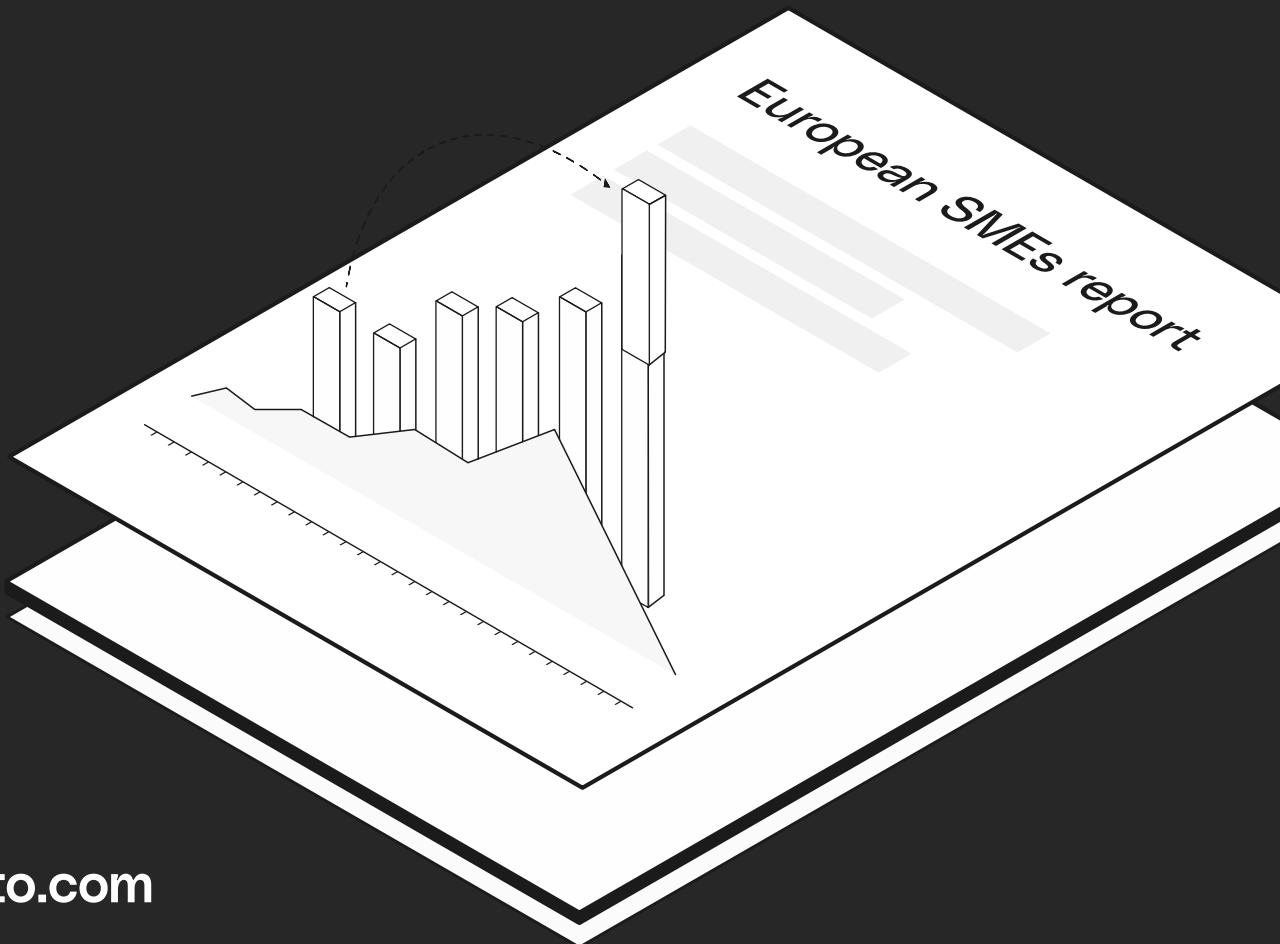


Qonto

The state of Europe's small & medium business landscape in 2024



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Introduction

Three quarters of European SMEs either met or exceeded their 2024 targets despite continuing concerns over inflation, according to Qonto's latest report on business sentiment.

The 2024 SME Barometer presents findings from a detailed survey of 5,032 Small and Medium-sized Enterprises (SMEs) across five major European markets: France, Germany, Italy, Spain, and the United Kingdom.

As the backbone of the European economy, SMEs play a crucial role in driving growth and innovation. This study provides valuable insights into their 2024 performance, business priorities for 2025, operational dynamics, the impact of economic factors and remote work policies, and the strategies companies have employed to navigate modern challenges.

It also explores emerging trends in digitalization, sustainability, and diversity initiatives, offering a comprehensive overview of the current landscape and future outlook for SMEs in Europe.

Against a backdrop of economic uncertainty and rapid technological change, the findings reveal how European SMEs are adapting their business models, embracing digital transformation, and responding to environmental and social responsibilities.

The survey was carried out in September 2024 by YouGov on behalf of Qonto.

Key findings

2024 business performance



74% of European SMEs have, so far, met or exceeded their targets in 2024, though this represents a decline from 2023 when 81% reported positive performance. France notably lags behind, with 35% of businesses falling below target.

Economic challenges



Inflation and lack of demand remain the top two challenges across all markets, each cited by 30% of respondents, followed by increased competition and cash flow difficulties (20% each).

2025 business priorities



Customer acquisition is the most pressing business need for 2025, identified as a priority for 31% of SMEs; to achieve it, most businesses are prioritizing investment in their Tech, Marketing, and Product teams.

Remote work policies



37% of companies report positive effects from remote working policies, compared to just 9% who say they have a negative impact. The IT/Telecoms sector shows the strongest appreciation for flexible work arrangements.

Key findings

Sustainability commitment



49% of companies have already taken action to reduce their carbon footprint, though implementation varies significantly by market and company size.

DEI initiatives



75% of businesses are addressing at least one form of discriminatory bias, with gender parity (34%) being the most common focus area, followed by age diversity (32%) and cultural diversity (30%).

AI adoption

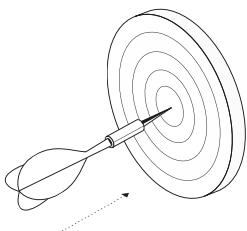


67% of surveyed companies already use AI tools, with larger companies (76%) and younger firms (75%) leading adoption. Germany shows the highest AI implementation rate at 78%, while the UK lags at 58%.

Banking trends



Online business finance solutions are catching up with traditional banks as the preferred banking method for SMEs, with 31% using a hybrid approach.



SME business performance in 2024: the glass is three-quarters full

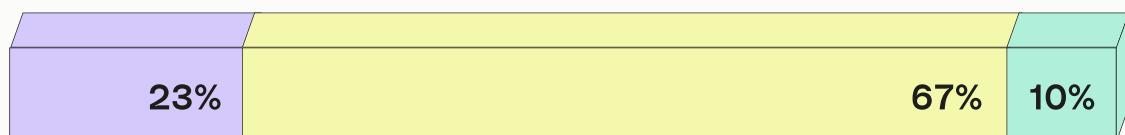
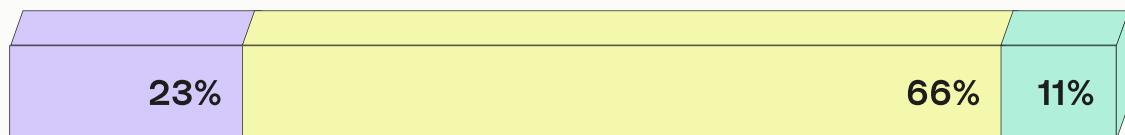
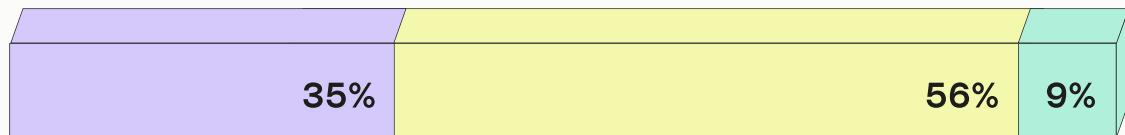
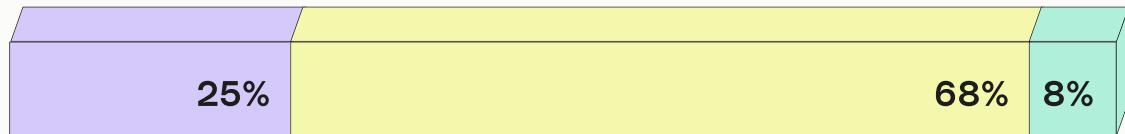
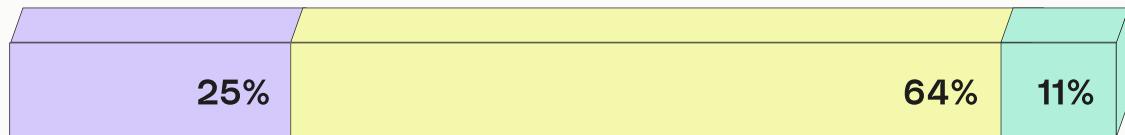
Almost three quarters (74%) of small and medium enterprises (SMEs) in Europe's biggest markets say business performance in 2024 has either met or exceeded their expectations.

The data shows that across the five markets studied, **64% of companies achieved their targets in 2024**, while a further 10% say they performed better than expected. The remaining 26% say they fell below target.

While the results were similar in Germany, Italy, Spain, and the UK, the market that falls slightly behind the curve is France: more than a third of French-based businesses (35%) admit their business performance failed to meet expectations.

Compared to your targets, how has your company performed so far in 2024?

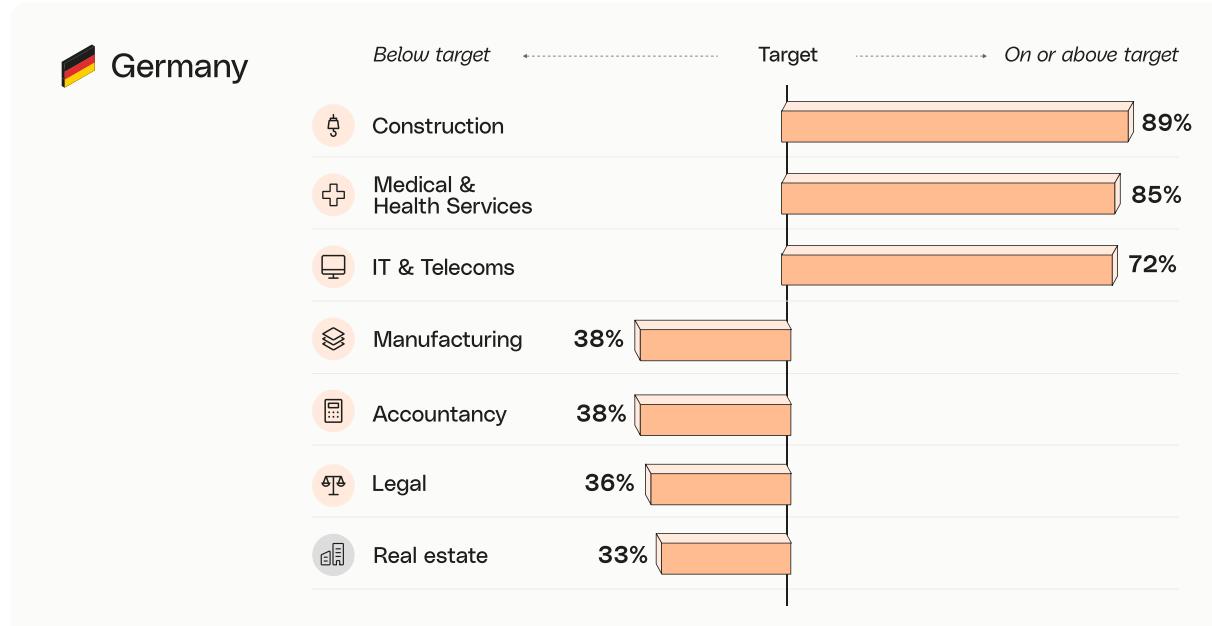
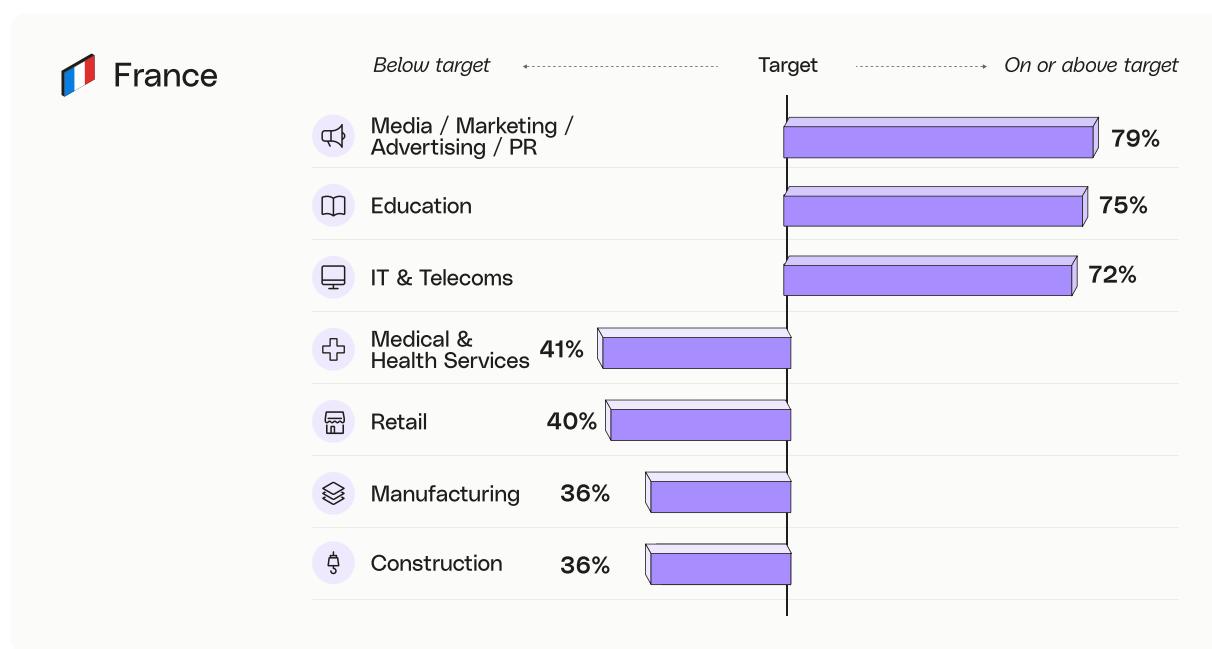
Below target On target Above target

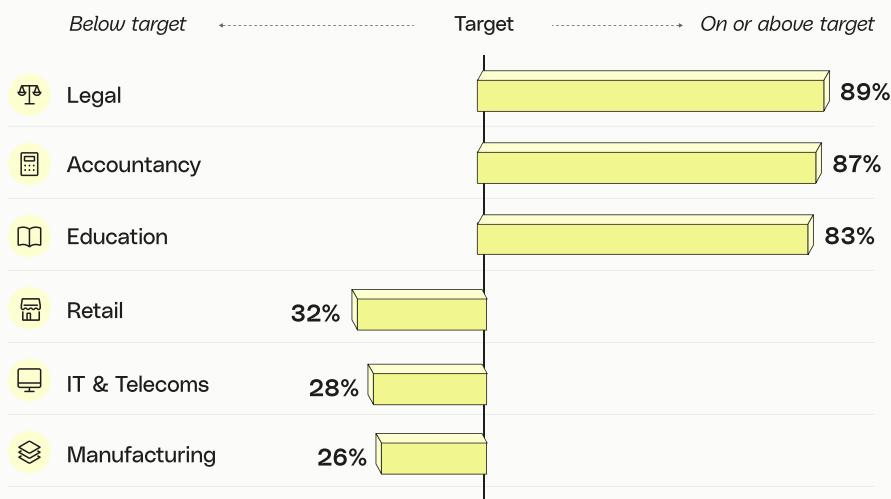
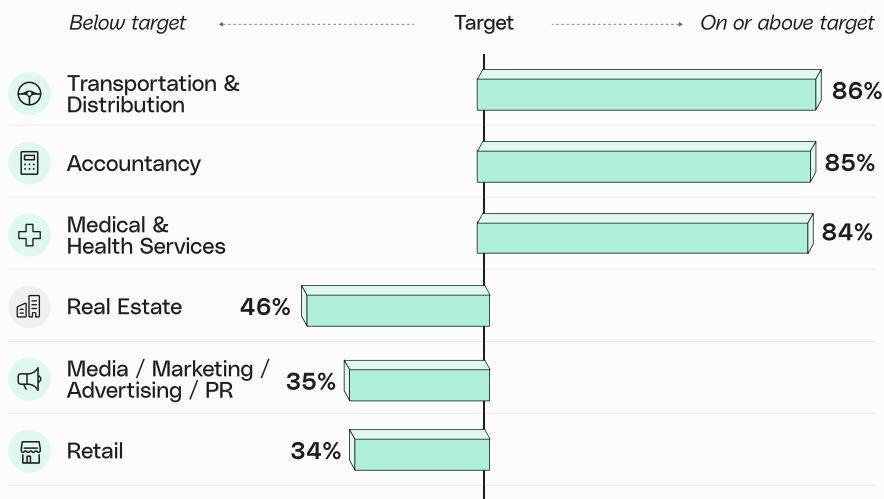


Bigger companies fared better than smaller ones; 21% of businesses with 50 or more employees fell below target, compared to 32% of companies with fewer than 50 employees. Similarly, a company with a turnover of more than 100 million euros was more than three times more likely to have over-performed than a company with a turnover of less than 100,000 euros (23% versus 7%).

The two sectors most likely to declare better-than-expected results were **Media/Marketing/Advertising/PR** and **Transportation/Distribution**, with 13% of respondents from those industries indicating their companies had exceeded target.

Best and worst performing industries relative to business targets



 Spain

 Italy

 UK


Inflation and slow demand still holding SMEs back

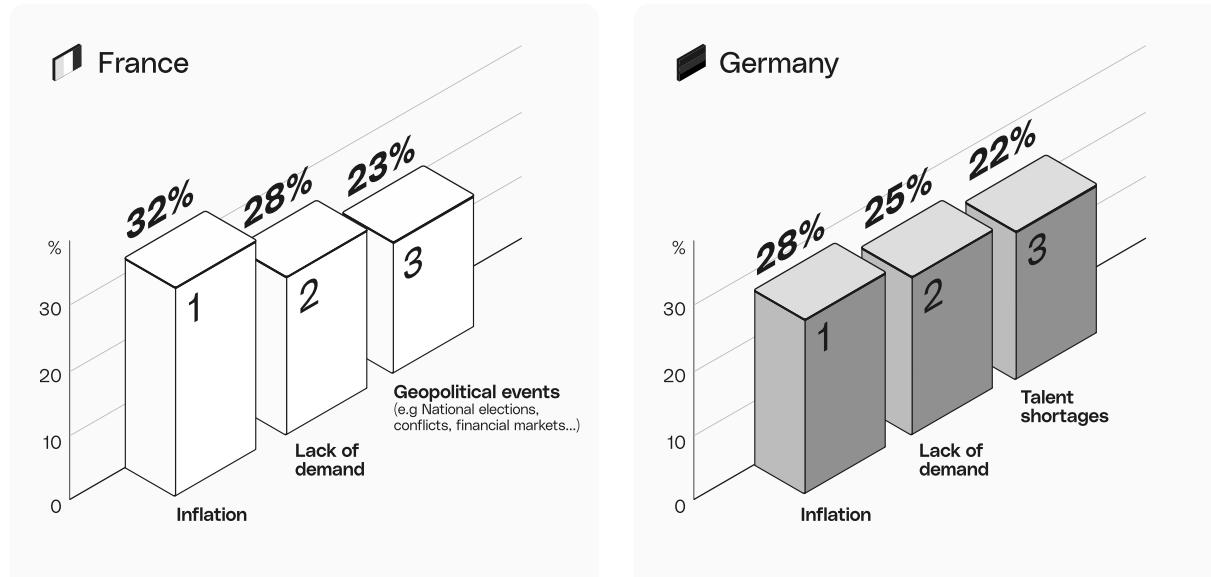
The two most commonly cited factors impacting businesses negatively were **inflation** and **a lack of demand**, which were both cited by 30% of respondents to the survey. These were followed by increased competition and cash flow difficulties, which were singled out by 20% of respondents.

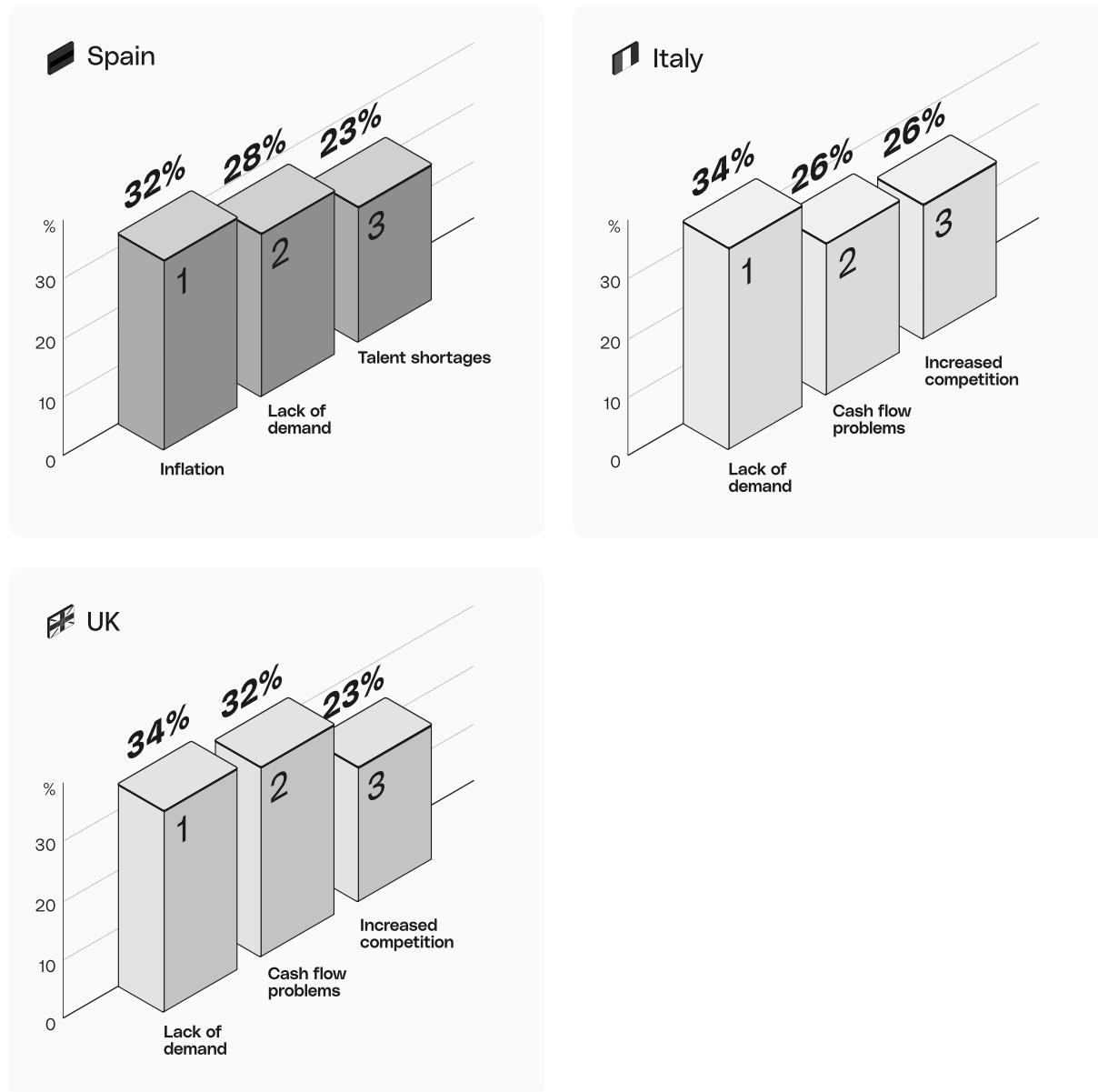
These two same factors, inflation and lack of demand, were also the most detrimental to business performance in 2023, according to last year's report. Even if official inflation rates have fallen in the 12 months since, the effects are still being felt acutely on the ground, suggesting that these are stubborn problems that may take time for businesses to overcome.

A **shortage of available talent** continues to be of specific concern to businesses in Germany and Spain, where it was the third most cited negative influence on performance.

Biggest negative factors on performance in each market

(shows % of respondents citing each factor)

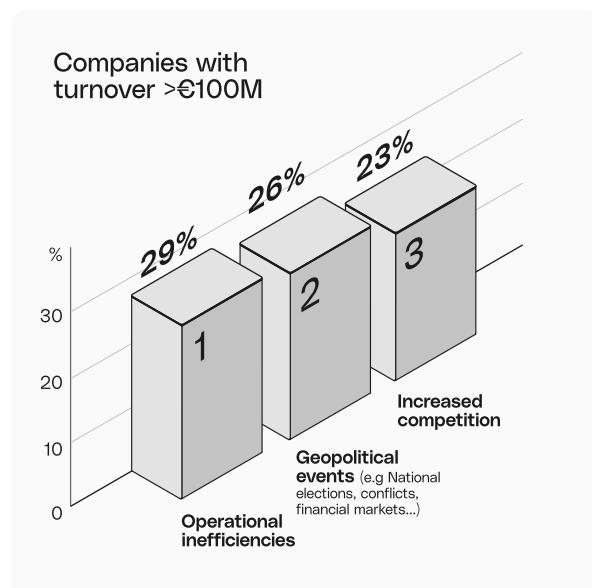
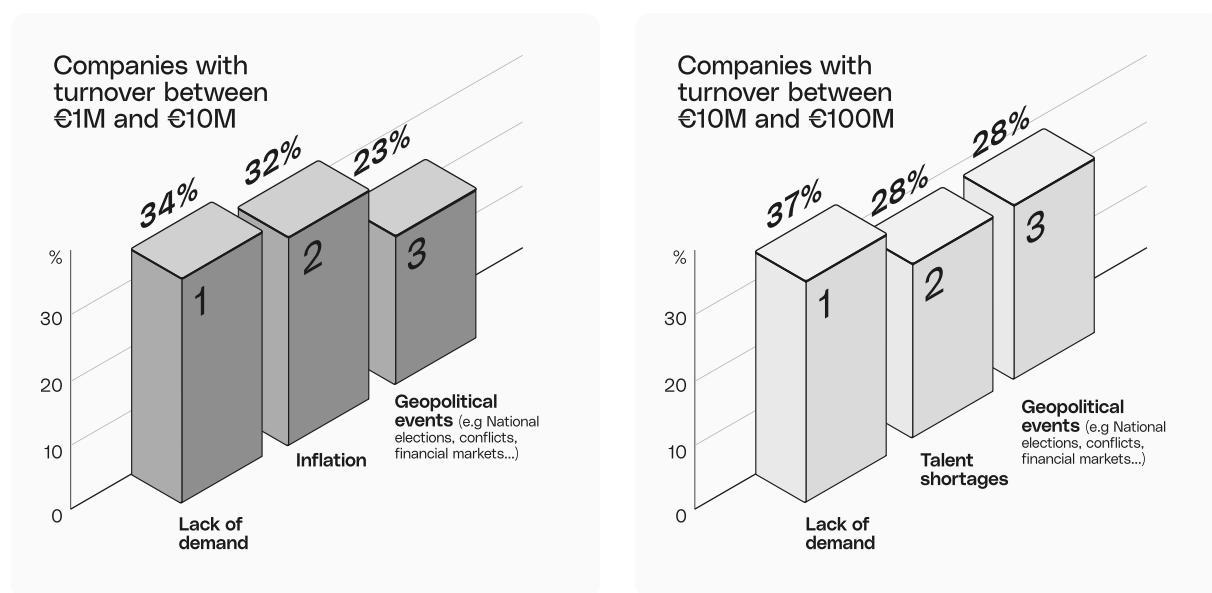
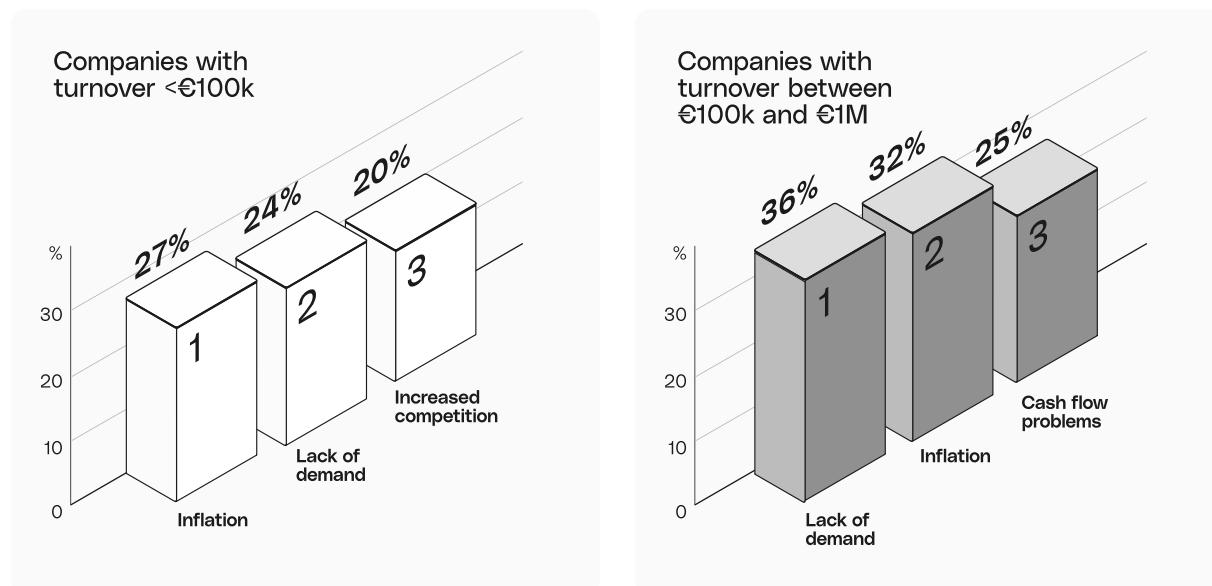




The data shows other negative factors specific to certain fields and companies: the biggest obstacle to performance in the **Financial services** industry was a **lack of digitalization**, while for companies in the **Education** sector, it was a **lack of available talent**.

Talent shortages were also felt most severely by companies with a turnover of between 10 million and 100 million euros.

Top 3 factors negatively impacting company performance, comparing company turnover (% of respondents citing each factor)

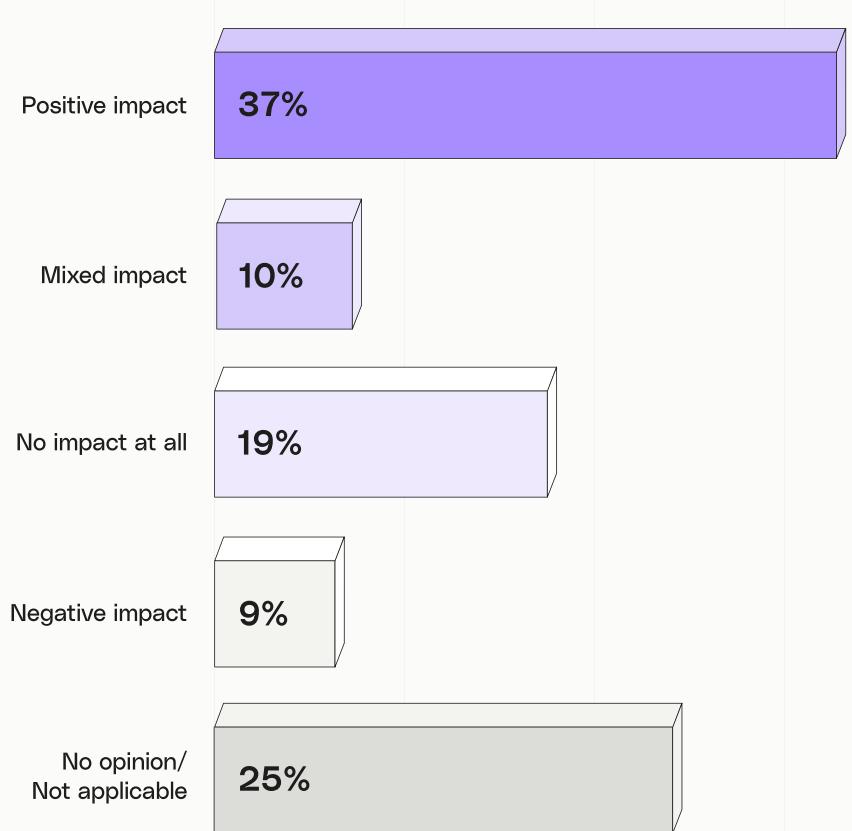


Remote work: SMEs generally feeling the benefits

Remote, work-from-home policies that were imposed by the Covid pandemic are starting to be reversed in some companies, including multi-nationals like Amazon and Google, where management is keen to bring employees back to the office.

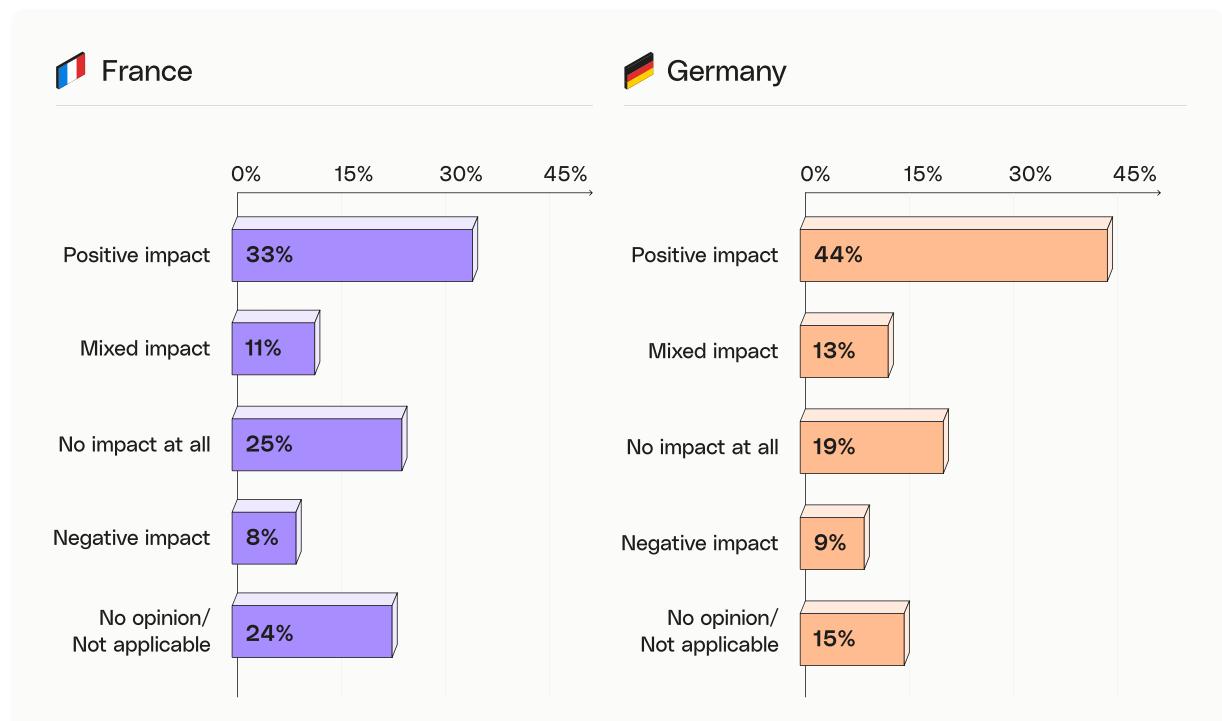
In that context, respondents were asked to assess the success of remote policies. For 37% of them, the impact on their companies was positive, compared to just 9% who found remote work to have had a negative impact. A quarter of respondents said remote policies were not applicable, while 19% reported no impact at all.

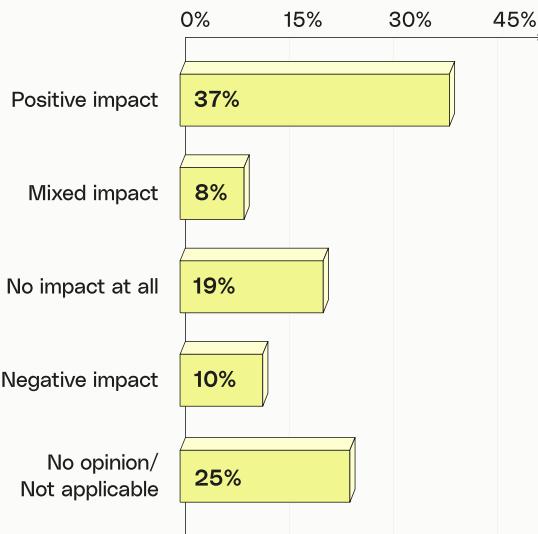
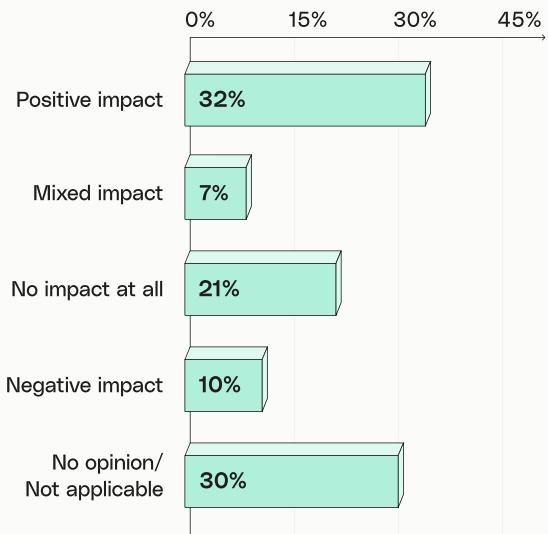
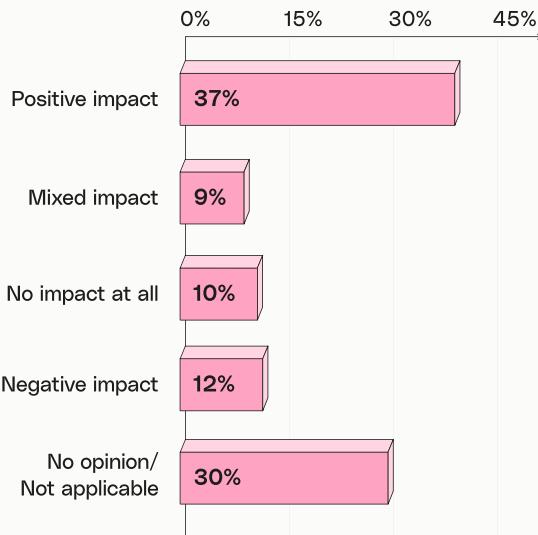
What impact do you think remote working policies have had on your business in 2024? (All markets combined)



Comparing different countries, respondents in **Germany showed the greatest enthusiasm for remote work policies**; 44% pointed to a positive impact, compared to 32% in Italy, 33% in France, 37% in Spain and 39% in the UK.

What impact do you think remote working policies have had on your business in 2024?



 Spain

 Italy

 UK




SMEs prioritize customer acquisition and stronger workforce in 2025

Overall, companies' most essential needs in order to succeed in 2025 center around financial growth. **Customer acquisition** was identified as a business need for 31% of respondents, making it the most common objective for SMEs. Below that, **increasing revenue**, making **cost reductions** and getting **access to cash and financing** also feature prominently on companies' wishlists.

Amid these finance-driven priorities, the need for a **qualified workforce** was the second most cited business need.

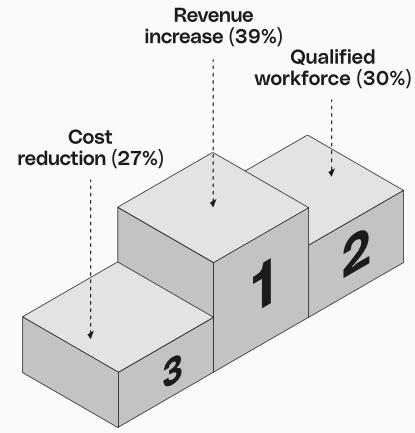
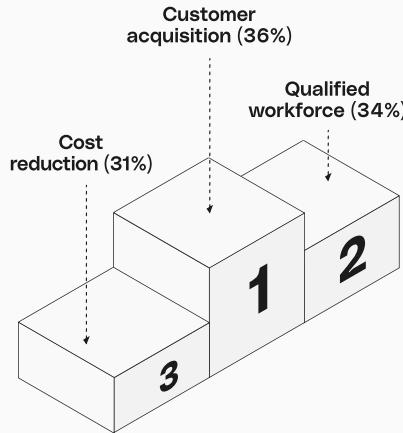
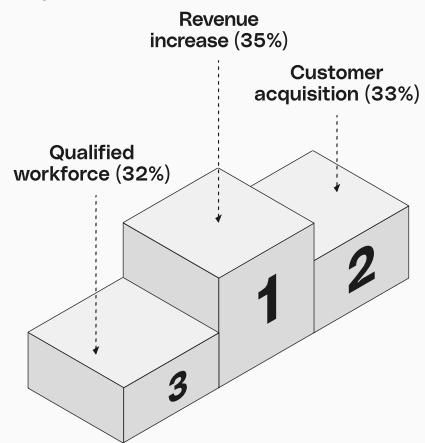
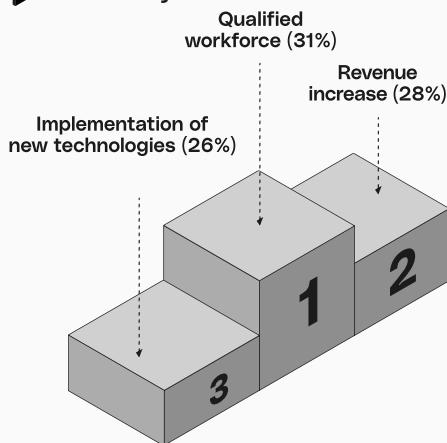
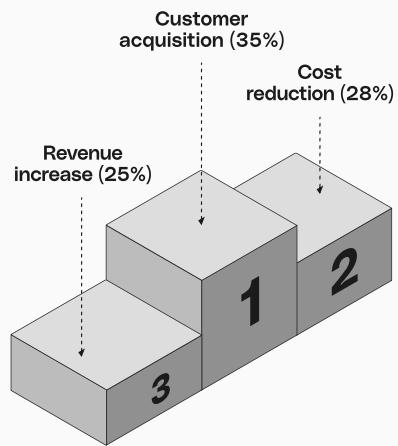
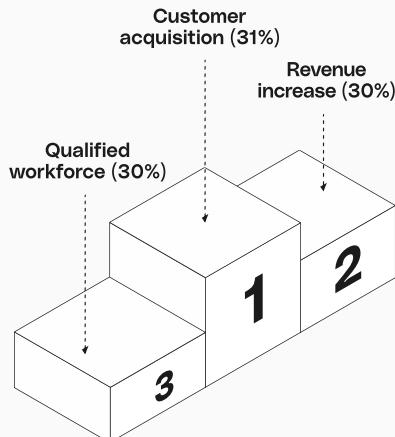
While the results were generally consistent from one market to another, the data shows a **particular need in Germany for skilled employees**: a qualified workforce is the number 1 priority for businesses there.

Implementing **new technologies such as AI** came third in the list among Germany-based SMEs, cited by more than a quarter (26%) of respondents, a notably higher figure than in the other markets. This suggest a strategic emphasis on human capital and technological innovation to achieve financial health.

Italian SMEs also demonstrate an acute need to maintain a qualified workforce, with 34% of companies there declaring it a priority.

Top 3: What are your company's most essential needs to succeed in 2025?

(shows % of respondents citing each business need)



SMEs to invest in product to achieve customer acquisition needs

If customer acquisition is the biggest focus for SMEs in 2025, **companies plan to satisfy evolving demand by improving their products and services**, while also developing new products and services to capture new clients.

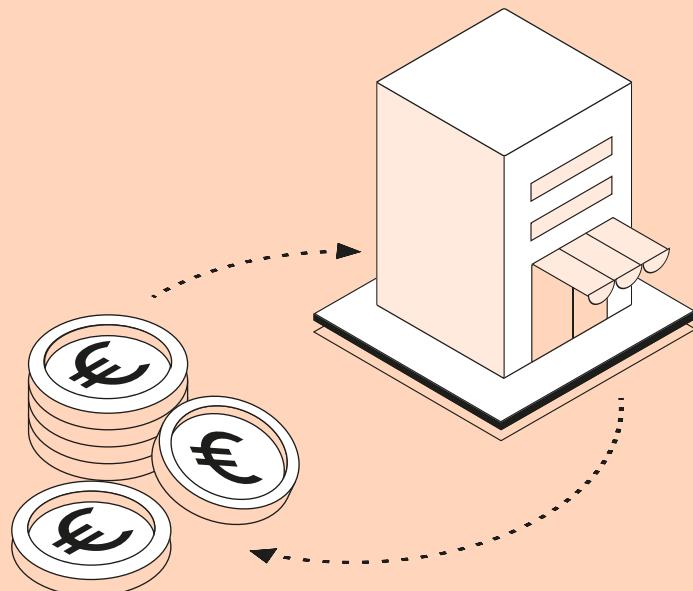
Asked about the growth levers they plan to invest in during 2025, the most common answer given (by 22% of respondents) was the **Innovation/improvement of existing products**.

Closely behind, with 21%, came the launch of **New services or product lines**. The same number, 21%, said they would invest in **New marketing and advertising campaigns**, another growth lever that directly addresses brand visibility and customer acquisition.

The next most popular answers concerned operational improvements (**Organizational changes and ways of working**, with 21%) and **Strategic partnerships and collaborations** (20%).

In France, Germany and Spain, the data shows a particular focus on investment in **New digital tools** and **New technologies**, with those growth levers making the top five answers in those markets.

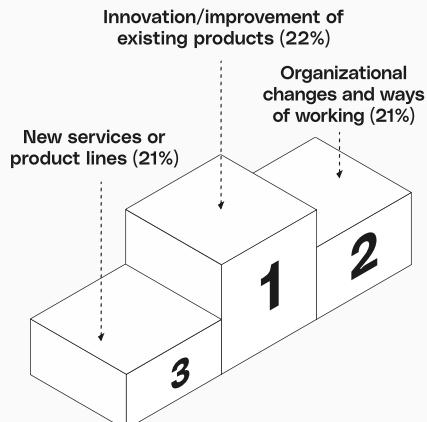
At the lower end of the priority list, cited by just 13% of respondents, were investments in **Sustainability initiatives**, suggesting economic arguments still trump environmental concerns, as well as **Expansion to new markets** and **Enhancing cybersecurity measures**.



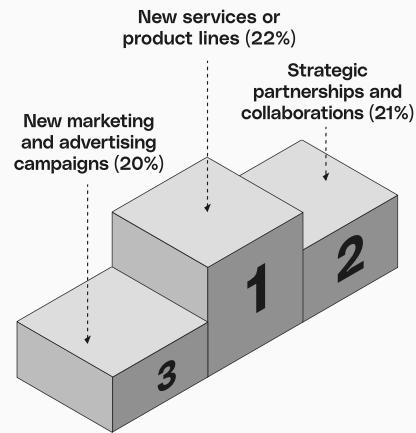
Top 3: Which growth levers is your company most likely to invest in 2025?

(shows % of respondents citing each growth lever)

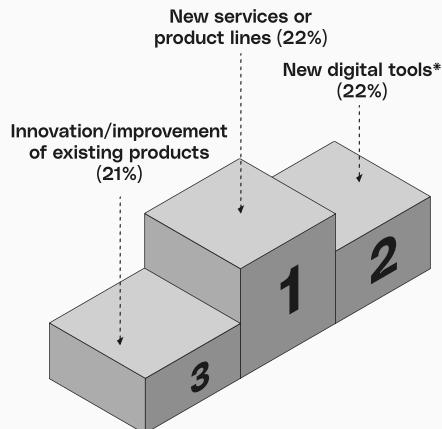
Global



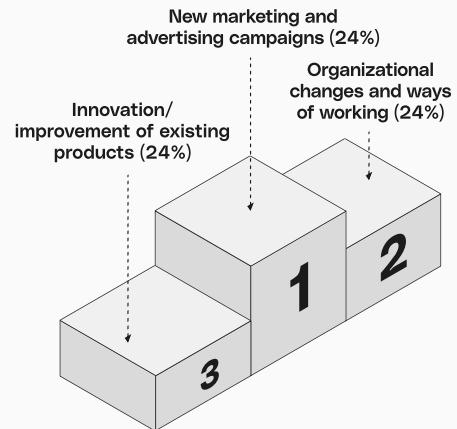
France



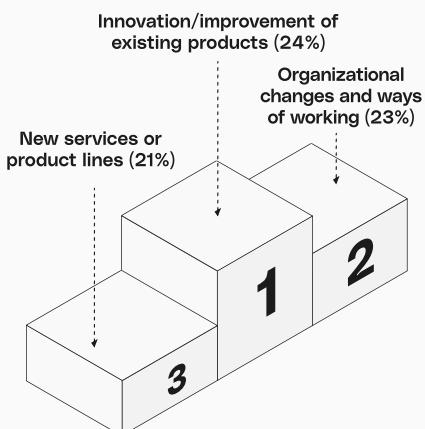
Germany



Spain



Italy



UK



Tech teams still the priority for future investment

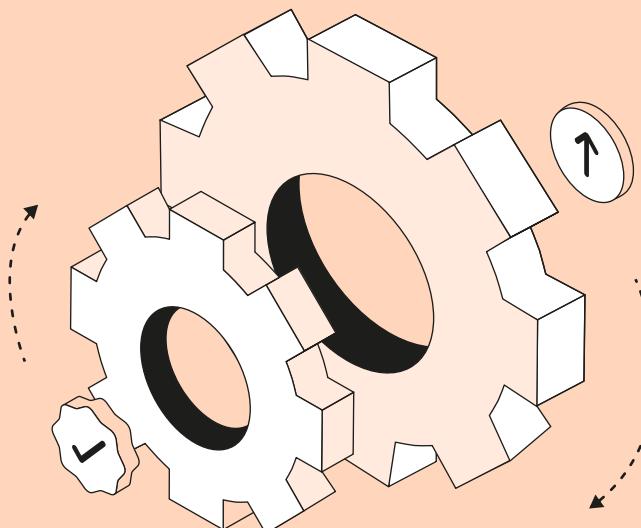
Largely mirroring the results of last year's report, **SMEs are more likely to invest in their Tech teams** than any other business unit next year. On average, 28% of respondents said their company will invest in their **Tech** departments, ahead of **Marketing/Communications** (27%) and **Sales/Customer Acquisition** teams (25%).

When filtering the data by market, **Tech is the top-ranked priority investment in all countries studied except the UK**, where it was second behind **Marketing/Communications**. This emphasizes the importance of technology in driving innovation and improving operational efficiency.

If investments in marketing and sales reflect SMEs' need to boost revenue with customer acquisition, investment in product also features high on the list of priority business units: **Product** and **Customer Support** teams were cited as being prioritized for investment by around a quarter of SMEs surveyed. This would seem to correlate with the priority growth levers (product innovation and new product lines) mentioned above.

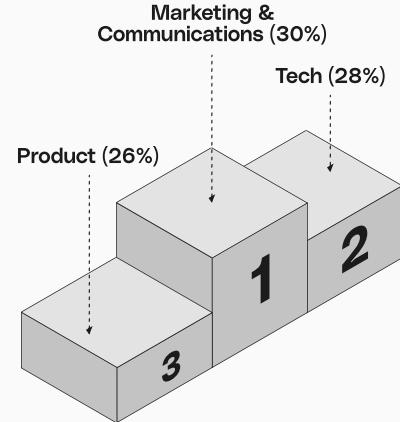
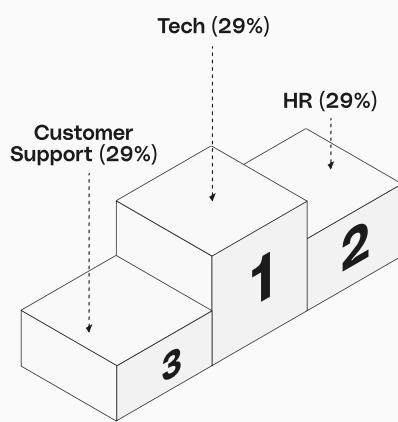
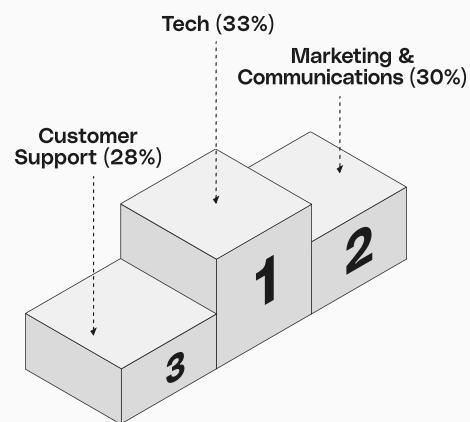
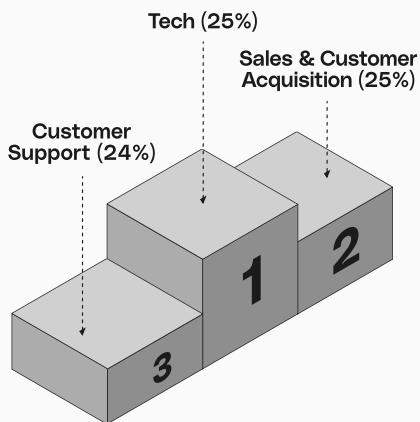
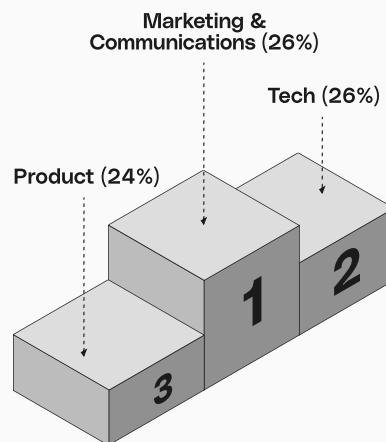
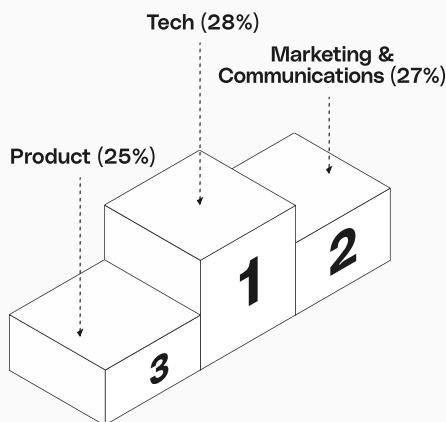
In Italy, appetite for investment in **Customer Support** was notably high. It was cited by 29% of respondents, making it the joint top priority alongside **Tech** and **HR**.

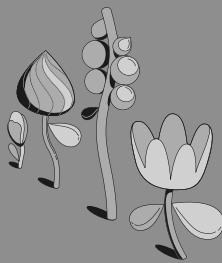
The business units furthest down the list of investment priorities are **Public Affairs** and **Impact & Diversity**, each cited by just 13% of respondents across the five markets studied.



Top 3: Which business units is your company most likely to invest in in 2025?

(shows % of respondents citing that business unit)





Carbon reduction a goal for 4 in 5 businesses

Almost half of companies surveyed (49%) have already taken action to **reduce their carbon footprint**. A further 30% have not introduced measures yet but plan to take action in future. While carbon reduction is a top priority for 9% of respondents, that leaves 21% that say they have no plans to introduce carbon cutting measures.



The European Commission is increasing its focus on sustainability through its European Green Deal, which contains more than 150 new directives and regulations. Brussels' stated objective is to become the world's first carbon-neutral continent (by 2050), and targets a 55% reduction in carbon emissions Europe-wide by 2030.

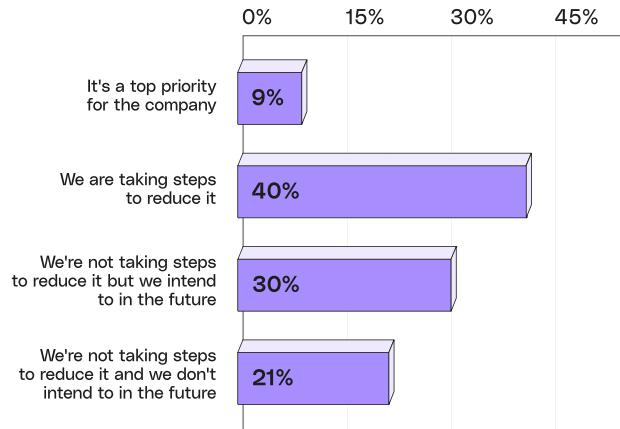
Companies in Italy are the most committed to reducing their carbon footprint: 87% of respondents there say they plan to either adopt or continue carbon reduction measures in future, while only 13% don't intend to take measures at all.

German businesses appear the most resistant to carbon cutting of the five markets studied; it is the market with the highest proportion of companies saying they have no plans to reduce carbon emissions (29%).

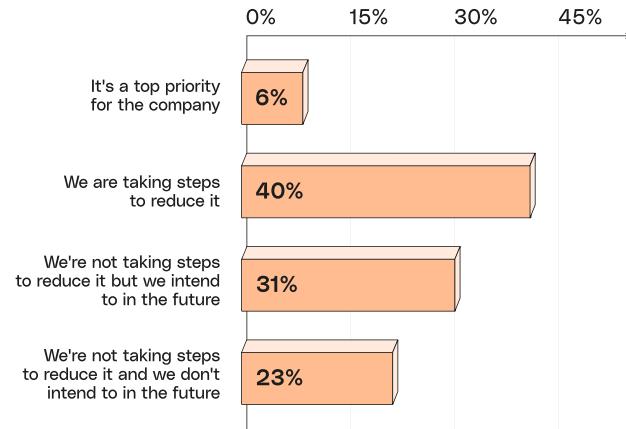
Read about Qonto's sustainability approach and progress in the [Qonto Climate report](#).

How would you describe your company's commitment to reducing its carbon footprint?

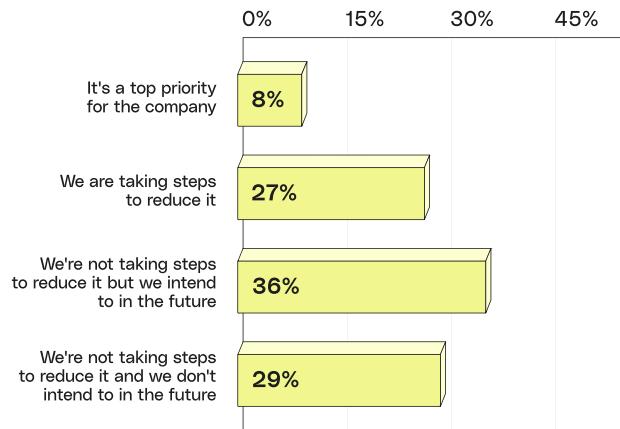
Global



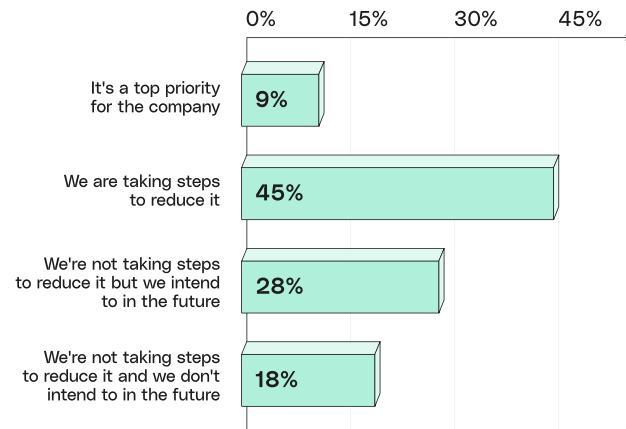
France



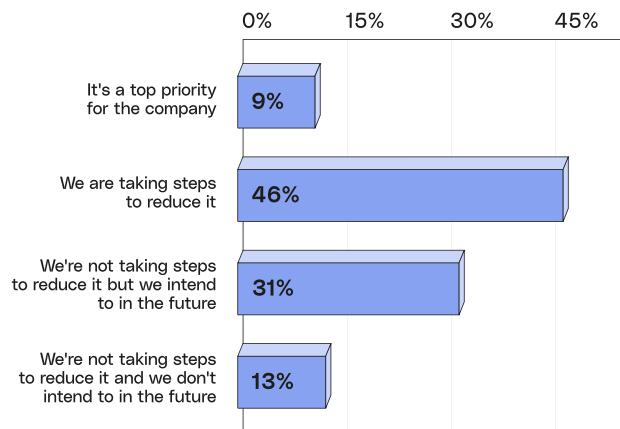
Germany



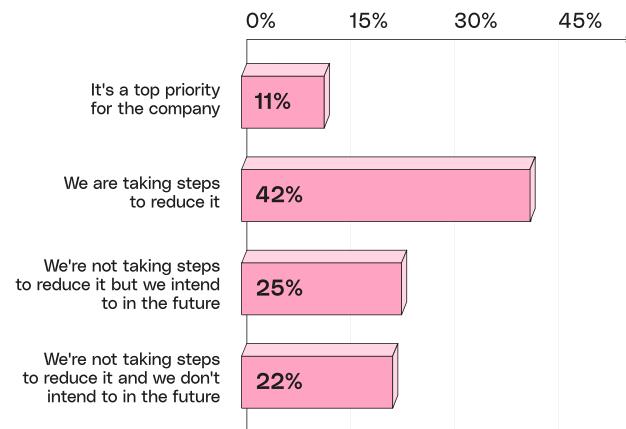
Spain



Italy



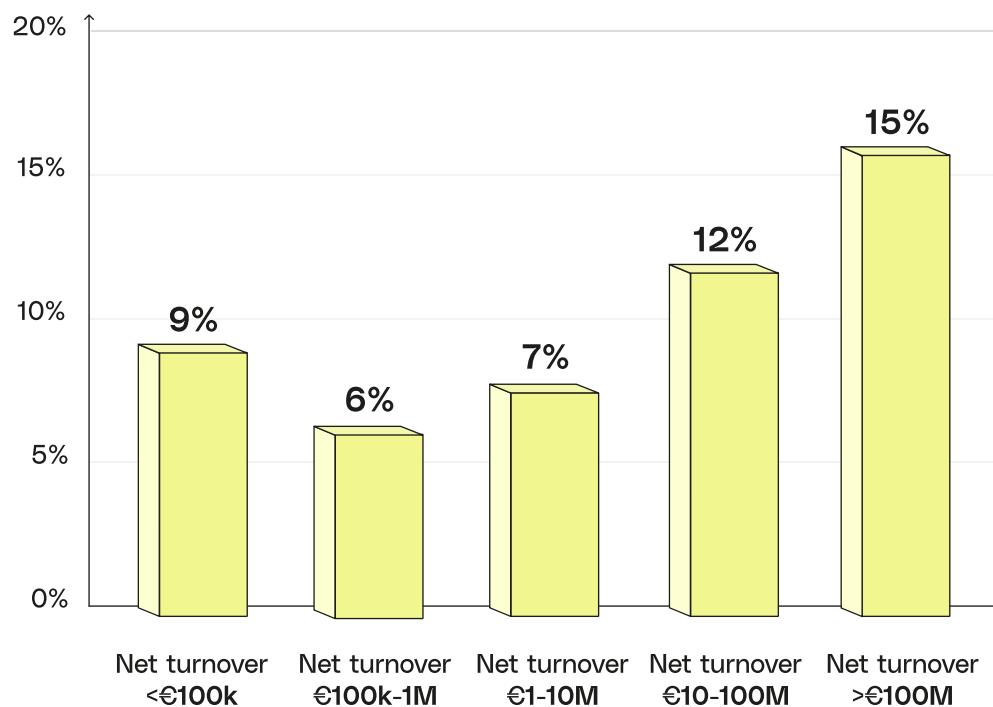
UK



Larger companies more likely to be taking carbon action

Larger companies with over 50 staff are more likely to already have carbon reduction measures in place than companies with under 50 employees (43% vs 39%). The data also shows that **the higher a company's turnover, the more likely it is to prioritize carbon reduction** measures. Such actions were a top priority for just 8% of businesses turning over less than 1 million euros per year; for companies with a turnover of more than 100 million euros, that figure rises to 15%.

Percentage of respondents saying reducing carbon footprint is a top company priority



The European Commission's Corporate Sustainability and Reporting Directive (CSRD) is being expanded over the next few years to cover an increasing number of SMEs. From 2026, companies with 250+ employees, €50M+ in turnover or €25M+ in assets will be required to publish reports on their environmental & social impact. From 2027, that requirement will apply to SMEs that meet two of the following criteria: 10+ employees, €900K+ in turnover, €450K+ in assets.

Why companies are taking steps to cut carbon...

The survey asked those companies that are already acting to cut their emissions why they decided to do so. The most common reasons were:

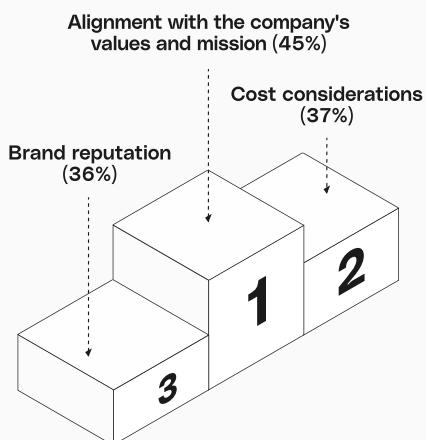
1. To align with the company values and mission (43% of respondents)
2. Brand reputation (36%)
3. Cost considerations (33%)
4. Legal requirements (28%)

There were some variations across markets, industries, and company size. For instance, cost considerations were more important for smaller companies with 2-49 employees, while larger companies' carbon reduction measures are more likely to be driven by the need to **align with company values** or to bolster **brand reputation**.

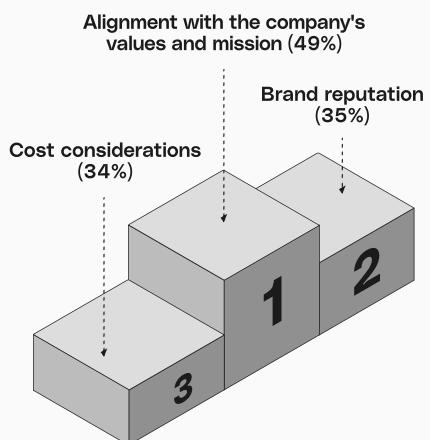
While companies in the **Media/Marketing/Advertising/PR** sector were more likely prompted to act because of value alignment (49% chose this reason) and brand reputation (48%), legal requirements were more important for a significant number of **Real Estate** companies (47%). The existence of state subsidies for carbon reduction measures was a factor selected by 22% of **Construction** companies, but just 10% of businesses in **Media/Marketing/Advertising/PR**.

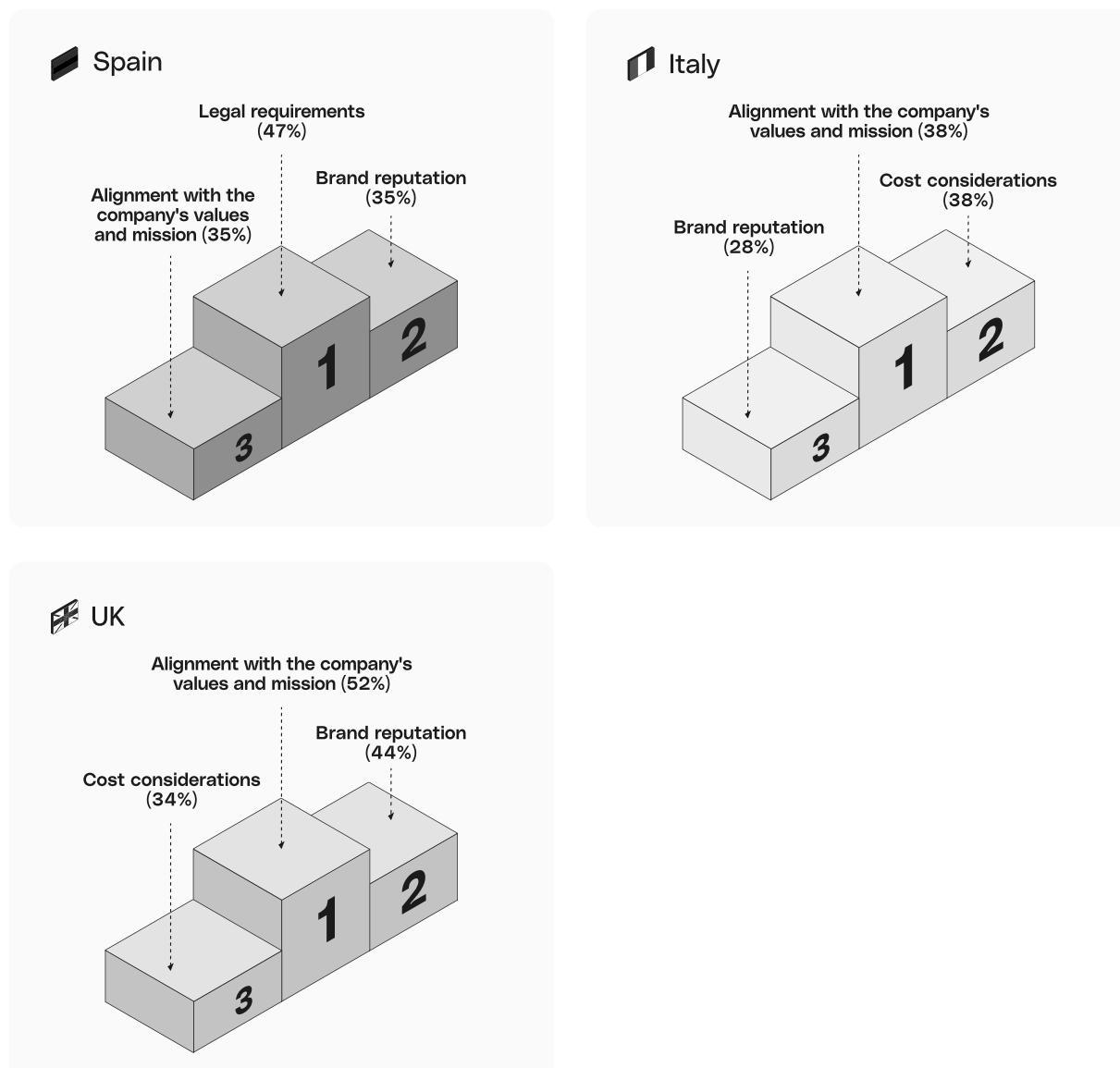
Top 3: You indicated that your company was taking steps to reduce its carbon footprint. Which main ambitions have driven this commitment?

France



Germany





...and why some aren't

Those companies with no plans to reduce their carbon emissions were also asked why it was not a priority. A third (33%) said it was because they **didn't believe their carbon footprint was significant**, while 21% said they were **unsure what the benefit would be** to the company.

The same proportion pointed to a lack of resources to tackle carbon-related challenges.

For 20% of companies, their lack of action on carbon emissions was explained by a **lack of regulation** forcing them to act.

The **cost of taking carbon-cutting measures** was of particular concern in the UK, where 24% of respondents cited it, compared to the 19% average across all five markets.

How companies plan to reduce carbon emissions

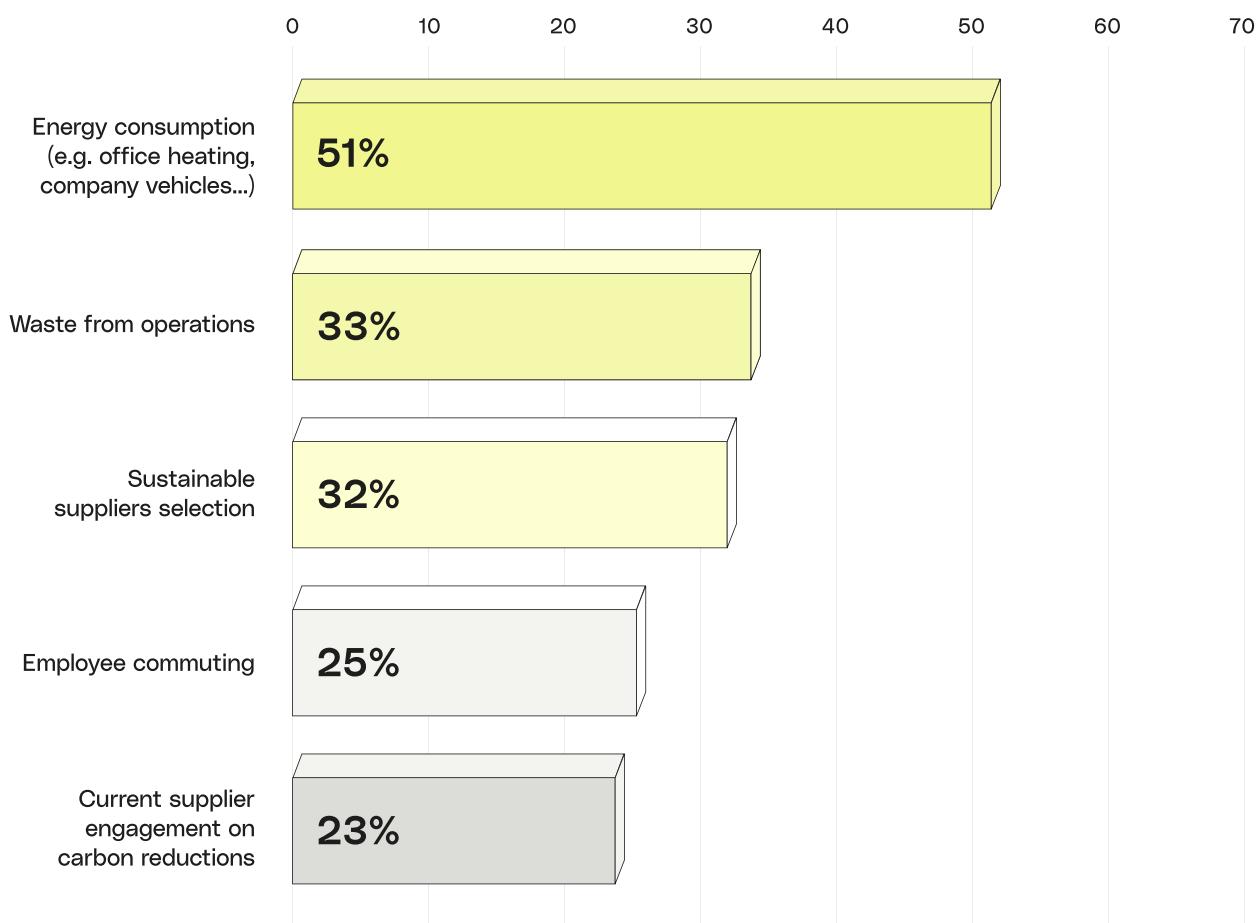
Just over half (51%) of those companies who are already taking steps to reduce their carbon footprint say **cutting their energy consumption** will realistically allow them to meet this objective.

For 33%, reducing the amount of **waste from their operations** was cited as a measure they will take. A similar proportion (32%) will look to **selecting more sustainable suppliers**.

A quarter of all respondents (25%) say **adapting employee commuting habits** would help them in their carbon reduction targets.

These four tactics were the most cited in each of the markets studied, with reducing energy consumption internally topping the list in all five countries.

You indicated that your company was taking steps to reduce its carbon footprint. In which areas do you think you can realistically achieve reductions in your company's carbon footprint? (All markets combined)



Spain sees keenest employee involvement in carbon action

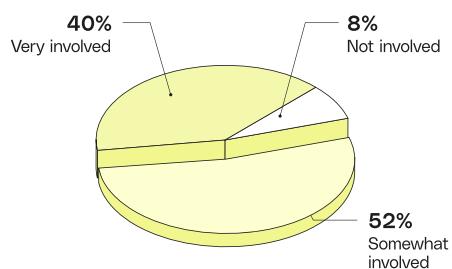
Employees of Spanish companies are much more involved in environmentally friendly action than their counterparts. More than half (56%) of respondents in Spain said staff were “very involved” in their company’s sustainability initiatives, with just 6% responding that employees were “not involved”.

In contrast, in the UK, the proportion of “not involved” staff rose to 14%, with just 36% described as “very involved”.

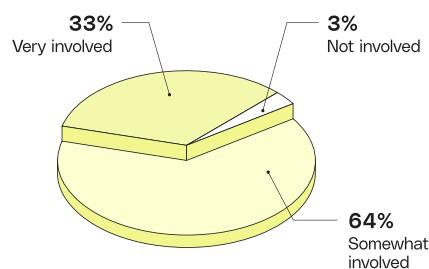
In France, relatively few employees were said to be either “not involved” (3%) or “very involved” (33%), leaving a large majority (63%) to be described as “somewhat involved”.

You indicated that your company was taking steps to reduce its carbon footprint. How involved are your employees in your company's sustainability initiatives?

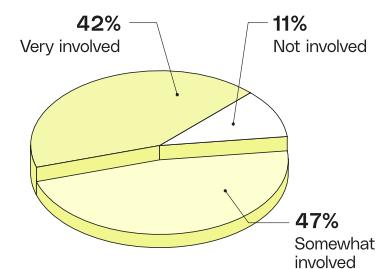
Global



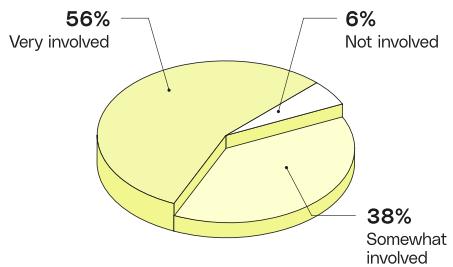
France



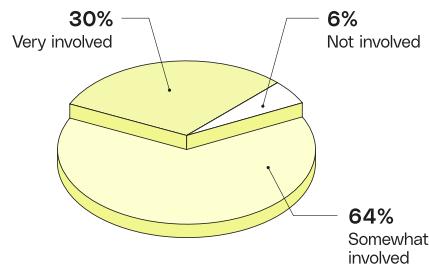
Germany



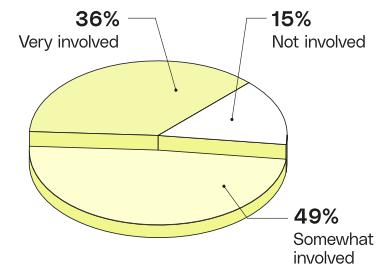
Spain



Italy



UK



Diversity, Equity & Inclusion: focus on gender parity, age & cultural diversity

When it comes to Diversity, Equity, and Inclusion (DEI), around three quarters of businesses say they are tackling at least one form of discriminatory bias.

Gender parity is the most common DEI objective, with over a third (34%) of companies saying they are working towards it. The next most active DEI topics are **Age diversity** and **Cultural diversity**, with 32% and 30% of respondents respectively saying their company is taking measures to promote these issues. **Disability inclusion** was being tackled by 27% of the companies surveyed.

Other DEI topics that are slightly less commonly dealt with in the workplace are **Socio-economic diversity** (23%) and **LGBTQ+ inclusion** (19%).

According to the data, 26% of companies aren't currently undertaking any DEI initiatives.

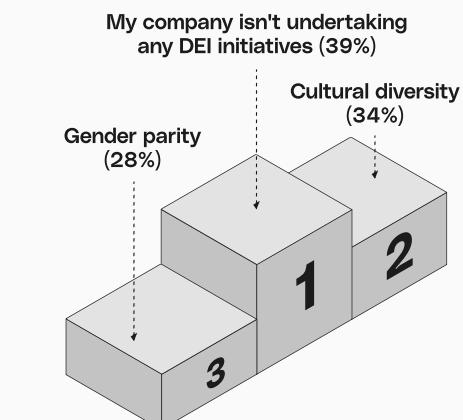
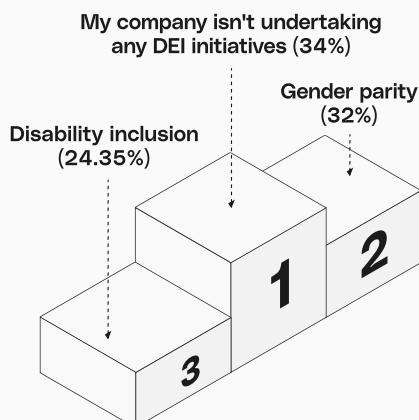
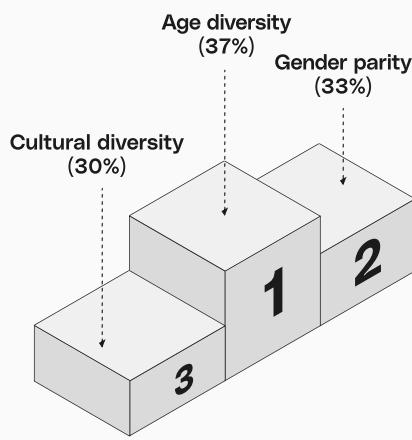
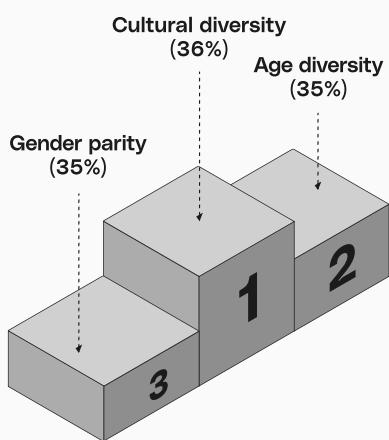
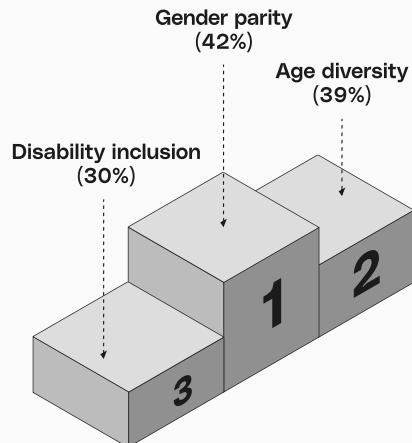
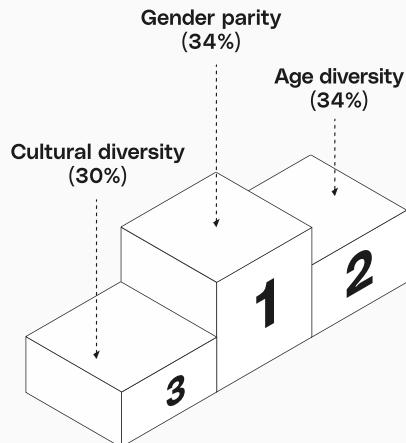
There are also differences from one country to another. While **the UK has the highest proportion of companies with no formal DEI initiatives** (that's the case in 39% of businesses surveyed), it does have the highest level of engagement in terms of **LGBTQ+ inclusion** (25%) of all five markets studied.

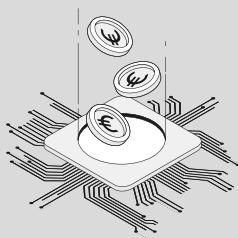
In France, 83% of companies have implemented DEI measures, and there is a stronger focus than in all other markets on **Gender parity** (42%) and **Age diversity** (32%).

Of the 66% of Italian companies that have brought in formal DEI policies, **Gender parity** was the most widely implemented (32%).

In Germany, where 84% of SMEs have DEI policies in place, **Cultural diversity** is the biggest focus: 36% of companies have implemented initiatives. In Spain, the most widely cited response was **Age diversity** (37%).

Top 3: Is your company tackling any of the following Diversity, Equity, and Inclusion topics?





Larger, younger, German companies lead the drive to adopt AI

Overall, just over two thirds (67%) of companies say they're already using Artificial Intelligence (AI) tools in their operations. Meanwhile, 22% of respondents claim they neither use AI, nor do they plan to do so in 2025.

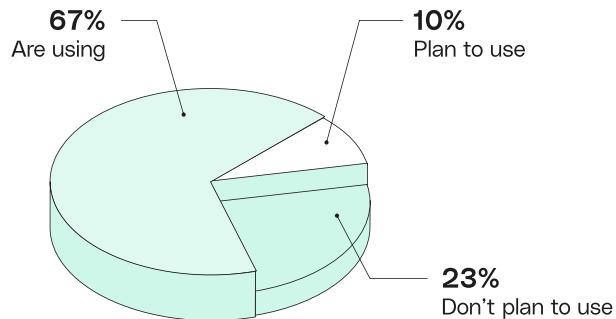
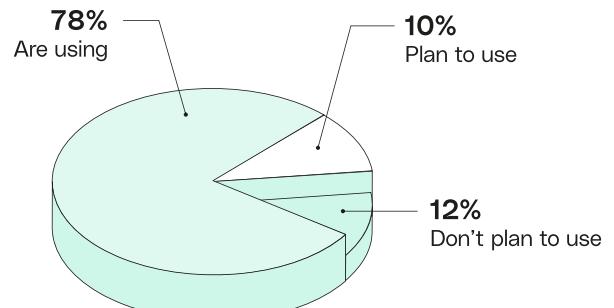
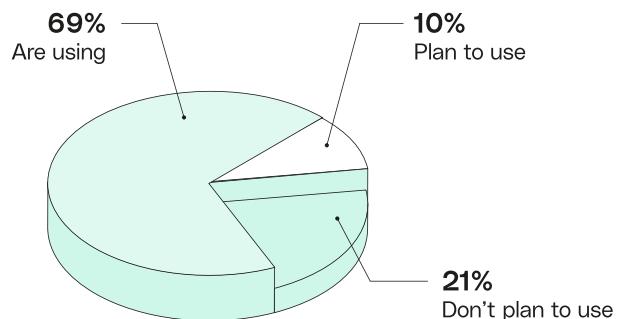
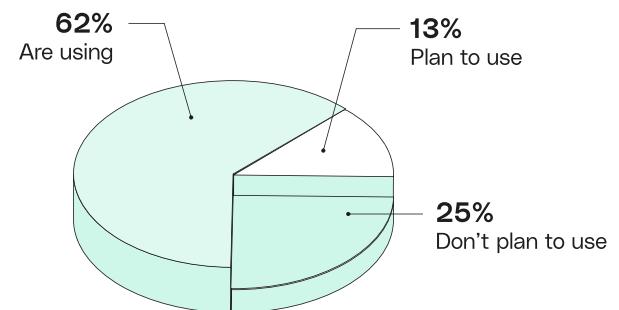
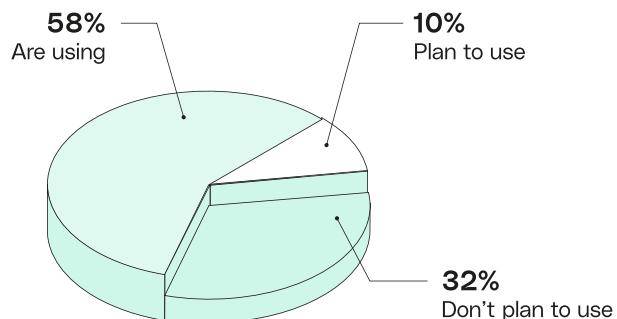
A minority of just 11% don't currently use AI but intend to introduce it to their company next year.

Larger companies are more likely to have already introduced AI tools; 76% of businesses with a headcount of 50 staff or more are using it, compared to 62% of businesses with fewer than 50 full-time employees.

Younger companies are bigger AI adopters than more well-established businesses: three quarters (75%) of companies founded within the last 5 years currently use AI, a figure that drops to 61% among companies that are over 35 years old.

Across national markets, **we see the keenest adoption of AI business tools in Germany**, where 78% of respondents say their are using it already, and just 12% say they have no plans to exploit it in the next year.

Meanwhile **the lowest AI adoption of the five markets studied is seen in the UK**: there, 58% of businesses use AI, while almost one in three (31%) say they don't use it and don't plan to in 2025.

Generative AI usage**France****Germany****Spain****Italy****UK**

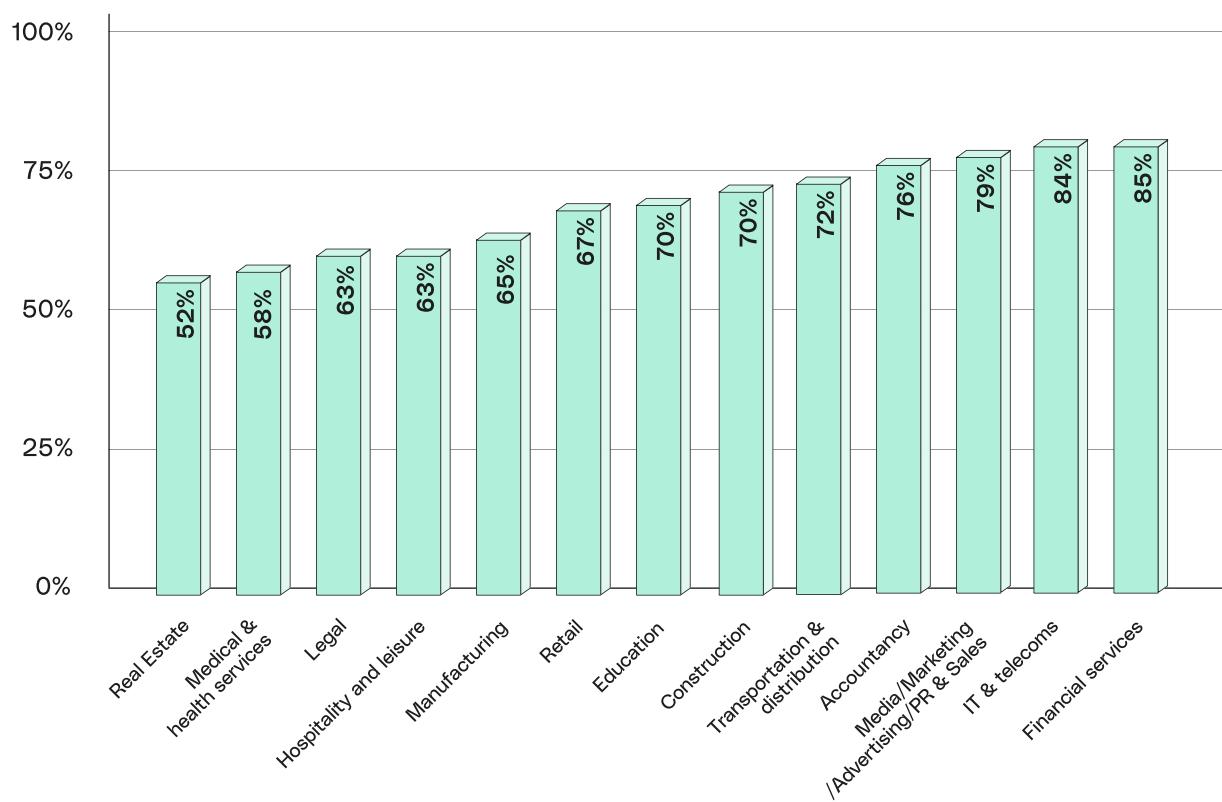
These figures are consistent when we measure for company size and geography combined: **in Germany, 89% of companies with 50 or more employees already use AI**, compared with just 69% of smaller SMEs.

At the other end of the spectrum, 36% of smaller UK companies with 2-49 full-time staff say they don't use and don't plan to deploy AI tools.

When comparing different industries, the **Financial services** and **IT/Telecoms** sectors are the two that most commonly use AI tools (85% and 84% of companies respectively). This figure drops to an average of around two thirds (64%) for the **Retail/Hospitality** sector.

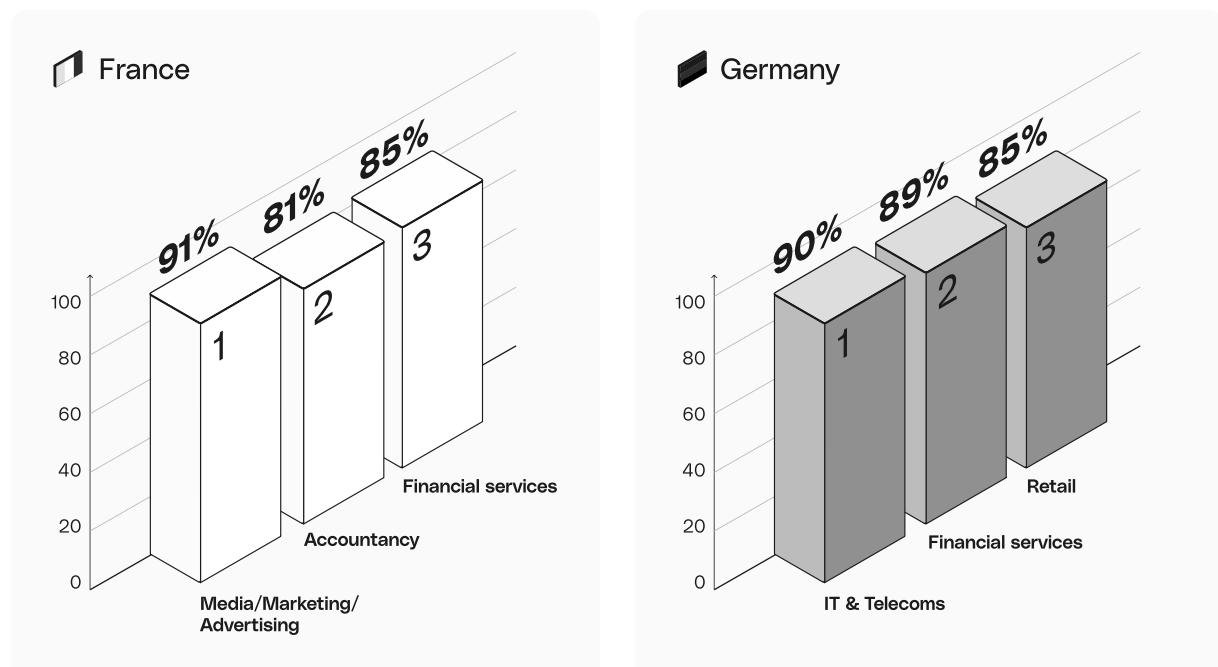
Industries with highest GenAI adoption across all 5 markets

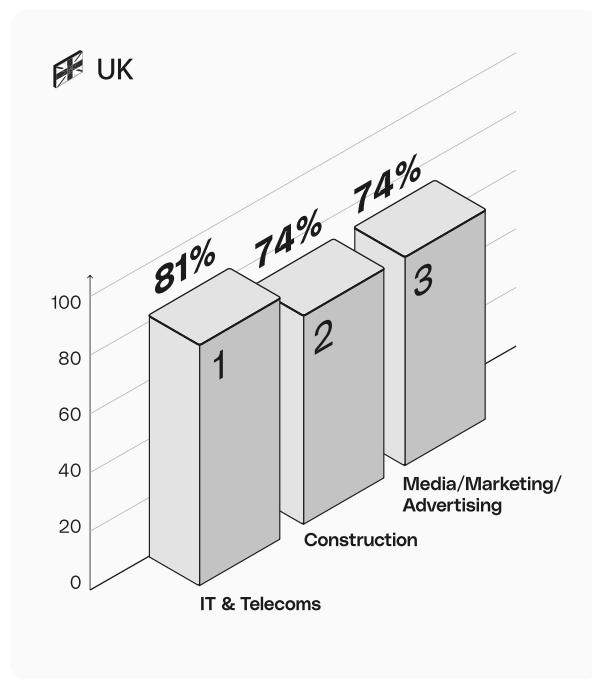
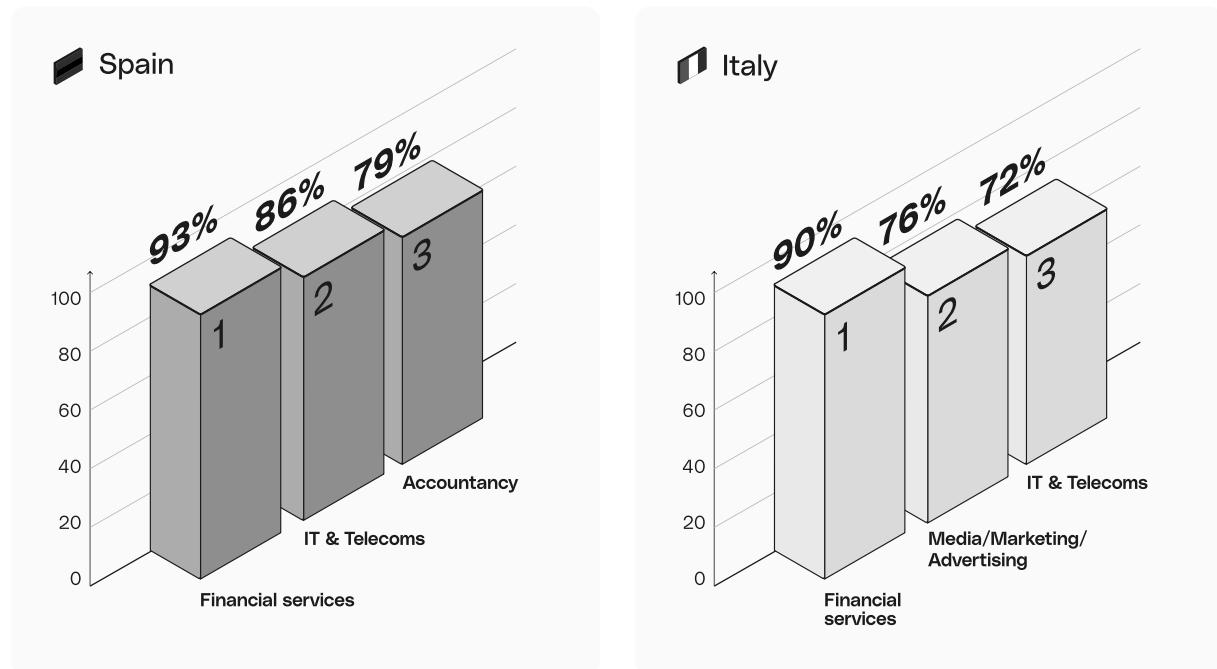
(shows % of businesses already using AI)



French companies working in the **Medical/Healthcare** fields are using AI significantly more than their European counterparts. The five-market average of companies already using AI in this sector is **58%**, but this jumps to **69%** among France-based respondents. In the UK, less than half (47%) of Medical/Healthcare businesses say they use AI solutions.

Top 3 biggest GenAI adopting industries in each market

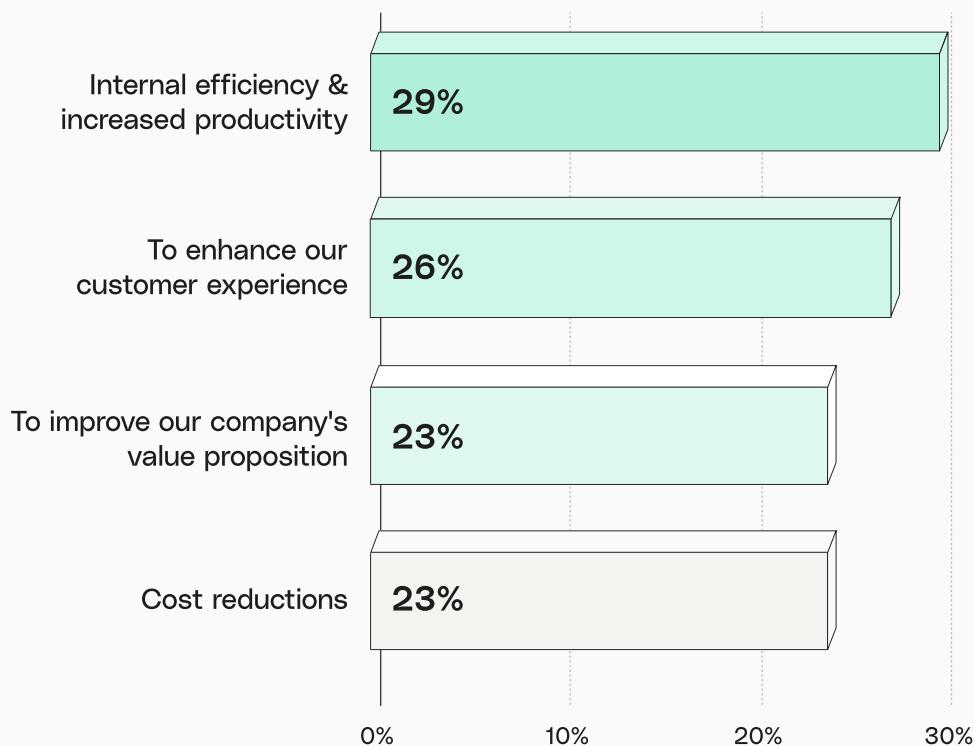


Top 3 biggest GenAI-adopting industries in each market

AI useful for productivity but data privacy is a concern

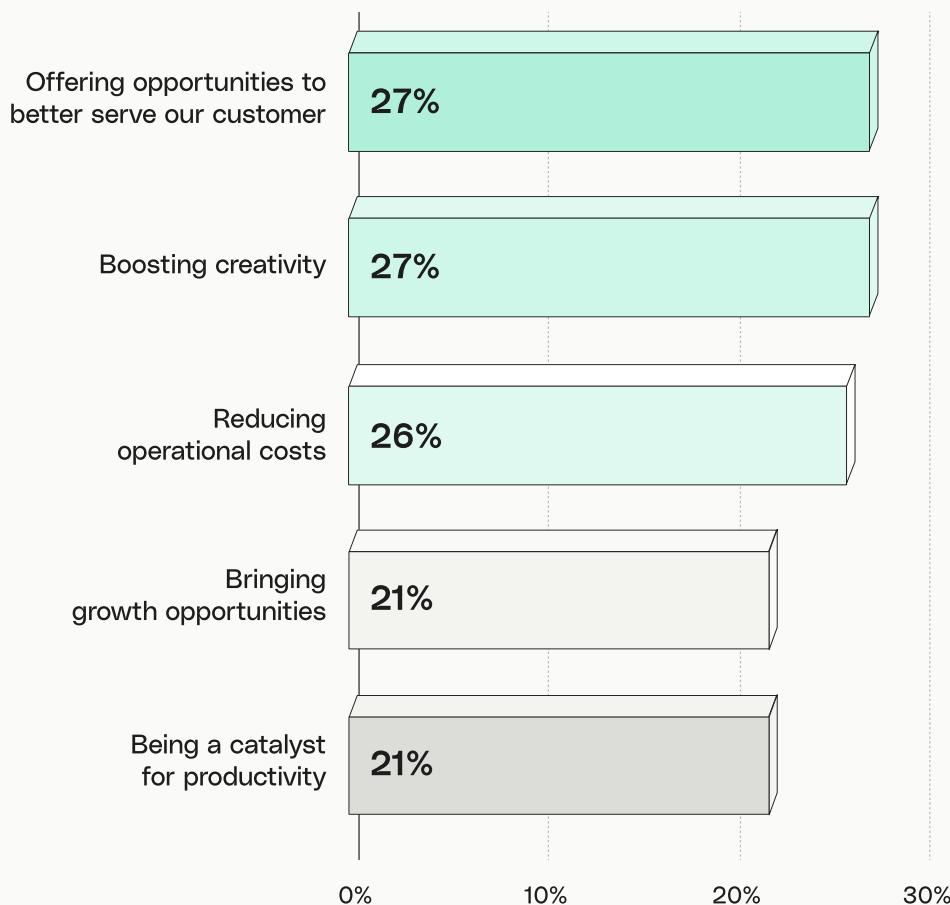
In terms of what companies are doing with AI, the most commonly cited benefit is **increased internal efficiency and productivity**, which was the case for 29% of respondents. For 26%, AI is being used to **enhance the customer experience**, while **improving the company's value proposition** and making **cost reductions** were given as use cases for 23% of respondents.

What is your company using generative AI for? (All markets combined)



Current usage of AI correlates to the perceived potential benefits of the technology, with the **customer experience, creativity, and cost reductions** cited as the most common opportunities that AI can generate in future.

What does your company see as the most significant benefits and opportunities around the rise of generative AI? (All markets combined)

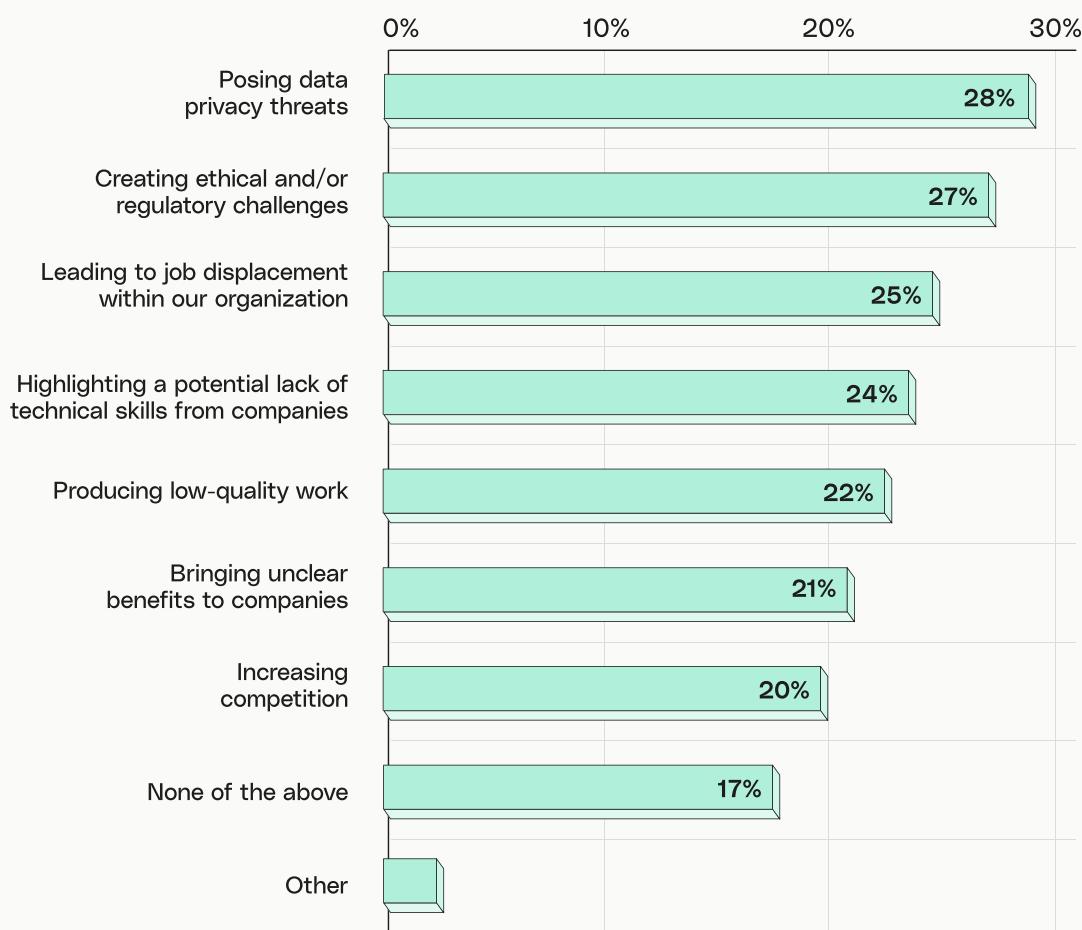


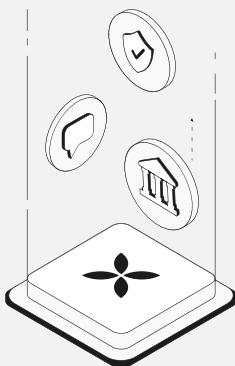
When it comes to the potential risks of AI, **data privacy is the most common concern**. When asked about the challenges of implementing AI solutions, data privacy was the most commonly given response, selected by 31% of respondents, ahead of a lack of expertise and difficulty integrating AI with existing systems (both 29%).

Across different industries, the risk to data privacy is felt most acutely in the **Medical/Healthcare** sector, where 38% of respondents said they'd faced challenges reconciling AI implementation and data privacy considerations.

Overall, regardless of whether a company uses AI or not, the most commonly cited concerns over its rapid development in the business landscape are data privacy (28%), ethical and regulatory issues (27%), and the threat to jobs (25%).

What does your company see as the primary challenges and concerns around the rise of generative AI? (All markets combined)





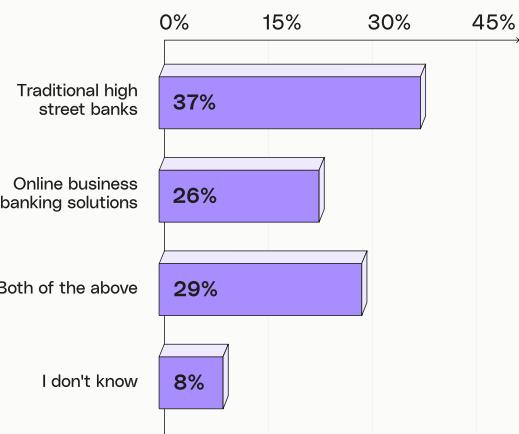
Online business finance solutions catch up with traditional banks

When it comes to managing daily business banking and finances, the data shows that **more Small- and Medium-sized Enterprises use online solutions (31%) than traditional banks (29%)**. Around the same proportion of respondents (31%) say they rely on a combination of both online and traditional banking solutions.

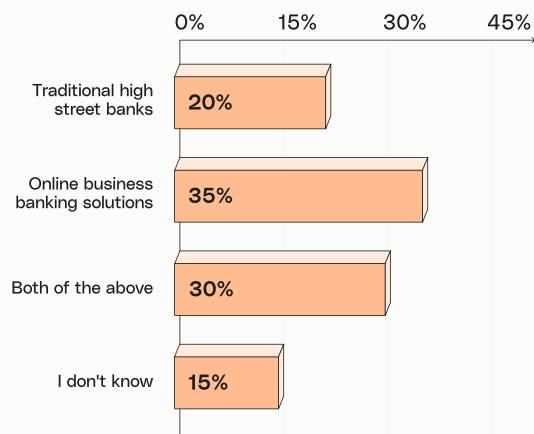
Companies in **Germany, the UK, and Spain are the biggest adopters** of digital business banking solutions. France, of the five markets studied, was the most reliant on traditional banks (37% use traditional banks exclusively versus 26% for online alternatives).

Which of the following services does your company use to manage its business banking?

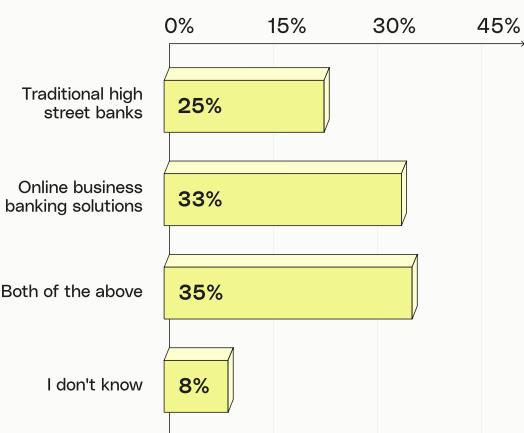
 France



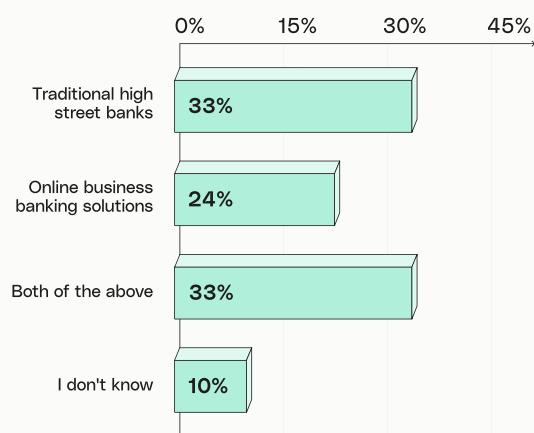
 Germany



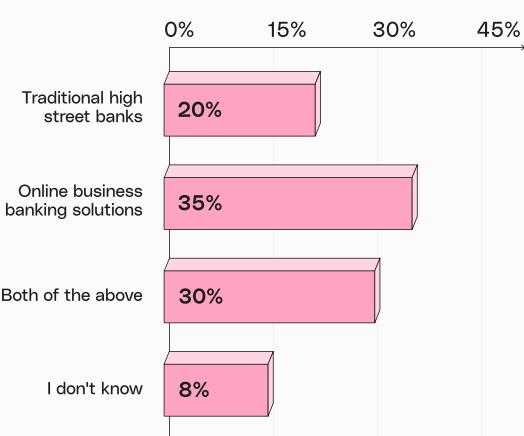
 Spain



 Italy



 UK



When filtering the data for company age, we see that **younger companies are more likely to use modern banking solutions**: 38% of companies under five years old use exclusively online solutions; for companies over 35 years old that drops to 24%.

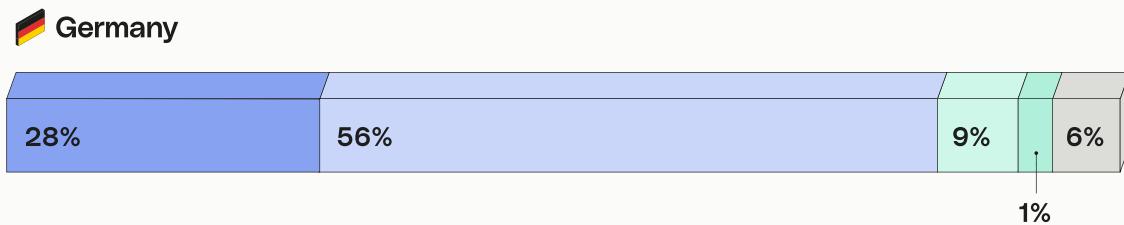
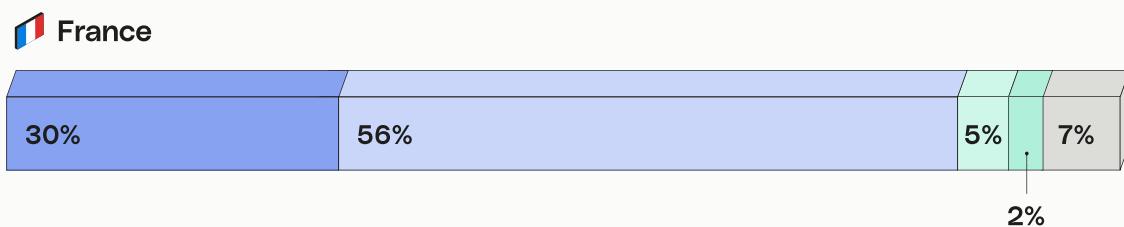
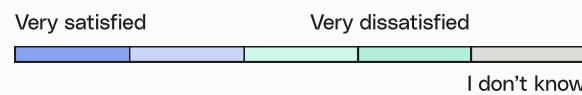
One sector stands out as a driver of the shift towards modern, digital-native finance solutions: the financial services field itself, in which 44% of companies asked use exclusively online solutions.

SMEs satisfied with banking solutions but sensitive to price

Generally, SMEs appear happy with their banking providers, with 8 out of 10 respondents in the study saying they are either “satisfied” or “very satisfied”.

The highest net satisfaction was in France (86%) and Germany (83%). Companies in the UK see the biggest room for improvement (70%).

How satisfied are you with your company's banking and financial services overall?





What satisfies businesses most about their banking provider is the **usability** of the solution (76% satisfied or very satisfied), followed by the **range of products and services** on offer (72%), and **customer support** (71%).

This observation is true across all markets, and regardless of whether the businesses uses an online or traditional banking solution, or both.

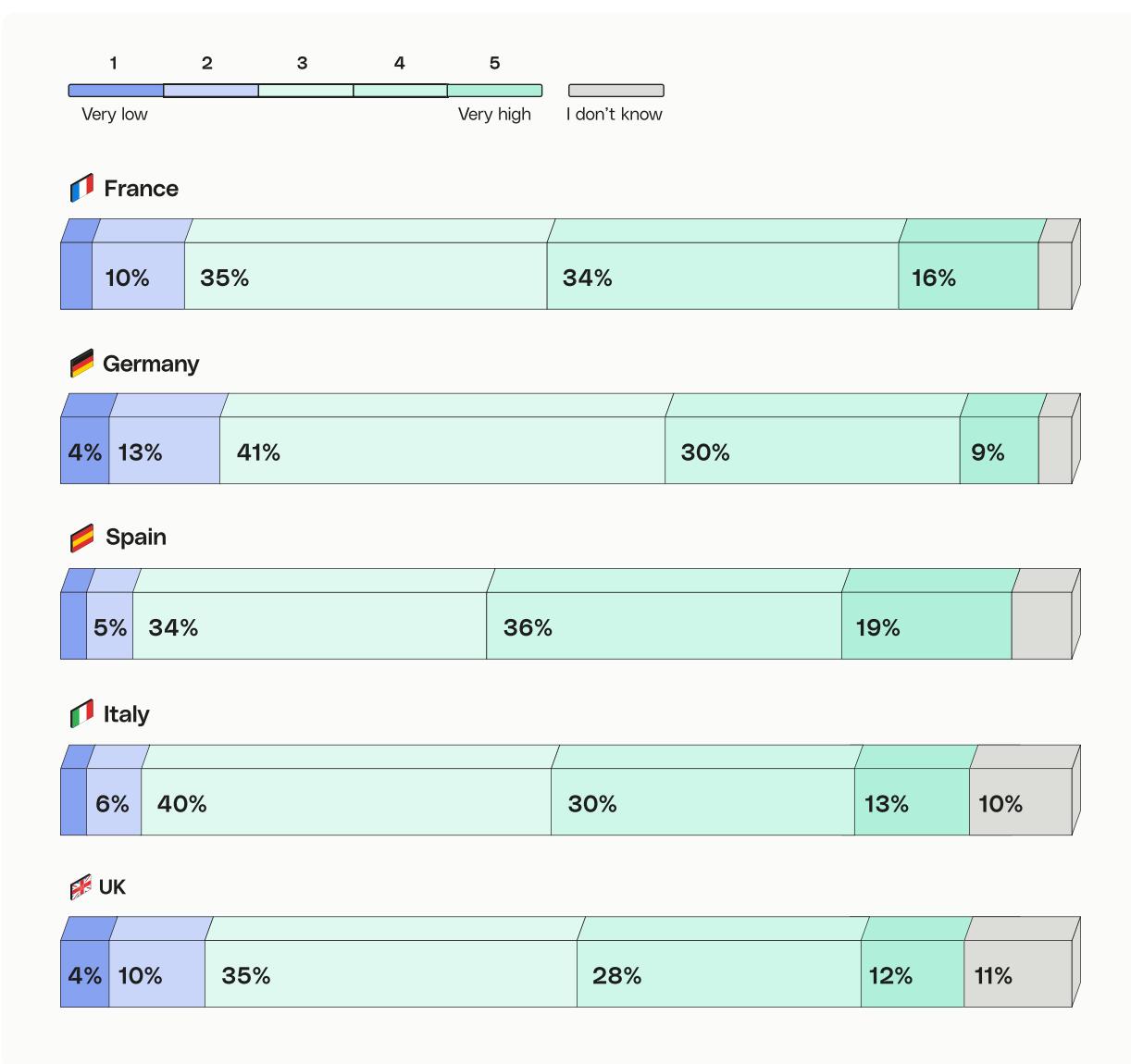
Similarly, the areas of desired improvement were very similar across the board. **Price** was the most cited, leaving 25% of respondents dissatisfied or very dissatisfied. **Access to financing** and **Transparency** were also given as the main characteristics that businesses wish to see improved, with a net dissatisfaction of 20% and 19% respectively.

The admin burden is more of a pain in Spain

Respondents to the study were asked to rate the level of administrative burden on a scale of 1 to 5, with 5 being the heaviest burden. Their answers suggest that **business admin is a greater headache for businesses in Spain**. More than half (55%) of Spain-based respondents rated the burden either 4 or 5. In contrast, just 39% of Germany-based respondents, and 40% of those in the UK, rated the admin burden this high.

After Spain, finance admin feels the heaviest for companies in France, where 50% of those asked rated the burden 4 or 5.

On a scale of 1 to 5, how would you rate the current level of administrative burden on your business?

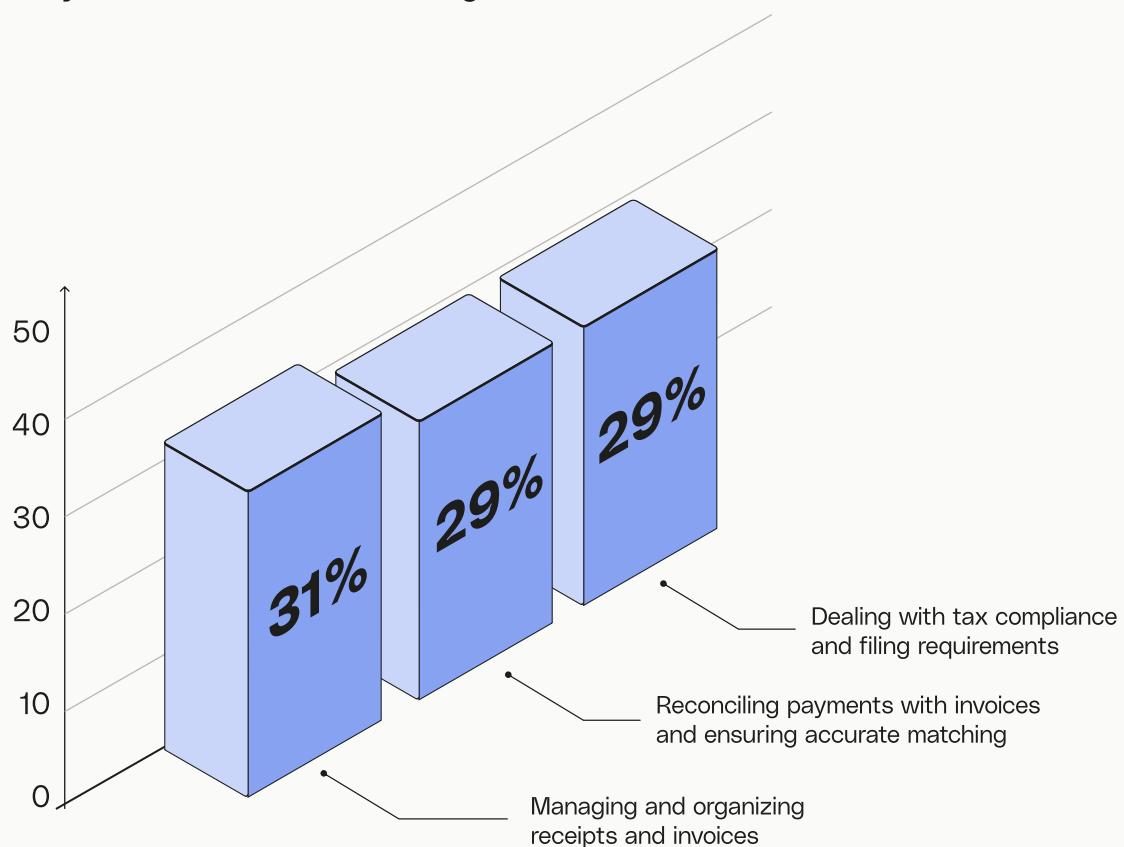


Likewise, **Spanish and French companies spend longer** completing their business administrative tasks than their German and British counterparts. Almost one in five Spanish companies (19%) and 17% of French ones spend **more than 30 hours per week** on financial administrative tasks, compared to just 12% of companies in Germany and the UK, and 13% in Italy.

The bigger a company's workforce, the higher the admin burden: in Spain, 25% of companies with 50 employees or more spend over 30 hours per week on admin, which falls to 16% of those companies with fewer than 50 staff.

Much of that time spent on finance admin is linked to invoicing. Across all five markets, the task most commonly cited as the most time-consuming was **Managing and organizing receipts and invoices**, a concern for 31% of those asked.

Which of the following financial management tasks do you find most time-consuming?



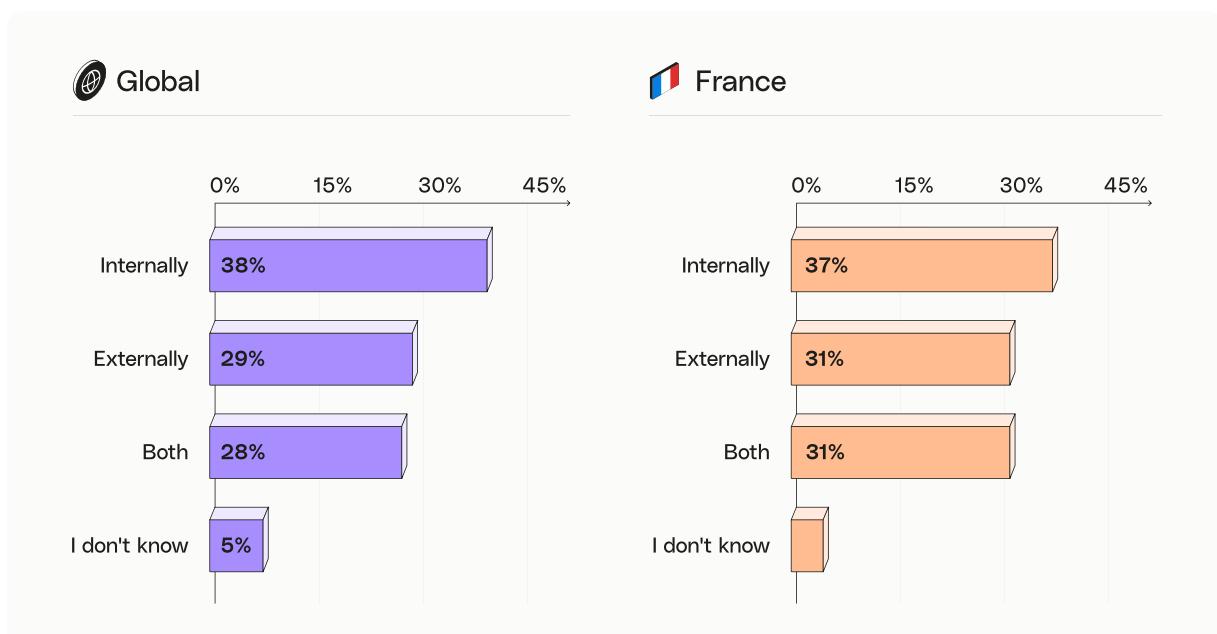
Spanish companies more likely to keep accounting in-house

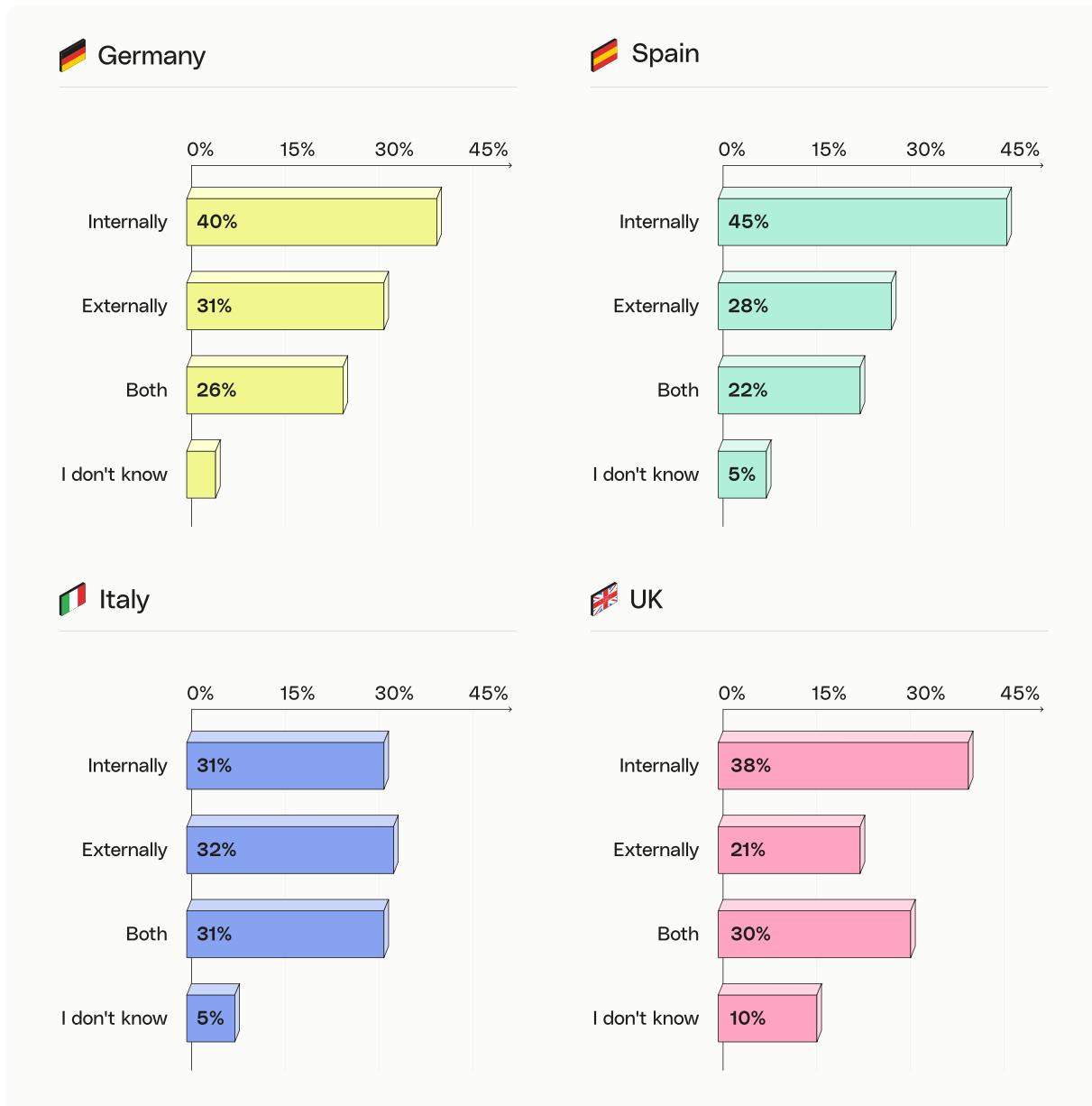
Most companies surveyed in each of the five markets have externalized at least part of their accounting process. On average, 38% of respondents say their company accounting is exclusively done internally, 29% say it's all outsourced to an external accountant and 28% report a mix of both in-house expertise and external accountants.

Companies in Spain are more likely to keep their accounting in-house, which was the case for 45% of businesses. That figure rises to 55% among companies with over 50 employees and falls to 38% among companies with fewer than 10 employees, showing that the bigger the company, the more likely it is to manage its accounting in-house.

Italy showed the lowest level of exclusively internal accounting, which was the case for 31% of respondents.

Does your company handle accounting internally or externally (e.g. through a third-party accountant)?

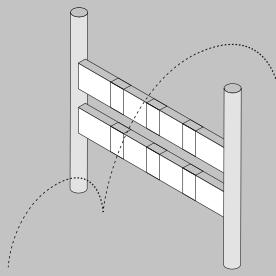




When it comes to ways of improving collaboration with external accountants, the most cited responses given were:

1. By reorganizing our processes for more efficient exchange of financial and accounting data (cited by 29% of respondents).
2. By using more collaborative, real-time tools (28%).
3. By communicating with external accountant more regularly (28%).

The most important elements given by respondents for helping them to manage their accounting were, on average across the five markets, **Transparency** and **Control** (both cited by 40% of respondents) and **Price** (cited by 33%).



Focus on UK-relevant challenges

Data and digital security matters to most SMEs

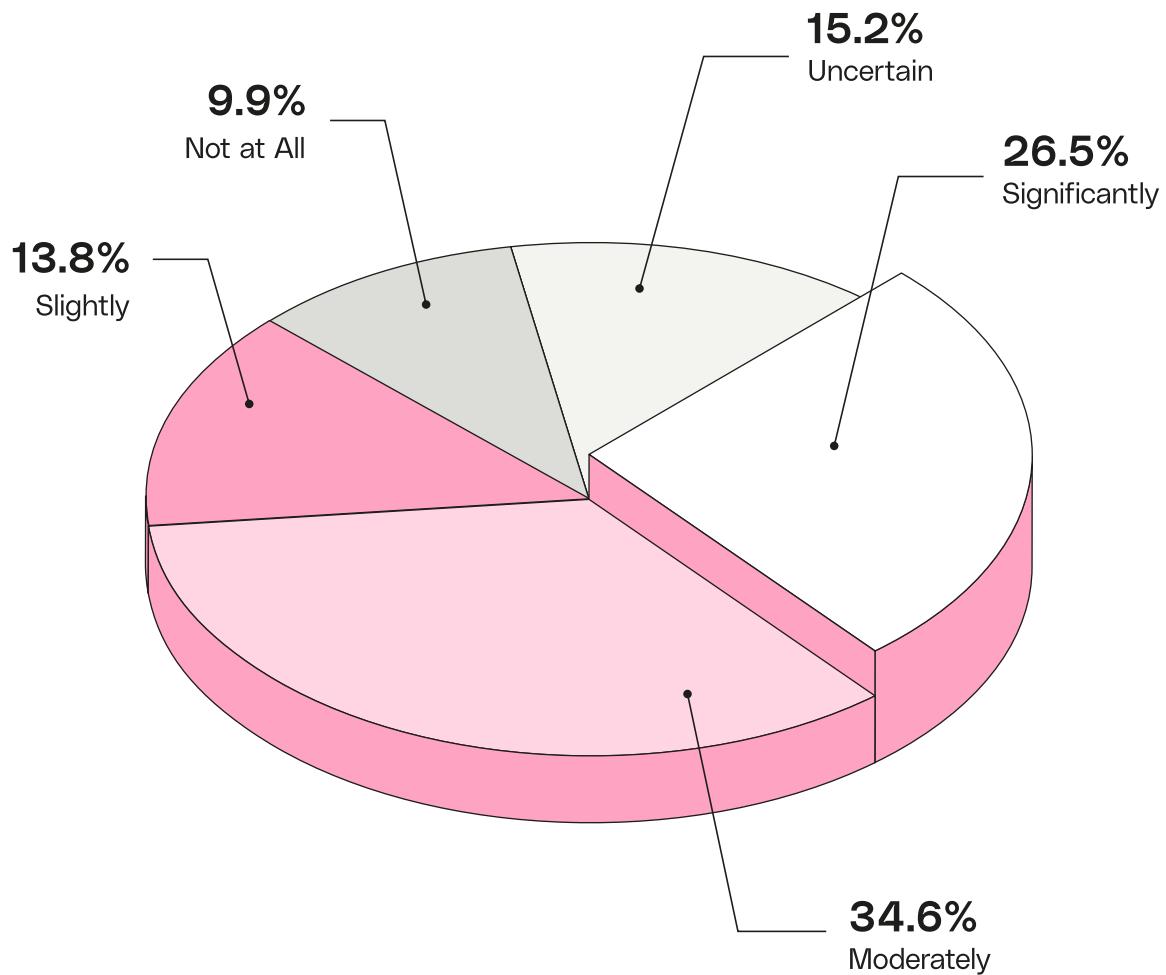
Data privacy and security concerns significantly influence the choice of financial service providers for SMEs in the United Kingdom, with 61% reporting that these issues affect their decisions.

Smaller SMEs (under 50 staff) seem less concerned, with 28% stating they are not affected, compared to only 17% of larger companies.

Across industries, most are more affected than not, but certain sectors exhibit heightened sensitivity to digital data. **IT/Telecoms** (75%), **Medical/Health Services** (77%), **Construction** (79%), and **Financial Services** (70%) in particular are influenced by data privacy considerations, underscoring the critical role these concerns play in their selection of financial partners.

Regional insights: Concerns over data privacy and security significantly influence SMEs' choice of financial service providers in London (74%) and the North (60%), emphasizing the high importance placed on data security in these areas. Other regions, such as the South East and the South, also report substantial concern levels, around 62% and 63%, respectively, indicating a widespread awareness and caution towards data protection across the UK, albeit slightly less intense than in London and the North.

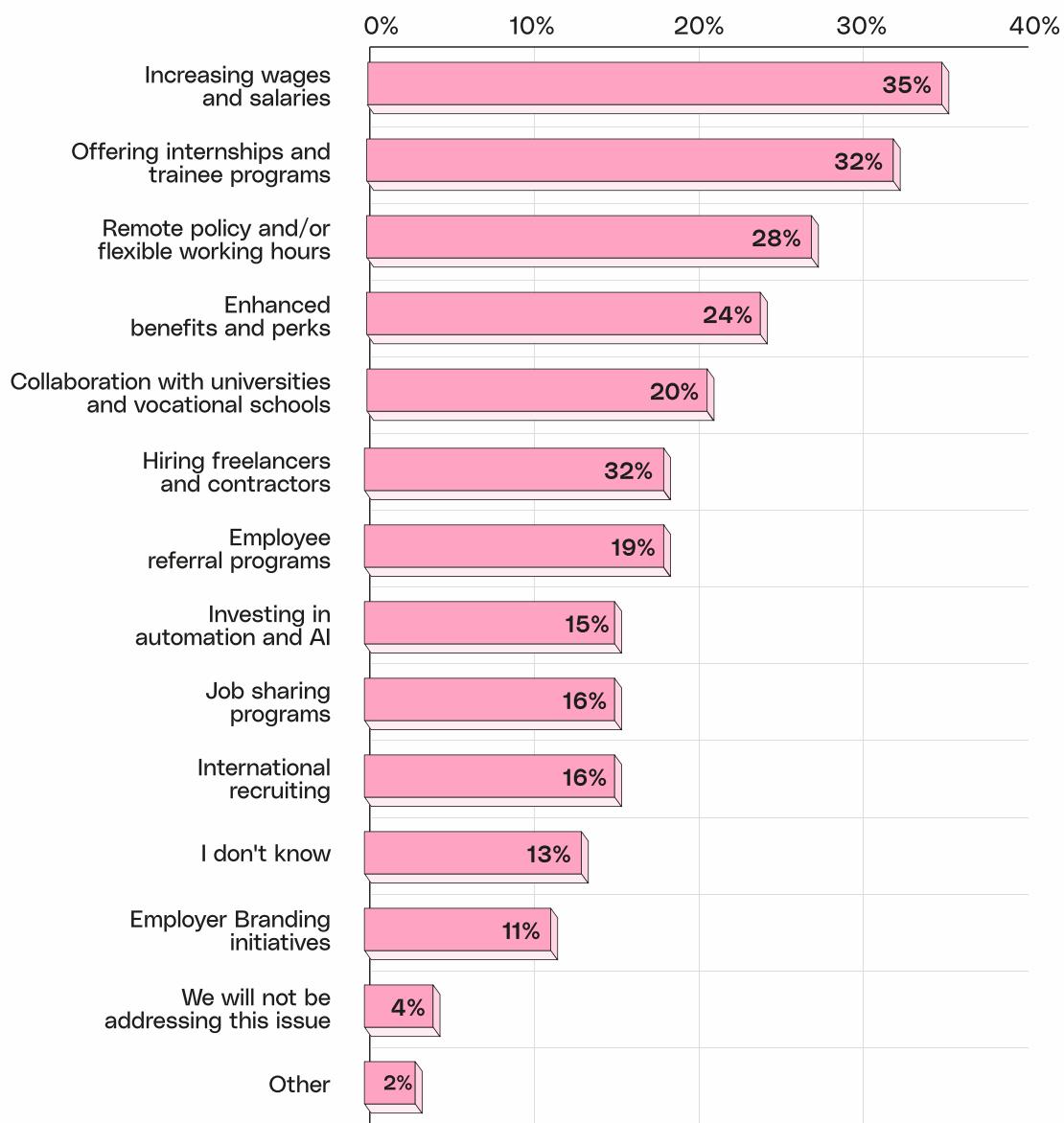
How do data privacy and security concerns affect your choice of financial service providers?



Talent shortages: company size affects strategy

To confront the problem of talent shortages that affect company performance, the UK's SMEs are turning to a variety of measures to attract more qualified workers. **Increasing wages and salaries** emerges as the top strategy overall, followed by implementing internship and trainee programs, and adopting remote work or flexible working hours.

You said that talent shortages negatively impacted your company's performance. What measures will you implement to address the shortage of qualified workers?



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