

Funding Xchange Ltd – £5m Award

Key Achievements to Date

While the Portfolio Monitoring Tool is at the centre of our BCR delivery programme, significant progress has been made across the full range of initiatives:

- To make finance more accessible, we are embedding our technology at the point of need – reaching businesses where they are already engaging with their finances, planning future projects or managing their accounts. We are driving the delivery of two key initiatives:
 - o We have integrated access to finance in Enterprise Nation’s platform in Jan 2021 - enabling us to jointly reach hundreds of thousands of SMEs.
 - o We are closely working with large Asset Finance providers and brokers to deliver a broker portal that is using our technology to seamlessly connect funders and brokers. The solution addresses key challenges the sector is facing by enabling brokers to demonstrate compliance and work collaboratively and effectively with funders.
- To make finance more affordable, we are transforming banks and lenders cost of providing access to finance by providing a digital eligibility journey. Where a bank or funder is unable to provide funding, we seamlessly provide access to our marketplace of more than 70 funders to provide access to alternative solutions:
 - o We are ‘live’ with challenger banks and lenders and are progressing discussions with two tier 1 banks to provide customers with access to the most appropriate funding solutions.
- To make finance more sustainable, we will expand our collaboration with Shawbrook on the Monitoring tool to include further collaboration partners:
 - o We have developed in collaboration with Shawbrook an “insight layer” that leverages access to data from credit reference agencies, CCDS data, Open Banking and Management accounts. We are in the process of delivering the first prototype of the user interface that is providing instant access to portfolio analyses, segmentation of the portfolio in risk strata and deep dives into individual customer cases.

Assessment Period 2 (December 1st, 2020 – February 28th, 2021)

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 remain On Track to achieve this commitment.

We have made good progress against this commitment with our partnership with Enterprise Nation “going live” in January. We have invested further resources into deepening our partnerships with Price Comparison Websites and worked on progressing new channel partnerships to further extend reach.

Further progress has been made in the development of SmartFinance Hub and this is expected to launch shortly.

We have onboarded additional lenders onto the platform facilitated by investments into our lender relationship capability.

These actions have enabled us to reach over 200,000 SMEs over this reporting period.

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 remain On Track to achieve this commitment.

We continue to make good progress serving clients with our Embedded Lending technology and extending the reach of our technology to new clients and partners. We are on track to go live with a number of new clients in the coming weeks and months.

This enabled us to provide over 10,000 SMEs with faster decisions to date.

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 completed design elements of the Concessions Management MVP and are on track to bring this new technology to market in the coming months.

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 second Assessment Period, we remain ahead of our recruitment targets, having created 20 new positions continuing to drive the delivery capability to implement our CIF business case. We have remained dedicated to a market leading position on diversity, continuing to achieve a 51% team diversity over this second Assessment Period.

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) five firms to the end of this second Assessment Period.

COMMITMENT 6 – Co-investment

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

We remain On Track to achieve this commitment.

We continue to match BCR funding 1:1 with over £1m co-invested to date.