



OXFORD  
ECONOMICS



# POWERING SMES AND THE UK ECONOMY: FUNDING CIRCLE'S 2022 IMPACT

MARCH 2023



# ANNA

Business partners Anna and Felix opened their first cake shop and cafe in 2015. A Funding Circle loan is now helping them take their Bristol-based business up a tier.

Welcome to  
**ANNA**  
—  
PLEASE order inside  
and wait there to collect  
your drinks + treats.  
**TAKE AWAY**  
ONLY... but  
feel free to enjoy them  
at our tables.  
pre-order your  
occasional cakes  
— online —  
this is anna.co.uk



# TABLE OF CONTENTS

<b>Executive summary</b>	4
<b>1. Small business year in review</b>	6
1.1 The experience of recent years has strengthened UK SMEs' resilience	6
1.2 Fresh challenges are continuing to test SMEs' resilience	6
1.3 The impact of these challenges on SMEs remains uneven	8
<b>2. Funding Circle's 2022 economic impact</b>	12
2.1 SME credit conditions tightened through the second half of 2022	12
2.2 Funding Circle continued to provide vital finance to SMEs in every corner of the UK	13
2.3 Funding Circle's technology opens doors for SMEs seeking finance	15
2.4 Funding Circle's economic impact	16
<b>3. Funding SMEs' growth in 2023</b>	17
3.1 Access to finance remains crucial in 2023	17
3.2 A growing number of SMEs are demanding flexible and fast access to finance	18
3.3 UK SMEs are benefitting from an increasingly integrated financial ecosystem	18
<b>Appendix: Methodology</b>	19

# EXECUTIVE SUMMARY

58%

of UK SMEs say the pandemic has made their business more resilient.



**SMEs' resilience continued to be tested in 2022.** The majority of SMEs feel the experience of the pandemic has made their business stronger. This toughness has been required: 2022 presented a new set of economic challenges, with rising inflation and interest rates putting pressure on SMEs' finances. Increasing costs quickly replaced the pandemic as the primary concern, particularly among micro and small businesses.

**Three broad groups of SMEs continue to react differently to these challenges.** For the pandemic's *survivors*, improving revenues have been offset by increasing costs, and the smallest SMEs have started depleting their savings. However, cash holdings across the general SME population remain high, with 42% of SMEs holding at least six months' reserves.

**SMEs' short-term behaviour has been increasingly cautious, with hedgers holding off short-term investment decisions.** Some 50% of SMEs said they had paused, delayed, or cancelled a business investment in 2022 due to economic conditions. The percentage of SMEs expecting to immediately increase investment in their business also fell.

67%

Two-thirds of SMEs plan to make some form of investment by 2024.



**SMEs' medium-term growth ambitions remain stable, and a core group of *thrivers* still seek to invest and grow in their business.** Evidence suggests this movement of thrivers to the hedger group is temporary, with two-thirds of SMEs planning to invest in their business by 2024.

**The speed and simplicity of the application process continues to draw SMEs to Funding Circle.** Its instant decision lending technology has reduced the average application time for SMEs to six minutes, with more than 70% of all Funding Circle's UK applications receiving instant decisions.

**SME lenders, including Funding Circle, reacted to the economic environment by taking a prudent approach to originations.** In 2022, more than £1 billion was lent to SMEs through the Funding Circle platform. These businesses were located in every one of the UK's 650 parliamentary constituencies, demonstrating Funding Circle's continued reach.

**Funding Circle's lending benefits communities that need it most.** Traditionally under-funded communities receive a higher proportion of Funding Circle's lending: 12% of Funding Circle's lending helped SMEs located in the top 10% of local authorities experiencing the most socioeconomic deprivation.

**Funding Circle's new products are also serving a greater range of business needs.** Funding Circle's new product, FlexiPay, has been used to make more than 20,000 payments to date, as SMEs increasingly seek short-term finance solutions.

**Funding Circle's lending continued to support a sizeable economic impact in 2022.** In total, lending through Funding Circle generated a £6.9 billion contribution to UK gross domestic product (GDP) and supported nearly 106,000 jobs. The activity supported by these loans also generated a £1.4 billion tax contribution to the UK exchequer.

12%

of Funding Circle's lending reached SMEs located in the top 10% of local authorities experiencing the most socioeconomic challenges.



£6.9 billion

Contribution to UK GDP and 106,000 jobs supported by Funding Circle's lending in 2022.



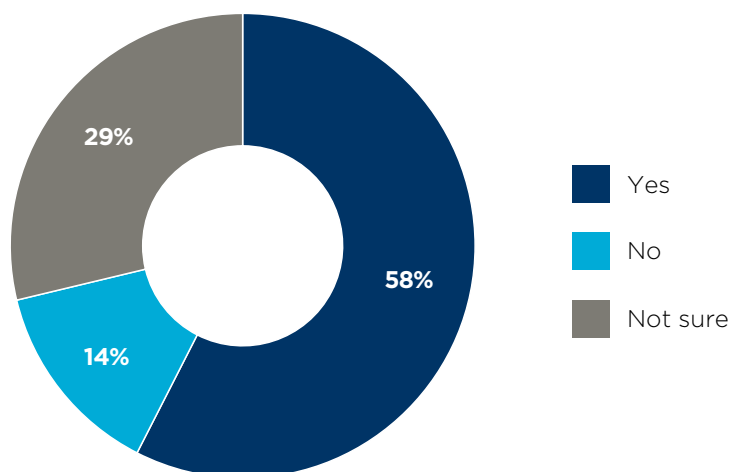
# 1. SMALL BUSINESS YEAR IN REVIEW

## 1.1 THE EXPERIENCE OF RECENT YEARS HAS STRENGTHENED UK SMES' RESILIENCE

**The challenges of the pandemic provided important lessons for UK SMEs, with many reporting they now feel stronger and more resilient.**

Survey evidence reveals that the majority (58%) of SMEs said the pandemic had made their business more resilient (Fig. 1). More generally, UK SMEs reported increasing confidence in their businesses' survival throughout 2022; data from the ONS BICS survey show businesses' confidence of survival was 10 percentage points higher in H2 2022 than H2 2021.

**Fig. 1: SMEs' response when asked if the pandemic has made their business more resilient**



Source: Funding Circle

Note: totals may not sum due to rounding

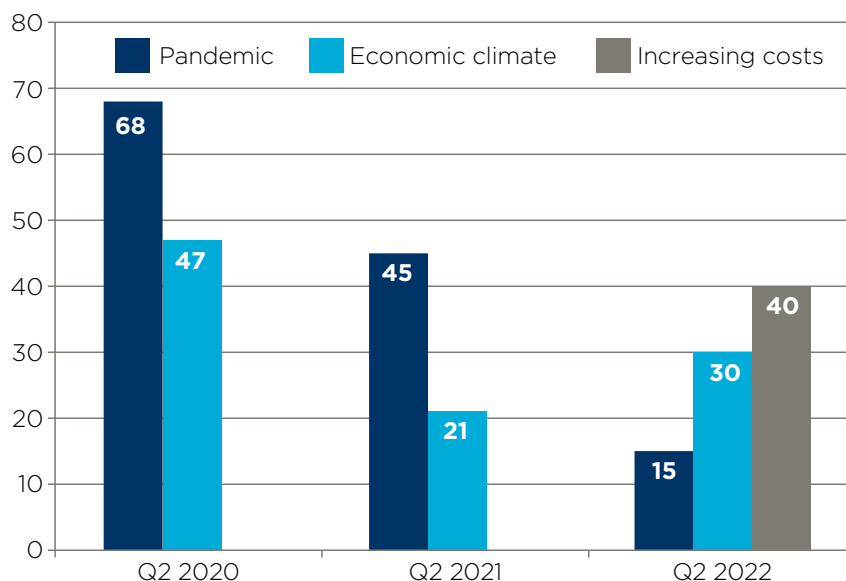
## 1.2 FRESH CHALLENGES ARE CONTINUING TO TEST SMES' RESILIENCE

**The economic environment remained difficult in 2022, even as the pandemic's impact waned.** GDP fell in Q3 2022 as households and businesses continued to be squeezed by high inflation, before flatlining in Q4 2022. Interest rates rose throughout the year, in response to rising prices, and SMEs' performance expectations fell sharply.<sup>1</sup>

**Increasing costs replaced the pandemic as SMEs' primary concern.** Survey evidence shows costs were the most cited issue facing SMEs, with 40% reporting rising prices as a major barrier to their business in Q2 2022 (Fig. 2).<sup>2</sup>

**Fig. 2: Percentage of SMEs reporting issues as a major barrier to their business**

Percent (%)



Source: BVA BDRC

<sup>1</sup>FSB, 'FSB voice of small business index', 2022. The proportion of SMEs reporting a decrease in revenue in Q3 2022 outweighed those reporting an increase.

<sup>2</sup>BVA BDRC, 'SME Finance Monitor', 2022

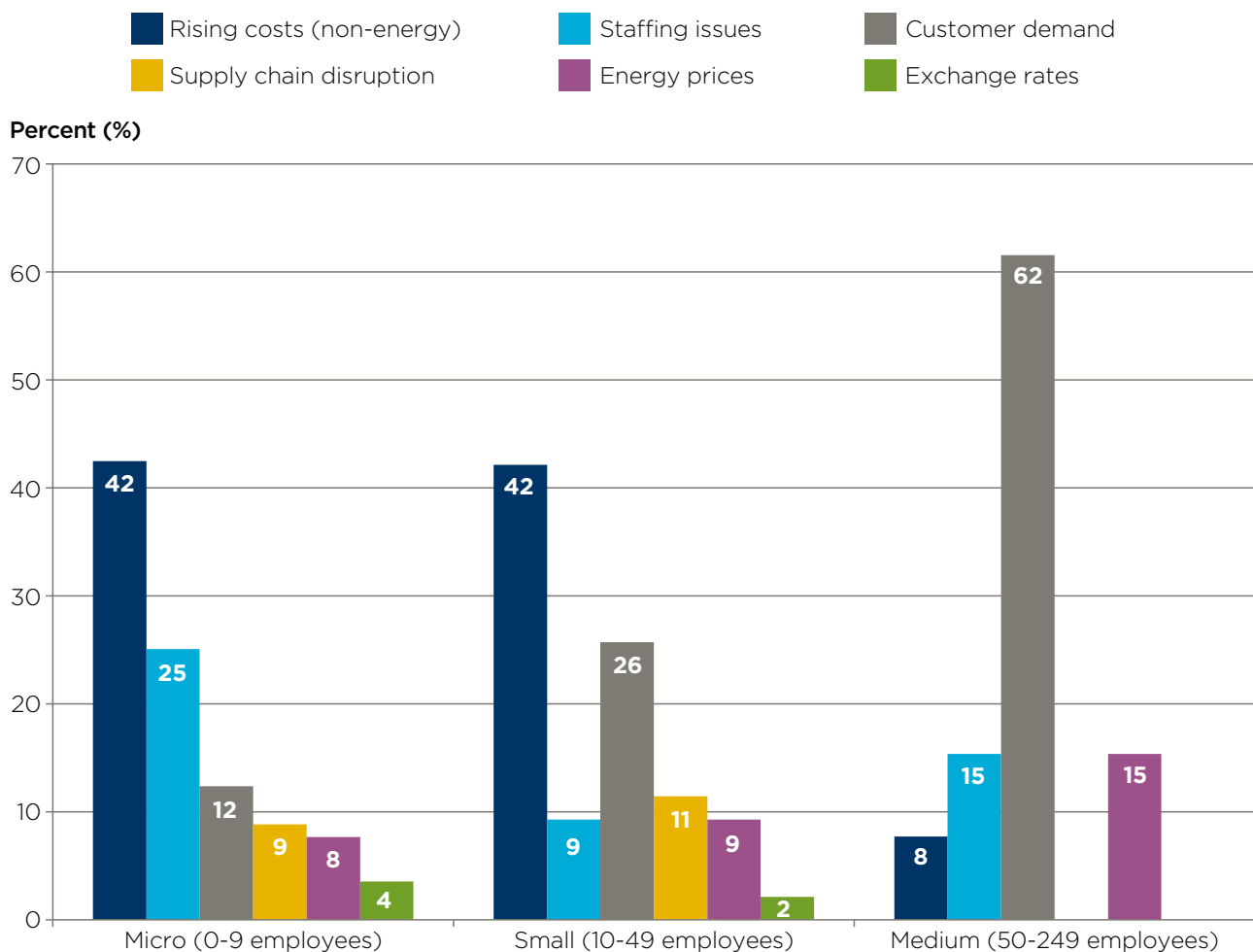
This compares to 30% reporting the economic climate as a major barrier, with a reducing minority of SMEs reporting Covid-19 impacts as a major issue. In December 2022, SMEs continued to report increasing costs as their primary concern.<sup>3</sup>

### Cost pressures are weighing heavier on small businesses.

Micro and small SMEs (businesses with fewer than 50 employees) were more likely to cite increasing costs as their primary concern, survey evidence reveals, while larger SMEs were more concerned with

retaining and attracting staff and rising energy prices (Fig. 3). Research by Nucleus Commercial Finance (NCF) corroborates that larger SMEs—up to 249 employees—struggled more with staffing issues, with almost one-third saying it was of “high concern”.<sup>4</sup>

**Fig. 3: Primary concerns facing SMEs, by size, in 2022**



Source: Funding Circle

<sup>3</sup>ONS, 'Business Insights and Conditions Survey (BICS)', 2022

<sup>4</sup>Business Leader, 'Half of SMEs are concerned about attracting and retaining talent', 2023

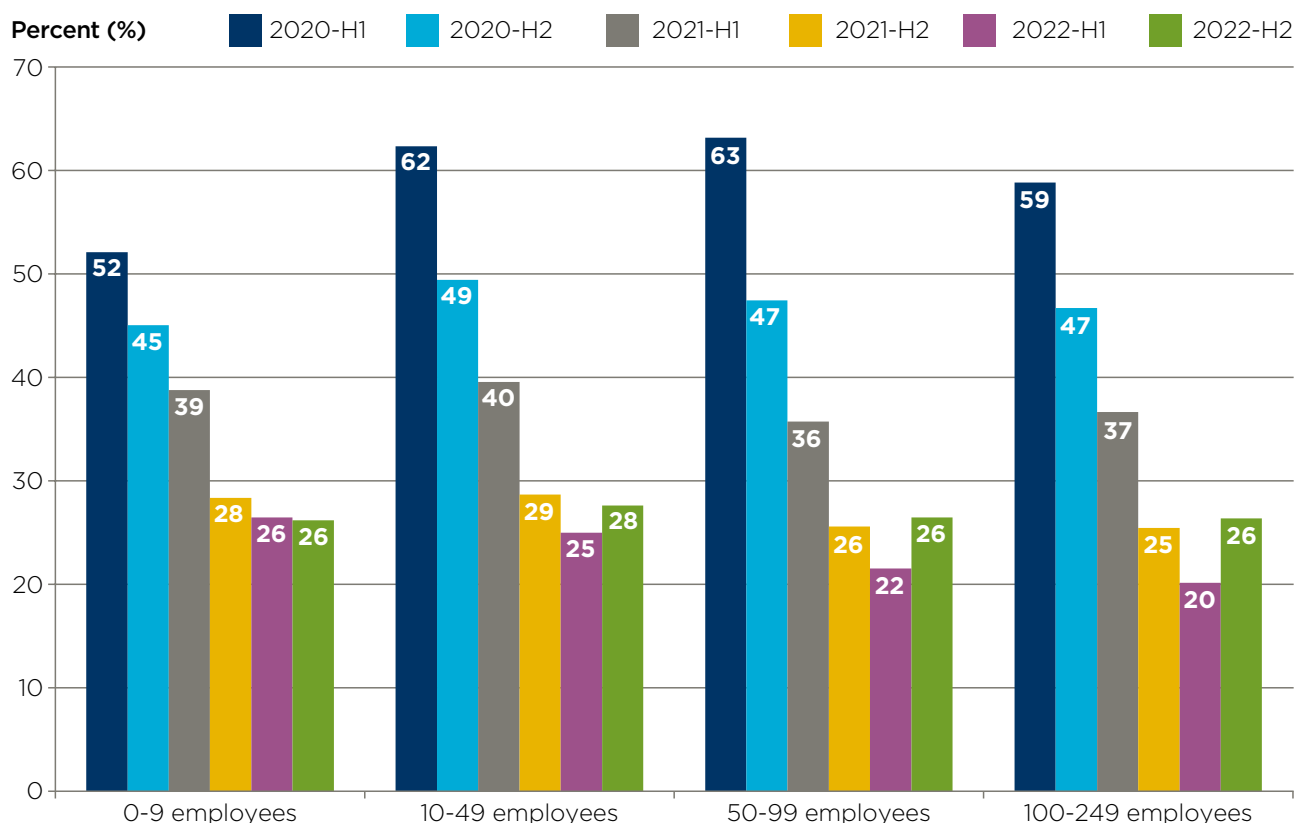
### 1.3 THE IMPACT OF THESE CHALLENGES ON SMES REMAINS UNEVEN

**During the pandemic, three distinct groups of SMEs emerged.** These were profiled in Funding Circle's previous impact reports, and can be broadly classified as *survivors*, which were those businesses most negatively impacted by the pandemic, while a second group of *hedgers* focused on precautionary measures by building up cash reserves. A third group, the *thrivers*, were those that continued to adapt, invest, and grow their businesses. These groups continued to respond to 2022's challenges in different ways.

**Stabilising turnover has provided *survivors* with some respite following a period of falling income.** The share of SMEs reporting reductions in revenue (relative to normal expectations) has fallen from the heights of the pandemic but has remained at around one-in-four, according to the ONS BICS survey (Fig. 4). Research by Hokodo corroborates this improvement in incomes, with 48% of surveyed SMEs saying they are earning more revenue, whilst 28% still struggle to break even.<sup>5</sup>

**Rising costs are depleting micro businesses' cash reserves.** By the end of 2022, an increasing number of the smallest cohort of businesses reported they had exhausted their cash reserves (Fig. 5). This trend is expected to continue in the short term, with an Investec survey suggesting that 43% of SMEs expect to start running down their savings over the next six months.<sup>6</sup>

**Fig. 4: Percentage of SMEs reporting a decrease in turnover compared to normal expectations**



Source: ONS BICS

<sup>5</sup> Hokodo, '56% of SMEs continue to experience post-Covid struggles', 2022

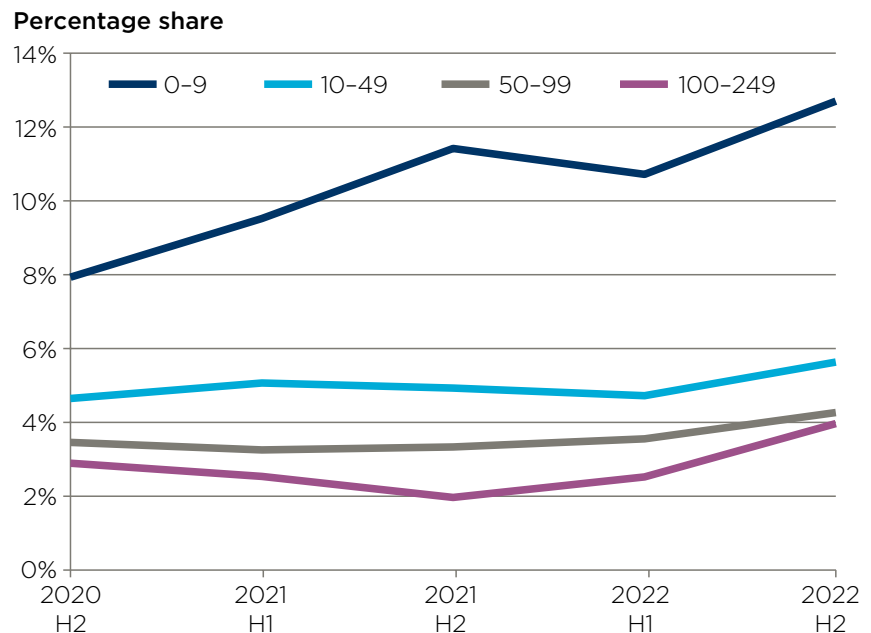
<sup>6</sup> The Telegraph, 'Companies forced to drop into savings to keep afloat', 2023



**Outside of this cohort, cash reserves across the general SME population remain elevated.** Much of the funding built up during the pandemic remains in place; around one-third of SMEs held £10,000 or more in credit balances in Q3 2022 (Fig. 6).

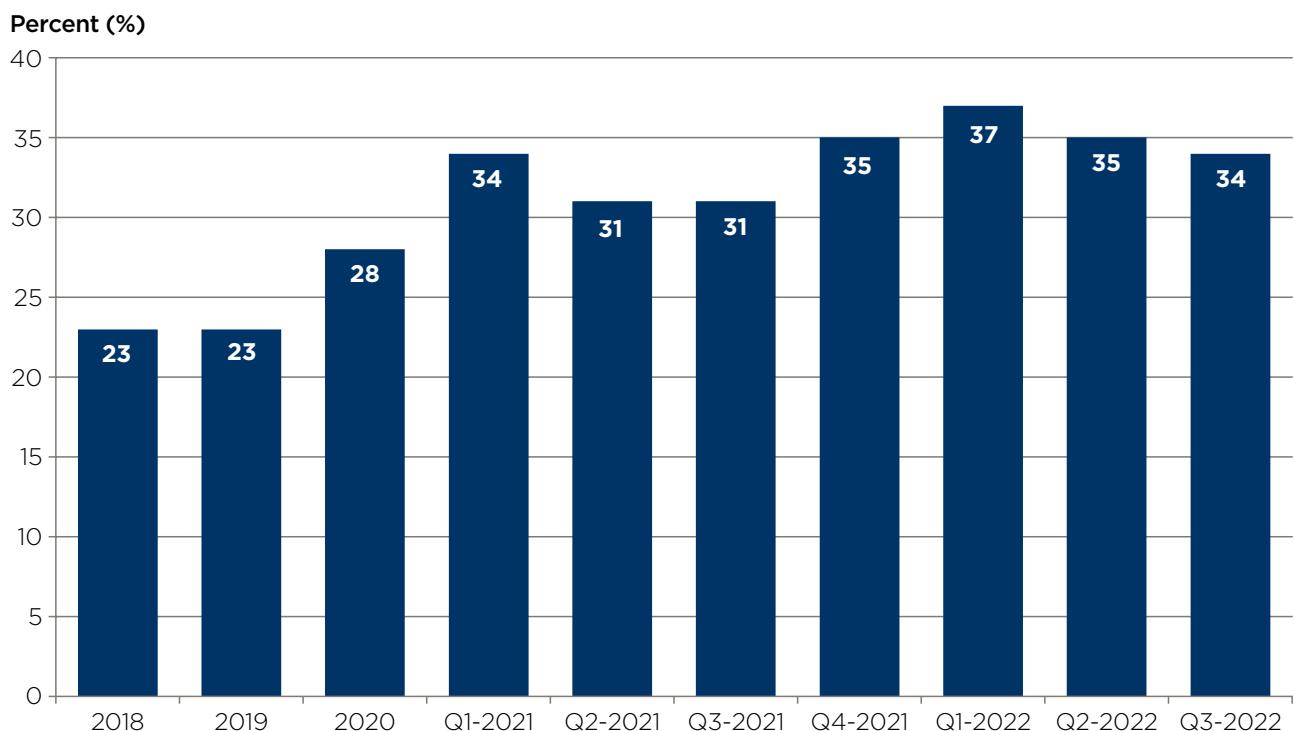
Collectively, 40% of SME turnover was held on balance sheets during the same period (compared with 24% pre-pandemic).<sup>7</sup> Further evidence from the ONS BICS reveals the percentage of SMEs with more than six months of cash reserves increased to 42% by the end of 2022 (an increase of 2 percentage points from H2 2021).

**Fig. 5: Percentage of SMEs reporting they have no cash reserves**



Source: ONS BICS

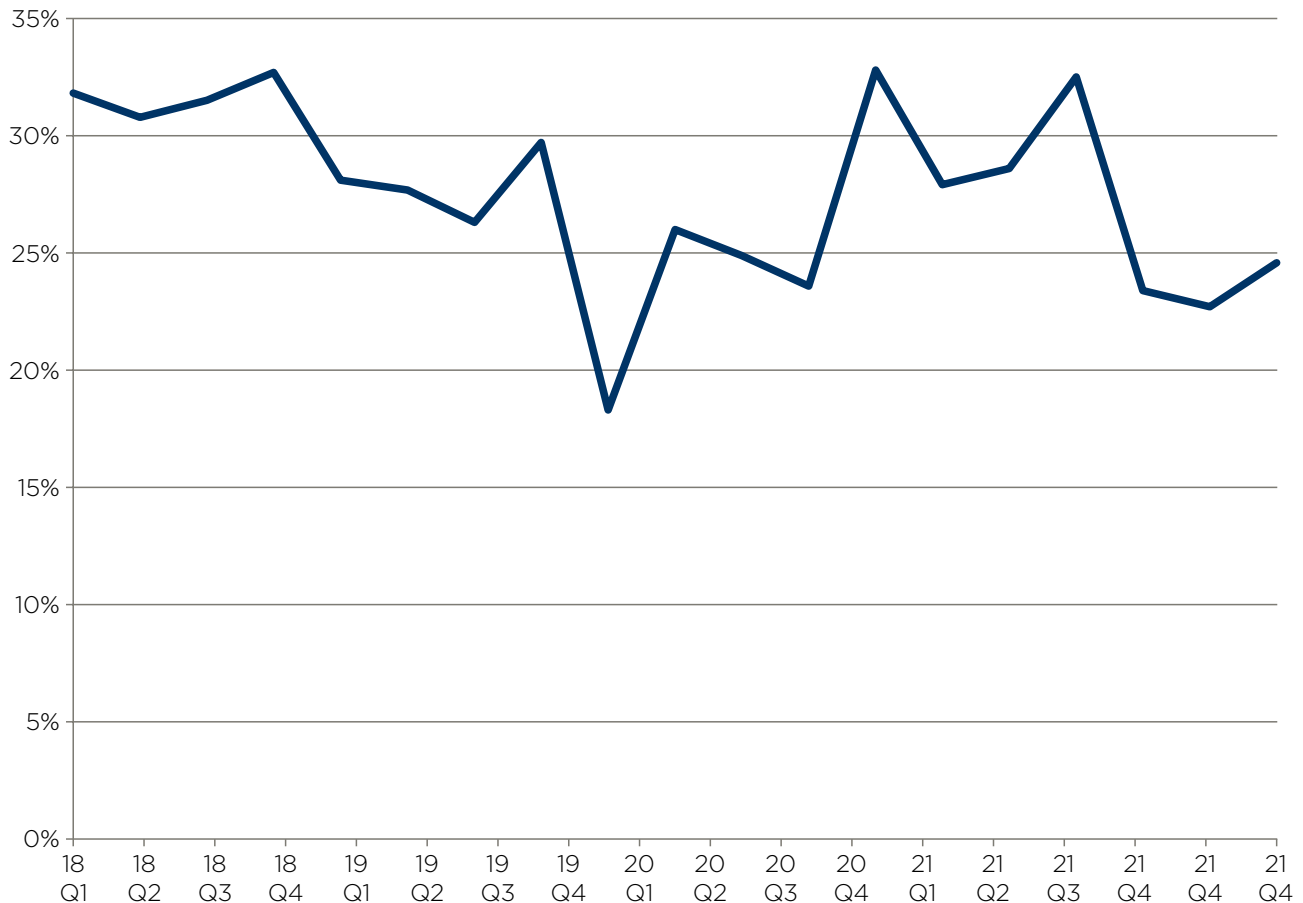
**Fig. 6: SMEs holding £10,000 or more in credit balances**



Source: BVA BDRC

<sup>7</sup> BVA BDRC, 'SME Finance Monitor', 2022

**Fig. 7: Percentage of SMEs expecting to increase investment over the next quarter**



Source: Federation of Small Businesses

**Evidence suggests SMEs are being more cautious in the short term.** Funding Circle survey evidence shows 50% of SMEs had paused, delayed, or cancelled a business investment in the past 12 months due to economic conditions. Alongside elevated cash balances, the data point towards an increasing cohort of SMEs—the *hedgers*—that are behaving more cautiously in light of 2022's economic headwinds and are waiting to see how the economy develops before taking action.

**SMEs' short-term investment intentions cooled during 2022.**

The share of SMEs expecting to immediately increase investment fell from a peak of 32.5% in Q4 2021 to 22.7% in Q2 2022—although this had begun to recover in the second half of the year (Fig. 7).

**SMEs' medium-term growth ambitions remain stable, with a core cohort of *thrivers* committed to growing their businesses in the future.**

Whilst below the peak of 52% in Q2 2021, the share of SMEs with plans to grow their business remained largely flat throughout 2022 (Fig. 8).

Research by the FSB revealed that two-thirds of SMEs were planning to make some form of investment in their business by 2024, suggesting any dampening of short-term investment intention is temporary, and driven by concerns around the current environment.<sup>8</sup>

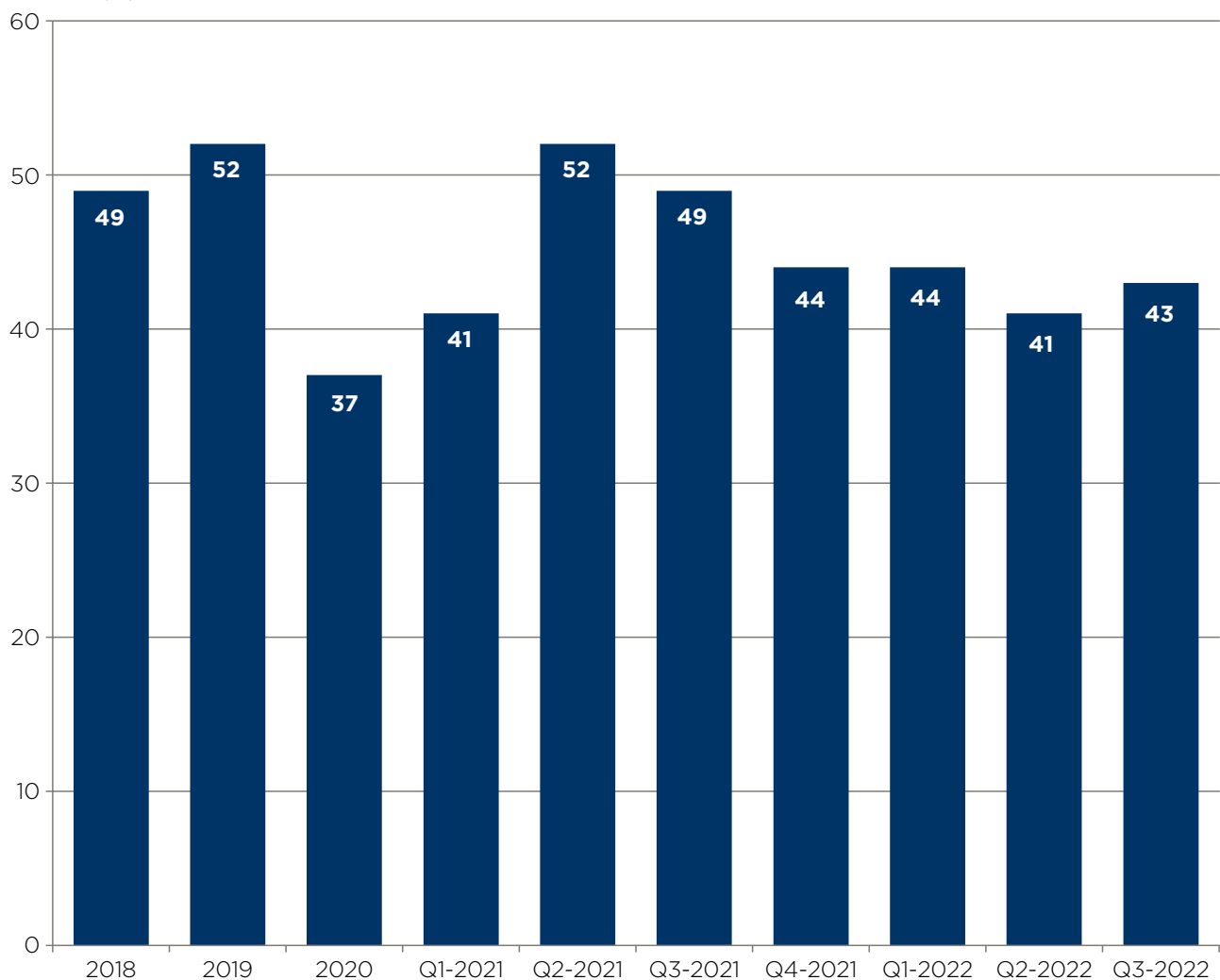
**In 2022, economic conditions drove a shift in SME behaviour from thrivers to hedgers.**

Growing pressures facing the UK economy made investment decisions more difficult, however the year ended with a cooling in CPI inflation—following a decline in wholesale energy and petrol prices—which offered an easing of economic headwinds.

While the backdrop remains challenging, if conditions continue to ease and interest rates peak as expected, then SMEs can move forward with renewed optimism beyond 2023, which could prompt a reversal towards the thriver group of SMEs.

**Fig. 8: Percentage of SMEs with plans to grow their business**

Percent (%)



Source: BVA BDRC

<sup>8</sup> FSB, 'Credit Where Credit's Due', 2022



## 2. FUNDING CIRCLE'S 2022 ECONOMIC IMPACT

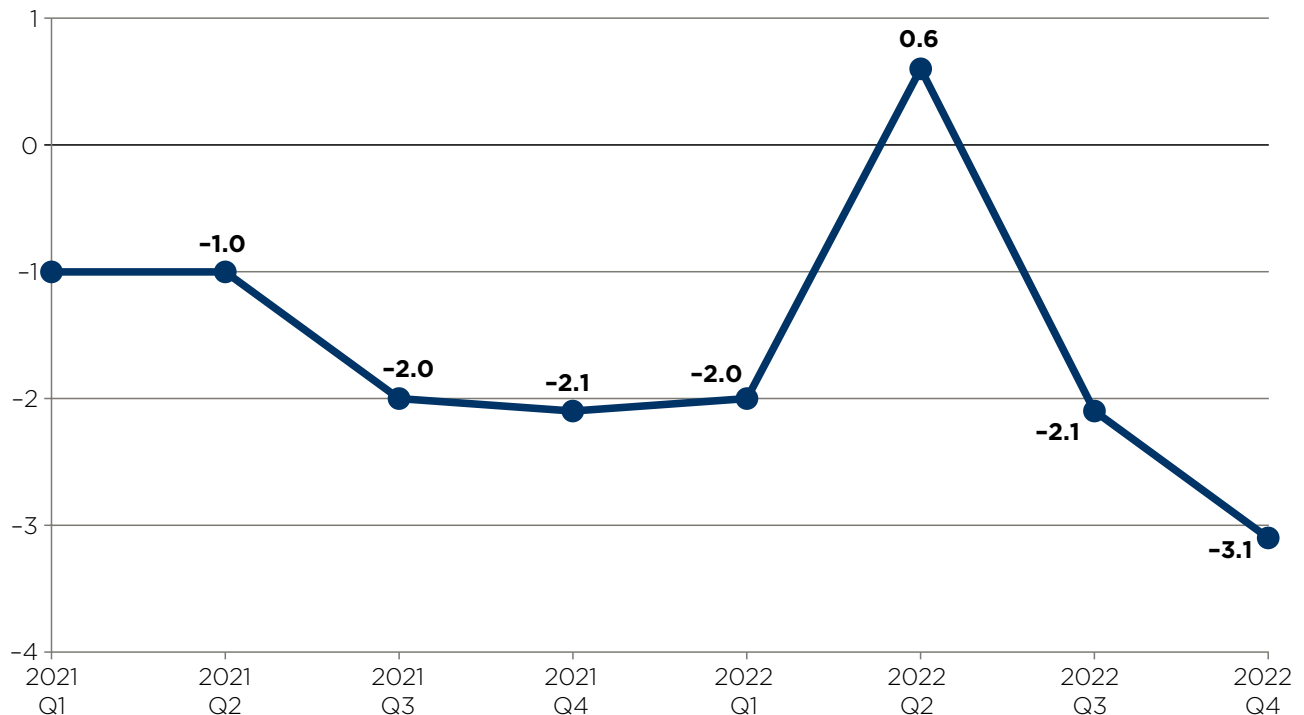
### 2.1 SME CREDIT CONDITIONS TIGHTENED THROUGH THE SECOND HALF OF 2022

**SME credit availability fell as interest rates rose and lenders responded to economic conditions.** The Bank of England base rate increased progressively throughout the year, as the Monetary Policy Committee sought to combat rising inflation.

Rates rose from 0.25% at the start of the year to 3.5% by its end. At the same time, lenders across the market tightened their lending criteria in light of the economic environment, with the proportion of SME loan applications being approved falling sharply in Q4 2022; this impacted credit availability (Fig. 9).<sup>9</sup>

**Fig. 9: Quarterly change in the availability of credit to SMEs in the UK**

Net percentage balances



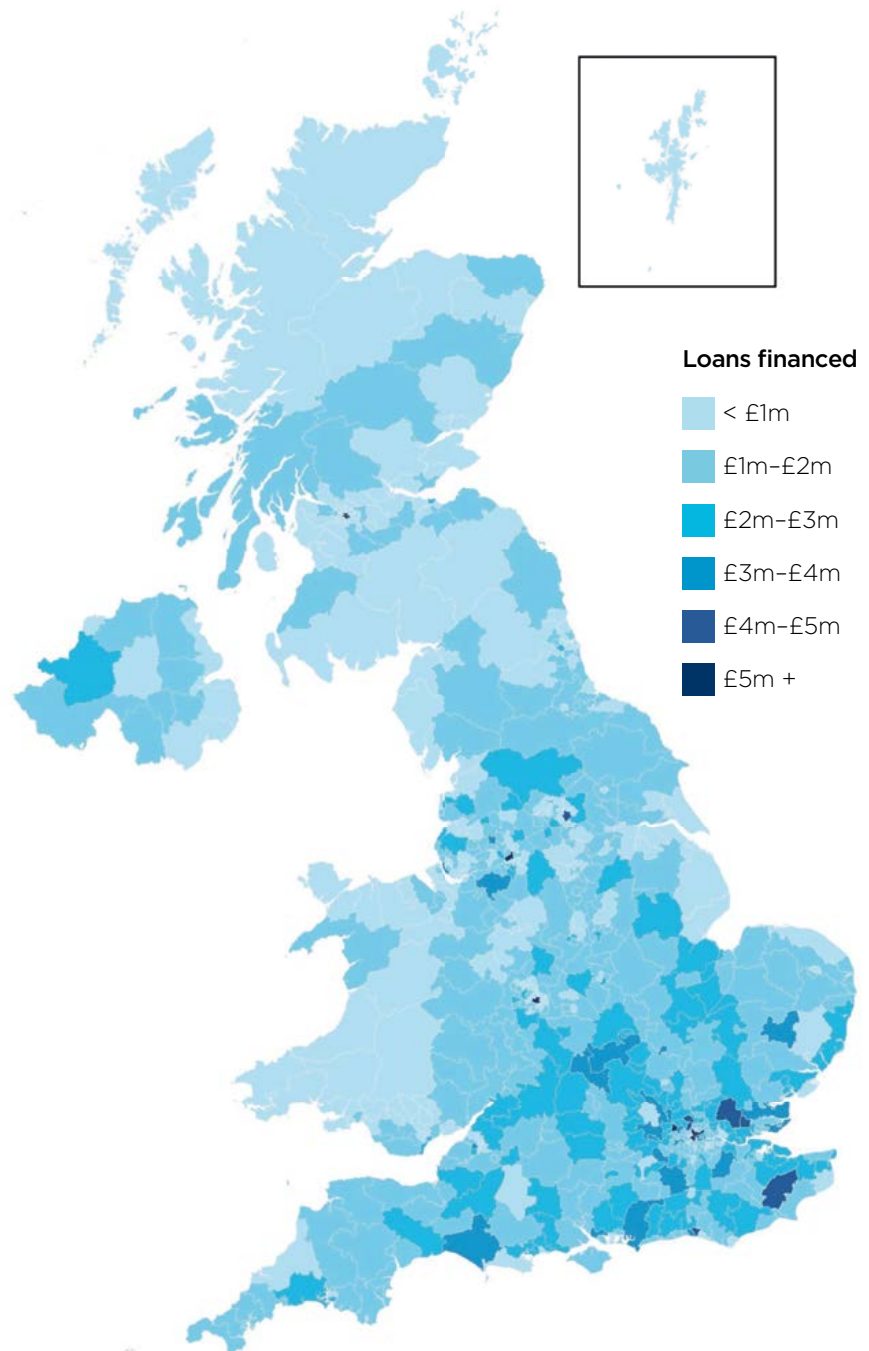
Source: Bank of England

## 2.2 FUNDING CIRCLE CONTINUED TO PROVIDE VITAL FINANCE TO SMES IN EVERY CORNER OF THE UK

Though Funding Circle also adopted a prudent approach to originations, its lending platform still provided substantial support to UK SMEs in 2022. Funding Circle, like other lenders, tightened lending criteria and raised interest rates in line with the wider market. While this meant fewer loans were originated than during the peak of the Government lending schemes, more than £1bn of funding was provided to UK SMEs in 2022.

**In 2022, Funding Circle's lending reached SMEs across the length and breadth of the UK.** Loans through the platform reached businesses located in all of the 650 parliamentary constituencies in the UK, with an average of £1.6 million in loans per constituency. This has helped businesses invest and grow as well as support and create jobs in their local communities—a particularly vital source of growth amidst a challenging economic environment.

**Fig. 10: Value of loans originated per parliamentary constituency in 2022**



Source: Funding Circle

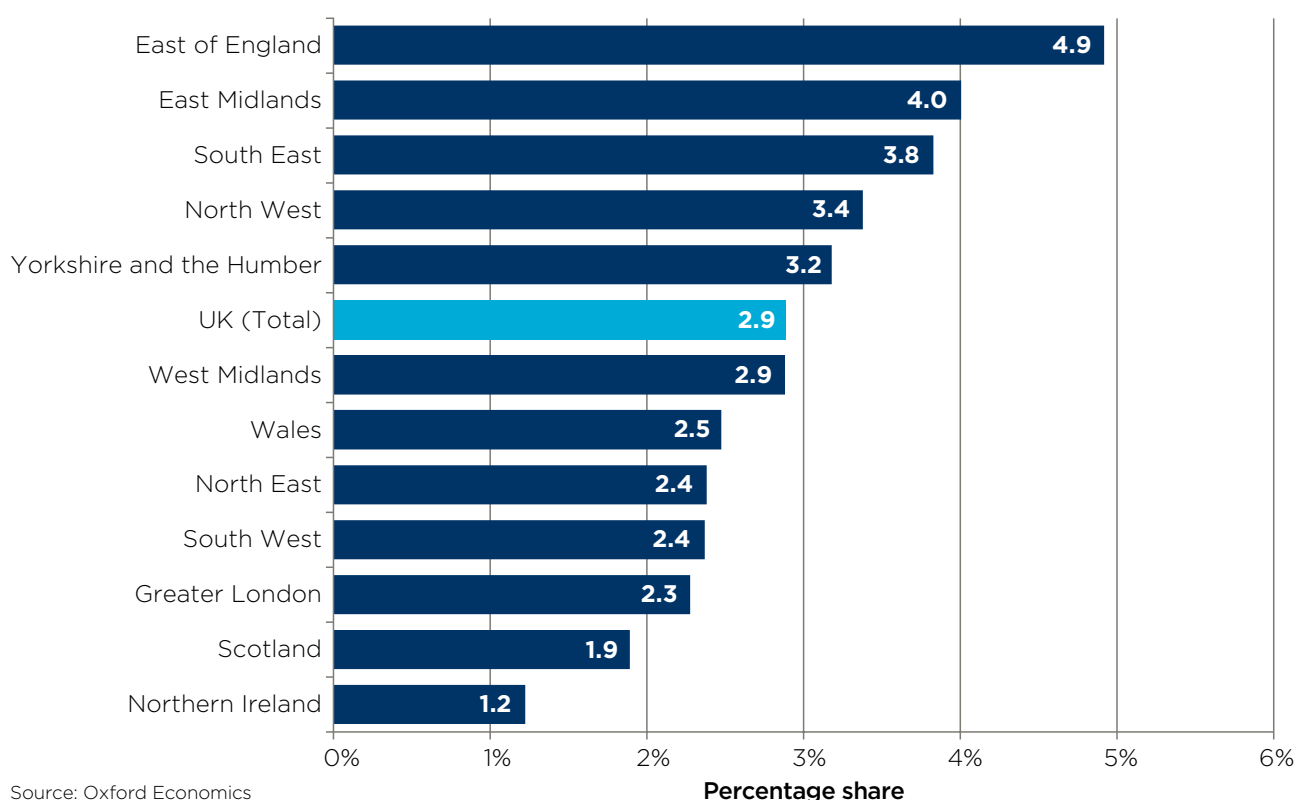
**A greater proportion of Funding Circle's lending helps SMEs in regions outside of London, where SMEs face greater difficulty in accessing finance.**<sup>10</sup> Loans under Funding Circle management represented 4.9% of all outstanding SME lending in the East of England, and 4.0% in the East Midlands (Fig. 11).<sup>11</sup> Considering specific communities, Funding Circle loans were most important in Wigan (North West), where its loans under management were equivalent to 5.3% of the total outstanding SME lending in the region. This was followed by Bolton (North West), at 5.1%, and Dudley (West Midlands), at 5.0%.

**Funding Circle loans are more likely to help businesses in areas of the UK that are experiencing socioeconomic challenges.** In 2022, businesses located in the top 10% of local authority districts with the:

- *highest unemployment rate* received 13% of Funding Circle's lending;
- *lowest rankings in the English Index of Multiple Deprivation* received 12% of Funding Circle's lending<sup>12</sup>; and
- *highest rates of economic inactivity* received 12% of Funding Circle's lending.

The British Business Bank has identified businesses located in these areas as facing greater challenges in accessing external funding, making Funding Circle's over-representation in more deprived areas particularly important.

**Fig. 11: Funding Circle loans under management as a share of total outstanding SME lending in the UK**



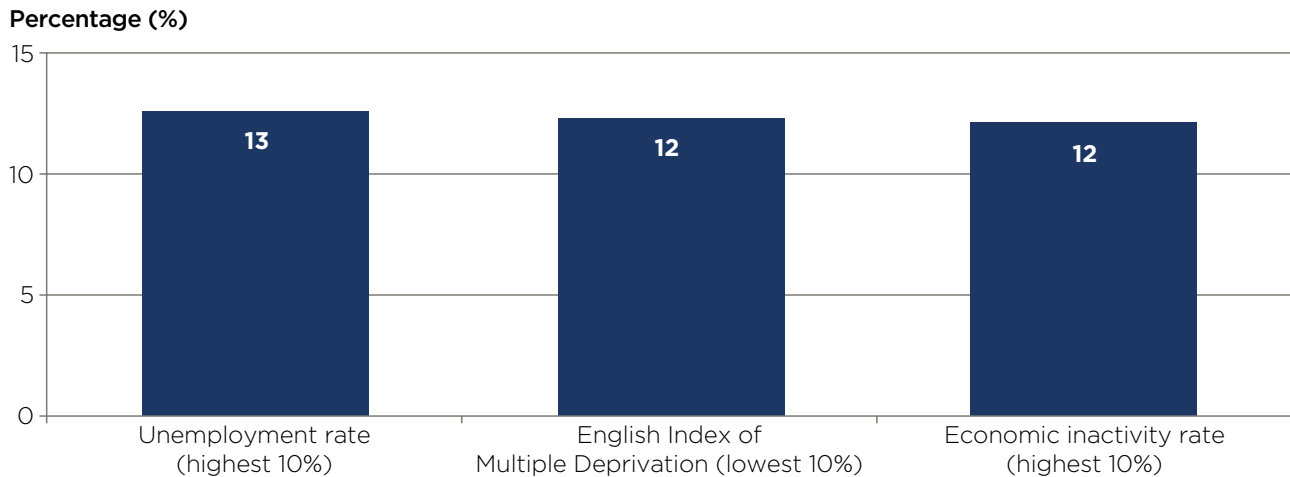
<sup>10</sup> British Business Bank, 'Nations and Regions Tracker: Small Business Finance Markets 2022', 2022

<sup>11</sup> UK Finance, 'SME lending within UK postcodes', 2022

<sup>12</sup> The Index of Multiple Deprivation (IMD) is a relative measure of deprivation used across the UK. The lower the IMD rank the more deprived the area is.



**Fig. 12: Percentage of Funding Circle's 2022 lending to local authority districts experiencing socioeconomic challenges**



### 2.3 FUNDING CIRCLE'S TECHNOLOGY OPENS DOORS FOR SMES SEEKING FINANCE

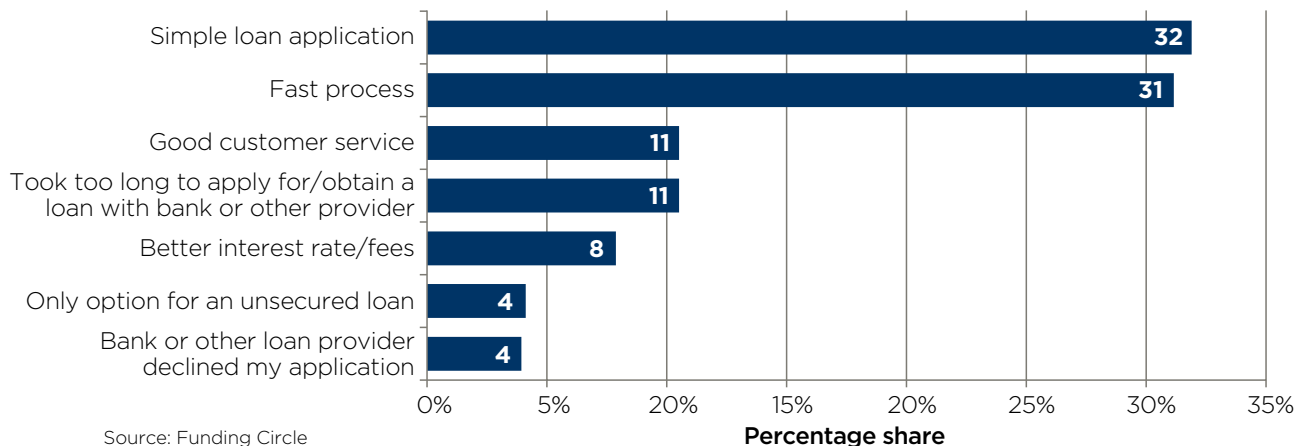
**UK SMEs continue to value the speed and ease at which they can obtain a loan from Funding Circle.** Some 32% of surveyed Funding Circle customers said it was the simplicity of the loan application that attracted them, whilst 31% cited the fast process. This isn't always the case with SME lending; evidence from the Federation

of Small Businesses (FSB) shows that many SMEs find the questions in loan applications too complicated, with four-in-five businesses struggling to answer all the questions.<sup>13</sup>

**Instant decision lending technology continues to provide Funding Circle customers with a seamless borrowing experience.**

More than 70% of Funding Circle's UK applications are now receiving instant decisions; applications take on average six minutes to complete, with lending decisions being made in as little as nine seconds.

**Fig. 13: Main reason for borrowing through Funding Circle in 2022**



<sup>13</sup>FSB, 'Barriers to small firms' access to finance could hold back UK economic recovery, new report warns', 2022

## 2.4 FUNDING CIRCLE'S ECONOMIC IMPACT

**At the end of 2022, we estimate Funding Circle's loans under management generated a £6.9 billion total contribution to UK GDP, and supported almost 106,000 jobs.** In addition to these core contributions, the loans provided to UK SMEs also carried an associated £1.4 billion in tax contributions to the UK exchequer. This economic activity was generated through three key channels:

**Lending through Funding Circle generated a direct contribution to UK GDP of £3.3 billion and supported 54,000 jobs.** By scaling up Funding Circle's UK SME survey results, we estimate that Funding Circle borrowers generated £5.1 billion in annual revenue in 2022, and that 10.0% of this can be attributed to their Funding Circle loans, based on the loans' share of these companies' liabilities. Of this loan-related revenue,

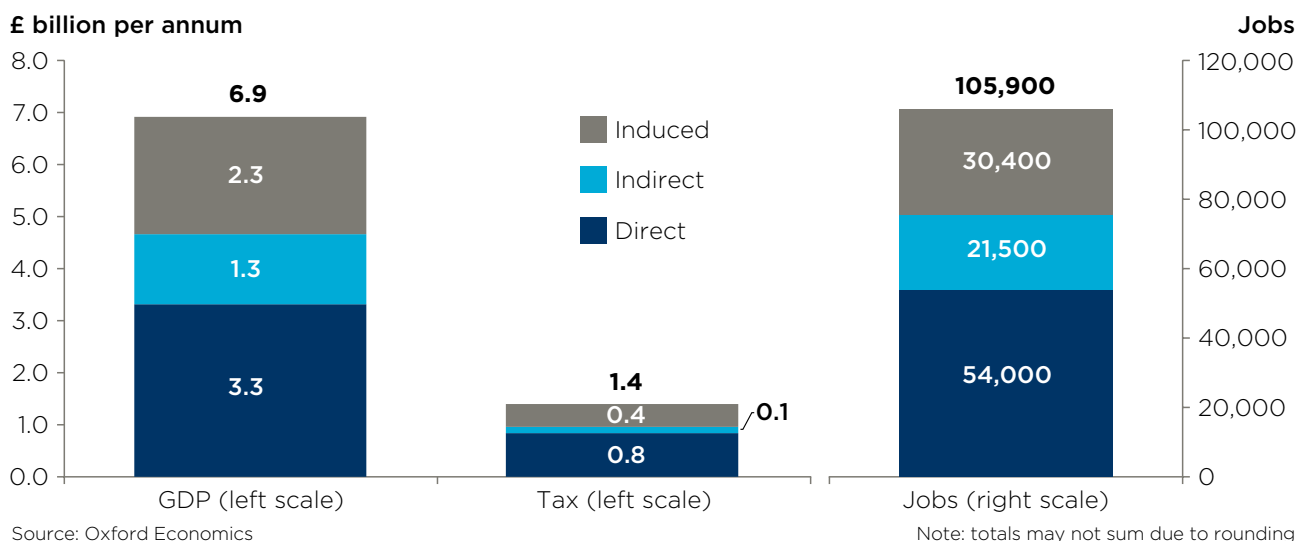
the firms' employment, capital costs, and net profits accounted for some £3.3 billion—this is the direct GDP contribution attributable to Funding Circle loans. Additionally, £840 million in tax revenues were directly generated through Funding Circle's platform.

**But the economic impact of the lending through Funding Circle extends beyond its direct contribution to the UK economy.** Activity by Funding Circle customers' procurement from their UK supply chains is calculated as their *indirect impact*. We estimate procurement spending by SMEs using their Funding Circle loan totalled £1.8 billion in 2022. This is estimated to have resulted in a £1.3 billion indirect contribution to UK GDP and supported a further 21,500 jobs, along with a further £120 million in tax revenues.

**Lending through Funding Circle supports further economic activity again, as its customers' employees and those employed in their UK supply chains spend their wages.** Known as the *induced impact*, we estimate this channel supported a further £2.3 billion contribution to UK GDP in 2022 as well as 30,400 jobs. In addition, £440 million in tax revenue was generated.

**Funding Circle continued to support a sizeable total economic impact in 2022.** In total, we calculate that loans under Funding Circle management at the end of 2022 contributed £6.9 billion to UK GDP and supported 105,900 jobs (Fig. 14). The economic activity sustained by these loans also generated a £1.4 billion tax contribution to the UK exchequer.

**Fig. 14: Funding Circle's economic impact in 2022, by channel**



## 3. FUNDING SMES' GROWTH IN 2023

### 3.1 ACCESS TO FINANCE REMAINS CRUCIAL IN 2023

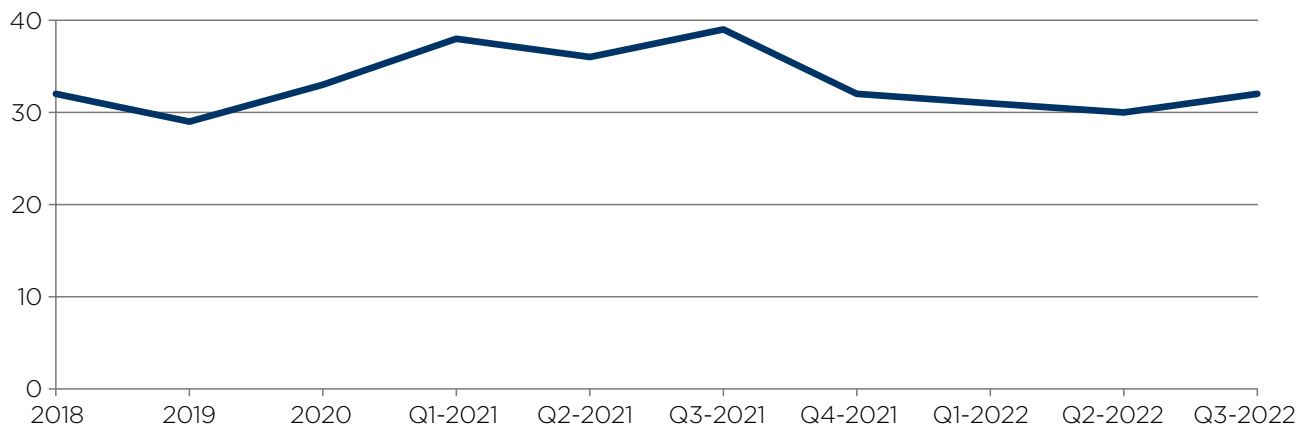
**Finance remains crucial, both for SMEs planning to invest for their future, and those looking for short-term solutions.** Around one-third of UK SMEs remain happy to use finance to grow (Fig. 15). While this is below the highs of 2021, driven by the availability of credit under government loan schemes, it remains marginally above pre-pandemic 2019 levels.

**Funding Circle loans are often used to help fund longer-term investment ambitions.** Half of Funding Circle borrowers expect to require further finance in at least six months' time, with more than eight-in-10 saying they will need it to invest and grow (Fig. 16). Retaining and training staff is another area UK SMEs seek finance for,

with 10% of Funding Circle borrowers saying they will require finance to prevent losing more of their workforce. Another survey reveals a third (32%) of SMEs intend to invest in staff training.<sup>14</sup>

**Fig. 15: Percentage of SMEs happy to use finance to grow**

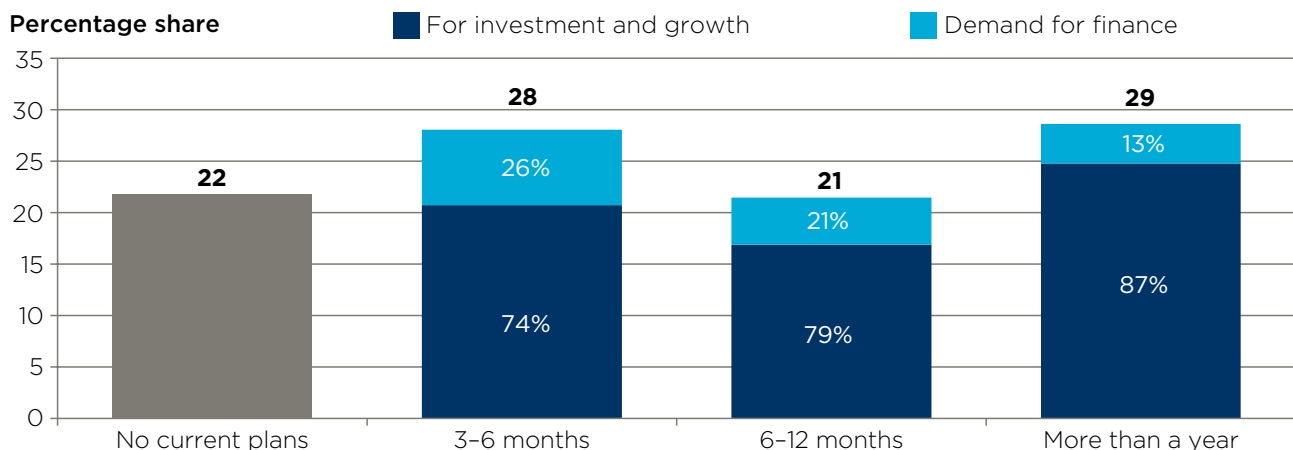
Percent (%)



Source: BVA BDRC

**Fig. 16: SMEs' need for future finance and its use**

Percentage share



Source: Funding Circle

<sup>14</sup> Bibby Financial Services, 'SME confidence tracker', 2022



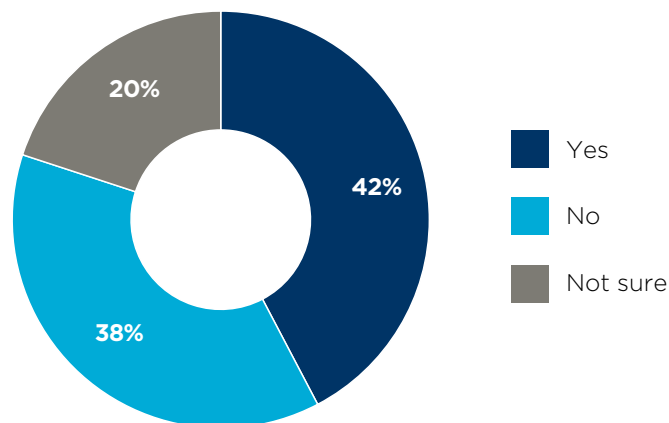
### 3.2 A GROWING NUMBER OF SMES ARE DEMANDING FLEXIBLE AND FAST ACCESS TO FINANCE

**UK SMEs increasingly require flexible and timely access to short-term credit.** Evidence of the demand for finance as a cashflow solution is already clear. The ONS BICS survey shows almost three-quarters of SMEs sought finance to cover cashflow in 2022; prior to the pandemic, only around half of SMEs said the same. Juggling short-term finances has become a growing priority for SMEs.

**FlexiPay, a new product from Funding Circle, has been introduced to fulfil SMEs' need for short-term finance.** It allows businesses to spread out the costs of purchases by providing a line of credit, which can be repaid over three months.

To date, FlexiPay has been used to make more than 20,000 payments. Going forward, 42% of Funding Circle survey respondents said their business had a need for short-term, flexible finance, implying demand for this type of loan should continue.

**Fig. 17: Share of SMEs saying their business had a need for short-term, flexible finance**



Source: Funding Circle

### 3.3 UK SMES ARE BENEFITTING FROM AN INCREASINGLY INTEGRATED FINANCIAL ECOSYSTEM

**A growing number of finance providers are integrating their products with software platforms, providing SMEs with easy and convenient ways of accessing finance.** Most businesses have now transitioned their operations either entirely or partially online, with a survey by Accenture finding that around 85% of SMEs used digital services in their day-to-day operations.<sup>15</sup> Embedded finance provides SMEs with a seamless way of applying for finance through pre-existing financial

relationships, allowing third-party lenders to assess and determine SME creditworthiness and approve loans almost immediately. Around half of the senior decision makers surveyed by Vodeno said embedded finance would remove the need for traditional banking.<sup>16</sup>

**Embedded finance is increasing Funding Circle's reach and range.** Through use of an application programming interface (API), Funding Circle can embed its application platform through a

wide range of financial service providers, widening access to finance to a whole new population of UK SMEs.

**SMEs have more options with how they borrow, pay, and spend than ever before.**

Fintech lenders continue to broaden the products they offer and become more deeply embedded within the financial ecosystem. As a result, SMEs, and the broader UK economy, will increasingly benefit from the lending they provide.

<sup>15</sup> Accenture, 'Embedded finance for SMEs: the ultimate collaboration of banks and digital platforms', 2021

<sup>16</sup> Forbes, 'Embedded finance will end traditional banking? Actually... yes!', 2023

# APPENDIX: METHODOLOGY

## ESTIMATING THE ECONOMIC IMPACTS

In 2022, a proportion of Funding Circle's SME customers in the UK were asked to complete a survey about their loans and business. To enable Oxford Economics to carry out the economic impact study for this report, survey respondents were asked about their company's latest annual revenue, purchases from other firms, share of imports in those purchases, and employment levels.

### Direct impacts

The direct "gross value added" contribution to GDP of these respondents was taken to be the difference between their 2022 revenues and the value of their purchases from other firms that year. Their direct employment was taken straight from the survey answers.

The "Funding Circle share" of those values then had to be calculated. Each company that responded to the survey was matched with its record in Funding Circle's entire loan book, as adjusted to capture only loans under management and not in default at the end of 2022. This enabled the value of the company's outstanding loan, and industrial sector, to be identified.

The industrial sector was used to split each firm's value added between employment costs and the "gross operating surplus" (i.e. capital costs plus net profits—equivalent to earnings before tax, interest, and depreciation in company accounts). This required sector-by-sector data from the national accounts, adjusted to be more specific to smaller firms by taking into account relevant ratios from national statistical agencies' data.

The gross operating surplus was then used to estimate the size of each company's balance sheet (i.e. its net value plus all outstanding liabilities), using a balance-sheet-to-gross-earnings multiple of three. This ratio was chosen as being within the various ranges recommended by experts in the field—although it is towards the lower end of the scale, to reflect the small size of the firms involved. The ratio of each firm's Funding Circle loan to its estimated balance sheet size was then used to scale down from total direct value and jobs, to the share supported by Funding Circle's financing.

The gross value added and employment impacts for the sample of firms surveyed were then scaled up, to arrive at impacts for the entire Funding Circle loan book. Revenues, purchases from other firms, and business taxes paid were also scaled up in the same way. Direct tax contributions of all kinds were worked out from direct gross value added, using various tax-to-income and tax-to-spending ratios derived from national accounts and tax authority data.

### Indirect and induced impacts

Next, the indirect and induced impacts were calculated. The pattern of firms by industrial sector, both in the survey and across the entire loan book, was reasonably similar to that of the wider business sector, excepting the relative absence of mining and energy firms. The pattern of economy-wide procurement found in the official "input-output table", by type of product purchased and domestic-versus-imported supplier split, was therefore adjusted to exclude non-business entities, and mining and energy firms, and applied to our estimate of Funding Circle borrowers' total purchases from other firms. The share of imports in that total was checked against the share indicated by the survey results, and found to be very similar.

The pattern of procurement from domestic suppliers, excluding imports, was then fed into Oxford Economics' economic impact models, which are based on the entire pattern of transactions between industrial sectors (as found in an input-output table). The direct employment costs of Funding Circle's borrowers were also fed in. The indirect and induced gross value added, employment, and tax impacts were then calculated within the model, which also incorporates the latest gross value added-to-jobs, tax-to-income, and tax-to-spending ratios, on a refined industry-by-industry basis.

The results show the economic contribution supported by lending through Funding Circle per annum, based on all loans under its management at the end of 2022. They are not cumulative, so do not show the economic impact of Funding Circle since its creation.

# OXFORD ECONOMICS

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on more than 200 countries, 100 industries, and 8,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centres in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto. We employ 450 staff, including more than 300 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

Oxford Economics is a key adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base now comprises over 2,000 international organisations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

## March 2023

All data shown in tables and charts are Oxford Economics' own data, except where otherwise stated and cited in footnotes, and are copyright © Oxford Economics Ltd.

**This report is confidential to Funding Circle Ltd and may not be published or distributed without their prior written permission.**

The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

To discuss the report further please contact:

### James Bedford

[jbedford@oxfordeconomics.com](mailto:jbedford@oxfordeconomics.com)

### Adam Currie:

[acurrie@oxfordeconomics.com](mailto:acurrie@oxfordeconomics.com)

Oxford Economics  
4 Millbank, London SW1P 3JA, UK  
Tel: +44 203 910 8061

### Front Cover Photo

William Barton / Alamy Stock Photo



OXFORD  
ECONOMICS

**Global headquarters**

Oxford Economics Ltd  
Abbey House  
121 St Aldates  
Oxford, OX1 1HB  
UK

**Tel:** +44 (0)1865 268900

**London**

4 Millbank  
London, SW1P 3JA  
UK

**Tel:** +44 (0)203 910 8000

**Frankfurt**

Marienstr. 15  
60329 Frankfurt am Main  
Germany

**Tel:** +49 69 96 758 658

**New York**

5 Hanover Square, 8th Floor  
New York, NY 10004  
USA

**Tel:** +1 (646) 786 1879

**Singapore**

6 Battery Road  
#38-05  
Singapore 049909

**Tel:** +65 6850 0110

**Europe, Middle East  
and Africa**

Oxford  
London  
Belfast  
Dublin  
Frankfurt  
Paris  
Milan  
Stockholm  
Cape Town  
Dubai

**Americas**

New York  
Philadelphia  
Boston  
Chicago  
Los Angeles  
Toronto  
Mexico City

**Asia Pacific**

Singapore  
Hong Kong  
Tokyo  
Sydney

**Email:**

[mailbox@oxfordeconomics.com](mailto:mailbox@oxfordeconomics.com)

**Website:**

[www.oxfordeconomics.com](http://www.oxfordeconomics.com)

**Further contact details:**

[www.oxfordeconomics.com/  
about-us/worldwide-offices](http://www.oxfordeconomics.com/about-us/worldwide-offices)