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DIGITAL BANKING INNOVATION IN EUROPE: *Strategic Archetypes and Comparative Case Study* *Analysis*

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Abstract

The financial services industry is undergoing a profound transformation, driven by digital technologies, changing customer expectations, regulatory evolution and the growing role of fintech firms and technology providers. Within this transformation, however, the concept of digital banking is often used ambiguously, as it tends to cover different forms of digitalisation, innovation and institutional change in banking and financial services. This thesis addresses this ambiguity by analysing digital banking not as a single homogeneous model, but as a set of distinct strategic archetypes. The research adopts a qualitative comparative case study approach and focuses on Revolut, N26 and isybank, which are used to represent three different trajectories in the European and Italian digital banking landscape: a fintech-native platform progressively moving towards banking, a digital-native regulated bank, and an incumbent-embedded digital bank developed within a traditional banking group. The comparison considers how each model creates value, organises the customer relationship, captures revenues, uses technology, interacts with regulation and manages scalability. The analysis shows that digital banking models differ not only in the use of digital channels, but in the deeper architecture through which banking-related services are organised and delivered. Revolut illustrates the expansion of a fintech-native platform into a broader and increasingly regulated financial ecosystem; N26 represents a standalone digital bank built around a regulated, account-centred relationship; and isybank shows how digital banking can also emerge from within an incumbent banking group, combining a distinct digital proposition with the infrastructure, product capabilities and regulatory framework of the parent institution. The thesis argues that the future of digital banking in Europe is unlikely to converge towards a single dominant model. Instead, it is more likely to be shaped by the coexistence of multiple trajectories, including platform convergence, incumbent digital reinvention and more modular forms of regulated banking. The impact on the banking sector is therefore expected to be selective rather than uniform. Digital banking may not replace traditional banks as a category, but it can reconfigure the banking value chain by shifting control over customer interfaces, data relationships, payment layers and standardised retail services. The contribution of the thesis is to provide a strategic framework for interpreting digital banking as an evolving field of competing architectures, showing that its meaning

depends not only on technology, but on the interaction between business model logic, regulation, institutional origin, technological capabilities and control over the customer relationship.

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List of Abbreviations

AI: Artificial Intelligence
AML: Anti-Money Laundering
API: Application Programming Interface
ATM: Automated Teller Machine
BaaS: Banking-as-a-Service
BaFin: Federal Financial Supervisory Authority
BIS: Bank for International Settlements
CDD: Customer Due Diligence
CFT: Countering the Financing of Terrorism
DORA: Digital Operational Resilience Act
ECB: European Central Bank
EEA: European Economic Area
ESMA: European Securities and Markets Authority
ETF: Exchange-Traded Fund
EU: European Union
FSI: Financial Stability Institute
FX: Foreign Exchange
ICT: Information and Communication Technology
KYC: Know Your Customer
LLM: Large Language Model
MiCA: Markets in Crypto-Assets Regulation
PSD2: Revised Payment Services Directive
RegTech: Regulatory Technology
SEPA: Single Euro Payments Area
SME: Small and Medium-sized Enterprise

1. Introduction

1.1 Background and relevance of the topic

The financial services industry is changing in fundamental ways, pushed by digital technology, shifting customer expectations, new kinds of competition, and an evolving regulatory landscape. More and more, people reach their bank through a mobile app or a web platform rather than a branch, and behind the scenes, tools such as cloud computing, APIs, artificial intelligence, and data analytics are altering how institutions design products, handle information, manage risk, and deal with their customers.

One consequence of this shift is that far more subjects now have a stake in financial services. Banks are no longer the only institutions steering where banking goes. Fintech firms, payment providers, digital-only banks, large technology companies, and infrastructure providers all take part in building, distributing, or enabling financial services in one way or another. Incumbent banks, for their part, have responded by investing heavily in their own digital transformation, building mobile-first services, moving to cloud infrastructure, developing remote advisory models, and launching new digital propositions to keep pace with competitive and technological change [1].

Because of all this, digital banking has become a pressing concern for a wide set of actors, though each cares about it for different reasons. Banks worry about staying competitive, keeping costs down, retaining customers, and modernising ageing systems. Fintech firms see openings to claim specific pieces of the value chain, to own the customer interface, or to edge gradually into banking itself. Regulators face a tangle of new issues, from operational resilience and cybersecurity to data governance, consumer protection, anti-money-laundering controls, and the stability of the wider system. Customers, for their part, simply expect more: easier access, faster service, greater transparency, and a degree of personalisation that was not available before.

This growing relevance comes with a conceptual problem, however. The term "digital banking" gets used to describe quite different things, ranging from the digitalisation of a traditional bank's channels to standalone digital-only banks, fintech platforms, and digital offerings launched by established incumbents. That looseness is a good reason to

treat digital banking not just as a technological development, but as a collection of distinct strategic and institutional models.

The point matters especially in Europe. Digital financial innovation here unfolds inside a fairly structured regulatory environment, shaped by initiatives such as PSD2, DORA, the AI Act, and MiCA. Yet the European market stays fragmented along national lines, divided by customer habits, payment infrastructures, language, taxation, supervisory expectations, and the enduring weight of established banking groups [2, 3]. That combination makes Europe a useful place to study digital banking as a set of different trajectories rather than a single, uniform model.

Italy is a telling case within this larger picture. Incumbent banking groups still dominate the Italian market, while fintech operators tend to work as technological enablers, specialised providers, or partners inside the ecosystem rather than as outright disruptors. This makes Italy a good vantage point for seeing how digital banking can take shape not only through external fintech pressure, but also through incumbent-led change and the recombination of existing banking capabilities with new technology.

Taken together, these observations suggest that analysing digital banking calls for a perspective that looks past channels and technologies to the strategic models through which banking services are actually organised, regulated, and delivered. Digital banking, in other words, is best understood not only as a technological phenomenon, but as a strategic and institutional transformation of banking itself.

1.2 Research problem, scope and contribution

Despite the growing relevance of digital banking, the concept is often used in a broad and imprecise way. In managerial, institutional and public debate, digital banking may refer to the digitalisation of existing bank channels, to digital-only banks, to fintech platforms offering banking-like services, or to digital propositions developed by incumbent banking groups. These phenomena are connected, but they are not equivalent. Treating them as a single category risks obscuring important differences in regulation, business model, technological architecture, revenue logic and strategic positioning [4].

The research problem addressed by this thesis is therefore conceptual and strategic. Conceptually, there is a need to distinguish digital banking from the broader fields of digital finance and fintech. Strategically, there is a need to understand how different digital banking models create value, scale their activities, interact with regulation and position themselves within the financial value chain. A digital interface alone does not define a banking model. What matters is how banking-related services are organised, monetised, regulated and embedded within a wider institutional structure.

The scope of the thesis is deliberately focused. The analysis does not aim to cover the entire fintech ecosystem, nor to classify every form of digital financial innovation. Payment fintechs, open finance providers, RegTech firms, Banking-as-a-Service platforms and technology suppliers are relevant to the broader context, but they are not the primary object of analysis unless they contribute to the development of banking-related models. The focus is instead on strategic configurations of digital banking, understood as models through which banking-related services are delivered, reorganised or embedded through digital technologies.

The thesis also does not aim to provide a quantitative performance ranking of digital banking players. Comparing firms only through customers, revenues, profitability or geographical reach would be misleading when the actors differ in origin, regulatory status, disclosure level, institutional structure and strategic objectives. The analysis therefore adopts a qualitative and interpretive approach, using selected cases to identify different archetypes rather than to determine which actor performs better.

The contribution of the thesis is to propose a strategic reading of digital banking as a spectrum of archetypes rather than as a homogeneous category. This perspective helps explain why actors that may appear similar at the customer interface level can follow different evolutionary paths. A fintech-native platform progressively moving towards banking, a standalone digital-native regulated bank and an incumbent-embedded digital bank all rely on digital technologies, but they differ in the way they control the customer relationship, manage regulation, organise technology, capture value and scale.

This contribution is relevant for both academic and managerial discussion. From an academic perspective, it clarifies the conceptual boundaries between digital finance, fintech and digital banking and connects them to strategic business model analysis. From

a managerial perspective, it highlights that digital banking competition is not only about digital channels or app functionalities, but about the coherence between value proposition, regulation, technology, monetisation and organisational structure. The thesis therefore provides a framework for interpreting digital banking as an evolving field of strategic configurations rather than as a single market segment.

1.3 Research objective and research questions

This thesis analyses digital banking as a set of strategic archetypes rather than as a single homogeneous model. It focuses on the emergence and development of different digital banking models, preparing the ground for the research objective stated below.

The research objective can be summarised as follows:

To identify and analyse the main strategic archetypes of digital banking in Europe, explaining how they differ in terms of business model, regulation, technology and value creation, and what they imply for the future evolution of the banking sector.

In order to address this objective, the thesis is guided by the following research questions:

RQ1. How can the boundaries between digital finance, fintech and digital banking be defined?

This question addresses the conceptual ambiguity surrounding the term digital banking. It clarifies how digital banking differs from the broader digital finance ecosystem and from fintech innovation more generally.

RQ2. Which strategic archetypes of digital banking can be identified in the European and Italian context?

This question focuses on the classification of different digital banking models. It aims to identify the main archetypes through which banking-related services are delivered, reorganised or embedded through digital technologies.

RQ3. How do these archetypes differ in terms of business model, regulation, technology, value capture and scalability?

This question addresses the comparative dimension of the thesis. It examines how different archetypes create value, manage regulatory constraints, organise technological capabilities and pursue sustainable growth.

RQ4. What do these archetypes reveal about the future evolution of digital banking in Europe and its impact on the banking sector?

This question connects the case analysis to a broader strategic interpretation. It explores whether digital banking is likely to converge towards a single dominant model or whether multiple trajectories are likely to coexist, and considers how these trajectories may affect the banking sector, with particular attention to traditional banks and incumbent institutions.

Together, these research questions support the central argument of the thesis: digital banking should not be understood only as a technological evolution of banking channels, but as a strategic and institutional transformation that can take different forms depending on origin, regulation, business model, technology and customer relationship.

1.4 Methodological approach and structure of the thesis

This thesis adopts a qualitative comparative case study approach. This method is appropriate because the objective is not to measure the performance of digital banking players through quantitative benchmarking, but to interpret different strategic configurations of digital banking. The comparison is therefore based on selected cases that illustrate distinct archetypes, rather than on a statistically representative sample of firms.

The empirical analysis focuses on three cases: Revolut, N26 and isybank. These cases are selected because they represent three different trajectories of digital banking in the European and Italian context. Revolut illustrates a fintech-native platform progressively moving towards banking. N26 represents a digital-native regulated bank operating as a standalone mobile-first institution. isybank represents an incumbent-embedded digital bank developed within the Intesa Sanpaolo Group. The cases are therefore used as analytical examples of different strategic models, not as directly equivalent competitors.

The analysis relies on publicly available sources, including institutional reports, company documents, annual reports, supervisory publications, press releases, financial statements where available and selected secondary sources. This choice is consistent with the strategic and interpretive nature of the research. Since the cases differ in institutional structure and level of disclosure, the thesis avoids a direct financial performance ranking and uses quantitative indicators only when they help support the interpretation of different business model and scalability logics.

The comparison is organised around a set of analytical dimensions: institutional origin, value proposition, business model, revenue logic, technological architecture, regulatory position, scalability, sustainability and strategic trade-offs. These dimensions make it possible to analyse digital banking beyond the customer-facing interface and to understand how each model combines technology, regulation, customer relationship and organisational structure.

The thesis is structured as follows. Chapter 1 introduces the research background, problem, objectives, research questions and methodological approach. Chapter 2 develops the conceptual and contextual framework, clarifying the boundaries between digital finance, fintech and digital banking and discussing the main drivers, business models, risks and European and Italian market contexts. Chapter 3 presents the case studies of Revolut, isybank and N26. Chapter 4 develops the comparative strategic analysis and formalises the archetype taxonomy. Chapter 5 discusses the main findings, theoretical and strategic implications, future scenarios, banking industry impact, limitations and conclusions.

2. Digital Banking and Fintech: Concepts, Trends and Market Context

2.1 The evolution of financial services in the digital era

The digitalisation of financial services has progressively transformed the way financial products are designed, distributed and consumed. Banking and financial intermediation are no longer shaped only by traditional branch-based institutions, physical distribution networks and vertically integrated organisational structures. They are increasingly influenced by mobile interfaces, cloud infrastructures, application programming interfaces (APIs), artificial intelligence, data analytics, digital payments and platform-based business models. As a result, digitalisation affects not only the channel through which financial services are delivered, but also the actors involved, the structure of competition and the organisation of the financial value chain.

APIs allow different software systems to exchange data and services, making it easier to connect banks, fintech firms and third-party providers. Cloud infrastructures provide scalable computing resources for storing, processing and running digital financial services, reducing the need for firms to rely only on internal IT systems.

This transformation should not be understood as a simple technological upgrade of traditional banking. Digitalisation involves new products and services, new distribution channels, new technology providers, new forms of data use and new tools for risk management and supervision [5]. This broader perspective is important because it moves the analysis beyond the idea of online banking as an additional channel. Digitalisation changes how financial institutions interact with customers, process information, manage risks, cooperate with technology providers and compete with new entrants.

One of the most visible effects of this transformation is the shift from branch-centred banking to mobile-first and platform-based interaction. Customers increasingly access financial services through digital interfaces, expecting speed, transparency, personalisation and continuous availability. Current accounts, payments, savings, investments, credit and insurance can now be accessed through apps and digital

platforms, often with a lower level of friction than traditional banking channels. This has changed customer expectations and created space for new entrants able to compete through user experience, fast onboarding and simplified product design.

Digitalisation has also changed the competitive landscape. Financial services are no longer provided only by traditional banks: fintech firms, payment institutions, digital banks, technology providers, RegTech firms and open finance infrastructures increasingly participate in the production, distribution or enabling of financial services. RegTech refers to technologies that support regulatory compliance and risk monitoring, while open finance infrastructures enable the secure sharing of financial data and services between authorised actors. This transformation has contributed to the unbundling of traditional banking services, while also enabling new forms of re-bundling around digital platforms and customer interfaces [1].

The dual movement of unbundling and re-bundling is central to understanding the evolution of digital finance. In a first phase, fintech innovation often targets specific pain points in the financial value chain, such as payments, foreign exchange, lending, personal finance management or investment access. These specialised services can challenge incumbent banks by offering a narrower but more efficient or customer-friendly proposition. In a second phase, however, some fintech-native actors expand beyond the original use case and recombine multiple services into a wider platform. Digitalisation therefore does not only fragment banking activities; it can also produce new forms of aggregation around the customer interface.

The transformation also affects the banking value chain. Traditionally, banks tended to integrate customer relationship, product manufacturing, risk management, compliance, infrastructure and distribution within the same institution. Digitalisation makes this structure more modular. Customer-facing interfaces, payments infrastructure, compliance technology, data analytics, cloud services and embedded finance solutions can be provided or supported by different actors. Bank-technology partnerships, outsourcing arrangements and distributed value-chain models are therefore increasingly relevant in the organisation of digital financial services [5].

Regulation has evolved alongside these changes. Digital innovation creates new opportunities, but also new risks related to cybersecurity, operational resilience, data

governance, cloud dependency, fraud, anti-money laundering controls, consumer protection and financial stability. In Europe, regulatory initiatives and supervisory debates increasingly focus on the implications of artificial intelligence, cloud services, crypto-assets, operational resilience and digital infrastructures for the banking sector [3]. This is especially relevant for digital banking, where technological innovation intersects with activities that require high levels of trust, supervision and prudential control.

The European digital finance landscape is therefore highly heterogeneous. Some actors operate as fully regulated digital banks, others as fintech platforms, payment institutions, technology providers or infrastructure enablers. At the same time, incumbent banks are investing in cloud infrastructure, artificial intelligence, digital onboarding, mobile platforms and new customer service models. This variety makes it necessary to distinguish carefully between digital finance, fintech and digital banking before analysing specific digital banking models.

The evolution described above shows that digitalisation has expanded the range of actors, technologies and organisational forms involved in financial services. However, this also creates conceptual ambiguity: terms such as digital finance, fintech and digital banking are often used together, even though they do not refer to the same phenomenon. For this reason, the next section clarifies the boundaries between these concepts and explains why digital banking should be analysed as a specific but heterogeneous part of the broader digital finance ecosystem.

2.2 Defining the boundaries: fintech, digital finance and digital banking

The boundaries between digital finance, fintech and digital banking are not only terminological. They affect the way different actors are classified, regulated and compared. For this reason, this section clarifies the conceptual distinctions needed to analyse digital banking as a specific but heterogeneous part of the broader digital finance ecosystem.

Digital finance is the broadest concept. It refers to the transformation of financial services through digital technologies, data infrastructures, platforms and new forms of connectivity. It includes digital payments, online lending, digital investment services,

open finance, crypto-assets, cloud infrastructure, artificial intelligence, data analytics and digital channels used by both banks and non-bank actors. In this sense, digital finance is not limited to banks and does not necessarily imply the provision of banking services. It describes the broader digital transformation of the financial system.

Fintech is a narrower but still broad concept. It refers to technology-enabled innovation in financial services. Fintech firms may provide payment services, lending platforms, wealth management tools, personal finance applications, RegTech solutions, open banking infrastructures or B2B technology services. Some fintechs compete directly with banks at the customer interface, while others operate as suppliers or partners of financial institutions. For this reason, fintech should not be treated as synonymous with digital banking. A fintech company may provide financial services without being a bank, and it may remain outside the full banking regulatory perimeter depending on its activities, licence and business model.

Digital banking is more specific, but it is still heterogeneous. At a basic level, it refers to the provision or reorganisation of banking-related services through digital technologies and channels. However, digital banking should not be reduced to online banking or mobile banking offered by traditional banks. A mobile app, digital onboarding or online payment functionality is not sufficient to define a distinct digital banking model. What matters is how banking-related services are organised, regulated, monetised and embedded within a wider institutional structure.

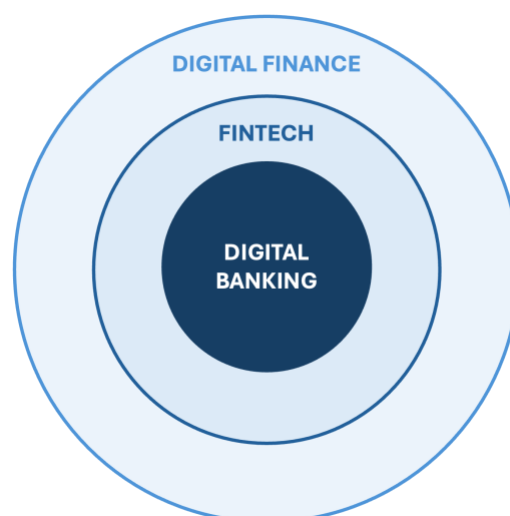


Figure 1. Conceptual boundaries between digital finance, fintech and digital banking.

Source: author's elaboration based on Ehrentraud et al. [4], Feyen et al. [1].

Figure 1 provides a simplified representation of these conceptual boundaries. It should not be interpreted as a rigid taxonomy, but as a schematic distinction between the broader digital finance ecosystem, technology-enabled financial innovation and the narrower field of banking-related digital models analysed in this thesis.

A useful distinction is between digital banks and fintech platforms. Digital banks can be understood as deposit-taking institutions that deliver banking services mainly through digital channels, while fintech platforms are technology-enabled firms that provide financial products or services through platform-based models, without necessarily operating as fully licensed banks [4]. This distinction is important because digitalisation alone does not determine the institutional nature of an actor. A fintech platform may start from a specific financial service, such as foreign exchange, payments or personal finance management, and then expand into adjacent products. Its core logic is often based on platform engagement, product breadth, data-driven customer interaction and fee-based monetisation. A digital bank, by contrast, is more directly connected to the banking relationship: accounts, deposits, lending, customer due diligence, prudential supervision and broader banking regulation. Customer due diligence refers to checks used to identify customers and assess risk, while prudential supervision aims to ensure the safety and soundness of regulated institutions.

The boundary may become blurred when fintech platforms progressively acquire banking licences or offer banking-like services, but entering the banking perimeter changes the regulatory and organisational requirements of the model. This is why different actors may appear similar from the customer's point of view while remaining very different from a strategic and regulatory perspective. A payment fintech, a fintech-native platform, a licensed digital bank and an incumbent's digital banking proposition may all offer app-based financial services. However, they differ in terms of licence, risk exposure, regulatory obligations, compliance infrastructure, product scope and control of the customer relationship. The same digital interface can therefore hide very different business models.

Another boundary concerns payment fintechs. Payment providers are central to the digitalisation of finance, but they should not automatically be classified as digital banks. A payment fintech may offer digital wallets, cards, transfers, merchant acquiring or

payment infrastructure without providing a full banking relationship. Payment services may be an entry point into broader financial ecosystems, but the payment function alone does not define a banking model. This distinction is relevant because some companies remain focused on payments, while others use payments as the basis for expanding into accounts, savings, credit, investments or business finance.

A further distinction concerns incumbent digital transformation. Traditional banks increasingly provide digital onboarding, mobile apps, remote customer service, digital payments and automated processes. However, not every digital initiative by an incumbent bank should be interpreted as a separate digital banking archetype. In many cases, digitalisation improves existing channels and processes within the traditional bank. A distinct incumbent-embedded digital bank emerges only when the group develops a separate digital proposition, brand, operating model or customer segment strategy, while still relying on the parent bank's infrastructure, product factories and regulatory framework.

The distinction between regulated and non-regulated actors is also fundamental. Digital financial services may be offered by licensed banks, payment institutions, e-money institutions, investment firms, technology providers or non-regulated suppliers. The regulatory perimeter depends on the specific activities performed, such as deposit-taking, lending, payment execution, investment services or technology provision. This matters because regulation affects not only compliance costs, but also trust, scalability, product scope and strategic positioning. Actors operating closer to banking activities must internalise stronger requirements in areas such as AML, governance, risk management, operational resilience and consumer protection [3].

These boundaries are increasingly difficult to draw because digitalisation has made the financial value chain more modular. Some actors own the customer interface but rely on partners for licences or infrastructure. Others provide regulated banking services while using external technology providers. Others operate as B2B enablers, supplying banks and fintechs with data, compliance, cloud, open finance or payment solutions. This distributed structure makes digital finance broader than digital banking and explains why a careful conceptual distinction is necessary before developing any comparison between cases [5].

For this reason, the thesis adopts a focused interpretation of digital banking. The analysis concentrates on strategic models through which banking-related services are delivered, reorganised or embedded through digital technologies. This includes fintech-native platforms moving towards banking, digital-native regulated banks and incumbent-embedded digital banks. It excludes, as primary objects of analysis, pure payment fintechs, non-regulated technology suppliers, open finance infrastructure providers and other fintech actors that do not develop a banking-related proposition. These actors remain relevant to the broader context, but they are not the central focus of the case study analysis. The following sections build on this distinction by analysing the drivers, business models, challenges and market context that explain why different digital banking archetypes have emerged.

2.3 Drivers of innovation in banking

The emergence of digital banking models is the result of multiple drivers rather than a single technological cause. Digital innovation in banking is shaped by the interaction of technological change, regulatory evolution, customer behaviour, competitive pressure and the need for efficiency. These drivers do not operate independently: they reinforce each other and create the conditions for new business models, new forms of intermediation and new relationships between banks, fintech firms and technology providers.

Technology is the most visible driver of this transformation. Cloud computing, artificial intelligence, application programming interfaces, data analytics, digital identity solutions and mobile infrastructures have expanded the range of possible banking models. These technologies allow financial institutions to automate processes, personalise services, reduce friction in onboarding, improve risk monitoring and distribute services through digital channels. They also lower some barriers to entry in specific parts of the financial value chain, enabling fintech firms and technology providers to compete with or support incumbent banks. Technology therefore acts both as an efficiency tool for existing institutions and as an entry point for new actors.

Within this broader technological shift, artificial intelligence and data analytics are particularly important because they affect both customer-facing services and internal

processes. They can support personalised recommendations, fraud detection, credit assessment, customer support, transaction monitoring and operational automation. In banking, however, the use of AI is not only a matter of innovation speed. It also raises questions related to explainability, data governance, model risk, cybersecurity, discrimination, operational resilience and supervisory oversight. This means that technological innovation in banking is always linked to governance and risk management, especially when it affects regulated activities [3, 5].

Regulation also plays an active role in shaping digital banking innovation. It can appear as a constraint on innovation, but it can also enable new forms of competition and market organisation. Open banking has been particularly relevant in this respect, as it allows authorised third parties to access banking data through secure interfaces, usually with customer consent. Payment regulation, digital identity frameworks for customer identification and authentication, operational resilience rules and the regulation of crypto-assets and digital infrastructures have also contributed to reshaping the financial sector. Regulatory frameworks can reduce entry barriers in some areas, for example by allowing licensed non-bank actors to provide payment services. At the same time, they impose stricter requirements on activities closer to banking, such as deposits, lending, anti-money laundering (AML) controls, aimed at preventing the use of financial services for illicit funds, and prudential supervision, which aims to ensure the safety and soundness of regulated institutions.

This dual role of regulation is central to digital banking. On the one hand, regulation enables trust and allows actors to offer services that require legal certainty and institutional credibility. On the other hand, it increases the organisational capabilities required to scale safely. This tension is particularly relevant for the archetypes analysed in this thesis: fintech-native platforms must progressively build regulatory capabilities as they approach banking, digital-native banks must scale compliance together with customer growth, and incumbent-embedded models can rely on existing regulatory infrastructure but must innovate within established governance frameworks.

Customer behaviour has also become a major source of pressure on banking models. Digital users increasingly expect financial services to be fast, intuitive, transparent and continuously accessible. Banking is no longer evaluated only in relation to branch

proximity or traditional advisory relationships, but also through the quality of the mobile experience, speed of onboarding, clarity of pricing, real-time notifications, personalisation and integration with everyday digital habits. These expectations have created opportunities for digital-native actors that compete on user experience and simplicity, but they have also pushed incumbent banks to redesign their own digital channels and customer service models.

These changes in behaviour matter strategically because digital banking models often begin from specific customer pain points. Foreign exchange fees, slow international transfers, complex account opening, limited spending visibility or poor mobile interfaces can become entry points for fintech challengers. Once customers adopt a digital service for one specific need, firms may try to expand the relationship by adding adjacent services. This explains why customer experience is not only a marketing dimension, but a strategic mechanism for entry, engagement and potential re-bundling.

Competitive pressure has intensified as the boundaries of banking have become more open. Banks no longer compete only with other banks. They face competition from fintech firms, payment providers, digital wallets, neobanks, Big Tech firms, infrastructure providers and specialised B2B platforms. At the same time, competition is not always direct. Many fintech firms operate as partners or suppliers of banks, contributing to a more complex ecosystem in which competition and cooperation coexist. This is particularly visible in areas such as payments, cloud services, data analytics, open finance and compliance technologies [1, 5].

The strategic consequences of this pressure are visible both for challengers and for incumbents. Fintech-native players may push banks to improve user experience, pricing transparency and product speed. Technology providers may change the economics of infrastructure and data processing. Incumbent banks may respond by investing in digital channels, launching separate digital propositions or developing partnerships with fintech firms. Innovation in banking is therefore not only the result of internal technological adoption, but also a response to ecosystem-level changes in competition and collaboration.

Efficiency and scalability provide another important explanation for the development of digital banking. Digital channels can reduce dependence on physical branches, automate repetitive processes, support remote servicing and expand customer reach. For incumbent banks, digital transformation may support cost reduction, branch network optimisation and better use of customer data. For fintech-native and digital-native actors, scalability is linked to the ability to acquire customers through digital channels and to replicate products across markets with limited physical infrastructure.

However, digital scalability is not automatic. It requires investment in technology, cybersecurity, compliance, customer support, fraud prevention and operational resilience. The cost structure of digital banking is therefore different from traditional banking, but not necessarily lighter in every dimension. This is important because the sustainability of digital banking depends not only on customer growth, but also on the ability to monetise users, manage risks and maintain trust at scale.

Overall, the drivers of innovation in banking are interconnected. Technology creates new possibilities, regulation defines what is allowed and trusted, customers create demand for new experiences, competition pushes incumbents and challengers to adapt, and efficiency pressures make digital transformation strategically necessary. These drivers explain why digital banking has developed through different models rather than through a single trajectory, providing the basis for the business model and strategic configurations discussed in the following section.

2.4 Business models and strategic configurations

Once the conceptual boundaries between digital finance, fintech and digital banking have been clarified, the next step is to understand how digital banking models create and capture value. The emergence of digital banking is not only a matter of offering products through an app or replacing branches with online channels. It also concerns the way firms organise the customer relationship, structure their revenue model, control the financial value chain and position themselves within the broader ecosystem of banks, fintech firms and technology providers.

CONFIGURATION	CORE LOGIC	STRATEGIC ROLE
Platform-based	Re-bundling multiple services around the customer interface	Engagement, cross-usage and ecosystem expansion
Account-centred	Digital current account as the anchor of the relationship	Simplicity, trust and regulated banking focus
Incumbent-embedded	Digital proposition developed inside a banking group	Cost-to-serve reduction, digital migration and group leverage
Modular/ecosystem-based	Value chain distributed across multiple actors	Partnerships, infrastructure, BaaS and open finance

Table 1. Main digital banking business model configurations.

Source: author's elaboration based on Feyen et al. [1], Ehrentraud et al. [4] and Barakova et al. [6].

Table 1 summarises the main business model configurations discussed in this section. These configurations should not be interpreted as rigid categories, but as analytical logics that help explain how digital banking models differ in value creation, customer relationship and value-chain positioning.

A first business model logic is platform-based. In this configuration, the firm often enters the market through a specific financial use case, such as payments, foreign exchange, transfers or personal finance management. The initial proposition is usually narrow, simple and highly focused on a customer pain point. Over time, however, successful platforms may expand into adjacent products and recombine multiple services around the same customer interface. This reflects the broader movement from unbundling to re-bundling in digital finance: individual financial services are first separated from the traditional banking bundle and then reorganised into new digital ecosystems [1].

The strategic strength of the platform-based model lies in engagement and product expansion. The customer relationship is not necessarily anchored in a traditional current account, but in the repeated use of the digital interface across different services. Payments, cards, savings, investments, credit, subscriptions or business tools can become part of the same ecosystem. Value creation depends on reducing friction for the user, while value capture depends on increasing cross-usage, data-driven interaction, fee revenues, subscriptions and potentially the transition towards more regulated financial services.

A second configuration is account-centred digital banking. In this model, the digital current account remains the core of the customer relationship. The business model is not primarily based on building a broad financial super-app, but on simplifying the traditional

banking experience through mobile-first access, transparent pricing, fast onboarding, cards, payments, spending tools and selected adjacent services. The strategic logic is therefore more focused: the bank creates value by making the core banking relationship more accessible, intuitive and efficient.

This model is particularly relevant because it shows that digital banking does not necessarily require platform breadth. A digital bank can compete through clarity, trust and usability rather than through continuous product expansion. However, because the account-centred model is closer to the regulated banking perimeter, its sustainability depends on more than customer acquisition. It also requires compliance capacity, operational resilience, fraud prevention, risk management and the ability to monetise the customer base without relying only on growth.

A third configuration is incumbent-embedded digital banking. Here, the digital proposition is developed within a traditional banking group and is connected to the parent institution's infrastructure, product factories, regulatory framework and customer base. The strategic logic is different from both platform-based expansion and standalone digital banking. The digital model is not built from scratch, but uses incumbent resources to serve specific customer segments, reduce cost-to-serve, support digital migration and defend the customer relationship against fintech competition.

The strength of this configuration lies in the combination of digital distribution and institutional support. Incumbent banks can leverage trust, capital, regulatory credibility, existing customers and product depth. At the same time, the model involves a trade-off between integration and autonomy. A digital proposition embedded within a larger banking group may benefit from infrastructure and credibility, but it can also face constraints related to legacy systems, governance processes and the need to remain aligned with the strategic priorities of the parent bank.

A fourth configuration is modular and ecosystem-based. In this model, the financial value chain is distributed across multiple actors. One firm may control the customer interface, another may provide the licence or regulated infrastructure, while others supply payments, cloud services, data analytics, compliance tools or open finance connectivity. This configuration reflects the increasing importance of bank-fintech partnerships, technology providers, Banking-as-a-Service, embedded finance and specialised

infrastructure players in the organisation of digital financial services [5]. Banking-as-a-Service refers to models in which banking infrastructure or regulated capabilities are provided to third parties through technological interfaces, while embedded finance involves the integration of financial services into non-financial platforms or customer journeys.

The modular configuration changes the meaning of competition. Competitive advantage does not always depend on owning the entire value chain. It may depend instead on controlling the most strategic layers of the ecosystem, such as customer access, data, compliance, infrastructure or product orchestration. This also creates new governance questions: who owns the customer relationship, who is responsible for regulatory compliance, who controls data, and how risks are allocated across different actors. This configuration is not represented by a dedicated case study in this thesis, but it provides relevant context for understanding the modular dimensions of the three archetypes analysed and for the future scenarios discussed in Chapter 5.

These configurations are not mutually exclusive and may evolve over time. A platform-based actor may move closer to banking, an account-centred digital bank may add adjacent products, an incumbent may develop a separate digital proposition, and infrastructure providers may become increasingly central to the banking ecosystem. For this reason, business model analysis in digital banking must focus not only on the products offered, but also on value creation, monetisation, regulatory positioning, technological control and the organisation of the value chain.

The existence of these configurations also shows that innovation in banking is not only a question of new products, but of organisational design, regulatory positioning and control over the financial value chain. As digital models become more complex and more integrated into core financial activities, they also generate new risks and constraints. The next section therefore examines the main challenges associated with digital banking innovation.

2.5 Challenges and risks of digital banking innovation

Digital banking innovation creates new opportunities for efficiency, customer experience and competition, but it also introduces specific challenges that directly affect the

sustainability of digital business models. As digital banking moves closer to core financial activities such as deposits, payments, lending and investment services, issues of profitability, compliance, cybersecurity, operational resilience and customer protection become increasingly strategic.

Profitability with economic sustainability can be identified as one of the main tensions. Digital banking models are often associated with lower operating costs because they rely less on physical branches and more on digital channels. However, lower branch dependency does not automatically imply a sustainable business model. Digital actors may face high customer acquisition costs, continuous technology investment, marketing expenditure, cloud infrastructure costs, cybersecurity needs, customer support expenses and compliance investments. In addition, digital customers may be easier to acquire but also easier to lose, especially when switching costs are low and services are perceived as interchangeable.

This issue is particularly relevant for digital-only banks and fintech-native platforms. Rapid customer growth can create the impression of scalability, but long-term sustainability depends on the ability to monetise customers beyond initial adoption. Free accounts, low-cost services and aggressive acquisition strategies may support growth, but they must eventually be complemented by recurring revenues, cross-selling, interest income, subscription models or other forms of value capture. For this reason, the economic viability of digital banking cannot be assessed only through customer numbers or app adoption.

Compliance and financial crime prevention represent another critical constraint. Digital onboarding and remote customer acquisition can increase speed and convenience, but they also create pressure on know-your-customer procedures, anti-money laundering controls, fraud detection and transaction monitoring. These processes are necessary to verify customers, assess risk and prevent the use of financial services for illicit activity. The absence of physical interaction does not eliminate the need for trust and verification; it shifts these functions into digital identity systems, automated controls, data analytics and risk-management processes. As digital actors scale, compliance systems must scale with them.

This becomes particularly important when regulatory weaknesses begin to affect growth directly. A digital bank or fintech platform may have strong customer demand and a well-designed app, but if its AML, governance or risk controls are considered insufficient, supervisory authorities can impose restrictions, fines or remediation requirements. In this sense, compliance is not only a legal obligation. It becomes a strategic capability that determines whether digital growth can be sustained inside the banking perimeter.

An equally central challenge is cybersecurity and operational resilience, meaning the ability of financial institutions to prevent, withstand and recover from operational or technological disruptions. Digital banking relies on continuous availability, secure data processing, cloud infrastructures, APIs, mobile applications and third-party technology providers. This increases efficiency and flexibility, but it also expands the attack surface and the potential consequences of operational failures. Cyber incidents, service outages, data breaches or failures in outsourced technology services can damage customer trust and create systemic concerns, especially when digital channels become the primary point of access to financial services.

European regulation increasingly reflects this concern through frameworks such as DORA, the EU regulation on digital operational resilience for the financial sector, which will be examined in detail in Section 2.6 [3]. This is particularly relevant in digital banking, where the reliability of the technological infrastructure is directly connected to the reliability of the banking service itself.

Data governance and artificial intelligence add a further layer of complexity. Data-driven models allow financial institutions to personalise services, automate decisions, detect fraud and improve risk monitoring. However, the use of large volumes of customer data raises issues of privacy, explainability, bias, accountability and model risk. In banking, algorithmic decisions can affect access to credit, fraud controls, customer segmentation and pricing. For this reason, the use of AI and data analytics requires strong governance, especially when automated systems influence regulated financial decisions or customer treatment [5].

Customer protection and financial inclusion also remain important concerns. Digital channels can make financial services more accessible, faster and cheaper for many

users. At the same time, they can create exclusion for customers who lack digital skills, stable internet access, appropriate devices or trust in remote financial relationships. Fully digital models may therefore improve convenience for digitally active customers while creating new barriers for vulnerable or less digitally literate groups. This is particularly relevant when banks reduce physical branches or migrate customers towards remote channels.

Customer protection becomes even more complex in digital environments. Users may face risks related to unclear pricing, aggressive cross-selling, gamified interfaces, fraud, scams, data misuse or insufficient understanding of financial products offered through simplified app interfaces. Digital design can reduce friction, but sometimes in financial services it can also play a protective role by slowing down decisions and increasing customer awareness. The challenge is therefore to combine simplicity with transparency, responsibility and adequate safeguards.

Finally, digital banking also increases dependency on external technology providers and ecosystem partners. As the financial value chain becomes more modular, banks and fintech firms increasingly rely on cloud providers, payment processors, data vendors, cybersecurity firms, RegTech solutions and open finance infrastructures. These dependencies can improve efficiency and innovation, but they also create concentration risks, contractual complexity and governance challenges. When critical activities are outsourced or distributed across multiple actors, accountability and risk allocation become more difficult [5].

Taken together, these challenges reveal a central tension in digital banking. Digital models can increase speed, convenience and scalability, but they also require organisational capabilities that are less visible than the customer interface: governance, risk management, compliance, resilience, data control and operational discipline. The more digital banking models scale and move closer to regulated banking activities, the more these capabilities become decisive for long-term sustainability. This tension helps explain why different archetypes face different strategic constraints: fintech-native platforms must manage increasing complexity as they expand, digital-native regulated banks must align growth with supervisory trust, and incumbent-embedded models must innovate while remaining compatible with group governance and regulatory expectations.

These issues become more concrete when placed within the European and Italian market context.

2.6 The European digital banking landscape

The European digital banking landscape is shaped by a distinctive combination of regulatory integration and market fragmentation. At EU level, payment regulation, open banking, digital operational resilience, crypto-asset regulation and artificial intelligence governance have progressively created a common framework for digital financial innovation. At the same time, banking remains influenced by national customer habits, payment infrastructures, language, taxation, supervisory practices and the historical strength of incumbent banks. Europe therefore offers a large potential market for digital banking models, but not a fully homogeneous one.

This transformation is also visible in the emergence of digital-only banks within the euro area. According to the ECB, around 60 digital-only banks were identified in the euro area at the end of 2024, including seven subsidiaries of traditional banks. Their market share increased from 3.1% of total assets in 2019 to 3.9% in 2024, reflecting both the expansion of established players and the entry of new competitors. At the same time, digital banks remain relatively small players and rely heavily on retail deposits, which account for around 80% of their total funding [2]. These figures support the idea that digital banking is becoming more relevant, but not through a simple replacement of traditional banking. Rather, it is developing through specific business models that combine digital distribution, different funding structures and new forms of competitive pressure.

A first turning point was the development of open banking through PSD2. The revised Payment Services Directive supported competition in retail payments and strengthened the security of payment transactions and consumer data protection [7]. It also required banks to allow authorised third-party providers to access payment account information and initiate payments, subject to customer consent. This was important because it weakened the exclusive control traditionally held by banks over account information and payment initiation. From a strategic perspective, PSD2 did not simply regulate payments; it contributed to opening part of the banking value chain to fintech firms and other authorised actors.

The impact of PSD2 is relevant for digital banking because it encouraged competition around the customer interface. Account information services, payment initiation services and API-based connections created opportunities for fintech firms to build services on top of existing bank accounts. Banks remained central as account providers and regulated institutions, while third parties could compete on data access, user experience, payments and aggregation services. Open banking therefore illustrates one of the main features of the European landscape: innovation is encouraged through regulated access rather than through complete deregulation.

A second important development is the rise of digital-only banks and new bank business models. Digital-only banks provide services mainly through digital channels and generally operate with limited or no reliance on physical branches. In the euro area, these banks have contributed to competitive pressure by offering mobile-first services, simplified onboarding, real-time account management and more transparent customer interfaces. However, the European experience also shows that digital-only banking does not automatically produce superior economic performance. New digital bank business models may challenge traditional banks, but they also face risks related to profitability, funding structure, risk management and financial stability [2].

This is particularly relevant because many digital banking models have historically prioritised customer acquisition and scale before profitability. Free or low-cost services, marketing expenditure and app-based growth can support rapid expansion, but long-term sustainability depends on the ability to monetise customers, manage funding stability and maintain adequate risk controls. Digital customers may also be more mobile, because funds can be moved quickly in response to pricing, reputation or perceived risk. In Europe, digital banking therefore develops under a dual pressure: the need to scale across markets and the need to remain credible from a supervisory and financial stability perspective.

A third distinctive feature of the European context is the increasing focus on digital operational resilience. As banking becomes more dependent on information and communication technology (ICT) systems, cloud services, APIs, cybersecurity tools and outsourced technology providers, the reliability of technological infrastructure becomes directly linked to the reliability of banking services. DORA, the EU Digital Operational

Resilience Act, addresses this issue by introducing requirements on ICT risk management, incident reporting, resilience testing and third-party technology dependencies in the financial sector [3]. For digital banking, this is particularly important because the digital channel is often the primary or only point of access to financial services.

DORA also reflects a broader European concern with third-party dependency and concentration risk. Banks and fintech firms increasingly rely on a limited number of large cloud and technology providers for data storage, computing, cybersecurity and operational services. These providers can support scalability and innovation, but they can also become critical points of vulnerability if many financial institutions depend on the same infrastructure. For this reason, the European approach treats cloud and ICT outsourcing not only as technological choices, but also as issues of governance, supervision and systemic resilience.

Artificial intelligence represents another area in which the European regulatory environment is becoming more structured. AI can support fraud detection, customer service, credit assessment, personalisation, compliance monitoring and internal controls. At the same time, its use in banking raises issues of explainability, bias, accountability, data governance and model risk. The EU AI Act, which entered into force in 2024, introduces a risk-based framework for artificial intelligence and aims to support responsible AI development and deployment in the EU [8]. In banking, this is particularly relevant when AI systems affect credit decisions, fraud alerts, customer profiling or automated decision-making.

The regulation of crypto-assets is another example of the European tendency to define regulatory perimeters around digital financial innovation. MiCA, the Markets in Crypto-Assets Regulation, establishes uniform EU rules for crypto-assets that were not already covered by existing financial services legislation [9]. Crypto-assets are not the focus of this thesis, but MiCA is relevant because many fintech platforms and digital financial ecosystems may combine traditional financial services with investment products, crypto-related services or digital asset functionalities. It also shows that the EU approach is not to leave new digital financial activities outside regulation indefinitely, but to progressively integrate them into structured frameworks.

Taken together, PSD2, DORA, the AI Act and MiCA show a distinctive feature of the European digital finance environment: innovation is promoted, but increasingly connected to security, accountability, transparency and supervision. This has direct implications for digital banking models. For example, a firm that wants to scale in Europe cannot rely only on user experience or product speed, but it must also build capabilities in compliance, operational resilience, data governance, technology risk management and regulatory adaptation.

At the same time, European regulation does not eliminate market fragmentation. Digital models may be easier to replicate across borders than branch-based banking, but cross-border expansion still requires adaptation to national payment habits, customer trust, language, tax treatment, local IBAN preferences, credit markets and supervisory expectations. This tension between EU-level regulatory integration and national market differences is central to understanding why European digital banking does not evolve through a single path. A fintech-native platform, a digital-native regulated bank and an incumbent-led digital proposition may all operate within the same European framework, but they face different opportunities and constraints depending on their institutional origin and strategic model.

Overall, the European digital banking landscape provides a particularly relevant context for this thesis. It combines the growth of digital-only banks, the opening of payment and data infrastructures through PSD2, the strengthening of technology governance through DORA, the emergence of AI and crypto-asset regulation, and the persistence of national market differences. These elements help explain why digital banking in Europe develops through multiple models rather than a single trajectory. The next section narrows the focus to the Italian ecosystem, where European trends interact with a national banking context strongly shaped by incumbent institutions, fintech enablers and institutional support for innovation.

2.7 The Italian fintech and digital banking ecosystem

The Italian fintech and digital banking ecosystem reflect the broader European transformation, but with a specific national configuration. Italy remains a market in which incumbent banking groups play a central role, both because of their established

customer relationships and because of their position within the regulated financial system. For this reason, digital banking innovation in Italy is not only driven by standalone challengers or fintech disruption, but also by the digital transformation strategies of traditional banks and by the development of an enabling fintech ecosystem around them.

A first characteristic of the Italian context is the importance of institutional support for financial innovation. Since 2017, Banca d'Italia has strengthened its role in supporting and monitoring fintech development through innovation facilitators, supervisory dialogue and market analysis. The Canale FinTech acts as a point of contact through which firms can present innovative projects in financial services and payments, while Milano Hub supports the development of digital innovation in the banking, financial and insurance sectors. In addition, the Italian regulatory sandbox provides a controlled environment in which supervised intermediaries and fintech operators can test technologically innovative products and services for a limited period of time [10].

These initiatives are important because they show that fintech development in Italy is not only a market-driven phenomenon. It is also accompanied by institutional mechanisms designed to support innovation while preserving supervision, risk control and customer protection. This is consistent with the broader European approach discussed in the previous section: digital financial innovation is encouraged, but it is also progressively integrated into regulatory and supervisory frameworks. In the Italian case, this institutional approach is particularly relevant because many innovative solutions interact with regulated intermediaries rather than replacing them directly.

A second important element is the development of open banking infrastructure after PSD2. In Italy, CBI Globe has played a relevant role as an open banking and open finance ecosystem, facilitating the interconnection between payment service providers through APIs. This infrastructure supports the development of fintech services based on secure data exchange and interoperability between banks and authorised third parties [11]. In practical terms, PSD2 and open banking did not simply create new compliance obligations for banks; they also created the technical and regulatory conditions for new services, partnerships and business models around account data and payments.

The Italian payments landscape also reflects the role of public digital infrastructure in the broader digitalisation of financial interactions. PagoPA is the national platform used to

manage digital payments to the Public Administration, while the IO app acts as a digital access point through which citizens can interact with public services, including payment-related services [12, 13]. These initiatives are not digital banking models, because they do not provide banking relationships, accounts or credit services. However, they are relevant as contextual elements: they show that the digitalisation of payments in Italy is not driven only by banks and fintech firms, but also by public infrastructures that contribute to changing user habits, expectations and familiarity with digital financial interactions.

A further distinctive feature of the Italian ecosystem is the difference between innovation inside regulated intermediaries and innovation developed by non-regulated fintech operators. Banca d'Italia's fintech surveys make this distinction particularly useful. Among regulated intermediaries, digital transformation increasingly involves investments in artificial intelligence, cloud infrastructure, cybersecurity, digital onboarding, payments and new forms of customer interaction. These technologies are used not only to improve the front-end experience, but also to strengthen internal processes, risk management, compliance and operational efficiency [14].

The scale of these investments confirms that digital transformation has moved beyond experimentation and has become part of the strategic agenda of regulated intermediaries. Banca d'Italia reports that banks and non-bank financial intermediaries invested around €1 billion in innovative technologies during the 2023-2024 period, with a similar amount expected for the following two-year period [14]. This evidence reinforces the idea that, in Italy, digital banking innovation is strongly connected to the transformation of incumbent and regulated financial institutions, rather than being driven only by external fintech disruption.

Non-regulated fintech operators play a different role. They are often not trying to become banks, nor do they necessarily compete with banks across the full customer relationship. Instead, many of them operate as specialised providers of technological solutions, data services, payment tools, RegTech applications, open finance infrastructure or B2B platforms that can be integrated into the wider financial ecosystem. This confirms that fintech development in Italy is not limited to challenger banks or direct bank substitution. It also includes a large enabling layer that supports the transformation of regulated intermediaries [15].

This structure helps explain why incumbent-led digital transformation is particularly relevant in Italy. Large banking groups can leverage trust, regulatory experience, capital strength, customer relationships and product depth, while using digital technologies to reduce cost-to-serve, improve customer acquisition, migrate users towards remote channels and serve younger or more digitally active segments. At the same time, their transformation is constrained by legacy systems, organisational complexity and the need to integrate digital innovation with existing governance and control frameworks.

The Italian case therefore highlights a specific form of digital banking evolution. Instead of a simple opposition between fintech challengers and traditional banks, the market is better understood as an ecosystem in which incumbents, fintech providers, payment infrastructures, public digital platforms and supervisory institutions interact. This does not mean that standalone digital challengers are irrelevant, but it suggests that the Italian trajectory is especially suitable for analysing how digital banking can emerge from within incumbent banking groups and from partnerships with specialised technology providers.

Overall, the Italian fintech and digital banking ecosystem provides an important national context for the thesis. It shows how European trends such as open banking, digital payments, regulatory experimentation, cloud adoption and fintech partnerships take shape in a market where incumbent banks remain central. This context is particularly relevant for understanding incumbent-embedded digital banking and for interpreting digital finance not only as disruption from outside the banking sector, but also as transformation and recombination within the existing financial system.

3. Case Studies

3.1 Case selection and analytical dimensions

The empirical part of this thesis is based on a qualitative comparative case study approach. The aim is not to rank digital banking players according to performance, profitability or customer growth, but to use selected cases to interpret the different strategic forms that digital banking can assume. The selection of the cases builds on the conceptual and sectoral analysis developed in the previous chapter, which highlights recurring differences in institutional origin, regulatory position, business model logic, technological architecture and control over the customer relationship. For this reason, the cases are selected according to their analytical relevance rather than their direct comparability as competitors.

The three cases analysed in this chapter are Revolut, isybank and N26. They are not treated as equivalent firms operating under the same business logic. Instead, they are used as representative examples of three different configurations within the digital banking landscape. Revolut is analysed as a fintech-native international financial platform evolving towards banking. isybank is interpreted as an incumbent-embedded digital bank developed within the organisational, technological and regulatory perimeter of Intesa Sanpaolo. N26 is used as a reference case of a digital-native regulated bank, positioned between fintech-native platforms and incumbent-led digital banking models.

Together, the three cases cover three major strategic trajectories through which digital banking is evolving in Europe: fintech-native expansion into banking, digital-native regulated banking, and incumbent-led digital transformation. They do not represent the full universe of digital finance, but they capture the core archetypes through which banking services are being reconfigured by digital technologies, regulation and platform-based competition.

This case selection reflects the central argument of the thesis: digital banking is not a homogeneous category. The term may refer to different types of actors, including standalone digital banks, fintech platforms expanding into regulated banking services, payment-oriented fintechs, digitally transformed incumbent banks and digital

propositions embedded within traditional banking groups. The selected cases therefore allow the analysis to compare not simply different firms, but different strategic archetypes.

Revolut is particularly relevant because it shows how a fintech-native company can progressively expand from a specific financial use case, such as foreign exchange and international transfers, towards a broader platform-based ecosystem including payments, accounts, savings, investments, credit, subscriptions and business services. Its trajectory highlights the blurred boundaries between fintech, digital finance and banking, as well as the strategic importance of licensing, product expansion and platform-based monetisation.

isybank represents a different trajectory. Rather than emerging as an independent fintech challenger, it was created as the digital bank of an incumbent banking group. Its relevance lies in showing how digital banking can also be developed from within a traditional banking institution, combining a distinct digital customer proposition with the infrastructure, product factories, regulatory framework and customer base of the parent group. This makes isybank useful for analysing incumbent-led digital transformation and the strategic trade-off between autonomy and integration.

N26 completes the comparison by representing a digital-native regulated bank. Unlike Revolut, its model is more centred on the digital current account and regulated banking relationship than on a broad platform ecosystem. Unlike isybank, it does not rely on the infrastructure and customer base of an incumbent banking group. Its case is especially useful for understanding the opportunities and constraints of standalone digital banking, including the role of regulation, compliance capacity and supervisory trust.

The case analysis is organised around a common structure for the two main cases, Revolut and isybank. Each case first reconstructs the company's origins, development and strategic positioning. It then examines the business model, while the Business Model Canvas is provided in the Appendix as a supporting synthetic representation for the two primary cases, in order to clarify how value is created, delivered and captured. The analysis then moves to the technological and operating infrastructure, focusing on platforms, digital capabilities and organisational resources. A further section examines

the regulatory footprint, risk and compliance profile of each case. Finally, each case closes with an interpretative section that defines its role as a digital banking archetype.

N26 is included as an additional reference case with a more focused analytical structure. This asymmetry is a deliberate methodological choice rather than a limitation. The thesis develops Revolut and isybank as primary cases because they represent the two most analytically distinct positions in the digital banking spectrum: a fintech-native platform progressively moving towards banking, and an incumbent-embedded digital proposition. N26 is assigned a different role. Its purpose is not to constitute a third fully equivalent case study, but to establish an intermediate reference point that clarifies the spectrum between the two primary archetypes. Since its analytical function is positional rather than structural, a focused treatment is sufficient: the N26 analysis concentrates on its origins and strategic positioning, its business model and customer proposition, its regulatory profile and strategic constraints, and its role as a digital-native regulated bank.

Building on this case selection, the following chapter uses the three cases to construct a taxonomy of digital banking archetypes and to compare them across business model, value proposition, revenue logic, scalability, technology, operating model, value-chain control, regulation, compliance and strategic trade-offs. The aim is to move from case description to strategic interpretation, showing how different forms of digital banking result from different combinations of institutional origin, regulation, technology, customer relationship and value capture logic.

3.2 Revolut: fintech-native platform evolving towards banking

3.2.1 Origins, development and strategic positioning

Revolut represents one of the most significant cases in the evolution of European digital finance. The company was founded in the United Kingdom in 2015 by Nik Storonsky and Vlad Yatsenko, initially addressing a specific inefficiency in traditional banking services: the cost and complexity of international money transfers and foreign exchange. Its first product was designed to offer faster and cheaper transfer and currency exchange services than those typically provided by legacy banks [16].

In its early phase, Revolut was therefore not conceived as a traditional bank, nor even as a complete digital bank. Its initial positioning was closer to that of a fintech solution focused on a narrow but highly visible customer need: managing money across currencies in a simpler, more transparent and less expensive way. This origin is particularly relevant because it shows that digital banking cannot be understood only through the lens of traditional banking institutions moving online. In some cases, digital banking-related models emerge from fintech players that initially operate around specific financial services and then progressively expand their scope.

The company's development was marked by fast customer adoption, successive funding rounds and continuous product expansion. In 2016, Revolut reached 300,000 retail customers and raised 15 million dollars in Series A funding. In 2017, it raised 66 million dollars in Series B funding, launched Revolut Business in the European Economic Area, introduced its first paid plan and added crypto trading services. A major turning point came in 2018, when Revolut was granted a banking licence by the Bank of Lithuania and raised 250 million dollars in Series C funding. In 2019, the company reached 7.8 million customers. In 2020, it reached 11.4 million customers, raised 580 million dollars in Series D funding, launched banking services in Lithuania and Poland, and expanded into the United States and Japan. In 2021, Revolut reached 16.4 million customers and raised 800 million dollars in Series E funding [16].

Between 2022 and 2025, Revolut's transformation from a single-service fintech application into a broader financial platform became more evident. The number of retail customers increased from 26 million in 2022 to 38 million in 2023, 52.5 million in 2024 and 68.3 million in 2025. During the same period, the company expanded local banking features, credit products, subscription tiers, savings, loyalty, investment, crypto, travel-related and business services [16].

By the end of 2025, Revolut provided financial services to 69.1 million customers worldwide, including 68.3 million retail customers and more than 750,000 business customers, across 39 countries [16]. Europe remained central to the company's positioning: Revolut operated as a licensed bank in 30 countries and reported being among the top three finance apps by downloads in 26 European countries. The Annual

Report also highlights strong growth in France, Italy and Spain, describing these markets as particularly important for the company's European expansion [16].

At the same time, Revolut's presence is increasingly global. Alongside its European operations, the company has expanded or prepared expansion in markets such as the United States, Japan, Brazil, New Zealand, Mexico, India, Colombia, the United Arab Emirates and South Africa [16]. This international footprint distinguishes Revolut from digital banking models primarily designed around a single national banking ecosystem. Revolut's model is instead based on the replication and adaptation of a digital financial platform across different regulatory, geographic and customer contexts.

The scale reached by Revolut is also visible in the volume of activity on the platform. In 2025, retail transaction volume reached £986 billion, while business transaction volume reached £277 billion. Total customer balances increased to £50.2 billion [16]. These figures are useful at this stage not as a full financial performance assessment, which will be developed later in the thesis, but as indicators of the operational size of the platform and of the degree to which customers use Revolut for increasingly central financial activities.

This development path suggests that Revolut's evolution was not linear in the traditional banking sense. Rather than starting from a complete banking proposition, the company expanded progressively from a specific financial pain point, foreign exchange and international transfers, towards a broader set of financial services. Its increasing customer base, transaction volumes and customer balances indicate a broader ambition to become a primary financial platform for a growing share of users. This positioning places Revolut between fintech platforms and banking institutions, since it combines app-based acquisition and engagement mechanisms with an expanding set of regulated financial services.

Despite its scale, Revolut remains a privately held company. This aspect is relevant because its disclosure structure differs from that of listed banking groups, although the company publishes consolidated annual reports. In 2026, Revolut's CEO Nik Storonsky indicated that a potential stock market listing would not take place before 2028, while the most recent secondary share transaction valued the company at 75 billion dollars, compared with 45 billion dollars one year earlier [17]. This reinforces the idea that Revolut

is already operating at the scale of a major financial institution, while still retaining the ownership and disclosure characteristics of a private technology company.

For the purposes of this thesis, Revolut can therefore be introduced as a fintech-native international financial platform evolving towards banking. Its relevance lies precisely in this hybrid trajectory: Revolut combines the scalability and product velocity typical of fintech companies with a growing regulatory and operational structure closer to that of banking groups. This makes the case particularly useful for analysing the blurred boundaries between fintech, digital finance and digital banking, while also showing why the concept of “digital banking” cannot be treated as a single homogeneous category.

3.2.2 Business model

3.2.2.a Business model overview

Revolut’s business model is built around the integration of multiple financial services within a single digital platform. Rather than positioning itself only as a provider of a digital current account, the company presents itself as an app-based financial ecosystem through which customers can manage different aspects of their financial life. This reflects Revolut’s stated mission to make managing, spending, saving, investing and borrowing money cheaper, simpler and more transparent [16].

At the core of the model is an app-centric customer relationship. The mobile application acts as the main access point to the company’s services, allowing Revolut to distribute and expand its offering without relying on a traditional branch network. This structure supports scalability, continuous product iteration and cross-selling across financial and adjacent services. At the same time, it requires strong investment in technology, customer support, security and compliance, since trust and reliability become essential when customers use the platform for increasingly central financial activities.

For this reason, the Business Model Canvas developed in Appendix A.1 is used only as a supporting representation of Revolut’s business model. The main analysis focuses instead on the elements that are most relevant for the thesis: the platform-based customer relationship, the breadth of the offering, the diversified revenue logic and the role of technology, regulation and compliance in supporting scale.

3.2.2.b Offering and customer segments

Revolut's offering can be divided into two main areas: retail services and business services. The retail proposition covers everyday money management, payments, savings, investments, credit and lifestyle-related services. The company's retail users can access physical and virtual cards, global peer-to-peer payments, spending analytics, budgeting tools, account switching features, savings products and investment options such as stocks, ETFs, bonds, commodities, CFDs and crypto-assets. Revolut also offers selected borrowing products, including personal loans, credit cards and, in some markets, mortgages [16].

Alongside these financial services, Revolut has developed a lifestyle component that includes travel-related features, eSIMs, insurance benefits, partner subscriptions and loyalty mechanisms. In 2025, the company reported that RevPoints, its pan-European debit card loyalty programme, had almost 17 million participating customers. The Annual Report also states that the number of customers opting into paid plans increased by 42% in 2025, supported by the addition of partner benefits.

The subscription structure is a key part of Revolut's retail proposition. In Italy, Revolut currently offers five personal plans: Standard, Plus, Premium, Metal and Ultra. Standard is the free entry-level plan, while Plus, Premium, Metal and Ultra are paid plans with progressively richer benefits, including higher limits, additional cards, insurance coverage, travel benefits, partner subscriptions, improved foreign exchange conditions, higher ATM withdrawal allowances and investment-related advantages [18]. The Italian pricing page lists Standard as free, Plus at €3.99 per month, Premium at €9.99 per month, Metal at €15.99 per month and Ultra at €55 per month.

This tiered plan structure allows Revolut to address different customer needs within the same platform. Standard users may primarily use Revolut for basic money management, card payments, transfers or budgeting. Plus and Premium users are more likely to be attracted by improved limits, purchase protection, better savings or exchange conditions and additional partner benefits. Metal and Ultra are positioned toward customers with more intensive international, travel, lifestyle or investment-related needs. As a result, the subscription model supports both customer segmentation and revenue diversification.

The retail customer base is therefore heterogeneous. It includes digitally active users looking for a low-friction banking experience, internationally mobile individuals, frequent travellers, young professionals, families using joint or youth accounts, and customers interested in savings, investments or crypto-assets. The relevance of these segments is linked not only to customer acquisition, but also to the possibility of increasing engagement over time. A customer may initially adopt Revolut for a narrow use case, such as foreign exchange while travelling, and later start using the app for salary reception, savings, investment, credit or family money management. This transition from occasional use to primary account usage is central to the company's development.

The business offering follows a similar platform logic, but is directed at companies, freelancers and professional users. Revolut Business provides tools for local and global payments, employee spend management, supplier payments, treasury products, savings and investments, payment acceptance and integrations with accounting and HR systems. In 2025, Revolut Business reached 767,000 customers, contributed 16% of total revenue and continued to expand localised banking features such as local accounts, tax payments and payment methods in different markets [16].

The business segment allows Revolut to extend its model beyond consumer finance and into business financial operations. Its target customers include freelancers, small and medium-sized enterprises and larger companies with needs related to cross-border payments, expense control, accounting integration, treasury management and merchant acquiring. This broadening of the customer base reinforces Revolut's positioning as a financial platform rather than a single-product digital bank.

A further element of Revolut's business model is its continuous product expansion. The company's offering has grown through the repeated addition of new financial and adjacent services, including paid plans, loyalty features, savings, investments, credit, business tools, eSIMs and travel-related products. This product velocity supports engagement and cross-selling, since users can progressively adopt more services within the same platform. However, it also increases the complexity of managing customer experience, compliance, risk and operational reliability across different markets.

3.2.2.c Revenue model

Revolut's revenue model is diversified across several product lines. This diversification reflects the company's transition from a narrow fintech use case, originally centred on foreign exchange and international transfers, to a broader financial platform combining payments, subscriptions, wealth products, interest income, business services and credit-related activities.

In 2025, Revolut reported total revenue of £4.5 billion, compared with £3.1 billion in 2024. According to the Annual Report, fee-based revenues accounted for 76% of total turnover, while interest income represented 21.6%. The largest revenue stream was card payments, accounting for 22.2% of total revenue, followed by interest income at 21.6%, subscriptions at 15.7%, wealth at 14.7% and foreign exchange at 13.4%. The company also reported that eleven product lines generated more than £100 million in revenue in 2025 [16].

This revenue composition is also useful for understanding Revolut's value capture logic. The company does not depend on a single source of monetisation, but combines transaction-based, subscription-based, interest-based and product-based revenues. This diversification supports the platform logic of the model, since each additional product can contribute both to customer engagement and to revenue generation.

Subscriptions are an important component of this model. Revolut uses a freemium structure in which the Standard plan provides access to basic services for free, while paid plans offer progressively broader benefits. These plans contribute to monetisation in two ways. First, they generate recurring subscription revenue. Second, they support customer segmentation by encouraging more engaged users to access additional services, such as higher limits, travel benefits, insurance coverage, priority support, cashback, partner subscriptions and investment-related advantages. This structure allows Revolut to serve both basic users and higher-value customers within the same digital ecosystem.

Beyond subscriptions, Revolut's revenue model includes card payment revenues, foreign exchange revenues, wealth and investment-related revenues, interest income, business accounts, merchant acquiring, and credit products. The increasing relevance of interest income and lending products suggests a gradual movement toward more banking-oriented revenue streams. However, the predominance of fee-based revenues indicates

that Revolut's model remains substantially different from a traditional bank primarily dependent on net interest margin.

Overall, this revenue structure reinforces Revolut's hybrid position: the company increasingly operates within the banking perimeter, but its monetisation logic remains strongly connected to platform-based financial services.

3.2.2.d Distinctive features and open issues

Revolut's business model presents three main implications for the following analysis. First, the company's broad product ecosystem supports customer engagement by increasing the number of services that can be used within the same platform. Second, the transition from occasional use to primary account usage is central to Revolut's positioning, because it marks the shift from being a complementary fintech application to becoming a more central financial services provider. Third, the diversification of revenue streams confirms the hybrid nature of the model, which combines platform-based monetisation with increasingly banking-oriented activities.

At the same time, these features also create open challenges. Product breadth, international expansion and regulatory authorisations increase managerial, operational and compliance complexity. Therefore, the sustainability of Revolut's model depends not only on customer growth and product innovation, but also on the company's ability to maintain reliability, governance and regulatory control as it scales.

3.2.3 Technology, platforms and operating infrastructure

Revolut's operating model is strongly dependent on technology and internally developed platforms. The company's digital-first structure allows it to deliver financial services primarily through its mobile app and online channels, rather than through a traditional branch-based infrastructure. This technological foundation is important for understanding Revolut's development, because the company's ability to scale across products and markets is closely linked to the way it designs, automates and manages its internal systems.

In its 2025 Annual Report, Revolut explicitly identifies products, platforms and culture as the main foundations of its growth. The company states that its customer-facing products are supported by an expanding set of licences, internally built platforms and systems [16].

This suggests that Revolut's technological infrastructure is not only a back-office component, but a central element of its business model and growth capacity.

A distinctive feature of Revolut's model is the emphasis on building products and systems in-house. The Annual Report states that, from the beginning, Revolut has focused on developing its products and systems internally while applying for a wide range of regulatory permissions. The company describes its platforms and licences as key differentiators, since they allow teams to operate efficiently as the business scales [16]. This combination of proprietary technology and regulatory permissions is particularly relevant because it links technological scalability with the ability to operate in regulated financial markets.

Among the internal platforms highlighted in 2025, Revolut's AI Platform plays an important role. The platform enables teams to create, manage and monitor machine learning and large language model-based systems. It includes infrastructure for controlled releases, versioning, validation checks, data monitoring and model evaluation. Revolut also reports the use of an LLM gateway that gives internal teams access to different AI providers and proprietary fine-tuned models. This infrastructure supports experimentation and automation across the organisation, while maintaining control over model deployment and performance.

Customer support is another area where technology is directly connected to operational scalability. During 2025, Revolut upgraded *Assistant*, its LLM-powered chatbot, expanding its ability to understand customer context and perform support actions. Assistant resolved more than 75% of all customer queries by the end of 2025, contributing to faster resolution times and improved customer support outcomes [16]. This is important because a digital-first financial platform must be able to serve a large and growing customer base without relying only on proportional increases in human support staff.

Revolut also uses internal workflow infrastructure to support product development, compliance processes and operational execution. The company's Workflows Platform allows teams to design, deliver and monitor customer-facing features and internal processes with speed and granularity. The platform is used for activities such as launching new products, deploying fraud-prevention and anti-money laundering tools,

implementing onboarding flows in new countries, responding to regulatory requirements and requesting additional customer information. This shows that automation is not limited to customer service but extends to the broader coordination of operational and regulatory processes.

Risk and compliance infrastructure is also part of Revolut's technological operating model. The Risk & Compliance Platform provides a centralised view of risk analytics, controls, regulatory obligations, risk indicators, incidents, policies and procedures. Revolut describes its risk platform as a data-centric ecosystem designed to support risk decision-making in real time. This is particularly relevant for a company operating across multiple jurisdictions, because regulatory compliance and risk management must scale together with customer growth and product expansion.

A further component is the Customer Protection Platform, which supports fraud detection, early risk identification and customer education. In 2025, Revolut analysed more than 10 billion transactions and deployed AI agents across security processes, including real-time monitoring and account protection. The company also introduced additional customer-facing security features, such as in-app calling and live identification banners, designed to reduce impersonation risk and improve trust in customer interactions [16].

Overall, Revolut's operating infrastructure indicates that its scalability is not based only on the distribution advantages of a mobile app. It also depends on internal systems that support product development, automation, customer support, risk management, fraud prevention and regulatory adaptation. As the company expands into new geographies and product areas, these platforms must support not only growth, but also reliability, security, compliance and customer protection. Therefore, Revolut's technology should not be interpreted simply as a tool for faster product delivery, but as part of the organisational infrastructure required to operate as a large-scale regulated financial platform.

3.2.4 Regulatory footprint, risk and compliance

Revolut's development is closely connected to the expansion of its regulatory footprint. As the company moved from its original fintech use case into a broader range of financial and banking services, licences and authorisations became an increasingly important

component of its operating model. By the end of 2025, Revolut operated as a licensed bank in 30 countries, showing that its evolution cannot be understood only as the growth of an app-based fintech platform, but also as a progressive entry into regulated banking spaces [16].

The company's regulatory trajectory began to change significantly in 2018, when Revolut was granted a banking licence by the Bank of Lithuania. In 2020, it launched banking services in Lithuania and Poland, marking a further step in the transition from a financial technology company focused on specific services to a broader banking-oriented platform. In 2025, Revolut further expanded its licences and authorisations across several regions, securing final banking authorisation in Mexico, authorisation to establish a bank in Colombia, a Prepaid Payment Instruments licence in India, in-principle approval for payment services in the United Arab Emirates, and a MiCA licence for digital asset services in Europe.

The United Kingdom is a particularly relevant example of this regulatory evolution. In 2024, Revolut was granted a UK banking licence with restrictions. In March 2026, after a mobilisation period, the Prudential Regulation Authority lifted the restrictions on Revolut Bank UK Ltd's banking licence. This allows the company to begin gradually introducing current accounts and deposit accounts protected by the Financial Services Compensation Scheme for UK customers [16].

These developments show that Revolut's international expansion depends on its ability to adapt to different regulatory environments. The company cannot simply replicate the same model across countries without local permissions, governance structures and compliance capabilities. Regulation therefore acts both as an enabler and as a constraint: it allows Revolut to offer more complete financial services, but also increases the organisational complexity associated with scaling.

Risk management and compliance are central to this stage of development. Revolut states that robust corporate governance, compliance and risk management are fundamental to its operating model and long-term sustainability. In 2025, the company expanded its risk and compliance functions by more than 42%, reflecting the need to align internal controls with the scale and complexity of the business [16].

The Annual Report describes Revolut's risk and compliance framework as based on the "Three Lines of Defence" model, a common structure among major financial institutions. In this model, business functions represent the first line of defence, risk management and compliance functions form the second line, and internal audit acts as the third line. In 2025, Revolut strengthened this model by expanding its Risk and Compliance function from 430 employees in 2024 to 610 by the end of 2025 [16].

Financial crime prevention is another key part of Revolut's compliance infrastructure. The company identifies financial crime risk as inherent in its business, including money laundering, terrorist financing, sanctions risk and fraud risk. In 2025, Revolut analysed more than 10 billion transactions and reported that over one third of its global workforce worked in Financial Crime Prevention [16].

Overall, Revolut's regulatory footprint highlights one of the central tensions in its development. Licences and authorisations allow the company to expand from fintech services into more complete banking and financial activities. At the same time, the more Revolut moves into regulated banking functions, the more it must invest in governance, compliance, risk management and local regulatory adaptation. This tension is important for understanding Revolut as a digital banking archetype: its scalability depends not only on technology and user acquisition, but also on the ability to build a regulatory and compliance infrastructure capable of supporting international growth.

3.2.5 Preliminary profile of Revolut as a digital banking archetype

The previous sections show that Revolut cannot be classified simply as a digital bank in the narrow sense of the term but instead, its development path, business model, technological infrastructure and regulatory expansion suggest a more hybrid profile. Revolut originated as a fintech-native company focused on foreign exchange and international transfers, but progressively expanded into a broader financial ecosystem including payments, accounts, savings, investments, credit, subscriptions, lifestyle services and business financial tools.

For this reason, Revolut can be preliminarily defined as a fintech-native international financial platform evolving towards banking. This definition captures three main aspects of the case. First, Revolut is fintech-native because it did not emerge from the digital

transformation of an incumbent bank, but from a technology-driven solution to specific inefficiencies in traditional financial services. Second, it is international and platform-based because its model relies on scalability across markets, product diversification and an app-centric customer relationship. Third, it is evolving towards banking because the company increasingly operates through banking licences, regulated financial activities and compliance structures closer to those of established financial institutions.

This archetype is useful because it occupies an intermediate position between fintech, digital finance and banking. Revolut is broader than a payment fintech, since its offering now covers multiple areas of retail and business finance. At the same time, it differs from a traditional bank that has simply digitalised its distribution channels, because its model remains strongly connected to product velocity, platform expansion, subscriptions and fee-based monetisation.

This preliminary profile provides the basis for the following strategic analysis. Revolut will be examined as an example of fintech-native platform banking, with particular attention to the trade-offs between scalability and regulation, product innovation and operational complexity, international expansion and local adaptation, and platform-based monetisation and the growing relevance of banking-oriented activities.

3.3 isybank: incumbent-embedded digital bank

3.3.1 Origins, development and strategic positioning

isybank represents a different archetype of digital banking compared with fintech-native players such as Revolut. Not created as an independent fintech company, but as the digital bank of Intesa Sanpaolo, it is one of the largest incumbent banking groups in Italy and Europe. This origin is central to understanding the case, because isybank's development is closely linked to Intesa Sanpaolo's broader transformation strategy rather than to the standalone growth trajectory of a fintech start-up.

The bank was launched in June 2023 as part of Intesa Sanpaolo's digital transformation path and of the 2022–2025 Business Plan. In the Group's reporting, isybank is presented as a fully digital bank with a comprehensive product offering and as one of the initiatives through which Intesa Sanpaolo aims to strengthen its retail service model, customer

acquisition and operational efficiency. This makes isybank different from a simple online channel: it is a distinct digital proposition developed within the organisational, technological and regulatory perimeter of the Group.

This embedded nature is one of the defining features of the case. Unlike fintech-native banks, which need to build brand trust, regulatory infrastructure, customer base and product capabilities progressively, isybank can rely on the resources of an established banking group. At the same time, its separate brand and digital-first positioning allow Intesa Sanpaolo to address customer segments and usage patterns that may be less aligned with traditional branch-based banking. In this sense, isybank can be interpreted as a strategic response by an incumbent bank to changes in customer behaviour and to the competitive pressure created by fintech and digital-native financial operators.

The case is also relevant because it shows that incumbent-led digital banking does not necessarily consist only in adding digital channels to an existing bank. A banking group can decide to create a digitally distinct proposition, with its own brand identity and customer experience, while still relying on the parent group's infrastructure, balance sheet, product capabilities and control systems. This creates a different model from fintech-native platforms: the innovation is not based on complete organisational independence, but on the selective separation of the customer-facing digital proposition from the broader incumbent structure.

From the beginning, isybank was also connected to Intesa Sanpaolo's branch network transformation. Since the fourth quarter of 2021, the Group closed 1,502 retail branches, including 312 in 2025, and released around 866,000 square metres of owned or leased property. In this context, isybank should not be interpreted simply as an additional digital channel, but as part of a broader redesign of the Group's retail service model, in which digital banking, remote interaction and the Digital Branch progressively complement traditional branch-based interactions [19].

By the end of 2025, isybank had reached more than one million customers. This figure is relevant because it shows that the initiative had moved beyond a pilot or experimental phase and had become a significant component of Intesa Sanpaolo's digital retail strategy. The 2026–2029 Business Plan further confirms this role, as Intesa Sanpaolo

includes “isybank 2.0” among its industrial initiatives and targets the acquisition of an additional one million clients by 2029 [20].

isybank’s strategic role should therefore be understood in relation to the transformation of Intesa Sanpaolo’s retail banking model. The initiative supports the Group’s ability to serve increasingly digital customers, reduce dependence on traditional physical interaction and develop a more scalable service model. However, unlike standalone digital challengers, isybank does not need to reproduce the full institutional infrastructure of a bank independently, because it operates within the wider Intesa Sanpaolo ecosystem.

For the purposes of this thesis, isybank can therefore be introduced as an incumbent-embedded digital bank. Its relevance lies not in being a standalone challenger, but in showing how an incumbent banking group can create a digitally distinct banking proposition while leveraging existing group assets. This makes isybank a useful case for analysing how digital banking can emerge not only from fintech disruption, but also from incumbent-led strategic transformation.

3.3.2 Business model

3.3.2.a Business model overview

Building on this strategic positioning, the following sections examine how isybank creates, delivers and captures value as an incumbent-embedded digital bank.

The core of the model is the separation between the customer-facing proposition and the underlying institutional structure. On the front end, isybank is designed around app-based and online interaction, targeting customers who are mainly digital and less dependent on physical branches. On the back end, however, the bank benefits from Intesa Sanpaolo’s broader ecosystem, including its banking infrastructure, product factories, risk management systems and customer base. This structure allows Intesa Sanpaolo to pursue a more scalable retail service model while also competing with digital-native financial operators. For this reason, isybank should not be interpreted simply as an additional mobile banking channel, but as a dedicated digital banking model within the Group’s retail strategy.

The following sections analyse this model through its offering, customer segments and revenue logic, focusing on the elements that are most relevant for the thesis: the separation between the digital customer proposition and the underlying group infrastructure, the embedded nature of value capture, and the role of Intesa Sanpaolo's resources in supporting scale. A synthetic Business Model Canvas is provided in Appendix A.2 as a supporting representation of this model.

3.3.2.b Offering and customer segments

isybank's offering is focused on retail banking and is designed to provide a comprehensive digital banking experience through app and web channels. In the Intesa Sanpaolo Annual Report, isybank is described as the Group's digital bank, targeting both existing Intesa Sanpaolo customers who do not use physical branches and are mainly digital users of banking services, and new customers looking for a digital-first banking experience supported by the Digital Branch [19]. This positioning confirms that isybank's offering is not aimed at business customers in the same way as Revolut Business, but primarily at retail users within the Italian banking market.

The account proposition is structured around three main plans: isyLight, isySmart and isyPrime. isyLight is the free entry-level plan, and includes a digital debit card, free SEPA transfers, free instant transfers and free cash withdrawals from Intesa Sanpaolo ATMs. isySmart is the intermediate plan, with a monthly fee of €3.90, and adds a physical debit card while maintaining free SEPA transfers, instant transfers and withdrawals from Intesa Sanpaolo ATMs. isyPrime is the most complete plan, with a monthly fee of €9.90, and includes a customisable physical debit card, free SEPA and instant transfers, and free cash withdrawals with the physical card. The tiered structure allows isybank to serve different customer needs, from basic digital banking to a more complete digital account proposition [21].

The focus on young customers is particularly explicit in isybank's commercial proposition. Under-35 customers can access isyPrime with no monthly fee and stamp duty paid by the bank until they turn 35 [21]. isybank also participates in the Carta Giovani Nazionale project, targeting young Italians and European residents in Italy aged 18 to 35, with favourable conditions for account opening [22].

The product proposition covers the main areas of everyday banking. According to Intesa Sanpaolo's 2025 Results Presentation, isybank offers cards, payments, transfers, account-to-account payments, EU and extra-EU withdrawals, debit cards, payments to public administration, personal loans, mortgages, insurance services, protection products, investments and saving services [23]. The same presentation describes isybank's product offering as broader than selected digital challengers, highlighting the fact that the bank combines digital access with a more complete banking proposition backed by the Intesa Sanpaolo Group.

During 2025, isybank further expanded its product catalogue and digital features. In January, the bank launched a new "Investments" section, allowing customers to subscribe selected Eurizon Capital mutual funds through a simplified customer journey. The offer was later expanded with additional Eurizon funds reserved to isybank customers. In transactional products, isybank also enabled the registration of debit, credit and prepaid cards on payment wearables such as Tapster, Swatch and Garmin, allowing customers to make contactless payments without using a smartphone or physical card.

The lending and protection component was also strengthened. In December 2025, the range of loans available through the isybank app was expanded, including the insurance product *ProteggiPrestito* from Intesa Sanpaolo Assicurazioni and Intesa Sanpaolo Protezione, as well as the option of jointly holding a loan. These developments show that isybank's offering is progressively moving beyond basic current account and payment services towards a broader retail banking proposition, including savings, investments, credit and protection products [19].

Customer segmentation is a central element of isybank's model. The bank addresses existing Intesa Sanpaolo customers who are already oriented toward mobile banking and have limited reliance on physical branches, but it also targets new customers outside the Group. The 2026–2029 Business Plan reports that, by the end of 2025, isybank had more than one million customers, 78% of whom were under 35, and around 900,000 accounts opened by non-Intesa Sanpaolo new customers [20]. This indicates that isybank functions both as a digital migration tool for the incumbent customer base and as an acquisition channel for younger and mobile-first customers.

Overall, isybank's offering can be interpreted as a full retail digital banking proposition embedded within an incumbent banking group. Its customer segments are mainly retail, mobile-first and younger users, together with existing Intesa Sanpaolo customers whose banking behaviour is increasingly digital. The strategic role of the offering is therefore twofold: to provide a complete digital banking experience and to support Intesa Sanpaolo's ability to acquire and retain customers in segments that are more exposed to fintech and digital-native competition.

3.3.2.c Revenue model

isybank's revenue model should be interpreted within the broader economic logic of Intesa Sanpaolo's retail banking model. Unlike Revolut, which reports a detailed standalone revenue breakdown across product lines, isybank is embedded within the Intesa Sanpaolo Group and does not provide the same level of separate disclosure. For this reason, the analysis cannot be based on a fully independent revenue statement, but rather on the revenue mechanisms implied by its product offering, customer base and role within the Group's strategy.

The first component of isybank's revenue logic is linked to account plans and everyday banking services. The tiered account structure (isyLight, isySmart and isyPrime) allows the bank to combine a free entry-level proposition with paid plans offering broader services. This creates a subscription-like component in the model, although it remains closer to a traditional current-account fee structure than to the broader subscription ecosystem observed in fintech-native platforms such as Revolut.

A second component is related to transactional and payment services. isybank's offering includes cards, payments, transfers, account-to-account payments, withdrawals and payments to public administration. These activities can generate value through fees, payment-related revenues and increased customer engagement. The relevance of transactional activity is confirmed by the 2026–2029 Business Plan, which reports around 313 million transactions completed by isybank customers as of 31 December 2025 [20].

A third component concerns traditional banking products, especially deposits and lending. By the end of 2025, isybank had around €2.9 billion in customer deposits, while its offering included personal loans and mortgages. These products connect isybank to

more conventional banking revenue mechanisms, including interest income and credit-related revenues. However, these revenues should not be interpreted as fully separate from the Group's broader financial structure, since isybank operates within Intesa Sanpaolo's retail banking ecosystem [20].

The model also includes commission-based opportunities connected to investments, savings and protection products. During 2025, isybank expanded its investment offer by allowing customers to subscribe selected Eurizon Capital mutual funds through the app. It also strengthened the lending and protection component by adding the ProteggiPrestito insurance product and additional loan-related features [19]. These elements are relevant because they connect isybank to Intesa Sanpaolo's broader product factories in asset management, insurance and protection, allowing the digital bank to contribute to the Group's fee-driven strategy.

From a strategic perspective, isybank's revenue logic is therefore not based only on direct monetisation at the account level. It also depends on customer acquisition, customer activation and cross-selling within the Intesa Sanpaolo ecosystem. The 2026–2029 Business Plan explicitly refers to the launch of dedicated initiatives to enhance client profitability, including communication and loyalty campaigns, tailored offering based on propensity models, synergies with the Group to address more complex needs, and the enhancement of acquisition through payments and credit products.

The cost side is equally important for understanding isybank's economic logic. The Business Plan presents isybank as a profitable business model with a cost/income ratio below 30%, supported by digital onboarding, high transaction volumes and access to the Digital Branch and advanced ATMs. This suggests that isybank's model aims to combine revenue generation with a lower cost-to-serve structure compared with traditional branch-based banking [20].

The Business Plan also provides forward-looking indicators of isybank's expected economic development. Customer financial assets are expected to increase from approximately €2.9 billion in 2025 to approximately €8 billion in 2029, while net income is expected to rise from around €19 million in FY25 to around €100 million in FY29, implying a 52% CAGR. The plan also targets the acquisition of one additional million clients by 2029. These figures suggest that Intesa Sanpaolo does not present isybank only as a

digital service channel, but as a scalable and profitable digital banking business within the Group's retail strategy [20].

Overall, isybank's revenue model can be described as an embedded retail banking revenue model. It combines account fees, transactional revenues, deposits, credit products, investment and protection-related commissions, and Group-level cross-selling opportunities. Its economic logic is different from Revolut's platform-based monetisation: isybank is less dependent on building an independent multi-product fintech ecosystem and more focused on using a digital bank to improve customer acquisition, engagement, profitability and efficiency within an incumbent banking group.

3.3.2.d Business model implications

isybank's business model presents two main implications for the following analysis. First, it shows how an incumbent bank can separate the customer-facing digital proposition from the underlying banking infrastructure. This allows Intesa Sanpaolo to offer a simplified digital experience while continuing to rely on group-level resources, product factories and control systems.

Second, the model combines growth and efficiency objectives. On the growth side, isybank supports customer acquisition, especially among younger and mobile-first users. On the efficiency side, it contributes to a more scalable retail service model, reducing dependence on physical branches and supporting a lower cost-to-serve structure.

The main open question concerns the long-term distinctiveness of the model. isybank must remain clearly differentiated from Intesa Sanpaolo's traditional retail offering while also exploiting the advantages of group integration. This balance between digital autonomy and incumbent support will be relevant in the later strategic comparison with Revolut.

3.3.3 Technology, platforms and operating infrastructure

isybank's operating model is closely connected to Intesa Sanpaolo's broader technological transformation. Unlike fintech-native platforms, which usually build their technological infrastructure as independent companies, isybank relies on the Group's cloud-based digital platform and on technological investments developed at incumbent scale. This makes technology a central element of the case, not only as an enabler of

digital customer experience, but also as part of Intesa Sanpaolo's wider strategy of operational efficiency and retail banking transformation.

The main technological foundation of isybank is isytech, Intesa Sanpaolo's cloud-based digital platform. In the 2026–2029 Business Plan, the Group identifies the extension of isytech as one of the key industrial initiatives supporting cost reduction and digital transformation. The platform had already been used successfully in the Italian retail segment and is presented as a key enabler for the Group's future development, including the extension of the model to other business areas and international markets [20].

isytech is relevant because it changes the role of technology within the incumbent banking model. Rather than acting only as a support layer for existing processes, the platform provides the technological basis for new digital channels and more scalable service models. In the 2025 Annual Report, Intesa Sanpaolo states that it invested €5.6 billion between 2022 and 2025 in the cloud-based digital platform isytech, which is progressively being extended across the entire Group. The same source reports that 64% of core banking applications had migrated to the cloud, enabling the development of new digital channels such as isybank and Fideuram Direct [19].

This technological infrastructure is also connected to Intesa Sanpaolo's cost and efficiency strategy. In the 2025 Results Presentation, the Group reports €5.6 billion of IT investments deployed over the 2022–2025 period and highlights that operating costs decreased despite strong technology investments, with the cost/income ratio reaching 42.2% in 2025 [23]. For isybank, this context is important because the digital bank is part of a wider shift from branch-centred servicing towards a model in which cloud infrastructure, digital onboarding and remote interaction support a lower cost-to-serve structure.

The Digital Branch is another important component of isybank's operating infrastructure. isybank is designed as a digital-first bank, but it is not based only on automated self-service. The model is supported by the Digital Branch, which allows customers to receive remote assistance and access banking support without relying primarily on physical branches. This element is important because it shows that Intesa Sanpaolo's digital banking model does not simply eliminate human support, but reorganises it through remote and scalable service channels.

Artificial intelligence is also becoming increasingly relevant in Intesa Sanpaolo's operating model. The 2026–2029 Business Plan includes AI, GenAI and Agentic AI evolution among the Group's industrial initiatives. According to the business plan presentation, AI is expected to increase productivity, transform the service model, improve operational efficiency and strengthen risk and control supervision [20]. For isybank, this matters because the bank operates within an infrastructure where digital service delivery, customer interaction and internal controls are progressively supported by AI-enabled capabilities.

The technological transformation is therefore not limited to isybank, but it certainly represents one of its most visible retail applications. The case shows how an incumbent bank can use a cloud-based platform to create a digitally distinct proposition while keeping it integrated with group-level resources. In this sense, isybank differs from fintech-native models: its technological scalability does not depend only on a standalone digital architecture, but on the ability of Intesa Sanpaolo to extend a common cloud-based platform across the Group.

Security and anti-fraud technologies are also part of the operating infrastructure supporting isybank's digital model. The extension of cybersecurity and anti-fraud protection to new retail products and services, together with advanced remote biometric recognition, shows that digital scalability depends not only on cloud infrastructure and automation, but also on the ability to maintain trust and security in remote customer interactions.

Overall, isybank's operating infrastructure confirms its nature as an incumbent-embedded digital bank. Its scalability depends on the combination of app-based interaction, Digital Branch support, cloud-based infrastructure, AI-enabled transformation and the wider technological investments of Intesa Sanpaolo. Technology is therefore not only a channel through which isybank reaches customers, but a structural component of the Group's attempt to redesign retail banking around digital, remote and more efficient service models.

3.3.4 Regulatory footprint, risk and compliance

isybank's regulatory profile differs substantially from that of fintech-native players. Unlike Revolut, whose development involved the progressive acquisition of licences and authorisations across multiple jurisdictions, isybank was created within the perimeter of an already established and supervised banking group. Intesa Sanpaolo is included in the National Register of Banks and is the parent company of the Intesa Sanpaolo banking group, which is included in the National Register of Banking Groups [19].

This means that isybank's regulatory positioning should not be interpreted as a standalone licensing trajectory. Its relevance lies instead in the way a digital bank can operate as part of an incumbent group's existing regulatory, governance and control framework. This embedded structure reduces some of the institutional challenges faced by independent digital challengers, which must progressively build regulatory credibility, supervisory relationships and compliance capabilities while scaling.

At the same time, the embedded model does not eliminate regulatory and risk-related complexity. isybank offers regulated banking and financial services to retail customers and is connected to products such as payments, loans, mortgages, investments and protection products. As a result, its digital customer experience must be supported by appropriate controls in areas such as customer onboarding, anti-money laundering, fraud prevention, credit risk, investment suitability or appropriateness, cybersecurity and data protection.

The Intesa Sanpaolo Group's broader risk and control infrastructure is therefore relevant for understanding isybank's operating model. The 2025 Results Presentation states that Intesa Sanpaolo strengthened risk management capabilities through a comprehensive Risk Appetite Framework covering the key risk dimensions of the Group. It also reports the implementation of over 40 digital use cases to improve the effectiveness and efficiency of internal control systems and compliance processes [23].

Financial crime prevention and fraud control are also important components of this framework. In the 2025 Results Presentation, Intesa Sanpaolo reports the set-up of an Anti Financial Crime Digital Hub, aimed at using new technologies and artificial intelligence to combat money laundering and terrorism financing, as well as a new AFC

model based on an international platform and competence centres specialised in Transaction Monitoring, Know Your Customer and Financial Sanctions. The Group also launched a regional AML/CFT public-private partnership pilot project in collaboration with the Bank of Italy, Guardia di Finanza and the Anti-Mafia Investigation Directorate [23].

For isybank, this Group-level infrastructure matters because digital banking increases the importance of remote onboarding, cyber-security, anti-fraud systems and automated controls. The same presentation highlights the extension of cybersecurity and anti-fraud protection to new retail products and services, including the use of artificial intelligence, as well as the strengthening of security levels for digital services through advanced remote biometric recognition solutions for internal users and customers [23]. This shows that isybank's digital proposition depends not only on app usability, but also on the ability of the parent group to maintain trust, security and regulatory control in remote digital interactions.

Overall, isybank's regulatory and compliance profile confirms its nature as an incumbent-embedded digital bank. Its main regulatory advantage is that it operates within the institutional framework of Intesa Sanpaolo, rather than having to construct a standalone licensing and compliance infrastructure. However, its digital model also requires strong controls in financial crime prevention, cybersecurity, onboarding, customer protection and product governance. This creates a different regulatory logic from Revolut: isybank's challenge is not international licensing expansion, but the integration of digital banking innovation within the governance and risk-control architecture of a major supervised banking group.

3.3.5 Preliminary profile of isybank as a digital banking archetype

The previous sections show that isybank cannot be interpreted simply as a mobile banking channel of Intesa Sanpaolo. Its development path, business model, technological infrastructure and regulatory position indicate a distinct digital banking archetype: a digitally focused bank created within, and supported by, an incumbent banking group.

For the purposes of this thesis, isybank can be preliminarily defined as an incumbent-embedded digital bank. This definition captures three main aspects of the case. First,

isybank is incumbent-embedded because it did not emerge as an independent fintech challenger, but as part of Intesa Sanpaolo's strategic transformation. Second, it is digitally distinct because it offers a dedicated brand and app-based customer experience. Third, it remains integrated within the parent group because it relies on Intesa Sanpaolo's infrastructure, product factories, regulatory framework and control systems.

This archetype differs from fintech-native platforms such as Revolut. isybank's competitive logic is not based on building an independent international financial ecosystem, but on using digital banking to strengthen the retail strategy of an established banking group. Its role is therefore connected to customer acquisition, service model transformation, operational efficiency and the defence of the incumbent's position in a market increasingly exposed to digital-native competition.

This preliminary profile provides the basis for the following strategic analysis. isybank will be examined with particular attention to the trade-offs between digital autonomy and group integration, customer acquisition and cost efficiency, simplified digital experience and product depth, and innovation speed within the governance and control framework of a major supervised banking group.

3.4 N26: digital-native regulated bank

3.4.1 Origins, development and strategic positioning

N26 represents a third archetype in the digital banking landscape. It can be understood as a digital-native regulated bank: a standalone banking player designed from the beginning around mobile-first banking and operating within the regulatory perimeter of a licensed bank. This positioning makes N26 different both from fintech-native platforms progressively moving towards banking, such as Revolut, and from incumbent-embedded digital banks, such as isybank.

The company was founded in Berlin in 2013 by Valentin Stalf and Maximilian Tayenthal. According to N26's official company profile, the bank launched Europe's first mobile bank accounts in 2015 and obtained a full German banking licence from BaFin in 2016. This regulatory milestone is central to the case, because it distinguishes N26 from digital financial service providers that initially operate mainly through partnerships or narrower

fintech licences. N26's model was therefore digital-native, but also explicitly bank-based and regulated from an early stage [24].

This positioning makes N26 different from broader platform-based fintechs. Its original value proposition was centred on a simpler, more transparent and mobile-first current account experience. At the customer interface level, N26's proposition is built around speed, simplicity and mobile-first access: users can open an account online within minutes and start using a virtual card immediately after account activation [24]. This confirms the centrality of app-based access and low-friction onboarding in its customer proposition.

N26's geographical development has also been more European-focused than Revolut's. While Revolut has pursued a broader global expansion logic, N26 has progressively concentrated its strategy on Europe. This is relevant because it shows that digital-native banking does not necessarily imply global platform expansion; a digital bank can instead choose to focus on regulated banking operations in selected European markets, where trust, compliance and sustainable growth become central strategic issues.

By 2024, N26 had reached more than 8 million customers and operated in 24 markets. The company also expected to reach 4.8 million revenue-relevant customers by the end of 2024, up from 4.2 million in 2023. In the same year, N26 reported accelerated customer growth following the lifting of BaFin's growth restriction, with more than 200,000 new sign-ups per month, and expected revenue growth of around 40%, reaching approximately €440 million [25]. These figures show that N26 had moved beyond the early growth phase and was increasingly focused on sustainable scale, monetisation and profitability.

A further turning point came in 2024, when BaFin lifted the growth restriction that had limited N26's customer onboarding since 2021. This regulatory event is only introduced here as part of the company's development trajectory and will be discussed in more detail in Section 3.4.3, since it is particularly relevant for understanding the constraints of digital-native banking [26].

It should also be noted that N26 is a privately held company and is not publicly listed. As a result, the availability of detailed and regularly updated financial and strategic information is more limited than for listed banking groups or incumbent institutions that

publish extensive investor documentation. For this reason, the analysis relies mainly on official company communications, supervisory information and selected press sources. This limitation is consistent with the role assigned to N26 in this thesis: the case is not used as a full-scale financial assessment, but as a reference case that clarifies a further position within the digital banking spectrum. Its model is more bank-centred than Revolut's platform-based ecosystem, but more standalone and digital-native than isybank's incumbent-embedded model.

3.4.2 Business model and customer proposition

N26's business model is centred on a mobile-first retail banking proposition. Unlike Revolut, whose model has evolved towards a broad multi-product financial platform, N26 remains more closely focused on the digital current account as the core of the customer relationship. Its proposition is built around simplicity, transparency and app-based access, with the account acting as the main entry point for everyday money management.

In Italy, N26 offers four main plans: Standard, Smart, Go and Metal. Standard is the free entry-level account, with no monthly fee, while Smart costs €4.90 per month, Go costs €9.90 per month and Metal costs €16.90 per month. The paid plans provide progressively broader features and benefits, including additional cards, sub-accounts, travel and lifestyle benefits, insurance coverage and improved conditions for withdrawals and international use [27]. This tiered structure allows N26 to serve both basic digital banking users and customers looking for a richer mobile banking experience.

The product proposition covers the main functions of retail banking. Customers can open and manage an account digitally, use virtual and physical cards, make payments and transfers, withdraw cash and manage spending through the app. The overall model remains primarily centred on retail customers rather than on a broad business finance platform comparable to Revolut Business.

Technology is also central to N26's operating model, although in a more focused way than in broader platform-based ecosystems. The customer experience relies on app-based onboarding, real-time account management, virtual cards, spending controls and mobile-first interaction. N26 also emphasises cloud banking to support faster transactions, real-time updates, fraud detection, data processing and scalable product

development [28]. In this sense, technology supports the bank's digital-native model, but remains mainly centred on the delivery of regulated banking services rather than on the construction of a wider financial super-app.

In recent years, N26 has also expanded beyond basic current-account services. The company has strengthened its investment proposition through stocks and ETFs trading, rolling out the product across twelve additional European markets in 2024. The offer allows eligible customers to buy and sell European and US stocks and invest in global ETFs directly through the app [29].

This expansion remains different from Revolut's ecosystem logic. N26 adds selected financial products around the current account, but its model is less oriented toward becoming a super-app and more oriented toward building a sustainable digital banking relationship. The account remains the centre of the proposition, while additional services such as premium plans, investments, insurance benefits and business accounts support engagement and monetisation around a regulated banking core.

N26's customer segments are mainly digitally active retail customers looking for a simple and mobile-first banking experience. The proposition is particularly suited to users who value fast onboarding, app-based control, transparent pricing and low-friction everyday banking. Its business account offering also addresses freelancers and self-employed professionals, but without changing the overall positioning of the company as a digital-native regulated bank rather than a broad multi-segment financial platform.

Overall, N26's business model can be described as a digital-native retail banking model. It combines a regulated banking structure with app-based distribution, tiered account plans and selected adjacent financial products. How this positioning translates into regulatory constraints and strategic trade-offs is examined in the following section.

3.4.3 Regulatory profile and strategic constraints

N26's regulatory profile is central to its strategic positioning. Unlike Revolut, whose regulatory trajectory has involved the progressive expansion of licences across different jurisdictions, and unlike isybank, which operates within the institutional perimeter of Intesa Sanpaolo, N26 was built as a standalone digital bank with its own banking licence.

This makes regulation a defining element of its business model, rather than a secondary constraint.

Because N26 operates as a licensed bank, its digital proposition is directly connected to banking-specific obligations in areas such as customer due diligence, anti-money laundering, fraud prevention, capital requirements, governance and risk controls. This is a key difference from fintech companies that initially rely mainly on partner banks or narrower payment licences: N26's digital-native model has always had to operate inside the banking regulatory perimeter.

N26's development shows that being a licensed digital bank also creates specific constraints. In 2021, BaFin imposed a growth restriction on N26, limiting the number of new customers the bank could onboard each month. This measure was linked to the need to strengthen internal controls, particularly in areas connected to financial crime prevention and anti-money laundering. The restriction was fully lifted effective 1 June 2024, following close exchange with the regulator and significant investments in teams, infrastructure and financial crime prevention capabilities. This indicates that regulatory remediation became a precondition for renewed expansion [26].

However, the regulatory issue did not disappear entirely. In May 2024, BaFin fined N26 Bank €9.2 million for late filings of suspected money laundering reports related to 2022. Reuters reported that N26 had invested more than €80 million since 2022 to improve its financial crime and anti-money laundering processes [30]. This reinforces the idea that, for digital banks, regulatory trust and financial crime prevention are not marginal compliance topics, but core elements of business sustainability.

N26's case therefore highlights a key tension in digital-native banking. On the one hand, a mobile-first bank can scale rapidly through digital onboarding, app-based interaction and a leaner physical infrastructure. On the other hand, the same model creates pressure on onboarding controls, transaction monitoring, AML processes, fraud detection and supervisory confidence. Growth can therefore become constrained when compliance and risk-management capabilities do not scale at the same speed as customer acquisition.

Overall, N26's regulatory profile supports its classification as a digital-native regulated bank. Its case shows that digital banking innovation is not constrained only by technology or market adoption, but also by the capacity to operate reliably within the banking regulatory perimeter. N26's competitive positioning therefore depends not only on customer experience, pricing or product design, but also on compliance credibility, financial crime controls, supervisory trust and sustainable profitability.

3.4.4 Preliminary profile of N26 as a digital banking archetype

N26 complements the two main cases by illustrating how a standalone digital bank can combine a mobile-first customer proposition with the constraints of direct banking supervision. In analytical terms, it can be interpreted as a digital-native regulated bank: digital-native because its proposition was built from the beginning around app-based banking, fast onboarding and simplified account management; standalone because it does not rely on the infrastructure or customer base of an incumbent parent group; and regulated because its model is based on operating as a licensed bank.

This positioning makes N26 an intermediate archetype within the digital banking spectrum. It is less platform-oriented than Revolut and less institutionally embedded than isybank. Its trajectory shows that the scalability of digital banking depends not only on product design and customer acquisition, but also on compliance capacity, financial crime prevention, profitability and regulatory trust. For this reason, N26 will be used in the later comparative analysis as the reference case for the digital-native regulated bank archetype.

4. Comparative Analysis: Strategic Archetypes of Digital Banking

4.1 From case studies to strategic archetypes: a taxonomy of digital banking models

The previous chapter analysed Revolut, isybank and N26 as three cases of digital banking. The objective of this chapter is not to compare them as equivalent competitors or to rank them according to customers, revenues, profitability or geographical reach. Such a comparison would be misleading, because the three players differ in institutional origin, regulatory structure, business model, target market, geographical scope and level of public disclosure. The value of the comparison lies instead in using the cases to identify distinct strategic configurations of digital banking, consistently with the conceptual distinction developed in Chapter 2 between digital finance, fintech and digital banking.

This shift from case description to strategic interpretation is central to the thesis. Digital banking is often discussed as if it were a single category, but the cases show that it can emerge through different institutional and strategic trajectories. A fintech-native platform, a standalone regulated digital bank and an incumbent-embedded digital proposition may all rely on digital channels, but they differ in how they control the customer relationship, enter the regulatory perimeter, organise technological capabilities, capture value and scale their activities.

The comparison is therefore organised around strategic dimensions rather than performance indicators. Origin, value proposition, revenue logic, technological architecture, regulatory position, scalability and trade-offs are used to understand how each model works and what kind of constraints it faces. This approach is consistent with the conceptual distinction developed in the previous chapters between digital finance, fintech and digital banking: not every digital financial actor is a digital bank, and not every digital banking model is built on the same strategic logic.



Figure 2. Strategic spectrum of digital banking archetypes.

Source: author's elaboration based on Revolut, N26 and isybank case studies.

The three cases cover three major trajectories through which digital banking is evolving in Europe. Revolut represents a fintech-native platform progressively moving towards banking. N26 represents a digital-native regulated bank, built around a standalone mobile-first banking proposition and operating within the regulatory perimeter from an early stage. isybank represents an incumbent-embedded digital bank, where digital banking capabilities are developed within the organisational, technological and regulatory perimeter of a traditional banking group.

Building on this strategic spectrum, the three cases can be organised into a taxonomy of digital banking archetypes. The taxonomy is based on five dimensions: archetype, origin, core logic, regulatory position and strategic trajectory.

DIMENSION	Revolut	N26	isybank
Archetype	Fintech-native platform evolving towards banking	Digital-native regulated bank	Incumbent-embedded digital bank
Origin	Independent fintech	Standalone digital bank	Incumbent banking group (Intesa Sanpaolo)
Core Logic	Platform ecosystem	Digital current account / regulated banking	Digital retail proposition inside group
Regulatory Position	Progressive licensing path	Full banking license from early stage	Embedded within Intesa's regulated perimeter
Strategic Trajectory	From fintech to banking	Born digital and regulated	From incumbent to digital banking

Table 2. Taxonomy of digital banking archetypes.

Source: author's elaboration based on Revolut, N26 and isybank case studies.

The first archetype is the fintech-native platform evolving towards banking, represented by Revolut. This model originates outside the traditional banking sector and initially develops around specific financial use cases, such as payments, foreign exchange or international transfers. The platform expands progressively over time into a broader ecosystem of financial services, incorporating banking products, licences and

compliance structures. Its core logic is not the digitalisation of an existing bank, but the expansion of a fintech-native platform into increasingly bank-like activities.

The second archetype is the digital-native regulated bank, represented by N26. This model is standalone and app-first, but it is bank-centred from an early stage. Unlike a fintech platform that progressively moves towards banking, the digital-native regulated bank is built around the banking relationship itself: the account, the licence, direct supervision and the obligations attached to being a regulated institution. N26 therefore illustrates a form of digital banking in which innovation is not primarily based on platform breadth, but on simplifying and digitising the core banking experience within a regulated perimeter.

The third archetype is the incumbent-embedded digital bank, represented by isybank. In this case, digital banking does not emerge from an independent fintech or standalone challenger, but from within a traditional banking group. The digital proposition is distinct at the customer interface level, yet embedded in the parent bank's infrastructure, product factories, regulatory framework and organisational resources. This archetype shows that digital banking can also be a transformation strategy of incumbent institutions, rather than only a form of external disruption.

This taxonomy prevents the analysis from collapsing different actors into the generic category of "digital banks". Revolut is not simply a digital bank in the same sense as N26, because its trajectory is rooted in platform expansion and financial ecosystem building. N26 is not equivalent to isybank, because it must build its own regulatory credibility, customer base and infrastructure without the support of a parent banking group. isybank is not a fintech-native challenger, because its digital proposition depends on the assets and constraints of Intesa Sanpaolo.

The strategic meaning of digital banking therefore depends on how technology, regulation, customer relationship and organisational structure are combined. This taxonomy provides the foundation for the following sections, where the three archetypes are compared across business model and value proposition, revenue logic and sustainability, technology and value-chain control, regulation and strategic trade-offs.

4.2 Business model and value proposition comparison

The business model comparison shows that the three archetypes differ not only in what they offer, but in the strategic role played by the customer proposition. Revolut, N26 and isybank all rely on digital access, app-based interaction and simplified user experience. However, these common features do not produce the same model. The relevant difference lies in how digital channels are used to structure the relationship with the customer: as a platform ecosystem, as a mobile-first banking account, or as a digital entry point into an incumbent banking group.

The comparison therefore starts from a central assumption: digital banking business models are shaped less by the mere presence of digital products than by the architecture through which those products are organised. The same service, such as payments, savings or investments, can have a different strategic meaning depending on whether it is part of a platform ecosystem, an account-centred digital bank or an incumbent-embedded retail proposition.

This distinction is important because digital banking is sometimes interpreted mainly through the presence of online onboarding, mobile payments or digital account management. These elements are necessary but not sufficient to define a business model. What matters is how products are bundled, which customer needs are prioritised, how the firm expects users to engage with the service, and whether the digital interface is designed to create an independent platform, a focused banking relationship or an embedded group proposition.

Revolut represents the most platform-oriented model. Its value proposition is based on the integration of multiple financial and adjacent services within a single app-based ecosystem. Payments, accounts, cards, savings, investments, credit, subscriptions, lifestyle services and business tools are not isolated products, but components of a broader platform logic. The strategic objective is to increase engagement, expand product usage and progressively move from occasional use cases, such as foreign exchange or travel-related services, towards a more central role in the customer's financial life. In this sense, Revolut can be interpreted as a case of digital re-bundling: after entering the market through specific fintech services, the company recombines multiple financial

functions into a single customer interface, reflecting the broader unbundling and re-bundling dynamic discussed in Chapter 2.

N26 follows a more focused logic. Its business model is centred on the digital current account and on the regulated banking relationship. The account is the core of the customer proposition, while additional services such as paid plans, cards, spending controls, insurance benefits or investment products operate as adjacent layers around that core. Compared with Revolut, N26 is less oriented towards building a broad financial super-app and more focused on simplifying the traditional banking experience through mobile-first access, transparency and low-friction onboarding. Its value proposition is therefore narrower, but also more clearly bank-centred.

isybank represents a third configuration. Its value proposition is not based on standalone fintech expansion, nor on the construction of an independent digital bank from scratch. Instead, it is built as a digital retail banking proposition inside the Intesa Sanpaolo Group. The customer-facing layer is digital and distinct, but the underlying model remains connected to the group's product factories, infrastructure, regulatory framework and customer base. This makes isybank less autonomous than Revolut or N26, but gives it access to assets that independent challengers must build externally: institutional trust, banking infrastructure, existing customers, remote support capabilities and a broader portfolio of retail banking products.

DIMENSION	Revolut	N26	isybank
Core Customer Proposition	Multi-product financial platform	Mobile-first current account and banking services	Digital retail banking backed by Intesa
Product Scope	Broad ecosystem: payments, accounts, investments, credit	Focused banking core with selected adjacent services	Retail banking products, savings, investments, loans, insurance
Customer Relationship	Platform-based engagement	Account-centered relationship	Group-embedded digital relationship
Main Segment	International retail + business users	Digital retail users, freelancers/self-employed	Italian retail, young/mobile-first, Intesa/non-Intesa customers
Strategic Meaning	Re-bundling of financial services	Digital-native banking focus	Incumbent-led digital proposition

Table 3. Business model and customer proposition comparison.

Source: author's elaboration based on Revolut, N26 and isybank case studies.

Table 3 shows that the three archetypes differ less in their use of digital channels than in the strategic role assigned to those channels. In Revolut, the digital interface works as a platform gateway: it is designed to increase the number of services used inside the ecosystem and to support cross-product engagement. In N26, the digital interface is the

channel through which the account-centred banking relationship is simplified and made more transparent. In isybank, the digital interface acts as a separate customer proposition within a broader incumbent ecosystem.

The role of the customer relationship is therefore a key differentiator. Revolut's relationship is platform-based: the app is not only a banking interface, but a gateway to multiple financial and lifestyle services. N26's relationship is account-centred: the current account remains the main anchor around which adjacent services are developed. isybank's relationship is group-embedded: the customer interacts with a distinct digital proposition, but the value proposition is supported by Intesa Sanpaolo's wider capabilities.

This distinction also shows why product breadth alone is not enough to define strategic positioning. A broad product catalogue does not automatically create a platform model, and a narrower product scope does not automatically imply a weaker proposition. The strategic question is how product offering, customer relationship and monetisation logic reinforce each other. Revolut uses breadth to increase platform engagement. N26 uses focus to strengthen clarity and banking identity. isybank uses integration to connect digital distribution with incumbent capabilities.

This business model distinction becomes central in the following section, where the analysis turns to how each archetype captures value, scales its activities and faces different sustainability constraints.

4.3 Revenue logic, scalability and sustainability

The differences between the three archetypes become particularly visible when considering how they capture value and scale their activities. While the previous section focused on the architecture of the customer proposition, this section shifts the attention to economic sustainability: how each model generates revenue, what drives its scalability and which constraints affect its long-term viability. Digital banking models are often associated with lower distribution costs, faster onboarding and scalable technology. However, the cases analysed in this thesis show that digital distribution does not automatically translate into superior economic sustainability. Each archetype has a different revenue logic, a different scalability driver and a different long-term constraint.

This point is consistent with the broader discussion on digital banking developed in the previous chapters. The absence of branches or the use of mobile-first channels may reduce some traditional costs, but digital banks and fintech platforms also face other sources of pressure: customer acquisition costs, technology investment, cybersecurity, compliance, fraud prevention, supervisory remediation and the need to monetise customers beyond initial adoption. Sustainability therefore depends not only on growth, but on the alignment between revenue model, operating structure and regulatory capacity.

Revolut's revenue logic is the most diversified and platform-oriented. Its model captures value through multiple sources, including subscriptions, card payments, foreign exchange, wealth products, business services, credit products and interest income. This diversification reflects the logic of a multi-product financial ecosystem: the more services users adopt within the platform, the stronger the potential for engagement, cross-usage and monetisation. This is also reflected in its 2025 figures, with total revenues of £4.5 billion, 76% of turnover generated by fee-based revenues and more than eleven product lines exceeding £100 million in revenue. Revolut's scalability therefore depends on international expansion, product breadth and the ability to replicate its platform across markets while adapting to local regulatory and payment infrastructures.

The sustainability challenge for Revolut comes from the same source as its scalability potential. Product breadth and international reach can increase monetisation opportunities, but they also increase organisational and regulatory complexity. As the company expands into banking products, lending, savings, investments and local financial infrastructures, it must reinforce governance, compliance capabilities, financial crime prevention, risk management and local regulatory adaptation. The key question for this archetype is therefore whether platform scale can remain manageable under the growing weight of banking regulation.

N26 follows a more focused revenue logic. Its monetisation is built around tiered accounts, banking services and selected product expansion. Unlike Revolut, it does not rely on a broad financial super-app logic; instead, it seeks to generate value around the digital current account and the regulated banking relationship. Paid plans, card usage, selected investment products and adjacent banking services support monetisation, but

the account remains the centre of the model. This more focused profile is reflected in its available 2024 indicators: more than 8 million customers, 24 markets, 4.8 million expected revenue-relevant customers and approximately €440 million expected revenue. Scalability therefore depends less on product breadth and more on the ability to grow a digital banking customer base profitably within the European regulatory perimeter.

The sustainability challenge for N26 is closely connected to its standalone regulated position. A digital-native bank can scale onboarding and customer interaction faster than traditional branch-based banks, but it must also scale compliance, AML, fraud prevention and risk controls at the same pace. The BaFin growth restriction and subsequent remediation efforts show that supervisory trust can directly shape growth capacity. The key question for N26 is therefore whether a standalone digital bank can achieve profitable scale while maintaining the compliance and governance standards required by banking supervision.

isybank represents a different revenue and scalability logic. Its value capture is embedded within the Intesa Sanpaolo ecosystem. Revenues are linked to retail banking products, account plans, payments, deposits, lending, investments, insurance and group-level cross-selling. At the same time, isybank's economic rationale cannot be assessed only as a standalone profit centre. Its strategic value also lies in customer acquisition, retention, lower cost-to-serve, digital migration and the extension of group product factories through a digital-first channel. This embedded logic is visible in its 2025 profile: more than 1 million customers, 78% under 35, around 900,000 new-to-Group accounts and €2.9 billion in customer deposits.

This makes isybank's scalability more internally anchored than Revolut's or N26's. It does not need to replicate a standalone model across multiple countries or build regulatory credibility independently. Instead, it can scale through Intesa Sanpaolo's existing customer base, infrastructure, Digital Branch, isytech platform and broader retail banking ecosystem. The sustainability challenge is therefore not mainly about access to infrastructure or regulatory legitimacy, but about differentiation and autonomy. The key question is whether an incumbent-embedded digital bank can remain sufficiently distinctive while being structurally dependent on its parent group.

These figures are not used as directly comparable performance indicators, since the three cases differ in perimeter, maturity, disclosure level and reporting currency. They are reported in their original source currency and are used only to support the interpretation of three different scalability logics: platform-based for Revolut, regulated and account-centred for N26, and group-embedded for isybank.

DIMENSION	Revolut	N26	isybank
Revenue Logic	Diversified, fee/subscription/platform-based	Tiered accounts, banking services, selected product expansion	Retail banking, cross-selling, deposits, credit, group synergies
Scalability Driver	International platform expansion	Digital onboarding and European regulated scale	Intesa customer base, Digital Branch, group infrastructure
Sustainability Challenge	Regulatory complexity and product breadth	Compliance capacity, profitability, narrower ecosystem	Differentiation from parent bank, autonomy limits
Key Question	Can platform scale remain manageable under banking regulation?	Can a standalone digital bank scale profitably under supervision?	Can an incumbent digital bank remain distinctive while embedded?

Table 4. Revenue logic, scalability and sustainability by archetype.

Source: author's elaboration based on Revolut, N26 and isybank case studies.

Table 4 shows that scalability is not a single concept. For Revolut, scale is platform-based and international; for N26, it is digital, regulated and European; for isybank, it is group-based and embedded in an incumbent transformation strategy. Similarly, sustainability does not refer only to profitability. It also concerns whether the organisational model can absorb regulatory complexity, whether compliance can scale with growth, and whether the digital proposition remains strategically distinctive over time.

The comparison therefore challenges a simplified view of digital banking as inherently more efficient than traditional banking. Digital channels may reduce dependence on physical branches, but they also introduce new costs and constraints: technology investment, cybersecurity, customer acquisition, compliance, fraud prevention and supervisory remediation. The three cases suggest that digital banking sustainability depends not simply on being digital, but on the coherence between revenue logic, operating model, regulatory capacity and strategic positioning.

This also explains why the three archetypes cannot be evaluated through the same financial lens. Revolut's performance depends on the ability to monetise a broad platform ecosystem across multiple markets. N26's performance depends on converting a focused digital banking relationship into profitable regulated scale. isybank's performance depends not only on direct revenues, but also on its contribution to Intesa

Sanpaolo's digital migration, customer retention and cost efficiency. In each case, the revenue model reflects the deeper strategic architecture of the archetype.

4.4 Technology, operating model and control of the value chain

Technology is often presented as the most visible dimension of digital banking, but its strategic relevance does not lie only in the adoption of mobile apps, cloud infrastructures or artificial intelligence. After examining scalability as an economic question, the analysis now considers its organisational and technological dimension: how digital capabilities are structured, which layers of the value chain are controlled directly and what this implies for competitive advantage. All three cases analysed in this thesis rely on digital interfaces, remote onboarding, data processing and scalable technological systems. The more important question is how technology reorganises the banking value chain: who controls the customer interface, who owns the data relationship, who develops products, who manages compliance, and who provides the infrastructure on which the model depends.

This perspective is consistent with the broader transformation discussed in Chapter 2. Digitalisation has made the banking value chain less vertically integrated and more modular. Customer interaction, product manufacturing, payments infrastructure, data analytics, risk management and compliance can be distributed across different actors or recombined in new ways. In this context, technology is not simply an operational tool. It becomes a mechanism through which firms define their degree of autonomy, their dependence on partners or parent groups, and their ability to scale without losing control over risk and customer experience.

Revolut represents the model with the highest degree of platform control. Its operating architecture is built around a proprietary, app-centric ecosystem in which multiple services are integrated into a single customer interface. This gives Revolut strong control over product development, distribution, engagement, data flows and cross-product monetisation. The same platform can be extended across different product verticals and markets, which supports rapid experimentation and international scalability. However, this autonomy also increases complexity. As Revolut expands from payments and foreign exchange into banking, credit, wealth, business services and local financial

infrastructures, the technological architecture must also support localisation, risk controls, fraud prevention, financial crime monitoring and regulatory requirements across jurisdictions. In this model, technology enables scale, but it also becomes the infrastructure through which complexity must be governed.

N26 follows a more focused technological logic. Its architecture is built around a mobile-first banking proposition rather than a broad financial platform. The app, digital onboarding, virtual and physical cards, real-time account management and cloud-based infrastructure support the core banking relationship. Compared with Revolut, N26 has a narrower product ecosystem, but its technological model is closely tied to the regulated account relationship. This gives the bank direct control over the customer interface and core banking experience, while keeping the strategic centre of gravity on current accounts and selected adjacent services. The constraint is that, as a standalone licensed bank, N26 must build and maintain its own risk, compliance, AML and supervisory infrastructure. Its technology therefore has to support not only customer convenience and scalability, but also the credibility of the bank as a regulated institution.

isybank illustrates a third configuration. Its customer proposition is digital and distinct, but the operating model is embedded within Intesa Sanpaolo's broader technological, organisational and regulatory infrastructure. The isytech platform, group cloud infrastructure, Digital Branch and product factories allow isybank to scale a digital retail banking proposition without building the entire value chain independently. This creates a different balance between autonomy and support. isybank benefits from the group's infrastructure, trust, customer base, compliance framework and product manufacturing capabilities, but it also operates within the constraints of a larger incumbent organisation. Technology is therefore used less to create an independent platform and more to extend and reorganise the capabilities of the parent group through a digital-first channel.

DIMENSION	Revolut	N26	isybank
Customer Interface	Direct platform relationship	App-first banking relationship	Digital interface backed by Intesa
Technology Model	Proprietary fintech platform	Mobile/cloud banking infrastructure	isytch, cloud platform, Digital Branch
Product Architecture	Broad ecosystem of financial and lifestyle services	Account-centered with selected adjacent products	Retail banking products from group factories
Value-Chain Control	High control over product, distribution, data and technology	High control within core banking scope	Front-end ownership, back-end via group factories
Key Dependencies	Platform governance, local adaptation, compliance scaling	Standalone infrastructure, compliance capacity, supervisory trust	Parent group infrastructure, product factories, group governance
Strategic Meaning	High autonomy and engagement, but high complexity	Clear banking control, but narrower ecosystem	Strong institutional support, but lower autonomy

Table 5. Technology, operating model and value-chain control by archetype.

Source: author's elaboration based on Revolut, N26 and isybank case studies.

Table 5 shows that technological architecture is closely linked to value-chain control. Revolut prioritises platform autonomy and direct control over customer engagement, product development and data flows. N26 controls a narrower but clearer digital banking infrastructure centred on the regulated account relationship. isybank, by contrast, relies on group-level infrastructure and product factories, combining a distinct digital front-end with a more embedded operating model.

The comparison suggests that digital banking is not defined simply by the absence of branches or by the presence of an app. What matters is the architecture through which digital capabilities are organised. A fintech-native platform such as Revolut starts from customer interface and engagement, then progressively internalises financial and regulated functions. A digital-native regulated bank such as N26 starts from the banking licence and account relationship, then builds a digital experience around it. An incumbent-embedded digital bank such as isybank separates the digital customer proposition from the deeper layers of the value chain, which remain largely group-based.

This distinction has direct implications for competitive advantage. Revolut's advantage lies in autonomy, speed and platform engagement, but these strengths generate coordination and regulatory complexity. N26's advantage lies in clarity and direct control of the banking relationship, but this exposes the bank to the full burden of standalone compliance and profitability requirements. isybank's advantage lies in institutional support and access to group resources, but this reduces strategic independence and may limit the distinctiveness of the digital proposition.

Technology therefore acts simultaneously as an enabler and a constraint. It enables Revolut to scale a broad ecosystem, N26 to deliver a simplified mobile-first banking experience, and isybank to lower the cost-to-serve within an incumbent transformation strategy. At the same time, each technological configuration creates a specific dependency: Revolut depends on its ability to govern platform complexity; N26 depends on the robustness of its standalone banking infrastructure; isybank depends on the capacity of the parent group to combine integration with flexibility.

The strategic question is therefore not which actor is “more digital”, but how digital capabilities are governed and where control sits within the value chain. Proprietary platform control, standalone digital banking infrastructure and group-embedded technological architecture represent three different answers to the same strategic problem: how to organise customer relationships, products, data, infrastructure and compliance in a digital banking environment.

4.5 Regulation, compliance and institutional constraints

Regulation is one of the clearest dimensions through which the three digital banking archetypes diverge. After considering how technology reorganises the value chain, this section examines how regulation shapes each model’s strategic trajectory, not as a uniform external constraint, but as a structural variable that operates differently across archetypes. In a superficial interpretation, regulation may appear as an external constraint that applies similarly to all banking and financial actors. The cases analysed in this thesis show a different picture. Regulation shapes the strategic trajectory of each model: it determines which activities can be performed, how fast a company can scale, how trust is built, which risks must be internalised and how much organisational complexity the firm must absorb.

This point is particularly relevant because digital banking operates at the intersection between technological innovation and highly regulated financial activities. As discussed in Chapter 2, the boundary between fintech, payment services, platform-based finance and banking is not neutral. Moving closer to banking generally means entering a stricter regulatory perimeter, especially when activities involve deposits, lending, customer funds, AML obligations, governance requirements and prudential supervision. Regulation

therefore becomes part of the business model itself, not only a compliance function placed around it.

Revolut illustrates regulation as a progressive strategic frontier. Its development started from fintech-native services and later moved towards a broader financial ecosystem increasingly connected to banking activities. This trajectory requires the progressive acquisition of licences, authorisations and compliance capabilities across different jurisdictions. Regulation enables Revolut to expand beyond payment and foreign exchange services into deposits, lending and other banking-related products. At the same time, the same regulatory expansion increases organisational complexity. A multi-product, multi-country platform must adapt to different local rules, supervisory expectations, AML requirements, consumer protection frameworks and licensing conditions. For Revolut, regulation is therefore both an enabler of banking expansion and a source of growing managerial complexity.

N26 represents a different configuration. Regulation is not a frontier progressively approached from outside banking, but a founding condition of the model. As a standalone digital bank with its own banking licence, N26 operates inside the banking regulatory perimeter from an early stage. This gives the company a clearer banking identity and direct regulatory legitimacy, but it also exposes the model to the full burden of banking supervision. The BaFin growth restriction between 2021 and 2024 shows that supervisory confidence can directly affect customer acquisition and growth capacity. In this archetype, regulation does not simply follow expansion; it can actively determine the pace at which expansion is allowed to occur.

isybank follows a third logic. It does not need to construct an autonomous licensing trajectory in the way Revolut does, nor does it need to build standalone regulatory credibility from scratch in the way N26 does. Its digital proposition is embedded within Intesa Sanpaolo's regulated banking group. This gives isybank access to an already established supervisory perimeter, compliance infrastructure, internal control framework and institutional trust. However, this inherited regulatory credibility also comes with constraints. Digital innovation must remain compatible with the governance, risk appetite, product oversight, cybersecurity and compliance structures of the parent group.

For isybank, regulation is therefore less a licensing barrier and more an institutional framework within which digital transformation must be organised.

DIMENSION	Revolut	N26	isybank
Licensing path	Progressive multi-jurisdictional licensing	Full BaFin banking licence from early stage	Embedded in Intesa Sanpaolo's regulated perimeter
Regulatory origin	Fintech-native model progressively entering banking regulation	Digital-native bank operating inside the prudential framework from early stage	Incumbent-led digital proposition benefiting from group regulatory infrastructure
Key regulatory event	Banking licences across multiple countries; UK banking licence restrictions lifted	BaFin growth restriction 2021-2024; €9.2M fine for late AML filings	Operates within Intesa's supervisory perimeter and group risk framework
AML/financial crime	Financial crime prevention scaled with platform growth	Major investment in AML and financial crime remediation	Group-level AML/CFT and Anti Financial Crime infrastructure
Compliance infrastructure	Internal risk/compliance functions and Three Lines of Defence	Standalone compliance and risk-management infrastructure	Group-level risk, compliance and internal control framework
Strategic implication	Regulation enables banking expansion but increases complexity	Growth depends on supervisory trust and compliance capacity	Digital innovation benefits from inherited credibility but must fit incumbent governance

Table 6. Regulation as a strategic variable across digital banking archetypes.

Source: author's elaboration based on Revolut, N26 and isybank case studies.

Table 6 shows that regulation affects the three archetypes through different mechanisms. For Revolut, the central issue is the ability to manage regulatory complexity while expanding the platform into banking. For N26, the key issue is whether compliance, AML and risk controls can scale at the same speed as customer growth. For isybank, the main issue is how to preserve agility and distinctiveness while operating inside the governance architecture of a large incumbent bank.

The comparison also shows that regulation can be a source of competitive advantage. Banking licences, supervisory credibility and robust compliance capabilities may increase trust and allow firms to offer products that are not available to lighter fintech models. This is particularly important in a sector where customers entrust institutions with money, savings, identity data and long-term financial relationships. In this sense, regulation can support strategic positioning: Revolut's licences reinforce its transition towards banking; N26's licence defines its identity as a digital-native bank; isybank's group perimeter gives it immediate institutional credibility.

At the same time, regulation creates different strategic costs. Revolut must absorb the complexity of operating across products and jurisdictions. N26 must finance and govern its own compliance infrastructure as a standalone institution. isybank must align digital innovation with group-level controls and legacy governance structures. These costs are

not merely administrative. They shape product launch speed, market entry, customer onboarding, risk appetite, organisational design and scalability.

The regulatory dimension therefore reinforces one of the central arguments of this chapter: digital banking models cannot be evaluated only through customer-facing innovation. A smooth app experience or fast onboarding process may create visible value for the customer, but the sustainability of the model depends on less visible capabilities such as AML monitoring, fraud prevention, governance, operational resilience, supervisory reporting and risk management. The more a digital actor moves into banking, the more these capabilities become strategic assets.

This perspective is especially important when comparing fintech-native and incumbent-led models. Fintech-native actors may innovate faster and expand product offerings more aggressively, but they must progressively build regulatory credibility as they enter the banking perimeter. Incumbents may move more slowly, but they start from a position of institutional trust, existing controls and supervisory experience. Digital-native regulated banks such as N26 occupy an intermediate position: they are more independent than incumbent-embedded models, but more directly exposed than platforms that begin outside the full banking perimeter.

Overall, regulation does not simply constrain digital banking. It defines what kind of digital banking model can emerge, how fast it can grow and under which conditions it can remain sustainable. Revolut, N26 and isybank therefore illustrate three different regulatory logics: regulation as a frontier to be progressively crossed, regulation as a founding condition of standalone digital banking, and regulation as inherited infrastructure within incumbent transformation.

4.6 Competitive advantage and strategic trade-offs

The comparison developed in the previous sections shows that each archetype of digital banking is built around a different source of competitive advantage. However, none of the three models can be interpreted as universally superior. Each one combines specific strengths with structural trade-offs. The strategic relevance of the comparison therefore lies not in identifying the “best” digital banking model, but in understanding under which conditions each archetype can create, capture and sustain value.

Revolut's main advantage lies in speed, scale and platform breadth. Its fintech-native origin allows the company to expand through rapid product development, app-based engagement and international replication. The platform model supports cross-product usage and diversified monetisation, making Revolut less dependent on a single banking product or revenue stream. Its ability to combine retail, business, payments, wealth, credit, subscriptions and lifestyle services creates a broad ecosystem that can increase customer engagement and strengthen switching costs over time.

The trade-off is complexity. The broader Revolut becomes, the more difficult it is to preserve agility while complying with banking regulation, local market requirements, AML obligations, fraud prevention and risk controls. The strategic risk is that the platform may become too broad and compliance-heavy, reducing the speed and simplicity that originally made the model attractive. Revolut's future advantage therefore depends on its ability to turn regulatory and organisational complexity into scalable infrastructure rather than allowing it to slow down execution.

N26's competitive advantage is different. It does not compete primarily through ecosystem breadth, but through clarity of positioning. Its identity as a standalone, app-first and regulated digital bank gives it a simpler strategic profile than Revolut. The value proposition is easier to understand: a mobile-first current account and selected banking services delivered through a digital-native experience. This clarity can support trust, brand positioning and customer acquisition among users looking for a focused digital banking alternative rather than a broad financial platform.

The trade-off is that a narrower model has less room for platform-based monetisation. N26 must achieve sustainable scale within a more focused banking perimeter, while also bearing the full cost of standalone compliance, AML, risk management and supervision. Its regulatory history shows that growth can be constrained when internal controls do not scale at the same pace as customer acquisition. The strategic risk is therefore not only competitive pressure from broader platforms or incumbents, but the possibility that supervisory trust becomes a limiting factor for growth.

isybank's advantage comes from the opposite direction. Unlike Revolut and N26, it does not need to build trust, infrastructure, product factories or regulatory credibility from scratch. Its digital proposition benefits from the resources of Intesa Sanpaolo: a large

customer base, established banking infrastructure, recognised brand trust, group product capabilities, compliance systems and a broader retail ecosystem. This gives isybank a strong institutional foundation and may allow it to scale digital retail banking with lower execution risk than independent challengers.

The trade-off is reduced autonomy. Because isybank is embedded within an incumbent group, its strategic flexibility is structurally different from that of standalone players. Product development, governance, risk appetite and customer proposition must remain aligned with the parent bank. This can limit speed, experimentation and distinctiveness. The strategic risk is that isybank may be perceived not as a truly distinct digital banking model, but as a lighter or more digital version of the incumbent bank. Its long-term success therefore depends on preserving a recognisable digital identity while still leveraging the advantages of group integration.

DIMENSION	Revolut	N26	isybank
Main Advantage	Speed, scale, product breadth, platform engagement	Clear banking identity, standalone digital brand, regulatory clarity	Trust, infrastructure, customer base, product factories, lower cost-to-serve
Main Trade-off	Complexity, regulatory burden, multi-market management	Narrower ecosystem, profitability pressure, compliance constraints	Lower autonomy, dependence on group, weaker distinctiveness
Strategic Risk	Becoming too broad and compliance-heavy	Growth constrained by supervisory trust	Being perceived as a lighter version of the incumbent

Table 7. Competitive advantage and strategic trade-offs by archetype.

Source: author's elaboration based on Revolut, N26 and isybank case studies.

Table 7 summarises these differences by linking each archetype to its main advantage, trade-off and strategic risk. The comparison shows that the same factors that generate advantage can also become sources of vulnerability. Revolut's breadth supports engagement but increases complexity. N26's focus supports clarity but limits ecosystem monetisation. isybank's institutional support reduces execution risk but can weaken autonomy and distinctiveness.

This pattern suggests that digital banking competition is not only a matter of technological sophistication or customer numbers. It is also a matter of strategic coherence. A digital banking model is stronger when its value proposition, revenue logic, technology, regulation and organisational structure reinforce each other. Conversely, the model becomes fragile when these dimensions become misaligned: when product breadth

exceeds governance capacity, when customer growth exceeds compliance capacity, or when group integration undermines the distinctiveness of the digital proposition.

The trade-offs identified above also help explain the different evolutionary trajectories of the three archetypes. Revolut's path moves from a narrow fintech use case towards a broader banking-regulated ecosystem. N26's trajectory moves from mobile-first account provision towards regulated digital banking at scale. isybank's trajectory moves from incumbent retail banking towards a separate but embedded digital banking proposition. These trajectories show that digital banking evolution is not linear and does not necessarily lead all actors towards the same model.

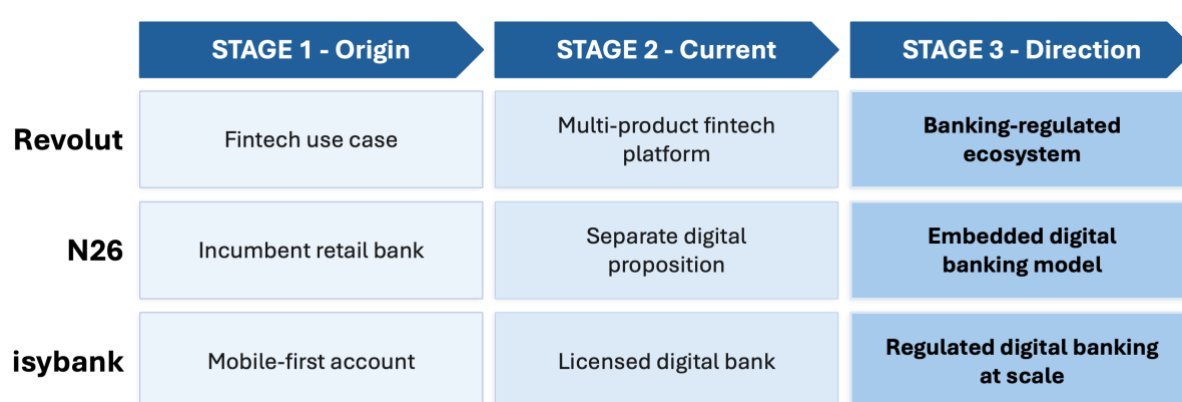


Figure 3. Evolutionary trajectories of digital banking archetypes.

Source: author's elaboration based on Revolut, N26 and isybank case studies.

Figure 3 summarises the dynamic dimension of the comparison. The three models are not only positioned differently today; they also evolve from different starting points and towards different strategic directions. This reinforces the idea that digital banking is likely to remain a plural field of coexisting archetypes rather than converge into a single dominant model.

The comparative analysis also shows that the three archetypes are exposed to different forms of scalability risk. Revolut faces the risk of platform complexity: the need to coordinate multiple products, jurisdictions and regulatory regimes. N26 faces the risk of regulated standalone scale: the need to grow profitably while maintaining supervisory confidence. isybank faces the risk of embedded differentiation: the need to remain strategically visible while operating inside a large incumbent organisation. These risks are not secondary; they define the boundaries within which each archetype can evolve.

Overall, the chapter confirms that digital banking should be understood as a set of strategic configurations rather than as a single industry category. The comparison also shows that these configurations result from different forms of strategic recombination between digital technologies, regulatory frameworks, platform logics, incumbent capabilities and customer relationships. Revolut, N26 and isybank all use digital channels to deliver financial services, but they differ in the sources of advantage they mobilise and in the constraints they must manage. Building on the archetype taxonomy developed in this chapter, Chapter 5 examines what these models imply for the future evolution of digital banking, focusing on the coexistence of different trajectories, the emergence of possible future scenarios, the broader strategic implications of the analysis and how the findings contribute to answering the research questions guiding the thesis.

5. Discussion, Future Scenarios and Conclusions

5.1 Main findings of the comparative analysis

The comparative analysis developed in Chapter 4 provides the basis for the final discussion of the thesis. After defining the strategic archetypes of digital banking and comparing Revolut, N26 and isybank across business model, technology, regulation, scalability and trade-offs, the analysis now moves from case comparison to broader interpretation. The aim is not simply to summarise the three cases, but to clarify what the comparison reveals about digital banking as an evolving field.

A first result emerging from the comparison is that digital banking cannot be interpreted as a homogeneous category. Revolut, N26 and isybank all operate through digital channels and offer app-based financial services, but they are not different versions of the same model. They differ in institutional origin, regulatory position, technological architecture, business model logic and relationship with the customer. This confirms one of the central assumptions of the thesis: digital banking is better understood as a spectrum of strategic configurations than as a single type of financial institution.

A second finding concerns the importance of institutional origin. Revolut, N26 and isybank start from different positions, and these starting points continue to shape their strategic possibilities. Revolut originates as a fintech-native platform and progressively moves towards banking. N26 is built as a standalone digital-native regulated bank. isybank emerges from within an incumbent banking group. These origins influence how each model builds trust, accesses infrastructure, manages regulation and pursues scalability.

The third finding is that regulation is not only an external constraint. In each archetype, regulation becomes part of the strategic architecture of the model. For Revolut, regulation enables expansion into banking-related services, but also increases complexity. For N26, regulation is a founding condition of the business model and directly affects the pace of growth. For isybank, regulation is inherited through the parent group, providing credibility and infrastructure while also limiting autonomy. This

shows that regulatory position is not a secondary variable, but one of the elements that defines what each digital banking model can become.

The fourth finding concerns business model architecture. The same digital products can have different meanings depending on how they are organised. Payments, savings, investments or credit services do not define a model by themselves. In Revolut, they are part of a broader platform ecosystem. In N26, they are organised around an account-centred banking relationship. In isybank, they are embedded in a retail banking proposition supported by Intesa Sanpaolo's infrastructure and product factories. The strategic relevance of digital banking therefore depends less on the presence of individual products and more on the logic through which they are combined.

The fifth finding concerns scalability and sustainability. Digital banking is often associated with scalability, but the comparison shows that scale takes different forms. Revolut's scale is platform-based and international, but exposed to growing regulatory and organisational complexity. N26's scale is digital and standalone, but constrained by profitability, compliance capacity and supervisory trust. isybank's scale is group-based and domestic, supported by Intesa Sanpaolo's infrastructure but dependent on its ability to remain distinctive. In all three cases, sustainability depends on the coherence between revenue logic, operating model, regulatory capacity and strategic positioning.

Taken together, these findings show that the value of the comparison lies not in ranking the three cases, but in identifying the different conditions under which digital banking models can emerge and evolve. Revolut, N26 and isybank illustrate three distinct combinations of origin, regulation, technology, business model and customer relationship. These findings provide the basis for the rest of the chapter: Section 5.2 discusses their strategic implications for digital banking actors; Section 5.3 develops future scenarios and their possible impact on the banking sector; Section 5.4 addresses the limitations of the research; and Section 5.5 draws the final conclusions of the thesis.

5.2 Strategic implications for digital banking actors

The findings of the comparative analysis have an important strategic implication: digital banking actors should not pursue digitalisation as a generic objective. The cases show that becoming “more digital” is not sufficient to create a sustainable advantage. What matters is the coherence between the position an actor aims to occupy in the financial ecosystem and the way it aligns customer proposition, monetisation, technology, regulation and organisational structure.

This means that digital banking competition should not be interpreted only through visible customer-facing elements, such as app design, digital onboarding or product variety. These elements matter, but they do not define the strength of a model by themselves. A strong digital interface is not sufficient if the revenue model is weak, if compliance capacity does not scale, or if the operating model cannot support growth. Similarly, institutional trust and regulatory credibility are not sufficient if the customer proposition lacks distinctiveness or if the organisation cannot innovate at sufficient speed.

For fintech-native platforms, the main strategic implication is that expansion into banking requires a transition from product speed to institutional robustness. Revolut illustrates the potential of a platform model built around engagement, product breadth and international scalability. However, the closer this model moves to banking, the more it must internalise capabilities traditionally associated with regulated financial institutions, such as AML controls, risk governance, supervisory reporting, operational resilience, fraud prevention and long-term trust. The challenge is therefore not only to add more products, but to transform platform complexity into scalable governance infrastructure.

For digital-native regulated banks, the implication is different. N26 shows that a focused, account-centred digital banking model can create value through simplicity, clarity and a direct regulated relationship with the customer. However, this model must convert customer growth into profitable and compliant scale. The strategic challenge is to preserve the advantages of a lean digital proposition while developing the organisational depth required by banking supervision. In this case, growth is not only a

commercial objective, but also a test of compliance capacity, operational resilience and supervisory credibility.

For incumbent-embedded digital banks, the main implication concerns the balance between integration and distinctiveness. isybank shows that incumbent banks can use digital propositions to reduce cost-to-serve, support customer migration to remote channels and reach more digitally active segments. The advantage of this model lies in access to trust, infrastructure, product factories, capital strength and regulatory experience. However, these advantages create value only if the digital proposition remains sufficiently recognisable and strategically distinct. If the digital bank is perceived only as a simplified version of the parent bank, its ability to compete with digital-native alternatives may remain limited.

The comparison also has implications for the way platformisation and re-bundling are understood. The case of Revolut shows that fintech innovation does not necessarily remain limited to narrow, specialised services. A fintech-native actor can start from a specific use case and progressively recombine multiple financial functions into a broader ecosystem. This supports the idea, introduced in Chapter 2, that digital innovation in finance involves both unbundling and re-bundling: new entrants may initially target specific parts of the banking value chain, but successful platforms can later integrate multiple services around the customer relationship [1]. At the same time, the comparison shows that platform aggregation is not the only possible form of recombination. N26 illustrates a model where value is created through focus rather than breadth, keeping the regulated account relationship at the centre. isybank shows that recombination can also occur within an incumbent group, by connecting digital distribution with existing product factories, infrastructure and regulatory capabilities. The evolution of digital banking therefore involves multiple forms of strategic recombination, rather than a single trajectory towards platform aggregation.

The analysis also shows that traditional banking capabilities remain central. Digital banking does not eliminate the importance of regulation, trust, risk management, compliance and operational reliability. On the contrary, these capabilities become increasingly important as digital actors move closer to core banking activities. Fintech-native and digital-native players may begin with advantages in speed, user experience

and product simplicity, but their long-term sustainability depends on their ability to build institutional capabilities. Incumbent banks, by contrast, already possess many of these capabilities, but must learn to combine them with digital propositions that are simpler, faster and more distinctive.

Overall, the strategic implication of the thesis is that digital banking should be understood as a field of competing architectures rather than as a single market segment. The relevant question is not whether a player is digital, but how its digital capabilities are organised, regulated, monetised and governed. This perspective provides the basis for the following section, which extends the analysis from the level of individual archetypes to the future evolution of the banking sector.

5.3 Future scenarios and banking industry impact

5.3.1 Future scenarios for digital banking

The strategic implications discussed in the previous section can be extended into a scenario-based interpretation of the future evolution of digital banking. The purpose of this section is not to predict a single outcome, but to identify plausible trajectories through which the archetypes analysed in this thesis may affect the banking sector over the medium term. For this reason, the scenarios are interpreted as strategic directions over a five to seven year horizon, rather than as precise forecasts.

This perspective is particularly useful because digital banking is still an evolving field. Digital-only banks and fintech-native platforms have grown rapidly in recent years, but their long-term impact depends on profitability, regulatory capacity, funding stability, operational resilience and customer trust. At the same time, incumbent banks are not passive actors: they can respond through digital reinvention, partnerships, dedicated digital propositions and investment in technological infrastructure. The future of digital banking is therefore likely to be shaped less by the simple replacement of traditional banks and more by the interaction between different models.

The scenarios developed below are based on the tensions identified in the comparative analysis: platform expansion versus regulatory complexity, incumbent support versus strategic autonomy, and digital scalability versus compliance and

operational resilience. These tensions generate three possible directions of evolution: platform convergence, incumbent digital reinvention and regulated modular banking.

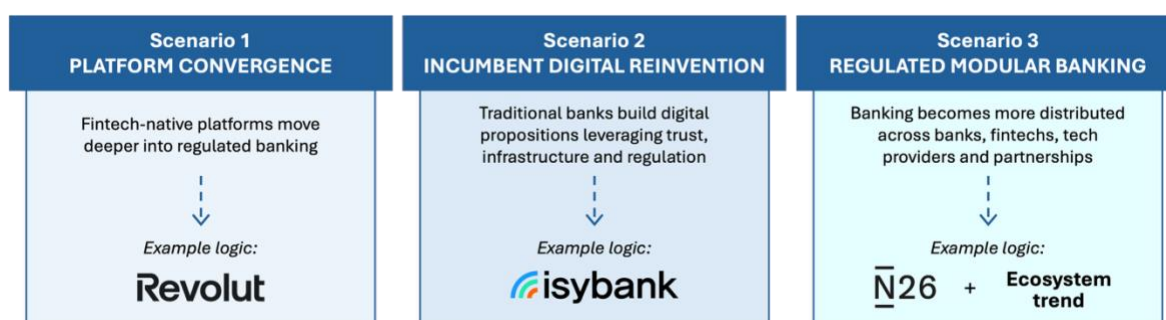


Figure 4. Future scenarios for digital banking.

Source: author's elaboration based on the comparative analysis.

Figure 4 summarises the three scenarios derived from the comparative analysis. The figure should not be read as a prediction of a single future path, but as a representation of three possible trajectories that may coexist and interact in the European digital banking landscape.

The first scenario is platform convergence. In this scenario, fintech-native platforms continue to move deeper into regulated banking while preserving a platform-based ecosystem logic. Firms following this path expand from initial use cases such as payments, foreign exchange or financial management tools into deposits, lending, savings, investments, insurance and business finance. The objective is to become a broader financial interface for customers, increasing product usage and engagement across multiple services.

Revolut illustrates this trajectory. Its development shows how a fintech-native platform can progressively incorporate banking licences, financial products and compliance structures while maintaining a platform-oriented revenue logic. If this trajectory continues, the boundary between fintech platform and bank may become increasingly blurred. However, this scenario depends on whether platform-based actors can absorb the complexity of banking regulation without losing the speed, simplicity and product velocity that originally differentiated them.

The main opportunity of platform convergence is the creation of large-scale financial ecosystems with strong customer engagement and diversified monetisation. The main risk is overextension. As platforms become broader and more regulated, they may face

increasing pressure from supervisors, higher compliance costs, organisational complexity and local adaptation requirements. The future of this scenario therefore depends on the ability to transform regulatory complexity into scalable governance infrastructure.

The second scenario is incumbent digital reinvention. In this scenario, traditional banks respond to fintech competition not only by digitalising existing channels, but by creating distinct digital propositions, new operating models and more efficient customer service architectures. Rather than being displaced by fintech challengers, incumbents use their existing advantages, such as trust, capital, regulatory credibility, customer base, product factories and infrastructure, to build digital banking models within their own ecosystem.

isybank represents this trajectory. Its model shows how a large incumbent can develop a separate digital proposition while remaining embedded within the parent group. This scenario is particularly relevant in markets where traditional banks still retain strong customer trust and broad retail relationships. For incumbents, the challenge is not simply technological adoption, but strategic redesign: digital banking must reduce cost-to-serve, attract younger and more digitally active customers, support remote service models and preserve access to the broader product ecosystem of the bank.

The opportunity of incumbent digital reinvention lies in combining digital efficiency with institutional trust. Unlike fintech-native challengers, incumbent banks do not need to build regulatory credibility or product infrastructure from scratch. However, the risk is that their digital propositions remain too dependent on legacy structures and fail to develop a sufficiently distinct identity. If the digital bank is perceived only as a lighter or simplified version of the traditional bank, its strategic impact may remain limited.

The third scenario is regulated modular banking. In the figure, N26 is used as the closest case-based reference point because it represents the standalone regulated digital bank, while the “ecosystem trend” indicates that this scenario extends beyond a single firm. Regulated modular banking does not correspond to one specific case only; rather, it describes a broader evolution in which banking activities are increasingly distributed across banks, fintech firms, technology providers and infrastructure partners.

This scenario is grounded in trends already visible in the European market. PSD2 opened part of the banking value chain to authorised third parties, enabling competition around account data, payment initiation and customer interfaces. DORA reflects the growing systemic importance of technology providers, cloud infrastructure and outsourcing arrangements. Banking-as-a-Service models also show how regulated banking capabilities can be distributed through technological interfaces to non-bank actors. Each of the three archetypes analysed in this thesis already operates within elements of this modular logic. Revolut integrates external payment infrastructures, local partners and regulatory arrangements across markets. N26 illustrates the opportunities and constraints of a standalone regulated digital bank operating within an ecosystem of technology and compliance providers. isybank relies on group-level infrastructure and product factories rather than building the entire value chain independently.

In this scenario, competitive advantage depends not only on owning the entire value chain, but on controlling its most strategic layers, such as the customer interface, the data relationship, the compliance infrastructure or the payment layer. The opportunity of regulated modular banking is flexibility: banks can integrate fintech capabilities, fintech firms can specialise in specific functions, and technology providers can support the infrastructure of financial innovation. The risk is that a more distributed value chain also creates governance and accountability challenges. When multiple actors contribute to the same financial service, some questions become more complex, like who owns the customer relationship, who is responsible for compliance, who controls data, and how can supervisors monitor risks that are spread across banks and non-bank providers.

These three scenarios are not mutually exclusive. In practice, the future of digital banking may combine elements of all of them. Some fintech-native platforms may continue to move towards banking. Some incumbent banks may develop increasingly sophisticated digital propositions. Some areas of the banking value chain may become more modular and partnership-based. The evolution of digital banking is therefore likely to involve the coexistence and interaction of multiple strategic trajectories. The following section extends this scenario-based perspective by adopting a more critical

industry-level view, examining whether this coexistence of trajectories is likely to affect all banking actors in the same way, or whether some institutions and value-chain layers may be more exposed than others.

5.3.2 Banking industry impact

After outlining these scenarios, the next step is to consider their implications for the banking sector as a whole, beyond the individual archetypes analysed in this thesis. The impact is unlikely to be evenly distributed. Different categories of banks may be exposed to different pressures depending on their scale, customer base, technological capabilities, regulatory infrastructure and position within the banking value chain.

This distinction is important from a strategic perspective because digital banking does not necessarily destroy the traditional banking model in its entirety; rather, it can erode specific sources of advantage. In the past, banks benefited from control over distribution channels, customer information, payment relationships and regulatory barriers to entry. Digitalisation weakens some of these advantages by making customer interfaces more contestable, reducing the importance of physical proximity and allowing fintech firms or technology providers to enter selected parts of the value chain. At the same time, it does not eliminate the importance of trust, capital strength, compliance, risk management and regulatory credibility.

The competitive impact is most likely to differ across different types of banks. Large incumbent banks may be relatively better positioned to respond because they can rely on established customer relationships, brand recognition, capital resources, product depth, regulatory experience and existing compliance infrastructure. These assets create defensive advantages, especially in services where trust, advisory relationships, credit assessment and long-term financial stability remain important. However, they do not remove the need for strategic adaptation. Incumbents still have to defend the customer interface, reduce cost-to-serve, modernise legacy systems and develop digital propositions that are distinctive rather than merely functional.

The same pressure may be more difficult to absorb for smaller retail banks and digital latecomers. These institutions often have fewer resources to invest in proprietary platforms, data capabilities, cybersecurity, artificial intelligence, operational

resilience and compliance infrastructure. They may also lack the scale needed to spread technology and regulatory costs across a large customer base. This creates a capability gap, since digital transformation requires not only front-end innovation, but also investments in infrastructure, governance, data management and operational resilience. New digital bank business models can intensify competitive pressure on traditional banks while also raising issues related to profitability, funding, risk management and financial stability [2].

For these smaller banks, the strategic response may depend less on imitating large fintech platforms and more on choosing a defensible position. Some institutions may remain competitive by strengthening relationship-based banking, local trust, advisory services or specialised customer segments. Others may rely more on partnerships, shared infrastructures, open banking solutions or outsourced technology providers. This suggests that the future impact of digital banking may accelerate both differentiation and consolidation pressures: banks with strong resources may internalise digital capabilities, while weaker or less specialised actors may need to depend more heavily on external ecosystems.

Technology is one of the factors that can reinforce this divide, especially as artificial intelligence becomes more embedded in banking operations and customer interaction. Digital transformation is not only a matter of launching better apps or improving online onboarding, but it also requires secure infrastructures, cloud governance, third-party risk management, cybersecurity, data protection and service continuity. As operational resilience and technology dependencies become more central to banking supervision, the cost of remaining competitive increases. This may strengthen larger institutions and technologically advanced players, while making it harder for latecomers to close the gap without partnerships or shared platforms. Digital operational resilience, third-party risk management and the oversight of critical technology providers are becoming increasingly central supervisory priorities in Europe [31].

At industry level, the areas most exposed to digital competition are those where services are standardised, frequently used and easy to move across providers. Payments, cards, current account features, budgeting tools, low-complexity savings

products and everyday banking services are more vulnerable to digital competition because they depend heavily on convenience, price transparency and user experience. By contrast, more complex or trust-intensive areas, such as relationship lending, wealth advisory, corporate banking and long-term financial planning, may remain more protected, especially when they require personal advice, risk assessment or institutional credibility.

This does not mean that traditional banks can rely only on protection from regulation or customer inertia. Switching costs in digital finance can decrease when users are able to compare services, open accounts remotely and move specific activities to specialised providers. Even when customers do not fully leave their main bank, they may progressively shift profitable or strategically important interactions to fintech platforms, payment apps or digital challengers. The risk for traditional banks is therefore not only customer loss, but also disintermediation at the interface level, losing control over engagement, data and everyday financial interaction.

In this context, the future of banking competition may depend less on size alone and more on strategic precision. Banks will need to decide which layers of the value chain they want to control directly, which capabilities they should develop internally, and where partnerships can create more value than vertical integration. This is consistent with the idea that the next phase of banking will require clearer positioning and more selective strategic choices, rather than generic digital transformation programmes [32].

All these elements taken together suggest that the impact of digital banking on the banking sector is best understood as reconfiguration rather than full replacement. Traditional banks are unlikely to disappear as a category, especially where they retain trust, regulatory credibility and strong customer relationships. However, digital banking can redistribute value across the financial ecosystem by shifting control over customer interfaces, payment layers and low-complexity retail services. The most resilient actors will be those able to align strategic positioning, technological capabilities, regulatory robustness and customer relevance, while less resourced or less differentiated actors may face increasing pressure from both digital challengers and more advanced incumbents.

5.4 Limitations of the research

The analysis developed in this thesis is subject to some limitations, mainly related to the qualitative nature of the research design, the selection of cases and the availability of comparable company-level data. These limitations do not invalidate the analytical contribution of the thesis, but they define the scope within which the findings should be interpreted.

These limitations are partly intrinsic to the object of analysis. Digital banking is not a stable or fully standardised sector: it includes listed and non-listed firms, licensed banks, fintech platforms, incumbent-led digital propositions and non-regulated technology providers. These actors differ not only in business model, but also in legal structure, reporting obligations, regulatory perimeter and level of public disclosure. As a result, the lack of perfectly comparable data is not only a methodological constraint, but also reflects the structural heterogeneity of digital banking itself.

First, the thesis is based on a qualitative comparative case study approach. Revolut, N26 and isybank are not selected to represent the entire universe of digital finance, but to illustrate three analytically relevant archetypes of digital banking. As a result, the findings should not be interpreted as statistically generalisable to all digital banks, fintech platforms or incumbent banking groups. The purpose of the research is instead theoretical and strategic: to clarify different configurations of digital banking and to identify the trade-offs associated with each model.

Second, the case selection necessarily excludes other relevant models. Payment fintechs, Banking-as-a-Service providers, neobrokers, open finance infrastructure providers, Big Tech firms and non-regulated fintech operators are discussed as part of the broader context, but they are not analysed as full case studies. This choice allows the thesis to remain focused on digital banking archetypes, but it also means that the taxonomy proposed here should be considered a focused interpretation of the banking-related part of digital finance, rather than a complete classification of the entire fintech ecosystem.

Third, the availability and comparability of data differ across the three cases. This lack of comparability is not accidental, but reflects the different institutional nature of the

archetypes analysed. Revolut provides company-level reporting and extensive public communication as a large fintech-native platform. N26 is privately held and offers more limited public financial disclosure. isybank, by contrast, is embedded within Intesa Sanpaolo, meaning that many of its indicators are reported within the broader group perimeter rather than as standalone financial statements. For this reason, the thesis avoids a direct quantitative benchmarking of financial performance and uses numerical indicators only as supporting evidence for the interpretation of different strategic logics.

Fourth, the analysis relies mainly on publicly available sources, including institutional reports, supervisory publications, company documents, press releases and selected news sources. These sources are appropriate for analysing strategic positioning, business models and regulatory developments, but they do not provide access to internal managerial decision-making, proprietary data, customer-level behaviour or confidential performance indicators. As a result, some aspects of execution, internal organisation and operational performance can only be inferred from public evidence.

A further limitation concerns the timing of the analysis. Digital banking is a rapidly evolving field, and the strategic positioning of the actors analysed may change over time. Licensing decisions, regulatory interventions, profitability results, product launches, market exits or new partnerships can affect the interpretation of each case. The thesis therefore reflects the information available at the time of writing and should be understood as an analysis of a specific phase in the evolution of European digital banking.

Finally, the scenario and industry impact analysis developed in Section 5.3 should not be interpreted as a prediction. The scenarios are designed as strategic interpretations based on the archetypes and trade-offs identified in the comparative analysis. They indicate plausible directions of evolution and possible pressures on the banking sector, but the actual development of digital banking will depend on regulatory choices, technological innovation, macroeconomic conditions, customer behaviour, competitive dynamics and the strategic responses of individual institutions.

Overall, these limitations are consistent with the objective of the thesis. The research does not aim to measure which digital banking player performs best, nor to produce a

complete taxonomy of every fintech-related model. Its contribution lies in clarifying the strategic heterogeneity of digital banking and in showing how different archetypes emerge from different combinations of institutional origin, regulation, technology, business model and customer relationship.

5.5 Conclusions

This thesis has analysed the evolution of digital banking in Europe through a strategic comparison of Revolut, N26 and isybank. The objective was not to identify the best-performing digital banking player, but to clarify the different models through which digital banking is emerging, how these models differ from one another and what they imply for the future configuration of the banking sector.

In relation to the first research question, the analysis clarifies the boundaries between digital finance, fintech and digital banking, showing that these concepts should not be treated as interchangeable. Digital finance is the broader transformation of financial services through digital technologies, infrastructures, platforms and data-driven services. Fintech refers to technology-enabled financial innovation, which may include actors that are not banks and do not necessarily aim to become banks. Digital banking is narrower, because it concerns banking-related services delivered or reorganised through digital technologies, but it remains internally heterogeneous. This distinction is essential because actors that appear similar at the customer interface level may differ substantially in regulatory status, business model, value-chain position and institutional structure.

The second research question moved the analysis from conceptual boundaries to strategic classification. In this respect, the thesis identifies three main archetypes. Revolut represents a fintech-native platform evolving towards banking, based on platform breadth, international expansion, diversified monetisation and progressive entry into the banking regulatory perimeter. N26 represents a digital-native regulated bank, built around a standalone, app-first and account-centred banking proposition. isybank represents an incumbent-embedded digital bank, where the digital proposition is developed within the organisational, technological and regulatory perimeter of Intesa Sanpaolo. These archetypes show that digital banking can emerge

through fintech-native expansion, standalone regulated banking and incumbent-led transformation.

The third research question allowed the comparison to focus on the internal architecture of each archetype, including business model, regulation, technology, value capture and scalability. The comparison shows that the main differences do not lie only in product offering, but in the architecture of each model. Revolut creates value through ecosystem breadth, platform engagement and international scalability, but faces increasing regulatory and organisational complexity. N26 creates value through focus, simplicity and a regulated account relationship, but must convert customer growth into profitable scale while maintaining supervisory trust. isybank creates value by combining digital distribution with incumbent infrastructure, product factories and institutional credibility, but must preserve distinctiveness despite lower autonomy. The three models therefore differ not only in what they offer, but in how they organise customer relationships, control the value chain and absorb regulatory constraints.

Finally, the fourth research question connects the case analysis to the future evolution of digital banking in Europe and to its possible impact on the banking sector. The thesis suggests that digital banking is unlikely to converge towards a single dominant model. Instead, its future is more likely to be characterised by the coexistence of multiple trajectories: fintech-native platforms moving deeper into regulated banking, incumbent banks developing distinct digital propositions, and more modular banking value chains involving banks, fintech firms and technology providers. The impact on the banking sector is likely to be selective rather than uniform. Large incumbents may be better positioned to respond because of their trust, capital strength, regulatory experience and customer base, while smaller retail banks and digital latecomers may face stronger pressure on technology investment, cost efficiency and customer interface control. Digital banking is therefore more likely to reconfigure the banking value chain than to replace traditional banks as a category.

The main contribution of the thesis is to move the discussion of digital banking beyond a channel-based or competitor-based interpretation. Digital banking is not defined simply by the presence of an app, online onboarding or digital payments. Its strategic meaning depends on how digital technologies are embedded into a wider

configuration of licences, products, infrastructure, customer relationships, data, compliance and monetisation. This perspective helps explain why actors that may appear similar at the customer interface level can follow very different strategic paths.

Overall, the analysis confirms that the evolution of digital banking is best understood as a process of strategic recombination. Digital technologies, regulatory frameworks, platform logics, traditional banking capabilities and incumbent resources are combined in different ways, producing different archetypes rather than a single model. Revolut, N26 and isybank show that the future of banking will not be shaped only by the replacement of traditional banks by fintech challengers, nor only by the digital transformation of incumbents. It will be shaped by the interaction of multiple models and by the redistribution of value, control and customer relationships across the banking value chain.

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Appendix

This appendix includes selected supporting materials developed during the analysis. The Business Model Canvas figures provide synthetic representations of the two primary case studies, Revolut and isybank, showing how each model creates, delivers and captures value. The positioning maps provide additional qualitative visualisations of selected comparative dimensions discussed in Chapter 4. These materials are included as supporting tools and are not intended to replace the textual and tabular analysis developed in the main chapters.

A.1 Revolut Business Model Canvas

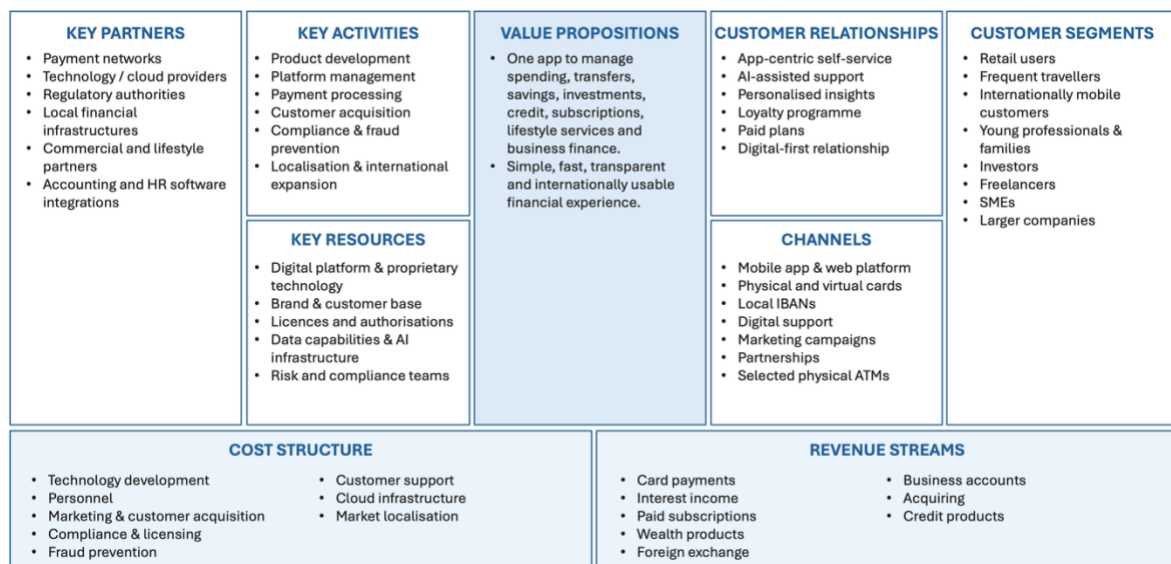


Figure 5. (A.1.) Revolut Business Model Canvas.

Source: author's elaboration based on [16] and [33].

This canvas summarises Revolut's platform-based logic, highlighting the relationship between product breadth, customer engagement, diversified revenue streams and regulatory expansion.

A.2 isybank Business Model Canvas

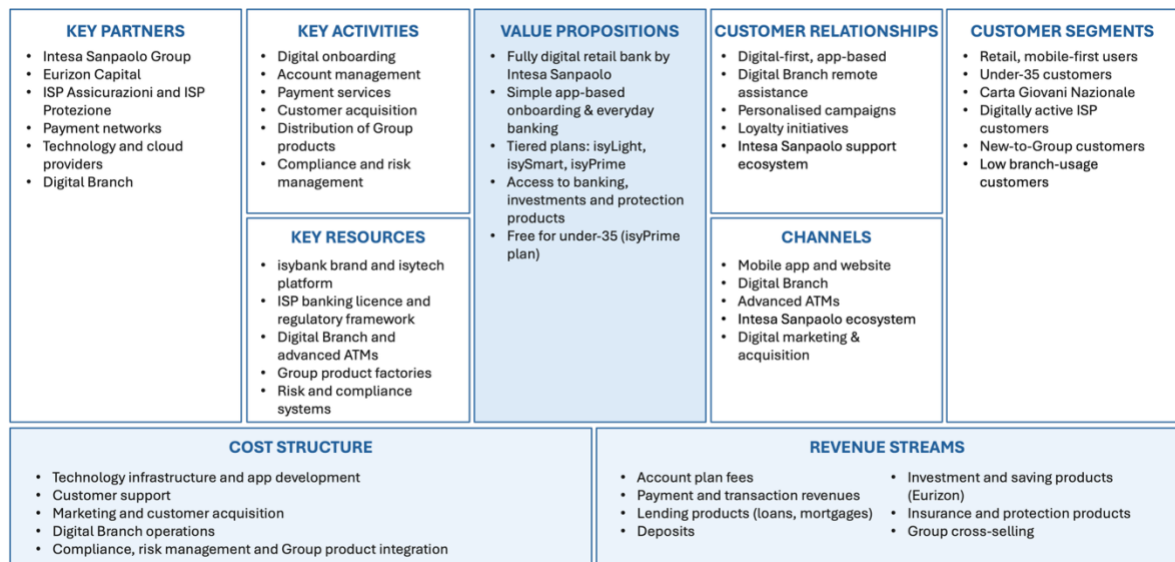


Figure 6. (A.2.) isybank Business Model Canvas.

Source: author's elaboration based on [19], [20], [21], [22], [23] and [33].

This canvas summarises isybank's incumbent-embedded model, highlighting the connection between its digital customer proposition and Intesa Sanpaolo's infrastructure, product factories and regulatory framework.

A.3 Institutional origin and banking regulatory embeddedness

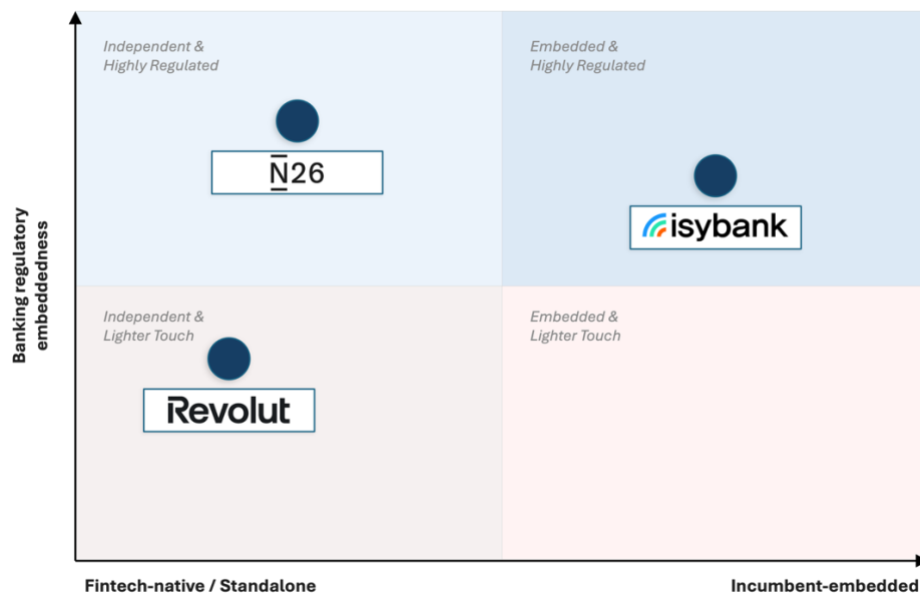


Figure 7. (A.3.) Institutional origin and banking regulatory embeddedness.

Source: author's elaboration based on the comparative case analysis.

This map positions Revolut, N26 and isybank according to two dimensions central to the archetype taxonomy developed in Chapter 4: the institutional origin of each actor and its degree of embeddedness in the banking regulatory perimeter. It supports the

distinction between fintech-native platform expansion, standalone regulated digital banking and incumbent-embedded digital banking.

A.4 Autonomy and institutional support

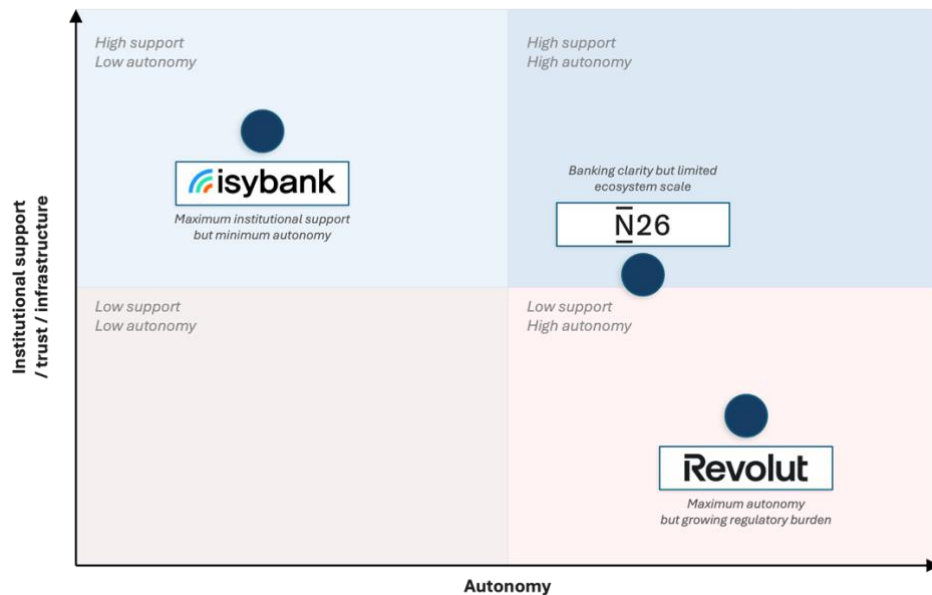


Figure 8. (A.4.) Autonomy and institutional support across digital banking archetypes.

Source: author's elaboration based on the comparative case analysis.

This map visualises one of the main strategic trade-offs identified in the thesis. Fintech-native and standalone digital players tend to have greater autonomy, but must build regulatory, technological and institutional capabilities more independently. Incumbent-embedded models benefit from stronger institutional support, infrastructure and trust, but face lower autonomy and the risk of reduced distinctiveness.