

# What happens now that neobanks aren't new?

How challenger banks can use language to win customers, deepen engagement and survive shakeout



**There's a serious threat approaching challenger banks: they're starting to sound the same.**

The neo ('challenger') banks are approaching the equivalent of the pop star's tricky second album. It's now time for them to break away from their peers, dump gimmicks and offer prospective clients a belief in something beyond novelty.

But our analysis reveals neobanks are actually starting to drift *closer* together in one critical area: their brand language. Yet it's language that humans use to project personality and deepen relationships.

In this paper, we look at the underlying causes, the impact and the possible solutions.

## To avoid shake out: move from product innovation to engagement innovation

There's a recognised life cycle for any industry: start-up, growth, shakeout, maturity and (for some) decline.<sup>1</sup> While product innovations signal newness and kick start growth, features such as brightly coloured portrait cards and free overseas cash withdrawals are quickly copied: just ask N26, Revolut and Curve about their metal cards.<sup>2</sup>

Worse, the customers who have been acquired through gimmicks are not yet using the challengers as their primary bank.<sup>3,4</sup> To reach profitability and avoid being lost in industry shakeouts, the brand teams must now deepen their banks' relationship with their customers by becoming 'true' brands.

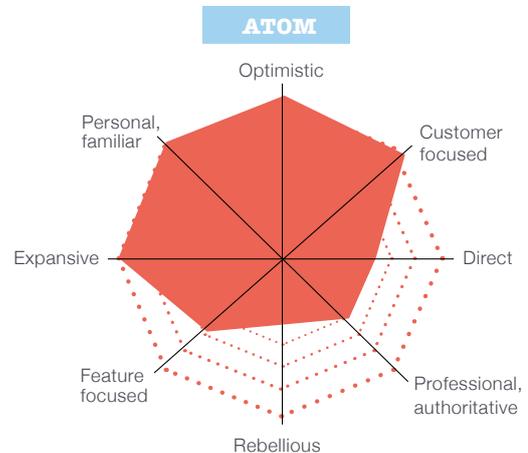
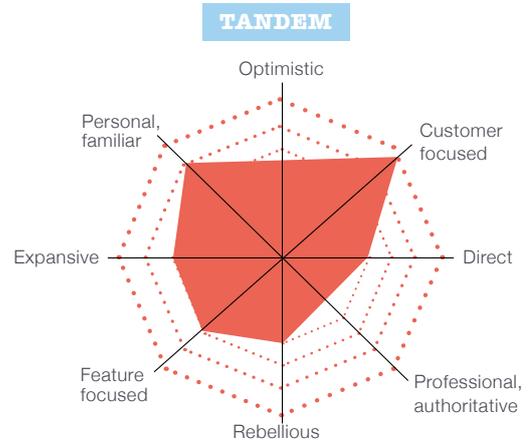
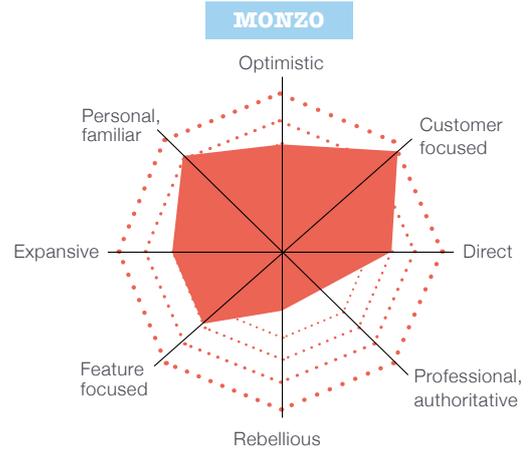
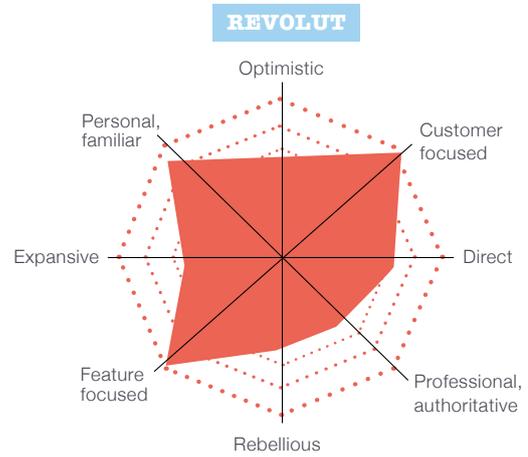
## Visuals attract, verbals engage

Humans developed complex language specifically for sharing critical information and building long-term relationships. Brands do the same. Of course, every app, every social media post or phone call, every product description or contract depends on language: but true brands (i.e. those which have a unique appeal that builds margin) leverage a skilfully differentiated language. This is especially important for banking, where successful brands can build a lifetime relationship with a customer.

## Radically different? Radically similar?

After auditing the social media channels, online, ATL comms and the in-app language of several challenger banks, we identified the emphasis they placed on tonal qualities. Compared to brands in other sectors (e.g. [successful premium car brands](#)) there seems to be a tendency for group think and a lack of clear brand building in language.

For all of the challenger bank brands we examined, the narrative and tone of voice has been primarily aligned along a Rebellious/Optimistic axis (highlighting dissatisfaction with the past or hope for the future) and an 'Expansive/Direct' axis. This alignment isn't unexpected. But even on secondary axes such as 'Personal and Familiar' Vs 'Professional and Authoritative', the banks' brand language is undifferentiated. As the language mapping shows, overall there is a touch of the Jamie Olivers, with all banks sounding matey and slightly irreverent, with a straight talking 'look what you can do' attitude.



<sup>1</sup>Corporate Finance Institute, 'Industry Life Cycle', <<https://corporatefinanceinstitute.com/resources/knowledge/strategy/industry-life-cycle/>> <sup>2</sup>Romain Dillet, 'Revolut introduces a metal card', Tech Crunch, August 2018 <<https://techcrunch.com/2018/08/21/revolut-introduces-a-metal-card/>> <sup>3</sup>Ibid. <sup>4</sup>James Booth, 'Challenger banks struggling to compete with big five banks on cash deposits, study finds', City AM, 30th May 2019 <<https://www.cityam.com/challenger-banks-struggling-compete-big-five-banks-cash/>>



## Time to challenge the status quo (again): the two key issues and how to address them

The first challenger banks, such as Atom, only needed to differentiate themselves from the legacy bank brands. But once a sector becomes established, the brands in it have to differentiate from each other to win customer attention.

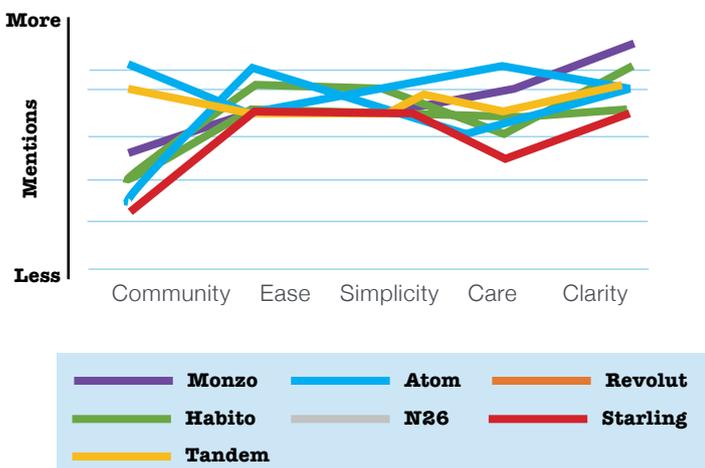
The root cause of neobanks' failure to differentiate in this way seems to be a lack of understanding about how to codify brand language to promise something different and build loyalty. In fact, [Revolut's voice guidelines](#), published a year after [Monzo's](#), ape Monzo's even down to the structure. And, while both provide excellent guidance on how to write well and clearly, neither gives a strong idea of the voice's (and therefore the brand's) distinctive character.

We see in this sector two manifestations of this lack of understanding and some clear opportunities to create differentiation, deliver engagement and so build a true brand.

### Issue #1: Neobanks lack clearly differentiating narratives

Neobanks all claim to challenge the old system, with each promising individuality and a better world that the customer can believe in: the perfect definition of a brand. Linguistic analysis of their narratives, however, shows that all neobanks are talking about the same things with only small variances in the importance they place on them.

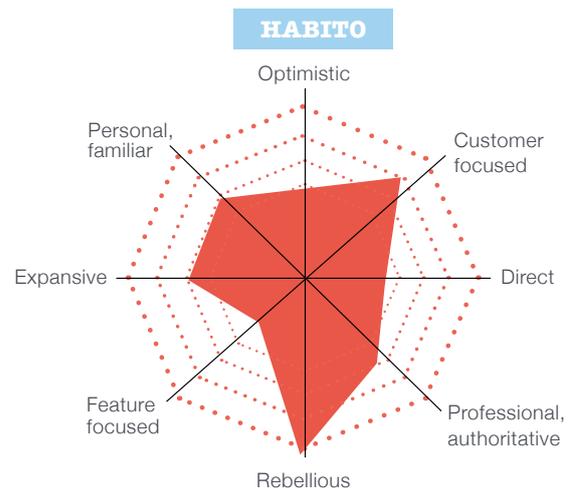
They give the same rational reasons without providing the emotional impact that will make them stand out. Many of the brands even used the same phrase to describe themselves: 'banking but better'. Both reasons to be believe and 'emotions to believe' need to be present if you're going to convince someone to leave the bank they've been with for 5, 10 or 30 years.'



**How brand teams can fix it:** To create a valuable and outperforming brand, the CMO needs to develop a narrative for their brand's language. A narrative should be individual to your brand and finish these three statements

- We are the kind of people who...
- Therefore, we believe in...
- And we stand against...

The narrative reveals the topics your brand should talk about and the emotional angle it should take on them. Within the wider financial sector, a successful exponent of this is [Habito](#), a challenger online mortgage broker. They paint an emotive picture of the 'hell' they stand against: the stress and hours of wasted effort that usually go into finding the right mortgage. Their copy serves as a rallying cry, building up the reader's frustration with the old way of doing things before showing that they believe you, the customer, and Habito can now 'get even.' Its differentiating brand qualities are lived out in the choices for its tone of voice, as the mapping clearly shows:



### Issue #2: Lack of guidance is causing a drift to a 'typical' voice

When the verbal identity isn't extensively defined, writers default to 'what everyone expects' in that space. This has most clearly manifested itself in the social media and CRM channels of the neobanks we audited.

Starling, for example, started life by appealing to an older demographic, and so emphasised the experience of their CEO, Anne Boden, with a voice that consequently was 'friendly professionalism'. Recently though, emojis and increasing amounts of exclamation marks have started to creep into their copy as they mimic other neobanks. It feels at odds with the identity they've established and [is already making some users uncomfortable](#), accusing it of being a 'cheap imitation'.



The challenge of how you flex the brand voice to adapt to each channel while remaining consistent to your core is a common problem. But it's critical in financial services, where trust plays a dominant role in someone's decision to stay or switch providers. If you speak to the same person in two completely different ways, they're going to conclude that you're either shallow or confused. It's the same with any brand.

**How brand teams can fix it:** Look at American insurance provider [Lemonade](#). Most of their interaction with customers comes through their chatbot. For general customer inquiries and sign-ups there's the Maya chatbot and for claims there's Jim. Jim turns up the authoritativeness and turns down the ebullience but both sound like representatives of the same company.

Advice on what (and when) tonal qualities should be turned up and down should be built into the brand voice guidelines. This is especially the case for channels like Twitter where copy needs to be created quickly, at high volumes, and often in response to particular customer queries. A warning though: guidelines are 49% of the task, training writers to help use them properly is the more important 51%.

## **Don't just say you're different. Be different**

Challenger banks have a real opportunity to show consumers that banks can be different, beyond a shiny new user interface. They can have deeply held convictions, follow through with promises and genuinely want to connect with their customers. However, none of this will seem more than skin-deep unless banks change the way they speak.

Verbal Identity are super-specialists in the magic and mechanics of brand language. We work with national and global brands creating verbal tone of voice guidelines and writer training, helping them connect with their customers in a differentiating, consistent and engaging voice. We have developed our own proven methodology which has led to more effective writing, more consistent on-brand messaging, reduced time to approval and improved brand metrics. More than this, it has produced teams who are aligned and committed to their company's guiding Vision.

To learn more, talk to our Senior Partner, [Chris West](#).

### **Chris West**

Chris is Verbal Identity's Founding Partner.

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Verbal Identity is a brand strategy consultancy specialising in the magic and mechanics of language