Greengage

Greengage SME/Digital Asset Payment Services

Survey Findings

WHITE PAPER

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Executive Summary

How do entrepreneurs and SMEs rate their experience of banking and payment services? Do these services support their genuine business needs, or is there more that banking and payment services providers could be doing to support this vital market segment? Unable to gather robust data on this question, we commissioned our own survey to determine SMEs' real-world experiences.

Nearly 70 businesses took part in our SME banking services survey, and we have included some key quotes from survey participants throughout this report. Many of these respondents were involved in the digital assets market in one way or another, meaning that the results and analysis are geared more towards the digital assets sector which has had historically a problematic relationship with traditional banks and obtaining accounts with them. Nevertheless, related research shows that the broader survey results are also reflective of the wider SME market.

Our survey results were divided into primary and secondary results. Primary results were obtained from direct responses to the survey questions. Secondary results were produced by analysing how respondents to one question answered another question. These secondary results helped us infer important details that were not explicit in the primary results.

The primary results produced many valuable statistics:

- Among the survey participants, 79.4% had at least an interest in digital assets / cryptocurrencies. For 35.3% of respondents, it was the core focus of their business.
- Almost half (44.0%) were less than satisfied with their current account provider.
- With regards to customer service, 35.3% gave their account provider a rating of 3/5 while a further 29.4% rated it 2/5 or less.
- Asked to rank the qualities that an account provider should possess, respondents chose security, trust and ease of access as the top three most important services / qualities.
- For the type of account provider, the majority (58.8%) had only bank accounts while 13.2% had only an e-money account. The remaining 28.0% had both.

Most of the main takeaways from the secondary results revolved around how the business' relationship with digital assets / cryptocurrencies affected their responses to other questions:

- For those who had digital assets / cryptocurrencies as a core focus of their business today, over half of them (54.2%) were less than satisfied with their current account provider. On the other hand, for businesses that had no interest, only 14.3% were less than satisfied.

- 58.3% of businesses with a core focus on digital assets / cryptocurrencies rated the customer services of their account provider as 3/5 or less while 33.3% rated it as 2/5 or less. Conversely, 85.7% of businesses with no interest in digital assets gave their account provider's customer service a 3/5 but none gave a rating below that.
- Looking at the services / qualities that received the most 5/5 ratings, 88.9% of those that had at least an interest in digital assets gave "security" a 5/5. In second place is "trust" at 75.9% while "ease of access" is in third at 63.0%.

Using both the primary and secondary results, we formed a number of conclusions that are pertinent to not only the digital assets space but the banking / payments industry in general:

- Firstly, businesses with at least an interest in digital assets tend to have a worse relationship with their account provider than those with no interest. They are also willing to pay more to have all their banking / payment needs met compared to businesses who either have no interest or never anticipate involvement in digital assets. This is associated with the levels of satisfaction, as predictably businesses who were less than satisfied were willing to pay more to have all their banking / payment needs met.
- Similarly, businesses who received a lower level of customer service were willing to pay more for banking / payment accounts.
- However, businesses with bank accounts could choose to add a supplementary e-money account instead of directly paying their current account provider more money for a higher tier service or switching to a more expensive account provider. This is because having both types of accounts led to greater levels of satisfaction and customer service than having only one.

Nonetheless, account providers that are charging higher prices must ensure that they have superior customer service and a client-centric approach if they want to entice these less than satisfied businesses to switch over.

Greengage considers this survey to confirm that there is considerable client-led interest for digital first payment account services, with an interest in paying a pragmatic level of fees for high customer service across all client types. We will continue to listen to the market and our prospective clients, and are looking forward to responding to their needs. We have published nearly the full extent of the findings of this survey in the following pages, as we consider these learnings including supporting data to be relevant for the wider banking services industry. We are committed to engaging continuously with our clients and peers to improving the standing of payment account services to our target markets in the years to come.

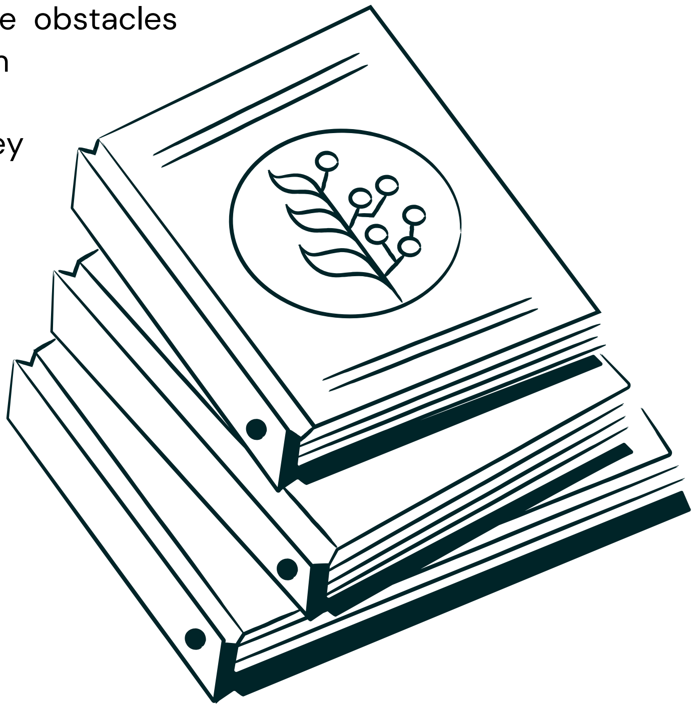
Introduction

To herald the launch of Greengage's new e-money account services, we surveyed businesses from a multitude of sectors to better understand their payment services needs. Our aim in this exercise was to give a voice directly to potential clients, asking them the good and the bad of their existing payment services provision, and with as much open-ended contribution as possible to listen to what they wanted. We sought primarily to perform a survey that would give statistically significant information around what was surprisingly an under-researched area: do small and medium-sized enterprises (SMEs), particularly in the crypto / digital customer segment (which is a Greengage target market), receive what they are looking for in their payment account services. Thus, we used external resources to formulate questions that offered more contextual data. The SME Finance Monitor,[1] which has consistently been providing data on access to finance for SMEs since 2011, helped us better understand the sector.

We also spoke with leaders in the digital assets space like Simon Jennings to gauge the issues faced by companies in the industry. He asserted that, "Companies involved in crypto assets face many undue obstacles when trying to access payment services from major financial institutions. Consequently, they often have to settle for overseas accounts or considerably higher fees than other client groups. Therefore, upgrading the crypto MLR registration to full authorisation makes sense – that's what the registration is essentially being treated as in any case. This would align with the USA approach to get crypto firms regulated as money service businesses."

"Companies involved in crypto assets face many undue obstacles when trying to access payment services from major financial institutions. Consequently, they often have to settle for overseas accounts or considerably higher fees than other client groups."

- Simon Jennings, Executive Director of the UK Cryptoasset Business Council ("UKCBC")



1 SME Finance Monitor

Perhaps unsurprisingly, we found that the quality of service one receives as a business is dependent on a variety of factors with several particular types of businesses being underserved largely due to account providers being less suited to deal with them. As such, we looked at an array of considerations as well as how they interlink to build a more holistic picture of the requirements of these underserved businesses. This report gives a detailed breakdown of the results and the key findings that can be extrapolated from them. Accordingly, these findings will help us tailor our own strategic development around e-money accounts to provide the best possible payment account services for our clients.

Methodology

Greengage conducted a survey of 68 business owners, managers, and financial directors across a wide variety of industries in SMEs in the UK. The purpose of the survey was to gauge client interest of e-money payment solutions and understand the positive service markers as well as the pain points entrepreneurs and SMEs experience with their current payment service providers (including traditional finance as well as new types of e-money accounts such as Revolut or Stripe).

Earlier in 2022, Greengage sent an email invitation with a direct link to the online survey to market contacts as well as posting it on our LinkedIn and Twitter channels. The survey had 19 questions, of which three included name, organisation name and email (questions 1, 2 and 19 respectively). The full list of questions is available in the appendix. For this paper, the focus will be on eight of those questions as they provide the most insight into the types of business accounts used, understanding the services and features that potential clients would like or need and the pain points experienced with their existing providers. These questions are:

- What is your principal activity as a business?
- Please describe your relationship with digital assets / cryptocurrencies?
- How would you describe your relationship with your current account provider(s)?
- For how long have you been a client of your current account provider(s)?
- How would you rate the customer service level from your current account provider(s)?
- What are the most important services you would look for in an account provider?
- Is your account(s) with a bank or digital (EMI)[2] account provider e.g., Revolut?
- Do you see a strong difference between the services of a bank or an e-money account provider for meeting your needs (with the latter not being able to offer interest on debits, loans, or provide FSCS compensation)?

2 EMI stands for Electronic Money Institution. EMIs are institutions that are legally authorised to issue electronic money and thus provide e-money accounts to customers

Primary Results

Principal Activity as a Business

The SME survey respondents came from a diverse set of sectors and a wide range of principal activities. This is exemplified by Figure 1 below detailing the principal activity of businesses surveyed. The most selected option was "other" which obtained a third of the responses. However, among the activities listed, the most popular was crypto-related financial and insurance activities at 30.3%. The 2nd and 3rd most common principal activities were Professional, scientific and technical (12.1%) and Software / technology (10.6%) respectively. Besides the activities that received no responses, the least common principal activities were Administration and support services, Education, Real estate, and Transportation and storage. Each of these only had one respondent.

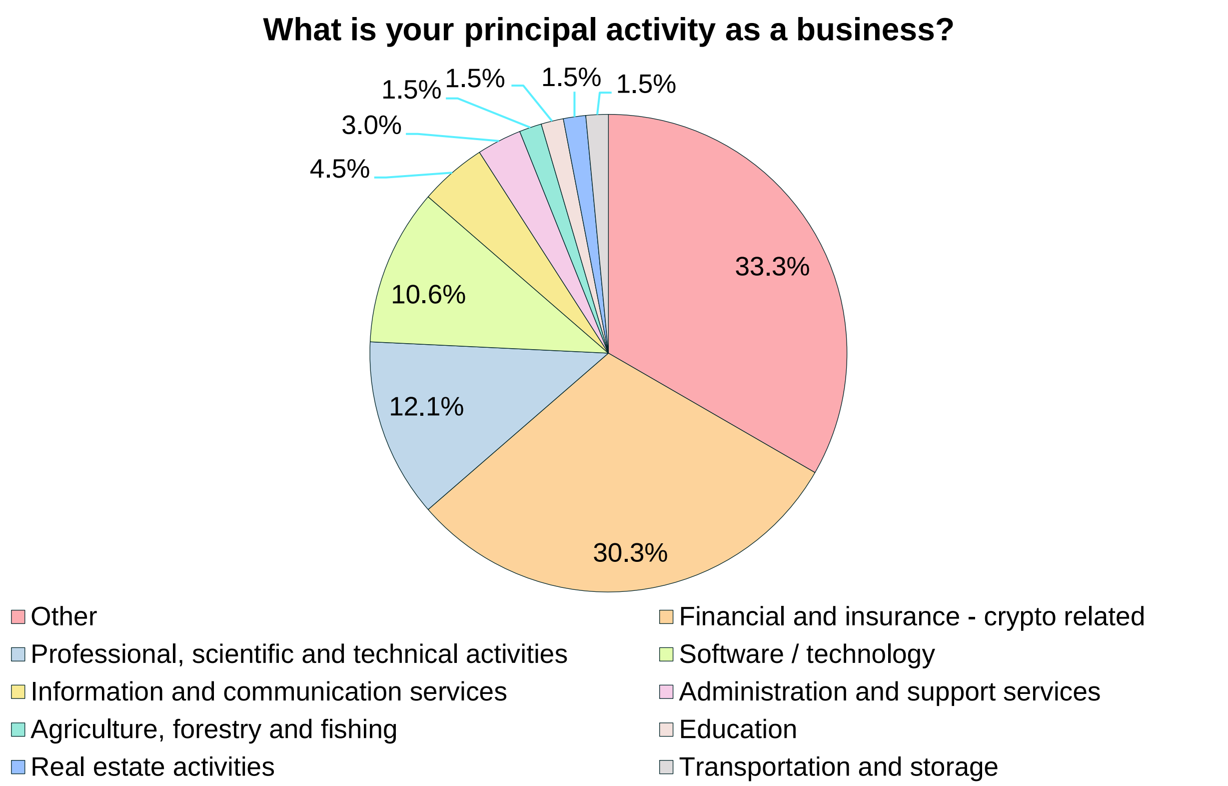


Figure 1: Principal activity as a business

Relationship with Digital Assets / Cryptocurrencies

As suggested by the results of the previous question, many of the businesses who undertook the survey have a relationship with digital assets / cryptocurrencies, highlighted by Figure 2. 79.4% of survey participants had at least an interest in digital assets / cryptocurrencies currently. For 35.3% of respondents, it was the core focus of their business. A further 17.6% regarded it as important to their business while 26.5% indicated that they were of interest but not central. Only 10.3% selected that they don't expect digital assets / cryptocurrencies to ever feature in their business. The same percentage of respondents stated that digital assets were of no interest but may become interesting.

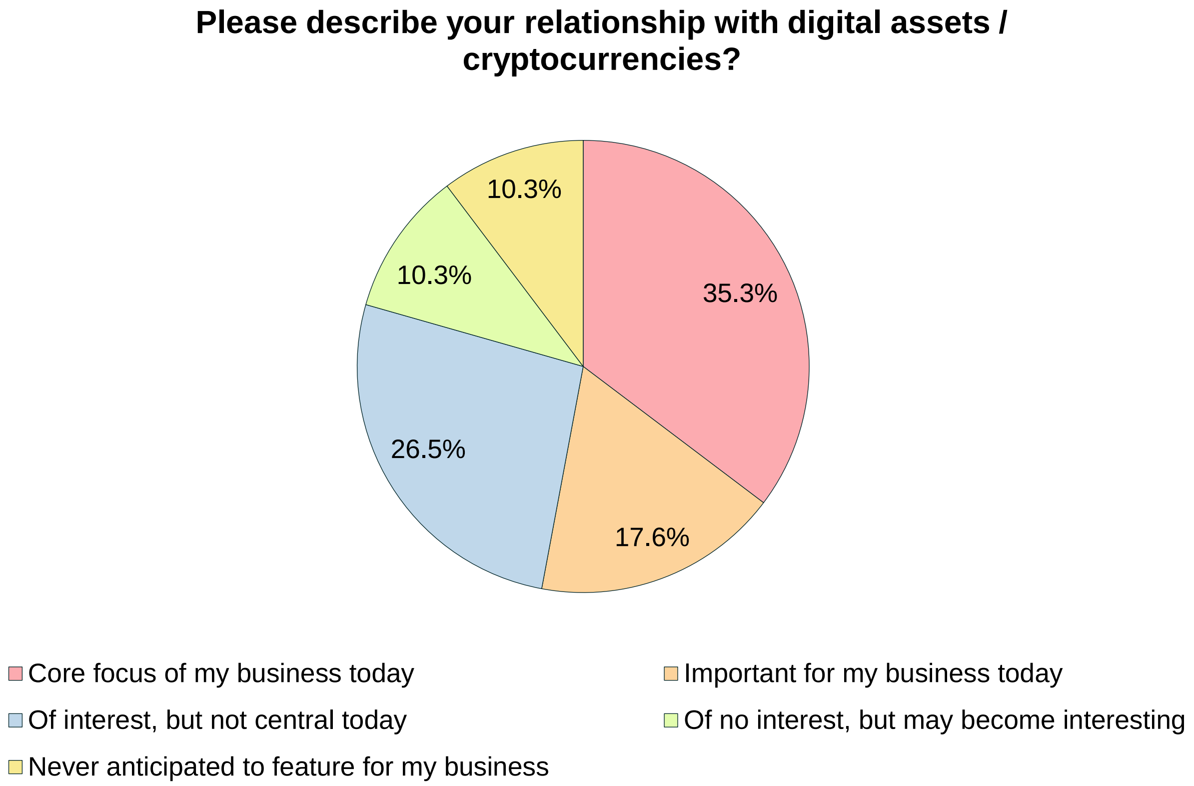


Figure 2: Relationship with digital assets / cryptocurrencies

Relationship with Current Account Provider

Figure 3 displays how respondents described their relationship with their current account provider(s). 56% said that they have an overall positive relationship (satisfied or more than satisfied) whereas 44% were less than satisfied with their current account provider(s). This includes the many who were ambivalent (25.3%) as well as the dissatisfied (12.1%) and the aggravated (6.1%).

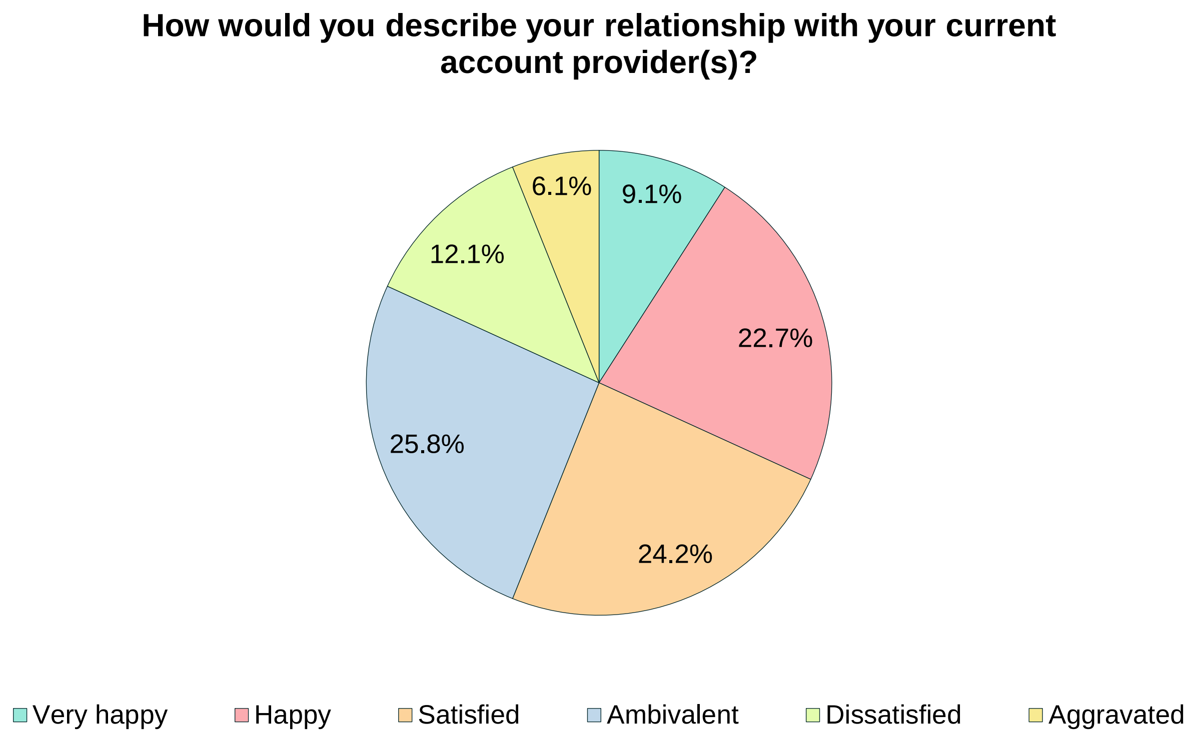


Figure 3: Relationship with current account provider

Duration as a Client

The length of time that the respondents have been clients of their current account providers varies and does not have an overwhelming majority. As seen in Figure 4, many have been with their current account provider for five or more years (39.7%). The next most common duration was between one – three years (23.5%). The least selected option was one year or less at 17.6% which was slightly less than the three – five years option at 19.1%.

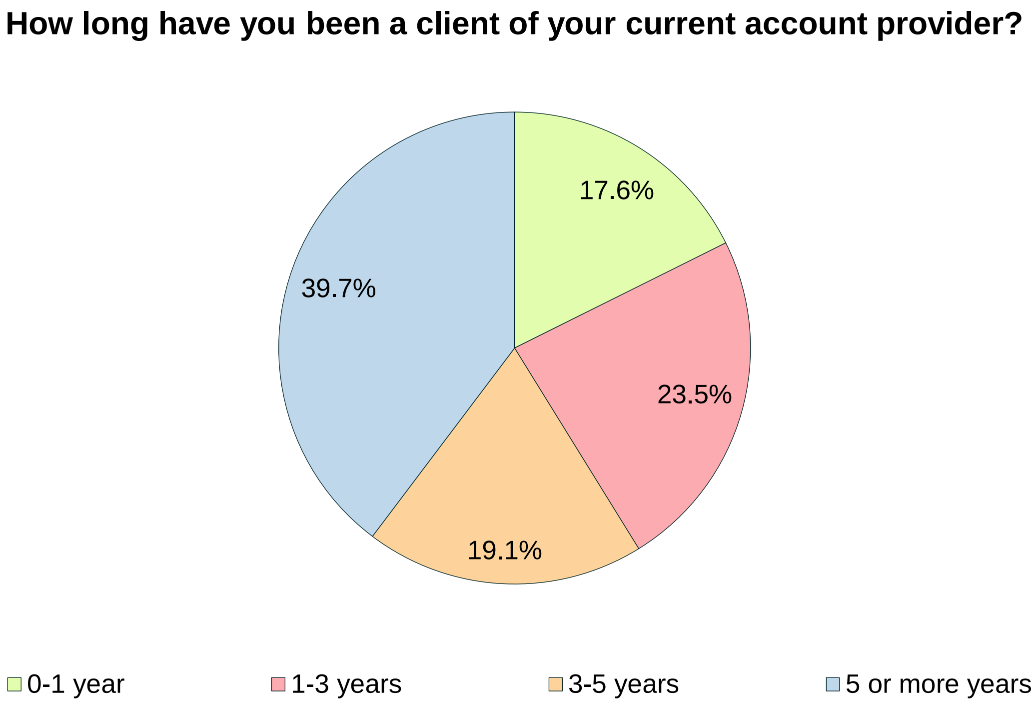


Figure 4: Duration that respondents have spent with their current account provider

Customer Service Level

Respondents were also asked to rate the customer service level of their current account provider on a scale from zero – five (zero being extreme dissatisfaction and five being extreme satisfaction). The results are displayed in Figure 5. Again, this did not have a clear majority though the most popular rating was 3/5 (35.3%). With just over a quarter of the responses, 4/5 was the next most selected rating at 26.5%. 29.4% rated the customer service of their account provider 2/5 or less. Nearly half of those (13.2%) rated the customer service level at 1/5 or less. The weighted average customer service rating is 2.97.

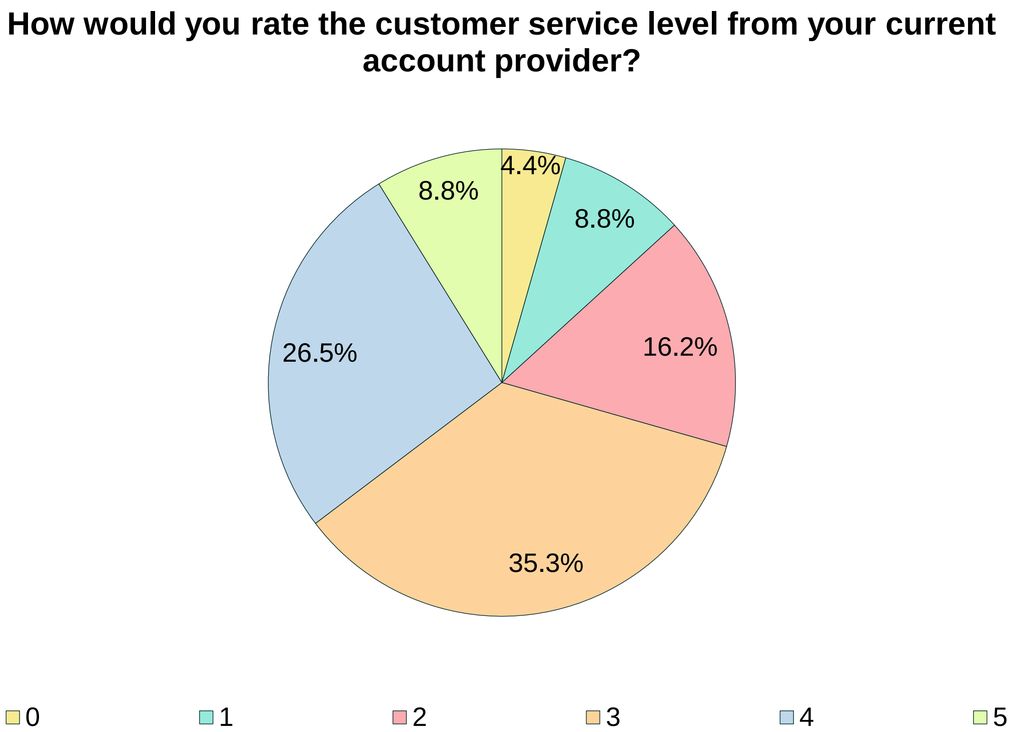


Figure 5: Customer service level of respondents' current account providers

Most Important Services / Qualities

The most important services / qualities a client looks for in an account provider was another factor assessed in the survey. This was done by allowing respondents to rate each of the 15 listed services / qualities out of five (where multiple / all the services / qualities could technically receive the same score). Zero indicates that the responder strongly disagrees that it is an important service / quality while five suggests that they strongly agree it is an important service / quality. In Figure 6, the scores of each service / quality were summed across respondents to find out which of them were the most highly valued. Security was the most important service / quality with a cumulative score of 326, closely followed by trust (310) and ease of access (298). The two lowest scoring services / qualities were complimentary services / products (205) and bespoke business advice (220).

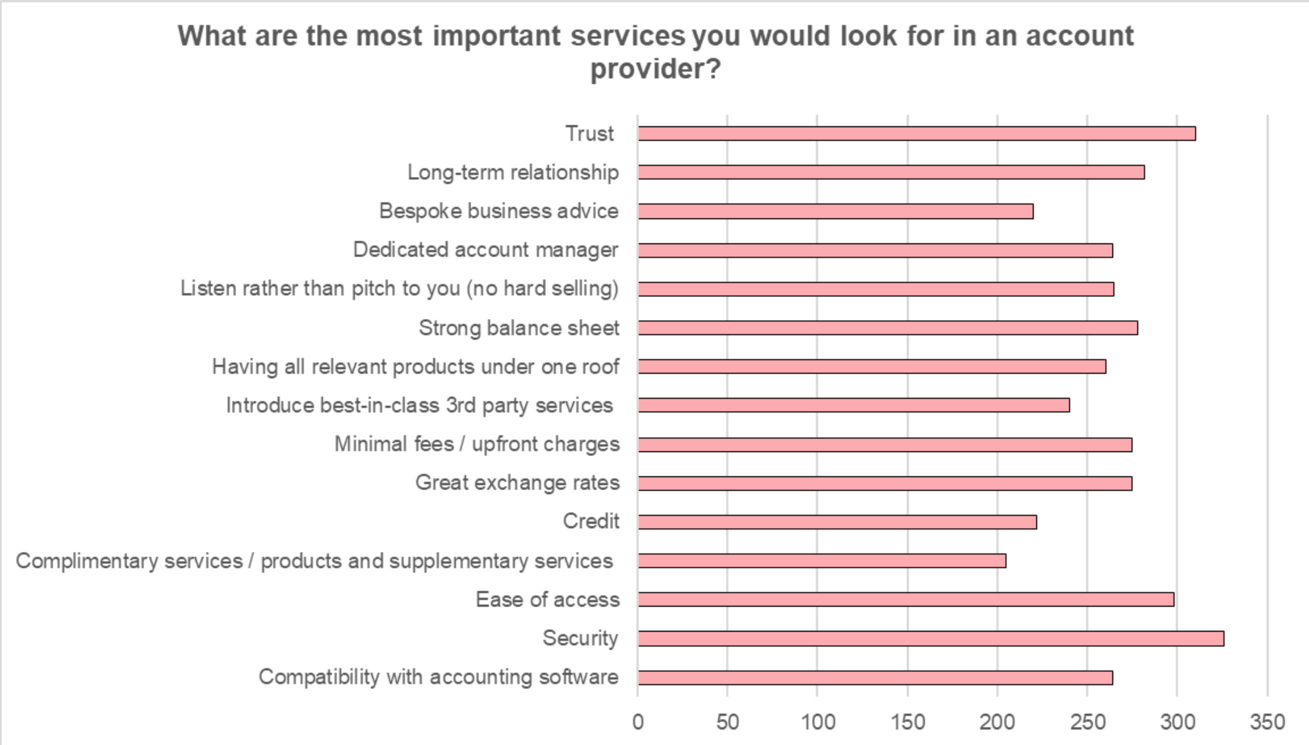


Figure 6: Cumulative scores based on how important the service / quality is to respondents for an account provider to have

Type of Account Provider

Figure 3 displays how respondents described their relationship with their current account provider(s). 56% said that they have an overall positive relationship (satisfied or more than satisfied) whereas 44% were less than satisfied with their current account provider(s). This includes the many who were ambivalent (25.3%) as well as the dissatisfied (12.1%) and the aggravated (6.1%).

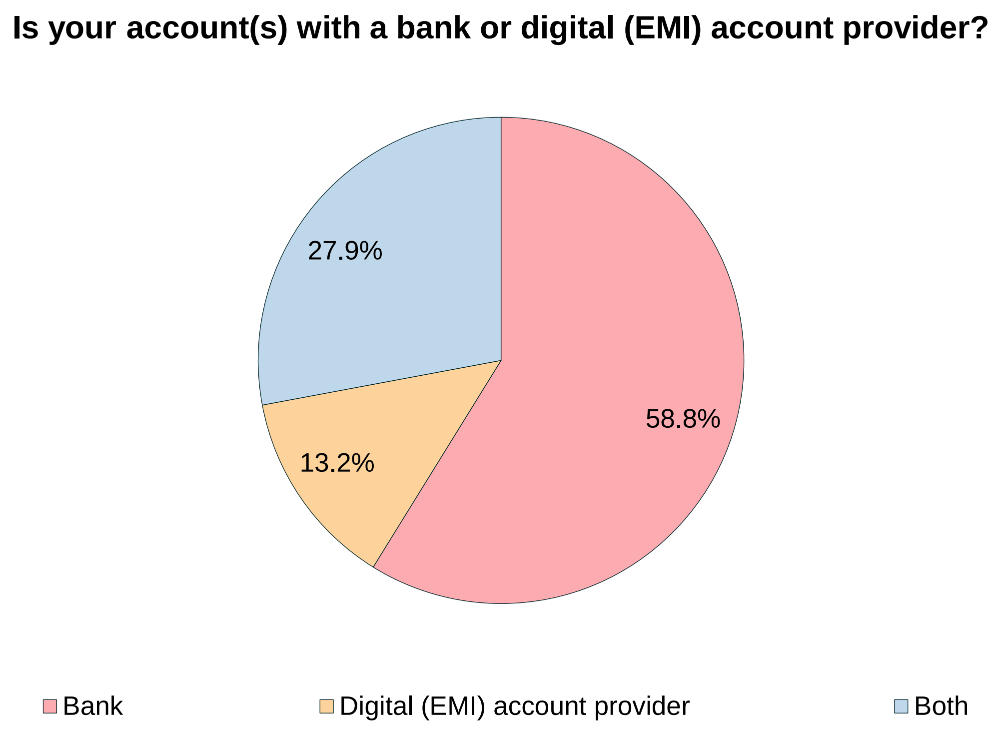


Figure 7: The type of account provider respondents have

Perceived Difference Between a Bank and an EMI

In addition, participants were asked if they saw a strong difference between the services provided by a bank and an EMI for meeting their needs. The majority (61.8%) voted that they saw a strong difference between the two whereas the remaining 38.2% said that they do not see a strong difference. This is made clear in Figure 8.

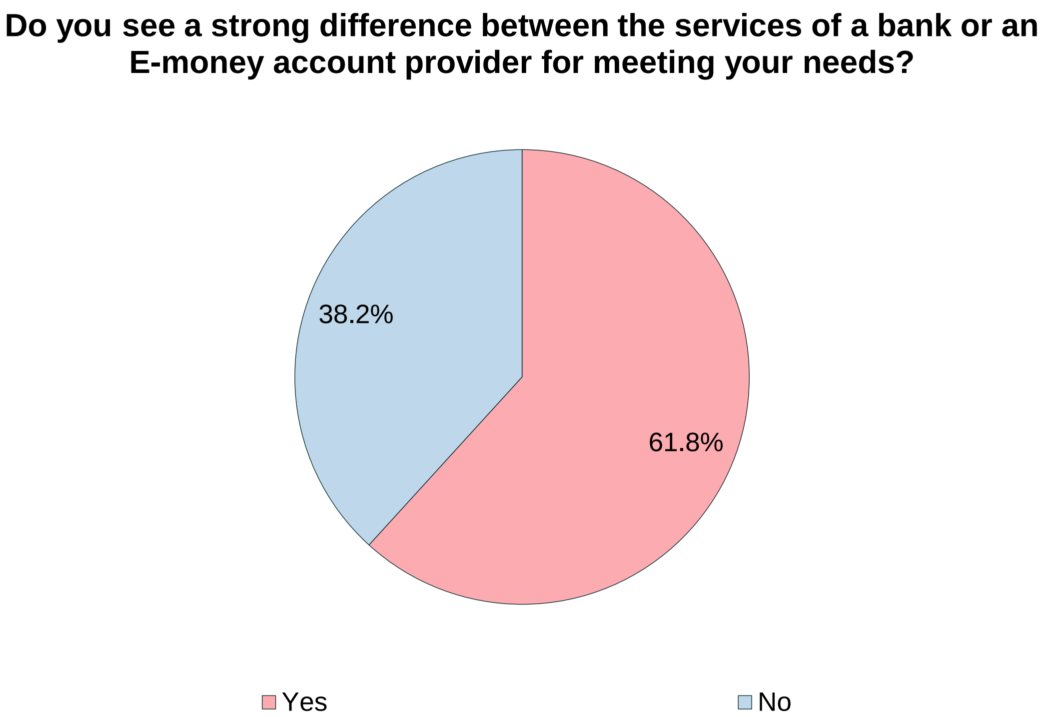


Figure 8: Graph showing whether respondents perceive a strong difference between the services of a bank and an EMI for meeting their needs

Secondary Results

The secondary results were acquired by analysing how the primary results relate to each other. For example, we looked at how those who had digital assets / cryptocurrencies as a core focus of their business feel about their current account provider. The three main questions used to link to other questions were the respondent's relationship with digital assets / cryptocurrencies (question 5), their relationship with their current account provider (question 6) and how they would rate the customer service of their current account provider (question 8). These three were chosen as they provide the best opportunity to understand the needs of our future clients.

Relationship With Digital Assets / Cryptocurrencies

Relationship with Current Account Provider

For those who had digital assets / cryptocurrencies as a core focus of their business today, over half of them (54.2%) were less than satisfied with their current account provider. Similarly, 58.3% of respondents who found digital assets / cryptocurrencies important to their business were less than satisfied with their current account provider. 38.9% of those who reported digital assets / cryptocurrencies were "of interest" were also less than satisfied. This is compared to respondents who either said digital assets / cryptocurrencies were of no interest or never anticipated to feature in their business, both of which had only 14.3% who were less than satisfied. Due to this, 93.1% of respondents who were less than satisfied with their current account provider had at least some interest in digital assets / cryptocurrencies.

Customer Service Level

Regarding the customer service level, 58.3% of businesses with a core focus on digital assets / cryptocurrencies rated the customer services of their account provider as 3/5 or less while 33.3% rated it as 2/5 or less. 58.3% and 33.3% of those who find digital assets important to their business also gave a 3/5 or less and a 2/5 or less respectively for the customer service of their account provider. Two thirds of businesses for which digital assets were an interest rated their account provider's customer service 3/5 or less while 38.9% rated it 2/5 or less.

The rest had a more dramatic drop off in the percentage rating 2/5 or less compared to 3/5 or less. 85.7% of businesses with no interest in digital assets gave their account provider's customer service a 3/5 but none gave a rating below that. For those who never anticipate digital assets to feature in their business, 71.4% gave a rating of 3/5 or less while only 14.1% gave a rating of 2/5 or less. As a result, 95% of the businesses who gave a 2/5 or less for their account provider's customer service had, at least, interest in digital assets.

Most Important Services / Qualities

Amongst the businesses that had at least an interest in digital assets / cryptocurrencies, the same three qualities and services are of great importance to them as they are for the overall group of respondents. Looking at the services / qualities that received the most 5/5 ratings from these businesses, 88.9% of those that had at least an interest in digital assets gave “security” a 5/5. In second place is “trust” at 75.9% while “ease of access” is in third at 63.0%. Similarly, services that were deemed the least important were identical to those of the overall group. Only 11.1% of businesses who had at least an interest in digital assets gave “complementary services / products” a 5/5, with “bespoke business advice” coming in second last at 20.4%.

For businesses with no interest, trust was the most important service / quality (71.4%) followed by security (57.1%). The least important qualities / services were credit, having all relevant products under one roof and the capacity to introduce to the appropriate options for best-in-class 3rd party services, each at 14.3%. Conversely, respondents who do not anticipate digital assets to feature in their business had several qualities / services that were tied for most important at 71.4%. These include trust, dedicated account manager, great exchange rates, credit, and security. The least important service / quality was complementary services / products at 14.3%.

Bank or E-money Account

The types of accounts businesses have varies based upon their relationship with digital assets. 37.5% of those with a core focus had a bank account only whereas 25.0% only had an e-money account. The remaining 37.5% had both a bank account and an e-money account. For those who find digital assets important to their business, 50.0% only owned a bank account, 8.3% only had an e-money account and 41.7% possessed both. 72.2% of businesses for which digital assets were an interest but not central had only a bank while 5.6% only had an e-money account and 22.2% owned both. Concerning businesses with no interest, 85.7% had only a bank account whereas none had an e-money account only. 14.3% had both. Similarly, 85.7% of those who never anticipate digital assets to feature in their business only had a bank account. However, this time, 14.3% had an e-money account only and none had both.

Relationship with Current Account Provider

Of the 44.0% of respondents who were less than satisfied with their current account provider, 58.6% only had a bank account, 17.2% only had an e-money account and the remaining 24.1% had both. 41.2% of businesses that were ambivalent had only a bank account while 17.6% only had an e-money account. The final 41.2% had both. All respondents that declared they were dissatisfied had only a bank account. Lastly, half of those that were aggravated only had a bank account whereas the other half only had an e-money account. 43.6%, 62.5% and 36.8% of those that only had a bank account, only had an e-money account and those that had both were less than satisfied respectively.

From the businesses that were either satisfied or more than satisfied, 59.5% only had a bank account, 8.1% only had an e-money account and the 32.4% left over had both. The majority (62.5%) of the satisfied participants only had a bank account while 12.5% had only an e-money account and 25% had both. From the happy respondents, 60% had only a bank account, 6.7% had only an e-money account and the remaining third had both. Of the very happy survey participants, half only had a bank account and the other half had both a bank account and an e-money account. 56.4%, 37.5% and 63.2% of those that only had a bank account, only had an e-money account and those that had both were either satisfied or more than satisfied respectively.

Customer Service Level

Looking at the 64.7% of businesses that rated the customer service level of their current account provider 3/5 or less, over half (63.6%) only had a bank account. A further 13.7% only had an e-money while the last 22.7% possessed both. This is 70.0%, 66.7% and 52.6% of the overall group of respondents who only had an account with a bank, with an e-money, and with both respectively. Of the 29.4% of businesses that rated customer service level 2/5 or less, 55.0% had only a bank account. 20% only had an e-money account and the remaining 25% had both a bank account and an e-money account. This is 27.5%, 44.4% and 26.3% of the overall group who only had an account with a bank, with an e-money, and with both respectively.

Discussion

The main focus of the discussion will be on the secondary results. This is because they reveal a lot more about the respondents than the primary results. Additionally, since Greengage is a financial services company with a strong link to the blockchain world, most businesses that undertook the survey had at least an interest in digital assets, with many participating in crypto related financial and insurance activities. This is representative of our target market. Nevertheless, the secondary results relating to the respondent's relationship with digital assets will consider the number of respondents for each type of relationship. The same principle will be applied to the other secondary result questions. This avoids skewed interpretations due to over/underrepresentation. In addition, the 2022 Family Office Banking Review[3] provides an outlook on the banking needs of family offices. These are comparable to the payment needs of the survey respondents which insinuates that they are generally sought after by many e-money account clients.

Relationship with Digital Assets / Cryptocurrencies

By first looking at how a client's relationship with digital assets / cryptocurrencies connects to their relationship with their account provider, it is implied that those with at least an interest in digital assets have a worse relationship than those with no interest. This is shown by the greater proportion of businesses that are less than satisfied when digital assets are either a core focus, important or of interest. Hirander Misra, CEO of GMEX Group commented, "The payments entities we engage with take an overly conservative view on organisations dealing with crypto related activity, even if an entity acts purely as a vendor and not a counterparty to a transaction".

"The payments entities we engage with take an overly conservative view on organisations dealing with crypto related activity, even if an entity acts purely as a vendor and not a counterparty to a transaction. Whether servicing a vendor or transaction counterparty, there is a need for payments providers to take an objective view for KYC/ AML, as it can be a method of equivalence with other forms of activity and enable them to provide a service in this space, which is cost effective and scalable."

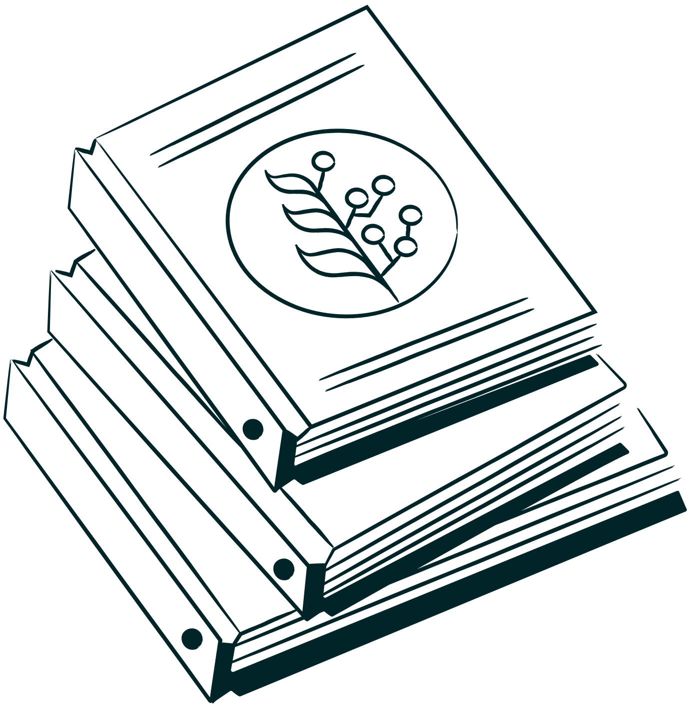
– Hirander Misra, CEO of GMEX Group

3 2022 Family Office Banking Review

He added, "Whether servicing a vendor or transaction counterparty, there is a need for payments providers to take an objective view for KYC/ AML, as it can be a method of equivalence with other forms of activity and enable them to provide a service in this space, which is cost effective and scalable."

Those who have no interest or never anticipate digital assets to feature in their business had much lower rates of ambivalence, dissatisfaction, and aggravation. This suggests that those involved in digital assets / cryptocurrencies are underserved by their account providers.

For customer service level, the trend is more complicated. The data indicates that what can be interpreted as an average score of 3/5 (both in absolute terms and in the context of the survey since the average customer service level was 2.97) is more common amongst those who either have no interest in digital assets or do not anticipate them to feature in their business. This is because there is a sharp drop off between businesses who give a 3/5 or less and a 2/5 or less. Comparatively, businesses with at least an interest in cryptocurrencies have lower rates of scores of 3/5 or less and higher rates of scores of 2/5 or less. Thus, businesses who have at least an interest in digital assets receive poorer customer service as a below average score is more frequent amongst them.



"One of the issues I've seen many crypto companies face is not only finding financial service providers who will serve them, but then finding providers who understand how to work with digital asset companies and what the unique nuances are, and also who will work with them for the long term in a continued relationship for affordable rates."
– Erica Stanford, Founder of the Crypto Curry Club

Unlike the other questions, which service / quality is most important to the client does not vary that much based on the business's relationship with digital assets. Security and trust consistently receive the highest scores regardless of whether digital assets are a core focus of the business or are never anticipated to feature in it. On the other hand, the least important services / qualities are only consistent among those with at least an interest in digital assets and contradict the selections of respondents who either have no interest or never anticipate digital assets to feature in their business. For example, ease of access is important for those with at least an interest in digital assets but not important for those with no interest. Additionally, credit is among the least important services / qualities for all except those who never anticipate digital assets to feature in their business. For them, it is one of the most important services / qualities.

Consequently, two interpretations can be made for why there are greater proportions of less than satisfied customers among those with at least an interest in digital assets. One is that they are underserved in the services / qualities they find most important. The other is that everyone is underserved in consistently important qualities / services like trust and security but good service in the other qualities / services compensates for those who have no interest or never anticipate digital assets to feature in their business. Founder of the Crypto Curry Club and fintech specialist, Erica Stanford sides more with the former theory, observing that, "One of the issues I've seen many crypto companies face is not only finding financial service providers who will serve them, but then finding providers who understand how to work with digital asset companies and what the unique nuances are, and also who will work with them for the long term in a continued relationship for affordable rates."

The rarity of respondents who only had an e-money account in general can be explained by the fact that the majority perceived a strong difference between an e-money account and a bank account for meeting their needs. Nonetheless, survey participants with at least an interest in digital assets / cryptocurrencies were more likely to have an e-money account This is including as an addition to a bank account or as their sole account. The likely reason for this is that financial institutions are more reluctant to onboard companies involved in digital assets / cryptocurrencies as they do not meet their conservative risk parameters. Graham Rodford who is the founder and CEO of the digital asset exchange, Archax agrees, stating,

"For businesses with crypto or blockchain in their narrative, obtaining payment accounts services in the UK is near impossible demonstrating how the UK financial institutions are at odds with the UK's ambition to be the digital centre of the world. In many cases, these providers have tens of people dedicated to their own blockchain strategy, are investing in cryptoassets or launching space in the metaverse yet simultaneously underserves the business which rely on them for the most basic of functions."

As such, these businesses turn to EMIs to have their payment needs fulfilled.

Businesses that were at least interested in digital assets were also willing to pay more to have all their payment needs met. This may be an indication of the disparity in service between those involved and not involved in digital assets. The former, lacking the services they require, would be willing to pay more to have their needs met. Conversely, the latter, more satisfied with the service they currently receive, would be unwilling to pay more.

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– Graham Rodford, founder and CEO of Archax

"While it is uncertain just how much of a dent the BNPL sector will take on account of the cost of living crisis, M&A and fundraising activity in that sector appears to remain buoyant. At the same time, we have seen a growth in providers of employer salary advance schemes, particularly to SMEs. The regulator has yet to see evidence of consumer detriment arising out of this form of alternative credit and so has no current plans for regulatory intervention."
– Charlotte Hill, Head of Financial Services at Taylor Wessing

Relationship with Current Account Provider

Although a majority of the respondents had a positive relationship with their account provider, almost half (44%) did not. The primary results already give hints as to why such a large portion would be less than satisfied. First of all, the nearly 60% of the participants have spent at least three years with their current account provider. Almost 40% have spent at least 5 years. This long duration may lead customers to feel that their loyalty is not being rewarded if there has been a general decline in the quality of service since they signed up or newer customers are being treated better. Consequently, they would be less than satisfied with their account provider.

Another possible explanation is that the services / qualities that businesses would consider most important are not being delivered or at least not to the standard desired. This is idea is supported by a single family office principal who proclaimed that, "Competence, professionalism, flawless execution, a strong personal relationship built on trust, access to information, and services" are the keys to a payment services relationship. However, the quality and availability of some of these services may be affected by factors external to the payment provider. Head of Financial Services at Taylor Wessing, Charlotte Hill illustrated how the cost of living crisis and regulatory intervention could affect a payment service like buy now, pay later. She explained,

"While it is uncertain just how much of a dent the BNPL sector will take on account of the cost of living crisis, M&A and fundraising activity in that sector appears to remain buoyant. At the same time, we have seen a growth in providers of employer salary advance schemes, particularly to SMEs. The regulator has yet to see evidence of consumer detriment arising out of this form of alternative credit and so has no current plans for regulatory intervention."

This exemplifies why account providers may need to adapt to external limiting factors as well as internal ones for a stronger relationship with their clients.

Now looking at the secondary results, it is apparent that businesses who only had an e-money account were more likely to be less than satisfied with their account provider compared to those who only had a bank account. This is the case when taking into account the proportions of respondents that only had either type of account. Hence, it may be that e-money accounts offer a lower quality of service in general or that they suffer from some of the issues suggested by the primary results. However, those who had both a bank account and an e-money account had the lowest likelihood of being less than satisfied with their account providers. This suggests that e-money accounts fulfil some of the needs of the client that a bank account does not. Thus, adding an e-money account to supplement a bank account leads to greater levels of satisfaction for businesses.

As expected, businesses who were less than satisfied were willing to pay more to have all their payment needs met than those who were either satisfied or more than satisfied. Therefore, most of the clients who switch to a higher price band account will likely be those who had a less than satisfactory relationship with their previous account provider. It also reinforces the interpretation of businesses who have at least an interest in cryptocurrencies being willing to pay more to have their payment needs met since they are more likely to be less than satisfied with their current account provider.

Customer Service Level Discussion

The average customer service rating being 2.97 indicates that the general customer service level of account providers is mediocre. It isn't particularly good or particularly bad as would be the case if the average score were significantly higher or significantly lower respectively. Most businesses receive either average or below average customer service, shown by the high percentage of scores below 4/5. For types of account providers, those who only have bank accounts are more prone to receiving average customer service (3/5) whereas those who only have an e-money account are more likely to receive below average customer service (2/5 or less). Consequently, both types of account providers, but particularly EMIs, need to have a more client-focused approach to improve their customer service. This is exemplified by a family office advisor who proclaimed that, "Banking is still a relationship between people." Customers who had both types of accounts were the least likely to receive mediocre or below mediocre customer service. Again, this points to the use of an e-money account to supplement a bank account in order to get the best service.

Unsurprisingly, businesses who received a lower level of customer service were willing to pay more to have their payment needs met. This is made clear by the fact that amongst those who were unwilling to pay anything, those who gave a rating of 3/5 or less were a minority. Conversely, they were a majority amongst those willing to pay to have their payment needs met. Hence, it shows that good customer service is one of the primary reasons a business would be willing to pay more to have their payment needs met. It also indicates that those who pay higher prices expect a more personalised, client focused service. This coincides with the sentiments shared by Charlotte Hill who is a Senior Associate at Penningtons Manches Cooper. She noted that,

"The speed of payment service providers is crucial, but the quality of the service must not be compromised for the sake of speed. Automation / AI can solve simple everyday problems quickly, but human assistance is irreplaceable when it comes to the complex issues many customers face with their accounts."

The aforementioned 2022 family office banking review report agrees, marking it as one of the reasons why fintech firms find it difficult to enter the family office space. The report declares that, "At this level of service, families require someone to call; a responsible human behind the artificial intelligence if problems arise." As a result, account providers charging higher prices need to prioritise high level human-centric customer service to incentivise businesses to switch to them.

"The speed of payment service providers is crucial, but the quality of the service must not be compromised for the sake of speed. Automation / AI can solve simple everyday problems quickly, but human assistance is irreplaceable when it comes to the complex issues many customers face with their accounts."

– Charlotte Hill, Senior Associate at Penningtons Manches Cooper

Conclusion

By analysing the survey data, several important issues, causes, and potential solutions were identified. Firstly, nearly half of businesses were less than satisfied with their account provider. This is especially true with businesses involved in digital assets / cryptocurrencies who were more likely to have a less than satisfactory relationship with their account provider. One particular pain point is customer service received which is generally mediocre though is worse for those involved in digital assets. Moreover, businesses mainly had similar requirements irrespective of their relationship with digital assets so creating specialised services is not a necessity.

There are three possible reasons why these businesses are not satisfied with their account provider. One is that account providers are not prioritising the services these businesses find most important. Tied to this, businesses may be left unsatisfied since neither a bank nor an e-money account can fully meet their needs alone. Lastly, account providers could have grown complacent since their customers do not tend to switch frequently.

A solution for the inability of a financial institution to meet the payment needs of the client seems to be for the client to add an e-money account to supplement their existing bank account, allowing them to get the best of both worlds. Regarding customer service, account providers, especially those who charge higher prices, need to focus on a client-centric approach. This will allow them to have a higher standard of customer service as well as the capacity to accommodate underserved businesses.

Appendix

Appendix A: Survey Questions

1. Please state your name.

2. Please state your organisation name.

3. For how long have you been trading as a business?
    a. 0-1 year
    b. 1-3 years
    c. 3-5 years
    d. 5 or more

4. What is your principal activity as a business?
    a. Financial and insurance - crypto related
    b. Financial and insurance - non-crypto
    c. Administration and support services
    d. Agriculture, forestry, and fishing
    e. Arts, entertainment, and recreation
    f. Construction
    g. Education
    h. Health and social care
    i. Household domestic services
    j. Manufacturing
    k. Mining and quarrying
    l. Information and communication services
    m. Professional, scientific, and technical activities
    n. Public administration and defence
    o. Real estate activities
    p. Software / technology
    q. Transportation and storage
    r. Utility services
    s. Wholesale and retail
    t. Other

5. Please describe your relationship with digital assets / cryptocurrencies?
    a. Core focus of my business today
    b. Important for my business today
    c. Of interest, but not central today
    d. Of no interest, but may become interesting
    e. Never anticipated to feature for my business
    f. Other

6. How would you describe your relationship with your current account provider(s)?
    a. Very happy
    b. Happy
    c. Satisfied
    d. Ambivalent
    e. Dissatisfied
    f. Aggravated (if you would like to share any particular incidents include in box below)
    g. Why do you feel like this?

7. For how long have you been a client of your current account provider(s)?
    a. 0-1 year
    b. 1-3 years
    c. 3-5 years
    d. 5 or more years

8. How would you rate the customer service level from your current account provider(s)? (on a scale from 0 – 5)

9. If applicable, when did you change your current account provider and how would you rate the experience?

10. What are the most important services you would look for in an account provider(s)? (on a scale from 0 – 5)
    a. Trust
    b. Long-term relationship
    c. Bespoke business advice
    d. Dedicated account manager
    e. Listen rather than pitch to you (no hard selling)
    f. Strong balance sheet
    g. Relevant product and service offering - having all relevant products under one roof
    h. Relevant product and service offering - capacity to introduce to the appropriate option(s) for best-in-class 3rd party services (e.g. no need to limit to in-house products only)
    i. Minimal fees / upfront charges
    j. Great exchange rates
    k. Credit
    l. Complimentary services/products and supplementary services (include any suggestions in the other box below)
    m. Ease of access
    n. Security
    o. Compatibility with accounting software
    p. Other

11. What can your current account provider(s) do better?
    a. Service levels
    b. Listen to you as a client (not pitch unnecessary / inappropriate products)
    c. Right balance of client contact levels – e.g. we're here when you need us
    d. Openness to engage with Open Banking (complementary third party services)
    e. Other

12. How many accounts do you have? *If 1 go to Q 13, if 2 or more go to Q14
    a. 1
    b. 2
    c. 3
    d. 4
    e. 5 or more

13. What are the reasons you only have a single account?
    a. Simplicity
    b. Hassle to open a second account
    c. All current needs covered with current primary account
    d. Other

14. What are the reasons you have opened up additional accounts?
    a. Need a USD account
    b. Need a Euro account
    c. Lower FX fees
    d. Additional services
    e. Other

15. Is your account(s) with a bank or digital (EMI) account provider e.g. Revolut?
    a. Bank
    b. Digital (EMI) account provider
    c. Both

16. Do you see a strong difference between the services of a bank or an e-money account provider for meeting your needs (with the latter not being able to offer interest on debits, loans, or provide FSCS compensation)?
    a. Yes
    b. No

17. What are your preferred contact mediums to connect with a financial services provider?
    a. App / website chat
    b. Email
    c. Phone / mobile
    d. Text message
    e. WhatsApp
    f. In person at a physical branch
    g. Other

18. What is the maximum you might be willing to pay per annum if all of your banking / payment account needs were covered?
    a. £0 – transaction banking should be free (I'm happy for my provider to earn income from my data / advertising)
    b. £0-1000 p.a. – I'm willing to pay a bit but not much for basic services
    c. £1-5k p.a. – I'm happy to pay for a premium service level without anonymised call centres
    d. £5-10k – I'm happy to pay for an exceptional service level with personalised support
    e. £10-20k – I want higher value-added services from my account
    f. Over £20k – I want institutional-level support for my business

19. If you would like to receive a copy of the final report, please provide your email address below

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