

Starling – £100m Grant

CIF Key Achievements to Date

Starling has launched a number of innovative features since being awarded the CIF grant.

- Our new lending products, including unsecured loans, are supporting businesses to gain access to credit. Starling has been accredited to lend through the Bounce Back Loan scheme. To date we have lent £300m to UK SMEs. Starling has also been accredited to lend through the Coronavirus Business Interruption Loan Scheme, and alongside its own originations, Starling has signed an agreement with Funding Circle to lend a further £300m to UK SMEs under the CBILS programme.
- The business toolkit enables SMEs to estimate and save for their tax, record and submit their VAT to HMRC, create and match invoices, and manage their bills - all from their Starling account.
- Starling has partnered and integrated with an additional 15 partners in our Marketplace, connecting customers to a broad suite of business products and services from accounting through to life insurance.
- We've enhanced our multi-currency offering with a Business Euro account, and a Business USD account (currently on release to a limited set of customers).
- Our cheque imaging initiative, which enables customers to pay in cheques by scanning via smartphones or tablets, has supported customers to pay in money digitally, and stay safe at home.
- Multi-director account access, with digital onboarding has enabled our more complex businesses to start banking with Starling.
- Launching our SME web portal has given our customers the ability to manage online banking on their desktop or laptop as well as direct from their smartphone.
- In addition to launching these initiatives, we have made progress on further products that we look forward to releasing over the course of this year.

The value delivered by these initiatives has enabled us to attract over 120k SME customers. This has been achieved whilst consistently delivering on our recruitment, diversity and geo-location inclusion targets.

Assessment Period 4 (January 1st, 2020 – March 31st, 2020)

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 £9.16m 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. Starling has delivered 9 products to date and has released an initial version of our Unsecured business loan product which is in market and the next point of focus is to fully automate it for scale. A further 21 initiatives are well underway.

Starling also released the next development of its cheque imaging tool, making it available via its app. Starling has also expanded the use of its Business Toolkit (which includes the Invoices to direct payments, Digital tax submission, Advanced VAT account, Instant invoicing tools, Bulk Payments functionality and Save and “pick up later” initiative) both in terms of customer reach and functionality.

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 continued to improve its Multi-owner accounts, which give account access to multiple persons of significant control, by developing solutions for different types of businesses and updating the onboarding process. It also continued to make improvements to its SME Web Portal by including USD functionality (currently on release to a limited set of customers) and improving payment functionality.

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 begun to build its virtual assistance solution and is testing it with staff.

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 has continued to improve product features and functionality for Invoices to Direct Payments as it builds towards a full customer release. Starling has now also released an initial development of another intelligent tool, the "Starling suggests" initiative, which provides customers with recommendations whilst they are in the app.

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: So far in 2020, Starling has launched 3 new SME Marketplace partners: Paystream, Molo Finance and Underpinned. This is in addition to the 12 new marketplace partnerships in 2019.

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 has released an initial version of its unsecured business loan product. This system has allowed Starling to lend over £300m in its first week as part of the Bounce Back Loan Scheme of the British Business Bank. Starling processed 83% of decisions within 48 hours. This system will continue to be developed over the coming months.

Starling has also been accredited to lend through the Coronavirus Business Interruption Loan Scheme, and alongside its own originations, Starling has signed an agreement with Funding Circle to lend a further £300m to UK SMEs under the CBILS programme.

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: Despite the challenging business environment we continue to experience a robust level of account openings, with recent daily averages undiminished. At the end of the period, Starling had 120,328 SME customers and is therefore well on its way to achieving the 2020 year-end target of 131,000. 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 73% 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 new combined operations and engineering centres in Southampton and 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 243 FTE exceeding its 2020 year end 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 40% 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 already hired 73 engineers since April 2019. Starling continues 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.