

Savanta:

Business Banking ESG support a win-win for all

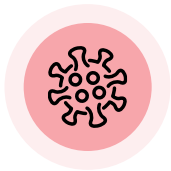
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make better decisions



A challenging goal

The COP26 summit back in autumn of 2021 introduced legal requirements re climate change. With governments getting more serious about addressing issues, businesses are facing pressure from customers, shareholders and regulators to move the agenda forward.



With the Covid-19 pandemic at full force, businesses needed to focus on survival, now with the danger largely abated, attention is moving back to sustainability and **Environmental, Social and Governance (ESG)** issues.



There are now over 700 B Corps in the UK, but much more will need to be done if the UK economy is to meet its sustainability targets by COP27. And with sustainability being only part of the ESG goal, businesses have much to do.

Savanta has used two of its flagship surveys to better understand business sentiment on this very important issue.

- Savanta's 2022 Business Tracker amongst 1009 UK businesses in April
- MarketVue Business Banking from Savanta: A continuous survey of 15,000 financial decision makers in UK businesses with over 10 years of historical data

Sustainability concerns high, action low

The April Savanta Business Tracker shows that some 8 in 10 businesses (81%) consider becoming a more sustainable business a priority, with almost 1 in 2 (46%) considering it the 'most important priority' (11%), or a 'significant priority' (35%) for their business.

Whilst only 1 in 4 (27%) actually have a policy in place, a further 1 in 2 plan to introduce one either this year (21%), or in the future (25%), but very disappointingly, 1 in 5 (22%) have no plans to do so at all.



Smaller businesses with under £1m turnover are significantly less likely to consider sustainability as a strategic priority (74%), or to have a policy in place (27%), compared to businesses with turnover of £1m+ (90% who consider it a strategic priority, where 38% already have a policy in place).



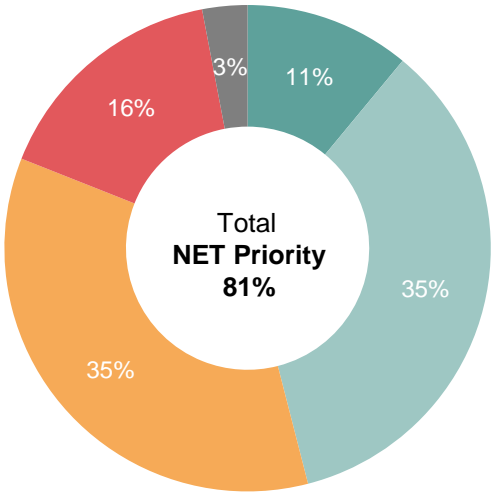
Very worryingly, almost 1 in 4 (23%) small businesses do not consider sustainability to be a strategic priority and 3 in 10 (31%) have no plans to develop a policy on this.



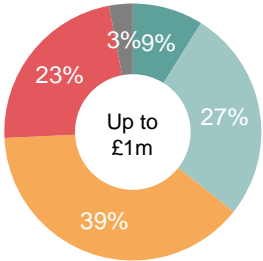
Given that smaller businesses form the majority of the total UK business market, this lack of commitment and planning is of major concern.

Sustainability priority and policy/commitment

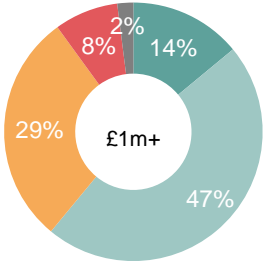
Becoming a more sustainable business: How much of a priority are the following to your business' strategy currently?



- Most important priority
- Significant priority
- Slight priority
- Not a priority at all
- Don't know

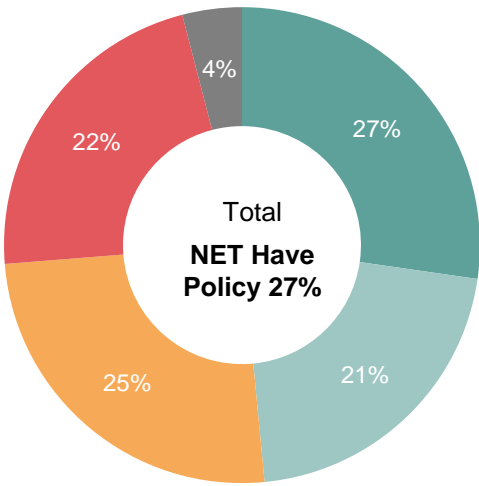


NET Priority 74%

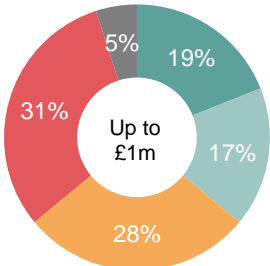


NET Priority 90%

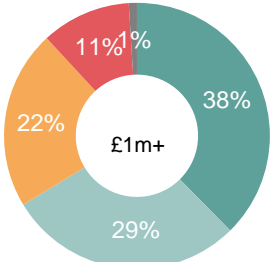
Does your business currently have a policy / commitment on becoming a more sustainable business?



- Have a policy in place
- Don't have a policy, but plan to introduce THIS year
- Don't have a policy, but plan to introduce in future
- No plans to introduce
- Don't know



NET Have policy 19%



NET Have policy 38%

Some hope on the horizon

Having said this, a significant minority do plan to borrow for ESG projects or invest ethically in the next 12 months.

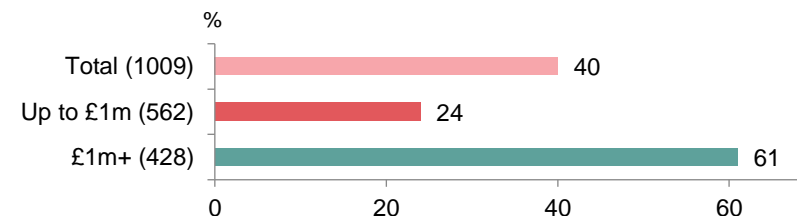
When asked how likely businesses were to borrow specifically to invest in ESG projects, some 4 in 10 (40%) expected to do so in the next twelve months. Larger businesses with £1m+ turnover were more than twice as likely to expect to do so than their smaller business counterparts (61% vs 24% respectively, a significant difference).

On the ethical investments side, 1 in 2 businesses (51%) expected to invest funds in ethical investments in the next 12 months. Again, larger businesses with £1m+ turnover were significantly more likely to expect to do so (36% <£1m turnover, 70% £1m+ turnover).

Likely to borrow/invest sustainably in the next 12 months

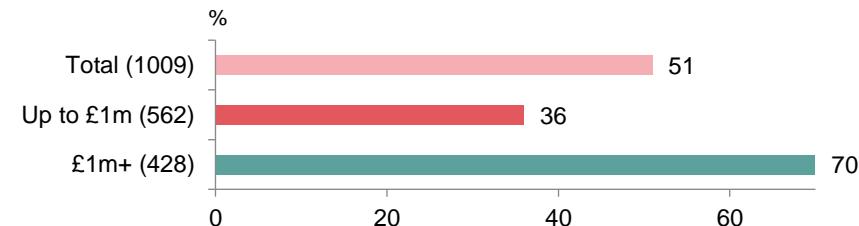
In the next 12 months, how likely are you to borrow specifically to fund environmental, social or governance projects for your business?

Likely to: **borrow** specifically to fund environmental, social or governance projects for your business



In the next 12 months, how likely are you to invest business funds in ethical investments e.g., green and social bonds, ethical stocks and shares?

Likely to: **invest** business funds in ethical investments e.g., green and social bonds, ethical stocks and shares



Business Banking ESG support, a win-win

Our MillionaireVue Omnibus, also reported a similar movement with Millionaires, often business people, becoming increasingly aware and demanding of values-based investing.

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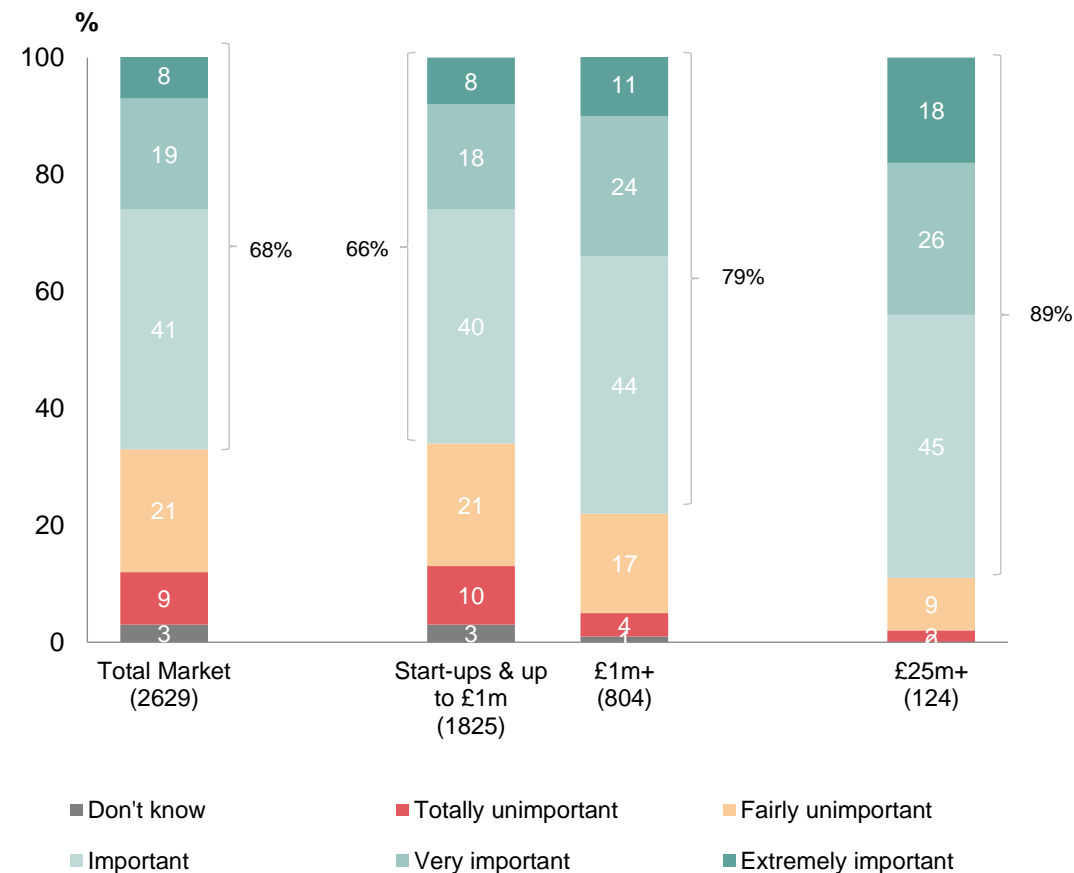
Environmental, social & governance (ESG) issues important to all

Representative data from the MarketVue Business Banking survey shows that 7 in 10 businesses (68%) consider ESG issues to be important to their business with 1 in 4 (27%) considering it either 'very important' (19%) or 'extremely important' (8%).

Whilst the majority of businesses, regardless of size, state ESG issues are important to their business, we see the same pattern here, where larger businesses are more likely to consider ESG issues as important (79%) compared to start-ups and smaller businesses (66%). Indeed, when we asked businesses with turnover of £25m+ how important they considered ESG issues to their business some 9 in 10 (89%) said it was important, with 1 in 4 (18%) saying it was 'extremely' important.

The Business Tracker shows that smaller businesses are more likely than larger businesses to consider cashflow and remaining profitable as significant challenges currently and so perhaps their focus is still more on current recovery and reconciliation than on future growth and development.

How important are ESG (Environmental, Social and Governance) issues to your business?

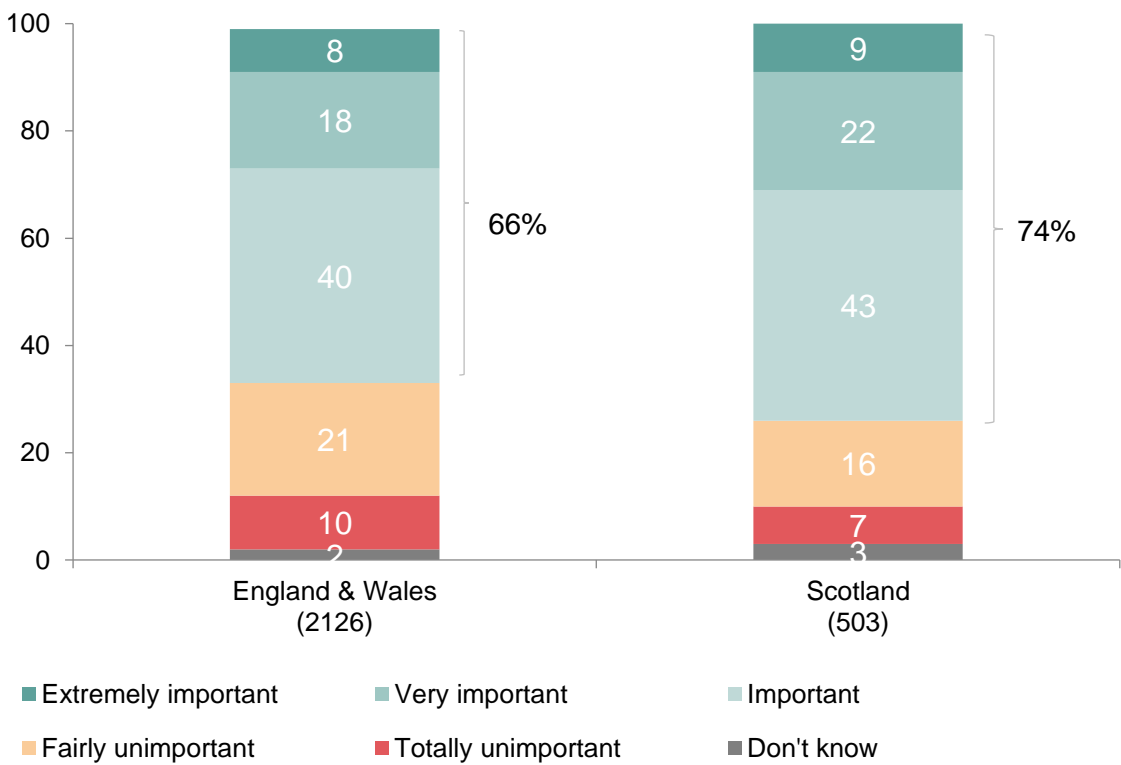


Importance of ESG to the business - Region

Likely influenced by Scotland hosting COP26 last year and the signing of the Glasgow Climate Pact, businesses in Scotland were significantly more likely to say ESG issues were important to their business than businesses in England & Wales (74% vs 66% respectively).



How important are ESG (Environmental, Social and Governance) issues to your business?



Only a minority rate banks positively on actively approaching them about their ESG offer

Rating of banks actively approaching business on ESG

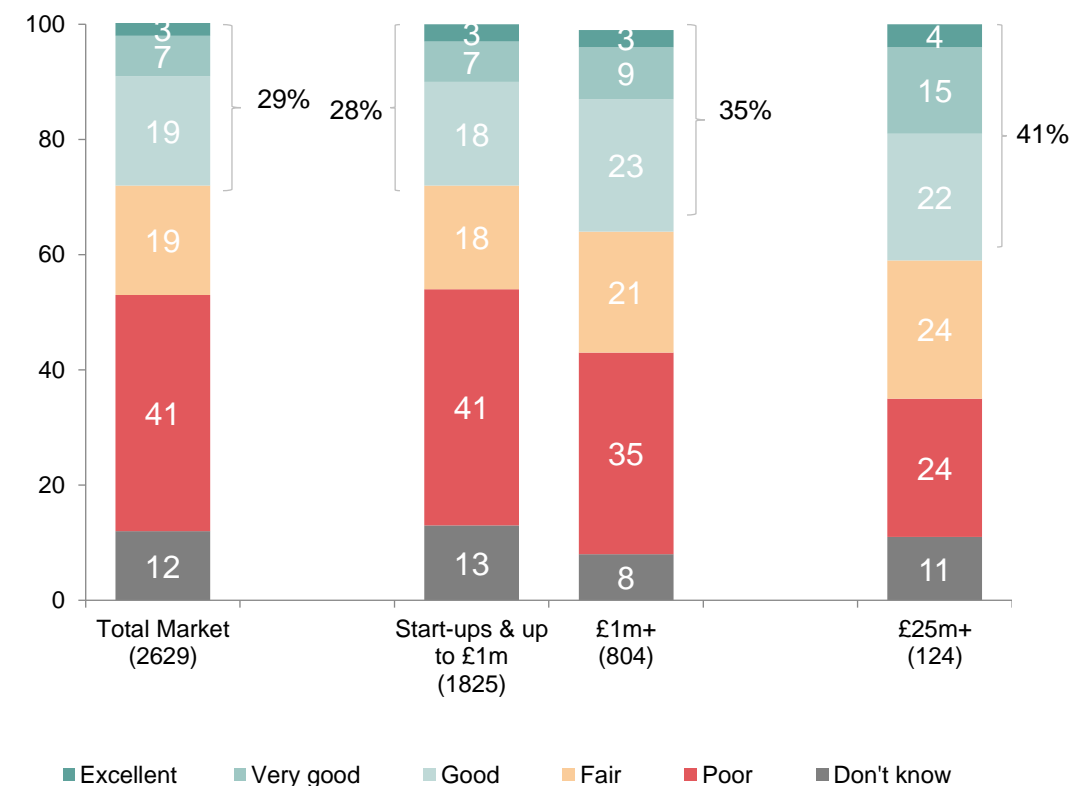
With sustainability and ESG issues high on businesses agendas, we wanted to understand how banks might be able to assist their customers in their journey.

Firstly we asked businesses to rate their main bank in terms of how good they were in actively approaching them on ESG topics.

Overall some 4 in 10 businesses (41%) rated their main bank as 'poor' in this regard, whilst 3 in 10 (29%) rated their main bank as 'good', (19%), 'very good' (7%), or 'excellent' (3%). Larger businesses were more likely to rate their main bank as good (28%, start-ups and up to £1m, 35% £1m+ rising to 41% for £25m+ turnover).

Given the importance most businesses put on ESG topics, perhaps there is an opportunity here for banks to guide and assist their customers, to become part of the solution and accelerate the process.

How would you rate your main bank in terms of actively approaching you on ESG (Environmental, Social and Governance) topics?

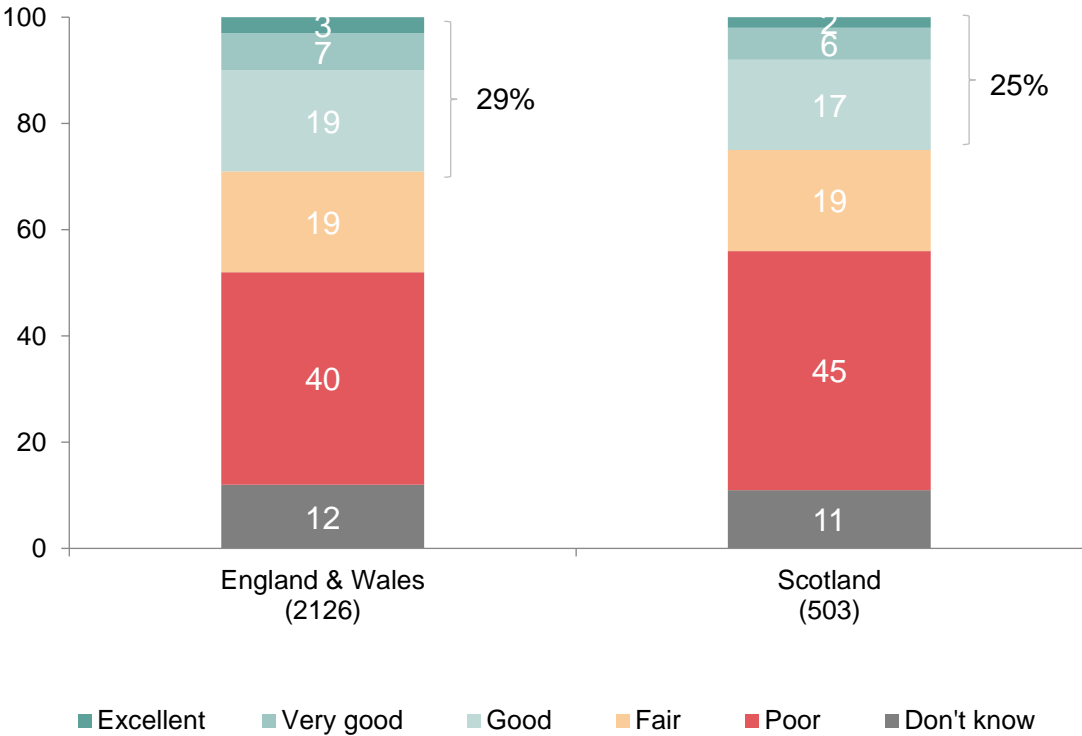


Rating of bank actively approaching business on ESG - Region

Whilst importance of ESG topics was rated significantly higher amongst Scottish businesses, businesses in England and Wales were marginally more likely to give a good rating than businesses in Scotland for banks actually approaching them (29% vs 25% - not significant).



How would you rate your main bank in terms of actively approaching you on ESG (Environmental, Social and Governance) topics?



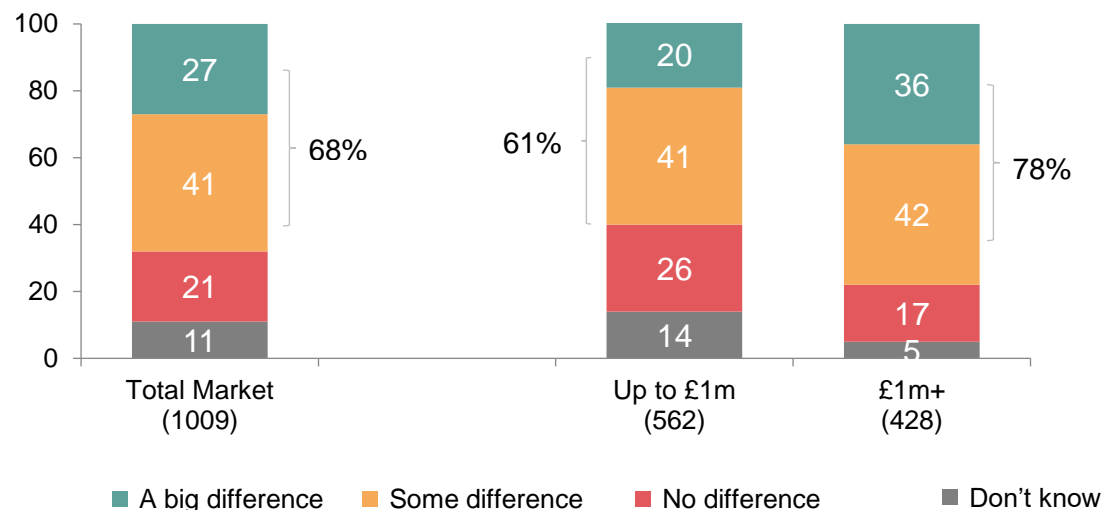
The Financial Services industry can make a difference

Indeed, the Business Tracker data shows that the majority of businesses (68%) feel that Financial Services can make a difference in supporting the UK's transition to becoming more sustainable and environmentally friendly. However, of note, some 1 in 5 think it can make no difference.

Larger businesses were more positive than smaller businesses (61% up to £1m vs 78% £1m+).

Whether Financial Services can make a difference in supporting the UK's transition to becoming more sustainable and environmentally friendly

How much of a difference do you feel the financial services, insurance and accounting industry can make in terms of supporting the UK's transition to becoming more sustainable and environmentally friendly (i.e., Carbon-Neutral, Net-Zero)?



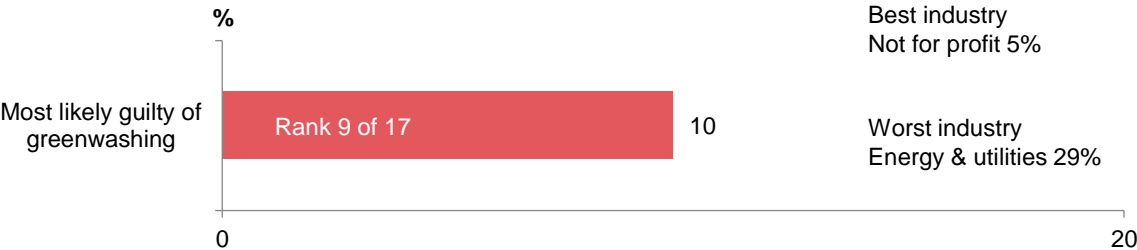
Greenwashing – Financial Services, not one of the best industries, but not one of the worst

Whilst the Financial Services, Insurance and Accounting sector is not one of the top ranked ‘most environmentally friendly sectors’, neither is it ranked one of the worst.

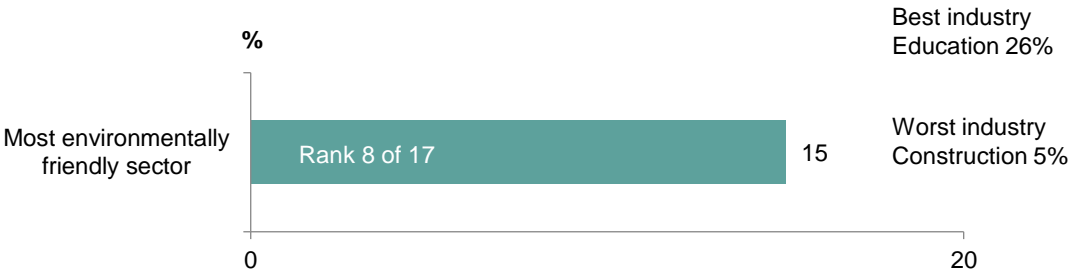
A similar finding is noted for ‘greenwashing’ where the Financial Services, Insurance and Accounting sector is ranked 9th out of the 17 industries researched. Perhaps unsurprisingly, the energy sector is the top ranked industry for greenwashing.

Ranking of sector (amongst 17 sectors) – based on Top 3 rating

Which is most likely to be GUILTY of 'greenwashing' (e.g., conveying a false impression about how a company's products, services, aims and policies are environmentally sound)?



Thinking more generally, which industry sectors do you think are most environmentally friendly?



Green light for banks to offer ESG solutions

More than 1 in 2 of all businesses, regardless of size, thought their business bank should offer them products and services to help it meet its ESG goals.

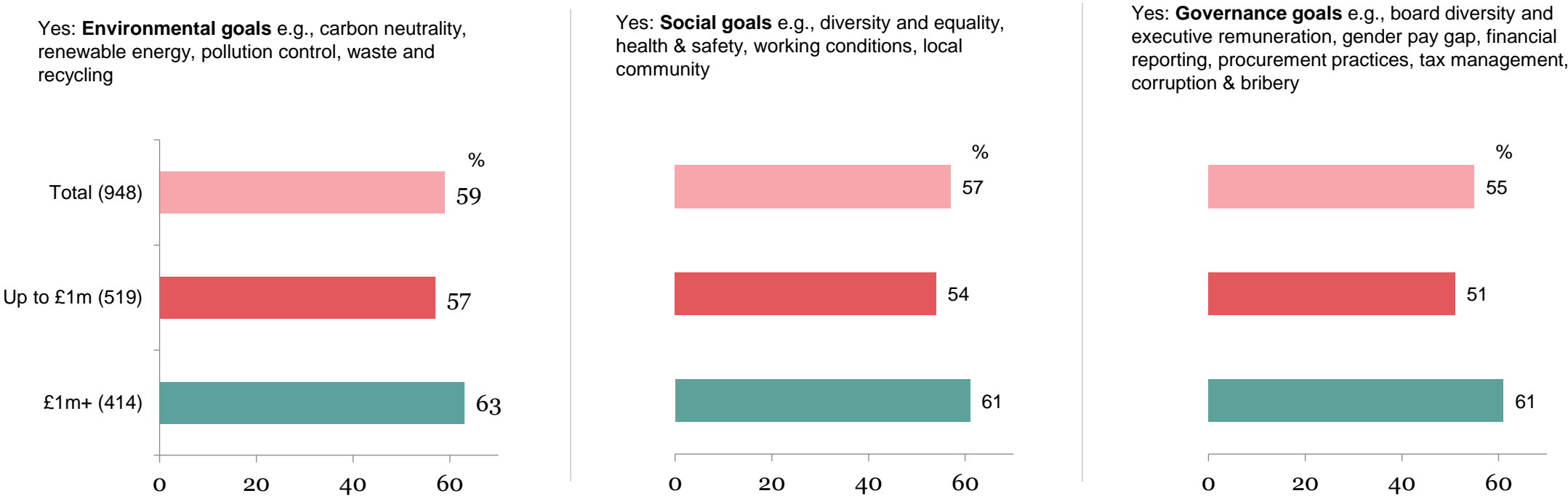
Businesses were open to ESG support from their bank across all three elements – **Environmental, Social and Governance**. Larger businesses were again more open to their bank approaching them.

“Businesses were open to ESG support from their bank”



Whether banks should be providing ESG products to help businesses meet their ESG goals

Do you think your business bank should be providing products and services that help businesses meet environmental, social and governance goals?



A positive ESG attitude from a business bank results in positive impact for them – karma

When asked the likelihood of the business undertaking a range of actions if their main business bank demonstrate a positive attitude to ESG issues, the response was clear.



6 in 10 (58%) said it would make them more likely to 'recommend them to other businesses'. With the CMA rating start-ups and established businesses with turnover up to £25m on their recommendation level and many financial organisations using NPS as a stakeholder KPI, this represents an amazing opportunity for banks.



Over 1 in 2 (56%) said it would make them more likely to 'stay with them for the long term'. With acquisition more expensive than retention, this must be music to banks' ears.

And with a significant impact on claimed product usage, deposits and borrowing, the incentive for banks to act is clear.



1 in 2 (51%) said it would make them more likely to 'use them for a wide range of products'.



Over 4 in 10 (45%) said it would make them more likely to 'deposit with them'.



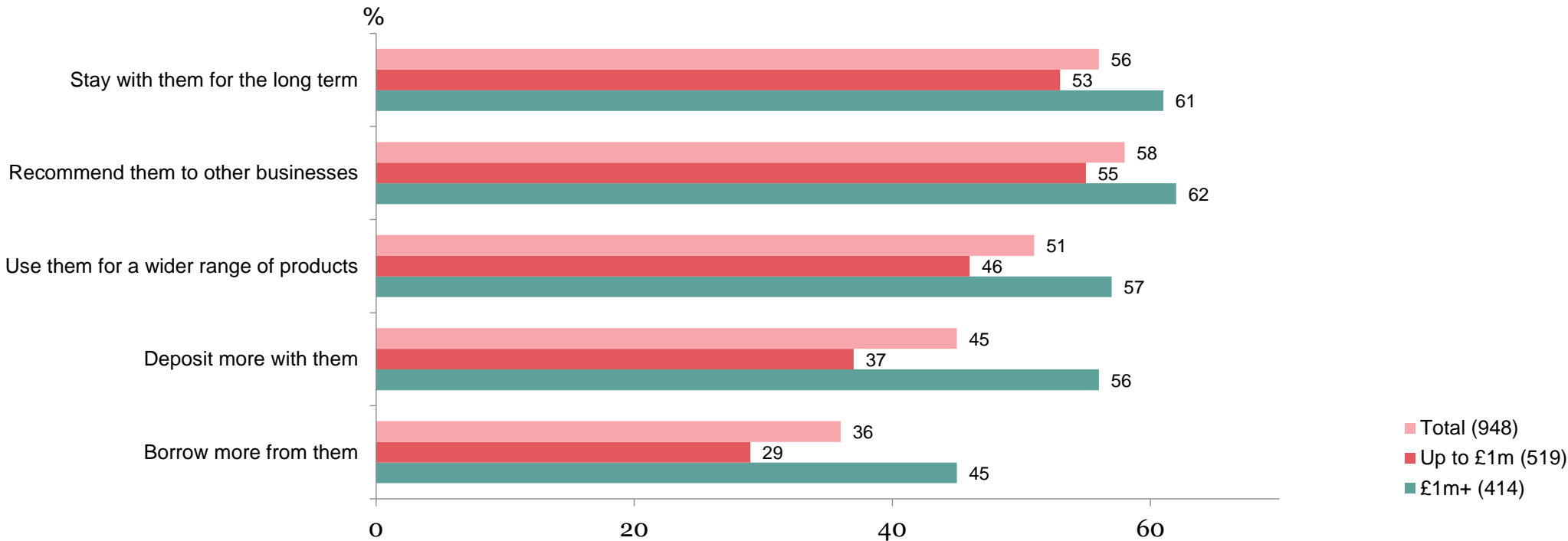
And 1 in 3 said it would make them more likely to 'borrow from them'.



Unsurprisingly, **businesses with £1m+ turnover were more likely than businesses with less than £1m turnover to give a positive answer.** A smaller market but perhaps a more lucrative one.

Impact on action if main business bank demonstrated a positive attitude towards ESG issues

If your business bank demonstrated a positive attitude towards environmental, social and governance issues would this make you more or less likely to...



Win, win for business, for banks, for the UK

ESG issues and topics are important to businesses. Businesses care – but whilst concern is high and many plan to act, to develop policies, to borrow for ESG projects or and/or invest ethically, only a minority currently have a sustainability policy.

The majority of businesses think the Financial Services industry can make a difference to the UK's transition and over 1 in 2 think banks should offer ESG products and services to their customers addressing **Environmental, Social and Governance** issues. There are clear benefits to banks of helping their customers on their ESG journey.





Businesses want it. Banks should
want it. The UK needs it.

Business Banking ESG support, a win-win for all.

Meet the team



Stephen Palmer

EVP, Financial Services

Stephen has 25 years' research experience across financial services and tech and leads the financial services team at Savanta. Prior to Savanta, Stephen was Head of Insight at Kantar Financial Services & Technology and responsible for delivering customer experience, brand and segmentation research. Stephen is a certified member of the MRS and has sat on the standards board.

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Sue Lewis

Senior Director, Financial Services

Sue has over 30 years' market research experience, including six years' experience client side (in the healthcare sector at BUPA and in business banking at Barclays, where she was a senior market research manager). Before joining Barclays, Sue was previously an associate director at City Research. Sue has a BSc (Hons) degree in Sociology from the University of Southampton and is a certified member of the MRS (CMRS).

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Ben McGregor

Director, Client Services

Ben has spent the last 25 years working in financial services, providing targeted support to some of the most recognisable global brands across banking, insurance, payments, wealth, and investment banking. Recently that has included support across the ESG journey – from strategies to reach Net Zero to corporate reputation work. Ben moved to Savanta at the end of 2021 to support the growth of the financial services business.

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Rima Aryandani

Senior Consultant, Financial Services

Rima joined Savanta when Wealth-X Custom Research was acquired in 2019. She has worked predominantly on quantitative projects in the finance and wealth space and has particular expertise in project logistics. Rima has a Master's degree in International Tourism from the University of Lugano, Switzerland and a Bachelor's degree in Economics from the University of Indonesia.

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The Savanta UK Business Tracker

A streamlined monthly tracker of Small Business Owners and Directors and Business Decision Makers at Mid Large Companies.

For more information about our new UK Business Tracker please download our rate card.

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Business Banking ESG support, a win-win

Savanta's MarketVue Business Banking

Based on a continuous survey of 15,000 financial decision makers in UK businesses and 10 years of historical data, MarketVue Business Banking is a highly **reliable and detailed monitor of how banks are perceived by business customers.**

It is designed as a **complete market overview** covering market share, trends, brand health and customer experience to inform business strategy and provide tactical feedback for action planning. Interviewing is conducted continuously among a UK representative sample from start-ups, SMEs up to major corporates throughout the year and data/insight is delivered to clients on a quarterly basis.

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