



## MSc Financial Data Science

### Banking & Finance in Digital Age (FIN42130)

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### Revolut Case Study – Group 11

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#### Introduction

In an era where traditional banking is slow, restrictive, and full of hidden charges, Revolut has been a lifeline, transforming the way one handles money. Revolut was founded in 2015 by Nikolay Storonsky and Vlad Yatsenko with a forward-thinking but straightforward vision to create an open-border financial system that makes humans more in command, transparent, and agile. Starting off as a prepaid currency conversion low-cost card, the company today has grown to be a world-leading financial super app with stock and crypto trades, multi-currency accounts, spend data in real time, insurance, and banking in several geographies as well.

Diverging from legacy banks, which are rooted in bricks-and-mortar set-ups, Revolut is a tech-centric institution that eliminates physical banks and lets users operate the business with the least of apparatus being an AI-run smartphone application only. With international fee-free transfers, automatic budgeting, instant payments, among others, added to it, Revolut has placed itself at the crossroads of finance and technology, with a seamless substitute for the conventional banking system. Its move to the stock market and

cryptocurrencies implies its pursuit of financial innovation in making it possible for users to invest and diversify their portfolios with ease.

As Revolut continues to expand ever more rapidly, fresh challenges loom. Regulatory stress, increased competition from traditional banks and new neobanks, and the need to become long-term sustainable remain central worries. Furthermore, disrupting while staying within financial regulations in more than one jurisdiction demands strategic agility.

But one thing is sure that Revolut is not another neobank, it is a revolutionary financial empowerment. Revolut is taking over the FinTech by closing the gap between banking, investing, and digital payments, defining the future of financial services in a borderless and cashless world.

## **1. Business Model & Technology**

### **1.1 Overview of Revolut's Business Model**

Revolut is a digital-first neobank offering multi-currency accounts, payment processing, cryptocurrency trading, stock investments, and lending services. Operating without physical branches, Revolut leverages technology to provide seamless financial solutions through its mobile application.

### **1.2 Revenue Model**

Revolut generates revenue through:

- Subscription Plans (Standard, Plus, Premium, Metal, Ultra)
- Interchange & FX Fees (minimal markups on transactions)
- Trading & Crypto Fees (commissions on asset trading)
- Lending & Business Banking (BNPL, business loans, and SME solutions)

### **1.3 Key Technologies**

- Cloud-Based Infrastructure for global scalability
- AI & Machine Learning for fraud detection and financial insights
- Open Banking APIs for financial integrations
- Blockchain & Crypto Trading enabling DeFi transactions
- Mobile-First Design for real-time financial management

## 2. Financial Performance & Market Position

### 2.1 Financial Performance (2019-2024)

Revolut's revenue surged from £166M in 2019 to £2.1B in 2024, reflecting its transition from a fee-free model to diversified revenue streams, international expansion, and growing customer adoption.

Year	Revenue (£ Million)	Profit/ Loss (Pre-Tax) (£ Million)	Customer Base ( Million)	Customer Deposits (£ Billion)	Transaction Volume (£ Billion)
2019	166	-106	10	2.4	65
2020	222	-224	15	4.6	78
2021	341	26	26.2	7.4	95
2022	636	5	38	12.6	160
2023	1800	344	45	18.2	250
2024	2100	500	50	20.5	300

### 2.2 Summary of Key Metrics

- Valuation Growth:** Revolut's valuation surged from \$5.5B in 2019 to \$45B in 2024, reflecting investor confidence in its scalability and profitability.
- Deposits Expansion:** Customer deposits increased from £2.4B in 2019 to £20.5B in 2024, showing strong customer trust and engagement.
- Transaction Volume Growth:** The platform processed £65B in transactions in 2019, growing to £300B in 2024, highlighting Revolut's increasing role in global financial transactions.
- Profitability Turnaround:** After years of losses, Revolut achieved profitability in 2023 with £344M profit, further rising to £500M in 2024.

## 3. Key Financial Stability Issues

### 3.1 Impact of COVID-19 on Revolut

Revolut faced declining FX revenues due to reduced cross-border transactions and consumer spending during

the pandemic. However, it adapted by focusing on crypto trading, stock investments, and business accounts, leading to revenue stabilization and eventual growth.

### 3.2 Broader Financial Stability Issues

Regulatory Delays: UK banking license approval is pending, limiting Revolut's lending capabilities.

Crypto Volatility: Exposure to cryptocurrency risks revenue stability due to unpredictable market swings.

Macroeconomic Factors: Inflation, rising interest rates, and geopolitical tensions could impact Revolut's expansion and profitability.

### 3.3 Regional Stability Risks

- **Brexit-Related Complications:** Regulatory hurdles required Revolut to secure an EU banking license in Lithuania.
- **Competitive Landscape:** Facing pressure from Monzo, Starling, and traditional banks expanding digital services.
- **Expansion Risks:** Operating in new markets like Latin America, Asia, and the U.S. comes with compliance and economic risks.

### 3.4 Contribution to Financial Stability

- **Enhancing Financial Inclusion:** Revolut provides digital banking access to underserved populations worldwide.
- **Driving Banking Innovation:** The firm's technology-driven approach forces traditional banks to modernize, improving financial sector efficiency.
- **Reliance on Investor Funding:** Revolut's rapid expansion has been fueled by venture capital; any slowdown in fintech investment could impact financial stability.
- **Potential Systemic Risk:** If neobanks like Revolut face liquidity issues, it could trigger a loss of confidence in the digital banking sector.

## Conclusion

Revolut's evolution from a single app to a global fintech powerhouse exemplifies how digital banking reshaped finance. By integrating multi-currency accounts, crypto trading, and business services into a

seamless mobile platform, Revolut streamlined modern banking. Its revenue hit £2.1B in 2024, achieving profitability in 2023—a testament to its resilience and scale. However, growth challenges persist. Regulatory delays, especially in securing a UK banking license, hinder expansion into lending and deposit insurance. Heavy reliance on crypto and transactional income exposes it to volatility. Global expansion into the US, LATAM, and Asia adds regulatory complexity and competitive pressure. Revolut has redefined banking—but sustaining this edge depends on regulatory navigation, diversified revenue, and ongoing innovation. If it succeeds, it's poised to lead fintech for decades.

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