

# Final Degree Project

Strategic analysis of a company: Revolut

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## Abstract – English

This dissertation conducts a comprehensive strategic analysis of Revolut, a leading financial technology (FinTech) company, to understand its business model, strategies, and performance. Revolut, founded in 2015, has rapidly grown to become one of the largest digital banking platforms globally. The study explores how Revolut has revolutionized the traditional banking sector through its innovative financial services, leveraging innovative-edge technology to offer seamless, user-friendly experiences. Key areas of focus include the company's competitive advantage in the FinTech sector, its international expansion strategies, and its approach to regulatory compliance. Through an in-depth evaluation of Revolut's financial performance, market position, and the broader industry trends, the analysis identifies the critical drivers behind Revolut's rapid growth. The research also forecasts future trends in the FinTech sector, providing insights into potential opportunities and challenges. The aim is to offer valuable insights and practical recommendations that contribute to academic knowledge and guide Revolut's future strategic direction and success.

## Abstract – Spanish

Este trabajo de fin de grado realiza un análisis estratégico integral de Revolut, una empresa líder en tecnología financiera (FinTech), para comprender su modelo de negocio, estrategias y rendimiento. Revolut, fundada en 2015, ha crecido rápidamente hasta convertirse en una de las plataformas de banca digital más grandes a nivel mundial. El estudio explora cómo Revolut ha revolucionado el sector bancario tradicional mediante sus servicios financieros innovadores, aprovechando la tecnología punta para ofrecer experiencias de usuario fluidas y amigables. Los principales enfoques incluyen la ventaja competitiva de la empresa en el sector FinTech, sus estrategias de expansión internacional y su enfoque hacia el cumplimiento regulatorio. A través de una evaluación profunda del rendimiento financiero de Revolut, su posición en el mercado y las tendencias más amplias de la industria, el análisis identifica los factores críticos detrás del rápido crecimiento de Revolut. La investigación también prevé futuras tendencias en el sector FinTech, proporcionando información sobre posibles oportunidades y desafíos. El objetivo es ofrecer información valiosa y recomendaciones prácticas que contribuyan al conocimiento académico y guíen la futura dirección estratégica y el éxito de Revolut.

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# 1. Introduction:

The main objective of preparing a strategic analysis of the company Revolut is to gain a comprehensive understanding of the company's business model, strategies, and performance. This involves analysing how Revolut has disrupted the traditional banking industry through its innovative approach, examining its competitive advantage in the financial technology sector, and evaluating its international expansion strategies and regulatory compliance. The dissertation aims to identify the key drivers behind Revolut's growth, assess its financial performance, and forecast future trends in the financial technology sector. Ultimately, the objective is to draw meaningful insights that contribute to my academic knowledge and provide practical recommendations for Revolut's future strategic direction and success.

Selecting Revolut as the subject for a strategic analysis in my bachelor's degree dissertation offers several fascinating reasons. Revolut is a prominent FinTech company known for its innovative financial services and rapid growth, making it relevant for exploring the evolving landscape of financial technology. The company's disruptive impact on the traditional banking sector, international expansion strategy, and innovative use of technology provides valuable insights for strategic analysis. Additionally, analysing Revolut allows me to examine challenges such as regulatory hurdles and competition while leveraging ample data and information available due to the company's high-profile status. Overall, exploring Revolut in my dissertation provides me a rich opportunity to search into the intersections of finance, technology, innovation, and international business within a dynamic industry.

Revolut is a UK-based financial technology company founded in 2015 by Nikolay Storonsky and Vlad Yatsenko. It has quickly grown into one of the largest digital banking platforms globally, aiming to disrupt traditional banking by offering innovative, convenient financial services for both individuals and businesses. Leveraging technology, Revolut provides a seamless, user-friendly banking experience, catering to modern consumers' needs for flexibility, transparency, and efficiency in financial management.

Revolut's products and services include multi-currency accounts, enabling users to manage multiple currencies and make international transactions at interbank rates. It offers prepaid debit cards for global spending and ATM withdrawals, money transfers with low fees and competitive exchange rates, and cryptocurrency services for buying, selling, and holding digital currencies. The app also provides budgeting and analytics tools, as well as various insurance and investment products, including stock trading and ETFs. Revolut operates across retail banking, business banking, and wealth management. Its retail banking services cater to individuals, while business banking solutions target SMEs and freelancers, offering detailed financial analytics and budgeting tools. The wealth management services include investment and cryptocurrency offerings. Initially launched in the UK and Europe, Revolut now operates in over 36 countries, serving more than 25 million customers globally. The company continues to grow by expanding into new markets and enhancing its financial services to meet the diverse needs of its international clientele. Revolut's mission is to build a global financial platform that empowers people to have more control over their money. The company aims to revolutionize the way people access and manage financial services by offering innovative products, cutting-edge technology, and exceptional customer experiences. Its vision is to become the world's leading digital bank, serving millions of customers and businesses worldwide with a comprehensive suite of financial solutions tailored to their needs.

Finally, it is crucial to analyse the most important Revolut's milestones:

- Founding (2015): Revolut was founded in London in July 2015 by Nikolay Storonsky and Vlad Yatsenko, with the vision of providing a digital banking alternative to traditional banks.
- Launch of Prepaid Cards (2015): In the same year of its founding, Revolut launched its prepaid debit cards, offering customers a convenient and cost-effective way to make payments and manage their finances globally.
- Expansion into Cryptocurrency (2017): Revolut introduced cryptocurrency trading to its platform in December 2017, allowing users to buy, sell, and hold cryptocurrencies like Bitcoin, Ethereum, and Litecoin directly within the app.

- Obtaining European Banking License (2018): In December 2018, Revolut secured a European banking license from the Bank of Lithuania, enabling it to offer a wider range of financial services, including deposit-taking and lending, across the European Economic Area (EEA).
- Achieving Unicorn Status (2018): Revolut attained unicorn status (a valuation of over \$1 billion) in April 2018 following a successful funding round led by DST Global, highlighting its rapid growth and increasing investor confidence in its business model.
- Introduction of Revolut Junior (2019): Revolut launched Revolut Junior in March 2019, a service designed to teach children aged 7-17 about money management and financial literacy through a dedicated app and prepaid card.
- Expansion into Asia-Pacific (2019): Revolut expanded its geographical footprint into the Asia-Pacific region with the launch of its services in Australia and Singapore in 2019, marking its entry into new markets outside of Europe.
- COVID-19 Response (2020): During the COVID-19 pandemic, Revolut implemented various initiatives to support its customers, including fee waivers for certain transactions and enhanced security measures to protect against fraud.

Due to the fact that most countries in which Revolut operates are located in the European Economic Area, I have decided to focus my analysis on that territory. Furthermore, as the countries included in the EEA, have similar cultural features, this will help me to obtain more homogenised results. (Revolut, 2023)

## 2. Environmental analysis:

An environmental analysis can provide Revolut with invaluable insights into the various factors that impact its operations within the financial technology sector. These factors can be positive or negative; Revolut must identify and manage them accordingly. Positive factors represent opportunities that should be seized upon, while negative factors pose threats that must be mitigated or eliminated. By conducting a thorough environmental analysis, Revolut can better understand market trends, regulatory landscapes, technological advancements, and consumer behaviours, allowing the company to capitalize on growth opportunities while effectively addressing challenges and risks within the industry. (Usmani, 2023)

### 2.1 General environment analysis:

“Kotler (1998) claims that PESTLE analysis is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations. The use of PESTLE analysis can be seen effective for business and strategic planning, marketing planning, business and product development and research reports. PESTLE analysis is also useful when a company decides to enter its business operations into new markets and new countries.” (Doski, Marane, & Asaad, 2013)

#### Political factors:

Political and governmental factors typically have to do with how the political system views the market. Several factors, including grants, licenses, patents, the current corporate taxation policy, the future taxation policy, the effects of war or conditions akin to one, political instability, and many others, have a direct or indirect impact on the economy.

Regarding Lithuania, where until at least a few years ago every Revolut bank account had the IBAN located, there are favourable conditions for development of FinTech start-ups, which the Bank of Lithuania (2020) provides on its website: “Development of a regulatory and supervisory ecosystem favourable to FinTech’s activities and promotion of innovations in the financial system is one of the strategic directions of the Bank of Lithuania. Together with other state institutions, the Bank of Lithuania seeks to create



such a FinTech environment that would attract new companies and encourage them to develop new products in Lithuania.”

Privacy and security issues are arising from technological development, in the financial sector, cyber-attacks are 300 times more common than in any other industry. This threat brings new political changes that may lead to changes in regulation in the future and, more precisely, to tighten up regulation: The financial technology industry successfully meets the needs of customers, which has a positive impact on the public recognition of FinTech, which is conducive to the country’s image in the political arena (Ministry of Finance, 2020). Lithuania is friendly to the FinTech sector in terms of regulation, infrastructure, innovation opportunities, state support and general support. (Pu, Teresiené, Pieczulis, Kong, & Yue, 2021).

#### Economic factors:

Basically, the economic factors include current, future taxation and fiscal policies, the exchange rates, the economic situation, consumer spending preferences, the stock market, ease of access to finance, and many others, which affecting business environment.

Given the convergence of short-term and long-term interest rates to levels comparable to those observed in 2008, Revolut, a financial technology company, may encounter challenges similar to those faced during the financial crisis. Tightened credit conditions and potential economic downturns could impact Revolut's operations, including lending activities and profitability. However, the company's ability to adapt its business model, innovate in financial services, and maintain a diversified revenue stream may mitigate some of these risks.

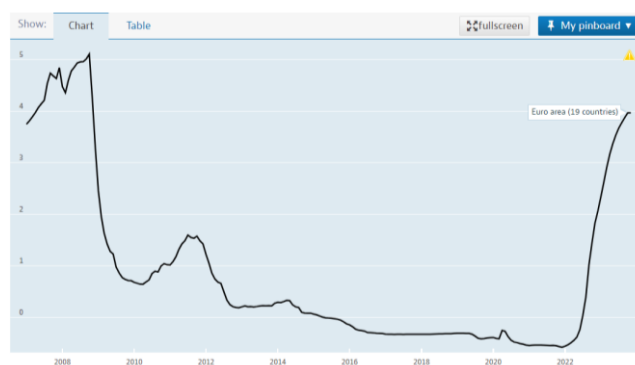


Figure 1: Short-term interest rates. Total, % per annum, Jan 2011 – Nov 2023



Figure 2: Long-term interest rates. Total, % per annum, Jan 2007 – Nov 2023

Taking into account a total inflation, less food, less energy of 4,1% for the European Union, this could imply higher costs of goods and services, potentially impacting its operational expenses. To mitigate this, Revolut may need to strategize ways to manage costs efficiently, such as optimizing processes or renegotiating contracts with suppliers. Moreover, a higher inflation rate may also affect consumer behaviour and demand for financial services. Revolut might need to adjust its offerings or pricing strategies to remain competitive and attract customers in changing economic conditions. Additionally, higher inflation could influence central bank policies, including interest rate adjustments, which might impact Revolut's borrowing costs and profitability. The figures have been own elaborated with data obtained from: (OECD, 2024)

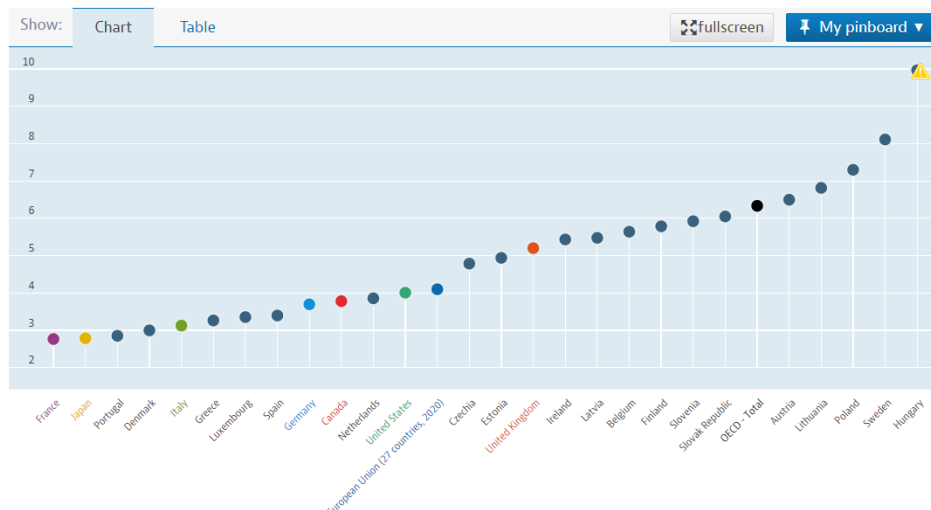


Figure 3: Total less food, less energy, Annual growth rate (%), Nov 2023 or latest available

### Technological factors:

Generally technological factors consist of intellectual property rights, patents, copyrights, procurement of latest technology, the technology prevalent across various industries, prevalence of obsolete technology, ways in which consumers purchase, health and safety issues in various industries, and others that influence business in a positive way (ease to make business) and negatively (hacking the privacy information).

Europe's relatively high R&D spending indicates a robust innovation ecosystem with potential access to cutting-edge technologies, research, and talent. For Revolut, this implies opportunities for collaboration with research institutions, universities, and technology startups to drive product innovation and development. A strong R&D environment can also attract skilled professionals and researchers. Revolut can tap into Europe's talent pool to recruit individuals with expertise in areas crucial for FinTech innovation, such as artificial intelligence, cybersecurity, and data analytics.

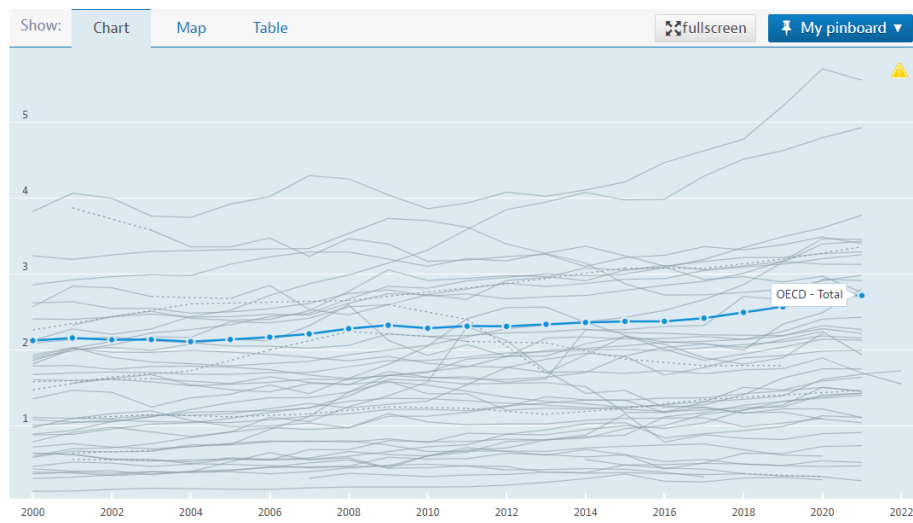


Figure 4: Gross domestic spending on R&D. Total, % of GDP, 2000 – 2022

### Legal factors:

The legal literature on challenger banks is relatively sparse, often situated within the broader context of financial innovation, particularly FinTech and payment services.

Regulatory arbitrage facilitates cross-border operations within the EU, developing organizational efficiency by leveraging favourable licensing conditions. Fractional shares trading represents a legal innovation in investment services, requiring further examination at the national level despite existing legal precedents. In the realm of cryptocurrency, scholars like Nabilou propose detailed policy recommendations for regulatory intervention, while others, like Nahorniak and Leonova, stress the need for EU regulation due to the lack of a legal foundation for cryptocurrencies. Recent legislative proposals, such as MICA by the European Commission, aim to regulate crypto-assets and establish provisions for crypto-asset service providers, signalling ongoing developments in this area. (Lechman, 2021)

## 2.2 Market analysis

The market analysis section delves into the specific environment in which our company operates, providing an essential foundation for strategic decision-making. By examining key elements such as market size, trends, customer profiles, segmentation, competition, and more, we gain a comprehensive understanding of our market dynamics and our position within it.

### Market size and trends:

The revenue for the sector in which Revolut operates, the FinTech sector, has been established in 18,92 billion USD for the year 2023, which means double from the result obtained in 2022. Even though the huge increase in revenue could be due to Covid-19, we can clearly conclude that the FinTech sector trend is positive and increasing every year. This could be due the technological advancements, including artificial intelligence, machine learning, blockchain, and data analytics, as we have analysed before. Concurrently, there's an escalating demand for convenient and personalized financial services, met by user-friendly platforms and digital solutions offered by FinTech firms.

These companies are also challenging traditional financial institutions, prompting them to innovate and adapt to evolving consumer preferences.

In sum, the continuous revenue growth within the FinTech sector stems from technological innovation, evolving consumer demands, regulatory backing, and strategic partnerships, all contributing to its sustained expansion and success.

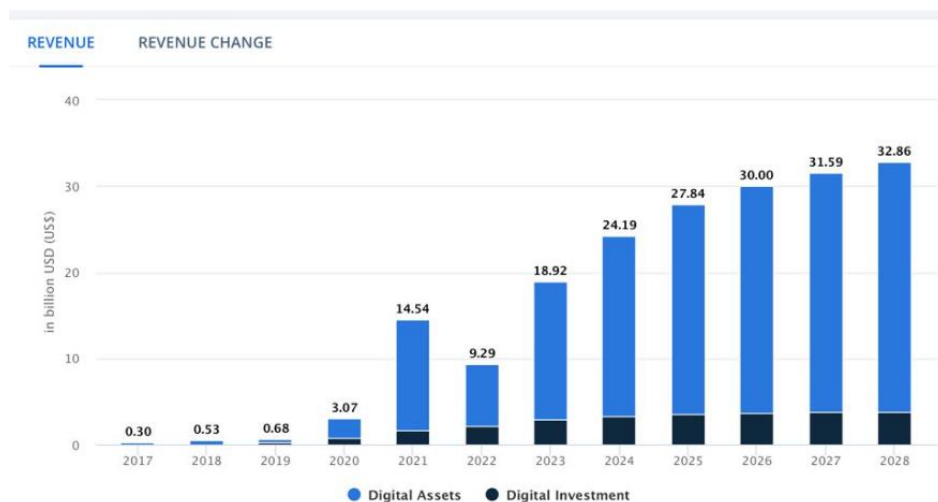


Figure 5: Revenue and forecast in billion USD for the fintech sector (Statista)

### Customer profile:

Regarding demographic characteristics of the Revolut customers, we have to take into account that it is the most downloaded financial app in several countries, such as the United Kingdom, Ireland, Poland, Romania, Hungary, Bulgaria or Malta. (Revolut, 2023)

All of them in Europe, this could be due to that the customer profile of countries with established financial infrastructures and high digital banking adoption rates, like the UK or Malta, see a faster uptake. Economic factors, such as disposable income and average wages, also influence adoption rates. Revolut's marketing strategies and partnerships, as well as cultural attitudes towards banking and technology, further shape user numbers. These factors collectively explain why the UK has the highest number of Revolut users, followed by other European countries.

To analyse Revolut customers' needs, first of all we have to enumerate the different products and services that the company offers, which are cryptocurrencies, stays, airport lounges, paid plan terms, shops, trading, precious metals, Revolut pro account, insurance, experiences, RevPoints and data plans. (Revolut, Products | Revolut United Kingdom, n.d.)

Knowing that, we can conclude that Revolut offers a diverse range of products and services, reflecting a broad spectrum of customer needs, like trading, and insurance options, travellers who benefit from services like currency exchange, airport lounges, and travel insurance, enhancing their travel experiences and providing peace of mind. Revolut's inclusion of FinTech innovations such as cryptocurrencies, trading, and data plans appeals to customers interested in alternative investments and technological advancements value-added services like stays, experiences, and shop discounts enrich the customer experience and add extra value to the platform. The availability of different plans, including the Revolut Pro account, allows customers to personalize their experience and choose services that align with their preferences. Finally, RevPoints incentivize customer engagement and loyalty, rewarding users for their continued use of the platform. In summary, Revolut caters to diverse customer needs ranging from basic banking services to travel-related conveniences, FinTech innovation, value-added perks, customization options, security, and rewards programs. This broad range of offerings reflects Revolut's aim to provide comprehensive financial solutions and enhance the overall banking experience for its customers. (Lechman, 2021)

#### Entry barriers:

The acquisition of financial and human capital poses significant challenges for new FinTech firms because financially, these firms require substantial capital to compete effectively in the global financial markets, which often feature thin margins, limited product variability. Access to both initial and ongoing capital, including strategic investments from industry-connected venture investors, is crucial for product development, marketing, operations, and scaling. Fintech firms that struggle to secure sufficient capital may find it difficult to compete against well-funded competitors or established incumbents. The lifecycle of a FinTech company typically involves multiple funding rounds, ranging from seed and pre-seed to late-stage venture or initial public offerings. Despite historically volatile segments such as crypto-assets and DeFi, global

FinTech venture investing has surged in recent years and remained robust during the Covid-19 pandemic. However, determining FinTech valuations can be challenging, creating friction in capital formation. Yet, perhaps the most daunting challenge for FinTech firms is the acquisition and retention of human capital, which is essential for scaling operations. Shortages in talent acquisition and retention persistently plague FinTech firms, posing functional barriers to growth. Founders often find that offering competitive salaries alone is insufficient to retain top talent. Instead, fostering a strong company culture, providing incentives such as equity participation and opportunities for growth, and ensuring long-term alignment with employees are critical factors for long-term competitiveness and success. (Times, 2023)

Access to reliable consumer financial data is essential for many FinTech firms, as it enhances product offerings and risk profiling. However, the emergence of a data-driven economy doesn't necessarily lead to monopolistic forces in financial services. Some scholars argue that the data economy can foster more competitive markets with fewer dominant players by lowering entry costs for smaller firms and startups. Nevertheless, established large technology firms possess significant data generation and access advantages. As they venture into FinTech, they can leverage their vast amounts of data for potentially anticompetitive practices, such as creating barriers to entry for new firms or engaging in tying and bundling strategies. Certain FinTech firms or incumbent financial institutions introducing new FinTech offerings may benefit from superior data access, generation, and control, potentially using data as a source of market power.

Traditional bank control of consumer financial data has been rooted in confidentiality obligations, but open banking initiatives offer a potential remedy. Open banking allows consumers to safely access, port, and share their financial data through standardized APIs, improving consumer autonomy and potentially enhancing financial welfare by enabling new FinTech firms to offer innovative products and services. Despite its potential benefits, open banking regulatory frameworks have been slow to materialize and exhibit regional distinctions, including permissive and mandatory models with varying eligibility and participation requirements.

Last but not least, the infrastructure of FinTech companies, globally distributed, open-source, programmable blockchain networks serve as technological infrastructure for decentralized financial products and applications. The core value proposition of

blockchain is to disintermediate legacy firms, such as Wall Street banks or central banks, by reducing their gatekeeper function. In theory, decentralized markets promote competition and new market entry. However, dominant blockchain networks can lead to anti-competitive outcomes if open access and non-discrimination principles are not upheld and enforced by regulators. Antitrust enforcement may be challenging due to the nature of distributed ledger technology. Regulation similar to internet regulation, including principles like net neutrality, may be necessary to prevent anti-competitive behaviour. Private, permissioned blockchains may emerge in certain markets, controlled by firms that can deny access or impose exclusionary policies, hindering competition. Diverse standards and lack of interoperability can also deter FinTech competition. Incumbent financial institutions may advocate for standards that create barriers to entry for new FinTech firms. Standardization in data-sharing regimes, such as open banking, has significant competition implications. Safe data sharing requires interoperable standards. Without them, new entrants face costly information barriers, hindering market access. The US, with its multitude of banks and financial companies, particularly faces challenges in achieving interoperability. Early governmental efforts to promote open access and standardization on the internet yielded consumer benefits. Similar efforts in the FinTech market could enhance interoperability, competition, and consumer experience. However, regulatory oversight of standardization practices is crucial to prevent oligopolistic behaviour and the abuse of market power by traditional financial firms. (Clements, 2022)



### Pricing and Profit Margin:

In order to analyse the pricing of our company, it is important to have a product to analyse, in this case I have chosen the interests saving accounts that most of financial companies are offering, even traditional or technological ones.

*Table 1: Remunerated Accounts. Own elaboration.*

Account Name	Entity	APR	Maximum Amount
"Cuenta nómina"	Bankinter	4,94%	10.000,00
	Trade		
"Cuenta remunerada"	Republic	4%	50.000,00
"Cuenta remunerada"	Freedom 24	3,89%	No limit
"Cuenta de ahorro de bienvenida"	OpenBank	2,50%	100.000,00
"Cuenta remunerada"	EVO	2,81%	30.000,00
"Cuenta nómina"	ING	1,49%	No limit
"Cuenta remunerada"	Revolut	3,97%	22.000,00

As we can see in the graphic above the highest APR for a savings account in Spain is given by Bankinter with a 4,94% but it requires to domiciliate your salary, as well as the OpenBank savings account. On the other hand, without domiciliating your salary, the highest APR is given by Trade Republic with 4% APR. Revolut is offering up to 3,97% APR in Euros, which interestingly means that, Revolut, a fintech company, offers competitive APR rates of up to 3.97% APR in Euros, positioning itself as a viable alternative to traditional banking options. This demonstrates the increasing influence of fintech firms in the financial services sector, offering attractive rates and features to consumers.

Overall, consumers in Spain have a range of options to consider when choosing a savings account, with traditional banks and fintech companies both offering competitive APR rates and features tailored to different preferences and needs. (Revolut, Aumenta tus ahorros | Empieza a ahorrar online | Revolut España, 2024)

When looking at the gross profit margin of Revolut, in Q4 2022 they achieved an 80% gross profit margin which can be seen as a significant accomplishment. Fintech companies typically operate in sectors with lower overhead costs compared to traditional financial institutions, enabling them to achieve higher profit margins. This margin suggests efficient cost management, strong pricing strategies, and potentially innovative revenue streams within the company. (Revolut, Informe anual 2022 | Revolut | Revolut España, 2023)

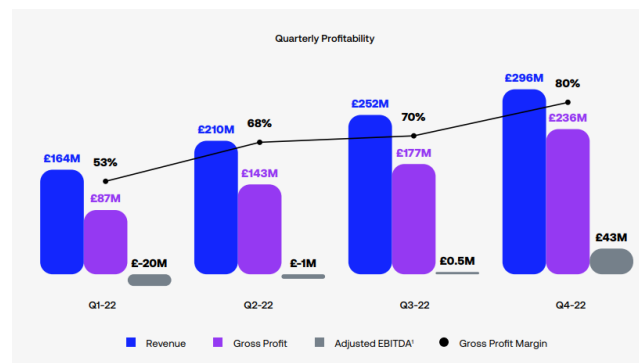


Figure 6: Revolut Gross Profit Margin

To compare it, the gross profit margin from N26, a huge competitor for Revolut that we will analyse in following sections, was 153,8 million euros, a lower amount than Revolut. (N26, 2023)

### Marketing strategies:

In terms of marketing strategies, the success of Revolut as a super app highlights the importance of promoting social media platforms for creative and engaging content that helps to build brand awareness and reach new audiences. Implementing machine learning algorithms to offer personalized recommendations improves user engagement and encourages frequent usage. Additionally, offering incentives such as discounts and promotions can attract new users and encourage existing users to utilize additional services. (Samuel, 2023)

## 2.3 Competition

The fintech sector has experienced unprecedented growth and disruption in recent years, challenging traditional financial institutions and reshaping the landscape of financial services. Among the pioneering fintech firms, Revolut has emerged as a prominent player, offering innovative digital banking solutions, and attracting a substantial user base globally. As the fintech industry continues to evolve rapidly, understanding the competitive dynamics within this sector becomes imperative for both industry participants and stakeholders. By examining key competitors, we seek to offer insights into Revolut's competitive positioning and potential avenues for sustained growth and differentiation in the dynamic fintech landscape. (Fraile Carmona, et al., 2019)

**PayPal:** It stands as a dominant force in the digital payment realm, boasting over 360 million active users across more than 200 countries. Since its inception in 1998, PayPal has revolutionized online transactions, offering consumers alternative payment methods, secure money transfers, and a seamless shopping experience. At its core, PayPal serves as a secure online payment system, enabling users to link their bank accounts, credit cards, or debit cards to make purchases with participating merchants. Acting as a middleman, PayPal shields sensitive payment information from merchants, ensuring secure transactions.

Beyond online purchases, PayPal facilitates secure money transfers among friends and family, making it convenient for various personal transactions. Its robust security features, including end-to-end encryption and optional two-factor authentication, provide peace of mind to users. (PayPal, n.d.)

**N26:** Often known as "The Mobile Bank," represents the epitome of digital banking, catering to the modern consumer's need for flexibility and convenience. Founded with the belief that digital banking is the future, N26 offers a 100% digital banking experience that is both intuitive and transparent, with no hidden fees. As a fully licensed bank with a European banking license, N26 provides customers with Spanish IBANs, ensuring seamless local payments while offering the security of the German Deposit Protection Scheme, guaranteeing deposits up to €100,000.

Founded in 2013 by Max and Valentin, N26 aims to revolutionize the banking industry by leveraging innovative technology and global expertise. Since the opening of its Spanish branch in 2019, N26 has rapidly expanded its customer base, boasting over 700,000 customers in Spain alone. (N26, N26 ranks #1 on Forbes' list of the world's best banks, n.d.)

**Skrill:** Originally established in the UK, emerged onto the financial scene with a strategic focus on the online gambling sector. This niche positioning became especially significant in the early 2000s when PayPal withdrew from the industry due to regulatory changes. This void created an opportunity for alternative payment platforms like Skrill and Neteller (now under the same parent company) to step in and establish themselves as viable alternatives to PayPal, thereby solidifying their foothold and reputation in the market.

**Klarna:** Founded in Stockholm, Sweden, in 2005, has become a leading player in the fintech industry, working with over 500,000 merchants globally and boasting 150 million customers worldwide, including 34 million in the United States. With 5,000 employees, referred to as "Klarnauts," the company has established itself as a prominent force in the e-commerce sector.

In 2022, Klarna reported revenue of 13.3 billion SEK, although its net result stood at -10.4 billion SEK. CEO Sebastian Siemiatkowski highlighted the company's progress towards profitability in a letter to shareholders, noting a 22% year-over-year increase in gross merchandise value (GMV) while driving growth ahead of the e-commerce industry. (Investopedia, n.d.)

**Wise:** Wise, formerly known as TransferWise, revolutionizes international money transfers by offering lower fees and competitive exchange rates compared to traditional banks. Utilizing peer-to-peer technology, Wise matches transfers to reduce currency conversion costs, making cross-border transactions more affordable, transparent, and efficient. (Egan, n.d.)

**Trade Republic:** Trade Republic is a relatively new broker in Spain, having operated since October 2021. Originating in Germany in 2015, it has quickly gained popularity across Europe, boasting over a million users.

Key factors contributing to Trade Republic's popularity include its low fees, extensive asset selection (with over 8,000 stocks and around 2,000 ETFs), and the variety of markets it offers for investment. The platform also stands out for its promotions, such as offering new users a free stock worth up to 30 euros and providing up to 4% annual interest on unused account balances, up to 50,000 euros. (Economista, n.d.)

**Monzo:** In the competitive landscape of fintech banking services, Monzo has emerged as a formidable player, offering a range of innovative features that distinguish it from traditional brick-and-mortar banks. With its impending expansion into the US market, Monzo seeks to establish itself as a household name in the fintech industry. Monzo stands out for its comprehensive money management and tracking tools, earning trust and confidence among investors and users alike. (Grisoni, n.d.)

**My Investor:** On September 28, 2017, Andbank España launched My Investor, the first automated investment manager introduced by Spanish banking. The robo advisor, operational since then, aims to cater to clients investing up to €100,000, offering a user-friendly and innovative approach to investing in five investment profiles, comprising institutional class investment funds and ETFs, accessible via any mobile device. My Investor provides a hassle-free account opening process, completed digitally in just 3 minutes, including NID scanning, facial recognition via a selfie, and signature via SMS. External fund transfers from other banks can also be requested through the app.

The platform offers five investment profiles tailored to different risk appetites, each composed of a selection of funds from leading national and international asset managers. Clients can choose from moderate, balanced, investment-oriented, dynamic, and aggressive profiles based on their risk tolerance and return expectations. (AndBank, 2017)

Table 2: Competition in FinTech, Own elaboration.

	<b>Revolut</b>	PayPal	N26	Skrill	Klarna	Wise	Trade Republic	Monzo	My Investor
Bank account	X	X	X	X	X	X	X	X	X
Debit card	X	X	X	X	X	X	X	X	X
Cashback	X	X	X			X		X	
Crypto	X	X	X	X	X		X		X
Experiences & Benefits	X	X			X			X	
Trading	X			X	X		X	X	X
Premium account	X		X	X	X	X		X	X

As we can see in the upper table that I have created based on the main and differential services that the Revolut app offers, there is not any other company that fulfils every condition and characteristic, this could be due to the diversification strategy that Revolut is using in order to try to encompass and satisfy different cultures and customers. Anyway, we can analyse that this sector is a really competitive one and even old companies like PayPal are trying to innovate and cover different needs because it is necessary for them to keep being competitive. Regarding the new companies that are arising like My Investor or Trade Republic, are offering really good conditions in order to gain an advantage and a place in this competitive and innovative market. (UK, 2024) , (Wise, s.f.) , (Secret, 2024)

## 2.4 Strategic groups

The concept of strategic groups challenges the traditional assumption of firm homogeneity in microeconomic theory. If valid, it implies that basic market models may be insufficient to explain firm behaviour and performance. Additionally, the presence of strategic groups suggests that managers may not share identical objective functions, contrary to common belief. (Amel, 1988)

### Business model:

The synthesized definition of the business model concept presents it as a new analytical unit that provides a systemic view of how business is conducted. It encompasses activities that span organizational boundaries, focusing on both value creation and value capture.

In the FinTech scope, disruptive business models are influenced by innovative technology and prioritize customer-centric approaches. This enables them to tap into new markets, revolutionize customer interactions, and introduce novel revenue generation methods. FinTech companies also engage in co-creation of value with customers, allowing both sides to contribute to resource development and competitive advantages. However, a universal definition of FinTech remains elusive due to diverse business strategies, product portfolios, and digitally-driven business models.

“To address this, a taxonomy of FinTech business models was developed, drawing from theoretical foundations and data from Crunchbase. This taxonomy identifies six dimensions of FinTech business models: Dominant technology component, value proposition, delivery channel, customers, revenue stream, and product/service offering. Additionally, representative firm archetypes were examined to validate the taxonomy, resulting in ten clusters of FinTech business model archetypes. These archetypes include cryptocurrency, payment service, financial markets intermediary, information aggregator, and others. This taxonomy helps identify factors contributing to the success or failure of FinTech companies.” (Hornuf, 2019)

### Competitive strategy:

In the FinTech sector, various competitive strategies are employed by companies to gain a competitive edge and thrive in the market.

The main strategy that is being used is differentiation as FinTech companies differentiate themselves by offering unique features, services, or user experiences that set them apart from competitors. This could include innovative products, superior customer service, or specialized solutions dedicated to specific market segments. On the other hand, there are also companies which use cost leadership strategies as some fintech firms focus on offering products or services at lower prices compared to competitors, for example trying to offer a high cashback in order to lower the price from some famous brands. This strategy aims to attract price-sensitive customers and gain market share through affordability.

Overall, the FinTech sector is characterized by intense competition, rapid innovation, and evolving customer preferences. Companies that effectively execute these competitive strategies can position themselves for long-term success and sustainable growth in the dynamic fintech landscape. (Dawes, 2009) , (Buckley) , (Beck, 2018)

### Time orientation:

FinTech companies are focused on the long term aim to establish themselves as key players in the financial services industry. To achieve these objectives, they invest in infrastructure and technology while prioritizing innovation and customer-centric approaches. Building brand reputation and trust is crucial for earning credibility and maintaining customer loyalty, especially in an industry where trust is paramount. Sustainable profitability is essential for long-term viability, requiring careful financial management, cost control measures, and revenue generation strategies. Investments in infrastructure and technology support future growth and innovation, enabling fintech firms to enhance their products and services, improve customer experiences, and stay ahead of competitors. (Gimpel, 2017)



### 3. Internal analysis:

Internal analysis is the process where an organization evaluates its internal components, including resources, competencies, and competitive advantages. It helps in decision-making and strategy formulation by identifying strengths and weaknesses. Simply put, it helps determine what the organization can do, enhancing its capability to manage execution and change.

#### 3.1 Company's value chain

The value chain, formulated by Michael Porter, delineates the sequence of business operations a company undertakes to conceptualize, manufacture, promote, distribute, and maintain its goods or services.

##### Primary activities:

In our case, logistics and operations are not an important part of the activity of Revolut as our company is focused on technological and on-line services, so the fact of developing raw materials and the distribution of the products is not related with the main activity of Revolut. The two activities that are applicable to our company, Revolut, are marketing and sales which we have been focused during all the previous analysis and the service, so in this section we are going to focus on the service that Revolut offers to its customers.

Revolut offers complete customer support through its help centre and in-app chat feature, ensuring quick access to assistance for its users. The help centre contains frequently asked questions (FAQs) to address common queries efficiently. For urgent issues such as lost access to an account or card, Revolut provides clear steps for users to follow, in cases where access to the account or in-app chat is not possible, users can contact support via email at [support@revolut.com](mailto:support@revolut.com). Additionally, if immediate action is needed to block a card, users can utilize the automated phone line provided by Revolut. Summarising, Revolut's customer service framework demonstrates a commitment to user convenience, security, and prompt assistance, developing the overall customer experience. (Revolut, WE'RE HERE TO HELP, n.d.)

Regarding warranties, the Pay with Revolut - Buyer Protection Policy is available for eligible purchases made through pay with Revolut, a payment option offered by Revolut merchants. It allows users to make instant transfers directly to merchants for purchasing goods. Eligible claims can be made if the item is not delivered or is materially different from what was described. However, certain items such as electronically delivered items, customised items, tickets, real estate, vehicles, and financial products are excluded from coverage, it does not incur any costs or fees for users to utilize.

It is also important to know that your money is safeguarded, meaning it is deposited into client money bank accounts held by Revolut on your behalf. In case of insolvency, these funds are used to pay out customers before any other creditors. However, since Revolut is an electronic money institution, your money is not covered by the Financial Services Compensation Scheme. (Revolut, Need a hand?, 2024)

#### Support activities:

Regarding **infrastructure**, Revolut's management team oversees various functions within the company, including finance, planning, and other administrative areas. Here is an overview of how these functions are managed:

**Finance department**, which is composed by the Chief Financial Officer (CFO) who is responsible for overseeing the company's financial operations, financial planning, budgeting, and financial reporting. The finance team that is comprised of finance professionals who handle day-to-day financial activities, financial analysis, and ensuring compliance with financial regulations.

**Planning and strategy**, which is composed by Chief Executive Officer (CEO) who leads the development and execution of the company's overall strategy and vision. The strategy team that works closely with the CEO to develop strategic plans, set goals, and identify growth opportunities for the company.

**Administrative functions**, which are composed by the Chief Operating Officer (COO) who manages the company's day-to-day operations, including administrative functions such as human resources, legal, compliance, and risk management and the administrative

team that supports various administrative tasks, including office management, facilities, procurement, and other operational needs.

**The board of directors** that provides oversight and guidance on key strategic decisions, financial matters, and corporate governance. (Revolut, Informe anual 2022 | Revolut | Revolut España, 2023)

Revolut places a strong emphasis on technological development, research, and development (R&D), information technology (IT), and innovation to improve its products and services. The company invests significantly in R&D activities to develop and enhance its technology platform, so in 2022, Revolut incurred research and development costs of £88.0 million, reflecting its commitment to innovation. Revolut utilizes data analytics and artificial intelligence (AI) to gain insights into customer behaviour, personalize services, and improve decision-making processes, AI algorithms help in fraud prevention and risk management. Finally, Revolut continuously innovates its products and services to meet evolving customer needs and preferences, the company's technology driven approach enables it to introduce new features, such as Money Health Tools and Money Market Funds. Revolut's technological advancements have allowed for the expansion of services like Revolut Business and the launch of new financial products.

### 3.2 Resources and capabilities:

A resource denotes the assets, which can be both tangible and intangible, owned by a company. These resources serve as the fundamental elements utilized by the company to conduct its operations. Revolut may not have explicitly stated this information in its public materials or communications. However, it's likely that Revolut, like any other company, possesses both tangible and intangible resources to support its operations. These resources could include physical assets like facilities and equipment, as well as intangible assets such as intellectual property, brand reputation, and technological expertise. While the specifics of Revolut's resource portfolio may not be publicly disclosed, it's reasonable to assume that they leverage a combination of tangible and intangible resources to carry out their activities and maintain their competitive position in the market.

On the flip side, a capability denotes the competency of a company to carry out tasks, implement procedures, and utilize its resources efficiently to attain a particular result. Capabilities are inherently more fluid and pertain to the manner in which the company arranges and applies its resources.

### 3.3 Financial performance

Revolut has demonstrated a robust financial performance in recent years, marked by a significant growth in revenue, customer base, and product offerings. The company's revenue increased by 45% in the latest financial year, reaching £923 million, driven by growth across all business units.



*Figure 7: Growth in revenue. Revolut.*

Despite a drop in certain activities like retail investing in crypto and equity markets, Revolut managed to scale its revenues substantially. Moreover, the company's diversified revenue model has proven to be strong, with notable contributions from interest income on assets, subscriptions, payments, and other income streams. Revolut's focus on customer engagement and satisfaction has resulted in a substantial increase in retail customer numbers, with over 26.2 million retail customers by the end of the year.

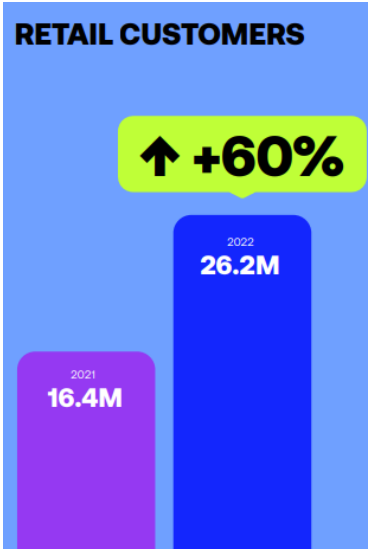


Figure 8: Retail customers. Revolut.

The company's emphasis on product innovation and expanding its global footprint has led to a 71% increase in deposits year-over-year and.

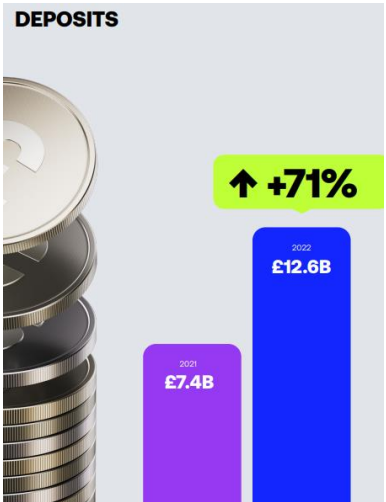


Figure 9: Growth in deposits. Revolut

Additionally, Revolut's strategic investments in sales and marketing, new products, global expansion, and customer experience have paid off, as evidenced by the positive customer feedback and high ratings for support interactions. The company's commitment to building a strong financial foundation, enhancing fraud prevention measures, and maintaining high levels of capital and liquidity resources further underpin its financial stability and growth trajectory. Revolut also doubled the headcount of its customer support team in 2022, meaning that the number of highly specialized customer support team members increased from nearly 1,200 at the beginning of 2022 to nearly 3,000 by the end of the year. Also, Revolut expanded its presence by launching Revolut Bank in 30 countries in the EEA and local branches for retail customers were rolled out in France, Ireland, and Spain, providing customers with local IBANs.

Overall, Revolut's recent financial performance reflects a successful blend of revenue diversification, customer-centric strategies, innovative product offerings, and prudent financial management, positioning the company as a leading player in the FinTech industry. (Revolut, Informe anual 2022 | Revolut | Revolut España, 2023)

## 4. Conclusions of the strategic analysis

A SWOT analysis is a strategic business tool used to evaluate an organization's competitive position by examining its internal strengths and weaknesses, as well as external opportunities and threats. Applying this framework to Revolut, a UK-based FinTech company, can help in understanding its current position and future potential. Revolut's strengths include its innovative technology and diverse financial services, while its weaknesses may involve regulatory challenges and dependence on digital platforms. Opportunities for Revolut lie in market expansion and product diversification, whereas threats could stem from intense competition and cybersecurity risks. (Sanvictores, 2017)

### Threats:

- Market changes: Rapid changes in consumer preferences or regulatory environments could impact Revolut's operations and growth prospects.
- Competition: Intense competition from traditional financial institutions or emerging FinTech startups may challenge Revolut's market position.
- Government regulations: Evolving regulations in the financial sector could impose compliance burdens or restrict certain business practices for Revolut.
- Economic fluctuations: Economic downturns or fluctuations in interest rates could affect Revolut's lending activities and profitability.

### Opportunities:

- Market changes: Shifting consumer trends towards digital banking and mobile payments present opportunities for Revolut to expand its customer base.
- Technological advancements: Leveraging cutting-edge technologies like AI and data analytics can enhance Revolut's product offerings and customer experience.
- Strategic alliances: Collaborating with research institutions, universities, and technology startups can drive innovation and product development for Revolut.
- Consumer trends: Increasing demand for personalized financial services and digital solutions creates opportunities for Revolut to introduce new features and expand its product portfolio.

### Weaknesses:

- Human resources: Skills gaps or talent shortages in key areas such as cybersecurity or data analytics could hinder Revolut's ability to innovate and compete effectively.
- Organizational structure: Complex or rigid organizational structures may slow down decision-making processes and hinder agility in responding to market changes.
- Internal processes: Inefficient or outdated internal processes could lead to operational bottlenecks and impact customer service delivery.
- Technology: Vulnerabilities in cybersecurity measures could expose Revolut to risks such as data breaches or system failures.

### Strengths:

- Valuable resources: Revolut's significant investment in research and development demonstrates a commitment to innovation and technological advancement.
- Expertise: Access to skilled professionals in areas like artificial intelligence, cybersecurity, and data analytics can enhance Revolut's capabilities in developing cutting-edge financial products and services.
- Brand reputation: Revolut's strong brand recognition and reputation for providing innovative and user-friendly financial services contribute to customer loyalty and trust.
- Technological advantages: Advanced technologies like AI and data analytics enables Revolut to personalize services, prevent fraud, and introduce new features to meet customer needs.



## 5. Formulation of competitive strategies:

### 5.1 Strategic positioning:

In today's highly competitive business landscape, formulating effective competitive strategies is crucial for a company's success and long-term sustainability. Revolut has carved out a unique space in the fintech market by offering a range of innovative and disruptive financial services that differentiate it from traditional banking institutions and other fintech competitors. (Keller)

#### Physical Product Characteristics:

Revolut offers a range of financial services, including multi-currency accounts, international money transfers, and cryptocurrency trading. Its products boast high performance, reliability, and ease of use, aiming to the diverse needs of its customer base. Additionally, the company emphasizes the use of innovative technologies to increase user experience, such as its intuitive mobile app interface and seamless transaction processing. (Revolut, n.d.)

#### Complementary Product Features:

Beyond its core financial offerings, Revolut provides a suite of complementary features aimed at developing customer satisfaction. These include 24/7 customer support, extensive market analysis tools, and insurance options for travel and device protection. By offering comprehensive after-sales services and value-added features, Revolut seeks to differentiate itself by providing a holistic financial solution to its users. (Revolut, n.d.)

#### Factors Related to the Company's Image or Brand:

Revolut has cultivated a strong brand image synonymous with innovation, convenience, and trustworthiness in the fintech industry. Its disruptive approach to traditional banking and commitment to transparency have garnered widespread recognition and acceptance among consumers. The company's brand equity plays a pivotal role in influencing perceived value, thereby contributing to its competitive advantage in the market.

### Characteristics Associated with Point of Sale and Delivery:

Revolut's digital-first approach extends to its distribution channels and delivery mechanisms. The company leverages technology to offer seamless onboarding processes, quick account activation, and instant card issuance through its mobile app. Moreover, Revolut's agile infrastructure enables rapid product updates and feature enhancements, ensuring timely delivery of value to its customers. Additionally, the company provides flexible payment options and expedited delivery services, further enhancing the overall customer experience. (Vilkinis, 2018)

In conclusion, Revolut strategically differentiates itself across multiple dimensions, including physical product characteristics, complementary features, brand image, and point of sale and delivery. By focusing on innovation and brand building, Revolut has established itself as a leader in the fintech industry, continuously evolving to meet the dynamic needs of modern consumers.

## 5.2 Innovation Management:

In today's dynamic financial landscape, Revolut stands as a beacon of innovation, reshaping traditional banking paradigms through strategic management of inventive processes. This section investigates the core elements of Revolut's innovation management, examining how it fosters creativity, streamlines operations, and aligns with strategic goals.

### Innovation strategy:

Revolut's innovation strategy is intricately aligned with its long-term business objectives, leveraging a multifaceted approach to uncover new market opportunities. The company combines internal research and development initiatives with strategic partnerships and targeted acquisitions to drive innovation across diverse product verticals. By embracing agility and adaptability, Revolut demonstrates a keen ability to identify emerging trends, anticipate customer needs, and capitalize on evolving market dynamics, thereby positioning itself as a frontrunner in the fintech landscape.

### Product development processes:

The efficiency and effectiveness of Revolut's product development processes are hallmarks of its innovation prowess. Through a streamlined approach to product ideation, prototyping, and iteration, the company demonstrates a remarkable ability to bring innovative products to market with unprecedented speed and agility. By leveraging cutting-edge technologies and embracing iterative design methodologies, Revolut maintains a competitive advantage in delivering value-driven solutions that resonate with its global customer base.

### Collaboration and networks:

Revolut places a premium on both internal and external collaboration, recognizing the transformative potential of partnerships. Internally, cross-functional teams collaborate seamlessly to ideate, iterate, and bring innovative concepts to completion. Externally, the company actively engages with a diverse group of stakeholders, including other companies, academic institutions, and startups, fostering an ecosystem of knowledge exchange and co-creation. This openness to external ideas and collaboration increases

Revolut's capacity for innovation, enriches its product offerings, and expands its market reach.

#### Knowledge management:

Within Revolut, knowledge management serves as a key player in driving innovation forward. The company employs robust platforms and practices to facilitate the capture, dissemination, and utilization of knowledge relevant to innovation. By fostering a culture of knowledge sharing and continuous learning, Revolut ensures that insights collected from both successes and failures are leveraged to inform future activities, thereby developing a culture of innovation that is both dynamic and resilient.

#### Resources and capabilities:

Revolut allocates significant financial, human, and technological resources to fuel its innovation activities, underscoring its steady commitment to staying at the forefront of fintech innovation. The company demonstrates a keen ability to adapt to new technologies and market trends, investing strategically in talent acquisition, research and development, and infrastructure enhancements. This proactive approach to resource allocation equips Revolut with the agility and resilience needed to navigate evolving market dynamics and capitalize on emerging opportunities, ensuring its continued leadership in the global FinTech landscape. (Kourdi, 2018) (Chesbrough, 2003)

## 6. Formulation of corporate strategies:

Corporate strategies determine the actions that a company undertakes to gain a competitive advantage in different business units or in various geographical markets where it operates.

Moreover, corporate strategies also allow describing how the company has grown over its evolution. Fundamentally, a company can grow through internal or organic growth, forming strategic alliances with other companies or economic agents, or through mergers and acquisitions of other companies.

### 6.1 Vertical integration strategy:

Revolut is a leading financial technology company that has revolutionized the banking industry with its innovative digital banking solutions. Analysing its vertical integration strategy reveals insights into its operational efficiency and competitive advantage.

- **Payment processing and transaction services:** Revolut has vertically integrated its payment processing and transaction services to a significant extent. By developing an in-house payment processing system, Revolut maintains control over transaction speed, security, and cost-effectiveness. This integration allows Revolut to offer real-time transaction monitoring and seamless fund transfers, enhancing customer experience. However, Revolut also collaborates with external payment processors in certain markets to ensure global reach and regulatory compliance, demonstrating a tapered integration approach. To improve, Revolut could further streamline its internal payment processing systems to reduce reliance on external partners and enhance operational efficiency. (Zheng, 2024)
- **Customer support and service:** Revolut employs a mixed vertical integration strategy for customer support and service. While it operates an in-house customer support team to handle routine inquiries and complaints, it also outsources certain aspects, such as after-hours support and specialized technical assistance. This approach enables Revolut to maintain high service levels during peak times and leverage specialized expertise when needed. However, relying too heavily on outsourcing may compromise service quality and customer satisfaction. To

enhance its vertical integration strategy in this area, Revolut could invest in training and development programs for its in-house support team to handle a wider range of issues effectively. (Revolut, Revolut Contact Us, n.d.)

- **Technology development and innovation:** Revolut demonstrates a high degree of vertical integration in technology development and innovation. By investing heavily in its in-house technology infrastructure and talent pool, Revolut maintains a competitive edge in product development and innovation. This vertical integration enables rapid iteration and customization of its digital banking services to meet evolving customer needs. However, Revolut also collaborates with external technology partners and startups through its Revolut Ventures arm to access cutting-edge solutions and accelerate innovation. This balanced approach ensures access to external expertise while preserving control over core technology functions. To further optimize its vertical integration strategy in technology development, Revolut could enhance collaboration with external partners through strategic partnerships and joint ventures to drive synergies and scale innovation initiatives. (Lumineau, 2011)
- **Regulatory compliance and risk management:** Revolut adopts a comprehensive vertical integration strategy for regulatory compliance and risk management. By maintaining an in-house compliance and risk management team, Revolut ensures strict adherence to regulatory requirements and robust risk mitigation practices. This vertical integration allows Revolut to proactively identify and address compliance issues, safeguarding its reputation and minimizing regulatory risks. Additionally, Revolut collaborates with external legal and regulatory experts to stay abreast of changing regulations and industry best practices, complementing its internal capabilities. To strengthen its vertical integration strategy in regulatory compliance and risk management, Revolut could invest in advanced analytics and automation tools to enhance monitoring and reporting capabilities, enabling more proactive risk mitigation and regulatory compliance efforts. (Cavusoglu, 2004)

In conclusion, Revolut's vertical integration strategy reflects a balanced approach, leveraging internal capabilities while collaborating with external partners to drive

operational efficiency, innovation, and regulatory compliance. However, there are opportunities for improvement, particularly in streamlining internal processes, enhancing service quality, fostering deeper collaboration with external partners, and embracing emerging technologies to maintain its competitive edge in the dynamic fintech landscape.

## 6.2 Internationalization strategy:

Revolut, a pioneer in the FinTech industry, has embarked on a strategic international expansion to tap into new markets and capitalize on global opportunities. This expansion strategy is underpinned by careful analysis and selection of target countries, considering an innumerable number of factors such as market attractiveness, regulatory environment, cultural distinctions, and geographical proximity. By strategically entering key markets, Revolut aims to enhance its market share, drive revenue growth, and solidify its position as a global leader in digital banking and financial services.

One of the primary markets for Revolut's international expansion is the United States. The decision to enter the US market was driven by its status as the world's largest economy, with a massive population and a high level of consumer spending. Moreover, the US market is characterized by a tech-savvy population eager for innovative financial solutions, making it a fertile ground for Revolut's disruptive business model (Revolut, 2020). Despite the competitive landscape and regulatory challenges, Revolut has successfully established its presence in the US by offering a range of financial products and services tailored to the needs of American consumers.

Japan represents another significant market for Revolut's international expansion efforts. With its highly developed economy, advanced infrastructure, and affluent consumer base, Japan offers immense opportunities for fintech companies. Although Japan has unique cultural and regulatory dynamics, Revolut recognized the potential of this market and launched its services in the country (Revolut, 2021). By leveraging its technology-driven approach and adapting to local preferences, Revolut aims to gain traction among Japanese consumers and establish a strong foothold in the Asian market.

In addition to the US and Japan, Revolut has expanded its presence across various European countries, including Germany, France, and Spain. These markets offer favourable conditions for fintech companies, such as a robust regulatory framework,

widespread adoption of digital payments, and a growing appetite for innovative financial services. By strategically entering these markets, Revolut aims to capitalize on the increasing demand for digital banking solutions and strengthen its position as a leading fintech player in Europe (Revolut, 2021).

The selection of target countries for international expansion is informed by a comprehensive analysis of market dynamics and the competitive landscape. Revolut assesses factors such as market size, consumer behaviour, regulatory environment, and cultural compatibility to identify viable expansion opportunities. The CAGE framework, which examines cultural, administrative, geographical, and economic distance between countries, provides a valuable analytical tool for evaluating market attractiveness and entry barriers (Ghemawat). Revolut prioritizes markets with lower distance across these dimensions, as they present fewer challenges and greater potential for success.

Revolut adopts a flexible approach to its international operations, recognizing the need to adapt its products and services to local market conditions while maintaining a consistent brand identity. In markets with different regulatory requirements, Revolut customizes its offerings to comply with local regulations while delivering a seamless and user-friendly experience to customers (Revolut, 2020). This adaptive strategy enables Revolut to navigate diverse regulatory landscapes and meet the evolving needs of its global customer base effectively.

In conclusion, Revolut's internationalization strategy is characterized by a deliberate and strategic approach to expansion, targeting markets with significant growth potential and aligning its operations with local market dynamics.



## 7. Future evolution of the company:

The strategic analysis of Revolut reveals several key insights into the company's current market positioning and future trajectory. Revolut has established itself as a prominent player in the FinTech sector through its innovative business model and diverse product offerings. The company's core strengths include its ability to disrupt traditional banking models, its competitive edge in providing user-friendly financial services, and its expansive international footprint. These elements have been instrumental in driving Revolut's rapid growth and market penetration.

### 7.1 Future evolution:

- **Geographical expansion:** Revolut plans to deepen its presence in existing markets, particularly in Europe, while aggressively pursuing entry into new markets in Asia, North America, and other regions. This geographical diversification will help mitigate risks associated with market saturation and economic downturns in any single region.
- **Product diversification:** Revolut is committed to expanding its suite of financial products and services. Upcoming initiatives include the introduction of more comprehensive wealth management services, such as personalized investment advisory and robo-advisory platforms, enhanced insurance products, and new financial planning tools. These services aim to attract a broader customer base and increase customer retention by offering a more holistic financial management experience.
- **Technological innovation:** Leveraging advanced technologies will remain a cornerstone of Revolut's strategy. The company is investing heavily in artificial intelligence (AI) and machine learning (ML) to develop smart financial management tools that provide personalized insights and recommendations. Additionally, further integration of blockchain technology will enhance the security and transparency of financial transactions, fostering greater trust among users.
- **Partnerships and collaborations:** To drive innovation and expand its service capabilities, Revolut is exploring strategic partnerships with other FinTech companies, technology firms, and financial institutions. These collaborations will

enable Revolut to integrate new technologies and services quickly and efficiently, maintaining its competitive edge in the fast-evolving FinTech landscape.

## 7.2 Industry changes:

The FinTech sector is characterized by rapid technological advancements and shifting consumer behaviours. Several factors will influence Revolut's competitive position in the future:

- **Technological advancements:** Continuous innovation in technologies such as AI, blockchain, and cybersecurity will be critical for maintaining a competitive edge. Revolut must stay ahead of these trends to offer state-of-the-art financial services.
- **Regulatory changes:** Changes in regulatory frameworks across different regions could impact Revolut's operations. The company must remain agile and adaptive to navigate these changes effectively and ensure compliance.
- **Consumer behaviour:** As consumers increasingly demand personalized and convenient financial services, Revolut's ability to meet these expectations will be vital. The company's focus on user-centric innovation will be key to attracting and retaining customers.
- **Competitive landscape:** The entry of new FinTech startups and the evolution of traditional financial institutions into digital banking will intensify competition. Revolut's ability to differentiate itself through innovative offerings and superior customer experience will be crucial for maintaining its market position.

## 7.3 New projects:

Revolut has several high-impact projects planned for the coming years, which are crucial for improving its competitive position:

- **Advanced AI-driven financial tools:** The development of sophisticated AI-driven tools for budgeting, savings, and investment management is underway. These tools will utilize user data to provide highly personalized financial advice and automate routine financial tasks, making financial management more intuitive and efficient for users.

- **Blockchain integration:** Expanding the use of blockchain technology across its platform to enhance transaction security and reduce operational costs. This includes developing blockchain-based solutions for cross-border payments and secure digital identity verification, which will streamline processes and improve user trust.
- **Cryptocurrency services expansion:** Building on its existing cryptocurrency trading capabilities, Revolut plans to introduce new features such as crypto staking, lending, and advanced trading options. These services will cater to the growing interest in digital assets and position Revolut as a leader in the crypto-financial services space.
- **Business banking solutions:** Enhancing its offerings for small and medium-sized enterprises (SMEs) and freelancers with new tools for financial analytics, invoicing, and cash flow management. These tools will help businesses manage their finances more effectively and support their growth and sustainability.

In conclusion, Revolut is well-positioned for future growth and success. Its strategic focus on innovation, geographical and product diversification, and maintaining a strong customer-centric approach will be essential in navigating the dynamic FinTech landscape. By continuously adapting to market changes and leveraging its strengths, Revolut can sustain its competitive advantage and achieve long-term success.

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