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Driverless Banking: the Fintech participant helping young people to improve their financial health – Oxford Fintech Programme

Steve Le Roux, Chief Executive Officer, Envel

Steve is on a mission to transform the way that Gen Z and younger Millennials manage their money.

Envel is a revolutionary mobile-only neo-bank that uses AI to organise people's money for them without any effort on their part.

He was one of the first people to complete the Oxford Fintech Programme when it started in 2017.

It was in 2006 that Steve first became aware of the debt problems facing young people leaving college in the US.

'Digging into debt has become almost acceptable to young people,' says Steve. 'It's at this age that they are most vulnerable to mainstream banks offering them products such as credit cards and loans. And yet, the financial regulators aren't protecting people on lower incomes.'

While he felt compelled to act, at the time the technology simply wasn't advanced enough to solve these problems on a large scale.

He waited and it was while he was studying finance at Harvard University, that he began to develop his ideas into a scalable business.

Based in Boston, Envel sets out to be deliberately different from the other digital neo-banks such as Monzo and Mint.

It uses AI to analyse each person's spending habits in real-time in order to identify a person's Spending DNA. This creates a financial model that organises their income into long-term savings, bills, emergency cash and spending – dubbed 'driverless banking'.

'We work at the convergence of AI and Fintech,' says Steve. 'Unlike other challenger banks, we're using deep learning for the automation of money management. As well as software, we are building an AI chip that will process large amounts of rich data to help fully understand the behaviour of users. The

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market for AI-powered financial health products is estimated to be worth over \$1tr by 2030(1) and we hope to be able to licence this to banks to help them support customers.'

Steve believes that there is a sizeable market need for what they are offering.

'Let's be honest – budgeting is boring. Young people want to spend their time doing more interesting things, yet many banks and apps still ask too much of them,' explains Steve. 'The frequency of transactions is increasing and it's becoming harder to stay on top of it. Some people are good at managing their spending and saving, but others are not. Our view is that banks should do most of it for them.'

Envel has focused hard on creating a compelling user experience to generate customer loyalty.

'We're not a typical bank brand,' continues Steve. 'We need to show that we take our customers' money seriously, but that we also speak their language. We know that we've got only a few seconds to capture their attention. So it's essential that their experience with us is consistently exciting and cool.'

'At the same time, we aren't setting out to take advantage of their financial weaknesses – for instance we don't hide things to extract revenue out of them.'

'We've had to think differently. For instance, we don't believe that user

surveys work – rather, you've got to randomly pick people by surprise. And we are focusing on creating a runway that rewards them for good behaviour. To that end, we don't recruit normal banking personnel to our staff. In some cases, we've set out to hire people fresh out of college. That way, we can bring in people who have a deep understanding of the frustrations of their generation, with the passion and energy to change the industry.'

Steve has applied his learnings from the Oxford Fintech Programme to the development of Envel.

'The course covered a breadth of topics from customer positioning strategies to attracting prospective investors. I particularly liked the real-world examples. The modules on honing your idea and being clear on your value proposition were particularly valuable.'

Attending the programme also yielded an additional bonus, in that Steve met two people who are now advising Envel. Ed Davey, who previously worked in FX at JP Morgan, now serves as part of Envel's Advisory Board. In addition, Craig Bond, former CEO of Barclays Africa and Standard Bank Group, is its Chairman.

'Not many online programmes give you the opportunity to build a network with like-minded people,' says Steve. 'Because the format asks you to work with the other participants in teams, you can

make valuable connections. I've also met some of the leading experts in Fintech, such as David Shrier and ClearBank's Nick Ogden.'

Envel is growing rapidly. It now has nine staff and an experienced board including non-execs from Harvard and Bain & Company. The service will launch in the US later this year, with plans to expand to the UK and Europe after that.

Steve concludes 'Our work will play a huge part in changing the way the banking industry evolves. The focus will be on driving long-term value to the customer, particularly in the US. Most importantly, we have an opportunity to use AI to make a real difference to the way that Gen Z and younger millennials manage their money.'

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