

**Press release issued on behalf of BCR**

Wednesday 26<sup>th</sup> February 2020

**Banking Competition Remedies Ltd (BCR) updates on Metro Bank and Pool A Capability and Innovation Fund (CIF)**

Metro Bank has recently undertaken a strategic review of its business. As part of that process, and in line with its future plans, Metro Bank submitted a revised Business Case to BCR. This retained important features of the original Business Case while scaling back some aspects. Consequently, Metro proposed returning to BCR £50m of the original grant of £120m. This has since been approved by the BCR board.

Metro has already successfully deployed Capability and Innovation funds and the £70m retained will continue to stimulate banking competition in the SME market by improving financial products and services. The bank's new public commitments and progress can be seen [here](#).

The £50m returned will be allocated to the Capability and Innovation Fund and held in trust until later deployment, the terms and timing of which will be in line with BCR's core design and will be announced in due course.

**Godfrey Cromwell, BCR's Chairman said:**

"Strategy responds to changing circumstances. In the 12 months since it was awarded funds, Metro Bank has made progress on its CIF commitments while also, and rightly, coming to BCR with a revised proposal as the context evolved and in line with the CIF scheme processes.

BCR's priority is to promote competition in the market for banking services to SMEs. We now have an opportunity to redeploy £50m to further this objective. We will retain a robust focus on monitoring of all grants, while also engaging with the best way to use the returned CIF funds."

The purpose of the Capability and Innovation Fund is to encourage eligible bodies to develop and improve their capability to compete with RBS in the provision of banking services to SMEs and develop and improve the financial products and services which are available to SMEs.

The Capability and Innovation Fund comprised a total of £425 million which was divided into four pools. BCR was responsible for evaluating the applications and disbursing the funds. All fifteen grants were awarded during the course of 2019 with further information found [here](#).

Following the distribution of funds, BCR is now focused on the monitoring and compliance of each recipient's reporting and deliverables against their original public commitments. Quarterly updates from each organisation can be found [here](#).

**-Ends-**

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## About BCR

Banking Competition Remedies Ltd (BCR) is the independent body established in 2018 to implement the £775 million Royal Bank of Scotland (RBS) State Aid Alternative Remedies Package. BCR is independent from RBS and the UK Government. It is governed by an independent board of directors.

The Alternative Remedies Package was negotiated and agreed between HM Government and the European Commission and comprises two RBS funded measures amounting to £775m:

- The **Incentivised Switching Scheme** – to which up to £275m is allocated to assist SME customers within the Williams & Glyn business to move to ‘challenger banks’. A further maximum sum of £75m has been set aside within RBS to cover customers’ switching costs.
- The **Capability and Innovation Fund** – to which £425 million has been allocated to support the development of wider capabilities and competition in the SME banking market essentially through grants to eligible challenger institutions across four pools.

The next regular progress update for CIF will be published on Friday 28 February and will include an update on all the Pools. Future reporting dates can be found [here](#).