

# Recognise's £14M capital raise gets it closer to full banking—but it faces a crowded field

Article

The news: **Recognise Bank**, a UK challenger that focuses on small and medium-sized businesses (SMBs), [has closed](#) a **£14 million (\$18 million) funding round**. This amount brings

Recognise up to the minimum capital requirements laid out by the Prudential Regulation Authority (PRA), helping to clear the neobank to operate with limits on accepting deposits.

The bank, which offers an array of SMB loans, plans to roll out depository products when the PRA lifts its restrictions. It will debut personal savings accounts in the coming weeks, and launch the equivalent for businesses later this year.

**More on this:** Recognise was founded in 2018, and after it received limited authorization, made itself available to prospective customers in November 2020.

The bank laid out a pair of growth goals for both its SMB and personal banking sides:

- Issue loans worth **£1.3 billion** (\$1.67 billion) to **over 5,000 SMBs** during the **coming five years**. Since November 2020, the bank said it has gotten **lending enquiries worth £750 million** (\$962 million)
- Reach **50,000 business and personal savings customers** over the **coming five years**.

SMB-focused banking players in the UK have been competing furiously in the space that Recognise seeks to enter:

- **Starling** earned accolades this summer, including **finishing first** for business banking in a survey backed by the UK's **Competition and Markets Authority (CMA)** and **winning four British Banking Awards** that include Best Business Banking provider. The neobank **also announced** that it began turning a monthly profit in October 2020 and is **on track** to achieve annual profitability for its current fiscal year.
- **Barclays** is **partnering** with insurance provider **Simply Business** to help SMBs get coverage. The deal is the incumbent bank's latest, following partnerships to offer SMBs services from pensions to invoice financing.
- **Tide** offers a paid invoicing product **that** automatically finds late payments and gives insurance to protect against nonpayment.

**The big takeaway:** When Recognise ramps up operations in the crowded domestic market for SMB banking, it will have to stare down both neobanks and established banks.

The bank can use two of its strengths to stand out:

- It has a network of regional footprints—it calls them hubs—that offer personalized assistance to SMBs, which Recognise **touts** even as incumbents have scaled back their physical

presence.

- The bank's inaugural lineup of lending products is respectable in its breadth, **ranging** from working capital loans to loans for professional practices, such as lawyers and architects.