

1. Preface

The report provides a comprehensive overview of Wise's evolution from its inception as TransferWise to its current status as a leading international payment service. It highlights key milestones, such as processing £1 billion in international payments within just five years of launch, expanding into new markets, introducing innovative products like Wise Business, and rebranding to "Wise". Furthermore, the report identifies key areas of disruption within the financial sector, including the payments landscape, foreign exchange markets, and the banking sector, which potentially challenge traditional banking and remittance methods. Finally, it suggests recommendations for future opportunities, such as integrating blockchain technology for cross-border transactions, and addressing potential threats, including prioritizing user experience to stay competitive and diversifying market presence across various markets.

2. General Background

2.1 Company History

Wise, formerly known as TransferWise, is a UK-based FinTech organisation that specializes in international fund transfers and currency exchange. Launched in 2011 by Estonian entrepreneurs Kristo Käärman and Taavet Hinrikus, their vision was to create a borderless money transfer system. Inspired by their personal experience with high costs when transferring money internationally, they exchanged money directly with each other using the mid-market exchange rate to avoid extra charges (Wise, n.d.). Drawing from these past experiences, Wise aims to offer efficient cross-border payment services with lower transaction fees and transparent exchange rates beyond traditional banks.

2012

In its first year of operation, Wise processed transactions totalling \$13.4 million, with only 5500 transactions completed (Bryant, 2012). Their first office was launched in London, and they secured US \$1.3 million in a seed round (Taavet & Kristo, 2012).

2014

In April, Wise facilitated £1 billion in international transactions through its services, marking a significant milestone (Estonian World, 2014). It also launched its operations in the US and Australia in the same year.

2016

In May, Wise introduced its first business product offering, Wise Business, enabling SMEs and sole traders to save money on cross-border payments (Wise Business Team, 2016). Through its collaboration with Raphaels Bank, Wise became the first tech company to gain direct access to the UK Faster Payments Service to offer services with shorter transaction times (Wise, 2016).

2017

In April, Wise set up its Asia-Pacific hub in Singapore and collaborated with Monetary Authority of Singapore (MAS) to become one of the leading remittance organisations that conduct online verification services (FinTech News Singapore, 2017). Six years after its launch, the company finally announced its first profitability with over £1 billion being sent and received across the platform every month (Joseph-Grant, 2017). Following this, they introduced a borderless account, now called the Wise Account, enabling users to hold and switch money between different currencies instantly (Taavet & Kristo, Wise, 2017).

2018

In April, Wise became the first non-bank entity with direct access to the Bank of England payment system, utilising central bank money for settlements (Megaw, 2018). The company was also granted a license from the Bank of England to issue Debit Mastercard in the UK, EU, Australia, New Zealand, and Singapore.

2019

In this year, the team opened its 10th office in Brussels (Degeler, 2019), and also planned to launch a Belgian office as an entry point to Europe following Brexit (Megaw, 2019).

2020

In July, Wise successfully obtained permission to conduct regulated investment activities under an FCA license in the UK. This allows for the introduction of a new feature called “Assets” (Walker, 2020).

2021

In this remarkable year, the company officially announced its rebranding from "TransferWise" to "Wise" to mark its global presence and evolution beyond its origins as an international money transfer service (Käärmann, 2021). In July, Wise made its initial public offering through a direct listing on the London Stock Exchange (Megaw, 2021). During that year, Wise also introduced "Assets," which allows users to invest in stocks while retaining the ability to access up to 97% of their invested funds instantly when needed (Carrick, 2021).

2022

The "Wise Account" was landed in Brazil and Malaysia (Briers, 2022). Following in September, the company launched a new solution called "International Receive", allowing users to receive international payments via Swift (Everitt, 2022).

2023

Wise introduced its new appearance, featuring a fresh green colour scheme and a bold new font. This design is inspired by various elements such as global currencies, languages, alphabets, and locations worldwide (Warboys, 2023).

2024

Today, Wise serves more than 16 million users worldwide and facilitates over £6 million in international payments monthly, enabling users to save a total of £3 million daily compared to traditional bank transfers over the past year. Operating in more than 70 countries and supporting over 40 currencies, the company solidifies its position as a leading provider of international money transfer services (Millard & Ionescu, 2023). Over time, the company expanded its services to accommodate diverse customer groups. In addition to Wise Account for individuals, it also provides business solutions like Wise Business and Wise Platform, catering to the needs of entrepreneurs and enterprises alike. Furthermore, Wise continues to innovate and adapt to the evolving preferences of its customers, embracing cutting-edge technology to improve its services and drive further growth.

2.2 Areas of Disruption

With an innovative business model, Wise disrupts several key areas within the financial sector, aligning with the WEF framework.

Wise revolutionise the payments landscape by introducing a faster, cheaper, and more transparent alternative to transfer money across borders compared to using traditional banks, challenging the dominance of conventional banks and remittance providers.

Wise disrupts the foreign exchange market by making competitive exchange rates and transparent fees accessible to everyone. Unlike traditional banks, which frequently impose unfavourable rates and additional fees, the organisation allows its users to transfer money abroad with the mid-market rates, leading to substantial cost savings.

Wise revolutionizes the banking sector by introducing innovative banking solutions, including multi-currency accounts and borderless debit cards, to meet the needs of modern consumers. It challenges the conventional banking method by providing its users with greater flexibility, convenience, and cost-effectiveness.

3. Recommendations to Future Opportunities and Threats

Looking ahead, Wise is well-positioned to capitalise on emerging opportunities in the rapidly evolving landscape of international payments. As technology continues to advance and consumer preferences evolve, Wise can leverage its robust technological infrastructure and innovation to introduce new products and services that quickly adapt to changing consumer needs. With more individuals and businesses engaging in international money transfer, there is a growing demand for efficient and affordable international payment solutions. In the future, as more central banks increasingly accept blockchain technology for cross-border transactions, Wise can seize this opportunity to integrate blockchain networks into its operations. By adopting blockchain on its platform, Wise facilitates peer-to-peer transactions among its users, allowing them to send funds directly to recipients across borders without the need for traditional banks. This significantly reduces transaction fees and processing times, leading to more efficient and cost-effective transfers. Moreover, blockchain's decentralized and immutable ledger can provide enhanced security, as transactions are encrypted and documented in a tamper-proof manner, mitigating the risk of fraud and unauthorized access. This will instil greater trust and confidence among users, particularly for large transactions.

In a highly competitive market, rivals such as traditional financial institutions and emerging FinTech organizations pose potential threats to Wise. They may introduce attractive pricing and user-friendly interfaces, challenging Wise's position. In the money transfer industry, maintaining a competitive edge and staying ahead of competitors is crucial for long-term success. While Wise has gained popularity for its transparent pricing, cost-effectiveness, and user-friendly interfaces, it must prioritise user experience and provide exceptional customer service to retain customers and foster loyalty. If customers perceive that the level of customer service does not match their expectations or the advertised features, it can lead to dissatisfaction and potentially drive them to switch to competitors. Based on reviews on social media, a portion of consumers have expressed satisfaction with Wise's advertised features but disappointment with customer service. They did not receive adequate assistance from customer service and convincing explanations when reporting issues. Addressing these concerns and improving the quality of customer service is imperative for Wise to safeguard its market position and sustain its growth trajectory. By prioritising customer satisfaction and enhancing the customer service experience, Wise can reinforce its competitive edge and foster long-term loyalty.

Besides that, a potential threat to Wise arises from changes in regulations or economic conditions in the UK. As the company heavily relies on the UK market for the majority of its revenue, there is a risk of exposure to disruptions stemming from economic downturns, regulatory shifts, or other market-specific factors (Osum, 2024). To mitigate this risk, Wise should consider adopting a risk-reduction strategy, such as market diversification, to distribute its revenue streams across multiple regions or markets. By reducing dependence on the UK market, Wise can lower its vulnerability to volatility or disruptions in that specific market. Diversification not only enhances the company's resilience to external shocks but also provides access to diverse customer bases and growth opportunities. This enables Wise to capitalise on emerging trends and high-growth regions while safeguarding against adverse impacts from changes in economic conditions or regulations in any single market.

4. Summary

Wise, formerly TransferWise, revolutionises international payments by offering faster, cheaper, and more transparent alternatives to traditional banks. With a robust technological infrastructure, the company should capitalize on opportunities to deploy blockchain into its platforms when more central banks increasingly accept this technology for cross-border transactions, aligning with its vision of creating an effective, inexpensive, and transparent international payment system. Furthermore, Wise should spread out its revenue streams across markets rather than focusing solely on the UK market to increase resilience against market-specific shocks. Besides that, prioritizing customer service is vital for Wise's long-term success. It enables the company to build customer loyalty and increase its competitive advantage.