**BEEM061J Main Assignment Part A Brief**

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# 1.0 Introduction

I have decided to choose the second title. The two FinTech firms I have decided to compare and contrast are PayPal and Revolut. I will explain what they do and what areas of finance they are disturbing. Secondly, I will look at how the firms are similar and different, and in the end, I will provide my strategic recommendations to ensure their future success.

# 2.0 Fintech firms

## **2.1 PayPal**

PayPal’s history started in 1998 when it was launched as Confinity by Peter Theil and Max Levchin. Then in 1999, it was established as a money transferring platform (Richter, 2018). Today, it is a platform where you can send and request money from family and friends, and you can also use it to shop online (PayPal, 2022)**.** The company is on a mission to democratize financial services for all people, not just the wealthy (Digital Folder, 2022).

All you need to send money to family or friends is the receiver’s email address. When you have registered your bank account or your credit card with your PayPal account, you can send and request money. The money that was transferred will be credited to the receiver’s account. It can then be used to make payments or transfers to a bank account (PayPal, 2022)**.**

Opening a PayPal account is free; the cost of having a PayPal account comes when you transfer money to friends or family (PayPal, 2022)**.** You can sign up thru your computer or by downloading the app, which you also can find on both Android and iOS (Maye, 2022).

After you have opened your PayPal account, you will then be connecting your bank account to your Paypal account. Immediately after opening your account, you can begin making payments with PayPal (Maye, 2022).

## **2.2 Revolut**

Revolut was launched in 2015 and was founded by Nikolay Storonsky and Vlad Yatsenko. Revolut is a mobile app that offers a range of digital banking services. With Revolute, you can quickly and easily transfer money to family and friends through the app. You can also get the Revolut debit card to take cash machine withdrawals (Russon, 2019)**.** The company wants to provide an app for all things money (Digital Folder, 2022).

Revolut also has a crypto-currency exchange; this allows users to convert currencies into Ethereum, Bitcoin, Litecoin, Bitcoin Cash, or XRP (Russon, 2019)**.**

Revolut has a paid subscription-based system, but they also have a standard account which is free, where users get a free UK account and a free euro IBAN account. When it comes to exchanging currencies, there are no fees, up to £5,000 a month, and you can withdraw £200 a month from cash machines (Russon, 2019)**.**

When you open up a Revolut account, you can easily start transferring money with a quick signup process. Revolut has an app available on both iOS and Android to be easily downloaded through either the Play Store or the App Store (Maye, 2022).

After opening your account, you can start transferring money with your debit card. You can also link the Revolut account to both Apple and Google pay to make faster transactions with Revolut (Maye, 2022).

# 3.0 How are they similar

Both PayPal and Revolut are in the financial sector. They are platforms that strive to make transferring money as easy as possible; both companies also allow international transfers (icomparefx, 2022). Paypal and Revlout are two of the best global money transferring systems. They are platforms formed to solve the global payment problems (Maye, 2022).

# 4.0 How are they different

While both platforms offer money transfer services, there are more differences between the two platforms than similarities.

When it comes to personal features, Revolut has way more features than PayPal. Some of the futures that Revolut that PayPal doesn’t offer are access to cryptocurrency, bill splitting, and Revolut also have a junior account for children between 12 and 17, which makes it easy for parents to control their children’s spending (icomparefx, 2022).

Revolut has a subscription-based service which PayPal doesn’t. When it comes to Revolut they have three different account types; these are standard(£0), Premium (£6.99), and Metal (£12.99). Depending on your account type, the fees for transfers and withdrawals will vary. An example could be that the standard subscription has no transfer fees up to £6,500 per month, then a **0.5%** exchange rate margin applies, and for the Metal subscription, there is unlimited free transfers (icomparefx, 2022).

Revolut users can also receive a MasterCard debit card. When you are using it beyond your resident home, you have no transaction fees up to £5,000 a month. Transactions beyond this will have a 0.5% fee, which is low compared with most debit/credit card providers (Maye, 2022).

Paypal does not provide a physical credit or debit card, but it does offer a credit service. When you purchase something up to £99, the rate is 21.9% p.a. This is relatively high, but it is good knowing that it´s available. Paypal is also internationally recognized, so merchants will often accept payments through PayPal (Maye, 2022).

Exchange rates for the two companies also differ. PayPal adds a margin of up to 3% when carrying out a currency conversion. All major currencies have an exchange rate of 1% and don’t change depending on your subscription when it comes to Revolut. From this, you can see that converting from one currency to another is cheaper on Revolut. But be aware that an extra exchange rate of 1% is added during weekdays, which is not highlighted well when you sign up for a Revolut account. Therefore, this could surprise many travelers when they exchange their currencies during weekends (icomparefx, 2022).

Revolut has a local phone support in multiple countries and 24/7 chat support if you compare this with PayPal, which has a chat future, but they don’t have a local phone support (icomparefx, 2022).

# 5.0 To ensure future success

When it comes to ensuring the company’s future, there are multiple things both companies can improve on.

Revolut is mainly focused on Europe, so to ensure future success, they could increase the number of countries that are registered outside of Europe. It should also be highlighted that the exchange rates increase during weekends, so customers don’t get surprised when the exchange rate is higher than they think.

Paypal, on the other hand, provides services in more than 200 countries (icomparefx, 2022). But PayPal doesn’t offer a local phone support like Revolut does, which could be something to look at implementing.

Revolut could also improve its customer complaints; Bill gates said it the best: “Your most unhappy customers are your greatest source of learning” (Jamie Johnson, 2020).

Some reviews on Trustpilot state that money from customers’ accounts has gone missing (icomparefx, 2022). Such complaints need to be resolved quickly to ensure the trust of their customers.

PayPal gets a 1.7 out of 5 on Trustpilot, which is considered a bad score (Trustpilot, 2022). This score is based on customer reviews of the company/product. In several of the complaints given, there are most complaints around the lousy customer service. There is also no transparent exchange rate margin. This leaves many customers wondering about the cost of their transfers (icomparefx, 2022).

# 6.0 Recommendations

Both Revolut and PayPal need to improve on their customer service and trust to ensure that they have customers content with their service. Therefore, I would recommend that both companies improve on their customer support. They need to improve their customer support; they also need to listen to the feedback that the customers are giving to improve their products and services. I would recommend that Revolut starts expanding to more countries outside of Europe and that they are more transparent with their consumers when it comes to exchange rates during the weekends. I would recommend implementing a local phone support for PayPal, especially in countries with a large customer base. If both Revolut and PayPal implement some of the recommendations, I am sure that the companies will continue thriving in the future.

Link to github:

<https://github.com/AdrianTG1/Assigment-Fin.git>

Link to Bitcoin wallet (the code is also stored in github):

<file:///Users/adriangjerde/Documents/%3C!DOCTYPE%20html3%3E.html>

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