



Bibby Financial Services:

Together, we will grow



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The economic landscape remains challenging, and we need to ensure sufficient support for SMEs, the backbone of our economy. Working together has never been more important.

In a landscape where uncertainty seems to be the only constant, SMEs continue to navigate a maze of challenges. Just a few months ago, the dust was settling on the 2024 general election, and businesses were considering the road ahead post the Autumn Budget. Moving into 2025, they continue to operate in a high-cost environment, with February's inflation figures showing a rise in Q4 and cost pressures heightened by recent changes to employer taxes.

We took our latest "temperature check" of the SME community in Q1 this year, surveying 1000 businesses across key sectors to understand challenges, sentiment, and intentions. Our findings show a mixed picture; ongoing cost pressures are acute for many, whilst intention to grow sales is strong. It's clear that businesses will need to be supported with the means to match the mindset.

Spotlight on SME challenges

Inflation and the overall high cost of doing business are of rising concern, with sixty six percent of SMEs in our survey stating this as their biggest challenge (up from 40% in our Q3 '24 survey). There are some interesting differences in percentages across business size (72% of SMEs with £1-5m turnover) and sectors (70% in construction).

Adding to the pressure, customer insolvencies and late payments persist. Our research shows forty five percent of businesses have experienced one or more of their customers becoming insolvent, and sixty percent are finding customers are taking longer to pay invoices compared to the previous year. This will undoubtedly put pressure on their working capital, increase the strain of meeting their day-to-day cost commitments and be a potential barrier to growing their business.

Our data shows there is demand for external funding, with forty percent of SMEs reporting an increased need for financing. The reasons for this need are varied, with forty four percent of those using or considering using it doing so for expansion or investment, around a third to fund day-to-day operations, and the remainder to

manage debts. However, whilst demand is there, nearly half (47%) feel that access to external finance has become more difficult over the past six months. This struggle to access finance has lessened since our last survey, where over fifty percent cited it as a challenge, but remains high, reinforcing the critical role we play together in providing flexible solutions for businesses to be able to operate effectively.

Looking forward

Despite these pressures, we see cautious optimism, with sixty six percent of businesses expecting their sales to increase over the next six months. Additionally, interest rate decreases have a positive effect on investment intentions, with sixty two percent stating a lowering of the rate makes them more confident to invest in their business. Top areas given for investment, (with around a third of respondents intending to invest in these areas), were technology and IT, new products and services, and staff training and development.

Enabling the engine room of our economy

As a business that has been supporting SMEs for over forty years, the economic pressures are familiar, and we embrace our responsibility to continue to do what we've always done; provide flexible solutions to enable businesses to achieve their goals.

Earlier this year, we launched our BFS 5.0 strategy, which reflects our continued evolution in response to the changing needs of businesses. Building on the foundation of BFS 4.0, it focuses on how we continue to grow and drive our business through people, enabled by technology and embracing tools, such as AI, that will allow us to deliver greater efficiencies and value add.

Last year, we provided almost £500m in funding to businesses and factored over £8bn debts, reinforcing our commitment to supporting businesses of all sizes and sectors. Our ability to deliver tailored financial solutions is made possible by our extensive experience and focus on flexibility, which has enabled us to meet the dynamic needs of the market. Part of our continued evolution will see further development of our platforms and greater connectivity of our Invoice Finance, Asset Finance, FX, and Marine businesses to provide SMEs with the multilayered solution they need to develop, both in the UK and internationally.

Growing together

I'm proud of the team we have built and continue to build at BFS. I am confident that, despite the turbulent times we face, we will continue to flourish together. The growth our Invoice Finance business has achieved will materially advance under the capable sales leadership of Stephen Hand. We have strengthened our FX and Asset Finance teams with some exceptional hires, and BFS Marine Finance brings a leadership team with over eighty years of combined experience in the maritime sector.

Our strength lies in our people, our approach, and the partnerships we cultivate along the way. Together, with you, we'll grow!



Derek Ryan
UK Managing Director
Bibby Financial Services

SME challenges and opportunities

66% expect sales growth this year

62% feel lower interest rates boost investment confidence

66% cite high costs and inflation as top challenges

60% report longer payment times

47% struggle with access to finance

45% have faced customer insolvencies

BFS SME Confidence Tracker, 1,000 SMEs, Jan 2025



“We’re committed to deepening our relationship with our intermediary partners to continue driving growth and delivering exceptional service to UK SMEs.”

Driving growth together

Last year was a defining year; focused on deepening our introducer relationships, enhancing our funding solutions and regional footprint and building our internal capabilities, all supporting accelerated growth in 2025.

Looking back on 2024, BFS has seen significant growth in Invoice Finance opportunities; a key driver of our success being the strength of our partnerships with our intermediary network. With over sixty percent of our new business coming through these partnerships, it's clear that together, we're able to address the diverse needs of SMEs. Through our collaboration, we've supported businesses facing cashflow pressures and those looking to grow. A couple of standout moments at the end of last year really highlighted to me why we do what we do; through intermediary partner introductions, we agreed £600,000 of funding for a recruitment business, ensuring four hundred staff received their pay in the run up to Christmas, and we secured a £2m CID facility for a wholesale business, helping protect seventy jobs.

Our longevity in supporting businesses of all sizes, stages, and sectors is central to our ability to tailor to their needs. With the capability to offer funding lines ranging from £50k to £20m, last year alone, we funded SMEs in one hundred and eighty industries, including within manufacturing, wholesale, construction, and recruitment, underscoring the breadth and flexibility of our support.

The Cashflow Loan, launched in Q4 2024, is a response to the growing need for enhanced funding levels. It allows businesses to access additional funding of up to twenty percent of their Invoice Finance facility, helping manage cashflow during periods of sustained growth, increased customer demand, or seasonal fluctuations. Working alongside an existing Invoice Finance facility, the loan can also enhance support in scenarios such as debt restructuring, asset purchase, and mergers and acquisitions.

Developing our service and our people

At BFS, we continually strive to improve our offerings and the service to the SME market. We are maintaining our Excellent Trustpilot rating and in 2024 we achieved our highest-ever Net Promoter Score, and increased client retention by eight percent. These achievements reflect our ongoing commitment to continuous improvement and the dedication of our team. We're also proud to have retained the Factoring & Invoice Discounter of the Year title at the NACFB Commercial Lender Awards, reinforcing the trust and confidence our intermediary partners place in us.

People are key to our success. Last year, I focused on ensuring we had the right sales footprint across the UK, developing our capabilities and expanding our regional presence to better serve our intermediary partners and their clients. Notably, we recruited a Welsh speaking Business Development

Manager in Wales to strengthen our presence in the region. Our Sales Academy Programme continued to grow, with graduates from the last cohort stepping into Business Development Executive roles, enhancing our talent pool and expanding our reach. With ongoing investment in our people, we've built a highly skilled and motivated team, ready to accelerate growth and drive long-term success.

Final thought

As we look ahead, many businesses are grappling with cashflow pressures in this high cost environment, making access to flexible funding more critical than ever. At the same time, there's a desire for growth, with many SMEs still eager to develop their business and who will need external funding to facilitate this. I'm working ever more closely with our teams across BFS to ensure we leverage the combined power of our Invoice Finance, Asset Finance, FX, and Marine Finance solutions, to equip SMEs for success. Together with our intermediary partners, we continue to strive to connect more SMEs with the flexible finance they need.



Stephen Hand
UK Sales Director
Bibby Financial Services

Asset Finance: Unlocking opportunities

Business hesitancy has characterised the asset finance market in recent months, with cost pressures, political and economic uncertainty compounded by an October budget focusing more on tax, than investment. Combined with Commission Disclosure changes, it was a fairly muted end to 2024, carrying into 2025.

While challenges persist, I believe opportunities remain for those willing to navigate them strategically. One area of opportunity lies in unlocking hidden equity in existing assets financed years ago. By refinancing these assets, businesses can free up working capital to reinvest in growth. Sectors like construction and distribution are expected to see increased demand, driven by infrastructure projects and housebuilding initiatives.

Asset finance can support businesses in these sectors. We understand that SMEs need confidence to invest, and require access to funding that is both flexible and sustainable. We are term lenders, so we can lend up to sixty months, or even longer.

We're enhancing our digital capabilities, streamlining application processes, and in the second half of the year we will be introducing a degree of automated decisioning. However, technology alone isn't the answer. We continue to strengthen our team, last year bringing Dan Nield in as Operations Director to enhance our systems and operational efficiency. Our credit team has a combined experience of two hundred and fifty years, and I believe, they are one of our big strengths. You can talk to a real person, an expert who can tailor your funding solution, supported by digital platforms that enhance the way we are able to interact with customers.

At Bibby Asset Finance, we're committed to helping businesses find opportunity in adversity.



Sean Neville
Managing Director
Bibby Asset Finance

BFS Marine Finance: Sailing forward

Demand for finance from SMEs in the commercial vessel sector is buoyant. Since our launch and first transaction of three passenger vessels, we have built strong momentum; financing a range of vessel types, and attending the Seawork Commercial Vessel Show in Southampton as our first trade exhibition.

The UK's maritime sector is vital (we are an island after all), yet many businesses struggle to access flexible finance, particularly for older vessels that traditional lenders often overlook.

What sets us apart is our specialist knowledge and relationship-led approach. We take the time to understand the true value of commercial marine assets regardless of age, from crew transfer vessels to workboats, survey vessels, tugs and barges. With over eighty years of combined experience in marine finance, our team understands the complexities of the industry. Unlike larger banks, we are agile and adaptable, allowing us to move quickly to meet our customers' needs.

We believe it's important to know our customers, and understand their unique situations, so we can offer the funding needed to navigate their future with confidence.



Paul Ratcliffe
Managing Director
Bibby Marine Finance



FX: Helping businesses grow internationally

Geopolitical events continue to impact the global financial system and move FX markets, so a sound risk strategy is as important as ever in mitigating the effects of future adverse fluctuations. In 2024, the war in Ukraine continued to affect global markets, with rising energy costs as a result, worsened by high global inflation levels. The ongoing conflict in the Middle East went on to drive significant currency movements, presenting major challenges for businesses who import, export or provide services abroad. More recently, Trump's return to office has brought about increased volatility as he reignites trade wars with China but also with Canada, Mexico and Europe too. This has impact on the currencies (adverse or positive) of the countries caught up with increased tariffs, or just with the threats.

Inflation has steadied over the past few months and most Central Banks are now pointing towards reducing interest rates over the course of this year, again affecting currency movements. However global prices remain very high for importers and exporters, and it's clear that these high prices combined with currency volatility continues to take its toll on profitability for businesses trading internationally.

So, for SMEs trading overseas, protecting their business against market volatility, and managing exchange rate risk has never been

more important. With our breadth of experience in the Bibby FX trading team we can ensure international transactions are made cost effectively, safely and efficiently, helping to offset against rising costs and lock in profits, enabling businesses to concentrate on overseas growth.

We firmly believe that our people are key to our future growth, so we continue to develop new talent with a strong team ethic and a desire to build long term relationships with our clients. This has positioned us to further strengthen our support for businesses across the UK, maintaining our approach of working closely with owners, FD's, FC's and accounts teams, enabling our teams to truly understand the businesses we support. As we move through 2025, we are also continually seeking new opportunities to innovate across our product and service range, listening to our clients' needs and empowering our people, along with investing in the technology to improve service and deliver sustainable value to our customers for the long term.



Michael McGowan
Managing Director
Bibby Foreign Exchange

Our support for clients

Transactions made possible through partner introductions

Sector:

Food & Beverage

Funding provided:

£1 million

Type of funding:

Invoice Finance and Foreign Exchange facility



We supported The Black Farmer in their growth ambitions, providing a combined solution that ensures the business has the necessary working capital and international trading efficiency to expand and scale operations. Wilfred Emmanuel-Jones, Founder of The Black Farmer, commented, "We needed the confidence that our funder is both an expert in their field and committed to supporting our goals and BFS provided exactly that. They engaged with our ambitions from the start, working to understand our business. Their offer of an extended funding limit and a higher advance rate was a perfect solution and demonstrated their confidence in our business."

**Sector:**

Recruitment

Funding provided:

£3 million

Type of funding:

Confidential Invoice Discounting



We supported Civil Rail Solutions (CRS) to fuel their growth ambitions amid increased industry demand for labour. Mark Mason, Chief Executive Officer of CRS, shared, "Due to the complex nature of these industries, we were looking for a partner who understood both our sector and ambition, and would be able to provide the flexibility we need to respond to evolving demands. BFS were able to demonstrate both, and we look forward to working with the team."

Sector:

Logistics

Funding provided:

£450,000

Type of funding:

Disclosed Factoring Facility



We supported a West Midlands-based fleet maintenance services company with a £450,000 Disclosed Factoring facility. Faced with urgent cash flow needs due to restrictions from their previous funder, we provided a higher prepayment. The entire process, from initial meeting to payout, was completed within 8 working days.

Sector:

Recruitment (Hospitality)

Funding provided:

£100,000

Type of funding:

Factoring Facility



We facilitated a £100,000 Factoring facility for a Glasgow-based recruitment company focusing on the hospitality sector. The process from initial lead to payout was completed in just 48 hours.

Sector:

Steel Engineering

Funding provided:

£575,000

Type of funding:

Export Finance and Hire Purchase Facility



We provided a £350,000 Export Finance facility and a £225,000 Sale and Hire Purchase facility to a Sheffield-based Steel Engineering business, replacing their existing facility with another provider. The funding was used to refinance the plant and machinery and settle CBILs loans.

A large percentage of our business comes to us through our valued partners.

If you're interested in becoming a partner, call 0808 159 6490

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