



Datametrics

Are disruptor banks a threat to traditional banks?

May 2019 | pi-datametrics.com



Changing the way we bank

Contents

- 03** Banks in search
- 04** Traditional banks vs. disruptor banks
- 06** The decline of high street banks
- 09** The growth of disruptor banks
- 14** Conclusion
- 15** Appendix

“If you compare banks to companies like Google, it’s evident that banks are still at the nascent stage of the digital and data revolution.”



Vik Atal
Independent Board Director,
Goldman Sachs Bank

The growing prominence of tech in our lives is making the desire for information and convenience ever more important, and a loss of trust in legacy banks due to events like the 2008 financial crisis are just such realities driving this change.

New fintech and challenger banks, that embrace the digital world, are offering an alternative to traditional financial infrastructures. They’ve been growing in public consciousness, and this is directly reflected in their search growth.

But just how disruptive are these banks? Do they truly present a threat to conventional banks?

Banks in search: Are disruptor banks a threat to traditional banks?

Reports stats

127

UK operating banks analysed

Google UK

Search engine

223.8m

Total search volume for 2018

We've taken 127 single bank name searches to assess the banks experiencing the steepest search volume growth and decline in the UK, between the years of 2016 - 2018.

Banks operating in the UK

All of the banks featured within this report operate or have branches within the UK.

Increased use of apps

Online banking is rapidly being overtaken by in-app banking; in 2017, 22 million people used their banking apps to manage their current account, according to industry analyst [CACI](#). Therefore, the search data in this report may be affected by increased use of app banking.

Traditional and digital breadth of services

Disruptor banks aren't offering the same as traditional banks; something to be aware of when comparing them. What disruptor banks may lack in financial offerings they make up for with USPs.

What traditional banks offer:

- Current accounts
- Credit card
- Insurance
- Mortgages

What disruptor banks offer:

- Current accounts
- Reduced / no charge for card usage abroad
- Increased digital security
- Unparalleled digital service
- Increased transparency
- Crypto-currency exchange
- Peer-to-peer payments

What is a challenger bank?

Challenger banks are smaller, fairly young retail banks that sprung up as a reaction to the longer established traditional banks lack of digital innovation. These challengers specialise in digital banking and regularly introduce new financial management features.

1.7bn

Revolut is currently valued at 1.7bn. [*](#)

460,000

Starling bank has 460,000 personal current accounts. [*](#)

100,000

Monzo is adding more than 100,000 customers a month. [*](#)

1 in 4

1 in 4 people under the age of 37 are using digital only challenger banks. [*](#)

7,000

In September, Revolut said 7,000 new accounts were being opened a day, and that it was processing \$3bn in transactions a month. [*](#)

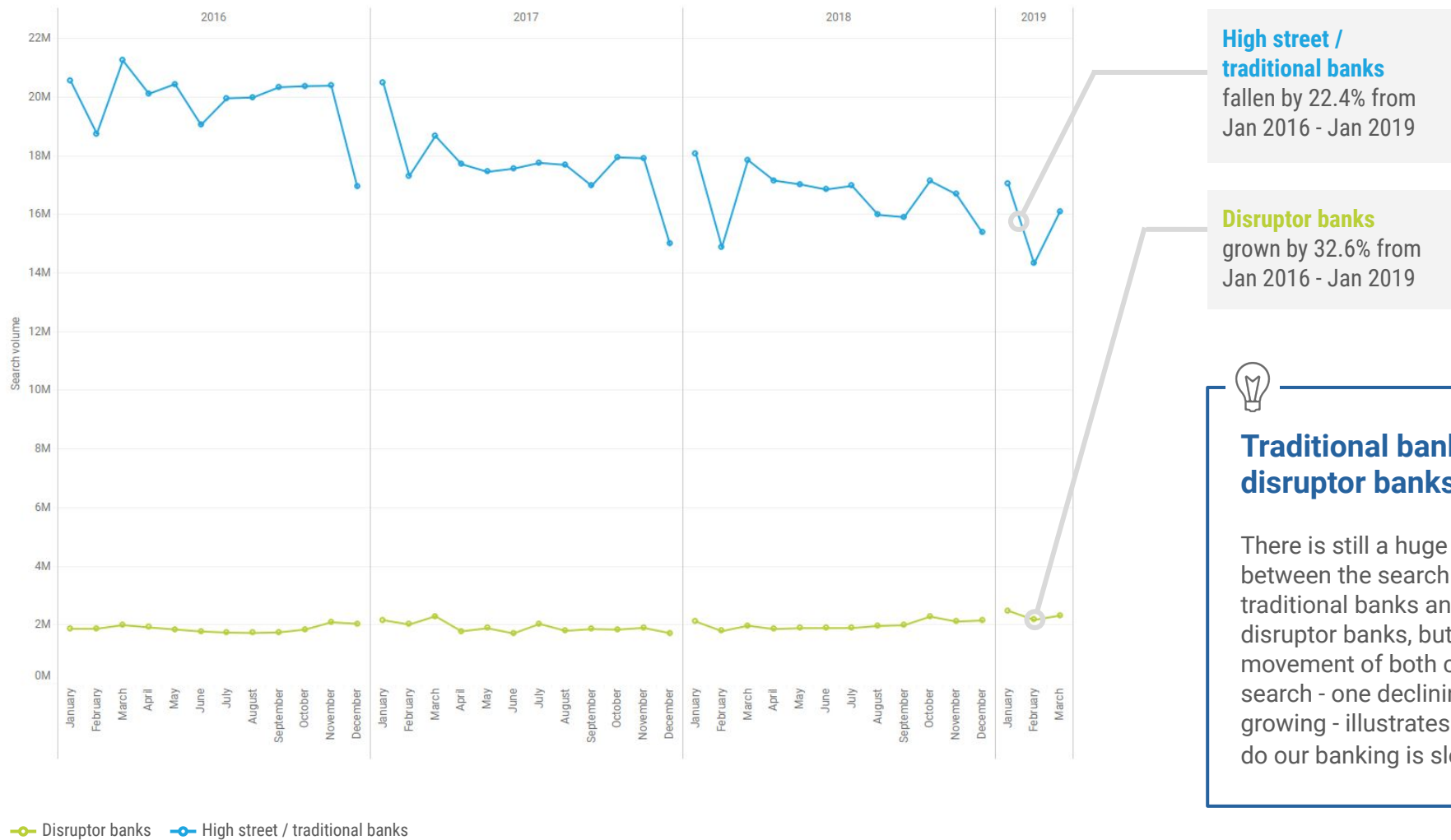
15%

Monzo now accounts for 15% of all new current account openings in the UK. [*](#)

Single term searches: Traditional banks vs. disruptor banks

Date range: January 2016 - March 2019 | Pi Market Intelligence

Search volume



The decline of high street banks

From January 2016 to March 2019

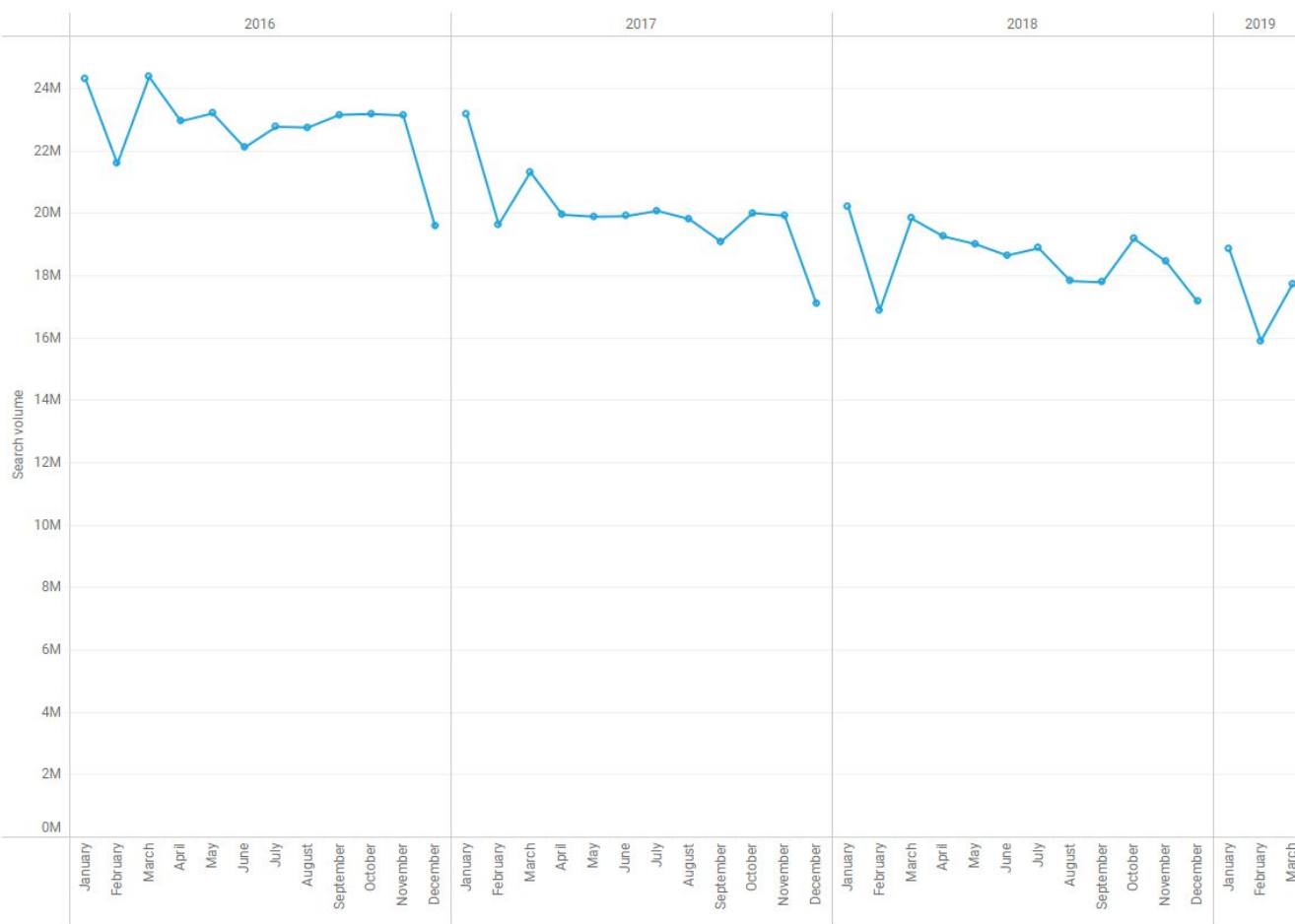


...

Traditional banks falling in single term searches

Date range: January 2016 - March 2019 | Pi Market Intelligence

Search volume



High street / traditional banks

Key insights:

'High street' banks, or traditional banks, have been declining in brand searches over the last two years.

In fact, these banks have fallen in search volume by -22.4% from January 2016 to January 2019.

Banks included:

Barclays, Halifax, Santander, Natwest, Clydesdale Bank, The Co-operative Bank, Bank of Scotland, Yorkshire Bank.

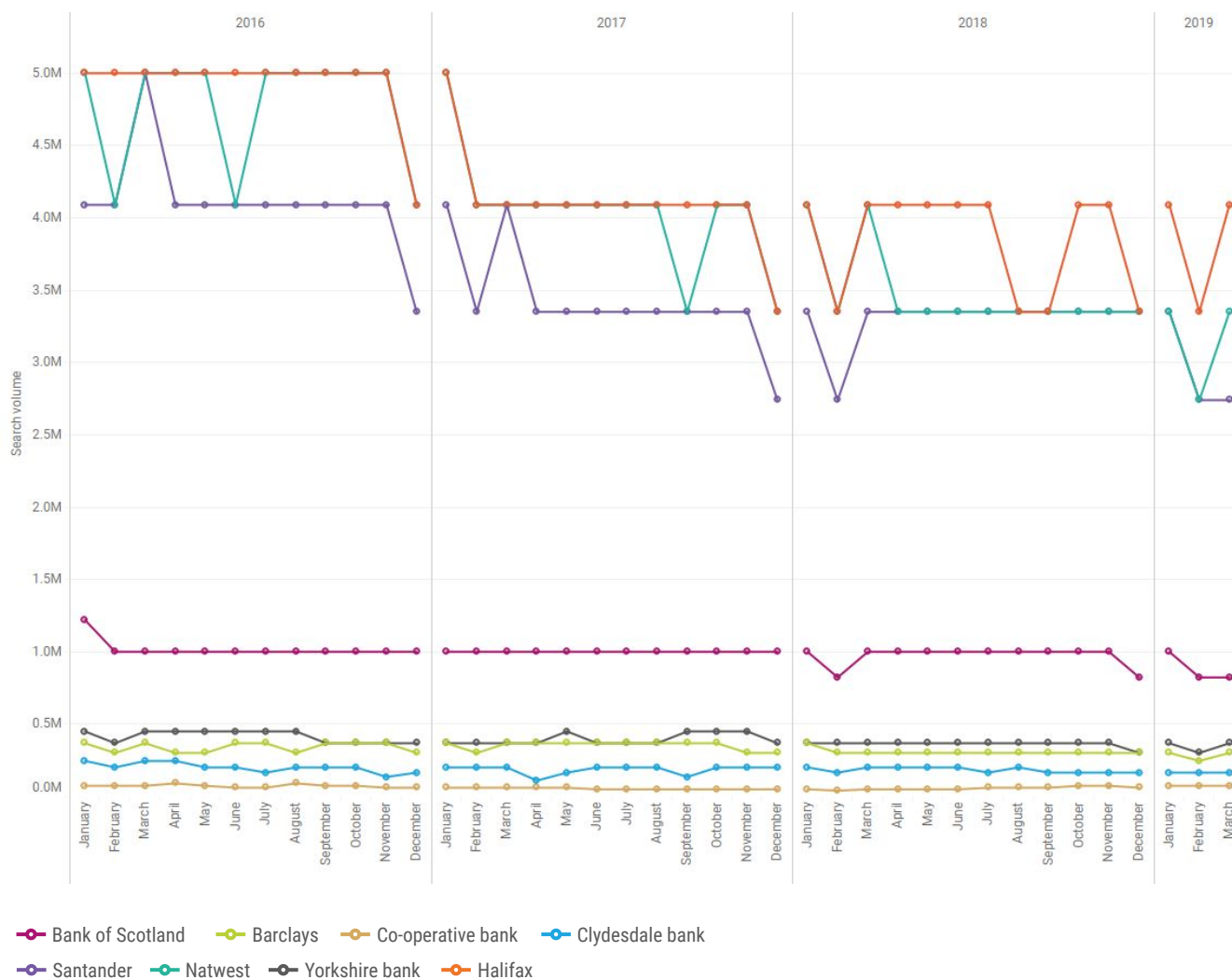
Want to see how your brand performs in search?

[Get in touch](#)

Which traditional banks have declined the most in search?

Date range: January 2016 - March 2019 | Pi Market Intelligence

Search volume



Key insights:

There is a consistent rise in search volume each January, followed by a dip each February - are people looking to change banks at this time? Or are we checking our accounts more in January after a month of festivities?

Percentage change:

NatWest has fallen by 27.22% from 2016 - 2018.

Halifax has fallen 21.95% from 2016 - 2018.

Santander has fallen 19.61% from 2016 - 2018.

Want to see how your brand performs in search?

[Get in touch](#)

The growth of disruptor banks

From January 2016 to March 2019

 monzo

 26

Arro

 STARLING BANK

Revolut

YOLT

 monese

...

The appeal of challenger banks

7%

of Brits have heard of Revolut, and only 1 in 10 have heard of Monzo*

68%

of those aged 35 to 44 and 64% of those aged 25 to 34 are familiar with at least one digital-only bank*

47%

of ages 18 to 24 have heard of these challenger banks*

Younger generations

There's no doubting that digital-only challenger banks are seeing impressive growth in the UK. However, at present, these banks aren't even close to rivalling traditional banks.

But, as younger generations seek alternative financial support that adheres to their fast paced, convenience-driven lifestyle, and if traditional banks continue to decline, disruptor banks may one day become convincing rivals.

Individuals vs. institutions

It's still amazing that banks initiated by individuals only a few short years ago are appearing in the same arena as financial institutions that have been around for decades.

For example, Revolut founder's Nikolay Storonsky and Vlad

Yatsenko launched this start-up in July 2015, and it's currently valued at [£1.3bn](#). Whereas, NatWest bank is valued at [£309.9bn](#) and launched in 1968.













Innovation

Challenger banks are constantly offering relevant new services and features in an effort to attract customers; something traditional banks can hardly keep up with. For example, Monzo claimed they pushed through 14 new terms on their existing features a month last year based on user feedback.

Disruptors are also demystifying much of the banking processes, which is extremely enticing to millennials in particular, who have been constantly jilted by the infrastructure of old. This new kind of banking speaks to them directly, in a language they themselves helped to create.

Biggest growing disruptor banks by search volume

Date range: January 2016 - March 2019 | Pi Market Intelligence

| Company | Website | Search volume 2018 | Search volume % change 2016 - 2018 | ▼ |
|---|------------------|--------------------|------------------------------------|---|
|  YOLT | yolt.com | 133,400 | 4715.88% | |
|  N26 | n26.com | 152,300 | 1399.02% | |
|  STARLING BANK | starlingbank.com | 686,200 | 1360.00% | |
|  monzo | monzo.com | 1,722,500 | 1135.92% | |
|  nimble | nimble.com | 61,000 | 642.09% | |
|  Arro | arromoney.com | 50,400 | 505.77% | |
|  bunq | bunq.com | 10,810 | 363.95% | |
|  monese | monese.com | 268,800 | 169.61% | |
|  Revolut | revolut.com | 2,675,000 | 144.96% | |
|  TANDEM | tandem.co.uk | 206,800 | 75.55% | |
|  DBS | db.com | 2,060 | 71.67% | |
|  Atom bank | atombank.co.uk | 263,500 | 37.24% | |



It's important to note that traditional banks, such as Santander, will receive more traffic than all of these banks combined. Whilst they are growing, they still have a long way to go in terms of brand searches.

Key insights:

The biggest growing disruptor banks are all digital-only.

Yolt only launched in the UK in June 2017, so its growth in search volume is even more impressive. Since its launch it has gained 500,000+ customers.

Likewise, N26 only opened its bank to UK customers in October 2018 - the bank has been operating across Europe for six years, but now offers banking in sterling.

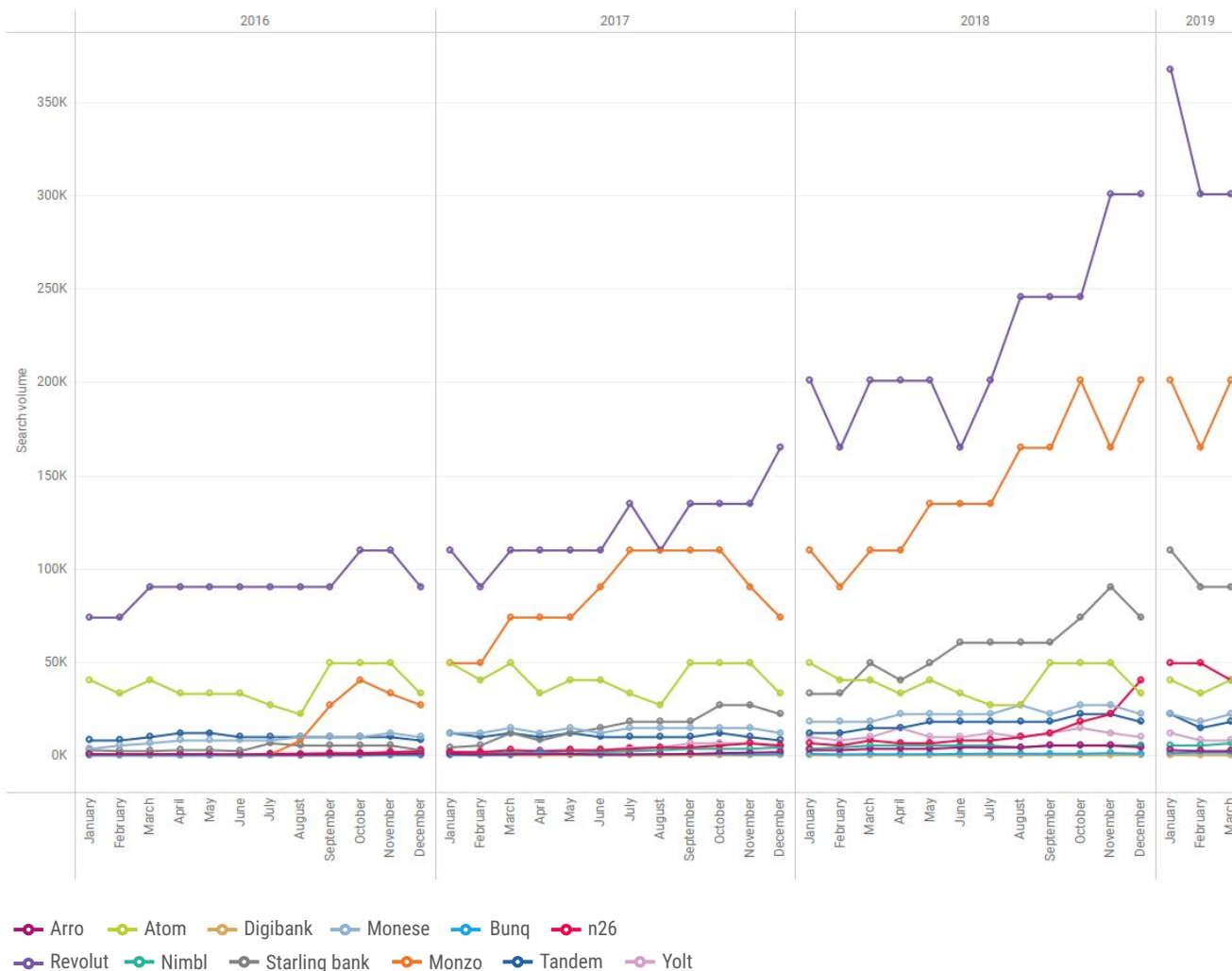
Want to see how your brand performs in search?

[Get in touch](#)

Which disruptor banks are growing the most in search?

Date range: January 2016 - March 2019 | Pi Market Intelligence

Search volume



Key insights:

This growth can't be directly attributed to any specific marketing campaigns, as challenger banks tend to shy away from larger campaigns, opting instead for smaller, guerilla-type marketing that utilises their customer base as marketers using [in-built sharing features in their apps](#).

Interest rates:

Revolut does not charge or offer interest.

Monzo does not offer interest on its current accounts, but saving 'pots' offer 1% interest a year.

Starling Bank offers 0.5% AER.

Want to see how your brand performs in search?

[Get in touch](#)

Top performing traditional and challenger banks in search

NatWest

Launched

1968. Established by a merger of National Provincial Bank and Westminster Bank.

Worth

£309.9bn

Customers

7,500,000 (excluding businesses)

850,000 small business accounts in the UK *

Revolut

Launched

2015

Worth

£1.3bn

Customers

4,000,000 worldwide *

100,000 small business accounts *

The future for traditional and challenger banks online

Growing into the mainstream

Whilst many challenger banks are still in the arguably advantageous position of being start-ups, a few are growing rapidly and consequently shifting into the mainstream; i.e. Revolut and Monzo.

As these banks continue to expand, they will no longer be able to rely on small marketing tactics and will inevitably invest in bigger campaigns to reach new audiences. This will necessitate the use of big data to build an understanding of their potential clients and their financial concerns.

Traditional banks partnering with tech companies

As traditional banks move into digital and compete with new fintech, they are likely to begin partnering with long established tech companies.

It can be difficult to change a businesses long-standing infrastructure, so using high profile tech to dive headfirst into the digital banking game is a viable option for a speedy transition.

A recent example of this is Goldman Sachs partnering with Apple to create the Apple Card.

Apple is a huge name in tech, which the public (especially younger generations) are already completely bought into; consumers are not thinking about the traditional bank behind it. As new banking is tied up in tech, we anticipate seeing more of this sort of partnership as traditional banks use tech companies as a vehicle into this digital banking arena.

Report contributors



McCaine Chan
Data Analyst



Holly Lloyd
Author



Louise Linehan
Author



Emily Hogarth
Author



James Tarratt
Designer



Get in touch

+44 (0) 203 371 3930

E. info@pi-datametrics.com

W. pi-datametrics.com

T. [@PiDatametrics](https://twitter.com/PiDatametrics)

© Pi Datametrics

An Intelligent Positioning analytics solution

Brighton | London | New York | Stockholm | Singapore | Bangkok | Hyderabad