



An Roinn Airgeadais  
Department of Finance

# *Fitzpatrick Associates*

SME Credit  
Demand Survey –  
April-September  
2017

Final Report

## Contents

<b>1. Summary of Main Findings .....</b>	<b>3</b>
1. Summary .....	5
1.1 Trading Performance .....	5
1.2 Demand for Banking Finance .....	5
1.3 The Application Process .....	6
1.4 Non-Bank Finance .....	7
1.5 Credit Support Awareness .....	8
<b>2. Introduction.....</b>	<b>9</b>
2.1 Economic Context .....	9
2.2 Government Support Measures .....	11
2.3 Rationale for this Demand Study .....	14
2.4 Study Scope.....	14
<b>3. Methodology .....</b>	<b>17</b>
3.1 Sample Selection .....	17
3.2 Sample Accuracy .....	17
3.3 Collection of Data.....	17
3.4 Comparative Results.....	18
3.5 Sample Size .....	18
3.6 Limitations .....	18
3.7 Other Research.....	19
3.8 Privacy of the Respondent.....	19
<b>4. Profile of Respondents .....</b>	<b>20</b>
4.1 Company Size, Turnover and Length of Time in Business .....	20
4.2 Exporting Companies.....	21
4.3 Regular Financial Management Tasks and Use of Financial Advisors.....	24
<b>5. Trading Performance.....</b>	<b>25</b>
5.1 Turnover Trends .....	25
5.2 Employment Trends .....	31
5.3 Profit Trends .....	33
5.4 Business Sentiment – Next 6 Months.....	34
<b>6.0 Demand for Banking Finance.....</b>	<b>36</b>
6.1 Current Demand for Credit.....	36
6.2 Future Demand for Credit .....	37

6.3	Reasons for Not Seeking Credit.....	38
6.4	Demand for Credit by Product.....	39
6.5	Demand for Credit by Sector .....	41
6.6	Demand for Credit by Turnover and Profit Performance.....	41
6.7	Cost of Credit .....	42
6.8	Financial Position of Businesses .....	43
<b>7.0</b>	<b>The Application Process .....</b>	<b>47</b>
7.1	Nature of Demand.....	47
7.2	Formal Applications for Credit.....	48
7.3	Economic Value of Credit Applications.....	50
7.4	Collateral Required for Credit Applications.....	52
7.5	Turnaround Time on Decisions.....	53
7.6	Decline Rate.....	55
7.7	Criteria, Conditions and Interest Rates Attached to Approved Applications	60
7.8	Reasons for Decline.....	61
7.9	SME Opinions on Reasons for Decline .....	62
7.10	The Right to an Internal Bank Review .....	63
7.11	Credit Review Office .....	64
7.12	Drawdown of Approved Facilities.....	65
<b>8.0</b>	<b>Non-Banking Finance .....</b>	<b>66</b>
8.1	Enquiries for Non-Bank Finance .....	66
8.2	Decisions Made on Non-Bank Finance Applications .....	67
8.3	Reasons for Not Applying for Government Financial Support.....	68
8.4	Awareness of State Funded Support .....	69
8.5	Financing the Business .....	72
<b>9.0</b>	<b>SME Awareness of Credit Supports.....</b>	<b>74</b>
9.1	The Perception of Banks Lending to Irish SMEs .....	74
9.2	Reasons for View on Bank Lending .....	75
	<b>Appendix: The SME Credit Demand Survey Questionnaire .....</b>	<b>76</b>

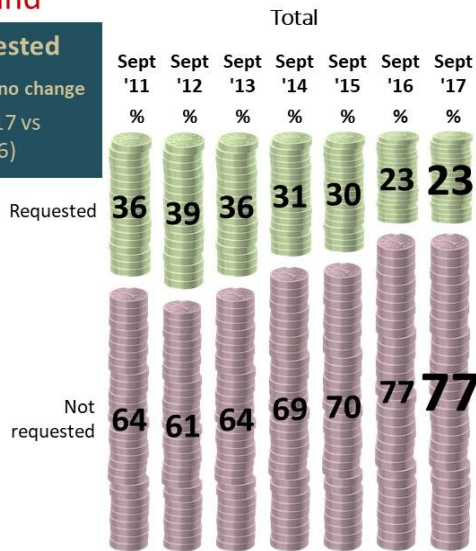
# 1. Summary of Main Findings

## Overview of Report – Credit Demand (April 2017 - Sept 2017)

(Base: All SMEs – 1,535)

### Demand

**Requested**  
**23%** no change  
(Sept '17 vs Sept '16)



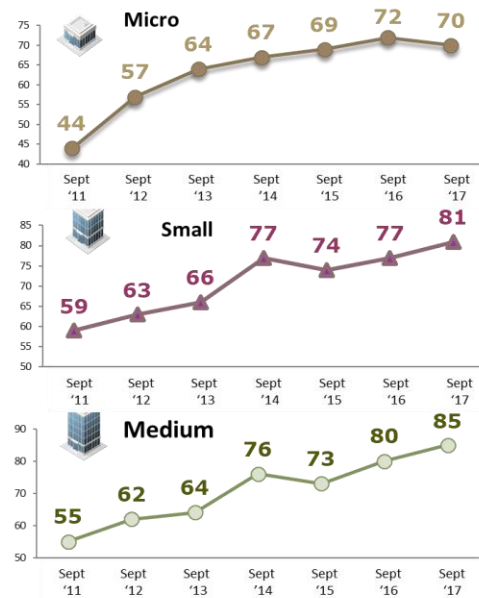
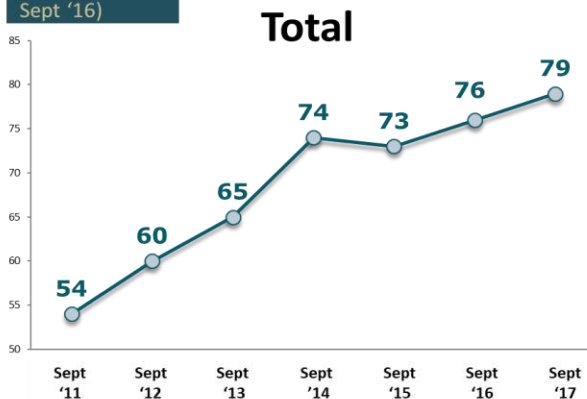
	Requested By Company Size							Demand Sept '17 vs Sept '16
	Sept '11 %	Sept '12 %	Sept '13 %	Sept '14 %	Sept '15 %	Sept '16 %	Sept '17 %	
Micro	27	36	30	24	24	20	18	↓ 2%
Small	41	41	39	38	34	24	26	↑ 2%
Medium	41	43	39	32	34	28	26	↓ 2%

## Status of Application at Date of Survey

### Application Decisions (incl. pending)

(Base: All SMEs Seeking Finance – 352)

**Approval/Partial**  
**79%** (+3%)  
(Sept '17 vs Sept '16)

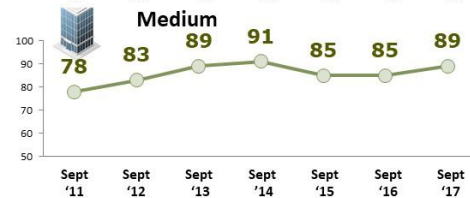
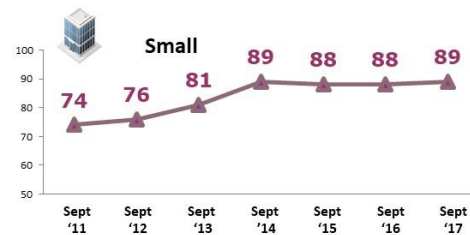
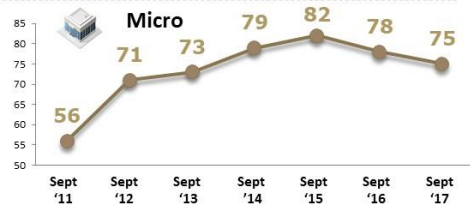
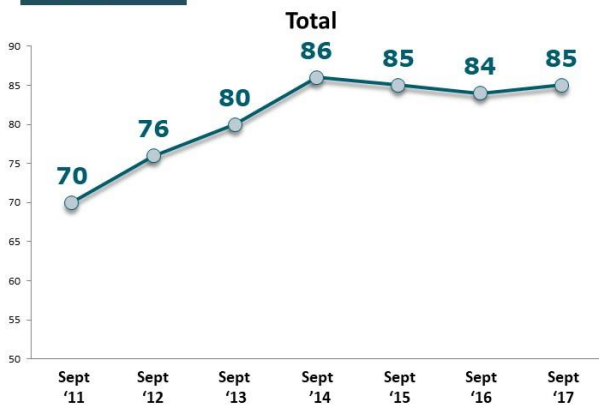


### Status of Application at Date of Survey

#### Application Decisions (excl. pending)

(Base: All SMEs Seeking Finance, excluding pending – 328)

**Approval/  
Partial**  
**85% (+1%)**  
(Sept '17 vs  
Sept '16)

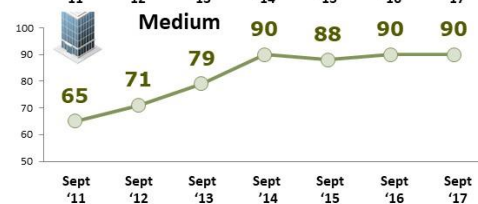
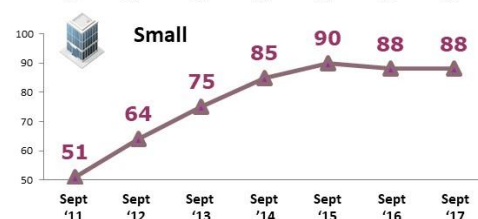
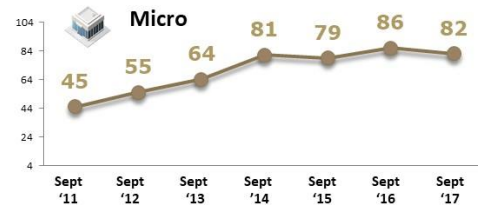
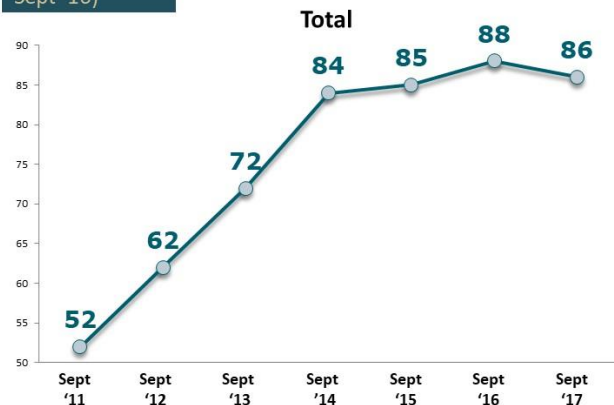


### Overview of Report – Credit Demand (October 2016-March 2017)

#### Trading Performance (all SMEs)

(Base: All SMEs – 1,535)

**Stable/  
Increase**  
**86% (-2%)**  
(Sept '17 vs  
Sept '16)



## **1. Summary**

The following is the summary of results from the SME Credit Demand Survey. All interviews were conducted between 20<sup>th</sup> November 2017 and 9<sup>th</sup> January 2018 and covered the period from April to September 2017. Throughout the report, the most recent wave of findings (referred to as Sept '17) is compared with corresponding waves from previous years. This ensures that historical comparisons are being made on a like-for-like basis, taking any seasonal issues into account.

### **1.1 Trading Performance**

Trading conditions for this most recent period remain favourable, and very much on a par with those prevailing during the same period in 2016 and 2015.

In terms of turnover, 86% of all businesses surveyed report increased or stable turnover in the past six months, compared to 88% in 2016.

The hotels and restaurants sector, along with the construction and manufacturing sectors, have experienced the most pronounced improvements in turnover. A slowdown in growth of turnover amongst non-exporting businesses has, meanwhile, been counterbalanced by a corresponding increase in growth amongst exporting companies.

The proportion of companies increasing their staff numbers stands at 31% in this most recent wave of interviewing, compared with just 8% of companies which have decreased their head count. This rate of staff increase is very much on a par with those registered in both September 2014, September 2015, and September 2016.

For the sixth year in a row, we have seen an increase in the reported number of companies making a profit with a net profit versus loss balance of +59% in September 2017 and +56% in September 2016.

Business sentiment with regard to the next six months remains in positive territory, and confidence has increased from 48% of companies in September 2016 (expecting the business climate to improve in the next six months) to 57% in September 2017.

### **1.2 Demand for Banking Finance**

Credit demand from banks remains static year-on-year, with 23% having applied for bank finance in the past six months compared to 23% in September 2016. This stability in credit demand is consistent across SMEs of all sizes.

The survey also registers no change in expected future demand for credit, with one in five SMEs expecting to apply for finance in the next six months, compared to 20% during the corresponding period in 2016.

The main stated reasons for not having sought credit in the past six months are dominated by a simple lack of credit requirements, a reason cited by 88% of businesses not seeking credit.

Of the minority of companies which had requested bank finance in the previous six months, new loans, leasing or hire purchase and renewal/restructuring of existing overdrafts and new overdrafts were the main bank finance products requested.

The most significant increase in credit demand is from the hotel and restaurant sector, with the greatest decline being in construction (from 30% in September 2016 to 25% in September 2017).

Further analysis indicates that a positive business performance in terms of turnover and profit can impact positively on credit demand as companies look towards expanding or consolidating their business.

A third of all SMEs with outstanding debt are not certain of the interest rate attached to their outstanding loans. Of those that are aware, the average cost of credit reported on outstanding loans is 5.1%. It should be noted that different question wording for cost of credit was utilised in September 2017.

Just 15% report that the number of days taken to receive payments from customers has increased over the past six months, a percentage which has increased marginally from 14% in September 2016.

Just 3% of SMEs report having missed repayments of their loans in the past six months. Note that the wording was expanded in this wave to ask the question of those with bank loans, other business loans, personal loans which use the business as collateral and other personal loans such as mortgages or buy to let loans.

Similarly, just 3% have made adjustments to their bank debt in the past six months, with the main types of adjustments made by this small cohort centring around repayment scheduling, and term or interest rate reduction.

### **1.3 The Application Process**

Less than a quarter of all SMEs have requested bank finance in the past six months – no change from the same period last year.

Of those companies who have requested bank finance, business expansion, working capital, investment in machinery or equipment, and growth and expansion requirements are the main uses to which this finance was put.

Of those who sought banking finance, 74% formally applied for it – down from 79% in September 2016. The main reasons given for submitting an informal request is that the business felt there was no need, as it related to a repeat loan or was linked to a personal relationship in the bank.

The proportion of companies who applied for finance with one of the pillar banks remains static – from 75% of all those requesting bank finance this time last year to 76% this year. The average value of credit applied for was €137,878, up from €104,680 in September 2016. Of those applying for bank finance, 41% had to provide some type of collateral, with the main collateral type required being buildings, personal assets of the owners, and land. The average value of collateral required as a percentage of loan is 68% - higher than the corresponding 47% registered in September 2016.

62% of all finance applications were processed within the stipulated 15 working days of receipt of all information from the company, somewhat lower than the 68% reported over the same period in 2016.

The average amount of time from application to decision remains the same as September 2016, at 25 working days. The proportion of loans that are still pending has meanwhile dropped, from 9% to 7%.

The proportion of credit applications declined stands at 14% in this survey, down marginally from 15% in September 2016 during the same period last year. Overall, 79% of all SME credit applications were fully or partially approved at the time of surveying. Decline rates are highest amongst micro companies, and are higher for export than for non-export businesses.

Those applying for credit for new overdrafts and renewal/restructuring of existing loans are also more likely to have their request declined.

Main stated reasons for credit decline remain centred on applicant controlled factors, particularly account performance/history. 20% of all companies who have been declined bank finance agree with the reasons given for their refusal, an increase from a corresponding figure of 9% in September 2016.

In 2016, 47% of those that were refused credit reported that they were informed of their right to an internal review. This figure has increased to 49% of all SMEs refused credit in 2017, although it should be noted that this calculation is based on a very small base size of just 48 respondents.

Excluding 'don't knows', the proportion of companies refused credit from the main banks who said that they were informed of their right to a decision review by the Credit Review Office stands at 64%. It should be noted that the question was changed this wave to include customers of both Ulster Bank and PTSB along with the two pillar banks – AIB and Bank of Ireland.

60% of SMEs whose credit applications were approved have availed of all of the facility, a further 15% have availed of part of it, with one in four not yet having availed of it.

#### **1.4 Non-Bank Finance**

The proportion of companies making enquiries for non-bank finance has been steadily decreasing since September 2012 and now stands at just 7% of SMEs. The main types of non-bank finance requested were for Government support, and loans from family, friends or colleagues.

66% of these requests for non-bank finance were either fully or partially successful, representing an increase from 60% in September 2016.

The decline rates for such requests are 11%, a figure which is down from 15% in September 2016.

Of those companies that have not applied for Government financial support, the main reasons given were a lack of need for such finance (68%) and a lack of awareness of such sources of funding (10%).

A majority of SMEs are aware of Enterprise Ireland (87%), and Local Enterprise Offices (74%) Government support initiatives.

49% of SMEs are aware of the Credit Guarantee Scheme, and this represents an increase of nine percentage points year-on-year. There continues to be a strong interest in State



support, with 71% of all SMEs indicating they would like to see more information on how businesses could apply for State funded support.

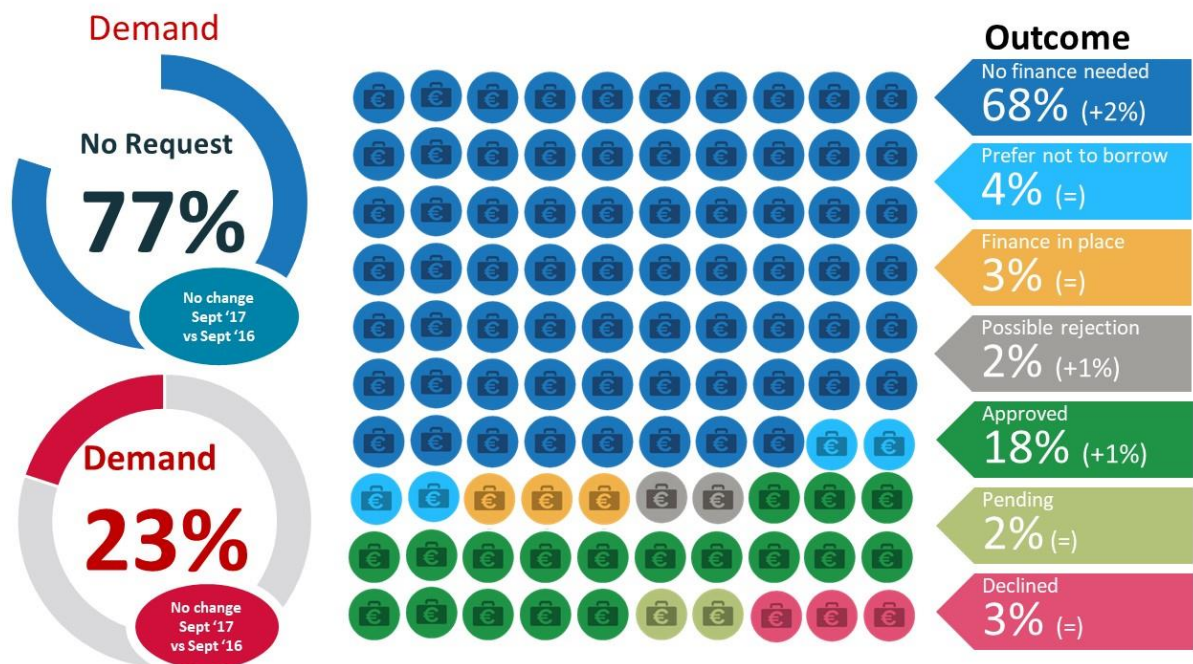
Internal funds/retained earnings represent the primary source of working capital finance, with 81% indicating this (an increase of eight percentage points since 2016).

### 1.5 Credit Support Awareness

At an overall level, 57% of all SMEs believe that the banks are currently lending to at least some SMEs, 15% believe they are not, while 28% are unsure. Micro and small sized companies are least certain in this regard. Of the 15% who believe that the banks are not lending, 36% claim that their view is based on personal experience (up from 26% this time last year), with the balance basing their opinion on information from business organisations, media reports, or the views and opinions of their peers.

## Demand & Credit Outcome Summary – All SMEs

(Base: All SMEs – 1,535)



## 2. Introduction

This Report presents the results for the latest wave of the SME Credit Demand Survey commissioned by the Department of Finance, and covers the period April to September 2017. Fitzpatrick Associates has conducted the study and Behaviour & Attitudes Ltd, the independent market research and polling organisation, has carried out its fieldwork.

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 Behaviour & Attitudes' own Computer Assisted Telephone Unit. In total 1,535 telephone interviews were conducted with a random sample of Irish micro, small and medium SMEs. The interviews were conducted between 20<sup>th</sup> November 2017 and 9<sup>th</sup> January 2018.

### 2.1 Economic Context

The recovery is now entering a more mature phase. While GDP figures can be difficult to interpret in an Irish context, a broader range of measures – labour market indicators, tax revenue developments and trends in purchasing managers indices – confirm that the economy continued to perform strongly last year.

Importantly the domestic economy is now making a significant contribution to growth. In the third quarter of 2017, personal consumption increased by 2.7% on an annual basis, reflecting solid increases in disposable income and sustained consumer confidence.

The positive developments in the Irish economy are perhaps best reflected in the labour market. Unemployment continues to decline, with the most recent CSO data showing the unemployment rate had fallen to 6.1% in January 2018, which compared to a rate of 7.4% in January 2017 and a peak of 16% in early 2012.

The latest forecasts published by the Department of Finance, as part of Budget 2018, project GDP growth of 3.5% this year and 3.2% in 2019. Importantly, the ongoing recovery in domestic demand will continue to support employment growth, with over 48,000 additional jobs expected to be created this year. On this basis, by the end of this year there will be more people at work in Ireland than ever before. In parallel, the unemployment rate is expected to fall to around 5 ½ per cent by the end of this year, which is close to the level considered to represent full employment.

At the same time, it is worth noting that the economic outlook could be impacted by external factors including, inter alia, weaker growth in key export markets, the UK's exit from the EU and policy developments in the US.

The Central Bank's Quarterly Bulletin for Q1 2018, meanwhile, summarises the outlook for the Irish economy as follows:

*"Looking ahead, with strong domestic momentum and a broadly improving international growth environment, the outlook remains positive, though both upside and downside risks prevail. On the domestic side, there is some upside risk related to the cyclical strength of the economy, while, on the external side, uncertainties in relation to Brexit, the international taxation environment, and exchange rates, persist.*

*Abstracting from the volatility in the headline National Accounts data arising from distortions to the trade and investment data, the underlying picture is that growth has continued at a relatively strong pace over the past year. Strong and broad-based growth in employment, particularly full-time employment, has provided a stimulus to incomes, which has been augmented both by some pick-up in wage growth and the further boost to real purchasing power from subdued inflation. In addition to the positive impact of these gains, underlying economic activity has also benefitted from continuing favourable financial conditions and the ongoing improvement in sectoral balance sheets.*

*Looking ahead, the outlook remains positive, and the central forecast is that the economy will continue on a favourable growth path. The main impetus to growth this year and next is projected to come from the continued strength of demand within the economy in the form of solid growth in consumer spending and underlying investment (which excludes the volatile categories of investment in intangibles and aircraft). The main driver of growth in underlying activity will be the continuing growth in employment and incomes, although following its very strong growth in recent years, employment growth is projected to gradually moderate over the forecast horizon. Notwithstanding this gradual slowing, underlying domestic demand is projected to grow by close to 4 per cent this year (2018) and by over 3 per cent next year (2019). On the basis of the latest forecasts for growth in trading partner countries, and abstracting from volatility from contract manufacturing activity, underlying export growth is set to remain favourable in 2018 and 2019. As a result of the improved overall outlook for trading partner countries, stronger net export growth is now projected than at the time of the last Bulletin and is expected to make a small positive contribution to overall growth both this year and next. However, the main contribution to growth over the forecast horizon will continue to come from the domestic side of the economy.*

*While the central forecast is for economic activity to continue to grow at a solid pace, risks to these forecasts remain. The outlook continues to be characterised by uncertainty about the external environment, both in relation to Brexit and international corporate tax policy issues. Given the position of Ireland as a small, highly open economy and the important role of multinational firms within the economy, the state of global economic and trading conditions and significant movements in major exchange rates have an important bearing on Irish economic performance”.*

Regarding the risks to the Irish economy, the most recent Central Bank bulletin makes the following comments:

*As noted previously, the economic impact of Brexit on Ireland will be negative and material, with uncertainty prevailing and the extent of the impact depending on the timing and nature of the changes to trading arrangements. To date, the impact of Brexit on the economy has mainly been felt through the effect of the weaker sterling exchange rate. Output, orders and exports data continue to suggest a muted overall response from Brexit related factors to date, with the most notable impact of sterling weakness, so far, to be seen on inflation. Reflecting the high proportion of goods imports which come from the UK, passthrough from sterling weakness has continued to keep downward pressure on goods price inflation, largely offsetting higher prices for services and keeping overall inflation subdued. However, indigenous sectors and regions which depend more heavily on the UK market remain vulnerable to the changes which Brexit may bring and the potential for adverse economic effects to emerge remains.*

*On the domestic side, while inflation has remained subdued and wage growth contained, the buoyancy of domestic demand and the extent of the recovery in the labour market raises the question of the extent to which the cyclical strength of the economy may come to pose a risk to the sustainability of stable and balanced growth. In particular, the question (remains) of the extent to which there is still some slack in terms of available resources or whether the economy is now moving back close to capacity. Both recent research within the Bank and the newly published labour market data indicate that broader measures of labour supply signal that the legacy effects of the crisis on the labour market have not been fully resolved, and that there is still additional labour supply available. This suggests that while labour market conditions are tightening, there is still scope for unemployment to fall further before more significant wage pressures emerge. The upswing in the economy in recent years has been driven by the improvement in real economic variables rather than financial factors. The recovery has been an income and not a credit or asset-driven phenomenon. In such circumstances, adherence to flexible, counter-cyclical policies are key to ensuring the sustainability of stable and balanced growth”.*

The Credit Reviewer’s 19<sup>th</sup> Report suggests some underlying causes for the persistently low demand for bank credit in a strongly growing economy, as measured by the Department of Finance bi-annual demand survey. These include the risks in relying on self-funding capital projects, and the need for funding plans which may include some degree of bank credit. The Credit Reviewer also reflects on the impact that bank branch closures and the reduction in the level of relationship management may be having on demand of bank credit from SMEs and Farms.

Two new guidance sheets on self-financing have been posted on the Credit Review Office website– one for SMEs and one for Farms. These are in addition to the two guidance sheets on the website for SMEs and Farms which have had their loans sold on to Hedge Funds/ Investment Funds.

## **2.2 Government Support Measures**

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

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

The Strategic Banking Corporation of Ireland commenced lending in March 2015. To the end of December 2017, the SBCI has supported loans totally €925 million to 22,929 Irish SMEs supporting 119,553 jobs. The SMEs who received SBCI finance are from a variety of business and economic sectors, including agriculture, food, retail, healthcare, transport and manufacturing, and they are spread across every region of the country.

A detailed breakdown of the loans for the first half of 2018 will be published in July 2018. To date, the SBCI has committed a total of €881 million to its 7 on-lenders to provide appropriately priced, flexible finance to Irish SMEs. The SBCI has a current funding capacity of over €1 billion, which it will use to help Irish SMEs invest in and grow their businesses.

The SBCI currently has 7 on-lending partners, 3 bank and 4 non-bank finance providers. These are AIB, Bank of Ireland and Ulster Bank and Finance Ireland, FEXCO, Bibby Financial Services and First Citizen. The SBCI expects to enter in to agreements with additional on-lenders in 2018.

The SBCI is working to develop more innovative products, such as the Brexit Loan Scheme announced in Budget 2018 respectively. Additionally, the SBCI is also continuing to work on a number of initiatives, including the continued use of guarantees and risk sharing schemes to support lending by finance providers. These aim to address recognised market failures.

The SBCI is currently seeking to broaden its distribution capability and market coverage by adding new on-lenders and working to develop innovative products, thereby serving to meet the needs of Irish SMEs and drive competition in the SME finance market.

### **Supporting SMEs Campaign**

Over 100,000 businesses and entrepreneurs have availed of the Government's Supporting SME Campaign since its launch in May 2014.

This campaign is a cross-governmental initiative developed to help small businesses and entrepreneurs learn the full range of potential Government supports available to them. At the heart of this campaign is the Supporting SMEs Online Tool, which brings together over 170 Government business supports from 30 Departments and Agencies to one simple-to-use website.

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

The "Supporting SMEs" online tool can be accessed at: [www.supportingsmes.ie](http://www.supportingsmes.ie).

### **Ireland Strategic Investment Fund**

The Ireland Strategic Investment Fund (ISIF) is a cornerstone investor in two SME funds (SME Equity Fund - Carlyle Cardinal Ireland and SME Credit Fund - Bluebay) making equity and credit available to SMEs and mid-sized corporates in Ireland.

ISIF continues to deploy capital to support new and existing non-bank alternatives and other providers of finance as part of its strategy. Approximately €267m was committed in 2016, including €30m to two SME Funds (Causeway Capital Partners & BMS Finance), €30m to Finance Ireland, €121m approximately in six VC funds, a €43m investment in Draper Esprit, the publicly listed venture capital vehicle, and a €43m commitment to the MilkFlex farmer loan fund.

May 2017: The ISIF committed €45m to the Muzinich Pan-European Private Debt fund which focusses on providing European SME companies with a mix of senior stretch term loans (c. 70%), mezzanine loans (c. 20%) and equity (c. 10%) taken alongside some of the debt positions. The fund has committed to investing a multiple of the ISIF investment in Ireland (with the majority of that in deals of €10m and below) and has opened an office in Dublin.

June 2017: The ISIF completed a £10m investment in Draper Esprit plc as part of a £100m placement and subscription. This is a follow-on to ISIF's cornerstone investment in the IPO in June 2016. As a result of ISIF's new investment, Draper has committed to investment at least an additional £20m into Irish companies over the next five years on a reasonable endeavours basis. This brings Draper's total planned investment in Irish companies to £50m by 2022.

September 2017: the ISIF launched the Ireland Ag-Tech Fund in partnership with Finistere Ventures. This €20m fund will invest in start-up and early stage AgTech companies that can generate significant economic impact in the Irish Agriculture and Food sectors.

November 2017: The ISIF provided a €14m debt facility to Panelto Foods Unlimited. This debt facility will be used by Panelto to build a 60,000sq ft. expansion to create 110 new jobs in Longford and to increase production capacity to serve export-led growth.

November 2017: The ISIF announced a commitment with BGF that launched the largest ever growth capital fund dedicated to Irish small and medium-sized companies. The fund which will have up to €250 million to invest is also backed by AIB, Bank of Ireland and BGF's existing shareholders. BGF Ireland will provide initial investments of between €2 million and €10 million in return for a minority stake, with additional funding to investee companies as needed.

December 2017: the ISIF completed a \$29.5m (€25m) investment into Motive Capital Fund I, a specialist financial technology private equity investor.

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

To develop the domestic venture capital system, the Government commitment of €175 million under the Seed and Venture Capital Scheme 2013-2018 aims to leverage a further €615 million from the private sector, for investment in high potential start-up and scaling companies. As of January 2018, EUR 175 million has been allocated through three separate calls (taking place in 2013, 2015 and 2017).

An amount of €131m has been formally committed to 9 Funds to date under the Seed & Venture Capital Scheme 2013-2018. These funds are actively investing and will target investments from Seed to Series A across sectors including Life Sciences, ICT, Fintech, and Internet of Things.

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

The Government has also launched both the Credit Guarantee Scheme and the Microenterprise Loan Fund. The Microenterprise Loan Fund is managed by Microfinance Ireland on behalf of the Government. It allows microenterprises and sole traders across all sectors, employing fewer than ten people, to apply for loans of up to €25,000. Up to end of Q3 2017 €21m in loans have been approved, supporting 3,336 jobs. 79% of loans are granted to microenterprises outside of Dublin with 21% granted to microenterprises in Dublin.

The Credit Guarantee Scheme is open to businesses employing fewer than 250 staff and with an annual turnover of less than €50 million (SMEs). It offers State guarantees on loans of up to €1 million. Under the scheme, a 75% State guarantee is to be provided to banks against losses on qualifying loans to firms who otherwise have difficulty getting credit owing to inadequacy of collateral or inadequacy of banks' understanding of the novelty of a business model, market, sector or technology. Up to end Q3 2017, 502 facilities have been sanctioned totalling €79.5m which has supported over 3,100 jobs.

Under the Credit Guarantee (Amendment) Act 2016 a new Credit Guarantee Scheme was announced bringing into effect certain changes. The new Scheme increases the maximum guarantee provided by the State from 75% to 80%, and allows other financial providers and financial products to come within the remit of the Scheme. The 2017 Act also provides for a new Counter Guarantee Scheme to be made to facilitate the unlocking of SME funding from EU institutions (COSME, Innovfin, and EFSI).

### **Brexit Loan Scheme**

Under Budget 2018, the Government announced the introduction of a new Brexit Loan Scheme, which will provide affordable financing to Irish businesses that are either currently impacted by Brexit or will be in the future.

The new scheme aims to make up to €300 million available to businesses with less than 500 employees, at a proposed interest rate of 4%. It is open both to state agency clients and those businesses that do not have any relationship with state agencies. The finance will be easier to access, more competitively priced, and at more favourable terms than current offerings.

The scheme will be delivered by the SBCI, through commercial lenders. It is expected to be in place by early 2018, and will remain open until March 2020.

## **2.3 Rationale for this Demand Study**

The 4th Report of the Credit Review Office suggested that *"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 organisation 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
<b>Micro</b>	1-9	<=2million	<b>&lt;=2million</b>
<b>Small</b>	10-49	<=10 million	<b>&lt;=10 million</b>
<b>Medium</b>	<b>50-250</b>	<b>&lt;=50 million</b>	<b>&lt;=43 million</b>

*\*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 (incl. Bars)
Transport/Storage/Communication
Financial & Other Business Services
Real Estate activities (excl. Speculative)
Professional, Scientific and Technical
Human, Health and Social Work
Administration 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**

In reviewing results it should be noted that the time period of this study is a six month period from April to September 2017. Seasonality may have an impact on the results of the study.

### **3. Methodology**

This survey represents a Fitzpatrick Associates study of lending to SMEs conducted in Ireland examining the issue of credit availability. Fieldwork and analysis for the survey was carried out by Behaviour & Attitudes, the independent market research company.

#### **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 compiler 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, 14,929 companies were called, and contact was made with 12,255 companies. Of these 12,255 contacted, 1,535 interviews were completed, with some companies either falling outside of the quotas classifying small and medium enterprises, or others refused to take part or to complete 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 1,535 companies has a possible sample error of just + or – 2.6% (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 1,535 Irish micro, small and medium SMEs, based on a questionnaire finalised between the Department of Finance, Fitzpatrick Associates and Behaviour & Attitudes. The changes made this wave included rewording on the export question to include countries exported to, and a new question added on ownership of business. The missed repayments question included types of loans, and Ulster Bank and PTSB were also included in the right to review question. A new question was also added regarding operations in other countries. Questions deleted which were used in the September 2016 report included difficulty in sourcing export-related finance, company situation (company struggling to survive, etc.). The question on innovation, total expenditure on fixed assets, and questions on seasonality of the business were also removed. Awareness of the existence of the Credit Review Office was removed and this was included in a statement at Q.17a. There were a number of questions on investment activity and assets included in a new section which will be dealt with in a separate report by the Department of Finance and the Economic and Social Research Institute (ESRI).

All interviews were conducted between 20<sup>th</sup> November 2017 and 9<sup>th</sup> January 2018 and covered the period from April to September 2017. Over the course of the study, 1,535 SME interviews were conducted. The typical telephone interview lasted between 5 and 35 minutes, depending on the level of credit demand.

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

### **3.4 Comparative Results**

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

Within each micro, small and medium category the number of study respondents by sector can vary slightly (+/-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**

1,535 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 between 20<sup>th</sup> November 2017 and 9<sup>th</sup> January 2018 and respondents were asked to respond based on their experience from April 2017 to September 2017.

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.

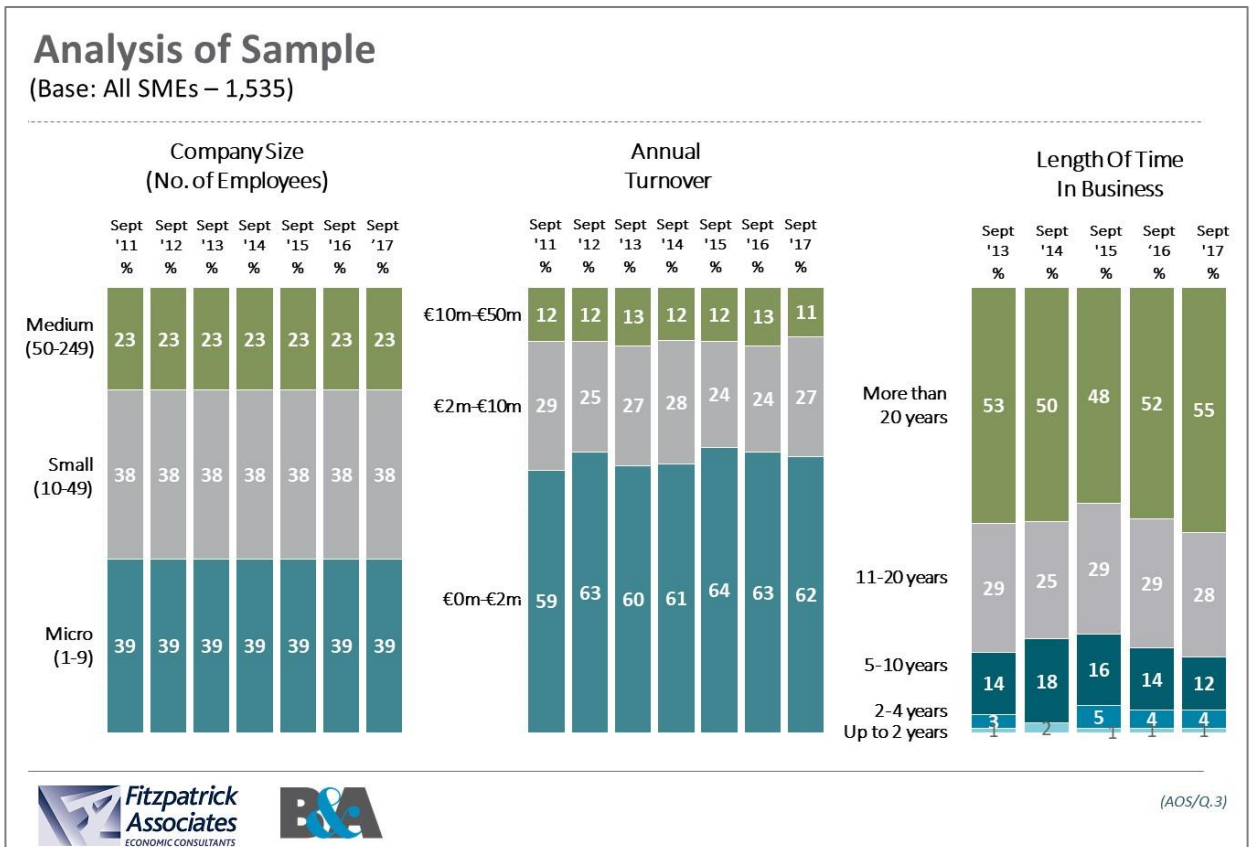
The Department of Finance had no specific interest in the individual financial affairs of any of the SMEs that participated in this study. Rather, the key objective was to better inform Government of the volume, nature and demand for credit in this key sector of the Irish economy.

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

## 4. Profile of Respondents

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

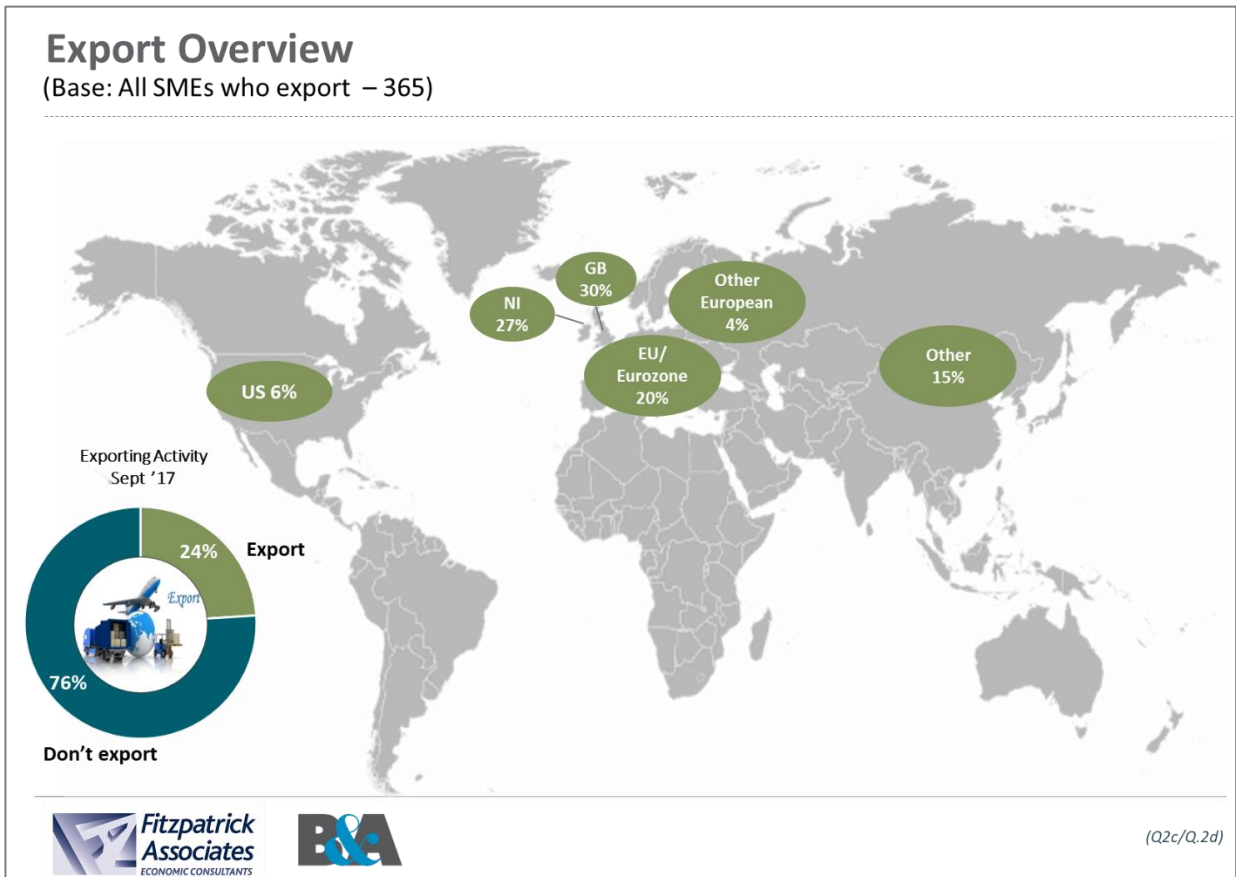
To be able to compare the results from the credit demand study wave by wave, it is important that the samples achieved are similar on key business demographics. This was achieved through strict quota control on company size and sector.



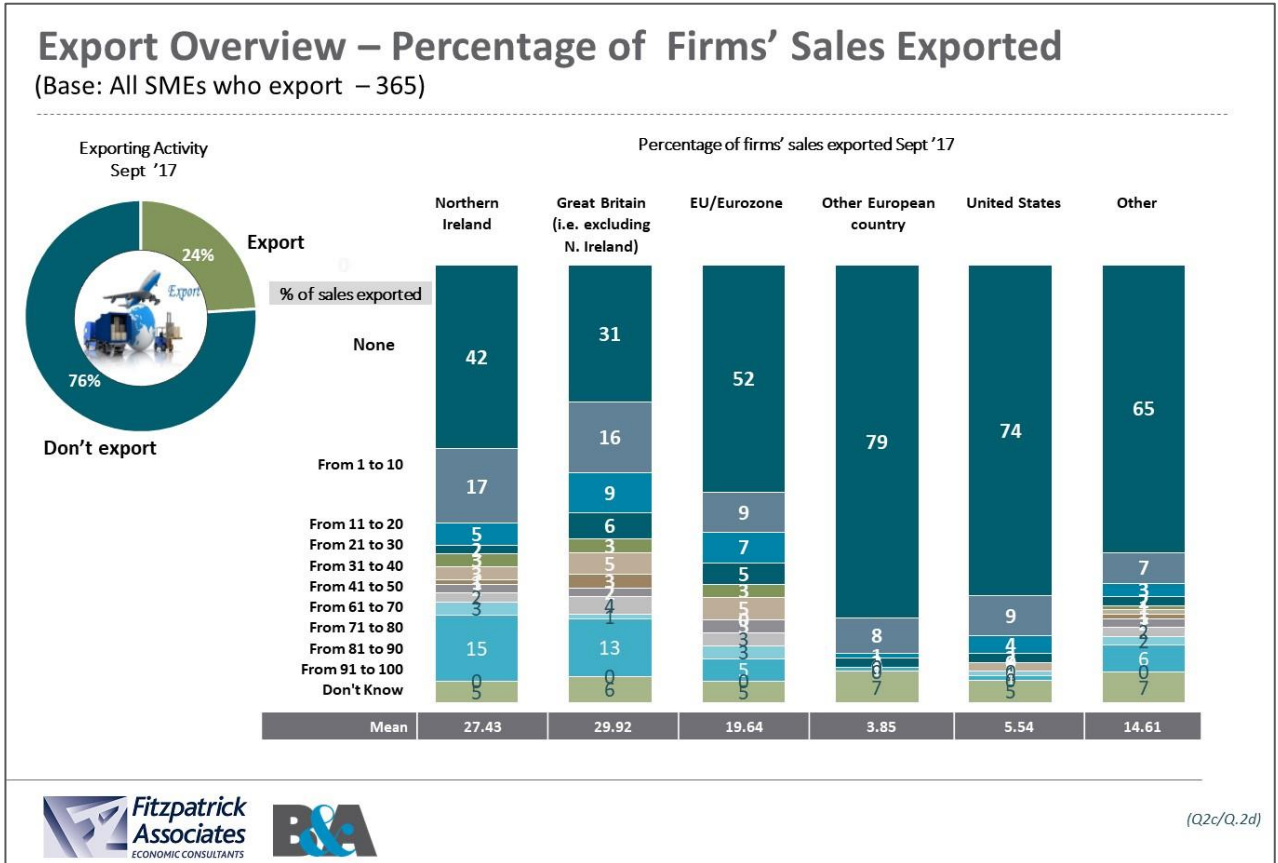
The above confirms the similarity of the samples with identical distribution on company size and almost identical distribution on turnover and length of time in business.

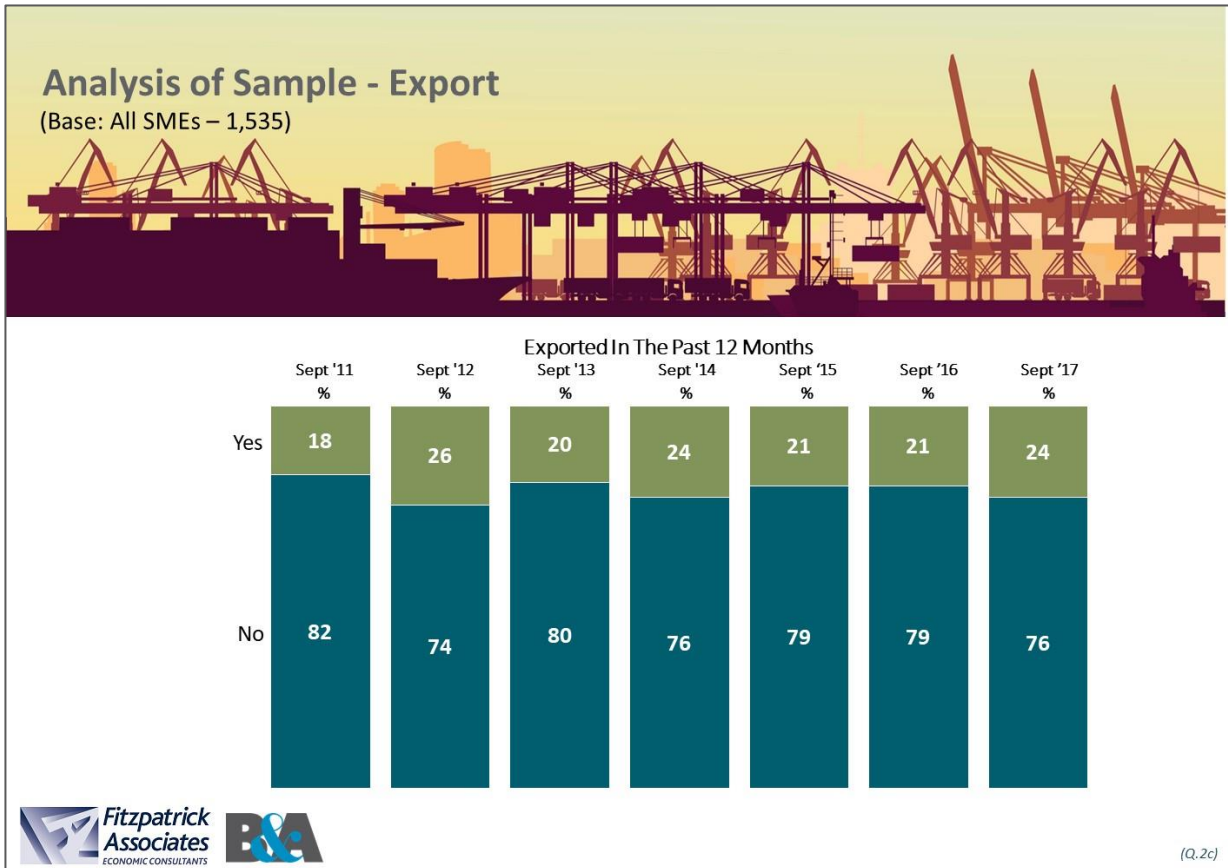
## 4.2 Exporting Companies

24% of the companies interviewed export goods or services outside the Republic of Ireland. It is worth noting, however, that the export question was changed slightly from previous waves (March 2013, March 2015) and again in September 2017, which might impact comparability for this question slightly over the years.



In looking at a breakdown of countries exported to, it can be seen that Northern Ireland and Great Britain account for a combined average of 57% of all exports.



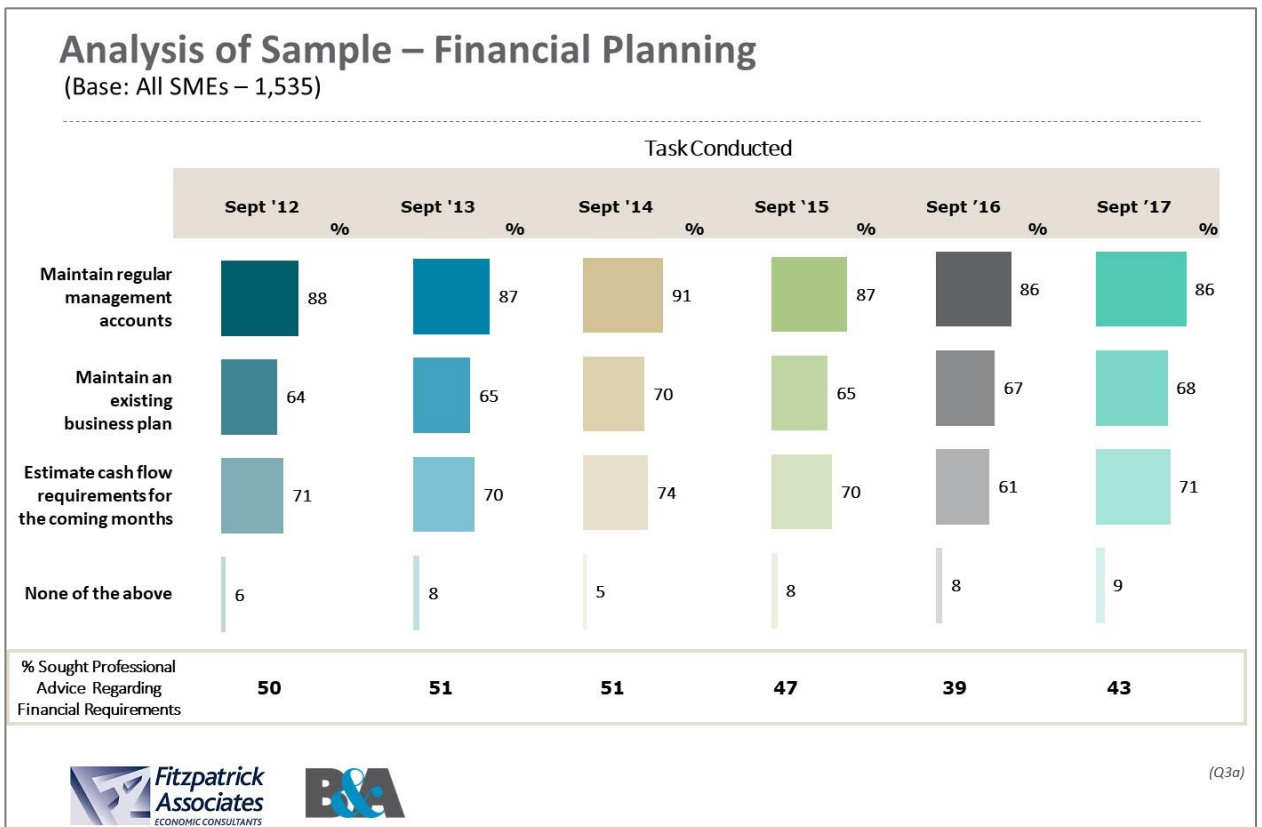


The percentage of companies exporting has increased from 21% in September 2016 to 24% in September 2017. Since September 2011, survey results for the percentage of SMEs exporting have varied from 18% (September 2011) up to 26% (September 2012).



### 4.3 Regular Financial Management Tasks and Use of Financial Advisors

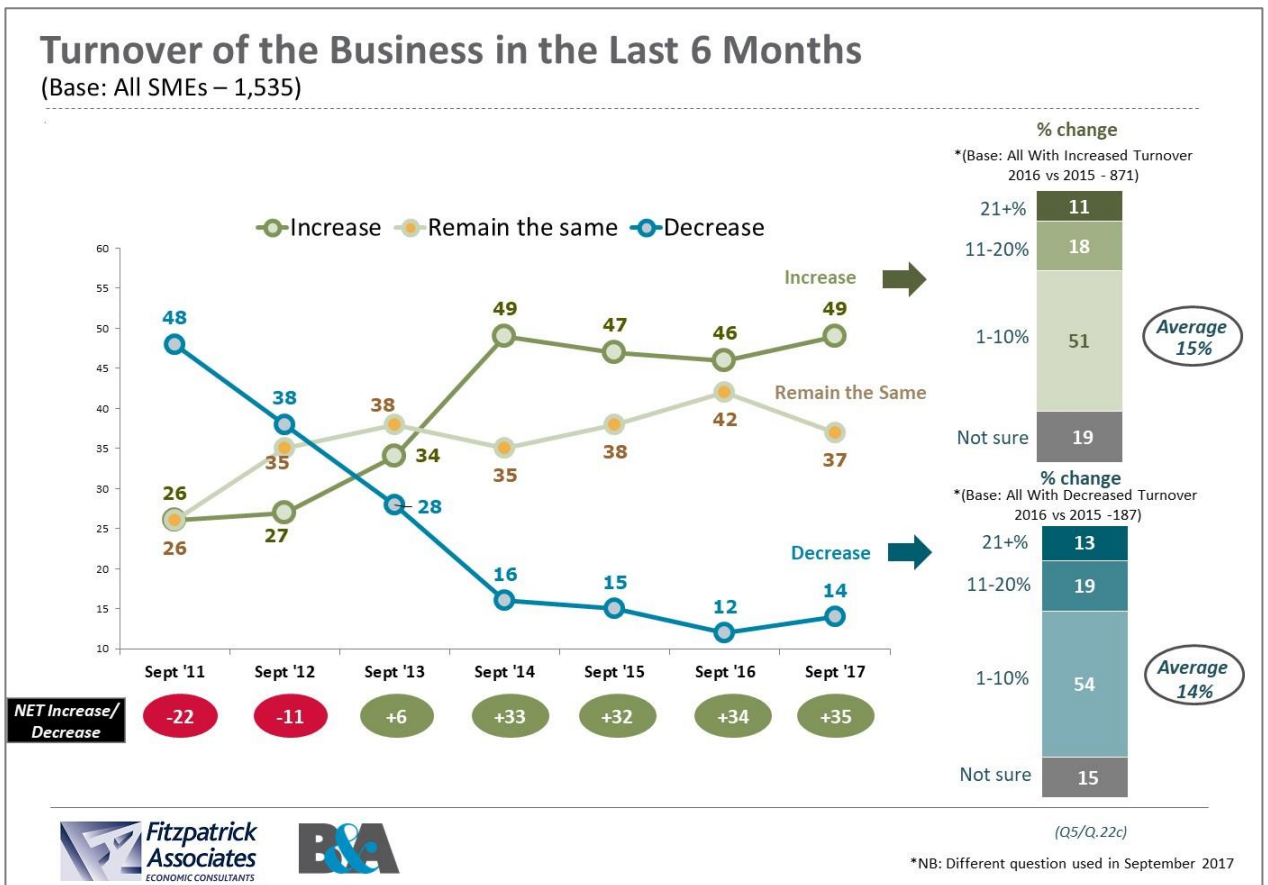
Compared to September 2016, we see similar levels in terms of the financial management tasks undertaken by the companies. 86% maintain regular management accounts (unchanged from September 2016), and 68% maintain an existing business plan – also similar to the level seen in the previous year. However, there was an increase in the incidence of firms using financial advisors in the period – 43% of SMEs had used financial advisors in September 2017 – up from 39% in September 2016. Also, there was an increase in firms estimating cash flow requirements for the coming months (71%, up from 61% in September 2016, but similar to previous earlier waves).



## 5. Trading Performance

### 5.1 Turnover Trends

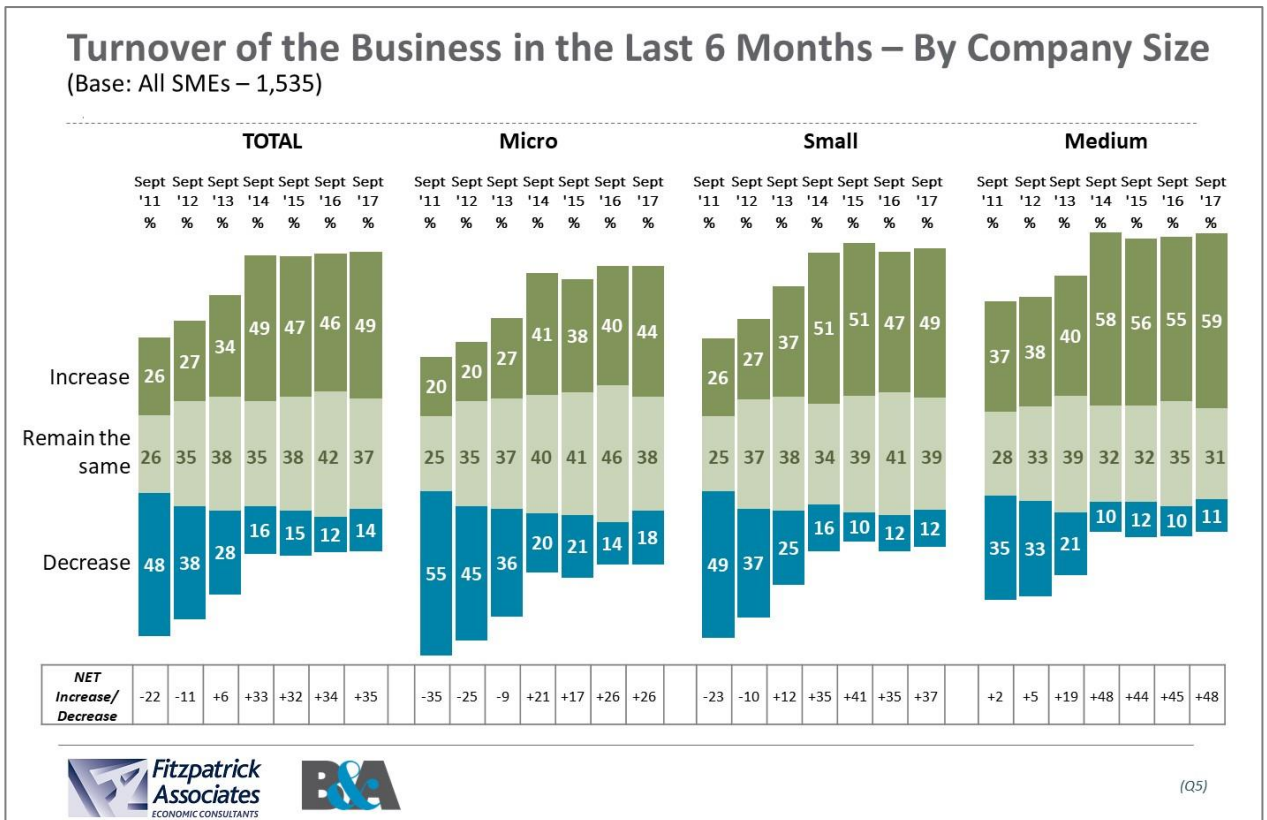
Trading conditions for SMEs in the period April to September 2017 remain favourable, with increased proportions of SMEs claiming increased turnover (49%) compared to the same period in 2016 (46%). 37% report that turnover is unchanged, while 14% report that their turnover has decreased over the period. Comparing turnover trends over the past 3 years, we also see that trading conditions for SMEs remain favourable, and the proportion of SMEs experiencing different changes in turnover have started to plateau.



Note: the question on 'percentage increase in change in turnover' changed in September 2017.

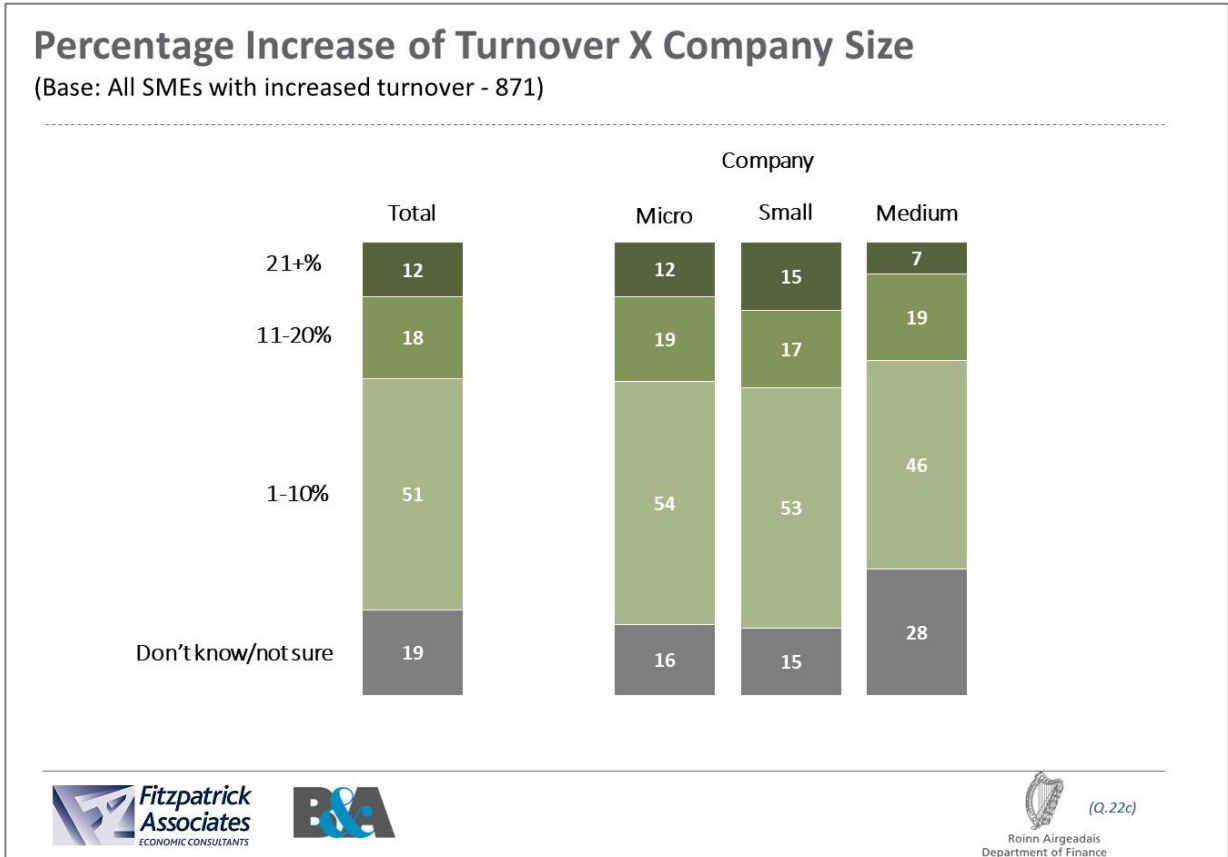
Trading conditions are quite different when looking at different company sizes. Medium-sized companies have the most favourable trading conditions and see an improvement, similar to September 2016. 59% of Medium-sized companies report increased turnover compared to 55% in September 2016. Only 11% of Medium-sized companies report a decline in turnover – this compares with 10% at this time last year.

Micro companies continue to have the least favourable trading conditions with 44% of these reporting increased turnover in the period April to September 2017 – this is up from 40% the year before. However, more Micro companies claim decreased turnover in the past 6 months compared to last year (18% now versus 14% in September 2016).



For all types of SMEs, however, turnover trends have been consistently more positive over September 2014-September 2017 waves, when compared to September 2011-September 2013.

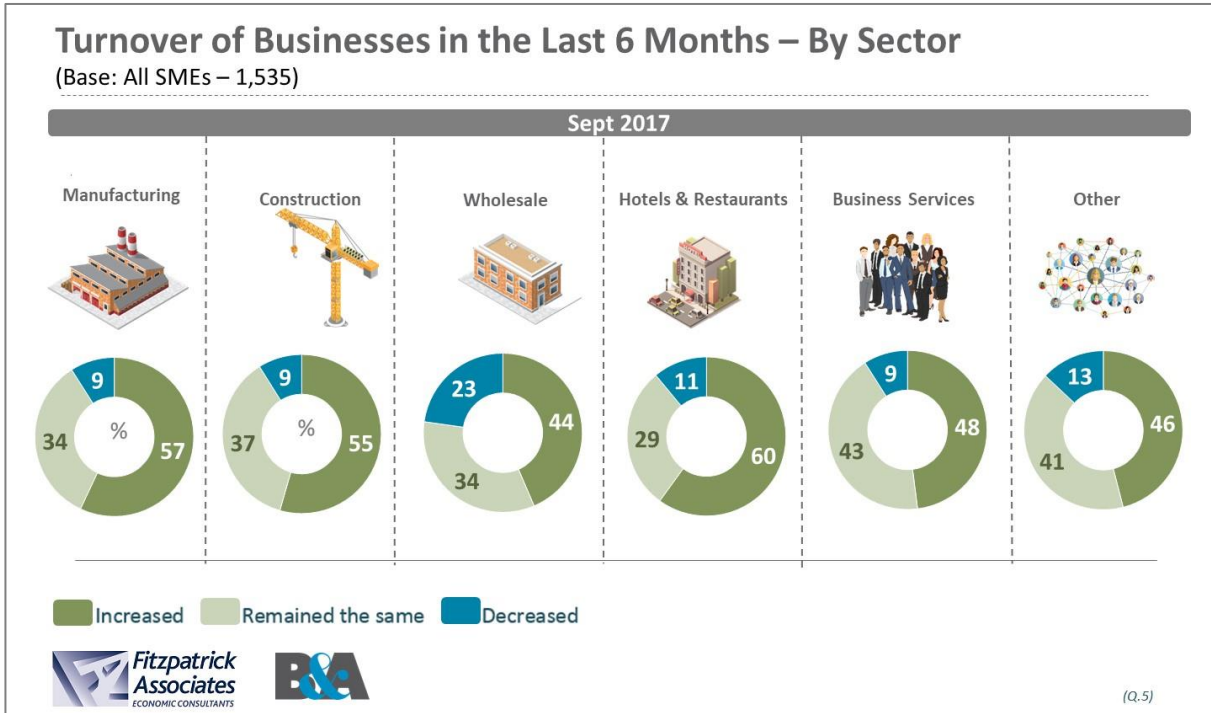
Looking at those SMEs with increased turnover in the last 6 months, we also see that Micro and Small companies report the highest percentage turnover increase.



Note: the question on 'percentage increase in change in turnover' changed in September 2017.

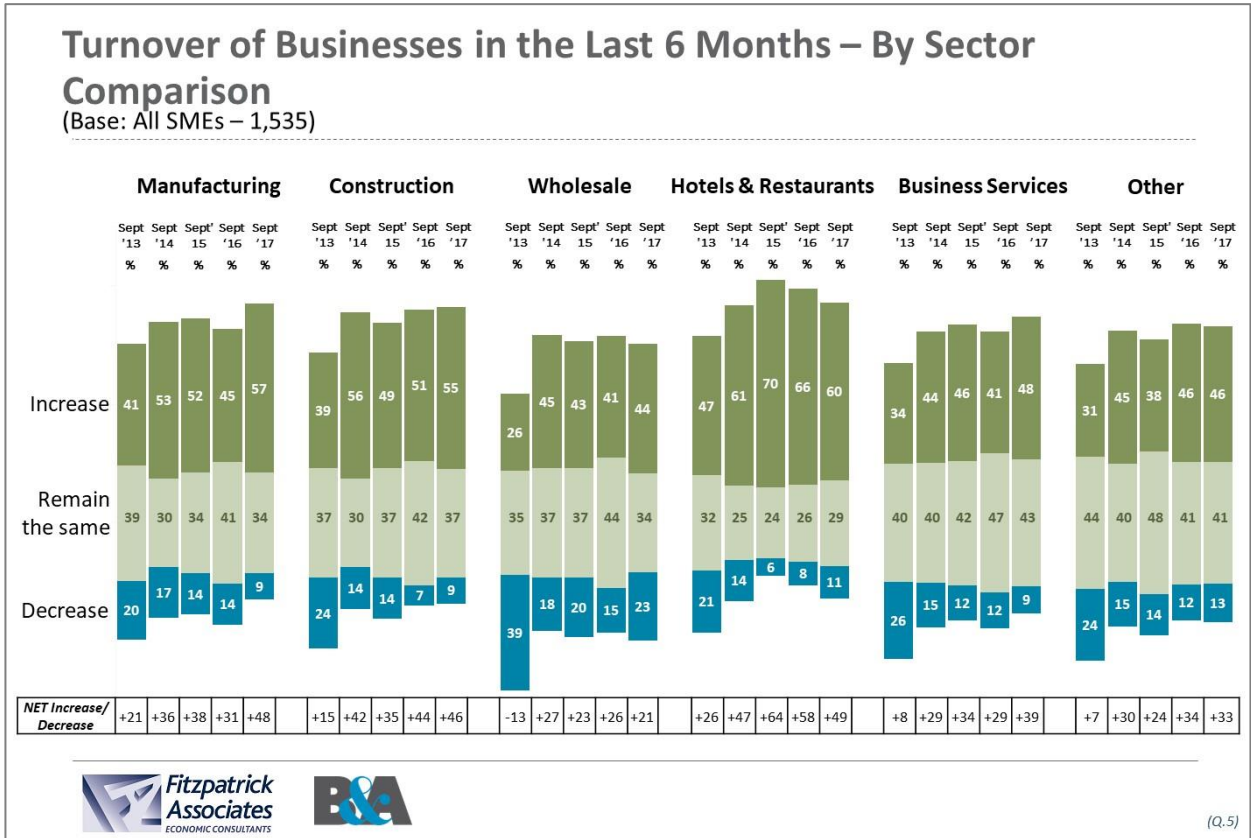
**Turnover by Sector**

As previously noted, more companies have seen increased turnover than companies reporting declining turnover in the past 6 months. By sector, the hotels & restaurants sector has the highest proportion of SMEs reporting increased turnover, followed by manufacturing, and then construction.



The percentage of firms reporting a decrease in turnover is noticeably higher in the wholesale sector (23%) when compared to other sectors. The comparable estimate for the wholesale sector in September 2016, meanwhile, was 15%.

Also, while the hotel sector, at 60%, had the highest proportion of firms reporting an increase in turnover, this figure was nonetheless lower than the equivalent figure in September 2016, which was 66%.

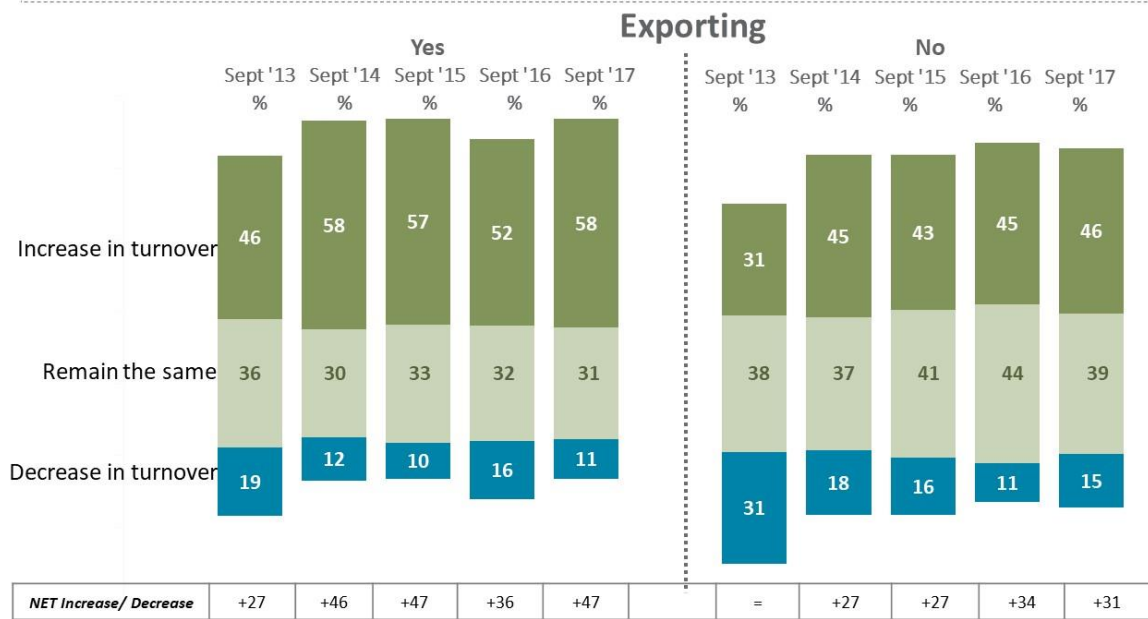


**Turnover for Exporting Companies**

The relative performance of exporting companies has improved over the last twelve months, however, with only a marginal decline in turnover for non-export companies.

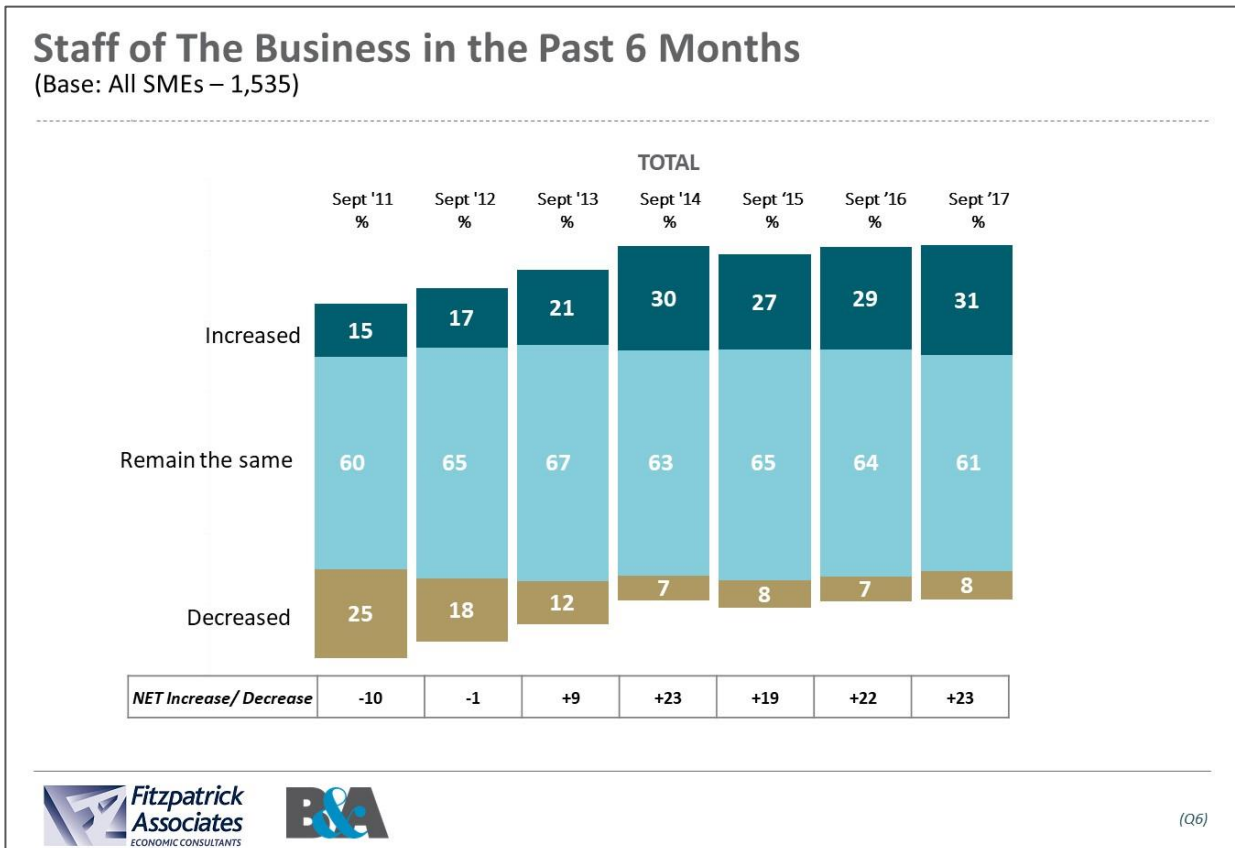
**Turnover of Businesses in the Last 6 Months – By Sector**

(Base: All SMEs – 1,535)



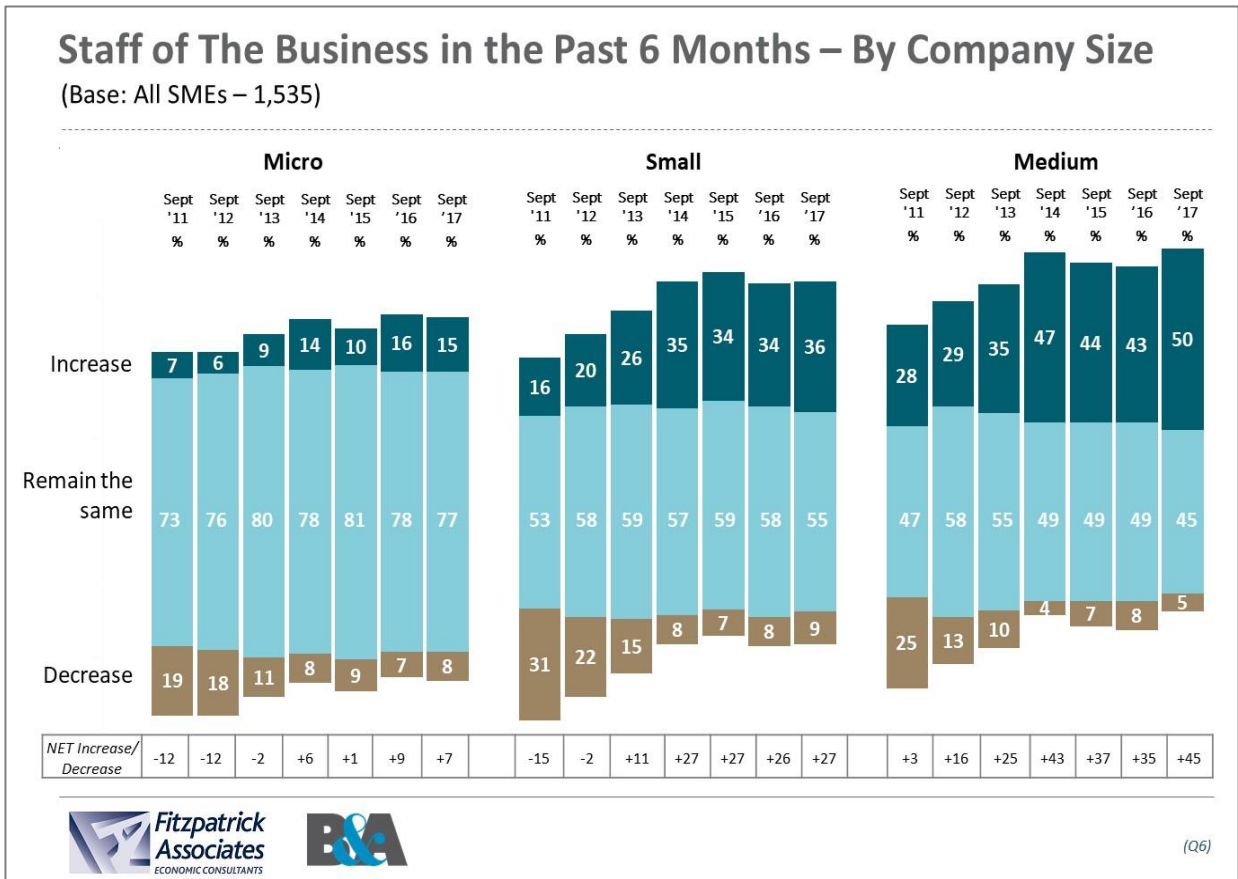
## 5.2 Employment Trends

In line with the proportion of SMEs reporting a turnover plateau, staff developments also remain more stable from April to September 2017. 31% of all SMEs have increased staff numbers in the period. 8% have decreased staff numbers while 61% have not changed their staff numbers.





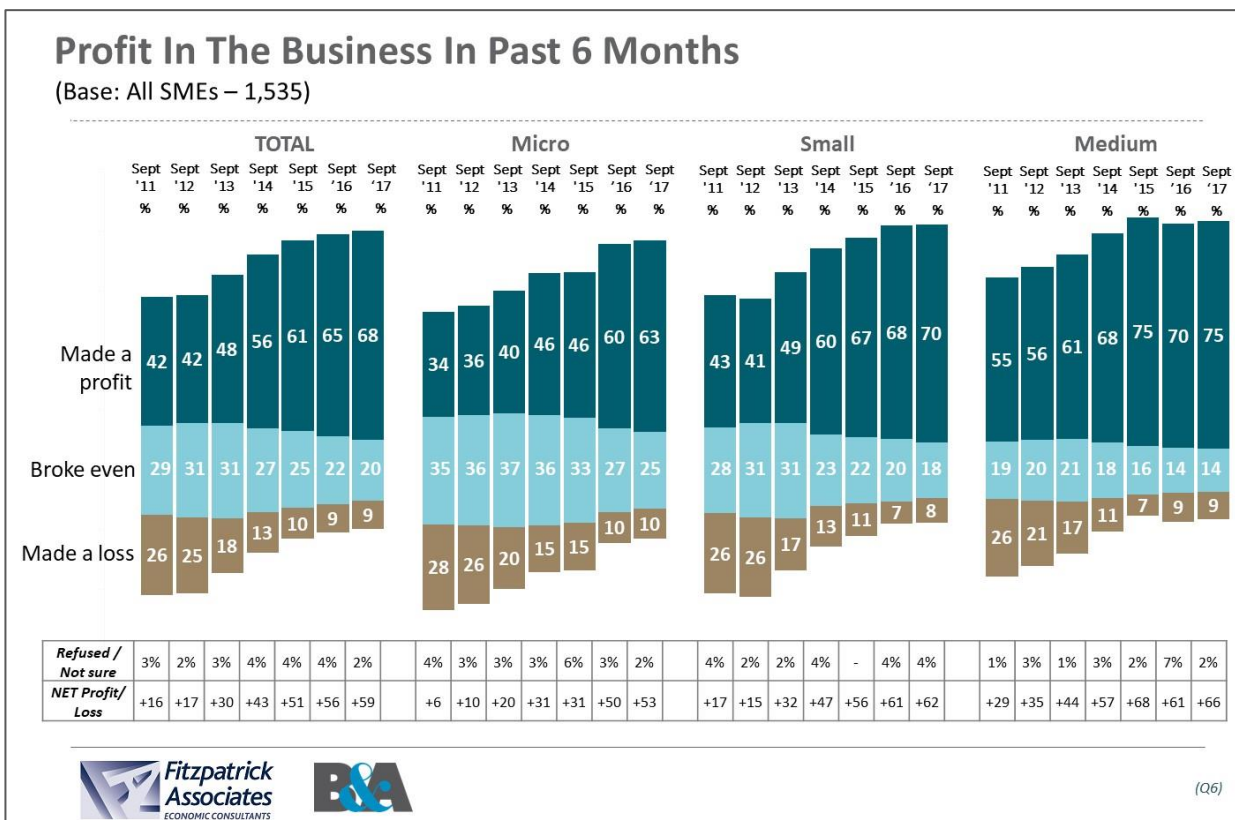
Micro and small sized companies see very little change for staff development during the period. Medium-sized companies indicate the highest growth in staff numbers, with 50% indicating an increase of staff numbers. 36% of Small-sized companies indicate an increase in staff numbers, while only 15% of Micro companies indicate an increase in staff.



For all SME sizes, however, employment trends have been consistently more positive in the September 2014 -September 2017 period than in the September 2011-September 2013 period.

### 5.3 Profit Trends

For the sixth year in a row we see an increase in the net profit/loss for businesses for the past six months. 68% of all SMEs report a profit in the period (compared to 65% in September 2016). 9% reported a loss, while 20% reported they break-even.



Compared to September 2016, the greatest increase in share of firms in profit is registered amongst medium sized companies.

A strong relationship between turnover and profit performance also exists, with companies having increased turnover being much more likely to report profit than companies with declining or static turnover which are more likely to report a loss.

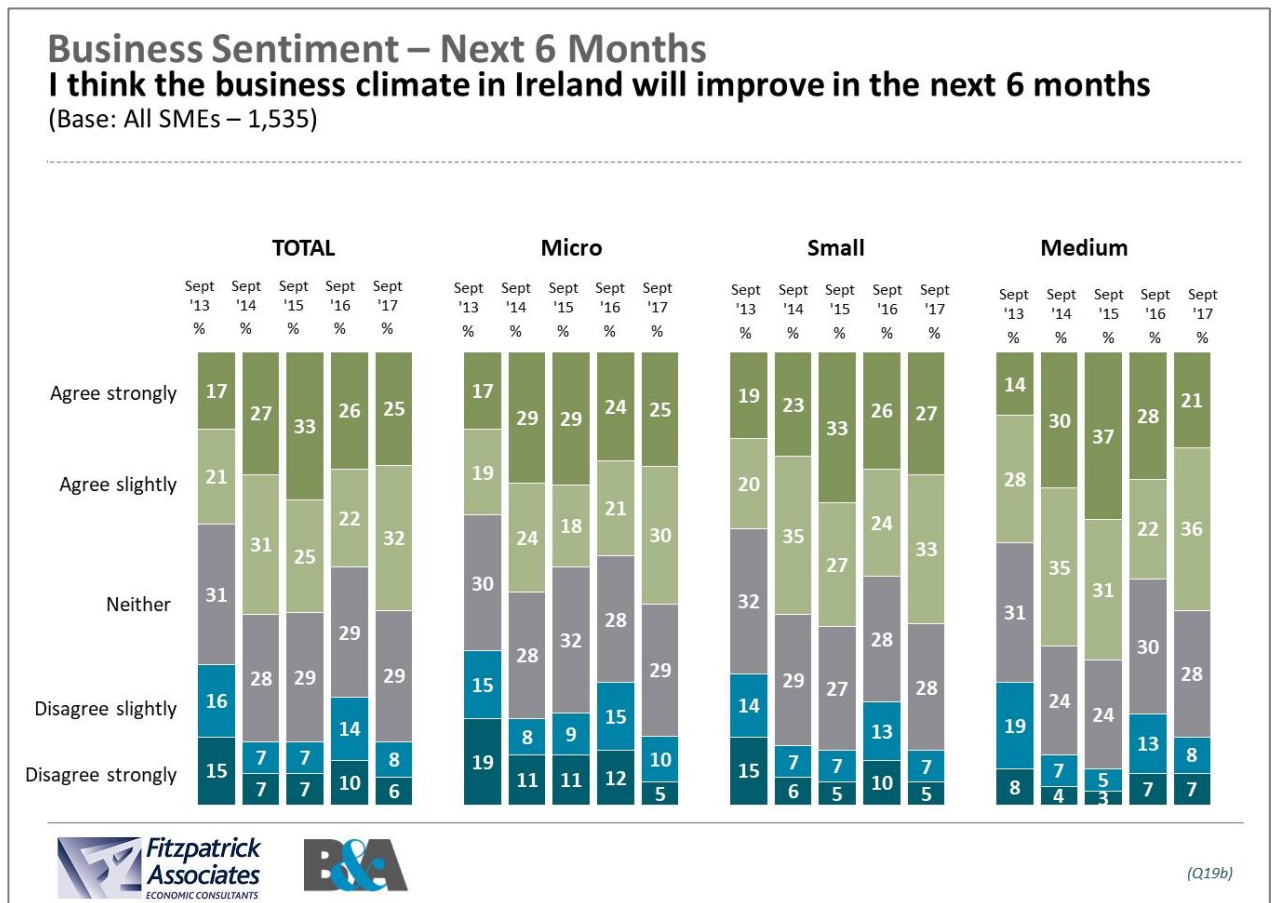
	Turnover Increased	Turnover Remained Same	Turnover Decreased
	%	%	%
Made a profit	81	41	65
Broke even	13	30	22
Made a loss	4	21	10
Don't know / Refused	2	8	2

### 5.4 Business Sentiment – Next 6 Months

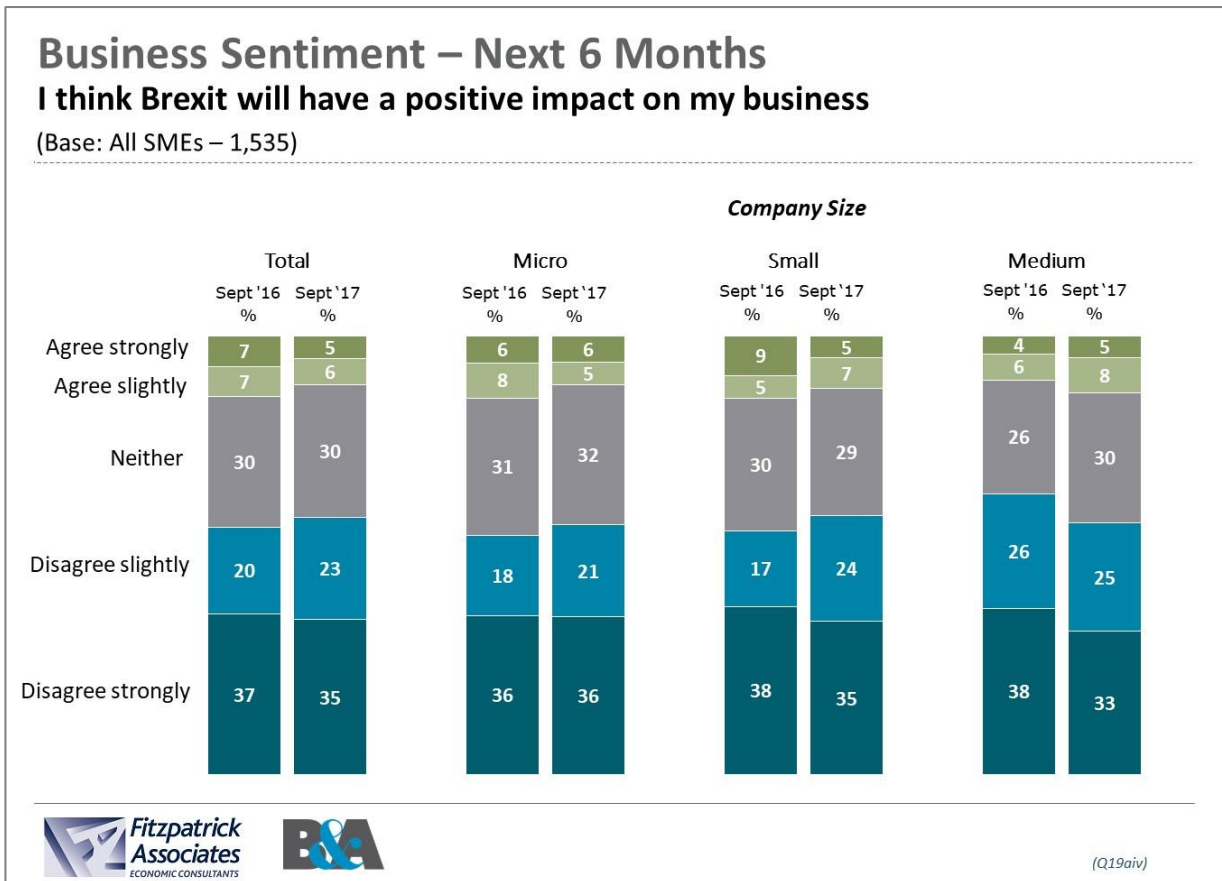
Business sentiment remains positive overall for companies of all sizes, and we see an increase in positive business sentiment being registered in this wave compared to September 2016. 57% of SMEs expect the business climate to improve in the next six months – up from 48% in September 2016.

Just 14% of SMEs now expect the business climate to perform worse in the next six months. This is down 10 percentage points on September 2016.

While we see increases in sentiment across all SME sizes, Micro and small companies see the biggest increases in business sentiment overall, with both showing a 10 percentage point increase in firms expecting the business climate to improve.



Just 11% of firms believe Brexit will have a positive impact on their business (down from 14% in 2016), while 58% believe it will have the opposite effect (57% in 2016). 30% of SMEs believe it will have no impact on their business (no change).



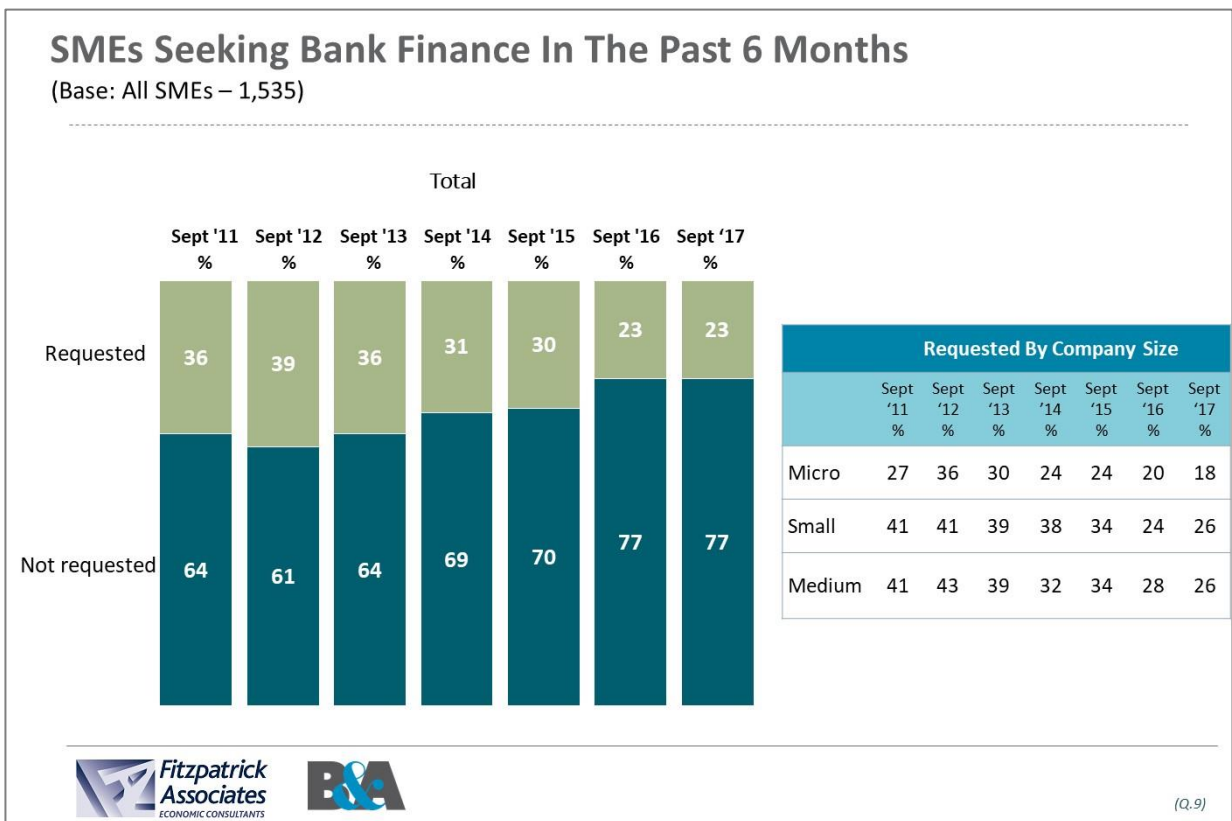
There is also a clear relationship between SMEs' individual turnover situation and their business climate outlook. For example, SMEs with increased or static turnover over the past six months (April to September 2017) are much more likely to think the business climate of Ireland will improve over the next six months.

	Turnover Increased	Turnover Remained Same	Turnover Decreased
	%	%	%
Agree	57	63	44
Neither	29	27	31
Disagree	14	10	25

## 6.0 Demand for Banking Finance

### 6.1 Current Demand for Credit

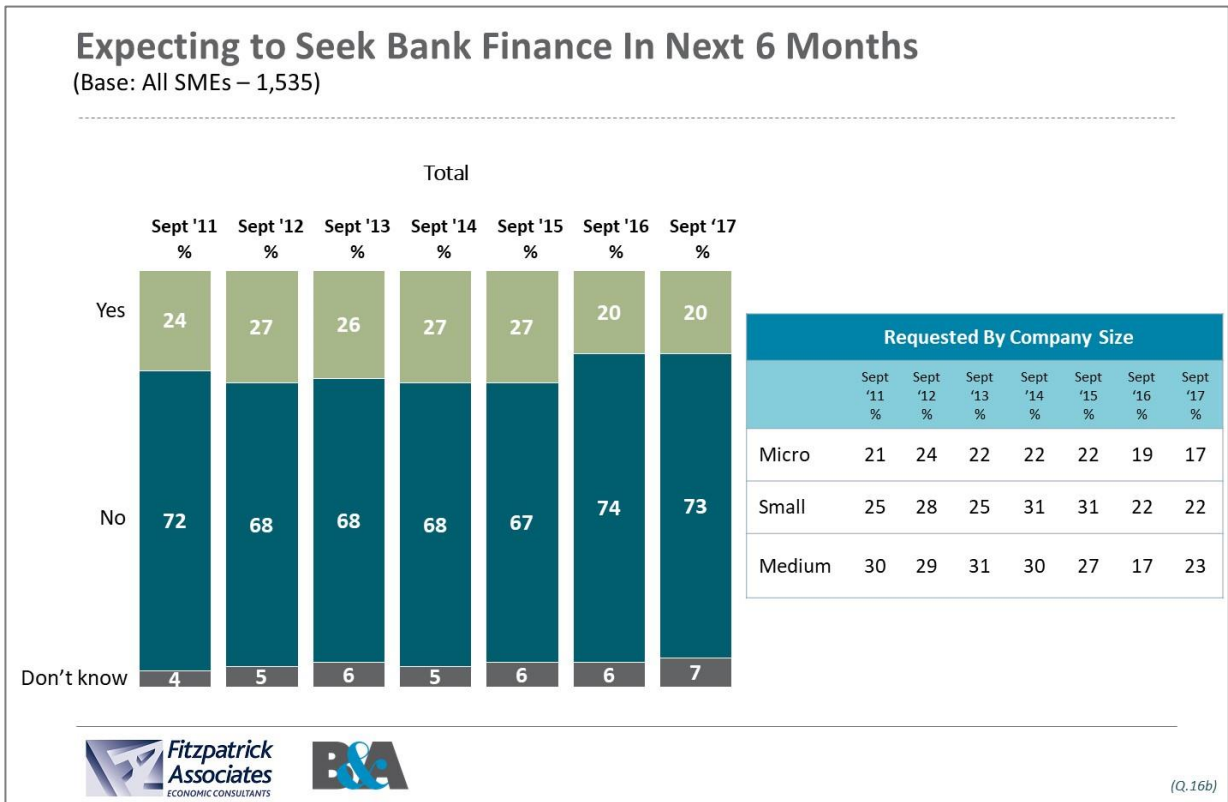
Credit demand for the period April to September 2017 has remained static versus the same period last year. 23% have applied for bank finance in the past six months, in line with the same figure of 23% in September 2016. In both instances, requests for credit were also lower than in previous earlier waves.



The plateau in credit demand is also registered across SMEs of all sizes. It should be noted that the backdrop to this trend is one of improved business sentiment and profitability across the SME sector in the past six months.

## 6.2 Future Demand for Credit

Expectations for seeking bank finance in the next six months also remain static year-on-year. One in five of all SMEs expect to apply for finance in the next six months, which is the same as September 2016, but down on the 26%-27% recorded between September 2012 and September 2015.



It is worth noting, of course, that this is simply a prediction of possible future demand, and therefore should not be directly compared to actual credit demand reported in the past.

### 6.3 Reasons for Not Seeking Credit

In order to better understand the reason behind SMEs' lack of demand for credit, 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 banking related reasons.

The main reason given is that bank finance is simply not required – with a marginally increased number (88%) of those businesses who did not apply for credit mentioning this, up 2 percentage points from 86% in September 2016.

Other reasons for not requiring bank finance include companies stating they have finance in place (4%) and they prefer not to borrow (5%).

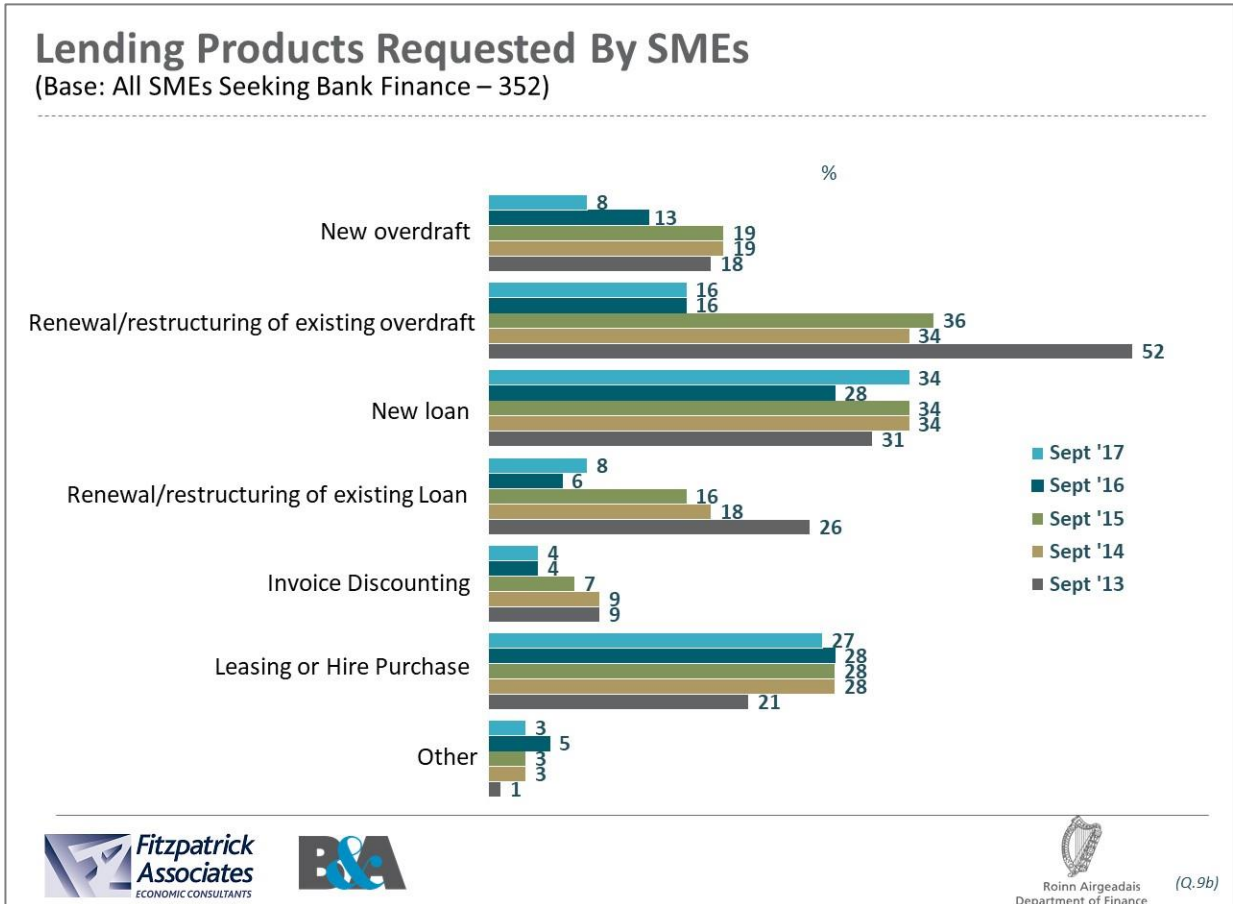
	Total	Micro	Small	Medium
	%	%	%	%
<b>Business Related Reasons</b>				
Didn't need it	88	87	87	92
Prefer not to borrow	5	6	6	2
Existing finance product in place	4	3	6	5
Not the right time given the economic climate	1	1	1	-
Use/raise personal funds when needed	1	1	1	1
<b>Bank Related Reasons</b>				
Possible rejection	2	3	2	-
Too expensive to borrow	1	1	1	0
Belief that banks are not lending	1	1	1	-
Application process too difficult	1	0	1	0
Don't trust the banks	1	1	1	-
Other	9	9	10	8

Bank related reasons are less commonly cited as reasons for not applying for bank finance in the past six months.

### 6.4 Demand for Credit by Product

Among those SMEs who have requested bank finance in the period April to September 2017, new loans, leasing or hire purchase and renewal/restructuring of existing overdraft and new overdraft are the main bank finance products requested.

The most significant increase in the type of credit requested is for new loans (up from 28% in 2016 to 34% in 2017).



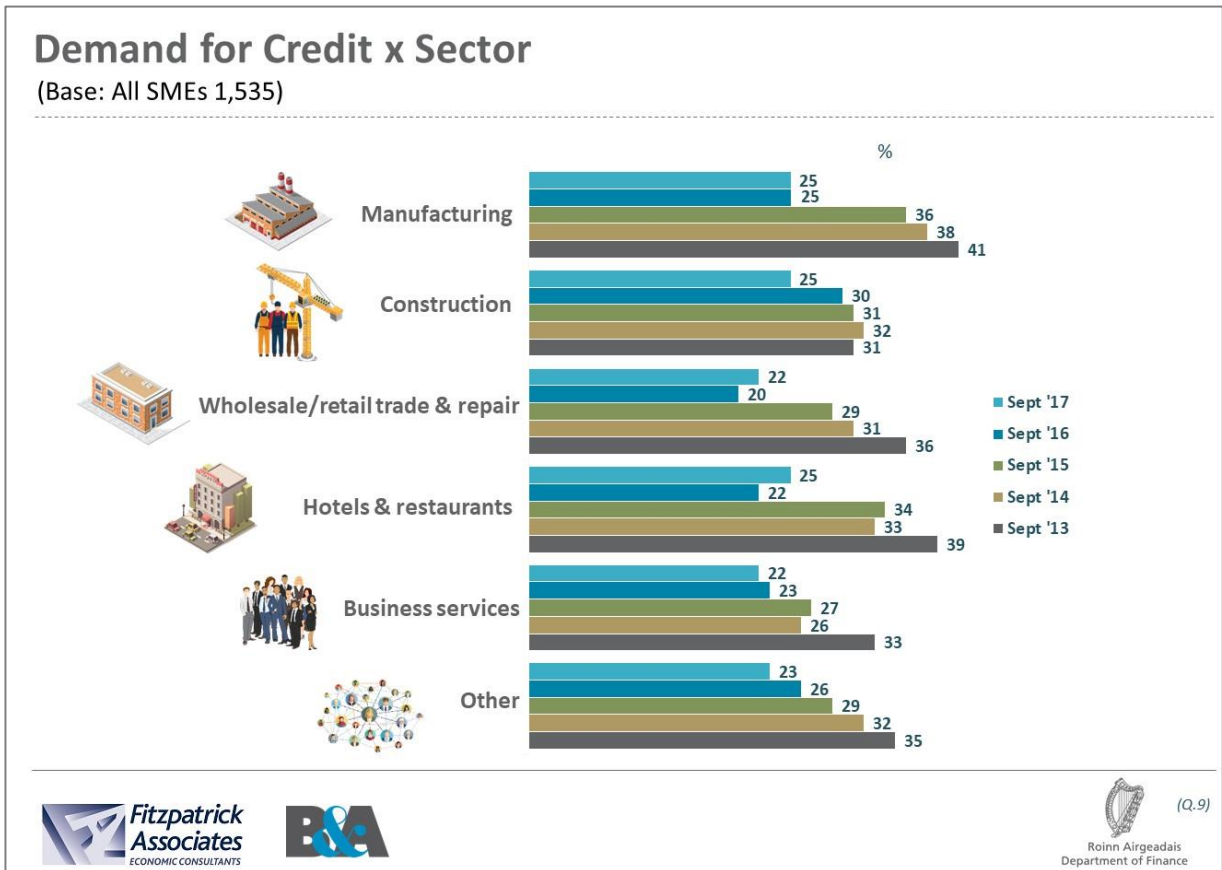


Invoice discounting remains the least popular product, when compared with previous survey waves, with 4% of those who have applied for bank finance having applied for this credit type. However, new overdrafts have also registered a drop to just 8% seeking such a financial product the last time they enquired about credit.

<b>% of All Products Requested</b>	<b>Sept '13 %</b>	<b>Sept '14 %</b>	<b>Sept '15 %</b>	<b>Sept '16 %</b>	<b>Sept '17 %</b>
New overdraft	11	13	13	13	8
Renewal/ restructuring of existing overdraft	33	24	25	16	16
New loan	20	24	24	28	34
Renewal/restructuring of existing loan	16	12	11	6	8
Invoice discounting	6	6	5	4	4
Leasing or hire purchase	13	19	20	28	27
Other	0	2	2	4	3

### 6.5 Demand for Credit by Sector

The construction sector is the only sector to show static or declining demand for credit in September 2017, when compared to September 2016. Among other sectors, the largest increases in demand for credit are found in business services, hotels and restaurants and the wholesale sector.



### 6.6 Demand for Credit by Turnover and Profit Performance

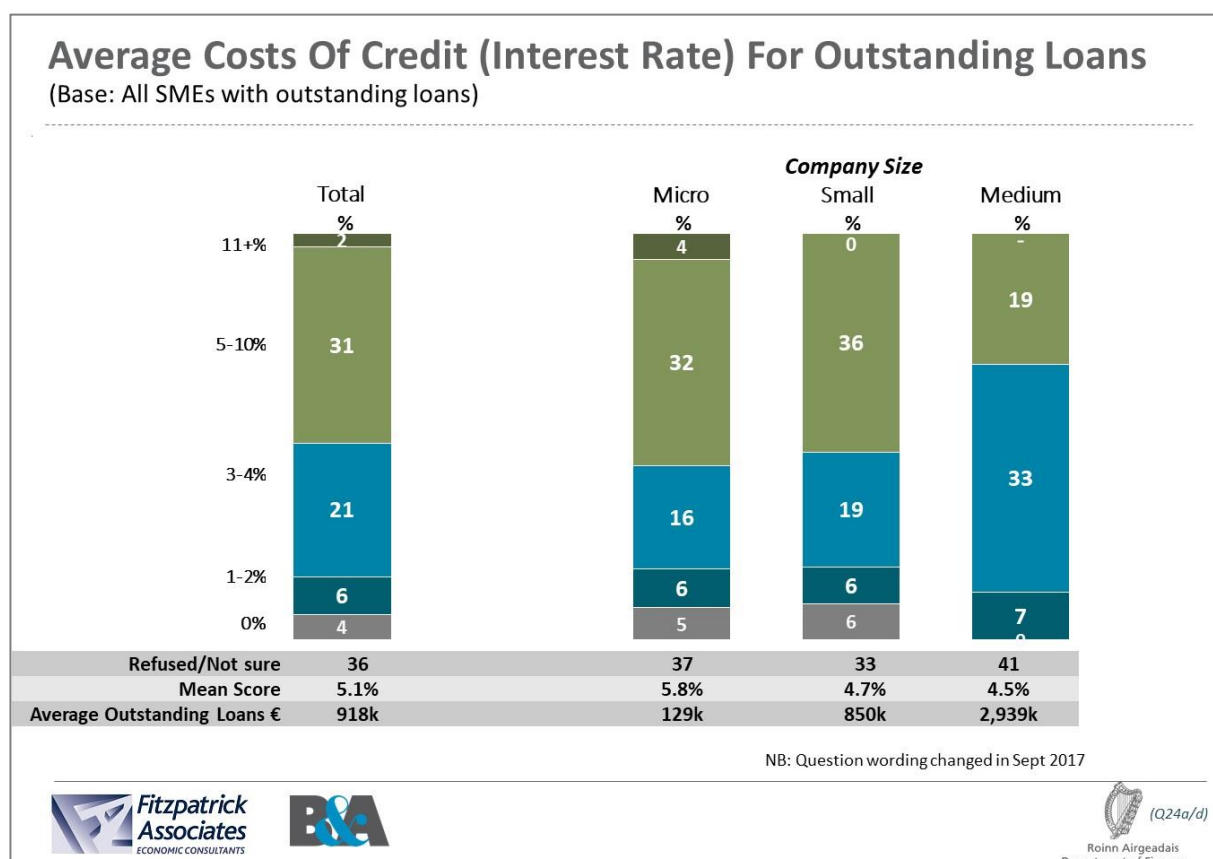
It is also interesting to look at credit demand by business performance to gauge whether companies are requesting credit for growth or for stability/maintenance of the business. From the results below, it is evident that both motivations play a role, though with greater demand among profitable companies which are growing.

Turnover	Requested Credit	
	Sept 2016	Sept 2017
	%	%
Increased	53	55
Remained the same	35	32
Decreased	12	13

Profit	Requested Credit	
	Sept 2016 %	Sept 2017 %
Made a profit	67	71
Broke even	18	20
Made a loss	11	9
Not sure	3	1

## 6.7 Cost of Credit

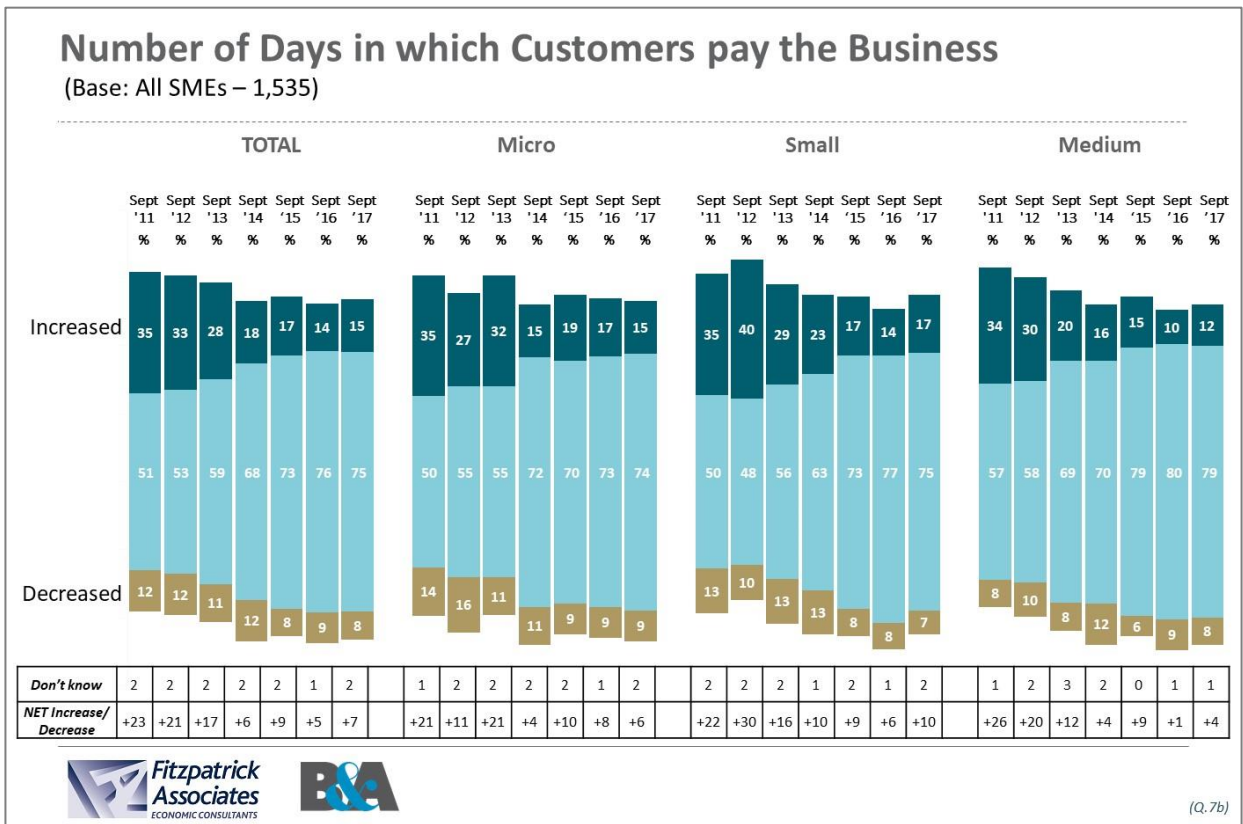
A third of all SMEs with outstanding debt are not certain of the interest rate attached to their outstanding loans. Of those who are aware, the average cost of credit reported on outstanding loans is 5.1%. Note that a different question wording for cost of credit was utilised in September 2017.



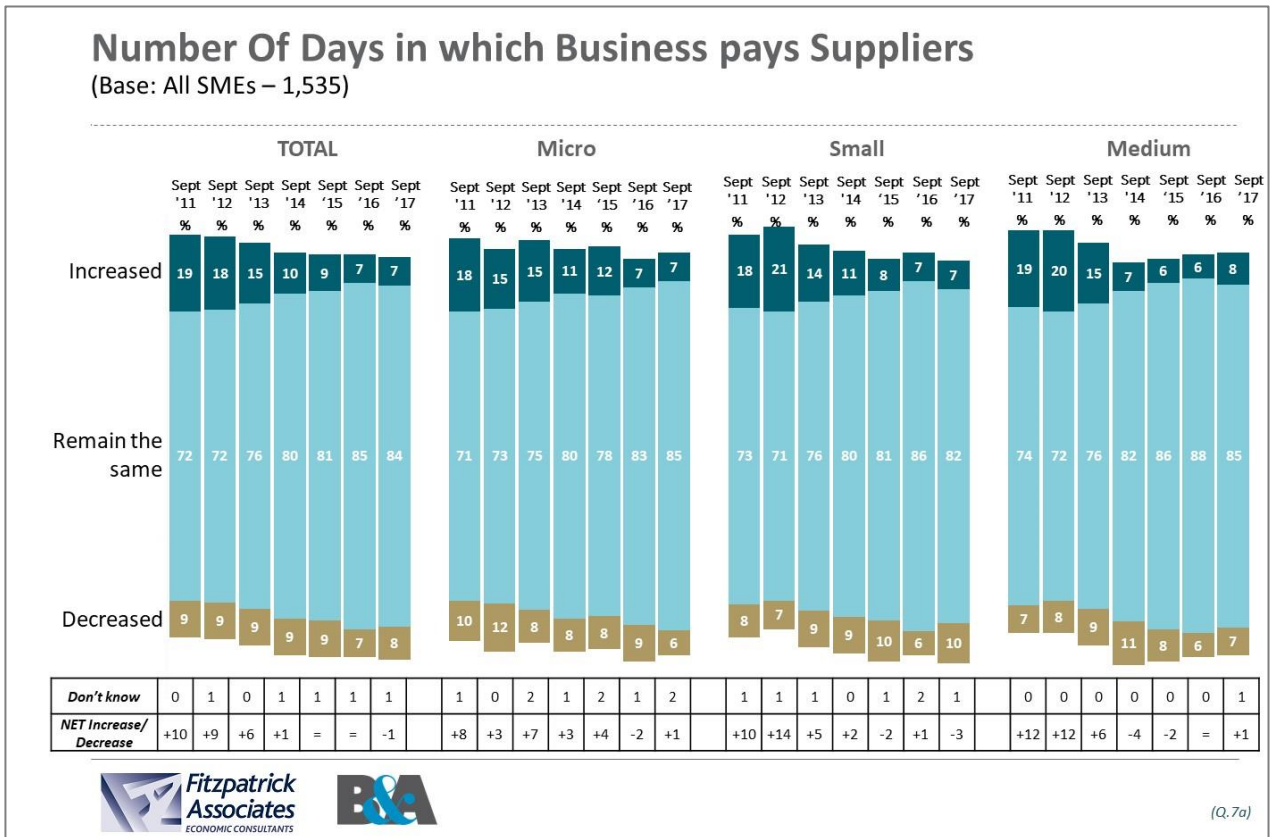
## 6.8 Financial Position of Businesses

The numbers 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 payments to suppliers to the business. 15% of SMEs feel that the average number of days within which customers pay has increased during the period April to September 2017 – this is up slightly from 14% in September 2016. However, 75% feel that the payment period is unchanged, while 8% feel customers are paying faster.

Analysing by company size, we see that 17% of small-sized businesses, a slight increase from 14% in September 2016, believe that customers are taking longer to pay.



In terms of supplier payment, we do not see any major change from September 2016. 84% of all SMEs feel that the average number of days they take to pay suppliers remains unchanged, while 7% suggest that the payment period has increased, and a similar proportion (8%) say that they pay suppliers faster than before.

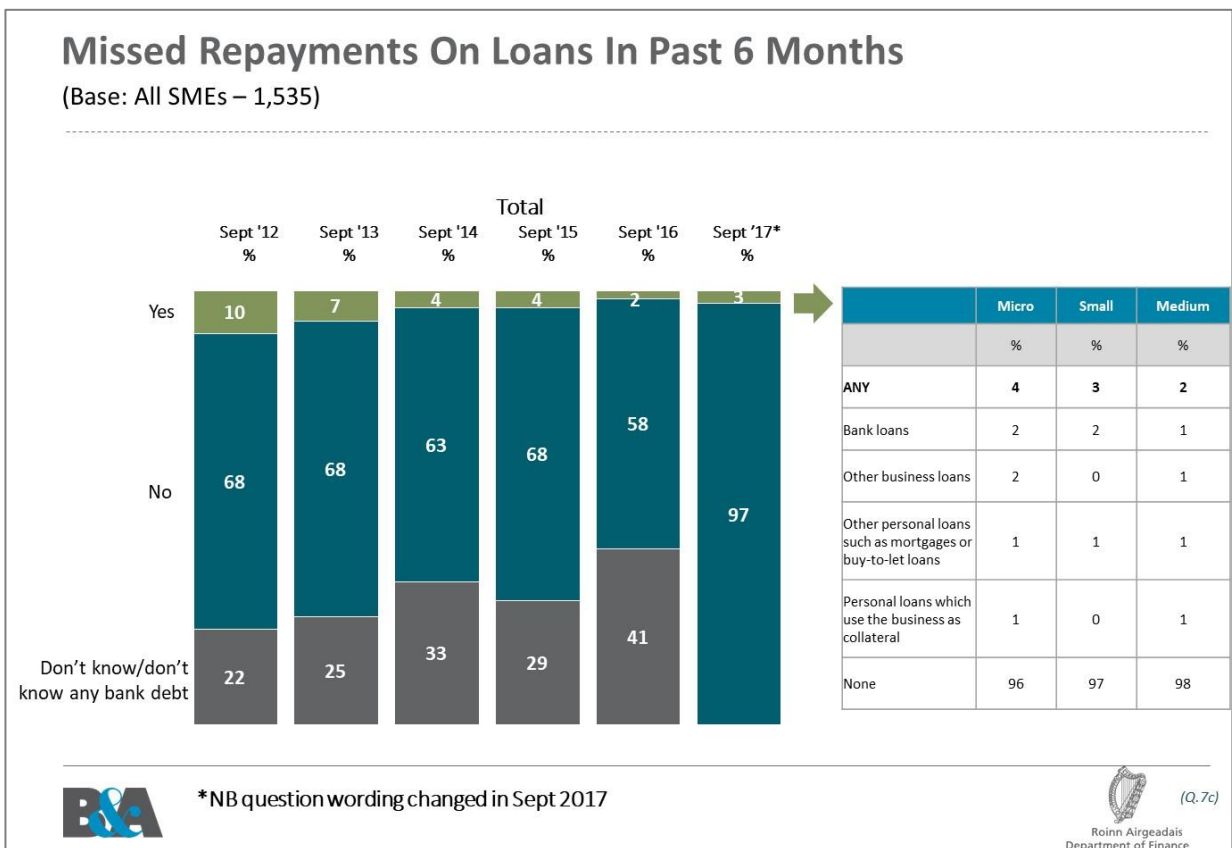


### Repayment of Current Loans

The financial position of a business 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.

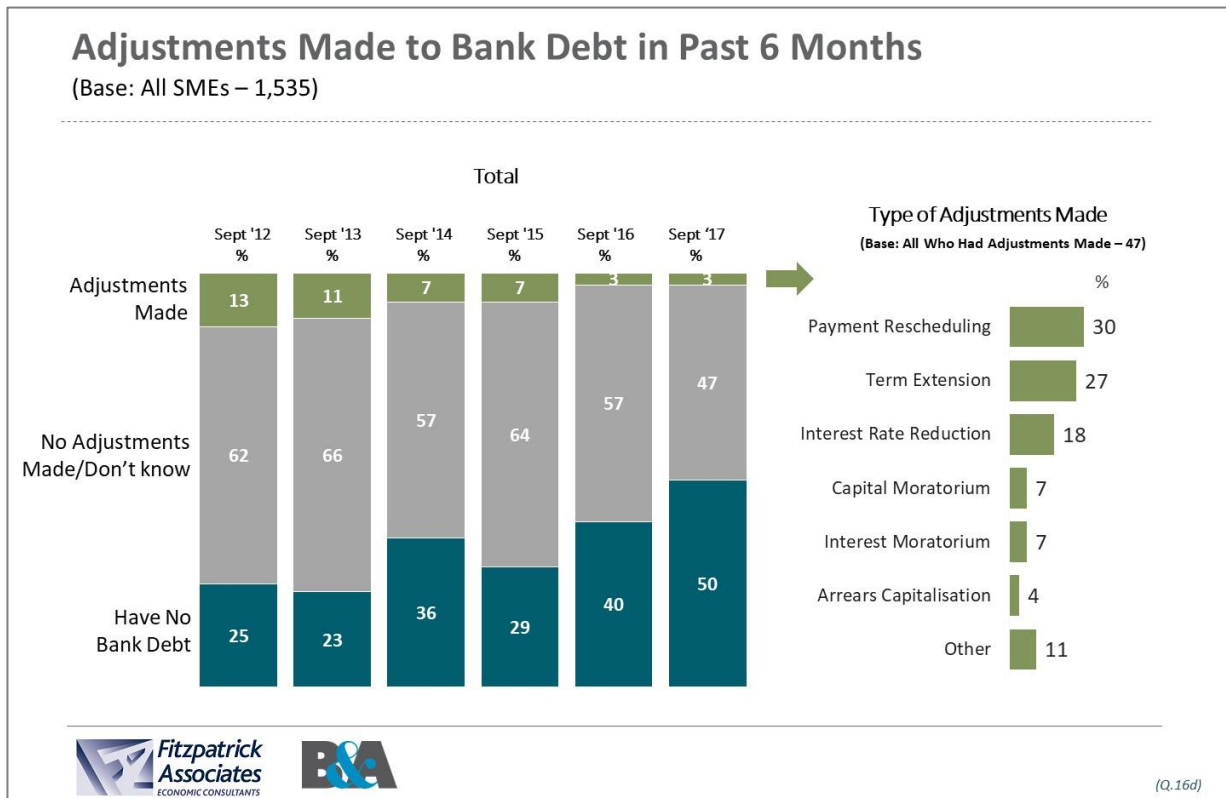
Note: the wording of the question was expanded in this wave to ask the question of those with Bank loans, other business loans, personal loans which use the business as collateral and other personal loans such as mortgages or buy to let loans.

Only 3% of SMEs suggested that they had missed repayments of loans in the period April to September 2017. The smaller the company, the more likely they are to have missed repayments, though again the number of firms is small in relative terms.



### Adjustments to Current Banking Debt

Only 3% of SMEs made adjustments to their bank debt between April and September 2017. The main types of adjustments made centre around repayment scheduling, term extension and interest rate reduction.



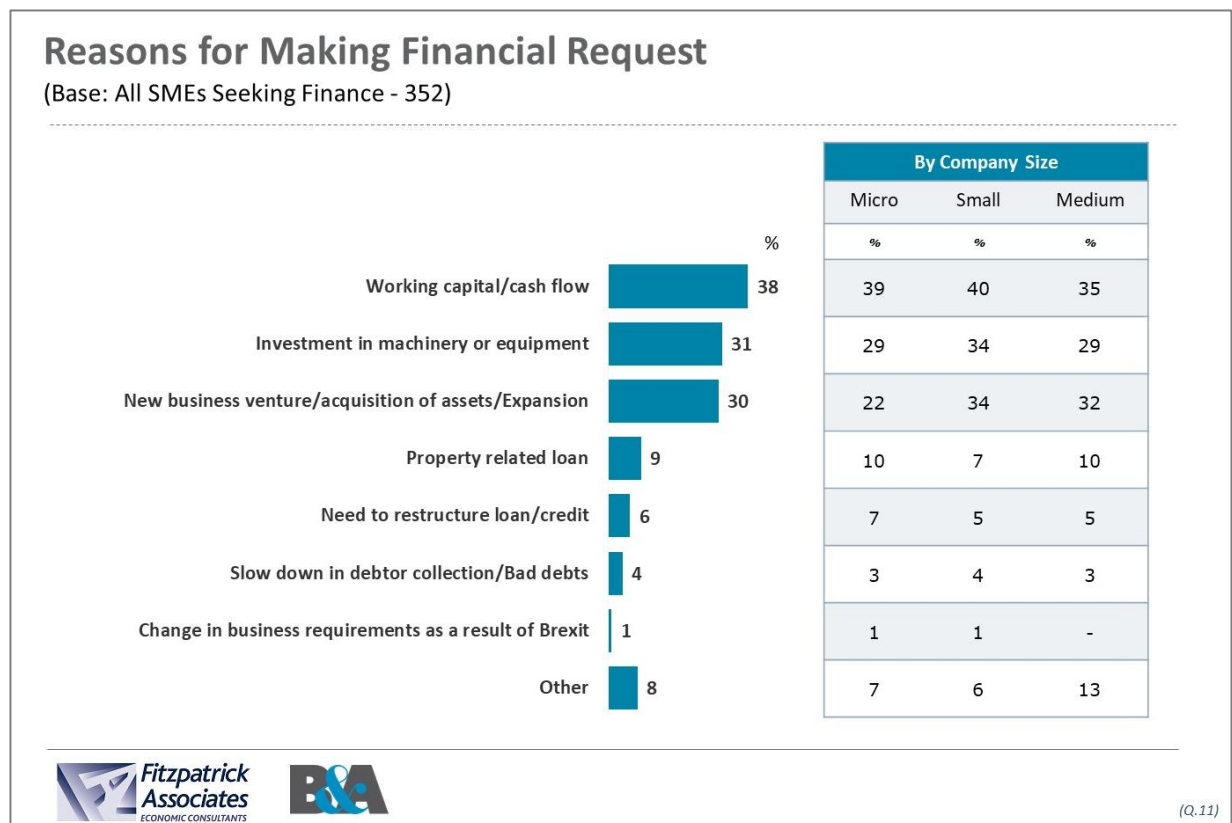
Base: All Who Have Adjusted Bank Debt	Sept 2013 %	Sept 2014 %	Sept 2015 %	Sept 2016 %	Sept 2017 %
<i>Sample Size</i>	165	104	79	55	47
Payment Rescheduling	49	46	44	28	30
Capital Moratorium	18	14	14	12	7
Term Extension	32	20	26	17	27
Interest Moratorium	12	9	11	5	7
Interest Rate Reduction	19	22	24	16	18
Arrears Capitalisation	11	14	5	9	4

## 7.0 The Application Process

As noted earlier, of the total 1,535 SMEs interviewed for this wave of research, just under one quarter have requested bank finance in the past 6 months – the same percentage as in September 2016.

### 7.1 Nature of Demand

The single greatest reason given for finance requests is the need for working capital with 38% of those requesting bank finance in this period doing so for this reason. This is followed by investment in machinery or equipment (31%) and growth & expansion requirements (30%). Only 6% applied for bank finance in order to restructure a loan/credit – this was 5% in September 2016.



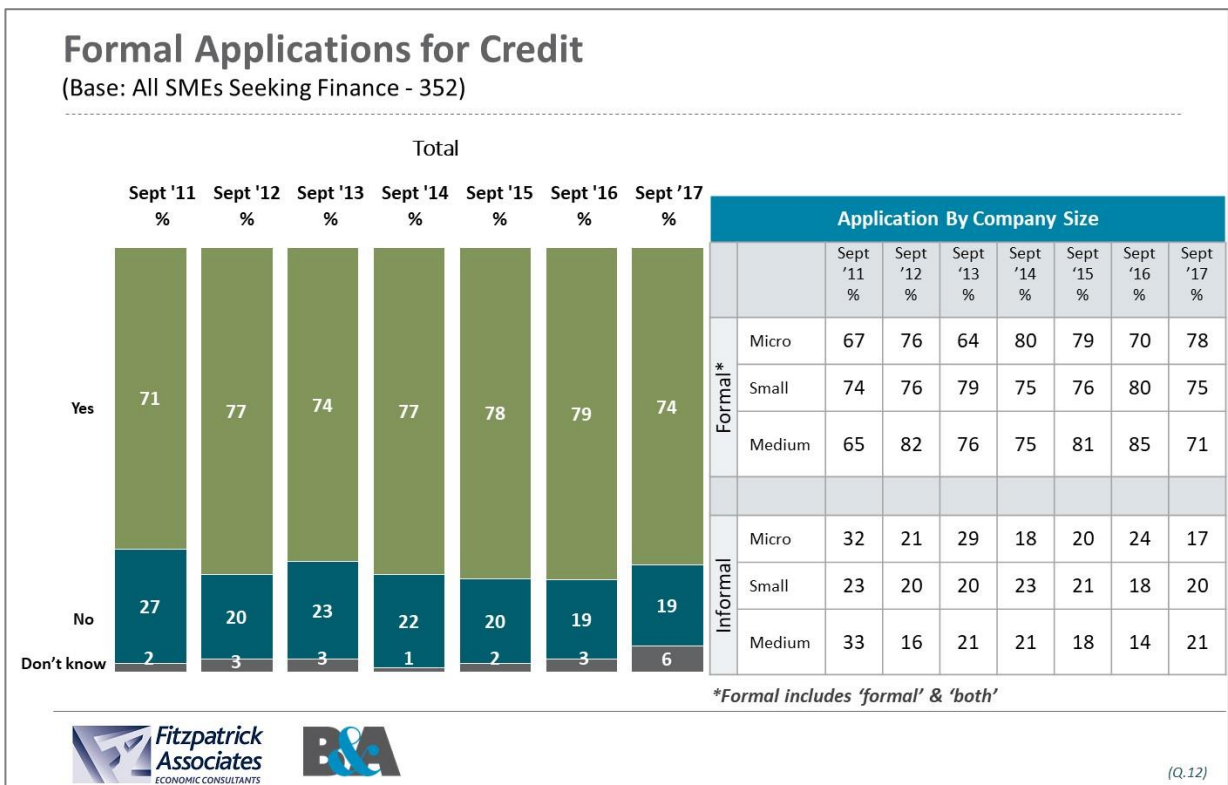
Micro and small companies are also more likely to require finance for working capital cash flow purposes. Small-sized businesses are more likely to require finance for investment in machinery or equipment, and small and medium sized companies are also more likely to require finance for expansion.



## 7.2 Formal Applications for Credit

A drop of 5 percentage points in the level of formal applications for credit was reported for this wave compared to September 2016, with 74% of SMEs seeking finance making formal applications.

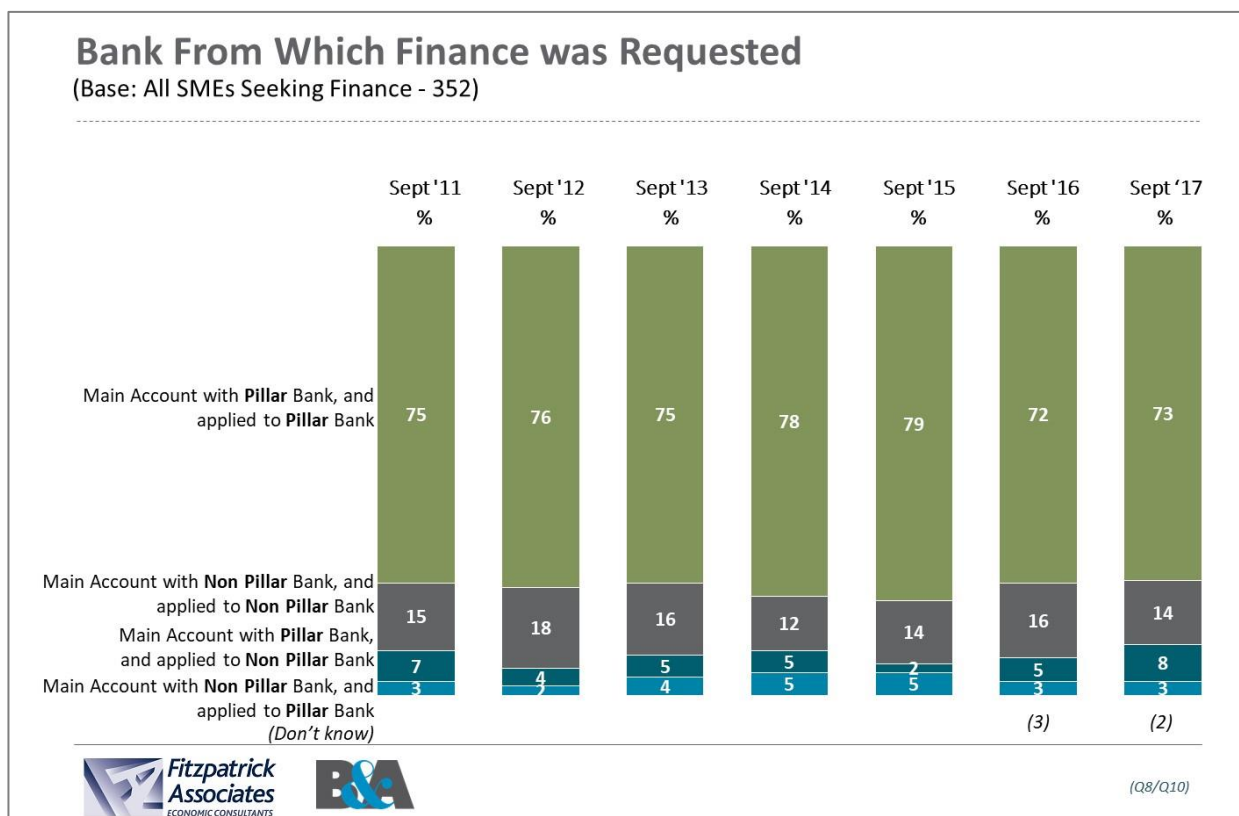
Formal applications were highest among Micro businesses showing an increase in formal applications (reported levels up from 70% in Sept 2016 to 78% in September 2017), with a corresponding decline in informal applications (down from 24% in September 2016 to 17% in September 2017).



The main reasons cited for submitting an informal request is that the business felt there was no need to make a formal application, as it was for a repeat loan or through a personal relationship.

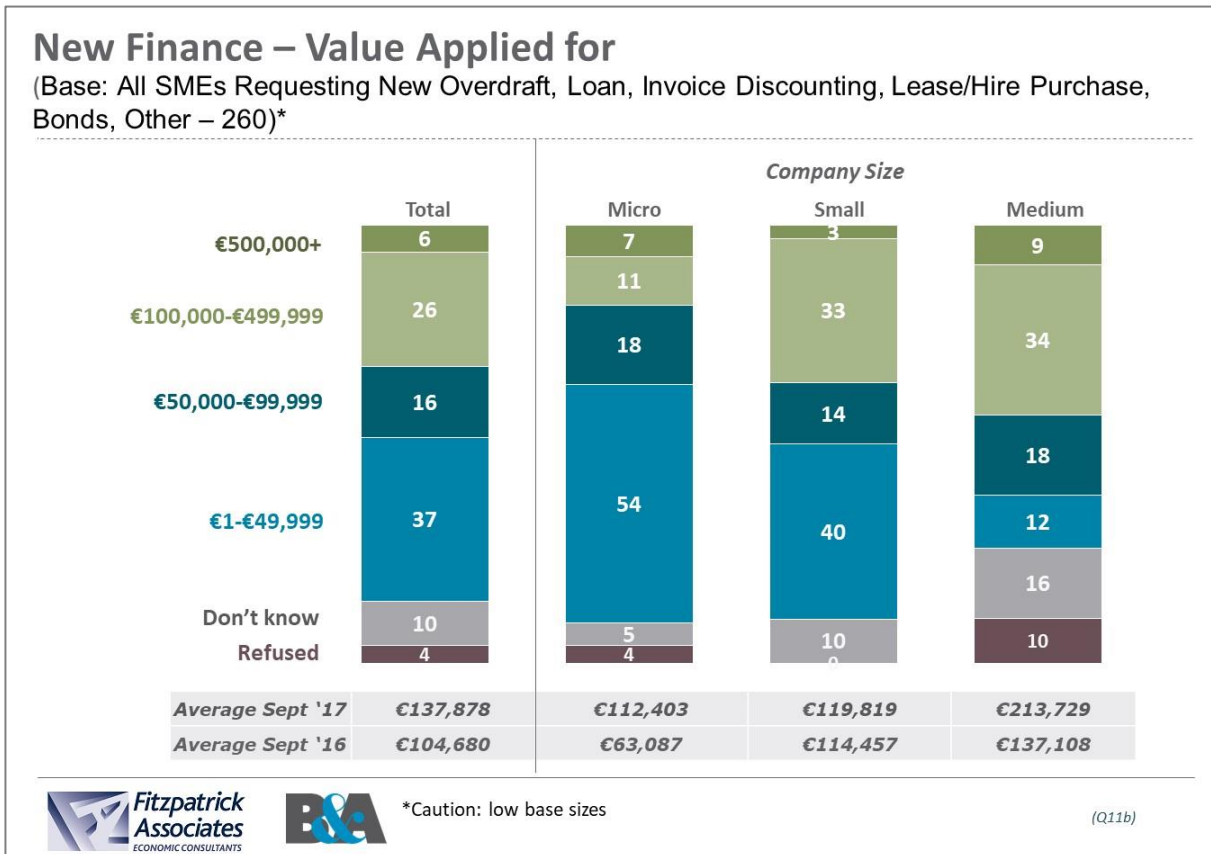
Reasons for Making an Informal Application	Sept '14	Sept '15	Sept '16	Sept '17
	%	%	%	%
No need for providing formal application (e.g. repeat loan or personal relationship)	56%	52%	65%	32%
To see if it would be possible	12%	6%	5%	1%
Knew formal application would not be successful	6%	12%	10%	12%
Time consideration	7%	3%	2%	5%
Didn't want finance from bank in the end	0%	4%	10%	17%
Requested from Account Manager	-	-	-	3%
Only a query	-	-	-	10%
Accounts not up to date	1%	0%	-	-
Other	-	-	-	10%
Don't know/none				8%

The proportion of SMEs that applied for finance through one of the two pillar banks has also remained static this period. In total, 73% applied to the main pillar banks – compared to 72% in September 2016.



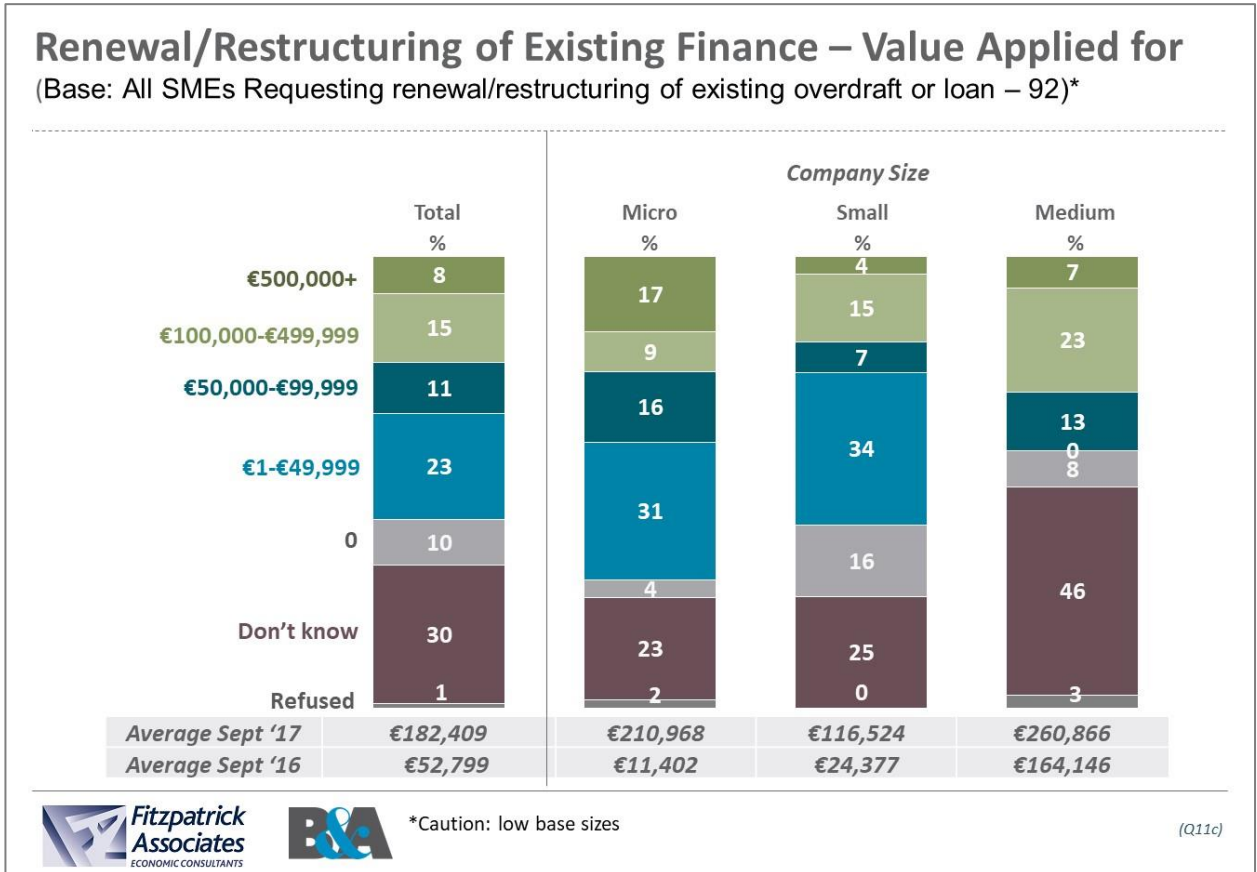
### 7.3 Economic Value of Credit Applications

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), the average stated amount is €137,878. This is higher than the stated value in September 2016 of €104,680.



When looking the different sizes of SME, it is notable, though perhaps unsurprising, that medium sized companies (at €213,000) sought higher levels of new bank finance than micro or small firms (at between €110,000 and €120,000).

As might be expected, there are also differences between different sized companies in the value of renewal/restructuring finance requested, with Medium-sized companies requesting almost €80,000 more (at €260,000) than the average SME (at €180,000).



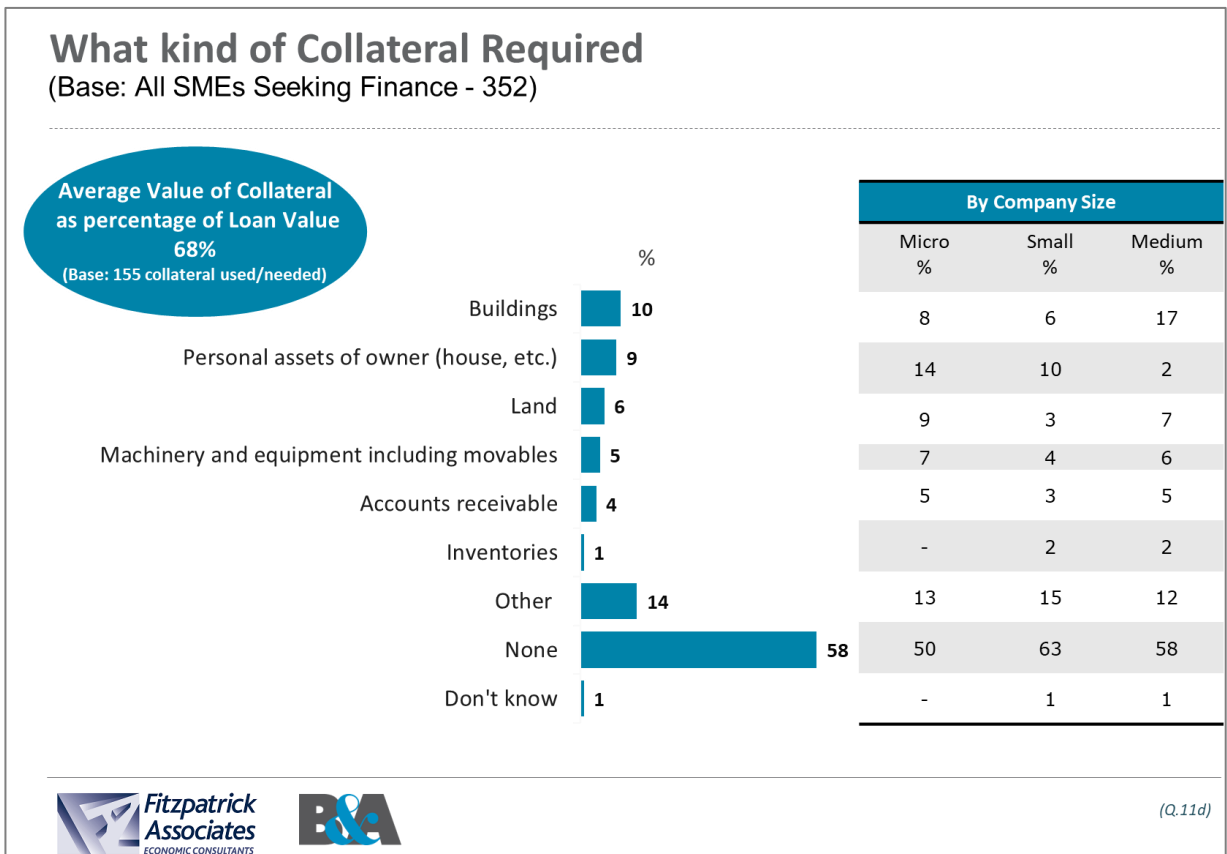
It is also notable here, however, that micro firms' average request for renewal or restructuring (at €210,000) was higher than for small companies (at €115,000).

## 7.4 Collateral Required for Credit Applications

Among those SMEs who applied for bank finance, 41% of firms indicated that applications required some kind of collateral. This is a similar level to September 2016 where 46% of applications required collateral.

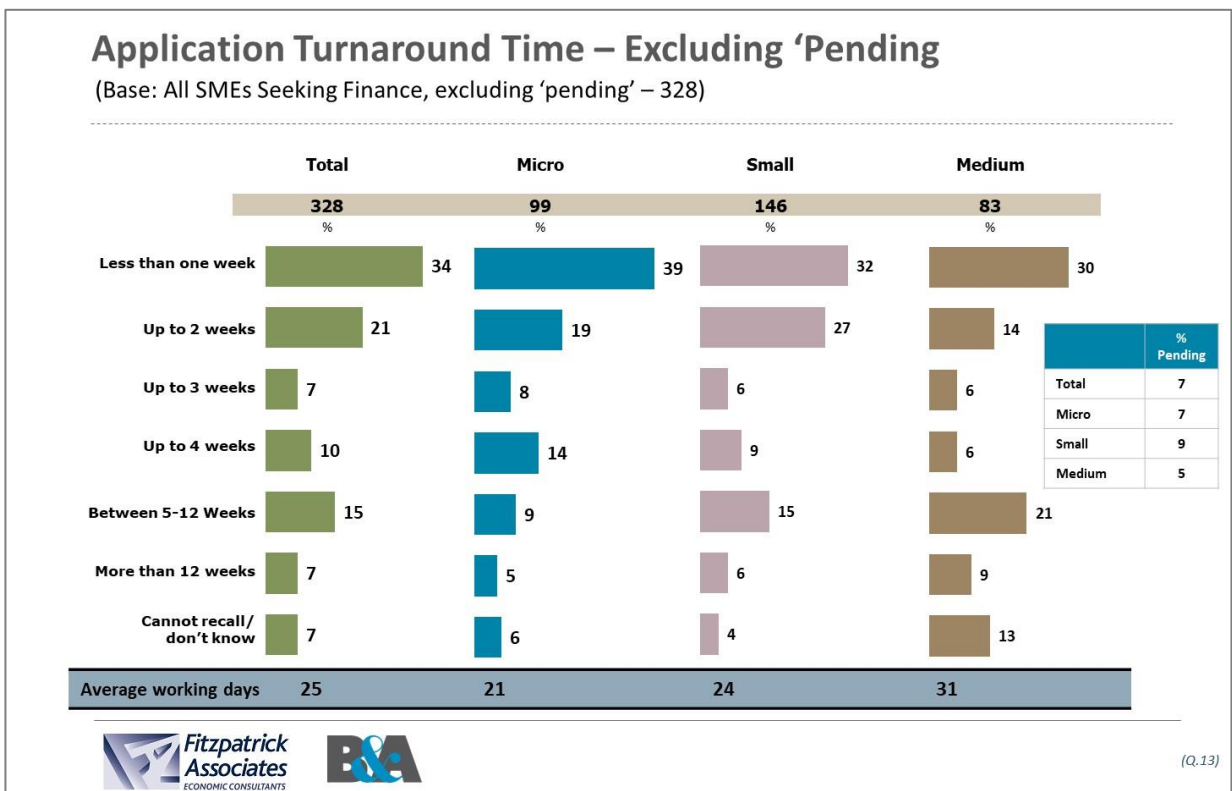
The most common kinds of collateral required were buildings (10%), personal assets of owners (9%), and land (6%), followed by machinery and equipment (5%) and accounts receivable (4%).

Applications from small and medium companies are less likely to require collateral. The average value of collateral required as a percentage of loan is 68%, which is higher than the level in September 2016 at 47%. Note, the base size upon which this analysis is based (n=155) is quite small.



## 7.5 Turnaround Time on Decisions

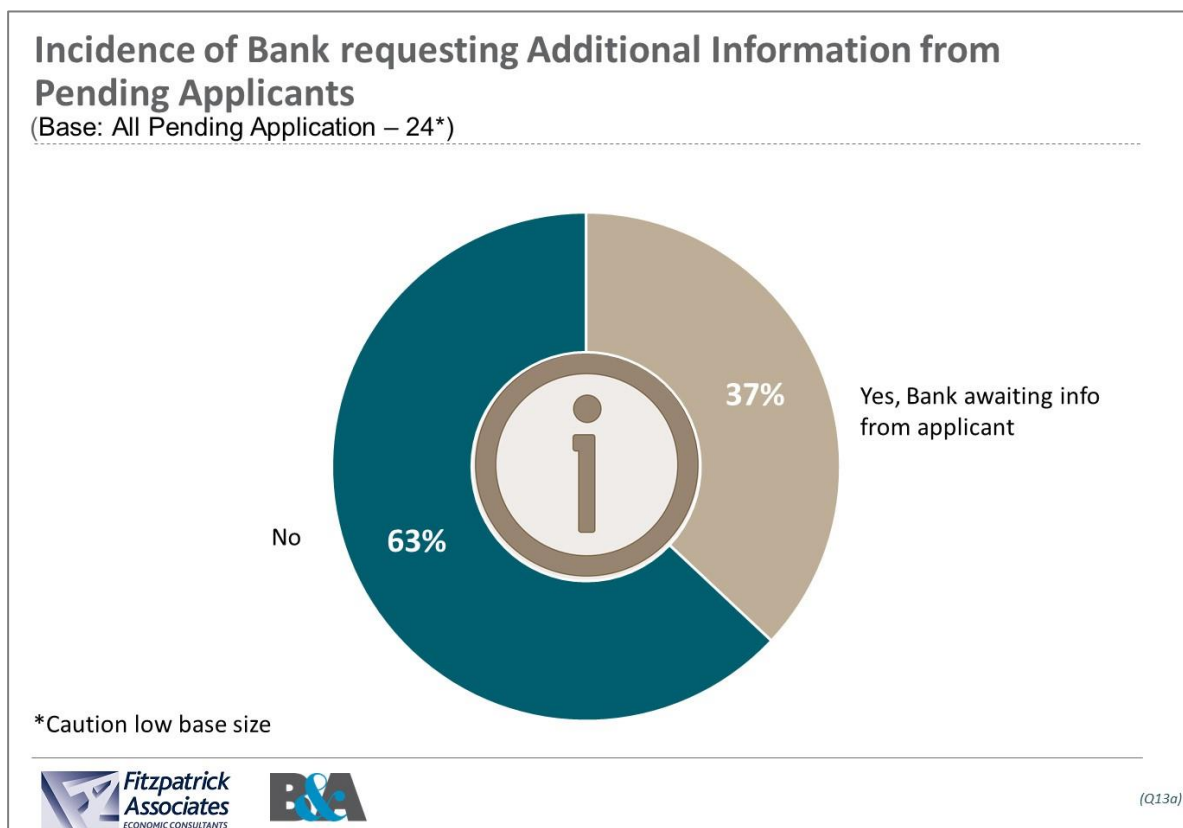
Based on the new regulations for firms lending to SMEs, with which regulated lenders (other than credit unions) must comply from 1 July 2016 or, in the case of credit unions, from 1 January 2017, lenders are required to inform SMEs of a decision on their loan within 15 working days of receiving all information they require from the company. Excluding pending applications and according to the businesses themselves, findings suggest that 62% of all finance applications are all processed within the 15 working days. This is lower than the 68% recorded in September 2016.



The average amount of time from application to decision remains the same as in September 2016, at 25 working days. It should be noted, however, that this does not differentiate between businesses who supply all information required by the lender at the outset and those who receive requests for further information. The proportion of loans that remain 'still pending' has dropped from 9% in September 2016 to 7% in September 2017.

	Approved	Declined
	%	%
Less than 1 week (1-5 working days)	35	33
Up to 2 weeks (6-10 working days)	23	11
Up to 3 weeks (11-15 working days)	8	2
Up to 4 weeks (16-20 working days)	8	16
Between 5-12 weeks (21-60 working days)	14	22
More than 12 weeks (61+ working days)	7	5
Don't know	6	10

Also, the larger the company, the longer the application turnaround time. The average turnaround time for Micro companies is 21 working days, with Small-sized companies receiving decisions within 24 working days, and Medium-sized companies waiting 31 working days on average.

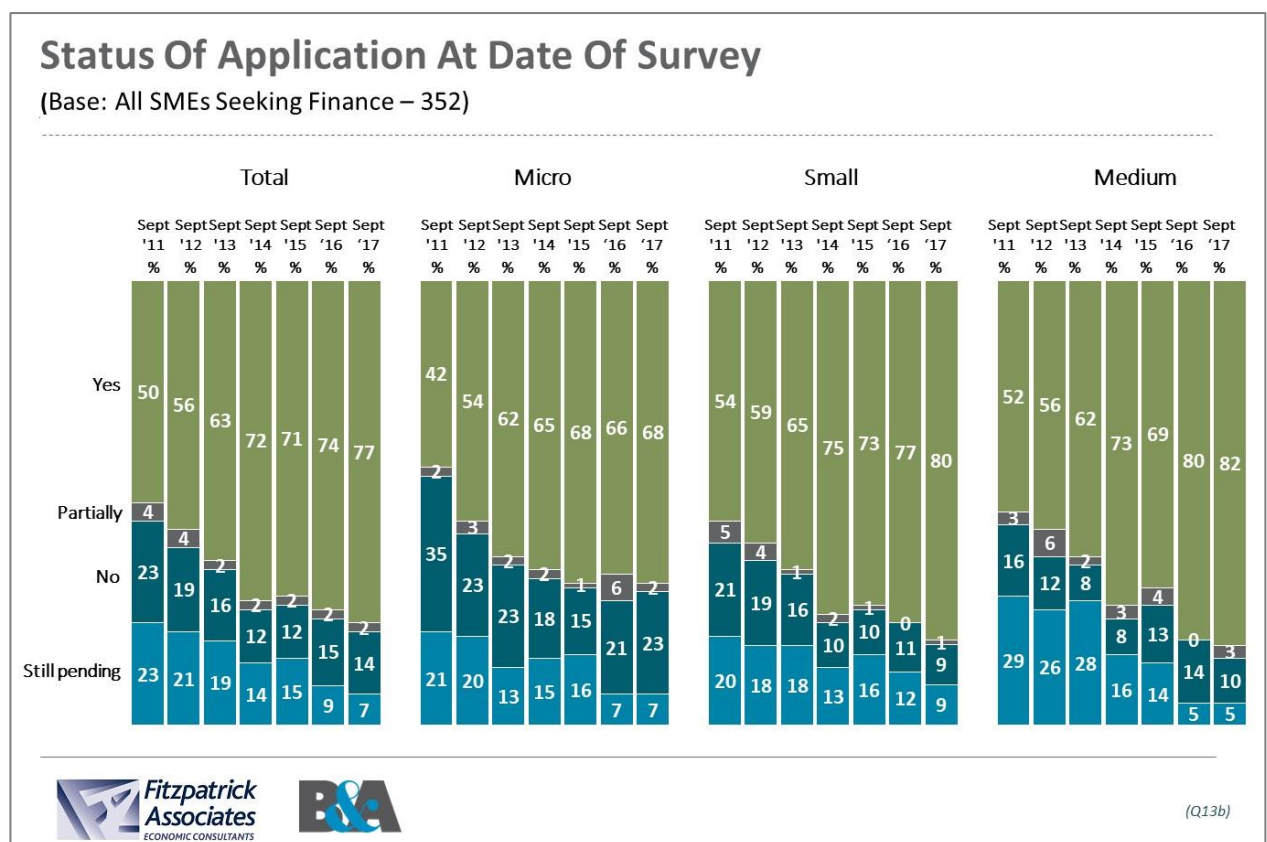


## 7.6 Decline Rate

The decline rate for all credit applications in the period to September 2017 has fallen slightly on September 2016. The current rate of decline stands at 14% of all applications – down from 15% in September 2016.

Some 77% of all applications were approved in full over the period – an increase when compared to September 2016.

A further 2% state that their credit applications have been partially approved, leaving 79% of all SMEs credit applications either fully or partially approved. Just 7% of all applications were still pending in the period, down from 9% in September 2016.



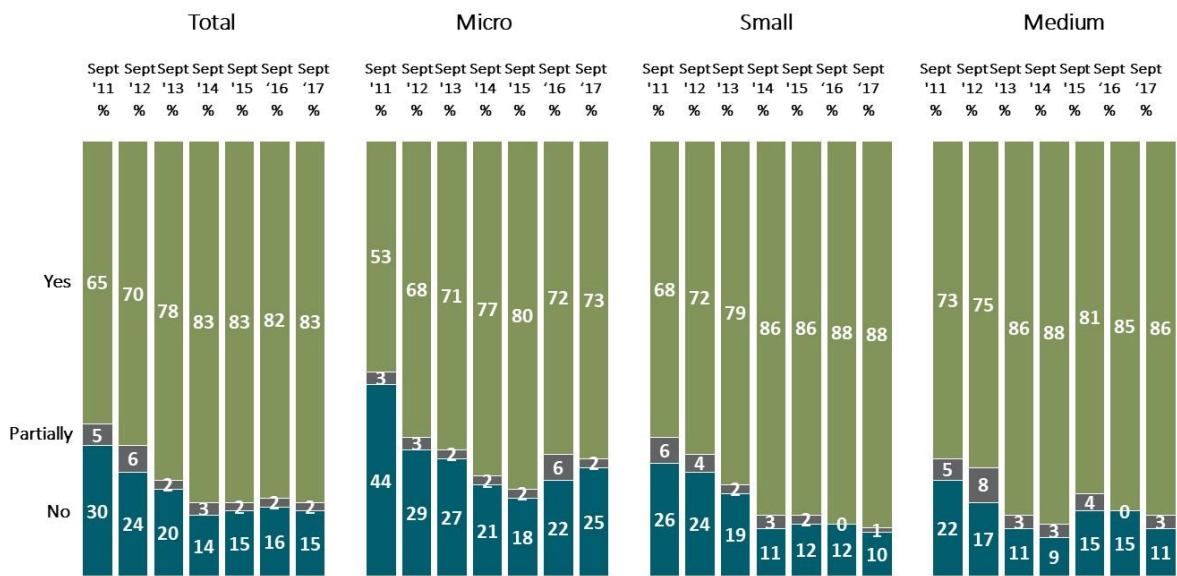
Small and Medium-sized businesses seeking finance are indicating higher levels of approval rates. Micro companies, however, have lower approval rates, with an increase in rejection rates from 21% in September 2016 to 23% in September 2017.



Excluding pending applications, the overall decline rate stands at 15% (similar to September 2016). In total, 85% of all applications for the period (excluding “still pending”) have been approved in full/partially. Micro SMEs indicated the sole increase in rejection rates (from 22% in September 2016 to 25% in September 2017).

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

(Base: All SMEs Seeking Finance, excluding pending – 328)



### Decline Rate by Product

Decline rate varies across financial type requested – which is a reflection of the differences in application process. New overdrafts and renewal/restructuring of existing loans, in particular, have the highest decline rates.

	Yes	Partially	No	Still Pending
Total	77	2	14	7
%	%	%	%	%
New overdraft	68	-	23	10
Renewal/restructuring of existing overdraft	82	-	11	7
New Loan	73	3	15	9
Renewal/restructuring of existing Loan	55	2	23	20
Invoice Discounting	71	-	17	12
Leasing or Hire Purchase	91	1	4	4
Other	44	27	28	-

### Formal Application Decline Rate

Informal applications also have a higher rate of decline than formal ones (19% versus 9%).

	Yes	Partially	No	Still Pending
Total	77	2	14	7
	%	%	%	%
Informal request	76	-	19	5
Formal application	78	2	9	11

### Decline Rate by Type of Credit Applied For

Refusal rates are highest for the need to cater for bad or outstanding debt (42%), and to restructure loans/credit (22%).

	Yes	Partially	No	Still Pending
Total	77	2	14	7
	%	%	%	%
New business venture/acquisition of assets/Expansion	82	2	8	9
Working capital/cash flow	73	1	18	8
Slowdown in debtor collection/bad debts	55	3	42	-
Property related loan	67	2	18	13
Investment in machinery or equipment	87	1	7	5
Need to restructure loan/credit	55	2	22	22
Change in business requirements as a result of Brexit	-	47	35	19

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

The decline rates for export businesses (17%) are also higher compared to non-export businesses (12%).

	Yes	Partially	No	Still pending
	%	%	%	%
Export Business	77	-	17	5
Non Export Business	77	3	12	8

### Decline Rate by Pillar/Non-Pillar Banks

There is no difference in application success by pillar versus non-pillar banks.

	Yes	Partially	No	Still Pending
Total	77	2	14	7
%	%	%	%	%
PILLAR	76	0	16	7
NON PILLAR	76	2	16	7

### Decline Rate by Sector

By sector, the highest level of decline rate is amongst the Business Services (21%) and Hotels and Restaurants (18%) sectors.

	Yes	Partially	No	Still Pending
Total	77	2	14	7
%	%	%	%	%
Manufacturing	85	-	10	5
Construction	78	-	13	10
Wholesale	78	2	13	7
Hotels & Restaurants	68	-	18	14
Business Services	74	1	21	4
Other	81	7	7	6

### Decline Rate Linked To Company Trading Performance.

We continue to see a strong relationship between decline rate and company performance. Those companies with increased turnover or profitability, in particular, are more likely to be approved for bank finance.

	Yes	Partially	No	Still Pending
Total	77	2	14	7
%	%	%	%	%
Increased	79	1	13	6
Decreased	76	1	15	8
Remained the same	74	3	14	9

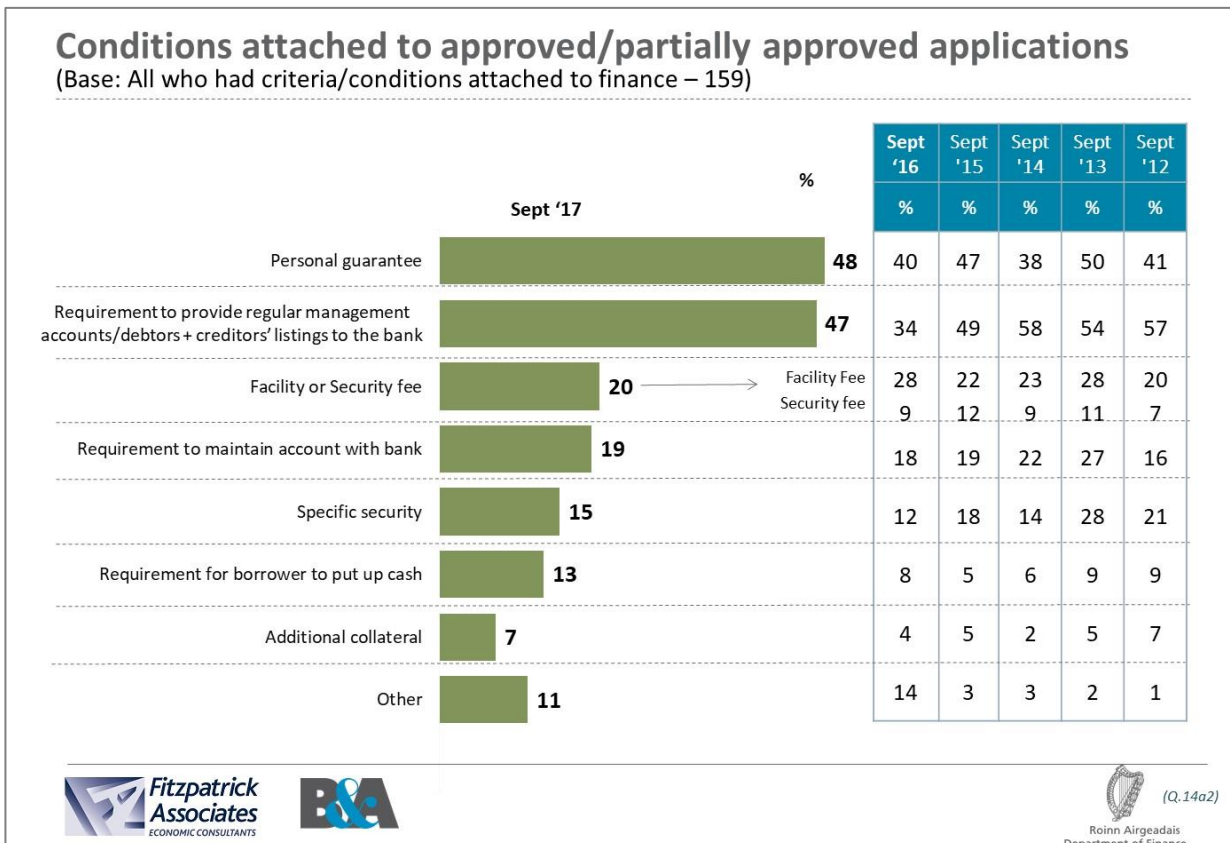
Interestingly, companies that achieved break-even in the most recent year had a higher decline rate (21%) than those that made a loss (16%).

	Yes	Partially	No	Still Pending
Total	77	2	14	7
%	%	%	%	%
Made a profit	81	2	11	5
Broke even	65	1	21	13
Made a loss	71	3	16	10

The average interest rate on approved new credit provided by banks is claimed to be 5.45%. This compares to 5.24% in September 2016 with 44% of businesses not sure exactly what rate they are being charged.

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

Of those applicants for whom conditions were applied, the most common conditions were personal guarantees, the provision of regular management accounts and/or a facility fee.



## 7.8 Reasons for Decline

The main stated reasons for credit decline also remain centred on applicant controlled factors – with a mix of such factors prevalent.

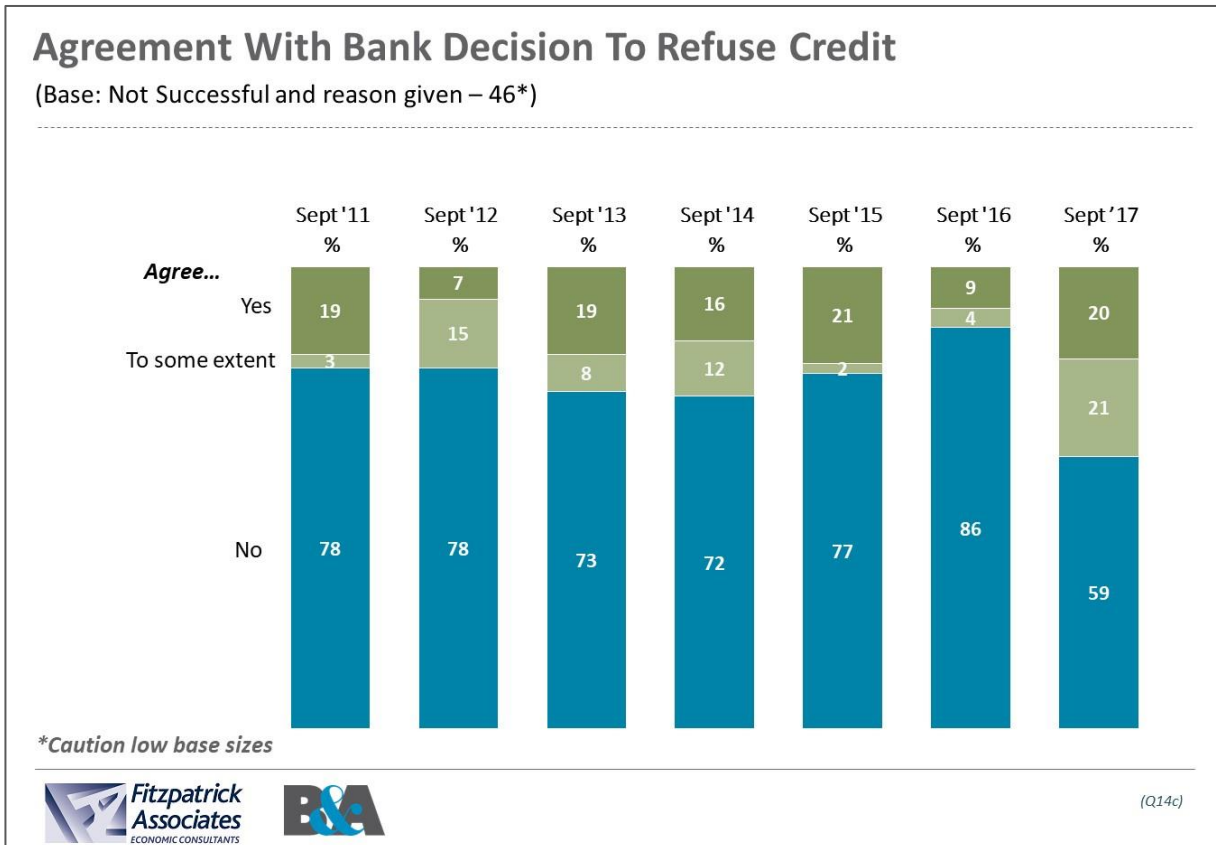
Reason for Decline				
	Sept '14 %	Sept '15 %	Sept '16 %	Sept '17 %
<b>Applicant Controlled</b>	<b>42</b>	<b>43</b>	<b>52</b>	<b>64</b>
Inadequate repayment capacity	13	17	16	15
Account performance/history	16	14	24	20
Existing debt burden already too high	8	10	15	17
Inadequate historic information provided	5	3	5	14
Deterioration in business financial performance	12	5	14	6
<b>Bank Controlled</b>	<b>32</b>	<b>32</b>	<b>27</b>	<b>14</b>
Change in bank lending policy	11	18	12	2
No longer a sector to which the bank is prepared to lend	10	6	10	8
Change in bank pricing policy	3	5	0	n/a
Inadequate/insufficient security	8	9	10	n/a
No longer a type of business to which the bank is prepared to lend	8	5	9	n/a
Requested facility was sanctioned at lower level/different structure	2	5	7	7
Other	8	7	25	25
No reason given/none	24	26	19	12

Bank controlled reasons for credit decline dropped to just 14% in September 2017, compared to 27%-32% between September 2014 and September 2016.

### 7.9 SME Opinions on Reasons for Decline

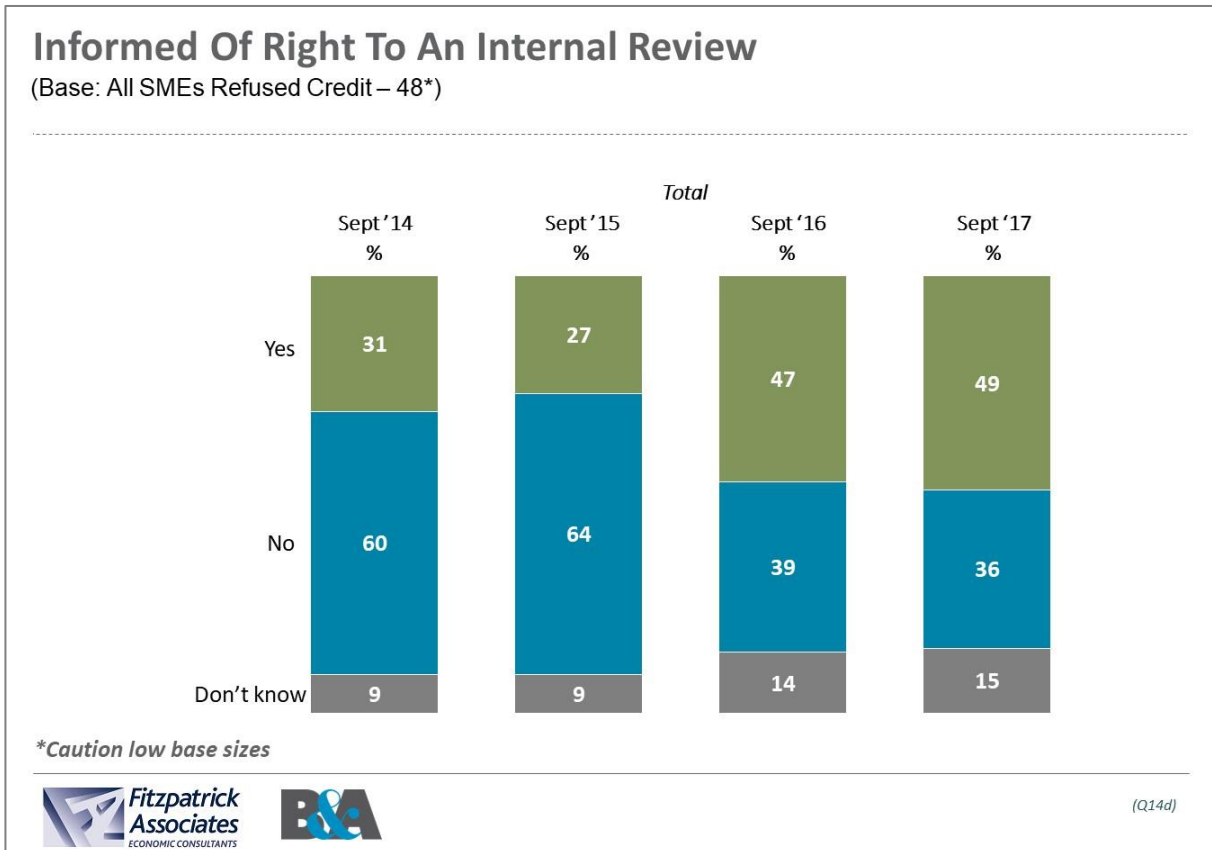
59% of those SMEs that have been declined bank finance disagree with the reasons given for their refusal. This represents a noticeable decline from 86% in September 2016.

Also, 20% of SMEs that have been declined bank finance fully agree with the reasons for their refusal, an increase from 9% in September 2016.



### 7.10 The Right to an Internal Bank Review

A slight improvement was registered amongst those applicants (who were refused credit) that were informed of their right to an internal review on the decision to refuse credit. In September 2016, 47% of all SMEs refused credit claimed they were informed of the right to an internal review, but this had increased to 49% of all SMEs refused credit in September 2017.

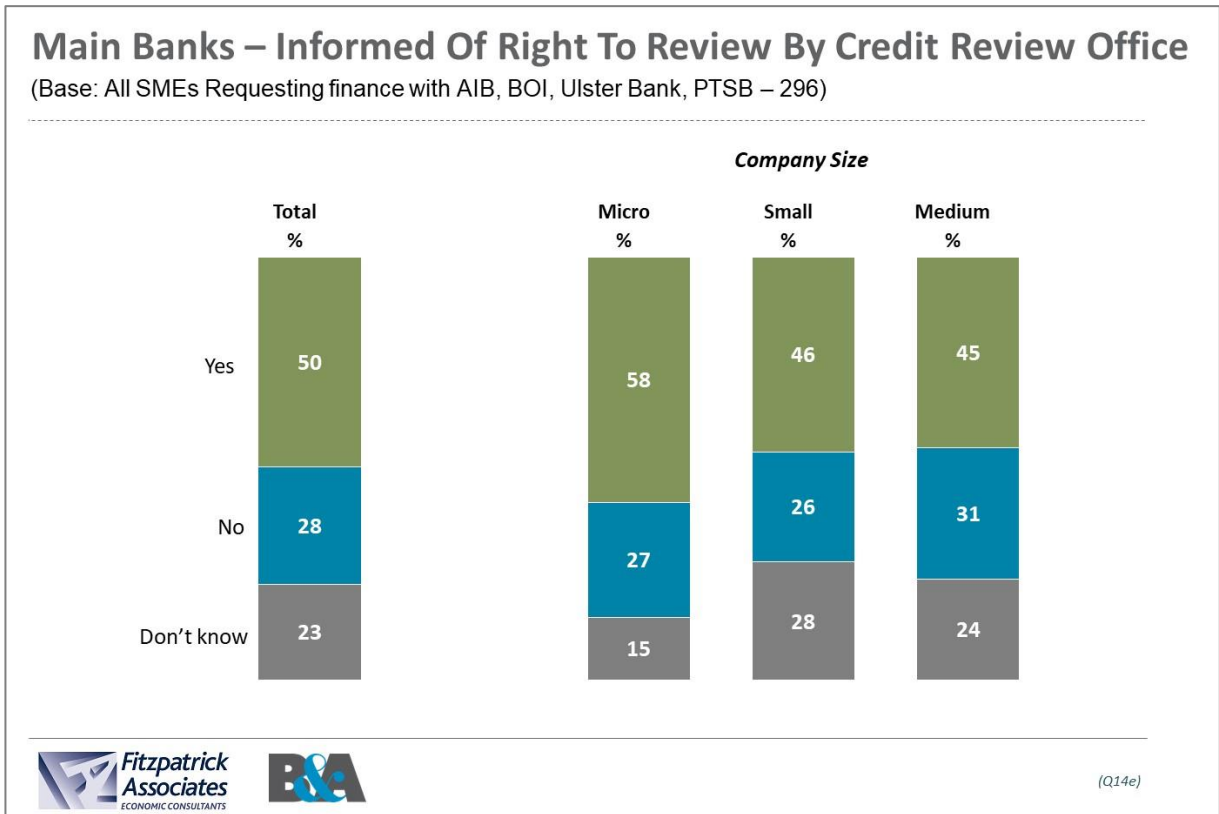


In both September 2016 and September 2017, stated provision of information regarding right to review was well above the level recorded in September 2014 and September 2015.



### 7.11 Credit Review Office

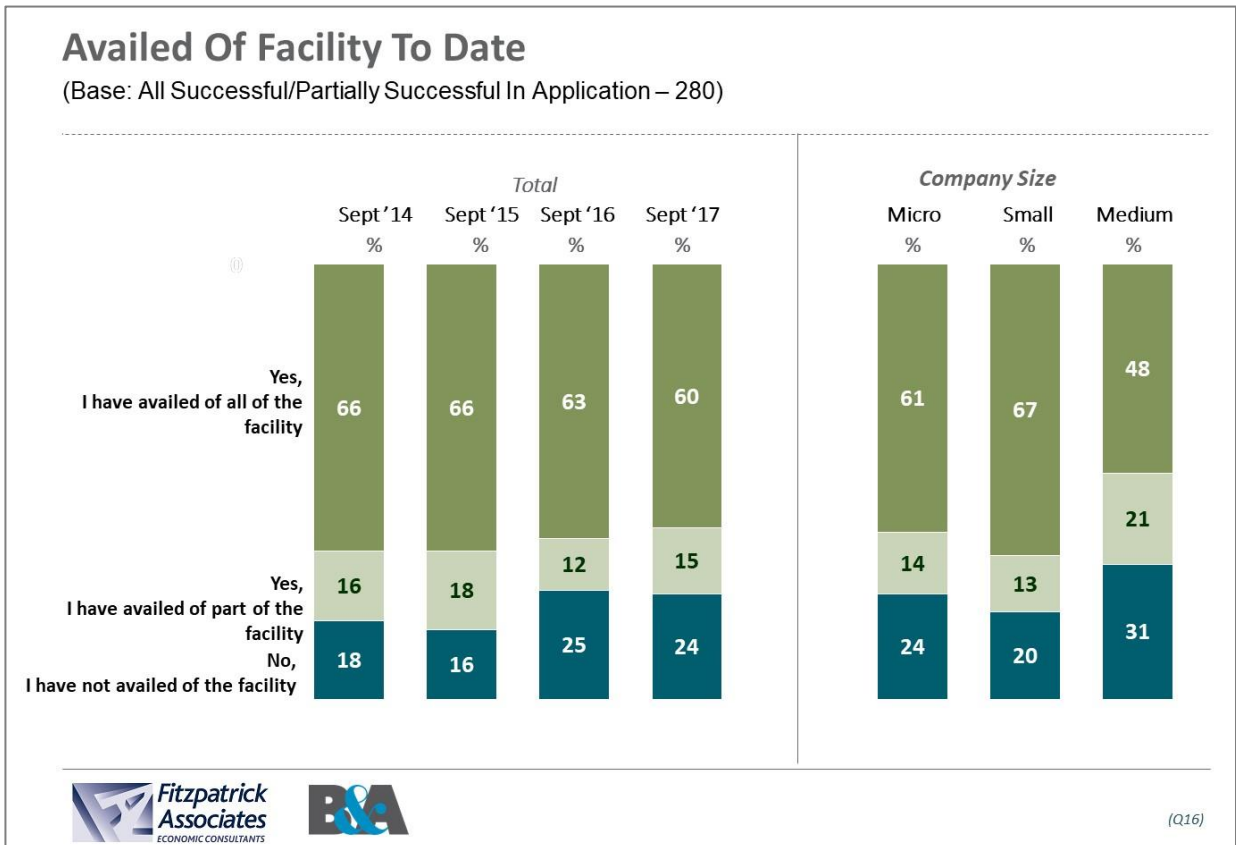
Excluding “don’t knows”, 64% of those applicants that applied for credit from the main banks said they were informed of their right to a decision review by the Credit Review Office.



Note: the question changed this wave to include customers of both Ulster Bank and PTSB along with the two pillar banks – AIB and Bank of Ireland.

## 7.12 Drawdown of Approved Facilities

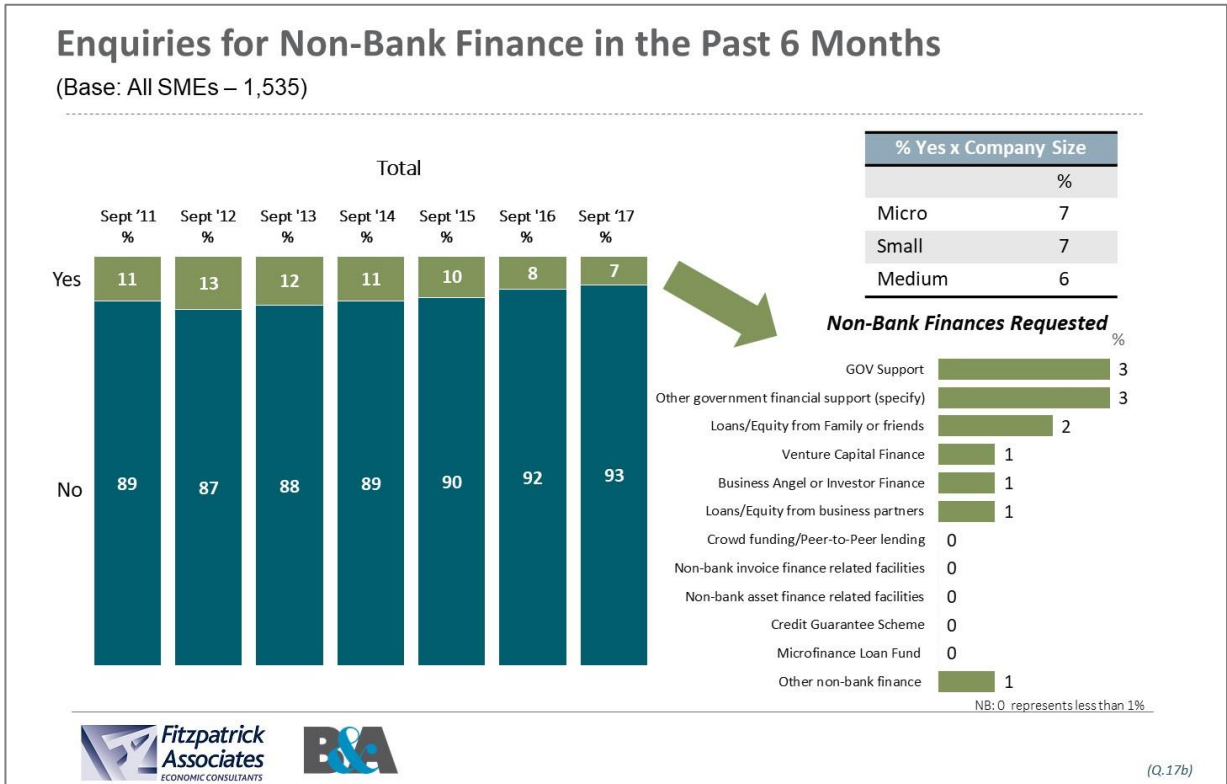
60% of SMEs whose applications were approved have availed fully of the given credit facilities – this is similar to the levels in September 2016. An additional 15% partially availed of the credit facilities, while 24% have not availed of the facilities so far – compared to 25% in September 2016.



## 8.0 Non-Banking Finance

### 8.1 Enquiries for Non-Bank Finance

The number of SMEs making enquiries for non-bank finance has been steadily decreasing since September 2012, and now stands at just 7% in September 2017.

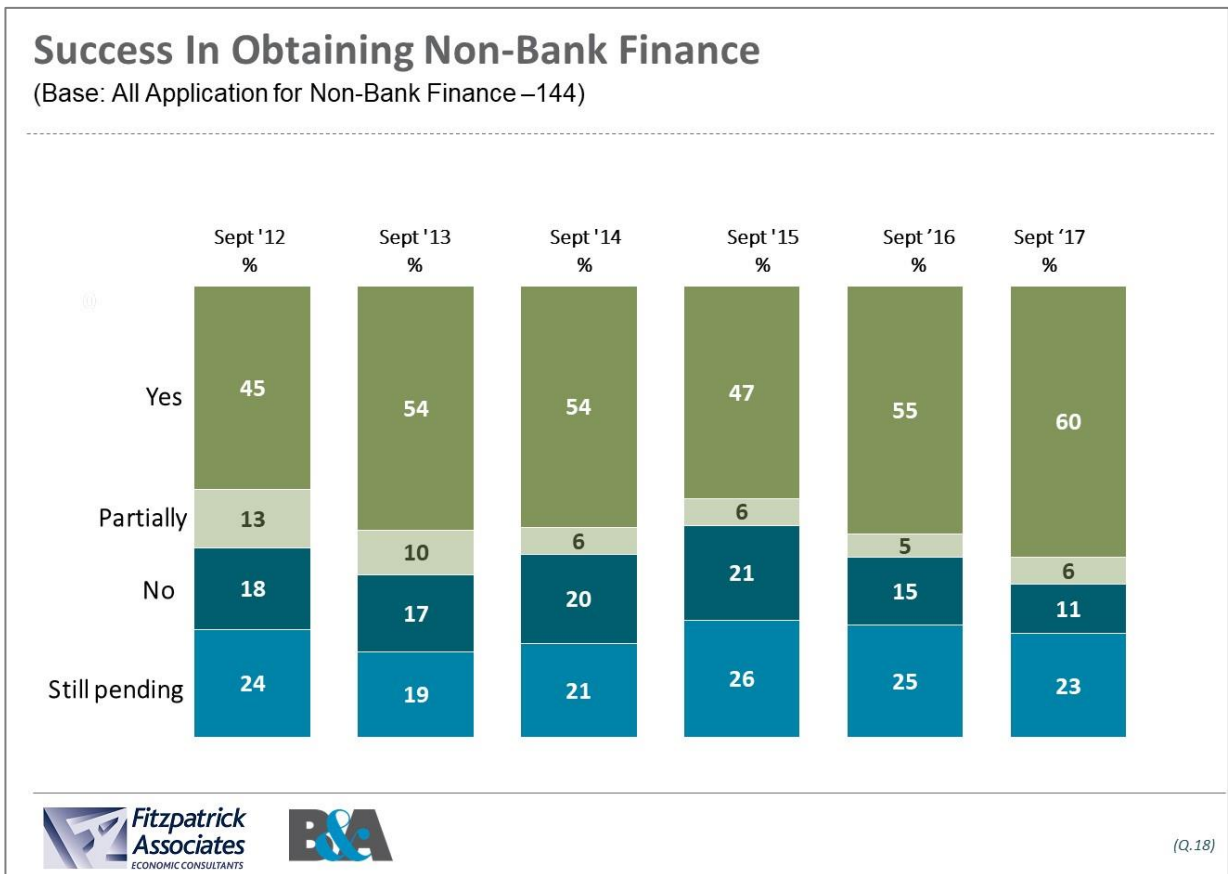


Crowd funding/peer to peer lending has not risen above the 1% point level it showed at in September 2014. In this latest wave, the figure is below 1% with six respondents mentioning it. When these six respondents were subsequently asked if they were successful in obtaining finance through crowd funding/peer to peer lending, four reported they had been successful, one partially successful and one unsuccessful.

## 8.2 Decisions Made on Non-Bank Finance Applications

In total, 60% of all non-bank finance enquiries were successful, with an additional 6% partially successful. This is an increase from September 2016, where 60% of applications were fully or partially successful.

The decline rate was 11% - down from 15% in September 2016. A similar level of “still pending” applications exist year-on-year. Overall, successful applications for bank finance are significantly higher than for non-bank finance applications.



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

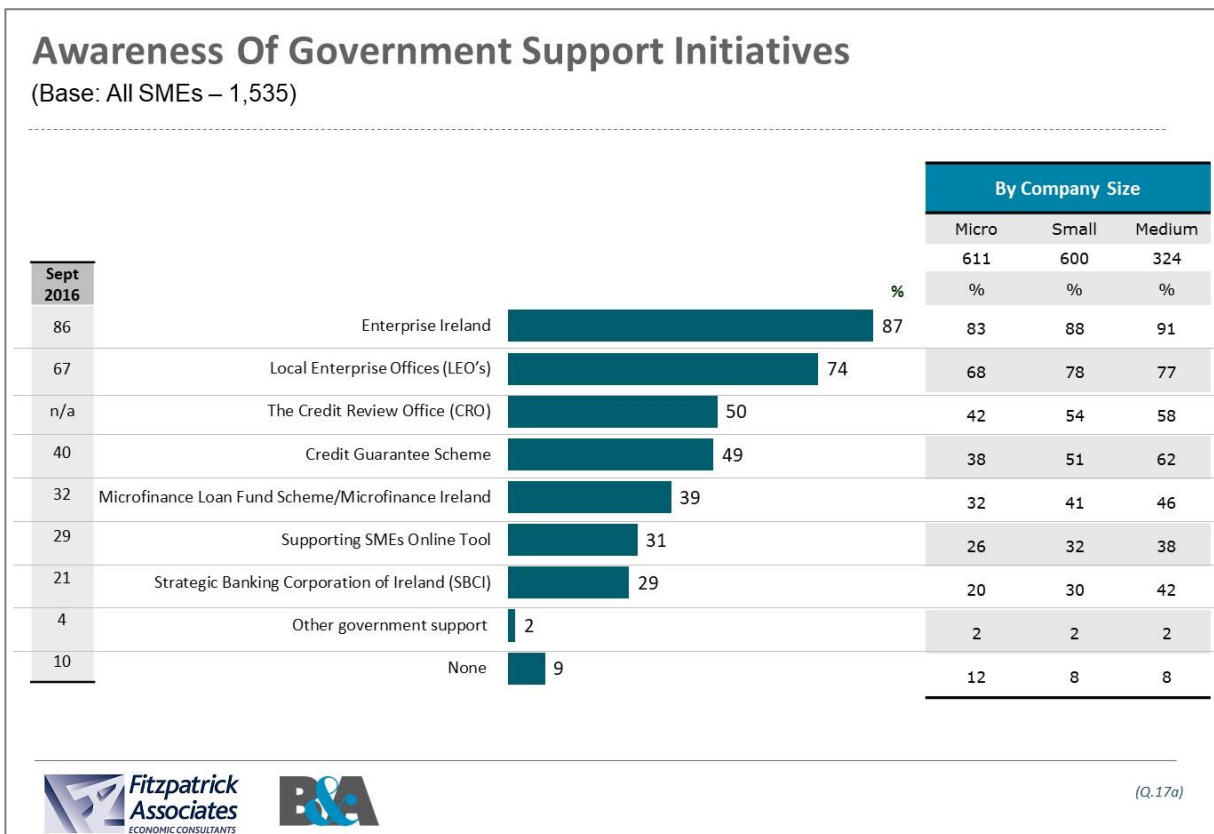
The main reasons given for not applying for Government financial support were a lack of need for such finance (68%) and a lack of knowledge of such funding (10%).

<b>Reason for Not Applying for Government Financial Support</b>	<b>Sept '14</b>	<b>Sept '15</b>	<b>Sept '16</b>	<b>Sept '17</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Don't need this type of financing	66	64	69	68
Lack of knowledge	24	18	11	10
I don't believe this source is relevant for my business or sector	12	15	4	9
Already have this type of financing in place so do not need more	1	2	2	1
Application process too difficult	2	3	2	1
Don't want to lose control of business	5	2	2	1
Previously rejected for this type of finance	1	2	1	1
Costs/fees are too high	1	1	1	1
Terms and conditions too onerous	1	1	1	1
Used in past but not currently relevant	0	1	1	1
Didn't think we would get it	1	1	-	-

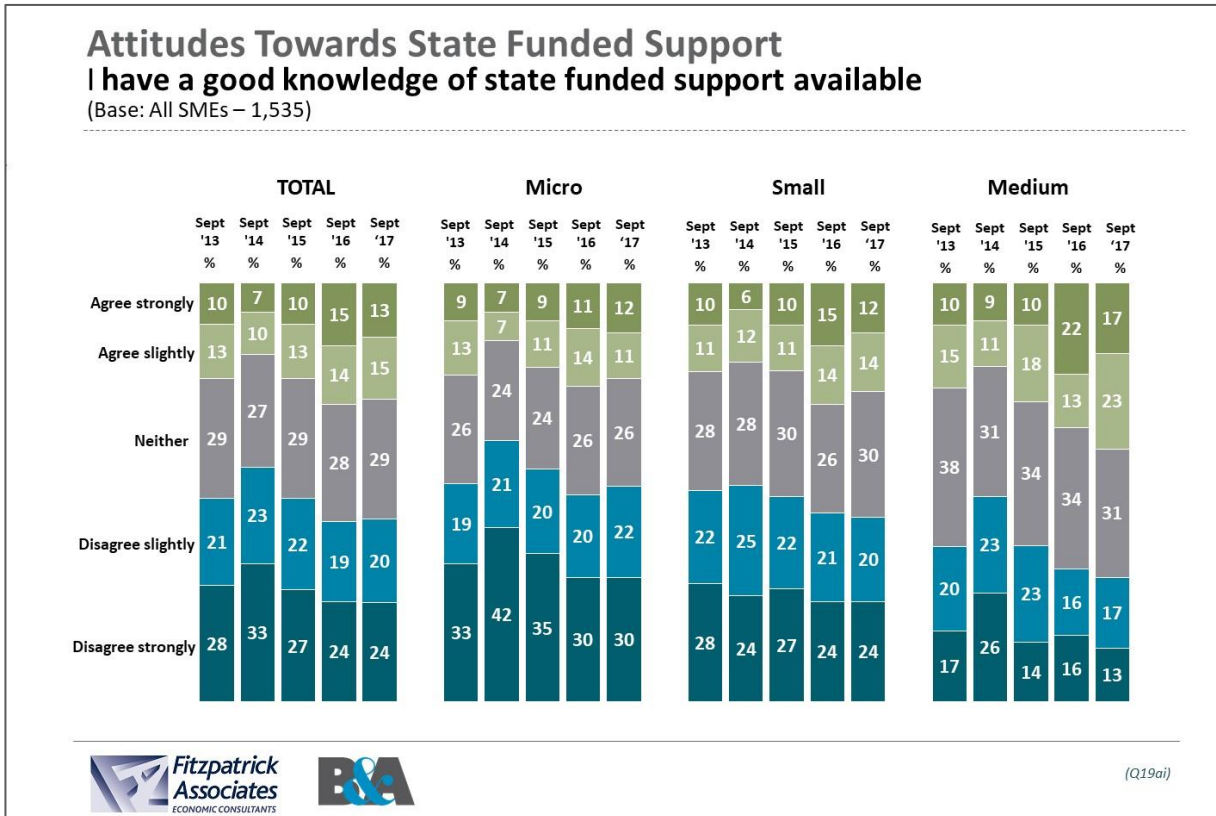
Noticeably, the number of SMEs indicating a lack of knowledge of Government supports is lower than the rates recorded in September 2014 (24%) and September 2015 (18%).

## 8.4 Awareness of State Funded Support

Awareness of State funded support is highest for Enterprise Ireland (87%) followed by Local Enterprise Offices (74%). 49% of SMEs are aware of the Credit Guarantee Scheme (which is an increase from 40% in September 2016), and 50% are aware of the Credit Review Office (CRO) (A different question was previously used for CRO awareness). 39% are aware of the Micro Finance Loan Fund scheme (32% in September 2016), while awareness of the supporting SMEs Online Tool stands at 31% (slightly higher versus 29% in September 2016). Awareness of the Strategic Banking Corporation of Ireland (SBCI) stands at 29% (higher than the 21% in September 2016).



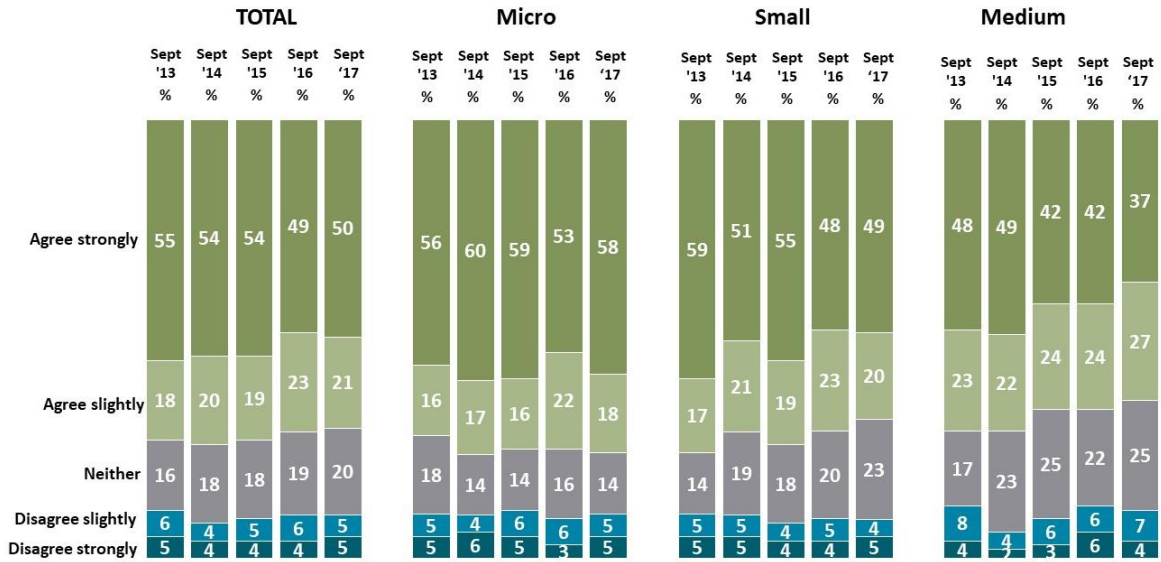
28% of SMEs agree that they have a good knowledge of state funded supports available – on a par with the 29% during the same period last year. There continues to be a strong interest in state support, with 71% of all SMEs agreeing that they would like to see more information on how businesses should apply for state funded support. These are similar levels to 2016.



## Attitudes Towards State Funded Support

**There should be more info available on how businesses can get state funded support**

(Base: All SMEs – 1,535)





## 8.5 Financing the Business

Internal funds/retained earnings continue to be the main financial source of working capital, with 81% of working capital coming from this source. This is an increase of eight percentage points on September 2016.

### How Are Working Capital Financed?

(Base: All SMEs – 1,535)

	Year		By Company Size – Sept 2017		
	Sept '16 %	'Sept 17 %	Micro %	Small %	Medium %
Internal funds/Retained earnings	73	81	80	81	84
Purchases on credit from suppliers	7	7	9	8	5
Advances from customers	2	2	4	2	0
Borrowed from banks	5	5	4	5	8
Borrowed from non-bank financial institutions	1	0	0	0	0
Owners' contribution	6	2	3	2	2
Other (informal lenders, friends, relatives, etc)	5	1	1	1	1

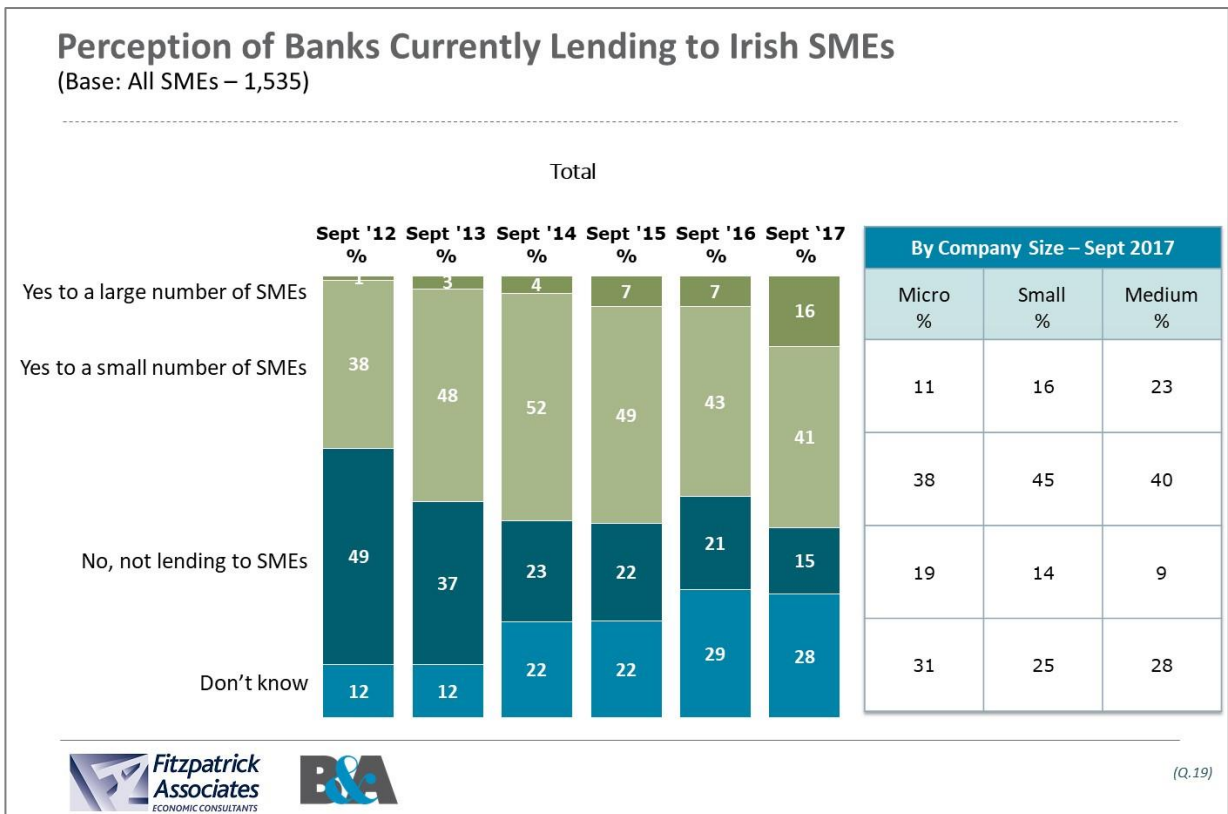
Internal funds/retained earnings are the main source of finance for fixed assets acquisitions (defined in September 2017 specifically as Buildings and Construction, and other Fixed Assets), followed by leasing or hire purchase, and borrowings from banks.

	<b>Any Building Construction or Other Fixed Assets</b>	<b>Buildings and Construction</b>	<b>Other Fixed Assets</b>
<i>Base:</i>	609	236	523
	%	%	%
Internal financing/retained earnings	76	71	74
Leasing or hire purchase	11	3	12
Borrowed from banks	11	17	8
Owner's contribution	5	5	4
On supplier credit	1	1	1
External equity	1	0	1
Other	8	8	7
Don't know/refused	2	3	2

## 9.0 SME Awareness of Credit Supports

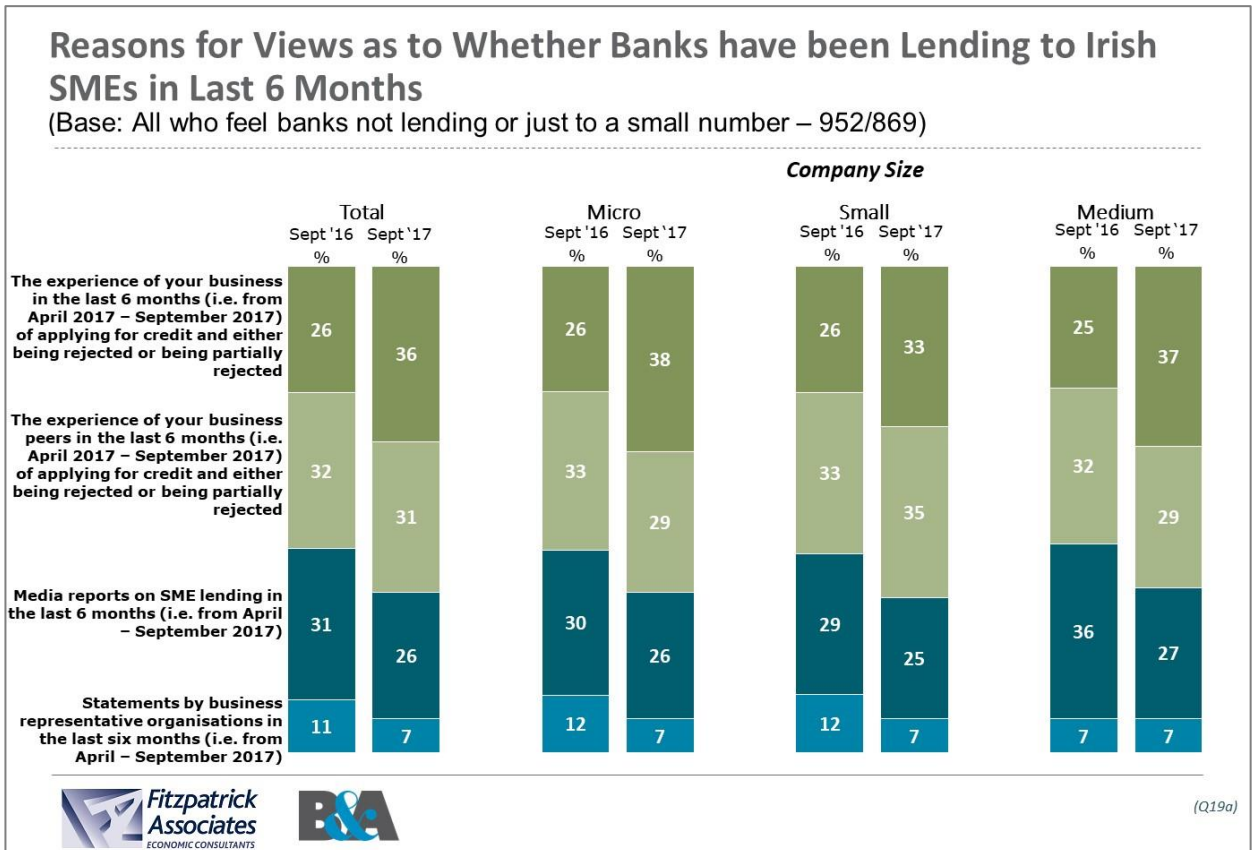
### 9.1 The Perception of Banks Lending to Irish SMEs

15% of SMES believe that banks are not lending to the SME sector – this is a decline compared to what was recorded in September 2016. The proportion of SMEs that are not sure if the banks are lending stands at 28% - on a par with 29% in September 2016. 41% believe banks are only lending to a small number of SMEs, while 16% believe banks are lending to a large number of SMEs (up from 7% in September 2016).



## 9.2 Reasons for View on Bank Lending

Of those SMEs that suggest that banks are not lending or only lending to a small number of companies, 36% claim this is based on personal experience - up from 26% in September 2016. Others hold their opinions based on business organisations, media reports or peers.



## **Appendix: The SME Credit Demand Survey Questionnaire**

**DEPARTMENT OF FINANCE SME CREDIT DEMAND SURVEY QUESTIONNAIRE**

24th November 2017

Good morning/afternoon/evening. My name is ..... from Behaviour & Attitudes, the independent Irish market research agency. 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 SMEs 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

**NOTE, ALL QUESTIONS IN THE SURVEY REFER TO THIS SPECIFIC BUSINESS, WHICH IS REFERRED TO THROUGHOUT AS 'YOUR BUSINESS', FOR EASE OF ADMINISTRATION**

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

**Q.1b** What industry sector do you operate in? PROBE TO PRECODES – SINGLE CODE

**CHECK QUOTAS**

Agriculture & forestry & fishing	1	
Manufacturing - Processing & Food from agricultural activities + manufacturing of food from non agricultural activities (tobacco and beverages)	2	
Manufacturing - High Tech (including pharmaceutical, electronic, electrical equipment etc	3	
Manufacturing - All other manufacturing.	4	
Construction - General construction (including general building & civil engineering).	5	
Construction - All other construction activities (excluding speculative activities).	6	
Wholesale	7	
Retail Trade & Repairs (non motor)	8	
Retail Trade & Repairs (motor only)	9	
Hotels & restaurants	10	
Transport, storage & communications	11	
Financial & Insurance Activities	12	
Real estate activities (excluding speculative activities)	13	
Professional, scientific & technical	14	
Administrative & Support Service Activities	15	
Human Health & Social Work Activities	16	
Other	17	<b>CLOSE</b>

ASK ALL

- Q.2** Including yourself, how many people are currently employed in your business? **INTERVIEWERS PLEASE NOTE THAT THIS INCLUDES FULL AND PART TIME EMPLOYEES BUT SHOULD ONLY REFER TO THE Full Time Equivalent (FTE) number of EMPLOYEES.**  
SCRIPTER: ALLOW DON'T KNOW

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

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

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

- Q.2a** What was your business' turnover for the 12 month period **October 2016 to September 2017** 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.a*

- 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** Does your company export any goods or services outside the Republic of Ireland?

Yes	1
No	2 – GO TO Q.3

ASK IF EXPORT (CODE 1 IN Q2(c))

**Q.2d** For the past 12 months, What percentage of your export sales go to the following destinations? READ OUT DESTINATIONS.

INTERVIEWER: IF RESPONDENT IS UNSURE, ASK FOR HIS/HER BEST ESTIMATE SCRIPTER:  
ALLOW DON'T KNOW, MIN-MAX 1-100

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

Northern Ireland.....%  
Great Britain (i.e. excluding Northern Ireland).....%  
EU/Eurozone.....%  
Other European country.....%  
United States.....%  
Other.....%

ASK ALL

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

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

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

**READ OUT - MULTI CODE**

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

**Q.4** We would now like to ask you some information on the ownership of the business. Is your firm:

**READ OUT**

An Irish-owned firm .....1  
A non-Irish-owned firm ..... 2  
Other..... 3

**Q.5** For the 6 month period from April – September 2017, has the turnover of your business increased, decreased or stayed the same compared to the previous 6 month period?

**SINGLE CODE**

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

**Q.6** For the 6 month period from April – September 2017, has your company made a profit, broke even, or made a loss?

**READ OUT - SINGLE CODE**

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



**Q.6a** For the 6 month period from April – September 2017 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**

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## SECTION 2 – FINANCING YOUR BUSINESS

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ASK ALL

**Q.7** For the 6 month period from April – September 2017, 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.7a** For the 6 month period from April – September 2017 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  
Don't know ..... 4

**Q.7b** For the 6 month period from April – September 2017, 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  
Don't know ..... 4

**Q.7c** For the 6 month period from April – September 2017, have you missed any repayments on the following? **READ OUT.**

	Yes	No	Don't know
Bank loans	1	2	0
Other business loans	1	2	0
Personal loans while use the business as collateral	1	2	0
Other personal loans such as mortgages or buy-to-let loans	1	2	0

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

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

**READ OUT FOR ALL ABOVE**

- We have re-structured the loans with the creditor \_\_\_\_\_ 1  
 We have paid the balance without any need for re-structuring \_\_\_\_\_ 2  
 The balance is still outstanding without any re-structuring \_\_\_\_\_ 3  
 Other, please specify: \_\_\_\_\_ (DO NOT READ OUT) \_\_\_\_\_ 4

ASK ALL

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

**SINGLE CODE**

- AIB ..... 1  
 Bank of Ireland ..... 3  
 Ulster Bank ..... 6  
 Permanent TSB ..... 7  
 Other financial institution (specify) \_\_\_\_\_ ..... 12

**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 6 month period from April – September 2017, did you request from any bank, any of the following types of finance? It does not matter if you were 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  
 Other (specify) \_\_\_\_\_ ..... 7  
 None ..... 8

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

ASK Q.9a FOR ALL WHO ANSWERED 'NONE' AT Q.9

**Q9a** Why did you not apply for bank finance in the six month period from April – September 2017?

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

- Didn't need it ..... 1 – ASK Q.9b  
 Existing finance product in place ..... 2  
 Prefer not to borrow ..... 3  
 Not the right time given the economic climate ..... 4  
 Inability to repay/meet requirements of finance ..... 5  
 Use/raise personal funds when needed ..... 6  
 Going out of business ..... 7  
 Raise finance from grants ..... 8  
 Too expensive to borrow ..... 9  
 Raise finances from investors/venture capital ..... 10  
 Belief that banks are not lending ..... 11

Possible rejection .....	12
Have been turned down before .....	13
Application process too difficult.....	14
Don't trust the banks.....	15
Too many terms and conditions.....	16
Banks take too long to make decision .....	17
Existing debt burden already too high.....	18
Other, please specify: _____	19

**IF "DIDN'T NEED IT" (1) TO Q9A., PLEASE ASK**

**Q.9b. Why did you not need finance? READ OUT**

- Had sufficient internal funds 1
- Current lines of credit are sufficient 2
- Prefer to use internal finance` 3
- My business generates sufficient revenue 4
- Other specify ( ..... ) 5

**Q.10 OF MOST RECENT FINANCE REQUEST AT Q.9**

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

**SINGLE CODE**

AIB .....	1
Bank of Ireland .....	3
Ulster Bank .....	6
Permanent TSB.....	7
Other financial institution (specify)_____	12

**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/acquisition of assets/Expansion .....	1
Working capital/cash flow .....	2
Slow-down in debtor collection/bad debts .....	3
Property related loan .....	4
Investment in machinery or equipment... ..	5
Need to restructure loan/credit.....	6
Change in business requirements as a result of Brexit.....	8
Other (specify)_____	9

**Q.11a** In what month did you apply for \_\_\_\_\_(FROM Q.9)?

**SINGLE CODE**

April 2017 .....	1
May 2017.....	2
June 2017.....	3
July 2017.....	4
August 2017 .....	5
September 2017... ..	6
Cannot recall/don't know.....	7

**ASK Q.11b FOR ALL WHO ANSWERED CODES 1, 3, 5, 6, 7, 10 @ Q.9**

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

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

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

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

**INTERVIEWERS PLEASE INSERT ZERO WHERE RESPONDENT HAS NOT RECEIVED ANY ADDITIONAL FUNDS, BUT HAS RESTRUCTURED THEIR EXISTING LOAN OR OVERDRAFT INSTEAD.**

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

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

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

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

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

**SINGLE CODE**

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

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

**Q.12a** What were the reasons for not making a formal application?

**OPEN END: PROBE FULLY**

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

SINGLE CODE

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

**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.13b) 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
- Personal guarantee ..... 3
- Specific security ..... 4
- Facility or security ..... 5
- Requirement to maintain account with bank ..... 8
- Additional collateral ..... 10
- Requirement for borrower to put up cash ..... 11
- Other (specify) \_\_\_\_\_ ..... 13
- No ..... 14

ASK Q.14a3 TO ALL SUCCESSFUL / PARTIALLY SUCCESSFUL IN APPLICATION AT Q13b (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.13b) 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 or inadequate historic information provided .....	2
Deterioration in business financial performance .....	4
Change in bank lending or pricing policy .....	5
The sector or business you operate is one which the bank is not prepared to lend.....	7
Requested facility was sanctioned at lower level/different structure to that requested	9
Existing debt burden already too high.....	10
Inadequate/insufficient security or collateral.....	11
Other (specify).....	12
No reason given.....	13

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

**Q.14c** Did you agree with the reasons that the bank gave you for turning down your application?

**SINGLE CODE**

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

ASK Q.14d TO ALL WHO WERE UNSUCCESSFUL CODE 2 AT Q.13b4

**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) 6 (ULSTERBANK)

And 7 Permanent TSB 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  
 Don't know (DNRO) ..... 3

ASK Q.16 TO ALL SUCCESSFUL/PARTIALLY SUCCESSFUL AT Q.13b

**Q.15** 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?

**MULTICODE ALLOWED – PROBE FULLY**

- Didn't need it ..... 1  
 Have sufficient internal funds/reserves ..... 2  
 Waiting for Approval ..... 3  
 Too much collateral required ..... 4  
 Disagree with terms & conditions ..... 5  
 Other Specify \_\_\_\_\_ 6

ASK ALL

**Q.16b** Do you expect to seek bank finance for your business in the next 6 months (i.e. from November 2017 to May 2018)?

**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/further bank finance in this period?

**MULTICODE ALLOWED – PROBE FULLY**

- Don't need it ..... 1  
 Have sufficient internal funds/reserves ..... 2  
 Prefer not to borrow ..... 3  
 Existing finance products/restructures are already in place ..... 4  
 Inability to pay/meet requirements of bank finance ..... 5  
 Don't trust the banks/believe they are not lending ..... 6  
 Application process for bank finance is too difficult ..... 7  
 Can raise finance from other non-bank sources ..... 8  
 Other Specify \_\_\_\_\_ 9  
 No Reason ..... X



*ASK ALL*

Q.16d Thinking about your bank debt, have any of the following adjustments been put in place in the over the six month period April – September 2017?

**READ OUT - MULTI CODE**

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

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## SECTION 3 : STATE SUPPORTS & NON-BANK FINANCING

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

**READ OUT - MULTICODE**

Supporting SMEs Online Tool .....	1
Credit Guarantee Scheme .....	2
Microfinance Loan Fund Scheme/Microfinance Ireland .....	3
Enterprise Ireland .....	4
Local Enterprise Offices (LEOs).....	5
Strategic Banking Corporation of Ireland (SBCI).....	6
The Credit Review Office (CRO).....	9
Other government support (specify).....	7
None .....	8

**We would now like you to think about the six month period from April -September 2017, 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/Microfinance Ireland .....	2
Other government financial support (specify).....	3
Venture Capital Finance .....	4
Business Angel or Investor Finance .....	5
Loans/Equity from Family or friends .....	6
Loans/equity from business partners.....	7
Crowd funding/Peer-to-Peer lending .....	8
Non-bank invoice finance related facilities .....	9
Non-bank asset finance related facilities .....	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, partially successful, or unsuccessful in obtaining finance from \_\_\_\_\_(FROM Q.17) or is the decision still pending?

**SINGLE CODE**

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

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

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

**READ OUT - MULTICODE**

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

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

**Q.18a1** Why did you not apply for Government financial support in the last 6 months?

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

- Don't want to lose control of business ..... 1
- Costs/Fees are too high ..... 2
- Terms and conditions too onerous..... 3
- Lack of knowledge ..... 4
- Used in past but not currently relevant ..... 5
- Previously rejected for this type of finance..... 6
- Application process too difficult ..... 7
- I don't believe this source is relevant for my business or sector..... 8
- Don't need this type of financing... ..... 9
- Already have this type of financing in place so do not need more ..... 10
- Other (specify) ..... 11

ASK ALL

**Q.18b** Over the six month period from **April – September 2017**, 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)		

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## SECTION 4 - AWARENESS

---

ASK ALL

**Q.19** 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, not lending at all to SMEs ..... 3  
 Don't know ..... 4

IF NO CODE 2 AT Q.19

**Q.19a** And in your opinion, what is the main reason for this view?

**READ OUT - SINGLE CODE**

The experience of your business over the six month period from **April – September 2017** of applying for credit and either being rejected or being partially rejected .....1

The experience of your business peers over the six month period **April – September 2017** of applying for credit and either being rejected or being partially rejected ..... 2

Media reports on SME lending in the six month period **April – September 2017**..... 3

Statements by business representative organisations in the six month period **April – September 2017**..... 4

ASK ALL

**Q.19b** 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 ..... 1

There should be more information available on how businesses like mine can get state funded support ..... 2

I think the business climate in Ireland will improve in the next 6 months ..... 3

I think Brexit will have a positive impact on my business ..... 4

**Q.20** Can you confirm the county in which is your main office based?

**SINGLE CODE**

List 32 counties

**Q.20a** Do you have operations in any other counties?

Yes 1

No 2

**If Yes**

**MULTI CODE**

List 32 counties

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## SECTION 5 – INVESTMENT ACTIVITY AND COMPANY ASSETS

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We are now going to ask you some more detailed questions about your investment activity and the assets you hold as a company. Where you are unsure, please provide a rough estimate of the magnitude.

- Q.21** Firstly, what was the approximate value of your company's total assets for the year 2016? By total assets we mean all assets including fixed assets, cash, stocks or other liquid assets. Even if you are not entirely certain of this figure, please give your best estimate. RECORD PRECISE NUMBER BELOW.

€

Don't know/Refused                      1 – ASK Q.21A

- Q.21a** Which of the ranges I am about to read out comes closest to what you feel the value of your company's total assets were for the year 2016? READ OUT.

<b>Up to €100,000</b>	1	
<b>€100,000-€249,000</b>	2	
<b>€250,000-€499,000</b>	3	
<b>€500,000-€999,000</b>	4	<b>- ASK Q.21B</b>
<b>€1-€2 million</b>	5	
<b>€3-5 million</b>	6	
<b>€6 million+</b>	7	
<b>Don't know/Refused</b>	8	<b>GO TO Q.22</b>

- Q.21b** Roughly what proportion of this \_\_\_\_\_ (VALUE FROM Q.21/Q.21A) in total assets was in fixed assets, and what proportion was in cash, stocks or other liquid assets?

Fixed assets                                     

Cash, stocks or other liquid assets     

Don't know/Refused                      1

**NB: NEW INSTRUCTION TOTAL CANNOT ADD TO MORE THAN 100%**

**Q.21c** Was your company's \_\_\_\_\_ (VALUE FROM Q.21/Q.21A) in total assets for 2016 higher, lower or the same as it was in 2015?

**Q.21d** By approximately what percentage was it higher/lower than it was in 2015?

	Q.21c	Q.21d % Higher/Lower	
Profit	1	<input type="text"/>	<input type="text"/> %
Loss	2	<input type="text"/>	<input type="text"/> %
Break even	3	Don't know/Refused _____ 1	
Don't know/Refused	4		

**Q.22** What was the approximate turnover of the company for the year 2016? Again, even if you are uncertain of the precise figure, please give your best estimate.

€

Don't know/Refused 1 – ASK Q.22A

**Q.22a** Which of the ranges I am about to read out comes closest to your company's total turnover for 2016?

- 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 (DNRO) ..... 99

**Q.22b** And was your company's turnover in 2016 higher, lower or the same as it was for the year 2015?

**Q.22c** By approximately what percentage was it higher or lower than it was in 2015?

	Q.22b	Q.22c % Higher/Lower	
Profit	1	<input type="text"/>	<input type="text"/> % NB Can Exceed 100%
Loss	2	<input type="text"/>	<input type="text"/> % NB Can Exceed 100%
Break even	3	Don't know/Refused _____ 1	
Don't know/Refused	4		

**Q.22d** And did your company make a profit, a loss or break even on the \_\_\_\_\_ (VALUE FROM Q.22/Q.22A) turnover in 2016?

ASK Q.22e OF ALL MAKING A PROFIT OR LOSS AT Q.22D

**Q.22e** What percentage of turnover was the Pre-Tax (Gross) profit/loss for 2016?

	Q.22d	Q.22e % Gross Profit/Loss
Profit	1	<input type="text"/> <input type="text"/> %
Loss	2	<input type="text"/> <input type="text"/> %
Break even	3	Don't know/Refused ___ 1
Don't know/Refused	4	

**Q.22f** Did your company make a profit, a loss, or break even in 2015?

ASK Q.22G OF ALL MAKING A PROFIT OR LOSS AT Q.22F

**Q.22g** What percentage of turnover was the Pre-Tax (Gross) profit/loss for 2015?

	Q.22f	Q.22g % Gross Profit/Loss
Profit	1	<input type="text"/> <input type="text"/> %
Loss	2	<input type="text"/> <input type="text"/> %
Break even	3	Don't know/Refused ___ 1
Don't know/Refused	4	

**Q.23** On average, how many people were employed in the business in 2016?

Don't know/Refused \_\_\_ 1

**Q.23a** On average, how many people were employed in the business in 2015?

Don't know/Refused \_\_\_ 1

**Now** I would like to ask you about your company debts and the interest payments you face.

**Q.24** What was the approximate value of your company's total outstanding debt, if any, for the 2016 financial year? Please give your best estimate.

€

Don't know/refused      1 – ASK Q.24A  
None/No debt              2 – ASK Q.24B

**Q.24a** Which of the following ranges, comes closest to the approximate value of your company's outstanding debt in 2016? READ OUT

Up to €100,000	1
€100,000-€249,000	2
€250,000-€499,000	3
€500,000-€999,000	4
€1-€2 million	5
€3-5 million	6
€6 million+	7
Don't know/Refused	8
No debt	9

**Q.24b** And was your debt/that zero debt in 2016 higher, lower, or the same as it was for the financial year 2015?

**Q.24c** By approximately what percentage was (VALUE FROM 24) of 2016 debt higher/lower than it was in 2015?

	Q.24b	Q.24c % Higher/Lower	
Profit	1	<input type="text"/>	<input type="text"/> % NB Can Exceed 100%
Loss	2	<input type="text"/>	<input type="text"/> % NB Can Exceed 100%
Break even	3	Don't know/Refused _____ 1	
Don't know/Refused	4		

**Q.24d** What was the average interest rate paid on the (VALUE FROM Q.24) debt during 2016?

%

Don't know/refused      1  
None/No debt              2



**Q.24e** And what was the average interest rate paid on the company's 2015 debt?

%

Don't know/refused 1

None/No debt 2

**Q.25** What is the average term of any long term debt that your company currently faces? RECORD BELOW:

YEARS

Don't know/Refused \_\_\_\_\_ 1

Have no long term debt \_\_\_\_\_ 2

**Q.26** In 2016, can you tell me how much your firm invested in each of the following type of assets [provide EURO amount]: Providing an estimate would be fine. READ OUT

	Amount invested	Nothing invested	Don't know / No reply
Buildings or other construction activities	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Vehicles and other transport equipment	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Other fixed assets (including machinery and equipment)	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2
Intangible assets (i.e. research and development, patents, trademarks and copyrights.)	€ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	1	2

ASK OF EACH ASSET AT Q.26 – PROPOSED ASKING Q.26 OF ALL ASSETS AT Q.23 INCLUDING THOSE INVESTING NOTHING IN 2016

**Q.26a** And was your 2016 investment in that type of asset higher, lower, or the same as it had been in 2015?

RESPONSES VARY BY ASSET BY TYPE

**Q.26b** By approximately what percentage was it higher/lower than 2015?

	Q.26a	Q.26b % Higher/Lower
Higher	1	<input type="text"/> <input type="text"/> % NB Can Exceed 100%
Lower	2	<input type="text"/> <input type="text"/> % NB Can Exceed 100%
Same	3	Don't know 1
Don't know	4	Refused 2

ASK OF EACH ASSET INVESTED IN AT Q.26

**Q.27** What percentage of the investment you made in \_\_\_\_\_ (READ OUT ASSET TYPE) in 2016 was to replace already existing \_\_\_\_\_ READ OUT ASSET TYPE AGAIN)?

ASK ALL

**Q.27a** If you invested in (.....) in 2015, what percentage of it, if any, was related to replacing existing (.....)? REPEAT FOR EACH AT Q.26

	Q.27 2016		Q.27a 2015	
	%	Don't know / No reply	%	Don't know / No reply
Buildings or other construction activities (DP ALWAYS ASK LAST)	<input type="text"/> <input type="text"/> %	1	<input type="text"/> <input type="text"/> %	1
Vehicles and other transport equipment	<input type="text"/> <input type="text"/> %	2	<input type="text"/> <input type="text"/> %	2
Other fixed assets (including machinery and equipment)	<input type="text"/> <input type="text"/> %	3	<input type="text"/> <input type="text"/> %	3
Intangible assets (i.e. research and development, patents, trademarks and copyrights.)	<input type="text"/> <input type="text"/> %	4	<input type="text"/> <input type="text"/> %	4

ASK Q.28 FOR EACH ASSET INVESTED IN AT Q.26

**Q.28** In relation to your investment activity, in the following categories, did you: READ OUT

	Invest less than you would like	Invest adequately	Don't know /Refused
Buildings or other construction activities	1	2	3
Vehicles and other transport equipment	1	2	3
Other fixed assets (including machinery and equipment)	1	2	3
Intangible assets (i.e. research and development, patents, trademarks and copyrights.)	1	2	3

Q.29[ASK FOR THOSE WITH NONE AT Q26 or 1 at Q28]:

Why did your firm not invest or invest less than you would like? PROBE TO APPROPRIATE CODE. DO NOT READ OUT.

	Q.29
My current capacity is adequate	1
Insufficient internal finance	2
Cost of other inputs (materials, labour) is too high	3
Could not access external finance	4
External finance too expensive	5
Business prospects of your sector too uncertain	6
General economic climate too uncertain	7
Other	8
Don't know/refused	9

ASK IF >0 FOR EACH OF AT Q.26 (ONLY THESE TWO)

Q.30 For each of the following investments, can you tell me how you financed that investment in 2016?  
DO NOT READ OUT. PROBE TO APPROPRIATE CODE.

Financing source READ OUT	Buildings and Construction	Other fixed assets
Internal financing/retained earnings	1	1
Leasing or Hire Purchase	2	2
Borrowed from Banks	3	3
Owner's contribution	4	4
On Supplier Credit	5	5
External equity	6	6
Other	7	7

ASK ALL

Q.31 In 2016, how much did you spend on training for staff?

€

None \_\_\_\_\_ 1

Don't know/refused \_\_\_\_\_ 2

**Q.31a** And in 2015, how much did you spend on training for staff?

€

None \_\_\_\_\_ 1

Don't know/refused \_\_\_\_\_ 2

**Q.32** When planning to undertake investments, do you calculate either of the following? READ OUT.

	<b>Yes</b>	<b>NO</b>	<b>DK</b>
Internal rate of return (IRR)	<b>1</b>	<b>2</b>	<b>3</b>
Hurdle rate	<b>1</b>	<b>2</b>	<b>3</b>

**Q.33** Finally, due to the broad economic outlook, we would like you to give us your view of how certain or uncertain your company felt about making investment decisions in 2016. Please indicate on a scale from 1 to 100 how certain or uncertain you felt about making investment decisions in 2016, where 100 is entirely certain, and 1 is entirely uncertain. Please be as specific as you can be in your response. RECORD VALUE BELOW.

<input type="text"/>	<input type="text"/>	<input type="text"/>
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