

NatWest brings back its SMB incubator program

Article

NatWest relaunched its small and medium-sized business (SMB) accelerator last week after shifting to an all-virtual model in response to the pandemic, [per](#) a press release. The incubator will [give](#) more than 1,400 UK businesses at various growth stages access to one-to-one coaching, a vast network of industry peers, and committed support from experts in their spaces. In addition to focusing on companies that are quickly scaling their operations, the bank is putting increased emphasis on sustainability as it vets new candidates. To be eligible for the program, businesses must be NatWest customers.

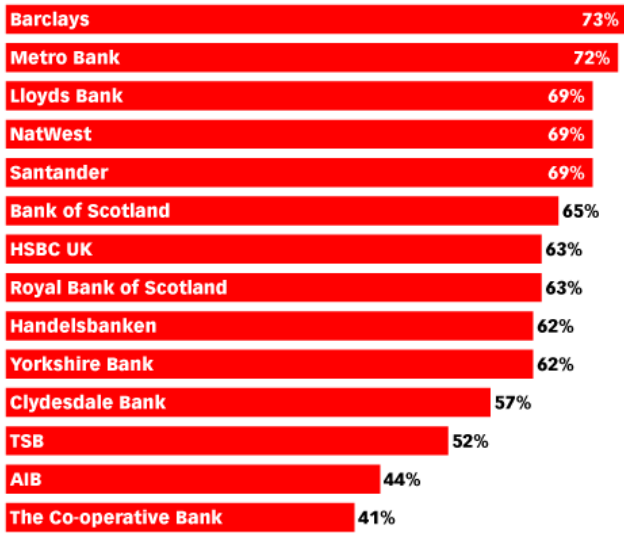
NatWest's relaunch couldn't come at a better time, as several UK neobanks have spent the past year acquiring SMB customers at a blistering pace. Here are two examples:

- **Starling continues to broaden its business offering.** As of Monday, the neobank **counted** about 350,000 business clients in the UK—**up** 50,000 from just a month ago and more than quadruple its 74,000 customers in 2019. Starling has **released** a steady stream of new offerings as it builds out its business marketplace and expects to **hold** 18% of the UK's SMB market in the next five years.
- **Tide doubled its user base in the past 12 months.** Like Starling, the SMB-focused neobank has **ambitions** to carve out a substantial slice of the UK market—Tide hopes to reach 8% market share by 2023. Its latest customer **figures** bring it more than halfway there, servicing around 330,000 UK SMBs, or more than 5% of the market. At its current pace, Tide's 2023 target could prove conservative, especially if it continues to **strengthen** client service with new products and partnerships.

Government lending programs supercharged SMB expansion at neobanks, but NatWest's more hands-on approach could help it better retain clients. Financial institutions **large** and **small** rode the **wave** of government relief programs to provide loans to struggling SMBs across the country. In a year marked by outside pain and suffering for most, the accommodative policy was a silver lining for some UK neobanks, clearing the way for long sought-after profitable **growth**. The expansion could prove tenuous, however, if challengers lack the resources to imitate NatWest's level of involvement once the tide of free money—and customers—recedes. Neobanks have looked to solidify their standing by **integrating** different components of business' operations into a centralized hub but likely can't match NatWest's ability to provide personalized, one-to-one support—a service it just bolstered by adding 50 employees. Conversely, limited resources at challenger banks could make it harder for them to retain the record number of SMB customers they gained in the past year.

Likelihood that UK SME Customers with Business Current Accounts Would Recommend Their Business Current Account Provider to Friends and Family Based on Digital and Mobile Banking Services, July 2019-June 2020

% of respondents



Note: n=16,800

Source: BVA BDRC, "Business Banking Service Quality - Great Britain," Aug 17, 2020

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