

ClearBank – £60m Award

Key Achievements to Date

- Achieved c.6.8 (7.8% including Pool E) market penetration with 434,333 members and are now one of the leading SME challengers in terms of BCAs; creating a true SME alternative to high street banks.
- ClearBank has signed a legally binding agreement with each of Apax Digital, CFFI and PPF for several related primary and secondary transactions up to £175 million, subject to regulatory approval. Although these funds are not required to support the delivery of the CTBB proposition, it emphasises the impact within market.
- Built significant awareness at 44% prompted brand recognition.
- Step-change delivered advanced business financial platform functionality including advanced invoicing, digital tax and intermediated credit; first acquiring proposition being rolled out.
- Easier switching with expedited onboarding and trial switching for established business using open banking live; work on CASS is progressing.
- Integrated 16 SME solution partners.

Assessment Period 13 (April 1st, 2022 – June 30th, 2022)

COMMITMENT TO OWN FUNDS CONTRIBUTION

CTBB is committed to supplementing the BCR award using our own funds to a value of at least 100% of the BCR grant, throughout the lifespan of the business plan.

On Track: The phasing of this contribution varies by business plan year, and we project to be fully on track to achieve the proportionate contribution of own funds to BCR funds utilised for this year.

Co-investment is progressing as planned. The level of co-investment is directly related to the BCR funds used in a given period and scales over the five-year period (i.e. co-investment is higher, on a ratio basis, in year 5 than it was in year 1). Co-investment now stands at £38.7m which is 87% of the 2022 cumulative target and 55% of the overall commitment.

COMMITMENT TO MARKET SHARE

Building on its state-of-the-art business banking account, leveraging the SME-only Tide brand and building its current 1% market share, CTBB commits to implementing a powerful transformation initiative to:

ACHIEVE AT LEAST AN 8% BUSINESS CURRENT ACCOUNT MARKET SHARE BY 2023, thereby introducing much needed competition and contributing to breaking up the current oligopoly of the Big 4 banks.

On Track: SMEs continue to show that they are ready for a change with large numbers signing up to CTBB. CTBB now has 434,333 members and a total market share of c.7.8%; c.6.8% attributable to Pool A.

COMMITMENT TO THE TRANSFORMATION INITIATIVE

Transformation will require a concerted effort. More of the same business current account offers will not lead to the necessary shifts in market share, even if they are supported by better switching solutions. Recognising this need for a different approach to succeed, CTBB will achieve its market share objective through a set of powerful propositions to remove friction to switching, provide compelling attractors, and raise awareness of the superior CTBB business current account. CTBB will deliver full functionality under all grant

On Track: Recognising this need for a different approach to succeed, CTBB will achieve its market share objective through a set of powerful propositions to remove friction to switching, provide compelling attractors, and raise awareness of the superior CTBB business current account. Our implementation is continuing to progress as planned.

(1) REMOVE FRICTION to selection of, and switching to, CTBB

- **CTBB already offers a fast onboarding process that allows, for the majority of applicants, the opening of a business current account within minutes.**

On Track: CTBB already offers a fast-onboarding process that allows, for the majority of applicants, the opening of a business current account within minutes. Following thorough research amongst the SME community, we have enhanced this process to allow onboarding not only through the app but also through the web.

The SWITCHING PROPOSITION: MAKING BCA SWITCHING SIMPLE will build on Open Banking and CASS infrastructure to allow businesses to switch their current accounts easily. The switching proposition will allow even faster onboarding for existing businesses, trial switching, allowing closed account histories to be maintained, dedicated personal onboarding assistance and temporary pop-up onboarding stores.

On Track: Personal onboarding assistance, pop-up stores and expedited onboarding using open banking are already live. Key building blocks have been put in place with personal onboarding assistance as well as PSD2 accreditation. Expedited Onboarding feature has been launched. Active development continues on the trial switching proposition to deliver enhancements over the coming quarters. CASS product delivery has completed a prototype and further development is ongoing. We are awaiting confirmation of a testing slot by Pay.UK.

(2) PROVIDE COMPELLING ATTRACTORS comprised of strong incentives to select and switch to CTBB

- **CTBB already offers a strong set of solutions (CTBB Version 1) and, building on these, will develop four additional attractor propositions (CTBB Version 2) to make CTBB an even more compelling business current account partner for SMEs.**
- **The STARTING-OUT PROPOSITION: OPENING YOUR BCA AS PART OF SETTING UP YOUR BUSINESS will provide strong incentives for new businesses to set up their business current account with CTBB. The starting-out proposition will allow registrations (company registration, tax registration etc.) to be undertaken as part of the business current account opening process.**

On Track: CTBB already offers a strong set of solutions and, building on these, as part of the BCR commitments CTBB will develop four additional attractor propositions to make CTBB an even more compelling business current account partner for SMEs.

Starting-Out delivered company registrations early 2021, ahead of schedule. CTBB helped over 63,000 entrepreneurs register a limited company and obtain a business current account at the same time. New features, assisting with Self-Employment Registration (to help Sole Traders get a Unique Tax Reference number), and VAT Registration (to help businesses who expect to have above £85,000 turnover get a VAT number) are live. The final two sub-commitments of Starting-Out have also been released and now make it possible for Tide Members to register a domain or a trademark.

• **The ADMINISTRATION PROPOSITION: SAVING YOU TIME BY SEAMLESSLY INTEGRATING TOOLS WITH YOUR BCA will reduce the estimated 48 days p.a. that a small business spends on administration by seamlessly connecting (via API) the BCA to solutions for accounting, payroll, invoicing, expense management, tax and other filings. This is particularly helpful for smaller businesses, which typically operate without a Finance or HR function. As part of the administration proposition, CTBB will offer a range of Tide-branded solutions (Tide Tools) as well as provide highly usable integrations to popular third party solutions (Tide Connect) deeply integrated with the business current account, building on the strong base of its existing functionality.**

On Track: CTBB has already developed and released a mechanism for importing invoices into CTBB via an in-app and web-based invoice scanner, with automatic text processing. This feature allows the payment or scheduling of invoices imported into CTBB, with CTBB sending relevant transaction metadata to leading accountancy software provider Xero to support bookkeeping. The initial version of Tide Accounting was launched in line with plans in December 2021 and focused on Self Employed businesses. During Q1 2022, we expanded this functionality, added a profit & loss report and launched this service to all non-VAT registered Sole Traders.

• **The CREDIT PROPOSITION: OPTIMISING YOUR CASHFLOW USING BCA DATA. According to the British Business Bank, lenders - while increasing net lending to medium-size businesses since Q3/14 - have actually reduced lending to smaller businesses despite unmet demand in excess of £5bn p.a. Much of the funding need of smaller businesses centres around cashflow. Recognising this need, the credit proposition will deliver a number of solutions tightly linked to the business current account to avoid cashflow issues (including invoice chasing, next-generation direct debit, and developing a Pay-On-Time rating), to protect against cashflow issues (by integrating with debtor insurance providers) and bridge cashflow (through working capital solutions, integrating the best providers and, with the SMEs' permission, providing lenders with transaction data available from the business current account)**

On Track: Previously we had rolled out our Credit Insurance product with our partner Hokodo and our Direct Debit product with our partner GoCardless. Partnering with Liberis, Merchant Cash Advance is available to B2C members. We have also, in partnership with MarketFinance, rolled out Selective Invoice Finance to our members and have agreed to offer Recovery Loan Scheme term loans through Funding Circle. More recently YouLend was added to the panel. We also rolled out Invoice Finance for our B2B members allowing different segments within Tide to find the right product for them partnering with Bibby Financial Services. Our Cashflow Optimisation Engine (named Cashflow Insights) is now available on mobile to provide multiple insights tools allowing our members to optimise their cashflow and find the right credit solution.

- **The ACQUIRING PROPOSITION: SAVING YOU MONEY BY OFFERING CARD ACCEPTANCE AS A BCA FEATURE. Smaller businesses are currently charged excessive amounts for their card acquiring and see their funds settle after substantial delay. With the acquiring proposition, CTBB will deeply integrate acquiring with business current account offerings, at significantly reduced rates and with fast settlement**

On Track: We have completed the beta launch of our payment links product which SMEs can use to get paid without needing to have a website or card payment reader i.e. low entry costs to accept card payments. This solution is now being rolled out and builds on the previously delivered acquiring onboarding product which allows Tide members to create a merchant account and avail of card payment acceptance products. Using existing account information, the onboarding product does all checks automatically meaning members are able to obtain an account without having to provide lots of additional information.

3) RAISE AWARENESS by extensively promoting the superior benefits of the CTBB business current account

- **CTBB recognises that the best business current account will only be chosen by SMEs if the appropriate level of awareness is generated.**
- **CTBB is committed to spending a total of £70m to match the £60m in BCR grants – in addition to the planned current spend – to promote the business current account to achieve the target market share objective.**

On Track: Marketing activity is continuing, and awareness stands at 44%.

COMMITMENT TO OPPORTUNITIES FOR PARTNERS

CTBB operates as a platform deploying solutions from the best partners in the industry.

CTBB commits to integrate at least 25 SME solution partners by 2023.

On Track: This number stands at 16. We continue to expect to meet this commitment.