Financing Investment in the Recovery

European Investment Bank and Central Bank of Ireland,
10th April 2017

Martina Lawless
Irish Recovery Going Strong

Numbers in Employment: Q1 2006 - Q4 2016

Source: Central Statistics Office.
Positive Trends in Firm Performance

Change in turnover and profit of SMEs across euro area countries

(over the preceding six months; net percentage of respondents)

Source: ECB SAFE Nov 2016
Driven by Overall Growth

Change in factors with an impact on the availability of external financing for SMEs across euro area countries

(over the preceding six months; net percentage of respondents)

Source: ECB SAFE Nov 2016
Availability of Credit Increasing...

Change in the availability of and need for bank loans for SMEs across euro area countries

(over the preceding six months; net percentage of respondents)

Source: ECB SAFE Nov 2016
... and Costs Reducing

Change in the cost of bank loans granted to SMEs across euro area countries

(over the preceding six months; net percentages of enterprises that had applied for bank loans)

Source: ECB SAFE Nov 2016
Deleveraging Continuing

Outstanding SME Credit 2010-16

Source: SME Market Monitor, Central Bank of Ireland, 2016H2
Finance Concerns High but Easing

Importance of access to finance as perceived by SMEs across euro area countries

(Percentages and weighted averages)

Source: ECB SAFE Nov 2016
Finance No Longer Main Problem

The most important problems faced by euro area SMEs across euro area countries

(over the preceding six months; percentage of respondents)

Source: ECB SAFE Nov 2016
But “Discouraged” Firms Remain High

Obstacles to receiving a bank loan for SMEs across euro area countries

(over the preceding six months; percentage of respondents)

Source: ECB SAFE Nov 2016
Large Interest Premium for Smaller Firms

Difference between interest rates on small and large NFC loans (3-month moving average)

Source: SME Market Monitor, Central Bank of Ireland, 2016H2
Most Lending Short-term

% Year-on-Year Change in Lending to Irish Resident Non-financial Corporations

Source: Central Bank of Ireland.
Banking Sector Competition Low

Concentration Measure for non-financial, non-real estate SME Lending
(Herfindahl-Hirschman index)

Source: SME Market Monitor, Central Bank of Ireland, 2016H2
Risks Ahead – Brexit and Investment

Effect of Brexit referendum on investment activities: difference between the share of firms expecting a positive effect and the share of firms expecting a negative effect.

Source: EIB Investment Report, 2016