

## **FundingXchange – Public Commitments**

### **£5 Million Award**

#### **Funding Xchange is the only end-to-end digital intermediary in SME lending**

Founded to deliver simple, fast access to more affordable finance, our marketplace for SME finance connects SMEs with 70 lenders. Through our technology and solutions, we have reduced approval time by 75% and saved SMEs on average £9,000 per loan. Making alternative lending accessible and affordable, we have driven a market shift towards challengers and alternative lenders.

Our technology is completely digital and hence is easily scalable. Because we CONNECT the ecosystem, all stakeholders benefit from the speed and transparency we have introduced. To SMEs we surface the best deals available. To alternative lenders we reduce their costs and pinpoint what financial products will work. These changes naturally increase competition and shift the market towards a compelling proposition from alternative finance providers.

Funding Xchange has been designated by HM Treasury to support SMEs rejected by their bank for finance. Given the effectiveness of our solution, we today provide similar referral services for 20 alternative lenders – ensuring no SME remains without options.

With the £5m grant from Pool E, we commit to widely deploy our technology to transform UK SME financial services.

#### **COMMITMENT 1 - Making finance more accessible**

##### **Market challenge**

'Financially fragile' SMEs have not built fundable profiles and SMEs believe it is too difficult to seek finance.

##### **Commitment**

SMEs will have 'frictionless' access to the best finance options. We will work with Price Comparison Websites, Accounting Software Providers, Challenger Banks and key influencers of the SME-lending landscape to completely embed our API-led technology within their infrastructure.

Explicitly, we will:

- extend our integrations with Price Comparison Websites, Accounting Platforms and Challenger Banks to deliver pre-approved offers of finance;
- power the 'Enterprise Nation Finance Portal' by Q1 2021, providing businesses with instant access to finance options, e-learning tools and access to 10,000+ advisors across the UK. We will deliver free online training tools for SMEs and 'train the trainer' programmes for advisors; and
- power the SmartFinance Hub in partnership with the NACFB to enable 1,600 brokers across the UK to use our digital capabilities. The Hub will be available free of charge until the end of 2022 to smaller brokerages.

This will drive greater transparency and competition into the market by providing 1.1 million additional businesses with simple and fast access to sustainable funding. This will generate £560m in Lending to SMEs by the end of 2022.

## **COMMITMENT 2 - Making finance more affordable**

### **Market challenge**

Lending processes remain largely manual, making it expensive and slow with high street banks taking up to six weeks for decision on loan applications.

### **Commitment**

Our Technology Platform provides alternative lenders with a plug-and-play solution to automate their decisioning and connect SMEs to the wider lending ecosystem. This will reduce lenders' operational costs, allow them to handle higher volumes and invest in competitive pricing.

FXE will fully integrate it into 20 lenders and challenger banks by Q4 2022, resulting in 400,000 customers per annum benefitting from faster, more efficient decisions.

## **COMMITMENT 3 - Making finance more sustainable**

### **Market challenge**

Lenders struggle to support borrowers who become stressed – 60% of Covid-19 SME borrowing is unsustainable making this particularly important.

### **Commitment**

Our data tracks SMEs' financial health, providing real-time insights into lenders' portfolio risk. This enables lenders to adjust repayments in line with SMEs' ability to pay as businesses navigate inevitable ups and downs.

FXE will partner with Shawbrook Bank to develop a real-time monitoring tool for intelligently managing concessions. The tool will be made available to at least 30 lenders, serving 300,000 businesses, thereby avoiding 9,000 insolvencies, and protecting 36,000 jobs by Q4 2022.

## **COMMITMENT 4 - Create 55 new regional positions and aim for 50% of the team from diverse background**

By Q3 2021, we will create 55 highly skilled positions, 80% of which linked to our Welsh office which will become our operational headquarters. Building on today's diversity of our senior leadership team, 50+% of Board and Senior Executives are from a diverse background, we aim to achieve the same ratios within our broader team by 2022.

## **COMMITMENT 5 - Opportunities for partners**

We are at the centre of the SME lending ecosystem, giving us the opportunity to work with new, innovative lenders seeking access to the market. We will invest our analytical resources to support 10 new/emerging lenders refine their product solutions to ensure a strong fit with market needs and help these lenders to bring solutions to market by the end of 2021. We will waive our fee for this service.

## **COMMITMENT 6 – Co-investment**

We will match the award on a 1:1 basis.