

Quarterly Bank Watch Report Q4'20

27th January 2021

LOAN ACCEPTANCE RATES DROP WHILE SME DEMAND FOR CREDIT RISES

- Demand for credit is at 29%, up 18% from Q3.
- Loan refusal rates increased from 29% to 37%, with 53% being successful, up 3% from Q3. However, only 10% were partially successful, compared to 21% in Q3.
- Just under 9% availed of peer-to-peer funding.
- 19% waited longer than 4 weeks between permission and drawdown.
- 31% stated that the bank was not helpful in their request for acquiring finance.
- 56% of SMEs believe banks are making it more difficult for SME's to access finance.
- 20% of SMEs pay over €5,000 in Bank Charges (excluding interest).

ISME, the Irish SME Association, today (27th January) released its quarterly Bank Watch survey for Q4'20. The results show an increase in loan refusal rates, increasing from 29% to 37%. This could be due to the fact that in Q3, 21% received partial approval, compared to only 10% in Q4. Demand for credit increased from 11% to 29%. 50% of respondents said waiting time from decision to drawdown is between 1- 3 weeks.

ISME CEO Neil McDonnell said:

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The relative success of the Future Growth Loan Scheme among all the available debt products is very interesting. It shows that, despite the havoc being wreaked among domestic enterprises, many are looking to expand or diversify in the near future.

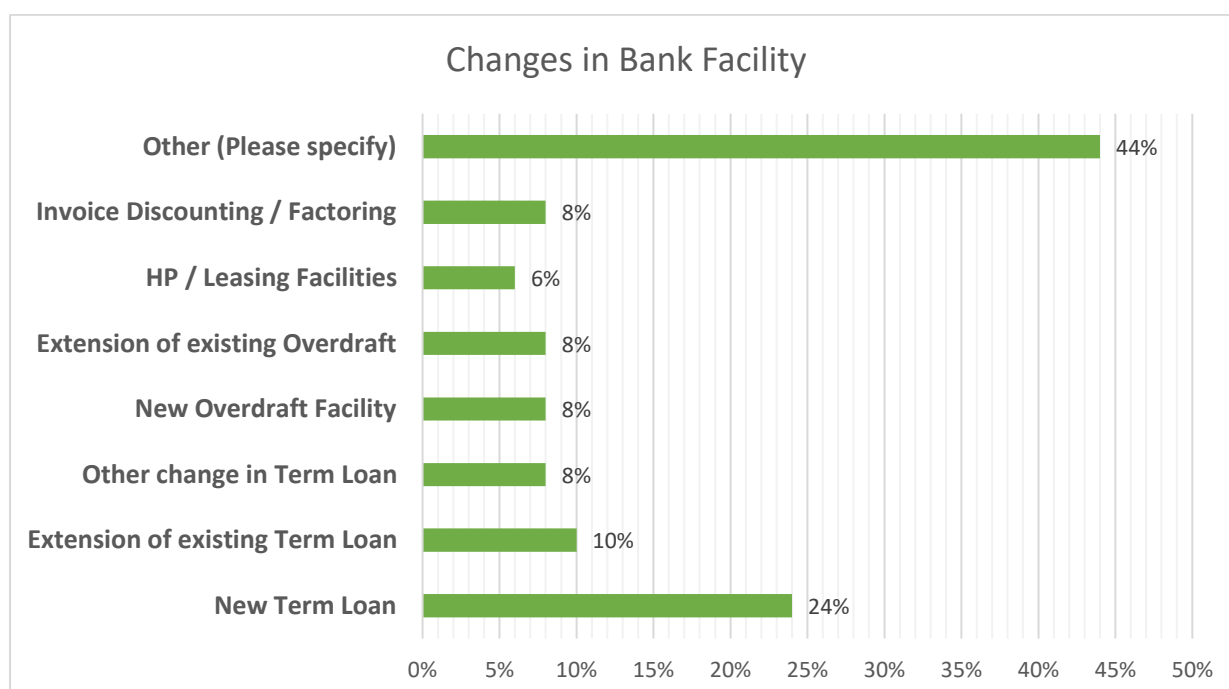
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The main findings from the 267 respondents are as follows:

- **17% of those surveyed had applied for the SBCI Future Growth Loan Scheme, with 86% approved. Of those approved, 57% received approval from their bank.**
- **8% of those surveyed had applied for the SBCI Covid-19 Working Capital Loan Scheme, with 86% approved. Of those approved, 43% received approval from their bank.**
- **5% of those surveyed had applied for the SBCI SME Credit Guarantee Scheme, with 100% approved. Of those, 75% received approval from their bank.**
- **18% required a change in banking facilities in the last three months down from 29% the previous quarter, while 82% required no change.**
- **There was a decrease in demand for a new overdraft facility by 50%, dropping from 16% in Q3 to 8% in Q4.**
- **Demand for leasing / HP remains the same from Q3 at 6%.**
- **10% of SMEs requested an extension of an existing term loan, up from 7% in Q3.**
- **Similarly, 8% requested an extension of an overdraft facility down from 10% in Q3.**



	Q1'19	Q2'19	Q1'20	Q2'20	Q3'20	Q4'20
Required change in bank facilities in last 3 months	32%	26%	31%	35%	29%	27%
Unsuccessful	33%	58%	19%	34%	29%	53%
Approach the Bank	53%	67%	60%	64%	74%	44%
Made Informal Approach	27%	38%	30%	34%	19%	20%
Made Formal (Written) Approach	38%	31%	37%	39%	63%	43%
Banks making it more difficult for SMEs	69%	75%	69%	58%	68%	56%
Aware of banks appeals procedure	68%	44%	65%	55%	50%	64%
Aware of Credit Review Office	67%	61%	63%	65%	60%	71%
Aware of Credit Guarantee Scheme	68%	58%	57%	80%	81%	88%
Aware of Microfinance Scheme	59%	54%	60%	76%	70%	80%



24% of respondents requested a 'New Term Loan', compared to 38% in Q3 of 2020. 10% requested an 'Extension of an Existing Term Loan', 8% requested 'other changes' to their term loan', and 8% requested a 'New Overdraft Facility'. 8% applied for an 'Extension of Overdraft Facility'. A further 6% 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 second week of January, covering the fourth quarter of 2020. There were 267 SME owner manager respondents.