

The speech delivered by John Glen at the FLA's Christmas Drinks event

John Glen is Economic Secretary to the Treasury and City Minister

Good evening everyone and thank you for the opportunity to participate at your Christmas reception. I only wish I could be there live in person to share some of the early Christmas cheer. But perhaps that is something I could look forward to next year in what I hope will be a more conventional 2021.

Let me start by saying what a tough year it has been for FLA members. I notice on the cover of your Association's 2020 Annual Review a photo of a nice calm patch of water. I think we can all agree that things have been a bit choppier than that this year but I am fully aware of your efforts, often at great speed, to provide forbearance to customers who face, and continue to face, financial difficulties as a result of the pandemic. In fact, I understand that customer requests for help from FLA members were 1400 percent higher at the end of March than they were just a few weeks earlier but at the same time the credit you've continued to distribute has helped to protect jobs and provided much needed capital for growth.

The numbers are pretty astonishing. To date, your members have processed more than 2 million payment holiday requests by UK customers helping people and families manage their finances at a time of crisis. In other words, you have stepped up to the plate demonstrating as an industry a real commitment to your customers.

Richard Jones put it very nicely, I think, in his foreword for the FLA Annual Review when he said you all demonstrated admirable business agility and FLA lenders have indeed kept the UK producing, moving, and buying. You understand the workings of smaller businesses as well as anyone. And, throughout the crisis the Government has been determined to help those businesses succeed and offered unprecedented levels of support to help them do that - grants to businesses, tax deferrals, and the furlough scheme have helped a million firms pay their workers' wages. Loan guarantee schemes have helped businesses with the liquidity impact of Covid-19 and as of mid-November, those schemes have provided 65 billion pounds of support to businesses with more than 1.4 million loans approved.

The Chancellor has announced a further extension to the Coronavirus Business Interruption Loan, Coronavirus Large Business Interruption Loan, the Bounce Back Loan Scheme, and the Future Fund insuring there is enough support for those businesses who need it. Importantly, the extension of these schemes to a single date, that is the 31st January 2021, means even more businesses will be able to benefit. As I said, the pandemic has caused exceptional hardship for individuals, families and businesses across the UK and its impact will be felt for a while yet. As the Chancellor told the House of Commons last week, the health emergency is not yet over and our economic emergency has only just begun.

The Office for Budget Responsibility for its part has noted the economic outlook remains highly uncertain and depends upon the future path of the virus, measures to

combat it and the responses of firms and households. The economy is not expected to reach pre-crisis level until the end of 2022.

Now that is a lot of gloom for a Christmas reception so perhaps allow me to introduce a few rays of light.

Throughout the crisis the Government has sought to protect jobs and support businesses and public services across the United Kingdom. In fact, we have spent more than £280 billion doing exactly that. That spending is an investment in the future. By protecting jobs and supporting firms the government has acted to minimise permanent economic effects. That in turn will help to ensure we are in the best possible position to drive the economic recovery as and when restrictions are lifted. If you need further evidence look at the detail of last week's Spending Review. A serious investment in the UK's economic recovery providing £100 billion of capital spending next year to kick start growth and support jobs. That is a £27 billion increase on 2019/20 and includes targeted investment to deliver a green industrial revolution and tackle climate change. We have also announced the new national infrastructure strategy which sets out our long-term vision for infrastructure investment. We are continuing to drive forward our ambition to level up opportunity across all nations and regions

You all have a big part to play in the recovery and the Government recognises the vital role you play in the provision of credit to businesses and consumers.

So, looking ahead to the New Year, Government and the FCA will continue to assess the economic impact of Covid-19 on the consumer credit sector with a particular focus on the end of March expiry of the FCA's payment holiday guidance.

In the meantime, we are grateful for the way the sector has responded to the crisis and remains committed to promoting competition and widening the funding options available to UK businesses.

So, thank you again. You have earned your Christmas and I have every confidence you will continue to expertly provide the financial solutions this country needs as we look with optimism to the future.

Happy Christmas