



## **Quarterly Bank Watch Report Q2'23**

*13th July 2023*

### **SME DEMAND FOR CREDIT STEADY, LOAN REFUSAL RATES INCREASE**

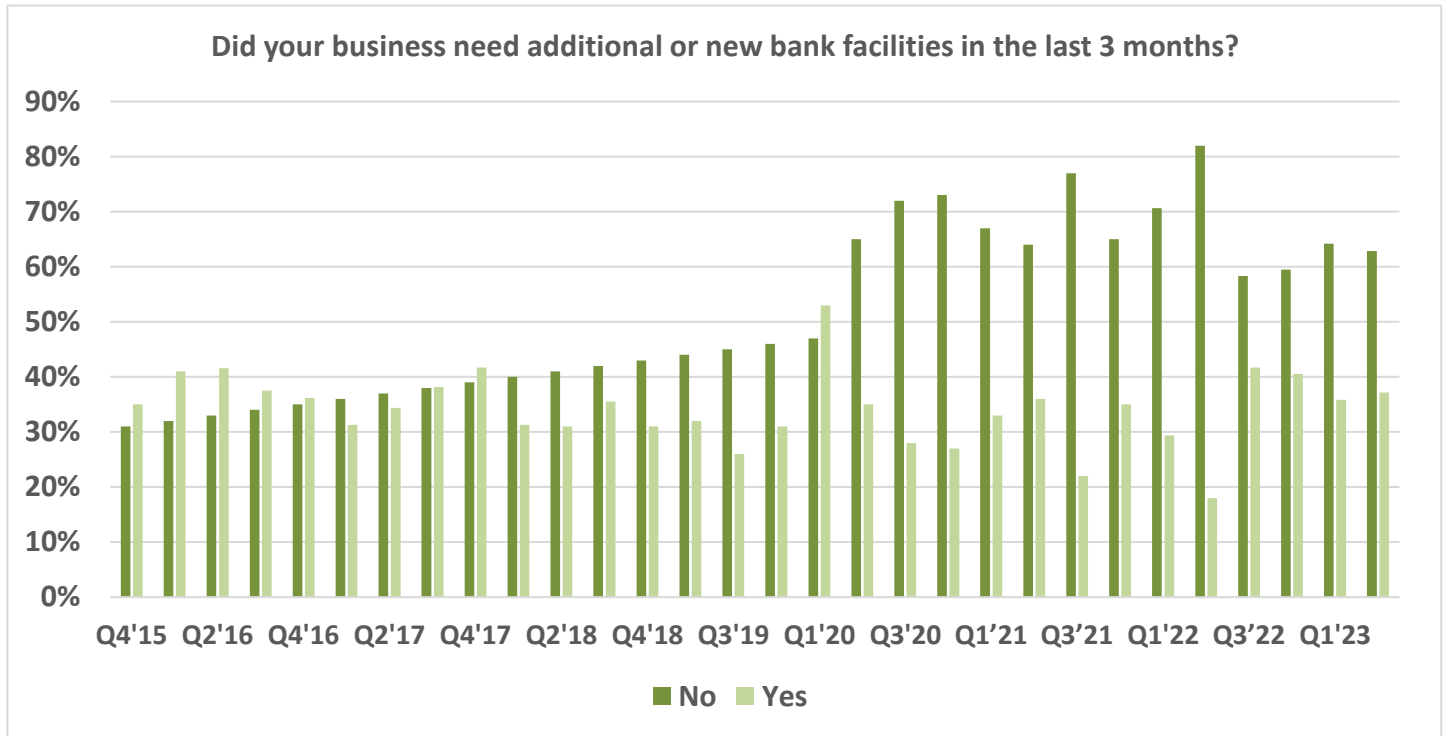
- Demand for credit is at 37%, increasing 1% from Q1'23.
- Loan refusal rates increased to 50%, up 7%. 25% were partially successful, compared to 13% in Q1'23. 25% were successful with their request.
- 17% have availed of peer-to-peer funding.
- 25% waited longer than 4 weeks from permission to drawdown.
- 71% 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.
- 22% of SMEs pay over €5,000 in Bank Charges (excluding interest).

ISME, the Irish SME Association, today (13th July) released its quarterly Bank Watch survey for Q2'23. The results show that loan refusal rates increased from last quarter, rising to 50%, with 25% of respondents being partially successful with their request. Demand for credit increased by 1%. Waiting time from decision to drawdown is on average greater than 1 week.

The main findings from the 53 respondents are as follows:

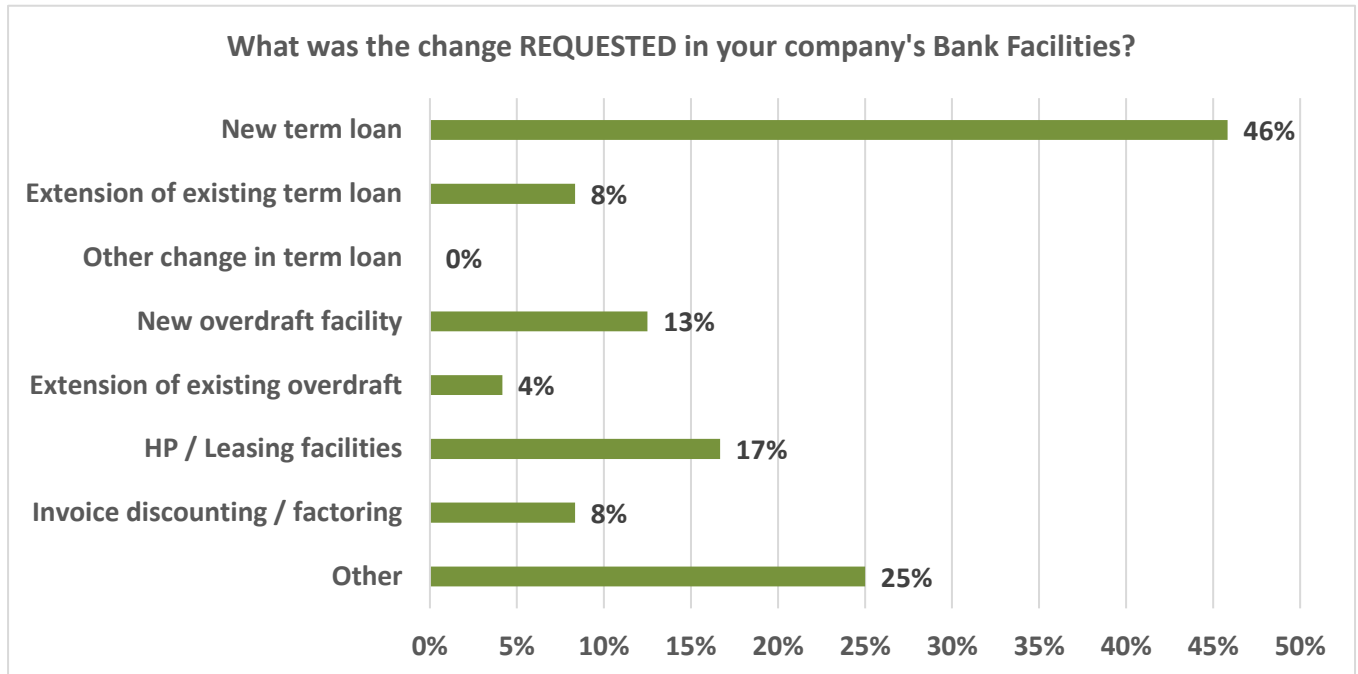
- 18% of those surveyed had applied for the SBCI Future Growth Loan Scheme, with 83% approved. Of those approved, 67% received approval from their bank.
- 13% of those surveyed had applied for the SBCI Covid-19 Working Capital Loan Scheme, with 100% approved. Of those approved, 75% received approval from their bank.
- 9% of those surveyed had applied for the SBCI SME Credit Guarantee Scheme, with 100% approved. Of those, 100% received approval from their bank.
- 37% required a change in banking facilities in the last three months, down from 1% the previous quarter, while 63% required no change.
- There was an increase in demand for a new overdraft facility of 4%, rising from 9% in Q1'23 to 13% Q2'23.

- Demand for leasing / HP increased this quarter, going from 12% in Q1'23 to 17% in Q2'23.
- 8% of SMEs requested an extension of an existing term loan this quarter, increasing from 7% in Q1'23.
- 4% requested an extension of an existing overdraft facility, increasing from 2% in Q1'23.



	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
<b>Required change in bank facilities in last 3 months</b>	35%	29%	18%	42%	41%	36%	37%
<b>Unsuccessful</b>	52%	22%	40%	42%	42%	43%	50%
<b>Approach the Bank</b>	63%	84%	55%	75%	55%	55%	56%
<b>Made Informal Approach</b>	25%	26%	13%	33%	21%	30%	17%
<b>Made Formal (Written) Approach</b>	41%	42%	43%	46%	54%	42%	65%
<b>Banks making it more difficult for SMEs</b>	68%	67%	64%	69%	75%	68%	75%
<b>Aware of banks appeals procedure</b>	42%	65%	63%	47%	52%	48%	58%
<b>Aware of Credit Review Office</b>	68%	86%	75%	64%	64%	65%	75%

<b>Aware of Credit Guarantee Scheme</b>	84%	77%	82%	77%	84%	76%	67%
<b>Aware of Microfinance Scheme</b>	75%	80%	85%	82%	69%	82%	78%



46% of respondents requested a 'New Term Loan', compared to 28% in Q1 of 2023. 8% requested an 'Extension of an Existing Term Loan', 0% requested an 'Other change in Term Loan' and 13% requested a 'New Overdraft Facility'. 4% applied for an 'Extension of existing Overdraft'. A further 17% requested 'HP/Leasing Facilities', while 8% applied for 'Invoice Discounting/Factoring'.

**ENDS.**

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**Note to Editors:**

This survey was conducted in the first week of June 2023, covering the second quarter of 2023. There were 53 SME owner manager respondents.