



The Rt Hon Jesse Norman MP  
Financial Secretary to HM Treasury  
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14 April 2020

## **COVID-19: Extending financial support to the non-bank sector**

Dear Minister

As a matter of urgency, I am writing to suggest some ideas on ensuring liquidity and competition in motor finance, during and after the current pandemic.

At the outset, let me say that we welcome the various loan support measures that have been introduced and appreciate the effort your team is making to tweak and optimize these. We would like to suggest some ways in which the government should go further, to ensure comprehensive loan support for all businesses that need it.

In their current form, these loan measures will not provide non-bank lenders with the low-cost liquidity they need to survive the crisis and continue lending once it ends.

This matters as many non-bank funders will not be able to offer the forbearance to businesses and individuals that need help to get through the current crisis.

There are a range of different motor finance providers in our membership, including bank-owned, manufacturer-owned (also known as 'captive') and independent. We have over 100 non-bank owned leasing providers of all sizes, that are either self-funding or using bank finance on a back-to-back or undisclosed agency basis.

We surveyed a broad range of non-bank members, ranging from those with less than £1m in funded assets up to those who fund vehicles worth hundreds of millions of pounds. The members surveyed are responsible for 6,526 customers, 55,953 vehicles and an asset value of £843 million.

In a normal business environment, most of these members will receive no requests for forbearance on leasing contracts. However, in our survey they have reported 12% of their

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customers as requesting some kind of Covid-19 forbearance. Some firms have only been about to grant a third of their forbearance requests and the terms offered vary considerably.

I have attached a short paper setting out our ideas, which we have also shared with your Consumer Credit Team. In summary, it suggests how the government could improve access to low-cost funding for independent motor finance providers and deliver liquidity that can be used to support existing customers with urgent forbearance needs. We would also be happy to discuss these ideas further with you.

Yours sincerely,

A handwritten signature in black ink that reads 'G. Keaney'. The signature is fluid and cursive, with a large, sweeping flourish at the end.

**Gerry Keaney**  
Chief Executive

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