

## **5.7 Deputy M.R. Higgins of the Minister for Economic Development regarding increased lending for businesses:**

Following the agreement between the Chancellor of the Exchequer and the banks in the United Kingdom to increase lending to small businesses, what steps, if any, is the Minister taking to ensure that businesses in the Island will also benefit from increased lending at reasonable terms?

### **Senator A.J.H. Maclean (The Minister for Economic Development):**

My department and I are committed to supporting all businesses in the Island and ensuring that local businesses, especially S.M.E.s (Small and Medium Enterprises) are able to access finance and to get a fair deal. Officers from my department have recently attended meetings of the Jersey Bankers Association where lending to businesses was discussed. While lending limits and criteria have tightened following the global financial crisis, I am assured that local banks are keen to lend, and are lending at competitive rates on sound propositions.

#### **5.7.1 Deputy M.R. Higgins:**

Will the Minister explain how he can give assurances to the House that the banks are lending at reasonable rates, are providing funds, because he gathers no data and no other States department gathers data that will enable us to monitor what is going on?

### **Senator A.J.H. Maclean:**

I have stated that I am assured that is the case, that lending is occurring in the Island, the banks are lending and at fair and competitive rates albeit with new criteria following the global financial crisis. I can say to the Deputy that we speak, as I pointed out to the Jersey Bankers Association, we also speak to independent lobby groups such as the Chamber of Commerce and from none of those am I getting any indications that there is a significant problem in this area, but we do continue to monitor it by speaking to businesses, which is the most appropriate place to get such information.

#### **5.7.2 Deputy M.R. Higgins:**

Can I just follow up with another one? I think the Minister is obviously speaking to different businessmen than I am speaking to because many of them are having trouble getting funds, and I do not know how we can just accept the assurances of the Minister and the bankers that they are providing funds without any objective and quantitative method of determining that that is the case.

### **The Bailiff:**

So, what is the question, Deputy?

### **Deputy M.R. Higgins:**

Will the Minister bring in data collections so that he can provide the States with the data so we can see that they are providing more funds?

### **Senator A.J.H. Maclean:**

I am always happy to look at ways in which we can collate additional data to help inform our decision-making and assistance that we can give to the business sector. So, we can certainly look at it but I suspect that the type of information the Deputy is referring to is not that straightforward in terms of collections. However, there are ways in which we can assess if there is a problem emerging in the lending area to

businesses. We will continue to assess and monitor businesses, and all I would add is that I would hope if the Deputy is hearing stories that businesses are having trouble accessing finance that he would let me and my department know about it and we will certainly do our best to assist, but I certainly do not think that we would be looking to encourage banks to do anything other than follow commercially prudent lending practices, which may be the root of this particular question.

**5.7.3 Senator S.C. Ferguson:**

Would the Minister not agree with me that it is the role of Government to reduce red tape and regulation and allow the market to decide whether a business case justifies lending from the bank?

**Senator A.J.H. Maclean:**

I am delighted to agree with the Senator. She is absolutely right and indeed it is certainly an aim of mine to do all that I can to reduce red tape and bureaucracy in all areas relating to the business community in particular and the points she has made are extremely valuable and I thank her for them.

**5.7.4 Deputy P.V.F. Le Claire:**

Notwithstanding the previous question, which clashes with the loans that are given to rich farmers in the country, can I ask what information... and I am sufficiently confident and he has my confidence, the Minister knows this, I am sufficiently confident of his independence to ask this question. What information can he obtain for us in relation to the availability of mortgages from lending organisations in Jersey, so Members can be apprised of the situation? I understand at the moment you need 25 per cent down payment on a £500,000 house. Most people do not have that kind of money. Can he provide us with some information or will his department, if he feels conflicted?

**The Bailiff:**

At the moment, Deputy, the question is relating to lending to small businesses, but ...

**Senator A.J.H. Maclean:**

All I can say to the Deputy is that in terms of the mortgage market, which he is referring to, competition is clearly important. Since the global financial crisis, as I mentioned already in relation to lending to businesses, criteria has been tightened significantly as banks have had liquidity requirements and other issues placed upon them making it more difficult, less funds being made available. All I can say to the Deputy is that I understand, for example, that Jersey Home Loans are returning to the Jersey market, so increased competition is a good thing. I would hope that would help provide additional funding and, in due course, when lenders have greater confidence and greater available funds to lend I suspect the deposits that are currently required may well be reduced and make it easier for, in particular, first-time buyers where the greatest pressures exist and I understand that.

**5.7.5 Deputy P.V.F. Le Claire:**

Can I clarify, the share transfer market is a business market and it is predominantly that where most people are looking these days to be able to get their foot on the ladder. I think it would be helpful for people to understand where to go for these huge mortgages that are required.

**The Bailiff:**

Well then, final question from Deputy Higgins. Deputy Higgins, do you wish to ask a final question?

**Deputy M.R. Higgins:**

No, Sir, I am fine thank you.