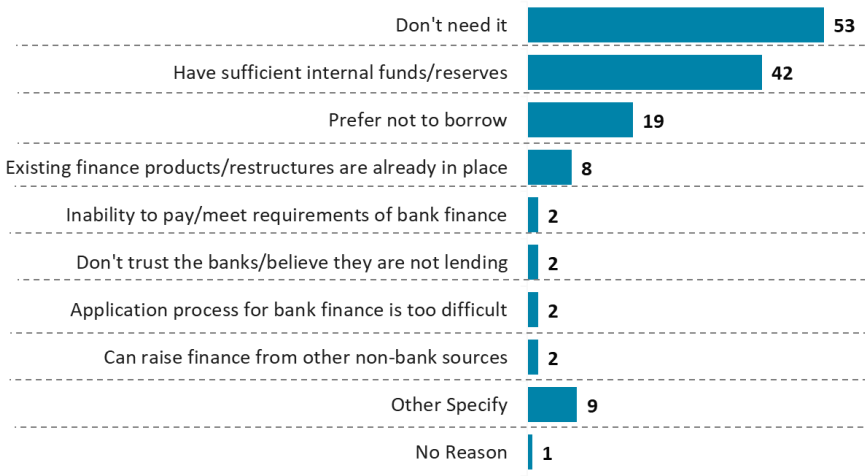
There were some significant differences as to why SMEs did not seek external finance since the onset of Covid-19 by company size. Specifically, the larger the company, the more likely it was to report that they felt they had sufficient internal funds. Micro SMEs were also most likely to suggest that they do not like their business to be indebted (28%), compared to just 7% of medium-sized companies that did not seek external finance.

7.3 Reasons for Not Seeking Finance by the end of 2020

53% of those SMEs that indicate they will not be seeking finance between now and the end of 2020 indicate that they simply feel they do not need such finance. 42% say they will not be seeking finance because they have sufficient internal funds/reserves to cover their needs, with 19% indicating a general preference not to borrow.

Reasons will not be seeking finance between now and end of 2020

(Base: All SMEs not seeking bank finance - 1,240)



	Micro	Small	Medium
	%	%	%
Don't need it	52	53	54
Have sufficient internal funds/reserves	31	44	57
Prefer not to borrow	28	17	8
Existing finance products/restructures are already in place	3	9	13
Inability to pay/meet requirements of bank finance	3	1	-
Don't trust the banks/believe they are not lending	3	2	-
Application process for bank finance is too difficult	2	2	1
Can raise finance from other non-bank sources	1	2	3
Other Specify	9	9	8
No Reason	1	1	0

(Q.18a)

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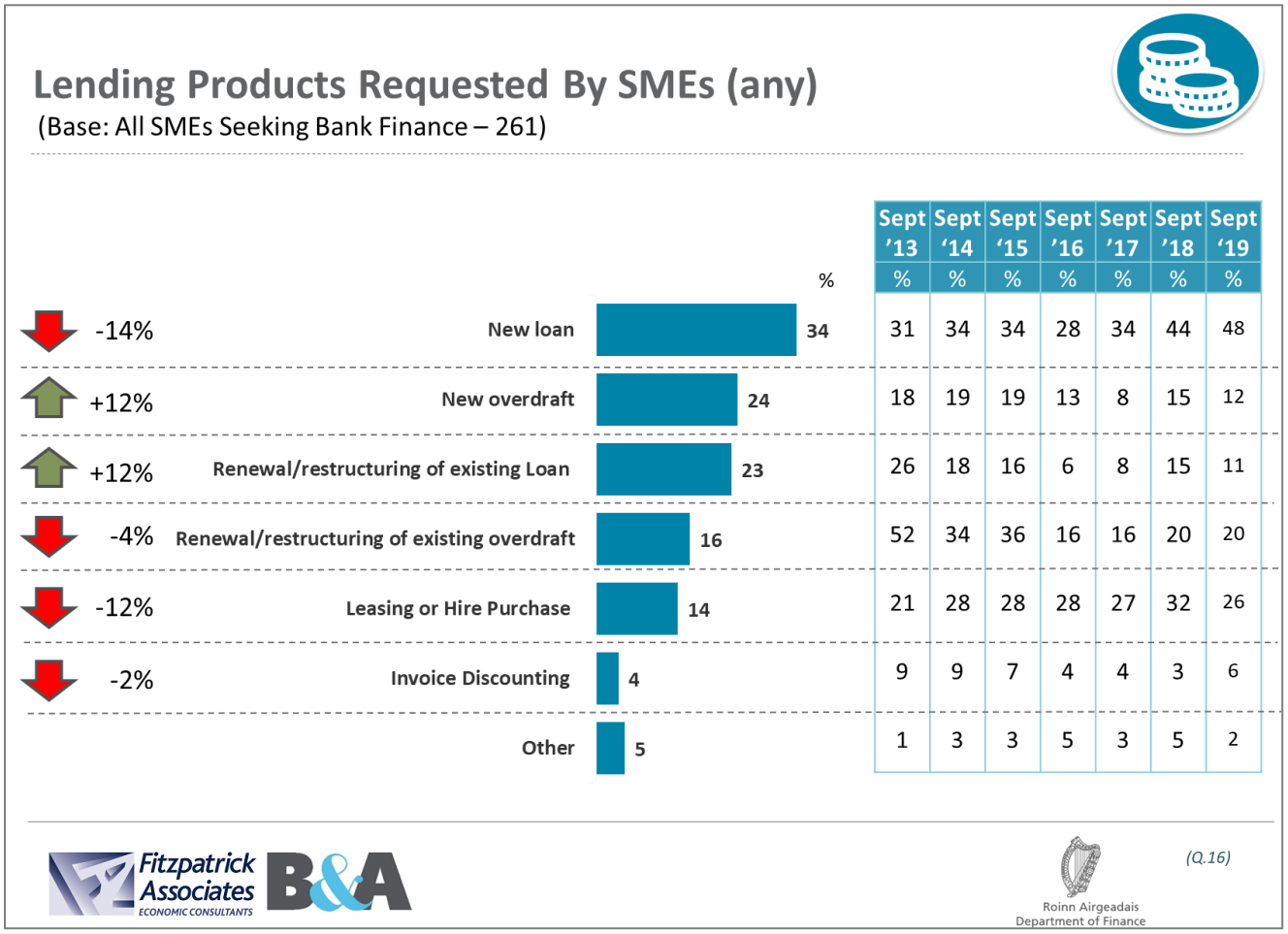
Medium-sized companies are most likely to indicate they have sufficient internal funds/reserves (57%), while micro SMEs are most likely to express a preference not to borrow (28%).

7.4 Demand for Credit by Product

Among those SMEs that have requested bank finance since the onset of Covid-19, new loans, new overdrafts and the renewal/restructuring of existing overdrafts were the main bank finance products requested.



		%	Sept '13 %	Sept '14 %	Sept '15 %	Sept '16 %	Sept '17 %	Sept '18 %	Sept '19 %
-14%	New loan	34	31	34	34	28	34	44	48
+12%	New overdraft	24	18	19	19	13	8	15	12
+12%	Renewal/restructuring of existing Loan	23	26	18	16	6	8	15	11
-4%	Renewal/restructuring of existing overdraft	16	52	34	36	16	16	20	20
-12%	Leasing or Hire Purchase	14	21	28	28	28	27	32	26
-2%	Invoice Discounting	4	9	9	7	4	4	3	6
	Other	5	1	3	3	5	3	5	2

Compared to September 2019, the demand for bank finance for new loans and leasing or hire purchase has declined by 14 percentage points and 12 percentage points respectively. The demand for new overdrafts and the renewal/restructuring of existing loans has, conversely, increased since September 2019, by 12% in both instances.

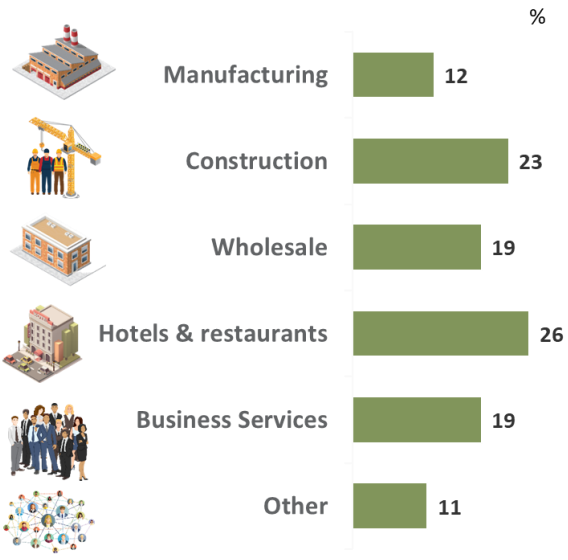
Invoice discounting still remains the least popular product, with just 4% of those that applied for bank finance having applied for this credit type.

7.5 Demand for Credit by Sector

By sector, the greatest demand for credit since the onset of Covid-19 has been among the hotel & restaurants (26%), and construction (23%) sectors. The lowest level of credit demand is amongst the manufacturing sector at just 12%.

Demand for Credit x Sector

(Base: All SMEs 1,503)



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

(Q.16)

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Compared to September 2019 the level of demand for credit is down most significantly in the manufacturing sector (from 22% down to 12%), while credit demand in hotels and restaurants increased from 22% in September 2019 to 26% since the onset of Covid-19.

7.6 Demand for Credit by Turnover and Profit Performance

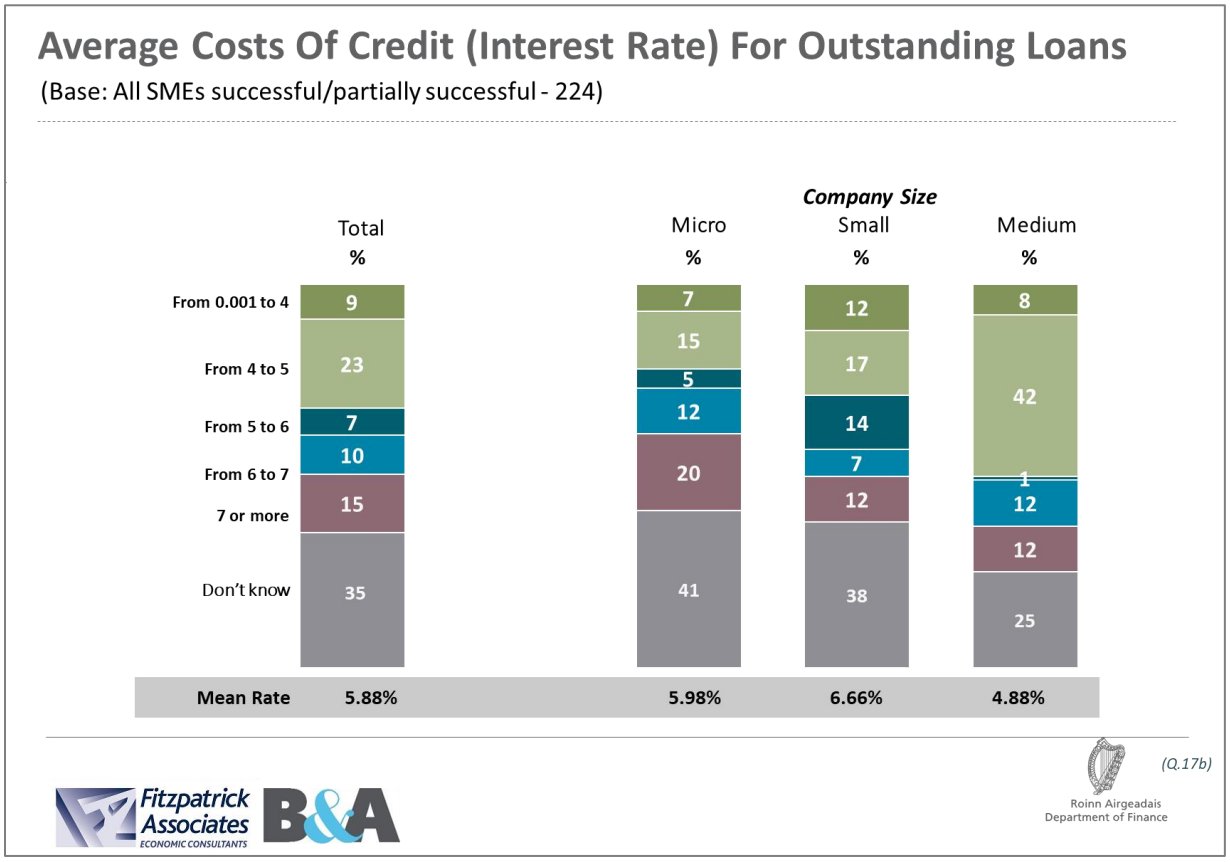
It is also interesting to look at credit demand by business performance to gauge whether companies are requesting credit for growth or for stability/maintenance of the business. From the results below, it is evident that both motivations play a role, though there is greater demand among companies that are breaking even, and those that are loss making.

October 2020		Turnover last 6 months		
Turnover	TOTAL	Increased	Remained the same	Decreased
	1,503	135	909	459
	%	%	%	%
Any Demand	18	19	16	22
None	82	81	84	78

October 2020		Profit performance past 6 months		
Profit	TOTAL	Made a profit	Broke even	Made a loss
	1,503	135	909	459
	%	%	%	%
Any Demand	18	13	20	22
None	82	87	80	78

7.7 Cost of Credit

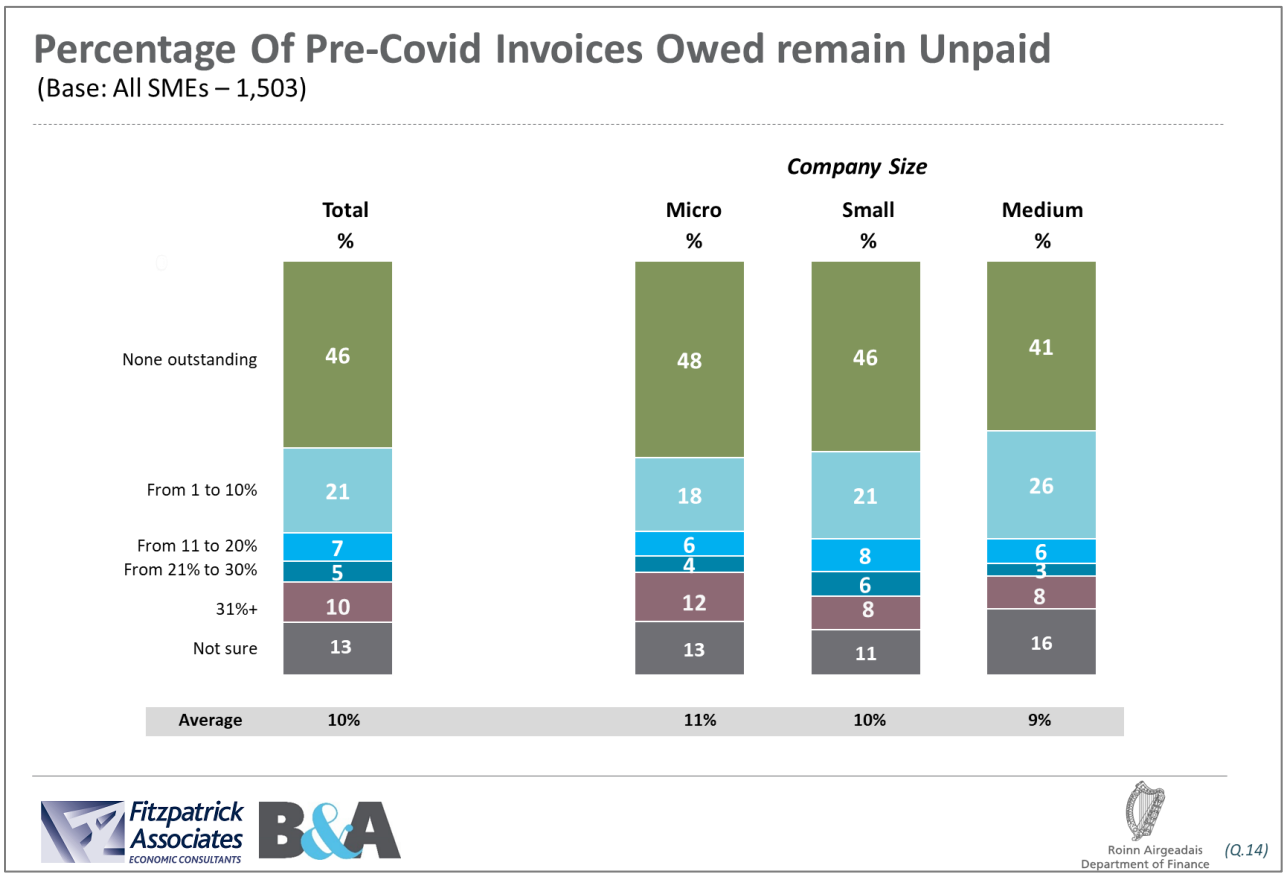
35% of all SMEs who applied for finance and were successful or partially successful were not certain of the interest rate attached to their loan. Of those that were aware, the average cost of credit reported was 5.88%.



Medium sized firms with outstanding loans claimed a lower average interest rate (4.88%) than both small (6.66%) and micro-sized companies (5.98%).

7.8 Financial Position of Businesses

Just 10% of pre-Covid invoices owed have remained unpaid by customers since the onset of Covid-19. There is no difference by company size reported.



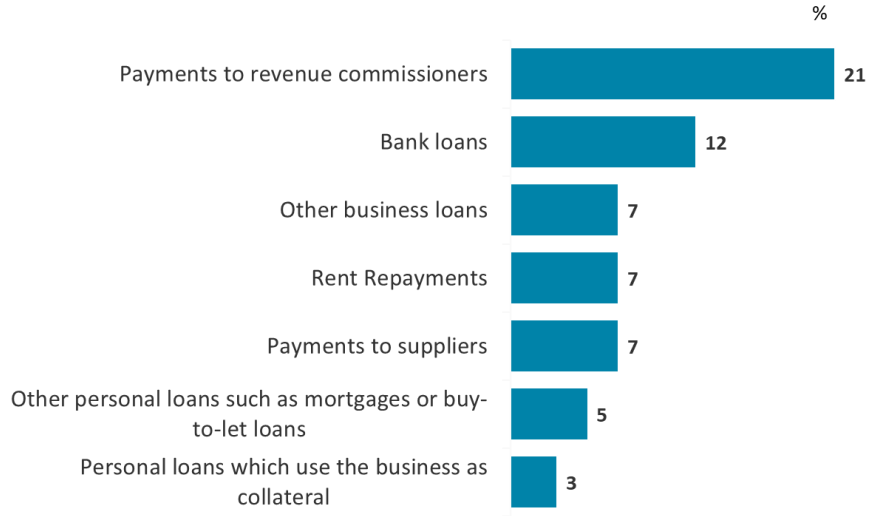
By way of illustration, 46% of SMEs report that 0% of the invoices they were owed pre-Covid remain unpaid. The average SME reports just 10% of pre-Covid invoices remain unpaid.

7.9 Missed/Deferred Repayments

One in five of all SMEs indicate they have missed or deferred payments to the Revenue Commissioners since the onset of Covid-19, a figure which is highest amongst small and medium-sized firms. 12% of all SMEs have missed or deferred payments on bank loans, while 7% have missed other business loan, rent and supplier repayments.

Missed/Deferred Repayments On Loans since onset of Covid 19

(Base: All SMEs – 1,503)



	Micro	Small	Medium
	%	%	%
Payments to revenue commissioners	15	24	26
Bank loans	7	14	18
Other business loans	4	7	10
Rent Repayments	6	7	7
Payments to suppliers	4	9	10
Other personal loans such as mortgages or buy-to-let loans	5	4	5
Personal loans which use the business as collateral	2	3	4

(Q.15)

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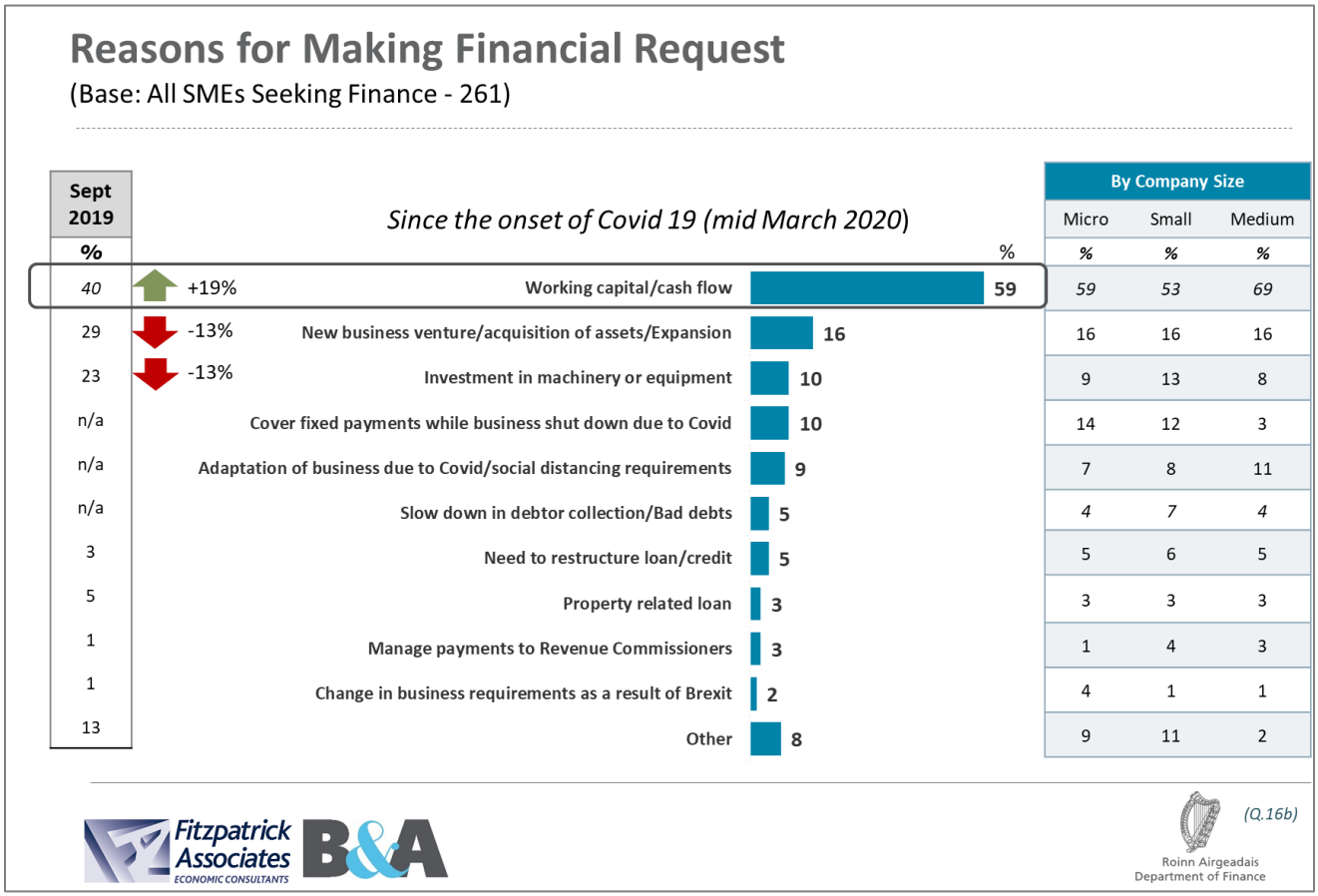
8.0 The Application Process

As noted earlier, of the 1,503 SMEs interviewed for this survey, just 18% had requested bank finance since the onset of Covid-19 – down marginally from September 2019.

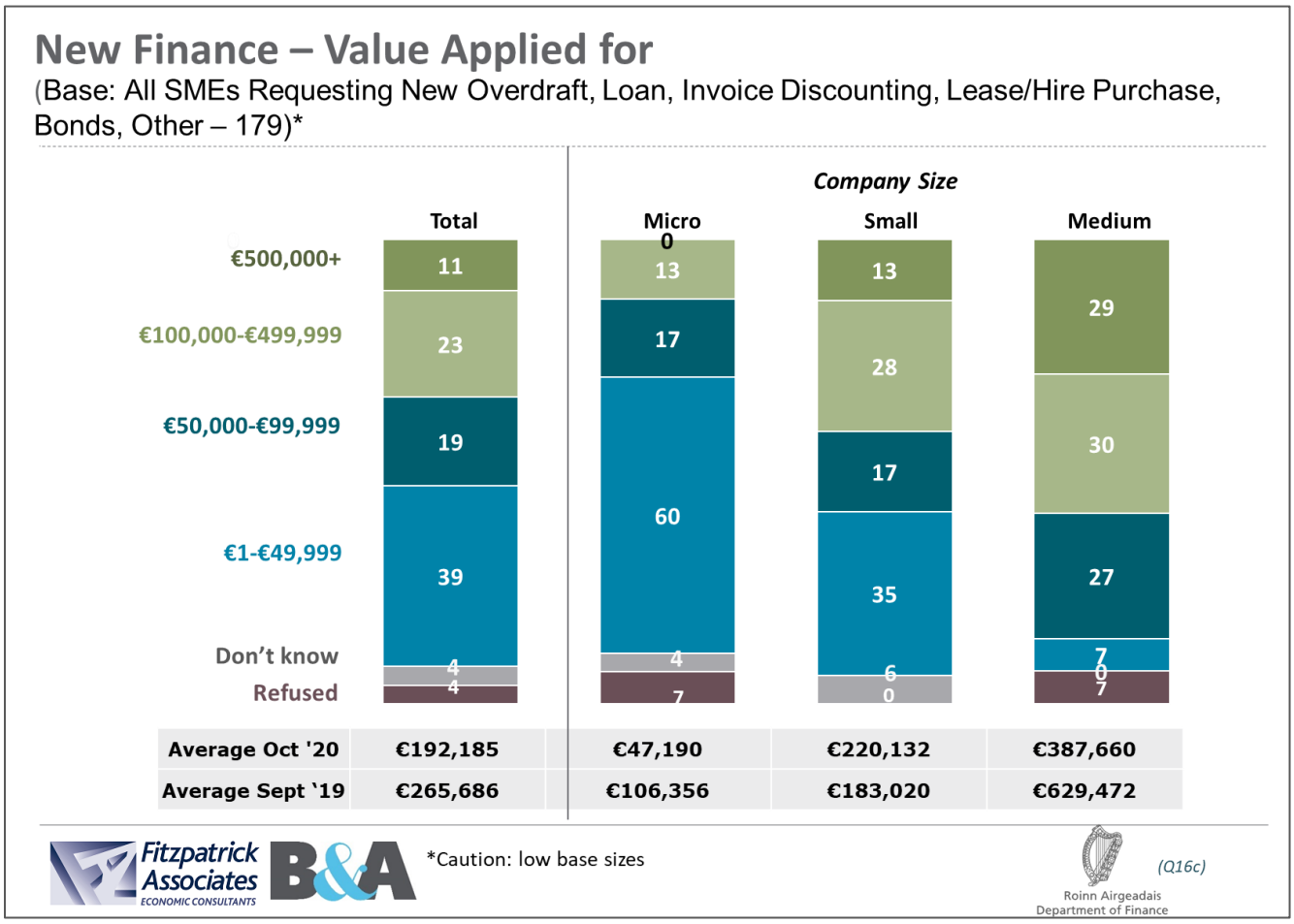
8.1 Nature of Demand

The single greatest reason given for finance requests was the need for working capital, with 59% of those requesting bank finance since the onset of Covid-19 This is followed by new business venture/acquisition of assets/expansion requirements (16%), investment in machinery or equipment (10%), covering fixed payments while businesses shut down due to Covid (10%) and the adaptation of businesses due to Covid/social distancing requirements (9%).



Medium sized companies were more likely to require finance for working capital cashflow purposes, while micro and small SMEs were most likely to require finance to cover fixed payments while their businesses remained shut down due to Covid.

Each business that applied for credit provided the estimated monetary value of that application. When looking at applications for new bank finance (e.g. overdraft, loan or lease/hire purchase), the average stated amount was €192,185. This is lower than the stated value in September 2019, which was €265,686.

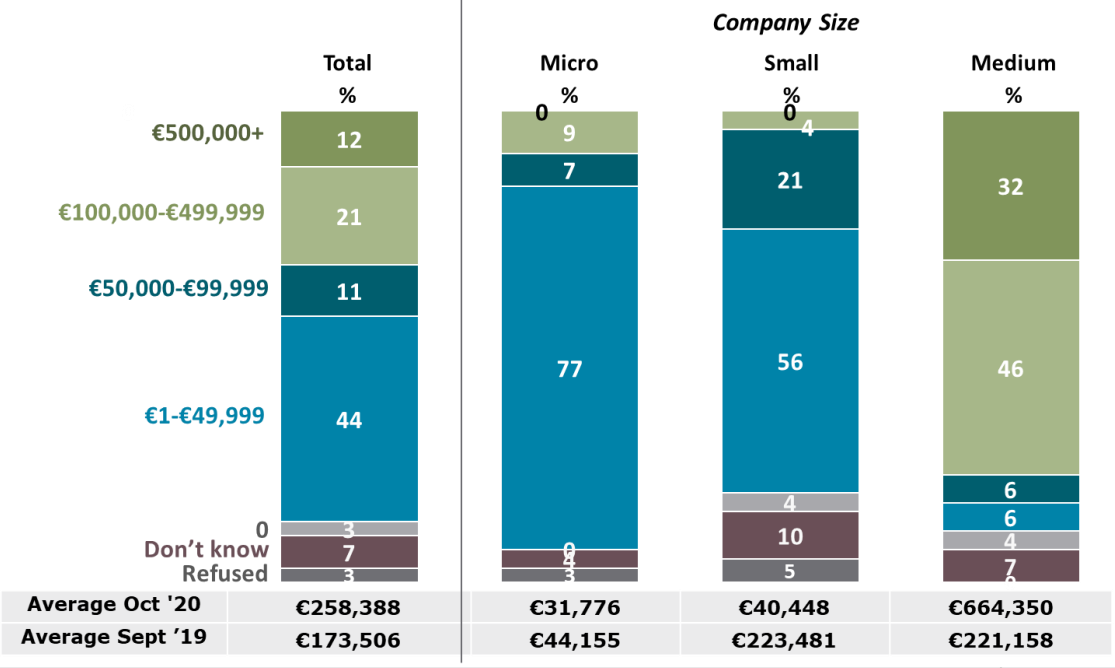


When looking at the different sizes of SME, it is notable that medium-sized companies (at €387,660) sought higher levels of new bank finance than micro or small firms (at about €47,000 and €220,132 respectively).

As might be expected, there are also differences between different sized companies in the value of renewal/restructuring finance requested, with micro-sized companies requesting almost €226,000 less (at €32,000) than the average SME (at €258,000).

Renewal/Restructuring of Existing Finance – Value Applied for

(Base: All SMEs Requesting renewal/restructuring of existing overdraft or loan – 82)*



	Total	Micro	Small	Medium
Average Oct '20	€258,388	€31,776	€40,448	€664,350
Average Sept '19	€173,506	€44,155	€223,481	€221,158

*Caution: low base sizes

(Q16d)

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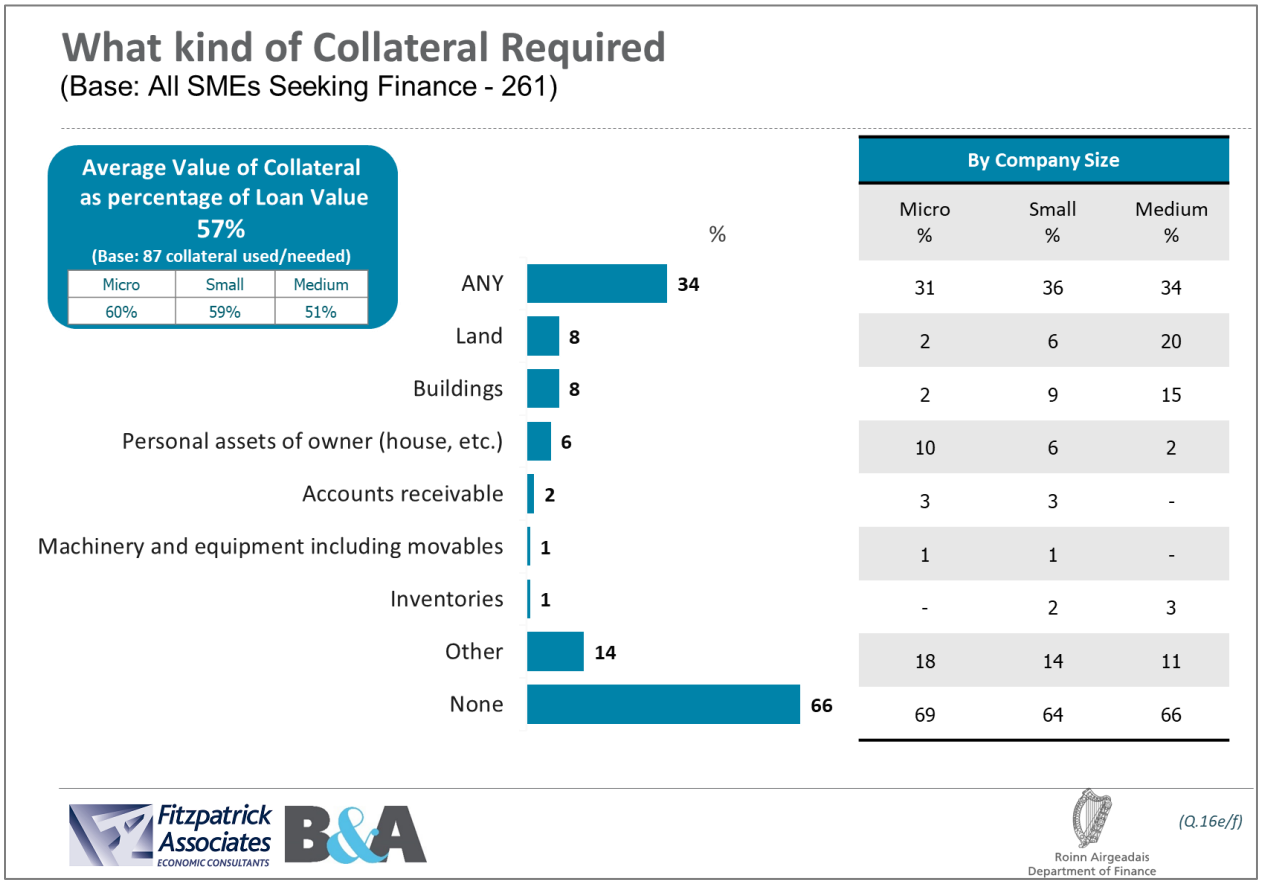
8.2 Collateral Required for Credit Applications

Among those SMEs that applied for bank finance, 34% indicated that applications required collateral. This is a lower level to September 2019, where 42% of applications required collateral.

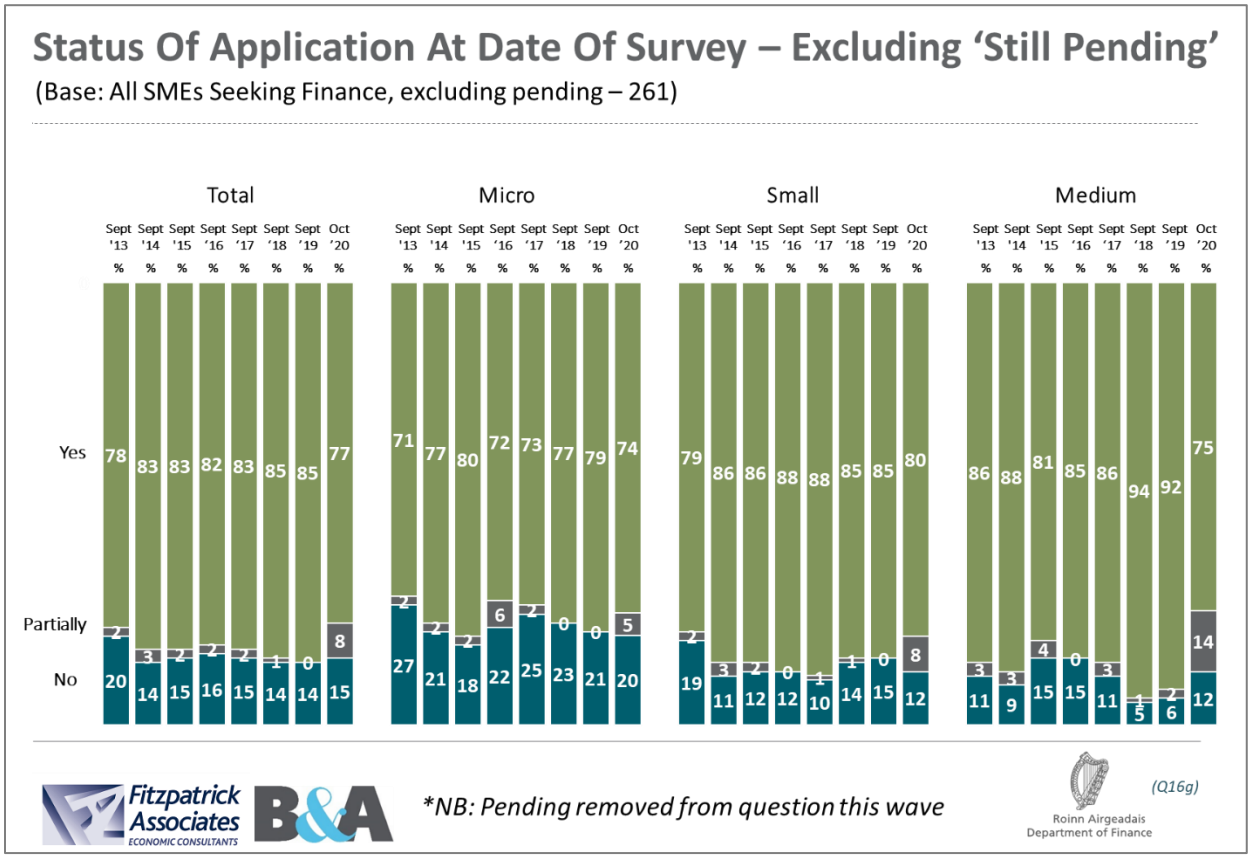
The most common kinds of collateral required were buildings (8%), land (8%) and personal assets of owners (6%).

There was no significant difference in the percentage of companies requiring collateral by company size. The average value of collateral required as a percentage of a loan was 57%, which was lower than the level in September 2019 (68%). Note, however, the base size upon which this analysis is based (n=87) is small.



Excluding pending applications, the overall decline rate stands at 15% (on a par with the 14% in September 2019). In total, 85% of all applications for the period (excluding "still pending") have been approved in full/partially.

The rejection rate for micro sized enterprises decreased marginally in the period (from 21% in September 2019 down to 20% in the period since the onset of Covid-19), and it also decreased for small firms (from 15% to 12%), while there was a six percentage point increase in rejection rates for medium sized firms (from 6% to 12%).



Decline Rate by Product

Decline rate varied across financial type requested – which reflects the differences in application processes. New overdrafts, in particular, and new loans and invoice discounting had the highest decline rates, at 23%, 20% and 42% respectively.

	Yes	Partially	No
Total	77	8	15
	%	%	%
New overdraft	64	13	23
Renewal/restructuring of existing overdraft	76	7	17
New Loan	65	15	20
Renewal/restructuring of existing Loan	80	7	13
Invoice Discounting	58	-	42
Leasing or Hire Purchase	96	1	3
Other	91	-	9

Decline Rate by Type of Credit Applied For

Refusal rates since the onset of Covid-19 were highest for credit sought due to changed business requirements as a result of Brexit (34%), credit for new venture/acquisition of assets/expansion (25%) and credit to restructure loans (25%).

	Yes	Partially	No
Total	77	8	15
	%	%	%
New business venture/acquisition of assets/Expansion	67	9	25
Working capital/cash flow	74	11	15
Slow-down in debtor collection/Bad debts	77	9	14
Property related loan	95	-	5
Investment in machinery or equipment	95	2	3
Need to restructure loan/credit	69	6	25
Manage payments to Revenue Commissioners	84	16	-
Change in business requirements as a result of Brexit	57	8	34

Adaptation of business due to Covid/social distancing requirements	87	4	9
Cover fixed payments while business shut down due to Covid	83	-	17
Other	80	10	10

Decline Rate by Export vs. Non-Export Companies

The decline rate for export businesses (16%) was broadly the same as for non-export businesses (15%).

	Yes	Partially	No
Total	77	8	15
	%	%	%
Export Business	75	10	16
Non-Export Business	78	8	15

Decline Rate by Sector

By sector, the highest level of decline rates were amongst the business services (16%), hotels and restaurants (15%) and wholesale (19%) sectors.

	Yes	Partially	No
Total	77	8	15
%	%	%	%
Manufacturing	91	7	2
Construction	86	4	9
Wholesale	69	12	19
Hotels & Restaurants	78	7	15
Business Services	76	8	16
Other	81	5	14

Decline Rate Versus Company Trading Performance

There is no significant difference in rates of decline between companies making a profit versus those making a loss, nor between those whose turnover has increased versus those whose turnover has declined.

Turnover v Decline Rate	Yes	Partially	No
Total	77	8	15
	%	%	%
Increased	79	2	19
Decreased	76	9	15
Remained the same	80	8	12

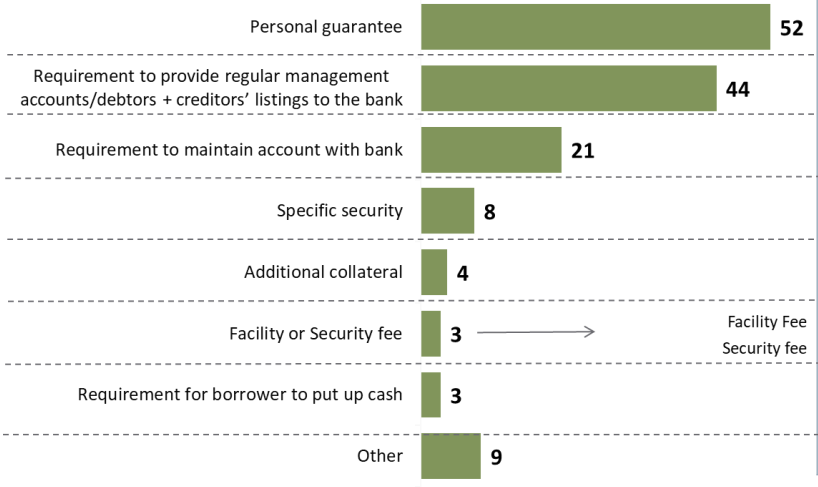
Profit v Decline Rate	Yes	Partially	No
Total	77	8	15
%	%	%	%
Made a profit	75	11	14
Broke even	83	1	16
Made a loss	73	12	14

8.3 Criteria, Conditions and Interest Rates Attached to Approved Applications

Of those applicants for whom conditions were applied, the most common conditions were personal guarantees (52%) and the provision of regular management accounts (44%).

Conditions attached to approved/partially approved applications

(Base: All SMEs Seeking Bank Finance Successful or Partially criteria attached – 119)



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

(Q.17a)

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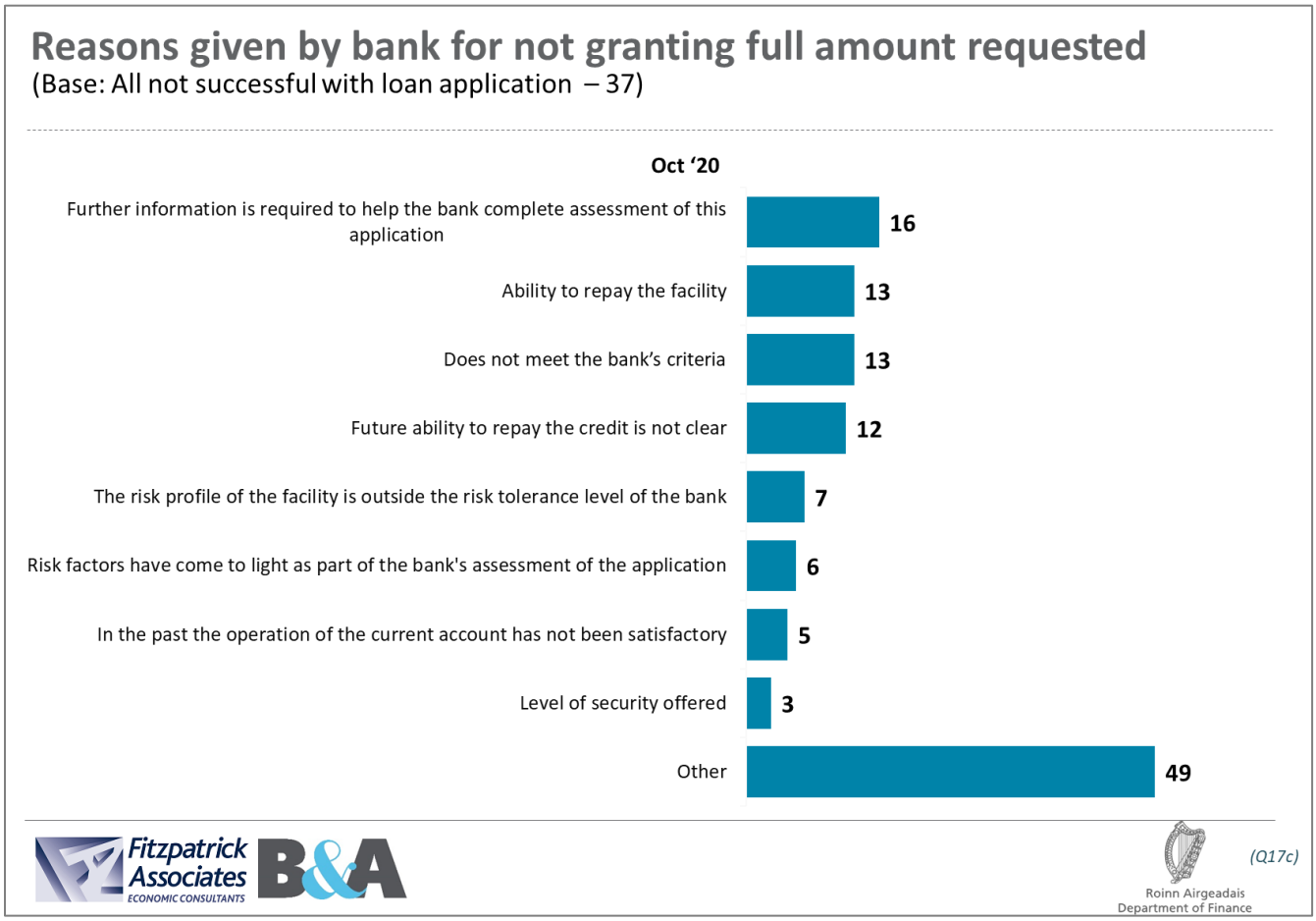
8.4 Reasons for Decline

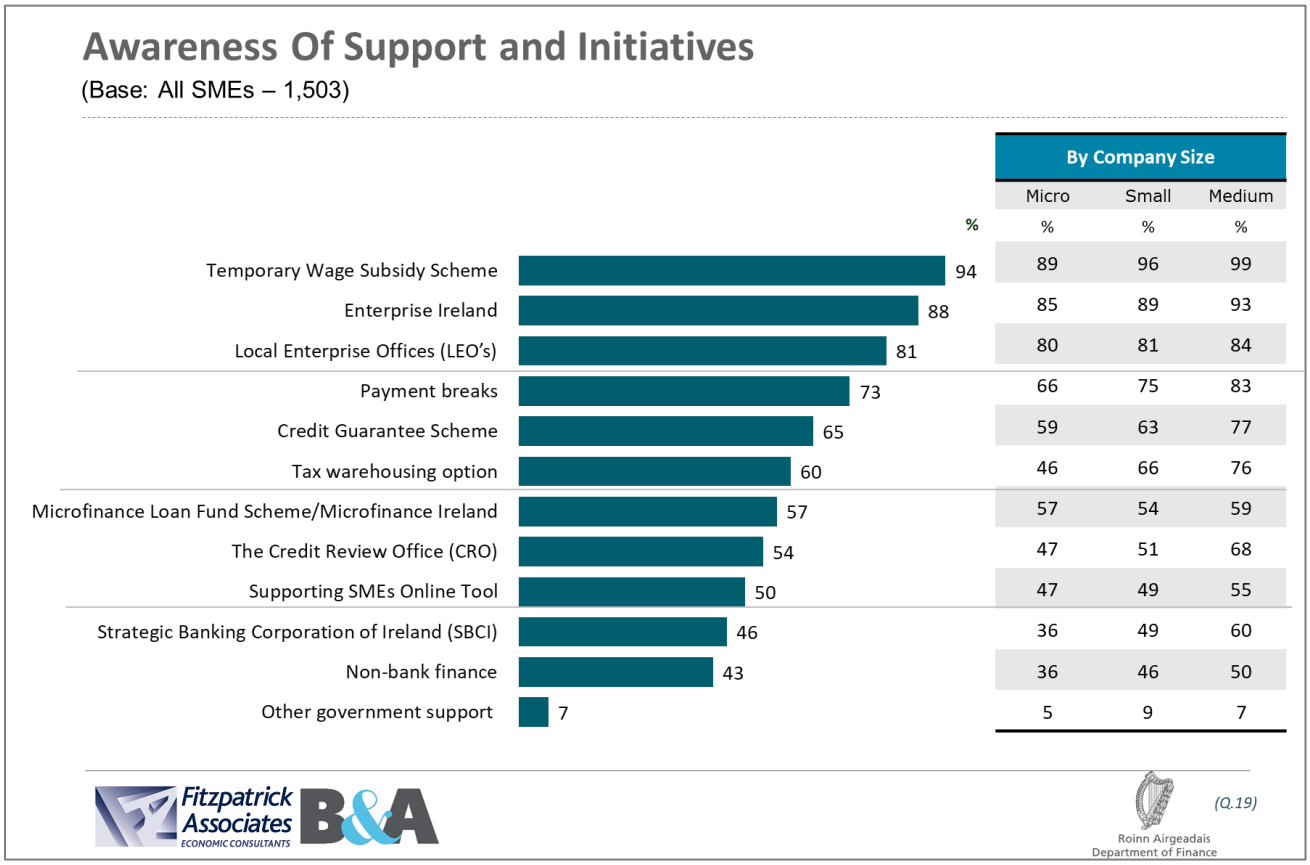
The most common reasons given by banks for not loaning the full amount requested by firms were a requirement for further information to help with assessment of the application (at 16%), followed by the applicant's ability to repay (13%), failure to meet the bank's criteria (13%) and lack of clarity around their future ability to repay the credit (12%).



9.0 Awareness of State Supports

9.1 Awareness of Support & Initiatives

Awareness of business support and initiatives was highest for the Temporary Wage Subsidy Scheme, or TWSS (94%), Enterprise Ireland initiatives (88%) and Local Enterprise Office initiatives (81%). Some 73% of SMEs were aware of payment breaks, with 65% aware of the Credit Guarantee Scheme and 60% aware of Tax Warehousing.



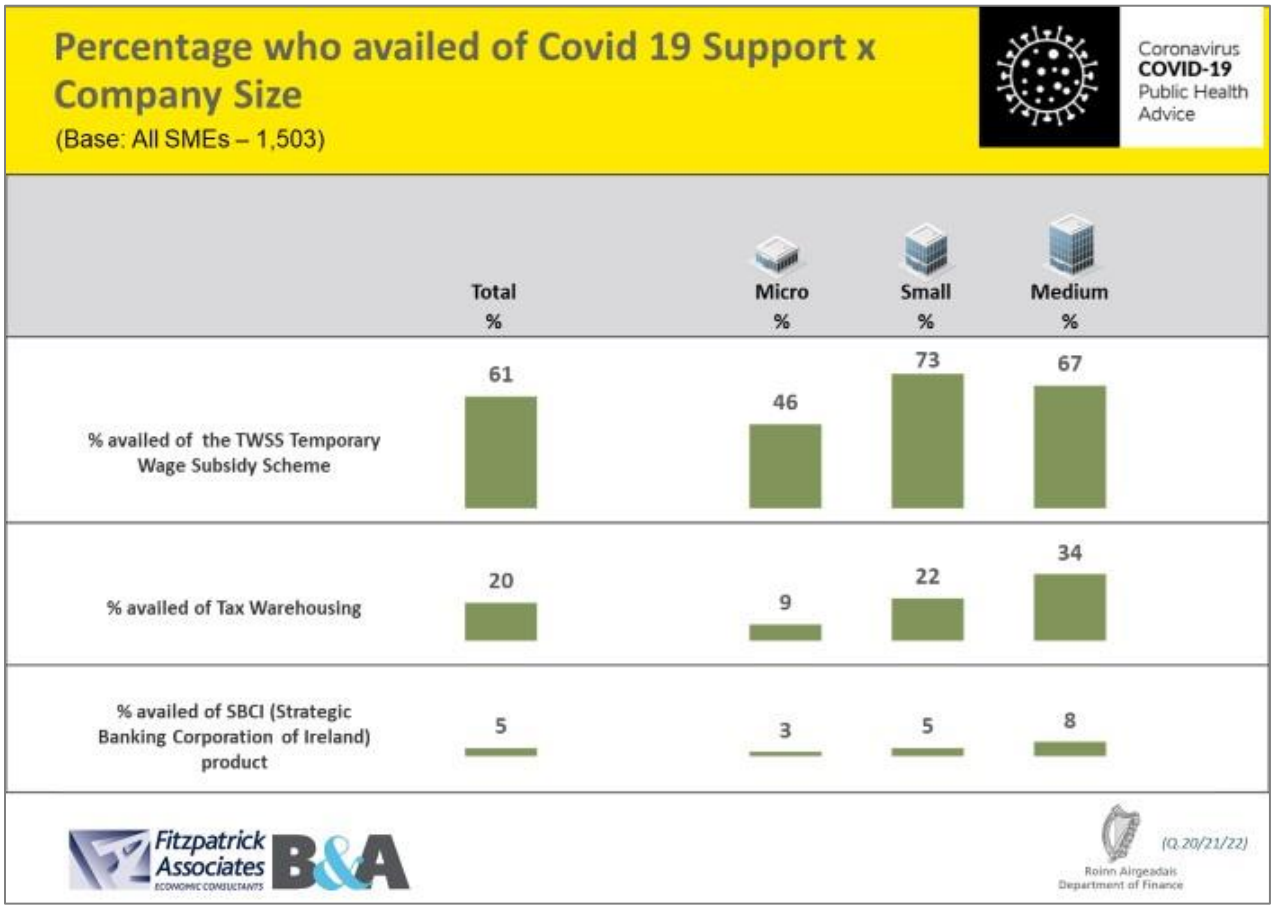
	By Company Size		
	Micro	Small	Medium
	%	%	%
Temporary Wage Subsidy Scheme	89	96	99
Enterprise Ireland	85	89	93
Local Enterprise Offices (LEO's)	80	81	84
Payment breaks	66	75	83
Credit Guarantee Scheme	59	63	77
Tax warehousing option	46	66	76
Microfinance Loan Fund Scheme/Microfinance Ireland	57	54	59
The Credit Review Office (CRO)	47	51	68
Supporting SMEs Online Tool	47	49	55
Strategic Banking Corporation of Ireland (SBCI)	36	49	60
Non-bank finance	36	46	50
Other government support	5	9	7

Compared to September 2019, there are no statistically significant differences in awareness for Enterprise Ireland supports, Local Enterprise Offices, or the Credit Review Office. Awareness of the Credit Guarantee Scheme, the Microfinance Loan Fund, the Supporting SMEs online tool and the SBCI have increased over the last 12 months.

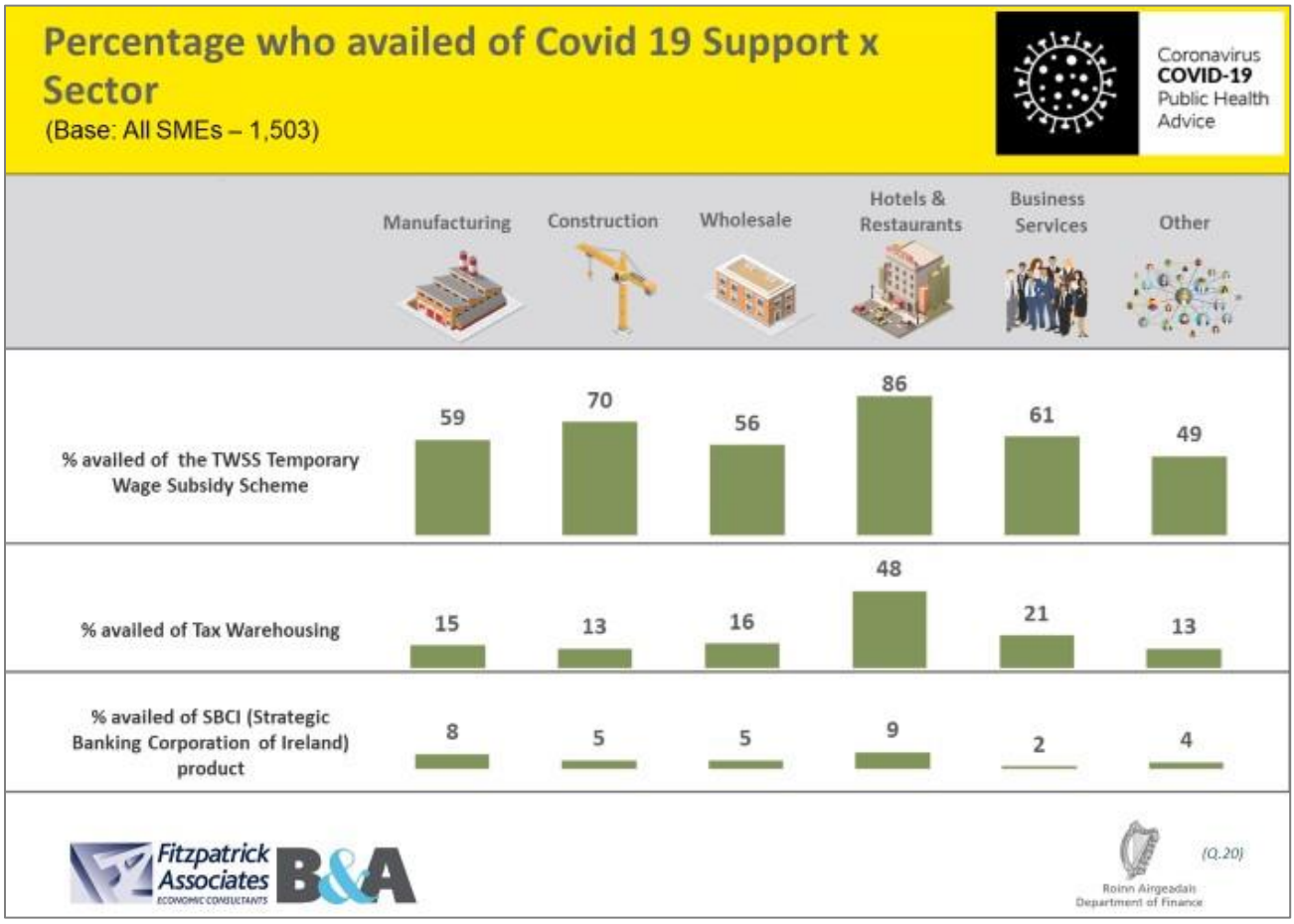
	Sept 2017	Sept 2018	Sept 2019	Oct 2020
	%	%	%	%
Temporary Wage Subsidy Scheme	n/a	n/a	n/a	94
Enterprise Ireland	87	86	90	88
Local Enterprise Offices (LEO's)	74	77	79	81
Payment breaks	n/a	n/a	n/a	73
Tax warehousing option	n/a	n/a	n/a	60
The Credit Review Office (CRO)	50	45	51	54
Credit Guarantee Scheme	49	41	47	65
Microfinance Loan Fund Scheme/Microfinance Ireland	39	34	39	57
Supporting SMEs Online Tool	31	27	33	50
Strategic Banking Corporation of Ireland (SBCI)	29	24	31	46
Other government support	2	3	2	7
None	9	9	5	1

9.2 Business Investment in line with Public Health Guidelines

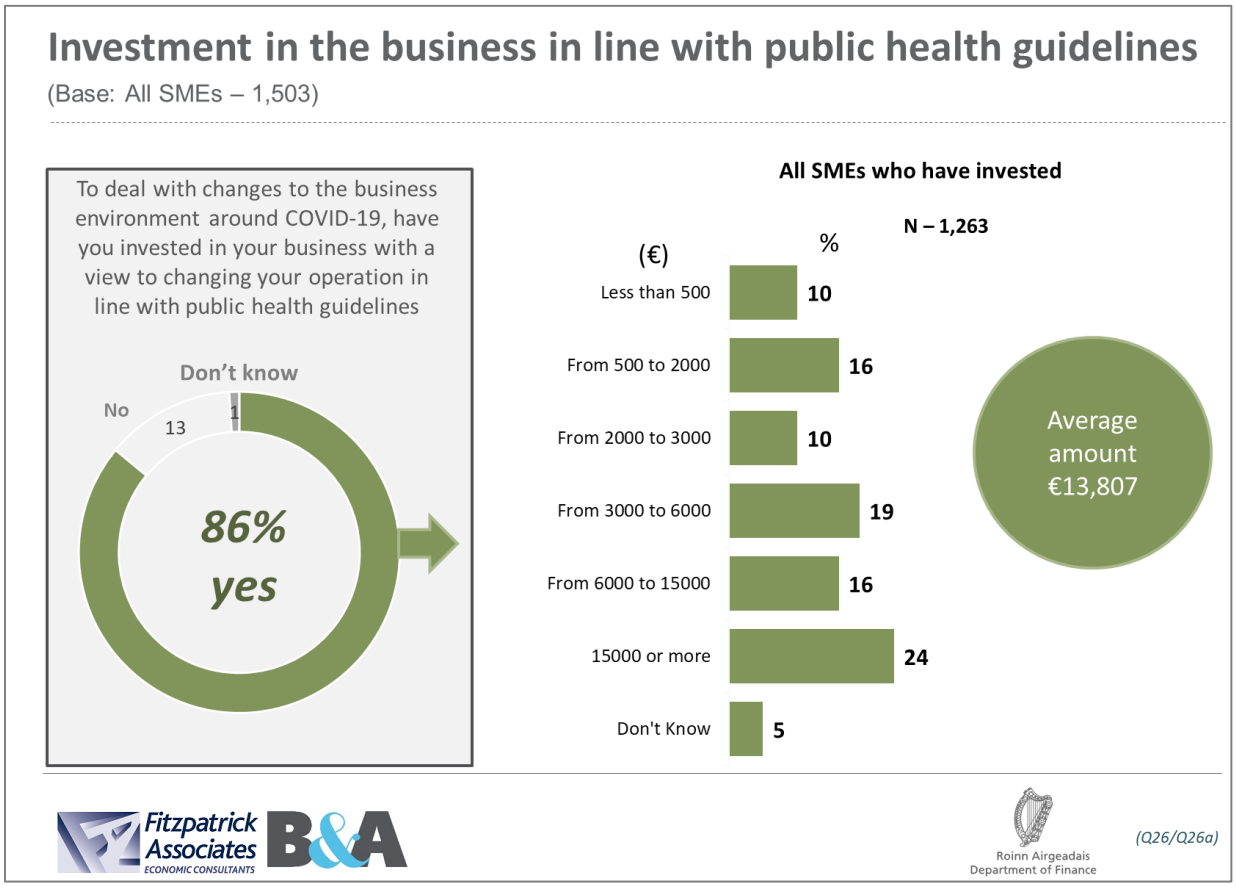
Six in ten of all SMEs in Ireland report having availed of the TWSS – a figure which rises to 73% of small businesses and 67% of medium-sized enterprises. In addition, one in five of all SMEs have availed of Tax Warehousing, a figure which rises to just over a third of all medium-sized firms.



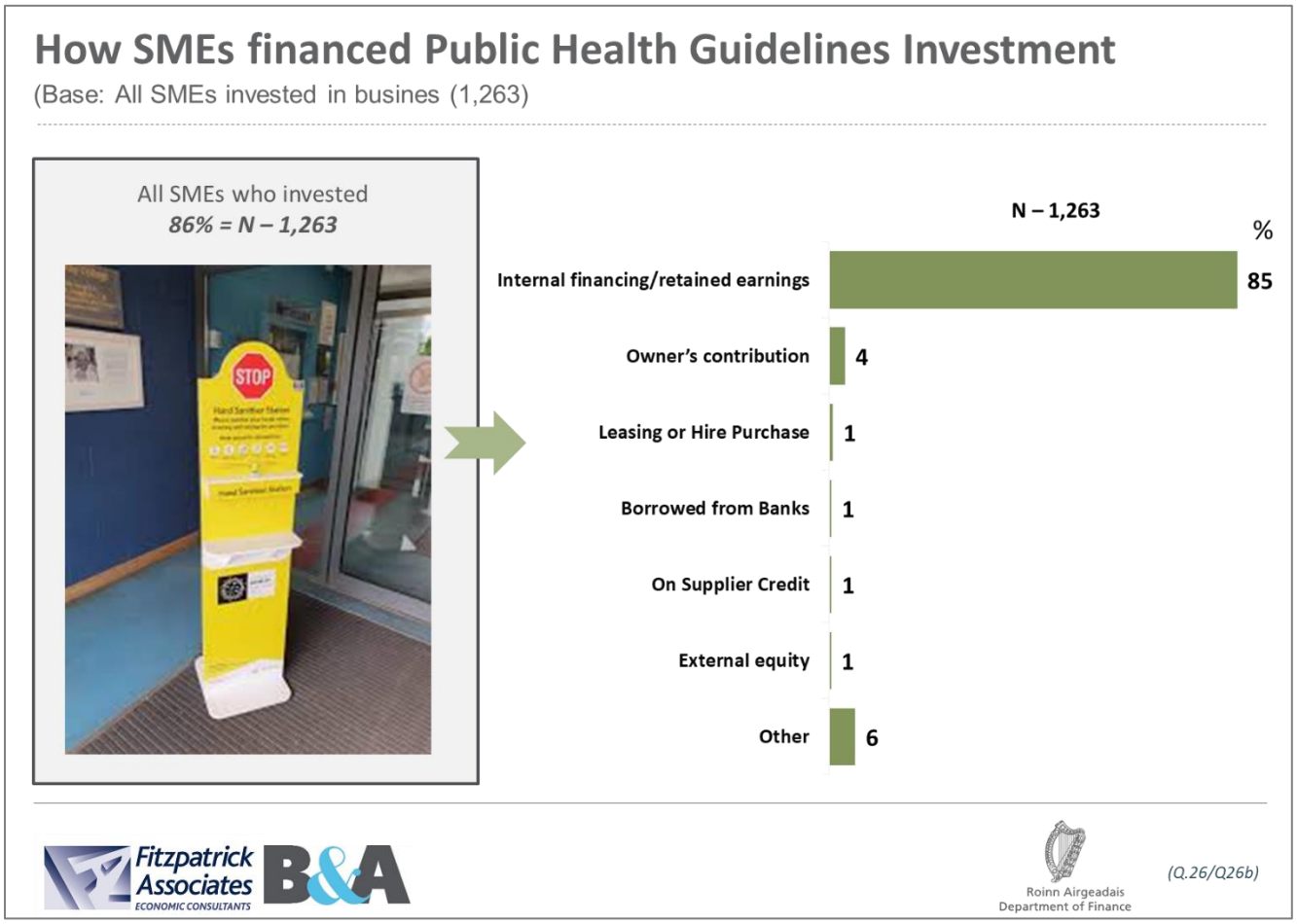
The hotels and restaurants sector has been most likely to avail of the TWSS and Tax Warehousing facilities, with a majority of the manufacturing sector (59%) and the wholesale sector (56%) having availed of the TWSS. Just under one in ten (9%) of hotels and restaurant businesses have also availed of SBCI products, as has 8% of manufacturing SMEs.



86% of SMEs report having invested in their business in line with public health guidelines since the onset of Covid-19, with the average amount invested just under €14,000.



The vast majority of SMEs that have invested in their business in line with public health guidelines have funded the investment from internal financing/retained earnings.



Appendix: The SSME Credit Demand Survey Questionnaire

DEPARTMENT OF FINANCE SME CREDIT DEMAND SURVEY QUESTIONNAIRE

10th August, 2020

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

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

Yes.....1 **CONTINUE**

No 2

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

SECTION 1 – COMPANY INFORMATION

Q.1 Can you confirm the county in which is your main office is based?

SINGLE CODE

List 32 counties

Q.1b 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.1b ASK**

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

INDUSTRY SECTOR ASK Q.1c IF NO AT Q.1b

Q.1c What industry sector do you operate in? PROBE TO PRECODES – SINGLE CODE

CHECK QUOTAS

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

ASK ALL

Q.1c How many years has your business been in operation?

_____ Years (Min-Max 0-999)

Q.2 Including yourself, how many people were employed in the business in 2019? **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) 2 - 4 5 - 9	**1** **2** **3**	**MICRO: CHECK QUOTAS**
10 -20 21 – 49	**4** **5**	**SMALL: CHECK QUOTAS**
50 – 100 101 – 249	**6** **7**	**MEDIUM: CHECK QUOTAS**
250+ Refused/ don't know	**8** **9**	**CLOSE**

Q. 2a (i) What was the approximate turnover of the company for the year 2019? Even if you are uncertain of the precise figure, please give your best estimate.

€ | | | | | | | | |

Don't know/Refused 1 **– ASK Q.2a(ii)**

If greater than 50mn close.

Q. 2a (ii) What was your business' turnover for 2019 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.a

Q.2b For this survey we need to ensure we are interviewing companies with a turnover of less than €50 million. 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**

Q.2c What was the approximate total expenditure of the company for the year 2019? Again, even if you are uncertain of the precise figure, please give your best estimate. Please include all expenditure including purchases, debt and interest payments, rent, wage and salaries, utilities, etc.

€ | | | | | | | | |

Don't know/Refused 1 **– ASK Q.2d**

Q.2d What was your total expenditure for 2019 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
Refused/don't know **(DNRO)** 99

Q.2e In terms of your 2019 expenditure, can you tell me what percent of the expenditure was accounted for by the following items:

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

Q.2f What was the approximate level of accounts receivable of the company for the year 2019? Again, even if you are uncertain of the precise figure, please give your best estimate. By Accounts Receivable we mean the amount of money owned to the company by its debtors at any one time.

€ | | | | | | | | |

Don't know/Refused 1 **– ASK Q.2g**

Q.2g What was the approximate level of accounts receivable for 2019 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
Refused/don't know **(DNRO)** 99

Q.2h What was the approximate level of accounts payable of the company for the year 2019? Again, even if you are uncertain of the precise figure, please give your best estimate. By Accounts Payable we mean the amount of money the company owes to its creditors at any one time.

€ | | | | | | | | |

Don't know/Refused 1 **– ASK Q.2i**

Q.2i What was the approximate level of accounts payable for 2019 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
Refused/don't know **(DNRO)** 99

Q.3a And, what was the approximate value of your company's total assets for the year 2019? By total assets we mean all assets including fixed assets, cash, stocks or other liquid assets. Even if you are not entirely certain of this figure, please give your best estimate. RECORD PRECISE NUMBER BELOW.

€ | | | | | | | | | |

Don't know/Refused 1 **– ASK Q.3b**

Q.3b Which of the ranges I am about to read out comes closest to what you feel the value of your company's total assets were for the year 2019? READ OUT.

Up to €100,000	**1**	
€100,000-€249,000	2	
€250,000-€499,000	3	
€500,000-€999,000	4	**- ASK CODES 2-10 Q.4**
€1-€2 million	5	
€3-5 million	6	
€6-10mn million	7	
€10-20 million+	8	
€20-50 million	9	
€50+ million	10	
Don't know/Refused	11	GO TO Q.5

Q.4 Roughly what proportion of this _____ (VALUE FROM Q.3a/Q.3b) in total assets was in fixed assets, and what proportion was in cash, stocks or other liquid assets?

Fixed assets | | | | %

Cash and cash equivalents | | | | %

Stocks or other liquid assets | | | | %

Don't know/Refused 1

Q.5 What was the approximate value of your company's total outstanding debt, if any, for the 2019 financial year? Please give your best estimate.

€ | | | | | | | | |

Don't know/refused 1 **– ASK Q.5a**

None/No debt 2 **–GO TO Q.6**

Q.5a Which of the following ranges, comes closest to the approximate value of your company's outstanding debt in 2019? READ OUT

Up to €100,000	1	
€100,000-€249,000	2	
€250,000-€499,000	3	
€500,000-€999,000	4	
€1-€2 million	5	
€3-5 million	6	
€6 million-10mn	7	
€10-20mn	8	
€20mn-50mn	9	
€50mn +	10	
Don't know/Refused	11	
No debt	12	GO TO Q.6

Q.5b What is the approximate share of your outstanding debt owed to the following:

Retail banks

☐☐ %

Don't know/refused 1

None/No debt 2

Other non-bank finance

☐☐ %

Don't know/refused 1

None/No debt 2

Q.6 Does your company export any goods or services outside the Republic of Ireland?

Yes 1

No 2 – GO TO NEXT SECTION

ASK IF EXPORT (CODE 1 IN Q6)

Q.6a Before the onset of the pandemic**,** what percentage of your export sales went to the following destinations? READ OUT DESTINATIONS.

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

_____ % of total sales

Northern Ireland..... %
Great Britain (i.e. excluding Northern Ireland)..... %
EU/Eurozone ..... %
Other European country. ..... %
United States ..... %
Other ..... %
or no change

SECTION 2A – IMPACT OF COVID-19 ON BUSINESS ACTIVITY

These questions attempt to consider how your business has been affected by the COVID-19 pandemic.

Q.7 Since the onset of the COVID-19 pandemic, (mid-March 2020) has your business turnover increased, decreased, or remained the same?

Increased ..... 1 **GO TO Q.7a**
Decreased ..... 2 **GO TO Q.7b**
Remained the same ..... 3 **GO TO Q.8**

Q.7a If increased, by approximately what percentage has it increased?

_____ %

Q.7b If decreased, by approximately what percentage has it decreased?

_____ %

Q.8 Since the onset of the COVID-19 crisis, (mid-March 2020) has your company made a profit, broke-even, or made a loss?
READ OUT - SINGLE CODE

Made a profit.....1 – GO TO Q.8a
Broke even ..... 2 – GO TO Q.9
Made a loss ..... 3 – GO TO Q.8b
Refused ..... 4 – GO TO Q.9
Not sure **(DNRO)** ..... 5 – GO TO Q.9

IF MAKE PROFIT AT Q.8
Q.8a What percent of turnover was your profit margin?

_____%
IF MADE A LOSS AT Q.8
Q.8b What percent of your turnover did this loss amount to?

_____%

Q.9 Since the onset of the COVID-19 crisis, (mid-March 2020) has your number of staff increased, decreased or stayed the same?
SINGLE CODE

Increased ..... 1 **GO TO Q.9a**
Decreased ..... 2 **GO TO Q.9b**
Remained the same ..... 3 **GO TO Q.10**

IF INCREASED AT Q.9
Q.9a By what percentage has it increased?

_____ %

IF DECREASED AT Q.9
Q9bBy what percentage has it decreased?

_____ %

ASK ALL
Q.10 Since the onset of the Covid-19 crisis (mid March 2020), has an operating revenue gap emerged in your business i.e. has your turnover dropped below your company's level of expenditure?

Yes 1 – GO TO Q.10a
No 2 – GO TO Q.11
Don't know/refused 3 – GO TO Q.11

Q.10a Can you please provide an estimate of what per cent of 2019 turnover this gap accounts for?

_____ %

Q.11 Since the onset of the COVID-19 crisis, (mid-March 2020) has your business expenditure increased, decreased, or remained the same?

Increased ..... 1 **GO TO Q.11a**
Decreased ..... 2 **GO TO Q.11b and Q.11c**
Remained the same ..... 3 **GO TO Q.12**

Q.11a If increased, by what percentage has it increased?

_____ %

Q.11b If decreased, by what percentage has it decreased?

_____ %

Q.11c And by what percent has expenditure fallen by for the following items:

Expenditure item READ OUT ▼	PERCENTAGE FALL
Purchases of goods and services	_____%
Wages and salaries/personal costs	_____%
Utilities	_____%
Rent (if renter)	_____%
Interest and debt payments	_____%
Payments to the revenue commissioners	_____%
Commercial rates	_____%
Other	_____%
Don't know/Refused	1

Q.12 For the remainder of 2020, do you expect your turnover to be…….. READ OUT OPTIONS?

Lower than 2019 levels 1 – GO TO Q.12a
Back to 2019 levels 2 – GO TO Q13
Above 2019 levels 3 – GO TO Q.12b

Q.12a By what percent of 2019 levels do you expect turnover to be lower for the rest of 2020?

_____ %

Q.12b By what percent of 2019 levels do you expect turnover to be higher for the rest of 2020?

_____ %

Q.13 For the remainder of 2020, do you expect your expenditure to be….. READ OUT OPTIONS ?

Lower than 2019 levels 1 GO TO Q.13A
Back to 2019 levels 2 GO TO Q.14
Above 2019 levels 3 go to q.13B

Q.13(a) By what percent of 2019 levels do you expect your expenditure to be lower for the rest of 2020 ?

_____ %

Q.13(b) By what percent of 2019 levels do you expect your expenditure to be higher, for the rest of 2020?

_____ %

Q.14 What percent of pre-COVID-19 (mid March 2020) invoices owed to you remain unpaid by your customers? (e.g. if you had €100k owed pre COVID-19, and still have €75k of these owed now = 75%)

_____ %

SECTION 2 – FINANCING YOUR BUSINESS

ASK ALL

Q.15 Since the onset of the COVID-19 pandemic, **h**ave you missed or deferred repayments on the following? **READ OUT.**

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

Q.16 Since the onset of the pandemic in March 2020 did you request from any bank, any of the following types of finance? It does not matter if you were successful or not.

READ OUT - MULTICODE

New overdraft 1
Renewal/restructuring of existing overdraft. 2
New Loan 3
Renewal/restructuring of existing Loan 4
Invoice Discounting..... 5
Leasing or Hire Purchase 6
Other (specify)_____ 7

GO TO Q.16b

None .....8 - GO TO Q.16a

Q.16a. Why did you not look for external finance? ***READ OUT***

Had sufficient internal funds	1
Current lines of credit were sufficient	2
Preferred to use internal finance`	3
My business generated sufficient revenue	4
Possible rejection	5
I do not like to be indebted	6
Other specify (……)	7 – GO TO Q.18

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

Q.16b I'm now going to ask you about your_____**(FROM Q.16)** request. Which, if any, of these, were reasons for making your_____**(FROM Q.16)** request?

READ OUT – MULTICODE

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

ASK Q.16c FOR ALL WHO ANSWERED CODES 1, 3, 5, 6, 7 in Q.16

Q.16c What was the value of the_____**(FROM Q.16)** for which you applied?

OPEN END: INSERT AMOUNT

Don't know 8

Refused.....9

ASK Q.16d FOR ALL WHO ANSWERED CODES 2 OR 4 @ Q.16

Q.16d What was the additional value of the____**(FROM Q.16)** 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.16e 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.16f if any collateral in Q.16e (NOT CODE 8 AT Q.16e)

Q.16f 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.16g Were you successful in your_____**(FROM Q.16)** request?
SINGLE CODE

Yes..... 1 **GO TO Q 17a**
No ..... 2 **GO TO Q 17c**
Partially ..... 3 **GO TO Q 17a**

ASK Q.17a and 17b TO ALL SUCCESSFUL (CODE 1 AT Q.16g) OR PARTIALLY (CODE 3 AT Q.16g)

Q.17a Were any of the following criteria/conditions attached to your_(FROM Q.16) request?

READ OUT – MULTICODE

Requirement to provide regular management accounts/debtors + creditors' listings to the bank	1
Personal guarantee	3
Specific security	4
Facility or security	5
Requirement to maintain account with bank	8
Additional collateral.....	10
Requirement for borrower to put up cash.....	11
Other (specify)_____.....	13
No.....	14

Q.17b What is the average interest rate attached to your____(FROM Q.16) request? INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE.
_____% (MIN-MAX 0-99, ALLOW REFUSAL/NOT SURE)

ASK Q.17c TO ALL UNSUCCESSFUL IN APPLICATION (CODE 2 AT Q.16g) OR PARTIALLY (CODE 3 AT Q.16g) IN APPLICATION

Q.17c Were any of the following reasons given by the bank for turning down your __ (FROM Q.9) request? READ OUT – MULTICODE

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

ASK ALL

Q.18 Do you expect to seek bank finance for your business between now and the end of 2020?

SINGLE CODE

Yes 1
No ..... 2 **GO TO Q18a**
Don't know (DNRO) 3

ASK Q.18a if NO AT Q.18

Q.18a Why will you not be seeking bank finance/further bank finance in this period?

MULTICODE ALLOWED – PROBE FULLY

Don't need it 1
Have sufficient internal funds/reserves 2
Prefer not to borrow 3
Existing finance products/restructures are already in place 4
Inability to pay/meet requirements of bank finance 5
Don't trust the banks/believe they are not lending 6
Application process for bank finance is too difficult 7
Can raise finance from other non-bank sources 8
Other Specify____ 9
No Reason 10

SECTION 3: SME Supports and Initiatives

Q.19 Which of the following supports or initiatives are you aware of?
READ OUT - MULTICODE

Supporting SMEs Online Tool 1
Credit Guarantee Scheme..... 2
Microfinance Loan Fund Scheme/Microfinance Ireland 3
Enterprise Ireland..... 4
Local Enterprise Offices (LEOs)… 5
Strategic Banking Corporation of Ireland (SBCI)
The Credit Review Office (CRO)….... 9
Other government support (specify)_____ 7
Temporary Wage Subsidy Scheme
Tax warehousing option
Payment breaks
Non-bank finance
None 8

Q.20 Did you avail of an SBCI product?
SINGLE CODE

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

Q.21 Did you avail of the Temporary Wage Subsidy Scheme**?**
SINGLE CODE

Yes 1
No 2

Q.22 Did you avail of tax warehousing?
SINGLE CODE

Yes 1
No 2

SECTION 4 – INVESTMENT ACTIVITY AND COMPANY ASSETS

We are now going to ask you some more detailed questions about your investment activity and the assets you hold as a company. Where you are unsure, please provide a rough estimate of the magnitude.

Q.23 In 2019, can you tell me how much your firm invested in each of the following type of assets [provide EURO amount]: Providing an estimate would be fine. READ OUT

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

Q.24 At the beginning of 2020, can you tell me how much did your firm expect to invest in each of the following type of assets [provide EURO amount]: Providing an estimate would be fine.

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

Q.25 As a result of the COVID-19 pandemic, can you tell me what per cent your business expects to change its investment? [provide EURO amount]: Providing an estimate would be fine.

	Per cent change in investment plans	**No change**	**Don't know / No reply**
Buildings or other construction activities	%	1	2
Vehicles and other transport equipment	%	1	2
Other fixed assets (including machinery and equipment)	**%**	1	2
Intangible assets (i.e. research and development, patents, trademarks and copyrights.)	**%**	1	2

Q.26 To deal with changes to the business environment around COVID-19, have you invested in your business with a view to changing your operation in line with public health guidelines e.g. adaptions for physical distancing, hand hygiene etc?

Yes **1 - GO TO Q.26a**

No **2 - END**

Don't know **3 – GO TO Q.26b**

If yes, can you please give an estimate of how much you have spent on these investments?

Q.26a Please give your best estimate.

€ | | | | | | | | |

Don't know/refused 1

None/No debt 2

Q.26b How have you financed these investments?

Financing source ↓ READ OUT	Investments to comply with public health guidelines
Internal financing/retained earnings	% of total
Leasing or Hire Purchase	% of total
Borrowed from Banks	% of total
Owner's contribution	% of total
On Supplier Credit	% of total
External equity	% of total
Other	% of total
Don't know/Refused	% of total