

Press release issued on behalf of BCR

BCR publishes its 3rd Annual Report demonstrating how the Alternative Remedies Package has shifted the market for SME banking

- **BCR also provides progress updates on Public Commitments from Pool A, B, C and D Capability and Innovation Fund recipients**

BCR Annual Report

The directors of BCR have today published the company's Annual Report for 2020/2021 which includes for the first-time case studies on how some awardees have used funds from the Alternative Remedies Package (ARP) to make significant impact on the provision of financial and related services to SMEs. The annual report can be found [here](#).

Richard Anderson, the BCR Chair, said: "Throughout the life of BCR, we have sought to fund initiatives which will make a real difference to competition in the small business banking market – and it is very positive that we are now starting to see the visible impact of this. There are some fantastic success stories emerging through these public commitments and real evidence that awardees are moving the dial on competition in the small business banking market."

The annual report is further supplemented by a set of short videos from the majority of awardees describing the impact of the awards on them and their customers. All videos will be made available on the on the BCR website later this week.

Progress updates for Pool A, B, C and D recipients

The Board of Banking Competition Remedies Ltd (BCR) today also publishes progress updates for Pool A, B, C and D recipients, providing a summary of performance against their public commitments to the period 30th September 2021.

The updates of those awarded, their original commitments and key achievements to date can be found [here](#).

In this reporting period, BCR approved business cases for Starling which involves an acceleration of spend due to the success of their SME business and for Investec which involves a change in approach in now delivering their BCA offering through a partnership with Monese. Their public commitments are unchanged.

Aidene Walsh, CIF Executive Director, said: "Against the backdrop of recently released information that shows that the number of UK SME businesses now stands at 5.6m¹, it is a tremendous achievement that two Pool A awardees, namely Starling and ClearBank, have achieved 7.2% and 6.7% (across both pools) market share respectively. This recognises the competitive choice they have both created for UK SMEs. As with previous reporting, indeed many of the awardees are progressing

¹ <https://www.gov.uk/government/statistics/business-population-estimates-2021/business-population-estimates-for-the-uk-and-regions-2021-statistical-release-html>

really strongly in their business cases with strong examples particularly in the lending, payments and data management space. There are some emerging concerns about competition for talent in a tight market and potential delays on delivery which the awardees themselves are responding to and which BCR is monitoring closely.”

A summary of performance against awardees public commitments can be found in the notes to editors, with links to the full updates provided below:

Pool A tenth quarter update

- *Starling Bank Limited public commitment progress update*
- *Metro Bank plc public commitment progress update*
- *ClearBank Ltd public commitment progress update*

Pool B ninth quarter update

- *Investec Bank plc public commitment progress update*
- *The Co-operative Bank plc public commitment progress update*

Pool C eighth quarter update

- *Atom Bank plc public commitment progress update*
- *The Currency Cloud Group Ltd public commitment progress update*
- *iwoca Ltd public commitment progress update*
- *Modulr Finance Limited public commitment progress update*

Pool D ninth quarter update

- *Codat Limited public commitment progress update*
- *Fluidly Limited public commitment progress update*
- *Form3 Ltd public commitment progress update*
- *Funding Options Limited public commitment progress update*
- *Swoop Finance Limited public commitment progress update*

The next progress updates for Pool A, B, C and D awardees will be in February 2022 which will also include the first progress update for Pool F winners. Pool E awardees will provide their next reporting update in January 2022. As part of BCR's role in monitoring the way that organisations are using the funds, BCR holds awardees to account on their progress against business plans which includes meeting all the recipients. For more details on how BCR monitors CIF awardees see [here](#).

Notes to editors:

A summary of Pool A, B, C and D performance against public commitments / business cases

Pool A tenth quarter update

Starling Bank Limited public commitment / business case update: Starling is on track to meet its overall commitment of 450,000 customers with over 404,000 to date which is 7.2% market share based on most recent HMG data. Its business case change sees acceleration of spend in support of

its SME business which has been very successful. To date, £2.4bn has been lent to over 54,000 UK SMEs. Starling continues to enhance existing digital banking products and is on track to deliver its remaining commitments.

Metro Bank plc public commitment progress update: In August 2021, Metro opened its fourth new store in Bradford in line with its business case. Also, the Bank launched its new Enhanced Foreign Exchange proposition – giving customers access to real rates and a broader range of currencies via a new-and-improved digital journey. Although, some of its commitments have faced slight delays, it remains on track to deliver Small Business Loans, Enhanced Overdrafts and Revolving Credit Facility by the end of 2021.

ClearBank Ltd (CTBB) public commitment progress update: CTBB now has 371,574 SME customers, resulting in a 6.7% share (5.7% directly attributable to Pool A) of the UK SME market based on most recent HMG data. It has helped over 40,000 entrepreneurs to register a limited company and open a business current account at the same time and has delivered VAT and Self-Employment registration.

Pool B ninth quarter update

Investec Bank plc public commitment progress / business case update: Investec is now supporting over 3,600 SMEs through its Business Savings Account, Lending and FX propositions. It has lent over £151m to date, mainly driven by CBILS, BBLs and most recently, RLS. Investec has formed a strategic partnership with Monese to deliver its Business Current Account infrastructure.

The Co-operative Bank plc public commitment progress update: The Co-operative Bank has relaunched its SME banking website, which now provides tailored support to its customers. It continues to enhance its mobile app with the launch of push notification capability in Q3 2021, keeping customers up to date with important changes and transactions. Additionally, The Co-operative Bank fully deployed its new lead management workflow for Relationship Managers this quarter, providing the foundations for improving how it manages the relationship with its existing customers. While BCA volumes are slightly behind target due to reduced demand, it is confident these will improve following the launch of its new BCA in Q4 2021 and associated marketing activities.

Pool C eighth quarter update

Atom Bank plc public commitment progress update: Atom Bank has achieved over £236m of secured lending as at 30 September 2021, exceeding its 2021 and 2022 targets and anticipates further growth following its recent accreditation for the RLS. Following a previous delay, it has onboarded alternative third party delivery partners to support delivery of its Next Generation Broker Portal and in addition to its +88 customer Net Promoter Score, has achieved +61 in its broker Net Promoter Score survey. It continues to experience delays to two commitments which it is working hard to mitigate.

The Currency Cloud Group Ltd (Currencycloud) public progress commitment: Currencycloud has processed cross-border payments for over 26,200 UK SMEs (7.8% of all SMEs trading internationally) in the last twelve months. In Q3 alone, it signed 24 financial institutions bringing its total to 121 since

January 2020. It continues to invest in ongoing enhancements to its cross-border payments platform and network.

iwoca Ltd public commitment progress update: iwoca launched an MVP of its Flexi-Loan product embedded within Xero's invoicing workflow in Q3 2021 with a view of rolling it out more widely in Q4 2021. It has exceeded its overall target of no and limited personal guarantee commitment almost three years ahead of schedule, with £376m as at 30 September 2021. iwocaPay transactions more than doubled following the roll out of new functionality to make it more easily accessible.

Modulr public commitment progress update: Modulr successfully launched its client management tool for accountants to invite and track the onboarding of their SMEs to the Accounts Payment Control Centre (APCC) in Q3 2021. It also launched a fully automated SME sales and onboarding journey through its SME Channel website. Modulr continues to exceed its overall target of SME reach for its Payment Innovation Product, with 978,000 achieved to date.

Pool D ninth quarter update

Codat Limited public commitment progress update: Codat continues to make strong progress against its remaining commitments having already delivered 4 out of its 7 public commitments. Codat is now also working with five fellow BCR recipients to improve their lending and cashflow solutions.

Fluidly Limited public commitment progress update: For its Financial Marketplace, Fluidly went live with its first fully automated funding journey enabling SMEs to get an instant decision about their funding options and obtain an approved offer in real time. It also made further enhancements to its Action Hub by launching user permissions based on feedback from its customer base. In the last quarter, it opened its office in Newcastle and continues its focus on local recruitment.

Form3 Ltd public commitment progress update: Form3 continues to build its SWIFT solution whilst engaging in sales and marketing activities in advance of launch. The launch of SWIFT International Payments is now delayed to Q2 2022 causing subsequent delays to Release 2 of its planned delivery.

Funding Options Limited public commitment progress update: Funding Options' Funding Cloud™ platform that connects businesses, lenders and partners to facilitate efficient access to a competitive choice of finance options, is performing well and scaling rapidly. It continues to surpass lending value targets despite the number of additional SMEs being slightly behind target due to the impact of government backed loan schemes on UK market-based lending.

Swoop Finance Limited public commitment progress update: Swoop continued growth in the number of grant deals secured through its own platform, the NatWest Grant Finder tool and recently launched Grant and Equity journey within the Tide application and has seen over 172k applications and funding secured of £810.6m. Swoop continues to increase the number of external brokers using Swoop's "Funder Portal" product which was launched to the broker community at National Association of Commercial Finance Brokers in October 2021.

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About BCR

Banking Competition Remedies Ltd (BCR) is the independent body established in 2018 to implement the £775 million Royal Bank of Scotland (RBS) State Aid Alternative Remedies Package. BCR is independent from RBS and the UK Government. It is governed by an independent board of directors.

The Alternative Remedies Package was negotiated and agreed between HM Government and the European Commission and comprises two RBS funded measures amounting to £775m:

- The **Incentivised Switching Scheme** – which has now closed having distributed £251m of the dowry fund available to SMEs that switched from NatWest.
- The **Capability and Innovation Fund** – to which £425 million has been allocated to support the development of wider capabilities and competition in the SME banking market essentially through grants to eligible challenger institutions all pools. BCR holds awardees to account by closely monitoring their progress against business plans. There are currently 24 awardees across 6 pools.