

Form3 Ltd - £5M Award

Form3 have adjusted our planned commitments to reflect the revised approach in tackling FI barriers to entry in the International Payment and Spot FX market, to improve SME choice. The agreed change in approach moves from Form3's working with Ebury to a direct SWIFT access model going forward.

Form3 Financial Cloud (Form3) will build a cloud-based Global Transaction Platform by pre-integrating SWIFT connectivity with advanced payment processing functionality, to be utilised at scale by Financial Institutions (FIs) to build transformational and less costly International Payment and FX services for UK SMEs.

We passionately believe that advanced FinTech and financial services should be made available to UK SMEs on a much wider scale and at a much lower cost than is currently the case. SMEs are critical to the UK economy, and we believe that empowering them to grow and focus on delivering for their customers will benefit the economy and society more widely.

SMEs are poorly served by banks today with wide FX spreads, high payment fees and little to no competition and choice for most SMEs.

Form3's SWIFT direct access, combined with our existing powerful APIs will enable a wide range of new and existing FI providers in the SME space to offer highly automated Payment and FX capabilities that traditionally only global institutions have been able to offer. As a result, SMEs will be able to procure better services at lower costs from a wider range of FIs.

Our offering, enabled by the CIF Grant, will transform the finance function of UK SMEs trading internationally, allowing them to focus on serving their customers and growing their businesses, with the ability to transfer monies real time at low cost in and across their markets.

Form3's Financial Institution (FI) API payment technology, incorporating a cloud-based SWIFT direct access will allow us to significantly disrupt the market and give UK SMEs access to these services at scale through our FI clients, enabling UK SMEs to grow their businesses internationally and focus on their core business.

Assessment Period 6 (October 1st, 2020 – December 31st, 2020)

Commitment 1:

Original commitment:

We will Build the first API global transaction platform for UK SMEs, to be distributed through FIs, with functionality for the following services and to the following timescales:

Q1 2020: Commence pilot for Forex and Hedging services

Q2 2020: Commence providing multi-country Domestic Payment services

Q3 2020: Live Payments and Forex, and Currency Account services

Q4 2020: Live Fixed Forward services

Q1 2021: Live Window Forward services

Q2 2021: Live Trade Finance services

Rationale for change:

The revised release plan reflects updates to our propositions which help FIs deliver improved services to their SMEs, by providing direct access to SWIFT and advanced payment processing capabilities by Q2 2022

New commitment:

We will build a Global Transaction Platform for FIs, with releases to the following timescales:

Release 1 – Q4 2021

- **SWIFT International Payments**
- **Payment System Orchestration**

Release 2 – Q1 2022

- **Correspondent Account Management**
- **Payment to FX Flow Integration**
- **Customer Beneficiary Management**
- **Simplified Party Screening**

Release 3 – Q2 2022

- **Enhanced SWIFT International Payments (Exception automation)**
- **Cut off Times Management**
- **Payment Constructor Model**

Update:

Leveraging off the work done for the partnership model, we have commenced the Build plan according to the Revised Business Case, and are confident of meeting our release milestones.

Commitment 2:

Original commitment:

These services will be available to UK SMEs on a much more flexible basis and at substantially lower costs than what is currently available to them. We will monitor the adoption of these services by tracking volume and value of payments, FX spot and FX Forward transactions processed.

Rationale for change:

We have updated our commitment to align with the Revised Business Case scope. After extensive engagement with potential clients during the last 12 months we have determined that the market demand for International Payments and FX spot remains strong, but we found the demand for FX Forward capability was not at the level originally anticipated. With this in mind, we have removed this functionality from the project scope, and updated this commitment to reflect the revised scope.

New commitment:

These services will be available to UK SMEs on a much more flexible basis and at substantially lower costs than what is currently available to them. We will monitor the adoption of these services by tracking volume and value of payments, and FX spot transactions processed.

Update:

We remain committed to tracking benefits for SMEs and have the tools in place to track and report on these, according to our FI and SME onboarding plans.

Commitment 3:

Original commitment:

Form3 will provide £6.6m of its own funds in order to accelerate the product Build, speed of roll-out of services and the achievement of benefits to UK SMEs.

Rationale for change:

The Form3 team is very excited about our revised proposition offering a SWIFT platform for FIs and remain committed to co-funding this project at a higher level than our original plan.

New commitment:

Form3 will provide £7.1m of its own funds in order to accelerate the product build, speed of roll-out and the achievement of benefits to UK SMEs.

Update:

Form3 has continued its co-investment during Q1 2021, in line with this public commitment.

Commitment 4:**Original commitment:**

Sales & Marketing resources (19 Executives) will be committed from Q3 2019, following the award in order to rapidly educate the market and prepare FIs in advance of service go-live

Previously Updated commitment:

A Form3 Sales & Marketing team has been established and will grow to 7 executives by 2020. The dedicated team will be complemented by a Form3 general sales team (currently 10 strong and growing) and an Ebury sales team. Funds not deployed against the sales team build out will be allocated to technology delivery by June 2020.

Rationale for change:

The plan to offer a SWIFT platform to FIs will utilise Form3's existing and fast-growing Sales & Marketing teams, enhancing and widening our offering to current and future FI customers.

New commitment:

The Sales & Marketing resource for this project (supported by the overall Form3 Sales & Marketing infrastructure) will scale to an FTE equivalent of 3 by Q2 2021, and will increase significantly until year end 2024 to the project FTE equivalent of 6 resources.

Update:

Our current market engagement activity is in line with the forecast level of resourcing for Q1 2021.

Commitments 5 and 6:**Original commitment:**

We commit to offering the services provided through at least 5, 13 and 23 FIs by year-end 2021, 2022 and 2023 respectively.

The services offered will be available to at least 150,000, 390,000 and 690,000 UK SMEs by year-end 2021, 2022 and 2023, respectively.

Rationale for change:

The Form3 team has an ambitious growth plan for the SWIFT platform, and is working hard to build the required capability to become available to FIs in 2022, thus enabling our plans to quickly deploy this platform to current and prospective FI customers.

New commitment:

We commit to offering the services provided through at least 2, 8 and 17 FIs by year-end 2022, 2023 and 2024 respectively.

The services offered will be available to at least 60k, 240k and 510k UK SMEs by year-end 2022, 2023 and 2024, respectively.

Update:

Based on our current market engagement and progression of Build (in line with our Revised Business Case), we are confident of achieving these milestones.

Commitment 7:

We commit to providing fully transparent reporting to the Independent Body against these commitments on a quarterly basis.

We value the open dialogue with the Independent Body and remain committed to providing fully transparent reporting.