



Institute of Credit Management

Our ref. GB/PJK/NH

24 April 2014

SME Referrals Consultation
Banking and Credit Team
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Dear Sir/Madam,

RESPONSE OF THE INSTITUTE OF CREDIT MANAGEMENT TO: HM TREASURY AND DEPARTMENT FOR BUSINESS, INNOVATION & SKILLS: SME FINANCE – HELP TO MATCH SMES REJECTED FOR FINANCE WITH ALTERNATIVE LENDERS

The Institute of Credit Management is the largest professional credit management organisation in Europe. Its members hold important, credit-related appointments throughout industry and commerce, and we feel it appropriate to comment on this consultation.

The Institute does not believe it is appropriate for Government to create a mandatory process to help match SMEs that are seeking finance with alternative credit providers.

More needs to be, and is being, done to raise awareness of challenger bank and alternative finance providers both by the organisations themselves in their marketing efforts and through the Business Bank. SMEs need to know that there are other sources of finance if they get rejected by a mainstream bank but mandatory referral could create an expectation that the alternative request will be successful. This will not be the case; challenger banks have to make the same credit risk and assessment decisions as any other finance provider and it would be unfortunate if they were unduly encouraged to lend in inappropriate circumstances.

Rather than introducing further legislation, the banks could simply be required to report on the number, and nature of referrals made to provide comfort that SMEs were being made aware of alternatives and to allow comparison between the performance of the banks in this regard.

If we can help in any further way please do not hesitate to contact us.

Yours faithfully

Glen Bullivant FICM
Chair of Technical Committee

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