

UK's first Development Bank to open in October in Wales

The Development Bank of Wales will provide the necessary growth finance and business support to attract, and retain micro businesses and SMEs within Wales.

It will seek to generate more than a billion pounds of investment to the Welsh economy over the next five years and, as the first of its kind in the UK, will provide Wales with a competitive business edge over the rest of the UK.

And today the Economy Secretary has confirmed that a further £35m of EU funding will be added to the £136m Wales Business Fund that was announced last year to support both start-up and existing small and medium sized enterprises (SMEs) across Wales.

This takes the new total of the fund to £171m and the Economy Secretary signalled that further funding for the Development Bank would be announced later in the year.

Ken Skates said:

"I am delighted to confirm that following Welsh Government approval of the business case, the Development Bank of Wales is set to be up and running by October.

"The Development Bank will be the first of its kind in the UK, addressing current market failures within business finance and providing focussed support for micro, small start ups and innovative businesses across Wales enabling them to become fitter, bigger and stronger.

"It will increase the availability of funding to SMEs to £80m per annum within five years and we anticipate that taking into account private sector leverage this will have a potentially transformational impact on the Welsh economy of over £170m per annum by 2021/22.

"To support the Bank we are extending the Wales Business Fund by a further £35m with EU funding. This will take the total of the fund to £171m, and we will have news of more money to support the Bank's work later this year.

"The Development Bank will have its headquarter in North Wales with a strong presence across the whole of Wales and I look forward to the formal launch in October."

Giles Thorley said:

“The creation of a development bank is innovative in approach and represents a significant step change in the way Government backed funding is delivered in Wales. It will be built on the solid foundations of the skills and experience already in place within the team.

“A thriving SME population across the whole of Wales is critical to ensuring a prosperous economy. We are proud to have worked with some fantastic, ambitious businesses and entrepreneurs over the last 15 years and look forward to supporting even more as we transition to the new organisation.”

The Development Bank is a key part of the Welsh Government’s strategy to deliver a more prosperous and secure Wales. It will differ from Finance Wales not only in terms of the increased scale of funding available but also in the way it develops new products. This will be informed through the creation of an intelligence unit tasked with conducting research into the needs of Welsh businesses, ultimately enabling an improved response to changes in supply and demand in the market.

It will increasingly become self funding with the business model assuming that it will no longer need grant support for operational costs from next year onwards.