

Press release issued on behalf of BCR

29 July 2022

Banking Competition Remedies Ltd (BCR) publishes progress updates on Public Commitments from Pool E Capability and Innovation Fund recipients

The Board of Banking Competition Remedies Ltd (BCR) today publishes progress updates for Pool E recipients, providing a summary of performance against their public commitments for the period ending 31st May 2022.

The public commitment updates this reporting period see the majority of awardees making excellent progress delivering on their targets while a couple are seeing challenges due to headwinds in their sectors.

Awardees progress against public commitments made can be found [here](#). This quarter has seen the approval of Fractal Labs (t/a tomato pay) and Virgin Money Revised Business Cases, as well as ezbob's Revised Business Case subject to conditions around distribution channels. There is no doubt that the last couple of years have presented unprecedented challenges and the current macro-economic difficulties continue to impact UK SMEs and suppliers of services to them. Awardees are not immune to this. Where relevant BCR is working with awardees to retarget KPIs through to 2024-25 to ensure that the ambition to create an impact for UK SMEs is fulfilled.

A summary of performance against awardees public commitments can be found in the notes to editors, with links to the full updates provided above:

Pool E seventh quarter update

- *Virgin Money UK PLC public commitment progress update*
- *ClearBank Ltd public commitment progress update*
- *Ebury Partners Limited public commitment progress update*
- *MarketFinance Limited public commitment progress update*
- *Funding Xchange Ltd public commitment progress update*
- *Codat Limited public commitment progress update*
- *ezbob Ltd public commitment progress update*
- *Fractal Labs Ltd public commitment progress update*
- *Previser Ltd public commitment progress update*

The next progress update for Pool E awardees will be in October 2022, with their final update in February 2023. Pool A, B, C, D and F awardees will provide their next progress update in August 2022. For more details on how BCR monitors CIF awardees see [here](#).

Notes to editors:

A summary of CIF Pool E performance against public commitments

Pool E seventh quarter update

Virgin Money UK PLC public commitment progress / business case update: Virgin Money continues to deliver onboarding enhancements and now provides a digital onboarding experience for 86% of its customers, fulfilling one of its public commitments. It has almost fully deployed the £35m CIF award during the quarter. While the lending target for 2022 is tracking behind due to a more challenging macro-economic environment than originally anticipated, Virgin Money remains committed to its 2025 target of lending an additional £2.2bn. Its Revised Business Case was light touch, covering the delay of its Digital Lending proposition into 2023 as it has needed to divert resources in response to rapidly evolving external factors.

ClearBank Ltd public commitment progress update: ClearBank, having delivered its market share commitment, including proportion of customers which are switchers, continued improve its Open Access proposition during the quarter. The planned marketing activities for the second half of the year are on track to achieve spend and other KPI targets related to its remaining commitments. Its diversity & inclusion commitment was achieved in Q2 2022, with currently 35% of women in senior leadership roles.

Ebury Partners Limited public commitment progress update: Ebury has delivered four out of five public commitments and has deployed all CIF and co-investment spend. It is progressing well against its final public commitment namely customer targets, having onboarded 8,933 customers to date against a target of 9,200 by end of 2022.

MarketFinance Limited public commitment progress update: MarketFinance continues to make strong progress with delivery. To date, it has lent over £380m to 1,763 UK SMEs, launched partnerships with 1 major bank, 1 challenger bank, 9 SME service providers and 2 innovative suppliers and continues to develop further partnerships. MarketFinance has hired 104 members to the team since being awarded the CIF grant and continues to maintain at least 50% diversity in its team. In Q2 2022, MarketFinance closed a £100m debt facility for its Loans product with Deutsche Bank, allowing it to expand its addressable market even further.

Funding Xchange Ltd public commitment progress update: While Funding Xchange is progressing well, it does remain off track against its current Business Case in respect of various impact targets and public commitments which it will address prior to Q3 reporting. Its SmartFinanceHub continues to gather momentum, having already sold its white label solution to an asset finance lender. Funding Xchange has made significant progress this quarter in terms of negotiating partnership contracts which should be implemented in the upcoming reporting periods. Additionally, Funding Xchange's Portfolio Monitoring Solution continues to gather significant market traction, with the solution now live with two clients including Shawbrook Bank.

Codat Limited public commitment progress update: Codat has now delivered three of its five Public Commitments and spend is progressing well. While it has, to date, connected over 110k SMEs to its

platform, it remains behind track for delivery against this commitment this year and it will look to deliver this in 2023. Codat has successfully raised \$100 million in Series C funding, which will enable Codat to further its mission to make life easier for small businesses globally and promote the development of innovative financial products.

ezbob Ltd public commitment progress / business case update: ezbob's Revised Business Case was approved during the quarter subject to conditions. In response to subdued demand for unsecured lending by mainstream lenders, ezbob will now engage with core technology banking partners one of which (Thought Machine) it has signed as its second Proof of Concept (PoC). The remaining PoCs are subject to the conditions and ensuring positive impact for UK SMEs is achievable.

Fractal Labs Ltd (trading as tomato pay) public commitment progress update: tomato pay has made some progress in this reporting period, particularly in relation to the number of SMEs directly using SMART. However, this quarter has raised some concerns in relation to the awardee's co-investment and, due to external dependencies on Santander and HMRC which are slow in progressing, tomato pay is off track with commercialisation as well as the value of invoices paid via PIS in SMART. tomato pay submitted a Revised Business Case this quarter which was approved in March 2022. The Revised Business Case addressed issues related to underspend, redeployment of funds and extension of off-track KPI targets by a year.

Previser Ltd public commitment progress update: Previser has exceeded its target for the number of SMEs its InstantFinance products is made available to as of Q2 2022 and has advanced more than £14.7m to date. It has continued to work with a global bank with large UK presence to deploy its InstantFinance solutions; however, due to internal delays within the bank, launch has been delayed even further. Previser also delivered its ERP plug-ins, partnerships, and diversity & inclusion commitments during the quarter. In addition to signing a memorandum of understanding with one of the largest global SME e-invoicing networks, it expects to go live later this year or early in 2023.

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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 (RBS) now known as 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 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. £194,000 was returned by TSB due to an underspend against its business case.
- The Capability and Innovation Fund – to which £425 million was allocated to support the development of wider capabilities and competition in the SME banking market essentially through grants to eligible challenger institutions. 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 6 pools.

Further details on the Capability and Innovation Fund can be found [here](#).

* 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).