

**6 December 2017**

# A quarter of SMEs don't think UK banks have changed their behaviour since the 2008 global financial crisis

## **Branch closures, poor customer service and a focus on quick profits all cited by SMEs as driving down standards at banks**

A quarter (24%)<sup>1</sup> of UK SMEs believe that banks have failed to change the way they behave since the global financial crisis in 2008. The survey of UK SMEs from **CivilisedBank**, the new UK business bank with a Local Banker network, also reveals that over half (55%) of those surveyed believe that it is not a priority for banks to act in a 'civilised' manner.

Some of the reasons given for this negative sentiment includes the continued closure of branches, poor customer service and an emphasis on profits before service. Indeed, one respondent stated that bank staff are pressured to make short-term sales to boost low basic salaries, rather than focusing on long-term business development and client relationships.

Some executives at SMEs noted that with the removal of local relationship managers there is no consistent point of contact at their bank, resulting in a limited understanding of their business to help inform decisions. Others highlight that rather than treating SMEs as individual entities, decisions are made via computer algorithms with little understanding of the case-by-case requirements of each business from an informed, personal perspective.

Over four fifths (82%) of SMEs think that banks behave in a civilised way at least some of the time, while 3% believe that banks never behave in a civilised way. In fact, only 8% believe banks operate in a civilised way all the time.

Despite this, almost three quarters (73%) agree that they would consider a bank that behaves in a civilised way, over others that do not. Over two fifths (46%) of SMEs also think it is extremely important for their suppliers and partners to act in a civilised way.

**Philip Acton, Chief Executive Officer, CivilisedBank said:** *“It’s clear that SMEs want to see change. Despite many initiatives since 2008, a quarter of executives at SMEs still think nothing has changed in banking.*

*“As an industry, banking needs to get back to the future and to revisit customer service and personal relationships, something that has been lost over the years. Whilst much has changed since the 2008 global financial crisis, the good work that’s been done has not resonated with the wider public. As a sector, banks need to reconnect with SME customers.”*

Meanwhile, amongst SMEs themselves, almost a third (32%) are actively taking steps to make their business more civilised. Some 13% are placing a particular focus on being more ‘hands on’ with their customers so that they can develop meaningful, long-term relationships. Only 7% said that making their business more civilised was not a priority.

Over half of SMEs (59%) selected ‘fair treatment of customers’ as representing what being civilised means to their business, with being a ‘responsible employer’ (38%) and having ‘strong relationships with customers’ (37%) also ranking highly.

**Nick Gould, Chairman of the SME Alliance said:** *“SMEs are, as we keep being told, the backbone of the UK economy and in times of wider uncertainty it is vital that they are given the support they need in order to grow. The banking sector as a whole needs to examine constantly how best to meet the needs of this massive market. Banks need to combine the best of innovative technology and a more relationship driven approach, the old and the new. What is clear from evidence we have seen is that the current status quo isn’t reliable or effective enough if we are to foster a truly vibrant and innovative SME driven economy.”*

**Shalini Khemka, Founder & CEO, E2Exchange said:** *“At E2Exchange, we know that entrepreneurs are driven individuals who want the best for the growth of their business. To succeed, they must have the passion and flexibility to rise to new challenges along the way. It’s therefore vital that banks give them advice that is honest, trustworthy and specifically tailored to their needs.”*

*“And as the effects of the global financial crisis continue to be felt by entrepreneurs almost a decade later, there is now more need than ever for banks to step up and provide them with a supportive platform to grow and develop their businesses.”*

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#### **Notes to editors:**

<sup>1</sup>Online survey of 501 Senior Decision Makers within UK SMEs by Opinium Research.  
Field work: 11th to 18th October 2017.

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## 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.