



SME Banking Insights Annual Report

Judo Capital
September 2018

It's time for change, we've built the tracks and we're hoping to lead the way

When we first created Judo, more than two years ago, we set ourselves an ambitious goal: to ensure that every small to medium sized enterprise (SME) has access to the funding they need and deserve to grow and prosper.

That goal is what drives us every day and is why we commissioned East and Partners to conduct this independent research - to help us understand more deeply what SMEs think and feel when it comes to borrowing money.

Having spoken to more than 1,750 SME owners, CFOs and company accountants across Australia, the research confirms what we understood to be true, namely, that there is a big and growing gap between what the banks currently offer and what SMEs want and need.

For example, the report has found that when it comes to borrowing money, the difference between the needs of SMEs and the available credit – the so-called funding gap – is estimated to be in excess of \$80 billion. This means that SMEs, which account for over a third of Australia's GDP and employ over 40 per cent of the nation's workforce, are being held back by the banks from accessing the funds they need.

The report also found that when SMEs were asked to rate their trust in banks, on a scale of one to 10, where 10 is the highest level of trust, banks scored just 2.5 points.

In fact, the relationship between banks and Australian SMEs has deteriorated to such a point that nine out of every 10 businesses said they would rather consult friends and colleagues for lending advice than ask their banks.

And up to half of all SME revenues and operational needs are dependent on the owner's personal involvement in the business, yet only 12 per cent of the SMEs surveyed have put in place formal succession planning measures – one criterion used by banks when providing credit.

We believe there are several key reasons for this lack of trust between SMEs and banks, the most significant being the imbalance of power between the two as banks continue to "industrialise" their operating models with a significant underinvestment in customer facing personnel.

In other words, relationship banking has been devalued and "dehumanised."

Which is where Judo comes in. We are determined to bring back the craft of relationship banking by applying what has been described as the 4Cs of credit assessment: character, cash flow, capital and collateral.

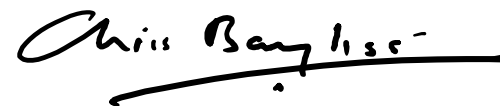
The first of these criteria in particular – character – we view as pre-eminent when assessing business acumen, management skills and integrity of the business stewards.

Built from the ground up by a group of experienced and highly credentialed business lending professionals, Judo is challenging the one size fits all approach of our much larger competitors because we believe that every business is unique and should be treated that way.

We believe that there is a place in the market for a credible player committed to traditional relationship lending.

In other words, a champion for SMEs.

Chris Bayliss



Chief Customer Officer, Judo Capital



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Executive Summary

Judo Capital commissioned independent business banking research consultants, East & Partners (E&P), to directly interview 2,687 Small enterprises (\$1-10m) and Medium enterprises (\$10-20m) across the SME segment (\$1 – 20 million). A screen was applied to capture only enterprises with current debt facilities in place, 1,752 SMEs. This process revealed that two out of three SMEs in the Australian economy have current debt facilities (65%), providing a valuable demographic inference into the full population of 270,000 GST active SMEs Australia wide.

The average value of SME debt facilities is \$2.9 million per enterprise, ranging from \$5.3 million for larger sized Medium enterprises to \$1.3 million for Small enterprises. As expected the larger the business, the greater the length of financial management experience possessed by the business owner, CFO or corporate treasurer. Australian SMEs employ 29 full-time equivalent employees on average, dispersed across a broad range from only six staff to as many as 61 for larger SMEs.

\$83 Billion SME Funding Gap

The much-publicised gap in SME funding that has emerged from SMEs inability to access finance that they would otherwise productively utilise is calculated at over \$83 billion...and growing. The average SME applied for \$800,000 in new borrowings in the last year. Among businesses who were successful, \$600,000 in new borrowings were approved while the average unsuccessful application was \$1.1 million. The main reason SMEs were prevented from accessing credit in the last year was onerous collateral requirements (34%). On the rare occasion SMEs access the full amount of new capital they seek, the most important factors in completing the deal are credit approval speed (63%), ring fencing of security needed away from personal assets (58%), actual availability of the full debt sum being sought (50%) and mitigating terms and conditions (42%).

Research respondents went a step further by highlighting that too much information and documentation is required during the application process – it is simply “all too hard”. Lenders will argue ‘Know Your Customer’, rising regulatory scrutiny and compliance checks are unavoidable however nimble digitally enabled players outside of the Big Four are reducing the administrative impost negatively impacting such a high number of firms applying for credit, or lending on different terms to the standard asset-based definition against personal assets such as the home or vehicle. 50% of Small enterprises could not access credit easily falling to only 30% among Medium enterprises. Slow turnaround times are a major issue for 16% of SMEs while credit terms were inappropriate for one in ten companies.

63% of SMEs express plans to borrow more funds in future, arguably reflecting the prevailing low interest rate environment and availability of credit for most larger sized SMEs as opposed to underlying growth sentiment. Of the two thirds of SMEs planning to borrow more funds in future, the average sum sought is \$700,000. Small enterprises plan to borrow up to \$500,000 more while Medium enterprises are twice as bullish, seeking to apply for \$1 million in new borrowings on average.

51% of firms are unsure how much their bank will actually lend to them, 29% expect to seek a larger sum against a 20% proportion who are relatively pessimistic and believe they will procure less than what they apply for. New borrowings are predominantly intended to support cash flow and relieve working capital constraints (61%) with new capex intentions driven “top down” by larger sized SMEs.

Bank Trust Index

On a scale of 1 - 10 where 1 indicates mistrust and 10 indicates complete trust, SMEs rated their primary lender an extremely poor rating of 2.52 overall. The \$1-10 million segment is particularly antagonistic, ascribing their Bank an average 'trust' rating of only 2.33 with a range from 1.67 for the most mistrusting Small enterprise to 4.04 for the most trusting. So, what is the most important thing bankers can do to earn back trust? SMEs believe first and foremost that Banks should be more clear, honest and transparent in their dealings and communication with clients (24%). Furthermore, they should actually do what they say they will do and follow through on their word (19%).

17% of firms call for lenders to improve the quality, industry knowledge and experience of their SME facing staff, reflecting the steadily rising level of client expectations that often require a simple 'human' solution as opposed to digital innovation or 'Fintech' resolutions. A staggeringly high one in five Small firms believe Banks have gone too far and their trust is lost for good (18%). 15% of SMEs have effectively turned their back on ever trusting a bank or financial services provider again.

Preferred Sources for Business Advice

Only one in ten SMEs consult their Primary banker which for 75% of small businesses is one of the Big Four majors. One in three SMEs will approach their bank for future borrowings (34%) while 20% will turn to trading partners, 14% plan to call on family or friends and 14% are undecided.

The biggest concern impacting business owners and corporate treasurers short term business goals are working capital constraints (86%), broken down by stable funding of the business (34%), cashflow management (26%) and credit accessibility (26%).

Among the 90 percent of firms that did not nominate their Primary bank as a key source of business strategy advice, over two thirds report that they are simply not close enough or have an appropriate working relationship (66%). The smaller the business, the more prevalent this issue is. Given most SMEs are not allocated a dedicated relationship manager or find it simply too difficult to set aside enough time around the busy responsibilities of running their business with a product specialist to review their overall business strategy, it is no surprise this figure is so high.

Small Business Owners Shoulder Revenue Generation Burden

Small business owners estimate that up to half of all revenues and operational needs are dependent upon their personal involvement in the business (47%) however significant variance exists by business size. This figure jumps as high as 58% among Small firms and falls to only 29% for Medium firms. Despite this issue, a mere 12% of SMEs have put in place formal succession planning measures with a relatively uniform proportion by business size.

One in three SMEs are in a growth phase currently (32%) in contrast to a worryingly high number of small business owners winding down operations and currently entering an exit phase (27%). Growth is contracting for a further four percent of SMEs. Only four percent of small businesses are in a start-up phase, a surprisingly low figure given the emphasis placed on innovation and entrepreneurship by the federal government.

SME Sources of Advice



EXHIBIT 1

Primary Business Advisor

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Primary banker	10.3	9.4	11.7
Broker	5.5	6.3	4.4
Friends/colleagues	86.9	85.0	89.9
Suppliers	19.2	17.8	21.3
Accountant	31.6	31.5	31.7
Lawyer	7.5	8.6	6.0
Financial planner	3.3	3.9	2.3
Do not seek 3rd party advice	2.4	2.9	1.7

Note: sums to over N count due to multiple responding enabled

Note: no statistical variation by state, sector or lender

- » SMEs predominantly consult Friends or Colleagues for specific business strategy advice (86.9 percent), preferring this channel ahead of their Accountant (31.6 percent) and/or Suppliers (19.2 percent). Only one in ten SMEs consult their Primary banker (10.3 percent) while a minority two percent fail to seek out third-party advice whatsoever, instead opting for advice internally. Minimal variance was exhibited by business size, suggesting a universal appeal for close Friends and Colleagues for commonly complex and multifaceted advice.

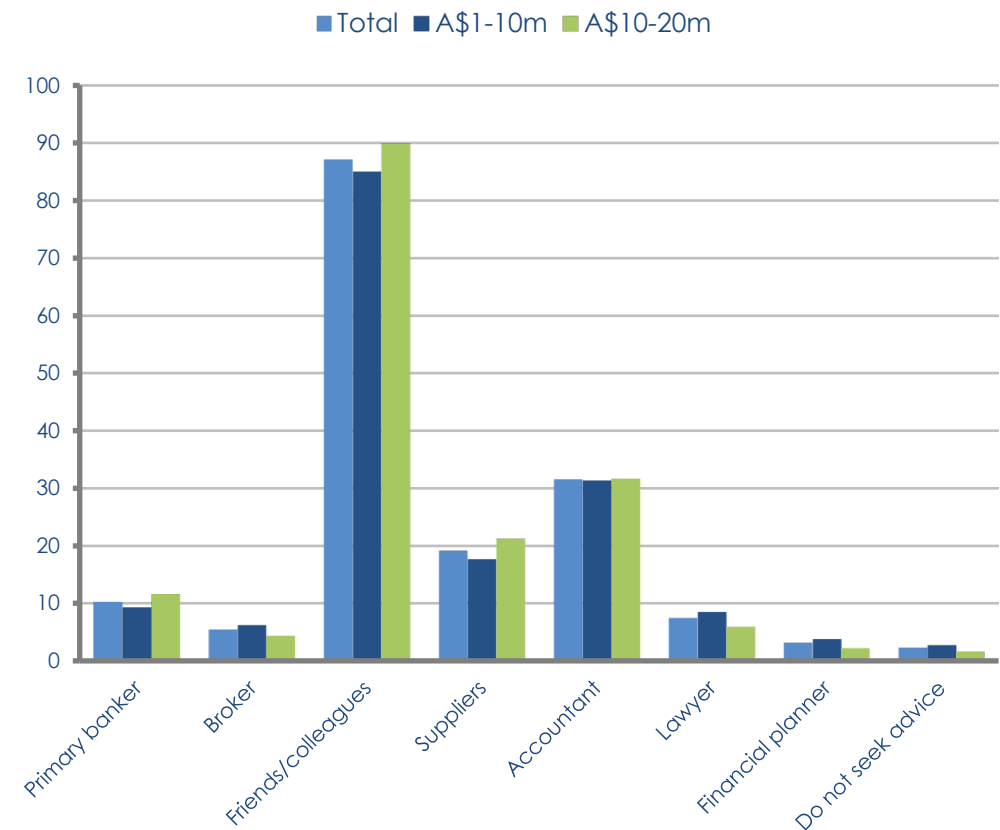


EXHIBIT 2

Reasons to not Choose Banker

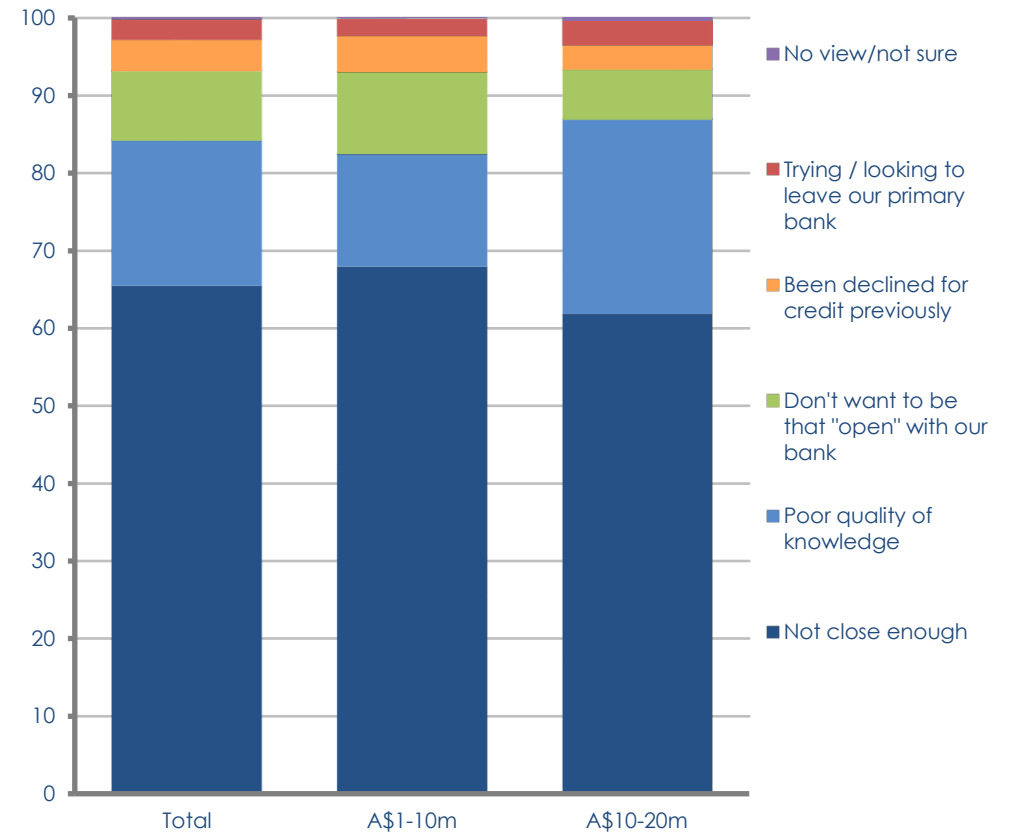
% of Non-Bank Selectors

	Total Market (N: 1571)	A\$1-10m (N: 953)	A\$10-20m (N: 618)
Have no appropriate working relationship/not close enough	65.5	67.9	61.8
Poor quality of response/knowledge from our bank	18.7	14.6	25.1
Don't want to be that "open" with our bank	9.0	10.6	6.5
Been declined for credit previously	4.0	4.6	3.1
Trying / looking to leave our primary bank	2.6	2.2	3.2
No view/not sure	0.2	0.1	0.3
TOTAL	100.0	100.0	100.0

Note: one primary response asked for

Note: no statistical variation by state, sector or lender

- » Among the 90 percent of businesses that did not nominate their bank as a key source of business strategy advice, two thirds report that they are simply not close enough or have an appropriate working relationship (65.5 percent).



SME Access to Finance



EXHIBIT 3

Most Important Factors in completing Funding Deal

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Speed	63.3	65.4	60.1
Quality of relationship service/advice	33.2	28.8	39.7
Cost of credit	20.0	18.6	22.1
Terms and conditions	41.7	38.0	47.3
Other			
Availability of the full debt sum being sought	50.2	48.7	52.6
Length/tenor of loan	11.4	10.5	12.9
Ring fencing of security needed away from personal assets	58.3	76.0	31.9

Note: sums to over N count due to multiple responding enabled

Note: no statistical variation by state, sector or lender

- » The most important factor in completing a new funding deal is credit approval turnaround time (63.3 percent). SMEs were at great pains to express that ring fencing of security away from personal assets is sorely needed in many instances (58.3 percent). Similar proportions were exhibited by both A\$1 – 10 million and A\$10 – 20 million cohorts with the exception of personal asset demarcation rating more prominently among A\$1 – 10 million (76.0 percent) relative to A\$10 – 20 million (31.9 percent).

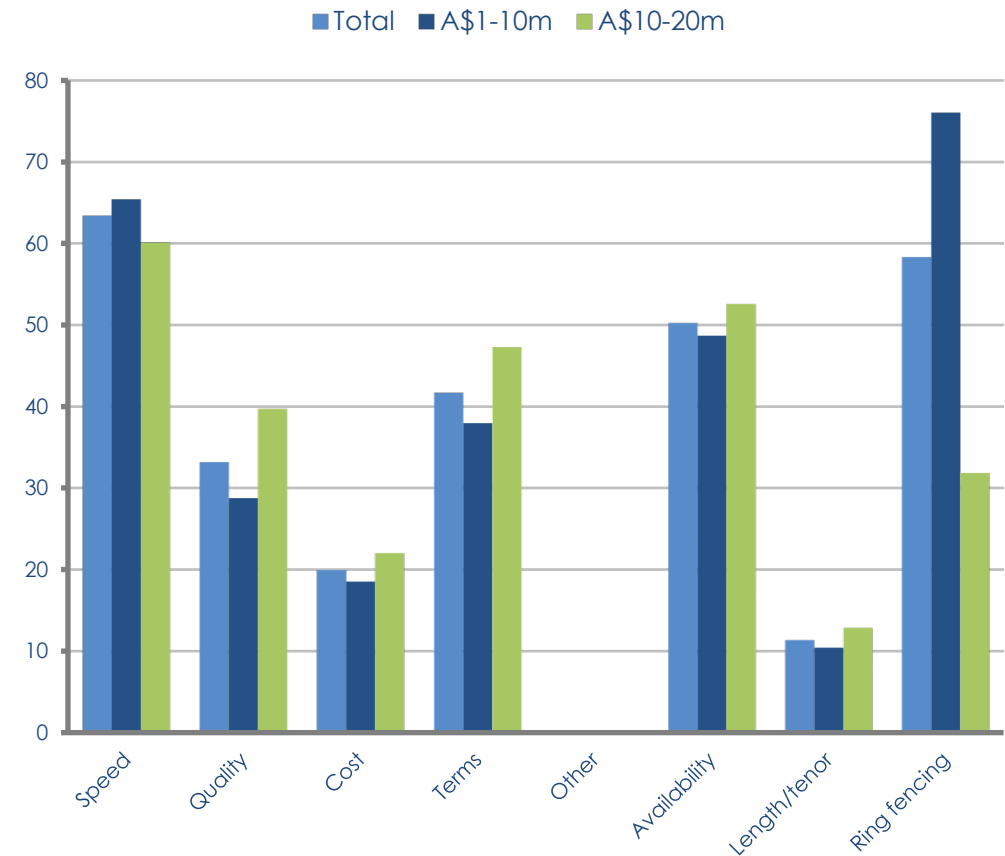


EXHIBIT 4

Barriers to Accessing Credit

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Slow turnaround time	16.2	17.1	14.9
Collateral requirement	34.1	32.0	37.1
Interest rate/cost of credit	7.9	9.3	5.7
Terms/structure inappropriate	10.8	9.6	12.6
Unsatisfactory credit rating/report	4.3	5.5	2.6
Prevented partially	1.7	1.9	1.3
Other			
Lack of acceptable trading forecasts	6.7	8.3	4.3
Too much information/documentation required / all too hard	29.7	27.6	32.9
Don't know/no view	0.5	0.6	0.3
Able to access credit OK	57.0	48.6	69.7

Note: one primary response asked for

Note: no statistical variation by state, sector or lender

- » The main reason SMEs were prevented from accessing credit in the last year was onerous collateral requirements (34.1 percent). Respondents went a step further by highlighting that too much information and documentation is required during the application process and it is simply “all too hard”. Notably one in two firms encountered no issues accessing credit in the last two months (57.0 percent), however when broken down, one in two Small enterprises could not access credit easily (51.4 percent). This figure falls to only 30.3 percent among Medium enterprises.

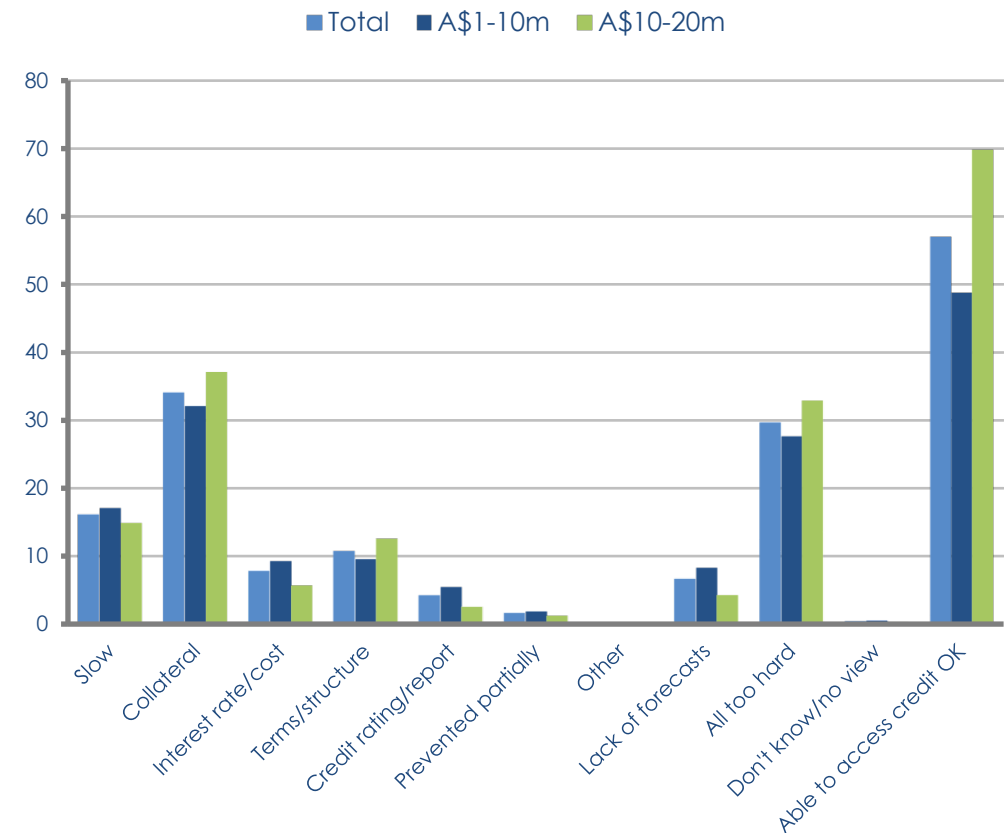


EXHIBIT 5

Requested Credit Amount

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)	Successful Application (N: 999)	Unsuccessful Application (N: 753)
Average sum sought (\$m)	0.8	0.6	1.2	0.6	1.1
Range	0.2-2.4	0.2-1.2	0.6-2.4	0.2-0.9	0.2-2.4
1st STD	0.8	0.6	1.0	0.3	1.5

Note: no statistical variation by state, sector or lender

» SMEs applied for A\$800,000 in new credit on average, ranging from A\$600,000 for Small businesses to A\$1.2 million for Medium businesses. Among businesses of all sizes who were successful, they were approved for A\$600,000 in new borrowings, while the average sum sought for unsuccessful applications was A\$1.1 million. The lowest value of new capitalisation was A\$200,000 while the largest credit application was A\$2.4 million.

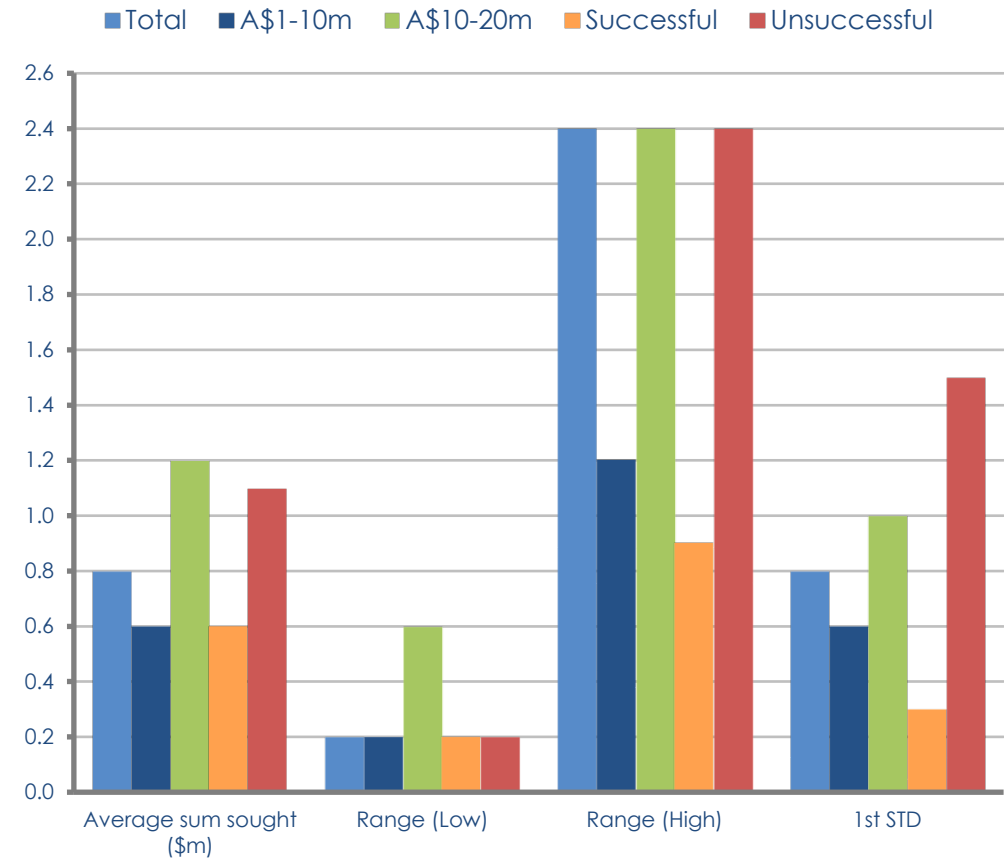


EXHIBIT 6

Future Borrowing Plans

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
No plans to borrow more	36.9	45.6	23.7
Do plan to borrow more	63.1	54.4	76.3
Average sum sought (\$m)	0.7	0.5	1.0
Range	0.1-1.8	0.1-0.9	0.4-1.8
1st STD	0.4	0.2	0.6

Note: no statistical variation by state, sector or lender

- » 36.9 percent of SMEs hold no plans to borrow more funds in future, arguably reflecting the prevailing low interest rate environment and availability of credit for most larger sized SMEs as opposed to negative underlying growth sentiment. Of the two thirds of SMEs planning to borrow more funds in future, the average sum sought is A\$700,000.

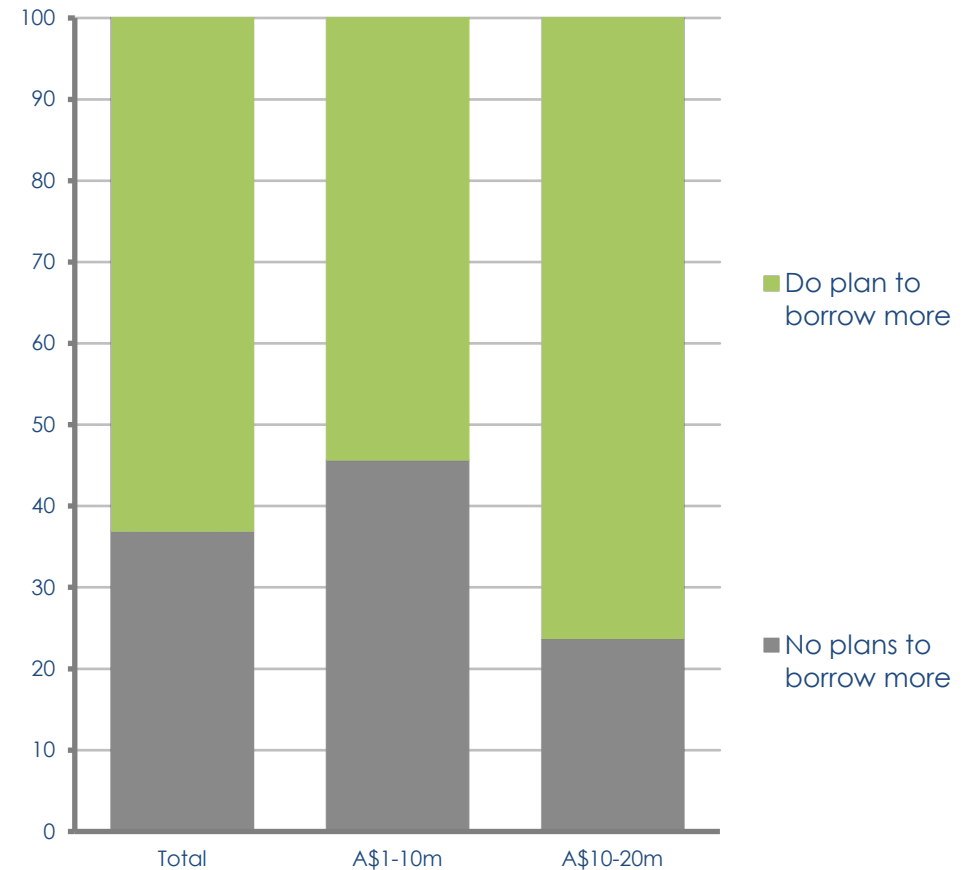


EXHIBIT 7

Predicted Lending Amount

% of total

	Total Market (N: 1106)	A\$1-10m (N: 572)	A\$10-20m (N: 534)
Don't know / no idea	51.3	68.2	33.1
What we plan to ask for or more	28.8	4.9	54.5
Less than what we plan asking for	19.9	26.9	12.4

Note: Interviewees referred to their responses in Table 6 above for actual dollar values

Note: no statistical variation by state, sector or lender

» While one in two firms are unsure how much their bank will actually lend to them (51.3 percent), 28.8 percent expect to capture more, and 19.9 percent are relatively pessimistic and believe they will procure less than what they apply for (19.9 percent).

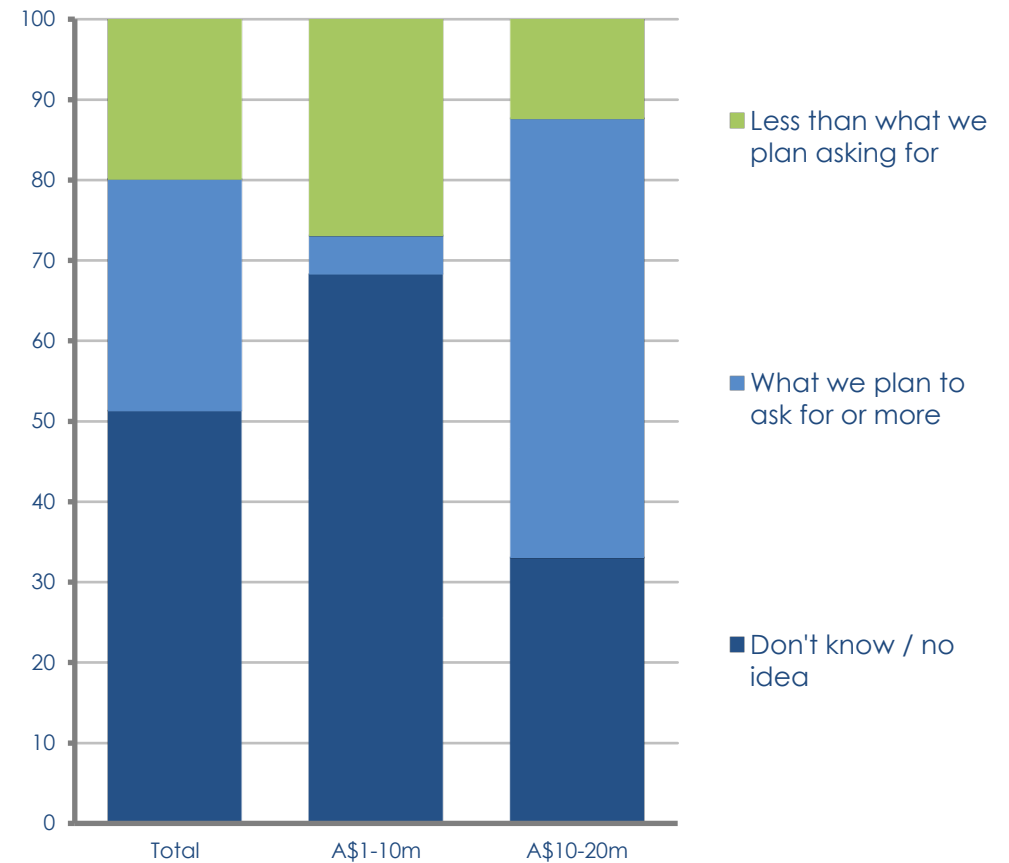


EXHIBIT 8

New Borrowing Uses

% of total

	Total Market (N: 1106)	A\$1-10m (N: 572)	A\$10-20m (N: 534)
Cashflow/working capital	61.0	69.8	51.7
Property	2.9	2.1	3.7
Business equipment/plant	36.6	29.0	44.8
Research and development	2.8	1.4	4.3
Expansion /growth	4.4	2.6	6.4
Succession planning	0.5	0.3	0.6
Other			
Exporting/offshore business development	10.3	10.5	10.1
Retirement of other/existing debt	18.4	17.7	19.3

Note: sums to over 100 percent due to multiple responding enabled

Note: no statistical variation by state, sector or lender

- » New borrowings are predominantly intended to support cash flow and relieve working capital constraints (61.0 percent), particularly among the A\$1 – 10m segment (69.8 percent) relative to the A\$10 – 20m segment (51.7 percent). Larger businesses display bullish new capital expenditure intentions with 44.8 percent planning to allocate borrowings to purchasing new or replacement plant and equipment.

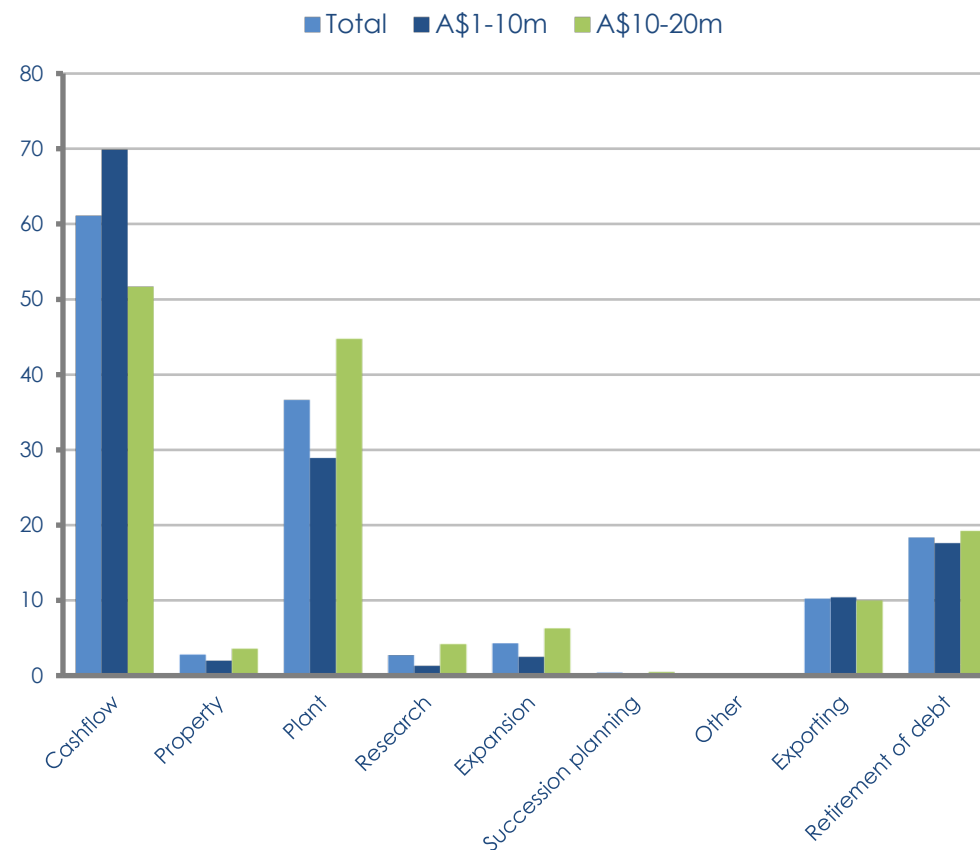


EXHIBIT 9

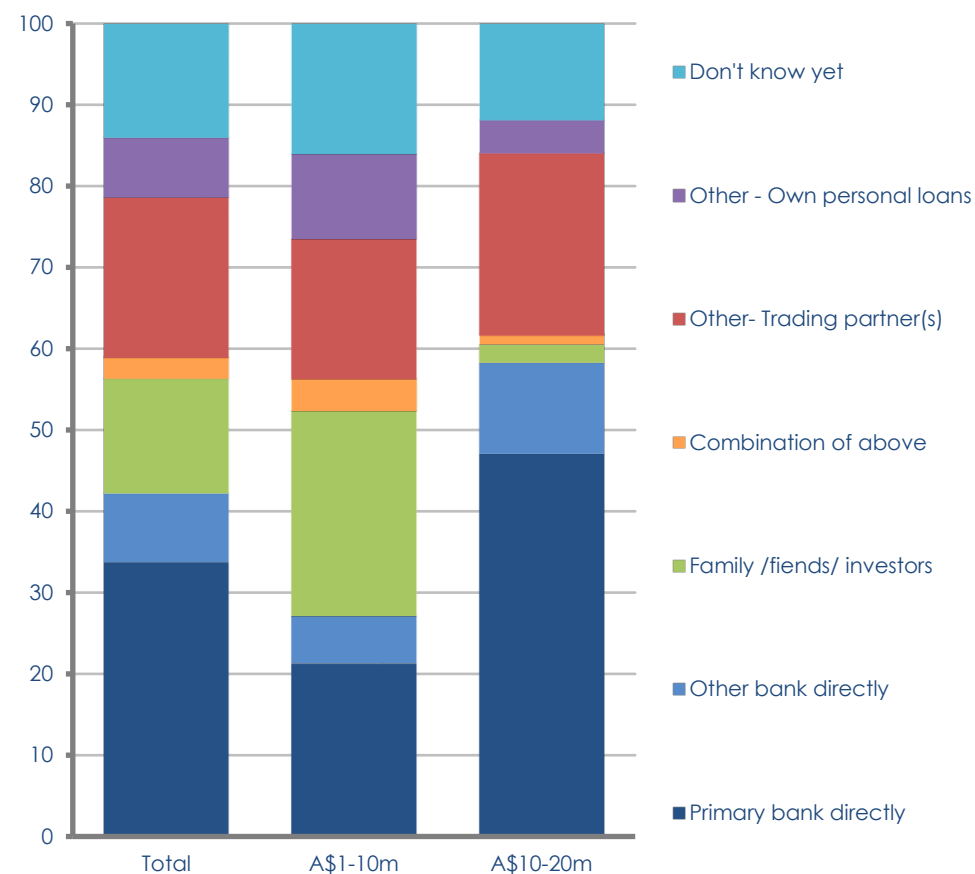
Funding Access Channels

% of total

	Total Market (N: 1106)	A\$1-10m (N: 572)	A\$10-20m (N: 534)
Primary bank directly	33.7	21.3	47.0
Other bank directly	8.5	5.9	11.2
Family/friends/investors	14.1	25.2	2.2
Combination of above	2.7	4.0	1.3
Other			
Trading partner(s)	19.6	17.1	22.3
Own personal loans	7.4	10.5	4.1
Not sure / don't know yet	13.9	15.9	11.8

Note: no statistical variation by state, sector or lender

» One in three SMEs will approach their bank for future borrowings (33.7 percent), with 19.6 percent turning to trading partners, 14.1 percent calling on family or friends and 13.9 percent undecided.



Business Life Cycle & Succession Planning



EXHIBIT 10
Current Business Phase

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Start-up	3.7	5.5	1.0
Growth/expansion	31.9	28.9	36.4
Contracting	4.3	5.6	2.4
Life-style management/maintenance	21.3	20.4	22.6
Exiting	26.9	28.5	24.6
Generational transfer	11.4	10.6	12.7
No view	0.4	0.5	0.3
TOTAL	100.0	100.0	100.0

Note: no statistical variation by state, sector or lender

- » One in three SMEs are in a growth phase currently (31.9 percent) however the more populous A\$1 – 10 million segment contains less firms classifying themselves in an expansive phase relative to the A\$10 – 20 million segment at 26.4 percent and 28.9 percent respectively. A worryingly high number of small business owners are winding down operations and currently in an exit phase (26.9 percent). Only four percent of small businesses are in a start-up phase, a surprisingly low figure given the emphasis placed on this part of the sector by government and industry bodies.

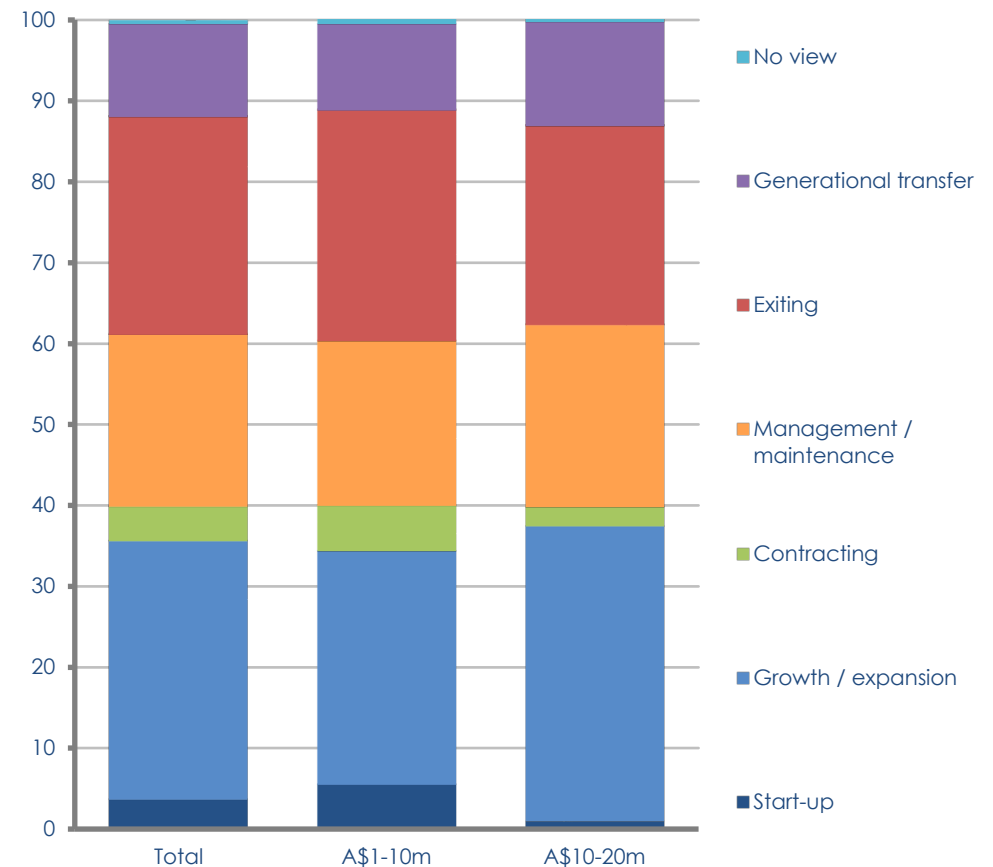


EXHIBIT 11
Percent of Revenue Reliant on Personal Involvement

Average % Reported

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Average Percent Reported	46.6	58.4	28.8
Range	11.1-78.0	42.4-78.0	11.1-40.6
1st STD	21.4	22.2	20.3

Note: no statistical variation by state, sector or lender

- » Business owners estimate that up to half of all revenues and operational needs are dependent upon their personal involvement in the business (46.6 percent), jumping to as high as 58.4 percent among Small firms and falling to 28.8 percent of Medium firms.

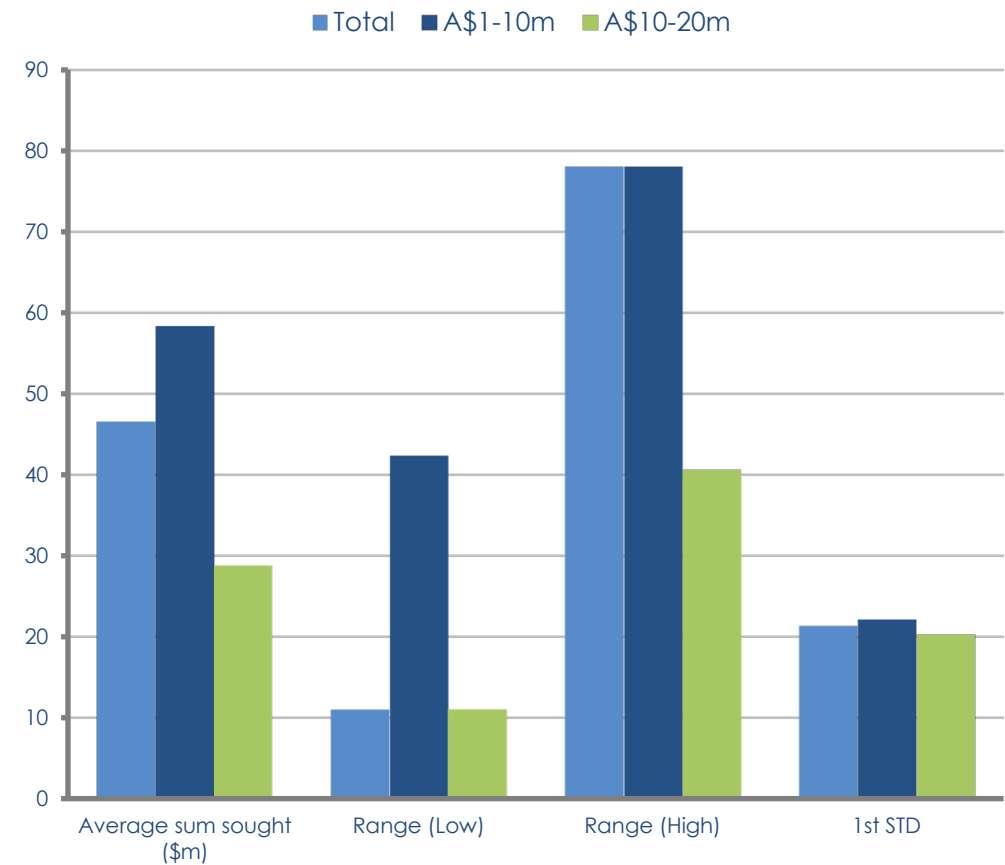


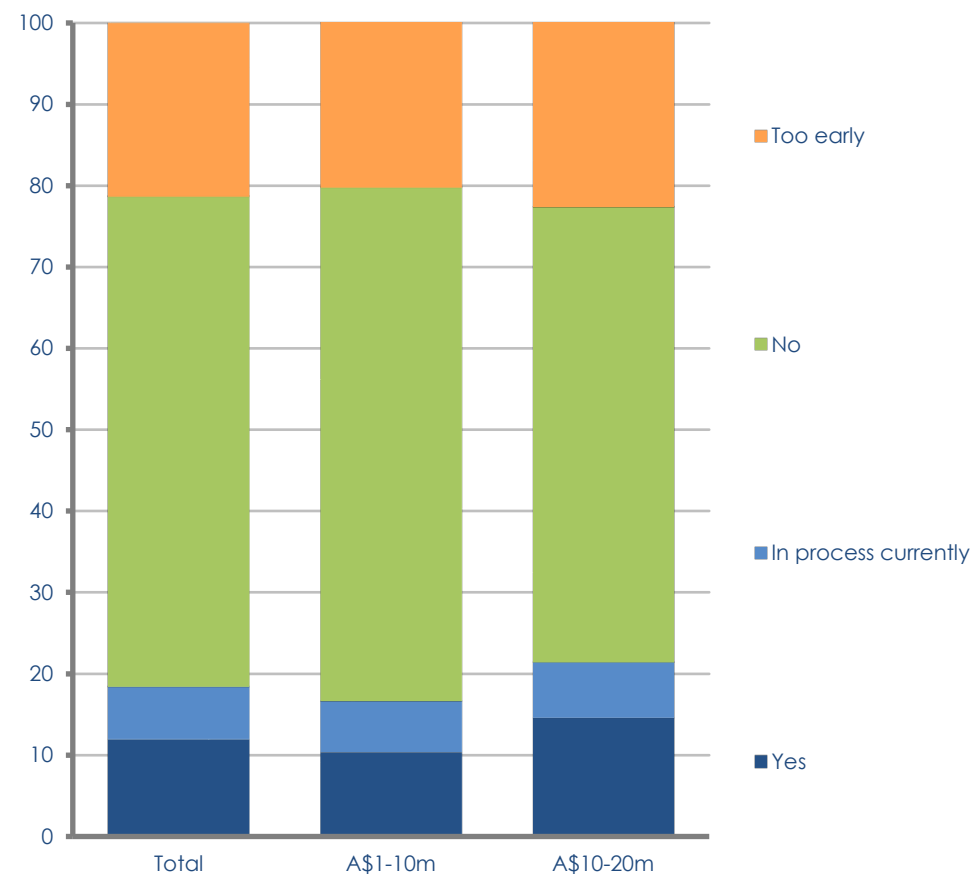
EXHIBIT 12
Formal Succession Plans in Place

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Yes	12.0	10.4	14.6
In process currently	6.5	6.3	6.9
No	60.2	63.1	55.9
Not appropriate for our business/too early	21.2	20.2	22.7
TOTAL	100.0	100.0	100.0

Note: no statistical variation by state, sector or lender

- » A mere 12.0 percent of SMEs have put in place formal succession planning measures with a relatively uniform proportion by business size. Fully two thirds of all enterprises have no formal succession planning measures set-up. Importantly one in five respondents highlighted that it is not appropriate for their business or too early in their business phase, reflecting the high proportion of firms in a growth or expansion business life cycle stage.



Barriers to SME Growth



EXHIBIT 13

Short Term Business Goal Barriers

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Stable funding of the business (WC)	34.0	37.3	29.1
Cashflow management/control (WC)	26.1	28.5	22.4
Access to acceptable credit (WC)	25.6	25.3	26.1
Entrenched competition	5.9	4.2	8.6
Pricing and margin maximisation	7.4	3.9	12.7
Other	0.4	0.4	0.4
None really	0.5	0.5	0.6
TOTAL	100.0	100.0	100.0

Note: no statistical variation by state, sector or lender

- » The number one concern impacting small business owners' short term business goals is working capital management (85.7 percent) split across stable funding of the business (34.0 percent), cashflow management (26.1 percent) and credit accessibility (25.6 percent).

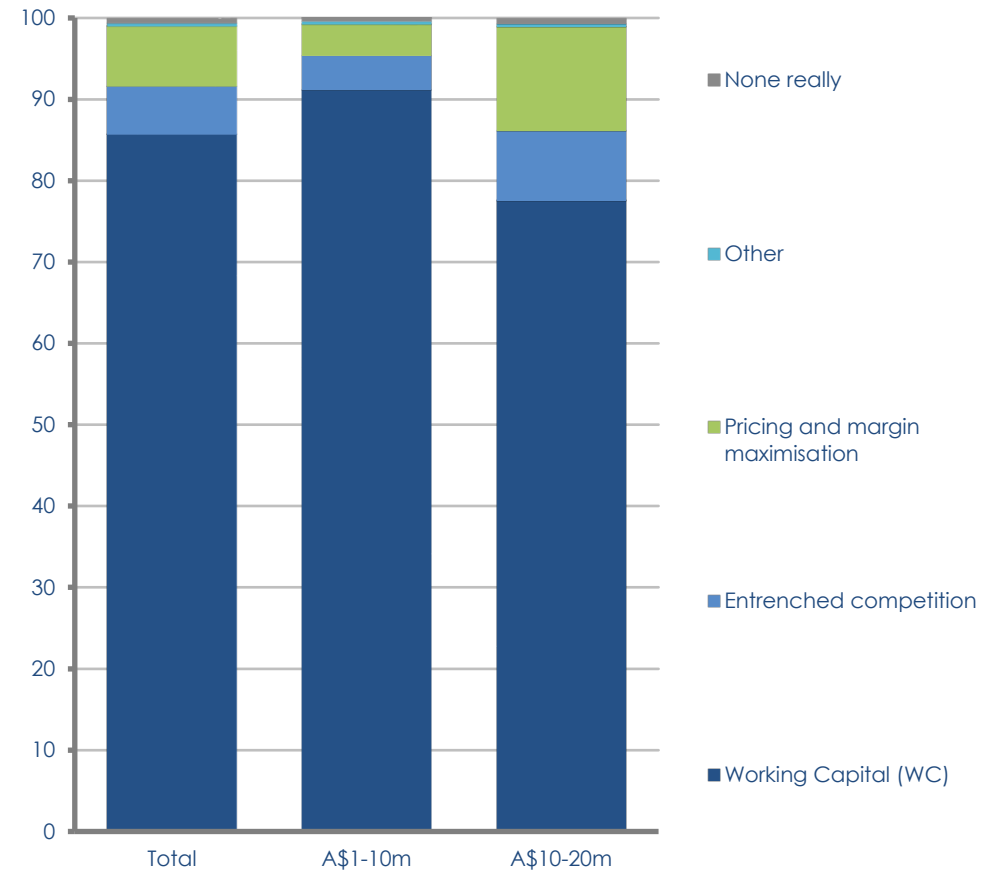


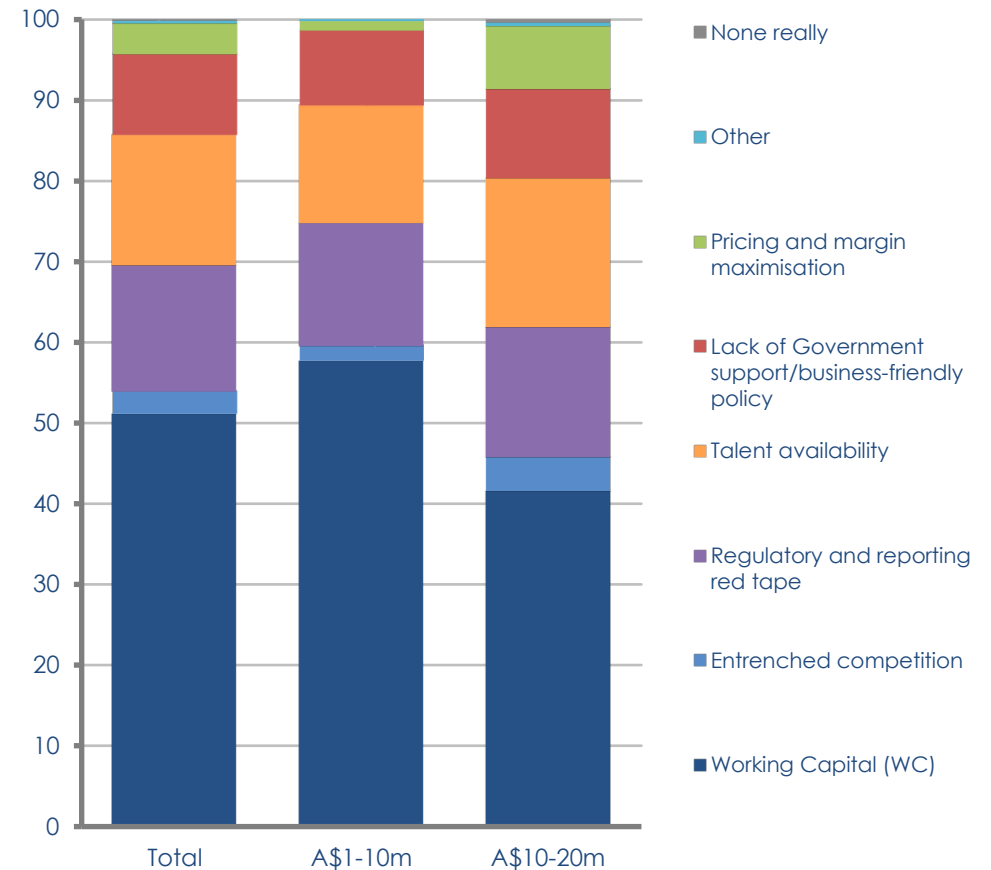
EXHIBIT 14
Long Term Business Goal Barriers

% of Total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Stable funding of the business (WC)	16.7	20.0	11.9
Cashflow management/control (WC)	16.5	17.7	14.7
Access to acceptable credit (WC)	17.9	19.9	15.0
Entrenched competition	2.9	2.0	4.3
Regulatory and reporting red tape	15.6	15.2	16.1
Talent availability	16.1	14.5	18.4
Lack of Government support/business-friendly policy	10.0	9.3	11.0
Pricing and margin maximisation	3.9	1.2	7.9
Other	0.3	0.2	0.4
None really	0.1	—	0.3
TOTAL	100.0	100.0	100.0

Note: no statistical variation by state, sector or lender

- » Working capital issues are also high on the agenda of small business owners' long term business goal concerns (51.1 percent) broken down by access to credit (17.9 percent), stable business funding (16.7 percent) and cashflow control (16.5 percent). Staffing concerns appear as a major longer-term headwind with talent availability nominated by 16.1 percent of enterprises. Interestingly this factor was not cited as a key short-term business goal concern despite the significant impacts of not investing in suitable 'human capital'.



Bank Trust Index



EXHIBIT 15
Bank Trust Index

Average Rating Reported

	Average Rating Reported 1 — 3 — 5 — 7 — 10		
	(no trust)	(complete trust)	
	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Average Rating Reported	2.52	2.33	2.80
Range	1.67-5.53	1.67-4.04	1.99-5.53
1st STD	1.84	1.52	2.33

Note: no statistical variation by state, sector or lender

- » On a scale of 1 - 10 where 1 indicates mistrust and 10 indicates complete trust, SMEs ascribed their primary lender an extremely poor rating of 2.52 overall. The A\$1 – 10 million segment is particularly antagonistic, marking their Bank an average 'trust' rating of only 2.33 with a range from 1.67 for the most mistrusting Small enterprise to 4.04 for the most trusting. The A\$10 – 20 million segment is marginally more trusting, rating their lender 2.80 on average with the poorest rating notched at 1.99 through to a relatively stronger 'trust' score of 5.53.

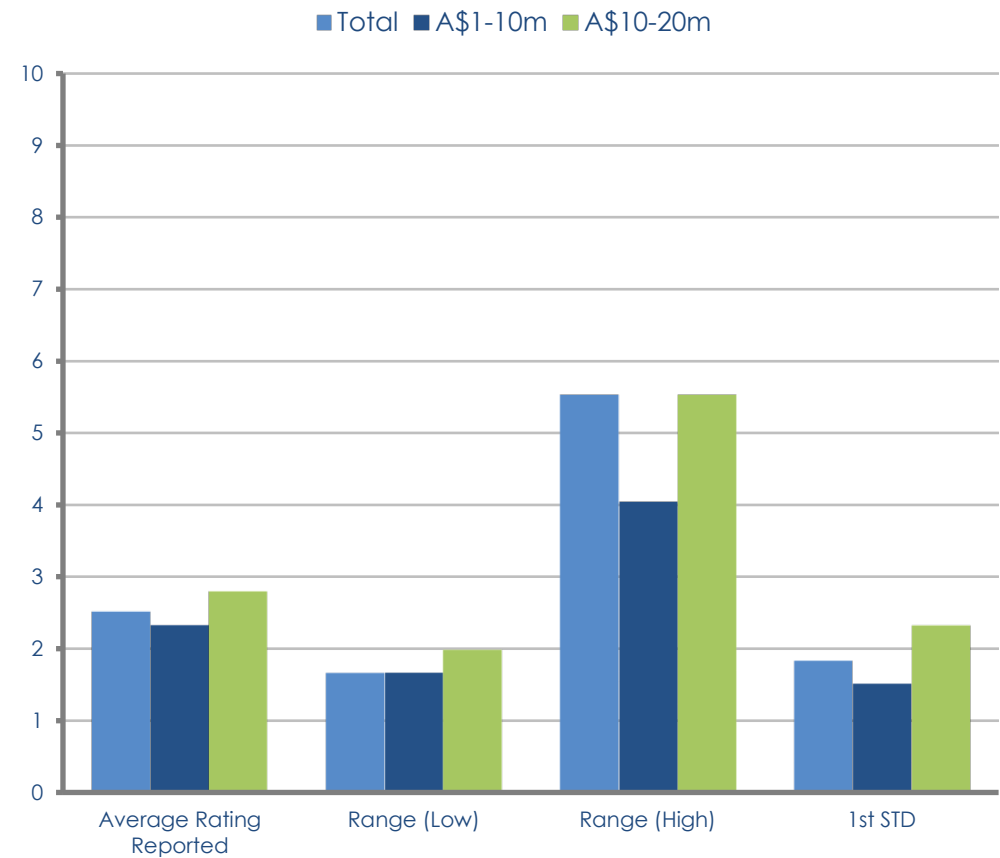
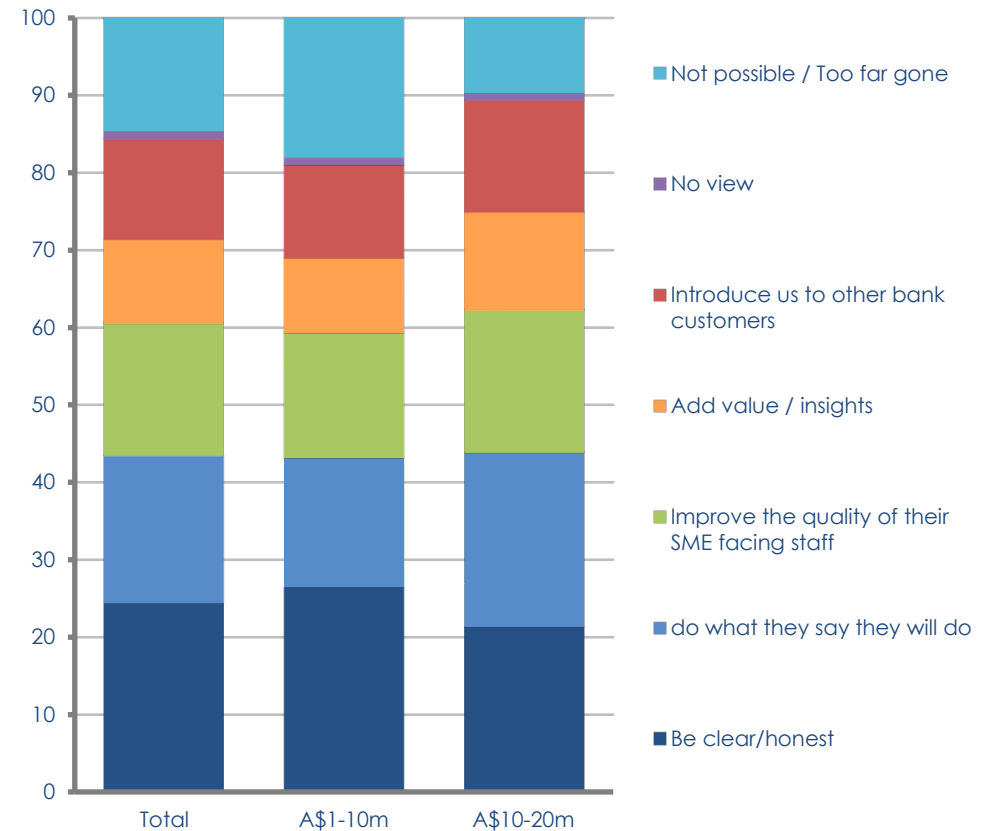


EXHIBIT 16
Ways Lenders can Re-Earn Trust

% of Total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Be clear/honest and transparent in dealings/communications	24.4	26.5	21.3
Actually do/execute what they say they will do	19.1	16.7	22.6
Improve the quality/knowledge/experience of their SME facing staff	17.1	16.2	18.4
Add value to our "relationship" with guidance/help/proactive business insights	10.8	9.7	12.6
Introduce us to other bank customers we can trade with	13.0	12.0	14.4
No view/up to the banks	1.0	1.0	1.0
Not possible any longer/lack of trust too far gone	14.6	17.9	9.7
TOTAL	100.0	100.0	100.0

Note: no statistical variation by state, sector or lender



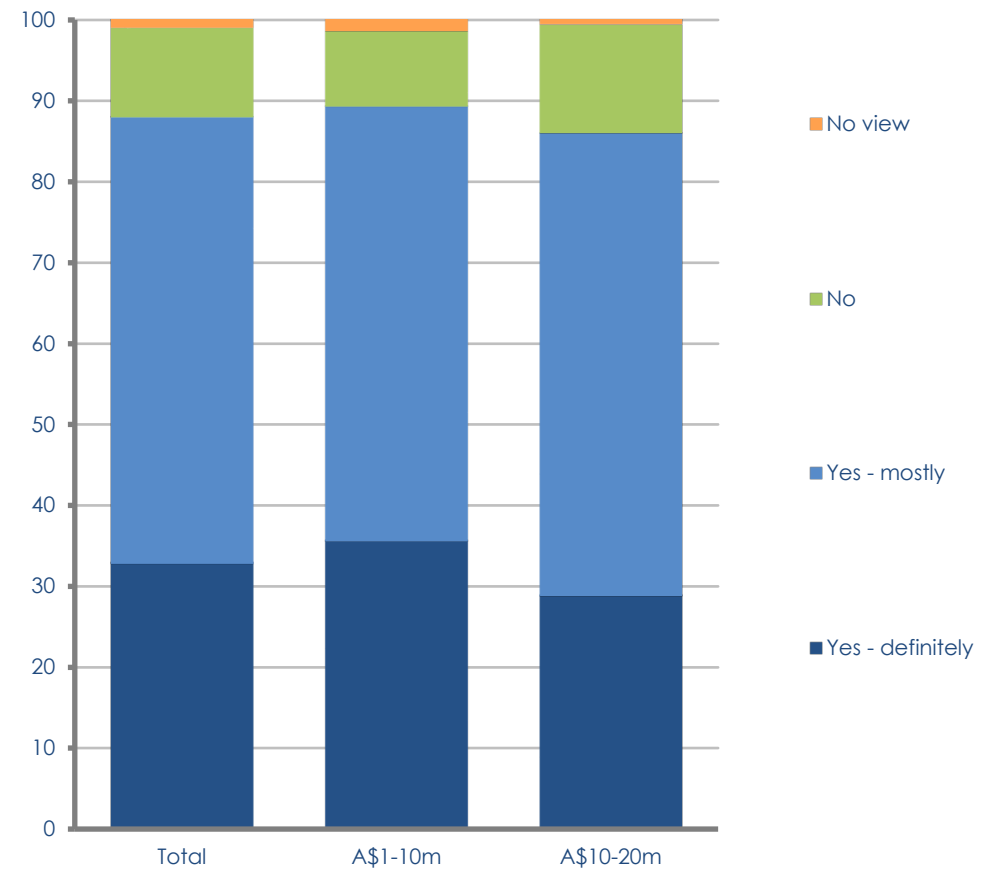
- » What is the most important thing a bank can do to earn back trust? SMEs suggested that Banks should be significantly more clear, honest and transparent in their dealings and communication with clients first and foremost (24.4 percent). Furthermore, they should actually do what they say they will do and follow through on their word (19.1 percent), comparatively more crucial for larger sized SMEs (22.6 percent) relative to smaller sized SMEs (16.7 percent). Almost one in five Small firms believe Banks have gone too far and it is not possible for them to re-earn their trust (17.9 percent).

EXHIBIT 17
Bank Similarity Perception

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Yes - definitely	32.9	35.6	28.9
Yes - mostly	55.1	53.7	57.1
No	11.0	9.3	13.4
No view/opinion	1.1	1.4	0.6
TOTAL	100.0	100.0	100.0

- » A damning 88.0 percent of small businesses think that banks are either definitely or mostly all the same. Only 11.0 percent give them the benefit of the doubt while as few as 1.1 percent were unable to form a view or opinion.



Appendix I

Research Methodology



The fieldwork for this inaugural research program took place during the five weeks ending 9 July 2018

EXHIBIT A
Customer Segment Distribution
% of total

	July 2018 (N: 1752)
A\$1-10m turnover segment (Small Enterprise)	60.0
A\$10-20m turnover segment (Medium Enterprise)	40.0
TOTAL (SME Segment)	100.0

EXHIBIT B
Geographical Distribution
% of total

	July 2018 (N: 1752)
NSW & ACT	47.9
VIC & TAS	26.6
QLD & NT	13.1
SA	4.0
WA	8.4
TOTAL	100.0

All enterprises were interviewed on a direct basis using the structured Interview Questionnaire, reproduced here as Appendix II, through the individual holding primary responsibility for decision making over the organisation's trade banking relationships, profiled below in Table C.

EXHIBIT C
Interviewee Distribution
% of total

	July 2018 (N: 1752)
CFO	17.2
Corporate Treasurer	5.9
Company Accountant / Financial Controller	15.4
Business Owner	55.3
Other	6.2
TOTAL	100.0

Industry sector distribution of the enterprises interviewed directly reflects the distribution of Australia's commercial population/universe based on Australian Bureau of Statistics census data.

EXHIBIT D

Industry Sector Distribution

% of total

	July 2018 (N: 1752)
Agriculture, Forestry, Fishing	3.9
Mining	4.6
Manufacturing	9.5
Electricity, Gas, Water and Waste Services	0.9
Construction	8.8
Wholesale Trade	15.2
Retail trade	20.1
Accommodation and Food Services	2.3
Transport, Postal and Warehousing	4.7
Information, Media and Telecommunications	2.2
Financial and Insurance Services	2.5
Rental, Hiring and Real Estate Services	4.1
Professional, Scientific and Technical Services	3.9
Administrative and Support Services	0.9
Public Administration and Safety	0.6
Education and Training	1.3
Health Care and Social Assistance	2.0
Arts and Recreation Services	0.7
Other Services	11.8
TOTAL	100.0

EXHIBIT E

Business/Financial/Management Experience of Interviewee

Average Number Reported

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Average Years Experience	13.8	12.2	16.3
Range	5.2-32.3	5.2-20.3	7.7-32.3
1st STD	12.7	10.1	16.5

Note: no statistical variation by state, sector or lender

EXHIBIT F

Age of Interviewee

Average Number Reported

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Average Age (Years)	39.1	36.6	42.9
Range	25.8-59.2	25.8-44.6	29.3-59.2
1st STD	16.0	13.4	19.9

Note: no statistical variation by state, sector or lender

EXHIBIT G

Annual Enterprise Turnover

Average Number Reported

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Average	10.1	5.8	16.6
Range	1.4-20.0	1.4-10.0	10.0-20.0
1st STD	5.6	5.1	6.4

Note: no statistical variation by state, sector or lender

EXHIBIT H

Enterprise FTE / Headcount

Average Number Reported

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Average	29.4	20.8	41.1
Range	6.3-60.6	6.3-32.4	32.1-60.6
1st STD	20.0	18.8	21.9

Note: no statistical variation by state, sector or lender

EXHIBIT I

Age of Enterprise

Average Number Reported

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Average Years Established	9.6	6.6	14.1
Range	2.0-27.7	2.0-12.8	9.9-27.7
1st STD	9.2	7.1	12.3

Note: no statistical variation by state, sector or lender

EXHIBIT J

Value of Current Debt Facilities

% of total

	Total Market (N: 2687)	A\$1-10m (N: 1696)	A\$10-20m (N: 991)
No debt facilities being used	34.8	38.0	29.4
Debt facilities in place	65.2	62.0	70.6
Average Value (A\$m)	2.9	1.3	5.3
Range	0.2-7.8	0.2-2.2	0.6-7.8
1st STD	2.5	1.2	4.4

Note: no statistical variation by state, sector or lender

EXHIBIT K

Current Primary Lender

% of total

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
ANZ	11.4	9.2	14.6
BankWest	3.8	5.2	1.7
Bendigo Adelaide Bank	0.9	1.4	0.1
BOQ	5.0	6.1	3.3
CBA	19.6	21.6	16.7
HSBC	1.3	0.6	2.4
NAB	27.9	20.9	38.3
St George	5.0	5.9	3.7
Suncorp	3.3	3.8	2.6
Westpac	16.1	17.9	13.4
Other	5.7	7.4	3.1
TOTAL	100.0	100.0	100.0

Note: no statistical variation by state, sector or lender

EXHIBIT L

Age of Primary Lending Relationship

Average Number Reported

	Total Market (N: 1752)	A\$1-10m (N: 1052)	A\$10-20m (N: 700)
Average Years	6.3	5.1	8.0
Range	1.8-22.2	1.8-7.8	4.4-22.2
1st STD	6.8	3.8	11.4

Note: no statistical variation by state, sector or lender

ABOUT JUDO

Judo is challenging the one size fits all approach to transform SME lending in Australia by bringing back the craft of relationship banking.

Built from the ground up by a group of deeply experienced and highly credentialed business lending professionals, Judo opened for business in March 2018 to provide a genuine alternative for small and medium sized businesses to access the funding they need and deserve.

Headquartered in Melbourne, Judo currently has a team of 50, with plans for a staged national roll out in the coming months.

Judo has lodged with APRA (Australia's banking regulator) its formal application for a full banking license, expected in December 2018.

Judo is backed by leading global investors and to date has raised \$140m in one of the largest pre-revenue equity raisings in Australia's corporate history.

For more information on Judo, please visit

www.judocapital.com.au

ABOUT EAST AND PARTNERS

East & Partners is a leading specialist business banking market research and analysis firm. The firm's core expertise is in the provision of analysis and advisory services tailored for the commercial, business and institutional banking markets across Asia Pacific, Australasia, Europe and North America.

The delivery of accurate quantitative analysis on businesses exploding demand for sophisticated transaction, FX, debt, treasury, investment and advisory banking services and products has been uniquely addressed by East's "bottom up" research methodologies since 1987, based on many thousands of customer interviews with CEOs, CFOs, treasurers and business owners.

East's multi-client demand side research and consulting work has enabled the firm to partner virtually every major domestic and international bank present in the geographies the firm operates in.

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