

# Alex, the new Australian neobank on the block, launches Temenos collaboration

Article

**The news:** Australian neobank “Alex” has gone [live](#) on Temenos’ software as a service (SaaS) Temenos Banking Cloud. Earlier this month, [Alex](#) received its Restricted-Authorized Deposit-

Taking Institution (RADI) license from the Australian Prudential Regulation Authority (APRA).

**More on this:** Currently, Alex's only offering is personal loans between **A\$2,100 (\$1,444.84)** and **A\$30,000 (\$20,640.52)**, with repayment periods ranging from six to 60 months.

Temenos' press release claims that its technology has enabled it to process approximately **10,000 loans** in the last six months, and complete each application in **three minutes**.

Alex plans to roll out a wider range of savings and lending products in the future. Temenos noted that its preconfigured Australia Model Bank methodology will help it do so quickly.

**The bigger picture:** A recent contraction in the Australian retail neobanking environment forced out two consumer-facing neobanks, leaving space for new entrants.

- From 2018 to early 2020, four budding neobanks held banking licenses and positioned themselves as alternatives to the country's incumbents.
- The pandemic and prevailing economic headwinds eventually forced **Xinja** to **shutter** in December, and **86 400** agreed to be **acquired** by National Australia Bank in February 2021.
- Two of the original four remain—**Volt and Judo**—but Volt has **pivoted** toward banking as a service (BaaS) and mortgage lending, and Judo is SMB-centered.

The result is a dearth of consumer-facing neobanks in Australia—partially by design, as the Australian Prudential Regulatory Authority (APRA) has worked to **stiffen** its requirements for neobanks seeking full banking licenses. (Alex currently has a restricted license and will need to conduct a limited launch of a deposit product to get a full license.)

The open space gives Alex an opportunity to quickly ramp up its customer base once it begins broadening its offerings. Its primary competition will be **Up**, whose parent bank, **Bendigo and Adelaide Bank**, supplies it with licensing.

Another tailwind for Alex is that its first product—loans—are profit driving. One major cause of 86 400's and Xinja's downfall was the expensively generous high-yield savings accounts that made their initial splash in the market. A revenue-first approach could set Alex on a path to sustainable long-term growth.

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**How Likely Are Internet Users in Australia to Select a Digital Bank Without Branches When Opening Their Next Checking, Savings, or Money Market Account?**

% of respondents, July 2020

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Note: ages 18+

Source: J.D. Power, "Financial Services COVID-19 Pulse Survey," Aug 4, 2020

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