

# ENTREPRENEUR



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## Bank loan process remains 'complex'

### Finance

#### The path to getting funding is still complex, writes Jonathan Moules

Lending to small businesses is being held back by a mismatch between what the banks are offering and what company owners would like, according to financial advisers.

The warning comes as high street banks this week insisted that demand for loans by small businesses remained subdued.

RBS, which announced increased pre-tax profit

yesterday, said it cannot lend faster than its customers want to repay their existing debts.

Lloyds Banking Group said it had committed to lend £23.7bn to businesses in the first half of the year, £5bn more than the same period 12 months ago.

However, Henry Ejdelbaum, managing director of ASC Finance for Business, a commercial finance broker, said the situation was "complex".

He claimed that banks were still declining loans for what often seem "illogical" reasons, but many companies were happy to reduce their debt burden. "There is finance out



Julia Fowler and Geoff Watts of EDITD

Charlie Bibby

there, but the landscape has changed and the path to gaining funding is more complex than ever," he said.

One business that has succeeded in going through the application process and securing the lending it wanted is EDITD – a London-based fashion research start-up. It was recently granted a £120,000 bank loan.

Geoff Watts and Julia Fowler, who moved from Australia to the UK to set up the company three years ago, say they filled in a 12-page application form from Barclays in an evening and had the funds approved in a little more than a fortnight.

Watts, a computing expert, who originally met Fowler through a shared love of motor racing, said: "It was easier than getting a car loan."

The couple had to make personal guarantees to secure the loan, which was offered at an interest rate of 8 per cent.

However, bank finance was still a more attractive way of financing the business than angel funding, according to Watts.

EDITD has already started generating revenue and is now trialling its fashion research services with big brands, including Burberry, Macy's and Topshop.