

Inquiry into Application Process for UKEF Support

1. I would be very grateful if the Inquiry Team would allow this late contribution as I have first-hand experience of this that I believe will assist the Inquiry:
“I was previously employed by RBS/NatWest and one of the first Relationship Managers to successfully obtain UKEF approval of bank facilities under both the Bond and Working Capital Schemes.
2. These 2 products can be very supportive to the smaller SME, particularly SME’s with turnover sub £10m helping them win new export orders that otherwise would not proceed. What has become apparent over the past 24 months is that all banks have set up their portfolio structure to the detriment of customers whose turnover falls below that figure (figure varies between banks but generally between £5m - £10m).
3. As a result, banks no longer make those two Schemes available to customers who fall into the bottom tier of its portfolio structure. If they do it is by exception where they sometimes ask for additional collateral which is against Scheme terms and conditions.
4. It usually works something like this. An SME first meets with someone from the DiT who works with and hand holds its client through the export process usually setting up a sales presentation at a British Embassy. A good DiT Adviser will also introduce the client to someone from UKEF who makes the exporter aware of the above Schemes and how they work for the exporting client (providing the bank plays ball). Or it could happen where the exporting business owner simply approaches its bank RM or Googles UKEF and gains information from the website.
5. So let’s assume the SME wins its first (or a subsequent export order) and arranges to speak with the bank RM requesting support under either Scheme (or both) only to be advised that they do not qualify as turnover falls below its threshold resulting in frustration and disappointment particularly as the size of the export order could lead to that business employing additional staff!
6. What is worse is that there has been a reduction in experienced International Trade Specialists across the banks for this tier of bank customers. I know this first-hand from my time as an International Trade Manager with NatWest/RBS. I lost count of the number of times a Small Business Manager would approach me to speak with one of their customers who had won an export order only to have to disappoint them as the product suite did not extend to UKEF Schemes. This does not seem to be widely publicised and is never challenged. This inquiry permits me to make this point.
7. I accept it varies slightly across the banks but I find it odd that a good number of introductions that find their way to me are from UKEF Advisers where the clients bank has rejected the application as turnover does not meet its threshold. What is also frustrating is that this lack of appetite also extends to other products. This stifles growth in the economy at a time when everyone should be promoting exports that will increase employment.
8. On these occasions I have been able to work with these clients successfully putting funding lines in place or getting an insurer to issue a Performance Bond.

9. Thank you for giving me this late opportunity to make these points. I would be more than happy to be contacted in this regard if you think it would help the inquiry". Roger Glasel, Trade Finance Specialist with B2B Cashflow Solutions Ltd