“Despite the banking and lending landscape undergoing a period of change, the emergence of new challenger banks and lenders is unlikely to lead to the disappearance of big banks. Instead, more acquisitions and partnerships between larger banks and new entrants are likely to provide the best range of banking and finance options for customers.”

– Lewis Cone, Senior B2B Analyst

This report looks at the following areas:

- Mainstream banks still finding it hard to adapt and implement new technology which could affect their, and their customers’, performance
- Increasing financial support to SMEs disrupted by market exits

The most notable change in funding patterns since the financial crisis has been the reduction in bank lending. Between 2000 and 2007, average net lending by banks to UK non-financial corporates was £38 billion per year, but levels have not reached near this figure since.

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 the increased use of other sources of debt, with different firms turning to different markets for non-bank financing.
Table of Contents

Overview

What you need to know
Covered in this Report

Executive Summary

The market

Commercial deposits remain on upward trend

Figure 1: UK MFIs sterling deposits from UK resident businesses, Q2 2018-Q3 2019, (£ million outstanding of deposit liabilities, excluding under repo, not seasonally adjusted)

Professional, scientific and technical activities lead industry in terms of NFB deposits

Figure 2: MFI sterling deposits of UK resident non-financial businesses, by industry type, largest Six, November 2019, (£ million)

Net lending remained positive in 2018 and most likely in 2019 as well

Figure 3: UK MFIs’ net loans to non-financial businesses, Q2 2018-Q3 2019, (£ million, not seasonally adjusted)

Deposits growth expected as the UK enters the Brexit transition period and beyond

Figure 4: Forecast UK MFIs sterling deposits from UK resident non-financial corporations, 2020-24, (£ billion at 2019 prices, % annual change)

What we think

Issues and Insights

Mainstream banks still finding it hard to adapt and implement new technology which could affect their, and their customers’, performance

The facts

The implications

Increasing financial support to SMEs disrupted by market exits

The facts

The implications

The Market – What You Need to Know

Commercial deposits remain on upward trend

Commercial Banking Market

Commercial deposits remain on upward trend

Figure 5: UK MFIs sterling deposits from UK resident businesses, December 2017- November 2019, (£ million outstanding of deposit liabilities, excluding under repo, not seasonally adjusted)

Professional, scientific and technical activities lead industries in terms of NFB deposits

Figure 6: MFI sterling deposits of UK resident non-financial businesses, by industry type, largest Six, November 2019, (£ million)

SME loan applications fall while two thirds of loans head to outside of London and the South-East

Lenders pass the BoE’s 2019 stress test although changes are forthcoming

Commercial Borrowing

Net lending remained positive in 2018 and is expected to have been positive in 2019

Figure 7: UK MFIs’ net loans to non-financial businesses, Q3 2017-Q3 2019, by size of business, (£ million, not seasonally adjusted)

Commercial lending rates stabilise since 2018 following a rise over 2017

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Commercial Banking and Finance - UK - February 2020

Open X era

Commercial Banking Market Forecast

Credit availability and demand falls in 2019

Figure 8: Average interest rate for UK MFI new advances to PNFCs, at November in 2015-19, (% not seasonally adjusted)

Credit availability and demand falls in 2019

Figure 9: Availability of corporate credit to PNFCs in the past three months, Q4 2015-Q4 2019, by business size, (net percentage balance)

Figure 10: Demand for corporate credit by PNFCs in the past three months, Q4 2015-Q4 2019, by business size, (net percentage balance)

Commercial Banking Market Forecast

Deposits growth expected as the UK enters the Brexit transition period and beyond

Figure 11: Forecast UK MFIs sterling deposits from UK resident non-financial corporations, 2020-24, (£ billion at 2019 prices, % annual change)

Technology-drive leading towards a new ‘Open X’ era

Business confidence at a decade-low in Q4 2019 with many continuing to delay financing plans

Figure 12: Business confidence index, per half-year, Q2 2009-Q4 2019, (index figure)

Company insolvencies marginally fall in 2019, but difficult environment likely to cause further casualties going forward

Figure 20: Company insolvencies in England and Wales, 2015-19, (number)

Inward and domestic M&A deals rose significantly in 2018 as the relatively low pound and exit from the EU drove investor activity

Figure 21: Mergers and acquisitions of UK companies, 2014-18, (units)

Market Trends

Online banking most commonly used to carry out banking activities

Figure 13: Channels used to carry out various business banking activities, June 2019, (% of respondents)

Younger businesses most likely to use mobile banking with supplier payments most common activity

Figure 14: Use of mobile banking services when carrying out business activities, by age of business, June 2019, (% of respondents)

Rise in the number switching accounts but opportunities remain vast

Business confidence at a decade-low in Q4 2019 with many continuing to delay financing plans

Figure 15: Business confidence index, per half-year, Q2 2009-Q4 2019, (index figure)

Write-offs on loans to PNFCs rise for first time in four years in 2018 but likely to have fallen in 2019

Figure 16: Write offs of loans to PNFCs from banks and building societies, 2014-19*, (£ million, not seasonally adjusted)

Market Drivers

UK leaves the EU with a transition period concluding in December 2020 but the threat of ‘no-deal’ remains and continues to fuel uncertainty

Large corporates account for almost half of all private sector turnover

Figure 17: Business population in the UK, private sector, by company size, 2015-19, (number, £ billion and millions employed)

Both business investment levels and private sector profitability fall

Figure 18: UK PNFCs’ average net rate of return, 2015-19*, (% return)

Figure 19: UK total business investment, 2014-18, (chained volume measures and not seasonally-adjusted, £ billion and % annual change)

Company insolvencies marginally fall in 2019, but difficult environment likely to cause further casualties going forward

Figure 20: Company insolvencies in England and Wales, 2015-19, (number)

Inward and domestic M&A deals rose significantly in 2018 as the relatively low pound and exit from the EU drove investor activity

Figure 21: Mergers and acquisitions of UK companies, 2014-18, (units)

Although 86% of small businesses’ finances are ‘healthy’ or ‘OK’, a fifth have missed out on business opportunities due to a lack of funding

Figure 22: Current finance situation of the business, June 2017 vs June 2018 vs June 2019, (% of respondents)

Companies and Brands – What You Need to Know

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Challenger banks continue expansion but traditional banks still dominate market share
Lloyds, NatWest and Barclays combine to open business banking hubs

**Industry Structure**

**Industry development**
Challenger banks continue expansion, but traditional banks still dominate market share
Figure 23: Market share for business bank accounts, June 2019, (%)
Handelsbanken provides best overall service quality to SMEs while Barclays provides best online and mobile services
The number of banks and building societies hit five-year low in 2019
Figure 24: Number of banks and building societies operating in the UK, 2015-19

**Competitive Strategies**
Lloyds, NatWest and Barclays combine to open business banking hubs
Revolut targets business banking growth as it launches expenses management tool
Lloyds Bank Commercial teams up with Optal to offer streamlined payments
HSBC launches Treasury APIs for payments in 27 markets

**Company Profiles**

Aldermore Bank
Recent company activity
Financial information
Figure 25: Financial analysis of Aldermore Bank plc, 2014-19*, (£ million)

Barclays plc
Recent company activity
Financial information
Figure 26: Financial analysis of Barclays plc, 2014-18, (£ million)

Co-operative Bank
Recent company activity
Financial information
Figure 27: Financial analysis of Co-operative Bank plc, 2014-18, (£ million)

HSBC Bank plc
Recent company activity
Financial information
Figure 28: Financial analysis of HSBC Bank, 2014-18, (£ million)

Lloyds Banking Group
Recent company activity
Financial information
Figure 29: Financial analysis of Lloyds Banking group, 2014-18, (£ million)

RBS Group
Recent company activity
Financial information

---

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*The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.*
Figure 30: Financial analysis of RBS Group, 2014-18, (£ million)

Santander UK plc
Recent company activity
Financial information
Figure 31: Financial analysis of Santander UK plc, 2014-18, (£ million)

Virgin Money UK (formerly known as Clydesdale Bank plc)
Recent company activity
Financial information
Figure 32: Financial analysis of Clydesdale Bank plc, 2015-19, (£ million)

Appendix - Data Sources, Abbreviations and Supporting Information

Abbreviations
Methodology

Further Sources and Contacts

Trade Associations
Trade Magazines
Trade Exhibitions