

Adoption or avoidance? Small businesses' views on AI

Quarterly insight from the Business
Barometer study

Prepared by Novuna Business Finance

Autumn 2026

Tomorrow. Together

Small businesses and AI – a time for appraisal



Welcome to the latest edition of our quarterly insight reports from our Business Barometer research, which has been tracking small business growth forecasts for the last 12-years.

For our Q3 2026 research, we took a first look at small business owner attitudes to AI. For some years, our research has explored general attitudes to technology innovation as both a help and a barrier to small business growth. At a time when the Prime Minister's new AI Taskforce has been created to accelerate the adoption of AI across government and to drive economic growth, it feels like the right moment to extend the scope of our research to explore AI.

The new research sheds light on those industry sectors and regions where small businesses see advantages in embracing AI – and those where caution is prevalent. The research findings present a mixed verdict on AI from small businesses. The national average figures reveal that only three in 10 (31%) small businesses say they are already using AI, while 27% said

they didn't plan to use it and a further 21% didn't believe AI was relevant to their business.

We're also fortunate, in this quarter's report to hear from our Regional Sales Manager, Simon Harrison-Jones and Head of Channel, Andrew Barnard about how they have seen new technology like AI and robotics transform businesses – and to share insight on where Novuna Business Finance can step in to help small businesses adopt cutting-edge technology. Up in Newcastle, Simon and Andrew also weighed in on the North East's newfound potential as a hub of new technology, following its designation as an 'AI Growth Zone' earlier this year.

I hope you enjoy this report and if you would like to discover more about the Business Barometer study from Novuna Business Finance, we'd love to hear from you.

Geoff Maleham

Managing Director
Novuna Business Finance

Methodology

The research was conducted by YouGov for Novuna Business Finance among a representative sample of 1,000 small businesses. The research was conducted online between 5 - 8 July 2026.

About Novuna

Novuna is the trading name of Mitsubishi HC Capital UK PLC, one of the UK's leading financial services providers and the Official Finance Partner of British Athletics.

With more than 2,200 employees, £9.6bn of net earning assets and over 1.4 million customers, Novuna provides finance solutions across consumer finance, vehicle solutions, business finance, business cash flow and European vendor finance.

Novuna is part of Mitsubishi HC Capital Inc., one of the world's largest and most diversified financial groups, with assets exceeding 12 trillion yen (£57bn).

About Novuna Business Finance

Novuna Business Finance provides funding solutions to SMEs and large businesses across the UK, including asset finance, stocking finance, block discounting and sustainable project finance.

With an asset portfolio exceeding £1.9bn, we support sectors including transport, agriculture, construction and manufacturing with our Sustainable Project Finance team supporting major renewable energy and transport projects. In 2026 we were named Best Leasing and Asset Finance Provider at the Business Moneyfacts Awards.

Novuna Business Finance is a trading style of Mitsubishi HC Capital UK PLC, part of Mitsubishi HC Capital Inc., one of the world's largest and most diversified financial groups, with over 12 trillion yen (£57bn) of assets.



The national outlook on Artificial Intelligence

With views on AI across the UK variable and wide-ranging, we look at where AI is being adopted – and where it is not yet utilised – and why small businesses might be keen or reticent when it comes to embracing this new technology.

Across the country, attitudes to AI among small businesses vary widely, from some of the earliest adopters of the new technology, to those who have no plans to integrate AI into their business. Nationally, UK small business owners feel strongly about this new era, and both its potential and its drawbacks.

Novuna Business Finance's Q3 2026 research revealed that three in 10 UK small business owners (31%) say they are already using AI to support their enterprises, a similar proportion (27%) say they have no plans to use it.

A further 21% of UK small business owners said they don't regard AI as relevant to their business. As well as having concerns about the technology's energy consumption (22%), the collection of sensitive data (22%) and the potential of demographic bias (20%) - almost six in 10 (59%) small businesses owners felt the efficiencies AI can offer cannot supersede the strong human relationships they see as essential to their operational success.

This less enthusiastic view towards AI was most common among small businesses outside of London, particularly in the North West (76%), East Midlands (75%) and Yorkshire and the Humber (71%). In London, however, 41% of enterprises said they were already using AI. Further north, the region most enthusiastic about AI and its potential was the West Midlands, where 38% of small businesses reported using the technology.

Small business owner views on AI by region (row percentages)

	Already use AI	Don't currently use AI but considering it	Don't plan to use AI	AI is not relevant to our business
National average	31%	7%	27%	21%
London	41%	2%	20%	12%
West Midlands	38%	6%	22%	22%
North West	36%	5%	23%	22%
East	34%	6%	17%	30%
Yorkshire / The Humber	30%	10%	27%	23%
Wales	30%	7%	29%	23%
Scotland	29%	7%	31%	27%
North East	27%	5%	39%	15%
South East	27%	6%	17%	30%
South West	25%	13%	27%	25%
East Midlands	22%	8%	37%	17%

Particular areas where early-adopter small businesses found AI to be useful included; making back-office or operational processes more efficient (16%), enhancing online and digital marketing capabilities (15%) and helping with market research and product development (14%).

Attitudes to AI also varied widely across different industry sectors. The latest Novuna Business Finance research found that professional services enterprises in the IT/Tech, finance and legal sectors were most likely to already be using AI, whereas small business owners in agriculture (46%), real estate (34%) and construction (36%) were most likely to say they had no plans to use it. Those in agriculture, transport and hospitality were also among the most likely to say AI was not relevant to their business.

While the above data is a reflection of the messaging around the benefits of AI from government and technology leaders, it is interesting to note that areas resistant to AI

adoption – particularly construction (15%), retail (21%) and hospitality (21%) sectors – have reported significant downturns in predicted growth for the upcoming financial year. With AI adoption proving more prevalent among small businesses that are significantly growing this quarter (59%) than it is among those enterprises experiencing contraction (23%). Perhaps this is where the increased efficiencies of this new technology could be meaningfully employed for financial growth.

“Small businesses are not the same as large corporates, where the efficiencies of scale and the ability to invest in sophisticated tech infrastructure are more central to business planning. Our research suggests there is an AI knowledge gap that needs to be addressed – with 29% of small business owners openly saying they were unsure how AI could be used in their business.”



Jo Morris, Head of Insight at Novuna Business Finance

Small business owner views on AI by sector (row percentages)

	Already use AI	Don't currently use AI but considering it	Don't plan to use AI	AI is not relevant to our business
National average	31%	7%	27%	21%
IT / telecoms	65%	4%	14%	5%
Media / marketing	55%	8%	12%	5%
Finance / accounting	40%	11%	17%	12%
Legal services	34%	9%	32%	8%
Retail	31%	4%	27%	20%
Hospitality / leisure	31%	11%	23%	26%
Education	30%	4%	32%	16%
Medical services	27%	5%	30%	25%
Manufacturing	27%	8%	27%	24%
Construction	18%	9%	36%	21%
Transport	19%	9%	27%	32%
Real estate	17%	11%	34%	29%
Agriculture	10%	2%	46%	38%

AI adoption in the capital

Of the regions explored in our latest research, small businesses in London are most in favour of integrating AI into their work. Here we explore why this might be – and what it might yield.

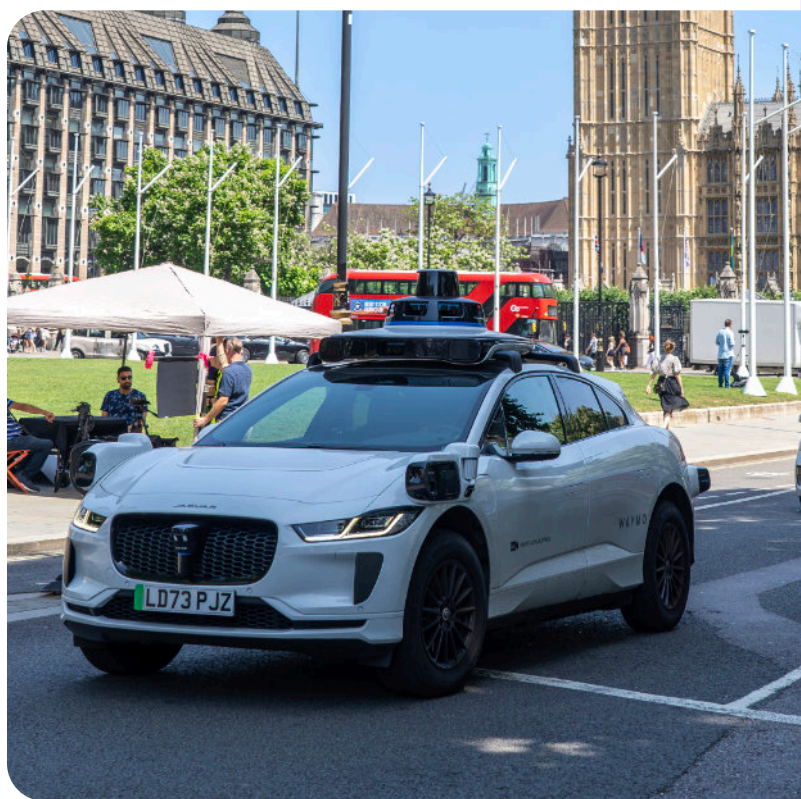
While some small business owners across the UK continue to hold reservations around adopting AI in their organisation, London-based small businesses are the most likely to already be embracing this technology. 41% of small business owners surveyed by Novuna Business Finance said they were already using AI to support their enterprises – compared to the national average of 31%.

For small businesses in the capital, AI is already yielding benefits. Survey respondents who were already using AI in their business saw increased use from the technology in supporting the back-office or making operational processes more efficient (23%), helping with market research and product development (19%) and enhancing online and digital marketing capabilities (15%), compared with national averages (16%, 14% and 14% respectively).

“For many years, our Business Barometer tracking research has shown London to be the engine room for growth forecasts among UK small businesses and the percentage of London-based businesses predicting growth each quarter is usually well above the national average. When it comes to AI, small businesses in the capital once again seem to be leading from the front; rather than being resistant to change, they are more likely to be embracing what is possible from AI.”



**Jo Morris, Head of Insight at
Novuna Business Finance**



Perhaps because of the capital's high concentration of small businesses in fields like finance, legal and IT which are most likely to adopt AI, small businesses in London were the least likely in the UK to say that AI was not relevant to their enterprise (12%).

Adoption of AI in the capital also correlates with business growth. At a time when, nationally, the percentage of small businesses predicting growth has fallen to a record low of 24% (during the current three-month period – July to September 2026), 35% of the London-based small businesses we surveyed said they predicted growth for their company in the same period.

The prevalence of more mixed feelings towards AI from small businesses outside London is also linked to a knowledge gap – with 29% of small business owners based outside the capital openly saying they don't fully understand how AI could be used in their business.



Case study: The North East – an AI ‘growth zone’

With the North East newly named as an ‘AI Growth Zone’, we sat down with Regional Manager Simon Harrison-Jones and Head of Channel Andrew Barnard about how Novuna Business Finance is helping small businesses take advantage of the region’s tech boom.

Simon Harrison-Jones: Many business owners are time-poor, which means they often struggle to find the headspace to explore potential investments that could deliver significant benefits to their business. However, the need to invest in technology and automation is ever-present. As technology evolves and becomes more accessible, these solutions are becoming increasingly attractive and attainable for UK businesses.

We’ve already seen a growing number of companies move their manufacturing facilities to the North East, with automotive manufacturer Nissan being a prime example. And it’s not just Nissan; there are many organisations across the automation supply chain that have chosen to relocate to the region, attracted by its skilled workforce and strong appetite for supporting innovative industries.

Andrew Barnard: When you look at the wider economic landscape and everything happening both nationally and globally, there’s increasing discussion around a ‘Number 10 North’ approach, and a shift away from a centralised London base. The North East’s reputation as a hub for technology and innovation is already well-established.

Simon Harrison-Jones: I see this as a fantastic opportunity for the growth of the North East. At Novuna Business Finance, we are passionate about supporting businesses looking to adopt AI and automation technologies. We understand the challenges that businesses face when considering this investment, particularly the potential impact it will have on cash flow. That is why we're here to support and guide them through the process. There is no one-size-fits all solution. Instead, we work closely with each business to provide the appropriate funding solutions based on their project, enabling decision makers to make an informed choice.

Andrew Barnard: Given the wider economic environment and the need for small businesses to develop, grow and remain competitive, many are at a crossroads. They want to adopt new technologies, but are concerned about the associated costs and whether they can afford to invest now. In essence, our role is to help enable that adoption. We provide flexible financial support that removes the concern of a large up-front cost and makes investment more achievable.

At Novuna, helping businesses adopt new technology is all about adaptability. We take the time to understand each business's individual circumstances and tailor our approach accordingly. Small businesses have always adapted to changing conditions, and that resilience is what makes the SME community such an important part of the economy.

We're not here to tell business owners what they should do. Instead, we encourage them to show us what they need, and we'll work together to understand how we can support them.





Scotland – caution over AI

Scottish small businesses are proving to be least in favour of using AI to power growth – is this a question of distrust, relevance or prioritising human interaction? Our latest research explains

Scottish small business owners are the most likely in the UK to say that AI is not important to their enterprise. Novuna Business Finance's latest Business Barometer data finds that 58% of Scottish small business owners say they either have no plans to use AI or don't regard AI as relevant to their business – the highest number in the UK, compared to the national average of 27%.

Topping the list of reasons for Scottish small businesses' hesitancy to adopt the new technology was the firm feeling that their enterprises were built on strong human relationships, eliminating the need for a tech-first approach. This was held by one in two small business owners (52%). Sustainability was also a major concern, with around one in three (31%) small business owners across Scotland expressing concerns over the energy and natural resources used to run AI.

Businesses reticent to adopt AI in their practices also voiced legal concerns over the collection of sensitive data by AI algorithms (20%) and some had ethical concerns over the perceived

risks of demographic bias in AI data (23%).

Added to this, 18% of Scottish small business owners said AI systems are expensive, complicated and time-consuming to implement, making adoption a hurdle during the current cost-of-living crisis. Education also emerged as a barrier, with 35% of respondents admitting they are unsure about how AI could be used in their business, compared to the national average of 29%.

In contrast, around one in three (29%) Scottish small businesses say they are already using AI to support their enterprises, with a mere 7% of additional enterprises saying they are considering using it in the future.

"Small business owners often know their customers personally and many are deeply rooted in the communities they serve. This is perhaps why so many survey respondents in Scotland expressed caution towards AI, precisely because their enterprises were built on enduring human relationships and personal service. In truth, humans and AI need to co-exist, and in the early days of AI roll-out, striking the right balance is key."



Jo Morris, Head of Insight at Novuna Business Finance

Concluding remarks

The bigger picture this new report illustrates is one of opposing opinions among small business owners - adoption and hesitancy, certainty and mistrust, education and lack of knowledge.

To some extent, these contrasting – even polarised – opinions reflect how small businesses operate very differently across different industry sectors. It is also likely that greater education on how AI can be used alongside humans will result in some business owners reappraising their views on AI. It is noteworthy from our Q3 research that 29% of small business owners said they didn't fully understand yet how AI could be used in their business.

As a new UK Government taskforce assesses how AI can deliver economic growth, it is important that small businesses are involved in the process, that their voices are heard, and that they have access to the knowledge and toolkits needed to help them make informed decisions based on what is best for their customers, staff, supply chain and the local communities in which they operate.

Embracing technological innovation can overwhelmingly feel like the only path forward in today's world, but the work small businesses do in delivering personalised service and supporting communities remains central to their business – and requires an unerringly human approach. The task for the months and years ahead is to help small business owners work out if and how the right balance can be achieved.

Jo Morris,
Head of Insight, Novuna Business Finance

