

## Metro Bank – £70m Award

### CIF Key Achievements to Date

- In December 2021, we started the rollout of our new Business Overdraft product in stores, helping our customers better manage their cashflow, providing quicker access to funding and pre-approved limits. Over the successful pilot period, we opened £700k of new business overdrafts, with an average end to end application to loan time of just 21 minutes. Our customers have provided resounding positive feedback with high average satisfaction scores.
- In December 2021, we launched our new digital credit platform, allowing real time automated credit underwriting - a critical foundation to deliver an enhanced SME lending experience.
- In August 2021 we opened our fourth new store in the North of England in Bradford. This follows openings in Manchester, Liverpool and Sheffield.
- In June 2021 - to further support the UK's small business community - we launched a Metro Bank SME brand campaign. The campaign focused on our dedication to helping small businesses thrive via the special relationship we have with our customers, and involved giving three Metro Bank customers their very own national advertising campaign. Ads for Metro Bank's SME offering featured across a range of local and national radio stations in addition to widespread exposure across digital channels, an editorial exclusive with a national newspaper and TV interviews on a major national news programme.
- In March 2021 we launched in-app invoicing for business customers – allowing quick creation, tracking and management of invoices, all from within the Metro Bank mobile app. Customers can also add their business's logo to each invoice for additional personalisation.
- In February 2021 we began a phased launch of our business current account online application process for multi-director businesses, ahead of a successful public launch in April 2021.
- In September 2020 we announced a new partnership with Enterprise Nation, a leading provider of advice and expertise to small businesses in the UK. The new collaboration offers a range of benefits for Metro Bank's business customers, including a year's free membership to Enterprise Nation which would usually cost £99.
- In August 2020 we announced a new partnership with cloud accounting provider Clear Books, offering easy accounting software with free bank feeds and exclusive discounts to Metro Bank small business customers.
- In July 2020 we launched our straight-through business current account online application process for sole traders and single-director businesses.
- In June 2020 Metro Bank started offering Government-backed loans to our business current account customers. By the end of 2021 we provided 38k loans and £1.7bn to UK businesses.
- 69 jobs have been created in the North of England, including 8 apprentices.
- In June 2020 we released new receipt management functionality into our mobile app, letting businesses capture and store receipts, which get automatically matched to the customer's transaction history.
- In June 2020 we enabled physical sweeping functionality, helping businesses to manage their liquidity with automated rules for transferring funds between their accounts.
- In March 2020 we announced a new partnership with ezbob, an award-winning lending-as-a-service provider, to deliver a next-generation small business loans platform.
- In February 2020 we became a direct participant of Bacs, the Pay.UK-operated payment system, helping enable Direct Debit origination for business customers through a new partnership with Bottomline Technologies. This followed in June 2020 with an initiative to enable Direct Debit origination, letting business customers create, automatically collect, and manage payments with their own customers via Direct Debit.
- In December 2019 we announced a new partnership with Canadian fintech Sensibill to offer receipt management technology to SMEs via the Metro Bank mobile app.

- In December 2019 we launched 'MCash' our new on-demand cash collection and delivery service to support the 4.2 million UK SMEs that rely on cash.
- In September 2019 we launched the first part of our Trade Services capabilities – offering Letters of Credit and Documentary Collections.
- In September 2019 we launched our artificial-intelligence-led 'Business Insights' capability into the Metro Bank mobile app – helping businesses manage their cash flow and make more data driven decisions.

### **Assessment Period 11 (October 1<sup>st</sup>, 2021 – December 31<sup>st</sup>, 2021)**

These Public Commitments are based on Metro Bank's Revised Business Case which was approved in January 2021. The former Public Commitments, including rationale for the changes can be viewed [here](#).

#### **COMMITMENT 1: WE WILL RADICALLY TRANSFORM THE UK SME BANKING EXPERIENCE**

- Our unique model is able to combine growth with remarkable levels of service quality. We're committed to staying in the top 2 for customer service in the CMA service ratings. - At current rates, Metro Bank business banking customers are 30% more satisfied than the industry average.

- Metro Bank was ranked third for overall service quality for businesses in the most recent CMA service rankings (February 2022), following the introduction of Starling Bank.
- Whilst commitment 1 is currently not on track as a result, we remain committed to achieving the targeted position of the top 2 for customer service. For added context we continue to be ranked number 1 for services in branches and business centres, as well as the highest rated high street bank for overall service quality for personal and business customers.

#### **COMMITMENT 2: WE WILL PROVIDE A "METRO MULTIPLIER" TO C&I FUNDING**

- Metro Bank will spend ~£2 of its own funds for every pound it receives from the Capability & Innovation Fund.

- This committed co-investment will ensure that the C&I funds have real impact, helping more SMEs benefit from better service and market-leading digital innovations and capabilities that bit sooner.

- Commitment 2 is on track.
- Metro Bank remains committed to spending ~£2 of its own funds for every pound it receives from the Capability & Innovation Fund.

#### **COMMITMENT 3: WE WILL OPEN 15 NEW METRO BANK STORES IN THE NORTH BY THE END OF 2025**

- C&I funds will be used to fund frontline roles for 18 months to provide SMEs with the support and service they need

- Metro Bank will pay for all store capital costs.
- All our stores will be open 7 days a week, early and late, offer in-store debit and credit card printing, safe deposit boxes and access to a Local Business Manager.
- Commitment 3 is on track.
- We have 4 stores now open in the North, with 11 remaining to meet our public commitment.

#### **COMMITMENT 4: IN DELIVERING OUR PLANS WE WILL CREATE ~300 NEW JOBS IN THE NORTH -**

When combined with our Metro Multiplier, C&I funding will directly support the creation of ~300 high quality jobs in the North by 2025.

- C&I funding will also support the creation of ~50 new apprenticeship roles in the North by 2025.
- Commitment 4 is on track.

- So far 69 colleagues have joined Metro Bank in the North, including 8 apprentices. Reduced store activity during the pandemic has led to a slower rate of job creation than originally planned.

#### **COMMITMENT 5: WE WILL BUILD A RANGE OF GAME-CHANGING DIGITAL CAPABILITIES TO HELP SMEs THRIVE**

- In 2019 we launched an artificial-intelligence led insights capability for SMEs using our mobile app, helping them to understand their cash flow and forthcoming payment obligations better.
- In 2019 we launched a mobile cash pick up and drop off service, ensuring SMEs can save time managing their cash.
- Starting in 2020 and completing in 2021 we will launch a truly straight-through business current account online application, enabling 100% of SMEs in the UK to benefit from the Metro Bank experience.
- In 2021 we will enable SMEs to manage bookkeeping, invoicing and receipts via mobile and online banking and help them link to their favourite cloud accounting platform.
- By 2023 we will offer SMEs the UK's first end-to-end payments and accounts receivable solution that automatically reconciles with cloud accounting services, allowing businesses to get paid faster and save time.
- We have made good progress on commitment 5, launching artificial-intelligence led insights capability for SMEs using our mobile app, a mobile cash pick up and drop off service and our new online account opening journey.
- We have not met the 2021 target date for API-enabled integration with a range of leading cloud accounting providers, but plan to launch a few weeks after our initial target, in Q1 2022.
- The end-to-end payments and accounts receivable solution will start development in 2022 to be available to customers in 2023.

#### **COMMITMENT 6: WE WILL BUILD THE CAPABILITIES NECESSARY TO SUPPORT LARGER AND MORE COMPLEX SMEs**

- Starting in 2019 we began to enhance our trade finance and foreign exchange capabilities to ensure that the 14% of SMEs that trade internationally can access the finance products they need to grow. - In 2020 we offered SME customers the ability to accept direct debits, supporting the 12% of SMEs that rely on subscriptions and membership revenue from customers.
- In 2020 we also delivered balance sweeping capabilities to help SMEs better manage their liquidity.
- In 2021 we will deliver a new SME overdraft proposition and a new Small Business Loan platform to ensure SMEs can get access to the finance they need in a matter of minutes. - This will be followed in 2021 by a new Revolving Credit Facility proposition.
- In 2022 we will offer a market-leading commercial credit card proposition, offering SMEs a full suite of customisable limits and controls.
- We have made good progress on commitment 6, launching new capabilities across foreign exchange, trade services, accepting direct debits and balance sweeping.
- In December 2021, we started the rollout of our new Business Overdraft product in stores, helping our customers better manage their cashflow, providing quicker access to funding and preapproved limits. Average end to end application to loan time has been just 21 minutes and customer feedback has been very positive.
- We also launched our new digital credit platform in December 2021, allowing real time automated credit underwriting - a critical foundation to deliver an enhanced SME lending experience.
- We remain focused on meeting the borrowing needs of our customers, which have changed significantly following the COVID pandemic and resulting Government lending schemes, in which Metro Bank have provided £1.7bn to UK businesses. Prioritisation of Government lending schemes has impacted the pace of development on Small Business Loans and, with the change in customer

needs and lessons taken from the deployment of Government lending schemes, we are reassessing our approach to how we deliver this product.

- Development of our Revolving Credit Facility initiative has made good progress and we plan to launch a few weeks after our initial target, in Q1 2022.
- MCard is on track for 2022.

#### **COMMITMENT 7: WE WILL HELP 8+ INNOVATIVE UK SMEs SCALE BY PARTNERING WITH THEM TO DELIVER OUR BID COMMITMENTS**

- **In delivering our bid commitments we will partner with 8+ UK SMEs, helping them scale next-generation innovations for business banking customers.**
- **This will expand the addressable market for these companies by more than 395,000 SMEs by 2025.**
- Commitment 7 is on track.
- So far we have partnered with five UK SMEs.

#### **COMMITMENT 8: WE WILL PROVIDE BCR LTD AND OUR CUSTOMERS WITH UNPRECEDENTED TRANSPARENCY ON OUR PROGRESS TOWARDS DELIVERING ON OUR COMMITMENTS**

- **In June 2019 we provided BCR Ltd with access to real time Microsoft Power BI dashboards, so it can track progress against agreed project milestones.**
- **Every quarter until our commitments are delivered, we will publish a “BCR Commitments Update” on our public website, so that stakeholders can monitor our progress.**
- Commitment 8 is complete.
- Metro Bank provided BCR Ltd with access to real-time Microsoft Power BI dashboards to track our progress against agreed project milestones in June 2019 as planned. We will continue to publish quarterly updates on our progress on the Metro Bank website.

**Investing £70M from the Capability and Innovation Fund will enable Metro Bank to win an additional 93,000 SME BCA customers by 2025, based on Frontier Economics’ calculations. This equates to a 1.3 percentage point move in market share of stock. When combined with our ‘business as usual’ growth plans, Metro Bank will become an at-scale challenger with a 5.6% BCA market share of stock by 2025, serving more than 395,000 customers.**

- Growth in BCA stock has been impacted by reduced store footfall throughout the pandemic, which continued into 2021. We also paused business account opening between October 2020 and February 2021 while we prioritised processing business Bounce Back Loan (BBLs) applications from existing customers.
- We are still on track to meet our 2025 target and continue to make good progress with the new Business Account Online opening process. Over 15k SMEs have opened Metro Bank business accounts through this channel since we launched.