

# MEDIA RELEASE

## WHAT SMALL BUSINESS WANTS FROM THE ROYAL COMMISSION, SURVEY FINDS

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Australian small and medium sized businesses want the Hayne Royal Commission to recommend greater competition among banks, easier access to credit, and a more even balance of power in their relationship with their bank.

With the Royal Commission due to hand its final report to the Federal Government on February 1, these are the findings of a survey of over 1,750 SMEs nationally commissioned by Judo Capital.

The survey, conducted in 2018 by East & Partners, found that the relationship between SMEs and banks has deteriorated to such a point that nine out of every 10 business owners said they would rather consult friends and colleagues for lending advice than their banks.

When SMEs were asked to rate their trust in banks on a scale of 1 to 10, where 10 is the highest level of trust, the Bank Trust Index scored banks at just 2.5 points.

Judo's Chief Risk Officer, Jacqui Colwell, said: "Having spoken to more than 1,750 SME owners across Australia who borrow money, these findings confirm what we understood to be true: SMEs looking to borrow money have lost faith in the banks to provide the funding they desperately need and deserve.

"Small businesses represent 97.5% of all businesses operating in Australia<sup>i</sup> and employ 44% of people in the private, non-financial sector<sup>ii</sup>, so it is critical that we address issues arising from the banks dealings with SMEs that were exposed during the Royal Commission.

"SMEs are now looking to the Commission's final report and recommendations to address the reasons for their loss of trust in the banks."

Ms Colwell said that the lack of trust revealed by the report, which has been compounded by information that came to light during the royal commission hearings, was symptomatic of a long-term decline in SME lending standards.

“This loss of trust has been happening for some time, driven by an imbalance of power between the banks and its SME customers; the gradual destruction of the relationship that used to exist between a bank and its customers; and a lack of true competition,” Ms Colwell said.

“Judo’s mission is to provide credit-starved Australian SMES with a real alternative to the banks. We are doing this by bringing back the craft of relationship banking where time spent understanding our customers’ businesses and judgement-based decisions are paramount to how we operate.

“We hope that the banking royal commission has listened to what SMEs need, and that this dynamic sector, which has for too long been ignored or taken for granted, can finally receive this support it critically needs and deserves.”

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#### ABOUT JUDO

Judo Capital is challenging the one-size-fits-all approach to transform SME lending in Australia. Built from the ground up by a small group of deeply experienced and highly credentialed banking professionals, Judo has been modelled on the successful challenger banks in the UK and US. Judo formally launched 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, with offices in Sydney and Brisbane Judo has a team of 70+ with plans to grow further in the coming months. For more information on Judo, please visit [www.judo.bank](http://www.judo.bank).

Judo provides flexible business loans, lines of credit, equipment loans, finance lease and home loans for our business lending customers.

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<sup>i</sup> FSRC, *FSRC Background Paper No. 12: Financial Services and Small Medium-Sized Enterprises*, 14 May 2018, 7.

<sup>ii</sup> FSRC, *FSRC Background Paper No. 12: Financial Services and Small Medium-Sized Enterprises*, 14 May 2018, 9.