



# SME CREDIT DEMAND SURVEY

October 2013 – March 2014



---

PREPARED FOR  
The Department of Finance  
May 2014



An Roinn Airgeadais  
Department of Finance



## Table of Contents

	Page
<b>1.</b> Overview & Summary	2
<b>2.</b> Commentary	5
<b>3.</b> Summary of main findings	6
<b>4.</b> Introduction	10
<b>5.</b> Methodology	17
<b>6.</b> Profile of Respondents	21
<b>7.</b> Trading Performance	25
<b>8.</b> Demand for Bank Finance	35
<b>9.</b> The Application Process	46
<b>10.</b> Non Bank Finance	64
<b>11.</b> SME Awareness of Credit Support	70
Appendix Questionnaire	73



## Overview of Report - Credit Demand (October 2013 to March 2014)

Base – All SMEs interviewed = 1502

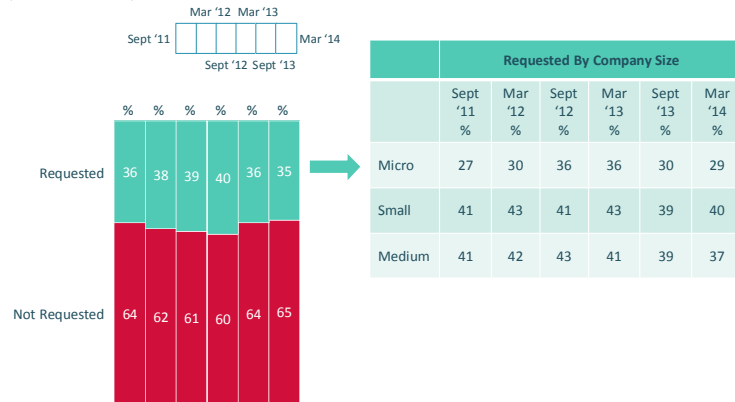
### Demand

Requested

**35%** <sub>-1</sub>

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

(Base: All SMEs – 1,502)



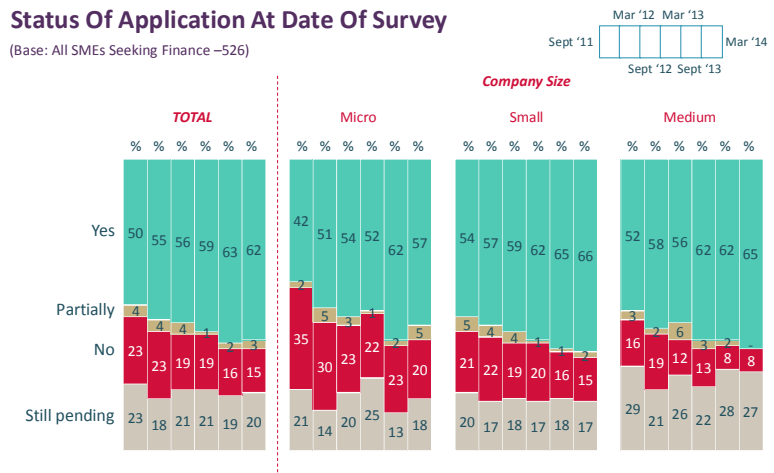
### Application Decisions (incl. pending)

Approval/Partial

**65%** =

### Status Of Application At Date Of Survey

(Base: All SMEs Seeking Finance – 526)



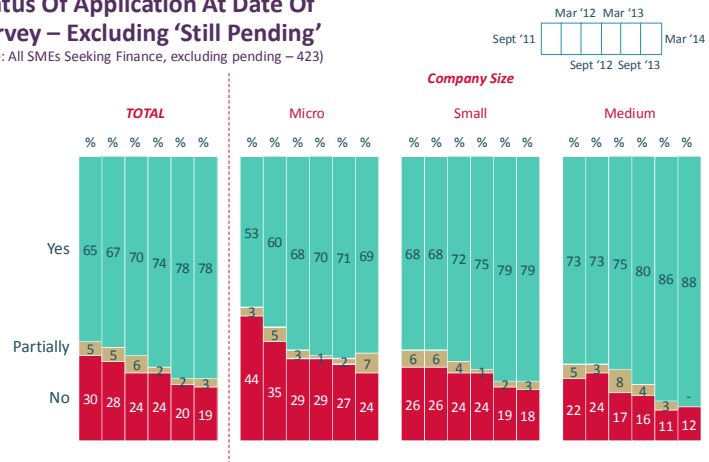


**Application Decisions (excl. pending)**

Approval/Partial  
**81% +1**

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

(Base: All SMEs Seeking Finance, excluding pending – 423)



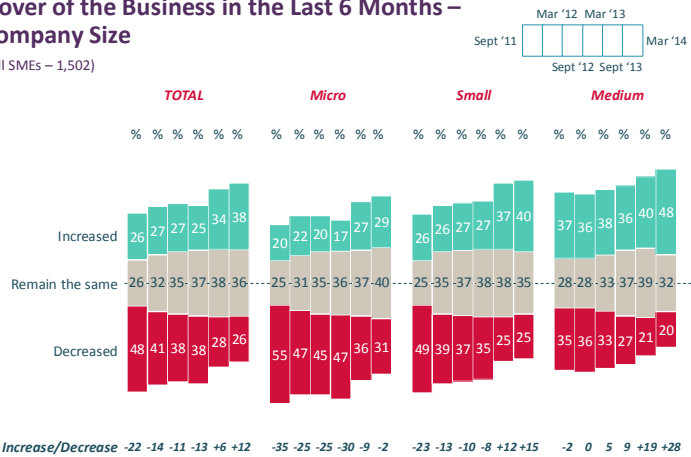
(Q.14)

**Trading Performance (all SMEs)**

Stable/Increase  
**74% +2**

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

(Base: All SMEs – 1,502)



(Q.5)

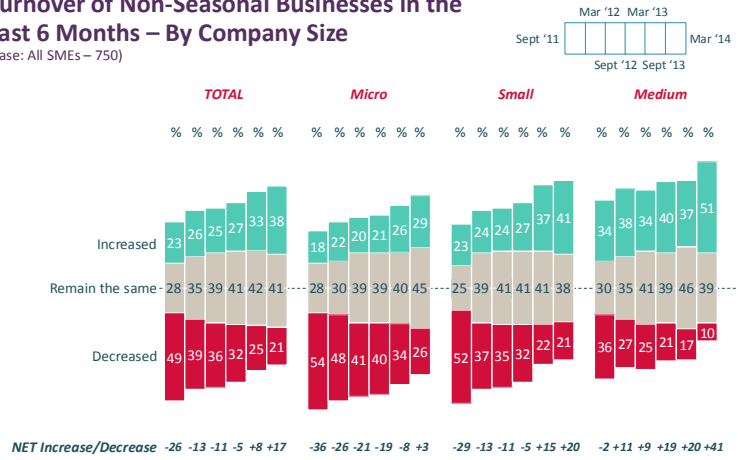


**Non-Seasonal Trading Performance (excl. SMEs with Seasonal Turnover)**

Stable/Increase  
**79%** +4

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

(Base: All SMEs – 750)



**REDC** (Q.5)



### *Commentary*

*The results from this period's Credit Demand Survey show a further improvement in trading conditions among Irish SMEs but to a lesser degree than the previous survey in September 2013. While many SMEs reports increased sales, this does not fully translate into increased profitability.*

*As a consequence of this, SMEs are more focused on stabilising current business rather than exploring growth opportunities which in turn limits staffing and investment levels.*

*We see a slight decrease in credit demand overall as improved trading conditions reduces the need for working capital finance while the cautious outlook by many SMEs limit the need for capital for growth and expansion. A further uplift in business sentiment combined with experiencing concrete benefits of the upturn is required for SMEs to increase their demand for bank finance.*

*The overall approval rate remains relatively unchanged compared to September 2013 but we see improvements for the turnaround time, indicating that banks have improved at providing SMEs with a quicker response to their applications.*

*However, we see an increase in the proportion of SMEs disagreeing with the reason for credit refusals given by the bank, which indicates that clearer and more transparent communication is required. More refusals are now due to characteristics of the SME applicant rather than more generic banking policies.*

*We see a further improvement in perceptions by SMEs that banks are lending to the SME sector. However, many SMEs continue to believe that banks are restricting their lending to their sector. Further effort is required to convince SMEs that credit is available and to encourage them to apply for credit if needed. A small number (6%) of SMEs claim they did not apply for credit in the past 6 months because they believe banks are not lending.*

*Finally, further communication of Government supports is necessary. We would anticipate an increase in awareness of Government supports in the next wave following the launch of the "Supporting SMEs" online tool.*



## 1.0 Summary

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

### 1. Trading Conditions continue to improve, but at a slower pace and with SMEs remaining cautious about the future

There has been a further improvement in trading conditions for SMEs but to a lesser degree than seen in September 2013. In spite of stronger turnover performance, SMEs remain cautious in terms of taking on new staff and the increased sales do not translate into the same strong profit performance. As such, many SMEs perceive the current upturn in the economy as somehow fragile and their focus is therefore more on stabilising the business and profit performance rather than pursuing new growth opportunities. It is also worth noting that 26% of SMEs still struggle with a decreasing trading performance – this is more so the case among Micro companies.

### 2. SME Credit Demand sees a slight decrease from previous period

Credit demand from the SME sector has decreased slightly from September 2013 to March 2014 with 35% of all SMEs having requested at least one type of bank finance in the period October 2013 to March 2014. As such, credit demand remains at the low level recorded in September 2013 – down from 40% in March 2013.

### 3. Focus on business consolidation in improved economic climate keeps credit demand at lower level

It is evident that many SMEs are focusing on consolidating their business performance after tough times rather than pursuing new growth opportunities and as such are somehow reluctant to make further investments currently. This is evident with the majority of credit applications covering working capital requirements – even among SMEs with strong turnover and profit performance. Furthermore, we see a trend of working capital requirements increasingly being funded through internal funds/retained earnings which is clearly correlated to the improved trading conditions. As improved trading conditions reduces the need for credit for working capital purposes, further belief in an upturn is required to encourage SMEs to apply for credit for growth and expansion purposes. Micro companies continues to have lower credit demand than Small-



and Medium-sized SMEs due to the less favourable trading conditions for this company size.

#### **4. Slight improvement in decline rates for bank finance**

The overall decline rate for bank finance has decreased from 16% in September 2013 to 15% for credit applied for in the period October 2013 to March 2014. The decline rate was 19% back in March 2013 so we have seen a considerable improvement in decline rates over the past year. The overall approval rates including partial approvals remain unchanged at 65% with 62% of credit applications being approved in full and 3% partial approvals. We see a slight decrease in applications still pending from 19% to 20%. While more applications are approved for Small and Medium-sized companies, we see less “full” approvals among Micro companies than previously – though the overall decline rate is down for this company size. This means that some of these companies are currently not getting the full amount asked for from the banks.

#### **5. Some evidence of credit demand driven by growth purposes**

We see an increase in the proportion of bank finance applications which are related to SMEs pursuing growth and expansion. With further business confidence and stabilising businesses, SMEs seeking more growth could lead to an increase in credit demand over the coming year. However, credit applications related to growth continue to have higher decline rates than applications for working capital.

#### **6. Increased usage of formal application channels over informal channels among Micro companies**

Micro companies have traditionally relied on informal channels, e.g. personal contact, for credit demand applications which might have reduced the chances of successful application. However in this wave we see a significant increase in the usage of formal channels, bringing Micro companies in line with Small- and Medium-sized companies.

#### **7. Further improvement in application turnaround time but application process remains slow for Medium companies**

The average time from submission of application to reaching a decision on the finance request has decreased from 21 working days to 19 working days, which is still longer than the 15 working days target set by the current code of conduct for business lending. However, more than 3 in 5 (61%) applications are now turned around within the target of 15 working days. Turnaround time remains a





major issue for the Medium-sized companies with 1 in 3 (34%) of these applications taking more than five weeks to process.

**8. Credit approvals with conditions attached continue to dominate but we see more “condition free” loans**

More than 7 in 10 (71%) of all approved credit applications have criteria and conditions attached to them – the most imposed conditions being regular management accounts provided to bank, personal guarantee, requirement to maintain accounts, facility fee and specific security. However, 29% of all loans approved are now “condition free” – this is up from 22% in September 2013.

**9. SMEs disagree with reasons for refusal**

From March 2012 to September 2013, we saw more SMEs agreeing with the reason provided by the bank for the decline of their credit application. However, this trend has been reversed this wave with more than 3 in 4 of the SMEs (78%) who received a reason for decline not agreeing with the reason provided. This suggests that banks need to focus more on transparency in communicating reasons for decline to avoid a perception among SMEs that credit is not widely available. More of the reasons for decline are now applicant related, e.g. accounts, rather than bank controlled.

**10. SMEs believe banks are lending but only to a small number of SMEs**

While we continue to see an increase in SMEs’ perceptions of bank lending, most SMEs believe that banks are only lending to a small number of SMEs (53%) rather than a large number of SMEs (just 2%). 30% continue to believe banks are not lending to the SME sector – this is however down from 37% in September 2013. More effort is required to convince SMEs that credit is widely available.

**11. Lack of awareness/understanding of Government finance support options**

The demand for non-bank finance including Government support is much lower than demand for bank loans – though these sources in many cases cost less and are more suitable for growth purposes than bank finance. Generally, SMEs are interested in Government support options but feel they do not know enough about them. It is also slightly concerning that awareness of the Credit Review Office continues to decline – though this can be impacted by the lesser demand for credit. The “Supporting SMEs” online tool should go some way to addressing this knowledge deficit.



## Demand & Credit Outcome Summary – All SMEs

Demand

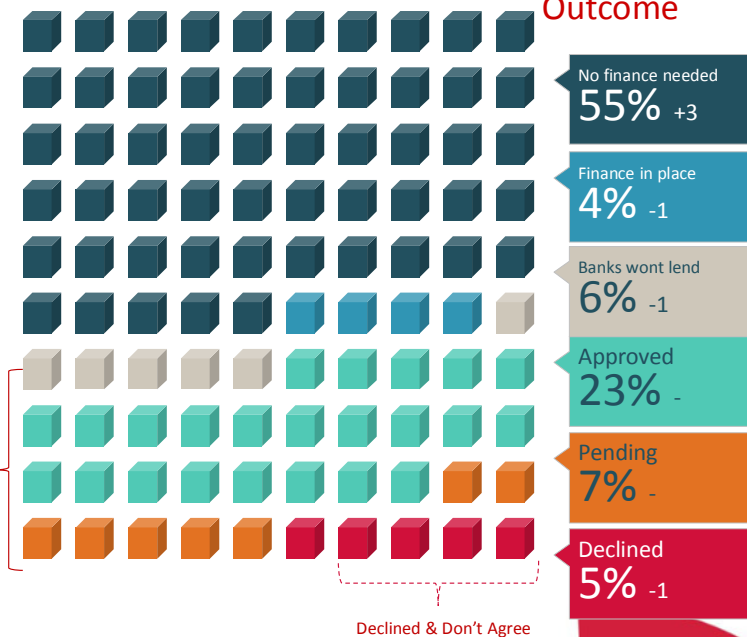
No Request

65%<sup>+1</sup>

Demand

35%<sup>-1</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 October 2013 to March 2014. RED C Research & Marketing Ltd, the independent market research and polling organisation, have conducted both this wave and the previous three waves covering the period April 2012 to September 2013.

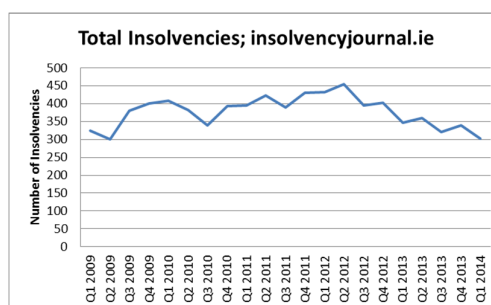
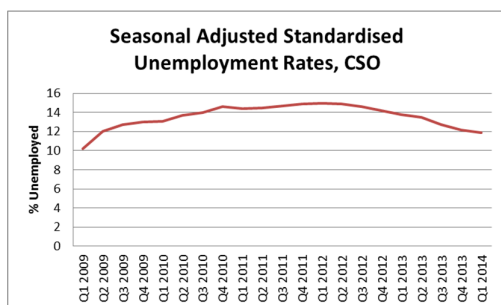
The key parameters of the survey have been kept identical to those in previous waves in order to ensure comparability of data over time. This includes the quotas set for company size and industry, the database of leads used to select businesses for interview, and the key questions in the questionnaire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

All interviews for the study were conducted through RED C's own call centre based in Dundalk. In total 1,502 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 28<sup>th</sup> April 2014.

### 2.1 Economic Context

Economic recovery is evident for the Irish economy with increases in employment and Gross National Product (GNP) for 2013. Our key export markets in the Euro area are also seeing a favourable economic outlook although there is some concern about a slowdown in emerging markets.

The standardised unemployment rate continues to decrease and is now 11.9% (Q1 2014) compared to 13.8% in Q1 2013. This is the lowest level since Q1 2009. We also see a downward trend in the number of insolvencies over the past two years.





The Q4 2013 quarterly bulletin from the Central Bank also suggests economic recovery and a somehow positive outlook for 2014 driven by both domestic and external conditions:

*“While different measures of economic activity present contrasting pictures of the performance of the Irish economy, the balance of evidence from a range of indicators signals that the recovery in economic activity is continuing. The clearest sign of this recovery is provided by labour market data, which indicate that employment has grown strongly over the last five quarters, helping to reduce the unemployment rate to just below 12 per cent from a peak of over 15 per cent in early 2012. Initially, the recovery in employment was confined to part-time jobs, however, recent quarters have seen steady growth in fulltime employment, which seems broadly based. Signs of improvement are also visible in investment data, business and consumer survey measures and in more positive retail spending data.”*

*“Looking ahead, with patent expirations expected to have a continuing, but declining impact, improving external demand conditions are projected to support stronger export growth this year and next. In addition, domestic demand, which broadly stabilised in 2013, is forecast to make a modest positive contribution to growth this year. Continued employment growth is likely to support household incomes and consumer confidence and, given this prospect, modest positive growth in consumer spending is projected for 2014. Investment spending has gathered strength, which is forecast to be maintained this year. Together with the outlook for consumer spending, this points to some increase in domestic demand in 2014, though this is likely to be modest given that many headwinds to recovery still remain.”*

The Credit Review Office also sees signs of economic recovery in its latest review, with the majority of appeal requests now for working capital increases and business investment.

The report highlights a potential credit availability risk of foreign banks leaving the market. The relative lack of competition might lead those banks which remain to focus on lower risk lending rather than lending to support recovery and growth in the economy.



*“As it stands, the market for SME/ Farm Loans has become highly concentrated and the relative lack of competition is not conducive to raising the low risk appetite of the banks which is required to support the needs of the real economy and the recovery. At this point I must caveat my remarks as the Credit Review Office appeals process only sees those borrowers whose applications have failed to receive sanction at the banks. I do not see the majority of applications, which are successfully sanctioned by the banks; this includes refinancing deals with exiting banks.”*

Credit availability continues to rank as the second most mentioned key challenge among Irish SMEs, after “finding customers”, according to the most recent SAFE report published by the European Central Bank in November 2013. 20% of Irish SMEs saw this as the key challenge, as opposed to 16% of SMEs in the Euro area. While the report suggests that Irish SMEs are less likely to feel that bank finance is available to them, Ireland sees a more positive development in credit availability than most other Euro area countries compared to the previous SAFE report.

## 2.2 Government Support Measures

The Programme for Government contains a range of commitments to help support small and medium-sized enterprises against the background of challenging economic conditions. 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. In 2014, the Department of Finance will continue 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.

The Government has also launched both the Credit Guarantee scheme and the Microfinance Fund. The Microfinance Scheme allows small businesses and sole traders across all sectors, employing up to ten people, who have been refused credit by the banks for loans of up to €25,000 to apply for finance directly from the Government.

The Credit Guarantee Scheme is open to companies employing fewer than 250 staff and with an annual turnover of less than €50 million (SMEs). It offer loans of up to €1 million. Under the scheme, a 75 per cent 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. This scheme has been reviewed and primary legislation is currently being drafted.

In January 2013, the National Pensions Reserve Fund (NPRF) announced investment commitments in three new funds making equity and credit available to SMEs and mid-sized corporates in Ireland. The NPRF will invest up to €500m in these funds with additional funding coming from third-party investors. There will be a SME Equity Fund focusing on investment in healthy businesses seeking to grow, a SME Turnaround Fund focusing on turnaround of businesses close to insolvency but with potential for financial and operational restructuring and a SME Credit Fund which will lend to SMEs and mid-size corporates at competitive market rates.

On the 19<sup>th</sup> May the Minister for Finance launched the “Supporting SMEs” online tool. This online guide is part of the Irish Government’s Supporting SMEs campaign to increase awareness of the range of Government supports for start-ups and small businesses. The tool can be accessed at:

<https://www.localenterprise.ie/smeonlinetool/businessdetails.aspx>

On 22<sup>nd</sup> May the Taoiseach announced the establishment of the Strategic Banking Corporation of Ireland (SBCI). In the initial phase of its existence the objective of the SBCI will be to improve the availability of credit to the SME sector. To achieve this, the SBCI will operate as a higher tier lender, providing funds to on-lending institutions. On-lending institutions will include Irish commercial banks and could also include foreign banks, specialist funds and other finance houses engaged in lending activities. This will promote greater competition in the SME lending sector and will drive economic growth and job creation in this key sector of the economy.

### 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

*\* 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:

<b>NACE Categories</b>
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 April to September 2013 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 October 2013 to March 2014. 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 5,167 companies were contacted to complete the 1,502 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 1,502 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 most significant change this wave was the incorporation of new questions in relation to collateral requirements when applying for credit and reason for applying/not applying for non-bank finance.

All interviews were conducted between 1<sup>st</sup> and 28<sup>th</sup> April 2014 and covered the period from October 2013 to March 2014. Over the course of the study 1,502 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. Minor changes have been made to a few secondary questions in the questionnaire to provide additional depth or data but this does impact the comparability of the surveys across key measures.

Within each micro, small and medium category the number of study respondents by sector varied slightly in comparison to the study published in December 2013 (+/-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

1,502 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 April 2014 and respondents were asked to respond based on their experience from October 2013 to March 2014.

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.



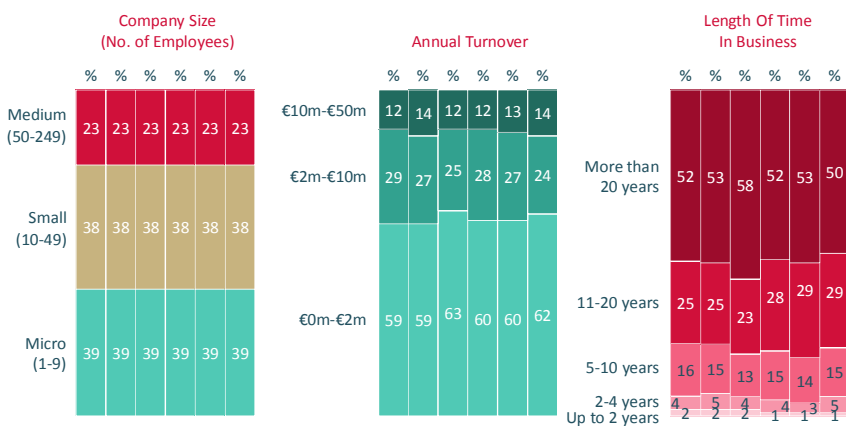
## 4.0 Profile of Respondents

### 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 – 1,502)



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

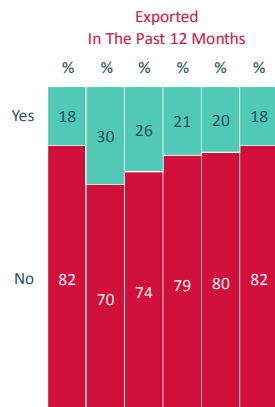
### 4.2 Exporting Companies

18% of the companies interviewed export goods or services outside the Republic of Ireland. This is slightly lower than the previous wave where 20% of the companies interviewed exported goods and services outside the Republic of Ireland. It is worth noting that the export question (Q.1d) was changed slightly from the March 2013 wave which might impact comparability for this question with waves conducted before March 2013.



## Analysis Of Sample – Export

(Base: All SMEs – 1,502)



Export Location	Export Location %
Northern Ireland	53
UK (excl. Northern Ireland)	71
Other European Union	49
USA	26
BRICS countries	14
Rest of World	20



The main export market is the United Kingdom with 71% of those SMEs who export selling products/services in the United Kingdom (excluding Northern Ireland). 53% export to Northern Ireland with 49% exporting to other European Union countries. 26% export to the USA.

### 4.3 Computer Hardware/Software Industry

9% of the sample are involved in the computer industry, i.e. hardware and software. This proportion is similar to the previous survey (September 2013) where the proportion was 10% and the March 2013 survey where the proportion was 9%.

### 4.4 Innovation

More than half (53%) of the SMEs have engaged in innovative activities over the past 6 months – this is slightly up from September 2013:



Innovative Activities (past 6 months)			
	March 2013	September 2013	March 2014
	%	%	%
New marketing concepts/strategy	34	31	31
New business practices/methods of organising work/external relations	31	28	32
New/improved services	24	22	24
New improved methods of production, distribution or support activity	18	16	17
New/improved goods	16	17	21
Any Innovation	<b>55</b>	<b>51</b>	<b>53</b>
None of the above	45	49	47

32% of the SMEs have innovated business practices in the past 6 months while 31% have developed new marketing concepts/strategies. Approximately, 1 in 4 (24%) have developed new/improved services while 21% have developed new/improved goods.

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

The samples are also similar in terms of financial management tasks undertaken by the companies and the use of financial advisors – indicating a similar level of financial knowledge of those interviewed. 87% maintain regular management accounts. Half (49%) have used financial advisors in the past 6 months – this is slightly down from the previous wave (51%).



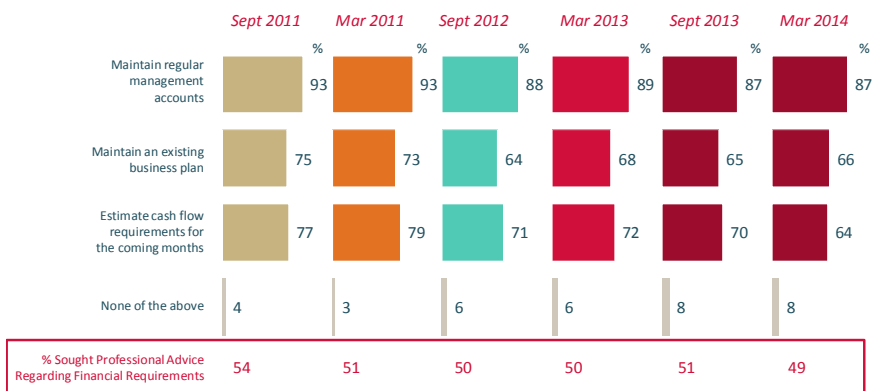


## Analysis Of Sample - Financial Planning

(Base: All SMEs – 1,502)



### Task Conducted





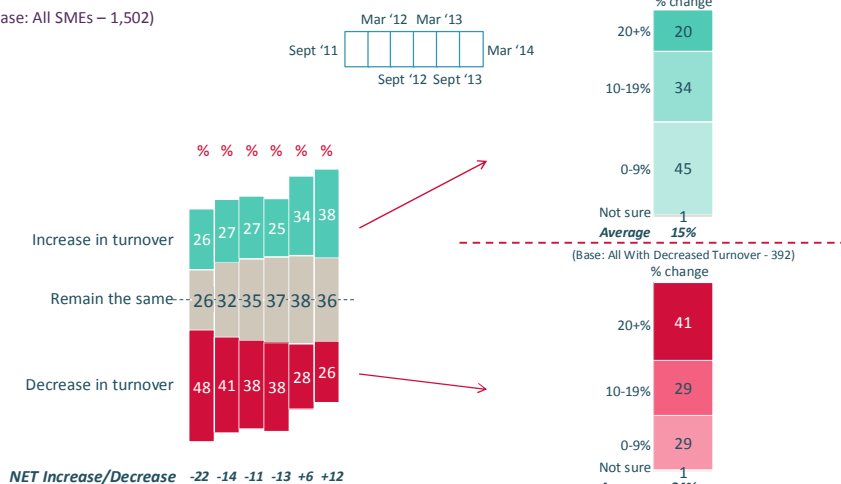
## 5.0 Trading Performance

### 5.1 Turnover Trends

We see a further improvement in trading conditions for SMEs this wave. 38% of SMEs report an increase in turnover in the past six months – this is up from 34% in September 2013 and 25% a year ago. In total just under three quarters of all SME's now have a stable or improving turnover. At the same time, we see less SMEs with a decrease in turnover but more than 1 in 4 SMEs (26%) still report a decline in turnover in the past 6 months.

#### Turnover of the Business in the Last 6 Months

(Base: All SMEs – 1,502)



Among those SMEs with increased turnover, 45% have seen a slight increase (0-9%), while 1 in 5 (20%) have had an increase larger than 20%. For SMEs with decreased turnover, the picture is quite different with 41% having seen a significant decrease in turnover (20+%). This is due to the fact that Medium-sized companies are more likely to have increased turnover while Micro companies are overrepresented among SMEs with decreased turnover performance.

While all company sizes see improvements in trading conditions, this is especially the case for Medium-sized companies. This is in contrast to the previous wave where Micro and Small-sized companies saw the biggest improvement in trading conditions. Almost half (48%) of Medium-sized companies have seen an increase in



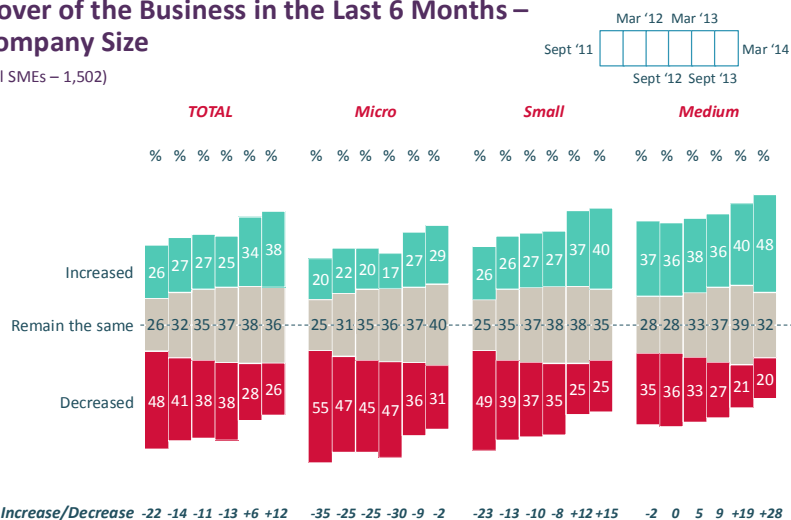
turnover in the past 6 months – this is up from 40% in September 2013. 1 in 5 (20%) of Medium-sized companies have seen a decline in turnover in the past 6 months.

Micro companies also see an improvement in trading conditions with 29% reporting increasing turnover compared to 27% in September 2013. Yet, there are still more Micro companies claiming a decline in turnover (31%) than Micro companies claiming increased turnover.

Small companies see the smallest improvements in trading conditions with 40% claiming increased turnover (up from 37% in September 2013) and 25% claiming declining turnover (unchanged compared to September 2013).

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

(Base: All SMEs – 1,502)

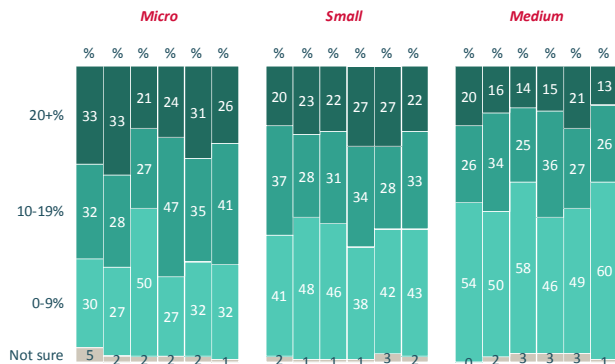


Looking at those SMEs with increased turnover in the last 6 months, Micro and Small companies are more likely to report higher turnover growth from a relatively lower base. Yet, compared to September 2013, all company sizes are less likely to report high turnover growth (20+%).



### Percentage Increase of Turnover X Company Size

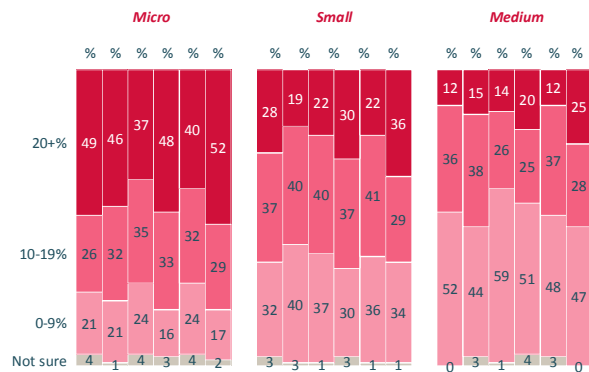
(Base: All SMEs with Increased Turnover – 565)



Looking at SMEs with decreased turnover in the six month period to March 2014, we see that more companies are likely to report significant decreases in turnover (20+% ) compared to September 2013. This is the case across all company sizes. Micro-sized companies continue to be much more likely to report a significant decrease in turnover (20+% ) than Small and Medium-sized companies.

### Percentage Decrease of Turnover X Company Size

(Base: All SMEs with Decreased Turnover – 392)

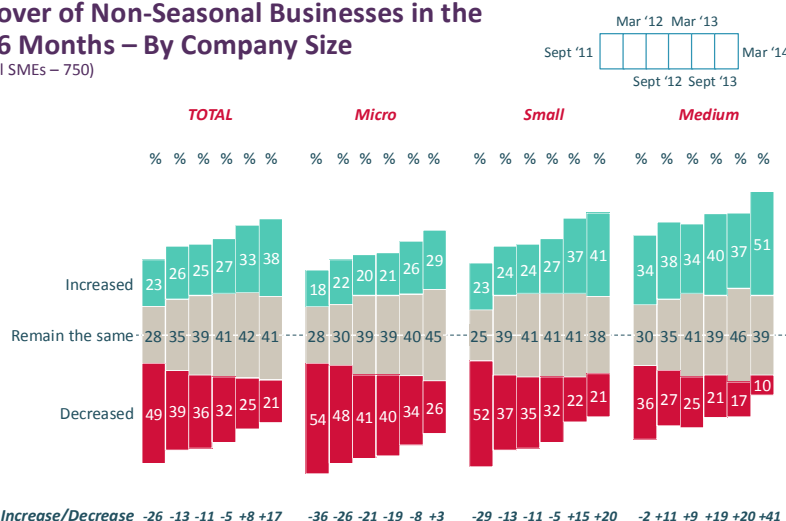




Removing seasonality (considering the six months cycle of each survey) by only looking only at SMEs with non-seasonal turnover, we again see a significant improvement in trading conditions, thereby continuing the positive trend from previous waves. 38% of these SMEs report increased turnover in the past 6 months while 21% claim declining turnover (this is lower than the proportion when including SMEs with seasonal turnover). 41% of SMEs with non-seasonal turnover have seen 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 – 750)



Looking at turnover development by company size excluding seasonal turnover, we see improvements for all company sizes but especially for Medium-sized companies. More than half (51%) of the Medium-sized companies report increased turnover compared to just 37% in September 2013. This is significantly higher than for Micro and Small-sized companies.

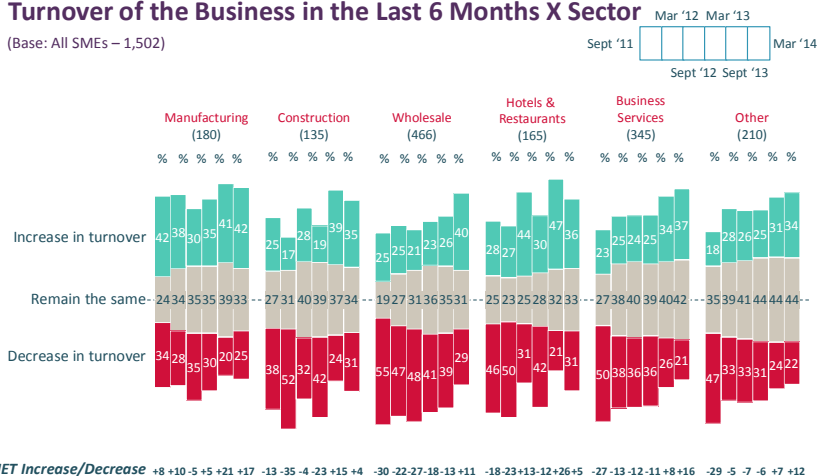
### Turnover by Sector

The overall improvement in trading conditions appears to be driven by the wholesale sector but also business services. The manufacturing sector sees a minor decline in turnover performance over the past 6 months. The decline in trading conditions for construction and hotel/restaurants appears to be seasonal in nature. Across all sectors, we see more companies reporting growth than decline in turnover.



### Turnover of the Business in the Last 6 Months X Sector

(Base: All SMEs – 1,502)

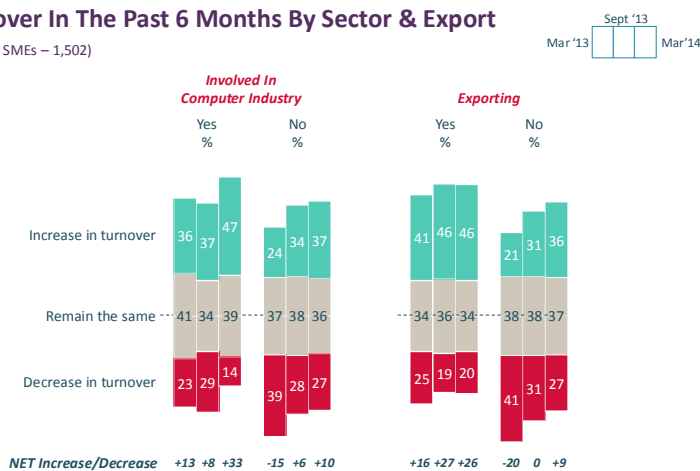


### Turnover for Hardware/Software and Exporting Companies

While export companies continue to be more likely to report increased turnover than non-export SMEs, it is mainly the domestic focused companies which are contributing to the improvement in trading conditions seen in the past 6 months. This is good news as this sector had contributed little to the growth seen in previous waves.

### Turnover In The Past 6 Months By Sector & Export

(Base: All SMEs – 1,502)



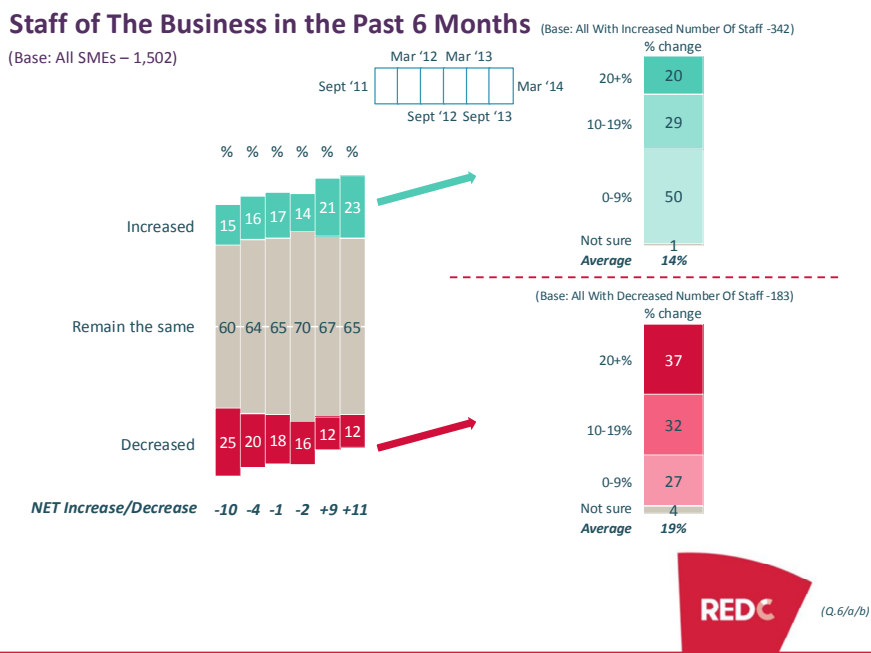


We also see that SMEs involved in the computer industry are more likely to drive growth. Almost half (47%) of these SMEs have reported increased turnover in the past 6 months. This underlines the importance of this sector for driving further growth.

Companies who have innovated in the past 6 months are also more likely to report increased turnover than companies with no innovation activities. 42% of SMEs who have innovated report increased turnover while this proportion is only 32% among SMEs with no innovation activities. Yet, the difference in trading performance between companies who innovate and those who do not is smaller than in the previous wave.

### 5.2 Employment Trends

There has also been an increase in the proportion of SMEs who have increased staff numbers in the past 6 months. Slightly more SMEs (23%) have increased their staff numbers in the past 6 months compared to the September 2013 wave (21%). The majority of SMEs (65%) have unchanged staff numbers while 12% report letting staff go in the past 6 months – this proportion is unchanged compared to September 2013.



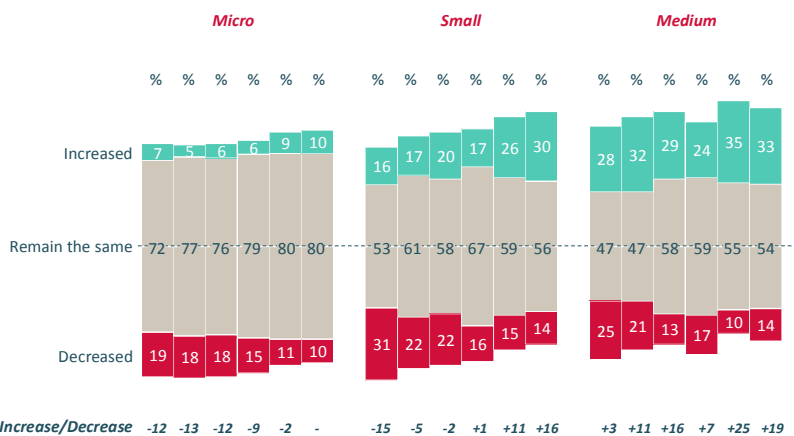


Among SMEs with increased staff numbers, half have increased staff numbers with 0-9% – this is due to Small and Medium-sized companies being more likely to have increased staff numbers than Micro companies. Among SMEs with reduced staff numbers, 27% have decreased staff numbers with 0-9% while more than 1 in 3 (37%) of these SMEs have decreased staff with more than 20%.

The slight growth in employment is driven mainly by Small companies. Among Medium companies we see a decrease in the proportion of companies reporting increased staff numbers compared to September 2013. This is however following a significant increase back in September, suggesting that these companies are consolidating their business in improved trading conditions. Medium companies remain more likely to have increased staff numbers (33%) compared to Small (30%) and Micro (10%) companies. Yet, Micro companies have the smallest proportion of companies who have reduced staff numbers in the past 6 months.

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

(Base: All SMEs – 1,502)





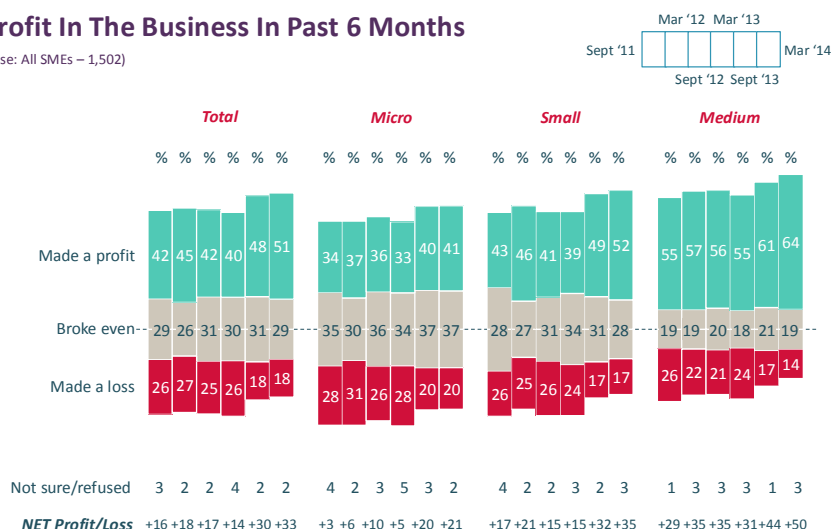


### 5.3 Profit Trends

We see a slight increase in profit performance among SMEs than back in September 2013, and there is less of an improvement compared to turnover performance. This again underlines that while conditions are improving, the recovery is perceived as fragile and SMEs remain cautious about the future. Half of all SMEs (51%) report profit over the past 6 months – this is up from 48% in September 2013 and 40% in March 2013. Almost 1 in 5 SMEs (18%) report a loss in the past 6 months – this is unchanged from September 2013.

#### Profit In The Business In Past 6 Months

(Base: All SMEs – 1,502)



In line with turnover performance, Medium-sized companies are driving the improvement in profit performance with 64% of these companies reporting profit – up from 61% in September 2013. Small-sized companies also see a slight improvement, while profit performance is unchanged among Micro companies.

### 5.4 Overall Trading Trends

The proportion of SMEs reporting a loss is smaller than the proportion reporting a decrease in turnover. This is encouraging as businesses to some degree are able to protect the bottom line in the face of decreased sales, e.g. by reviewing the cost structure of the company. The relationship between turnover and profit is shown overleaf.



	Turnover Increased %	Turnover Remained the Same %	Turnover Decreased %
Made a profit	68	50	25
Broke even	22	33	36
Made a loss	8	14	37
Don't know/refused	2	3	2

However, it is obvious that companies with a turnover increase are generally more likely to report profit than the average.

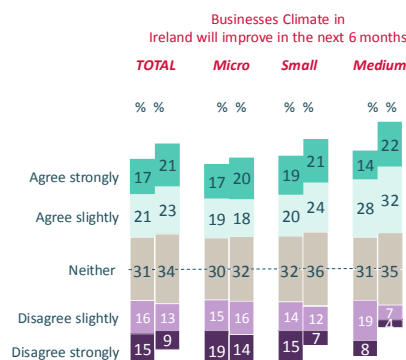
### 5.5 Business Sentiment – Next 6 Months

This wave sees an improvement in the outlook for business climate among SMEs, with 44% stating they believe the business climate will improve in the next 6 months – this is up from 38% in September 2013. However, more than 1 in 5 SMEs (22%) disagree that the business climate will improve in the next 6 months. Medium companies are more likely to be positive about the future with 54% agreeing the business climate will improve. In comparison, only 38% of Micro companies believe this will be the case, while 30% of Micro companies disagree that the business climate in Ireland will improve in the next 6 months.

#### Business Sentiment – Next 6 Months

(Base: All SMEs – 1,502)

Sept '13  Mar'14





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	58	42	29
Neither agree nor disagree	30	37	35
NET Disagree	12	21	36

This illustrates that further business growth (turnover, staff, profit) can have a really positive impact on business sentiment and thereby investment, employment and credit demand levels.



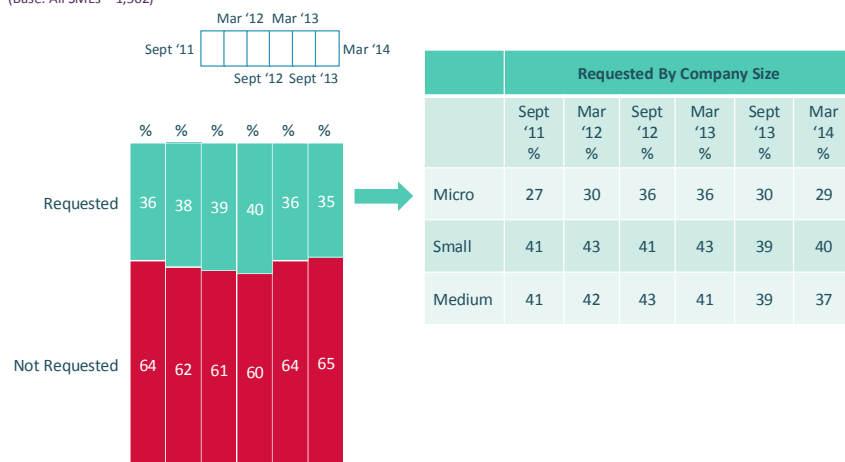
## 6.0 Demand for Banking Finance

### 6.1 Current Demand for Credit

Credit demand for the period October 2013 to March 2014 has decreased slightly compared to the previous period with 35% having applied for credit in the past 6 months. Credit demand for the previous period was 36%, while 40% of SMEs applied for credit in the period October 2012 to March 2013.

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

(Base: All SMEs – 1,502)



The decline in credit demand is driven by slightly smaller demand from Micro and Medium companies. Small and Medium companies continue to be more likely to have applied for credit than Micro companies. 29% of Micro companies have applied for credit in the past 6 months, while this proportion is 40% for Small companies and 37% for Medium.

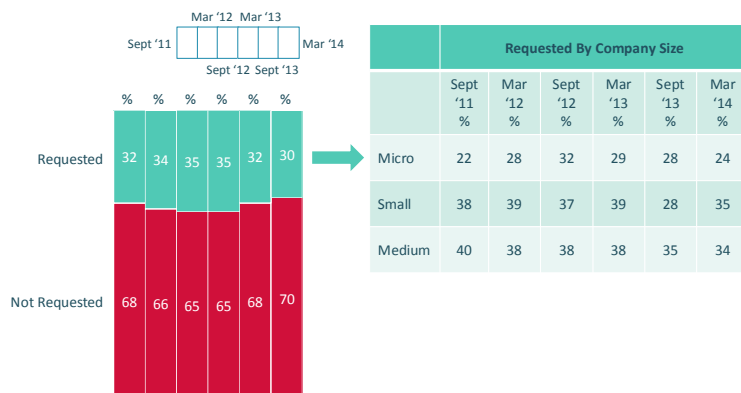
The fact that credit demand is almost unchanged compared to the previous wave, suggests that SMEs continue to focus on consolidating and stabilising their business performance in the improved trading conditions while remaining cautious about pursuing growth opportunities.

When removing SMEs with seasonal credit demand, we see a decline in credit demand from 32% to 30%, while Micro companies are most likely to see a decline in demand for non-seasonal credit.



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

(Base: All Without Seasonal Credit Demand – 1,058)

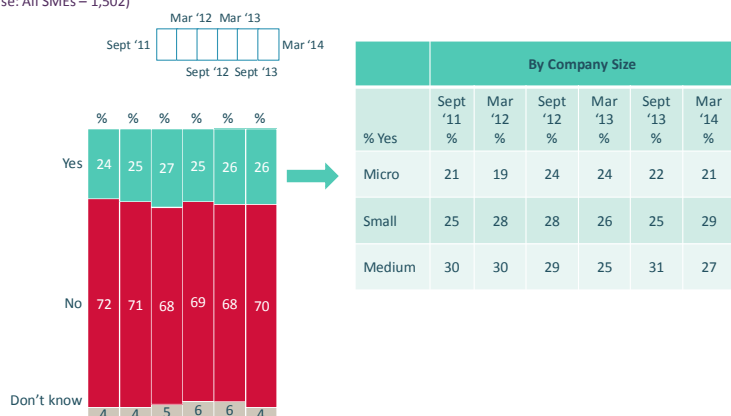


## 6.2 Future Demand for Credit

Expectations to seek bank finance over the next 6 months remain unchanged compared to September 2013 with 1 in 4 SMEs (26%) expecting to apply for finance in the next 6 month. This again underlines the current focus on consolidation and stabilisation until SMEs feel more confident about the recovery and the speed of that recovery.

## Expecting to Seek Bank Finance In Next 6 Months

(Base: All SMEs – 1,502)





This is different to actual recorded demand shown in past months, as it is simply a prediction of possible future demand, and therefore should not be directly compared to actual credit demand recorded in the past.

Small and Medium companies are more likely to apply for credit in the next 6 months than Micro companies. This can be explained by trading conditions remaining less favourable among Micro 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 reasons given for not applying for credit remain very similar to previous waves. The main reason given by all companies is that bank finance is simply not required – with more than 4 in 5 (82%) of those businesses who did not apply for credit mentioning this. This is up from 78% in September 2013. The second most mentioned reason is that existing finance product is already in place – this is mentioned by 12% of the SMEs, while 6% did not apply because they prefer not to borrow.

Why did you not request Credit?	Total %	Micro %	Small %	Medium %
<b>Business Related Reasons</b>				
Didn't need it	82	78	83	87
Existing finance product in place	12	11	13	14
Prefer not to borrow	6	10	3	3
Inability to repay/meet requirements of finance	1	2	0	0
Not the right time given the economic climate	1	1	1	0
Too expensive to borrow	1	1	1	0
Existing debt burden already too high	1	1	1	0
Use/raise personal funds when needed	1	1	1	0
Raise finance from investors/venture capital	0	0	1	0
Going out of business	0	0	0	1
Raise finance from grants	0	0	0	0



Why did you not request Credit?	Total %	Micro %	Small %	Medium %
<b>Bank Related Reasons</b>				
Possible rejection	7	11	4	4
Belief that banks are not lending	3	4	1	3
Have been turned down before	1	1	1	0
Banks take too long to make decision	1	0	1	1
Don't trust the banks	1	1	0	0
Application process too difficult	0	0	1	1
Too many terms and conditions	0	0	0	0

A small proportion of SMEs who have not looked for credit (7%) suggest that this is due to possible rejection – this is unchanged from the two previous research waves, and highlights that more still needs to be done to encourage applications to assure that banks are lending. Micro companies are more likely to suggest that they have not looked for credit due to possible rejection. Compared to September 2013, less Micro companies (4%) believe that banks are not lending – down from 8% in September 2013.

Why did you not request Credit? ( ) = change since September 2013	Total %	Micro %	Small %	Medium %
<b>Bank Related Reasons</b>				
Possible rejection	7 (-)	11 (+1)	4 (-2)	4 (-)
Belief that banks are not lending	3 (-1)	4 (-4)	1 (-2)	3 (+2)
Have been turned down before	1 (-)	1 (-)	1 (-1)	0 (-)
Banks take too long to make decision	1 (-)	0 (-)	1 (-)	1 (-)
Don't trust the banks	1 (+1)	1 (-)	0 (-)	0 (-)
Application process too difficult	0 (-1)	0 (-1)	1 (+1)	1 (+1)
Too many terms and conditions	0 (-1)	0 (-1)	0 (-)	0 (-)

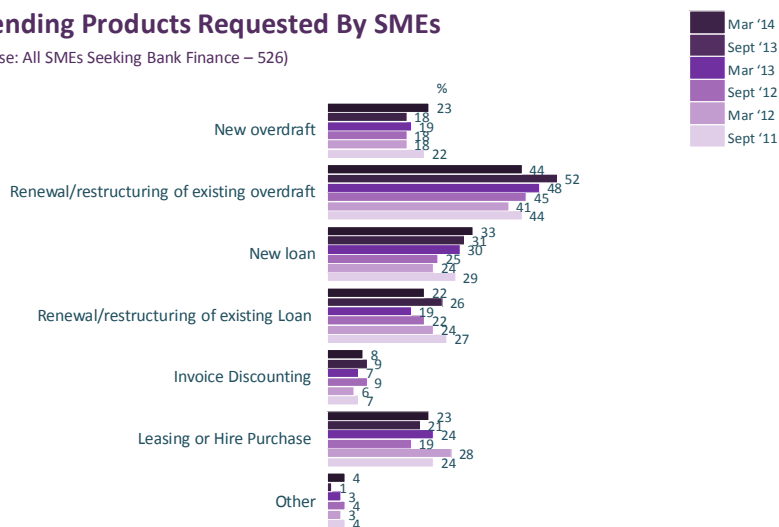
#### 6.4 Demand for Credit by Product

The most requested bank finance product is renewal/restructuring of existing overdrafts, which have been requested by 44% of those SMEs who have requested one or more forms of bank finance. However, this is down from 52% compared to September 2013. Generally, we see an increase in application for new loans/overdrafts and a decline for renewal/restructuring of existing loans/overdrafts. Foreign banks leaving the Irish market could be a factor here.



## Lending Products Requested By SMEs

(Base: All SMEs Seeking Bank Finance – 526)



(Q9)

Other popular products are new loans (33%), new overdrafts (23%), renewal/restructuring of existing loans (22%), and leasing or hire purchase (23%). Invoice discounting is least popular with only 8% of bank finance requesters having asked for this form of finance in the past 6 months.

When looking at this based on the total number of products requested the proportion of new overdrafts has increased from 11% in September 2013 to 15% in March 2014. We also see a slight increase for new loans and leasing or hire purchase while we see a decline for renewal/restructuring of existing credit facilities.

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



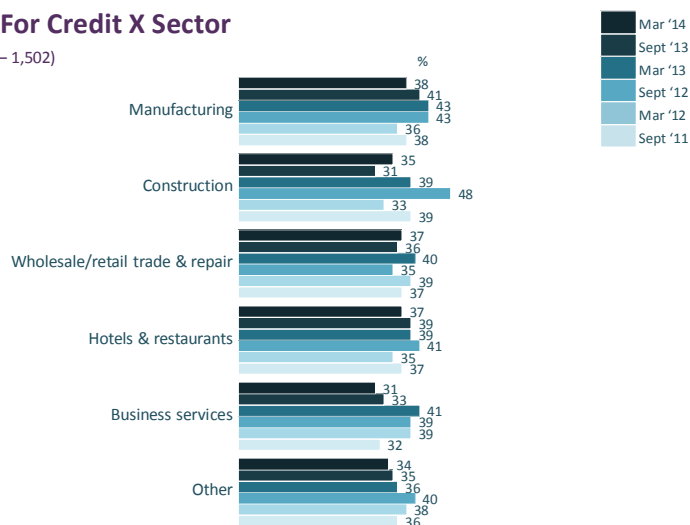


### 6.5 Demand for Credit by Sector

Most sectors do not see any major changes in credit demand compared to September 2013. Most notably, we see an increase in credit demand for the construction sector. Wholesale also sees a slight increase in credit demand on the basis of the improved trading conditions in this sector. Credit demand for business services declines slightly, in spite of the improved trading conditions for this sector. Finally, we see a decline in demand from the manufacturing and hotel/restaurant sectors.

#### Demand For Credit X Sector

(Base: All SMEs – 1,502)



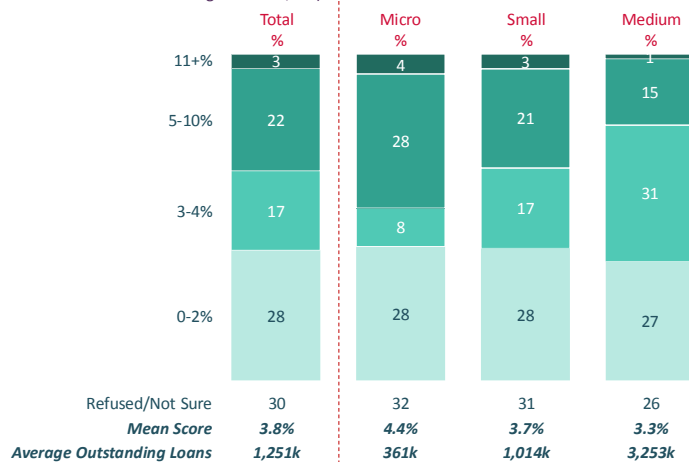
### 6.6 Cost of Credit

Among those with outstanding loans, the average claimed cost of credit across all outstanding loans is 3.8%. This is down from an average claimed cost of credit in September 2013 of 4.4%. More than 1 in 4 SMEs (28%) with outstanding loans claim a very low cost of credit between 0-2%, while the majority (39%) 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 – 1,160)



Micro companies continue to pay a higher cost for outstanding loans than Small and Medium-sized companies. The average cost of credit for Micro companies is 4.4% compared to 3.7% for Small companies and 3.3% for Medium businesses.

### 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.

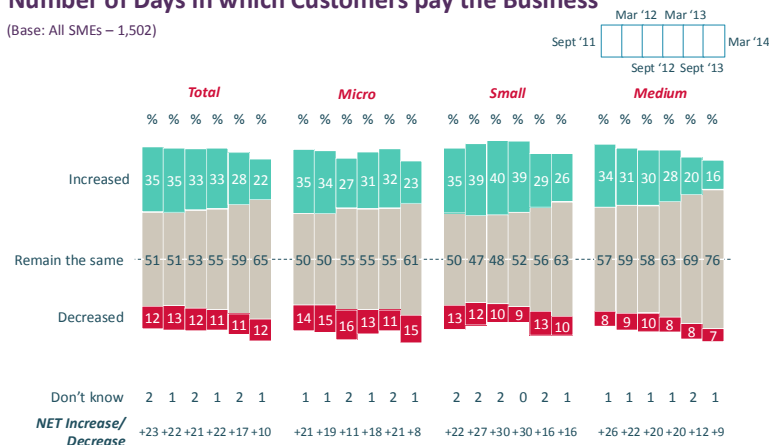
Less than 1 in 4 (22%) of SMEs feel that the average number of days within which customers pay has increased during the period October 2013-March 2014. 65% feel that the payment period is unchanged, while 12% feel customers are paying faster. This is an improvement from both September 2013 and March 2013 – indicating that customers are paying faster due to improved trading conditions but also that SMEs use tougher measures to encourage payment.

In contrast to the previous wave, it is the Micro companies which drive this improvement in customer payment. As these companies are less likely to be able to use a full range of debt collection tools, improved trading conditions play a vital role in making customers pay faster than previously.



### Number of Days in which Customers pay the Business

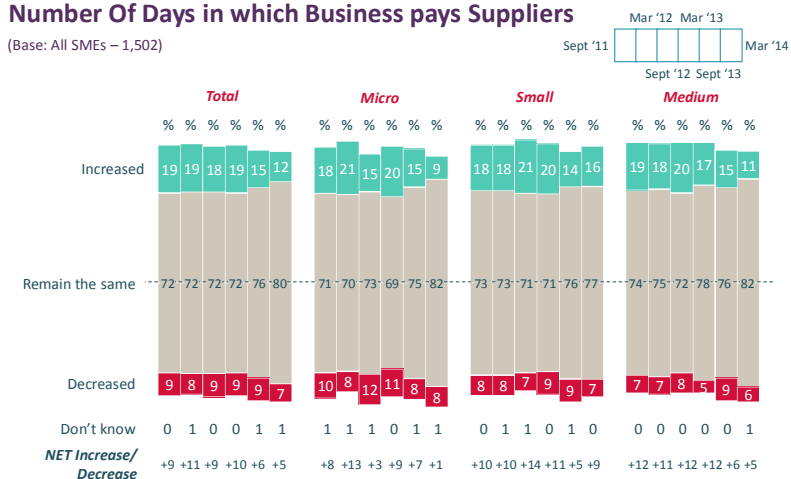
(Base: All SMEs – 1,502)



Looking at how fast SMEs claim to pay their suppliers, we see limited change compared to the previous wave. The majority (80%) of all SMEs feel that the average number of days they take to pay suppliers remains unchanged, while 12% suggest that the payment period has increased. Only 7% feel that they pay suppliers faster than before. Looking at company size, Small companies are more likely to claim decreased speed of payment of suppliers.

### Number Of Days in which Business pays Suppliers

(Base: All SMEs – 1,502)





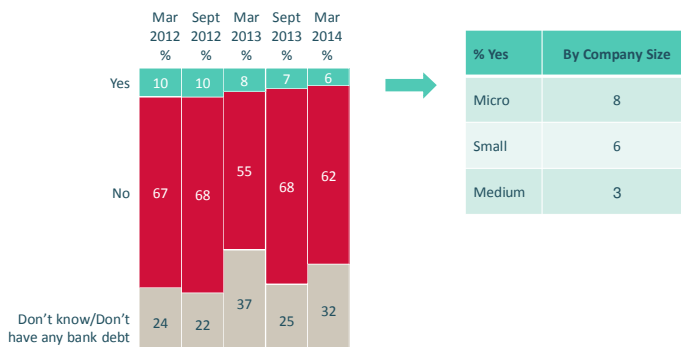
## Repayment of Current Loans

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.

6% of SMEs suggested that they had missed repayments on loans in the period October 2013 to March 2014 – this is down slightly from 7% in September 2013 and 8% in March 2013. Micro and Small companies are more likely to struggle with the repayment of current loans.

### Missed Repayments On Loans In Past 6 Months

(Base: All SMEs – 1,502)



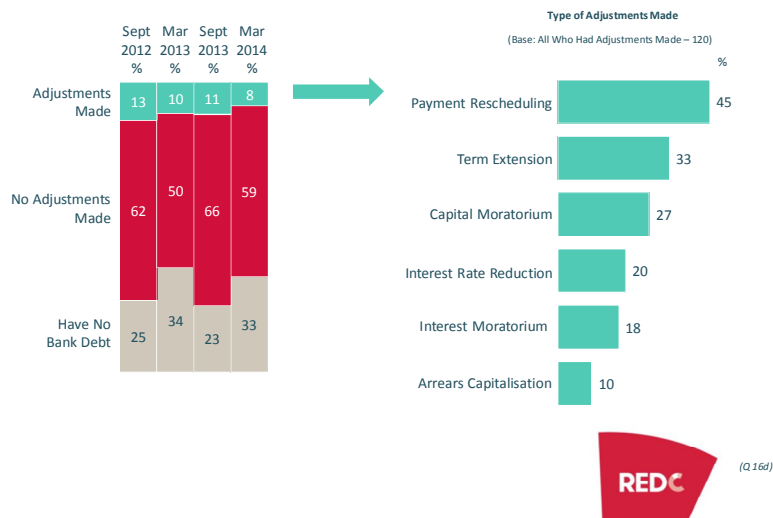
## Adjustments to Current Bank Debt

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 12% of all SMEs with bank debts have made adjustments to this debt in the past 6 months – this is down from 14% in September 2013.



## Adjustments Made to Bank Debt in Past 6 Months

(Base: All SMEs – 1,502)



The most common adjustment remains payment rescheduling, followed by term extension and capital moratorium. Compared to the previous wave, capital moratorium and interest moratorium have increased relatively in usage compared to other adjustments.

Base: All Who Have Adjusted Bank Debt	Mar 2012	Sep 2012	Mar 2013	Sep 2013	Mar 2014
	%	%	%	%	%
Base size	(294)	(189)	(152)	(165)	(120)
Payment Rescheduling	36	35	47	49	45
Capital Moratorium	22	25	26	18	27
Term Extension	16	23	26	32	33
Interest Moratorium	13	20	20	12	18
Interest Rate Reduction	17	19	16	19	20
Arrears Capitalisation	11	6	10	11	10

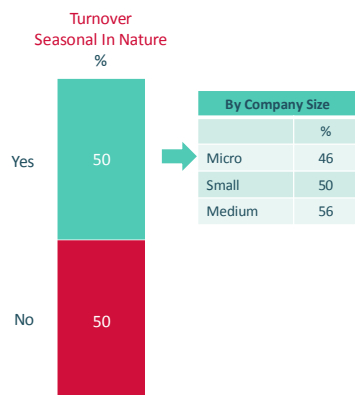
### 6.8 Seasonality of Demand and Credit

Half of SMEs indicate that their turnover/sales are seasonal. This has an effect on credit demand, with 59% of businesses with seasonal turnover also having seasonal credit demand.

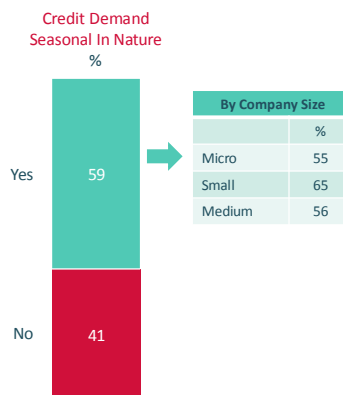


## Seasonality of Turnover & Credit Demand

(Base: All SMEs – 1,502)



(Base: All With Seasonal Turnover – 752)



(Q.19a/b)



## 7.0 The Application Process

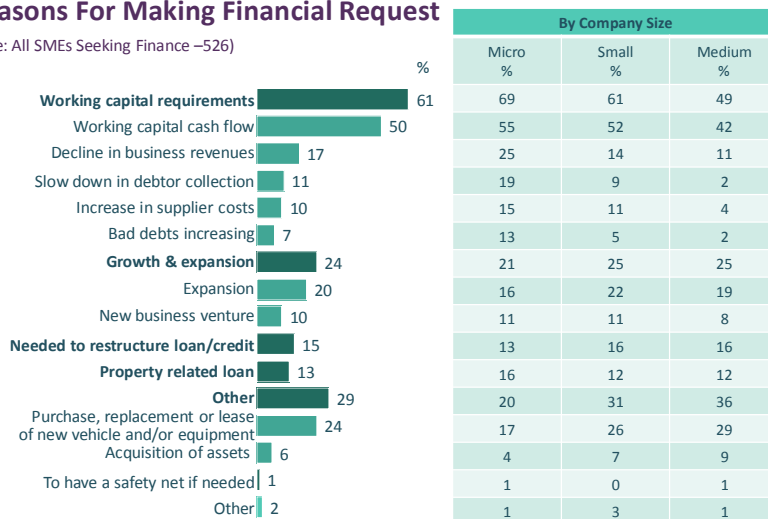
Of the total 1,502 SMEs interviewed for this wave of the study, 35% have requested bank finance in the past 6 months – this is slightly down from 36% in September 2013.

### 7.1 Nature of Demand

Working capital requirements remain the main reason for applying for bank finance with 61% of all SMEs mentioning this reason for application – this is up from 58% in September 2013. The second most quoted reason for application is to finance growth and expansion – this is cited by almost 1 in 4 SMEs (24%). This is a positive increase since September 2013 where 20% of those SMEs applying for bank finance cited growth purposes as the driver behind the application. We also see a slight increase in finance requests related to restructuring of loans while property related loans are down slightly.

#### Reasons For Making Financial Request

(Base: All SMEs Seeking Finance –526)



REDC

(Q.11)

Working capital requirements have increased for Small and Medium companies while it is slightly down among Micro companies. However, a year ago in March 2013, 80% of Micro companies who have applied for credit cited working capital requirements compared to just 69% now. This indicates that improved trading



conditions have lessened the requirement for working capital finance for this company size.

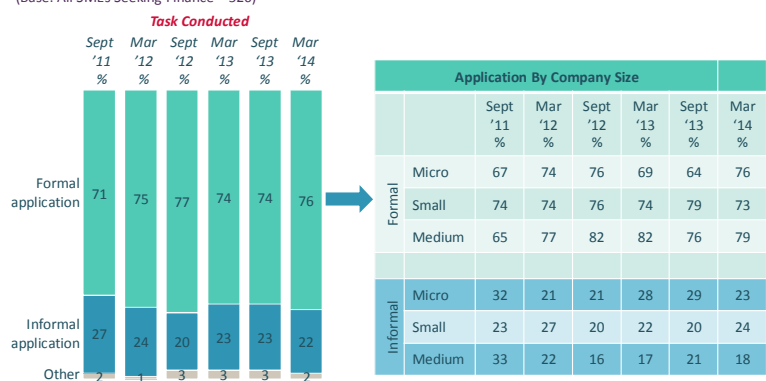
Requirements for growth related finance have increased for Micro and Small companies but we see a decline among Medium companies (from 32% to 25%). In spite of significantly improved trading conditions, this company type is cautious with further investment as demonstrated by the lesser growth in staff numbers compared to turnover growth. Not surprisingly, credit demand for growth and expansion purposes is more likely to be sought among those whose turnover has increased (29%) vs. those where turnover has remained the same (24%) or declined (16%). Requirements for working capital is higher among those with declining turnover (73%) vs. those with no change in turnover (57%) or those with increasing turnover (55%). Yet, it is worth noting that even among companies with strong financial performance, working capital requirements for new credit applications are much more common than applications for growth and expansion requirements. This again suggests that SMEs remain cautious in terms of investment and expansion and the focus currently is on consolidation, recovery and stabilisation.

## 7.2 Formal Applications for Credit

We see an increase in the proportion of applications for credit which include a formal application – from 74% in September 2013 to 76% now. However, more than 1 in 5 (22%) SMEs who apply for credit continue to rely on informal applications solely.

### Formal Applications For Credit

(Base: All SMEs Seeking Finance – 526)



\*Formal includes 'formal' & 'both'







It is very positive to see that Micro companies who traditionally relied more on informal applications have seen a significant increase in the usage of formal applications. This company size is now as likely as Small and Medium companies in using formal applications for credit demand. We see a decline in usage of formal applications among Small companies but it is worth noting that we saw an increase for this company size in September 2013 so they have simply fallen back to the level of formal applications recorded back in March 2013.

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. 14% of those making informal approaches for credit stated that they were effectively testing the water to see if the loan would be possible. 8% used informal channels because they believed a formal application would not be successful.

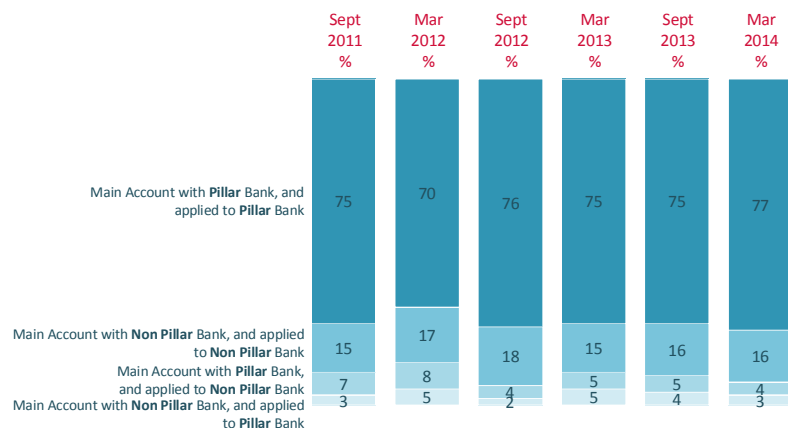
Reasons for making an informal application	Oct 2012- Mar 2013	Apr-Sep 2013	Oct 2013- Mar 2014
No need for providing formal application (e.g. repeat loan or personal relationship)	51%	45%	50%
To see if it would be possible	12%	13%	14%
Knew formal application would not be successful	9%	8%	8%
Time consideration	4%	7%	7%
Accounts not up to date	1%	2%	1%

The proportion of SMEs who have applied for finance through one of the two pillar banks remains at a similar level to those seen in previous waves (80%). Of those who have a main bank account with one of the pillar banks, 96% have applied for finance through a pillar bank.



## Bank From Which Finance Was Requested

(Base: All SMEs Seeking Finance –526)

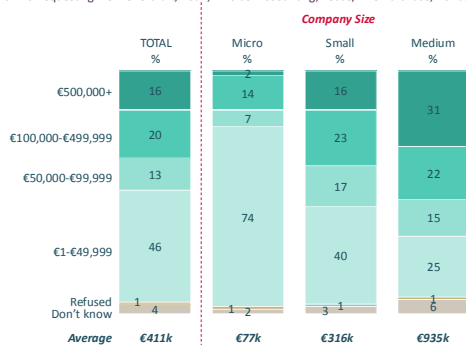


## 7.3 Economic Value of Credit Applications

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 down slightly on that seen in the previous period at €411,000 across all SMEs. Not surprisingly, this amount increases when looking at Medium companies where the average amount is almost €1 million.

### New Finance – Value Applied for

(Base: All SMEs Requesting New Overdraft, Loan, Invoice Discounting, Lease/Hire Purchase, Bonds, Other –297)





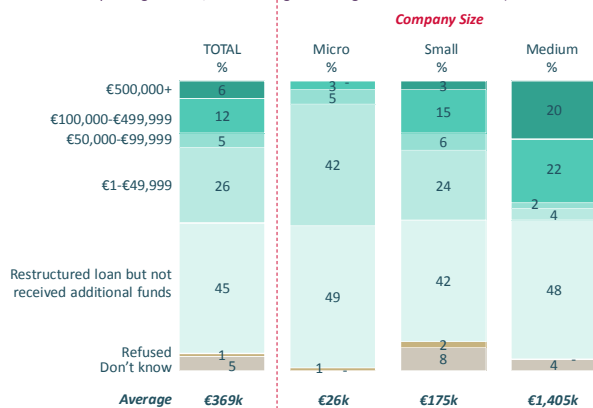
When looking at renewal/restructuring of existing finance, e.g. loans and overdraft, we see that 45% of SMEs who requested these loan types did not request any additional funds – this is up from 41% in September 2013.

Among those that did apply for additional funds the amount sought has decreased significantly. The average stated value requested across all SMEs is approximately €369,000.

Again, Medium companies apply for a much larger amount of funds than Micro and Smaller companies.

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

(Base: All SMEs Requesting renewal/restructuring of existing overdraft or loan –230)



### 7.4 Collateral Required for Credit Applications

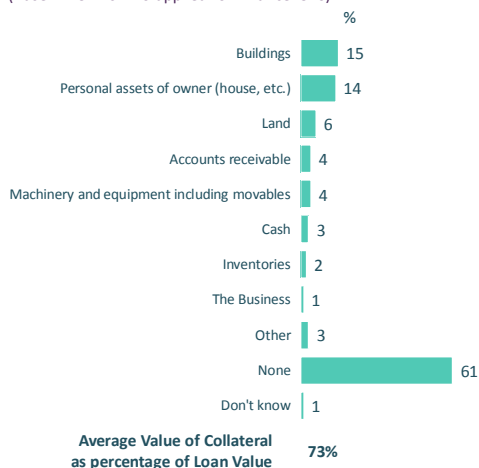
A new question was added for this wave in relation to whether collateral was required in relation to the application for bank finance. Among those SMEs who applied for bank finance, 38% of the applications required some kind of collateral.

The two most common kinds of collateral required were buildings (15% of all applications) and personal assets of owner (14%). This was followed by land (6%), accounts receivable (4%) and machinery/equipment (4%).



## What kind of Collateral Required

(Base: All SMEs who applied for Finance—526)



By Company Size		
Micro %	Small %	Medium %
10	18	18
13	16	11
4	7	9
4	4	5
0	6	6
3	3	2
0	3	2
0	2	1
3	3	3
69	56	61
0	1	2
76%	67%	81%



Applications from Micro companies are less likely to require collateral due to the smaller amount applied for from this company size. The average value of collateral required as percentage of loan is 73% - this is higher (81%) among Medium companies.

### 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 business themselves, 3 in 5 (61%) of all finance applications are processed within the required 15 working days – this is a further improvement on the 57% recorded in September 2013 and the 54% recorded a year ago in March 2013.

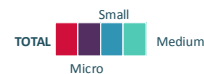
The average amount of time from application to decision has decreased from 21 working days to 19 working days. 1 in 5 (20%) of all applications made in the past 6 months are still pending.



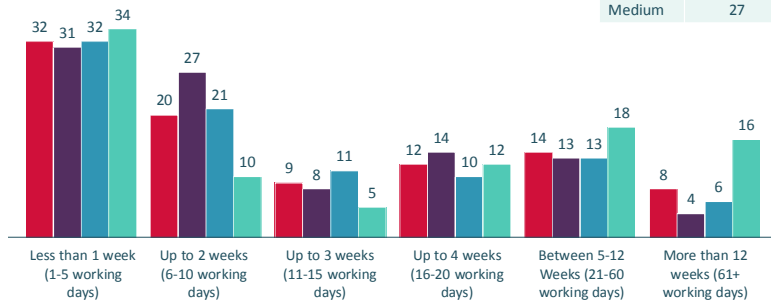
## Application Turnaround Time – Excluding ‘Pending’

(Base: All SMEs Seeking Finance, excluding ‘pending’ – 423)

Average:	Total	19 working days
	Micro	16 working days
	Small	19 working days
	Medium	26 working days



	% Pending
Total	20
Micro	18
Small	17
Medium	27



We see an improvement in turnaround time among Micro companies who have applied for bank finance. The average turnaround time has dropped from 19 working days in September 2013 to 16 working days now, with 2 in 3 (66%) of these applications now turned around within the target of 15 working days. We see less improvement in turnaround time among Small and Medium companies and these companies continue to have the longest turnaround time due to the complexity of the larger amount applications. 1 in 3 (34%) of the Medium-sized companies wait for more than 5 weeks to get a reply on their application from the banks.

There appears to no relationship between turnaround time and whether an application is approved or not. As such, long waiting time should not be seen as an indication that the application would be rejected.

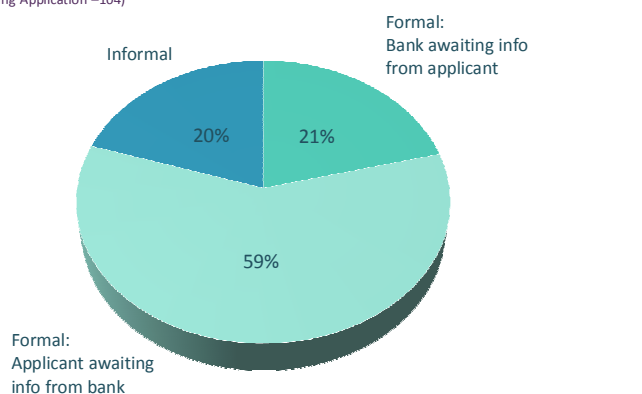
	Approved %	Declined %
Less than 1 week (1-5 working days)	34	25
Up to 2 weeks (6-10 working days)	19	26
Up to 3 weeks (11-15 working days)	8	11
Up to 4 weeks (16-20 working days)	12	7
Between 5-12 weeks (21-60 working days)	15	12
More than 12 weeks (61+ working days)	8	9
Don't know	4	10



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 (59%) 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 64% in the previous wave. 21% of the applications are pending due to the fact that the applicant has not yet provided all the necessary information – this is up from 18%. 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 –104)



### 7.6 Decline Rate

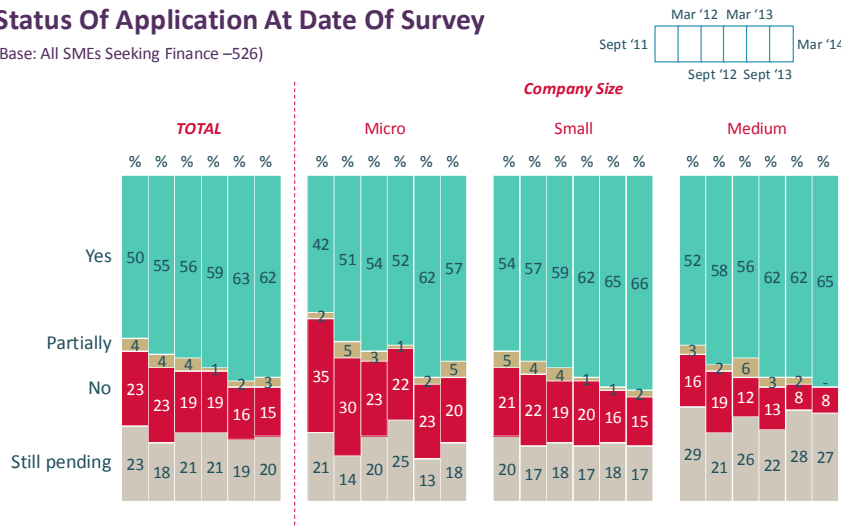
The decline rate for all credit applications in the period October 2013 to March 2014 stands at just 15% of all applications - this is down from 16% in September 2013 and 19% a year ago in March 2013.

More than 3 in 5 applications (62%) have been approved in full over the past 6 months – this is down 1% from September 2013 but 3% higher than a year ago. And additional 3% of credit applications are approved partially while 1 in 5 applications (20%) are still pending.



## Status Of Application At Date Of Survey

(Base: All SMEs Seeking Finance –526)



(0.14)

The approval rate has increased among Small and Medium companies, with 2 in 3 credit applications (66%) made by Small-sized companies approved in full –up slightly from September 2013. 65% of application from Medium companies are approved in full – this is up 3% from 62% in September 2013. For Micro companies, we see a decrease in both the approval rate and decline rate due to more applications still pending compared to the previous wave. 57% of applications from this company size are approved in full while 20% are declined – this is the highest decline rate for company size, underlining that it is more difficult for Micro companies to get bank finance.

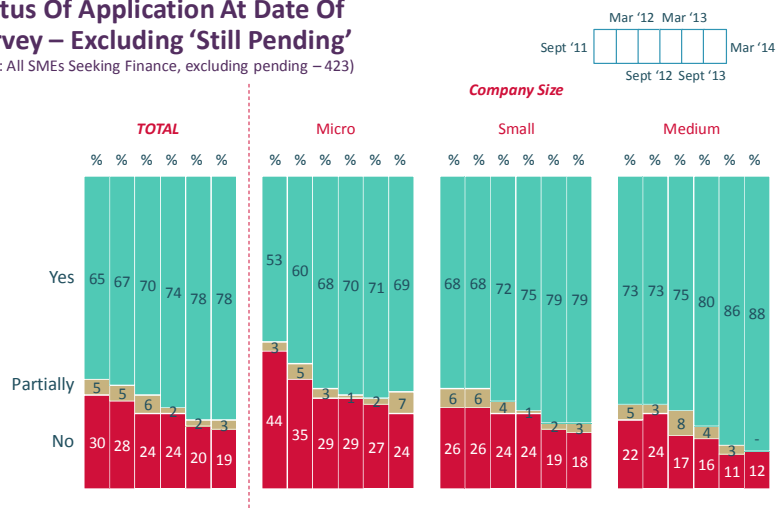
Excluding pending applications, the overall decline rate stands at 19% - this is down slightly from the previous wave but much lower than a year ago where the decline rate was 24%. 78% of all applications over the past 6 months (excluding still pending) have been approved in full with additional 3% being partially approved.

Again, the improvement is driven mainly by Medium-sized and Small-sized companies. 88% of applications from Medium-sized companies have been approved in full while 79% have been approved in full among Small-sized companies with additional 3% being partially approved. Among Micro companies, the decline rate has decreased from 27% to 24% but this is due to more applications being partially approved rather than fully approved.



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

(Base: All SMEs Seeking Finance, excluding pending – 423)



## 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 rate – though the decline rate for this finance type has decreased from 46% in September 2013 to 25% now. Foreign banks leaving the Irish market is a factor here as businesses who have to apply for new overdrafts/loans with a new credit provider are more likely to be approved than if applying “from scratch”. However, there is a higher proportion of still pending applications for this finance type – indicating that the banks take longer to process these.

Lending Products	Yes %	Partially %	No %	Pending %
<b>Overdraft</b>	<b>60</b>	<b>4</b>	<b>18</b>	<b>18</b>
New overdraft	46	5	25	24
Renewal/restructuring of existing overdraft	67	3	15	15
<b>Loan</b>	<b>54</b>	<b>3</b>	<b>14</b>	<b>29</b>
New loan	62	2	13	23
Renewal/restructuring of existing loan	39	4	14	43
<b>Leasing or hire purchase</b>	<b>82</b>	<b>0</b>	<b>12</b>	<b>6</b>
<b>Other</b>	<b>74</b>	<b>6</b>	<b>6</b>	<b>14</b>





Most other types of finance also see a decrease in decline rates but the decline rates have increased for renewal/restructuring of loans – from 8% in September 2013 to 14% now. The decline rates for new loans have decreased from 20% to 13% now.

### Formal Application Decline Rate

Type Of Application	Yes %	Partially %	No %	Pending %
<b>TOTAL</b>	<b>62</b>	<b>3</b>	<b>15</b>	<b>20</b>
Formal application	63	3	13	21
Informal application	58	2	22	18

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 September 2013 to March 2014 is 13%, while for informal applications the decline rate stands at 22%.

### Decline Rate by What Credit Applied For

Funding For	Yes %	Partially %	No %	Pending %
Working Capital	61	3	17	19
Growth & Expansion	51	2	18	29
Property Related loan	41	1	22	36
Need to re-structure loan/ credit	35	3	22	40

There is a clear indication that the banks are currently more likely to approve funding for working capital (61%) than for growth (51%). The banks also appear to be slower with processing application for growth and expansion purposes with 29% of these applications still pending. It is hoped that the introduction of the SBCI will significantly assist in this regard.

Property related loans and re-structuring also appear to take longer to agree, with over a third of these applications still pending.



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

Export vs. Non-Export	Yes %	Partially %	No %	Pending %
Export Business	65	2	13	20
Non-Export Business	62	3	15	20

Unlike previous waves, we now see a smaller difference in approval/decline rates for export companies vs. non-export businesses. This corresponds well with the improved trading performance among domestically focused businesses – allowing them easier access to bank finance.

### Decline Rate by Pillar/Non Pillar Banks

Unlike previous waves where the decline rates were higher for non-pillar banks, we do not see any noticeable differences now. While pillar banks are more likely to approve credit applications in full, the non-pillar banks have closed the gap in terms of overall approval rates (including partial approvals).

Bank	Yes %	Partially %	No %	Pending %
Pillar	64	2	15	19
Non-Pillar	60	5	13	22

### Decline Rate by Sector

The manufacturing sector continues to have the highest decline rates but has seen an improvement since the last period with the decline rates decreasing from 26% to 19% for this sector. Decline rates have also decreased significantly for the construction sector from 26% to just 8% now, making this the sector with the lowest decline rates. The decline rates have increased for business services from 10% to now 18%.

Sector	Yes %	Partially %	No %	Pending %
Manufacturing	62	0	19	19
Construction	66	2	8	24
Wholesale/retail trade & repair	58	4	13	25
Hotels & restaurants	63	1	16	20
Business service	63	5	18	14
Other	75	0	11	14



### Decline Rate Linked to Company Trading Performance

We see a relationship between company performance and decline rates with companies with declining turnover and/or a loss being less likely to be approved for a loan.

Turnover Performance	Yes %	Partially %	No %	Pending %
Increased	67	3	10	20
Decreased	58	3	20	19

Turnover Performance	Yes %	Partially %	No %	Pending %
Made a profit	68	2	10	20
Made a loss	54	4	21	21

However, compared to last wave, SMEs with decreased turnover are now more likely to get approval while SMEs with a loss continue to struggle in terms of approvals.

### 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 (71%) with approved finance applications had at least one criteria/condition attached to them – however, this is down from 78% in September 2013.

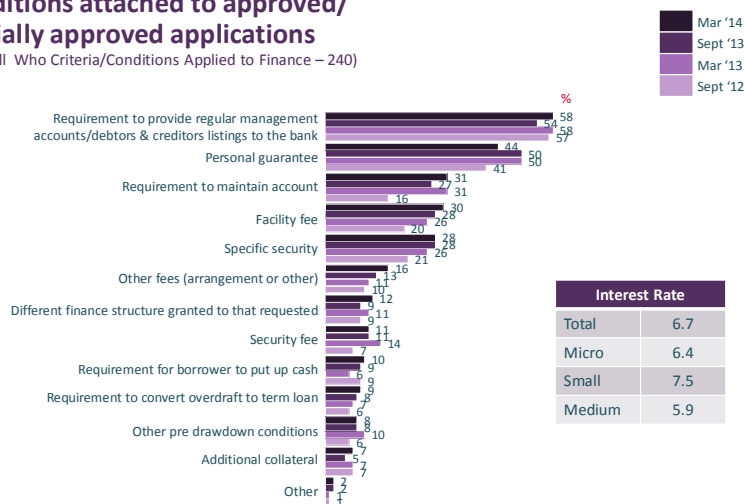
The criteria/conditions required are similar to those seen in previous waves with the need to provide regular management accounts/debtors and creditors listing to the bank being the most common requirement, with 58% of all approved applications with criteria/conditions having this requirement. The second most popular condition is personal guarantee (44%) followed by requirement to maintain account (31%), facility fee (30%) and specific security (28%).

The average number of criteria/conditions required by the banks is slightly up from 2.5 to 2.7 – however, it is worth noting that there is now a higher proportion of SMEs with approved applications where no criteria/conditions were attached to loan.



## Conditions attached to approved/ partially approved applications

(Base: All Who Criteria/Conditions Applied to Finance – 240)



Interest Rate	
Total	6.7
Micro	6.4
Small	7.5
Medium	5.9



The average interest rate on the approved credit provided by the banks is claimed to be 6.7% overall across all SMEs – this is similar to the level seen in September 2013. Medium companies have the lowest interest rates.

Quite a high proportion (32%) of businesses are not sure exactly what rate they are being charged. Across all SMEs with approved credit, 1 in 20 claim to be charged over 10% in annual interest.

### 7.8 Reasons for Decline

Reasons for decline can on a broad level be divided into applicant controlled and bank controlled reasons. A decreasing proportion (52%) of declined applicants have given a bank controlled reason – the most common mentioned reason being changes in bank lending policy (31%). The largest increase in bank controlled reasons is for changes in bank pricing policy (15% up 6%)

Applicant controlled reasons are now mentioned as frequently as bank controlled reasons with 52% mentioning at least one of these reasons – this is up from 44% in September 2013. This indicates that a higher proportion of SMEs who have been declined credit is businesses where it would not be a good business case to provide finances. Inadequate repayment capacity is mentioned as reason by 1 in 4 (25%) of SMEs who have been declined bank finance.



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

The proportion of bank controlled reason versus applicant controlled reason (when excluding those who claim they have not been given a reason for decline) is at 50% which is 7% lower than in September 2013. There has been a slight increase in the proportion of applicants who claim they did not receive a reason for the decline – however, this measure remains lower than a year ago in March 2013.

### 7.9 SME Opinions on Reasons for Decline

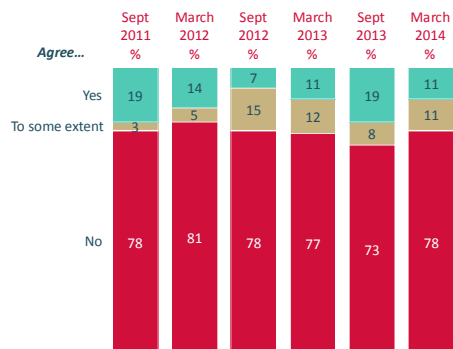
The majority (78%) of those SMEs who have been declined bank finance disagree with the reasons given for the refusal. This is up from September 2013 (73%) and slightly up from March 2013 (77%).

1 in 10 (11%) of those SMEs who have been declined bank finance fully agree with the reasons given for the refusal. This is down from the last period (19%) but at the same level as last year in March 2013. 22% now agree fully or partially with the decision of the banks.



### Agreement With Bank Decision To Refuse Credit

(Base: All Banks Who Gave Reason For Refusal – 70)

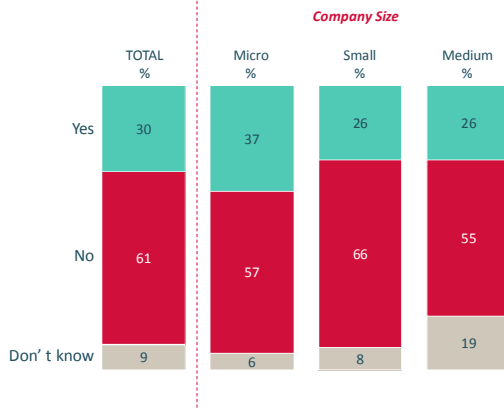


### 7.10 The Right to an Internal Bank Review

3 in 5 (61%) 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 a slight increase from September 2013 where 58% 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 –78)



Note: Very small base size for company size breakdown





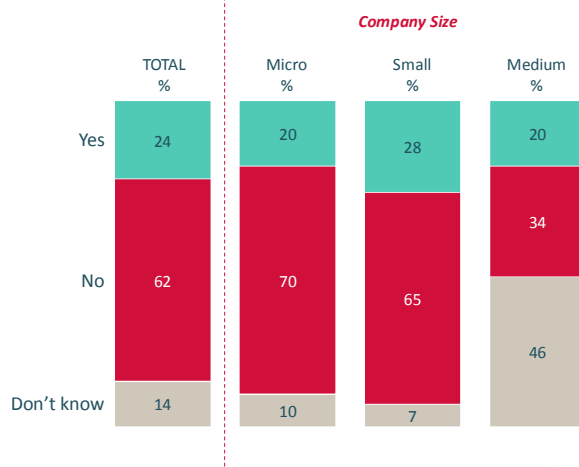
### 7.11 Credit Review Office

62% 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 slightly from 64% in the previous period.

When excluding those who do not know if they were informed of the credit review facility, 72% claim they were not informed of the Credit Review Office which is slightly higher than September 2013 (69%).

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

(Base: All Requested Application From AIB or BOI –64)



Note: Very small base size for company size breakdown



(Q.14e)

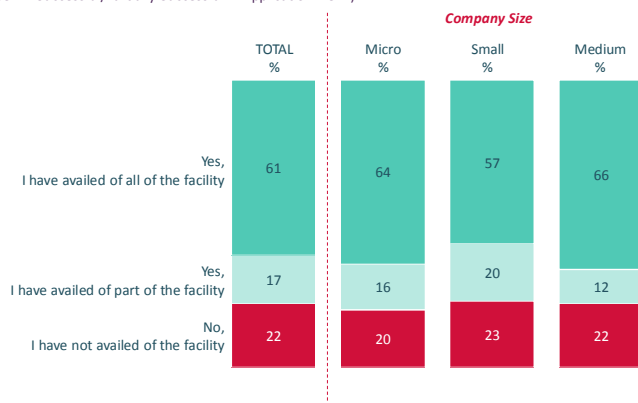
### 7.12 Drawdown of Approved Facilities

61% of SMEs whose applications were approved, have availed fully of the given credit facilities. An additional 17% have availed of them partially. 22% of the SMEs have not availed of the facilities yet – this is up from 19% in September 2013. 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 – 344)







## 8.0 Non-Bank Finance

### 8.1 Enquiries for Non-Bank Finance

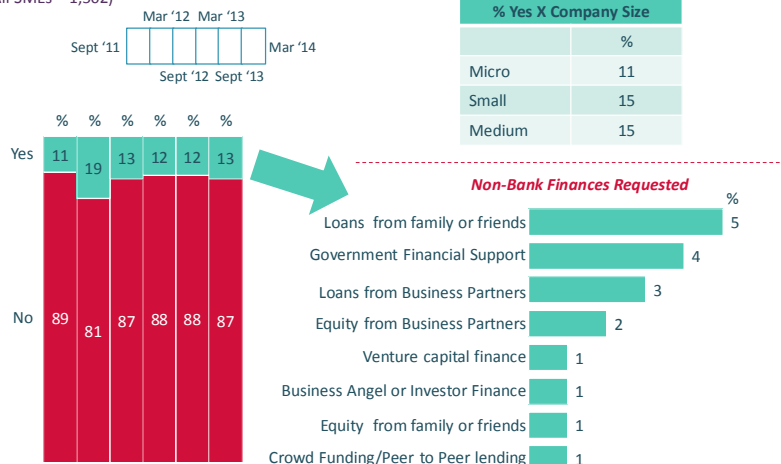
The number of enquiries made for non-bank finance is very similar to that seen in the previous wave. In total 13% of SMEs sought non-bank finance over the period October 2013-March 2014, which represents a very small increase of 1% of SMEs seeking non-bank finance.

This increase reflects an increase in enquiries for non-bank finance from Small companies, with 15% of these companies now looking for non-bank finance in this period, up from 11% in the previous period.

Loans from family or friends (requested by 5%) remain the most common source of non-bank finance requested. Government financial support (4%) and loans from business partners (3%) are the next most common sources.

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

(Base: All SMEs – 1,502)



Working capital requirements and growth/expansion purposes are key drivers of applications for non-bank finance. 54% of the enquires for non-bank finance were driven by working capital requirements while 53% were related to new business ventures/expansions/purchase of assets/equipment. This means that non-bank finance is more likely to be for growth purposes than bank finance where working



capital is the main requirement. Looking at the different types of non-bank finance, loans from family/friends and business partners are more likely to support working capital requirements while Government support, investor finance and equity are more likely to be driven by growth and expansion purposes.

## 8.2 Reasons for Not Applying for Non-Bank Finance

A new question was added this wave in relation to reasons for not applying for the various non-bank finance options in the past 6 months. For all non-bank finance sources, the main reason for not applying is that the SMEs did not feel they needed this type of finance. Other common reasons are lack of knowledge of finance source or a perception that the finance type was not relevant for business/sector – this is especially the case for Government financial support, investor finance and crowd funding.

<i>Reason for Not Applying for Non-Bank Finance Source</i>	Government Financial Support %	Venture Capital/ Investor Finance %	Loans from Family/ Friends/ Business Partners %	Equity from Family/ Friends/ Business Partners %	Crowd Funding %
Don't need this type of financing	64	71	85	84	76
Lack of knowledge	23	16	1	2	15
I don't believe this source is relevant for my business or sector	10	10	5	5	6
Didn't think we would get it	2	1	1	0	0
Application process too difficult	2	1	0	0	0
Previously rejected for this type of finance	2	1	0	0	0
Costs/Fees are too high	1	1	0	0	0
Already have this type of financing in place so do not need more	1	1	1	2	1
Prefer not to borrow	1	1	1	1	1
Don't want to lose control of business	1	3	1	2	1
No interest in this type of financing	0	0	3	3	1
Friends/family/business partners don't have the money	0	0	3	3	0

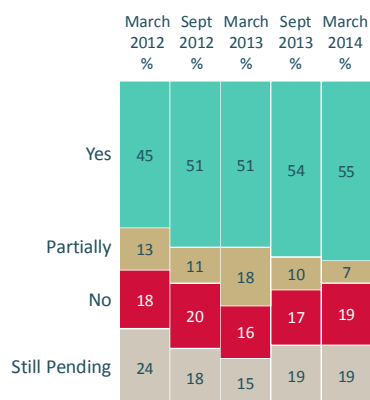


### 8.3 Decisions Made on Non-Bank Finance Applications

In total 55% of all non-bank finance enquiries were successful with an additional 7% being partially successful. This represents a very similar picture to that seen in the previous period. The decline rate however increases slightly again this period, leaving it at 19% overall, which is 3% higher than a year ago. This means the decline rate for non-bank finance (19%) is now significantly higher than for bank finance (15%) during this period October 2013-March 2014.

#### Success In Obtaining Non-Bank Finance

(Base: All Application for Non-Bank Finance –285)



(Q.18)

The most successful route to non-bank finance is that made for loans from family/friends, which results in a 76% complete success rate, and an 11% partial success. This makes enquires for non-bank finance through family and friends the most successful of all routes for SMEs.

Other non-bank routes to finance are not as successful. Loans from business partners have the same level of success for SMEs as those that have approached a bank, while the success of obtaining equity from business partners falls below that of applications to banks. The lowest success for non-bank finance requests comes for applications for Venture Capital Finance, with 51% of those applications being rejected and only 8% successful during the period.

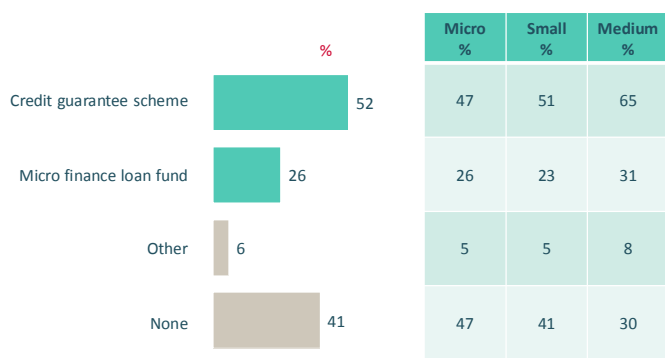


## 8.4 Awareness of State Funded Support

Awareness and knowledge of state funded support such as the Credit Guarantee Scheme and the Micro Finance Loan Fund remain very similar to that seen in the previous period. Approximately half (52%) of the SMEs are currently aware of the Credit Guarantee Scheme while only 26% are aware of the Micro Finance Loan Fund. Both of these represent a small increase of 1% awareness for each among SMEs since the previous wave.

### Awareness Of Government Support Initiatives

(Base: All SMEs – 1,502)



In general, SMEs continue to feel that they do not know enough about state funded support available with only 20% of the SMEs agreeing with the statement “I have a good knowledge of state funded support available”. This is down 3% from the previous period. The majority (73%) of SMEs continue to state that they would like to see more information on how businesses can apply for state funded support.

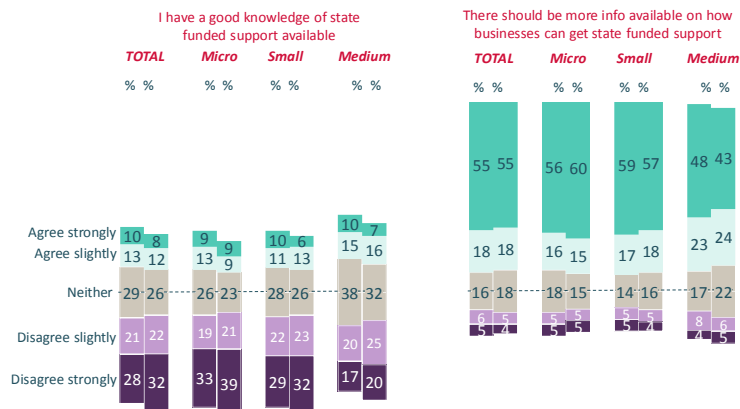
The “Supporting SMEs” online tool should go some way to addressing this knowledge deficit.



### Attitudes Towards State Funded Support

(Base: All SMEs – 1,502)

Sept '13  Mar'14

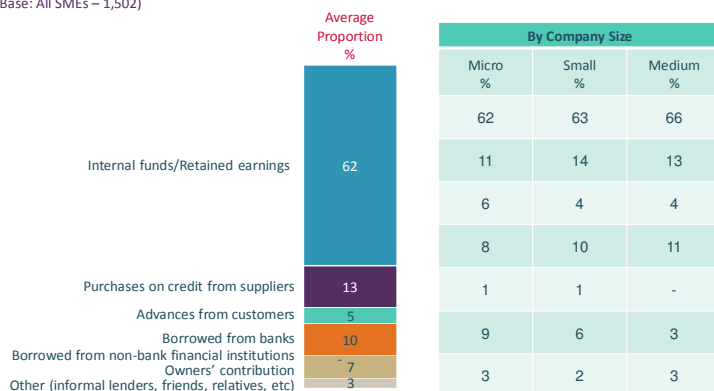


### 8.5 Financing the Business

SMEs appear to be moving more towards increased financing of working capital from internal funds and retained earnings, which helps to explain steady credit demand despite improved trading conditions. On average, 62% of SME working capital is now financed by internal funds/retained earnings, an increase of 3% since the previous period. The second most important source of working capital finance remains credit from suppliers (13%) and bank loans (10%). Non-bank finances only play a minor role in financing working capital of SMEs in Ireland.

#### How Are Working Capital Financed?

(Base: All SMEs – 1,502)





Just under a third (31%) of SMEs have acquired fixed assets in the past 6 months – down from 32% in September 2013, and at a similar level to a year ago. Medium-sized companies are more likely to have invested in fixed assets with 60% having acquired fixed assets in the past 6 months. Only 15% of Micro companies have acquired fixed assets while the proportion for Small companies is 29%.

Among those that have invested in fixed assets, the average total expenditure in the last 6 months is:

	<b>Average Expenditure Fixed Assets</b>
<b>All SMEs</b>	<b>€308k</b>
Micro	€64k
Small	€141k
Medium	€548k

This suggests an increase in the scale of spend on fixed assets among Medium-sized companies. Looking at how fixed assets acquisitions were financed over the past 6 months, we get the following picture:

<b>Source of Finance</b>	<b>Average Proportion</b>	
	Sept 2013	March 2014
Internal funds/retained earnings	67%	71%
Leasing arrangements	9%	6%
Borrowed from banks	12%	9%
Credit from suppliers	3%	5%
Advances from customers	1%	0%
Owners' contribution	5%	5%
Borrowed from non-bank financial institutions	1%	1%
Other	2%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Again, internal funds are the main source of finance followed by leasing arrangements and bank loans. Non-bank finances only play a minor role for fixed assets acquisitions.



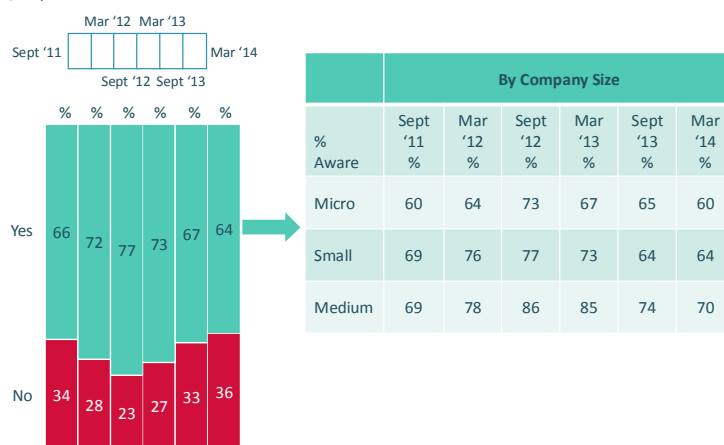
## 9.0 SME Awareness of Credit Supports

### 9.1 Credit Review Office

Awareness of the Credit Review Office has decreased for the third wave in a row and is now at the lowest levels since tracking began in September 2011. While this can be due to less promotion of this office, the decrease in credit demand might also be a factor as less SMEs are thinking about credit and credit support facilities. In total 64% of all SMEs are aware of the Credit Review Office.

#### Awareness Of Credit Review Office

(Base: All SMEs – 1,502)



The decline appears to be among Micro companies, where demand for credit is at its lowest.

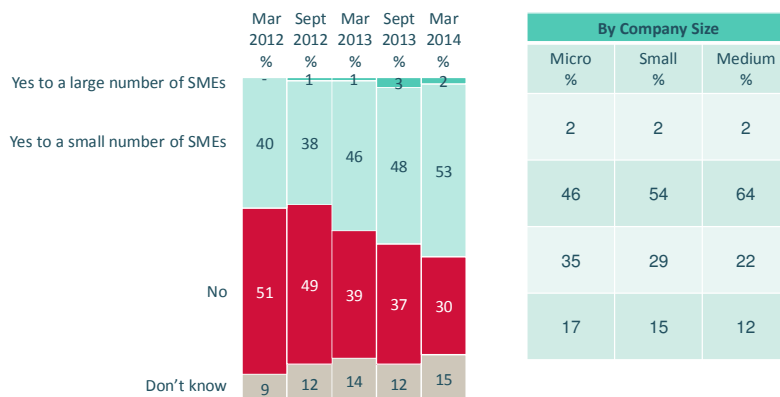
### 9.2 Perception of Banks Lending to Irish SMEs

The trend of increasing belief that the banks are lending to the SME sector in Ireland continues. A total of 55% believe the banks are lending – this is up from 51% in September 2013. Most SMEs still believe the banks are only lending to a small number of SMEs (53%) while only 2% of all SMEs believe the banks are lending to a large number of SMEs.



## Perception of Banks Currently Lending to Irish SMEs

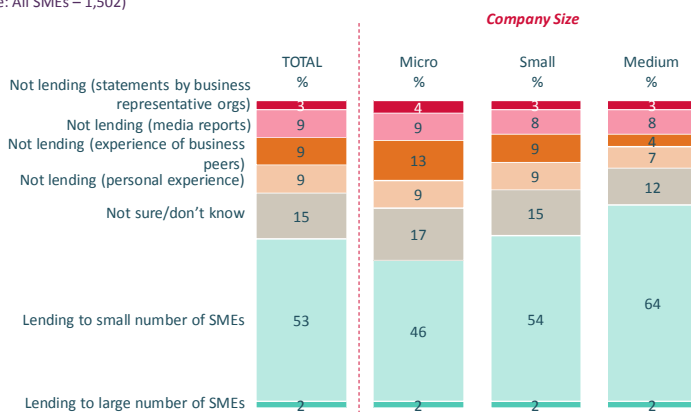
(Base: All SMEs – 1,502)



Just 30% of Irish businesses now have the opinion that the banks are not lending, which is a significant improvement in the past two years. However challenges still remain, as a significant proportion of all SMEs retain the view that banks are not lending. At the same time the challenge for the banks is to increase confidence that the banks are now lending to a wider group of SMEs in Ireland.

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

(Base: All SMEs – 1,502)







Of the 30% who retain the view that the banks are not lending, 9% claim to hold this view due to personal experience. The remainder hold the view based on media reports, statements by business representatives, and peer group experiences.



## APPENDIX

The SME Demand Survey Questionnaire



43813

**DEPARTMENT OF FINANCE**  
**CREDIT DEMAND SURVEY**  
**QUESTIONNAIRE**  
**October 2013 – March 2014**

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.

---

**SECTION 1 – COMPANY INFORMATION**

---

**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**

Agriculture & forestry & fishing ..... 1

**CHECK QUOTAS**

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 - October 2013 to March 2014**

**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 don’t export ..... 3

**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** Approximately, what proportion of your total export sales comes from each of the following destinations:

**MUST ADD TO 100%, ALLOW FOR DON’T KNOW**

	%
Northern Ireland	
United Kingdom excluding Northern Ireland	
Other European Union	
USA	
Brazil, Russia, India, China, South Africa (BRICS)	
Elsewhere	

**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	MICRO:
2 - 4 .....	2	CHECK QUOTAS
5 - 9 .....	3	
10 -20 .....	4	SMALL:
21 – 49 .....	5	CHECK QUOTAS
50 - 100 .....	6	MEDIUM -
101 – 249 .....	7	CHECK QUOTAS
250+ .....	8	CLOSE
Refused/ don't know .....	9	

**Q.2a** What was your business' turnover in the last 12 months i.e. for the period **April 2013-March 2014**?

€ \_\_\_\_\_  
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 **April 2013-March 2014** 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>

**Q.2c** What was your business' turnover in the last **6 months** i.e. for the period **October 2013-March 2014**?

€ \_\_\_\_\_  
SCRIPTER: NUMBER MUST NOT EXCEED ANSWER PROVIDED IN Q.2A/B  
IF DON'T KNOW/REFUSED ASK Q.2C1



**Q.2c1** What was your business' turnover in the last 6 months i.e. for the period **October 2013-March 2014** 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
Refused / don't know ( <b>DNRO</b> ) .....	99

SCRIPTER: NUMBER MUST NOT EXCEED ANSWER PROVIDED IN Q.2A/B

**Q.2d** Approximately, what is the value of total assets on your company's balance sheet?

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

**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 ( <b>DNRO</b> ) .....	4

**ONLY ASK IF NOT BOTH Q2a & Q2c ANSWERED, I.E. THAT EXACT TURNOVER ESTIMATIONS ARE NOT GIVEN FOR BOTH 6 & 12 MONTH PERIOD**

**Q.5** In the last 6 months, i.e. from **October 2013-March 2014**, has the turnover of your business increased, decreased or stayed the same compared to the previous 6 month period?  
**SINGLE CODE**

Increased .....	1	<b>GO TO Q.5a</b>
Decreased .....	2	<b>GO TO Q.5b</b>
Remained the same .....	3	<b>GO TO Q.5c</b>

**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 ( <b>DNRO</b> ) .....	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 ( <b>DNRO</b> ) .....	7

**ASK ALL**

**Q.5c** In the last 6 months, i.e. from **October 2013-March 2014**, 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 ( <b>DNRO</b> ) .....	5

**ASK IF PROFIT IN Q.5C**

**Q5c1** Approximately, how much profit did your company make in the last 6 months?

€ \_\_\_\_\_ (MIN-MAX 1-50,000,000, ALLOW REFUSAL/NOT SURE)

**ASK IF LOSS IN Q.5C**

**Q5c2** Approximately, how much was the loss made by your company in the last 6 months?

€ \_\_\_\_\_ (MIN-MAX 1-99,000,000)



**ASK ALL**

**Q.6** In the last 6 months, i.e. from **October 2013-March 2014**, has your number of staff increased, decreased or stayed the same? **SINGLE CODE**

- Increased ..... 1 **GO TO Q.6a**
- Decreased ..... 2 **GO TO Q.6b**
- Remained the same ..... 3 **GO TO Q.7**

**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 (**DNRO**) .....7





---

**SECTION 2 – FINANCING YOUR BUSINESS**

---

**ASK ALL**

**Q.7** In the last 6 months, i.e. from **October 2013-March 2014**, 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 October 2013-March 2014**, 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 October 2013-March 2014**, 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 October 2013-March 2014**, 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**

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

**SINGLE CODE**

AIB .....	1
Anglo/ Irish Bank Resolution Corporation .....	2
Bank of Ireland .....	3
Bank of Scotland (Ireland).....	4
National Irish Bank .....	5
Ulster Bank .....	6
Permanent TSB .....	7
Rabobank .....	8
ACC.....	9
GE Capital/ Woodchester .....	10
KBC (previously IIB) .....	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 **October 2013-March 2014**, 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 **October 2013-March 2014**?

**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
Anglo/ Irish Bank Resolution Corporation .....	2
Bank of Ireland .....	3
Bank of Scotland (Ireland).....	4
National Irish Bank .....	5
Ulster Bank .....	6
Permanent TSB .....	7
Rabobank .....	8
ACC .....	9
GE Capital/ Woodchester .....	10
KBC (previously IIB) .....	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**

- October 2013 .....1
- November 2013 .....2
- December 2013 .....3
- January 2014 .....4
- February 2014 .....5
- March 2014 .....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 EXISITING LOAN OR OVERDRAFT  
 INSTEAD.**

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

- 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 approximately 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 1-11 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 1-12) 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 April 2014 to September 2014)? **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 October 2013-March 2014? **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

---

**SECTION 3 – NON BANK FINANCING**

---

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

- Credit Guarantee Scheme..... 1  
Microfinance Loan Fund Scheme..... 2  
Other government financial support (specify) ..... 3  
None.....4

**We would now like you to think about the most recent period from October 2013 to March 2014 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
Other non-bank finance (specify) _____ .....	11
None (DNRO) .....	12 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**

**ASK Q.18a2 FOR THOSE WHO DID NOT APPLY FOR ANY VENTURE CAPITAL/BUSINESS ANGEL FINANCE (NOT CODE 4,5 IN Q.17b)**

**Q.18a2** Why did you not apply for venture capital or investor finance in the last 6 months?  
**MULTICODE, PROBE FULLY, DO NOT READ OUT**

**ASK Q.18a3 FOR THOSE WHO DID NOT APPLY FOR LOANS FROM FAMILY/FRIENDS/BUSINESS PARTNERS (NOT CODE 6,8 IN Q.17b)**

**Q.18a3** Why did you not apply for loans from family, friends or business partners in the last 6 months?  
**MULTICODE, PROBE FULLY, DO NOT READ OUT**

**ASK Q.18a4 FOR THOSE WHO DID NOT APPLY FOR EQUITY FROM FAMILY/FRIENDS/BUSINESS PARTNERS (NOT CODE 7,9 IN Q.17b)**

**Q.18a4** Why did you not apply for equity from family, friends or business partners in the last 6 months?  
**MULTICODE, PROBE FULLY, DO NOT READ OUT**

**ASK Q.18a5 FOR THOSE WHO DID NOT APPLY FOR CROWD FUNDING/PEER-TO-PEER LENDING (NOT CODE 10 IN Q.17b)**



**Q.18a5** Why did you not apply for crowd funding/peer-to-peer lending 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 **October 2013 to March 2014**), 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 **October 2013 to March 2014**), 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 **October 2013 to March 2014**), 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 (DNRO)		%
Does not apply		%

**Q18d** During the past six months, **October 2013 to March 2014**, 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

---

**SECTION 4 – SEASONALITY**

---

**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.20b**  
 No ..... 2 **GO TO Q.24a**

---

**SECTION 5 – AWARENESS**

---

**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 **October 2013 to March 2014**) 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. **October 2013 to March 2014**) 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 **October 2013 to March 2014**). 3

Statements by business representative organisations in the last six months (i.e. from **October 2013 to March 2014**)..... 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.**