

Press release issued on behalf of BCR

31 August 2023

Banking Competition Remedies Ltd (BCR) publishes its Fifth and Final Annual Report and Accounts and progress updates for all CIF Recipients

BCR Annual Report

The directors of BCR have today published the company's Annual Report for 2022/2023 which highlights the continued impact of the Alternative Remedies Package (ARP) on the provision of financial and related services to UK SMEs. The annual report which is BCR's final one can be found [here](#).

Richard Anderson, the BCR Chair, said: "There is no doubt that the totality of the ARP has achieved its objective of increasing competition in the SME banking market. The CIF scheme leveraged considerable additional funds into the development of new products and acted as a catalyst in raising significant further investment into the UK. We hope that the Treasury, which negotiated the ARP with the European Commission and NatWest, are as proud as we are in having delivered this result for British SMEs. In our view the success of BCR represents a case study of how targeted interventions such as the ARP can boost the competitive landscape for the benefit of customers."

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

Banking Competition Remedies Ltd (BCR) today publishes progress updates for all awardees with outstanding deliverables providing a summary of performance against their public commitments to the period 30th June 2023. These are the second informal reports as agreed with CIF awardees following the end of formal agreements in December 2022.

In this quarter, Pool D awardees Codat and Fluidly completed the delivery of their business cases bringing the total awardees who have fully completed their business cases to 4. With 19 CIF and 14 co-investment funding commitments fully deployed, awardees continue to progress towards their outstanding public commitments with an additional 4 on track to deliver their business cases by the end of this year. It should be noted that Form3 has recently advised that, due to a strategic review of its product strategy, it will not invest any further effort into its business case.

Of note during this reporting period has been the delivery of additional functionalities such as access to dedicated product specialists via online tools and technology (Investec) and enhancements to existing ones like iwocaPay, which now makes it easier for its customers to process their business purchases more efficiently. Virgin Money achieved its customer service target of 75% for its Business Current Account and delivered its public commitment of releasing an additional 150,000 hours of relationship management hours per annum. Cashplus Bank completed the delivery of all its CIF committed initiatives with the launch of its Business Credit Card Payments Integration functionality during the period. Across the board, awardees have demonstrated a resolute commitment to delivering their outstanding commitments.

Pool A Q2 2023 update

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

Pool B Q2 2023 update

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

Pool C Q2 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 Q2 2023 update

- [*Codat 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 Q2 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 Q2 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 October 2023 with a media bulletin update on November 30th. 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 Q2 2023 update

Metro Bank plc public commitment progress update: Metro Bank continues to make good progress towards its remaining commitments and deliverables. During Q2 2023, it launched a new region in the North of England and is now building a team of local business managers and regional directors to support its store roll-out plans. Furthermore, having made good progress on MCard (credit card product) in H1 2023, Metro is now on track to launch this product to customers in a phased way from Q4 2023. Both CIF and co-investment are on track to meet the end of 2023 target. Metro Bank's commitment of staying in the top 2 for customer service in the CMA service ratings continues to be off-track (now ranked fifth) against strong digital bank competition but it continues to be 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.

ClearBank Ltd (CTBB) public commitment progress update: CTBB continues to make strong progress against the delivery of its remaining commitments. It achieved its CASS accreditation in Q2 2023 and, with internal testing underway, remains confident in reaching its ambition of making BCA switching simple by the end of this year. It has exceeded its target for number of switchers (171k customers) with 174k reported during the period. CTBB now has a total market share of 9.6% (8.6% attributable to Pool A) and supports over 529,000 SMEs. It has integrated with 21 partners to date versus a 2023 year-end target of 25 partners. It remains on track to deploy all CIF and co-investment funds by the end of 2023, with over 90% spent as at Q2.

Pool B Q2 2023 update

Investec Bank plc public commitment progress update: Investec deployed both CIF and Co-investment spend in 2022. In Q2 2023, Investec delivered its commitment of helping SMEs to leverage online tools and technology with its digital product offering which gives its SME clients access to dedicated product specialists and relationship managers. Investec is on track to deliver its remaining two commitments related to recruitment and lending ahead of 2024. It is currently supporting over 8,000 SMEs and has lent over £244m against its overall target of £300m. In addition, it has directly created 39 roles to date in product and technical delivery, against a year-end target of 36. It states that it is making good progress with its transactional banking proposition, which is now supporting 32 SME clients in the beta phase (against a year-end target of 285). Investec's Multi-Currency Accounts and Enabling Payments final 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. It continues to make iterative improvements to products and services and this quarter it has reported continued take up and customer feedback for its mobile app, with a 1% increase in registrations. Its average account opening time increased to 22 days in this quarter because of the process required to complete complex applications. However, for simple structured organisations, the average account opening time was shorter by c.40% at 9 days.

Complaint volumes reduced by 13% from Q1 as customers continued to adopt and use improved products and services. While its SME customer volumes remained stable, they are off-track against its ambition with a current estimated market share of 1.8% of UK SMEs (versus 2.1% 2023 year-end target) and 5.0% of UK SMEs with employees or multiple officials (versus 5.9% 2023 year-end target).

Pool C Q2 2023 update

Atom Bank plc public commitment progress update: Atom has made some progress in relation to CIF and co-investment spend during the quarter and expects spend to increase significantly with the deliverables planned for the remainder of 2023. It continues to deliver well in secure lending, reporting a total of £482m as at the end of June against a 2023 year-end target of £560m. It is in partnership with 7 innovative UK companies versus a 2023 year-end target of 9. While it has commenced work associated with its unsecured lending and savings product in this quarter, Atom's Long Term Fixed rate product is further delayed to Q3 2023 (originally due in Q1 2023) due to the current level of inflation as well as increased demand for variable rates. Despite delivery of its SME deposit proposition facing delivery risks, Atom is confident in meeting the related 2023 target of £55m additional SME deposits.

The Currency Cloud Group Ltd ('Currencycloud') progress update: Currencycloud is progressing well against the delivery of its business case. Having already delivered its co-investment commitment, during Q2 2023 it successfully deployed its CIF spend. Currencycloud has processed cross-border payments for 9.1% (>37.4k) of all UK SMEs trading internationally, already exceeding its 2023 year-end target. The value of cross-border payments processed on behalf of UK SMEs over the last twelve months has further increased to c.£17.6 billion, a 6% increase since Q1 2023, when it exceeded its overall target of £16bn. Currencycloud recently onboarded 7 financial institutions serving UK SMEs and UK Fintechs to its platform taking its total to 211 since January 2020.

iwoca Ltd public commitment progress update: iwoca has fully deployed its co-investment of £13m as at the end of Q2 2023 and continues to make good progress towards its remaining commitments which are due to be delivered by year end. It launched two new upgrades to its iwocaPay product during the period, making it easier for buyers to access the terms they need and open an account with approved spending limits for their business purchases. Furthermore, iwoca continues to support over 94,000 SMEs against a 2023 year-end target of 105,000.

Modulr public commitment progress update: Modulr fully deployed the remaining CIF spend in Q2 2023 and is on track to spend its remaining co-investment by the end of the year. It continues to make good progress in relation to its commitments and KPIs. It has met its SME reach commitment for its Payments Initiation Services and will commence Account Verification with Open Banking in Q3 2023. In relation to its commitment to transform how accountants can manage payments for SMEs, Modulr has engaged over 680 accountancies exceeding its overall target and is also close to reaching the related SME reach target of 110,000 SMEs with over 108,000 reported as at Q2 2023. However, it reports a slowdown in the SME reach in relation to its Payment as a Service product, which is currently 676,766 against a 2023 year-end target of 713,800. It has signalled that this ambition may be at risk, and it will be reviewing whether there is any specific reason for this during Q3.

Pool D Q2 2023 update

Codat Limited public commitment progress update*: Codat deployed CIF and co-investment spend at the end of 2022 and has now completed delivery of its CIF Business Case. During this quarter, Codat achieved its remaining KPIs with the number of additional UK SMEs linked to Codat reaching 131k, against a 2023 year-end target of 102k and the total number of SMEs of 205k against a year-end 2023 target of 196k.

OakNorth/Fluidly Limited public commitment progress update*: Fluidly/OakNorth completed all outstanding public commitments and spend in Q1 2023. In Q2 2023, it completed delivery of the remaining initiatives related to credit decisioning in support of property investment loans. Fluidly/OakNorth has now delivered its Business Case.

Form3 Ltd public commitment progress update: Following an internal review of its product strategy, Form3 has suspended the development of the proposed SWIFT gateway product which was the final deliverable within its business case. This is due to unforeseen market changes which has resulted in such significant diminished customer demand for this functionality that it does not justify further work on it. Form3 has been able to incorporate much of the customer facing technology investment in its wider services, which will benefit a wide range of bank and payment service providers' SME customers.

Funding Options Limited public commitment progress update: Funding Options delivered its CIF and co-investment spend in 2022. The number of additional SMEs has exceeded its 2023 year-end target of 5,000 standing at 5,600. Its loan volume for alternative lenders without any acquisition cost stands at over £91m (2023 year-end target of £100m) and its total SME alternative lending for SMEs is currently over £349m (2023 year-end target of £460m). Following Funding Options acquisition by Tide, there has been reprioritisation which has impacted its commitment to work with accountants across the UK. It expects to accelerate the acquisition of new accountants using its Funding Cloud for the remainder of 2023.

Swoop Finance Limited public commitment progress update: Swoop continues to make very good progress towards the delivery of its public commitments with all outstanding KPIs either exceeded or on track against 2023 year-end targets. As at Q2 2023, it exceeded its overall target of number of accounts switched or opened with 120,000 accounts reported against overall target of 91,000. In addition, the number of businesses switching their utilities provider stood at 24,989 exceeding its overall target of 24,000 2 years ahead of schedule. Furthermore, Swoop reported FX savings from switching of over £135m versus a 2023 year-end target of £102m.

Pool E Q2 2023 update

Virgin Money UK PLC public commitment progress update: Virgin Money has successfully achieved the release of an additional 150,000 hours of Relationship Manager time per annum during Q2 2023. It also achieved its 75% customer satisfaction target for Business Current Account onboarding and

reported a 0.1% increase in market share, reaching 3.9% during the period. Virgin Money announced its partnership with Xero and Quickbooks, strengthening its Business Current Account proposition and it continues to enhance its digital servicing capabilities. It has made a strategic decision to repurpose co-investment funding to prioritise digital deposits over lending initiatives in response to SME customer needs thus maximising value for its SME customers.

ClearBank Ltd public commitment progress update: CTBB's final outstanding commitment of BCA embedders currently stands at 31k against a 2023 year-end target of 70k and it remains confident in achieving this in line with its business case.

Kriya (formerly MarketFinance Limited) public commitment progress update: Kriya fully deployed CIF and co-investment at the end of 2022. In Q2 2023, it processed c14,000 transactions through its Embedded Finance product, bringing the total to date to c.30,000 transactions since it launched in Q1 2023, against a 2023 year-end target of 90,000. Recruitment as at Q2 2023 stood at 137 against a 2023 year-end target of 150. Kriya has already lent c.£590m to over 3,300 UK SMEs since the start of its CIF initiatives but is tracking behind 2023 year-end target of £1bn and 9,200 SMEs respectively.

Funding Xchange Ltd (FXE) public commitment progress update: Funding Xchange deployed CIF and co-investment spend at the end of 2022. It has made good progress against most of its outstanding KPIs this quarter. Its SME reach stands at 752k (against a 2023 year-end target of 834k) and £3bn of finance has been offered through its platform against a target of £3.3bn. The actual amount disbursed by lenders is £16m, representing 48% of its 2023 year-end target of £33m. Funding Xchange's integration with Price Comparison Websites remains delayed from Q4 2022 to Q4 2023 due to the length and timing of the tender processes. Despite some KPIs tracking behind, Funding Xchange says it is confident in reaching its 2023 targets.

Codat Limited public commitment progress update: Codat completed CIF and co-investment spend at the end of 2022. Codat now only has one public commitment left to deliver relating to SME reach which is currently on track at 205k against a target of 300k and it is confident in achieving this final commitment by the end of 2023.

ezbob Ltd public commitment progress update: ezbob has made no further progress against its remaining lending KPI despite efforts to drive business opportunities via marketing investment and product enhancements to its offering.

Fractal Labs Ltd (trading as tomato pay) public commitment progress update: tomato pay and its partner untied have made some delivery progress this quarter including enhancing their SMART solution which was built to help UK SMEs manage their financial needs. Although they have delivered their respective functionalities, there are challenges with their ability to commercialise their offering due in part to the delays in HMRC implementing the "MTD" (Making Tax Digital) programme but also the macroeconomic headwinds impacting small businesses. tomato pay has also seen reduced access to external capital investment which has impacted distribution. As a result, during Q2 2023 it has significantly reduced its forecasts but will continue to report against its last agreed business case (November 2022). To mitigate risks and ensure SMEs in the UK remain

supported by the SMART solution, it has been investigating opportunities for accessing growth capital and exploring strategic partnerships, acquisition and joint ventures.

Pool F Q2 2023 update

Cashplus Bank public commitment progress update: Cashplus Bank fully deployed CIF spend in Q4 2022 and is making good progress against the remaining business case deliverables. As at Q2 2023, co-investment spend stood at £9.8m and is on track to exceed its 2023 year-end target of £10m. It has delivered a total of £2.4m in cashback and will be ahead of its 2023 year-end target of £2.6m. In Q2 2023, Cashplus Bank completed delivery of its Business Credit Card Payments Integration functionality which concludes the delivery of all its CIF committed initiatives. In terms of outstanding KPIs, some have been exceeded including market share which stands at 2.03% against an overall target of 1.5% and spend volume at £1.3bn against an overall target of £1.1bn. Cashplus notes that the current economic environment has impacted the demand for lending and hence, its ability to meet its near-term lending target.

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 18.8k against an overall target of 50k to be delivered by the end of 2023.

Swoop Finance Limited public commitment progress update: Swoop continues to make very good progress towards the delivery of its public commitments with all outstanding KPIs on track against 2023 year-end targets. As at Q2 2023, it has exceeded year end targets of number of successful applicants referred to other Swoop marketplace providers (1,090 vs 810), number of SMEs made aware of growth loans (38,500 vs 35,000) and additional finance leveraged by its SME customers in growth loans (£528m vs £122m). Furthermore, it has supported over 2,000 SMEs (that have been rejected by incumbent banks and alternative lenders) in securing alternative lending solutions exceeding its 2023 year-end target of 1,785. Swoop remains on track to deliver its remaining targets in line with its business case.

*Business cases already delivered are:

- Starling Bank (Pool A) in Q4 2022
- Ebury Partners (Pool E) in Q4 2022
- Codat (Pool D) in Q2 2023
- Fluidly (Pool D) in Q2 2023

As of Q1 2023, Previs Limited (E) is no longer reporting on CIF as a result of strategic business changes. Form3 (D) as of Q2 2023 will also no longer be reporting for reasons outlined above.

For media enquiries, please contact

Tony Langham: TonyL@lansons.com; 07979692287

Rimmi Shah: Rimmis@lansons.com; 07963014027

About BCR

Banking Competition Remedies Ltd (BCR) is the independent body established to implement the £700Million 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. Informal monitoring of awardees has commenced by BCR and will continue through to end 2023.