

Chancellor and Bank of England Governor hold Coronavirus banking industry summit

Chancellor Rishi Sunak, Governor of the Bank of England Mark Carney, Governor-designate Andrew Bailey and Economic Secretary to the Treasury John Glen MP met representatives from the banking industry today to discuss coordinated action to support SMEs whose finances are affected by Coronavirus.

The Chancellor emphasised the importance of supporting UK SMEs at this time, and outlined the decisive action taken in yesterday's Budget. This includes the new Coronavirus Business Interruption Loan Scheme, which provides lenders with a guarantee of 80% on each loan, extending statutory sick pay, business rates relief, and small business grant funding.

This is in addition to support being provided by the banking sector, with industry heads confirming they are collectively making over £20 billion available for SMEs who need additional finance and support over the coming months.

The Governor, Mark Carney, and Governor-designate Andrew Bailey outlined the measures that the Bank of England announced on Wednesday morning to help UK businesses and households bridge across the likely economic disruption: a reduction in interest rates, to support business and consumer confidence; the introduction of an SME Term Funding Scheme, to support additional lending to the real economy; and the release of the counter-cyclical capital buffer, to further support the ability of banks to supply credit.

The Economic Secretary to the Treasury and Small Business Minister at the Department for Business, Energy and Industrial Strategy will also reconvene the Business Finance Council in the coming days, bringing the financial services industry and business representative organisations together to ensure continued action to support businesses during this period.

Taken together, these measures demonstrate a comprehensive and coherent approach across Government, the Bank of England and industry to ensure that SMEs get the support they need at this difficult time.

The Chancellor of the Exchequer, Rishi Sunak, said:

Yesterday's Budget outlined our plan to keep our public services, individuals and businesses financially and economically secure while we deal with the impacts of Coronavirus. We are now implementing this plan.

Today's summit demonstrates that the Government's response is clearly and closely coordinated with the Bank of England, and that

we are working with the banking sector to do everything it takes to support businesses through this difficult time.

The Governor of the Bank of England, Mark Carney, said:

It's essential that we work together to help UK businesses manage through the potentially large but ultimately temporary disruption caused by Covid-19. Yesterday the Bank of England announced a comprehensive and timely package of measures to help do just that.

By cutting Bank Rate by $\frac{1}{2}$ percent, we are lowering the cost of borrowing for everyone. By introducing a four-year funding scheme with incentives for SME lending and by reducing the bank capital requirements, we are providing banks with hundreds of billions of pounds of resources to support UK households and businesses during this challenging period. We will be monitoring closely how all banks use these enormous resources to help keep firms in business and people in jobs during the months ahead.

Chief Executive of UK Finance, Stephen Jones, said:

SMEs are the foundations of any successful economy and the banking and finance industry has the commitment and capacity to support viable businesses as they manage the impact of Covid-19. Alongside over £20 billion of funding, banks and finance providers are delivering targeted assistance to firms including repayment holidays, invoice finance extensions and fee-free emergency loans. This is in addition to the government's welcome announcement of the Coronavirus Business Interruption Loan Scheme, which the industry will work with the government to deliver as quickly as possible.

We urge all businesses to think about how their customers and suppliers could be affected by this global outbreak and to contact their finance providers as early as possible if they think they might have any additional financing requirements.

Banks represented at the meeting today were:

- Barclays
- HSBC
- Lloyds
- Natwest
- Santander
- Virgin Money
- Danske Bank

They were joined by UK Finance, representing more than 250 firms from the banking and finance industry, and peer-to-peer lender Funding Circle.