

Press release issued on behalf of BCR

**28 February 2023**

**Banking Competition Remedies Ltd (BCR) publishes progress updates for all CIF Recipients and Update on Charitable Donation**

**Progress updates for Pool A, B, C, D, E & F recipients**

The Board of Banking Competition Remedies Ltd (BCR) today publishes progress updates for all Pool recipients, providing a summary of performance against their public commitments to the period 31<sup>st</sup> December 2022. These are the last formal reports as required by the CIF Agreements, but it should be noted that all applicable awardees have agreed to report on an informal basis to BCR during 2023.

During this reporting period, Starling Bank and Ebury Partners successfully delivered their business cases in full. 18 awardees have now fully deployed their CIF spend and, of these, 14 have also delivered their co-investment funding commitment. At this time, the amount of CIF spend outstanding is £38.2m and Co-investment spend is £83.1m.

Market share of UK SME business bank accounts has continued to shift to a number of awardees with notably CTBB and Starling achieving 8.4% and 8.9% respectively and an impressive 27.6% of SME bank accounts being held across CIF awardees. Amidst some significant and unprecedented headwinds, the 21 awardees have transformed digital offerings, democratised access to business tools and financial products, enhanced and integrated FinTech ecosystems including new platform models, closed the funding gap for SMEs through alternative finance and have greatly improved the financial health of SMEs through new partnerships, relationships and integrations.

Richard Anderson Chair of BCR states “It is a testament to the quality of awardees of CIF funds that they have remained focused on delivery in spite of some very challenging and unprecedented headwinds over the last years. They have challenged the status quo in the provision of financial services to UK SMEs and in many cases are now partnering with more traditional providers to provide SMEs with enhanced offerings. In line with the wider economy, some awardees have fared better than others but to an organisation, even when faced with difficulties, they have endeavoured to make a difference to UK SMEs. BCR congratulates all awardees on their achievements and will continue to monitor against business cases through to the end of 2023. In recognition of the significant challenges facing UK SMEs and the potential impact on their sustainability, the BCR Board has used its discretion in making a charitable donation of £574,000 to support Business Debtline.”

During 2022, BCR proposed that, post the conclusion of the CIF Agreements, awardees would continue to report against their public commitments through to the end of 2024. This was not approved by HMT and, therefore, BCR will commence its wind-up towards the end of 2023. As has been highlighted previously, unless an alternative reporting mechanism is put in place, after this time awardees will themselves be responsible for holding themselves to account and updating on

their Public Commitments.

In anticipating an informal reporting period, BCR proactively asked awardees to submit revised business cases to ensure that their ambitions reflected the latest macroeconomic opportunities and challenges. In this reporting period, we received 7 in total from Metro Bank, The Currencycloud Group ('Currencycloud'), Virgin, CTBB (Pool E), tomato pay, Swoop Finance (Pool D) and ezbob and these were all approved. ezbob has now indicated that it cannot meet its revised business case and details, as with all awardees, are included in their progress update below\*;

Pool A fifteenth quarter update

- [Starling Bank Limited public commitment progress update](#)
- [Metro Bank plc public commitment progress update](#)
- [ClearBank Ltd public commitment progress update](#)

Pool B fourteenth quarter update

- [Investec Bank plc public commitment progress update](#)
- [The Co-operative Bank plc public commitment progress update](#)

Pool C thirteenth quarter update

- [Atom Bank plc public commitment progress update](#)
- [The Currency Cloud Group Ltd public commitment progress update](#)
- [iwoca Ltd public commitment progress update](#)
- [Modulr Finance Limited public commitment progress update](#)

Pool D fourteenth quarter update

- [Codat Limited public commitment progress update](#)
- [Fluidly Limited public commitment progress update](#)
- [Form3 Ltd public commitment progress update](#)
- [Funding Options Limited public commitment progress update](#)
- [Swoop Finance Limited public commitment progress update](#)

Pool E ninth quarter update

- [Virgin Money UK PLC public commitment progress update](#)
- [ClearBank Ltd public commitment progress update](#)
- [Ebury Partners Limited public commitment progress update](#)
- [Kriya \(formerly MarketFinance\) public commitment progress update](#)
- [Funding Xchange Ltd public commitment progress update](#)
- [Codat Limited public commitment progress update](#)
- [ezbob Ltd public commitment progress update](#)
- [Fractal Labs Ltd \(t/a tomato pay\) public commitment progress update](#)
- [Previsite Ltd public commitment progress update](#)

## Pool F fifth quarter update

- [Cashplus public commitment progress update](#)
- [Codat Limited public commitment progress update](#)
- [Swoop Finance Limited commitment progress update](#)

\*A summary of performance against awardees public commitments can be found in the notes to editors.

BCR is now informally monitoring the progress of CIF Awardees. Submissions of reports to BCR will next take place in April 2023 with a media bulletin update on 31<sup>st</sup> May 2023. The last update will be in January 2024.

### **Charitable Donation**

With the formal monitoring for CIF now concluded following termination of the CIF Agreements, there is a residual sum of £574,000 in the Alternative Remedies Package Trust (“ARP”) resulting primarily from return of funds from awardees (as covered in earlier press releases). The governing agreement for the operation of the ARP sets out that this should be donated to a charity chosen by the BCR Board in its sole discretion and in its capacity as corporate trustee. Recognising the pressures on SMEs in the present economic climate, BCR has decided to donate the funds to Business Debtline which is run by the charity the Money Advice Trust. Business Debtline is the UKs only dedicated free debt advice service for people who are self-employed and other small business owners and gives free, confidential and independent advice on the phone, online and through webchat. SMEs have access to telephone-based specialist advisers and online resources to help them negotiate repayments and deal with their creditors themselves and improve their overall situation. As the only service that can deal with the full range of personal and business debt advice, covering all small business situations, and with over 250 years of collective experience among its advisers, Business Debtline has been given the role of national ‘Centre of Excellence’ for business debt advice by the Money and Pensions Service. In 2022, Business Debtline helped **21,250** small businesses and self-employed people by telephone advice sessions and **8,850** via webchat. In addition, there were **358,000** visits to the Business Debtline website.

In funding the work of Business Debtline, the ARP funds will help the Trust to support and improve:

- **Access to advice for small business owners and self-employed people**
- **Financial Health** - support people through its services to manage and improve their financial situation.
- **Frontline Business Debtline support** – to ensure its service has capacity to support the growing number of small business owners seeking advice and support from Business Debtline.
- **Embedding New service enhancements** - A new appointment booking system and an interactive Digital Advice Tool assisting with the debt advice process.

## **Notes to editors:**

### **A summary of Pool A, B, C, D, E and F performance against public commitments / business cases**

#### **Pool A final formal update**

Starling Bank Limited public commitment progress update: Starling Bank has delivered all aspects of its CIF Business Case. To date, it has achieved 8.9% market share and over 54k SME businesses have directly benefited from the £2.4bn of lending made available (exceeding its lending target of £913m). It has delivered a full suite of 47 digital banking products to meet the needs of all types of SME businesses from sole traders through to businesses with complex ownership structures. Starling's Marketplace has a total of 26 partners offering products and services ranging from accounting to life insurance and it has further supported its propositions with a range of Intelligent Tools including intra-day reconciliation tools and customer tailored in-app suggestions via the "Starling Suggests" initiative.

Metro Bank plc public commitment progress / business case update: Metro Bank has made good progress this quarter, having met its CIF and co-investment spend targets. Furthermore, it has exceeded year-end 2022 targets for BCA numbers, market share, year-end stock lending and recruitment. In terms of functionalities, Metro Bank has now delivered its API enabled cloud accounting platform and is on track with its remaining initiatives. Metro Bank's Revised Business Case sought reductions to year-end 2022-25 KPI targets in relation to its BCA volumes and market share. In addition, it rephased its store rollout (3 to be delivered in 2023, 4 in 2024 and the final 4 in 2025), revised delivery dates of its delayed initiatives including small business loans, MCard, Accounting Software Integration and MPay which impacted its CIF and Co-investment spend deployment and 3 of its public commitments.

ClearBank Ltd (CTBB) public commitment progress updates: CTBB continues to make strong progress in all aspects of its business case and is now supporting over 473,000 SMEs, with a total market share of 8.6% of which 7.6% is attributable to Pool A initiatives. By the end of 2022, CTBB had helped over 79k entrepreneurs register a limited company and obtain a BCA at the same time, accounting for over 12% of all limited companies that go through a formation agent. Work continues to grow the starting-out offering for Tide members, by delivering a Startup Hub, enabling members to manage and find starting-out services that are relevant to them. Its CIF and Co-investment spend remain on track. Following FCA approval, Tide has completed its purchase of Funding Options (Pool D recipient).

#### **Pool B final formal update**

Investec Bank plc public commitment progress update: Investec continues to make significant progress against delivery of its business case having now fully deployed both CIF and Co-investment spend. Investec is now supporting 8,424 clients against its year-end target of 2,612 and has lent over £220m. Investec's achievement in SME volumes has been supported by improvements in their asset finance proposition from BCR investment and the success and extension of government lending schemes. Investec's Multi-Currency Accounts and Enabling Payments functionality and lender broker

portal are delayed due to unforeseen complexities as well as dependencies on key suppliers; however, it aims to deliver both functionalities by H2 2023.

The Co-operative Bank plc public commitment progress update: The Co-operative Bank has made good progress against year-end targets including full deployment of both CIF and Co-investment spend. It has now successfully delivered all committed initiatives and functionalities. The Co-operative Bank's market share stands at 1.8% of UK SMEs, its NPS for BCA opening stands at 61 and it continues to see a reduction in customer complaints as a result of its improved onboarding journeys, mobile app usage and increased recruitment in customer service. The Co-operative Bank's BCA numbers continue to track behind year-end target due to lower than anticipated customer acquisition; however, has confirmed it will continue its efforts in marketing to increase uptake of its products and services.

### **Pool C final formal update**

Atom Bank plc public commitment progress update: Atom Bank has made good progress since the approval of its Revised Business Case in November 2022. This quarter, Atom Bank broadened its data integrations to include eCommerce and point of sale as it continues to use better, richer and digitally sourced real-time data to drive lending decisions. Atom has also participated in the Bankers for NetZero initiative which is led by a cross-party group of parliamentarians and key banks to identify how finance can best support key sectors of the UK economy in transitioning to a green economy. At the end of 2022, it issued 569 secured loans worth £404.7m and it received 222 full applications (at a value of £161m) which represents a 107% increase since Q3 2022 reporting. It has successfully met its year-end KPI targets; while CIF and Co-investment spend are tracking slightly behind year-end targets, it remains confident in recovering this.

The Currency Cloud Group Ltd (Currencycloud) progress / business case update: Currencycloud has made good progress against delivery of its Revised Business Case which deprioritised low impact functionalities and replaced them with new initiatives which will deliver improvements and benefits to UK SMEs by mid-2023. It also increased a number of KPIs as a result of exceeding targets ahead of time. It continues to deliver customer impact with customer numbers at 35k (9.5% of all UK SMEs trading internationally) and it has processed over £15bn worth of cross-border payments on their behalf. To date, it has onboarded 12 financial institutions serving UK SMEs and UK Fintechs to its platform taking its total to 196 since the start of the CIF programme.

iwoca Ltd public commitment progress update: iwoca has made good progress during the last quarter. It has now successfully deployed CIF spend and Co-investment is on track to be deployed in early 2023. iwoca's total loans under management currently stands at £420m and market share stands at 0.6%. £2.7bn of finance has been made available to date and the amount originated through OpenLending currently stands at £90.1m. Additionally, iwoca onboarded two new partners in Q4 2022 bringing its total to 16. It has also exceeded year-end 2022 targets across the majority of its KPIs except for iwocaPay which has been impacted by current macroeconomic challenges; it is seeing growth of iwocaPay where transaction volumes grew by nearly 50% from Q3 2022 reporting. Furthermore, it has also enhanced its ecommerce integrations and sellers can now integrate iwocaPay into any WooCommerce or Magento checkout.

Modulr public commitment progress update: Modulr continues to make significant progress against the remaining aspects of its business case. To date, Modulr has onboarded 684 accountants onto its Payments Dashboard, exceeding its 2023 year-end target. Additionally, in terms of its “Accountant Payments Control Centre” offering, customer impact stands at 69.3k against a year-end 2022 target of 59.4k and customer impact in relation to its “Payment as a Service” functionality is 680.9k against a year-end target of 447.2k. Moreover, Modulr rolled out its 3rd party synchronisation connector and service partner eco-system initiatives. All remaining initiatives are on track to be delivered in 2023.

#### **Pool D final formal quarter update**

Codat Limited public commitment progress update: Codat has successfully deployed both CIF and co-investment spend, and it has now delivered 6 out of 7 public commitments. In Q4 2022, the number of additional UK SMEs linked to Codat stood at 79k, against a year-end 2023 target of 102k and its total number of SMEs stands at 161k against a year-end 2023 target of 196k.

Fluidly Limited public commitment progress update: Fluidly/OakNorth Bank has made good progress in Q4 2022, having met all its Fluidly-related commitments and it is on track with its OakNorth commitments. It completed the extension of its new OakNorth digital application for commercial investment loans and secure data integration as well as fully developing its credit decision engine which allows faster decisioning for its users. With its acquisition of Fluidly, it has now confirmed that it intends for Fluidly’s CIF funded Financial Marketplace to become part of OakNorth’s offering for key partners, but it will discontinue the Actions Hub post April 2023 at which point Fluidly will no longer exist.

Form3 Ltd public commitment progress update: In Q4 2022, Form3 successfully met its annual spend target for both CIF and Co-investment. It made significant progress on Release 4 deliverables which are now largely complete, with one remaining feature due in Q2 2023 (delayed as a result of unprecedented complexities in the technology build). Form3 confirmed that due to the lack of demand for its Release 5 value added services, it will now pivot the relevant funding of £216k towards go-to-market and its technical readiness activities to ensure that it can implement its functionalities with financial institutions.

Funding Options Limited public commitment progress update: Funding Options is progressing well, having now fully deployed both CIF and Co-investment spend. Its Funding Cloud™ platform continues to perform strongly with additional lenders integrated during this quarter, extending the competitive choice of real-time solutions the platform offers SMEs. Its loan volumes for alternative lenders without any acquisition cost stands at over £91m and its total SME alternative lending for SMEs is currently over £311m. Some KPIs are tracking behind due to current market challenges, however; Funding Options is focused on delivering on its ambition in 2023.

Swoop Finance Limited public commitment progress / business case update: Swoop continues to make significant progress against delivery of its revised business case which sought reductions to 3 off-track year-end targets, and it has met the majority of its 2022 year-end targets. This quarter, it

has fully deployed its remaining CIF and Co-investment spend and has now delivered 8 out of 11 public commitments. The launch of its new virtual CFO where SMEs can access loans, grants, and investment, as well as cut costs across utilities, banking, and FX has resulted in £1.7bn in finance secured and £521m in costs saved for UK SMEs. Furthermore, it has onboarded 1,831 funding providers to its integrated marketplace exceeding its overall target of 1,750 and has recruited 50 new members to the team. In Q4 2022, it released a new cash flow forecast tool for advisors and brokers, rolled out its funding marketplace for lender rejections and is now a member of the Global Sachs Global Launch Programme as one of four female founded businesses.

### **Pool E final formal update**

Virgin Money UK PLC public commitment progress / business case update: Virgin Money has continued to see good momentum in BCA acquisition with sustained, strong conversion performance. Customer numbers have increased to over 204,000 representing an overall market share of 3.7% which is in line with its year-end expectations. Onboarding customer satisfaction, recently impacted by delays including postal strikes and business debit card delivery, remains a focus area for improvement, with continued investment outside of the CIF project. In its revised business case, Virgin Money migrated some Co-investment spend from digital lending to customer service to improve its digital customer experience and reduced some year-end KPI targets.

ClearBank Ltd public commitment progress / business case update: As at the end of 2022, CTBB has now completed both its CIF and Co-investment spend. CTBB met its target of 1% incremental market share in 2022. It has launched its Open Access-enabled expense management, invoicing, accounting including tax features, cashflow insights and credit and completed a prototype for Request to Pay with payment activation set to be delivered in 2023. It has now exceeded its funding target of £200m. In its revised business case, CTBB sought one revision to its BCA embedders year-end target reducing it from 100k to 70k which has impacted its remaining Public Commitment. The reason for the reduction was as a result of various challenges encountered with Open Banking connectivity in terms of SME experience at other banks which caused a large drop off at the point of Open Banking connection.

Ebury Partners Limited public commitment progress update: Ebury Partners has delivered all aspects of its CIF Business Case having now met customer numbers of 9,247 to date against a target of 9,200, which equates to a market share of 2.8%.

Kriya (formerly MarketFinance Limited) public commitment progress update: Kriya has made significant progress this quarter having now successfully deployed both CIF and Co-investment spend. To date, Kriya has originated £501m of new lending for over 2,190 UK SMEs, and a total customer reach of over 986k (22% market share) and has recruited 122 new team members. In Q4 2022, Kriya officially launched its Kriya Payments offering to sole traders and serviced its first sole trader in December 2022. It will continue to work on this new offering and segment to grow its sole trader customer base over the course of 2023. Additionally, Kriya kicked off a project to utilise credit insurance in Kriya Payments in order to further increase its acceptance rates and help even more UK SMEs. Kriya confirmed its Working Capital Manager tool will no longer be delivered due to optimising internal capacity, in favour of other projects which are delivering larger customer impact.

Funding Xchange Ltd (FXE) public commitment progress update: Funding Xchange continues to make significant progress against delivery of its business case. Funding Xchange's total SME reach stands at 708k with financing offered through its platform currently at £2.4bn. Funding Xchange continues to expand its lending relationships having onboarded a total of 30 lenders who have supported an incremental £12.7m of finance disbursed to date. Its portfolio monitoring solution continues to gain significant commercial traction and it currently has an impressive and growing live client base. Funding Xchange's further integration with Price Comparison Websites is delayed from Q4 2022 to Q4 2023 due the length and timing of tender processes.

Codat Limited public commitment progress update: Codat has now successfully deployed both CIF and Co-investment spend and has also delivered 4 out of 5 public commitments. Its final commitment related to SME reach is on track to be delivered by year-end 2023 which currently stands at 161k against a target of 300k.

ezbob Ltd public commitment progress / business case update: ezbob's Revised Business Case was approved in December 2022 where it reduced its year-end 2025 lending target from £300m to £45m to reflect the expected impact of its two BCR funded Proof of Concept ('PoC') partnerships. Since then, ezbob has advised BCR that one of its PoC clients has, due to existing market conditions for SME lending, issued a termination notice to ezbob in respect of the PoC. It continues to explore opportunities with Thought Machine, its other PoC. As a result, BCR will agree with ezbob a sensible revised lending target to aim towards. While ezbob's technology has been successfully delivered, there have been unprecedented headwinds for UK SME lending and providers, and it is reassuring to note that ezbob is looking to deploy the technology internationally while it continues to explore opportunities in the UK.

Fractal Labs Ltd (trading as tomato pay) public commitment progress / business case update: In Q4 2022, tomato pay made good progress against its revised KPI targets. SMEs enabled on SMART through partners currently stands at 257.9k against a target of 250k and it has met its SME market share uptake of 0.3%. Additionally, the value of invoices paid via PIS stands at £2.57m and the volume of tax filings made in SMART stands at 1,429. tomato pay's revised business case sought amendments to off-track KPI's including revisions to both CIF spend which is now due to be deployed by year-end 2023 and co-investment spend which is now extended to year-end 2024. CIF spend was extended from year-end 2022 to end 2023 to encourage tomato pay to spend more of its agreed co-investment which has been delayed as a result of working capital challenges.

Previser Ltd public commitment progress update: Previser has now fully deployed both CIF and Co-investment spend. It has made good progress this quarter around sales and marketing for its InstantFinance revenue-based lending offering. Previser has built out automation to support efficient operations of the product and it has further developed its product by adding new secured loan and repayment options across its system capabilities as well as, legal frameworks. Previser continues to make good headway with its remaining KPIs. While some impact targets related to assets under management, advances to SMEs and its market share are tracking behind year-end targets, it will work towards meeting these in 2023.

## **Pool F final formal update**

**Cashplus Bank public commitment progress update:** Cashplus has successfully deployed CIF funds and is on track with Co-investment spend. It has credited over £1.6m of Cashback and customer spending volumes continue to grow alongside steady deposit balance increases. The number of BCA customers for Making Tax Digital/Reconciliation is at 66.5k against a year-end target of 56k. Cashplus is tracking marginally behind in terms of total new customer numbers which is at 71.5k against a year-end target 77k. It has delivered all but two functionalities- payment integrations and guaranteed pricing which are on track to be delivered in Q1 2023.

**Codat Limited public commitment progress update:** Codat has now successfully deployed both CIF and Co-investment spend, and it has delivered 3 out of 4 public commitments. Codat now has 5 payment providers using its new Sync API as at the end of 2022 and is on track with its SME target which will be achieved by year-end 2023.

**Swoop Finance Limited public commitment progress update:** This quarter, Swoop delivered all remaining work packages including its Growth Loan onboarding and application, marketing and data and security initiatives. Development in Q4 2022 focused on onboarding of its business users and advisors to improve eligibility accuracy and its application system was strengthened further by testing out its scoring model with its funding partners. Swoop further grew its partnerships with loan brokers/advisor distributors in Q4 2022 which is at over 1.2k against a year-end target of 1.5k. In addition, it has agreed two global partnership funding partners which will be announced in late Q1 2023. Its growth in its business volumes and market impact is line with its business case expectations for Q4 2022. While some KPIs such as customer numbers and Swoop Growth Loan applicants are tracking slightly behind year-end targets, Swoop remains committed and confident in delivery of its remaining commitments in year-end 2024.

### **For media enquiries, please contact**

Tony Langham: [TonyL@lansons.com](mailto:TonyL@lansons.com); 07979692287

Rimmi Shah: [Rimmis@lansons.com](mailto:Rimmis@lansons.com); 07963014027

## **About BCR**

Banking Competition Remedies Ltd (BCR) is the independent body established to implement the £700 Million\* Royal Bank of Scotland (RBS) (now known as NatWest) State Aid Alternative Remedies Package (ARP). BCR is independent from NatWest and the UK Government. It is governed by an independent board of directors. The purpose of BCR is to implement the ARP such that the UK's State Aid commitments are met, coupled with an ambition that seeks to increase and expand competition among providers of financial services to SMEs.

The ARP was negotiated and agreed between HM Government and the European Commission and comprises two NatWest funded measures amounting to £700m:

- The Incentivised Switching Scheme\* – which has now closed having distributed £275m of the dowry fund available to SMEs that switched from NatWest.
- The Capability and Innovation Fund – to which £425 million was allocated to support the development of wider capabilities and competition in the SME banking market through grants to eligible challenger institutions. All CIF Agreements terminated at the end of December 2022. There will be informal monitoring by BCR of awardees through to end 2023 to ensure there is continued focus on delivering public commitments.