

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

16 April 2020

Dear Chancellor,

In the past two weeks, you have helpfully accepted our recommended changes to CBILS, which included increasing the turnover threshold to accommodate larger firms and allowing non-banks to join CBILS. But even with these improvements, a large swath of non-bank lenders still cannot access funding.

Ordinarily, they rely on the capital markets and bank funding – both of which are now closed. The result is that these lenders, who provided £46 billion to SMEs, larger businesses and consumers during 2019, will not be able to continue to provide new finance to business, bearing in mind that they are now meeting very high levels of forbearance requests – which in the four weeks to 3 April topped 500,000 across FLA markets.

A combination of Opening the Term Funding Scheme to these non-bank lenders and our proposal for a forbearance scheme would be transformative. It would channel finance directly to where it is needed to keep small businesses afloat and ready to resume operations once this period of disruption ends. It will also flow to the high streets with many point of sale lenders in this cohort.

Our attached brief outlines an approach to Term Funding. We have previously submitted joint proposals on the forbearance scheme. This requires your urgent attention because this sector is key to the UK's recovery.

Yours sincerely,



Stephen Haddrill
Director General
Cc Andrew Bailey, Governor of the Bank of England