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More profit in 2012 predicted for payday lending firms by [DavidVila](#)

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The results of a survey by the Ernst & Young ITEM club was revealed on Monday which indicated that the total bank lending is going to shrink this year for the first time since year 2009. Mainstream banks will face the lack of credit, which will help in the growth of pay-day lending firms. The E&Y ITEM club also predicts that the percentage of the total UK bank loans may be shrinking by 2.2 percent in the year 2012. These loans were jumped by approximately 4.3% in 2011.

Neil Blake, senior economic adviser to the Ernst & Young ITEM Club, said, "We have been warning about the impact bank deleveraging could have on the economy for some time, but this is the first time there will be an annual contraction in total loans since 2009, when the UK economy was still suffering from the immediate effects of the global financial crisis." In the previous year a deal known as "Project Merlin" was signed between government and UK's top banks including the top four banks like Barclays (BARC.L), HSBC (HSBA.L) (0005.HK) and part-nationalized lenders Lloyds (LLOY.L) and Royal Bank of Scotland (RBS.L). In this deal, they promised to lend more to businesses in lieu of legislative restraints. But, there are several small corporations which told that they are still unable to get enough credit following the deal.

This results in increase of inclination towards the alternative lenders by both small businesses and consumers. These alternative lenders include those forms which provide a few bucks to the borrowers for the small duration of time. Blake further said, "Households that fall outside of the credit terms of traditional lenders are increasingly looking toward other credit providers, regardless of the cost. With banks expected to further tighten lending conditions, we expect the shift towards alternative lenders to continue unabated." Apply with payday loans no guarantor @ <http://www.noguarantorloan.co.uk/payday-loans-no-guarantor.html> and get quick cash and meet all the expenses.

There are a lot of small firms running their businesses on World Wide Web also which are offering the pay-day finance to the borrowers. But, there are a big number of individuals in UK who prefer the large-scale banks for obtaining the loans. Now, it appears that the small pay day finance firms who are trying to attract the people through online sites will also get a huge profit. It will definitely be proved profitable for entire UK loan market. On the other hand, small-scale lenders which are offering the loans in conventional ways will also acquire the benefit for sure.

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