

Chip picks custody, trading, and settlement API for new investment platform

Article

The UK-based personal financial management (PFM) app chose Seccl to power its investment platform, which will launch on April 25, [per](#) Finextra. Chip users will have access to a Stocks

and Shares ISA and a General Investment Account, and as custodian, [Seccl](#) will process the trades and settle investments with its API. This adds to [Chip's](#) current offering, which lets users connect their bank accounts to set financial goals and automate savings into its [0.3%](#) annual equivalent rate (AER) savings account or a [1.25%](#) AER savings account for existing customers who invite new users.

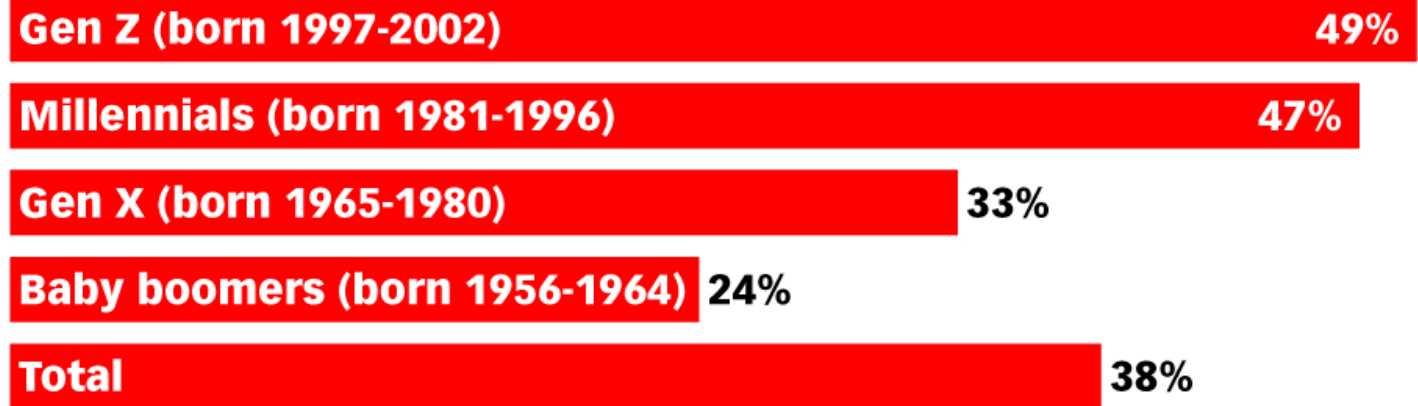
The partnership helps Chip diversify its revenue streams in two key ways:

- **Seccl's API will let Chip rapidly launch and upgrade its new investment product.** By outsourcing the underlying tech infrastructure, Chip avoids spending the time and resources required when building trading capabilities in-house. Chip can also use Seccl's API to add products seamlessly down the line, like pensions—Seccl powers online pension provider [Penfold](#), for example. This should boost Chip's user acquisition because investing typically offers higher [returns](#) over the long term than savings.
- **Plus, investments will generate more stable revenue for Chip than its savings accounts.** The investment accounts will come with a [£3](#) (\$3.85) monthly subscription and 0.25% annual platform fee irrespective of the economic outlook. By contrast, the interest rates on Chip's savings accounts are much higher than traditional banks' [0.01%](#). With the Bank of England expected to keep national interest rates at [0.1%](#), this will make it expensive for Chip to keep its own rates so high and attractive to new users. Chip CEO Simon Rabin said that cash has turned into a "[dead asset](#)" because of current interest rates, making it all the more important to shift Chip's offering to more wealth-generating solutions.

While partnering with Seccl is a good first step toward making its investment product a success, Chip should add a smart transfer feature to encourage user adoption. US PFM players [M1 Finance](#) and [Wealthfront](#), for example, allow users to transfer excess cash automatically based on a threshold they set between their in-app checking and investment accounts. This would be a natural expansion of Chip's existing services, which already automate transfers between users' banks and in-app savings accounts. An enhanced smart transfer feature could encourage users to make transfers from their Chip savings to their investment accounts, helping them generate higher returns over the long term with minimal manual management. This would both enhance customer satisfaction and attract more users to the investment accounts, generating more revenue.

US Adults Who Consider a Robo-Advisor a Safe Way to Invest, by Generation, May 2020

% of respondents in each group



Note: strongly or somewhat agree

Source: Vanguard, "Generational views on financial advice, investing, and retirement," Aug 1, 2020

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