

## Metro Bank – £70m Award

### Key Achievements to Date

- In July 2022, we launched our Business Overdraft product in our Mobile App – the first ever lending product available via mobile in Metro Bank.
- In April 2022, we launched our Revolving Credit Facility product, helping larger, more complex businesses better manage cash flow peaks and troughs during this period of wider economic uncertainty.
- Since December 2021, we have been progressively rolling out our new Business Overdraft product across stores, helping our customers better manage their cashflow, providing quicker access to funding and pre-approved limits. A critical foundation to deliver this enhanced SME lending experience, is our new digital credit platform, allowing real time automated credit underwriting.
- We launched our new Enhanced Foreign Exchange proposition – giving customers access to real rates via a new-and-improved digital journey.
- In August 2021, we opened our fourth new store in the North of England in Bradford. This follows openings in Manchester, Liverpool and Sheffield and has resulted in 64 jobs created so far in the North of England, including 9 apprentices.
- In June 2021 - to further support the UK's small business community - we launched a Metro Bank SME brand campaign. The campaign focused on our dedication to helping small businesses thrive via the special relationship we have with our customers, and involved giving three Metro Bank customers their very own national advertising campaign.
- In March 2021, we launched in-app invoicing for business customers – allowing quick creation, tracking and management of invoices, all from within the Metro Bank mobile app. Customers can also add their business's logo to each invoice for additional personalisation.
- In February 2021 we began a phased launch of our business current account online application process for multi-director businesses, ahead of a successful public launch in April 2021.
- Over the first two years of programme delivery (2019/2020) we launched a range of new products, services and partnerships to better support SMEs.
  - Business current account online application process for single-director businesses.
  - Offering Government-backed loans to our business current account customers. By the end of 2021 we provided 38k loans and £1.7bn to UK businesses.
  - New receipt management functionality into our mobile app, letting businesses capture and store receipts, which get automatically matched to the customer's transaction history.
  - Partnership with Canadian fintech Sensibill to offer receipt management technology to SMEs via the Metro Bank mobile app.
  - Artificial-intelligence-led 'Business Insights' capability into the Metro Bank mobile app – helping businesses manage their cash flow and make more data-driven decisions.
  - Partnership with Enterprise Nation, a leading provider of advice and expertise to small businesses in the UK. The new collaboration offers a range of benefits for Metro Bank's business customers, including a year's free membership to Enterprise Nation which would usually cost £99.
  - A new partnership with cloud accounting provider Clear Books, offering easy accounting software with free bank feeds and exclusive discounts to Metro Bank small business customers.
- And finally, throughout 2019 and 2020 we improved payments services for businesses with a range of new propositions.
  - Physical sweeping functionality, helping businesses to manage their liquidity with automated rules for transferring funds between their accounts.
  - We became a direct participant of Bacs, the Pay.UK-operated payment system, helping enable Direct Debit origination for business customers through a new partnership with Bottomline Technologies. This followed with an initiative to enable Direct Debit

- origination, letting business customers create, automatically collect, and manage payments with their own customers via Direct Debit.
- Trade Services capabilities – offering Letters of Credit and Documentary Collections.

#### **Assessment Period 14 (July 1<sup>st</sup>, 2022 – September 30<sup>th</sup>, 2022)**

These Public Commitments are based on Metro Bank’s Revised Business Case which was approved in November 2021. The former Public Commitments, including rationale for the changes can be viewed [here](#).

#### **COMMITMENT 1: WE WILL RADICALLY TRANSFORM THE UK SME BANKING EXPERIENCE**

**- Our unique model is able to combine growth with remarkable levels of service quality. We’re committed to staying in the top 2 for customer service in the CMA service ratings. - At current rates, Metro Bank business banking customers are 30% more satisfied than the industry average.**

- Commitment 1 is not on track. Metro Bank was ranked fifth for overall service quality for businesses in the most recent CMA service rankings (August 2022), following the introduction of Starling Bank, Monzo and Tide.
- We remain committed to achieving the targeted position of the top 2 for customer service. For added context we continue to be ranked number 1 for services in branches and business centres, as well as the highest rated high street bank for overall service quality for personal and business customers.

#### **COMMITMENT 2: WE WILL PROVIDE A “METRO MULTIPLIER” TO C&I FUNDING**

**- Metro Bank will spend ~£2 of its own funds for every pound it receives from the Capability & Innovation Fund.**

**- This committed co-investment will ensure that the C&I funds have real impact, helping more SMEs benefit from better service and market-leading digital innovations and capabilities that bit sooner.**

- Commitment 2 is complete.

#### **COMMITMENT 3: WE WILL OPEN 15 NEW METRO BANK STORES IN THE NORTH BY THE END OF 2025**

**- C&I funds will be used to fund frontline roles for 18 months to provide SMEs with the support and service they need**

- **Metro Bank will pay for all store capital costs.**
- **All our stores will be open 7 days a week, early and late, offer in-store debit and credit card printing, safe deposit boxes and access to a Local Business Manager.**
  - Commitment 3 is on track.
  - We have 4 stores now open in the North, with 11 remaining to meet our public commitment.

#### **COMMITMENT 4: IN DELIVERING OUR PLANS WE WILL CREATE ~300 NEW JOBS IN THE NORTH -**

**When combined with our Metro Multiplier, C&I funding will directly support the creation of ~300 high quality jobs in the North by 2025.**

- **C&I funding will also support the creation of ~50 new apprenticeship roles in the North by 2025.**
  - Commitment 4 is on track.
  - 62 colleagues, at the end of Q3 2022, are working in the Metro Bank stores in the North, and so far, 9 apprentices have joined the Bank. Reduced store activity during the pandemic has led to a slower rate of job creation than originally planned.

**COMMITMENT 5: WE WILL BUILD A RANGE OF GAME-CHANGING DIGITAL CAPABILITIES TO HELP SMEs THRIVE**

- In 2019 we launched an artificial-intelligence led insights capability for SMEs using our mobile app, helping them to understand their cash flow and forthcoming payment obligations better.
- In 2019 we launched a mobile cash pick up and drop off service, ensuring SMEs can save time managing their cash.
- Starting in 2020 and completing in 2021 we will launch a truly straight-through business current account online application, enabling 100% of SMEs in the UK to benefit from the Metro Bank experience.
- In 2021 we will enable SMEs to manage bookkeeping, invoicing and receipts via mobile and online banking and help them link to their favourite cloud accounting platform.
- By 2023 we will offer SMEs the UK's first end-to-end payments and accounts receivable solution that automatically reconciles with cloud accounting services, allowing businesses to get paid faster and save time.

- This commitment is partly on track.
- We have made good progress on commitment 5, launching artificial intelligence led insights capability for SMEs using our mobile app, our new online account opening journey and a mobile cash pick up and drop off service (this service has subsequently been removed following latest market developments and alternative product options becoming available for customers).
- We did not meet the 2021 target date for API-enabled integration with a range of leading cloud accounting providers, but now plan to launch in Q4 2022.
- The end-to-end payments and accounts receivable solution is on track for 2023.

**COMMITMENT 6: WE WILL BUILD THE CAPABILITIES NECESSARY TO SUPPORT LARGER AND MORE COMPLEX SMEs**

- Starting in 2019 we began to enhance our trade finance and foreign exchange capabilities to ensure that the 14% of SMEs that trade internationally can access the finance products they need to grow. - In 2020 we offered SME customers the ability to accept direct debits, supporting the 12% of SMEs that rely on subscriptions and membership revenue from customers.
- In 2020 we also delivered balance sweeping capabilities to help SMEs better manage their liquidity.
- In 2021 we will deliver a new SME overdraft proposition and a new Small Business Loan platform to ensure SMEs can get access to the finance they need in a matter of minutes. - This will be followed in 2021 by a new Revolving Credit Facility proposition.
- In 2022 we will offer a market-leading commercial credit card proposition, offering SMEs a full suite of customisable limits and controls.

- This commitment is partly on track.
- We have made good progress on commitment 6, launching new capabilities across foreign exchange, trade services, accepting direct debits and balance sweeping.
- In December 2021, we started the rollout of our new Business Overdraft product in stores, helping our customers better manage their cashflow, providing quicker access to funding and pre-approved limits.
- We also launched our new digital credit platform in December 2021, allowing real time automated credit underwriting - a critical foundation to deliver an enhanced SME lending experience.
- We remain focused on meeting the borrowing needs of our customers, which have changed significantly following the COVID pandemic and resulting Government lending schemes, in which Metro Bank has supported UK businesses. Prioritisation of Government lending schemes has impacted the pace of development on Small Business Loans and, with the change in

customer needs and lessons taken from the deployment of Government lending schemes, we have taken the decision to change the way we deliver this product, utilising internal systems. This change of approach will lead to delays with delivery. More information will be provided in our Revised Business Case.

- We launched our Revolving Credit Facility product in April 2022, helping larger, more complex businesses better manage cash flow peaks and troughs during this period of wider economic uncertainty.
- MCard is now delayed beyond 2022 due to delays starting the project, following competing priorities of the extension to government lending schemes, small business loans and business overdrafts. More information will be provided in our Revised Business Case.

#### **COMMITMENT 7: WE WILL HELP 8+ INNOVATIVE UK SMEs SCALE BY PARTNERING WITH THEM TO DELIVER OUR BID COMMITMENTS**

- In delivering our bid commitments we will partner with 8+ UK SMEs, helping them scale next-generation innovations for business banking customers.
- This will expand the addressable market for these companies by more than 395,000 SMEs by 2025.
  - Commitment 7 is on track
  - To date, we have partnered with six UK SMEs.

#### **COMMITMENT 8: WE WILL PROVIDE BCR LTD AND OUR CUSTOMERS WITH UNPRECEDENTED TRANSPARENCY ON OUR PROGRESS TOWARDS DELIVERING ON OUR COMMITMENTS**

- In June 2019 we provided BCR Ltd with access to real time Microsoft Power BI dashboards, so it can track progress against agreed project milestones.
- Every quarter until our commitments are delivered, we will publish a “BCR Commitments Update” on our public website, so that stakeholders can monitor our progress.
  - Commitment 8 is complete.

Investing £70M from the Capability and Innovation Fund will enable Metro Bank to win an additional 93,000 SME BCA customers by 2025, based on Frontier Economics’ calculations. This equates to a 1.3 percentage point move in market share of stock. When combined with our ‘business as usual’ growth plans, Metro Bank will become an at-scale challenger with a 5.6% BCA market share of stock by 2025, serving more than 395,000 customers.

- We are making some changes to our BCA volume forecasts to better reflect latest market conditions. More information will be provided in our Revised Business Case.
- We continue to make good progress with the new Business Account Online opening process, which has seen 19k SMEs opening Metro Bank business accounts through this channel since we launched. We have also had a strong 2022 in stores, with businesses valuing our 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 to help SMEs.