LLOYDS BANK UK BUSINESS DIGITAL INDEX 2017

1.6 MILLION SMALL BUSINESSES IN THE UK ARE IN THE DIGITAL SLOW LANE

The UK’s small businesses and charities are increasingly seeing a digital skills divide, with organisations now more likely than ever to either be digital experts, or significantly lacking in digital skills according to the Lloyds Bank Business Digital Index. However, since the Index launched in 2014, twice as many organisations have developed high digital capabilities, with many more on the cusp of joining them.

The Business Digital Index, the largest study of its kind into digital capabilities of the UK’s small businesses and charities, clearly shows that being digitally savvy can pay huge dividends and is a shortcut to success. The most digitally capable small businesses are twice as likely to report an increase in turnover compared to non-digital equivalents and are also more productive. The benefits can go beyond their finances too with small businesses and charities being able to save a day a week thanks to digital capabilities. Highly digitised charities are also more than twice as likely to report an increase in donations with social media being one of the main drivers.

The majority of small businesses and charities are embracing digital ways to do business, but an important minority aren’t and it’s costing them time and money. 1.6 million businesses (41%) and over 100,000 (52%) charities in the UK are in the digital slow lane and are currently without full (all five) Basic Digital Skills. Worryingly the Index has also identified 118,000 organisations in the UK who aren’t using the internet at all. For many, this is a mindset issue. The leading barrier for those with lowest levels of digital skills is seeing the internet as of interest – 61% of charities and 43% of small businesses in this bracket believe an online presence is ‘irrelevant’.

Older business and established charities are unsurprisingly the ones most likely to be missing out. 57% of businesses over 10 years old don’t believe digital or technology advances are required, but they may start to see their more digital competitors using tech to their advantage and overtaking them.

Another key barrier is online safety and security. The data reveals that currently only one-third of small businesses and one-quarter of charities feel they have the skills to protect their organisations from fraud and potential scams. This is 2.6m small businesses and almost 50,000 charities.

Whilst the gap between the digital capability of businesses and charities has widened, there are reasons to be optimistic with 670,000 organisations in the UK on the cusp of having Basic Digital Skills.

The Basic Digital Skills measure was introduced in 2016 and designed to gauge an organisation’s digital capability. For businesses and charities to have full Basic Digital Skills, they need to demonstrate at least one skill in managing information, transacting, communicating online, and using digital to problem...
solve and create content like adverts and promotional material for their business. This year’s report shows that while 41% of small businesses don’t have Basic Digital Skills, over a third of those without are close to having all five.

Adopting one or more of the skills gives charities and small businesses an advantage, using all five means they’re likely to be on an upward spiral with their digital capabilities. For many, the benefits include an upturn in productivity thanks to cost savings, trading abroad, and bringing in new customers.

**Nick Williams, Managing Director, Consumer and Commercial Digital at Lloyds Banking Group, said:** “Since launching the Business Digital Index in 2014, we have seen over twice as many organisations develop high digital capabilities, which shows great progress. This is giving them a shortcut to success in business, increasing sales, improving productivity and giving back almost a day a week in time savings.

“But there is more that can be done to support these organisations. They are vital to the UK economy and understanding how digital skills can unlock their potential is really important. As part of our Helping Britain Prosper Plan we are looking to address these issues, and by working with Government’s digital skills partnership, we have committed to training 2.5 million individuals, small businesses and charities on digital skills, including internet banking, by 2020.”

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Editors’ Notes:

The report looks to establish a view of digital maturity of businesses and charities in the UK by examining the way they are exploiting digital channels to manage and grow their organisations over time. 2,000 organisations were interviewed and the data is representative of the UK. The Lloyds Bank Business Digital Index is calculated using a two-stage process:

- Analysis of Lloyds Bank and Bank of Scotland transactional behavioural data to gain an oversight of the online banking activities of its customers, as a representative proxy for the UK’s small business and charity population as a whole
- An in-depth, questionnaire-led survey of 2,000 Lloyds Bank and Bank of Scotland customers to reach a rounded view of their digital activities and perceptions

What are the measures of Basic Digital Skills?

- **Managing Information** - Find, manage and store digital information and content
- **Communicating** - Communicate, interact, collaborate, share and connect with others
- **Transacting** - Purchase and sell goods and services, organise finances, register for and use Government digital services
- **Creating** - Engage with communities and create basic digital content
- **Problem Solving** - Increase independence and confidence by solving problems using digital tools and finding solutions

Launched in 2014, the Helping Britain Prosper Plan set out seven public commitments supported by 26 individual metrics, designed to address some of the biggest issues facing Britain. In March, the Group updated its 2017 Helping Britain Prosper Plan to be more streamlined and focus on how the Group can best help Britain through supporting People, Businesses and Communities across the UK.

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