

## The Currencycloud Group Ltd - £10M Award

### CIF Key Achievements to Date

- We have processed cross-border payments for 4.9% of all UK SMEs trading internationally (over 16,300 UK SMEs), exceeding our 2020 target of 16,000 SMEs
- We continue to distribute our services widely to UK SMEs, having onboarded 45 financial institutions serving UK SMEs and UK FinTechs in 2020
- We have complemented the BCR grant funding with £7.6m 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
- We have launched our SWIFT collections product, enabling our clients to provide multi-currency accounts and process cross-border receivables in 34 currencies for their customers
- We have launched our first real-time payment route (GBP), with three additional real-time payment routes (EUR, SEK, DKK) expected in the coming months
- We became the first non-bank to introduce self-service payment tracking via API through our SWIFT gpi membership. The 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 introduced enhancements to improve the speed of currency conversions and cross-border payments on our platform, effectively releasing working capital back to SMEs. Inbound customer funds are now instantly available for onward use, regardless of where in the world we have received these funds. In addition, customers are now able to top up their margin accounts instantly, minimising delays and removing customer friction with FX forward services
- We were granted an EMI license by De Nederlandsche Bank (the Dutch central bank) for 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

### Assessment Period 4 (July 1<sup>st</sup>, 2020 – September 30<sup>th</sup>, 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.**

Update:

We are on track to deliver this commitment. As of Q3 2020, over 16,300 UK SMEs have used our cross-border payments platform – 4.9% 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.**

Update:

We are on track to deliver this commitment. Currencycloud Spark, our multi-currency account solution for financial institutions, and our SWIFT collections product are now live. In addition, we have made significant progress towards real-time payments processing with SWIFT gpi (42% of international wires

credited to the beneficiary account within 5 minutes; 53% within 60 minutes) and our first real-time payments route (Faster Payments Service in the UK), with additional real-time payments routes (Euro, Swedish Krona, Danish Krone) on track to go live in Q4 this year. Finally, we have taken a major step towards enabling 24/7 currency trading on our platform by completing the build of our weekend FX solution ahead of a customer pilot in Q4.

#### **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.**

Update:

This commitment was removed following the approval of an Updated Business Case in July 2020.

##### **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.**

Update:

We are on track to deliver this commitment. So far this year, we have signed 45 financial institutions serving UK SMEs and UK-based FinTech startups.

##### **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.**

Update:

We are on track to deliver this commitment. As of Q3 2020, we have invested over £7.6m of our own funds towards our strategy supported by BCR.

##### **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.**

Update:

We are on track to deliver this commitment. We continue to invest heavily in ongoing enhancements to our compliance systems and processes to keep our clients and their money safe, while preventing criminal activity. We have also rolled out Strong Customer Authentication for users of our Direct web platform.

#### **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.**

Update:

We are on track to deliver this commitment. We have made inbound customer funds instantly available for onward use, effectively releasing working capital that would have otherwise been held up in various

accounts around the world or in transit back to the UK. In addition, we have enabled customers to top up their margin accounts instantly, improving the speed of currency conversions on our platform.

**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.**

Update:

We are on track to deliver this commitment. We are making ongoing enhancements to our onboarding journey and automating internal processes, as well as initiating customer discovery for onboarding automation.