



Embargoed until: 00:01 3 March 2015

THE 'BRITTELSTAND': UK'S MID-MARKET VITAL TO JOBS AND GROWTH

*****UK mid-sized sector on par with Germany, France; ahead of US and China***
MMEs contribute twice as much to economy as financial services
New HSBC-commissioned study shows importance of MMEs internationally**

Mid-sized businesses are driving the UK economy more than previously realised, contributing almost twice as much to the economy as the entire financial services industry and more than any UK region outside London.

The insight comes from the most comprehensive international study so far of the Mid-Market Enterprise (MME) sector (defined as companies with a turnover of between \$50 and \$500 million), covering 15 key economies across the globe.

The study shows that rather than lagging far behind other countries, such as Germany's famed *Mittelstand*, the UK MME sector – or the *Brittelstand* – is among the largest in the world in relative terms, comprising more than 8,000 businesses and employing 3.4 million people.

The report, *Hidden Impact - The vital role of Mid-Market Enterprises*, commissioned by HSBC from Oxford Economics, shows:

- UK MMEs contribute more to the economy in Gross Value Added (GVA) terms than any British region outside London.¹
- The mid-market contributes more in terms of both growth and jobs than any single business sector. MMEs contribute almost twice as much to economic output as the financial services industry and three times as many jobs². In 2012, the finance services industry contributed 8.7 per cent to UK GVA and just over one million jobs, while the MME sector contributed 17.2 per cent in GVA and 3.4 million.
- The estimated contribution to economic output of UK MMEs is broadly on a par with that of Germany and France, and significantly ahead of those in the United States and China.
- The 3.4 million jobs created by MMEs in the UK represent 14.5 per cent of private sector employment and is on a par with the employment contribution of MMEs in France (14.2 per cent) and in Germany at 14.7 per cent.

Commenting on the report, HSBC's UK Head of Corporate Banking, Amanda Murphy, said:

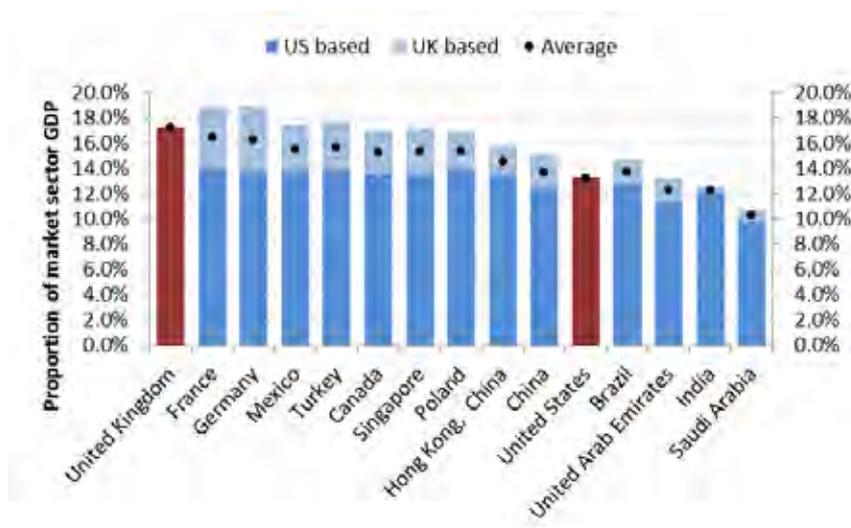
“UK mid-sized businesses are truly the backbone of the British economy, supporting millions of jobs and making a vital contribution to economic performance. As this study shows, the *Brittelstand* is among the leaders globally in terms of the support it provides the domestic economy – all too often this contribution has been underestimated, if not hidden.

“MME businesses display huge diversity across the country, from long standing family manufacturing firms to retail chains to dynamic R&D companies. But among the characteristics that unite them are the advantages offered by their scale – they tend to be more productive than small businesses, while also being more nimble and innovative than the largest firms. For that reason, it’s vital that all of us – from banks to Government – do more to understand and meet the specific needs of the sector.”

In detail: UK MMEs

- ONS data shows that the UK had 8,080 MMEs in 2012. These MMEs are estimated to generate \$1 trillion in turnover.
- The wholesale and retail sector is the largest component of the MME segment when measured by turnover, with \$0.31 trillion in turnover.
- However, MMEs in the business services sector contribute more in terms of both Gross Value Added (GVA) and employment than any other sector.

Estimated MME direct impact as a % of GDP by country³



For further information please contact:
Matthew O’Toole

Direct: 020 7991 9205
Mobile: 07796702717
Email: matthew.j.otoole@hsbc.com
Twitter: [@HSBCUKBusiness](https://twitter.com/HSBCUKBusiness)

For the latest updates, visit the **UK Business Press Office social media newsroom**:
<http://www.newsroom.business.hsbc.co.uk>
<http://twitter.com/HSBCUKBusiness>

Notes to Editors:

1. HSBC commissioned Oxford Economics to study the size and composition of the MME sector in 15 economies across the globe - Brazil, Canada, China, France, Germany, Hong Kong, India, Mexico, Poland, Singapore, Saudi Arabia, Turkey, UAE, UK and USA.
2. Oxford Economics define the MME market as enterprises that had recorded earnings of between \$50m and \$500m. The estimates relate to the size of the market in 2012.
3. An explanation of Oxford Economics' methodology is available in the Annex of the full report, *Hidden Impact - The vital role of Mid-Market Enterprises*.

The HSBC Group

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from over 6,100 offices in 73 countries and territories. With assets of US\$2,634bn at 31 December 2014, HSBC is one of the world's largest banking and financial services organisations.

HSBC Commercial Banking

For nearly 150 years we have been where the growth is, connecting customers to opportunities. Today, HSBC Commercial Banking serves businesses ranging from small enterprises to large multinationals in almost 60 developed and faster-growing markets around the world. Whether it is working capital, trade finance or payments and cash management solutions, we provide the tools and expertise that businesses need to thrive. With a network covering three quarters of global commerce, we make HSBC the world's leading international trade and business bank.

For more information see www.hsbc.com/1/2/business-and-commercial

¹Based on Office for National Statistics (ONS) Regional GVA data:
<http://www.ons.gov.uk/ons/rel/regional-accounts/regional-gross-value-added--income-approach-/december-2013/stb-regional-gva-2012.html#tab-Summary>

²Based on ONS Business Register and Employment Survey data:
<http://www.ons.gov.uk/ons/rel/bus-register/business-register-employment-survey/2013-provisional/stb-bres-2013-p.html#tab-1--Key-points>

³Dots indicate mid-point of estimates of MME sector contribution to GDP