

The Currencycloud Group Ltd - £10M Award

CIF Key Achievements to Date

- We processed cross-border payments for 5.2% of all UK SMEs trading internationally (over 17,600 UK SMEs) in 2020, exceeding our target of 16,000 SMEs (4.5%)
- We continue to distribute our services widely to UK SMEs, having onboarded 62 financial institutions serving UK SMEs and UK Fintechs in 2020
- We have complemented the BCR grant funding with £10.6m of additional investment to date to deliver a global transaction banking platform for UK SMEs
- Currencycloud Spark, our multi-currency account product for financial institutions, is live, with more than 20% of clients actively using it within six months of launch
- 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 delivered two real-time payment routes (GBP, EUR), with three additional real-time payment routes (DKK, SEK, SGD) 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 improved 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. As of December, nearly 80% of all inbound funds are credited to customer accounts in real time
- 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

Assessment Period 5 (October 1st, 2020 – December 31st, 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.

We are on track to deliver this commitment. As of Q4 2020, over 17,600 UK SMEs have used our cross-border payments platform – 5.2% 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.**

We are on track to deliver this commitment. In 2020 we launched Currencycloud Spark, our multi-currency account product for financial institutions. As part of the Currencycloud Spark proposition, we released our SWIFT collections product, enabling financial institutions to offer each of their customers a unique IBAN that can be used to receive international payments in 34 currencies. In addition, we have made significant advance towards offering our clients real-time cross-border payments, connecting into

SWIFT gpi and two real-time payments routes (Faster Payments Service in the UK and SEPA Instant in the Eurozone); as a result of these improvements, ~28% of all payments on the Currencycloud platform are processed in real time. Finally, we have built a weekend FX product, enabling our clients to offer currency trading to their customers when FX markets are closed over the weekend.

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.

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.

We are on track to deliver this commitment. In 2020, we signed 62 financial institutions serving UK SMEs and UK-based Fintech start-ups.

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.

We are on track to deliver this commitment. As of Q4 2020, we have invested £10.6m of our own funds towards our strategy supported by BCR. We expect to exceed the £30m co-investment commitment over the five year period.

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.

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.

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.

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.

We are on track to deliver this commitment. We are making ongoing enhancements to our onboarding journey and automating internal processes, which helped embed the Currencycloud cross-border payments platform into a growing number of unregulated companies in 2020. To support this demand for unregulated platforms to embed cross-border payments for their customers, we will bring forward our investment in onboarding automation to 2021.