

Monzo Bank



Country: United Kingdom
 Founded: 2015
 Founders: Tom Blomfield, Paul Rippon, Gary Dolman, Jason Bates
 Sector: Digital banking

Monzo Bank is a digital bank, one of the few which has its own banking license. The company was founded in 2015 when Tom Blomfield left another digital banking start-up, Starling Bank. Monzo is well established in the UK and is also expanding into the United States market.

The company has raised raised £438m of equity capital making it one of the largest fundraisers in UK fintech. At the last funding round, the company was valued at £1.1bn, which was a decrease from the previous funding round. In fact, at the latest round, the share price declined by nearly 50%, though investors in the previous round were protected by an anti-dilution provision. In spite of this down round, the IRR for first round investors at the latest round was 111%.

Initial investors in Monzo were Passion Capital, Thrive Capital and Orange Digital Ventures. The company has also been raising capital through equity crowdfunding. The 4 founders have retained an 11.5% share of the business valued at around £127m.

Another feature of the Monzo Bank case is the scale of losses being incurred by the company. In the year to February 2020, the 5th year of reporting, losses were £113m which brought cumulative losses to £199m. This partly explains the need for additional financing in 2020 at the lower valuation.

Nevertheless, the company has been very successful in building a customer base and remains confident of the long term viability of its business model.

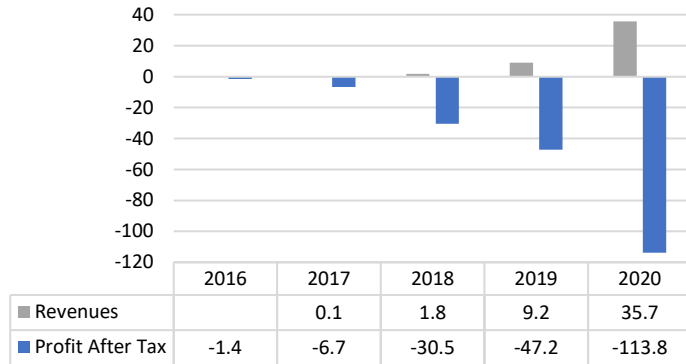
Summary Information Updated as of 31st December 2020

Total Equity Raised	£m	438.0
Announced Funding Not Yet Registered	£m	0.0
Latest Valuation	£m	1,103.2
First Round Date		12/08/2015
First Round Amount Raised	£m	2.00
First Round Share of Investors		22%
First Round Valuation	£m	9.0
Total Rounds		8
Days Between Rounds		255
Date of Last Round		01/07/2020
Days Since Last Round		183
Value Increase from First Round	x	38.6
IRR from First Round		111%
Founders Share Latest		11.5%
Founders Value Latest	£m	126.9
Year End		February
Latest Accounts Filed		2020
Cumulative Profit After Tax	£m	-199.7

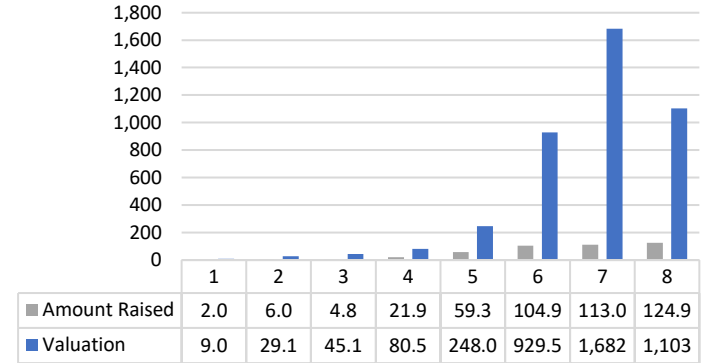
This series of fintech case studies from the UK are extracted from our research sample of over 100 fintech startups. The objective of the research is to monitor the financing, performance and valuation of these companies. For more information contact Michael Pearson at michael@clarusinvestments.com.



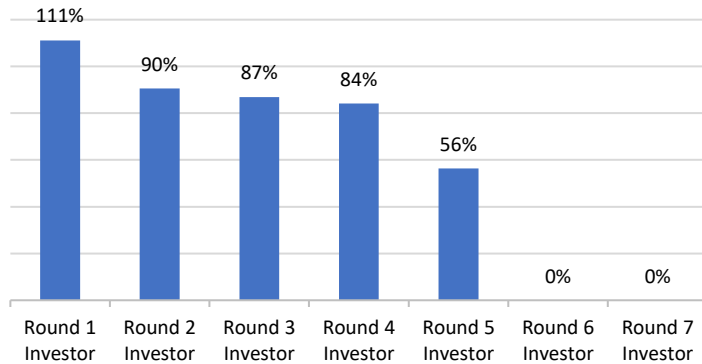
Financial Performance (£m)



Amount Raised and Valuation at Each Round (£m)



IRR at the Latest Round for Investors in Each Round



Share Price at Each Round (£)

