

Press release issued on behalf of BCR

**31 May 2022**

### **Banking Competition Remedies Ltd (BCR) publishes progress updates**

- **Pool A, B, C, D & F Capability and Innovation Fund recipients provide quarterly updates on Public Commitments**

#### **Progress updates for Pool A, B, C, D & F recipients**

The Board of Banking Competition Remedies Ltd (BCR) today publishes progress updates for Pools A, B, C, D and F recipients, providing a summary of performance against their public commitments to the period 31<sup>st</sup> March 2022.

The public commitment updates this reporting period has seen several awardees deliver on their commitments such as co-investment and initiative delivery. Furthermore, market share of UK SMEs continue in an upward trend with awardees exceeding overall targets ahead of schedule.

Awardees progress against public commitments made can be found [here](#). Two business cases from Cashplus and Form3 were submitted during the period and have since been approved. Cashplus proposed to replace its multi-account view initiative with free company formation, which it believes will provide more benefits to UK SMEs and sought revisions to the trajectory of its lending targets to reflect changes in the SME lending space and macroeconomic environment. Form3 addressed issues related to CIF underspend, several delayed deliverables due to external dependencies and replaced one of its functionalities with another initiative that it believes is a more beneficial solution for those financial institutions servicing SMEs.

Following the agreement between BCR, HMT and NatWest to continue to monitor awardees post CIF agreement termination in December 2022, there are ongoing discussions with relevant awardees to support them in submitting Revised Business Cases to re-align targets where necessary. This quarter has seen continued strong performance with market share most notably with Starling Bank achieving 8% in SME customer numbers and CTBB close behind at 7.4%, domestic and international payments functionality development and further developments across the alternative financing market. Two awardees have experienced slight delays due to the impact on their technical resources from the Ukrainian war and are working hard to mitigate the impact on delivery.

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 twelfth quarter update

- [Starling Bank Limited public commitment progress update](#)
- [Metro Bank plc public commitment progress update](#)
- [ClearBank Ltd public commitment progress update](#)

#### Pool B eleventh quarter update

- [\*Investec Bank plc public commitment progress update\*](#)
- [\*The Co-operative Bank plc public commitment progress update\*](#)

#### Pool C tenth 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 eleventh 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\*](#)

#### Pool F second quarter update

- [\*Cashplus public commitment progress update\*](#)
- [\*Codat Limited public commitment progress update\*](#)
- [\*Swoop Finance Limited commitment progress update\*](#)

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 regular meetings with all recipients. For more details on how BCR monitors CIF awardees see [here](#). The next progress updates for Pool A, B, C, D and F awardees will be in August 2022 and Pool E awardees will provide their next reporting update in July 2022. Following this, there will be two further formal reports as per the CIF Agreement for all awardees and after this, simplified ongoing monitoring as necessary for all outstanding spend and deliverables.

## **Notes to editors:**

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

#### **Pool A twelfth quarter update**

Starling Bank Limited public commitment progress update: Starling has delivered nine out of its 12 Public Commitments and continues to make excellent progress against the rest. As of Q1 2022, Starling's customer numbers stood at over 445k SMEs (8% market share), exceeding its 2022 cumulative target. Its CHAPS integration continues to be impacted by the Bank of England not onboarding any new participants until 2024 but Starling has identified and is working on an alternative solution to meet this objective.

Metro Bank plc public commitment progress: Metro Bank launched its Revolving Credit Facility in Q1 2022, helping larger and more complex SMEs to better manage their cashflow. It continues to increase the number of business accounts, through both online and store channels, whilst supporting business lending needs through the remaining government schemes and its new business overdraft. Metro Bank's Small Business Loans proposition has been delayed further and it has made the decision to change how this initiative will be delivered moving forward. Additionally, one of its cash functionalities is under review due to changing SME needs during covid and latest market developments.

ClearBank Ltd (CTBB) public commitment progress update: CTBB continues to make strong progress and is now supporting over 411k SMEs, a total market share of 7.4% of which 6.4% is attributable to Pool A initiatives. During Q1 2022, it completed the beta launch of its payment links product which makes it easier for SMEs to get paid and is now rolling this out. Its CASS product delivery has now completed prototype development; however, it needs a confirmation slot from Pay.UK to fully deliver this commitment.

#### **Pool B eleventh quarter update**

Investec Bank plc public commitment progress update: Investec is now supporting over 4k SMEs through its Business Savings Account, Lending and FX propositions. Investec has lent over £175m to date, mainly driven by CBILS, BBLS and RLS. Investec continues to develop the Monese transactional banking capability and has successfully released the first iteration of its automated credit decision engine which will allow Investec to make fast, consistent underwriting decisions to its brokers and will be a key enabler for cost effective growth across the lending business.

The Co-operative Bank plc public commitment progress update: The Co-operative Bank has made good progress this quarter by fully launching its new Business Current Account product and has now successfully upgraded its Online Banking Platform which will deliver an improved digital platform with enhanced capabilities for UK SMEs and significantly improve the customer experience. The bank continues to see positive customer feedback for its onboarding journey with NPS increased to +71. The Co-operative Bank remains behind on several impact targets in relation to its initiatives and market share ambitions.

### **Pool C tenth quarter update**

Atom Bank plc public commitment progress update: Atom Bank has delivered £281m of secured lending (including CBILS and RLS) as of the end of Q1 2022, exceeding its 2022 cumulative target earlier than planned. It is working hard to achieve full registration with the completion of its submission to the Lending Standards Board. However, Atom's Next Generation Broker Portal is delayed even further, which continues to impact its delivery timeline. Revision to its business case is expected imminently.

The Currency Cloud Group Ltd (Currencycloud) public progress commitment: Currencycloud is making strong progress with delivery and during Q1 2022, it signed eight financial institutions serving UK SMEs and fintechs, bringing the total to 149 since January 2020. In the last twelve months, Currencycloud has processed cross-border payments for over 30k UK SMEs (8.9% of all SMEs trading internationally) and continues to enhance its cross-border payments proposition.

iwoca Ltd public commitment progress update: iwoca continues to exceed its overall targets for its no personal guarantee loans with over £389m originated to date against a target of £250m by 2023. It further enhanced the user experience for SMEs applying for funding via the Xero platform and its iwocaPay product was included as one of the three finalists for Xero's "Emerging App Partner" award in Q1 2022. Notwithstanding, iwoca like many awardees, is tracking behind target for the amount originated via its Open Lending platform mainly due to commercial lending recovering slowly post covid.

Modulr public commitment progress update: Modulr continues to make good progress and has achieved its recruitment commitment in Q1 2022. SME reach for Modulr's payment innovation products is now over 989,000 exceeding its overall target of 340,000 well in advance of the target date of 2024. 375 accounting practices and accountants (with an SME reach of over 40k) have been onboarded to its Accountants Payments Control Centre as of Q1 2022 and five webinar events were held during the period.

### **Pool D eleventh quarter update**

Codat Limited public commitment progress update: Codat continues to make strong progress against its business case, having already delivered 4 out of its 7 public commitments and is close to delivering 2 other commitments by year-end 2022. With the remaining commitment, despite over 8k small businesses sharing their data via Codat's technology in Q1 2022, it remains behind target in delivering this commitment.

Fluidly Limited public commitment progress update: Fluidly has made good progress in Q1 2022 having delivered two new features to its Actions Hub to provide SMEs maximum insight into their business and support decision making. In terms of its Financial Marketplace, the automated funding journey now enables auto decisioning and a seamless digital process for SMEs. Additionally, Fluidly has increased its training offerings by delivering an OakNorth/Fluidly proposition to SMEs and

partners. There are several impact targets Fluidly has met or exceeded in advance of year-end 2022; however, Fluidly is behind target on connected and supported SMEs and a handful of functionality deliverables which are in progress.

Form3 Ltd public commitment progress / business case update: Form3 is now advancing its underlying technology build for the SWIFT interface which is due to be delivered in Q2 2022. Form3's Payments Processing rollout and FX Sales is on track, and it has confirmed that in Q1 2022, design work progressed for FX, payment to FX integration and correspondent account management features were delivered. Form3 submitted a Revised Business Case this quarter which was approved in April 2022. The Revised Business Case addressed issues related to CIF underspend, delayed deliverables, including the removal of Simplified Party Screening and replacing this initiative with SWIFT GPI confirmations.

Funding Options Limited public commitment progress update: Funding Options is progressing well, having already delivered several KPIs well in advance of 2022 targets. Additionally, its loan volumes for alternative lenders without any cost acquisition stands at over £91m, total SME alternative lending for SMEs is currently at over £244m and its SME banking market share of using alternative lending products stands at 21%. However, it remains behind target for the number of additional SMEs and users for its Business Current Account comparison tool.

Swoop Finance Limited public commitment progress update: In Q1 2022, Swoop launched an improved onboarding journey, added an additional API lender, and increased its market share in the Commercial Mortgage market. Swoop continues to benefit from its partnership with F45, where grant and loan referrals have boosted success volumes by 10%. Swoop has successfully won a new agreement with the British Franchise Association to offer webinars and education to their franchise members. Swoop continues to gain further momentum in the franchise space. It has now successfully delivered 5 commitments. It is experiencing challenges in meeting impact targets given the external market and this impacts the remaining 6 public commitments. Swoop will shortly submit a Revised Business Case.

### **Pool F second quarter update**

Cashplus Bank public commitment progress / business case update: Cashplus Bank is progressing well and has launched its Limited Company eligibility check during Q1 2022. This enables directors to understand the likelihood of being approved for its business credit card prior to completing a full application. Its Updated Business Case as part of its Review Meeting included replacing one of its initiatives (multi-account view) with another (free company formation) which it believes is more beneficial for UK SMEs. It also revised the trajectory of its lending targets to reflect the significant changes to the broader SME lending space and the challenging macroeconomic environment that has followed post its original business case approval.

Codat Limited public commitment progress update: Codat successfully launched its new Sync API in Q1 2022 and has publicly profiled this via a number of channels. Codat is making progress with opening up small business sales data for modern lending and is expecting to release the first iteration of this new product in Q2 2022.

Swoop Finance Limited public commitment progress update: Swoop has made significant progress in Q1 2022, having achieved £30m in lending and has raised awareness of growth loan and growth financing options to 4k SMEs. Swoop successfully launched its education platform 'RISE' for accountants and brokers to help educate their clients on growth lending and is on track to deliver its digital eligibility checker in Q2 2022. Swoop continues to make good progress with its technology partners Futrli and Forward AI to deliver a first to market automated cashflow model for accounting integrations and is now working with Credit Passport on the next version of its API to improve scoring capabilities through the platform for both SMEs and growth lenders

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**About BCR**

Banking Competition Remedies Ltd (BCR) is the independent body established to implement the £700 Million\* Royal Bank of Scotland (now NatWest) State Aid Alternative Remedies Package (ARP). BCR is independent from NatWest and the UK Government. It is governed by an independent board of directors.

The purpose of BCR is to implement the ARP such that the UK's State Aid commitments are met, coupled with an ambition that seeks to increase and expand competition among providers of financial services to UK SMEs.

The ARP was negotiated and agreed between HM Government and the European Commission and comprises two NatWest funded measures amounting to £700m:

- The Incentivised Switching Scheme – which has now closed having distributed £275m of the dowry fund available to SMEs that switched from NatWest. £194k was returned by TSB due to an underspend against its business case.
- The Capability and Innovation Fund – all £425m has been distributed via 6 Pools to support the development of wider capabilities and competition in the SME banking market. Further details on the Capability and Innovation Fund can be found [here](#).

BCR holds awardees to account by closely monitoring their progress against business plans. With Pool F awards announced in 2021, there are now 22 awardees across the 6 pools.

\* Up to an additional £75 million was made available by NatWest Group Plc to cover customers' costs of switching (e.g., through waiving or reimbursing break fees and/or other third-party costs incurred by customers, such as legal fees).