

Reference 2009/78
Date 23 March 2009

LORD MANDELSON UPDATES ON SUCCESS OF GOVERNMENT GUARANTEE SCHEME

Business Secretary Lord Mandelson today welcomed the success of the Government's Enterprise Finance Guarantee with more than 1,300 eligible loans worth almost £145 million being processed through the scheme.

Lord Mandelson added that as awareness grew the value of eligible loans had increased ten-fold, from less than £3 million in week one to around £30 million a week recently. The EFG delivery update was discussed at the latest meeting of the Small Business Finance Forum.

Lord Mandelson said:

"These figures are good news, showing the Enterprise Finance Guarantee is providing real help to businesses. The scheme has taken off since its launch in January with registered lenders now seeing a ten-fold increase in loan demand.

"However, we must continue to work with all 26 lenders signed up to the scheme to ensure frontline staff are offering it where appropriate to small companies across the country."

Lord Mandelson also unveiled the key findings of the Department's first "mystery shopper" exercise which tested lenders on staff awareness, understanding and promotion of EFG.

The results revealed that three-quarters of business advisers had a detailed awareness and understanding of the EFG's features and its role.

The top four lenders agreed to use the results to increase awareness amongst frontline staff.

Notes to editors

1. The Enterprise Finance Guarantee (EFG) is a £1bn loan guarantee scheme delivered through banks and other lenders that will enable an additional £1.3bn of lending to business up to the end of March 2010.
2. The EFG scheme provides a 75% government guarantee on individual loans of up to £1m to viable businesses with an annual turnover of up to £25m.
3. The guarantee can be used to support new loans, refinance existing loans or to convert part or all of an existing overdraft into a loan to release capacity to meet working capital requirements.
4. The scheme was launched on the 14 January 2009. There are 26 lenders registered to offer it: Airdrie Savings Bank, Alliance and Leicester, Commercial Bank, Bank of Baroda, Bank of Ireland (NI only), Bank of Scotland, Barclays, Business Enterprise Fund, Business Finance Solutions, Clydesdale Bank, The Co-operative Bank, DSL Business Finance, GLE oneLondon, HSBC, Lloyds Group, NEL Fund Managers, Northern Bank (NI only), The Royal Bank of Scotland/Natwest, State Securities, South West Investment Group, Triodos Bank, UK Steel Enterprises, Ulster Bank (NI Only), Venture Finance, Whiteaway Laidlaw Bank, Yorkshire Bank.
5. The Mystery Shopper exercise consisted of 207 interviews by telephone and face-to-face of lenders business advisors and reception staff, between 2 - 13 March. For the interviews different business scenarios were established ranging from enquiries based on proposals for modest start-up finance to existing firms seeking larger amounts of capital.
6. For more information and to find out about the support available go to <http://www.businesslink.gov.uk/realhelp> or call 0845 600 9006.

Department for Business, Enterprise & Regulatory Reform
7th Floor, 1 Victoria Street, London SW1H 0ET

Public enquiries +44 (0)20 7215 5000
Textphone +44 (0)20 7215 6740 (for those with hearing impairment)
www.berr.gov.uk