

Commercial Banking and Finance - UK - February 2019

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“With regulation and new entrants disrupting the commercial banking sector, mainstream banks must decide the role they want to play heading forward. Banking players that succeed will put the retention of their client interface and providing higher levels of client value through customised and tailored services at the top of their objectives.”

– Lewis Cone, Senior B2B Analyst

This report looks at the following areas:

- Decline in demand for traditional banking services as customers indicate future preference towards challengers
- Industry to fund new alternative dispute resolution scheme

The most notable change in funding patterns since the financial crisis has been the reduction in bank lending.

Initially, much of the reduction in borrowing from banks was reflected in falling corporate leverage. Indeed, non-financial UK corporates were significant net issuers of equity, particularly in 2009. However, the reduction has also been associated with increased use of other sources of debt, with different firms turning to different markets for non-bank financing.

While the ‘big four’ banks still provide the vast majority of lending to SMEs, new disruptive players are entering the market and starting to change the lending landscape.

Due to the increasing globalisation of the UK’s leading companies, many require funding to help them expand into new markets. These new lending options help reduce the burden placed on traditional lending channels, which are still not lending as much as they did before the financial crisis.

The largest industry block by deposit value in the UK is professional, scientific and technical activities, which includes companies in the legal, advertising, scientific research and engineering sectors.

The UK’s relative strength in professional and technical services, and the maturity of sectors such as legal services, keeps deposits high from these areas. Other sectors making significant contributions to banking deposits are real estate, and wholesale and retail.

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DID YOU KNOW?

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

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UK Finance

Trade magazines

Banking Technology/FinTech Futures

Euromoney Institutional Investor

The Banker

Trade exhibitions

NACFB Commercial Finance Expo 2019

Credit Summit 2019

FT Banking Summit

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