

SME Manifesto – Foundations for Growth and Trust:

SME access to finance roundtable | 16.5.24



This roundtable was part of a series of discussions and briefings held by the APPG on Fair Business Banking with key stakeholders in order to shape the policy proposals of the [APPG's SME Manifesto](#).

Attendees

Member of Parliament
WPI Economics
British Chamber Commerce
Fair for all Finance
Allica Bank
Impact Investing Institute
Open Society Capital
Positive Money
SME Alliance
Key Fund
Small Business Commissioner
Department for Business and Trade
Responsible Finance
Federation of Small Businesses
APPG on Fair Business Banking

Introduction by Paul Scully MP

Opening the session, Paul Scully MP highlighted the diverse financing needs of firms, focusing on how better access to finance can be facilitated through various initiatives and improvements.

Discussion

- It was noted that some firms are not prepared for finance and often discontinue their efforts after being rejected, rather than reassessing their approach to financing. The importance of advising on the source, approach, and type of financing needed was highlighted.
- Concerns were raised about businesses feeling exposed and overwhelmed when dealing with financial professionals. Innovations such as open finance were suggested to make it easier for SMEs to discuss their financial needs with accountants or banks without feeling outmatched.
- The need for more support with complex financial products for larger organisations was emphasised, encouraging businesses not to hesitate to seek advice.
- It was then raised that financial support is rendered ineffective when banks take unreasonable actions that cripple small businesses.
- Cultural issues regarding debt were discussed, with perceptions that seeing debt as a sign of failure is a prevalent attitude.
- The issue of increased funding to BAME businesses was addressed, pointing out that the vein of funding is not always supported adequately by funders.
- It was highlighted that businesses often do not access various schemes due to their confusing and narrow terms, and the overwhelming amount of information can lead people to opt out.
- The potential refinement of the role of the British Business Bank was questioned, particularly whether their guarantee scheme could be more focused.
- Concerns were expressed that changing regulations could make borrowing more expensive and harder for SMEs to find suitable finance.

- The need for support for place-based lenders through initiatives like a community reinvestment fund was advocated, especially if banks are not supporting them, indicating a time for statutory action.
- The challenges of establishing regional mutuals were discussed, noting the significant energy required but also the potential substantial benefits if successful.
- The effectiveness of the bank referral scheme was criticised for its ineffectiveness, as small businesses often give up.
- The issue of de-banking was addressed, suggesting the need for an independent appeal process or a last resort for SMEs whose banks are being closed without clear reasons.
- The regulatory aspects were debated, including what the government can do to ensure the independence of the Prudential Regulation Authority given its obligations.

Roundup by Paul Scully MP

Paul Scully MP summarised the discussions, emphasising the importance of diverse funding supplies for different regions and the need for regeneration funds to focus beyond capital expenditure projects to consider the broader components of a vibrant community. The centrality of people in financial inclusion measures was reaffirmed.

Closing Remarks / AOB

The meeting concluded with a commitment to explore the suggestions raised and to continue working towards improving access to finance for SMEs in a more inclusive and effective manner.