

Quarterly Bank Watch Report Q4'22

3rd February 2023

SME DEMAND FOR CREDIT FALLS, LOAN REFUSAL RATES STEADY

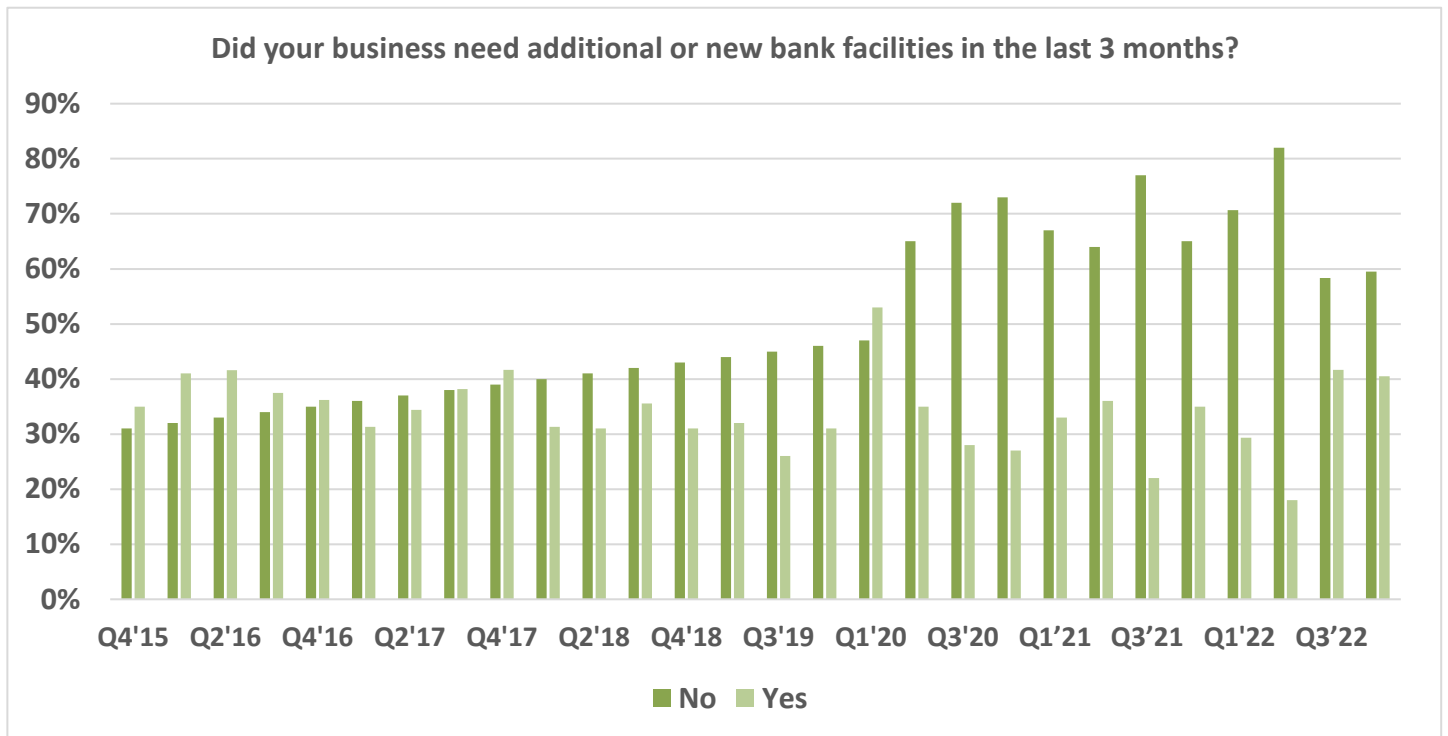
- Demand for credit is at 41%, decreasing 1% from Q2'22.
- Loan refusal rates remain level at 42%, up 13%. 19% were partially successful, compared to 8% in Q3'22. 38% were successful with their request.
- 3% have availed of peer-to-peer funding.
- 20% waited longer than 4 weeks from permission to drawdown.
- 50% stated that the bank was not helpful in their request for acquiring finance.
- 75% of SMEs believe banks are making it more difficult for SMEs to access finance.
- 8% of SMEs pay over €5,000 in Bank Charges (excluding interest).

ISME, the Irish SME Association, today (3rd February) released its quarterly Bank Watch survey for Q4'22. The results show that loan refusal rates remain the same as last quarter, staying at 42%, with 19% of respondents being partially successful with their request. Demand for credit decreased by 1%. Waiting time from decision to drawdown is on average greater than 1 week.

The main findings from the 93 respondents are as follows:

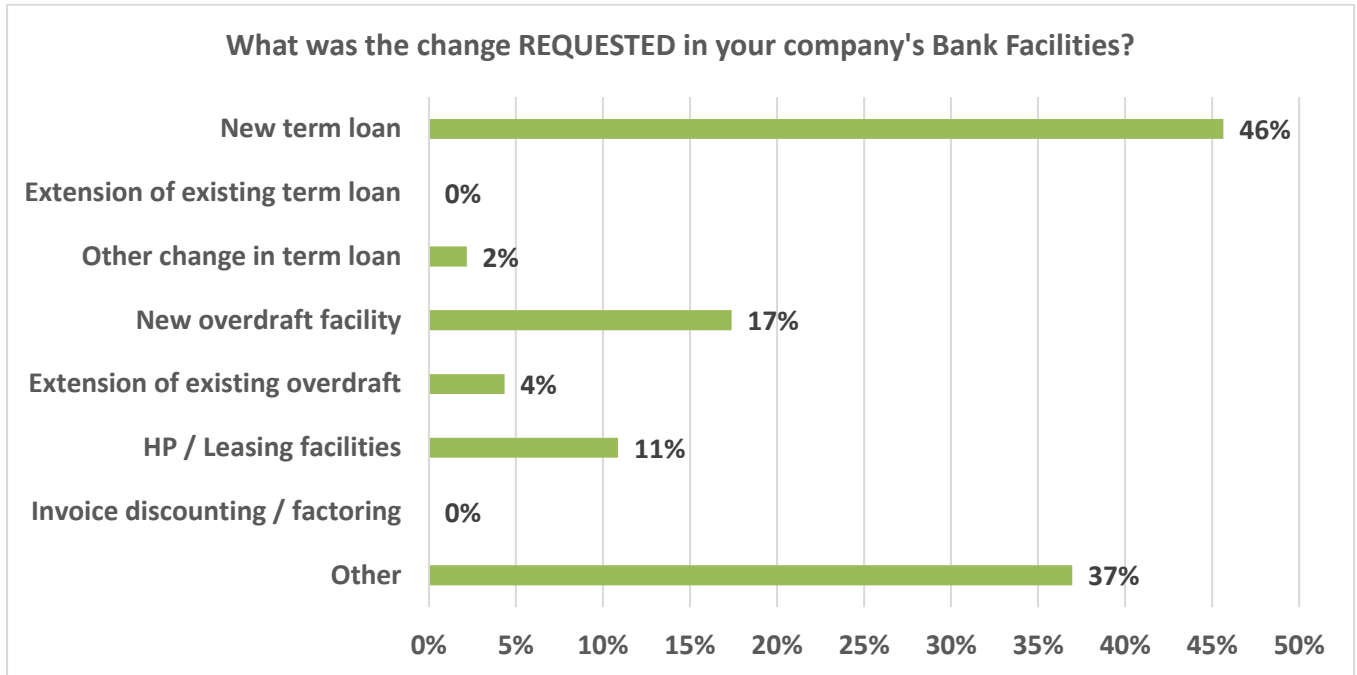
- 18% of those surveyed had applied for the SBCI Future Growth Loan Scheme, with 91% approved. Of those approved, 58% received approval from their bank.
- 19% of those surveyed had applied for the SBCI Covid-19 Working Capital Loan Scheme, with 77% approved. Of those approved, 85% received approval from their bank.
- 12% of those surveyed had applied for the SBCI SME Credit Guarantee Scheme, with 100% approved. Of those, 88% received approval from their bank.
- 41% required a change in banking facilities in the last three months, down from 1% the previous quarter, while 59% required no change.
- There was an increase in demand for a new overdraft facility of 6%, rising from 11% in Q3'22 to 17% Q4'22.

- Demand for leasing / HP decreased this quarter, going from 16% in Q3'22 to 11% in Q4'22.
- 0% of SMEs requested an extension of an existing term loan, remaining the same as in Q3'22.
- 4% requested an extension of an existing overdraft facility, decreasing from 8% in Q3'22.



	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
Required change in bank facilities in last 3 months	36%	22%	35%	29%	18%	42%	41%
Unsuccessful	22%	37%	52%	22%	40%	42%	42%
Approach the Bank	64%	50%	63%	84%	55%	75%	55%
Made Informal Approach	31%	26%	25%	26%	13%	33%	21%
Made Formal (Written) Approach	47%	40%	41%	42%	43%	46%	54%
Banks making it more difficult for SMEs	84%	65%	68%	67%	64%	69%	75%
Aware of banks appeals procedure	62%	51%	42%	65%	63%	47%	52%

Aware of Credit Review Office	72%	62%	68%	86%	75%	64%	64%
Aware of Credit Guarantee Scheme	79%	79%	84%	77%	82%	77%	84%
Aware of Microfinance Scheme	81%	76%	75%	80%	85%	82%	69%



46% of respondents requested a 'New Term Loan', compared to 32% in Q3 of 2022. 0% requested an 'Extension of an Existing Term Loan', 2% requested an 'Other change in Term Loan' and 17% requested a 'New Overdraft Facility'. 4% applied for an 'Extension of existing Overdraft'. A further 11% requested 'HP/Leasing Facilities', while 0% applied for 'Invoice Discounting/Factoring'.

ENDS.

For further information, please contact:

T: 01 6622755

E: marketing@isme.ie

Note to Editors:

This survey was conducted in the fourth week of March 2023, covering the fourth quarter of 2022. There were 93 SME owner manager respondents.