

SME Business Sentiment Survey

May 2026

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Background & Research Methodology

Chartered Accountants Ireland conducted wave three of the SME Business Sentiment Survey amongst both its practice and business members focusing on small and medium sized enterprises (SMEs), businesses with under 250 employees, following the first two waves in 2025.

All members of Chartered Accountants Ireland whose profile identified them as working in an SME based in the Republic of Ireland were emailed the invitation to complete the survey.

A total of 307 effective responses were achieved by the 19 April 2026.

Welcome from Chartered Accountants Ireland

We are pleased to present the third wave of our SME Business Sentiment Survey, conducted in partnership with GRID Finance. Building on earlier waves in April and October 2025, this report provides an updated view of how SMEs across the Republic of Ireland are navigating an increasingly challenging economic environment.

The findings are clear. External pressures have intensified. Geopolitical uncertainty and energy price volatility continue to weigh heavily on businesses, while rising staff and operational costs – alongside growing regulatory demands – remain the most pressing challenges.

Cost inflation is now deeply embedded, with more than eight in ten SMEs reporting rising costs over the past six months. At the same time, profitability remains uneven, underscoring the fragile balance many businesses are managing between growth and sustainability.

Confidence has weakened since our previous survey. Looking ahead, expectations have softened, with more SMEs now anticipating that their business will be worse off rather than better off over the next 12 months. This reflects not just current pressures, but a broader decline in optimism about the economic outlook.

Yet, despite these challenges, Irish SMEs continue to demonstrate resilience and adaptability. Businesses are actively reassessing their models, investing in skills, and adopting new technologies. However, this transformation remains measured, particularly in areas such as artificial intelligence, where adoption is still at an early stage.

Over the year ahead, geopolitical uncertainty and ongoing talent constraints are expected to remain the defining risks for the SME sector.

As the trusted voice of 40,000 business leaders, Chartered Accountants Ireland will use these insights to inform and lead constructive engagement with policymakers and stakeholders. This research provides a clear evidence base for action – action to ease cost pressures, simplify regulation, and strengthen the long-term resilience and competitiveness of the SME sector.

Cróna Clohisey

Director of Members & Advocacy



Welcome from GRID Finance

As the official independent lender partner to Chartered Accountants Ireland, GRID Finance is delighted to support the third wave of the SME Business Sentiment Survey, which offers a timely and valuable window into the conditions shaping Irish SMEs today.

This wave's findings tell a story familiar to anyone who knows the Irish business landscape: real pressures, met with characteristic determination. Access to finance has held steady, and confidence in securing funding remains broadly intact. At the same time, rising staff and operational costs are being felt across the sector, and profitability continues to test many businesses. Forward-looking sentiment has softened, with more SMEs expecting a tougher year ahead than a brighter one.

External risks are clearly front of mind. Geopolitical uncertainty has emerged as the leading concern for the next 12 months, while talent pressures and regulatory complexity remain persistent themes. Encouragingly, SMEs are responding with measured ambition – cautiously adopting new technologies, including artificial intelligence, to lift productivity and efficiency. Adoption is incremental for now, but the direction of travel is unmistakable.

While these headwinds are real, and this research identifies them clearly, the Irish market's ability to negotiate and manage challenges of this kind is renowned. Time and again, Irish SMEs have shown an exceptional capacity to adapt, innovate and find a way through. That resilience remains one of the defining strengths of our economy.

At GRID Finance, we believe meaningful SME support must be grounded in evidence and a clear understanding of how businesses are actually operating. This research reinforces the value of practical, accessible funding solutions, alongside policy measures that ease complexity and help businesses manage sustained cost pressures.

We look forward to continuing our work alongside Chartered Accountants Ireland, policymakers and the wider business community – supporting Irish SMEs as they navigate today's challenges and build for what comes next.

Eoin Christian

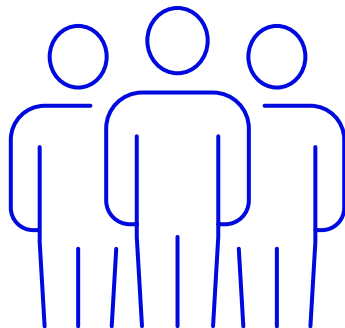
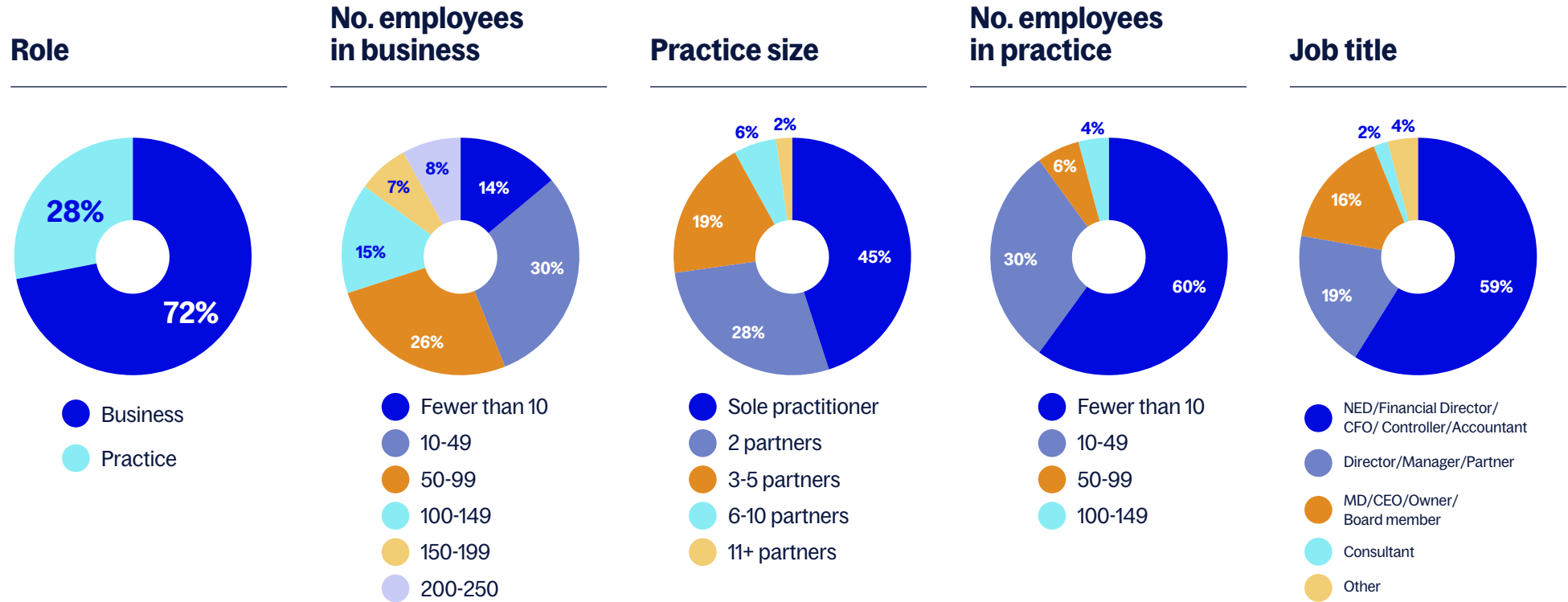
Chief Executive Officer, GRID Finance



Section 1

Member profile

Profile of member sample

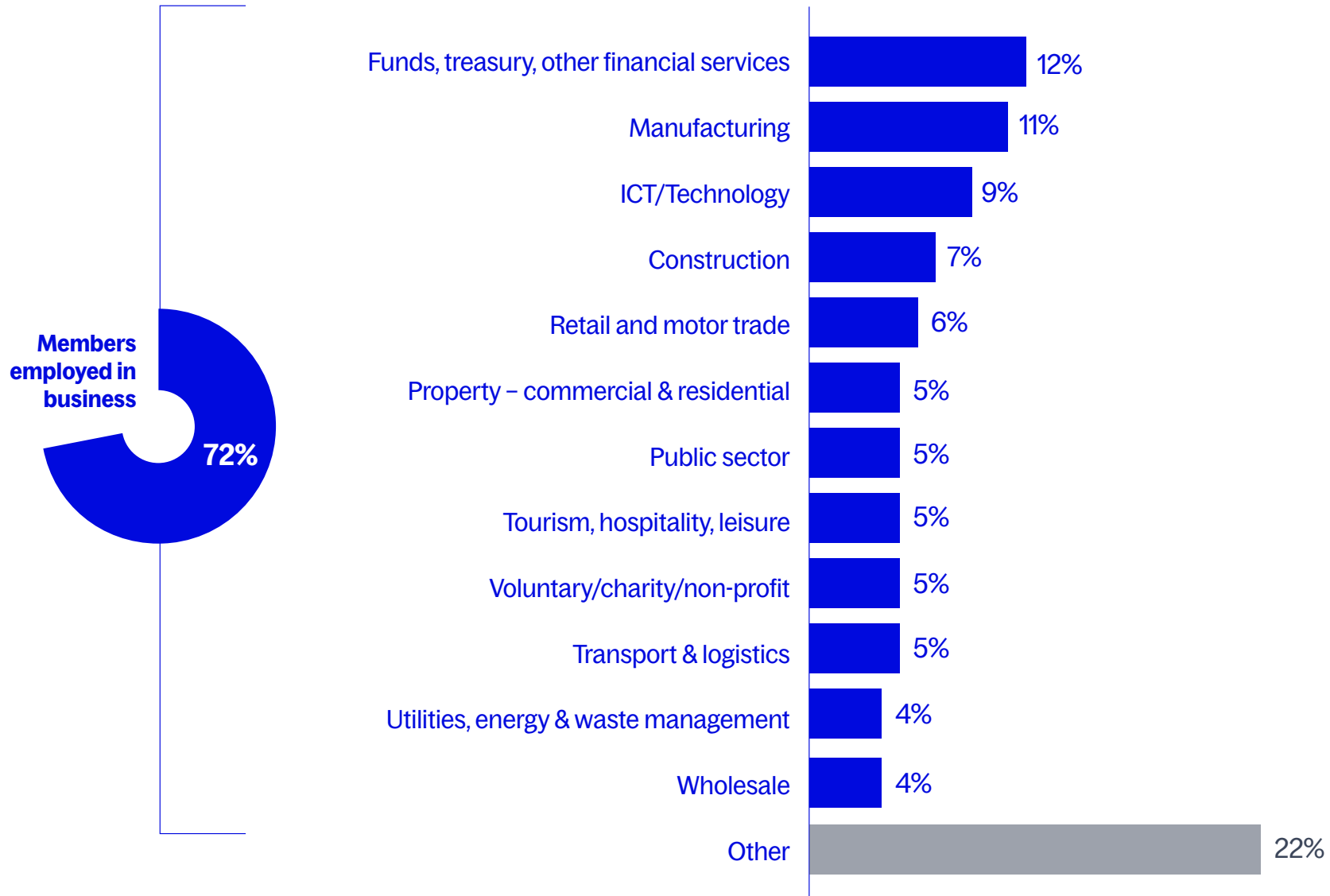


Over
7 in 10
of the sample work in
business, the remainder
work in practice

3 in 5
work in a company with less
than 50 employees

Amongst practice members, circa
9 in 10
work in a practice with less
than 50 employees and less
than 5 partners

Industry sector breakdown amongst members in business



Section 2

Financial changes

Biggest financial challenges facing SMEs currently



Please rank 1-3, where 1 is biggest challenge and 2 is 2nd biggest challenge, etc, what do you believe are the top 3 financial challenges you are facing as an SME currently?

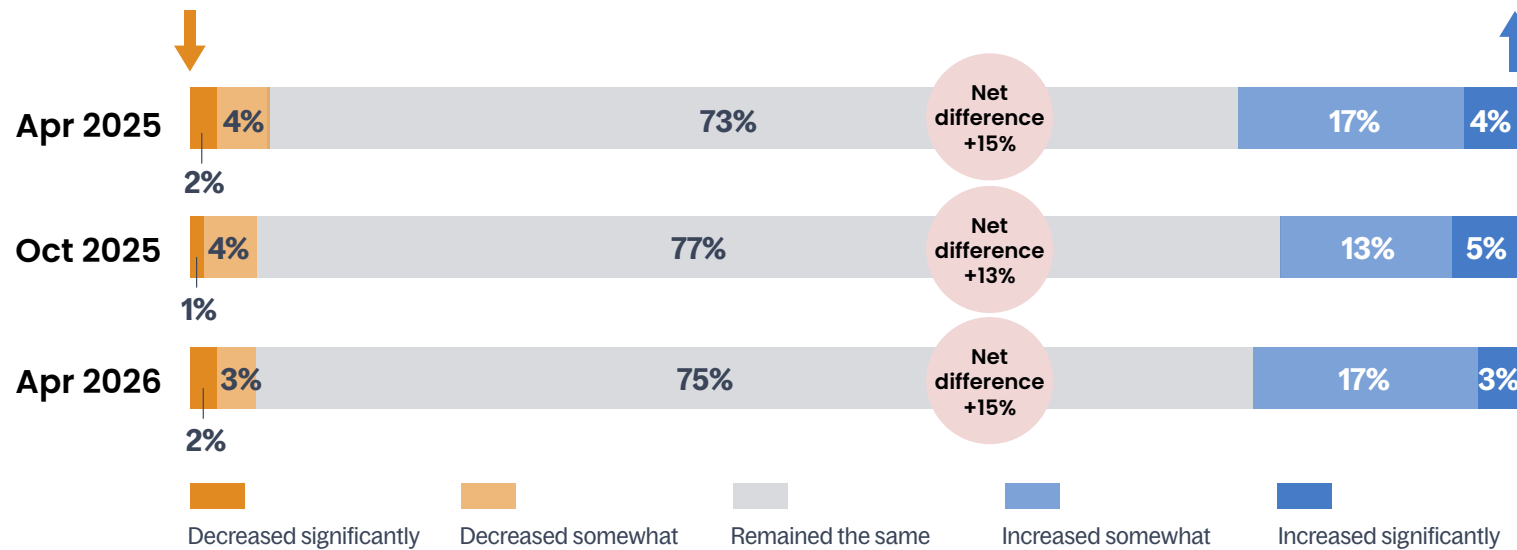


There has been no significant change in the sentiment amongst members on the biggest financial challenges with 38% citing staff costs as the biggest financial challenge facing SMEs currently. This is followed by rising operational costs (31%) and regulatory compliance costs (12%).

Borrowing demand shifts in past 6 months



How has borrowing demand / need for access to finance changed compared to 6 months ago?



Borrowing demand remained largely unchanged over past 12 months with

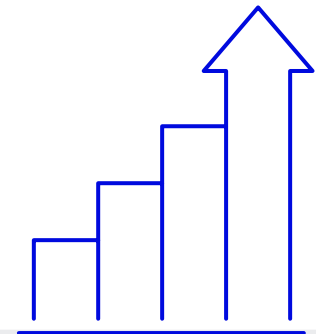
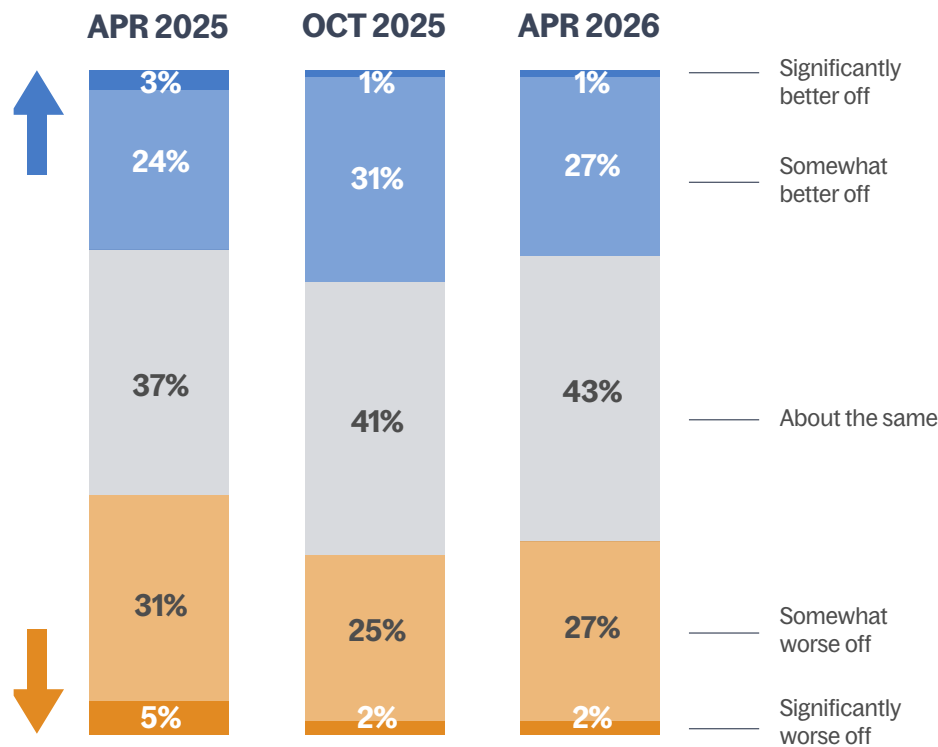
1 in 5

reporting increase. Circa 3 in 4 claim borrowing demand has remained the same, in line with results from past two waves.

Business projections over next 12 months



Looking ahead to the next 12 months, do you expect your business to be:



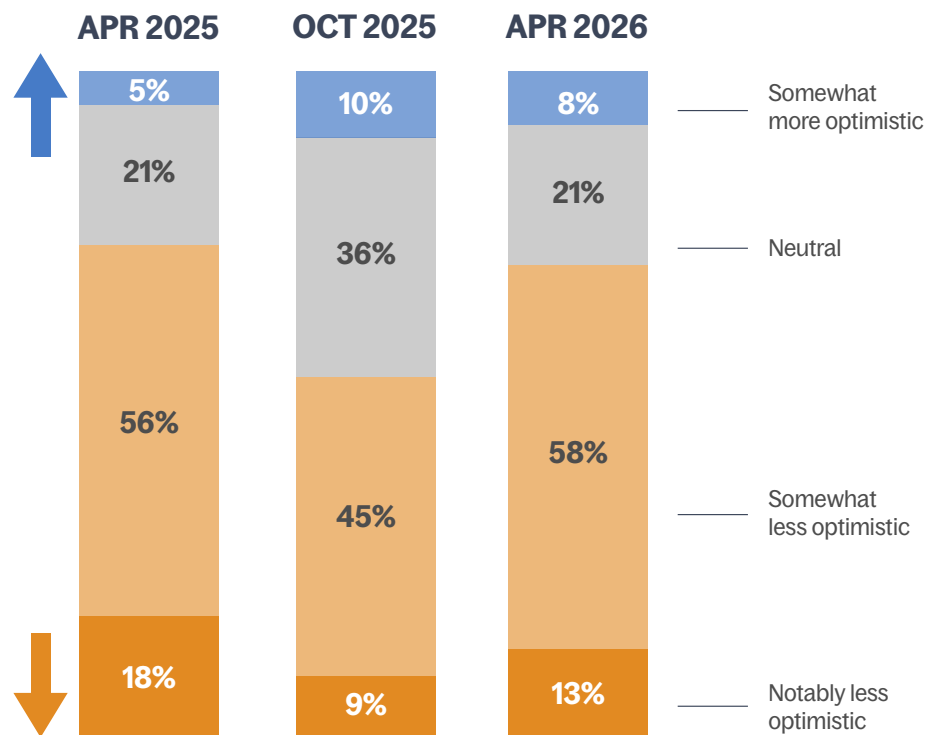
Looking ahead to the next 12 months, sentiment among SMEs has weakened compared to the previous wave. While 28% of respondents expect their business to be either somewhat or significantly better off, a slightly higher proportion (29%) now expect to be worse off.

This represents a reversal from the more optimistic outlook seen six months ago and results in a marginally negative net outlook overall, indicating growing caution among businesses about the year ahead.

Broader economic outlook



Thinking about the broader economic environment for SMEs, how do you feel now compared to 6 months ago?

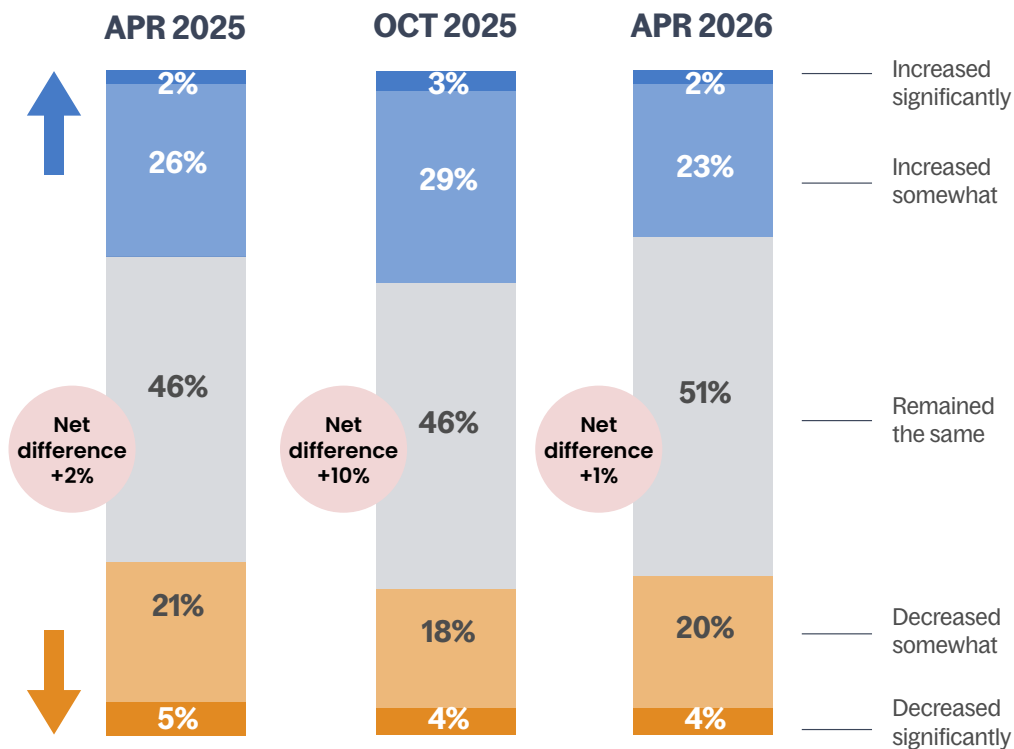


Sentiment regarding the broader economic environment for SMEs has deteriorated further in this wave. Only around 1 in 12 respondents now feel optimistic compared to six months ago. Meanwhile, pessimism has intensified, with approximately 7 in 10 reporting that they feel either somewhat or notably less optimistic about the economic environment. This represents an increase in negative sentiment since the previous wave, returning to the lower levels of confidence seen in April 2025.

Profitability changes



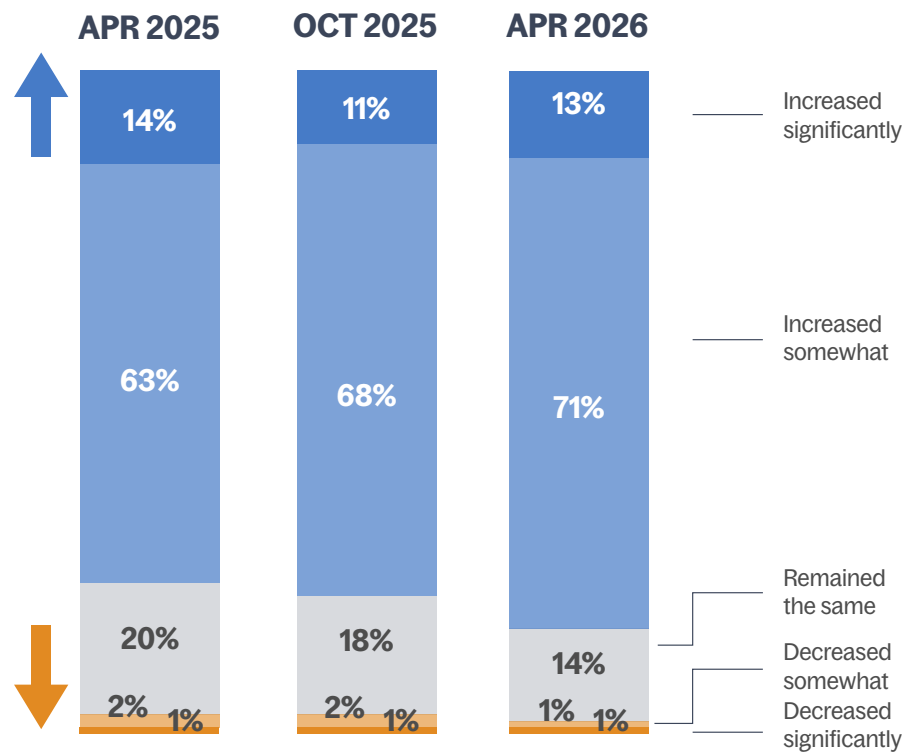
How has your business profitability changed in the past 6 months, outside any normal fluctuations?



Profitability remains mixed across SMEs. Around 1 in 4 respondents report an increase in profitability while a similar proportion report a decrease. Overall, net profitability has softened compared to the previous wave.

Business costs changes

How has your business costs changed in the past 6 months?



Business costs continue to rise for the vast majority of SMEs. More than

8 in 10

respondents report an increase in business costs over the past six months, representing a further increase compared with the previous wave.

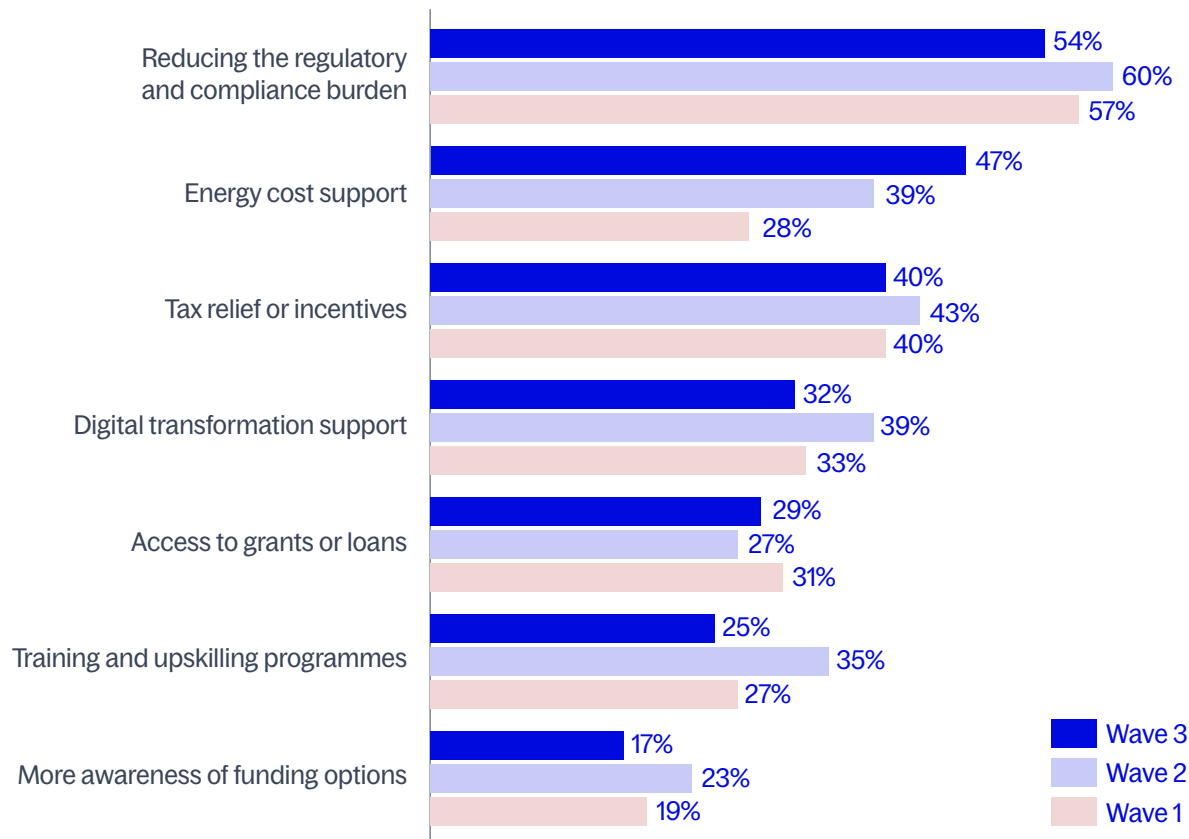
Section 3

Government support & policy

Areas most in need of government support



In your experience which of these areas does your organisation most need government support with?



Reducing the regulatory and compliance burden

tops the list of areas most in need of government support once again.

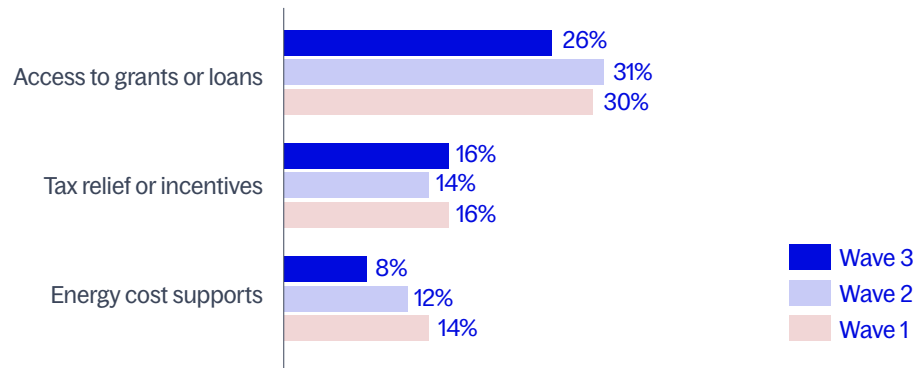
Notably demand for energy cost support has increased by 19% since wave 1 in April 2025.

Government supports applied for & advice sought after

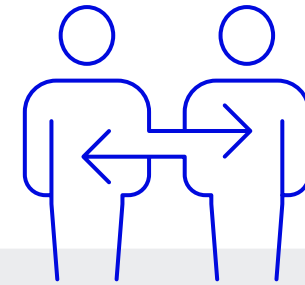
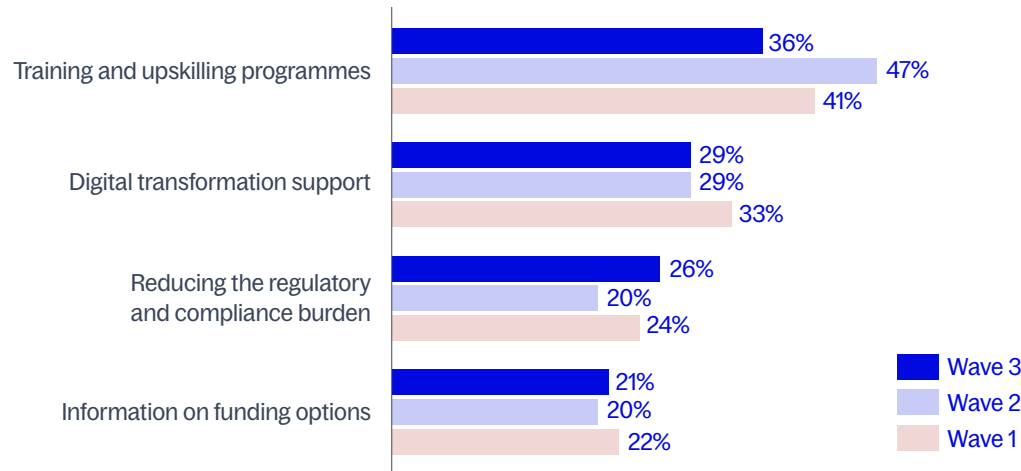


In the past 6 months, have you applied or sought advice for any of the following?

Applied for:



Advice sought for:



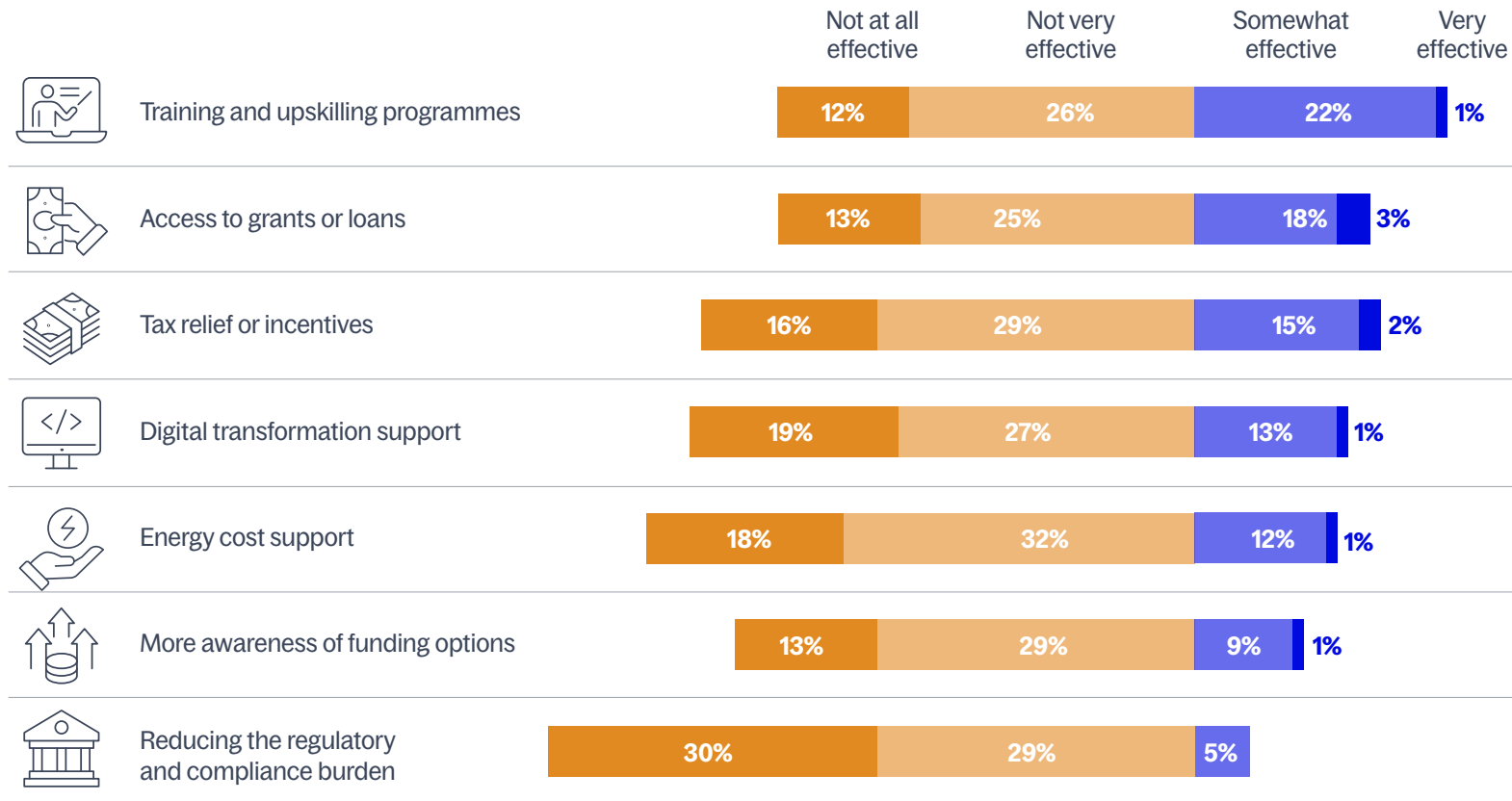
1 in 4

Access to grants and loans remain the most common government support applied for, with 1 in 4 saying so. Advice sought for training and upskilling has declined, while demand for regulatory support has increased.

Effectiveness of government supports

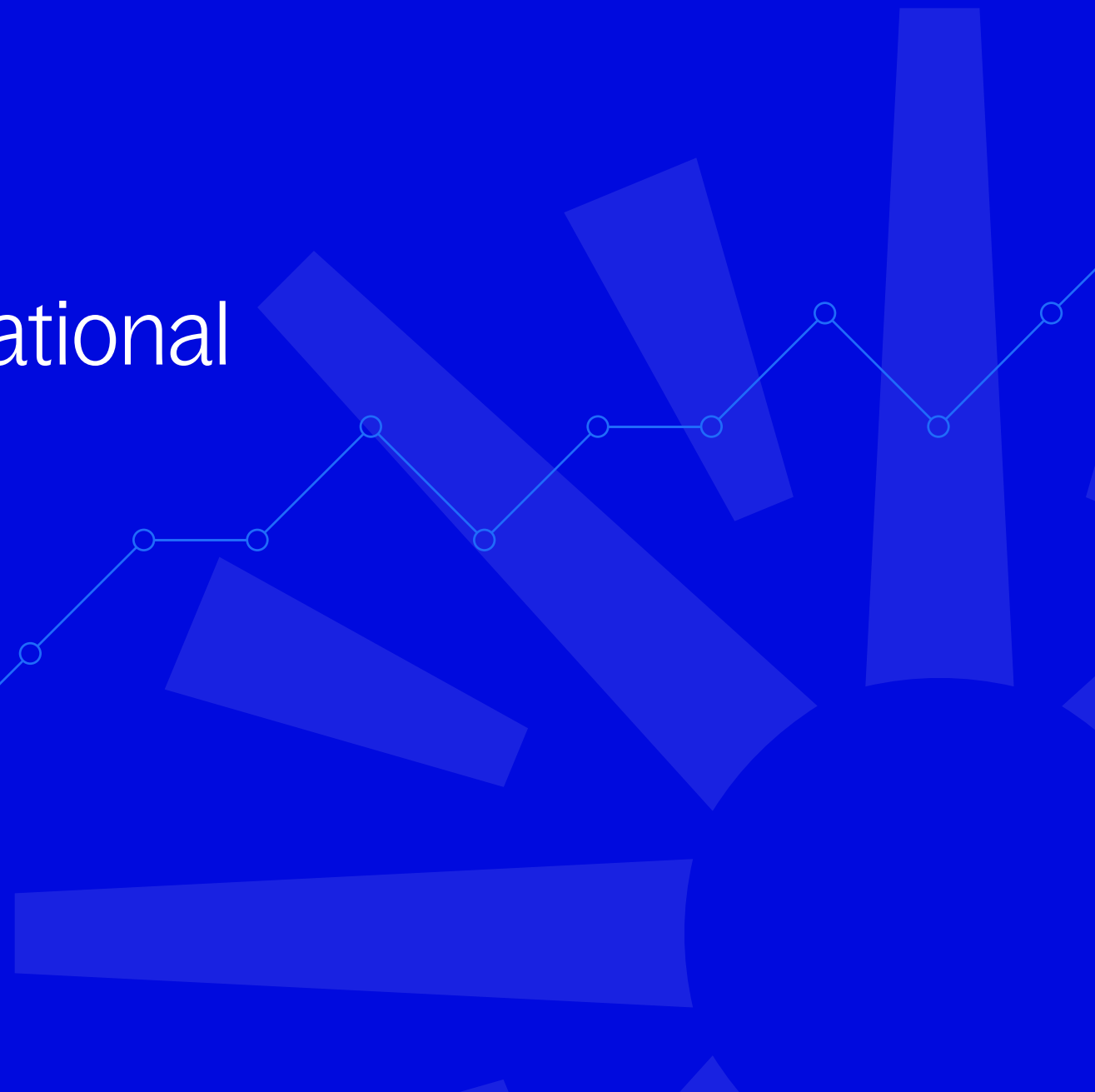


How effective or not are current government supports for your organisation in each of the following areas?



There was limited perceived impact of government supports, with negative sentiment outweighing effectiveness across most measures. Training & upskilling programmes are viewed most positively, while reducing regulatory burden measures are seen as least effective.

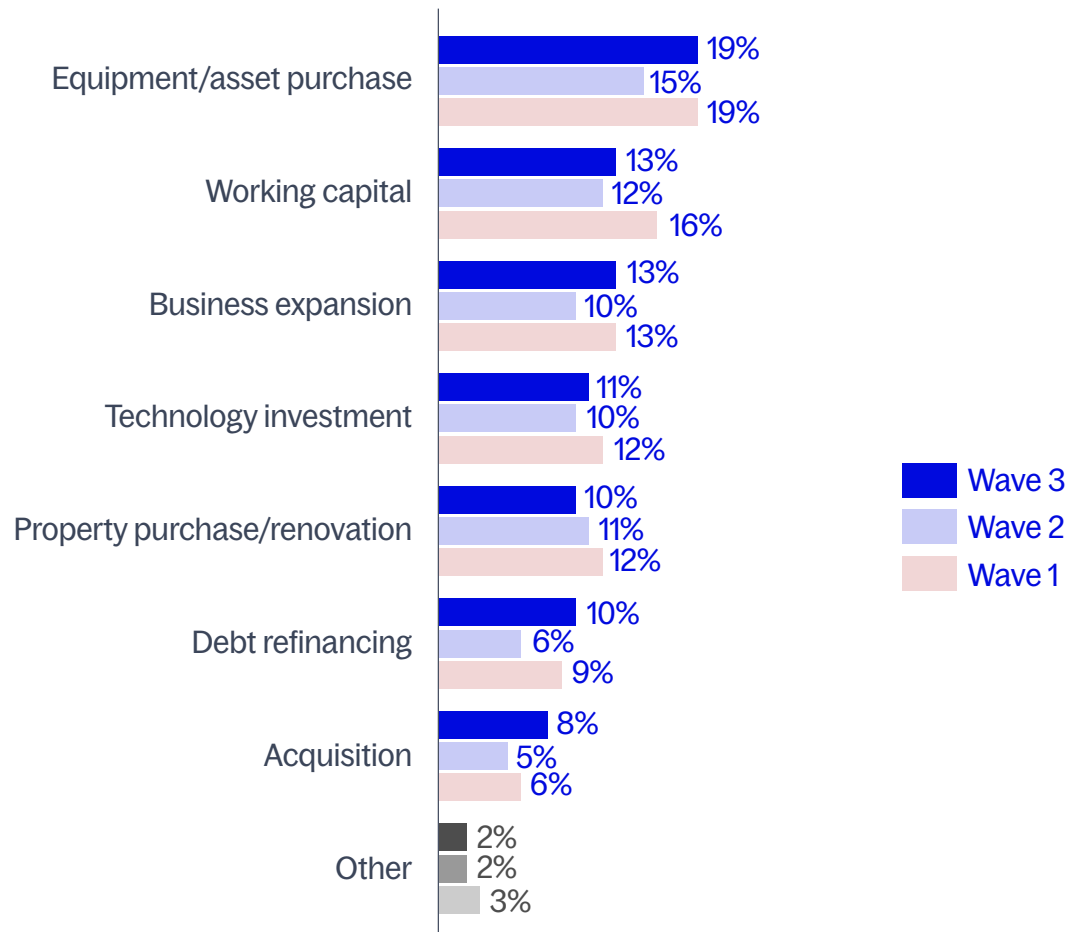
Section 4 Economic & operational environment



Incidence of applying for funding



In the past 6 months, have you applied for funding for any of the following?

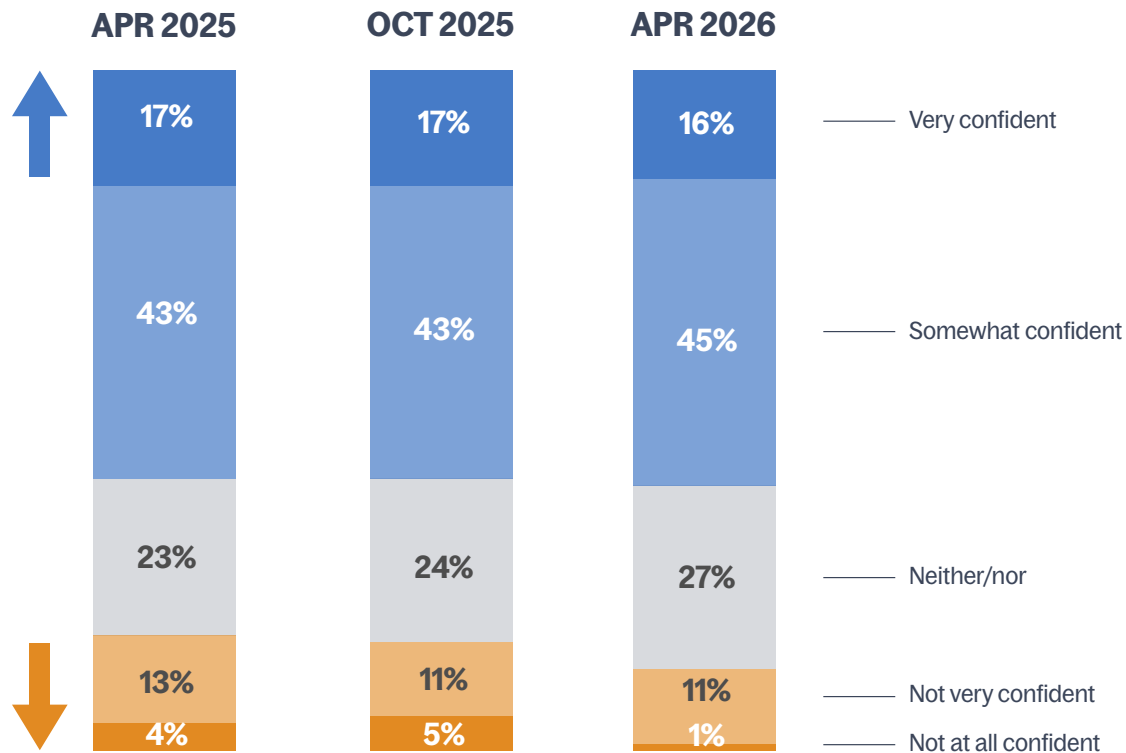


1 in 5

have applied for funding for equipment or asset purchase, followed by working capital (13%) and business expansion (13%).

Confidence in securing adequate funding for business needs

Q If you need to access credit/investment in the next 6 months, how confident are you of securing adequate funding for your business needs?

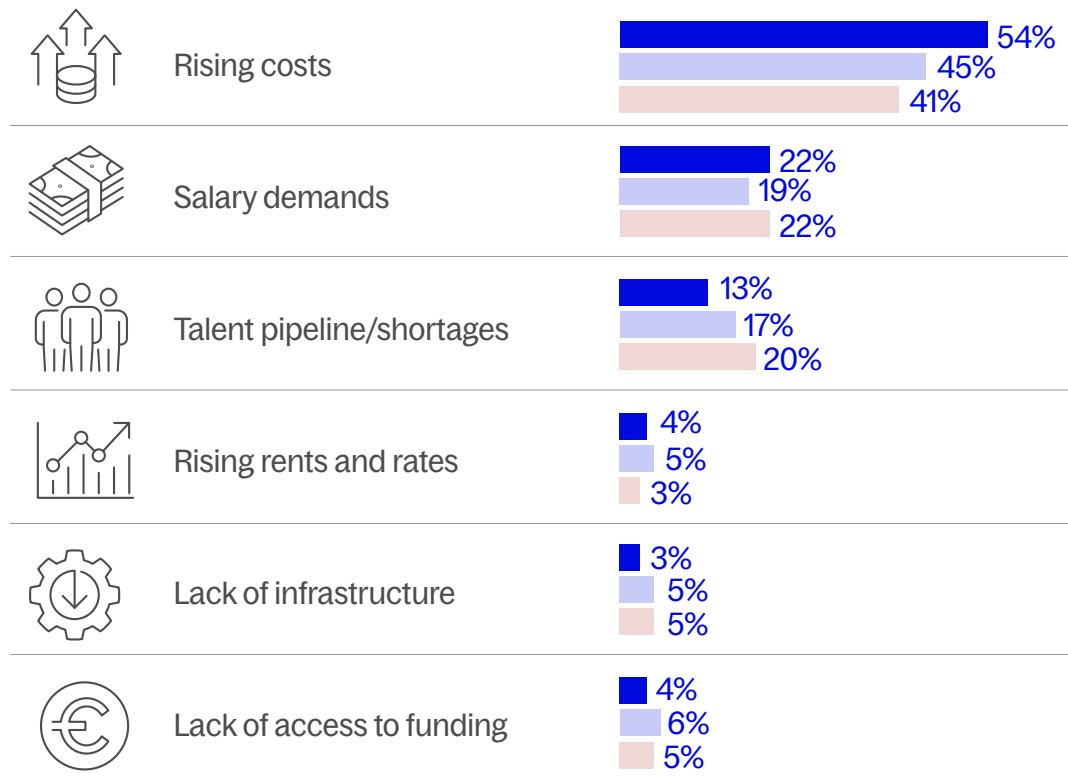


3 in 5

are confident in securing adequate funding for their business needs. Confidence remains stable versus previous waves.

Biggest competitiveness challenges faced by SMEs

Q Thinking about the operating environment for SMEs, please rank 1-3, where 1 is biggest challenge and 2 is 2nd biggest challenge, etc, what do you believe are the top 3 competitiveness challenges you currently face?



Wave 3
Wave 2
Wave 1



Rising costs

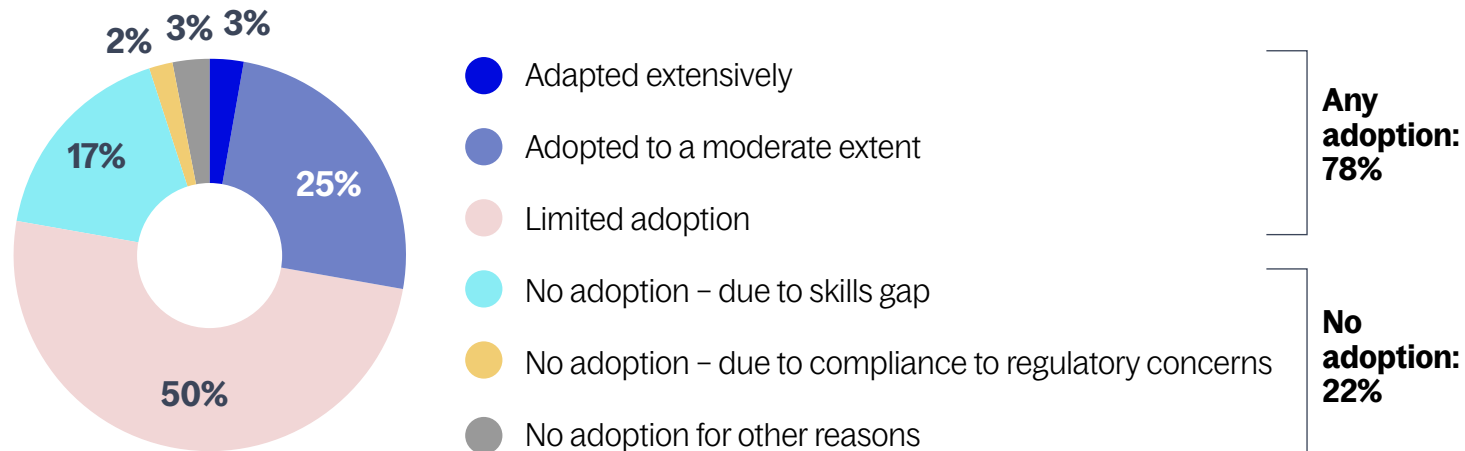
continue to be viewed as the single biggest competitiveness challenge facing SMEs (54%). This is followed by salary demands (22%) and talent pipeline and skills shortages (13%), mirroring the pattern seen in the previous wave.

Section 5

Topical questions

AI adoption levels

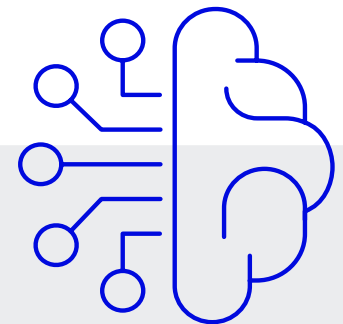
Q Which of the following best describes your business's level of adoption of artificial intelligence (AI) tools over the past 12 months?



AI adoption is relatively widespread among SMEs, with circa

8 in 10

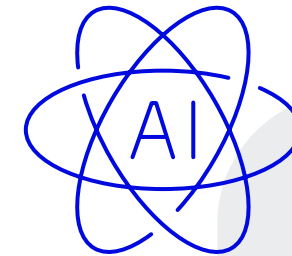
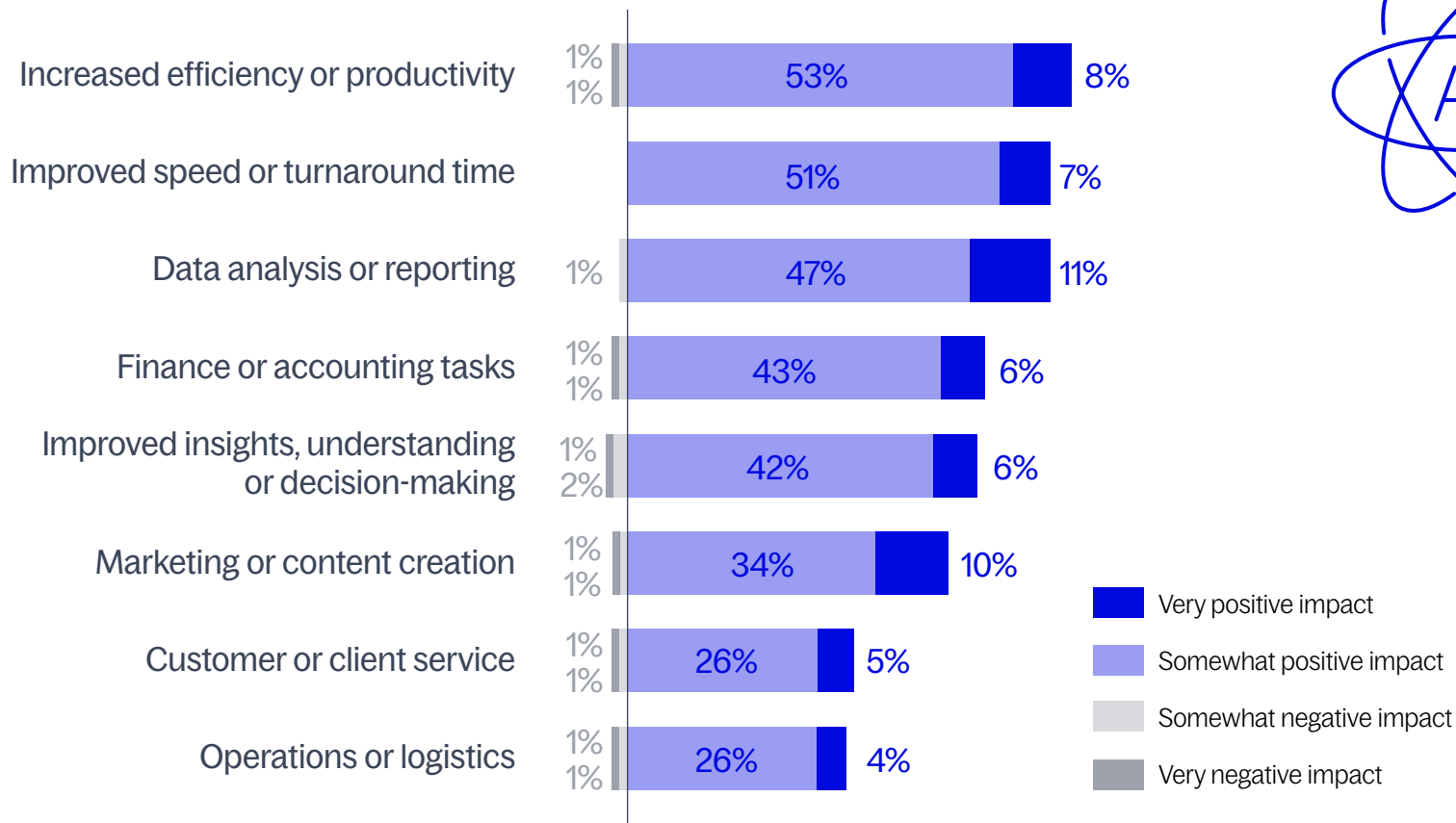
reporting some level of adoption. However, this is largely driven by limited adoption, with only a small proportion adopting AI extensively.



AI impact



Please rate the impact AI has had on your business in each of the following areas.

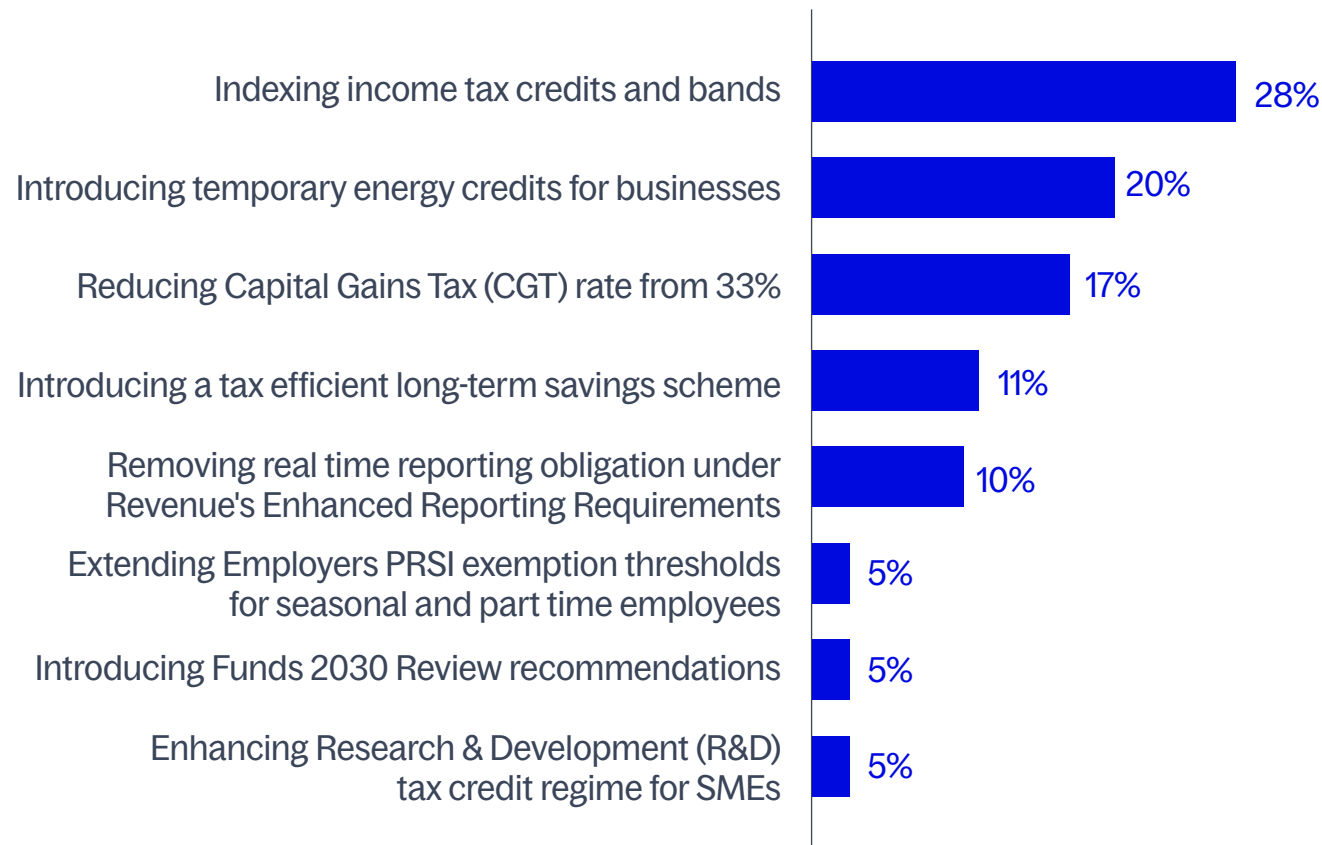


Where AI has been adopted, respondents most commonly report positive impacts on efficiency/productivity (61%), speed/turnaround time (58%), and data analysis/reporting (58%), with very low levels of negative impact across areas.

Budget 2027 priorities



Looking ahead of Budget 2027, please rank 1–3, where 1 is the top priority and 2 is the 2nd top priority, etc., which of the following do you think should be the top priorities for the government.

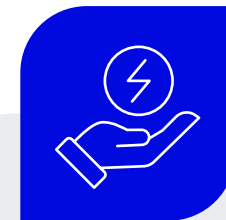
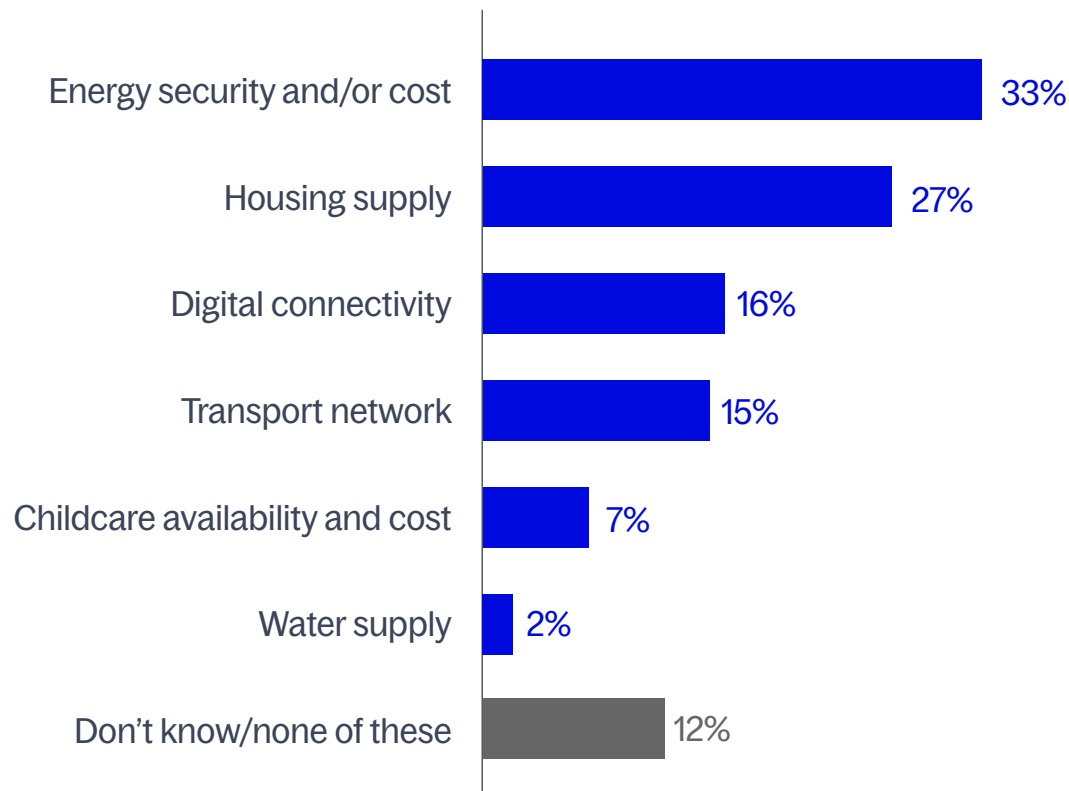


Indexing income tax credits and bands

emerges as the top budget priority for SMEs. This is followed by support for energy costs and reducing CGT.

Infrastructure impact on business

Q Please rank 1–3, where 1 is the greatest impact and 2 is the 2nd greatest impact, etc., which of the following infrastructure areas will have the greatest impact on your business in 2026.



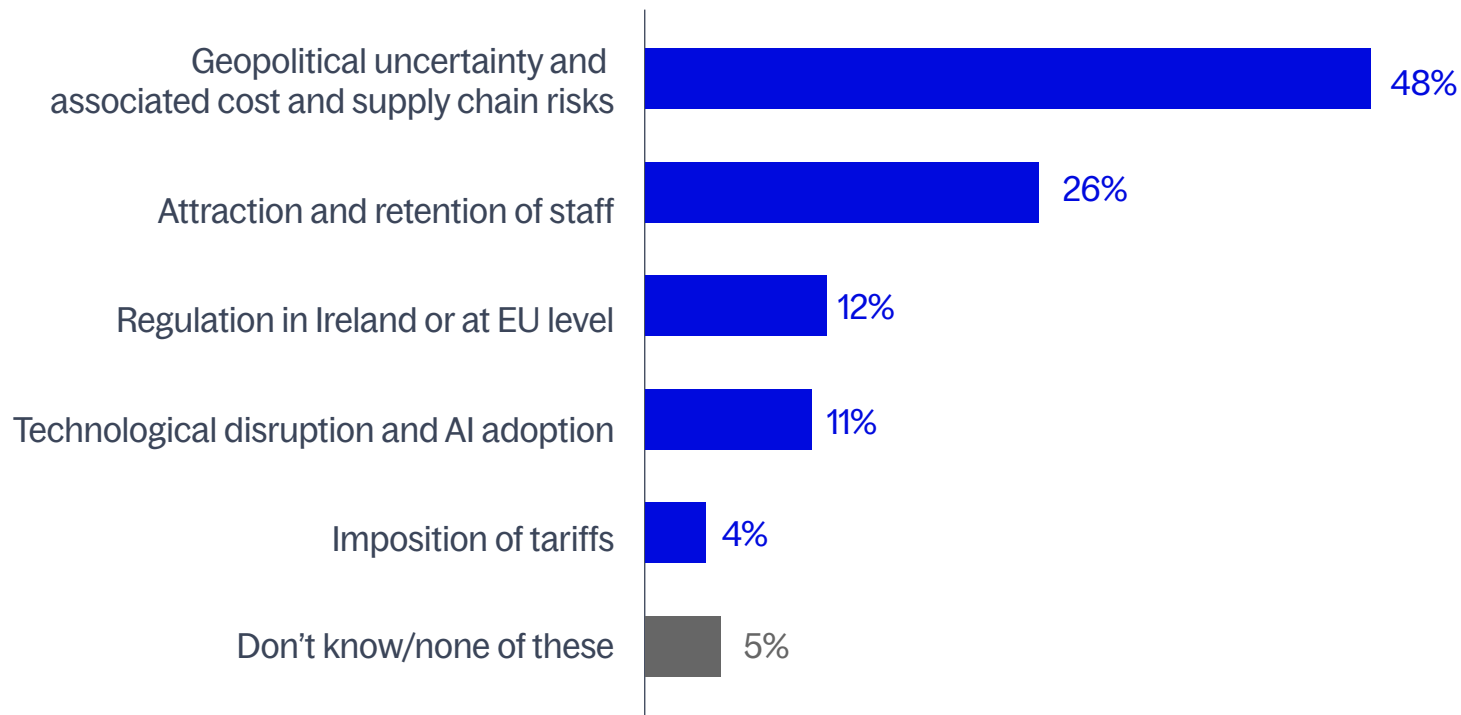
Energy security and cost

is the top infrastructure area causing the greatest impact for SMEs. This is followed by housing supply and transport network.

The biggest challenges over next 12 months



Please rank 1–3, where 1 is the biggest challenge and 2 is the 2nd biggest challenge, etc., which of the following do you consider the biggest challenge to your business over the next 12 months.



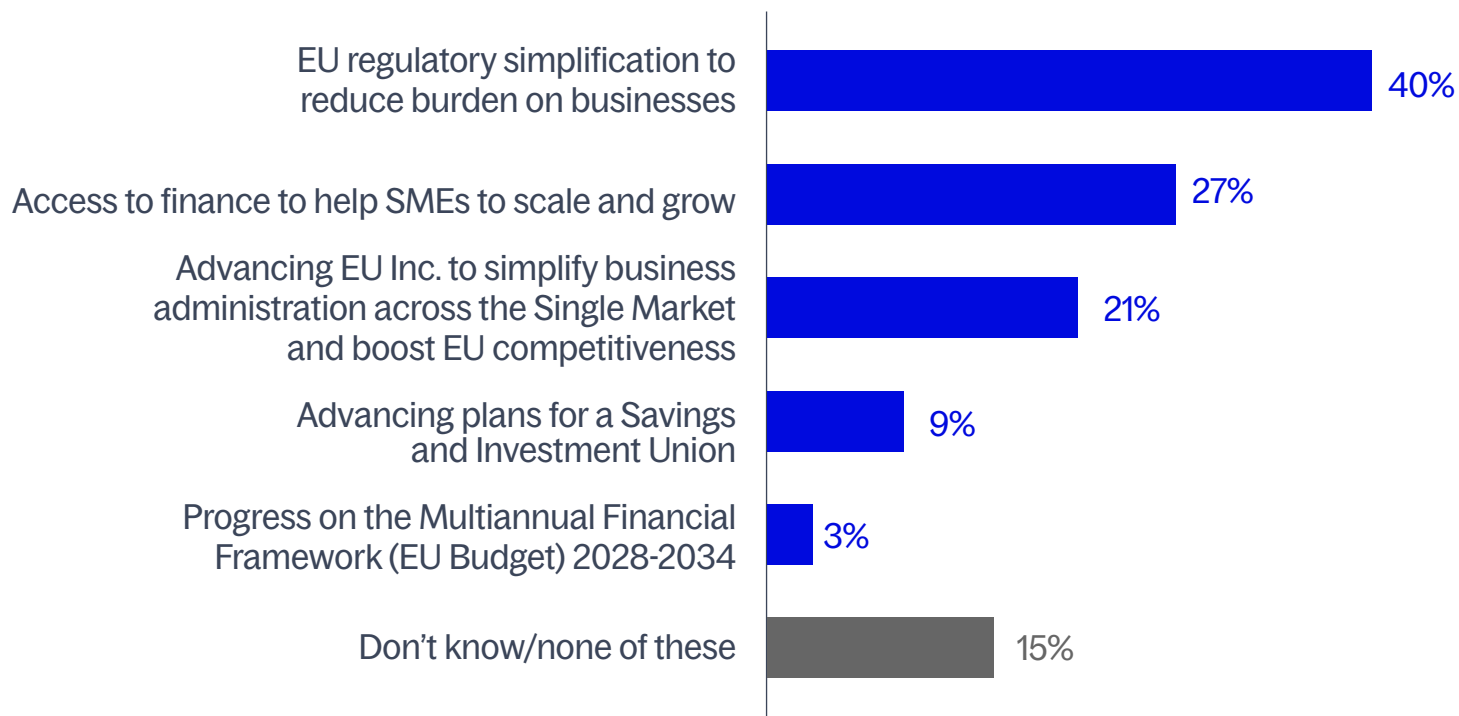
Geopolitical uncertainty and related cost

and supply-chain risks are ranked as the most significant challenge facing SMEs over the next 12 months.

Top priorities for the Irish Government



Please rank 1–3, where 1 is the top priority and 2 is the 2nd top priority, etc., which of the following should be the top priorities for the Irish government in its upcoming presidency of the Council of the EU.

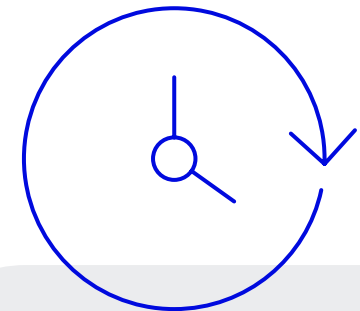
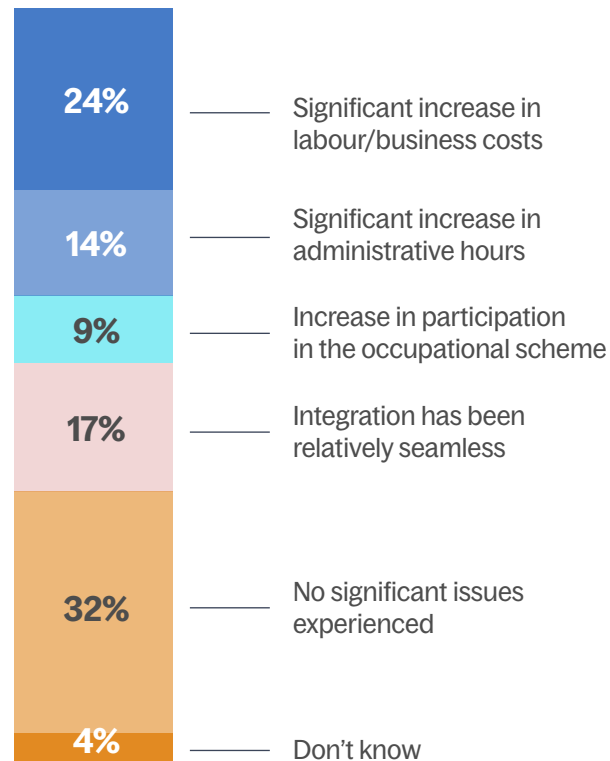


EU regulatory simplification to reduce the burden on business

is the top priority for SMEs. This is followed by access to finance and simplifying EU business administration through EU Inc.

Pensions auto-enrolment impact

Q Since the introduction of pensions auto-enrolment on 1 January 2026, which of the following has had the biggest impact on your business?



Since pensions auto-enrolment began on 1 January 2026, the most commonly cited impact is increased labour and business costs. However, around 1 in 3 report no significant issues to date, indicating mixed early experiences across SMEs.

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