

Revolut's overseas expansion overlaps with big incumbents' retrenchment and refocus on their core

Article

The news: UK-based neobank **Revolut** made two moves to expand its presence in Australia and India.

- The company **obtained** an **Australian Credit Licence**, which was green-lit by the Australian Securities & Investments Commission (ASIC). This lets Revolut **offer personal-lending and credit products** to consumers.
- Revolut **acquired Arvog Forex**, an India-based financial-services company that offers multicurrency accounts and remittance services.

In Australia: A credit credential is one of three key steps that Revolut is aiming for in Australia, where it has crossed the 100,000-customer mark since its August 2020 rollout.

- It **already has approval to offer securities trading**.
- It's also **seeking authorization for accepting deposits**.
- Revolut Australia CEO Matt Baxby linked the neobank's latest approval to its broader ambitions, which he called "our mission to create the world's first truly global financial platform."

In India: Revolut is adding a company that served over 15,000 users in 2021—a number that it anticipates will increase significantly.

- The neobank, which rolled out in India in April 2021, stressed that the Arvog deal is an early move in its market presence. Revolut India CEO Paroma Chatterjee called it "the first step toward our aspiration to usher in a digital financial revolution in India."
- Revolut also gave an overview of its product plans, stating it intends "to launch bespoke financial products, many of which would be new to the country, reflecting the unique needs of Indian consumers."

Revolut grows, incumbents shrink: The neobank's **global ambitions** offer a marked contrast to established banks' recent decisions to pull out of certain countries:

- **Citigroup said** in Q1 2021 that it would withdraw from consumer operations in 13 markets in Europe and Asia, including in Australia and India. CFO Mark Mason said it planned to "**execute a targeted consumer strategy, double down in wealth, and focus on our higher-returning institutional businesses.**"

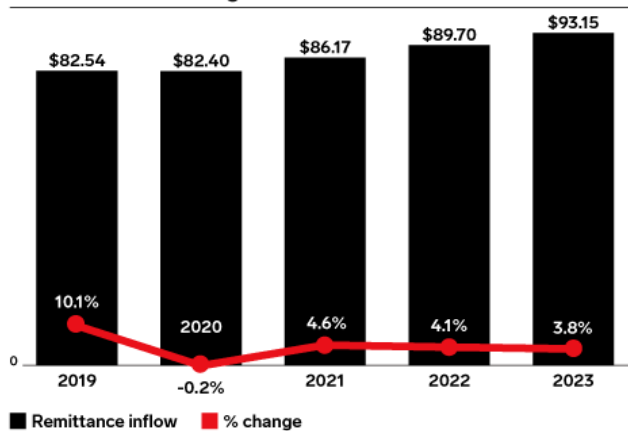
- For example, Citigroup is close to offloading its Indian arm to **Axis Bank**, Bloomberg reported, and in August 2021 it **agreed** to a deal with **National Australia Bank (NAB)**.
- Multiple European banks have plans to exit from US retail banking, including **BNP Paribas agreeing** to **sell Bank of the West** to **BMO**; **HSBC's pending** branch **divestitures** to **Citizens and Cathay Bank**; and **U.S. Bank's proposed acquisition** of **MUFG Union Bank**. The three divestitures each entail plans to redirect focus to other business lines.

The big takeaway: The scope of Revolut's ambitions is wide: It seeks to compete in numerous markets while aspiring to operate as a financial **super-app**. This strategy carries the risk of stretching the company too thin—especially if **new capital** runs dry first.

If it's trying to be “everything to everybody” within the financial services sector—where differentiation is notoriously difficult—Revolut will struggle to make a strong impression with consumers with any particular product or within any individual geography. A shotgun approach is harder to execute on successfully than **focusing on being great at one thing**.

Remittance Inflow to India, 2019-2023

billions and % change



Note: remittances are defined as the value of money sent home by citizens working abroad to their country of origin; inflow is when a citizen of India is working in another country and sends money back home through a financial institution or money transfer service, such as Western Union

Source: Insider Intelligence, Dec 2021

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