scottish pacific
BUSINESS FINANCE

March 2018

SME GROWTH INDEX

east&partners

CONTENTS

__SME Growth Index__: Twice a year, SME Growth Index research is undertaken by leading business banking market research firm East & Partners, on behalf of Scottish Pacific. For the March 2018 round, East & Partners interviewed the owners, CEOs or senior financial staff of 1,253 SME businesses with annual revenues of $A1-20 million.

EXECUTIVE SUMMARY

Welcome to our new-look ***Scottish Pacific SME Growth Index***. With an updated look for the first time since the Index began in September 2014, what stays the same is our desire to report on, and foster productive conversation about, the importance of the SME sector and the pain points and growth aspirations of small business owners.

It's pleasing to report that SME business confidence is on the rise - the research, undertaken independently by East & Partners, finds small business owners forecasting revenue to improve during the first half of 2018.

There appears to be a splitting of the pack in SME fortunes, with a greater number of previously "unchanged" growth SMEs moving into positive or negative growth.

For most SMEs cash flow has improved compared to 12 months ago, however one in 10 say they are worse off now.

The number of SMEs reporting significantly better cash flow (27%) and better cash flow (42%) will hopefully act as a major driver of new capital expenditure and business investment demand.

Despite this reported rise in cash flow, nine out of 10 SMEs say they had cash flow issues in 2017 and nine out of 10 say these issues impacted on revenue. On average, small businesses say that better cash flow would have increased their 2017 revenue by 5-10%.

Every day my team and I talk to small business owners about their growth aspirations, so it's interesting to be able to use Index results to paint a picture regarding some of the attributes of a successfully growing small business.

Results show that growth SMEs are five times more likely to use alternative lending options than declining growth SMEs, with debtor finance the most popular option. The growth potential for the non-bank lending sector is significant, given that 48% of SMEs who didn't use non-bank lending in 2017 are considering it for 2018.

With SME owners revealing a solid reliance on personal credit cards to give their business the working capital required for day to day operations, those with better business solutions must find a way to reach these small business people.

Businesses implementing appropriate working capital solutions to get on top of cash flow impediments are well placed to realise their growth ambitions.

Given the low interest rate environment and growing number of customised finance solutions tailored to the needs of small businesses, the research indicates a clear need for greater advice and communication from bank and non-bank lenders, governments, SME organisations and trusted advisors to the sector to match SMEs up with the right funding options.

Peter Langham
Chief Executive Officer
Scottish Pacific

INSIGHT 1

SMEs expecting growth, but opportunity lost

Half of the SMEs surveyed forecast positive growth revenue for 2018, estimating on average a 4.3% revenue increase.

The 50.2% of Australia's SMEs forecasting positive growth revenue is the highest since the March 2016 *Scottish Pacific SME Growth Index* (but well short of the high of 62% in September 2014).

However, **nine out of 10 SMEs** (92.7%) indicated that problems with cash flow prevented them from generating more revenue in the past 12 months.

One in five SMEs (21.1%) said they were unable to take on new work because of cash flow restrictions.

These findings highlight the fundamental role that effective cash flow management plays in driving business growth.

When asked how much additional revenue could have been generated over the previous 12 months had cash flow been better, only 7.3% responded that better cash flow would not have led to more revenue.

Almost a quarter said they could have grown revenue between 10% and 25% with better cash flow, around a third said revenue could have been improved between 5% and 10% and almost one in five indicated growth of up to 5%.

This foregone revenue represents, according to East & Partners analysis, $A229.8 billion in lost potential revenue. This is based on ABS data that total revenue for the $A1-20m SME segment is $A1.4 trillion, and on 1161 of 1253 SME Index respondents indicating that better cash flow could have improved their revenue by an average of 11.7%.

Yet 43.5% of SMEs reported they are not using or considering non-bank lending options to improve their access to finance *(see Insight 4).*

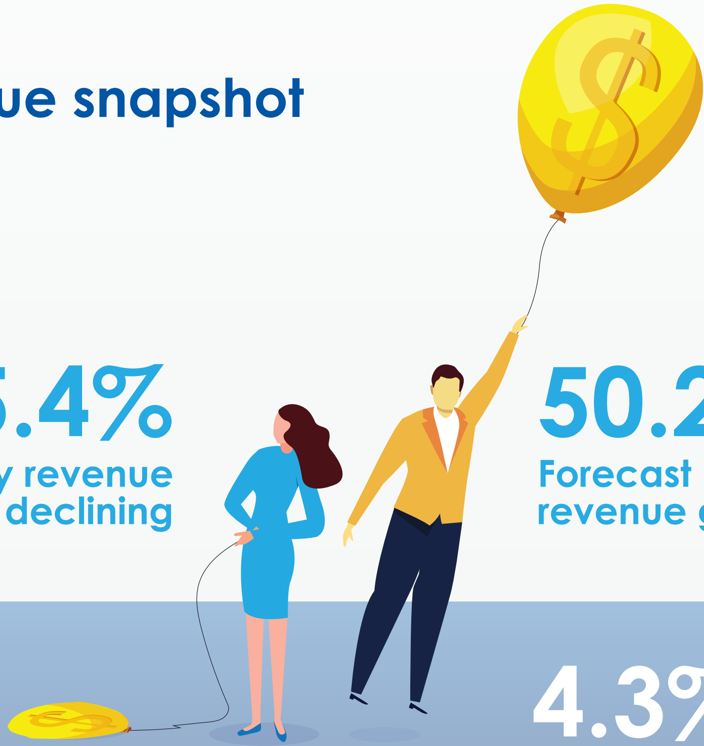
Companies reported that issues regarding cash flow and security of cash flow were a key potential barrier to growth, with 41% of respondents noting their concern, higher even than concerns about government policies (37.4%).

This round, SMEs' positive revenue forecasts for the first half of 2018 ranged from 1.4% to 5.7% and averaged out at 4.3%.

Given the findings regarding the impact of cash flow on potential revenue, those forecasts could be higher if cash flow concerns were dealt with adequately.

One in four SMEs (25.4%) forecast negative growth, on average dipping by 6.4% - **the highest average negative growth forecast since the Index began in 2014.**

SME revenue snapshot



25.4% Say revenue declining

50.2% Forecast positive revenue growth

4.3% Average revenue growth

Cash flow impacts **9** out of **10** SMEs' revenue

This deprived economy of

AU$229.8billion

INSIGHT 2
Cash flow situation improving

"Cash is King" is the business mantra underlying the success of generations of SMEs, and the results from the latest *SME Growth Index* point to an improving cash position for Australia's small business sector.

Compared to 12 months ago, two-thirds of SMEs say their cash flow is now better, with just over one in 10 indicating they are in a worse or significantly worse cash flow situation.

Of the SMEs surveyed, 26.8% reported their cash flow position was "significantly better" than 12 months ago. A further 42.1% reported their cash flow was "better".

Of the remainder, 19.9% reported no change, 6.6% reported cash flow was "worse" and 4.5% reported the position was "significantly worse".

When only growth SMEs are taken into account, 21.1% say their cash flow is significantly better than 12 months ago, 38.2% say better, 28.5% unchanged, 8.6% worse and 3.7% much worse.

Each round, the Index asks SMEs to identify the key drivers of and barriers to their business growth.

For growth SMEs, 61.7% name cash flow as a key barrier to their growth. When the whole SME market is taken into account, cash flow is a key barrier nominated by 41% of businesses.

It is notable that growth SMEs recognise the value of long-standing customer relationships, with Index results ranking "anchor/core customers" as the most important driver for business expansion, ahead of "great people /staff/strong team" and the very pragmatic admission of "luck/good fortune/good timing".

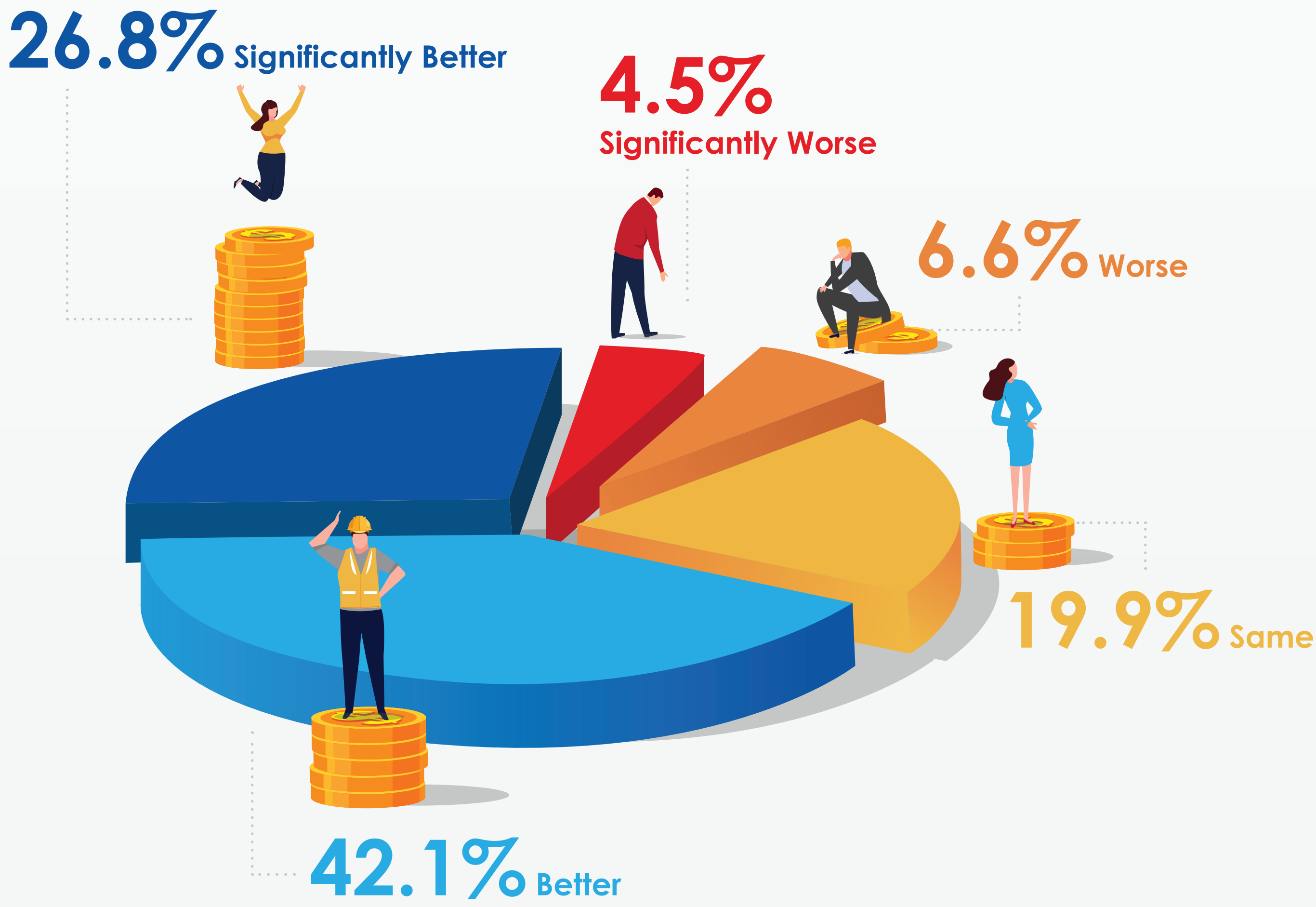
While cash flow is only one factor in the profitable operation of a business, it is a fundamental aspect of building a sustainable enterprise.

For the SMEs who are undergoing difficult cash flow conditions, there are a number of options available to improve their position.

However, the survey indicates that many businesses which are seeking to improve their cash position are not taking advantage of the alternatives that are on offer to traditional bank financing *(see Insight 4)*.

Overall, the high number of SMEs reporting better cash flow should act as a major driver of new capital expenditure and business investment demand within the Australian economy.

SME cash flow status
compared to 12 months ago



INSIGHT 3
What differentiates a growth SME?

Some clear patterns of SME behaviour emerge when you segment the *SME Growth Index* responses given by growth and non-growth businesses.

The following characteristics differentiate common strategic financial and business decisions undertaken by growth and non-growth SME owners.

A typical growth SME is:

- Either already using or considering the use of non-bank funding options (5 times more likely to than non-growth SMEs)
- More likely to consider cashflow and red tape as a business growth barrier
- Less likely to rely on credit cards to fund their business
- More likely to pro-actively make arrangements with the ATO to handle tax payments
- More likely to be planning new products, new services or both

A typical SME with declining or stable revenue is:

- More likely to use merchant cash advances to provide working capital and personal credit cards to ease cashflow
- More likely to consider their growth is being blocked by taxes, and credit availability/conditions
- More likely to offer discounts for early payment
- More likely to use a debt collection company to recover debts
- More likely to reduce their overall customer numbers and overall sales to manage working capital
- Spending more time than growth businesses on chasing invoices
- Less likely to be using or considering non-bank solutions

For growth SMEs using alternative lending options, debtor finance is by far the most popular working capital choice.

The alternative working capital options used by SME respondents in 2017 were: debtor finance (used by 77%), merchant cash advances (23%), P2P lending (10%), crowd funding (9%) and other online lending (5%).

Given the prolific media profiling of the growing fintech market, these results may seem surprising. However, the Index polls SMEs with a turnover ranging from $1 million to $20 million and it is likely that most of the current fintech take-up is from start-ups and small businesses coming in under the $1 million revenue mark.

Those SMEs that are growing are growing strongly (which is to be expected, given the low interest rate environment). Amongst growth SMEs, 36% plan to introduce new products in 2018, 56% are planning new services and 6% are planning both.

The Index indicates that declining businesses are feeling the heat. One in four SMEs forecast negative growth, with the average revenue drop of 6.4% being the highest average negative growth forecast since the Index began in 2014.

There is certainly scope for static or declining revenue growth small businesses to look more broadly at ways to finance their enterprises that would contribute to growth.

INSIGHT 4

Banks and SMEs: it's complicated

If Australia's small to medium enterprises had a collective Facebook page, their relationship status with traditional banking would have to be: **It's complicated.**

The H1 *2018 Scottish Pacific SME Growth Index* reveals the ongoing knotty state of the association between small business and their main financial partners.

While the cost of credit is low, small business owners seem frustrated at the process required to tap into those cheap sources of finance.

For SMEs with plans to invest in expansion over the next 6 months, 24% of them report they will fund that growth by borrowing from their main relationship bank – continuing a downward trend, and well short of the high of 38% who nominated this option to fund growth in the first round of the Index in September 2014.

21.7% of SMEs say they plan to use non-bank lenders to fund upcoming growth (with 90.8% planning to use their own funds).

Non-bank lending intentions have trended upwards since the first Index, closing the gap between bank and non-bank lending intentions. Despite these intentions, more than 91% of SMEs responded in H1 2018 that in the previous 12 months they had not accessed any non-bank lending options to provide working capital for their business.

So while SMEs seem unsatisfied with traditional banks, they are not yet fully accessing opportunities available to them in the non-banking sector.

SMEs are predominantly funding business growth from their own funds: nine out of 10 SMEs that plan to invest in their business in the next 6 months say they will use their own finances. This outcome continues a trend of self-financing reported since the first *SME Growth Index* in 2014.

There are questions as to whether self-funding is the most productive use of scarce cash.

A shift in SME thinking?

Both the Productivity Commission and the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) are advocating for SMEs to have better and more equitable access to business funding. The Productivity Commission's draft report into the Australian financial system found the most uncompetitive markets included small business credit and stated that non-banks should have better access to this market.

The latest *SME Growth Index* highlights that around one in 10 SMEs used alternative lending options in 2017. Of those accessing working capital from outside their usual bank, the clear majority (77%) utilised debtor financing.

Almost half of SMEs (47.6%) said they would consider non-bank lending options and 43.5% neither used nor considered non-bank lending options in 2017.

This indicates there is a disparity between SME intentions to use alternative lending, and their actions – is it for reasons of lack of time, level of difficulty or competing priorities that SME owners place moving lenders into the too-hard basket?

Growth SMEs were five times more likely to use alternative lending options than declining growth SMEs, perhaps an indicator of business necessity moving owners from beyond intention into taking action.

How SMEs fund growth

38% to 24%
Drop in bank borrowing intention
(2014 to 2018)

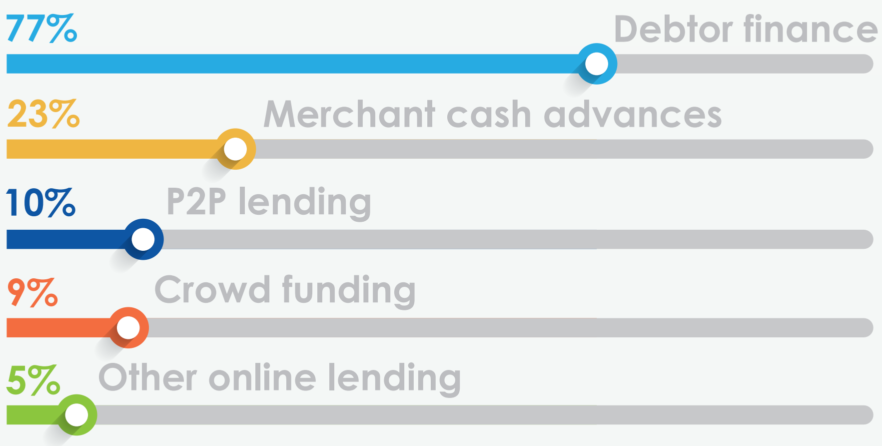
21.7%
Alternative lending steadily rising

90.8%
SME owners draw on own funds to grow

47.6%
Considering but not yet using alternative lending

5x more
Growth SMEs than non-growth are using alternative lending

Most popular alternative funding for SMEs



INSIGHT 5
Coping with cash flow issues

Australia's SMEs are united in agreeing that cash flow problems are a major inhibitor of growth - but they have adopted a disparate range of responses to how they deal with managing their working capital.

Small business operators are opting for everything from conducting credit checks on new customers to sacking old customers that are no longer profitable.

The *SME Growth Index* found that the most popular working capital management method was the short term, expensive and unsecured credit line of credit cards, with almost 67% of respondents saying they would use personal finances such as credit cards to ease cash flow *(see Insight 6)*.

The personal finances and credit cards option came in just ahead of undertaking cash flow forecasts (65%) – which indicates that more than a third of SMEs surveyed are "flying blind" about their business' cash flow status.

One in two SMEs (51%) will offer customer discounts for early payment in an attempt to reduce debtor days and actively manage working capital.

Other working capital management strategies included making arrangements with the ATO regarding tax payments (16%), taking out an overdraft (14%), spending more time chasing invoices (12%), reducing overall sales (9%) and using debtor finance to smooth out cash flow peaks and troughs (7.5%).

Very few SMEs plan to engage debt collectors (4.9%) or take out credit insurance (2.6%).

When asked "which cashflow issues have you experienced in the past 12 months?", the main problem SMEs reported was issues with government red tape and compliance (70.9%).

This was of much greater concern to them than suppliers squeezing payment terms (38.4%) and late customer payments (37.2%).

Only one in 10 SMEs said they had no cashflow issues in 2017.

While businesses are enthusiastic about the low cost of credit that is on offer, they consider the conditions surrounding that credit as a major barrier to business growth.

SME owners ranked "availability of credit" and "conditions of credit" behind only "high/multiple taxes" as the main impediments to expansion (these issues were growth barriers for 67.6%, 66.6% and 77.6% of SMEs respectively).

The responses stand in stark contrast to their ranking of "cost of credit": near the very bottom of the list of key barriers, ahead of only "Other" and "None".

So, while the sticker price of credit is cheap, the conditions traditional lenders have attached to that credit rival only taxes in their ability to stifle growth.

90% of SMEs had cash flow problems in 2017

CAUSES

70.9% Government red tape

38.4% Suppliers reducing payment time

37.2% Customers paying late

IMPACT

24.8% Difficulty meeting tax payments

21.1% Couldn't take on new work

4.7% Wrote off bad debts

INSIGHT 6
The credit card trap

The number one piece of consumer advice from financial advisers is to limit the use of high-interest credit cards to fund lifestyle spending.

It is instructive then that many SME owners are also being tempted into using the convenience of credit cards to finance their businesses.

Latest *SME Growth Index* results show the number one strategy nominated by SMEs to manage working capital is "use personal finance such as a credit card to ease cash flow".

More than 66% of respondents said they would flash the plastic to ease cash flow problems, ahead of perhaps more prudent choices such as "undertake cash flow forecasts" (65.1%), "offer discounts for early payments" (50.8%) and "make arrangements with ATO regarding tax payments" (16%).

While paying off credit cards in full each month will not attract those 20%-plus interest rates, the occasional slip can result in significant costs.

And given that 16% of respondents see the need to negotiate payment terms with the tax office, it is ironic that at least one major credit card merchant in Australia is promoting its new arrangement with the ATO to pay taxes using their card.

The *SME Growth Index* highlights that one in four Australian SMEs (24.8%) are having difficulty meeting their tax payments on time.

The combination of a large tax bill together with convenient (but high-cost) credit could prove costly for some SMEs who are either unaware of alternatives to easing cash flow problems, or who are unmotivated to engage these alternatives.

The high number of SMEs nominating the fallback funding option of using personal finances as a main working capital management strategy is concerning, given the broad range of more cost-effective funding solutions available to small business owners.

Tax payments aside, SMEs also report that their problems with cash flow are caused by government red tape, suppliers reducing payment times and customers paying late.

In looking further at what red tape issues are worrying the SME sector, in our September 2017 Index SME owners were asked what government changes would have the most positive impact on their business performance – 24.3% wanted further streamlining of BAS reporting, 22.1% wanted changes to the Fair Work Act and 21.3% wanted company tax rates reduced.

Strategies to deal with cash flow issues

65.1% Cashflow forecasting

50.8% Offer early payment discounts

16% Make ATO arrangements

8.6% Credit checks on new customers

66.6% Use personal finances (credit cards)

13.7% Take out/Increase overdrafts

12.2% Spend more time chasing invoices

9.1% Reduce overall sales

RESULTS
Standard Index Questions

Q1

Please forecast the percentage change in your business revenues - either negative or positive - over the coming six months?

(N: 1253)	Positive Growth	Negative Decline	No change	Whole SME Market
% of Enterprises	50.2	25.4	24.4	100.0
Average Change Forecast	4.3	6.4	-	0.7
Range of Change Forecast	1.4 - 5.7	4.6 - 13.2	-	1.4 - 13.2

Note: *no statistically significant variance by state or industry sector of SME*

Q2

Which of these best describes the phase your business is currently in:

	% of Total		
	Growth SMEs (N: 629)	Declining/No Change (N: 624)	Whole SME Market (N: 1253)
Start-up	21.9	-	11.0
Growth	72.7	0.3	36.6
Stable	1.6	54.3	27.9
Consolidation	3.7	20.8	12.2
Contracting	0.2	24.5	12.3
TOTAL	100.0	100.0	100.0

Note: *no statistically significant variance by state or industry sector of SME*

Q3

Are you planning to introduce any new products or services in the next six months?

	% of Total		
	Growth SMEs (N: 629)	Declining/No Change (N: 624)	Whole SME Market (N: 1253)
New products	35.9	1.8	18.9
New services	56.4	6.3	31.4
New products and new services	5.9	5.3	5.6
No plans	1.7	86.7	44.1
TOTAL	100.0	100.0	100.0

Note: *no statistically significant variance by state or industry sector of SME*

Q4

Which cashflow issues have you experienced in the past 12 months? (multi choice)

	% of Total Whole SME Market (N: 1253)
Issues with Government red tape/compliance	70.9
Lost a key supplier due to insolvency	1.8
Lost a key debtor due to insolvency	2.2
Customers paying late	37.2
Had to write off bad debts	4.7
Suppliers reducing payment terms	38.4
Unable to take on new work due to cashflow restrictions	21.1
Difficulty meeting tax payments on time	24.8
No cashflow issues in the past 12 months	10.1

Note: *no statistically significant variance by state or industry sector or growth/no growth*
- sums to over N count due to multiple responding allowed

Q5

Approximately how much additional revenue could your business have generated over the past 12 months had cash flow been better?

	% of Total		
	Growth SMEs (N: 629)	Declining/No Change (N: 162)	Whole SME Market (N: 1253)
0% - Cash flow could not be better	5.9	8.8	7.3
0 – 5%	3.7	35.4	19.5
5 – 10%	10.5	53.5	31.9
10 – 25%	46.4	1.4	24.0
25 – 50%	21.1	0.2	10.7
50 – 100%	9.9	0.3	5.1
100% plus	2.5	0.3	1.4
TOTAL	100.0	100.0	100.0

Note: *no statistically significant variance by state or industry sector*

Q6

If you are planning to invest in your business in the next six months, how are you planning to fund that growth? (multi choice)

	% of Total		
	Growth SMEs Investing (N: 617)	Declining/No Change Investing (N: 162)	Whole SME Market Investing (N: 779)
Borrowing from my main relationship bank	24	24.1	24.0
Borrow from another bank or a specialist non-bank lender	20.7	25.3	21.7
Other forms of debt	3.7	6.8	4.4
Own funds	91.7	87.0	90.8
New equity	12.5	10.5	12.1

Note: *no statistically significant variance by state, industry sector or primary working capital provider*
- sums to over N count due to multiple responding allowed

Q7

What are the key drivers behind your business growth? (multi choice)

	% of Total Growth SMEs (N: 629)
Anchor/core customers	39.4
Availability of equity/positive backers	13.5
Continual change/innovation	22.9
Effective mentors/advisors	4.8
Good industry networks	18.0
Great people/staff/strong team	36.7
Little/no direct competition	7.0
Luck/good fortune/good timing	32.8
No legacies/history	6.8
Smart management	5.2
Smart marketing	11.4
Successfully integrating technology with the business	12.6
Tightly defined markets/segments	14.9
Don't know/just followed our nose	33.5
Other	0.5

Note: *sums to over N count due to multiple responding allowed*
- the question was confined to SMEs self-reporting as growth businesses
- no statistically significant variance by state or industry sector

Q8

What do you see as the key barriers to business growth? (multi choice)

	% of Total		
	Growth SMEs (N: 629)	Declining/No Change (N: 624)	Whole SMEs Market (N: 1253)
Availability of credit	62.0	73.2	67.6
Cash flow/its security	61.7	20.2	41.0
Conditions of credit	64.2	68.9	66.6
Cost of credit	4.1	2.7	3.4
Government policies /business unfriendly	39.0	35.7	37.4
High/multiple taxes	72.7	82.5	77.6
Margin compression	10.5	21.0	15.7
No real private/friendly equity funding available	21.9	26.6	24.3
Offshore competition	5.6	14.6	10.1
Quality of available talent /human resources	11.3	1.4	6.4
Red tape/regulatory change/ imposts	65.3	27.2	46.4
Other	0.6	0.8	0.7
None	1.7	1.3	1.5

Note: *sums to over N count due to multiple responding allowed*
- no statistically significant variance by state or industry sector

RESULTS
March 2018 Special Questions

Q9

How does your business cashflow situation compare to 12 months ago?

	% of Total		
	Growth SMEs (N: 629)	Declining/No Change (N: 624)	Whole SMEs Market (N: 1253)
Cashflow situation is significantly better	21.1	32.5	26.8
Cashflow situation is better	38.2	46.2	42.1
Cashflow situation is unchanged	28.5	11.2	19.9
Cashflow situation is worse	8.6	4.6	6.6
Cashflow situation is significantly worse	3.7	5.4	4.5
TOTAL	100.0	100.0	100.0

Note: *no statistically significant variance by state or industry sector*

RESULTS
March 2018 Special Questions

Q10

Over the past 12 months, have you used any of the following non-bank lending options to provide working capital to your business? (multi choice)

	% of Total		
	Growth SMEs (N: 629)	Declining/No Change (N: 624)	Whole SMEs Market (N: 1253)
Debtor finance	11.9	1.6	6.8
Merchant cash advance	2.7	1.3	2.0
P2P lending	1.4	0.5	1.0
Crowd funding	1.1	0.5	0.8
Other online lending	0.5	0.3	0.4
Other (please specify)	0.2	0.2	0.2
None of the above BUT interested in non-banking lending options	**52.6**	**42.6**	**47.6**
None of the above AND would not consider non-banking lending options	**32.8**	**54.3**	**43.5**

Note: *sums to over N count due to multiple responding allowed*
- no statistically significant variance by state or industry sector

RESULTS
March 2018 Special Questions

Q11

In 2018, what strategies do you plan to use to manage working capital (multi choice)?

	% of Total		
	Growth SMEs (N: 629)	Declining/No Change (N: 624)	Whole SME Market (N: 1253)
Conduct credit checks on new customers	6.5	10.7	8.6
Undertake cashflow forecasts	60.9	69.4	65.1
Use personal finances such as a credit card to ease cashflow	63.8	69.4	66.6
Use debtor finance to smooth peaks and troughs	6.4	8.7	7.5
Take out or increase an overdraft	14.6	12.8	13.7
Offer discounts for early payment	47.7	54.0	50.8
Spend more time chasing invoices	9.5	14.9	12.2
Use a debt collection company to recover debts	4.5	5.3	4.9
Make arrangements with the ATO regarding tax payments	17.6	14.4	16.0
Use an online funding service	7.5	5.1	6.3
Reduce overall sales	8.7	9.5	9.1
Reduce overall customer number	4.9	7.1	6.0
Take out trade credit insurance	3.2	1.9	2.6
Other (please specify)	0.5	0.3	0.4

Note: *sums to over N count due to multiple responding allowed*
- no statistically significant variance by state or industry sector

METHODOLOGY

The *SME Growth Index* research was conducted by leading business banking market research and analysis firm East & Partners.

East & Partners interviewed 1,253 SME businesses with annual revenues of A$1-20 million over a five week period ending 20 January 2018.

All interviews were conducted over the telephone or face-to-face by an accredited East interviewer, speaking with the company CEO, CFO or treasurer as represented in Table B below.

The sample was framed in accordance with ANZSIC codes to provide a natural sample of the Australian enterprise population, with state and sector demographics as outlined in Tables A and C.

All interviews followed a closed response questionnaire.

A.

Geographical Distribution	% of Total (N: 1253)
NSW & ACT	39.7
VIC & TAS	22.7
QLD	18.0
WA	13.2
Other	6.5
TOTAL	100

Geographical Distribution	% of Total (N: 1253)
Regional Australia	28.5
Metro Australia	71.5
TOTAL	100

B.

Interviewee Distribution	% of Total (N: 1253)
Business Owner / CEO	58.2
CFO	23.1
Finance Director	9.0
Treasurer	3.0
Other	6.7
TOTAL	100.0

C.

Industry Sector Distribution of Index Sample	% of Total (N: 1253)
Agriculture, Forestry, Fishing	5.8
Mining & Resources	7.7
Manufacturing	17.8
Electricity, Gas & Water	0.7
Construction	9.5
Wholesale	9.2
Retail	12.5
Accommodation, Cafes & Restaurants	2.5
Transport & Storage	7.5
Media & Telco	1.3
Finance & Insurance (non-banks)	3.6
Property & Business Services	12.7
Personal & Other Services	9.3
TOTAL	100.0

D.

Age of Business	Years (N: 1253)
Average number of years in business	10.8

E.

Headcount of Business	FTE (N: 1253)
Average Full Time Employees in business	72.0

East & Partners is a leading specialist business banking market research and analysis firm. The firm's core expertise is in the provision of analysis and advisory services tailored for the commercial, business and institutional banking markets across Asia Pacific, Australasia, Europe and North America.

The delivery of accurate quantitative analysis on businesses exploding demand for sophisticated transaction, FX, debt, treasury, investment and advisory banking services and products has been uniquely addressed by East's "bottom up" research methodologies since 1987, based on many thousands of customer interviews with CEOs, CFOs, treasurers and business owners.

East's multi-client demand side research and consulting work has enabled the firm to partner virtually every major domestic and international bank present in the geographies the firm operates in.

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ABOUT SCOTTISH PACIFIC

This year, Scottish Pacific celebrates its 30th year of providing funding solutions for small to medium businesses.

Established in 1988, Scottish Pacific Business Finance (ASX: SCO) is Australia and New Zealand's largest specialist provider of SME working capital solutions.

Scottish Pacific handles more than $15 billion of invoices each year, providing funding lines exceeding $1 billion, and has full operations centres in Sydney, Melbourne, Perth, Brisbane, Adelaide, Auckland, London and China. A comprehensive range of debtor finance, trade finance and specialised finance solutions are offered for the SME business sector.

Scottish Pacific was awarded Australia's best Cash Flow lender for three years running (2014, 2015 and 2016) and received global TFG International Trade Finance Awards for best business finance provider in 2015 and 2017.

Clients are predominantly Small and Medium Sized Enterprises (SMEs) requiring personalised facilities that best suit their individual needs, and who often find it difficult to obtain appropriate funding from their main banking providers.

As a specialist provider of working capital, Scottish Pacific is well placed to understand the needs and the sentiment of SME businesses, and initiated the *SME Growth Index* to:

- Drive development of the financial solutions available to SMEs throughout Australia and New Zealand, by providing market intelligence to deepen the understanding of SMEs' needs.
- Provide Scottish Pacific with the data to help us act as advocates for SMEs, and as thought leaders within the business finance community.
- Share our insights with the broad SME community - the lifeblood of business in Australia - and with fellow business finance professionals.

The next *Scottish Pacific SME Growth Index* will be released in September 2018.

Visit our website www.scottishpacific.com

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Adviser Magazine, Best Cashflow Lender,
Non-Bank Lending Awards

AFIA
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WINNER
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