



Small businesses and charities lacking basic digital skills

- **49% of UK charities lack basic digital skills, as do 38% of UK small businesses**
- **65% of small businesses have used digital to cut costs**
- **45% of small businesses and 44% of charities have created social media communities**

Almost two in five UK small businesses (38%) and nearly half of UK charities (49%) lack basic digital skills, with a rising challenge amongst some small businesses around cyber security, according to findings from the third annual **Lloyds Bank UK Business Digital Index**.

The most digital small businesses are twice as likely to report an increase in turnover as the least digital, and 65% of small businesses are using digital to reduce their costs, according to the survey of 2,000 small businesses and charities across the UK which is developed in association with digital skills experts **Doteveryone** and **Accenture**.

The number of charities accepting online donations has more than doubled since last year, and the more digital charities are 28% more likely to report an increase in funding than the less digital charities, although fewer than three in five charities also have their own website.

Using the new Doteveryone definition of Basic Digital Skills, which sets out five key skills needed to get the most out of being online (managing information, communicating, transacting, creating and problem solving), this year's report shows that 62% of small businesses have all five skills.

Lagging behind the larger small businesses are sole traders, with only 50% having basic digital skills and 78% are still investing nothing to develop these skills, down by 10% in the last year.

The lack of key digital skills is a primary barrier to doing more business online, with 15% of businesses stating this is the main barrier, more than doubling since 2015. For charities, the high turnover of staff and volunteers means it is difficult to retain digital skills and charities are often reliant on volunteers rather than embedding skills within the charity itself.

Cyber security is also rising in prominence as a reason for 14% of small businesses not doing more online nearly double from a year ago. More than two-thirds of small businesses (69%) and charities (72%) state they need to develop their cyber skills.

Nick Williams, Consumer Digital Director, Lloyds Banking Group said: "It's very encouraging that the Business Digital Index shows an even stronger link between the digital maturity and organisational success of businesses and charities, with the small businesses most digitally capable being twice as likely to increase turnover. However, there are still too many without the basic digital skills which allow them to make the most of the internet."

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We need to motivate by raising awareness of the benefits of digital, including saving cost and time. Just as important is to remove the barriers and for some, concerns around online security are holding them back from adopting digital technology. We need to do more to reassure and support them to develop their cyber security skills.”

Overseas trading

Another possible area for growth is how businesses employ digital when trading overseas - such as using e-mail to overcome time zone differences, or international online payments.

Currently only one in five small businesses (21%) are using digital to support their overseas trading. This does vary by sector, with retail businesses rising to 26%, with manufacturing businesses that use digital to trade overseas the highest at 39%. Of the proportion of small businesses which reported an increase in turnover over the past 12 months, a quarter (24%) are trading overseas.

Social media and shifting advice preferences

The rise of self-service digital was another clear theme in the 2016 Index, with businesses and charities both preferring to turn to friends, relatives or colleagues first followed by online search for help or information.

Social media usage amongst small businesses and charities also saw increases to 45% and 44% respectively but still more than half of both groups are yet to embrace these digital channels as a way to interact with current or prospective customers.

The increase in social media and free digital support may explain why 66% (2.5m) of small businesses and four out of five charities (78%) are still not investing their budget in digital skills. Organisations may instead be looking to more informal low cost (or free) resources to improve their digital skills.

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Notes to Editor :

Case studies are available.

- Doteveryone revised their skills definition for digital capability, moving from the previous categories of Basic Online Skills to a new definition of Basic Digital Skills. These are – Managing Information, Communicating, Transacting, Creating and Problem Solving. The Index score has a maximum of 100. This is a change from previous years and is a simpler method to measure year- on- year progress.

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Regional data

Average percentage of small businesses without Basic Digital Skills by region, compared to UK average of 38%

Scotland	30%
Northern Ireland	50%
North East	39%
North West	33%
Yorkshire & Humberside	38%
East Midlands	35%
West Midlands	48%
East of England	41%
Wales	45%
South East	41%
South West	37%
London	30%

Average percentage of charities without Basic Digital Skills by region, compared to UK average of 49%

North (including Scotland and Northern Ireland)	43%
Midlands	42%
South West and Wales	57%
London and South East	49%

1. About the Business Digital Index

The Business Digital Index measures the use of, and attitudes towards, digital technology among small businesses and charities across different sizes, sectors and regions. For the first time this year it includes new analysis on exporting, gender and mobile. The report is based on 2,000 in-depth questionnaire-led surveys, and new for 2016, 20 qualitative interviews in the South East of England and Manchester.

2. About Lloyds Banking Group

Lloyds Banking Group is a proud founder partner of digital skills charity Go ON UK, and now working with Doteveryone, the association has directly led to the creation of both the Consumer Index and Business index which allows us to measure the level of digital maturity of organisations in the UK to demonstrate progress and areas for improvement.

Lloyds Banking Group is building the business and strategy with digital firmly at the centre. They have committed to invest £1 billion in digital capability until the end of 2017, which is focused on delivering customer focused propositions, enhancing digital capabilities and delivery, and transforming the customer experience, whether they are a retail, business or insurance customer. Lloyds Banking Group has over 12 million active internet users and 7 million actively use mobile, making them the 'biggest mobile bank' in the

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UK.

Business can increase turnover, charities can increase funding and organisations can become more efficient by embracing digital skills. The guides at <https://resources.lloydsbank.com/business-guides/digital-know-how/> are designed to highlight the benefits of online skills, digital platforms and marketing and communication channels, and how to apply them to your organisation

As part of its Helping Britain Prosper Plan, around one in every four Lloyds Banking Group colleagues will be dedicated to helping people and organisations use the internet to improve digital skills and financial capability. This substantial commitment will deliver 20,000 Digital Champions by 2017. To help deliver this commitment Lloyds Banking Group aims to create the most digitally capable workforce in Financial Services, through the LBG Digital Academy. Additionally, to ensure this commitment has maximum impact within communities, the bank partners with the Tinder Foundation, providing the Group with access to a network of over 5,000 UK online centres.

3. About Doteveryone

Doteveryone was established by Martha Lane Fox following her BBC Dimpleby lecture in 2015.

It's mission is to understand and address the new set of moral and social challenges that has arrived with the internet, to help make life fairer and simpler for everyone in the UK.

Doteveryone builds prototypes to better understand these challenges, finds partners to help scale the best solutions and uses those prototypes (and the ideas behind them) to change mainstream opinion about how we can make the most of the internet.

4. About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world's largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 384,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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