

## tomato pay – £2.5m Award

### CIF Key Achievements to Date

- untied's app was recognised by HMRC for MTD for Income Tax and first tax returns for 2020/21 were submitted using untied. tomato pay's Open Banking payment APIs powered the first payment to HMRC (executed within the untied app).
- tomato pay launched an instant payments app with QR-code based revenue collection and released an MVP of the smart invoice functionality helping SMEs stay on top of their cashflow.
- tomato pay's Open Banking payment APIs powers payment requests with built-in reporting ready for Making Tax Digital.
- The SMART partnership with beachhead bank partner was soft launched in August 2021.
- untied has been embedded in Deliveroo onboarding for new riders, with rollout commencing in September 2021 and a reach of 50,000 riders.
- Strengthened leadership teams within both tomato pay and untied with strong, recognisable names from the SME banking and payments industries.
- untied and tomato pay's joint POC utilising Variable Recurring Payments (the next generation of Open Banking payments) and untied's tax engine won an award from UK Finance/Open Banking World/ Ozone.
- The co-branded SMART version in cooperation with Santander UK was shortlisted and highly commended in relation to 'Best Fintech Partnership' in the Banking Tech Awards of 2021.

### Assessment Period 6 (December 1<sup>st</sup>, 2021 – February 28<sup>th</sup>, 2022)

#### **COMMITMENT 1 – Continue to strengthen the wider SME-focused financial ecosystem and the economy.**

**To focus impact on 4.4m sole traders which have been among the most vulnerable during the covid-19 pandemic by giving them access to easy-to-use tools and opportunities that have previously only been available to larger businesses by December 2020.**

**To integrate SMART services with partners for distribution and support including giving accountants and advisors access to data in order to better service their clients by July 2021.**

SMART was launched in December 2020 as per plan, giving sole traders and SMEs access to easy-to-use financial management tools such as tax calculation and cashflow forecasting.

We started working with distribution partners in July 2021 as per plan and now have close to 200,000 SMEs enabled on SMART through partners.

Large-scale distribution of SMART through our beachhead banking partner, has been delayed due to necessary technical upgrades on their end. The SMART pilot with the partner was launched in summer 2021, and we are working closely with them to ensure a successful general availability launch by the end of Q2 2022.

#### **COMMITMENT 2 – Substantially improve the financial health and viability of SMEs in the UK.**

**Deploy new revenue, cost and cash management tools in the market:**

- **Launch the core SMART proposition by December 2020 including 1) invoicing, 2) tax calculation and filing, and 3) data aggregation and cashflow forecasting**
- **Scale availability and usage via partners to 250,000 SMEs and 18,720 SMEs respectively by December 2022**

The core SMART proposition was launched in December 2020, and we have provided access to over 200,000 SMEs via partners and over 10,000 SMEs directly.

We are behind target on the number of SMEs supported by SMART directly.

**COMMITMENT 3 – Help SMEs to take control of their customer payment terms by providing them with powerful tools to help incentivise payments.**

**Develop and scale the SMART proposition Revenue management proposition to include:**

- **Tax impact integration by May 2021**
- **Collection, invoicing tools and cash management tools by June 2021**
- **Dynamic discounting by September 2021**
- **Initiate £70m of Open Banking (PIS) payments by December 2022**

The Tax impact integration module was launched in Q1 2022.

Collection, invoicing tools and cash management tools were delivered successfully in June 2021.

In Q4 2021, the dynamic discounting feature was launched successfully as per plan.

Due to delays with our beachhead banking partner, we are behind target on our value of PIS payments by December 2022.

**COMMITMENT 4 – Distribute a simple, scalable and affordable method for SMEs to anticipate, prepare and submit tax.**

**Develop and scale SMART Cost (tax) management proposition to include:**

- **Open-Banking driven personal income tax management and optimisation with a focus on sole traders and with support for other income sources. Integration with HMRC via self-assessment and Making Tax Digital. Built-in submission of personal income tax filings at launch by December 2020**
- **Third party tax calculator APIs allowing banks and others to integrate tax by December 2020**
- **Submit 25,000 tax returns by December 2022**

SMART was launched in December 2020 including Open Banking driven personal tax management for sole traders, the integration with HMRC and built-in submission of personal income tax filings.

The third-party tax calculator APIs were also launched in December 2020. This has now extended to Making Tax Digital for Income Tax, though wider deployment is subject to HMRC's own rollout.

In respect of the third sub-commitment (tax return numbers) we are behind target. We have an external dependency on HMRC and their announcement of a 12-month delay to MTD ITSA means we will not be able to hit our December 2022 targets.

**COMMITMENT 5 – Deliver best-in-class SME financial forecast.**

**To develop and scale the SMART cash management proposition to include:**

- **Advanced cashflow tools offering data aggregation, tax and insights by March 2021**
- **Support 18,720 SMEs in aggregating accounts by December 2022**

The advanced cashflow tools offering data aggregation, tax and insights were launched successfully in March 2021. We continue to increase our data aggregation capabilities and have delivered the tax impact integration in Q1 2022.

As stated, in relation to Public Commitment 2, we are behind the target number of SMEs for December 2022 which will have a knock-on effect on the number of SMEs supported in aggregating accounts.

**COMMITMENT 6 – Commit to promoting diversity and jobs nationally.**

- **This initiative commits to creating 22 jobs across software development, product management, data science, partnerships and sales by December 2022**
- **Empower underrepresented groups with exceptional employment opportunities targeting 50% of these positions outside London, by December 2022**
- **At least 10 paid internships will also be available to support mentoring and training young talent to succeed in the tech world**

We are on track to deliver this commitment. Across tomato pay and untied, we have already created 23 jobs with 50% located outside of London. Across the two businesses, 5 paid internships have been created and we are confident that we will have created 10 paid internships as per plan by the end of 2022.

**COMMITMENT 7 – Co-investment**

**Fractal and untied will boost the delivery of SMART (created using C&I funding) by adding £1 from our own finances to every £1 received from BCR.**

This commitment is currently on track; we have co-invested over £1.2m to date. Throughout this period the majority of spend has been allocated to BCR.