



## **AIB expects 270,000 SMEs by end 2008**

**27th May 2008**

AIB expects to see a reduction in the number of new business formations this year, dropping back to 12,000 in 2008 from close to 18,000 in 2007, reflecting overall domestic and international economic and market conditions. However when compared to the annual rate of new start-ups in the Nineties, which was 7,000, this is still a significant figure.

With approximately 1,000 new businesses being added every month it is expected that there will be close to 270,000 businesses operating in Ireland by the end of 2008. AIB's start-up package for those interested in starting their own business includes a discounted interest rate on business loans of up to €60,000, a business current account with 2 years banking free of transaction fees and membership of the Small Firms Association for one year.

Recent research conducted for AIB by RedC indicates that existing businesses expect to grow. The research showed that 45% of business owners surveyed had plans to expand their business in 2008, with one in three indicating they expected their business to remain the same in 2008. The research also showed that overall business investment sentiment appears relatively strong, with 33% of business owners saying they planned to introduce new technology in their business and one in four expect to diversify into a new business area or service offering over the coming 12 months.

Business issues and challenges remain high on business owners' agendas. Labour was cited as the biggest business issue for business owners (68%), followed by insurance (48%), regulation / legislation (44%) and energy / rates (43%).

Adrian Moynihan, Business Strategy manager, AIB Bank said:

*"This research indicates that, while business conditions are more challenging than in recent years, the signals are that overall business owners' investment intentions and sentiments remain relatively robust. This demonstrates the resilience of the Irish SME sector and we are committed to supporting customers who are either thinking of starting a business or those already involved in running their own business."*

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