

Revolut's US stock trading rollout is too late to grab investing boom

Article

The news: The UK neobank giant secured a US broker license to capitalize on the retail trading boom that has made the likes of **Robinhood** household names, per CNBC.

How we got here: Revolut [launched](#) its banking services in the US in March 2020 through a partnership with **Metropolitan Commercial Bank** and then added [crypto](#) trading in July that

year. It already offers stock trading in the UK, where it provides one commission-free trade a month for standard users before [charging](#) fees.

How will it fare? Revolut faces tough competition from well-established digital brokers—and retail trading may already have peaked.

Digital brokers in the US added **more than [20 million](#) new accounts** since the start of the pandemic, so while **Revolut has [close](#) to 1 million customers in the US** that will have instant access to its stock trading service, many of them likely already use another digital broker and have little reason to switch:

1. The neobank plans to earn revenues on payment for order flow like Robinhood does, meaning it's unlikely to differ on pricing.
2. With the wide range of options to choose from, retail traders expect more than just easy stock trading from their digital brokers. Robinhood, for example, plans to add longer-term wealth-building tools that complement day trading, like individual retirement [accounts](#) and recurring [crypto](#) investments.

And the mass user windfall over the past year has abated.

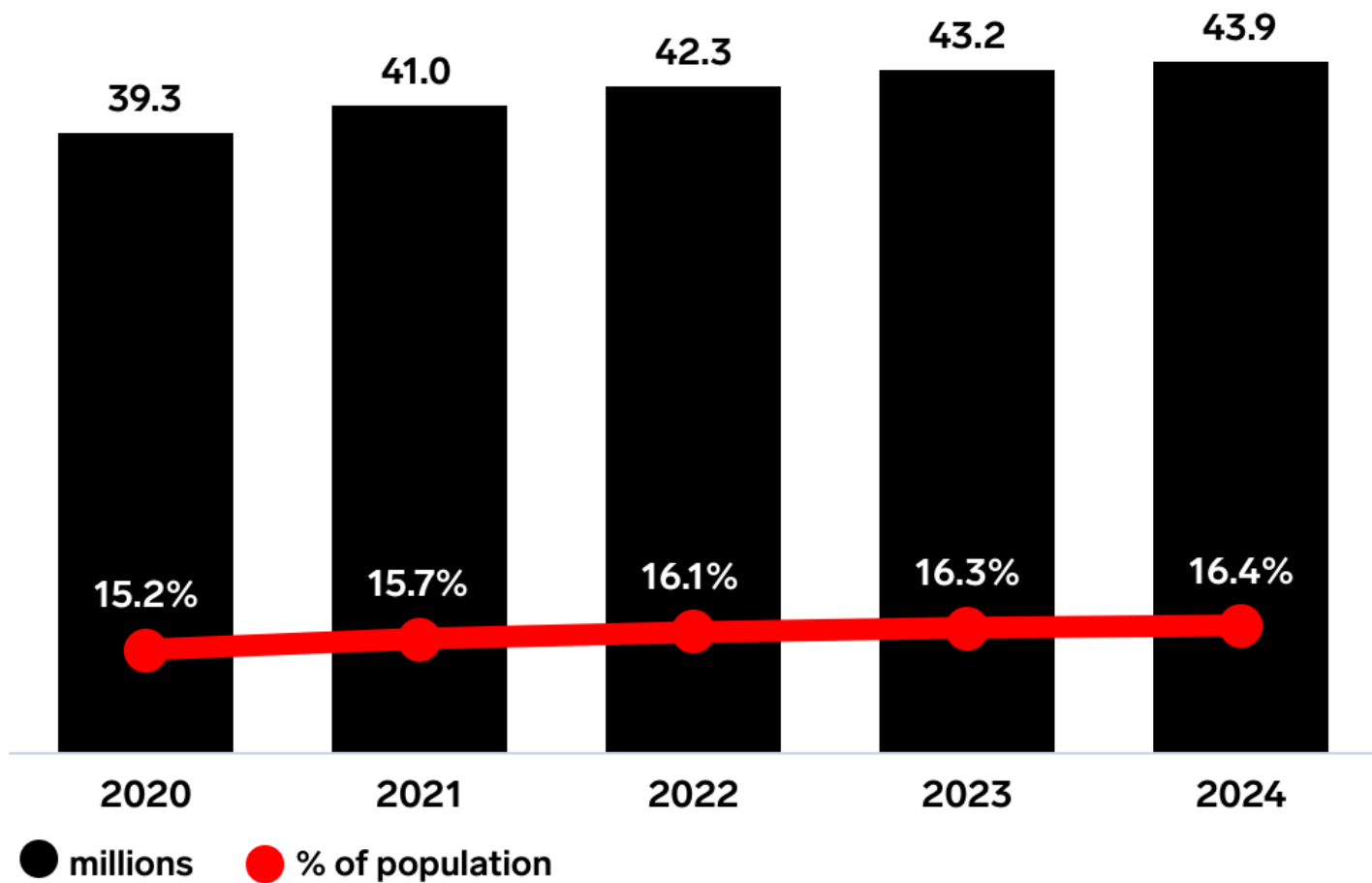
- Lockdowns were a big culprit in encouraging everyday consumers to start trading. But now that they've been vaccinated, many are [stepping](#) away from their screens and resuming pre-pandemic activities.
- **DriveWealth**, which powers the underlying infrastructure for stock trading for fintechs, including Revolut for both the UK and now the US, reported a [slowdown](#) in trading for April and May following Q1's record.
- And in its Q2 public filings, [Robinhood](#) shared that equity-based transaction revenues actually **fell by 26% YoY** to \$52 million, pushing crypto trading to represent more than half of its transaction revenues.

Bottom line: Revolut is at a different stage of maturity in trading compared with digital brokers. While it's looking to scoop up its first US trading customers, Robinhood and its ilk are looking for ways to create stickier offerings for their already massive user bases. This stark difference creates a tough journey for Revolut to catch up.

Want more? For a deeper dive into how stock trading fits in with Revolut's strategy to build an ecosystem, read this article from our *Banking Briefing*.

Digital Brokerage Users

US, 2020-2024



Source: eMarketer, August 2020

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