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Businesses complacent on banking

Small and medium-sized businesses could be missing out on the best banking deals, according to a monthly survey run by the Institute for Enterprise and Innovation at The University of Nottingham.

The results from the latest UK Business Barometer (UKBB) survey, carried out in December, showed that more than half of the 129 respondents (57 per cent) either never or only rarely shop around for savings on bank charges or services. Less than one-quarter (22 per cent) said that they make comparisons of banks to a high or relatively high extent.

In its sister survey, the UK Business Adviser Barometer (UKBAB), slightly more than one-third (34 per cent) said they are active in making comparisons of banks on behalf of their clients, while 42 per cent do very little or none of this.

The results may indicate that businesses are complacent about their banking services providers. However, this could be with good reason — one respondent to the survey said that high street banks are often very similar in their charges and that the costs of researching a better deal and changing banks would outweigh any savings.

The Business Banking Code, which covers smaller businesses, came into effect on March 31 2002 and has been reviewed and updated several times — the latest independent review began in November.

The voluntary code sets standards of good banking practice for banks and building societies to follow when dealing with business customers in the UK. To date 25 main banking organisations plus 13 associated organisations have signed up to it, including most of the high street banks, out of the total of 225 members of the British Bankers Association.

Despite the benefit to business, the UKBB survey found that more than half of respondents (54 per cent) were either totally or relatively unaware of the Business Banking Code and only 18 per cent said they were highly or relatively highly aware of it.

More follows...

Awareness among the business advisers was higher. In the UKBAB survey, 39 per cent were highly or relatively highly aware of the code — but even so, one-third were still unfamiliar with it or had never heard of the code.

The December UKBB and UKBAB surveys also sought panellists' views on upgrading IT systems and wi-fi technology as well as quarterly trends questions on issues including skills shortages, lack of finance for investment in business and market demands.

The UK Business Barometer (UKBB) and UK Business Adviser Barometer (UKBAB) operate over the web to generate very rapid results. The survey software enables results to be processed and posted on their respective websites in real time.

The full survey results are published monthly and more information, including a press pack, can be found on the web at www.ukbb.ac and www.ukbab.ac Businesses and advisers wishing to contribute as panellists on the project should visit the appropriate Business Barometer website to register.

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