

Interview



By Helen Cahill

SITTING in a plush modern office in the heart of the City, Anne Boden has just pinpointed the moment she realised quite how much the public had come to despise bankers.

It was 2012 and the woman who would go on to found Starling Bank, a digital start-up, was on her way to interview for the most high-profile job of her career so far – chief operating officer of Allied Irish Bank.

'I got into a taxi and the driver asked me what I did,' Boden recalls. 'I said I was going to see a bank I wanted to work for – and the atmosphere changed, he just stopped talking to me. It dawned on me then how much pain the banks had caused. After that, I took the view that you just don't say you're a banker, particularly in Ireland. I just told people I worked in technology.'

That wasn't actually so far from the truth: Boden would indeed get the job overseeing Allied Irish's systems. She had also trained as a computer scientist at university.

But if an awkward taxi journey shortly after the global recession was understandable, Boden says the years that followed were less

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so. Despite public outrage at the reckless lending, mis-selling and boardroom greed that triggered the great crash of 2008, the banking industry did not seem to want to put customers back at the heart of their operations.

To Boden, who had started her career in a Lloyds branch, this was a terrible error of judgment.

'Banks were so focused on getting rid of their bad loans and reducing their staff headcount that they'd forgotten about customers,' she says. 'Customers had changed – but banks hadn't noticed.'

By 2014, she had quit Allied Irish and sold her house to fund the launch of Starling. 'Banking was broken and I couldn't fix the old system – so I decided to build a new one,' she says.

The company's office in Moor-gate, where we meet, is testimony to that break from the past.

The office used to be a UBS trading floor, but is now decorated with the same quirky furniture and table-tennis table you might expect to see at Google's headquarters. Bowls filled with badges saying

Tech geek behind Starling Bank on giants that forgot customers...

I couldn't fix the broken banks – so I quit to start one of my own



VISION: Anne Boden sold her home to help fund Starling

PICTURE: IAN MCGORM

'#MakeMoneyEqual' are dotted on every table top. The atmosphere is informal, too. Staff work on laptops so they can move between desks easily and John Mountain, Starling's chief information officer, roams the room to talk with employees rather than being stuck in an executive corridor.

He even steps in to hold the flash for the photographer as Boden's picture is taken and a colleague jokes that it's the first piece of work he's done that day.

In fact, the only evidence of a link to the pre-crisis era is a defunct trading-floor clock which has had a Starling bank logo slapped on it.

Colleagues in banking thought Boden was crazy trying to launch a new brand from scratch. She says they visibly backed away from her at cocktail parties when she announced her news. But she was far from alone in spotting an opportunity to take on the big players.

Monzo, Tandem, Metro, Atom and numerous others are trying to lure

customers away from RBS, Lloyds, Barclays and HSBC, which together still control more than seven in ten current accounts.

Boden, who reads a book a week (and managed eight over Christmas) for ideas, knows she needs to make Starling stand out from an increasingly crowded field.

First and foremost, she says, Starling must push the boundaries of what customers can do.

Its smartphone app already shows the bank's 460,000 current account customers how and where they spend money each month. Boden is excited about the idea of customers being able to talk to the app using devices such as Amazon Alexa, the digital home assistant. And she can envisage customers one day doing their banking on the road by talking to self-driving cars.

Having studied computer science at Swansea University before starting out as a graduate trainee at Lloyds, she is certain big banks will fail to keep up. 'I used to code [com-

puter] programs for the Lloyds bank systems,' she says. 'As the banks got bigger, they bolted on new things on to their old systems – a new software package, or a new business they'd acquired.'

'And the structures became so complex that it became difficult to change anything. It was like spaghetti – if you pull one string, it gets stuck. You can't untangle it.'

Starling has come a long way since Boden's idea got off the ground in 2015.

She was approached by billionaire fund manager Harald McPike, who has so far invested £83 million in the business, and the bank launched two years later in 2017. McPike's background in data analysis drew him to Boden's idea to use data to help customers plan their spending. Starling has just raised another £75 million from investors including Merian Global Investors as it bids to launch new products and expand into Europe.

It already offers personal loans and Boden tells me a credit card is next, with a launch planned by the end of the year. For a new bank, finding a way to lend out deposits is crucial in turning a profit.

Starling also has 30,000 business customers, and is awaiting news of whether it has secured part of a £425 million fund from RBS to expand its business lending. Boden wants to scoop up 10 per cent of the

market in the long-term – or half a million customers. One of Starling's innovations will be matching relationship managers to businesses through a 'speed dating' service on its app. Another of Boden's bright ideas is selling the company's technological expertise to other firms.

The bank already has a contract to provide payment processing services to the Department for Work and Pensions. The contract relates to the department's Prove Your Identity scheme. Starling enables the DWP to send 1 pence to a person's bank account

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to prove the individual is associated with that account.

Boden says that by keeping costs low – Starling doesn't have any branches – the business should break even in 2020.

She hopes to stand out from the likes of Monzo by pitching Starling as a mainstream bank for customers across the UK, not just digital-savvy millennials in London. She also wants to pitch Starling as a full-blown bank, with all the bells and whistles customers have come to expect – not just a prepaid card. She adds: 'And we're actually growing faster outside of London than inside it, so it's a wider and older demographic.'

If Boden realises even some of these lofty ambitions, she can surely expect more customers to flock from bigger rivals to her bold new competitor. RBS, Lloyds and the rest – you have been warned.

ANNE BODEN, 59: BECOMING...A SEA BASS FAN



Lives: Travels between her flat in north-west London and her house in Buckinghamshire.
Education: Local comprehensive in Swansea and then went to Swansea University to study computer science.
Favourite food: Sea bass.
Last holiday: St Lucia over Christmas.
Hobbies: Reading, particularly biographies. She recommends Michelle Obama's *Becoming* (especially as an audiobook) and Ben Horowitz's *The Hard Thing About Hard Things*.