

Quarterly Bank Watch Report Q2'21

7th July 2021

SME DEMAND FOR CREDIT AND LOAN REFUSAL RATES SEE SUDDEN DROP

- Demand for credit is at 33%, down 10% from Q1'21.
- Loan refusal rates decrease from 35% to 22%, with 69% being successful, up 23% on Q1'21. 9% were partially successful, compared to 19% in Q1'21.
- Just over 6% have availed of peer-to-peer funding.
- 28% waited longer than 4 weeks from permission to drawdown.
- 38% stated that the bank was not helpful in their request for acquiring finance.
- 84% of SMEs believe banks are making it more difficult for SMEs to access finance.
- 10% of SMEs pay over €5,000 in Bank Charges (excluding interest).

ISME, the Irish SME Association, today (07/07/21) released its quarterly Bank Watch survey for Q2'21. The results show a decrease in loan refusal rates, decreasing from 35% to 22%, although 9% of respondents reported being only partially successful with their request. Demand for credit fell from 43% to 33%. Waiting time from decision to drawdown is on average between one and three weeks.

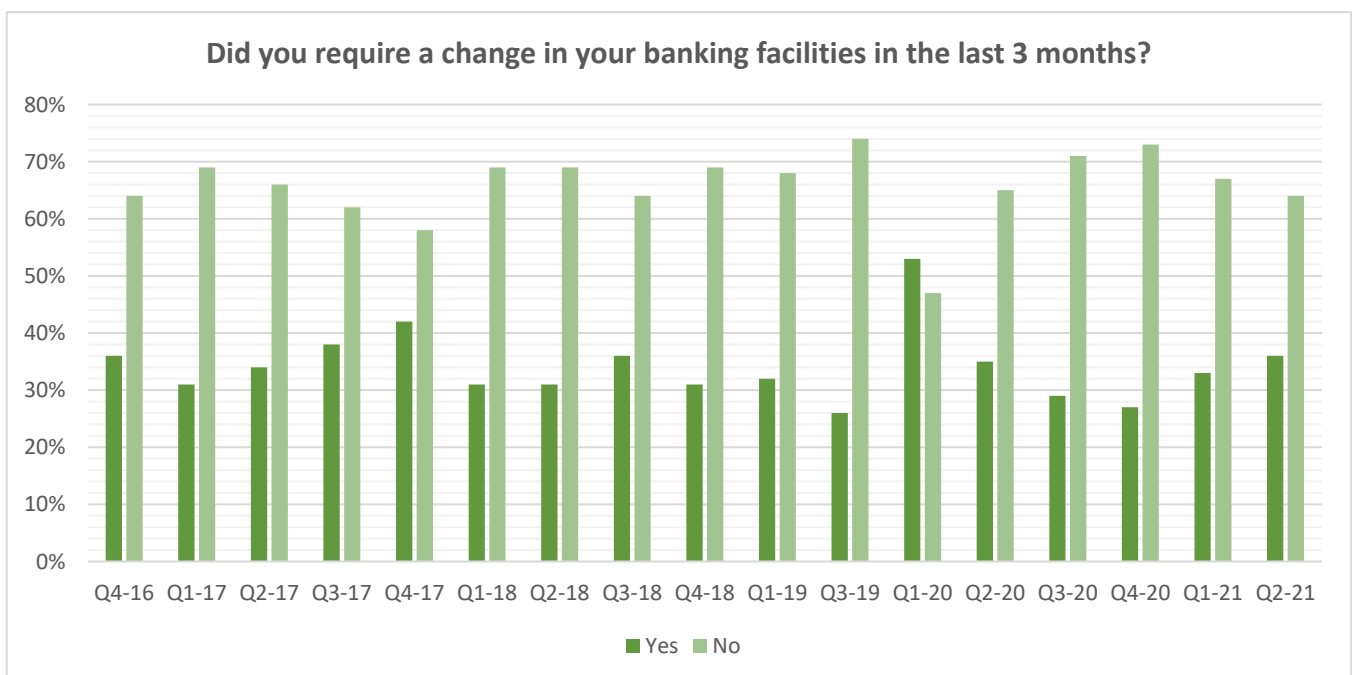
ISME CEO Neil McDonnell said:

“The macro issue for small enterprise is the continued shrink of the retail banking market to what is now an effective duopoly. There is an urgent need for a local solution to small business banking, especially outside the cities. In terms of the debt solutions that are working, we would like to see an extension or renewal of the Future Growth Loan Scheme, as longer-dated debt is far more attractive to small business.”

The main findings from the 169 respondents are as follows:

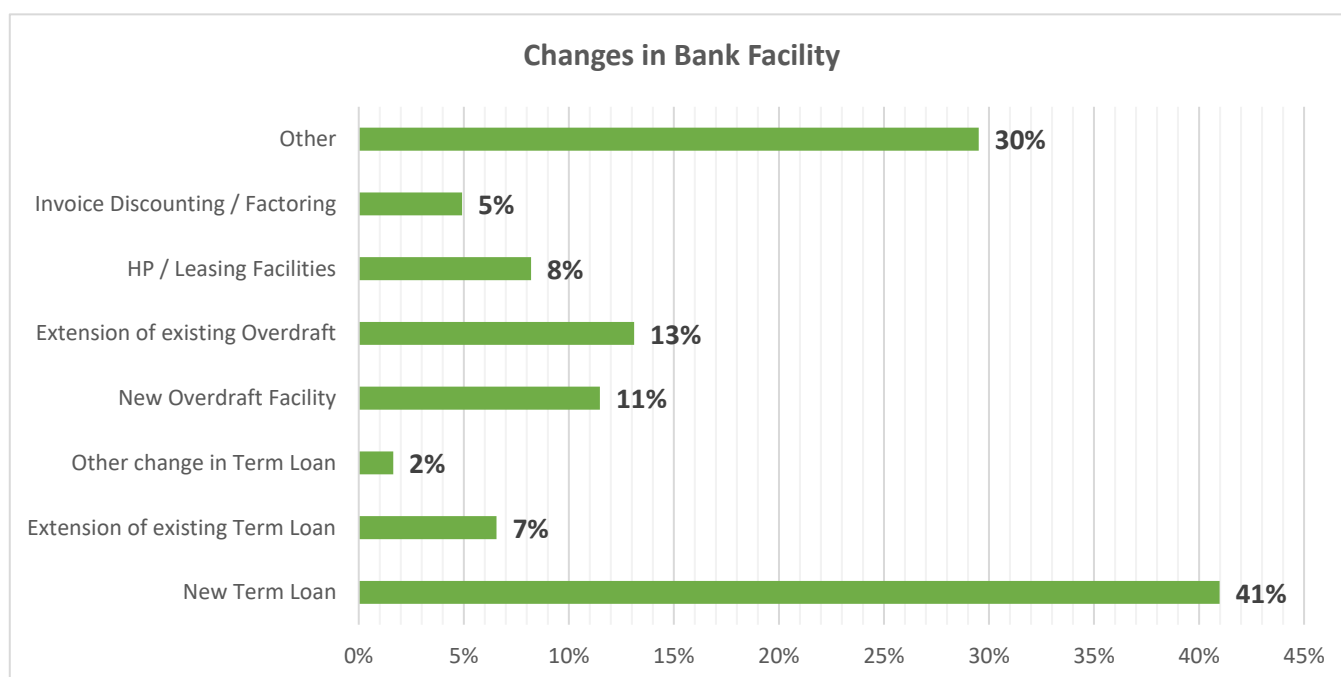
- 15% of those surveyed had applied for the SBCI Future Growth Loan Scheme, with 85% approved. Of those approved, 50% received approval from their bank.

- 8% of those surveyed had applied for the SBCI Covid-19 Working Capital Loan Scheme, with 100% approved. Of those approved, 33% received approval from their bank.
- 12% of those surveyed had applied for the SBCI SME Credit Guarantee Scheme, with 100% approved. Of those, 50% received approval from their bank.
- 36% required a change in banking facilities in the last three months, up from 33% the previous quarter, while 64% required no change.
- There was an increase in demand for a new overdraft facility of 6%, growing from 5% in Q1'21 to 11% Q2'21.
- Demand for leasing / HP rose slightly from 5% in Q1'21 to 8% in Q2'21.
- 7% of SMEs requested an extension of an existing term loan, down slightly from 8% in Q1'21.
- 13% requested an extension of an overdraft facility, down slightly from 14% in Q1'21.



| | Q1'20 | Q2'20 | Q3'20 | Q4'20 | Q1'21 | Q2'21 |
|--|-------|-------|-------|-------|-------|------------|
| Required change in bank facilities in last 3 months | 31% | 35% | 29% | 27% | 33% | 36% |

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|--|-----|-----|-----|-----|-----|------------|
| Unsuccessful | 19% | 34% | 29% | 37% | 35% | 22% |
| Approach the Bank | 60% | 64% | 74% | 44% | 50% | 64% |
| Made Informal Approach | 30% | 34% | 19% | 20% | 20% | 31% |
| Made Formal (Written) Approach | 37% | 39% | 63% | 43% | 49% | 47% |
| Banks making it more difficult for SMEs | 69% | 58% | 68% | 56% | 71% | 84% |
| Aware of banks appeals procedure | 65% | 55% | 50% | 64% | 52% | 62% |
| Aware of Credit Review Office | 63% | 65% | 60% | 71% | 71% | 72% |
| Aware of Credit Guarantee Scheme | 57% | 80% | 81% | 88% | 85% | 79% |
| Aware of Microfinance Scheme | 60% | 76% | 70% | 80% | 74% | 81% |



41% of respondents requested a 'New Term Loan', compared to 39% in Q1 of 2021. 7% requested an 'Extension of an Existing Term Loan', 2% requested an 'Other change in Term Loan' and 11% requested a 'New Overdraft Facility'. 13% applied for an 'Extension of existing Overdraft'. A further 8% requested 'HP/Leasing Facilities', while 5% applied for 'Invoice Discounting/Factoring'.

ENDS.

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Note to Editors:

This survey was conducted in the third week of June, covering the second quarter of 2020. There were 169 SME owner manager respondents.