Inside Crypto Banking: Revolut's Playbook and Ukraine's Path to Catch Up

Executive Summary

Revolut has built the most successful example of in-app crypto banking in the world - not by becoming a cryptocurrency exchange, but by embedding crypto access directly into a familiar banking interface. Through a custodial model built on omnibus wallets and third-party custodians, Revolut allows over 68.3 million users to buy, hold, and transfer crypto assets without ever leaving their banking app. The results are measurable: in 2025, Revolut's wealth division - driven primarily by crypto trading - grew more 300% year-over-year, contributing to a record pre-tax profit of £1.7 billion [1,2,3]. Ukrainian neobanks, led by Monobank, have demonstrated both the appetite and the technical capacity to replicate this model. Monobank co-founder Oleg Horokhovskyi stated publicly in December 2024 that the bank is ready to revive its crypto product in 2025, pending regulatory approval [5, 6, 7]. The primary obstacle is not technological but legal: Ukraine's Law on Virtual Assets, signed in 2022, has not entered into force [9]. This paper examines Revolut's crypto mechanics, business model, and go-to-market strategy, and assesses what Ukrainian neobanks would need - technically, operationally, and legally - to move quickly when the regulatory starting gun fires.

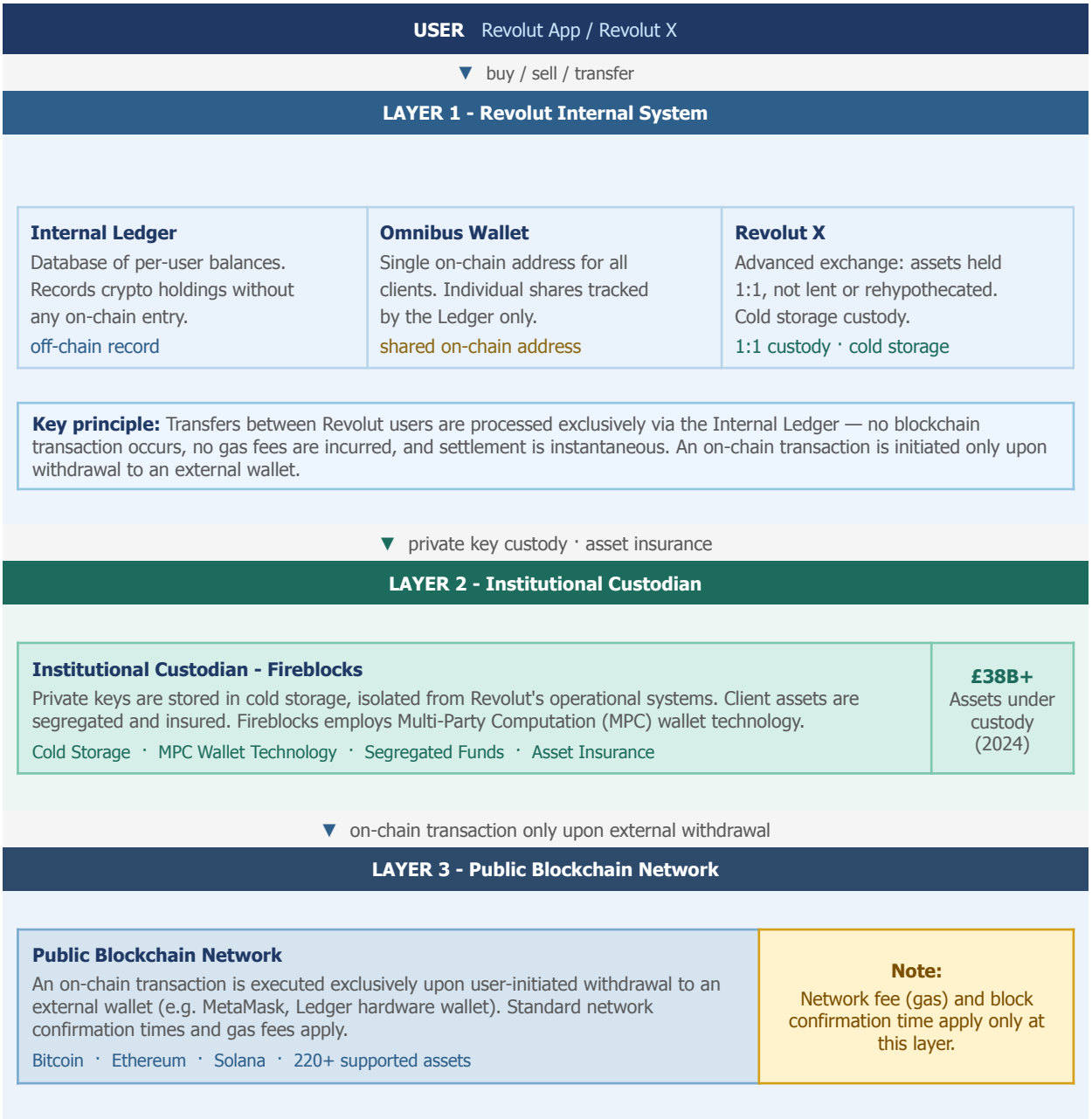
1. How Revolut Handles Crypto - Under the Hood

1.1 The Custodial Model and Storage Architecture: Revolut's approach to crypto storage is built on a fully custodial model - meaning that users do not hold private keys to their crypto assets. Instead, Revolut holds assets on behalf of users through a combination of omnibus wallets and third-party institutional custodians [1]. An omnibus wallet aggregates the holdings of multiple users into a single on-chain address, with individual balances tracked on Revolut's internal ledger rather than on the blockchain itself. This architecture is standard among regulated financial intermediaries and is fundamentally different from a self-custody wallet such as MetaMask or a hardware wallet such as Ledger.

For its standard retail crypto offering through the main Revolut app, assets are held in cold storage - meaning the private keys are kept offline - with the majority of funds segregated from Revolut's operational accounts [1]. Revolut X, the company's dedicated advanced crypto exchange platform launched in May 2024, operates on a 1:1 custodial basis: assets are held individually and are not lent out or rehypothecated [4]. This distinction is commercially significant, as it addresses a key concern among sophisticated crypto users following the collapse of platforms such as FTX, which had misappropriated customer assets.

Revolut's custodial infrastructure relies on partnerships with institutional-grade custodians including Fireblocks, one of the leading digital asset custody and settlement platforms used by regulated financial institutions globally [4]. This arrangement allows Revolut to offer crypto services without building proprietary custody infrastructure from scratch - a critical factor in the speed and cost-effectiveness of its market entry.

Figure 1. Revolut Crypto Infrastructure: Three-Layer Architecture



1.2 Internal Ledger vs. On-Chain Transfers: one of the most commercially important - and least understood - aspects of Revolut's crypto mechanics is the distinction between on-chain and internal ledger transfers. When one Revolut user sends crypto to another Revolut user, the transaction does not occur on the blockchain. Instead, it is recorded as an internal ledger entry: Revolut debits one user's balance and credits another's within its own database [1]. No blockchain transaction occurs, no gas fees are paid, and no block confirmation is required. The transfer is instantaneous and free.

This architecture has profound implications for the user experience. It allows Revolut to offer "crypto transfers" between users at zero cost and with zero latency - a standard that no decentralized protocol can currently match. When a user wishes to withdraw crypto to an external wallet or exchange, a real on-chain transaction is executed, which incurs network fees and is subject to standard blockchain confirmation times.

The distinction between Revolut's internal ledger model and a true blockchain transfer is presented in Table 1 below.

Table 1. Comparison: Revolut Crypto, Centralized Exchange (Binance), and DeFi Protocol

Feature	**Revolut (Neobank)**	**Binance (CEX)**	**DeFi Protocol (e.g. Uniswap)**
Custody of assets	Revolut (custodial)	Binance (custodial)	User (self-custody)
Private keys held by	Revolut	Binance	User
Internal transfers	Free, instant, off-chain	Free between Binance users	N/A – all transactions on-chain
On-chain withdrawals	Yes, with network fee	Yes, with network fee	All transactions on-chain
Supported assets	~220 tokens	350+ tokens	Thousands (permissionless)
Banking integration	Full (IBAN, cards, fiat)	Limited (fiat on/off-ramp)	None
Regulatory status	FCA, MiCA (Lithuanian EMI)	Varies by jurisdiction	Unregulated (protocol level)
Account freeze risk	Yes (banking compliance)	Yes (exchange compliance)	No (smart contract)
User experience	Banking app	Trading platform	Web3 wallet + dApp

1.3 Account Freezes and Asset Access: a common concern among users considering crypto custody with a regulated institution is the question of what happens to their assets if their account is frozen or blocked. Under Revolut's terms of service and applicable regulatory frameworks, crypto assets held by Revolut are classified as client assets and are subject to segregation requirements - meaning they cannot be used to satisfy Revolut's own creditors in the event of insolvency. However, in the event of account suspension due to compliance investigations (e.g. suspected fraud or AML violations), access to crypto assets may be temporarily restricted in parallel with the account investigation.

The resolution timeline for account di'putes varies and is not publicly guaranteed by Revolut. Users who wish to withdraw their crypto to an external wallet during an active dispute may be unable to do so until the investigation is resolved. This represents a meaningful difference from self-custody arrangements, where no third party can prevent asset access.

1.4 Limits and Restrictions: Revolut imposes a structured hierarchy of limits depending on subscription tier. Standard (free) users face daily purchase limits of £1,000 and weekly limits of £5,000 for crypto purchases. Premium and Metal subscribers enjoy progressively higher limits [1]. Geographic restrictions are significant: Revolut terminated cryptocurrency services in the United States in October 2023 due to regulatory challenges, though this affected less than 1% of its global customer base [2]. The platform supports approximately 220 crypto assets across its retail and advanced trading offerings [4].

2. The Business Case - Is Crypto Profitable for a Neobank?

2.1 Revenue Model: Revolut generates revenue from crypto through four primary mechanisms. The first and historically most significant is the trading spread – the difference between the market price at which Revolut acquires an asset and the price at which it sells it to the user. For standard app users, Revolut charges a spread of approximately 1.5-2.5% per transaction, which is embedded in the exchange rate rather than displayed as an explicit fee [1]. The second revenue

stream is the flat transaction fee charged on smaller purchases, typically £0.99 per transaction below a threshold amount. The third mechanism is the subscription upsell effect: crypto access is a differentiating feature of paid subscription tiers (Premium and Metal), contributing to the 74% year-over-year growth in subscription revenue recorded in 2024. The fourth, and increasingly important, mechanism is staking revenue - Revolut offers staking for assets such as Ethereum and Cardano, retaining a portion of the staking yield as a service fee.

2.2 Costs of Offering Crypto: the principal costs associated with Revolut's crypto offering include custody infrastructure costs (fees paid to institutional custodians such as Fireblocks), compliance and licensing costs (including MiCA compliance under its Lithuanian Electronic Money Institution license, FCA registration in the UK, and CySEC CASP authorization for its EU crypto exchange), insurance costs for the custody of digital assets, and the ongoing cost of expanding its list of supported assets and maintaining the technical infrastructure for real-time pricing and settlement [1].

Table 2. Estimated Revenue and Cost Model for Neobank Crypto Operations (illustrative)

Item	Estimated Range	Notes
Trading spread revenue	1.5-2.5% per transaction	Embedded in exchange rate
Flat fee revenue	£0.99-£2.99 per transaction	Applies below threshold
Staking revenue share	15-25% of yield	Varies by asset
Subscription uplift	Indirect	Crypto drives Premium conversion
Custody infrastructure cost	0.05-0.15% of AUM p.a.	Fireblocks or equivalent
Compliance/licensing cost	£1-5M p.a.	MiCA, FCA, CySEC combined
Insurance cost	0.1-0.3% of AUM p.a.	Digital asset custody insurance
AML/KYC tooling	£500K-2M p.a.	Chainalysis or equivalent

2.3 Crypto as a Net Positive for Revolut's Growth: the financial data confirm that crypto has been a significant net positive for Revolut's growth trajectory. Revolut's total 2024 revenue rose 72% to $4 billion, up from $2.2 billion in 2023, driven by strong growth across its business segments, particularly its wealth division - which comprises revenues from cryptocurrency, commodities, trading and savings products - growing 298% year-over-year to $647 million. The fintech's first annual profit came in 2021, another time customers were looking to cash in on a crypto bull market - demonstrating that crypto has been a recurring catalyst for Revolut's profitability rather than a peripheral feature [3].

The relationship bet'een crypto and user acquisition is bidirectional. A portion of Revolut's user base - particularly younger, financially engaged users - chose Revolut specifically because of its crypto offering. A larger portion, however, was introduced to crypto through Revolut after joining for other banking services [4]. This activation dynamic - converting existing banking users into crypto participants - is arguably more strategically significant than pure acquisition, as it deepens user engagement, increases transaction volumes, and drives subscription upgrades.

3. GTM Strategy - How Revolut Onboarded Crypto Users

3.1 Positioning and Product Strategy: Revolut's go-to-market approach for crypto was defined by a deliberate positioning decision: crypto was introduced not as a speculative trading product but as a natural extension of the existing banking relationship. Rather than launching a separate crypto application - the approach taken by Coinbase, Binance, and most dedicated exchanges - Revolut embedded crypto functionality directly within its banking app, accessible from the same screen as the user's current account balance and card transactions.

This integration decision had profound consequences for adoption. Users who had never previously considered buying cryptocurrency were confronted with a "Buy Bitcoin" button at the same level of interface prominence as "Send Money" or "Top Up." The friction of opening a separate account, completing a separate KYC process, and transferring funds to an exchange was eliminated

entirely. Crypto became, in Revolut's interface design, just another financial product - as accessible as foreign currency exchange [4].

3.2 Key Campaigns and Mechanics: Revolut's crypto onboarding relied on several specific product and marketing mechanisms. The referral program - which rewarded both referrer and referee with cash bonuses upon first transaction - was a primary driver of user acquisition across Revolut's entire product suite, including crypto. In-app nudges, including push notifications triggered by significant price movements in major assets, drove activation of users who had not previously engaged with the crypto feature. The "Spare Change" round-up feature, which rounds up card transactions and invests the difference in a user-selected asset (including Bitcoin), reduced the psychological barrier to first purchase by framing crypto investment as a consequence of ordinary spending.

Revolut positioned crypto simultaneously as an investment vehicle and a spending enabler - users could hold Bitcoin as a store of value and convert it to fiat currency for card payments in real time. This dual positioning addressed both the investment use case (HODL) and the transactional use case (spending), broadening the addressable market beyond dedicated crypto enthusiasts.

3.3 Lessons for Other Neobanks: The transferable lessons from Revolut's crypto onboarding playbook are clear. Integration depth matters more than feature richness: a crypto feature embedded in the primary banking app will achieve higher adoption than a superior standalone app. Friction reduction at the point of first purchase - through shared KYC, instant fiat-to-crypto conversion, and zero minimum purchase amounts - is the primary determinant of activation rates. And positioning crypto as a natural financial product rather than a speculative instrument expands the addressable market to include users who would never self-identify as "crypto investors." [1,4]

4. Legal Landscape - Why Ukrainian Neobanks Can't Do This Yet

4.1 Specific Legal Limitations: Ukrainian banks are currently prohibited from holding or transacting in virtual assets on behalf of customers by the combination of two legal frameworks: the National Bank of Ukraine's regulations governing permissible bank activities, which do not include virtual asset custody or trading; and the wartime currency control regulations, which restrict cross-border capital movements and complicate the settlement of crypto transactions denominated in foreign currencies [11].

The Law of Ukraine "On Virtual Assets" (No. 2074-IX), adopted in February 2022 and signed by President Zelenskyy on March 16, 2022, would, upon entering into force, establish the legal framework for VASP licensing and supervised virtual asset activities. However, the law's activation is conditioned on amendments to the Tax Code that have not been adopted. As of May 2026, the law remains signed but not operative [9].

The regulatory vacuum has produced a measurable economic distortion. Raiffeisen Bank International's Head of GPS Ukraine, Bogdana Yefremova, formally identified this structural problem in the bank's March 2025 market analysis: Ukrainian blockchain and cryptocurrency specialists are founding exchanges abroad, operating under foreign legal frameworks and paying taxes in other jurisdictions, while waiting for domestic legislation to officially register at home [15]. Minister of Digital Transformation Mykhailo Fedorov estimated in June 2025 that had the crypto market been legalized, the state could have collected approximately UAH 15 billion in taxes over the period 2021–2024 [16]. This institutional assessment underscores a core paradox: Ukraine ranks sixth globally in crypto adoption by volume, yet generates no formal tax revenue from an activity that is neither prohibited nor legally recognized.

4.2 Regulatory Blockers: the NBU's institutional position toward crypto has historically been cautious. The regulator has treated virtual assets primarily as instruments of financial risk - potential vectors for capital flight, money laundering, and tax evasion - rather than as regulated financial products subject to supervised market development [10]. This position is reinforced by the IMF's skepticism toward rapid crypto liberalization in Ukraine: Monobank's Horokhovskyi noted publicly in December 2024 that the IMF "does not fully support the rapid development of Ukraine's crypto sphere" - a constraint that operates through Ukraine's macroeconomic stabilization program [14].

Wartime capital controls, introduced in February 2022, impose restrictions on cross-border currency transfers that are structurally incompatible with the operational requirements of regulated crypto services. On-ramp and off-ramp operations - converting fiat currency to crypto and vice versa - typically involve cross-border settlement flows that the NBU's current restrictions do not accommodate [10].

Table 3. Ukrainian Neobank Crypto Readiness Checklist

Requirement	Current Status	What Is Missing
Primary legislation	Signed, not in force	Tax Code amendments
VASP licensing framework	Not operational	Activation of Law on Virtual Assets
Regulatory authority designated	NBU/NSSMC (designated)	Operational implementation
MiCA alignment	Not applicable	Structural regulatory reform
Custody infrastructure	Not deployed	Partnership with institutional custodian
AML/KYC tooling for crypto	Partial (fiat AML exists)	Blockchain analytics tools (Chainalysis)
On/off-ramp infrastructure	Not available	Integration with regulated fiat-crypto converters
Core banking system integration	Legacy systems	API modernization
Qualified crypto compliance staff	Limited	Specialized hiring and training
Legal framework for smart contracts	Not defined	Dedicated legislation

4.3 Revolut's Regulatory Position vs. Ukraine: Revolut operates under a complex multi-entity regulatory structure assembled over nine years. Crypto services for EEA clients are provided by Revolut Digital Assets Europe Ltd (Cyprus, CySEC CASP licence No. 001/2025, MiCA-compliant). Crypto services for UK clients are provided by Revolut Ltd (FCA-registered, FRN: 900562). EU banking services are provided by Revolut Bank UAB (Lithuania, authorised by the ECB and regulated by the Bank of Lithuania). UK banking services are provided by Revolut Bank UK Ltd (England, authorised by the PRA and regulated by the FCA and PRA, Financial Services Register No. 981170) [1].

For a Ukrainian neobank to replicate this structure domestically, Ukraine would need to activate its existing virtual asset legislation, establish an operational VASP licensing regime, and align its requirements with MiCA standards to facilitate eventual EU market access under regulatory equivalence arrangements [9,11].

5. The Readiness Question - How Fast Could Ukrainian Neobanks Move?

5.1 Monobank: The Clearest Signal: the most direct indicator of Ukrainian neobank readiness comes from Monobank - Ukraine's largest and most technologically advanced digital bank with over 8 million users. Monobank co-founder Oleg Horokhovskyi stated in a December 2024 interview on YouTube channel "Bombardyr" that the bank is ready to revive its crypto product in 2025, conditional on regulatory liberalization by the NBU [14]. Horokhovskyi noted that the company had previously developed a solution to lower the entry barrier to crypto for the local market - an initiative that was discontinued due to regulatory opposition. The co-founder also noted that a separate Monobank co-founder, Mykhailo Rohalskyi, had stated in August 2023 that the company had no plans to add

Bitcoin as a payment option due to the asset's "poor reputation" [7] - illustrating the internal tension within the institution between market opportunity and reputational risk.

This public positioning - readiness contingent on regulation - is strategically significant. It indicates that Monobank has already completed at least preliminary technical development, has a clear product concept, and has identified its primary constraint as external (regulatory) rather than internal (technical or organizational). The analogy to Revolut's own trajectory is instructive: Revolut launched its crypto feature in 2017, one year after its founding, precisely because the UK's regulatory environment for crypto asset services was permissive enough to allow it [1,8].

5.2 Technical and Operational Requirements: if Ukrainian crypto law were aligned with EU standards, a neobank such as Monobank could realistically launch a basic crypto custody and trading feature within 6-12 months [12]. The minimum viable technical stack would require a partnership with an institutional custodian (Fireblocks, BitGo, or Copper), integration of a blockchain analytics and compliance tool (Chainalysis or Elliptic) for AML transaction monitoring, development or licensing of a fiat-to-crypto on/off-ramp infrastructure, and modification of the existing banking app interface to surface crypto functionality. None of these components require proprietary development - all are available as enterprise SaaS products with established implementation timelines.

The operational requirements are more demanding. Regulated crypto services require dedicated AML/KYC processes for virtual asset transactions (which differ meaningfully from fiat AML procedures), customer support staff trained in crypto-specific edge cases (lost access to wallets, disputed transactions, fork events), and a compliance function with blockchain analytics expertise [9, 10]. These capabilities require hiring and training that cannot be compressed below a certain minimum timeline.

The principal risk factor that would slow deployment even after legal change is the legacy core banking system. Ukrainian banks, including Monobank's parent Universal Bank, operate on core banking platforms not originally designed for real-time crypto settlement. Integrating crypto functionality with these systems requires careful API development and testing, and the complexity of this integration is the primary source of deployment risk [12].

What This Means for Ukraine

The analysis presented in this paper supports the following actionable conclusions:

1. The regulatory starting gun is the only missing piece for Monobank. The technical and organizational prerequisites for in-app crypto banking are either already in place or acquirable within six months. The activation of the Law on Virtual Assets is the single highest-leverage policy action available to Ukrainian regulators.

2. The Revolut model is directly replicable - but requires a custodial partner first. Any Ukrainian neobank launching crypto services should begin with a partnership agreement with an established institutional custodian before applying for a VASP license. The custodian selection decision will shape the technical architecture of the entire product.

3. Crypto as a retention tool matters more than crypto as a revenue line. Revolut's data demonstrate that the primary value of crypto for a neobank is not transaction fee revenue but user engagement depth, subscription conversion, and churn reduction. Ukrainian neobanks should model their crypto business cases accordingly.

4. MiCA alignment from day one is a strategic imperative. Given Ukraine's EU accession trajectory, any VASP licensing framework established today should be designed to be MiCA-compatible - both to facilitate future EU market access and to attract international institutional investors who require regulatory equivalence as a condition of engagement.

5. The IMF constraint is real but manageable. The IMF's skepticism toward rapid crypto liberalization is a legitimate macroeconomic concern given Ukraine's wartime financial stability requirements. A phased approach - beginning with a regulatory sandbox for limited VASP services - would allow market development without triggering macroeconomic instability concerns.

6. Monobank's public position is an invitation to the regulator. Horokhovskyi's December 2024 statement is not merely a news item - it is a public signal to the NBU that the private sector is ready to invest in regulated crypto services as soon as legal conditions permit. The NBU should treat this as an invitation to structured dialogue.

7. Academic research infrastructure in Ukraine - including planned research programs on crypto banking regulation and neobank readiness at DeFiLab [13] - will be essential for analyzing the regulatory and policy framework in Ukraine.

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