

Neobank world: An overview of the disruptive banking model in India and UK

30th November, 2021

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What do we mean by neobanks

- 100 per cent digital; more agile and able to capitalise fresh technology easily
- Attract customers through a combination of price competition and App based services

Neo Banking



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UK, the frontrunner of neobanks





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- 28 Neobanks are functioning in the UK
- Out of these six are from Ireland, Germany, Netherlands, Hongkong, France and Finland.
- Wise, Monzo and Revolut are in top 15 Neobanks in the US.
- Atom Bank, Wise, Monzo, Oaknorth, Revolut, Starling Bank, Curve, Monese are in the top 20 Neobanks in the Europe.



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India
Europe
Africa
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Deep-dive in UK neobanks

Atom bank	Personal accounts/ debit card, open mobile bank account from UK residents
Wise (Transferwise) (11million)	Personal/ Business accounts/ debit card, open mobile bank accounts for residents of other countries/India
Monzo (5.8 million)	Offering Personal/ Teenagers/Business accounts/ debit card, open mobile bank accounts for UK/US residents
OakNorth (1.7 million)	Personal/ Business accounts / debit card, open mobile bank accounts for UK residents
Revolut (13.1 million)	Personal/Teenagers/Business accounts/debit card, open mobile bank accounts for residents of UK and other countries (not India)
Starling Bank (1.9 million)	Personal/Business accounts, debit card/iPhone/ open mobile accounts only for UK
Curve (2 million)	Personal accounts/ debit card/open mobile accounts/UK and European residents
Monese (1.8 million)	Personal/Business accounts, debit card/open mobile accounts/UK and European countries
Pockit (2 million)	Personal accounts/debit cards/only to UK customers

Neobanks' customer experience standards are not same...

Banking provider	Customer satisfaction "would recommend" score
Monzo	89%
Nationwide	83%
Metro Bank	81%
NatWest	80%
Santander	80%
First Direct	79%
Starling	79%
Lloyds Bank	78%
RBS	76%
Barclays	77%
Halifax	75%
Monese	73%
HSBC	71%
Revolut	69%
Bank of Scotland	67%
TSB	63%

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India, the new hub of neobanks





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Regulatory initiatives

- Neobanks regulatory setup: In India, neo banks are not granted their own banking licenses so they partner with licensed banks
- Payments bank regulations: Payments bank offer their services completely online.
- On tap licensing framework: On tap licensing for SMEs requires entities to have 5 years of business operation and minimum paid-up capital of INR 200 crore



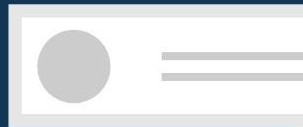
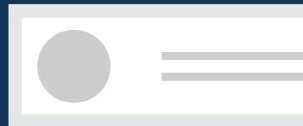
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India's neobanks

- Fino Payments Bank
- Kotak 811
- SBI YONO
- Digibank
- NiYo
- RazorPay X
- Finin
- IPPB
- NSDL Payments Bank
- Hylo
- Open
- EpiFi





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- InstantPay
- Yelo
- Paytm Payments Bank
- Walrus
- Payzello
- Jupiter
- Namaste Credit
- Airtel Payments Bank
- Zeta
- Slice
- Jio Payments Bank
- Fampay
- Yodaa
- Ezo Bank



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Customer centricity

Every established neobank in India exemplifies a superior experience for their customer and fulfil each parameter under customer centricity



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Customer reach

- 33% of the neobanks in India cater to MSME and SME
- 12.5% of the neobanks focus on serving the rural population
- 62.5% of the neobanks cater to the millennial and Gen Z population.



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Product stack

- 8/24 operational neobanks in India offer unique payments options.
- 5/24 neobanks provide unique accounts
- 3/24 provide business/personal overdraft facilities



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Partnership ecosystem

Neobanks in India partner with traditional banking institutions to offer financial services



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Open Banking

The open banking ecosystem in India has grown tremendously with the advent of Unified Payments Interface (UPI), enabling customers to make real time payments with ease. Several banks are building their own banking ecosystems such as API gateways and account aggregators.



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Indian neobanks' outlook

Two scenarios will exist as the future of

- Neobanks become the primary interface and a daily transactional bank for customers
-
- Consolidation of multiple small neobanks in a single super application with a targeted approach to each customer segment



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Future outlook

- Neo banks make profit from inter change fees on debit card transactions
- Are they losing £9 per customer?
- Globally, 250+ Neo banks!
- Growth vs Sustainability
- Fee structure, new charges, revising the existing ones, new revenue streams
- Offering more services to enhance lifetime value
- An alternative to primary account or ring-fence discretionary spending?
- Innovative challenges in growth and sustainability



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