

**Assessment Period 2 (October 1<sup>st</sup>, 2019 – December 31<sup>st</sup>, 2019)**

**Funding Options Limited - £5M Grant**

**COMMITMENT 1: WE WILL POWER THE ALTERNATIVE SME LENDING SEGMENT**

**Funding Options will fund an additional 10,000 UK SMEs with almost £0.5 billion in alternative lending by end-2022 and will deliver £100 million in new loan volumes for alternative lenders without them having to pay any cost of acquisition. In addition, Funding Options will grow the number of alternative lenders on its platform from the current 50 to 100, helping more to achieve scale to compete with the major banks. Funding Options will also deploy new free technology enabling at least 10 alternative SME lenders to adopt modern lending capabilities such as live pre-approvals and Open Banking, enabling them to better compete.**

Funding Options has made good progress in Q4, delivering results materially exceeding reporting targets covering cumulative value of funding arranged and onboarding of new lenders to our panel, as the benefits of enhancements to our business model and proposition are realised.

During the current assessment period Funding Options has significantly grown its panel of lender partners. We are now working with 200+ lender partners covering the full breadth of the SME lending market.

In Q4 Funding Options delivered a step change improvement in performance. The total value of funding achieved for UK SMEs increased by over 30%. We have lent to thousands of UK SMEs and we have driven £40m in new lending into the UK economy in Q4 alone.

We are actively engaged in dialogue with a number of alternative SME lenders regarding the adoption of new technologies to enable more efficient lending. We expect to commence testing by end Q1 2020.

**COMMITMENT 2: WE WILL CHANGE SME BEHAVIOURS, FOR THEIR BENEFIT**

**Funding Options will double the number of SME visitors using its website to 1,000,000 p.a. by end-2022, in doing so transforming the number of UK SMEs that research and compare financial services providers online. Building on its current focus on alternative SME lending, Funding Options will get 30,000 SMEs to review their business current account (BCA) provider with an innovative new intelligent BCA comparison tool based on Open Banking data. Underpinning these commitments, Funding Options will grow its brand awareness to 10% of SMEs by 2022 (to be validated by a reputable external market research agency) to create a 'go to' online presence where SMEs can confidently access a diverse range of financial services providers. To support this - alongside £5 million of Pool D funding - Funding Options will raise £5 million in matched private sector capital to further stimulate UK based SME financial services competition, a fundraising strategy unanimously agreed by existing investor shareholders.**

Funding Options has exceeded all reporting targets for Q4. In line with our commitment we have secured over 80% of the matched funding target, which has enabled us to commence investment to deliver against our strategy. We have also started to scope the BCA comparison tool and we expect to commence the build in line with the Q2 expectation.

### **COMMITMENT 3: WE WILL FILL THE GAP FROM CLOSING BANK BRANCHES**

**Funding Options will close the gap in local funding advice, by innovative new technology that will empower 1,000 accounting firms - from all corners of the UK - to act like traditional local bank managers in supporting SMEs. Funding Options will also run roadshows across the UK, to drive awareness and understanding of alternative SME finance. In addition, Funding Options will deploy a marketplace technology for banks, enabling them to offer alternative lending products to SME customers that do not fit their own lending criteria. This solution will be rolled out to banks representing one-quarter of SME banking market share.**

Funding Options has already commenced the roll out of its proposition for accounting firms across the UK, achieving material uptake in Q4 both in terms of accountants onboarded and lending through the Advisory channel.

Growth in lead flow from Funding Options' bank partners has also been noted in Q4. Focus on these partnerships will ramp up in 2020.

### **COMMITMENT 4: WE WILL GET OPEN BANKING FOR SMEs ON TRACK**

**By end-2022, Funding Options will use its presence to ensure that 50,000 SMEs use Open Banking data to achieve better comparison of loans, overdrafts, BCAs and other financial services products, driving crucial early market adoption of Open Banking, and putting more SMEs in control of their data. As part of delivering this commitment, by end-2022 we anticipate that more than a quarter of SMEs making a loan application through Funding Options will be using Open Banking technologies for enhanced ease, speed and personalisation.**

Funding Options has chosen to partner with AccountScore for Open Banking. Connectivity has been established and work is underway to integrate the functionality seamlessly into our customer journey. Additionally, Funding Options has begun to formulate its digital engagement model for customers in the context of multi-product/services comparison.