

R3

08 December 2010

Over forty percent of businesses say banks are supportive



A survey of business owners reveals that over forty percent (44 per cent) of them believe that the banks have been broadly supportive over the last three months to September; while less than a quarter (22 per cent) disagree with this sentiment. Of that group, just 17 per cent of business owners disagree 'strongly' that banks have been supportive.

Andrew Walker, chair of R3 in Yorkshire and partner at Irwin Mitchell, comments:

"It is interesting that, despite the negative tone of much of the public debate around bank behaviour, just one in six businesses actually agree with this stance. This may suggest the presence of a vocal minority within the business community. I have seen a significant difference in the approach of the banks compared to their behaviour during the 1990s. In the

last downturn, banks swiftly removed facilities; this time around they are working with businesses - granting holidays on loan payments and extending loan periods."

In terms of creditor support, over a third (34 per cent) of business owners believe that HMRC has been broadly supportive over the last three months; and 30 per cent of businesses believe that trade creditors have been broadly supportive. Interestingly, although businesses in the North often trail the Midlands and the South in the proportion of businesses experiencing many signs of distress, they are comparatively more effected by suppliers insisting on payment in advance, with over a quarter of businesses in the region saying they are experiencing this (26 per cent).

Mr Walker continued: "Creditor behaviour has a significant impact on business survival and insolvency trends and this has certainly played a key role in stemming the tide of insolvencies. We've seen historically low interest rates keeping the cost of servicing debts relatively low; and HMRC's tax-deferral schemes allowing businesses breathing space to pay their taxes.

"Businesses have generally benefitted from supportive creditors so far, but this approach may not continue. As conditions change, so may the approach of major creditors, so it is vital that financially vulnerable businesses seek financial advice sooner rather than later."

Photograph:

Andrew Walker, chair of R3 in Yorkshire and partner at Irwin Mitchell

Notes to editors:

Methodology note: BDRC Continental conducted 500 telephone interviews with small, medium and large business owners and FDs between 6th and 17th September 2010. Quotas are set by size,



media relations and profile

region and sector and the data weighted to the profile of GB businesses. Small businesses are those with a turnover of £50,000 to £1million pa; medium and large businesses are those with a turnover of more than £1million pa.

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