

The Currencycloud Group Ltd - £10M Award

CIF Key Achievements to Date

- We have processed cross-border payments for 4.4% of all UK SMEs trading internationally (over 14,700 UK SMEs)
- We have complemented the BCR grant funding with £4.9m of additional investment to date to deliver a global transaction banking platform for UK SMEs
- CurrencyCloud Spark, our multi-currency account solution for financial institutions, is now live following the completion of testing and pilot phases in Q2
- We have launched our first real-time payment route (GBP), with at least two new real-time routes to follow in the coming months
- We became the first non-bank to introduce self-service payment tracking via API through our SWIFT gpi membership. Functionality enables our clients to track their customers' international wires directly, much like an Amazon parcel, or provide this visibility to their own customers so they can track their payments themselves
- We have optimised our payment network by improving delivery time for local CAD payments from T+2 to same-day and adding local payment coverage in three new currencies (BGN, HRK, ZAR), providing our clients a low-cost alternative to international wires in these corridors
- We have enhanced our conversion capabilities by developing a self-service tool that allows clients to amend the rate of an open or booked trade and creating a new API field that enables clients to select an FX conversion option that optimised liquidity availability and spreads for their selected currency pair. Both features enable customers to better manage conversions in response to volatility observed since the start of the COVID disruption
- We were granted an EMI license by the DNB under our Dutch entity CurrencyCloud B.V., ensuring we can continue to provide accounts and collections services to UK SMEs in the European Union with no disruptions, regardless of the outcome of the EU-UK negotiations on the future relationship
- We have rolled out a two-factor authentication solution for customers using our web portal, providing an extra layer of security to ensure someone trying to access their account is who they say they are

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

COMMITMENT 1 – HELP 10% OF UK SMEs TRADING INTERNATIONALLY ACCESS BETTER CROSS-BORDER EXPERIENCES

We commit to powering cross-border payments for 40,000 UK SMEs by 2024 – 10% of all UK SMEs that trade internationally.

We are on track to deliver this commitment. As of the end of June 2020, over 14,700 UK SMEs have used our cross-border payments platform – 4.4% of all UK SMEs trading internationally.

COMMITMENT 2 – EXPAND OUR PRODUCT

We commit to providing our customers a Global Transaction Banking platform through:

- **Addition of alternate payment methods to support the next generation of international business payments: instant payments, mobile wallets and cards.**
- **Geographic expansion of our collections product, a receivables solution allowing UK SMEs to accept payments from their international customers via local accounts abroad.**
- **New features to address common pain points for UK SMEs trading internationally, such as 24/7 currency trading and ‘request to pay’ functionality enabling SMEs to take full control of their accounts receivable and initiate payments directly from their international customers.**

We are on track to deliver this commitment. Currencycloud Spark, our multi-currency account solution for financial institutions, is now live. In addition, we have made significant progress towards real-time payments processing with SWIFT gpi (38% of international wires credited to the beneficiary account within 5 minutes; 55% within 60 minutes) and our first real-time payments route (Faster Payments Service in the UK).

COMMITMENT 4 – DISTRIBUTE NEW PRODUCTS WIDELY TO SMEs

We commit to continuing to power both FinTech innovators and traditional financial institutions striving to keep up with the pace of change. Enabling the disruptors and the disrupted alike to leverage our platform to develop new products would introduce more choice for UK SMEs and widen the access to cross-border payments – a true multiplier effect on competition.

We are on track to deliver this commitment.

COMMITMENT 5 – CO-INVEST

We commit to investing £30m of our own funds, alongside the £10m CIF grant, in pursuit of making our ambition a reality for SMEs.

We are on track to deliver this commitment.

COMMITMENT 6 – PROTECT THE INTEGRITY OF THE FINANCIAL SYSTEM

We commit to upholding our obligations on transaction monitoring, safeguarding of client funds, security and data protection to ensure the cross-border payments ecosystem is a safe space for our SME customers and partners within our global network.

We are on track to deliver this commitment.

ORIGINAL COMMITMENT:

COMMITMENT 3 – CONNECT TO ACCOUNTING SOFTWARE

We commit to integrating our platform into three major accounting software solutions within a year of receiving the grant. These integrations will provide our clients with another way to access our product, alongside our API and white label platform. SMEs will benefit from easier access to international payments, ability to seamlessly link payments to invoices, and instant reconciliation within their accounting software.

RATIONAL FOR THE CHANGE:

This commitment has been removed and replaced with two new commitments.

The change to our commitments is a direct response to a significantly more challenging macroeconomic outlook compared to a year ago. The COVID-19 disruption and the economic downturn that has followed present an existential challenge for the UK SME sector and the innovative B2B Fintech challengers that make up our client base.

Given the operational disruption and economic uncertainty faced by UK SMEs, we believe it is prudent to change our priorities to ensure that the BCR investment is focused on initiatives that address the evolving customer needs and will deliver the greatest impact during a prolonged period of financial hardship. The updated commitments will help release cash to SMEs quickly and further reduce barriers to accessing affordable cross-border payments for UK SMEs trading internationally.

Finally, our decision to change the commitments was made easier by the steps that many of our clients have already taken to connect their platforms to accounting software packages. These innovative challenger banks, Fintechs and FX brokers have developed compelling propositions to address reconciliation challenges for SMEs and aid them in managing their expenses. These developments have reassured us that the UK Fintech community is addressing these customer needs and allowed us to focus the investment in other areas that will deliver incremental financial benefits for UK SMEs.

NEW COMMITMENTS:

COMMITMENT 7 – RELEASE WORKING CAPITAL BACK TO UK SMEs

We commit to developing our technology and risk management practices to release working capital to UK SMEs using our platform for cross-border payments as quickly as possible. SMEs will benefit from instant FX trade settlement and updates to their customer balances and margin accounts, whilst Currencycloud will manage the FX, liquidity and credit risks associated with FX trading and funds in transit. These enhancements will help alleviate working capital challenges for UK SMEs in the aftermath of the COVID-19 disruption and during an economic downturn.

We are on track to deliver this commitment. We have given our clients the ability to top up theirs or their customers' margin instantly using their account balances, enabling them to book FX forwards more easily and optimise the amount of capital required to facilitate these transactions.

COMMITMENT 8 - REDUCE BARRIERS TO ACCESS

We commit to reducing barriers to access for SMEs by automating our onboarding and account activation process, delivered via an eKYC API. This will enable unregulated companies (e.g. software providers, lending platforms, marketplaces) to offer transaction banking services to their SME customers without having to invest in regulation, compliance or payments infrastructure.

We are on track to deliver this commitment.