

Britain to set up new business bank to boost lending to SME

LONDON, Sept. 24 (Xinhua) -- Britain is planning to create a new state-backed business bank with 1 billion pounds (1.6 billion U.S. dollars) in an effort to boost lending to small- and medium-sized enterprises (SME), British business minister announced Monday.

"We need a new British business bank with a clean balance sheet and an ability to expand lending rapidly to the manufacturers, exporters and high growth companies that power our economy," said Vince Cable at his Liberal Democrat party's conference in Brighton, southern England.

"Many new promising, growing companies simply can't get the loans they need to expand on reasonable terms. We are going to help fix this," he said.

British Chancellor of the Exchequer George Osborne had said earlier that the new bank would bring together the "alphabet soup" of existing initiatives to boost lending.

In response to the announcement of the plan, the British Chambers of Commerce (BCC) said, "New business bank could help thousands of firms grow."

Some 59 percent of BCC member firms said they would feel more confident in securing finance if Britain had a government-backed business bank or finance agency.

"The government has taken a decisive step toward the creation of a British business bank by committing real money to get it off the ground," said BCC Director General John Longworth.

"However, there are a number of challenges that need to be addressed to ensure the business bank can support the real economy," Longworth added.

Officials believed the new bank could be operating within 12 to 18 months, but some details, including where the state funding will come from, are expected to be made public in December.