

# £32 million boost for British businesses through referral scheme

- securing credit to grow is often a barrier for small and medium sized businesses
- the Bank Referral Scheme has helped nearly 800 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 nearly £17 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. Over the past 12 months, 796 businesses have raised nearly £17 million of funding through the Bank Referral Scheme, a significant increase on the previous year. Since it was introduced, £32 million has been sourced for businesses all over the UK.

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

It's great to see this scheme go from strength to strength, with nearly 1,700 British businesses up and down the country accessing the funding they need.

It's not right that so many small and medium-sized businesses simply had to give up when they were turned down by their bank for a loan.

I now want to see more of our trailblazers and entrepreneurs use this scheme to get the backing they need to grow and help boost our economy.

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.

Managing Director for Strategy, Economics and Business Development at the British Business Bank, Alice Hu-Wagner, said:

One of the British Business Bank's key objectives is to encourage and enable smaller UK businesses to seek the finance best suited to

their needs. We've seen the value of lending through the government's Bank Referral Scheme increase by a third over the last year, which points to its growing use amongst smaller businesses.

From our research, we also know that if businesses don't receive the full amount of financing they're seeking, 49 per cent either cancel or put their plans on hold, or give up altogether. This makes the Scheme particularly important in the small business finance ecosystem, and the Bank is pleased to continue to support it, as it offers an additional option for businesses if they are unsuccessful in their original finance application.

## Notes

- 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 designate 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
- the average size of a loan secured was £19,399, up from £17,285 the previous year
- the participating banks are: Allied Irish Bank, Bank of Ireland, Barclays, Clydesdale and Yorkshire banks, Danske, HSBC, Lloyds, RBS and Santander