

Atom Bank - £10M Grant

CIF Key Achievements to Date

- Since receiving the BCR grant Atom has built the underlying infrastructure for its small business app in partnership with our strategic partner Thought Machine.
- We have built a radically enhanced pricing engine and quote tool that enables us to give a quote on a secured lending application, often the hardest to quote on quickly, within 60 seconds.
- We are working with Newcastle University; the Federation of Small Businesses and the NE Chamber of Commerce on the build out of our proposition and reducing financial bias in lending decisions.
- We will imminently launch a closed online community for SMEs - 'The Kitchen' - allowing small businesses to offer their feedback and be actively involved in prioritising our product roadmap.
- Atom are creating high quality jobs in the North East of England, including roles in Data Science and Engineering. To date 15 people have joined Atom, including 6 graduates.
- We remain committed to changing the balance of who works in finance and technology and over the period have engaged with a number of initiatives and bodies, including Women in Finance Charter, Tech Talent Charter, TechUp Women to look to promote our vacancies.

Assessment Period 2 (January 1st, 2020 – March 31st, 2020)

COMMITMENT TO OWN FUNDS MULTIPLIER

Atom will spend £1.50 of its own funds for every £1 received from BCR.

This Commitment remains on track. Atom remains committed to our co-investment of £15m and to date has contributed more of its own funds to the programme than BCR grant utilisation.

COMMITMENT TO BRING INNOVATIVE SMART LENDING PRODUCTS TO MARKET

Atom recognises that the needs of smaller businesses are distinct and different from those of larger firms.

At the core of Atom's proposal are Smart Lending products designed specifically with and for SMEs and underpinned by Atom's unique smart contract technology and machine learning capabilities. Each element of Atom's proposal responds to individual firms' data and behaviour, to better anticipate their financing needs and deliver informed and responsible lending solutions.

Responding directly to what SMEs have told us, Atom's Smart Lending products will include:

- **An on-demand working capital facility (delivered in 2020);**
- **Unsecured term lending that responds dynamically to forecast cash flow and financial health (2020);**
- **Access to lending secured over business assets (2021); and**
- **Invoice discounting to provide instant access to cash tied up in outstanding invoices (2021).**

Our industry-leading and cost-efficient operating model will enable us to provide competitively priced lending and help make Atom the bank of choice for financing SME cash flow management and growth. In situations where we cannot meet an SME's lending needs, we will, with their explicit consent, offer transparent referrals to alternative providers (2021).

Atom Bank has made significant strides in the first Quarter of 2020 in pursuit of our ambitious suite of Public Commitments, in particular: completing the underlying infrastructure for our lending propositions; agreeing lending policies; agreeing technical Proof of Concepts with several partners; automating processes to enable us to lend at scale; and building out our internal team.

We are, however, not immune from the COVID-19 pandemic and like many other businesses Atom has taken rapid but careful steps to protect our customers and people during this time of uncertainty. Atom is currently assessing the specific impacts that the wider macroeconomic environment will have on our business case. However, having witnessed a number of lenders leave or tighten their appetites for lending at just the moment SMEs really need them to be ready to lend, we want to stand behind them.

COMMITMENT TO DELIVER A COMPLEMENTARY DIGITAL TOOLKIT TO SUPPORT UNMET SME NEEDS

We will build and implement an extensive roadmap of complementary digital products and tools.

During 2020, Atom will launch a real-time cash flow monitor and long-range financial health tool. Powered by machine learning, it will help SMEs to monitor their finances and anticipate shortfalls or surpluses in cash flow. It will also provide meaningful and actionable insights to help drive efficiency and profitability.

Finding appropriate funding to help turn new opportunities into growth is a key concern for SMEs. From 2021 our digital 'Lending Coach' will provide insight and intelligence to navigate funding options, with personalised prompts and simple actions to undertake every day that help them get credit ready.

We are also committed to supporting the 'permanent-non-borrowers' that make up 47% of SMEs – those who prefer to self-fund expansion. In 2020 we will offer competitively priced savings products that integrate with cash flow forecasts and respond to AI-driven nudges and alerts.

Finally, to allow SMEs to get on with the day-to-day running of their businesses, we will develop a range of digital tools including invoice management (2022); investment appraisal (2021) and scenario planning to visualise the impact of delayed or accelerated payments (2021).

This Commitment remains on track, with the first deliverables scheduled for later 2020 and the underlying data architecture now in place.

COMMITMENT TO ADDRESS DISCOURAGED DEMAND AND ENHANCE THE FINANCIAL WELLBEING OF SMEs

To ensure small businesses have the confidence to seek the external finance that is right for them, our proposal will include:

- **A rapid and frictionless onboarding process that captures financial aspirations, and generates bespoke customer solutions;**
- **Seamless API integration with existing bank accounts and accounting software;**
- **A simple visualisation of financial health, giving SMEs time to focus on their business;**
- **Use of alternative performance data to assess under-served 'thin-file' applicants;**
- **A simple fee structure and tailored repayment plans so SMEs can borrow with confidence.**
- **Our proposition development will also be informed by the outputs of our partnership with Newcastle University's FinTrust programme, the focus of which is to avoid unintended bias and reduce financial exclusion.**

Over the period, we have continued the design of our frictionless onboarding journeys and assessment of alternative data to assess customers with thin credit files.

We continue to work with Newcastle University; the Federation of Small Businesses and the NE Chamber of Commerce on the buildout of our proposition. Atom will imminently launch a closed online community - 'The Kitchen' - allowing small businesses to offer their feedback and be actively involved in prioritising our product roadmap.

COMMITMENT TO TRANSFORM SME BANKING

Atom will help SMEs to secure finance, and materially address the funding gap in the market by delivering an additional £3bn of business financing by March 2024.

We will set a new standard for customer experience in the sector and work to replicate our personal customer Net Promoter Score of +74 for the benefit of SMEs.

Atom will also cater for savers but stand ready to support them with Smart Lending solutions when their needs or ambitions change. We have set a goal of opening an additional 88k business savings accounts by March 2024.

Atom will package its SME proposition in a free-to-download and use application. Available to all SMEs, we forecast that this will benefit in excess of 340k by 2024 and provide them with data insights valued at c.£150m per annum.

No update in the period. We remain confident in our ability to meet our ambitious lending targets and during the course of 2020, will look to significantly increase our net lending to small business customers. In support of this, Atom is seeking membership of various Government lending schemes.

COMMITMENT TO PARTNER WITH INNOVATIVE SMEs

Atom has a proven track record of partnering with UK FinTech and other innovative SMEs. In delivering our bid commitments we will extend these partnerships to include at least a further 10 SMEs.

This Commitment is on track. To date, Atom has partnered with one new innovative UK SME in delivering our bid commitments and are in advanced dialogue with a number of other parties ahead of signing new commercial agreements.

COMMITMENT TO CREATE 70 NEW JOBS IN NORTH EAST ENGLAND

On top of the 348 roles we have already created in the North East, we will add an additional 55 high skilled jobs and 15 graduate and apprentice roles in Durham.

We are committed to changing the balance of who works in finance and technology. Atom already supports seven initiatives to boost inclusion and employment among under-represented groups, and we will use these initiatives to help us fill these roles.

This Commitment is on track. Atom remains committed to creating high quality jobs in the North East of England, including roles in Data Science and Engineering. To date, 15 people have joined Atom, including 6 graduates.

COMMITMENT TO DELIVER TRANSPARENCY TO THE BCR AND PUBLIC

We will provide quarterly progress reports and access to our real-time cloud hosted programme dashboards to the BCR, together with a transparent product roadmap and quarterly updates on our public website.

We will provide access to the first incarnation of our real time dashboard imminently. We continue to publish BCR Commitments Updates to our public website so that a wider group of stakeholders can monitor our progress.