

Serving the underserved



t the heart of every SME is a story of resilience, ambition and the determination to keep moving.

These are the businesses that form the backbone of the UK economy, and they are the businesses we work with every day. Far too often, they are the ones who have been overlooked, fall outside box-ticking lending models and slip through the cracks of traditional finance. Rigid criteria, lengthy delays and automated rejections have made it harder for these types of businesses to access funding when they need it most. At Reward Funding, we've built our approach around those clients - listening first, lending second and doing what's needed to keep them moving.

Recent data suggests a growing divergence between the needs of SMEs and the appetite of traditional finance providers. Overdraft access for SMEs, once a common and critical facility, has declined precipitously, from 31% in the late 1990s to just 5% today. At the same time, the rise of so-called "debanking", where companies lose access to banking services without explanation, has left many SMEs stranded. These practices, while administratively expedient for large financial institutions, are increasingly viewed by policymakers and business leaders alike as unjust and economically harmful.

While the UK asset finance market reached £39.7 billion in new business in 2024 (FLA), Allica Bank reports a staggering £90 billion lending shortfall for SMEs, particularly affecting those seeking funds for growth and working capital. It is clear conventional finance isn't meeting the needs of all businesses.

This shortfall has serious implications, not just for individual businesses, but for the broader economy as when viable, growth-oriented SMEs are denied access to finance, productivity suffers, innovation stalls and regional disparities widen. Paradoxically, the businesses most likely to reinvest locally and create new jobs are those most likely to be left behind.

At Reward Funding, we are focused on closing that gap with meaningful value and continue to support the businesses that power local economies, employ real people and keep things moving. In today's fast-changing economy, SMEs don't just need finance, they need a

lender that understands what it's like to be in their shoes.

As we move through 2025, economic uncertainty persists, cashflow pressures remain, the need for new equipment, investment in technology and working capital agility will only increase. Businesses are adapting, investing in automation, reshoring supply chains, going greener. And, to do that, they need finance partners who understand the pace and complexity of that journey. Growth will be shaped by a convergence of economic realities, regulatory recalibration and shifting SME behaviours, all underpinned by innovation and a sharper focus on value. Macro-economic headwinds continue to challenge UK businesses, with inflationary pressure, interest rate sensitivity and cautious consumer demand influencing investment decisions.

"Sustainable growth in 2025 will belong to those who lead with intent, adapt, own outcomes, and get it done with speed and conviction."

Policy and regulation are tightening, particularly around affordability, sustainability and responsible lending. While this raises the bar for compliance, it also creates opportunities for lenders who can adapt quickly and lead with transparency.

Technology continues to reshape the lending landscape. Digital onboarding, automated underwriting and AI-driven risk tools are streamlining the customer journey, while also assisting better-informed decisions. In parallel, sustainability and ESG are now central, not peripheral. Businesses are seeking finance partners who understand the path to net zero and can help fund it.

The broker channel remains pivotal, but

dynamics are shifting. Brokers are looking for deeper partnerships, faster turnaround and lenders who truly understand the sectors they serve. The rise of commercial finance brokers has played an instrumental role in supporting underserved businesses. The NACFB reports that its members facilitated over £26.5 billion of broker-led SME lending last year, out of a total £38 billion broker market. Crucially, 20% of SMEs who secured finance through those NACFB brokers had been declined elsewhere first. This highlights both the limitations of traditional banking models and the value of broker-led structuring and advocacy. Brokers have become essential intermediaries, by helping businesses find funding, and also helping lenders understand the businesses in front of them.

Meanwhile, SMEs are becoming more discerning. Post-pandemic resilience has created savvier borrowers who value speed, flexibility and a relationship-led approach over price alone. Amid this change, independent lenders are carving out strong positions. Their agility, sector knowledge and appetite for complexity allow them to support businesses often underserved by traditional funders.

It would be unfair to overlook the role that banks play in supporting UK business, as high street lenders remain a cornerstone of the funding ecosystem, providing significant capital to a broad base of established companies. Their reach, resources and regulatory oversight mean they are well-positioned to serve specific segments of the market. Regulatory requirements, capital adequacy rules and internal risk models naturally necessitate caution, standardisation and a focus on lower-risk lending.

Sustainable growth in 2025 will belong to those who lead with intent, adapt, own outcomes, and get it done with speed and conviction. Serving the underserved means looking forward, championing the UK's enterprising SMEs with intent and imagination and keeping the wheels of British businesses turning.



Author details:
Robert Still, Managing Director –
Reward Asset Finance