

## News release

# Singapore businesses are more confident about access to finance in 2010

**20 January 2010**

More indications that the global credit crunch is easing comes from the latest Grant Thornton International Business Report (IBR) which reveals that 36% of privately held businesses (PHBs) in Singapore are increasingly confident that access to finance will be easier in 2010; a 10 percentage point jump compared to 26% in 2009. At the other end of the scale the percentage of businesses expecting finance to become less or much less accessible shows a healthy low of 6% compared to a high of 48% in 2009. Globally 35% of businesses said they thought access to finance would be 'more' or 'much more accessible' in 2010 compared with only 14% who were similarly positive in 2009.

Businesses were also asked how supportive they believed their lenders to be. Globally, 69% feel their lender is currently being 'supportive' or 'very supportive' towards their business - unchanged from 2009. In Singapore, lenders' support is at an encouraging high of 80%. However, huge global differences appear when lender support is compared to accessibility of finance suggesting that business success in 2010 may be something of a global lottery, depending on where a business is based (Fig 1 where four scenarios emerge)

Kon Yin Tong, director of Grant Thornton Corporate Finance Pte Ltd, commented, "This shift in confidence about access to finance suggests that businesses believe that lenders are becoming more willing to support them with funds rather than kind words. In Singapore, the government's targeted fiscal stimulus measures have a positive effect in driving the economy albeit to a slow recovery. While businesses in many parts of the world also see light at the end of the tunnel, there are still many countries where businesses are pessimistic about their chances of raising finance and feel their lenders are being unsupportive."

The largest number of economies still sit in the bottom left quadrant with the lowest expectations about access to finance and with a perception that their lenders are the least supportive in the world. Many, like France, Greece, Ireland, Russia and Thailand were in the same position in 2009 and, not surprisingly, are amongst the most generally pessimistic of the 36 economies surveyed this year. Perhaps more surprising is the presence of mainland China where businesses, despite being the 12th most optimistic in the 2010 IBR optimism/pessimism index, still fall below the global average in terms of their expectations for access to finance in 2010.

At the other end of the scale, the top right quadrant shows economies where businesses expect finance to be more accessible than the global average and who believe they enjoy above average support from their lenders. Chile, India and the Philippines are the most confident, but a number of major economies have also moved into this quadrant since 2009 - including the US, New Zealand, Hong Kong and Singapore. The correlation between

access to finance and overall business optimism continues with eight of the top 10 most optimistic economies in the world appearing in this quadrant.

In the top left quadrant, Japan, Poland, Malaysia and Spain believe their prospects for raising finance are low despite having supportive lenders and it is no coincidence that the IMF's official GDP growth forecasts for all these countries are below 3%, the global average for 2010.

Businesses from many countries in the bottom right quadrant (such as Argentina, Brazil, Finland and Turkey) have historically taken this position so despite their continuing belief that their lenders are unsupportive, they are without exception more optimistic that access to finance will significantly improve in 2010. The newcomers are businesses in the UK, South Africa and Botswana, where last year's belief that lenders were supportive has been significantly eroded.

When businesses were asked how their sources of finance had changed over the last 12 months there was little change from 2009. Yin Tong commented, "The use of long and short term loans have dropped as we would expect as global investment has slumped. Where use of short term loans has reduced there has been an equal increase in the use of factoring as businesses look for short term survival strategies to increase their cash flow. In place of long term loans, there has been a slight increase in popularity for equity from individuals and institutions and grant and awards. It will be interesting to see if this trend continues as financial markets adjust to the lasting effects of the credit crunch."

### **About International Business Report**

Entering its eight year, Grant Thornton's International Business Report (IBR) 2010 was carried out over 7,400 senior executives of medium to large privately held businesses from 36 countries/regions in late 2009. Grant Thornton International started a major annual survey of the attitudes and expectations of small and medium-sized businesses in 1992 called the European Business Survey (EBS). In 2003 the research project was widened to an international perspective covering medium-sized businesses and renamed the International Business Owners Survey (IBOS)

In 2007, the survey's name was changed from IBOS to the International Business Report (IBR). The IBR draws upon 17 years of trend data for original EBS participants and 7 years for original IBOS countries. The 17 year trend data is available for: France, Germany, Greece, Ireland, Italy, Netherlands, Spain, Sweden and the United Kingdom, while the 7 year trend data is available for Australia, Canada, Hong Kong, India, Japan, Mexico, Russia, Singapore, South Africa and the United States.

The research is conducted by Experian Business Strategies Ltd. Grant Thornton International donates US\$5 to UNICEF for every completed IBR questionnaire; this has resulted in a donation of US\$36,600 in 2009.

To find out more about the Grant Thornton International Business Report, please visit [www.internationalbusinessreport.com](http://www.internationalbusinessreport.com)

Notes to editors:

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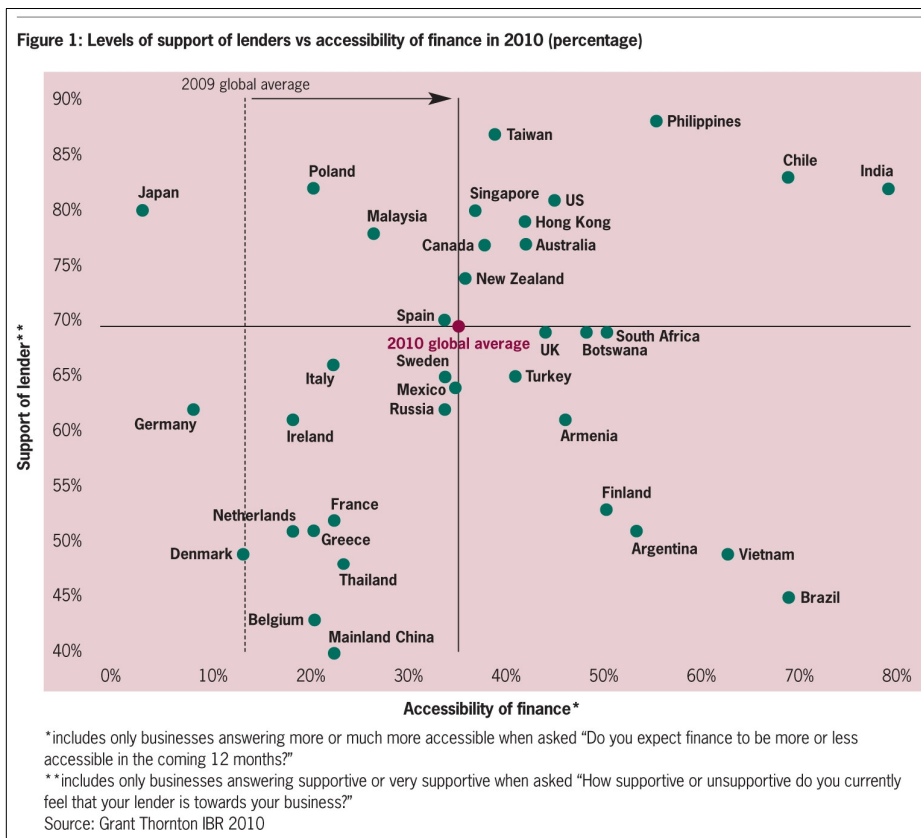
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Notes to editors: Access to finance data:



2010	D1: In general, do you expect finance to be more or less accessible in the coming 12 months?		
	Actual % of businesses		
	More or much more accessible	No change	Less or much less accessible
India	79	18	4
Brazil	69	8	7
Chile	68	27	4
Vietnam	62	23	14
Philippines	55	28	15
Argentina	53	35	10
Finland	50	33	14
South Africa	50	25	21
Botswana	48	13	24
Armenia	46	27	17
United States	45	30	23
United Kingdom	44	32	20
Hong Kong	42	48	8
Australia	41	44	13
Turkey	41	35	18
Taiwan	39	45	11
Canada	38	37	20
New Zealand	36	39	21
<b>Singapore</b>	<b>36</b>	<b>55</b>	<b>6</b>
Mexico	35	37	27
Russia	34	32	26
Spain	34	42	22
Sweden	34	46	17
Malaysia	28	61	11
Thailand	24	38	32
Mainland China	23	28	40
France	23	48	25
Italy	23	42	28
Belgium	21	35	42
Greece	21	35	40
Poland	21	60	15
Ireland	20	39	40
Netherlands	19	35	41
Denmark	14	73	12
Germany	8	23	64
Japan	5	42	47
European Union	25	37	34
Nordic	33	50	15
North America	45	31	23
NAFTA	44	31	23
Latin America	54	23	14
Asia Pacific (excl. Japan)	39	30	26
Asia Pacific	32	32	31
Global	35	32	27

Source: Grant Thornton International Business Report 2010

2010- ALL WITH LENDERS	D2: How supportive or unsupportive do you currently feel that your lender is towards your business?		
	Actual % of businesses		
	Supportive or very supportive*	Neither supportive or unsupportive	Unsupportive or very unsupportive*
Philippines	88	7	5
Taiwan	87	9	2
Chile	83	7	10
India	82	15	2
Poland	82	8	8
United States	81	10	10
Japan	80	12	6
<b>Singapore</b>	<b>80</b>	<b>11</b>	<b>6</b>
Hong Kong	79	14	6
Malaysia	78	10	12
Australia	77	18	5
Canada	77	10	10
New Zealand	74	16	5
Spain	70	13	14
Botswana	69	5	17
South Africa	69	15	16
United Kingdom	69	19	12
Italy	66	19	15
Sweden	65	20	9
Turkey	65	19	10
Mexico	64	13	23
Germany	62	26	10
Russia	62	25	9
Armenia	61	20	16
Ireland	61	23	15
Finland	53	34	5
France	52	36	9
Argentina	51	19	29
Greece	51	29	19
Netherlands	51	25	21
Denmark	49	38	11
Vietnam	49	40	11
Thailand	48	41	9
Brazil	45	28	19
Belgium	43	43	11
Mainland China	40	39	8
European Union	62	24	12
Nordic	57	30	9
North America	73	9	8
NAFTA	79	10	10
Latin America	54	21	20
Asia Pacific (excl. Japan)	42	16	4
Asia Pacific	69	21	5
Global	69	18	10

Source: Grant Thornton International Business Report 2010