

Quarterly Bank Watch Report Q3'21

04th November 2021

SME DEMAND FOR CREDIT STEADY WHILE LOAN REFUSAL RATES SEE SHARP INCREASE

- Demand for credit is at 33%, remaining the same as in Q2'21.
- Loan refusal rates increase from 22% to 37%, with 41% being successful, down 28% on Q2'21. 22% were partially successful, compared to 9% in Q2'21.
- 5% have availed of peer-to-peer funding.
- 45% waited longer than 4 weeks from permission to drawdown.
- 44% stated that the bank was not helpful in their request for acquiring finance.
- 65% of SMEs believe banks are making it more difficult for SMEs to access finance.
- 22% of SMEs pay over €5,000 in Bank Charges (excluding interest).

ISME, the Irish SME Association, today (04th November) released its quarterly Bank Watch survey for Q3'21. The results show an increase in loan refusal rates, increasing from 22% to 37%, although 22% of respondents reported being only partially successful with their request. Demand for credit remained steady at 33%. Waiting time from decision to drawdown is on average between one and three weeks.

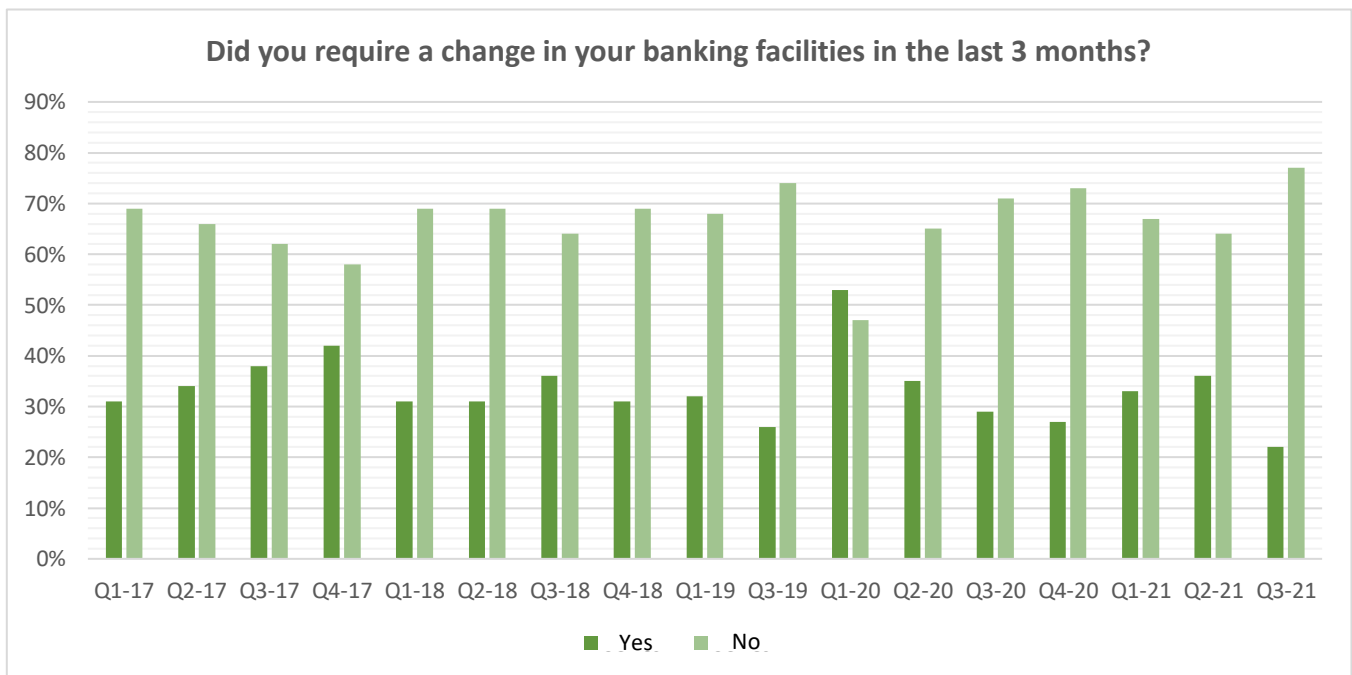
ISME CEO Neil McDonnell said:

“The Future Growth Loan Scheme continues to prove attractive to SME borrowers, and it’s great to see bank approvals for the Credit Guarantee scheme improve dramatically since our Q2 survey.”

The main findings from the 143 respondents are as follows:

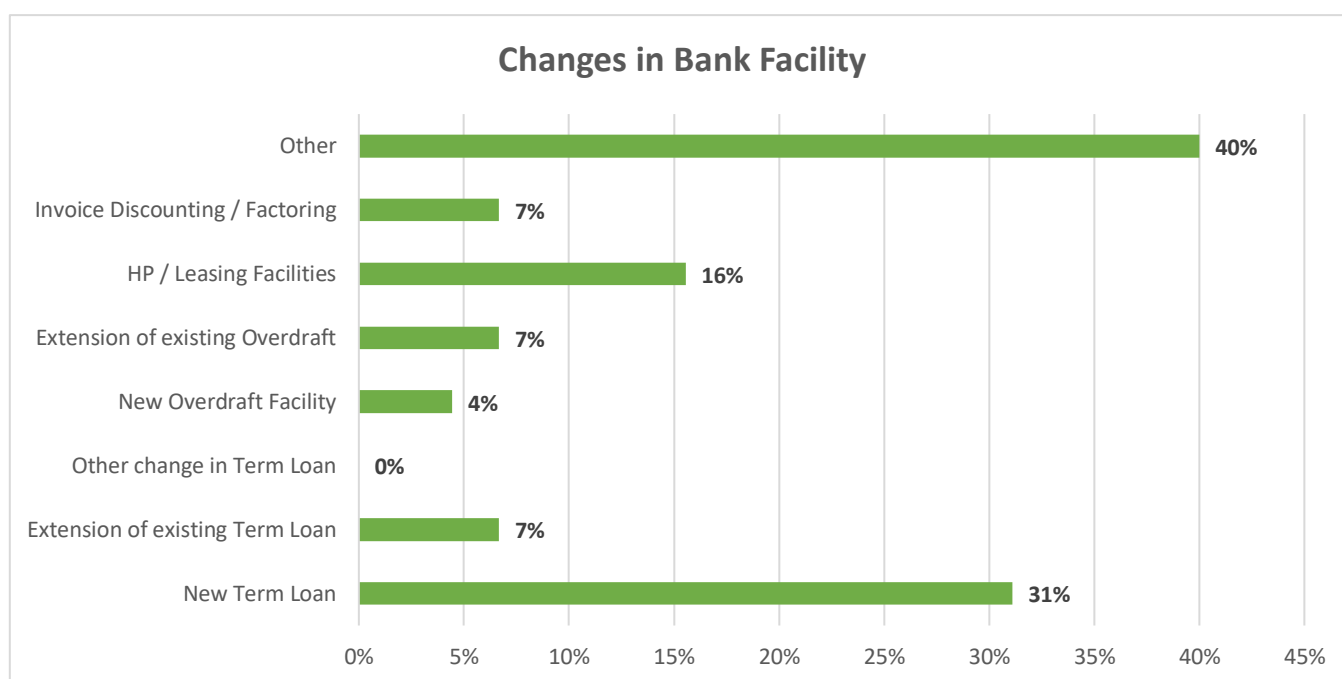
- **13% of those surveyed had applied for the SBCI Future Growth Loan Scheme, with 89% approved. Of those approved, 67% received approval from their bank.**

- 10% of those surveyed had applied for the SBCI Covid-19 Working Capital Loan Scheme, with 71% approved. Of those approved, 86% received approval from their bank.
- 10% of those surveyed had applied for the SBCI SME Credit Guarantee Scheme, with 86% approved. Of those, 80% received approval from their bank.
- 22% required a change in banking facilities in the last three months, down from 36% the previous quarter, while 78% required no change.
- There was a decrease in demand for a new overdraft facility of 7%, dropping from 11% in Q2'21 to 4% Q3'21.
- Demand for leasing / HP doubled this quarter, from 8% in Q2'21 to 16% in Q3'21.
- 7% of SMEs requested an extension of an existing term loan, remaining the same as Q2'21.
- 7% requested an extension of an existing overdraft facility, down from 13% in Q2'21.



	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21
Required change in bank facilities in last 3 months	31%	35%	29%	27%	33%	36%	22%
Unsuccessful	19%	34%	29%	37%	35%	22%	37%

Approach the Bank	60%	64%	74%	44%	50%	64%	50%
Made Informal Approach	30%	34%	19%	20%	20%	31%	26%
Made Formal (Written) Approach	37%	39%	63%	43%	49%	47%	40%
Banks making it more difficult for SMEs	69%	58%	68%	56%	71%	84%	65%
Aware of banks appeals procedure	65%	55%	50%	64%	52%	62%	51%
Aware of Credit Review Office	63%	65%	60%	71%	71%	72%	62%
Aware of Credit Guarantee Scheme	57%	80%	81%	88%	85%	79%	79%
Aware of Microfinance Scheme	60%	76%	70%	80%	74%	81%	76%



31% of respondents requested a 'New Term Loan', compared to 41% in Q2 of 2021. 7% requested an 'Extension of an Existing Term Loan', 0% requested an 'Other change in Term Loan' and 4% requested a 'New Overdraft Facility'. 7% applied for an 'Extension of existing Overdraft'. A further 16% requested 'HP/Leasing Facilities', while 7% applied for 'Invoice Discounting/Factoring'.

ENDS.

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Note to Editors:

This survey was conducted in the fourth week of October, covering the third quarter of 2021. There were 143 SME owner manager respondents.