

## Funding Xchange Ltd – £5m Award

### Key Achievements to Date

- To make finance more accessible, we continue to engage with a range of market participants including funders, brokers, price comparison websites and most recently leading commercial marketplaces to support the funding requirements of as many SMEs as possible:
  - This has enabled us to engage hundreds of thousands more SMEs and continue to expand our market reach including a new landmark relationship with leading commercial marketplace eBay.
  - Our SmartFinanceHub has been launched and is now fully live currently being utilised by a number of funders and brokers.
- To make finance more affordable, we have recently launched our FXE Technologies business, supplying our technology to transform costs and customer experience by providing a digital eligibility journey for banks and lenders. 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:
  - We are delighted to announce our FXE Technologies business has a healthy pipeline of commercial conversations ongoing and has recently reached agreement to provide our technology to a tier 1 bank, providing many thousands of SMEs with faster, more efficient, and more accurate decisions and enhanced customer experience.
- To make finance more sustainable, we have successfully delivered our concessions management proof of concept in conjunction with our partners and are working on the full enterprise solution in readiness for wider market launch.

### Assessment Period 4 (June 1<sup>st</sup>, 2021 – August 31<sup>st</sup>, 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.

Whilst overall, the SME lending markets and the level of finance ultimately being intermediated, continue to be impacted by the pandemic, we continue to see good progress across a number of initiatives.

We have expanded our reach by over half a million SMEs by continuing to invest in our relationships with our Price Comparison Website Partners and have launched new channel relationships including a landmark partnership with leading commercial marketplace eBay.

We continue to make progress expanding our Lender Relationships and the suite of liquidity options across the platform having onboarded an additional 18 lenders so far this year.

We have again continued to expand and develop our customer success team to cater for increased reach and SMEs using our services.

Having successfully launched SmartFinanceHub, we are currently conducting a trial period with a number of funder and broker partners.

## **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 are delighted to announce that we have now reached agreement with a Tier 1 bank to deliver FXE technologies to their customers. This relationship will provide thousands of SMEs with faster, more efficient and more accurate decisions. SMEs will see an increased range of products which may be suitable for their needs including options for funding from other funders. This will improve successful funding outcomes and also improve customer experience.

We are also delighted to have achieved several notable milestones over the summer in relation to our FXE Technologies business including the formal launch of our FXE Technologies business, as the digital solutions division of Funding Xchange, providing eligibility and affordability tools to banks, lenders and brokers.

## **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 remain On Track to achieve this commitment.

Focus of this Assessment Period has been moving development focus from “Minimum Viable Product” to the full enterprise solution and we expect to be bringing this to market very soon. Whilst progress to date has taken slightly longer than originally timetabled we are anticipating a “step change” as our solution is formally launched.

**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.**

We remain On Track to achieve this commitment.

Our recruitment targets remain on track. Over this period we have recruited an additional 8 staff bringing our total to 42 positions recruited and we remain in a market leading position with respect to diversity at >50%.

**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 remain On Track to achieve this commitment.

We continue supporting partners to refine their product solutions to provide a strong fit within market needs, having supported seven partners to date this year.

**COMMITMENT 6 – Co-investment**

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

We remain On Track to achieve this commitment.

We have matched BCR funding 1:1 over this Assessment Period.