

Quarterly Bank Watch Report Q3'23

11th October 2023

SME DEMAND FOR CREDIT STEADY, LOAN REFUSAL RATES INCREASE

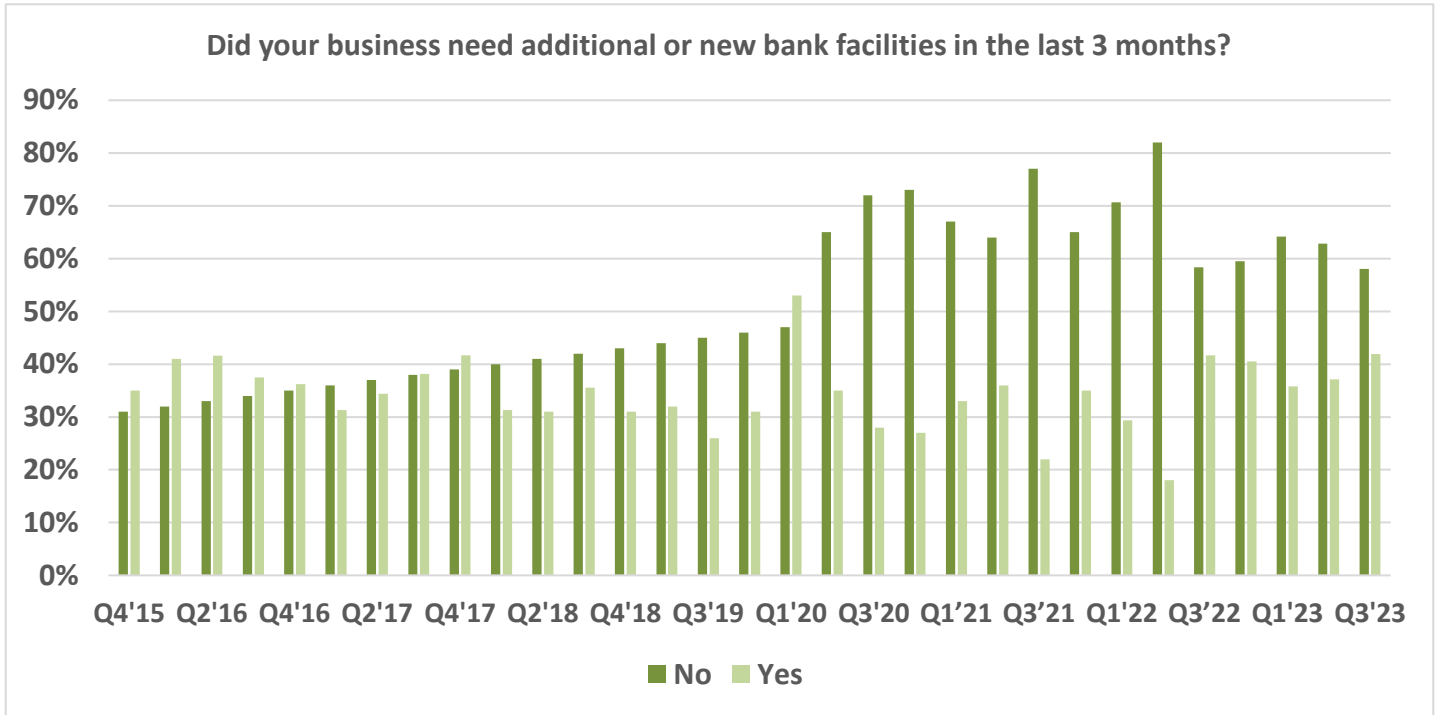
- Demand for credit is at 42%, increasing 5% from Q2'23.
- Loan refusal rates decreased to 36%, down 14%. 28% were partially successful, compared to 15% in Q2'23. 36% were successful with their request.
- 10% have availed of peer-to-peer funding.
- 25% waited longer than 4 weeks from permission to drawdown.
- 62% 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.
- 6% of SMEs pay over €5,000 in Bank Charges (excluding interest).

ISME, the Irish SME Association, today (11th October) released its quarterly Bank Watch survey for Q3'23. The results show that loan refusal rates decreased from last quarter, falling to 36%, with 28% of respondents being partially successful with their request. Demand for credit increased by 5%. Waiting time from decision to drawdown is on average greater than 1 week.

The main findings from the 41 respondents are as follows:

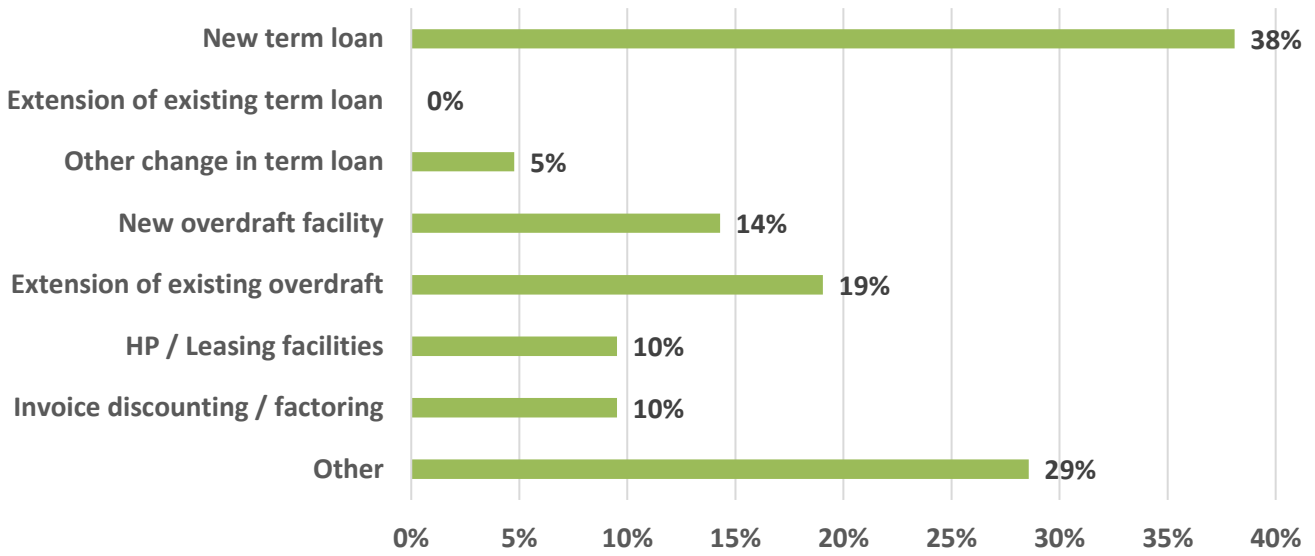
- 24% of those surveyed had applied for the SBCI Future Growth Loan Scheme, with 67% approved. Of those approved, 50% received approval from their bank.
- 23% of those surveyed had applied for the SBCI Covid-19 Working Capital Loan Scheme, with 67% approved. Of those approved, 80% received approval from their bank.
- 4% of those surveyed had applied for the SBCI SME Credit Guarantee Scheme, with 100% approved. Of those, 0% received approval from their bank.
- 42% required a change in banking facilities in the last three months, up from 37% the previous quarter, while 58% required no change.
- There was an increase in demand for a new overdraft facility of 1%, rising from 13% in Q2'23 to 14% Q3'23.
- Demand for leasing / HP decreased this quarter, going from 17% in Q2'23 to 10% in Q3'23.

- 0% of SMEs requested an extension of an existing term loan this quarter, decreasing from 8% in Q2'23.
- 19% requested an extension of an existing overdraft facility, increasing from 4% in Q2'23.



	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23
Required change in bank facilities in last 3 months	29%	18%	42%	41%	36%	37%	42%
Unsuccessful	22%	40%	42%	42%	43%	50%	36%
Approach the Bank	84%	55%	75%	55%	55%	56%	40%
Made Informal Approach	26%	13%	33%	21%	30%	17%	40%
Made Formal (Written) Approach	42%	43%	46%	54%	42%	65%	45%
Banks making it more difficult for SMEs	67%	64%	69%	75%	68%	75%	75%
Aware of banks appeals procedure	65%	63%	47%	52%	48%	58%	58%
Aware of Credit Review Office	86%	75%	64%	64%	65%	75%	75%
Aware of Credit Guarantee Scheme	77%	82%	77%	84%	76%	67%	69%
Aware of Microfinance Scheme	80%	85%	82%	69%	82%	78%	83%

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



38% of respondents requested a 'New Term Loan', compared to 46% in Q2 of 2023. 0% requested an 'Extension of an Existing Term Loan', 5% requested an 'Other change in Term Loan' and 14% requested a 'New Overdraft Facility'. 19% applied for an 'Extension of existing Overdraft'. A further 10% requested 'HP/Leasing Facilities', while 10% applied for 'Invoice Discounting/Factoring'.

ENDS.

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Note to Editors:

This survey was conducted in the first week of September 2023, covering the third quarter of 2023. There were 41 SME owner manager respondents.