

**Assessment Period 2 (July 1<sup>st</sup>, 2019 – September 30<sup>th</sup>, 2019)****Starling – £100m Grant**

Starling remains confident that it is on track to deliver its ambitious milestones and has not encountered any material delays that would be appropriate to reference in its public commitments.

**Commitment 1: Starling will invest a further £95m of its own funds in support of this initiative, over four years.**

Update: To date, Starling has raised £50m and invested £3.86m of its own funds to support the mobilisation of the four-year CIF-funded project.

**Commitment 2: Starling has designed its initiative to positively challenge the dominance of the big banks and to make customers want to change who they bank with. By investing in proprietary, cloud-based technology, and extending its established banking and engineering capabilities, Starling will rapidly accelerate the development of its market disrupting business bank.**

**Starling will achieve this by delivering the following:**

**Sophisticated banking solutions that will simplify complex business life: Starling will build a full suite of 52 digital banking products to meet the needs of all sole traders, micro businesses and small SME businesses. Examples include flexible deposit accounts, multiuser card functionality, instant invoicing, VAT management, advanced invoice financing, smart FX, supply chain finance using blockchain based technology and secured business lending.**

Update: Starling is building a full suite of 52 digital banking products over four years to meet the needs of its SME customers. 11 of the 13 products scheduled for 2019 are well underway. Starling has launched its SME Web Portal and access for multiple persons of significant control and begun testing its Euro accounts. One initiative, Direct Debit Origination, is now scheduled for 2020. Starling has determined that changes to the supporting infrastructure for Direct Debit Origination are required to ensure that it is delivered in the best way for its customers. Starling has also begun work on 9 products scheduled for delivery in 2020.

**Digital touchpoints that are beautifully designed and secure to use: SME customers will be able to move effortlessly between digital channels to originate, authorise and manage transactions on the go and team banking for multi-user accounts. Starling understands that many SMEs want to manage their banking online as well as through mobile applications and to support this, it will launch its web portal in Q3 2019.**

Update: Starling launched its SME web portal on schedule in September allowing businesses to use this channel for their regular banking activities. It is now live for all business customers and Starling will continue to enhance its functionality to ensure it meets customer needs.

**Digitally-enabled customer services and relationship management: SME customers will receive instant advice 24/7 including virtual assistance, relationship manager (RM) matching and micro scheduling to book “to the minute” appointments.**

Update: Starling has started to design its virtual assistance solution.

**Intelligent tools that utilise data to offer insight and automation: Starling will develop 'My Financials', an AI-based predictive tool showing cash-flow forecasting and, where appropriate and with consent, recommendations for banking solutions.**

Update: No update for this commitment in this Assessment Period.

**Marketplace for business: the Starling Marketplace, which allows SME owners to access a wide range of third-party financial services and software providers to personalise their account, will include no fewer than 48 new partners, mostly UK based, including treasury services and human resources. Marketplace will also provide personalised recommendations for third-party applications, based on analysis of business and wider industry and seasonal trends.**

Update: Starling is focused on delivering to its target, with a strong emphasis on conducting rigorous due diligence on all potential new partners. In its last reporting period Starling added 3 SME Marketplace partners providing a range of services, Growth Street, Digital Risk and CyberSmart, further to its integration with FreeAgent in its first reporting period. In the next reporting period a further 3 will be brought on board, Nimbla, so-sure and Anorak, resulting in a total of 7 new partners. Negotiations and the technical build with 6 more are in advanced stages, giving Starling confidence that it can achieve its target of 12 for 2019.

**Commitment 3: Starling will also build a suite of lending products using automated and secure processes that deliver loans in minutes to boost SME growth and productivity. Starling commits to having made £913m of additional lending available to SMEs by the end of 2023.**

Update: Starling is currently in the early stages of developing and launching lending products. To date, Starling has made available lending facilities of £782k as part of this test environment. Starling is committed to boosting the UK economy by delivering much-needed funding to the UK's vibrant start-up community, which has often been underserved by the big banks. Despite their huge potential for growth, with the promise of new jobs and new revenue streams, start-ups, by their nature, often have a limited capacity to service and provide security for debt and, to date, this has curbed Starling's ability to lend. To address this, Starling is looking to directly partner with leading SME lenders and finance providers to make more lending facilities available, as it develops its product base. Starling is in advanced negotiations with a preferred partner with a view to launching a further lending programme from December 2019, which will enable it to meet its targets for Years 1 and 2 and make significant headway towards its overall £913m target.

**Commitment 4: Starling has set a goal of attracting over 450,000 customers by the end of 2023. This will allow Starling to have the market size to make an enduring change to competition. Starling will achieve this while at the same time maintaining existing high levels of customer satisfaction. Starling will continue to monitor and maintain a high current app store rating.**

Update: In July Starling surpassed its full year commitment of 51,000 customers for 2019, and at the end of the reporting period it had 67,415 customers. Starling is achieving this growth while at the same time maintaining existing high levels of customer satisfaction. It continues to monitor and maintain a high current app store rating.

**Commitment 5: A bank for all regions: Starling is committed to serving SMEs throughout the UK. Currently 68% of its SME customer base is outside Greater London. Starling will continue with this UK wide focus with over 60% of all future business customers based outside of London.**

Update: Some 63% of Starling's SME customer base is outside Greater London.

**Commitment 6: Starling will also locate its new Operations Centre outside of London.**

Update: Starling has opened a new combined operations and engineering centre in Southampton and selected a site for a new office in Cardiff.

**Commitment 7: Starling will provide counter access for SMEs that need to make cash deposits and withdrawals through its partnership with the Post Office, which has 11,500 branches, more than all the UK's banks and building societies combined.**

Update: Starling continues to provide these services through the Post Office.

**Commitment 8: An inclusive workforce: Starling commits to recruiting an additional 398 staff within the UK.**

Update: To date, Starling has recruited 155 FTE.

**Commitment 9: Starling will be an active member of the Tech She Can Charter, working across the industry to increase the number of women working in technology roles in the UK. It is already a signatory of the Women in Finance Charter and has pledged to have 40% of its senior positions occupied by women by 2021. It will embrace inclusion in all its forms.**

Update: Starling is an active member of the Tech She Can Charter. Currently 41% of Starling's senior positions are held by women. Starling embraces inclusion in all its forms.

**Commitment 10: Backing UK technology: Starling will continue to design, deliver and maintain its leading-edge technology platform in the UK by recruiting 84 UK-based engineers, as part of its 398 staff target. In addition, when it requires expertise outside its own core competencies, Starling will purchase from UK-based SME financial services and software companies, where possible.**

Update: To date, Starling has recruited 49 engineers. Starling has continued to champion UK based technology companies, and is working with Softwire, BJSS, and Infinity Works to supplement its in-house engineering capability.

**Commitment 11: Technology for good: Starling commits to maintaining best-in-class processes to protect client and personal data, as well as commercially sensitive data of its commercial partners and to reporting incidents as required by GDPR. It commits to a regular independent audit of its algorithms and technological processes to ensure they are fair and free from bias and prejudice.**

Update: Starling continues to hold the principle of technology for good and there have been no reportable incidents during this Assessment Period.

**Commitment 12: Stimulating market innovation: Starling will provide SME customers with a comprehensive set of open APIs allowing customers to tailor the platform to their individual needs. Starling's advances and innovation will also force other banks to respond, delivering a better service for sole traders, micro businesses and small SMEs in the UK. This will rapidly improve outcomes for the people that make up 59% of UK employment and businesses that make up 99% of the UK economy.**

Update: No update for this commitment in this Assessment Period.