

'Credit easing' won't help if mired in red tape

by [Henry Ejdelbaum](#) 14 Oct 11 (www.asc.co.uk)



The government is producing one initiative after the other to help arrange finance for small businesses and their new 'brilliant' idea, 'credit easing', is another one to add to the pile.

If it is as complicated as the EFG scheme we are likely to have another failed initiative to add to the list.

It's apparent most of the schemes are just so riddled with red tape and complications it automatically discourages businesses to apply.

Take for example a quote from a government publication: "Community investment tax relief accredited Community Development Finance Institutions are able to raise lending capital through the Community Investment Tax Relief Scheme" – if you understand please contact me.

I wonder if the government should leave lending to the banks and borrowers and just concentrate on creating conditions which make people want to do business and the borrowing and lending will follow automatically.

Confidence is the key motivator for small businesses to invest – they will do so when they see a benefit for the business operation; they will not do so just because a politician has a great idea

The fact is that the SME sector has currently net cash on deposit because it has learnt that over-gearing is not sensible.

The other fact is that weakening world economies, deepening doubts over the competence of business leaders and confusing messages from politicians do not increase confidence.

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