

New Bounce Back Loans to launch today

- small businesses will be able to apply for quick and easy-to-access loans from today
- businesses will be able to borrow between £2,000 and £50,000 with the cash arriving within days
- loans will be 100% government backed for lenders, and businesses can apply online through a short and simple form

Thousands of small firms and sole traders – including high street staples like hairdressers, coffee shops and florists – will be eligible for 100% government-backed Bounce Back Loans to help them make it through the coronavirus outbreak.

From 9am this morning, small business owners can apply to accredited lenders by filling out a simple online form, with only seven questions.

The government has also agreed with lenders that an affordable flat rate of 2.5% interest will be charged on these loans. And any business that has already taken out a Coronavirus Business Interruption Loan of £50,000 or less can apply to have these switched over to this generous new scheme.

The Bounce Back Loan scheme is the latest step in a package of world-leading support measures launched by Chancellor Rishi Sunak – with £7.5 billion already awarded in business grants, 4 million jobs supported through the job retention scheme and generous tax deferrals supporting hundreds of thousands of firms. To apply, see further information about the [Bounce Back Loan scheme](#).

The Chancellor of the Exchequer, Rishi Sunak, said:

Small businesses will play a key role creating jobs and securing economic growth as we recover from the Coronavirus pandemic.

The Bounce Back loan scheme will make sure they get the finance they need – helping them bounce back and protect jobs.

Business Secretary Alok Sharma said:

We are backing small businesses, which are the backbone of our communities, with the support they need to stay afloat.

This new scheme of 100% government-guaranteed loans gives owners of even the smallest businesses the confidence and flexibility to borrow a sum which works for them. This will help ensure they can continue to trade, and be a key part of our efforts to reboot the British economy.

As part of the scheme, small businesses can borrow between £2,000 and £50,000. The government will provide lenders with a 100% guarantee and cover the cost of any fees and interest for the borrower for the first 12 months. No repayments will be due during this period to enable firms to get back on their feet.

The loans are available through a network of lenders, including the five largest banks.

Further Information

- Eligible companies will be subject to standard customer fraud, anti-money laundering (AML) and Know Your Customer (KYC) checks prior to any loan being made. Some State Aid restrictions may apply to applications.
- The borrower always remains 100% liable for the debt.

Government support for business of all sizes:

Firm Size	Turnover < £45m	Turnover > £45m	Investment grade
Bounce Back Loans (up to £50,000)	X	X	X
Coronavirus Business Interruption Loan Scheme (CBILS)	X		
Coronavirus Large Business Interruption Loan Scheme (CLBILS)		X	X
Covid Corporate Financing Facility (CCFF)			X
Job Retention Scheme	X	X	X
Business Grants (dependent on rateable value of the property)	X	X	X
VAT deferrals	X	X	X
Covering the cost of statutory sick pay	X	X	X
Future Fund (only if VC funded)	X	X	

Reactions from business groups:

Mike Cherry, National Chair of the Federation of Small Businesses, said:

“We know many small firms have struggled to secure small loans speedily. We are pleased that the Chancellor has listened, and swiftly developed this new scheme for small businesses to access finance quickly, interest-free for the first year and at an affordable fixed interest rate for the remainder.”

Tej Parekh, Chief Economist at the Institute of Directors (IOD) said:

“The government has kept an open ear to businesses, and continues to adapt its coronavirus response, which is very welcome. The business interruption loan scheme has started to reach firms, but small firms were still having difficulty accessing finance. This additional measure should help more of those firms get the cash they need to see them through the weeks and months ahead.”

Stephen Jones, CEO, UK Finance said:

The Bounce Back Loans Scheme will help smaller businesses and sole traders rapidly access the finance they need by filling in a simple form online with an accredited lender.

This builds upon the broad package of support that lenders are already offering to help SMEs through these tough times, including capital repayment holidays, extended overdrafts and billions of pounds worth of lending.

Accredited lenders approved to offer Bounce Back Loans have worked at pace with the Treasury to get this scheme up and running by Monday, and staff are now focused on processing applications and getting money to businesses as quickly as possible.

Rob Hattrell, Vice President of eBay UK said:

This is extremely welcome news for small businesses up and down the country who trade online and offline, including the 300,000 who trade on eBay on a daily basis. Many of Britain's SMBs are really struggling financially in the current crisis. Hopefully, this move from government will help our very smallest businesses get the financing they need quickly to manage their cash flow or replenish their stock.

While the existing CBIL scheme may be appropriate for some businesses, our smallest businesses told us that they were finding it hard in practice to access this support from banks. By extending the current government guarantee from 80% of each loan to 100%, we hope this will make it more likely that banks will extend finance at a critical time. And by making it simpler to apply, SMBs should be able to get the help they need quickly just when they need it most.

Dr. Adam Marshall, Director General of the British Chambers of Commerce (BCC) said:

"The launch of the Bounce Back Loan Scheme is an important milestone in getting credit flowing to small firms who have so far struggled to access the financial support they need. The standardisation of the interest rate that can be charged after the first 12 months is a welcome step in helping firms manage their ongoing costs. > "We look forward to working with the government, British Business Bank and UK financial institutions to ensure that the new scheme supplies cash to businesses on the ground quickly."

Rain Newton-Smith, CBI Chief Economist, said:

The Chancellor is standing shoulder-to-shoulder with small businesses to help them through the crisis.

A 100% government guarantee on loans and a simple way of applying will be a lifeline to many small businesses and sole traders under pressure.

Banks have been operating at full throttle and must stay in overdrive to get more money out of the door faster. Time is of the essence.