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# Banking business

**If you could establish a bank, what would you focus on? For UK bank Aldermore's founding CEO, Phillip Monks, the original vision for the UK bank was simple: 'Banking as it should be'.**

IMAGES ALDERMORE BANK

**A**lmost a decade ago, as the financial crisis unfolded, UK bank Aldermore's founding CEO, Phillip Monks, found himself drawn to the plight of SMEs and homeowners in the UK. Having just stepped away from the first bank he started (the European operations of Arab Bank Plc), two things dawned on him. "One, that for as long as I have been in banking in the UK, small- to medium-sized enterprises have said, 'The bank doesn't understand me.' And two, the competition in the banking market was on its knees and probably would be for some time," Phillip says.

With a decision to put customer service at the forefront, SME-focused bank Aldermore opened for business. "I thought there would never be a better time to start a bank that was actually servicing SMEs as they want to be served: providing reliable experts and a straightforward and dynamic service; a digital offering, most definitely without branches, although having regional outposts so you could have face-to-face contact if wanted," says Phillip. Fortunately AnaCap Financial Partners, a specialist private equity firm focused on investing in the European financial services sector, also recognised this opportunity, and with their expert support and investment, Aldermore Bank was established in 2009.

Phillip, who has more than thirty years of industry experience, explains that when founding the bank, they set out customer service values for SMEs. "We picked four business areas which we thought were really fundamental to the development of customer businesses. They were: invoice finance to provide working capital; asset finance to provide plant and machinery, vehicles and the like; commercial mortgages so they had premises; and then a bit later we built our own residential mortgage business from scratch. >>



**Name** Phillip Monks  
**Company** Aldermore Bank  
**Position** CEO  
**HQ** Peterborough, UK  
**Employees** 925







"We have since broadened our product range, but they were important markets because they all had very strong risk-adjusted returns. We have stood by those markets, growing with them and also growing with our customers in those markets over the last seven years."

Looking back at Phillip's five-year vision for the bank, which he wrote down in its early days, it's impressive that he's managed to steer the business to that vision with great customer service and an efficient operating environment backed by modern IT systems.

In March 2015, Aldermore completed its IPO and went into the FTSE 250 Index with a total net lending of £5.4 billion, a high achievement, particularly for a young company. "We hadn't expected it to grow quite as fast as it did. I think the financial crisis has probably lingered for longer than anybody would have expected — certainly me — and therefore we've managed to build a really sustainable business and develop our brand," says Phillip. "We would describe ourselves as a specialist lender with a very strong, diversified saving space."

Fast forward to 2016, and Aldermore now lends over £6.8 billion to UK SMEs.

*"DPR Consulting provided Aldermore with their lending system from the beginning, responding to their ongoing requirements to be a UK leading bank. Aldermore sees DPR as a pillar to its success as we continue working together building a strong partnership." - Dave Patel, Director, DPR Consulting Limited*

homeowners, and landlords. The bank's half year 2016 results revealed continued, and balanced growth, with underlying profit before tax up by 45 per cent to £63 million, driven by strong loan origination across the business. Phillip's strong vision for the bank from the beginning means it sets itself apart from others. It has understood what its DNA is and determined its business culture and values from the start.

"Then there are the more physical aspects of the bank, like the passion around diversification of our asset base so we have multiple levers to pull for growth, and diversification of our deposit base, so we're not beholden to any one source of funding."

The bank's ongoing success proves Phillip was on the right track. Indeed, earlier in 2016 he was awarded an OBE for services to banking; demonstrating

the significant role that he – and Aldermore – have played in encouraging competition and diversification in the UK banking sector.

In terms of customer service, Phillip says Aldermore stands out from its competitors for its intelligent use of IT and continued investment and innovation in the digital environment "coupled with the human interface, particularly on the underwriting side; our customers tell us that is an invaluable thing."

One such efficient service is Aldermore's SME Rate Checker tool. This unique innovation allows SMEs to check the interest rate they are earning on their business savings accounts and provides a comparison to what they could be earning at Aldermore. This ease of access, reliability, and straightforwardness is ingrained in the business.

"That's an example of the kind of ethos which goes right through our business. Having a modern operating environment means we can be economically innovative and adapt very quickly.

"That is what we are constantly developing and investing in the business as we go forward. Alongside the intelligent use of IT and humans together, it is one of our significant competitive advantages."

For Phillip, it all comes back to the first idea for Aldermore: Banking as it should be.

"What gave me huge pleasure last year was one comment from a customer about the service we had given them. They said, 'This is banking as it should be.' I must admit that caused a bit of a lump in my throat." ■

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