

Metro – £120 Million

Metro Bank is the first new high street bank in the UK for over 100 years. Built on the simple maxim that customers deserve the best in service and convenience, we are the fastest-growing challenger bank for business current accounts in the UK. From a transformational store experience open 7 days a week, early and late, to a Local Business Manager in every store and an award-winning mobile app, we offer the kind of service innovations that save SMEs time and make banking that bit easier.

The Capability and Innovation Fund (C&I) offers a once in a generation opportunity to bring more competition and choice to the business banking market. The "Big Five" currently control some 90% of this market and have little incentive to innovate and provide SMEs with the levels of service they need and deserve. For too long, small business customers have been forcibly migrated to direct channels, and left to battle frustrating call centre menus, poorly designed products and opaque charges. C&I funds offer an opportunity to put things right.

The C&I funds will help us bring the future forward – a future where we are able to offer SMEs up and down the country access to an unrivalled and radically different type of business banking, one that offers in-store debit card printing, lightning-fast lending decisions, fully digital on-boarding, integrated tax, receipting and invoicing, and breakthrough innovations like on-demand cash pick-up and delivery. Our plans will revolutionise business banking in the UK.

We recognise that receiving Capability and Innovation Funds will be a great honour. We recognise also that receiving these funds will bring tremendous responsibility. That's why we welcome the opportunity to set out publicly below our commitments to UK SMEs:

COMMITMENT 1: WE WILL RADICALLY TRANSFORM THE UK SME BANKING EXPERIENCE

- Our unique model is able to combine growth with remarkable levels of service quality. We're committed to staying in the top 2 for customer service in the CMA service ratings.
- At current rates, Metro Bank business banking customers are 30% more satisfied than the industry average.

COMMITMENT 2: WE WILL PROVIDE A "METRO MULTIPLIER" TO C&I FUNDING

- Metro Bank will spend ~£2 of its own funds for every pound it receives from the Capability & Innovation Fund.
- This committed co-investment will ensure that the C&I funds have real impact, helping more SMEs benefit from better service and market-leading digital innovations and capabilities that bit sooner.

COMMITMENT 3: WE WILL OPEN 30 NEW METRO BANK STORES IN THE NORTH BY THE END OF 2025

- C&I funds will be used to fund frontline roles for 18 months, until our stores break even, ensuring SMEs get the support they need straight away.
- Metro Bank will pay for all store capital costs.
- 21 of our 30 store commitment will be open to SMEs within three years of receiving any award.
- All our stores will be open 7 days a week, early and late, offer in-store debit and credit card printing, safe deposit boxes and access to a Local Business Manager.

COMMITMENT 4: IN DELIVERING OUR PLANS WE WILL CREATE OVER 750 NEW JOBS IN THE NORTH – OUR CONTRIBUTION TO POWERING THE NORTHERN POWERHOUSE

- When combined with our Metro Multiplier, C&I funding will directly support the creation of 750 high quality jobs in the North by 2025 in addition to over 1700 new jobs we will create up and down the country from our business-as-usual growth plans.
- C&I funding will also support the creation of over 100 new apprenticeship roles in the North by 2021.

COMMITMENT 5: WE WILL BUILD A RANGE OF GAME-CHANGING DIGITAL CAPABILITIES TO HELP SMEs THRIVE

- In 2019 we will launch an artificial-intelligence led insights capability for SMEs using our mobile app, helping them to understand their cash flow and forthcoming payment obligations better.
- In 2019 we will launch a mobile cash pick up and drop off service, ensuring SMEs can save time managing their cash needs.
- In 2020 we will launch a truly straight-through business current account online application, enabling 100% of SMEs in the UK to benefit from the Metro Bank experience.
- In 2020 we will enable SMEs to manage tax submissions, bookkeeping, invoicing and receipts via mobile and online banking and help them link to their favourite cloud accounting platform.
- By 2021 we will offer SMEs the UK's first end-to-end payments and accounts receivable solution that automatically reconciles with cloud accounting services, allowing businesses to get paid faster and save time.

COMMITMENT 6: WE WILL BUILD THE CAPABILITIES NECESSARY TO SUPPORT LARGER AND MORE COMPLEX SMEs

- Starting in 2019 we will enhance our trade finance and foreign exchange capabilities to ensure that the 14% of SMEs that trade internationally can access the finance products they need to grow.
- In 2019 we will offer SME customers the ability to accept direct debits, supporting the 12% of SMEs that rely on subscriptions and membership revenue from customers.
- In 2020 we will deliver a new SME overdraft proposition, followed by a new Small Business Loan platform and Revolving Credit Facility, to ensure SMEs can get access to the finance they need in a matter of minutes.
- In 2020 we will offer a market-leading commercial credit card proposition, offering SMEs a full suite of customisable limits and controls.
- By 2021 we will launch a Secured Lending platform that will dramatically reduce the time it takes for larger secured loans to be underwritten and funds made available.
- Starting in 2020 we will deliver liquidity management capabilities that will help SMEs to earn a better return on their funds, while ensuring SMEs in the professional services sector can manage multiple client accounts more easily through a new virtual accounts capability.

COMMITMENT 7: WE WILL HELP 10+ INNOVATIVE UK SMEs SCALE BY PARTNERING WITH THEM TO DELIVER OUR BID COMMITMENTS

- In delivering our bid commitments we will partner with 10+ UK SMEs, helping them scale next-generation innovations for business banking customers.
- This will expand the addressable market for these companies by more than 610,000 SMEs by 2025.

COMMITMENT 8: WE WILL PROVIDE BCR LTD AND OUR CUSTOMERS WITH UNPRECEDENTED TRANSPARENCY ON OUR PROGRESS TOWARDS DELIVERING ON OUR COMMITMENTS

- By June 2019 we will provide BCR Ltd with access to real time Microsoft Power BI dashboards, so it can track progress against agreed project milestones.
- Every quarter until our commitments are delivered, we will publish a “BCR Commitments Update” on our public website, so that stakeholders can monitor our progress.

Bringing it all together: unprecedented levels of competition impact and low delivery risk. A £120m award will enable Metro Bank to win an additional 211,000 SME BCA customers by 2025, based on Frontier Economics’ calculations. This equates to a 2.9 percentage point move in market share of stock. When combined with our ‘business as usual’ growth plans, Metro Bank will become a true at-scale challenger with a 8.3% BCA market share of stock by 2025, serving more than 610,000 customers. We know we can deliver this growth because our legacy-free IT platform and proven ability to execute store openings means we will hit the ground running, with low delivery risk. Metro Bank is uniquely placed to bring competition to the market and help SMEs up and down the country thrive.