

MarketFinance – £10m Award

CIF Key Achievements to Date

- We have partnered with DirectID as our Open Banking partner, which will allow us to further reduce the time to credit decision across our solutions.
- We are excited about MarketPay and Embedded Finance and have already launched 2 pilots with embedded partners and processed more than 30 transactions during the early stages of the pilot. In addition, we have already built a significant pipeline of potential embedded partners that will allow us to increase our reach quickly and efficiently.
- We have launched our partnerships with Azets and Equals Money and are excited about reporting further progress in the coming months.
- We are pleased to have been one of the first non-bank lenders to have been accredited under the Recovery Loan Scheme by the BBB.
- We are currently ahead of plan overall with our partnerships roadmap and commitments having already launched partnerships with 5 SME providers, 1 challenger bank and 2 innovative service providers
- We are pleased to have launched our third funding solution FlexLoan (previously known as RCF or Revolving Credit Facility) in Q2 2021 and have seen great momentum during the MVP stage. We continue to manage our existing book of c£2.5m and have commenced Loans lending outside of government-backed schemes as of Q1-22.
- We are pleased to have delivered 100% of our target to date of £300m of new lending
- We are currently market-leading in our speed of credit decisions with the vast majority of credit applications processed within 24h.
- Over the course of 2021, we invested in dedicated Customer Service and Customer Success functions which has led to an increase in customer satisfaction evident by our Excellent TrustPilot score which is currently 4.8.
- We have raised our largest funding facility to date of £250m to support lending under the Recovery Loans Scheme in September-21 as well as a £100m facility to support lending outside of government-backed schemes in Q1-22 to continue growing our new lending.

Assessment Period 6 (December 1st, 2021 – February 28th, 2022)

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

COMMITMENT 1 – Introduce a product giving SMEs funding tailored to their needs by H1-2021

We know that customers find it hard to manage multiple products across multiple providers; it's why many stay with the incumbent banks.

We will deliver a solution that radically reduces the complexity of managing finances for our customers, combining the product sophistication of a large lender, with the user- friendliness of a FinTech:

- **3 SOLUTIONS, 1 INTERFACE:** Loans, Revolving Credit, and Invoice Finance in a single interface to meet the varied funding needs of SMEs
- **FRICIONLESS EXPERIENCE:** minutes to apply, same day decisions, dedicated customer support team, removing all friction from the process of obtaining finance

- **UNPARALLELED FLEXIBILITY: fully featured account management portal, giving customers the ability to pay off debt, manage credit limits, and optimise their working capital position with our intelligent Working Capital Manager tool.**

We are on track to deliver this commitment with the majority of components already completed. Our Single Interface has been launched offering our SME customers a frictionless, user-friendly experience. We are very excited about building and launching our Embedded Finance solution where we have already processed more than 30 transactions in MVP during Q1-22. We are expecting a delay in delivering our Working Capital Manager tool by approximately one quarter due to optimising internal capacity and we are currently scoping out delivering this by partnering with an innovative data partner.

COMMITMENT 2 – Expand our offering to SMEs who need it most

Smaller SMEs (<10 employees) comprise >90% of SMEs but are at the greatest borrowing disadvantage. We will expand our target market to better serve these categories (including businesses such as sole traders, low turnover (<£250k) SMEs and startups).

We commit to start lending to at least two of the categories above by Q2-2022.

This will help enable us to lend £550m+ to >4.5k SMEs by 2022. We aim to have lent £1.6bn to 18k SMEs by 2024.

We are on track to deliver this commitment. To date, we have already lent £300m to nearly 1,450 UK SMEs since the start of our BCR initiative.

COMMITMENT 3 – Be a catalyst for innovation

We will collaborate with innovative players to expand our reach to more than 1m SMEs through a range of partnerships.

We will create a lending engine that can be simply embedded in the following 3rd party customer journeys:

- **3+ challenger banks who don't have the balance sheet or risk appetite to lend to SMEs, bringing more choice to SMEs and increasing competition in SME lending in 2022 (at least 1 in 2021)**
- **5+ SME service providers (e.g. accounting software) by 2022, placing our offering at the point of need (at least two in 2021)**
- **1+ major bank, making our offering available to their customers who otherwise face much more limited choice, in 2022**
- **2+ innovative suppliers (e.g. API or payments providers) to fuel growth of wider ecosystem in 2021**

We aim for 50%+ of our lending to be originated through these partnerships by 2022.

We are on track to deliver this commitment. To date, we have launched partnerships with 1 challenger bank, 5+ SME service providers and 2 innovative suppliers. In addition, we have a significant partnerships pipeline for our embedded finance solution which means we are currently overall ahead of our targets on this commitment.

COMMITMENT 4 – Embed the benefits of credit insurance into our products

We want to transform the way SMEs manage their cashflows through offering a credit-insured invoice finance product, facilitating prompt payment and competitively priced lending for SMEs. We are currently developing a new solution aiming for full market launch by the end of 2021, while working in close partnership with multiple credit insurance providers.

We have delivered on this commitment. MarketFinance has launched a pilot product, MarketPay, which will allow SMEs to optimise cash flow management at the point of purchase. This product will be suited for a credit insurance wrapper once fully launched, and we expect to work with Euler Hermes and other providers on this basis.

COMMITMENT 5 – Expand our geographic footprint to secure the UK's best talent

We serve SMEs across the UK and will reflect that in our own geographical footprint creating 50+ jobs outside London by 2022, including in our existing Manchester office.

Throughout the next 4 years and beyond we will continue recruiting to support our commitments and aim to create 200+ jobs in total across the UK by 2024.

We are on track to deliver this commitment, having already welcomed more than 89 new team members with 22 of them based outside London.

COMMITMENT 6 – Diversity & Inclusion

MarketFinance's success to date has been driven by the dynamism that comes with having a highly diverse team. Over 50% of our team are from diverse backgrounds - something we strive to maintain.

We believe in engaging with talent at grassroots levels - and so we commit to partnering with at least 2 organisations promoting underrepresented talent pools.

This will play a key part in facilitating our aim of hiring 20+ new starters (including any apprentices) from diverse backgrounds by 2022.

We are on track to deliver this commitment. MarketFinance's success to date has been driven by the dynamism that comes with having a highly diverse team. Over 50% of our team are from diverse backgrounds - something we strive to maintain. We believe in engaging with talent at grassroots levels - and so we have already partnered with 2 organisations promoting underrepresented talent pools. This will play a key part in facilitating our aim of hiring 20+ new starters (including any apprentices) from diverse backgrounds by 2022.

COMMITMENT 7 – Co-investment

We will provide at least £14m of our own funding to deliver our commitments outlined above.

We are on track to deliver this commitment and have already invested £7.7m of MarketFinance funds into the project.