

# Monzo paid accounts off to solid start, brightening profit hopes

Article

The UK neobank has reached a combined total of 135,000 customers for its two paid consumer bank account offerings since their launch in [July](#) and [October](#) 2020, said TS Anil, CEO of Monzo, in an interview [cited](#) by AltFi. For context, Monzo Plus costs £5 (\$6.41) per month, while Monzo Premium costs £15 (\$19.24). Meanwhile, the neobank's total business

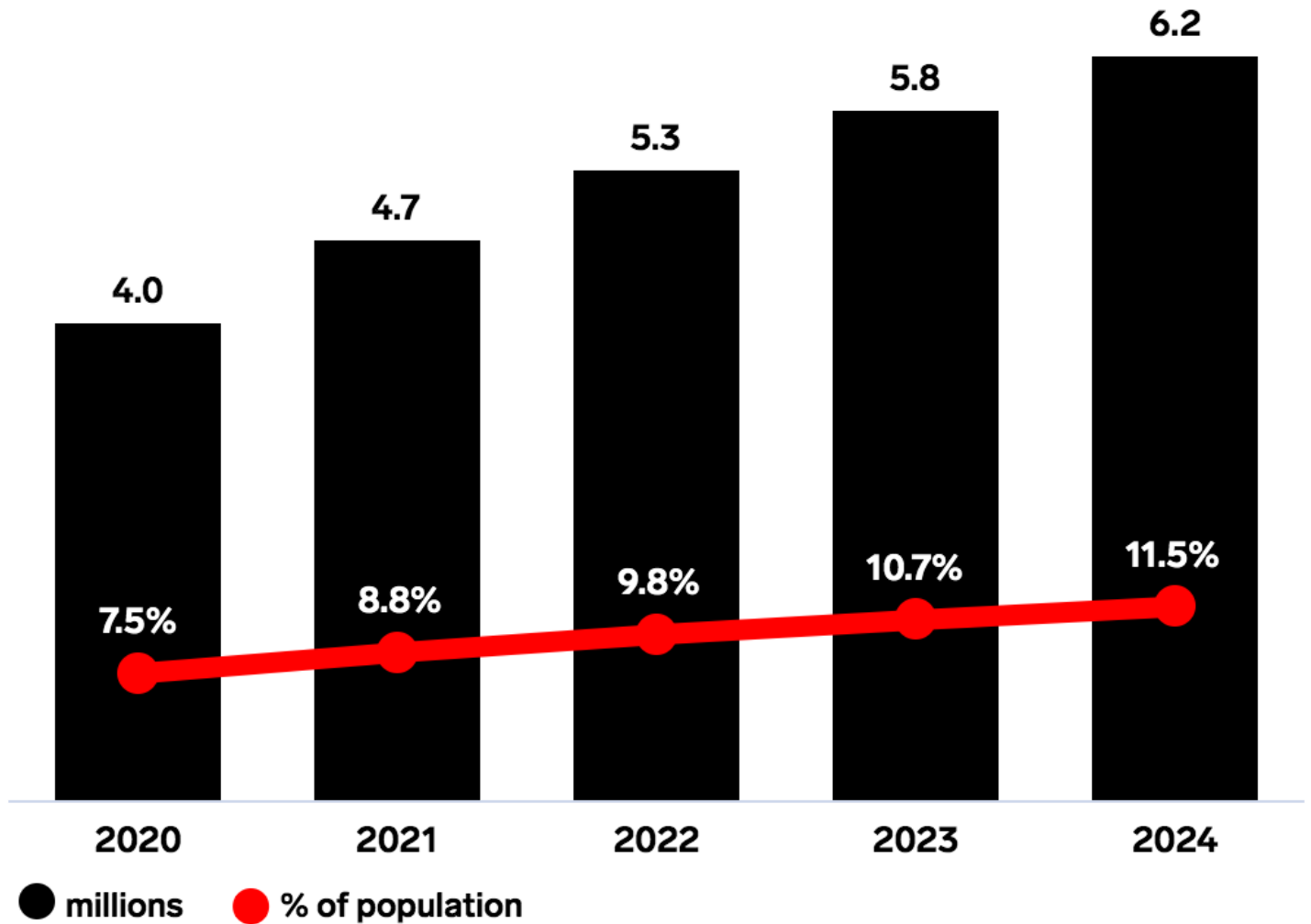
accounts—comprising the free Business Lite and £5 (\$6.41) per month Business Pro—have climbed to 80,000 since their [launch](#) in March 2020.

**Monzo has gained good—if not dazzling—traction with its paid accounts as it attempts to match pace with its UK neobank rivals.** Monzo’s premium and business offerings are still young, and they’re not yet as potent as similar accounts are for other challengers: For example, Starling counts more than 300,000 small business [clients](#), despite its much smaller customer base (2 million) relative to Monzo’s (5 million). With Monzo’s 135,000 paid customers representing only 2.7% of its total base, per AltFi, the neobank still has a long runway for growth, though it may need to work harder to convince users to make the jump to premium.

**Both business banking and signing up paid retail banking customers will be essential to Monzo’s profitability and sustainability as a company.** Bringing on higher volumes of business clients and converting retail customers from free to paid accounts are two of the main approaches neobanks can use to solve their profitability problem. Business customers tend to be more lucrative for banks—as evidenced by business-centric UK neobank OakNorth, which [reported](#) a £65.9 million (\$84.5 million) profit in its 2019 annual report (its most recent). And signing up clients for paid accounts guarantees neobanks a baseline income per customer that isn’t dependent on transaction volume. Increasing both business clients and paid consumer accounts will thus be important goals for Monzo going forward, especially because 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)—and Monzo said at the time of its release in July that the disruption caused by the coronavirus pandemic had created “significant doubt” about its ability to continue operating.

# Monzo Bank Account Holders and Penetration

UK, 2020-2024



Source: eMarketer, June 2020

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