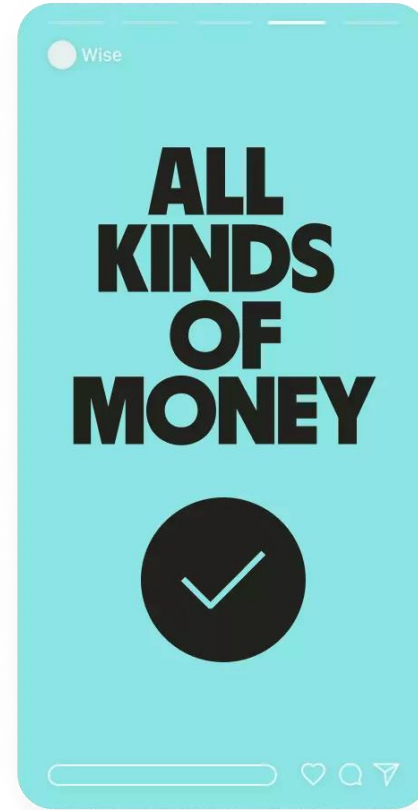




New Brand to Next-Generation Banking



FinTech strategy deep-dive and benchmarking collection by



FinTech Strategy deep-dive collection

- C-Innovation offers you access to high quality, actionable, business-oriented reports.
- Over the next few months, our teams will be compiling research on a number of successful FinTechs, taking deep dives into their company history, culture, success, and outlook. Our first one Wise (formerly TransferWise)
- By placing FinTechs under the magnifying glass, we offer a better understanding of the factors that enabled them to become challengers in the financial services industry as a guide for actors seeking to reach similar exponential growth.
- These report aim at providing actionable insights to those interested in the financial technology industry, and more specifically, to businesses and entrepreneurs seeking to improve their strategies and increase their competitiveness.

Stay tuned for more!

Deep-dive # 10 :

WISE

by



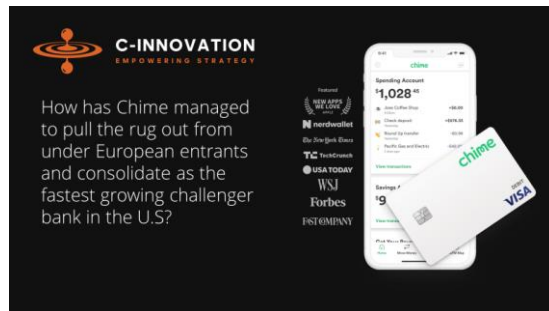
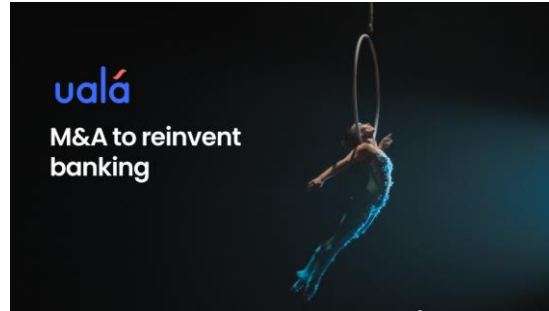
C-INNOVATION
EMPOWERING STRATEGY

[Subscribers can access here to our complete library of Digital Banks deep-dives](#)

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This is not a commissioned report and all data used for the analysis is taken from Wise's financial statements and other publicly available sources. The information presented here is intended for informational purposes only. The opinions expressed here are those of their authors and do not constitute an offer to sell, or a recommendation to buy, or a recommendation to buy any investment product or service.

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“Transfers still power our underlying infrastructure, but what we’re offering today is an international banking experience.”

Kristo Käärman,
Co-founder and CEO Wise



Executive Summary

01

Wise developed its initial segment until it has achieved a recognizable name and market position. Just then, with its growing customer base, it started to introduce more features.

02

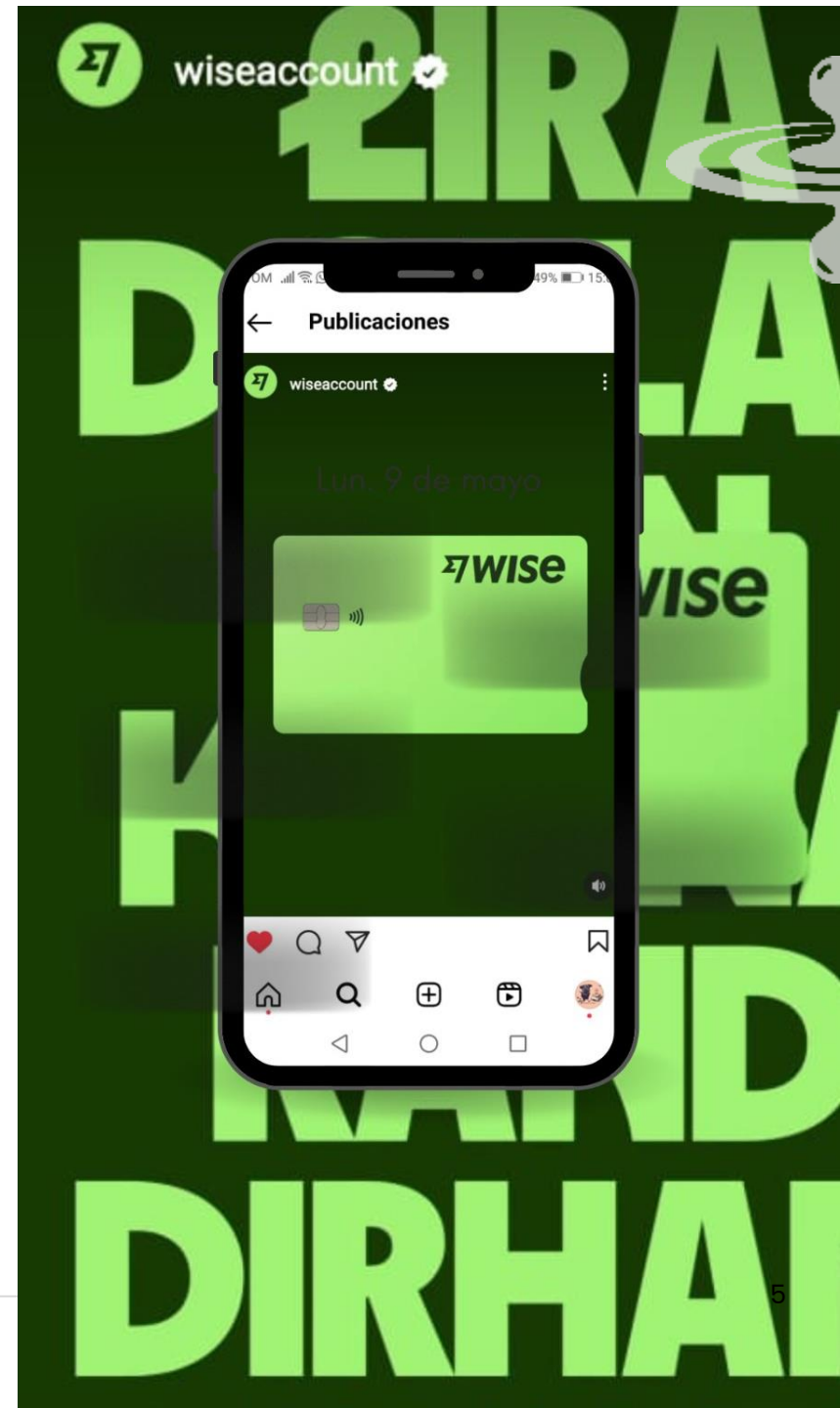
The Borderless (now Wise) bank accounts and debit card was a **logical broadening of the product range to meet the multi-currency needs of people and businesses, while increasing Wise's bottom line.**

03

Wise shifted from fixing just consumer transfers, to replacing traditional international banking and offering a new international payments rail to FinTechs, banks and big businesses, which has open a wide set of opportunities to enable their growth to continue.

04

with 15 million customers globally, investment products and a sustainable business model, Wise continues to expand its offerings and gain regulatory approvals. **It is well placed to eventually challenge Digital Banks by offering a wider set of products and increasingly profitable alternatives.**



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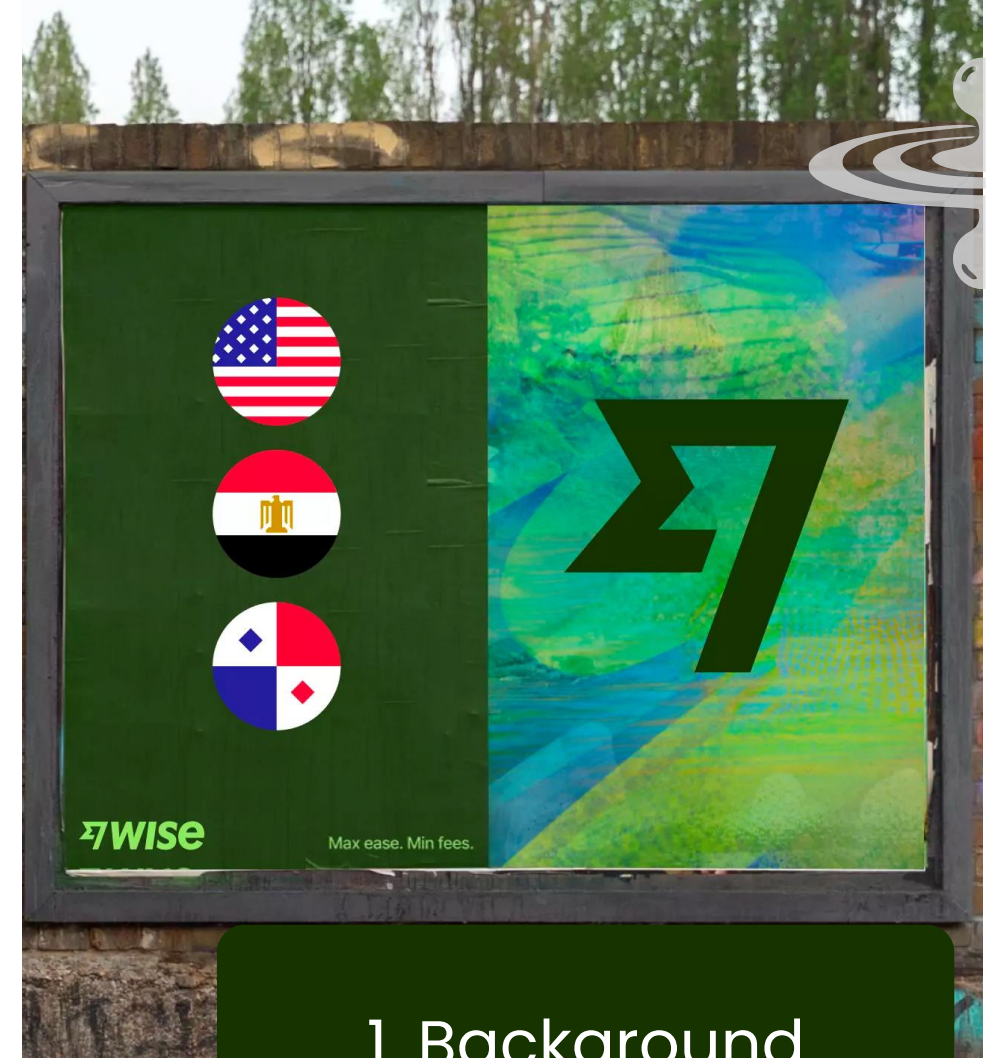
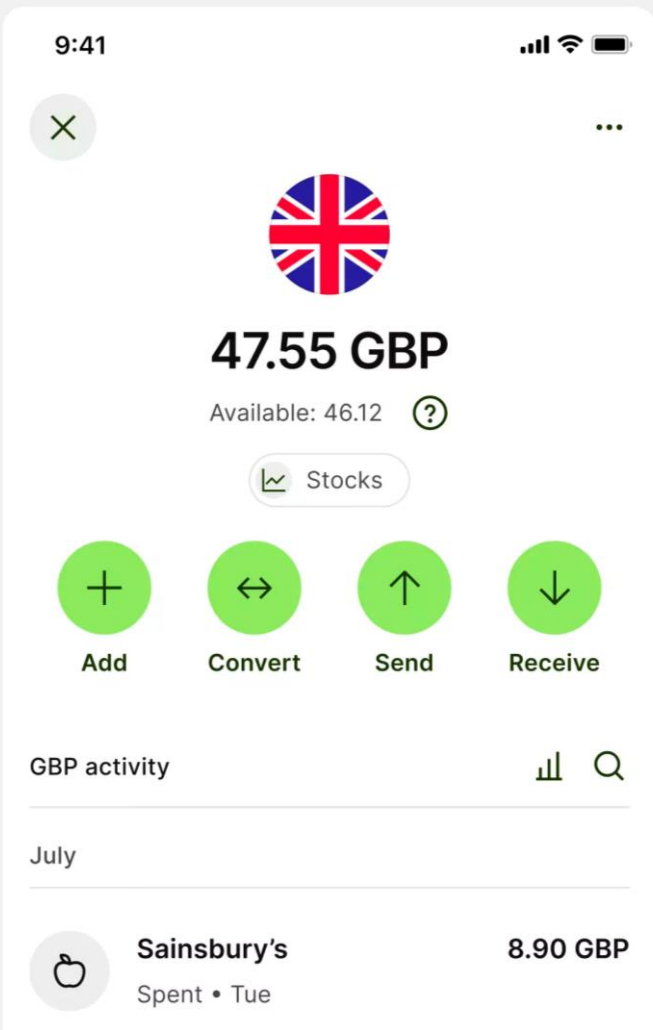
- The competitive landscape
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- Wise Business offering sees room for growth
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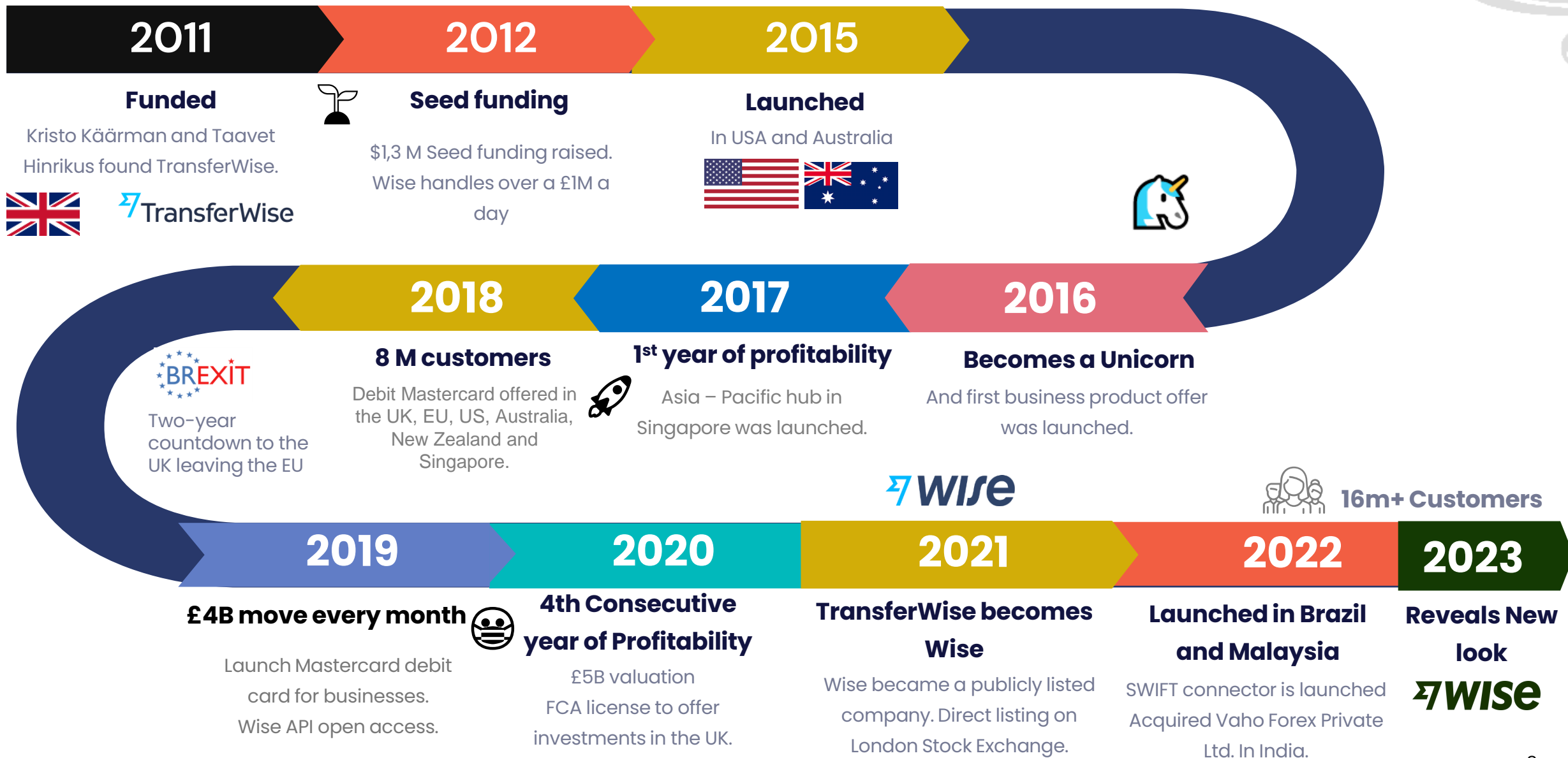
7. Key Take-Aways

- Key take aways



7Wise New Brand to Next-Generation Banking

Wise breaking milestones



Company Overview

Wise is a money transfer platform that serves mainly expats, foreign students, businesses and Banks.



2011

Founded



\$1.2Bn

Funding Raised pre-Direct Listing



\$6B

Market cap as 28th Feb 2023



16m

Customers



5,000

Employees



175

Countries money can send to



£560M

Revenues

Products offered:



PERSONAL:

Multi-currency account and card



PERSONAL:

Investment funds and "interest" account



BUSINESS:

Business account and cards



BANKS:

API integration



It provides a mobile app that enables users to send money abroad at the real exchange rate and track transfers in their accounts.

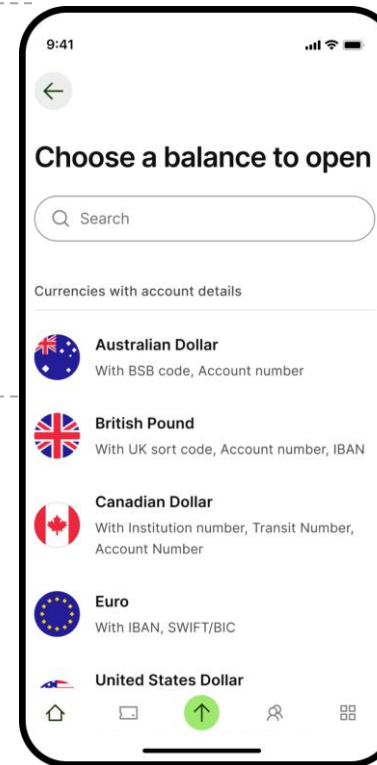
Tools and features for business, retail customers and banks

Cheaper and faster money transfers

- Send money to over 170 countries
- Low, mid-market exchange rate
 - Half of transfers are instant
 - Secure two-factor authentication

Wise platform

- It allows businesses and Banks to offer their own customers faster, cheaper and more efficient international payments.
 - Businesses do not need to create an infrastructure for themselves.
- 60 partners between Banks, businesses and distribution partners.



Wise account

- It allows to receive, spend hold and invest through wise assets.

Hold 50+ currencies

- No monthly or maintenance fees
- Convert between currencies instantly at real exchange rate

Wise Assets (UK)

- let's customers invest in a fund, but it doesn't lock money away.
- **"Interest"** pays central bank interest rates and provides a 100% government guarantee.

WISE BUSINESS

- Pay suppliers and employees
- Manage expenses
- Alliance with amazon, stripe among others as an ATM function.
- Smarter workforce collaboration
- One of their fastest growing products.

The story behind Wise

- Wise was created in 2011 in London as TransferWise by two friends, Estonian entrepreneurs Taavet Hinrikus and Kristo Käärman, who **were frustrated by paying soaring and opaque banking fees for international transfers.**
- **The model they created is a peer-to-peer fully online money transfer** financial technology company that is easier, faster and much cheaper (up to 5 times) compared to traditional “wire” FX transactions.
- **Wise has evolved since its inception offering a diverse business model** and becoming a true disruptor in the Financial Technology space.
- In early 2021 they changed their name from TransferWise to Wise, **as they explore other venues of growth leveraging their payment infrastructure.**



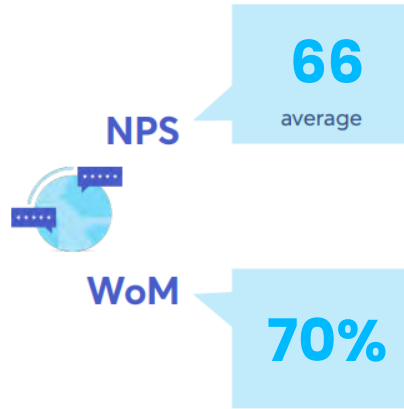
TransferWise — Wise — Wise

Wise mission is based on building money without borders: instant, convenient, transparent and eventually free across all products.

Speed

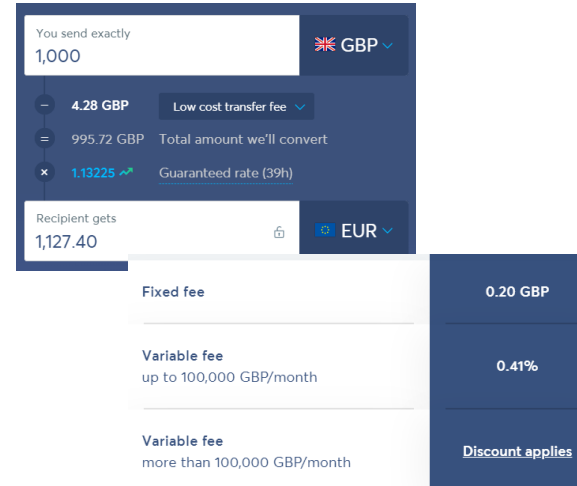
90% of transfers arrive in 24 hours
71% arrive in 1 hour
50% arrive instantly

Convenience



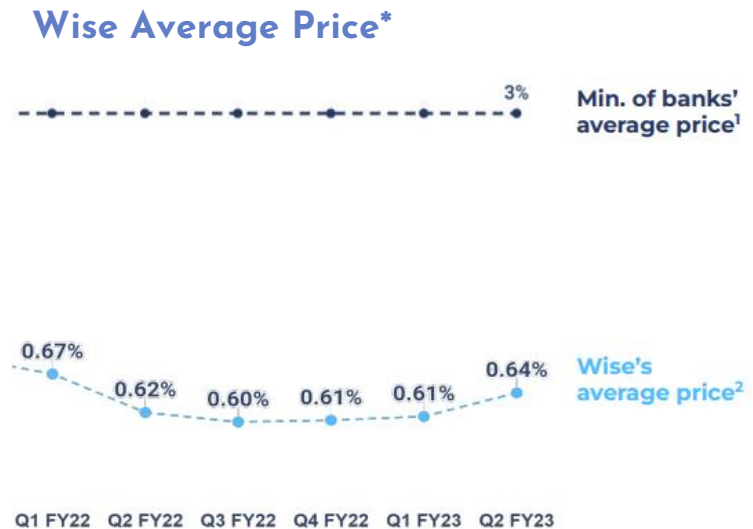
- Net promoter score (NPS) of 66 is down from FY2022 when it reached 76.
- 70% of new customers are coming through “word-of-mouth”, up from 67% during FY2022.

Transparency



- Fees are clear and transparent.
- Broken up into a fixed fee and variable fee.
- For 2022 variable fee increased from 0.35% to 0.41% for a GBP to EUR transfer.

Price



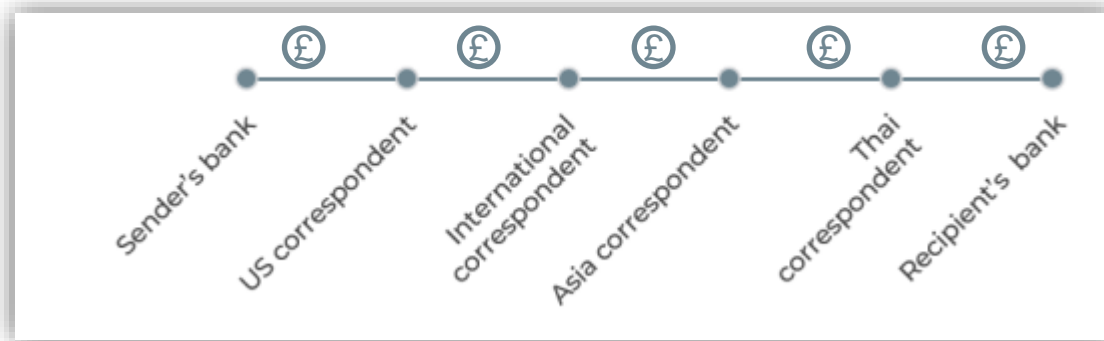
- Wise remains committed to mission zero fees.

Wise's infrastructure aims to solve the structural problems in the cross-border payments market.

Wise payment system eliminates intermediaries and manual processes, and hence removing the high costs, lack of transparency, delays and inconvenience that come with the legacy process.

£ Fee is charged

Correspondent banking



Expensive: 3-7% average fee

Slow: Up to 2-5 business days

Inconvenient: Long, unfriendly CX

Hidden fees: Only 4% of bank respondents identify the true cost (according to an Edgar Dunn & Company- EDC- survey)

Wise Infrastructure



Cheap: 0,6% average fee

Fast: 49% instantly

Convenient: The Wise experience is fast, intuitive, simple and with very little info required

Transparent: No hidden fees

While early in its development Wise was considered a real disruptor, traditional institutions only took it seriously when there was a real impact on their pricing and strategy models.

An excerpt from a leaked Santander document back in 2017

The banking model is built on cross subsidization. New entrants can attack the profitable slices without offering all services

EXAMPLE

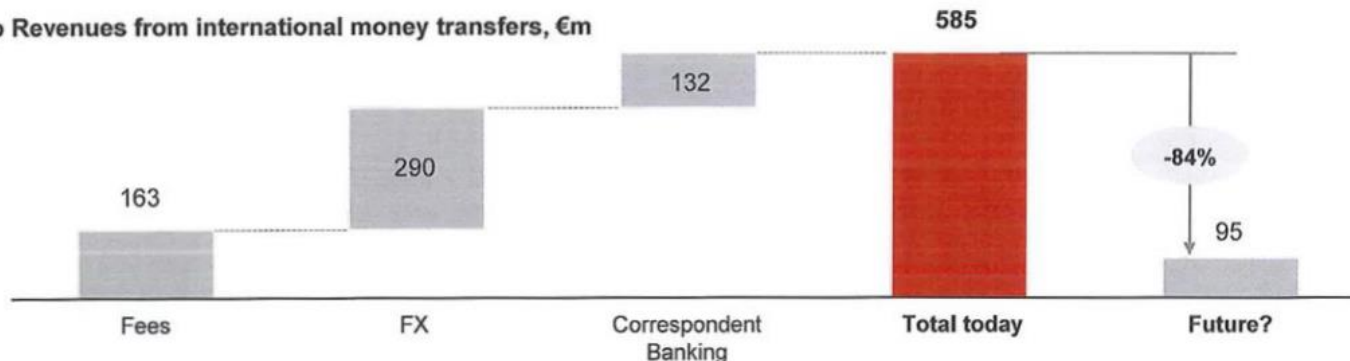
Customer journey: Sending £10k from UK to Europe

TransferWise vs. Santander

	Fee	FX margin	Total
TransferWise	£50 ¹	0	€64
SAN	€106 ²	€288 ³	€394

10% of the Group's profit at risk when international transfers repricing takes place

Group Revenues from international money transfers, €m



April 2017

Santander takes on TransferWise with UK launch of PagoFX

April 2020

Santander Launched a standalone, low cost FinTech start-up, PagoFX. Then HSBC followed.

However, Santander closed PagoFX, around a year and a half after it launched.

Nov. 2020

HSBC to launch Transferwise rival

Wise has a strong global presence with 20+ offices around the world and 54 currencies exchanged. New markets to be opened in co-working spaces.

To be opened in a co-working space

Mexico City MX, Riyadh SA, Shanghai CH, Zurig CH, Manila PH, Cape Town SA.

North America – 3 Office Locations

New York US, Tampa US, Texas US.

currencies

	CAD		USD
	MXN		

South America – 1 Office Location

São Paulo BR

currencies

	ARS		CLP		CRC
	BRL		COP		UYU

Europe – 7 Office Locations

Brussels BE, Budapest HU, Cherkasy UA, London UK, Tallinn EE, Zug CH, Tartu ES.

currencies

	EUR		CZK		NOR		SEK
	GBP		DKK		PLN		UAH
	BGR		HRK		RON		
	CHF		HUF		RUB		

APAC – 9 Office Locations

Bangkok TH, Dubai UAE, Hong Kong HK, Jakarta ID, Kuala Lumpur MY, Mumbai IN, Seoul KR, Singapore SG, Tokyo JP,

currencies

	AED		ILS		KRW
	BDT		INR		SGD
	CNY		LKR		THB
	GEL		MYR		TRL
	HKD		PHP		NPR
	IDR		VND		FJD
			PKR		

Australasia – 2 Office Locations

Melbourne AU, Sydney AU

currencies

	AUD		NZD
--	-----	--	-----

currencies

	BWP		GHS		MAD		UGX		ZMK
	EGP		KES		TZS		ZAR		

Wise's executive team saw the exit of co-founder, Taavet Hinrikus, as executive Chairman and succeeded by David Wells.

Key people running the company



Kristo Käärman

Founder & Chief Executive Officer
 Major shareholder (18.16%)
 42 years old
 Annual Salary for 2023 (proposed). £197,000
 Past experience: Deloitte and PwC



David Wells

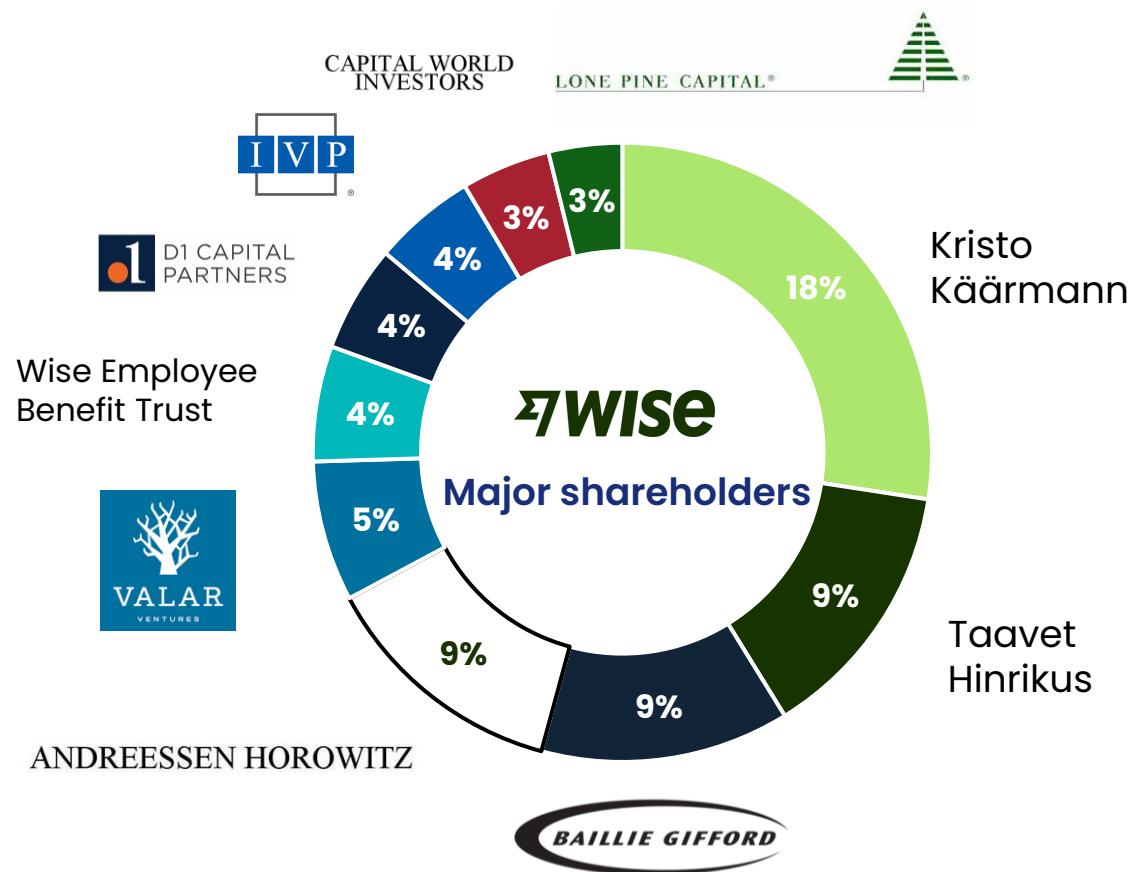
Independent non - Executive Chair
 Class A Shares granted on 21 June 2021 (Shares will vest until 28 January 2024)
 51 years old
 Fees £5,000
 Past experience: CFO netflix, Deloitte



Matt Briers

Chief Financial Officer
 Class A Shares granted on 21 June (Shares will vest until 28 January 2024)
 46 years old
 Salary £335,000
 Past experience: Lloyds Banking Group, Google, Bain & Company and Capital One

Wise Major shareholders



Major shareholders 2022

Matthew Briers' annual salary proposed increased from £280,000 to £335,000 on FY2023.
 Source: [Money without borders. Annual Report and Accounts 2022, Wise, 2022](#). Wise

Taavet Hinrikus co-founder and chairman of Wise ceased operations with the start-up but remains as a shareholder.



CEASED OPERATION WITH WISE

Taavet Hinrikus co-founder and chairman of Wise ceased operations with the start-up in December 2021,



STILL A SHAREHOLDER

Taavet was becoming less involved in the day-to-day running of the business, but he still owns the 9% of Wise as 2022 report.



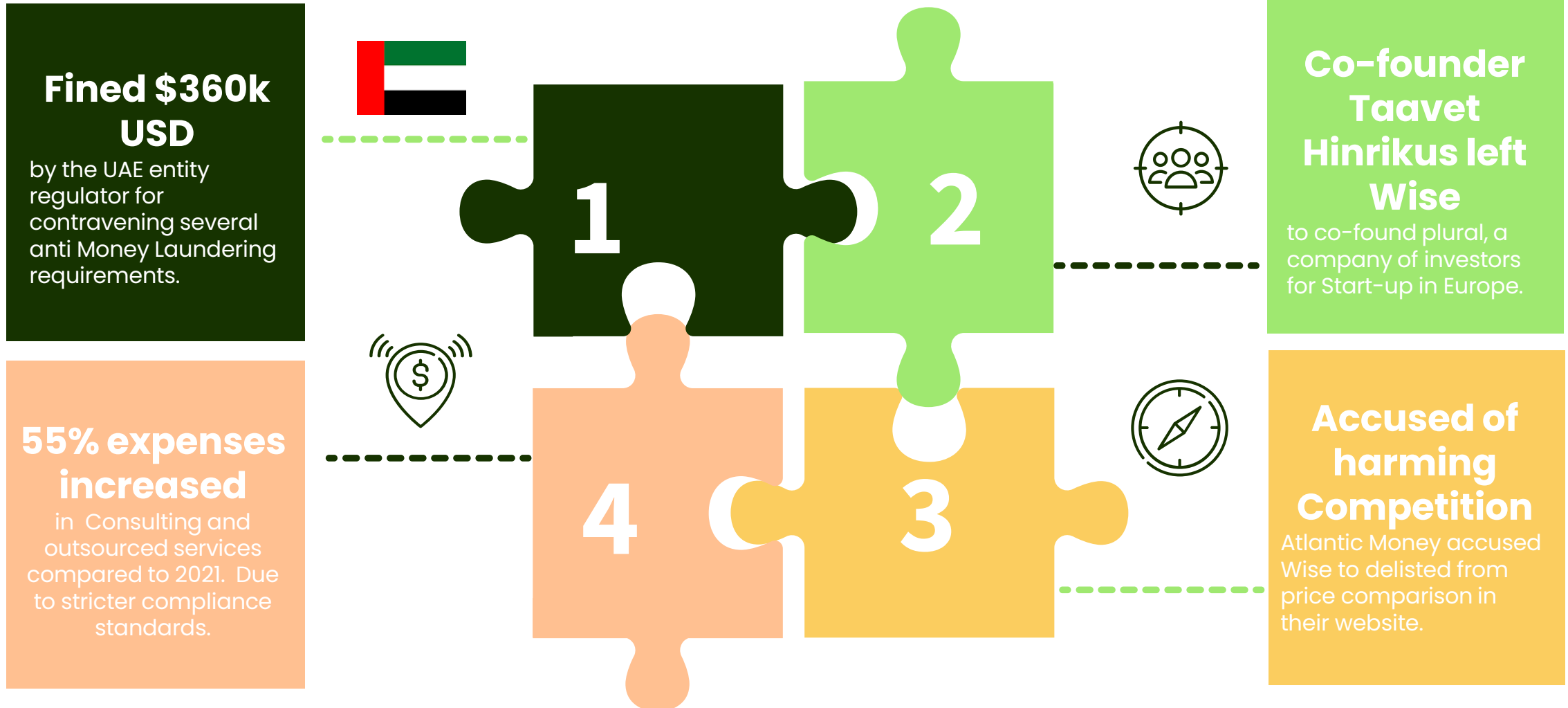
FINDING NEW PASTURES

It founded Plural an investment platform for the unemployables.



Wise foundation are based on transparency; however, it has been accused of harming competition and fined for anti-money laundering controls.

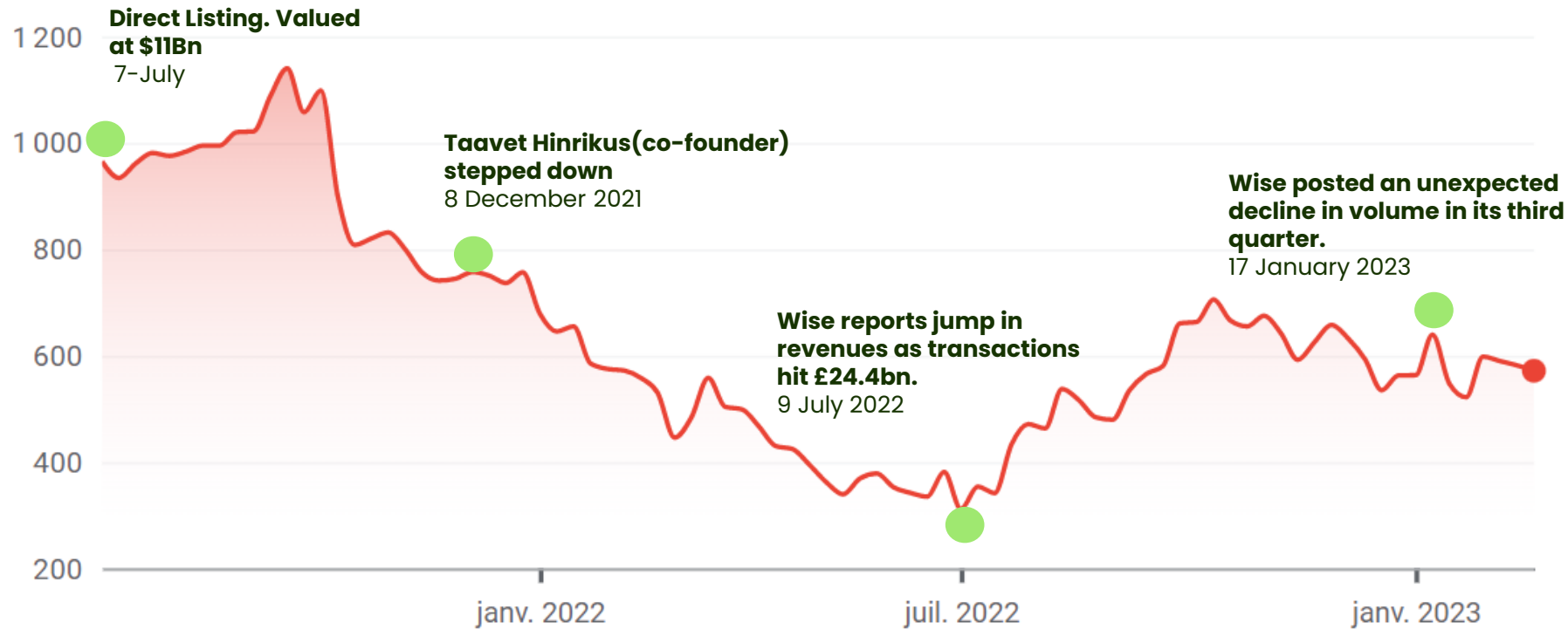
Recent challenges and criticism for Wise



Dropped in FinTech funds, inflation, economic uncertainty and fierce competition has impacted Wise market cap since Direct Listing.

Wise Market performance

571,54 GBX ↓ 40,77 % -393,46 5 a **Wise**



\$5.9Bn

Is Wise current market cap. Down from \$9Bn reached at Direct Listing.

- 41%

Is the lost of Wise valuation since Direct Listing in July 2021.

62%

Wise revenue growth YOY as Q3 2022.

Source: [Google finance](#), [News at London stock change](#), [Wise stock makes comeback after sudden share dive following Citi note that urged clients to dump fintech](#), [Cityam, January 2022](#)

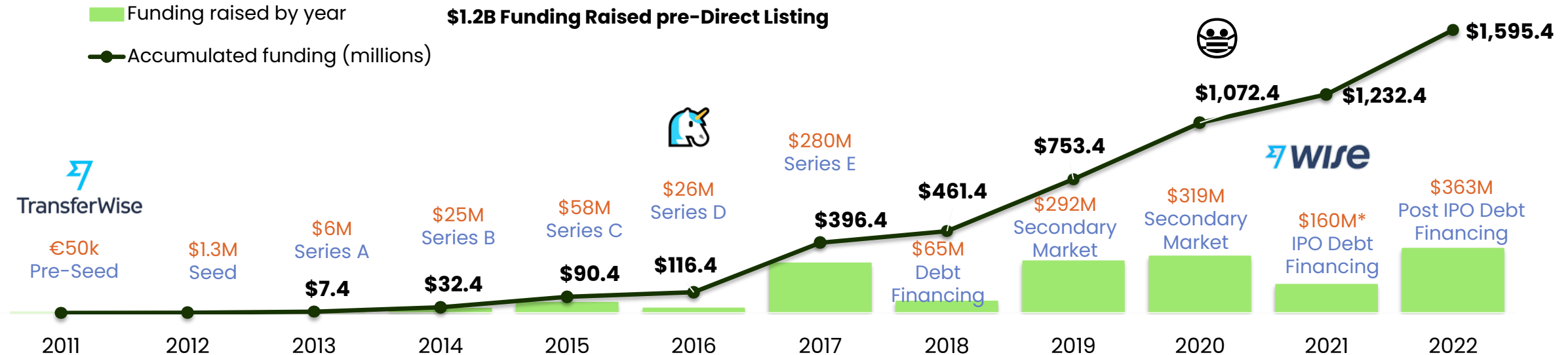
Data: True as 26 February 2023



2. Growth strategy

WISE New Brand to Next-Generation Banking

Wise has consistently raised funds every year since it was founded, in it's last round it raised \$363M from Valley Bank.

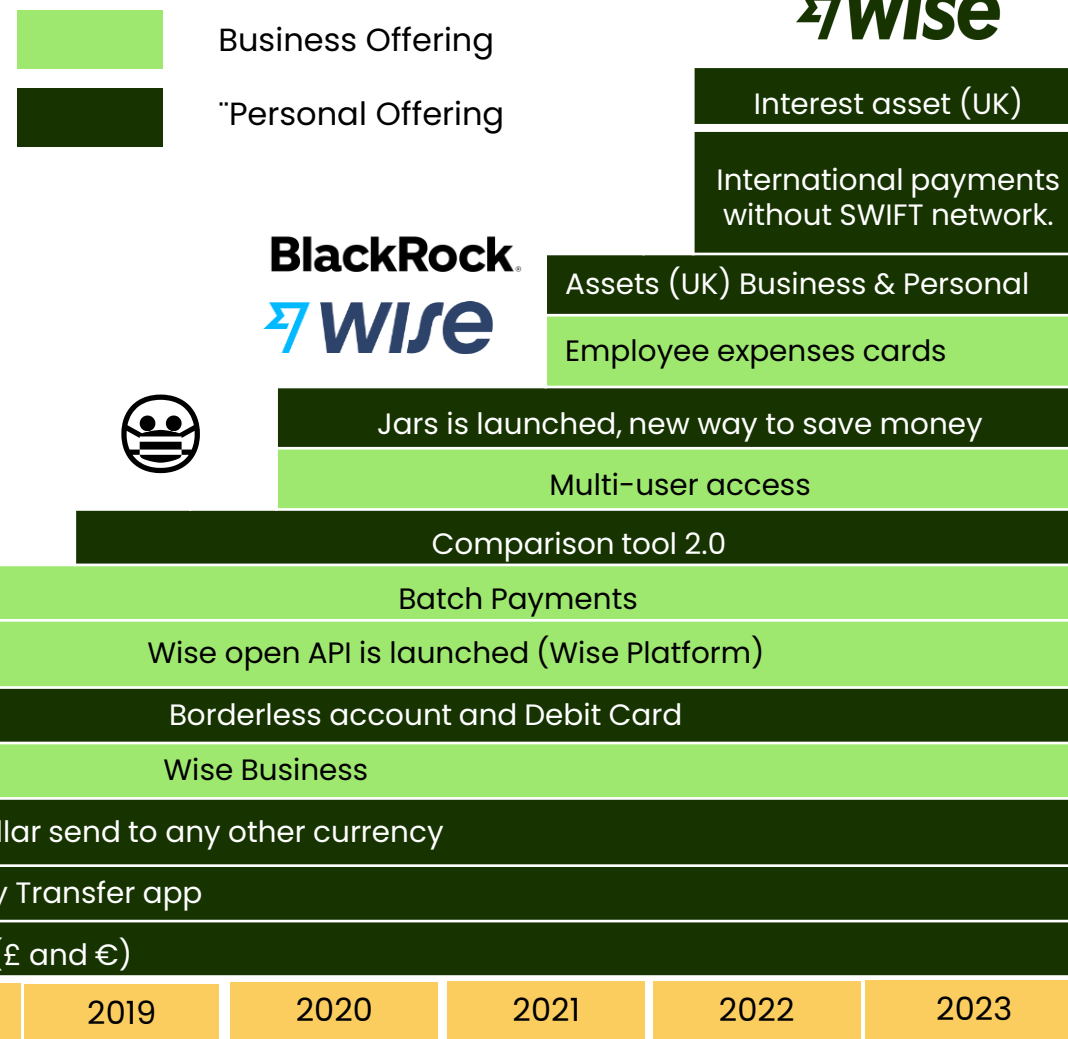


Wise milestones

Founded in London, UK	First funding round	10,000 customer base	£1B in cross-border payments	Top 10 in Global Disruptors, CNBC	Rewards for referrals	£6.2M First operational profit	Doubled customer base in a year to reach 4M	Third year of profit	\$5B Valuation	Re-branding to WISE	Launched in Brazil and Malaysia.
Payments offering between the UK and Eurozone			Launched mobile app	Launched in the USA and Australia	First business product launched	Launched Asia-Pacific hub in Singapore	Debit Mastercard launched in the UK, EU, US, Australia, New Zealand and Singapore		Granted FCA license to offer investments in the UK	Launched "Assets" an investment product in the UK	Launched Wise SWIFT connector. Gets Investment licence in Estonia.

Wise Product Stack

- **Wise developed its initial segment** until it has achieved a recognizable name and market position.
- **Borderless bank accounts and debit card** was a logical **broadening of the product range** to meet the multi-currency needs of people and businesses, while increasing Wise's bottom line.
- **Wise's Platform** allows **reach more customers at scale** via financial services partners.




TransferWise

 | Wise Platform

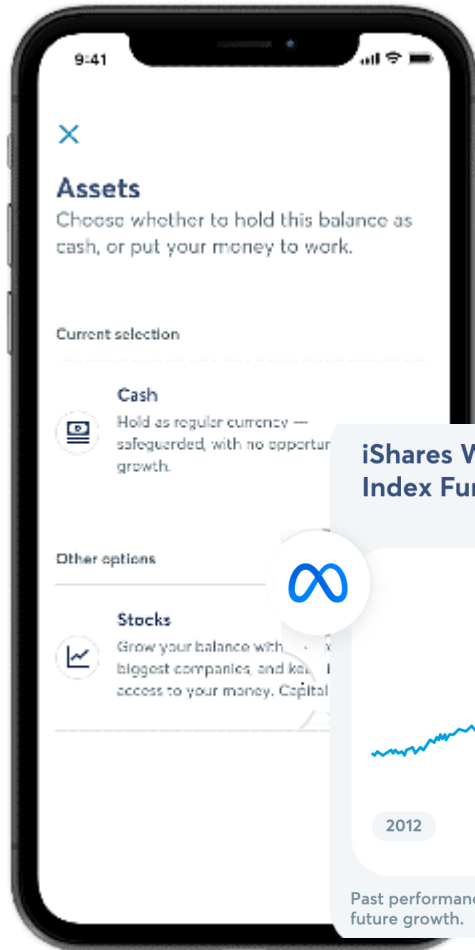


BlackRock


Wise

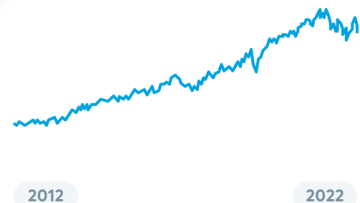
Wise deploys technological infrastructure and efficient operations to offer key banking products that fits its customer's lifestyle and opens new revenues streams.

Assets



- Assets **lets customers invest in a fund**, but it doesn't lock money away.
- Only available in the UK but **it is expected to be launched in Europe soon**.
- FCA regulated and FSCS protection for up to £85,000

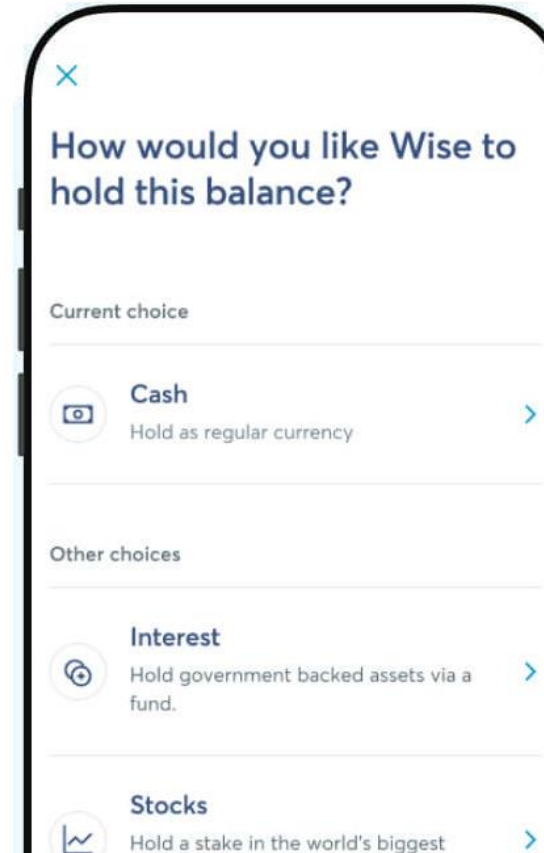
iShares World Equity Index Fund growth trend



- **0.55% annual fee**, which is charged monthly and includes managers' fees.

Past performance doesn't guarantee future growth.

Interest Asset



- **A current account that pays central bank interest rates** and provides a 100% government guarantee.
- Interest-earning assets **for customers in the UK**.
- Customers can **keep sending and spending like cash**.
- Available **for personal and business**.

Currently annual variable yields



Growth and value was fuelled by stepping up into the business segment, building new products and features, while increased investment in marketing kept spreading the word.

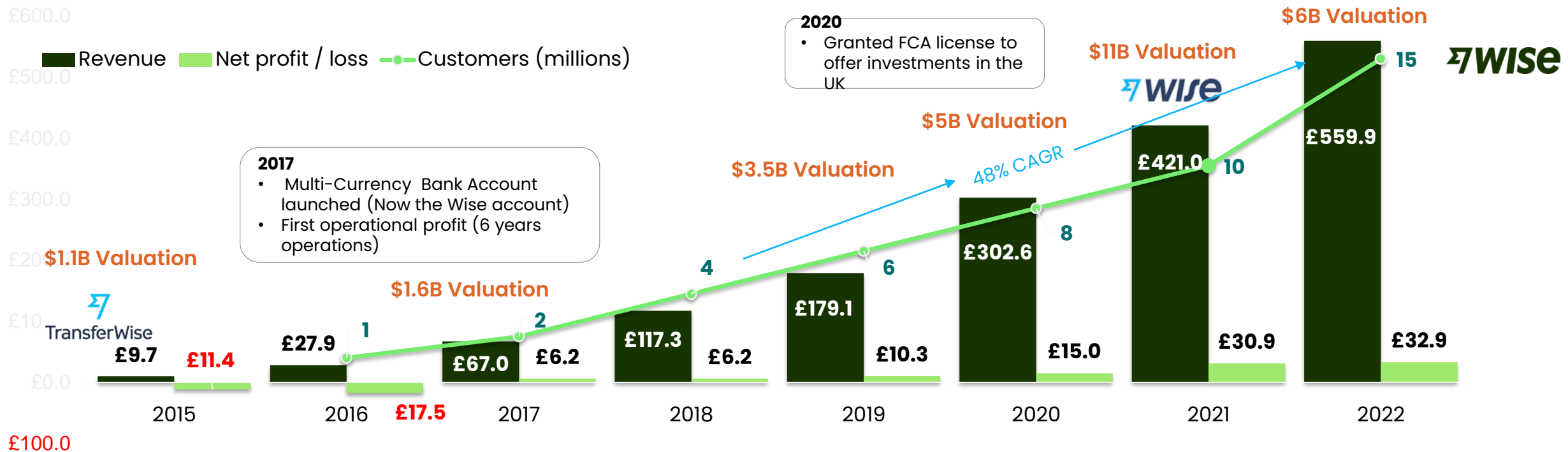
- Revenue reached £560M at a CAGR of 48% since 2018.
- It reached first operational profit 6 years after launch
- Since then, Wise has kept profitable
- Marketing spending is increasing year by year (31% YOY in 2022)
- Since IPO, its valuation has been affected as a general market trend

2021

- Re-branding to WISE
- Direct Listing
- Launched Assets in the UK
- Paid marketing increase by 59% to £21.6m from 13,6m in 2020

2022

- Launched in Brazil and Malaysia
- Introduced "Interest" product
- Marketing increased by 31% reaching £28.2m.



2017

- Multi-Currency Bank Account launched (Now the Wise account)
- First operational profit (6 years operations)

2020

- Granted FCA license to offer investments in the UK

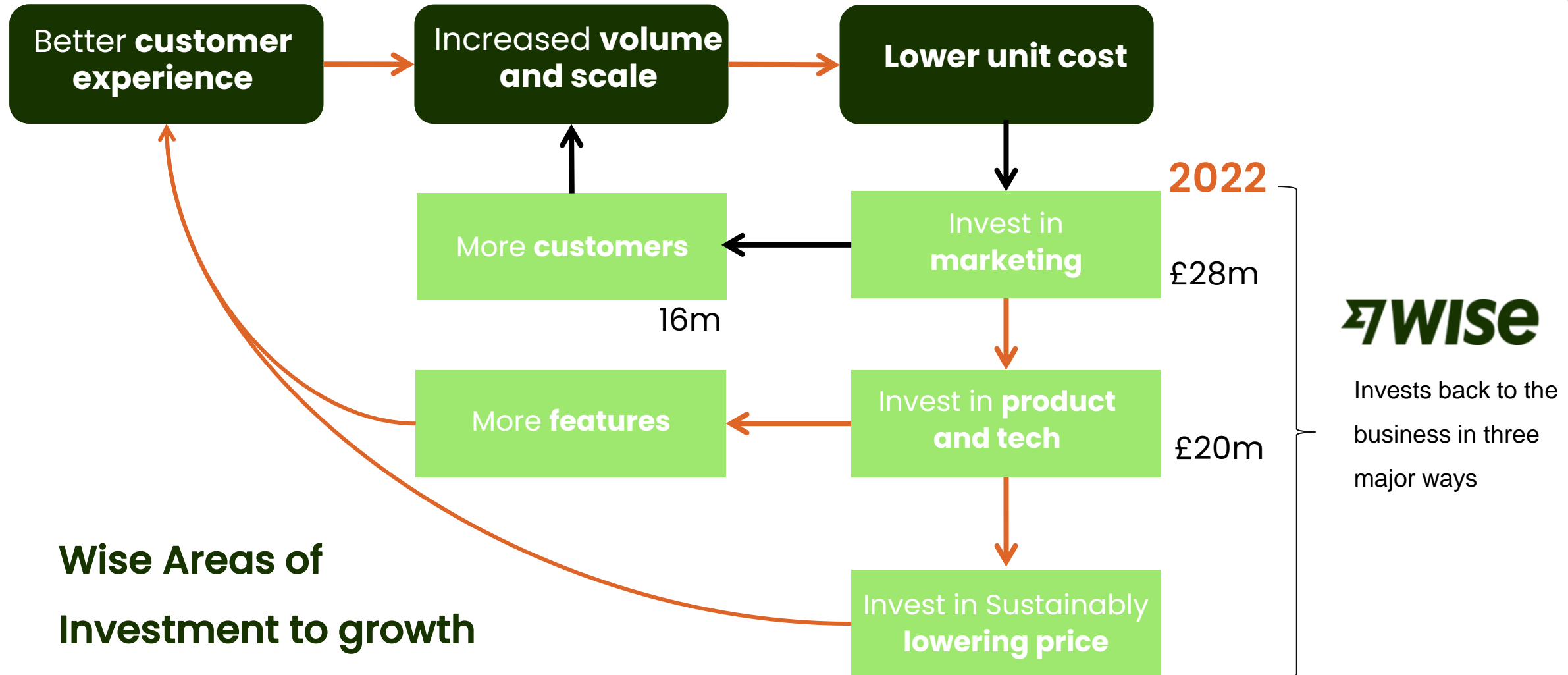
2021

- Re-branding to WISE
- Direct Listing
- Launched Assets in the UK
- Paid marketing increase by 59% to £21.6m from 13,6m in 2020

2022

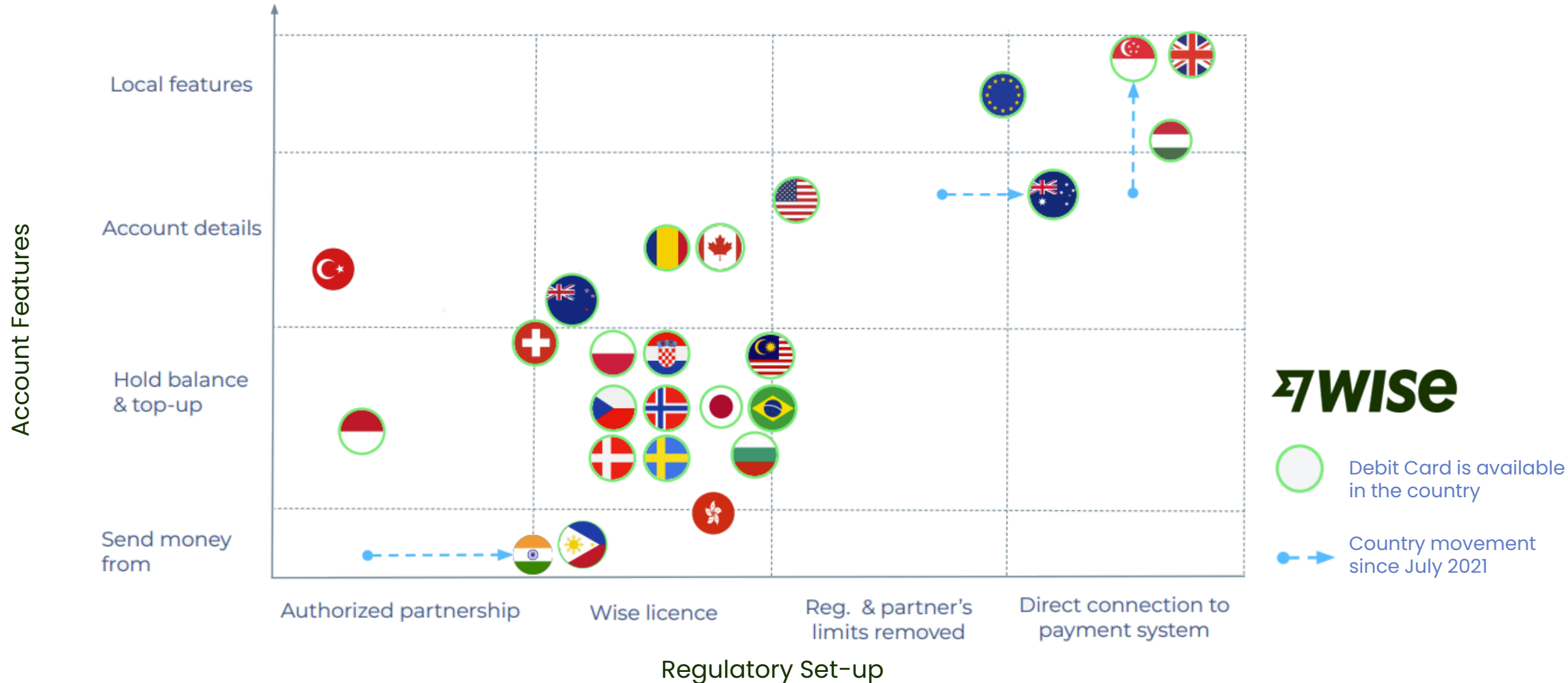
- Launched in Brazil and Malaysia
- Introduced "Interest" product
- Marketing increased by 31% reaching £28.2m.

Wise keeps supporting growth by investing in key areas of development: marketing, product and technology.

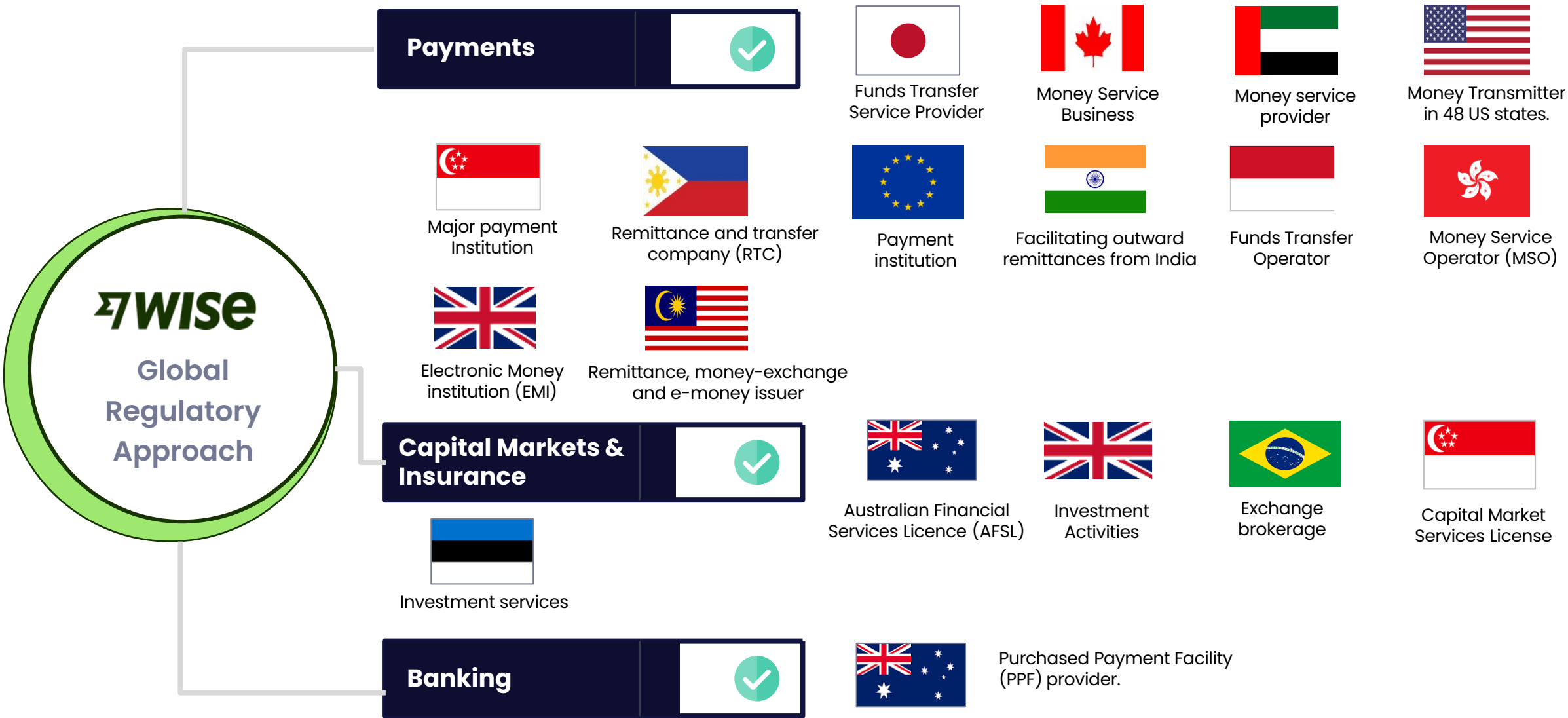


It is also growing through markets by adding relevant local features and improving regulatory integration.

Wise geographical coverage by the level of local integration and features available

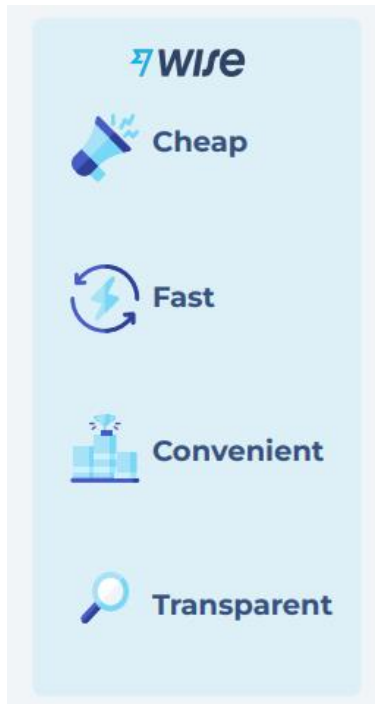


From regulatory standpoint Wise has evolved from pure payments provider to wealth management and potential banking player.



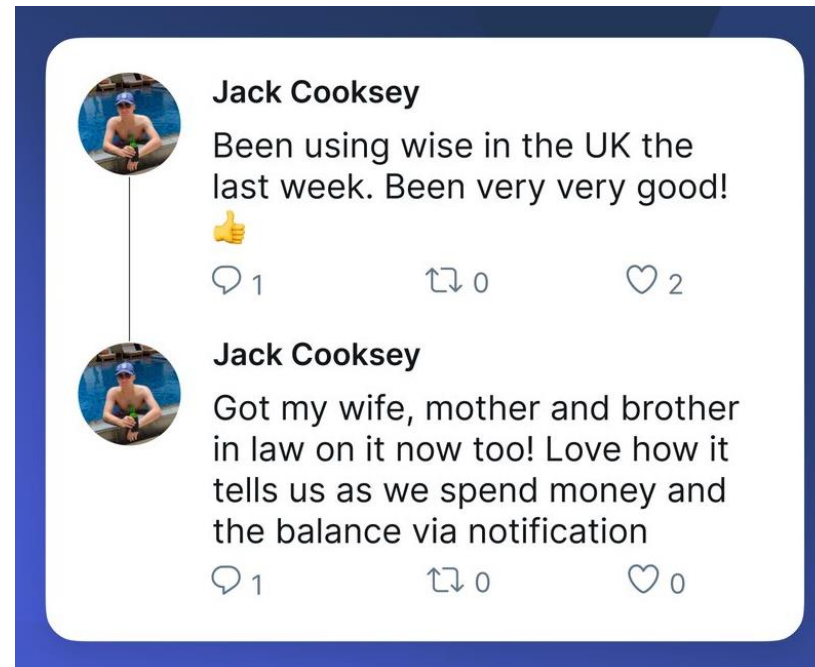
Wise invested 31% more in marketing in FY2022, reaching a total of £28,2M. Today Wise onboards 100K customers a week.

Life-changing product



- **Transparency:** is part of regular mission updates, which further engages customers to support their mission

Word of mouth remains the biggest driver of growth for Wise



- **Word of mouth:** 70% of customers join Wise through a recommendation*

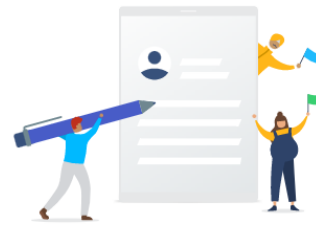
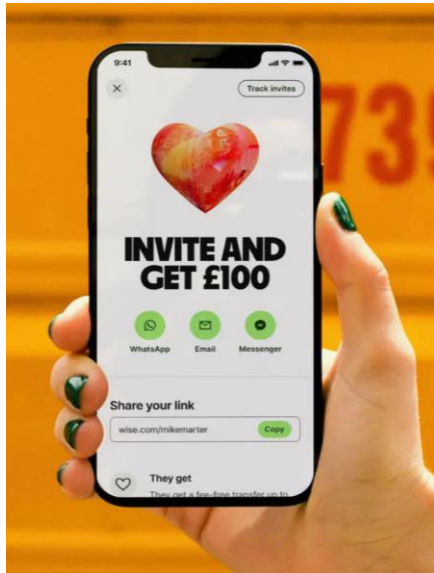
Marketing to SMEs is crucial in Wise growth strategy



- **Employees:** Wise is looking for marketers that are engaged and know how to reach SMEs.
- SEO salary: £35,000 to £50,000

Affiliated and referral program with third parties are an efficient tool for Wise to achieve growth and engage customers who wouldn't normally connect with them.

How the program works.



1. Become our partner

Sign up to our program on Partnerize in a few easy steps and get instant access to your tracking link.



2. Promote Wise

Recommend Wise to your audience. We'll be sharing tips on best promotion strategies once you join.



3. Earn revenue

Withdraw your commission into your bank or Wise account at the beginning of each month. We offer affiliate payments in 5 different currencies.

- **Referral Program:** up to £100 for inviting 3 friends

- **Referral Marketing:** affiliate program start at £10 for personal and £50 for business

Across three main areas.



Money transfers



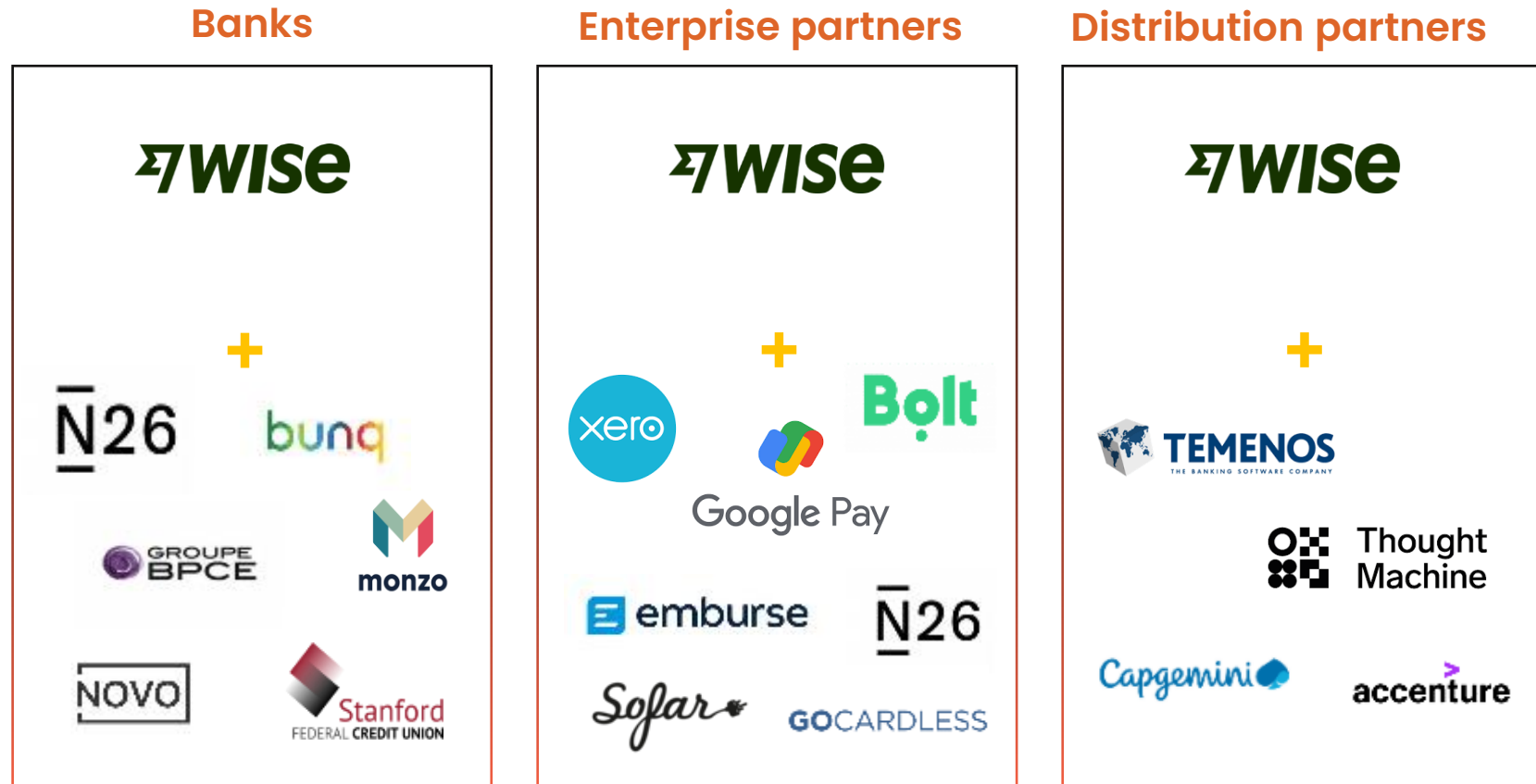
Wise account & card



Wise Business

- Wise grow number of customers coming indirectly by embedding their proposition directly in the apps that people and businesses already use today.
- Working with distribution partners, Wise promote the use of their Platform by pre-integrating Wise into their offerings or facilitating easier integrations for banks

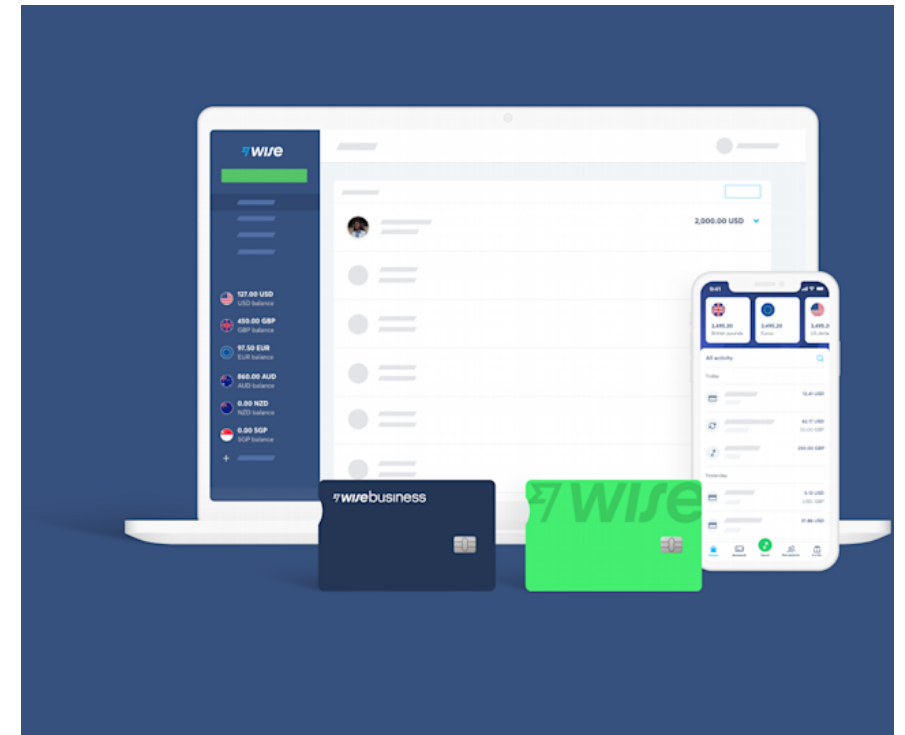
To deliver their message outside of their core product, Wise builds strategic partnerships with banks, enterprises and distribution partners.



Infrastructure is an enable of growth for Wise as it allows them to develop their business and scale rapidly.

- **A technological interface**, which includes website, mobile applications and third-party integrations, are built on the same open API, creating a consistent customer experience on any device or platform.
- **A core engine of payments technologies**, underpins Wise product suite by including local payments systems integrations, a global real-time treasury management system, a smart, multi-currency ledger and automated KYC and AML verification and financial crime fighting.
- **A proprietary global treasury management system.** This system gives Wise a global view of all liquidity flows and requirements throughout the entire network, allowing them to make efficient liquidity investment decisions.
- **Infrastructure is cloud hosted** and built to scale horizontally as volumes grow. Their cloud-based operations also allow them to expand into new regions rapidly.

Wise claims to operate with 5x headroom based on current cloud-based average utilisation, which should allow them to continue to seamlessly grow their business.



In 2023 Wise unveils his new bold look to fuel global expansion.

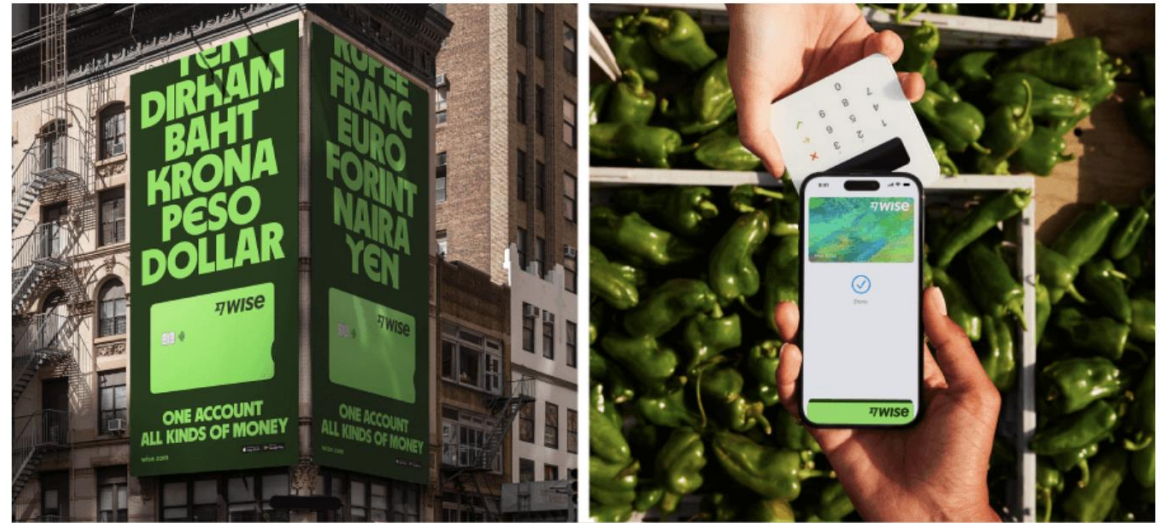
- **Growth and change** are behind the new face of Wise.
- Colours, images and fonts have been rebranded, inspired by all users of the platform, **incorporating global elements** and showing the dynamism of customers.
- Another new element that can be perceived is the **new tone of voice that is closer to a younger generation** and simpler to allow dialogue with everyone.
- **Wise wants to celebrate people, places and culture** of all the ones it serves so that they are always reflected in wise anywhere in the world.

MONEY FOR HERE, THERE AND EVERYWHERE

One place to manage your money. Save when you send,
receive and spend worldwide.

Open an account

Send money now



Green is a **fresh** and **natural** color, it communicates **growth, health, and all-natural qualities**.

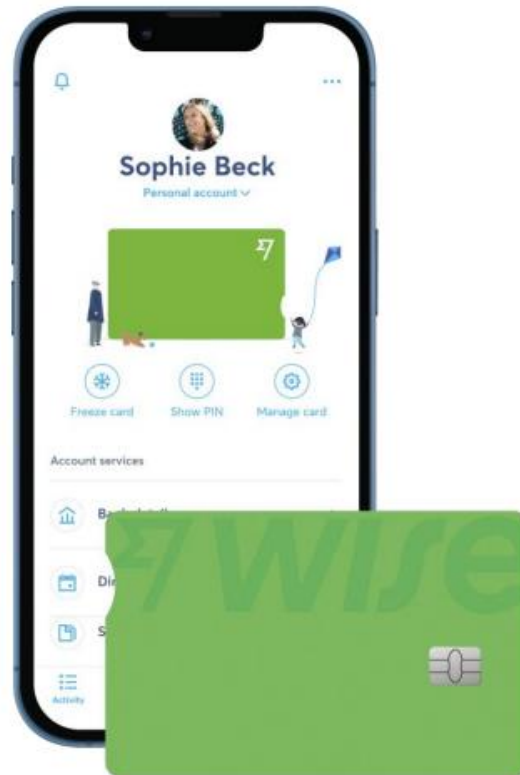


3. Business Model

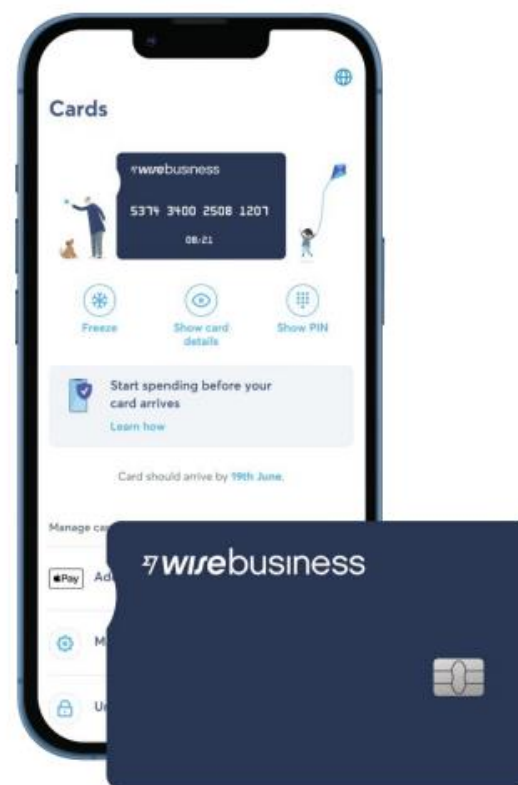
Wise New Brand to Next-Generation Banking

Wise serves international payments market with three core products.

Wise Account



Wise Business



Wise Platform



Its business model has been adapted to market opportunities. From fixing consumer transfers, to international banking and international payments rail to FinTechs, banks and big businesses.



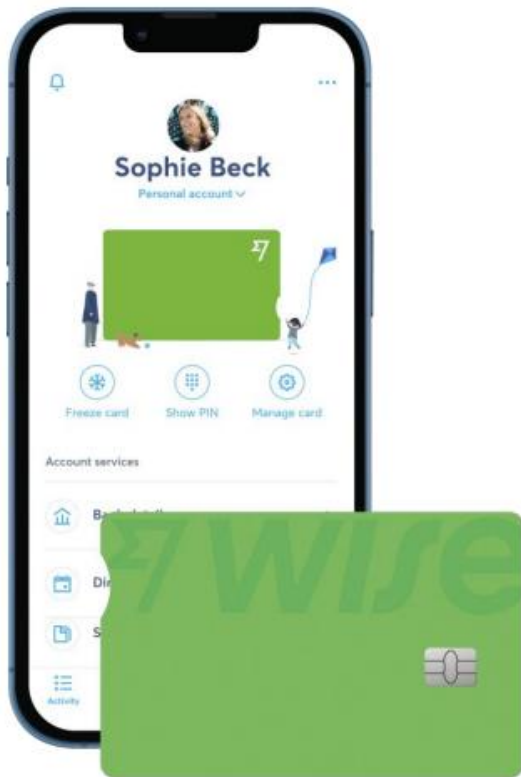
Current accounts aims to meet the multi-currency needs of people living with international requirements.



"Money for here, there and everywhere"

175 countries 50 currencies

Wise Account



Registering with Wise

- ✓ Opening an account

Free

Sending money

- ✓ Sending money
Fee varies by currency

From 0.41%

Spending with your card

- ✓ Withdrawing 200 GBP per month per account
2 or less withdrawals
- ✓ ATM fees over 200 GBP per month per account
+ 0.50 GBP per withdrawal
- From 03/01/2023
- ✓ Account Funding transactions
Applies to transactions that include topping up e-wallets and other accounts in certain currencies, see [FAQ](#).
- ✓ Getting the Wise debit card
No subscription fees

Free

1.75%

2%

7 GBP

Holding money in your account

- ✓ Hold 50+ currencies
- ✓ Invest with Wise
Invest in the world's largest companies

Free

0.55% (annual fee)

Receiving money

- ✓ Getting account details in 10 currencies
Details for AUD, CAD, EUR, GBP, HUF, NZD, RON, SGD, TRY and USD
- ✓ Receiving money
Receive AUD, CAD, EUR, GBP, HUF, NZD, RON, SGD, TRY and USD (non-wire)
- ✓ Receiving USD wire payments
Fixed fee per payment

Free

Free

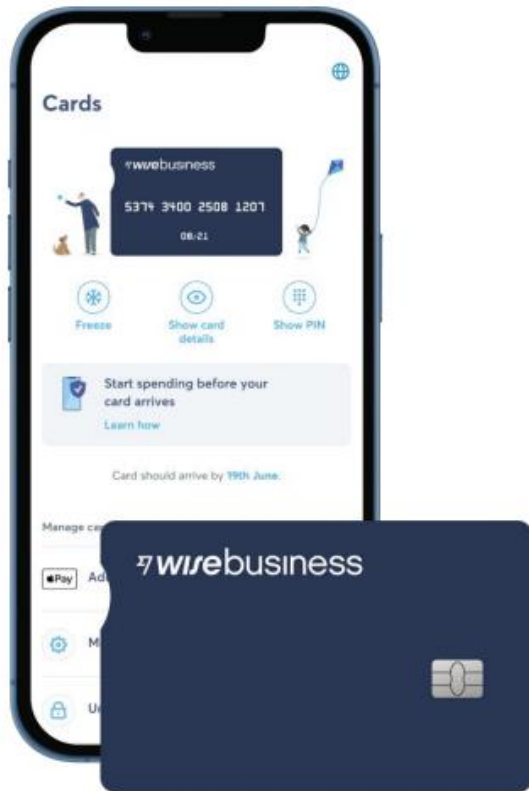
4.14 USD

Business accounts offers SMEs and Freelancers one place to Pay employees and vendors, get paid and manage cash flow overseas.

Wise Business

“The no-hassle international business account”

80+ countries 50 currencies



Registering with Wise

- ✓ Opening an account

45 GBP

Sending money

- ✓ Sending money
Fee varies by currency

From 0.41%

Spending with your card

- ✓ Withdrawing 200 GBP per month per account
2 or less withdrawals

Free

- ✓ ATM fees over 200 GBP per month per account
+ 0.50 GBP per withdrawal

1.75%

- From 03/01/2023
- ✓ Account Funding transactions
Applies to transactions that include topping up e-wallets and other accounts in certain currencies, see [FAQ](#).

2%

- ✓ Getting the Wise debit card
No subscription fees

3 GBP

- ✓ Converting money
Fee varies by currency

From 0.41%

Holding money in your account

- ✓ Hold 50+ currencies

Free

- ✓ Invest with Wise
Invest in the world's largest companies

0.55% (annual fee)

Receiving money

- ✓ Receiving money
Receive AUD, CAD, EUR, GBP, HUF, NZD, RON, SGD, TRY and USD (non-wire)

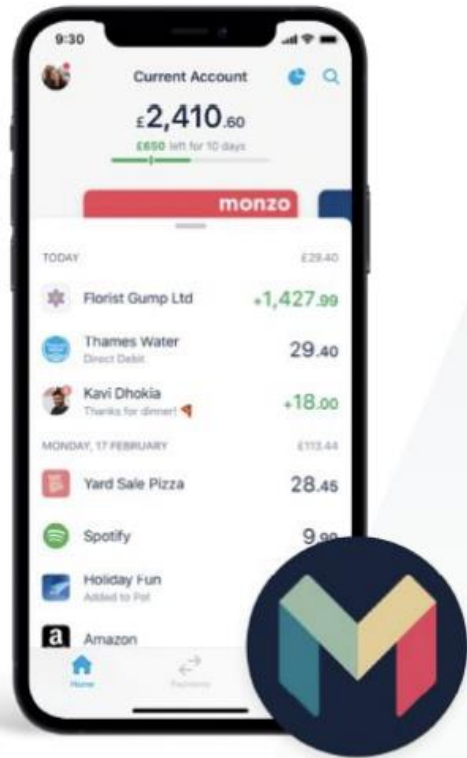
Free

- ✓ Receiving USD wire payments
Fixed fee per payment

4.14 USD

With Wise's platform, banks and partners cut operational costs and obtain access to technical support and compliance infrastructure.

Wise Platform



Completed Wise platform integrations



60 Partners

18 Countries

Capabilities & use cases for:

- Sending money, Receiving money, Treasury and Spending money

Payment infrastructure connection types:

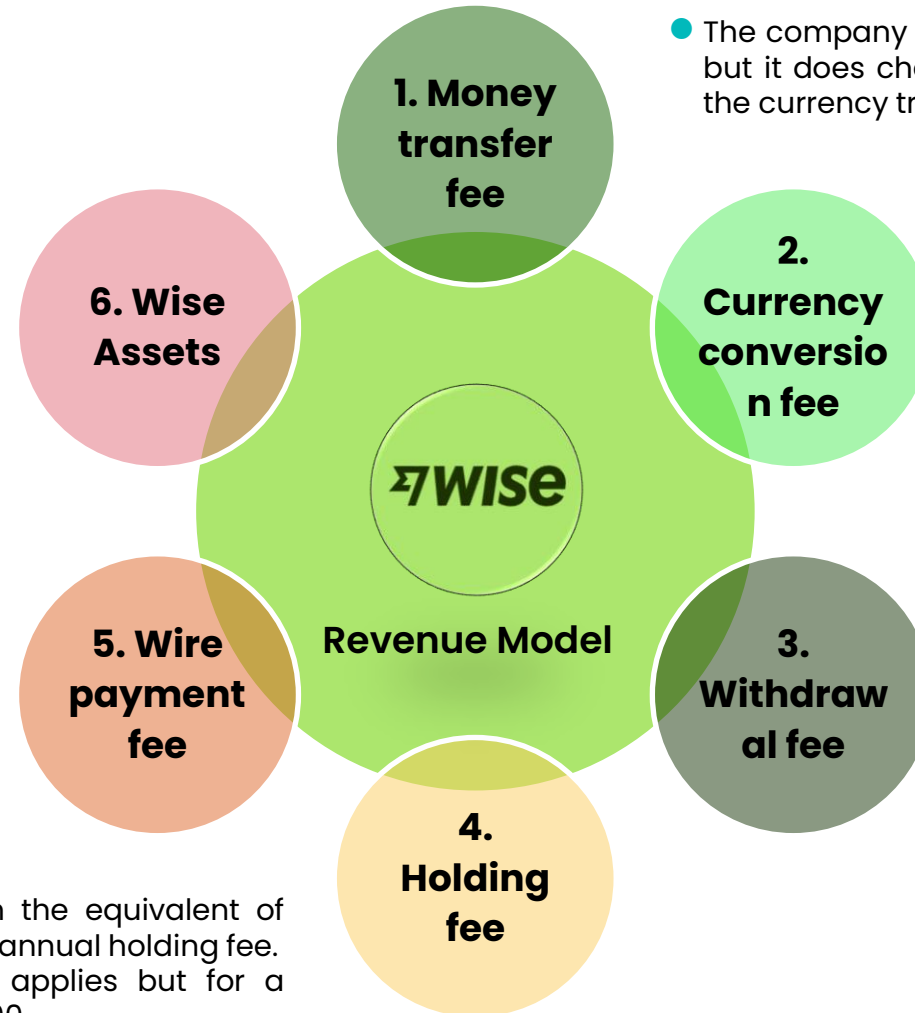
- Connected API, Infrastructure partner, SWIFT Connector

Wise operates according to the multisided platform business model, which entails developing a technology or product that lets two or more customer groups have direct interactions.

- The company charges a 0.40% annual fee, billed monthly.
- Users who hold more than €15,000 in stocks can avoid the holding fee.
- Businesses are charged a 0.55% annual fee.

- Users can receive money in up to 10 currencies for free,
- Businesses are charged £16 to receive money in the same 10 currencies.
- For those who wish to receive their funds in USD, there is a fixed wire payment fee of \$7.50.

- Users who hold more than the equivalent of €15,000 are charged a 0.4% annual holding fee.
- For businesses, the same applies but for a holding that exceeds €70,000.



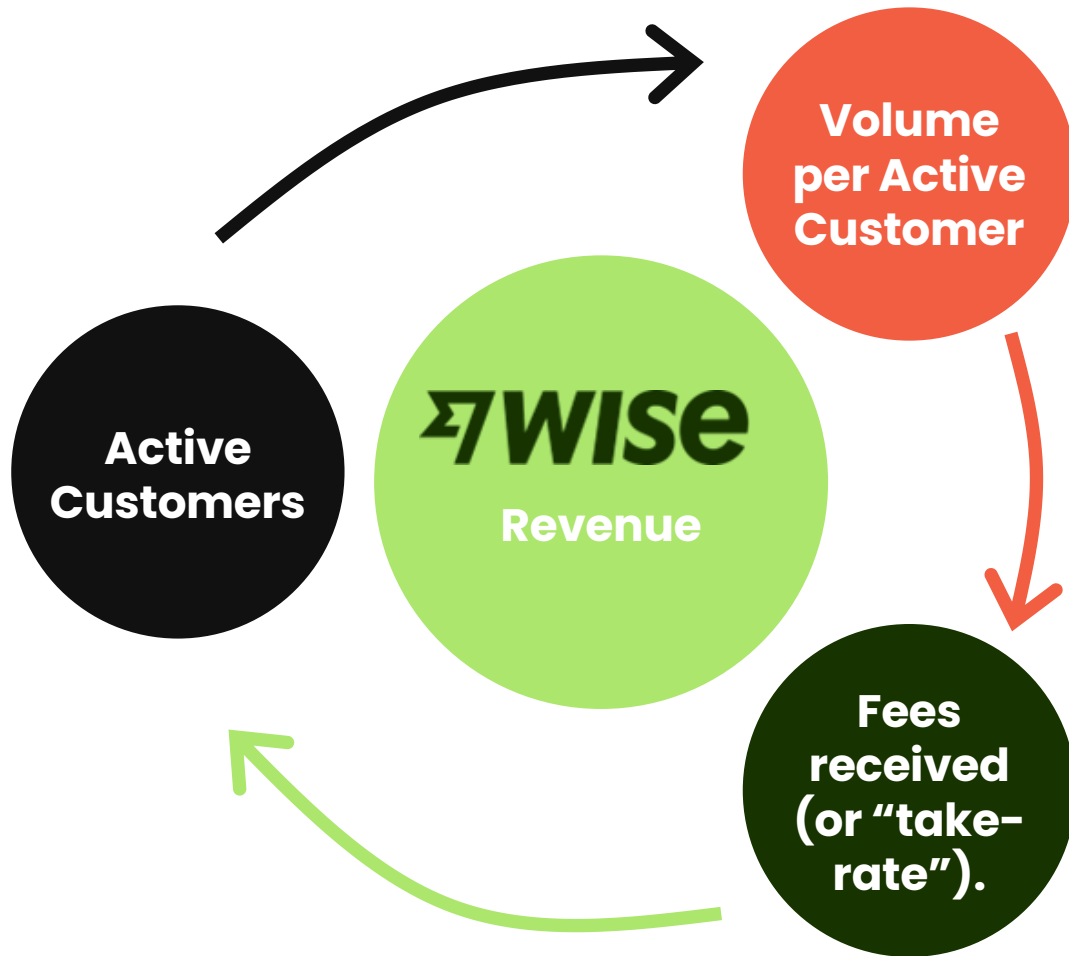
- The company does not charge a subscription fee, but it does charge a fee that varies according to the currency transaction.

- charged in certain circumstances. Like money transfer fees, currency conversion fees start at 0.41% and vary according to the currency transacted.

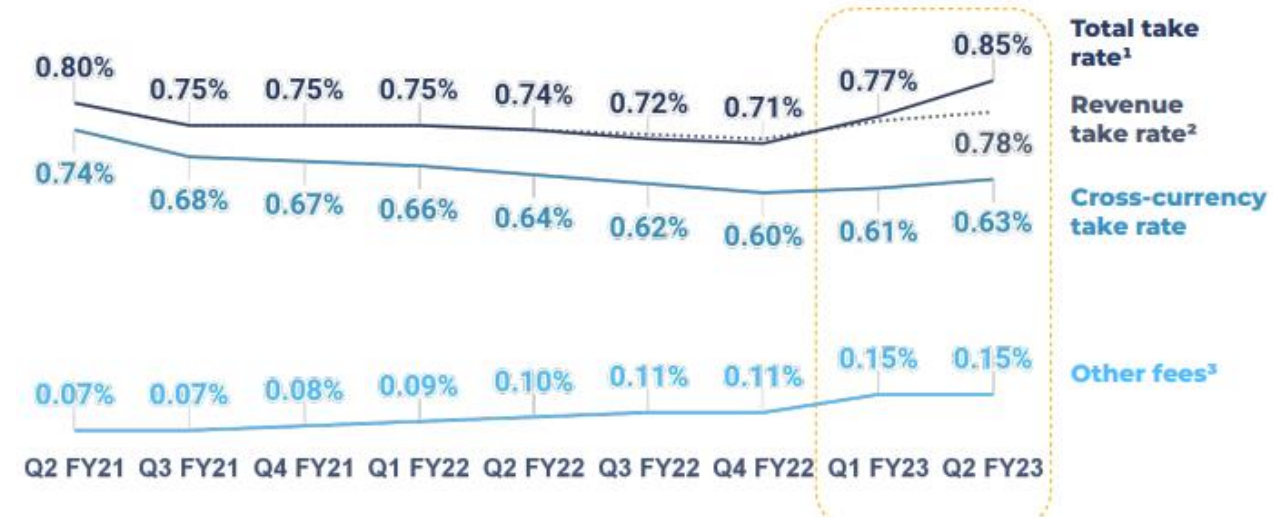
- Users can enjoy free ATM withdrawals up to a certain limit.
- In the United Kingdom, for example, there is a 1.75% fee plus £0.50 if the withdrawal amount exceeds £200 per month.

Money transfers is the core of Wise's business model.

Wise Revenue function



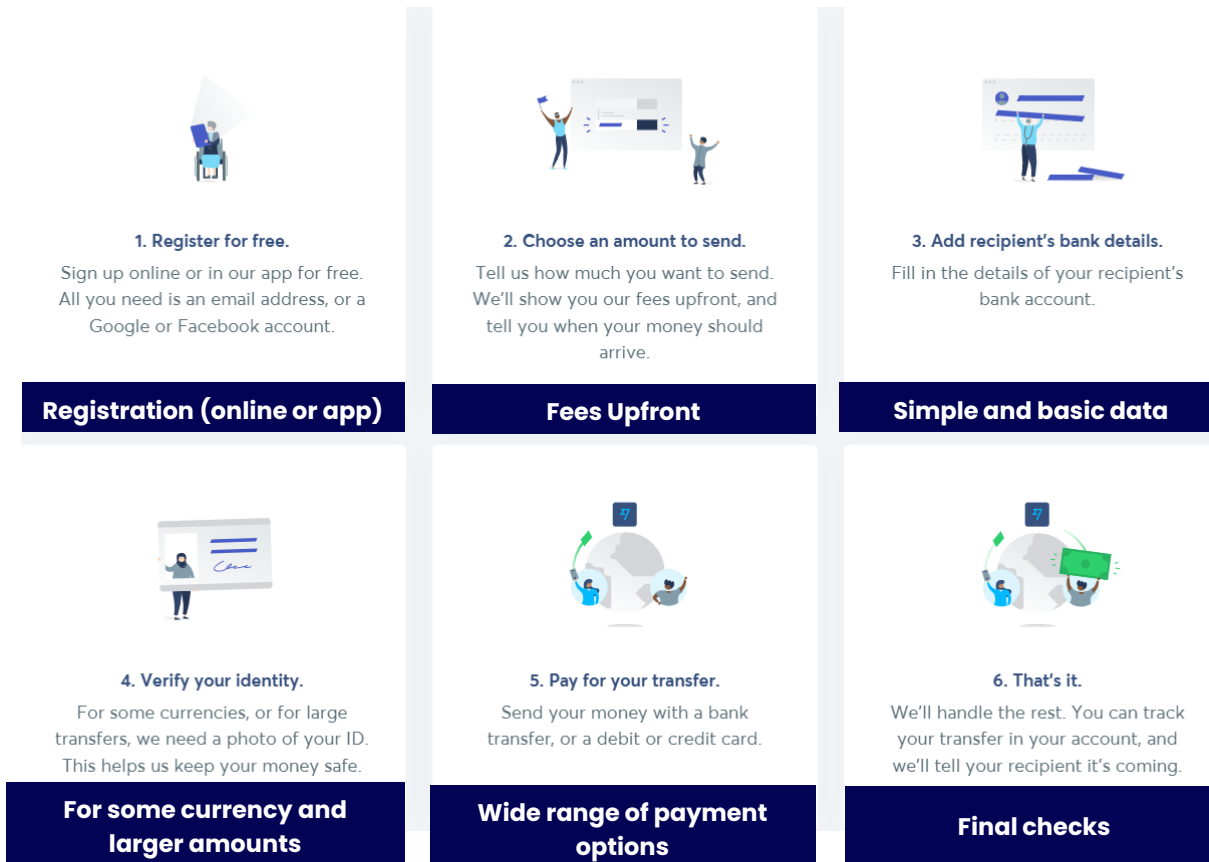
Wise Average Customer Price (%)



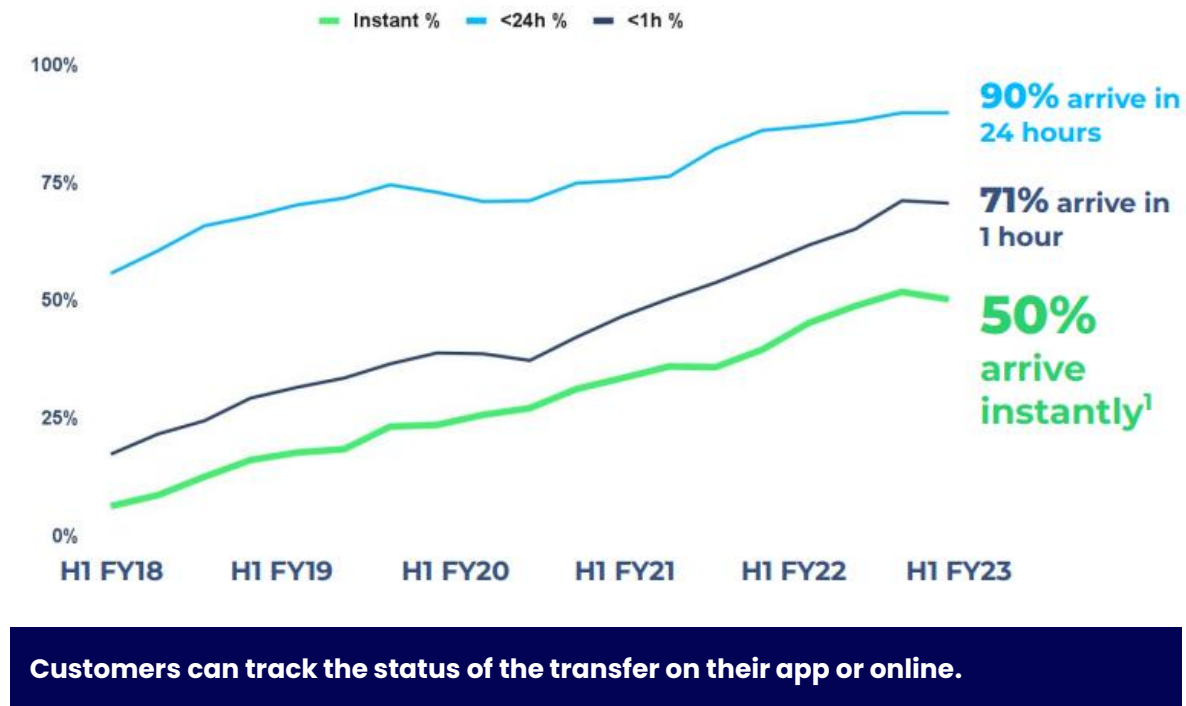
- Take rate is calculated as total fees across all customer activity as a proportion of volume.
- Total take rate was in FY2022 0.73% down from 0.77% for FY2021.
- As cross-border cost reduced by 7bps to 0.63% in FY2022 as compared to 0.70% in the prior year.

User experience is a core focus that supports Wise's offering and is constantly improving.

Money transfers – Easy and fast transfer in 6 steps:



In FY2023 50% of the transfer are arriving instantly, up from 38% in FY2022





4. Financial Metrics

Wise New Brand to Next-Generation Banking

7Wise at a Glance (Annual Report 2022)



7.4m

Active customers (400k are business customers)



£6.8bn

Held in the Wise accounts, up 83% from £3.7bn in 2021.



£372m

Gross Profit. An increased of 43% YoY.



£76bn

Transaction volume +40% YoY. £56.9bn is personal volume.



£560m

Revenue an increase of 33% YoY.

Revenue from business segment keeps growing the most, and now represents almost a quarter of total revenue for Wise.

Wise's total revenue increased by 33% YOY, where the business and personal segment grew by 59% and 27% respectively in FY2022. Business revenues contribute to the 23% of total revenues for Wise up from 18% in FY2021.

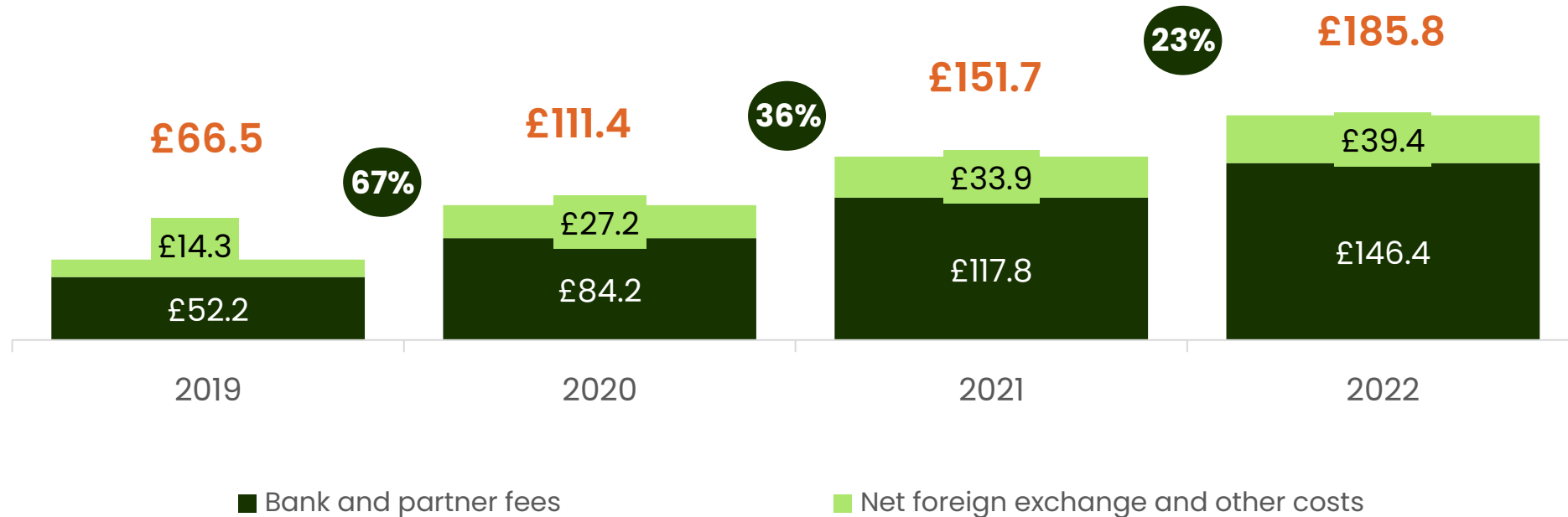
Revenue by business segments (£ millions)



While revenue grows, Wise has managed to control the increase of bank and partners fees and foreign exchange costs.



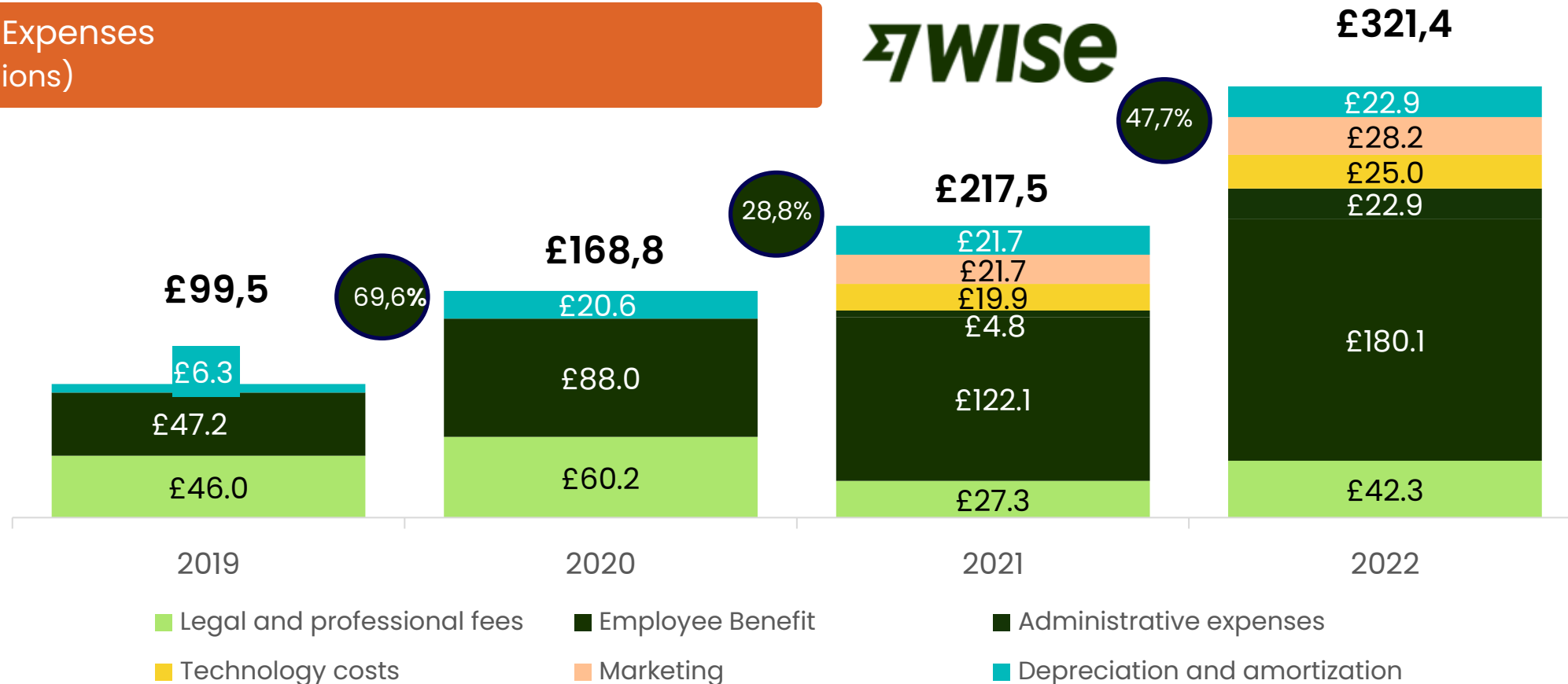
Total cost of sales
(£ millions)



Expenses increased faster than revenue for FY2022 due to higher cost in legal compliance standards that needed to hire outsourced services and expenses in offices and premises as Wise augmented their headcount in 30% .

For FY 2021 and due to covid uncertainty, Wise did not hire as many personal as needed, leading to a low operating cost and higher revenue.

Total Expenses
(£ millions)

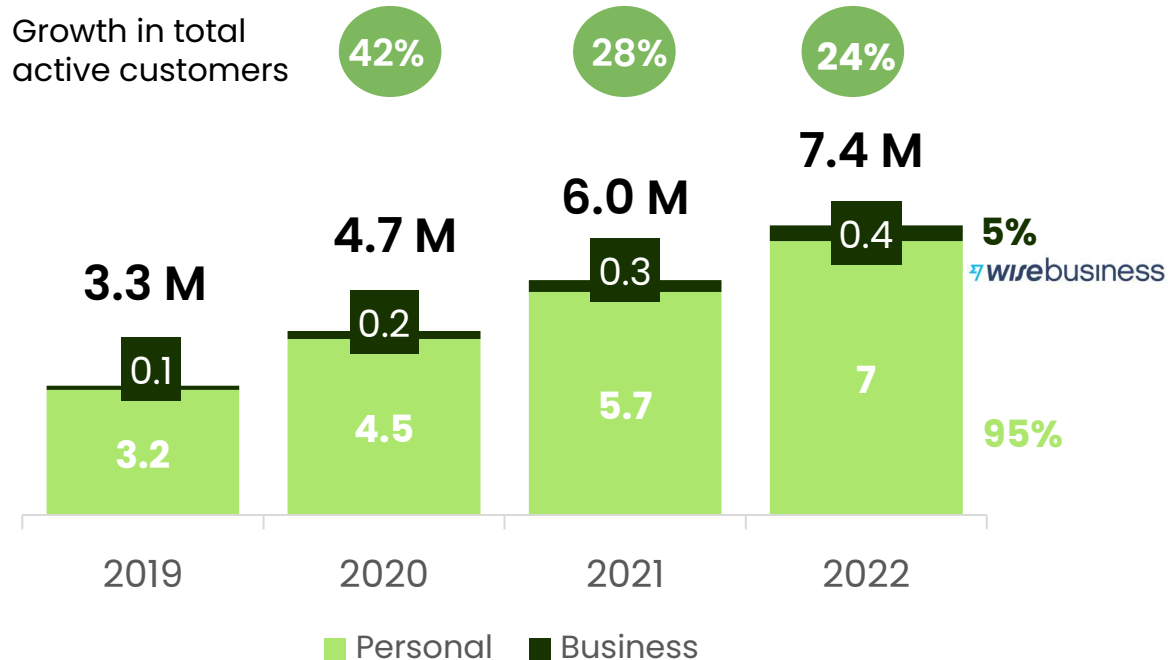


With both active customers and volume rising at a steady pace, the business volumes are becoming significant.

Businesses still account for a small proportion of active customers (5%) however it moves £19,5B and is the fastest growing segment in terms of volume and revenue.

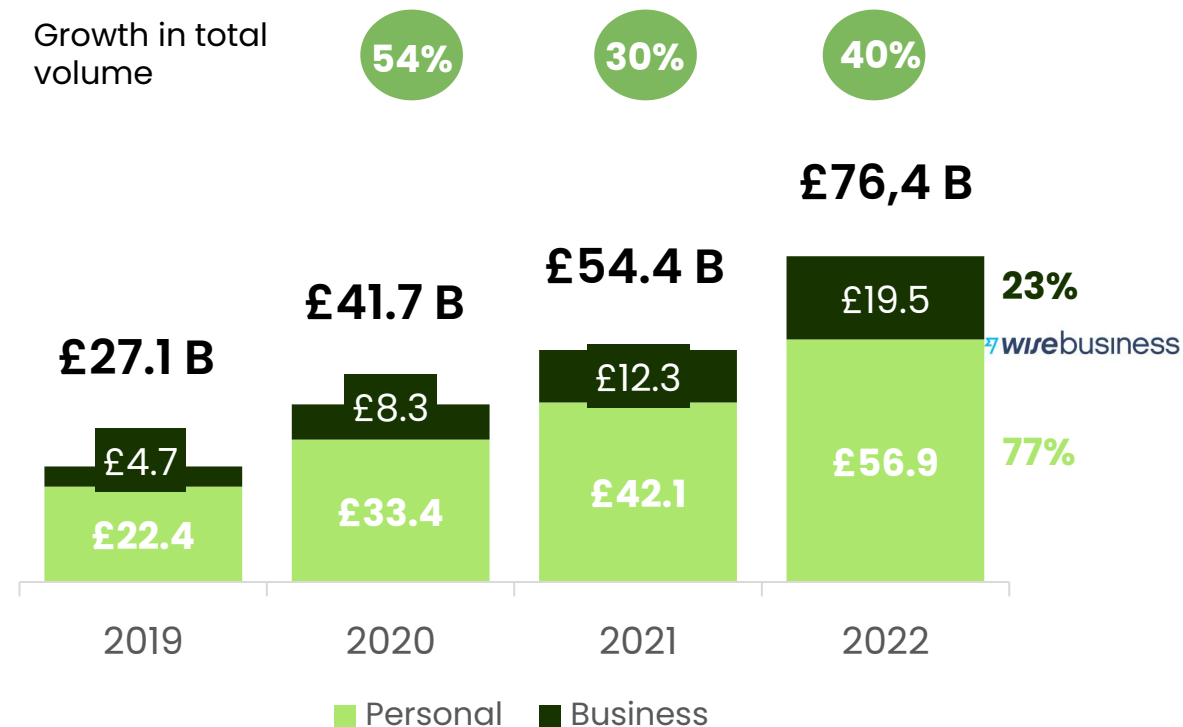
Number of active customers by segment (millions)

• Wise counts with 16m customers from which 49% are active customers



Total volume of cross-currency transactions (£ billions)

Growth in total volume



While Wise volume transactions reached £76Bn, fees received (or “take-rate”) decreased by 7bps, value partially offset by other income.

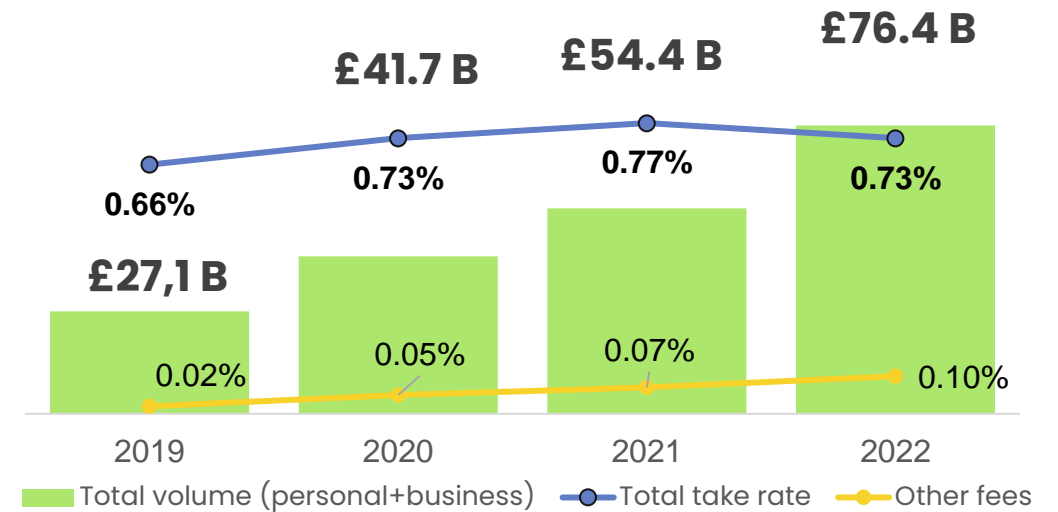
Average volume per customer increased in 2022 reaching £10,3. Personal customers average volume is £8,1k compared to £47,7k of cross-currency transactions by business customer, an increase of 9% for personal customers and 18% for business compared to 2021.

Average volume per customer (thousands)



■ Personal ■ Business

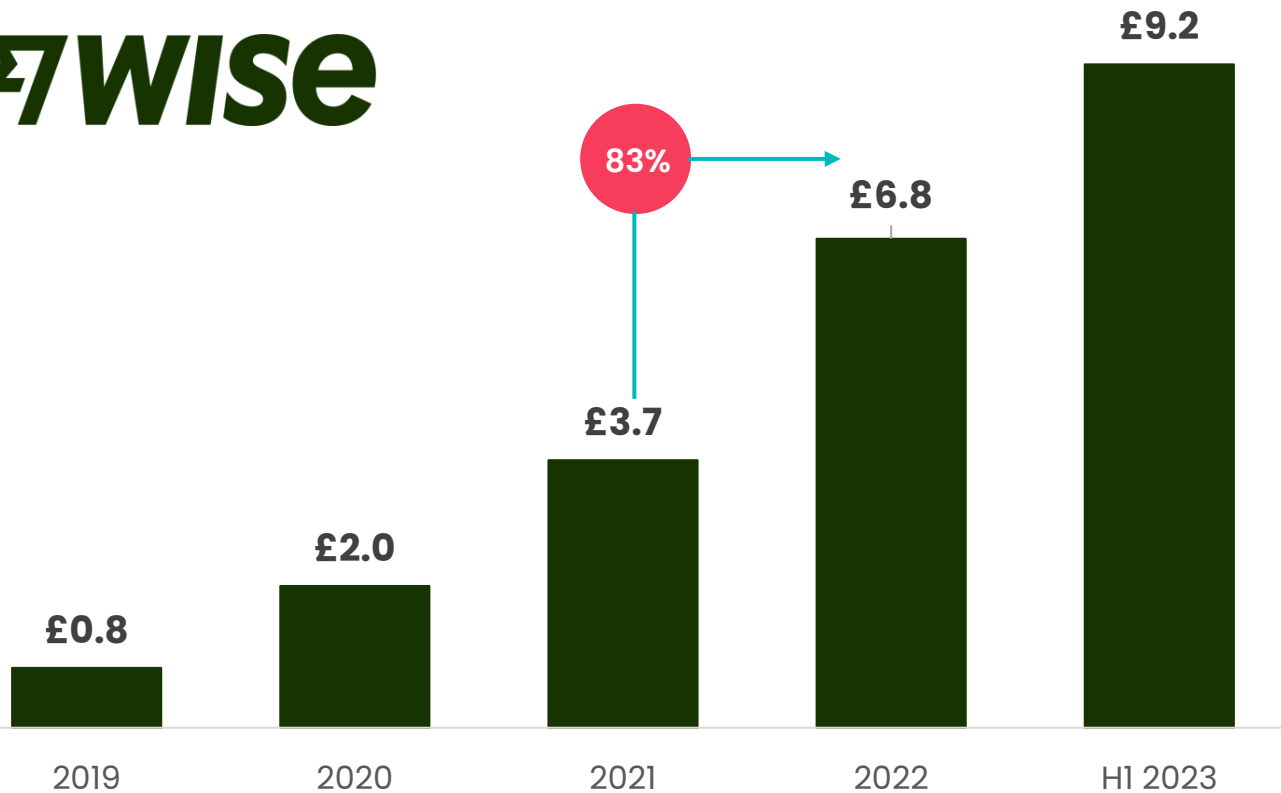
Transactions Volume (billions) and fees received



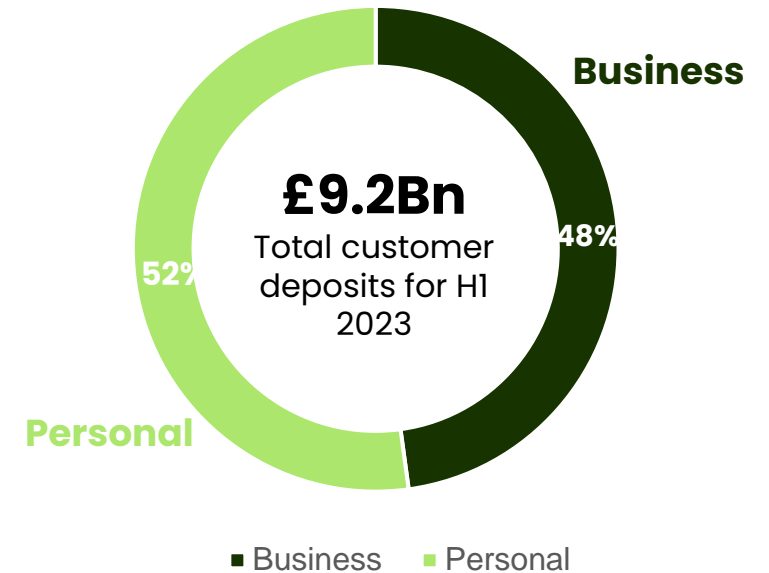
■ Total volume (personal+business) ● Total take rate ● Other fees

Individuals and businesses are holding more balances with Wise. Funds held on “Wise Accounts” reached £6.8Bn as FY2022 and it keeps growing.

Evolution of Customer Deposits
(For Financial Year - billions)



Wise total deposit balances split

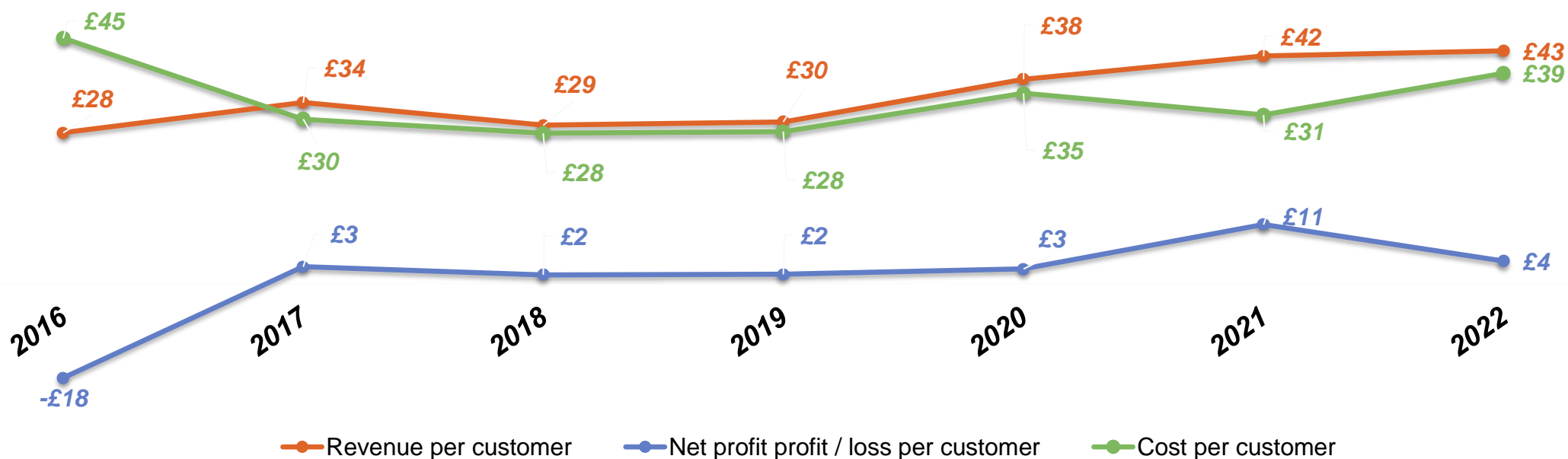


- Wise liabilities to customers resulted from the **deposit business reaching £6.8bn**, an increase of 82% compared to FY2021.
- On average on H1 2023, **customers were holding £707 in their accounts**, an increase of 33% from £532 at the FY 2022.

Net profit per customer decreased in FY2022 impacted by the reduction on “take rate”, higher fx volatility costs and increment in expenses, due to stricter compliance standards.

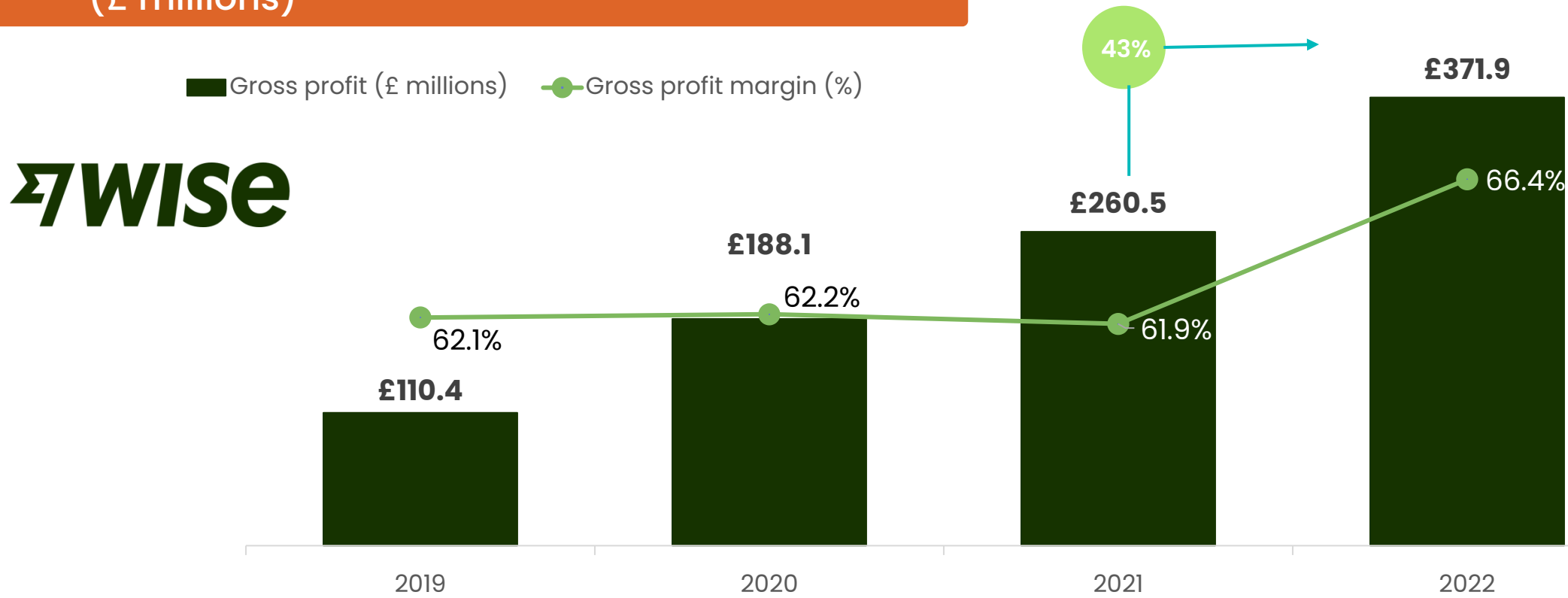


Unit Economics (£)



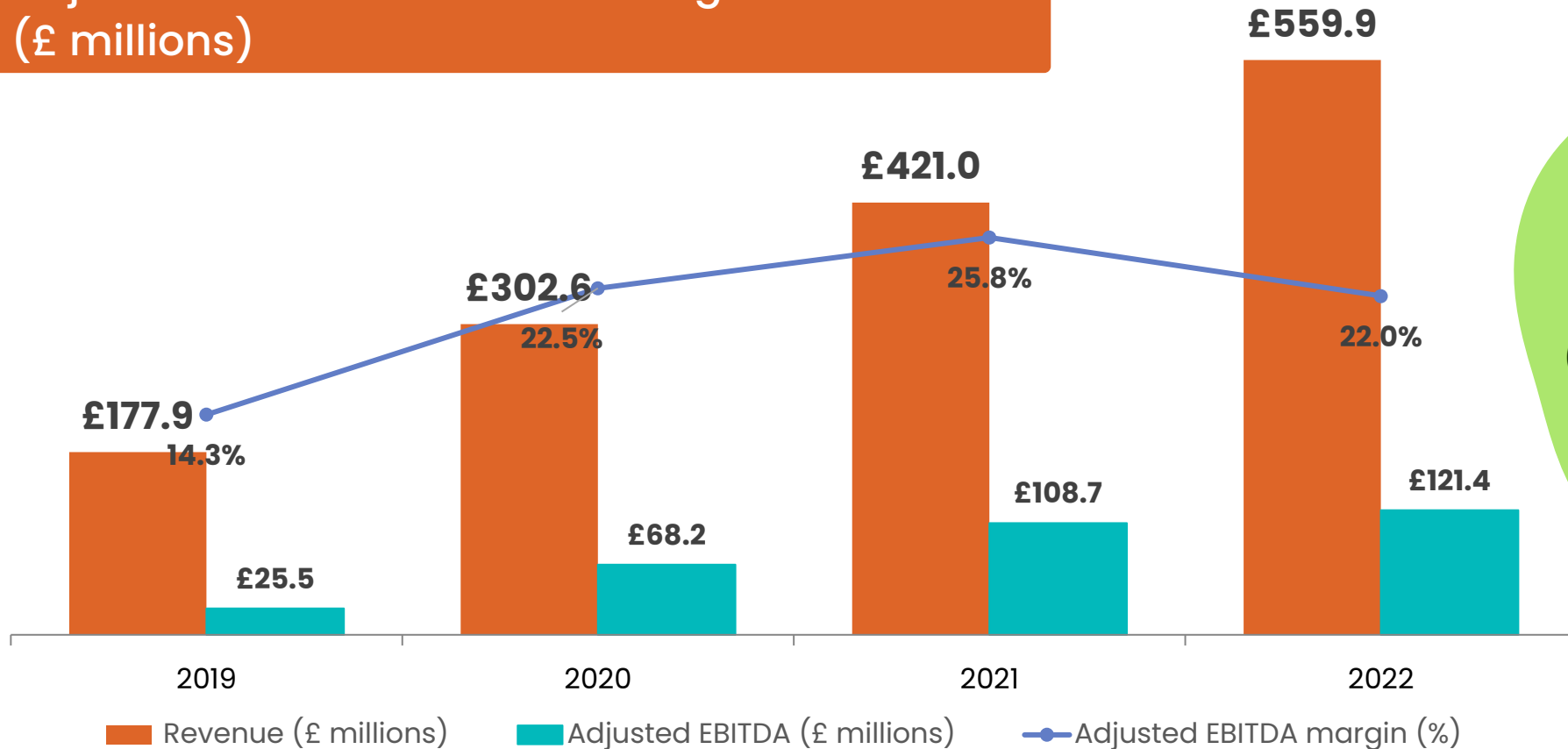
Gross profits keep growing in line with revenue as the total costs are under control. Gross profit margin marginally increased during the period, showing an improvement in their business efficiency.

Gross profit and Gross profit margin (£ millions)



Wise has enhanced performance and currently has an acceptable operating leverage despite the reduction in its EBITDA margin caused by a higher investment in future growth.

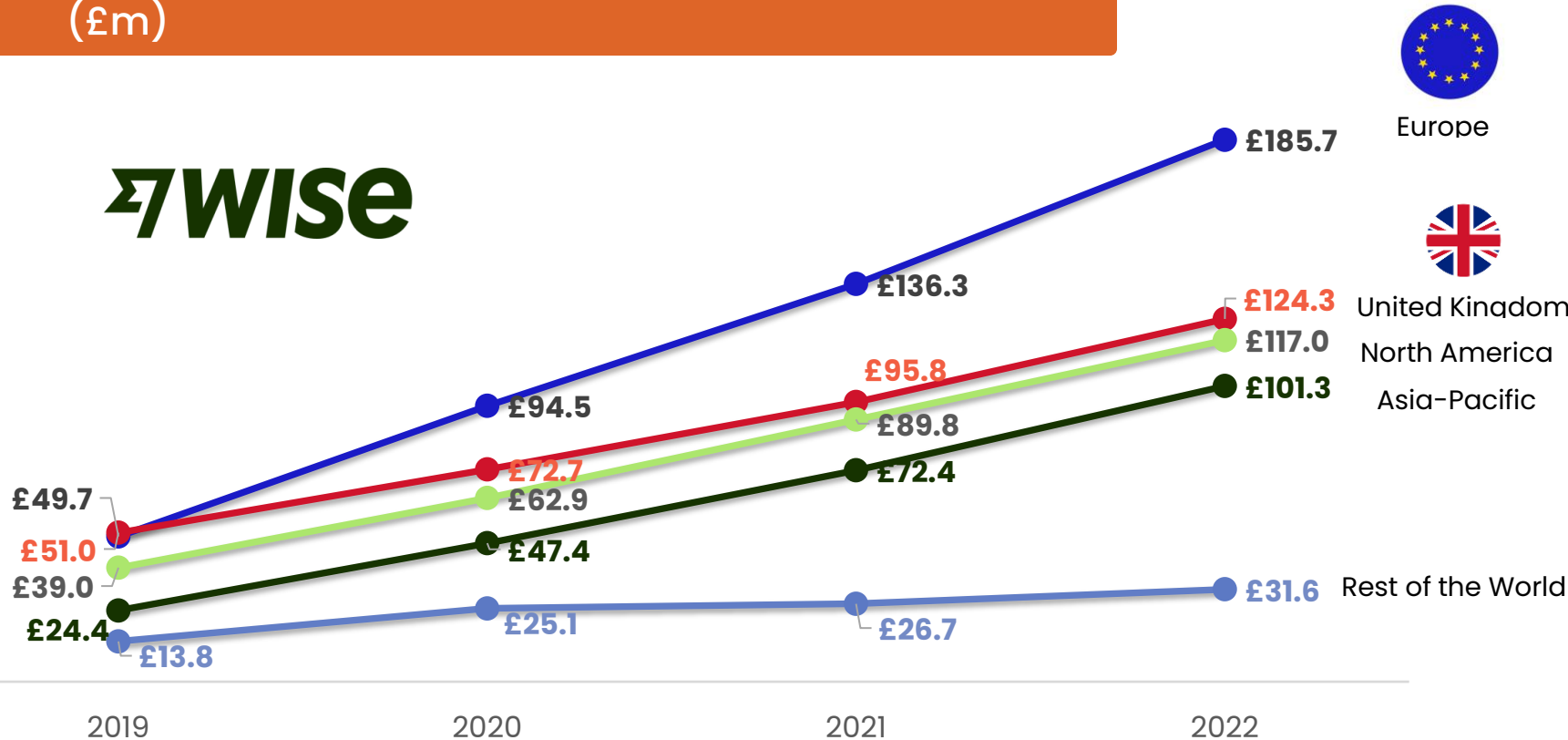
Adjusted EBITDA and EBITDA Margin
(£ millions)



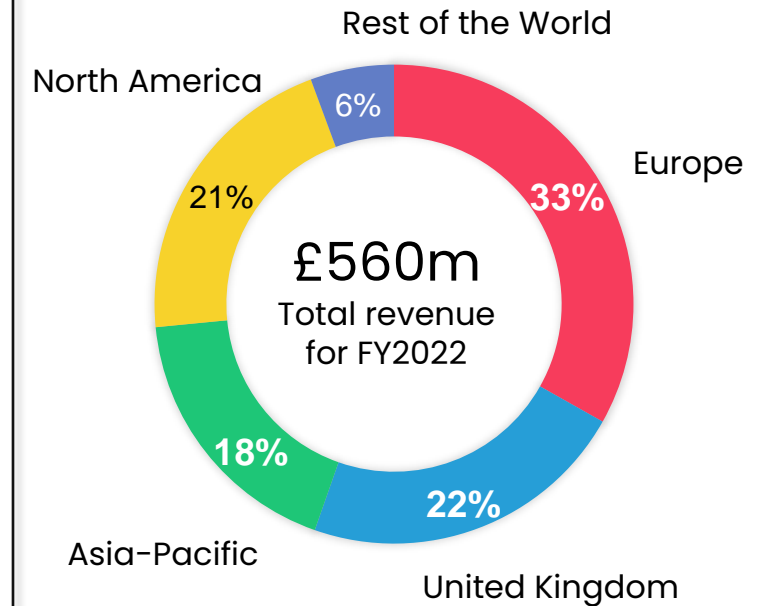
22.0%
adjusted EBITDA margin for 2022
(Compared to 17.6% average of comparable companies*)

Wise's revenues are well diversified and growing rapidly across all geographical regions. Europe is its main source of revenue and the fastest growing market.

Wise's revenue by location (£m)



Revenue by geographical regions





**GO
GLOBAL**

**SPEND
LOCAL**

Wise

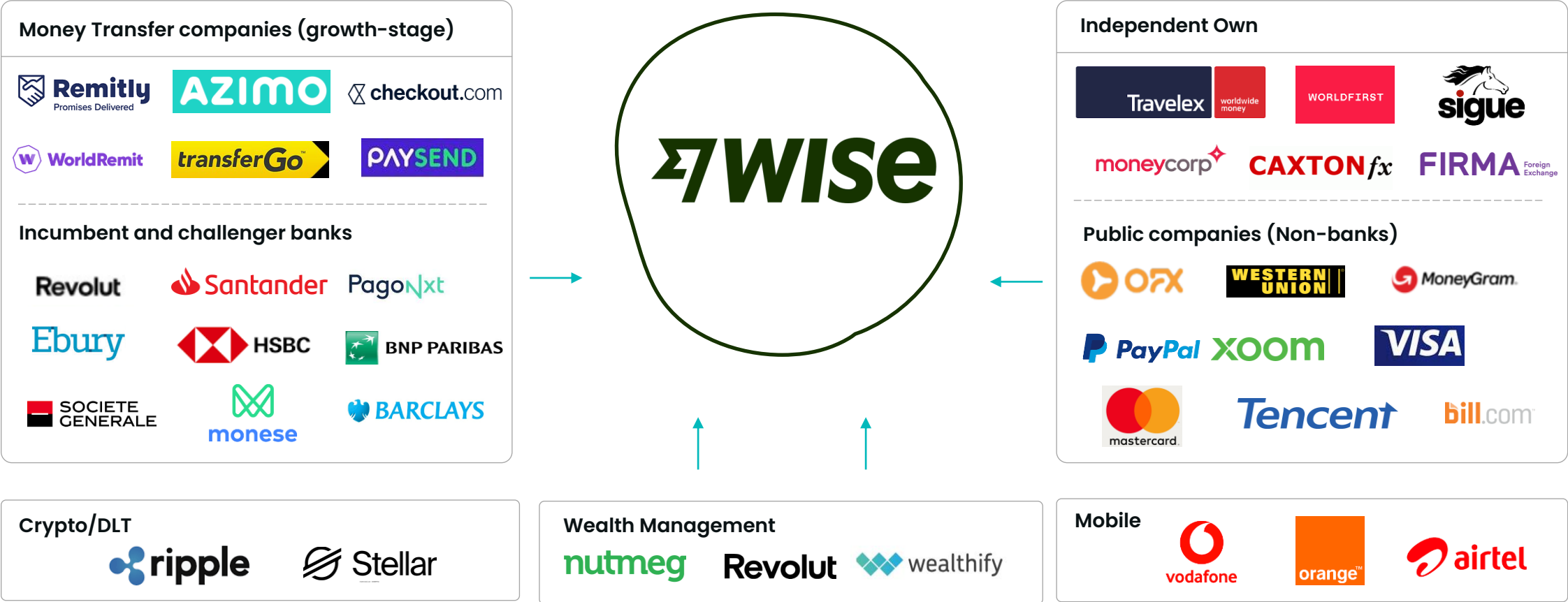
**GET
MONEY
MAKE
MONEY**

6. Competitors

Wise New Brand to Next-Generation Banking

The competitive landscape for Wise is multi-layered, but current investment services approach is hinting Wise to play in a more Digital Banking and wealth management space.

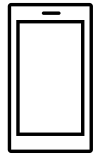
Leading global companies in Cross-Border Payments (personal and business)



Globally, we observe four models of Digital Banks. With an e-money and investment activity license in several geographies Wise is limited to extend its offering in more profitable products, such as lending.

Challenger banks (with full banking license)

Neo-banks (without full banking license)



FinTech Banks

Start-ups that have acquired a full banking license.



STARLING BANK



Backed by Corporates

Financial or non-financial corporate brands that have launched a digital brand



Partnership

Firms that partner with a bank license holder, to provide banking products and services.



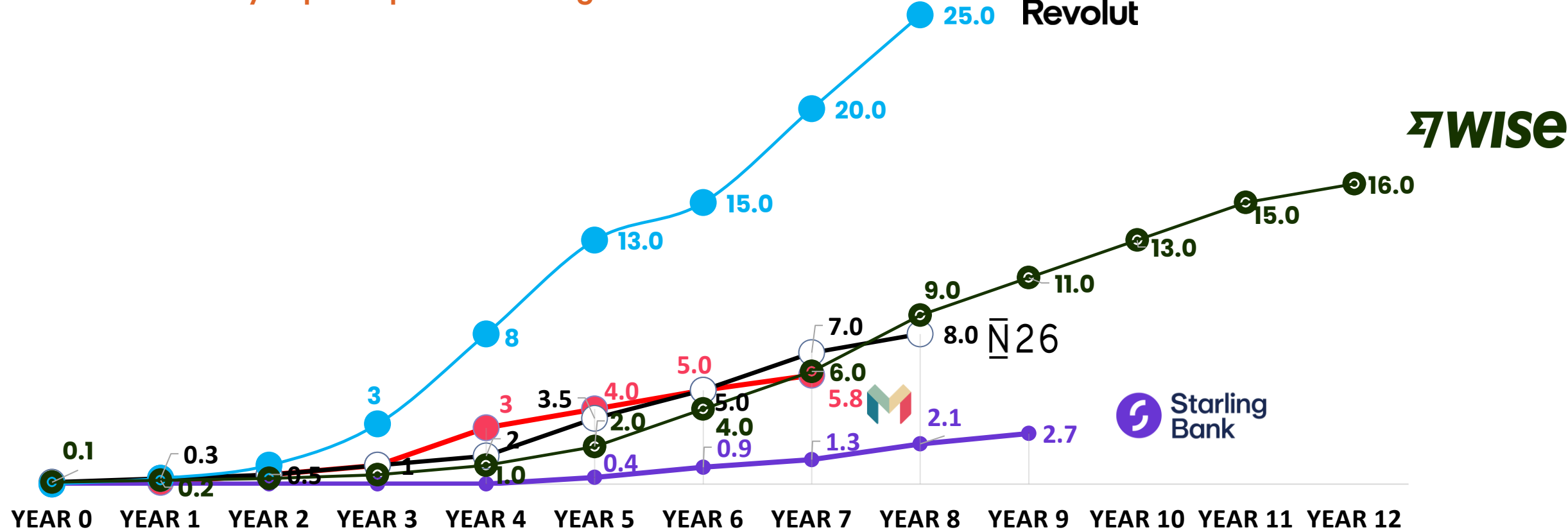
Independent

Firms that have acquired other than a full banking license and provide "bank-like" services.



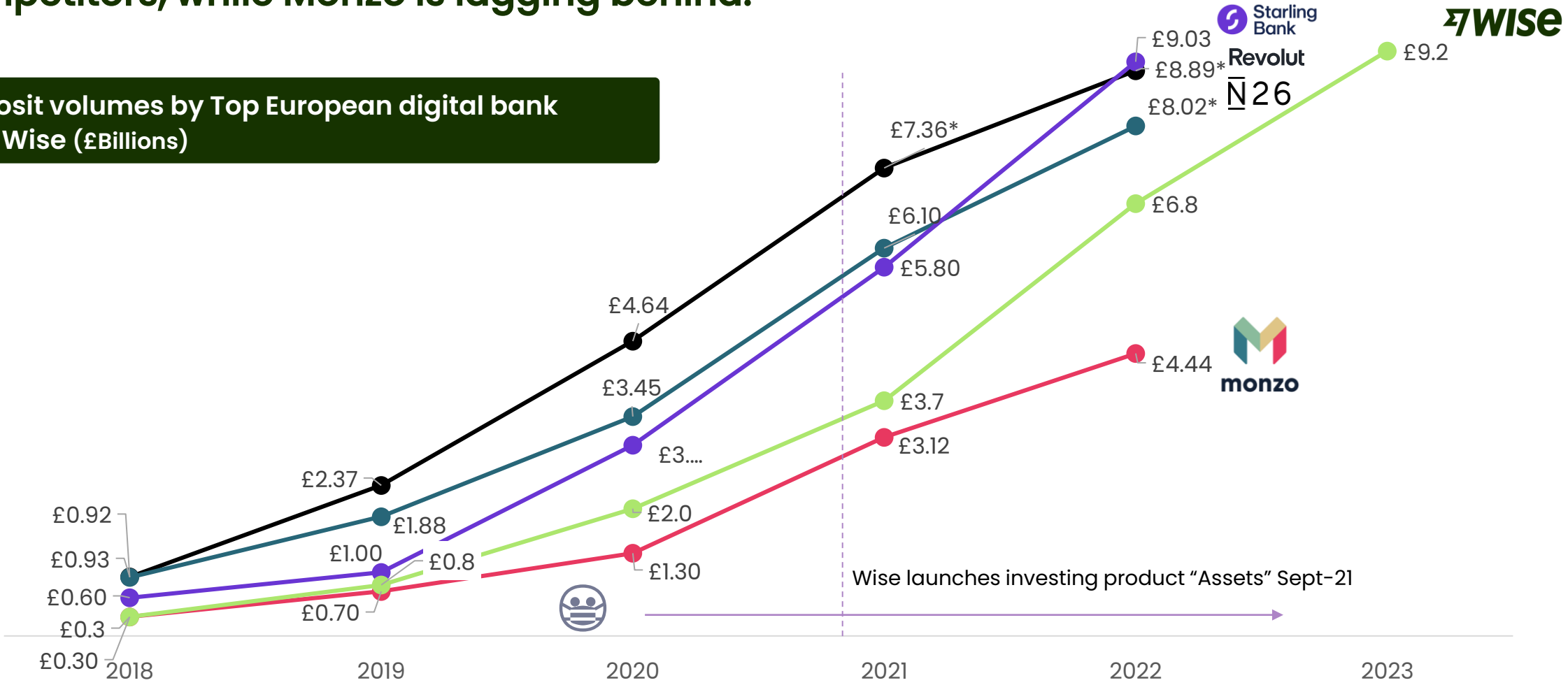
However, with 16 million customers globally, investment products and a sustainable business model, it is well placed to challenge Digital Banks by offering a wider set of products and increasingly profitable alternatives.

Millions of users by Top European Challenger Banks and Wise



The pandemic pushed deposits for digital players and Wise is taking advantage of the current high interest rate environment to quickly catching up digital competitors, while Monzo is lagging behind.

Deposit volumes by Top European digital bank and Wise (£Billions)

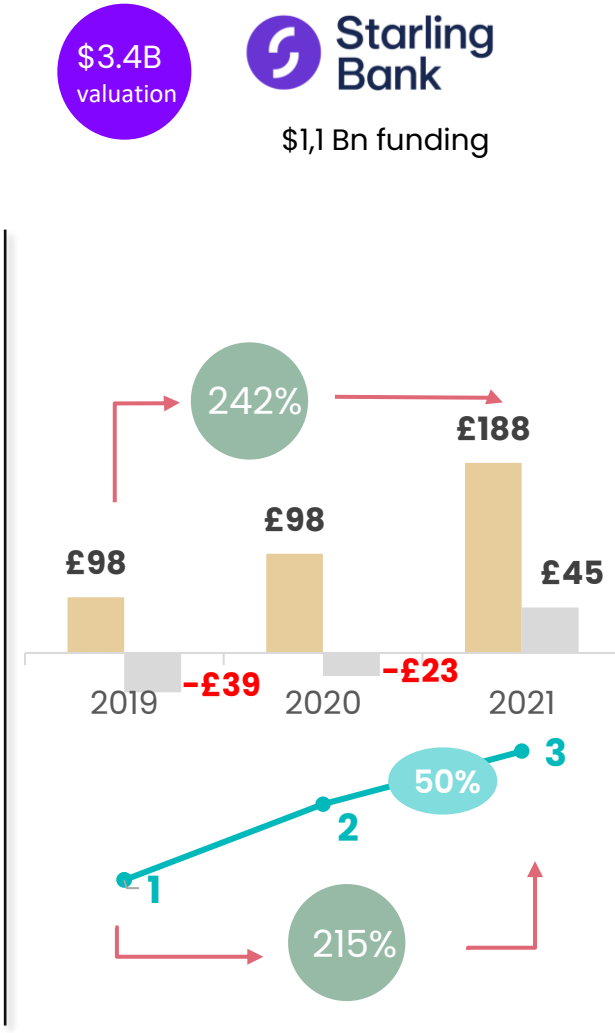
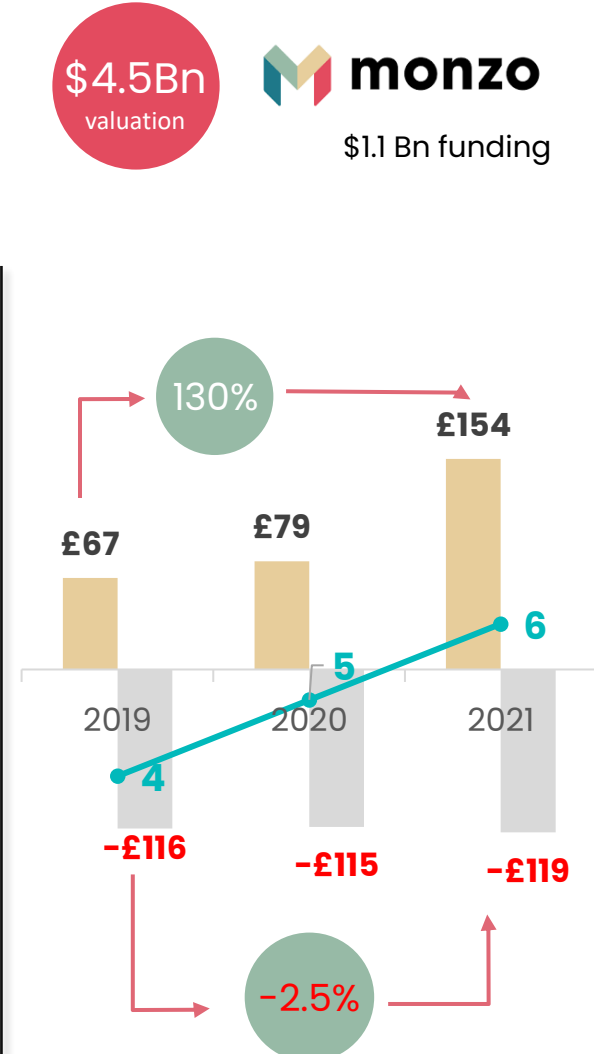
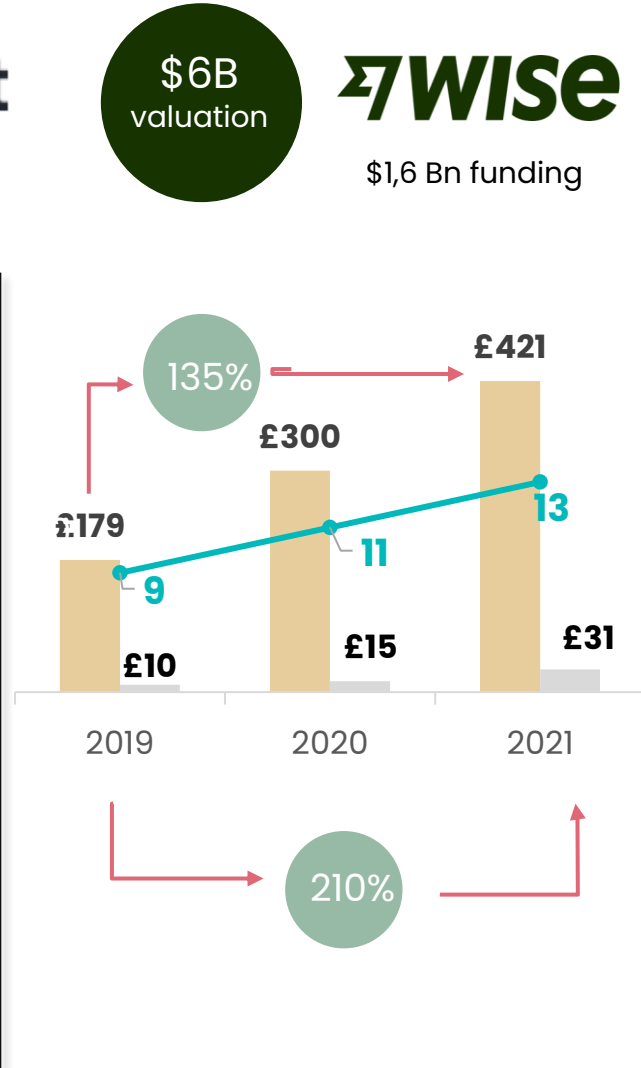
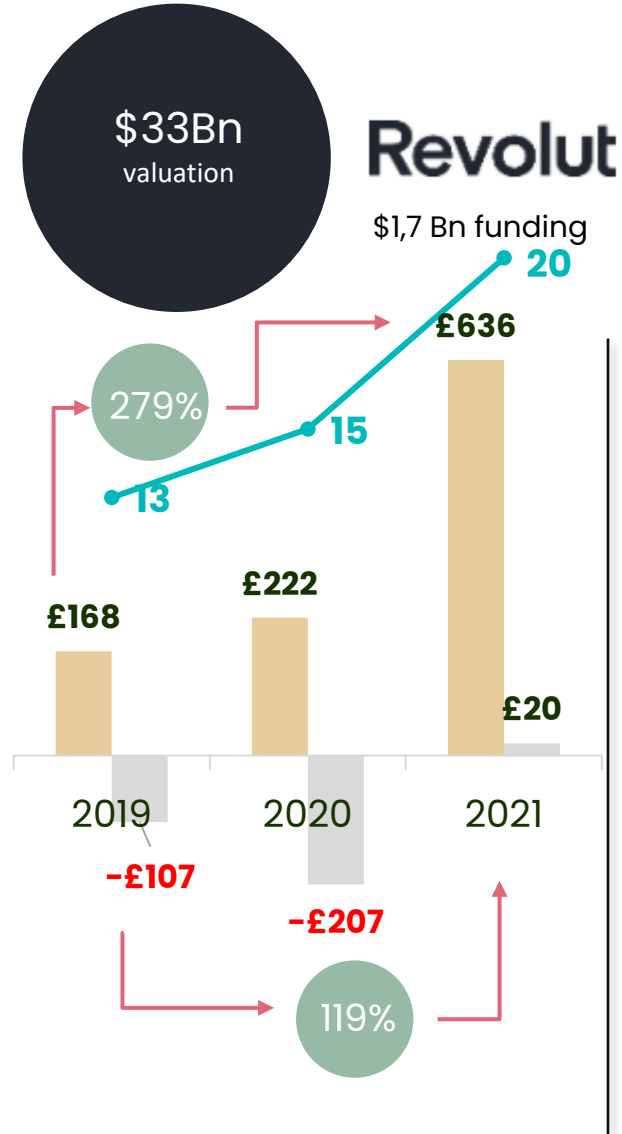


* Estimated values for Revolut and N26 for year 2022.

Source: Players financial reports from 2018 to 2022.
 Note. Values for N26 and Revolut for year 2022 has been estimated, using average customer deposits +15% increase from previous available year (2021 and 2020) and multiplied by the effective number of customers reported by each company for years 2021 and 2022. For comparison consistency N26 values has been converted into sterling using an Exchange rate of 0.86 pounds per Euro.

Comparison of Select European Neo-banks with Wise shows the strength of its business model that it's been generating profits for 6 years in a row.

Millions of Local Currency/People : ■ Revenue ■ Profit/Loss —●— Customers





Note: Figures correspond to end of Financial Year 2021.
Source: .

Wise has focused in acquiring licenses over the world, improved their app and getting more international, physical services as cash withdrawal or crypto are not a priority.

Wise's features overview

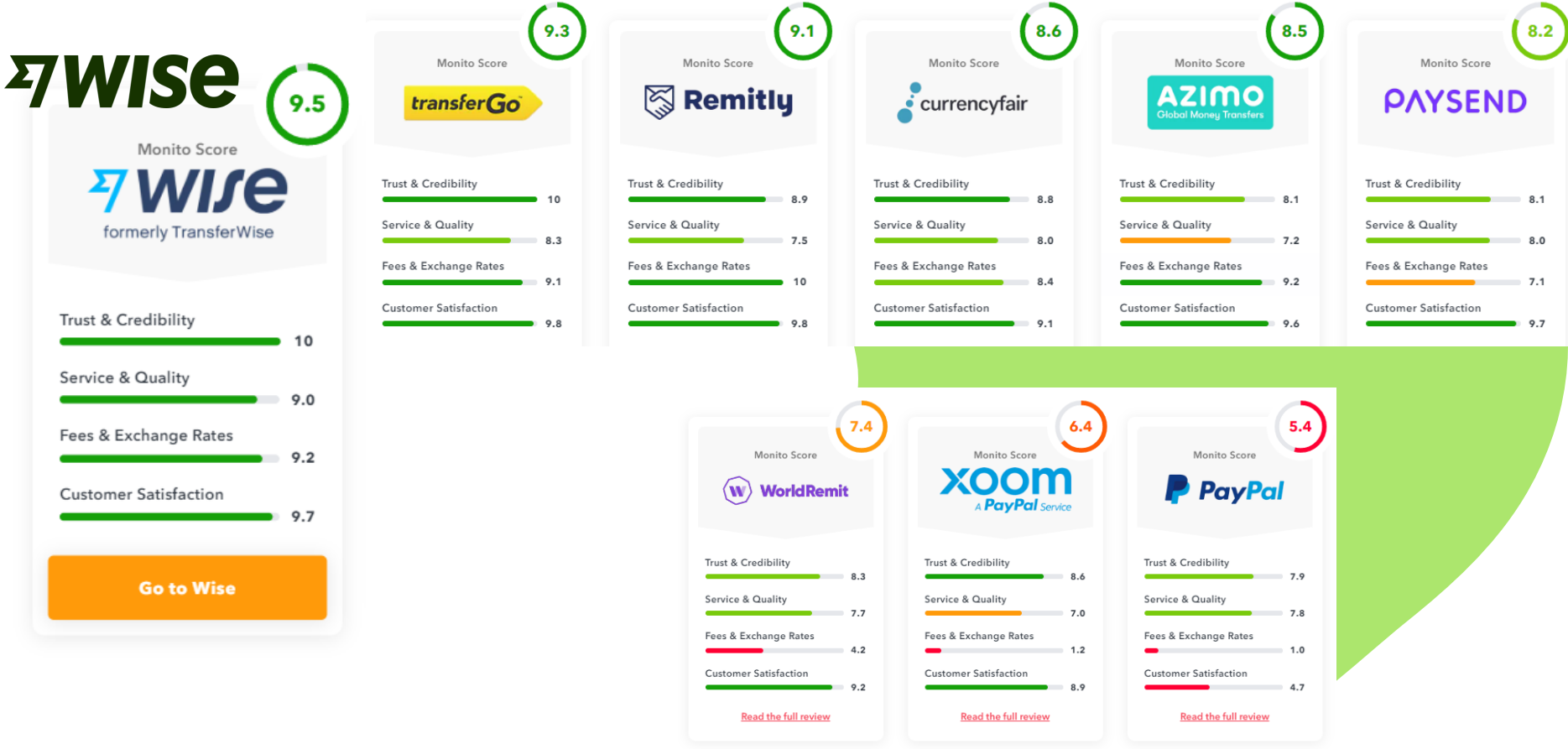
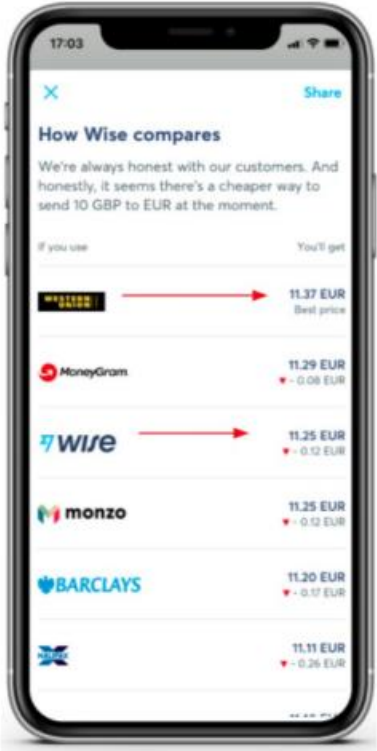
- 1. Top competitors:** Wise's top competitors include Payoneer, MoneyGram, Ebury, PayPal, Remitly, Azimo, WorldRemit, Revolut and Western Union, Skrill
- 2. Key advantages:** no hidden fees, security, mid-market interest rate, very fast (50% immediate) transfers, wide range of currency routes, large number of pay-in options, one of the lowest costs as it is based on local bank account transfers, debit card wich you can receive and spend in 50 currencies, currently banks don't need to have a SWIFT CODE to transfer.
- 3. Key disadvantages:** no cash deposits possible, recipient cannot get the money in cash, some competitors offer a number of free transfers every month., sending money from south America to US or EU may not be the cheapest option.

Wise features compared to PayPal and Revolut

	 WISE	 PayPal	Revolut
Price to open an account	Free	Free	Free for the standard account
Countries you can open an account	230	201	33
Transfer Fees	0,35% variable	4,99% + 0,49 variable	Free
Exchange Rate	Mid-market rate	Retail exchange rate	Mid-market in the week 1% Markup (weekend)
Currencies you can convert and hold	53	25	30
Saving accounts	✓	✓	✓
Virtual card	✓	✓	✓
Timeframe	50% instantly	1 – 3 business day	3 – 5 business day (oversea)
Crypto	No	✓	✓

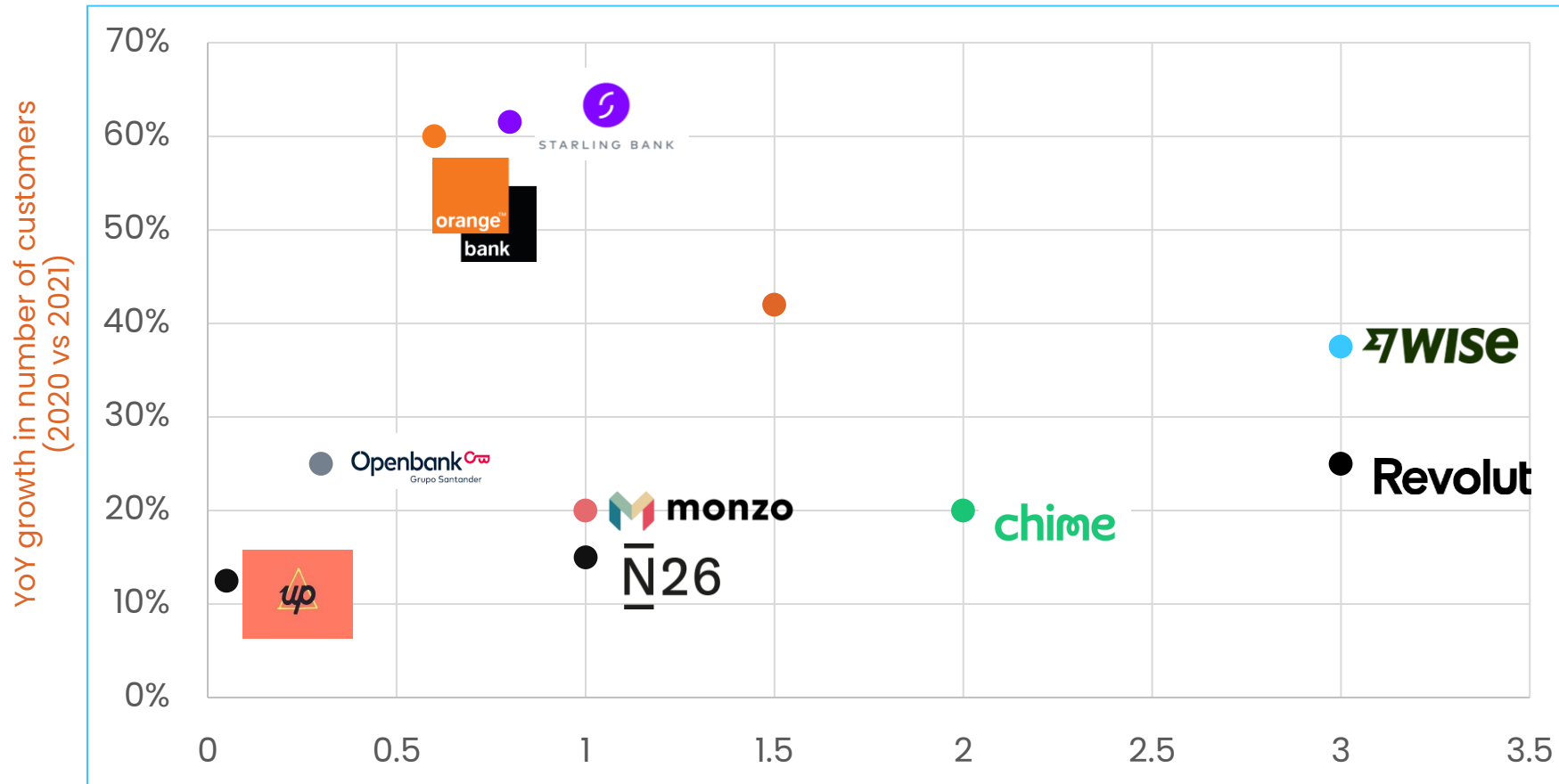
Wise's customers are incredibly satisfied (9.7/10), their transparency in fees, low cost and easy use are their most valuable aspects when compared to remittance competitors.

'How Wise Compares' feature



Wise operates in a larger geographical zone, just second after Revolut, allowing it to tap into a broader base of prospects and enabling faster grow.

Selection of Digital banks growth with presence in diverse regions



Brands experiencing exponential growth



During 2021 Hello Bank! brought more customer than all-previous years together. 2.3m new customers, a change of 383% YoY.



Nubank is the digital bank signing more customers globally. Customer base grew by 18 million, representing 60% on YoY growth.



Number of new customers (YoY change - millions)



7. Future approach

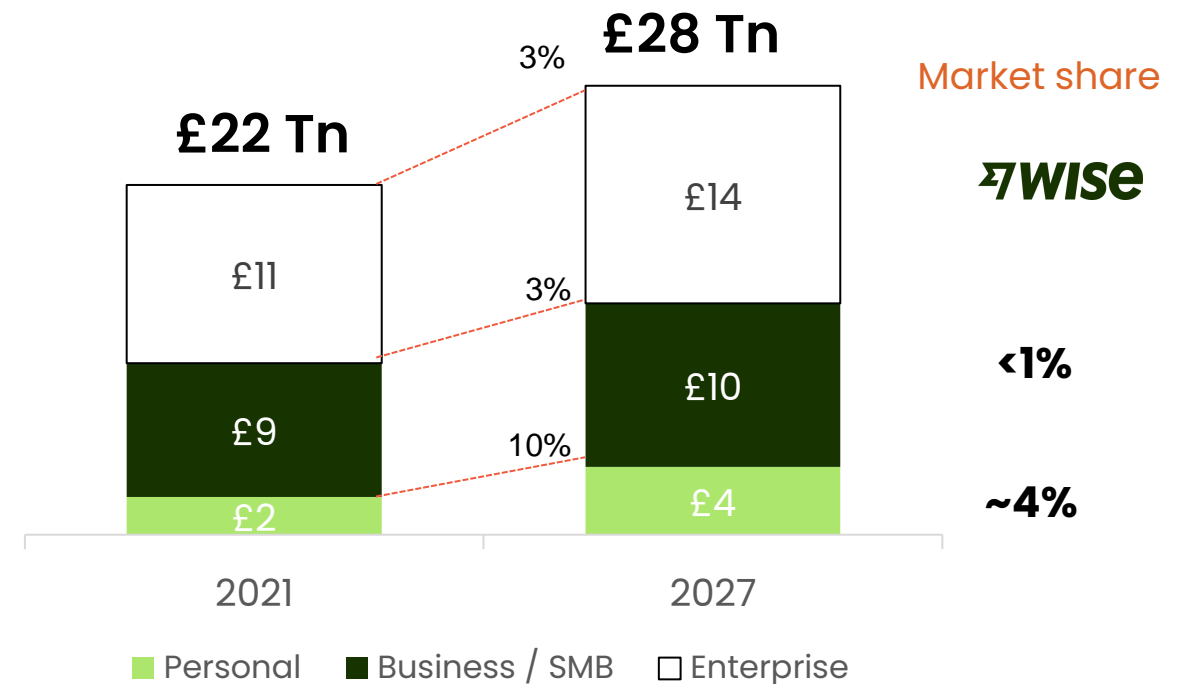
Wise New Brand to Next-Generation Banking

Moving money internationally is still dominated by traditional banks and it represents a massive market across individuals and businesses, where Wise market share is still low.

1 Keep Moving money internationally

- There is a massive opportunity across personal and business segments, which are still dominated by banks.
- People and businesses move over £22 trillion around the world every year.
- Wise market share remains low at approx. 4% in personal and under 1% on the business segment.
- Wise management's expectation is to maintain over 20% revenue growth in the medium term, which seems reasonable.
- With global remittance costs being high, Wise's competitive advantage in prices will entice more customers to join.

Global cross-border payments market volume
(GBP in trillions)

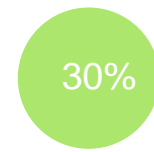
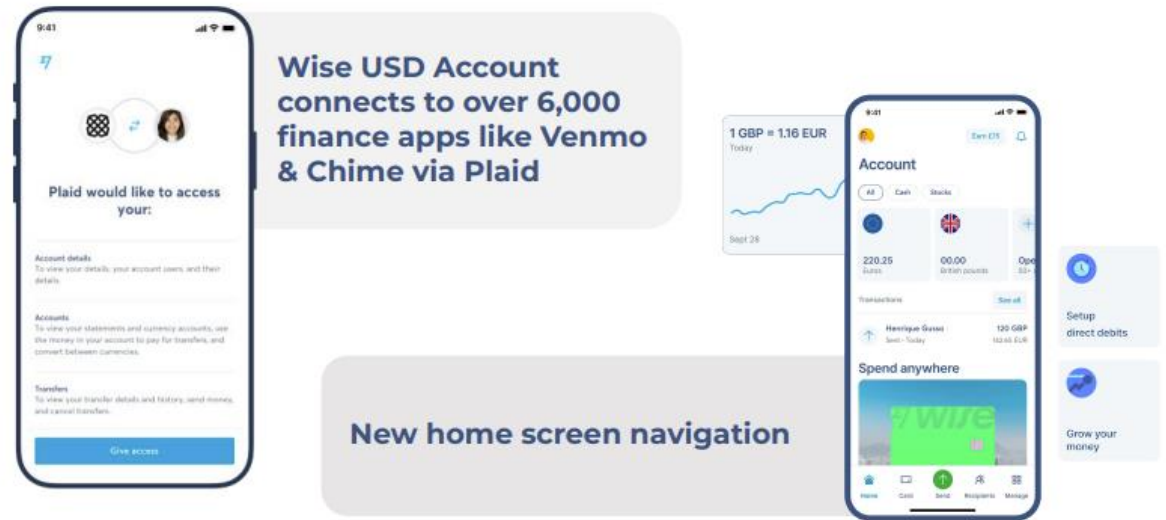


As customers are holding more balances and using Wise for more than just sending money, it has a great opportunity to step up into a more comprehensive banking offering.

2 Wise Account could see banking going further

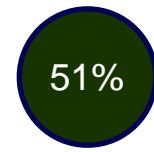
- **Expanding its global presence** has always been Wise's strategy, new features and regions are often open. i.e. In Switzerland people can get now an IBAN to receive CHF.
- **Customers are now holding more balances** with Wise and they are using it for more than just sending money.
- Current interest rate environment and funds accumulated by individual and businesses during the pandemic are giving Wise **an opportunity to step up rapidly into the wealth management segment and potential banking offerings.**

Improved features focused to improve customer experiences



Personal

- Pay a mortgage
- Money travel
- Students in a foreign country



businesses

- Receive & convert
- Send
- Spend

Customers made 3x as many transactions

Wise business is one of their programs with the highest growth over the last years, however, not having a credit license impact the potential of revenue generation and the possibility to lure bigger customers.

3

Wise Business offering sees room for growth

- **Wise business is the segment that has been growing faster** and it has already 400K businesses.
- **New and relevant business features are improving business experience and** could allow it to lure more business customers.
- **Key new Features includes** Pay-ins for business- which allow businesses sharing a 'payment request' link and can pay by requested links directly from a wise balance. Wise Business card is now available in the US.
- **Digital lending could allow them to open new profitable revenue streams** via partnerships or via acquiring a full banking license.

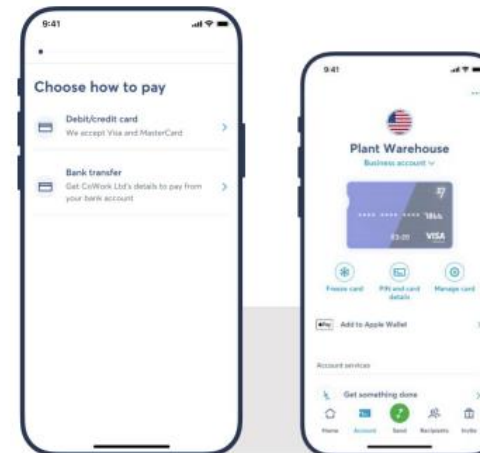
Improved features focused to improve business experiences

TAKE YOUR BUSINESS TO NEW PLACES

Sign up for the fast, easy international business account that saves you money wherever you want to use it

Create account

Contact sales



Debit cards for US businesses

Accept card payments for invoices

Wise's vision is to become the distribution partner of choice for banks and enterprises. In 2023 Wise platform starts with 15 new partners in 4 new markets.

4

Wise Platform leaves few options for banks

- In Israel, Turkey, UAE and Hong Kong, **Wise has found excellent partners to cooperate with.** In order to continue to expand its platform business. LATAM and Africa regions still to be explored.
- **Wise have built a highly competitive position leaving few options for banks** : offer service for free, build a Wise type of company or partner with Wise.
- With a view of even further expansion, **Wise can extend its businesses uptake, as this segment is relatively recent.** Wise can attract more potential partners by offering more features geared to businesses, hence increase its revenue.



Building a bank integration with Wise – the bottom line:



Accelerated customer acquisition



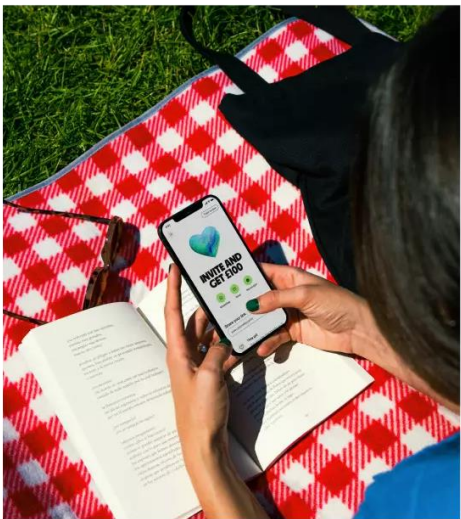
New distribution channels



More customers, better platform, increased currency flows, better pricing on transfers.



The better the product, the more banks would like to integrate it, rather than compete. Even more partnerships



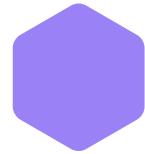
9. Key Take-Aways

Wise New Brand to Next-Generation Banking

Key take-aways



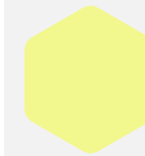
The core of Wise's business has been continuously built upon and enhanced, making Wise a leader in the foreign exchange market with its **attractive pricing, speed of transaction and transparent proposition.**



Wise has **focused on developing its initial segment until it has achieved a recognizable name and market position.** Just then, with its **growing customer base, it started to introduce more features.**



Wise have built a highly competitive position: leaving few options for banks : offer service for free, build a Wise type of company (some banks have already tried it with poor success) or partner with Wise.



With 15 ;illion customers globally, investment products and a sustainable business model, **Wise is well placed to challenge Digital Banks** by offering a wider set of products and increasingly profitable alternatives.

Wise



The research team



 **Lina Guevara Cardona**

Lina is our new integrant from Colombia at C-Innovation. Lina interest are various, she has a degree in Law and since FinTech regulation is getting more comprehensive she research the financial industry globally with a special focus in LATAM.



 **Javier Guevara Torres**

Javier is co-founder and CEO of C-Innovation. Having worked with both technology companies and corporates such as HSBC and Santander, he has a unique view of the challenges from both sides of the table.

Stay tuned for more!



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