Reflecting Business

Jump in confidence among Irish SMEs despite continued business pressures

ptsb Altogether more human

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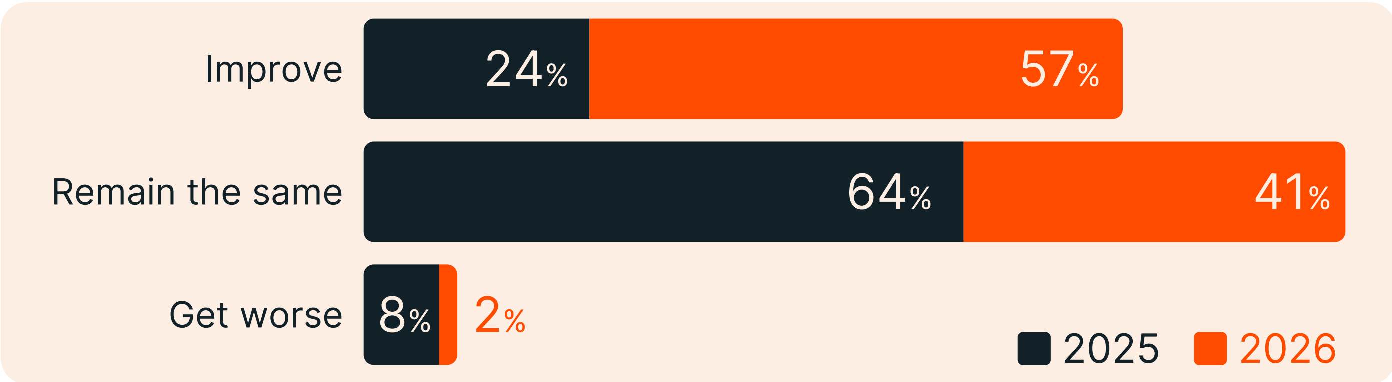
Introduction

As Irish SMEs move through 2026, there are clear signs of an upturn in confidence and optimism, with more businesses expecting growth in the months ahead than this time last year. This reflects an overall more positive outlook across the SME community, with expectations that both individual business performance and the wider economy will improve. However, this confidence is tempered by the reality of an operating environment still shaped by a range of business pressures. Rising costs, inflation and global uncertainty continue to influence how businesses plan, invest and grow. At the same time, sustainability has emerged as a leading commercial opportunity, with many SMEs recognising its potential to drive efficiencies and long-term resilience, while geopolitical and energy-related pressures are increasingly shaping business decisions and future planning needs.

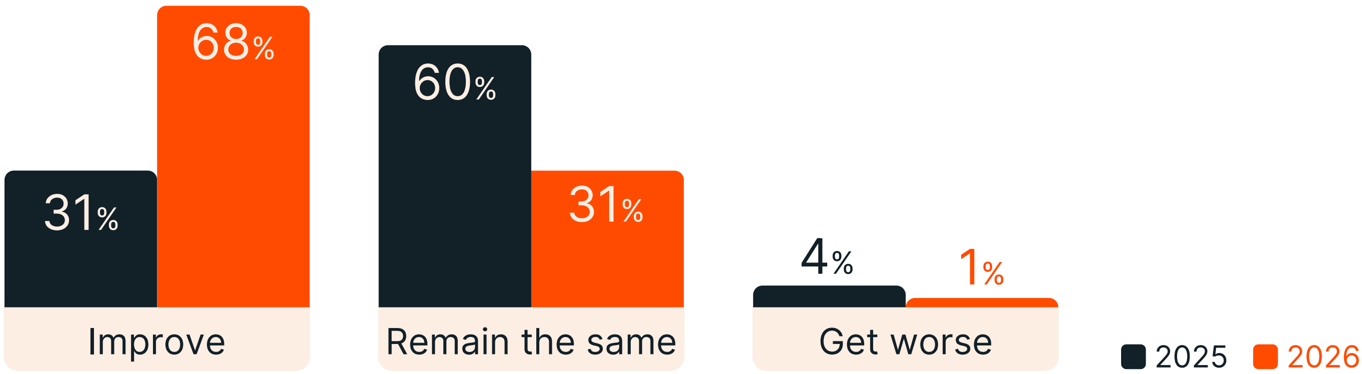
Your business and the economy

Do you think the economic situation of the country is likely to improve, remain the same or get worse over the next 12 months?



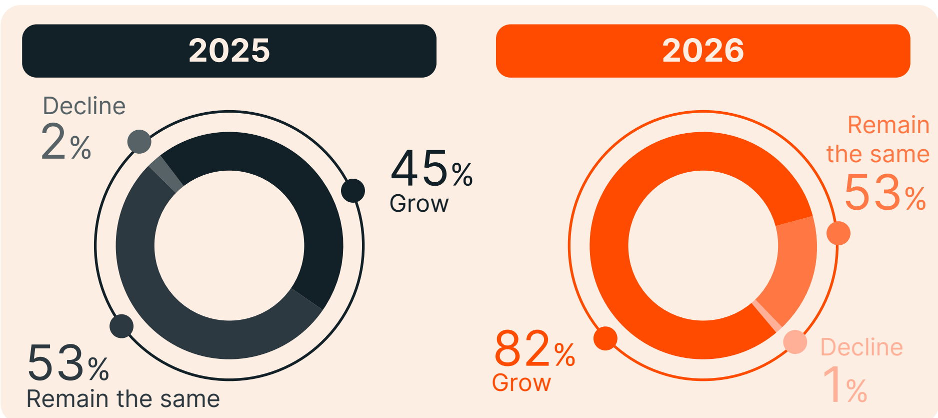
Irish SMEs are significantly more positive about the economic outlook than they were in 2025, with a clear shift from caution to optimism.

Do you think things are likely to improve, remain the same or get worse over the next 12 months for your business?



Business sentiment has improved sharply year-on-year, with more than twice as many SMEs now expecting conditions to improve.

Over the next 12 months, are you expecting your business to grow, remain the same or decline?



Growth expectations have strengthened significantly, with the majority of businesses now focused on expansion rather than stability.

Growth challenges and opportunities

What are the biggest challenges you are facing now in terms of growth?

	2025	2026
Increased cost of goods	36%	76%
Inflation	22%	71%
Global economic turbulence	35%	49%
Access to finance	19%	20%

What are the biggest opportunities you see for the growth of your business?

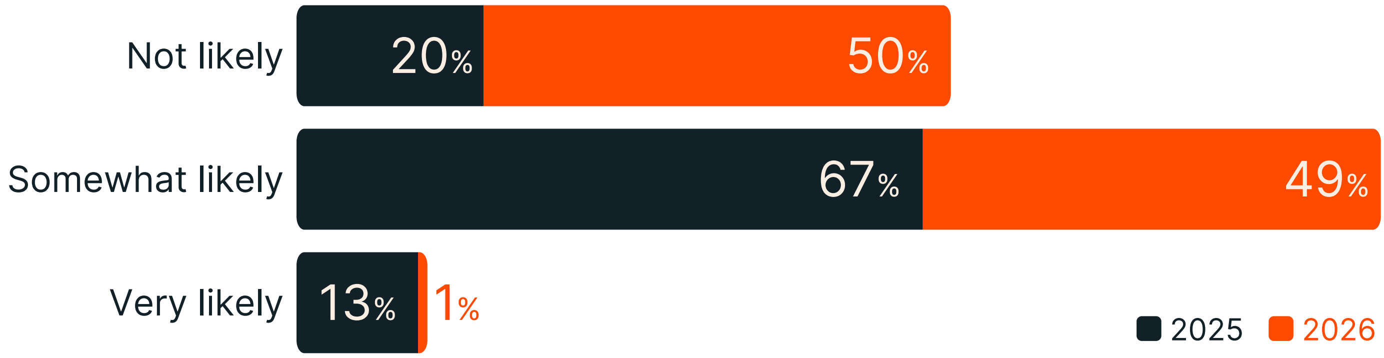
	2025	2026
Inflation	28%	72%
Partnerships & collaboration	28%	34%
Organic growth	14%	33%

Cost pressures, particularly increased cost of goods and inflation, are now the most significant barriers to growth for SMEs.

Sustainability has emerged as the standout opportunity, more than doubling as a perceived driver of growth.

Investment

How likely are you to invest in your business in the next 12 months?



While growth expectations are increasing, SMEs are adopting a more cautious approach to investment.

What are you hoping to invest in?

Sustainability measures
2025 33% | 2026 49%

Energy efficiency
2025 14% | 2026 18%

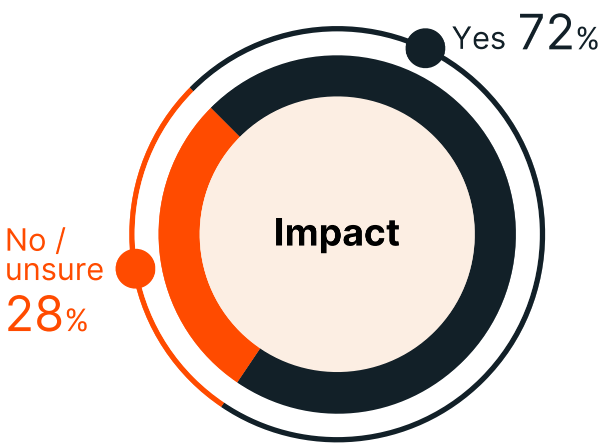
Business expansion
2025 38% | 2026 21%

Business premises
2025 35% | 2026 21%

Sustainability is now the leading investment priority, reflecting a shift towards efficiency and long-term resilience.

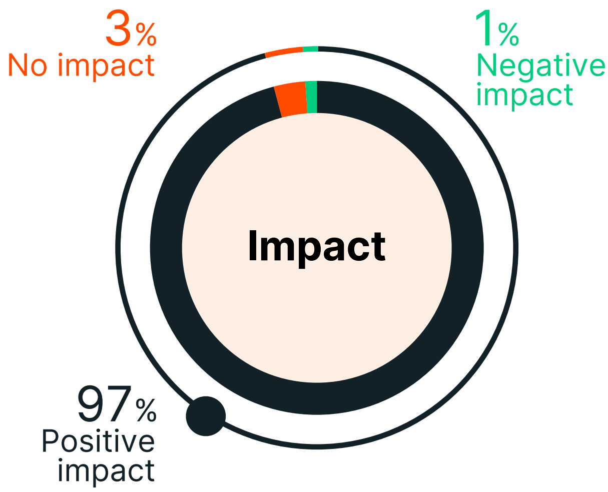
Sustainability and growth

Do you see sustainability as a commercial opportunity for your business?



A strong majority of SMEs now see sustainability as a commercial opportunity rather than a compliance requirement.

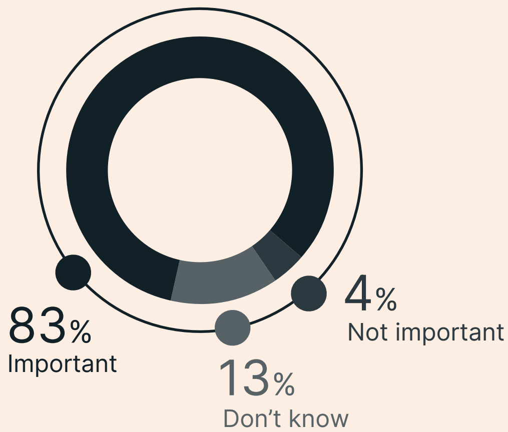
How much impact do you expect sustainability initiatives to have on your business growth?



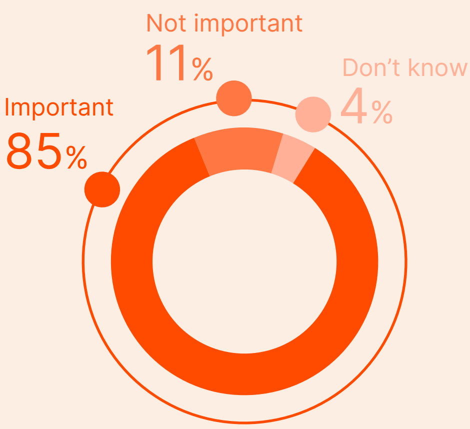
Sustainability is overwhelmingly seen as a positive driver of growth across the SME community.

How important is ESG as part of your business strategy in the next 5 years?

2025



2026



ESG continues to play a central role in business planning, with most SMEs incorporating it into their strategy.

Geopolitical impact

To what extent are geopolitical factors affecting your business growth currently?

Negative impact	No impact	Positive impact
89%	6%	5%

Geopolitical developments are having a widespread negative impact on SMEs, particularly through cost pressures and uncertainty.

In what areas are geopolitical tensions having the most impact?

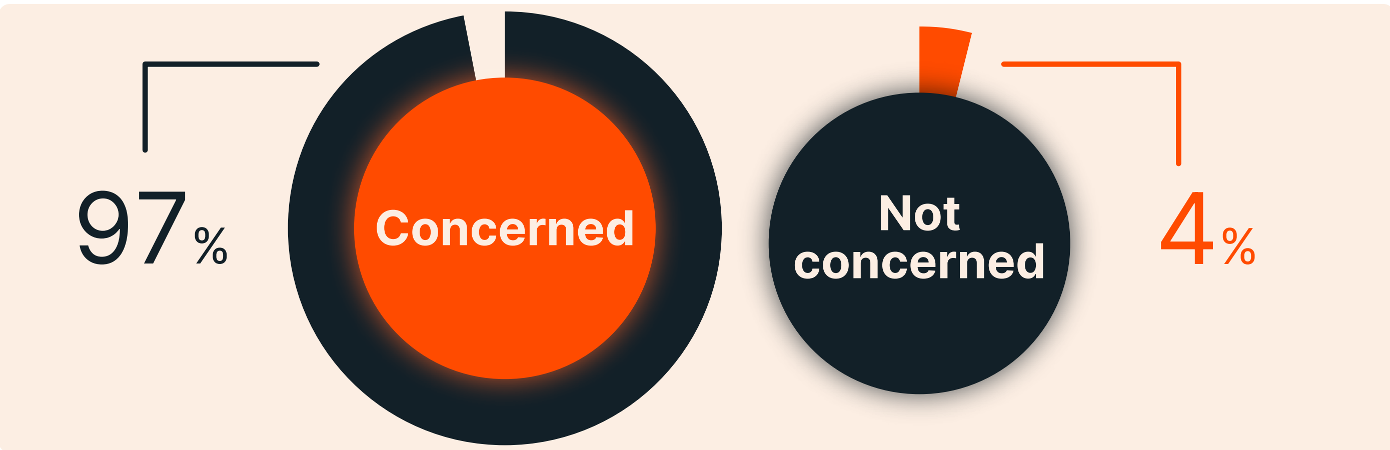
Input and energy costs	Market stability	Supply chain disruption	Investment uncertainty
82%	51%	40%	39%

Energy and input costs are the most immediate and significant impact of geopolitical pressures.

Impact of geopolitical conditions on energy efficiency investment

Energy price pressures are directly influencing investment behaviour, encouraging efficiency-led decisions.

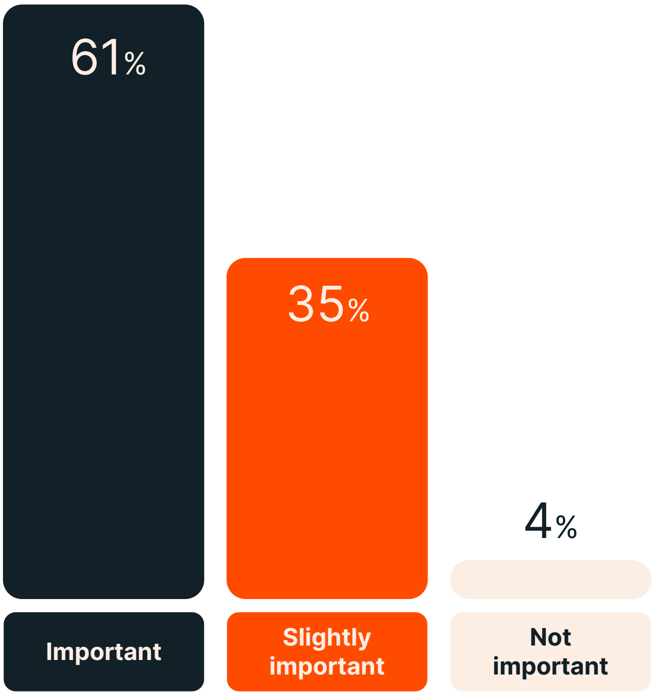
Looking ahead, how concerned are you about geopolitical risks impacting your business over the next 2–3 years?



Geopolitical risk is now a near-universal concern for SMEs, shaping both planning and investment decisions.

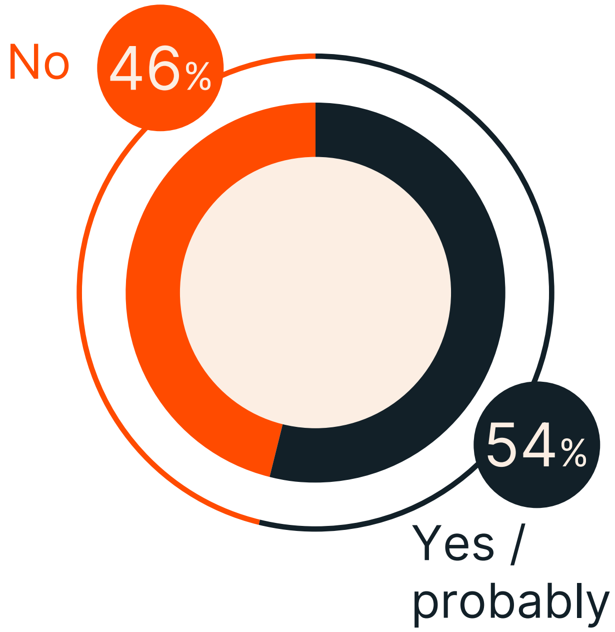
Access to finance and support

How important is access to finance or investment to achieving your growth plans?



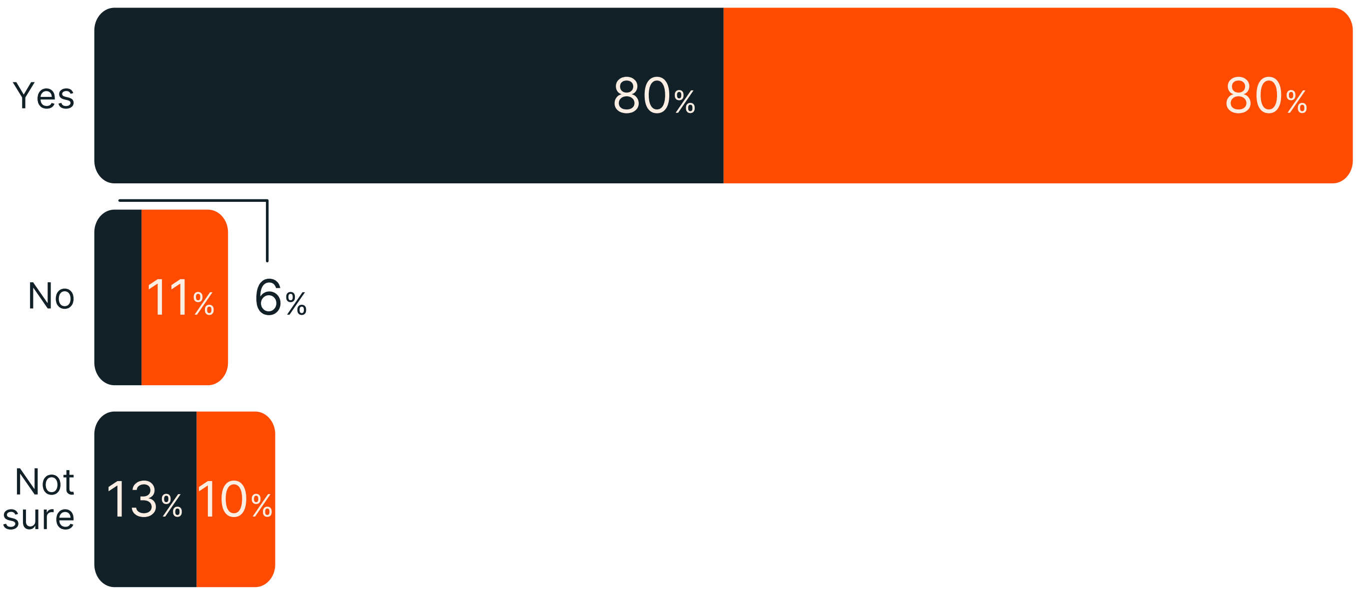
Access to finance remains a key enabler for businesses looking to grow and invest.

Do you expect to seek bank finance in the next 1–2 years?



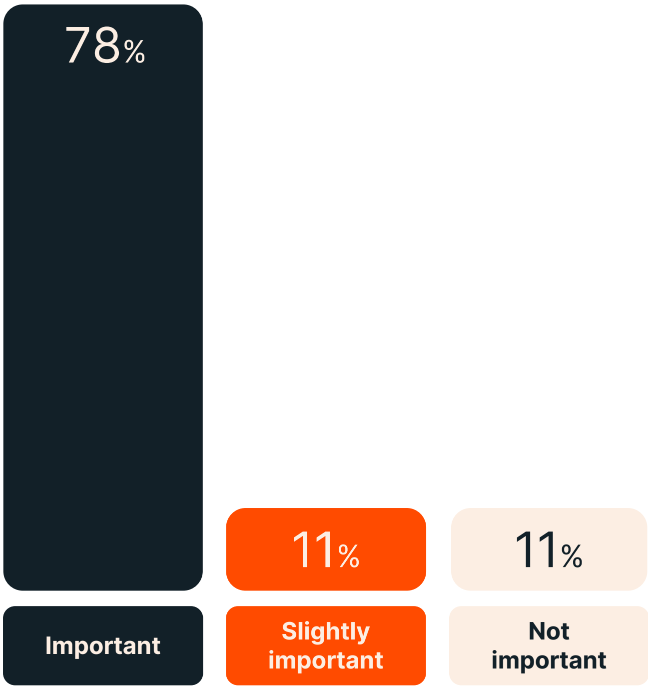
More than half of SMEs expect to seek, or may consider seeking, external funding.

Would you be interested in Impact Lending linked to environmental or social outcomes?



Interest in impact lending remains strong and consistent year-on-year.

Would access to a dedicated sectoral specialist be beneficial?



There is strong demand for expert support to guide businesses through investment decisions.

Speed of decision making	Relationship / understanding of my business	Speed and efficiency	Accessibility	Flexibility of terms
60%	60%	42%	35%	33%

Trust and reliability	Cost / pricing	Digital banking capability	Range of products
32%	27%	16%	8%

When choosing a banking partner, SMEs place as much importance on the relationship with their bank as they do on speed of decision making, putting personal support ahead of cost alone.

Key takeaways

- Confidence in growth has increased significantly year-on-year
- Cost and inflation pressures remain the primary challenges
- Sustainability is now the leading growth opportunity
- Investment is becoming more targeted and cautious
- Geopolitical pressures are shaping both cost and investment decisions
- Demand for finance and support remains strong

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