

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, converging towards the top of the frame against a clear blue sky. The perspective creates a sense of height and scale.

Client in FX Market

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The study had initially covered the following sections:

1. Executive Summary

- **Objective:** State the purpose of the analysis.
- **Scope:** Define the scope of the analysis, including markets and competitors covered.
- **Key Findings:** Summarize the key insights derived from the analysis.

2. Industry Overview

- **Market Size and Growth:** Provide data on the current size and growth rate of the industry.
- **Trends and Drivers:** Highlight key trends, drivers, and challenges shaping the industry.
- **Regulatory Environment:** Mention any relevant regulations impacting the industry.

3. Competitor Identification

- **Direct Competitors:** List and describe direct competitors in the market.
- **Indirect Competitors:** Identify and describe indirect competitors or substitutes.
- **Potential Entrants:** Note any potential new entrants that could impact the market.

4. Competitor Profiles

- **Company A:**
 - **Overview:** Brief description of the company.
 - **Market Position:** Current market share and position.
 - **Products/Services:** Key products or services offered.
 - **Strengths:** Competitive advantages and strengths.
 - **Weaknesses:** Areas where the company is lacking.
 - **Financial Performance:** Recent financial data and performance metrics.
 - **Strategies:** Key strategies employed (e.g., pricing, marketing, partnerships).
 - **SWOT Analysis:** Detailed SWOT analysis.
- **Company B, and so on.**

5. Competitive Landscape

- **Market Share Analysis:** Visual representation of market shares among competitors.
- **Competitive Matrix:** Comparison of key competitors based on critical factors (e.g., pricing, product features, customer service).

- **Strategic Groups:** Identify groups of companies with similar strategies or characteristics.

6. Product/Service Comparison

- **Feature Comparison:** Compare key features of products/services offered by competitors.
- **Pricing Comparison:** Compare pricing structures and strategies.
- **Customer Reviews and Feedback:** Summarize customer perceptions and feedback on competitors' products/services.

7. Marketing and Sales Strategies

- **Marketing Channels:** Identify primary marketing channels used by competitors.
- **Advertising and Promotions:** Analyse advertising campaigns and promotional strategies.
- **Sales Strategies:** Examine sales tactics and distribution channels.

8. Customer Analysis

- **Target Audience:** Identify the target demographics of competitors.
- **Customer Segmentation:** Analyse how competitors segment their customers.
- **Customer Retention:** Compare customer retention strategies and loyalty programs.

9. Technology and Innovation

- **Technological Advancements:** Highlight any technological innovations by competitors.
- **R&D Investments:** Compare investments in research and development.
- **Patents and IP:** Mention any notable patents or intellectual property held by competitors.

10. Strategic Recommendations

- **Opportunities:** Identify opportunities for growth or improvement based on the analysis.
- **Threats:** Outline potential threats posed by competitors.
- **Action Plan:** Recommend strategic actions to improve competitive position.

11. Appendices

- **Data Sources:** List of data sources used in the analysis.
- **Additional Charts and Graphs:** Any supplementary charts or graphs.
- **Glossary:** Definitions of terms used in the report.

Executive Summary

Objective

The objective of this competitive analysis is to evaluate the current market landscape for Travel Cards, and by continuation, Tourism, to identify key competitors, assess their strengths and weaknesses, and comprehend the market of our client better. This analysis aims to educate us furthermore about the modus operandi of our client, and potentially with actionable insights that would enhance their competitive positioning or provide crucial informative intelligence.

Scope

This competitive analysis focuses on the Tourism with a focus on UK residents visiting abroad, to match the client's market. The analysis encompasses direct and notable indirect competitors. The report will examine these companies' market positions, product offerings, pricing strategies, marketing and sales tactics, customer feedback, technological innovations, and financial performance. Additionally, the analysis will consider industry trends, regulatory impacts, and potential new entrants that may influence the competitive dynamics in the coming years.

Industry Overview

Market Size and Growth

According to recent market reports, the Outbound Travel Industry, is valued somewhere between **£71.5bn - £75bn** in 2024 (Travelpac, 2023), with a stated CAGR of **8.6%** for the decade of 2024 – 2034. (Saha, 2024)

The market of payments reports in 2022 that debit cards were accounted for at least 50% of all payments made within the UK. (UK Finance, 2023)

Based on a top-down approach, we identified **86.21m** Outbound UK visits with a total expenditure of **£72,436.3m (£72bn)** for 2023. Out of the 86.21m, **1.75m** visits are categorised under the age group of 0-15 and **7.52m** under the age group of 16-24. For the sake of a more realistic approach on the modelling, we will assume that the summed **9.27m** visits of those two age groups, will be excluded due to the Terms of Service and eligibility. Out of the remaining **76.94m** age eligible cases, we applied the UK consumer's tendency of paying with a debit card for 50% of all payments. Therefore, the available market value, for Outbound Travels with consumers that have a preference of using a debit card, come up to **38.47m** visits. Out of the 38.47m, if the average spending per case was £840.23, therefore the market value can be valued at **£32,314.8m (£32bn)** for 2023.

Based on the UK Finance Report "UK Payment Markets 2023", consumers in the UK accumulated **23,046m (23bn) -assumption: 15bn-** payments with a debit card, out of **45,654m (45.6bn)** total payments, for the year of 2022. The organisation projects that in a decade use of the debit card will reach **27,300m (27.3bn)** payments, making it of the most prevalent preference in terms of paying.

Trends and Drivers

There is not a single study that breaks down specifically UK's Outbound Travel trends per se, but rather indirect findings to support assumptions when it comes to travelling trends and drivers. By changing the scope &

approach and diving into other industries' reports, we highlight the following trends:

Wellness Tourism

A broad term that covers many categories within. Some of the categories it facilitates could include meditation, spa resorts/treatments, hot springs, healthy-eating but also community-based activities, cycling and swimming contribute to this category. Wellness Tourism solutions often come in travel packages that would incorporate a bundle of activities. (Ministry of Foreign Affairs, 2024)

Medical Tourism

Under the Medical Tourism, we categorise various treatments for weight loss, cosmetic surgery, dental surgery, fertility treatment, along with crucial health surgeries such as cardiovascular, cancer and so on. The entire Outbound Medical Tourism Market comes up to a **CAGR** of **11.6%** for the decade of 2023–2033, with a market valuation of **\$221.21bn** in 2023. More specifically for UK, the value **CAGR** for the aforementioned decade comes up to **12.2%**. The rise of the trend for UK citizens, is due to better accessibility to specialised treatments and doctors, along with the cost saving of private care in the UK and reduced waiting times. (Saha, Outbound Medical Tourism Market, 2023)

This trend could also be associated with the numbers presented from the Office for National Statistics (ONS) using the dataset provided by the International Passenger Survey (IPS), as it shows 454 total visits in Turkey for 2023, with **50.88%** of the visits being for Holiday and **15.19%** being for Miscellaneous. Making the assumption that a sufficient percentage out of the 15.19% is indeed there for Medical Tourism, as dental care, and cosmetic surgeries are way more affordable, fast, and it is more near than other popular countries for Medical Tourism, such as China and India. (Travelpac, 2023)

Hybrid Nomads

With the incorporation of working-from-home and rise of remote work culture in the UK, it has increased the trend of a hybrid type of holiday, mixing both working and travelling. In example, that could translate to one week of holiday and one week of working at the holiday destination. This is an approach that interested parties might want to take into consideration and offer solutions such as working spaces, a robust wi-fi connectivity, prolonged stay packages, and so on. (Saha, Outbound Travel Industry Analysis in the United Kingdom, 2024)

Visiting Family and Friends (VFR)

One of the most traditional reasons to travel, besides holidays, is visiting family and friends abroad. According to IPS' data gathering, **22.48m** cases, out of **86.21m** cases, or rather **26%** of the total cases, it is due to VFR. This drive to travel is steadier than any other trends, as it can only decline if the general wealth declines. (Travelpac, 2023)

Channels & Distribution

Online Travel Agencies (OTAs) have seen a major surge the past few years, as it allows the consumer to easily compare airlines, availability and prices when they are booking a flight, along with accommodation and in some cases car renting. It is projected that OTAs will keep developing and become a main way of booking travels, as it is more convenient for the consumers to organise everything in a one-stop shop, rather distribute too much effort in different sites for each part of their holiday that needs organising.

Key Travelling Players

The following 10 companies, hold the biggest market shares in the UK Outbound Tourism market:

- TUI Group,
- Jet2Holidays,

- British Airways Holidays,
- Expedia Group,
- Thomas Cook Group (Relaunched),
- Virgin Holidays,
- On The Beach Group,
- Kuoni Travel,
- Audley Travel Group,
- Travelbag.

Competitors

We have identified and categorised 7 competitors, that either have the exact same focus as the client does, with solely providing services as a travel card with FX fee as main selling point, or that they incorporate a similar service within a bundle of other services. The latter is defined below as **indirect competition**, while the aforementioned as **direct competition**.

Type_of_Competition	Competitors
Direct	FairFX
Indirect	Revolut
Direct	CAXTON
Indirect	Monzo
Direct	Post Office
Indirect	Chase
Direct	Wise
Direct	Travelex

This is briefly the list of competitors, and the type of competition they were categorised in.

A clear example of the difference between indirect and direct competition: Monzo acts as a UK current account and a substitute commodity to traditional banking, as they focus on online features and automation. FairFX

acts as a multi-currency physical/virtual card, with the main selling points being international payments and travel cash currency conversion.

Through this section, we evaluate competition by **Market Position, Products and/or Services** offered, **Financial Performance, Strategies**, to complete the **SWOT (Strengths, Weaknesses, Opportunities, Threats)** framework.

The logic behind the provision of a general framework of market and competition analysis, is to achieve an equilibrium of the data between the different entities so they can become comparative.

The market of Forex Travelling Cards, specifically for UK residents, is not thoroughly researched by any open-source or big research company. Therefore, to evaluate how strong or prevalent a player is we conducted thorough research on financial reports, industry reports, web analytics, sales & distribution data along with public sentiment and media analysis. That should give an estimate/understanding of a player's **Market Position**.

Direct Competitors

Within this category, we analyse five main competitors to the client, FairFX, CAXTON, Post Office's Travel card, Wise and Travelex.

Type_of_Competition	Competitors
Direct	FairFX
Direct	CAXTON
Direct	Post Office
Direct	Wise
Direct	Travelex

FairFX

Overview

A travel card and international payment product that supplies high-net-worth individuals, international holidaymakers, and their families. They started as "EQUALS HOLDING 2 LIMITED" and incorporated on the 8th of September 2022.

Market Position

FairFX for the Financial Year 2022 has had an adjusted EBITDA of £12.1m, of which had invested £1.8m in geographical expansion. More specifically, their annual report states "96% increase in professional and compliance costs, much of which is attributable to increased professional and compliance including regulatory fees in line with geographical expansion."

Furthermore, on Table 3 – Revenue by **Customer Type** for 2023, they break down "International Payments" in £ millions. **B2C** has had **£3.8m** and Corporates about **£18.9m**, for a sub-total of **£22.7m**. While "Cards", has had revenue of **£5m** in B2C and **£10.2m** in Corporates, accumulating a sub-total of **£15.2m**.

It is important to highlight that the Group has another company, that works as a substitute of a traditional Banking Current account, which both revenue for *International Payments* and *Cards* might be a split between "Card One Money" and "FairFX."

In terms of SEO, they have a positive score, but when searching for the terms "travel card", "debit travel card" or "travel money card", they are not on Google's first page.

Products/Services

Foreign Exchange Currency Solution: FairFX as an entity, offers something very specific. A travel card and international payment medium, covering needs of high-net-worth individuals, international holidaymakers, and their families.

Additional Services: The group offers five more services, starting with

1. **Equals Money:** an international, domestic and card payment platform,
2. **Equals Money Solutions:** A scale-up of the Equals Money platform, that specialises in large corporates and financial institutes with complex payment needs,
3. **Equals Connect:** White-label platform serving smaller FX providers,
4. **CardOneMoney:** UK focused product, for SMEs and individuals for everyday account processes, payments, direct debits, e.t.c.,
5. **Roqqett:** Open banking platform to provide payment services, B2B and B2C.

Strengths

Client Onboarding: Straight-forward to sign-up and start using their services with fast track.

Partnerships: Strategic partnerships with financial institutions and banks, along with back-up from their parent group.

Weaknesses

Marketing: SEO is not as competitive, and the information within their website is lackluster, leaving lots of questions to be answered, and also there are no phone numbers on the website to be called, of which many clients have complained about.

Customer Service: Looking at Trustpilot, evidently all poor cases are due to either delayed responses, or technological set-back. The majority of positive cases are due to specific agents only. The customer service department does not work over the weekend and delayed responses can vary from 3 months to 40 mins and so on. In multiple occasions, it seems inexperienced agents had to pass on to more adept specialists to solve the customer's problem. Even high-stars reviews say that they put a high review due to specific agents, but it still took quite a considerable amount of time for the issue to be resolved.

In addition, for some reviews it seems clients have been nudged to leave a Trustpilot review.

Legacy Systems: It seems the technological set-backs mentioned above, has either to do with some transfers, wrong applied fees and/or the card not

working on a specific location that it was supposed to. Having in mind that their entire technological suite came together somewhat recently, it could be the case of legacy systems being in the way.

Furthermore, there seems to be a new update since a couple months ago, which changed how their app works. That deleted all financial history, of all legacy clients.

Financial Performance

FairFX on the 30th of May 2024, have consolidated accounts with the parent company Equals Group, and made a group statement on their financial performance for 2023 (30/09/23.) We highlight the following critical metrics:

- Revenue: £95.7 million
- Year-over-Year Growth: 37% increase in revenue from the previous year
- Adjusted EBITDA: £20.6 million
- Profit after taxation: £7.7 million

Consolidating their accounts within their group, cuts the clear line between the function that is FairFX, and Profits/Costs of operations. What is safe to say, is that in terms of *Underlying Transaction Value*, the group's transaction flow, regarding FX comes up to **£5,8 billion**. A more detailed view is on the table below.

The Group had consolidated 14 different functions under the same group. The list of the subsidiaries:

Subsidiaries					
Subsidiary Undertaking	Company number	Country of registration or incorporation	Shares held		
			Class	%	Status
Equals Money PLC	5539698	England and Wales	Ordinary	100	Trading
Equals Money UK Limited	6268340	England and Wales	Ordinary	100	Trading
Equals Money International Limited	9558664	England and Wales	Ordinary	100	Trading
Equals Connect Limited*1	7131446	England and Wales	Ordinary	100	Trading

Roqgett Limited	12330839	England and Wales	Ordinary	100	Trading
Hamer and Hamer Limited*1	9347930	England and Wales	Ordinary	100	Trading
Equals Money Europe SA.	0849.185.510	Belgium	Ordinary	100	Trading
Equals Pay LLC	7477374	United States of America	Ordinary	100	Trading
Fair Foreign Exchange Ireland Limited*	IE537487	Ireland	Ordinary	100	Dormant
City Forex Limited*2 13518424	13518424	England and Wales	Ordinary	100	Dormant
FairFX Limited*2 14344612	14344612	England and Wales	Ordinary	100	Dormant
Spectrum Payment Services Limited*.2	14344429	England and Wales	Ordinary	100	Dormant
Fair Payments Limited*2 14811356	14811356	England and Wales	Ordinary	100	Dormant
Oonex Limited*2	14476167	England and Wales	Ordinary	100	Dormant

The number of entities within the group that are shown above, blurs the dictation of contribution and which company/function is responsible for what.

Lastly, we summarise a table that appears in their 2023 annual report, which also states the aforementioned highlighted bullet-points. (EQUALS Group, 2023)

Equals Group FairFX				
Financial Summary FY-2023				
		FY-2023 £ millions	FY-2022 £ millions	Change
Underlying transaction values				
	FX	5,866	5,470	7%
	Banking	2,178	1,741	25%
	Solutions Platform	4,368	2,005	118%
	Total	12,412	9,216	35%
Revenue		95.7	69.7	37%
	% of Revenue from B2B	82%	76%	
	Adjusted EBITDA	20.6	12.1	70%
	EBITDA	17.1	11	56%
	Profit after taxation	7.7	3.6	118%
EPS	Basic	4.22p	1.80p	134%

	Diluted	4.00p	1.73p	131%
	Adjusted Basic	7.16p	3.15p	127%
	Adjusted Diluted	6.79p	3.03p	124%
Other Information				
	Capitalised staff costs	5.7	4.2	
	Separately reported items (below adjusted EBITDA)	2.1	0.2	
	Cash per Share	10.2p	8.3p	

Strategies

The strategy of FairFX is adjacent to their Group strategy, and there is more insight into understanding where Equals Money Group is heading, to comprehend FairFX's journey and strategies.

Product Diversification

With the acquisitions of:

1. Roqgett, an open banking platform,
2. Hamer and Hamer Ltd, a business focused on international payments,
3. Oonex S.A., a regulated payments institution,

the group's overall ability to bring more financial services and tools has improved drastically. This also opens the doors for FairFX's services, to become viable with more banks across EU and US.

Geographic Expansion

As mentioned above, the various acquisitions, not only contribute to the diversification of products/services, but also opens the door for the group, along with FairFX to access the international market share, rather than only the UK one. Furthermore, they are aiming to become an entire banking system, that will offer a suite of services in one platform.

Technological & Infrastructure Upgrade

The group for the past couple years, had invested in their infrastructure & technology. In more detail, for the financial year 2023, they state 7 highlights from their product & design achievements:

- 1) **Payments Sending Service (PSS):** Automates "payments out" rails, utilising SWIFT and thereby directly integrates to Banking partners.

- 2) **Equals Money core functionality:** Consolidated legacy platforms and connected all new services and products to operate as one unified technology stack.
- 3) **Equals Money API:** Equals Money, another service they have, will now provide an existing API that clients can use it from, along with a technical team dedicated to customer onboarding and full sandbox.
- 4) **FairFX re-platformed:** B2C cards now operate as pure “white label” of Equals Money, utilising the API suite mentioned above.
- 5) **White-Label of Equals Money:** Commercialising white-label of Equals Money using the Equals Money API suite.
- 6) **Equals Money Europe:** Integration with EU local IBAN.
- 7) **Roqgett Integration:** Another acquisition from the company, of a GBP open-banking system, improving it and integrating it with FairFX checkouts/transactions.

Overall, Equals Money have evolved more into a “FinTech” company, with a heavy focus on infrastructure and FinOps, in order to partake in a larger market share. Their focus is becoming a one-stop platform that will provide a numerous of financial services, including FairFX.

SWOT Analysis

1. Strengths

- a. Client Onboarding,
- b. Partnerships

2. Weaknesses

- a. Marketing,
- b. Customer Service,
- c. Legacy Systems

3. Opportunities

- a. Expanding into the international market,
- b. Developing FinOps to create a new suite/platform to tackle on multiple financial services in a convenient space

4. Threats

- a. Intense International Competition as a new entrant,
- b. Cybersecurity threats,
- c. Economic downturns impacting consumer spending,
- d. Integrity at risk if legacy systems issues aren't resolved.

Caxton

Overview

Caxton Payments Limited, formerly known as Caxton FX Limited, offer a Caxton "Red" card for £8/month, to access their FX fee free services, along with reward points. They were incorporated on the 5th of December 2022 and offer more financial services, apart from FX fees, that include multi-currency account, travel money, e.t.c.

Market Position

The company operates with a great diversification of products/services, and the market share they occupy in spending on UK Outbound Tourism, while they also do bundles for international clients, is quite unclear, but based on revenue we assume a range of **£1m** as lower limit and **£2m** as upper limit.

Furthermore, Caxton has a strong brand recognition, while also have invested in earlier years in partner independent tools and know-how, which could make them quite competitive as they have already a present customer base.

Products/Services

Foreign Exchange Currency Solution: Caxton offers two products, the "Black Card" and the "Red Card." The "Black Card" which is the free model, is utilising competitive FX rates from the stock market, with constant fluctuations whilst the "Red Card" is based on a **£8/m** subscription model, that will give you **0% FX**.

Banking Solutions: Caxton offers multi-currency accounts and banking alternatives for businesses.

Business Payment Solutions: The banking alternatives for businesses that Caxton offers international payments, currency risk management, payroll payments, supplier payments, expense management and embedded finance. Besides the banking alternatives, Caxton has its own suite that implements integrations and API references.

Strengths

Brand Recognition: Caxton has been around for quite some time and has made themselves known within the UK market.

Technology Suite Platform: API & integration platform that enhances their financial services to deliver a convenient one-stop shop for companies.

Weaknesses

Customer Service Issues: Overall Caxton has 5,089 reviews with an average of 4.7/5, but almost 10% is below 3-stars, and more specifically 7% 1-star.

Support accessibility: Lines work on UK hours, Monday – Friday 08.00–18.00 for international payments and Caxton Currency Card queries and additionally Saturday – Sunday 09.00–17.00 for Card queries.

Sales Pitch Dissonance/Overpromise: Advertisement messages are absolute, but most of the negative reviews have to do with some sort of restrictions, even if you take away the cases that they only got charged because the ATM they used was a fee-charging one.

Financial Performance

Caxton officially states a **turnover increase** of **32%** for the FY-2023, with a particular growth in **B2B products** that saw **69% YoY growth**, such as **Expense Management** while the **Platform Subscriptions** saw a revenue increase of **160% YoY growth**.

Furthermore, we note that the revenue of the company for the FY-2023 saw a **32%** increase of **£9.5m** from **£7.2m**, where their gross profit saw a total increase of **20%** reaching **£6.8m** from **£5.7m**.

Caxton Payments Limited				
Statement of Comprehensive Income FY-2023				
	FY-2023		FY-2022	Change
Revenue	£	9,581,452.00	£ 7,274,657.00	32%
Cost of sales	£	(2,784,337.00)	£ (1,587,378.00)	75%

	Gross Profit	£ 6,797,115.00	£ 5,687,279.00	20%
Administrative Expenses		£ (8,280,329.00)	£ (6,838,913.00)	21%
	Non-recurring restructuring expenses	£ (36,500.00)	£ (397,453.00)	-91%
Operating Loss		£ (1,519,714.00)	£ (1,549,085.00)	-2%
	Interest receivable and similar income	£ 9,634.00	£ 1,889.00	410%
	Interest payable and similar expenses	£ (137,303.00)	£ (224,137.00)	-39%
Loss Before Taxation		£ (1,647,383.00)	£ (1,771,333.00)	-7%
	Tax on loss	£ 355,588.00	£ 299,716.00	19%
Retained Loss for the year		£ (1,291,795.00)	£ (1,471,617.00)	-12%

Strategies

From a strategy perspective, Caxton has a very similar idea of development and growth as FairFX. The main difference being that they have made the model of “FinTech” within the same company, instead of buying out specific companies to fill out the puzzle of the strategy.

They follow a similar suite/API service and focus on marketing specific countries on their main website for B2C.

Product Diversification

B2C

FX Cards: As mentioned earlier, two models for two different services, one is free, the other one is per subscription.

Current Account: Caxton offers multi-currency accounts, and substitutes banking needs and wants, in order to offer a convenient hub.

B2B

Payments API: Businesses can make high volumes of payments, for as many recipients as needed.

Accounts API: Reconciling funds in and out for business operations, across main account, sub accounts and 3rd party on-boarding.

FX API: Allows the businesses within the suite, to buy and sell foreign currency along with allowing users to make payments across the globe.

Ledger API: Auditing that can show real-time incoming and outgoing transactions as needed, to simplify manual auditing processes.

All in all, the **B2B** diversification, if put altogether, can work as a “FinTech” scale-up point of sale for Caxton while the **B2C** offers the market standard of a Travel Money Card.

Technological & Infrastructure Upgrade

Overall investment to integrations, APIs and cyber security, offering a convenient one-stop suite for businesses.

SWOT Analysis

1. Strengths

- a. Brand Recognition
- b. Technology Suite Platform

2. Weaknesses

- a. Customer Service Issues
- b. Support Accessibility
- c. Sales Pitch Dissonance/Overpromise

3. Opportunities

- a. Geographical Expansion
- b. Debit Cards
- c. Digital Marketing
- d. Partnerships – More support from Financial Institutions or physical retail stores within the UK

4. Threats

- a. International market – More competitive, and thus more threats from competitors
- b. Cybersecurity threats
- c. Economic downturns impacting consumer spending

Post Office

Overview

A traditional company that was incorporated on 1987, with 4 different SIC codes to their name, offering a great variety of different products, slightly different from the one-stop shop suites/hubs aforementioned, under other competitors.

Market Position

Out of the potential UK outbound tourism spending, we estimate the post office holds a market share of at least **£10m**. This organisation is classified as an established player and highly competitive as one of their sub-operations are strictly within the same market as the client's business.

Products/Services

Governmental Solutions: A wide variety of services such as ID verification, GOV.UK One Login, Document Certifications, International Driving Licenses, e.t.c, that acts as an external branch that outsources for the government.

Banking Solutions: Offers many B2C options, for bill payments, along with mortgages, a banking hub that allows the customer to bank in one of the Post Office's banking hubs, regardless of the UK bank they are with. They also offer international money transfers (MoneyGram, Western Union.)

Travel Insurance & Insurance: Post office, apart from general insurance (car, van, pet, e.t.c) is also offering travel specific insurances, along with international roaming SIM cards.

Strengths

Brand Recognition: Post Office is known by most of the population in the UK. They have physical offices all over the country.

Large Customer Base: Cross-selling is much more affordable and easier to do as Post Office.

Multiple-Operations: Considerable revenue generation from other activities besides their finance services and FX travel card.

Partnerships: Their portfolio of partners, grants them an authoritative presence.

Weaknesses

Dependence on UK market: Heavily UK market focused. No geographical expansion on the blueprints in terms of travel cards.

Risk Aversion: The player is competing in main markets, and would avoid any niche openings, or risky ventures.

Customer Service: Out of 2,676 reviews they got a 1.5/5-star rating. The negative reviews are not directly correlated with the travel card, but rather other services. This could have a stigma of bias though, for onboarding clients, when choosing to partner with the organisation for their financial services.

Financial Performance

Within their reports, the Post Office Limited is incorporating all the different services and products they offer as an organisation. It is highlighted that “Transactional Financial Services” include travel money, MoneyGram, Western Union and Postal Orders. More specifically, although they do not break apart that number to the contributing factors, they do state that the **£9m** increase of revenue was led by a strong performance in travel money as travel rebounded faster than expected.

An outlook of their Financial and Business review:

- Revenue: £885 million
- Year-over-Year Growth: 6.11% increase in revenue from the previous year.
- Adjusted EBITDA: £100 million

Post Office Limited				
Financial Statement FY-2023				
		FY-2023 £ millions	FY-2022 £ millions	Change
Revenue				
	Mails	310	356	-0.13
	Retail, Lottery & Gift Cards	31	34	-0.09
	Government Services	26	21	0.24
Mails, Retail & Government Services		367	411	-0.11
	Banking Services & ATMs	263	230	0.14
	Transactional Financial Services	69	60	0.15
	Payment Services	43	28	0.54
	Post Office Card account ("POCa")	4	11	-0.64
Banking, Payments & Transactional Services		379	329	0.15
	Mortgages, Savings, Loan & Credit Cards	68	31	1.19
	Insurance	52	39	0.33
	Identity Services	6	12	-0.5
Financial Services, Identity Services and Insurance		126	82	0.54
	Other	13	12	0.08
Total Revenue		885	834	0.06

Strategies

In a general sense, Post office has similar strategies that we have found but are applied quite differently than other cases.

In terms of Investment and Capital spend, in the report they present **£36m** of investment in 2023 against **£11m** last year, triple the amount in IT transformation, coming in a total of **£38m** worth of investment in "Total restructuring costs" in 2023 and **£28m** in 2022.

£31m out of the **£36m** seen in IT transformation, are considered sunk cost as

it was for a transformational programme of moving existing software onto cloud infrastructure that got discontinued.

Product Diversification

We identified earlier three main categories that a majority of their products/services classify under. Furthermore, there is more than 5 products/services per category.

Technological Upgrades

The amount of pounds in investments observed in the financial report for both the FY-2023, FY-2022, highly suggests that the Post Office is paving a way to extend their services and get into digitalisation, resulting in expanding their current technological and network capabilities and potentially opening the doors to more diverse products as a result.

SWOT Analysis

1. Strengths

- a. Brand Recognition
- b. Large Customer Base
- c. Multiple-Operations
- d. Partnerships

2. Weaknesses

- a. Dependence on UK market
- b. Risk Aversion
- c. Customer Service

3. Opportunities

- a. Geographic Expansion – Acquisitions Abroad
- b. Leveraging AI and/or ML for better customer insights and market opportunities
- c. Growing demand for parcels/digital payments/travelling
- d. Developing potential products & services

4. Threats

- a. Less Nimble – Restrictions that come with the partnerships/strong branding that won't allow them to capture some niche markets
- b. Cybersecurity threats.

Wise

Overview

A company founded in 2011, to offer the market a solution towards hidden fees when trying to transfer money between countries. Up until 2023, they claim to have saved their customers an accumulative sum of £1.5 billion in fees compared to using the high-street banks.

Market Position

Overall, they have tripled the number of active customers, between 2019–2023, which has provided a quadruple increase in cross-border volumes and quintupled income.

Additionally, for the FY-2023 Wise has experienced a surge in new customers, as they onboarded 4.5 million people and businesses globally, which is 40% more than the FY-2022.

The company is considered one of the main competitors in a global scale, with a revenue of **£846.1m** and a gross profit of **£638.2m**. With a strong brand recognition, and infrastructure that gives them a competitive advantage.

Products/Services

Business Payment Solutions: Payment gateways and e-commerce payment processing. Either printed card by Wise or digital card that connects with your Wise account, which applies to your Bank Account.

Consumer Payment Solutions: Digital wallets, peer-to-peer payment services, contactless payment options, e.t.c.

Foreign Exchange Currency Solution: Offers the ability to either buy foreign exchange currency or simply make transactions on another country, with the same FX rate as buying currency.

Strengths

Brand Recognition: Known and trusted player in the Global market.

Large Customer Base: Large customer base, that has seen an influx the last 5 years.

Partnerships: Over 70 partners, as stated in the annual report. Moreover, expenses relating to consultancy and outsourced services increased by 66% in FY-2023, coming up to **£70.4m** spent using external vendors for operational activities.

Technological Advancement: Adept infrastructure that gives them a competitive advantage.

Weaknesses

Rigidity: As one of the top players in the market, Wise goes through lots of checks from the banks and financial institutes, and other official market regulator services, such as FCA in the UK. That could lead into them closing unexpectedly customer's accounts or freezing them if used in any countries that the company might have set as an amber alert.

Bank Network: Wise being a company that specialises in transfers with their lowest fee possible as a default, as point-of-sale, makes them the middleman, meaning lots of enquiries that deal with delays or issues with money not reaching a destination, is mostly due to either one of their partners (banks, financial institutes) or user error. That can lead to customer dissatisfaction.

Financial Performance

Gross Profit for FY-2023 has seen a 73% increase since FY-2022, of £638.2 million, which a majority of that have went back in as investments in product, marketing and scaling operational capacity.

Cost of sales had also increased by 66%, which translate to £308.2 million in FY-2023. For this industry, the increase of cost of sales can be perceived positively, as higher cost of sales also indicates an increase to the customer base.

Financial Statement FY-2023				
		FY-2023 £ millions	FY-2022 £ millions	Change
Revenue		846.1	559.9	51%
	Interest Income on Customer Balances	140.2	3.9	3495%
	Interest Expense on Customer Balances	-3.7	-6.7	-45%
	Benefits Paid Relating to Customer Balances	-18.4	0	100%
Income		964.2	557.1	73%
	Cost of Sales	-308.2	-185.8	66%
	Net credit losses on financial assets	-17.8	-2.2	709%
Gross Profit		638.2	369.1	73%
	Administrative Expenses	-494.5	-321.4	54%
	Net Interest Income from Operating Assets	2.8	0	100%
	Other Operating Income	10.7	5.8	84%
	Other Operating Expenses	0	-4.8	-100%
Operating profit		157.2	48.7	223%
	Finance Expense	-10.7	-4.8	123%
Profit Before Tax		146.5	43.9	234%
	Income Tax Expense	-32.5	-11	195%
Profit for the Year		114	32.9	247%
Other Comprehensive (loss)/income				
	Items that may be reclassified to profit or loss:			
	Fair Value Loss on Investments, net	-5.5	-17.2	-68%
	Currency Translation Differences	3	2.7	11%
Total Other Comprehensive Loss		-2.5	-14.5	-83%
Total Comprehensive Income for the Year		111.5	18.4	506%
Earnings per share				
	Basic, in pence	11.53	3.4	239%
	Diluted, in pence	10.94	3.18	244%

Alternative Performance Measures				
	Income	964.2	557.1	73%
	Adjusted EBITDA	238.6	121.4	97%

Strategies

For the FY-2023, Wise has chosen to invest an additional 33% from FY-2022, or **£37.4m**, to further enhance their marketing department and marketing efforts.

On top of that, Technology and development costs had increased by 71%, or **£42.7m** as investment in improving security and authentication of products & systems. The incorporation of cloud computing has become the median solution for many architectural issues.

Economies of scale

A decrease in cost per unit of output, due to robust infrastructure and technologies, helping Wise be sustainable while maintaining market competitive fees.

Service Specialisation

Wise has taken an approach towards offering low fee FX to clients, by focusing and monopolising in transfers, in a reliable and market-compliant way. This was done with founding lots of partnerships with banks, financial institutions and other FinTechs, along with investing heavily and developing their infrastructure a couple years ago.

SWOT Analysis

1. Strengths

- Brand Recognition
- Large Customer Base
- Partnerships
- Technological Advancement

2. Weaknesses

- Rigidity
- Bank Network

3. Opportunities

- a. Additional Financial Services
- b. Banking Services

4. Threats

- a. Competitors with Convenient Financial Hubs
- b. Regulatory Changes
- c. Cybersecurity Threats

Travelex

Overview

A worldwide known group, which card and cash-based retail business operates in more than 1100 bureaux and 900 ATMs across over 20 countries, while its wholesale banknotes business serves central banks and major financial institutions globally. Travelex distinguishes from competitors in the market, by strategically partnering with stores that are accessible to travellers, i.e airports.

Market Position

For the International market, Travelex as a group has managed to acquire **£534.2m** net revenue, with an underlying EBITDA of **£58.8m**. That represents a **24%** growth in 2023, with all regions growing except Brazil. Most significant growth coming in Asia, ANZ and Middle East.

Within the UK market, Travelex secured **£162.4m** net revenue from Actual FX Rates, in comparison to 2022, which were **£145.2m**, marking a significant **12%** growth within the UK market share. Meanwhile, the underlying EBITDA were lower by **11%** as in 2023 it was marked up to **£30.7m** against 2022, with **£34.3m**.

Products/Services

Consumer Payment Solutions: Mobile wallets, peer-to-peer payment services, contactless payment options, pre-paid cards.

Additional Services: Retail stores, ATMs, Online/home delivery & click & collect, Wholesale Banknotes, Outsourcing, International Money Transfer.

Strengths

Brand Recognition: Travelex is an established brand that can be seen around the world and in airports, along with a very well optimised SEO, giving them a strong relevance in the digital space as well.

Partnerships: One of their strongest suits, Travelex has managed to outsource lots of their services to various partners such as currency exchange shops, or even supermarkets.

Accessibility: With having specialised ATMs placed strategically, where it is more likely for travellers to exchange money, and along with the other suite of services they offer, it makes it straightforward for people to use it.

Weaknesses

Outsourcing Channels: Due to their business model, all their operations at one point will have to go through an outsourced agent/service, be it a post service, an employee from a partner in an airport, an employee in ASDA. The outsourced channels could very well not reflect Travelex's values, potentially damaging some of the trust with customers.

Financial Performance

In the annual statement, it is outlined that the group's revenue for the FY-2023 was **£534.2m**, **24%** more than 2022 (**£429.1m**.) The underlying EBITDA reached to levels of **£58.8m** which scores **156%** more than the FY-2022 which was **£23m**.

Based on performance by Geography, Travelex notes the highest Net Revenue in the UK market with about **£162.4m** a **12%** increase from FY-2022 (**£145.2m**) out of their total net revenue of **£534.2m**.

On performance by Segment, it is a clear distinction of **Retail & Outsourcing** being the biggest contributor on Net Revenue generation by Segment, reaching **£107.2m** Net Revenue for FY-2023, a **13%** increase from FY-2022 (**£94.7m**.)

Financial Statement FY-2023			
	FY-2023 £ millions	FY-2022 £ millions	Change
Net Revenue	518.3	368.5	41%
Cost of Sales	-230.8	-160.1	44%
Gross Profit	287.5	208.4	38%
Net Operating Expense	-198	-96	106%
EBITDA	89.4	112.5	-21%
Depreciation & Amortisation	-60.1	-55.1	9%
Operating profit (loss)	29.4	57.4	-49%
Net Finance Costs	-86.4	-58.6	47%
Share of Profit in Equity Accounted Investments	3.4	2.6	31%
Loss Before Taxation	-53.7	1.4	-3936%
Tax Credit (Charge)	-3.3	5.6	-159%
Profit/(Loss)	-56.9	7	-913%

Breakdown of FY-2023				
FX Rates				
	Net Revenue	534.2	429.1	24%
	Costs	-475.4	-406.1	17%
	Underlying EBITDA	58.8	23	156%
	Capex	-18.4	-10.5	75%
	Free Cash	33.5	31.3	7%
Net Revenue (By Geography)				
	UK	162.4	145.2	12%
	ANZ	65.3	38.2	71%
	ASIA	58.6	24.6	138%
	ME&T	91.2	68.9	32%
	Brazil	87	96.9	-10%
	Europe	58.8	48.6	21%
	Other	8	6.7	19%
Trading Total		531.4	429.1	24%
Central Costs		2.9	0	100%
Net Revenue		534.2	429.1	24%
Underlying EBITDA (By Geography)				
	UK	30.7	34.3	-10%
	ANZ	15.5	6.1	154%
	ASIA	14.6	-2.9	-603%
	ME&T	22.1	13.1	69%
	Brazil	18.1	19	-5%
	Europe	9.6	9	7%
	Other	3.6	3.6	0%
Trading Total		114.2	82.2	39%
Central Costs		-55.3	-59.2	-7%
Underlying EBITDA		58.8	23	156%
Net Revenue (By Segment)				
	Retail & Outsourcing	430.5	325	32%
	Wholesale	92.8	96.3	-4%
	Other Trading	10.9	7.9	38%
Net Revenue		534.2	429.1	24%
Underlying EBITDA (By Segment)				
	Retail & Outsourcing	103.4	71.7	44%
	Wholesale	28.3	23.3	21%
	Other Trading	3.6	3.6	0%
	Total Geo Overheads	-21	-16.4	28%
	Central Costs	-55.3	-59.1	-6%
Underlying EBITDA		58.8	23	156%

Strategies

As a main way of generating revenue, Travelex has chosen to invest heavily in partnerships and strategically renting/buying premium locations, such as airports and supermarkets, to install their stores and operate. That is Travelex's competitive advantage overall. Their Technological Infrastructure is straightforward and covers for what it's needed.

Geographic Expansion

Travelex is an international player, with operations in the UK, ANZ, Asia, Middle East & Turkey, Brazil and Europe. To maintain relevance and competition, their main edge revolves around physical retail stores that they have placed all over these regions.

Strategic Store Placement

Partnerships and physical retail stores have enabled the group to have their operations in airports all over the world. For example, in Germany for 2023, Travelex managed to have live operations within the airports of Munich, Frankfurt, Berlin, Hamburg and Cologne. In the UK, they lost their stores in Stansted and the East Midlands Airport, but still have a strong relevance within Heathrow Airport.

Furthermore, Travelex stores can be found in ASDA as of 2023, which under "Retail & Outsourcing" has generated in the UK **£16.1m** more than 2022. The figure of total made for the UK in 2023 on "Retail & Outsourcing" is not quite clear, but the total group-wide comes up to **£430.5m** which marks the majority of their revenue.

Technological & Infrastructure Upgrade

A great sum of money was invested in "Card and Online." As a highlight, the company presents now the ability to use Apply Pay as a payment method on the Travelex website to purchase cash, cards and make reloads.

Furthermore, the group has launched and upgraded the TMC mobile app in New Zealand, allowing cardholders to download the app, with access to features as viewing recent transactions, card management functions, and offering more accessible reload options.

SWOT Analysis

1. Strengths

- a. Brand Recognition
- b. Partnerships
- c. Accessibility

2. Weaknesses

- a. Outsourcing Channels

3. Opportunities

- a. Further development in the digital space
- b. Potentially banking solution
- c. Debit card

4. Threats

- a. International market – More competitive, and thus more threats from competitors
- b. Regulatory changes, in either of the geographic region that they operate
- c. Cybersecurity threats
- d. Economic downturns impacting consumer spending

Indirect Competitors

Within this category, we analyse three indirect competitors to the client's operations. All three of them offer some sort of FX fee that aims to be lower than the regular bank fee but are categorised "indirect" because they have either evolved into a bigger suite of services, where FX fee is not their primary source of revenue, or to begin with where not focused on FX fee but have now thrown that service in their arsenal. Those three are Revolut, Monzo and Chase.

Revolut

Overview

Revolut had started off as a lower FX fee service in 2015 in the UK. Ever since, it has evolved into a bigger FinTech, with 38 million customers as of 2023, across 38 countries.

They have expanded to offer banking services across 18 EEA countries, along with loans, local and business iBANS, Deposit Guarantee Schemes and so on. Revolut has had an exponential growth from FY-2022 to FY-2023, with a gross profit margin growing to 76% from 70%, driven by improvements in partner unit costs, reduced fraud losses, and increased share of high gross margin revenue streams. The overhead ratio was improved from 79% to 44%, with gross profit of **£1,371m** in, a significant growth from **£642m** in the FY-2022.

Moreover, they have spent **£610m** in Sales, Advertising and Marketing, which is proportionally lower cost when compared with the gross profit margin than when invested **£506m** in FY-2022. They remark that a big contributor to the difference of cost/revenue is due to scaling B2B sales, that has led in return into an exponential growth.

Lastly, they breakdown in percentages the product mix they offer, and state that 17% of their revenue stream is based on their FX services. Within the geographic mix, they name the UK as the bigger contributor, with 29% of revenue originating from there. That was then followed by Western Europe and Eastern Europe with 20% and 18% respectively.

Monzo

Overview

Monzo was founded in 2015, under “Mondo” as a response to traditional banking the UK, offering lower fees than high-street banks. Monzo right from the get-go aimed to obtain a full banking licenses and moving from prepaid cards to full current accounts, which they achieved in 2017.

In 2021, they have partnered with Sutton Bank so they can expand in the US market, which has helped them grow exponentially in terms of Revenue in the last couple years.

Monzo’s gross revenue growth was 2.3 times more in FY-2023 than in FY-2022, reaching **£355.6m** from previous year’s **£154.2m**. That can also be interpreted by the fact they had **28%** more customers (5.8m in FY-2022, 7.4m

in FY-2023), with a **38%** increased spending and **34%** more customer deposits.

Furthermore, they have had **88%** positive difference in net operating income, reaching **£214.5m**, approximately **£100.5m** more than FY-2022. Their average revenue per user (ARPU) was up by **70%**.

In terms of products & services, Monzo offers current, joint and business bank accounts, prepaid cards, loans, and even thorough programs such as Monzo Plus. The program gives customers that are frequent travellers, specific services, such as travel medical insurance, tariff packages that include free access to airport lounges and so on. To add, travellers benefit from the Monzo card as well, with competitive FX rates.

In terms of strategy, Monzo is very flexible and grant access to segments of the market that wouldn't be accessible in other cases. For example, they have special accounts for users that are 16-17 years old and also the sign up is simple and does not require any additional address confirmations.

Additionally, they are actively developing integrations with IFTTT – a service which allows third-party application/device interaction, i.e Monzo with Alexa.

Lastly, they are keen and focusing on new partnerships, so they can keep low-cost services. Notably, Monzo is cooperating with Wise for low-cost transfers.

Chase

Overview

Chase being a widely known bank with many years of history, has branched out to also facilitate services for UK residents that want to travel abroad. Using their card, they use the current Mastercard exchange rate to any purchases one makes in the local currency. Cash withdrawal limits still apply, along with fee charges from local banks in case one uses a local bank's ATM.

Potential Entrants

There are two potential types of entrants within the share of the UK Outbound Travel spending; national and international. Players could either originate from the same market, or simply be an international player that also enables features for UK residents.

The threatening entrants will mainly be either newly founded FinTechs or traditional banks deploying their resources to aim for a part of the market share.

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