

ezbob Ltd – £2.5M Award

Key Achievements to Date

- Our PoC programme continues to progress with clients now issuing loans based on automated calculation of free cash flow to determine optimal credit limits without the need for manual intervention.
- We have introduced a new credit statistical model and methodology which increases the likelihood of an SME being granted credit while dramatically reducing the time for a credit decision.
- As part of our risk advisory service, we have pre-screened applicants helping to segment the borrower base and deliver clear insights into eligibility thus ensuring the targeting of potential applicants is accurate.
- ezbob signed a technology partnership agreement with Thought Machine and has integrated Express with Vault thus providing end to end loan origination, fulfilment and servicing.

Assessment Period 7 (March 1st, 2022 – May 31st, 2022)

These Public Commitments are based on ezbob's Revised Business Case which was approved in June 2022. The former Public Commitments, including rationale for the changes can be viewed [here](#).

Original Commitment

COMMITMENT 1: We will radically reduce the entrance costs for new SME lenders in the UK and help digitize legacy lending processes for existing lenders.

We will deliver twelve-month proof of concepts to five new and existing SME lenders at a cost of up to £150K each. This will comprise: a flexible UI framework and configurable smart onboarding flow; centralised data hub delivering access to big data (Open Banking), HMRC, Credit Bureaux, KYC, AML, fraud and verification; configurable risk and decision engine including affordability and pricing; and finally, monitoring and reporting supporting operational and regulatory requirements.

The first will launch no later than June 2021. Following that, we will launch approximately one a quarter ensuring that all are live before mid-2022. These POCs will entitle lenders to use either the full ezbob express solution or specific modules and provide access to our breadth of expertise, experience, and knowledge. For new lenders, we will make entering the UK SME lending market possible at a vastly reduced cost - at least 80% lower than today. For existing lenders, we will enable digitisation of their legacy whole or parts of its lending processes at a fraction of our normal full price.

Rationale for change:

Since launching the PoC programme, SME lenders that would normally be targets for ezbob's technology, have seen unprecedented demand for borrowing under the government support schemes. With the ending of government support, lenders have adopted a low-risk approach to the sector. Hence, we have seen a reduced demand for ezbob's technology with its focus on supporting new business acquisition. Meanwhile there have been a high number of new firms entering the market bringing new and innovative approaches to SME finance. In many cases these firms prefer a mixed buy and build approach. Therefore, to support these early-stage firms, ezbob will offer a flexible PoC package without the need to deploy the full platform. New firms entering the SME lending sector will be able to separately license modules that support user experience, process design, compliance, authentication, fraud, credit and risk decisioning. To widen access and availability of Express, ezbob plans to directly integrate the product with leading technology partners who offer complementary solutions. This means that financial firms already licencing solutions from ezbob's technology partners will be able to acquire Express with off-the-shelf interoperability. ezbob plans to have its 5 PoCs live by December 2022.

New Commitment:

ezbob will radically reduce the entrance costs for new sme lenders in the uk and help digitize legacy lending processes for existing lenders. Our goal is to deliver 12-month PoCs for Express or specific modules to a total of 5 new or existing SME lenders and/or accredited technology partners for use by their own customers as a pre-integrated solution.

The solution comprises the following: a flexible UI framework and configurable smart onboarding flow; centralised data hub; configurable risk and decision engine including affordability and pricing; and reporting to support operational and regulatory requirements. We will plan to have all POCs and/or integrations to 3rd party technology partners live by August 2022.

Not on track. ezbob now has 2 PoCs live and is in final discussion with a 3rd. In addition, we are in advanced discussion with 2 further PoC candidates whom we believe will join the programme. We are confident that these firms will positively impact UK SMEs in accordance with our recently approved business case. Although caution prevails due to the uncertain market conditions and appetite to lend to the SME sector, our programme, focused on collaboration with technology partners who offer complementary services, is showing promise. We are confident of bringing such firms on board to widen the availability of ezbob's technology.

Original Commitment:

COMMITMENT 2 – We will deliver more than £87m of lending to UK SMEs by December 2022 and £665m within 5 years. Our track record with this model conservatively indicates we will deliver more than £87m of lending by December 2022 and £665m within 5 years. Our aim will be to use the CIF grant and the delivery of our public commitments to extend this model beyond the CIF period to continue to increase competition in the UK SME Lending market on an ongoing basis.

Rationale for change:

Covid-19 has had a dramatic impact on the SME Lending sector. This has been driven by several factors including high demand for funding matched by guaranteed governmental support through the CBILS, BBLs and RLS schemes. The result has been an unprecedented spike in loan portfolios for traditional lenders leading to the adoption of a more conservative approach towards SME lending post the governmental supported schemes.

Meanwhile, the alternative finance sector has emerged to fill the gap but with lower funding capability and therefore a smaller pool of funds to deploy. The resulting turbulence in the SME lending market means that volumes are now much harder to predict with less risk appetite to lend to the sector than was the case pre-Covid. Our ability to commit to the lending volumes based on our previous assumptions are therefore no longer sustainable.

New Commitment:

We will deliver at least £300m of lending to UK SMEs by December 2025. Our aim will be to use the CIF grant and the delivery of our public commitments to extend this model beyond the CIF period to continue to increase competition in the UK SME Lending market on an ongoing basis.

Not on track. The increasingly uncertain economic environment and general scaling back of lending commitments to the SME sector continues to be a challenge. However, with a revised overall lending target and wider scope of market engagement ezbob is confident that it will meet the new targets within the prescribed period.

Original Commitment:

COMMITMENT 3 – Co-investment: We will match every £ received from BCR with £1 of our own funds. We are committed to matching with £1 each £1 that we are awarded by a CIF award.

Rationale for change:

Our first PoC operates in a complex sector of the SME market which has required significant effort around risk profiling than was originally predicted. Added to this is the inflation impact on salaries for the specialised skills needed to conduct the PoC programme. For these reasons, ezbob now commits to spending more than £1 for every £1 of CIF grant deployed.

New Commitment:

We will match every £ received from BCR with at least £1 of our own funds.

We are committed to matching each £ that we are awarded by the CIF grant with at least £1.

On track. We are on track to deliver this commitment and are progressing well according to the plan matching each £1 that we were awarded by the CIF award with a minimum of £1 of our own. ezbob's co-investment amount in Q2 2022 is £386k (56%) compared to the CIF contribution which is £298k (44%). The total investment to date is £3.7m which comprises of co-investment from ezbob of £1.9m and CIF contribution of £1.8m (1.1:1 ratio).

COMMITMENT 4 – We will provide complete transparency to the Independent Body on the metrics that will measure our progress.

At the point that the first POC pilot goes live, we will provide BCR with access to real time dashboards that will allow full visibility on progress towards lending volume targets and process improvement aims. We will also provide our POC clients with a detailed, comprehensive range of metrics to help them to understand their lending performance and what levers they can adjust to improve performance, accessibility and affordability. We will offer digital access to all SME borrowers, both pre and post authorization, allowing a clear picture of the status of their loan at all times.

Not on track. We have developed the real time dashboard according to plan however, anticipated lending volumes have not yet materialised due to the slow uptake we are experiencing.

COMMITMENT 5 – We will deliver the following enhancements to our LaaS system to support the 5 POCS

- A flexible UI framework encompassing a branding kit, a flexible and configurable on-boarding flow delivered in January 2021.
- A Data Sources Hub - to enable a rapid setup of services, we will re-use existing connections to various data sources. To achieve that we will build a data source sharing and control layer that builds on existing APIs delivered in December 2020.
- A configurable risk and decision engine that allows implementing new risk models and FI policies as configuration delivered in January 2021.
- Monitoring – we will introduce POC level monitoring of both technical and business health alerts to allow our NOC to effectively support and monitor multiple POCs delivered in March 2021.
- Activation - Support loan activation and legal content management system by June 2021
- Multi-products - Support multiple financial products flow side by side for the same lender by October 2021

This commitment has been met.

COMMITMENT 6 – Diversity and Inclusion

ezbob commits to continuing to be a diverse and multi-cultural company welcoming of all religions and ethnicities. We commit to maintaining our active gender diversity programme comprising 35% females across all disciplines and levels. Respect for the individual forms part of our core values as does support for people with disabilities.

On track. Currently 7 of the 20 employees assigned for this project are female (35%) across all disciplines and levels.