

**Assessment Period 1 (July 1<sup>st</sup>, 2019 – September 30<sup>th</sup>, 2019)****Nationwide Building Society - £50M Grant**

We are pleased to report that our current progress is consistent with the business case we submitted to Banking Competition Remedies Ltd (BCR) as part of our application to the Capability and Innovation Fund (CIF) in March. We remain on track to deliver on our Public Commitments and provide an update on each of those below.

As the world's largest building society, we remain uniquely positioned in the UK banking market and we continue to strive to bring our great service, innovation, and long-term value to small businesses. We have a rich history of delivering better service, innovation, and long-term value, coupled with the organisational resources and capabilities to compete at scale, nationally and across all channels. We are already investing our members' money in laying the foundations needed to launch our business current account early in 2020. The CIF gives us an unprecedented opportunity to turbocharge our business banking proposition and inject sorely needed competition into this market. We are using the CIF grant, matched by £50m of our own funding, to change the face of SME banking in the UK for good. We will provide millions of UK SMEs with access to better choices, forcing the whole market to compete harder and driving better customer outcomes. Our plans to bring the fairness and value of mutuality to the SME banking market, particularly smaller businesses, are set out through the following commitments:

**WE WILL BRING THE MARKET LEADING STANDARDS OF SERVICE WE'RE RENOWNED FOR TO SMES**

This commitment remains on track.

We have developed a new, dedicated mobile business banking app which allows eligible customers to open a business current account within minutes through a seamless, digital onboarding journey. We continue to test and refine the experience to maximise usability and to deliver a best-in-class customer experience.

Nationwide continues to deliver excellent service to our retail members and in June we were awarded Which?'s Banking Brand of the Year for the third year in a row. We plan to deliver the same excellent service standard in business banking. We continue to deliver our human touch across our national network of over 650 branches and UK-only call centres and we will roll out business banking to these following the launch of our business current account.

**WE WILL BRING THE FAIR, TRANSPARENT PRICING AND GREAT LONG-TERM VALUE SMALL BUSINESSES DESERVE**

This commitment remains on track.

We will keep account fees simple and easy to understand and only charge for borrowing customers actually use. In addition, we're about to start work on developing our innovative price comparison tool so customers know upfront how much it will cost them to bank with both us and our competitors.

**WE WILL EXCEL AT MEETING SMES' EVERYDAY BANKING NEEDS**

This commitment remains on track.

Our customers are at the heart of everything we do and we want to hear what they have to say. That is why we've established our dedicated customer panel, Business Connect, which already has over 150 business owners registered.

Our immediate focus is on developing our business current account. We will launch a highly convenient, integrated business savings product by June 2020. After that, we plan to offer flexible borrowing via our unsecured business loans by the end of 2020. This will be followed by the launch of our business credit card with a full suite of controls that can be independently set for multiple users by June 2021.

#### **WE WILL DELIVER SIMPLE SOLUTIONS TO REAL FINANCIAL PROBLEMS**

This commitment remains on track.

We've established a dedicated workstream for this commitment and have started to enter discussions with several innovative partners to help solve problems small businesses actually face, with digital tools that use the latest technology.

Our current focus is on linking our current account with all mainstream cloud accounting. We're also working towards helping small businesses become Making Tax Digital compliant via a seamless link with our recommended UK SME accounting platform. We expect to commence work shortly on offering easy solutions for small businesses to accept card and contactless payments directly from customers, available from March 2020.

We've also started to engage with prospective partners to enable our customers to send and receive foreign currency payments at low cost, provide real-time cashflow insights, deliver in-app invoicing, and to help our customers get paid and reconcile payments.

We plan to support small businesses in finding the finance they require, with proactive referrals to designated alternative lending platforms when we're unable to meet their borrowing needs. This capability will be developed as we start to build out our unsecured loan proposition during 2020.

#### **WE WILL MAXIMISE THE UNIQUE OPPORTUNITY PROVIDED BY THE CIF TO TRANSFORM THE SME BANKING MARKET**

This commitment remains on track.

We have the funding in place to enable us to match every pound we receive from the CIF over our five-year business planning cycle, delivering a comprehensive proposition supported by an extensive and sustained marketing campaign and great service.

It's early days as we've not yet launched our business current account, nor other associated products, but we remain confident in our ability to attract an estimated 340,000 business current account customers and originate an estimated 165,000 business savings accounts, 67,000 business credit cards and 17,000 business loans by March 2024.

We're in the process of planning how best to introduce our proposition to the branch network.

Initially, this will include a phased rollout across a few branches before a wider rollout to our national network of c.650 branches. The training of our c.7,000 branch colleagues, to enable them to provide great service to our small business customers, will be phased in line with our rollout.

We have worked with a world-class partner to complete a piece of work to understand the optimal way to deliver excellent customer service whilst meeting our ambitious growth plans. This will lead to the creation of an additional c.200 jobs in the UK to support our small business customers.

Starting in 2020, we will conduct an annual SME Hackathon, investing our own money in new value-adding products and services to ensure we continue to enhance our proposition for small business customers.

#### **WE WILL REPORT TRANSPARENTLY ON THE DELIVERY OF OUR CIF COMMITMENTS**

The commitment remains on track

We have submitted our first quarterly progress report to BCR in a timely, accurate and transparent manner, through robust processes that have been independently assured by both internal and external experts. This update to our Public Commitments will be published on both Nationwide's and BCR's websites to provide transparency on our progress.