



Financial Intermediary Service Rebuilding Trust

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Problems

The future health of our economy depends on mending relations between small businesses and the banks. Tomorrow's entrepreneurs need confidence in order to take the risks required to innovate, grow and create jobs.

Faith in the banking system is critical. For a number of years, the FSB has been concerned that the relationship between small businesses and their banks has deteriorated. This is not a problem that started during the recession or the credit crunch, but one which has grown over a longer period of time.

We welcome the introduction of the Financial Intermediary Service. The benefits of such a scheme are clear from the examples of similar schemes in France and Belgium where such an independent service has provided much needed help for small businesses.

Actions

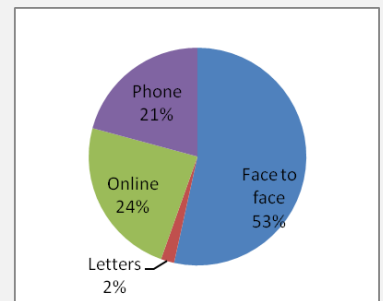
We now need the Financial Intermediary Service to be given a firm push by the Regional Development Agencies and the Department of Business Innovation and Skills, who will be delivering the scheme. This must include high level promotion of the scheme at the national and regional level so that small businesses know how they can benefit.

The Small Business Finance Forum, chaired by Lord Mandelson, agreed that a maximum of five working days would be enforced for bank switching. 61 per cent of small businesses said that they are considering or have switched banks. The Financial Intermediary Service must report to the government on how banks are performing. This will again help small businesses in choice and increase the competition between the banks.

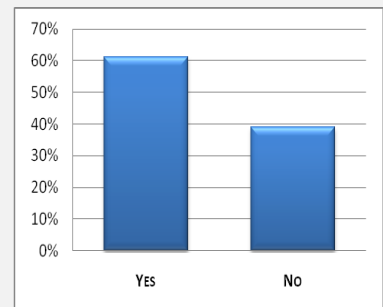
The FSB would like the Financial Intermediary Service to be given real teeth to report banks who are failing to adequately lend to viable small businesses. It is also paramount that the banks are fully co-operative with the intermediaries when problems from small businesses arise.

SMEs and their Banks

How would SMEs like to communicate with their banks?



Have you considered, or actually, switched banks?



For further information

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