



REPORT | PAPER TWO

JULY 2023

# Get Britain growing

How digital payments technologies enable growth: Powering small businesses



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**Kelly Devine**  
President, Mastercard,  
U.K. and Ireland

**“We can capture a massive economic boost by supporting more people to start and grow their businesses. The prize is even greater if we help groups who face greater barriers, like female and ethnic minority business owners.”**

I’m constantly in awe of anyone who sets up their own business. Speaking to small business owners recently, it’s clear that it’s an exceptionally tough time to start and grow a business. Part of that comes from global events and uncertainty, whether it’s rising inflation, supply chain issues or wider economic uncertainty. But it’s clear that the biggest challenge facing the U.K. right now is how we boost growth and productivity.

At 5.5 million strong, small and medium-sized businesses make up 99% of the U.K.’s businesses, employ two-thirds of the working population, and generated £2.1 trillion in turnover in 2022.<sup>1</sup> We can capture a massive economic boost by helping more people to start and, more importantly, grow their businesses. The prize is even larger if we help groups who face greater barriers, like female and ethnic minority business owners.

This is the second paper in our Get Britain Growing policy programme, where we’re bringing together some of Britain’s most innovative thinkers and businesses to put forward ideas on how to use our world leading digital payments technologies and innovations to grow the economy. In this report, we’re focusing on how we can power small businesses and help them to grow and thrive.

As we set out in our first report, while we welcome the broad political consensus that technology and innovation is the foundation of the U.K.’s future economy, the key question is how government policies can enable technology, including digital payments innovation, to help the U.K. economy to grow sustainably, creating opportunities and prosperity for the people and businesses who need it most.

Nowhere are the challenges of getting the economy growing more evident than in the barriers faced by micro and small businesses. These businesses alongside grappling with new and unexpected challenges, continue to face traditional problems including liquidity, late payments, access to finance and, in many cases, a lack of the right knowledge or skills to make the most of the burgeoning digital economy.

Digital payments technologies offer many benefits. If you’re a small business that opens an online shop, you have access to more markets and customers around the world. Technology, like digital invoicing, helps improve cashflow and cut slow, paper-based processes. Mastercard research found that almost half (45%) of business owners in the U.K. believe that technology is helping keep their business afloat and nearly three quarters of businesses who started during the pandemic told us they wouldn’t exist today without technology. The U.K.’s small and micro businesses will miss out on an estimated £827 billion growth opportunity over the next three years if they are not supported to digitise.<sup>2</sup>

“The U.K.’s small and micro businesses will miss out on an estimated £827 billion growth opportunity over the next three years if they are not supported to digitise.”

No one can take on this task in isolation – at least not if we want to reach any meaningful scale. Forging partnerships across all corners of the ecosystem – from industry, including banks, fintechs and payment system operators, to communities and business organisations, to policymakers – will be essential to ensuring the U.K.’s small and micro business owners can release much needed capital and harness digital innovation to build their capabilities and resiliency, grow their businesses and thrive.

For this report, we asked innovators, industry experts and small business representatives to set out how we can enable equitable growth by powering our small and micro businesses. **Be the Business, the British Independent Retailers Association, Digital Boost, Enterprise Nation, Tide, Soldo, and Diana Chrouh OBE, special advisor to the All Party Parliamentary Group on ethnic minority businesses**, have all provided their valuable insights for our second paper. All have given their recommendations for policymakers and industry to consider.

Thanks to all our partners for sharing such specific recommendations to enable our British businesses to go from strength to strength.





# Executive summary and recommendations

## EXECUTIVE SUMMARY AND RECOMMENDATIONS

This is the second report in Mastercard's Get Britain Growing policy programme. It is a collection of views from across the financial services industry, as well as consumer, business and third sector organisations on how we create sustainable and equitable growth across the U.K. economy by better harnessing digital payments technologies and innovation.

This paper is specifically focused on how we enable growth by powering micro and small businesses (MSEs) by addressing some of the most pressing systemic barriers MSEs continue to face at every stage of their journey.

We explore how digital payments technologies, including innovative solutions already in the market, can help businesses address long standing inefficiencies, unleash vital productivity, build their digital capabilities and resiliency and access much needed capital. We consider the vital role of partnerships in simplifying the pathways to digitisation, improving the support ecosystem for MSEs nationally, and outlining where the Government can lead by example in its adoption of digital technologies as part of procuring services from small businesses.

MSEs are not homogenous, and so we also explore the broader systemic changes needed across the U.K. to empower female and ethnic minority owned businesses, for whom the environment and opportunities to help start and grow their businesses still aren't equitable.

The views and policy recommendations set out by the third-party organisations are their own and do not necessarily represent the views of Mastercard.



“Technology can play a significant role in addressing some of the most pressing issues faced by MSEs by helping businesses go digital, get paid and get capital.”

Digital payments technologies and innovation are a foundational element when we think about accelerating growth of the economy. The U.K. has pioneered account-to-account faster payments, the transition to contactless and open banking. Home-grown fintechs are transforming finance, helping underserved groups, entrepreneurs and business owners; bringing them into the financial fold and helping them grow.

The prize is particularly great for small businesses whose success, or failure, will have a profound bearing on the extent and speed of the U.K.'s economic recovery.

Technology can play a significant role in addressing some of the most pressing issues faced by MSEs by helping businesses go digital, get paid and get capital. Digital payments are also key to providing vital data that can help businesses understand their customers and their own operations better, helping to pivot their strategy accordingly, as well as opening access to markets outside the U.K.

Improved digital skills and use of digital technologies is vital to building the capabilities and long-term resilience of U.K. small businesses, ensuring they are better equipped to meet future economic challenges and opportunities.

In the following articles, Mastercard, U.K. fintechs and small business champions have set out how digital payments technologies and innovation can support MSEs in addressing some of the most pressing barriers to starting and growing their businesses, enabling sustainable and more equitable growth across the U.K.



As part of our Get Britain Growing policy programme, we're asking policymakers to get behind the U.K. payments technology sector and innovation to enable growth by:

- ➔ being a champion for, and adopter of, digital payments technologies and innovation that's addressing exclusion, whether that's prepaid cards, account-to-account payments or new fintech solutions that help vulnerable and excluded individuals get access to financial services and build their financial capabilities and resilience.
- ➔ backing digital payments technology that's helping to power micro and small businesses, for example, by helping them to release cash flow, improving their productivity and access to finance.
- ➔ backing digital payments technology that's supporting U.K. fintechs to start and scale; helping to extend the U.K.'s competitive edge over other leading fintech hubs, boosts trade and is enabling consumers and small businesses in their transition to net zero.
- ➔ adopting a bolder approach to building world class talent. We need to tackle skill gaps, improve upskilling and create a learning system that's fit for purpose and prepares our workforce for the jobs of tomorrow.

A summary of recommendations for policymakers, specific to supporting small businesses:

Recommendations	Organisation
<b>Focus on inequity between businesses and tackle barriers faced by long underserved business owners</b>	
Deliver holistic, systemic and structural changes required to reduce disproportionate barriers to finance for ethnic minority-led businesses in the U.K., via a coherent roadmap for inclusion.	Diana Chrouh OBE, special adviser, All Party Parliamentary Group for Ethnic Minority Business Owners
To enable greater transparency, introduce a national system of ethnicity data collection about entrepreneurs in the U.K. For example, Companies House could add an ethnicity field to the annual registration process and include additional questions as part of the Management and Expectations Survey.	Diana Chrouh OBE, special adviser, All Party Parliamentary Group for Ethnic Minority Business Owners and Mastercard
Support minority business leaders to improve their skills and confidence to successfully navigate the financial ecosystem.	Be the Business and Mastercard
Develop leadership skills programmes that focus on underserved business community members. Capitalise on Be the Business findings that minority business leaders are more inclined to invest in leadership training or mentoring relative to other forms of business support. Following the example set by Mastercard's Strive UK programme, industry can support and scale such initiatives.	Be the Business and Mastercard
Champion successful private sector initiatives and funding to help eliminate barriers for female founders.	Enterprise Nation
Consider introducing government-backed female-focused startup loans to help plug the finance gap faced by female business owners.	Tide
Consider further improvements to childcare provisions, such as raising the tax-free childcare allowance from £2000 to £3000, building on the Chancellor's recent move to extend universal 30-hour childcare entitlement for one-to-two year-olds.	Tide

Recommendations	Organisation
<b>Simplify the pathways to digitisation through public private partnerships</b>	
<p>Don't try to develop new programs from scratch, particularly if similar programmes or interventions are already available. Instead, actively seek out partnerships with relevant organisations that have been successful in supporting small businesses and help them scale their work.</p>	<p>Digital Boost and Mastercard</p>
<p>Take the lead in signposting to resources like Strive UK and others on relevant government channels and during critical small business milestones. For example, after registering with Companies House, small business owners should automatically receive information on accredited funding, banking and support services, such as, how to access a start-up loan, where to go for free training on topics like social media marketing and how to get free targeted business advice.</p> <p>While the Help to Grow campaign site's advice page is a step forward, it should be expanded to encompass diverse industry initiatives.</p>	<p>Be the Business and Mastercard</p>
<p>Enable all small businesses to access free 1:1 actionable advice and mentoring across their digital adoption journey, by using technology to scale existing programmes. Government could do this via a simple, scalable and measurable technology platform that could be easily widened to Growth Hub advisors and other small business support programmes.</p>	<p>Digital Boost</p>
<p>Signpost to, and help scale private sector platforms, such as the one stop shop developed for Strive UK, that is helping small businesses find, choose and sign up for the right support.</p>	<p>Enterprise Nation</p>
<b>Lead by example and back digital technologies and innovation</b>	
<p>Make grants available for businesses to invest in technology – the Help to Grow: Digital scheme worked to an extent but needs refining to allow more businesses to take part. Tax incentives can also encourage investment in technology and would allow small business owners to make this important investment in the future of their businesses.</p>	<p>British Independent Retailers Association (BIRA)</p>
<p>Instead of linking grant eligibility to size, link future grant programmes to completion of personalised support programmes, where a specific plan for investment can be developed and refined.</p>	<p>Digital Boost</p>
<p>Take the lead on demonstrating solutions to very specific challenges that small businesses are facing. For example, the Government and its agencies can help accelerate time-to-payment for small businesses in their supply chains through solutions such as e-invoicing or procurement cards.</p>	<p>Mastercard</p>
<p>To help SMEs boost their exports and trade with other countries, introduce a £1000 exploration voucher or equivalent tax deductions.</p>	<p>Tide</p>
<p>Lower VAT to alleviate some of the burden on small businesses.</p>	<p>Tide</p>
<p>Champion, and where appropriate, lead by example by adopting digital payment solutions that can help SMEs become more efficient, for example, in the reconciliation of expenses.</p>	<p>Soldo</p>



# Perspective: Mastercard

# Unleash the power of partnerships for small businesses to get Britain growing



**Natasha Jamal**  
Vice president, social impact,  
Mastercard Centre for  
Inclusive Growth



**“Technology, and in particular digital payments, can play a significant role in addressing some of the most pressing issues faced by MSEs by helping businesses go digital, get paid and get capital.”**

Small businesses across the U.K. have faced a tough road over the past few years. While trying to navigate pandemic-related restrictions, reduced demand, supply chain disruptions and decreased access to capital, many entrepreneurs struggled to stay afloat. Despite government interventions over 200,000 small businesses were forced to shut their doors permanently. And of those that did manage to stay afloat, many had to significantly downsize their operations.

Unfortunately, as we start to move beyond the pandemic years, small businesses continue to face what probably seems like a series of never-ending obstacles. The latest of these is the rising cost-of-living, which continues to put significant pressure on businesses and individuals alike. The rising costs of housing, energy and food have increased overhead costs, reduced profitability and increased the risk of business failure. And, the wealth gap risks widening as those unable to keep up with rising costs are at risk of falling further behind.

Ensuring that we are sufficiently addressing the needs of small businesses, and helping them build their resilience to future shocks is now more critical than ever.

So what's the answer. Technology, and in particular digital technology, can play a significant role in addressing some of the most pressing issues faced by MSEs by helping businesses go digital, get paid and get capital. Digital technology is also the key to opening up access to markets internationally and building the capabilities and long-term resilience of British small businesses, ensuring they are better equipped to meet future economic challenges and shocks. And, in the U.K., we have the home advantage of cutting-edge digital technology and innovation that can help unlock the untapped productivity of existing and future businesses.

But delivering long-term and sustainable impact requires ecosystem-wide coordination and support.

Building a more robust ecosystem for entrepreneurs through partnerships is a key focus of Mastercard's Strive UK program, a philanthropic initiative launched at the end of 2021 to help small businesses thrive in the digital economy. In partnership with Enterprise Nation, we have developed a one-stop-shop platform where entrepreneurs can access information on over 300 support services from a range of different providers. We continue to add to the list with the aim of featuring up to 500 services by the end of the year. Entrepreneurs can then take a simple diagnostic on the platform that helps direct them to the resources most relevant to them.

“Partnerships have the potential to unlock innovative solutions to the challenges that small businesses face by bringing together the resources and expertise of all sectors. They can also help to drive scale and impact, enabling solutions to reach more people and deepening the impact of our work.”

To catalyse more partnerships, we also convene the Strive Learning Network, a group of over 30 cross-sectoral organisations that come together on a quarterly basis to share best practice and uncover potential avenues for collaboration.

Strive UK has also partnered with Be the Business to expand its mentoring and boards programmes to micro-entrepreneurs from minority ethnic communities, in recognition of the varying barriers, challenges and access to resources that entrepreneurs across different segments face.

In addition, we’re working with Digital Boost to help democratise access to advice, by facilitating connections between small business owners and experts who can help them address very specific business challenges.

Partnerships have the potential to unlock innovative solutions to the challenges that small businesses face by bringing together the resources and expertise of all sectors. They can also help to drive scale and impact, enabling solutions to reach more people and deepening the outcomes of our work.

While private-private partnerships are critical to drive change, scalable and transformative change comes when private and public sectors collaborate. In Indonesia, for example, following a very successful digital upskilling program that was rolled out by Mastercard, which empowered close to 300,000 micro and small business owners and established a volunteer mentor network of close to 30,000, we are now partnering with the Ministry of Communications and Informatics to incorporate the program materials into two national upskilling initiatives. This partnership will allow the government of Indonesia to leverage investment and efforts undertaken by the private sector to deliver high-quality support to small business owners at scale. Adopting a similar collaboration model in the U.K. could help the government capitalise on investments being made by private and third sectors and drive incremental scale and impact.

Creating a more enabling environment that helps partnerships thrive and accelerates the support to small businesses needs to be a deliberate and thoughtful process with a critical role for government that includes:

- **Acting as a convener:** Governments can leverage their influence to convene organisations and encourage public private collaboration to solve specific issues facing small businesses.
- **Being strategic about investments:** Refrain from trying to develop new programs from scratch, particularly if similar programs or interventions are available in the market. Instead, actively seek out partnerships with relevant organisations who have been successful in supporting small businesses and help them scale their work.

- **Helping connect small businesses to available support:** Signpost to resources like Strive UK and others on relevant government channels and during critical small business milestones. For example, after registering with Companies House, small business owners should automatically receive information on accredited funding, banking and support services, such as how to access a start-up loan, where to go for free training on topics like social media marketing and how to get free targeted business advice.
- **Leading by example:** Narrow in on, and demonstrate solutions to, very specific challenges that small businesses are facing; the Government can encourage others across the ecosystem to adopt similar practices. For example, HM Government and its agencies can help accelerate time-to-payment for small businesses in their supply chains through solutions such as e-invoicing or procurement cards.

By working together, we can create a more robust ecosystem for entrepreneurs to thrive in, and enable sustainable growth that creates prosperity and with it, a brighter, more resilient future for all.



**Perspective:**  
All Party Parliamentary  
Group for Ethnic Minority  
Business Owners



**Diana Chrouh OBE**  
Special advisor, All Party  
Parliamentary Group for Ethnic  
Minority Business Owners

"Ethnic minority-led businesses (EMBs) are a major part of the U.K.'s economy and contribute an estimated £25 billion per year. They represent an enormous potential for growth."

"Flexible and accessible digital payment solutions have been game changing for many diverse business communities, especially through the facilitation of cashflow to fuel growth and offset the longstanding barriers to finance that many face."

# Inclusion as standard: Enable ethnic minority-led businesses to fuel economic growth

Digital payment solutions have been critical to fuelling business growth, but they are only part of a much bigger financial services puzzle that needs to be addressed to overcome barriers and enable ethnic minority-led businesses to maximise their potential.

Effective financial inclusion for businesses needs to be underpinned by a wider understanding of disadvantage and social justice, rather than by a narrow emphasis on helping people to use certain goods and services.

Ethnic minority-led businesses (EMBs) are a major part of the U.K.'s economy and contribute an estimated £25 billion per year. They represent an enormous potential for growth particularly as they are more likely to be early-stage entrepreneurs than their white British born counterparts.<sup>3</sup>

Flexible and accessible digital payment solutions have been game changing for many diverse business communities, especially through the facilitation of cashflow to fuel growth and offset the longstanding barriers to finance that many face.<sup>4</sup> These solutions are especially important for EMBs since although they can be found in almost every sector of the economy, they are highly represented in sectors with business models which depend for their viability, on higher levels of individual payment transactions such as hospitality, retail, transport or services industries.<sup>5</sup>

But there are challenges.

EMBs are also disproportionately more likely to be based in, or serving, disadvantaged lower income communities with less access to digital payment options and more reliance on cash payments.<sup>6,7</sup> Researchers at Savanta found that people on lower incomes face a range of barriers including less access to the internet and digital skills, mistrust of new technologies and a reliance on or preference for cash payments to help them budget.<sup>8</sup> Arguably these factors are especially important during the cost-of-living crisis. The Office for National Statistics also refers to the U.K.'s digital divide in their report on the barriers to digital inclusion amongst ethnic minority communities.<sup>9</sup> These issues become more complex when considerations such as culture and language are considered.

These issues do not just disproportionately affect ethnic minority customer bases, they have also consistently been flagged as issues that have led to EMBs encountering disproportionate demand side barriers to accessing finance. These barriers were especially exacerbated during the pandemic when a disproportionate number of business owners complained that they had led to obstacles when trying to access the Government's emergency support measures.<sup>10</sup>

“Much more needs to be done to develop a fair and accessible financial services system and reduce disproportionate barriers to finance for EMBs in the U.K.”

These barriers to entrepreneurship present significant knock-on challenges to the resilience and growth potential of EMBs and this is clearly not good news for the wellbeing and prosperity of the U.K.’s economy.

### **Fairer and accessible financial services system**

While payment solutions are critical, they are only a part of a much bigger financial services puzzle that needs to be addressed to enable EMBs to maximise their potential.

Much more needs to be done to develop a fair and accessible financial services system that can deliver the holistic and deep rooted systemic and structural changes required to significantly move the dial and reduce disproportionate barriers to finance for EMBs in the U.K. This is particularly relevant when considered in the context of the Government’s flagship Levelling Up agenda which was designed to tackle socioeconomic inequalities and power economic growth.

This approach would also pave the way for more effective, tailored strategies to, for example, tackle interlocking issues such as digital exclusion and financial literacy alongside cultural and language barriers as a part of a range of accessible services for unbanked and underserved communities and business owners.

### **Mitigate risk of evolving disparities**

A narrow focus on technological product and service innovations alone, while an important driver for financial inclusion, will not necessarily level the playing field for EMBs.

More needs to be done to mitigate the risk of existing disparities evolving and becoming entrenched in modern systems. For example, a review of how data driven digitised payments and open banking systems have evolved alongside AI management frameworks clearly reflects that these developments are largely based on systems that are heavily influenced by traditional banking models that have historically marginalised and underserved EMB communities.

A key example is the use of data about customers in algorithmic systems which, according to the Digital Regulation Cooperation Forum (DRCF) report, “pose significant risks if deployed and managed without due care” particularly modern Machine Learning approaches, “which can amplify harmful biases that lead to discriminatory decisions or unfair outcomes that reinforce inequalities.”

### **Coherent roadmap for inclusion**

To mitigate the risk of exacerbating inequalities in a fast-growing digital financial landscape, policymakers need to take deliberate action to prevent this. What is required is a coherent road map for inclusion.

“What is required is a collaboration between policymakers and the financial services industry to make a stronger commitment to inclusive financial services at both a policy and an industry level.”

## Transparency

An important part of delivering a fair and robust standard for financial inclusion, that includes better access to finance for EMBs, has got to be the provision of greater transparency to build trust and provide meaningful metrics about improving services and delivering economic growth.

There have long been calls for greater transparency through a national system of ethnicity data collection about entrepreneurs in the U.K. The provision of accurate quantitative data will enable a better understanding of the barriers that EMBs face, and will address the overall lack of transparency about these issues across the financial services industry.

There is also a strong case for a more coordinated and systemic approach to collecting data in order to ensure better transparency and regulation of how this data is used to make decisions about access to finance. Business lobby groups such as the FSB have joined the APPG for Ethnic Minority Business Owners in supporting the Office for National Statistics in its call for a national system of ethnicity data collection about entrepreneurs.

To enable greater transparency and knowledge about EMBs they have called for Companies House to add an ethnicity field to the annual registration process and include additional questions as part of the Management and Expectations Survey.<sup>12,13</sup>

There is nothing inevitable about the barriers that EMBs face. By taking a holistic approach to inclusion as standard, technology has the power to support the paradigm shift required to enhance financial inclusion and support the removal of many of the barriers that EMBs face in accessing finance.

Payment solutions that are aligned to a coherent financial services system which is in turn tailored to open up pathways which enable EMBs to overcome barriers would provide the inclusive rocket fuel that EMB communities need to enable them to maximise their potential for economic growth.

However organisational initiatives can only go so far towards making the industry more inclusive while wider disparities remain. What is required is a collaboration between policymakers and the financial services industry to make a stronger commitment to inclusive financial services at both a policy and an industry level. It is this type of collaborative approach that will present exciting new opportunities to tackle both existing and emerging disparities and open up the gateway for ethnic minority business owners to maximise their economic potential for the benefit of us all.



# Perspective: Be the Business

# Breaking the cycle: Supporting ethnic minority business leaders towards greater productivity



**Anthony Impey**  
CEO, Be the Business



13.3%

early stage entrepreneurs among  
ethnic minority population

**"Addressing barriers  
faced by ethnic minority  
businesses could unlock  
significant growth  
for the U.K. economy,  
raising living standards  
and making the U.K.  
more resilient to  
economic shocks."**

As small business productivity champions, Be the Business are on a mission to engage with entrepreneurs and leaders from across the business sphere. Through our commitment to better understanding the challenges facing minority businesspeople, the group has repeatedly researched the productivity and growth barriers for minority ethnic business leaders.

## The experience of Holden Knight Education

"We expect that kind of bias, so it's no wonder we feel like imposters. It's a vicious circle." Anton Peruga is managing director of Manchester-based Holden Knight Education, a social enterprise supporting young people. An enterprising "solopreneur," he accessed the Mastercard Strive initiative via Be the Business' Boards programme. Anton's problem of "not knowing what he didn't know" was compounded by the fact that his entire approach to running his own business was influenced by his cultural background. His father is Nigerian, his mother Catalanian. His core group of friends were all from similar backgrounds, so were unable to advise him, yet he was reluctant to seek help from conventional sources.

## Understanding productivity and growth barriers for minority ethnic business leaders

Anton's experiences are far from unique.

The Global Entrepreneurship Monitor found that early-stage entrepreneurship was higher among the U.K.'s ethnic minority population (13.3%) compared to the non-minority population (8.1%). However, non-minority entrepreneurs were more than twice as likely to have an established business.<sup>14</sup> Furthermore, Be the Business analysis revealed that ethnic minority business leaders demonstrate greater aspiration, intent for skill improvement, and engagement in innovation and export activities compared to the overall business population.<sup>15</sup>

This high level of nascent activity and intent not resulting in greater number of established businesses suggests that significant barriers exist which stop many ethnic minority-led businesses from reaching their potential.

Unleashing this potential is of national importance. Slow economic growth since the 2008 financial crisis is estimated to cost the average worker £11,000 per year.<sup>16</sup> Addressing barriers faced by ethnic minority businesses could unlock significant growth for the U.K. economy, raising living standards and making the U.K. more resilient to economic shocks.

Be the Business' qualitative research has identified three barriers which specifically impact growth and productivity levels of ethnic minority-led businesses.

“Creating local access to finance by working with community organisations that are already engaging with ethnic minority businesses is essential if we’re to realise the ambitions of this community.”

### **Barrier 1: Access to external finance**

Securing external finance, including start-up funding and insurance, was identified by Be the Business and others as the most significant barrier.<sup>17</sup> A higher percentage of ethnic minority business leaders feel financial factors are limiting their ability to improve their business’ position.<sup>18</sup>

Supporting minority business leaders through access to necessary financial knowledge is essential. This could include free finance courses and tools to give business leaders the knowledge and confidence to understand their financial health and steer their companies in the right direction. For example, Be the Business offers fully funded options through Mastercard Strive and collaboration among business ecosystem actors can bring advice to more diverse communities.

### **Barrier 2: Business skills and expertise**

Another challenge is the lack of formal qualifications or even poor recognition of prior experience.<sup>19</sup> One option is to develop leadership skills programmes that focus on underserved business community members. Be the Business identified that minority business leaders are more inclined to invest in leadership training or mentoring relative to other forms of business support. Following the example set by Mastercard Strive, industry can support and scale initiatives that meet the learning preferences of business leaders and promote participants as role models that can inspire others.

### **Barrier 3: Access to relevant business advice and networks**

Business leaders within this community struggle to expand their contacts and often remain in small networks, lacking awareness of the broader business ecosystem and access to professional support.<sup>20</sup> It’s important that we think about how the wider business support ecosystem can coordinate offers to this community. Government and the business support community should collaborate to launch a business leader-centric starting point, consolidating and signposting business leaders to appropriate support. While the Help to Grow campaign site’s advice page is a step forward, it should be expanded to encompass diverse industry initiatives.

### **Ethnic minority business leaders have greater intent to act on digital capabilities**

Successful technology adoption is a key driver of greater productivity. Ethnic minority business leaders rate their digital skills lower than non-minority counterparts, with 55% acknowledging the right blend of digital, technology and data skills among their management team compared to 63% of non-minority leaders.<sup>21</sup> However, there is an opportunity here, as minority business leaders have greater intent to invest in e-commerce (47%) and data mining and analysis (32%) in the next 12 months.<sup>22</sup>

Creating local access to finance by working with community organisations that are already engaging with ethnic minority businesses is essential if we're to realise the ambitions of this community. Using these forums to support technology adoption and improve digital skills can help minority businesses provide lenders with a more complete picture of their financial health.

### **Huge potential to drive higher economic growth**

There is terrific entrepreneurial potential in the minority ethnic business community that, if cultivated, could yield tremendous rewards for the business leaders themselves as well as their communities and regions. It's important that the business support sector avoids taking a one-size-fits-all approach to its engagement and is reactive to the learning preferences and requirements of ethnic minority leaders. A strong starting point would be to focus on access to finance, finding relevant support and increasing digital adoption. Making progress in these areas would lower the barriers faced by entrepreneurs like Anton and bring benefits to the U.K. economy as a whole.



## **Perspective:** British Independent Retailers Association

# How digital payments technology can support small businesses to grow: Supporting wider economic growth across the U.K.



**Andrew Goodacre**  
CEO, British Independent  
Retailers Association



**"It has become clear that small business owners who embrace digital payments technology can gain a competitive edge, increase efficiency and attract more customers. This, in turn, can lead to wider economic growth across the U.K."**

Even before COVID-19 we were seeing increased usage of online shopping. The pandemic gave it a dramatic boost and, in many ways, brought previously resistant independent retailers to the world of e-commerce. Instead of seeing it as a threat, smaller retailers realised that the only way to do business with a closed shop was to embrace technology.

With this rise of e-commerce and the increasing importance of digital transactions in our daily lives, it has become clear that small business owners who embrace digital payments technology can gain a competitive edge, increase efficiency and attract more customers. This, in turn, can lead to wider economic growth across the U.K.

Firstly, digital payments technology can help independent retailers to reach a wider audience. By accepting digital payments, small businesses can expand their customer base beyond their local area and reach customers from all over the world. The reach of e-commerce never fails to surprise the small business owner who has created an online business, and they quickly realise they need to be able to accept payments from customers in different countries and currencies. Digital payments technology allows small businesses to do this quickly and easily, without the need for complex international banking arrangements.

Secondly, digital payments technology can help small businesses to streamline their operations and increase efficiency. One of the greatest challenges for any small business is finding the time to address the all-important administrative duties, and yet these owners have little time to address such issues. With digital payments, there is no need for manual processing of payments, which can be time-consuming and prone to errors. Digital payments can be processed automatically, which means that small businesses can spend less time on administrative tasks and more time on growing their business.

Next, we can see benefits with the management of money, or more specifically cash flow. Accountants will tell us that most small businesses fail due to a lack of cash rather than a lack of profit. Throughout the year there will be times when a business has more outgoings than money coming in, and these are dangerous moments for the small business owner. Importantly, digital payments technology can help small businesses to improve their cash flow. By accepting digital payments, small businesses can receive payments more quickly and easily, which can help to improve their cash flow.

“Research has shown that 54% of small businesses have not invested in their or their staff's digital skills or added new technology in the last year.”

“Tax incentives to encourage investment in technology would allow small business owners to make this important investment in the future of their businesses.”

Digital payments technology can also help small businesses to reduce the cost of processing payments, as digital payments are generally cheaper than traditional payment methods such as cheques or bank transfers. Running a business is not just about getting the money in. It is also about processing that income as quickly and efficiently as possible, and doing this the business has a better chance of surviving and growing.

Finally, digital payments technology can help the independent retailer and small business in general to gain valuable insights into their customers. In many ways, being successful in business is all about knowing your customer. Large corporations realise and spend millions on CRM systems to store information about their customers. By using digital payments technology, small businesses can compete and collect data on their customers' spending habits, preferences, and behaviours. This data can be used to develop targeted marketing campaigns, improve customer service and tailor products and services to meet the needs of their customers. By understanding their customers' behaviour better, small businesses can increase customer loyalty and retention, which can help to drive growth and profitability.

It is easy to identify positive reasons for smaller businesses to embrace technology. Yet, there is a disconnect between the small business owners and IT with too many small business owners missing the opportunity. Research has shown that 54% of small businesses have not invested in their or their staff's digital skills or added new technology in the last year.

We have the Department of Science, Innovation and Technology and the Department of Trade and Business. Together they should develop policies that enable small businesses to embrace technology. Policies to make grants available for businesses to invest in technology – the Help to Grow: Digital scheme worked to an extent but needs refining to allow more businesses to take part. Also, tax incentives to encourage investment in technology would allow small business owners to make this important investment in the future of their businesses.

One final ask is to improve education and awareness of the support and technology available – it does not always need to be financial.

Digital payments technology and innovation have the potential to support small businesses to grow and as such, create wider economic growth across the U.K. By embracing digital payments technology, small businesses can reach a wider audience, streamline their operations, improve their cash flow, gain valuable insights into their customers and access funding and investment.

As the U.K. economy continues to recover from the COVID-19 pandemic and the cost-of-living crisis, it is more important than ever for small businesses to embrace digital payments technology and innovation to drive growth and support wider economic growth across the U.K.



# Perspective: Digital Boost

# Supporting small businesses to go digital



**Karen Licurse**  
Managing director,  
Digital Boost

digitalboost!

3/4

MSEs said technology helps them save time

63%

of MSEs believe the right digital tools will allow them to retain and grow customers

We can't grow our economy without growing the U.K.'s 5.5 million small and medium businesses and digital technology and innovation is a critical lever.

In 2022, Mastercard research<sup>23</sup> found more than three-quarters of micro- and small enterprises (MSEs) said that technology helps save time, while 62% believe the right digital tools will allow them to retain and grow their customer base.

Study after study shows that adoption of digital technologies, including payments, is key to MSE productivity and growth. Digital Boost was founded in 2020 to help small businesses go digital during the COVID-19 pandemic. Through our work, we see first-hand every day how digital skills can make all the difference for Britain's business owners.

For example, meet Sallyanne Gibson from Hampshire. In the aftermath of the pandemic, her beauty academy was struggling: "I have some business experience, but I realised that in today's changing world, my experience was of little use, and I was beginning to sink financially and emotionally."

After receiving support, Sally has implemented online booking and payments, completely revamped her website and is now ranking much higher on Google. She is also saving time by managing her finances online and her social media following is growing. Most importantly, sales are increasing and Sallyanne is feeling confident and ready to face the future.

Despite success stories like Sally's, continued progress in MSE digital adoption is at significant risk. Amidst the cost-of-living crisis, many small organisations are focused on cost cutting and survival and view digital as a luxury they simply can't afford. They lack time and often the right skills to keep pace with rapid changes in technology. Perhaps most worryingly, they feel less supported than during the pandemic and aren't sure where to turn for help.

## So how can we help MSEs to reap the benefits of digital?

In our work, above all else, we've learned that no two small businesses are created equal. Every business has a different starting point, faces its own structural and social challenges and has unique ambitions.

At Digital Boost, we've received tens of thousands of requests from MSEs for help with digital. These requests are written in their own words, giving us insight into their state of mind, what's holding them back and what kind of help they think they need. We've mined that data to create a clearer picture of SME digital support needs, identifying three core need states, each requiring very different support:

“The Government should use its convening power to bring together and scale the best programmes rather than creating something new.”

“The right digital adoption support will take small businesses on a journey from understanding and choice through to adoption, with personalised support along the way, not generic learning.”

1. **Help me understand how digital will help my business:** They're focused on keeping their businesses afloat and don't think digital is critical for them. Support should focus on building the right mindset and confidence, and achieving business outcomes, not technical matters. For example, don't talk about CRM systems but about growing sales and saving time. First contact matters – meet them where they are, tapping into what's relevant for them and who they already trust.
2. **Help me choose:** They know that digital can help them but are overwhelmed with choice and where to start. They need 1:1 or small group help and mentoring upfront to make a plan and choose the right solutions.
3. **Help me stay on course while implementing:** They're embracing digital, but occasionally get 'stuck' in the implementation process. They need access to expertise in the moment, peer support and ongoing help and accountability to successfully embed solutions.

The right digital adoption support will take small businesses on a journey from understanding and choice through to adoption, with personalised support along the way, not generic learning.

While the Help to Grow: Digital programme was a first start we believe it ultimately was not successful because it only focused on the 'help me choose' phase above and didn't provide enough personalised support a long the way. Articles and videos can only go so far – sometimes human support is required.

While such tailored support at scale might feel overly ambitious, we believe it can be done with the right structure in place:

- **Amplify and connect what already exists:** A wide range of excellent digital support programmes already exist from both the public and private sectors. The Government should use its convening power to bring together and scale out the best programmes rather than creating something new.
- **Make it easy for small businesses to find help:** Even though many programmes exist, small businesses consistently tell us they don't know where to go for support or how to choose the right programme. We need to connect existing initiatives and provide an easy-to-use mechanism for small businesses to find, choose and sign up for the right support. Programmes like Strive UK could help facilitate this.
- **Focus on action, not just education:** Online training is not enough. Small businesses need practical, hands-on support such as mentoring, clinics and in-the-moment support to make the theoretical real. Support needs to be flexible and recognise how time-poor business owners are.

- **Link financial support to accessing knowledge:** While the Help to Grow: Digital grants were welcomed, many small businesses weren't sure how to spend them effectively. Additionally, many smaller businesses were left out. Instead of linking grant eligibility to size, the Government should link future grant programmes to completion of personalised support programmes, where a specific plan for investment can be developed and refined.
- **Leverage collective expertise:** Digital Boost was founded on the principle that many people have expertise they'd be willing to share with small businesses – we just need to make it easy for them. Through Digital Boost and many other local programmes, digital and business experts are currently providing free, actionable one-on-one support and mentoring across the country for small businesses at all stages of their digital journey. They can do this via a simple, scalable and measurable technology platform that could be easily widened to Growth Hub advisors and other small business support programmes.

Through our work galvanising volunteers and our participation in the Strive Learning Network, we know there is significant resource, willingness and momentum ready to power Britain's small businesses to go digital. This will ultimately enable small business survival, create jobs and fuel innovation.

Let's join together to make it happen.



**Perspective:**  
Enterprise Nation

# When finance and technology are in lockstep, female entrepreneurs can thrive



**Charlotte Thomason**  
Head of policy and government relations, Enterprise Nation



41%

of women who run MSEs say the cost of living crisis is impacting their mental health

**“In addition to lack of funding, women face greater gender bias and discrimination, lack of representation in leadership positions, have fewer connections and resources, and face greater pressure to balance work and family responsibilities.”**

While all businesses are feeling the impact of the current cost of living crisis, the challenges are even more acute for those running small and micro businesses, particularly women and those from ethnic minority backgrounds. Two in five (41%) women say that the stress of running their business through the cost-of-living crisis is impacting their mental health, compared to just 22% of men.<sup>24</sup>

Barriers to women setting up and growing a business are not new, and we know that women continue to face challenges when it comes to access to finance or access to networks. But what continues to become painstakingly clear is that there is a huge economic upside to helping women starting or looking to grow their small businesses to overcome these barriers.

Specifically, as the 2019 Rose Review highlighted, up to £250 billion of new value could be added to the U.K. economy if women started and scaled new businesses at the same rate as men.

And so, if we can get finance and technology to work together better, we can unleash this value and get the U.K. economy growing.

## The funding landscape for female founders

Access to funding is often cited as the top barrier women face when starting and growing a business in the U.K. The British Business Bank’s latest Small Business Equity Tracker<sup>25</sup> found that for every £1 of equity investment in the U.K. in 2021, all-female founder teams received 2 pence, compared to all-male founder teams who received 84 pence, and mixed-gender teams 14 pence. This is a decline from 2020 and underlines the stark fact that while there are numerous awareness campaigns, female focussed initiatives, and research on the topic existing, change is still slow.<sup>26</sup>

In addition to lack of funding, women face greater gender bias and discrimination, lack of representation in leadership positions, have fewer connections and resources, and face greater pressure to balance work and family responsibilities.

That’s not to say things aren’t being done to speed up change. The Rose Review gave a platform to the many women who were being ignored and underserved by the finance sector.

There are opportunities for funders to go even further to help female founders create wealth. One call to action is that if you invest in businesses, make sure investing decisions are made by a diverse group, or include the opinions of a diverse group. In addition to this, make sure you utilise data. And if you don’t already measure that data, start. The more data we have on investing, the better organisations can take targeted action to ensure a fair amount gets into the pockets of female founders.

“As the 2019 Rose Review highlighted, up to £250 billion of new value could be added to the U.K. economy if women started and scaled new businesses at the same rate as men.”

“It’s important to consider the specific context of each female founder and her business — a one size fits all approach rarely works.”

## Measure your data, tailor your support and embrace technology

With the myriad of technical solutions available, it can be difficult for entrepreneurs to know which to invest in and how they can be best utilised. Similarly, when searching for funding, female-led businesses are presented with several options, business loans, grants, competitions — the list goes on. What technology and funding have in common is that not enough is targeted at getting the right support to women at the right stage of their business journey. To achieve this, we need increased private public partnership, with government openly backing the work of the private sector to address barriers faced by female entrepreneurship.

Enterprise Nation, through its work with the Mastercard Strive<sup>27</sup> programme, aims to build on an existing ecosystem of support, and our continued investment in a smart support platform is based on a burning belief that getting access to the right support at the right time will significantly increase chances of business survival and growth.

Our collaboration with Mastercard on the Make a Plan<sup>28</sup> tool is a way for entrepreneurs to access free, tailored support recommendations which are surfaced through an individual and personalised dashboard. It can support women getting the right advice on funding, by utilising technology and data at its heart. Digital tools like Make a Plan are continuously increasing their reach, particularly with women and ethnic minority founders, to provide them with relevant, tailored support, and we’re just getting started.

Technology innovation can be a great leveller for business owners. Those founders who are too often locked out of traditional support systems can benefit from digital alternatives like e-learning, online networking and crowdfunding.

At Enterprise Nation we want to take this technology to its next level; a level where we do the thinking on a founder’s behalf suggesting the type and format of support that will have the greatest impact. The vision is to get to a place where we can let a founder know if they are eligible for a local grant or national support programme, ensure the application is friction free and deliver this with evidence showing how similar companies who have accessed this type of support have benefited.

## What needs to happen?

Technology is a key avenue through which equity can be achieved, but there are other barriers faced by women. It’s important to consider the specific context of each female founder and her business — a one size fits all approach rarely works. A founder who is struggling to secure funding may benefit from support in accessing investors and improving her pitch, while a founder who is facing gender bias may benefit from mentorship and networking opportunities. Ultimately, addressing all these barriers will be necessary to create a more equitable business environment.

“When technology is embraced by both founder and support organisations, growth is achievable. It can assist with being paid on time, tracking customer information and increasing a founder’s ability to predict and supply gaps in the market.”

When technology is embraced by both founder and support organisations, growth is achievable. It can assist with being paid on time, tracking customer information and increasing a founder’s ability to predict and supply gaps in the market.

### **The role of policymakers**

However, technology on its own is not a panacea. The private sector needs to be the key driver of change when it comes to supporting female entrepreneurship. There is also a big role for policymakers in championing successful private sector initiatives and encouraging and funding more work into eliminating barriers for female founders.

At a recent Mastercard event on female entrepreneurship, over 200 women explained what more they needed to see from government and industry to thrive.<sup>29</sup> Recommendations included developing small business support programmes pinpointing specific areas where they can help, not replicating existing programmes, but instead supporting and collaborating with other organisations. We all want to get more money to female founders, but we need to collaborate and share insight and data to be most effective.

Getting this right, by forming public private partnerships, harnessing smart tech (including digital payments tech) and engaging female founders from the outset will deliver significant economic and social gain and ensure that female founders are able to grow their business, and we are able to grow the economy, sustainably.



# Perspective: Tide



**Heather Cobb**

Senior vice president,  
member engagement, Tide

**tide**

**"Women are three times more likely to cite gender as a barrier to launching a business."**

# Fintechs like Tide are creating a new path for underrepresented business owners

As the saying goes, 'time is money', and this is especially true for small businesses starting out.

Launching a business can be complex. It involves registering your company, setting up an invoice and bookkeeping system, building a marketing plan and so much more. Underserved groups, from female business owners and those from ethnic minorities can find this process especially difficult due to fewer business role models, lack of operational knowledge and limited access to finance.

Around 250,000 small businesses in the U.K. are ethnic minority-led, the majority of which (185,000) have no employees as data from the Federation of Small Businesses (FSB) shows. They contribute £25 billion to the U.K. economy, but according to the British Business Bank, Black and Asian entrepreneurs have a lower success rate for starting a business and experience less success overall after launching.

Despite a record number of women now starting businesses<sup>30</sup>, female business owners are also facing similar challenges. Tide's Women in Business survey of 2000 customers (members) shows women are three times more likely to cite gender as a barrier to launching a business.<sup>31</sup> We're actively working to address this and recently announced our commitment to help 200,000 female-led businesses get started by the end of 2027.

At a time when the U.K. economy is grappling with inflation and shrinking growth, we can't afford to ignore the £350 billion<sup>32</sup> contribution of increasing rates of female and ethnic minority entrepreneurship. Beyond the economic contribution, creating these businesses will inspire and uplift a whole new generation of people, products and businesses. That's the future we need to create today.

## Barriers to financial inclusion

One way fintechs are able to tackle this disparity is by understanding and better serving the needs of targeted demographics (including SMEs), female and ethnic minority entrepreneurs.

Take Tide, for instance: We're helping entrepreneurs start and run businesses by building pioneering tech solutions dedicated to saving small businesses time and money. Tide's platform puts everything in one place, from everyday banking to managing your accounts and admin. We also offer multiple solutions for accounting. You can connect your third-party software such as Xero, Sage or QuickBooks, or sign up for Tide Accounting.

It's our simple and secure accounting tool that helps you on your business journey, straight from your bank account.

53%

of women find it difficult to launch their own business

"Fintechs like Tide have a unique opportunity to plug this 'knowledge gap' by leveraging technology to engage with their customers, whether through social media, in-app engagement or traditional marketing."

This is a stark contrast to legacy financial services, which can be complex, costly and with narrow criteria for setting up a business. For example, businesses are usually asked to show a consistent credit history even if they're just starting out and it can often take a while to get a bank account set up. At Tide, there's no such requirement. When you combine our streamlined service and ability to open a bank account in minutes, entrepreneurs are able to easily do business on the go.

The simplicity, innovation and cost-effectiveness of this offering makes Tide more appealing to underrepresented business owners.

### Operational knowledge

But there's still a long way to go to level the playing field. According to our recent survey, more than half (53%) of women find it difficult to launch their own business. For ethnic minorities, more than two in three (68%) Black female business owners found the process challenging,<sup>33</sup> mostly due to lack of operational knowledge on how to set up a business.

Fintechs like Tide have a unique opportunity to plug this knowledge gap by leveraging technology to engage with their customers, whether through social media, in-app engagement or traditional marketing.

We're doing this by building communities, encouraging knowledge sharing and creating targeted content such as masterclasses with industry experts and how-to e-books. We've also launched our Startup Hub, which is full of resources for fledgling business owners looking for guidance on a range of topics. An information-led approach is now increasingly built into our member journey.

### Societal and policy shift

Fintechs can't address the diversity gap in entrepreneurship through technology alone: we need a collaborative effort from the industry, policy makers and civil society.

To boost rates of entrepreneurship in the U.K. and enable growth that's sustainable, policymakers need to create the infrastructure to support more people to create their own ventures, whatever their gender, age, background or previous working history. Our policy recommendations to help achieve this include:

- **Lower VAT:** At Tide, we serve over nine percent of small businesses in the U.K., many of which are struggling with significant increases in the cost of doing business in recent years. We have consistently asked the Government to lower VAT and alleviate some of the burden on small businesses.

- Voucher scheme/tax deductions to boost SME international trade:** British businesses are creating a wealth of products and services that we should export internationally. However, at present just 10% of SMEs (around 530,000) export goods outside the U.K.<sup>34</sup>. To help SMEs do this, the U.K. government should introduce a £1000 exploration voucher or equivalent tax deductions to get Britain trading with the world once again.
- Female-focused startup loans:** To promote female entrepreneurship, policymakers should consider introducing government-backed female-focused startup loans to help plug the finance gap faced by female business owners. Additionally, increased childcare provisions, such as raising the tax-free childcare allowance from £2000 to £3000, will build on the Chancellor's recent move to extend universal 30-hour childcare entitlement to one-to-two year-olds.

## Nwanne Maduanusi and Moyo Castano, Simply Asoebi



### About the business

Simply Asoebi is the U.K.'s first full asoebi concierge service. It uses modern technology to make cultural outfits easily accessible for Nigerian and African weddings in the U.K. and abroad.

Asoebi is the matching fabric worn by friends and family of the celebrants during traditional Nigerian and African weddings.

Nwanne Maduanusi and Moyo Castano started Simply Asoebi to take the stress of the asoebi process away from the bride and groom. They source, sell and deliver the fabric to guests on behalf of the couple, all while adding a touch of luxury to the process.

### Why Simply Asoebi is using Tide

*"We chose Tide as our business account because of its low fees. As a pre-revenue start-up at the time, keeping our expenses as low as possible was definitely a priority. Also, we felt like Tide was built for small businesses like ours. Everything was so simple and straightforward so it made the whole process of opening a business account less daunting."*

*We use the invoicing feature quite a lot because it's really easy to issue new invoices and also keep track of payments."*



# Perspective: Soldo



**Carlo Gualandri**  
Founder and CEO,  
Soldo



**"As we've seen with expenses, U.K. business is dogged with these sorts of overlooked but productivity-stalling tasks and processes. We need a sober assessment of what is actually providing value in the modern workplace."**

# Solving the productivity puzzle: The end of inefficiency in British businesses

One of the thorniest issues facing the British economy is the "productivity puzzle".<sup>34</sup> While weak productivity is an international phenomenon, the UK's brand of low productivity is a particularly acute outlier.

During the 20th century, U.K. productivity growth purred along comfortably at 2.2%. But in the mid-2000s, the engine stalled. The figure now stubbornly sits below 1%. Attempted explanations for this vary.

Notably, a former prime minister co-authored a book<sup>35</sup> criticising British workers as "the worst idlers in the world". Such explanations, however, are facile. And easily disproven when we look at the data.

In reality, British workers work slightly longer than the OECD average.<sup>36</sup> Nor do they retire particularly early. So, if British workers aren't idlers, then what is the issue?

## No one way to end inefficiency

The culprits are an array of productivity killers which have stymied U.K. businesses for too long. There has been a lack of investment in new equipment and technology, and British workers are mired in inefficient, time-consuming admin.

As economic growth slows and pressure mounts, inefficiency is now unaffordable. Consider expenses. Filing your first expense claim is somewhat of a rite of passage for any employee. And for many years, the expense process (and, concomitantly, the reimbursement process) has been a staple of office life.

The whole ritual has escaped serious contemplation, but when Soldo looked into it we found a whole litany of issues for U.K. workers.

Our research, conducted alongside Ipsos, found that most respondents (67% of our sample) pay for work-related expenses with their own money at least once a week. For more than a third (36%), this added up to £100 or over in November 2022.<sup>37</sup>

This out-of-pocket spending is causing substantial problems. Seventy-two percent of our survey respondents told us using their own money to pay for work-related expenses has negatively impacted their personal finances. While 52% of survey respondents have had to use their credit cards at least once due to work expenses, and 14% have had to borrow from family and friends.

It's not okay that employees cover company expenses with their own money and are then forced into a complex, slow reimbursement process. Especially at a time like this.

“We must focus on meaningful, rewarding and valuable tasks. And work toward a future where repetitive, tedious, low-value tasks are either supplemented by tech or flat-out automated by it.”

## Expenses: A prime example of inefficiency holding back growth

Businesses usually rely on traditional credit or debit cards from banks, petty cash or employees using their own money to make business purchases.

Once a purchase is made, companies manually conduct their expense management and monthly reporting via Excel. All this spending must then be reconciled with a company’s accounting software. Ask any finance person and they’ll gladly tell you how painful this task can be.

Not to mention the slew of logistical issues that come alongside the traditional expense approach: Too few cards for all potential users, reimbursement complaints and virtually no oversight on transactions and budgets.

## Thousands wasted; days lost

Soldo differs from traditional expense management in a few crucial ways. Our offering combines company cards (both real and virtual) tied to an expense management platform.

Businesses can issue as many cards as needed and employees log expenses through a mobile app. All transactions are near-instantly reconciled and categorised in the company’s accounting software.

The Total Economic Impact™ of Soldo, a commissioned study conducted by Forrester Consulting on behalf of Soldo, evaluated the results of this system for businesses. The results were eye-catching. Soldo’s platform reduced the time a finance manager spent on a claim by 62%.<sup>38</sup> Soldo cuts the time spent reviewing and approving a report by 80% and the time spent reviewing budgets aligned with company spending by 50%.

For non-finance employees, over 50% of the time previously spent on submitting expense claims was saved — a reduction of 48 minutes per claim on average. Overall, this adds up to time savings worth £118,000 (again over three years).

## Not the sole solution, but part of it

The U.K. faces some serious structural and economic challenges right now. And at Soldo, we avoid talk of instant cures. What is needed, however, is a range of intelligent digital technology solutions that help British companies become efficient.

As we’ve seen with expenses, U.K. business is dogged with these sorts of overlooked but productivity-stalling tasks and processes. We need a sober assessment of what is actually providing value in the modern workplace.

We must focus on meaningful, rewarding and valuable tasks. And work toward a future where repetitive, tedious, low-value tasks are either supplemented by tech or flat-out automated by it.

## Changing the angle of attack

At the moment, the nation's thinking around the cost-of-living crisis and the U.K.'s productivity slump is mired in old-fashioned notions. Talk of 'idlers' and lazy workers has an almost Victorian feel to it.

Instead, the U.K. will benefit from being bold and looking for modern solutions out of our problems. And to create growth across the U.K., perhaps some conflict is inevitable, but not every measure needs to be adversarial. As we've pointed out here, reimagining expenses and reimbursement is an easy win for everyone.

For workers struggling with the cost of living, it means no more out of pocket spending or lengthy waits for reimbursement. For employers, it ends an inefficient, antiquated and unaffordable process, while giving companies better control of their money.

And for policymakers, it's a rare measure that won't create conflict between society's various stakeholders, especially at a time when emotions are running high. Conflict isn't inevitable. Consensus is possible and technology makes it easier than ever.

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## About Mastercard

Mastercard is a global technology company in the payments industry. Our mission is to connect and power an inclusive, digital economy that benefits everyone, everywhere by making transactions safe, simple, smart, and accessible. Using secure data and networks, partnerships and passion, our innovations and solutions help individuals, financial institutions, governments, and businesses realise their greatest potential. Our decency quotient, or DQ, drives our culture and everything we do inside and outside of our company. With connections across more than 210 countries and territories, we are building a sustainable world that unlocks priceless possibilities for all.

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