

The Co-operative Bank PLC - £15M Award

CIF Key Achievements to Date

In Q4 2022, we finalised our transformation programme, and continued to develop new products and services for our SME customers. In flight work which was part of the programme is being continued in 2023 using separate Bank funds to complete delivery of these customer improvements. These changes are part of our ongoing work to leverage the infrastructure which we have put in place to improve our customer propositions sustainably and continuously.

Assessment Period 14 (October 1st, 2022 – December 31st, 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.

This commitment has been delivered.

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.

This commitment has been delivered.

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.

This commitment has been delivered.

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.

This commitment has been delivered.

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.

This commitment is on track. As at the end of 2022, our market share stood at 1.8% of UK SMEs, and 5.4% of UK SMEs with employees or multiple officials. We will continue to invest in the development and promotion of our SME proposition over the long term to drive the growth of our SME franchise and increase our impact on the SME market.

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.