

Digital bank Monzo in talks to sell new £300m stake

Monzo is in talks about a £300m-plus fundraising that would underpin its status as the most highly valued digital bank in Britain.

Sky News has learnt that Monzo, which was founded in 2015 and now boasts 8.5m customers, is in detailed talks with a pack of blue-chip investment funds about a share sale expected to value it at more than £3.5bn.

The talks are yet to be concluded, and the identity of any new investors has yet to be determined by the company's board, insiders said on Thursday evening.

The company is expected to finalise the details of the stake sale by the end of the year.

Insiders said the fundraising would be conducted at a premium to the £3.5bn at which it secured capital from Abu Dhabi Growth Fund in late 2021.

That would be a rarity in technology funding markets which have forced many companies to raise capital at steeply discounted valuations.

Rivals include Starling Bank, which is currently seeking a new permanent chief executive.

Revolut, [which was valued at \\$33bn in a funding round in 2021](#), has yet to receive a UK banking licence despite months of talks with regulators.

Monzo has recovered spectacularly from a difficult period two years ago, when it emerged that the City watchdog was [investigating potential breaches of anti-money laundering and financial crime rules](#).

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Although it remains loss-making, reporting a loss of £116m in the year to the end of February, it is expected to be profitable this year – a major milestone for a standalone digital bank.

Its latest fundraising is likely to be viewed as the final round before Monzo unveils an initial public offering, in which it would sell shares to the public.

Existing Monzo investors include the Chinese group Tencent, Passion Capital, Accel and General Catalyst.

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Some of the bank's current shareholders are said to be keen to

invest more money at the new, higher valuation.

Sky News reported during the summer that [Monzo was revamping its corporate structure](#) as it pursues an international expansion strategy that will serve as the prelude to a multibillion-pound stock market listing.

Monzo Bank Holding Group was established to avoid the company facing punitive capital treatment by British regulators as it launches in new overseas markets.

It is now the UK's seventh-biggest bank by customer numbers, and has a small presence in the US.

Monzo's rapid growth is being fuelled by new product development, including the recent launch of an investment service through a partnership with BlackRock, the world's biggest asset manager.

One person close to the fundraising effort said the raise was opportunistic in that the new capital would be used to accelerate its growth.

"The company does not need the money other than to build the business faster," they said.

Monzo is run by TS Anil, its chief executive, and chaired by Gary Hoffman, one of Britain's most prominent bank executives.

Monzo declined to comment.