

## Small Business Banking - UK - September 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“Switching is rare in the small business current account market. However, business owners’ attitudes towards challengers suggest there are opportunities for smaller and newer providers to grow their share of the market. For example, 57% of small business owners would be willing to use an online-only or app-based provider.”  
 – **Douglas Kitchen, Financial Services Analyst**

This report looks at the following areas:

If such providers can effectively market their products and offer a degree of personalisation, there is a chance that more business owners will look to switch banking providers.

- **Banks must regain trust before Open Banking can make its mark**
- **Alternative lenders can reinvigorate the market**

**BUY THIS  
REPORT NOW**

**VISIT:**  
store.mintel.com

**CALL:**  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

China  
+86 (21) 6032 7300

APAC  
+61 (0) 2 8284 8100

**EMAIL:**  
reports@mintel.com

### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

# Small Business Banking - UK - September 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Table of Contents

### Overview

What you need to know  
Products covered in this Report

### Executive Summary

The market

Balances are forecast to rise above £150bn by 2023

Figure 1: Forecast of small business account balances (current and savings accounts), 2013-23

Lending volume continues to fall

Figure 2: Annual number of loans and overdrafts approved for small businesses, 2013-17

Companies and brands

The big five account for 80% of small business bank accounts

Figure 3: Market share for business bank accounts, June 2018

Open Banking can improve access to small business lending

The consumer

Two thirds use a specialist business bank account

Figure 4: Type of bank account used to manage business finances, June 2018

Poor customer service is the biggest prompt to switch

Figure 5: Factors that would encourage small business owners to switch business account provider, June 2018

Online banking the most used channel

Figure 6: Channels used to carry out various business banking activities, June 2018

The majority feel their business loan application would be approved

Figure 7: Chances of business loan approval, June 2018

40% are looking to develop their business

Figure 8: Business owners' plans for their business' finances over the next two years, June 2018

Only a fifth will consider opting in to Open Banking

Figure 9: Small business' interest in open banking, June 2018

Almost 30% do not trust their bank

Figure 10: Attitudes towards business banking, June 2018

What we think

### Issues and Insights

Banks must regain trust before Open Banking can make its mark

The facts

The implications

Alternative lenders can reinvigorate the market

The facts

The implications

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Small Business Banking - UK - September 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## The Market – What You Need to Know

- Balances are forecast to rise above £150bn by 2023
- Lending volume continues to fall
- Small business share of private sector grows
- 85% of small businesses' finances are 'Healthy' or 'OK'
- Small businesses can use Open Banking to get ahead

## Market Size and Forecast

- Number of overdrawn accounts ends decline
  - Figure 11: Number small business current accounts, by in credit and overdrawn, 2013-17
- Savings accounts decline for the second year running
  - Figure 12: Number and value of small business current and savings accounts, 2013-17
- Balances are forecast to rise above £150 billion by 2023
  - Figure 13: Forecast of small business account balances (current and savings accounts), 2013-23
  - Figure 14: Forecast of small business account balances (current and savings accounts), 2013-23
- Forecast methodology

## Small Business Lending

- Consistent growth in value of small business loans
  - Figure 15: Annual value of gross loans advanced and overdraft facilities approved for small businesses, 2013-17
- Lending volume falls once again
  - Figure 16: Annual number of loans and overdrafts approved for small businesses, 2013-17

## Market Drivers

- Smaller companies dominate the UK business population
  - Figure 17: UK business population, by business size, 2013-17
- Small businesses influence grows
  - Figure 18: Share of UK private sector turnover, by size of business, 2015-17
- Number of self-employed begins to fall
  - Figure 19: Number of self-employed workers in the UK, January 2013-March 2018
- 85% of small businesses' finances are 'Healthy' or 'OK'
  - Figure 20: Current financial situation of the business June 2016 vs June 2017 vs June 2018

## Regulatory and Legislative Changes

- Small businesses can use Open Banking to get ahead
- Ring-fencing initiative takes centre stage
- FCA looks to tackle peer to peer investing
- MPs launch enquiry into SME exploitation

## Companies and Brands – What You Need to Know

- The big five account for 84% of small business bank accounts
- Barclays doubles unsecured lending limit to SMEs

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)  
**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300  
 APAC +61 (0) 2 8284 8100 |  
**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Small Business Banking - UK - September 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Open Banking can improve access to small business lending  
 Business banking advertising falls by over 20%

## Market Share

Barclays accounts for around a fifth of small business bank accounts  
 Figure 21: Market share for business bank accounts, June 2018

## Company Profiles

Barclays  
 Profile  
 Recent activity  
 Santander  
 Profile  
 Recent activity  
 RBS Group  
 Profile  
 Recent activity  
 HSBC  
 Profile  
 Recent activity  
 Lloyds  
 Profile  
 Recent activity

## New Innovations

Open Banking can provide better access to credit  
 New current account providers can help in financial planning

## Advertising and Marketing Activity

Business banking adspend declines for the second year running  
 Figure 22: Total above-the-line, online display and direct mail advertising expenditure on business banking services, 2013/14-2017/18

Top five banking groups make up only a quarter of adspend  
 Figure 23: Total above-the-line, online display and direct mail advertising expenditure on business banking services, by brand, 2013/14-2017/18

Digital advertising falls  
 Figure 24: Share of total above-the-line, online display and direct mail advertising expenditure on business banking services, by media type, 2017/18

Credit products the priority for Lloyds and Natwest  
 Figure 25: Share of total above-the-line, online display and direct mail advertising expenditure on business banking services, by product type, at major high street banks, 2017/18

Large Banking groups focus more on wider brand building  
 Nielsen Ad Intel coverage

## The Consumer – What You Need to Know

Two thirds use a specialist business bank account  
 Poor customer service is the biggest prompt to switch

**BUY THIS  
 REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)  
**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094  
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300  
 APAC +61 (0) 2 8284 8100 |  
**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

## Small Business Banking - UK - September 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Online banking the most used channel

The majority feel their business loan application would be approved

40% are looking to develop their business

Only a fifth will consider opting in to Open Banking

29% do not trust their bank

### Business Bank Account Ownership and Tenure

Almost 70% use a specialist business bank account

Figure 26: Type of bank account used to manage business finances, June 2018

Less than half of one-person businesses own a business account

Figure 27: Type of bank account used to manage business finances, by number of employees, June 2018

70% have been with their provider longer than five years

Figure 28: Business bank account tenure, June 2018

### Prompts to Switch

Customer service the most important factor

Figure 29: Factors that would encourage small business owners to switch business account provider, June 2018

Push factors more influential

Figure 30: Factors that would encourage small business owners to switch business account provider, by number of employees, June 2018

### Business Banking Channels

Online banking the most used method

Figure 31: Channels used to carry out various business banking activities, June 2018

Mobile banking more popular among younger businesses

Figure 32: Use of mobile banking services when carrying out business activities, by age of business, June 2018

### Attitudes towards Business Borrowing

Two thirds believe their business loan application would be approved...

Figure 33: Chances of business loan approval, June 2018

...but one-person businesses are less confident

Figure 34: Chances of business loan approval, by number of employees, June 2018

Low interest rate the most important factor

Figure 35: Interest in business loan features, June 2018

Case study: Barclays takes minority stake in FinTech financing platform MarketInvoice

### Short-term Future Plans

40% are looking to develop their business...

Figure 36: Business owners' plans for their business' finances over the next two years, June 2018

But micro business owners are less likely

Figure 37: Business owners' plans for the business' finances over the next two years, by number of employees, June 2018

### Attitudes towards Open Banking

Only a fifth interested in Open Banking...

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Small Business Banking - UK - September 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 38: Small business' interest in open banking, June 2018

But newer businesses more likely to be tempted

Figure 39: Small business' interest in open banking, by business age, June 2018

Personalised offers the key incentives

Figure 40: Interest in features which would encourage data sharing, June 2018

## Attitudes towards Small Business Banking

Two thirds concerned about the prospect of data sharing...

...while 29% do not trust their bank

Opportunities for new challengers

Figure 41: Attitudes towards business banking, June 2018

Almost a third are concerned by Brexit

## Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

## Appendix – Market Size and Forecast

Figure 42: Best-and worst-case forecasts for small business account balances (current and savings accounts), 2018-23

Forecast methodology

BUY THIS  
REPORT NOW

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)