

Press release issued on behalf of BCR

**31 August 2022**

### **Banking Competition Remedies Ltd (BCR) publishes progress updates**

- **Pool A, B, C, D & F Capability and Innovation Fund recipients provide quarterly updates on Public Commitments**

#### **Progress updates for Pool A, B, C, D & F recipients**

The Board of Banking Competition Remedies Ltd (BCR) today publishes progress updates for Pools A, B, C, D and F recipients, providing a summary of performance against their public commitments to the period 30<sup>th</sup> June 2022.

During this reporting period several awardees have delivered on commitments such as co-investment and initiatives. Market share of UK SMEs business bank accounts has continued to shift to a number of awardees. Several awardees continue to attract capital investment in a tight market evidencing the interest in their SME propositions. They are also successful in forging alliances and partnerships with more traditional suppliers in the SME ecosystem. Awardees progress against public commitments made can be found [here](#).

Following the agreement between BCR, HMT and NatWest to continue to monitor awardees post CIF agreement termination in December 2022, BCR continues to have ongoing discussions with those impacted to support them in submitting Revised Business Cases to re-align targets where necessary. It is important to recognise that despite the many unprecedented challenges this market has seen, awardees remain fully committed to making a difference for UK SMEs. In this reporting period, six business cases from ClearBank, The Co-operative Bank, Funding Options, Swoop and Codat were submitted during the period and have since been approved. ClearBank's proposal was a simple request to change the delivery date of its CASS product. The Co-operative Bank sought changes to several KPI targets and the timeline for and re-allocation of its CIF and co-investment spend. Funding Options requested changes to a few KPI targets and removed its target for its BCA comparison tool due to the lack of demand from SMEs. Swoop requested various changes to its KPI targets; some were increased due to significant demand and others were reduced as a result of the adverse impact of the external environment. Codat submitted two Revised Business Cases for Pools D and F which sought extensions to achieve its SME impact targets.

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

#### Pool A thirteenth quarter update

- [Starling Bank Limited public commitment progress update](#)
- [Metro Bank plc public commitment progress update](#)
- [ClearBank Ltd public commitment progress update](#)

Pool B twelfth quarter update

- [Investec Bank plc public commitment progress update](#)
- [The Co-operative Bank plc public commitment progress update](#)

Pool C eleventh quarter update

- [Atom Bank plc public commitment progress update](#)
- [The Currency Cloud Group Ltd public commitment progress update](#)
- [iwoca Ltd public commitment progress update](#)
- [Modulr Finance Limited public commitment progress update](#)

Pool D twelfth quarter update

- [Codat Limited public commitment progress update](#)
- [Fluidly Limited public commitment progress update](#)
- [Form3 Ltd public commitment progress update](#)
- [Funding Options Limited public commitment progress update](#)
- [Swoop Finance Limited public commitment progress update](#)

Pool F third quarter update

- [Cashplus public commitment progress update](#)
- [Codat Limited public commitment progress update](#)
- [Swoop Finance Limited commitment progress update](#)

As part of BCR's role in monitoring the way that organisations are using the funds, BCR holds awardees to account on their progress against business plans which includes regular meetings with all recipients. For more details on how BCR monitors CIF awardees see [here](#). The next progress updates for Pool A, B, C, D and F awardees will be in November 2022 and for Pool E awardees in October 2022. There will then be one final report as per the CIF Agreement for all awardees and after this, simplified ongoing monitoring as necessary for outstanding spend and deliverables.

## **Notes to editors:**

### **A summary of Pool A, B, C, D and F performance against public commitments / business cases**

#### **Pool A twelfth quarter update**

Starling Bank Limited public commitment progress update: Starling Bank has exceeded its overall target of SME customers (452K) during Q2 2022, having already met its market share target of 8% during Q1 2022. To date, it has delivered ten out of its 12 Public Commitments, including lending and recruitment targets. Starling Bank remains ahead or on track to deliver its remaining commitments, with the exception of its CHAPs integration which remains dependent on Bank of England timescales (expected 2024). Starling has identified and is working on an alternative solution to meet this objective.

Metro Bank plc public commitment progress: Metro Bank continues to make progress to drive adoption of its products and services including Revolving Credit Facility and Business Overdrafts. API-enabled integration with a range of leading cloud accounting providers is delayed with an expected launch date in Q3 2022. Mcard and Small Business Loan initiative will now be delivered in 2023, following the decision to change the way the product is delivered, utilising internal systems.

ClearBank Ltd (CTBB) public commitment progress / business case update: CTBB continues to make strong progress and is now supporting over 434k SMEs, with a total market share of 7.8% of which 6.8% is attributable to Pool A initiatives. Its Revised Business Case was straightforward and simply revised the delivery date of its CASS product to March 2023. During Q2 2022, CTBB completed a prototype for its CASS product with further development ongoing until a testing slot from Pay.UK is confirmed to fully deliver this commitment.

#### **Pool B eleventh quarter update**

Investec Bank plc public commitment progress update: Investec is now supporting 5,500 clients against a 2022 target of 2,612 and has lent out over £195m against a year-end target of £212m. In Q2 2022, it delivered its commitment of co-investing over £16m for CIF. Investec won in the category for “Best Business FX Provider” in the Business Moneyfacts awards 2022 for a second year running, which it states is a recognition of the capability and service that Investec continues to provide its FX clients. Investec is making good progress on its Business Current Account, working in partnership with Monese and has built the core transactional banking capability.

The Co-operative Bank plc public commitment progress / business case update: The Co-operative Bank has recorded £15m of 'gross lending to the market' in relation to overdraft and credit card lending and its balance sheet position remains strong, with both its assets and liability balances ahead of plan. The bank remains ahead of overall recruitment projections and this quarter sees the bank reporting a BCA market share of 1.8%. Despite some impact targets remaining off-track, the bank continues its digital marketing and brand awareness campaigns to increase uptake of products and services. The Co-operative Bank's Revised Business Case modified its forecast to better reflect its delivery roadmap for the second half of 2022, taking into consideration the impact of the delay in its Online Banking platform upgrade which has impacted dependent deliverables. Additionally, the bank

sought a one-year extension of the spend timeline for CIF and a quarter extension for co-investment which will ensure all spend is deployed by Q4 2022. Furthermore, the bank sought to reallocate its contingency funds to product development, infrastructure, and automation.

### **Pool C tenth quarter update**

Atom Bank plc public commitment progress update: Atom Bank continues to exceed its 2022 target for secured lending with £319m delivered (including CBILS and RLS) as at the end of Q2 2022. However, some of its commitments are tracking behind due to continued delays to its Next Generation Broker Portal. A Revised Business Case is expected imminently to agree a way forward.

The Currency Cloud Group Ltd (Currencycloud) progress update: Currencycloud is progressing well with the delivery of its business case. As at Q2 2022, it had processed cross-border payment for 9.5% of all UK SMEs (over 32,000 SMEs) during the preceding 12 months. To date, Currencycloud has invested over £31m and therefore has successfully delivered its co-investment commitment.

iwoca Ltd public commitment progress update: iwoca continues to deliver according to its business case with further enhancements to its iwocaPay product during Q2 2022, which now allows sellers to embed iwocaPay into invoices, ecommerce checkouts and offline transactions more easily. Despite its efforts, some impact KPIs are tracking behind due to the impact of the pandemic on commercial lending which is still below pre-covid levels.

Modulr public commitment progress update: Modulr continues to track ahead with its commitments for the number of accountancy practices, Payment as a Service partners and UK SMEs it is making its products available to. Modulr is committed to its remaining commitments with plans to resume in-person regional events in the second half of 2022 and the development of its CASS initiative to support competition outside of the existing banking system.

### **Pool D eleventh quarter update**

Codat Limited public commitment progress / business case update: Codat continues to progress well against its business case, having already delivered four out of seven public commitments and is close to delivering two other commitments. Codat has deployed the majority of CIF funds and co-investment and the remaining initiatives remain on track to be delivered by year-end 2022. Codat's Revised Business Case addressed the delay to the number of linked SMEs and sought to extend the timeline from achieving this target from 36 months post CIF awards to 42 months. The delay in achieving this KPI is due to external factors impacting Codat's clients' implementation period.

Fluidly Limited public commitment progress update: Fluidly has made good progress this quarter, having made further developments to its Actions Hub including new forecast and benchmarking insights into each SMEs forecast, as well as an analysis of invoice payments to help with credit control. In terms of its Financial Marketplace, Fluidly continues to maintain the automated funding journey which enables SMEs to complete funding requests via the product, with some lenders providing automated decisions. Fluidly launched a partnership with OakNorth Bank to market savings accounts and has continued to increase its Accountancy Channel Partnerships. Fluidly is behind track with CPD training hours offered, sales staff hired for its Newcastle Hub, and the number of connected and supported SMEs, and a small number of initiatives are delayed. BCR is

currently working with Fluidly in relation to the submission of its imminent Revised Business Case.

Form3 Ltd public commitment progress update: Form3 delivered SWIFT International Payments (Release 2) functionality in Q2 2022 which is in line with its business case. Form3 has commenced the design work for FX, payment to FX integration and correspondent account management features which is on track to be delivered in Q3 2022. Form3 continues to provide training and support to its sales team, with its initial focus being placed on UK new entrants and smaller financial institutions. Form3 has hired dedicated sales and business development resources whilst continuing training and support to its wider sales team, with an initial focus on UK new entrants and smaller financial institutions.

Funding Options Limited public commitment progress / business case update: Funding Options is progressing well, having already completed delivery of a number of 2022 targets well in advance. Its Funding Cloud™ platform continues to perform strongly and is scaling at a faster pace than anticipated with significant utilisation by accountancy firms and other professional companies through its Advisory channel. Its loan volumes for alternative lenders without any cost acquisition stands at over £91m, total SME alternative lending for SMEs is currently at over £271m and its SME banking market share of using alternative lending products stands at 23%. Funding Options Revised Business Case addressed some off-track KPIs, including reducing the number of additional SMEs (due to changing credit appetites in the market) whilst keeping the original lending target of £0.5bn the same. Additionally, Funding Options removed its BCA comparison tool target because of the lack of uptake and interest from SMEs due to the current economic climate.

Swoop Finance Limited public commitment progress / business case update: Swoop has delivered five of its 11 public commitments. Swoop is making considerable progress, having exceeded several KPI targets ahead of year-end 2022. In Q2 2022, Swoop focused on continued enhancements to its virtual CFO platform features with an improved onboarding journey which has resulted in a 5% increase from enquiry to product application conversion. Swoop has continued additional work on the public API framework with new partner opportunities to embed with platforms such as eBay and Sage. There were additional ID and security developments as well as continued enhancement of its bank switching functionality. Swoop's Revised Business Case made changes to several KPI targets for year-end 2022 due to the adverse impact of Covid-19, Brexit and the Russian invasion instead setting fresh targets for 23-25 in recognition of this impact.

### **Pool F second quarter update**

Cashplus Bank public commitment progress update: Cashplus Bank is progressing well in terms of delivery and has partnered with four UK businesses as at Q2 2022 including fellow awardees Funding Options and Funding Xchange. It has completed the development of its Making Tax Digital solution during Q2 2022 and is awaiting approval from HMRC before launching to its customers. In relation to its lending commitment, Cashplus is experiencing reduced demand in the market as a result of government backed Recovery Loan Schemes coupled with the increase in competition with its cashback offering. Nonetheless, it remains confident in achieving its overall lending commitment by 2025 as planned.

Codat Limited public commitment progress / business case update: Codat is progressing well against delivery of its business case. In Q2 2022, Codat completed its commitment of having five lenders access sales data via its new 'Assess' product. Codat has also signed up three payment service

providers for its new reconciliation offering and over 2.1k SMEs have already connected their sales data with lenders against a year-end target of 5k. Codat's Revised Business Case sought to extend the timeline of achieving its SME connection numbers by 12 months due to external factors impacting Codat's clients' implementation period.

Swoop Finance Limited public commitment progress update: Swoop has made significant progress this quarter, where loan deals have increased to 73, its total loan volume stands at £85m, with the pipeline growing at over 30% month on month. Swoop has now delivered Public Commitment 3, having successfully developed its new digital eligibility checker which will provide faster decisions to SMEs. Swoop is continuing to gain traction with accountancy firms and brokers following two successful exhibitions at Accountex and the National Association of Commercial Finance Brokers resulting in a doubling of advisors signed up since Q1 2022. Swoop's trust pilot score has also increased to 4.9 following positive reviews from its advisor and broker channel. Swoop continues to receive positive press, which is particularly important as it continues to grow its market share with various corporate providers.

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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 (now 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 UK 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. £194k was returned by TSB due to an underspend against its business case.
- The Capability and Innovation Fund – all £425m has been distributed via 6 Pools to support the development of wider capabilities and competition in the SME banking market. Further details on the Capability and Innovation Fund can be found [here](#).

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 the six pools.

\* 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).