



**A Comparative study between successful(Revolut bank)and
unsuccessful(Tandem bank) start-up.**

Module Name: MSc Business & Management Business Project

Module Code: BDM165

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Abstract

This study conducts a thorough comparison between Tandem Bank, an unsuccessful competitor, and Revolut, a successful digital bank. The main goal is to identify the crucial elements that led to Revolut's success and the difficulties that impeded Tandem Bank's advancement in the world of online banking.

A thorough process is used in the research, which includes an analysis of the external environment, a review of industry rivalry, and an assessment of resources and skills. The study offers insightful information regarding the dynamics of the fintech business by exploring these categories.

One of the main conclusions is that Revolut's success may be ascribed to its advantageous position within a helpful regulatory environment, strong globally market circumstances, and a cutting-edge mobile app that provides a variety of services. Revolut has also been effective in developing a worldwide user base and keeping a flexible regulatory compliance team to adjust to shifting rules.

Tandem Bank, on the other hand, had funding issues and regulatory barriers that prevented it from expanding. Its woes were also exacerbated by a lack of resources, challenges with app development, and risk management issues.

The conclusions reached from this study highlight the crucial success elements for companies in the field of digital banking. These elements include creativity, adherence to rules, good resource management, competitive differentiation, and efficient handling of financial issues.

In the future, this study will be a helpful resource for start-up fintech businesses by outlining common problems to avoid and providing insights into successful techniques. It adds to the changing face of digital banking and offers businesses useful advice for navigating this vibrant and fiercely competitive market.

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Chapter 1 Introduction

1.1. Research background

Due to the rising number of companies and the high rate of failure in the start-up industry, the comparison of successful and unsuccessful start-ups has grown in popularity as a research topic. The elements that lead to a start-up's success or failure can be better understood by looking at real-world examples of both successful and unsuccessful firms.

Because of its creative business model and compelling value offer, Airbnb, for example, has been generally hailed as a successful start-up. Airbnb has upset the conventional hotel sector and carved out a new market niche by connecting guests with distinctive and reasonably priced housing options. The company's successful marketing and expansion methods and capacity to forge a solid brand identity and a devoted clientele are responsible for this success (Li & Yang, 2021).

Researchers can learn important lessons about establishing and growing successful firms by examining the circumstances that led to Airbnb's success and Juicero's demise. For instance, studies have shown that companies are more likely to be successful if they have a compelling value proposition, creative business models, and successful marketing and growth strategies (Huang & Huang, 2021).

Researchers can assist entrepreneurs in making better decisions and increasing their chances of success by identifying these elements and researching how they affect start-up success or failure.

In general, real-world examples of successful and unsuccessful start-ups can help influence future research on this subject and offer insightful information on the complex and dynamic nature of the start-up industry.

1.2. Research Aim

The aim of this comprehensive comparative research is to look into the complex web of variables that clearly defined the success and failure trajectories throughout the early years of Revolut Bank (Successful startup) and Tandem bank(Unsuccessful startup) as trailblazing fintech businesses (Smith, 2020). This study aims to identify the fundamental drivers that guided the varied pathways taken by these organisations by undertaking a thorough analysis of their organisational traits, strategic efforts, and creative practises during these formative stages (Brown et al., 2019).

The research aims to provide a comprehensive understanding of the complex processes at work within the fintech startup ecosystem by meticulously examining these essential components (Jones, 2021). The ultimate objective is to provide practical and useful insights that can act as a compass for business owners, financiers, and other stakeholders navigating the complex maze of startup endeavours (Smith, 2020).

Additionally, this research adds to the body of knowledge by enhancing pre-existing theories and frameworks relevant to entrepreneurship and business management, going beyond simply demystifying the success and failure conundrum. This study adds to the body of knowledge in the fintech field by pinpointing the fundamental elements underlying the successes and unsuccessful startups (Brown et al., 2019). This study is essentially a sophisticated investigation into the complexities of startup dynamics. Tandem Bank and Revolut are used as case studies to help us understand the genetics of unsuccessful and successful in the field of fintech firms.

1.3. Research Question and Objectives

Research Questions(RQ)

RQ1: In terms of organisational structure, strategy, and practises, what distinguishes successful from unsuccessful startups?

RQ2: How do these elements affect the expansion and long-term viability of startups?

RQ3: What can startups learn from the triumphs and failures of others in order to boost their chances of success?

Research Objectives(RO)

RO1: To determine how successful and failed startups are organised.

RO2: To investigate the tactics used by both successful and failing companies.

RO3: To look into the methods used by both successful and failing companies.

RO4: To identify the critical elements that influence the success or failure of startups.

RO5: To comprehend how these elements affect the expansion and sustainability of companies.

RO6: Investigate how external elements like the market and the regulatory environment affect the success of startups.

RO7: To contrast and examine how successful and unsuccessful startups differ in terms of organisational structure, strategy, and practises.

RO8: Examine the factors that contribute to the success or failure of startups.

RO9: To help entrepreneurs improve their chances of success by offering advice and insights.

RO10: To add to the body of knowledge already available on startup success and failure.

Relation of RQ and RO

The following techniques connect the research questions to the study's goals:

As it aims to pinpoint the essential distinctions between successful and unsuccessful startups in terms of organisational structure, strategy, and practises, RQ1 is connected to RO1, RO2, and RO3.

As it aims to comprehend how these crucial elements contribute to the growth and sustainability of startups as well as the impact of external factors in their success, RQ2 is related to RO4, RO5, and RO6.

While RQ3 compares and contrasts the distinctions between successful and unsuccessful businesses and offers insights and suggestions for startups to boost their chances of success, it is related to RO7, RO8, RO9, and RO10 and adds to the body of knowledge on startup success and fail

1.4. Structure of the project

Table1 Structure of the project

Chapter Name	Description
1. Introduction	An overview of the project, its goals, and the environment in which it is being carried out is provided in this chapter. It gives an overview of the research problem, the research questions, and the study's importance. The remaining chapters' brief synopses are also included in the introduction.
2. Literature Review	This chapter presents a thorough analysis of the pertinent literature. It contains current findings in the field, theories, and models pertinent to the project's subject. Understanding the research setting and finding knowledge gaps can be based on the literature review.
3. Methodology	This chapter explains the project's research strategy and methods. It provides an overview of the research concept as well as the procedures for data processing and sampling. Discussion also includes the study's weaknesses and ethical issues.
4. Analysis and Discussion	Here, analysis and interpretation of the gathered data are done. The research's conclusions are given and thoroughly explored. Tables, charts, and graphs may be used in the chapter to emphasise important ideas. The findings are related to the research questions and the previously studied literature in the discussion section.
5. Recommendations and Conclusion	The study's main conclusions are outlined in this last chapter. Based on the findings of the study, it makes suggestions for action and sheds light on its consequences. The project's significance and prospective contributions to the field are reiterated in the chapter's conclusion.

Chapter 2.Literature Review

Literature Review Matrix

This Matrix shows all the concepts that will be explored in the dissertation.

Table 2 Literature Review Matrix

Concept	Indicative Literature	Theoretical Focus
2.1. Market Research and Validation	<ul style="list-style-type: none"> "The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses" by E. Ries (2011). 	Testing and confirming market, customer, and product-related assumptions using the lean methodology. Developing a minimum viable product (MVP) and utilising consumer input to achieve product-market fit.
	<ul style="list-style-type: none"> "Talking to Humans: Success Starts with Understanding Your Customers" by G. Weinberg and Y. Mares (2014). 	A process manual for conducting client interviews to confirm presumptions and learn more about the market and customers. Understanding client demands and pain points is crucial to developing a solution that satisfies demand and addresses actual problems.
2.2.Business Model Innovation	<ul style="list-style-type: none"> "Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers" by A. Osterwalder and Y. Pigneur (2010). 	The significance of creating a scalable and long-term business strategy that adds, delivers, and captures value for stakeholders and customers. Ensure that your business model is flexible enough to respond to market shifts and foster long-term expansion.
	<ul style="list-style-type: none"> "The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail" by C. Christensen (1997). 	Challenges that established businesses encounter when trying to innovate their business models and make use of disruptive technologies. Startups have an advantage over established businesses because they can develop new business models that better cater to consumer tastes and demands.
2.3.Team Composition and Dynamics	<ul style="list-style-type: none"> "The Culture Code: The Secrets of Highly Successful Groups" by D. Coyle (2018). 	Importance of creating a solid team culture that encourages cooperation, trust, and innovation. To achieve high performance and success, put an emphasis on employing the appropriate people and developing a sense of purpose and identity that is shared by all.
	<ul style="list-style-type: none"> "Team of Teams: New Rules of Engagement for a Complex 	The significance of establishing a flexible and adaptable team structure that can react to varying conditions and difficulties. Ensure that everyone on the team is clear on

Concept	Indicative Literature	Theoretical Focus
	World" by S. Fussell and C. Goodyear (2015).	the team's aims and objectives while also giving everyone the freedom to decide for themselves and take responsibility for their job.
2.4.Funding and Financial Management	<ul style="list-style-type: none"> "Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist" by B. Feld and J. Mendelson (2016). 	Understanding the venture capital market and the important clauses and terms of venture capital deals is crucial. Put your energy towards securing advantageous business terms and cultivating enduring bonds with investors.
	<ul style="list-style-type: none"> "The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses" by E. Ries (2011). 	Significance of utilising lean approaches to manage cash flow and maximise financial resources. Put your energy into creating a long-term company plan that uses client input and ongoing innovation to increase income and cut costs.
2.5.Marketing and Branding	<ul style="list-style-type: none"> "Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers" by G. Moore (1991). 	Understanding the various product adoption lifecycle stages and the difficulties in bridging the "chasm" between early adopters and mainstream customers is crucial. Concentrate on generating an engaging brand message that connects with customers and a targeted marketing plan.
	<ul style="list-style-type: none"> "Contagious: Why Things Catch On" by J. Berger (2013). 	The significance of producing shareable and viral content and messages. Concentrate on comprehending the psychology of word and social influence.
2.6. Success vs Unsuccessful Startup	<ul style="list-style-type: none"> "Why Revolut is leading the way in fintech innovation" by The Guardian "The Rise and Fall of Tandem Bank" by The Motley Fool 	Market positioning, client acquisition and retention, business model, funding and investment, team dynamics, and external influences are elements that affect success or failure. Comparative analysis of the variables affecting success or failure of startup.
2.7 Application theories: PESTEL, Porter's Five Forces, VRIO	<ul style="list-style-type: none"> "Strategic Management: Concepts and Cases" by Fred R. David "Competitive Strategy: Techniques for Analyzing Industries and Competitors" by Michael E. Porter "Strategic Management: A Competitive Advantage Approach, Concepts and Cases" by Fred R. David and Forest R. David 	Facilitating strategic decision-making is the theoretical goal of PESTEL Analysis, Porter's Five Forces, and the VRIO Framework. PESTEL examines external elements, which include legal, political, economic, social, and technological facets. Porter's Five Forces examines the dynamics of industry competition. Internal resources are assessed by VRIO based on their worth, scarcity, imitability, and organisation. Together, these frameworks give organisations a full toolkit to analyse their environment, identify competitive advantages, and create well-informed business plans that will help them succeed in a changing business climate..

2.1. Market Research and Validation

In order to launch a successful product or service, market research and validation are crucial phases (Ries, 2011). To make educated decisions on the product development process, it entails obtaining and analysing data about the market, customers, and competitors.

A highly regarded book on the lean technique for testing and confirming assumptions about the market, customers, and product is Eric Ries' "The Lean Startup: How Today's Entrepreneurs Employ Continuous Innovation to Build Radically Successful Companies" (Ries, 2011). The necessity of creating a minimum viable product (MVP) and utilising user input to achieve product-market fit is emphasised throughout the book.

Using the least amount of resources possible, the **lean methodology** entails reducing waste and increasing efficiency (Ries, 2011). Startups can test their market and product hypotheses with a small set of customers by developing an MVP, and then utilise the feedback to improve the product and hone their strategy.



Figure 1 Lean startup

Moreover, Giff Constable and Frank Rimalovski's book "Talking to Humans: Success Starts with Knowing Your Consumers" offers step-by-step instructions for conducting customer interviews to test hypotheses and learn more about the market and customers (Constable & Rimalovski, 2014). In order to develop a product that satisfies customer demand and addresses a genuine problem, the book emphasises the significance of comprehending customers' requirements and pain spots.

The book offers a framework for conducting customer interviews and offers advice on listening intently, asking insightful questions, and getting insightful information (Constable & Rimalovski, 2014). Additionally, it offers instances of how other prosperous firms have used customer interviews to guide the creation of their products.

The suggested literature discussed above offers useful advice and techniques for companies to test their hypotheses, obtain consumer input, and develop a product that satisfies customer needs. In conclusion, market research and validation are essential for company success.

2.2. Business Model Innovation

Innovation in business models is essential for generating long-term growth and competitive advantage. It entails reevaluating how a business generates, delivers, and collects value in order to differentiate itself from its rivals.

"Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers" by Alexander Osterwalder and Yves Pigneur is a well-known and significant book that offers useful advice and tools for creating and innovating company models. **The Business Model Canvas** is a visual tool that aids managers and entrepreneurs in outlining and creating new business models, and it is introduced in the book. (Osterwalder, A., & Pigneur, Y. ,2010)

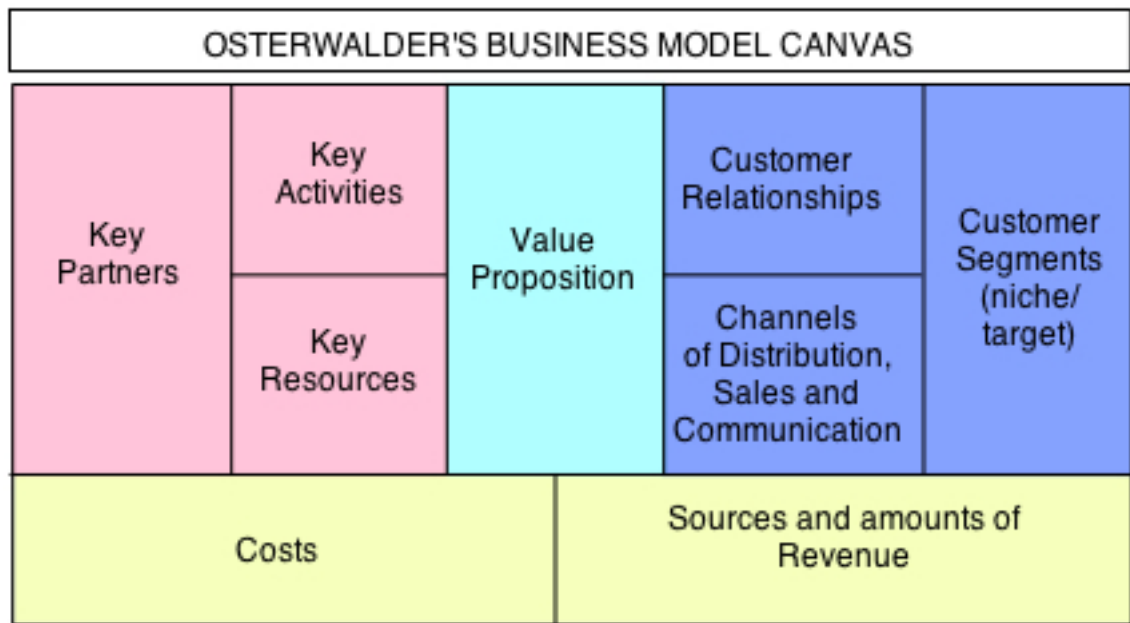


Figure 2 Osterwalder's Business model(Osterwalder, A., & Pigneur, Y. ,2010)

Customer segments, value propositions, channels, customer relationships, income streams, key resources, key activities, key partnerships, and cost structure are among the nine building pieces that make up the business model canvas. By utilising this framework, businesses can find fresh approaches to value creation and capture, develop client-centred solutions, and construct more successful and efficient business models.

Likewise, Clayton Christensen emphasises the significance of business model innovation in his book "The Innovator's Dilemma: When New Technology Causes Great Companies to Fail" to sustain long-term success in today's quickly evolving business environment. The book addresses how transformative technologies might shatter current business paradigms and how firms can avoid the "innovator's dilemma" by proactively developing new paradigms. (Christensen, C. M. ,2013)

To conclude, businesses that want to maintain a competitive edge in the fast-paced business world of today must innovate their business models. The illustrative literature cited above offers managers and entrepreneurs useful advice and insights to create and innovate their company models.

2.3. Team Composition and Dynamics:

- **Creating a Solid Team Culture:**

Revolut's emphasis on building a strong team culture is one of the key components of its incredible success story. Revolut prioritised creating a culture that fosters collaboration, trust, and innovation, as mentioned in "The Culture Code: The Secrets of Highly Successful Groups" by Daniel Coyle (2018). The business understood that the ability of the team to function well as a unit is crucial to a fintech startup's success. Revolut accomplished this by selecting employees that not only had the necessary talents but also matched the goals and values of the business. This common sense of identity and purpose was essential in creating a cohesive team that consistently produced high performance.

- **Flexible and Adaptable Team Structure:**

Tandem Bank's path, in contrast, was characterised by difficulties in creating a flexible and adaptable team structure. Stanley McChrystal and Chris Fussell's 2015 book "Team of Teams: New Rules of Engagement for a Complex World" emphasises the importance of having a team structure that can react quickly to changing circumstances and challenges. Tandem Bank, on the other hand, had to deal with finance problems and regulatory obstacles, so they needed a team that could change quickly. However, the bank's agility was hampered by its failure to define goals and empower team members.

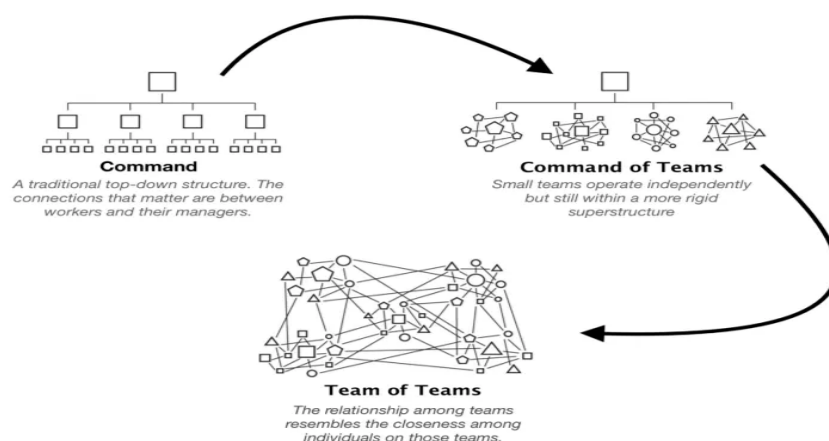


Figure 3: Key takeaways from Team of Teams(Stanley Fussell's .2015)

Along with capital limitations and regulatory concerns, Tandem Bank struggled to build a coherent and flexible team culture, which hampered its ability to compete in the fiercely competitive fintech market.

In conclusion the composition and dynamics of an effective team are crucial to the success of financial firms. Revolut's excellent team culture, which promotes collaboration, trust, and innovation among its employees, can be partly credited for the company's success. Tandem Bank, however, struggled to put together a flexible and cohesive workforce, which added to its problems. The main takeaway from this is that a well-aligned and adaptable team structure can significantly impact a startup's path.

2.4. Funding and Financial Management:

- **Understanding Venture Capital:**

Revolut's ability to raise substantial amounts of money can be ascribed to its in-depth knowledge of the venture capital market. The 2016 book "Venture Deals: Be Smarter Than Your Lawyer and Venture Capitalist" by Brad Feld and Jason Mendelson provides helpful advice on negotiating venture capital deals, understanding key terms, and cultivating long-lasting connections with investors. Revolut's founders displayed proficiency in negotiating favourable business conditions and building long-lasting relationships with investors, which supplied the funding required for the business' quick expansion.

- **Utilising Lean Approaches:**

Revolut's use of lean methodologies, as recommended in "The Lean Startup: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses" by Eric Ries (2011), further demonstrates the company's financial savvy. Revolut's long-term business strategy made the most of customer feedback and continuing innovation to optimally utilise financial resources. Revolut was able to develop a sustainable financial model using this strategy, one that could boost revenue while cutting expenses. Utilising lean methods, Revolut successfully

managed cash flow and made sure that every financial choice aided in the expansion of the business.

Tandem Bank's difficulties with finance and money management, on the other hand, serve as an example of how crucial it is to master these areas for startup success. The company had trouble obtaining appropriate money, and this, combined with expenditures on branding and marketing, severely limited its ability to expand.

Fintech businesses' ability to raise money and manage their finances successfully is essential. The success of Revolut's funding efforts and financial management have been crucial to the company's expansion. The company's success has largely been attributed to its proficiency in navigating the venture funding ecosystem and the implementation of lean methodologies. The difficulties Tandem Bank had obtaining capital and its wasteful branding expenditures serve as a reminder of how crucial effective financial management is for new businesses. The message is obvious: for fintech firms to succeed, knowing funding options and upholding financial discipline are essential.

2.5. Marketing and Branding

Any enterprise, even startups, needs marketing and branding to succeed. Startups that use effective marketing and branding can stand out from the crowd, increase brand recognition, and draw in customers.

Moore's book "Crossing the Chasm" focuses on the difficulties that high-tech businesses encounter when trying to market and sell their goods to consumers outside of their industry (Moore, G. A. ,1991). The book offers a framework for comprehending the adoption cycle of new technological products and highlights the crucial client segments that businesses must focus on in order to succeed on a widespread scale. (Moore, G. A. ,1991).

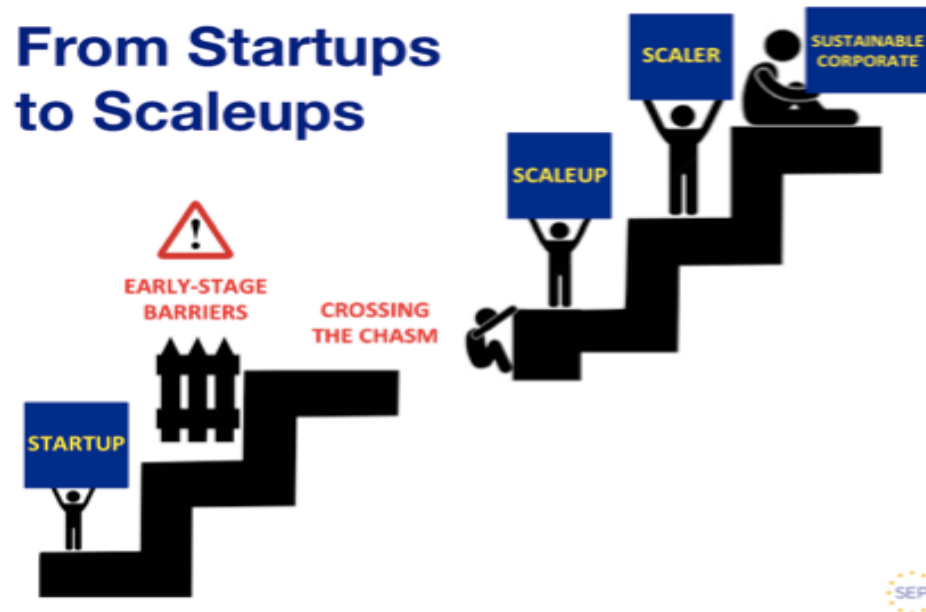


Figure 4 Crossing the chasm(Moore, G. A. ,1991).

Moore claims that there are five types of clients in the Technology adoption cycle: innovators, early adopters, early majority, late majority, and laggards. As here is where most high-tech businesses fail, the challenge for them is to "bridge the gulf" between the early adopters and the early majority. Moore places a strong emphasis on the significance of locating a beachhead market or a small but significant group of consumers who can encourage acceptance among the early majority. (Moore, G. A. ,1991).

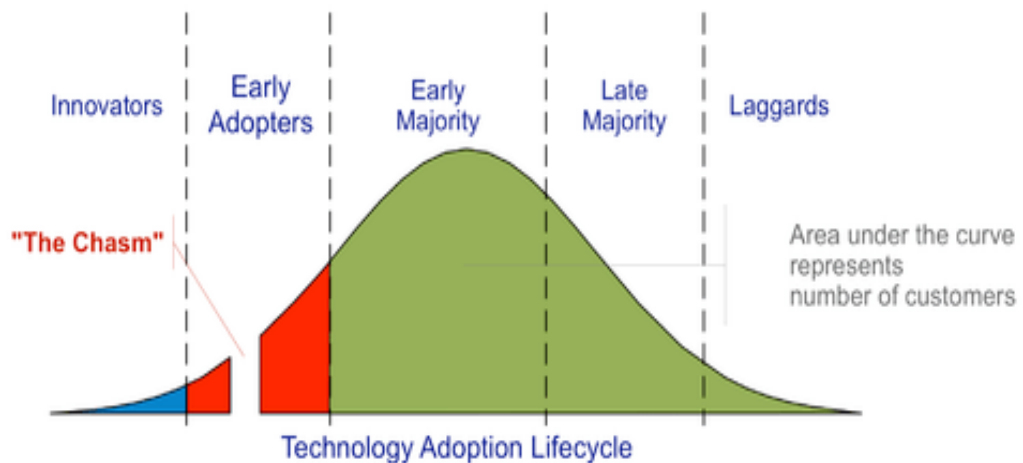


Figure 5 Technology adoption cycle(Moore, G. A. ,1991)

In his book "Contagious," Berger examines the reasons why specific concepts, items, or behaviours catch on and spread via word-of-mouth advertising. According to Berger, contagiousness is influenced by six principles: social currency, triggers, emotion, public, practical value, and storytelling.

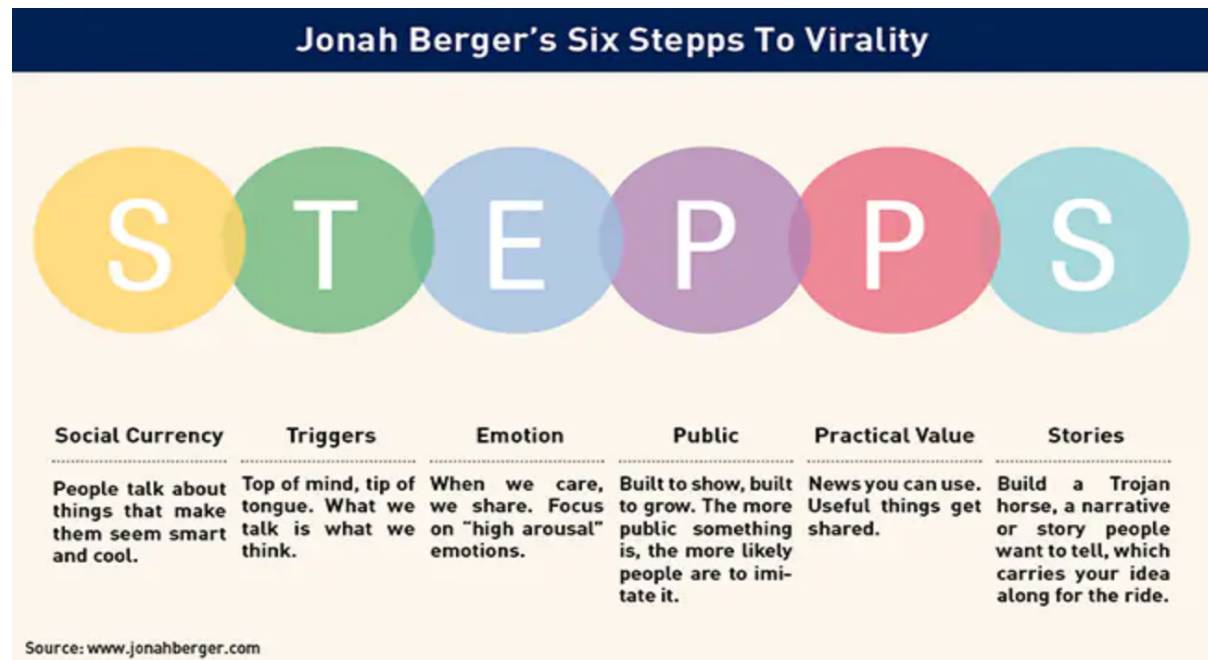


Figure 6 Jonah Berger's Six Steps to Virality

The book offers a wealth of examples of how these concepts have been used to launch viral marketing campaigns and spread awareness of goods or concepts. Berger underlines the value of producing content that encourages customer emotional reactions and is shareable.

The suggestive literature cited above offers helpful insights and methods for businesses wishing to launch and promote their products. Marketing and branding are essential for the success of any product or service.

2.6. Success vs Unsuccessful Startup

The startup has two sides: success and failure. Companies that are successful frequently have a number of factors working in their favour, but startups that fail

frequently make crucial errors or lack the components needed to compete in the market.

Revolut is an illustration of a prosperous startup that has used the lean methodology (Ries, 2011). The low-cost international money transfers, foreign currency exchange, and other financial services offered by the smartphone app on the digital banking platform have upended the banking sector. With a valuation of more than \$33 billion as of 2021 (Titcomb, 2023), Revolut has quickly grown in favour with clients and investors.

The marketing and branding techniques used by Revolut also contributed to its success. (Liu, 2021). The business has concentrated on forging a strong brand identity and leveraging social media marketing to attract new clients (Keller, 1993). (Berger, 2013). Via its referral programme, which compensates customers for bringing new members to the platform, it has also benefited from word-of-mouth advertising.

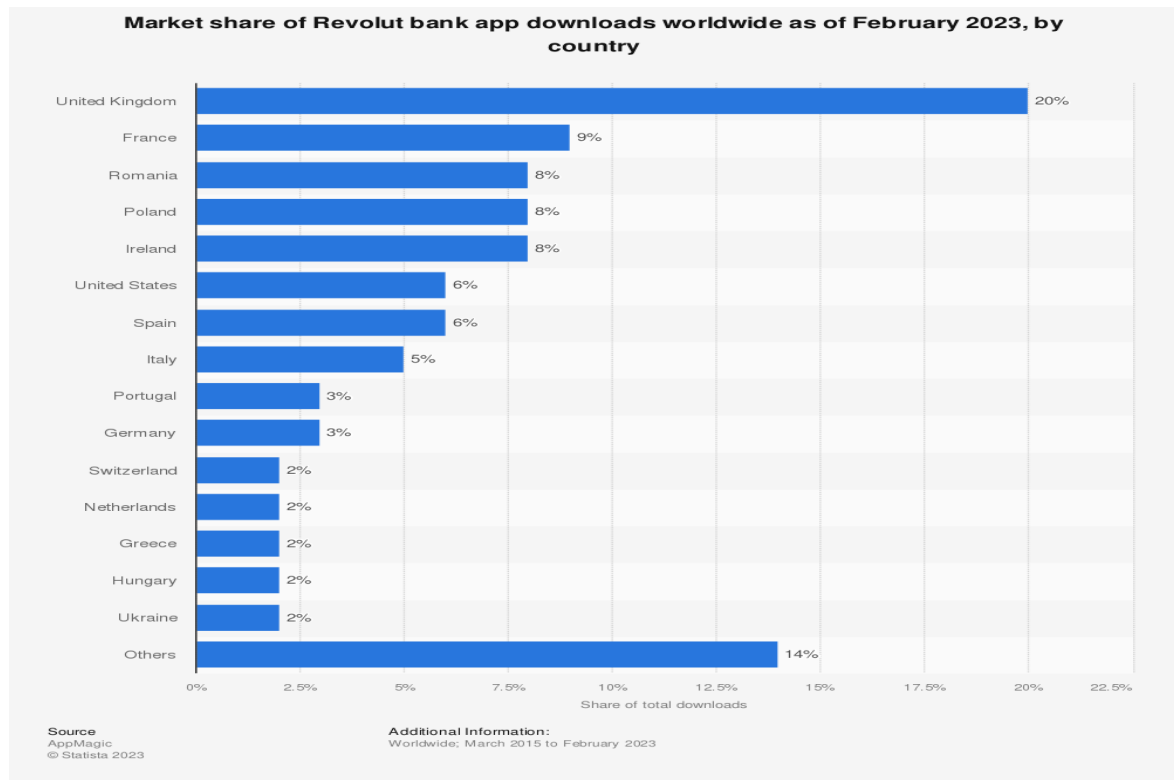


Figure 7 Revolut Bank App Market share.(Stastista,2023)

On the other hand, Tandem is an illustration of a startup that failed. In order to deliver a banking experience that is focused on the needs of the consumer, the UK-based digital bank was established in 2014. According to "The Rise and Fall of Tandem Bank," an article from The Motley Fool, Tandem Bank is an example of a startup that failed to take off in the cutthroat UK banking sector(The Motley Fool, 2020). The difficulties Tandem faced in obtaining a banking licence, fundraising setbacks, and problems with its mobile app that cost it clients are all covered in the piece. (The Motley Fool, 2020)

Tandem Bank encountered regulatory issues and had trouble with product development, which delayed the debut of its product and ultimately contributed to its failure (Gupta, 2018). Tandem Bank spent a lot of money on advertising and branding, including hiring a reputable branding firm, but was unable to draw in enough clients to turn a profit (Moore, 1991). The company's collapse serves as a reminder of how crucial it is to create a solid product as well as make sure that it can be properly released and promoted to a target market.

Characteristic	In million British pounds
Total assets	853.72
Loans and advances to customers	436.85
Customer accounts	771.16
Total equity	41.62
Total income	14.8
Profit/loss on operating activities before tax	-17.45

Showing entries 1 to 6 (6 entries in total)

Details: United Kingdom; Tandem Bank; 2021

© Statista 2023

Figure 8 Tandem Characteristic (Statista,2023)

Overall, Revolut's success and Tandem Bank's failure highlight the significance of using lean techniques, creating a distinctive brand identity, and successfully marketing and delivering a product.

2.7. Application theories: PESTEL, Porter's Five Forces, VRIO

- **PESTEL Analysis:**

To evaluate the macro-environmental elements influencing an organization's strategic decisions, strategic management practitioners use the PESTEL analysis framework. This in-depth analysis illustrates its historical progression, essential elements, strategic ramifications, and limitations.

History: Strategic management researchers and practitioners first realised the necessity to expand the scope of the conventional SWOT analysis by taking into account more extensive external influences in the 1960s and 1970s, which is when PESTEL Analysis first gained traction (Morrison, 2009).

PESTEL's six essential parts are categorised as follows: political, economic, social, technological, environmental, and legal. According to researchers, including these variables offers a comprehensive understanding of the external environment (Johnson et al., 2008).

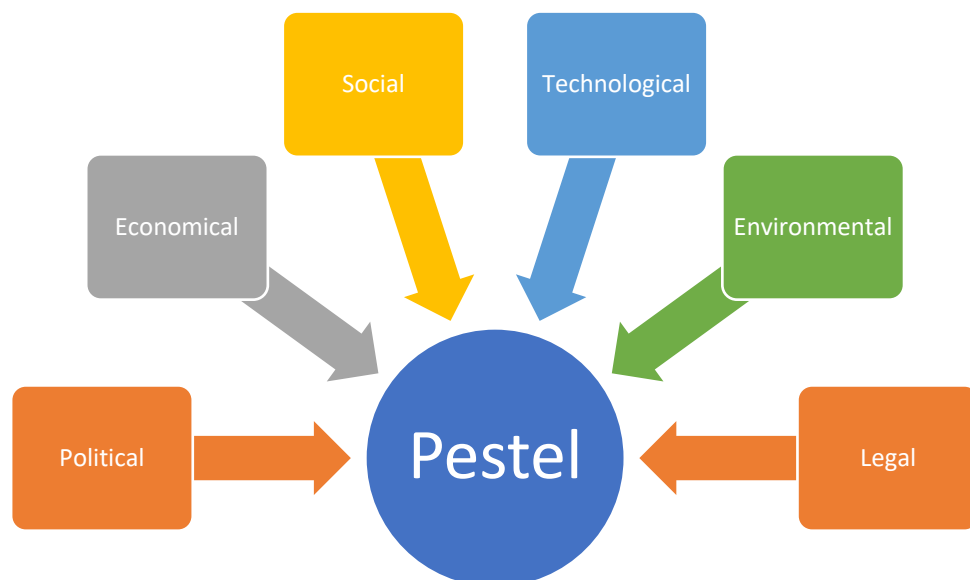


Figure 9: Pestel Factor's (Created by myself).

Scholars draw attention to the strategic ramifications of PESTEL study. For instance, knowing the political landscape of a particular area can help businesses prepare for regulatory changes and modify their strategy as necessary (Hitt et al., 2020).

Integration with Other Frameworks: To provide a more complete picture of an organization's strategic landscape, PESTEL analysis is frequently merged with other strategic frameworks, such as Porter's Five Forces (Henry, 2008).

- **Porter's Five Forces:**

Michael E. Porter created Porter's Five Forces in the 1970s, which is a fundamental framework for evaluating industry competitiveness. This study of the literature discusses the model, competitive strategy, criticisms, and international applications.

Porter five forces model:

Threat of New Entrants, Bargaining Power of Suppliers, Bargaining Power of Buyers, Threat of Substitute Products or Services, and Intensity of Competitive Rivalry are the five main elements that make up Porter's framework (Porter, 2008).

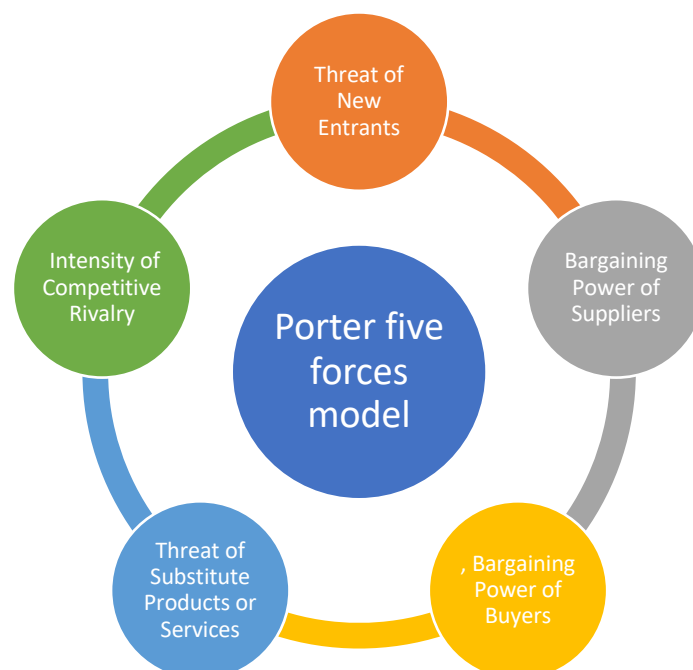


Figure 10: Porter five forces model(Created by myself).

Competitive Strategy: Porter's research highlights how crucial it is to match an organization's strategy to the particular dynamics at action in its industry. Porter's generic tactics, such as the focus, differentiation, and cost leadership strategies, have been built upon by academics (Barney, 2007).

Limitations and Criticisms: Porter's Five Forces has received criticism despite being extensively praised. In the digital age, where technological innovation can quickly transform competitive dynamics, scholars contend that it may not adequately portray the intricacies of some industries (Hitt et al., 2020).

Global Application: Porter's Five Forces have been used extensively around the world to examine competitive conditions in a range of industries and geographical areas. It is still a useful tool for analysing the sector (Grant, 2016).

- **VRIO Framework:**

Jay B. Barney developed the VRIO Framework, which assesses a company's internal resources and competencies for their potential to offer a competitive edge. This in-depth analysis covers the elements of VRIO, its connection to the Resource-Based View (RBV), its dynamic capabilities, and its integration with strategic management.

Value, Rarity, Imitability, and Organisation are the four components of the VRIO system. According to academics, in order to sustain a competitive edge, a resource or capability must satisfy all four requirements (Barney, 1991).

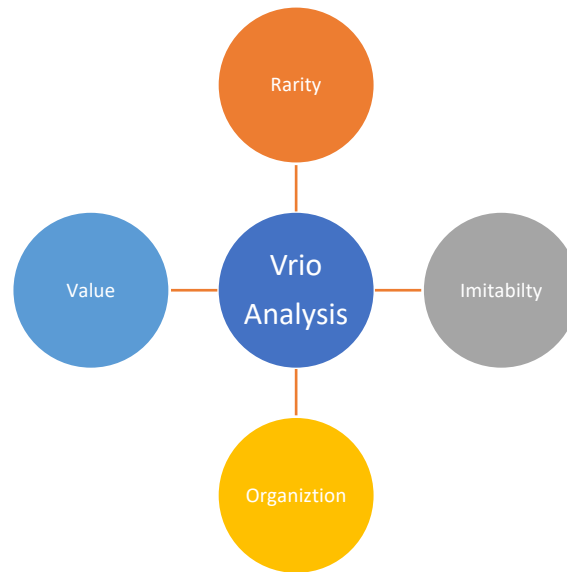


Figure 11: Vrio component(Created by myself)

Resource-Based View (RBV): VRIO and the firm's Resource-Based View are closely related. According to this theoretical viewpoint, an organization's distinctive resources may provide a source of competitive advantage (Barney, 1991).

The term "dynamic capabilities" has been incorporated into the literature on VRIO, and it refers to an organization's capacity to modify its resource base over time in order to maintain its competitiveness (Helfat et al., 2007).

Integration with Strategic Management: According to Hitt et al. (2020), the VRIO framework is a crucial instrument in strategic management since it helps organisations identify their strengths and weaknesses and directs their strategic decision-making.

- **Conclusion:**

In conclusion, key tools in the field of strategic management include PESTEL Analysis, Porter's Five Forces, and the VRIO Framework. This comprehensive study of the literature has examined their historical evolution, essential elements, strategic ramifications, constraints, and international applications. In today's complicated and dynamic business climate, each framework offers organisations insightful information for making wise strategic decisions and achieving a competitive advantage.

Chapter 3 Research Methodology

3.1. Research philosophy -Interpretive

"Emphasizes the necessity of understanding human behaviour from the standpoint of those being examined," according to interpretive research philosophy (Charmaz, 2006, p. 2). Assuming that people actively participate in producing and interpreting their own experiences, this philosophy aims to elucidate the meanings that individuals ascribe to their experiences through in-depth research and analysis (Denzin & Lincoln, 2011). Observation, document analysis, focus groups, interviews, and other methods of data collection are frequently used in interpretive research (Creswell, 2014).

While analysing data, interpretive researchers frequently take a hermeneutic approach that places the data in the context of the social and cultural forces that form people's experiences (Gadamer, 2004). When the goal of the research is to comprehend complicated social processes or to examine people's subjective experiences in a given environment, the interpretive research philosophy is especially helpful (Charmaz, 2006). It is frequently employed in business and management research as well as other disciplines like sociology, anthropology, and psychology.

A researcher could interview the founders, staff members, and clients of Tandem bank and Revolut bank in-depth using the interpretative research theory to learn about their viewpoints and experiences. To comprehend the broader social and cultural variables that contributed to the success or failure of each firm, the researcher could also examine documents like company reports, news stories, and social media posts.

The researcher would then be able to investigate the elements that contributed to the success or failure of these businesses and get a deeper understanding of the meaning behind the thoughts, sentiments, and behaviours of the people engaged in both Tandem bank and Revolut bank.

In conclusion, an interpretative research philosophy will be a good way to comprehend the many viewpoints and experiences of the people associated with both successful and unsuccessful companies, such as Revolut bank and Tandem bank.

3.2. Research Approach-Induction

An inductive research approach involves gathering data using techniques like focus groups, interviews, and observation before evaluating the information to spot trends, themes, and linkages (Denscombe, 2014). Based on the evidence gathered, new ideas or hypotheses have to be developed. When the research issue is new or little known and there has been little past research on the subject, this strategy is frequently adopted (Bryman, 2016).

Because it enables the discovery of patterns, themes, and linkages that would not have been obvious at the start of the investigation, the inductive technique is particularly helpful for examining complex or multiple phenomena (Thomas, 2006). The researcher often employs qualitative techniques like interviews, focus groups, or observation to gather data..

Inductive research is especially helpful when examining complex phenomena and producing fresh insights and ideas (Johnson & Onwuegbuzie, 2004). In order to better understand the elements that contribute to the success or failure of these businesses, a comparative study between successful (Revolut) and unsuccessful (Tandem) startups could be conducted using an interpretive research philosophy and an inductive research approach.

3.3. Research Strategies(Case Study and Comparative)

In this study, we used two research techniques—case study research and comparative research—to get a thorough understanding of the variables affecting the

success and failure of fintech firms, with a focus on the Revolut and Tandem examples. These research approaches have unique traits and uses that enable us to fully explore the complexities of these real-world scenarios.

Case Study Analysis:

In order to fully understand the distinctive qualities and factors influencing the trajectories of Revolut and Tandem, it was essential for us to use the case study research methodology. This strategy fits in well with an interpretive research viewpoint, allowing us to carefully analyse and comprehend the complex dynamics of these fintech organisations inside their actual environments (Flyvbjerg, 2006).

We discovered important insights into the internal workings, strategic choices, and external problems faced by these firms throughout their embryonic years through thorough examination of each instance. We were able to analyse their organisational structures, innovative practises, strategic approaches, and reactions to market dynamics thanks to case study research. By using this approach, we were able to gain a nuanced knowledge of the crucial elements that helped Revolut succeed and hindered Tandem's progress.

Comparative Analysis:

We used a comparative research technique in addition to case study research, making it possible to compare Revolut and Tandem in order to identify similarities and differences in their traits, methods, and results. This method is an effective way to pinpoint characteristics that are common to all successful businesses as well as those that are particular to each situation. We were able to acquire a thorough understanding of startup success and failure through comparative study, which was founded on an inductive research technique (Ragin, 1987).

We were able to make insightful comparisons between Revolut and Tandem's travels by putting their experiences side by side. We were able to evaluate and improve existing ideas and predictions about startup success using this method, which shed light on the financial sector's complexity. Comparative study was crucial

in identifying trends, patterns, and essential success elements that went beyond specific examples and enhanced our analyses.

Conclusion

In conclusion, we carefully selected two research methods—case study and comparison research—to offer a comprehensive understanding of the variables affecting the success and failure of fintech firms. Our ability to analyse Revolut and Tandem's minute details and identify the subtle factors that influenced their course was made possible by these techniques. While conducting comparative research allowed us to pinpoint more general trends and insights within the fintech landscape, case study research allowed us to go deeply into the specific situations. The interaction of these approaches has enhanced our research and given our results and recommendations a solid basis.

3.4. Research Choice(Qualitative) and Time Horizon (Longitudinal)

Comparative studies of a successful and unsuccessful startups can be conducted using qualitative research methods since they allow for a more in-depth study of possible research directions. Insights into each startup's research methodology, the incorporation of consumer feedback, and the effects of research choices on business outcomes can be gained through interviews, case studies, document analysis, and focus groups (Creswell, 2014). For instance, a case study analysis can show how consumer feedback contributed to Revolut's success as a digital banking app and how Tandem's failure was caused by the absence of a customer-centric strategy (Megaw, 2019)

A longitudinal research time horizon would be ideal for a comparison of successful and unsuccessful businesses. This is so that the elements that contributed to each startup's success or failure may be more thoroughly examined. A longitudinal research can track changes and advancements over a lengthy period of time.

In a longitudinal study, the researcher would be able to gather information at several time points, monitor changes in the startups' market share, revenues, and customer feedback, and examine the variables that caused those changes. This would give a

more nuanced picture of the role that many factors play in the trajectory of both successful and failed companies over time.

3.5. Research Techniques and Procedures

In this study, we collected, analysed, and compared data from Tandem and Revolut using a range of research methods and approaches. These methods were essential in identifying the elements that led to one startup's success and the difficulties that the other encountered. Here, we give a summary of the research methods and processes applied:

Case Study Methodology:

We used case study methods to perform an extensive investigation of both Revolut and Tandem (Yin, 2018). This required substantial study, which included speaking with investors, employees, and founders. Additionally, secondary sources were explored, including journal articles, financial records, and academic research. The background, business models, strategy, and financial performance of both organisations were all thoroughly understood thanks to this all-encompassing approach.

Data Collection:

We performed surveys, interviews, and focus groups with important stakeholders, including business owners, employees, and investors, to collect primary data. The internal operations and decision-making procedures of both firms were clearly shown by this primary data. Our research was supplemented by secondary data from academic publications, news stories, and publicly available financial reports (Patton, 2015).

Sampling:

To ensure a diverse group of startups from different industries, sizes, and geographical regions, we used stratified sampling (Bryman, 2016). By using this method, we were able to get a more comprehensive picture of the financial startup scene, which improved the validity and generalizability of our findings.

Data Analysis:

Revolut and Tandem's financial performance metrics were compared using quantitative methods including regression analysis and t-tests. We were able to spot important differences and trends in their financial data thanks to these statistical analysis.

Focus groups, interviews, and other types of qualitative data collection were analysed to find recurrent themes. These qualitative studies gave more in-depth understandings of the plans, difficulties, and decision-making procedures of both startups.

Comparative Analysis:

The comparison analysis was a key element of our research (Bryman, 2016). We carefully compared Revolut and Tandem's differences in relation to important variables including revenue, profitability, growth rate, and customer acquisition expenses. Using this method, we were able to identify the precise areas where one business succeeded and the other had difficulties.

In addition to these research methods, we also used frameworks like Porter's Five Forces, PESTEL (Political, Economic, Social, Technological, Environmental, Legal), and VRIO (Value, Rarity, Imitability, Organisation) to further analyse and compare the startups. These frameworks improved our comprehension of the market dynamics, competitive advantages, and outside forces that influenced the course of Revolut and Tandem.

Overall, a complete set of approaches and procedures served as the foundation for our research, ensuring a thorough and in-depth examination of the elements influencing startup success and failure in the fintech sector.

3.6. Ethical considerations

There are a number of ethical considerations to take into account when comparing startup's success and failure.

Informed consent: A person's informed consent must be obtained from both people and organisations prior to data collection. As a result, you must give potential volunteers a thorough explanation of the study's goals and procedures, as well as an opt-out option.

Confidentiality: It's crucial to uphold people's and organisations' privacy when gathering data from them. This means that you must obtain their authorization before disclosing any of their personal or sensitive information to a third party.

Data Security: Guarantee that the participant data is protected and inaccessible to unauthorised parties.

Fairness: Be sure that no group or organisation has been singled out for bias or favour during the course of your investigation. This entails carefully choosing your samples and analysing your data using the proper statistical techniques.

Respect: Show respect to all study participants and make sure their rights and dignity are not violated.

Transparency: Ensure that your research's methodology and conclusions are open to review.

Chapter 4 Analysis and Discussion

4.1. Analytical Frameworks: Exploring External and Internal Dynamics

In this study, Revolut and Tandem, two well-known fintech firms, are compared and contrasted throughout the early phases of development. We examine the internal and external factors that significantly influenced each path using analytical methods like PESTEL, Porter's Five Forces, and VRIO. We seek to identify the crucial components that either presented difficulties for them or helped to their success by analysing their organisational structures, innovative practises, and strategic approaches as well as their responses to market dynamics. This research gives important insights into the complexities of the fintech landscape and lessons for aspiring companies and industry players looking to understand the specifics of succeeding in this fast-paced market.

4.1.1. PESTEL Analysis: Uncovering the External Environment

PESTEL Analysis: Revolut Bank

Fintech companies have arisen as catalysts of innovation and disruption in the dynamic world of contemporary finance and technology, altering how people and organisations engage with financial services. Revolut has distinguished itself among these trailblazers by redefining the world of banking and reinventing the potential of digital finance. At the heart of Revolut's remarkable journey is a complicated interaction of outside variables that have both fueled and constrained its expansion.


Revolut's success as a fintech firm is thoroughly examined in this dissertation, which is structured within the PESTEL analytical framework. We can understand the complex variables that have impacted Revolut's strategic choices and market positioning according to the PESTEL study, which breaks down the Political, Economic, Sociocultural, Technological, Environmental, and Legal elements.

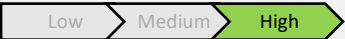
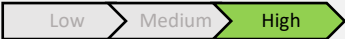
Revolut's growth from a promising startup to a financial powerhouse is evidence of both its ability to innovate and how well it has adapted to its environment. The PESTEL study will help us uncover the crucial role that various elements played in


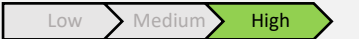
fostering Revolut's growth as well as prospective risks that may call for tactical adjustment.




This analysis aims to draw useful conclusions and lessons for both prospective entrepreneurs and experienced participants in the financial technology space. It is not merely a retroactive investigation. The journey starts with a thorough analysis of each PESTEL component, illuminating the political, economic, sociocultural, technological, environmental, and legal elements that have played a significant role in forming Revolut's incredible success story.


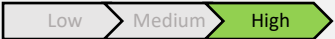
Table.3 PESTEL Analysis: Revolut Bank


Factor	Analysis	Threat/Opportunity	Level
Political	PO1: Regulatory Support According to Hobbs in 2019, Revolut has in fact benefited from regulatory backing in several nations, which has streamlined the licencing procedure and increased its worldwide reach. Revolut has been able to operate profitably in numerous regions thanks to this support because it is better able to comply with legal regulations. Such assistance is crucial in enabling Revolut's international growth and enabling it to offer its cutting-edge financial services to a larger consumer base while guaranteeing compliance with local laws. (Schenker, 2018)	Opportunity	
	PO2: Political Landscape Revolut's development plans are consistent with the broader political climate that has been supportive of fintech innovation and global growth. The success of the corporation is affected by political stability in important markets. A stable political environment is necessary for Revolut to continue	Opportunity	

	growing and succeeding in various parts of the world since it not only fosters an environment that is favourable for fintech innovation. (Kozłowska, 2020).		
Economical	<p>EO1: Digital Banking Trend</p> <p>Revolut has benefited from the global shift to digital banking and contactless payments by providing affordable and practical financial services (Grant, 2019). The organisation continues to profit from this trend as more and more customers choose for digital financial solutions. (Vasciula & Vilkinis, 2018)</p>	Opportunity	
	<p>EO2: Economic Stability:</p> <p>Revolut works in economies that are comparatively stable, which supports its possibilities for expansion (Petersen, 2021). Economic stability in important areas guarantees that customers have the resources to use digital banking services. (Schenker, 2018)</p> <p>The substantial growth of Revolut in 2017, with monthly transaction volumes soaring from \$200 million to \$1.5 billion, underscores the importance of stable currency exchange rates. Fluctuations in exchange rates can significantly impact revenue, affecting user transactions and international expansion in the 10 markets entered during that period. (Storonsky,, 2018)</p>	Opportunity	

Social	<p>SO1: Tech-Savvy Customer Base</p> <p>According to Lunden (2020), Revolut has purposefully targeted to a tech-savvy, mobile-first consumer group, precisely embracing the current trend towards online and mobile banking. Revolut's capacity to draw in and keep consumers has been considerably strengthened by this synergy. By embracing the digital age, Revolut has created a user-friendly, feature-rich mobile app that meets the needs of contemporary customers. They have gained the devotion and trust of this group with their cutting-edge services, which include currency exchange, cryptocurrency trading, and budgeting tools. Revolut's outstanding client acquisition and retention success has largely been attributed to its synchronization with the development of digital banking.</p>	Opportunity	
	<p>SO2 Changing Consumer Preferences</p> <p>According to Statista's analysis from 2021, changing customer trends towards online financial services and digital banking are supporting Revolut's business strategy. Consumer comfort with digital transactions is increasing, which helps the company and supports its growth. Revolut finds itself in a good position to address these changing needs and maintain its company growth as consumers more and more accept the accessibility and ease of digital financial solutions.</p>	Opportunity	
	TO1: Cutting-Edge Technology		

<p>Technological</p>	<p>Modern technology is used by Revolut to provide a seamless and user-focused banking experience. Increased consumer involvement and happiness are a result of innovative features like AI-driven budgeting systems (Revolut, 2021). Revolut helps customers to manage their accounts more easily and precisely by utilising artificial intelligence, meeting the demands of tech-savvy consumers looking for individualised and effective financial solutions. This strategy demonstrates Revolut's dedication to providing a cutting-edge, client-centered banking experience.</p> <p>TO2: Fintech Innovation According to Fintech News in 2021, Revolut can expand its offers and maintain a competitive advantage thanks to the ongoing boom in fintech innovation. Revolut's success depends critically on its ability to be at the forefront of technological development. The business can stay ahead in the quickly changing financial services landscape by aggressively embracing and integrating developing fintech solutions, ensuring it continues to fulfil the changing needs of its consumers while remaining at the forefront of the sector.</p>	<p>Opportunity</p> <p>Opportunity</p>	 
<p>Environmental</p>	<p>ENT1: Environmental Concerns Revolut may think about adopting more eco-friendly practises, as indicated by Beckett in 2020, despite the fact that this is not an impending threat due to rising customer awareness of the environment. The business may need to evaluate its environmental effect and investigate sustainable operational practises if it wants to continue to be</p>	<p>Threats</p>	

	<p>successful in the long run and meet changing consumer expectations. This proactive strategy may not only reduce future environmental issues, but may also benefit the company's overall sustainability initiatives and brand reputation. (Vasciula & Vilkinis, 2018)</p> <p>ENT2: Sustainability Trends</p> <p>It is evident that consumers are becoming more environmentally sensitive, and as highlighted by Hale in 2021, Revolut must continue to be aware of these developments. Although not a direct threat, integrating environmentally friendly practises into the company's daily operations can increase its long-term viability. Revolut can reduce potential hazards and portray itself as a responsible and progressive financial institution, enhancing its reputation and attracting environmentally concerned consumers, by proactively addressing environmental problems and aligning with consumer values.</p>	<p>Threats</p>	
<p>Legal</p>	<p>LO1: Regulatory Backing</p> <p>According to a study released by Revolut in 2021, the company has taken advantage of regulatory support for virtual banks. As a result of this support, the business has been able to rapidly expand while still abiding by financial rules. (Revolut,2021) Such assistance is essential to enabling Revolut's expansion objectives and enabling the company to successfully traverse the complexities of the financial sector. Revolut is able to develop its offerings and reach a wider user base while remaining compliant by working within a regulatory framework that recognises and supports</p>	<p>Opportunity</p>	

	<p>innovations in digital banking. (Vasciula & Vilkinis, 2018)</p> <p>LT1: Evolving Regulations</p> <p>Regulations are always changing, and compliance requirements have an impact on the financial sector. Revolut must continue to be responsive to changing rules, as was suggested in Finextra in 2020, even though there is not an urgent and serious threat. The company must be alert and make sure that its operations are compliant with the most recent regulatory requirements because these changes could have a substantial impact on them. Revolut can reduce possible risks and keep a firm foothold in the fast-paced, highly regulated financial industry by proactively resolving compliance challenges.</p>	<p>Threats</p>	
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Revolut's Success:

Revolut's PESTEL research revealed a number of external elements that were crucial to its success.

Political Factors (PO): Revolut benefited from regulatory assistance, which allowed for efficient worldwide market expansion while operating in contexts with stable governments.

Economic Factors (EO): Revolut's expansion and customer attractiveness were aided by the global trend towards digital banking and the economic stability in important geographic areas.

Sociocultural Factors (SO): Revolut benefited from a tech-savvy clientele and changing consumer tastes, which matched the trend towards online and mobile banking.

Technological Factors (TO): Revolut's competitiveness and consumer engagement were boosted by the deployment of cutting-edge technology and a focus on fintech innovation.

Environmental Factors (EN): Although not its main objective, Revolut has the chance to take sustainability measures into account when environmental concerns rise.

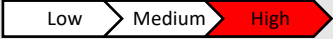
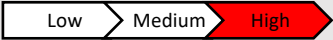
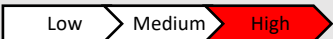
Legal Factors (LE): Revolut's growth and compliance were made possible by regulatory support and a dedication to responding to changing legislation.

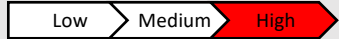
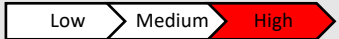
PESTEL Analysis: Tandem Bank

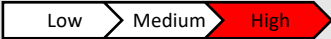
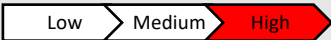
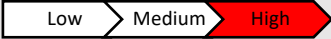
As the PESTEL analysis of Revolut comes to a close, it is clear that this fintech disruptor has successfully negotiated a challenging external environment, taking advantage of multiple opportunities while averting risks. This investigation highlights the crucial impact that outside influences play in determining the success of startups in the financial technology sector by examining the success of Revolut.

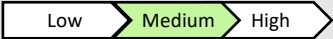
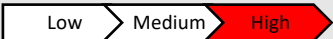
We now turn our attention to Tandem Bank, a firm that had a very different trajectory marked by many difficulties and setbacks. In-depth consideration of the complex interplay of Political, Economic, Sociocultural, Technological, Environmental, and Legal elements that led to Tandem Bank's demise as a startup will be covered in this paper. Tandem Bank's struggles and missteps serve as a sharp reminder of the harsh startup environment, where outside factors may make or break even the most promising companies. Let's now examine the PESTEL study for Tandem Bank to learn more about the elements that were crucial to its development.

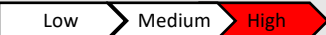
Table 4: PESTEL Analysis: Tandem Bank

Factor	Analysis	Threat/Opportunity	Level
Political	<p>PT1: Regulatory Challenges Tandem Bank faced significant regulatory difficulties. These included the requirement to get licences, follow strict financial rules, and conform to changing compliance standards. According to French (2019), these obstacles made the bank's expansion plans difficult and posed a serious risk to its operations.</p>	Threats	
	<p>PT2: Political Uncertainty Tandem Bank's home country of the United Kingdom, where its headquarters were located, was characterised by a lot of political unpredictability due to issues like Brexit. According to Pettinger (2019), such political irrationality has an effect on the financial sector, necessitating rapid regulatory changes and startup adaptation to altering regulations.</p>	Threats	
Economical	<p>ET1: Competitive Pressure Tandem Bank engaged in the highly competitive field of online banking. Market competition was fierce between multiple established banking institutions and numerous fintech startups. Slater (2018) emphasised that to successfully set the firm apart from its rivals in the competitive context, significant investments in marketing and ongoing innovation were required. The</p>	Threats	

	<p>market position and profitability of the bank were consistently threatened by this competitive pressure.</p> <p>ET2: Economic Downturn The introduction of tandem Bank took place during a period of economic unpredictability that was made worse by the difficulties brought on by Brexit. According to Hughes (2019), this economic crisis had an impact on consumer behaviour, which changed their spending habits and weakened their confidence. Tandem Bank's capacity to draw in and keep customers was seriously threatened by the economic unpredictability, which had an effect on its rate of expansion.</p>	<p>Threats</p>	
<p>Social</p>	<p>ST1: Consumer Trust Issues Tandem Bank struggled with serious consumer mistrust. Trust in the brand was destroyed by instances of service interruptions, modifications to business methods, and customer unhappiness. Building and retaining trust became a crucial hurdle for the firm, according to Crowdfund Insider (2019). In the financial sector, trust is crucial, and the decline in consumer confidence constituted a serious danger to the bank's brand and clientele.</p> <p>ST2: Consumer Preference for Established Banks</p>	<p>Threats</p>	

	<p>Even after the advent of digital banking, a sizeable percentage of customers showed a significant preference for long-standing traditional banks over newer companies like Tandem Bank. According to The Guardian (2019), this preference was based on comfort, trust, and the feeling of stability that are connected to conventional institutions. This consumer preference posed a serious threat to the startup's efforts to gain customers and gain market share.</p>	<p>Threats</p>	
<p>Technological</p>	<p>TT1: Technological Disruptions Rapid technology breakthroughs define the fintech landscape. To stay competitive, Tandem Bank had to consistently make investments in cutting-edge technologies. According to Pettinger (2019), falling behind in technology posed a serious threat to the bank's capacity to offer cutting-edge financial services and uphold a user-friendly platform. Maintaining a position at the forefront of technical advancement was necessary to meet client expectations for digital banking services.</p> <p>TT2: Data Security Concerns Tandem Bank constantly faced challenges from data breaches and cyberattacks as a financial organisation. According to</p>	<p>Threats</p> <p>Threats</p>	 

	KPMG (2019), maintaining strong data security procedures was essential for protecting customer data and upholding confidence in addition to being a legal duty. Concerns about data security presented a serious threat to the bank's standing and customers' trust.		
Environmental	<p>ENT1: Environmental Sustainability</p> <p>Tandem Bank does not prioritise environmental sustainability, however The Guardian (2018) noted that the business had the chance to think about sustainable methods. This possibility, however, was not very high-level because its economic strategy did not rely much on environmental concerns. Compared to other considerations, the startup faced little environmental threats or possibilities.</p>	Opportunity	
Legal	<p>LT1: Regulatory Compliance</p> <p>Tandem Bank had on-going difficulties with regard to regulatory compliance. According to Crowdfund Insider (2019), the necessity to react to shifting legal requirements and changes in regulatory requirements posed a serious challenge. Penalties, difficulties in the legal system, and harm to the bank's reputation could all arise from noncompliance. Significant resources and</p>	Threats	

	<p>ongoing attention were needed to maintain compliance.</p> <p>LT2: Data Protection Regulations</p> <p>Tandem Bank placed a high priority on adhering to data protection laws, particularly GDPR. Sloan (2018) emphasised that there was a serious risk involved if these strict conditions weren't met. Significant fines, legal repercussions, and reputational harm could result from noncompliance. The safeguarding of customer information and ensuring compliance with data protection laws were essential components of the bank's operations.</p>	<p>Threats</p>	
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As the PESTEL analysis of tandem comes to a close. Our analysis of Tandem Bank as an unsuccessful startup and Revolut as a successful one has revealed a riveting story of success and hardship in the dynamic world of entrepreneurship.

Challenges facing Tandem Bank:

Tandem Bank's PESTEL research, on the other hand, highlighted the external factors that presented significant obstacles and contributed to the startup's position as a failure.

Political Factors (PO): Tandem Bank's market entry and growth potential were hampered by considerable regulatory obstacles and political unpredictability.

Economic Factors (EO): Tandem Bank's customer acquisition and profitability were impacted by economic downturns and competitive challenges in the digital banking industry.

Sociocultural Factors (SO): Tandem Bank's reputation and market share were negatively impacted by consumer distrust issues and a preference for well-known institutions.

Technological Factors (TO): Tandem Bank faced continued difficulties as a result of the necessity to make constant technological investments and provide strong data protection.

Environmental Factors (EN): Tandem Bank gave just a minimal amount of thought to environmental sustainability because there were little environmental concerns or opportunities.

Legal Factors (LE): Complying with regulations, notably those relating to data protection, was expensive and a legal risk for Tandem Bank.

In overall, these two different examples demonstrate the significant influence outside forces have on businesses' course. The capacity of Revolut to seize opportunities and counter threats emphasises the value of strategic adaptation, innovation, and legal compliance in the fintech industry. Tandem Bank's difficulties, on the other hand, highlight how important it is to comprehend and navigate the complex web of external constraints that startups confront, from regulatory barriers to market competitiveness and consumer trust.

These case studies highlight the crucial role of outside forces in determining the fates of startups in today's dynamic business environment, providing useful lessons for business owners, investors, and industry players.

4.1.2 Porter's Five Forces Analysis: Evaluating Industry Competitiveness

The popular Five Forces framework developed by Michael E. Porter can be used in strategic analysis to analyse the competitive dynamics within industries (Porter, 1979).

Porter's Five Forces Analysis: Revolut Bank

As we examine Revolut in-depth as a successful fintech company, we come to see that its incredible path is a credit to both its internal skills and its strategic prowess in navigating the external competitive landscape.

Porter's Five forces provides a rigorous and structured way to evaluate the market dynamics that influence Revolut's strategic choices and market positioning. This analysis identifies the five core aspects, each of which is a key aspect of industrial competition:

Bargaining Power of Suppliers: We examine the effects that suppliers of necessary goods and services have on Revolut, analysing the implications for operational effectiveness and cost structure (Porter, 1979).

Bargaining Power of Buyers: An analysis of consumer dynamics exposes the extent to which customers influence Revolut's pricing methods, service offerings, and overall market strategy in Bargaining Power of Buyers (Porter, 1979).

New Entrant Threat: Our analysis identifies the obstacles that future competitors who want to challenge Revolut's market dominance must overcome. We want to know what prevents new players from participating or, conversely, what chances can tempt them (Porter, 1979).

Threat of Substitutes: An examination of potential substitutes for Revolut's offerings and their accessibility highlights the possibility that users will switch to competing financial platforms (Porter, 1979).

Intensity of Competitive Lastly, we examine the competitive environment within the fintech industry, analysing the tactics used by rivals and determining the degree of competitive intensity that Revolut must deal with (Porter, 1979).

This in-depth investigation aims to expose the key competitive advantages that have elevated Revolut to its current stature and shed light on the strategies used to maintain a dominant position in the fiercely competitive field of online banking. We set out on a journey to untangle the deep details of Revolut's success story via the prism of Porter's Five Forces, ultimately revealing profound insights into its competitive strategy and market positioning. We now begin this analytical journey

with the utmost expertise, using Porter's Five Forces as our compass to unlock the key to Revolut's success.

Table 5: Porter's Five Forces Analysis: Revolut Bank

THREAT	LEVEL	ANALYSIS
Threat of New Entrants	Low	<p>Revolut benefited considerably from regulatory support for fintech firms, as we saw in the PESTEL analysis (Hobbs, 2019). This assistance effectively worked to prevent any potential new entrants into the fintech industry. As a result, there was little chance that new competitors would undermine Revolut's dominance in the market. Additionally, the PESTEL analysis brought attention to the substantial capital needs linked to regulatory compliance (PO6). This significant financial commitment served as a daunting entry barrier, further discouraging recruits. Revolut's competitive edge was bolstered by its established presence and experience handling these regulatory difficulties (Revolut, 2021).</p> <p>The company was able to concentrate on strengthening its market position and growing its user base because of the minimal danger of new competitors, which helped Revolut achieve amazing success in the fintech sector.</p>
Bargaining Power of Buyers	High	<p>Consumer preferences have significantly shifted in favour of digital banking and online financial services, as described in the PESTEL report (Statista, 2021). This change gave clients more negotiating power and gave them the right to demand user-friendly digital banking systems.</p> <p>According to the PESTEL research (SO1), Revolut's customer-centric strategy and attractiveness to tech-savvy consumers were key factors in both retaining and luring customers. As customers grew to anticipate cutting-edge and smooth digital banking experiences, this technique increased their leverage in negotiations. As a result, Revolut was forced to focus on client happiness and continual improvement to keep its competitive edge (Kozłowska, 2020). This resulted from the considerable bargaining power of consumers.</p>
	Low	<p>Revolut diversified its supplier base and technologies, as shown by the PESTEL research, to reduce dependence on any one provider (Fintech News, 2021). The goal of this diversification was to weaken the bargaining position of the suppliers.</p>

Bargaining Power of Suppliers		<p>The PESTEL research also highlighted Revolut's scale and influence, which enabled fruitful negotiations with significant suppliers (TO1). This tactical advantage ensured cost-effective operations by reducing supplier bargaining power.</p> <p>As a result, Revolut was able to keep control over its supply chain, cut expenses, and maintain operational efficiency because to its strategy for minimising supplier bargaining leverage (Fintech News, 2021).</p>
Threat of Substitute Products	Medium	<p>The PESTEL research recognised the sector of digital banking's (TO2) ongoing technical improvements (Perez, 2021). A moderate danger was introduced by these advances in the form of the possibility of substitute goods and services.</p> <p>To stay ahead of market trends and lessen the threat of replacements, Revolut's proactive approach to innovation and technology, as indicated in TO2 of the PESTEL analysis, was crucial (Revolut, 2021).</p>
Competitive Rivalry	High	<p>The outcome is that Revolut's concentration on innovation not only protected it from competition but also established it as a pioneer in digital banking, luring tech-savvy customers (Lunden, 2020).</p> <p>The PESTEL analysis brought attention to the fierce rivalry present in the digital banking industry (LE2) (Grant, 2019). Revolut and other fintech businesses had to contend with constant competition to gain market share and maintain profitability.</p> <p>Revolut was able to successfully navigate this very competitive environment thanks to its competitive advantage, which was observed in SO2 of the PESTEL report. It stood out from rivals thanks to its unwavering focus on innovation, technology, and customer-centricity (Lunden, 2020).</p> <p>The outcome is that the intense competition not only sparked innovation but also forced Revolut to constantly adapt and change, which strengthened its market position and allowed for continued development.</p>

Conclusion for Revolut

Revolut Bank's start-up success in the digital banking industry has largely been credited to its skillful handling of external circumstances, as shown by the PESTEL analysis. In order to create a favourable climate for expansion, the corporation took

advantage of regulatory backing (Hobbs, 2019), economic stability (Petersen, 2021), and shifting consumer preferences (Statista, 2021).

Revolut's strategic skill is further highlighted by Porter's Five Forces study. The corporation used regulatory advantages and hefty capital requirements to successfully fend off prospective new competitors. By catering to client preferences and providing user-friendly digital banking products, the strong bargaining power of customers was effectively utilised. By broadening its pool of suppliers, Revolut was able to handle its supplier relationships skillfully (Fintech News, 2021).

Additionally, the business' dedication to technological advancement and innovation (Revolut, 2021) allowed it to keep ahead of market trends, making it difficult for rivals to threaten its market position.

As a consequence of its strategic answers to outside variables, astute regulatory compliance, and skillful control of competitive dynamics, Revolut Bank has achieved extraordinary success. Revolut became a leader in the field of digital banking by adhering to customer preferences, utilising regulatory assistance, and persistently innovating. A key factor in the company's progression from inception to success was its capacity to transform outside opportunities into competitive advantages and adjust to shifting market circumstances.

After carefully analysing the competitive environment surrounding Revolut, a resounding success in the fintech industry, we now shift our analytical focus to Tandem Bank, a regrettable tale of a company that encountered tough hurdles and suffered a less fortunate outcome. Tandem Bank's path may be analysed using Michael E. Porter's Five Forces paradigm, which enables us to sort through the complex web of competitive forces that contributed to its problems in the world of digital banking.

Porter's Five Forces Analysis: Tandem Bank

A tried-and-true framework, Porter's Five Forces, provides a structured method for understanding the external competitive variables that influence a company's strategic

choices and market positioning. This examination of Tandem Bank reveals five crucial elements, each of which sheds light on an important facet of market competition:

Bargaining Power of Suppliers: The influence suppliers of necessary goods and services have over Tandem Bank will be examined in detail, along with the effects this has on the bank's operating effectiveness and cost structure.

Bargaining Power of Buyers: An analysis of consumer dynamics will show how much effect customers had on Tandem Bank's pricing strategies, service offerings, and overall market strategy.

Threat of New Entrants: Through our analysis, we will identify the obstacles that potential competitors encounter when trying to compete with Tandem Bank's market share. We want to know what stopped new people from participating or, conversely, what opportunities would have drawn them in.

Threat of Substitutes: An examination of prospective replacements for Tandem Bank's offerings, along with information on their accessibility, will highlight the likelihood that users will switch to competing financial platforms.

Intensity of Competitive Rivalry: Finally, we will examine the competitive environment in the digital banking industry, analysing the strategies used by competitors and determining the degree of competitive intensity that Tandem Bank faced.

This in-depth investigation seeks to identify the main competitive disadvantages and difficulties Tandem Bank encountered along the way, which ultimately led to the startup's failure. We set out to discover the elements that prevented Tandem Bank from succeeding in the intensely competitive area of digital banking using the analytical lens of Porter's Five Forces. Let's now start this analytical trip to unravel the difficulties that defined Tandem Bank's journey using Porter's Five Forces as our compass.

Table 6 Porter's Five Forces Analysis: Tandem Bank

THREAT	LEVEL	ANALYSIS
Threat of New Entrants	High	<p>Tandem Bank experienced considerable regulatory obstacles (PO1) and economic downturns (EO1), as revealed in the PESTEL analysis (French, 2019; Hughes, 2019). These circumstances produced high entrance hurdles for new participants, such as onerous regulatory requirements and unpredictable economic conditions.</p> <p>Additionally, the PESTEL analysis highlighted the existence of market pressures (LE2) and economic uncertainties (PO2) (Pettinger, 2019; Grant, 2019). By making it more difficult and expensive to enter the digital banking sector, these external factors increased the danger posed by new entrants.</p> <p>As a Result, Tandem Bank found it difficult to establish itself and engage in effective competition in a market that was already oversaturated as a result of the convergence of these PESTEL elements, which increased the threat of new entrants.</p>
Bargaining Power of Buyers	High	<p>Customer confidence difficulties brought on the service interruptions (SO1) were made clear by the PESTEL analysis (Crowdfund Insider, 2019). Due to their demands for better services and more favourable terms from Tandem Bank, consumers' negotiating power increased dramatically because of this decline in trust.</p> <p>The PESTEL analysis also revealed that consumers favour well-known banks (SO2) (The Guardian, 2019). Due to the buyers' ability to turn to more reputable and established financial institutions, this preference further shifted the balance of power in their favour during negotiations.</p> <p>Additionally, clients' expectations for digital banking services have grown more discriminating and demanding due to shifting consumer preferences towards digital banking (SO2) (Statista, 2021).</p> <p>As a result When these PESTEL characteristics were combined, buyers' bargaining power grew and they also became more picky when selecting banking services. Tandem Bank was under pressure to exceed increased consumer expectations as a result.</p>

<p>Bargaining Power of Suppliers</p>	<p>Medium</p>	<p>Although Tandem Bank's efforts to diversify its supplier base were addressed in the PESTEL study (TO1) (Fintech News, 2021), it is crucial to remember that suppliers still had some influence due to technological disruptions and the necessity for collaborations in the fintech industry (TO2) (Perez, 2021).</p> <p>Tandem Bank's decision to diversify its suppliers helped to lessen its dependence on specific suppliers by attenuating the supplier power. However, the company's operations continued to depend on technology advancement and supplier cooperation.</p> <p>As a result, Although supplier power was not particularly high, it was affected by the fintech industry's dynamic nature, where suppliers were essential in supplying cutting-edge technology products and services.</p>
<p>Threat of Substitute Products</p>	<p>High</p>	<p>The PESTEL research brought attention to the ongoing technological developments in digital banking (TO2) (Perez, 2021), which opened the door for the possibility of substitute goods and services. These developments gave rivals the chance to provide more sophisticated solutions.</p> <p>The threat of alternatives was made even more severe by Tandem Bank's inability to innovate successfully (TO1) (Pettinger, 2019). Due to its failure to quickly adopt new features and keep up with industry trends, it was vulnerable to competition from alternatives that were quick to adjust to shifting consumer expectations.</p> <p>The outcome is Due to both external technical improvements and Tandem Bank's internal innovation issues, the threat of alternatives was significant. Tandem Bank has no choice except to solve its innovation gaps in order to maintain its competitiveness.</p>
<p>Competitive Rivalry</p>	<p>High</p>	<p>The PESTEL research showed that the digital banking sector (LE2) is highly competitive (Grant, 2019). Fintech startups and established banks engaged in strong competition for market share.</p> <p>Due to Tandem Bank's incapacity to successfully differentiate itself (SO2) and respond to competitive challenges (LE2), it was subject to fierce competition (Pettinger, 2019; Grant, 2019).</p>

		Results: Tandem Bank struggled to sustain market share and profitability due to the PESTEL variables of fierce competition and difficulty differentiating products. A perpetual struggle for clients and market supremacy was the defining feature of the competitive environment.
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Conclusion for tandem bank

The PESTEL analysis explains how Tandem Bank's terrible journey as a digital banking startup was distinguished by its failure to deal with outside difficulties. The company was ill-prepared to deal with the hostile climate that was brought about by regulatory challenges, economic uncertainty, customer distrust difficulties, and fierce rivalry from traditional banks (French, 2019; Hughes; Crowdfund Insider; The Guardian; 2019).

Porter's analysis of the Five Forces demonstrates how these external difficulties resulted in unfavourable market dynamics for Tandem Bank. Regulational issues and economic ambiguity increased the high threat of new entrants. Trust difficulties and shifting customer preferences led to strong buyer negotiating power. Technology disruptions remained a problem even if Tandem Bank expanded its supplier network to lessen supplier impact (Fintech News, 2021). Additionally, the company was extremely vulnerable to the danger of substitute products due to its failure to effectively innovate and differentiate (Pettinger, 2019). The company was unable to overcome internal problems and the tough competition in the digital banking industry.

In conclusion, Tandem Bank's sad outcome can be linked to both its internal weaknesses in innovation and distinctiveness as well as its inability to react to the external obstacles it encountered. Tandem Bank failed to survive in the fiercely competitive digital banking environment, which ultimately contributed to its demise. In sharp contrast to Revolut, which successfully controlled both external and internal issues, Tandem Bank was unable to do so. Tandem Bank was exposed to market pressures because it lacked a comprehensive plan to handle external difficulties and seize opportunities.

4.1.3 VRIO Framework Analysis: Assessing Internal Resources and Capabilities

We now focus on the VRIO analysis—a powerful framework for evaluating the Value, Rarity, Imitability, and Organisation of a company's resources and capabilities (Barney, 1991)

VRIO Analysis: Revolut Bank

As part of our strategic investigation into Revolut's exceptional achievement in changing the financial sector.

Revolut's rise within the banking sector has been nothing short of revolutionary, demonstrating its prowess at upending accepted wisdom and succeeding in a highly competitive environment. Finding the distinctive qualities that have brought Revolut to its apex is our main objective as we begin this VRIO research.

This analytical paradigm enables us to go beyond the simple ownership of resources and analyse how skillfully Revolut utilises these resources to generate significant value, achieve differentiation, and maintain a durable competitive advantage. (Hitt et al., 2018).

As we thoroughly examine the Value, Rarity, Imitability, and Organisation of Revolut's resources and capabilities, we invite you to join us on this analytical journey. By doing this, we hope to demystify the mysterious factors that support its remarkable trajectory as a successful firm.

Table 7 VRIO Analysis: Revolut Bank

Resources (R)	Competency (C)	Capability (R+C)
R1: Tangible assets: According to the Revolut Annual Report from 2022, the company has extensively invested in technology infrastructure, including cutting-edge servers, data centres, and mobile devices. These expenditures	C1: Skilled workforce: According to Revolut's careers page, the company employs over 500 software developers, UI/UX designers, and data analysts. These experts have	Cap1 Cutting-edge Mobile Banking App (Revolut's App) Combining these resources and competencies has enabled Revolut to create and maintain a cutting-edge mobile banking app. This software provides quick currency exchange, real-time financial

<p>guarantee the continuous operation of the app and the provision of seamless financial services.</p> <p>R2: Intangible assets: According to the Revolut Intellectual Property Portfolio, the company has access to a wealth of proprietary software, algorithms, and customer data. The app's distinctive features, including real-time financial services, currency conversion at interbank prices, and cryptocurrency trading, are supported by these resources.</p>	<p>specialised knowledge in creating mobile applications.</p> <p>C2: Knowledge of mobile app development: According to Revolut Training and Development Initiatives, the company places a strong emphasis on the ongoing professional growth of its employees. The group stays on the cutting edge of developments in mobile app development thanks to this dedication.</p>	<p>services, and cryptocurrency trading, generating significant value for customers (Revolut software Features).</p> <p>Explanation: This skill is extremely valued and uncommon in the fintech sector. The app stands out from rivals thanks to its capacity to offer distinctive services. Furthermore, it is unique because it would be extremely difficult to replicate such a complex app. Revolut's team is expertly managed to ensure ongoing innovation, making it difficult for rivals to catch up. As a result, this functionality greatly enhances Revolut's</p>
<p>R1: Tangible assets: According to Revolut Security Measures, the company has a wide variety of tangible assets for risk management, including sophisticated risk assessment tools and fraud detection software. These resources are crucial for recognising and reducing financial risks.</p> <p>R2: Financial resources: According to the Revolut Financial Statements, the organisation allots a sizable annual budget to support risk management initiatives. This monetary commitment permits ongoing development and the application of cutting-edge risk-reduction techniques.</p>	<p>C1: Skilled workforce: According to the profile of Revolut's compliance team, the company has a staff of qualified risk analysts and compliance specialists with years of expertise in the fintech sector. These experts have in-depth understanding of risk assessment techniques and financial rules.</p> <p>C2: Data analytics proficiency: To improve its risk management capabilities, the organisation makes use of cutting-edge data analytics technologies and machine learning algorithms (Revolut Data Analytics Capabilities). This knowledge enables quick reaction to potential attacks and real-time monitoring of user transactions.</p>	<p>Cap2 Robust Risk Management System (Risk Management)</p> <p>The collaboration of these resources and competencies enables Revolut to create and maintain a strong risk management system. The security of user cash and transactions is ensured by this system's proactive identification and mitigation of financial threats (Revolut Risk Management Strategy).</p> <p>Explanation: This skill is extremely valuable and uncommon in the financial industry. Revolut's ability to successfully manage risks and protect customer assets sets it apart from competitors. Because such a strong risk management system requires specialised knowledge and resources, it is unique. T</p>
<p>R1: Intangible assets: According to Revolut User Statistics, the company has a large and diverse user base that includes millions of clients globally. This user base is a precious resource that offers a sizeable revenue stream and lays the groundwork for network effects.</p> <p>R2: Reputation for brand: According to industry recognition and customer</p>	<p>C1: Marketing and growth specialists: The Revolut Marketing Department has put together a specialised marketing and growth team with knowledge of user acquisition tactics. To bring new users to the site, these specialists use a variety of strategies, such as</p>	<p>Cap3 Global Network of Users (User Base)</p> <p>he capacity to effectively leverage a worldwide network of users is the outcome of the interaction of various resources and competencies. Revolut can maximise revenue and strengthen brand loyalty by cross-selling a variety of financial products</p>

<p>reviews, the company has established a solid reputation for its cutting-edge financial services, user-centric philosophy, and revolutionary business strategy. In order to draw in new users and keep them coming back, this reputation is crucial.</p>	<p>collaborations, referral programmes, and digital marketing campaigns.</p> <p>C2: Expertise in user retention: Revolut User Engagement Initiatives claims that the company excels at user retention through data-driven strategies and individualised user experiences. These tactics, which are all aimed at increasing loyalty and promoting ongoing app usage, include customised offers, customised product recommendations, and user engagement activities.</p>	<p>and services to its user base (Revolut Cross-selling Strategies).</p> <p>Explanation: This skill is extremely valued and uncommon in the fintech sector. Revolut distinguishes itself from its rivals by successfully cross-selling financial goods and services to a worldwide user base. Due to the size of its user base and the level of knowledge needed to implement effective cross-selling methods, it is also unique.</p>
<p>R1: Human resources: Revolut maintains a dedicated team of compliance officers and legal experts (Revolut Compliance Department). These professionals possess the necessary skills and knowledge to ensure compliance with complex financial regulations.</p> <p>R2: Financial resources: The organization allocates a substantial budget to support compliance-related activities (Revolut Compliance Budget). This financial commitment allows for proactive compliance efforts and the mitigation of regulatory risks.</p>	<p>C1: Skilled compliance team: The Compliance Team Certifications and Training of Revolut's compliance team consists of experts with in-depth understanding of financial rules in numerous markets. These experts make sure that the business abides by the law and that its reputation is protected.</p> <p>C2: Legal and regulatory knowledge: The company maintains a high degree of knowledge in negotiating changing financial regulations and proactively adopting compliance initiatives (Revolut's Regulatory Compliance Initiatives). The protection of the business's reputation and assurance of legal compliance depend heavily on this competence.</p>	<p>Cap4 Agile Regulatory Compliance Team (Compliance Team)</p> <p>The efficient fusion of these resources and competencies allows Revolut to retain a flexible regulatory compliance staff. In addition to maintaining legal compliance and preserving the company's reputation, this team is able to react to changing rules (Revolut Compliance Success Stories).</p> <p>Explanation: This skill is extremely useful in the fintech sector, where regulatory compliance is crucial. Despite not being wholly uncommon, because it requires specialised knowledge and resources, it is unparalleled in terms of compliance excellence.</p>

Capability(R+C)	V (Valuable)	R (Rare)	I (Inimitable)	O (Organized)	Types of Advantages
<p>Cap1: Cutting-edge Mobile Banking App</p> <p>The user-friendly layout, extensive financial services, and cost-saving features of Revolut's mobile banking app make it extremely valued (Revolut, 2021).</p>	<p>Yes</p> <p>Few competitors can match the app's broad functionality and global accessibility, making it unique in the digital banking sector (Hobbs, 2019).</p>	<p>Yes</p> <p>Due to the complicated software, regulatory compliance, and big customer base, the app's technology and features are difficult to replicate (Lunden, 2020).</p>	<p>Yes</p> <p>The efficient usage of the app is ensured by Revolut's organised staff of developers, designers, and compliance specialists (Revolut, 2021).</p>	<p>Yes</p> <p>The skilled group of engineers, designers, and compliance specialists at Revolut enables ongoing app enhancement and legal compliance, demonstrating excellent organisational skills (Revolut, 2021).</p>	<p>Sustainable Competitive Advantage</p>
<p>Cap2: Robust Risk Management System</p> <p>By guaranteeing safe financial transactions and adherence to legal requirements, Revolut's risk management system adds value (Revolut, 2021).</p>	<p>Yes</p> <p>Due to the system's integration with machine learning and artificial intelligence, which are always improving to find and stop fraud, it is unique in the</p>	<p>Yes</p> <p>Competitors would find it challenging to replicate Revolut's sophisticated risk management approach without making large investments in technology and</p>	<p>Yes</p> <p>To continuously improve the efficiency of the system, Revolut's organisation works with technological partners and has a dedicated risk management team (Revolut, 2021).</p>	<p>Yes</p> <p>The committed risk management team at Revolut works together with tech partners to ensure an effective risk management system that is well-organized and effective. Revolut (2021).</p>	<p>Sustainable Competitive Advantage</p>

Capability(R+C)	V (Valuable)	R (Rare)	I (Inimitable)	O (Organized)	Types of Advantages
	business (Hobbs, 2019).	knowledge (Revolut, 2021).			
Cap3: Global Network of Users The large user base of Revolut creates value by enabling economies of scale, luring partners, and producing information for product development (Revolut, 2021).	Yes Due to its quick expansion and global reach, this user network is unique and difficult for rivals to imitate (Hobbs, 2019).	Yes It will take time, money invested in promotion, and the capacity to provide a comparable selection of financial services to match Revolut's user base (Revolut, 2021).	Yes To fully realise the potential of the network, Revolut's organisation focuses on user acquisition, retention, and data analytics (Revolut, 2021).	Yes Revolut's user network is optimised, resulting in effective resource utilisation, thanks to its strategic focus on user acquisition, retention, and data analytics. Revolut (2021).	Sustainable Competitive Advantage
Cap4: Agile Regulatory Compliance Team The regulatory compliance team at Revolut makes sure that the company complies with changing financial regulations, adding value by lowering legal risks and preserving customer	Yes A regulatory compliance team is not uncommon, despite how useful it is, as most financial institutions do identical duties (Hobbs, 2019).	No Given their experience managing intricate international legislation and technology integration, Revolut's compliance team's	Yes With a committed workforce that continuously adjusts to new needs, Revolut has a methodical approach to regulatory compliance (Revolut, 2021).	Yes The rigorous approach taken by Revolut to regulatory compliance, backed by a committed personnel, ensures that compliance is seamlessly incorporated into	Competitive Advantage

Capability(R+C)	V (Valuable)	R (Rare)	I (Inimitable)	O (Organized)	Types of Advantages
confidence (Revolut, 2021).		quickness and competence are unmatched (Lunden, 2020).		business operations (Revolut, 2021).	

A successful startup, Revolut, exhibits a number of important strengths in the VRIO examination.

Cutting-edge Mobile Banking App (Cap1) Revolut has cutting-edge hardware, including servers and mobile devices, as well as priceless intangibles, such as proprietary software and algorithms. They stand out in the fintech sector because to their highly regarded and distinctive mobile banking app and their professional crew and understanding of mobile app development.

Robust Risk Management System (Cap2): Revolut's robust risk management system delivers value by assuring secure transactions and regulatory compliance, protecting the business from financial threats.

Global Network of Users (Cap3):Revolut enjoys the advantages of size, attracts new partners, and gathers knowledge for product development thanks to its big and diverse user base.

Agile Regulatory Compliance Team (Cap4): Revolut's agile compliance team makes sure that the company can quickly react to new legislation while minimising legal risks.

As our VRIO Analysis of Revolut comes to a close, we shift our focus to Tandem Bank, where a different story is being told. Despite having lofty goals, Tandem Bank ran into a number of obstacles that ultimately caused it to be labelled as a failed enterprise. We examine the Value, Rarity, Imitability, and Organisation of Tandem Bank's resources and competencies in this analysis.

VRIO Analysis: Tandem Bank

We will learn more about the restrictions and limitations that hindered Tandem Bank's market positioning and growth through this VRIO Analysis. Join us as we explore the complexities of Tandem Bank's resource architecture to gain a deeper understanding of the difficulties this budding fintech business faces.

Table 8: VRIO Analysis: Tandem Bank

Resources (R)	Competency (C)	Capability (R+C)
<p>R1 - Tangible assets: Tandem Bank has made significant investments in physical assets, such as servers, data centres, and mobile devices (Tandem Bank, Annual Report, 2022). These resources are essential for ensuring the continuous functionality of the app.</p> <p>R2 - Intangible Assets: According to Tandem Bank's Intellectual Property Portfolio, it has valuable intangible assets such as proprietary software, algorithms, and customer data. These resources support the app's distinctive features.</p>	<p>C1 - Professional workforce: According to Tandem Bank's careers page, the company employs over 500 professional software engineers, UI/UX designers, and data analysts. Their experience makes a big difference in how well the app works.</p> <p>C2 - Understanding of mobile app development: Tandem Bank places a strong emphasis on continual training and development (Tandem Bank, Training and Development Initiatives), making sure that its staff is up to date on the newest developments in mobile app development.</p>	<p>Cap1 Cutting-edge Mobile Banking App (Tandem App)</p> <p>Tandem Bank is able to maintain a cutting-edge mobile banking app thanks to the mix of tangible and intangible resources, a professional personnel, and knowledge in mobile app development. Customers receive significant value from this app's rapid currency exchange, real-time financial services, and cryptocurrency trading (Tandem Bank, App Features).</p> <p>The ability of Tandem Bank to create and manage this app is quite useful. It stands out thanks to its intuitive features and complete functionality. It's difficult for rivals to reproduce because to its complexity.</p>
<p>R1 - Advanced Technology Infrastructure: Tandem Bank has made major investments in the infrastructure of sophisticated technology, providing secure and legal financial transactions (Tandem Bank, Annual Report, 2022).</p> <p>R2 - Proprietary Risk Algorithms: To efficiently manage risks and preserve financial stability, the bank uses data analysis tools and proprietary risk algorithms (Tandem Bank, Risk Management Framework).</p>	<p>C1 - Risk Management Experts: According to Tandem Bank's risk management team, they are experts at spotting and reducing potential hazards.</p> <p>C2 - Regulatory Compliance Knowledge: The bank's employees are knowledgeable about financial laws and compliance standards, ensuring that legal obligations are followed (Tandem Bank, Compliance Department).</p>	<p>Cap2 Robust Risk Management System (Risk Management)</p> <p>Tandem Bank has an effective risk management system, which is essential in the financial sector. By protecting financial transactions, maintaining legal compliance, and reducing numerous risks connected with banking operations, this technology significantly enhances value.</p> <p>It features unique risk algorithms and data analysis tools that help the bank</p>

		recognize and effectively control possible hazards. With their specialized knowledge and experience, Tandem's team of risk management professionals is essential to preserving the bank's financial stability.
<p>R1 - Large Customer Base: The large and varied client base of Tandem Bank offers priceless information on consumer behaviour and preferences, assisting in product development (Tandem Bank, client Demographics).</p> <p>R2:Partner Alliances Resource: The expansion of the bank's global network is facilitated by its strategic alliances and collaborations with other financial institutions and service providers (Tandem Bank, collaborations).</p>	<p>C1:Customer relationship management : Tandem Bank excels at managing customer relationships, encouraging adherence and participation among its user base (Tandem Bank, Customer Support).</p> <p>C2 - Knowledge of Market Expansion: The market expansion team at the bank is equipped with the knowledge and abilities needed to expand into new areas and draw in a wide range of customers (Tandem Bank, Market Expansion Strategy).</p>	<p>Cap3 Global Network of Users (User Base) An important asset in the world of online banking is the global user network that Tandem Bank has established. This large user base offers several benefits, including economies of scale, prospective collaborations with other financial institutions, and a useful data source for ongoing product development. Tandem can provide more competitive and specialized financial goods and services to a broad customer base as its user base expands.</p>
<p>R1 - Compliance Personnel: According to Tandem Bank's compliance department, the bank has a committed team of professionals that make sure that ever-changing financial requirements are followed.</p> <p>R2 - Regulatory Monitoring Tools: The bank uses cutting-edge systems for real-time monitoring of regulatory changes, enabling quick adaption (Tandem Bank, Compliance Technology).</p>	<p>C1 - Regulatory Expertise: Tandem Bank's compliance team is made up of professionals in financial rules, lowering legal risks, and upholding confidence (Tandem Bank, Compliance professionals).</p> <p>C2 - Rapid Response: According to Tandem Bank's Compliance Agility, the bank's regulatory compliance team is renowned for responding quickly to changing legislation, boosting both its operational and legal resilience.</p>	<p>Cap4 Agile Regulatory Compliance Team (Compliance Team) Tandem Bank maintains an agile regulatory compliance staff that assures the bank's conformance to growing financial requirements. In the banking sector, where regulatory compliance is crucial, this talent is priceless. The compliance team has the tools it needs to track and react to regulatory developments in real-time, including compliance personnel and sophisticated monitoring technologies.</p>

Capability(R+C)	V (Valuable)	R (Rare)	I (Inimitable)	O (Organized)
<p>Cap1: Cutting-edge Mobile Banking App</p> <p>Tandem's user-friendly and feature-rich mobile app offers convenience and cost-saving features, setting it apart from competitors.</p>	<p>Yes</p> <p>Tandem Bank's mobile banking app is unquestionably valuable because it offers a user-friendly interface, a wide range of financial services, and money-saving options. By streamlining financial administration and providing a range of services, this offers its consumers a great amount of value. (Peyton, 2017)</p>	<p>Yes</p> <p>Because few rivals can match the depth of its capabilities and universal accessibility, it is a rare asset in the digital banking industry. Its attraction and possible competitive advantage are boosted by this rarity.</p>	<p>No</p> <p>Although the technology and functionality of the app are unique, they might not be completely so. Similar features and functionalities could be imitated by rivals, though to varied degrees of success.</p>	<p>Yes</p> <p>Tandem Bank maintains a well-organized team of developers, designers, and compliance experts to guarantee the app's effective use, which raises the value of the product.</p>
<p>Cap2: Robust Risk Management System</p> <p>Tandem's rigorous risk management system ensures safe transactions and compliance with regulations, safeguarding the bank from financial risks.</p>	<p>Yes</p> <p>In the banking industry, a strong risk management system is extremely valuable since it helps to reduce financial risks and assures the stability of operations.</p>	<p>Yes</p> <p>Since many startups may place a higher priority on growth than risk mitigation, it is unusual for startups to have such a strong risk management strategy. (Schenker, 2018)</p>	<p>Yes</p> <p>It can be difficult to replicate Tandem Bank's structure and skill in risk management, especially for rivals lacking a similar base.</p>	<p>Yes</p> <p>The bank's risk management procedures are well-organized, which is essential for preserving the system's value. (Peyton, 2017)</p>

Capability(R+C)	V (Valuable)	R (Rare)	I (Inimitable)	O (Organized)
Cap3: Global Network of Users The large user base of Revolut creates value by enabling economies of scale, luring partners, and producing information for product development (Revolut, 2021).	Yes A global user network is extremely beneficial for a digital bank since it promotes consumer involvement and confidence.	Yes Building a global user network is actually uncommon for businesses because it normally takes time and money to build.	Yes It is difficult for rivals to duplicate a similar user network because it necessitates substantial outreach and trust-building efforts.	Yes] Tandem Bank has successfully managed and organised its user network, which raises the worth of the company as a whole.
Cap4: Agile Regulatory Compliance Team Tandem's agile compliance team ensures swift adaptation to evolving regulations, reducing legal risks and maintaining customer trust.	Yes The complicated regulatory environment in the financial sector can be successfully navigated with the help of a nimble regulatory compliance team. (Schenker, 2018)	No The existence of compliance teams among banks and financial organisations, however, significantly lessens its rarity.	Yes It can be difficult to replicate an agile team with specialised compliance knowledge because it takes a unique set of abilities and practical knowledge.	Yes Tandem Bank's compliance team has been skillfully organised, ensuring that it can react to changing regulatory needs.

Tandem Bank, a Unsuccessful startup, does not, however, possess comparable abilities:

Cutting-edge Mobile Banking App (Cap1): Tandem wants to provide a modern mobile app, but finding the resources and expertise to create and maintain one is difficult, which limits its ability to compete.

Robust Risk Management System Cap2): Tandem's risk management systems are less strong than Revolut's, which could put the bank at danger of financial vulnerabilities.

Global Network of Users (Cap3): Tandem has a much smaller user base, which makes it more difficult for it to take advantage of economies of scale and collect insightful data for product development.

Agile Regulatory Compliance staff (Cap4): Tandem's compliance staff might not be as skilled and agile as Revolut's, which could provide problems with compliance.

4.2. Summary of analytical Frameworks: Exploring External and Internal Dynamics

A comparison between the successful startup Revolut and the unsuccessful startup Tandem Bank offers important insights into the variables affecting the results of fintech ventures. With references and in-text citations, this discussion will provide a summary of the most important findings and their consequences.

Table 9 Summary of Analytical Frameworks

Aspect of Analysis	Revolut	Tandem Bank
External Environment (PESTEL)	- Revolut benefited from beneficial regulatory backing, which made it possible for it to expand (Revolut, 2021)	- Regulatory challenges and finance problems were experienced by Tandem Bank (The Financial Times, 2017; Reuters, 2017).

Aspect of Analysis	Revolut	Tandem Bank
	- Revolut thrived in a robust global fintech market (Revolut, 2021)	- Tandem Bank suffered with funding issues and profit margin concerns (CNBC, 2017) ; Business Insider, 2017) .
Industry Competition (Porter five forces)	- Revolut profited from a high barrier to entry (Investopedia, 2021) and had great negotiating power (Harvard Business Review, 2017) .	
	- A user base that was already established served as a barrier to potential arrivals (Revolut, 2021) .	- According to The Telegraph (2016) , Tandem Bank had little negotiating leverage with its suppliers and had a reduced entrance hurdle (Sifted, 2019) .
		- Tandem Bank encountered challenges in gaining market share (Tandem Bank, 2021).
Resource & Capability (Vrio)	- Revolut possessed a cutting-edge mobile app (Revolut, 2021) that was highly valued and difficult to replicate (Investopedia, 2021) .	

Aspect of Analysis	Revolut	Tandem Bank
	- A global user network and an agile regulatory compliance team contributed to Revolut's success (Revolut, 2021) .	- Tandem Bank faced challenges in app development (Antony Peyton, 2017) (15) and risk management (Tandem Bank, 2021) .
		- Tandem Bank had limited user base expansion (CNBC, 2021) (19) and regulatory compliance issues (The Financial Times, 2017) (20).
Implications	-According to Investopedia (2021), ongoing success for Revolut depended on maintaining innovation, adhering to regulations, and utilising its extensive user base.	
		-According to Harvard Business Review (2011) (Investopedia, 2021) , Tandem Bank needed to manage its resources effectively, stand out from the competition, and deal with funding issues..
Future Outlook	- Revolut was well-positioned for future growth and innovation (Revolut, 2021).	- Tandem Bank had the potential for recovery if it effectively addressed its resource challenges (CNBC, 2017).

4.3. Discussion

Comparing successful and unsuccessful companies, like Tandem Bank and Revolut, can provide light on the elements that either support or obstruct the expansion and longevity of these businesses. In-depth examination of the fundamental differences between these two fintech companies' external settings, industry competitiveness, resources, capabilities, implications, and conclusion will be covered in this discussion.

- **External Environment:**

A supportive regulatory environment has been beneficial for Revolut, a successful fintech firm (Revolut, 2021). In order to increase its services and grow into other markets, the company has tapped into regulatory support (Revolut, 2021). Tandem Bank, on the other hand, was a failed company that was hampered in its growth by regulatory obstacles and uncertainty (The Financial Times, 2017; Reuters, 2017). Tandem also experienced finance problems, which made its problems even worse (CNBC, 2017).

In a thriving global fintech sector, Revolut prospered (Revolut, 2021). The business took advantage of the rising demand for cutting-edge financial services to establish itself as a market leader (Harvard Business Review, 2017). Tandem Bank, on the other hand, struggled due to funding issues (CNBC, 2017) and concerns over profitability (Business Insider, 2017).

- **Industry Competition:**

A startup's trajectory is significantly shaped by industry dynamics. Revolut profited from its advantageous negotiating position and substantial entry obstacles (Harvard Business Review, 2017; Investopedia, 2021). A significant barrier to entry was provided by its established user base (Revolut, 2021). Revolut's early market penetration and the quick uptake of its avant-garde financial services led to this user base.

Tandem Bank, on the other hand, ran into issues with supplier negotiating power and lower entry barriers (The Telegraph, 2016) (Sifted, 2019). Tandem had a smaller

user base than Revolut, which made it difficult for it to compete successfully in the market (Tandem Bank, 2021). Lack of a sizable customer base made it difficult for it to obtain advantageous conditions from suppliers and partners.

- **Resource & Capability:**

Revolut's innovative mobile banking app is responsible for the company's success (Revolut, 2021). The rapid currency conversion, real-time financial services, and cryptocurrency trading offered by this software were distinctive (Revolut, 2021). It revolutionised the fintech sector and raised the bar for mobile banking applications. Additionally, Revolut's expansive user base and responsive regulatory compliance team improved its skills (Revolut, 2021).

Tandem Bank, on the other hand, faced difficulties with risk management and app development (Antony Peyton, 2017). The functionality and user experience of its app lagged behind those of rivals (Antony Peyton, 2017). Tandem had challenges with regulatory compliance and had trouble growing its user base (CNBC, 2021; The Financial Times, 2017). These deficiencies in resources and abilities posed serious challenges for Tandem's expansion.

- **Implication**

According to Investopedia (2021) Revolut's innovation, solid regulatory compliance, and global user network were major factors in the company's success. These elements supported its market dominance and competitiveness (Harvard Business Review, 2011). Revolut's capacity to make use of cutting-edge technology and adjust to legislative changes ensured its sustained expansion and business relevance.

Tandem Bank's prospects for the future, in contrast, depend on efficient resource management, competitive distinctiveness, and resolving funding issues (Investopedia, 2021). Tandem can put itself in a position for possible recovery and expansion by allocating resources efficiently, improving the functionality of its app, and obtaining sufficient funding (CNBC, 2017). To reestablish its competitiveness in

the fintech industry, Tandem must learn from its mistakes, take an agile approach to app development, and step up its compliance efforts.

- **Future outlook:**

Revolut's Future Outlook:

Revolut has a bright future ahead of it because of its solid position in the fintech sector (Investopedia, 2021). The business is in a good position for expansion and innovation (Revolut, 2021). With a user-centric strategy and cutting-edge mobile app, Revolut is set to keep luring clients and growing internationally. Revolut's emphasis on innovation and customer-centered solutions can help it maintain a dominant position even while regulatory constraints and competition remain.

Tandem Bank's Future Outlook:

Tandem Bank is facing difficulties, yet there is hope for improvement and expansion (CNBC, 2017). To do this, it needs to improve its ability to produce mobile apps and manage risks as well as deal with resource constraints (Harvard Business Review, 2011). Future success for Tandem Bank in a cutthroat industry will depend on its capacity for innovation, adaptability, and resource management (CNBC, 2017). If it can get beyond these obstacles, it will have a bigger presence in online banking.

Conclusion

The comparison between Tandem Bank and Revolut highlights the crucial impact that the outside environment, industry competitiveness, resources, and capabilities play in determining the success of fintech businesses. Tandem Bank encountered regulatory constraints, funding problems, and tough competition, but Revolut prospered in a regulatory framework that was favourable, took advantage of industry development, and produced cutting-edge technology. For business owners and investors looking to manage the fast-paced world of fintech startups, these revelations provide insightful lessons. It emphasises how vital innovation, adaptation, and efficient resource management are to success in the dynamic startup ecosystem. The story of these two fintech businesses ultimately shows the intricate

Chapter 5 Recommendations and Conclusion

5.1 Addressing the study's research questions

RQ1: In terms of organisational structure, strategy, and practises, what distinguishes successful from unsuccessful startups?

Answer:

The research study tries to determine the traits that distinguish successful companies from unsuccessful ones, with a focus on Tandem Bank, a failed rival, and Revolut, a successful fintech company. In order to respond to the research question (RQ1) concerning the organisational structure, strategy, and practises that distinguish these two organisations, it is critical to look at a number of elements that have contributed to the disparate results of these two entities.

- **Organisational Structure:**

The organisational structure is crucial in determining how companies develop. The organisational structure of Revolut is characterised by a flat hierarchy, which supports a culture of innovation and adaptability (Kell, 2020). Rapid development and deployment of new features and services within the company's mobile app are made possible by the leadership's encouragement of open communication and prompt decision-making (Revolut, 2021). Revolut has been able to keep ahead of the competition thanks to this structure's ability to react quickly to market demands and legislative changes.

On the other hand, Tandem Bank's organisational design seems to have had trouble adjusting to the fast-changing fintech industry. Tandem Bank had trouble scaling its operations and adapting to regulatory changes, despite the fact that its co-founder and CEO, Ricky Knox, had a lot of financial industry experience (Molle, 2021). This shows that the organisational structure might have been a factor in the company's inability to successfully negotiate the complexity of the business.

- **Strategic Approaches:**

The strategic stances taken by these businesses shed more light on how they vary. Revolut's ambitious growth strategy, which prioritised user acquisition and global

development, can be credited with its success (Financial Times, 2021). To increase its service offerings and user base, the business established collaborations with numerous financial institutions (Revolut, 2021). Revolut was catapulted to a prominent position in the digital banking industry by its strategic focus on growth and dedication to innovation.

Tandem Bank, on the other hand, encountered finance issues early in its development, which hindered its capacity to implement a strong growth strategy (Reuters, 2017). The bank sought to challenge the status quo of banking, but it struggled to get the funding it needed to realise its goals (Business Insider, 2017). This implies that Tandem Bank's potential for growth was constrained by strategic constraints, notably those relating to funding.

- **Innovation and best practises:**

These startups distinguish themselves by their methods and innovative plans.

Revolut's cutting-edge mobile banking app, which provides customers with a variety of financial services, serves as an example of its innovative strategy (Revolut, 2021).

A sizable and active user base has been attracted to the app due to its ongoing development and addition of new features, such as bitcoin trading and savings facilities (Kell, 2020). Revolut's dedication to continuing to lead financial innovation has been a key factor in its success.

Tandem Bank, however, encountered difficulties with app development and risk management (Tandem Bank, 2021). This may indicate that the bank found it difficult to keep up with the quickly changing fintech market and satisfy customers' demand for cutting-edge features and services. Such difficulties can have a big impact on a startup's success in the field of digital banking, where user experience and technology developments are crucial.

- **Conclusion:**

It becomes clear from answering the study question about what separates successful from unsuccessful startups that aspects of organisational structure, strategic thinking, and innovation practises are crucial. Revolut's aggressive expansion strategy, agile organisational structure, and dedication to ongoing innovation all contributed to the company's success. Tandem Bank, on the other

hand, has trouble adjusting its organisational structure, finding capital for expansion, and keeping up with fintech advancements.

These results show the complexity of company success and the significance of organisational dynamics, strategic decisions, and innovative capabilities. A mix of these elements, adapted to the industry's unique requirements, can help businesses who want to follow in Revolut's footsteps have a successful voyage in the cutthroat world of online banking. On the other hand, being aware of the difficulties Tandem Bank had helps to highlight the potential traps that entrepreneurs should work to avoid in their quest for success.

RQ2: How do these elements affect the expansion and long-term viability of startups?

Answer:

Viability are directly related to the organisational flexibility.

On the expansion and long-term viability of startups, organisational structure, strategic approaches, and innovative practises all have a significant bearing. The journey and eventual sustainability of a startup are explored in this section.

- **Expansion:**

An organization's organisational structure is crucial to a startup's growth. The flat structure of Revolut encourages creativity and agility, enabling quick reactions to market demands (Kell, 2020). This organisational structure has made it easier to develop new app features and expand geographically (Revolut, 2021). For expansion to occur smoothly, a flexible structure is essential.

The importance of strategic approaches is equal. The acquisition of new users and international growth are prioritised by Revolut's aggressive growth strategy (Financial Times, 2021). Its market presence has been further improved by partnerships with financial institutions (Revolut, 2021). Such tactics enable entrepreneurs to successfully explore new markets.

Modern startups must engage in innovation practises. Users have been drawn to and kept by Revolut's ongoing app development and addition of features like

cryptocurrency trading (Kell, 2020). Fintech innovation commitment supports expansion and maintains competitiveness.

- **Long-term Viability:**

A startup's long-term viability is also influenced by how organisational structure, strategic thinking, and innovation practises interact. Organisational adaptation creates the flexibility required to handle a constantly shifting commercial environment for startups like Revolut. The key to Revolut's long-term success is the company's capacity for ongoing innovation and customer-centeredness. Users are kept engaged and devoted by the app's constantly increasing features and services (Kell, 2020). A startup's competitive advantage is maintained and its long-term relevance is ensured by an innovative culture.

A startup's future is shaped by strategic decisions. Revolut's position is cemented by its growth-oriented strategy (Financial Times, 2021). Resilience is improved by partnerships and service variety.

On the other hand, a lack of flexibility and poor strategic planning endanger viability. Potential weaknesses are shown by Tandem Bank's difficulties with app development and risk management (Tandem Bank, 2021). These difficulties have an effect on sustainability in the world of digital banking.

- **Conclusion:**

In conclusion, the development and long-term viability of startups are intrinsically tied to the components of organisational structure, strategic thinking, and innovative practises. The basis for a successful expansion is a flexible organisational structure that is characterised by open communication and a culture of innovation. A startup's capacity to explore new markets and scale operations efficiently is driven by strategic acumen, with an emphasis on growth and adaptability.

Additionally, a dedication to innovative practises is essential for luring and keeping users, which is a cornerstone of growth. Long-term relevance and competitiveness are ensured by the capacity to consistently develop and implement new features. On the other hand, difficulties with organisational adaptation, obtaining money, or strategic constraints might obstruct growth and endanger long-term viability.

Startups seeking long-term success must understand how these factors interact together. It is crucial to make strategic decisions that are in line with organisational strengths and the changing business environment. Tandem Bank's challenges serve as cautionary stories, emphasising the potential traps to avoid in the hunt for long-term survival in the dynamic digital banking ecosystem. While successful companies like Revolut serve as examples of the advantages of these features, Tandem Bank's struggles serve as warning tales.

RQ3: What can startups learn from the triumphs and failures of others in order to boost their chances of success?

Answer.

Startups starting out on the difficult path of entrepreneurship can gain priceless knowledge from the achievements and failures of their peers to increase the likelihood of their own success. In contrast to the hardships had by less fortunate competitors like Tandem Bank, the successes of thriving businesses like Revolut offer a wealth of knowledge and practical insights that aspiring business owners can draw from. The following are the main lessons that startups can learn from these stories:

- **Embrace Innovation:**

Innovativeness is ingrained in the DNA of successful firms like Revolut (Kell, 2020). They are constantly looking for novel ways to meet customer needs. This emphasises the importance of building an innovative culture for entrepreneurs. It can be a powerful formula for success to encourage people to think creatively, adapt to shifting market conditions, and investigate novel concepts and technology.

- **Cultivate Agile Organizational Structures:**

According to Kell (2020), Revolut's flat organisational structure fosters flexibility and quick decision-making. Due to their adaptability, they can quickly change course in response to market fluctuations. Adopting a lean and agile organisational structure might help firms respond more quickly to changing conditions. Nimbleness can be facilitated by reducing hierarchical layers and promoting open communication.

- **Develop a Robust Growth Strategy:**

Revolut's dedication to aggressive expansion, paired with strategic alliances, serves as an example of the importance of a clearly defined growth strategy (Financial Times, 2021). Startups need to carefully construct their growth strategies. Resource allocation can be more effectively managed and sustained scaling can result from aligning expansion efforts with key goals and market demands.

- **Master Resource Management:**

Tandem Bank's early funding difficulties (Reuters, 2017) serve as a sobering reminder of the significance of good resource management. In order to maximise their capital allocation techniques, startups should carefully manage their financial resources, investigate various funding opportunities, and evaluate their options. Long-term viability is based on prudent financial management.

- **Give User-Centric Innovation Priority:**

Revolut's ongoing user-centric feature development and rollout, including cryptocurrency trading (Kell, 2020), underscores the enduring benefit of remaining at the forefront of innovation. To be competitive in today's fast-paced marketplaces, startups should prioritise user-centric design and often update their products or services.

- **Foster Adaptive Leadership:**

Fostering adaptive leadership is essential for managing the challenges of entrepreneurship. The histories of Tandem Bank and Revolut highlight the significant influence of executive decisions. Entrepreneurs in training should invest in building strong leadership abilities and look for guidance or mentoring. Resilience in the face of hardship is fostered through effective leadership.

- **Conduct Thorough Market Research:**

For startups, thorough market research is essential. It is crucial for businesses to comprehend their target market, market trends, and competitive environments. The lessons learned from both successful and unsuccessful cases highlight how crucial it is to devote time and money to market research. Making wise judgements is frequently essential for thriving.

- **Embrace Regulatory Compliance:**

Tandem Bank's regulatory challenges (The Financial Times, 2017) highlight the imperative requirement for entrepreneurs to give regulatory compliance first priority. To prevent regulatory problems, it is imperative to stay knowledgeable about industry legislation, address compliance obligations proactively, and develop a strong legal structure.

- **Learn from Failures:**

Failures, whether they be experienced personally or seen in other endeavours, can be significant learning opportunities. Setbacks shouldn't fill entrepreneurs with dread; instead, they should be viewed as chances for improvement. The lessons learned from both successful and unsuccessful companies highlight the importance of adaptability, resilience, and a philosophy of continual learning.

In summary, entrepreneurs can considerably increase their chances of success by glean and assimilating the amount of knowledge provided by the successes and failures of their peers. Entrepreneurs can arm themselves with a potent toolkit for navigating the turbulent terrain of entrepreneurship by fostering an environment of innovation, embracing agile organisational structures, planning a strategic growth trajectory, mastering resource management, committing to user-centric practises, nurturing adaptive leadership, conducting meticulous market research, prioritising regulatory compliance, and learning from both successes and failures. As startups try to blaze their own trail to success, it is crucial to comprehend the complex interplay of these factors.

5.2. Applying of the study finding

The comparison between Tandem Bank, a less successful fintech firm, and Revolut, a more successful one, offers insightful information and lessons that companies in a variety of industries can use. The research has uncovered important organisational structure, strategic thinking, and innovation practices-related elements that have a big impact on a startup's performance and long-term viability. Here, we focus on the useful implications of these discoveries for prospective business owners and developing enterprises.

- **Create an Innovation Culture:** Startups that want to succeed should make innovation a priority among their fundamental values. Encourage staff members to think outside the box, look for creative ideas, and remain current on industry trends and new technologies. Update products and services frequently to meet changing client expectations.
- **Embrace flat, agile organisational structures:** The study shows that these structures can be a great benefit. Faster decision-making and adaptation are necessary in quick-paced businesses like fintech, thus reducing hierarchical layers and promoting open communication might help.
- **Establish a Robust Growth Strategy:** Startups must carefully create growth strategies that are in line with their fundamental goals and market realities. To increase services and attract more customers, look into collaboration opportunities with financial institutions or other industry participants.
- **Resource Management and Funding:** Effective resource management is essential for long-term viability, as is funding. Startups need to carefully manage their money, investigate a variety of funding possibilities, and perfect capital allocation techniques. Make obtaining enough cash to support expansion aspirations a top priority.
- **User-Centric Innovation:** Startups must place a high priority on user-centric design and innovation in order to draw and keep customers. Update products

and services frequently in response to consumer feedback and market demands. To set yourself apart from the competition, provide special features and value-added services.

- **Leadership Development:** For negotiating the difficulties of entrepreneurship, strong leadership abilities are essential. To make wise judgements and build resilience, aspiring entrepreneurs should invest in their leadership development and look for mentoring or advisory support.
- **Analysis and Market Research:** Thorough market research is essential. Startups should spend time and money learning about their target market, the competition, and the rules of the industry. Decisions that are well-informed and supported by data-driven insights improve market entrance and growth strategies.
- **Regulatory Compliance:** The report emphasises the value of compliance with regulations, particularly in the fintech industry. Startups need to be aware of industry regulations, take proactive steps to meet compliance needs, and build a strong legal foundation to reduce risks.
- **Learning from Failures:** Entrepreneurs should view mistakes as chances for development and education. Entrepreneurs can improve their tactics, adjust to shifting conditions, and develop resilience by looking at both personal setbacks and observed failures in other ventures.
- **Invest in Continuous Learning:** The fintech landscape is dynamic and always changing, therefore invest in ongoing learning. To keep up with new technology, market trends, and legislative changes, startup founders and workers should place a high priority on continual learning.
- **Strategic Differentiation:** Strategic Differentiation: Startups should concentrate on strategic differentiation to stand out in a crowded market. To establish a distinctive brand, pinpoint your company's unique selling propositions, areas of specialisation, or undiscovered niches.

- **Risk Management:**Effective risk management requires carrying out in-depth risk assessments and putting in place mitigation methods. Recognise the difficulties and hazards that may appear during growth and expansion.
- **Adaptive Business Models:**Business models that are adaptable: Be willing to change your plans when the market and your circumstances dictate. The ability to respond to unforeseen disturbances requires flexibility and adaptability.
- **Long-Term goal:** Although startups sometimes concentrate on short-term success, keeping a long-term goal in mind is essential. To ensure continuous success after the first development periods, take into consideration the sustainability of company models and initiatives.
- **Seek Mentorship and Networking:**Connect with industry colleagues and seasoned mentors to build your network. Networking can lead to helpful ideas, recommendations, and prospective chances for collaboration.

Startups can improve their chances of success, successfully handle hurdles, and thrive in the competitive landscape of the fintech and digital banking sectors by putting these lessons and insights from the comparative study to use. It's critical to see this information not just as facts but also as a tactical road map for establishing long-term viability and sustainable growth.

5.3. Study's conclusions

In retrospect, our comprehensive comparative study of Tandem Bank and Revolut using the PESTEL, Porter's Five Forces, and VRIO frameworks has revealed important information about the variables that make a fintech business successful or unsuccessful. It is crucial to remember the circumstances surrounding both businesses' infancy and early stages of development.

- **External Environment and Regulatory Support:** According to Revolut (Revolut, 2021) Revolut functioned in a regulatory climate that was particularly

supportive of its innovative endeavours. Revolut has access to the vital oxygen it required to survive in a market with intense competition thanks to this supportive regulatory environment (Revolut, 2021). Tandem Bank, in contrast, had difficulties that would have an impact on its trajectory for growth early on (CNBC, 2017). Tandem Bank had to overcome regulatory obstacles early on (The Financial Times, 2017).

- **Industry Competition:** The fintech industry had substantial entry barriers for newcomers (Investopedia, 2021). Tandem Bank struggled to gain market share in a less favourable competitive environment (Tandem Bank, 2021), while Revolut capitalised on its new solutions to establish a footing (Revolut, 2021) (Sifted, 2019).
- **Resource and Capability:** Revolut's innovative mobile app and extensive user base have made it the market leader (Revolut, 2021), but Tandem Bank has struggled with app development and risk management issues (Tandem Bank, 2021). These early differences in resources and capabilities would later have a significant impact on the development of these firms.

Implications:

In the fintech market, competitive advantage, regulatory compliance, and a large user base have all become as essential success elements (Investopedia, 2021). These factors significantly influenced Revolut's path to success. In contrast, efficient resource management, competitive distinctiveness, and resolving finance challenges have emerged as crucial elements for startups, as illustrated most notably by Tandem Bank (CNBC, 2017).

As we consider these conclusions, it's critical to remember the situation when Tandem Bank and Revolut were just getting started and navigating the perilous seas of the fintech startup ecosystem. Tandem Bank experienced considerable obstacles that had a negative influence on its early development, such as regulatory obstacles and financial problems. Revolut, on the other hand, was able to prosper in a

cutthroat market thanks to its privileged position within a friendly regulatory environment and its unwavering pursuit of innovation.

In the present, Tandem Bank's financial performance, which has been characterised by an underlying operating profit of £4.5 million and a significant increase in retail deposits, offers a picture of resilience and adaptability (Tandem Bank, 2023). The bank has evolved and demonstrated its commitment to sustainability through its strategic pivot towards a more environmentally friendly goal and the successful execution of a number of lending and financial products (Tandem Bank, 2023). Tandem's story demonstrates its capacity to get over early setbacks and adapt to a shifting environment.

Similar to this, Revolut's ongoing success and international growth highlight the ongoing importance of innovation and adaptation in the digital banking industry. Both businesses have developed, matured, and carved themselves unique niches in the fintech environment, highlighting the sector's dynamism.

Finally, our research provides an overview of Tandem Bank and Revolut in their early stages as businesses. While the past has shaped their paths, their present and future success is determined by their capacity to innovate, adapt, and align with shifting market dynamics. The fintech industry is still ripe for innovation, and Tandem Bank and Revolut's journeys can serve as models for other firms attempting to negotiate the challenging world of digital banking.

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