

HM Treasury and Department for Business and Trade: Small business access to finance
Submission from the Association of Convenience Stores

ACS (the Association of Convenience Stores) represents 50,387 local shops and petrol forecourt sites including Co-op, BP, One Stop and thousands of independent retailers, many of which trade under brands such as Spar, Budgens and Nisa. These retailers operate in all locations, such as neighbourhoods, villages, on petrol forecourts and in city centres, but our primary trading location is in secondary shopping areas close to where people live and work.

We welcome the Government's consultation on small business access to finance and its recognition of the critical role that external finance plays in supporting business investment, enabling start-ups and helping businesses reach their growth potential.

In the convenience sector, investment behaviour tends to be relatively conservative. Most retailers rely on internal sources of funding, with 62% stating that their main source of investment comes from their own reserves. 33% report relying on external support from suppliers, symbol groups such as NISA or Booker, or other wholesalers. Only 3% of retailers use bank loans to fund investment in their business¹.

Retailers also report significant challenges in accessing finance through traditional banks, even when offering strong security and maintaining longstanding relationships. A case study provided by an ACS member who is an independent retailer based in Oxfordshire (see further down), highlights why small businesses might be discouraged from seeking finance through traditional routes, reinforcing the need for more accessible, flexible and relationship-based lending solutions.

4. Do you believe that there are any barriers to demand for debt finance? If so, what are the main barriers?

Yes – largely because retailers tend to have quite a cautious and risk-averse approach to borrowing, particularly in the face of economic uncertainty. They tend to prioritise stability and self-reliance, choosing to use internal funds to manage cash flow or relying on existing overdraft facilities, rather than seeking new external finance.

Rising interest rates and the overall cost of borrowing further discourage demand. Many retailers perceive debt finance as increasingly unaffordable, especially when margins are tight and the return on investment may be uncertain. High fees and inflexible terms can make borrowing appear risky or impractical, particularly for smaller businesses with limited financial buffers.

Retailers tend to approach their existing bank or symbol group (main wholesale supplier) when they do seek finance, rather than exploring a wider range of options such as challenger banks, commercial finance brokers or online lending platforms. This limited awareness or confidence in alternative providers may restrict access to more suitable or competitive finance products. If their first point of contact declines an application or offers unattractive terms, many retailers do not pursue other routes, contributing to lower overall uptake of debt finance in the sector.

During the COVID-19 pandemic, retailers benefitted from Government support through grant schemes such as the Coronavirus Retail, Hospitality and Leisure Grant Fund (RHLGF) and the Small Business Grant Fund (SBGF), which provided vital cash flow during periods of disruption. Some retailers accessed finance through the Bounce Back Loan Scheme (BBLs) and the

¹ Voice of Local Shops Survey Feb 2025

Coronavirus Business Interruption Loan Scheme (CBILS), offering low-cost, government-backed lending.

These interventions demonstrated the importance of accessible, well-communicated financial support. However, they also highlight a broader trend: many small businesses are only willing to engage with external finance when there is a high level of certainty, favourable terms, and clear guidance—underlining the ongoing challenge of encouraging demand for debt finance outside of crisis periods.

(CASE STUDY OMITTED)

The above case study demonstrates the significant barriers that retailers can face when seeking finance through traditional banks, even when offering strong security and have a strong financial track record. In this case, despite holding substantial equity in their property and maintaining regular financial reporting, the retailer encountered burdensome paperwork requirements and a lack of transparency in the decision-making process. These factors create a discouraging environment for small businesses, particularly those without the time or resources to navigate complex application processes.

As a result, retailers may turn to alternative lenders and brokers, who often offer faster decisions, clearer communication and more practical support – albeit at a higher cost. This shift highlights a need for more accessible, proportionate, and responsive lending practices within the mainstream finance sector to better serve small business needs.

5. Do you believe that financial education or knowledge and availability of information are barriers to demand? If so, to what extent?

Yes, financial education and the availability of clear, accessible information are barriers to demand for debt finance in the sector. Greater awareness is needed of the range of finance options available.

- In your view, how can these barriers best be addressed?

Better signposting and tailored support for retailers. Resources like the British Business Bank's Finance Hub are helpful, but greater promotion and integration with existing trusted networks—such as symbol groups, trade associations, and local business support services—would improve reach and effectiveness. Practical guidance and case studies focused on retail-specific finance scenarios would also help build confidence and understanding.

6. Why are some small businesses permanent non-borrowers?

See answer to Q4.

- Should this be considered a problem?

Not necessarily, if businesses are stable and meeting their goals, but for businesses with growth ambitions, reluctance to borrow can limit their potential.

- How can policy intervention support small businesses in this category, who have ambitions to grow, to seek finance?

Policy ambitions should focus on building trust in the financial system, improving awareness of appropriate financial options and offering tailored advice through familiar and accessible



channels – such as trade bodies and symbol groups – to encourage confident borrowing where it can support sustainable growth.