

MEDIA RELEASE

AUSTRALIAN SMEs: RESILIENT DESPITE ECONOMIC ENVIRONMENT, NEW RESEARCH FINDS

June 17, 2022

Small and medium-sized enterprises (SMEs) are navigating headwinds from rising inflation, continuing labour shortages and supply chain disruptions, but they remain resilient, and are adapting to the current economic environment, new research has found.

Commissioned by Judo Bank, the fifth edition of the independent SME insights research surveyed over 1,750 SMEs Australia-wide, across all major industry sectors, with a turnover of between \$1 million and \$50 million, in the June quarter.

The research provides a deeper insight into the dynamic operating environment SMEs are currently experiencing, with 78 per cent expecting labour costs to continue rising this year, and almost half (44 per cent) saying they are restructuring their supply chains.

But SMEs are resilient and are adapting to the new environment, with more than two thirds (68 per cent) able to pass on rising input costs, one in five (22 per cent) actively reducing other operating costs, and 17 per cent investing in productivity improvements.

Judo Bank Co-Founder and CEO Joseph Healy said: “There’s no denying the challenges of the current economic environment. But what we are seeing, is that the SME sector is continuing to navigate these conditions effectively.

“Importantly, SMEs are doing what they do best by adapting their operations and business priorities to ensure they are sustainable over the long term.

“We’re also hearing that sector reform must be high on the agenda. SMEs are looking to the newly-elected Albanese Government to make important structural reforms, with 83 per cent of respondents identifying tax reform as the number one priority and 65 per cent calling for reduced regulatory reporting.

“Businesses across the economy need to be supported and encouraged to invest in productivity-enhancing technology and skills training.

“The research results show that 36 per cent of SMEs are looking for improved tax treatment for investment and development to support business-led lifts in productivity - and a further one in five (18 per cent) are seeking support for skills training and development.”

Judo Bank’s Chief Relationship Officer, Angelo Manos, said SMEs should be getting the support they need from their bank to navigate the current operating environment, but the research showed that SME trust in the big banks had declined even further.

MEDIA ENQUIRIES:

Luis M Garcia (Cannings Strategic Communications): [0419 239 552](tel:0419239552)

“The research shows that unfortunately, SME trust in the big banks continues to decline. When asked to rate their level of trust in their primary lender from one (no trust) to 10 (complete trust), the average score was only 2.2,” Mr. Manos said.

“Over two thirds of SMEs (67 per cent) rated their dealings with banks as ‘low quality’. This clearly demonstrates that disappointingly, Australian SMEs continue to be undervalued and underserved.”

[ENDS]

About Judo Bank: Judo is Australia’s first purpose-built challenger bank for small and medium-sized businesses (SMEs) and the first fully licensed Australian bank to IPO in 25 years. Judo was founded by a small group of experienced lending professionals and its purpose is to be the most trusted SME business bank in Australia. The company’s relationship-led lending model, which brings back the craft of relationship banking, is enabled by its legacy free, digital, cloud-based technology architecture. Lending products are originated and distributed through direct and third-party channels and are funded by deposits, wholesale debt and regulatory capital.

Judo Capital Holdings Limited | ABN 71 612 862 727 | Level 3, 40 City Road, Southbank, VIC 3006 | www.judo.bank