

UK neobanks must maintain focus on richness of mobile functionality amid profitability push

Article

The UK mobile banking competitive landscape:

We forecast that UK digital-only banks will have 14.0 million customers in 2021, up from 9.1 million in 2019. In spite of swelling account holder numbers, profitability has so far eluded UK neobanks—and they are now shifting their focus away from their frenetic roll out of free innovative features and toward monetizing existing users.

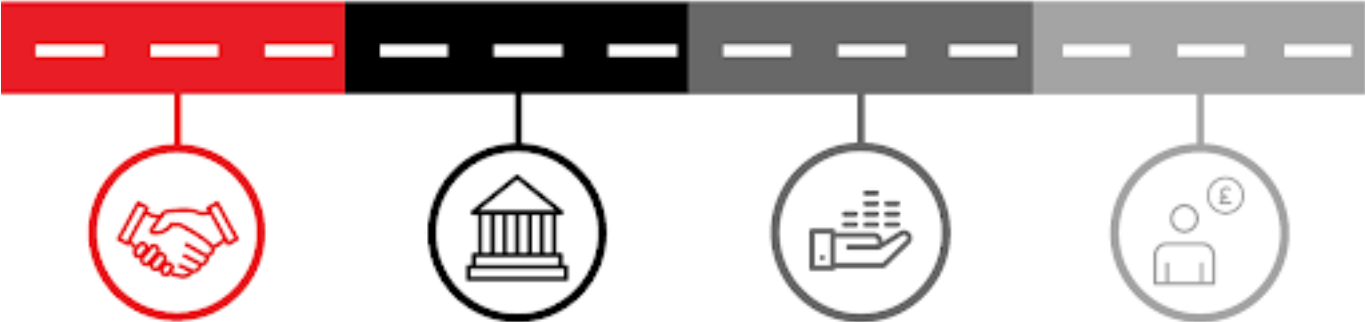
Neobanks are trying to move into more profitable services, like lending, and some are moving advanced features over to their premium accounts to lure users—but they can't let their guard down on mobile features. Innovative mobile apps are integral to neobanks' ability to attract new users and convince existing ones to purchase new products or pay for services.

Here are three features that UK neobanks can roll out to differentiate their offering—in turn complementing their monetization push by driving user interest and engagement in all their offerings:

- **Set alerts for unusual account activity.** The ability to set alerts for potentially fraudulent activity ensures customers are quickly notified about such instances. Once informed, customers can swiftly identify and act on fraudulent transactions—or confirm that no action is needed, which prevents the neobank from needlessly freezing their account. This was the most in-demand feature in this year's study, with 56% of respondents rating it “extremely valuable”—yet no neobank offered it.
- **Use your mobile banking app to confirm a login from an unfamiliar device.** Confirming logins from new devices via the app helps customers keep their account under lock and key—and might become increasingly standard at banks in the UK, thanks to the March 2022 deadline for Strong Customer Authentication (SCA). This was the second most in-demand feature in the entire study, with 43% of respondents deeming it “extremely valuable.” But again, none of the neobanks offered it, putting them a step behind two legacy banks in our companion [study](#).
- **Put a temporary hold on your debit card.** Temporarily freezing a debit card is a first line of defense for a lost card. It can not only protect customers from fraud losses, but also spare them the time and expense of replacing a momentarily misplaced card. Some 42% of respondents called the tool “extremely valuable,” and all four neobanks supported it.

[Read the full report here.](#)

Neobanks' Road Map to Profitability



Create partnerships to offer more services

Offer business banking

Push toward more profitable services, like lending

Boost premium accounts

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