

Starling – £100m Award

CIF Key Achievements to Date

Starling has launched a number of innovative features since being awarded the CIF grant, with the below updates covering our achievements up to the end of June 2020.

- Our new lending products, including unsecured loans which are distributed through our new SME lending platform, are supporting businesses to gain access to credit. Starling has been accredited to lend through the Bounce Back Loan scheme. 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. To date we have lent £765m to UK SMEs.
- 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 18 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.
- 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.
- We've developed the functionality to allow customers to start an activity (e.g. a loan application) and pick it up again later, on another device if desired, to complete it
- 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 180k SME customers. This has been achieved whilst consistently delivering on our recruitment, diversity and geo-location inclusion targets.

Assessment Period 5 (April 1st, 2020 – June 30th, 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 £12.7m of its own funds to support the delivery 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. In addition to the 9 products Starling launched in 2019, it has launched 2 so far in 2020:

- i) Its Unsecured business loan product, complete with a lending platform with two heavily-automated components - applications and payouts.
- ii) Save and “pick up later” functionality which allows customers to start an activity (e.g. a loan application) and pick it up again later, on another device if desired, to complete it. A further 21 initiatives are well underway.

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: Starling updated its web portal to incorporate the entire Bounce Back Loan Scheme (“BBLS”) loan application process. As part of this, Starling also added Save and “pick up later” functionality to its BBLS loan applications. This means that customers can fill in the initial loan application and pick up and upload the evidence needed to complete their application later, on a separate device if desired. Additionally, Starling has continued to improve its Multi-owner accounts, which give account access to multiple persons of significant control, by developing a simple solution to add and remove Directors as ownership of the company evolves.

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 is now internally testing a prototype of its virtual assistance initiative. This initiative will improve Starling’s 24/7 customer support with input from an intelligent AI assistant. It has also started to develop its video chat with specialists initiative, which will provide customers with access to a member of the UK-based support team.

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 broaden the range of use cases for its “Starling suggests” initiative, which provides customers with more tailored recommendations whilst they are in the app. Additionally, Starling improved the invoice status flow for its Invoices to direct payments initiative in advance of a full customer release.

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: Starling continues to expand the range of third-party providers available to its SME customers. During this assessment period, Starling has launched another 3 new Marketplace partners: Slack, Bionic and Equipme. This is in addition to the 15 Marketplace partnerships previously launched.

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: During this assessment period Starling has rapidly developed and launched BBLS and Coronavirus Business Interruption Loan Scheme (“CBILS”) propositions, enabling it to rapidly provide credit to support over 21,600 SME customers. As at 30th June, Starling has made a total of £765m of lending available to SMEs.

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, Starling has exceeded its 2020 year-end target of 131,000 SME customers, with 180,701 SME customers as at the end of June 2020. Starling continues to maintain 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: 73% of Starling's SME customers are based 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, which has kept more than 90% of its 11,500 branches open during the lockdown and is operating at 90% of its pre-Covid-19 opening hours across the network.

Commitment 8: An inclusive workforce: Starling commits to recruiting an additional 398 staff within the UK.

Update: Since April 2019, Starling has recruited 262 FTE, exceeding its 2020 target. Resourcing levels remain strong and it has not furloughed any members of staff.

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. 41% 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 82 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: Starling has a comprehensive API platform covering a wide range of functionality. As well as being available to regulated third-party providers, sole trader and business current account holders are able to register as developers and get API access to their own accounts. Since being awarded the Pool A grant, Starling has vastly expanded its range of APIs, allowing SMEs to build rich integrations to help automate their banking and bookkeeping.

Thanks to the performance and reliability provided, Starling has utilised these same APIs and authentication methods to deliver its web banking and business toolkit products facilitating the development of more advanced business current accounts and ancillary products for SMEs in the UK.