

Commercial Banking and Finance - UK - 2022

Report Price: £1495 | \$1995 | €1800

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

This report looks at the following areas:

- The impact of COVID-19 and Brexit on commercial banking and finance services.
- How the industry will adapt to the post-COVID-19 and Brexit environment.
- The value of the market in 2022 and beyond.

Deposits from NFCs have risen across all sectors over the past two years due to the impact of the pandemic, with businesses looking to keep cash in reserve to help them survive and recover in the current business climate.

The receipt of funds from the direct government support for workers combined with reduced operating expenses and tax deferrals resulted in a substantial rise in cash deposit holdings for businesses over 2020 and the majority of 2021.

In February 2022, total business Sterling deposits reached a record high of £1.26 trillion. The increase in deposits reflects higher demand for liquid assets, as the pandemic has put pressure on many businesses' cashflows. To increase cash deposits and improve their liquidity position, private non-financial corporations (PNFCs) have raised funds through bond issuance.

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. These account for 17% of total NFC deposits combined.

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

MBD forecasts that the value of major banks' MFI Sterling deposits will continue to grow over the next five years, albeit at a diminishing growth rate from 6.1% in



"The financial effects and business disruption of the pandemic have undoubtedly challenged businesses and will continue to scar some for quite some time. While this will lead to increased due diligence, risk aversion and a slowdown in certain types of banking services, it will also encourage business and lender innovation and creativity alike."

– Lewis Cone, Senior B2B Analyst

Buy this report now

Visit store.mintel.com

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



2022 to 4.3% in 2026, as businesses remain cautious through the pandemic and post-Brexit climate.

Many companies had to borrow to maintain their finances during the COVID-19 outbreak and the provision of state-backed debt through commercial lenders has been at the core of government measures to support the economy. However, there are fears that many SMEs have taken on debt they will struggle to repay, inflicting loan losses on banks.

For this reason, deposits will remain high over the next couple of years as many business owners will choose to hold back on investments, keeping a greater proportion of their business' income in current and savings accounts to provide a financial buffer.

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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

Table of Contents

OVERVIEW

- What you need to know
- Key issues covered in this Report
- Market context
- Products covered in this Report

EXECUTIVE SUMMARY

- **The five-year outlook for commercial banking and finance**

Figure 1: Five-year outlook for commercial banking and finance, 2022-26

- **The market**
- **Commercial deposits continue to rise as companies adapt to changing business climate**

Figure 2: UK MFI Sterling deposits from UK-resident businesses, Q3 2020-Q4 2021 (£ million, NSA)

- **Professional, scientific and technical activities lead industries in terms of NFC deposits**

Figure 3: MFI Sterling deposits of UK-resident non-financial businesses, by industry type, largest six, February 2022 (£ million)

- **Net lending remained positive in 2021 but at a significantly lower level than the post-financial crisis high seen in 2020**

Figure 4: UK MFI net loans to non-financial businesses, Q3 2020-Q4 2021 (£ million, NSA)

- **NFC deposits expected to grow by a cumulative 21% to 2026 as UK business climate remains uncertain**

Figure 5: Forecast UK MFI Sterling deposits from UK-resident non-financial corporations, 2022-26 (£ billion at 2021 prices, % annual change)

ISSUES AND INSIGHTS

- **Sanctions imposed in relation to the Russia-Ukraine conflict lead businesses to undertake risk assessments**
- **Funding gap remains for SMEs but the level of defaults and repayments from the COVID support schemes may dampen any rise in demand for finance**

COMMERCIAL BANKING MARKET

- **Commercial deposits continue to rise as companies adapt to business climate**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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

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

Figure 6: UK MFI Sterling deposits from UK-resident businesses, including under repo and NSA, 2020-22 (£ million outstanding of deposit liabilities)

- **Professional, scientific and technical activities lead industries in terms of NFC deposits**

Figure 7: MFI Sterling deposits of UK-resident non-financial businesses, by industry type, largest six industries, February 2022 (£ million)

- **SME loan demand falls as government support schemes end**
- **All of the UK's major banks pass the BoE's 2021 stress test but the countercyclical buffer returns**

COMMERCIAL BORROWING

- **COVID-19 lending schemes**
- **Business debt levels**
- **Net lending overview**
- **Net lending remained positive in 2021 but at a significantly lower level than the post-financial crisis high seen in 2020**

Figure 8: UK MFI net loans to non-financial businesses, by size of business, Q4 2019-Q4 2021 (£ million, not seasonally adjusted)

- **Commercial lending rates rise in 2021 although there are tentative signs of a slowdown in 2022**

Figure 9: Average interest rate for UK MFI new advances to PNFCs, February in 2018-22 (% not seasonally adjusted)

- **Credit availability and demand rose for large businesses but remained subdued for SMEs in 2021**

Figure 10: Availability of corporate credit to PNFCs in the past three months, by business size, Q1 2018-Q1 2022 (net percentage balance)

Figure 11: Demand for corporate credit by PNFCs in the past three months, by business size, Q1 2018-Q1 2022 (net percentage balance)

COMMERCIAL BANKING MARKET FORECAST

- **The five-year outlook for commercial banking and finance**

Figure 12: Five-year outlook for commercial banking and finance, 2022-26

- **Overview**
- **NFC deposits expected to grow by a cumulative 21% to 2026 as UK business climate remains uncertain**

Figure 13: Market size and forecast of the commercial banking and finance market, in UK MFI Sterling deposits from

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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

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

UK-resident non-financial corporations, 2016-26 (£ billion at 2021 prices)

Figure 14: Market size and forecast of the commercial banking and finance market, 2021-26 (£ billion and % annual change)

THE IMPACT OF THE ECONOMY

- **UK economy reaches pre-pandemic level in 2021 but Omicron and the Ukraine conflict have dampened growth in Q1 2022**

Figure 15: Annual GDP growth rate, 2017-21 (% annual change)

- **Bank Rate rises for the third time in quick succession as inflationary pressures mount**

Figure 16: Bank Rate, 2008-22, by date of adjustment (%)

MARKET TRENDS

- **A steep decline in the number of business current account switches but opportunities remain**
- **Business confidence falls from decade-high level but remained high in Q1 2022**

Figure 17: Business Confidence Index, per half-year, Q2 2011-Q4 2021 (index figure)

- **Write-offs on loans to PNFCs rose by 22% in 2021 and likely to rise again**

Figure 18: Write-offs of loans to PNFCs from banks and building societies, 2017-21 (£ million, not seasonally adjusted)

- **Over half of SMEs are using external finance whilst half have also changed their business savings habits**

MARKET DRIVERS

- **Banks and businesses continue to adapt to the new post-Brexit operating environment**
- **UK's financial position in the EU**
- **Job relocations as a result of Brexit**
- **Large corporates account for 48% of all private sector turnover...**

Figure 19: Business population in the UK, private sector, by company size, 2017-21 (number, £ billion, and millions employed)

- **...but over a quarter of businesses report a fall in turnover compared with normal expectations**

Figure 20: Finance performance of UK businesses, July 2020-March 2022 (% of respondents)

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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

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

- **Private sector profitability stabilises but business investment faces challenges**
- **Profitability**
Figure 21: UK PNFCs' average net rate of return, 2017-21 (%)
- **Business investment**
Figure 22: UK total business investment, chained volume measures and not seasonally adjusted, 2017-21 (£ billion)
- **Company insolvencies rise as government support schemes end and debt repayments close in**
Figure 23: Company insolvencies in England and Wales, 2017-21 (number)
- **Both inward and outward M&A deals rise in 2021**
Figure 24: Mergers and acquisitions of UK companies, 2017-21 (number of companies)

INDUSTRY STRUCTURE

- **Industry development**
- **The pandemic has opened up new opportunities for challenger banks but the big banks have started to react to the threat for market share**
- **First stage of disruption**
- **Pandemic offers new entry points**
- **RBS funds help boost market presence**
- **The number of banks and building societies hits three-year high in 2021**
Figure 25: Number of banks and building societies operating in the UK, 2017-21 (number)
- **Starling Bank provides best overall service quality as well as online and mobile services to SMEs**
- **ESG considerations move up banks' agendas**

COMPETITIVE STRATEGIES

- **Virgin Money launches new current account, sustainability app, and expands fintech partnerships**
- **Santander rolls out new cashflow management app**
- **Lloyds Bank partners with Satago to re-invent its invoice financing offering**
- **NatWest Group launches 'Green Loans' and 'Green Asset Finance' to help businesses achieve their sustainability targets**
- **Aldermore Bank and Cashplus Bank partner to offer a business savings solution for SMEs**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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

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

- **Barclays partners with global corporate venture builder to drive fintech innovation**
- **Allica Bank pledges to make over £1 billion in committed lending offers in 2022**

COMPANY PROFILES

- **Aldermore Bank**
 - **Recent company activity**
 - **Financial information**

Figure 26: Financial analysis of Aldermore Bank plc, 2016-21 (£ million)
- **Barclays Bank PLC**
 - **Recent company activity**
 - **Financial information**

Figure 27: Financial analysis of Barclays PLC, 2017-21 (£ million)
- **Co-operative Bank**
 - **Recent company activity**
 - **Financial information**

Figure 28: Financial analysis of Co-operative Bank plc, 2017-21 (£ million)
- **HSBC Bank plc**
 - **Recent company activity**
 - **Financial information**

Figure 29: Financial analysis of HSBC Bank, 2017-21 (£ million)
- **Lloyds Banking Group**
 - **Recent company activity**
 - **Financial information**

Figure 30: Financial analysis of Lloyds Banking Group, 2017-21 (£ million)
- **NatWest Group plc**
 - **Recent company activity**
 - **Financial information**

Figure 31: Financial analysis of NatWest Group, 2017-21 (£ million)
- **Santander UK plc**
 - **Recent company activity**
 - **Financial information**

Figure 32: Financial analysis of Santander UK plc, 2017-21 (£ million)
- **Virgin Money UK**
 - **Recent company activity**
 - **Financial information**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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

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

Figure 33: Financial analysis of Virgin Money UK plc, 2018–21
(£ million)

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- Abbreviations
- Methodology

FURTHER SOURCES AND CONTACTS

- Trade associations
- Trade magazines
- Trade exhibitions

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

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

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

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



About Mintel

Mintel is the **expert in what consumers want and why**. As the world's leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster

Our purpose is to help businesses and people grow. To find out how we do that, visit **[mintel.com](https://www.mintel.com)**.