

SME Manifesto – Foundations for Growth and Trust: the role of the British Business Bank | 7.5.24



Fair Business
Banking

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

APPG on Fair Business Banking
British Business Bank
10 Downing Street
Member of Parliament
Social Investment Scotland
HSBC
Small Business Commissioner
Brunswick Group
Deloitte
Irish Credit Unions
Fair4All Finance
Impact Invest
Big Society Capital
WPI Economics
Atticus Communications
National Farmers Union
British Chambers of Commerce

Introduction

Heather Buchanan (APPG) and Victoria Jonson (British Business Bank) provided a disclaimer that the British Business Bank operates as an arms-length body.

Discussion on Small Business Finance Markets

Matt Adey (British Business Bank) presented an overview of the UK economic climate and its effects on finance markets:

- The lending landscape has evolved with a significant increase in the variety of debt providers.
- Notable growth in non-bank lending options such as peer-to-peer lending, debt funds, and asset-based lending.
- Technological advancements have led to innovative finance delivery models.
- The equity finance market in the UK has matured, supporting companies at various stages, with increased investment and deals.
- Challenges remain in ensuring diverse and accessible finance options outside of London and for businesses led by underrepresented groups.

Key Findings:

- Increased reliance on credit card and overdraft financing among small businesses due to economic pressures.
- A decline in bank lending in 2023, with a noticeable drop in real terms compared to the previous decade.
- Asset finance showing a continuous growth over the past three years.
- Equity financing for small businesses has seen a downturn, reaching levels last observed in 2020.

Looking Forward:

- The future focus includes enhancing the role of finance markets in supporting the transition of small businesses towards a green economy.
- Emphasis on digital technology and AI to improve access to finance.

Green Finance

Tony Greenham (British Business Bank) discussed the integration of ESG factors across financial institutions:

- The British Business Bank is exploring market gaps and potential products to support green finance, although no specific program is currently available.
- There is a significant need to address information disparities concerning new green assets compared to established non-green assets.
- Collaborations, like Project Perseus, aim to solve data challenges for SMEs transitioning to net zero.

Nations and Regions Investment Fund

Mark Sterritt (British Business Bank) outlined the operations and impact of the Nations and Regions Investment Fund:

- The fund aims to improve access to finance across the UK, reducing geographic disparities.
- Various funding options are available, ranging from smaller loans to significant equity finance opportunities.
- Continuous engagement with partners and stakeholders through events, marketing, and collaborative planning.

Recovery Loan Scheme

Tony Greenham provided updates on the evolution of government-backed schemes to support SMEs:

- The Recovery Loan Scheme, initiated in 2021, has transitioned to the Growth Guarantee Scheme, supporting SMEs with a 70% guarantee on loans.
- The scheme addresses long-term issues in accessing finance due to information asymmetry, particularly impacting female and BAME-led SMEs.

Open Floor / AOB

- Victoria Jonson noted the ongoing evaluation of funding effectiveness and identification of gaps by the British Business Bank.
- Questions were raised about the utilization of the Growth Guarantee Scheme by lenders, with further data anticipated in upcoming reports.

The meeting concluded with a commitment to further assess and adapt financial support mechanisms to better serve diverse and geographically widespread businesses in the UK.