

ClearBank – £25m Award

Key Achievements to Date

- Have fully delivered three public commitments out of a total of eight.
- Already achieved the committed 1% additional the market penetration.
- Have provided opportunities for more than 25 SME partners.
- Exceeded our targets of more than 50,000 female and 20,000 BAME entrepreneurs.

Assessment Period 8 (June 1st, 2022 – August 31st, 2022)

COMMITMENT 1 – Commitment to BCA Market Share

We will increase market penetration by 1% (a projected 58,600 businesses) and target at least 25% switchers by end 2022.

This commitment had been met.

COMMITMENT 2 – Commitment to Remove Friction through Open Access

We will allow businesses to use their existing third party BCAs on our platform. We will offer

- light frictionless onboarding using open banking,**
- only upgrade to full onboarding later when they source a KYCable product, e.g. a loan.**

Businesses will be able to transact via our platform and we will provide advanced access to,

- expense management,**
- invoicing,**
- accounting,**
- taxation features.**

There will be no need to move their existing BCA. This removes friction leveraging Open Banking, thus reimagining competition. This commitment will be implemented in stages and completed by the end of 2022. We will target at least 100,000 BCA embedders.

At Risk: The Open Access proposition featuring cashflow prediction, credit products, invoicing, expenses and accounting including taxation feature is live. Over 10k businesses have already connected their non-Tide business bank accounts to take advantage of these features. We have now integrated 13 UK banks into our open access onboarding cycle, and have built strong intent acquisition at the top of the funnel. However, we're seeing a large drop off at the point of open banking connection. We have found three significant root causes, all of which are being addressed

1) The implementation of the open banking flow by third party banks is uneven for business current accounts. As an example, over 25% of Lloyds users make it through the funnel, while only 16% of Santander users do the same. One major difference between those flows is that Lloyds has a dedicated business account journey where we can direct users, while Santander has a single combined journey, which defaults to Personal banking. Our hypothesis is that many potential customers incorrectly try to go down the Personal route. We are working with our open banking technology partner to look into this further. We're also considering dynamic "priming" for our users, i.e. adding information on how to navigate their selected bank's journey, before redirecting.

2) We are currently seeing significantly different commitment by users to get through the flow, depending on the product proposition. As an example, conversion for accessing credit products, is four times higher than conversion for accessing invoicing. We have a large testing framework to go

through in Q4 to understand how to make the need to supply open banking data more explicit especially for products for which this may be less intuitive (e.g. for invoicing that it allows chasing of open invoices if payment is not received).

3) The current web-to-web flow requires log-in through the online banking of the third party bank, for which the user must have various account information and credentials on hand - this leads to flow abandonment. We are now working to make app-to-app authentication the default instead. The app-to-app route allows users to simply confirm the connection in their mobile app, which typically involves already cached-credentials, and a convenient log in through Face ID, Touch ID or similar option.

COMMITMENT 3 – Commitment to provide unparalleled access to debt and equity

Funding needs are best addressed by matching SMEs with a broad choice of the best providers in the country. We will

- a) add further lenders,
- b) make “beyond Open Banking” data available through a Tide Lending API,
- c) build out our proprietary lending by adding an overdraft product.

For more complex lending and equity solutions, CTBB will launch two managed networks:

- d) one for commercial finance brokers,
- e) one for Angel and VC investors.

The commercial broker network will be live by end 2022, all other solutions during 2021. Partners will be added throughout the program. Excluding BBLs, we commit to £200m funding (cumulative flow of commitments) by end 2022 across intermediated and proprietary credit as well as the debt and equity managed services networks.

On Track: We are pleased to report that all functionality delivery has been completed and around 91% of the lending commitments has already been met (£188m).

COMMITMENT 4 – Commitment to support digital payments and business development

To help SMEs transition to digital payments, we will upgrade our payment functionality to incorporate

- a) request to pay,
- b) confirmation of payee,
- c) digital cheques.

For many b2b members, we can be an introducer of new business facilitating their transition into the digital age. CTBB will

- d) create and curate a digital member directory (optional for members) with public profiles and create two managed services networks:
- e) one for Accountants,
- f) one for Payroll providers.

We will fast track Confirmation of Payee, an early version of managed services, and the member directory to 2021 and deliver the remainder in 2022.

On Track: The roll-out of Confirmation of Payee (CoP) inbound (when customers of other banks send payments to CTBB members) and CoP outbound has been completed. Request to Pay and Digital Cheques are in development. The Digital Member Directory has been launched, which will allow members (optionally) to create online public profiles and get introductions to other Tide businesses. Managed Services (named Tide Professionals) is live and continues to be further enhanced before the end of the Program.

COMMITMENT 5 – Commitment to raise awareness

The best propositions will only be chosen if the appropriate level of awareness is generated. CTBB is committed to spending at least £11m of the grant and own funds contribution by end 2022 on marketing.

On Track: Our marketing under Pool E is progressing. Cumulative spend to Period 8 is £8.0m.

COMMITMENT 6 – Commitment to opportunities for partners

As a unique partnership with a platform approach, we commit to integrating at least 25 SME solution partners by the end of 2022.

This commitment has been met.

COMMITMENT 7 – Commitment to diversity and inclusion

We commit to becoming a signatory of the Women in Finance Charter and to joining at least two industry renowned diversity networks. We will target at least 35% of women in senior leadership roles by end 2022 and embrace inclusion in all its forms. We will onboard at least 50,000 female and 20,000 BAME entrepreneurs by the end of 2022 across our Pool E and other member acquisition activities.

This commitment has been met.

COMMITMENT 8 – Co-investment

We will match the BCR award with 100% of our funds.

On Track: Co-investment is progressing as planned. To date, we have contributed £21.2m of own funds.