

Cashplus Bank – £5m Award

CIF Key Achievements to Date

- We launched Limited Company eligibility checks, enabling company directors to understand their likelihood of approval for a business credit card (plus the interest rate and credit limit they will receive) prior to completing a full application.
- We launched our new and innovative Business Creditbuilder product, which is designed to help UK SMEs establish and improve their business credit record and therefore better access credit facilities in the future.
- We have expanded our cashback benefit to the Business Creditbuilder, so more UK SMEs are rewarded for their everyday spend.
- We have expanded our distribution network by partnering with Funding Options (a previous CIF grant winner), and have additional UK SMEs lined up as future 2022 partners.

Assessment Period 2 (January 1st, 2022 – March 31st, 2022)

COMMITMENT 1 – Expansion of SME lending:

Original Commitment:

We will deliver an all-new business credit card, with phased rollout through 2022 and delivery of all functionalities by the end of Q4, that will serve as a truly flexible SME credit and payments facility, driving increased choice and more competition in the market

Combining our unique lending expertise in corporate overdrafts and basic SME credit cards, accompanied with sustainable product economics, we will deliver a new business credit card with a range of valuable features and a market-beating 1% cashback (entirely funded by Cashplus). This product will be an industry-first, truly flexible credit and payment facility with integrations to Open Banking, Faster Payments and Direct Debit and will return up to £2m in cashback to small businesses by 2022. This product will deliver £200m in new business lending by the end of 2022, and £5bn to the end of 2025.

Through this product, we will commit to lending to an additional 100K businesses by December 2022.

Rationale for change:

Given competitors have also introduced 1% cashback, our Business Credit Card cashback proposition has been diluted and we believe that we will need to deliver beyond the card features before significant acquisitions traction can be made.

Furthermore, we have seen significant changes to the macroeconomic and broader SME lending landscape since the submission of our original proposal. This includes continued market-wide distortion as a result of Covid-19 loan schemes.

We have therefore revised our targets accordingly and will meet our £5bn target by the end of 2026.

New Commitment:

We will deliver an all-new business credit card, with phased rollout through 2022 and delivery of all functionalities by the end of Q4, that will serve as a truly flexible SME credit and payments facility, driving increased choice and more competition in the market

Combining our unique lending expertise in corporate overdrafts and basic SME credit cards, accompanied with sustainable product economics, we will deliver a new business credit card with a range of valuable features and a market-beating 1% cashback (entirely funded by Cashplus). This product will be an industry-first, truly flexible credit and payment facility with integrations to Open Banking, Faster Payments and Direct Debit and will return up to £2m in cashback to small businesses by 2022. In conjunction with our Business Current account, this product will deliver £300m in spend and lending by the end of 2022, rising to £4bn to the end of 2025.

We commit to acquiring 150K new customers by Q2 2023.

This has been partially met with the launch of our Business Credit Cards in Q4 2021.

Cashplus is on track to deliver all the functionality for the enhanced business credit card by the end of 2022. For the lending aspect, we are on track to achieve our 2026 targets whilst observing some market wide softness of demand as a result of Covid-19 loan schemes. We are also seeing increased competition since we won the BCR grant last year, with other lenders now also offering 1% cashback in direct response to our BCR proposition, which may impact our acquisition rates but can be considered a wider benefit to the market.

COMMITMENT 2 – We will make switching and opening credit products fast, simple, and beneficial for small businesses**Original Commitment:**

Cashplus will remove barriers to switching by making it straightforward and painless for businesses to change providers. We will:

- I. Launch a bespoke business credit building product to help small businesses access cheaper funding in the future, by the end of Q1 2022.**
- II. Remove competition barriers by building small business eligibility checks for all credit products, with APIs allowing integration to external data sources, by the end of Q2 2022.**
- III. Provide customers with guaranteed pricing and credit limits, and, through Open Banking, offer guaranteed savings where we can beat competitor costs, by the end of Q3 2022.**
- IV. Develop an industry-leading underwriting process, that leverages advanced AI to help customers access funding by the end of Q4 2022.**

Rationale for change:

Our recent analysis on business current account open banking linkages suggest that despite a crowded solution landscape, outside of accounting platform integration, business customers are not using open banking statement functionality to consolidate the view of the business current accounts they have across banks. This leads us to believe that offering this functionality may not provide tangible value to businesses.

Meanwhile some company formation firms have approached us with a commercial partnering opportunity that will enable the distribution of Business Credit Card (BCC) and Business Credit Account (BCA) at the time of company incorporation, which is now our focus.

New Commitment:

Cashplus will remove barriers to switching by making it straightforward and painless for businesses to change providers. We will:

- I. **Launch a bespoke business credit building product to help small businesses access cheaper funding in the future, by the end of Q1 2022.**
- II. **Remove competition barriers by building small business eligibility checks for all credit products, with APIs allowing integration to external data sources, by the end of Q1 2022.**
- III. **Provide customers with guaranteed pricing and credit limits and, through Open Banking, offer guaranteed savings where we can beat competitor costs, by the end of Q4 2022.**
- IV. **Offer free company formation services, alongside our Business Credit Card and Business Current Account, offering a frictionless journey to customers looking to form a company.**
- V. **Develop an industry-leading underwriting process, that leverages advanced AI to help customers access funding by the end of Q4 2022.**

We are on track to deliver this commitment.

In Q1 2022, we rolled out new Limited company eligibility checks as well as, launched our innovative Business Creditbuilder product. We have also implemented the first part of Guaranteed Pricing to our potential customers by showing them the credit limit and interest rate they would receive if they apply.

Original Commitment:

COMMITMENT 3 - Development of Reconciliation and Expense Management Tools leveraging Open Banking

We will transform business banking by providing the most flexible SME banking solutions in the industry. For both our SME Business Credit Cards and Business Current Account, we will transform business banking by providing advanced tools that will simplify life for UK businesses. These solutions will reduce administrative burden and drive great efficiency by building an industry first of expense tracking and invoice reconciliation into the Business Credit Card platform, along with direct accounting package integration by the end of Q3 2022. Completing the SME tool kit, Cashplus will also ensure that HMRC digitisation solution of Making Tax Digital will be available and easy to use for micro limited business and sole traders by the end of Q2 2022.

Rationale for change:

Based on discussions with our platform providers and existing and prospective vendors, these solutions have been determined to be a little bit more complex than our original estimation. Additionally, due to the Ukraine war crisis and the resultant impact to a key technology partner, we experienced a shortage of technical resources (which has since been remediated) that slowed down some of our development work. As such, to ensure that we deliver quality products and features, we believe that it is best to delay these initiatives by one quarter.

New Commitment:

We will transform business banking by providing the most flexible SME banking solutions in the industry. For both our SME Business Credit Cards and Business Current Account, we will transform business banking by providing advanced tools that will simplify life for UK businesses. These solutions will reduce administrative burden and drive great efficiency by building an industry first of expense tracking and invoice reconciliation into the Business Credit Card platform, along with direct accounting package integration by the end of Q4 2022. Completing the SME tool kit, Cashplus will also ensure that HMRC digitisation solution of Making Tax Digital will be available and easy to use for micro limited business and sole traders by the end of Q2 2022.

We are on track to deliver this commitment.

We have already completed a technical proof of concept for our Making Tax Digital solution and continue to develop new tools and services for UK SMEs in line with our Business Case. We have carried out discovery activities to understand SME needs across bookkeeping and accounting. These include user interviews with a range of UK SMEs and accounting partners. The research findings are shaping our expense management, MTD and reconciliation solutions. The findings ensure we develop customer-centred solutions that meet user needs.

COMMITMENT 4 - Partnering with business:

We will partner with at least five UK businesses throughout 2022 to deliver CIF initiatives.

We are on track to meet this commitment.

We have partnered with 2 (mSix and Funding Options) of the 5 committed businesses, with 2 more at contract stage.

COMMITMENT 5 - Investment

We will invest £10m of our own funds into delivering these commitments, in addition to the 100% of all cashback rewards – up to £2m by the end of 2022 - funded by Cashplus.

We are on track to deliver this commitment.