

How business adoption of AI can power UK economic growth

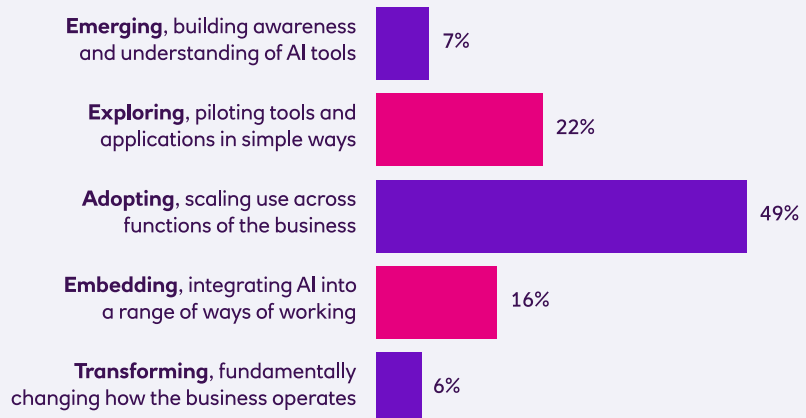
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Businesses are at different stages of adoption

NatWest's research suggests that AI adoption across businesses is best understood as a series of stages, ranging from '**emerging adopters**' to '**transforming adopters**' at the most advanced stage. This chapter deep dives into the 44% of businesses already using AI. Within this group, businesses fall into five maturity stages, reflecting how broadly and deeply AI is embedded across their operations.

The stages of business adoption



Adoption stages explained

Emerging adopters are beginning to experiment with AI in isolated use cases.

Exploring adopters are testing AI in selected areas to save 1-10% of working time, but have not yet started embedding.

Embedding adopters are integrating AI across multiple functions, unlocking broader operational benefits.

Adopting companies are deploying practical AI use in one or more functions. AI has moved beyond experimentation and is beginning to shape day-to-day operations, delivering measurable efficiency gains and supporting core business processes.

Transforming adopters often report average time savings of 61-70%, reinforcing that the biggest productivity gains come when AI becomes embedded across how organisations operate rather than being confined to individual tasks.

This mirrors the wider pattern across UK businesses: those making the greatest progress are combining technology adoption with organisational readiness, investment and management choices to move from experimentation to business-wide transformation. Scale is an important part of this picture: headcount alone explains 39% of the variation in AI maturity, compared with just 8% for region.

Importantly, the impact of AI is not limited to efficiency or reducing existing workloads. At earlier stages of adoption, businesses can also create opportunities to develop new roles, skills and capabilities as they build the organisational capacity needed to use AI effectively. For example, 27% of **exploring** businesses are adding jobs, 21% are reducing them. Companies in the **adopting** category are even more likely to be hiring: 35% of firms in the mid-stage of adoption reported net increases in workforce.

The benefits of AI also become broader as adoption matures. Businesses further along the adoption journey are more likely to report improvements not only in efficiency, but also in innovation, customer acquisition, revenue growth and profitability. Many describe AI as creating capacity to take on more work, respond more quickly to customer needs and bring new products and services to market faster.

Smaller businesses risk missing the growth opportunity

A key finding throughout the research is that the benefits of AI are unlikely to be evenly distributed. SMEs are often found at the lower end of the adoption scale, which means they risk missing out on the productivity and growth benefits associated with deeper adoption.

Larger organisations typically have greater access to talent, data, investment and technical expertise. That gives them an advantage in moving from experimentation to embedded adoption. Even within the firms surveyed, businesses with more than 100 employees are nearly twice as likely to be using AI as smaller firms, reflecting these differences. Smaller firms face different challenges, often relying on low-cost, free or bundled products rather than dedicated AI budgets. Meanwhile, mid-market firms with a turnover above £25m are 67% more likely to be **transforming** adopters.

Barriers to wider adoption remain, and include:

Skills gaps:

Many businesses lack the digital skills needed to deploy AI confidently, with access to the right skills and investment capacity emerging as key differentiators in AI maturity.

Concerns about cost:

Smaller firms are often constrained by budgets, relying on low-cost, free or bundled AI tools, while larger businesses are more likely to have dedicated AI investment.

Uncertainty about which tools to use:

Many organisations are still working out which AI tools will deliver the greatest value and how to move from isolated pilots to wider business adoption.

Limited in-house technical expertise:

Organisational readiness and management choices are proving just as important as sector or geography in determining whether businesses can scale AI effectively.

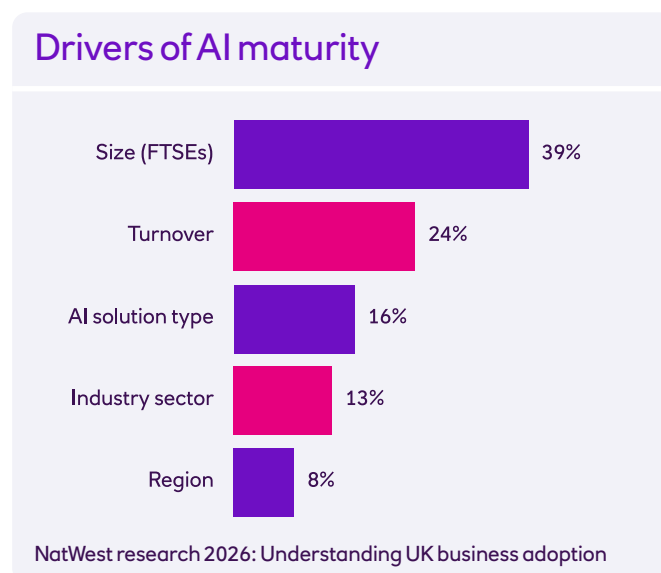
Questions about security, trust and governance: Businesses also need confidence that AI can be introduced responsibly, with appropriate oversight, governance and safeguards as adoption becomes more embedded across operations.

UK growth will depend on adoption across every region

It is businesses, entrepreneurs and communities that ultimately decide how quickly AI is adopted and where the benefits are felt.

This means the growth opportunity is not confined to major technology centres. There is clear potential across every nation and region of the UK. Indeed, our research suggests that geography alone is not a major factor determining AI maturity. Region explains only 8% of the variation between similar firms in AI use, compared with 39% for headcount and 24% for turnover.

More than geography, local industrial strengths, skills, leadership, confidence and business size are likely to play a bigger role in determining which areas benefit most from AI. This means the regional growth story is less about one part of the UK being naturally better placed than another, and more about the local conditions that help businesses adopt AI successfully.



Places with concentrations of specialist industries, universities, skilled workers and major employers may be better positioned to capture AI-enabled growth, while areas with a higher concentration of smaller firms or less AI-mature sectors may need more focused support. For example, areas like Derby, Hull and North Lincolnshire are among the places with the highest concentrations of business activity in the construction, transport, storage and manufacturing sectors which are less likely to use AI².

This is reflected in the data. Businesses across every nation and region report positive outcomes from AI adoption, including stronger efficiency, innovation and commercial performance. While the specific benefits vary between places, the findings suggest AI is already supporting growth across the UK in ways that reflect the strengths of local economies.

Adoption across the UK

North West

86% of respondents reported increased efficiency and 80% increased innovation. Around two-thirds reported higher revenue and profitability as a direct result of AI.

Scotland

82% reported increased efficiency and 80% increased innovation. 60% reported higher revenue and 66% higher profitability as a result of leveraging AI.

North East*

Respondents highlighted stronger business performance, with AI helping firms improve efficiency (87%) and profitability (73%), and innovate more (71%)*

CASE STUDY: Newcastle-based Transmission Dynamics is an engineering and technology customer that uses AI-powered monitoring and predictive maintenance tools to identify faults in rail and infrastructure assets before they occur.

Northern Ireland*

77% of businesses pointed to efficiency and 71% profitability as being the clearest gains from AI adoption.

Wales*

Firms highlighted how AI was supporting efficiency (80%), innovation (73%) and revenue growth (59%)*.

CASE STUDY: Wales-based AI-powered learning platform, Academii, from NatWest's Accelerator, is helping organisations close skills gaps and future-proof their workforce. Its AI and VR-supported training with SSEN (a NWG customer) is helping frontline workers build skills, confidence, productivity and safe working practices in practical operational roles.

Yorkshire & Humber

86% of businesses reported benefits not only for efficiency and innovation (76%) but also for employee experience and ways of working, with 70% of businesses citing it as a benefit – the third highest in the region.

East Midlands

Businesses reported that AI was improving efficiency (87%), as well as employee experience (75%) and improved innovation (75%).

East of England

Alongside efficiency (80%) and innovation (76%), businesses highlighted AI's role in attracting new customers, alongside wider growth benefits and employee experience.

West Midlands

87% reported increased efficiency, 84% increased innovation, 70% increased revenue and 75% increased profitability.

South East

83% reported increased efficiency and 75% increased innovation. Around two-thirds reported higher revenue and profitability.

London

83% reported increased efficiency, 81% increased innovation, and around seven in ten reported higher revenue and profitability.

South West

The strongest theme was productivity with 91% of businesses reporting substantial efficiency gains and greater capacity for innovation (73%).

Total businesses: 1,360

Regions: Northern Ireland: 66 • Scotland: 125 • North-West: 168 • North East: 55 • Yorkshire & Humber: 76 • Wales: 59 • West Midlands: 111 • East Midlands: 84 • South-West: 81 • South-East: 169 • East of England: 79 • London: 287

* Regions with lower sample sizes

How NatWest is helping businesses move from experimentation to impact

If the UK's economic opportunity depends on meaningful adoption, helping more businesses build the confidence and capability to adopt AI becomes an economic as well as a technological challenge.

NatWest support for business AI adoption and growth



NatWest's role goes beyond providing finance. Helping the UK capture the benefits of AI requires support at two levels. First, helping businesses adopt AI, build skills and invest in the tools they need to become more productive and competitive. Second, supporting the innovators, entrepreneurs and early-stage businesses developing the next generation of AI solutions that will in turn help businesses grow, solve customer challenges and strengthen the UK's AI economy.

The bank increasingly helps bring together businesses, expertise, networks and opportunities, allowing customers to access the support they need to grow.

- **Sector specialists and industry expertise** – providing industry insight, practical guidance and tailored support to help businesses identify and adopt AI opportunities
- **Lending to support technology investment** – including through Lombard Technology, which helps businesses invest in the technology they need to grow, innovate and adopt AI, without the challenge of large upfront costs
- **Mid-market customer roundtables with Lancaster University** – to be delivered in partnership with Lancaster University, a three-part AI events programme to help mid-market businesses understand AI, identify growth opportunities and build AI-ready organisations.
- **Regional Accelerators** – connecting entrepreneurs, early-stage businesses and innovators with mentoring, commercialisation support, peer networks and practical business expertise, it helps promising ideas become scalable companies. New ambition to deliver 5,000 AI learning and adoption engagements in the next year.
- **University partnerships** – collaborations with the Universities of Edinburgh, York, Oxford, Manchester and Brighton and Wolverhampton designed to address challenges with translating world-class research into successful commercial businesses, building a pipeline of innovation for economic growth.
- **Fintech Programme** – led by NatWest's Open Innovation team – in 2026 brought together early-stage AI fintechs for a 12-week mentorship and networking programme.

Case study: NatWest Accelerator

As part of its broader commitment to support entrepreneurs and growing businesses, NatWest's Accelerator community helps founders and businesses access the networks, expertise and support needed to scale and succeed.

Today, the Accelerator programme supports around 32,000 members across 18 hubs in the UK and a digital-first platform combining expert-led learning, mentoring, peer networks and strategic partnerships. As AI becomes an increasingly important driver of productivity and growth, the programme provides founders with practical support to help them adopt and scale AI within their businesses.

NatWest's partnership with Google

Through the Accelerator, businesses can access specialist expertise from Google Cloud and NatWest colleagues, delivered through dedicated AI upskilling events, workshops and support designed to help founders understand the practical opportunities AI can create



for their businesses. The partnership also provides the opportunity to apply for free Google Cloud Credits, helping reduce financial barriers and giving businesses the infrastructure needed to test, develop and scale AI.

Wyzr

Wyzr is an AI-powered financial management platform that acts as a virtual CFO for SMEs. Through support from NatWest's Accelerator and Google Cloud credits, Wyzr has been able to lower operational costs and redirect investment into growth, helping scale its AI-powered platform that gives small businesses access to real-time financial insights and decision-making support.

What's next

With NatWest's research indicating that larger businesses are more likely to adopt AI than smaller firms, communities such as the Accelerator help widen access to those opportunities, enabling more businesses to participate in the UK's AI growth story. To help close that gap, NatWest is expanding its support, with an ambition to deliver 5,000 AI learning and adoption engagements across its Accelerator community over the next 12 months. As the community grows to 50,000 by year-end even more founders will gain access to the expertise, partnerships and practical support needed to capture the growth benefits of AI adoption.