



BANKING ON TECH CITY

**WHAT DO TECHNOLOGY COMPANIES  
LIKE ABOUT THEIR BANKS  
AND WHAT WOULD THEY CHANGE?**

REPORT

## BANKING ON TECH CITY

# WHAT IS THIS REPORT ABOUT?

**Tech City is the hub of technology companies** in East London, broadly based in the Shoreditch and Queen Elizabeth II Stadium areas. There are few giants of digital enterprise and a large cluster of start-ups and small enterprises in this hub.

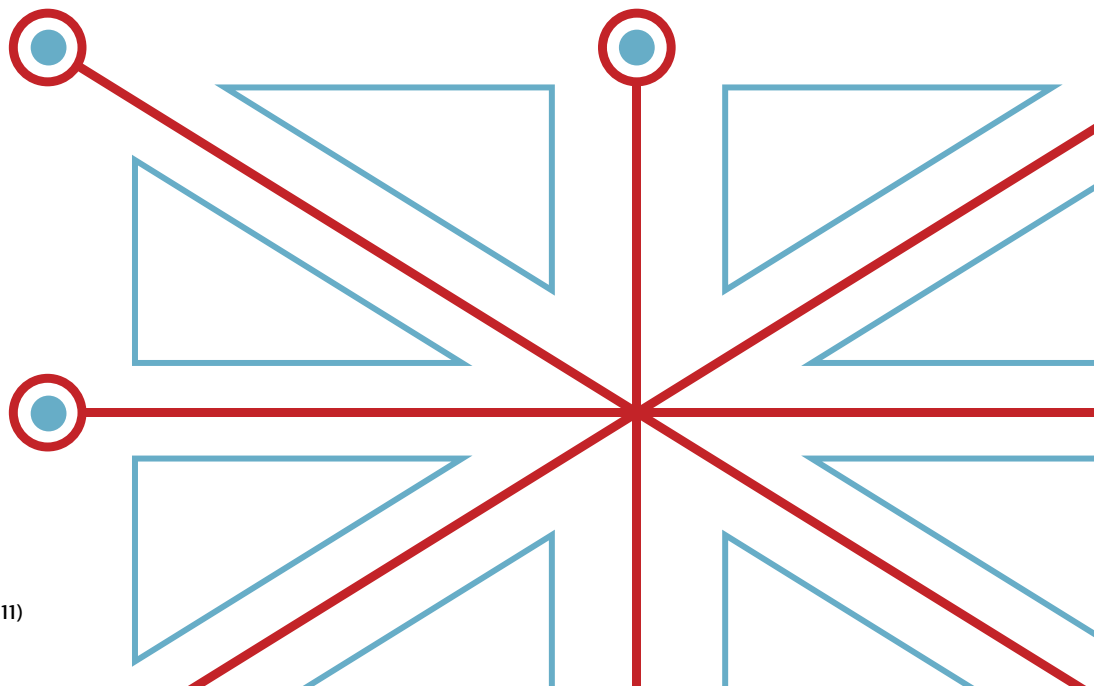
**We asked 51 executives** (decision makers/people involved with banking within their companies) who work in Tech City how they rate their business banking experience, whether banks are helpful and trustworthy, and whether they offer expected services and bank channels.

Research has shown that Tech City executives believe that their **banks are helpful and trustworthy**. Given the criticism banks have come under since the 2008 crash, this is very welcome news indeed. Yet the research also shows that **banks are not delivering on specialist services**. What might be considered vital business services such as cash flow forecasting, mobile banking and corporate credit card management are not being offered on a significant scale.

We also found that despite a 2011 report by Accenture describing SMEs as "fiercely loyal" to their banks<sup>1</sup> a significant number of Tech City **companies would be willing to switch** banks to get a better service. It means that if banks want to avoid losing custom, they need to get more than the basics right. They need to start delivering on value added and tailored services.

Tech City is the hub  
of technology companies  
in East London

We asked 51 executives



<sup>1</sup> NEXT GENERATION SME BANKING, ACCENTURE (2011)

## BANKING ON TECH CITY

# WHAT HAVE WE ASKED?

We have asked the following questions to executives from Tech City:

**Question One** – How would you rate your business banking experience?

**Question Two** – Based on your current business banking experience, which of the following statements are applicable to your own dealings with your bank?

**Question Three** – Which of the following service channels are offered by your bank and which do you use?

**Question Four**

- a) Which of the following services have been offered to you by your bank?
- b) And which would you pay for?
- c) And which would you like to access via mobile?

**Question Five** – To what extent do you agree with the following statement?

The growth of my business would be significantly improved with banking products, services and advice that are more tailored to my needs.

**Question Six** – Have you considered switching banks because the level of service you receive is not up to your business requirements?



QUESTION  
ONE



QUESTION  
TWO



QUESTION  
THREE



QUESTION  
FOUR

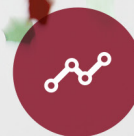


QUESTION  
FIVE



QUESTION  
SIX

# WHAT HAVE WE FOUND?



**53%**  
ARE  
HAPPY

## JUST OVER HALF OF THE RESPONDENTS ARE HAPPY WITH THEIR BUSINESS BANKING.

Our research has shown that **just over half (53%) of the respondents are happy with their business banking**. It is even worse with micro-companies (ten employees or fewer), because fewer than half of them (48%) have a positive impression of their banking experience. However, Tech City executives believe that their **banks are helpful (69%) and trustworthy (73%)**.

Companies believe that **bank services have a strong impact on their business**. The research has shown that 57% of companies believe that the growth of their business would be significantly improved with banking products, services and advice that are more tailored to their needs. Unfortunately, when it comes to value added services, banks are not delivering for SMEs, despite significant numbers willing to pay for them. Banks should take it into consideration, because almost **one in three company (31%) would consider switching banks if they felt it would improve their business**.

**31%**

**ONE IN THREE COMPANY (31%) WOULD CONSIDER SWITCHING BANKS IF THEY FELT IT WOULD IMPROVE THEIR BUSINESS.**

**98%**

The research has also shown that **online banking is a standard nowadays** – almost all (98%) respondents have been offered online banking and the same number use it. But what is surprising, **only half (53%) of executives have been offered mobile banking and only one in five (22%) use it**. Taking into account how popular smartphones and tablets are nowadays, there must be some problems with mobile banking services.

# COMPANIES LIKE THEIR BANKS

Q1. HOW WOULD YOU RATE YOUR BUSINESS BANKING EXPERIENCE?

OF RESPONDENTS  
HAVE A POSITIVE  
IMPRESSION OF THEIR  
BUSINESS BANKING EXPERIENCE



53%

OF RESPONDENTS  
HAVE A NEUTRAL  
IMPRESSION



37%

HAVE A NEGATIVE  
IMPRESSION



10%

## OUR SURVEY SHOWS:

- ✓ 53% of respondents have a positive impression of their business banking experience
- ✓ 37% of respondents have a neutral impression and only 10% have a negative impression
- ✓ For micro-companies (ten employees or fewer), fewer than half of them (48%) have a positive impression of their banking experience
- ✓ Large companies (over 251 employees) have only positive impressions.

## OUR EXPERTS SAY:

Banks have been the subject of a considerable amount of criticism over the last five years. It has been widely reported that banks are letting down businesses and individuals alike with the services they provide or fail to provide. So it will be pleasing for the banking industry to discover that a small majority of Tech City executives have a positive impression of their banking experience.

Looking at the figures in more detail, though, shows that the picture is not as rosy as it might appear. Of the 51 companies we spoke to, 27 were micro-enterprises, with ten employees or fewer. Fewer than half of these have a positive impression. It is vitally important that banks deliver for all business and if they are failing the smaller ones, then questions must be asked about how to improve the services they offer.

# BANKS ARE TRUSTWORTHY AND HELPFUL

Q2. BASED ON YOUR CURRENT BUSINESS BANKING EXPERIENCE, WHICH OF THE FOLLOWING STATEMENTS ARE APPLICABLE TO YOUR OWN DEALINGS WITH YOUR BANK?



73%



THEY ARE TRUSTWORTHY

69%

THEY HAVE BEEN HELPFUL WITH REQUESTS



26%

26%

THE METHODS OF COMMUNICATION THEY USE ARE NOT APPROPRIATE FOR MY BUSINESS



THEY ARE NOT FLEXIBLE IN THEIR APPROACH TO DEALING WITH MY ISSUES



20%  
THEY SHOW A POOR UNDERSTANDING OF MY BUSINESS



18%  
EVERYDAY BANKING PROCESSES TAKE TOO LONG



16%  
THEY DO NOT LISTEN TO THE REQUIREMENTS OF MY BUSINESS



16%  
THEY DO NOT OFFER ME GOOD ADVICE



## OUR SURVEY SHOWS:

- ✓ Respondents are happy with the basic services they get from their bank
- ✓ 73% of respondents believe that their banks are trustworthy
- ✓ 69% think banks have been helpful with requests
- ✓ Unfortunately 26% of respondents say that the methods of communication used by bank are not appropriate for their business, while 24% think banks are not flexible in their approach to dealing with their issues
- ✓ There is also a group of companies (more than 15%) saying that banks do not listen to the requirements of their business and do not offer them good advice.

## OUR EXPERTS SAY:

On the surface, these are encouraging figures for banks. However, it is arguable that factors such as business understanding and trustworthiness are hygiene factors. Banks should be getting these absolutely right as a matter of course. Where banks will stand or fall in the battle for business is not on the basics – it is on the value added services.

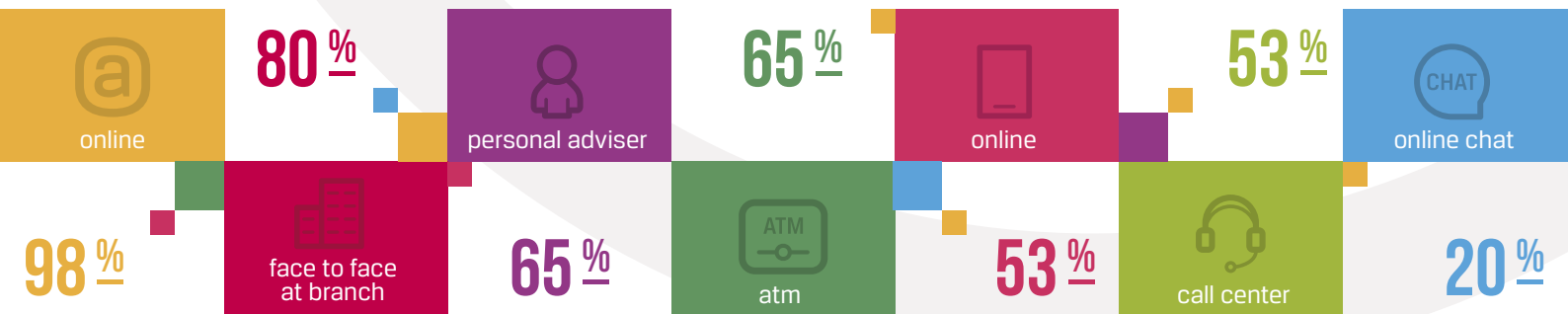




# ONLINE MORE POPULAR THAN FACE2FACE

Q3. WHICH OF THE FOLLOWING SERVICE CHANNELS ARE OFFERED BY YOUR BANK AND WHICH DO YOU USE?

## THEY ARE OFFERED



98%



98%



49%



41%



22%

35%



6%



22%



## THEY USE



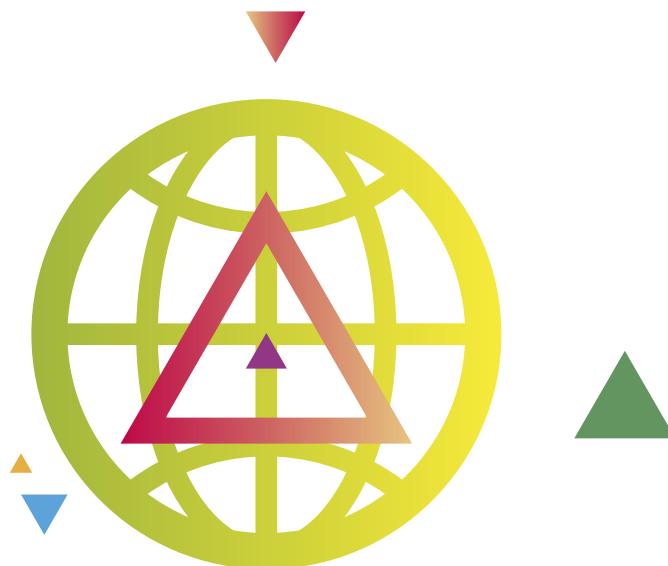


## OUR SURVEY SHOWS:

- ✓ A lot of banks offer face to face services at the branch and personal adviser more often than mobile banking
- ✓ Online banking seems to be a standard nowadays – customers are offered online banking more often than face to face services at the branch
- ✓ Almost all (98%) of respondents have been offered online banking and the same number use it
- ✓ 80% have been offered face to face services at their branch with half (49%) using it and almost two-thirds (65%) have been offered a personal adviser with 41% using it
- ✓ However, only half (53%) have been offered mobile banking and only one in five (22%) use it.

## OUR EXPERTS SAY:

It is reassuring that banks are offering online services and that these are being used by Tech City executives. Mobile banking is a concern though. With only half the executives being offered this service and only a fifth using it, this is an area banks must explore further. One would expect Tech City executives to embrace mobile banking but this is not the case. This raises a significant question regarding the quality of mobile banking services being offered to these companies. Clearly Tech City execs are not seeing value in using them, possibly because they are based on retail banking, rather than dedicated business banking technology.



# NOT ENOUGH ATTENTION FOR SMEs

## A

**Q4A.** WHICH OF THE FOLLOWING SERVICES HAVE BEEN OFFERED TO YOU BY YOUR BANK?

## B

**Q4B.** AND WHICH WOULD YOU PAY FOR?

## C

**Q4C.** AND WHICH WOULD YOU LIKE TO ACCESS VIA MOBILE?

ALLOW PAYMENTS TO

### BE AUTHORIZED BY SENIORITY

A	B	C
49%	49%	33%

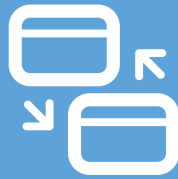


\*\*\*\*\*

### MANAGEMENT OF YOUR CORPORATE CREDIT CARD



A	B	C
31%	31%	24%



### PAYMENT AUTOMATIONS WITHIN EXISTING SYSTEMS

A	B	C
26%	26%	20%

PUSH NOTIFICATIONS

A	B	C
8%	8%	18%

CASH FLOW FORECASTING

A	B	C
28%	28%	24%

NONE OF THE ABOVE ↑

A	B	C
22%	22%	49%



## BANKING ON TECH CITY

### OUR SURVEY SHOWS:

- ✓ When it comes to value added services, banks are not performing for these companies, what might be seen as straightforward business services are not being offered
- ✓ Less than half have been offered the ability to authorize payments by seniority (49%)
- ✓ 31% offer management of their corporate credit card
- ✓ Only 8% have been offered cash flow forecasting – a vital tool when dealing with tight overheads as a high growth company
- ✓ Larger companies are more likely to be offered these services than smaller companies
- ✓ A significant percentage of the respondents would be willing to pay for these value added services if they were offered them
- ✓ Despite only 8% being offered cash flow forecasting, 20% would be willing to pay for it
- ✓ 29% would be willing to pay for payment automations within existing systems
- ✓ 28% would be willing to pay for push notifications.

### OUR EXPERTS SAY:

It is in these figures that we start to see where banks are not delivering. These are, by and large, basic business services and yet they are not being offered to Tech City companies. And the smaller the enterprise is, the less likely it is to be offered these services. Comarch has previously raised concerns that banks do not offer SMEs the due care and attention they deserve and often re-badge retail bank products for SMEs without adding business services. The results of our research add further weight to these concerns.

The market is there for value added services. Taking cash flow forecasting, for example, this is a tool that small enterprises, working to tight overheads as a high growth company, could find of critical value. So when more than double of those offered it want it, and would pay for it, banks need to pay attention to what their business customers demand.

# COMPANIES WANT TAILORED PRODUCTS

**Q5.** TO WHAT EXTENT DO YOU AGREE WITH THE FOLLOWING STATEMENT?  
THE GROWTH OF MY BUSINESS WOULD BE SIGNIFICANTLY IMPROVED  
WITH BANKING PRODUCTS, SERVICES AND ADVICE  
THAT ARE MORE TAILORED TO MY NEEDS.

**16%** — **STRONGLY AGREE**

**41%** — **SLIGHTLY AGREE**

**27%** — **SLIGHTLY DISAGREE**

**16%** — **STRONGLY DISAGREE**

## OUR SURVEY SHOWS:

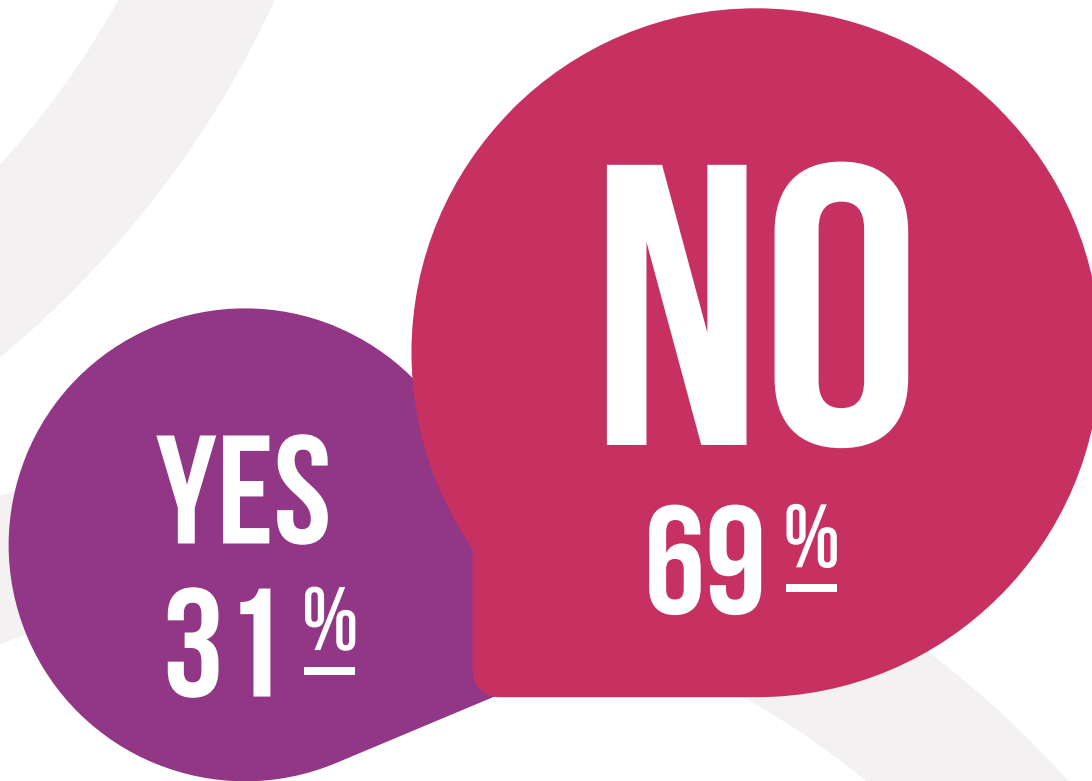
- ✓ A majority of respondents (57%) agree with this statement
- ✓ Only 16% of respondents strongly believe that the growth of their business would not be improved with banking products, services and advice more tailored to their needs
- ✓ Small companies (under 50 employees) believe more often than larger ones that tailored products and services would not improve their business, while about half of them slightly or strongly believe they would
- ✓ 25% of larger companies (51-250 employees) and 0% of those employing over 251 persons disagree with this statement.

## OUR EXPERTS SAY:

Tech City executives know that a tailored banking service would improve their business growth yet this is not being delivered by the banks. This effects micro-businesses in particular because these are the least likely to be offered such services.

# THE LOYALTY IS NOT GUARANTEED

**Q6.** HAVE YOU CONSIDERED SWITCHING BANKS BECAUSE THE LEVEL OF SERVICE YOU RECEIVE IS NOT UP TO YOUR BUSINESS REQUIREMENTS?



## OUR SURVEY SHOWS:

- ✓ Approximately one in three (31%) respondents answered yes to this question. But most companies (69%) would not change the bank even if the level of a received service is not up to their business requirements. A sobering statistic for banks at a time when new regulation is making it easier for corporate customers to switch
- ✓ Large SMEs with 51-250 employees are more likely to switch the bank than smaller ones – 50% of such companies would change the bank if the level of a received service is not up to their business requirements. However, 100% of companies over 251 employees said that they would not change their bank in such a situation.

## OUR EXPERTS SAY:

Banks should not take the loyalty of customers for granted. While SMEs in general may well be "fiercely loyal" to their banks, as Accenture argued in 2011, Tech City companies most certainly are not. When the Tech City executives believe that tailored services are what is needed to help their company grow and when banks are not providing them, it is little wonder that only one third of them have considered switching banks.

## WHAT DO WE RECOMMEND?

Our research has shown that most companies trust banks and believe that tailored banking products and services can help them with their business. But not all companies receive such products and services and a part of them declare that they would change the bank if the level of service is not up to their business requirements. We have sufficient evidence to support our concerns that banks still do not take the specialist needs of SMEs seriously enough, including the Tech City companies. When a majority of them believe that their business could be improved through tailored and specialist services and banks are not providing them, this is the cause for concern. We believe that the willingness of so many executives to change banks if they are not delivering for them should be the wake-up call banks need.

**Based on the evidence from this research, we have three recommendations for the industry:**

- ✓ **Banks need to invest in tech to deliver new services**  
Many of the services that are wanted by Tech City but not supplied by banks can be easily provided through the adoption of new technology. Banking technology is developing swiftly and new services can be easily adopted and offered by banks.
- ✓ **Banks need to get mobile right**  
Half of the people we spoke to had been offered mobile services but only a fifth had taken them. It is not often that supply is so far ahead of demand for banking services, especially for a tech savvy audience such as our respondents. Banks must make sure that the service they offer is the service businesses want.
- ✓ **Banks need to tailor services to business requirements**  
Our respondents recognize the importance of tailored services and so should banks. A one size fits all policy will not work for SMEs and neither will rebadged retail banking services. Banks need to address the SME sector with proper care and attention and give them the specialist products, advice and services that will allow them to flourish.







## ABOUT US

Comarch is a global IT company employing almost 4,200 people. Comarch works with major financial institutions from banking, insurance and capital market verticals such as BNP Paribas Group, Citigroup, ING Group, Rabobank and UniCredit Group in more than 20 countries. With 17 years' experience in the banking sector, Comarch delivers proven solutions, designed specifically to support the business banking market. With its 'mobile first' philosophy and vast experience in vertical markets, Comarch works with banks to deliver innovative services that help their banking customers grow, unlocking new revenue streams and reducing costs to deliver rapid return on investment.

## ABOUT THE RESEARCH

The research for Comarch was carried out between 21/10/2013 and 05/11/2013.

The sample was 51 executives (decision makers/people involved with banking within their companies) who work in Tech City, including start-up enterprises.

### COMARCH

#### Headquarters Comarch SA

Al. Jana Pawła II 39a  
31-864 Kraków, Poland  
Phone: +48 12 64 61 000  
Fax: +48 12 64 61 100  
finance@comarch.com

#### United Kingdom Comarch UK Ltd

19 Eastbourne Terrace  
Paddington  
London W2 6LG  
Phone: +44 20 3626 0145  
Fax: +44 20 3626 0203  
uk@comarch.com



#### [www.finance.comarch.com](http://www.finance.comarch.com)

[www.comarch.com](http://www.comarch.com)    [www.comarch.pl](http://www.comarch.pl)    [www.comarch.de](http://www.comarch.de)

Comarch Spolka Akcyjna with its registered seat in Kraków at Aleja Jana Pawła II 39A, entered in the National Court Register kept by the District Court for Kraków-Śródmieście in Kraków, the 1<sup>st</sup> Commercial Division of the National Court register under no. KRS 0000057567. The share capital amounts to 8,051,637.00 PLN. The share capital was fully paid. NIP: 677 - 00 - 65 - 406.

Copyright © Comarch 2014. All rights reserved.

EN – 2014.01