

## Cashplus Bank – £5m Award

### Key Achievements to Date

- CIF funds have now been successfully deployed.
- Company Formation services were launched to customers.
- Remaining Commitment 3 deliverables were rolled out including Expense Management, Invoice Management and Cashflow Management.
- The pilot for our enhanced decisioning platform was completed, as part of our advanced underwriting capability. We are continuing to enhance this and rollout across our lending products.
- BCA new customer numbers were c. 20% ahead of the full year target.

### Assessment Period 5 (October 1<sup>st</sup>, 2022 – December 31<sup>st</sup>, 2022)

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

#### 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.**

This commitment has been partially met at this point with delivery of all core functionality.

Cashplus has now delivered the key features and functionality for the enhanced business credit card. For the lending aspect, we continue to leverage new distribution channels to acquire new customers; however, significant macro-economic headwinds are considerably impacting our lending activity and our ability to meet our lending targets in the near term. We are also seeing increased competition since the introduction of our first-in-market 1% cashback BCR proposition, with other lenders offering similar products in direct response. While this has impacted Cashplus's acquisition rates, it has also created a strong overall competitive benefit to the market and created favourable outcomes for UK SMEs.

#### 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 with this commitment. Guaranteed Savings is on track to be delivered in Q1 2023.

We continue to progress marketing campaigns to promote our Business Credit builder product.

We have completed the implementation of our company formation services in partnership with e-filing.

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 two 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 have met this commitment.

In line with our business case, we have delivered a range of new tools and services for UK SMEs including Making Tax Digital, Expense management, Invoice management and Cashflow management.

#### **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 provide match funding of the activity of £10m by 2023 and up to £2m cashback through our Business Credit Card and Business Bank Account.

However, the macro environment which has material uncertainty might 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.

To date we have invested £6.3m of funding and paid out over £1.6m of cashback.