

## Morses Club

### New Strategic Contract for U Account

Morses Club PLC ("the Company" or "the Group"), an established provider of non-standard financial services, is pleased to announce that Shelby Finance Limited ("Shelby Finance"), the Group's Digital Division, has entered into a new supplier relationship with Modulr Finance Limited ("Modulr"), a digital payments provider. The relationship relates to the Digital Division's U Account business, which provides e-money accounts, and replaces the Company's existing relationship with Wirecard Card Solutions Ltd ("Wirecard UK").

Modulr's platform will provide the Group's U Account customers with an enhanced payments service, along with a superior customer service experience for their e-money and payment needs. Modulr's direct participation to the payment schemes Bacs and Faster Payments will provide U Account customers with a reliable card processing solution and allow them to make near instant Faster Payments. This wide-ranging digital payments solution is not typically available outside of mainstream banking providers.

The new strategic contract with Modulr will also provide the opportunity for further development of mobile payment and international payment capabilities. Moreover, the Group's development of a new biometric onboarding and servicing capability will mean U Account customers will be able to access and operate their accounts more easily and securely than before.

The new service, powered by Modulr, is expected to be available to U Account customers from Autumn 2020. The Group also plans to unveil new branding for U Account along with the launch of an improved mobile application before the end of the year, which will enable customers to take advantage of these new features.

The superior performance of Modulr's platform, along with the ability to process a larger number of new customers, should allow Morses Club to increase its scale in e-money accounts, and leverage the wider suite of Modulr products including payment initiation, Visa cards, Direct Debits and direct access to Faster Payments and Bacs schemes. The Group aims to offer complementary services to these customers, including revolving and fixed-lending products, as part of the Group's wider strategy to offer an enhanced and integrated digital offering to all its customers.

#### **Paul Smith, CEO of Morses Club commented**

*"This is another step forward in our strategy to invest in the Group's digital infrastructure, allowing us to cater for our customers' ever-changing needs and provide a high-quality product offering.*

*"Not only will Modulr be a more reliable provider for our U Account customers, but the superior technological capabilities of the platform will allow them to access a service offering not typically available outside of mainstream banking providers. On top of this, the launch of our improved mobile application before the end of the year will enable our customers to increasingly use our services in their everyday lives, deepening our relationship with and understanding of each customer.*

*"This relationship marks a significant progression towards achieving scale within the e-money accounts market, providing a bigger pool of customers who can take advantage of Morses Club's*

*other digital products. The launch of revolving and fixed-lending products to our account holders will also be a major step forwards in achieving profitability in the Group's digital division."*

**For further information please contact:**

**Morses Club PLC**

Paul Smith, Chief Executive Officer

Andy Thomson, Interim Chief Financial Officer

Tel: +44 (0) 330 045 0719

**Peel Hunt (NOMAD)**

Andrew Buchanan / James Britton / Rishi Shah / Duncan

Littlejohns (Corporate)

Jock Maxwell Macdonald (ECM)

Tel: +44 (0) 20 7418 8900

**Camarco**

Jennifer Renwick / Oliver Head / Jake Thomas

Tel: +44 (0) 20 3781 8332

**Notes to Editors**

**About Morses Club**

Morses Club is an established provider of non-standard financial services in the UK. The Group consists of Morses Club, the UK's second largest home collected credit ("HCC") provider, and Shelby Finance Limited, Morses Club's digital division, which operates under two online brands, Dot Dot Loans, an online lending provider, and U Account, which offers online e-money current accounts. The Group's growing digital capabilities and scalable, highly invested IT platform has enabled Morses Club to deliver an increasingly broad range of financial products and services to the non-standard credit market.

UK HCC is considered to be a specialised segment of the broader UK non-standard credit market. UK HCC loans are typically small, unsecured cash loans delivered directly to customers' homes. Repayments are collected in person during weekly follow-up visits to customers' homes. UK HCC is considered to be stable and well-established, with approximately 1.6 million<sup>1</sup> people using the services of UK HCC lenders.

Morses Club's HCC division is the second largest UK Home Collected Credit (HCC) lender with 224,000 customers throughout the UK. The majority of the Company's customers are repeat borrowers and the HCC division enjoys consistently high customer satisfaction scores of 97%<sup>2</sup>. In 2016, the Morses Club Card, a cashless lending product, was introduced and in 2019 the Company introduced an online customer portal for its HCC customers, which now has over 109,000 registered customers.

The Group's growing digital division, Shelby Finance, operates under two online brands. Dot Dot Loans provides online instalment loans of up to 48 months to 37,000 active customers. U Account is a leading digital current account provider offering an alternative to traditional banking by providing a fully functional agency banking service. U Account currently has c. 18,000 customers.

Morses Club listed on AIM in May 2016.

## **About Modulr**

Modulr is the Payments as a Service API platform for digital businesses. It integrates into any product or system. Modulr's new type of payment accounts are built for businesses that need a faster, easier and more reliable way to move money. Businesses can automate payment flows, embed payments into their platforms and build entirely new payment products and services themselves. All managed in real-time, 24/7 from one API.

Modulr's API makes it easy for businesses to streamline existing services, launch new products and scale more efficiently. Modulr Finance Limited (FRN: 900699) is registered with the Financial Conduct Authority as an EMD Agent of Modulr FS Limited (FRN 900573). Modulr FS Limited is an Authorised Electronic Money Institution, regulated by the Financial Conduct Authority. [www.modulrfinance.com](http://www.modulrfinance.com)

## **About the UK non-standard credit market**

The UK non-standard credit market, of which UK HCC is a subset, consists of both secured and unsecured lending and is estimated to comprise around 10 million consumers<sup>3</sup> and total loan receivables of £10.7bn<sup>4</sup>.

Non-standard credit is the provision of secured and unsecured credit to consumers other than through mainstream lenders. Lenders providing non-standard credit principally lend on an unsecured basis and the market is characterised by high frequency borrowing. Approximately 2 million people move annually between standard and non-standard markets<sup>4</sup>.

Since February 2014, unsecured personal lending has grown from £161 billion to £216 billion in February 2019<sup>5</sup>.

1 High Cost Credit Review ANNEX 1 - July 2017

2 Independent Customer Satisfaction Survey conducted by Mustard

3 FCA High Cost Credit Review Technical Annex 1: CRA data analysis of UK personal debt - July 2017

4 Apex Insight - Non-Prime Consumer Credit: UK Market Insight Report - September 2019

5 Table A5.2, Bank of England Money and Credit Bank stats February 2019