

Chip seeks mega-raise to sustain its growth momentum with global expansion

Article

The news: The UK-based personal finance management (PFM) app is **planning to raise up to £100 million (\$128.2 million) over the next two years** through a mix of crowdfunding and

institutional backing, per Finextra.

About Chip: Launched in October 2016, **Chip** offers users access to PFM tools, interest-bearing savings accounts—and more recently, investments.

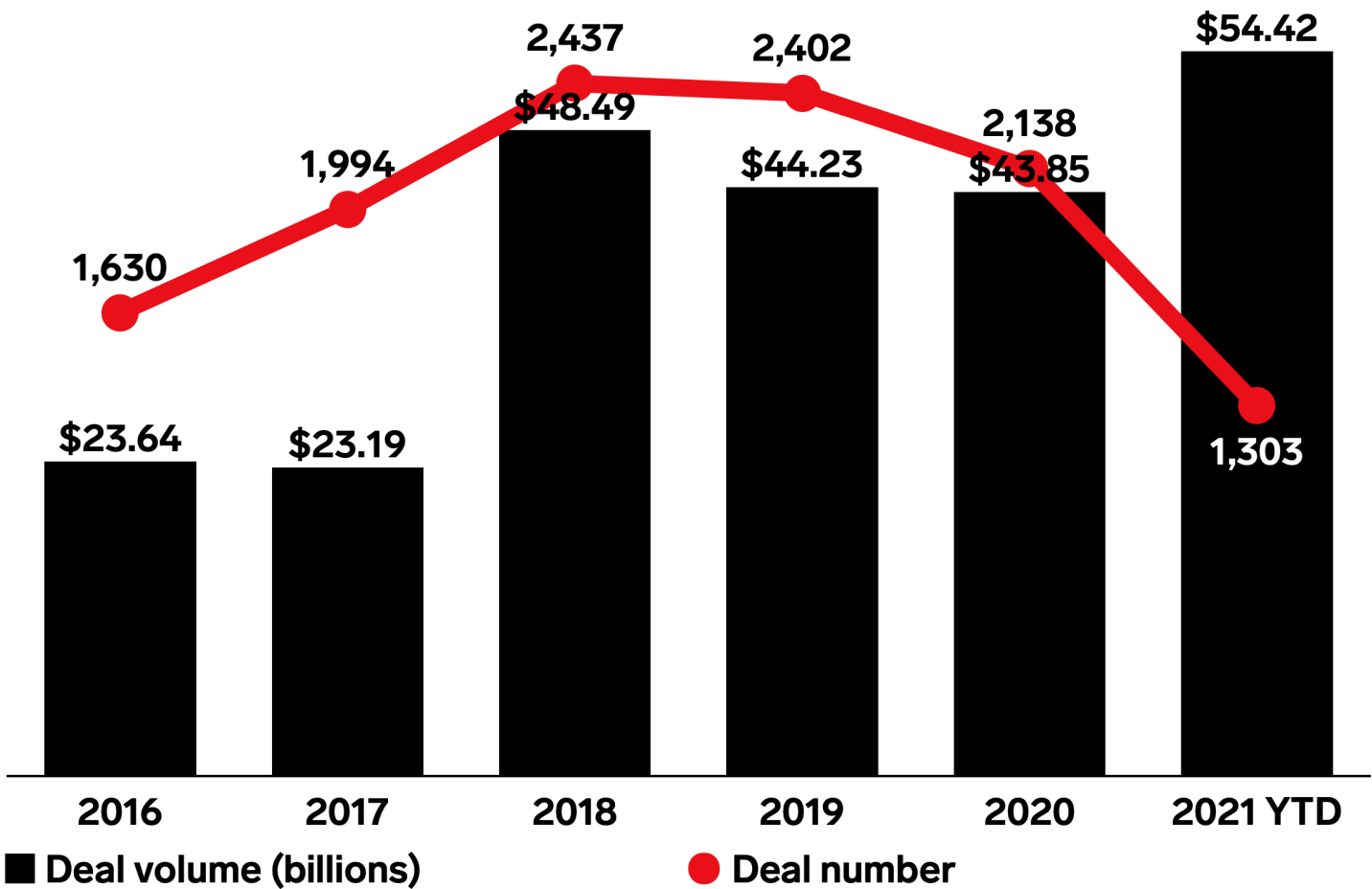
How we got here: Chip will use the funding to expand into new markets following a strong year of user and revenue growth.

- In the past year, **Chip's user base grew by more than 60% to over 400,000**. The **average user's balance reached £2,961 (\$3,797)** this September, up from £459 (\$588) at the same time last year.
- Users' higher balances likely enticed some to switch to Chip's premium offering, which added an investing **platform** in May. Chip offers three investment funds for a **£1.5 (\$1.9) monthly fee** or 10 funds for **£3 (\$3.8)**.
- Investing typically offers **higher** returns over the long term than savings, increasing the appeal of paying for investment services rather than leaving deposits in the free interest-bearing savings accounts.
- This shift likely helped increase Chip's **revenue by 500%** since December.

Why going global is the right move: Chip faces tough competition in the UK. international expansion offers an opportunity to cast a wider net to keep up the momentum of its user acquisition.

- Despite Chip's record year, its offering remains more expensive than that of its close peer, **Plum**, which reached **1 million users** last year and offers access to **12 funds** for just **£1 (\$1.3)** a month.
- **Emma** has **600,000 users** and plans to add stock and crypto trading in Q4 to better compete with the likes of Chip.
- The UK is also home to mature neobanks that offer similar PFM tools—and even trading in the case of **Revolut**—**per The UK Neobank Competitive Edge Report 2020**.
- Chip's expansion abroad lets it capitalize on growing fintech activity in less mature markets. For example, although fintech ecosystems in France and Germany are **burgeoning** this year, they still trail far behind the UK.

Annual Global Fintech Funding



Source: CB Insights, "State Of Fintech Q2'21 Report: Investment & Sector Trends To Watch," July 22, 2021

Methodology: Fundings were verified via various federal and state regulatory filings, direct confirmation with firm or investor, or press release.

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