

Country Profile



United Kingdom

TOTAL POPULATION ACTIVE POPULATION

67 m

34 m

GROSS DOMESTIC PRODUCT GDP GROWTH

US\$3.13 Tr

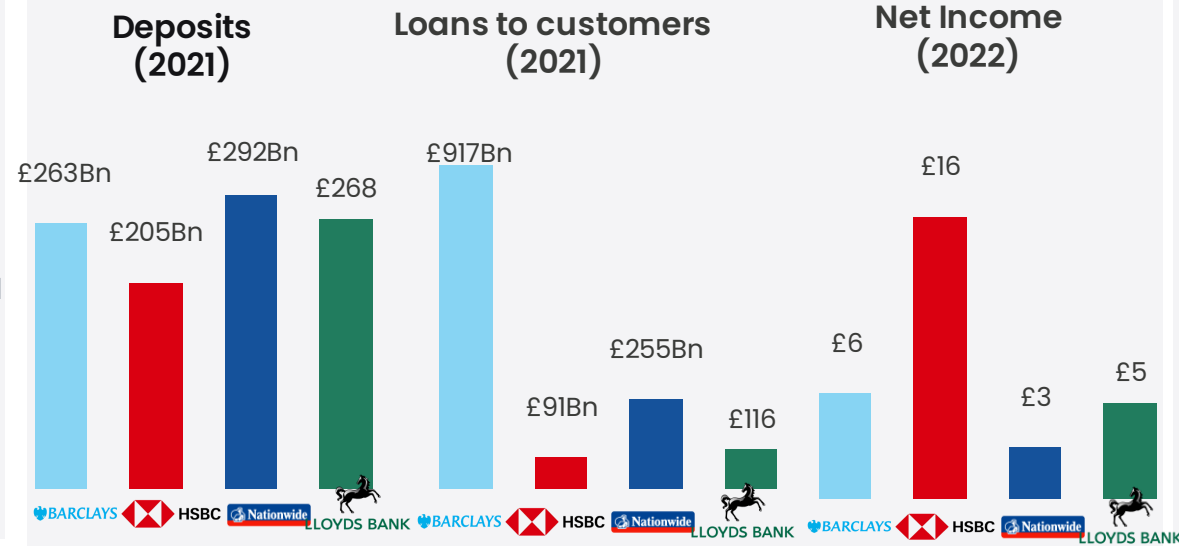
4.0%

GDP Projection (2023) WORLD ECONOMY RANKING

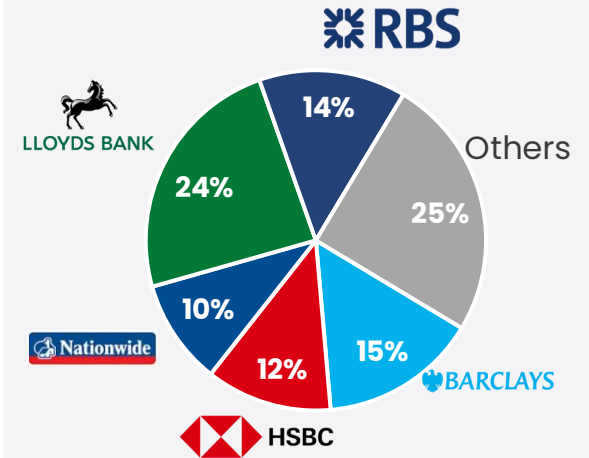
-0.3%

5th

Key Figures of Top Banks in UK (millions)



Market share (2021)



Total Lending (2023)

£1.6 Tr

+ 3.9% YoY

Financial assets (2023)

£7.3 Tr

-0.24% YoY

Total Deposits (2023)

£ 67 Bn

+ 3.2% YoY

Return on equity (2022)

8.42 %

+470% YoY

Share of assets held in the EU (2022)

21%

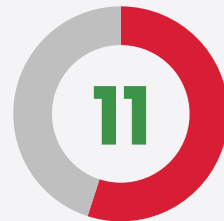
Competitive landscapes

345

Number of Lending Institutions

46

Digital Only Brands in the country



Number of retail products offered by digital brands

Prominent Digital Brands

Local

Revolut

monzo

OakNorth Bank

Starling Bank

Foreigner

CHASE

1.5m+ users in the UK



Bank concentration by revenue share in the UK 2023



64,000

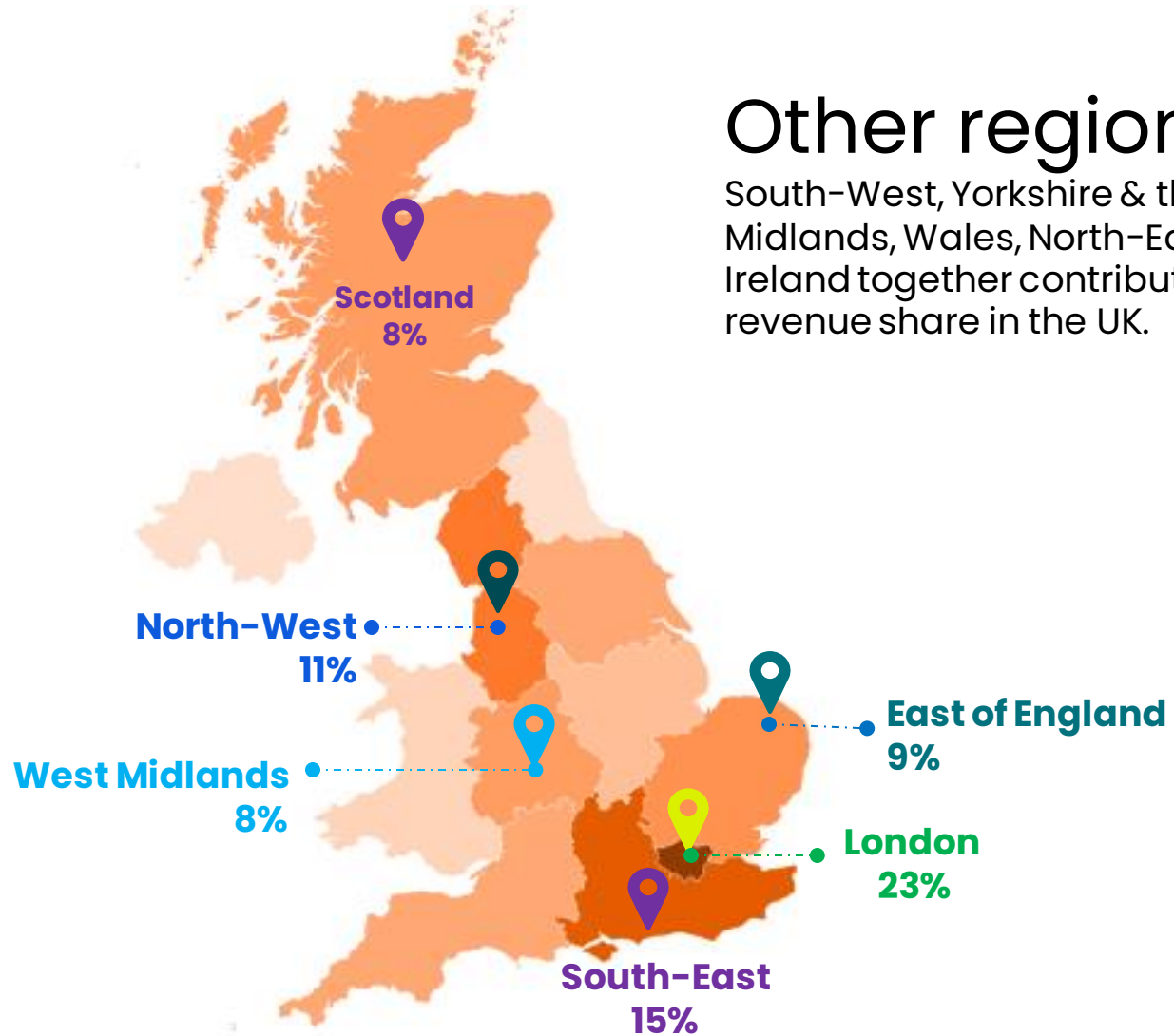
London has the world's highest concentration of financial and professional service firms

76,500

people work in FinTech UK-wide

42%

of workers in UK FinTech are from overseas



Other regions

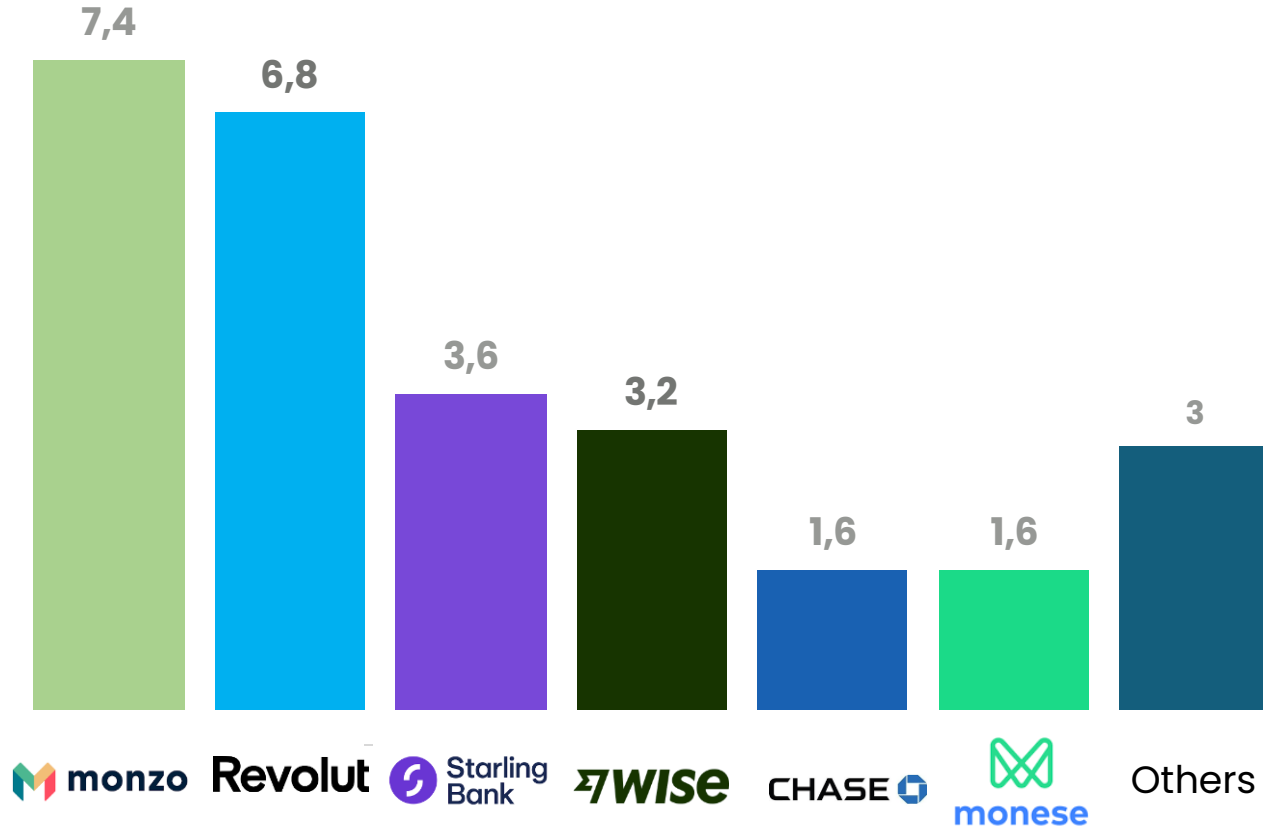
South-West, Yorkshire & the Humber, East Midlands, Wales, North-East, and Northern Ireland together contribute about 26% of revenue share in the UK.



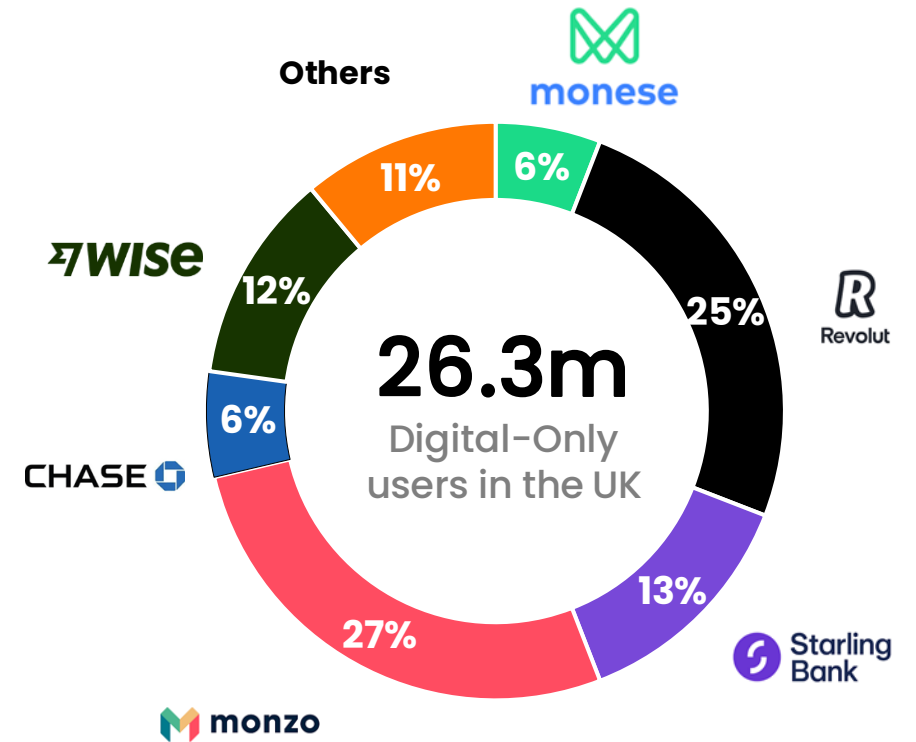
37% of Brits have digital-only accounts, up from 9% in 2019, yet a quarter remain wary of leaving traditional banks.

United Kingdom Retail Digital Banking Landscape

Number of Users by Digital Only Banks in the United Kingdom (Million of users)



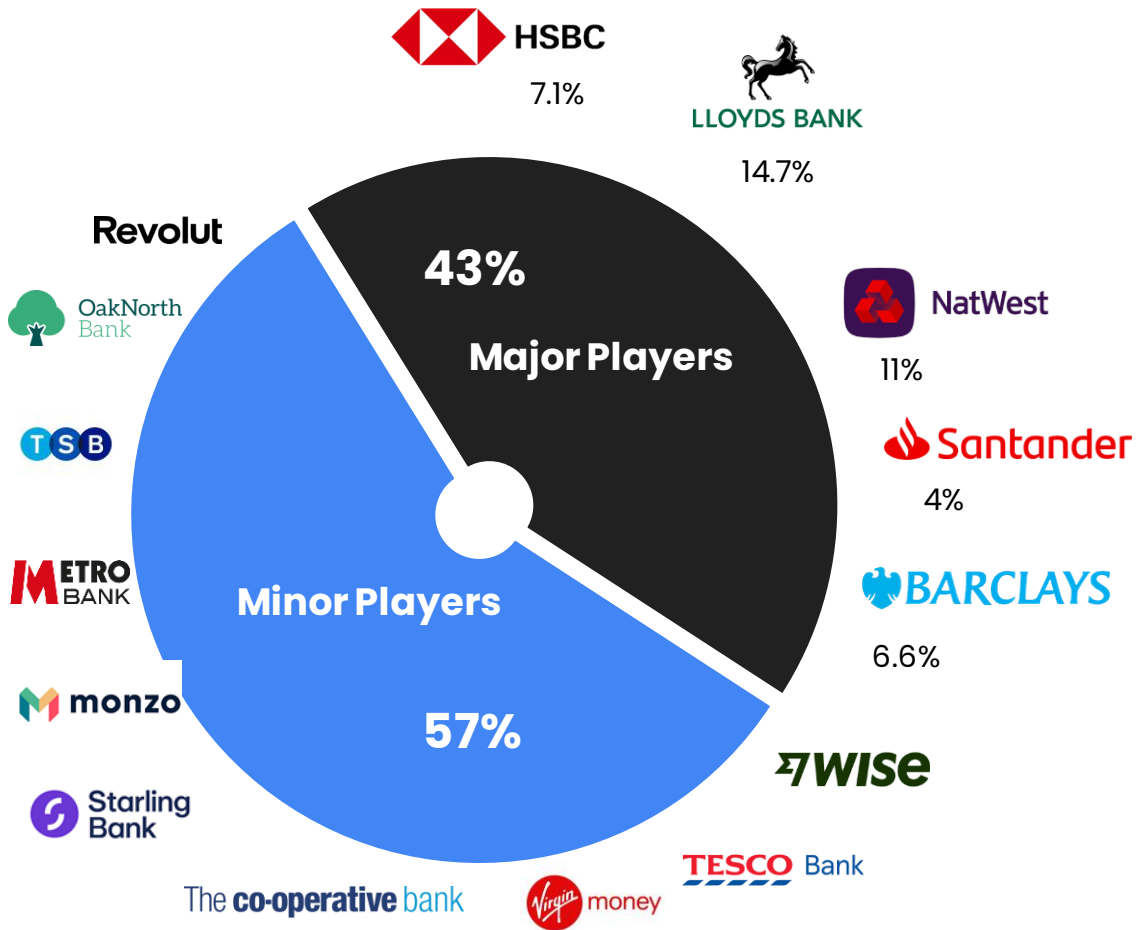
Digital-Only Banks Market Share in the United Kingdom





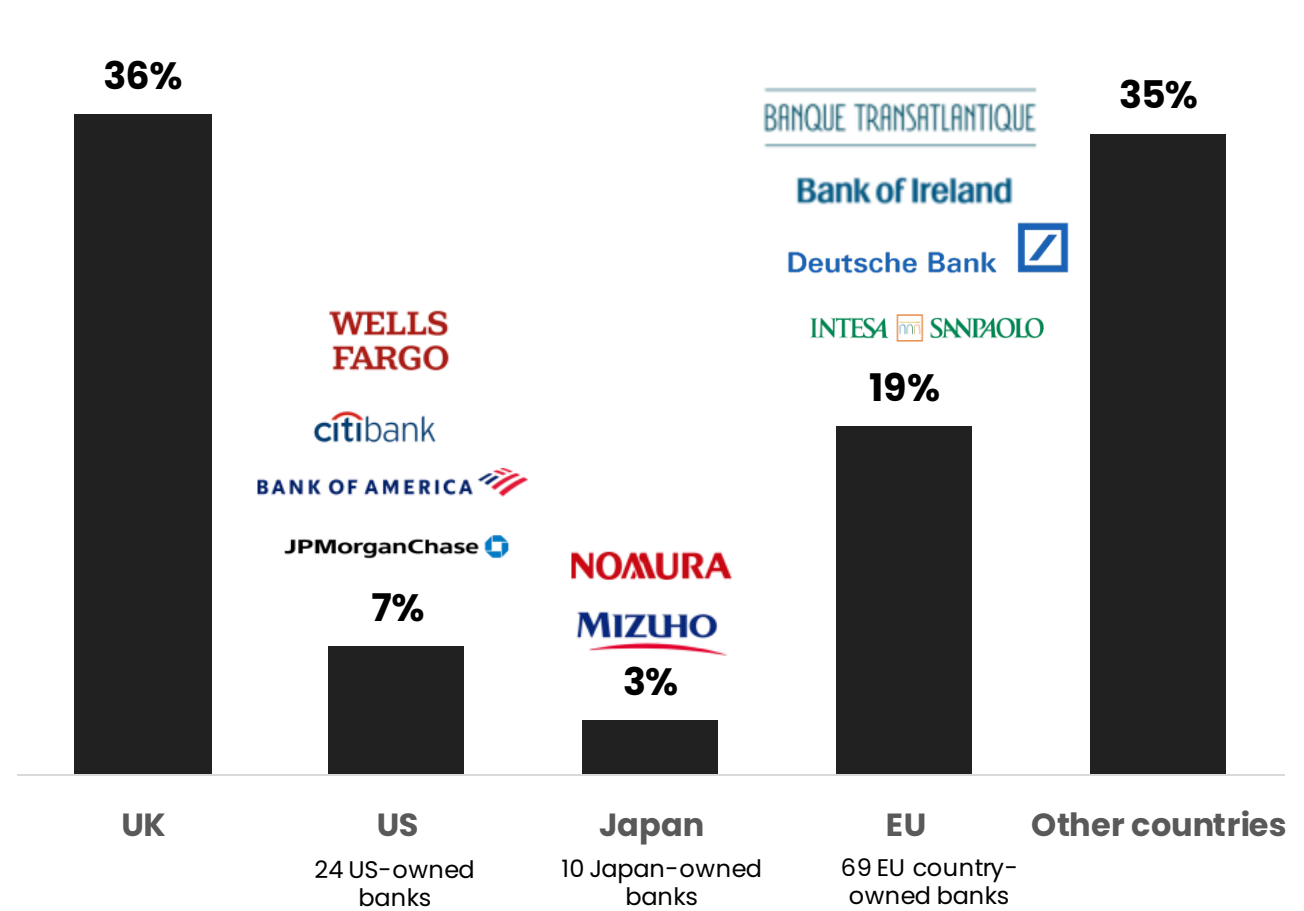
In the UK, over a third of banks are domestically owned, with nearly one-fifth owned by EU countries.

Market share concentration of banking in the UK 2023



Note: Non-Exhaustive list

Number of banks operating in the UK, by origin 2022

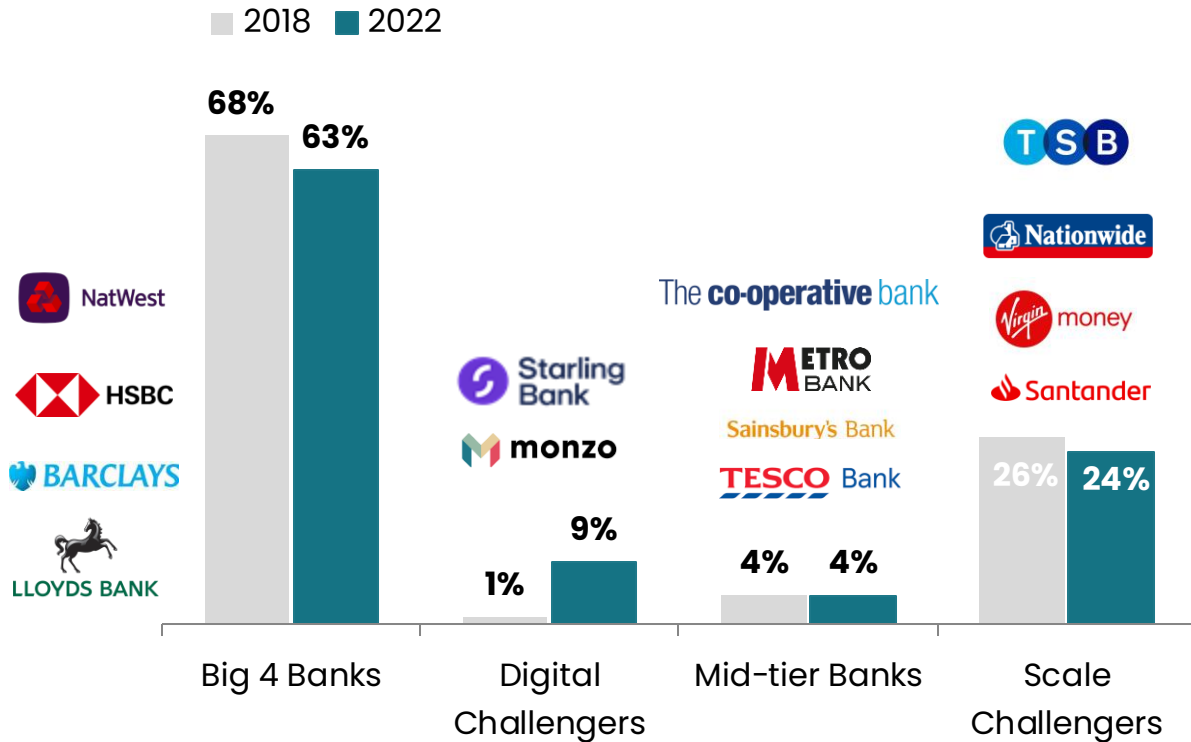


Source: [Statista](#), [Wikipedia](#), [Bank of England](#) IBIS World Bank UK 2023
 Market share concentration graph recreated from [Banking Landscape in the UK](#) according to C-Innovation standard

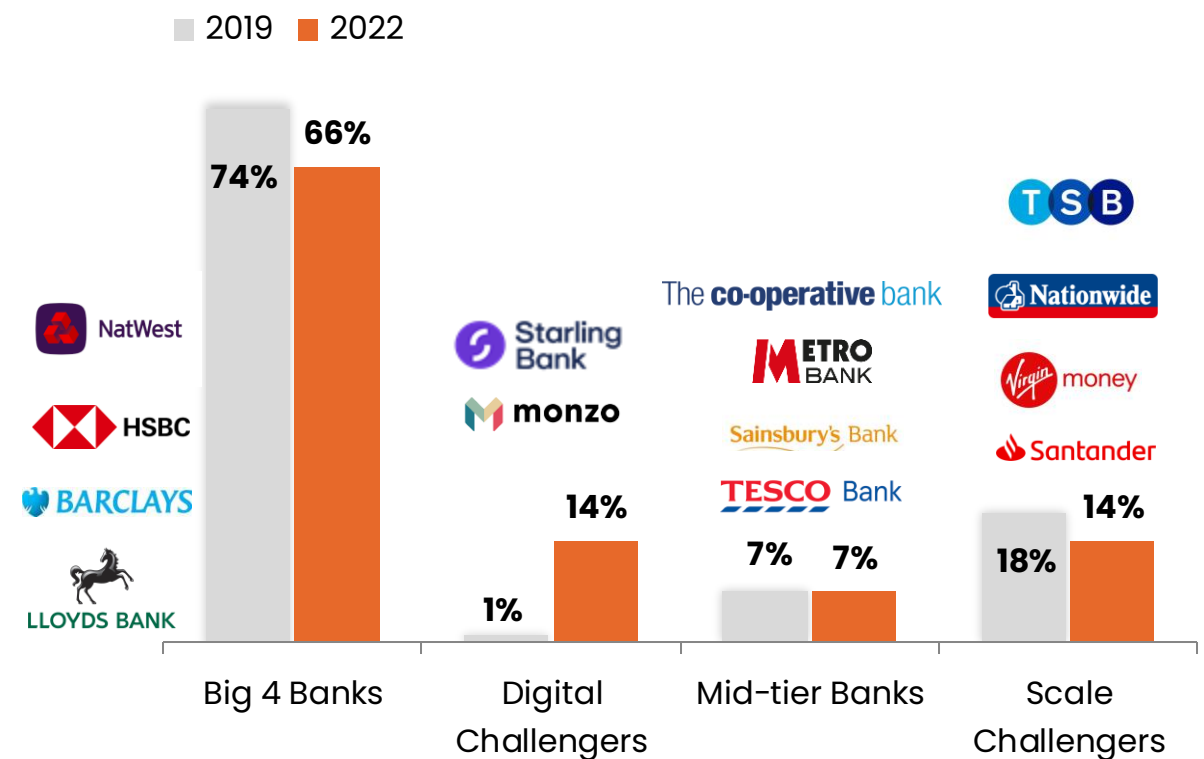


Established banks in the UK have slowly given room to Monzo and Starling to gain market share.

Share of **personal current accounts** in the UK by type of player (2022)



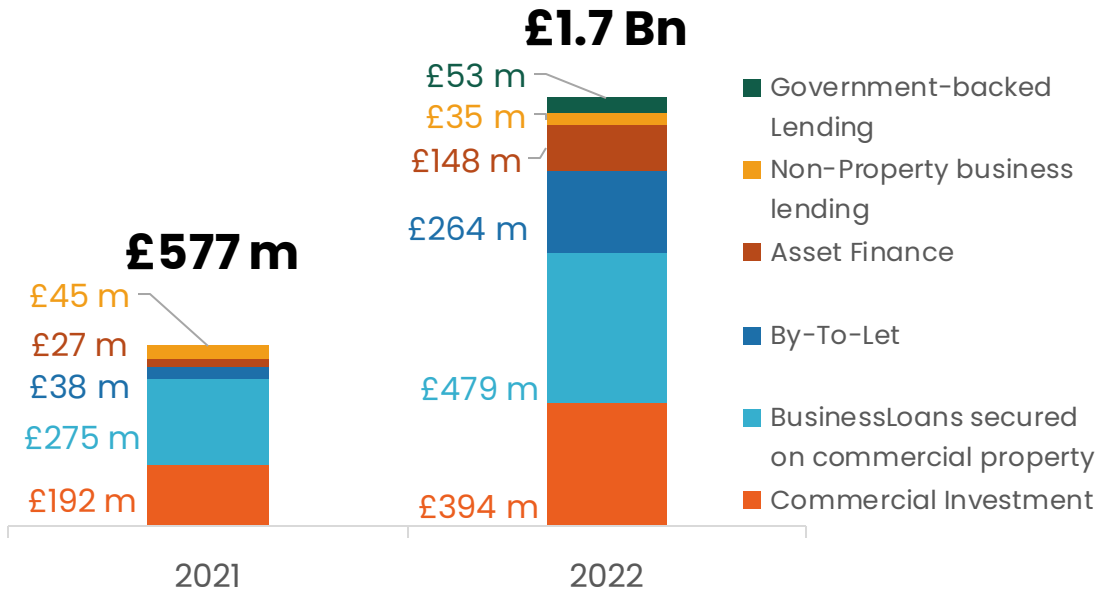
Market share of **business accounts** in the UK by type of player (2022)



Alica Bank

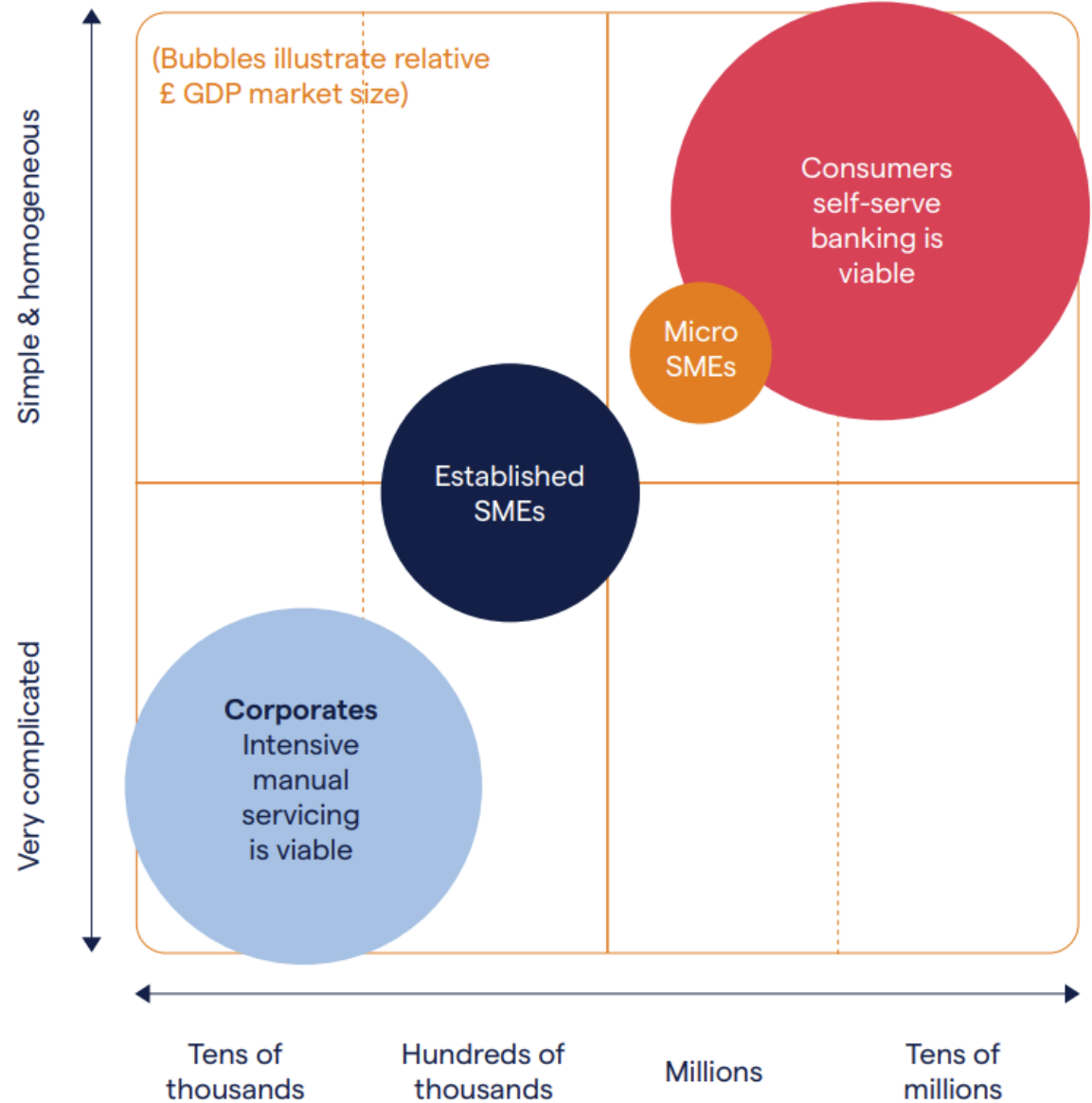
- Alica Bank is dedicated to aiding established SMEs, a crucial yet underserved segment in the UK by traditional banks with outdated systems.
- Incumbent banks often deem SMEs too complex and costly to serve, leading to high fees and impersonal service.
- Alica Bank seeks to address this by offering tailored banking services to meet the unique needs of these SMEs.

Alica Bank Loan Portfolio

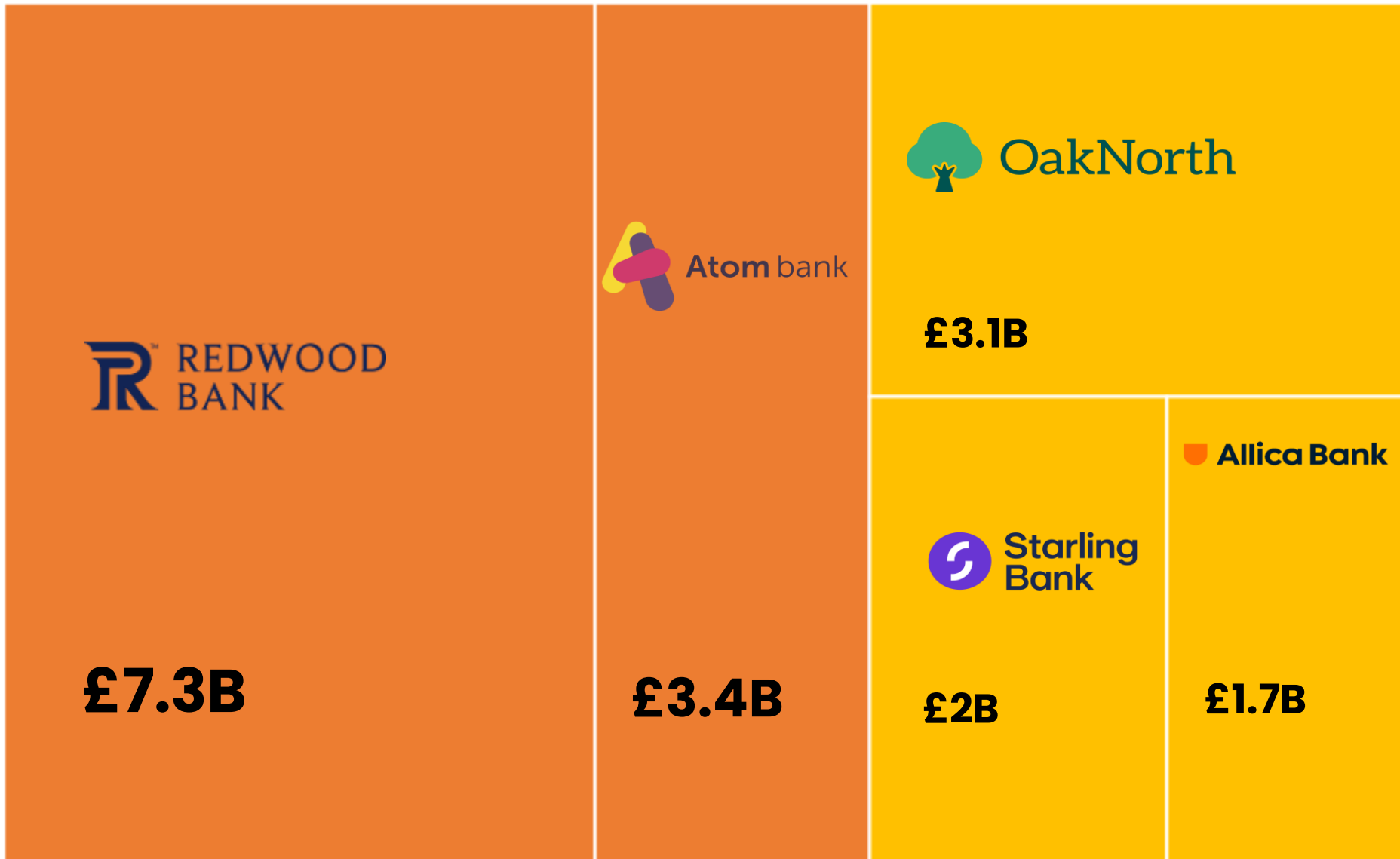


Source: [Alica Bank Limited Annual Report and Accounts 2022](#)

Market Focus Strategy



UK Digital Banks' Loan Book – SME Lending focused in 2022



Note: Selected players. Non-Exhaustive list

Digital Banks' approach – Focus on lending to SMEs

Growth strategy – Shifting to Lending

● ECB Interest Rate - Deposit facility

SEQUOIA

May 2022 Adapting to Endure – Explained Start-ups that they should immediately start cutting costs to avoid a position of death spiral

Starling Bank
Reports First Annual profit

ECB raises interest rate for first time in 11 years

REDWOOD BANK
Announced its first profit

Only 2% of digital banks in Europe are profitable

OakNorth Bank
First digital-banks to report an annual profit in the UK

-0,5

-0,5

-0,5

-0,5

0

0,75

1,5

2

2,5

3

3,75

3,75

Allica Bank
Profitable on a monthly basis since June 2022

ZOPA BANK
Hits profitability 21 months after winning banking licence

Revolut
Reports first full year of profit for the end of 2021. Auditor BDO said it was unable to verify three-quarters of the revenue

monzo
Hits monthly profitability in the first two months of 2023

Starling Bank
Reports its second year of profitability.

tandem
Hits a full year of operating profit.

2018

2019

2020

2021

27-lug-22

14-set-22

02-nov-22

21-dic-22

08-feb-23

22-mar-23

10-mag-23

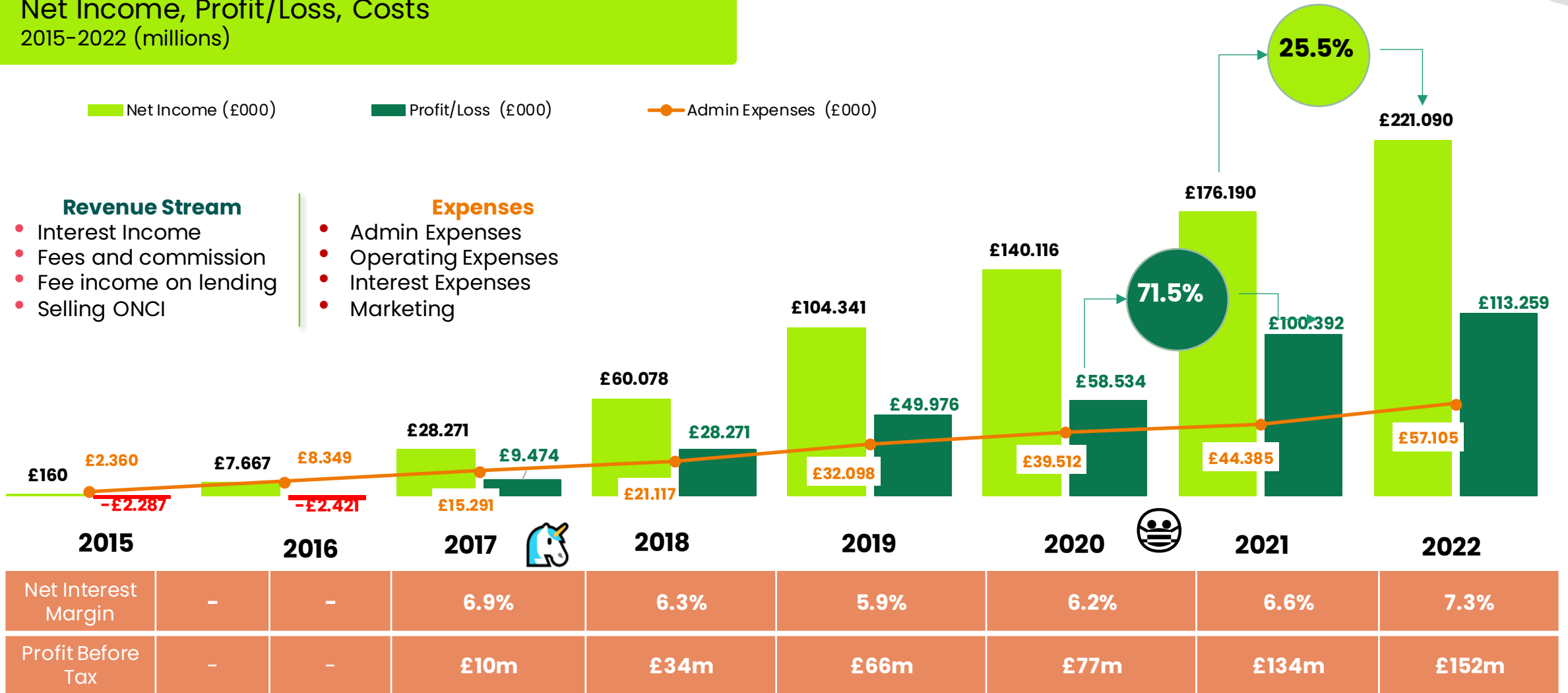
10-giu-23

To curb cash burn – Focus changed on sustainability

Source: [Disruption to Profit: The Rise of Digital Banking in Europe's Profitability Paradigm](#). C-Innovation. 2023. Ins and Outs of Digital Banks Report. 2021

OakNorth reached profitability at an early stage, consistently demonstrating growth and financial superiority over its peers, all while maintaining stringent cost control.

Net Income, Profit/Loss, Costs 2015-2022 (millions)



Source: OakNorth Bank Annual Reports – [2022](#), [2021](#), [2020](#), [2019](#), [2018](#), 2017, 2016, 2015

Note: OakNorth Bank plc has transitioned from FRS102 to UK-adopted IAS (IFRS) for year ending 31 December 2022.

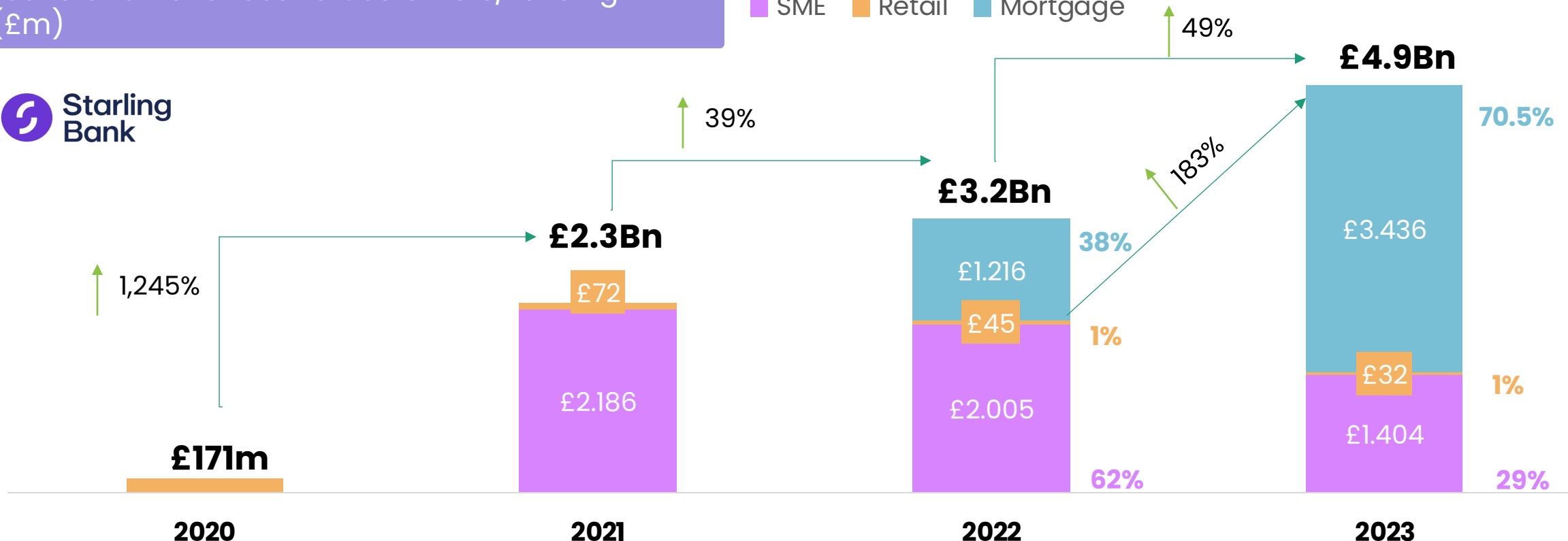
Lending surges – Mortgages catalyst

Starling Bank loan book has reached almost £5B in Financial Year 2023 through government-backed schemes during COVID-19 and **pushed from 2022 by the inclusion of mortgages** into its lending activity. Mortgages represent 70.5% of total lending compared to 36.7% in 2022.

Loans and Advances to Customers/Lending (£m)

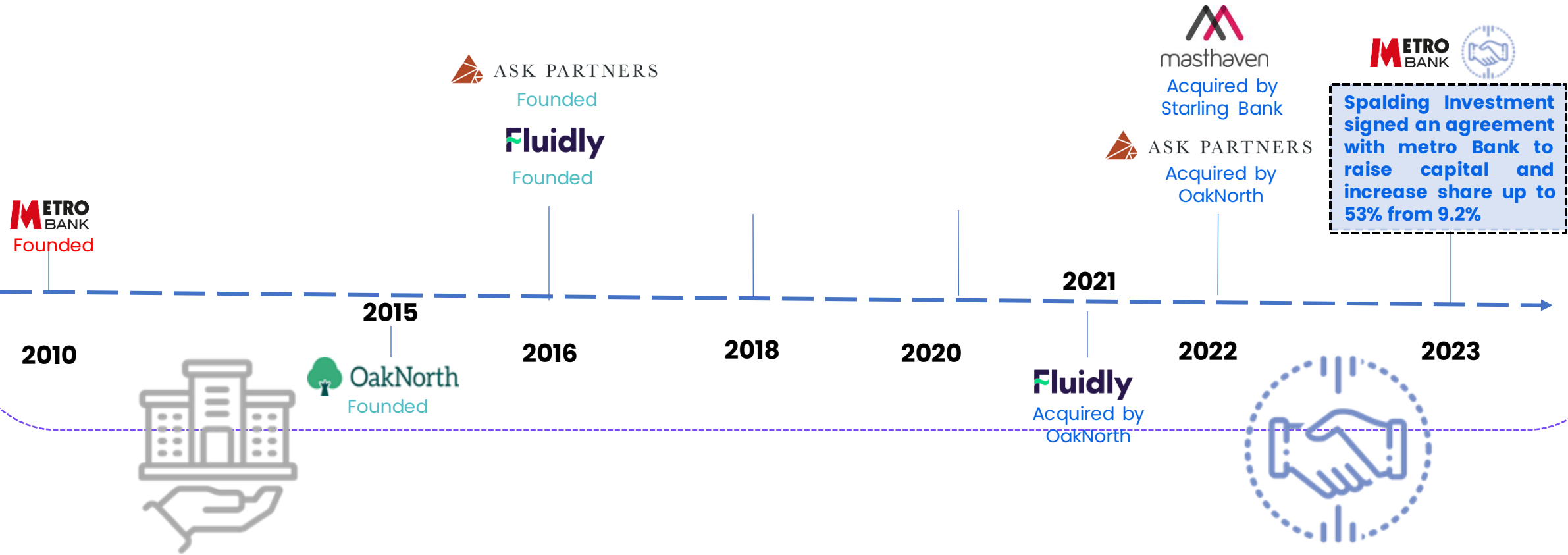


■ SME ■ Retail ■ Mortgage

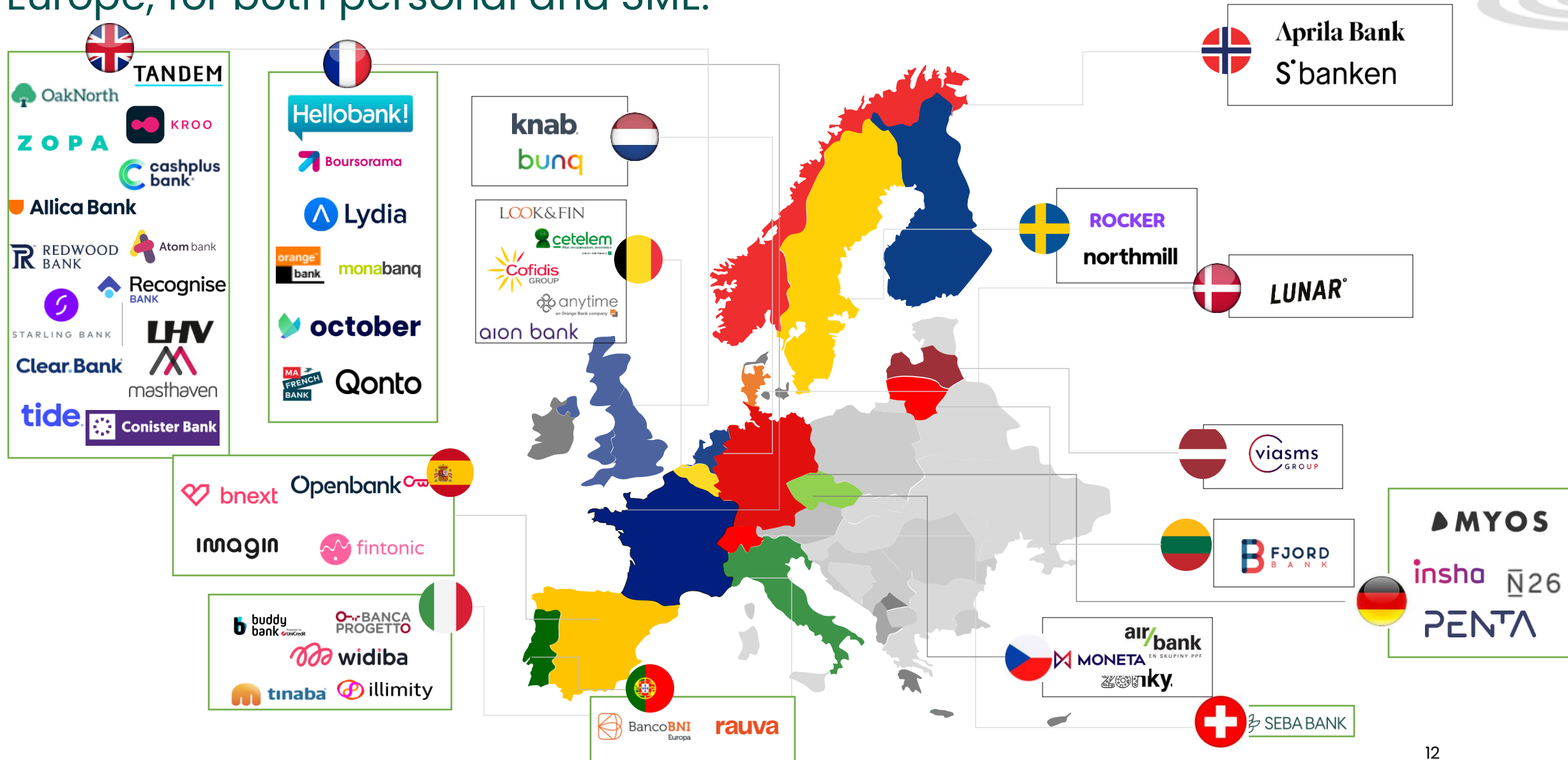


SME specialists and, Banks are changing hands as the market matures.

Oaknorth acquired Fluidly and ASK partner, LHV acquired Bank North, Starling with Mashaven, and many more.



The Digital lending Market – is now a fiercely contested arena in Europe, for both personal and SME.



Note: Non-exhaustive list. Not just digital banks, but also platforms that lend are added here. In the list some banks or platforms have been overtaken/ sold to other digital banks,

ASÍ ES METRO BANK, EL BANCO DE GILINSKI EN INGLATERRA



¿QUÉ ES?

El banco minorista y comercial que opera en Reino Unido y que tiene al Grupo Gilinski como su principal accionista

- Cofundado por Vernon Hill, abrió sus puertas en 2010

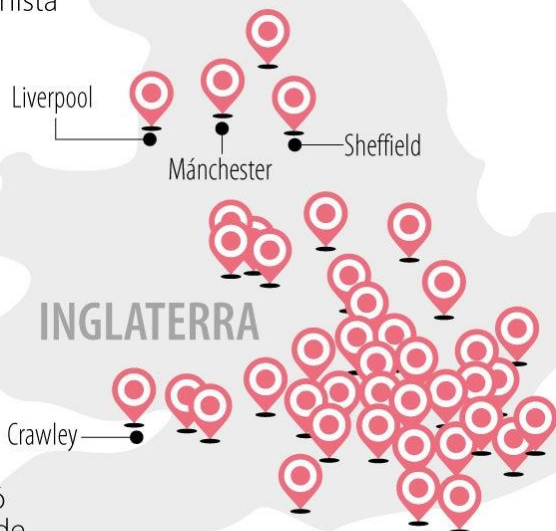
¿CUÁNTAS SEDES TIENEN?

- **76 ubicadas** en distintas ciudades de Inglaterra
- **2,8 millones de cuentas** de clientes



PAQUETE DE FINANCIAMIENTO

- Metro Bank Holdings Plc acordó un paquete de financiamiento de **US\$1.100 millones**
- Gilinski asume participación mayoritaria de **53%** (antes tenía **9,2%**)



Fuente: Metrobank, Sondeo LR Gráfico: LR-MN

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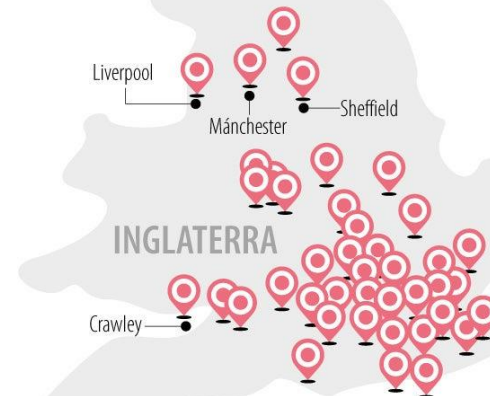
- 2 Gilinski asume participación mayoritaria de **53%** (antes tenía **9,2%**)

- 3 Habrá recorte de **40%** a algunos tenedores de bonos



HIPOTECAS RESIDENCIALES

Metro Bank dijo que también está en conversaciones sobre una venta de activos de hasta **US\$3.665 millones** en hipotecas residenciales



RESULTADOS DE METRO BANK

1 libra = **US\$1,27**

Cifras en millones de dólares

■ 30 de junio/2023 ■ 30 de junio/2022

Ingresos subyacentes totales **364,8** (2023) vs **301,7** (2022)

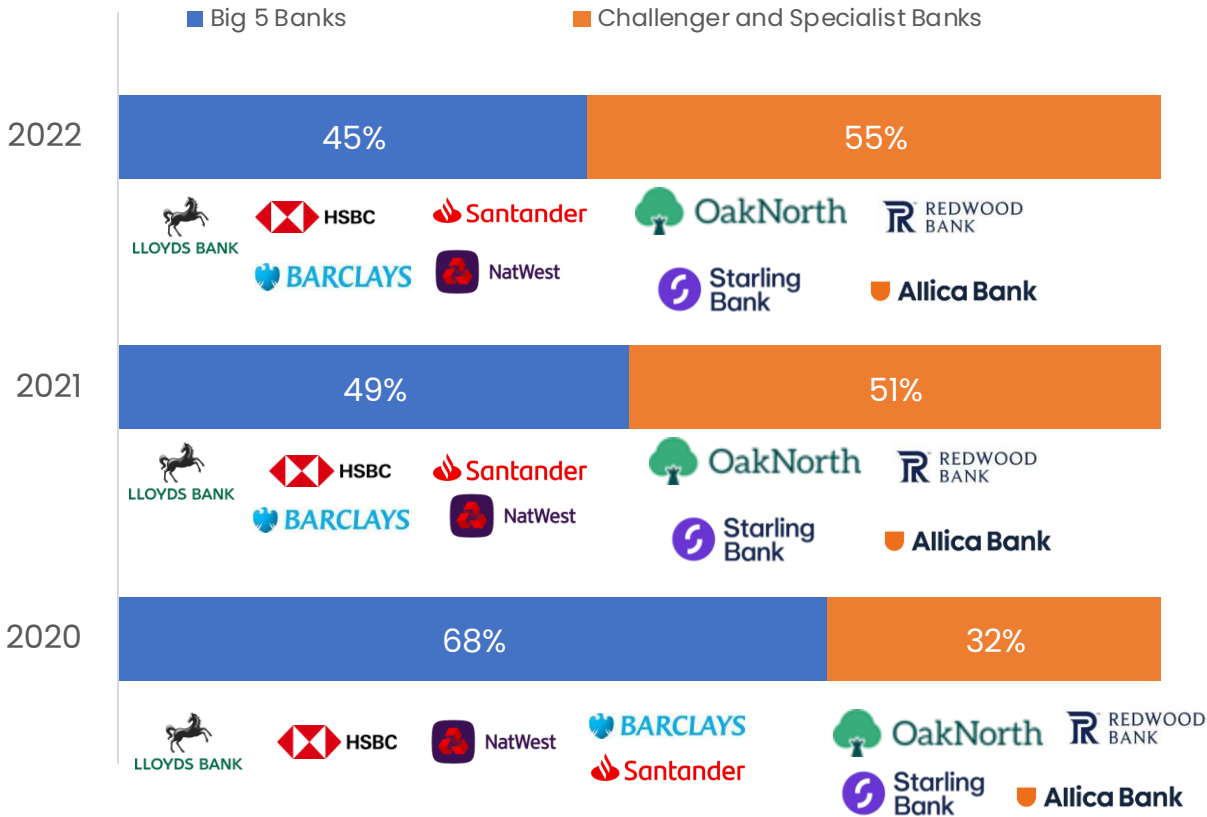
Beneficio/(pérdida) subyacente antes de impuestos **20,56** (2023) vs **-61,3** (2022)



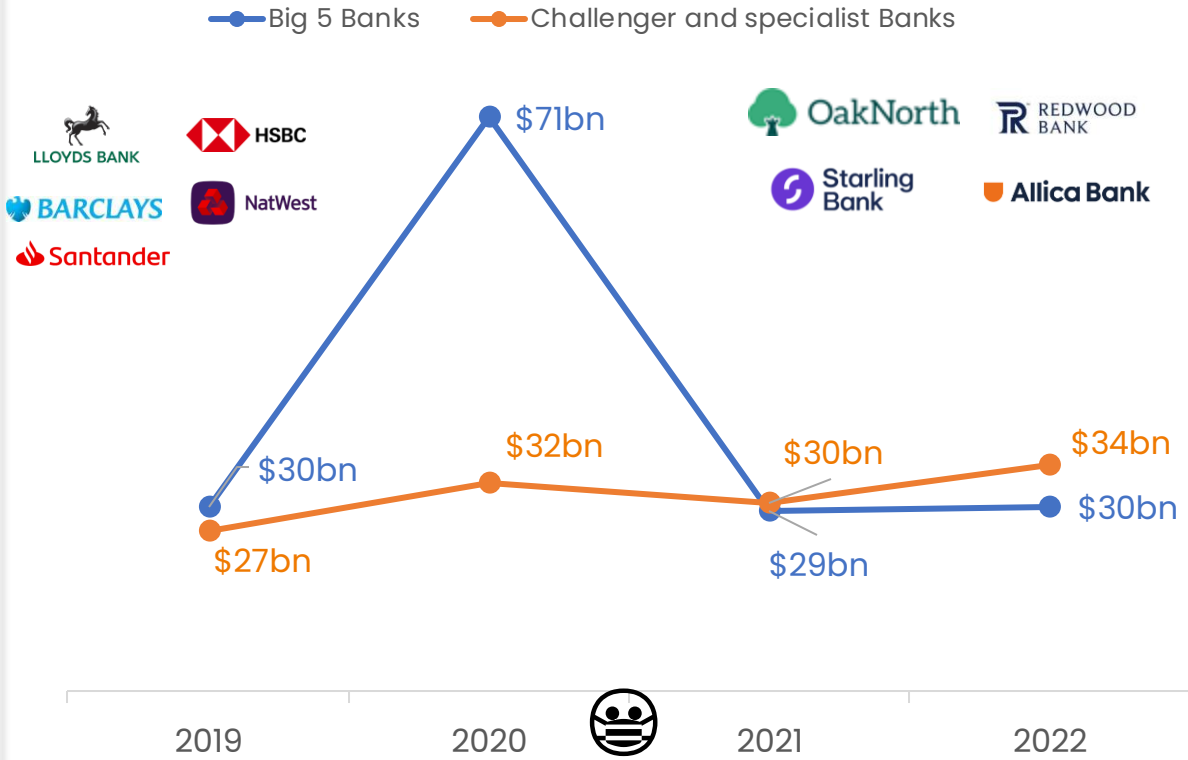
Fuente: Metrobank, Sondeo LR Gráfico: LR-MN

Dominance, Shift.

Share of total gross bank lending to SMEs



Gross lending by banks to SMEs

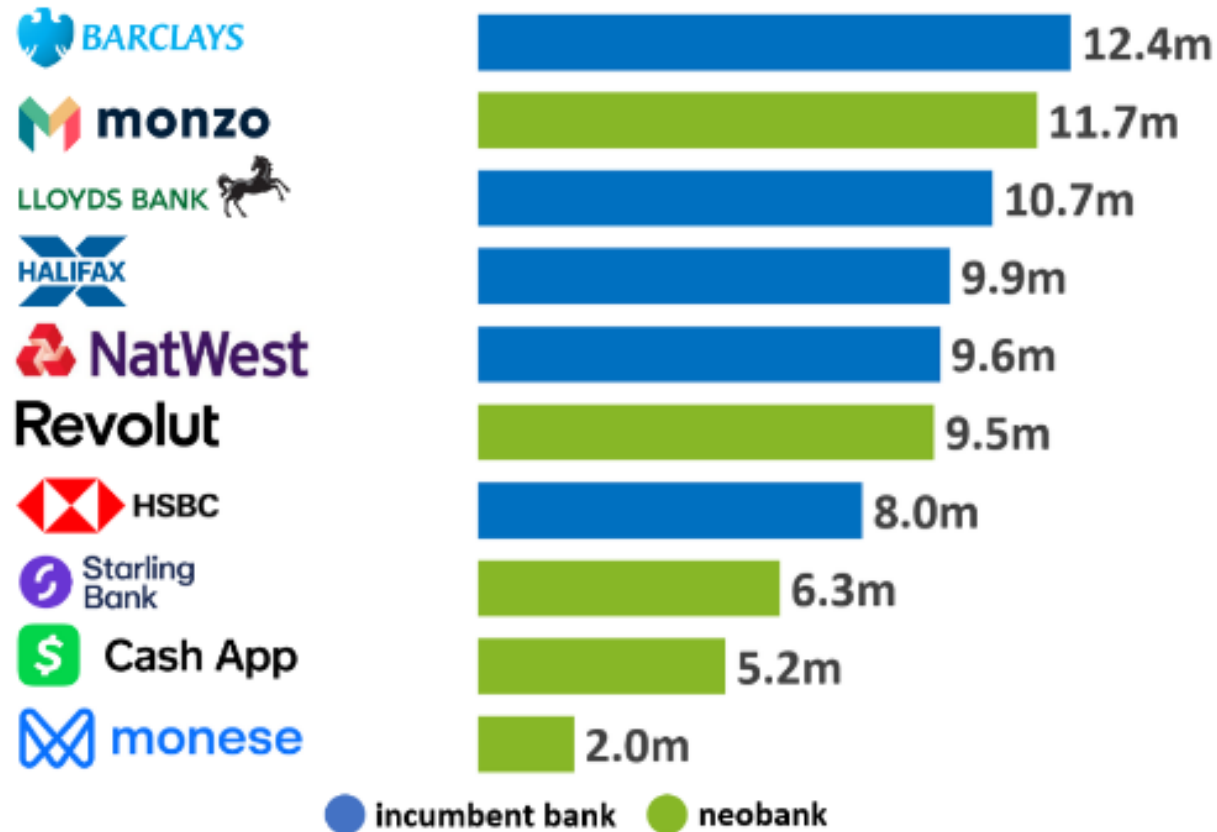


Note: Non-exhaustive list for Challenger and specialist Banks.

UK Incumbent bank remain top of app download charts but challengers are closing the gap



Top 5 neo banks and Top 5 incumbent banks by total mobile downloads as of June 1st 2023 in the UK (app store and play store downloads)



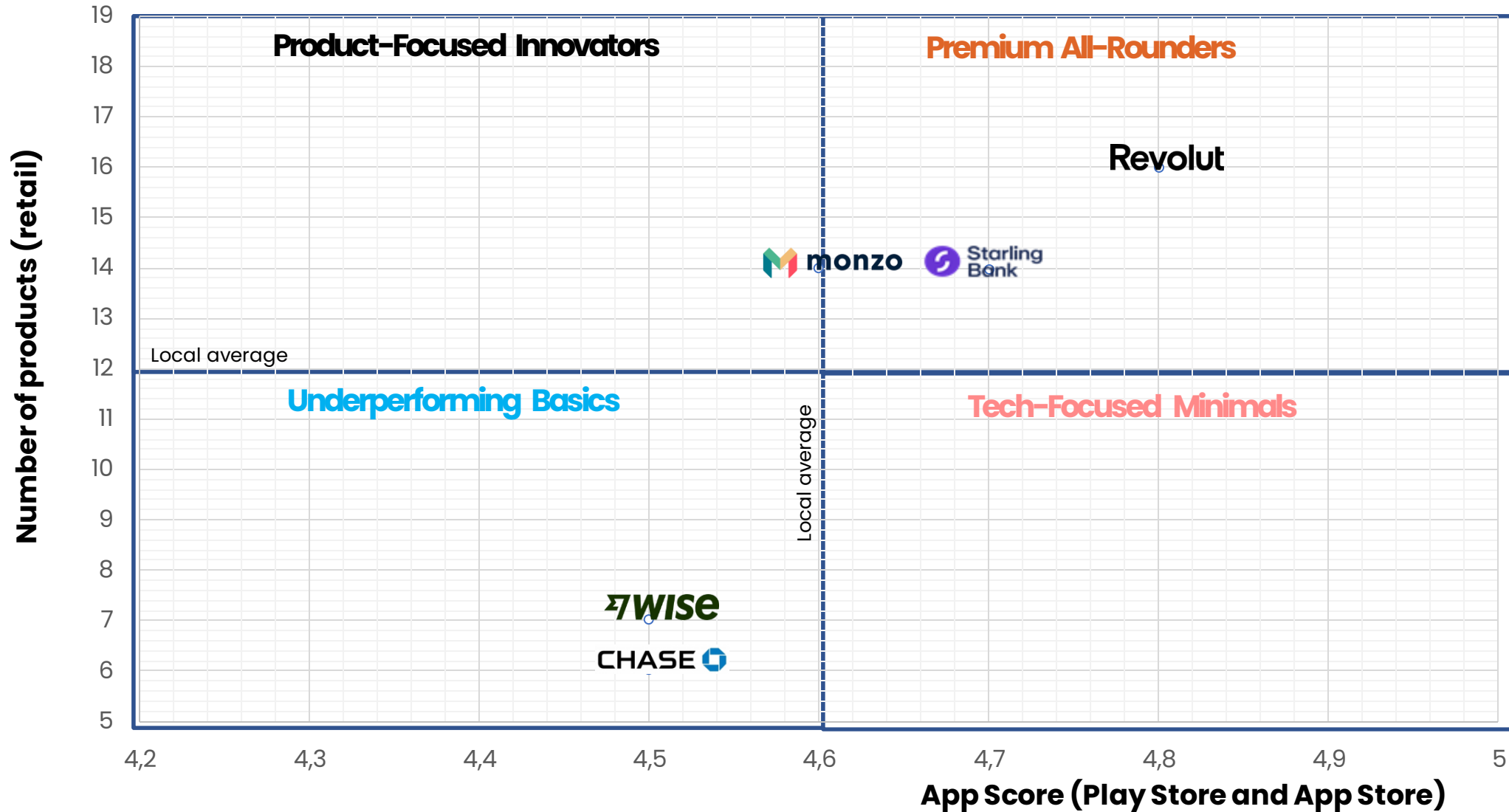
Source: FinTech Global Research, Appfigures

<https://www.linkedin.com/pulse/uk-digital-banks-close-toppling-traditional-app-downloads/>

Value Proposition & App Experience |



The UK stands out as a very competitive market, in terms of Apps satisfaction. When compared to the local UK market, Wise and Chase fall short, facing obstacles such as lower average app scores and a restricted product offering compared to leading players.



46
Neo-banks operates in the UK.

N26
Left the UK market in 2020 blaming difficulties created by Brexit. But numbers suggested it was struggling with competition.

fidor BANK
Left the UK in 2020. The bank cited challenges in scaling its operations and achieving profitability as reasons for its withdrawal.

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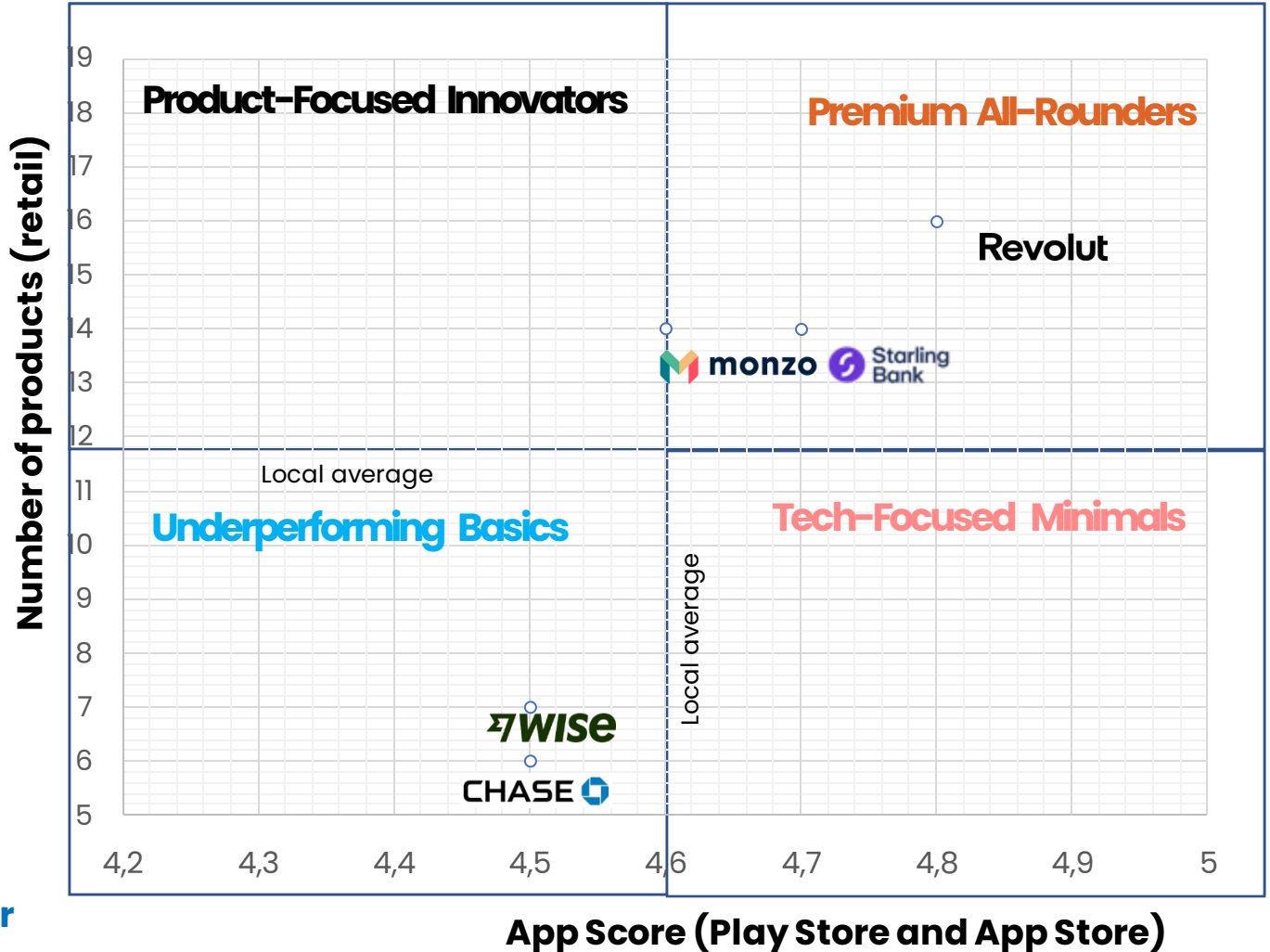
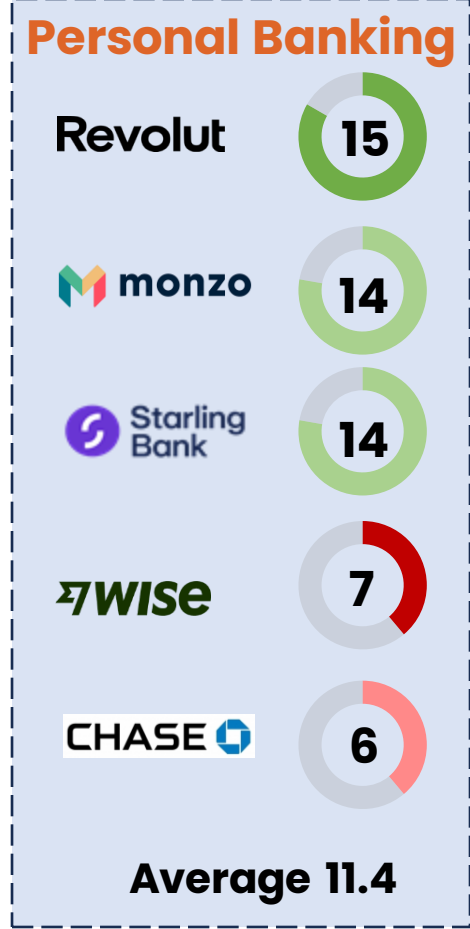
46
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$\bar{N}26$

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Extension of Product offering by Digital player

Value Proposition & App Experience |

France and Germany stand out as countries with the most comprehensive range of products offered by digital banks, providing a diverse and extensive selection to their customers.

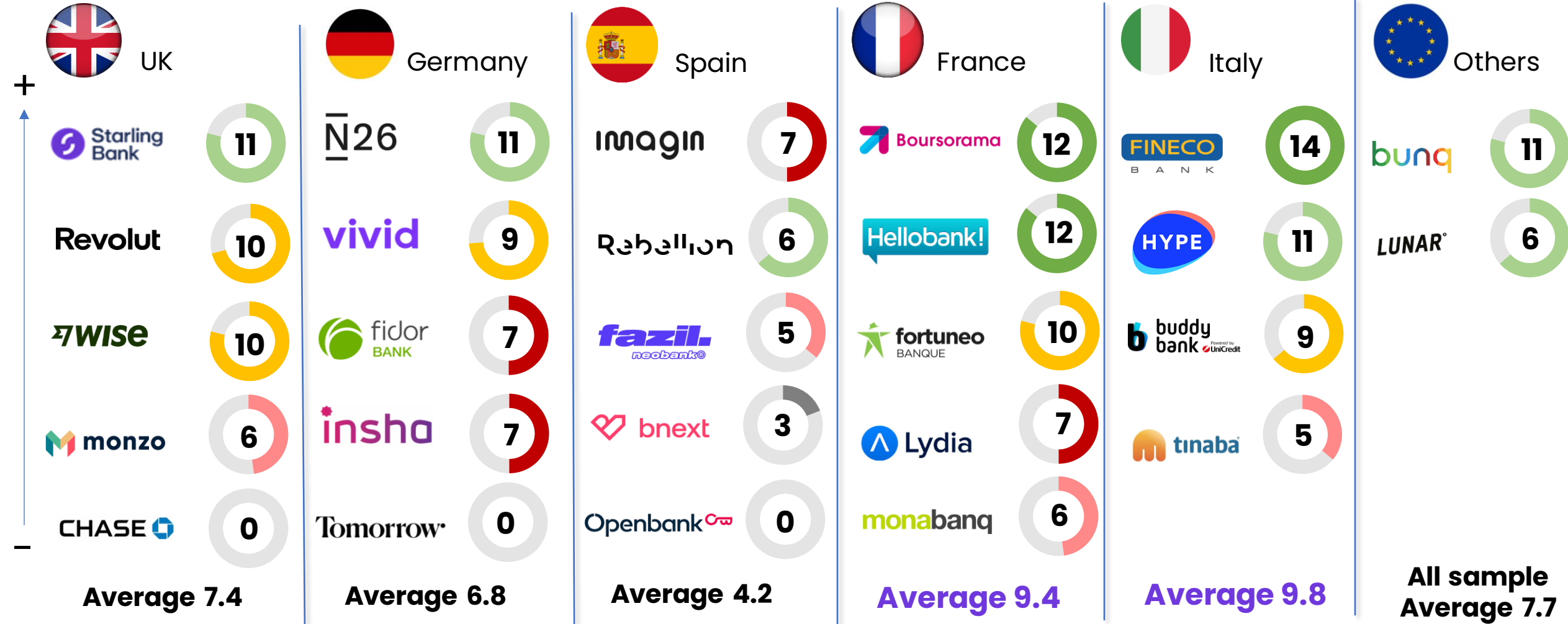
Personal Banking – Extension of Product offering by Digital player



Value Proposition & App Experience |

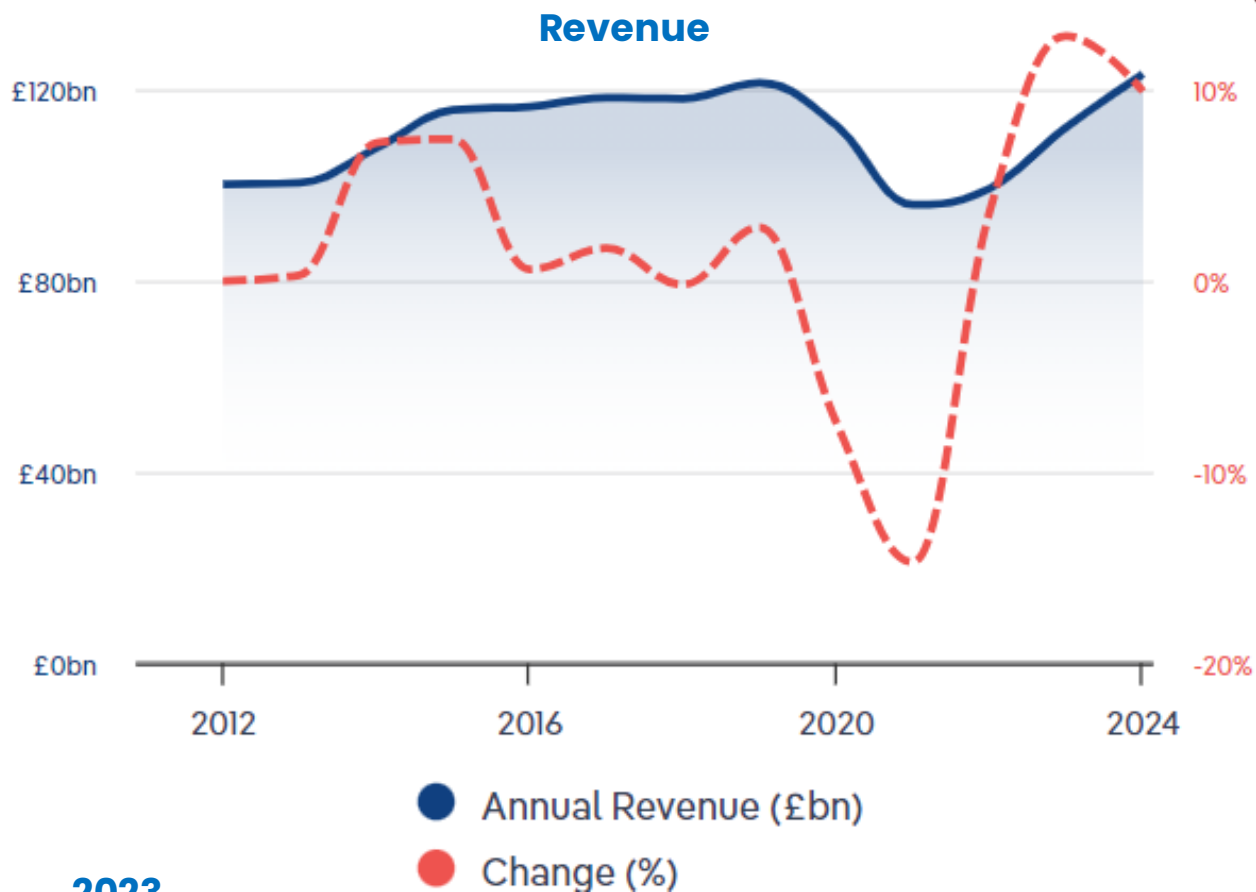
In a bid to increase profitability and broaden their customer base, digital banks have expanded their product offerings to cater to the business banking segment. This strategic move reflects their commitment to enhance the attractiveness of their offerings.

Business Banking – Extension of Product offering by Digital player



Industry revenue has raised at a CAGR of 0.3% over the past five years, to reach an estimated £123.2bn in 2023. The transaction value of neo-banking is expected to show an annual growth rate (CAGR 2023-2027) of 18.75% resulting in a projected total amount of US\$1,534.00bn by 2027.

Total value and annual change from 2012-2024

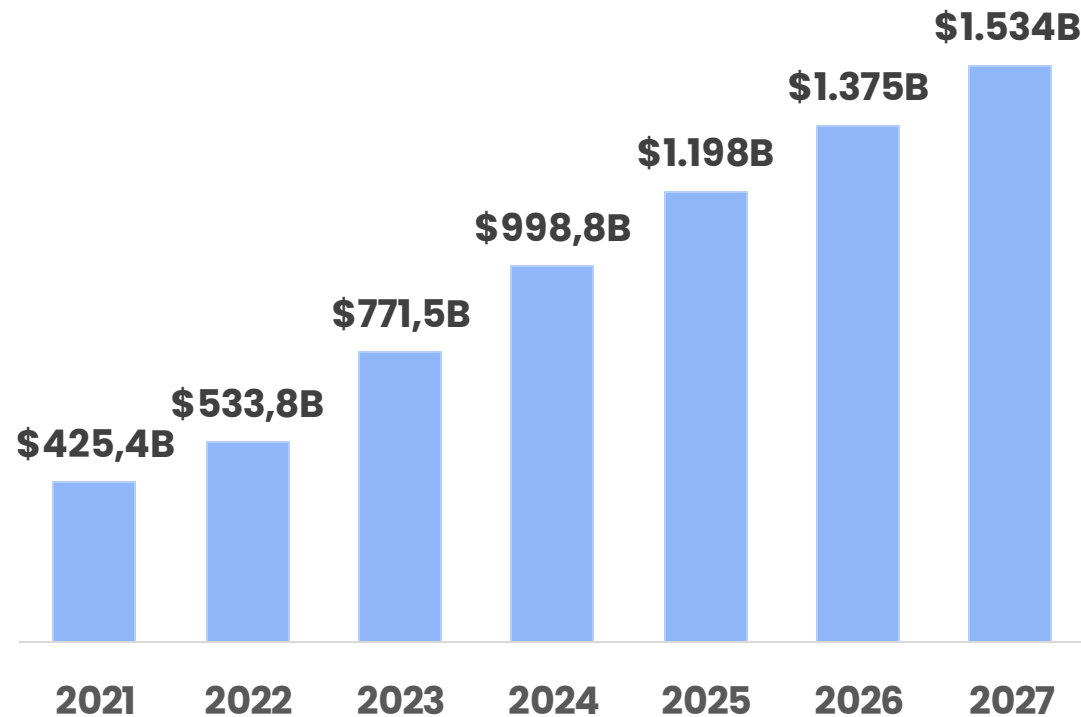


2023

- Revenue - **£123.2bn**
- Employees - **277k**
- CAGR - **↑0.3%** (2019-2024)
- **↓2.3%** (2019-2024)



Transaction value in the Neobanking market in the UK

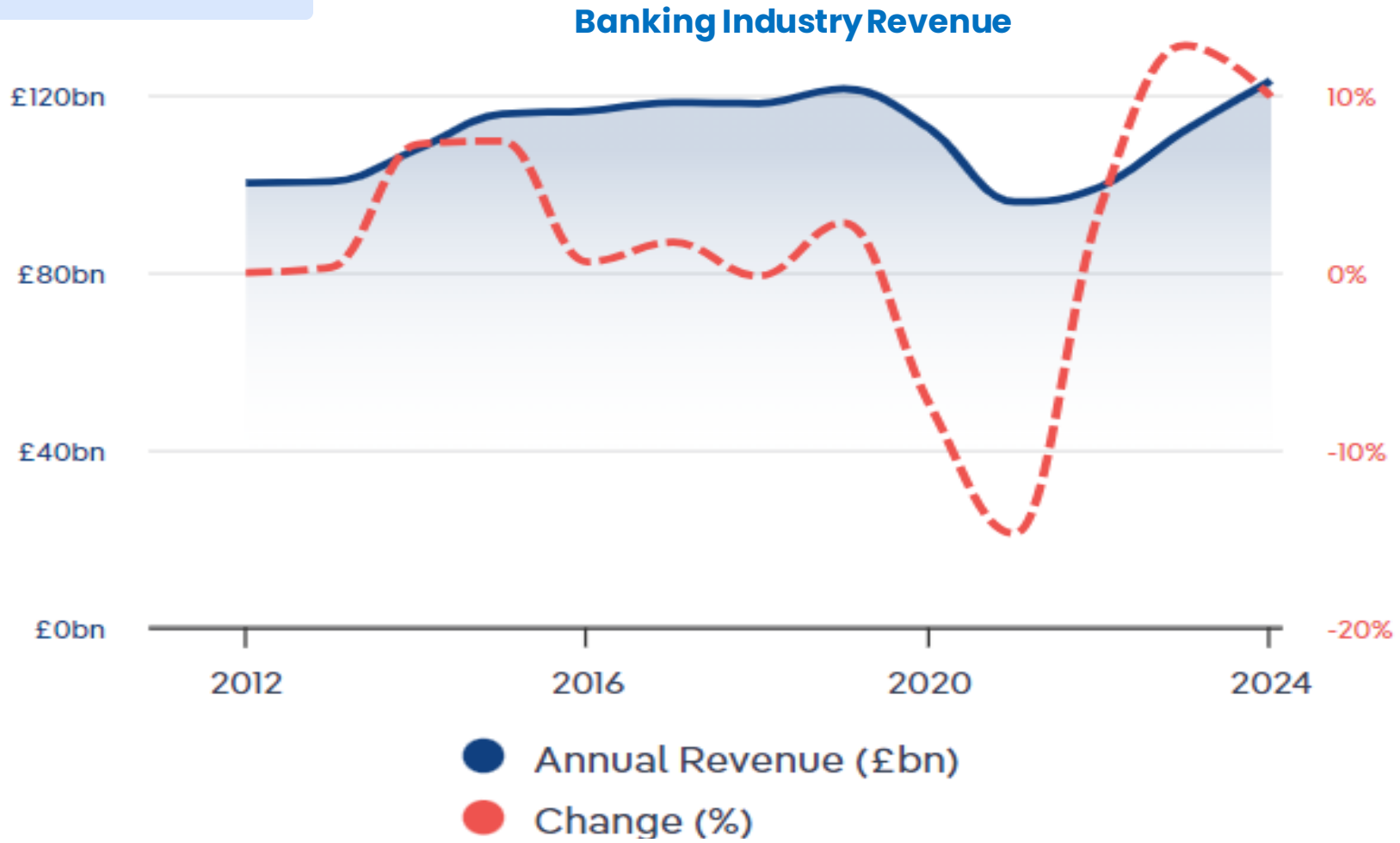


Industry revenue has decreased at a CAGR of 0.3% over the past five years, to reach an estimated £112.1B in 2023 from £121.4B.

UK Total value and annual change (2012-2024)

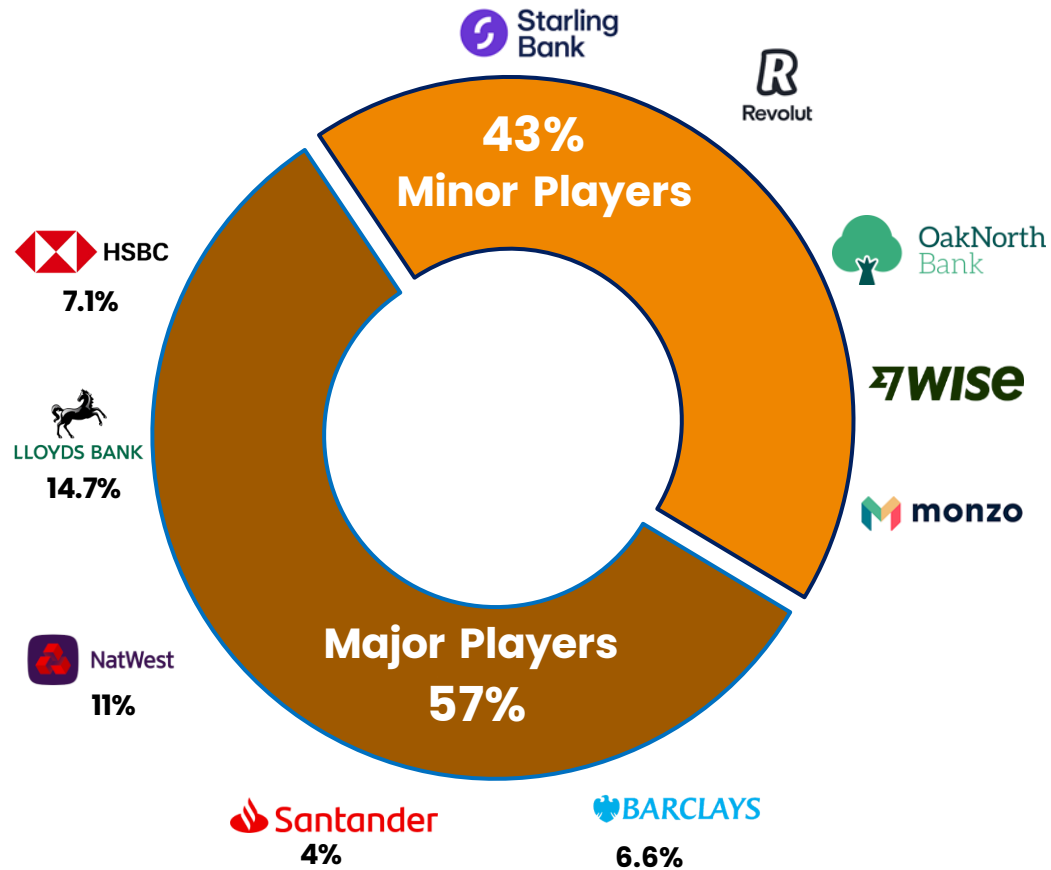


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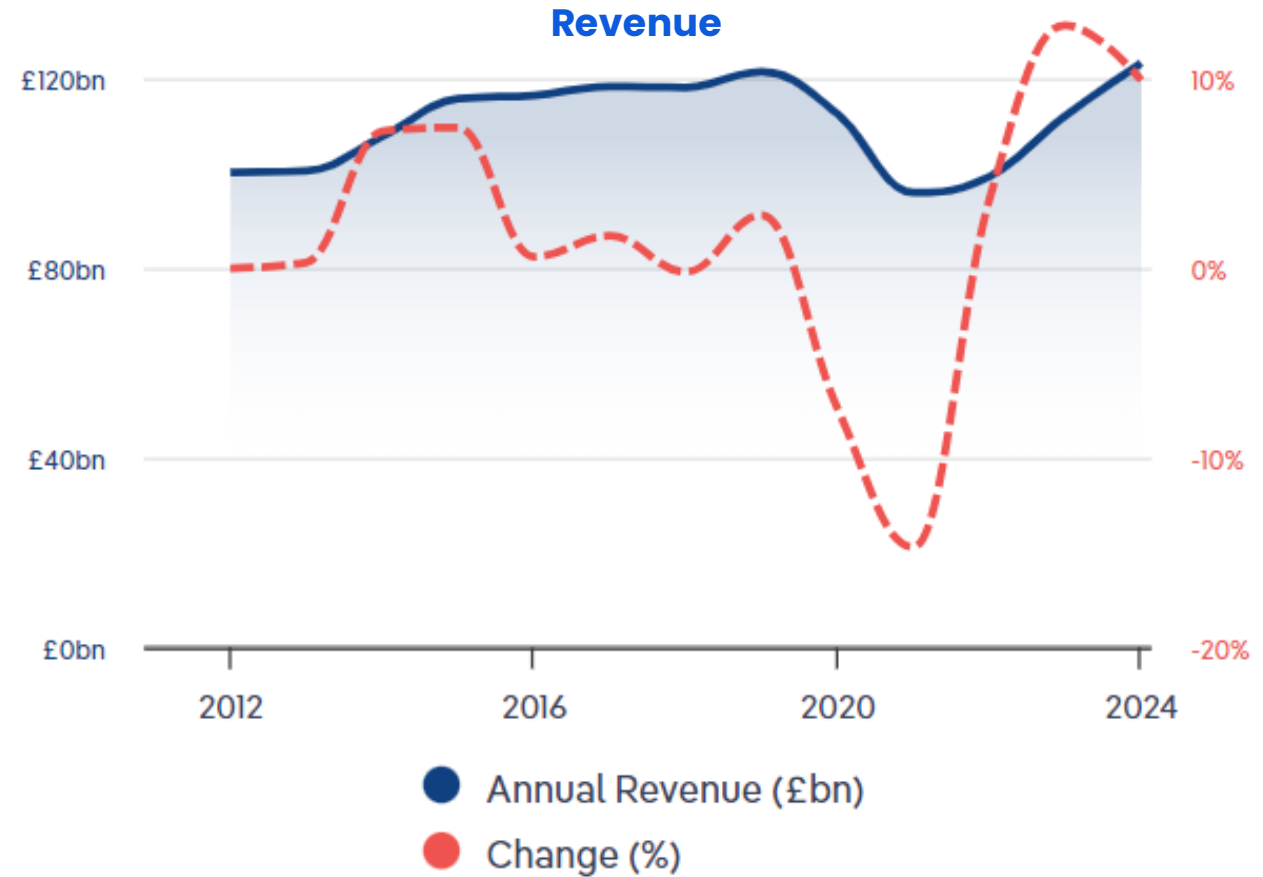


Despite a large share of the market being made up of major players, smaller digital banks are on the rise. Industry revenue has declined at a CAGR of 0.3% over the past five years, to reach an estimated £123.2bn in 2023.

Market share concentration of banking in the UK 2023



Total value and annual change from 2012-2024



2019-2024

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