

Wealthsimple passes 2 million Canadian users as it delves into banking territory

Article



The Canadian fintech surpassed the 2 million user mark in its home country, up from around 1.5 million when it last reported the figure in October. Wealthsimple unveiled the user updates

alongside a CAD\$750 million (\$559.2 million) funding round on Monday, which values it at CAD\$5 billion (\$3.73 billion)—more than triple the CAD\$1.5 billion (\$1.12 billion) valuation it reached after its previous round in October. The fintech has experienced significant product growth over the past 14 months, including rising adoption of its free stock trading offering, plus rollouts of [cryptocurrency trading](#) last August, and its (P2P) money transfer [app](#) earlier this year.

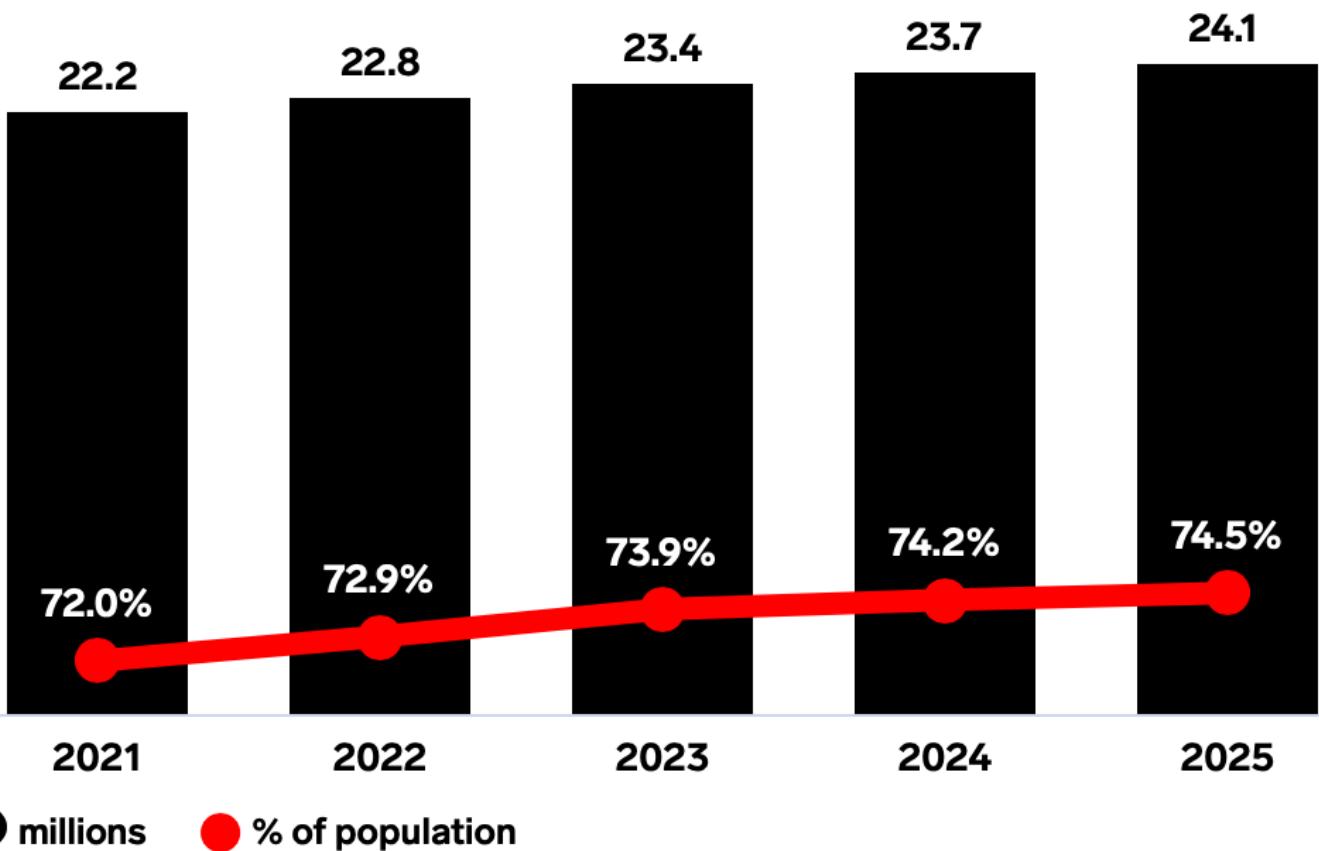
Wealthsimple's growth comes as it delves into the neobanking space in Canada—while facing powerful entrenched incumbents.

- **The fintech's product suite overlaps with neobanks'.** Wealthsimple's lineup now includes investing, savings, and money transfers, likening it to neobanks operating in Canada. These players have been struggling: UK-based Revolut, for example, pulled the plug on its beta in the country, although it [plans](#) a return next year.
- **But Canada's entrenched incumbent banks make it hard for challengers to win market share.** Just five big banks [dominate](#) Canada's banking sector: BMO, TD Bank, RBC, CIBC, and Scotiabank. Digital banking is on the rise—the proportion of adults who use a digital channel at least monthly is [projected](#) to reach 72.0% in 2021—but the digital-only space is [controlled](#) by two incumbent-backed players: Simplii and Tangerine.

Despite the headwinds, Wealthsimple's continued user and product growth are positive signs that it could become a significant challenger. The company's emerging banking play is similar to measures taken by US-based Venmo, which has evolved beyond P2P mobile payments into products such as [cryptocurrency trading](#), [mobile check cashing](#), and [a credit card](#). Revolut is also straddling the fintech and neobank areas, with a lineup that [includes](#) investing, checking and savings accounts, and insurance. Wealthsimple plans to use its latest proceeds to expand both its offerings and user base, suggesting that it will continue its foray into neobanking, which is already off to a promising start.

Digital Banking Users and Penetration

Canada, 2021-2025



Source: eMarketer, March 2021

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