

MEDIA RELEASE

SME ECONOMY RESILIENT DESPITE LOCKDOWNS AND LACK OF SUPPORT FROM MAJOR LENDERS, REPORT FINDS

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Nearly half of Australian small and medium-sized businesses (SMEs) are seeking to grow their businesses, hire more staff, and invest in expansion despite uncertainty over the COVID-19 pandemic, a new report has found.

Commissioned by Judo Bank and conducted by East & Partners, the fourth edition of the report surveyed over 1,750 SMEs nation-wide with a turnover of between \$1 million and \$50 million.

The report found that despite the uncertainty and a lack of support from the major lenders, one in two SMEs applied for new funding in the last six months (48.1 per cent) - but of those who applied for funding, over one in four (27.7 per cent) were turned away.

Judo Bank CEO, Joseph Healy, said: "These figures are a testament to the remarkable strength and resilience of the SME economy, which continues to employ most Australians.

"The SME economy remains focused on growth despite the many challenges it has faced. Further, this research highlights that borrowing intentions over the next six months remain high, with over half of SME businesses surveyed intending to seek new funding or refinance.

"However, the report also reveals the impact of COVID is having a greater toll on smaller businesses with a turnover of between \$1 million and \$10 million.

"With 30 per cent of businesses in this category saying they are thinking of quitting altogether, the figures underscore the 'boom or bust' impact of COVID on pockets of this critical sector of the Australian economy."

Judo's Chief Relationship Officer, Angelo Manos, said that despite the vast amount of Government stimulus and support offered to the banks, the report found that more than one in four SMEs are still being knocked back from accessing new funding, and this was having a negative impact on employment levels.

"The report shows that those SMEs that were refused a loan were in effect, stopped from employing on average three additional full-time staff members - and this has direct implications on employment and economic recovery post pandemic," Mr. Manos said.

"And adding insult to injury, this report shows that banks are taking on average 42 days to discharge loans when a SME switches lender. These unnecessary loan transfer delays by the major banks inhibit fast access to funding at a time when small businesses need it most."

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