

LQID: A NEW CHALLENGER LINES UP IN THE UK

New players have been arriving to the UK banking scene, bringing innovation and competition with them. Founder Hubert Knapp and chief innovation officer Michael Sollitt speak to *Briony Richter* about challenger bank LQID, which is set to hit the market next year

Shaking up the market and offering more choice is what challenger banks are all about. Now, a new challenger has set its sights on the UK banking sector.

LQID is currently working with the Prudential Regulation Authority (PRA) to ensure it is ready to launch. The challenger has submitted the application, with founder and founder Hubert Knapp expecting authorisation with restrictions later this year, followed by a launch in 2019.

It is certainly an exciting time to be in banking, with challengers fighting back against old legacy banking systems with a fresh approach to entice new customers. Enabling convenience, trust, more choice and better services, the new players are sending shockwaves through the financial sector.

LQID aims to balance both digital and physical customer interaction. There is a shift towards digital in the way many consumers bank; however, there are still many that prefer a more balanced approach.

Speaking to *RBI*, Knapp is keen to explain what LQID has to offer. He says: “We see changes coming in the economy, a new way of managing money, a new way of working and a new way of operating in a digital economy. Essentially, we believe there needs to be a better balance between technology and the human experience.”

He adds: “People are moving forward digitally faster than the businesses that support them. It’s ironic: people love digital devices and technology and are more digitally connected than ever before, but they are increasingly feeling isolated.

“At LQID we see an opportunity for a socially connected economy that is driven by entrepreneurs and small to medium-sized business and the mass market consumer. In fact, these groups are one and the same.

“At the heart of all of this is creating a better human experience – an experience that embraces the convenience and speed of technology, with the reassurance and peace of mind of being able to speak to a real person when they need to. People really value that.”



AT THE HEART OF ALL OF THIS IS CREATING A BETTER HUMAN EXPERIENCE

Chief innovation officer Michael Sollitt adds: “One of the things that I have seen before is there is a wall where people operate in the old system, and in the last five years or so you have digital-only solutions coming in. But when I have been talking with people, they say that they enjoy face-to-face and personal interaction.

“What LQID brings is a combination of physical and digital, and the aim is that the

physical experience is enhanced through the digital technology.”

The challenger sees a gap in the market. Digital-only banks are very popular for a certain segment; however, the mass market and small businesses still appreciate human interaction. Both Knapp and Sollitt believe the LQID proposition addresses that current frustration.

Getting a banking licence is a lengthy process, but LQID is rightly using the time to study the behaviours and trends of UK customers, taking on board the type of banking experience they desire.

CUSTOMER ENGAGEMENT

Customer engagement is key to the success of any bank, and building relationships based on trust and transparency will benefit both the customer and the bank.

LQID will offer a reliable multi-channel engagement strategy, so customers can choose between conducting banking tasks digitally and speaking to a staff member via video chat.

Knapp explains: “It’s important to us that our products will be straightforward and easy to understand, and provide meaningful benefits for our customers. We’ll make it easier to track budgets and manage money, and even make savings recommendations. Importantly, our customers can speak to our LQID support team when they need help, either through the app or at LQID digital branches.

“We think it will be a very compelling offer, and one that meets people’s desire to maintain human interaction while getting the best



Hubert Knapp, LQID

benefits digital technology can offer," he adds.

Banking is entering a new era. As well as enabling a seamless banking experience, LQID wants to support customers in reaching their financial goals – whether that is a small business wanting to expand or an individual who wants to save for the future.

way consumers think about managing money, there remain many that are still reluctant to fully switch over to them.

Explaining how LQID will be different, Knapp says: "What sets LQID apart is the integration of technology with physical channels and human interaction.

“ OUR SERVICES COMBINE PHYSICAL AND DIGITAL TECHNOLOGY – ENHANCING THE PHYSICAL EXPERIENCE USING TECHNOLOGY SOLUTIONS

Sollitt adds: "Our capability will allow us to change. If our customers are telling us that things are frustrating them, then we will be able to change and cater for that."

In the UK, there are many customers that have stayed with their bank since childhood. LQID feels the current banking climate is becoming increasingly detached and more of a utility that throws offers like Amazon vouchers and railcards at their customers. However, many banks are failing to actually entice customers through their own offerings, and this is where LQID can make a difference.

Even though digital-only banks in the UK like Monzo and Revolut have changed the

"Our services combine physical and digital technology – enhancing the physical experience using technology solutions. We have a solution that will allow us to embrace the high street and the physical world, not turn our backs on it."



BRANCHES

As the banking sector becomes increasingly digital, one question remains: do we still actually need branches?

Certainly, more and more people may be turning to digital banking technology; however, the physical interaction is still desired by many in the UK.

LQID, for its part, is aiming to take a slightly different approach with its branch network. As Sollitt says: "They will be different. We will locate branches strategically. We don't believe that every branch has to be a coffee shop or a huge banking format. They will have all the digital capabilities that are in other banks, but a more personalised human touch. Physical interaction will be driven by technology.

"We will connect you through to a person face to face via video chat. It makes the customer feel closer and more secure. The tech we have allows us to bring that comfort to the customer while meeting their needs. There will also be an element of change of control, where the customer will feel better equipped and supported."

Knapp adds: "We love digital technology and you really can't deny the great benefits that technology has brought to our lives. It's not about replacing people, it's about integrating physical and digital to create a better outcome. There's a new economy on the horizon that merges physical and digital: it's digital and its people-powered."

He continues: "Our branches will make it easier to talk to someone face to face. Although the branches will be people-less, customers can easily connect to our contact centre by videolink. This gives them the opportunity to ask any questions they may have about LQID and our products, and discuss how LQID can help them – for example if they need a loan."

The LQID branch will be a full-service branch, therefore all its customers will be able to perform all the banking tasks they could achieve in a branch with employees.

Sollitt concludes: "Progress doesn't mean throwing everything away. Our branches are not going to have queues every day: they will be a place for people go for a specific purpose – like a destination. Our challenge is how to make our destination relevant."

The strategy for the branch network is intuitive and unique. The challenger's goal is to make banking smoother. For LQID, the bank format of the future is digital, but with a human touch. ■