

Atom Bank - £10M Award

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.
- We have introduced a secured lending CBILS product and associated servicing system in under 6 weeks.
- Atom has responded to the challenge of COVID-19 and released its balance sheet to support the UK economy, with £164m of quotes for our secured lending CBILS product issued by end June.
- Atom has completed the underpinnings of our smart lending and savings platform with next generation core banking provider, Thought Machine.

Assessment Period 3 (April 1st, 2020 – June 30th, 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.

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 has never been more focused or determined to support small businesses. Accordingly, and in response to the most urgent and pressing needs of small businesses, our efforts over the last quarter have been focused on the design, operationalisation and launch of our secured Coronavirus Business Interruption Loan Scheme (CBILS) product.

We have continued to make strides in completing the underlying infrastructure to support our new range of smart lending propositions. The economic upheaval of COVID-19 means that the market for SME lending in 2020 and especially 2021 is uncertain, except to the extent that it will not be the market that any of us hoped for even 6 months ago. Smarter products will be essential to meet the requirements of SMEs and Atom remains determined to be part of the answer for UK SMEs, whatever shape that takes.

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).

We remain committed to provide insight and data to SMEs without charging for a company to see its own information. Information asymmetries between lenders and borrowers are harmful to trust and competition. These data can also help boost productivity and optionality for SMEs, and we continue to believe that they should be provided as part of a partnership between banks and their customers.

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.**

In support of this commitment, we continue to engage with bodies including the FSB, CBI, the North East Chamber of Commerce and Newcastle University's FinTrust programme in order to ensure that our lending propositions are built for and by small businesses.

Recruitment for our closed online community has begun and members will be actively involved in shaping the 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.

Atom has responded to the challenge of COVID-19 and released its balance sheet to support the UK economy, with nearly £200m of quotes issued and £37m in applications received for our secured lending CBILS product issued in the first four weeks of trading. We are confident in our ability to surpass our net lending targets to small businesses during the course of 2020.

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 two 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 over the upcoming quarter.

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, 16 people have joined Atom, including 6 graduates. Whilst COVID-19 has led to delays and challenges in the hiring and onboarding of roles, we now have a significant number of vacancies live.

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.