



Top banks urge Rachel Reeves to expand small business lending sc...

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# Top banks urge Rachel Reeves to expand small business lending scheme

By [Samuel Norman](#)

29th May 2026, 8:18 am



Top UK banks are lobbying Rachel Reeves to beef up the government's small business lending scheme in a bid to unlock more capital to be lent to firms.

A letter penned by UK Finance – the banking industry body that represents the likes of Barclays, Lloyds and Natwest – has called for the Chancellor to green light a fivefold increase in the maximum loan available under the Growth Guarantee Scheme (GGS).

The scheme was first launched in 2024 and is administrated through the British Business Bank with hopes of giving a boost to small and medium sized enterprises (SMEs) that were struggling with



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The lobbying efforts come ahead of Reeves' July Mansion House speech, where pressure is growing for the Chancellor to bolster efforts for economic growth.

## Reeves called to 'support investment, productivity and regional growth'

UK Finance chief executive Davis Postings wrote in the letter to the Chancellor, as reported by Sky News, that expanding the GGS "could materially improve access to finance for UK businesses and support investment, productivity and regional growth".

Postings argued for along with an increase to the maximum loan size, the GGS should be expanded to support around £5bn in annual lending, increasing maximum loan terms extended to ten years.

"Evidence from our members suggests demand significantly exceeds existing allocation, with capacity – rather than credit appetite or operational capability – being the primary constraint," he wrote.

"Some firms report they could more than double lending under the scheme if greater allocation were available."

He pointed to analysis from the British Business Bank that suggested amendments to the GGS "could generate over £10bn in additional SME turnover".

"Importantly, this proposal does not entail a large new spending commitment," Postings said.

"The GGS operates as a risk-sharing model designed to mobilise significantly greater volumes of private sector lending."

Earlier this month, Reeves unveiled a major boost to the banking sector with an overhaul of the ring-fencing regime in hopes to free up capital to be invested into the UK.

It came after a period of extensive lobbying from the sector, with top banking chiefs branding the scheme "redundant".

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