

For immediate release, Thursday 8 October 2020

SIX TIMES MORE BUSINESSES IN SCOTLAND SUPPORTED BY LENDERS IN Q2 2020 COMPARED TO ALL OF 2019

- Figures published today by UK Finance reveal that over 67,000 businesses in Scotland received almost £2.7 billion of support through commercial lending and government-backed loan schemes in the second quarter of 2020.
- Businesses in the region accessed 25 per cent more loans compared to 2015-2019 in total, demonstrating the scale of support the banking and finance industry has provided businesses throughout the pandemic.
- Financial support and government schemes led to a reduction in expenses for businesses across the country, leading to a rise in deposits for SMEs in the quarter.

Figures published today by UK Finance reveal that businesses in Scotland received almost £2.7 billion worth of lending support from the banking and finance industry in the second quarter of 2020.

600 per cent more businesses were provided with finance in the quarter than in the whole of 2019, and 25 per cent more than in the period from 2015 to 2019, demonstrating the unprecedented scale of the industry's support for businesses in the country. Across the whole of Great Britain, gross lending to SMEs amounted to £34.5bn in the second quarter, 50 per cent more than the annual total in 2019.

Government-backed Coronavirus lending schemes formed only one part of this overall support package, with businesses benefitting from a range of facilities provided by lenders, including extended overdrafts, invoice finance and capital repayment holidays. This support, coupled with government initiatives such as the Job Retention Scheme and the deferral of VAT payments, which reduced SME outgoings for the quarter, led to a substantial increase in deposit holdings during Q2 2020.

Towards the end of the first quarter, lenders moved quickly to provide extended overdraft facilities as businesses sought to cover their cash flow needs. This support has continued as businesses turned to government-backed loan schemes - resulting in a drop in the utilisation of overdraft facilities from 54 per cent in Q1 to 39 per cent in Q2, according to UK Finance data. This existing revolving credit will give businesses additional headroom as various elements of government support unwind over the coming months.

Stephen Pegge, Managing Director of Commercial Finance at UK Finance, said:

"With Coronavirus support measures fully operational in the second quarter, our data shows that many companies in Scotland still had a degree of financial headroom from a combination of existing facilities and deposits, but the demand for additional support was substantial.

"The number of loans accessed by businesses in Scotland rose by 25 per cent in the second quarter of 2020 compared to the total amount of lending during 2015 - 2019. This demonstrates the scale of support that the UK banking and finance industry has been providing across the United Kingdom.

“Gross lending across the country for Q2 was up 50 per cent on the entire annual total in 2019, reflecting this significant demand with new overdraft facilities as well as the Government’s business interruption finance schemes providing support.

“The finance industry continues to work closely with the government and regulators to deliver the support schemes alongside its usual assistance measures to help viable businesses as they plan for recovery.”

Ends

Case Studies

Please find a selection of case studies below which are available for interview. For further information, please contact the UK Finance press office on 020 7416 6750 or email press@ukfinance.org.uk

SDC Group - Scotland

SDC Group, a Scottish group of dental practices operating across the country, used a £1.75m commercial loan from Lloyds Bank to fund the acquisition of two new practices to add to the group.

Chrysties - Hawick

Hawick-based furniture retailer Chrysties was able to reopen in the month of its 30th birthday and has been able to retain all 26 staff who had been furloughed after securing a £200,000 CBILS funding package from NatWest.

Topping & Company - Edinburgh

After securing a credit facility with Lloyds Bank via the CBIL scheme, Topping & Company, an independent bookseller with several stores across Scotland was able to continue to trade online while physical premises were closed.

Allan Munro - Cairngorms

Allan Munro, a family-owned property developer working on residential developments in the Cairngorms National Park, used a development loan and CGFI funding from Lloyds Bank to install a biomass heating system on its most recent site.

Notes to Editor

UK Finance is the collective voice for the banking and finance industry. Representing more than 250 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.

1. The UK Finance Business Finance Review - Q2 2010 is [here](#). All data relates to the seven largest banking groups in Great Britain, and to SMEs with up to £25m turnover.

2. The volume data referred to in this release refers solely to loans, whereas the data in the Business Finance Review refers to both loans and overdrafts. In regard to values, the data in this release refers to approvals, whereas the Business Finance Review figure of £34.5bn refers to gross lending. Some will have been approved in the quarter but not yet drawn down.
3. The banking and finance industry has put in place a clear plan to help Britain through:
 - 1.9 million [mortgage payment deferrals](#)
 - [27 million interest-free overdrafts](#) offered, 992,400 payment deferrals on credit cards and 686,500 payment deferrals on personal loans.
 - £57.3 billion of lending to over 1.32 million businesses through government Covid-19 lending schemes
 - Protecting customers from [scams and fraud](#)
 - Higher limit for [contactless payments](#)