

Swoop Finance Limited – Public Commitments

£5 Million Grant

SMEs form a huge part of the UK economy, accounting for 99.9% of private sector businesses and 60% of private sector employment. The effective provision of finance and banking services to these businesses is therefore crucial for boosting the country's economic performance.

A strength of the UK market has been the significant growth in alternative finance, challenger banks, and a burgeoning investor base coupled with government grant and tax relief schemes. This expanding supply of finance now requires intelligent and timely delivery to SMEs across the country so that they can access the best solutions for their business.

The future of SME banking is about more than one FinTech, one bank or one source of finance. It is about delivering intelligent, independent curation of the right service and the right type and blend of finance for every SME at the right time. It is about transforming the administrative burden of applications into a speedy and seamless process. It is about selection of the best individual finance products bespoke to each SME, regardless of institution, and zero friction use of these products in one place. It is about the provision of smart financial management tools and on-demand expert help.

That is why Swoop is building a virtual CFO platform for sole traders, micro, small and medium businesses so that they can instantly understand their financial position and spending habits and easily access loans, grants, investment, savings and services bespoke to their profile - no matter where they are located in the UK.

The £5m Capability and Innovation Fund will enable Swoop to fast forward the execution of its vision to radically change how SMEs access funding, choose and use banking services and manage their financial health. Swoop's initiative is designed to positively help customers see the value of their financial and bank data to make educated decisions and to deliver the entire funding market to customers, personalised for their eligibility and needs.

Swoop also offers a unique opportunity for financial and bank providers to reach and serve more customers in an integrated way. It will bring the entire UK finance ecosystem together which will enhance the collective value of all participants – SMEs and providers alike. It will transform the efficiency of matching public and private sector finance to boost SME productivity, innovation and growth.

Swoop will achieve its ambitious plan by delivering on the following public commitments:

COMMITMENT 1

Swoop is committed to supplementing the CIF award with an investment of £3.3m throughout the project.

COMMITMENT 2

Swoop will further invest in its proprietary, cloud-based technology and API enabled platform to deliver a sophisticated all-in-one SME finance platform. This will include a fully integrated marketplace of lenders, grant agencies, equity investors and finance product providers. Where providers have APIs available, Swoop will integrate these into its platform to deliver real-time finance decisions to customers. Swoop will deliver this integrated marketplace by Q2 2020 and will continually add more finance provider APIs as they become available.

This integrated marketplace will lead to increased demand and access to funding for SMEs. Swoop will onboard 540,000 SMEs (15% of the business current account market) with at least 270,000 SMEs applying for external finance generating £11.8 billion in financing secured for those SMEs by Q4 2023. Of these 270,000 SMEs:

- 40,000 will apply for grants and/or R&D Tax Credits through Swoop generating £942m in money awarded to over 6,000 SMEs.
- 200,000 will apply for debt finance through Swoop generating £9.9 billion in debt finance secured.
- 30,000 will apply for equity finance generating £1 billion in money raised for 3,000 SMEs.

COMMITMENT 3

Swoop will enhance its award-winning comparison and business intelligence tools to deliver AI based advisory features. Examples include monitoring spending habits and identifying the best providers based on usage; notifying customers when they can refinance to more favourable lending terms; automated reading of loan documentation; and real time monitoring of business performance against covenants. Expert help will be available whenever a customer needs support including virtual assistance, expert help on demand via video chat, and instant scheduling for an appointment with a specialist. Swoop will deliver these intelligent tools with the first feature release in Q2 2020.

COMMITMENT 4

Swoop will build digital features that are beautifully designed, and secure to use. SME customers will be able to move effortlessly between finance products and accounts to manage their finances on the go. Swoop understands that many SMEs wish to manage their finances through mobile applications as well as online, so to support this, it will launch its mobile applications in H1 2020.

COMMITMENT 5

Swoop will continue to work with all UK banks and CASS to deliver an end-to-end automated process for business current account opening to remove the hassle from BCA switching.

COMMITMENT 6

Swoop commits to helping UK SMEs save over £4bn FX charges - mainly on market spread charged by banks. Swoop will end this practice by analysing the bespoke cost to SMEs of making international payments with their banks. We will compare bank rates received with independent provider rates in real time via API integration and identify the best value option for our customers. SMEs will be able to open and manage an independent FX account within Swoop and will be able to take advantage of currency trend notifications. Swoop will assist 270,000 SMEs to move their FX to an independent provider generating £1.62 billion in savings by Q4 2023.

COMMITMENT 7

Swoop commits to helping SMEs reduce overdraft, unsecured loan rates, and bank fees by enabling SMEs to see the value of their account and easily switch away when rates are uncompetitive - overcharges are estimated at £650m pa. Swoop's virtual CFO will be continuously scanning the market for better rates and service and will automate switching for individual or all financial products.

- Swoop will assist 135,000 SMEs to either switch their business current account with an overdraft to a new provider, or replace with a better value invoice finance facility, generating £158m in savings.
- Swoop will assist 162,000 SMEs to open additional accounts to perform particular functions such as fast payments and deposits generating £243m in savings.
- 216,000 SMEs will switch their utilities provider through Swoop generating £222m in savings.
- 108,000 SMEs will move their business insurance provider through Swoop generating £47m in savings for those SMEs.

These savings will be achieved across all categories by Q4 2023.

COMMITMENT 8

Swoop commits to reducing the funding disparity between London and rest of the UK particularly for equity finance. Swoop will deliver access and SAAS workflows for customers to not only be matched to investors but to build quality investor documents.

COMMITMENT 9

Swoop will continue expanding the breadth and depth of its market network with funding and service providers. Swoop will onboard at least 90% of UK funding providers by H2 2020. This will include investors registered with the EIS Association and the BVCA as well as the regional and sectoral funds supported by the British Business Bank. Swoop will onboard all government grant schemes as set out by .gov.uk. Swoop will onboard all UK bank loan products and at least 90% of all alternative finance providers as set out by the Peer-to-Peer Finance Association.

COMMITMENT 10

Swoop will continue its collaborative approach to delivering innovation. It has identified seven UK SME tech partners to assist on this initiative. Swoop will engage with four of these partners in H2 2019 and three of these partners in H1 2020.

COMMITMENT 11

Swoop commits to building on its culture of diversity and inclusion as it grows its workforce by 50 in the Midlands. We are proud that Swoop is led by a female CEO, with a 49:51 gender workforce.