

# Finance & Management News



## Covid-19 Business Supports

In response to the Covid-19 pandemic Government have both introduced new supports and extensions of existing supports to support businesses negatively impacted by Covid-19. These measures include a Covid-19 Business loan available through Microfinance Ireland.

The loan is available to micro-enterprises (including sole-trades, partnerships and limited companies), employing less than 10 people and with a turnover of less than €2 million per annum, who are finding it difficult to access finance through banks and other commercial lenders. The business of the micro-enterprise must be negatively impacted by Covid-19 resulting in a minimum reduction of 15% in actual or projected turnover or profit.

### Key features of the scheme include

- Business loans of between €5,000 and €50,000 for eligible micro-enterprises;
- Terms of up to 3 years, including a six-month interest free and repayment free moratorium;
- Interest rate of 4.5% where application submitted through a Local Enterprise Office (5.5% if submitted directly to Microfinance Ireland); and
- Security is not required

Further information on available government supports, including the Covid-19 Business Loan, is available on the website of the Department of Business, Enterprise and Innovation.

source: [www.dbei.gov.ie](http://www.dbei.gov.ie)

## Covid-19 and SME liquidity needs

The Central Bank of Ireland has recently published research on the liquidity needs of small and medium enterprises (SMEs) resulting from the Covid-19 pandemic. The research 'SME Liquidity needs during the Covid-19 shock' notes the importance of SMEs in job creation in Ireland, with over 1 million employees representing 68.4% of total employment in the Irish economy.

The report uses a combination of sector and bank-level data to estimate Small and Medium Enterprises (SME) liquidity needs over a three-month period, under a range of scenarios. It notes that access to credit from Irish retail banks, is likely to prove challenging for SMEs without collateral or an existing relationship with a lender.

Where private sector liquidity is insufficient to meet demand, it notes three options available to policymakers, including a credit guarantee scheme, lending schemes and direct fiscal supports. The report estimates that SMEs in Ireland will need between €2.4 billion and €5.7 billion in liquidity supports where revenues are curtailed for three months.

A copy of the report can be accessed at [www.centralbank.ie](http://www.centralbank.ie).

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