

Starling looks to the future with Funding Options partnership

Article

UK business loan platform Funding Options—which helps connect companies with banks willing to lend to them—has announced that the UK neobank will join its list of more than 120 partner banks, AltFi [reports](#). Both companies have been active players in the UK's pandemic relief lending programs, and the first goal of their partnership is to aid small business recovery in 2021. Funding Options has connected businesses with over £850 million (\$1.09 billion) in

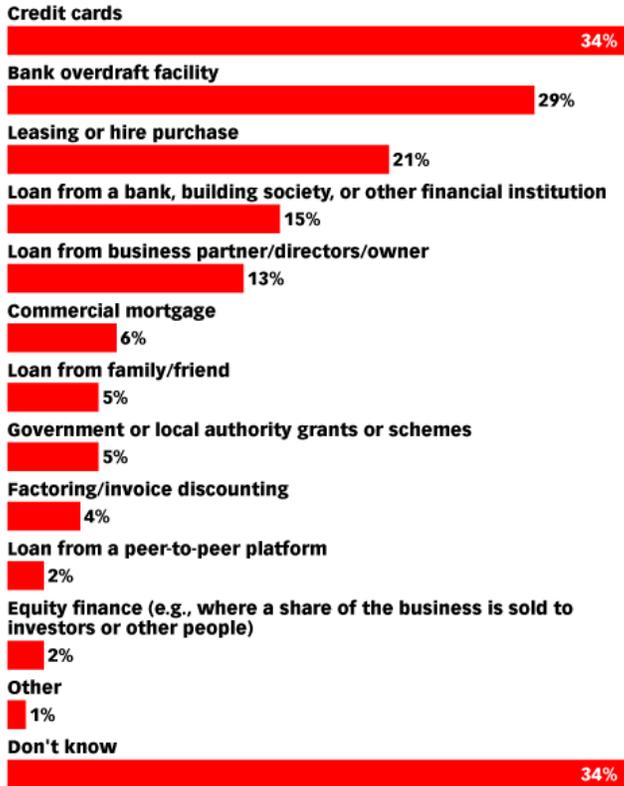
loans through the Coronavirus Business Interruption Loan Scheme (CBILS) in the past 12 months, while Starling has issued over £2 billion (\$2.56 billion) in government-backed relief loans in the same period.

Working with Funding Options is the latest in a series of tactical moves by Starling to establish itself as a prominent UK business bank by aiding clients during the coronavirus crisis. Funding Options isn't Starling's first lending partner: The neobank **teamed up** with Funding Circle in May 2020 to issue £300 million (\$384.7 million) worth of CBILS loans through Funding Circle's platform. Beyond its CBILS and Bounce Back Loan Scheme (BBLs) participation, Starling rolled out new digital features geared toward business clients' needs, such as a **tool** that asks customers questions to determine the right government-backed pandemic support offerings for them. And its efforts seem to be paying off: Starling hit 300,000 business **accounts** in March—a huge jump from the 74,000 it had in 2019—and claims to hold a 5% share of small business accounts in the UK, per AltFi.

Perhaps more importantly, Starling's partnership with Funding Options may help it hold on to its business banking momentum even after pandemic relief schemes are out of the picture. The neobank still has time to ride the wave of demand for relief loans: The UK government **launched** the country's next-stage relief lending scheme—the Recovery Loan Scheme (RLS)—earlier this week, and research that Starling conducted in partnership with Enterprise Nation indicates that 70% of small business owners who took out a BBLs loan would consider also applying for an RLS loan, per AltFi. Still, Starling's business banking surge coming on the back of strong lending through government relief schemes begs the question of how the neobank will sustain its growth after the pandemic is over. Partnering with lending platforms like Funding Options to gain exposure to a wider range of prospective clients is one solid way to do that.

Types of External Financing Currently Being Used by UK SMBs, Feb 2020

% of respondents



Note: businesses with 1-249 employees
Source: Department for Business, Energy & Industrial Strategy (UK), "Small Business Survey 2019," June 4, 2020

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