

Quarterly Bank Watch Report Q1'23

18th April 2023

SME DEMAND FOR CREDIT FALLS, LOAN REFUSAL RATES STEADY

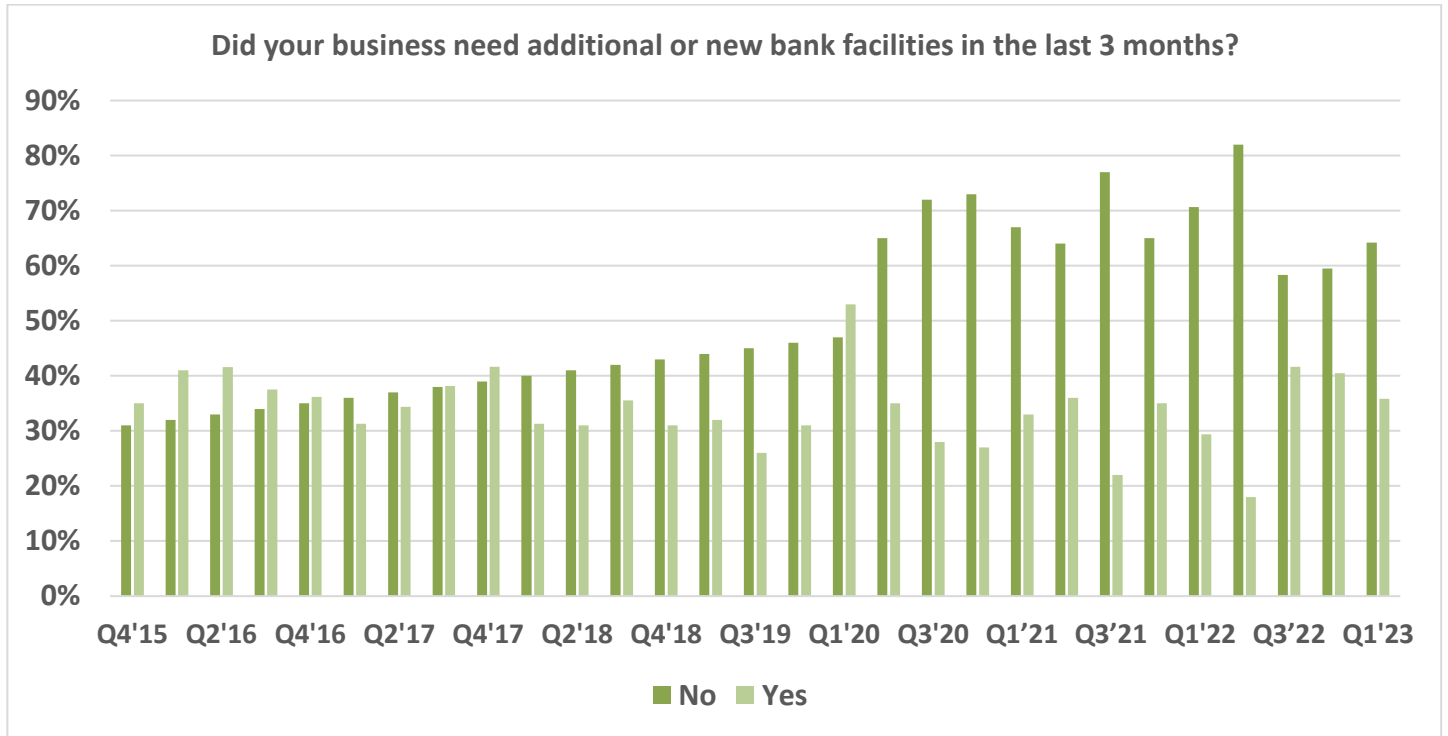
- Demand for credit is at 36%, decreasing 7% from Q4'22.
- Loan refusal rates increased to 43%, up 1%. 13% were partially successful, compared to 19% in Q4'22. 44% were successful with their request.
- 6% have availed of peer-to-peer funding.
- 20% waited longer than 4 weeks from permission to drawdown.
- 50% stated that the bank was not helpful in their request for acquiring finance.
- 68% of SMEs believe banks are making it more difficult for SMEs to access finance.
- 17% of SMEs pay over €5,000 in Bank Charges (excluding interest).

ISME, the Irish SME Association, today 18th April released its quarterly Bank Watch survey for Q1'23. The results show that loan refusal rates increased from last quarter, rising to 43%, with 13% of respondents being partially successful with their request. Demand for credit decreased by 7%. Waiting time from decision to drawdown is on average greater than 1 week.

The main findings from the 93 respondents are as follows:

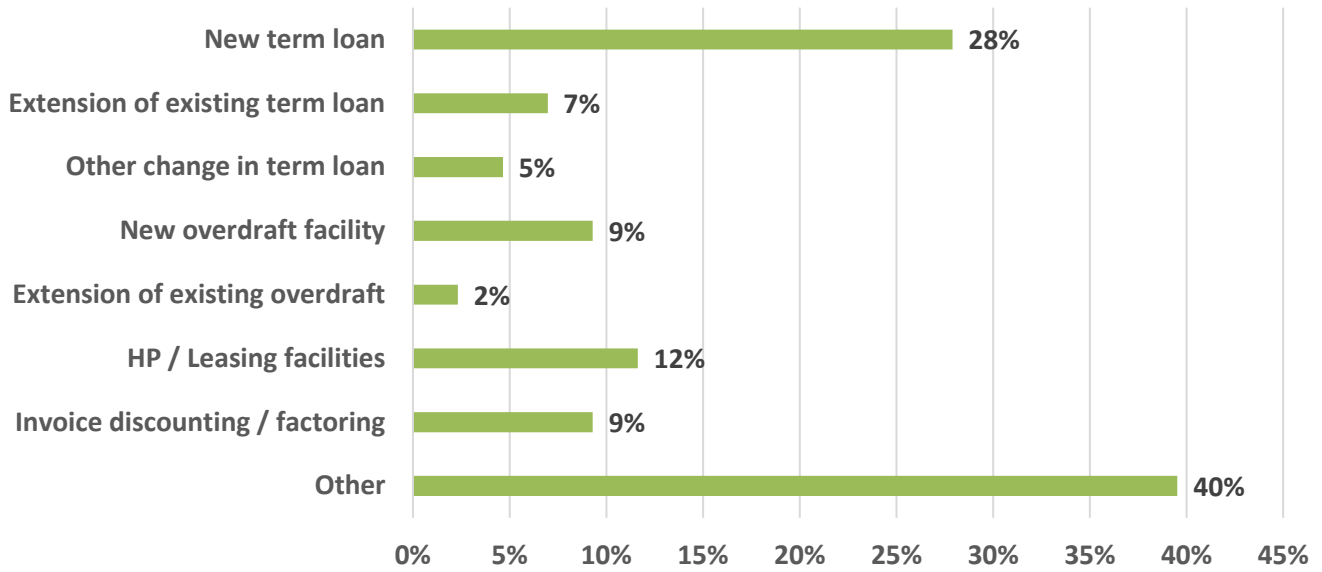
- 12% of those surveyed had applied for the SBCI Future Growth Loan Scheme, with 86% approved. Of those approved, 71% received approval from their bank.
- 7% of those surveyed had applied for the SBCI Covid-19 Working Capital Loan Scheme, with 100% approved. Of those approved, 75% received approval from their bank.
- 9% of those surveyed had applied for the SBCI SME Credit Guarantee Scheme, with 80% approved. Of those, 60% received approval from their bank.
- 36% required a change in banking facilities in the last three months, down from 7% the previous quarter, while 64% required no change.
- There was a decrease in demand for a new overdraft facility of 8%, falling from 17% in Q4'22 to 9% Q1'23.
- Demand for leasing / HP increased this quarter, going from 11% in Q4'22 to 12% in Q1'23.

- 7% of SMEs requested an extension of an existing term loan this quarter, increasing from 0% in Q4'22.
- 2% requested an extension of an existing overdraft facility, decreasing from 4% in Q4'22.



	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23
Required change in bank facilities in last 3 months	22%	35%	29%	18%	42%	41%	36%
Unsuccessful	37%	52%	22%	40%	42%	42%	43%
Approach the Bank	50%	63%	84%	55%	75%	55%	55%
Made Informal Approach	26%	25%	26%	13%	33%	21%	30%
Made Formal (Written) Approach	40%	41%	42%	43%	46%	54%	42%
Banks making it more difficult for SMEs	65%	68%	67%	64%	69%	75%	68%
Aware of banks appeals procedure	51%	42%	65%	63%	47%	52%	48%
Aware of Credit Review Office	62%	68%	86%	75%	64%	64%	65%
Aware of Credit Guarantee Scheme	79%	84%	77%	82%	77%	84%	76%
Aware of Microfinance Scheme	76%	75%	80%	85%	82%	69%	82%

What was the change REQUESTED in your company's Bank Facilities?



28% of respondents requested a 'New Term Loan', compared to 46% in Q4 of 2022. 7% requested an 'Extension of an Existing Term Loan', 5% requested an 'Other change in Term Loan' and 9% requested a 'New Overdraft Facility'. 2% applied for an 'Extension of existing Overdraft'. A further 12% requested 'HP/Leasing Facilities', while 9% applied for 'Invoice Discounting/Factoring'.

ENDS.

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Note to Editors:

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