

## Role of Financial Services Examined in Treasury Committee Inquiry on COVID-19

May 4, 2020

On 24 April 2020, the Treasury Committee of the UK Parliament published its [terms of reference](#) for the next stage of its inquiry into the economic effect of COVID-19, which includes a focus on measures designed to hold the financial services sector to account. In particular, part of the inquiry will address whether the financial sector is sufficiently supporting businesses (including whether businesses are receiving the right advice on which grants/loans to access), what the financial regulators and the financial sector generally are doing to reduce the risk of people being taken advantage of by fraud at this time (notably with regard to those in vulnerable groups), what gaps remains for businesses falling within the government's schemes (such as the Coronavirus Business Interruption Loan Scheme and Coronavirus Corporate Finance Facility) and how effective government support has been thus far in terms of coverage and speed.

The Treasury Committee has noted that this second stage of inquiry will examine the operational effectiveness, cost and sustainability of the government's and the Bank of England's support packages, as well as the impact on the economy and different sectors (the first stage commenced on 18 March in which the Treasury Committee issued a call for evidence on the speed, effectiveness and reach of the government and the Bank of England's immediate financial response to COVID-19). The chair of the Treasury Committee has [noted](#) that the Committee will "work constructively with, and hold to account, the Government and financial services sector to ensure as swift an economic bounce back as possible." Responses to the inquiry are due by [Wednesday 27 May 2020](#).

Firms supervised by the UK financial regulators should be on notice that bank and nonbank lenders alike are subject to active political and regulatory scrutiny with regard to their activities and decisions as lenders, with an expectation that the financial services sector plays an appropriate role in supporting the economy in light of the pandemic. The explicit focus on the financial sector described in the latest Treasury Committee inquiry demonstrates the political intention to hold businesses operating in this area to account.

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### Contact Information

If you have questions about this alert, please contact:

**Ezra Zahabi**

Partner  
[ezra.zahabi@akingump.com](mailto:ezra.zahabi@akingump.com)  
London  
+44 20.7661.5367

**Helen Marshall**

Partner  
[helen.marshall@akingump.com](mailto:helen.marshall@akingump.com)  
London  
+44 20.7661.5378

**Sahar Abas**

Trainee Solicitor  
[sahar.abas@akingump.com](mailto:sahar.abas@akingump.com)  
London  
+44 20.7012.9859