

ClearBank – £25m Award

Key Achievements to Date

- Delivered on an additional 4 of our public commitments in Q4 resulting only one left to be completed in 2023 as planned.
- Now one of the leading SME challenger in terms of BCAs; creating a true SME first alternative to high street banks.
- In Q4 we surpassed the £200m cumulative flow of funding across intermediated and proprietary credit as well as the debt and equity managed services networks.
- In Q4 the Open Access, Managed Funding and Managed Services - Advanced Product were completed as planned.
- In Q4 we successfully delivered upgrades to our payment functionality including RTP and Digital cheques.
- Successfully raised our awareness levels to 46% prompted brand recognition via committing over £11m to marketing spend.
- Achieved the committed 1% additional the market penetration.
- Provided opportunities for more than 25 SME partners.
- Exceeded our diversity targets of onboarding more than 50,000 female and 20,000 BAME entrepreneurs and raised our Women in Leadership to over 35%.

Assessment Period 9 (September 1st, 2022 – December 31st, 2022)

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

COMMITMENT 1 – Commitment to BCA Market Share

We will increase market penetration by 1% (a projected 58,600 businesses) and target at least 25% switchers by end 2022.

This commitment had been met.

Original Commitment

COMMITMENT 2 – Commitment to Remove Friction through Open Access

We will allow businesses to use their existing third party BCAs on our platform. We will offer

- light frictionless onboarding using open banking,**
- only upgrade to full onboarding later when they source a KYCable product, e.g. a loan.**

Businesses will be able to transact via our platform and we will provide advanced access to,

- expense management,**
- invoicing,**
- accounting,**
- taxation features.**

There will be no need to move their existing BCA. This removes friction leveraging Open Banking, thus reimagining competition. This commitment will be implemented in stages and completed by the end of 2022. We will target at least 100,000 BCA embedders.

Rationale for change:

We have now integrated 13 UK banks into our open access onboarding cycle and have built strong intent acquisition at the top of the funnel. However, as mentioned in our Period 8 report, we're seeing a large drop off at the point of open banking connection. We have found three significant root causes; all of which are being addressed:

1) The implementation of the open banking flow by third party banks is uneven for business current accounts. Some, such as Lloyds, have a dedicated business account journey where we can direct users, while others, such as Santander, has a single combined journey, which defaults to Personal banking. Our hypothesis is that many potential customers incorrectly try to go down the Personal route. We are working with our open banking technology partner to investigate this further. We're also considering dynamic "priming" for our users, i.e. adding information on how to navigate their selected bank's journey, before redirecting.

2) We are currently seeing significantly different commitment by users to get through the flow, depending on the product proposition. As an example, conversion for accessing credit products is four times higher than conversion for accessing invoicing. We have a large testing framework to go through to understand how to make the need to supply open banking data more explicit especially for products for which commitment may be less. 3) The current web-to-web flow requires log-in through the online banking of the third-party bank, for which the user must have various account information and credentials on hand - this leads to flow abandonment. We are now working to make app-to-app authentication the default instead. The app-to-app route allows users to simply confirm the connection in their mobile app, which typically involves already cached-credentials, and a convenient log in through Face ID, Touch ID or similar option.

Therefore, because of this funnelling effect we will require the remainder of 2022 and the start of 2023 to investigate and alleviate the blockers. This will result in the ramp up of BCA Embedders we were expecting to see in H2 of 2022 not occurring until Q2 or Q3 of 2023.

New Commitment

COMMITMENT 2 – Commitment to Remove Friction through Open Access

We will allow businesses to use their existing third party BCAs on our platform. We will offer

- a) **light frictionless onboarding using open banking,**
- b) **only upgrade to full onboarding later when they source a KYCable product, e.g. a loan.**

Businesses will be able to transact via our platform and we will provide advanced access to,

- c) **expense management,**
- d) **invoicing,**
- e) **accounting,**
- f) **taxation features.**

There will be no need to move their existing BCA. This removes friction leveraging Open Banking, thus reimagining competition. This commitment will be implemented in stages and completed by the end of 2023. We will target at least 70,000 BCA embedders

We are on track with this commitment. The Open Access proposition featuring cashflow prediction, credit products, invoicing, expenses and accounting including taxation feature is live. Over 10k businesses have already connected their non-Tide business bank accounts to take advantage of these features. There is significant interest in this proposition. We are addressing churn rate in open banking connections with third party banks, before fully scaling up marketing.

COMMITMENT 3 – Commitment to provide unparalleled access to debt and equity

Funding needs are best addressed by matching SMEs with a broad choice of the best providers in the country. We will

- a) add further lenders,
- b) make “beyond Open Banking” data available through a Tide Lending API,
- c) build out our proprietary lending by adding an overdraft product.

For more complex lending and equity solutions, CTBB will launch two managed networks:

- d) one for commercial finance brokers,
- e) one for Angel and VC investors.

The commercial broker network will be live by end 2022, all other solutions during 2021. Partners will be added throughout the program. Excluding BBLs, we commit to £200m funding (cumulative flow of commitments) by end 2022 across intermediated and proprietary credit as well as the debt and equity managed services networks.

This commitment has been met.

COMMITMENT 4 – Commitment to support digital payments and business development
To help SMEs transition to digital payments, we will upgrade our payment functionality to incorporate

- a) request to pay,
- b) confirmation of payee,
- c) digital cheques.

For many b2b members, we can be an introducer of new business facilitating their transition into the digital age. CTBB will

- d) create and curate a digital member directory (optional for members) with public profiles and create two managed services networks:
- e) one for Accountants,
- f) one for Payroll providers.

We will fast track Confirmation of Payee, an early version of managed services, and the member directory to 2021 and deliver the remainder in 2022.

This commitment has been met.

COMMITMENT 5 – Commitment to raise awareness

The best propositions will only be chosen if the appropriate level of awareness is generated. CTBB is committed to spending at least £11m of the grant and own funds contribution by end 2022 on marketing.

This commitment has been met.

COMMITMENT 6 – Commitment to opportunities for partners

As a unique partnership with a platform approach, we commit to integrating at least 25 SME solution partners by the end of 2022.

This commitment has been met.

COMMITMENT 7 – Commitment to diversity and inclusion

We commit to becoming a signatory of the Women in Finance Charter and to joining at least two industry renowned diversity networks. We will target at least 35% of women in senior leadership roles by end 2022 and embrace inclusion in all its forms. We will onboard at least 50,000 female

and 20,000 BAME entrepreneurs by the end of 2022 across our Pool E and other member acquisition activities.

This commitment has been met.

COMMITMENT 8 – Co-investment

We will match the BCR award with 100% of our funds.

This commitment has been met.