

Quarterly Bank Watch Report Q1'21

6th April 2021

SME DEMAND FOR CREDIT CONTINUES TO RISE WHILE LOAN REFUSAL REMAINS STEADY

- Demand for credit is at 43%, up 14% from Q4'20.
- Loan refusal rates decreased slightly from 37% to 35%, with 46% being successful, down 7% from Q4. 19% were partially successful, compared to 10% in Q4.
- Just under 6% availed of peer-to-peer funding.
- 19% waited longer than 4 weeks between permission and drawdown.
- 51% stated that the bank was not helpful in their request for acquiring finance.
- 71% of SMEs believe banks are making it more difficult for SMEs to access finance.
- 13% of SMEs pay over €5,000 in Bank Charges (excluding interest).

ISME, the Irish SME Association, today (6th April) released its quarterly Bank Watch survey for Q1'21. The results show loan refusal rates at similar levels as Q4'20, with a slight decrease from 37% to 35%. Demand for credit increased from 29% to 43%. 50% of respondents said waiting time from decision to drawdown is between 1- 3 weeks.

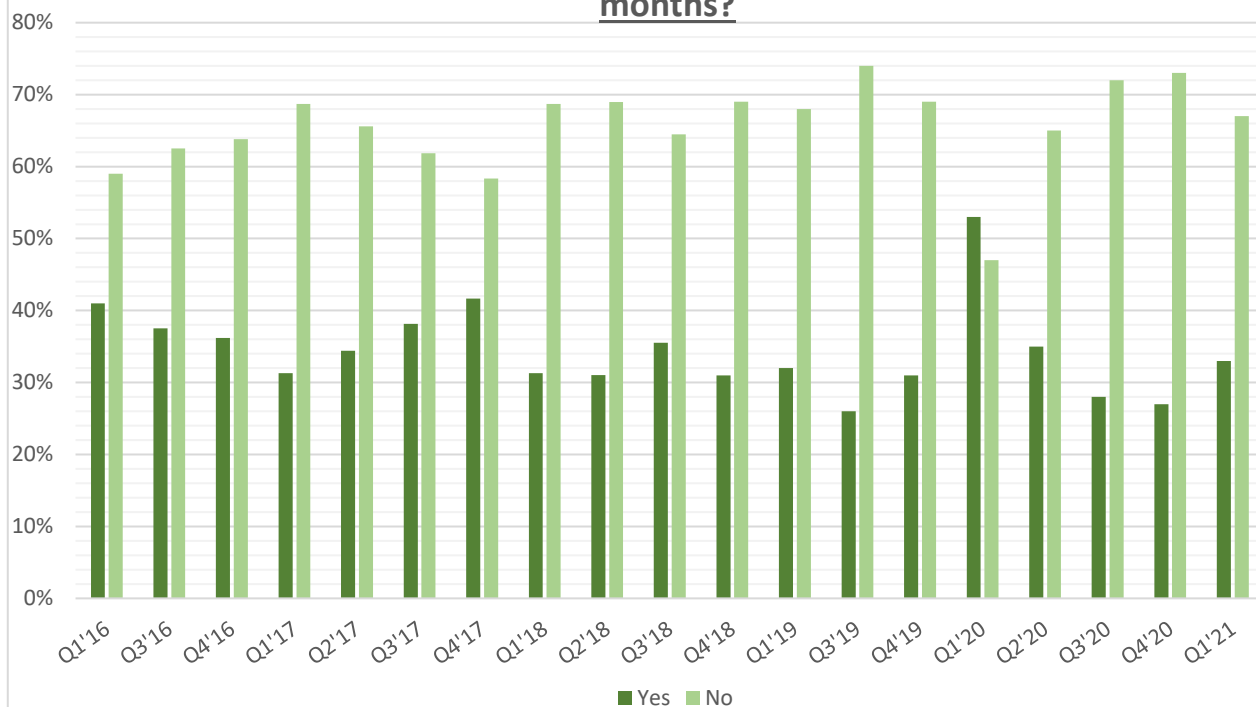
ISME CEO Neil McDonnell said:

There is an interesting contrast evident between the success of the SBCI Future Growth Loan Scheme and the SBCI SME Credit Guarantee Scheme. The former is more than twice as popular with SME borrowers than the latter, which may be down to the longer terms of loans available. Bank approvals of the Future Growth Loan Scheme are also significantly higher than those for the Credit Guarantee Scheme.

The main findings from the 231 respondents are as follows:

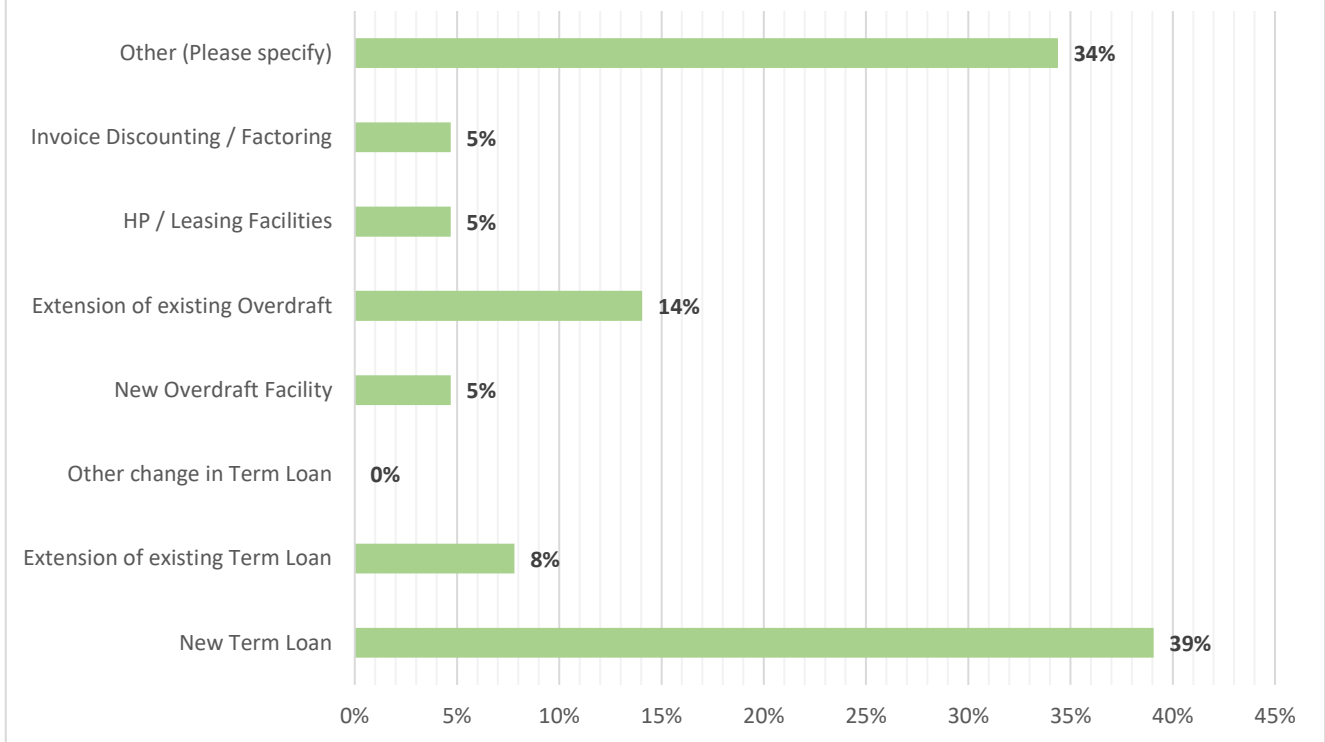
- **22% of those surveyed had applied for the SBCI Future Growth Loan Scheme, with 95% approved. Of those approved, 45% received approval from their bank.**
- **10% of those surveyed had applied for the SBCI Covid-19 Working Capital Loan Scheme, with 78% approved. Of those approved, 11% received approval from their bank.**
- **9% of those surveyed had applied for the SBCI SME Credit Guarantee Scheme, with 71% approved. Of those, 29% received approval from their bank.**
- **33% required a change in banking facilities in the last three months up from 18% the previous quarter, while 67% required no change.**
- **There was a decrease in demand for a new overdraft facility by 3%, dropping from 8% in Q4'20 to 5% in Q1'21.**
- **Demand for leasing / HP dropped slightly from 6% in Q4'20 to 5% in Q1'21.**
- **8% of SMEs requested an extension of an existing term loan, down from 10% in Q4'20.**
- **14% requested an extension of an overdraft facility up from 8% in Q4'20.**

Require a change in your banking facilities in the last three months?



	Q2'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21
Required change in bank facilities in last 3 months	26%	31%	35%	29%	27%	33%
Unsuccessful	58%	19%	34%	29%	37%	35%
Approach the Bank	67%	60%	64%	74%	44%	50%
Made Informal Approach	38%	30%	34%	19%	20%	20%
Made Formal (Written) Approach	31%	37%	39%	63%	43%	49%
Banks making it more difficult for SMEs	75%	69%	58%	68%	56%	71%
Aware of banks appeals procedure	44%	65%	55%	50%	64%	52%
Aware of Credit Review Office	61%	63%	65%	60%	71%	71%
Aware of Credit Guarantee Scheme	58%	57%	80%	81%	88%	85%
Aware of Microfinance Scheme	54%	60%	76%	70%	80%	74%

Changes in Bank Facility



39% of respondents requested a 'New Term Loan', compared to 24% in Q4 of 2020. 8% requested an 'Extension of an Existing Term Loan', 0% requested 'other changes' to their term loan' and 5% requested a 'New Overdraft Facility'. 14% applied for an 'Extension of Overdraft Facility'. A further 5% requested 'HP/Leasing facilities', while 5% applied for 'Invoice Discounting/Factoring'.

ENDS.

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Note to Editors:

This survey was conducted in the third week of March, covering the first quarter of 2021. There were 231 SME owner manager respondents.