



# SME CREDIT DEMAND SURVEY

April - September 2015



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PREPARED FOR  
The Department of Finance  
November 2015



An Roinn Airgeadais  
Department of Finance



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## Overview of Report - Credit Demand (April to September 2015)

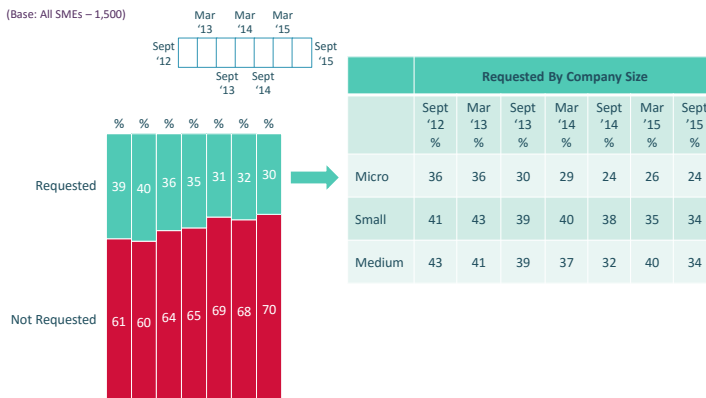
Base – All SMEs interviewed = 1,500

### Demand

Requested  
**30%** <sub>-2</sub>

#### SMEs Seeking Bank Finance In The Past 6 Months

(Base: All SMEs – 1,500)

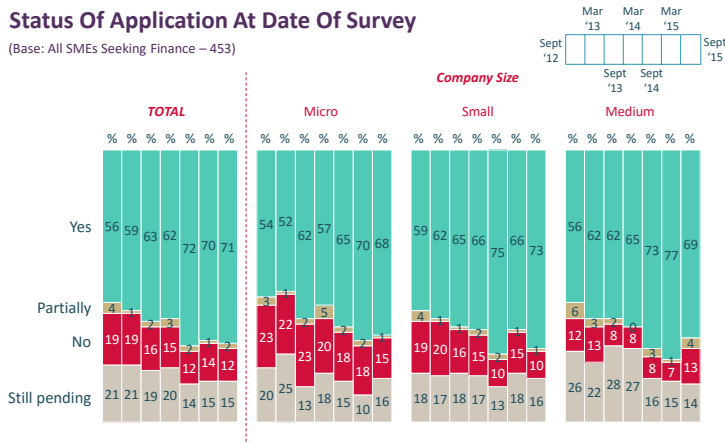


### Application Decisions (incl. pending)

Approval/Partial  
**73%** <sub>+2</sub>

#### Status Of Application At Date Of Survey

(Base: All SMEs Seeking Finance – 453)





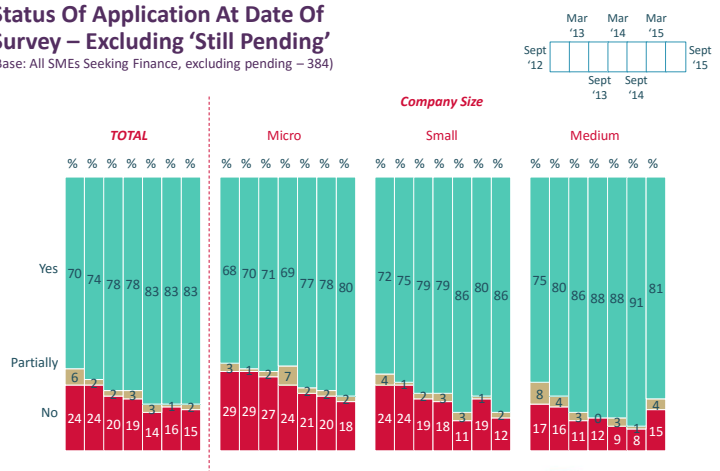
## Application Decisions (excl. pending)

Approval/Partial

85% +1

### Status Of Application At Date Of Survey – Excluding ‘Still Pending’

(Base: All SMEs Seeking Finance, excluding pending – 384)



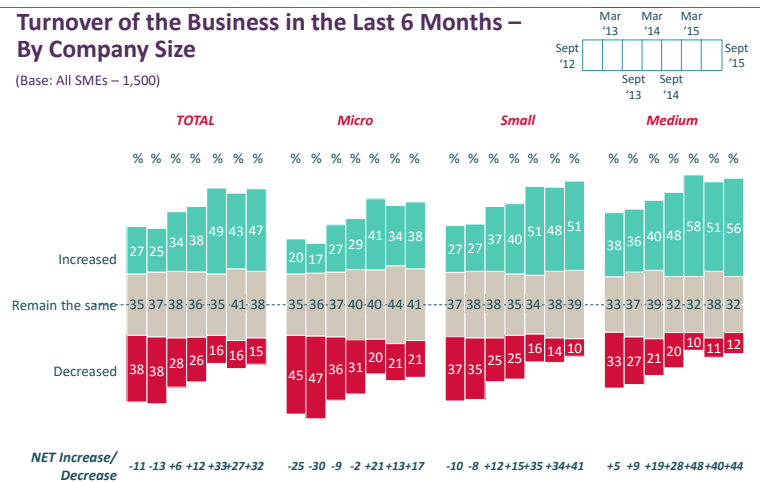
## Trading Performance (all SMEs)

Stable/Increase

85% +1

### Turnover of the Business in the Last 6 Months – By Company Size

(Base: All SMEs – 1,500)





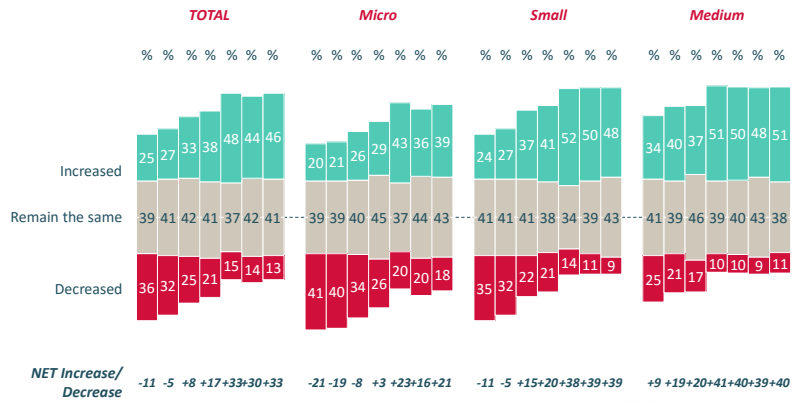
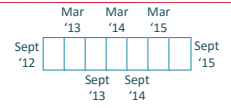
**Non-Seasonal Trading Performance (excl. SMEs with Seasonal Turnover)**

Stable/Increase

**87%** +1

**Turnover of Non-Seasonal Businesses in the Last 6 Months – By Company Size**

(Base: All SMEs – 756)





## *Commentary*

*The results from this period's Credit Demand Survey suggest a further improvement in trading conditions among SMEs. 85% of all SMEs report improved or stable turnover performance and we also see improvements in profit performance and staff numbers.*

*However, credit demand remains low with 30% of all SMEs having applied for bank finance in the past 6 months – a decrease compared to the previous 6 month period. It is evident that while SMEs are pursuing smaller growth opportunities, the main focus is business consolidation. SMEs remain cautious in relation to debt and many rely on internal funds for financing growth.*

*In terms of access to bank finance, we see improvements with lower decline rates and improved turnaround time from application to when a decision is made. Banks are now more likely than previously to approve applications for growth and expansion purposes; in fact, applications for growth are now more likely to be approved than applications for working capital.*

*While we see further improvements in the perception of whether banks are lending to SMEs, most continue to believe banks are only lending to a small number of SMEs.*



## 1.0 Summary

The following is the summary of results from the credit demand survey covering the period April to September 2015, and the trends compared to the eight previous waves reported in March 2015, September 2014, March 2014, September 2013, March 2013, September 2012, March 2012 and September 2011.

### 1. Trading conditions for SMEs are favourable and have improved after a slight decline 6 months ago

47% of SMEs report increased turnover in the past 6 months, with an additional 38% reporting stable turnover. We also see a significant improvement in the profitability of SMEs with 61% reporting profit in the past 6 months. SMEs continue to hire more staff but the growth in staff numbers continues to be lower than the growth in turnover and profit performance.

### 2. SME focus continues to be on business consolidation after tough years

In spite of the significantly improved trading conditions, SMEs continue to focus on stabilising their business after the recession rather than pursuing significant growth opportunities. This impacts SME employment and investment, and also how SMEs fund investment for growth purposes.

### 3. Slight decline in SME Credit Demand

As a result of this cautious mindset by most SMEs, we see a slight decline in credit demand over the past 6 months from 32% to 30%. This neutralises the slight increase in credit demand we saw in the previous research period.

### 4. Main barrier for credit demand is that SMEs believe they do not need it

Among the 70% of SMEs that did not apply for bank finance in the past 6 months, the main reason for not applying was that they do not need bank finance. This is especially the case among Medium-sized companies where we see the biggest decline in credit demand this period. This is a further indication of SMEs remaining cautious and relying on other finance sources than bank finance for growth, e.g. internal funds/equity.

### 5. Working capital requirements continue to be the main driver of credit applications followed by growth purposes

Main reasons for applying for bank finance are working capital requirements (48%) and growth/expansion (25%) – this is identical to the period October 2014 – March 2015. We see a slight decline in applications driven by need to



restructure loans – this is an indicator of stable finance arrangements in most SMEs.

#### **6. Decline rates for bank finance have improved slightly**

The decline rates for bank finance have decreased from 14% for the period October 2014 – March 2015 to 12% for the period April-September 2015. 71% of bank finance applications in the past 6 months were approved in full with additional 2% being approved partially. 15% of applications were still pending at the time of the survey – this was unchanged from the previous research period. When removing these pending applications, we see a full/partial approval rate of 85% - up slightly from 84%.

#### **7. Applications for growth and expansion purposes are more likely to be approved than previously**

We see a notable improvement in approval rates for bank finance for growth/expansion purposes. As a result of this, these applications are now less likely to be declined compared to applications for working capital requirements. The decline rates for growth/expansion are 10% compared to 15% for working capital requirements.

#### **8. Improvement in application turnaround time**

The application turnaround time has decreased slightly from 20 to 19 working days. This remains higher than the 15 working days target set by the current code of conduct for business lending. 65% of all SMEs who have applied for bank finance received a decision within 15 days – this is an improvement from 61% in the previous research period.

#### **9. More SMEs claim not to have received a reason for credit application refusal**

More than a quarter (26%) of those SMEs that got rejected for bank finance claim that they did not receive a reason for the decline from the bank. Of those who received a reason, 77% disagree with the reason given for the decline. This indicates that there is room for improvement in terms of communication of credit declines.

#### **10. Further improvement in the perception on whether banks are lending to SMEs**

Only 22% of SMEs now believe that banks are not lending to the SME sector. 56% of all SMEs believe that banks are indeed lending to the SME sector but more work is required to highlight this point as the majority of those SMEs continue to believe that the banks are only lending to a small number of SMEs.





## Demand & Credit Outcome Summary – All SMEs

Demand

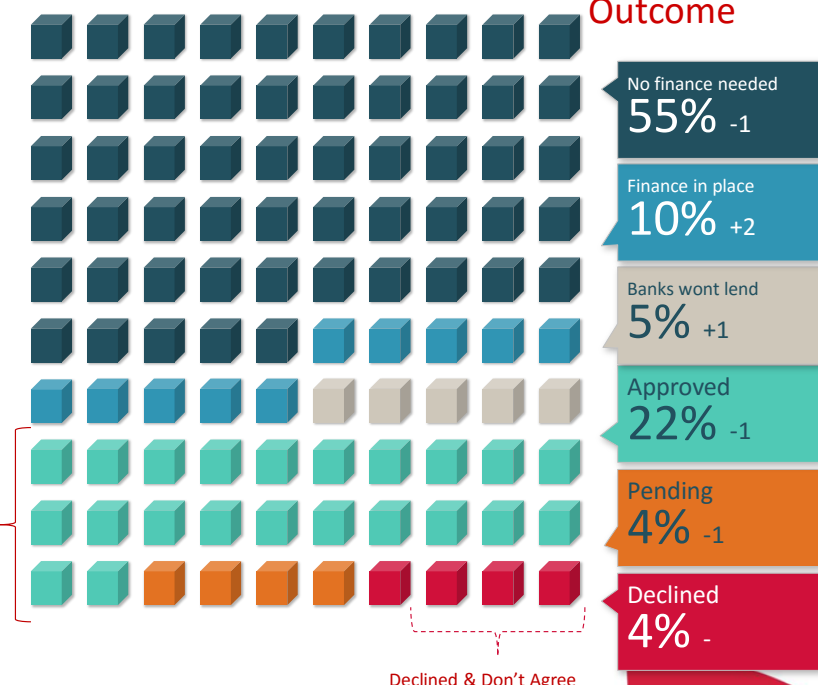
No Request

70%<sup>+2</sup>

Demand

30%<sup>-2</sup>

Outcome



Declined & Don't Agree

REDC



## 2.0 Introduction

This report presents the results for the latest wave of the SME Credit Demand Survey commissioned by the Department of Finance, and covers the period April to September 2015. RED C Research & Marketing Ltd, the independent market research and polling organisation, have conducted both this wave and the previous six waves covering the period April 2012 to March 2015.

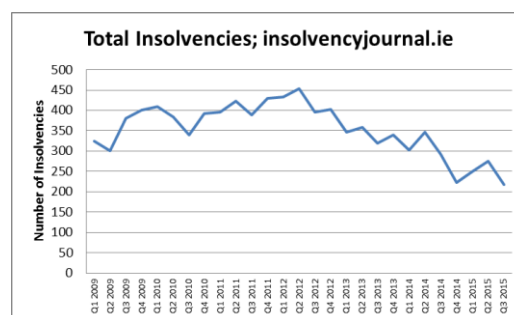
The key parameters of the survey have been kept identical to those in previous waves in order to ensure comparability of data over time. This includes the quotas set for company size and industry, the database of leads used to select businesses for interview, and the key questions in the questionnaire itself.

All interviews for the study were conducted through RED C's own call centre based in Dundalk. In total 1,500 telephone interviews were conducted with a random sample of Irish micro, small and medium SMEs. The interviews were conducted between the 1<sup>st</sup> and 15<sup>th</sup> October 2015.

### 2.1 Economic Context

The Irish economy is continuing its strong recovery. This is driven by a strong export performance but also by significant improvements in the domestic economy. GDP growth was 5.2% for 2014, up from just 1.4% in 2013. GDP growth for 2015 is forecasted at 5.8% while we only see a modest decrease in the forecasted growth for 2016 at 4.7%. This is in spite of uncertainties in terms of the World economy.

We also see a further improvement in the labour market. The standardised unemployment rate continues to fall and was 9.5% in the third quarter of 2015, down from 11.1% a year earlier. We also see a downward trend in the number of insolvencies over the past two years.





The Q4 2015 quarterly bulletin from the Central Bank confirms a strong and broad recovery of the Irish economy:

*“National Accounts data for the first half of 2015 indicate a sharp acceleration in the pace of growth of the Irish economy. The recovery has become more widespread and has matured beyond the initial net export-driven rebound in activity. While some of the conventional measures, including GDP and GNP, are affected by the activities of multi-national firms, faster growth in consumption and employment confirm that the domestic economy is now expanding strongly and growth has become much more broadly based. This broadening and acceleration reflects the confluence of a number of growth-supportive developments, including the employment-rich nature of the recovery, a less constrained policy environment, as reflected in easing fiscal consolidation and favourable financial conditions, the boost to purchasing power from lower energy prices, the on-going easing of the balance sheet legacies of the crisis and broadly favourable conditions in Ireland’s main export markets. It is the coming together of these factors which underpins the robust growth in the level of economic activity evident in economic data in recent quarters.”*

The quarterly bulletin also notes improvements for both businesses and the banking sector in general which should improve the access to and appetite for credit demand:

*“Signs of improved financial conditions among corporates is evident by the high growth rates in NFC deposits and an increase in gross new lending to the core small- and medium-sized enterprises. The banking sector is also experiencing positive trends, including a return to market-based funding, growth in private sector deposits, and margin stabilization at higher levels than experienced in recent years. Bank funding from the official sector has shrunk to levels last seen in 2003.”*

But challenges remain as Irish businesses continue to pay more for bank finance than in other European countries:

*“However, Irish rates remain above euro area averages for both mortgage and corporate lending. The reasons for this divergence from euro area averages are complex and varied, but the normalisation of the relationship will be an important component of the return to sustainable*



*financial conditions for banks and other economic agents in Ireland.”*

The fifteenth report from the Credit Review Office also highlights a significant improvement in trading conditions among companies in Ireland:

*“As reported last November, the Credit Review Office is pleased to observe the impact of the economic recovery in the improving financial figures on those businesses which have asked for their case to be reviewed. Whilst few commentators actually see the financial books of SMEs, the Credit Review Office does, and performs an in-depth analysis of the business in forming our case opinions. Also, the cases we see all pose some form of financial challenge, so the underlying health of these businesses is one of the best indicators of the recovery of the overall economy. It is therefore very pleasing to report that we continue to see improving trends in the turnover and profitability of the majority of businesses we assist. It is vital that these businesses are given every chance to recover their strength, including having access to appropriate types and levels of finance for their needs.”*

While the report notes improved access to credit as a result of more banks committing to lending to Irish SMEs and farms, it also highlights the risk of some viable businesses being turned down for credit:

*“The main challenge we see in the cases presented to the Credit Review Office is the lack of capital reserves (equity), in many SMEs and Farms – this is the result of poor strategic decisions by the promoters in the past, or the accumulation of losses through the long period of the severe downturn. Financing a business with little or no capital reserves is an unattractive proposition for a bank, which is assuming all of the risk if the lending goes wrong. It would be a shame however if many of these businesses which have survived through the downturn are not given every chance to recover their viability and financial strength. It is important therefore that Government policy continues to provide an environment which encourages participation by new lenders in the market.”*



## 2.2 Government Support Measures

The Programme for Government contains a range of commitments to help support small and medium-sized enterprises. This includes action to ensure that an adequate pool of credit is available to fund small and medium-sized businesses in the real economy during the re-structuring and down-sizing programme for the domestic banking sector. Throughout 2014 and 2015, the Department of Finance have continued to examine and collate detailed data from AIB and Bank of Ireland on a monthly basis, to ensure there is a more informed understanding of the SME bank lending environment with a particular focus on new lending.

### **Strategic Banking Corporation of Ireland**

The Strategic Banking Corporation of Ireland was launched in February 2015, and commenced lending via its initial on-lending partners in March 2015. To September 2015, €110 million has been lent to c.3200 SMEs by AIB and Bank of Ireland, with broad coverage across various business sectors and regions. To date, the SBCI has committed a total of €475 million for on-lending to Irish SMEs, out of its current funding capacity of €800 million.

The SBCI has recently announced new on-lending agreements with two non-bank lenders, Finance Ireland and Merrion Fleet. This is a key step in creating greater competition for SME lending in the Irish market, by supporting smaller indigenous players and providing funding for a broader range of products, including Asset Finance, Leasing and Contract Hire. The SBCI is in advanced discussions with a number of other bank and non-bank lenders, and it is anticipated that further announcements of new on-lending agreements will be made in the coming months. The SBCI is committed to leveraging existing and new relationships with on-lending partners to support SME growth and investment through the provision of lower cost and longer term funding.

### **Supporting SMEs Campaign**

Over 55,000 businesses and entrepreneurs have now availed of the Government's Supporting SME Campaign, just as the campaign celebrates its one-year anniversary (19 May 2015).

This campaign is a cross-governmental initiative developed to help small businesses and entrepreneurs learn the full range of potential Government supports available to them. At the heart of this campaign is the Supporting SMEs Online Tool, which



brings together over 80 Government business supports from over 30 Departments and Agencies to one simple-to-use website.

The campaign comprises three essential components: the Online Tool itself, marketing of the campaign and outreach to small businesses via events across the country.

The “Supporting SMEs” online tool can be accessed at:

[www.supportingsmes.ie](http://www.supportingsmes.ie)

### **Ireland Strategic Investment Fund**

The Ireland Strategic Investment Fund (ISIF), previously the National Pensions Reserve Fund (NPRF), is a cornerstone investor in two SME funds making equity and credit available to SMEs and mid-sized corporates in Ireland:

#### *SME Equity Fund - Carlyle Cardinal Ireland (CCI)*

(€292 million fund focused on lower mid-market private equity investing. ISIF commitment of €125 million).

Since the inception of the fund, Carlyle Cardinal has developed strong networks across Ireland and has generated a strong pipeline of attractive opportunities for the fund. The Fund has completed 4 transactions as at 30 September 2015, with investments completed to date in Lily O'Briens, GSLS, Carroll Cuisine and Payzone.

#### *SME Credit Fund - Bluebay*

(€450 million credit fund focused on lending to large SME and mid sized companies. ISIF commitment of €200 million)

The BlueBay SME Credit Fund considers credit provision through acquiring and refinancing loans close to maturity where existing lenders are not willing to provide new lines of credit. Lending by the fund is at competitive market rates with loan sizes ranging from €5 million to €45 million with a projected average size of €15 million. To date the BlueBay SME Credit Fund has completed 13 loan transactions totalling approximately €201 million as at 30 September 2015. The pipeline remains strong.

Both Funds are active in the market place, sourcing deals and have been key drivers in bringing liquidity back into the SME sector. The pipeline for equity investment is good and the SME credit market is becoming increasingly competitive compared to the time of launch of these funds in 2013, where the domestic banks have become



more active in the space especially at the upper end of the SME sector (i.e. mid-sized corporates).

### **Development Capital Scheme**

The Development Capital Scheme is aimed at addressing a funding gap for mid-sized, high-growth, indigenous companies with significant prospects for jobs and export growth.

Through the Development Capital Scheme Enterprise Ireland committed €75m to three funds, bringing the total investment under these funds to €491m. This has significantly increased the funding available to mid-sized indigenous firms with significant prospects for jobs and export growth.

The Funds are managed by private sector fund managers who will make their own commercial investment decisions in the context of an agreed investment strategy of the funds. Each of the funds has made investments that have been publicly announced.

### **Enterprise Ireland Seed & Venture Capital Scheme**

To develop the domestic venture capital system, the Government commitment of €175 million under the Seed and Venture Capital Scheme 2013-2018 aims to leverage a further €525 million from the private sector, for investment in high potential start-up and scaling companies.

### **Microfinance Ireland and the Credit Guarantee Scheme**

The Government has also launched both the Credit Guarantee Scheme and the Microenterprise Loan Fund. The Microenterprise Loan Fund is managed by Microfinance Ireland on behalf of the Government. It allows microenterprises and sole traders across all sectors, employing fewer than ten people, to apply for loans of up to €25,000.

The Credit Guarantee Scheme is open to businesses employing fewer than 250 staff and with an annual turnover of less than €50 million (SMEs). It offers State guarantees on loans of up to €1 million. Under the scheme, a 75% State guarantee is to be provided to banks against losses on qualifying loans to firms who otherwise have difficulty getting credit owing to inadequacy of collateral or inadequacy of banks' understanding of the novelty of a business model, market, sector or technology.



Legislation to amend the Credit Guarantee Scheme is currently being considered by the Oireachtas. When enacted, it will increase the maximum guarantee provided by the State from 75% to 80%.

### 2.3 Rationale for this Demand Study

The 4th report of the Credit Review Office suggested “existing ‘credit surveys’ are being used widely as a commentary on the availability of bank lending. These surveys are not quality assured by any reputable market research organization and may be misleading to many businesses into not seeking bank credit and using alternative sources of financing both of which are risky”.

As such, Irish SMEs, the Government, policy makers and other stakeholders require a reliable and reputable demand study to be conducted either as a once off exercise or as part of an on-going process. This report represents the output from such a demand study exercise.

### 2.4 Study Scope

The scope of this exercise was to establish a regular, independent measure of the demand for credit (encompassing all lending institutions) from the perspective of the SME. Additionally, and since the provision of credit to SMEs extends beyond the two pillar banks, information is required to inform Government as to the experience of micro, small and medium-sized enterprises in accessing credit from the banking sector as a whole. In this context, the Department of Finance commissioned this study to ascertain the situation in relation to:

- the demand for credit from SMEs
- the failure of SMEs to seek credit
- the reasons given for refusal of credit and
- their level of knowledge on their rights in relation to credit.

### Company Size

This Review was conducted on the basis of companies falling into one of three categories of SMEs, as determined by the EU definition of each category, which can be broadly summarised as follows:

Description	Employee Numbers	Turnover	Balance Sheet Value
Micro	1-9	<=2million	<=2million
Small	10-49	<=10 million	<=10 million





Medium	50-250	<=50 million	<=43 million
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*\*A company which satisfies two of the three criteria is deemed to be a SME, one of which is employees.*

### Credit Products

The Review covered the following credit products:

- Overdrafts
  - New overdraft
  - Renewal/ restructuring of an existing overdraft
- Loan
  - New loan
  - Renewal/ restructuring of an existing loan
- Invoice discounting
- Leasing or hire purchase
- Bonds (bank backed, advance payment of other bonds etc.)
- Other credit products

### Sectoral Analysis

In order to ensure that information produced as part of this study was comparable with previous studies and could be collated to form a sectoral picture, we have used Central Bank sectoral codes.

- Central Bank sectoral codes are those codes used by the Central Bank, and specified at EU level, under which individual banks submit their quarterly returns to that Organisation. These codes are based on NACE Rev. 1 codes.
- The NACE Code system is a pan-European classification system which groups organisations according to their business activities. It assigns a unique 5 or 6 digit code to each industry sector e.g. B - Mining and Quarrying - B5 - Mining of Coal and Lignite.
- In order to ensure that the results are representative of the overall SME population, the construction sector, in so far as property development and speculative activities are concerned, has been excluded. Only companies who support or supply to the construction sector have been included.
- The specific sectors or subsectors included in our analysis on the basis of NACE codes are shown below:

**NACE Categories**



Agriculture/Forestry/Fishing
Manufacturing - processing & food
Manufacturing – high tech
Manufacturing – other
Construction – general construction
Construction – other
Wholesale
Retail, Trade and Repairs – non-motor
Retail, Trade and Repairs – motor only
Hotels & Restaurants (including bars)
Transport/storage/communication
Financial & Other Business Services
Real Estate activities ( excl. speculative)
Professional, scientific and technical
Human, Health and Social Work
Admin and Support services

The specific sectors or subsectors excluded from the analysis are set out in detail below:

- Non SME related financial intermediaries: non-bank credit grantors, credit unions, collective investment schemes, SPVs asset-backed securities, pension funds
- Speculative real estate activities
- Speculative construction activities
- Educations – schools and colleges
- Hospitals
- Churches and religious organisations
- Charities
- Government (central and other)
- Extra-territorial organisations and bodies
- Private household lending.

### Time Period of Study

This study follows directly on from the October 2014 to March 2015 study, conducted previously by RED C. In reviewing results it should be noted that the time period of this study is a six month period from April to September 2015. Seasonality may have an impact on the results of the study.



## 3.0 Methodology

This survey represents a study of lending to SMEs conducted in Ireland examining the issue of credit availability. For this wave of research the survey was carried out by RED C Research in its entirety, with calls conducted by RED C interviewers from the outbound call centre located in Dundalk.

### 3.1 Sample Selection

The study sample was selected at random from an industry-leading database of all SMEs across Ireland supplied by Bill Moss, the leading complier and database provider in Ireland. This database is compiled from multiple sources and updated regularly. At the date of writing, the database held approximately 130,000 SME records.

A starting sample of 10,000 SMEs was randomly extracted from this database, across each SME size category and NACE sectoral group, ensuring that respondents included a reasonable spread of micro, small and medium-sized SMEs and a proportional representation of 16 key business sectors set out in Section 2.4 above.

In total 6,641 companies were contacted to complete the 1,500 interviews, with some companies either falling outside of the quotas classifying small and medium enterprises, others refused to take part or could not do so within the time frame set out for interview.

Quotas were set in order to ensure that the sample was sufficiently representative of the SME population in terms of both SME size (micro, small and medium) and sector (as defined by NACE codes); and also matched the previous waves of this survey.

### 3.2 Sample Accuracy

The sample error for a survey of this nature is very good. Based on a total database of 130,000 SMEs in Ireland, the total sample of 1,500 companies has a possible sample error of just + or – 2.5% (at a 95% significance level), while the sub samples of micro, small and medium companies (each with approximately 500 interviews) has a possible sample error of just + or – 4.4%.



### 3.3 Collection of Data

Telephone interviews were conducted with 1,500 Irish micro, small and medium SMEs, based on a questionnaire finalised between the Department of Finance and RED C. Changes to the questionnaire were kept to a minimum this wave, in order to ensure comparability to the previous wave. The only changes were an addition of a question regarding ease of getting export related finance and a re-naming of the Government's online tool for helping SMEs apply for finance. None of these changes impact on the comparability of key data from this wave with previous research waves.

All interviews were conducted between 1<sup>st</sup> and 15<sup>th</sup> October 2015 and covered the period from April to September 2015. Over the course of the study 1,500 SME interviews were conducted. The typical telephone interview lasted between 5-35 minutes, depending on the level of credit demand.

Data from completed questionnaires was reviewed, analysed and the results are presented in this Report. The full study questionnaire is attached as an Appendix to this Report and detailed results are presented in Sections 4-9.

### 3.4 Comparative Results

All key parameters of the methodology used in this wave of the Credit Demand Survey were kept the same as in previous waves, in order to ensure direct comparability. This included the approach, quotas, key questions in the questionnaire, and sample database.

Within each micro, small and medium category the number of study respondents by sector varied slightly in comparison to the study published in May 2015 (+/-2% on a sectorial level). Results for this study were weighted to the same size profile as that used in the prior study.

Information relating to applications is based on actual results on the basis that lenders must consider each application for credit on its own merit.

### 3.5 Sample Size

1,500 SMEs participated in the telephone interviews. Companies were allocated to micro, small and medium size categories based on employee numbers as a proxy for



company size.

The three SME size categories have very different characteristics. As such and in line with previous surveys, SMEs should not necessarily be considered as a single population but as three distinct populations – micro, small and medium. Study results have been provided separately for each category and this report should be read on that basis.

A sample of SMEs were contacted and asked to respond to a phone based questionnaire. This sample was selected from a database of approximately 130,000 companies. The study was carried out in October 2015 and respondents were asked to respond based on their experience from April to September 2015.

It should be noted that whilst the physical number of micro enterprises operating in Ireland is significantly higher than the number of small and medium enterprises, the economic weight or value of each category of SME (micro, small and medium) to the Irish economy is broadly similar.

### 3.6 Limitations

The results set out in this document should be considered in the context of the following limitations:

1. The study provides the consolidated opinions of a wide range of SMEs but it is not a census of the entire population of SMEs in Ireland.
2. Each study collects responses from a random sample of SMEs and hence the change in the underlying quality and characteristics of the business will contribute to some of the variations noted from study to study (however, sample error rates shown earlier should account for this).
3. Whilst every effort has been made to ensure that the study sample is as fully representative of the population as a whole as possible, it is possible that certain sub-groups are under- represented. It should be noted that the following sub-populations are relatively small for robust analysis:
  - a) The study included a sample of companies which employed one person (i.e. were self-employed).
  - b) The study included a number of companies who had been in business for up to two years, however this type of company has generally not filed company accounts and/or is not listed in Company Registration Office records and is not in the database used for sampling purpose.



4. Demand for credit and the bank lending decisions surrounding the approval of credit are complex, multi-faceted, and unique to each individual SME application. Not every variable contributing to a credit decision can be probed during a telephone interview and likewise the characteristics of the respondents business cannot be fully and comprehensively captured in such a timeframe.
5. Slight rounding may occur in the graphical or other representation of figures in this document.

### 3.7 Other Research

We have examined the research work conducted in the area of SME lending (demand and supply) by various stakeholder groups. These include the Central Bank of Ireland, CSO, Credit Review Office and ESRI amongst others.

### 3.8 Privacy of the Respondent

Throughout the study process all interviews conducted with SMEs were carried out on a confidential basis and the respondents' rights under the Data Protection Act(s) were fully observed including the rights of respondents to choose not to answer or to end the interview at any stage. In all instances the interviewer ensured that responses were collected from the person who had primary responsibility for financial matters in their business.

The Department of Finance had no specific interest in the individual financial affairs of any of the SMEs that participated in this study. Rather the key objective was to better inform Government of the volume, nature and demand for credit in this key sector of the Irish economy.

We would like to express our sincere thanks to all those SMEs who have participated in this study.



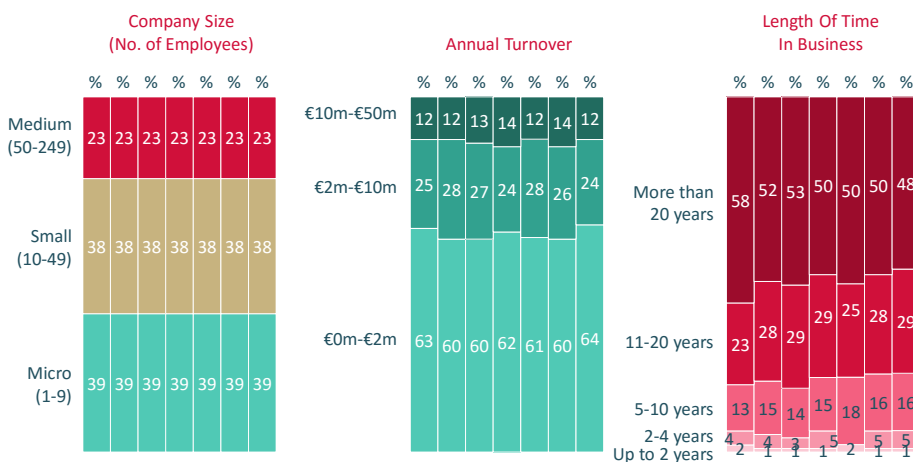
## 4.0 Profile of Respondents

### 4.1 Company Size, Turnover & Length of Time in Business

To be able to compare the results from the credit demand study wave by wave, it is important that the samples achieved are similar on key business demographics. This was achieved through strict quota control on company size and sector.

#### Analysis Of Sample

(Base: All SMEs – 1,500)



The above confirms the similarity of the samples with identical distribution on company size and almost identical distribution on turnover and length of time in business.

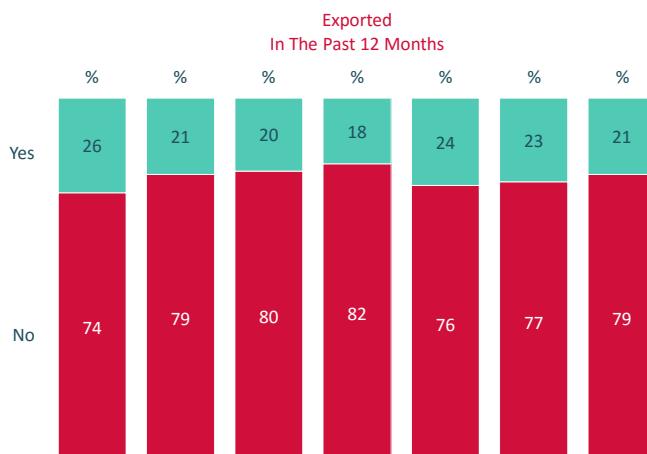
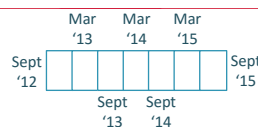
### 4.2 Exporting Companies

21% of the companies interviewed export goods or services outside the Republic of Ireland. This is slightly lower than the previous wave where 23% exported. It is worth noting that the export question (Q.1d) was changed slightly from the March 2013 wave and again for the March 2015 wave which might impact comparability for this question slightly.



## Analysis Of Sample – Export

(Base: All SMEs – 1,500)



Among those SMEs who do not currently export, 3% are considering exporting at a future date.

### 4.3 Computer Hardware/Software Industry

8% of the sample are involved in the computer industry, i.e. hardware and software. This proportion is slightly lower than the previous wave where 10% were involved in the computer industry.

### 4.4 Innovation

50% of the SMEs have engaged in innovative activities over the past 6 months – this is a decrease from the two previous waves but at the level seen back in March 2014.

	March 2013	September 2013	March 2014	September 2014	March 2015	September 2015
	%	%	%	%	%	%
New marketing concepts/strategy	34	31	31	38	34	27
New business practices/methods of organising work/external relations	31	28	32	33	31	26





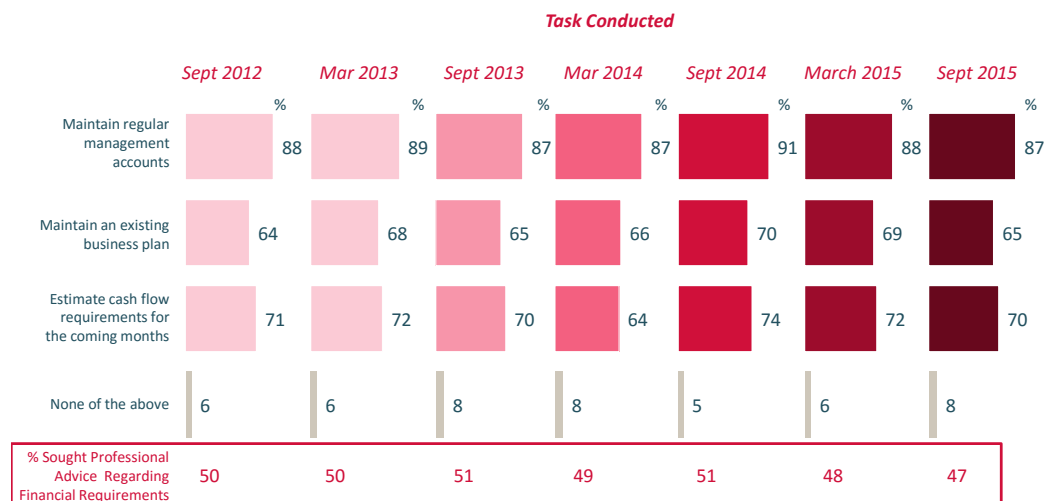
New/improved services	24	22	24	27	27	22
New improved methods of production, distribution or support activity	18	16	17	20	20	17
New/improved goods	16	17	21	24	22	18
Any Innovation	<b>55</b>	<b>51</b>	<b>53</b>	<b>61</b>	<b>56</b>	<b>50</b>
None of the above	45	49	47	39	44	50

#### 4.5 Regular Financial Management Tasks & Use of Financial Advisors

Compared to March 2015, we see a slight decrease in terms of the financial management tasks undertaken by the companies. 87% maintain regular management accounts (down from 88% in March 2015 but 91% a year ago) while 70% estimate cash flow requirements for the coming months – down from 72%. 65% maintain an existing business plan – this is down from 69% in March 2015. Almost half (47%) have used financial advisors in the past 6 months – this is similar to the level seen in March 2015.

#### Analysis Of Sample - Financial Planning

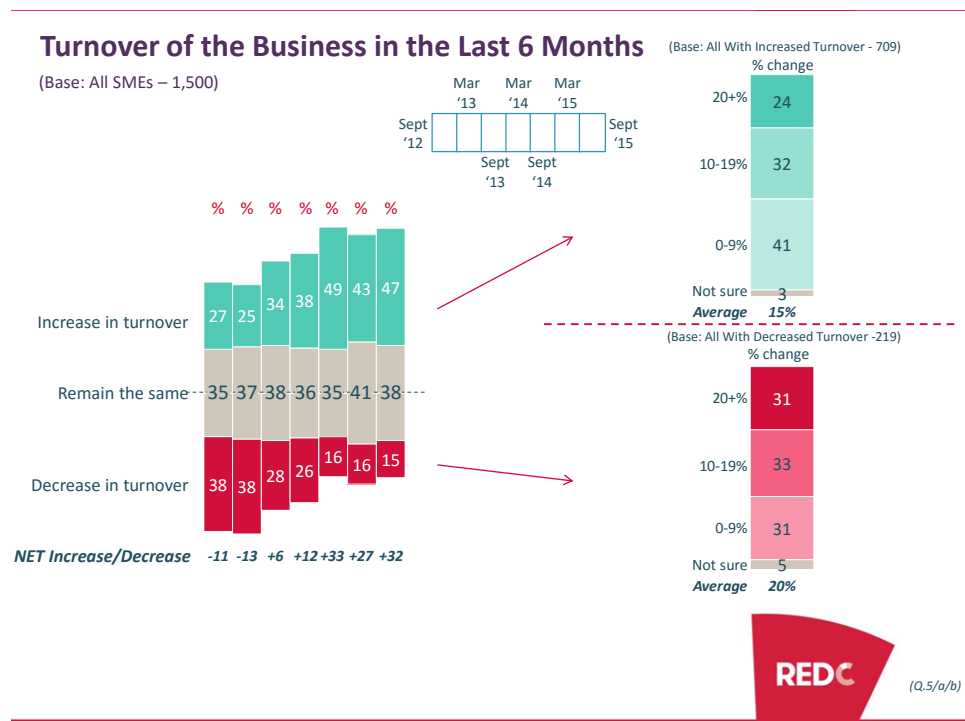
(Base: All SMEs – 1,500)





## 5.1 Turnover Trends

Trading conditions for SMEs in the period April-September 2015 have improved further. Back in March 2015, we also saw growth but at a lower rate than previous waves. This has now changed and we see significant improvements in trading conditions for SMEs again. 47% of all SMEs report increased turnover in the last 6 months – this is up from 43% in March 2015 but slightly lower than a year ago in September 2014 (49%). 38% of all SMEs report no change in turnover in the past 6 months while 15% report a decline in turnover. This means that we have maintained the low level of SMEs with declining turnover over the past three waves now.



Among those SMEs with increased turnover, 41% have seen a slight increase (0-9%), while 24% have had an increase larger than 20%. This is similar to the previous research period. Among SMEs with decreased turnover, 31% report a modest decrease of 0-9% with 31% reporting a decrease in turnover of more than 20%. Again, this is similar to that reported in March 2015.

All three company sizes see significant improvements in trading conditions after slower growth back in March 2015. Medium-sized companies continue to have the

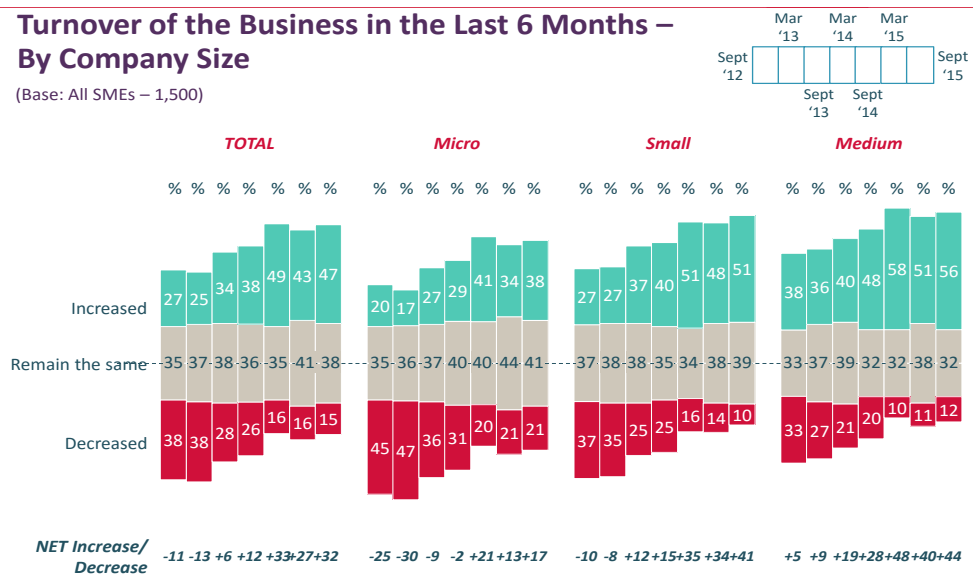


best trading conditions with 56% reporting increased turnover this period – up from 51% in March 2015 but still slightly lower than a year ago. 12% of the Medium-sized companies report decreased turnover in the past month while 32% see no change in turnover. Small-sized companies are not far behind the Medium-sized companies in terms of turnover trends with 51% reporting increased turnover over the past 6 months – this is up from 48% in March 2015 and similar to the level a year ago. Only 10% of Small-sized companies report decreased turnover with 38% reporting no change in turnover.

Trading conditions remain less favourable among the Micro companies but here we also see a significant improvement from the previous wave. 38% of Micro companies have seen an increase in turnover in the past 6 months – this is up from 34% in March 2015. But 21% still report decreasing turnover – this is unchanged from March 2015.

### Turnover of the Business in the Last 6 Months – By Company Size

(Base: All SMEs – 1,500)



REDC

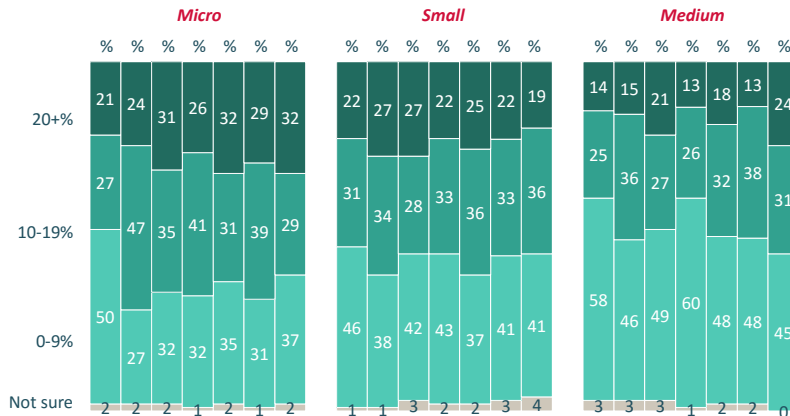
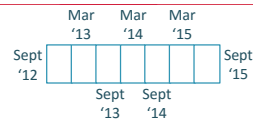
(Q.5)

Looking at those SMEs with increased turnover in the last 6 months, we see very few changes in terms of turnover growth among Micro and Small-sized companies. But we see a notable increase in the proportion of Medium-sized companies reporting high growth (20+% increase in turnover) from 13% in March 2015 to 24% now.



## Percentage Increase of Turnover X Company Size

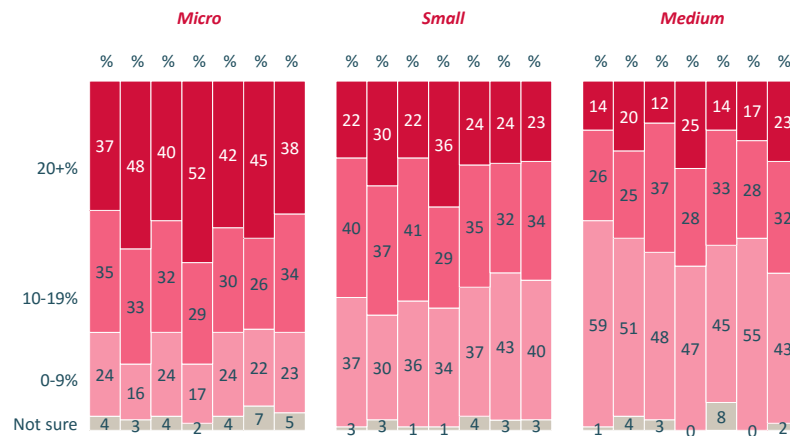
(Base: All SMEs with Increased Turnover – 709)



Looking at those SMEs with decreased turnover in the six month period to September 2015, we again see only few changes compared to March 2015 with Medium-sized companies being more likely to report declines above 10%.

## Percentage Decrease of Turnover X Company Size

(Base: All SMEs with Decreased Turnover – 219)

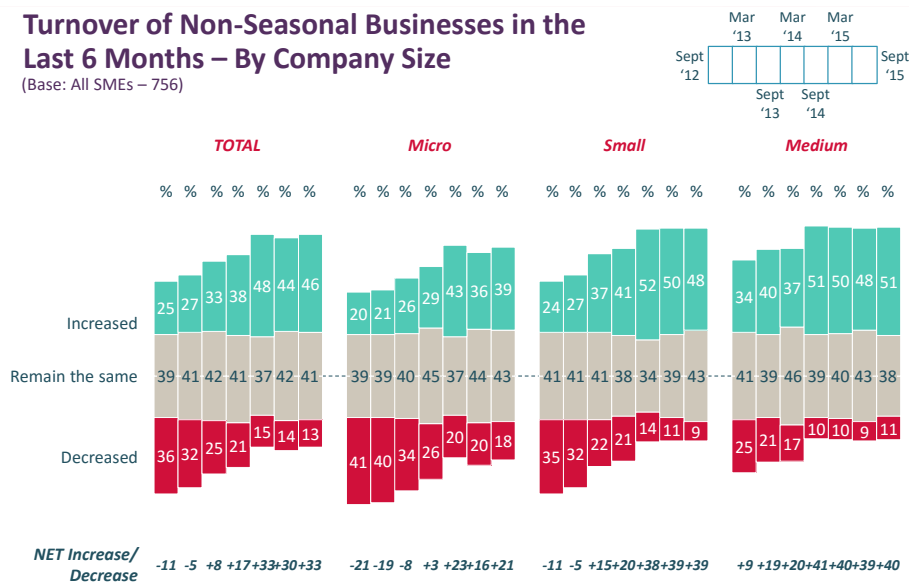




Removing seasonality (considering the six months cycle of each survey) by only looking at SMEs with non-seasonal turnover, we again see more companies reporting increased turnover than companies reporting declines. But we see less growth compared to the previous wave in March 2015. 46% of these SMEs report that their turnover has increased over the past 6 months while 13% report decreases in turnover. 41% see no change in turnover in the past 6 months.

### Turnover of Non-Seasonal Businesses in the Last 6 Months – By Company Size

(Base: All SMEs – 756)



Looking at turnover development by company size excluding seasonal turnover, we see that Small and Medium-sized companies are much more likely to report increased turnover compared to Micro companies. But Micro companies see the biggest growth from March 2015 to September 2015.

### Turnover by Sector

All sectors continue to have more companies with improving trading conditions than companies with decreasing turnover. Compared to March 2015, the Hotels & Restaurants sector sees the biggest growth in turnover but this is very seasonal. Manufacturing, Construction and Business Services also see growth while we see less change for Wholesale.

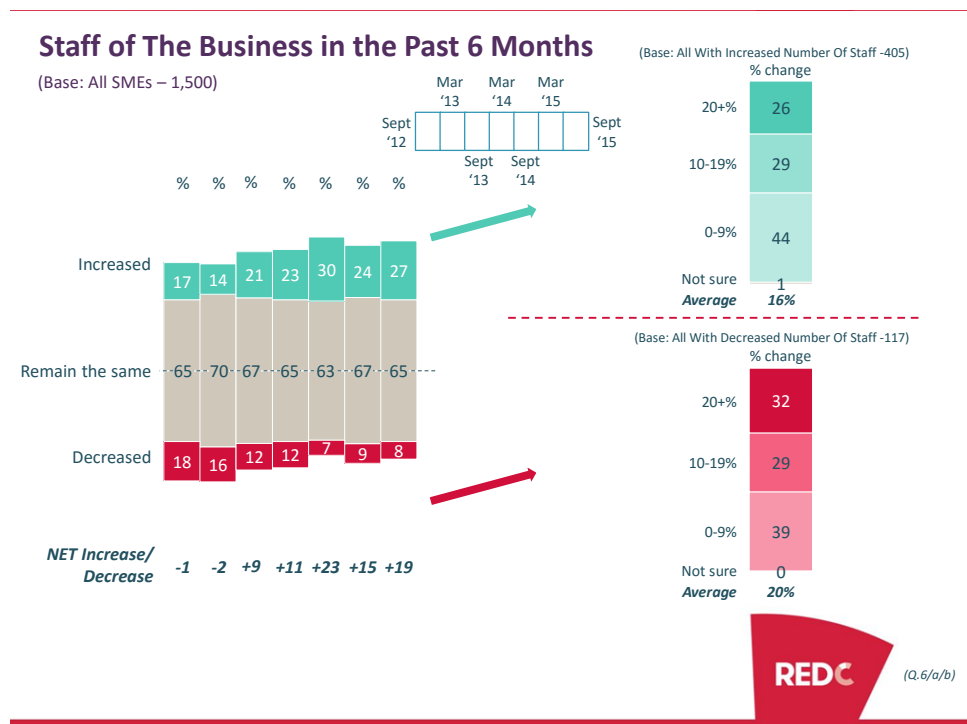




Companies who have innovated in the past 6 months are also more likely to report increased turnover than those with no innovation activities. 56% of SMEs who have innovated report increased turnover while this proportion is only 38% among SMEs with no innovation activities.

## 5.2 Employment Trends

We also see an improvement in terms of employment. In line with previous waves, this growth is however smaller than for turnover – indicating that it takes time from SMEs seeing improved trading to move to investing in new staff. 27% of all SMEs have increased staff number in the past 6 months – this is up from 24% in March 2015 but still lower than a year ago. 8% have decreased staff numbers in the past 6 months – this is down from 9% in March 2015. 65% of SMEs have not changed their staff numbers in the past 6 months.



Among SMEs with increased staff numbers, 44% have had moderate growth (0-9%) in staff. 26% have increased their staff numbers by more than 20% - this is up from 22% in March 2015. For companies with decreased staff numbers, 32% have decreased their staff number by more than 20% - this is down from 36% in March 2015.



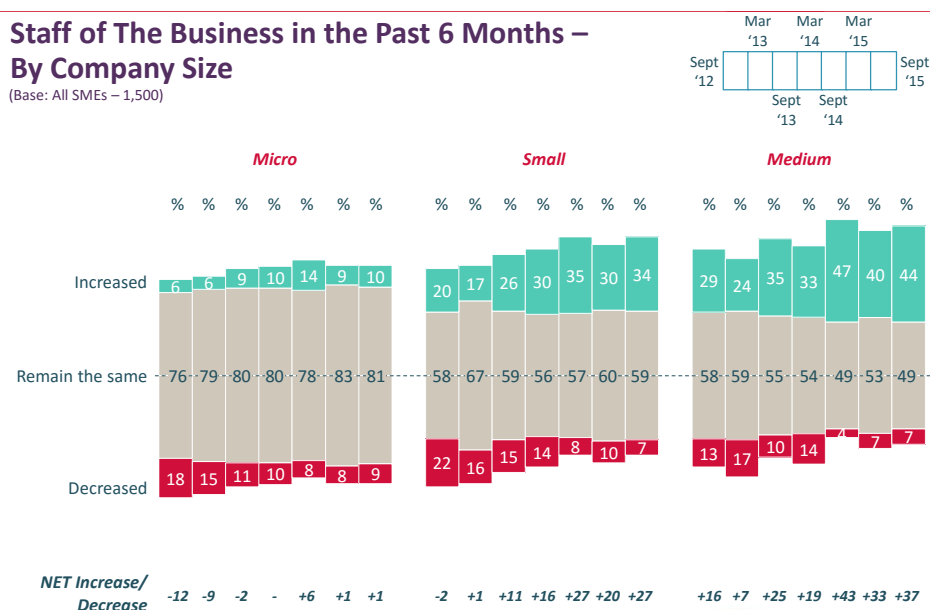
However, we see significant differences in employment trends by company size. Micro companies do not see any change in employment with 10% of these SMEs having increased staff numbers while 9% have decreased staff numbers. 81% of Micro companies have the same staff number as the period before. This underlines that trading conditions are less favourable for Micro companies compared to Small- and Medium-sized companies.

Both Small and Medium-sized companies see a significant improvement for employment. 34% of Small-sized companies have hired more staff in the past 6 months – this is up from 30% in March 2015 and almost at the same level as a year ago. Only 7% of these companies report decreased staff numbers over the past 6 months.

Among Medium-sized companies, 44% have hired more staff in the past 6 months – this is up from 40% in March 2015 but remains lower than a year ago. 7% have decreased staff numbers while 49% have not changed their staff numbers.

### Staff of The Business in the Past 6 Months – By Company Size

(Base: All SMEs – 1,500)



REDC

(0.6)

### 5.3 Profit Trends

We see a significant improvement in the profitability of SMEs. 61% of all SMEs report profit in the past 6 months – this is up from 56% in March 2015 and a year

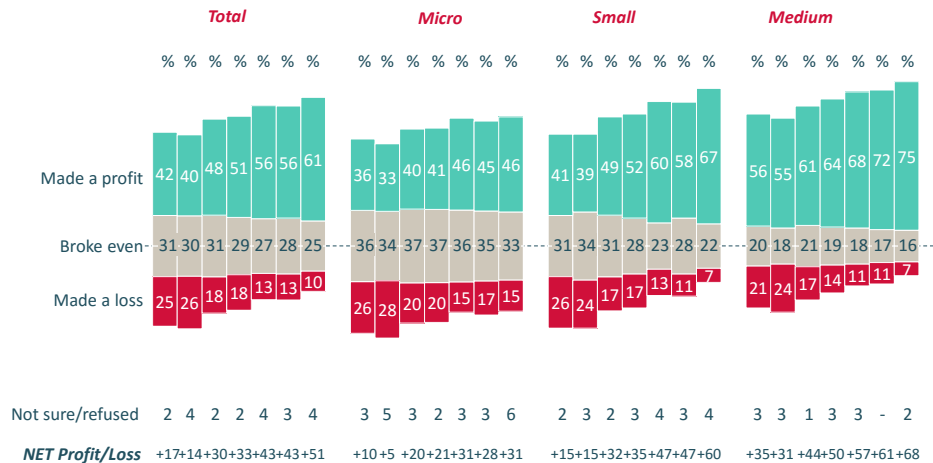




ago. 10% report a loss (down from 13%) while 25% express that they broke even. This is the highest level of SME profitability we have seen since the start of the SME Credit Demand Survey.

### Profit In The Business In Past 6 Months

(Base: All SMEs – 1,500)



The growth in profitability is heavily driven by Small and Medium-sized companies while Micro companies continue to be less likely to report profit. Especially Small-sized companies see a significant improvement with 67% reporting profit – up from 58%. Among Medium-sized companies, 75% report profit – up from 72%.

For Micro companies, 46% report profit – this is only marginally up from 45% in March 2015 and similar to the level seen a year ago. 15% of Micro companies report a loss while 33% report that they broke even in the past 6 months.

### 5.4 Overall Trading Trends

In spite of the notable uplift in turnover, profit and employment, the SME mindset appears unchanged with the majority of SMEs still focusing on business consolidation after some tough years rather than pursuing new growth opportunities. In a more qualitative evaluation in the survey, 49% of SMEs claim that their focus is on stabilisation while only pursuing smaller growth opportunities

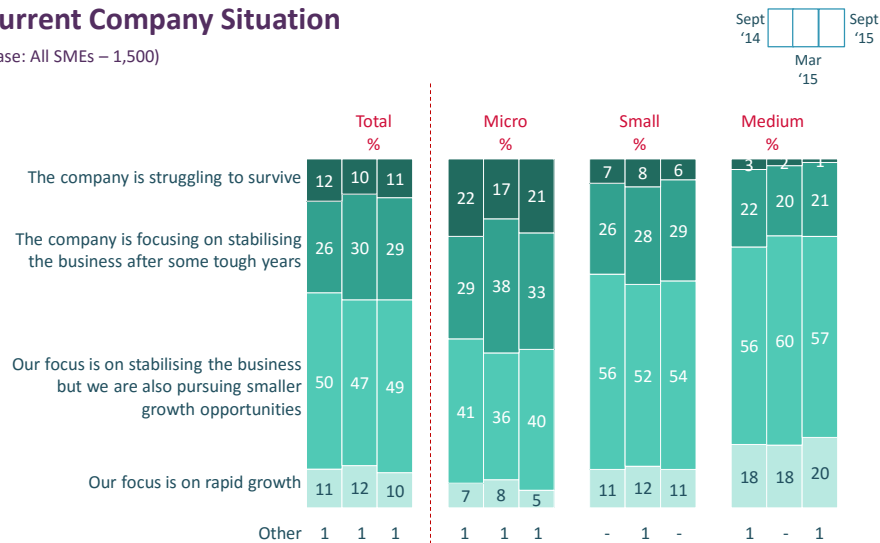


while additional 29% focus solely on business stabilisation. These proportions are largely unchanged from March 2015.

Only 10% say they are focused on rapid growth – this is actually down from 12% in March 2015. 11% of SMEs claim to be struggling to survive – this is unchanged from March 2015 and similar to what we saw a year ago.

### Current Company Situation

(Base: All SMEs – 1,500)



Again, we see trading conditions being less favourable among Micro companies. 21% of Micro companies still claim to be struggling to survive – this is up from 17% in March 2015 but similar to the level seen the year before. 73% of Micro companies are focused on business consolidation while 5% are pursuing rapid growth.

Among Small-sized companies we see limited change from the previous wave with 83% focusing on business stabilisation and 11% pursuing rapid growth. However for Medium-sized companies, we see an increase in the proportion of companies pursuing rapid growth – from 18% in March 2015 to 20% now. 78% of Medium-sized companies are focused on business stabilisation.

There is a strong relationship between turnover and profit performance with companies having increased turnover being much more likely to report profit and companies with declining turnover more likely to report a loss.



	Turnover Increased %	Turnover Remained the Same %	Turnover Decreased %
Made a profit	75	54	33
Broke even	17	31	34
Made a loss	5	9	31
Don't know/refused	3	6	2

### 5.5 Business Sentiment – Next 6 Months

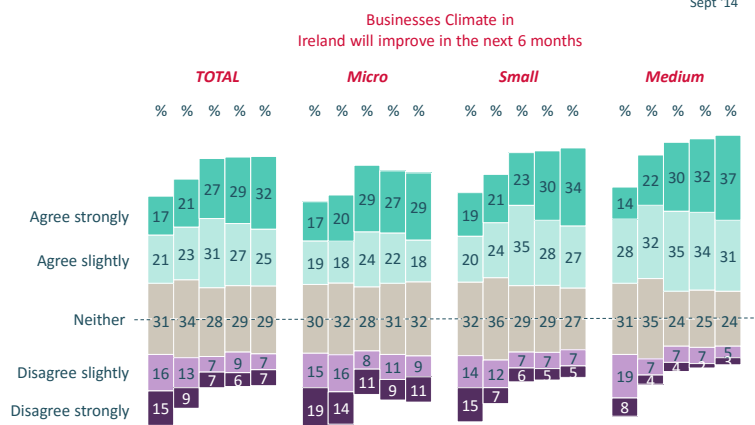
Business sentiment has improved slightly among SMEs with 57% expecting the business climate to improve in the next 6 months – this is up from 56%. 14% expect the business climate to worsen – down from 15%. 29% do not expect any change in the business climate in Ireland over the next 6 months.

The improved business sentiment originates from Small and Medium-sized companies. 68% of Medium-sized companies expect the business climate to improve in the next 6 months while 61% of Small-sized companies share this view.

While we see no growth in business sentiment among Micro companies, the majority (47%) expect the business climate to improve. But 20% of Micro companies expect the business climate to worsen in the next 6 months.

#### Business Sentiment – Next 6 Months

(Base: All SMEs – 1,500)



(Q.24d)



There is a clear relationship between SMEs individual turnover situation and their business climate outlook. Thus, SMEs with increased turnover in the past 6 months are much more likely to think the business climate of Ireland will improve in the next 6 months.

<b>Statement: <i>I think the business climate in Ireland will improve in the next 6 months</i></b>	<b>Turnover Increased %</b>	<b>Turnover Remained the Same %</b>	<b>Turnover Decreased %</b>
NET Agree	70	49	39
Neither agree nor disagree	23	35	29
NET Disagree	7	16	32



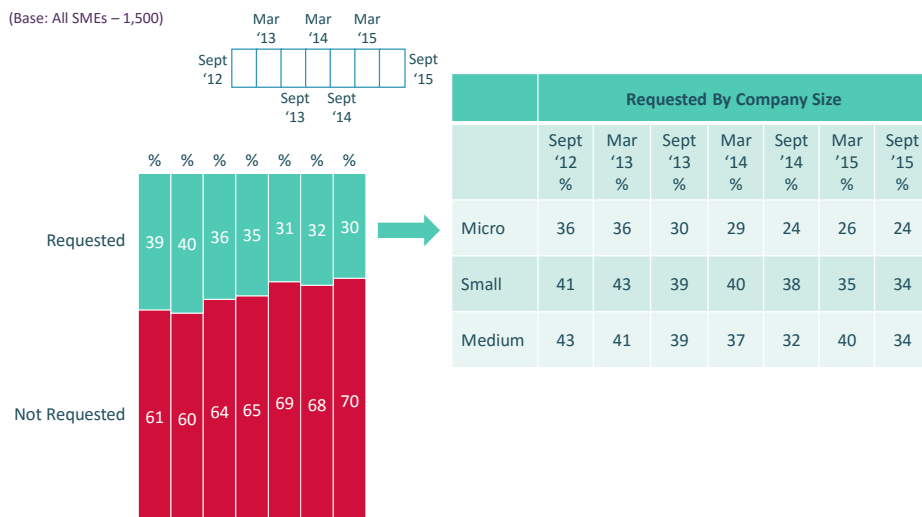
## 6.0 Demand for Banking Finance

### 6.1 Current Demand for Credit

Credit demand for the period April-September 2015 has decreased from the period October 2014-March 2015. 30% have applied for bank finance in the past 6 months compared to 32% in the previous 6 months period. This is a slight decrease compared to the same period a year ago where demand for credit was 31%. This means that credit demand is relatively stable over the past 18 months – after significant drop in demand prior to this period.

#### SMEs Seeking Bank Finance In The Past 6 Months

(Base: All SMEs – 1,500)



REDC

(0.9)

We see the biggest decline in credit demand among Medium-sized companies. 34% of these companies applied for bank finance in the past 6 months – down from 40% in March 2015. However, credit demand among Medium-sized companies remains higher than for the same period a year ago.

Credit demand is almost unchanged among Small-sized companies. 34% of these have applied for bank finance in the past 6 months – down from 35% previously. But compared to the same period last year, less Small-sized companies are now applying for bank finance.



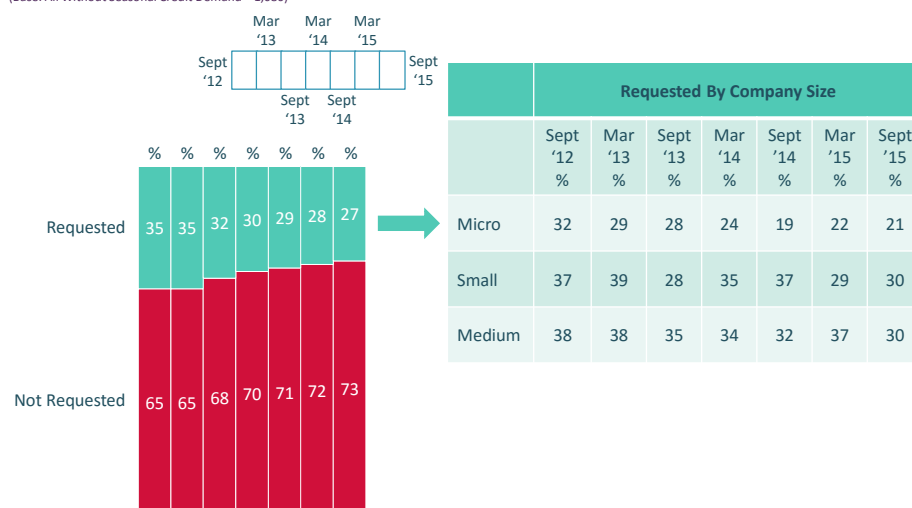
Micro companies continue to be least likely to apply for credit with 24% having applied in the past 6 months – down from 26% in March 2015 but similar to the level for the same period a year ago.

When taking out the impact of seasonality (considering the six month period of this research), we see a slight decline in credit demand from 28% to 27%. This represents a gradually declining trend over the past few years.

Again, we see the biggest decline among Medium-sized companies where the seasonally adjusted credit demand has declined from 37% in March 2015 to 30% now. We see limited change among Micro companies while seasonally adjusted credit demand has increased slightly for Small-sized companies (from 29% to 30%).

### SMEs (With No Seasonal Demand) Seeking Bank Finance In The Past 6 Months

(Base: All Without Seasonal Credit Demand – 1,080)



Considering the further improvement in trading conditions, it might be surprising to see credit demand decline further. But it is evident that the mindset of SMEs has changed post-crisis and focus is currently on business stabilisation rather than pursuing growth opportunities. As the balance sheet of SMEs improves, there will be more equity available for business consolidation which reduces credit demand.

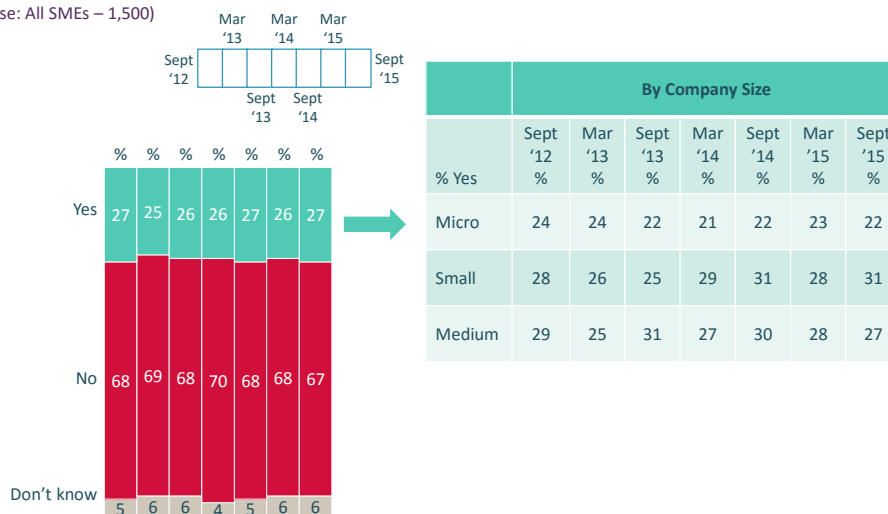


## 6.2 Future Demand for Credit

We see a slight increase in expectations to seek bank finance over the next 6 months. 27% of all SMEs expect to apply for bank finance in the next 6 months – up from 26% in March 2015. It appears that SMEs currently remain cautious in terms of seeking credit and this is likely to be the case for the near future.

### Expecting to Seek Bank Finance In Next 6 Months

(Base: All SMEs – 1,500)



This is simply a prediction of possible future demand, and therefore should not be directly compared to actual credit demand recorded in the past. In fact, it tends to underestimate the credit demand for the following 6 months.

Small-sized companies are most likely to apply for bank finance in the next 6 months with 31% expecting to do so – this is up from 28% in March 2015. Expected future credit demand sees a slight decline among Micro and Medium-sized companies.

## 6.3 Reasons for Not Seeking Credit

In order to better understand the reason behind SMEs' lack of credit demand, companies were specifically asked to provide reasons for not seeking credit in the past six months. The reasons given were then grouped into business related and bank related reasons.



The main reason given is that bank finance is simply not required – with 79% of those businesses who did not apply for credit mentioning this. This is up from 77% in March 2015. This is particular the case among Medium-sized companies where 90% claim they do not need finance – up from 81% in March 2015.

6% of all SMEs who did not apply for bank finance did so because they already have existing finance products in place while 6% express they prefer not to borrow.

Why did you not request Credit?	Total %	Micro %	Small %	Medium %
<b>Business Related Reasons</b>				
Didn't need it	79	71	81	90
Prefer not to borrow	6	9	3	3
Existing finance product in place	6	4	9	5
Inability to repay/meet requirements of finance	1	2	0	1
Too expensive to borrow	1	1	1	0
Going out of business	1	2	0	1

Why did you not request Credit?	Total %	Micro %	Small %	Medium %
<b>Bank Related Reasons</b>				
Possible rejection	4	6	3	1
Belief that banks are not lending	2	4	1	2
Don't trust the banks	1	2	1	0
Have been turned down before	1	2	1	0
Application process too difficult	0	1	1	0

A small proportion of SMEs who have not applied for bank finance (4%) suggest that this is due to possible rejection – this is unchanged from March 2015. Only 2% mention that they did not apply as they believe banks are not lending – this is significantly down from 7% in March 2015. Especially Small-sized companies are much less likely to mention this as reason for not applying for credit now compared to March 2015.





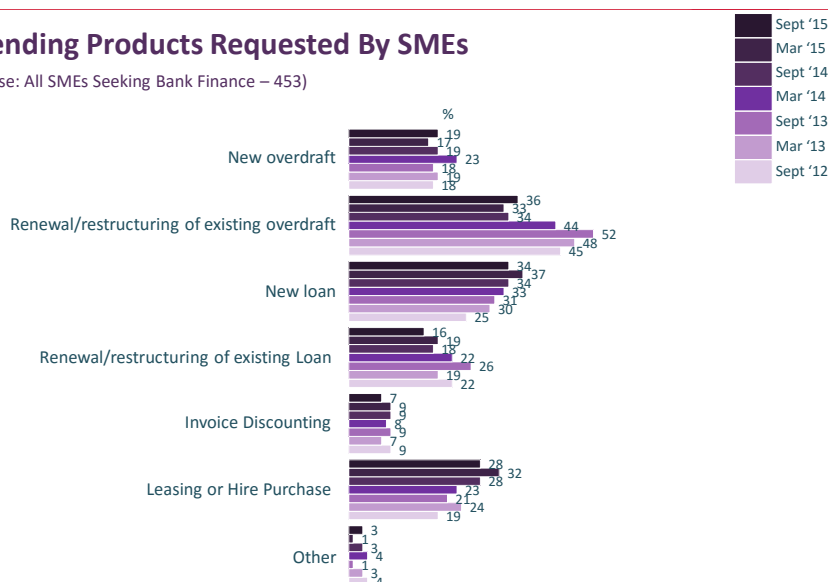
Why did you not request Credit? ( ) = change since September 2014	Total %	Micro %	Small %	Medium %
<b>Bank Related Reasons</b>				
Possible rejection	4 (-)	6 (+1)	3 (-)	1 (-2)
Belief that banks are not lending	2 (-5)	4 (-3)	1 (-6)	2 (-3)
Don't trust the banks	1 (-)	2 (+1)	1 (+1)	0 (-)
Have been turned down before	1 (-)	2 (+1)	1 (-)	0 (-)
Application process too difficult	0 (-)	1 (-)	1 (-)	0 (-)

### 6.4 Demand for Credit by Product

Among those SMEs who have requested bank finance in the period April-September 2015, renewal/restructuring of existing overdrafts, new loans and leasing and hire purchase are the main bank finance products requested. Renewal or restructuring of existing overdraft has been requested by 36% in the past 6 months – up from 33% in March 2015. New loans have been requested by 34% of those seeking bank finance – down from 37% in March 2015 but at the same level as a year ago. 28% have applied for leasing or hire purchase – this is down from 32% in March 2015 but at the same level as a year ago. New overdraft has increased in popularity compared to March 2015 with 19% having applied for this loan type. 16% have applied for renewal/restructuring of existing loan.

#### Lending Products Requested By SMEs

(Base: All SMEs Seeking Bank Finance – 453)



REDC

(Q9)



Invoice discounting is the least popular products with 7% of those who have applied for bank finance having applied for this credit type.

When looking at this based on the total number of products requested the proportion of renewal or restructuring of existing overdrafts has increased from 22% in March 2015 to 25% in September 2015. New overdrafts have also increased from 11% in March 2015 to 13% now.

% of all products requested	Sep 12	Mar 13	Sep 13	Mar 14	Sep 14	Mar 15	Sep 15
	%	%	%	%	%	%	%
New overdraft	13	13	11	15	13	11	13
Renewal/ restructuring of existing overdraft	28	32	33	29	24	22	25
New loan	18	20	20	21	24	25	24
Renewal/restructuring of existing loan	17	13	16	14	12	13	11
Invoice discounting	4	5	6	5	6	6	5
Leasing or hire purchase	15	16	13	15	19	22	20
Other	3	2	0	1	2	1	2

### 6.5 Demand for Credit by Sector

We see an increase in credit demand especially in the manufacturing sector (from 27% to 36%) but also for hotels and restaurants (from 27% to 34%). The manufacturing sector has bounced back from the decline in credit demand it saw back in March 2015 while the hotels and restaurants sector has significantly improved trading conditions, and therefore credit demand.

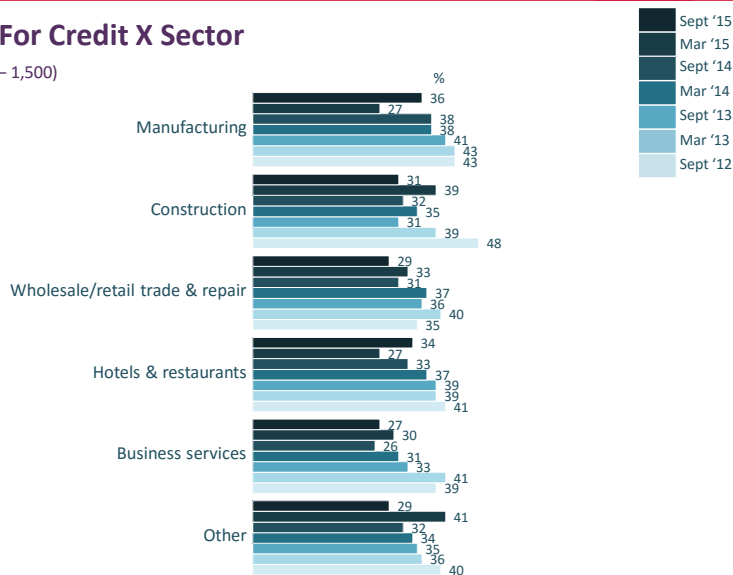
All other sectors see a decline in credit demand. This is most notable for the construction sector (from 39% to 31%), after this sector saw a significant uplift in credit demand back in March 2015.

These sectoral changes in credit demand have an impact on overall measures in credit demand with construction demand for credit generally much less likely to be approved.



## Demand For Credit X Sector

(Base: All SMEs – 1,500)



REDC (Q.9)

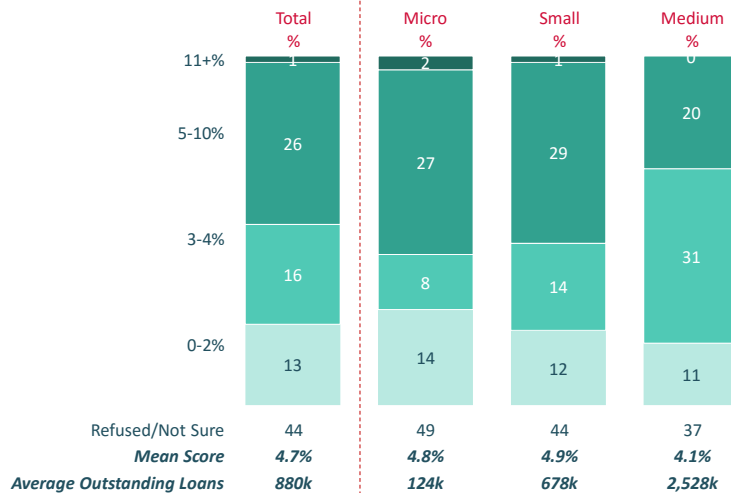
## 6.6 Cost of Credit

Among those with outstanding loans, the average claimed cost of credit across all outstanding loans is 4.7%. This is up from 3.9% in March 2015 but it is worth noting that this is claimed cost of credit rather than actual cost and also that this average can be influenced by a few companies claiming rather large costs of credit. 23% of SMEs with outstanding loans claim a very low cost of credit between 0-2% (when removing those who have refused to answer this question), while the majority (75%) have an average cost of credit of between 3-10%.



## Average Costs Of Credit (Interest Rate) For Outstanding Loans

(Base: All SMEs With Outstanding Loans – 1,056)



REDC

(Q.7e)

## 6.7 Financial Position of Businesses

The number of days that go by before businesses are paid by their customers affects the cash flow of the business and thereby also the need for external finance. Likewise, cash flow can be improved by delaying paying suppliers to the business.

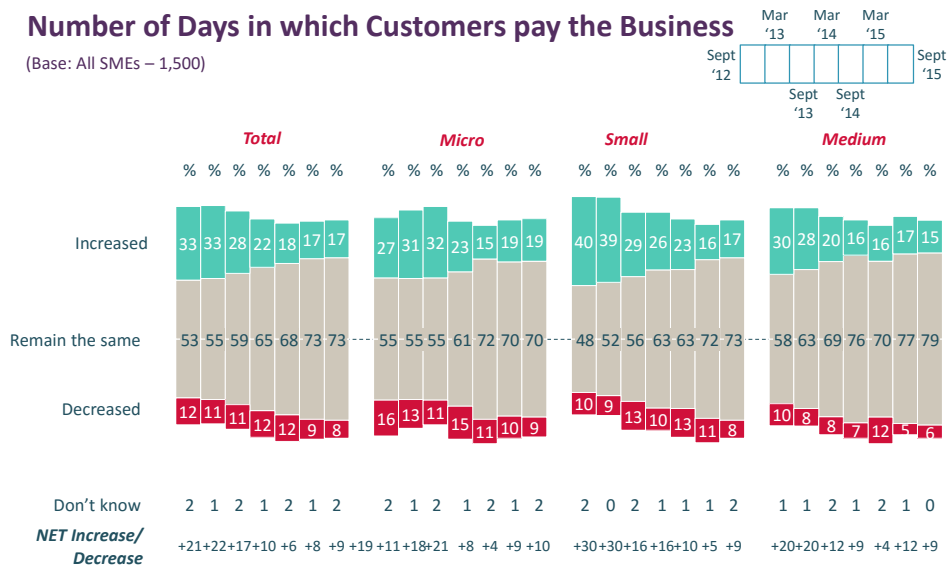
17% of SMEs feel that the average number of days within which customers pay has increased during the period April-September 2015 – this is the same as for March 2015. 73% feel that the payment period is unchanged, while 8% feel customers are paying faster.

We do not see any major changes by company size and the three company sizes answer very similar in terms of trends in customer payments.



## Number of Days in which Customers pay the Business

(Base: All SMEs – 1,500)

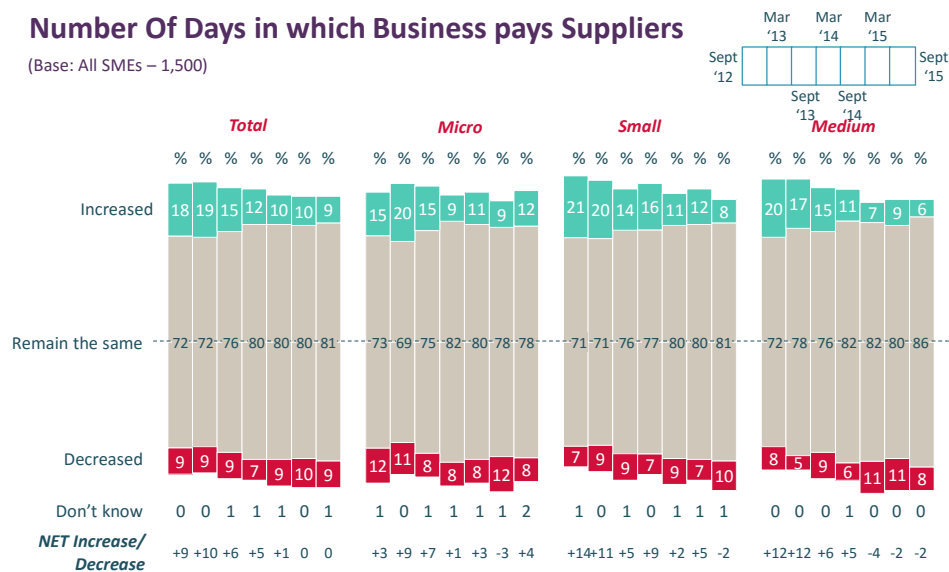


In terms of supplier payment, we do not see any major change from March 2015. 81% of all SMEs feel that the average number of days they take to pay suppliers remains unchanged, while 9% suggest that the payment period has increased. 9% feel that they pay suppliers faster than before. Micro companies generally feel they are paying faster than in May 2015 while the opposite is the case for Small- and Medium-sized companies. This could be explained by more effective debt collection which has higher impact among Micro companies.



## Number Of Days in which Business pays Suppliers

(Base: All SMEs – 1,500)



## Repayment of Current Loans

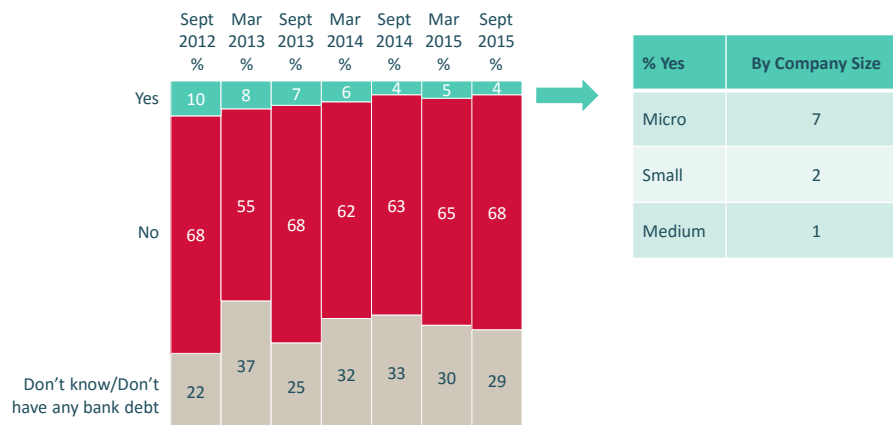
The financial position of businesses can also be established by the incidence of having missed repayments on existing loans, as this can be used to effectively avoid requiring credit in the short term.

Only 4% of SMEs suggested that they had missed repayments on loans in the period October 2014-March 2015 – this is down slightly from 5% in March 2015. Micro companies are more likely to have missed repayments.



## Missed Repayments On Loans In Past 6 Months

(Base: All SMEs – 1,500)



Of those SMEs who have missed payments on loans in the past 6 months, 28% have repaid the outstanding balance without any need for restructuring the loan – this is up from 23% in March 2015. 28% have restructured the loan with creditor while 41% have neither restructured the loan nor paid the balance. In March 2015, 41% had neither paid nor restructured the outstanding amount.

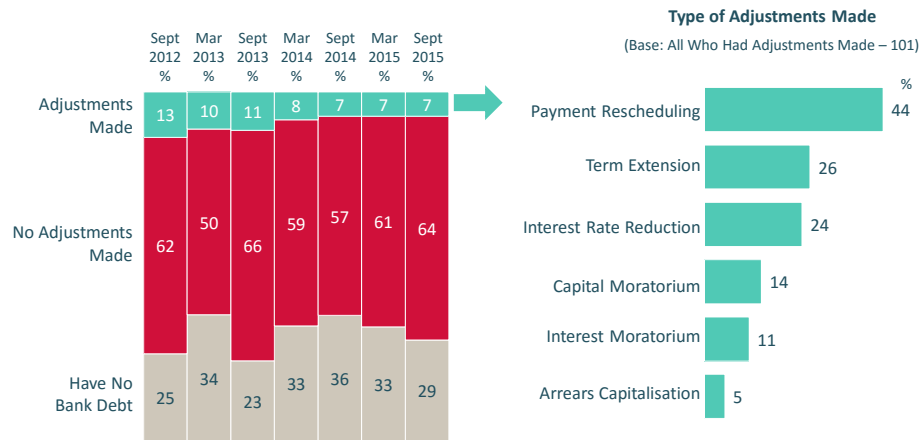
### Adjustments to Current Bank Debt

Whether adjustments have been made to current bank debt is the second indicator of a business potentially using a restructuring of debt to provide credit, and affects the future possibility of the business to obtain bank finance. The majority of SMEs did not make adjustments to payment schedules in the past six months. Only 10% of all SMEs with bank debts have made adjustments to this debt in the past 6 months – this is down from 12% in March 2015.



## Adjustments Made to Bank Debt in Past 6 Months

(Base: All SMEs – 1,500)



The most common adjustment remains payment rescheduling, followed by term extension and interest rate. Compared to the previous wave, payment rescheduling, has increased relatively in usage while capital moratorium and term extension have decreased in usage.

Base: All Who Have Adjusted Bank Debt	Sep 2012	Mar 2013	Sep 2013	Mar 2014	Sep 2014	Mar 2015	Sep 2015
	%	%	%	%	%	%	%
Base size	(189)	(152)	(165)	(120)	(104)	(100)	(101)
Payment Rescheduling	35	47	49	45	46	37	44
Capital Moratorium	25	26	18	27	14	23	14
Term Extension	23	26	32	33	20	30	26
Interest Moratorium	20	20	12	18	9	12	11
Interest Rate Reduction	19	16	19	20	22	24	24
Arrears Capitalisation	6	10	11	10	14	20	5



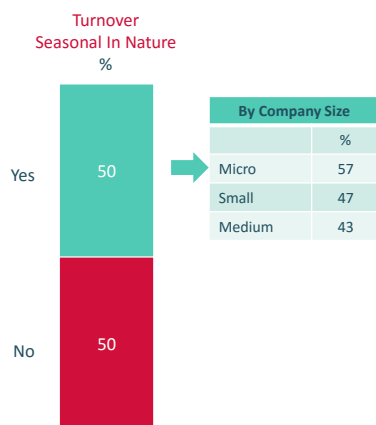


## 6.8 Seasonality of Demand and Credit

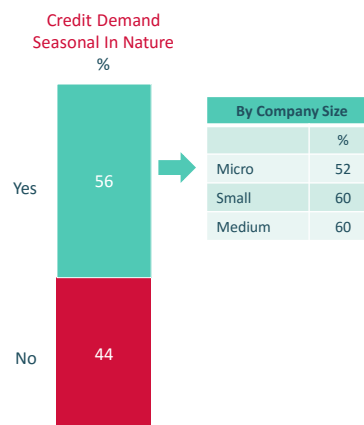
50% of SMEs indicate that their turnover/sales are seasonal. This has an effect on credit demand, with 56% of businesses with seasonal turnover also having seasonal credit demand.

### Seasonality of Turnover & Credit Demand

(Base: All SMEs – 1,500)



(Base: All With Seasonal Turnover – 744)



REDC

(Q.19a/b)



## 7.0 The Application Process

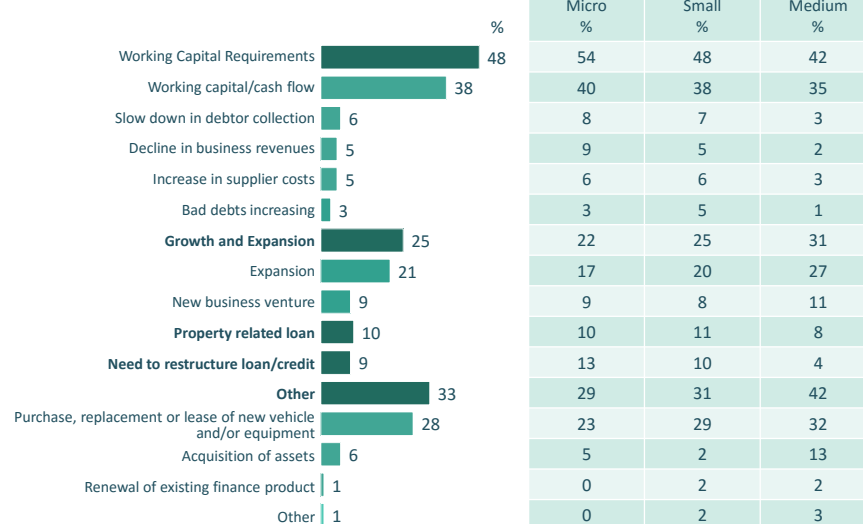
Of the total 1,500 SMEs interviewed for this wave of the study, 30% have requested bank finance in the past 6 months – down from 32% in March 2015 and 31% in September 2014.

### 7.1 Nature of Demand

The split between working capital, growth & expansion and other reasons for finance requests remains almost identical to that seen in March 2015. Working capital requirements remain the main reason for applying for bank finance with 48% stating that they required finance for working capital, the same proportion as six months ago. 25% applied for bank finance for growth and expansion purposes – this is also unchanged compared to March 2015. There has been a slight decrease in the proportion of finance required by SMEs for the purchase, replacement or lease of new vehicles and equipment, which now stands at 28%, down 1% since March 2015. 9% have applied for bank finance in order to restructure a loan/credit – this is notable down from 12% in March 2015.

#### Reasons For Making Financial Request

(Base: All SMEs Seeking Finance – 453)



REDC

(Q.11)

Micro companies continue to be most likely to apply for bank finance for working capital purposes but we see a decline in this proportion from 58% in March 2015 to



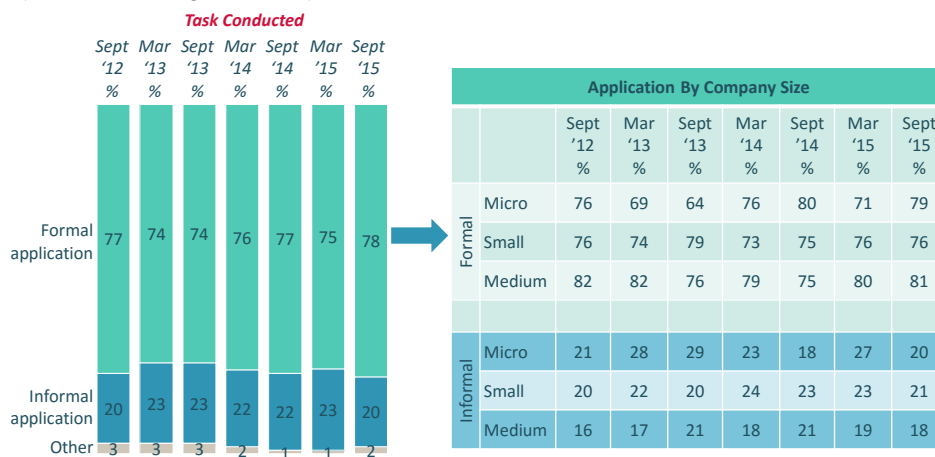
54% now. We see limited change by company size for applying for growth/expansion purposes with Medium-sized companies most likely to state this (31%) as the reason for applying for bank finance. The notable decline in enquiries for bank finance driven by need to restructure loan/credit is particular significant among Medium-sized companies. Only 4% have stated this as reason for the credit application – down from 14% in March 2015. This is an indication of rather stable finance arrangements.

## 7.2 Formal Applications for Credit

We see an increase in the use of formal applications over the past 6 months. 78% of applications were made using formal applications – this is up from 75% in March 2015. 20% of applications were submitted through informal channels – this is down from 23% in March 2015.

### Formal Applications For Credit

(Base: All SMEs Seeking Finance – 453)



\*Formal includes 'formal' & 'both'



(Q.12)

The improvement in use of formal applications is driven by Micro companies. 79% of these companies have used formal channels over the past 6 months – up from just 71% in March 2015. The Micro companies are thereby getting very close to Medium-sized companies in their usage for formal channels for credit application.

The main reason cited for submitting an informal request is that the business felt there was no need, as it was a repeat loan or a personal relationship. 52% of SMEs



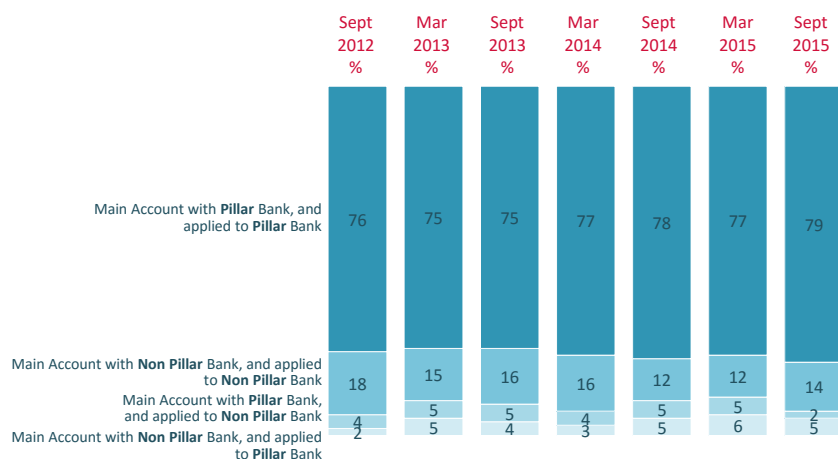
who only submitted informal application state this as the reason – down from 57% in March 2015. 12% state that they did not use formal application as they knew this channel would not be successful. 6% use informal channels only to test the waters for credit – this is down from 9% and consistently down over the past few waves.

Reasons for making an informal application	Apr-Sep 2013	Oct 2013- Mar 2014	Apr-Sep 2014	Oct 2014 – Mar 2015	Apr-Sep 2015
No need for providing formal application (e.g. repeat loan or personal relationship)	45%	50%	56%	57%	52%
To see if it would be possible	13%	14%	12%	9%	6%
Knew formal application would not be successful	8%	8%	6%	11%	12%
Time consideration	7%	7%	7%	6%	3%
Accounts not up to date	2%	1%	1%	0%	0%
Didn't want finance from bank in the end	0%	0%	0%	0%	4%

The proportion of SMEs who have applied for finance through one of the two pillar banks remains high after further gains this period. In total 84% applied through the main pillar banks – up slightly from 83%. Of those who have a main bank account with one of the pillar banks, 98% have applied for finance through a pillar bank.

### Bank From Which Finance Was Requested

(Base: All SMEs Seeking Finance –453)



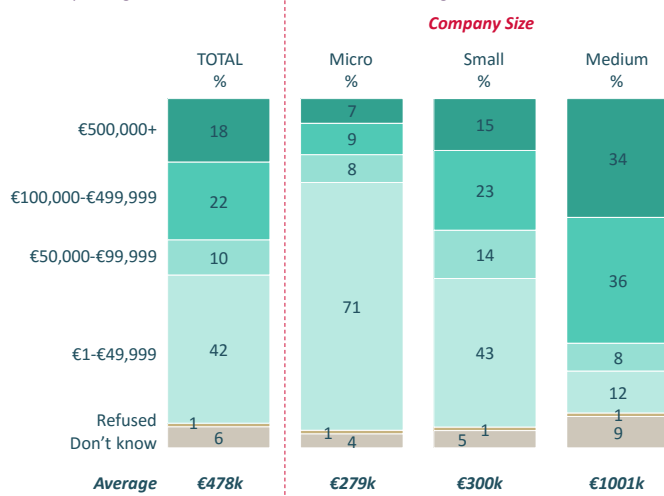


### 7.3 Economic Value of Credit Applications

Each business that applied for credit provided us with the monetary value of that application. When looking at applications for new bank finance, e.g. overdraft, loan or lease/hire purchase, we see that the average stated amount applied for is similar to that seen in the previous period, an average of €478,000. Not surprisingly, this amount increases when looking at Medium companies where the average amount is almost €1,001,000.

#### New Finance – Value Applied for

(Base: All SMEs Requesting New Overdraft, Loan, Invoice Discounting, Lease/Hire Purchase, Bonds, Other – 299)



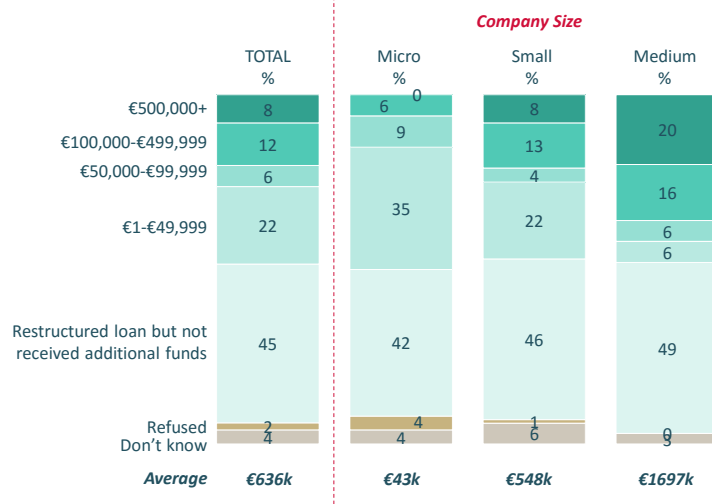
When looking at renewal/restructuring of existing finance, e.g. loans and overdrafts, we see that 45% of SMEs who requested these loan types did not request any additional funds – this is up from 40% in March 2015.

Among those that did apply for additional funds the amount sought has increased slightly compared to March 2015. The average stated value requested across all SMEs is approximately €636,000, with very large amount recorded among Medium sized companies.



## Renewal/Restructuring of Existing Finance – Value Applied for

(Base: All SMEs Requesting renewal/restructuring of existing overdraft or loan –154)



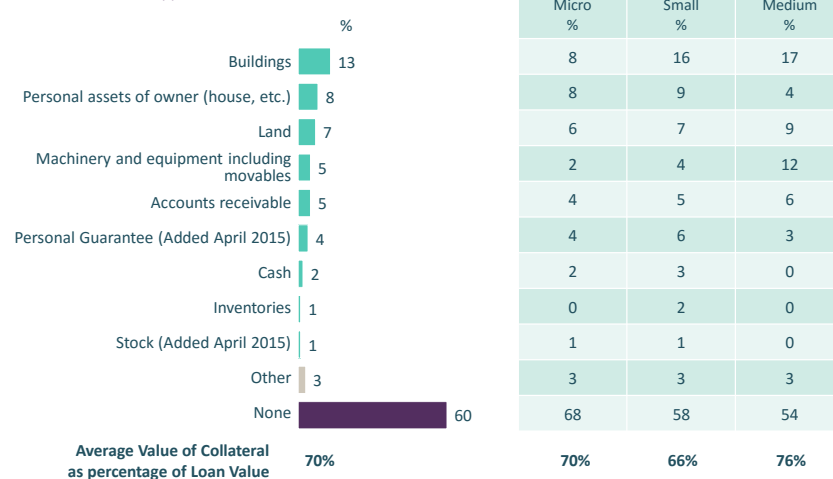
## 7.4 Collateral Required for Credit Applications

Among those SMEs who applied for bank finance, 40% of the applications required some kind of collateral. This is unchanged from March 2015.

The two most common kinds of collateral required were buildings (13% of all applications) followed by personal assets (8%) and land (7%).

### What kind of Collateral Required

(Base: All SMEs who applied for Finance–453)





Applications from Micro companies are less likely to require collateral due to the smaller amount applied for. The average value of collateral required as percentage of loan is unchanged compared to March 2015 at 70%.

### 7.5 Turnaround Time on Decisions

Based on the current code of conduct for business lending, all lenders are required to inform SMEs of a decision on their loan within 15 working days of receiving all information from the company. Excluding pending applications and according to the businesses themselves, 65% of all finance applications are processed within the required 15 working days – this is up from 61% in March 2015.

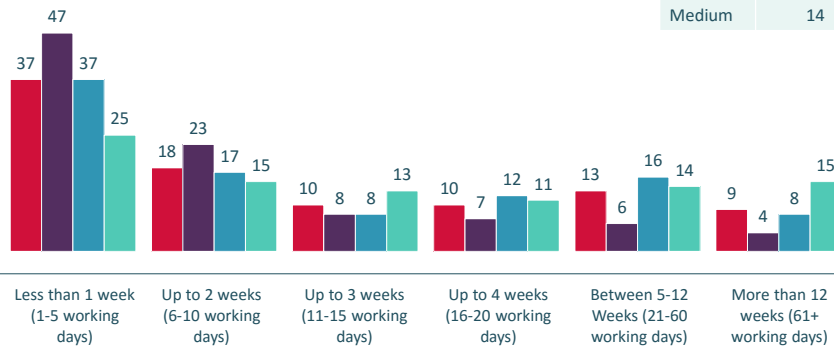
The average amount of time from application to decision decreases slightly from 20 working days in March 2015 to 19 working days in September 2015. The proportion of loans that remain “still pending” is unchanged from March 2015, with 15% still pending.

#### Application Turnaround Time – Excluding ‘Pending’

(Base: All SMEs Seeking Finance, excluding ‘pending’ – 384)

Average:	Total	19 working days
	Micro	13 working days
	Small	20 working days
	Medium	26 working days

	% Pending
Total	15
Micro	16
Small	16
Medium	14



The improvement in turnaround times is driven by Micro and Medium-sized companies. These two company sizes both see an improvement of 2 days in turnaround times. The average turnaround time for Medium companies now stands



at 26 with Micro companies having an average turnaround time of 13 days. Micro companies see an increase in the proportion of applications that are still pending from 10% to 16%.

In previous waves, we have seen that banks appear to move quicker when they decline credit compared to when they approve credit. This gap has been almost closed in the past 6 months with almost the same turnaround times for approved versus declined applications.

	Approved %	Declined %
Less than 1 week (1-5 working days)	36	35
Up to 2 weeks (6-10 working days)	18	23
Up to 3 weeks (11-15 working days)	10	10
Up to 4 weeks (16-20 working days)	11	7
Between 5-12 weeks (21-60 working days)	13	10
More than 12 weeks (61+ working days)	9	8
Don't know	3	7

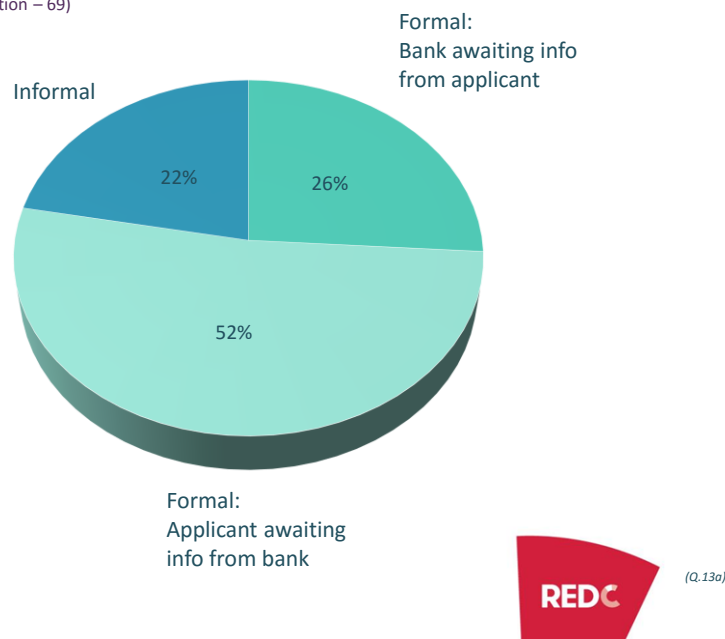
Looking at the pending applications, these can be pending due to the bank looking into the application (which is related to the waiting time), but also by the bank awaiting additional information from the applicant. The majority (52%) of the pending applications are with the bank, i.e. the bank has all the information required to decide on the application. This is down from 54% in the previous wave. 26% of the applications are pending due to the fact that the applicant has not yet provided all the necessary information – up from 18% in September 2014. We are only looking at formal requests here, as it is more difficult to ascertain in informal requests whether it is the bank or applicant that needs to reach a decision/provide more information.





## Profile Of Pending Applicants

(Base: All Pending Application – 69)



### 7.6 Decline Rate

The decline rate for all credit applications in the period April-September 2015 has decreased since March 2015. The current rate of decline stands at 12% of all applications - this is down from 14%. The rate of decline was also 12% a year ago in September 2014.

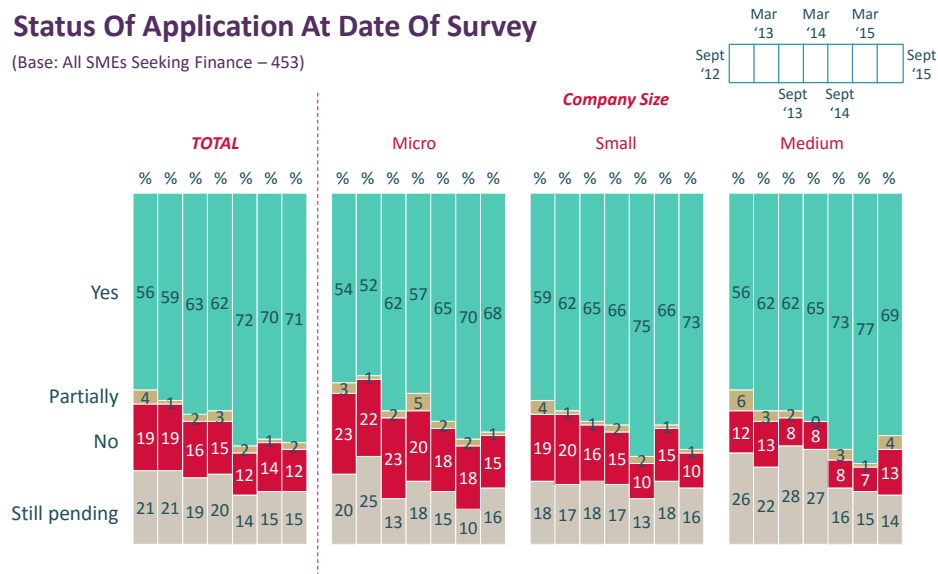
71% of all applications have been approved in full over the past 6 months – this is slight increase compared to March 2015. The full approval rate appears to have stabilised on a higher level compared to the period before March 2014.

A further 2% state that their credit applications had been partially approved, leaving 73% of all SME credit applications either fully or partially approved. Just 15% of all applications are still pending, this is unchanged from the previous period.



## Status Of Application At Date Of Survey

(Base: All SMEs Seeking Finance – 453)



The overall improvement in approval rates is driven by Small-sized companies which see a significant improvement from 67% partial or full approval to now 74%. This company size has thereby bounced back from a decline in approval rates in the previous period. While Micro companies have lower approval rates now (69%) than in March 2015 (72%), this is solely due to a significant increase in pending applications. The decline rates for Micro companies have improved from 18% to 15% now.

But we see a decline in approval rates among Medium-sized companies – from 78% full or partial approval to just 73% now. This means that Small-sized companies now have the highest level of approval rates.

Excluding pending applications, the overall decline rate stands at 15% - this is slightly down compared to March 2015 but slightly higher than a year ago. In total 83% of all applications over the past 6 months (excluding still pending) have been approved in full (the same proportion as the two previous periods) with additional 2% being partially approved.

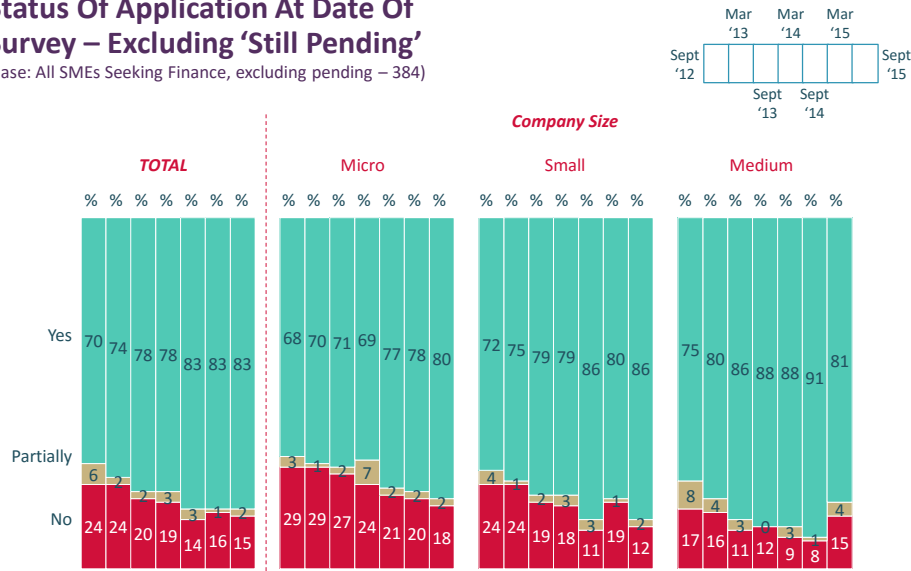
Small-sized companies see the biggest improvement in decline rates from 19% in March 2015 to just 12% now. This company size is now at the same level as seen a year ago in September 2014. The decline rates have also decreased among Micro



companies while the decline rates are notably up from 8% to 15% among Medium-sized companies.

### Status Of Application At Date Of Survey – Excluding ‘Still Pending’

(Base: All SMEs Seeking Finance, excluding pending – 384)



(Q.14)

### Decline Rate by Product

The decline rate varies across finance type requested – which is a reflection of differences in purpose and application process. New overdrafts continue to have the highest decline rates but we see an improvement from 26% declined applications to just 20% now. Decline rates have increased for new loans – from 14% in March 2015 to 16%. Leasing or hire purchase has the lowest decline rates of 7% - down from 10% in March 2015.

Lending Products	Yes %	Partially %	No %	Pending %
<b>Overdraft</b>	69	2	13	16
New overdraft	63	4	20	13
Renewal/restructuring of existing overdraft	70	2	10	18
<b>Loan</b>	61	2	15	22
New loan	66	0	16	18
Renewal/restructuring of existing loan	49	7	13	31
<b>Leasing or hire purchase</b>	86	2	7	5
<b>Other</b>	80	0	10	10



### Formal Application Decline Rate

<i>Type Of Application</i>	<b>Yes</b> %	<b>Partially</b> %	<b>No</b> %	<b>Pending</b> %
<b>TOTAL</b>	71	2	12	15
Formal application	71	2	12	15
Informal application	65	1	17	17

As seen in previous waves, the decline rate is higher for informal applications than for formal applications. One of the main reasons for submitting informal applications is that applicants were concerned that a formal application would not be successful. The decline rate for formal applications in the period from April-September 2015 is 12%, while for informal applications the decline rate stands at 17%. The decline rates for informal applications have decreased from 19% in March 2015 while the decline rates are unchanged for formal applications.

### Decline Rate by What Credit Applied For

<b>Funding For</b>	<b>Yes</b> %	<b>Partially</b> %	<b>No</b> %	<b>Pending</b> %
Working Capital	65	3	15	17
Growth & Expansion	63	3	10	24
Property Related loan	58	2	12	28
Need to re-structure loan/ credit	44	9	12	35

In previous waves, we have seen banks being more likely to approve funding for working capital than for growth and expansion purposes. This has changed this wave with growth/expansion purposes having lower decline rates than applications for working capital. The approval rates are also higher for growth and expansion purposes when excluding pending applications. But it is evident that more applications for growth remain pending compared to applications for working capital.

Property related loans and re-structuring also appear to take longer to agree, with more than a forth of these applications still pending. This is up from the previous wave.



### Decline Rate by Export vs. Non-Export Companies

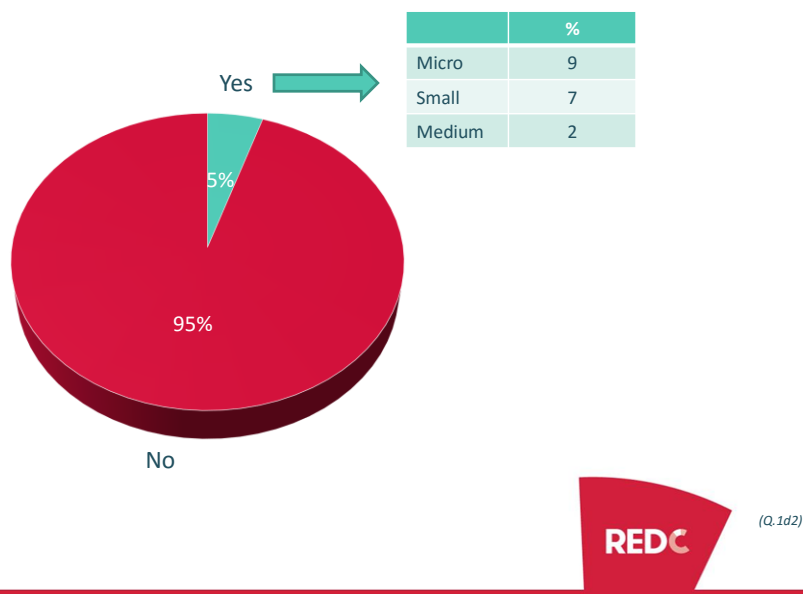
Export vs. Non-Export	Yes %	Partially %	No %	Pending %
Export Business	71	4	9	16
Non-Export Business	71	1	13	15

The decline rates for export businesses have decreased from 14% in March 2015 to 9% while we only see a slight decrease in decline rates among non-export businesses. As a result, export businesses are more likely to be approved for credit than non-export businesses.

We added a new question this wave related to whether export companies had any difficulty in sourcing export related finance in the past 6 months. Only 5% of export companies agreed that they had difficulties in sourcing export related finance.

### Difficulty In Sourcing Export Finance

(Base: All Who Export; n=320)



### Decline Rate by Pillar/Non Pillar Banks

When excluding pending applications, the decline rates are 14% for both pillar and non-pillar banks. But we see a notable increase in the proportion of pending applications for non-pillar banks with around a fifth of all applications still pending.



<i>Bank</i>	Yes %	Partially %	No %	Pending %
Pillar	72	2	12	14
Non-Pillar	65	1	11	23

### Decline Rate by Sector

The largest decline rates are seen in the hotels/restaurants and wholesale sector. Both these sectors see an increase in decline rates compared to March 2015. Manufacturing and business service have the lowest decline rates, and especially business service see a notable improvement since March 2015.

<i>Sector</i>	Yes %	Partially %	No %	Pending %
Manufacturing	66	3	8	23
Construction	77	0	12	11
Wholesale/retail trade & repair	69	1	16	14
Hotels & restaurants	55	5	24	16
Business service	76	2	8	14
Other	78	2	6	14

### Decline Rate Linked to Company Trading Performance

We continue to see a strong relationship between decline rate with company performance, with companies with increased turnover or profit being much more likely to be approved for bank finance.

	Yes %	Partially %	No %	Pending %
Turnover Performance				
Increased	70	3	10	17
Decreased	66	0	24	10

	Yes %	Partially %	No %	Pending %
Profit Performance				
Made a profit	75	2	9	14
Made a loss	58	2	18	22

### 7.7 Criteria, Conditions & Interest Rates Attached to Approved Applications

Companies who had credit approved were asked to provide details of any criteria or conditions attached to the credit. The majority of SMEs (67%) with approved

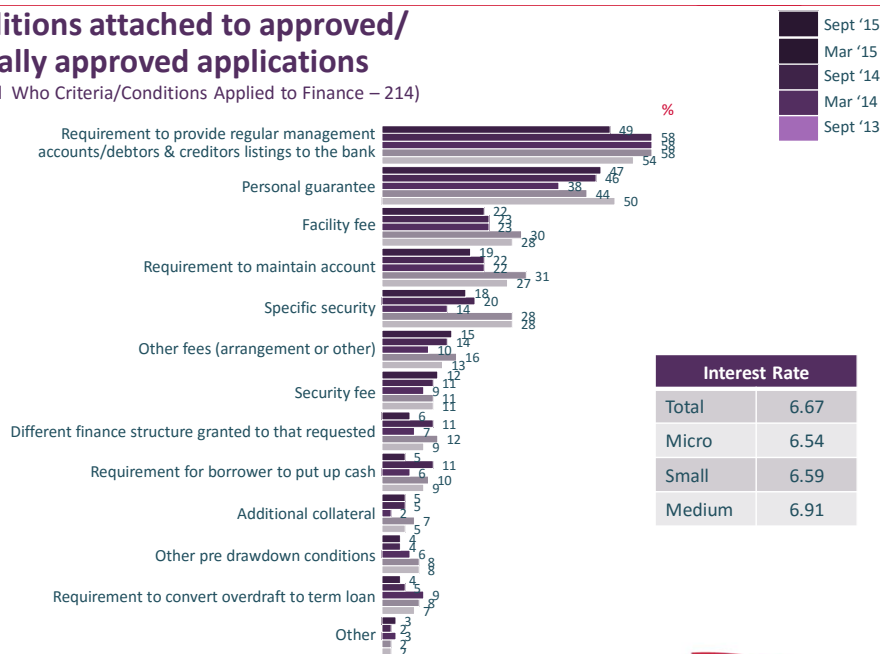


finance applications had at least one criteria/condition attached to them. This is a decrease from 68% in March 2015 but notably lower than a year ago in September 2014 (73%).

The most common criteria/condition is a requirement to provide regular management accounts/debtors and creditors listing to the bank; 49% of all approved applications with criteria/conditions have this requirement. However, this is down from 58% in March 2015. The second most popular condition is personal guarantee which is used for 47% of all approved applications with criteria/conditions. Other common criteria/conditions are facility fee (22%), requirement to maintain account with bank (19%) and specific security (18%).

### Conditions attached to approved/partially approved applications

(Base: All Who Criteria/Conditions Applied to Finance – 214)



Interest Rate	
Total	6.67
Micro	6.54
Small	6.59
Medium	6.91



The average interest rate on the approved credit provided by the banks is claimed to be 6.7% overall across all SMEs – this is up from 5.8% in March 2015 but at the same level as a year ago where claimed interest rate was 6.5% on average. We see Medium-sized companies having the highest claimed average interest rate.

Quite a high proportion (39%) of businesses are not sure exactly what rate they are being charged. Across all SMEs with approved credit, just 4% claim to be charged over 10% in annual interest – this is up from 3% in March 2015.



## 7.8 Reasons for Decline

Reasons for decline can on a broad level be divided into applicant controlled and bank controlled reasons. We see a decline in the proportion of bank controlled reasons for decline in the last 6 months with 32% of declined applications having received a bank controlled reason. This is down from 37% in March 2015 but identical to the level we saw a year ago in September 2014. The most common bank controlled reasons for decline are change in banking lending policy (18%) and inadequate/insufficient security (9%).

Applicant controlled reasons remain more frequently given than bank controlled reasons with 43% mentioning at least one of these reasons – this is similar to what we saw the previous two waves. The main reasons given were inadequate repayment capacity (17%), account performance/history (14%) and existing debt burden (10%). We see a notable decline in existing debt burden as a reason for decline.

Reason for Decline	Mar '12 %	Sep '12 %	Mar '13 %	Sep '13 %	Mar '14 %	Sep '14 %	Mar '15 %	Sep '15 %
<b>Applicant Controlled</b>	<b>50</b>	<b>38</b>	<b>42</b>	<b>44</b>	<b>52</b>	<b>42</b>	<b>42</b>	<b>43</b>
Inadequate repayment capacity	25	17	23	18	25	13	20	17
Account performance/history	30	14	18	20	20	16	15	14
Deterioration in business financial performance	29	12	13	20	20	12	5	5
Inadequate historic information provided	3	8	4	9	6	5	0	3
Existing debt burden already too high (code added from March 2014)	N/A	N/A	N/A	N/A	18	8	23	10
<b>Bank Controlled</b>	<b>67</b>	<b>49</b>	<b>54</b>	<b>58</b>	<b>52</b>	<b>32</b>	<b>37</b>	<b>32</b>
Change in bank lending policy	45	28	33	32	31	11	21	18
Inadequate/insufficient security	17	15	14	16	14	8	13	9
No longer a sector to which the bank is prepared to lend	20	14	20	23	24	10	8	6
No longer a type of business to which the bank is prepared to lend	20	7	8	16	19	8	1	5
Requested facility was sanctioned at lower level/different structure	15	6	9	8	7	2	2	5
Change in bank pricing policy	19	4	5	9	15	3	10	5
Other	1	1	3	6	8	8	9	7
No reason given/none	13	24	21	10	13	24	19	26





The proportion of bank controlled reasons versus applicant controlled reasons (when excluding those who claim they have not been given a reason for decline) is at 43% which is 4% lower than in March 2015 but similar to what we saw a year ago.

There has been a notable increase in the proportion of applicants who claim they did not receive a reason for the decline. More than a quarter (26%) now claim this to be the case.

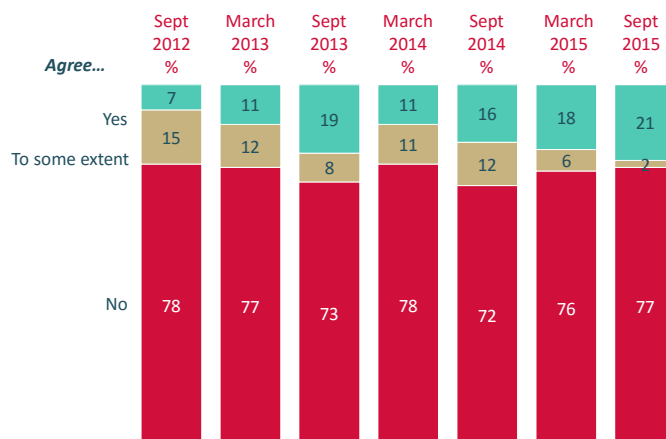
### 7.9 SME Opinions on Reasons for Decline

77% of those SMEs who have been declined bank finance disagree with the reasons given for the refusal. This is similar to the level seen in March 2015 but notably higher than September 2014 (72%).

21% of those SMEs who have been declined bank finance fully agree with the reasons given for the refusal. This is an increase on that seen in March 2015.

#### Agreement With Bank Decision To Refuse Credit

(Base: All Banks Who Gave Reason For Refusal – 45)



(\*Small Base)

REDC

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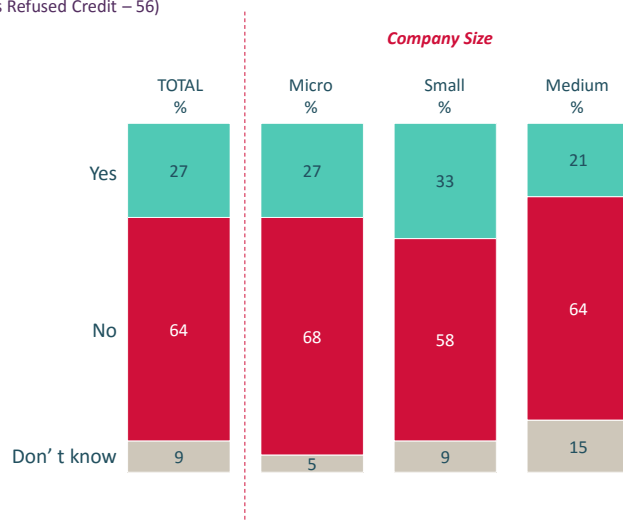


### 7.10 The Right to an Internal Bank Review

64% of those applicants who were refused credit stated that the bank did not inform them of their right to an internal review of the decision to refuse credit. This is very similar to the levels seen in March 2015 where 63% said they were not informed. It remains at a high level, and this continues to suggest that there is more work to do to make applicants fully aware of their rights to a review.

#### Informed Of Right To An Internal Review

(Base: All SMEs Refused Credit – 56)



Note: Very small base size for company size breakdown



(Q.14d)

### 7.11 Credit Review Office

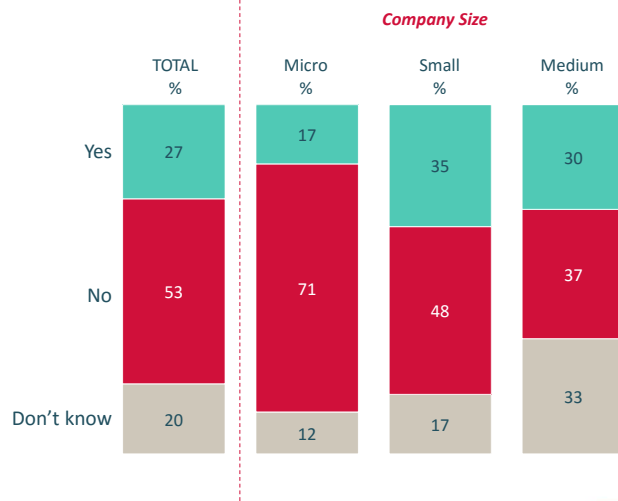
53% of those applicants who were refused bank finance by the two pillar banks said that they were not informed of their right to a decision review by the Credit Review Office. This is down from 58% in March 2015 and 60% a year ago in September 2014.

When excluding those who do not know if they were informed of the credit review facility, 66% claim they were not informed of the Credit Review Office, up from 62% seen in the previous period.



## Pillar Banks – Informed Of Right To Review By Credit Review Office

(Base: All Requested Application From AIB or BOI – 46)



*Note: Very small base size for company size breakdown*

REDC

(Q.14e)

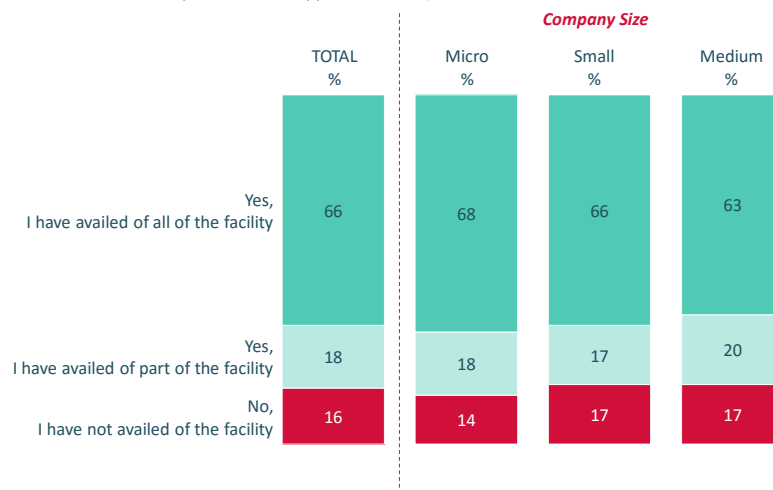
### 7.12 Drawdown of Approved Facilities

66% of SMEs whose applications were approved, have availed fully of the given credit facilities – this is up from 62% in March 2015. An additional 18% have availed of them partially. 16% of the SMEs have not availed of the facilities yet – down from 20% in March 2015. The most cited reason for not availing of the credit facility is that the finance is not needed at present time.



## Availed Of Facility To Date

(Base: All Successful/Partially Successful In Application – 327)



REDC

(Q.16)



## 8.0 Non-Bank Finance

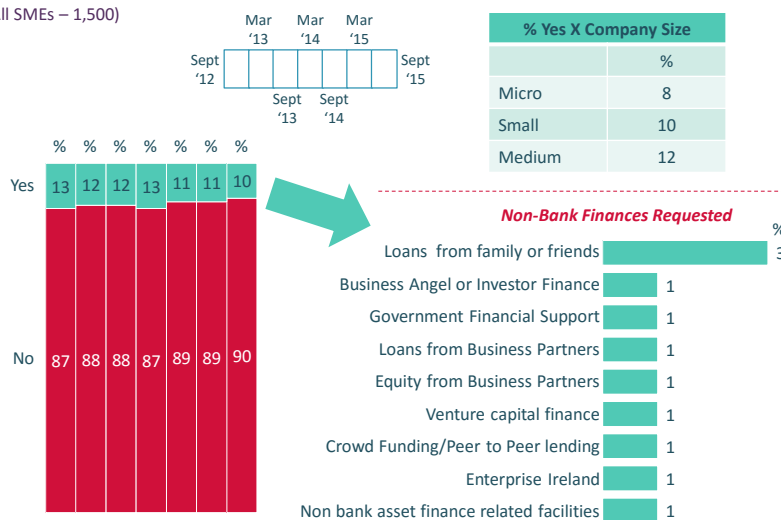
### 8.1 Enquiries for Non-Bank Finance

The number of enquiries made for non-bank finance has decreased slightly compared to March 2015 and September 2014 with 10% of SMEs having sought non-bank finance in the period April-September 2015. The demand for non-bank finance continues to be significantly lower than demand for bank finance.

Loans from family or friends (requested by 3%) remain the most common source of non-bank finance requested.

#### Enquiries for Non-Bank Finance in the Past 6 Months

(Base: All SMEs – 1,500)



REDC

(Q.17b)

Growth/expansion purposes and working capital requirements are key drivers of applications for non-bank finance. 51% of the applications for non-bank finance in the period April-September 2015 were for growth purposes, i.e. new business ventures/expansions/purchase of assets/equipment. This is slightly up from 49% in March 2015. 41% of the applications for non-bank finance were driven by working capital requirements for the period October 2014-March 2015 – this is down from 52% in March 2015.

Looking at the different types of non-bank finance, loans or equity from family/friends are more likely to support working capital requirements while



Government support and investor finance are more likely to be driven by growth and expansion purposes.

## 8.2 Decisions Made on Non-Bank Finance Applications

In total 46% of all non-bank finance enquiries were successful with an additional 6% being partially successful. This is a decrease from previous waves with 66% of applications being fully or partially successful in March 2014.

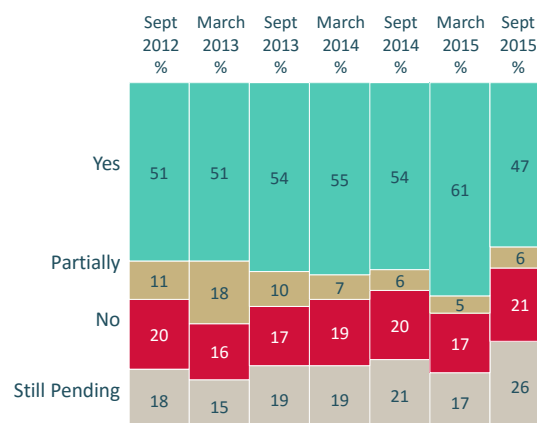
This is due to higher decline rates but also the fact that more applications for non-bank finance are still pending. The decline rates for non-bank finance have increased from 17% in March 2015 to 21% now. However, the decline rates are only slightly higher than a year ago. The decline rates for non-bank finance are notably higher than the decline rates for bank finance.

27% of all enquiries for non-bank finance are still pending – this is up from just 17% in March 2015. This is due to the fact that we have relative more enquiries which are associated with growth purposes rather than working capital.

Removing still pending applications, the decline rates for non-bank finance are 28% - this is up from just 20% in March 2015.

### Success In Obtaining Non-Bank Finance

(Base: All Application for Non-Bank Finance –159)



(Q.18)



Loans from business partners have the highest complete success rate of 67% followed by loans from family or friends (63%).

### 8.3 Reasons for Not Applying for Government Financial Support

In the 6 months from April-September 2015, the main reasons for not applying for Government Financial Support remain relatively unchanged from the previous 6 months. A belief that they do not need this type of financing remains the top reason, with 64% of SMEs who have not applied for this type of finance mentioning this as the reason, with a lack of knowledge and a belief that the finance type was not relevant for business/sector being the next most common reasons.

<i>Reason for Not Applying for Government Financial Support</i>	March 2014 %	September 2014 %	March 2015 %	September 2014 %
Don't need this type of financing	64	66	62	64
Lack of knowledge	23	24	18	18
I don't believe this source is relevant for my business or sector	10	12	15	15
Application process too difficult	2	2	3	3
Previously rejected for this type of finance	2	1	2	2
Already have this type of financing in place so do not need more	1	1	2	2
Don't want to lose control of business	1	5	1	2
Didn't think we would get it	2	1	2	1
Costs/Fees are too high	1	1	1	1
Terms and Conditions too onerous	0	1	1	1
Used in past but not currently relevant	0	0	1	1

### 8.4 Awareness of State Funded Support

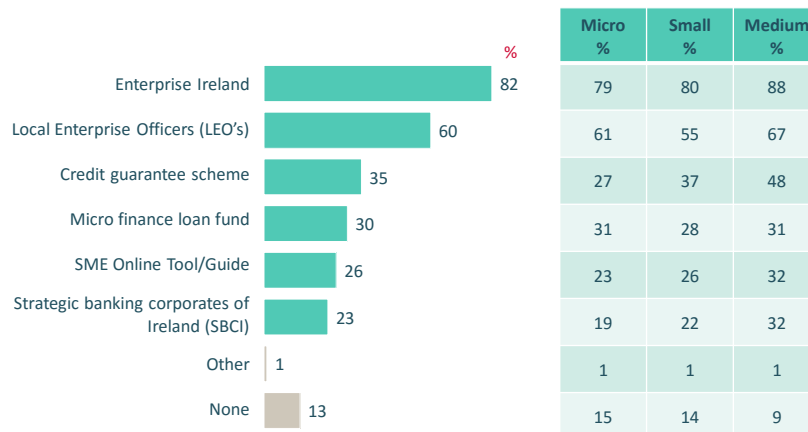
Looking at state funded support, awareness is highest for Enterprise Ireland (82%) followed by Local Enterprise Offices (60%). These levels are unchanged from the previous research wave. 35% of SMEs are aware of the Credit Guarantee Scheme – this is down from 39% in March 2015 – while 30% are aware of the Micro Finance



Loan Fund, this is unchanged from March 2015. Awareness of the Supporting SMEs Online Tool is unchanged at 26% but it is worth noting that we have made a slight change in the wording of this option which can affect comparability slightly. Awareness of the Strategic Banking Cooperation of Ireland (SBCI) is 23%.

### Awareness Of Government Support Initiatives

(Base: All SMEs – 1,500)



23% of the SMEs agree with the statement “I have a good knowledge of state funded support available” – this is unchanged from March 2015 but significantly higher than a year ago in September 2014 where 17% agreed with this statement.

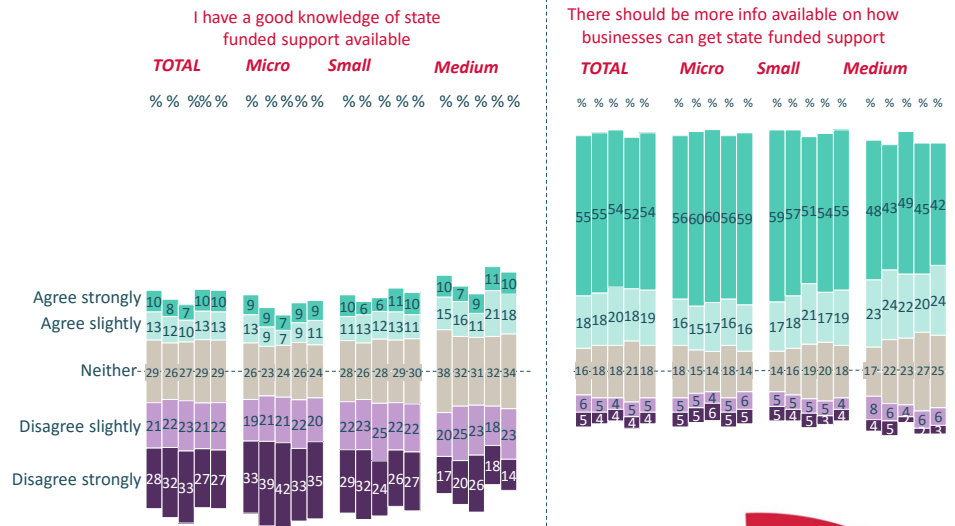
There continues to be a strong appetite for state funded support with 73% of all SMEs agreeing that they would like to see more information on how businesses can apply for state funded support. This is up from 70% in March 2015.





## Attitudes Towards State Funded Support

(Base: All SMEs – 1,500)



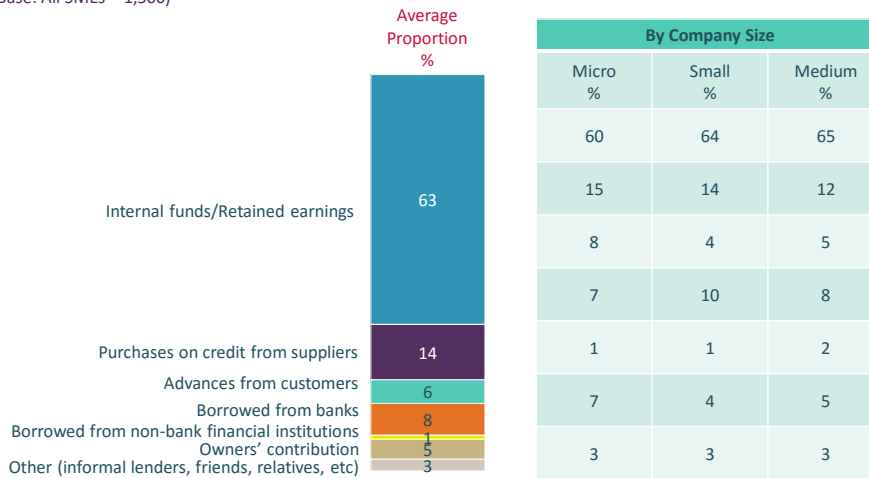
## 8.5 Financing the Business

Internal funds/retained earnings continue to be the main finance source of working capital with 63% of working capital coming from this source. This is similar to what we saw in March 2015. Credit from suppliers (14%) is the second most utilised source for financing working capital followed by bank credit at 8%. Again, these levels are similar to what we saw in March 2015.



## How Are Working Capital Financed?

(Base: All SMEs – 1,500)



32% of SMEs state that they have acquired fixed assets in the past 6 months, representing a 2% increase from the 30% in March 2015. 16% of Micro companies have acquired fixed assets within the past 6 months – this is up from 13% in March 2015. We also see an increase among Small-sized companies from 32% in March 2015 to 35% now. Medium-sized companies are most likely to have invested in fixed assets in the past 6 months with 53% of these companies having done so – however, this is a decline from 59% in March 2015.

For those who have invested in fixed assets, the average expenditure on fixed assets has increased within the past 6 months – driven by Micro and Medium-sized companies.

	Average Expenditure Fixed Assets	
	March 2015	Sep 2015
<b>All SMEs</b>	<b>€316k</b>	<b>€334k</b>
Micro	€37k	€57k
Small	€173k	€170k
Medium	€548k	€644k



Internal funds/retained earnings (69%) continue to be main source of finance for fixed assets acquisitions followed by leasing arrangements and bank finance. Compared to March 2015, we do not see any major changes in how fixed assets acquisitions are financed.

Source of Finance	Average Proportion		
	Sept 2014	March 2015	Sep 2015
Internal funds/retained earnings	72%	67%	69%
Leasing arrangements	9%	10%	10%
Borrowed from banks	10%	9%	8%
Credit from suppliers	2%	5%	3%
Advances from customers	1%	0%	1%
Owners' contribution	3%	4%	5%
Borrowed from non-bank financial institutions	2%	3%	3%
Other	1%	2%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



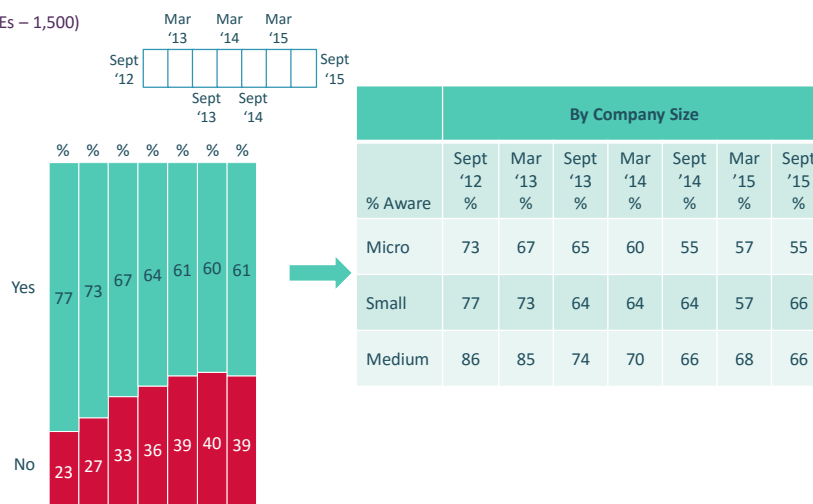
## 9.0 SME Awareness of Credit Supports

### 9.1 Credit Review Office

Awareness of the Credit Review Office remains relatively stable over the past year. 61% of SMEs are aware of the Credit Review Office – this is up slightly from March 2015 where 60% were aware. However, we see a notable increase in awareness among Small-sized companies from 57% in March 2015 to 66% now. Awareness has decreased slightly among Micro and Medium-sized companies. Micro companies continue to have the lowest level of awareness of the Credit Review Office with 55% being aware.

#### Awareness Of Credit Review Office

(Base: All SMEs – 1,500)



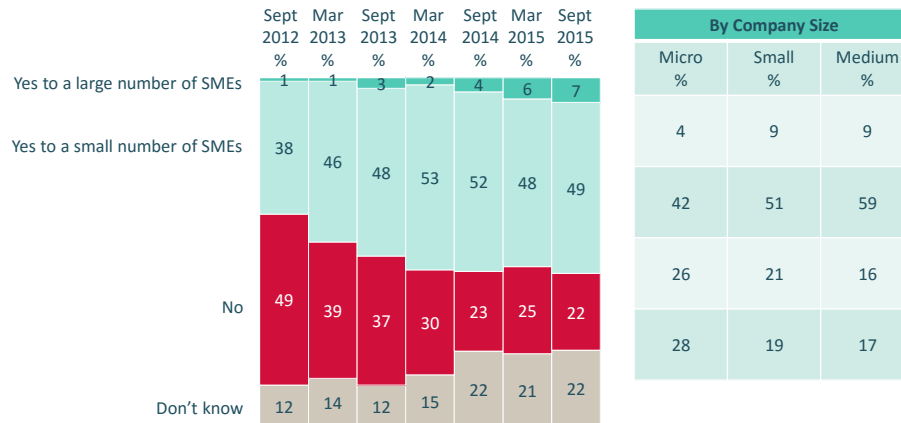
### 9.2 Perception of Banks Lending to Irish SMEs

We see an improvement in the perception on whether banks are lending to SMEs in Ireland. Only 22% believe banks are not lending to SMEs – this is down from 25% in March 2015. 49% believe the banks are lending to SMEs but only a small number of SMEs – this is up slightly from 48% in March 2015. 7% believe banks are lending to a large number of SMEs – up from 6%. Micro companies are less likely to believe banks are lending to SMEs.



## Perception of Banks Currently Lending to Irish SMEs

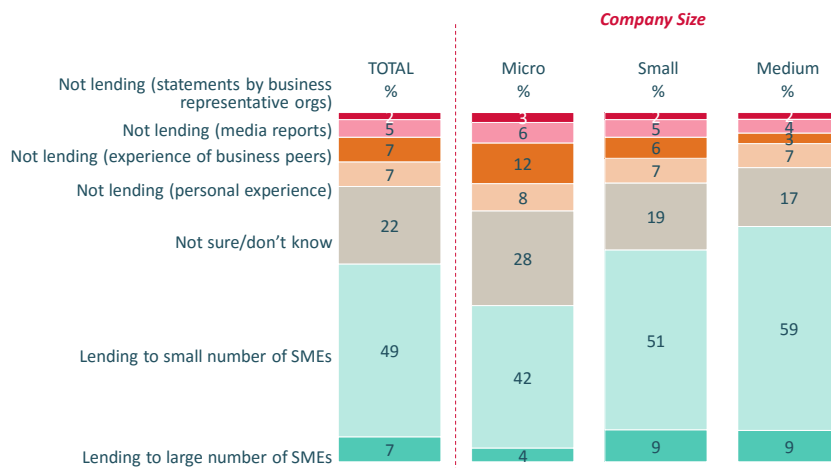
(Base: All SMEs – 1,500)



Of the 22% who suggest the banks are not lending, 33% claim this view is based on personal experience. This is down from 36% in March 2015. The rest hold this opinion based on business organisations, media reports or peers.

## View On Banks Lending to Irish SMEs in Last 6 Months

(Base: All SMEs – 1,500)





## **APPENDIX**

### The SME Demand Survey Questionnaire



130815

**DEPARTMENT OF FINANCE  
SME CREDIT DEMAND SURVEY  
QUESTIONNAIRE  
FINAL 30<sup>th</sup> September 2015**

Good morning/afternoon/evening. My name is ..... from RED C Research, the opinion and polling research company. We are conducting a survey on behalf of the Department of Finance.

**Please may I speak to the person with primary responsibility for financial matters in your business?**

**Verify right person.**

**Q.1** Can I just confirm that you are the person who has primary responsibility for financial matters in your business?

- Yes ..... 1 **CONTINUE**
- No ..... 2

We are conducting a survey on bank lending to SME’s on behalf of the Department of Finance. This survey has been conducted on a number of occasions and the Department has published the results. We may also be conducting this research again over the coming months. All information that we collect will be kept in the strictest confidence and results will be reported at a merged level only. It will not be possible to identify any particular individual or business in the results and no information will be provided to the Department of Finance or any bank that could identify you or your company.

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**SECTION 1 – COMPANY INFORMATION**

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**Q.1a** For this survey we need to talk to businesses of different sizes and in different industry sectors. Can you confirm that your business operates in \_\_\_\_\_ (sector)?

- Yes ..... 1
- No ..... 2 **IF ‘NO’ at Q.1a ASK**

**INDUSTRY SECTOR Q.1b  
ASK Q.1b IF NO AT Q.1a**

**Q.1b** What industry sector do you operate in?

**PROBE TO PRECODES – SINGLE CODE**

**CHECK QUOTAS**

- Agriculture & forestry & fishing ..... 1
- Manufacturing - Processing & Food from agricultural activities + manufacturing of food from non agricultural activities ( tobacco and beverages) ..... 2
- Manufacturing - High Tech (including pharmaceutical, electronic, electrical equipment etc) ..... 3
- Manufacturing - All other manufacturing ..... 4
- Construction - General construction (including general building & civil engineering) ..... 5
- Construction - All other construction activities (excluding speculative activities) ..... 6
- Wholesale ..... 7
- Retail Trade & Repairs (non motor) ..... 8
- Retail Trade & Repairs (motor only) ..... 9
- Hotels & restaurants ..... 10



Transport, storage & communications .....	11
Financial & Insurance Activities .....	12
Real estate activities (excluding speculative activities) .....	13
Professional, scientific & technical .....	14
Administrative & Support Service Activities .....	15
Human Health & Social Work Activities .....	16
Other .....	17 CLOSE

**ASK ALL - SME LENDING Questionnaire – April-September 2015**

**Q.1c** Is your business involved in the computer software/hardware industry? By ‘involved’ we are referring to businesses that develop, sell or implement software and /or hardware. **SINGLE CODE**

- Yes ..... 1
- No ..... 2

**Q.1d** Which of the following statements about export outside the Republic of Ireland best applies to your business? **SINGLE CODE**

- Our firm regularly exports ..... 1
- We began exporting in the last six months..... 2
- We are thinking of exporting at a future date.....3
- We don’t export ..... 4

**ASK IF EXPORT (CODE 1+2 IN Q1D)**

**Q.1d\_1** What percentage of the firm’s sales are exported?

INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE

SCRIPTER: ALLOW DON’T KNOW, MIN-MAX 1-100

\_\_\_\_\_ % of total sales

**ASK IF EXPORT (CODE 1+2 IN Q1D)**

**Q.1d\_2** Have you had any difficulty in sourcing export related finance in the past 6 months?

- Yes
- No





**ASK ALL**

**Q.2** Including yourself, how many people are currently employed in your business?

**INTERVIEWERS PLEASE NOTE THAT THIS INCLUDES FULL AND PART TIME EMPLOYEES BUT SHOULD ONLY REFER TO THE Full Time Equivalent (FTE) number of EMPLOYEES.**

SCRIPTER: ALLOW DON'T KNOW

\_\_\_\_\_ SCRIPTER: MIN-MAX 1-249, IF MORE THAN 250 → **CLOSE**

**ONLY FOR QUOTA CONTROL, NOT PART OF SCRIPT**

1 (self-employed) .....	1	<b>MICRO:</b>
2 - 4 .....	2	<b>CHECK QUOTAS</b>
5 - 9 .....	3	
10 -20 .....	4	<b>SMALL:</b>
21 – 49 .....	5	<b>CHECK QUOTAS</b>
50 - 100 .....	6	<b>MEDIUM -</b>
101 – 249 .....	7	<b>CHECK QUOTAS</b>
250+ .....	8	<b>CLOSE</b>
Refused/ don't know .....	9	

**Q.2a** What was your business' turnover in the last 12 months i.e. for the period **October 2014-September 2015**?

€ \_\_\_\_\_

SCRIPTER: MAX 50,000,000 IF MORE THAN 50m → **CLOSE**

IF DON'T KNOW/REFUSED ASK Q.2A1

**Q.2a1** What was your business' turnover in the last 12 months i.e. for the period **October 2014-September 2015** as per the following bands? **READ OUT - SINGLE CODE**

Up to €50,000 .....	1
€50,001 - €100,000 .....	2
€100,001 - €500,000 .....	3
€500,001 - €1m .....	4
€1,000,001 - €2m .....	5
€2,000,001 - €5m .....	6
€5,000,001 - €10m .....	7
€10,000,001 - €20m .....	8
€20,000,001 - €50m .....	9
€50m+ .....	10 <b>CLOSE</b>
Refused / don't know ( <b>DNRO</b> ) .....	99 <b>GO TO Q.2b</b>

**ASK Q.2b FOR ALL REFUSED/ DON'T KNOW AT Q2.a1**

**Q.2b** For this survey we need to ensure we are interviewing companies with a turnover of less than

€50million. Can you clarify whether your turnover is within the following bands?

**READ OUT – SINGLE CODE**

Less than or equal to €2m .....	1
Between €2,000,001m and €10m .....	2
Between €10,000,001m and €50million .....	3
Above €50million .....	4 <b>CLOSE</b>
Refused / don't know ( <b>DNRO</b> ) .....	5 <b>CLOSE</b>



**ASK ALL**

**Q.3** How many years has your business been in operation?

\_\_\_\_\_ years (MIN-MAX 0-999)

**Q.3b** Does your business perform any of the following tasks?

**READ OUT - MULTI CODE**

- Maintain regular management accounts ..... 1
- Maintain an existing business plan ..... 2
- Estimate cashflow requirements for the coming months ..... 3
- None of these (DNRO) ..... 4

**Q.5** In the last 6 months, i.e. from **April-September 2015**, has the turnover of your business increased, decreased or stayed the same compared to the previous 6 month period?

**SINGLE CODE**

- Increased ..... 1 **GO TO Q.5a**
- Decreased ..... 2 **GO TO Q.5b**
- Remained the same ..... 3 **GO TO Q.5c**

**ASK Q.5a FOR ALL WHOSE TURNOVER HAS INCREASED AT Q5**

**Q.5a** By about what percentage has your turnover increased?

INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE

\_\_\_\_\_ % (MIN-MAX 1-9999)

IF REFUSED, ASK THE FOLLOWING: By what percentage has your turnover increased as per the following bands: **READ OUT - SINGLE CODE**

- 0 – 9% ..... 1
- 10 – 19% ..... 2
- 20 – 29% ..... 3
- 30 - 39% ..... 4
- 40 – 49% ..... 5
- 50%+ ..... 6
- Not sure (DNRO) ..... 7

**ASK Q.5b FOR ALL WHOSE TURNOVER HAS DECREASED AT Q5**

**Q.5b** By about what percentage has your turnover decreased?

INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE

\_\_\_\_\_ % (MIN-MAX 1-100)

IF REFUSED, ASK THE FOLLOWING: By what percentage has your turnover decreased as per the following bands: **READ OUT - SINGLE CODE**

- 0 – 9% ..... 1
- 10 – 19% ..... 2
- 20 – 29% ..... 3
- 30 - 39% ..... 4
- 40 – 49% ..... 5



50%+ .....	6
Not sure (DNRO) .....	7

**ASK ALL**

**Q.5c** In the last 6 months, i.e. from **April-September 2015**, has your company made a profit, broke even, or made a loss?

**READ OUT - SINGLE CODE**

Made a profit .....	1
Broke even .....	2
Made a loss .....	3
Refused .....	4
Not sure (DNRO) .....	5

**ASK ALL**

**Q.6** In the last 6 months, i.e. from **April-September 2015**, has your number of staff increased, decreased or stayed the same? **SINGLE CODE**

Increased .....	1	<b>GO TO Q.6a</b>
Decreased .....	2	<b>GO TO Q.6b</b>
Remained the same .....	3	<b>GO TO Q.7</b>

**ASK Q.6a FOR ALL WHOSE STAFF HAS INCREASED AT Q6**

**Q.6a** By about what percentage has your staff increased?

INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE

\_\_\_\_\_ % (MIN-MAX 1-9999)

IF REFUSED, ASK THE FOLLOWING: By what percentage has your staff increased as per the following bands: **READ OUT - SINGLE CODE**

0 – 9% .....	1
10 – 19% .....	2
20 – 29% .....	3
30 - 39% .....	4
40 – 49% .....	5
50%+ .....	6
Not sure (DNRO) .....	7

**ASK Q.6b FOR ALL WHOSE STAFF HAS DECREASED AT Q6**

**Q.6b** By about what percentage has your staff decreased?

INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE

\_\_\_\_\_ % (MIN-MAX 1-100)

IF REFUSED, ASK THE FOLLOWING: By what percentage has your staff decreased as per the following bands: **READ OUT - SINGLE CODE**

**READ OUT - SINGLE CODE**

0 – 9% .....	1
10 – 19% .....	2
20 – 29% .....	3



30 - 39% .....	4
40 - 49% .....	5
50%+ .....	6
Not sure ( <b>DNRO</b> ) .....	7

**ASK ALL**

**Q.6c** Which of the following statements best applies to your company?  
SINGLE CODE, READ OUT

- The company is struggling to survive
- The company is focusing on stabilising the business after some tough years
- Our focus is on stabilising the business but we are also pursuing smaller growth opportunities
- Our focus is on rapid growth
- Other, please specify: \_\_\_\_\_ (DO NOT READ OUT)

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**SECTION 2 – FINANCING YOUR BUSINESS**

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**ASK ALL**

**Q.7** In the last 6 months, i.e. from **April-September 2015**, have you sought professional advice regarding your financing requirements? By professional advice we are referring to advice from auditors, accountants or professional financial advisors.

**SINGLE CODE**

- Yes ..... 1
- No ..... 2

**Q.7b** In the past 6 months, i.e. **from April-September 2015**, has the average number of days within which you pay your suppliers increased, decreased or stayed the same?

**SINGLE CODE**

- Increased ..... 1
- Decreased ..... 2
- Remained the same ..... 3
- Do not know ..... 4

**Q.7c** In the past 6 months, i.e. **from April-September 2015**, has the average number of days within which your customers pay you increased, decreased or stayed the same?

**SINGLE CODE**

- Increased ..... 1
- Decreased ..... 2
- Remained the same ..... 3
- Do not know ..... 4

**Q.7d** Approximately, how much is the total outstanding debt that your company holds?

€ \_\_\_\_\_ (MIN-MAX 1-99,000,000, ALLOW REFUSAL/NOT SURE)



**ASK Q7E IF MORE THAN €0 AT Q7D**

**Q.7e** What is the average cost/interest rate that you pay on this outstanding debt?  
INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE, IF COSTS ARE DIFFERENT ACROSS LOAN TYPES, ASK FOR THE AVERAGE ACROSS THE TOTAL

\_\_\_\_\_ % (MIN-MAX 0-99, ALLOW REFUSAL/NOT SURE)

**Q.7g** In the last 6 months, i.e. **from April-September 2015**, have you missed any repayments on your loans, if you have any? **SINGLE CODE**

- Yes ..... 1
- No ..... 2
- Don't know (DNRO) ..... 3

**ASK ALL WHO ANSWER YES IN Q.7G, I.E. HAVE MISSED REPAYMENTS ON LOANS**

**Q.7h** Which of the following best describe how you have dealt with these missed repayments?  
READ OUT

- We have re-structured the loans with the creditor
- We have paid the balance without any need for re-structuring
- The balance is still outstanding without any re-structuring
- Other, please specify: \_\_\_\_\_ (DO NOT READ OUT)

**ASK ALL**

**Q.8** With what bank is your main business account?  
**SINGLE CODE**

- AIB ..... 1
- Bank of Ireland ..... 3
- Bank of Scotland (Ireland) ..... 4
- Danske Bank ..... 5
- Ulster Bank ..... 6
- Permanent TSB ..... 7
- Rabobank ..... 8
- ACC ..... 9
- GE Capital/ Woodchester ..... 10
- KBC ..... 11
- Other financial institution (specify) \_\_\_\_\_ ..... 12
- Don't know ..... 13

**Q.8a** For how many years have you been a customer of this bank?

\_\_\_\_\_ years (MIN-MAX 0-999, ALLOW REFUSAL/NOT SURE)

**Q.9** In the last 6 months, i.e. from **April-September 2015**, have you requested from any bank, any of the following types of finance? It does not matter if you have been successful or not.  
**READ OUT - MULTICODE**

- New overdraft ..... 1
- Renewal/restructuring of existing overdraft ..... 2
- New Loan ..... 3
- Renewal/restructuring of existing Loan ..... 4



Invoice Discounting .....	5
Leasing or Hire Purchase .....	6
Bonds (bank backed, advance payment of other bonds) .....	7
Other (specify) _____ .....	8
None .....	9

**GO TO Q.9b**

**INTERVIEWERS: IF MORE THAN ONE REQUEST FOR ONE PARTICULAR TYPE OF FINANCE, ASK ABOUT MOST RECENT.**

**ASK Q.9b FOR ALL WHO ANSWERED 'NONE' AT Q.9, THEN CONTINUE TO Q.16B**

**Q9b** Why did you not apply for bank finance in the last 6 months, i.e. from **April-September 2015?**

**MULTICODE, PROBE FULLY, DO NOT READ OUT.**

- Didn't need it
- Existing finance product in place
- Prefer not to borrow
- Not the right time given the economic climate
- Inability to repay/meet requirements of finance
- Use/raise personal funds when needed
- Going out of business
- Raise finance from grants
- Too expensive to borrow
- Raise finances from investors/venture capital
- Belief that banks are not lending
- Possible rejection
- Have been turned down before
- Application process too difficult
- Don't trust the banks
- Too many terms and conditions
- Banks take too long to make decision
- Existing debt burden already too high
- Other, please specify: \_\_\_\_\_

**Q.10** From which bank did you request \_\_\_\_\_ (FROM Q.9)?

**SINGLE CODE**

AIB .....	1
Bank of Ireland .....	3
Bank of Scotland (Ireland) .....	4
Danske Bank .....	5
Ulster Bank .....	6
Permanent TSB .....	7
Rabobank .....	8
ACC.....	9
GE Capital/ Woodchester.....	10
KBC.....	11
Other financial institution (specify) _____ .....	12
Don't know.....	13



**Q.11** I'm now going to ask you about your \_\_\_\_\_ (FROM Q.9) request.  
Which, if any of these, were reasons for making your \_\_\_\_\_ (FROM Q.9) request?  
**READ OUT - MULTICODE**

- New business venture ..... 1
- Expansion ..... 2
- Decline in business revenues ..... 3
- Slow down in debtor collection ..... 4
- Bad debts increasing ..... 5
- Increase in supplier costs ..... 6
- Property related loan ..... 7
- Working capital / cash flow ..... 8
- Purchase, replacement or lease of new vehicle and/or  
equipment ..... 11
- Need to restructure loan/credit ..... 12
- Acquisition of assets ..... 13
- Other (specify) \_\_\_\_\_ ..... 14

**Q.11b** In what month did you apply for \_\_\_\_\_ (FROM Q.9)  
**SINGLE CODE**

- April 2015** .....1
- May 2015** .....2
- June 2015** .....3
- July 2015** .....4
- August 2015** .....5
- September 2015** .....6
- Cannot recall / Don't know ..... 7

**ASK Q.11c FOR ALL WHO ANSWERED CODES 1, 3, 5, 6, 7, 8 @ Q.9**

**Q.11c** What was the value of the \_\_\_\_\_ (FROM Q.9) for which you applied?  
**OPEN END: INSERT AMOUNT**

--	--	--	--	--	--

- Don't know ..... 8
- Refused ..... 9

**ASK Q.11d FOR ALL WHO ANSWERED CODES 2 OR 4 @ Q.9**

**Q.11d** What was the additional value of the \_\_\_\_\_ (FROM Q.9) for which you applied?  
**OPEN END: INSERT AMOUNT**  
**INTERVIEWERS PLEASE INSERT ZERO WHERE RESPONDENT HAS NOT RECEIVED ANY  
ADDITIONAL FUNDS, BUT HAS RESTRUCTURED THEIR EXISTING LOAN OR  
OVERDRAFT INSTEAD.**

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- Don't know ..... 8
- Refused ..... 9



**Q.11e** Thinking of your application for \_\_\_\_\_, what kind of collateral (e.g. land, buildings, machinery, your home, etc.) was required, if any? **Probe fully:** What other collateral? Any other collateral?

**MULTIPLE ANSWER ALLOWED**

- Land..... 1
- Buildings..... 2
- Machinery and equipment including movables..... 3
- Accounts receivable..... 4
- Inventories..... 5
- Personal assets of owner (house, etc.)..... 6
- Other (specify) \_\_\_\_\_ ..... 7
- None.....8

**ASK Q.11f if any collateral in Q.11e (NOT CODE 8 AT Q.11e)**

**Q.11f** What was the approximate value of the collateral required as a percentage of the loan value?  
INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE.

\_\_\_\_\_ % (MIN-MAX 0-100, ALLOW REFUSAL/NOT SURE)

**Q.12** Did you make a formal request, an informal request or both, when applying for \_\_\_\_\_  
**(FROM Q.9) SINGLE CODE**

- Informal request ..... 1 **GO TO Q.12a**
- Formal application (i.e. filling out formal application form which is assessed internally by the bank or signing a formal document which the bank prepared for you) ..... 2
- Both ..... 3
- Other (specify) \_\_\_\_\_ ..... 4

**ASK ALL CODE 1 'INFORMAL REQUEST' AT Q.12**

**Q.12a** What were the reasons for not making a formal application?  
**OPEN END: PROBE FULLY**

**Q.13** From the date of application, how long did it take the bank to process your \_\_\_\_\_  
**(FROM Q.9) request and give a final answer?**

**SINGLE CODE**

- Less than one week ..... 1
- Up to 2 weeks ..... 2
- Up to 3 weeks ..... 3
- Up to 4 weeks ..... 4
- Between 5 – 12 weeks ..... 5
- More than 12 weeks ..... 6
- Still pending ..... 7 **GO TO Q.13A**
- Don't know/ can't recall ..... 9

**IF STILL PENDING CODE 7 AT Q.13**

**Q.13a** Has your bank asked you for additional information which you have not yet supplied e.g. accounts etc?"

- Yes ..... 1 **GO TO Q.16B**
- No ..... 2 **GO TO Q.16B**





Don't know..... 3 GO TO Q.16B

**Q.14** Were you successful in your \_\_\_\_\_ (FROM Q.9) request?  
**SINGLE CODE**

Yes ..... 1 GO TO Q 14.a2

No ..... 2 GO TO Q 14.b

Partially ..... 3 GO TO Q 14.a1

**ASK Q.14a1 IF PARTIALLY SUCCESSFUL - CODE 3 AT Q.14**

**Q. 14a1** What % of your application was partially approved?

> 70% of the value applied for ..... 1 GO TO Q 14.a2

< 70% of the value applied for ..... 2 GO TO Q 14.a2

Don't know ..... 3 GO TO Q 14.a2

**ASK Q.14a2 TO ALL SUCCESSFUL (CODE 1 AT Q.14) OR PARTIALLY (CODE 3 AT Q.14) AND >70% (CODE 1 AT Q.14a1) SUCCESSFUL IN APPLICATION AT Q14**

**Q.14a2** Were any of the following criteria/ conditions attached to your \_\_\_\_\_ (FROM Q.9) request? **READ OUT - MULTICODE**

- Requirement to provide regular management accounts/  
debtors + creditors listings to the bank ..... 1
- Different finance structure granted to that requested ..... 2
- Personal guarantee ..... 3
- Specific security ..... 4
- Facility fee ..... 5
- Security fee ..... 6
- Other fees (arrangement or other) ..... 7
- Requirement to maintain account with bank ..... 8
- Requirement to convert overdraft to term loan ..... 9
- Additional collateral ..... 10
- Requirement for borrower to put up cash ..... 11
- Other pre drawdown conditions ..... 12
- Other (specify) \_\_\_\_\_ ..... 13
- No ..... 14 GO TO Q.16

**ASK Q.14a3 TO ALL SUCCESSFUL / PARTIALLY SUCCESSFUL IN APPLICATION AT Q14 (CODE 1 / 3 AT Q.14)**

**Q.14a3** What is the average interest rate attached to your \_\_\_\_\_ (FROM Q.9) request?  
INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE.

\_\_\_\_\_ % (MIN-MAX 0-99, ALLOW REFUSAL/NOT SURE)



**ASK Q.14B TO ALL UNSUCCESSFUL IN APPLICATION (CODE 2 AT Q.14) OR PARTIALLY < 70%(CODE 2 AT Q.14A1) IN APPLICATION**

**Q.14b** Were any of the following reasons given by the bank for turning down your \_\_\_\_\_ (FROM Q.9) request? **READ OUT - MULTICODE**

Inadequate repayment capacity .....	1
Account performance/ history .....	2
Inadequate historic information provided .....	3
Deterioration in business financial performance .....	4
Change in bank lending policy .....	5
Change in bank pricing policy .....	6
The sector in which your business operates is no longer a sector to which the bank are prepared to lend .....	7
The business which you are operating, is no longer a type of business to which the bank is prepared to lend .....	8
Requested facility was sanctioned at lower level/ different structure to that requested .....	9
Existing debt burden already too high.....	10
Inadequate/ insufficient security .....	11
Other (specify).....	12
No reason given .....	13
None of these .....	14

**ASK Q.14c IF CODES 1-12 AT Q14b**

**Q.14c** Did you agree with the reasons that the bank gave you for turning down your application \_\_\_\_\_ (FROM Q.9) your request? **SINGLE CODE**

Yes .....	1
No .....	2
To some extent .....	3

**ASK Q.14d TO ALL WHO WERE UNSUCCESSFUL CODE 2 AT Q.14**

**Q.14d** Did the bank inform you of your right to an internal review of the decision to refuse credit? **SINGLE CODE**

Yes .....	1
No .....	2
Don't know (DNRO) .....	3

**ASK Q.14e ONLY IF CODES 1 (AIB) OR 3 (Bank of Ireland) AT Q.10**

**Q.14e** Did the bank inform you of your right to a review of the decision to refuse credit by the Credit Review Office? **SINGLE CODE**

Yes .....	1
No .....	2
Don't know (DNRO) .....	3

**ASK Q.15 TO ALL WHO HAD CRITERIA ATTACHED (CODES 1-13) AT Q14a2**

**Q.15** Did any of these criteria / conditions prevent you from availing of the sanctioned facility? **SINGLE CODE**

Yes .....	1
No .....	2



**ASK Q.16 TO ALL SUCCESSFUL/ PARTIALLY SUCCESSFUL AT Q.14**

- Q.16** Have you availed of all or part of the facility or not availed of the facility?  
**SINGLE CODE**  
 Yes, I have availed of all of the facility ..... 1  
 Yes, I have availed of part of the facility ..... 2  
 No, I have not availed of the facility ..... 3 **GO TO Q.16a**

**ASK Q.16a TO ALL WHO HAVE NOT AVAILED OF FACILITY AT Q16**

- Q.16a** What are the reasons for not availing of the facility to date?  
**OPEN END: PROBE FULLY**

**ASK ALL**

- Q.16b** Do you expect to seek bank finance for your business in the next 6 months (i.e. from **October 2015 to March 2016**)? **SINGLE CODE**  
 Yes ..... 1  
 No ..... 2 **GO TO Q16C**  
 Don't know (DNRO) ..... 3

**ASK Q.16c if NO AT Q.16b**

- Q.16c** Why will you not be seeking bank finance in this period?  
**OPEN END: PROBE FULLY**

**ASK ALL**

- Q.16d** Thinking about your bank debt, have any of the following adjustments been put in place in the last six months i.e. from **April-September 2015**? **READ OUT. MULTI CODE**

- Arrears Capitalisation ..... 1
- Capital Moratorium ..... 2
- Interest Moratorium ..... 3
- Interest Rate Reduction ..... 4
- Payment Rescheduling ..... 5
- Term Extension ..... 6
- Other.....7
- I don't have any bank debt..... 8
- No adjustments made.....9

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**SECTION 3 – NON BANK FINANCING**

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- Q.17a** Which of the following Government support initiatives are you aware of?  
**READ OUT - MULTICODE**

- Supporting SMEs Online Tool.....1
- Credit Guarantee Scheme..... 2
- Microfinance Loan Fund Scheme..... 3
- Enterprise Ireland.....4
- Local Enterprise Offices (LEO's).....5
- Strategic Banking Corporation of Ireland (SBCI).....6
- Other government support (specify) ..... 7
- None.....8



We would now like you to think about the most recent period from April-September 2015 again.

**Q.17b** Did you enquire about any of the following types of non-bank finance?

**READ OUT – MULTICODE**

**ONLY SHOW CODE 1-3 IF ANSWERED IN Q17A**

- Credit Guarantee Scheme.....1
- Microfinance Loan Fund Scheme..... 2
- Other government financial support (specify) \_\_\_\_\_ 3
- Venture Capital Finance .....4
- Business Angel or Investor Finance .....5
- Loans from Family or friends.....6
- Equity from Family or friends.....7
- Loans from business partners ..... 8
- Equity from business partners ..... 9
- Crowd funding/Peer-to-Peer lending..... 10
- Non bank invoice finance related facilities.....11
- Non bank asset finance related facilities.....12
- Other non-bank finance (specify) \_\_\_\_\_ 13
- None (DNRO) .....14 **GO TO Q.18b**

**ASK Q.18/Q18a FOR ALL NON-BANK FINANCE OPTIONS IN Q17b**

**Q.18** Were you successful in obtaining finance from \_\_\_\_\_ (FROM Q.17) or only partially successful or is the decision still pending, or were you not successful? **SINGLE CODE**

- Yes ..... 1
- No ..... 2
- Partially ..... 3
- Still pending ..... 4

**ASK Q.18a FOR ALL NON-BANK FINANCE OPTIONS IN Q17b**

**Q.18a** I'm now going to ask you about your \_\_\_\_\_ (FROM Q.17b) request. Which, if any of these, were reasons for making your \_\_\_\_\_ (FROM Q.17b) request?

**READ OUT - MULTICODE**

- New business venture/expansion/purchase assets or equipment.....1
- Working capital requirements..... 2
- Property related loan..... 3
- Need to restructure loan/credit.....4
- Other (specify) \_\_\_\_\_ 5

**ASK Q.18a1 FOR THOSE WHO DID NOT APPLY FOR ANY GOVERNMENT FINANCIAL SUPPORT (NOT CODE 1,2,3 IN Q.17b)**

**Q.18a1** Why did you not apply for Government financial support in the last 6 months? **MULTICODE, PROBE FULLY, DO NOT READ OUT**

- Don't want to lose control of business ..... 1
- Costs/Fees are too high .....2
- Terms and conditions too onerous..... 3



Lack of knowledge.....	4
Used in past but not currently relevant .....	5
Previously rejected for this type of finance.....	6
Application process too difficult .....	7
I don't believe this source is relevant for my business or sector.....	8
Don't need this type of financing.....	9
Already have this type of financing in place so do not need more.....	10
Other (specify) .....	11

**ASK ALL**

**Q.18b** Over the last six months (i.e. from **April-September 2015**), please estimate the proportion of this establishment's working capital that was financed from each of the following sources? (**MUST ADD TO 100%**)

**Percent Sources of Working Capital**

a. Internal funds/Retained earnings		%
b1. Purchases on credit from suppliers		%
b2. Purchases on advances from customers		
c. Borrowed from banks		%
d. Borrowed from non-bank financial institutions		%
e. Owners' contribution		%
f. Other (informal lenders, friends, relatives, etc)		%
None of these (DNRO)		

**ASK ALL**

**Q.18b1** Over the last six months (i.e. from **April-September 2015**), if the company acquired fixed assets, could you please provide an estimate of the total expenditure?

€\_\_\_\_\_ (MIN-MAX 1-99,000,000, INCLUDE: NO ACQUISITION, REFUSED)

**ASK ALL WHO HAVE NOT ANSWERED "NO ACQUISITION" IN Q.18B1**

**Q.18c** Over the last six months (i.e. from **April-September 2015**), please estimate the proportion of this establishment's purchase of fixed assets that was financed from each of the following sources? (**MUST ADD TO 100%**)

**Percent Sources of Investment**

a. Internal funds/Retained earnings		%
b. Owners' contribution		%
c. Issued new equity shares		%
d. Issued new debt (including commercial paper and debentures)		%
e. Borrowed from banks		%
f. Borrowed from non-bank financial institutions		%
g1 Purchases on credit from suppliers		%
g2 Purchases on advances from customers		
h. Leasing arrangements		%
h. Loans from friends and relatives		%
h. Other (including informal loans)		%
None of these ( <b>DNRO</b> )		%
Does not apply		%



**Q18d** During the past six months, **April-September 2015**, did your enterprise introduce any of the following:

**READ OUT - MULTICODE**

New or significantly improved goods.....	1
New or significantly improved services.....	2
New or significantly improved methods of production of goods or services, distribution methods, or support activity for your goods or services.....	3
New business practices, new methods of organising work responsibilities and decision-making, or new methods of organising external relations with other firms or public institutions.....	4
New marketing concepts or strategy.....	5

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**SECTION 4 – SEASONALITY**

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**ASK ALL**

**Q.19a** Is the turnover of your business seasonal in nature? **SINGLE CODE**

- Yes ..... 1 **GO TO Q.19b**  
No ..... 2 **GO TO Q.24a**

**Q.19b** As a result of the seasonal nature of your business turnover, is your demand for credit also seasonal in nature? **SINGLE CODE**

- Yes ..... 1 **GO TO Q.24a**  
No ..... 2 **GO TO Q.24a**

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**SECTION 5 – AWARENESS**

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**ASK ALL**

**Q.24a** Are you aware of the existence of the Credit Review Office which can assist borrowers who have been refused credit by AIB and Bank of Ireland? **SINGLE CODE**

- Yes ..... 1  
No ..... 2

**ASK ALL**

**Q.24c** In your view are the banks currently lending to Irish SMEs? **SINGLE CODE**

- Yes, to a small number of SMEs ..... 1  
Yes, to a large number of SMEs ..... 2  
No ..... 3  
Don't know ..... 4



**IF NO CODE 2 AT Q.24C**

**Q.24d(i)** And in your opinion, what is the main reason for this **view**? **READ OUT. SINGLE CODE**

The experience of your business in the last 6 months (i.e. from **April-September 2015**) of applying for credit and either being rejected or being partially rejected..... 1

The experience of your business peers in the last 6 months (i.e. **April-September 2015**) of applying for credit and either being rejected or being partially rejected..... 2

Media reports on SME lending in the last 6 months (i.e. from **April-September 2015**). 3

Statements by business representative organisations in the last six months (i.e. from **April-September 2015**)..... 4

**ASK ALL**

**Q.24d (ii)** I would now like to read out a list of opinions stated by other companies. On a scale of 1 to 5 where 1 is disagree strongly and 5 is agree strongly, how much do you agree or disagree with each statement? **SINGLE CODE**

I feel I have a good knowledge of state funded support available to my business

There should be more information available on how businesses like mine can get state funded support

I think the business climate in Ireland will improve in the next 6 months

**Q.25** Can you confirm the county in which is your main office based? **SINGLE CODE**

List 32 counties

**Thank you for responding to this survey for the Department of Finance. The composite results will be published by the department and freely available later in the year.**