

**Assessment Period 3 (October 1<sup>st</sup>, 2019 – December 31<sup>st</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 also 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 £6.5m 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. 9 new products have been launched, with a further 15 well underway. Starling has launched its SME Web Portal, access for multiple persons of significant control, 12 marketplace partners which are outlined below, and its Euro account, which is part of its Multi-currency account product. The Business Toolkit has been launched to a small number of customers - this includes the Invoices to direct payments, Digital tax submission, Advanced VAT account and Instant invoicing tools. Starling also released the first development of its cheque imaging tool, meaning customers get their money in two working days rather than the previous five.

Starling has begun work on a further 15 products, of which, Direct debit origination and 3 other products are now scheduled for 2020 delivery.

**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: This period Starling launched Multi-owner accounts, which give access for multiple persons of significant control. It continued to make design and accessibility improvements on its SME Web Portal, enhancing functionality based on customer feedback.

**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 continued to design its virtual assistance solution.

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

Update: Starling launched its first intelligent tool to a small number of customers, Invoices to direct payments, as part of its Business Toolkit. The tool enables customers to convert invoices received into direct payments to suppliers. This is part of Starling’s strategy to offer insight and automation to SME businesses to better manage their expenses.

**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 has delivered its target of 12 Marketplace partners for 2019, with Nimbla, So-sure, Anorak, Sparqa Legal, QuickBooks and its Business Toolkit related partners, Office365, HMRC and Google, being added in the last quarter. This is in addition to FreeAgent, Growth Street, Digital Risks and CyberSmart.

**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 continuing to develop and launch lending products. To date, Starling has made available lending facilities of £1.03m as part of this test environment. Starling has continued to advance negotiations with a preferred partner with a view to launching a further lending programme in 2020. This will enable Starling to make significant headway towards its overall £913m lending 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: Starling surpassed its full year commitment of 51,000 customers, with 89,291 SME customers at the end of 2019. Starling is achieving this growth while at the same time maintaining existing high levels of customer satisfaction.

**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: Currently 70% of Starling's SME customer base is outside of 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 opened a new office in Cardiff.

**Commitment 7: Starling will continue providing 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: Since April 2019, Starling has recruited 195 FTE, exceeding its 2019 target.

**Commitment 9: An inclusive workforce: Starling commits to recruiting an additional 398 staff within the UK. 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. Included in the 398 staff recruited will be 84 engineers, again based in the UK. Where possible, it will purchase from UK-based SME financial services and software companies when it requires expertise outside its own core competencies.**

Update: Starling has recruited 63 engineers since April 2019, exceeding its 2019 target. 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.