

Meet ikigai: the app that's taking a fresh approach to banking and investing

Banking and investing is something of a mystery for many of us: it's safe to say that a lot of people should know more about looking after their money, but simply haven't been schooled in the best ways to do this. Ikigai is a new banking and investment app targeting exactly those people. Maddyness UK spoke to its cofounder, Edgar de Picciotto.

Temps de lecture : minute

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What is ikigai and why did you decide to launch the business?

Ikigai brings together personal banking and wealth management in one simple app to help our customers take care of and grow their money.

The reasoning we had for launching ikigai is that we saw a huge gap in the market because, on one side, you have the retail banks – both the incumbents and the new digital players – and on the other side of the market, you have the private banks.

The retail banks, most of the time, are free, but the service is not that great: there's no simple way to start investing your money and it's not made for helping you take care and grow your money. With the private banks, it's usually a really great service and they're really here to help you grow your money, but the problem is it's just not accessible to a large share of the population because you typically need £1M or even more for

certain banks in wealth. This leaves a huge gap, and that's who we're targeting.

We're targeting the young affluent and hardworking people; typically they are lawyers, engineers, consultants or doctors, and they're entering their prime earning and spending years.

These people could get a better service than what they get from the retail banks, but they're not getting it because there's not that much offering. They're stuck with the retail banks and quite unsatisfied with their service because there's no simple way to invest their money. There's a lack of control on their money and it's very difficult to manage spending accounts, savings accounts and so on.

The last point is the service: it's usually not that human or not that accessible, as a customer told us last week, "I just want a bank where the support person reads the whole thread in the email and not just the very last", and that's what we're doing.

We're doing these three things; we're helping our customers grow their money because we have investment portfolios that we are doing in collaboration with BlackRock, and we really made that investment to be as beginner friendly as possible, and jargon free.

We have five different portfolios that are well diversified and great for long term investing. We have a holistic account that actually has banking with a card and a savings account so you can put aside money in a different account. And, of course, the investing. All of these three accounts work together and you always have the full view on your money across them all.

We have some very exciting new features: one of what we call the 'financial self care' features is the money splitter. The money splitter works as follows; if you receive money in your account - for example, £1,000 - you can receive a notification on your phone that asks you how you want to split that money. For example, you could say I want to spend £200, save £300 and invest £500.

By really bringing that decision to you, it helps people take better care of their money. It's like the typical budgeting advice, which is pay yourself first before starting to spend your money, and building that into an app.

We make it a point to have a real human service, too. Someone will reply to you, answer your questions at any point in time, and always be available to help you.

When they start to earn a bit more money, a lot of younger people may have never considered that they would be able to invest and certainly wouldn't know how to do that, so I really like what you said about the money splitting tool. It seems like a smart way to approach an income.

Yes, and we are seeing a lot of interest in it. What users are starting to do is to receive their salary in their savings account and then transfer funds to the spending account when they want to spend it so that you have, again, better control. You then don't risk overspending with your card linked to the spending account.

Tell me a little bit about the stocks and shares ISA: why did you decide to launch that as part of the app?

The stocks and shares ISA is an amazing way to invest in the UK because it allows you to invest in a way that is tax free. We believe it's probably one of the best ways in the UK to start investing.

By investing in a stocks and shares ISA with ikigai, it doesn't come with any additional costs and people can just apply that tax wrapper to their new portfolio and start investing with it. I think that because ikigai is all about financial self-care and how people grow their money, having a tax free way of growing your money really works with our ethos to save on fees and save money.



Ikigai's cofounder Edgar de Picciotto

You recently raised over £1.8M via Crowdcube. What did you decide to crowdfund?

It sounds a bit cliché, but we did it to build the community and have people engaging with us on a deeper level than just being a customer of the product. On the [*Crowdcube page*](#), there was a forum where people asked questions and challenged us on our ideas. It's really helpful for us to think about the new features we should implement, things that we're doing well, things that people think we should do better, and it really helps us prioritise the right things and make the right changes in our products.

Do you feel like people's approach to their money has changed during the pandemic and do you think it will change again as normal life resumes?

Yes, and I think there are two very different behaviours that we've been seeing. People are starting to invest much more - just look at the popularity of cryptocurrency and [*what happened with GameStop*](#). I think it's great because people are waking up to the concept of investing and what they can start doing with their money.

However, it also makes me a bit worried because it may not be the most efficient, well-diversified and risky way to invest. The other behaviour we started seeing is how no one was predicting that a pandemic would happen and that made people wake up to the concept that they should have a safety net and maybe actually invest a bit of their savings for

whenever things might happen – basically to start preparing for the unexpected.

The golden rule is typically to have 3-6 months of your monthly outgoings in a safety net. What's also going to be interesting is how things evolve going forward. Currently, we have an investment ecosystem that is heating up and I'm very curious what's going to happen when things will slow down. I think at that point, I'm keen to see how people will change their thinking and investing, and whether people will just stop investing or actually start investing for the long term in a diversified way.

I saw an article recently about regulators warning people who were going to TikTok for advice on how to make investments. It seems like there's an appetite for it, but people just need to carefully consider where they're taking their advice from and where they're putting their money.

Yes, and I think it's amazing to have this democratisation of investment, of trading and also of advice. There's definitely a lack of financial education around.

If TikTok is the way for people to learn more about investing, that's an amazing way. I watch a lot of YouTube videos on investing and economics and learnt a lot from it. \

The difficulty is, there's no vetting of the financial advice on these platforms so there's no one to tell people, "Okay, what that person is saying is actually making sense" or "What that person is saying actually doesn't make sense."

Because the investments are, by definition, risky, volatile and moving all the time, there's a lot of noise around the information. An investment strategy that might work over six months might not actually be a good investment strategy if you want to invest over 10 years. That makes it very difficult for people to know what is good advice and what is bad advice.

How would you pitch ikigai to a new potential customer?

Ideally, I'd try to get some information on that person. Let's assume it's our typical customer who has a bit of savings, but not really investing. I would first make them realise that if they had started investing 10 years ago, they would have now doubled their money.

Typically, assuming an average investment return of about 6-7%, it takes about 10 years to double your initial investment. That's why investing for the long term is so important and so the earlier you invest, the more you can get from your investment. I'd try to make them realise how important it is to invest money and how leaving money in your bank account is actually leaving money on the table.

That's where ikigai comes in. We help you start investing and start your investment journey in a way that is low effort for you. When I talk to most people about investing, they say, "There are so many options and stocks and bonds and I don't know what to choose," and that's where ikigai really resonates. It's a way to do it in a low effort way.

I'd say come to ikigai, start investing your money and start with £100. We have a £1 minimum investment so people can put in really low amounts, see how it goes, see if they feel comfortable, and then add more onto it. What we start seeing is that people who start investing with us all the time also start banking with us and using the card and features like the

money splitter as a way to add more money over time.

Edgar de Picciotto is cofounder of *ikigai*.

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