

# Covid-19: an update on how the banking and finance industry is supporting businesses and customers

24 April 2020

Dear Member of Parliament,

I am writing to update you on the steps the banking and finance industry is taking to help your constituents as they face tough financial decisions as a result of the covid-19 outbreak. I also want to use this opportunity to reiterate our commitment to supporting the UK, its businesses, your constituents and our customers as the economy faces its most challenging period in decades.

In this letter, you will find the latest lending figures for the Coronavirus Business Interruption Loan (CBIL) scheme, details about the launch of the Coronavirus Large Business Interruption Loan Scheme (CLBIL) scheme and information about how members of the public can help protect themselves from scammers trying to exploit the current crisis.

I would again like to thank the frontline workers in branches and call centres across the banking and finance industry who are ensuring essential services continue to operate during lockdown even as they deal with an unprecedented number of enquiries. I am grateful to the Economic Secretary to the Treasury, John Glen MP, for the tribute he paid earlier this week.<sup>1</sup>

I spoke about many of these issues when giving evidence to the Treasury Committee's inquiry into the economic impact of coronavirus on 15 April.<sup>2</sup> In addition, this morning I took part in a CBIL Q&A session organised by the All-Party Parliamentary Group on Fair Business Banking, which I hope those attending found useful.

## Coronavirus Business Interruption Loan scheme

The banking and finance industry has now provided over £2.8 billion of lending to SMEs through the CBIL scheme as part of a broad package of support for UK businesses. Total lending under the scheme doubled in the week from 14 to 21 April, with an increase of £1.45 billion. Over 9,000 loans were provided in the same period, with the total number approved increasing by almost 120 per cent to over 16,600. Lenders have now received over 36,000 completed applications, 16,624 of which have been approved to date while others are being processed and may be approved over the coming days.

I know that these figures may not always reflect the correspondence you receive from constituents and local businesses, but I can reassure you that lenders are continuing to work hard to clear the backlog of applications and provide the support businesses need to get them through these challenging times. Over half the total number of loans provided through the CBIL scheme have been approved in the past eight days alone. The nature of the scheme means that not all businesses will receive a loan, but we continue to work with the UK government and the British Business Bank to improve the support being offered, and I welcome your feedback.

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<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/880416/Economic\\_Secretary\\_letter\\_to\\_frontline\\_FS\\_workers\\_21\\_April\\_2020\\_002.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/880416/Economic_Secretary_letter_to_frontline_FS_workers_21_April_2020_002.pdf)

<sup>2</sup> <https://committees.parliament.uk/download/file/?url=%2Fforalevidence%2F285%2Fdocuments%2F3320%3Fconvertiblefileformat%3Dpdf&slug=oe00000285pdf>

Moreover, in addition to the finance being made available through the CBIL scheme, lenders continue to provide capital-repayment holidays, overdrafts and working-capital extensions to help businesses manage their costs where these arrangements are appropriate.

The industry has also taken steps to give additional support to those businesses that are furloughing their employees. Where possible, lenders will look to provide support to firms that have successfully applied to the Coronavirus Job Retention Scheme to help them manage their cashflow while they await receipt of funds.

### **Coronavirus Large Business Interruption Loan scheme**

Following the announcement by the Chancellor of the Exchequer, Rishi Sunak MP, earlier this week, the CLBIL scheme is now available to businesses with a turnover above £45 million. The scheme gives lenders a government-backed guarantee of 80 per cent against outstanding balances to enable them to provide up to £25 million to businesses with a turnover of £45-250 million and up to £50 million to businesses with a turnover over £250 million. Finance is available in the form of term loans, revolving credit facilities (including overdrafts), invoice finance and asset finance. Personal guarantees of any form will not be taken for facilities below £250,000. For facilities above £250,000, personal guarantees may still be required, but claims cannot exceed 20 per cent of losses after all other recoveries have been applied. Borrowers remain fully liable for the debt.

The British Business Bank's website provides more information about the CLBIL scheme.<sup>3</sup>

### **Covid-19 text-message scams**

We are urging the public to stay safe as criminals try to use the covid-19 outbreak to exploit vulnerable customers. To help tackle the problem, the UK's mobile, banking and finance industries and the National Cyber Security Centre (NCSC) have joined forces to prevent criminals from sending scam text messages exploiting the crisis. This ongoing initiative by the Mobile Ecosystem Forum, Mobile UK and UK Finance, supported by the NCSC, is helping to identify and block fraudulent SMS texts and safeguard messages from legitimate businesses and organisations. More information can be found on our website.<sup>4</sup>

The banking and finance industry is committed to helping your constituents and the country's businesses during this time of crisis and continues to offer support measures across mortgages, overdrafts and loans. To help further, we have set up an email address ([Covid19-Casework@ukfinance.org.uk](mailto:Covid19-Casework@ukfinance.org.uk)) to which you can send constituency casework. Many of you have already taken advantage of this, and we will continue to raise issues with our members and respond as quickly as we can.

If you have any questions, please do not hesitate to get in touch.

Kind regards,



Stephen Jones  
CEO

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<sup>3</sup> <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/clbils/>

<sup>4</sup> <https://www.ukfinance.org.uk/press/press-releases/banking-and-mobile-industries-unite-to-tackle-Covid-19-text-message-scams>