

# Double Dutch or Triple A (AAA)?

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## **Double Dutch is certainly right!**

Dipping in and out of recession since 2008 - not a lot comes as a surprise anymore - but what is happening to the global economy is certainly Double Dutch. Clearly nobody knows what is going on.

The only thing we know is that the 'clever' guys, in this case the bankers, have not been so clever after all and have made some pretty bad business decisions.

The question on our mind is how is it going to affect us all? So we embarked on a mission to find out...

We took it upon ourselves at ASC to do a small analysis to see what is affecting the clientele of ASC London - is it the global economy or is it issues closer to home? Although this is not an extensive set of data - we believe it sets the precedent for the majority of ASC clients nationally.

Instead of our clients being caught up in the economic status of the US and the situation of Greece - which in their case was also labelled as double Dutch - there are a few interesting areas that they were more concerned about.

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## **Interest rates prognosis**

With rising inflation will the Bank of England be forced to increase interest rates or will the base rate remain low? Our clients expressed concern that with the prospect of rising interest rates property values may fall, which will affect their ability to raise funds for expansion (bearing in mind that most business finance is based on commercial mortgages secured on property).

## **Recession prognosis**

The big question on the majority of our clients' minds is whether the British economy is heading back into a deep recession. If so, it will be tougher to operate and expand your business, because there will be less clients around with everyone tightening up.

## **Bankruptcy prognosis**

With the fear of falling back into a recession and with borrowing becoming tougher and disposable income on the decrease - it is getting increasingly tougher to finance sales. There is a real concern that the above two aspects will lead to more business bankruptcies - as we can see that more and more high street businesses are simply closing!

## **Attitude to finance**

One interesting aspect was the concern the same guys in the banks who lent to Greece are the same guys who are now looking after their finance - and our clients expressed the irony in the light of their difficulties in organising business finance.

SMEs are focusing on problems that are much closer to home than a global crisis and with our clients stating they have no confidence in their current banks - one can see why with their dreadful business decisions, it also demonstrates businesses need to change the way they approach their finance request.