



Press Release

24 March 2020

Government must extend loan guarantee scheme to new lenders to save businesses, says the Alternative Association of Business Finance.

The AABF representing many of the new lenders that have been the backbone lenders of many businesses following the exit of the main high street banks from lending to small businesses, is demanding that the Government extends availability of the new 80% Covid19 Government Guaranteed Loan Fund to all the new lenders rather than just the old high street bank, and a relatively small number of lenders already authorised under the existing Enterprise Finance Guarantee Scheme, some of whom don't even lend to businesses.

Driving the call from the AABF, Chairman John Davies said, 'I have written to the Chancellor, the Business Secretary and the Chief Executive of the British Business Bank to draw to their attention that failure to extend the new Guaranteed Loan Scheme to the very lenders who have backed hundreds of thousands of businesses that the high street banks have rejected will result in the those businesses not now being supported with their urgent cash flow requirements, with the result that many will fail. Without access to the Guarantee Scheme, and access to the Liquidity Loan Scheme from Government the new alternative lenders will simply not have the ability to lend, and many may just have to exit the market. This will not only have a devastating effect on businesses but will also remove much needed competition in the banking sector. I cannot emphasise enough that the Chancellor must act now. A 'review in due course' is simply not an option.'

Many of the new lenders and online banks currently do not qualify for the Guaranteed Loan Scheme, yet are the banks and lenders of choice for an increasing number of businesses.

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Notes to Editors

The Association of Alternative Business Finance was formed in early 2017 to promote best standards of industry practice and to provide the UK's diverse range of alternative lenders with a common and influential voice.