

# Starling slashes losses, swells revenue in flight path toward profit

Article

**The news:** Starling's annual [report](#) covering the period between November 30, 2019 (the end of its previous reporting period) and March 31, 2021 [reveals](#) steady progress toward its profitability goals:

- Revenue rose **approximately 600%**, from **£14.7 million (\$18.9 million)** to **£97.6 million (\$125.2 million)**.

- Loss after tax plunged from **£52.1 million (\$66.8 million) to £23.3 million (\$29.9 million)** over the same timeframe.
- Total accounts amounted to **2.3 million** as of June 30, 2021, comprising **1.8 million retail current accounts**—akin to checking accounts in the US—**374,000 small and medium-sized business (SMB)** accounts, and 126,000 euro and US dollar accounts.

**More on this:** Starling has strived toward steady growth and to become profitable. Ramping up its presence in SMB banking is a key pillar of its strategy.

Starling has yet to attain a full year of profitability, but it started turning a monthly profit in October 2020, and CEO and founder Anne Boden said that the neobank is “very much on track to post [its] first full year of profitability” in its 2022 fiscal results, per a call [cited](#) by CNBC.

Toward this goal, Starling has made a play for the SMB banking space—a promising bet, as the [success](#) of business-only challenger banks like **OakNorth** has shown.

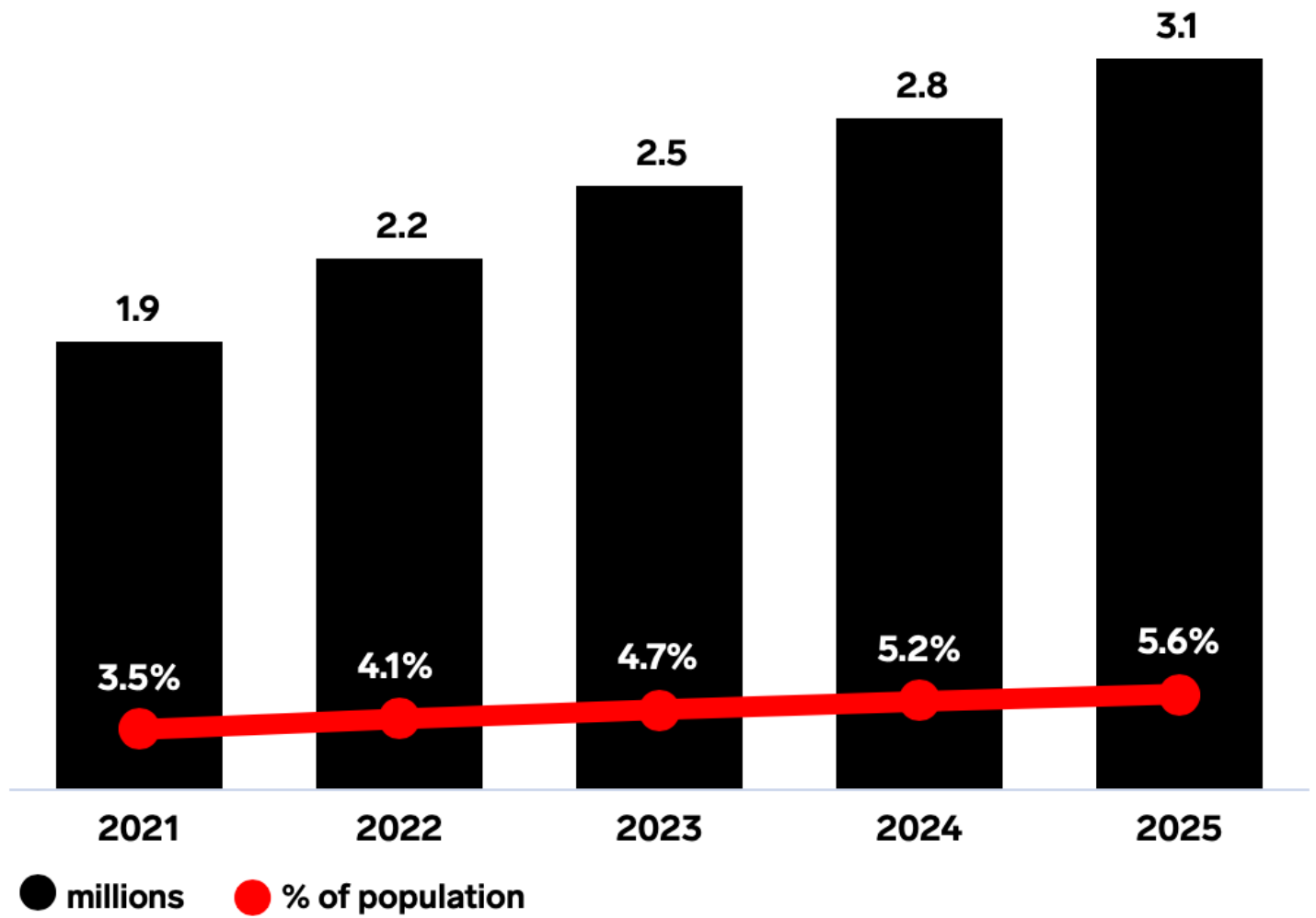
And its efforts to penetrate that market are paying off:

- Earlier this month, Starling [was No. 1](#) in four categories at the **British Banking Awards**. One of those awards was Best Business Banking Provider.
- Starling also pulled in the largest number of business customers that switched their banking provider as part of the **Incentivized Switching Scheme** operated by **Banking Competition Remedies**, [per](#) AltFi. The neobank gained 16,528 new business clients through the scheme, edging out second-place Virgin Money (15,946 switchers).

**Why it's worth watching:** Annual profitability is the holy grail that all prominent, consumer-focused neobanks are questing after. If Starling can prove that reliable yearly profits are attainable for neobanks, it is likely to become the standard to which other neobanks are held. Investors could then demand clear evidence of future profitability from other challengers. If investors start to predicate their injections of fresh capital for neobanks on this evidence, it would limit the ability of young or unprofitable neobanks to focus on driving scale before revenue, as most consumer-focused neobanks currently do.

# Starling Bank Account Holders and Penetration

UK, 2021-2025



Source: eMarketer, May 2021

[InsiderIntelligence.com](https://www.insiderintelligence.com)