

Xero - Written Evidence (NUM0044)

We welcome the opportunity to contribute to the Lords' Numeracy for Life Committee call for evidence and are grateful for the work of the Committee in looking into this important matter.

Our submission draws on Xero's [research](#) into financial literacy and confidence among small businesses, our work supporting the Government-backed Small Business Britain [Maple Review](#) which found financial literacy to be one of the key barriers to entrepreneurship, and the findings of the Xero [Financial Confidence Taskforce](#) — an independent group of academics, accountants, bookkeepers, charities, and education leads. We highlight the areas of this work that should inform the Committee's work on numeracy.

We would be happy to offer a taskforce member, our UK managing director Kate Hayward, or one of our accountants, bookkeepers, or small businesses to give oral evidence in front of the committee.

About Xero

Xero is a **global small business platform** that makes financial management easier, faster, and clearer by bringing together essential tools for accounting, payroll, payments, and workforce management in one easy-to-use place. Trusted by over **1.2 million UK small businesses** — and 4.6 million worldwide — our mission is to make life better for small businesses and their accountants and bookkeepers. We automate admin and use AI to help people get paid faster, integrate with over 1000 apps with our innovative open API and enable UK small businesses to get back to what they love.

In the UK, Xero helps small businesses manage over **£3.7 billion transactions a day** — worth £1.4 trillion annually. Our **Xero Small Business Insights (XSBI)** sales data provides near real-time indicators on sales, jobs, wages, and payment times across regions and sectors, giving a line of sight into the UK small business economy. This aggregated and anonymised **data**, combined with our **international experience** of successful small business policy and both financial literacy skills and digital adoption programmes, means we can offer both strategic insight and practical implementation support to champion small businesses.

Below, we have outlined our response to the questions where our research and expertise can most add to the committee's work.

Our key recommendations are that:

- Enterprise, business, and personal finance are all **explicitly embedded in school education**, connecting financial capability to real-world business decisions from an early age.
- The Government appoints a single ministerial lead with responsibility for **joining up** financial literacy and numeracy across Treasury, Education, Business and Trade, Work and Pensions, and Health.
- **Employers embed basic financial skills into induction and career development processes**, and apprenticeships include a commercial and financial understanding module as standard.
- Government runs a public information campaign **encouraging small businesses to work with professional accountants and bookkeepers**, and embeds referral mechanisms to accredited professionals within the **Business Growth Service**, as these advisers are a key lever for lifelong numeracy among small businesses.
- Government partners with industry financial confidence programmes, such as Xero's Unlock Your Numbers initiative, embedding these into existing business support services like the Business Growth Service rather than building parallel provision.

We hope this submission is helpful and would be glad to discuss any of the above in more detail.

Yours sincerely,

Laura Burley
Director of Government Relations, Xero UK

Question responses

1. How does the commonly experienced mindset - a level of acceptance, across the UK, but particularly among girls and women, of being “unable to do maths” - impact attaining the necessary numeracy skills?

The 'not a numbers person' identity is widespread and damaging. Our research found that 28% of small business owners describe themselves this way. The effect is self-reinforcing, people who believe they cannot manage numbers avoid situations that would help them improve, and are too embarrassed to seek help.

This is especially **acute among women**. Our research found women are ten percentage points more likely than men to identify as 'not a numbers person' (32% versus 22%), and are also more likely to say they are too afraid to ask financial management questions (26% versus 16%). This mindset matters for entrepreneurship, as if women are less likely to feel financially confident, they are less likely to start and grow businesses.

The stigma goes further than self-perception. A fifth of small business owners (20%) avoid asking basic financial questions because they believe everyone else already knows the answers. This culture of silence means mistakes go unchecked and misunderstandings spread, often through informal channels. Nearly half of accountants and bookkeepers (45%) blame ill-informed conversations in places like the pub for the spread of financial misinformation among small businesses.

2. What needs and can be done to change this mindset, and how might this be implemented?

The [Xero Financial Confidence Taskforce](#), composed of accountants and bookkeepers, charities such as Young Enterprise, and academics, found that improving financial literacy and confidence isn't just about classrooms. It's about experience. To build genuine confidence, people need to **'Want It, Know It, Do It'**, making enterprise aspirational, giving them the knowledge to feel good about starting a small business, unlocking their numbers, and providing real-world practical experience. Their recommendations include:

First, ensuring school education explicitly includes enterprise financial literacy. The Government's commitment to compulsory financial

education in primary schools in England is welcome, but the curriculum must explicitly connect personal financial capability to business financial confidence. Students need to understand business and enterprise financial concepts, see entrepreneurship as a legitimate career path, and gain practical experience through real-world simulations. Practical experience will challenge this notion of 'not a numbers person' by grounding concepts in real-life situations.

Second, making enterprise aspirational from an early age. Students are rarely taught to think of starting a business as a realistic life goal. There is too much focus on securing employment rather than creating it. Integrating commercial conversations into school life, involving students in real business decisions like uniform pricing or fundraising, and framing financial skills as tools for independence rather than abstract academic content, would begin to shift this. Enterprise should be positioned as a social good, not just a route to personal wealth.

Third, role models. People need to see others like themselves managing numbers confidently and running businesses successfully. You cannot be what you cannot see. Schools and employers should actively promote entrepreneurs who have overcome financial anxiety, particularly from underrepresented groups.

Fourth, removing the stigma around asking for help. A fifth of small business owners avoid asking basic financial questions because they assume everyone else already knows the answers. Employers, schools, and professional networks should create environments where people feel safe to ask without embarrassment. The Xero Financial Confidence Taskforce recommends that accountants and bookkeepers be reframed as 'finance business partners' rather than back-office specialists, making them feel more accessible to people who feel they do not know enough to even ask the right questions. Building long-term networks with advisors, accountants, local business groups, and mentors would also help turn confidence into lasting capability.

Fifth, practical experience to back up classroom learning. The Taskforce recommends creating a national enterprise badge, giving young people's practical financial and business experience formal recognition alongside schemes like the Duke of Edinburgh Award, and positioning it as something valued by employers on CVs and LinkedIn.

Xero is already acting on this through the '[Unlock Your Numbers](#)' programme, a free financial education initiative for existing and aspiring small business owners. It provides short videos and guides designed to fit around busy schedules, covering the practical financial basics that too many people never received in education. The programme also includes the Xero for Good Ambassador Programme, which connects small business owners with volunteer accountants and bookkeepers for up to a year of free mentoring. This is a demonstration of what is possible when professional networks are mobilised to close the confidence gap and address numeracy in the small business community. But it cannot substitute for systemic change. Collaboration across government, employers, educators, and the private sector is essential.

4. What are the effects of low numeracy throughout life on 1) individuals, including their career, financial and health outcomes, 2) the economy, and 3) society?

The impact on individuals is significant. Our research found that 36% of small business owners do not know whether their business was profitable last month, 51% struggle with cash flow management, 44% have been caught out by unexpected costs, and 23% are not setting aside enough money to pay tax. Nearly three-quarters (74%) have made a significant financial mistake at least once. These are not minor issues. They lead to avoidable business failures, missed tax obligations, and lost growth opportunities.

There is also a confidence gap that holds people back before they even start. Low financial confidence deters people from seeking investment, taking calculated risks, and starting businesses in the first place. [Research](#) by GoHenry suggests that if more people had financial education, the UK could see 125,000 new jobs and £7 billion added to the economy.

For the economy more broadly, the UK [has](#) 3 million sole traders and 1.2 million small businesses with fewer than ten employees, together providing 8.6 million jobs and contributing around £680 billion, or 13%, of GDP. Poor financial literacy in this group is a constraint on productivity that is consistently underestimated in policy discussions. Government [data](#) reveals a structural shift in the UK business population that makes addressing a lack of numeracy and financial confidence in this group even more urgent. Over the past year, non-employed businesses grew by 201,000 (4.9%) whilst

employing businesses decreased. This means 75% of all UK businesses are now sole traders or self-employed individuals, facing financial confidence barriers with no in-house support or finance team to rely on. A lack of numeracy in this group is a structural drag on growth.

Q9. How can disparities in numeracy across gender, ethnicity, socio-economic background and geography be addressed?

Our research shows clear gender disparities, with women consistently less confident and more reluctant to seek help on financial matters (see Q1). For small business owners from economically disadvantaged backgrounds, the challenges are greater still, with less access to informal networks, professional advice, and support.

Targeted mentoring schemes that connect experienced business leaders with those from underrepresented groups would help. There is currently a fragmented landscape of financial education programmes and business support organisations, including Citizens Advice, local community hubs, MP surgeries, the Business Growth Service, the Help to Grow initiative, and entrepreneurship programmes, referral pathways, and resources, but they are poorly coordinated. They all have a part to play, working together. Government initiatives like the Business Growth Service should become the front door for enterprise financial capability. Accountants and bookkeepers already have trusted relationships with millions of businesses, with 98% of small businesses finding these advisers helpful. Government should run a public information campaign encouraging SMEs to work with advisers and embed referral mechanisms in the Business Growth Service to accredited professionals. Government should also partner with industry financial confidence programmes like Xero's Unlock Your Numbers programme, embedding these industry initiatives and support programmes into existing services like the Business Growth Service.

A more joined-up approach, with a dedicated ministerial lead responsible for financial literacy and numeracy across government departments, would help ensure provision reaches those who need it most, not just those who are already engaged.

Q16. What role could employers play in identifying and addressing low numeracy in the workplace?

Employers have a key role to play in delivering lifelong numeracy. Our Taskforce recommends that employers embed basic financial skills into induction and career development processes, asking questions such as: how does the company make money? What are our margins? Why do payment terms matter for cash flow? These are practical, contextual questions that connect numeracy to real working life in a way that classroom learning often does not.

Apprenticeships are also important. The Taskforce also recommends preparing a commercial and financial understanding module that meets off-the-job training requirements. They suggest that rolling this out nationally would reach a large number of young people at a key point in their careers.

Q18. What lessons can be learnt from other countries?

The Taskforce identifies Finland as a key model for delivering financial literacy and numeracy. Its [goal](#) of achieving the highest standards of financial literacy in the world is underpinned by a genuine cross-government approach. The Bank of Finland originated and drives the national strategy. Individual departments then take responsibility for their areas, for example, Justice for debt advice, Education for curriculum and teacher support, Economic Affairs for workplace and entrepreneurship initiatives, and Health for household wellbeing. Financial literacy is prioritised and there is clear ownership across government.

The UK could learn from this. Financial literacy and numeracy throughout life do not sit neatly in one department, and the current lack of a single ministerial lead means accountability is diffuse and progress is slow. Appointing one minister with overall responsibility for joining up financial literacy across Treasury, Education, Business and Trade, Work and Pensions, and Health would be a practical first step.

27 April 2026