

Modulr Finance – Public Commitments

Modulr is a Payments as a Service (PaaS) API (Application Programming Interface) Platform for digital businesses that was created to remove the friction businesses experience in accessing payment services from banks. Our platform enables companies to embed payment processes in existing SME customer journeys seamlessly, diverting volume from the incumbent banking providers and driving competition in places no-one else can.

We understand the real needs of UK SMEs and so we are proposing three interlinked initiatives which will provide SMEs with a better and more integrated payments experience. Our services are distributed through partners, creating a multiplier effect on competition and meaning we can grow our reach exponentially.

We believe payments capability should be simple, secure for SMEs; our commitments are centred on moving into a future where SMEs experience open banking and can select the best product on the market to meet their needs. We believe that this is the best way to create competition and ultimately provide SMEs with more choice and a better service.

1 | We will transform accountants' ability to manage payments for SMEs

An estimated 2 million SMEs (Ernst & Young, The Future of SME Banking, 2018 & ONS, UK business activity, size and location statistical bulletin, 2018) rely on the services of one of the 25,000 Accountancy Practices (practices with 1+ employees; UK BEIS, Business Population Estimates, 2018) across the UK to help run their businesses, including the accountants managing payments on their behalf. This is currently extremely challenging due to existing business banking services not providing for the specific needs of accountants when operating these services.

Modulr has already created a basic dashboard that is in the market and receiving good feedback, the CIF Grant will enable us to significantly expand the functionality of this Accountant Dashboard into a full Accounts Payments Control Centre (APCC).

Our commitments:

- We will bring this capability to market in Q3 2020 and continually enhance it in phases through to Q2 2021.
- Modulr will aim to implement its services with 163, 354, 564 and 680 accountancy practices by Q4 2021, 2022, 2023 and Q2 2024, who will ultimately be able to make them available to 110,000 SMEs.

2 | Switching isn't working for SMEs; we will create competition outside the existing banking system

Our digitally native Business Payment Account & Payment Services API is readily available via an online Developer Centre and Sandbox. This enables our direct business clients and partners to integrate payments into their products and business platforms quickly and easily. We aim to expand our existing successful product offering to allow our partners to provide additional capabilities. The CIF Grant will enable us to extend the functionality of this service to include SME specific needs such as physical card issuance and cash deposits, to support universal adoption by SMEs.

Our commitments:

- The extension on Modulr's capability allowing partners to meet all the payment needs of SMEs with our Business Payment Account & Payment Services API will begin in Q1 2020 and the final phase will complete in Q3 2022.
- Implementing these services with 12, 26, 41 and 48 partners by Q4 2021, 2022, 2023 and Q2 2024, who will ultimately be able to make them available to 860,000 SMEs.

3 | We will fight in the UK SMEs' corner in making sure new, innovative payment methods solve SME pain points

SMEs have typically been last to access new industry wide payments initiatives and innovation.

We will use the CIF Grant to make available the latest industry innovations to SMEs including:

- Fraud Prevention+ with our Confirmation of Payee Solution
- Payment collection capability using Request to Pay

- Open Banking (Accountant Information & Payment Initiation Services) to deliver cash management and treasury management services.

Our commitments:

- Modulr will continue to deliver proof of concept through to full product launch for the three key innovative payment services, starting in Q4 2019 and completing in Q4 2021, with continual delivery and enhancement of functionality through that period.
- Through our partners, Modulr will aim for our payment innovation services to be made available to at least 340,000 SMEs by Q2 2024.

4 | We will raise matched funds of £10m to supercharge our impact on competition

We commit to raising matched funds of £10m and deploy it to deliver on our commitments and expand the benefit of the CIF. These matched funds will be used to cover our scaling costs, marketing costs, external integrations and additional scheme access.

Further, we commit to allocate £500,000 to spend running at least 6 regional payments education events per year for 5 years across Glasgow, Edinburgh, Bristol, London, Nottingham, Manchester, Cardiff & Belfast for SMEs on how to use new and innovative payment mechanisms, and to gain their direct feedback on how the new services should be developed.

5 | We will create a minimum of 64 high quality regional UK jobs

In Edinburgh, Modulr will create 53 new jobs relating to implementation of the business case across a range of competencies. As part of this commitment we will invest in recruiting and training two graduates per year from Scottish universities. We will also create a further 11 jobs across the UK to bring our products to market.

We are already a strong proponent of supporting diversity in our workforce. We have partnerships with Women in STEM initiatives and initiatives providing opportunities to disadvantaged young people. We will continue to drive diversity in our workforce as we expand.

Finally, we commit to being transparent on our progress, both to BCR Ltd. and to the public. Modulr understands BCR Ltd.'s mission and we understand SMEs needs; we see the CIF grant as a launchpad as we continue on our mission to build future of payments for UK SMEs.