

Cautious Confidence: The 2025 Outlook for Irish SMEs



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Executive Summary

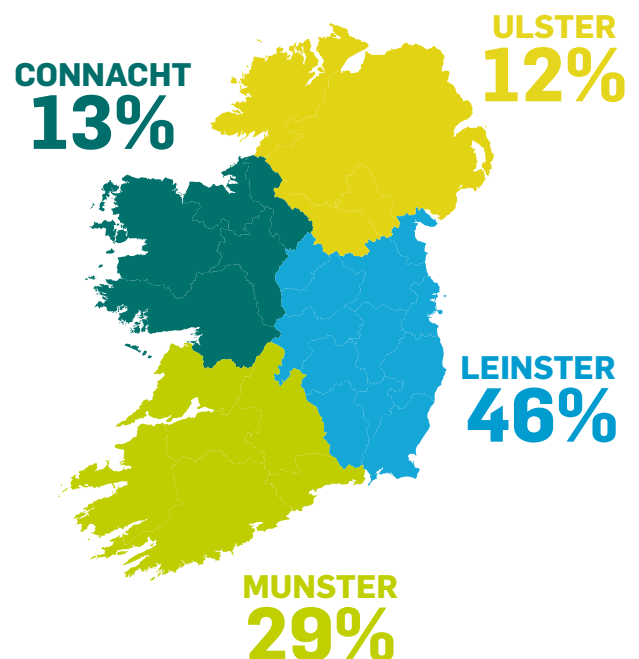
In 2025, Irish SMEs are navigating a complex landscape of rising costs, shifting priorities, and global uncertainty. The following insights reflect the sentiments and experiences shared by 266 SME¹ respondents (companies that took part were divided between micro - 48%, small - 26% and medium - 26%) surveyed by the SBCI through an anonymous survey between May and June 2025. The results captured how they are adapting to current challenges and planning for the future across all sectors and provinces.

Regional Distribution of Responses

Nationwide participation in the survey reflects the diverse voices of Irish SMEs — from urban centres to rural communities, and from every province.

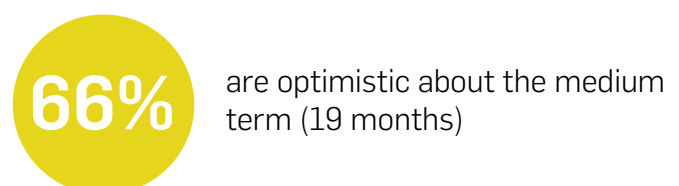
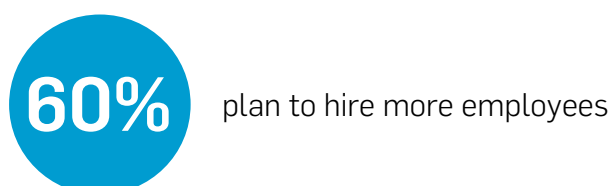
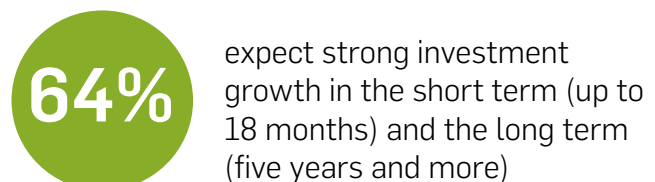
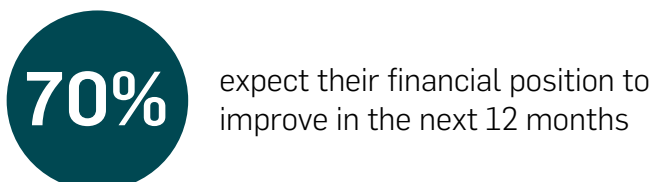
This report offers a clear and accessible look at:

- What Irish SMEs are worried about in 2025
- Where they are investing and why some are holding back
- How they are financing growth and the barriers they face
- What sustainability really looks like for SMEs today
- How global markets and local banks are shaping SME decisions



Cautious Optimism among Irish SMEs

Irish SMEs are largely positive about their financial outlook and growth prospects. Many are planning to expand their teams and invest in their businesses, but a significant number are approaching risk with caution. This signals a strategic, measured approach to expansion in 2025.



¹The findings in this report are based on responses from 266 SMEs collected via an anonymous email survey conducted between May and June 2025. All responses were used solely for research purposes. Survey questions and respondent pools differed slightly between 2023 and 2025. Results should be interpreted as indicative rather than statistically definitive.
All results are based on survey responses and reflect the perceptions of the respondents. They do not necessarily represent actual changes in the parameters assessed. For the analysis of this report, responses were grouped as follows: 1–3 = Low, 4–6 = Medium, 7–9 = High and 'positive' (agree/strongly agree), 'neutral', and 'negative' (disagree/strongly disagree) categories.

Global and Domestic Pressures Are Reshaping Priorities

SMEs are feeling the pressure of rising input costs and tighter access to finance. Geopolitical developments have introduced new tariff-related trade risks. High energy and transport costs, along with challenges in recruiting skilled labour, are adding to the strain.

Top Business Risks in 2025:



73%

Cost of materials



71%

Access to finance



69%

The impact of tariffs

SMEs are planning for the long haul — but administrative burdens are slowing them down.

There is a clear preference for medium-term (**19 months to five years**) and long-term (**over five years**) financing rather than short-term loans (**up to 18 months**). However, SMEs are also encountering barriers in the form of requirements for personal guarantees and administrative complexity. Despite a reduction in benchmark interest rates in 2025, SMEs continue to perceive the cost of credit as a significant barrier to accessing finance.

Loan Preferences in 2025:



60%

Medium-term loans



46%

Long-term loans



22%

Short-term loans

Note: Respondents were allowed to select multiple options; the total percentages may therefore exceed 100%.

Top Barriers to Finance in 2025:



66%

Personal guarantees



62%

Cost of credit



60%

Information requirements

Note: Respondents were allowed to select multiple options; the total percentages may therefore exceed 100%.

Sustainability, Global Exposure and Policy Signals

SMEs are becoming increasingly aware of the importance of sustainability, with a noticeably larger share reporting the development of environmental plans in 2025, compared with 2023. However, actual investment remains limited, indicating a gap between intention and execution. Barriers to sustainable investment identified by SMEs include uncertainty about benefits, competing investment priorities, and ongoing concerns about long payback periods.

Sustainability Snapshot in 2025



62%

SMEs with environmental plans



20%

SMEs planning to invest



19%

SMEs actively investing and plan to invest more

Note: Respondents were allowed to select multiple options; the total percentages may therefore exceed 100%.

Top Barriers for Sustainable Investments in 2025



40%

Long payback periods



39%

Uncertain benefits



31%

Competing priorities

Note: Respondents were allowed to select multiple options; the total percentages may therefore exceed 100%.

Behind-the-scenes efficiency is becoming the main sustainability focus for SMEs, overtaking visible green investments

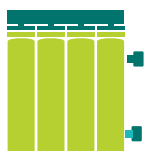
Solar PV panels remain the most popular green investment choice among SMEs. While earlier investments focused on grant-supported technologies like electric vehicles and solar panels, many businesses are now shifting towards more complex, building-integrated solutions such as heating and ventilation systems. This signals a more strategic approach to sustainability, with SMEs aiming to reduce energy costs and improve operational sustainability. Enhancing brand reputation and customer loyalty are also becoming a key driver of these sustainability efforts.

Green Investment Trends in 2025



57%

Solar panels



44%

Heating systems



35%

Ventilation systems



24%

Electric vehicles

Note: Respondents were allowed to select multiple options; the total percentages may therefore exceed 100%.

Motivations for Green Investment in 2025:



39%

Make business operations more sustainable



32%

Cost reduction



16%

Improve brand reputation and build customer loyalty

Note: Respondents were allowed to select multiple options; the total percentages may therefore exceed 100%.

Global Exposure Brings Opportunity — and Vulnerability

Irish SMEs are globalised, with 28% earning more than a quarter of revenue from multinational corporations (MNCs) and nearly 40% of exporters trading with the US, making them sensitive to global trends.

SMEs Are Diversifying Their Financial Relationships

Irish SMEs are increasingly adopting a diversified approach to financing — combining traditional banking relationships with alternative lending sources to enhance flexibility and financial resilience.

Banking Behaviour in 2025



94%

use at least one pillar bank



44%

use a mix of banks and
non-bank lenders

Note: Respondents were allowed to select multiple options; the total percentages may therefore exceed 100%.

The Role of the SBCI

The SBCI plays a vital role in enabling strategic investments by SMEs through initiatives like the **BVP Green Transition Finance product**, a €50 million loan initiative designed to support Irish SMEs and small mid-caps investing in sustainable and green projects with loans from **€500,000 to €5 million** and terms of up to **10 years**. The SBCI also offers the **Growth and Sustainability Loan Scheme (GSLS)**, which offers **unsecured loans up to €500,000**, with **sustainability discounts** available for green investments. **GSLS** has seen strong demand, highlighting a growing commitment among Irish SMEs and farmers toward long-term, future-focused investment. Because of this strong demand, the SBCI is working with the Department of Enterprise, Tourism and Employment, the Department of Agriculture, Food and the Marine, and the Department of Finance on **GSLS Series 2**, which would double the scheme's capacity with an additional **€500 million** in funding.



Find out more about the range of SBCI supports and funding available to help your business grow and prosper. **Visit [SBCI.ie](https://www.sbcI.ie)**

