

## iwoca Ltd - £10M Award

### CIF Key Achievements to Date

- We have begun to originate through the Recovery Loan Scheme, which combined with issuance previously brings us to a total of £381m in no and limited personal guarantee lending to date.
- We have continued to grow our iwocaPay seller base this quarter which is up by 40%, as well as increases in both our transaction values and volumes over Q4 2021.
- We issued our first loans to customers applying through the embedded integration with Xero which was launched in Q3 2021 and have added new features to further improve the customer journey.
- OpenLending was further expanded with an extra partner added in Q4 2021, bringing our total partners to date on our OpenLending platform to 13. Additionally, we have made further technical improvements to our OpenLending API to further enhance the customer experience and partner capabilities
- We have made a total of 9 commitment-related hires in Q4 2021, with 7 of these in our Leeds office. Allowing that some of these are replacing leavers, this now brings our total jobs created at the end of 2021 to 30.

### Assessment Period 9 (September 1<sup>st</sup>, 2021 – December 31<sup>st</sup>, 2021)

These Public Commitments are based on iwoca Ltd's Revised Business Case which was approved in August 2020 and further Revised Business Case which was approved in June 2021. The former Public Commitments, including rationale for the changes can be viewed [here](#).

#### **COMMITMENT 1: SERVE A WIDER RANGE OF SME NEEDS BY INTRODUCING A NEW LOAN PRODUCT THAT DOES NOT REQUIRE A PERSONAL GUARANTEE**

We are pleased to report that we have continued to deliver on our long-term commitments made to the BCR in this assessment period, with an update provided on each of these below.

**Personal guarantees play an important role in enabling finance for early-stage businesses. However, as businesses evolve, their financing options should follow suit.**

**With the support of the CIF, we will leverage our award-winning technology and risk expertise to develop a new product that does not require a personal guarantee. We will use an asset debenture structure to break the link between business and personal credit. We will also make it paperless and deliver a decision in hours rather than weeks or months.**

**We commit to ensure this product is more competitive than unsecured market alternatives. We further commit that it will be available across our channels in 2020 and by the end of 2023 we aim to have originated £250 million.**

We have successfully achieved our commitment to offer loan products with limited or no personal guarantee, originating over £381m against a target of £250m in no and limited personal guarantee lending to small businesses via our CBILS, iwocaPay and RLS products.

We will continue to offer small businesses no or limited liability finance across our suite of products, which already includes iwocaPay, as well as continuing to offer the RLS product into 2022.

#### **COMMITMENT 2: LAUNCH IWOCAPAY, A BETTER ALTERNATIVE TO FACTORING FOR SMALL BUSINESSES**

**70% of our customers have used our credit facility to finance the gap between issuing an invoice and receiving or making payment. By introducing iwocaPay, we will take our financing solution to where**

small businesses need it most: finance at the point of invoice. Through iwocaPay, we will alleviate the burden of late payments which impacts millions of UK SMEs.

**iwocaPay creates a win-win credit service for small business sellers and buyers. It will provide SME sellers with the option to extend flexible payment terms to SME buyers while getting paid immediately. This means that iwocaPay enables buyers to choose the payment terms that work best for their cash flow, up to 90 days post invoice receipt, while guaranteeing prompt payment to the seller on a non-recourse basis.**

**We commit to making iwocaPay a more competitive and accessible alternative to factoring for SMEs and available on a 'single invoice' basis, maximising the product's flexibility. We further commit to launching iwocaPay in Q2 2020, by the end of 2023 we aim to have financed 40,000 transactions.**

We remain on track with our commitment, seeing continued growth in our seller base of 40% alongside increases in transaction values and volumes in Q4 2021. We also continue to work on product upgrades and plan to release additional product functionality in Q1 2022.

### **PRECOMMITMENT 3: CO-DEVELOP CUSTOMISED CREDIT PRODUCTS WITH XERO, THE UK'S LEADING SME ONLINE ACCOUNTING SOFTWARE PLATFORM**

**To bring finance to 463,000 Xero subscribers, with the support of the CIF, a joint development team of Xero and iwoca staff will research, prototype and pilot iwoca lending products for Xero. These customised products will be seamlessly embedded and accessible within Xero's interface and core customer journeys—a first for Xero.**

**Our shared aim is to deploy a competitive range of lending products that will be easily accessible by Xero's 463,000 SME subscribers by the end of Q3 2021.**

We have successfully delivered on this commitment to bring finance to Xero subscribers and during Q4 2021 we hit the milestone of issuing the first loans to customers applying through the integration. One customer had the funds in their bank account within 4 hours of their initial application, highlighting the slick and efficient customer journey that we have built. During Q4 2021 access was extended to a few thousand Xero users as part of the phased roll out plan.

We also added new features to further improve the customer experience, such as a quoting tool that allows the customer to receive an early indication of the amount and price of the offer that they are likely to receive. This allows them to make an informed decision about whether they want to make a full application. We also started the scoping & planning of how we will deliver multiple iwoca products alongside each other within the Xero interface.

### **COMMITMENT 4: LAUNCH OPENLENDING TO FACILITATE THE EXPANSION OF SME FINANCING SOLUTIONS THROUGH THE ENTIRE ECOSYSTEM**

**We strongly believe in the benefits of a connected and cooperating marketplace. In fact, thousands of customers have reached us via bespoke API integrations with selected partners like Tide.**

**OpenBanking has been a game-changer for us and, looking ahead, we see a huge opportunity in OpenFinance—the most recent initiative by the Bank of England to establish a data standard and portable digital identity for SMEs.**

**In this spirit, with the support of the CIF, we will launch OpenLending, a self-serve platform that opens up our lending stack to the entire ecosystem of BCA providers, FinTechs, brokers, accountants and bookkeeping platforms.**

**We will establish a dedicated full stack team that will make OpenLending fully operational. We will build features that enable partners to customise products, such as term, price or commission. Through customisation, our partners will create and deliver a proliferation of new products that are relevant and accessible to their SME customers.**

**We commit to launch OpenLending by the end of 2020. By the end of 2021, we commit to integrating 10 new partners including our pilot with Xero; and by the end of 2023, we commit to having at least 25 new partners and aim to originate at least £400 million through OpenLending.**

We have now partially-achieved this commitment, adding one additional partner during Q4 2021 taking our total number of new partners to 13, in excess of our target of 10 by the end of 2021. Additionally as of Q4 2021, we have now originated a total of £47m via the partner platform.

During Q4 2021, we also made further developments to our API, which focused around improving the customer experience. An example of this is highlighted through the new types of offers that will allow the customer to see what products they are eligible for at all stages of the onboarding journey. To support this, we also added more status types to the application status component, meaning customers will have a clearer picture of how their application is progressing with iwoca, all within the partner platform.

#### **COMMITMENT 5: DECENTRALISE TO BETTER SUPPORT OUR GEOGRAPHICALLY DIVERSE CUSTOMER BASE**

**Underpinning our commitments is our persistent dedication to service. As we grow and reach new SMEs, we must ensure new customers receive the same level of service we have provided since day one. To do this, we must grow and tap into talent pools beyond London.**

**We focus on serving all UK SMEs and 79% of our current customers reside outside of London.**

**To better serve our customers, we commit to opening a regional office in Glasgow, Edinburgh, Leeds or Bristol and hiring at least 50 staff by 2023. New staff will cover a range of roles, including developers, customer support and relationship managers.**

We remain on track to hire at least 50 staff by 2023. We have made 9 new hires in Q4 2021, including some that were backfill of employees that left the company. As such, this brings iwoca to a total of 30 jobs created to date.

#### **COMMITMENT 6: MATCH BCR GRANT WITH AT LEAST £13 MILLION OF OUR OWN FUNDS**

**To demonstrate our shared responsibility and deliver on our commitments, we commit to provide at least £13 million of our own funds.**

We will continue to uphold our commitment to invest an additional £13m of our own funds in addition to the CIF grant. To date we have invested a total £6.9m of our own funds.