



REBELLION

Monzo's next steps

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Introduction

Monzo's journey in FY2025 wasn't just a continuation; it was a reset of expectations. In its tenth year, the bank decisively broke free from the category of neobank and entered the upper ranks of mainstream, revenue-generating, and institutionally credible financial entities. With over 12 million customers, more than USD 1.6 billion (GBP 1.2 billion) in revenue, and a profit before tax of USD 152.7 million (GBP 113.9 million), Monzo demonstrated that profitability and scale need not come at the expense of agility, transparency, or innovation.

This year marked Monzo's definitive pivot from growth for growth's sake to durable, platform-led expansion. The company didn't chase traditional banking norms; it defined the new normal. Whether through its expanded savings products, smarter credit decision-making, or AI-first customer service model, Monzo proved that technology and trust can scale together.

But the deeper story of Monzo's evolution lies not just in numbers, but in its philosophy. A belief that good banking can be inclusive, simple, secure, and even joyful. FY2025 laid the foundation for Monzo to take this ethos global. It was the year the bank navigated its most pivotal phase yet, drawing a line between disruptive beginnings and the start of something institutionally significant.

Financial performance

Monzo's FY2025 was a breakthrough year on all fronts, crossing the USD 1.34 billion (GBP 1 billion) revenue mark, doubling profitability, and achieving significant gains in customer deposits, lending, and product monetisation. The bank's financial maturity is evident in its income streams' breadth and the quality of its underlying risk management.

Key highlights:

1. Revenue surpassed USD 1.65 billion (GBP 1.23 billion), a 48% increase from FY2024. Interest income rose 57% to USD 1.16 billion (GBP 861.7 million), fuelled by loan growth and a surge in customer deposits to USD 22.25 billion (GBP 16.6 billion).
2. Gross profit reached USD 1 billion (GBP 747.9 million), up 55% YoY, while adjusted profit before tax increased 8x to USD 152.7 million (GBP 113.9 million). Excluding the one-time cost of an employee secondary share sale, reported PBT stood at USD 81.1 million (GBP 60.5 million) (up 4x).
3. Customer deposits grew 48% year-over-year, split between USD 10.32 billion (GBP 7.7 billion) in current accounts and USD 11.93 billion (GBP 8.9 billion) in Instant Access savings. Over 2.3 million customers now use Monzo to save, and the bank paid out over USD 335.2 million (GBP 250 million) in interest.
4. Lending volumes rose to USD 2.55 billion (GBP 1.9 billion), a 36% increase driven by Monzo Flex, personal loans, and new business lending products. Despite growth, credit loss expenses fell by 10% to USD 204.6 million (GBP 152.6 million), supported by improved risk modelling and early-stage financial health tools.

5. Net Interest Margin (NIM) held steady at 4.09%, slightly down from 4.41%, reflecting a shift toward lower-margin deposit products. However, increased structural hedging and better credit spreads offset some margin pressure.
6. Fee and commission income rose 38% to USD 441.3 million (GBP 329.2 million), driven by 870k subscribers to tiered plans (Extra, Perks, Max), growing card transaction volumes, and new partnerships, including international payments and investments.
7. Operating costs increased 46% to USD 473.1 million (GBP 352.9 million) in personnel and 47% overall, with major investments in marketing (up 77%) and global expansion. However, Monzo managed to improve its cost-to-income ratio, adjusted for the share sale impact, from 74% to 73%.
8. Business banking became a key revenue pillar, contributing 12% of total revenue. The segment grew to 625k customers, with a 16% increase in ARPU to USD 726.6 (GBP 542) and rising product adoption.

While profitability is no longer a question, the next challenge lies in scaling efficiently across regions and product lines, without losing the agility and trust that have defined Monzo's success thus far.

Monzo's core values

Monzo's evolution continues to be shaped by a strong value system, one that guides decisions not just in design or hiring, but in how the organisation scales responsibly, manages risk, and delivers impact.

In FY2025, as Monzo reached the milestone of 12 million customers and expanded into new markets, these foundational principles proved essential in maintaining its distinctiveness amid rapid growth.

Core values driving Monzo's mission:

1. Default to transparency – Monzo remains open with customers and employees unless there's a clear reason not to be. It's a philosophy that underpins its communications, product disclosures, and internal feedback systems.
2. Be hard on problems, not people – The bank fosters psychological safety, encouraging employees to challenge issues collaboratively without fear. This has proven vital in maintaining high productivity and morale, especially during periods of intense scale-up.
3. Think big, start small, own it – Ambition remains grounded in execution. Teams operate with autonomy, launching features quickly and refining them through feedback loops. This iterative approach has enabled Monzo to ship major updates without bureaucratic delays.
4. Make a difference – Every product or initiative is evaluated against its potential to create a meaningful impact for customers. Whether it's helping users build credit or manage savings, Monzo prioritises solutions with real-world utility.

5. Help everyone belong – The bank continued to lead on inclusion. In FY2025, it was recognised as “Company of the Year” at the British Diversity Awards and launched tools to better serve vulnerable customers.
6. Think customer first; grow Monzo safely – This value now guides every strategic decision. From credit underwriting to international expansion, Monzo's growth is balanced with prudence and customer well-being.

Even as the bank scales across geographies and product categories, its ability to hold onto these values will determine how successfully it can balance speed with substance, and innovation with responsibility.

Monzo's growth phase

FY2025 marked a powerful inflection point in Monzo's journey. Beyond strong topline growth, the bank made deliberate shifts toward deeper engagement, higher per-customer value, and stronger monetisation, across both retail and business segments.

1. Customer acquisition and engagement
 - Monzo welcomed 2.4 million new customers, bringing its total user base to over 12 million. Notably, more than two-thirds of new signups came through organic, word-of-mouth referrals, keeping acquisition costs low despite an increase in marketing spend.
 - In business banking, Monzo crossed 625,000 customers, adding 205,000 new SMEs in a single year. Its market share continues to grow, with 1 in 6 new UK businesses now choosing Monzo.
2. Deeper monetisation
 - Average Revenue Per User (ARPU) grew to USD 250.7 (GBP 187) for retail users [from USD 218.5 (GBP 163)] and USD 726.6 (GBP 542) for business users [from USD 628.7 (GBP 469)], reflecting increased product adoption and usage.
 - Instant Access Savings attracted 2.3 million users, and Monzo paid over USD 335.2 million (GBP 250 million) in interest, reinforcing trust and retention. More than 870,000 customers now pay for premium plans like Extra, Perks, and Max, up 64% YoY.
 - Monzo's Investments feature hit over 300,000 users, with USD 536.2 million (GBP 400 million) in assets under management.
3. Product and subscription innovation
 - Subscriptions are now a major revenue stream. Plans like Max Family, Flex Build, and Monzo for Under 16s drove customer segmentation and usage, while contributing to a 38% YoY increase in fee and commission income.
 - On the lending side, Monzo Flex surpassed 1 million users, and new launches like Flex Purchase and limited company loans expanded reach. Credit loss expenses fell despite the 36% growth in balances.
4. Operational expansion
 - Headcount increased significantly, with nearly 200 new hires and focused recruitment in product, data, design, and engineering. The company also

absorbed a USD 71.6 million (GBP 53.4 million) cost for its first employee secondary share sale.

- Marketing spend rose by 77% to USD 130.6 million (GBP 97.4 million), supporting the brand's first retail and business campaigns in five years, and contributing to Monzo being named 2024 Brand of the Year.

Digital and AI initiatives

Monzo's technology backbone continues to power its evolution from a fast-scaling challenger to a resilient and globally ambitious digital bank. In FY2025, AI and automation were focused on improving operational resilience, fraud prevention, engineering efficiency, and customer self-service.

Key advancements in FY2025:

1. Fraud and financial crime detection
 - Monzo's fraud detection engine saw significant upgrades. Machine learning models helped prevent 2.9x more unauthorised fraud than the prior year. A new security suite, "Added Security", introduced industry-first features like Known Locations, Trusted Contacts, and Secret QR codes.
2. Operational automation
 - Over 1.5 million lines of source code were written using AI-assisted tools, boosting engineering efficiency and freeing up teams to focus on complex customer problems.
3. Customer self-service
 - AI-driven systems now help resolve 42% of simpler queries without human intervention, improving user satisfaction and reducing cost-to-serve.
4. Credit and decisioning
 - AI-led credit risk modelling contributed to a decline in the Loan Loss Ratio to 7.5%, down from 8.9% in FY2024, while expanding lending volumes to USD 2.55 billion (GBP 1.9 billion).
5. Infrastructure resilience
 - The launch of Monzo Stand-In, a cloud-based continuity system, ensured uninterrupted service during system outages, reinforcing platform trust.

FY-2025 strategy

FY2025 was all about maturity. Monzo strategically evolved from a product innovator to a platform orchestrator, one that's ready for institutional scale.

Strategic pillars:

1. Subscriptions & segmentation - The launch of Extra, Perks, Max, and Max Family enabled stronger user-tiering. Over 1 million customers now pay for subscriptions, representing 16% of weekly active users.
2. Lending with discipline - New offerings like Flex Build and Flex Purchase grew lending by 36%, while credit losses declined. Arrears dropped across all credit products.

3. Savings at scale - 2.3 million customers now use Instant Access Savings, with USD 355.2 million (GBP 250 million) paid in interest. Monzo retired third-party pots, consolidating customer relationships and margin.
4. Investments and pensions - 300k+ users entrusted USD 536.2 million (GBP 400 million) via Monzo Investments. A new pension product was launched in partnership with Raindrop and BlackRock.
5. Business banking growth - With 625k+ SME customers, Monzo's business segment now generates 12% of total revenue. Enhanced plans like Monzo Team helped address more complex business needs.
6. Operational scale - Despite increased hiring and a 77% rise in marketing spend, Monzo improved its adjusted cost-to-income ratio to 73%, balancing investment with profitability.

FY2025 demonstrated Monzo's ability to act like a bank, but build like a tech company.

FY-2026 and beyond

Monzo's outlook for FY2026 reflects an ambition to deepen its customer footprint, expand internationally, and solidify its infrastructure.

Planned priorities:

1. Customer growth - Monzo is targeting over 11 million personal customers and a 25% increase in SME accounts, continuing its trajectory across both segments.
2. Product roadmap - Launches include an in-house credit card, expanded insurance offerings, and richer bundles for both retail and business subscribers.
3. Geographic expansion
 - U.S. - Growth under Conor Walsh includes new features like interest-earning Savings Jars.
 - Europe - Ireland will serve as the EU gateway, with a local team led by Michael Carney managing regulatory engagement.

Execution challenges:

1. Margin compression as interest rates fall.
2. Rising credit risk from a growing loan book.
3. Increased regulatory oversight under Basel 3.1.
4. Operational risk from scaling teams and infrastructure across geographies.

FY2026 will test how fast and smartly Monzo can scale.

Key takeaways for traditional banks

FY2025 marked a turning point for Monzo, where it proved that scale, profitability, and innovation can coexist. For traditional banks, Monzo's evolution offers a roadmap for future-ready banking.

1. Profitability and innovation can go hand in hand - Monzo showed that strong financial outcomes need not come at the cost of agility. Its AI-first services, credit tools, and bundled offerings drove both revenue and customer experience.
2. Think like a platform, not a product - By consolidating features across savings, credit, and investments, Monzo moved beyond standalone products. Traditional banks must shift toward integrated, platform-led models.
3. AI must be foundational, not optional - From code generation to fraud detection and credit risk, AI powers Monzo's operations. This deep integration reduced costs and enhanced decision-making, something legacy banks must prioritise.
4. Culture and values scale growth - Monzo scaled without losing its core transparency, inclusivity, and customer focus. Banks need to revisit their value systems if they want to grow with relevance.
5. Rethink SME banking from the ground up - Simplicity and digital ease helped Monzo onboard 625k+ SMEs. Traditional banks still treat small business banking as an afterthought, missing a major growth opportunity.
6. Subscriptions drive deeper engagement - Over 1 million Monzo users now pay for plans. This model drives predictable revenue and improves ARPU yet remains underutilised by most incumbents.
7. Build resilience through modern infrastructure - Monzo's cloud-based "Stand-In" system ensured uptime during outages. Operational resilience today demands technology-first solutions, not bureaucratic workarounds.
8. Marketing as a trust-building tool - Rather than over-indexing on acquisition, Monzo used brand-led campaigns to reinforce purpose. This helped drive organic growth while deepening trust.

Conclusion

FY2025 was Monzo's inflection point, not just a profitable year, but a transformative one. It didn't merely outperform its previous benchmarks; it redefined them. Profitability was achieved without sacrificing product innovation. International expansion was pursued without bloating operational complexity, and customer trust was deepened, not diluted, through automation, lending, and AI.

Monzo no longer fits comfortably in the mold of a challenger bank. It is now a platform bank, purpose-built for scale, grounded in transparency, and led by product obsession. It has proven that technology-first does not mean trust-last. That automation can be deeply human, and that margins and mission can coexist.

Yet the challenge from here intensifies. The next phase isn't about shipping more features or acquiring more users. It's about building a globally resilient financial institution that retains the courage and clarity of its original rebellion.