

# Revolut plans risky return to Canada next year

## Article

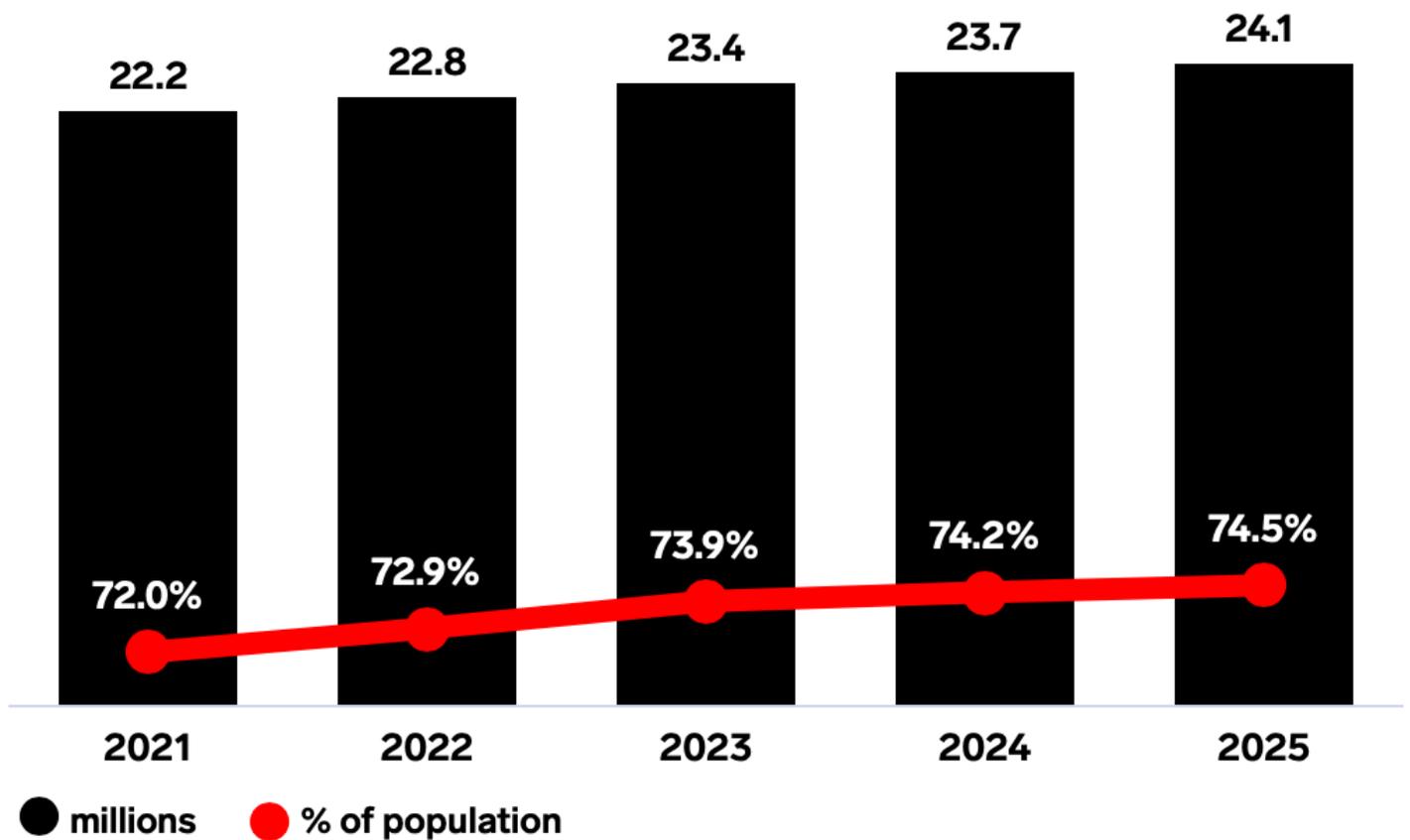
The UK-based neobank plans to return to Canada next year and will offer its full suite of products, [per](#) BetaKit. The decision, which Revolut co-founder and CEO Nikolay Storonsky disclosed at the Collision 2021 conference, comes about a month after the company [opted](#) to withdraw from the Canadian market. The app was in beta and lacked the UK market's full product offering. Revolut decided to pull the plug on its local presence because the company had limited resources, according to Storonsky, who also stated that Revolut will have "more resources" when it comes back. In the meantime, the company is [keeping](#) beta users' accounts open until May 15 and will reimburse unspent funds.

## Revolut will face a hard slog in returning to Canada for three reasons.

- **Entrenched incumbents and tough regulations are barriers for challengers.** The Canadian banking sector is **highly concentrated** and is dominated by just five big players: BMO, RBC, TD Bank, Scotiabank, and CIBC. Digital banking usage in Canada is expected to be pervasive—the proportion of adults who use a digital channel at least once a month is **projected** to reach 72.0% in 2021—but the online-only space is **dominated** by incumbent-owned players Simplii and Tangerine. Canada’s banking regulatory system **also** serves as a barrier to entry.
- **Challengers already present in Canada are gaining momentum.** Koho, a **prominent** standalone insurgent based in Toronto, has seen its user base **nearly double** since 2019, crossing 350,000; the neobank also recently announced that it raised CAD\$70 million (\$52.2 million) worth of investment capital. Meanwhile, Canada’s **biggest** robo-advisor, Wealthsimple, has entered the banking space with the rollout of its peer-to-peer payment platform, Wealthsimple Cash. The challengers’ early signs of momentum point to intense competition within the neobanking space. The crowding may also make it harder for Revolut to stand out when it returns.
- **Revolut got ahead of itself, and a do-over in Canada will be an expensive fight.** Revolut’s first entry into Canada wasn’t comprehensive, as it didn’t offer a set of features as broad as its banking, investment, and payments offerings in the UK. With more capital, Revolut could put up more of a fight against fellow challengers and incumbents when it returns; the company is in talks to raise funds, **per** Sky News.

# Digital Banking Users and Penetration

Canada, 2021-2025



Source: eMarketer, March 2021

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