

Press release issued on behalf of BCR

30 November 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 30th September 2022.

During this reporting period awardees have continued to deliver on public commitments and Starling Bank, ClearBank (CTBB), The Co-operative Bank, Codat (Pool D), Fluidly and Funding Options are close to deploying both CIF and co-investment spend by year-end. Market share of UK SME business bank accounts has continued to shift to a number of awardees with both CTBB and Starling each achieving over 8%. Others have been less successful in attracting SMEs who want to bank digitally and have, therefore focused more on attracting larger SMEs where they can provide most valuable support. These SMEs can be slower to switch banking relationships especially where there is a lending relationship in place and this is reflected in some cases where awardees, while making progress, are falling short of their ambitions. During this quarter more partners and relationships in the market have been forged namely iwoca, Funding Options, Swoop Finance (Flinke, Lloyds, BNP Paribas) and Cashplus Bank (mSix). Awardees progress against public commitments made can be found [here](#).

As previously highlighted, in advance of monitoring progress after the CIF Agreements expire in December 2022, BCR has been working with all awardees to ensure that their targets are up to date. In this reporting period, six business cases from The Co-operative Bank, Atom Bank, Modulr, iwoca Fluidly, and Cashplus Bank were submitted and have since been approved. The Co-operative sought several year-end reductions to off-track KPIs. Atom's proposal sought significant changes to its business case in relation to functionalities and delivery timelines which impacted KPIs, CIF and co-investment deployment and also led to changes to five Public Commitments. Modulr sought changes to replace some products for functionalities and features that will have a greater customer impact which has resulted in a 6-month extension to co-investment spend. iwoca requested changes to several year-end KPI targets where some original targets have been delayed until 2025. Fluidly's proposal sought to utilise the remaining CIF grant combined with OakNorth Bank's co-investment to deliver a new online journey for smaller SMEs looking for loans under £3m. Cashplus Bank revised its year-end customer acquisition target and realigned two off-track initiatives which have been delayed from Q4 2022 to Q1 2023.

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 fourteenth quarter update

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

Pool B thirteenth quarter update

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

Pool C twelfth 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 thirteenth 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 fourth 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 final progress updates as per the CIF Agreement for all Pools and awardees will be in February 2023. After this, where awardees have remaining commitments to deliver, they will be monitored informally by BCR.

Notes to editors:

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

Pool A fourteenth quarter update

Starling Bank Limited public commitment progress update: Starling Bank continues to make considerable progress with delivery of its business case which includes exceeding its overall commitment of supporting 452k BCA customers ahead of time, having already met its market share target of 8% in Q1 2022. To date, it has delivered 11 out of 12 Public Commitments and has achieved both its lending and recruitment targets. Starling Bank remains on track to deliver its remaining commitment of 47 initiatives by year-end 2022. In terms of its CHAPs integration, it has now implemented an alternative working solution to meet this objective; however, the awardee remains committed to becoming a direct participant in the CHAPS scheme after the Bank of England re-opens the scheme to new participants.

Metro Bank plc public commitment progress: Metro Bank continues to make progress to drive adoption of its products and services including Business Overdrafts, which is now available in the Mobile App. Its BCA numbers continue to rise quarter-on-quarter, with businesses valuing the SME proposition - stores open 7 days a week, early till late, and personal service provided through Local Business Managers, whilst also offering a full suite of digital tools. In Metro's Revised Business Case submission (subject to BCR approval), the bank sought revisions to the phasing of stores (albeit remaining within the public commitment of 11 more new stores by the end of 2025), delayed delivery timelines for its remaining functionalities in relation to small business loans, MCard, Accounting Software Integration and MPay. There are also proposed changes to BCA volume forecasts to better reflect latest market conditions.

ClearBank Ltd (CTBB) public commitment progress: CTBB continues to make strong progress and is now supporting over 460k SMEs, with a total market share of 8.4% of which 7.4% is attributable to Pool A initiatives. In Q2 2022, its prototype for CASS Plus was completed with further developments continuing this quarter. CTBB's test slot with Pay.UK for March 2023 has now been confirmed which will enable it to fully deliver this commitment. Its Starting-Out proposition is progressing well, and it has already supported over 79k entrepreneurs to register a limited company and obtain a BCA at the same time. CTTB's CIF and co-investment spend remains on track and it continues to make considerable progress with year-end 2022 targets, with many already achieved ahead of plan.

Pool B thirteenth quarter update

Investec Bank plc public commitment progress update: Investec continues to make noteworthy progress against delivery of its business case where it is now supporting 6,658 SMEs, exceeding year-end 2022 target and has lent over £206m against a year-end target of £212m. Its SME volumes are due to the success and extension of Government lending schemes, as well as higher than predicted SME take-up of its deposit product (Online Business Savings Account) which stands at over 2.9k against a year-end target of 2k. Due to challenges out of its control, Investec's Multi-Currency Accounts and Enabling Payments functionality and its BCA target is currently behind target.

The Co-operative Bank plc public commitment / business case progress update: The Co-operative Bank is making good progress against the delivery of its business case. In Q3 2022, the awardee launched a new secured messaging service with its new fintech partner, Nivo, which enables customers to interact directly with the bank's customer service team and provide 24/7 automated support for customers. The bank also launched an updated invoicing app, 'Go Get Paid,' in partnership with BankiFi, providing customers with a way to issue digital payment requests to help them get paid quicker and keep their cash flow moving - a service, which is now available to all UK SMEs, and is free for its own customers. The Co-operative Bank's Revised Business Case sought revisions to several year-end KPI targets which will continue to be monitored in 2023 and subsequent years. The revisions led to amendments to Public Commitment 5.

Pool C twelfth quarter update

Atom Bank plc public commitment progress / business case update: Atom Bank continue to provide valuable competition to the market this quarter, having completed £351m of secured loans to date with significant additional lending in the pipeline. Atom Bank has made advancements to its small business proposition, delivering propositional enhancements to its secured lending product, formally registering with the Lending Standards Board, and receiving accreditation for Phase 3 of the British Business Bank Recovery Loan Scheme. Atom's Quick Quote tool has continued to perform well and has received positive feedback from the broker community. The awardee has seen increased engagement with the tool, enabling brokers to review multiple lending scenarios, enabling both brokers and customers alike to understand which type of loan is best suited to their business needs. Atom's Revised Business Case proposal sought amendments to several delayed functionalities to ensure both CIF and co-investment are focused upon initiatives that will most urgently address evolving customer needs in the coming periods, whilst concurrently protecting the integrity of its business. Additionally, due to the amended initiatives and delayed delivery timelines, Atom revised six KPIs where original targets have been extended into subsequent years and sought revisions to five Public Commitments.

The Currency Cloud Group Ltd (Currencycloud) progress update: Currencycloud has made good progress this quarter. It continues to deliver customer impact where its SME customer numbers stands at 33,611 (9.1% of all UK SMEs trading internationally) and has processed over £13.4bn worth of cross-border payments on their behalf having already exceeded targets two years in advance in Q2 2022. Currencycloud will submit its Revised Business Case shortly to address the products and features that are likely to have the greatest customer impact for the rest of 2022 and beyond.

iwoca Ltd public commitment progress / business case update: iwoca has made strong progress this quarter with a series of crucial enhancements for iwocaPay including buyer upgrades centred on introducing a more sophisticated risk-based approach to onboarding, as well as improving the customer experience throughout. iwoca continues to onboard new Open Lending partners and remains on track to hit the target set out in our updated commitment. The company has spent a considerable amount of time to further develop its Open Lending platform, adding valuable features such as decline reasons and approval probability indicators. iwoca worked together with BCR on its Revised Business Case to confirm a series of minor target adjustments (moved until year-end 2025)

for iwocaPay, SME acquisition, finance made available and Open Lending origination.

Modulr public commitment progress / business case update: Modulr has made significant progress this quarter having initiated over 487k transactions of PISP payments, 2.1m in card transactions and now has 572 accountants using its Payment Dashboard. In Q3 2022, Modulr successfully completed the core development for CASS and is currently completing certification with Pay.UK. Modulr's Revised Business Case replaced its Request to Pay functionality with Account Verification with Open Banking something that Modulr believes is more valuable to SMEs. Its International Payments via its Customer Portal has now been amended to an API solution and several of its outstanding deliverables have now been revised to be delivered by year-end 2023. Additionally, there were changes to the deployment of both CIF and co-investment to accommodate both changes to deliverables as well as redeployment of underspend from 2022.

Pool D thirteenth quarter update

Codat Limited public commitment progress: Codat continues to progress well against its business case, having now fully delivered 5 out of 7 public commitments. In Q3 2022, Codat confirmed it currently has 15 UK non-bank alternative lenders using Codat's real-time accounting integrations as well as, 3 non-tier 1 UK banks. The number of additional UK SMEs linked to Codat with CIF grant currently stands at 52.7k to date against a year-end 2023 target of 102k and its total number of SMEs stands at 134k to date against a year-end target of 196k. Codat is now used by more than 250 clients worldwide from tier 1 banks to emerging start-ups.

Fluidly Limited public commitment progress / business case update: Fluidly has made good progress this quarter, having made further refinements to its Actions Hub to ensure it can continue to access rich general ledger data and generate cashflow forecasts for SMEs and partners. It also continues to support its Financial Marketplace and maintain the automated funding journey which enables SMEs to complete funding requests via its product. Fluidly's Revised Business Case amended its functionalities and deployment of remaining CIF and co-investment spend. The Revised Business Case was a result of OakNorth's acquisition of Fluidly and a subsequent strategic review where it identified a significant opportunity to have a more direct impact on UK SMEs by investing into functionality to help them obtain funding quicker online via OakNorth. This business case led to changes to Public Commitments 1, 2, 5 (now removed), 8 and 9.

Form3 Ltd public commitment progress update: Form3 is making good progress against delivery of its business case. In Q3 2022, Correspondent Account Management and Payment to FX Flow Integration functionalities were delivered. Due to external challenges outside of Form3's control, Release 4 initiatives including Enhanced SWIFT International Payments (Exception Management) and SWIFT Universal Confirmations are now likely to be delayed until Q1 2023 pushing release 5 out by a quarter to Q2 2023.

Funding Options Limited public commitment progress: Funding Options is progressing well, having already delivered several KPIs well in advance of 2022 targets. Its Funding Cloud™ Connect platform continues to perform strongly with significant utilisation by accountancy firms and other professional companies through its Advisory channel. Funding Options has further expanded its

data-driven platform for the SME finance sector with the launch of Funding Cloud: Insights, which provides market knowledge and intelligence to the small business lending industry, bringing unparalleled data to SME lenders with a breadth of market insight capable of driving new product innovation. Its loan volumes for alternative lenders without any acquisition cost stands at over £91m, total SME alternative lending for SMEs is currently at over £292m and its SME banking market share of using alternative lending products stands at 23%. Despite progress to date, some KPIs are tracking behind due to current market challenges; however, Funding Options remains committed to continue to drive performance against those KPIs in 2023.

Swoop Finance Limited public commitment progress: Swoop has made considerable progress against delivery of its business case having exceeded several KPI targets ahead of year-end 2022. In Q3 2022, it continued development and optimisation features for its Virtual CFO product which remains in high demand, digital journey for the account switching process and continued marketing spend which resulted in increased brand awareness. It is also seeing good momentum from its investment in SME events throughout the country, having received significant inbound enquiries from users and accountants around business energy resulting in it building a new business energy tool for advisors and brokers.

Pool F fourth quarter update

Cashplus Bank public commitment progress / business case update: Cashplus continues to make substantial progress against delivery of its business case. In Q3 2022, Cashplus went live with Phase 2 of the delivery of its Business Credit Card which has now been rolled out to a pilot group and includes instalment loans, extended payment terms, card and spend controls and real time authorisations and payments. In addition, it has implemented company formation services which is undergoing live testing, expense management development and it continues to roll out its advanced underwriting capability across all lending products with the enhanced decision platform pilot now complete. It has also delivered on its commitment to partner with five UK businesses. Cashplus' Revised Business Case was simple in that it sought year-end 2022-25 reductions for total new customers and market share, as well as revising the delivery timeline for its guaranteed pricing and payment integrations functionalities to Q1 2023. These changes have required amendments to two of its public commitments.

Codat Limited public commitment progress: Codat is progressing well against delivery of its business case. It has successfully launched its 'Assess' product which is already being used by more than 5 lenders to access SME sales data and its "Sync for Commerce" product is already being used or implemented by 3 new payment providers. Additionally, Codat reports that over 4k SMEs have already connected their sales data with alternative lenders against a year-end target of 5k and both CIF and co-investment spend are on track for full deployment by year-end 2022.

Swoop Finance Limited public commitment progress update: Swoop continues to make significant progress against its business case, where loan deals have increased to 104 with total loan volume of £157m. This quarter, Swoop delivered its year-end target of creating 10 jobs and delivered a total of four initiatives including releasing its new forecasting and modelling tool within the platform for both SMEs and accountants which has had strong engagement. Swoop continued enhancing its

growth lending proposition to more funding types including asset backed lending journeys and has also worked closely with Shawbrook Bank on integrating their API into Swoop's platform. Swoop has also seen some lenders pull back on spend commitments until the new year and is keeping continued focus on momentum.

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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. £194k 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 through grants to eligible challenger institutions. BCR holds awardees to account by closely monitoring their progress against business cases. With Pool F awards announced in 2021, there are now 22 awardees across 6 pools. £336k was returned by ezbob in Q3 2022 and in combination with the underspend from TSB, this will be distributed to a suitable charity in early 2023. All CIF Agreements terminate at the end of December 2022 with final formal reporting in January 2023 and, thereafter, there will be informal monitoring of BCR awardees to ensure there is continued focus on delivering public commitments.

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).