Competitive Analysis Report

# Executive Summary

This report provides a comprehensive analysis of the digital banking landscape, specifically focusing on competitor features for spending tracking and bill sharing. Triggered by a competitor's recent launch, this research was undertaken to identify market gaps and opportunities to enhance Lloyds Banking Group's digital offerings. Key findings indicate that leading digital banks like Monzo, Revolut, and Starling offer highly intuitive, socially integrated financial management tools that are now an industry benchmark. Analysis of internal customer data reveals a significant, unmet demand for similar functionality, evidenced by a high volume of peer-to-peer transfers with manual references for shared expenses. The primary recommendation is for Lloyds to develop a suite of integrated features, including automatic spending categorization and seamless bill splitting, to maintain a competitive edge and meet clear customer needs.

# Competitor Feature Analysis

This section details the analysis of spending tracking and bill sharing features from three key competitors: Monzo, Revolut, and Starling Bank. The analysis covers feature functionality, user benefits, and an assessment of the user experience (UX).

**1. Monzo**

* **Spending Tracking:**
  + **How it works:** Monzo provides instant notifications and automatically categorises all transactions (e.g., "Groceries," "Transport"). Users can view visual summaries of their spending by category and set monthly budgets.
  + **User Benefits:** Offers effortless, real-time awareness of spending habits, removing the manual effort of budgeting and empowering better financial decisions.
  + **UI/UX Assessment:** The interface is clean, colourful, and highly intuitive, making financial data feel accessible and easy to understand at a glance.
* **Bill Sharing:**
  + **How it works:** The "Split the Bill" feature is integrated directly into the transaction history. A user can select any payment, tap "Split," and send a request to Monzo contacts. "Shared Tabs" allow for tracking multiple expenses with a group over time.
  + **User Benefits:** Provides a fast and frictionless way to share common expenses. Shared Tabs are excellent for ongoing costs like household bills or holidays.
  + **UI/UX Assessment:** The process is seamless and feels like a social interaction rather than a formal bank transaction, driving high user engagement.

**2. Revolut**

* **Spending Tracking:**
  + **How it works:** Revolut offers a powerful analytics dashboard with automatic categorization, custom categories, and monthly budget-setting. It provides detailed charts showing spending trends over time.
  + **User Benefits:** Provides users with deep, granular control over their finances, well-suited for detailed financial analysis and strict budgeting.
  + **UI/UX Assessment:** The interface is data-rich and visually impressive. However, its complexity can be overwhelming for users seeking simple, at-a-glance insights.
* **Bill Sharing:**
  + **How it works:** The "Group Bills" feature allows users to create a group, add expenses, and automatically calculate who owes what. It also seamlessly handles multiple currencies.
  + **User Benefits:** Ideal for managing complex, multi-expense situations like a group holiday. The multi-currency support is a key differentiator.
  + **UI/UX Assessment:** The feature is robust and comprehensive but is located in a separate "Hub," making it feel less integrated into the core banking experience compared to Monzo.

**3. Starling Bank**

* **Spending Tracking:**
  + **How it works:** Starling provides instant notifications, automatic categorization, and a clear "Spending Insights" pie chart. Its standout feature is "Spaces," sub-accounts that allow users to set money aside for specific goals.
  + **User Benefits:** The combination of spending insights and savings goals ("Spaces") encourages proactive financial management, helping users save for future expenses.
  + **UI/UX Assessment:** Starling's UI is widely praised for being clean, professional, and easy to navigate. It excels in clarity and usability.
* **Bill Sharing:**
  + **How it works:** The "Settle Up" feature allows users to send a payment request via a secure link. Crucially, the recipient does **not** need to be a Starling customer to pay.
  + **User Benefits:** Extremely flexible, removing the major friction point of requiring all parties to use the same banking app.
  + **UI/UX Assessment:** Simple, effective, and highly practical. Generating and sharing a link is a straightforward process.

# Customer Usage Insights

Analysis of Lloyds' internal analytics data reveals several key trends and potential areas for improvement:

* **High Volume of Manual P2P Transfers:** A significant percentage of daily transfers are small, frequent payments (£10-£50) between individuals. Payment references often include terms like "rent," "dinner," "takeaway," "groceries," and "bills," strongly suggesting that customers are using standard bank transfers as a manual workaround for bill splitting.
* **Underutilised Budgeting Tools:** Engagement with Lloyds' current "Spending Summary" feature is low. This indicates it may lack the necessary functionality (like automatic categorization), visibility, or user-friendly design to be effective for customers.
* **Common Spending Categories:** The most frequent transaction categories are "Groceries," "Shopping," and "Eating Out." These categories represent everyday, often social, expenses that are prime candidates for bill-sharing features.
* **Potential Pain Point:** There is a discernible pattern of multiple customers making identical payments to a single utility or travel provider account around the same date, likely indicating shared household or holiday expenses that are being managed and reconciled outside of the Lloyds app.

# Recommendations

Based on the competitor analysis and customer usage insights, the following actions are recommended to enhance Lloyds' digital banking features:

1. **Develop an Integrated Bill Splitting Feature:**
   * **Action:** Introduce a "Split Bill" function directly within the transaction history. Allow users to select a payment and instantly send requests to contacts.
   * **Justification:** This directly addresses the customer need shown by manual P2P transfers and matches a key feature of market leaders like Monzo.
2. **Overhaul Spending Insights with Smart Budgeting:**
   * **Action:** Implement real-time, automatic spending categorization with clean, visual dashboards. Allow users to set category-specific budgets and receive push notifications when they are nearing their limits.
   * **Justification:** Competitors have proven this is a high-value feature. It would revitalise our underused spending tools and provide the insights our customers currently lack.
3. **Introduce "Shared Tabs" for Group Expenses:**
   * **Action:** Create a feature to track ongoing shared expenses among a group, such as for a household or a trip. The feature should tally who owes what over time.
   * **Justification:** This addresses a clear pain point for customers managing complex group finances and offers a more robust solution than a simple one-off bill split, competing with Revolut's "Group Bills."
4. **Explore a "Pay with Link" Feature:**
   * **Action:** Develop a system for generating a secure payment link that can be shared with anyone, regardless of who they bank with.
   * **Justification:** This would be a powerful differentiator, matching Starling Bank's flexibility and providing a superior UX by removing the need for all users to be on the same platform.

# Conclusion

The digital banking market has evolved rapidly, with integrated financial management tools becoming a standard expectation for users. Competitor offerings are sophisticated, seamless, and socially focused. Our customer data confirms a strong latent demand for these same features within the Lloyds ecosystem. By prioritising the development of intuitive spending tracking and bill-sharing functionalities, Lloyds can not only achieve competitive parity but also significantly enhance customer satisfaction and engagement. The recommended next step is to move into the design phase, beginning with the creation of user personas, journey maps, and low-fidelity wireframes for the proposed features.