

Starling – £100m Award

CIF Key Achievements to Date

As at the end of March 2022, Starling has over 445,040 SME customers, exceeding its target of 396,000 SME customers by the end of 2022, resulting in a 8.0% share of the UK SME market. Starling remains open for new SME customers.

Starling customers have benefited from the launch of a number of initiatives as a result of the CIF grant. Its key achievements to the end of March 2022 are as follows:

- Over 54,000 SME businesses have directly benefited from the £2.4bn of lending made available. Starling has launched advanced credit decision functionality to enhance its underwriting capabilities. Starling has already exceeded its 2023 cumulative CIF lending target of £913m.
- SMEs can supercharge their business banking activities through a range of new digitally enabled banking solutions, offering a range products and services including:
 - Starling's Business Toolkit helps freelancers and business owners look after their own books with smart features for invoicing, expenses, VAT and more.
 - New Euro and US dollar accounts: allowing customers to hold currencies, spend on cards and make and receive payments.
 - Business customers can pay in cheques using Starling's cheque imaging initiative to scan and deposit cheques via their mobile device.
- SMEs are also benefiting from new digital led engagement channels:
 - Our multi-director access initiative enables onboarding and debit card availability for additional directors.
 - Starling's SME web portal provides online banking from a desktop or laptop, or direct from their mobile device. Additionally, those who use tablets can use our tablet app.
- SMEs have access to Starling's digitally-enabled support:
 - Customers can use Starling's proprietary internal chat system, providing them with 24/7 customer support for certain simple queries and tasks.
 - Starling's data-driven decision making intelligently matches customers with the right specialist for their needs.
- Starling's innovative approach has enabled SMEs to access a marketplace of services:
 - Starling's Marketplace - working with 26 partners to offer products and services ranging from accounting to life insurance
 - SMEs can easily compare key components of Starling's products (e.g. price, fees, customer rating and eligibility) with those offered by competitors through the bank's product comparison tool.
- Starling has supported its proposition with a range of Intelligent Tools:
 - Customers receive tailored in-app suggestions via the "Starling Suggests" initiative.

The above has been achieved whilst consistently delivering on Starling's recruitment, diversity and geo-location inclusion targets.

Assessment Period 12 (January 1st, 2022 – March 31st, 2022)

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

Commitment 1: Starling will also invest a further £95m of its own funds in support of this initiative, over four years.

This commitment has been met.

Commitment 2: Starling has designed its initiative to positively challenge the dominance of the big banks and to make customers want to change who they bank with. By investing in proprietary, cloud-based technology, and extending its established banking and engineering capabilities, Starling will rapidly accelerate the development of its market-disrupting business bank. Starling will achieve this by delivering the following: Sophisticated banking solutions that will simplify complex business life: Starling will build a full suite of 47 digital banking products to meet the needs of sole traders, micro businesses, small SME businesses, larger SMEs and businesses with complex ownership structures. Examples include flexible deposit accounts, multi-user card functionality, instant invoicing, VAT management, digital mandate variation, secure user management, smart fraud checking and client money accounts.

This commitment is behind schedule but recoverable. Starling is building a full suite of 47 digital banking products over four years to meet the needs of its SME customers. From inception to date, Starling has completed 33 products (9 in 2019, 20 in 2020, 3 in 2021 and 1 in 2022). A further 11 initiatives are well underway. Completion of one of the initiatives, CHAPS Integration, has been impacted due to the Bank of England not onboarding any new participants until 2024. We have identified and are working on an alternative solution to meet the objectives of this initiative.

Digital touchpoints that are beautifully designed and secure to use: SME customers will be able to move effortlessly between digital channels to originate, authorise and manage transactions on the go and team banking for multi-user accounts. Starling understands that many SMEs want to manage their banking online as well as through mobile applications and to support this, it will launch its web portal in Q3 2019.

This element of Commitment 2 has been met. Customers are now able to switch current accounts and set up recurring card payments on the SME web portal. Starling is continuing to develop additional features that will give SME customers the power to allow other parties (such as internal teams and third parties) to access relevant aspects of their bank accounts. It continues to progress its Digital mandate variation initiative which will enable customers to release payments based on signoff from multiple individuals.

Digitally-enabled customer services and relationship management: SME customers will receive instant advice 24/7 including virtual assistance, relationship manager (RM) matching and micro scheduling to book "to the minute" appointments.

This element of Commitment 2 has been met. The proprietary internal chat system developed by Starling continues to be used by the bank's Customer Service team. This is part of the development of an intelligent AI assistant which will improve Starling's 24/7 customer support. Starling has fully built its Phone chat with specialists capability and has completed its Relationship Manager matching initiative. This provides customers access to the right specialist within our UK based support team, based on the customers' needs.

Intelligent tools that utilise data to offer insight and automation: Starling will launch “Starling suggests”, utilising advanced data analytics to provide customers with personalised prompts to guide their financial decision making and product selection.

This element of Commitment 2 has been met. Starling has successfully completed the roll out of the payment review process of its Smart fraud checking services initiative to customers, utilising Machine Learning technology. This functionality is now available on all currency accounts. We continue to make iterative updates to the Smart fraud checking services to ensure customers are fully protected.

Marketplace for business: the Starling Marketplace, which allows SME owners to access a wide range of third-party financial services and software providers to personalise their account, will include no fewer than 24 new partners, mostly UK based.

This element of Commitment 2 has been met. Starling has exceeded its target of 24 new Marketplace partners. Starling has also introduced a Product comparison tool to facilitate transparent product comparison across business banking providers (e.g. product fees, customer rating and eligibility). In addition, Starling is developing functionality in the app to allow customers to determine which accounts can be accessed as part of its Aggregation of External Funds initiative. This initiative will allow customers to see the balances they hold in accounts with other banks, within their Starling account and is being developed conforming to Open Banking Implementation Entity (OBIE) standards.

Commitment 3: Starling will also build a suite of lending products using automated and secure processes that deliver loans in minutes to boost SME growth and productivity. Starling commits to having made £913m of additional lending available to SMEs by the end of 2023.

This commitment has been met.

Commitment 4: Starling has set a goal of attracting over 450,000 customers by the end of 2023. This will allow Starling to have the market size to make an enduring change to competition. Starling will achieve this while at the same time maintaining existing high levels of customer satisfaction. Starling will continue to monitor and maintain a high current app store rating.

This commitment is on track. Starling has exceeded its 2022 year-end target of 396,000 SME customers, with 445,040 SME customers at the end of Q1 2022, which represents a market share of 8.0%. Despite the challenging business environment Starling is 98% of the way towards achieving its 2023 target of 452,000 customers and it continues to maintain existing high levels of customer satisfaction.

Commitment 5: A bank for all regions: Starling is committed to serving SMEs throughout the UK. Currently 68% of its SME customer base is outside Greater London. Starling will continue with this UK wide focus with over 60% of all future business customers based outside of London.

This commitment has been met, with 76% of Starling's SME customers being based outside of London. Currently, the South East and North West regions are Starling's second and third largest customer bases respectively behind London; we expect to continue to meet this target.

Commitment 6: Starling will also locate its new Operations Centre outside of London.

This commitment has been met.

Commitment 7: Starling will continue providing counter access for SMEs that need to make cash deposits and withdrawals through its partnership with the Post Office, which has 11,500 branches, more than all the UK's banks and building societies combined.

This commitment has been met. Starling continues to provide these services through the Post Office.

Commitment 8: An inclusive workforce: Starling commits to recruiting an additional 398 staff within the UK.

This commitment has been met.

Commitment 9: An inclusive workforce: Starling will be an active member of the Tech She Can Charter, working across the industry to increase the number of women working in technology roles in the UK. It is already a signatory of the Women in Finance Charter and has pledged to have 40% of its senior positions occupied by women by 2021. It will embrace inclusion in all its forms.

This commitment has been met. Starling embraces inclusion in all its forms. 45% of Starling's senior positions are currently held by women. Starling is also an active member of the Tech She Can Charter and has collaborated with the charter to design lesson packs for school children, as featured on the Tech We Can website.

Commitment 10: Backing UK technology: Starling will continue to design, deliver and maintain its leading edge technology platform in the UK. Included in the 398 staff recruited will be 84 engineers, again based in the UK. Where possible, it will purchase from UK-based SME financial services and software companies when it requires expertise outside its own core competencies.

This commitment has been met.

Commitment 11: Technology for good: Starling commits to maintaining best-in-class processes to protect client and personal data, as well as commercially sensitive data of its commercial partners and to reporting incidents as required by GDPR. It commits to a regular independent audit of its algorithms and technological processes to ensure they are fair and free from bias and prejudice.

This commitment has been met.

Commitment 12: Stimulating market innovation: Starling will provide SME customers with a comprehensive set of open APIs allowing customers to tailor the platform to their individual needs. Starling's advances and innovation will also force other banks to respond, delivering a better service for sole traders, micro businesses, small SMEs, larger SMEs and businesses with complex ownership structures in the UK. This will rapidly improve outcomes for the people that make up 59% of UK employment and businesses that make up 99% of the UK economy.

This commitment is on track. Starling has a comprehensive API platform covering a wide range of functionality. As well as being available to regulated third-party providers, STA and BCA account holders are able to register as developers and get API access to their own accounts. Since being awarded the Pool A grant, Starling has vastly expanded its range of APIs, allowing SMEs to build rich integrations to help automate their banking and bookkeeping.

Thanks to the performance and reliability provided, Starling has utilised these same APIs and authentication methods to deliver its web banking and business toolkit products facilitating the development of more advanced business current accounts and ancillary products for SMEs in the UK.