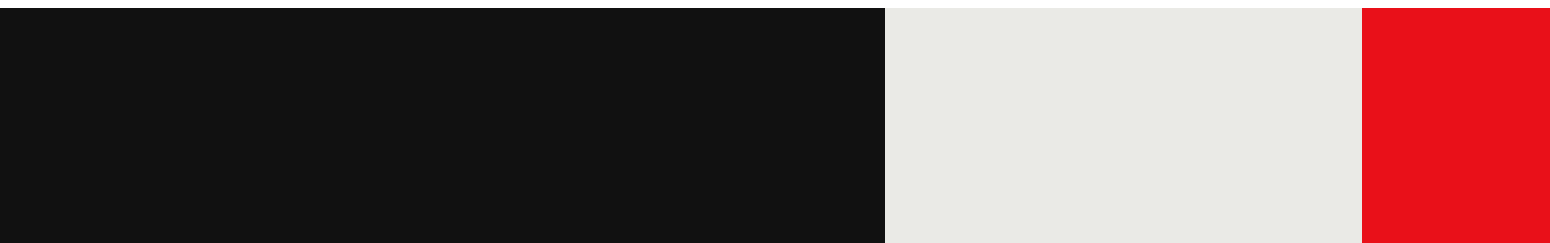



# Starling gains ground on neobank competitors in the UK

Article



The UK neobank's share of the UK digital banking market spiked 32% between 2019 and 2020 from 13.4% to 18.1%, according to data from Apptopia **cited** by AltFi. This made Starling the biggest beneficiary of shifting market share among digital banks, while Monzo took the stiffest hit—with the exception of N26, which in February 2020 **announced** it would exit the UK market—dropping from 44.1% to 38.7%, a loss of 14.5% of its slice of the market.

The UK's other high-popularity neobank, Revolut, held mostly steady, going from 15.3% of the market to 15.8%.

**The good news for Starling comes on the back of a year in which the neobank made a blitz to elevate its profile by responding strongly to the coronavirus crisis.** In early May, Starling quickly became **accredited** under UK government-backed business loan programs to provide aid to small businesses. It also rolled out a number of digital **tools** to further aid businesses during the pandemic. These bold moves ratcheted up Starling's popularity with business customers—as of this month, it totaled 300,000 business accounts, up from 74,000 in 2019—and likely contributed to the neobank's current groundbreaking four-month streak of profitability.

**But an eventual triumph by Starling over Monzo and Revolut is not assured, as both are making moves to flesh out their business offerings and move towards profits.**

- **For Monzo, a loss of market share in 2020 is a particularly tough pill to swallow,** given that its most recent annual report showed that losses doubled to £113.8 million (\$149.5 million) for its 2020 fiscal year (ended February 29, 2020). But the neobank is taking small steps in the right direction, amassing 135,000 customers for its two paid consumer bank account offerings, Monzo Plus and Monzo Premium, since their respective **July** and **October** 2020 launches. And its business client totals are on the rise as well, reaching 80,000 since the neobank **debuted** business accounts a year ago.
- **Revolut is making a play for business clients that could help anchor its profitability as well,** **introducing** a suite of bookkeeping tools for small businesses last week and **enabling** SMBs to accept and review payments instantly via QR codes last month.

**These measures could help Monzo and Revolut cement their presence in the neobanking market,** by moving them towards sustainable profits and increasing client satisfaction to prevent bank switching.

# Total UK Digital Banking Market Share of Select Neobanks

2019-2020

Monzo



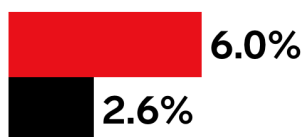
Revolut



Starling



N26



■ 2019

■ 2020

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

Source: Apptopia, 2020

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