

## MarketFinance – £10m Award

### CIF Key Achievements to Date

- We have now fully launched our new Unified Application Journey allowing SMEs to complete the same application regardless of product they want to apply for. This is our first step to moving to a needs' based assessment and being able to provide tailor-made cashflow solutions to SMEs. We have already seen significant positive impact on our conversion metrics post launch of this new feature. Achieving a 94% conversion metric in February across all channels.
- We have launched an MVP version of our new Revolving Credit Facility aimed at removing friction from the working capital borrowing process for smaller SMEs. We are already seeing strong demand, with more than 200 applications, even though we have only launched to a small pool of potential customers for testing.
- We have launched our new Loans Indicative Quoter which allows SMEs to fill in a couple of basic information fields and get an instant quote on the loan they would be eligible for. We have already seen a significant uplift in inbound applications as a result and we plan to launch some marketing around this new tool.

### Assessment Period 2 (December 1<sup>st</sup>, 2020 – February 28<sup>th</sup>, 2021)

**COMMITMENT 1 – Introduce a product giving SMEs funding tailored to their needs by H1-2021**  
**We know that customers find it hard to manage multiple products across multiple providers; it's why many stay with the incumbent banks.**

**We will deliver a solution that radically reduces the complexity of managing finances for our customers, combining the product sophistication of a large lender, with the user- friendliness of a FinTech:**

- **3 SOLUTIONS, 1 INTERFACE:** Loans, Revolving Credit, and Invoice Finance in a single interface to meet the varied funding needs of SMEs
- **FRICIONLESS EXPERIENCE:** minutes to apply, same day decisions, dedicated customer support team, removing all friction from the process of obtaining finance
- **UNPARALLELED FLEXIBILITY:** fully featured account management portal, giving customers the ability to pay off debt, manage credit limits, and optimise their working capital position with our intelligent Working Capital Manager tool.

We are on track to deliver this commitment. We launched an MVP of our Revolving Credit solution in Q1-21 - meaning we now offer 3 customer solutions. Furthermore we launched our new Unified Application Journey meaning customer access our solution set through a single interface.

### COMMITMENT 2 – Expand our offering to SMEs who need it most

**Smaller SMEs (<10 employees) comprise >90% of SMEs but are at the greatest borrowing disadvantage. We will expand our target market to include sole traders, low turnover (<£250k) SMEs and startups.**

**We commit to start lending to all three categories above by Q2-2021.**

**This will help enable us to lend £1bn+ to >22k SMEs by 2022. We aim to have lent £2.4bn+ to >74k SMEs by 2024.**

We are on track to deliver the committed volume of lending, having already lent nearly £80m to more than 550 UK SMEs since the start of our BCR initiative. However, due to the continued availability of Bounce Bank Loans, which we are not accredited to offer, and which had significant uptake in some underserved categories, our average ticket size is higher than anticipated, meaning we expect to onboard fewer new customers than originally forecasted in order to meet our lending volume commitment. We now expect to launch soletrader lending no earlier than 2022 – though we will continue to expand our lending in other underserved categories throughout 2021.

### **COMMITMENT 3 – Be a catalyst for innovation**

**We will collaborate with innovative players to expand our reach to c.2m SMEs through a range of partnerships.**

**We will create a lending engine that can be simply embedded in the following 3rd party customer journeys:**

- **3+ challenger banks who don't have the balance sheet or risk appetite to lend to SMEs, bringing more choice to SMEs and increasing competition in SME lending in 2021**
- **5+ SME service providers (e.g. accounting software) by 2022, placing our offering at the point of need (at least one in 2021)**
- **1+ major bank, making our offering available to their customers who otherwise face much more limited choice, in 2021**
- **2+ innovative suppliers (e.g. API or payments providers) to fuel growth of wider ecosystem in 2021**

**We aim for 50%+ of our lending to be originated through these partnerships by 2022.**

We are on track to deliver this commitment and are already in active conversations with a number of potential partners. We are also pleased to report that we have already partnered with Evolution AI, an innovative SME provider which will enable us to automate our data collection processes and continue building our frictionless offering.

### **COMMITMENT 4 – Embed the benefits of credit insurance into our products**

**We want to transform the way SMEs manage their cashflows through offering a credit-insured invoice finance product, facilitating prompt payment and competitively priced lending for SMEs. We will co-develop this offering with Euler Hermes, the world leader in credit insurance. A joint team will develop a pilot product with the shared aim of a full launch by H1-2021.**

MarketFinance have launched a pilot product, MarketPay, which will allow SMEs to optimise cashflow management at the point of purchase. This product will be suited for a credit insurance wrapper once fully launched, and we expect to work with Euler Hermes and other providers on this basis. Euler Hermes will not co-develop the product with us due to a shift in their internal priorities.

### **COMMITMENT 5 – Expand our geographic footprint to secure the UK's best talent**

**We serve SMEs across the UK and will reflect that in our own geographical footprint creating 50+ jobs outside London by 2022, including in our existing Manchester office.**

**Throughout the next 4 years and beyond we will continue recruiting to support our commitments and aim to create 200+ jobs in total across the UK by 2024.**

We are on track to deliver this commitment, having already welcomed more than 30 new team members. We have also prepared a new working policy where, post-COVID, a number of our teams will have the opportunity to continue working fully remotely.

#### **COMMITMENT 6 – Diversity & Inclusion**

**MarketFinance’s success to date has been driven by the dynamism that comes with having a highly diverse team. Over 50% of our team are from diverse backgrounds - something we strive to maintain.**

**We believe in engaging with talent at grassroots levels - and so we commit to partnering with at least 2 organisations promoting underrepresented talent pools.**

**This will play a key part in facilitating our aim of hiring 20+ new starters (including any apprentices) from diverse backgrounds by 2022.**

We are on track to deliver this commitment and we continue to maintain at least 50% diversity in our team.

#### **COMMITMENT 7 – Co-investment**

**We will provide at least £14m of our own funding to deliver our commitments outlined above.**

We are on track to deliver this commitment and have already invested £1.5m of our own funds.