

18th August 2020 Fractal, together with untied are delighted to announce that its SMART (SMEs Manage Accounts Receivables and Tax) solution has won its £2.5 million Pool E bid for the Banking Competition Remedies (BCR) Capability and Innovation fund, designed to improve the financial products and services available to small businesses. Fractal and untied will use the BCR bid winnings to save 50,000 businesses a year.

Congratulations to all of the other winners in this round of the Pool E grants. This award validates the winning propositions and our combined potential to help SMEs. The fund is making a significant contribution to bridging the gap in financial services available to the smallest of businesses.

Working capital is the lifeblood of any business, and nowhere is this more important than for the 4.4 million sole traders in the UK. The covid-19 crisis has exposed how vulnerable sole traders are to shocks in their working capital cycle, and the need for a technological tool that alleviates their pain.

Through SMART, Fractal and untied combine their market-leading technology and progressive regulatory changes such as Open Banking and Making Tax Digital to offer a single, SME centric solution which addresses the three levers that have the largest bearing on their working capital needs - revenue, costs and cash - thereby securing jobs, serving taxpayers, and broadly supporting the economy over the years ahead.

Fractal and untied's commitments

- Continue to strengthen the wider SME-focused financial ecosystem by integrating SMART with partners including accountants and advisors.
- Substantially improve the financial health and viability of SMEs in the UK reaching 18,720 SMEs by December 2022.
- Help SMEs to take control of their customer payment terms by providing them with innovative invoicing and POS tools to incentivise payment.

- Equip SMEs with simple, scalable and affordable tools to anticipate, prepare and submit tax.
- Deliver best-in-class SME financial forecasts and advanced cashflow tools offering data aggregation, tax and insights.
- Commit to promoting diversity and jobs nationally, creating 22 new jobs and 10 paid internships.
- Co-invest a £1 from our own finances to every £1 received from BCR.

Nicholas Heller, Fractal CEO and co-founder said: “We are grateful to the BCR Capability and Innovation Fund panel for selecting Fractal and untied, and we are excited to take up the opportunity to help the UK economy during these difficult times. Their trust in our ability to support sole traders is a testament to the teams’ execution and vision. In partnership, Fractal and untied are deeply committed to supporting SMEs with the SMART solution and fulfilling our mission to help the economy recover and prosper. As part of the bid, we will increase our diversity efforts and open a new office outside of London to continue to catalyse new fintech hubs.”

Kevin Sefton, untied CEO said: “This award highlights solutions that bring valuable services to SMEs and address gaps in existing business banking propositions. Together we are committed to ensuring that as many businesses as possible take advantage of the unique benefits that SMART brings - from invoicing and payments through to tax optimisation and submission all in one package. SMART combines untied’s market-leading tax simplification with Fractal’s revolutionary invoicing, forecasting and flows in a way that is designed around the needs and banking choices of the sole trader.”

Why sole traders?

- The initiative is focused on sole traders, who represent the greatest number of businesses in the UK of which 4.5m of the 5.9m small businesses in total, have no employees. They are key drivers to the UK economy.

- The tool will help sole traders easily invoice customers, and track and incentivise payment through discounts and penalties.
- FSB states that small businesses are owed on average £6,142, and as a consequence of not being paid on time, 37% experience cash flow difficulties and 30% have been forced to use an overdraft.
- SMART integrates cash flow management by anticipating costs, specifically tax payments. untied reports that 51% of their own users from a sample set of platform workers do not know their own HMRC login which would normally prevent them from submitting their own tax return.*
- Fractal and untied estimate that by 2025, SMART will decrease average outstanding debt to SMEs by 29%, saving the UK economy £1 billion per year.

You can see the original press release about Fractal's and untied's joint bid [here](#), why it is so important for financial providers to throw their support behind sole traders right now [here](#), and unbiased feedback for the SMART solution from sole traders [here](#).

Furthermore you can see our experiences on cultivating a diverse workplace as a long-term strategy [here](#), and our commitment to creating more jobs for young people and outside of London [here](#).

To find out more about the initiative and our partnership with untied, you can contact Lisa Leid at lisa@askfractal.com. Or, if you are interested in partnering with us to create new SME-focused solutions, you can contact the team at partner@askfractal.com.

About Fractal: Fractal is a platform-as-a-service that is reinventing how Small-Medium-Enterprises (SMEs) execute payments and access financial services. Fractal helps financial institutions (FI) and their SME clients save money by providing

a smarter payments engine and an insights platform to deliver the right product, to the right SME, at the right time.

Find out more about [Fractal](#).

About untied: untied is the UK's personal tax app. It's built for people, not accountants and is designed especially to help sole traders to get on top of their taxes. untied is the only end to end app that enables users to link their bank accounts, makes tax sense of their transactions and files directly to HMRC. untied launched untied for gig workers in April, the first tax product designed specifically for these workers. untied's partners include Revolut, Deliveroo, Stuart and Accenture. untied is regulated by the FCA, supervised by the Chartered Institute of Taxation and recognised by HMRC.

Find out more about [untied](#).

About Banking Competition Remedies (BCR) Capability and Innovation Fund:

This is a package of measures with the aim of achieving the objective of promoting competition in the market for banking services to SMEs. It stems from state aid measures given to RBS and approved by the European Commission in 2009. £100m is currently being redeployed through "Pool E", of which £20m is available to facilitate the commercialisation of financial technology that is relevant to SMEs.

Find out more about the [BCR Capability and Innovation Fund](#)