

HSBC counters neobank challenge with mobile business banking

Article

The UK-based multinational bank has debuted its HSBC Kinetic service, which is designed to offer small businesses access to a fast and simple mobile banking experience, TechRadar [reports](#). Interested customers can apply for an account through the app, which will be available for iOS and Android. Kinetic accounts enable users to align their finances with UK tax coding and view monthly cash flow breakdowns. The accounts can also be integrated with

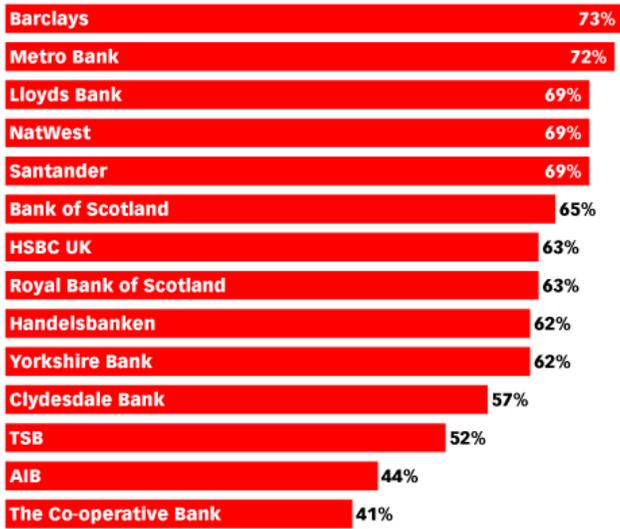
accounting software from Xero, QuickBooks, and Sage, first through an 18-month free period, and then for £6.50 (\$8.34) per month thereafter.

Kinetic's rollout is a step outside of HSBC's heavily Asia-focused growth strategy, under which the bank has retreated from markets in Europe and North America. Reports [emerged](#) in January 2020 that it was mulling the sale of its Turkish business, and earlier this month, it entered [talks](#) to sell its French retail unit. Meanwhile, in February HSBC [announced](#) it would scrap its US retail plans, explore selling its 150 US branches, and make a strategic pivot toward Asia. The new business banking offering may not fit with this Asia-centric strategy, but it does reveal that HSBC still values its UK presence and will look to defend its home market share.

Kinetic will arm HSBC against digital challengers in the UK business banking space, and the at-launch inclusion of an online portal was a particularly strong strategic call. Several neobanks in the UK are hungry to gain more share in business banking, including Tide, [Starling](#), Monzo, and [Revolut](#). The mobile-first Kinetic offering could help HSBC—an incumbent in the space—defend itself from getting outflanked in the digital channel by these challengers, similar to how its digital subsidiary [First Direct](#) keeps HSBC competitive against challengers on the consumer banking side. One particularly strong decision HSBC made with Kinetic is to launch it with browser [access](#), which could make Kinetic easier to use on a desktop or larger interface better suited to more complex business operations. Acting quickly on this point was an important strategic decision, given that some of Kinetic's competitors—[Starling](#), for example—have already added online compatibility to their previously mobile-only business offerings.

Likelihood that UK SME Customers with Business Current Accounts Would Recommend Their Business Current Account Provider to Friends and Family Based on Digital and Mobile Banking Services, July 2019-June 2020

% of respondents



Note: n=16,800
Source: BVA BDRC, "Business Banking Service Quality - Great Britain," Aug 17, 2020

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