

## BANK BASHING WILL HAVE TO STOP, SAYS INSOLVENCY EXPERT

With credit conditions for smaller business remaining tight, a Black Country insolvency and corporate rescue expert is urging firms to stop bashing the banks and look to keep their own houses in order.

The latest monthly report from the Bank of England reveals that, in Quarter 2 of 2010, the stock of lending to UK business contracted across all the main sectors of the economy for the fifth consecutive quarter.

The survey is produced in conjunction with all the major lenders and includes Banco Santander, Barclays, HSBC, Lloyds Banking Group, Nationwide and Royal Bank of Scotland. who together provide more than 65 per cent of lending to UK firms.

Figures revealed an £8.6 billion drop in overall lending to UK business during Q2, with sectors such as manufacturing and property especially hard hit.

John Travers, of Stourbridge-based John D Travers & Co, says that unlike the years running up to the credit crunch where optimism prevailed and borrowing, in some cases, was made too easy, firms face a new economic reality.

"Owners and managers will want to believe that there is a return to the heady days when credit was cheap and more readily available.

"But the banks have had a reality check, and are now demanding both increased security and terms that will ensure realistic returns.

"Funding is still available, but only for those businesses able to present a robust and achievable business plan.

"In this new world, owners and managers will be forced to take time out to plan ahead and to let go of the idea that the banks will be taking all of any additional risk.

"The Black Country economy is based on the prosperity and ingenuity of its myriad small and medium-sized business that employ at least three quarters of the local workforce.

"It is these smaller businesses that need to be most watchful, as not only are they likely to paying higher interest rates on their loans and overdrafts than most larger firms, but also busy owner managers rarely find time to take a strategic overview of their financial health.

"Effective planning is imperative for all businesses to ensure stability and survival."

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