



## PRESS RELEASE

### **SMEs in MIDLANDS & WALES ARE AMONG UK'S MOST OPTIMISTIC, FINDS QBE SURVEY – REGION'S BUSINESSES SAY SALES WILL RISE BUT DEVELOPMENT MAY BE STALLED BY LACK OF COMMERCIAL CREDIT**

**Birmingham, 15 January 2010**

#### **Key points**

- 74% of Midlands & Wales SMEs expect to maintain or increase sales turnover in the first half of 2010 – up from 57% a year ago
- Majority expects 18 month to 2 year wait before UK sees full economic recovery
- 60% say that banks are holding back from lending and stalling sound business propositions

The third survey of small and medium sized enterprises (SMEs) from QBE, the specialist business insurer, shows that although the economic conditions are still challenging, SMEs in the Midlands and Wales are optimistic for the coming year, with almost three quarters, 74%, expecting to maintain or increase sales in the first half of 2010. This is particularly promising given that, when asked a year ago, only 57% expected increased or flat turnover in 2009.

Furthermore, almost 1 in 10, 9%, of Midlands and Wales-based SMEs expect sales to greatly accelerate in the first 6 months of 2010 – the highest figure out of any of the UK's regions.

#### **Region's SMEs predict individual recovery before UK economy**

Findings from the survey indicated that the region's SMEs predict slow national economic recovery, with over half, 58%, forecasting that the UK will not fully recover before 2011. However, when asked how long it would be before their own businesses recover from the effects of the recession, a quarter, 25%, said that they had already recovered and almost a third, 31%, predicted they would do so in the coming year.



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### **Business development plans may be stalled**

The positive forecasts for the coming year are buoyed by a growing appetite among the region's SMEs to look for opportunities to develop in 2010. 44% said they plan to invest in their business in the first half of 2010. When asked what investments they would make, the top priorities were new software, hardware and equipment, marketing and advertising and new product lines.

However, only 5% of those making an investment in the New Year said they would do so from a bank loan as less than one in ten, 8% said it would not be easy to access commercial credit. And a significant 60% said they thought banks were holding back from providing commercial credit and, in so doing, were stalling sound business propositions.

### **Tim Clarke, Commercial Manager of QBE's Birmingham office, commented:**

"Despite continued difficulties in the business environment, the region's SMEs are performing well and their optimistic forecasts for the coming year are encouraging. While conditions are uncertain, it is unsurprising that their focus is on staying afloat rather than expanding. As confidence improves we have to hope that sufficient prudent lending will re-emerge, to assist the Midland's businesses make the most of the upturn."

**-ENDS-**

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### **Notes to editors**

#### **About the QBE Business Sentiment Survey**

Data were collected by The Survey Shop in November 2009. A total of 402 interviews were conducted by telephone using quota sampling. Respondents were qualified as owners, managers and decision-makers, and the data are representative of SMEs in UK and Ireland.

#### **About QBE**

Founded in Australia over 100 years ago, QBE Insurance Group is a specialist business insurer, now operating out of 45 countries across the globe. We have been active in the UK since 1904, originally within the marine insurance market, but branching out more recently to offer commercial insurance to companies across the UK. At the end of 2008, the Group's turnover was over £6bn, making it one of the largest insurance firms in the UK.

We provide insurance for a broad range of business categories, including property, motor (commercial, bus and fleet), public and product liability insurance, professional indemnity, leisure and sport, marine, energy, aviation, and specialty insurance, including bloodstock.

In the UK QBE is rated a leading insurer for claims service,\* among the top three insurance companies for service overall by *Insurance Times*, 2008 and was chosen as 'most competitive insurer' in July 2009\*\*.

\* June 2009, source: Gracechurch Survey

\*\* Source: Insurance Times

QBE is proud to be the official insurance partner of the Guinness Premiership. This partnership with the world's most competitive domestic rugby union competition will allow QBE's brand to develop and business to grow in the UK.