

UKBAB 52 December 2006 Analysis

December's survey asked panellists for their views on responsibilities that banks have to their smaller business customers, comparing the charges and services of alternative banks, 'WiFi' technology and the UK as a business location plus the usual quarterly trends questions.

In total 177 Business Advisers responded to this Survey.

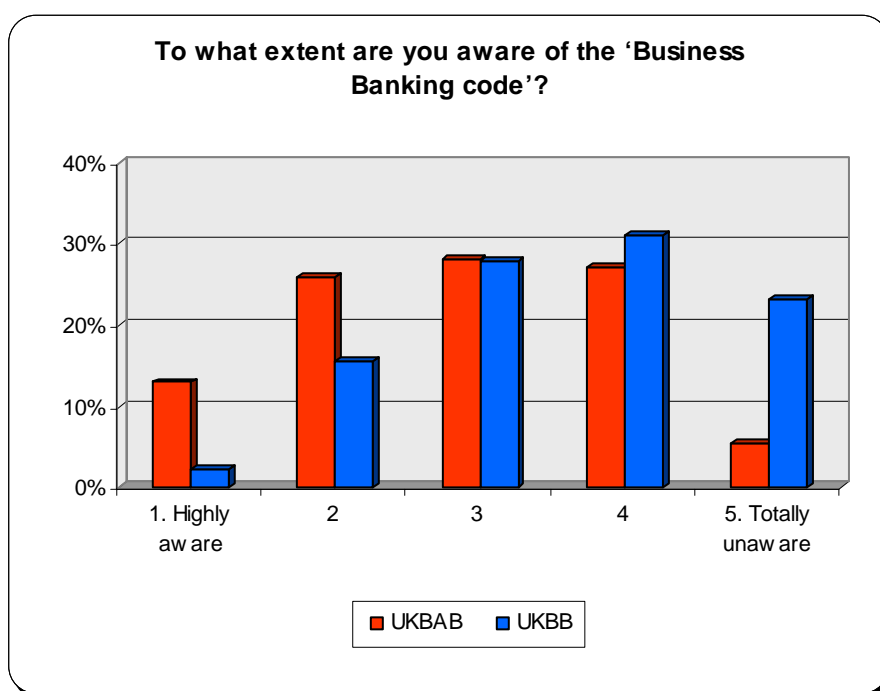
Survey Findings

The Business Banking Code, which covers smaller businesses, came into effect on 31 March 2002. It has been reviewed and updated several times since, and the latest independent review commenced in November 2006.

The Code, which is voluntary, sets standards of good banking practice for banks and building societies to follow when they are dealing with business customers in the UK. 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.

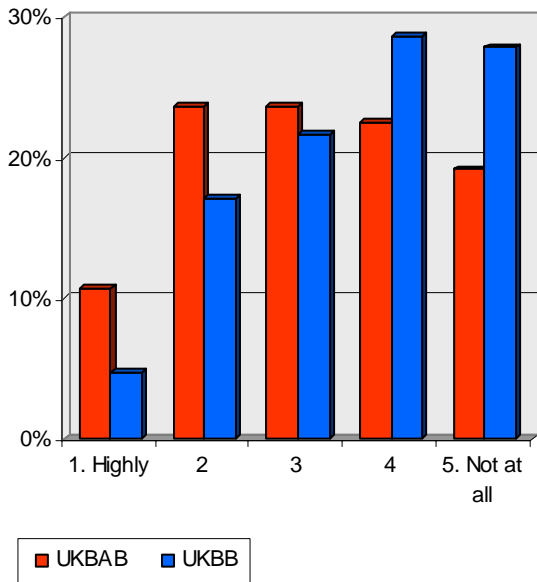
The December UKBB survey found that 39% of respondents were highly or relatively highly aware of the Business Banking Code, but one third (33%) were either totally or relatively unaware of it.

The same question was asked in the parallel survey of smaller businesses, the UK Business Barometer (UKBB). Awareness among these respondents was lower, with over half of the respondents (54%) either totally or relatively unaware of the Business Banking Code. Only 18% said that they were highly or relatively highly aware of it.

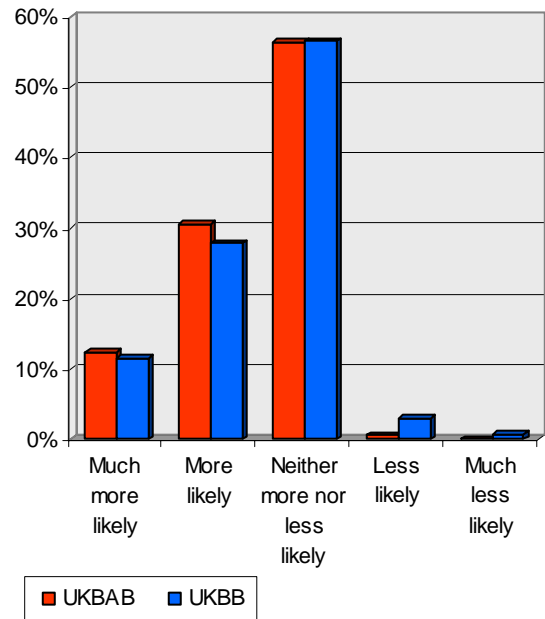


In terms of 'shopping around' for banks, 34% of respondents to the UKBAB are highly or relatively highly active in making comparisons for the benefit of their clients, but 42% do very little or none of this. Only 22% of UKBB respondents say that they make comparisons of bank charges and services to a high or relatively high extent, while 57% say they don't at all, or only rarely. Compared to two years ago 56% of both sets of respondents reported no change but of the remainder, 43% of UKBAB and 40% of UKBB respondents say they are more or much more likely to compare charges and services of different banks.

To what extent do you compare the charges and services of alternative banks for the benefit of your clients?



Are you more likely to compare charges and services between banks than you were two years ago?

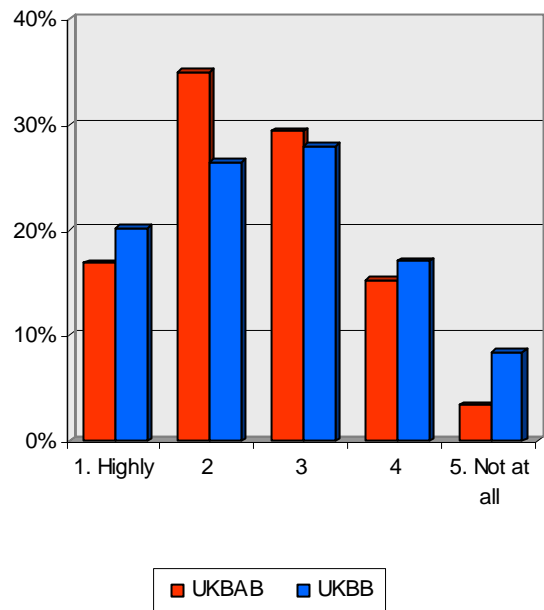


Many commentators have said that wireless access to the internet will allow more competitive opportunities to businesses.

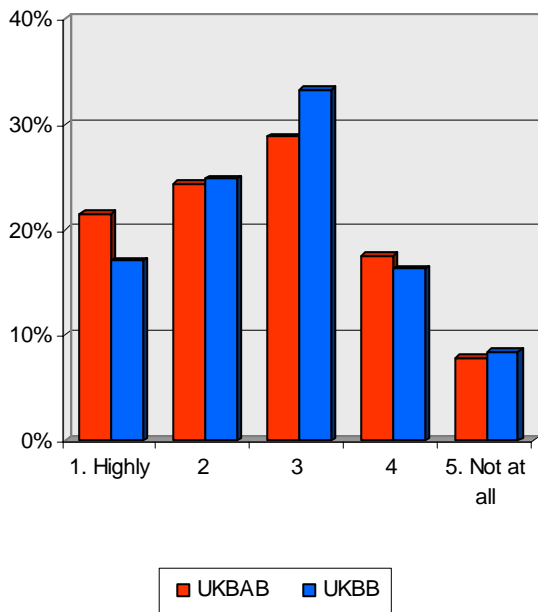
Amongst the respondents to the December BAB survey, 52% said that they believe smaller businesses will benefit highly or relatively highly and only 3% think there will be no benefit at all from WiFi technology.

In the parallel UKBB survey, businesses were asked to what extent they think WiFi will benefit their businesses either now or in the future. 47% considered that WiFi will be beneficial to their businesses, either highly or relatively highly, although 9% do not foresee benefits from it.

To what extent do you consider that the development of 'WiFi' technology (wireless connectivity) is likely to be beneficial to smaller businesses either now or in the future?



To what extent do you believe that greater public investment in the creation of 'WiFi' hotspots (access points to wireless connectivity) is money well spent?

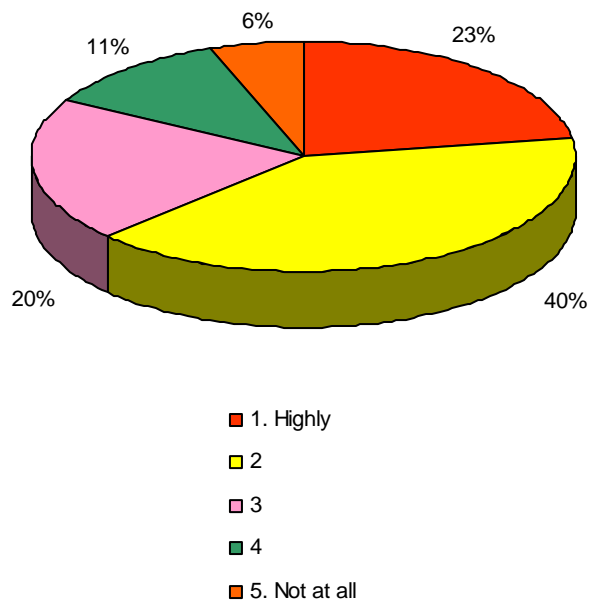


The government's Digital Challenge Initiative was set up to improve social inclusion and has highlighted initiatives by local government around the UK in introducing wider access to the internet.

46% of respondents to the UKBAB and 42% of respondents to the parallel survey of businesses, the UKBB, believe to a high or relatively high extent that greater public investment in WiFi hotspots is money well spent. Totals of 25% of both sets of respondents disagreed, selecting either category '5. not at all' or category '4'.

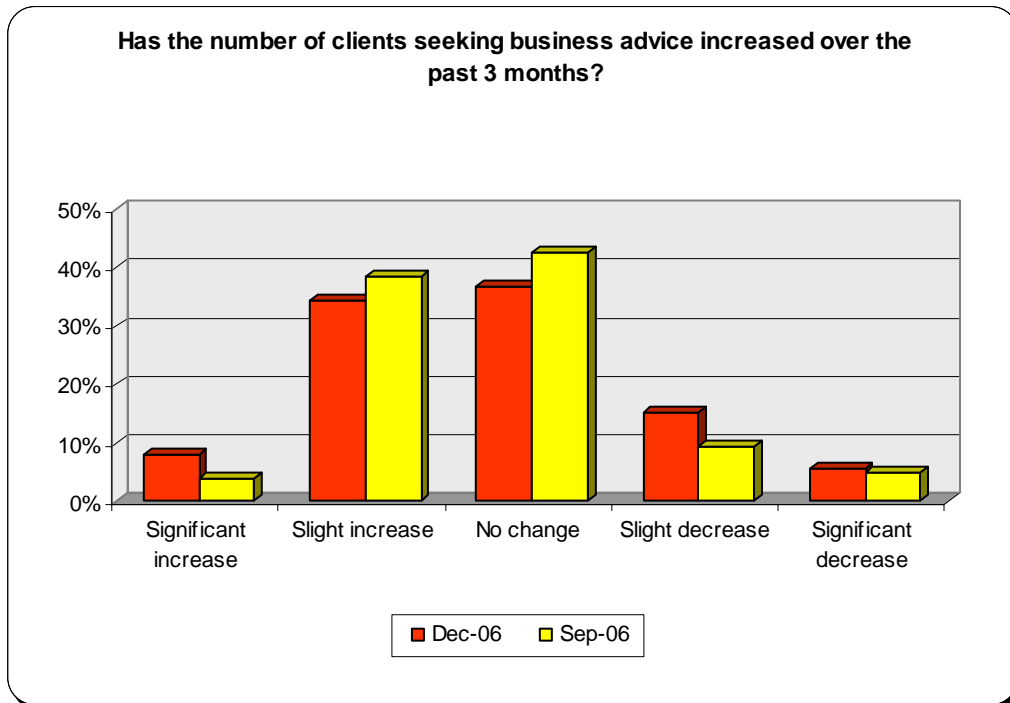
63% of business advisers responding to the December survey agreed highly or relatively highly with the 70% of business leaders who were recently found to believe that the UK is a poorer business location than in 2001:

To what extent do you agree with the findings of recent research which reveals that 7 out of 10 business leaders believe that the UK is a poorer business location than in 2001?

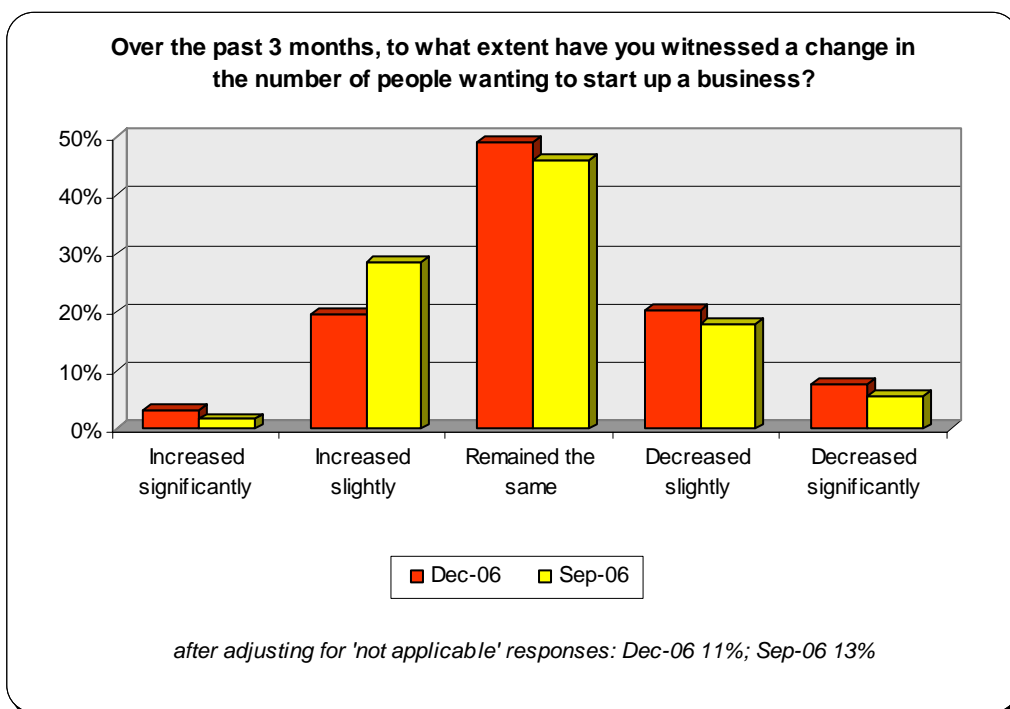


Trends Questions

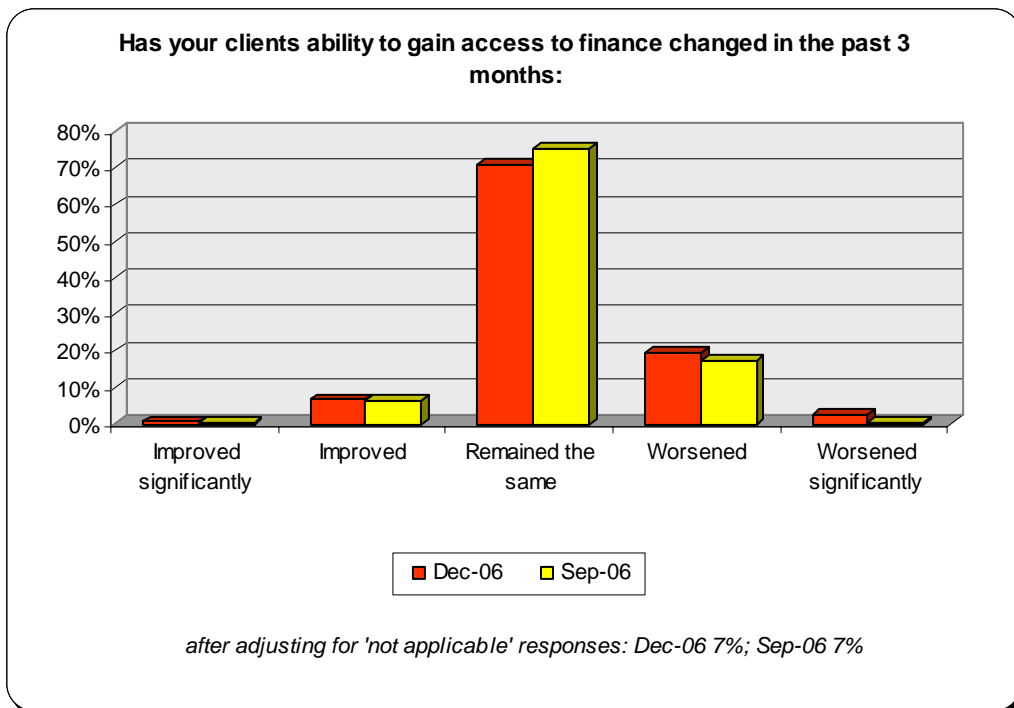
The average number of clients seeking business advice continued to increase in the fourth quarter. The number of advisers experiencing increases in enquiries continued to outpace the number experiencing decreases in enquiries.



Respondents to the December survey witnessed an overall decrease in the number wanting to start a business, following a similar pattern to the previous two years. The index for the fourth quarter 2006 was the lowest since the series started in September 2002.

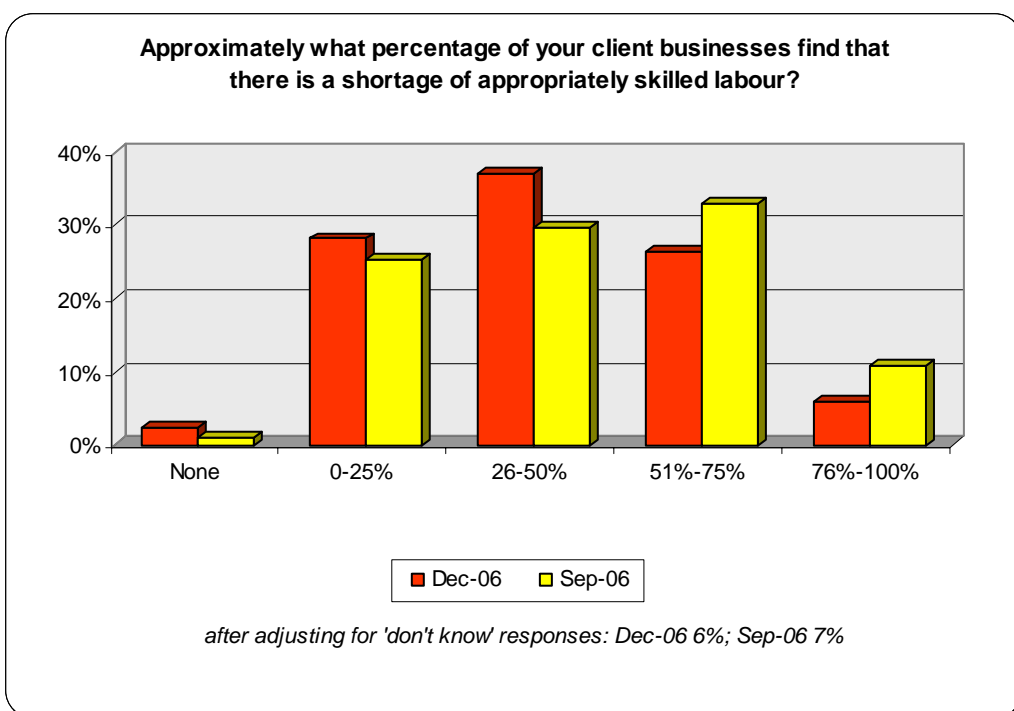


The index of ability to gain access to finance decreased by 2% compared to the September quarter.

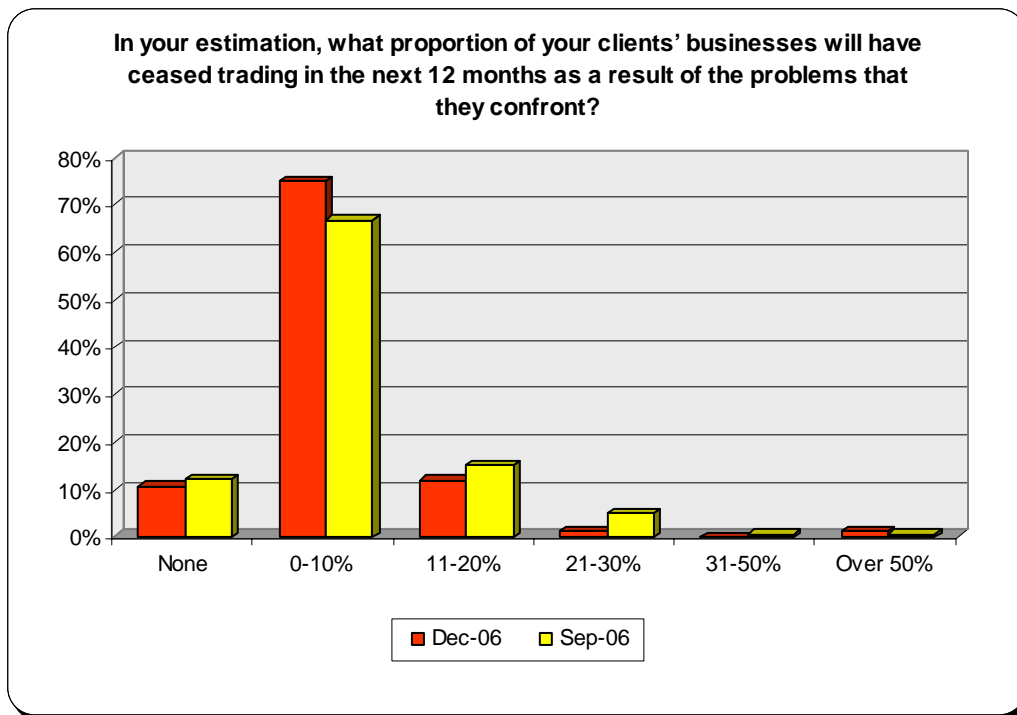


The index of the number of Advisers' clients finding that there is a shortage of skilled labour decreased by 12% on average during the December quarter, following increases in the first three quarters of the year. There were similar decreases in the December quarters of 2004 and 2005.

The question prompted some individual comments from panellists, one reflecting on the current provision of skills by workers from EU accession countries, and one on the gap between required skills and popular tertiary level courses.



In the fourth quarter, Advisers were a little less pessimistic about the continuance of their clients trading over the next year. Although 11% of Advisers still consider that none of their clients will close over the next year, 75% thought that up to 10% of their clients might cease trading compared with 67% in the third quarter. There was a decrease in expectations of higher numbers of business cessations: 14% in December, compared with 21% in September.



Listed below are some of the personal views supplied in feedback received from respondents to Survey BAB52 December 2006

Views expressed are those of individual panellists and may not represent those of the University.

Skilled labour shortage now being replaced by Polish skilled labour

There is a less of a shortage than there is of 'good' labour. This reflects badly on the way the Government spends money on education and on our educational establishments especially at tertiary levels. It really is time that colleges/universities cut the 'cr*p courses' like gender and media studies and concentrated on those subjects which are vital to our future such as physics, chemistry, maths various engineering and computer studies and tried to persuade the Government to encourage students into these 'harder options' by greater financial incentives than the many pseudo subjects. Frankly, it is in the long term interest of our colleges/universities that this is done.

We are a very rural area and wifi will probably get to us last, if ever!!

The major problem is that people still think that Banks are giving them a service and are surprised when you tell them they are like any other trader they are out to make money primarily at your expense!!