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TITHE AN OIREACHTAIS

An Comchoiste um Poist, Fiontair agus Nuálaíocht

Tuarascáil ar Rochtain ar Airgeadas d'Fhiontair Bheaga agus Mheánmhéide

16 Iúil 2014

HOUSES OF THE OIREACHTAS

Joint Committee on Jobs, Enterprise and Innovation

Report on Access to Finance for Small and Medium Enterprises (SMEs)

16 July 2014

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Chairman's Foreword

Damien English
Committee Chairman
(FG)

It is widely acknowledged that Small and Medium Enterprises (SMEs) contribute substantially to employment growth and economic prosperity and that access to finance is crucial for their survival. To that end we need to ensure that everything possible is done to create and maintain an environment supportive of this vital sector of our economy.

Even before the economic downturn began, some small firms had trouble getting access to the funds they needed for growth or innovation. Banks in many countries have become even less inclined to lend to businesses in the wake of the 2008 financial crisis, compounding the challenges already faced by companies.

European Commission Vice-President Antonio Tajani, Commissioner for Industry and Entrepreneurship recently commented: "*The financial crisis has affected the ability of the financial sector to channel funds to the real economy. SMEs in particular are key contributors to sustainable growth. However they are still finding it challenging to obtain financing.*"[1]

The latest joint EC/ECB survey on access to finance published at the end of April 2014 shows that access to finance is still a major issue and concern for Irish SMEs. 23% of surveyed Irish SMEs said access to finance was their biggest concern compared to the euro area average of 14%. Also, some 50% of the surveyed Irish SMEs did not manage to get the full amount they had planned for during the previous six months and 23% of their loan applications were rejected. Some 19% of companies received less than they had applied for. [2]

[1] European Commission Press Release, Brussels 15 April 2014
[2] ECB Report on the results of the survey on the access to finance of small and medium-sized enterprises (SMEs) in the euro area.

Given the importance of SMEs to economic growth and job creation and retention, as part of its work programme for 2014 the Joint Committee on Jobs, Enterprise and Innovation decided that it would examine the issue of Access to Finance for SMEs and consider how to best address both the current challenges and long-term structural issues affecting access to finance for SMEs. It was agreed that relevant stakeholders would be invited to meet with the Committee and present their views on the topic.

By engagement with these stakeholders the Committee wished to look at the current landscape in respect of Access to Finance for SMEs to see what policy initiatives have been put in place to assist SMEs since the banking crisis, difficulties in accessing finance and the impact this is having on entrepreneurship and growth. As part of its engagement on this topic it was agreed that the Committee would explore alternative sources of funding for SMEs, the extent to which they are being taken up and related matters.

In the course of his presentation to the Committee on 11 June 2014, Director General of the Enterprise and Industry Directorate General of the European Commission, Daniel Calleja Crespo, said: " *In the case of Ireland we believe it is very important to develop further policy initiatives to address the availability of bank and non-bank financing and, in particular, to improve SMEs' access to bank credit and non-bank finance.*"

In the context of its review the Committee engaged with the authors of two recent Reports: *Access to Finance for Growth for SMEs on the Island of Ireland* published in December 2013 by InterTradeIreland and the Report titled *Entrepreneurship in Ireland – Strengthening the Startup Community* produced by the Entrepreneurship Forum in January 2014. The recommendations contained in this report are intended to complement those contained in these two reports.

In the course of the preparation of this report, the Committee, over a number of months, held a number of meetings with a wide range of stakeholders to elicit their views. All written submissions, opening statements and presentations received and the transcripts of the public meetings of the Joint Committee at which the various organisations and individuals gave evidence can be electronically accessed on the Committee's website at http://www.oireachtas.ie/parliament/oireachtasbusiness/committees_list/jobsenterpriseandinnovation/reports/

On behalf of the Joint Committee, I would like to express my gratitude to the staff of the Committee secretariat for the work involved in producing the report, to Committee members for their input, and to the organisations and individuals who came before the Joint Committee to give evidence. The Joint Committee gained valuable insights from all those who had an input into the preparation of the report.

The Joint Committee is fully committed to monitoring the progress being made on the on-going implementation of the recommendations contained in this report, as well as other policy initiatives, in close consultation with the those Ministers, Departments, State Agencies and other stakeholders with responsibility for policy in this area.

Damien English.

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Damien English, T.D.,
Chairman,
Joint Committee on Jobs, Enterprise and Innovation,
16 July 2014

Introduction

The Joint Committee (hereinafter referred to as the "Committee") held a total of 11 days of hearings from November 2013 through to June 2014 to engage with relevant stakeholders so as to assess the availability of finance for small to mediums sized businesses (SMEs) in Ireland. Presentations were made by representatives from Microfinance Ireland, LinkedFinance, the Entrepreneurship Forum, InterTradeIreland, the National Pension Reserve Fund (NPRF), Bank of Ireland, Ulster Bank, AIB, the Credit Review Office, Chambers Ireland, Irish Small and Medium Enterprises (ISME), the Small Firms Association (SFA), the Irish Venture Capital Association, Forfás, the Irish League of Credit Unions, Credit Union Development Association, Credit Union Managers Association, the Dublin Business and Innovation Centre and Mr Daniel Calleja Crespo, Director General, DG Enterprise and Industry, European Commission.

The aim of this Report is to outline the facts and arguments presented to the Committee during the hearings and to present findings and key recommendations. In so doing, we are aiming to emphasize the importance of SMEs to the Irish economy and evaluate the credit conditions that exist in the SME sector as a whole.

1. Contextual Background – some statistics

Enterprise Ireland describes small enterprises as those enterprises that have fewer than 50 employees and either an annual turnover and/or an annual Balance Sheet total not exceeding €10m; and medium enterprises as those enterprises that have between 50 employees and 249 employees and either an annual turnover not exceeding €50m or an annual Balance Sheet total not exceeding €43m.[3]

SMEs as defined by the European Union are divided into 3 categories. Microenterprises have 1-9 employees, small enterprises have 10-49 employees and medium enterprises have 50-249 employees.[4]

The Central Statistics Office published 'Business in Ireland 2011' in November 2013 and, in this, it can be seen that SMEs accounted for 99.8% of active enterprises, 68.6% of persons engaged, 50.1% of turnover and 46.0% of gross value added (GVA). Furthermore in 2011, there were over 189,000 active enterprises in the business economy with over 1.2 million persons engaged. The

[3] http://www.enterprise-ireland.com/en/about-us/our-clients/sme-definition.html
[4] Letter to the Committee dated 27 May 2014, from Mr. John Murphy, Secretary General, Department of Jobs, Enterprise and Innovation

majority of enterprises in the business economy at 90.8% were micro-enterprises[5].
These statistics clearly demonstrate the importance of SMEs to the well-being of the Irish economy. It is therefore of paramount importance that the SME Sector in Ireland is given every possible support.

The Committee's report comes about in light of growing concerns within the SME sector that accessing finance has been and continues to be extremely difficult. The context to this report is the frustration that is being felt regarding bank lending facilities.

The outstanding balance of lending to SMEs has been steadily falling since 2011. Gross new lending flows have remained between €450 and €750 million per quarter since 2011 with no discernable upward trend.

The CEO of the Irish Small and Medium sized Enterprises Association (ISME) in his address to the Committee noted that *"the most recent Central Bank statistics for money and banking, dated March 2014, indicate that lending to Irish non-financial corporations showed a year to year decline of 6.1% in March, following an annual decrease of 5.8% in February. All categories of loans recorded a decline over the year. This represents the 16th consecutive monthly decline in lending."* [6]

The Committee also has concerns about the spread over the Euribor interbank rate for smaller borrowers and the interest rate premium over larger borrowers, which has steadily grown since the 2008 crisis.[7]

Furthermore, it was noted by the Committee that the Government-commissioned RedC Report stated that perceptions of bank lending were still poor and that many people would not go to the bank because they feared their existing facilities would be reduced.[8]

However, the three main street banks that appeared before the Committee painted a different picture…
The Chief Executive of Retail Banking in Bank of Ireland noted that "*The bank is committed to advancing €33 billion in new lending to the economy in the next five years to the end of 2017. Of that €33 billion, €12 billion will be to support the SME sector, in particular………Approvals for new and increased lending were at a figure of €3 billion in value terms in 2011, €3.7 billion in*

[5] Ibid.
[6] Joint Committee on Jobs, Enterprise and Innovation Meeting Transcript dated 13 May 2014, *page 3*
[7] SME Market Report, Bank of Ireland, *page 1*
[8] Joint Committee on Jobs, Enterprise and Innovation Meeting Transcript dated 15 April 2014, *page 5*

2012 and €4 billion in 2013…. In 2013 we supported 16,000 start-ups." [9]

The CEO of Ulster Bank noted that "*We have €1.2 billion set aside for new business lending in 2014*".[10] And the Director of Personal Business and Corporate Banking, AIB, noted that "*AIB exceeded the Government's €4 billion lending target in 2013 with €4.3 billion sanctioned to 32,000 SME customers in new and refinanced facilities…..AIB's volume of new money approvals rose by 22% last year and we are seeing this positive trend continuing into the first quarter of 2014….."*[11]

The stated aim of this Report is to ascertain what the realities are for SMEs trying to access finance in Ireland at present and to make several recommendations to assist in ensuring that accessing finance does not prove to be unduly problematic for SMEs, who are at the forefront of Ireland's economic recovery.

2. Lending

A major question that this report will attempt to address is that of whether the banks are actually lending to SMEs at present. From the evidence presented to the Committee, it is clear that there is a divide in opinion on this issue between the banks on the one hand and the small business representative organisations on the other.

Each of the three banks that presented to the Committee were clear that they need to lend money to make money.

The Banks referred to their commitment to lending to SMEs, now and in the future, and gave examples of the measures they intend to take to improve lending to SMEs. Furthermore, the banks outlined their impressive approval records.

AIB stated that "*The approval rate for lending applications was 92% for the year*". [12] Bank of Ireland stated that "*The total number of applications for the year exceeded 56,000 and our approval rate remained constant at 85% both in 2012 and 2013*."[13] Ulster Bank stated that "*About 94% of our loans are approved…."*[14]

It has been submitted by ISME that "*The ISME Bank Watch survey figures confirm higher refusal*

[9] Ibid., *page 4*
[10] Ibid., *page 21*
[11] Ibid., *page 31*
[12] Ibid
[13] Ibid., Mr. Liam McLoughlin, *page 4*
[14] Ibid., Mr. Jim Brown, *page 22*

rates than the banks admit to."[15] ISME refers to its Bank Watch Survey which it carries out every quarter. It noted that refusal rates have grown from an average refusal rate of 20% throughout the 1990s and up to May 2008, to a rate of 57% in November 2008 and a rate of 54% today. [16] It is cited by ISME that there is a significant difference between formal and informal rejections and that the banks are only counting formal rejections. The first Mazars report on SME lending finds that the banks failed to adequately record the level of SME lending and that they also failed to adequately record all business inquiries for finance.[17] ISME considers that the banks are "*…guilty of what Churchill called terminological inexactitude."*[18]

The most recent Bank Watch survey notes that the response rate for their last survey was 9.5%, with 924 owner managers responding. It was found that 54% of SMEs that had applied for funding from banks in the three months to the end of February were refused credit, a deterioration from the 50% refusal rate in the previous quarter.[19] Perhaps more worryingly, a reduction in overdraft was demanded of 35% of SMEs, an increase from 28% in the previous quarter.[20]

On the issue of demand for credit, the ISME Bank Watch survey found that 39% of respondents had requested additional or new bank funding, an increase from 37% in the previous quarter.

The Committee considered that there may be a bias in ISME's figures as those respondents who were declined credit were far more likely to respond to a survey than those whose application had been accepted. ISME agreed that there was a bias in their statistics but argued that that bias was always present and that does not account for the increase in the refusal rate from 20% in the 1990s to 54% today. [21]

The Committee is very concerned about the divergence of opinion between the banks on the one hand and the small to medium business representative organisations on the other. To get a clearer picture of the lending landscape, the Committee considers that independent verification of lending rates across the banking sector is necessary to eliminate the doubts expressed by one side over the other's claims.

It is also noteworthy that there exists differences of opinion between the banks themselves. Bank

[15] Op. Cit. Transcript 13 May 2014, Mr. Mark Fielding, CEO ISME., *page 3*
[16] Ibid., *page 3*
[17] Ibid., *page 4*
[18] Ibid
[19] Ibid
[20] Ibid
[21] Ibid., *page 11*

of Ireland argue that they have provided "…..*more than 50% of all new non-property SME lending in 2013",* [22] whereas AIB argue that "…*[AIB] has the No.1 market share for new start-ups seeking banking facilities*…"[23]

The Committee has serious concerns about the reality of the situation on the ground and the fact that opinions on the issue of the availability of credit for SMEs are so divergent. To this end, the Committee notes that Small Business Owners who presented to the Committee complained that getting credit was extremely difficult in the current economic climate.[24]

<u>Recommendation 1 :</u>

The Committee considers that independent verification of lending rates across the banking sector is necessary. The Committee considers that the Central Bank may be the appropriate authority to carry out such a study. Furthermore, the Committee is of the view that consideration should be given to the redrawing of the criteria for which a successful application is viewed.

3. Overreliance on bank loans and overdrafts

Around 60% of Irish small and medium-sized enterprises are reliant on bank overdrafts and short-term debt compared to a significantly lower average of only 39% across the EU.[25]

Ms. Sharon Higgins, Head of Sectors at the Irish Business and Employers Association (IBEC) stated that "*Our reliance on traditional banking is too high by international standards."* [26]

InterTradeIreland reported that, in 2012, 93.5% of the finance available to SMEs was bank finances and that SMEs in Ireland and Northern Ireland are "*disproportionately reliant on the banking sector as a source of finance.*" [27]

The importance of bank finance to Irish SMEs cannot be overstated. It was pointed out to the Committee that the level of finance for SMEs in the Irish market that comes from banks is about 93% or 94% and is significantly higher than the European norms.[28]

The Committee considers it obvious that there is a higher than average reliance on bank funding in Ireland. The dominance of microenterprises in Ireland can, at least in part, be explained by the historical existence of family-owned businesses, which may consequently explain the anathema

[22] Op Cit., Meeting dated 15 April 2014, Mr. Liam McLoughlin., *page 4*
[23] Ibid., *page 31*
[24] Joint Committee on Jobs, Enterprise and Innovation meeting dated 24 June 2014 – Discussion with Retail Grocery Dairy & Allied Trades Association (RGDATA)
[25] Op.Cit., Meeting dated 13 May 2014, Transcript *page 6*
[26] Ibid., Sharon Higgins, Head of Sectors, IBEC *page 13*
[27] Ibid, Mr. Aidan Gough, Director of Strategy and Policy, InterTrade Ireland, *page 3*
[28] Op. Cit., Meeting dated 15 April 2014, *page 37*

to releasing equity for the business. This should not be seen as a barrier but rather a challenge. This challenge, it is considered, can and should be tackled head on by encouraging better and more varied strands of funding as well as promoting and encouraging different forms of funding. As such, the Committee does not have any major concerns about the reliance on bank finance for SMEs at present.

The Committee concurs with the opinion of the European Commission SME Envoy, Mr. Daniel Cajella Crespo that the development of the non-banking sector allows one to have a more diversified system.[29]

Recommendation 2:
The Committee considers that the development of non-banking sector funding initiatives to fund growth in the SME sector should be strongly encouraged. The Committee is of the view that a more diversified system will be of great benefit to the SME sector.

4. Barriers to credit flow

The following is a general list of the barriers to a better flow of credit to SMEs:

Entrepreneurs

A recent Small Firms Association survey showed 40% of its members lacked confidence in approaching a bank for finance.[30] Furthermore, the Committee notes the comments of European Commission SME Envoy, Mr. Daniel Cajella Crespo, who stated that one of the biggest challenges facing Europe is promoting entrepreneurship. The Committee is further concerned that only one in three Europeans sees becoming an entrepreneur as a career prospect. However, the Committee is strongly encouraged by the efforts of the European Commission to foster and promote entrepreneurship including the initiatives to allow young entrepreneurs to spend six months in another EU country under the Erasmus programme.

The Committee considers that fostering entrepreneurship is imperative in sustaining our economic recovery. As such, the Committee has very serious concerns that our entrepreneurs are becoming more risk averse because of the fear of being turned down when funding is required.

[29] Op. Cit., Meeting 11 June 2014, *page 7*
[30] Joint Committee on Jobs, Enterprise and Innovation Meeting Transcript dated 6 May 2014, *page 3*

Recommendation 3:
The Committee considers that senior entrepreneurs need to get involved in mentoring young entrepreneurs as mentoring and coaching programmes are of vital importance to revitalising the SME sector.

Late Payments

Mr. Mark Fielding from ISME has stated that late payments in commercial transactions are a major issue for small businesses. *"..Some small businesses act as banks by extending trade credit to companies turned down by banks. That leads me to the issue of late payments, which has a bearing on access to finance. If businesses were paid on time, their need for finance would reduce dramatically. I will not dwell on the topic but I ask the committee, which is very busy, to examine the situation in which small and medium-sized enterprises are waiting an average of 60 days to be paid, despite prompt payment legislation introduced in 2002. The legislation has not worked. I will leave that matter to the committee. If we are waiting an average of 60 days beyond the credit period, it means we must go to our banks to get funding."*[31]

Late payments are an important element of the debate on access to finance for SMEs as they severely restrict SME's ability to grow. SMEs who are constantly waiting for payments are unable to plan or expand. The Committee welcomes initiatives at EU level to deal with this problem.

The Late Payments Directive entered into force this year and, to promote this fact, the European Commission has launched an information campaign to inform SMEs about their new rights. The Committee notes the comments of EU SME Envoy Mr. Daniel Cajella Crespo who stated that *"One out of three companies which has failed in Europe has done so due to problems related to late payments."* [32]

Recommendation 4:
The Committee considers that initiatives should be put in place to market and raise awareness of the important tenets of this EU Directive to ensure that SMEs can familiarise themselves with their new rights.[33]

[31] Joint Committee on Jobs, Enterprise and Innovation, Meeting of 13 May 2014 Transcript, *page 4*
[32] Joint Committee on Jobs, Enterprise and Innovation, Meeting of 11 June 2014, Mr. Daniel Cajella Crespo, Transcript, *page 5*
[33]The main provisions of the revised legislation are:
I. Public authorities must pay for the goods and services that they procure within 30 days or, in very exceptional circumstances, within 60 days.
II. Enterprises should pay their invoices within 60 days, unless they expressly agree otherwise and if it is not grossly unfair to

Banks requesting personal guarantees

The issue of personal guarantees is highlighted in the Entrepreneurship Forum report which was commissioned by the Department of Jobs, Enterprise and Innovation and headed by Mr. Sean O'Sullivan.

The SME lending code of conduct from the Central Bank states:

"Having due regard to the nature, liquidity and value of collateral a regulated entity [the bank] must not impose unreasonable collateral requirements for providing credit facilities, having regard to the value of the credit being offered.

A regulated entity must not impose unreasonable personal guarantee requirements on borrowers."[34]

The Entrepreneurship Forum report commissioned by the Department of Jobs, Enterprise and Innovation states:
"However, the lending banks in Ireland are not following this code."[35]
For example, even for established, profitable, non-leveraged limited companies, a requirement for personal guarantees is considered normal rather than an exception.

Mr. Richie Boucher, Bank of Ireland, admitted that the banks did request personal guarantees
"….we say that if we are to provide a loan on a basis that we can accept the risk then that equity contribution must be recognised by way of a personal guarantee."[36]

Lack of banks in the ecosystem

The Committee has concerns that there is not enough competition between banks for customers at present in Ireland.

the creditor.
III. Enterprises are automatically entitled, without the necessity of a reminder, to interest for late payments plus compensation costs.
IV. The statutory interest rate for late payment is increased.
V. Enterprises can challenge grossly unfair terms and practices.
For further information see here: http://www.djei.ie/enterprise/smes/faq.htm

[34] http://www.centralbank.ie/regulation/processes/consumer-protection-code/documents/code%20of%20conduct%20for%20business%20lending%20to%20small%20and%20medium%20enterprises.pdf *page 7*

[35] Entrepreneurship in Ireland, Strengthening the Start-up Community, *Page 44*

[36] Op.Cit., Meeting dated 15 April 2014, *page 8*

ISME has stated that the lack of competition between banks is causing problems for SMEs, "*Another problem is that there are so few banks which meant that there is not as much competition as we would like because of the exit of many banks.*" [37]

However, Chambers Ireland consider that the issue should not be with the lack of banks in the ecosystem but rather the provision of a regulatory environment that ensures fair practice.
"It is more important to have a regulatory environment that ensures best practice and fair practice for all consumers rather than necessarily chasing extreme competition or multiple competition."[38]

Recommendation 5:

The Committee notes that there is a lack of banks in the ecosystem at present in Ireland and this may give rise to the potential for a lack of competition in the market. Although the Committee understands that personal guarantees are an element of business, it is considered that due to the concentration of banks in the market and in order that lending conditions are not overly abused, mechanisms to restrict the necessity of requesting personal guarantees should be considered.

Recommendation 6:

The Committee considers that a viable business should not be brought down by the calling in of a previous bad loan. The Committee urges the banks to consider the parking of debt in such instances and to follow the principles laid down in dealing with mortgage distress as a possible solution to dealing with business debt.

Cost of Credit

At present in Ireland interest rates are actually quite low and the average rate is currently 5.45%.[39] ISME agreed that the cost of credit is not presently a major issue.[40] However, ISME noted that the gap in the cost of credit for SMEs compared to large businesses was expanding year on year. The Committee has concerns about the ability of SMEs to remain competitive with large businesses if the cost of credit differential keeps widening.

[37] Op.Cit., Meeting dated 13 May 2014, Mr. Mark Fielding, *page 8*
[38] Op.Cit., Meeting dated 6 May 2014, *page 16*
[39] Op.Cit., Meeting dated 15 April 2014, *page 16*
[40] Op.Cit., Meeting dated 13 May 2014, *page 8*

AIB stated that *"The cost of credit is still quite low. Some of that is associated with the legacy of the back book, so there are very low levels of interest rates in respect of those. There is a blend of different types of overdraft available but the average rate comes in at 5.45%. If one eliminates and marks for the cost of funds difference in the Irish market versus, say, the German market, they actually normalise."*[41]

ISME noted that the cost of credit was not a big issue for many of its members. *"…..The reason it is not a big issue is that many SMEs remember a time when the cost of credit was 19% or 20% and they were still able to get by because that is what a business does. It is simply another cost. Having said that, let us compare the cost of credit in Ireland for SMEs as against that for large businesses. The gap is expanding year on year. Each year we see the gap in the cost of credit to a large business as against a small business extending. Let us consider the cost of credit in Ireland for SMEs as against the cost of credit for SMEs throughout Europe….*
Again, the gap is increasing all the time. That remains an issue for us. Another problem is that there are so few banks which meant that there is not as much competition as we would like because of the exit of many banks." [42]

Recommendation 7:
The Committee considers that new businesses need to be made aware of all the charges that a bank will impose on them before a bank account is opened or a loan drawn down so that they can budget for them.

5. Formal applications/figures

Having examined all the available evidence, the Committee would like to underline the importance to SMEs of lodging a formal application for bank finance. There have been several comments about informal denials, such as the bank manager who tells someone in the local GAA club 'that there is no chance of a loan'. It is considered that this should under no circumstances be construed as a formal rejection.
Furthermore, ISME has stated that SMEs should seek clarification as to why their application was denied. The Committee considers that the banks should be made to provide better explanations to SMEs as to why their application was rejected.

[41] Op.Cit., Meeting dated 15 April 2014, *page 38*
[42] Op.Cit., Meeting dated 13 May 2014, *page 8*

The Committee has not found any level of impropriety on behalf of the banks with regard to penalising those who submit formal applications. However, the Committee does have concerns about certain practices and techniques used by the banks regarding their figures for applications approved/rejected.

In this regard, the Committee is extremely concerned about the huge differentiation between loans approved and loans drawn down. In discussions with the Committee, Ulster Bank noted that technically only 50% of their loans get drawn down.[43]

The Committee has considered evidence that the banks are involved in practices such as slow processing which involves not saying no but not saying yes either. The process is then dragged out for so long that the opportunity/need for finance has passed and the SME is not in a position any more to take the loan.

The Committee has strong concerns about the large discrepancy between the amount of loans approved and the amount of loans drawn down. Furthermore, the Committee considers that banks are delaying decisions on the approval of loans such that, by the time a decision is reached, the period for the necessity of the loan for business expansion has lapsed.

Recommendation 8:

The Committee urges SMEs to submit formal applications for bank loans even if they have been informally informed that no money is available.

Recommendation 9:

There are many options available to SMEs if their application for finance is rejected. These include, *inter alia,* applying to the Credit Review Office for a formal review of their rejection or applying to MicroFinance Ireland. The Committee urges SMEs to explore and exhaust all of the options available to them.

Recommendation 10:

The Committee considers that it should be mandatory for banks to provide detailed written explanations as to why a particular application for credit has been turned down.

[43] Op. Cit., Meeting dated 15 April 2014. Ms Ellvena Graham, *page 22*

Recommendation 11:

The Committee considers that loan applications should be dealt with by banks within a specific timeframe and a response should be provided within 2 weeks at the latest.

Recommendation 12:

The Committee urges the Credit Review Office to examine those applications that have in theory been approved but in practice have not, for example, in situations where the bank offers half the credit asked for, or takes an unusually long time to process the loan.

6. Training/upskilling of applicants and assessors

The Committee welcomes initiatives by some of the banks to improve the situation regarding knowledge that exists internally with regard to the specialisations required when approving bank loans. The Committee recognises the importance of sector specific specialists within the ranks of the banks to ensure that the expertise is available to properly and adequately assess whether a bank loan should be approved or rejected.

In relation to the recruitment of sector specific specialists, Bank of Ireland noted that *"….For example, in the agriculture sector, we started a process three years ago - we have a little way to go - to recruit specialist agricultural advisers who do not just look at a farm's accounts from a balance sheet or a profit-loss perspective but who understand the dynamics of what a good farm looks like."*[44]

ISME considers however, that there is a serious lack of sector specific knowledge within the banks. It is contended that this is acting as a serious barrier to the provision of credit, as the banks are simply unable to ascertain whether a business proposal is viable or not. ISME used the following example: "*Those involved in precision engineering use lathes to cut metal. One of our members was brought before a branch manager and informed that the bank in question - I will not say where it is located - would "not be providing funding for the company's latte this year". That is a measure of the type of expertise that is currently available".*[45]

Recommendation 13:

The Committee considers that there must be greater supports for small businesses to improve their financial literacy with particular emphasis on the drafting of business plans. In this regard,

[44] Op. Cit., Meeting dated 15 April 2014, Mr. Richie Boucher, *page 13*
[45] Op. Cit., Meeting dated 13 May 2014, *page 12*

the Committee considers that the use of a voucher system to purchase expert financial and professional advice should be explored as a possible solution to the lack of financial nous that exists in a proportion of small businesses in Ireland. The Committee considers that the lack of financial capability is stunting growth in the SME sector and is a major contributory factor in the inability to access finance. By providing solutions to this problem, the Committee considers that the SME sector will be given a considerable advantage in the quest for growth and access to finance.

Funding for Employers

Chambers Ireland consider that it is imperative to provide more training to SMEs.

"Our view is that SMEs should get training to fill in loan applications properly, get the data they need in terms of cashflow, make a formal application and, if it is rejected, they can go to the John Trethowan [sic] organisation, the Credit Review Office, and make the proper appeal."[46]

Mr. Seán Murphy continued, *"We note that the national training fund, NTF, is gathered via a compulsory levy on all employers of 0.7% of salary paid. That amounts to approximately €350 million per year. The vast majority of the money is currently devoted to training for employment. Virtually no funding is available to employers to upskill either their management teams or staff. That does little to assist firms at a time when they need it most. Accordingly, we continue to call for moneys to be made available under the NTF to be ring-fenced to support owner-managers and their management teams and those who are specifically in employment to upskill themselves on cashflow analysis to enable firms to carry out the required cashflow analyses needed to complete a full and comprehensive loan application and talk knowledgeably to their banks."* [47]

Recommendation 14:

The Committee is in agreement that there is a lack of supports to improve the skills of employers. The Committee wishes to echo the call for money to be ring fenced under the NTF budget to upskill employers.

7. MicroFinance Ireland

The Committee welcomes the steps taken by MicroFinance Ireland to improve the accessibility to funds for SMEs in Ireland. The Committee commends the efforts made to date but considers that much more needs to be done to ensure that the original investment in Microfinance Ireland is well rewarded.

[46] Op.Cit., Meeting dated 6 May 2014, *page 15*
[47] *ibid*

However, the Committee considers that more can be done to ensure the success of this initiative. The Committee considers that, in particular, the main street banks can do more to promote the initiative and that it should be a formal requirement to inform a rejected applicant of the opportunity to apply for funding with MicroFinance Ireland. The Committee is conscious that some of the banks are not doing this. Having carefully considered the evidence provided, the Committee further considers that it would be advantageous if the contact details of each rejected applicant were automatically forwarded to MicroFinance Ireland, whereupon MFI could contact the applicant separately, subject to the applicant's agreement.

Finally, in a general context, the Committee considers that MFI is unduly hampered by the inability to loan directly to SMEs and by the stipulation that SMEs can only apply to Microfinance Ireland once their application for finance has been rejected by the banks. The Committee considers this an arduous and onerous process and far more would be achieved by removing this obstacle.

Recommendation 15:

The Committee considers that the issues over whether MicroFinance Ireland should be able to provide credit to SMEs without only being able to accept applications from those SMEs who have had a credit application refused is one of paramount importance to the survival of MicroFinance Ireland. The Committee notes that if MicroFinance Ireland is to become a viable vehicle to provide solutions to the revival of the SME sector in Ireland, then restrictions on who it can and cannot lend to must be eased. The Committee considers that a prudent approach would be to allow SMEs to apply directly to MicroFinance Ireland for loans up to €10,000.

Recommendation 16:

The Committee recommends that MicroFinance Ireland ease its own terms and conditions on the businesses that it lends to and that they must increase their risk threshold, if they are to fulfil their purpose.

8. State Investment Bank

The Committee welcomes the new state-backed Strategic Banking Corporation of Ireland (SBCI) which will lend to small and medium businesses under favourable terms. The SBCI has pre-committed funds of €500m from a number of institutions including the German Promotional Bank KfW, the directed portfolio of the Irish Strategic Investment Fund (ISIF) – formerly the National

Pension Reserve Fund – and the European Investment Fund (EIF).[48] It is understood that under the scheme, the existing main street banks will borrow money from SCBI and lend to SMEs. The Committee considers that the success of this initiative will depend on the banks passing the lower cost of sourcing the funds on to SMEs. The Committee considers that all steps must be taken to ensure that this is done in a transparent and forthright manner.

Recommendation 17:

The Committee recommends that the Government explores the expansion of the new state-backed fund that is to be delivered through the main street banks. The possibility of a new state-backed enterprise bank with a presence on the high street is to be examined.

9. CrowdFunding

The Committee would like to acknowledge the huge steps being taken by initiatives outside the normal lending channels. This includes, *inter alia*, crowdfunding, which is a relatively new concept in Ireland with the potential to considerably change the lending landscape in Ireland. The growth of crowdfunding over the past number of years has been astronomical. It would be remiss of legislators to overlook its importance to SMEs. The Committee has carefully reviewed the figures and notes that only 6% of loans are defaulted upon.

- UK initiative

The Committee acknowledges the steps taken by the UK Government to assist in funding a crowdfunding initiative called "Funding Circle" by funding each loan by 20%. The presence of the backing of the UK Government has seen a huge rise in take up of crowdfunding. It is something that needs to be looked at immediately in Ireland.

LinkedFinance informed the Committee that "*What happened with funding, certainly in the UK, was the ideal way for the Government to support the sector. In terms of what happened, this time last year Funding Circle was lending at a rate of ST£1 million per week. Five weeks after the Government started participating and lending through the site, that had increased to ST£5 million per week; there was a five-fold increase. It was like getting a stamp of approval from the Government but in the biggest way possible, which was that the Government had sufficient confidence in the system to be lending public money.*"[49]

[48] SME Market Report, Central Bank of Ireland, *page 13*
[49] Joint Committee on Jobs, Enterprise and Innovation Meeting dated 11 February 2014, Transcript *page 8*

- Tax relief

To help progress this initiative, (consider the amount of deposits in Irish banks and the small return received and the opportunity to receive greater returns and to utilise the money currently held in Irish banks) the Committee will give consideration to the possibility of recommending capital gains tax relief for those who invest in crowdfunding initiatives.

- Legislation

In relation to legislating for crowdfunding, LinkedFinance stated, *"On the regulation aspect, we have been working with the Peer2Peer Finance Association in the United Kingdom and we were involved in drawing up the White Paper it has in place.*
Regulation will come into play from 1 April this year in the United Kingdom in a soft and light way, so to speak, with a view that a year later it will have settled down and all the criteria will be in place. We believe regulation is a good idea because it would give our lenders and our borrowers a little more comfort but we would be concerned that if the regulation was too tough, it might slow down the progress of businesses such as ours being able to get out to the market and bring many borrowers on board.

…….. Regulation will be important and it is the reason the platforms in the UK have pushed for it. Somebody described the model that would probably work best as being similar to the airline type model where the sites were bonded, which meant each site had to put €100,000 or €50,000 as a bond to show they were of good character and also to protect lenders on the other side, but that is not what is happening in the UK. It is that the UK Government will regulate them as if they were payment platforms rather than financial institutions."[50]

The European Commission has recently published a Communication entitled: "Unleashing the potential of crowdfunding in the EU", which proposes, *inter alia,* to conduct a comprehensive study on the topic of crowdfunding. This study will begin to pave the way for EU regulation of crowdfunding. The UK have already lightly regulated for crowdfunding and the Committee calls for the immediate consideration of legislating for crowdfunding in Ireland.

The Committee recommends that state intervention to boost crowdfunding initiatives would be an effective and efficient use of state money and that the UK government backing to crowdfunding should be replicated in Ireland. This would provide a strong support both financially and in terms of legitimising this type of modern funding facility.

[50] Op.Cit., Meeting dated 11 February 2014, *page 8*

Crowdfunding has seen exponential growth over the past number of years and has the potential to continue doing so. The Committee wishes to give its full backing to these initiatives and commends the good work being done to support the SME sector.

Recommendation 18:

The Committee recommends that the Government consider the UK Funding Circle initiative and ascertain whether a similar initiative is viable in Ireland.

Recommendation 19:

In an effort to reduce Irish dependency on traditional banking as the overwhelmingly predominant source of funding for SMEs, the Committee considers it of paramount importance to increase the attractiveness of alternative sources of finance. The Committee notes that the majority of funding provided through crowdfunding is between €100 and €200 with the average payment equalling €146.[51] In this vein, the Committee maintains that consideration should be given to lightening the tax burden on interest made on minor investments in crowdfunding. This could have the effect of increasing the attractiveness of crowdfunding as an alternative system of finance by giving people the opportunity to earn more for their money than would be the case by depositing it in the bank.

10. Credit Unions

The Committee has considered the issue of Credit Unions providing loans for businesses.

Mr. David Matthews, Business Unit Manager with the Irish League of Credit Unions stated, *"[Another] major roadblock is that over half of credit unions have some form of lending restriction from the Central Bank. Most of these restrictions include some kind of prohibition on commercial lending. In this context, commercial lending can include personal loans to self-employed persons, in addition to business and community-type loans. Even where there is no restriction on commercial lending, most credit unions have a monetary restriction. That limit would preclude any meaningful lending to SMEs, particularly when personal loans to the borrower must be factored in as part of these limits."*[52]

[51] Op.Cit., Meeting dated 11 February 2014, *page 12*
[52] Op.Cit., Meeting dated 6 May 2014, *page 3*

Recommendation 20:

The Committee considers that Credit Unions should have a greater role in local job creation and in supporting SMEs. The Committee recommends that a mechanism is designed to enable greater participation by Credit Unions by channelling assets through a State guaranteed SME fund or bond.

Recommendation 21:

The Committee considers that the commercial lending regulations imposed by the Central Bank on certain Credit Unions should be eased.

Recommendation 22:

The Committee notes that monetary restrictions imposed on certain Credit Unions with regard to the amount they can lend to SMEs should be revised.

11. Venture Capital and National Treasury Management Agency

The Small Firms Association (SFA) recently conducted a business banking survey among a number of member companies, to which 855 member companies responded out of a sample of 3,000. 55 % of respondents use commercial banks for their working capital requirements, while 40% rely on them for their investment capital needs. Retained profit is the second greatest source of funds in a business, with 49% using that for working capital and 43% for investment capital. This is followed by shareholder investment and loans from family and friends. Just 1% of respondents use venture capital and business angels.

The IVCA estimates that over the next five years - 2014 to 2019 - up to 40 start-up companies will be supported every year by seed funds and start-up funds. 110 existing early stage companies will receive additional expansion capital from the mainstream venture capital funds. Within ten years, these companies could provide up to 21,000 new direct jobs and, based upon a 3:1 multiple, 63,000 additional indirect jobs. They could pay up to €300 million per annum in direct payroll taxes, and over ten years that could exceed €2 billion. They could export in excess of €1 billion per year and spend up to €300 million per annum on research and development.[53]

[53] Joint Committee on Jobs, Enterprise and Innovation Meeting dated 27 May 2014 Transcript *page 8*

The IVCA estimates that the capital required over the next five years to fund the growth and expansion of innovative Irish SMEs is €1.65 billion.[54]

The IVCA have targeted pension funds as an area that needs to be looked at to improve investment in VC funds. They note that the pension levy is inhibiting the development of the VC industry in Ireland. Specifically, their recommendations are as follows:

"The pension industry manages the largest pool of private capital in Ireland. Notwithstanding strong recent returns from Irish venture capital funds, Irish pension funds are not investing. This is because there are regulatory constraints on equity investments in general for pension funds and, in particular, there are regulatory constraints on liquidity issues within defined contribution schemes. Many defined benefit schemes are closing or are converting to defined contribution schemes. There is negative sentiment arising from the pensions levy.

This is inhibiting the development of the Irish venture capital industry and, with it, Ireland's high-tech SMEs. If pension funds cannot be persuaded to invest in Ireland, it will also greatly impede the ability of the ISIF to invest in Ireland, as it will be unable to access the required matching private sector funding. Initiatives to free up private sector capital should be considered and could include discussions with the pensions industry around the levy and an alternative could be to set up a national pooled mechanism funded by a 1% investment by all private and public pension funds which have received tax relief on contributions. This could create a €700 million to €800 million fund to invest alongside the ISIF; and a Government or an EU initiative to underwrite a liquidity mechanism which allows defined contribution schemes to invest in selected Irish focused investments like venture capital".[55]

Recommendation 23:

The Committee echoes the call of the IVCA that consideration be given to initiatives that free up private sector capital and the viability of the specific initiatives mentioned by the IVCA should be explored.

[54] Ibid.
[55] Ibid., *page 6*

12. Miscellaneous

EU Funding

The Committee considers that more use should be made of EU funding in Ireland. There are several EU funds aimed at SMEs, such as the COSME Equity Facility for Growth which guarantees the COSME Loan Facility and covers financing to start ups and younger and smaller SMEs.

Recommendation 24:

The Committee considers that initiatives that raise awareness of available EU funding for SMEs need to be strengthened so that Irish businesses are in a position to benefit.

Credit Review Office

The major issue with the Credit Review Office (CRO) is that SMEs seem not to be aware of its presence. It is vital that an SME whose application for credit has been turned down by the banks appeals to the CRO. It has been suggested that it would be appropriate that the contact details of those SMEs who are refused credit, subject to their agreement, would be forwarded directly to the CRO and they, in turn, could then contact those SMEs directly.

The Committee considers that the powers of the CRO should be reviewed with the intention of giving the Office greater powers, and investigating the possibility of the Office probing pertinent questions regarding access to SME finance as an independent assessor. The Committee considers that the CRO may not have enough resources to fulfil the tasks designated to it and the availability of greater funding needs to be explored. It is considered that with greater powers, the public would have greater trust and confidence in the CRO.

Recommendation 25:

The Committee recommends that consideration be given to involving the CRO in the provision of assistance to start-ups and SMEs in their initial requests for business funding. It is considered that the provision of expert professional advice, particularly with regard to the intricacies of drafting a business plan, could be of major assistance to SMEs.

National Pension Reserve Fund

The Committee would like to commend the decision of the NPRF Commission to invest in three new long-term funds that will provide €850 million of equity, credit and restructuring or recovery investment for Irish SMEs and mid-sized corporates.

13. Recommendations of the Committee.

Recommendation 1:

The Committee considers that independent verification of lending rates across the banking sector is necessary. The Committee considers that the Central Bank may be the appropriate authority to carry out such a study. Furthermore, the Committee is of the view that consideration should be given to the redrawing of the criteria for which a successful application is viewed.

Recommendation 2:

The Committee considers that the development of non-banking sector funding initiatives to fund growth in the SME sector should be strongly encouraged. The Committee is of the view that a more diversified system will be of great benefit to the SME sector.

Recommendation 3:

The Committee considers that senior entrepreneurs need to get involved in mentoring young entrepreneurs as mentoring and coaching programmes are of vital importance to revitalising the SME sector.

Recommendation 4:

The Committee considers that initiatives should be put in place to market and raise awareness of the important tenets of this EU Directive to ensure that SMEs can familiarise themselves with their new rights.

Recommendation 5:

The Committee notes that there is a lack of banks in the ecosystem at present in Ireland and this may give rise to the potential for a lack of competition in the market. Although the Committee understands that personal guarantees are an element of business, it is considered that due to the concentration of banks in the market and in order that lending conditions are not overly abused, mechanisms to restrict the necessity of requesting personal guarantees should be considered.

Recommendation 6:

The Committee considers that a viable business should not be brought down by the calling in of a previous bad loan. The Committee urges the banks to consider the parking of debt in such instances and to follow the principles laid down in dealing with mortgage distress as a possible solution to dealing with business debt.

Recommendation 7:

The Committee considers that new businesses need to be made aware of all the charges that a bank will impose on them before a bank account is opened or a loan drawn down so that they can budget for them.

Recommendation 8:

The Committee urges SMEs to submit formal applications for bank loans even if they have been informally informed that no money is available.

Recommendation 9:

There are many options available to SMEs if their application for finance is rejected. These include, *inter alia,* applying to the Credit Review Office for a formal review of their rejection or applying to MicroFinance Ireland. The Committee urges SMEs to explore and exhaust all of the options available to them.

Recommendation 10:

The Committee considers that it should be mandatory for banks to provide detailed written explanations as to why a particular application for credit has been turned down.

Recommendation 11:

The Committee considers that loan applications should be dealt with by banks within a specific timeframe and a response should be provided within 2 weeks at the latest.

Recommendation 12:

The Committee urges the Credit Review Office to examine those applications that have in theory been approved but in practice have not, for example, in situations where the bank offers half the credit asked for, or takes an unusually long time to process the loan.

Recommendation 13:

The Committee considers that there must be greater supports for small businesses to improve their financial literacy with particular emphasis on the drafting of business plans. In this regard, the Committee considers that the use of a voucher system to purchase expert financial and professional advice should be explored as a possible solution to the lack of financial nous that exists in a proportion of small businesses in Ireland. The Committee considers that the lack of financial capability is stunting growth in the SME sector and is a major contributory factor in the inability to access finance. By providing solutions to this problem, the Committee considers that the SME sector will be given a considerable advantage in the quest for growth and access to finance.

Recommendation 14:

The Committee is in agreement that there is a lack of supports to improve the skills of employers. The Committee wishes to echo the call for money to be ring fenced under the NTF budget to upskill employers.

Recommendation 15:

The Committee considers that the issues over whether MicroFinance Ireland should be able to provide credit to SMEs without only being able to accept applications from those SMEs who have had a credit application refused is one of paramount importance to the survival of MicroFinance Ireland. The Committee notes that if MicroFinance Ireland is to become a viable vehicle to provide solutions to the revival of the SME sector in Ireland, then restrictions on who it can and cannot lend to must be eased. The Committee considers that a prudent approach would be to allow SMEs to apply directly to MicroFinance Ireland for loans up to €10,000.

Recommendation 16:

The Committee recommends that MicroFinance Ireland ease its own terms and conditions on the businesses that it lends to and that they must increase their risk threshold, if they are to fulfil their purpose.

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The Committee recommends that the Government explores the expansion of the new state-backed fund that is to be delivered through the main street banks. The possibility of a new state-backed enterprise bank with a presence on the high street is to be examined.

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The Committee echoes the call of the IVCA that consideration be given to initiatives that free up private sector capital and the viability of the specific initiatives mentioned by the IVCA should be explored.

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The Committee considers that initiatives that raise awareness of available EU funding for SMEs need to be strengthened so that Irish businesses are in a position to benefit.

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The Committee recommends that consideration be given to involving the CRO in the provision of assistance to start-ups and SMEs in their initial requests for business funding. It is considered that the provision of expert professional advice, particularly with regard to the intricacies of drafting a business plan, could be of major assistance to SMEs.

Appendix 1 – Membership of the Joint Committee

Chairman: Damien English (FG)

Deputies:
Dara Calleary (FF)
Áine Collins (FG)
Michael Conaghan (LAB)
Damien English (FG)
Seán Kyne (FG)
Anthony Lawlor (FG)
John Lyons (LAB) (Vice-Chairman)
Peadar Tóibín (SF)
Mick Wallace (IND)

Senators:
David Cullinane (SF)
John Kelly (LAB)
Michael Mullins (FG)
Feargal Quinn (IND)
Mary White (FF)

Appendix 2: Terms of Reference

a. Functions of the Committee – derived from Standing Orders [DSO 82A; SSO 70A]

(1) The Select Committee shall consider and report to the Dáil on—

(a) such aspects of the expenditure, administration and policy of the relevant Government Department or Departments and associated public bodies as the Committee may select, and

(b) European Union matters within the remit of the relevant Department or Departments.

(2) The Select Committee may be joined with a Select Committee appointed by Seanad Éireann to form a Joint Committee for the purposes of the functions set out below, other than at paragraph (3), and to report thereon to both Houses of the Oireachtas.

(3) Without prejudice to the generality of paragraph (1), the Select Committee shall consider, in respect of the relevant Department or Departments, such—

(a) Bills,

(b) proposals contained in any motion, including any motion within the meaning of Standing Order 164,

(c) Estimates for Public Services, and

(d) other matters as shall be referred to the Select Committee by the Dáil, and

(e) Annual Output Statements, and

(f) such Value for Money and Policy Reviews as the Select Committee may select.

(4) The Joint Committee may consider the following matters in respect of the relevant Department or Departments and associated public bodies, and report thereon to both Houses of the Oireachtas:

(a) matters of policy for which the Minister is officially responsible,

(b) public affairs administered by the Department,

(c) policy issues arising from Value for Money and Policy Reviews conducted or commissioned by the Department,

(d) Government policy in respect of bodies under the aegis of the Department,

(e) policy issues concerning bodies which are partly or wholly funded by the State or which are established or appointed by a member of the Government or the Oireachtas,

(f) the general scheme or draft heads of any Bill published by the Minister,

(g) statutory instruments, including those laid or laid in draft before either House or both Houses and those made under the European Communities Acts 1972 to 2009,

(h) strategy statements laid before either or both Houses of the Oireachtas pursuant to the Public Service Management Act 1997,

(i) annual reports or annual reports and accounts, required by law, and laid before either or both Houses of the Oireachtas, of the Department or bodies referred to in paragraph (4)(*d*) and (*e*) and the overall operational results, statements of strategy and corporate plans of such bodies, and

(*j*) such other matters as may be referred to it by the Dáil and/or Seanad from time to time.

(5) Without prejudice to the generality of paragraph (1), the Joint Committee shall consider, in respect of the relevant Department or Departments—

(a) EU draft legislative acts standing referred to the Select Committee under Standing Order 105, including the compliance of such acts with the principle of subsidiarity,

(b) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,

(c) non-legislative documents published by any EU institution in relation to EU policy matters, and

(d) matters listed for consideration on the agenda for meetings of the relevant EU Council of Ministers and the outcome of such meetings.

(6) A sub-Committee stands established in respect of each Department within the remit of the Select Committee to consider the matters outlined in paragraph (3), and the following arrangements apply to such sub-Committees:

(*a*) the matters outlined in paragraph (3) which require referral to the Select Committee by the Dáil may be referred directly to such sub-Committees, and

(*b*) each such sub-Committee has the powers defined in Standing Order 83(1) and (2) and may report directly to the Dáil, including by way of Message under Standing Order 87.

(7) The Chairman of the Joint Committee, who shall be a member of Dáil Éireann, shall also be the Chairman of the Select Committee and of any sub-Committee or Committees standing established in respect of the Select Committee.

(8) The following may attend meetings of the Select or Joint Committee, for the purposes of the functions set out in paragraph (5) and may take part in proceedings without having a right to vote or to move motions and amendments:

(*a*) Members of the European Parliament elected from constituencies in Ireland, including Northern Ireland,

(*b*) Members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and

(*c*) at the invitation of the Committee, other Members of the European Parliament.

b. Scope and Context of Activities of Committees (as derived from Standing Orders [DSO 82; SSO 70]

(1) The Joint Committee may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders.

(2) Such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil and/or Seanad.

(3) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice given by the Chairman of the Select Committee, waives this instruction on motion made by the Taoiseach pursuant to Dáil Standing Order 26. The Chairmen of Select Committees shall have responsibility for compliance with this instruction.

(4) The Joint Committee shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Committee of Public Accounts pursuant to Dáil Standing Order 163 and/or the Comptroller and Auditor General (Amendment) Act 1993.

(5) The Joint Committee shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—

(a) a member of the Government or a Minister of State, or

(b) the principal office-holder of a body under the aegis of a Department or which is partly or wholly funded by the State or established or appointed by a member of the Government or by the Oireachtas:

Provided that the Chairman may appeal any such request made to the Ceann Comhairle / Cathaoirleach whose decision shall be final.

Appendix 3 - Links to Transcripts of Committee Debates

12 November 2013 – Discussion with representatives from Microfinance Ireland (Ms Adrienne Murray, CEO; Ms Geraldine Kelly, Chairperson; and Mr Pat Kilbane, Head of Finance and Risk)

11 February 2014 – Discussion with representatives from Linked Finance (Mr. Peter O'Mahony, Founder and CEO; and Mr Marc Rafferty and Business borrowers who have used Linked Finance (Mr. Maurice McMonagle, HSD Healthcare, Dublin; Ms Lisa Redden and Mr Olivier Vander Elst, Greenaer)

25 February 2014 – Discussion on the Report of the Entrepreneurship Forum entitled Entrepreneurship in Ireland with Mr Sean O'Sullivan, Chairman of the Entrepreneurship Forum; Ms Wendy Gray, Small and Medium sized Enterprise Policy Unit, Department of Jobs, Enterprise and Innovation; Mr. Daniel Ramamoorthy, Founder and Chief Executive Officer of Treehouse; and Professor Tom Cooney of the Dublin Institute of Technology.

25 March 2014 – Discussion with representatives from InterTradeIreland (Mr. Aidan Gough, Director of Strategy and Policy and Dr. Eoin Magennis Policy Research Manager) on the report entitled Access to Finance for Growth for SMEs on the Island of Ireland.

8 April 2014 – Discussion with representatives from the National Pension Reserve Fund (Mr. Eugene O'Callaghan, Investment Director; Mr. Nick Ashmore, Deputy Investment Director; and Ms. Emma Jane Joyce, Senior Investment Manager)

15 April 2014 – Discussion with representatives from Bank of Ireland (Mr. Richie, Boucher, Group Chief Executive; Mr. Liam McLoughlin, Chief Executive of Retail Ireland; and Mr. Pat Farrell, Head of Communication); representatives from Ulster Bank (Mr. Jim Brown, Chief Executive Officer; Ms. Ellevena Graham (Managing Director for SMEs; and Mr. Andrew Blair, Wholesale Chief Officer); and representatives from AIB (Mr. Bernard Byrne, Director of Personal Business and Corporate Banking; Mr. Brendan O'Connor, Head of Financial Solutions Group; Mr. Denis O'Callaghan, Head of Branch Banking; and Mr. Ken Burke, head of Business Banking).

6 May 2014 – Discussion with Mr. John Trethowan, Credit Review Office; and Mr. Sean Murphy, Deputy Chief Executive and Mr. Barry Peak, Policy and Research Executive, Chambers Ireland.

13 May 2014 – Discussion with Mr. Mark Fielding, Irish Small and Medium Enterprises; Ms. Sharon Higgins, Head of Sectors at IBEC; Mr. John O'Dea, CEO of Crospon and immediate past Chairperson, Irish Medical Devices Association; Mr. John Chamney, Director, Walsh Whiskey & Founding Member of the Irish Whiskey Association; Mr. Karl Flannery, CEO, Storm Technology; Mr. Frank Gleeson, Managing Director, Aramark Food Services & Chair, Retail Ireland; and representatives from the Small Firms Association (Mr. A.J. Noonan, Chairman; Ms. Patricia Callan, Director; and Ms. Avine McNally, Assistant Director.

27 May 2014 – Discussion with Ms Regina Breheny, Director; Mr Mark Horgan, Chair of IVCA and Partner in Atlantic Bridge Ventures and Mr John Flynn, Vice Chair IVCA and Partner in ACT Venture Capital from the Irish Venture Capital Association. Mr Martin Shanahan, Chief Executive; Mr Adrian Devitt, Manager, Economic Analysis, Competitiveness, Infrastructure and Tax and Finance Policy Department and Ms Maria Ginnity, Manager, Enterprise Policy and Evaluations Department from Forfás.

5 June 2014 – Discussion with Mr David Matthews, Business Unit Manager and Mr Kieron Brennan, CEO from the Irish League of Credit Unions. Mr Kevin Johnson, CEO, Ms Elaine Larke, Head of Legal & Compliance from the Credit Union Development Association (CUDA). Mr Sean Murray, Training Director (CUMA) and CEO of Naas Credit Union and Mr Gerard McConville, Member (CUMA) & CEO in Dundrum Credit Union from the Credit Union Managers Association (CUMA). Mr Alex Hobbs, Fund Portfolio Manager and Mr Richard Watson, Investment Manager from the Dublin Business and Innovation Centre:

11 June 2014 – Discussion with Mr Daniel Calleja Crespo, Director General DG Enterprise and Industry, European Commission.