

Backing Britain's Small Businesses

Funding Circle's 2025
Economic Impact

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About Oxford Economics

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on more than 200 countries, 100 industry sectors, and 8,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Headquartered in Oxford, England, with regional centres in New York, London, Frankfurt, and Singapore, Oxford Economics has offices across the globe in Belfast, Boston, Cape Town, Chicago, Dubai, Dublin, Hong Kong, Los Angeles, Mexico City, Milan, Paris, Philadelphia, Stockholm, Sydney, Tokyo, and Toronto.

We employ 700 staff, including more than 450 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists. Our global team is highly skilled in a full range of research techniques and thought leadership capabilities from econometric modelling, scenario framing, and economic impact analysis to market surveys, case studies, expert panels, and web analytics.

Oxford Economics is a key adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base now comprises over 3,000 international organisations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.



Foreword

Bridging the gap for Britain's SMEs

Small businesses drive Britain forward. They are the backbone of our economy and their ability to drive UK growth is dependent on their access to capital. Over the last decade, we've seen a radical shift in how UK businesses are funded. As traditional banks have retrenched, a diverse ecosystem of alternative providers has stepped up to fill the gap.

In 2025, 68% of SME lending came from alternative providers and challengers. As the UK's leading SME finance platform, Funding Circle is driving this growth.

We see every day how ambitious and adaptable SME Britain is. In the five years since the global pandemic, small businesses – from the restaurants and popcorn makers, to the furniture manufacturers and flooring suppliers – have proven their resilience and determination to grow.

Our mission is simple: to get small businesses the funding they need to win. Whether it's a long-term loan to open a new store, using FlexiPay to manage daily cash flow, or being rewarded for spending on our Cashback business credit card, we're increasingly becoming the trusted financial partner for our customers. And for us, the real win is the impact on the ground. We funded approximately 30,000 businesses in 2025, helping them navigate a mixed macroeconomic backdrop with resilience and optimism.

The data in this report from Oxford Economics tell a powerful story. They show that our lending supported a record

£7.9 billion contribution to UK GDP in 2025 and supported 117,000 jobs. To put that into perspective – every £1 million of lending through our platform contributes £2.7 million to GDP and supports 39 jobs. Our lending reaches every single parliamentary constituency in the country, ensuring that vital capital flows outside of traditional financial hubs and into the communities that need it most.

I'm incredibly grateful to our team of Circlers, our investors, and most importantly the entrepreneurs who inspire us every day. We're proud of the momentum we've built in 2025, and we remain resolutely focused on unlocking the potential of SMEs to power the UK's growth for years to come.



Lisa Jacobs
Funding Circle CEO



Executive summary

The landscape of UK SME finance has fundamentally shifted over the last decade. Today, the majority of SME lending (68%) originates outside the traditional high street banks. By combining advanced data analytics with seamless technology, alternative finance platforms are equipping businesses with the agile capital required to fund daily operations, invest, hire, and expand in a dynamic economic environment.

Funding Circle's economic footprint

Funding Circle plays a vital role in providing this access to capital. In 2025, Funding Circle's assets under management reached £3.0 billion. The business activity facilitated by these loans supported an estimated £7.9 billion contribution to UK GDP.

This total economic contribution sustained approximately 117,000 jobs across the UK, which is equivalent to one in every 320 UK jobs, or 0.3% of total UK employment. Furthermore, Funding Circle's lending supported an estimated £2.2 billion in tax revenues for the UK exchequer in 2025, an amount equivalent to the annual salaries of roughly 58,000 nurses.

Sector and regional distribution

This capital is purposefully directed into the physical economy. In 2025, Funding Circle's active loans were distributed across the retail and wholesale (22%), construction (17%), and professional services (11%) sectors. Geographically, the funding reached every parliamentary constituency in the UK, with an average (mean) lending volume of £2.0 million and a median of £1.8 million per constituency.

68%

The share of total SME lending that now comes from outside the main high street banks. British Business Bank, 2025.

£7.9bn

The contribution to UK GDP of Funding Circle's lending in 2025.

117,000

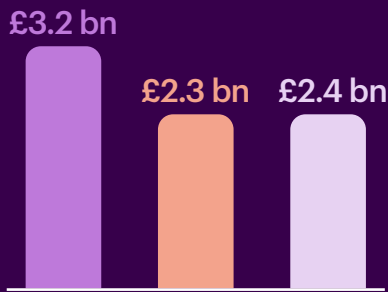
Total employment supported by Funding Circle's lending in 2025.

Funding Circle's impact in 2025

• Direct • Indirect • Induced

GDP contribution

£7.9 billion



Employment

117,000 jobs



Tax revenues

£2.2 billion



Every £1 million lent through Funding Circle ...

£ ... contributes **£2.7 million** to GDP

... supports **39 jobs**

... and generates **£0.7 million** in taxes

Backing every corner of the UK in 2025



Driving regional growth: We fund outside traditional financial hubs; in the **East of England**, Funding Circle accounted for **6% of SME lending**, nearly double the **3.4%** national average.



Local provider: In underserved areas we have become a critical source of credit – providing at least **25%** of all SME lending in constituencies such as **Warrington North and Bolsover**.



Revitalising the physical economy: **39% of our loans** flowed into core local sectors, empowering retail & wholesale (22%) and construction (17%) businesses to expand.

Lending through Funding Circle supported SMEs in all 650 UK parliamentary constituencies in 2025.

The total average lent per constituency was **£2 million**.





How our lending flows through the **economy**

Through issuing credit to SMEs, Funding Circle enables an economic impact in the recipient business. Funding Circle's customers generate profits, spend with suppliers, employ staff, and pay taxes. A proportion of these impacts are estimated to be attributed to Funding Circle's lending, as these loans enable the SMEs to sustain, invest in, and expand their business operations.

The multiplier effect

The £7.9 billion total contribution to UK GDP is the result of a dynamic economic multiplier, functioning across three distinct channels:

Direct impact (£3.2bn GDP | 56,000 jobs)

Funding Circle's total economic footprint starts with the business activities of its SME customers themselves (direct footprint). Through their own operations, Funding Circle's SME customers generate revenues, employ staff, and pay taxes. A proportion of these impacts can be attributed to Funding Circle's lending. In 2025, Oxford Economics estimate a £3.2 billion direct contribution to GDP was made by these businesses. An estimated 56,000 jobs were directly supported at Funding Circle's customers by its lending in 2025, along with £0.8 billion in tax revenues via the direct channel of impact.

Indirect impact (£2.3bn GDP | 33,000 jobs)

The indirect footprint measures the economic activity supported by its SME customers' spending with suppliers across the UK economy that could be attributed to their loan. We estimate this spending supported an estimated £2.3 billion indirect contribution to GDP across the UK in 2025. In addition, this spending supported around 33,000 jobs and £0.6 billion in tax revenues in the same year.

Induced impact (£2.4bn GDP | 28,000 jobs)

Funding Circle's lending also stimulates additional wage-induced economic activity. Oxford Economics estimate that Funding Circle's lending supported a £2.4 billion contribution to GDP in the UK through the induced channel of impact in 2025. This wage-induced activity also supported an estimated 28,000 jobs and £0.8 billion in tax revenues.

Growth capital vs. working capital

Funding Circle's range of lending products, including business loans, FlexiPay, and Cashback Credit Cards, are tailored to support SMEs across both their growth capital initiatives and their essential working capital requirements.

Business loans

In line with its overall lending portfolio, business loans accounted for 93% of the total contribution to GDP – equivalent to £7.3 billion.



FlexiPay & Cashback business credit card (CBCC)

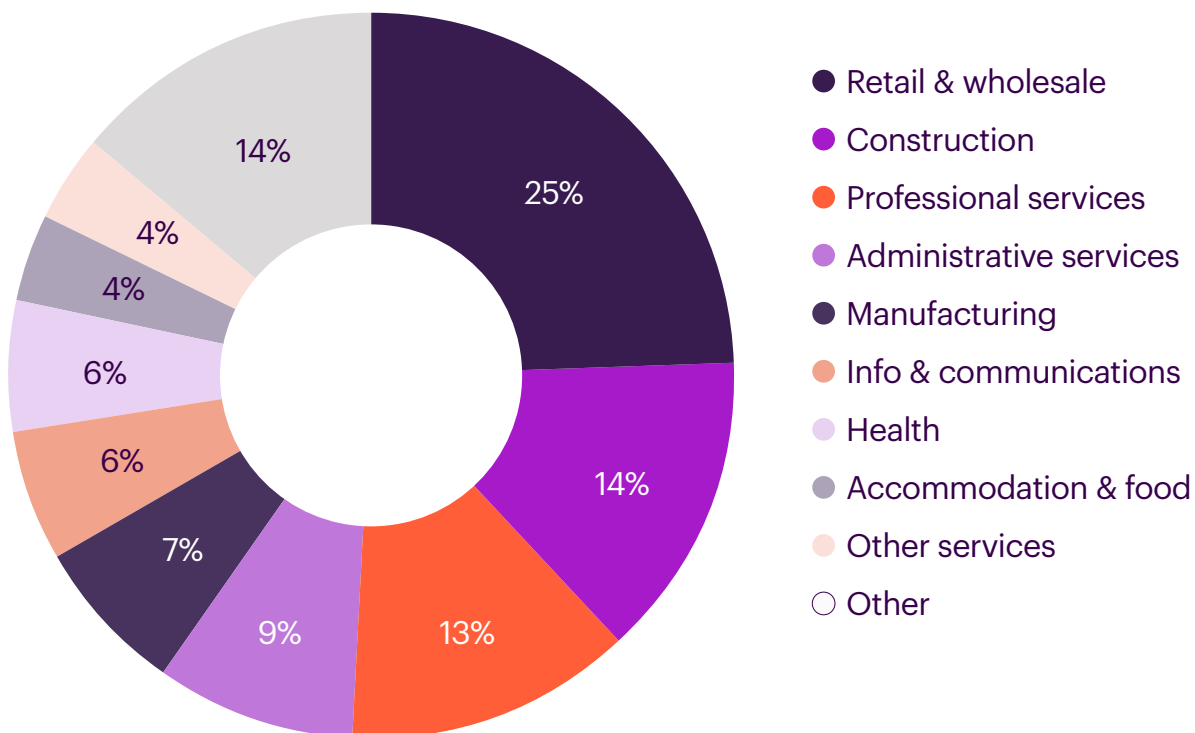
These products combined accounting for the remaining £0.6 billion.

Driving economic activity in core sectors

In 2025, Funding Circle's lending supported SMEs across the entire industrial spectrum. The largest direct GDP contributions in 2025 were generated by SMEs operating within retail and wholesale (25% of the direct GDP contribution), construction (14%), and professional services (13%).

Direct contribution to GDP by sector, 2025

% of total direct contribution to GDP



Source: Oxford Economics.

Backing every corner of the UK

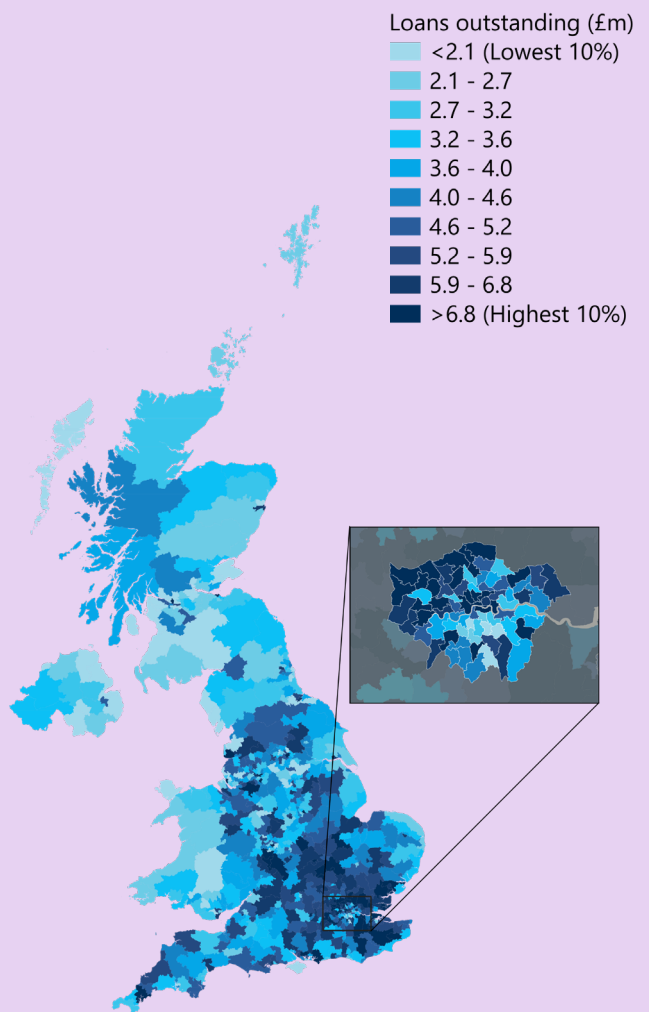
Historically, commercial lending in the UK has been disproportionately concentrated within London and major metropolitan hubs. Funding Circle is committed to ensuring vital capital reaches the resilient, ambitious businesses that anchor regional economies across the entire country.

In 2025, Funding Circle supported SMEs in every parliamentary constituency, with an average (mean) lending of £2.0 million per area.

Funding Circle's model allows it to reach parts of the UK that are traditionally less well-served by larger banks. As a result, it often overindexes in these regions; for example, in the East of England, Funding Circle accounted for 6% of total SME lending, compared to 3.4% across the UK on the same basis.

This regional strength is even more pronounced at a local level, where Funding Circle has become a primary provider of business credit in areas where traditional finance often struggles to meet demand. In parliamentary constituencies such as Warrington North and Bolsover, our platform provided at least a quarter of all SME lending in 2025, providing essential support to local growth.

Value of loans originated by parliamentary constituency, 2025



Source: Funding Circle, Oxford Economics.

Case study: Choc on Choc



Based in Bath, award-winning British chocolatier Choc on Choc is a standout example of the ambitious SMEs anchoring regional economies across the UK. Led by father-and-daughter team Kerr Dunlop and Flo Broughton, the business faced a classic “growth gap” while expanding from local boutiques to major retailers. Managing high-volume production for major holiday periods created lumpy cash flow, as the team had to handle large, upfront supplier invoices well before receiving payments from retailers.

To bridge this gap, Choc on Choc utilises FlexiPay to spread the cost of larger invoices, providing the financial agility to pivot toward high-margin growth. This has provided essential operational breathing room, smoothing out the financial impact of seasonal production spikes while

allowing the business to manage day-to-day operations and VAT payments without depleting cash reserves.

This flexibility has directly accelerated their direct-to-consumer strategy, enabling a significant increase in social media advertising spend that drives brand awareness and high-intent traffic. By securing the capital needed to transition from wholesale multiples to a digital-first model, Choc on Choc illustrates how Funding Circle helps resilient businesses outside traditional financial hubs contribute towards Funding Circle's £7.9 billion economic impact across the UK.





Business finance that backs you

About Funding Circle

Funding Circle (LSE: FCH) is the UK's leading SME finance platform. Since 2010, we have extended more than £17bn in credit to over 125,000 UK businesses, helping them power the economy and their communities.

By combining proprietary AI-powered credit models with a human touch, we provide a seamless experience that allows SMEs to borrow, pay later, and spend through a single ecosystem. For institutional investors, Funding Circle offers access to an attractive, underserved asset class through a platform built on deep data and a proven track record of robust returns.



Impact Report Methodology

Economic impact methodology

Data request

Funding Circle provided Oxford Economics information on the loans issued as of 31 December 2025. This included the unique loan ID, original loan amount, loan balance outstanding, sector of operation, postcode of the customer, balance sheet financials at the time of applying for the loan (total assets, total liabilities, and shareholder funds), turnover at the time of applying for the loan, and the loan origination date.

These values were provided for the “Loan Book”, “FlexiPay”, and “Cashback Card Line of Credit” (CBCC) products.

Data processing and model inputs

This data were then mapped using the postcode data by UK region and parliamentary constituency.¹ The SIC codes were also mapped to the economic sectors used within Oxford Economics’ Business Economic Impact Calculator (BEIC). The full dataset was then filtered to account for possible anomalies in the location data and the implied financials of the businesses.

Following the mapping and filtering process, the preparation of model inputs was split into four main steps:

1. Nowcasting the turnover and asset values in the raw data for 2025 based on trends in gross output by sector in the Office for National Statistics (ONS’s) data.
2. Applying sector-average ratios from the ONS data to estimate total employment costs, gross operating surplus, net taxes on production, employment, and procurement spending.
3. Applying the ratio of total outstanding loans to total assets to estimate the amount of the firm’s economic activity which could be attributable to Funding Circle’s loan.
4. Scaling these variables back up to the total value of the loan balance outstanding based on the aggregate dataset.

¹ONS, “National Statistics Postcode Lookup (August 2025) for the UK”, data downloaded January 2026.

Direct impacts

Direct gross value added and direct employment

To measure the direct contribution to GDP of the SMEs, the estimated total employment costs, gross operating surplus, and net taxes on production (as described above) were aggregated as per the income approach to national accounting.

The SMEs' direct employment was then estimated using the average sector productivity, which is the output generated per employee in each industrial sector. This was calculated using ONS data. The SMEs' turnover that is attributable to the loan is divided by this figure to estimate the number of staff directly employed by the SMEs which could be attributable to Funding Circle's loan.

Direct taxes

In addition to net taxes on production mentioned above, a wider set of direct taxes were also estimated. Corporation tax was calculated using the effective corporate tax rate as a share of the SMEs' gross operating surplus, sourced from HM Revenue & Customs Corporation Tax Payable data. Taxes on products as a share of gross spending were estimated using data from the ONS's published input-output tables. The ratios used in both cases were sector specific. The labour taxes paid by the SMEs, including PAYE income tax and both employer and employee National Insurance contributions, were estimated by applying the prevailing tax rates and thresholds to the estimated compensation of employees.

Indirect and induced impacts

Next, the indirect and induced impacts were calculated. From the starting point of the SMEs' total spending on third-party supplies, the pattern of this procurement spend was estimated by the sector of product purchased. This was done by adjusting the ONS's published Input-Output table, which details the inter-industry purchases throughout the economy, using data on the business characteristics of SMEs from the ONS's Annual Business Survey. The result is a bespoke matrix of transactions across the economy, from the perspective of a purchasing SME.

The vector of procurement from domestic suppliers by sector, excluding imports, was then input into Oxford Economics' BEIC, which is based on the entire pattern of transactions between industrial sectors (as found in an input-output table). The second key model input was the direct employment costs supported by Funding Circle's lending, which are used to estimate the wage-financed spending supported in the consumer economy through the induced channel.

The indirect and induced gross value added, employment, and tax impacts were then calculated within the model, which also incorporates the latest gross value added-to-jobs, tax-to-income, and tax-to-spending ratios, on a refined industry-by-industry basis.

The results show the economic contribution supported by Funding Circle's lending in 2025, based on all active loans under its management as of 31 December 2025. The results are therefore not cumulative, so do not show the economic impact of Funding Circle since its creation but instead capture all loans still active at this point.

The results of this study are presented on a gross basis. This means that the results do not control for any displacement of activity from Funding Circle's competitors. They do not consider what the resources currently used in supporting the Funding Circle's economic footprint could otherwise be productively diverted to.

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The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report in good faith. Any subsequent revision or update of those data will affect the assessments shown.

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