

## The Co-operative Bank PLC - £15M Award

### CIF Key Achievements to Date

In Q3 2022, we continued the final delivery of our Business Case, including the launch of two new services for our SME customers:

- We launched a new secure messaging service, using functionality from our new fintech partner Nivo to provide our customers with a new digital servicing channel and a new route to receive support from the Bank.
- We 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. This service is available to all UK SMEs, and is free for Co-operative Bank customers.

### Assessment Period 13 (July 1<sup>st</sup>, 2022 – September 30<sup>th</sup>, 2022)

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

### TRANSFORMING OUR SME PROPOSITION

**With Pool B investment, we will accelerate our strategy towards better supporting UK SMEs. We commit to modernising our business current account proposition by improving our digital service and providing value added services for SMEs.**

**Our investment will have three key areas of focus:**

- 1. Modernising the way our SME customers are able to bank with us with an enhanced digital service**
  - 2. Developing products and personalised business support services to help small businesses thrive**
  - 3. Making banking faster paced for SMEs through improved infrastructure and automation**
- In order to deliver our transformation, we will commit £18m of the Bank's own funds to supplement £15m from the Capability and Innovation Fund. We expect that our transformation will run to the end of 2022 and will provide a solid platform for sustainable growth of our SME proposition in the long term.**

We remain on track with this public commitment. In Q3 2022, we have continued our investment and have now spent £31.9m of the total £33m investment funds from the Capability and Innovation fund and the Bank's own funds as we near the completion of the delivery of the initiatives included in our Business Case. We remain committed to completing this investment by the end of 2022 and continue to see good customer metrics in relation to the new products, services and customer journeys delivered so far.

### MODERNISING OUR DIGITAL SERVICE FOR SMES

**We commit to modernising the way our SME customers are able to bank with us by enhancing our digital service. We will deliver a new mobile app for our SME customers, which will also enable customers to access their personal accounts. This will remove traditional barriers between**

**business and personal banking and provide customers with a more convenient, faster digital service.**

**This new mobile app will build on our online banking service and add an additional channel to complement our award winning branch and telephony teams, providing customers with modern, digital service whilst maintaining our strong heritage of great customer service.**

We remain on track with this public commitment. We continue to see further adoption of our digital services, with 29% of our customer base now using the mobile app which we launched in 2021. The launch of our new secure messaging service furthers our digital servicing capabilities for our SME customers, and we will continue to embed and drive adoption of this new service channel.

#### **HELPING SMES THRIVE**

**We commit to helping SMEs thrive by launching a new business credit card proposition and building a suite of personalised business support tools. This will provide businesses with access to value-added services that will remove burdensome overheads and help us to better meet the needs of small businesses and provide the all-round business support services they need.**

**We will partner with FinTechs and other specialist providers to give SMEs better access to business insurance, integration between online banking and accounting software, business admin packages, smart invoicing and support with setting up new businesses. This will help SMEs at key moments of truth to help them develop and grow.**

We remain on track with this public commitment. We have enhanced our range of value added products and services with the launch of an updated invoicing app, Go Get Paid, in partnership with BankiFi. This provides customers with a way to issue digital payment requests to help them get paid quicker and keep their cash flow moving. This service is available to all UK SMEs, and is free for Co-operative Bank customers.

We also remain on track to complete the development of further SME Credit Card functionality by the end of 2022 by adding product servicing features into our online banking channel. We expect this to go live in early 2023.

#### **MAKING BANKING FASTER PACED FOR SMES**

**We commit to making banking faster paced for SMEs by digitising our onboarding journey and common account servicing tasks to provide SMEs with a frictionless customer experience. Our investment will enable customers to open an account on the same day as they apply which will remove a traditional barrier to switching for SMEs.**

**We will invest in a digital credit engine and the automation of internal processes, combining new technology with our strong process governance and risk management practices. This will enable us to truly modernise our customers' experience of opening and maintaining their account and provide us with a platform for future continuous improvement of our service for SMEs.**

We remain on track with this commitment. We continued to see good customer feedback from our new onboarding journey, with an excellent NPS of +67 in Q3 2022 and an average account opening time of 7 days. We continue to enhance our key customer journeys and remain on track to extend the eligibility of our new onboarding journey in 2022.

## Original Commitment

### OUR AMBITION FOR OUR CUSTOMERS AND THE MARKET

**We commit to growing our SME customer base by more than 50% and growing our market share to 3% of UK SMEs by 2026. We will do this by having an attractive proportion for a broad range of SME customers from Sole Traders, microenterprises, and start-ups to well established SME businesses. As such, we will grow our market share of SMEs with employees or multiple officials to 8% by 2026.**

### Rationale for change:

We are not changing the forecasted trajectory of our market share growth, however we are updating our Public Commitment to align with a we have proposed an update to our market share Public Commitment to align the timeline of this commitment to the timeline of ongoing BCR reporting which is expected to continue to the end of 2025.

## New Commitment

### OUR AMBITION FOR OUR CUSTOMERS AND THE MARKET

**We commit to growing our SME customer base by more than 50% and growing our market share to 2.6% of UK SMEs by 2025. We will do this by having an attractive proportion for a broad range of SME customers from Sole Traders, microenterprises, and start-ups to well established SME businesses. As such, we will grow our market share of SMEs with employees or multiple officials to 8% by 2025.**

We are not on track with this commitment in terms of absolute BCA/SME numbers as our SME customer base has remained stable in Q3 2022 with 103,000 BCAs and whilst this is slightly behind our plans at this stage, we still intend to increase our BCA customer base in line with our plans by continuing to iteratively improve and promote our improved proposition. We are continuing to attract a broad range of SME customers across different stages of business maturity and of varying complexity and financial needs. As at the end of Q3 2022, 73% of our BCAs were held by SMEs with employees or multiple officials as we continue to focus on serving a broad range of SME customers.

### ONGOING SUPPORT

**As part of our transformation, we aim to create ~213 new jobs, of which ~178 will be frontline staff focused on serving our SME customers. In addition, we will add ~35 operations and technical staff including risk specialists, digital expertise, product managers and operational delivery staff. This will support the sustainable growth of our SME proposition following the delivery of our transformation.**

**This commitment has been delivered.**