

Thirsty Northern Ireland small businesses need to look to alternative funding

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Northern Ireland's small businesses need to look beyond traditional funding routes to satiate a growing thirst for finance, according to the British Business Bank.

It said small businesses have a "strong appetite" for finance, both to help with stilted cashflow as a result of the Covid-19 pandemic and to boost growth, but many aren't well informed about the alternative financing options.

Conducted by Ipsos MORI, the survey found 85% of financial intermediary respondents – such as accountants and lawyers etc – said there is a lack of awareness around alternative finance options, such as marketplace and peer-to-peer lending, compared to just a quarter who said the same when it comes to debt finance which includes bank loans and overdrafts.

Tellingly, nearly two thirds of those surveyed said demand outstrips supply when it comes to small business finance.

There are gaps in finance at all stages of the business journey, from early-stage equity finance through to later stage equity supply for smaller businesses. Northern Ireland companies are twice as likely to see gaps in finance for the

latter than the UK average.

The survey also found that a majority of respondents in Northern Ireland feel smaller businesses will require additional finance due to the Covid-19 pandemic during the next 12-18 months, especially debt finance and early-stage equity.

“It is good to see that the demand for finance from smaller businesses remains strong in Northern Ireland as we look towards a period of recovery and growth,” Mark Sterritt, UK Network Director, Northern Ireland at British Business Bank, said. “The survey also revealed a perceived gap in the supply of later stage equity in Northern Ireland. This presents an opportunity for smaller businesses to look at other funders and widen their connections to networks throughout the UK.

He said the British Business Bank is attempting to increase awareness of finance options relating to equity and alternative finance.

“We are here to help build a stronger finance ecosystem and to help Northern Ireland’s smaller businesses start up, scale up and stay ahead.”