HOUSE OF COMMONS

Treasury Committee

Oral evidence: Economic Impact of Coronavirus, HC 271

Monday 4 May 2020

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Watch the meeting

Members present: Mel Stride (Chair); Rushanara Ali; Mr Steve Baker; Harriett Baldwin; Anthony Browne; Felicity Buchan; Ms Angela Eagle; Julie Marson; Alison Thewliss.

Questions 380-454

Witnesses

I: Amanda Murphy, Head of Commercial Banking UK, HSBC, Paul Thwaite, CEO of Commercial Banking, Royal Bank of Scotland, David Oldfield, Group Director and CEO of Commercial Banking, Lloyds Banking Group, Matt Hammerstein, CEO, Barclays Bank UK, and Anne Boden, CEO, Starling Bank.

Examination of witnesses

Witnesses: Amanda Murphy, Paul Thwaite, David Oldfield, Matt Hammerstein, and Anne Boden.

Chair: Good morning, and welcome to the Treasury Committee's latest session in its inquiry into the economic impact of the coronavirus. We are joined by five representatives of banks that are accredited by the British Business Bank to provide loans to companies that need support during this crisis. Initially, I will ask each member of the panel to introduce themselves briefly.

Amanda Murphy: Good morning. My name is Amanda Murphy, and I am head of commercial banking for HSBC in the UK ring-fenced bank.

Paul Thwaite: Good morning. I am Paul Thwaite from NatWest Group, and I am the CEO of the commercial bank covering NatWest and Royal Bank of Scotland.

David Oldfield: Good morning, Chair. I am David Oldfield, group director and CEO of commercial banking for Lloyds Banking Group.

Matt Hammerstein: Good morning, Chair. I am Matt Hammerstein, CEO of Barclays UK, our ring-fenced bank.

Anne Boden: Good morning. My name is Anne Boden and I am the founder and chief executive of Starling Bank. We are a new bank—we don't have branches, we have everything on digital—and we do personal and business accounts.

Q380 **Chair:** Thank you. I welcome each and every one of you to our session this morning. We may have to suspend the Committee at precisely 11 o'clock, because of a virtual Division in the House, but it will just for 10 minutes and then we will reassemble, so don't be put off by that.

We have quite a large panel, so I have asked Members to direct their questions specifically at one or perhaps two members of the panel. If you are not identified in that way but feel strongly that you want to contribute, please raise your hand and I will endeavour to bring you in, if we have time. During the session, I will try to make sure that everyone has a good opportunity to say what they need to say.

I will start with the first question and focus on CBILS, where there has been a great deal of criticism. Many have felt that the banks have not been getting this funding out the door quickly enough. Unflattering parallels are often drawn between the experience of businesses here and those in, for example, Germany, where we believe about £7 billion has gone out of the door, or Switzerland, a far smaller country, where it has been an even greater amount than that, compared with our latest figure of about £4 billion. I will start with Anne: why do you think there has been less progress made than might otherwise have been made. What has stopped, or held back, the banks from getting this money through to customers?

Anne Boden: I cannot speak for the big banks, many of which are represented here on the panel. At the moment, looking on as an outsider at what is happening with the banks, they are really struggling to put all the processes in place to make this happen quickly. The British Business Bank is working very hard to get those processes in place. Starling, for example, is very keen to start lending as soon as possible; we finally received our paperwork yesterday, and we very much hope that we can start lending today. We accept the fact that the British Business Bank is working first on getting the big banks up and running before coming to people like us, but it is a lot of work to do. It is especially difficult when you have lots of volume to go through because, up until now, the processes for doing it in an automated way, with application processes and interfaces, have not been ready.

Q381 **Chair:** One of the reasons why we invited you on, Anne, was that I heard rather a good interview you gave on the "Today" programme. You talked specifically about the issues around that interface with the British Business Bank, with manual importation of data and so on, so will you unpack that a little bit for us? Do you still see that as a major impediment to speeding this process up?

Anne Boden: What has happened is that the BBB and HMRC decided to base this scheme on an existing scheme, but that existing scheme was not meant to process all this volume. The old scheme was intended to take one loan at a time, with someone sitting at a laptop or a screen of some sort to key the details in. If we as an industry have to do so many loans so quickly, that does not work.

What has been happening in the background, therefore, is that the technology folk have been working on a new system whereby the banks' big systems can connect automatically with the BBB system. Those systems are not ready yet—I gather they are about six or seven weeks away—and in the meantime I believe that the BBB has given a waiver so that there can be limited reporting until those connections are available.

For us, in order to do this at scale, quickly, we have to have automation, and key to that is the building of those connectors—called APIs—that link the bank systems to the BBB system. Once that is available, things will go much faster.

Q382 **Chair:** Amanda, will you quickly address this question about whether we as a country have been slower than others in getting this kind of finance out? If that is the case in your opinion, why do you think that is, and what further changes might we need to make to speed things up?

Amanda Murphy: From HSBC's perspective, as of close of play last week, we had approved over 6,300 loans—6,338, to be precise—and almost £1 billion of lending. In the first few days, I think it is fair to say, we were slower at the start of the process to train people in how to do this, and, as Anne has said, we have had to look at our digital processes to ensure that they support at scale. The pace at which we are now getting through those applications is quite different, and we have built, thankfully, a good, robust process to support customers.

That is in the context of our wider lending. As an institution, we have lent almost £2.5 billion that we term as covid-related lending. We have done that through a number of different approaches with customers, depending on whether they were domestic or international, and our decline rates remain very low.

With any big scheme, to initiate it takes a little bit of time, but what we have seen now is processes moving quicker, swiftly, with better-trained people, better use of digital, and a much faster delivery to the companies that need this money. We have worked day and night to make sure that we can get the money out there, because we are talking to our customers every day and we really do know the impact that this pandemic has had on them, their businesses, their livelihoods and their staff. Thankfully, we are in a much better place today.

Q383 **Chair:** Thank you. I turn now to David Oldfield and Lloyds bank. David, I think it is fair to say that there has been quite a lot of criticism levelled particularly at Lloyds, in terms of the amount of loan finance you have got out the door relative to your share of the small business lending market. In fact, there is a quote in *The Times* that you may have seen, in which a member of Lloyds staff is recorded as saying, "We're seeing that quite a high proportion"—that is, of businesses—"don't actually qualify against the criteria the government set out, so that's a massive help." I just wonder whether you could start by explaining what you thought that person meant when they made that statement.

David Oldfield: Good morning, Mr Chairman, and thank you. I do not understand that statement at all; that is absolutely not the way that I would characterise it. We are doing our absolute level best here to help our customers up and down the country, and huge credit to all of our colleagues, who, as Amanda has said, are absolutely working their socks off every day to try to help. I absolutely regret that quote; it is not what I recognise at all, and certainly it is not true that large proportions of customers are not qualifying for the scheme.

If I may, I will give you some numbers. We have now made over 4,500 loans, totalling £618 million; that has increased a bit since the numbers in the Committee last week. I will be the first to say we had a slow start. We absolutely faced into those operational challenges that Anne referenced, that using the enterprise finance guarantee product means it is not on our strategic lending platforms, It is quite a cumbersome and time-consuming process and it did take us some time to really build momentum. We are now building momentum. Each day that goes by, we are managing to get more loans out to customers, so we are pleased about that.

The other thing that I would say, to echo Amanda's point, is that what we are actually hearing from many of our customers is that what they really want just now and that is most helpful—the ratio is about 10:1—is a capital repayment holiday on their existing borrowing, and/or a short-term overdraft relief, because working capital is tight.

We are absolutely and hugely committed to making the Government schemes—CBILS and bounce back loans, which I am sure we will talk about later—work, but at the same time, we are working very hard in whatever way our customers need us to help.

Q384 **Chair:** David, you say you had a slow start but that you have picked up the pace more recently. Do you accept that you are still behind the basic metric in terms how much of the lending Lloyds might be expected to have done relative to your position in the marketplace? If you do accept that, how long will it be before the figures that the Treasury will certainly be producing on a weekly basis will show that Lloyds is up with the rest of the pack? It is needless to say it because we all know it, but I will say it anyway: there are thousands and thousands of businesses out there that are utterly desperate at the moment with cash-flow problems that need you to do what you need to do if they are to survive.

David Oldfield: I completely agree, Chair. We are absolutely doing our best, on a day-by-day basis, to get more and more loans to our customers who need them. If you look at our progress to date through the duration of the scheme, we will still be behind where we would want to be at this point. If I just take last week as an example, we were at about 18% market share of new CBILS loans issued last week, and that is getting closer to our about 19% share in terms of SME lending. It is absolutely a fair challenge, Chair. We are catching up from those early weeks when we were inundated by volumes in a process that really was not built for scale in those early days. Day by day now and over the last couple of weeks, we have seen really good progress, to the extent that we are catching up.

Chair: As a general point, it is fair to say that the Committee will be looking very closely at the data that we start to get on lending, and I think we will be wanting to draw to general attention those who we think may be a little bit slow off the mark, but to be fair, we will also be pointing out those banks that we feel are really pushing forward at pace. Thank you for that. I am aware that I have not yet come to Matt Hammerstein. I am handing over to Felicity now, but Felicity, you might give Mr Hammerstein an opportunity to come in at an early point.

Q385 **Felicity Buchan:** First, I would like to thank all your employees. They are key workers, and like all, key workers they are under particular stress at this time and they may have their own issues, so we thank them.

Clearly, there is frustration out there that the pace of lending, certainly under the CBIL scheme, has not been as rapid as we would have liked. As a constituency MP, I have had on to me heaps of companies that have been declined where they thought that unreasonable, and we have successfully challenged some of those decisions. I think that we are all looking at the bounce back scheme as an easy and efficient way to get cash out there to small businesses. Paul, do you feel as though you have the operational ability to start processing loans as of today and to get the cash out within one to two days, and what demand are you anticipating?

Paul Thwaite: Thank you for the thanks to our colleagues. I agree that both branch staff and relationship managers have worked amazingly hard in the course of the last six or seven weeks.

To your question on operational capacity, yes, we launched the bounce back loan scheme this morning. Obviously, that was announced by the Chancellor last week. We have worked very hard to make it available today; it launched today at 8.30 am. We have assumed that there will be significant demand. It is very difficult to judge what the level of demand will be, but we have assumed that there will be significant demand, to the extent that we have increased our resources by about 50% in the contact centres in areas where we expect to receive inquiries. So the simple answer is yes.

Q386 **Felicity Buchan:** Great. Matt, are you anticipating, with the bounce back scheme, that you will make the lending available to every one of your existing customers who applies? Assuming that they meet the KYC and anti-money laundering tests, will you just give out the cash on a blanket basis, or will you put in any other restriction?

Matt Hammerstein: Good morning and thank you for the question. We are expecting significant demand, as Paul said in his response. We launched this morning as well—at 9 am or shortly thereafter—and we had 200 applications within the first minute of going live. The process to be able to get access to the money is super-simple. It was designed in the course of the last 10 days, in conjunction with the Treasury, the British Business Bank and all participating lenders. Within minutes, all 200 of those applications were fully approved, and we would expect the cash to be with those clients in the course of the next 24 hours. Since then, we have seen applications at a rate of about 35 per minute—even as we sit here during this session—so I think there will be extraordinary demand, recognising the severity and the breadth of the impact of this crisis across smaller businesses in particular, especially given some of the social mobility restrictions in certain sectors.

From our perspective, we are fully ready to make the scheme a success. We will make sure that all our existing clients have access to it—subject, as you said, to the eligibility rules set into the scheme itself. Operationally there will be improvements in the course of the week. I think we have all worked incredibly hard over the past 10 days to hit it at launch today.

We focused today on our online banking capabilities because—to Anne's point earlier—that is where we can support clients most simply and efficiently. We will evolve that to include our mobile application by Wednesday this week, and add further support to businesses that have what we call complex mandates, where there are multiple people who have to sign the facility letter to get the loan agreement signed. That will be an automated process by Wednesday or Thursday this week as well. Over the course of the next seven to 10 days, we would expect the vast majority of our existing clients to be able to have fast and simple access to the scheme.

Q387 **Felicity Buchan:** Matt, could you confirm that you will be lending to all sectors? We have heard in the past that certain sectors have not been lent to. Will this be bounce back loans lending across the entire breadth of industry?

Matt Hammerstein: Yes. CBILS was built on the EFG scheme, which had sector exclusions built into it. That was one of the things embedded within the EFG, and with CBILS it was assumed that banks would effectively apply their normal lending criteria. Individual banks over the course of time will have made decisions about their own credit risk appetite for different sectors and therefore may or may not be able to lend in certain sectors, given those historical choices, through CBILS. With the bounce back lending scheme there is no sector exclusion in the application form applying to that. We will be looking broadly across the entirety of our business customer base, subject, as you say, to some of those very thoughtful checks that we need to do around KYC and anti-money laundering.

Q388 **Felicity Buchan:** Thank you. Amanda, do you envisage any problems with the bounce back scheme?

Amanda Murphy: We do not envisage any problems. We have been building a digital offering specifically for this to make sure we can have a process that is really fast and simple for customers to understand but that is still in line with what the Government expects of us. I think it will be easier for existing customers than for new-to-bank customers because of the checks that you have highlighted—fraud, anti-money laundering and so on—and it would not be responsible for any bank not to carry out appropriate checks in those areas. We also believe that the bounce back scheme will shoulder a really important part for a number of clients who have not accessed CBILS and who need some support at this time.

One of the areas I would bring to the Committee's attention is the importance of communication with clients so that they fully understand what is entailed in the scheme and that it is a loan, not a grant. That has been an element of confusion for many companies out there. The schemes are working, though. Only recently I had a note from a wonderful retailer in Liverpool, a company called Taskers, that had to close three out of four of their retail stores—they provide homeware—and they accessed the CBILS scheme, which enabled them to keep on about 180 of their staff. Every time we get a loan like that out, we have a similar impact and that is really important. The bounce back scheme will be able to accelerate that at scale across the smaller end of companies in the UK.

Q389 **Felicity Buchan:** Obviously, the range of loans is £2,000 to £50,000. Subject to the percentage of turnover, how will you decide whether to lend one of these companies £5,000 or £20,000?

David Oldfield: First, I should start by saying Lloyds Banking Group went live for bounce back loans at 7 o'clock this morning, and we saw around

2,000 applications in the first two hours of being open. As my colleagues have said, we expect significant volumes flowing through to the bounce back loans. Yes, there is a range of £2,000 to £50,000. The whole scheme is now built around simplicity, so there is a simple two or three-page online application that simply asks for business details, turnover and the amount being requested. Unlike CBILS, the obligation is not on the bank to undertake viability and affordability testing—we know that that was a bit of a challenge for all of us in the early days of CBILS. In that sense, whatever someone applies for within that range, subject to its being no more than 25% of turnover, we will do no further checks other than the fraud checks that my colleagues have called out. In those first 2,000 applications that we have seen this morning, the average loan size is about £35,000.

Q390 **Felicity Buchan:** Interesting. Are you concerned about the potential for fraud in this particular scheme, given the fact that no additional credit checks are going on and it involves self-certification of viability?

Anne Boden: Yes, we are concerned about fraud, but it is a risk we are prepared to take. We have to get the money out to SMEs that are desperate for these loans. One of the downsides of the bounce back scheme is that we are not doing the full credit checks; we are just doing AML and fraud checks. But as a technology-driven bank, we are going to use all our engineering skill to make sure that we can do fraud checks as quickly as possible. One of the things I am concerned about is that we now have a very delicate interplay between CBILS and the bounce back scheme. Many customers who have applied for CBILS would be better off under the bounce bank scheme. The bounce back scheme is very competitive: it is 2.5% over six years. It is a very good deal for our customers. It is down to us to advise customers that, if they are applying for a loan of £60,000 or £70,000, perhaps they would consider a £50,000 loan. As part of the bounce bank scheme, that will be very competitively priced. Getting this right is very important.

Q391 **Felicity Buchan:** Paul, do you want to come in very quickly?

Paul Thwaite: I just wanted to follow up on the fraud point. There obviously are fraud checks that we will undertake as part of the process. Although there are fraud risks, they are mitigated. There is another thing that is important, as demonstrated by Matt and David's comments on volume so far. The majority of the initial applications will be to existing customers, and all the banks run their existing fraud checks on that existing customer base on a regular basis. I thought it was appropriate to mention that.

On the subject that Anne raised—bounce bank loans and CBILS—the NatWest approach will be that we are offering anybody who has taken a CBILS loan under £50,000 access to the bounce back loan scheme, so that they can benefit from the competitive rates that are available. It will be the customer's choice and the customer's option, and we will proactively offer that to those businesses.

Q392 **Harriett Baldwin:** Thank you all for the hard work in getting this up and running first thing this morning. I want to ask some questions from the perspective of a small business. What will I actually have to provide you with this morning before I log on or call your helpline? Do I need to make some kinds of documentary proof of what my turnover is? Matt, perhaps you could start.

Matt Hammerstein: Good morning, Ms Baldwin. No, as David outlined, the application process has been made as simple as possible. It is a two-page online application. The information provided is self-certified by the applicant and we are not in any way obligated to verify it other than, as has been alluded to a number of times, some background checks to protect the integrity of the scheme with respect to fraud and anti-money laundering checks.

Q393 **Harriett Baldwin:** Is that the same for all of you? None of you are requiring any physical documentation or anything like that.

Matt Hammerstein: Not for existing clients.

Q394 **Harriett Baldwin:** Okay. I want to drill down into the question of existing clients versus new clients in a moment. From the perspective of a business applying this morning for one of the bounce back loans, what kind of interest will I have to pay over year one, and will 100% of the loans be offered on a six-year basis? When would I start to see a different interest rate under the scheme? I will ask Amanda first.

Amanda Murphy: All banks will charge the same interest rate. It is mandatory at 2.5%, which is extremely competitive—very low. There are no costs or fees in addition to that. It is interest free.

Q395 **Harriett Baldwin:** Is that for the life of the loan?

Amanda Murphy: For the life of loan, yes. It is interest-free for year one—all loans are offered on a six-year straight line amortising basis—and for the remainder of the life of the loan, 2.5% will be charged.

Q396 **Harriett Baldwin:** All of the panel are doing exactly the same on this, are they?

Amanda Murphy: We are. That was our agreement with the British Business Bank.

Q397 **Harriett Baldwin:** For a business that might be feeling a bit hesitant about applying for one of these bounce back loans: what processes will you follow if it misses a payment? Will you hand that over immediately to the Treasury for the guarantee, or will you get someone in to start seizing some of the business assets? I will ask that question to David first, please.

David Oldfield: Just to build on Amanda's other point, the price is set by the Government on this one, which is important to know. It is essentially unlike the CBILS loans, where each institution sets its own rate; with this one, it was mandated by the Government that 2.5% would be the price of the loan.

On your second question, we will treat these loans like any other loan that we as a bank provide. If there is evidence that a customer is in financial difficulty or is struggling to make payments, we will look to support them and have conversations with them in the normal course of business, as we do with every other loan. A missed payment will lead to a conversation about how we can help, and there are plenty of other remedies available for a customer who is in financial difficulties that are tried and tested, I think, across all the banks.

Q398 **Harriett Baldwin:** At what point would you call on the guarantee from the Government?

David Oldfield: Calling on guarantees is always a last resort for any loan. It is not specific to the bounce back or to CBILS; for any loan, calling the loan in and looking to any available security is the absolute last resort. I will not define that in terms of a number of months, because I think we will all have slightly different approaches, but we work very hard with customers in financial difficulty and support them as much as we can with as many options as we can. There are plenty of forbearance opportunities before you ever get to the final, final stage of calling in security, whether that is traditional security or, in this case, a Government guarantee. It is not something we do lightly.

Q399 **Harriett Baldwin:** Would everyone on the panel take the same approach, or does anyone have a different approach to this issue?

Paul Thwaite: Not a different approach, but it may be worth clarifying that under the terms of the guarantee agreed late last night, it is very clear that the lenders are required to adopt their normal processes for collection, so there will be no distinction with customers and businesses who have taken the bounce back loan versus normal lending; that is enshrined there, and it is also covered by the Lending Standards Board. While there have been some legislative and regulatory changes, there is no carve-out for collection, so NatWest and all organisations will be responsible and have to treat customers according to their normal recoveries approach. It is a very consistent and very clear process, and it is documented explicitly in the guarantee agreement.

Q400 **Harriett Baldwin:** For a business that has already managed to get some money out of you—it has been quite challenging, but if it managed to get something early on and has been charged 9.75% or whatever—with all your organisations, it can now, through a simple phone call, get that switched across to a bounce back loan. Is that correct? I will come to you in a moment, Anne, but I will go back to you first, David.

David Oldfield: There are two parts to that question. As it happens, we are charging a maximum of 5% for a CBILS loan, and our average is 3%. The bounce back loans that we have talked about are at 2.5%, so they are still cheaper, but yes: for anyone who has already taken a CBILS loan and wants to switch across to bounce back, where it is less than £50,000, we will help them to do that. For those who are still in the queue, as it were, where we have not yet got to the stage of agreeing a CBILS loan and where they are eligible within the terms of bounce back, we are contacting or have already contacted all those customers proactively and encouraged them to go down the bounce-back route, because it is cheaper for them, so it is better for the customers.

Q401 **Harriett Baldwin:** Are all the panel taking the same approach? Does anyone have a different approach in their organisation?

All witnesses *indicated dissent.*

Q402 **Harriett Baldwin:** I will move on, then, to the question of existing versus new customers, and the incredibly important role that challenger banks play in challenging the four main players that we have before us this morning. Anne, are you taking on a lot of customers who have been turned down by the big four? Are you finding that they are proving to be quite generous in the amount of business they are handing your way?

Anne Boden: We are taking on about 550 to 650 businesses a day, so throughout the crisis we have had a substantial number of customers coming to us. We have a lot of fear out there. Last night on Twitter, a lot of customers were saying, "I am a sole trader and I currently bank with one of the big banks. Will I be able to get a bounce back loan if I don't have a business account?" There is talk about the prioritisation. How will people be treated and prioritised for these loans? If every single SME decides to apply for them and takes £50,000, that will be a lot of money and a lot of administration. We have people out there who are concerned.

Our process at Starling is that I have 150,000 small businesses that are desperate to get their hands on funding, and we are really keen to get out there as quickly as possible and make those loans. We understand that the BBB has to give priority to the big banks, but we want to get up and running this week, because a lot of our customers are quite desperate, whether it is a plumber who cannot visit customers' houses or a tree surgeon. We were talking to a tree surgeon last week; it was their family business and they had never borrowed any money, but they were finding that they had to get their hands on lending quite quickly.

We hope to service 150,000 SME customers who need loans, but people who are desperate for loans can come to us and we will try to prioritise them as well. In this particular environment, we are very good at onboarding new customers. We do it all electronically, we are very good at scale, and in this environment we are gearing up to do it as quickly as possible.

Harriett Baldwin: Sadly I am out of time, but thank you.

Q403 **Rushanara Ali:** Good morning. My questions are about the eligibility criteria for CBILS. Can you explain how you assess the viability of small businesses for the purpose of making a loan through that scheme? What are the most common reasons for rejecting a loan at the moment?

David Oldfield: How do we assess viability? Viability is essentially a backward-looking measure, so we will look at how well the business was trading pre the start of covid. The state aid requirement is the end of December last year, but broadly it is pre covid. If we can see that the business was trading perfectly satisfactorily pre the start of the virus, we would consider it viable for the purposes of thinking about a CBILS loan. The second consideration for us is affordability. We are all responsible lenders, and we have to ensure that someone is able to repay the borrowing in the normal course of events. We will look at the affordability of the existing lending they might have.

In Lloyds, an existing medium-sized SME will typically have about £500,000 or £600,000 worth of existing borrowing. What we have seen in CBILS over the past few weeks is that the average loan size being asked for is about £250,000—these are the medium-sized SMEs, not the smaller micro ones—so we need to be comfortable and the business needs to be comfortable, given that this is a loan and not a grant, that they can afford to repay both existing and new borrowing. We are pleased that we are agreeing well over eight out of 10 just now, so we are not finding many who are not able to afford it, but inevitably there are some firms that did not have a viable business model and were struggling financially before covid, and of course it is difficult for us to get through those ones as a responsible lender.

Q404 **Rushanara Ali:** Do you have a percentage that you could provide of the numbers that fall into that category?

David Oldfield: We are agreeing eight out of 10 in all, which is what we have seen. Of those that we are declining, probably about a quarter were down to affordability or viability. The bigger number is more about eligibility, where something means that they are outside the scheme, whether it is the duration of the lending they are after, their customers already being in financial difficulty or a business having gone dormant. Those eligibility concerns are a bigger number than credit decline.

Q405 **Rushanara Ali:** Is that the same for other colleagues in terms of the numbers that are rejected?

Matt Hammerstein: We are seeing about 90% approval rates within the CBILS scheme, or just above that. It started out at about 90% and it ticked up over time as we continued to modify our practices and the scheme itself was modified.

Within the 10% of declines, we see similar things to David, although I would make a distinction. As I said earlier, the scheme has inherited specific sectoral exclusions from the enterprise finance guarantee. You still see some people apply—or not—who will qualify for the scheme. There are other considerations due to bank lending policy, because the scheme asked us to adapt their normal lending practices, within the CBILS scheme itself, with sectors that we wouldn't have covered historically. Again, we see applications in those sectors and are obligated to decline them.

On viability and affordability, I would make a distinction. As David said, all the participating lenders take a backward-looking looking view on viability and have done since the scheme inception. On affordability, last week there were some changes, both to the scheme rules and from regulators. In order to effect those scheme-rule changes, the regulators effectively said that participating members no longer required forward-looking information from prospective borrowers. That required changes to our regulatory obligations, because those obligations required a responsible lender to make sure that looking forward, alongside the borrower's income—for which we can use pre-crisis income and costs—the incremental cost of the servicing of the debt is affordable. That is, in principle, different from assessing whether or not the firm was viable, if you will, pre-crisis.

Q406 **Rushanara Ali:** Sorry, I have quite a few questions, so I will ask a couple. You are looking at forward-looking information and you are trying to look at viability in terms of the future.

Matt Hammerstein: No, viability is backward looking. Typically, through our regulatory obligations, banks would look forward at affordability, because you want to understand how the business is set up to perform looking forward. Clearly that is very difficult to do in these circumstances, if not impossible, so the scheme rules were amended last week and those regulatory obligations disapplied to enable banks to continue to make credit decisions to test affordability solely on a backward-looking basis.

Q407 **Rushanara Ali:** I might have to come back in writing on that.

I want to go on to a broader question. The figures released by the banking industry trade body on Thursday showed that 25,262 CBILS loans worth £4.1 billion have so far been distributed to small and medium-sized businesses. In other countries, for instance France, it was expected that about €40 billion worth of loans would be distributed to local businesses by the end of April. By comparison, the UK is a very different place. Do you think that is because they are very different systems or their banks are much quicker at releasing funds and loans? Why is there such a big difference between our country and France? Who would like to come in on that?

David Oldfield: Let me have a go and I'm sure Paul will follow. It is quite difficult comparing like for like between the schemes. The key difference, outside of bounce back, is that some of the other European schemes have had a 100% Government guarantee from day one, which alleviated some of the pressure on the banks to do the affordability and viability checks that we have just talked about. So when you characterise the way that we have to go through a CBILS application, even today, versus the way in which the self-certification is going to work in terms of bounce back, that is clearly a much quicker way of getting money into the hands of those businesses that need it.

There is a trade-off there, of course, in terms of the Government effectively giving a 100% guarantee to pretty much everyone who is eligible full stop versus, under CBILS, us finding some businesses that, sadly, were not viable pre covid and are not able to get the money in the same way through the banks as responsible lenders. I would characterise that as, probably, the one difference that may translate into volumes.

Q408 **Rushanara Ali:** Mr Thwaite, do you want to add anything on that point?

Paul Thwaite: I agree about the international comparisons, most of which, certainly the Swiss and German comparisons, involve 100% schemes. The size of those schemes, in terms of the available lending, is also larger both in Switzerland and Germany. Obviously, in addition to CBILS, we have the CCFF—the Bank of England commercial paper scheme—and now we have large CBILS, so there is a broader range of schemes here.

The other thing that is slightly different in the UK versus internationally is that customers and businesses have taken advantage of extensive capital repayment holidays. NatWest, for example, has approved 45,000 capital repayment holidays for customers with existing borrowings. There is a variety of different reasons behind some of the different trends that you see, but the primary difference is the 100% versus 80% in CBILS.

Q409 **Rushanara Ali:** I will move on to my other question, which is about the hospitality sector. We have heard that some banks are refusing to lend to some sectors entirely and that includes hospitality and real estate. First, is that true in your case? Can you give examples of hospitality businesses that you have lent to? If you are not lending or if you are having to refuse them and those sorts of sectors, what are the barriers that are leading to rejecting support for them?

Paul Thwaite: The simple answer is that there are no exclusions on sectors. We want to support as many customers as possible. We recognise that the leisure sector, the retail sector and the hospitality sector that you referenced are some of the most affected sectors. In fact, more than half of all the applications that we have had for CBILS are from those three sectors. There has been a significant impact there and we want to stand behind them and support them. We have supported all sectors, including hospitality, so I will happily provide examples to you and the Committee if it would help. There are no exclusions. They are a core part of the SME economy and we are providing support to those customers.

Rushanara Ali: Ms Boden?

Anne Boden: It is very important that we do not leave certain customer groups behind. You have mentioned the hospitality industry. Some 80% of customers bank with the big banks, but 20% do not. If the big banks prioritise their own customers, we need to look after those who actually bank elsewhere. At the moment, the leading four banks in the UK, the ones represented here, have had access to that information for the last 10 days. We need to get into market as soon as possible to service our customers. We must not let any customer groups fail in this environment. Many high-tech companies bank with new banks. We must be able to get into the schemes as quickly as possible.

Q410 **Rushanara Ali:** Mr Hammerstein, does your bank exclude any sectors?

Matt Hammerstein: We are certainly supporting hospitality businesses up and down the country.

Rushanara Ali: Are there any sectors that you have made a policy decision to exclude?

Matt Hammerstein: Not specifically for CBILS. As I said earlier, the scheme rules ask all participating lenders to apply our existing normal lending practices, and outside of CBILS, we have historically not lent in the real estate sector, as an example. Therefore, we will not lend to real estate within CBILS, because we do not have the credit risk appetite under normal circumstances to do that, and therefore the right expertise to be able to do it.

Q411 **Rushanara Ali:** And that is the only one. There are no other new areas that you exclude for the purpose of this scheme?

Matt Hammerstein: There are definitely no new exclusions for the purpose of this scheme.

Rushanara Ali: Mr Oldfield?

David Oldfield: Same as all the other banks: there are no exclusions. We would look at any viable business that is eligible under the terms of the scheme. You asked for an example. We have not really talked yet about the CLBILS, the larger CBIL scheme. We have one customer, Hotel Chocolat, who put a public RNS out this morning saying that, as a high street and online retailer, they have drawn down on the CLBILS through us. It is good to see some momentum building as well—I know all my colleagues will say the same—in that large CBIL scheme.

Q412 **Rushanara Ali:** Great. Thank you very much, and thank you to your teams. I notice Ms Murphy putting her hand up. For my last 30 seconds, please do.

Amanda Murphy: Thank you. Like the others, HSBC has no industry sector restrictions on that. I had an email from a global events company, Arena, thanking us for the quick response to the request and the support for their CBILS request over this weekend, so we are seeing those.

I would like to touch, if I may, on declines. At HSBC, we have declined 129 CBILS applications—about 3% in total. I have worked with many MPs whose constituents have had declines. To help, we have installed a triage team to look at all declines before the customer is officially notified. Every single CBILS decline comes to me personally for sign-off. I think that has helped us to make sure that we take an appropriate, while flexible, view at this current unprecedented time.

Q413 **Ms Eagle:** I wonder whether you, as a sector, believe that the original CBIL scheme was rather over-elaborated, and that that has caused us to have a slow launch of a scheme in these difficult circumstances. Many of you have mentioned that the original CBIL scheme was based on the enterprise finance scheme, which is a very elaborate scheme. In retrospect, should we have gone for something simpler earlier?

David Oldfield: It is a compromise. Full credit to the Government for working very closely with industry in the days before the lockdown. There was a real determination to find a scheme that was going to get money out to businesses that needed it quickly. That was why, after consideration of whether to use an existing platform like EFG or to start all over again, frankly the view was: "Let's use EFG, with the flaws that we know it has. It has not really operated at scale and it is quite cumbersome and onerous, but it exists today."

Personally, I would say that going out on EFG was the right thing to do because it meant that we were able to start on something that existed. It was painful. We found it challenging at Lloyds, in that early period of getting it going, until we made improvements to the process. We put another 700 people into the process in order to deal with the unprecedented volumes that we were seeing. Then you saw the two very helpful Government and regulatory interventions that have helped to ease the process. Moving away from forward-looking viability, as we have already said, was important, as was saying that banks no longer had to consider all lending on their standard commercial terms first, so banks were lenders of first resort.

I think that starting with EFG was fine. It was the right compromise to make at the time. Those two changes have been very helpful. We have all learned lessons. This is unprecedented. We are learning lessons every day. I think the bounce back loan reflects some of the learning.

Q414 **Ms Eagle:** I am going to come to the bounce back loan in a minute, but it seems to me that starting off with quite a cumbersome scheme to begin with and putting it through the British Business Bank, for example, which only had two people working on accreditation for new lenders, and you all having to shift people very quickly, would be normal. But requiring a decision on commercial terms to begin with meant that every application had to go through due process, and surely it would not have taken a genius to work out that that was going to be quite cumbersome. Were there not discussions about that with the Treasury at the beginning, when the approach was being designed?

David Oldfield: There were. I would say, from my personal experience in those days, that Treasury and Government generally were very engaged with industry. I think it was a case—

Q415 **Ms Eagle:** Did nobody point out that this was a cumbersome scheme, and requiring banks to consider their own commercial lending first would make it really slow?

David Oldfield: That was the way that EFG worked before, so it was not unusual; as a precedent, we had had to do EFG under normal commercial terms before we made recourse to the scheme. Yes, of course with hindsight I think we all acknowledge that we could have started with the Government being the lender of first resort. To give the Government credit, we got there quite quickly, but maybe we should have got there a bit earlier. I recognise that.

Q416 **Ms Eagle:** Was it Treasury itself trying to be cautious in terms of doing this on commercial terms, or was it just that the structure fell back on to the existing scheme because a decision was made to do it in that way, and suddenly everyone, in extraordinary times, found themselves in the morass of an existing scheme that was, by definition, designed for ordinary circumstances?

David Oldfield: I am sure my colleagues will chip in, but I would say it was the latter. It was a case of saying, "We have a scheme here in a box. We know it works, and it has been out there a good number of years"—the small firms loan guarantee predated the enterprise finance guarantee. We all knew that that was a scheme that worked and had its own system in the BBB. So I think the Government view was, "Let's use something that exists today, for the benefit of speed, and then iterate as we go along."

Q417 **Ms Eagle:** Are other colleagues giving evidence of the same view, especially if they were involved with Treasury decision making right at the beginning? Was this an unintended consequence?

Paul Thwaite: My understanding is exactly like David's. It was based on the EFG scheme and mobilised at great pace. The overall objective was to get money as quickly as possible into businesses' hands. We chose to launch CBILS, like all the other banks, on the back of that scheme. We chose to launch it from £5,000 and also without personal guarantees, which I think put some momentum into our offering in the early days. But I think it was because it was part of the existing scheme and part of the embedded design.

Q418 **Ms Eagle:** We have the welcome introduction of bounce back loans, which seem to be going reasonably, although I have had some indication that people have had trouble with crashing IT in accessing the schemes. Does anybody know about that? We are all busy here today with evidence, but could you let us know how the launch went, especially in terms of lack of access to the scheme and whether there have been IT problems with crashing? That is what I am picking up; I do not know whether that is true or not.

Is there now a tension between launching the bounce back scheme, which is much simpler, and trying still to keep some attention on CBILS, which is key to larger companies? Can all the banks manage to do all the schemes at once, running them in parallel? Will HSBC talk about that? I am trying to get everybody in.

Amanda Murphy: We do not believe there is a tension; we believe that bounce back fills a different need at the smallest end of the market. We really welcome it and are operationalising it, like colleagues elsewhere, from this morning. What I think we will do—I know we will—is to write to all our customers who have taken out a CBIL, who are in an interest-free period at the moment, and say, "You don't need to change on day one, but we will offer you a bounce back loan, if that is more appropriate and what you would like, in due course. But let us serve the clients who do not have money just yet, and then we will get to you. Don't worry about it; we will be able to facilitate that." We know that many customers will think, "Maybe I should have gone for something different today," so we will streamline that through.

We are comfortable that we now have four schemes, starting with bounce back into CBILS, LBILS and then the CCFF programme at the very top end of the book. We believe that those schemes, plus our own bank lending, mean that the lending requirements of almost all British companies should be covered and they should be able to access those funds.

I would like to point out that this is about more than lending. Communication, help and guidance are important, too. We have found that many companies are looking for that advice. Therefore, we have had a covid helpline from very early on to provide that. We saw some real peaks when companies really struggled. We also have a responsibility, as a bank, to continue to provide our own funding and ensure that we are injecting that into the lending as well, and we are doing that particularly with the medium and larger-sized clients at the moment.

Ms Eagle: Anne Boden, I think you were indicating that you wanted to come in.

Anne Boden: I think we must consider these two schemes as very different. The CBIL scheme is all about still applying credit skills, in some respects, to making larger lending decisions. The bounce back scheme is all about scale. As you have said, some of these systems are already under strain. If the bounce back scheme is going to be so attractive—as I think it will be—we will all be under pressure, with lots of customers wanting to get in there as soon as possible, to be certain that they have a loan. Therefore, it is very important that we bring in other fintechs—other organisations—that can do it in a technology-focused way. We at Starling are prepared to fund other fintechs that are really good at processing a high volume of transactions. I think this scheme will be very popular, and we will have lots of people asking for these loans. We need to get that scaled up as soon as possible. Some of these firms are really good at processing those loans very quickly. We at Starling are prepared to back those firms as well.

Q419 **Ms Eagle:** I want to ask a final question about the affordability criteria for CBILS. How can you think about affordability when the future is so uncertain? We do not know how long—particularly in some sectors—there will be limits on what can be opened and how long there will have to be social distancing rules, which potentially have a big effect on turnover and profitability, and might tip the balance in terms of affordability for the future repayment of a loan.

David Oldfield: In many cases, the most important thing we can do for a customer is to give them some relief in terms of their existing commitments. A number of us have talked about the capital repayment holiday. We have done 40,000 capital repayment holidays on short-term overdrafts, compared to 4,500 CBILS loans. That is almost a 10:1 ratio. Customers are saying to us, “I don’t want to borrow any more money. I have already borrowed enough money. I need some real help here and now, because I’ve furloughed my staff and I’ve battened down the hatches. I just need some help with short-term working capital.” That is something that is not covered by a Government scheme, but I know all the banks are doing it on a large scale, while people try to get some breathing space.

The affordability question is incredibly difficult. That is why, in large part, many firms are saying to us, "I don't want to borrow more money, because I don't know what the future looks like for me. The best thing you can help me with is just tiding me over, and then we will talk about it afterwards." But for those who are taking CBILS loans, in the conversation that happens, we say, "Talk me through how covid is affecting your business. Talk me through the impact of social distancing. If you are a restaurant or pub, how do you think the future looks for you?" None of us has a crystal ball, but they will all have a sense of, "Well, I might open with half my tables available in three months—I don't know, but if that's the case, this is what it looks like." It is about good, grown-up conversation, and saying, "Help us to understand what it means for you, as best you know, and we will do our best to help you." That is an ongoing conversation; it is not a one-off.

Anthony Browne: *[Inaudible.]*

Chair: You are coming across slightly faint, Anthony. I don't know whether your microphone is on properly.

Anthony Browne: I was saying—*[Inaudible.].*

Chair: I am really sorry, Anthony, but you are coming and going too much. I will come to Steve, and if we can work on your microphone in the meantime, I will come back to you.

Q420 **Mr Baker:** Thank you very much, Chair. Good morning, everybody. I would like to turn to CLBILS—the coronavirus large business interruption scheme. Fewer firms are approved to participate in the CLBILS. Could you tell me whether you feel able to meet the demand that you face, and could you characterise that demand? I will ask Matt first, but I see that David has raised his hand. I don't think the question applies to Anne Boden.

Matt Hammerstein: In the spirit of the comments that David made earlier, we have had lots of conversations with businesses up and down the size spectrum. Clearly, larger businesses have more flexibility, so they are thinking about a range of ways of trying to address any cash shortfalls that they have. The CLBILS for larger firms was clearly trying to fill a gap between the CBILS, which went to firms with a turnover of up to £45 million, and of course the commercial paper facility that we talked about separately. So far, 35 clients have expressed an interest in it and submitted applications. We have approved seven of those, worth £50 million, and have another 28 with a value of £50 million in process—we have no constraints on our ability to process them. Much like other large firms, they are trying to understand exactly how the scheme works and what the obligations the scheme would place on them, and then to compare and contrast that with the other options that they have within their own control, either with our support through capital repayment holidays, or other things that they can do to try to trim their own cashflows to weather the crisis themselves.

David Oldfield: Not dissimilar to Matt, we have had probably a couple of hundred inquiries, both for the CLBILS and for the CCFF—the listed companies scheme. That has translated into 11 applications at this stage for CLBILS, of which we have approved 11. Clearly, the average loan size is bigger; that is worth about £100 million of lending across those seven. These are larger corporate firms. We saw, and I suspect many of the banks did, that during the course of March particularly—it slowed down a bit in April—many of those larger firms were drawing down on their existing credit facilities, or indeed asking for new liquidity, so we increased our lending to those corporate firms by about £8 billion in the month of March alone. We may now find that under CLBILS and CCFF some of that business-as-usual commercial lending now slows down a bit as they make recourse to some of those Government schemes.

Q421 **Mr Baker:** Thank you very much. Amanda, would you like to add anything for HSBC?

Amanda Murphy: Sure. We have received just 130 applications, of which the vast majority are currently in progress. I think they total approximately £1.5 billion-worth of lending. We have trained a number of staff to be able to respond to that demand and have put some external pages out on our public website to help companies in this space to understand what will be expected of them. It is a difficult scheme to apply to companies that have more complex capital structures; it works best for those with bilateral or club facility. We are working our way through the loan documentation with our clients as well and working with the Loan Market Association to standardise legal documentation to make it easier across the industry for the companies applying for these loans. Again, I think that the larger CBILS—the LBILS here—really do fit a need in this part of the market.

Coupled with that, we have the CCFF programme for the very top end of the market. At HSBC, we wrote to all customers who may qualify for that scheme quite early on upon its announcement, and we have some who have gone through the process and have been qualified and others who are working their way through that with the B of E.

Q422 **Mr Baker:** You have raised capital structures. Are there any particular changes to the scheme that you would like to see?

Amanda Murphy: At the moment, no. Between the banks, the existing lending that banks have and normal run appetite, we are not seeing a huge amount of decline in this space. It is just because some of the more complex capital structures take that little bit longer, all the banks in the group have to agree and so on, that it adds another dimension to it.

Paul Thwaite: It is probably worth reminding ourselves of the context of when large CBILS was designed. There was a lot of commentary around the squeezed middle—the gap between CBILS and the Bank of England scheme—and credit markets were tight and closed at that time, so I think the intention was absolutely right. We have very similar numbers of applications to those referenced: probably about £120 million of pipeline and probably over £1 billion of active discussions. However, these customers and clients have a much broader range of options, and as the credit markets have opened and the Bank of England commercial paper scheme has started to flow, I think we have supported around 100 mandates for that business. Those clients are carefully considering their options.

To your question around changes, there is one suggestion that I think is interesting. The tenor is currently capped at three years, so that does create potential refinancing risk and questions for auditors. That is the one active discussion that we have fed back to the scheme designers to ensure it is fit for purpose and we do not create this maturity challenge in three years' time.

Q423 **Mr Baker:** We have had a pretty good discussion there. I am now going to have to ask for a bit of brevity, just to make sure we get through some of the material. Does anybody want to make a contribution about viability assessments? In the context of the other CBIL scheme, we talked about the changes that have been made. Are there any changes that you would like to see made similarly to the large CBIL scheme?

David Oldfield: One super-quick point, which Amanda has already touched on. One of the requirements of large CBILS is the thing about pari passu, if you like: new Government lending comes in and ranks equally with all existing lending. For many of these large firms that have a number of banks with existing facilities, that is quite a chewy process for everyone to go through to get everyone up to a level stage. That is being considered and we are all talking to the BBB about that, so it is work in progress, but that is my only point.

Q424 **Mr Baker:** Anyone else want to come in on that point? Amanda, please.

Amanda Murphy: I would point out that these are bigger loans for bigger, more sophisticated companies, and there is a need for the banks to do proper due diligence because of the wider implications down the track. Many of these companies can access bank funding in the normal course and are choosing to do that because it is less restrictive. For example, they don't have to take any dividend restriction; that is the right thing to have in this scheme, but if a company is strong enough not to have to do that because they can get normal bank lending, that is equally okay. It is just a different lens on these companies.

Q425 **Mr Baker:** I am getting the sense from your evidence that there is not a press of your customers saying, "We don't qualify for the large civil scheme when we would like to." Is that right—you're not seeing customers complain? I can see lots of nodding, so I think you are all agreeing. Thank you.

Were you to identify changes that were needed, I hope you would feel able to give the Government your advice. Have the Government been adequately consulting you on the operation of the scheme? Matt, perhaps you would like to come in on consultation from Government.

Matt Hammerstein: Conversations with Government have been active across all of these schemes. Clearly, there is a shared interest between the Government and participating lenders in making each and every one of them successful, because the need across businesses here is real, distinct and significant.

To Paul's point about the commercial paper facility, we have helped facilitate clients taking £7 billion through that scheme. That has made a massive difference in terms of taking pressure off the short-term financing needs of those particular businesses. Again, on Amanda's point, for this large CBILS programme, these are very sophisticated companies with professional finance organisations. They are very able to make sure they are considering all other options and factoring in how the large CBILS fits into it. I think that the conversations there are different from those you would find within CBILS or the bounce back scheme.

Q426 **Mr Baker:** That is very interesting, because my brief suggests that 20% of companies fall between the large CBILS and the covid corporate finance facility, but I am not getting that sense from you. Do any of you have an indication of that gap, where people aren't getting helped at all, or do you think it is now zero?

Matt Hammerstein: To extend my earlier answer, I don't think the gap is zero. As we said, we definitely have applications and lots of ongoing conversations about how the large CBILS scheme, as designed, could actually fit, in terms of trying to provide further support to big businesses of this particular size, but they have lots of options. As Paul alluded to earlier, at the time that the scheme was launched, there were a lot of constraints in the capital market, which have now changed, so there are more options today than at the time that it was launched, and therefore they are considering that very carefully.

Q427 **Mr Baker:** Okay. David, did you want to make a brief point? Then I am going to ask a last question, Paul, if you will forgive me, and bring you all in on that, and then we will finish.

David Oldfield: My one contribution would be that equity is the one thing that is still a discussion in progress. The Government have now covered the waterfront, in terms of debt schemes, from the smallest to the largest. We as banks are doing our own thing. Some firms are not able to take on more debt. Even for the largest corporates, where they are over-leveraged, there may have to be a long-term patient capital solution here some time soon.

Q428 **Mr Baker:** I am afraid I must ask for brief answers to a big question. How have you ensured that the pricing of these loans reflects the 80% guarantee from the Government? Could I ask Paul to come in on that?

Paul Thwaite: I will try to be quick, Mr Baker. The core principle is to pass the benefit of the Government guarantee and the funding from TFS right through to the customer. We have capped the pricing at 5% on

CBILS, so the transfer of value is not to the bank, but to the customer. Simple as that.

Q429 **Mr Baker:** Thank you. Matt, would you like to come in on the pricing point?

Matt Hammerstein: My answer is very similar. Again, on CBILS, our pricing is all under 5%. The variation underneath 5% will differ a little bit by client, in terms of risk and the nature of the loan that they take. Clearly, CBILS has flexibility around term, and depending on the term the client takes, that will have an influence of the funding cost and the price.

Q430 **Mr Baker:** I don't see David leaping into the breach, and I need to finish. Can I just give Amanda the last word?

Amanda Murphy: We took a slightly different approach with CBILS. We issued a fixed price in the marketplace: 3.49% up to three years and 3.99% for three to six years. We felt that gave the greatest clarity to the companies that needed financing at this time. That is obviously at a significant discount to what we would normally be charging in that sort of space.

Mr Baker: Thank you all very much.

Chair: Thank you, Steve. I am going to go back to Anthony now, but I want to remind everyone that we will be adjourning the Committee at 11 o'clock—just over 10 minutes' time—for the Division, at which point everybody should stay online, please. Over to Anthony.

Q431 **Anthony Browne:** Hello. Hopefully you can hear me better now. As a declaration for the record, I used to be chief executive of the British Bankers' Association, and all the people on the panel used to be my members. I just want to pick up, first, on a point that Anne Boden raised a bit earlier, which is about the attractiveness and scale of the bounce back loan scheme. I can imagine that many companies that wouldn't necessarily otherwise be thinking about taking on debt might be tempted to apply for it. Surely this scheme is likely to dwarf the CBILS scheme? Can I come to Paul Thwaite first, as the market leader in small business loans?

Paul Thwaite: As you rightly say, I think we have done a third or 40% of the volume. We still think the demand for the bounce back loans will be significant. It is very difficult, as I referenced earlier, to gauge the exact demand, but the early data that you have heard from Matt and David, and our own data, suggests that there is a bow wave of demand, which we are seeing during the day, so I think it is going to be pretty significant—certainly, quickly after the launch.

Q432 **Anthony Browne:** Do others agree? David, will it be a lot bigger than the CBILS scheme?

David Oldfield: Certainly, volume—absolutely, Anthony. My latest stat is we had had 5,000 applications by 10 o'clock, so we are seeing very big volumes. In value, clearly, these are much smaller loans than we would see through CBILS. Our average on CBILS is £250,000; the average on bounce back so far this morning is about £35,000—big volumes, absolutely.

Q433 **Anthony Browne:** Obviously, part of the attractiveness of it is that you are not doing the normal credit checks: the—*[inaudible]*—checks, the affordability checks. Normally in this situation you as banks would be worried about high levels of default. Have you got any expected defaults on the bounce back loans? I know it is very early days, but clearly you do have a lot of credit information about your customers, and these will primarily be your customers that are coming to you. If I could come to Matt Hammerstein first.

Matt Hammerstein: It is not even early days—it is early hours, so we don't think we have any firm expectation on default rates. I think that is going to depend entirely on not so much the client mix but more the forward outlook for the economy. Clearly we don't yet have any sense as to when some of the social mobility restrictions are going to evolve or amend; and then, even when they evolve or amend, we don't really have any sense as to how consumers are going to bring their spending back. We look across our debit and credit card portfolio, or even more generally: consumer spending is down 30%, broadly, year over year, and on credit cards and cash it is down near 50%. The biggest issue, I think, for all of these businesses, isn't going to be necessarily servicing the debt cost. It is going to be much more about how consumers react as we come out of lockdown and bring income back into those businesses. That is the single biggest issue for the entire business base that we are talking about here, from the small end right to the large end.

Q434 **Anthony Browne:** Do any others have any comments about the default rates? Anne first, and then David Oldfield.

Anne Boden: What we have done with the bounce back scheme is to take the credit risk out of this lending. We have not taken out the cost of actually processing and the collections activity as a result of failure. The bounce back scheme is all about scale. It is scale of applications, and coping with it, and then the scale of what we need to do as a result of these failures. We do not know what is going to happen in the next couple of years. I think we have to brace ourselves for lots of applications, and how we are going to process them, and then actually consider the cost of processing when things start to go wrong. The CBIL scheme and the bounce back scheme are very different. I think that in the next couple of days we will realise a lot of those businesses out there will apply for such a loan just in case. Businesses that have never, ever applied for debt before will apply for these loans just in case things get sticky in future.

Anthony Browne: David Oldfield—are you coming in, on the default rate?

David Oldfield: Two things I would say: in kind of ordinary times, in as much as there are ordinary times, we have seen about 11% of businesses fail, haven't we? We saw 30% fail during the last financial crisis, so there is a kind of range finder for us, I guess. We live in unprecedented times of deep uncertainty, so depending on the duration and the severity of the crisis, and the extent of lockdown, and ultimately how that feeds through to GDP, house prices, unemployment—it's those macros that will really make a difference, I think, in terms of, ultimately, the economic cost to the UK, and of course to us as the bank.

Q435 **Anthony Browne:** I want to come to a question about the 100% guarantee, which, as David Oldfield mentioned earlier, is a last resort when you have tried all the other measures to help companies that are struggling to pay back: if companies don't pay back and you do invoke the guarantee, what will then be the process of payment? Will you, in effect, be handing the loan over to the Government to try and collect some of the debt, or will you hand it on to some other organisation? What would happen at that point?

Paul Thwaite: The way the guarantee scheme operates is that at the point of default the responsibility is with the lender to take the borrower through their normal recoveries and collections process. That is enshrined in the agreement, so we would follow any normal approach to defaulted lending and, as a bank, we would undertake that ourselves.

Q436 **Anthony Browne:** You would carry on trying to collect the loan even after you have claimed from the Government.

Paul Thwaite: Yes. The way the agreement works for the guarantee is that for 12 months we would be obliged to continue to collect the loan, in line with practices under the Lending Standards Board.

Q437 **Anthony Browne:** Various of you have mentioned—I think all of you, or certainly all the main high street banks—that if you have issued CBILS loans to people under £50,000, you are happy for them to migrate over to the bounce back loan. Clearly, that is good for customers, as the longer-term interest rates are definitely preferential. Is it not also the case, however, that the bounce back loans are far more profitable for you, because effectively you have a 100%-guaranteed loan at a 2.5% interest rate, which is, commercially, a very attractive proposition for you?

Matt Hammerstein: No, I do not agree with that contention at all, Mr Browne. The scheme has been designed to help banks to recover their costs. I think at that interest rate, that will be the case, subject again to the nature of how those recovery processes actually come to bear in terms of the costs associated with them.

While we are all obligated to undertake our normal recovery process, if the demand for the scheme is as significant as we think, there will be a significant operational cost on banks to undertake what will be an unprecedented level of, potentially, recovery operations, if we see the type of top-end default rates that David referred to earlier. We do not know what that will look like yet, but there is some uncertainty associated with that.

Beyond that, what many people sometimes do not recognise is that the cost of the loss of the credit is not the only cost to the bank of providing, servicing and, ultimately, in those instances where a business fails, recovering the loan. That interest rate, given that there is no fee associated with it, particularly with the bounce back loan scheme, has to cover all those costs before you get to a point where any institution that is providing them is going to earn a profit.

Q438 **Anthony Browne:** I have a couple of questions about CBILS. Obviously, one of the criteria that changed was that you are no longer allowed to take personal guarantees for loans under £250,000. As a constituency MP, I certainly got a lot of complaints from my constituents about having to give personal guarantees for the CBILS loans. Obviously, you can take them for 20% of the loan above £250,000. Did removing the personal guarantee element make the CBILS loans less attractive? Did it mean that you were less likely to lend to people as a result than when you could take personal guarantees?

Amanda Murphy: No, it did not make it less attractive at all. From HSBC's perspective, from day one, we did not ask for a personal guarantee under £100,000. As you rightly point out, there was some negativity about asking for a personal guarantee at all, so on reflection and discussion, we removed that in its entirety. That did not have a corresponding impact on our lending appetite in that space.

The rationale for a guarantee is always to help a borrower to understand that they are invested in the process, that they need the lending and that they are personally liable, potentially, which helps to accentuate the difference between a grant and a loan. Given the times that we are in, however, we felt that the best measure was to remove that guarantee. We are not in normal lending times.

David Oldfield: I echo Amanda's point on guarantees. Traditionally, as banks, we have all looked at all available security when we have thought about lending. That is traditional bank lending policy and includes the provision of personal guarantees in the right circumstances. It is much more to do with the alignment of interests between the borrower and the banks than it ever is about actually collecting any form of personal assets.

This is one of those learn-as-you-go-along points. We have found very quickly, all of us on the scheme, that that was becoming a point of difficulty, so we all moved quite quickly. Lloyds actually said that we would not take a guarantee either below or above £250,000, so we have cleared it across the board, just for a point of simplistic clarification really.

Q439 **Anthony Browne:** I had a follow-up question that you have partially answered, which is, is anybody asking for personal guarantees above £250,000? Paul Thwaite was trying to get in, and then Anne Boden.

Paul Thwaite: I will keep it very short. Just to clarify, we launched CBILS without personal guarantees from the outset. We thought that was the best way to get the broadest possible reach for the products, so there was no change to the NatWest approach. That was the position at the outset.

Q440 **Anthony Browne:** And that is true for loans over £250,000 as well?

Paul Thwaite: Yes.

Chair: Anthony, I am sorry to interrupt, but we are on the boundaries of 11 am and the vote. I will adjourn the Committee until no later than 11.10 am. If we have all voted prior to that time, which I think is likely, we will reassemble more quickly than that. Perhaps I could ask the nine members of the Committee who are about to vote to send a WhatsApp message to the Treasury group to confirm that you have voted, then when all nine of us have voted, we will get back on. Order, order. The Committee is now adjourned.

Committee suspended for a Division in the House.

On resuming—

Chair: We now resume our hearing this morning and I will go to Julie Marson.

Q441 **Julie Marson:** In the interests of clarity, I used to work for NatWest markets and subsequently for the Royal Bank of Scotland for a few years. I just want to be clear about that.

May I start with Anne Boden, if she is still there, and ask about the British Business Bank? In your comments on the opening question from the Chair, you mentioned the digital process and that there is a lot of work going on to improve that. Are you optimistic that that work will be effective, particularly given the increase in demand from bounce back loans that we are anticipating?

Anne Boden: I think there are two things going on here. The banks themselves are having to gear up to do these loans in a different way, very fast. Then there is the British Business Bank collecting the data. We have yet to see the detail of how bounce back will collect the data. I very much hope it will be lightweight so we can do it easily. With the original CBIL scheme, the idea was that for every loan that a bank wrote, it had to key it into a system. That is not sustainable. The British Business Bank is working on a programme whereby that will be replaced by an electronic interface. That is great. I think that will be done, probably in six or seven weeks, and it will all happen.

My greater concern at the moment is that the processes within all the banks will not take the strain of what is happening to process all these loans and bounce back so quickly. I think there will be a scale problem here, and we should focus on what we are going to do if we have to prioritise, and what we have to do if not everybody can get the loan they want. I talk to customers all the time; I was talking to customers at 11 o'clock last night, and they were telling me that they feel desperate. They have to get in quickly, because it might run out. That is what we are seeing. It is all about scale, giving people reassurance that they will get that loan if they wait a couple of weeks, and managing that. We must look for Government to manage expectations and give people reassurance that over the next couple of weeks, as the banks process these loans, they will not run out and they will not be disadvantaged.

Q442 **Julie Marson:** What has your experience been of the accreditation process at the British Business Bank? This Committee has previously heard that the bank had two members of staff dealing with it, and the number increased to 25. What is your experience, and where are we now on that?

Anne Boden: I think that initially the British Business Bank was probably put in a situation where it had to do this very quickly. The easiest way to get this up and running was to deal with the people who were already accredited and get them up and running. For a smaller bank that is very keen to do this—we have customers who desperately need these loans—it has been rather frustrating, because we have had to wait until the big banks have done the negotiation. But there is a commitment there. The British Business Bank had conference calls with me over the weekend and has been very accommodating in processing our application as quickly as possible. But there are two speeds here: the big banks can negotiate with BBB.

In some way, we have to make sure that we are part of the scheme. We have a commitment to our customers. Our customers are desperate for these loans. We want to be part of it. We are not going to make money on these things, but we have to do them. We all have to pull together as an industry to make sure that British businesses survive. It is painful out there, and we have to get those loans out as quickly as possible.

Q443 **Julie Marson:** Everyone is working really hard. There is no doubt about the commitment and the desire to get loans out there and to help business. Would you characterise the British Business Bank as a bottleneck in this process, overall?

Anne Boden: Somebody has to negotiate. Somebody has to be the go-between between HMT and the banks. The British Business Bank were told, "These are the principles of the guarantee. Go out there and negotiate it." They are putting documents in place. They work through the night, negotiating with the big banks on the scheme. We have been in contact all weekend, sending things back and forth. Everybody is desperate to make this work. We have no option; it must work to save our businesses. We are all working under pressure in this day and age. It is not a normal day-to-day world that we are in. Everybody is under pressure, but I think everybody is committed: the big banks, people like ourselves and the fintechs, and the BBB. But it is not easy; a lot has to be done very quickly.

Q444 **Julie Marson:** I have one more question before I widen it out a little. Looking at the British Business Bank's website and across the schemes, we can see the information that businesses have to provide. It looks quite extensive, and it could be a bit intimidating to some businesses. Do you think that, across the schemes, the balance is right between what we are asking of businesses and the risk that you, as lenders, and the

Government, as the guarantor, are being asked to take?

Anne Boden: I think it is quite important to put ourselves in the shoes of the customer. As you can see, a lot of people are talking about very high approval rates—approving 80% or 90% of the loans coming through. That is because we are asking the customer to put all the information together. When you have all the information together, we will approve you. Business is not like that, because people want to drip-feed that information to you, and they want to know whether they will get a loan. We have to put more emphasis on making it an easy process that people can feel their way through, rather than on approvals.

If you set the hurdle on an application that everything must be crystal clear and tick all the boxes, you will get high approval rates, but it will be to the detriment of customers and many of the businesses out there at the moment. Lending and borrowing are not things they have ever done. Businesses that never thought they would need to borrow money are having to do something, and they are dealing with banks that are putting very high expectations on them. We are not perfect. All of the industry needs to flex our processes to make it really possible for customers.

Q445 **Julie Marson:** David Oldfield, could I get your view on what Anne has just said? It is an interesting point about customers who have never borrowed, isn't it? There are concerns about our getting to the stage where potentially businesses are worried that there is not the capacity and that they will be in some kind of queue—the scale will be such that there will be a fear. Do you agree with that view?

David Oldfield: I completely recognise the concerns. These are unprecedented times—what a tough time it is to be out there running your own business! It is a shocking time, and I know we are all absolutely mobilised and very committed to helping all our business customers as best we can.

I think perhaps there is a difference when it comes to the smallest business banking customer who has never borrowed before. That is in large part what the bounce back loan is intended to help with today: with small loans, minimal information up front, self-certification and cash paid within a day or two, it is absolutely targeting that end of the market.

With those smaller loans, when they were under the auspices of CBILS, we have certainly struggled because of the big volumes at that end of the market, where we are having to take some KYC information from customers who have never really contacted us in the time they have banked with us, so we have never had to do it, and that has been much harder. So I am feeling very optimistic that the bounce back loan will really help some of those smaller business customers to get the money that they desperately need very quickly.

For the medium and large-sized business customers, I think this is much more routine. Most of them borrow money today; of our 60,000 medium and large-sized SMEs, 50,000 borrow today—they have term loans in place. So when they come to us and say either, "Can I have a capital repayment holiday?" or, "Can I have an overdraft?"—we have been getting about 1,000 of those a day, and 100 or 150 a day come to us and say, "Can I have a CBILS loan?"—they are talking to a relationship manager who they know quite well and who understands their business quite well. Our time from start to finish on those CBILS loans for that part of the market is a couple of weeks, give or take, for loans averaging £250,000. I think that is okay. Everyone is working very well together, and we all know what we are doing.

The challenge that you have pointed to, and that Anne has brought to life, is the very small end of the business banking market, where there is huge and unprecedented volume. I think we are all getting into our stride, but bounce back loans will be a great help.

Q446 **Julie Marson:** I think I am running out of time, but may I ask Paul Thwaite one final question, as a major thought for the future? Are you concerned about the levels of debt that small companies are taking on, particularly when we are looking potentially at the future investment that they will need to get us out into a nice recovery phase?

Paul Thwaite: I think it is an important question. I think businesses are very mindful of the level of leverage, whether that is large companies or small companies. It is somewhat inevitable as we come out of this crisis that ultimately we will have a lot of companies that have more debt than they originally planned to. We think that there will be different phases of this crisis, and it will be absolutely crucial that banks work with their customers as they go through the different phases, to make sure that they are getting the support they need as the circumstances change.

It is a topic that is very front of mind. I think it will come to bear in the second or third part of this crisis, but ultimately, for those who borrow, there will be a lot more companies that are more heavily indebted. In the industry and in NatWest, I think we have a responsibility to work with those customers once we have come out the other side of the crisis, to make sure that they can continue to invest in their business, employ staff and help the wider productive capacity of the UK economy. That is the way we are thinking about it, albeit that at the moment it feels like our immediate priority is to make sure that we can get as much money to as many customers as we possibly can, because, as Anne said, that is the absolutely essential requirement today.

Julie Marson: I am out of time, but thank you very much.

Q447 **Alison Thewliss:** Good morning, everybody. I have some questions that are more on the personal banking side of things for consumers, on mortgages, loans, overdrafts and credit cards. UK Finance told the Committee that financial institutions only have finite resources to cope with the number of payment holidays that they need to provide. How are you coping with the number of customers who require payment holidays? How long can you sustain this support? Will it be beyond the 90 days—the three months or so?

David Oldfield: We are seeing very significant volumes. With regard to my earlier point in terms of business and commercial customers, we see the same trends in terms of personal customers. We have now done the best part of 900,000 capital repayment holidays for 400-odd thousand mortgages and then cards and loans, so we are seeing very significant volumes indeed.

I think we have coped with the volumes quite well, given that the volumes came through at a time, in the early days, when of course we, as any large firm did, had probably 30% or 40% absence rates among our colleagues. We have built some digital upfront forms that allow customers, in a dropdown menu for the mortgage one, for example, to go in and say whether they want one month, two months or three months. Certainly in the face of very large volumes, we have innovated, as I know others will have done, to be able to cope with that. I don't see capacity as a binding constraint here. We will continue in the way we are continuing today. Our colleagues are clearly throwing themselves at this every day. We will continue to look after these customers in the best way we can.

Q448 **Alison Thewliss:** In terms of the best interests of customers, the Finance & Leasing Association told us that, for some customers, restructuring the debt might be a better option than payment holidays. If a payment holiday is going to put somebody in a worse financial position, are you advising them on that and, if people accept that kind of support, will it affect their credit rating?

David Oldfield: Certainly the holidays we have just talked about are not affecting credit ratings. If we are clear—and the customer is of the same view—that is not the right thing to do for them, we absolutely will have a conversation about broader restructuring. Depending on what that looks like as a forbearance measure, it may flow through to credit rating impacts, in the course of normal forbearance measures, but we take each of these cases on their own, and if a customer is in financial difficulty, we work very hard to try to help them through it.

Q449 **Alison Thewliss:** Matt Hammerstein, I think you had a point that you wanted to make.

Matt Hammerstein: Thank you, Ms Thewliss. I was just going to build on David's observation. I think that this is where there was an operational capacity constraint, to address the second question you asked. At the onset of the crisis, there was clearly a direct impact on some individuals' income, and there were some individuals who were anticipating an impact on their income and they needed breathing space. The payment holidays were a means of providing breathing space for a period of three months, in recognition that with 900,000 individuals, in David's case, and nearly 300,000 individuals, in our case so far, we don't have the operational capacity to have a direct discussion with every single one and make sure that they get to the optimal outcome for them right now and so that breathing space allows them to relax a little bit for a period of time and know that they are not going to have that obligation there.

In particular, what the holiday really does is remove the risk of that adverse credit rating impact, because in the normal set of circumstances, if you miss a payment, you are already getting to a set of circumstances where you could impair your credit record, and that has very long-term implications. So the relief from this is less on the financial side and more on the credit rating side.

As we proceed through the crisis and we get the Government schemes with respect to furlough and self-employed support for income replacement in place, we can then, hopefully, build the capacity. That will still require some different tactics and different plans relative to pre-crisis in order to then work carefully with those individuals who have a significant negative impact on their ability to service their debt obligations. Then that type of debt consolidation opportunity, I think, does become real, But we are going to, again, as an industry, working with partners, particularly in the debt advice charities sector, come up with solutions that make that feasible to do at the scale at which we are having to do it.

Q450 **Alison Thewliss:** Are you concerned about what is going to happen to customers after the three months of temporary measures? What plans are you putting in place?

Matt Hammerstein: That is what I was just alluding to. We have created the breathing space; we now need to create a bridge, if you will, and there is a series of discussions already under way between us as financial institutions, through UK Finance, our industry trade body, and debt advice charities, consumer groups, regulators and policy makers, to make sure that when we get to the point where those three-month payment holidays come to an end, we can continue to allow people to pick the best treatment for them, making sure that the capacity that we have as an industry is there to support the people who have the most acute needs and therefore need the most direct support from us.

Q451 **Alison Thewliss:** So after three months you would want something different, rather than just an extension of the measures.

Matt Hammerstein: My suspicion is that continuing to extend payment holidays is not going to help the individual borrowers or the overall economy as we get towards a place where we bridge from the healthcare crisis that we have been in so far to whatever the secondary economic consequences of that might be. Finding mechanisms to deal a little bit more carefully with the specific circumstances that individuals will find themselves in will be a very important part of whatever the next phase or solution that we as an industry with regulators and consumer groups come up with to help support individuals.

Q452 **Alison Thewliss:** Can I ask about section 75 of the Consumer Credit Act 1974? I think we have all had constituents who have booked their holidays or flights on a credit card and are then hoping to claim back the costs from their bank, provided the cancellation amounts to a breach of contract. But there have been lots of media reports that some banks are telling customers that they are not eligible or they must first exhaust all avenues with their travel company, which isn't actually what the law requires. What approach are the witnesses taking to processing such claims?

Anne Boden: I just want to add something quickly in answer to a previous question. We are not seeing a huge amount of customers asking for payment holidays. We were expecting to have so many customers approaching us, and that has not been the case. What we are seeing is lots of customers wanting chargebacks for holidays and being given vouchers instead. That is a lot of customers approaching us. We were singled out by Which? as being one of the few banks that are actually prepared to process chargebacks where customers are being offered a voucher and not a refund. I think the banks are taking different approaches on that, but we have a lot of volume coming through in that area.

Alison Thewliss: Does anybody else want to come in on that?

Matt Hammerstein: I will just build on that. We are also processing chargebacks. The situation, though, is not simple. You have got a conflation of situations where individual buyers of services have agreed the terms and conditions, and if they have done that with a supplier of services that is not in the UK, there is a different set of stipulations that we have to follow. You also then have to bring in the various scheme rules with Visa and Mastercard. Trying right now, at the scale that we are dealing with, to work through carefully those intersecting obligations is not simple.

What we and, I think, all of the industry are trying to do is work carefully with every individual in their particular circumstances to help them understand how their rights can be used to make sure that they get back what they deserve as a consequence of the failure of the merchant to provide the service that they expected.

Again, because of the complexity of what I have just described, there is no simple cookie-cutter solution that can just be put across all of that. That is taking a little bit of time, but I have every expectation that, over even the coming week or so, that process will become much slicker and simpler for people, because the various different constituents I have just described have now had an opportunity to make sure that we can get the process as simple as we possibly can.

Q453 **Alison Thewliss:** Finally, I want to pick up on what Anne mentioned earlier about fraud and risk in the other parts of the system. Have you had experience of any fraudulent activity on a personal banking basis, and what are you doing to educate customers about the fraud risks that they might experience? There have been people putting out fake texts or trying to contact people to try and draw them into that kind of fraudulent activity. Amanda, I can see you nodding.

Anne Boden: People are in a very vulnerable position. They are working from home, they might be isolated, and therefore in that environment they are going to be subject to scams much more easily. We have to be alert all the time. We see a slight uptick in overall fraud—it is very, very sad in these environments when you come across it. We are not seeing a huge uptick, but a small uptick in the amount of fraud.

Amanda Murphy: I agree with Anne. We are seeing a small uptick in fraud, but we have taken quite a lot of steps to continually keep in communication with our customers, publishing details of all the local scams. We have seen one in CBILS as well where an unscrupulous company has said, "If you write to us, we can expedite your CBILS process for £1,000." We have seen texts to clients.

Again, we email our clients with tips on how to keep themselves and their families safe from fraudsters. In probably one of the biggest programmes that we have in our retail banking, we have proactively spoken to over 338,000 of our customers, whom we have identified internally as vulnerable, to discuss their banking needs during this crisis. It has been truly a humbling experience. Many of these individuals are alone, and one gentleman wrote to us last week that the call that he and his wife had received had been the only external contact they had had for such a long time.

The responsibility is real, and the sentiment of my colleagues and I to deal with this is real. We see that we have to keep finding new ways of doing that, whether proactive outbound calling or the inbound line, which we also have, for key workers or vulnerable customers, where we have taken almost a quarter of a million calls, in addition to our normal banking lines. We have a dedicated fast-track service for key workers and vulnerable customers, providing maintenance and helping them to manage money at this time.

So yes, we have had a couple hundred thousand requests in the retail space for payment holidays, but our offering, our commitment, has gone well beyond just processing those, because customers need many different things, and sometimes they just need reassurance.

Alison Thewliss: Thank you all very much. I will now hand over to the next person.

Q454 **Chair:** Thank you, Alison. Actually, that brings us to the end of this session, but before we conclude I have one further quick question. Matt, you may be aware that we are getting news that the bounce back business loan system or portal at Barclays is down at the moment. It is a bit unfair to put you on the spot, as you may not know all the information, but I wondered whether you had any insights or thoughts that you would like to share with the Committee.

Matt Hammerstein: I am happy to, Chair. It is definitely not down. What we have done over the day is to do with Anne's point about scale. We knew that there would be significant demand for the service, so we have made sure that when we launch the capability on our online banking platform, we can do what our technology team call "throttle up" the access to it, and they are doing that over the course of the day. So some individuals who wanted immediate access might have tried to get access but were not yet able to. The technology is working fine; we are just making sure that we make it available safely. By the middle of the day we should have made it available to all customers, and we are working very proactively with anyone who has tried, to make sure that they understand that, and that they can come back in once access is fully available.

Chair: Matt, thank you very much. That brings us to the end of the session.

It is fair to say that when we are through the end of this extraordinary and dreadful crisis, when the story is written, the banks will be right at the centre of that story in terms of how well the economy coped and how well we all got through. I don't need to remind you of the absolutely critical role that you now play in this crisis, particularly in getting the money out across all the various schemes, which we have examined in some detail today.

As I indicated at the start, this Committee will look very closely at the performance of the sector, and not only overall but at each and every single bank, to see how you are doing in getting the money out the door. We urge you to continue to do your very best in that respect. Having said that, we also recognise that banks are businesses in their own right, and that you yourselves are suffering and facing many of the challenges that a lot of the people you are seeking to help are also facing, particularly staff absences and the sheer scale of the kind of measures that are coming your way as a consequence of the crisis.

I urge you all to stay in contact with the Committee, and to share your thoughts, concerns and ideas with us, so that we can continue to work together constructively and positively. Thank you to all five of you today for your very useful evidence to this session. On that note, this session is now concluded. Thank you.