



FINANCIAL SERVICES FEDERATION

MEDIA RELEASE

1 April, 2021

New Zealand SME's better off as non-bank lenders join the Business Finance Guarantee Scheme



Pictured: Lyn McMorran, Executive Director of the Financial Services Federation, whose members can now help more SME's after being accepted into the Business Finance Guarantee Scheme.

The Financial Services Federation is pleased that New Zealand's small and medium businesses will be better off with the extension of the Business Finance Guarantee Scheme (BFGS) to non-bank lenders.

The Government-backed loan scheme is designed to help small and medium enterprises (SMEs) access credit for cashflow, capital assets, and in their COVID-19 recovery efforts.

Despite the high calibre of specialist, SME-lending finance companies in New Zealand, until now, the scheme has only been available to the banks.

"This news does not only mean increased access to support for mum-and-dad businesses, but it levels the playing field for those who lend to SMEs, and that competition is of course a good thing for customers," says Lyn McMorran, Executive Director of the Financial Services Federation (FSF), which represents responsible and ethical finance and leasing companies in New Zealand.

The BFGS supports the provision of loans to qualifying businesses by providing confidence to lenders to lend where they might otherwise not, by the Government taking up to 80% of the

loan's default risk. Lenders must still exercise due diligence and be satisfied the borrower can pay back the loan.

The scheme is now available to five non-deposit-taking lenders including the following Financial Services Federation Members:

- UDC Finance Limited
- Prospa NZ Limited
- FlexiGroup (New Zealand) Limited
- Speirs Finance Group Ltd

BFGS loans can be applied for until 30 June 2021, however FSF would like to see this extended to ensure local businesses are supported throughout the ongoing risks and Alert Level changes we have seen in 2021.

Find out more about the Business Finance Guarantee Scheme [here](#) at The Treasury's website.

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Background:

The Financial Services Federation represents responsible finance and leasing companies operating in New Zealand. FSF members take their compliance obligations seriously and all members are subject to a Code of Conduct which ensures its reputation as the setter of industry standards in responsible lending. FSF published the [Responsible Lending Guidelines](#) and in 2019 produced a [Responsible Borrowing Code](#) with FinCap. Find out more about FSF and see the full member list at www.fsf.org.nz
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