

Starling's European BaaS play turns away from consumers, seeking back-end success

Article

The news: Starling will expand its banking as a service (BaaS) business to continental Europe, per AltFi. The UK neobank's initial markets will include France, Germany, Spain, and the

Netherlands.

- Its French expansion, first reported [by](#) Les Echos, is [slated](#) for 2022 and already [includes](#) a hiring push.
- The neobank made its [initial](#) BaaS entry in 2018 in its home market—and clients [now include](#) financial services companies like **Raisin**, **MoneyBox**, and **CurrencyCloud**.

More on this: Starling CEO Anne Boden [outlined](#) her vision for her company's BaaS offering—she calls it **Starling as a Service**—in a “letter to herself” within a LinkedIn post.

- **Boden views the BaaS market opportunity as vast, citing the retail, healthcare, utilities, and manufacturing industries** as sectors that could benefit from Starling's product.
- She stressed how the neobank can benefit businesses that embrace its BaaS product, pointing to advantages in convenience, cost, and complexity.
- Boden also noted that Starling can take on the cumbersome tasks of adding financial services—like anti-money laundering and know your customer regulations—while clients only need to roll out the features.

Trendspotting: Starling's expansion is the latest case of a financial services firm moving into—or branching out within—the BaaS market:

- Fellow UK neobank **Monese** [announced](#) earlier this month that it's jumping into BaaS, with customization choices for clients in various countries.
- French standalone BaaS provider **Swan** [revealed](#) that it raised Series A funding to power pushes into multiple European markets.
- Australian neobank **Volt** has [shifted focus](#) to BaaS amid upheaval in the country's consumer neobanking market.

The big takeaway: Neobanks like Starling can deploy BaaS for areas in which they have experience—like core banking technology and regulatory maneuvering—without having to establish a front-end user experience.

This could also result in their creating a promising line of business with established non-financial companies. For example, a 2020 survey from Capgemini and Efma [shows](#) that banking customers are interested in having access to banking products from healthcare providers, big tech companies, and retailers.

Banking Products/Services from Nonbanking Firms that Would Interest Banking Customers Worldwide, by Business Type, Nov 2020

% of respondents in each group

| | Accounts | Cards | Payment | Lending |
|----------------------------------|----------|-------|---------|---------|
| Big techs | 18% | 30% | 38% | 10% |
| Educational institutes | 14% | 23% | 26% | 9% |
| Fintech | 24% | 25% | 29% | 11% |
| Healthcare providers | 13% | 26% | 29% | 9% |
| Mobility providers | 10% | 21% | 33% | 7% |
| Quick-service restaurants | 10% | 27% | 33% | 7% |
| Retailers | 12% | 30% | 34% | 11% |
| Telecom operators | 13% | 25% | 33% | 8% |
| Travel and hospitality companies | 10% | 31% | 30% | 8% |

Note: n=8,559

Source: Capgemini, "World Retail Banking Report 2021" in collaboration with Efma, March 25, 2021

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