

## Funding Xchange Ltd – £5m Award

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

### 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.**

We have made good progress against this commitment. We have invested resources into our deepening Partnerships with Price Comparison Website Partners and made good progress onboarding new Strategic Partners.

We have made investments into the Lender Relationship Management team facilitating the onboarding of additional lenders onto the platform. These early investments with our strategic partners and lenders have supported us to grow our levels of financing offered and disbursed through our platform ahead of plan.

### 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.**

We are making good progress against this commitment having brought forward execution of delivery, embedding our technology with an incremental three lenders ahead of plan, ultimately resulting in over six thousand SMEs receiving faster lending decisions over this first Assessment Period.

### **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.**

We have made good progress against our sustainability commitments, having held a series of detailed workshops with our key Strategic Partners covering the planning of data sourcing, design and build of the Concessions Management MVP which remains on track to be delivered in 2021.

### **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.**

At the end of the first Assessment Period, we are ahead of our recruitment targets, having created 12 new positions (20% more than planned), providing the delivery capability to implement our CIF business case ahead of plan. Like many businesses, the Covid pandemic has afforded us the opportunity to reassess our physical office locations and opened up a much broader regionalised talent pool for us. We have remained dedicated to a market leading position on diversity, increasing our wider team diversity stats to 45%, broadly reflecting the 50:50 split within the Executive Management Team.

### **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.**

We are ahead of target with this commitment, having supported (pro bono) four firms over this first Assessment Period.

### **COMMITMENT 6 – Co-investment**

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

We have matched BCR funding 1:1 over this Assessment Period.