

Swoop Finance Limited - £5M Award

CIF Key Achievements to Date

- Launch of new virtual CFO where SMEs can access loans, grants, and investment as well as cut costs across utilities, banking, and FX resulting in £370m in finance raised and saved for UK SMEs.
- 37,026 funding applications received through the platform.
- 706 funding providers onboarded within the integrated marketplace.
- Built white label grants marketplace that will be launched with a national bank in Q1 2021.
- 134k SMEs signed up to Swoop Virtual CFO.
- Introduced new automated offerings for Energy, R&D and Business Banking.
- 12 new employees in the Midlands in 2020.

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

COMMITMENT 1

Swoop is committed to supplementing the CIF award with an investment of £3.3m throughout the project.

Swoop are on track to meet this commitment.

COMMITMENT 2

Swoop will further invest in its proprietary, cloud-based technology and API enabled platform to deliver a sophisticated all-in-one SME finance platform. This will include a fully integrated marketplace of lenders, grant agencies, equity investors and finance product providers. Where providers have APIs available, Swoop will integrate these into its platform to deliver real-time finance decisions to customers. Swoop will deliver this integrated marketplace by Q2 2020 and will continually add more finance provider APIs as they become available. This integrated marketplace will lead to increased demand and access to funding for SMEs. Swoop will onboard 540,000 SMEs (15% of the business current account market) with at least 270,000 SMEs applying for external finance generating £11.8 billion in financing secured for those SMEs by Q4 2023. Of these 270,000 SMEs:

- **40,000 will apply for grants and/or R&D Tax Credits through Swoop generating £942m in money awarded to over 6,000 SMEs.**
- **200,000 will apply for debt finance through Swoop generating £9.9 billion in debt finance secured.**
- **30,000 will apply for equity finance generating £1 billion in money raised for 3,000 SMEs.**

Swoop is on track to meet most of this commitment but has met challenges due to the external environment in respect of grant and equity finance.

Swoop has now completed the core development work that sits under commitment 2 and has a fully operating API gateway system that can take financial product APIs into the marketplace. Swoop will continue to add APIs into the marketplace across verticals and has started building in the YouLend and Propel APIs, so that users can access instant merchant cash advance and asset finance quotes through the platform. We grew debt applications at a rate that exceeded expectations - primarily driven by business appetite for CBILs and Bounce Back Loans, however, we did not meet the application targets set out for Equity and Grants. Equity application levels whilst growing are still not

at pre Covid levels. We expect to see strong grant application numbers in Q1 2021 due to the release of our grants marketplace in partnership with NatWest. Total funding secured through the platform has now surpassed £300m driven in a large part from the technological advancements of commitment 2.

COMMITMENT 3

Swoop will enhance its award-winning comparison and business intelligence tools to deliver AI based advisory features. Examples include monitoring spending habits and identifying the best providers based on usage; notifying customers when they can refinance to more favourable lending terms; automated reading of loan documentation; and real time monitoring of business performance against covenants. Expert help will be available whenever a customer needs support including virtual assistance, expert help on demand via video chat, and instant scheduling for an appointment with a specialist. Swoop will deliver these intelligent tools with the first feature release in Q2 2020.

Swoop is on track to deliver this commitment.

Swoop improved its business comparison offering in the last quarter with new integrations with Love Energy Savings (Energy), Cash Plus (Banking) and RD Vaults (R&D). 23,578 smart notifications were issued as a result of data movements or analysis, resulting in 1,326 engagements through applications and 161 closed deals without human intervention. There were 1,799 on demand individual chats with 86,807 messages sent to customers with an average response time of 1 hour 39 mins. Calls taken through Swoop amounted to 24,657 minutes throughout the quarter.

COMMITMENT 4

Swoop will build digital features that are beautifully designed, and secure to use. SME customers will be able to move effortlessly between finance products and accounts to manage their finances on the go. Swoop understands that many SMEs wish to manage their finances through mobile applications as well as online, so to support this, it will launch its mobile applications in H1 2020.

Swoop is on track to deliver this commitment.

Swoop focused on improving the onboarding experience across both desktop and mobile for advisors on Swoop throughout the last quarter with a new journey released in March 2020. As a result of adding in new product lines from commitments 2, 3 and 4 - we released a new homepage and wider marketplace offering in the quarter that is going to be carried through to a more bespoke onboarding journey to be released in Q1 2021.

COMMITMENT 5

Swoop will continue to work with all UK banks and CASS to deliver an end-to-end automated process for business current account opening to remove the hassle from BCA switching.

Swoop is on track to deliver this commitment.

We continued to work across BCA providers to offer their products through Swoop. It helped support the release of two business bank comparison websites for NatWest and RBS as part of the Incentivised Switch Scheme in the last quarter. We had a dip in the number of businesses coming to Swoop to engage across bank opening and switching as a result of implementing a new tracking service for marketing activities which paused marketing spend to Swoop for a period of 6 weeks.

COMMITMENT 6

Swoop commits to helping UK SMEs save over £4bn FX charges - mainly on market spread charged by banks. Swoop will end this practice by analysing the bespoke cost to SMEs of making international payments with their banks. We will compare bank rates received with independent provider rates in real time via API integration and identify the best value option for our customers. SMEs will be able to open and manage an independent FX account within Swoop and will be able to take advantage of currency trend notifications. Swoop will assist 270,000 SMEs to move their FX to an independent provider generating £1.62 billion in savings by Q4 2023.

Swoop is not on track to deliver this commitment.

International payments continue to be a big driver of savings for SMEs on Swoop with SMEs savings over £750,000 from switching their FX provider. Overall savings for the quarter amounted to £4.59m which took the annual savings for SMEs on Swoop across 2020 to £16.9m across business banking, insurance, utilities, FX and overdrafts.

COMMITMENT 7

Swoop commits to helping SMEs reduce overdraft, unsecured loan rates, and bank fees by enabling SMEs to see the value of their account and easily switch away when rates are uncompetitive - overcharges are estimated at £650m pa. Swoop's virtual CFO will be continuously scanning the market for better rates and service and will automate switching for individual or all financial products.

- **Swoop will assist 135,000 SMEs to either switch their business current account with an overdraft to a new provider, or replace with a better value invoice finance facility, generating £158m in savings.**
- **Swoop will assist 162,000 SMEs to open additional accounts to perform particular functions such as fast payments and deposits generating £243m in savings.**
- **216,000 SMEs will switch their utilities provider through Swoop generating £222m in savings.**
- **108,000 SMEs will move their business insurance provider through Swoop generating £47m in savings for those SMEs. These savings will be achieved across all categories by Q4 2023.**

Swoop is not on track to deliver this commitment.

The most popular bank account choices for new and switching customers on Swoop and its white label tech channels were Starling, Co-Op and Revolut where customers saw savings of over £1.34m against their existing business current accounts. Cashplus was added as a new account for businesses on Swoop during the last quarter. The target savings for SMEs on Swoop for 2020 was surpassed with SMEs saving over £11.1m from switching or opening an additional business bank account.

COMMITMENT 8

Swoop commits to reducing the funding disparity between London and the rest of the UK particularly for equity finance. Swoop will deliver access and SAAS workflows for customers to not only be matched to investors but to build quality investor documents.

Swoop is on track to deliver this commitment.

Swoop continues to have a diversified membership base from across the country and to carry out regional specific events for SMEs, Advisors and Funders in conjunction with the regional British Chamber of Commerce, Business Doctors, Fleximise and Seed Legals. We also ran our own equity

event for SMEs to pitch virtually to over 40+ investors which was attended by businesses and investors from across the UK. The series has been turned into a quarterly event and open to all SMEs looking to raise equity finance on the platform.

COMMITMENT 9

Swoop will continue expanding the breadth and depth of its market network with funding and service providers. Swoop will onboard at least 90% of UK funding providers by H2 2020. This will include investors registered with the EIS Association and the BVCA as well as the regional and sectoral funds supported by the British Business Bank. Swoop will onboard all government grant schemes as set out by gov.uk. Swoop will onboard all UK bank loan products and at least 90% of all alternative finance providers as set out by the Peer-to-Peer Finance Association.

Swoop is on track to deliver this commitment and has exceeded its 2020 target for this commitment with over 700 providers onboarded onto Swoop as part of the CIF proposition.

COMMITMENT 10

Swoop will continue its collaborative approach to delivering innovation. It has identified seven UK SME tech partners to assist on this initiative. Swoop will engage with four of these partners in H2 2019 and three of these partners in H1 2020.

Swoop has completed this commitment but continued to add further tech partners into the platform with the addition of Microsoft. Swoop has joined the Microsoft for Startups programme and started to integrate a number of their off-the-shelf products to help improve the security and speed of the Swoop platform.

COMMITMENT 11

Swoop commits to building on its culture of diversity and inclusion as it grows its workforce by 50 in the Midlands. We are proud that Swoop is led by a female CEO, with a 49:51 gender workforce. Swoop is on track to deliver this commitment.

Swoop has continued to add to its team throughout 2020 and has expanded its team in the Midlands with another employee joining during the last quarter.