

## Modulr Finance - £10M Award

### CIF Key Achievements to Date

Key achievements to date as part of the CIF Programme at Modulr are the following:

- £10M Modulr matched funds successfully secured as part of Modulr's growth funding.  
Full press release [here](#)
- A team of 52 recruited since Q3 2019 (44 brand new highly skilled jobs in Edinburgh, 7 across other UK regions and 1 graduate from a Scottish University)
- Product delivery and launch:
  - o Payment Initiation Services (PISP): launched as per plan in June 2020
  - o Confirmation of Payee Outbound: launched ahead of schedule in September 2020
  - o Visa principal membership secured in March 2020 as part of our journey to implement physical cards. Full press release [here](#)
  - o Modulr's Physical Cards product: launched as per plan in September 2020
  - o Current Account Switching Service (CASS): onboarding model for CASS approved with Pay.UK
  - o Accountants Payments Control Centre: first version of the product launched in Q1 2021, with 19 accountancy practices and accountants onboarded so far
  - o First automated customer Onboarding initiative delivered: address lookup functionality launched in Q1 2021
- Partner engagement:
  - o Contract formally signed with Intuit, one of the global leading cloud-based accounting software companies, with onboarding activities in progress to support integration ahead of launch in Q2 2021. The partnership with Intuit was formally announced in March 2021, contributing to a 12.7m press circulation
  - o Two payroll technology partners onboarded, enabling their SMEs to access Modulr's Payment as a Service solutions
- Marketing strategy:
  - o Launched Accountancy Roadshows, press release [here](#). 1 in-person (pre-restrictions) event held in Edinburgh and 7 virtual roadshow events, aimed at bringing together forward-thinking accountants and accountancy practices and generating 40+ registrations per event and approx. 90,000 social media impressions
  - o Launch of the Pathfinders digital campaign, aimed at recruiting forward thinking accountants to test our APCC product (over 200 Pathfinder members recruited to date)
  - o Delivery of 23 Accountancy/Payroll blogs, 3 qualitative research e-books
  - o Delivery of third-party content and events activity, which has generated over 160k impressions and 250+ live attendees to speaker opportunities
  - o Delivery of SME client referral content programme to support onboarding of SMEs to product propositions
  - o SME Channel Website successfully launched in Q1 2021, generating 3 inbound enquires in first week of go live - <https://www.modulrfinance.com/small-business>
- SME reach targets: thanks to the achievements accomplished in all programme areas during this quarter, we are in a good position to meet our reach targets throughout 2021

### Assessment Period 6 (January 1<sup>st</sup>, 2021 – March 31<sup>st</sup>, 2021)

These Public Commitments are based on Modulr Finance's Updated Business Case which was approved in June 2020. The former Public Commitments, including rationale for the changes can be viewed [here](#).

As of the end of Q1 2021 we are on track to fully meet our commitments to deliver innovative payments solutions to SMEs and accountants.

Our Capability and Innovation Fund (CIF) Programme is working at pace with a large majority of the committed CIF resources hired as per our plan, and with delivery teams in place to build the technical solutions as per our commitment. Key highlights for this quarter are the ongoing support to Confirmation of Payee Outbound functionality and Physical Cards product which are now fully embedded and operational, the launch of the Accountants Payments Control Centre (APCC), strong progress in the delivery of Confirmation of Payee Inbound and PISP Standing Orders as well as the mobilisation of 3rd party data synchronisation connector roll-out and for exciting new products, which we will be building in the course of 2021, such as Current Account Switch Service (CASS).

## **1 | We will transform accountants' ability to manage payments for SMEs**

**An estimated 2 million SMEs (Ernst & Young, The Future of SME Banking, 2018 & ONS, UK business activity, size and location statistical bulletin, 2018) rely on the services of one of the 25,000 Accountancy Practices (practices with 1+ employees; UK BEIS, Business Population Estimates, 2018) across the UK to help run their businesses, including the accountants managing payments on their behalf. This is currently extremely challenging due to existing business banking services not providing for the specific needs of accountants when operating these services.**

**Modulr has already created a basic dashboard that is in the market and receiving good feedback, the CIF Grant will enable us to significantly expand the functionality of this Accountant Dashboard into a full Accounts Payments Control Centre (APCC).**

- **We will bring this capability to market in Q1 2021 and continually enhance it in phases through to Q1 2022**
- **Modulr will aim to implement its services with 163, 354, 564 and 680 accountancy practices by Q4 2021, 2022, 2023 and Q2 2024, who will ultimately be able to make them available to 110,000 SMEs.**

We are excited to announce the delivery of our first major milestone; the launch to market of an early version of the Accountants Payments Control Centre (APCC) in Q1 2021.

19 customers are now live, providing feedback to allow us to continue to enhance it with additional functionalities in coming months. Thanks to our ongoing marketing strategy we now have 209 accountants signed up to our Pathfinder programme who continue to share their insights to ensure it fits the needs of our partners and their SME clients as we progress our rollout to market throughout the course of 2021.

## **2 | Switching isn't working for SMEs; we will create competition outside the existing banking system**

**Our digitally native Business Payment Account & Payment Services API is readily available via an online Developer Centre and Sandbox. This enables our direct business clients and partners to integrate payments into their products and business platforms quickly and easily. We aim to expand our existing successful product offering to allow our partners to provide additional capabilities. The CIF Grant will enable us to extend the functionality of this service to include SME specific needs such as physical card issuance and cash deposits, to support universal adoption by SMEs.**

- **The extension on Modulr's capability allowing partners to meet all the payment needs of SMEs with our Business Payment Account & Payment Services API will begin in Q1 2020 and the final phase will complete in Q1 2023.**
- **Implementing these services with 12, 26, 41 and 48 partners by Q4 2021, 2022, 2023 and Q2 2024, who will ultimately be able to make them available to 860,000 SMEs.**

We are on track with this commitment.

We're big believers in disruption and we're constantly challenging ourselves to expand our core capability to meet the payment needs of SMEs. As such, we will stimulate competition by empowering our partners with a suite of products to provide better solutions to their SME customers and to date we have reached over 53,000 SMEs through our Payment as a Service partner offering.

The Physical Cards product, which went live in 2020 is now proven and operational and in the coming months will allow more partners to provide their SMEs with a more holistic payment experience. We have now also commenced the development of the Current Account Switch Service to support competition outside the existing banking system.

### **3 | We will fight in the UK SMEs' corner in making sure new, innovative payment methods solve SME pain points**

**SMEs have typically been last to access new industry wide payments initiatives and innovation.**

**We will use the CIF Grant to make available the latest industry innovations to SMEs including:**

- **Fraud Prevention+ with our Confirmation of Payee Solution**
  - **Payment collection capability using Request to Pay**
  - **Open Banking (Accountant Information & Payment Initiation Services) to deliver cash management and treasury management services.**
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- **Modulr will continue to deliver proof of concept through to full product launch for the three key innovative payment services, starting in Q4 2019 and completing in Q2 2022, with continual delivery and enhancement of functionality through that period.**
  - **Through our partners, Modulr will aim for our payment innovation services to be made available to at least 340,000 SMEs by Q2 2024.**

Following the successful delivery of our first payment innovation launches in 2020 we remain on track for this commitment.

We have been focussing on delivering on our mission to bring the latest payment methods to SMEs and continue to see our customers adopting the Confirmation of Payee Outbound functionality, which went live in 2020, helping SMEs to combat payment fraud. The delivery of the Confirmation of Payee Inbound functionality remains on track for the launch of the first version of this product to market in Q2 of 2021.

In parallel, since going live with the Payment Initiation Services (PIS) functionality in June 2020, we continue to collect our customers' feedback to help prioritise the delivery of new features. As a result, the technical delivery of the first PIS feature enhancement, Standing Order functionality, progresses well with a target launch of Q2 2021.

With the launch of both Confirmation of Payee and Payment Initiation Services we have increased our overall SME reach figures to close to 100,000 SMEs across Payment Innovation products. We hope to see this figure steadily increase throughout Q2 with the launch of CoP inbound and PIS standing order functionality.

### **4 | We will raise matched funds of £10m to supercharge our impact on competition**

**We commit to raising matched funds of £10m and deploy it to deliver on our commitments and expand the benefit of the CIF. These matched funds will be used to cover our scaling costs, marketing costs, external integrations and additional scheme access.**

**Further, we commit to allocate £500,000 to spend running at least 6 regional and digital payments education events per year for 5 years across Glasgow, Edinburgh, Bristol, London, Nottingham, Manchester, Cardiff & Belfast for SMEs on how to use new and innovative payment mechanisms, and to gain their direct feedback on how the new services should be developed.**

Modulr continues to co-invest in bringing to market our CIF product initiatives in line with our Business Case.

Our Marketing team has been focused on building out both the 2021 event calendar and the supporting content for our digital and on demand events, to be hosted over the summer. In Q1 the team also launched our SME Channel Website as a vehicle for our new business pipeline campaigns, to increase product awareness and to provide tailored content to the SME community.

Our wider marketing plan has included PR activity to support this programme with a total press circulation of 12.7m, including the announcement of our partnership with Intuit.

## **5 | We will create a minimum of 64 high quality regional UK jobs**

**In Edinburgh, Modulr will create 53 new jobs relating to implementation of the business case across a range of competencies. As part of this commitment we will invest in recruiting and training two graduates per year from Scottish universities. We will also create a further 11 jobs across the UK to bring our products to market.**

**We are already a strong proponent of supporting diversity in our workforce. We have partnerships with Women in STEM initiatives and initiatives providing opportunities to disadvantaged young people. We will continue to drive diversity in our workforce as we expand.**

**Finally, we commit to being transparent on our progress, both to BCR Ltd. and to the public. Modulr understands BCR Ltd.'s mission and we understand SMEs needs; we see the CIF grant as a launchpad as we continue on our mission to build future of payments for UK SMEs.**

We remain on track against our recruitment targets having created 44 new jobs in Edinburgh out of our total target of 53, creating a dedicated and passionate programme team to implement our CIF Business Case. We have also created 7 out of the 11 new roles across the UK to drive the distribution of our products to partners, accountants, and the SME community. We are also excited to have brought onboard a graduate developer from a Scottish university in Q1.

As stated in our last public commitment update, all hiring activity resumed in Q1 and will continue at pace into Q2 2021.