

£23 million boost for British businesses through referral scheme

News story

British businesses are getting more financing to help them expand and create new jobs thanks to government support, new figures show today.



- securing credit to grow is often a barrier for small and medium sized businesses
- the Bank Referral Scheme has helped over 880 businesses to access the investment they need to grow in the last 12 months
- funding through the scheme has increased by over a third in the last year to £23 million

Since its creation in 2016, the Bank Referral Scheme (BRS) has helped hundreds of small and medium-sized businesses to access finance after they were turned down by their bank. New figures out today show that over the past 12 months, 889 businesses have raised more than £23 million through the Scheme, which matches them with alternative sources of finance such as revolving credit and asset finance. This is a significant increase on the previous year and the initiative, introduced four years ago, has now raised £56 million for businesses all over the UK.

The Economic Secretary to the Treasury, John Glen, said:

It's great to see businesses across the UK getting the investment they need to protect jobs and grow. By matching small businesses with alternative finance providers, this important scheme has delivered £23m in funding since July 2019.

The scheme was launched in November 2016 in response to evidence which suggested that after being turned down for a loan by their bank, small and medium-sized businesses rarely sought other options for financing.

It requires nine of Britain's biggest banks to pass on the details of

businesses they have turned down for loans to online credit brokers. These platforms are, in turn, required to share their details, in anonymous form, with alternative finance providers, helping to facilitate a conversation between the business and any provider who expresses an interest in supplying finance to them.

Further information

- The British Business Bank administer the scheme on behalf of HM Treasury. This involves collating the data from platforms, as well as carrying out due diligence for platforms that apply to be designated.
- Businesses which have their loan application turned down by their bank are now automatically offered the opportunity to be referred to three government designated finance platforms: Alternative Business Funding, Funding Options and Funding Xchange. Each platform provides access to a range of lenders and products, including business loans, revolving credit, asset finance and invoice finance.
- Other finance providers with different business models are often more willing to lend to these SMEs. The Bank Referral Scheme helps to address this by giving businesses that are viable, but do not fit the risk appetite of the traditional banks, access to the finance they need to grow and thrive.

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