

Bank Referral Scheme: Official Statistics

16 January 2025

Data from 1 November 2016 to 30 September 2024

Headlines:

- **Since November 2016, just under 111,000 small businesses who were rejected for finance from one of the designated banks have been referred under the scheme.**
- **Just under 5,400 of these businesses have secured more than £128.7m of funding, with an average loan size of just under £24,000.**
- **The number of deals and funding secured through the BRS dropped during the pandemic but has since recovered.**
- **The year ending Q4 2022 recorded the highest amount of funding secured through the BRS (£21.8m).**

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Media enquiries:
pressoffice@hmtreasury.gov.uk

Introduction

The Government's Bank Referral Scheme is designed to help improve SME access to finance and competition in the SME lending market.

Launched in November 2016, the scheme requires 9 of the UK's biggest banks to pass on the details of small businesses they have turned down for finance to three Government designated finance platforms: Alternative Business Funding, Funding Options and Funding Xchange. These platforms are, in turn, required to share their details, in anonymous form, with alternative finance providers, helping to facilitate a conversation between the business and any provider who expresses an interest in supplying finance to them.

The scheme was introduced in response to evidence which shows that SMEs tend to approach their main bank when seeking finance and that, if rejected, many simply give up rather than seek alternative options. As other finance providers with different business models or risk appetites may be more willing to lend to these SMEs, this represents both an informational market failure and a barrier to entry for competitors in the SME lending market. The Bank Referral Scheme helps to address this by giving businesses that are viable, but do not fit the risk appetite of the traditional banks, access to the finance they need to grow and thrive.

The Government published headline figures for the policy, alongside a press notice, in August 2017. This statistical release provides a more comprehensive set of data on the Bank Referral Scheme since the scheme went live on 1 November 2016¹, including:

- value of quarterly funding;
- quarterly referral rates;
- quarterly conversion rates;
- referrals made by location;
- deals made by location;
- funding value distribution; and
- average deal size by location.

The numbers include data across all four platforms that have been designated during the lifetime of the scheme (Alternative Business Funding, Business Finance Technology², Funding Options and Funding Xchange).

Following a recommendation from the Centre of Finance, Innovation and Technology (CFIT), HM Treasury has decided to bring forward a mandatory review of the scheme from October 2025 to October 2024. Following the conclusions of the [review](#), HM Treasury now intends to launch a consultation to better assess the options available in order to enhance the scheme.

HM Treasury intends to update these statistics on an annual basis; however, the timing for future releases will be established following the future consultation on the scheme, due to be published by end of spring 2025.

The statistics calendar will be updated in due course at the link below:

<https://www.gov.uk/government/statistics/standards-and-policies-for-hm-treasury-statistics>

In this publication, 'contact data' – where an SME has made contact with a designated platform and signed up for their services – has not been included, due to the way the data is now collected. As the contact data is now anonymised for reasons of data privacy, there is no way to tell whether an SME has contacted multiple delivery partners of the BRS. Therefore, the contact data would be likely to have issues of double counting which we are unable to address.

¹ Q4 2016 covers only 2 months, November and December, due to the scheme going live in November 2016. In addition, it is important to note that the data does not take into account any SME inquiries that remain open, so the data may be revised upwards in future.

² At their request, the Government de-designated Business Finance Technology in March 2018.

Quarterly funding

Table 1 shows the value of quarterly funding provided under the scheme, broken down by the number of deals, the total value, the average value of the loan and the cumulative number of deals through the lifetime of the scheme. As of Q3 2024, there have been 5,387 deals completed since the scheme began in November 2016, with an average value of £23,887. The total value of finance provided under the scheme is over £128m.

Table 1: Total quarterly funding, including number of deals, total value and the average value of the loan

	Number of Deals	Value (£)	Average (£)	Cumulative Deals
Q4 2016*	26	399,000	15,346	26
Q1 2017	112	1,850,912	16,526	138
Q2 2017	81	1,232,350	15,214	219
Q3 2017	127	1,362,890	10,731	346
Q4 2017	162	2,223,194	13,723	508
Q1 2018	224	4,608,310	20,573	732
Q2 2018	167	4,380,003	26,228	899
Q3 2018	169	4,625,997	27,373	1,068
Q4 2018	211	4,210,887	19,957	1,279
Q1 2019	220	3,847,205	17,487	1,499
Q2 2019	196	4,140,207	21,124	1,695
Q3 2019	280	5,102,098	18,222	1,975
Q4 2019	260	6,369,742	24,499	2,235
Q1 2020	234	4,216,990	18,021	2,469
Q2 2020	43	2,341,665	54,457	2,512
Q3 2020	72	5,397,957	74,972	2,584
Q4 2020	88	3,491,483	39,676	2,672
Q1 2021	76	3,093,342	40,702	2,748
Q2 2021	113	3,956,458	35,013	2,861
Q3 2021	146	3,748,406	25,674	3,007
Q4 2021	154	3,429,735	22,271	3,161
Q1 2022	159	6,714,075	42,227	3,320
Q2 2022	165	4,238,267	25,686	3,485
Q3 2022	187	6,225,650	33,292	3,672
Q4 2022	173	4,661,135	26,943	3,845
Q1 2023	260	5,464,126	21,016	4,105
Q2 2023	208	4,221,584	20,296	4,313
Q3 2023	232	4,414,060	19,026	4,545
Q4 2023	196	4,517,544	23,049	4,741
Q1 2024	234	5,228,992	22,346	4,975

Q2 2024	193	4,615,760	23,916	5,168
Q3 2024	219	4,348,333	19,855	5,387
Total	5,387	128,678,355	23,887	

Quarterly referrals

Table 2 shows the number of SMEs referred under the scheme. As of Q3 2024, there have been 110,985 referrals made by designated banks to the designated finance platforms.

Q1 2024 recorded the highest amount of referrals in a quarter since the scheme began. Referrals in Q2 and Q3 2024 were lower, consistent with typical trends observed in non-pandemic years. The amount of referrals in Q2 and Q3 of 2024 were noticeably lower than Q2 and Q3 of 2023. Although we do not consider this statistically significant, in general we would expect quarterly referrals to increase as the scheme becomes more embedded in the SME lending journey and awareness of the scheme grows amongst SMEs. HMT intends to launch a consultation in the Spring to better assess the options available, in order to enhance scheme performance.

Table 2: Quarterly number of referrals, including a breakdown of overall referrals made through the lifetime of the scheme.

	Quarterly referrals	Cumulative referrals
Q4 2016	1753	1753
Q1 2017	3390	5143
Q2 2017	2447	7590
Q3 2017	2508	10,098
Q4 2017	2735	12,833
Q1 2018	3221	16,054
Q2 2018	2827	18,881
Q3 2018	2663	21,544
Q4 2018	2730	24,274
Q1 2019	3043	27,317
Q2 2019	2647	29,964
Q3 2019	2702	32,666
Q4 2019	2587	35,253
Q1 2020	3853	39,106
Q2 2020	3741	42,847
Q3 2020	2660	45,507
Q4 2020	2754	48,261
Q1 2021	2741	51,002
Q2 2021	4608	55,610
Q3 2021	3760	59,370
Q4 2021	3510	62,880
Q1 2022	4771	67,651
Q2 2022	4553	72,204
Q3 2022	3630	75,834
Q4 2022	4119	79,953
Q1 2023	4935	84,888
Q2 2023	4682	89,570
Q3 2023	4568	94,138
Q4 2023	4192	98,330
Q1 2024	5382	103,712
Q2 2024	3454	107,166

Q3 2024	3819	110,985
Total	110,985	

Quarterly conversion rates

Table 3 shows the quarterly and cumulative conversion rates for referrals with the platforms.

The quarterly conversion rate shows the amount of referrals from the 9 participating banks to the scheme as a percentage of small businesses rejected for finance by those banks. It is therefore a metric of engagement from participating banks. The quarterly conversion rate was on an increasing trend from the inception of the scheme up until the pandemic, reaching a high of 10.4% in Q3 2019. This shows that participating banks referred over 1 in 10 small businesses they rejected for finance in that quarter. In Q3 2024, the cumulative conversion rate for referrals was 4.9%. Therefore, over the lifetime of the scheme, the participating banks have referred just under 1 in 20 small businesses they rejected for finance to the scheme.

Table 3: Quarterly and cumulative conversion rate for referrals³

	Quarterly conversion rate – Referrals (%)	Cumulative conversion rate - Referrals (%)
Q4 2016	1.5	1.5
Q1 2017	3.3	2.7
Q2 2017	3.3	2.9
Q3 2017	5.1	3.4
Q4 2017	5.9	4.0
Q1 2018	7.0	4.6
Q2 2018	5.9	4.8
Q3 2018	6.3	5.0
Q4 2018	7.7	5.3
Q1 2019	7.2	5.5
Q2 2019	7.4	5.7
Q3 2019	10.4	6.0
Q4 2019	10.1	6.3
Q1 2020	6.1	6.3
Q2 2020	1.1	5.9
Q3 2020	2.7	5.7
Q4 2020	3.2	5.5
Q1 2021	2.8	5.4
Q2 2021	2.5	5.1
Q3 2021	3.9	5.1
Q4 2021	4.4	5.0
Q1 2022	3.3	4.9
Q2 2022	3.6	4.8
Q3 2022	5.2	4.8
Q4 2022	4.2	4.8
Q1 2023	5.3	4.8
Q2 2023	4.4	4.8
Q3 2023	5.1	4.8
Q4 2023	4.7	4.8
Q1 2024	4.3	4.8
Q2 2024	5.6	4.8
Q3 2024	5.7	4.9

³ Data is collected on an anonymised basis from all current finance platforms. Due to recent changes in the way data is collected, it is no longer possible to show a contact conversion rate.

Referrals by location

Table 4 shows the number of referrals made by location, compared to the distribution of the SME population across the UK and Northern Ireland. The SME population data is based on Department for Business and Trade (DBT) population estimates.

Table 4: Percentage of referrals made by location⁴

Region	SME distribution (%)	Referrals Distribution	Referrals Distribution (% - excl. Not recorded)	Referrals distribution (% inc. Not Recorded)
Greater London	17.9%	25,786	25.7	23.2
South East	16.5%	11,953	11.9	10.8
East of England	9.6%	8,727	8.7	7.9
South West	9.7%	8,484	8.5	7.6
North West	9.0%	9,479	9.5	8.5
West Midlands	7.9%	9,968	9.9	9.0
Yorkshire and the Humber	7.1%	7,113	7.1	6.4
East Midlands	6.5%	4,955	4.9	4.5
North East	3.0%	3,324	3.3	3
England	87.1%	89,790	89.5	80.9
Scotland	6.5%	5,747	5.7	5.2
Wales	4.0%	3,497	3.5	3.2
Northern Ireland	2.4%	1,264	1.3	1.1
Scotland, Wales and Northern Ireland	12.9%	10,508	10.5	9.5
Location Not Recorded		10,687	N/A	9.6

⁴ Some postcodes cross borders, which could impact results. Due to an issue during the changeover of reporting methods in 2022, a large number of referrals were recorded with the applicable region not assigned. This accounts for the rise in 'Location not recorded' figures.

Deals by location

Table 5 shows the distribution of deals – in other words, where a referral was made and finance successfully secured – by location, compared to the distribution of the SME population.

Table 5: Percentage of deals made by location⁵

Region	SME distribution (%)	Deals Distribution	Deal Distribution (% exc. Not Recorded)	Deal distribution (% inc. Not Recorded)
Greater London	17.9%	1,387	26.3	25.7
South East	16.5%	712	13.5	13.2
East of England	9.6%	548	10.4	10.2
South West	9.7%	519	9.8	9.6
North West	9.0%	462	8.8	8.6
West Midlands	7.9%	522	9.9	9.7
Yorkshire and the Humber	7.1%	308	5.8	5.7
East Midlands	6.5%	230	4.4	4.3
North East	3.0%	150	2.8	2.8
England	87.1%	4,838	91.7	89.8
Scotland	6.5%	250	4.7	4.6
Wales	4.0%	159	3.0	3.0
Northern Ireland	2.4%	31	0.6	0.6
Scotland, Wales and Northern Ireland	12.9%	440	8.3	8.2
Location Not Recorded		109	N/A	2.0

⁵ Some postcodes cross borders, which could impact results. Due to an issue during the changeover of reporting methods in 2022, a large number of referrals were recorded with the applicable region not assigned. This accounts for the rise in 'Location not recorded' figures.

Funding by location

Table 6 shows the regional distribution of funding for businesses referred to the scheme, by value, compared to the distribution of the SME population. In total, businesses referred to the scheme secured more than £128.7m of funding.

Table 6: Funding value distribution⁶

Region	SME distribution (%)	Value of funding (£) by region	Value of funding by region (% exc. Not Recorded)	Value of funding by region (% inc. Not Recorded)
Greater London	17.9%	28,927,489	23.1	22.5
South East	16.5%	17,351,671	13.9	13.5
East of England	9.6%	15,189,012	12.1	11.8
South West	9.7%	10,648,303	8.5	8.3
North West	9.0%	11,814,899	9.4	9.2
West Midlands	7.9%	10,046,688	8.0	7.8
Yorkshire and the Humber	7.1%	8,554,552	6.8	6.6
East Midlands	6.5%	8,130,719	6.5	6.3
North East	3.0%	3,641,286	2.9	2.8
England	87.1%	114,304,620	91.3	88.8
Scotland	6.5%	7,017,444	5.6	5.5
Wales	4.0%	2,846,637	2.3	2.2
Northern Ireland	2.4%	1,030,012	0.8	0.8
Scotland, Wales and Northern Ireland	12.9%	10,894,093	8.7	8.5
Location Not Recorded		3,479,642	N/A	2.7

⁶ Some postcodes cross borders, which could impact results. Due to an issue during the changeover of reporting methods in 2022, a large number of referrals were recorded with the applicable region not assigned. This accounts for the rise in 'Location not recorded' figures.

Average deal size by location

Table 7 shows the average deal size split by location. The average loan size equates to just under £24,000.

Table 7: Average deal size by location⁷

Region	Average deal size (£)
Greater London	20,856
South East	24,370
East of England	27,717
South West	20,517
North West	25,573
West Midlands	19,247
Yorkshire and the Humber	27,775
East Midlands	35,351
North East	24,275
England	23,626
Scotland	28,070
Wales	17,903
Northern Ireland	33,226
No Location recorded	31,923
Total	23,887

⁷ Some postcodes cross borders, which could impact results. Due to an issue during the changeover of reporting methods in 2022, a large number of referrals were recorded with the applicable region not assigned. This accounts for the rise in 'Location not recorded' figures.

Background notes

Data collection

The British Business Bank (BBB), working on behalf of HM Treasury, collect data from designated finance platforms in accordance with monitoring and reporting requirements set by HM Treasury.

Data sources

The SME population data is based on Department for Business and Trade (DBT) population estimates, 2024.

<https://www.gov.uk/government/statistics/business-population-estimates-2024>

Further information

Further information about the Bank Referral scheme can be found at:

<http://british-business-bank.co.uk/bank-referrals/>

Enquiries

Media enquiries:

Email: pressoffice@hmtreasury.gov.uk