

## Quarterly Bank Watch Report Q2'24

1<sup>st</sup> August 2024

### **SME CREDIT DEMAND STEADIES, LOAN REFUSAL RATES INCREASE**

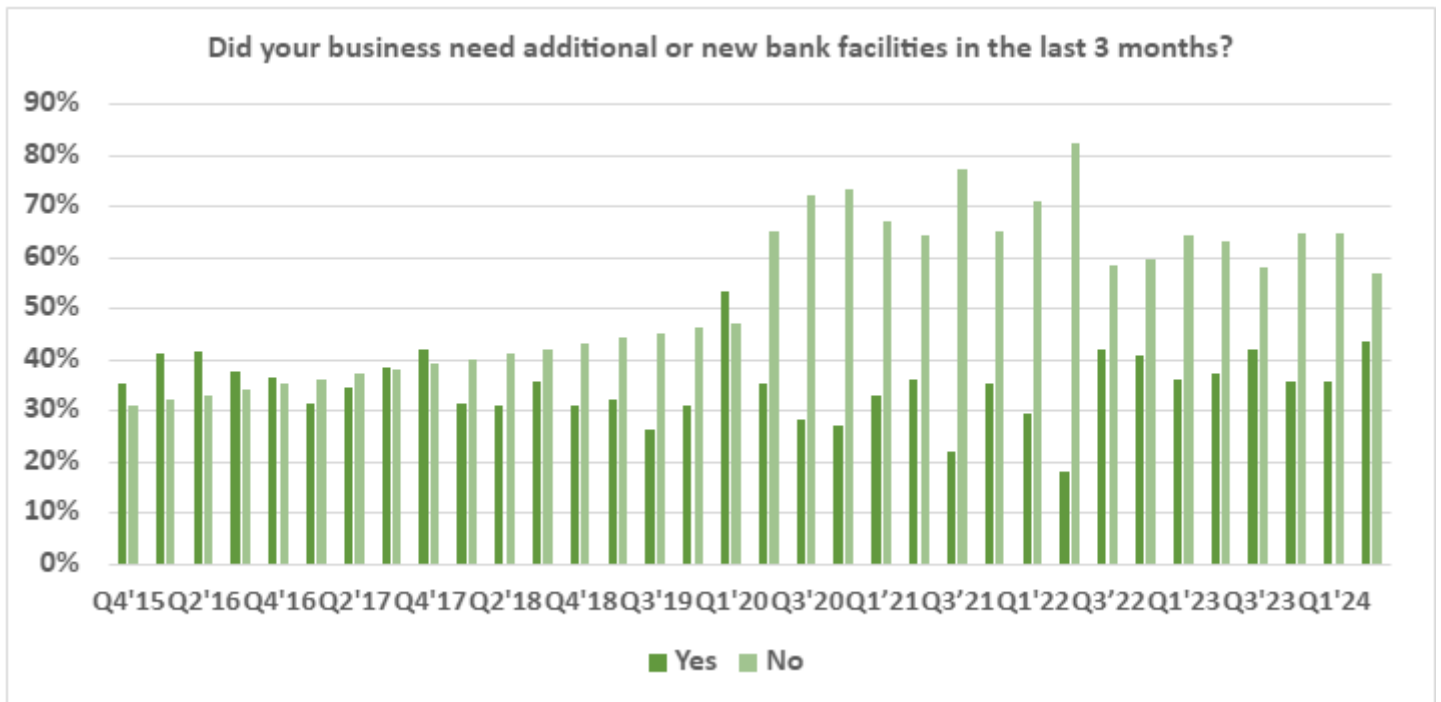
- Demand for credit is at 43%, an increase of 8% from Q1'24.
- Loan refusal rates increased to 41%, up 21%. 10% were partially successful, the same as in Q1'24. 49% were successful with their request.
- 11% have availed of peer-to-peer funding.
- 22% waited longer than 4 weeks from permission to drawdown.
- 61% stated that the bank was not helpful in their request for acquiring finance.
- 85% of SMEs believe banks are making it more difficult for SMEs to access finance.
- 21% of SMEs pay over €5,000 in Bank Charges (excluding interest).

**ISME, the Irish SME Association**, today (1<sup>st</sup> August) released its quarterly Bank Watch survey for Q2'24. The results show that loan refusal rates increased from last quarter, rising to 41%, with 10% of respondents being partially successful with their request. Demand for credit increased to 43%. Waiting time from decision to drawdown is on average greater than 1 week.

The main findings from the 87 respondents are as follows:

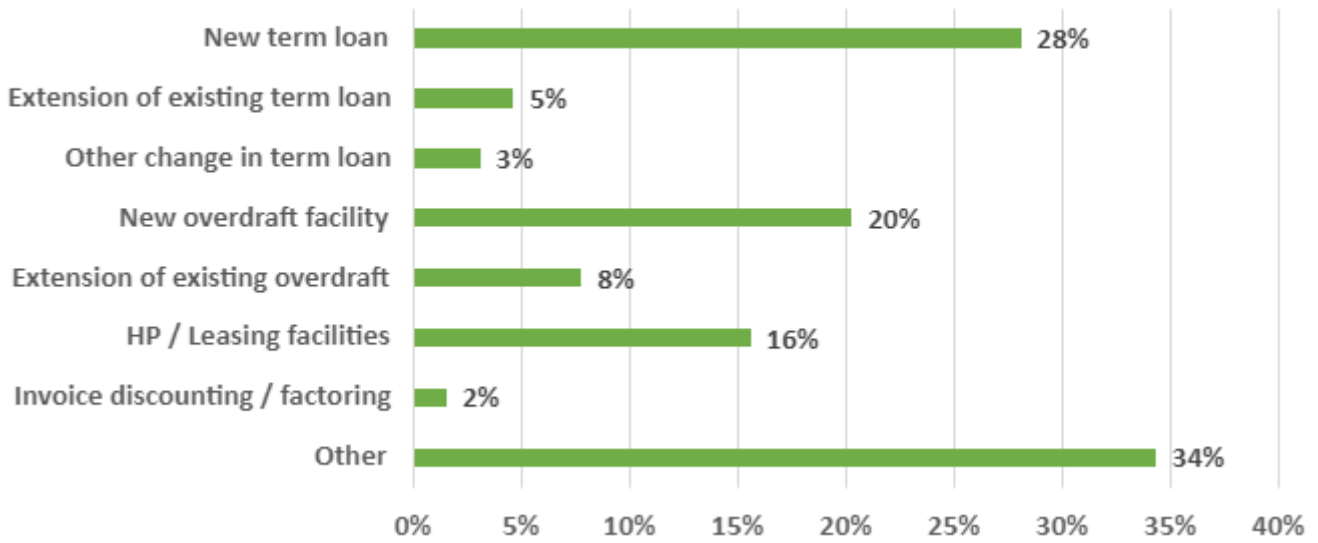
- 16% of those surveyed had applied for the SBCI Future Growth Loan Scheme, with 82% approved.
- 10% of those surveyed had applied for the SBCI Covid-19 Working Capital Loan Scheme, with 86% approved. Of those approved, 0% received approval from their bank.
- 7% of those surveyed had applied for the SBCI SME Credit Guarantee Scheme, with 60% approved. Of those, 67% received approval from their bank.
- 43% required a change in banking facilities in the last three months, the same as the previous quarter, while 57% required no change.
- There was an increase in demand for a new overdraft facility of 7%, rising from 13% in Q1'24 to 20% Q2'24.
- Demand for leasing / HP increased this quarter, going from 0% in Q1'24 to 16% in Q2'24.

- 5% of SMEs requested an extension of an existing term loan this quarter, decreasing from 13% in Q1'24.
- 8% requested an extension of an existing overdraft facility, increasing from 6% in Q1'24.



	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
<b>Required change in bank facilities in last 3 months</b>	41%	36%	37%	42%	35%	35%	35%
<b>Unsuccessful</b>	42%	43%	50%	36%	29%	20%	20%
<b>Approach the Bank</b>	55%	55%	56%	40%	67%	50%	50%
<b>Made Informal Approach</b>	21%	30%	17%	40%	20%	43%	43%
<b>Made Formal (Written) Approach</b>	54%	42%	65%	45%	50%	36%	36%
<b>Banks making it more difficult for SMEs</b>	75%	68%	75%	75%	50%	83%	83%
<b>Aware of banks appeals procedure</b>	52%	48%	58%	58%	68%	48%	48%
<b>Aware of Credit Review Office</b>	64%	65%	75%	75%	80%	72%	72%
<b>Aware of Credit Guarantee Scheme</b>	84%	76%	67%	69%	75%	68%	68%
<b>Aware of Microfinance Scheme</b>	69%	82%	78%	83%	75%	75%	75%

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



28% of respondents requested a 'New Term Loan', compared to 50% in Q1 of 2024. 5% requested an 'Extension of an Existing Term Loan', 3% requested an 'Other change in Term Loan' and 20% requested a 'New Overdraft Facility'. 8% applied for an 'Extension of existing Overdraft'. 16% requested 'HP/Leasing Facilities' and 2% requested 'Invoice Discounting/Factoring'.

**ENDS.**

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**Note to Editors:**

This survey was conducted in the last week of June covering the second quarter of 2024. There were 87 SME owner manager respondents.