

News story: Over £15 million of funding sourced for small business

- One of the biggest challenges for a growing small business is securing credit.
- Thanks to government scheme over £15 million has been found for businesses who were rejected for finance by their bank.
- The amount of funding secured through the scheme has quadrupled since last year.

Small businesses turned down for loans from the UK's high-street banks have received over £15 million of funding thanks to a government matchmaking scheme.

Over the past 12 months, 670 businesses have raised over £12 million of funding through the Bank Referral Scheme, four times what was raised in the previous year. Since it was introduced in November 2016, more than £15 million has been sourced for businesses across the country.

The Bank Referral Scheme requires Britain's biggest banks to pass on the details of small businesses they have turned down for loans to online credit brokers. The brokers then help those businesses to source funding from alternative, and often smaller, lenders.

John Glen, Economic Secretary to the Treasury said:

From breweries to beauticians, more than 900 British businesses have been matched with the funding they need to grow since we introduced our scheme.

Small businesses are the backbone of Britain, yet many give up on their plans to expand if they can't get a loan from their bank. Now however, thanks to our match-making scheme, they have another shot.

The Scheme was launched in November 2016 in response to evidence which suggested that small and medium-sized businesses simply gave up, rather than seek alternative options, if turned down for a loan by their bank.

Rejected businesses are now automatically offered the opportunity to be referred to three online credit brokers: 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.

Loans resulting from the scheme ranged from £100 to £1.3 million. The average size of a loan secured was £17,285.

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

One of our key objectives at the British Business Bank is to encourage and enable smaller UK businesses to seek the finance best suited to their needs. Just over half of smaller businesses consider only one provider when they need funding, however, with over a quarter putting their plans on hold or giving up altogether if they aren't offered the full amount they were seeking.

That's why we're pleased to provide ongoing support for the government's Bank Referral Scheme, which is enabling an increasing number of smaller businesses to explore additional options if they are unsuccessful in their original application.