

STATISTICAL PRESS RELEASE

NI Access to Finance Statistics – October 2011

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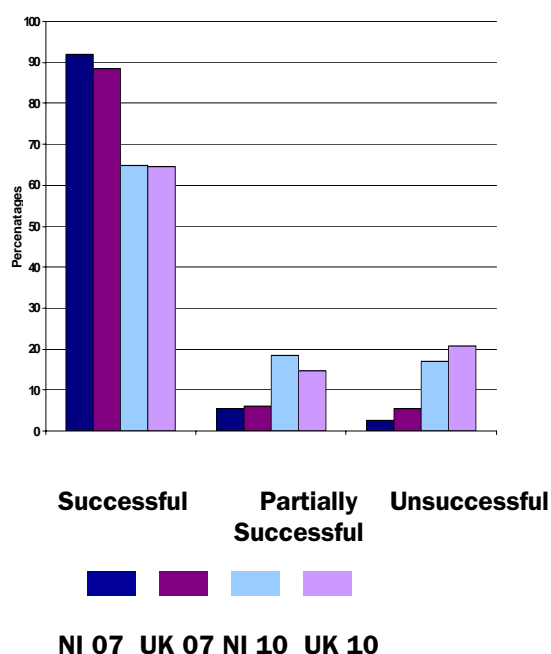
Coverage

Northern Ireland, unless otherwise stated

Theme

Economy

Bank loan success rates



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The Northern Ireland survey of Business Access to Finance is part of an EU wide survey of Small and Medium sized Enterprises (SMEs) – defined as businesses with 10-249 employees, designed to assess SMEs experiences of accessing finance from a range of sources in the period 2007-2010.

The NI survey also uniquely included a separate module on the micro business population (less than 10 employees).

The percentage of SMEs applying for finance from any source remained relatively constant over the period 2007-2010. 38 per cent of SMEs applied for finance in 2007 and 39 per cent in 2010.

Three-quarters of SMEs seeking loan finance approached banks. As such, 16% of all SMEs sought a bank loan in 2010 (17% in 2007).

In 2007, 92 % of SMEs that applied for a bank loan were successful compared to 65 % in 2010. When those who were partially successful were included the success rate fell from 97% to 83%. The success rate for micro businesses halved between 2007 and 2010 (from 89% to 45%).

NI SMEs (42%) were more likely to indicate that the willingness of banks to provide finance (of any type) had worsened over the period, compared to their counterparts in the UK (33%).

Almost half (49%) of NI SMEs consider the financial situation of their business has deteriorated between 2007 and 2010, compared to 41% in the UK.

Eighty nine percent of SMEs who were likely to need loan finance in the next 3 years expected to obtain a loan from a bank. This compared to 83% of such SMEs in the UK. As such, 29% of all SMEs expect to seek a bank loan before 2013 (25% in the UK).

Success rate of bank loans in NI by Standard Industrial Classification

	Percentages	
Success rate of bank loans	2007	2010
Industry (B to E)	89	61
Construction (F)	91	54
Services (G, H, I, L and N)	93	67
Information and communication services (J)	*	*
Professional, scientific and technical activities (M)	91	79

* Disclosive

Background Notes

Note 1

The Northern Ireland survey of Business Access to Finance is part of an EU wide survey of Small and Medium sized Enterprises (SMEs) – defined as businesses with 10-249 employees, designed to assess businesses' experiences of accessing finance from a range of sources in the period 2007-2010. It also covers their need for finance and expectations regarding growth over the next three years.

Note 2

The sample for this survey was selected from the following standard industrial classification (SIC) sections:

B to E - Industry
F - Construction
G, H, I L and N - Selected services
J - Information and communication services
M - Professional, scientific and technical activities

Section K (financial services) was excluded from the survey (as per the EU regulation).

The following business growth types were covered in the survey:

- Gazelles - Businesses born in 2003 or 2004 that experienced 72.8% or more employment growth between 2005 and 2008 (i.e. a compound growth rate of 20% per annum over three years)
- Other high growth businesses - Businesses born before 2003 that experienced 72.8% or more employment growth between 2005 and 2008.
- Other businesses - All other businesses in scope of this survey.

Note 3

The NI survey also uniquely included a separate module on the micro business population (less than 10 employees).

Note 4

Further details of the Northern Ireland businesses experience of obtaining finance and financial assistance schemes will be published at a later date.

Note 5

UK figures are sourced from the Office of National Statistics. The UK Access to Finance results can be found at the link below:

[ONS Access to Finance results](#)

Note 6

Results for 20 European countries that participated in the Eurostat survey can be found at the link below:

[Eurostat Access to Finance results](#)

Note 7

NI has a lower reliance on the Information and Communication sector (1.8% of businesses compared with 6.9% in the UK) and on the Professional, Scientific and Technical sectors (6.9% of businesses compared with 15.4% in the UK).

[Facts and figures from the IDBR Dec 2010](#)