

**Assessment Period 2 (October 1<sup>st</sup>, 2019 – December 31<sup>st</sup>, 2019)****Nationwide Building Society - £50M Grant**

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.

The CIF provides us with 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.

We continue to invest our members' money in laying the foundations needed to launch our business current account in 2020. However, our progress in bringing this account to market has been slower than expected. Our commitment to bring the fairness and value of mutuality to the SME banking market, particularly smaller businesses is unchanged, but experience in 2019 has led us to re-assess the rate at which this can be achieved. Our commitment to value and service and to a long-term impact on the market are unchanged.

**WE WILL BRING THE MARKET LEADING STANDARDS OF SERVICE WE'RE RENOWNED FOR TO SMEs****We will:**

- **Make opening an account simple. The vast majority of SMEs will be able to open and use an account within minutes, through a seamless, digital onboarding journey.**
- **Provide a range of options to remove real and perceived barriers to switching by June 2020, including use of the CASS, Open Banking-powered switching support, dedicated personal switching assistance and closed account histories.**
- **Deliver excellent service. We are the only personal banking provider at scale to achieve a CMA overall service quality rating over 70%. We plan to replicate this in business banking, which equates to a top three position.**
- **Combine the human touch of our national network of c.650 branches and UK-only call centres with the convenience of digital channels including on-demand and bookable video assistance.**
- **Help solve problems SMEs actually face, with digital tools that use the latest technology, frequent releases of new features and a best-in-class customer experience.**

We remain committed to market leading standards of service, but the timeframes for bringing elements of our proposition to market will extend.

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.

We are focused upon removing both the real and perceived barriers to switching and we are developing our Open Banking-powered switching support and dedicated personal switching assistance. We are also progressing our access to CASS. Current estimates indicate that these will now be available in Q4 2020.

Nationwide continues to deliver excellent service to our retail members, and we plan to achieve the same excellent service standard in business banking. We continue to deliver our human touch across our national network of c.650 branches and UK-only call centres and we will roll out business banking to these following the launch of our business current account, although the nationwide roll-out will start later in 2020 than initially anticipated.

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

**We will:**

- **Provide price transparency through an innovative Open Banking-powered price comparison tool so customers know upfront how much it will cost them to bank with both us and our competitors.**
- **Only charge for borrowing customers actually use. We will not charge annual, arrangement or early repayment fees on our lending products.**
- **Keep account fees simple and easy to understand.**

We remain committed to fair transparent pricing and great long-term value.

We will keep account fees simple and easy to understand and only charge for borrowing customers actually use. We also plan to develop 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**

**We will provide a comprehensive range of SME banking products. Our customers will:**

- **Be able to make informed borrowing choices based on clearly presented options, including price quotes and eligibility indicators, all without leaving a footprint on their credit records.**
- **Have access to flexible borrowing via our unsecured business loans, supported by rapid lending decisions and quick payments, launched by the end of 2020.**
- **Benefit from increased control over their day-to-day spending. By June 2021, we will launch our business credit card with a full suite of controls that can be independently set for multiple users.**
- **Maximise the value of surplus cash in their business with our highly convenient integrated business savings products, launched by June 2020.**
- **Be able to have their say and influence how we build our proposition through a dedicated customer panel, Business Connect.**

We remain faithful to this commitment, although the timeframes for bringing elements of our proposition to market will extend.

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 who are helping to shape our proposition.

Our immediate focus remains on developing our business current account, but we have realised that it will take us longer than initially expected to build the leading proposition that we want to deliver. This, in turn, is likely to have knock-on implications to the delivery timeframes for other elements of our proposition.

We still plan to launch a highly convenient, integrated business savings product in 2020 in parallel with the progressive launch of our Business Current Account. After that, we plan to offer flexible borrowing via our unsecured business loans and to launch our business credit card with a full suite of controls that can be independently set for multiple users.

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

**Working with innovative partners, we aim to:**

- **Offer easy solutions for SMEs to accept card and contactless payments directly from customers, available from March 2020.**
- **Take the pain out of accounting by linking our current account with all mainstream cloud accounting packages by March 2020.**
- **Help SMEs become Making Tax Digital compliant by providing a seamless link to our recommended UK SME accounting platform from the start of the 2020/21 tax year.**
- **Enable SMEs to send and receive foreign currency payments at low cost, through a market-leading international payments service by June 2020.**
- **Ease cashflow management woes with real-time cashflow insights and smart nudges powered by integrated machine learning from July 2020.**
- **Provide in-app invoicing capability from July 2020 that makes it easier for SMEs to get paid and reconcile payments.**
- **Support SMEs in finding the finance they require where we are unable to meet their needs, with pro-active referrals to designated alternative lending platforms by the end of 2020.**

We've established a dedicated workstream for this commitment and have started discussions with several innovative partners to help solve problems small businesses actually face, with digital tools that use the latest technology. Solutions will be launched through 2020 alongside our Business Current Account.

Our current priority is on linking our current account with all mainstream cloud accounting packages. 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 plan to commence work shortly on offering easy solutions for small businesses to accept card and contactless payments directly from customers.

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.

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

### **We will:**

- Match every pound we receive from the CIF over our five-year business planning cycle.
- Attract an estimated 340,000 SME current account customers by March 2024, including the switching of 125,000 business current accounts to Nationwide.
- Originate an estimated 165,000 business savings accounts, 67,000 business credit cards and 17,000 business loans by March 2024.
- Drive awareness of the compelling nature of our proposition through an extensive and sustained marketing campaign including the planned engagement of around a million existing Nationwide members who also own their own business.
- Train our c.7,000 branch colleagues, by the end of Q1 2020, across our national network of c.650 branches to enable them to provide great service to our SME customers.
- Create c.200 additional jobs in the UK to support SME banking by the end of our business planning cycle, to ensure we have the service capacity and product quality to match our ambitious growth plans.
- Support UK Fintech SMEs in bringing innovation to the market and scaling their businesses. We will conduct an annual SME Hackathon from 2020, using our own money to invest in new value-adding products and services for our SME customers, ensuring that we continue to enhance our proposition.

We remain committed to transforming the SME banking market.

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 to maximise the scale of our impact.

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 branch rollout in 2020.

We have started to recruit additional colleagues to deliver excellent customer service whilst meeting our ambitious growth plans. Through time, we will create an additional c.200 jobs in the UK to support our small business customers.

We will conduct an annual SME Hackathon, as soon as we have sufficient customer input to clearly identified unsatisfied needs. We will invest 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**

### **We will:**

- Provide timely, accurate and transparent progress reporting to the BCR every quarter until our commitments are delivered, through robust processes that have been independently assured by both internal and external experts.
- Provide public updates every quarter on our progress.

- **Ensure we adhere to both the letter and spirit of the terms and conditions of the CIF at all times.**

The commitment to reporting transparently remains on track

We have submitted our first two quarterly progress reports 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.