



SME Report, UAE



SME Research, UAE

Scope and overview of the research conducted among SME businesses in UAE



WHO: Sample Profile

Small & Medium business representing different business types in UAE. Key business decision maker participated in the survey



WHERE: Location

Business based out of UAE – Dubai, Sharjah and Abu Dhabi were surveyed



HOW: Methodology

Interviews using a structured survey questionnaire



SAMPLE SIZE

156 SMEs were interviewed for the survey.
Small business: 98
Medium business: 58



Information Areas



Business Banking

Understanding the **choice drivers** for business banking relationships



Satisfaction

Satisfaction with the current business banking relationship, **switching/adding** relationship, if an opportunity



Business loans/financing

Source of business financing and key **factors under consideration** for loans from banks



Business Credit card

Incidence of business credit card ownership, **reasons if not**



What do you look for in a business bank account?

01
Low/no maintenance fee

85%

Small business: 89%
Medium business: 79%

02
Online banking availability

80%

Small business: 83%
Medium business: 76%

03
Good customer service

76%

Small business: 77%
Medium business: 74%

04
Lending facilities

53%

Small business: 50%
Medium business: 59%

05
Number of branches

36%

Small business: 34%
Medium business: 40%

06
Relationship manager

22%

Small business: 17%
Medium business: 31%

07
Cash management

17%

Small business: 8%
Medium business: 33%

When starting your business, how did you choose a bank?

Advertisement

Small business: 7%
Medium business: 3%

Same bank as personal banking

Small business: 16%
Medium business: 14%

Word of mouth

Small business: 35%
Medium business: 36%

34%

35%

2%

6%

7%

15%

Reputation, Image

Small business: 2%
Medium business: 2%

Proximity (close to office)

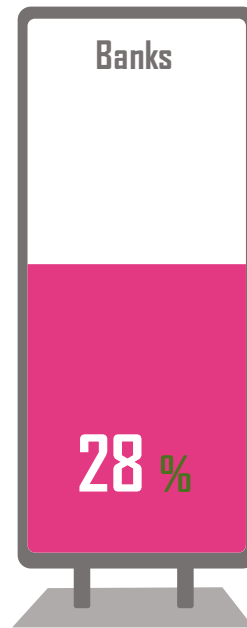
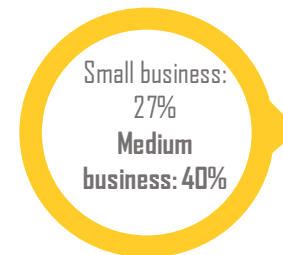
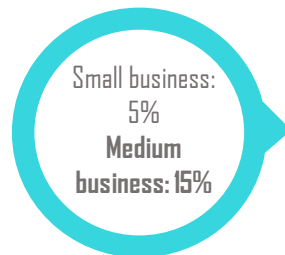
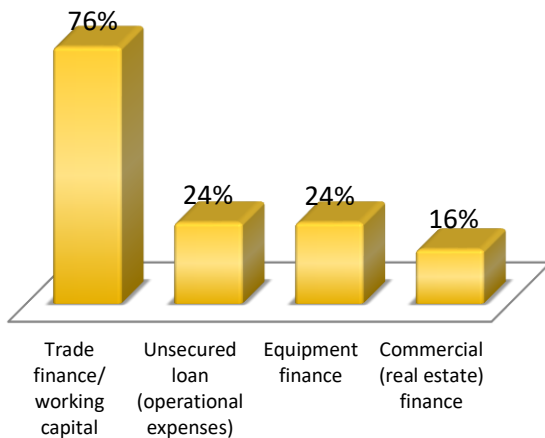
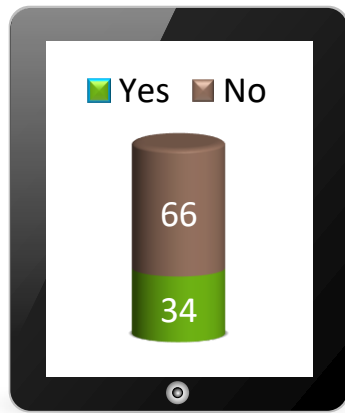
Small business: 7%
Medium business: 7%

Personal recommendation

Small business: 33%
Medium business: 38%

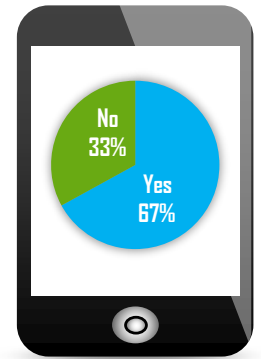
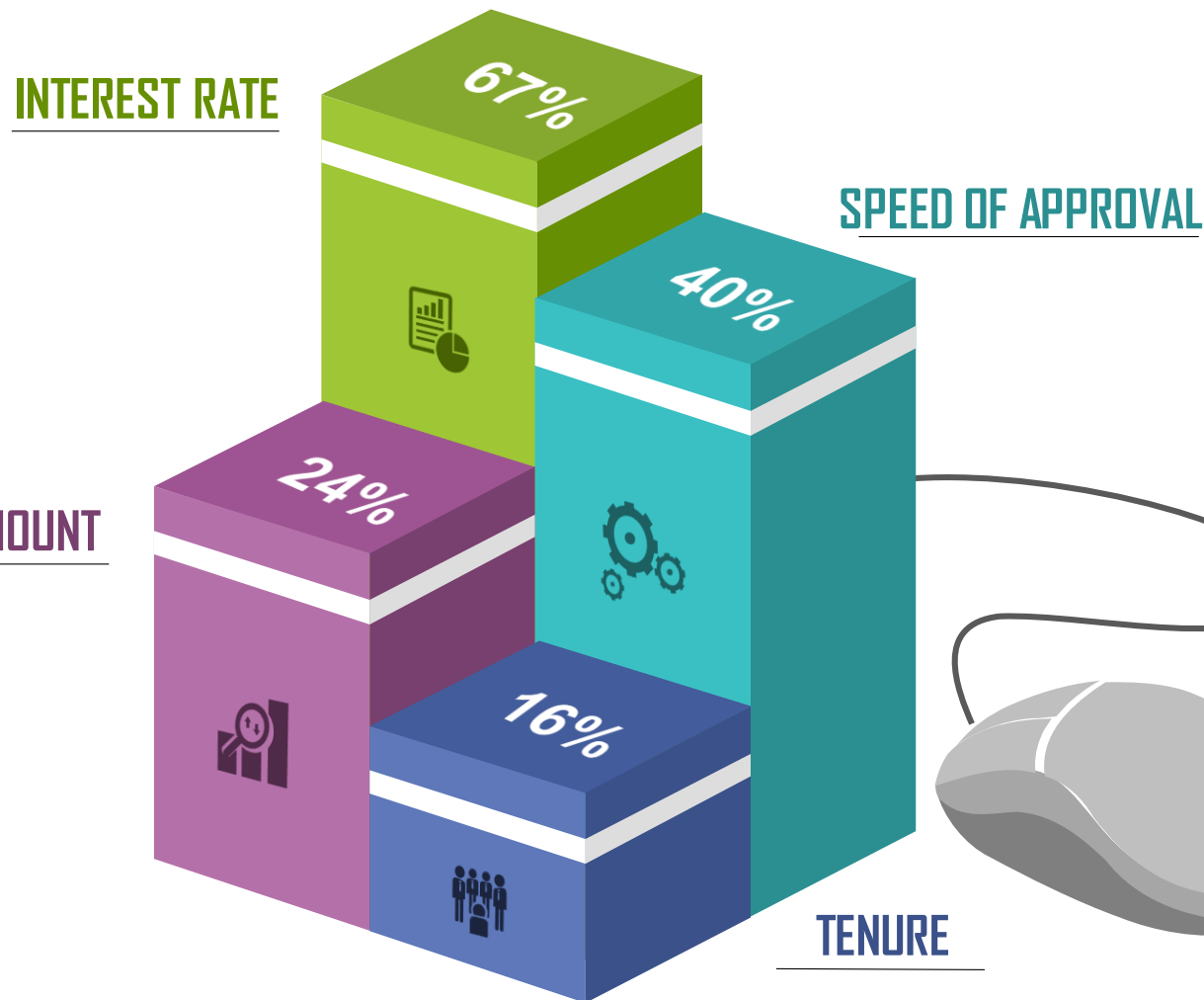
As experienced across categories, "word of mouth" plays a very important role in the choice process for starting business banking relationship too. "Personal recommendation" and "existing personal banking experience" also play a key influencing role in selection of the business banking account relationships.

What was the first option, when you were looking for business loan/finance?



Slightly more than one in four (28%), consider banks for business loan/financing - Self funding (especially among small business) and family/friends (skew for medium business) continue to be first port of call. Banks have a huge scope to fill the gap, the businesses seek, thus entrenching them in the relationships by being their financial support..

What is most important to you when choosing a business loan/finance?



Whether Interest rates Affordable?

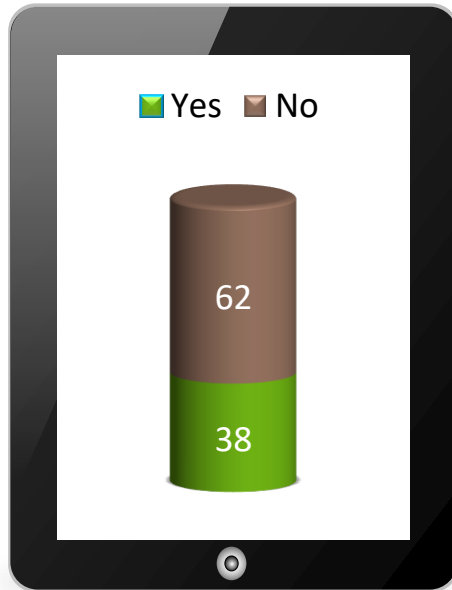
33% found interest rates as unaffordable

40% found it difficult to obtain bank finance as a start up

79% found documentation to be cumbersome

Attractive interest rates and fast approvals are key drivers in choosing a bank for business finance; however current delivery below expectations – a lot of room for improvement.

Do you have a business credit card?



Do you have a business credit card?

Business that took a loan/finance from a bank

Why not?

72%

No need for business credit card



11%

Use personal card



8%

Bank won't provide card/don't qualify



6%

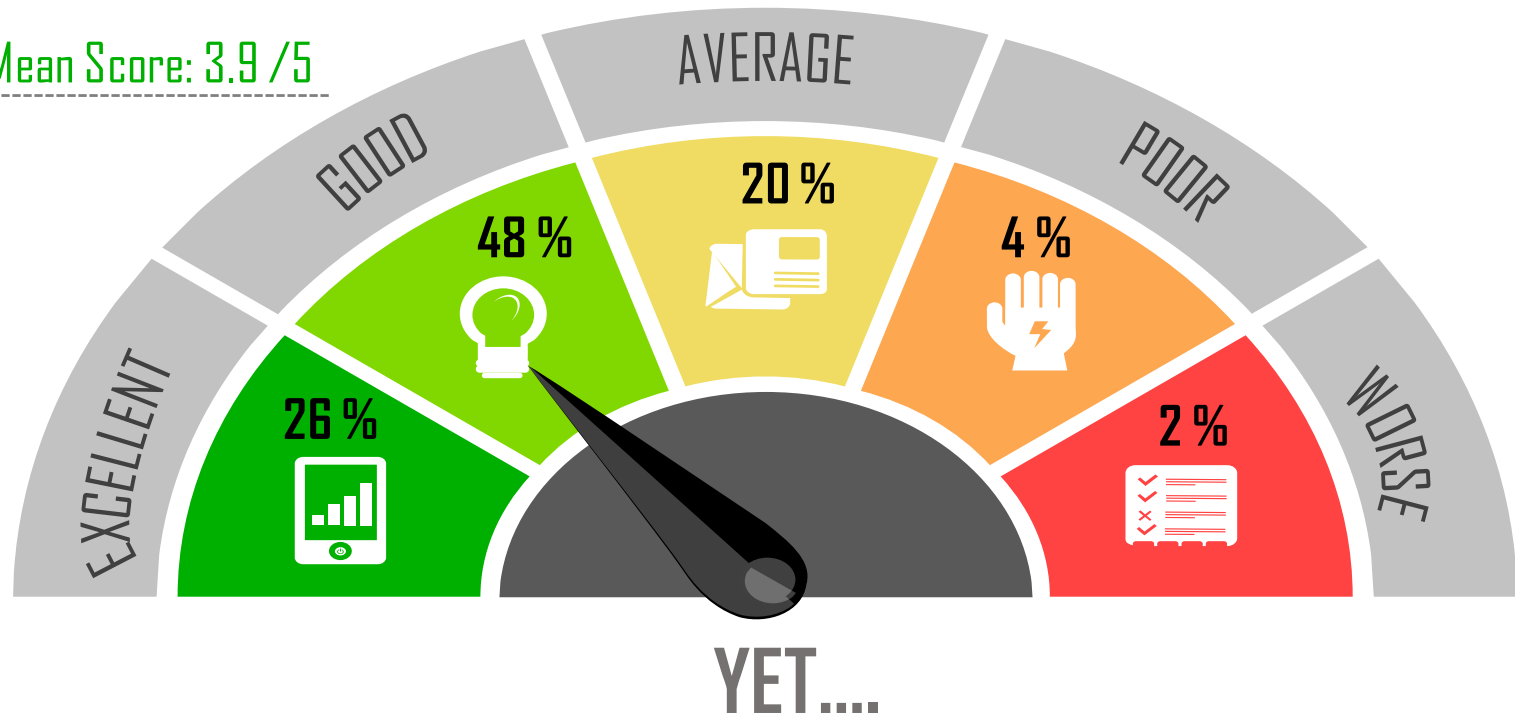
Card not available



Despite many SMEs requiring funding from external sources, a whopping 62% do not have a business credit card; this applies particularly to smaller companies. Similar to business loans, a lot of head room for banks to offer convenient solutions like business credit card. Need to highlight the benefits and features to meet the "latent" need.

How has been your experience with the business banking?

Mean Score: 3.9 / 5



21% of small business would
chose a different bank if possible

31% of medium business would
chose a different bank if possible

Higher satisfaction does not necessarily translate to higher customer loyalty. There is good enough headroom for other providers to start relationships with these customers.

How has been your experience with the business banking?

Positive aspects of the experience	%
Speed of service	43%
Staff related (helpful, friendly, knowledgeable, professional, experienced, attentive, etc)	25%
Good customer service	21%
Reasonable fees, charges, pricing, etc	9%
Proximity to office	8%
Good bank facilities	8%

Not so positive experiences of the customers

Currently the banking sector uses the "freelance" salesman, that are not really connected with the bank. They are a scruffy looking lot, whose sole purpose is to get you to apply for a loan. They don't really understand the loan process, or how to deal with you as a customer.

Horrible service, when it came to asking for a loan. Was almost laughed in the face by the "representative". SME's are their lifeblood, but they honestly treat us like shit.

The bank never informed me of charges for the bank account and recently increased the monthly fee. Once you've picked your bank it's pretty hard to move.

Not all banks are open to giving loan to SMEs, there is a lot of paperwork also we don't get the desired amount.

Lloyds TSB was good for SME but has now sold to the horrible HSBC, no other banks in the UAE understand knowledge / service based SMEs and are arrogant when it comes to female business owners.

Banks are not well equipped to evaluate a new business plan and tend to lend based on past performance of cash flows. Fine if you are established but not helpful for start-ups. The good news is there are plenty of willing investors in Dubai with a reasonable risk appetite.

Customer service is poor. Online interface doesn't render properly in google chrome. Can't get a CC. Branches are slow...



"Word of mouth" plays a very important role in the choice process for starting business banking relationship. "Personal recommendation" and "existing personal banking experience" also play a key influencing role in selection of the business banking account relationships.



Good customer service, low maintenance fees and a credible/strong online banking platform can drive business banking customer engagement. Lending facilities and Relationship Managers too play a pivotal role in engagement with Medium sized businesses.



Slightly more than one in four (28%), consider banks for business loan/financing - Self funding (especially among small business) and family/friends (skew for medium business) continue to be first port of call. Banks have a huge scope to fill the gap, the businesses seek, thus entrenching them in the relationships by being their financial support..



Attractive interest rates and fast approvals are key drivers in choosing a bank for business finance; however current delivery below expectations – a lot of room for improvement. SMEs find it difficult to obtain business finance - majority find the documentation too cumbersome



While majority are happy with their overall business banking experience, higher satisfaction does not necessarily translate to higher customer loyalty - there is good enough headroom for other providers to start relationships with these customers (one in three customers are fine to consider another relationship).



Appendix:

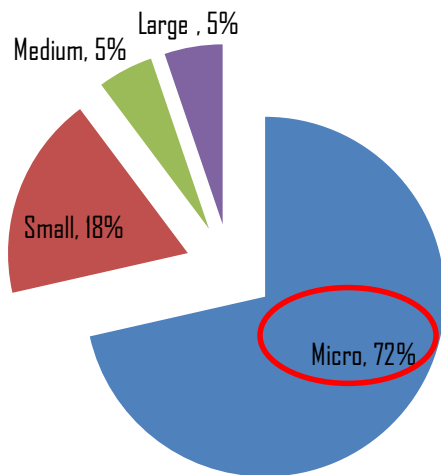
MSME & Banking: Facts, Figures and Trends



MSME Landscape in UAE: Some Facts & Figures

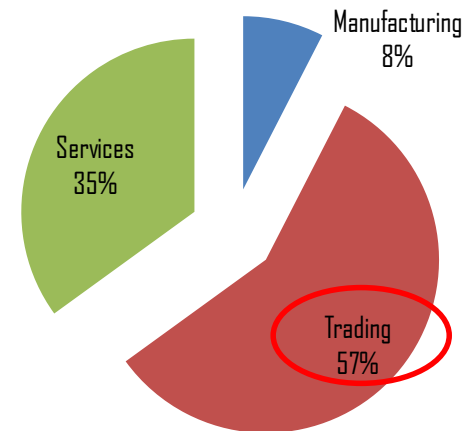
- SMEs account for **95%** of the business establishments in Dubai
- SMEs employ around **42%** of Dubai's workforce
- SMEs contribute **40%** of Dubai's GDP

Size-wise Split of Business Establishments in Dubai



Micro firms account for 72% of the total business count in Dubai, followed by Small and Medium firms accounting for 18% and 5% of the total business count, respectively.

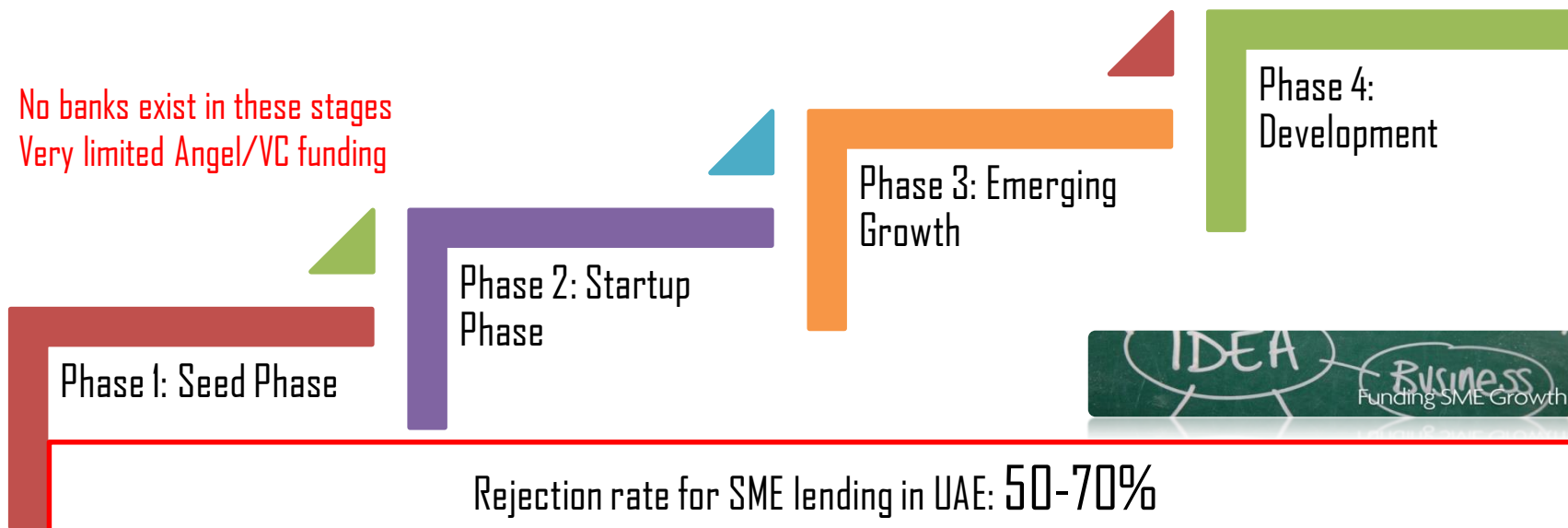
Sector-wise Split of SMEs in Dubai



In terms of a sector-wise split, **the Trading sector accounts for a majority of SMEs**, followed by Services (35%) and subsequently by Manufacturing (8%).

Source: Dubai Statistics Centre, Dubai SME 100

Stages of SME Financing Process



Challenges for MSME:

- Cumbersome and confusing lending regulations
- SMEs often use own financing – bank financing is normally a last resort due to high interest rates and difficult terms
- As a segment, MSMEs have more startups with less publicly available and audited information. Unless banks are capable of understanding this, access is a challenge
- Banks tend to focus on risk-free process where possible, hence the preference to pay against acceptances or documents against collection

Source: SME Summit, Abu Dhabi, Shk Khalifa Fund

Areas of SME Banking

- ◉ A typical MSME may have a need for a combination of the following offerings based on their business need

- Business Setup Loans
- Business Expansion Loans
- Trade & Working Capital Solutions
- Installment Loans
- Yield Enhancement – Investment Services
- Business Protection – Insurance

- Business Accounts
- Business Debit cards
- Business Credit cards
- Merchant Overdraft
- Self Employed Personal Loan
- Business Privilege Programmes

Importance of SMEs amplified now..



A GRAND CELEBRATION OF ENTREPRENEURSHIP

SME World Summit in Dubai, UAE, March 2014



Event in Abu Dhabi, (18-20th Mar, 2014)

“British gov’t to open SME centre in Dubai”

The British government is due to open a business centre in Dubai to help small and medium sized enterprises from the UK set up in the region. The UK-Dubai Business Centre is scheduled to open in April and will be located in the SME sector of Dubai’s Department for Economic Development, providing British companies with office space, facilities, and an understanding of the local market.

(Source: Arabian Business, 18th Mar 2014)

Market poised to meet the SME Banking needs

RISE – The Power of Small to shape the future



At Emirates NBD Business Banking, we believe that SMEs are a pillar of the UAE economy. That's why we created RISE, a unique platform that celebrates their entrepreneurial spirit. Providing SMEs a forum to network, share learnings and grow. Helping them realize their true potential.

Fast processing ☒
High loan amounts ☒
Collateral-free ☒

Empower your business with
**InstaLoan from
ADCB Business Banking**

APPLY NOW.
Terms & conditions apply.



PUT YOUR AMBITIOUS PLANS INTO ACTION TODAY.

AED 2,500 per month
GIFT VOUCHER

GET A BUSINESS LOAN AND COLLECT UP TO AED 2,500 NOW.

[Business Banking](#) [Small Business Loan \(SBL\)](#) [Small Business Loan \(SBL\)](#)

I am looking for...

Others stretch the truth about business loans

At RAKBANK we just lend.



Collateral-free business loans up to AED 3 million

Conditions apply

ENBD Business Banking Integrated value added offer – RISE Business

Home / Business Banking / Rise Business

RISE – The Power of Small to shape the future



The banner features the text 'CONTRIBUTE OFFERS LEARN REWARDS & BEYOND' and 'INSPIRING STORIES GROW' in white and yellow. It includes the Emirates NBD Business Banking logo and the tagline 'POWER OF SMALL TO SHAPE THE FUTURE' with an illustration of three houses.

At Emirates NBD Business Banking, we believe that SMEs are a pillar of the UAE economy. That's why we created RISE, a unique platform that celebrates their entrepreneurial spirit. Providing SMEs a forum to network, share learnings and grow. Helping them realize their true potential.

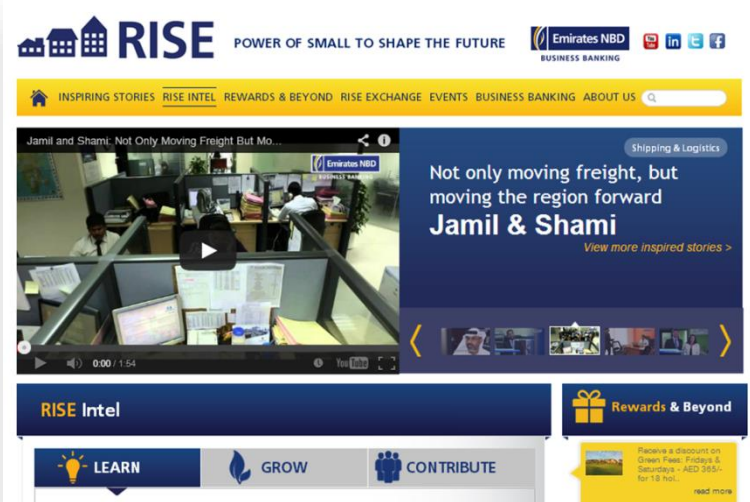
It will Empower Businesses in multiple ways:

Inspiring Stories: RISE will capture many inspiring stories of the rise of SMEs To celebrate their resilience and sustained growth.

- RISE Intel**
This online Intelligence centre for SMEs with plenty of resources to learn, share and grow as a leader and a business person.
- EXCHANGE**
Facilitating discussions and exchange of thoughts, showcasing opportunities to find buyers and sellers from their relevant industries.
- REWARDS & BEYOND**
Take advantage of rewarding deals and exclusive business privileges across 4 broad categories – Business Services, Operations, Business Development and Learning & Development
- NETWORK**
Grow business contacts through an active calendar of business networking events.

Celebrate the spirit of entrepreneurship – learn more about RISE at risebusiness.com

[in](#) RISE Business [f](#) emiratesnbd [t](#) @emiratesnbd



The screenshot shows the RISE Business Banking website. The header includes the RISE logo, the tagline 'POWER OF SMALL TO SHAPE THE FUTURE', and the Emirates NBD Business Banking logo. A navigation bar contains links: INSPIRING STORIES, RISE INTEL, REWARDS & BEYOND, RISE EXCHANGE, EVENTS, BUSINESS BANKING, ABOUT US. A video player is featured with the title 'Jamil and Shami, Not Only Moving Freight But Mo...' and a play button. To the right of the video, text reads 'Not only moving freight, but moving the region forward Jamil & Shami' with a link 'View more inspired stories >'. Below the video player, there are sections for 'RISE Intel' and 'Rewards & Beyond'. At the bottom, there are three buttons: 'LEARN', 'GROW', and 'CONTRIBUTE'. A small yellow box at the bottom right says 'Receive a discount on Green Fleet: Fridays & Saturdays - AED 350/- for 18 hrs.' with a 'read more' link.

Emirates Money tapping into Expansion needs and Young Entrepreneurs



RAK Bank Business Loan Ads “Strong Collateral free” messaging

- ⦿ RAK Bank has been very visible with their “Collateral free” Business Loans advertisement. They also reach prospective customers through radio ads, digital channels and other traditional banking channels.
- ⦿ The ads are in sync with their other product category advertisements, where they try to highlight the “pain with having relationship with the other banks” and simplicity and transparency in dealing with RAK bank
- ⦿ “Nightmare on Loan Street” currently ‘on air’ and grabbing customer’s attention



2014



2013



2012-13



2011



2010

FGB's strong thrust in meeting the Business Banking needs



**BUSINESS
{ Specials }**

- Business Installment Loan
- Merchant Business Loan & Overdraft
- Trade & Working Capital Solutions
- Value added Business Transaction account
- Platinum Business Credit & Debit Card
- Foreign Exchange Solutions
- Free Key Man Insurance
- Dedicated Relationship manager

BUSINESS BANKING

Our Business Banking caters to your every need.
Whatever your business appetite, FGB's Business Banking has the full menu.
Call 600 522 235 or SMS BFS to 2121

Be first

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**Over 10,000 businesses
have grown with us.**



At First Gulf Bank, we cater to your business needs and help you to achieve your business goals. We offer a wide range of Business Financing Solutions to aid the growth of your business.

- In-your-office banking • High loan amounts • Competitive and preferential interest rates • Fast processing

Business Current Account | Business Installment Loans | Trade Working Capital Facilities
Business Credit Card | Merchant Business Loans

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4SiGHT – Our Banking Sector Experience

200,000 +
CATI Interview

150,000 +
F2F Interviews

2,000 +
Online

2000 +
Mystery Visits

500 +
IDIs

300 +
Focus Groups

1. Customer Experience Management Survey: Touch Point / Staff

Branch

Phone Banking

Internet Banking

CSR

Tellers

RM's / PWRMs

Mobile Sales

Virtual Assistants

Mortgage Advisors

Direct Channels

DST

Auto Loan Advisors

2. Satisfaction Surveys:

Accounts

Personal Loan

Home Loan

Credit Cards

Investments

3. Mystery shopping & calling

Branch (560 branches/month)

Call Centres

4. Segmentation

Mass market / Liabilities

Affluent / Mgmt

5. Product Development Research

Accounts
(Full Profile
Conjoint model)

Personal Loan
(Choice based
Conjoint model)

Mortgage
(Choice based
Conjoint model)

6. Consumer Value Proposition Development & Evaluation

Affluent Segment
(Needs Assessment &
Competitive Profiling,
Benchmarking)

Youth & Female Segment
(Needs Assessment &
Competitive Profiling,
Benchmarking)

SME Value Proposition Research
(Needs Assessment , Competitive Profiling & Benchmarking, CVP
Development)

7. Habits & Attitude Research (Integrated Qual & Quant)

Remittance

Credit Cards

Mortgages

Investments

8. Brand & Communication Research

Ad Pre Testing
(Both Qual & Quant)

Brand & Ad
Tracking

Brand Positioning &
Equity Research

Thank you!

Research by: 4SiGHT Research & Analytics
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