

Codat – Public Commitments

£5 million award

It is clearer than ever that SMEs need financial services that work together. We are in the midst of a dramatic industry-wide shift from discrete financial services products for SMEs to a connected ecosystem of products which interoperate in real time. To put it simply, it will soon be outdated to share small business financial data via Excel or PDF – standardised, automated data integrations will be the norm. Open data connectivity levels the playing field both for challenger financial services providers to compete with the largest brands, and for SMEs to gain access to the products their businesses deserve. Accelerating the development of these integrated financial products, that better meet the needs of small businesses, is therefore the key to increasing competition in SME financial services.

Codat is a universal API for small business financial data. Accordingly, it is committed to ensuring UK SMEs benefit from financial services which best serve their needs, directly communicating with the systems of record they use within their own businesses. For the last four years Codat has made it easier for diverse financial services providers to develop, test and commercialise integrated SME products.

Since we received the first BCR award in 2019, Codat's connectivity has been embedded in banking, lending, insurance, credit insurance, POS, e-commerce, cash flow forecasting, payables automation tools and a multitude of small business software products to deliver better services to tens of thousands of SMEs. We are currently tracking at or ahead of our public commitments for our Pool D and Pool E awards.

With a further £5m award and £5m for Pool F in internal co-investment making a total of £19m across CIF awards, our new commitments enable us to go further and faster in supporting the rapid commercialisation of connected financial services for SMEs, by removing technical and financial barriers to data integration. This fundamental change in underlying data infrastructure, powered by Codat and funded by the CIF award, will allow a broad array of financial services providers to build new products which are a manifest improvement on the suite currently available to UK SMEs.

Commitment 1: Offer automated payment reconciliation

Codat will build, test and release a new Sync API to enable the automatic synchronisation and reconciliation of transaction data from the payment service providers used by SMEs into their accounting platforms. We commit that new payment reconciliation products, powered by Codat, will enable at least 50,000 businesses to eliminate manual bookkeeping, reduce manual errors, streamline tax preparations, and build a high quality financial data history within their accounting system (within 14 months of award).

Commitment 2: Open up small business sales data for modern lending products

Codat will build, test and release a new Insights product to increase competition in the lending market, by enabling SMEs to leverage real-time sales transaction data to access revenue-based working capital solutions. We commit that this product will enable UK lenders to easily view and

interpret consented financial data from the sales tools used by more than 50% of UK SMEs without writing a line of code (within 14 months of award).

Commitment 3: Co-investment

Codat will match the £5m CIF award with £5m of additional internal investment, doubling the total committed spend on scalable, reusable connectivity which will benefit SMEs.

Commitment 4: Reporting

Codat will commit to full and transparent reporting to BCR Limited to enable clear tracking of our progress as we complete our Pool F commitments by the end of 2022.