



Finance Platforms

Pre-submission Engagement Q&A - 2015 and 2016 rounds

Respondents were invited to direct questions in advance of submitting a response to financeplatforms@british-business-bank.co.uk.

Questions (posted anonymously) and answers in relation to the policy, objectives or information schedules were made available to all respondents to ensure that all respondents had access to the same information about the process.

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1.0	08.09.17

Finance Platforms Q&A

How does the referral process work? Do the banks choose one platform that they recommend to customers they have declined or do they provide links to all?

The banks ask a SME if they wish to be referred. If the SME wishes to be referred the bank sends the SME's mandated information to all designated platforms.

Does it have to be a new stand-alone platform or could it be a part of an existing website with an existing SME journey?

It does not have to be a new stand-alone platform and the SME journey is a commercial decision for the FP to decide.

Once the HMT has announced its intention to designate an FP what is the window of time between the announcements and go-live?

Timings are at HMT's discretion.

Are you able to share any insight into the traffic/deal levels through the existing finance platforms?

The referral scheme has not gone live yet.

If our board feels there is requested information in the EOI that goes over and above the level of information we can share without breaching client confidentiality would this be prohibitive to us progressing?

Respondents are asked to provide information against criteria outlined in Section 3 of the EOI. If any information is unavailable, or cannot be disclosed, respondents should make this clear in their responses and explain why this is the case.

Could you please confirm confidentiality for all the information we are being asked to provide?

Due to our Freedom of Information (FOI) duties we cannot guarantee confidentiality but commercially sensitive information is typically exempt from FOI requests.

What restrictions would HMG want to put on finance platforms (FP) shareholder representation, in particular from other lenders?

FPs will need to demonstrate operational independence from any individual SME creditor. HMG notes that where SME credit providers want to be a designated FP it may be difficult to avoid a conflict of interest, this will be taken account of when assessing responses. Where a FP receives funding and or equity finance from a party that offers SME credit or that has links to third party SME creditors, respondents should make this clear under criteria 3.4(d- e).

Responses should include detail of how any conflict of interest will be managed. This should include detail on how platforms will ensure fair access and treatment for all finance providers – with reference to information required for criteria 3.3 (c-e). Detail should also be provided on adequate organisational structures, governance arrangements and policy on data disclosure.

Can start-ups submit a response to the EOI?

Yes, start-ups can submit a response to the EOI. Start-ups will need to outline plans for systems and procedures to be put in place in line with criteria outlined in Section 3 of the EOI. Responses should clearly specify where information provided refers to plans rather than proven operations.

Can two entities jointly respond to the EOI?

Yes, we are happy to receive responses from a consortium; responses should clearly detail the nature of arrangements between partner organisations when addressing information requirements as per Section 3 of the EOI.

Should respondents provide details on financials with reference to criteria 3.5 (b) on other business activities that it is involved in, outside the scope of the current proposal?

No, the information requirements in section 3.5 relate specifically to the operations of FPs acting within the capacity of the SME Finance Platforms legislation.

Are all questions within the EOI equally weighted?

The six criteria published in the EOI are equally weighted. As noted, scores between 0-10 will be assigned to the following criteria; data handling, business model and SME journey, strategy and transparency, legal arrangements and conflicts of interest, financials and management team. A minimum required score of 5/10 will apply to each of these categories.

With reference to question 3.3 (b) Finance provision to SMEs – are you looking for us to quantify the expected finance provision for SMEs referred by designated banks to designated finance platforms or for the 12 month finance provision we expect to generate through our platform more generally e.g. from direct SME visits?

Where possible please provide estimates of expected finance provision originating from designated bank via mandated referrals as well as those originating from direct acquisition of businesses.

If questions have the potential for a binary answer e.g. 3.5. (a) how will they be measured against the evaluation score table? i.e. how will a company without full management accounts be compared to ones who may have several years of management accounts?

The BBB will be looking at the financial strength, viability and sustainability of FPs. An assessment will be made of financial resources and controls in place to provide an on-going service. We recognise that FPs will range from start-ups to established entities and that this will impact on type of data provided.

Can you please confirm the jurisdictional / geographic remit of the draft legislation? We are assuming this is the UK only and whilst Allied Irish Bank and Bank of Ireland are DBs referrals will not be made from applications originating in the Republic of Ireland?

The legislation applies to the United Kingdom only; it does not apply to the Republic of Ireland.

Can I check if you have a certain preference for format on the responses?

Please provide responses in Microsoft Word or Pdf and Excel, if necessary.

How many attachments / appendices are allowed and what format must they be in?

All the main information being used to demonstrate how an application fulfils the criteria should be contained within the main 35 pages. Appendices and attachments should be limited to information that is purely supplementary or which necessitates a different format (e.g. spreadsheet).

Please provide responses in Microsoft Word or Pdf and Excel, if necessary.

Are hyperlinks allowed?

Yes, but they should not link through to core information which should be contained in the main 35 pages. They could be used, for example, to demonstrate what a website might look like, or to provide other supplementary information.

At what stage do you require start-ups to be in order to be successful with their response to the EOI application?

The start-up needs to be able to demonstrate that it can meet the criteria set out in the EOI.

Will there be the opportunity to apply at a later stage?

Yes, it is expected that assessment processes will be re-opened to the market within 2 years, after designation has been awarded. The BBB and HMT reserve the right to amend proposed timescales on re-designation.

With reference to 3.2(e) & (f), are you looking for a technical description of how the actual code for the platform will be tested, or are you asking for a description of business model / SME journey testing?

Please provide technical descriptions where it necessarily supports detail on the extent to which FPs have tested their systems and processes as per given business models, including the customer journey experience.
