

## ClearBank – £60m Award

### CIF Key Achievements to Date

- Being fully on track with all public commitments
- Most efficient awardee (in terms of Businesses acquired per £1 grant)
- Successfully achieving a further market share milestone, exceeding 4% market share (4.1%) with c.240,000 members
- Now third largest business banking challenger (after Virgin Money, Metro); creating a true SME first alternative to high street banks
- Significant awareness increase of the Tide brand; now known to 38% of SME population
- Major push in supporting start-out delivered ahead of schedule; launching the first one-stop company formation and account opening process in the UK, possibly globally
- Launch of our cutting edge solution for making tax digital; with full accreditation to HMRC
- Roll out of a highly innovative solution to ensure invoices real-time; when the invoice is created on the Tide platform
- Opportunities created for nine SME partners with more rapidly coming onstream
- Strong governance with independent Grant Steering Committee Chair (Lord Lindsay), quarterly auditing (EY) and a strict grant for results release schedule (for every 1% market share gained)
- Completion of Tide Tool: Tax initiative
- Delivery of leveraging our digital expertise marketing and mobile card acquiring dashboard in the quarter

### Assessment Period 6 (July 1<sup>st</sup>, 2020 – September 30<sup>th</sup>, 2020)

#### COMMITMENT TO OWN FUNDS CONTRIBUTION

**CTBB is committed to supplementing the BCR award using our own funds to a value of at least 100% of the BCR grant, throughout the lifespan of the business plan.**

This commitment is on track. The phasing of this contribution varies by business plan year and we project to be fully on track to achieve the proportionate contribution of own funds to BCR funds utilised for this year.

The level of co-investment is directly related to the BCR funds used in a given period and scales over the five-year period (i.e. co-investment is higher, on a ratio basis, in year 5 than it was in year 1).

#### COMMITMENT TO MARKET SHARE

**Building on its state-of-the-art business banking account, leveraging the SME-only Tide brand and building its current 1% market share, CTBB commits to implementing a powerful transformation initiative to:**

**ACHIEVE AT LEAST AN 8% BUSINESS CURRENT ACCOUNT MARKET SHARE BY 2023, thereby introducing much needed competition and contributing to breaking up the current oligopoly of the Big 4 banks.**

SMEs are showing that they are ready for a change with large numbers signing up to CTBB and with many traditional banks finding it challenging to open BCAs during COVID-19, we are continuing to support businesses the best we can. CTBB now has 244,397 members and a market penetration of 4.1%.

## **COMMITMENT TO THE TRANSFORMATION INITIATIVE**

**Transformation will require a concerted effort. More of the same business current account offers will not lead to the necessary shifts in market share, even if they are supported by better switching solutions. Recognising this need for a different approach to succeed, CTBB will achieve its market share objective through a set of powerful propositions to remove friction to switching, provide compelling attractors, and raise awareness of the superior CTBB business current account. CTBB will deliver full functionality under all grant**

This commitment is on track. Our implementation is continuing to progress as planned.

### **(1) REMOVE FRICTION to selection of, and switching to, CTBB**

- **CTBB already offers a fast onboarding process that allows, for the majority of applicants, the opening of a business current account within minutes.**

Following thorough research amongst the SME community, we have now enhanced this process to allow onboarding not only through the app but also through the web.

**The SWITCHING PROPOSITION: MAKING BCA SWITCHING SIMPLE will build on Open Banking and CASS infrastructure to allow businesses to switch their current accounts easily. The switching proposition will allow even faster onboarding for existing businesses, trial switching, allowing closed account histories to be maintained, dedicated personal onboarding assistance and temporary pop-up onboarding stores.**

Personal onboarding assistance and pop-up stores are already live. This quarter we delivered expedited onboarding using open banking. We have started planning work on trial switching and the CASS infrastructure required to support it.

### **(2) PROVIDE COMPELLING ATTRACTORS comprised of strong incentives to select and switch to CTBB**

- **CTBB already offers a strong set of solutions (CTBB Version 1) and, building on these, will develop four additional attractor propositions (CTBB Version 2) to make CTBB an even more compelling business current account partner for SMEs.**
- **The STARTING-OUT PROPOSITION: OPENING YOUR BCA AS PART OF SETTING UP YOUR BUSINESS will provide strong incentives for new businesses to set up their business current account with CTBB. The starting-out proposition will allow registrations (company registration, tax registration etc.) to be undertaken as part of the business current account opening process.**

Company registrations as part of the account opening process is already up and running. Planning work on VAT and self-employment registrations has commenced.

- **The ADMINISTRATION PROPOSITION: SAVING YOU TIME BY SEAMLESSLY INTEGRATING TOOLS WITH YOUR BCA will reduce the estimated 48 days p.a. that a small business spends on**

administration by seamlessly connecting (via API) the BCA to solutions for accounting, payroll, invoicing, expense management, tax and other filings. This is particularly helpful for smaller businesses, which typically operate without a Finance or HR function. As part of the administration proposition, CTBB will offer a range of Tide-branded solutions (Tide Tools) as well as provide highly usable integrations to popular third party solutions (Tide Connect) deeply integrated with the business current account, building on the strong base of its existing functionality.

During Q3 2020, we have further upgraded invoicing solutions as per plan and started discovery work on the Tide Accounting Tool.

- **The CREDIT PROPOSITION: OPTIMISING YOUR CASHFLOW USING BCA DATA.** According to the British Business Bank, lenders - while increasing net lending to medium-size businesses since Q3/14 - have actually reduced lending to smaller businesses despite unmet demand in excess of £5bn p.a. Much of the funding need of smaller businesses centres around cashflow. Recognising this need, the credit proposition will deliver a number of solutions tightly linked to the business current account to avoid cashflow issues (including invoice chasing, next-generation direct debit, and developing a Pay-On-Time rating), to protect against cashflow issues (by integrating with debtor insurance providers) and bridge cashflow (through working capital solutions, integrating the best providers and, with the SMEs' permission, providing lenders with transaction data available from the business current account)

Our Credit Insurance product has been rolled out to all of our customers with our partner Hokodo. Our Direct Debit product has been launched to 2,500 customers with our partner GoCardless. Our Cash Flow Optimization has been added to our analytics tool.

- **The ACQUIRING PROPOSITION: SAVING YOU MONEY BY OFFERING CARD ACCEPTANCE AS A BCA FEATURE.** Smaller businesses are currently charged excessive amounts for their card acquiring and see their funds settle after substantial delay. With the acquiring proposition, CTBB will deeply integrate acquiring with business current account offerings, at significantly reduced rates and with fast settlement

We launched the Card Dashboard prototype for a small set of users.

**3) RAISE AWARENESS** by extensively promoting the superior benefits of the CTBB business current account

- CTBB recognises that the best business current account will only be chosen by SMEs if the appropriate level of awareness is generated.
- CTBB is committed to spending a total of £70m to match the £60m in BCR grants – in addition to the planned current spend – to promote the business current account to achieve the target market share objective.

Marketing activity is continuing and awareness stands at 37.6%.

#### **COMMITMENT TO OPPORTUNITIES FOR PARTNERS**

**CTBB operates as a platform deploying solutions from the best partners in the industry.**

**CTBB commits to integrate at least 25 SME solution partners by 2023.**

This commitment is on track. By the end of Q3 2020 this number stood at nine. We are actively engaged with a number of parties already and continue to expect to meet this commitment.