

Press release issued on behalf of BCR

**31 May 2023**

## **Banking Competition Remedies Ltd (BCR) publishes progress updates for all CIF Recipients**

### **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> March 2023. These are the first informal reports as agreed with CIF awardees when formal agreements ended in December 2022.

Out of the 26 awardees, 2 have now completed their business cases, a further 19 awardees have now fully deployed their CIF spend and, of these, 16 have also delivered their Co-investment funding commitment. In addition, five awardees have delivered a total of nine public commitments this quarter, with the majority on track to deliver on outstanding commitments by year-end. BCR is continuing to work with all awardees to ensure the focus remains on achieving business cases and this will continue through to the end of 2023. BCR will be following up with a number of awardees ahead of the next reporting cycle to ensure key deliverables will be achieved by end 2023. Based on Q1 progress, it is forecast that at the end of the year there will be £23m of CIF funds and £64m of co-investment funds remaining.

Focusing on awardees that have not yet completed their business cases, during this reporting period market share of UK SME business bank accounts has continued to shift to a number of awardees (CTBB, Cashplus Bank, Metro Bank and Virgin Money). This quarter has seen a positive increase in brand awareness, and this has resulted in a significant increase in SME uptake of lending products across many awardees. Previs confirmed that it has taken the decision to restructure its UK business and shift its primary focus to its Virtual Cards product which is currently based in the United States and ezbob also confirmed the termination of its pilot and current limited pipeline.

### **Pool A Q1 2023 update**

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

### **Pool B Q1 2023 update**

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

### **Pool C Q1 2023 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 Q1 2023 update**

- [\*Codat Limited public commitment progress update\*](#)
- [\*OakNorth/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 Q1 2023 update**

- [\*Virgin Money UK PLC public commitment progress update\*](#)
- [\*ClearBank Ltd 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\*](#)

#### **Pool F Q1 2023 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.

Submissions of the next quarterly informal reports to BCR will take place in July 2023 with a media bulletin update on August 31<sup>st</sup>. The final update will be due in January 2024.

## Notes to editors:

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

#### Pool A Q1 2023 update\*\*

Metro Bank plc public commitment progress update: Metro Bank is making steady progress on its remaining commitments and deliverables. CIF and Co-investment spend are on track for the full year with spend due to accelerate in H2 2023 as the rollout of new stores in the North progresses. In terms of functionality, it is working through negotiations with its preferred supplier for MPay. In relation to its Credit Card propositions, it has already completed development of the new application journey (Quote and Full application stages) and has now commenced planning for launch. Metro Bank remains off-track with its target CMA rating for overall services, although continue to be ranked number 1 for services in branches and business centres, as well as the highest rated high street bank for overall service quality for personal and business customers. Metro Bank remains confident of catching up on off-track KPIs.

ClearBank Ltd (CTBB) public commitment progress update: CTBB is making strong progress against delivery of its business case and is on track to deploy CIF and Co-investment spend by year-end 2023 in line with its plan. It is now supporting over 500,000 SMEs, with a total market share of 9.1% (8.1% Pool A) and is continuing its momentum of building awareness at 54% prompted brand recognition. In respect of CASS, which is the final enabler to support switching, formal testing is in progress with Pay.UK and it is confident of achieving accreditation in Q2 2023. Its switching currently stands at 146k against a year-end target of 171k.

#### Pool B Q1 2023 update

Investec Bank plc public commitment progress update: Investec fully deployed both CIF and Co-investment spend in 2022. It is supporting over 8,000 SMEs and has lent over £230m against a year-end target of £300m. In addition, it has directly created 39 roles to date in product and technical delivery. In Q1 2023, Investec launched a new digital portal for its brokers with the aim of reducing the speed of lending decisions thus enhancing the experience for end clients. Investec has built upon its partnership with a specialist SME to deliver “intelligent insights” to its Working Capital clients using a rich stream of data from multiple sources. Investec’s Multi-Currency Accounts and Enabling Payments initiative is delayed until Q4 2023.

The Co-operative Bank plc public commitment progress update: The Co-operative Bank deployed CIF and Co-investment spend in 2022. This quarter, it continued to make iterative improvements to its products and services and also released a new onboarding journey for community banking customers, charity, co-operative and other not-for-profit organisations utilising the digital onboarding journey delivered as part of CIF. It is seeing challenges to average onboarding times for these customer types compared to the simpler business customers using this onboarding journey citing complexity of these organisations. It has also experienced an increase in customer complaints as a consequence of digital stability issues in March which it says have now been resolved. The bank

confirmed it has further improvements planned to its onboarding journey throughout the remainder of 2023 to increase customer utilisation of products and services.

### **Pool C Q1 2023 update**

Atom Bank plc public commitment progress update: While Atom Bank has made progress in Q1 2023, it remains significantly off-track with both CIF and Co-investment spend, recruitment and lending/savings targets. In Q1 2023, it delivered its Next Generation Broker Portal and issued 602 secured loans worth £423.5m. It is making progress with its net-zero commitment where the bank is currently looking to build out a number of supporting lending propositions. Despite progress, the release of its Long-Term Fixed Rates initiative remains under development but is subject to a delay into Q2 2023.

The Currency Cloud Group Ltd ('Currencycloud') progress update: Currencycloud is progressing well against delivery of its business case and to date, it has deployed £9.4m (versus £10m) of CIF and £49m of Co-investment. Currencycloud has processed cross-border payments for 9.9% (>36k) of all UK SMEs trading internationally, having already exceeded its 2023 year-end target. The value of cross-border payments processed on behalf of UK SMEs over the last twelve months has also increased to c.£16.6 billion, a 12% increase since Q4 2022 exceeding its overall target of £16bn. In Q1 2023, it onboarded 8 financial institutions serving UK SMEs and UK Fintechs to its platform taking its total to 204 and therefore exceeding overall targets set since January 2020.

iwoca Ltd public commitment progress update: iwoca has made significant progress during the last quarter in terms of KPIs and is on track with its remaining Co-investment spend having deployed £11.7m to date against a year-end target of £13m. iwoca's total loans under management currently stands at £441m and market share stands at 1.2%, both exceeding its 2023 year-end targets. To date, £3.2bn of finance has been made available and the volume originated through OpenLending currently stands at £107m. iwoca onboarded two new partners this quarter, bringing its total to 18 against a target of 25. All remaining KPIs remain on track to be delivered by year-end 2023.

Modulr public commitment progress update: Modulr continues to make significant progress against the remaining aspects of its business case and both CIF and Co-investment are on track to be deployed by year-end 2023. In relation to its "Accountant Payments Control Centre" offering, customer impact stands at 97.1k exceeding its 2023 target of 93.5k and customer impact in relation to its "Payment as a Service" functionality is 676.8k against a year-end target of 713.8k. Modulr commenced the development of its Mobile App including finalising its PaaS designs for its solution with its development partner and is on track to deliver this in Q2 2023. All remaining initiatives and public commitments are on track.

### **Pool D Q1 2023 update**

Codat Limited public commitment progress update: Codat deployed CIF and Co-investment at the end of 2022. Codat now only has one public commitment left to deliver. In Q1 2023, the number of additional UK SMEs linked to Codat stood at 109k, against a year-end 2023 target of 102k and its total number of SMEs stands at 184k against a year-end 2023 target of 196k.

OakNorth/Fluidly Limited public commitment progress update: As a result of its key achievements in Q1 2023, OakNorth/Fluidly has now completed its remaining three public commitments including Co-investment deployment. In terms of outstanding initiatives, it will add functionalities for Application/Origination of Deals and Credit Decisioning (in respect of property lending) and Transaction Execution journey in Q2 2023. Once these are delivered, its business case will be fully delivered.

Form3 Ltd public commitment progress update: In Q1 2023, Form3 delivered the fourth release feature for its Universal Confirmations functionality. In addition, the build for exceptions management is almost complete and is now scheduled to be delivered in Q2 2023, a delay of two quarters due to unprecedented technology build challenges. Form3 teams have pivoted into readiness activities for launch which is one quarter ahead of the plan.

Funding Options Limited public commitment progress update: Funding Options delivered its CIF and Co-investment spend in 2022. The number of additional SMEs stands at 4,991 against a year-end target of 5k. Its loan volume for alternative lenders without any acquisition cost stands at over £91m and its total SME alternative lending for SMEs is currently over £330m; these are currently off-track against year-end targets but Funding Options remains focused on delivering on its ambitions in 2023 and has plans in place to recover off-track KPIs.

Swoop Finance Limited public commitment progress update: Swoop continues to make significant progress against delivery of its business case where all outstanding public commitments and KPI targets are on track. In Q1 2023, Swoop experienced increased growth in its SaaS products for advisors adding a further 44 new accountancy practices. Swoop also made a key partnership announcement becoming Sage's global funding partner and will now kick off a joint sales education and business development programme. Several targets for 2023 have already been achieved including equity finance of £279m secured, 17.3k of SMEs switching BCAs, 19.3k SMEs have switched their utility providers with savings of £30.8m.

#### **Pool E Q1 2023 update\*\***

Virgin Money UK PLC public commitment progress update: Virgin Money has continued to see good momentum in BCA acquisition with customer numbers having increased to over 210,000 representing an overall market share of 3.8%. In Q4 2022, due to postal strikes and delayed business debit card delivery, onboarded customer satisfaction dropped but this has now recovered and is close to reaching the 2023 target of >75%. Virgin Money is also making excellent progress on freeing up relationship management hours to devote to better serving customers, having already dedicated 145k hours against a year-end target of 150k. In addition, the lending it has achieved this quarter is greater than it anticipated, and it has made positive inroads with its lending relating to ESG already exceeding its target.

ClearBank Ltd public commitment progress update: CTBB states it is on track with its final outstanding commitment in relation to the number of BCA embedders which currently stands at 21k against a year-end ambition of 70k.

Kriya (formerly MarketFinance Limited) public commitment progress update: Kriya fully deployed CIF and Co-investment at the end of 2022. To date, Kriya has originated £545m of new lending for over 2,600 UK SMEs; however, these continue to track behind 2023 year-end targets. In Q1 2023, Kriya recruited one new member to the team, taking its total to date to 123 against a year-end target of 150. Kriya states that it remains committed to delivering on its ambitious targets and expects to see increased traction in customer acquisition in upcoming months.

Funding Xchange Ltd (FXE) public commitment progress update: Funding Xchange deployed CIF and Co-investment spend at the end of 2022. Funding Xchange has made good progress against delivery of outstanding KPIs this quarter including SME reach which stands at 724k, and financing offered through its platform of £2.6bn. Funding Xchange states that its integration with Price Comparison Websites is delayed from Q4 2022 to Q4 2023 due to the length and timing of tender processes. Despite some KPIs tracking behind, Funding Xchange says it is confident in reaching year-end targets.

Codat Limited public commitment progress update: Codat completed CIF and Co-investment at the end of 2022. Codat now only has one public commitment left to deliver. Its final commitment related to SME reach is on track to be delivered by year-end 2023 and currently stands at 184k against a target of 300k.

ezbob Ltd public commitment progress update: ezbob has made no further progress against its remaining lending KPI. ezbob confirmed that, as a result of the higher interest rate environment and subsequent fall in borrowing demand, one of its PoC partners served notice to terminate the trial. Investment in digital technology to support unsecured finance also remains subdued and therefore, no new pipeline growth has been generated with its second PoC partner. ezbob is continuing to invest own funds into its marketing strategy.

Fractal Labs Ltd (trading as tomato pay) public commitment progress update: tomato pay and untied have made some delivery progress this quarter. Despite CIF and Co-investment being on track, tomato pay continues to experience working capital challenges. In Q1 2023, the SMART enablement KPI targets through partners and directly using SMART have been achieved ahead of year-end currently standing at 358k (versus 350k) and 22k (versus 18.7k), respectively. Despite tomato pay exceeding the year-end target for the number of tax filings made via SMART (2.5k to date versus 2k target), the tax component of SMART has experienced further delays due to HMRC's announcement that the first mandated cohort for Making Tax Digital will be pushed back to 2026. This means that tomato pay's target segment of smaller businesses will not come into scope until 2028. This will negatively impact its tax filings KPI. The value of invoice payments paid via PIS on SMART is significantly tracking behind year-end target which currently stands at £2.6m versus £17.9m.

Previs Ltd public commitment progress update: Previs confirmed it had undertaken a strategic review of its UK business due to the challenging environment facing VC backed scale-up organisations. The Previs Board has now taken the decision to significantly restructure the business prioritising its focus and resources on its Virtual Cards product and its largest global territory, the United States. In alignment with this strategic reprioritisation, Previs has decided to cease offering its Instant Advance product (IFRBL) for the foreseeable future, with no plans in the short-term

horizon to offer any further lending facilities for this product. Existing AUM will be wound down organically. Previs continues to remain committed to its core product 'InstantPay', fully deployed in the UK; Ongoing AUM growth of this product is now directly related to the performance of banking partnerships and the overall macro trading conditions. As at the end of 2022, Previs had fully deployed both CIF and co-investment funds. Over the course of the CIF programme, it had attracted over 86,000 business users which made use of its Good Business Pays tools improving transparency on payment practices and engaged with 10 FTSE 350 companies. Its InstantFinance solution advanced over £32m to over 1,000 SMEs.

### **Pool F Q1 2023 update**

Cashplus Bank public commitment progress update: Cashplus Bank is making good progress against delivery of its business case with its Co-investment KPI on track to be delivered by 2023 year-end. In Q1 2023, it successfully delivered public commitment 2 which relates to its Guaranteed Pricing initiative. Cashplus Bank's outstanding KPIs remain on track and, as of Q1 2023, its market share stood at 1.69% versus a 1.5% target, the number of new customers for Making Tax Digital is currently at 87k (20k increase since Q4 2022), new customers to date totals 96k and total spend volume stands at £1bn (£215m increase since Q4 2022). Cashplus' Business Credit Card Payments Integration, its final initiative, is delayed by one quarter and is now due to be delivered in Q2 2023.

Codat Limited public commitment progress update: Codat completed CIF and Co-investment at the end of 2022. Codat now only has one public commitment left to deliver. It is on track with its automated payment reconciliation target which currently stands at 20k against a year-end target of 50k.

Swoop Finance Limited public commitment progress update: Swoop continues to make significant progress against delivery of its business case, having now successfully deployed all remaining CIF and Co-investment spend this quarter. In Q1 2023, Swoop completed delivery of two out of four outstanding public commitments related to Co-investment and the delivery of its automated financial model for lending. As of Q1 2023, its lending balance stood at £362m against a year-end target of £753m, the number of SMEs made aware of Swoop Growth Loans stood at 30k against a target of 35k, the number of times its Eligibility Checker was used stood at 11.4k, exceeding its 2023 target of 11k and the number of SMEs using automated lending financial model stood at 4k against a target of 6k. Swoop says it is on track to deliver all targets by year-end 2023.

**\*\*Starling Bank (Pool A) and Ebury Partners (Pool E) delivered their CIF business cases in Q4 2022.**

**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.