



Funding for Business

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Historically, funding sources have been much more limited than they are today. Most businesses, when seeking finance, approach the more conventional high street lender, more often than not, their existing bank.

As with many other sectors of the economy, we have seen significant changes in the way the financial services sector operates and what it provides. As such there is a plethora of funding sources and increased offers as well as players in the market.

Whilst businesses may traditionally have looked at overdraft facilities or loans to fund growth, there are now many other options. As a result, we are seeing scenarios whereby businesses structure their finance in differing ways depending on their objectives, funding requirements and ability to service the debt. The approach often entails the provision of what might be called 'Funding Packages' with different types and providers of funding forming the financial provision.

It is with this background that we have seen a growth in 'funding brokers'. These individuals or organisations are not tied to any one provider, but have access to a much wider market. A choice which may include high street banks, international banks, building societies, leasing companies, finance companies, insurance companies, venture capitalists and business angels.

The US and Australia have seen significant growth in the number of funding brokers and the number of transactions that are sourced and fulfilled by these players. With the recognised benefits of being able to provide increased choice, advise on the suitability of a deal, speed of transaction and turnaround, it is envisaged that more and more funding for businesses in the UK will come through the funding broker model.

Streets has established working relationships with a number of the leading funding brokers, including 'Streets Trusted Professional' SME Euro Finance plc. Working with them Streets has been assisting businesses in growth strategies through helping to develop holistic funding packages covering requirements for working capital, acquisition finance and capital expenditure. Whilst funding brokers may be seen as lenders of last resort we find increasingly they are becoming first point of contact for funding requirements, complimenting existing funding provision or as part of a re-finance package with existing providers.

Sanjay Rughani, Regional Director for SME Eurofinance plc commented

'We believe the funding broker market in the UK will develop in line with the need by businesses for flexible and responsive funding requirements increasingly vital in the strive for growth and competitiveness.'

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