

Quarterly Bank Watch Report Q4'19

28th February 2020

- SME demand for credit is at 24%.
- Loan refusal rates decrease from 58% to 19%, with 44% being partially successful.
- 17% waiting longer than 4 weeks from permission to drawdown.
- 69% stated that banks are making it more difficult to access finance.
- Businesses wait on average two weeks from decision to drawdown.
- 3% of SMEs pay between €5000-10000 in Bank Charges (excluding interest).

ISME, the Irish SME Association, today (28th February) released its quarterly Bank Watch survey for Q4'19. The results show a decrease in loan refusal rates, decreasing from 58% to 19%, although 44% of respondents reported being only partially successful with their request. Demand for credit remains high at 24%. Waiting time from decision to drawdown is on average two weeks.

ISME CEO Neil McDonnell said:



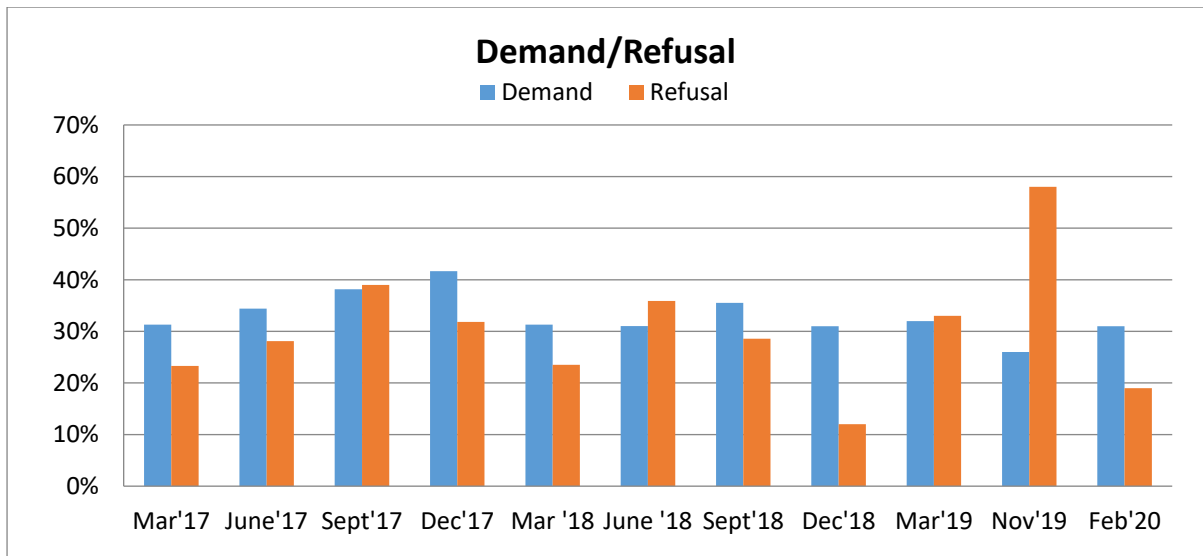
Our latest Bank Watch Report comes in the week the EU Commission released its 2019 Semester Report for Ireland¹, confirming ISME's reports that Ireland remains the most expensive country in Europe for SME finance. High rates are deterring small firms from looking for finance. Ensuring wider access to cheaper finance must be a key focus for our incoming Finance Minister.



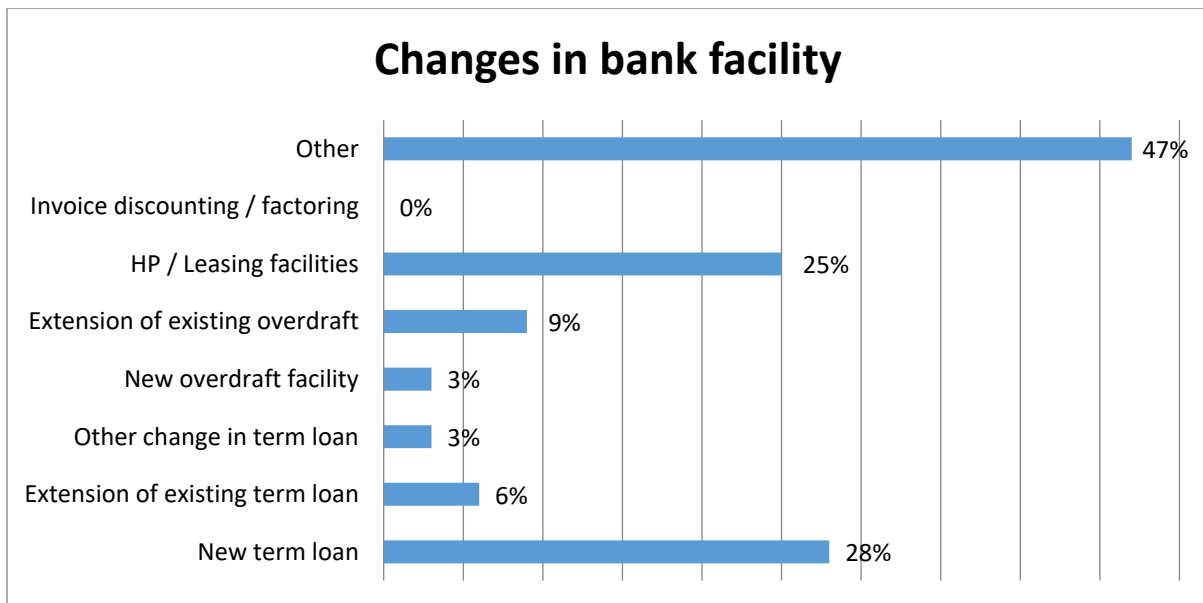
¹ https://ec.europa.eu/info/sites/info/files/2020-european_semester_country-report-ireland_en.pdf

The main findings from the 285 respondents are as follows:

- **31% of respondents required additional or new bank facilities in the last three months of 2019, up 5% on Q3'19.**
- **19% of companies who applied for funding were refused credit by their banks, a decrease of 39% from Q3'19.**
- **Awareness of the Credit Review Office was at 63%. There was a slight decrease in awareness of the Credit Guarantee Scheme from 58% to 57%, while awareness about the microfinance scheme rose from 54% to 60% in Q4'19.**
- **25% of applications were awaiting a decision late-December.**
- **On average, businesses are waiting three weeks for an initial decision on loan applications. The wait time for drawdown was two weeks.**
- **33% of initial bank decisions were made within the first week; an increase of 10% on previous quarter. 25% are waiting four to six weeks, while 8% are waiting more than 10 weeks.**
- **37% of those who required funding made a formal application, an increase from 31% in the previous three months, while informal applications decreased from 38% to 30%. This is a worthwhile improvement.**
- **Of the 37% approved for funding, 67% have drawn down finances either fully or in part.**
- **32% of respondents were concerned about bank fees and charges.**
- **67% state that the Government is having either a negative or no impact on SME lending compared to 72% in the previous Quarter.**
- **8% of businesses report that their debt has been sold by their lender to another institution.**
- **58% have been with their bank for 20+ years.**
- **3% of SMEs spend less than €100 on Bank Charges (excluding interest), 19% between €100-€250, 49% between €250 and €2500, 12% between €2500-€5000, 3% between €5000-10,000, 3% spend between €10,000-€20,000 and 7% pay more than €20,000. The remainder pay no charges.**



	Sept'18	Dec'18	Mar'19	Nov'19	Feb'20
Required change in bank facilities in last 3 months	36%	30%	32%	26%	31%
Unsuccessful	29%	12%	33%	58%	19%
Approach the Bank	79%	84%	53%	67%	60%
Made Informal Approach	75%	79%	27%	38%	30%
Made Formal (Written) Approach	55%	58%	38%	31%	37%
Banks making it more difficult for SMEs	52%	43%	69%	75%	69%
Aware of banks appeals procedure	63%	58%	68%	44%	65%
Aware of Credit Review Office	68%	70%	67%	61%	63%
Aware of Credit Guarantee Scheme	66%	66%	68%	58%	57%
Aware of Micro Finance Scheme	57%	53%	59%	54%	60%



28% of respondents requested a 'New Term Loan', compared to 25% in Q3 of 2019. 6% requested an 'Extension of an Existing Term Loan', 3% requested 'other changes' to their term loan', and 3%

requested a 'New Overdraft Facility'. 9% applied for an 'Extension of Overdraft Facility. A further 25% requested HP/Leasing facilities, while 0% applied for Invoice Discounting/Factoring.

ENDS.

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Note to Editors:

This survey was conducted in the second week of December, covering the fourth quarter of 2019. There were 285 SME owner manager respondents.