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**One in three businesses indicate lack of finance for investment is constraining growth**

19 December 2011 – InterTradeIreland’s latest Business Monitor survey for Q3 indicates that a lack of finance for investment is constraining growth for one third of businesses. The Monitor, which surveys 1,000 companies across the island on a quarterly basis, highlighted that businesses have seen a decline in sales and cashflow, with there being a perceived lack of access to finance from the banking system. However, despite this lack of cash, only one in 10 businesses approached their banks for funding.

70% of respondents felt that their bank had little or no understanding of their financial needs, with the manufacturing sector having the least satisfaction with their business bank relationship than those in other sectors. Other interesting findings from the report include:

* 60% of businesses were unaware of credit insurance and only one in ten businesses have it.
* Of those who did restructure their credit arrangements, 60% who approached their bank and 72% who were approached by their bank were satisfied with the outcome.
* Loans and overdrafts were not well received by business - 61% of respondents said that loans and overdrafts were either not very attractive or not at all attractive

Small businesses are still the suffering disproportionately from the economic downturn with nearly half (46%) of businesses reporting that they are winding up, contracting or simply trying to survive.

***(more…)***

In general, the economic outlook is much the same as seen in the previous couple of years, at a consistently low level with no sign of any significant uplift. This is reflected in only 6% of companies planning to increase employment in the near future.

Aidan Gough, Director of Strategy and Policy with InterTradeIreland, said:

“ We are faced with a complex trilemma , a decline in customers, a fall in confidence and contraction in cash with each reinforcing the other, creating a vicious circle that is difficult to break out of. The fact is that nine out of ten businesses are reluctant to approach banks for funding. The disconnect between the funding businesses require and what banks are willing to provide is an issue that has to be addressed.”

“The Business Monitor also indicates that those who export or who have cross-border sales are significantly more likely than those who rely solely on the domestic market to report increased sales, and are less likely to have experienced a decrease. Around 33% of companies which are exporting or involved in cross-border trade are reporting increased sales, compared with only 19% of those which are operating solely in local markets.  The roadmap is very clear – we need more companies exporting,” concluded Aidan Gough.

**ENDS**

Please note that Aidan Gough, Director of Strategy and Policy at InterTradeIreland is available for interview.

A copy of the Executive Summary can be viewed at <http://www.intertradeireland.com/researchandpublications/publications/name,10066,en.html>

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