MIND THE GAP

How payments providers can fill a banking gap for online merchants

BANKING CIRCLE

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CONTENTS

FOREWORD

The world of online trading is maturing; but it is still feeling the pain points of a rapidly growing and evolving marketplace where entrants face multiple barriers to operate because established financial institutions have a fear of the unknown.

Opening a bank account – fundamental for most enterprises – can feel like taking an exam. And access to short-term funding, whether to fill a cashflow gap or to underpin growth plans, can involve multiple hurdles often just too steep to get over.

Payments providers already supporting the online merchant space can deliver a genuine added value by providing their merchant customers with banking services including access to funding. And in the current climate that support is going to be more valued than ever – indeed, for payments providers that demonstrate a real understanding of SME needs there could be a significant long-term gain.

To assess how the landscape for access to payments services and funding has changed in recent years, we repeated research we originally carried out among online merchants in the UK in 2018. And we expanded the study to include SME merchants across Europe, to provide insights into the contrasting picture across different European geographies, as well as adding questions for deeper exploration of issues and attitudes.

Interviews with selected payments providers have also been included in this report, providing exclusive insights into how these organisations are changing their propositions to address the challenges their online merchant customers are facing.

"For payments providers that demonstrate a real understanding of SME needs there could be a significant long-term gain."

The findings reveal the continuing challenges faced by smaller businesses and the gap in provision of affordable and accessible business banking. It also reveals the opportunity for payments providers to step in, fill the gap and help boost online merchants whilst also increasing their own revenue.

Anders la Cour
Co-founder and Chief Executive Officer, Banking Circle

PROLOGUE

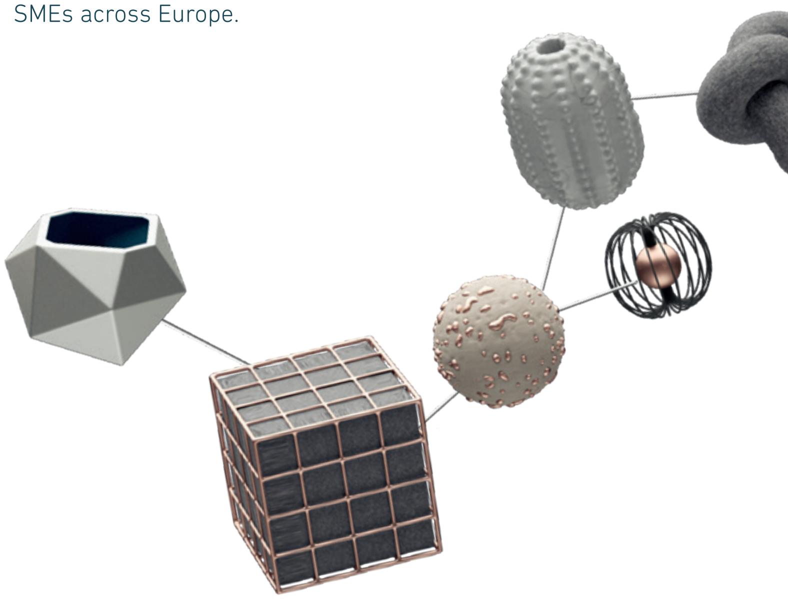
When carrying out any research it is important to look not only at the responses themselves, but at the context which surrounds the respondents, and the potential influencing factors. Never has this been more important than when carrying out a survey of small businesses suffering forced closure due to a global pandemic on a scale not seen for a century – if ever before.

The 2018 survey was conducted when business confidence was high, but a raft of new business regulations were coming into force. Indeed, March 2018 when our initial research was conducted was just a year before the original planned date for Brexit and the coming months would see the implementation of GDPR and an increase in the National Living Wage in the UK which would affect SME profitability.

In contrast, the 2020 survey was conducted between 30th March and 7th April – a time at which cases of coronavirus were increasing rapidly and many European countries were making dramatic changes to slow the spread.

The UK, Italy, France and Germany were in lockdown, the Netherlands and Nordic countries faced extreme social distancing measures, sporting events including Wimbledon and the 2020 Olympic Games were suspended and the UK Prime Minister was in hospital being treated for the coronavirus. There also remained much uncertainty about the impact Brexit would have on businesses across Europe.

In that context, the latest survey provides valuable insights into a changing landscape of banking services, and a snapshot of experiences of online merchant SMEs across Europe.



Key findings

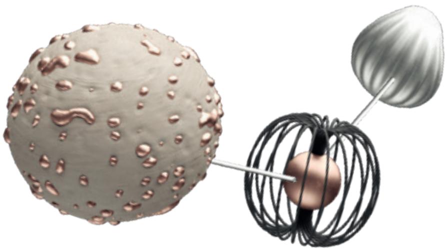
Since the 2018 study, there has been an increase in UK merchants having banking relationships in more than one geography, but almost half of the merchants we surveyed (43.1%) still use just one bank to transact locally and internationally.

Sentiment is generally positive towards banks, with 87.3% of merchants surveyed confirming they feel well-served by their current banking partners. Fast response times and strong technology-based services were the main source of satisfaction.

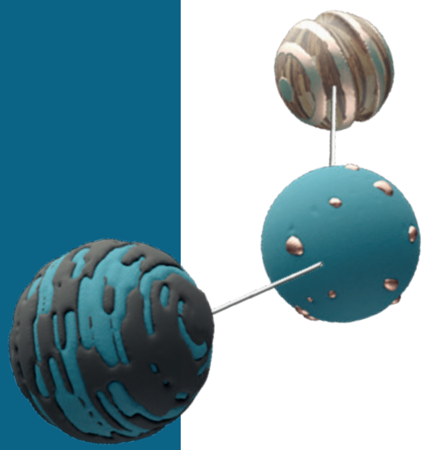
When it comes to business borrowing, two thirds (64.6%) have needed extra finance in the past 12 to 24 months – excluding any finance required due to the coronavirus crisis. A quarter of businesses confirmed that the reason for taking out financing was to cover either payroll or business costs, while the same proportion experienced a wait of between three and four weeks to receive the cash they needed.

Clearly, these results alone show the importance of easy access to additional funding for smaller businesses. SMEs make up 99.9% of private businesses and employ significant proportions of the workforce in every country we surveyed. If these businesses struggle to pay their employees the impact would be far-reaching and potentially devastating.

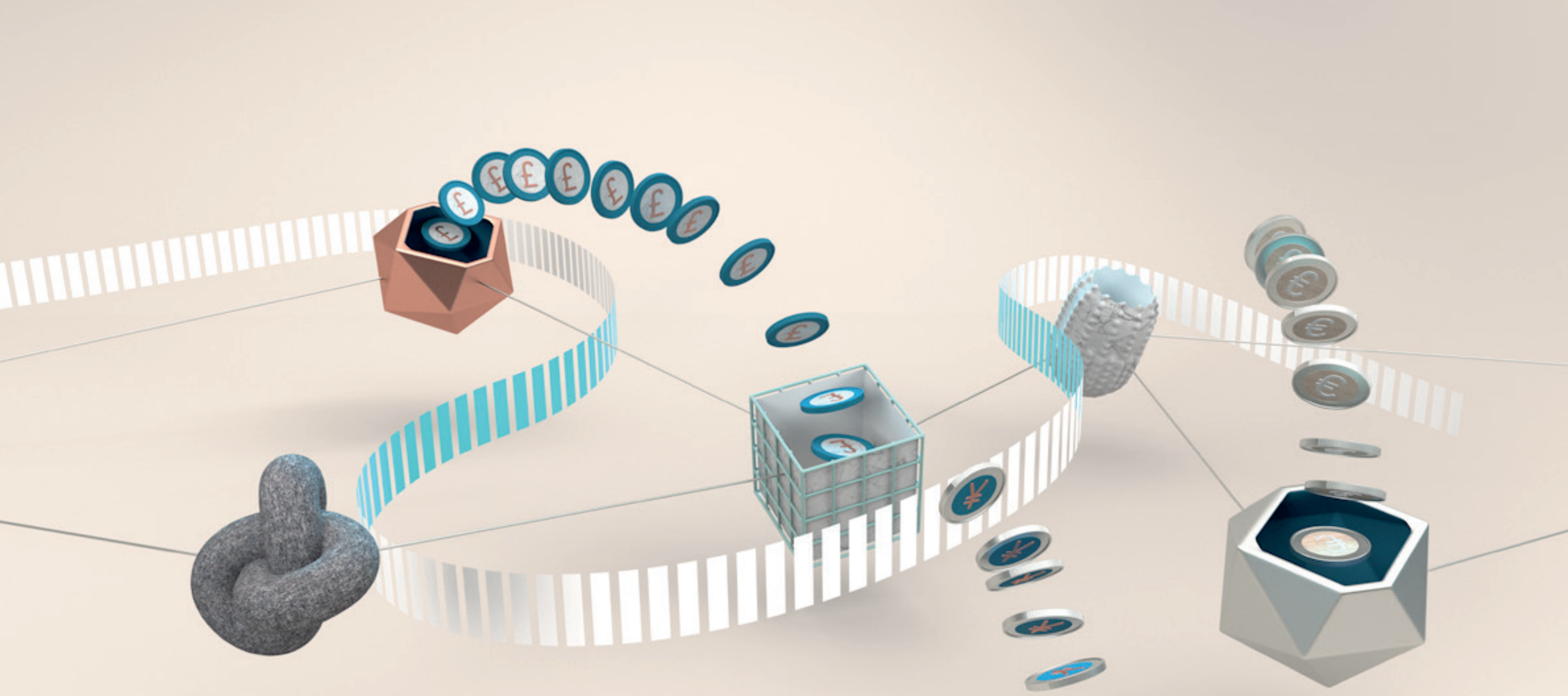
Of course, with the immense pressure the pandemic has added, businesses need better support and for providers to step in and fill the banking gap, delivering affordable and flexible banking services.



65% of online merchants have needed extra finance in the past two years



Analysis of the survey results shows the challenges and opportunities facing payments businesses and their online merchant customers across Europe



CHAPTER 1

REVIEWING BANKING RELATIONSHIPS

Across the board, the majority of SME online merchants we surveyed have just one banking relationship, through which they transact locally and internationally. Approximately one in three respondents have one bank they use for local transactions and a separate banking relationship for international transactions.

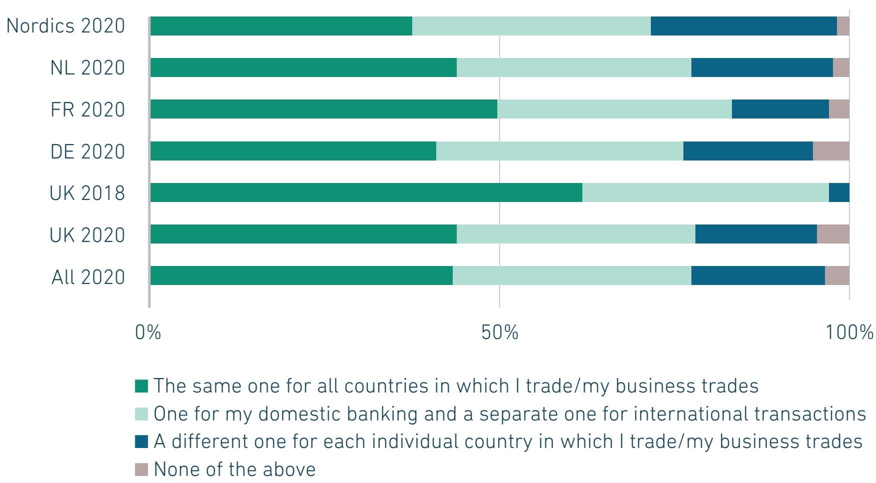
The proportion of UK merchants with separate banking relationships in every country in which the business trades has increased dramatically from 2018, from 3.2% to 17.2%.

In 2018, 62% of UK merchant respondents worked with just one bank for all the countries in which the business trades. In the past two years that has dropped to 44%.

Businesses in the Nordics are the most likely to work with separate banks in each jurisdiction, with 26.2% confirming this is their current banking relationship status, compared with 13.9% of French merchants and an average of 19.2% across all regions.

Most SME online merchants use the same bank for local and international banking

Which of the following best describes your business banking relationship?



Banking services

Online merchants access a wide range of services from their current banking partners. Around half use short-term loans (47.8%), overdrafts (49.1%), finance agreements for specific purposes (48.8%) and settlement accounts for cross border payments (43.2%), with a further one in three using foreign exchange (FX) services (35%).

German merchants are least likely to access solutions to help with cross border trade, with the lowest proportion of all respondents accessing settlement accounts (38.8%) and FX (16.8%).

Businesses based in the Nordics are the least likely to be utilising an overdraft facility (36.4%), with short-term loans being the service most commonly used by these merchants.

UK firms are the most likely to be making use of their overdraft (62%).

> German merchants are least likely to access solutions to help with cross border trade

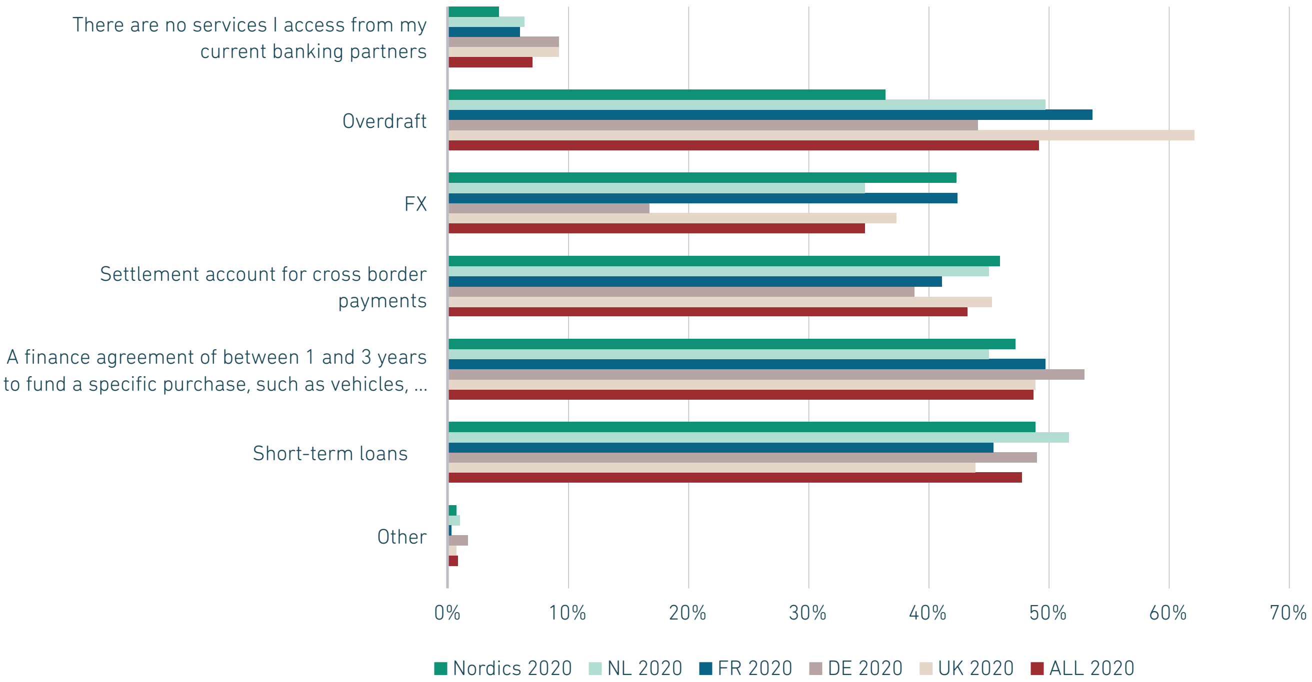
Satisfaction levels with their banking providers are high across the businesses involved in the study, with an average of 87.3% of online merchants happy their business is well-served by their current bank.

Nordic merchants are the happiest, with 90.5% satisfied, and German merchants take up position at the other end of the scale, with 82.9% happy with their current bank.

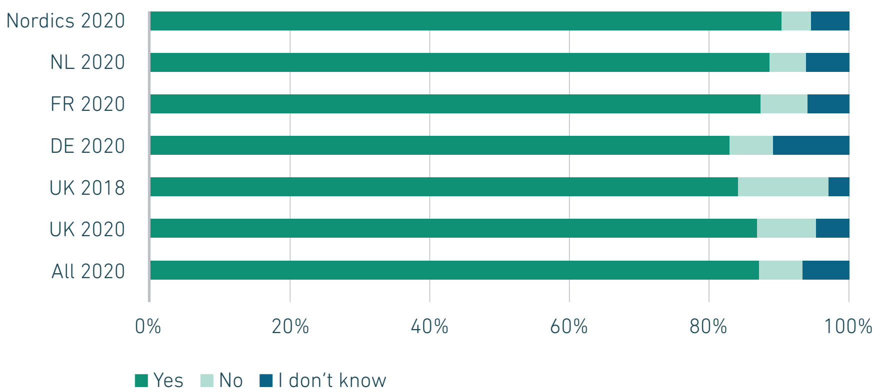
However, although the UK satisfaction figure is 86.8%, up slightly from the 2018 level of 84.1%, of all regions surveyed, the UK has the highest proportion of dissatisfied customers (8.6%). But this figure has come down somewhat since 2018, when 13.1% of merchants felt their business was not well served by their bank.

The average across all regions was 6.2% of merchants unhappy, and the remaining respondents being uncertain how well served they are currently.

What banking services do you/your business access from your current banking partners?



Do you feel you/your business is well served by your current banking partners?



Best and worst

Of the businesses feeling well-served, two in three gave fast response times as the most common reason. The second most common reason was the strength of technology-based services – for example, being able to access services via smartphones, which 55.2% gave as a reason for their satisfaction.

Other positives helping to keep half of businesses happy include competitive fees (51.3%) and tailored solutions (50.9%), followed by good FX rates for 41.6%.

At the other end of the scale, 42.6% of the dissatisfied businesses felt their business is not a priority for their bank, and 41.5% gave high fees as a reason.

Approximately one in four respondents gave each of the following reasons for their dissatisfaction:

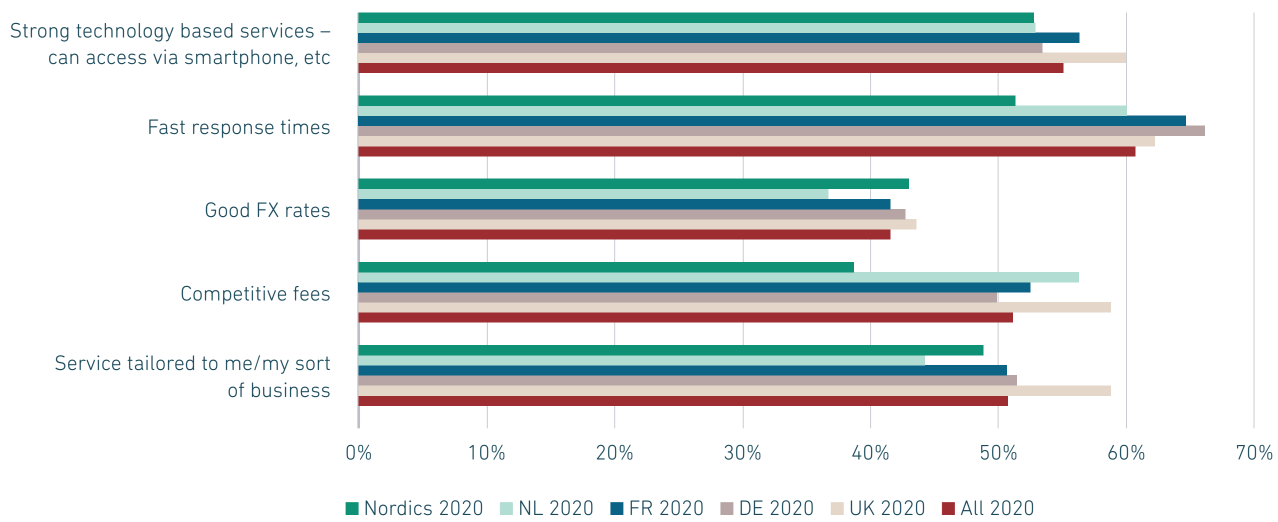
- poor quality and inconsistent service (28.7%)
- slow response times (28.7%)
- poor FX rates (24.5%)

Just 7.7% of Nordic merchants felt they received a poor service or experienced slow response times.

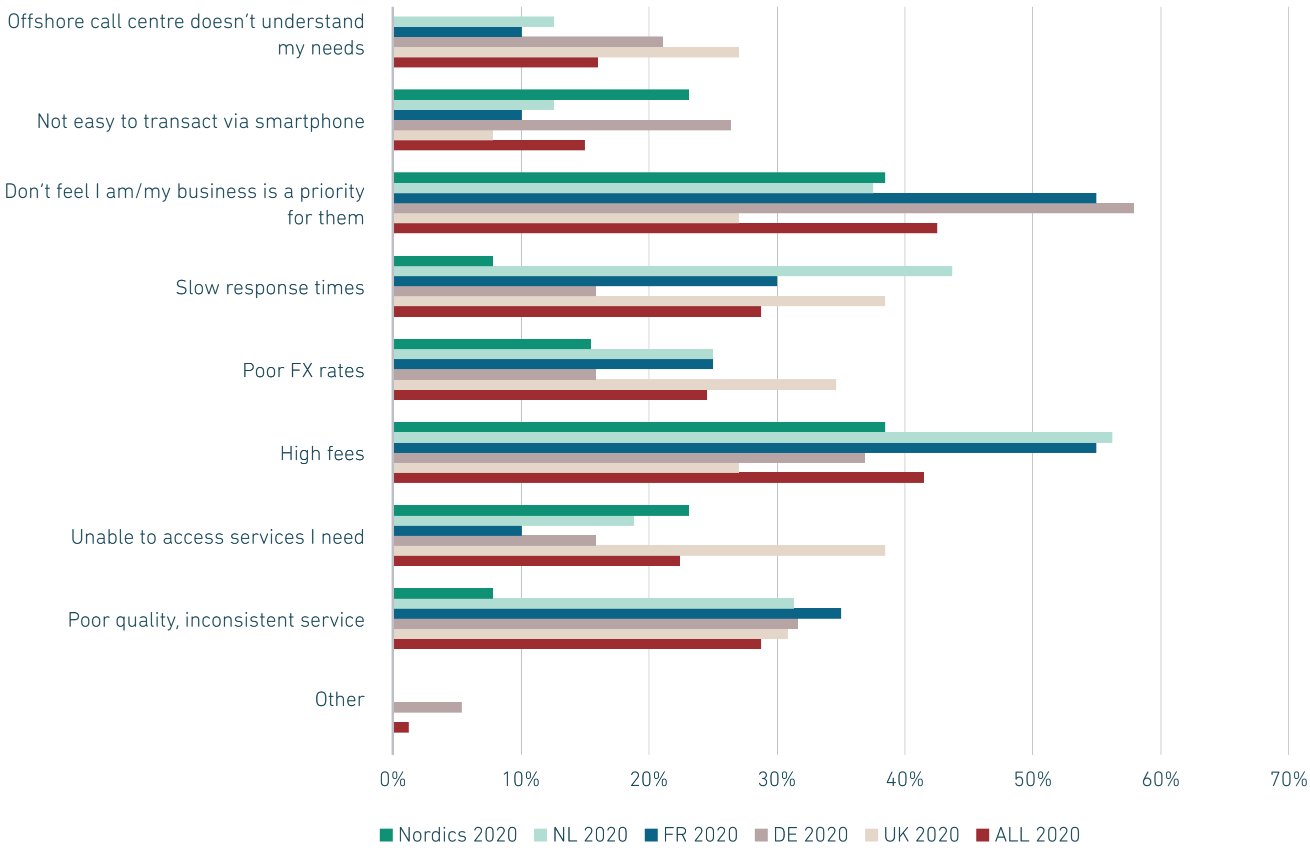
> Fast response times and strong tech keep SME merchants happy with their bank

French and German businesses are the most likely to feel that they are not a priority for their banks, with 55% and 58% giving this as a reason, respectively. High fees were main reasons for French (55%) and Dutch (56.3%) merchants.

Why do you feel you are well served by your current banking partners?



Why do you feel you are not well served by your current banking partners?



CHAPTER 2

THE TRADITIONAL BANK ANGLE

In recent years there has been an explosion of FinTech providers entering the market, but they have not made a significant dent in the customer base or profitability of traditional banks. With the benefit of reliability, history and strong customer relationships, incumbent banks hold a firm position in the market despite their inability to adapt quickly or offer cross border solutions at low cost.

Regulatory requirements and legacy infrastructures hinder banks from offering the real-time, low-cost, flexible solutions SMEs need in order to remain competitive. But what is most likely to stop online merchants approaching their usual bank for a loan?

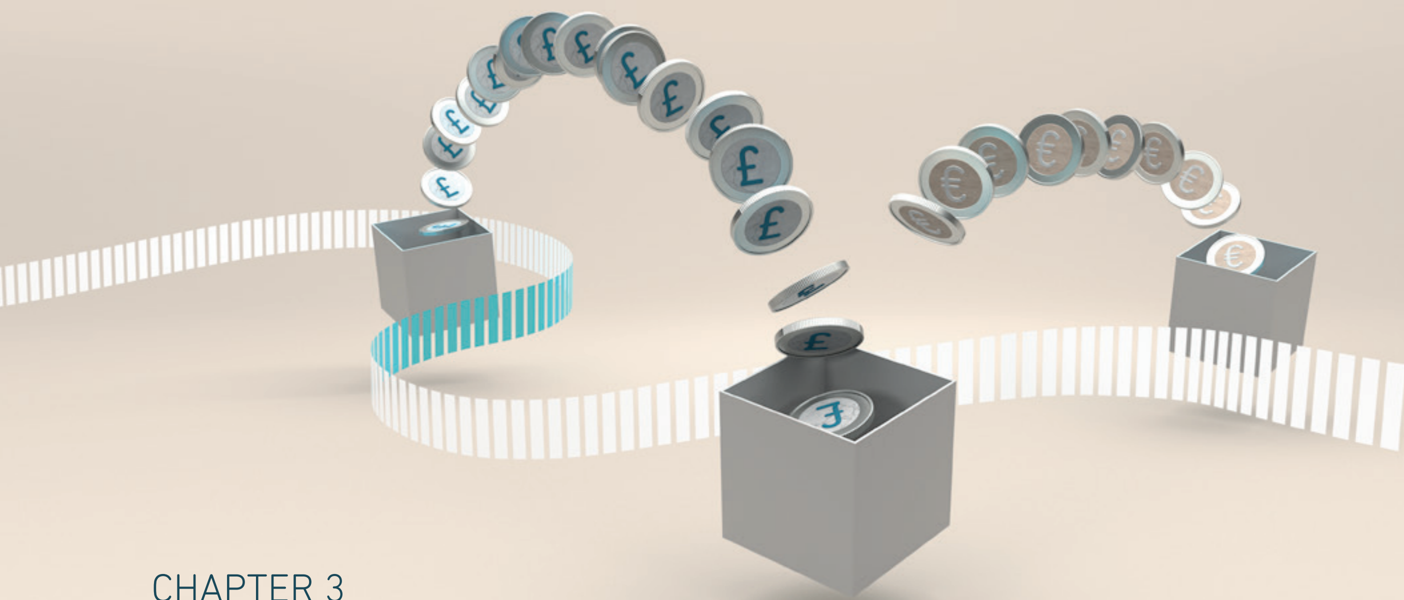
Just 10% of merchants across the regions surveyed, and 6% of merchants in the Nordics, stated that nothing would stop them using their existing bank. High interest rates were the biggest issue for respondents, putting off 40.8% of all online merchants and 50.7% of German firms.

In second place, high set-up fees would put off 32.5% of all merchants, followed closely by inflexible repayment options for 31.1% of merchants in all regions, but 36.8% of German businesses.

Bad previous experiences (28.2%), preferring to keep banking and borrowing separate (25.1%) and poor digital experience (22.9%) were all big influencers.

> High interest rates and set-up fees push merchants away from traditional banks

What might prevent you from using your existing bank for a loan in future?



CHAPTER 3

TRANSACTING ACROSS BORDERS

Traditional cross border payments utilise the correspondent banking network, which suffers high costs, poor FX rates and slow transfer times due to the number of parties involved in each transaction.

Just 15% of the SMEs surveyed have not experienced problems when trying to arrange cross border payments through their banking partners; but a further 8.7% have never attempted to do so.

UK and German banks seem to be the most successful providers, with 21.5% and 18% of merchants based there, respectively, stating they haven't experienced issues. At the other end of the scale, less than one in ten (9.9%) French firms have experienced problem-free cross border payments.

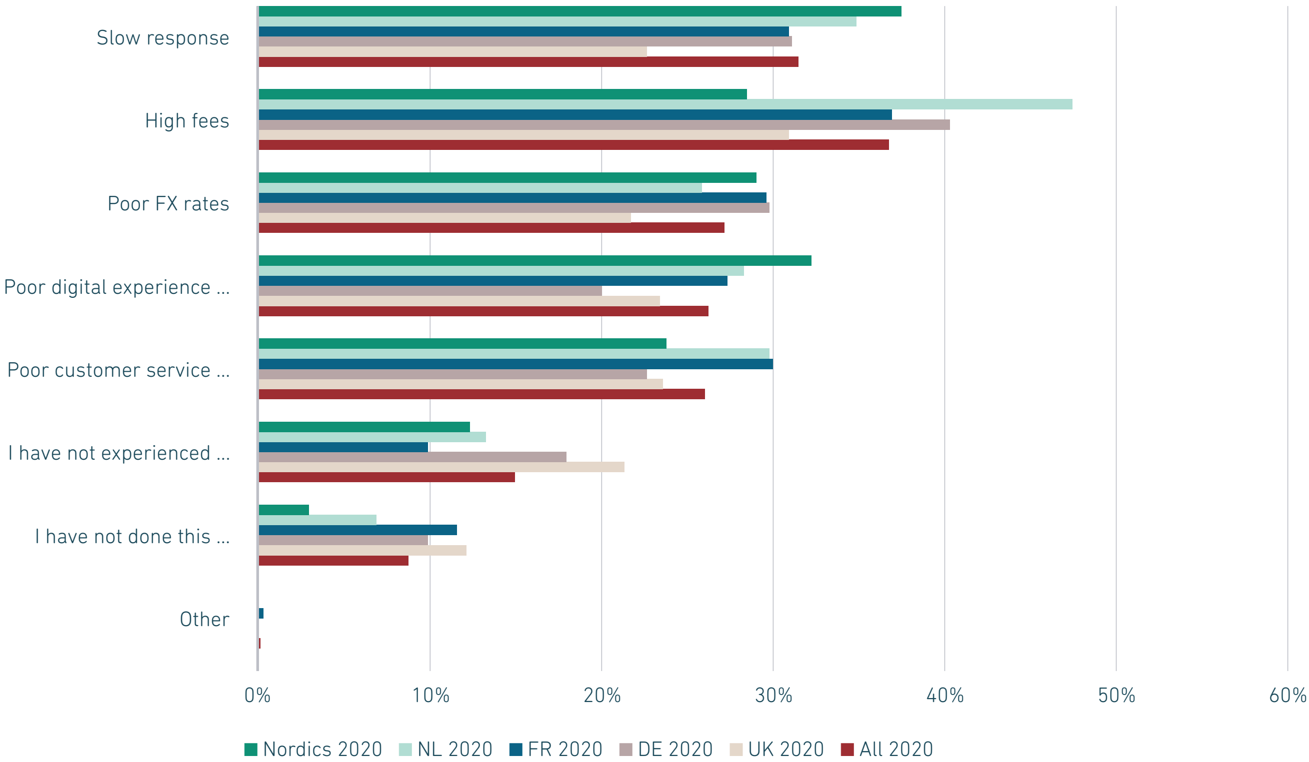
While there are a wide range of issues at play, the most influential difficulties are relatively consistent across the regions involved in the study.

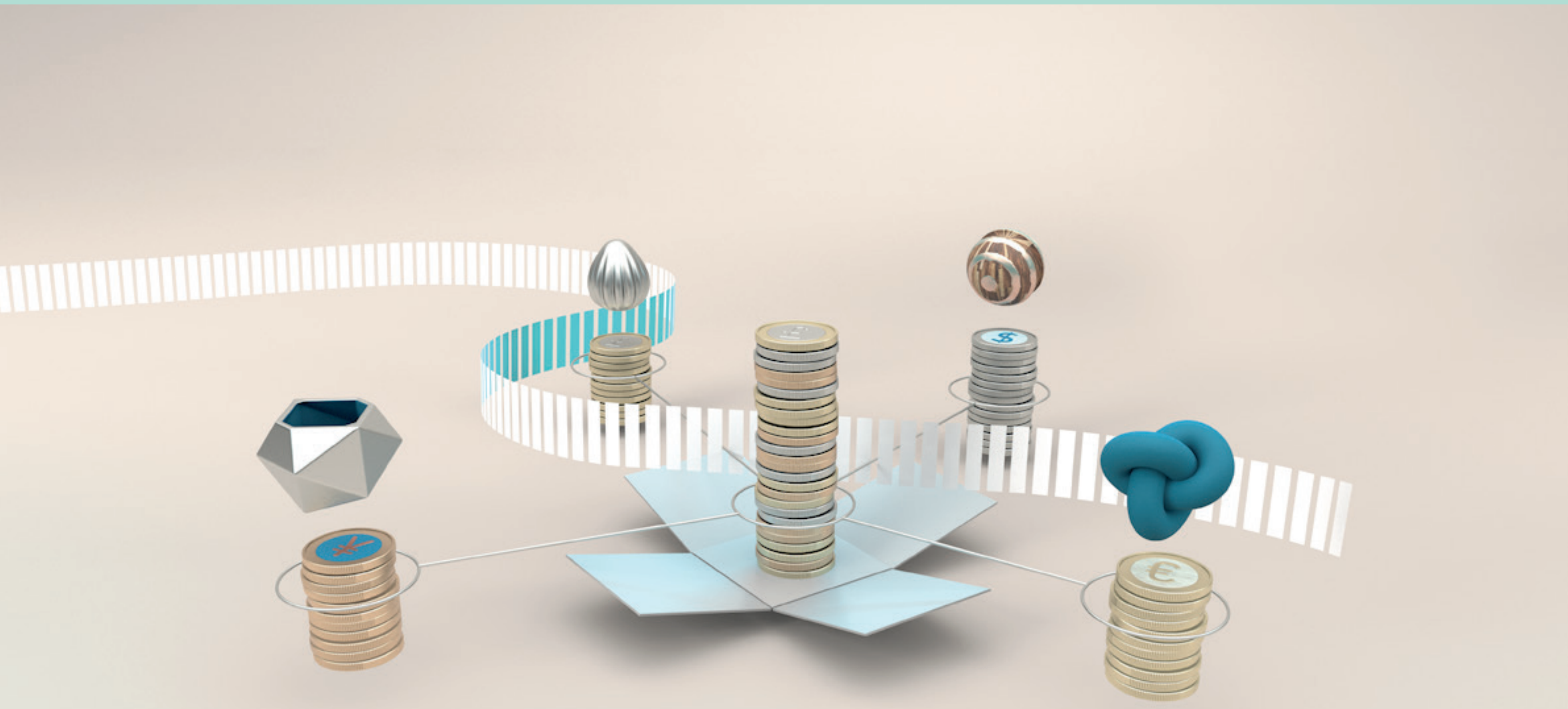
36.9% of all firms found high fees an issue – the most problematic area for all regions except the Nordics (28.5%) which struggled more with slow bank responses (37.7%). Slow responses caused problems for an average of 31.6% of merchants.

Poor FX rates provided challenges for around one in three of all online merchants (27.3%) but were less of an issue in the UK (21.8%) compared with the other regions. A poor digital experience hampered a quarter of respondents (26.4%), and poor customer service affected a similar number (26.1%).

Just 15% of SMEs have not experienced problems with cross border payments from their bank

What problems have you experienced when trying to arrange cross border payments through your banking partners?





CHAPTER 4

ACCESSING BUSINESS FINANCING

Access to business finance is essential to most SMEs at some point in their journey, even without a global lockdown dramatically cutting trade, cashflow and profits. Machinery, delivery vans, air conditioning and computer systems can all fail and need potentially expensive repairs quickly.

These repairs cannot always wait for payment settlement cycles as this would lead to too much downtime, significant loss of earnings and a dangerous spiral towards business failure. Any business, of any size and at any stage can need additional funding, whether to carry out essential repairs or replacements, to restock before a busy season or to invest in profitable expansion or marketing.

Our research found that of the surveyed regions, Nordic merchants are the most likely to have accessed business finance in the past two years (80%), compared with German firms being the least likely at just 53.3%. The overall average of all merchants surveyed who had accessed business finance in the past two years across all regions was 64.6%.

The most common reason given was to buy equipment for the business. The only exception to this was Germany, where the most common reason was to purchase inventory.

> Any business, of any size and at any stage can need additional funding

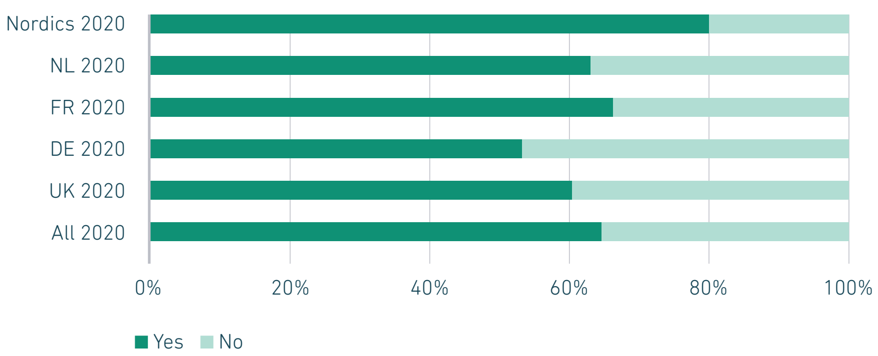
Since the 2018 survey, the UK result has shifted significantly, from 52% borrowing to buy equipment in 2018, down to 36.6% in 2020. Expanding into new markets as a reason for borrowing increased from 27.5% in 2018 to 33.9% in 2020, and expanding to additional premises also grew in popularity, with 21.2% borrowing to fund such expansion in 2018 compared to 29% in 2020. Increasing headcount for a short-term need and investing in marketing and advertising were also given more commonly as reasons for borrowing in 2020 than in 2018.

As well as positive action such as expansion and increasing headcount, the new research found a clear focus on borrowing to cover costs and payroll – perhaps influenced by the timing of the research coinciding with the global pandemic.

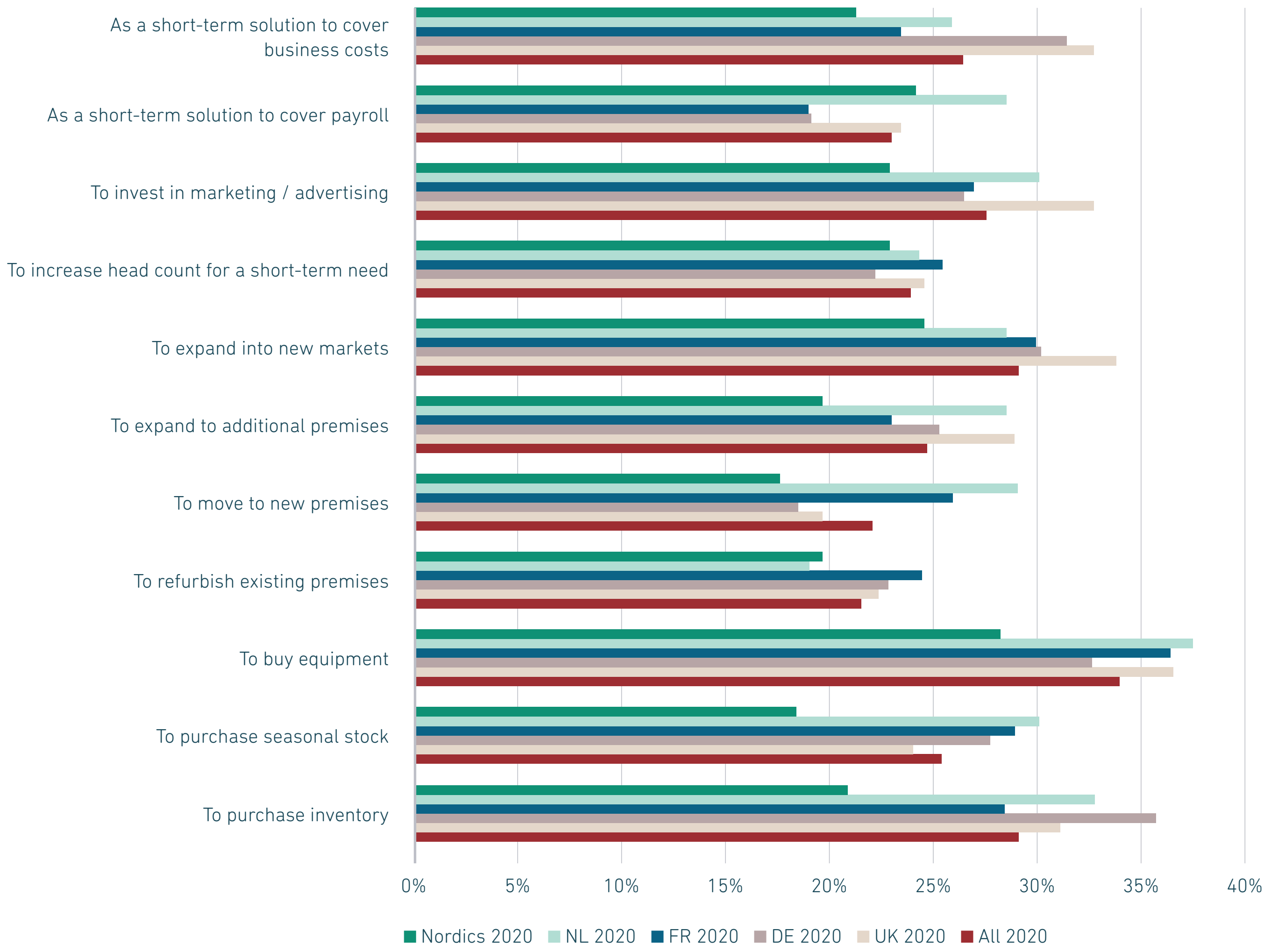
On average 23% of the SMEs surveyed said they had borrowed funds as a short-term solution to cover payroll and 26.5% needed extra cash to cover business costs, with Nordic merchants the most likely to need cash for one or other of these needs.

23% of SMEs have borrowed to cover payroll

Have you needed business finance in the last 12-24 months (excluding the current coronavirus related situation)?



Why did you need business finance in the last 12-24 months (excluding the current coronavirus related situation)?



Types of finance needed in 'normal times'

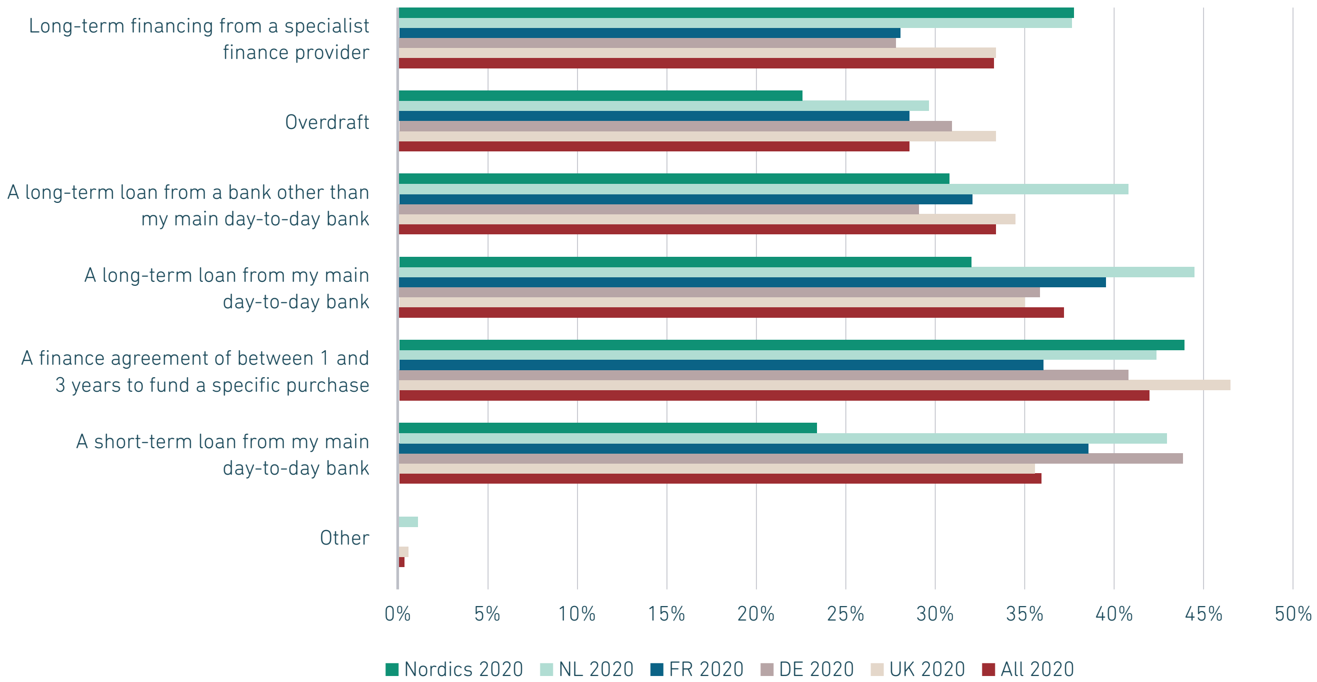
For many businesses the coronavirus pandemic has created an urgent need for additional funding, whether from private banks or government funded borrowing. However, during our research we asked respondents to think only of funding unrelated to the crisis, to give a more balanced overall picture of business borrowing across the regions.

On average, the most common type of finance was a one to three-year finance agreement to fund a specific purchase, with 41.9% of all businesses having accessed this type of funding. But the most common type of finance varied across the regions.

In Germany and France, online merchants are most likely to have taken out a short-term loan from their main day-to-day bank, and more Dutch firms have taken long-term loans from their main bank.

Long-term financing from a specialist provider was the least popular option but has increased in use in the UK from 19.1% to 33.3% between 2018 and 2020. UK merchant reliance on overdraft facilities has fallen in that time, from 51.9% to 33.3%.

What type of business finance did you access in the last 12-24 months (excluding the current coronavirus related situation)?



All in the timing

For smaller businesses competing in today's fast-paced marketplace, speed is definitely of the essence when it comes to receiving the funds necessary to repair equipment, restock or increase headcount before a peak rush.

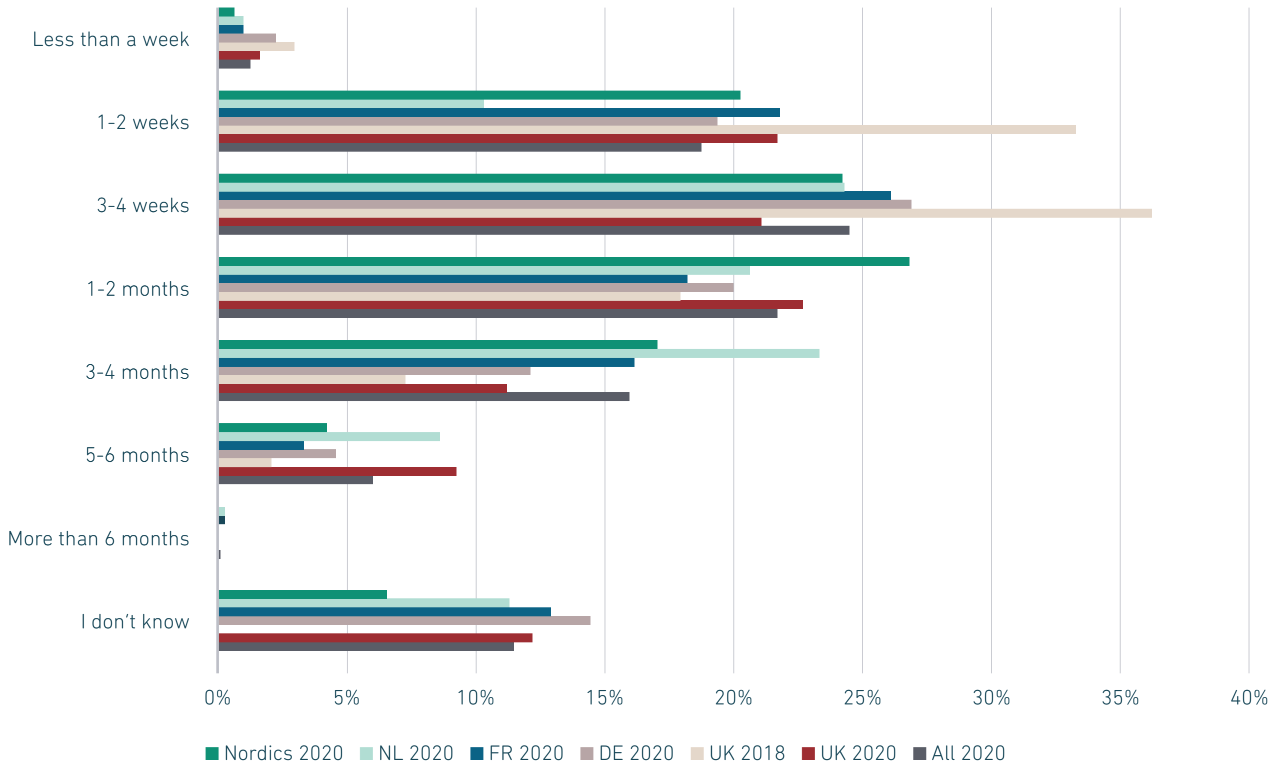
Most commonly, merchants reported a wait for funds of between three and four weeks (24.6%), followed by one to two months (21.7%) and one to two weeks (18.8%).

For 6% of all respondents the wait was between five and six months.

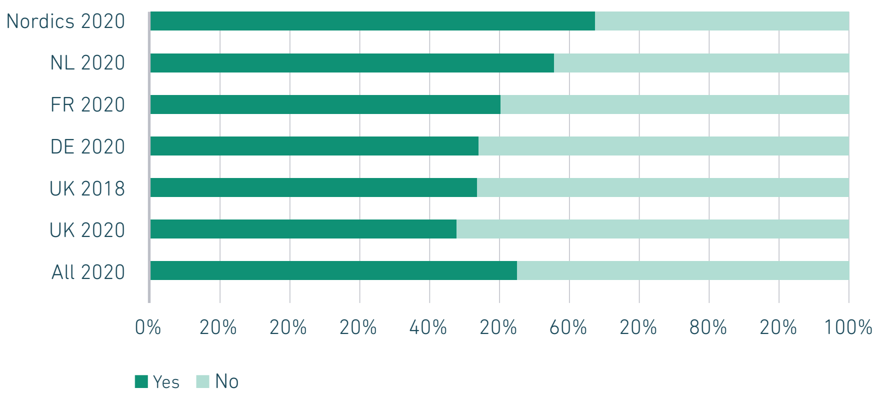
While a quarter of respondents want to keep day-to-day banking entirely separate from business borrowing, results were fairly evenly split between whether businesses would be reluctant to take out a loan from their main business bank because the bank can see all of the business' finances. 52.4% stated they were reluctant to borrow from their usual bank for this reason. This was more of an issue for Nordic merchants (63.6% would be reluctant to borrow), while 53% of German merchants disagreed.

Most merchants waited 3 to 4 weeks for funding

Typically, how long did it take to set-up the business finance you accessed in the last 12-24 months (excluding the current coronavirus related situation)?



Would you be reluctant to take out a loan from your main business bank because they can see all your finances?



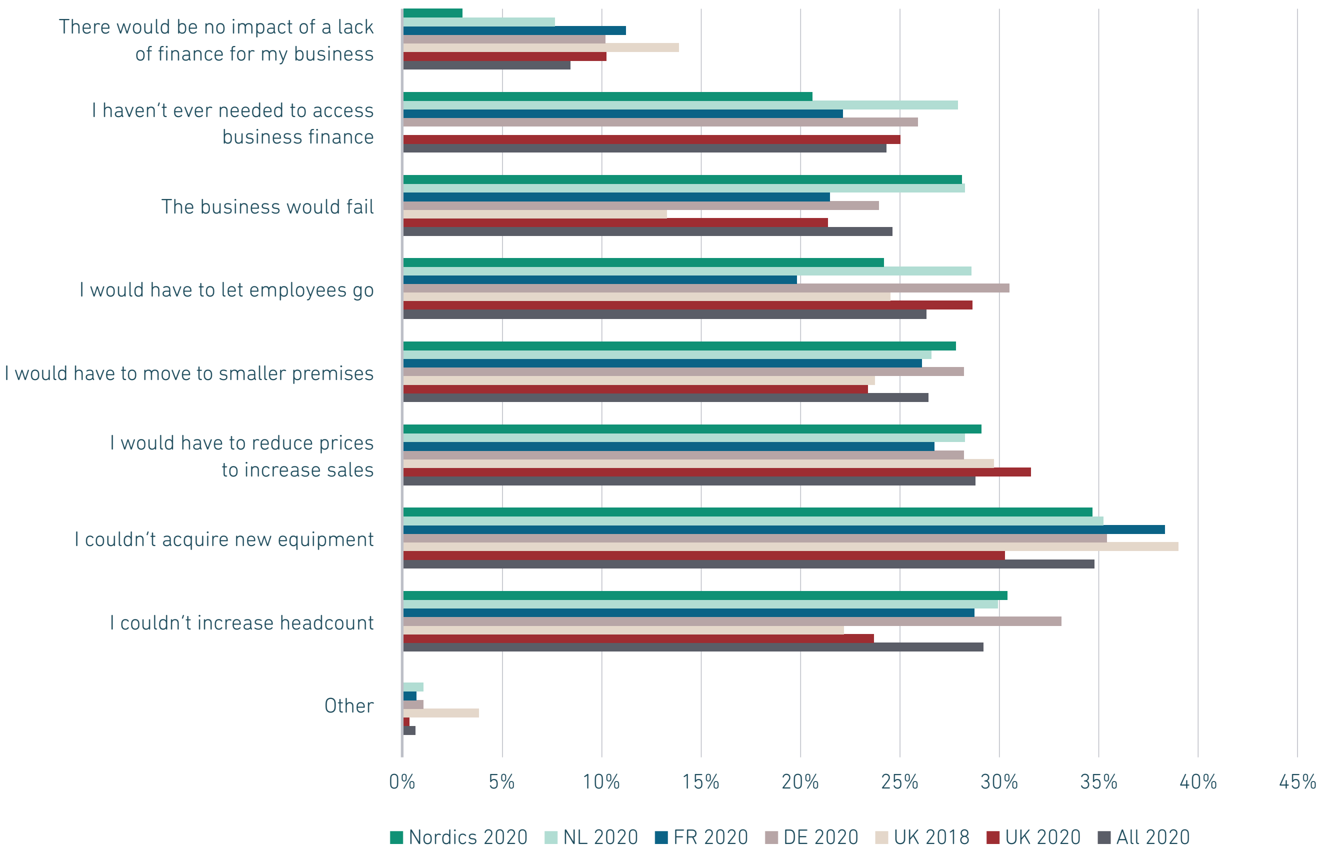
Whether SMEs need funding urgently for essential repairs, or in the future to fund expansion plans, they often experience difficulties and delays in obtaining the cash. We have already looked at the length of time it takes to get their hands on the required cash, but what is the potential impact of such delays?

In 2018, merchants in the UK said a delay would mean they couldn't acquire new equipment (39.1%), would force them to reduce prices (29.8%) and let employees go (24.6%), and possibly even lead to the failure of the business (13.3%). The UK picture in 2020 hasn't changed much, but the likelihood of having to let employees go or the business collapsing has increased (28.7% and 21.5%, respectively).

The most common impact expected across all regions was the inability to acquire new equipment (34.9%) or increase headcount (29.3%). A quarter of all SMEs surveyed would expect to let employees go (26.4%) or for the business to fail (24.7%). German merchants feel most at risk of having to make redundancies (30.6%) while Dutch and Nordic businesses are most concerned about the business failing (28.3% and 28.2% respectively) if they could not access additional financing.

Without funding, a quarter of businesses could fail

What would be the impact of a lack of access to finance for your business?



CHAPTER 5

SEEKING ALTERNATIVES

Faced with a multitude of issues, it is perhaps unsurprising that SMEs are seeking better solutions elsewhere. Almost half (47.9%) have used a non-bank for banking services, with merchants in the Nordics the most likely to have used a specialist (59.7%) and the UK most loyal to traditional banks (41.3% have used an alternative provider).

Faced with the difficulties discussed earlier, merchants across the regions generally agree on what would be the biggest draw of a non-bank.

On average, 37% would be attracted by low interest rates on borrowing. This appeals to even more German merchants, with 43% stating low rates would encourage them to select a non-bank in future.

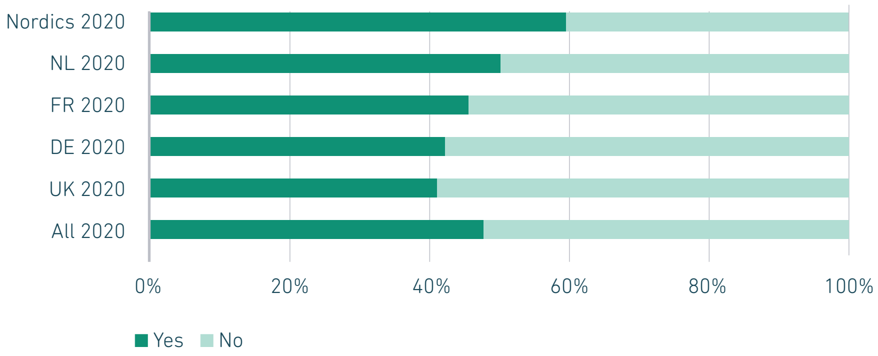
15% confirmed they would not use an alternative provider, and 8.5% felt there was nothing that would encourage them to use a non-bank.

However, low arrangement fees (32.8%), flexible repayment options (31.8%) and quick responses (31.1%) held great appeal for more merchants. Other important positives non-banks could offer to encourage new customers include competitive FX rates and simple online account management.

60% of Nordic businesses have used a non-bank for banking services

Flexible payment options or low arrangement fees could tempt a third of businesses to use an alternative provider

Have you ever used a non-bank (such as a specialist finance company) for banking services?



What would encourage you to select a non bank – in future?

CHAPTER 6

AN INCONCLUSIVE CONCLUSION

The coronavirus pandemic has touched every area of our lives and changed almost everything in some way. Indeed, even this research has taken a new direction and has a new level of significance as a result. The difficulty is however, that there is still so much uncertainty.

For how long will countries remain in lockdown? Will social distancing measures remain in place for many more months to come? To what extent will businesses be impacted in the long-term by this extended period of dramatically lower trade? Will the various government schemes be enough to save every company adversely affected? Will shopping habits change, long-term, or will things gradually return to how they were before?

Changing landscape

Even without the inevitable impact of the pandemic, short- or long-term, times have changed and continue to change for Banks and Payments businesses around the world. We have seen in just two short years that attitudes have shifted amongst UK merchants. That is undoubtedly the same elsewhere.

> Even without the inevitable impact of the pandemic, banking is changing

More businesses now hold a range of international bank accounts in order to better serve global markets. Bank provision is serving merchants more effectively, with the rate of dissatisfaction having fallen. Small companies are finding it more of a challenge to cover business costs and payroll without external financing. And, most worrying, a lack of access to additional funding would have a greater impact on more people today than it would have two years ago, with more businesses expecting that they would have to cut headcount and/or that the business would ultimately fail.

As cross border trade increases, online merchants need access to fast international transaction solutions with low fees and good FX rates. They must be able to transact in any currency and any jurisdiction, otherwise their reach, customer base and profits could be stunted.

The business impact of a human virus

As a direct result of lockdown and forced closures, many retailers, restaurants and other service providers have proven themselves adaptable and innovative. They have shown their ability to quickly change their offering and deliver to customers unable to visit their outlets in the usual way, and it is likely that at least some of the newly developed online offerings will remain as something of a coronavirus legacy.

Online marketplaces are allowing small businesses previously trading only in a local store or through their own website to reach a wider customer base and increase profitability when their shops have had to close. But with online marketplaces having settlement cycles of up to three months, it could be 90 days before these online merchants see any cash from their sales. How can they restock? How can they replace worn-out or broken equipment? How can they expand their offering with no funds to invest?

The digital landscape is fast-paced, it is ever-changing and highly competitive. Merchants in this space need access to banking solutions that can keep up, to support and boost their business rather than hindering and limiting it.

New providers, unencumbered by legacy systems, can deliver faster and cheaper access to banking including account opening, payments and lending. Banks wishing to provide their loyal customers with such solutions can work with newer specialist providers and financial infrastructure providers to do just that. Payments providers wishing to add value to their proposition can also offer offer banking solutions to their merchants including multi-currency accounts, cross border payments as well as seamless, low-cost lending solutions to help online merchants navigate the ebb and flow of SME cashflow and slow settlement cycles.

> Newly-developed online offerings will remain as a coronavirus legacy

EPILOGUE

PREDICTING AN UNPREDICTABLE FUTURE

In a separate study, interviews were conducted with payments providers of various sizes, based in different regions throughout Europe, to obtain their feedback and expectations relating to the coronavirus impact. The study found there has been a rapid response from all types of providers, with a focus on getting new, digital-first services delivered quickly. All providers, including traditional banks, confirmed that a digital offering has been in development for some time, but that lockdown has forced completion and launch to happen far sooner – even if the solution is not perfect.

In the past, providers would run multiple test phases to ensure all imperfections were identified and remedied before a full-scale launch, but the requirements of today are vastly different from what they were. Solutions must be offered as soon as possible – if products are secure, they can be launched now and improved later. The entire market has pulled together in this time of global crisis to help SMEs keep the lights on, whether with lower fees, easier access or government-backed schemes.

The interviews also showed that traditional banks are faring well so far, even having the upper hand in the crisis thanks to their resilience, loyal customer base and long history standing them in good stead to weather the storm. However, if the crisis continues for too long, they could be adversely affected by consumers' and businesses' inability to pay debts. Only through strong partnerships with other financial institutions and financial infrastructure providers able to help them deliver a range of tailored, low-cost solutions, will they be able to remain competitive.

For example, Juan Jimenez Zaballos, Head of Financial Industry Transformation at Santander in Spain commented that delivering digital solutions is no longer just a new norm, but an imperative. He said "We have seen high increases in digital transactions and app downloads... Everything that deals with connectivity is key now and is a priority. We have stopped looking at innovation and are focusing on delivery for the next month – we need solutions fast."

Panagiotis Kriaris, Head of Business Development for Paysafe believes the crisis has accelerated what banks are doing to catch up with digitisation: "They've realised it's better to go with a state-of-the-art product rather than something that takes a long time to build and could be outdated when it is released... and it doesn't necessarily have to be their own product."

And for a challenger bank point of view, Jason Maude, Technology Advocate at Starling Bank confirmed there has been an increase in business bank account opening.

"Our model of being branchless, with online-only applications is working and nothing we've come across so far has said our model needs changing. We continually manage, maintain and upgrade our systems in a way that traditional banks cannot: where incumbent banks are using servers built with a 'write once then done' view, like building a building, we take a gardening approach, constantly de-weeding and occasionally adding new plants or flowerbeds."

> "We have stopped looking at innovation and are focusing on delivery for the next month – we need solutions fast."
>
> Juan Jimenez Zaballos, Santander

Collaboration and co-operation

But while so much has changed around us, it has revealed the strength of partnership, coming together, working together for the greater good, the benefits of collaboration in helping others. Therefore, it seems inevitable that we will see increased acceptance of the idea of collaboration between financial services providers, banks, payments businesses and FinTechs alike.

With reduced pollution and human activity our natural environment quickly began to recover, demonstrating the interconnectivity of the world, the role we play and the impact we have within the wider ecosystem – as much as we like to think of ourselves as independent beings.

In the same way, the financial ecosystem model remains strong. Banks or payments providers working in silo have limited positive impact as resources are spread too thin. But working together within a financial ecosystem, banks and payments businesses that focus their resources on developing and delivering solutions in the areas in which they are strongest, working with other providers to build a suite of tailored and high quality services, can deliver better solutions to those SMEs who need it.

What does the future hold?

Whilst the phrase may well be somewhat stale by this point, these really are unprecedented times. Never before has the world been forced to come to an almost complete standstill. Any business forecasting for 2020 will have been vastly inaccurate even by the end of the first quarter. This means it is extremely difficult to make any concrete predictions regarding the future of digital commerce, global payments or business lending.

Today's financial institutions, from traditional banks to payments businesses and FinTechs, have a unique opportunity – thanks, in part, to the global crisis – to step in and fill a banking gap and help online merchants bounce-back, succeed and prosper in ways they could not imagine a few short months ago when the world was a different place.

> Working in a financial ecosystem, banks and payments businesses can deliver better solutions to SMEs

COLLABORATIVE PARTNERSHIPS

Banking Circle is working with many innovative businesses that are aiming to deliver better financial services to businesses of all sizes. Here a few of those organisations talk about their experience.

SAFECHARGE

Praful Morar, Chief Strategy Officer

Could you tell us a little bit about your business; what services do you offer and what types of online merchants do you serve?

SafeCharge is a Nuvei company, our parent company for North America and Europe. SafeCharge is a licensed and regulated acquirer with Visa and Mastercard in Europe and has several acquiring partners around the world including North America, South America, and Asia.

Essentially, we provide online and offline services for merchants across various industries, including gaming, retail, digital goods and services, financial services, streaming, travel and retail. In collaboration with Nuvei we are able to service clients of any size across the world and have a strong partnership with thousands of Independent Sales Organisations (ISOs) around the world.

What do you believe are the main pain points that your online merchants experience in terms of payments and funding? Do you think they are currently well served by their main business banks?

The main pain point our online merchants experience is finding ways to accept payments efficiently, globally and with a high approval rate.

We have found in recent years that merchants are in pursuit of global expansion. They need to be able to accept any currency, any payment method, in any format within their licence jurisdiction. This is not an easy task; it requires knowledge and expertise surrounding a complex set of rules and regulations, as well as the ability to accept both offline and online payments, while adhering to regulations and mitigating against fraud. A whole range of products need to meet the requirements.

In terms of access to funding: there is no straightforward answer to this. The answer is 'yes' in terms of the capabilities: banks are completely able to provide funding to online merchants. But the answer is 'no' in terms of motivation: most merchants use very specific, traditional banks, which have very limited appetite to provide these services.

Subsequently, merchants look to the new FinTech transactional banks to try to service this particular need.

> "Merchants are in pursuit of global expansion: they need to be able to accept any currency, any payment method, in any format within their license jurisdiction"

However, further restrictions, such as the Payment Services Directive (PSD2) and General Data Protection Regulation (GDPR) make it more difficult to move money around the world. The online world grows fast, but banks tend to grow at a slower rate, and that is one of the main challenges we face.

And how is your business aiming to address these challenges for your online merchants?

Firstly, we have expanded internationally. Our home base was Europe: we are licenced and regulated in Europe and the UK. But now we have grown into Asia Pacific and, together with Nuvei, into North America, and LATAM. We have partnered with local banks and acquirers to provide a full global solution.

We target countries where merchants aspire to expand beyond the regions in where they are transacting. There, we look at the local alternative payments providers, and then we back that up with local banks that have the capability to disperse the payments to our merchants.

Why did you select Banking Circle over other providers in the industry, and how is that partnership helping you address the needs of your online merchants?

The reasons for using Banking Circle are simple. Firstly, they have a very simple technology: a pure, transactional bank. Money comes in, money is reconciled, money goes out to the respective merchants: fast, efficient, currency driven. Secondly, it is very difficult for us to adapt to the many ways that banks do processing, and Banking Circle offered us flexibility to adjust to our requirements. They provided the technical modifications to meet our requirements to do settlements, and this was huge for us.

> "It is very difficult for us to adapt to the many ways that banks do processing - Banking Circle offered us flexibility to adjust to our requirements"

With regard to the current situation with the coronavirus: what do you think will be the big challenges for your businesses and online merchants in the next 12 months after the virus?

If you look at our business, you can see that more than 90% of our business is online sales. There have been two main areas in which we have seen a downturn: firstly, travel and online travel agencies, which fortunately, is not a large part of our client portfolio. But our travel clients have our support and flexibility to enable them to weather the storm. Secondly, on the sportsbook side, we have seen a decline in volume, because obviously, all sports-related events have been cancelled. So post-coronavirus, when the markets re-open, we believe that a lot more flexibility will be required for those particular merchants.

Merchants need higher acceptance, higher capabilities of payments, greater efficiency and, most importantly on the banking side, the ability to pay out. An industry such as iGaming relies on the ability to accept one payment and pay out the winnings or residual funds immediately. And that speed is what brings the confidence back in what they do.

We support our merchants now during this critical time and are prepared to continue to support post-coronavirus through our flexibility and innovations.

CARDSTREAM

Adam Sharpe, CEO

Could you tell us a bit about your business, what services you offer, and the key markets and geographies in which you operate?

Cardstream is a level one, PCI DSS compliant independent payment gateway, which means we are fully secure and we are connected to a large number of acquiring banks and alternative payment methods around the globe. Over the last 10 years that I've been running Cardstream, we've come from being UK- and SME-focused to now being a globally connected payment gateway supporting a vast range of internationally distributed merchants.

Our services are predominantly payment authorisation services, but we also offer fraud prevention capabilities and a range of other value-added services. The UK is definitely a main market for us, but we have rapidly growing opportunities in Europe, North America, Latin America, and Australasia.

What types of online merchants do you serve?

We serve a wide range of merchants, depending on what our channel partners are focusing on. From traditional sales and delivery of goods; to digital content, such as videos and games and e-books; to theatres, cinemas and gyms.

Can you tell us a bit about your role in your business: your focus, responsibilities, and objectives for Cardstream?

I took Cardstream from a small prototype stage almost 10 years ago. From the outset, my focus has been all about strategic alliances: internally, by building business cases; and externally, by bringing strategic partners on board. Our partners are service providers, for instance the acquiring banks, the alternative payment methods, the fraud prevention platforms, or the lending providers. We connect all of those service providers through a single API to our channel partners, and then onward to their customers. The objective is always to drive more value to our partners and for them to cascade that down to their merchants.

What do you believe are the main pain points that your online merchants experience in terms of payments and funding; do you think they are currently well served by their main business banks?

We hear from our channel partners that one of the most important demands from merchants is speed. The speed to establish a merchant account and the speed for a merchant to have cash lent to them is vitally important. When a merchant is pivoting away from the physical world and moving into the digital world, as many merchants are doing these days, the speed with which we can get the cashflow to them is paramount.

How is your business aiming to address the problems of online merchants and your channel partners; how have you adapted your offering over the 12-24 months to meet your customers' needs?

We are trying to help merchants get on board very quickly in any geography. With our global connectivity we enable merchants to do that, scaling cross border very quickly without having to re-integrate with new payment gateways. Equally important is making sure that we are strategically aligned with partners who have a similar outlook to us. On the lending side, for example, the partnership we have with Banking Circle has proven impressively successful.

> "One of the most important demands from merchants is speed: speed to establish a merchant account and speed for a merchant to have cash lent to them"

Why did you select Banking Circle over other service providers in the industry offering similar services?

First of all, the technology integration was smooth and professional. Our technical teams were immediately aligned with what we were trying to achieve, resulting in very few barriers to progress. Whatever few challenges there were, we very quickly overcame. The ability to integrate the two platforms and bring them alongside each other was really refreshing: it was quick, exciting and we were able to roll it out to our first mutual channel partner very smoothly.

Banking Circle's fast settlement capabilities, where merchants no longer have to wait for funds, is a huge boon to them. In addition to speed, Banking Circle has a very broad view on the cash advance element: they have the ability to lend to the smallest of SMEs, but also to some of the larger mid-market merchants, to whom they lend substantial funds. It has been important to find a partner who can provide for both ends of the spectrum.

With regard to the current situation with the coronavirus, what do you think will be the big challenge for your business, and the online merchants you serve in the next 12 months post-coronavirus?

> "Banking Circle's fast settlement capabilities, where merchants no longer have to wait for funds, is a huge boon to them."

I think there will be a lot of businesses taking a look at where they're spending money, and whether they have the right partners around them to get through coronavirus and succeed afterwards. I think it comes back to cash management: there are going to be some businesses out there that undoubtedly struggle where they have a big presence in the physical world. On the other hand, there are going to be many businesses that have accelerated their online presence and are doing particularly well. Yet other businesses have managed to pivot to trade in online spaces, which we have seen a number of businesses do in the last couple of weeks by rapidly integrating many of our ecommerce products.

PAYSAFE

Garreth Dorree, Head of Operations

Tell us a bit about your business, a potted history of how you've evolved, the services you offer and the key markets/geographies in which you operate.

Paysafe is a FinTech specialising in payments that services both businesses and consumers. We've been in the market for over 20 years and have grown substantially in that time through a number of key mergers and acquisitions and now have approximately 3,000 employees. The business is focused on three key areas: digital wallets, comprising brands such as Skrill and NETELLER which are very much B2C, consumer driven e-wallets; eCash products such as paysafecard and Paysafecash, which enable consumers to use cash to make digital payments; and our payment processing divisions, which predominantly work with merchants to allow them to take payments, both in-store (card present) and online (card-not-present).

Our payment processing divisions are predominantly based in North America, Canada, the UK and Europe. Our digital wallets and eCash businesses are quite global in nature – they serve 50+ countries across numerous continents.

What types of online merchants do you serve?

We serve a wide range of traditional online businesses including retail customers, such as The Jewellery Channel in the UK, which we would count as a large client. We work with some insurance companies, along with a lot of subscription business model online merchants, specifically gyms (managing memberships).

For example, we partner with Mindbody globally to manage the business they operate both in Europe and North America. Mindbody is an independent software vendor, delivering the online capability for its customers that are predominantly gyms and yoga teachers, using the software to sign up with an organisation to take their payments.

Also could you tell us a bit about your role in your business, your focus and responsibilities and objectives.

I run the European Payment Processing Business which focuses on pan-European customers that are online merchants. We have our own card scheme license in Europe with Mastercard and Visa, which means we're a highly regulated organisation and our aim is to serve customers and provide them with as many payment methods as possible, and process their transactions as securely, as safely, and as effectively as possible across Europe.

How is your business aiming to address the challenges faced by your online merchants? Have you adapted your offering over the last 12-24 months to meet your customers' needs?

We aim to have a portfolio of banking and payment partners so we can diversify the banks we work with.

This is not only from a risk perspective as some banks have more appetite for certain verticals than others, but also from a customer perspective in terms of making sure we have the best fit.

> "[Banking Circle has] a much more open approach to ways of working, with APIs, the right service levels and reporting in place, compared to that of many of the traditional banks."

We have multiple banks so that we can give our customers and ourselves options of where we can fund through.

Looking at the customers' needs over the last 12 to 24 months, we have adapted. We are constantly looking at banks and what they offer, we're challenging them to see how they can do better, and even some of the mainstream banks are now actually becoming much more open to some of the sectors that perhaps that, in the past, they wouldn't have looked into.

At Paysafe, across all our divisions we're trying to pull together all of the data relating to customer need. We pay merchants across all three of our divisions: eCash, digital wallets, and payment processing. In some cases we're actually paying the same merchant across all three divisions, so we're looking at ways to optimise bringing funds together – in a regulated way, of course – whilst ensuring we limit the possibilities of funds going missing or investigations happening. And we try to use the most effective commercial offering we can provide to those merchants.

"Cashflow will probably prove to be even more important going forward because there will be more regulation."

Why did you select Banking Circle over other providers in the industry? How is that partnership helping you address the needs of your online merchants?

Firstly, as a newer provider, Banking Circle has a much more open approach to ways of working, with APIs, the right service levels and reporting in place, compared to that of many of the traditional banks.

Secondly, it has a risk appetite that's probably a bit broader than some of the competition out there and that partnership is really evolving. We are looking at all of the products, whether that be lending products, utilising FX better, or using them for safeguarding funds etc. We're definitely evolving with them and they're evolving as well.

Recently Banking Circle gained its banking licence and that means two things for us. First of all, it heightens the level of regulatory scrutiny; and Banking Circle has to have the right capital and liquidity in place in order to operate.

Also, Banking Circle is beginning to offer more cost-effective services, such as Faster Payments in the UK, which can then be used to serve some of the separate relationships we have with clients across Europe.

Our merchants don't really spend much time thinking about who we use as a banking partner, they just want us to be able to fund them in time and at the lowest cost. Therefore, it is really important that the work that Banking Circle is doing is effective and productive. In the case of a very large bank, if we have an investigation on-going for a payment, it can take five to ten days because of the way that bank works and how big it is. With Banking Circle, we generally get answers within 24 to 48 hours so I think that's something really positive for them as an organisation.

What do you think will be the big challenges for your online merchants in the next 12 months – post-coronavirus?

The biggest challenge for our partners is survival, and having a sound exit strategy that allows them to get back to normal. The good thing for online merchants is that this is clearly where most people have come to shop during COVID-19. We have recently released a new research report that details how COVID-19 might impact consumer spending trends in the long-term, and much of this data suggests consumers will change their shopping habits in favour of spending online more.

The challenge for our business and for the merchants is actually to embrace that. To make sure we're all in a position where we don't just assume that everything stays the same and, instead, to be prepared for consumer preferences and habits to change.

How we support businesses to grow and to adapt to changing consumer trends and new regulations is always going to be really important. I'll give you two examples. One is that it needs to be easier to pay online, and things like Strong Customer Authentication and 3D-Secure also need to be simplified. Secondly, from a merchant's perspective we need to look at how we can really fund them almost the same day or next day in such a way that we're not taking any risk in that process.

In our industry, we take exposure all the time, because ultimately the time from booking a transaction to the time the actual service takes place should not take days, weeks, or even months for simple things like shopping. You might book your shopping today, but it might not be delivered for three days. In those three days, the acquirer is taking the risk of what happens if that delivery company goes out of business, but I want to pay them straight away. That's going to be a real challenge.

Cashflow is going to become even more important. Will customers pay for it? Maybe, in some cases, but I think there's going to be more of an expectation for online merchants to have cash available as soon as the consumer has purchased whatever it may be, and for that to happen somebody's got to take the risk and I think that's going to be the biggest challenge for us as a business, as well as the merchants.

"Cashflow is going to become even more important. Will customers pay for it? Maybe, in some cases, but I think there's going to be more of an expectation for online merchants to have cash available as soon as the consumer has purchased whatever it may be."

STRIPE

Jeremy Büttner, Head of Banking Partnerships, EMEA

Tell us a bit about your business, a potted history of how you've evolved, the services you offer and your key markets/geographies in which you operate.

Stripe's mission is to grow the GDP of the internet. We do this by building economic infrastructure that companies can use to transact online. We started out a decade ago, when we were focused exclusively on enabling companies to accept online payments. Fast forward to 2020 and we now offer a much broader range of products, from fraud protection, to card issuing, and much more. We also have products to support specific business models that have thrived on the internet; we have Stripe Connect for marketplaces, and Stripe Billing for recurring revenue businesses

The problem we've been solving from the beginning is to remove the complexity of operating online. Today we process hundreds of billions of dollars in payments every year for millions of users around the world, including companies like Amazon and Deliveroo. Stripe is available to businesses in 39 different countries and that number is growing all the time. If we can make it easier to start and scale a business on the internet, then we can help create a more diverse and resilient economy.

What types of online merchants do you serve?

Stripe users come in all shapes and sizes across a large number of different sectors. Whether it is a large enterprise looking to transform its tech stack or a rapidly growing start-up with a new business model, Stripe is here to help. We work with a lot of marketplaces, like Depop, Deliveroo, and Postmates. We also work with a lot of SaaS businesses, such as Slack, Zoom, and Glofox.

We also work with a lot of companies expanding internationally, helping them accept and make payments in new markets.

Also could you tell us a bit about your role in your business, your focus and responsibilities and objectives.

I cover Stripe's banking partnerships in EMEA. My focus is to support Stripe's product teams with getting access to financial infrastructure across all the EMEA markets. We do this by partnering with banks or other financial partners to build value-added products for users. Today, the team broadly focuses on three kinds of initiatives. One is international expansion into new markets, the second one is product expansion – such as card issuing, launching capital (or loan) products, and the third is managing the existing relationships across the financial stack to support on-going businesses.

My directive is really to create alignments with financial partners to best service Stripe users, whether we're talking about an existing user base, or supporting new business models or products that we are hoping to launch in the future.

What do you believe are the main pain points that your online merchants experience in terms of payments and funding; do you think they are currently well served by their main business banks?

Funding is a concern, considering the current environment. We have noticed that it is very difficult for businesses to get access to credit in some US markets, for instance. This is an opportunity for us to look into how we can accelerate their experience and provide merchants with credit to scale their business, especially considering we have a very good insight into how the business is doing, since we are servicing payments on the acquiring side.

Another main pain point that we are looking to solve is global ubiquity. Businesses want to expand into new markets, without having to do the heavy lifting every time. Expanding into a new market shouldn't feel like launching an entirely new business, but all too often that's exactly what businesses experience. Using Stripe,

> "We are looking to solve global ubiquity. Expanding into a new market shouldn't feel like launching an entirely new business."

businesses can start selling into a new market by making just a few configuration changes in their Stripe dashboard.

Finally, with the economic landscape evolving very quickly, what works in business today, might not work tomorrow. New business models emerge all the time and require Stripe to find ways to facilitate that.

How is your business aiming to address these challenges for your online merchants; how have you adapted your offering over the last 12-24 months to meet your customers' needs?

Stripe ships thousands of product updates and features every year. We are addressing new challenges for users every day. This year, for instance, we are particularly focused on growing the number of markets that we operate in, but also on investing in our payments coverage and adding payment methods in our banking relationships.

Why did you select Banking Circle over other providers in the industry? How is that partnership helping you address the needs of your online merchants?

We selected Banking Circle to handle the European coverage, but also for the technical platform, which they are building from the ground-up. Even though Banking Circle has only recently received their banking licence, we believe in the vision and execution of building best-in-class financial infrastructure for service companies like Stripe. We built a very functional partnership with the Banking Circle team and regularly align on the direction of the companies in our portfolio, to see how we can work together to build the right products for our users.

At a very basic level, Banking Circle provides us with access to clearing infrastructure across some of our largest European markets. Additionally, they support us on the treasury side, through services such as FX or credit.

What do you think will be the big challenges for your business and your online merchants in the next 12 months – post-coronavirus?

The long-term trend of commerce moving online has dramatically accelerated. Businesses that never really considered the Internet as a viable route to market have pivoted online overnight. We've seen strawberry farmers in France going directly to consumers for the first time, and veterinary practices in the UK open to do online consultations. We've also seen some of the large enterprises having to adapt at a significantly faster pace than they were used to. Finally, some of the niche brands, like Zoom or Slack, which are both Stripe users, have all of a sudden become essential services.

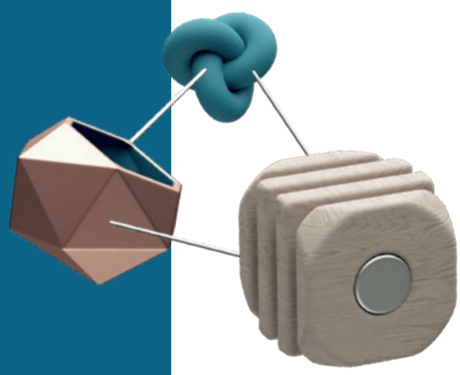
Taking a step back, for the last ten years Stripe has been working hard to make it easier to start and scale your business online. The best thing we can do for businesses right now is stay the course and intensify our efforts even more. Lots of users have indeed managed massive increases in scale, and those users value Stripe's stability and reliability above anything else.

Finally, for businesses that are facing tough times, one of the things we can do is to help make sure that they don't leave any revenue on the table, which, from a Stripe perspective, means maximising conversion and authorisation, while also minimising fraud. These are challenges that we have been working to overcome for the last decade and we will continue to support users facing these issues.

"We believe in the vision and execution of building best-in-class financial infrastructure for service companies like Stripe."

APPENDICES

Research base information and the full set of survey questions and responses



APPENDIX 1 – THE RESEARCH BASE

The research was conducted by Censuswide between 30th March 2020 and 7th April 2020, amongst 1,514 respondents from merchants that trade online and respondents who work in the finance department in companies that sell digitally. The SME merchants surveyed were based in the UK, Germany, France, the Netherlands and the Nordics.

Respondents represented online merchants of all sizes of SME.

APPENDIX 2 – FULL RESULTS

Q1. Which of the following best describes your business banking relationship?

	ALL 2020	UK 2020	UK 2018	DE 2020	FR 2020	NL 2020	NORDICS 2020
The same one for all countries in which me/my business trades	43.1%	43.9%	61.9%	41.1%	49.7%	43.7%	37.4%
One for my UK banking and a separate one for international transactions	34.0%	34.0%	34.9%	35.2%	33.1%	33.3%	34.4%
A different one for each individual country in which I trade/my business trades	19.2%	17.2%	3.2%	18.1%	13.9%	20.3%	26.2%
None of the above	3.7%	5.0%		5.6%	3.3%	2.7%	2.0%

Q2. What banking services do you/your business access from your current banking partners?

	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
Short-term loans	47.8%	43.9%	49.0%	45.4%	51.7%	48.9%
A finance agreement of between 1 and 3 years to fund a specific purchase, such as vehicles, equipment, etc	48.7%	48.8%	53.0%	49.7%	45.0%	47.2%
Settlement account for cross border payments	43.2%	45.2%	38.8%	41.1%	45.0%	45.9%
FX	34.7%	37.3%	16.8%	42.4%	34.7%	42.3%
Overdraft	49.1%	62.0%	44.1%	53.6%	49.7%	36.4%
There are no services I access from my current banking partners	7.0%	9.2%	9.2%	6.0%	6.3%	4.3%
Other, please specify	0.9%	0.7%	1.6%	0.3%	1.0%	0.7%

Q3. Do you feel you/your business is well served by your current banking partners?

	ALL 2020	UK 2020	UK 2018	DE 2020	FR 2020	NL 2020	NORDICS 2020
Yes	87.3%	86.8%	84.1%	82.9%	87.4%	88.7%	90.5%
No	6.2%	8.6%	13.1%	6.3%	6.6%	5.3%	4.3%
I don't know	6.5%	4.6%	2.8%	10.9%	6.0%	6.0%	5.2%

Q4. Why do you feel you're well served by your current banking partners?

	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
Service tailored to me/my sort of business	50.9%	58.9%	51.6%	50.8%	44.4%	48.9%
Competitive fees	51.2%	58.9%	50.0%	52.7%	56.4%	38.8%
Good FX rates	41.6%	43.7%	42.9%	41.7%	36.8%	43.1%
Fast response times	60.9%	62.4%	66.3%	64.8%	60.2%	51.4%
Strong technology based services – can access via smartphone, etc	55.2%	60.1%	53.6%	56.4%	53.0%	52.9%
Other, please state	0.5%	1.1%	0.4%	0.0%	0.4%	0.4%

Q5. What banking services do you/your business access from your current banking partners?

	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
Poor quality, inconsistent service	28.7%	30.8%	31.6%	35.0%	31.3%	7.7%
Unable to access services I need	22.3%	38.5%	15.8%	10.0%	18.8%	23.1%
High fees	41.5%	26.9%	36.8%	55.0%	56.3%	38.5%
Poor FX rates	24.5%	34.6%	15.8%	25.0%	25.0%	15.4%
Slow response times	28.7%	38.5%	15.8%	30.0%	43.8%	7.7%
Don't feel I am/my business is a priority for them	42.6%	26.9%	57.9%	55.0%	37.5%	38.5%
Not easy to transact via smartphone	14.9%	7.7%	26.3%	10.0%	12.5%	23.1%
Offshore call centre doesn't understand my needs	16.0%	26.9%	21.1%	10.0%	12.5%	0.0%
Other, please state	1.1%	0.0%	5.3%	0.0%	0.0%	0.0%

Q6. Have you needed business finance in the last 12-24 months (excluding the current coronavirus related situation)?

	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
Yes	64.6%	60.4%	53.3%	66.2%	63.0%	80.0%
No	35.4%	39.6%	46.7%	33.8%	37.0%	20.0%

Q7. Why did you need business finance in the last 12-24 months (excluding the current coronavirus related situation)?

	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
To purchase inventory	29.1%	31.1%	35.8%	28.5%	32.8%	20.9%
To purchase seasonal stock	25.5%	24.0%	27.8%	29.0%	30.2%	18.4%
To buy equipment	34.0%	36.6%	32.7%	36.5%	37.6%	28.3%
To refurbish existing premises	21.6%	22.4%	22.8%	24.5%	19.0%	19.7%
To move to new premises	22.1%	19.7%	18.5%	26.0%	29.1%	17.6%
To expand to additional premises	24.7%	29.0%	25.3%	23.0%	28.6%	19.7%
To expand into new markets	29.1%	33.9%	30.2%	30.0%	28.6%	24.6%
To increase head count for a short-term need	23.9%	24.6%	22.2%	25.5%	24.3%	23.0%
To invest in marketing/advertising	27.6%	32.8%	26.5%	27.0%	30.2%	23.0%
As a short-term solution to cover payroll	23.0%	23.5%	19.1%	19.0%	28.6%	24.2%
As a short-term solution to cover business costs	26.5%	32.8%	31.5%	23.5%	25.9%	21.3%
Other, please specify	0.3%	0.5%	0.0%	0.0%	0.0%	0.8%

Q8. What type of business finance did you access in the last 12-24 months (excluding the current coronavirus related situation)?

	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
A short-term loan from my main day-to-day bank	35.9%	35.5%	43.8%	38.5%	42.9%	23.4%
A finance agreement of between 1 and 3 years to fund a specific purchase, such as vehicles, equipment, etc	41.9%	46.4%	40.7%	36.0%	42.3%	43.9%
A long-term loan from my main day-to-day bank	37.1%	35.0%	35.8%	39.5%	44.4%	32.0%
A long-term loan from a bank other than my main day-to-day bank	33.3%	34.4%	29.0%	32.0%	40.7%	30.7%
Overdraft	28.5%	33.3%	30.9%	28.5%	29.6%	22.5%
Long-term financing from a specialist finance provider	33.2%	33.3%	27.8%	28.0%	37.6%	37.7%
Other, please specify	0.3%	0.5%	0.0%	0.0%	1.1%	0.0%

Q9. Typically, how long did it take to set-up the business finance you accessed in the last 12-24 months (excluding the current coronavirus related situation)?

	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
Less than a week	1.3%	1.7%	2.3%	1.0%	1.0%	0.7%
1-2 weeks	18.8%	21.8%	19.4%	21.9%	10.3%	20.3%
3-4 weeks	24.6%	21.1%	27.0%	26.2%	24.3%	24.3%
1-2 months	21.7%	22.8%	20.1%	18.2%	20.7%	26.9%
3-4 months	16.0%	11.2%	12.2%	16.2%	23.3%	17.0%
5-6 months	6.0%	9.2%	4.6%	3.3%	8.7%	4.3%
More than 6 months, please specify in months	0.1%	0.0%	0.0%	0.3%	0.3%	0.0%
I don't know	11.5%	12.2%	14.5%	12.9%	11.3%	6.6%

Q10. What might prevent you from using your existing bank for a loan in future?

	ALL 2020	UK 2020	UK 2018	DE 2020	FR 2020	NL 2020	NORDICS 2020
They wouldn't lend based on cashflow/credit history of the company	22.5%	19.1%	19.0%	19.7%	21.2%	27.0%	25.6%
I prefer to keep my borrowing separate from my day-to-day banking	25.1%	24.1%	27.2%	21.7%	24.2%	27.3%	28.2%
High set-up fees	32.5%	36.0%	42.1%	36.8%	32.1%	32.7%	24.9%
High interest rates	40.8%	42.9%	48.0%	50.7%	34.4%	41.0%	34.8%
Inflexible repayment options	31.1%	28.7%	24.2%	36.8%	30.5%	30.0%	29.5%
Poor digital experience	22.9%	21.1%		23.4%	23.2%	22.7%	24.3%
A bad previous experience	28.2%	27.1%	13.9%	31.9%	24.2%	31.3%	26.6%
Nothing would prevent me from using my existing bank for a loan in future	10.3%	13.5%	12.3%	8.2%	15.2%	8.3%	6.2%
Other, please specify	0.5%	0.7%	0.2%	0.7%	0.3%	0.7%	0.0%

Q11. Would you be reluctant to take out a loan from your main business bank because they can see all your finances?

	ALL 2020	UK 2020	UK 2018	DE 2020	FR 2020	NL 2020	NORDICS 2020
Yes	52.4%	43.9%	46.8%	47.0%	50.0%	57.7%	63.6%
No	47.6%	56.1%	53.2%	53.0%	50.0%	42.3%	36.4%

Q12. What would be the impact of a lack of access to finance for your business?

	ALL 2020	UK 2020	UK 2018	DE 2020	FR 2020	NL 2020	NORDICS 2020
I couldn't increase headcount	29.3%	23.8%	22.2%	33.2%	28.8%	30.0%	30.5%
I couldn't acquire new equipment	34.9%	30.4%	39.1%	35.5%	38.4%	35.3%	34.8%
I would have to reduce prices to increase sales	28.9%	31.7%	29.8%	28.3%	26.8%	28.3%	29.2%
I would have to move to smaller premises	26.5%	23.4%	23.8%	28.3%	26.2%	26.7%	27.9%
I would have to let employees go	26.4%	28.7%	24.6%	30.6%	19.9%	28.7%	24.3%
The business would fail	24.7%	21.5%	13.3%	24.0%	21.5%	28.3%	28.2%
I haven't ever needed to access business finance	24.4%	25.1%		26.0%	22.2%	28.0%	20.7%
There would be no impact of a lack of finance for my business	8.5%	10.2%	13.9%	10.2%	11.3%	7.7%	3.0%
Other, please specify	0.6%	0.3%	3.8%	1.0%	0.7%	1.0%	0.0%

Q13. What problems have you experienced when trying to arrange cross border payments through your banking partners?

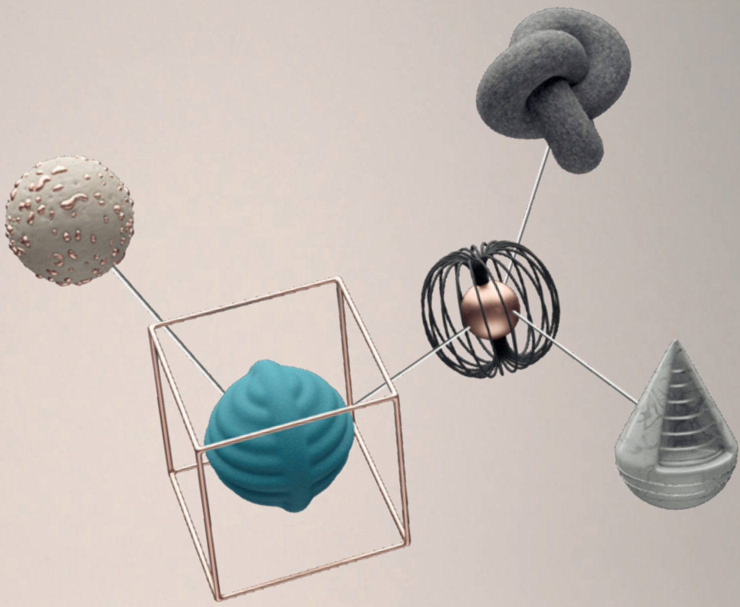
	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
Slow response	31.6%	22.8%	31.3%	31.1%	35.0%	37.7%
High fees	36.9%	31.0%	40.5%	37.1%	47.7%	28.5%
Poor FX rates	27.3%	21.8%	29.9%	29.8%	26.0%	29.2%
Poor digital experience – couldn't access service easily on smartphone	26.4%	23.4%	20.1%	27.5%	28.3%	32.5%
Poor customer service – don't understand what my business needs	26.1%	23.8%	22.7%	30.1%	30.0%	23.9%
I have not experienced any problems	15.1%	21.5%	18.1%	9.9%	13.3%	12.5%
I have not done this	8.7%	12.2%	9.9%	11.6%	7.0%	3.0%
Other, please specify	0.1%	0.0%	0.0%	0.3%	0.0%	0.0%

Q14. Have you ever used a non-bank (such as a specialist finance company) for banking services?

	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
Yes	47.9%	41.3%	42.4%	45.7%	50.3%	59.7%
No	52.1%	58.7%	57.6%	54.3%	49.7%	40.3%

Q15. What would encourage you to select a non-bank in the future?

	ALL 2020	UK 2020	DE 2020	FR 2020	NL 2020	NORDICS 2020
Quick response	31.1%	28.1%	36.2%	29.1%	32.3%	29.8%
Low arrangement fees	32.8%	36.0%	39.1%	28.5%	32.7%	27.5%
Low interest rates	37.1%	38.9%	43.1%	35.8%	37.3%	30.2%
Competitive FX rates	28.5%	31.4%	28.6%	29.8%	24.7%	27.9%
Flexible payment options (e.g. ability to pay more during more profitable times, and less at more challenging times)	31.8%	32.3%	39.8%	26.8%	34.3%	25.6%
If they responded quicker than my bank	25.5%	26.1%	26.3%	24.5%	26.3%	24.3%
The ability to keep borrowing and day-to-day banking separate	23.1%	22.4%	24.3%	23.2%	23.0%	22.6%
Simple online account management	27.2%	31.0%	31.9%	24.5%	26.0%	22.6%
I wouldn't use an alternative lender	15.5%	13.2%	15.1%	15.9%	17.7%	15.7%
Nothing would encourage me to select an alternative lender in the future	8.5%	11.6%	6.6%	6.6%	7.7%	10.2%
Other, please specify	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%



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