

## Cashplus Bank – £5m Award

### Key Achievements to Date

- Our platform enhancements to support Business Credit Card (Phase 2) are now live.
- Company formation services have been implemented and are undergoing live proving tests prior to customer launch.
- Development of our Expense Management feature is complete and is currently in test with a small group of customers, planned for go live by early Q4 2022.
- We continue to rollout our advanced underwriting capability across all lending products with the enhanced decisioning platform pilot complete, new AI algorithm live for SME credit products, and 2 additional 3rd party data sources now embedded into our platform.
- We have partnered with mSix, Funding Options, Funding Xchange, Capitalise and Client Server.

### Assessment Period 4 (July 1<sup>st</sup>, 2022 – September 30<sup>th</sup>, 2022)

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

#### Original Commitment

##### **COMMITMENT 1 – Expansion of SME lending:**

**We will deliver an all-new business credit card, with phased rollout through 2022 and delivery of all functionalities by the end of Q4, that will serve as a truly flexible SME credit and payments facility, driving increased choice and more competition in the market**

**Combining our unique lending expertise in corporate overdrafts and basic SME credit cards, accompanied with sustainable product economics, we will deliver a new business credit card with a range of valuable features and a market-beating 1% cashback (entirely funded by Cashplus). This product will be an industry-first, truly flexible credit and payment facility with integrations to Open Banking, Faster Payments and Direct Debit and will return up to £2m in cashback to small businesses by 2022. In conjunction with our Business Current account, this product will deliver £300m in spend and lending by the end of 2022, rising to £4bn to the end of 2025.**

**We commit to acquiring 150K new customers by Q2 2023.**

#### Rationale for change:

Development of the Payment Integration has been more complex than anticipated and whilst we still believe the majority of development will be completed this year, due to a planned change freeze in December, we have decided to revise the delivery date to Q1 2023. Additionally, while we continue to leverage new distribution channels to acquire new customers, significant macroeconomic headwinds are considerably impacting our lending activity and our ability to meet our lending targets in the near term due to which we are proposing lower acquisition volumes.

#### New Commitment

##### **COMMITMENT 1 – Expansion of SME lending:**

**We will deliver an all-new business credit card, with phased rollout through 2022 and delivery of all functionalities by Q1 2023, that will serve as a truly flexible SME credit and payments facility, driving increased choice and more competition in the market.**

**Combining our unique lending expertise in corporate overdrafts and basic SME credit cards, accompanied with sustainable product economics, we will deliver a new business credit card with a range of valuable features and a market-beating 1% cashback (entirely funded by Cashplus). This product will be an industry-first, truly flexible credit and payment facility with integrations to Open Banking, Faster Payments and Direct Debit and will return up to £2m in cashback to small businesses by 2022. In conjunction with our Business Current account, this product will deliver £300m in spend and lending by the end of 2022, rising to £5bn to the end of 2026.**

**We commit to acquiring 120K new customers by Q2 2023.**

We are on track to meet this commitment.

We have now delivered the core functionality for the enhanced business credit card, including the recent delivery of phase two functionality. For the lending aspect, we continue to leverage new distribution channels to acquire new customers; however, continuing macroeconomic headwinds are likely to considerably impact our lending activity and our ability to meet our lending targets in the near term. We are also seeing increased competition since we won the BCR grant last year, with other lenders now also offering 1% cashback in direct response to our BCR proposition, which may impact our acquisition rates but can be considered a wider benefit to the market. As a result of these impacts, we continue to see positive, but slower growth, although continuing transactional activity has driven progress towards our cashback targets, demonstrating the broader customer benefits of this product solution.

### **Original Commitment**

**COMMITMENT 2 – We will make switching and opening credit products fast, simple, and beneficial for small businesses**

**Cashplus will remove barriers to switching by making it straightforward and painless for businesses to change providers. We will:**

- I. Launch a bespoke business credit building product to help small businesses access cheaper funding in the future, by the end of Q1 2022.**
- II. Remove competition barriers by building small business eligibility checks for all credit products, with APIs allowing integration to external data sources, by the end of Q1 2022.**
- III. Provide customers with guaranteed pricing and credit limits and, through Open Banking, offer guaranteed savings where we can beat competitor costs, by the end of Q4 2022.**
- IV. Offer free company formation services, alongside our Business Credit Card and Business Current Account, offering a frictionless journey to customers looking to form a company.**
- V. Develop an industry-leading underwriting process, that leverages advanced AI to help customers access funding by the end of Q4 2022.**

### **Rationale for change:**

We are seeing an Industry-wide limit on available credit data which has complicated the development of Guaranteed Pricing. Whilst we still believe the majority of development will be completed this year, due to a planned change freeze through December we have decided to revise

the delivery date to Q1 2023.

### **New Commitment**

#### **COMMITMENT 2 – We will make switching and opening credit products fast, simple, and beneficial for small businesses**

**Cashplus will remove barriers to switching by making it straightforward and painless for businesses to change providers. We will:**

- I. **Launch a bespoke business credit building product to help small businesses access cheaper funding in the future, by the end of Q1 2022.**
- II. **Remove competition barriers by building small business eligibility checks for all credit products, with APIs allowing integration to external data sources, by the end of Q1 2022.**
- III. **Provide customers with guaranteed pricing and credit limits and, through Open Banking, offer guaranteed savings where we can beat competitor costs, by Q1 2023.**
- IV. **Offer free company formation services, alongside our Business Credit Card and Business Current Account, offering a frictionless journey to customers looking to form a company.**

**Develop an industry-leading underwriting process, that leverages advanced AI to help customers access funding by the end of Q4 2022**

We are on track to deliver these commitments.

We are progressing marketing campaigns to promote our Business Credit Builder product, which is live and in market. We have completed the implementation of our company formation services in partnership with e-filing and are currently testing and optimising distribution strategies for this product. We continue to rollout our advanced underwriting capability across all lending products with the enhanced decisioning platform pilot complete, new AI algorithm live for SME overdrafts, and 2 additional 3rd party data sources now embedded into our platform.

#### **COMMITMENT 3 - Development of Reconciliation and Expense Management Tools leveraging Open Banking**

**We will transform business banking by providing the most flexible SME banking solutions in the industry. For both our SME Business Credit Cards and Business Current Account, we will transform business banking by providing advanced tools that will simplify life for UK businesses. These solutions will reduce administrative burden and drive great efficiency by building an industry first of expense tracking and invoice reconciliation into the Business Credit Card platform, along with direct accounting package integration by the end of Q4 2022. Completing the SME tool kit, Cashplus will also ensure that HMRC digitisation solution of Making Tax Digital will be available and easy to use for micro limited business and sole traders by the end of Q2 2022.**

We are on track to deliver this commitment. Our Making Tax Digital ('MTD') solution has launched, and Expense Management tools are due to go live this month. We continue to develop new tools and services for UK SMEs in line with our business case. We've carried out discovery activities to understand SME needs across bookkeeping and accounting. These include user interviews with a range of UK SMEs and accounting partners. The research findings helped shape our expense management, MTD and reconciliation solutions. The findings ensure we develop customer-centred solutions that meet user needs.

**COMMITMENT 4 - Partnering with business:**

**We will partner with at least five UK businesses throughout 2022 to deliver CIF initiatives.**

This commitment has been delivered.

**COMMITMENT 5 - Investment**

**We will invest £10m of our own funds into delivering these commitments, in addition to the 100% of all cashback rewards – up to £2m by the end of 2022 - funded by Cashplus.**

We are on track to deliver this commitment. To date we have invested £4.7m of funding and have paid out £1.25m of cashback. However, the macro environment which has material uncertainty is likely to impact our lending activity and may have a subsequent impact on the level of our marketing spend and our ability to fully deliver on this commitment within the stipulated timeframe.