

**FSB - Federation of Small Businesses**

# Financial Resilience Toolkit



**HSBC UK**

| Opening up a world of opportunity

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# Our partnership with FSB

HSBC UK is proud to support SMEs across the UK and we are very excited to partner with the Federation of Small Businesses (FSB) to support businesses in becoming more resilient as part of our commitment to support the financial health of the UK.

There are 5.6 million SMEs in the UK today and we expect a further 3 million companies will be established between now and 2027. Small businesses are critical to driving innovation and growth into the UK economy.

As a business owner, we know you are extremely busy running and growing your business and sometimes it can be challenging to take a moment to step back and plan for what's ahead. This is particularly important given the pace of change and the increasing need for businesses to be more agile and resilient to external factors and risks.

This digital workbook has been designed to help bring these risks to life; and provide tools and resources for you to help protect yourselves, your employees, and your business with regards to the following:

- Protecting against the ever-increasing threats posed by Fraud and Cybercrime.
- Handle market demands at a macro-economic level and the impact these could have on business.
- Manage finances through the lifecycle of your business, accessing finance and planning for the future.

Please do take the time to read through this workbook and make use of the tools available. We hope it will help you protect your business and enable you to continue to grow.

Tom Wood

**Head of SME & Business Banking, HSBC UK**

# FSB and HSBC

FSB is delighted to extend its relationship with HSBC to deliver this comprehensive toolkit designed to bolster the financial resilience of small businesses.



“Small businesses often face unique challenges due to limited time and resources which can make it difficult to prioritise financial planning and protection. That’s why we’ve created this toolkit specifically for you.

We’re confident it will equip you with the knowledge and tools you need to navigate financial complexities, make informed decisions, and build a resilient future for your business.”

Caroline Lavelle

**Chief Commercial Officer, FSB**



**Section 1:**

# Fraud and Cybercrime

Unfortunately, financial crime affects all types and sizes of organisation. This section will talk you through the most common types of financial crime to be aware of.

There are many types of fraud, and criminals' methods are constantly changing. For example, your small business may be targeted, by imposters, in person or through emails, phone calls, letters or websites.



# Remote Access Takeover

Remote Access Takeover is where fraudsters use a telephone scam to gain access to your bank account.

There are many types of fraud, and criminals' methods are constantly changing. For example, your small business may be targeted, by imposters, in person or through emails, phone calls, letters or websites.

## **What happens next?**

Fraudsters can spoof genuine phone numbers of organisations/banks and even mirror verification procedures of genuine organisations.

They'll know your personal and business information and pretend to be your bank's fraud team advising about fraudulent payments on your account. They may even say that a member of staff from the bank is committing fraud, and they need your help to aid law enforcement and catch them.

The fraudster may already have your online banking log on details or persuade you to provide them on the call. They'll ask for your online banking authorisation codes to stop fraudulent payments/secure your account. These codes are used to make fraudulent payments.

They may ask you to visit a website and download a chat portal, that is actually remote access software (e.g. Team Viewer or Anydesk).

Once the software is downloaded, the fraudster will socially engineer you to log on to your online banking then take control of your machine and make your screen go black. They'll then register a new device on your online or mobile banking.

The fraudster will process a small fraudulent payment and then send the funds back with the payment description of 'refund' to convince you that you're speaking with your bank. Several weeks later when you don't expect it, they'll process larger fraudulent payments.

**Tips to protect your business:**

1. Before conducting a scam, fraudsters may make numerous phone calls to your business to obtain information. These are often small bits of harmless information that fraudsters use to gain your trust and trick you, such as: names of staff members and suppliers, and details of projects or invoices due.
2. Phone numbers can be spoofed. If you're concerned you are not speaking to the genuine organisation, hang up the call and call the organisation back on a known phone number using a different phone.
3. Remember HSBC does not need you to give passwords, one-time passcodes or online banking authorisation codes to make payments on your behalf and we would never ask you for them.
4. HSBC will never ask you to download remote access software to take control of your account.
5. HSBC will never ask you to transfer funds to a 'safe account'.
6. HSBC will never ask you to take part in a staff investigation.



## Business Email Compromise ("BEC")

Business Email Compromise ("BEC") is a type of authorised payment fraud where either a business' email account is compromised (hacked) or a very similar email address is set up with subtle differences.

### **What happens next?**

A payment is requested via the compromised or spoofed email account, which could be an expected payment/invoice. The email will have a sense of urgency and the request will include new bank details. The email may even contain an original email trail.

Another form of BEC is CEO Fraud where a fraudster pretends to be a senior leader in an organisation and instructs payments.

### **Tips to protect your business:**

- 1.** Email addresses and accounts can be compromised/hacked and emails can carry on from previous email trails.
- 2.** Email addresses can also be spoofed where a similar email address is set up imitating the original one with very subtle differences that can be hard to spot.
- 3.** All changes to bank account details that are received via email should be verified by phone, by calling a known contact or using a number on the company's official website.
- 4.** Always confirm the actual sort code and account number.

| Emails can be compromised by cyber attacks such as opening a phishing email and malware being downloaded on the systems.





# Five top tips to protect your business

## 1. Employee training

Employees are often the first point of contact and a cost-effective method of security. Provide regular training on fraud and scam prevention and cyber security to employees, like phishing email simulations (pen testing), case studies and the HSBC fraud and cyber awareness app. You should also have a procedure in place for staff to escalate concerns.

## 2. Use two/multi factor authentication

Activate multi-factor authentication on all accounts where possible as this makes it harder for accounts to be compromised.

Multi-factor authentication will ask for multiple types of verification like: passwords, passcodes, biometric identification (face, voice, fingerprint ID), one-time passcodes, token devices or security questions.

## 3. Use defence in depth method

Have multiple layers of defence rather than relying on one source of protection, like: firewalls, network segmentation, intrusion prevention or detection systems, and data encryption techniques.

## 4. Have a response and a recovery plan

Have a cyber security incident response and recovery plan, like those found on the National Cyber Security Centre website.

You should test the plan to make sure it's effective and implement a plan so senior staff know what to do in the event of a cyber security incident.

## 5. Use a Virtual Private Network (VPN)

VPNs are systems that give you online privacy creating a private network between devices and computer networks when using a public internet connection.

VPNs mask your internet protocol (IP) address, so your online actions are virtually untraceable, and create an encrypted tunnel for your data to pass from point A to point B. You can get free or paid versions.

## Generative AI and Fraud

Fraudsters may use generative AI to scam people and businesses. To help protect yourself, it's important that you understand the different types of scams and what to look out for.

### What's AI?

Artificial Intelligence (AI) is technology that allows computers to perform tasks and make decisions like a human. AI tools make these decisions by learning, they do this by analysing large amounts of data and looking for patterns.

These decisions improve as the AI tool takes in more data. With enough data, an AI tool can make decisions like how a human would. This helps scammers try to impersonate people or businesses.

### What's the difference between traditional and generative AI?

The difference lies in what it can do:

- **Traditional AI** – analyses data to make predictions.
- **Generative AI** – analyses data to create new content like text, images, and audio. An example of a generative AI tool is Chat-GPT.

## How could generative AI help fraudsters?

**Enhanced email phishing** - While most scam emails are still basic, fraudsters could use generative AI to create more sophisticated emails that are perfectly written, and even copy the tone of voice of trusted people or businesses. This could make phishing emails harder to spot.

**Voice spoofing** - Voice spoofing (or voice cloning) uses generative AI to copy a person's voice. The copied voice can then say certain phrases or act as a chatbot. Compared to other scams, voice spoofing is rare. However, this technology could help fraudsters to enhance the effectiveness of their scams.

**Deepfakes** - A deepfake uses generative AI to copy the appearance and voice of a person. Deepfake videos can be convincing, usually showing the copied person saying things they've never said. Like voice spoofing, deepfake scams are rare. You're more likely to see a deepfake of a celebrity than someone you know personally.

## How can you protect yourself against these threats?

- Always check and validate information you receive in emails.
- Hang up and using a different phone, call the person using a trusted number such as the one on the back of your card. Never use a number provided in an email.

- Always check information you see online, especially in forums or websites where anyone can post.
- Be mindful of emails, phone calls, and videos that want you to act quickly – this is often a sign of a scam.
- Where practical conduct your business in person, especially if instructing large payments.

## Here's a few things to look out for to spot a deepfake:

- **Blinking** – a deepfake might not blink normally.
- **Poor lip synching** – deepfake lip synching might be poor.
- **Poor rendering** – a deepfake might have strangely lit teeth and jewellery.
- **Blurred edges** – a deepfake may have flickering edges around their face.

These tips are useful when looking at deepfakes in lab conditions, but spotting a deepfake online may be harder.

## Useful resources

### **National Cyber Security Centre (NCSC)** >

- HM Government Department.
- Free resources via their website.
- Example cyber security incident response and recovery plans.
- One-page infographics ideal for sharing around your business.
- Cyber Essentials & Cyber Essentials Plus.
- Free training module for employees.
- Free 'Check your Cyber Security Tool' identifies common vulnerabilities in your public-facing IT.
- Report suspicious websites.

### **HSBC Business Banking Fraud Centre** >

- Information on fraud and scams.
- Fraud and scam reporting information.
- Information on upcoming fraud and cyber awareness webinars.
- Recordings of previous webinars.
- Payment Fraud e-learning.
- Account Takeover and Business Email Compromise Infographics.
- Fraud guides and checklists for making payments.

### **159 reporting** >

- Call 159 was launched by Stop Scams UK as an easy to remember way to report fraud to your bank, it will connect you to your bank safely and securely.



**Section 2:**

# Sustainability and business resilience

As economies decarbonise and transition towards a net zero world, the need for businesses to be more sustainable and resilient creates new risks and opportunities for growth.

Taking the first steps towards putting your business on the path to sustainability can seem intimidating, but it doesn't have to be.





## How is sustainability an opportunity for your business?

Consumers often value sustainability as part of their purchasing criteria and may also consider sustainable investing to be important to them.

For large firms, the emissions of their suppliers may be the most significant part of their carbon footprint. As such, SMEs are increasingly expected to align with the net zero agendas of these larger firms.

Increasing regulatory requirements means developing a sustainability strategy is important for firms of all sizes to consider. The UK has published its Net Zero Strategy, setting out policies for decarbonising the economy to meet Net Zero targets by 2050.<sup>1</sup>

1. [commonslibrary.parliament.uk/research-briefings/cbp-9888](https://commonslibrary.parliament.uk/research-briefings/cbp-9888)



## What does 'Net Zero' mean?

The UK was the first major economy to create a legally binding target to bring greenhouse gas emissions to Net Zero by 2050.

Net zero means that the UK's total greenhouse gas emissions would be equal to or less than the emissions the UK removed from the environment. Achieving net zero will require change in every sector of the economy.

'Sustainability' and 'Net Zero' are often used interchangeably. Sustainability is a broad concept encompassing the actions you can take as a business, whereas net zero is a goal of these actions.

The United Nations define sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." We look at this under three lenses, Environmental, Social and Governance.

Knowing where to start on your sustainability journey can feel daunting.

A good place to start is by understanding which sustainability challenges are the most relevant for your business.

Once you're clear on the areas where you'd like your business to focus, it will help if you obtain a baseline of current sustainability performance – e.g. your energy use, carbon emissions, waste generation and workplace diversity etc. You should then be able to set performance targets that demonstrate how your business intends to improve over time.

You may decide to publicly disclose your targets and report against your progress. Actively disclosing ESG performance could help to:

- focus your sustainability plan;
- differentiate your business;
- create new commercial opportunities;
- address regulatory requirements.

## What are sustainability KPI's?

The next stage in effectively measuring sustainability is agreeing on business-wide Key Performance Indicators (KPIs). These are a simple way to measure your SME's sustainability performance. They involve deciding upon sustainability targets and monitoring your progress towards them.

### **Typical sustainability KPIs include a mix of:**

- Reduction of greenhouse gas emissions;
- Increasing workplace diversity;
- Reducing energy consumption;
- Increasing renewable energy usage;
- Decreasing supply chain miles;
- Reducing waste;
- Increasing community investment and volunteering.

Measuring and reporting on progress in these key areas is a great way to assess the overall sustainability performance of your business.

### **This list offers a good starting point for any SME looking to identify their sustainability priorities:**

- Benchmark your workplace emissions. For example, you could assess your typical monthly energy usage, decide what can and can't be recorded, and record this benchmark when setting sustainability targets.
- Start to assess any carbon emissions and consumption relating to your supply chain. Contact suppliers for accurate metrics and then consider alternative distribution methods if these measurements are high.
- Measure your waste production. What percentage of your waste is recycled?

It is important to remember that trying to measure and record everything entirely accurately is not always possible, however, getting an overall sense of your SME's carbon footprint is an important first step.

## Other steps you could take include:

- Change to a green energy tariff to increase the amount of renewable energy you use;
- Switch all or part of your fleet to electric vehicles;
- Consider retrofitting your premises;
- Collaborate with other organisations;
- Replace bulbs with more efficient light-emitting diode (LED) alternatives;

And of course, don't forget to encourage efficient working practices, such as turning off lights and electrical equipment when not in use.

**HSBC's Sustainability Tracker can help you turn ideas into action >**



## HSBC Sustainability Tracker

Our HSBC Sustainability Tracker offers tailored suggestions and tangible actions which can be implemented with our support, to help you create a more sustainable business across your operations, energy use, and products.

### **HSBC's Sustainability Tracker will help you:**

- Self assess how sustainable your business is today.
- Understand how you compare to similar businesses.
- Discover the business benefits sustainability will bring to your organisation.
- Receive actionable suggestions on how you can transition to a more sustainable business.
- Access additional sustainability resources and insights.
- Measure via your personalised action dashboard to help you continuously improve.
- Take the next step with support from our solutions and your Relationship Manager if you have one, or email [contactus.sustainability@hsbc.com](mailto:contactus.sustainability@hsbc.com)



Register Today





**Section 3:**

# How to trade internationally

Trading internationally can benefit businesses of all sizes, but many smaller businesses feel overwhelmed and put off by the implied complexity surrounding it.



## What is International Trade?


International trade is the exchange of goods and services between countries. For example, the United States might import cars from Japan while exporting textiles to Germany. This exchange enables nations to access products not readily available domestically.

## How does international trade work?

International trade works through trade agreements and regulations that ensure fairness. Countries trade to access products not available locally, or to sell what they produce in surplus. Payments can be made using various currencies, with exchange rates determining the value.

We speak to Stefan Johnson, Business Development Manager for Global Trade Solutions at HSBC UK, who cuts through the noise and shows the key steps to getting started on your journey to global trade.

Gone are the days when trading overseas was the preserve of big businesses says Stefan. But, while the mechanisms to achieve that are readily available and the potential for businesses to reach more customers, spread risk and improve profit margins are clear, Stefan agrees that “it can also appear quite daunting”.



“Today, technology and the global reach of banks like HSBC, means that times have changed, and small businesses too can leverage imports and exports to help them grow.”

Stefan Johnson

**Business Development Manager, HSBC UK**

## Why do businesses trade internationally?

International Trade can expand your customer base, access new markets, diversify offerings, reduce costs, and leverage favourable conditions.

For example, a product producer might find increased demand in overseas markets.

However, it's not without challenges—fluctuating exchange rates, cultural barriers, or logistical issues. Successful mitigation involves thorough market research, careful planning, and strategic partnerships. Despite the complexities, international trade is thriving, providing vast opportunities for businesses ready to navigate its waters.

From Stefan's experience of supporting small and medium-sized businesses to start and grow their overseas trade, he shares some key insights on how you can overcome the challenges, secure the benefits and help your business unlock the opportunities of global trade.

### 11 Steps to trade internationally

- 1. Create strong foundations.** "Establish yourself in your home market," he says, "that gives you a deep understanding of your business and a secure base for expansion."
- 2. Think about what you want from global trade.** "Are you looking to reduce your production costs by sourcing materials more widely," says Stefan, "or increase sales by accessing more customers? Or perhaps you could iron out some of the seasonality of your business..."

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- 3. Build international Trade Relationships.** “Building relationships with foreign companies and with banks and other institutions helps create a strong network,” says Stefan. Trade events can be a good starting point he explains, recalling one food sector customer who met a distributor from a large chain at a trade show. “Off the back of that conversation, they started selling into that retail chain, who loved the product so much that they decided to sell it in their stores in other countries. Having a good product and building relationships opened doors to new markets for them.”
  - 4. Seek information.** Stefan states that the UK Export Finance (UKEF) and the Department of Business and Trade are good sources of information and support. “While smaller businesses might not have the same leverage when it comes to negotiations, understanding your options around trade finance, credit protection and the use of guarantees, can help level the playing field.”
  - 5. Understand your trading market.** “It could be as simple as understanding local time zones,” says Stefan, “...a failure to understand local rules could be costly, so reaching out for advice from your bank, chamber of commerce or accountant will be worthwhile.” Trade Expos or country guides can be a good starting place.
  - 6. Understand currency payments.** “Foreign exchange can feel like a risk, but careful planning can help to reduce that. Understand what currency you need to make or receive payments in, and what steps you can take to reduce exposure to any volatility,” with recent supply chain challenges, Stefan says that more and more UK businesses are looking to diversify their supplier risk. “We’re seeing businesses that have previously always purchased from the UK now looking to ship from Turkey or China... but businesses also need to factor in any change in the future.”
  - 7. Think about your whole trade cycle.** “There may be opportunities to streamline your trade cycle,” Stefan says, “one customer, for example, found a supplier in Turkey who will ship directly to their customer in Germany. Goods go overland so there’s reduced cost and less risk of extreme weather events, there’s no customs impact and no exchange rate concerns as everything is in euros.” Speaking to an accountant or tax advisor can help you review your options.

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- 8. Build a sustainable trade cycle:** “We have seen examples of Business Banking and Mid-Market Enterprise clients coming under pressure from large buyers/suppliers to improve their ESG credentials, and in some cases, they have been cut out of supply chains. As such there is also a benefit in reviewing a sustainable trade cycle as it can assist in strengthening positive impact on reputation and credibility,” says Stefan. “Providing greater resilience to market disruption caused by climate change can also help you gain access to a more diverse pool of investors, particularly those seeking investment with a positive environmental or ESG focus.”
- 9. Explore different models.** You don’t have to have a big office or a big warehouse or large-scale infrastructure to trade, just a product or service that others want. “A growing number of customers are building relationships with third party warehousing or logistics providers and they’re essentially working from home with a couple of members of staff and growing their business through a streamlined process,” says Stefan.
- 10. Keep an eye on the rules.** Rules change but working with the right advisors can help keep you on the right track. “Think about policy and standards holistically, especially in relation to how the path to a net zero transition will impact your business,” says Stefan. Many businesses are aware why and how rules are changing but sometimes lose sight of ‘when’ which can subsequently cause unnecessary pressure/ demands or in some cases hefty penalties.
- 11. Ask for international trade support.** “A lot of businesses avoid expanding because they think exporting or importing is confusing and time-consuming, so they stay in their lane. And it’s a shame because there’s so much growth potential. The challenges you may think are overwhelming can be easily managed with the support of partner organisations, like your bank or UKEF, which is freely available. So don’t miss out on the chance to strengthen or grow your business.”



## The Department for International Trade (DIT) can help your business to grow in new markets.

Visit [great.gov.uk](https://great.gov.uk) to:

- Create an export plan
- Identify high-potential markets for your products
- Access free online lessons to build your knowledge of selling internationally
- Search and apply for live export opportunities
- Explore e-commerce options and support to sell online internationally, and
- Explore finance and insurance options from UK Export Finance.

Other support on offer includes:

- HSBC UK x WIRED

[How To Unlock Global Opportunities | WIRED](#)

[How To Build A Powerful Digital Toolkit | WIRED](#)

[How To Master International Payments | WIRED](#)

- Tailored export support – you could receive bespoke help from your local trade office.
- UK Export Academy – a free, comprehensive training offer featuring masterclasses, mentoring and roundtables, events – register for seminars, workshops and trade shows at [events.great.gov.uk](https://events.great.gov.uk).
- UK Tradeshow Programme – you can apply for help to attend, or exhibit at, overseas trade shows and conferences, potentially including grants to offset some costs.
- Export Support Service – a single point of contact to help you export to Europe, available at [gov.uk/ask-export-support-team](https://gov.uk/ask-export-support-team) and on 0300 303 8955.
- Internationalisation Fund (England only) – English businesses may be eligible for a grant of up to £9,000 to offset costs associated with exporting, including market research, translation and social media.

## Section 4:

# Further information and useful resources

## Business Finances

We appreciate in the current economic climate running a business can be challenging. In October 2022 we surveyed SME's to understand how the rising cost of doing business is affecting companies and their employees.

We have a range of resources and tools available here:

[Money Worries | HSBC UK](#) >

## Personal Finances, dealing with the rising cost of living

If you're worried about your budget being squeezed by higher household bills and other everyday costs, have a look here, you'll find ideas on how to cut back on spending and ways to reduce the stress.

[Financial Fitness | HSBC UK](#) >

## Global Research HSBC

We have the expertise to help institutional and corporate clients –navigate these uncertain times. Our award-winning analysts produce more than 13,000 reports each year with topical, timely and relevant insight on everything from currency movements to commodities, bond yields, global stock markets, macroeconomics, and technology trends.

[Watch Global Research Video](#) >

## The Scale Up Knowledge Hub

Looking to scale your business? Visit the WIRED Trailblazers knowledge hub - an essential source of information and inspiration for mid-sized businesses to fuel your growth.

[The Scale-Up Knowledge Hub | WIRED](#) >

## Insights

The public hub allows you to read the journeys some of our customers have been on.

[Insights | HSBC UK](#) >

## Accessibility

If you need any of this information in a different format, please let us know. **This includes large print, braille, or audio.** You can speak to us using the live chat on our website, by visiting one of our branches, or by giving us a call.

There are also lots of other options available to help you communicate with us. Some of these are provided by third parties who are responsible for the service. These include a Text Relay Service and a British Sign Language (BSL) Video Relay Service, to find out more please get in touch. You can also visit: [hsbc.co.uk/accessibility](https://www.hsbc.co.uk/accessibility) or: [hsbc.co.uk/contact](https://www.hsbc.co.uk/contact).

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