

Revolut broadens its paid subscription offering as it builds out its ‘financial super app’

Article

The news: Revolut is updating its paid accounts with new purchase protection and insurance benefits, according to a press release sent to Insider Intelligence. Here are the details:

- **Comprehensive purchase security:** Eligible items that users purchase through their Revolut accounts will remain covered within **90 days** of the transaction. Should the item be stolen or damaged, **Premium** subscribers are entitled to up to **\$2,500** per claim annually. **Metal** customers are eligible for up to **\$10,000**.
- **Return protection:** Products purchased through a user's Revolut account within **90 days** of the transaction are eligible for reimbursement. Customers are limited to **\$600 annually**, and up to **\$300 per item**.
- **Event insurance:** If a customer can't attend an event due to unexpected issues such as illness, or travel delays caused by bad weather, Revolut will cover the cost of the ticket. Metal and Premium users are entitled to up to **\$1,000** per **unused, nonrefundable, covered event** ticket, with a maximum of **\$1,000 yearly**.

The bigger picture: The neobank has introduced these new features **while also increasing** its focus on paid account subscriptions. In **December 2020**, Revolut **launched** a mid-tier account to accompany its existing Metal and Premium products. More recently, Revolut **announced** new fees and restrictions on its free Standard account in Ireland—which could be part of a bigger strategy to push users toward paid accounts. Revenue from the challenger's paid subscriptions represents **more than one-third** of its mix—up from **23.79%** in **2019**.

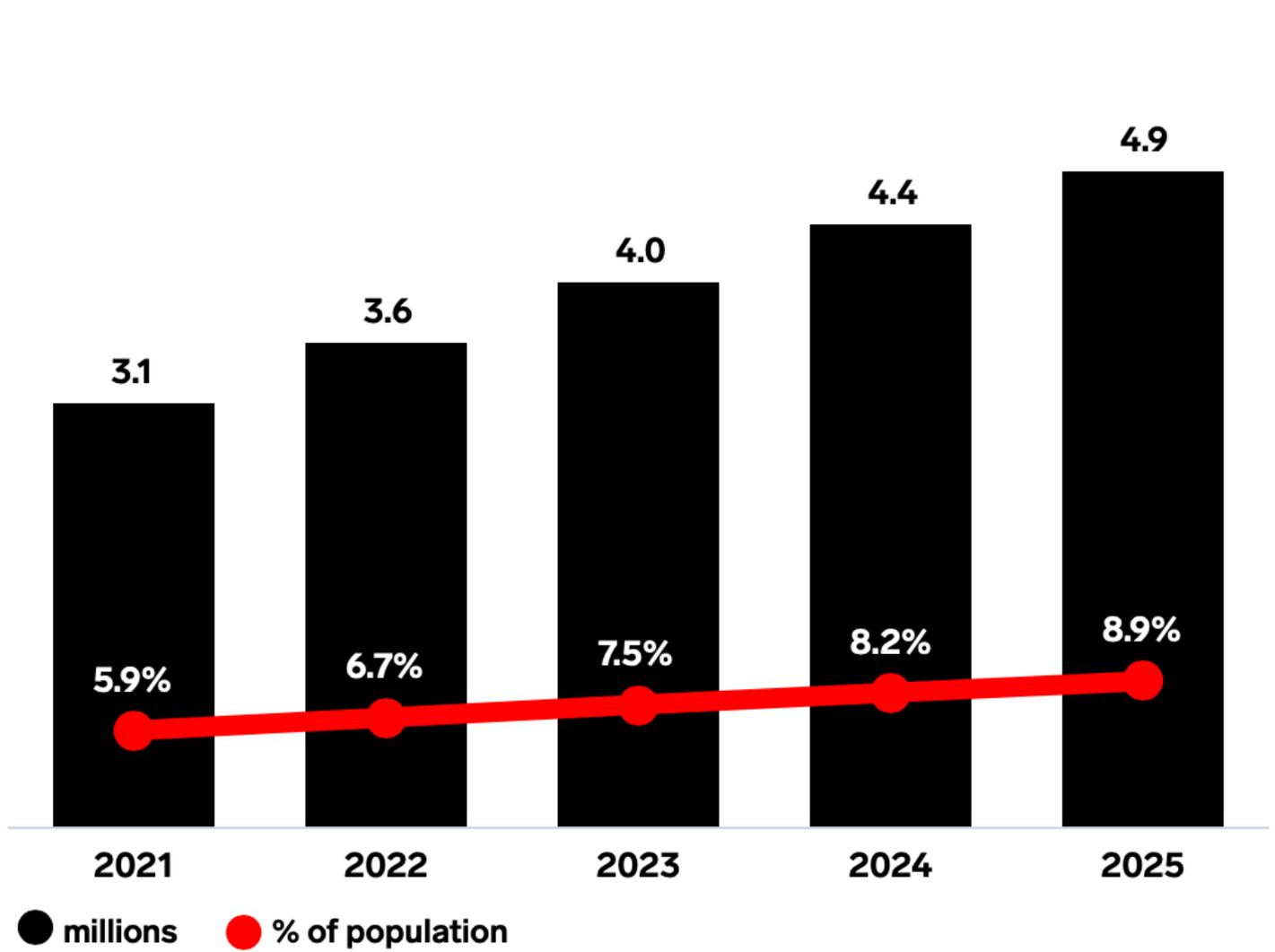
The big takeaway: Increasing the appeal of its paid offering could help Revolut build a stickier business model and boost its profitability.

Even before the pandemic, the neobank's losses were **ballooning**. Recent results don't look any more promising—its annual loss soared by **92.98%** to **£206 million** (\$264.21 million) in 2020.

Paid accounts benefit Revolut in two ways: 1) They enable the neobank to rely less on interchange fees associated with customer card usage; and 2) they provide a steadier income stream as more appealing offerings attract and retain more customers. As premium subscribers become a larger piece of the pie, profitability will be more attainable—and Revolut's new insurance and purchase protection offerings will further this goal.

Revolut Bank Account Holders and Penetration

UK, 2021-2025



Source: eMarketer, May 2021

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