

After weathering a year of the pandemic, positive signs for Revolut and Starling

Article

The coronavirus pandemic arrived in the UK a little more than a year ago, scrambling neobanks' strategies and requiring them to cut costs and shore up revenues. But after a year

of turmoil, two of the UK's highest-profile neobanks are seeing signs of better days ahead, the Financial Times [reports](#):

- **Revolut sees promise in the US market.** The neobank originally planned to campaign for customer acquisition in earnest last March, but put those plans on hold with the advent of the pandemic. Now, Revolut has announced that it will launch an aggressive marketing blitz in the US as it works toward a goal of 1 million customers in the country by the end of the year, Financial News [reports](#). And this is just on the consumer side: The neobank also [launched](#) business accounts across the US at the end of last month. In a further sign that Revolut is playing the long game in the US, it has also [applied](#) for a US banking charter that would give it more flexibility to bolster its deposit solutions and expand into lending products for a fraction of the cost.
- **Starling foresees sustained demand for business relief loans.** The neobank leaned hard into demand for relief loans through the UK government-backed Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loan Scheme (BBLs) throughout the past year. It got [accredited](#) in April for CBILS and May for BBLs, and went on to [accept](#) BBLs loans from noncustomers for longer than other lenders. This tactic has paid off handsomely: Starling hit 300,000 business accounts in March—a huge jump from the 74,000 it had in 2019—and has enjoyed a [streak](#) of profitable months. And though it will eventually need to devise a long-term business lending strategy independent from emergency relief loans, it may be able to keep riding the wave of demand for relief loans for the time being. The UK government [launched](#) the country's next-stage relief lending scheme—the Recovery Loan Scheme (RLS)—yesterday. 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. While Starling is currently not an accredited RLS lender, it is in [discussions](#) with government regulators to get accredited and believes it will be able to begin accepting applications soon.

Total UK Digital Banking Market Share of Select Neobanks

2019-2020

Monzo



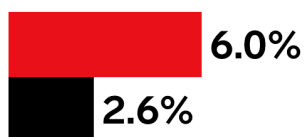
Revolut



Starling



N26



■ 2019

■ 2020

Note: N26 announced in February 2020 it would exit the UK market.

Source: Apptopia, 2020

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