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SMEs missing out on a long-term relationship with their bank

SMEs experience low levels of satisfaction with relationship bankers – and it could get worse.

Results from a survey of UK SMEs from **CivilisedBank**, the new UK business bank with a Local Banker network, and **Opinium**, the award winning strategic insight agency, reveal that despite the importance placed on having a strong relationship with their bank, **almost half of UK SMEs (46%) don't know the availability of their relationship manager or don't have one at all.**

Although the remaining 54% of those surveyed do have a relationship manager, **only 18% – less than 1 in 5 – of those with a turnover of £1 million or more state that they are extremely satisfied with their support.** Of those with a turnover of more than £500,000, this drops further to 15%, or less than 1 in 7.

The survey also found that the **average tenure of a relationship manager is only 2 years¹, highlighting the difficulty around the depth of customer knowledge that can be accrued.** As banks cut costs further, questions will be raised as to whether the existing level of service can be maintained or even improved upon by the big banks in the future.

In addition, respondents noted that **there are already restrictions as to how involved relationship managers can be:** only 43% of those with a relationship manager confirm that their relationship manager is always on call when they need help. **There are also questions about their effectiveness:** over a quarter (28%) of those with a relationship manager noted that they do not have the authority or ability to make credit decisions locally without having to refer to head office, and a further 22% are unsure whether they have any lending authority.

¹ 2.3 relationship managers in the last 5 years, giving an average of 2.15 years

Philip Acton, Chief Executive Officer, CivilisedBank said: *“Our research illustrates that the banking industry should not underestimate the importance of the relationship between a bank and its business customers. However, given how important the personal relationship is, it is striking that only half of SMEs have a relationship manager.”*

“Length of tenure and familiarity with the client’s business matter to businesses. Our business model includes succession planning for each of the Local Bankers, to ensure a high level of continuity. The fact that our bankers are rewarded for customer service rather than the number of deals we believe will also help alleviate issues of high churn.”

CivilisedBank’s business model sets it apart from other challenger banks and fintech companies: its network of Local Bankers will make business lending decisions in their local area. They will be supported by a state-of-the-art system, allowing lending decisions to be made quickly. This will enable businesses to get on with the business of growth. The Local Bankers will be part of the local community and will be able to give advice and support to their business customers.

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Additional information is available at
CivilisedBank.co.uk/press

About CivilisedBank:

CivilisedBank was granted a banking licence by the Bank of England in May 2017, which is a significant step for the bank and paves the way for it to build its infrastructure and launch to customers in early 2018. The new UK business bank with a Local Banker network is focused on the SME market and funded by SME and retail savings. CivilisedBank will serve businesses through savings and loans, transaction banking, overdrafts, current accounts with deposits and foreign exchange. The bank will also address the UK retail market with a range of savings products.

CivilisedBank aims to make business banking more Civilised by putting customers first. Its network of Local Bankers will be incentivised to provide one-to-one service to SMEs in their communities, supporting each individual customer using real time information. Its vision is to use technology to empower customers and staff while providing a previously unseen level of relationship banking to SMEs.