

# SME OUTLOOK REPORT



Anseo chun gnó a fhorbairt  
Corparáid Baincéireachta  
Straitéiseach na hÉireann  
Here to build business  
Strategic Banking  
Corporation of Ireland

The Strategic Banking Corporation of Ireland (SBCI) is committed to cultivating and sustaining an effective credit market for Small and Medium-sized Enterprises (SMEs) in Ireland. With a network of 35 finance partners, the SBCI offers accessible, low-cost, longer term finance solutions. The objective of this survey was to reveal key challenges faced by SMEs to identify how the SBCI can best provide support.

## Participant breakdown

SMEs surveyed operate in a broad range of industries across Ireland, predominantly Agriculture, Manufacturing, Professional Services and Construction. The overall sample size of 165 also included SMEs in Information and Communication Technologies, Hospitality, Retail, Fishing and Wholesale. Almost **80%** were based in Leinster and Munster, with the remainder based in Connacht and Ulster.

## Key findings

### Barriers to Finance – ranked\*

Findings on the barriers to finance for SMEs provided a view of the challenges businesses face in securing funding.

- 1 Cost of credit
- 2 Need to provide personal guarantees
- 3 Time and effort involved in the application process
- 4 High proportion of intangible business assets
- 5 Inadequate collateral
- 6 Previous negative experiences with financial institutions

\*Average based off a 1-10 scale with 10 being most severe.

SBCI loan schemes help target these top two barriers through lowered costs and the provision of unsecured lending.

## Lending institutions



**71%**

primarily rely on banks.



**25%**

use a combination of banks and non-bank institutions.



**9%**

using Credit Unions.

**51%** of respondents reported using non-bank financial institutions. Among these respondents, **66%** use only one non-bank institution, while **34%** use two or more.

## Biggest risks to SMEs

Our survey highlighted some critical challenges:



**59%**

said poor availability of skilled workers across all categories and business sizes.



**48%**

said energy and transport costs.



**44%**

highlighted access to finance as a significant risk.

## Green investment plans for SMEs over the next three years:



**59%**

are inclined towards investing in solar panels.



**46%**

plan to invest in lighting improvements.



**42%**

are planning to invest in electric vehicles.

This data underscores a clear inclination towards certain types of green investments, particularly those that are more immediately implementable, like solar panels and lighting, as opposed to larger-scale structural changes.

## Environmental policy

Questions on environmental policies reveal significant insights into SMEs' commitment to reducing their environmental footprint.

**70%** of respondents either do not have an environmental policy or are unsure about it; though **83%** still plan to make green investments within the next three years.

Among the **30%** that do have an environmental policy, a strong inclination towards green investments is evident, with **96%** planning to invest in at least one green technology.



## Barriers to investing in sustainable options

The reasons SMEs might not invest in sustainable options for their businesses reveal key insights.



**45%** of respondents cited 'high expense' as the main deterrent.

**42%** expressed concerns about the 'payback period' being too long.

**22%** indicated 'uncertainty about the benefits' of sustainable investments.

## Reasons for investing in sustainable options

The data reveals a diverse range of motivations for businesses embracing sustainable practices. The most prominent being cost reduction, environmental responsibility, and operational sustainability in adopting practices that are viable in the long term.

**29%** aim to decrease heating and electricity costs.

**26%** hope to play a role in climate action by reducing emissions.

**16%** are investing in overall operational sustainability.



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

