

## The Co-operative Bank PLC - £15M Award

### CIF Key Achievements to Date

In Q1 2022, we have continued the development of our products and services for SME customers, and have continued to see strong customer feedback from our new customer journeys:

- We launched a new business current account in January 2022, designed specifically for customers who want to bank digitally, and intend for it to sit alongside our new mobile app and SME onboarding journey.
- We successfully upgraded our online banking platform in March 2022, which delivers an improved digital service for our customers, improving customer journeys, enhancing the user interface, and providing a solid platform for future service enhancements.
- We have continued to see excellent customer feedback from our new onboarding journey. In Q1 2022, the average account opening time continued to reduce to 4 days, and NPS continued to increase to +71.
- We have continued to drive digital adoption, with 26% of our SME customers now registered for our mobile app, an increase of 4% in Q1 2022. We will continue to drive adoption of our improved digital services as we deliver iterative improvements on a continuous basis.

### Assessment Period 11 (January 1<sup>st</sup>, 2022 – March 31<sup>st</sup>, 2022)

#### TRANSFORMING OUR SME PROPOSITION

**With Pool B investment, we will accelerate our strategy towards better supporting UK SMEs. We commit to modernising our business current account proposition by improving our digital service and providing value added services for SMEs.**

**Our investment will have three key areas of focus:**

- 1. Modernising the way our SME customers are able to bank with us with an enhanced digital service**
- 2. Developing products and personalised business support services to help small businesses thrive**
- 3. Making banking faster paced for SMEs through improved infrastructure and automation**

**In order to deliver our transformation, we will commit £18m of the Bank's own funds to supplement £15m from the Capability and Innovation Fund. We expect that our transformation will run to the end of 2022 and will provide a solid platform for sustainable growth of our SME proposition in the long term.**

We remain on track with this public commitment and remain on track to complete our investment programme in 2022. In Q1 2022, we have continued our investment and have now spent £29.5m of the total £33m investment funds from the Capability and Innovation fund and the Bank's own funds. In Q1 2022, we have continued the development of our products and services for SME customers, and have continued to see strong customer feedback from our new customer journeys.

In Q1 2022, we launched a new business current account and completed the successful upgrade of our online banking platform. and we will continue to enhance our SME proposition over the long term.

### **MODERNISING OUR DIGITAL SERVICE FOR SMES**

**We commit to modernising the way our SME customers are able to bank with us by enhancing our digital service. We will deliver a new mobile app for our SME customers, which will also enable customers to access their personal accounts. This will remove traditional barriers between business and personal banking and provide customers with a more convenient, faster digital service.**

**This new mobile app will build on our online banking service and add an additional channel to complement our award winning branch and telephony teams, providing customers with modern, digital service whilst maintaining our strong heritage of great customer service.**

We remain on track with this public commitment, and we continue to make strong progress with 26% of our customer base now using our new mobile app. The upgrade of our online banking platform in Q1 2022 is a major milestone in advancing our digital service, and we have continued to make iterative improvements to our mobile app, including introducing new functionality to enable customers to manage multiple businesses through the app. We continue to make progress with the development of our Smart Invoicing proposition, working in partnership with Bankifi on our award winning co-branded request to pay app, Incomeing.

### **HELPING SMES THRIVE**

**We commit to helping SMEs thrive by launching a new business credit card proposition and building a suite of personalised business support tools. This will provide businesses with access to value-added services that will remove burdensome overheads and help us to better meet the needs of small businesses and provide the all-round business support services they need.**

**We will partner with FinTechs and other specialist providers to give SMEs better access to business insurance, integration between online banking and accounting software, business admin packages, smart invoicing and support with setting up new businesses. This will help SMEs at key moments of truth to help them develop and grow.**

We remain on track with this public commitment. In Q1 2022, we launched a new business current account, designed specifically for customers who want to bank digitally, and intended to sit alongside our new mobile app and improved onboarding journey as a holistic digital banking proposition for SMEs. We are also continuing to promote our Business Insurance, Business Concierge and Incomeing services, and are exploring further expansions to our suite of value-added products.

### **MAKING BANKING FASTER PACED FOR SMES**

**We commit to making banking faster paced for SMEs by digitising our onboarding journey and common account servicing tasks to provide SMEs with a frictionless customer experience. Our investment will enable customers to open an account on the same day as they apply which will remove a traditional barrier to switching for SMEs.**

**We will invest in a digital credit engine and the automation of internal processes, combining new technology with our strong process governance and risk management practices. This will enable us to truly modernise our customers' experience of opening and maintaining their account and provide us with a platform for future continuous improvement of our service for SMEs.**

We remain on track with this commitment. We continued to see good customer feedback from our new onboarding journey, with an improved NPS of +71 and a reduced average account opening time

of 4 days in Q1 2022. We continue to enhance our key customer journeys and will extend the eligibility of our new onboarding journey in 2022.

#### **OUR AMBITION FOR OUR CUSTOMERS AND THE MARKET**

**We will deliver exceptional customer service through our people and through our improved digital channels, and combined with our range of personalised business support tools, we will provide comprehensive support for our SME customers. Our SME customers will enjoy reduced administrative burden, enabling them to focus on helping their customers and growing their businesses.**

**By delivering this transformation, we commit to growing our market share to 5% of the banked SME market by 2025, more than doubling our current share of 2.3%. This reflects our ambition to be the digital, ethical bank for SMEs and to cement our position as a genuine alternative to the “Big 5” banks who have dominated the market for so long.**

**This will contribute to improving competition in the UK SME banking market, and compounded with the impact of the improvements made by other C&I Fund recipients, we aim to help increase the number of SMEs holding BCAs by 2 percentage points.**

We are not on track with this public commitment. Our SME customer base has remained stable in Q1 2022 with 103,000 BCAs. We still retain the ambition to significantly grow our SME customer base, and in Q1 2022 we commenced a new marketing campaign to promote our new business current account. This marketing activity will initially run from March to May before being extended throughout the remainder of the year to drive acquisition volumes and restart the momentum of our BCA growth.

#### **ONGOING SUPPORT**

**As part of our transformation, we aim to create ~213 new jobs, of which ~178 will be frontline staff focused on serving our SME customers. In addition, we will add operations and technical staff including risk specialists, digital expertise, relationship managers and operational delivery staff. This will support the sustainable growth of our SME proposition following the delivery of our transformation. These roles will be funded by the Bank on an ongoing basis in addition to the Bank’s co-investment of £18m in the transformation of our proposition for SMEs.**

We remain on track with this public commitment. In Q1 2022, we recruited a further 38 colleagues, taking our recruitment since the start of our transformation to 187 new colleagues as we expand our SME business. Recruitment has continued to focus on our Customer Contact channels to ensure that we are well equipped to serve our SME customer base.

This recruitment continues to be funded outside of our committed £18m of co-investment and we will continue to grow our team as required as we further grow our business.