

Starling – £100m Award

Key Achievements to Date

Starling Bank has now fully spent the £100m funding amount granted to it via the Capability and Innovation Fund and met all of its 12 Public Commitments. The fund has been pivotal to helping Starling to develop and improve its ability to compete in the provision of business banking services. When Starling Bank started the programme, it had just over 37,000 customers. Starling's successful use of the funding amount has enabled it to complete the CIF programme. Starling exceeded both its five-year customer target of 452,000 customers and its market share target of over 6.7%, with a market share in excess of 8.1%.

Starling has been able to positively challenge the dominance of the big banks, creating more choice and changing the landscape of financial services for SMEs in the UK. Starling's disruption of this market means it is now the biggest challenger bank in the UK SME sector.

Starling customers have benefited from the completion of a suite of 47 banking products delivered as a result of the CIF grant. Its key achievements to the end of the CIF programme are as follows:

- Starling Bank ranked first position in the most recent CMA customer satisfaction survey for business banking, an independent survey relating to service quality where our customers said they would recommend us to other SMEs.
- Over 54,000 SME businesses have directly benefited from the £2.4bn of lending made available. Starling has launched advanced credit decision functionality to enhance its underwriting capabilities. Starling has exceeded its 2023 cumulative CIF lending target of £913m.
- SMEs can supercharge their business banking activities through a range of new digitally enabled banking solutions, offering a range of products and services including:
 - Starling's Business Toolkit helping freelancers and business owners look after their own books with smart features for invoicing, expenses, VAT and more.
 - New Euro and US dollar accounts: allowing customers to hold currencies, spend on cards and make and receive payments.
 - Business customers can pay in cheques using Starling's cheque imaging initiative to scan and deposit cheques via their mobile device.
 - SMEs are able to make high value payments in app up to £1m.
 - Starling's SME overdraft product provides customers with a short-term line of credit that can be drawn down in multiple tranches on a pre-approved limit.
- SMEs are also benefiting from new digital-led engagement channels:
 - Our multi-director access initiative enables onboarding and debit card availability for additional directors.
 - Starling's SME web portal provides online banking from a desktop or laptop, or direct from their mobile device. Additionally, we provide access to accounts via our tablet app.
- SMEs have access to Starling's digitally-enabled support:

- Customers can use Starling’s proprietary internal chat system, providing them with 24/7 customer support for certain simple queries and tasks.
- Starling’s data-driven decision making intelligently matches customers with the right specialist for their needs.
- Starling’s innovative approach has enabled SMEs to access a marketplace of services:
 - Starling’s Marketplace: working with 26 partners to offer products and services ranging from accounting to life insurance.
 - SMEs can easily compare key components of Starling’s products (e.g. price, fees, customer rating and eligibility) with those offered by competitors through the bank’s product comparison tool.
 - Business Customers are able to view balance information from accounts held at other banks when accessing their account in Starling's Online Banking.
- Starling has supported its proposition with a range of Intelligent Tools:
- Business customers have access to prior-day and intra-day account reconciliation tools.
- Customers receive tailored in-app suggestions via the “Starling Suggests” initiative.

The above has been achieved while consistently delivering on Starling’s recruitment, diversity and location inclusion targets.

Assessment Period 15 (October 1st, 2022 – December 31st, 2022)

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

Commitment 1: Starling will also invest a further £95m of its own funds in support of this initiative, over four years.

This commitment has been met.

Commitment 2: Starling has designed its initiative to positively challenge the dominance of the big banks and to make customers want to change who they bank with. By investing in proprietary, cloud-based technology, and extending its established banking and engineering capabilities, Starling will rapidly accelerate the development of its market-disrupting business bank. Starling will achieve this by delivering the following: Sophisticated banking solutions that will simplify complex business life: Starling will build a full suite of 47 digital banking products to meet the needs of sole traders, micro businesses, small SME businesses, larger SMEs and businesses with complex ownership structures. Examples include flexible deposit accounts, multi-user card functionality, instant invoicing, VAT management, digital mandate variation, secure user management, smart fraud checking and client money accounts.

This commitment has been met.

Starling has built a full suite of 47 digital banking products to meet the needs of its business customers. The completion of all 47 products has enabled Starling to develop its business in accordance with its business case, positively challenging the dominance of the big banks and giving

customers more choice regarding providers and advanced offerings. While all 47 products are complete, there are a number of products which are not yet fully launched, that we will extend to business customers in the future. This brings Starling's CIF Programme to a close.

Digital touchpoints that are beautifully designed and secure to use: SME customers will be able to move effortlessly between digital channels to originate, authorise and manage transactions on the go and team banking for multi-user accounts. Starling understands that many SMEs want to manage their banking online as well as through mobile applications and to support this, it will launch its web portal in Q3 2019.

This element of Commitment 2 has been met.

Digitally-enabled customer services and relationship management: SME customers will receive instant advice 24/7 including virtual assistance, relationship manager (RM) matching and micro scheduling to book “to the minute” appointments.

This element of Commitment 2 has been met.

Intelligent tools that utilise data to offer insight and automation: Starling will launch “Starling suggests”, utilising advanced data analytics to provide customers with personalised prompts to guide their financial decision making and product selection.

This element of Commitment 2 has been met.

Marketplace for business: the Starling Marketplace, which allows SME owners to access a wide range of third-party financial services and software providers to personalise their account, will include no fewer than 24 new partners, mostly UK based.

This element of Commitment 2 has been met.

Commitment 3: Starling will also build a suite of lending products using automated and secure processes that deliver loans in minutes to boost SME growth and productivity. Starling commits to having made £913m of additional lending available to SMEs by the end of 2023.

This commitment has been met.

Commitment 4: Starling has set a goal of attracting over 450,000 customers by the end of 2023. This will allow Starling to have the market size to make an enduring change to competition. Starling will achieve this while at the same time maintaining existing high levels of customer satisfaction. Starling will continue to monitor and maintain a high current app store rating.

This commitment has been met.

Commitment 5: A bank for all regions: Starling is committed to serving SMEs throughout the UK. Currently 68% of its SME customer base is outside Greater London. Starling will continue with this UK wide focus with over 60% of all future business customers based outside of London.

This commitment has been met.

Commitment 6: Starling will also locate its new Operations Centre outside of London.

This commitment has been met.

Commitment 7: Starling will continue providing counter access for SMEs that need to make cash deposits and withdrawals through its partnership with the Post Office, which has 11,500 branches, more than all the UK's banks and building societies combined.

This commitment has been met.

Commitment 8: An inclusive workforce: Starling commits to recruiting an additional 398 staff within the UK.

This commitment has been met.

Commitment 9: An inclusive workforce: Starling will be an active member of the Tech She Can Charter, working across the industry to increase the number of women working in technology roles in the UK. It is already a signatory of the Women in Finance Charter and has pledged to have 40% of its senior positions occupied by women by 2021. It will embrace inclusion in all its forms.

This commitment has been met.

Commitment 10: Backing UK technology: Starling will continue to design, deliver and maintain its leading edge technology platform in the UK. Included in the 398 staff recruited will be 84 engineers, again based in the UK. Where possible, it will purchase from UK-based SME financial services and software companies when it requires expertise outside its own core competencies.

This commitment has been met.

Commitment 11: Technology for good: Starling commits to maintaining best-in-class processes to protect client and personal data, as well as commercially sensitive data of its commercial partners and to reporting incidents as required by GDPR. It commits to a regular independent audit of its algorithms and technological processes to ensure they are fair and free from bias and prejudice.

This commitment has been met.

Commitment 12: Stimulating market innovation: Starling will provide SME customers with a comprehensive set of open APIs allowing customers to tailor the platform to their individual needs. Starling's advances and innovation will also force other banks to respond, delivering a better service for sole traders, micro businesses, small SMEs, larger SMEs and businesses with complex ownership structures in the UK. This will rapidly improve outcomes for the people that make up 59% of UK employment and businesses that make up 99% of the UK economy.

This commitment has been met.