

## Media bulletin

26 February 2021

### **“Our work is changing the landscape of SME financial services in the UK”**

#### **BCR publishes progress updates on Public Commitments from Pool A, B, C and D Capability and Innovation Fund recipients and sets out details for Pool F**

The Board of Banking Competition Remedies Ltd (BCR) today publishes progress updates for Pool A, B, C and D recipients, providing a summary of performance against their public commitments to the period 31<sup>st</sup> December 2020.

The updates of those awarded, their original commitments made and key achievements to date can be found [here](#).

In this reporting period, five awardees submitted business cases that resulted in changes to their public commitments: Codat Limited, Form3 Ltd, Investec plc, Metro Bank plc and Starling Bank Limited.

**Aidene Walsh, CIF Executive Director, said:** “We are very impressed with the progress that many CIF awardees are making. Change is a constant expectation in this period, with every business having to adapt. BCR awardees are no exception: any acceleration or reprioritisation of commitments reflects the reality of the business environment and the ability of these organisations to maintain their focus on the relevant needs of UK SMEs to make an impact now, and into the future. The BCR team applied a rigorous review process to ensure that business cases continue to support the ARP objective of driving competition for financial services for UK SMEs. In terms of the five business cases approved, changes resulted either from acceleration of spend or reprioritisation of offerings due to the outstanding success the awardees have enjoyed or due to responding to changing SME needs in the current environment.”

**Richard Anderson, Chair of BCR, said:** “Our work is changing the landscape of financial services for SMEs in the UK. Throughout the life of BCR, we have sought to fund initiatives which will make a real difference to competition in the small business banking market – it is very positive that we are now starting to see the visible impact of this. There are some fantastic success stories emerging through these public commitments and real evidence that awardees are moving the dial. A number of organisations have already exceeded their public commitments, accelerated spend, reported marked growth in customer numbers, and two awardees – Starling and CTBB – have achieved, or are near to, 5% market share. This is a significant achievement especially in the face of a very challenging climate. This is good for the UK economy because SME businesses will need these new financial services as the UK recovers from the pandemic financial crisis.”

A summary of performance against awardees public commitments can be found in the notes to editors, with links to the full updates provided below:

Pool A seventh quarter update

- *Starling Bank Limited public commitment progress update*
- *Metro Bank plc public commitment progress update*
- *ClearBank Ltd (CTBB) public commitment progress update*

#### Pool B sixth quarter update

- *Investec Bank plc public commitment progress update*
- *The Co-operative Bank plc public commitment progress update*

#### Pool C fifth quarter update

- *Atom Bank plc public commitment progress update*
- *The Currency Cloud Group Ltd public commitment progress update*
- *iwoca Ltd public commitment progress update*
- *Modulr Finance Limited public commitment progress update*

#### Pool D sixth quarter update

- *Codat Limited public commitment progress update*
- *Fluidly Limited public commitment progress update*
- *Form3 Ltd public commitment progress update*
- *Funding Options Limited public commitment progress update*
- *Swoop Finance Limited public commitment progress update*

Pool A, B, C and D awardees will submit their next progress reports in May 2021. Pool E awardees will provide their next reporting update in April 2021. As part of BCR's role in monitoring the way that organisations are using the funds, BCR holds awardees to account on their progress against business plans which includes meeting all the recipients. For more details on how BCR monitors CIF awardees see [here](#).

#### Pool F: new funding round under the CIF scheme

In January 2021, Onfido returned its £5m award after its own internal strategic review resulted in a change in business direction. This scenario was foreseen in the design of the ARP and as a result, BCR will run a further funding round, Pool F, to redeploy these funds.

As set out under the ARP terms, eligible applicants for Pool F will include Pool A, B and C bodies, but not Pool D bodies. As with Pool E, this new pool will be open to existing participants. BCR is required to consult with potential applicants on the size of grants, with the consultation process due to open in August following the end of the ISS scheme. Further details and timings will be set out on the BCR website from mid-April. Potential applicants that wish to register their interest in advance, can do so by emailing: [enquiries@bcr-ltd.com](mailto:enquiries@bcr-ltd.com)

**Aidene Walsh, CIF Lead Director said:** "We have an established process for Pool F and we will be working hard to ensure that as soon as we are able to open the Pool in August, we can condense evaluation processes to enable the funds to be returned quickly into the market."

#### **Notes to editors:**

#### **A summary of Pool A, B, C and D performance against public commitments / business cases**

#### Pool A seventh quarter update

Starling Bank Limited public commitment / business case update: having already delivered a strong market share of 5% and on track with all of its PCs, Starling has recognised that its SMEs' needs are evolving and in order to retain these SMEs as well as attracting SMEs of all sizes, it is sensible to redeploy some of the CIF funds into new services such as client money accounts and complex legal entity ownership. With SMEs shifting to digital ways of working including banking as a result of the pandemic, Starling is ideally placed to drive competition in all SME segments with this approved Revised Business case.

Metro Bank plc public commitment /business case update: in responding to the challenges of the pandemic, Metro Bank has reprioritised its delivery and operational capacity to support its customers through uniquely challenging times. This has included providing essential government-backed loans of over £1.5bn to more than 36,000 businesses. Combined with unanticipated development complexities, this has resulted in Metro Bank delaying a number of product deliveries impacting two of its PCs. In accordance with its plans, Metro has already delivered a range of new products and services and has opened stores in Manchester, Liverpool and Sheffield and 2021 promises to be a strong year for delivery.

ClearBank Ltd (CTBB) public commitment progress update: ClearBank continues to see a high volume of new customer numbers as traditional banks find BCA opening challenging due to COVID-19, now rapidly approaching its next market share milestone of 5% (currently 4.8%) with c.284,000 members.

#### Pool B sixth quarter update

Investec Bank plc public commitment / business case update: Investec is now supporting over 2,200 SMEs and has lent over £47m to SMEs through CBILS and BBLS from its new lending proposition, and is continuing to develop its FX and Business Savings account propositions. Following organisational changes, Investec was able to leverage existing platforms to enable more efficient delivery and as a result, has updated its internal timelines and budgets while maintaining its existing public commitments.

The Co-operative Bank plc public commitment update: The Co-operative Bank has launched same day onboarding for sole traders and single director limited companies towards its commitment of making banking faster for SMEs and is making progress against its transformation agenda including reprioritising some other initiatives both to match evolving customer needs and due to certain COVID-19 challenges.

#### Pool C fifth quarter update

Atom Bank plc public commitment update: Atom continues to support lending applications through CBILS with £344m of applications as of the 31<sup>st</sup> December. After a month in beta, Atom is also ready to deploy, 'Portal Lite', the first iteration of its Next Generation Broker Portal.

The Currency Cloud Group Ltd public commitment update: Currency Cloud continues to deliver impressive SME impacts, including product reach of over 17,600 UK SMEs through its enterprise client base of challenger banks, Fintechs and FX brokers, and is improving its FX propositions.

iwoca Ltd public commitment update: iwoca has achieved significant growth in its no and limited personal guarantee lending through CBILS, issuing close to £250m to date and its latest three months' approvals represent a 7.4% of the CBILS market. iwoca has also seen impressive initiatives progress successfully launching its OpenLending platform and more than doubling its seller base for iwocaPay in the quarter.

Modulr public commitment update: thanks to the achievements accomplished in all programme areas during this quarter, Modulr has surpassed SME reach targets for Payment as a Service and Payment Innovation.

#### Pool D sixth quarter update

Codat Limited public commitment progress / business case update: Codat has been expanding rapidly over the last couple of years, growing the team, launching several new products and has already delivered 4 out of 7 public commitments. Its business case covered acceleration of both CIF and co-investment spend for their remaining 3 PCs.

Fluidly Limited public commitment update: Fluidly won the Accounting Excellence Award for Software innovation of the Year for "Plan", a feature within Actions Hub. It has extended the range of financial products in its marketplace to include asset finance and invoice finance and has reached tens of thousands of SMEs, though this has been slightly hampered by the current economic uncertainty caused by COVID-19.

Form3 Ltd public commitment/business case update: Form3 has adjusted its planned commitments to reflect a revised approach in tackling FI barriers to entry in the International Payment and Spot FX market, to improve SME choice. This moves from Form3's use of Ebury to a direct SWIFT access model going forward and leverages a number of the building blocks put in place with its previous business solution. With the new approach, Form3 has increased its co-investment from £6.6m to £7.1m.

Funding Options Limited public commitment update: Funding Options has facilitated lending values of more than £33m this quarter for SMEs, though continues to see the number of additional SMEs challenged by government loan schemes. Also, launched "Project Ballpark" - its solution for Accounting firms through advisory channels.

Swoop Finance Limited public commitment update: Swoop has now achieved over £300m of total funding driven largely by the technological advancements of its SME finance platform, seeing strong debt applications driven by business appetite for CBILS and BBLS. Continues to experience challenges to reaching Equity and Grants targets due to COVID-19 but it expects strong grants numbers in Q121.

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## About BCR

Banking Competition Remedies Ltd (BCR) is the independent body established in 2018 to implement the £775 million Royal Bank of Scotland (RBS) State Aid Alternative Remedies Package. BCR is independent from RBS and the UK Government. It is governed by an independent board of directors.

The Alternative Remedies Package was negotiated and agreed between HM Government and the European Commission and comprises two RBS funded measures amounting to £775m:

- The **Incentivised Switching Scheme** – to which up to £275m is allocated to assist SME customers within the Williams & Glynn business to move to ‘challenger banks.’ A further maximum sum of £75m has been set aside within RBS to cover customers’ switching costs.
- The **Capability and Innovation Fund** – to which £425 million has been allocated to support the development of wider capabilities and competition in the SME banking market essentially through grants to eligible challenger institutions across five pools. BCR will run a further funding round, Pool F, later in the year. BCR holds awardees to account by closely monitoring their progress against business plans. How BCR monitors awardees can be found [here](#).

The Capability and Innovation Fund is designed to promote capabilities and competition in the market for banking services to SMEs in the United Kingdom. Further details on the Capability and Innovation Fund including information on Pool F will be available on the BCR website from mid April.