

The Currency Cloud Group Ltd – Public Commitments

Currencycloud was founded to take the complexity, cost and opacity out of international payments. Our global banking APIs provide the pipes for innovative banks, FX brokers and FinTech companies to take their products overseas and offer cross-border capabilities to their customers. Today, over 90% of these payments are processed by traditional players, whose grip over the industry has led to unfair pricing, poor customer experiences and slow processes, in turn creating damaging friction for UK SMEs building their businesses overseas.

In applying for the Capability and Innovation Fund (CIF) grant, Currencycloud seeks to take its vision of a better future and make it a reality for the hard-working SMEs across the UK by providing a comprehensive Global Transaction Banking platform tailored to their needs.

Banks have traditionally underserved SMEs, despite the fact that they account for ~30% of global imports. What's worse, the UK SME sector was overcharged more than £4bn on international payments. 80% of SMEs do not know the true cost of foreign exchange and over 40% of SMEs would find international trade more attractive if they had clarity and transparency on fees.

However, sending payments is only half the battle – receiving payments is just as painful. To be truly successful overseas, UK SMEs need to be able to bank in the same currency as their customers. The best companies do business on their customers' terms, which means billing the customer in their local currency and receiving funds as a local company. For too long this burden has been put on the customer, which creates friction and results in SMEs getting paid more slowly and often short of banking fees, making reconciliation difficult. The burden of late payments is significant - UK SMEs are owed £64,000 on average in late payments and nearly 60% view this issue as critical to their financial success.

Unlike large multinational corporates, SMEs are unable to address these challenges on their own. They have no leverage with banks to receive favourable deals or the technology resources to implement better solutions. Serving SMEs requires a targeted approach to product, channel, and technology. To date, Currencycloud has raised over £40m to support 8,500+ UK SMEs to overcome these challenges; to say this grant will have a significant impact is an understatement. We plan to use the funds to ultimately empower 40,000 UK SMEs in accessing an entirely new, digitally advanced way of making international payments.

The CIF grant will accelerate our plans to provide SMEs with a comprehensive Global Transaction Banking platform tailored to their needs. Should our application be successful, we would proudly make the following public commitments:

COMMITMENT 1 – HELP 10% OF UK SMEs TRADING INTERNATIONALLY ACCESS BETTER CROSS-BORDER EXPERIENCES

We commit to powering cross-border payments for 40,000 UK SMEs by 2024 – 10% of all UK SMEs that trade internationally.

COMMITMENT 2 – EXPAND OUR PRODUCT

We commit to providing our customers a Global Transaction Banking platform through:

- Geographic expansion of our collections product, a receivables solution allowing UK SMEs to accept payments from their international customers via local accounts abroad.
- Addition of alternate payment methods to support the next generation of international business payments: instant payments, mobile wallets and cards.
- New features to address common pain points for UK SMEs trading internationally, such as 24/7 currency trading and 'request to pay' functionality enabling SMEs to take full control of their accounts receivable and initiate payments directly from their international customers.

COMMITMENT 3 – CONNECT TO ACCOUNTING SOFTWARE

We commit to integrating our platform into three major accounting software solutions within a year of receiving the grant. These integrations will provide our clients with another way to access our product, alongside our API and white label platform. SMEs will benefit from easier access to international payments, ability to seamlessly link payments to invoices, and instant reconciliation within their accounting software.

COMMITMENT 4 – DISTRIBUTE NEW PRODUCTS WIDELY TO SMEs

We commit to continuing to power both FinTech innovators and traditional financial institutions striving to keep up with the pace of change. Enabling the digital natives and digital transformers alike to leverage our platform to develop new products would introduce more choice for UK SMEs and widen the access to cross-border payments – a true multiplier effect on competition.

COMMITMENT 5 – CO-INVEST

We commit to investing £30m of our own funds, alongside the £10m CIF grant, in pursuit of making our ambition a reality for SMEs.

COMMITMENT 6 – PROTECT THE INTEGRITY OF THE FINANCIAL SYSTEM

We commit to upholding our obligations on transaction monitoring, safeguarding of client funds, security and data protection to ensure the cross-border payments ecosystem is a safe space for our SME customers and partners within our global network.

SUMMARY

Through our commitments, we will widen access to affordable foreign exchange and international payments for UK SMEs, targeting 40,000 SMEs using our platform by 2024. To advance this ambition, we will invest £3 of our own funds for every £1 made possible by the CIF.

Currencycloud is unique in the cross-border payments market due to our B2B2X business model. We provide the payments infrastructure and global network to other businesses that serve UK SMEs – neobanks, challenger banks, traditional banks going digital, FinTech platforms and FX brokers. Over the years, our innovative cross-border capabilities have enabled our clients to disrupt the SME payments market in the UK, raise the bar on product and customer experience, and elicit a competitive response from the traditional players. Considering our role in the market, the CIF grant will directly raise the capabilities of hundreds of financial services firms serving UK SMEs and have an exponential impact on market competition.