

Credit Kudos Raises £2.2m in Latest Round of Funding

Submitted by: Credit Kudos

Wednesday, 17 April 2019

Credit Kudos, challenger credit bureau and leader in commercial applications of Open Banking, announced today they have raised £2.2m in their latest round of funding. Funding is led by Ascension Ventures, through its social impact fund Fair by Design, with additional investment from existing investors NFT Ventures and Entrepreneur First's Next Stage Fund. New backers include Dragons' Den star Sarah Willingham; prolific angel investor Charlie Songhurst (investor in Affirm, ClassPass, and Coindesk); and key figures from the credit industry, including both the former CEO and MD of Callcredit, now TransUnion, John McAndrew and Graham Lund. The investment will be used to drive further growth within the UK and support expansion into Europe, alongside further investment into Credit Kudos' platform.

Credit Kudos, which launched its Open Banking platform in January 2018, was co-founded by software engineers Freddy Kelly and Matt Schofield. Upon returning to the UK after working in Silicon Valley, Freddy faced a myriad of challenges accessing credit due to his 'thin' credit file. With little to no recent financial activity in the UK, Freddy was offered only limited credit product options, with higher interest rates and restrictions. This experience led Freddy to co-found Credit Kudos to help all people access affordable credit.

In the UK alone, it is estimated that 1 in 4 UK families have less than £100 in savings, demonstrating a pervasive need for access to affordable credit. However, due to insufficient data, many individuals with the most need for credit are at risk of being pushed into high-cost credit options, and have the hardest time accessing affordable loans. It was also revealed that financially excluded individuals pay on average a "poverty premium" of £490 per annum.

Credit Kudos' mission is to advance financial inclusion through new applications of technology. Credit Kudos provides lenders, brokers and financial institutions with a highly accurate and transparent scoring system based on consumer consented data, providing a fairer representation of an individual's creditworthiness. Credit Kudos' solution enables lenders to make better decisions, whilst simultaneously helping previously overlooked individuals access credit.

Investment in this round by Ascension Ventures' social impact fund Fair by Design (FBD), is a testament to Credit Kudos' work towards the advancement of financial inclusion and reducing the poverty premium, to enable previously overlooked individuals access to mainstream credit through alternative measures of creditworthiness. "Credit Kudos is very much at the centre of the FBD investment thesis," said Emma Steele, Investment Manager for Ascension Ventures "They are a core solution to tackling the lack of fair and affordable access to credit for customers, with thin files or no credit history. We very much back Freddy's ambition to change the way the risk profile of a potential borrower is assessed. By doing that, Credit Kudos has the potential to 1) advance financial inclusion by improving approval rates for people previously excluded by the system 2) help prevent borrowers from being forced into higher priced products and 3) make it easy for lenders to check affordability. We are excited to back the team on this journey."

Also providing further investment is the world's leading talent investor, Entrepreneur First. Entrepreneur First have been a part of the Credit Kudos story since inception. Matt Clifford,

Entrepreneur First CEO said, "Credit Kudos is tackling a highly complex and challenging problem, taking a new approach that leverages machine learning to power smarter decisions. We are thrilled to be doubling down on our commitment to the team and their vision."

This funding round has brought a number of new backers including BBC Dragons' Den star Sarah Willingham, "I'm thrilled to be backing the Credit Kudos team and their mission to make credit scoring fairer and easier for both businesses and consumers. Sadly the traditional methods are still opaque and confusing and all too often consumers are penalised despite being very creditworthy. Applying new data and technology to the problem gives Credit Kudos the ability to make smarter decisions, empowering consumers and giving them greater choice. I look forward to seeing Credit Kudos make a lot of lives easier."

Securing further investment from both original investors and further industry leaders is evidence of Credit Kudos' success and growth since Open Banking became a reality in early 2018. "This investment allows us to scale up our business to meet the demands of a post-Open Banking and PSD2 world," said Freddy Kelly, Credit Kudos CEO. "This funding will be used to expand our engineering and development team to continue to deliver first to market technology across our platform, as well as supporting expansion into wider Europe."

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About Credit Kudos:

Credit Kudos is an FCA-authorised credit bureau and an Open Banking Account Information Service Provider (AISP) that uses financial behaviour to measure creditworthiness. Through direct connections to the UK's largest banks, Credit Kudos aggregates and interprets transaction data for use by lenders, brokers, and financial institutions. Credit Kudos goes beyond traditional scoring, providing a comprehensive view of a borrower's creditworthiness. Its platform transforms complex sets of information in easy-to-use, digital-first tools to help everyone make better lending decisions.

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Quoted Investor Profiles:

Ascension Ventures and Fair By Design: Ascension Ventures backs exceptional entrepreneurs with big visions – providing capital, our network, and expert mentors to grow scalable technology businesses. We support UK businesses from Seed to Series A, and since 2013, Ascension has invested (across 4 distinct funds with £22m+ AUM) in 75+ UK based early-stage companies. Current funds include the ASCEND SEIS (Seed), CENTAUR EIS (Seed+), and its Fair By Design social impact fund, helping to reduce poverty across the UK.

Fair By Design is a movement dedicated to ending the Poverty Premium: people in poverty pay more for a range of products, including high-cost credit; rent-to-own products such as kitchen appliances; and insurance in less affluent postcodes. Our Campaign works with businesses, government, and regulators to design out the Poverty Premium. Our Venture Fund provides capital to help grow innovative ventures developing products that make markets fairer.

Entrepreneur First: Entrepreneur First (EF) is a talent investor, founded in London in 2011 by Matt Clifford and Alice Bentinck to support the world's most ambitious individuals to build globally important companies. EF's bespoke programme, the first of its kind in the world, invests time and money in outstanding individuals, helping them to find a co-founder, develop an idea and create a high-growth technology company from scratch. To date, EF has helped over 1,200 individuals build more than 200 companies, with a total valuation of US\$1.5 billion. EF's companies have been funded by many of the leading venture investors in Europe, Asia and Silicon Valley. EF itself is backed by some of the world's best investors, including the founders of LinkedIn, DeepMind and PayPal and runs cohorts in London, Singapore, Hong Kong, Berlin, Paris and Bangalore. Major exits to date include Magic Pony - which sold to Twitter for a reported \$150m just 18 months after the founders met on EF - Avocarrot, Represent and BloomsburyAI.

Sarah Willingham: Sarah is an entrepreneur, investor and consumer expert. As a mum of four and a serial entrepreneur, she believes that parenthood and business can exist side by side, without sacrificing the quality of each other. Sarah is recognized as one of Britain's most well known female consumer champions regularly appears in the media, commenting on business, personal finance, consumer affairs, as well as the food and leisure industry. She was a judge and investor, for three years, on Raymond Blanc's The Restaurant and sat alongside Peter Jones, Deborah Meaden, Nick Jenkins and Touker Suleyman on the panel of Dragons on Dragons' Den for two years.