Bank Referral Scheme: Consultation and call for evidence

Comments from ACCA to a public consultation and call for evidence issued by HM Treasury.

18 December 2025

REF: Tech-CDR-2289

About ACCA:

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **257,900 members** and **530,100 future members** in **180 countries**.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at: www.accaglobal.com

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GENERAL COMMENTS

- In the UK ACCA has over 100,000 members working in accountancy and finance roles up and down the country, across all sectors, public and private, from micro businesses to large firms, helping individuals, organisations, and businesses to thrive. As a chartered professional body, we operate in the public interest; ensuring our members operate to the highest technical and ethical standards and we conduct independent research globally to advance the profession for the public good.
- The accounting profession makes a significant contribution to the UK economy. In 2022, it was estimated that the profession directly contributed £80.7 billion to UK GDP. The profession was also responsible for an estimated tax contribution of approximately £10.1 billion to the UK Exchequer[1].
- Accordingly, the Professional and Business Services sector is identified as one of the eight key sectors in the UK's Modern Industrial Strategy. We work closely with government and other partners to realise the accountancy profession's growth potential. This includes both in the domestic market and internationally, through the promotion of the UK's expertise and high standards.
- As trusted advisors to business, our members are well-placed to provide early and unique insight into business confidence and economic circumstances. They tell us that business confidence is muted and more is needed to encourage businesses to invest and grow.

ACCA response summary:

ACCA welcomes the opportunity to respond to the *Bank Referral Scheme: Consultation and call for evidence***,** issued by HM Treasury. ACCA takes a strong interest in business practices, including the businesses our members work in and those they support through practice-based work.

ACCA supports the proposal to expand the scope of designated lenders, with suitable safeguards, to reflect the changes in the lending market in recent years (as highlighted in the consultation and in data from the British Business Bank), to reduce reliance on 'traditional' sources of lending and to allow businesses to access the most appropriate form of finance.

However, we would favour a broader solution to ensure that businesses are 'finance ready'. This might include information in a business support 'hub' service to better prepare small businesses to access the most appropriate form of finance. Regarding access to the most appropriate form of finance, that might be provided via the British Business Bank support webpages.

ACCA continues to advocate for improvements to ensure SMEs can access the finance they need to develop and grow. This includes ensuring that SMEs are better prepared to access funding, including ensuring that companies' financial records and credit ratings are in order. It is important that businesses are aware of the indicative timescales for successfully achieving funding; likewise, that they can access the type of finance for their needs. We recognise that accountants can play a key role in supporting their businesses and clients in these areas.

[1] https://www.ccab.org.uk/the-accountancy-profession-in-the-uk-and-ireland-2/

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Alongside access to the full range and mix of finance products, attention needs to be paid to ensure that certain sectors are not seen to be excluded from the process for accessing finance. There is a need to ensure that transparency is maintained. Central to this is designated lenders providing clarity of all finance options they offer, including on interest rates and all charges.

New lease accounting treatments in FRS102 which become mandatory for accounting periods from on or after 1 January 2026 might have an impact on small business lending, on existing covenants in place and on lending decisions where automatic lending requirements are applied – as additional assets and liabilities will be brought onto companies' balance sheets as a result of the new lease accounting treatments. Where change or transition occurs, lenders should indicate that have included this within their automatic decision making to provide clarity to SMEs and their advisers.

ACCA makes the following suggestions:

- The government should continue its focus on 'thinking small first' with an emphasis on improving service levels for all SMEs and their interaction with government. We welcome the current consultation by The Department for Business and Trade (DBT) and HM Treasury on reducing administrative burdens of regulation on business.
- Greater consistency is needed for timeframes associated with opening business accounts and where possible, more consistency in the requirements from lenders to reduce the administrative burden for SMEs.
- Improved sharing of data can bring efficiencies to the access to finance landscape for SMEs There should be research on the viability for AML-supervised firms to share greater information, along with more dedicated support from banks for SMEs. ACCA has concerns about the proposed changes to the AML regulation of professional services firms in the UK.
- Adoption of Open Banking can save SMEs time and open a host of financing options. However, we have concerns around SMEs not being in control of the data shared and prefer a uniform approach to data collection by lenders. We welcome the government's programme of action to drive financial inclusion,
  and encourage government to address the barriers that might be holding back wider uptake.
- ACCA sees value in funders regularly publishing statistics that shed light on the proportion of applications approved, agreed-in-full, partially agreed, and/or rejected. We believe that the release of such information can help enhance transparency.

In addition to these, specific access to finance points to consider include:

- Government should maintain its focus on strengthening the late payment landscape. We reiterate our support for measures that bolster supply chain reporting, maximising information available to small firms, and enhancing the role of the Small Business Commissioner. Cheapest form of finance for many
- ACCA commends the work of the British Business Bank and we welcome the new five year strategy to mobilise more capital, embrace risk, back scale-ups, expand direct investments, spread opportunity nationwide, and modernise its operations. The government should also continue with work to provide more cost-effective insurance for SME exporters, focusing on initiatives that facilitate building market capacity, such as increasing use of pooled arrangements.

Research published by Intuit QuickBooks highlighted the transformative impact of professional accounting and bookkeeping services in UK SMBs. This research underlines the crucial role of the accountancy profession in transforming outcomes for enterprises of every size and demonstrates that more data-driven decision making can lead to growth in revenue for SMBs of 11.5%. Similarly, through the provision of financial management, reporting, audit and assurance, the profession provides the foundation for confidence of investors and markets, ensuring the success of effective investment and efficient financial flows.

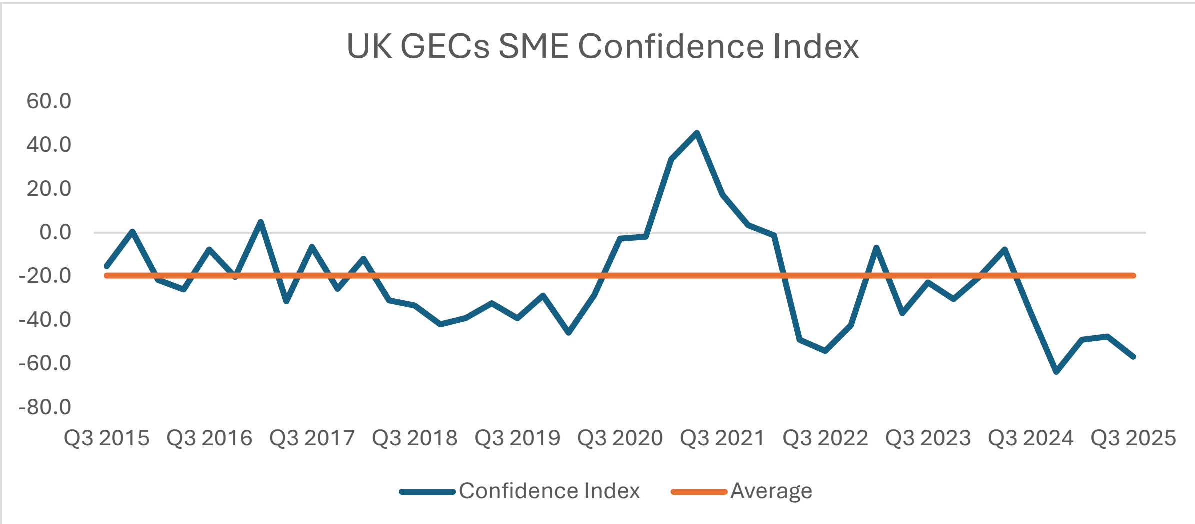
We draw your attention to the following upon which we've based our key recommendations:

- Small business access to finance general insight – from the Global Economic Conditions Survey (GECS)
- Other developments in accessing finance – Late payment
- SME funding channels
- Service levels and underrepresented groups
- Technology to unlock SME growth

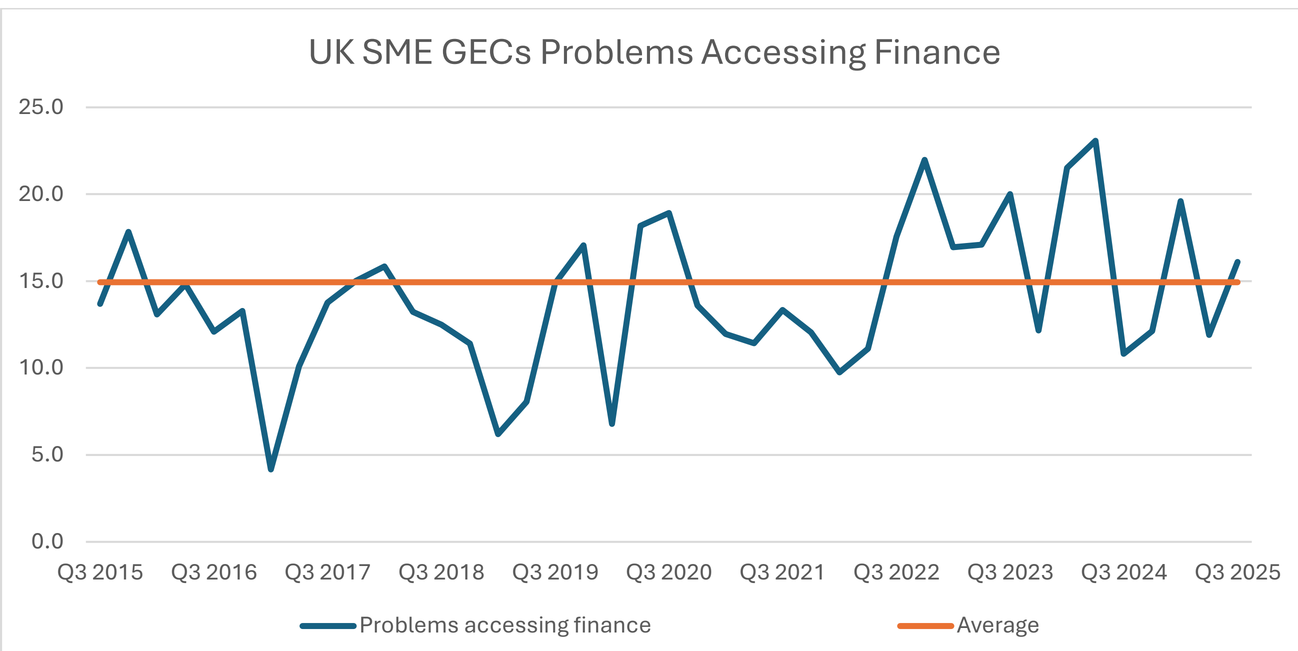
Small business access to finance general insight – from the Global Economic Conditions Survey (GECS)

Our research and insight highlights factors affecting SME access to finance. Now over 10 years old, GECS – carried out jointly by ACCA and the Institute of Management Accountants (IMA) – remains the world's largest regular survey of accountants, both in terms of the number of respondents and the range of economic variables monitored. Our most recent global quarterly survey was published in late October, with data gathered between 2-16 September 2025.

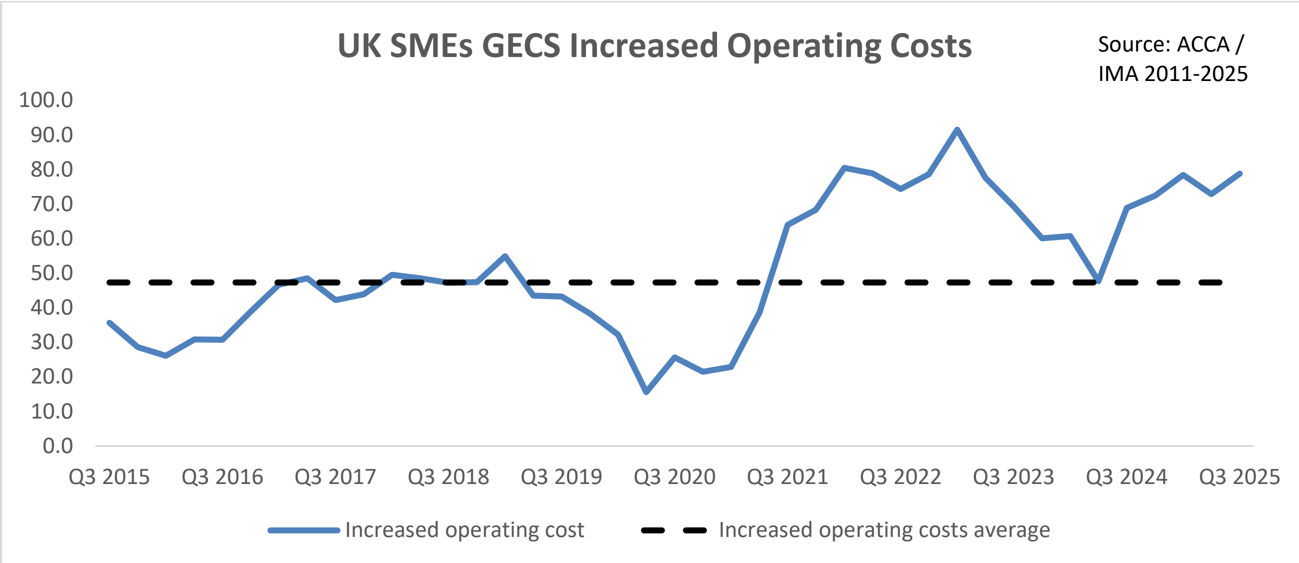
The UK SME sample from Q3 2025 indicated worsening economic conditions, with falls in key measures on confidence, capital expenditure, employment and new orders. The employment index fell to its lowest ever score and the confidence index fell to its second lowest. For both indices the two lowest scores have been in the last 12 months, from Q4 2024 and this quarter. These indicators are all significantly below the historical averages, which track sentiment quarterly from Q4 2011 to the present.



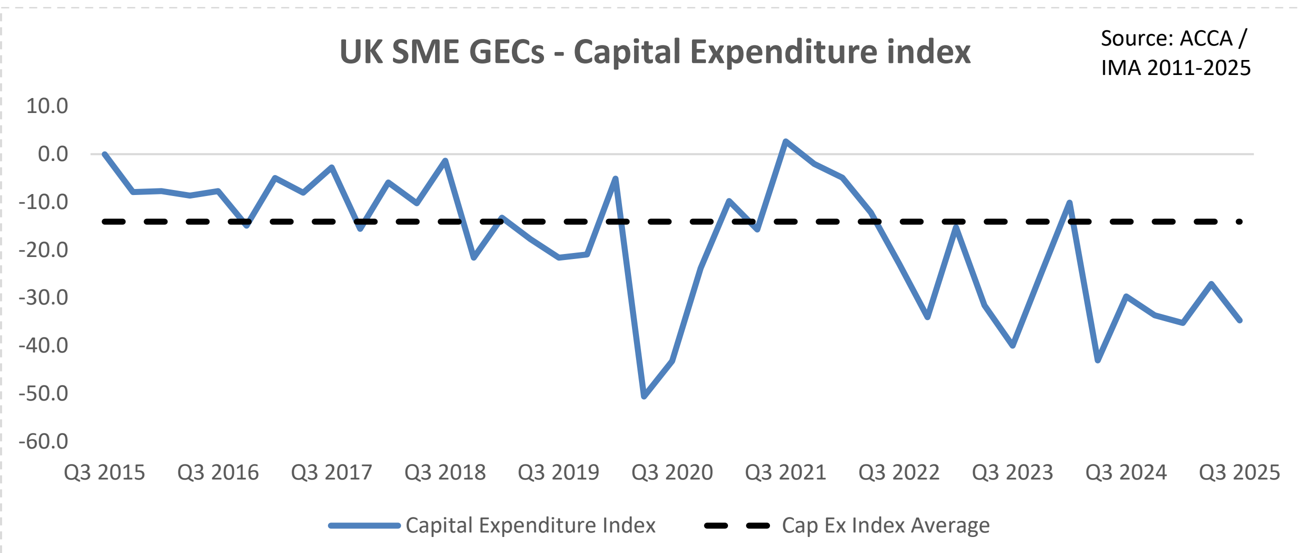
Indicators of corporate stress also denote a challenging picture with increases in problems accessing finance, operating costs, concerns about customers and suppliers going out of business, with the concerns about suppliers jumping sharply this quarter. The proportion of SMEs having problems accessing finance has now risen above its long-term average.

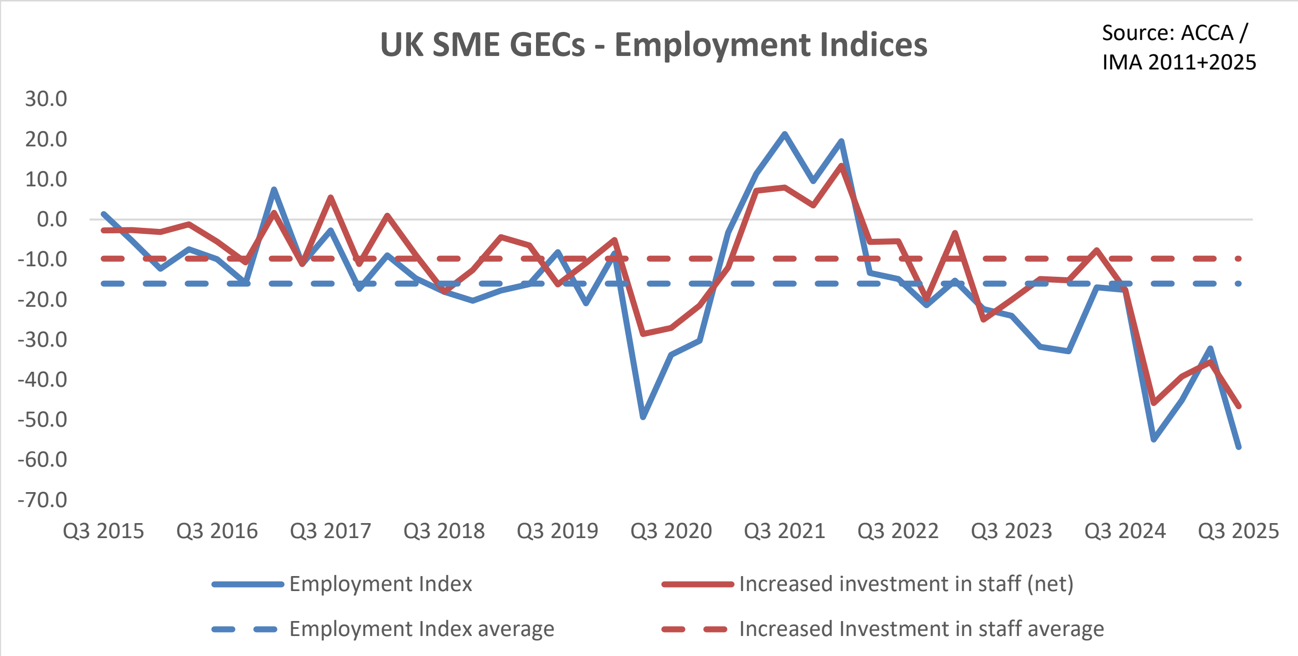


Concerns about increased operating costs have risen are now significantly above the historical average and increased in Q3 after a slight fall in Q2.



The index measuring SMEs' capital expenditure fell again in Q3 2025, as did investment in staff, which is now at its lowest ever level.





Other developments in accessing finance – Late payment

- ACCA takes a strong interest in payment practices — both for where our members work and the businesses they support. Late payment is a persistent problem in the UK, jeopardising cashflow, increasing financial risk, and stifling growth opportunities. ACCA has long called for urgent implementation of improvements to tackle the issue, including expansion of prompt payment reporting and the proposed expansion of powers for the Small Business Commissioner (SBC). To that, ACCA welcomed the launch of the Fair Payment Code in September 2024 as a step in the right direction.
- In our recent response to the DBT consultation on late payment practices, ACCA supported the government's proposal to increase transparency of large companies' payment practices at audit committee level creating collective responsibility. Where an audit committee does not exist delegating reporting on late payment practices to a Responsible Individual (RI) (a well-recognised designation) could be an appropriate and feasible alternative. Also, while we support proposals to introduce a maximum payment term of 60 days for UK businesses, we strongly recommended implementing this on an 'comply or explain' basis.

When a large business delays payment, it has a domino effect throughout supply chains. With SMEs operating on tighter margins, it also hinders access to bank finance – which is generally only available to businesses with stable cashflow or collateral behind them. With the Government focused on tackling barriers to growth, and creating the right conditions for increased investment, addressing late payment is central to improving the access to finance picture for SMEs.

ACCA believes that legislation is a vital component of tackling poor payment. Further, it is important to strengthen – not weaken – the regulatory approach. We also reiterate recommendations for bolster the late payment landscape, such as the inclusion of payment performance in supply chain reporting, maximising the information available to small firms, and enhancing the role of the Small Business Commissioner.

SME funding channels

While the traditional banks remain a significant source of external finance for SMEs, it is often only available to businesses that meet certain criteria. Those include offering collateral or a track record of generating profit. As highlighted in our comments to The Treasury Committee for SME Finance in September 2023, this leaves out a sizeable proportion of the SME population.[1] The result is that many SMEs are moving away from traditional high street banks, which is confirmed by the British Business Bank's (BBB) Small Business Finance Markets 2024/25 report. The BBB find that challenger and specialist banks accounted for 60% of gross lending to SMEs in 2024.[2]

ACCA acknowledges recent efforts to provide SMEs with a more fulsome set of financing options. We note the recent expansion of UK Export Finance (UKEF), along with the extra funding provided to the British Business Bank (BBB). Both are widely praised by ACCA members. We welcome the recently-published five year BBB Strategic Plan, to mobilise more capital, embrace risk, back scale-ups, expand direct investments, spread opportunity nationwide, and modernise its operations. A reoccurring theme is that their financial support opens growth opportunities that would have otherwise been unavailable through the high street banks. Similarly, the dissemination of practical, up-to-date guidance should be prioritised, ensuring SMEs have the knowledge to take advantage of market opportunities.

ACCA members tell us that the value of these institutions is that they fill gaps where banks show a reluctance to support SMEs. Much of this can be traced to the sectoral analysis of the main banks, where lending decision are based on sector performance rather than the business itself. Based on insights ACCA has received, this is most prevalent across retail, hospitality and agriculture, which are often viewed as 'higher risk'. With the backing of government lenders like the BBB, we hear from businesses in these sectors that their chances of accessing bank finance improve considerably.

In today's ecosystem, SMEs have an abundance of options available to them. Those include trade credit, leasing, receivables financing, and short-medium term bank loans. ACCA believes improvements are needed to improve SME education regarding the wider ecosystem. For education materials to have the desired effect, they must be targeted, regularly updated, and connect the different components of the financing ecosystem. This includes highlighting the importance of business credit scores, particularly the correlation between positive scores and more favourable loan terms.

Improvements to education can only occur if the high street banks play their part. Despite changes to the UK market to diversify funding sources, we still hear of banks pushing unwitting businesses down a particular financing route. For instance, a common refrain is of SMEs learning about the different forms of finance after the fact; in other words, when they have already secured finance. With the operating environment increasingly complex, an SME not securing the most appropriate terms can have devastating consequences.

Service levels and underrepresented groups

ACCA acknowledges new rules requiring banks to give customers 90 days' notice (and clear explanation) before closing accounts. This is an issue that ACCA has consistently raised on our members' behalf in recent years, given 90 days presents a challenge when seeking to open a new account. It is important to take a holistic view of the barriers hindering SMEs. Indeed, ACCA has heard first-hand from SMEs that such difficulties can lead to putting off investment altogether.

While recent changes are to be welcomed, comparable customer barriers remain. Consistent timeframes for opening business accounts are one of those, with delays often leading to difficulties finding alternative arrangements. With the working capital of SMEs much tighter than larger corporates, timeframe extensions will disproportionately impact SMEs. Consistency across risk assessments is another area where current variances across the banks make it difficult for SMEs to navigate the application process. As a result, ACCA would encourage the government to look at ways to bring about greater clarity and encourage more consistency.

Other re-occurring issues include easy-to-access digital solutions and fixed procedures that do not account for different business types. ACCA has similarly highlighted the need to address inconsistencies in handling applications. For instance, we have heard of businesses using brokers to access products with the main bank. Yet, approval was secured after having previously been rejected on direct application.

With ACCA an AML supervisor, a streamlining of the process for AML-supervised SMEs could be beneficial. Central to this is the adoption of technologies that expedite applications, particularly when it comes to due diligence. ACCA has significant concerns with the government's proposal to make the FCA the sole AML regulator for professional services firms. 11 The change would see the FCA assume the responsibilities of the 25 professional body supervisors (PBSs) across 60,000 regulated firms. 12 The PBSs oversee a range of different sectors and businesses sizes, meaning the FCA will be tasked with building expertise from the ground up.

The case for change centres on 'simplification and strengthening the UK's defences against illicit finance.' However, ACCA believes insufficient weight is given to the scale of the challenges involved. Those include the risk of regulatory fragmentation from creating an additional regulator on top firms' professional bodies. Equally relevant is the substantial commitment of resources, what happens during the interim, and added costs (both in terms of practitioner's time and fees).

ACCA recommends consideration of transparency-focused measures to build confidence. SMEs are incredibly diverse and underpin the UK's social fabric. ACCA believes it is important to acknowledge the ripple effects of applications that are extended, stalled, or declined due to lack of information. We have been made aware of instances where unfavourable decisions have resulted in perceptions of unfairness or bias.

To improve transparency, ACCA recommends the timely publication of statistics by funders. This could include statistics showing the proportions of funding applications approved, agreed in full, partially agreed or rejected by demographic, for example, gender, ethnicity, type of business. Such statistics might help establish whether there is or continues to be a disparity or whether businesses might be self-selecting out through perception issues. Appropriate action might then be taken by funders or could highlight the need for further legislation in this area.

Technology to unlock SME growth

Embracing digital resources can save time and elevate the access to finance landscape for SMEs. The strategic advisory role of accountants can also be elevated further through SME adoption of Open Banking, which (with client approval) opens access to data and significantly reduces the administrative barriers that currently exist. Giving business greater choice can also help grow alternative financing routes, with pooled arrangements among those.

While Open Banking is present in the UK, wider adoption is still some way away. Based on feedback from members, some of this stems from a lack of awareness and education. This is reflected in the anecdotal feedback has ACCA has received on Open Banking in recent years. Indeed, SMEs are reluctant to grant access to their banking data out of concerns about data breaches. Awareness campaigns directed at SMEs, together with building safeguards that address these concerns, can build confidence and drive uptake of Open Banking among SMEs.
