



HOUSE OF LORDS

Financial Services Regulation Committee

Corrected oral evidence: Growth and proposed regulation of stablecoins in the UK

Wednesday 25 March 2026

10.05 am

Watch the meeting

Members present: Baroness Noakes (The Chair); Baroness Bowles of Berkhamsted; Lord Davies of Brixton; Baroness Donaghy; Lord Eatwell; Lord Griffiths of Fforestfach; Lord Hill of Oareford; Lord Hollick; Lord Lilley; Lord Sharkey; Lord Smith of Kelvin; Lord Vaux of Harrowden.

Evidence Session No. 13

Heard in Public

Questions 134 - 151

Witness

[I](#): Rory Tanner, Head of UK Government Affairs and Public Policy, Revolut.

Examination of witness

Rory Tanner.

Q134 **The Chair:** Welcome to today's meeting, which is the 13th oral session as part of the committee's inquiry into the growth and proposed regulation of stablecoins. Thank you very much to Mr Tanner, who is head of UK Government Affairs and Public Policy at Revolut. We look forward to your evidence.

The session is open to the public, is broadcast live and is subsequently accessible via the parliamentary website. A verbatim transcript will be taken of the evidence and will be put on the website. Mr Tanner, I believe you are going to start with a short opening statement—over to you.

Rory Tanner: Good morning, everyone, and thank you very much for the opportunity to give evidence today. Revolut is the UK's largest fintech and as of recently its newest bank. We currently have 13 million UK customers and as of Monday this week all new sign-ups have been onboarded on to the UK bank.

We have already had tens of thousands of new sign-ups this week, which I think is a great endorsement of our banking entity RB UK. Additionally, Revolut's group entity Revolut Ltd is regulated via the FCA to offer crypto services via the MLR 2017 regulations. In the EU, we are regulated via MiCA where we received our licence last year. This year, we joined the FCA sandbox for stablecoins in order to test and build our potential stablecoins product.

Building a regulatory framework for stablecoins is an exciting development in the payments sector. The UK Government's *National Payments Vision* aligns an ambition to develop a next generation payments infrastructure but without prioritising or choosing any single solution, which we think is right because, ultimately, that is a commercial decision and not one for a Government to make. There are lots of new systems within this. You may have heard of things such as pay-by-bank, tokenised deposits or even upgrading FPS. These are all things that are being considered as part of the next generation of payments infrastructure.

Revolut views stablecoins within this same context. We think it has genuine potential to improve outcomes for retail and wholesale customers. The key is to build a framework in a way that can enable commercial viability and financial stability in a way that can also guard against short-term concerns and long-term considerations, which I do admit is difficult given that we are not even clear yet what the future looks like for this regime.

Revolut is also unique in the sense that we are scoping the delivery of a GBP stablecoin whilst also being a fully licensed retail bank, but we do not think that there should be a red line and we do think that we should be able to do both, especially as we are very clear that Revolut Bank UK—RB UK, our banking entity—will not issue any GBP stablecoin. Any stablecoin

that will be issued will be from Revolut Ltd, our group entity. We think it is important that multi-product firms are able to operate in this space, and I think that this is especially important when you consider our own growth story.

Revolut started in 2015 by offering FX and multi-currency wallets. Today, we offer banking, payments, trading, crypto and lifestyle products to over 70 million retail customers and nearly 1 million business customers globally. We offer that across 40 countries. In our annual report published yesterday, we also outlined that we now have 11 product lines that generate over £100 million in revenue, which highlights that our success is grounded in our diversity of services and how we are able to enable customers to have everything that they need in a financial services company within a single app. Our ambition is for stablecoins to eventually become one of these success stories, and we genuinely think that the UK is where we can achieve that. The UK can maintain its position as a global leader in payments innovation by delivering a pro-competition stablecoin regime.

We are currently on the right approach, and we do have the right timelines. Whilst there are areas which we think can be improved, we hope that our position within the UK and global payments sectors means that our views as the UK's largest fintech should hold some weight on this topic. I look forward to discussing these issues with you today.

Q135 The Chair: Thank you very much. Mr Tanner, I do not have an account at Revolut because the company, rather rudely as I recall, refused to let me open one, but if I did have one, how could I use it to interact with the world of stablecoins at the moment?

Rory Tanner: First, I apologise if that is the case. You now have an in with Revolut, so maybe we can help you with that, hopefully at the end of the session.

Lord Hill of Oareford: It may have been the right commercial decision.

Rory Tanner: Hopefully, if at the end of this anyone wants to sign up to Revolut, that will be seen as a success story.

Maybe I can break this down from a UK context and an EU context. In the UK, as I mentioned, we are regulated under the MLRs 2017. For stablecoins specifically, what this means is that customers can buy, hold and sell USD-denominated stablecoins within the crypto function of our app. You would be aware of USDC and USDT. Customers are able to hold, buy and sell those within the app. I think we have about 55,000 UK customers who currently hold USD stablecoins. Within the EU, we are regulated under MiCA where we received our licence last year and so we have slightly more opportunities there. As with the UK, you can buy hold and sell US-denominated stablecoins. The main difference is that you are able to use a stablecoin for a retail payment in the EU, and I can try to explain that.

We have specific cards that are called crypto cards and you can use a stablecoin to make a payment. There is a difference with what we want to see in the future, which is probably a full system whereby the merchant can accept stablecoins. In the current situation, at the point of transaction we would convert that to fiat currency—let us assume it is in the EU and therefore converting to euro—and so from the merchant's perspective they are still receiving fiat money. Again, what we see as an exciting opportunity in the future is that we can build a system whereby we can have merchants accept stablecoins as a form of retail payment and therefore you will see more opportunities for stablecoins.

Q136 The Chair: How would you see your business changing in the future in the UK, obviously dependent on the final version of the regulatory regimes?

Rory Tanner: We probably see the use cases from a retail and a wholesale perspective, and that is important because, as I mentioned, Revolut has a retail business and a Revolut business. In the UK, I believe we have about 250,000 business customers and they are primarily SMEs. The immediate use cases that we see are around on- and off-ramping of crypto, so anyone that wants to onboard on to our exchange would be able to use stablecoins.

Remittances are also another interesting area for us. I think I have seen a lot of discourse around whether that is a necessary function for the UK. Interestingly, looking at remittance corridors globally, the UK to India is the seventh largest remittance corridor globally in terms of transaction volume. To us, that confirms that there is a business case for developing a GBP stablecoin purely for that window, but globally there is also that opportunity and because our team is the group function and primarily based in the UK, the talent—the product owners who are building these products—are also in the UK.

From a business perspective, there are quite clear benefits as well. Instant settlement is a really important function and one that our business customers have told us that they want. Let us take for example a payment that is sent at 10 pm on a Saturday, but a business might have to wait until Monday morning to receive it. I know it is a slightly separate topic, but I saw that the Government yesterday launched a consultation around late payments, so I think that there is evidence to show that late payments or payments coming in not at the instant level is a challenge that needs to be resolved, and we think that stablecoins in particular can do that.

Cross-border transaction fees are also significantly lower with stablecoin so for businesses there is that.

Perhaps the final benefit is the instant nature of it. I did some digging within our data and I saw that, for cross-border payments where Revolut is the sending platform—let us say a customer from Revolut sends money abroad—only 60% of those payments are instant, and that is coming from Revolut, which is known as a fast-moving company making

payments as seamless as possible; it is only 60%. I would hazard a guess that, for other companies, it may be significantly lower. While 95% of those payments are within 24 hours and 71% are within two hours, it is clear that a large percentage of payments are not instant even though they may claim to be. We often see the reason for this being the receiving PSP, so for reasons that they would delay payment, but that shows us that if we build a remittance corridor for stablecoins for wholesale use, we can solve that challenge and offer genuinely instant payments on a much higher percentile and that would be at a significantly lower cost than a current cross-border payment rates.

Q137 Lord Sharkey: Congratulations on the licence. I would like to hear your views on the Bank's and the FTA's proposed approach to regulation, but there are one or two aspects of that that I would like to concentrate on, if I may. The first is: how practical are the FCA's proposals for the redemption of stablecoins, and what are the KYC implications of rapid redemption, and who is it that does the redeeming? I understand that, in the United States, where these things are everywhere, redemptions are very rare and the contractual arrangements mean that there are only a couple of thousand organisations that can actually redeem these things directly and the rest of it relies on exchanges. Is that going to be the case here?

Rory Tanner: Revolut, in the event that we do issue a stablecoin, will be an exchange and an issuer, and this is something that we are exploring within the FCA stablecoin sandbox. To answer your question up front, we do find the rules around redemption to be quite practical, and we are aligning our systems to build that in line with, I think, CP25/14, which is the consultation process that outlines—

Lord Sharkey: Just to make sure I understand that, are you saying that redemption will be possible against Revolut for everybody?

Rory Tanner: Yes. Maybe I can touch on the KYC element. We would apply the same levels of KYC for all of our customers. Again, given that we are operating within a single app, the same KYC standards that we would apply to an e-money customer—which is how traditionally in the UK we have onboarded customers until very recently with our banking entity and with our crypto entity—have been applied at the onboarding process. In addition to that, we take additional steps and we are planning to take even further steps with crypto and stablecoins—something that we call an appropriateness assessment, which is essentially looking at the customer to identify any potential vulnerabilities beyond what you might see within the FCA's consumer duty to understand the risk profile attached to them to using stablecoins.

Given that we potentially see a use case where retail payments could be a solution for stablecoins, there are very different levels of consumers. You have the professional level crypto investor versus someone who onboarded just because they want to send a stablecoin as a new cool thing or someone who may see a genuine retail use. We see tiered levels of adoption and therefore additional checks beyond KYC that can help

with that and educational tools to help prevent fraud or AML or other pieces.

Lord Sharkey: Will your systems, as they turn out to be, be able to cope with a very large volume of redemption requests within the time limit set by the Bank?

Rory Tanner: Yes, that would be our intention. We understand that the consequences of not doing that would be incredibly severe, and we have seen examples of that in the stablecoin realm. Again, I cannot assume what you are saying, but you are potentially referring to what happened last year with the flash crash and de-pegging. We do see that that is basically a risk that any stablecoin in theory would have, but we do think that that can be addressed by super high standards in where we are backing our assets.

Lord Sharkey: That did not help with the flash crash in October. It was a serious event caused by a political pronouncement.

Rory Tanner: It was. I agree with that. However, we do think that the standard of steps taken by some of the providers—I think Terra-LUNA is an example—were not very good. If we consider the other one—Silicon Valley Bank and Coinbase—I think that was a unique event where there was a loss of confidence in Coinbase because of its attachments.

Lord Sharkey: I suppose what I am asking about in essence is that these were liquidity problems. What is it about Revolut that will protect us all from the kinds of problems experienced in the flash crash, for example?

Rory Tanner: It is a good question. Given that we are in the initial stages, all I can say is that we see that as the biggest risk to stablecoins. I would also say that, given we have just got a banking licence, there are capital requirements that we must maintain and so this is generally about just adhering to the highest level of regulatory standards. This is something that you can prepare against, and you clearly see that some of the steps that the Bank of England and the PRA have taken are to guard against that, particularly the holding limits and the backing assets.

Finally, to put that into practice, we are one of four companies that have joined the FCA stablecoin sandbox. The reason for that, in addition to the benefits that it has for us to build our product and to help the FCA, is also that if I am saying to you that we hold ourselves to the highest regulatory standards, I hope that us joining the sandbox is us showing that that is happening in action.

Lord Sharkey: Thank you.

Q138 **Lord Hollick:** Good morning. You made the point, quite understandably, that commercial viability is one of the criteria for moving into stablecoins. Now, the Bank of England has indicated that it would want 40% of the backing assets to be without bearing interests. To what extent does that undermine the commercial viability of issuing a stablecoin?

Rory Tanner: We agree with industry that that level is likely too cautious. First, we appreciate that the Bank of England has moved from its position. Its initial position was 100% unremunerated. Thus, there has been a graduation in its position. I have read the sessions that have been done here and other responses and see that there is quite a clear united industry view that that is too cautious and we agree with that.

Lord Hollick: What level would be acceptable?

Rory Tanner: Within our submission, we felt that there is no reason to stray beyond the 95/5, which is part of the step-up regime. When you move from the FCA to the Bank of England regime and are seen as systemic, initially, you can have only 5% unremunerated and then 95%. Then there is this currently quite unclear process in which you would move to the 60/40. We think that if the Bank of England is outlining at that stage that, in the short term, the commercial viability of firms is affected by the regime, I am not quite sure why there is therefore a step to move away from that. Ultimately, I do think that this is a negotiation and it is something that is very theoretical because this is a regime that has not happened yet. I think an 80/20 or 70/30 regime is more viable. However, given that the Bank of England has already set out the 95/5 provision, we think that is likely the best approach. Then within that, I do think that within that 60% or any percentage, there can be a tiered model of different HQLAs that you invest in so there is diversity and a different yield on all of them. Therefore, you are not putting it all into one HQLA, which I think would align the risk. Then maybe to highlight the commercial viability point, this is not something that MiCA or GENIUS does.

If you think about the broad power of this regime, we are trying to encourage entrepreneurs to choose the UK over the US or the EU. We are already behind in the sense that MiCA is operational and GENIUS is likely to come in in early 2027. Therefore, we are already behind and we need to provide clear incentives for entrepreneurs to choose the UK.

The alternative is that you risk passing on those costs to consumers. As I mentioned earlier, one of the huge benefits of stablecoins is the much lower cost. Consider that with a card payment for retail purposes, there are costs attached that are borne by the merchant. We think that, if you cannot offer remuneration for these services, first, you put barriers for new entrants who have to build the infrastructure in order to compete. Secondly, because they want to offer those at little to no cost, you are forced therefore to probably introduce costs and what you are simply doing is passing costs back to either consumers or the merchants. From a Revolut perspective, we are not intending to add fees on to our stablecoin transactions. Therefore, the remuneration is a key way that we can make this commercially viable while offering the product benefits to customers.

Lord Hollick: Thinking about that commercial viability, do you think it is necessary at some time to reward coin holders by paying interest on them?

Rory Tanner: Yes, we support passing on the yield to the holder. It is basically a hidden tax if we are taking the interest and not passing it on. We think that it is a much more pro-competition thing. Again, stressing the point, there is a huge competition within this space. Let us take retail payments as the example, because that would be seen as systemic by the Bank of England and it is something that Revolut is considering. We need to incentivise a customer to choose a stablecoin over a card payment, which has incredibly high levels of trust in the sense that we have used them for 30-plus years. They work. They have lots of consumer protections baked into them, such as chargeback. Therefore, we need to incentivise customers to choose a stablecoin payment over that. We think that offering rewards is a way of doing that. It is much like you see savings providers for ISAs offering cash rewards for putting money in. Incentivisation, in that sense, is a great way to attract customer adoption and customer retention so we do think that should be done. From Revolut's perspective, we think that that interest should be passed on, especially in an environment now where investments into traditional assets, and even ISAs, are now volatile.

The Chair: Lord Eatwell, did you want to follow on?

Q139 **Lord Eatwell:** Yes, could I just come in on this remuneration issue? I have two points: first of all, you say this affects the commercial viability of your model. Why should the public sector subsidise the commercial viability of your model by providing this remuneration? Secondly, you referred to the European Union, but deposits at the ECB receive no remuneration so that is not a competitive issue at all.

Rory Tanner: If I can answer in two parts, first on the point around the cost: if we do not have that, what you are in effect doing is passing those costs back to taxpayers, either via merchants or via consumers. If we do not have this model and you cannot have remunerated assets, this is a zero-cost product.

Lord Eatwell: Why should the public sector subsidise your business?

Rory Tanner: Do we not think that there are potential economic opportunities of stablecoins that can contribute to the UK economy, that can lead to revenue making money and paying corporation tax?

Lord Eatwell: As can other businesses.

Rory Tanner: That is a fair challenge, but it is something that should be considered. Our view is that it is a vital part of the regime so that we can offer a zero-cost option. If we do offer a paid option, we remove the incentive for a retailer, merchant or consumer to choose a stablecoin, and therefore investing a lot of resource from the FCA and the PRA for a regime that will not get off the ground because entrepreneurs will not choose it.

On the EU point, unfortunately, my focus is on UK public policy, so I cannot add a huge amount to that here, but I can provide an answer in writing on that once I have spoken with my EU policy team.

Q140 Baroness Bowles of Berkhamsted: I am thinking about the same area. I think I understand quite well the use case in terms of cross-border transfers and eliminating costs there, but I am struggling to understand how the other use cases are going to build. If you pay by credit card, as you said, the person buying something has all kinds of protections. Now, a lot of those fall away if you use debit cards as against credit cards, but unless you can replace some of them, the benefits for the merchant seem to be there if they are cheaper, but how are these wider-scale use cases going to be built other than it just being a fashionable thing to do?

Rory Tanner: Yes, that is a good point, and ultimately what this is about is whether we are solving a market challenge, and I think the answer is yes. We look at the UK Government's *National Payments Vision* and the two conclusions that may not be explicit but are implicit are that there is reliance on the duopoly of card payments and that merchants, in cases, are paying too much money.

From the consumer point of view, you are right that most transactions are free and there are consumer protections built in. There are protections built into card payments. If there are bank transfer payments via FPS, consumers are protected by the PSR's APP fraud regulations. One of the key parts of any future regime—and let us consider a retail payment opportunity where you can either transfer peer-to-peer or pay as an e-commerce either via a digital wallet or whatever function, QR code, whatever the future looks like there—you need to have those same protections. Thus part of the next 18 months, as we develop this regime, from the FCA's perspective will, I believe, be looking at the consumer protections that consumers and customers receive from traditional payments and looking at whether those should be either replicated or similar protections applied. As far as I am aware, that is not where the discussion is at the moment. I do think that is a future discussion but, from my personal perspective, I think that if we were to offer a retail environment where stablecoins were used, you would see that those protections would have to be in place.

I can give an example. With open banking, we call these peer-to-peer e-commerce transactions commercial variable recurring payments—cRVPs—or pay by bank. You now see it at somewhere like Papa Johns or isolated places where, instead of checkout via Visa and MasterCard, you can pay by bank and it is essentially a direct settlement where you remove the middleman of the card issuer. If you were to do that, how would you prevent the harms that can be done from it? Therefore, we saw that those systems currently do not have the same protections.

Martin Lewis—seen as one of the most trusted people around financial services—warned customers that pay-by-bank transactions are less protected than card payments. Again, our view is that, if we are to build a viable regime, we do have to have these consumer protections added. You are correct in asking how you would incentivise a customer to choose that over a card payment that they have used for the last 30 years and has never failed them.

Q141 Baroness Bowles of Berkhamsted: Who is going to pay for those then? How can you maintain a free environment if you add in protections, especially protections for low-level transfers? At the moment, some people—I might be one of them—might do the direct bank payments for small things but on a big purchase be likely to choose maybe a credit card, which I would pay off immediately so incurring no interest, because I want the guarantees in case something goes wrong or because of the insurance and all kinds of other things that attach to it, which the merchant, of course, is paying for. How can you challenge that? Or is this only going to be for small-money things?

Rory Tanner: First, I think that this is a future-facing piece that has not been agreed or decided yet. I can only really offer speculative thoughts.

If we consider FPS, which is actually perhaps a better example because that is essentially free at the point of purchase for the customer and there is no payment made by the receiving banking or payment entity there, it is regulation that provides that protection and that is just an expectation on the sending and the receiving firm that they are offering protection to their customers against authorised fraud. The protections there are up to £85,000. Again, there are considerations and FOS can look at other cases but, broadly, the protection level for a bank transfer is £85,000. That is not a cost that is added on. It is just simply the risk appetite that you have to bear as the sending firm and the receiving firm.

Again, in a future where it is decided that we have to have APP fraud protections that are either similar or adjacent, that would have to be borne by the issuer. For a card payment, what we would hope is that we can offer a stablecoin product that is cheaper than what merchants would currently pay. I think that the way that we get adoption and the way that pay-by-bank is looking to adopt, is to offer lower fees; instead of paying fees through Mastercard and the sending banking entity, you are removing people from the chain and therefore not paying the scheme and processing fees. For stablecoins, the commercial viability from a merchant perspective will likely be lower cost with the same level of protections and so, yes, I do think that that is important.

Again, this is speculative. You can look at the detail of both the Bank of England and the FCA regime. We are not yet talking about fraud protections to align with FPS and chargeback protections and so on. We do think, however, that that would be an important part and so that is something that we as the issuer would have to consider, especially something like chargeback. Again, hence it is important that there is a commercially viable model to underwrite that.

Baroness Bowles of Berkhamsted: Will not that then affect your capital requirements and all kinds of things like that if you have to absorb that risk?

Rory Tanner: No, because the capital requirement piece, especially for our banking entity, is in Revolut Bank UK. Although it is all within the same app, that is a separate entity and so there is no connection and

very much ring-fenced capital liquidity between RB UK, which is our bank licence, and Revolut Ltd, which would be the issuing entity. Therefore, the "Dear CEO" letter from December 2023, outlines clear capital requirements from a stablecoin perspective. We would see that as a completely separate thing from the banking entity.

Baroness Bowles of Berkhamsted: But the issuer, then, is going to be absorbing the risk. Somebody has to be absorbing the risk of the guarantees, so costs have to come in somewhere.

Rory Tanner: Yes, correct. Again, however, that is the case with all payments' chargeback protections, right? If the customer gets refunded, that is essentially subsidised by the chargeback protections that are paid by the merchant. With APP fraud, that is just a group or a business risk.

Baroness Bowles of Berkhamsted: So, if with stablecoins those protections arrive, how are they going to be paid for? By the merchant again, so it ceases to be free?

Rory Tanner: Not necessarily. It is ultimately down to the issuer to understand how they can bake those into their business models. It probably could be harder for a smaller company that does not have the same diversification of services that a Revolut can offer. That is something that we could probably offer as a loss leader, hypothetically. However, that is the same with the APP fraud regulations. The criticism made about especially the first cap, which was £415,000, was that a smaller PSP would not be able to bear that cost if they had to reimburse that to the consumer and then the investment confidence would collapse because a single client could bankrupt a company. That is something that already exists within the payments system. I understand your points, but I think that that is just ultimately the cost of doing business, and that is a risk that we as the issuer have to accept and to bake into our business model. But we do believe that we can do that while delivering a good product and delivering a profit-generating entity.

Q142 **Lord Eatwell:** An earlier witness to this committee described the use of stablecoins in the United States, of course the dominant market, as providing access to the US banking system for people who otherwise would not have access. That immediately raises KYC issues. I am intrigued by this because stablecoins have also been described as digital cash, but one of the aspects of cash is there is no KYC. The real cross-border transfer is a suitcase with \$100 bills being carried across an international border. How are you going to ensure that the wallets in which your stablecoins are held pass KYC inspection, wherever they may be, in Beijing, in Tehran, wherever they may be?

Rory Tanner: As I mentioned, from the issuer perspective and from the sending customer perspective, any customer who wants to purchase, hold, sell or use a stablecoin would have to adhere to the same KYC checks that they would if they were a banking customer or any other.

Lord Eatwell: But then they pass them on to somebody else, and it is your issued stablecoins passed on to someone else whom you know not.

Rory Tanner: Yes, that is correct. That is fundamentally a risk of the regime, but there are other ways that we can look to challenge that. It depends whether you are looking at it from a fraud or from an AML perspective. There are things such as the white-listed ecosystem, advanced blockchain analytics, and then travel rule compliance. Thus, there are steps in place that we can take as a regulated entity to protect against that. I do accept that there is a risk there. The risk is not zero.

Lord Eatwell: All those steps are in place now, and yet the AML business is doing pretty well—or the ML business is doing pretty well.

Rory Tanner: I agree with that. Again, if I can bring it to a fraud context, the same rules apply; we see the same challenges. I think last year £450 million was stolen by fraudsters who have convinced people to send money. It is an inherent risk within the payments system globally, and therefore I do accept that applies to stablecoins, but I do not think that we should be discounting it just because of that risk. If you look at every other type of payment that exists globally, we have those same risks. Again, that is something that will need to be worked on. Stablecoins are uniquely affected because of the remittance opportunity, but the benefits of that, especially compared to a tokenised deposit—where a tokenised deposit then goes out of an entity where we have jurisdiction—makes that a lot more difficult. So the transparent nature of the blockchain does make it somewhat helpful, but I do accept that there are risks there.

Q143 **Lord Eatwell:** I would just like to ask about another issue. Why do we need a sterling stablecoin? One of the advantages often cited—you have cited it yourself—is cross-border transactions, but cross-border transactions in dollars are dollars to dollars, dollars held in one jurisdiction to dollars held in another jurisdiction, and that is quite reasonable given that a very high proportion of international trade is priced in dollars. But a very small proportion of international trade is priced in sterling other than the sterling trade itself. So what is the value of having a cross-border sterling-to-sterling transfer?

Rory Tanner: You are correct. Over 99% of the \$307 billion stablecoin market is USD denominated. As I mentioned, we have 55,000 customers in the UK who already hold USD denominated stablecoins, and in the EU I believe it is 550,000 customers. We cannot fully know this, but our hypothesis is that these customers would want to hold either a GBP-denominated stablecoin or a euro-denominated stablecoin. If we consider that remittance window between the UK and India, it is very possible that those receiving on the other side also might well want a GBP stablecoin. The current problem is that it does not exist yet, so we are trying to run to conclusions on an issue where it has not been proven that the demand is not there. I think that we have seen that there is sufficient demand within the UK space and within the EU space to build GBP and euro-denominated stablecoins.

Lord Eatwell: Within the UK space? Bank transfers are free in the UK, so why should we bother with stablecoin?

Rory Tanner: Because there are other use cases, for example on- and off-ramping, if we were to build a retail payment ecosystem in the future. Consider open banking, for example: in 2019, when we built that regulatory framework, I do not think that we ever considered that we would have a pay-by-bank solution as part of that framework, a direct interbank payment for e-commerce payments. In 2019, I am quite confident that that was not seen as one of the benefits and the use cases of open banking. This means that, in a regulatory framework, after five or seven years there are use cases that can be developed that we perhaps did not even see before. Again, the competitiveness point is important here because it is ultimately not down to us and for policymakers to understand what the products are; it is down to entrepreneurs to think of new ideas and to build products that can gain market share. The reason and the way that you do that is by incentivising them to come to the UK.

Lord Eatwell: Just remember: every financial crisis began with financial innovation—every one, right back to the tulip mania in Amsterdam.

The Chair: Lord Sharkey, did you want to follow up?

Q144 **Lord Sharkey:** Yes. You mentioned blockchain, which was the first time in this session that it is been mentioned. Under current and traditional payment methods, it is relatively easy to reverse a transaction. Under blockchain systems, it is technically, at least theoretically, impossible to reverse a transaction. I understand that there are clumsy workaround ways of reversing a blockchain transaction, but my question really is about what the customer actually sees. In the current system, it is reversible quickly, provided it is a fairly simple transaction. Under the system using blockchain, how long would it take? Does it add additional complexity for the customer?

Rory Tanner: I would like to challenge the assertion that all payments are reversible. We clearly see that within the FPS environment and payments made to fraudsters' accounts; if that money is moved out of that account, it is not recoverable. This is clearly why there are £450 million of losses each year; again, it has been higher in previous years. If that money is not moved, it is very possible that we can recover it so, technically, you are correct, but I think in practice fraudsters are incredibly sophisticated. As soon as that money enters that account, it is moved out of an account and is probably moving to five or 10 different accounts and wallets before it is gone forever. From a consumer point of view, where a transaction goes wrong, I do not really think it is reversible. The sending and the receiving firm would have to incur that cost. I understand your argument and you are correct but, again, I would just refer to what we see as traditional payment systems that we use every day—in practice, where a transaction goes wrong, it is not reversible.

Lord Sharkey: Well, I think remediable is what I meant rather than reversible—remediable.

Rory Tanner: Again, that can be sent back, right? So, again, where an actor is in good faith, it can be reversed. Likewise, however, with an FPS transaction, you are relying on good faith. Again, if the funds are not moved out of the account, they can be recovered. That is clearly the difference between, let us say, an FPS transaction and a stablecoin transaction, so you are correct to point that out. However, we are similarly relying on good faith with a transaction there so, if it was sent mistakenly, it can be sent back. Again, I do not want to assume anything, but I think in this instance what we should really be looking at are the bad-faith pieces where I do not see a huge amount of difference in how a transaction can be reversed or the money recovered.

Q145 **Lord Davies of Brixton:** First, apologies—to yourself and to the committee—for coming in late. I should also say that I am a Revolut customer. All fine. The PEP checks were a bit of a pain, but that is in the nature of it.

Lord Sharkey: More and more suspicious!

Lord Davies of Brixton: Why would I want to use a stablecoin for any of the normal transactions that I conduct through a typical bank account, including foreign exchange?

Rory Tanner: That is a fair question. Fundamentally, this is a product that may not be universally adopted. Again, the use cases—let us take retail payments out of it—are limited. One is on- and off-ramping on crypto, which is only going to affect customers who are investors into crypto assets and need on- and off-ramping on to exchanges. From my perspective, as personally I do not really do any remittances, again, it is not something that would impact me, but we clearly see that across our 13 million customers there is suitable demand that incentivises us to commit resource and talent to building those products. We do not know whether, in two or three years, card payments may have been completely reduced and we are all suddenly using pay by bank. You can look at other payment infrastructures in, say, Brazil or India, where you have Pix, which is a central bank-issued payment system that has completely revolutionised the Brazilian economy and the same with India. Now, they are clearly different examples, but they show that payments infrastructure can be adopted at speed and at scale.

Again, this is ultimately a hypothetical question and I do agree with the point that stablecoin transactions may not be for everyone and that it is most likely not going to completely knock out card payments, FPS transactions, tokenised deposits, and so on. However, I do believe in offering a diversity of services and allowing consumers to choose. There are huge use cases that could be very beneficial. We can talk about the holding limits, which may prevent something like this, but if you need to purchase a property in Spain and you have an unforeseen event and you have a deadline, if you are able to transfer funds in an instant settlement rather than waiting over the weekend, there are clear use cases for when a stablecoin could be beneficial. As I said, it is not going to be for

everyone, but just because it is not for everyone does not mean that that product should not be built.

Lord Davies of Brixton: So it is not unfair to suggest that this is a developing area and you have, as a matter of normal course, to be ready for it in case it takes off.

Rory Tanner: Exactly. As I said, if there are only 55,000 in the UK, that is quite a limited use case. My maths is not good enough to work out what percentage of 13 million that is—can anyone help me out with a calculator while I answer?—but it is quite a small percentage. However 550,000 in the EU is considerable. From a Revolut perspective, we think it is important to be at the cutting edge of innovation in everywhere that we are. In open banking, we account for about 20% of all API calls. We operate open banking in 23 countries. Again, it is part of our modus operandi that we look to be at the forefront of innovation and we see stablecoins as the true opportunity. Again, we are a company that has a crypto exchange and crypto asset services within the app; therefore, we are naturally placed to look to offer stablecoin services. We are also—I do not want to get too ahead of myself—almost a household name and I hope a reputable brand so therefore can be trusted. I am sure that that was an important consideration for the FCA and the sandbox to have Revolut in there, because that shows a huge sign of endorsement from the UK's largest fintech that the work being done by the FCA on building the stablecoin regime is worth doing.

Q146 **Lord Hill of Oareford:** You set out very clearly that you guys are in favour of developing stablecoin. You do not know if it is going to be a universal solution but will go where the market takes you. In terms of the regulatory approaches you are seeing in the different markets, you have already said in answer to Lord Hollick that you have major concerns around holding limits. Are there any other aspects of the proposed regulatory framework that you think the FCA or the Bank needs to take a different approach on?

Rory Tanner: For us, the clear challenge is around the branding point. This was first outlined in the PRA "Dear CEO" letter in 2023, which outlines quite clear expectations that there should be different branding around an entity. If I can refer to my opening statement, Revolut's business model is around consolidating all financial services products into a single app so, whilst the entities are different—Revolut Bank UK would not have any influence or anything to do with our stablecoin—fundamentally, if you click on your home page, your banking entity will be there and on the same tab, on the bottom, your crypto entity will be there. If we consider, let us say, JP Morgan as an example: there is JP Morgan, its retail bank Chase and its retail investment platform, which was Nutmeg and has been rebranded to JP Morgan Personal Investing. You clearly have those sorts of entities, which are either commercial or retail banks, having different named entities. You could probably also look at Lloyds and its subsidiaries. The challenge with Revolut is that everything is consolidated within the app. We would maintain the view that, if the branding point was to be enforced quite rigorously and we

were not able to use Revolut's name in a stablecoin, it would be commercially unviable for us.

Lord Hill of Oareford: Right, so would that be your second big ask? The advice, as they would call it, given in the "Dear CEO" letter, which is effectively a prohibition—it is not really advisory—would stop you developing it and mean that you would not be doing stablecoin in the UK market.

Rory Tanner: It would make it commercially unviable, yes. We think that there are ways that we can address that challenge because, first, I think we understand the Bank's arguments and it almost comes down to the singleness of money point and the potential for customer confusion. I think it is very difficult for an everyday person to know the difference between private money and a stablecoin, especially because it is linked to the pound, so it kind of looks the same. It is also not protected in the same way, so private money would have FSCS protection, whereas stablecoins would not, but that is something that we think can be clearly advertised or put within the app. We already have quite strict FinProms regulation and additional products like 24-hour cooling off periods and extra products and protections in place. As I have mentioned, we are also planning things such as an appropriateness assessment that looks to potentially place greater restrictions on specific customers depending on their vulnerability or whatever. We think that the challenge or the problem that banning the branding point has to solve can be solved by education and other interventions.

Lord Hill of Oareford: Tell me something about speed. You talked at the beginning about GENIUS and MiCA in the EU. Are we moving fast enough in the UK? Do you think we have to move faster?

Rory Tanner: I do sympathise with the Deputy Governor when she gave evidence, because I think I agree with her that the legislation for this was passed in 2023 under the Financial Services and Markets Act, so obviously when GENIUS passed, there was a lot of discourse around it and I sympathise with her points. Again, at the moment, the planned launch date is October 2027. Given everything I have discussed today, there is clearly a long way to go in terms of regulation. There are all of the sticking points that we have around holding limits, backing assets, the step-up regime and actually how you are defined as systemic. We know that the Treasury will make the decision, but there is not yet any clarity around how systemic status will be chosen. I think the key for us is that October 2027 is upheld and we are not delaying that further. I believe the GENIUS Act will come into effect in spring 2027—I do not know the exact date. I do not necessarily think that us being six months later is going to be a deal-breaker, but I do think that, if it ends up being 12 months or 18 months later, that will affect the commercial viability both from Revolut's perspective and other perspectives.

I think that that is probably the best role that government and the Treasury can play. I think the Chancellor's intervention in April 2025, where she outlined that the draft legislation clearly highlighted that

Treasury is keen on this and sees it as a growth area, was a really good signal given to the industry. I can only speculate, but I imagine that that probably helped the regulators along as well.

For me, and for Revolut, the key is now adhering to that October 2027 date. There are some Goldilocks benefits of being a bit later, but not 12 or 18 months later.

Q147 Lord Hill of Oareford: Again, just a short answer: when you talk to your European colleagues within Revolut, how does the conversation go about the UK compared with MiCA?

Rory Tanner: In terms of the regulation, we probably see MiCA as more competitive: there are no holding limits; there are no unrenumerated backing assets—it is a tiered structure with different requirements on the step-up regime. There is much more clarity in MiCA where there are tiered thresholds in which you move up. However, we are comparing a finalised operational regime with something that needs 18 more months work, so I would say that MiCA currently is more competitive, but I do hope that, in the next 18 months, we can resolve these issues and make sure that the UK is a viable regime.

Q148 Lord Griffiths of Fforestfach: First, I congratulate you on getting the licence but also on the results published, yesterday I think, where you did extremely well. You must be doing something right and very successfully. Can you tell us a bit about your business model and where stablecoins come within it?

When you say that everything can be consolidated, would you envisage yourself, for example, in foreign exchange trading? If you see yourself in trading, that is going to be very different from asset management, and if you are retail it is going to be very different from wholesale. If you tell me that you are going to be consolidating all of this, looking on from 32 years in Goldman Sachs, I can tell you that is virtually impossible because of the nature of these different businesses. That is one question, and linked to it is: where do stablecoins really come into it? Let us stop there for a minute.

Rory Tanner: First, you mentioned that it is virtually impossible, but you did not say it is impossible, so therefore there is a chance, right? One of our values is never settle, so our CEO would probably look at that and say that it is worth a shot.

You are right about our business model. We had \$6 billion in revenue and \$2.3 billion in net profit. We are also very diversified within that. It is separated between subscriptions—you can pay £15 a month or £40 a month for a subscription-based model—wealth, which would count trading and crypto; payments; FX; and interest income. I think we offer over 50 different products. I am conscious that we do not have time to go through all of them, but what you can clearly see is quite a diversified business model in product and also geography. We operate in 40 countries and in 30 of those now as a bank.

How do we see stablecoins? The crypto asset part of our business is quite a profitable one and has been a successful one. There is the piece where we are offering more products within that—on- and off-ramping, remittances and so on. Going forward in the UK, again referring to what I said in my introduction, the *National Payments Vision* offers this opportunity and because no single solution has been decided, there is a bit of what you might call an arms race; there are other terms you can use there. There are opportunities for different payments systems. The way that we see ourselves is that we want to be involved in everything, so we are contributing to the cVRP work and the future entity for what will be open finance. We want to build a GBP stablecoin. We have the scale that we can consider resource and we have something called a new-bets function within the company where you can approach the CEO with an idea and, if they agree, you are given a team, money and 18 months to build it. The way that we do it differently is that that does not necessarily include financial services products. We have something called an eSIM—an eSIM on your phone. It has nothing to do with financial services. That was a new bet and now it is our most successful non-financial services product.

So Revolut probably looks at things differently, and we are willing to commit to building products and have the risk appetite that not all of them will work. Again, I do not have the numbers off the top of my head, but not all new bets are successful. We see that, if stablecoin is really successful, we can build it. Ultimately, if it is not a successful thing, we can just simply deprioritise it.

Q149 Lord Griffiths of Fforestfach: To what extent is your appeal to a much younger audience and customer network and, as much as say fashion changes in clothes or in food or whatever, in a way because of technology fashion is changing and in your vision you see an element of the market that maybe our traditional banks have not seen in quite the way you see it, or particularly the two people who set you up? By contrast, the regulators here are an older generation who may not have quite that vision of the market potential that exists. Is that what is really driving you when it comes to crypto, stablecoins, tokenised deposits maybe, and so on?

Rory Tanner: First, the average age of our customers in the UK is 38. The last time I checked, the average age of the average person in the UK is about 39 or 40, so our customer base quite accurately represents the average person. However, we are clearly very popular amongst millennials and Gen Z. I think there are multiple reasons for that—speaking for myself as a millennial, I have no interest in going to a bank branch or speaking to someone on the phone, and the services that Revolut offers very much accommodate my lifestyle, which is around my phone, and everything being done within one app is very appealing to me.

From a business perspective there is also huge value in young customers. I like to refer to your bank as being like your football team—you are given it by your parents and you stick with it for life. I got my Santander

account when I went to university because it offered the best overdraft and I still have an account there. It is a very sticky product and therefore young customers offer such huge growth potential because, if they like us, they are likely to stay with us for the rest of the lives and they may have 50, 60 or 70 years ahead. Consider our road map for the UK and globally, which includes credit, mortgages and these big products. The customers that we are gaining at 18 are going to be the customers who in 10 years will take up a mortgage with Revolut. So we see that as reallyh important.

To finish on that point about regulators, I think we are probably quite different from any other company that they have regulated before. Consider our closest competitor in the UK, which probably is HSBC in that it is a global company. HSBC grows at 2% to 3% a year and was started in the Victorian age. We started 10 years ago and I think we had 46% revenue growth last year, so we are different even if you compare ourselves to Monzo or Starling. Neither of those has significant operations outside the UK; we are in 40 countries. I think that we are quite shamelessly very ambitious about what we want to be. We look at the success of US tech companies or the AI companies that you now see and think, "Why should the UK not have a company like that?" Revolut is arguably the only company in the UK, or even Europe, that has the potential to reach those lofty levels and so, while it is very important that we do that while being a regulated bank, which means that we have to act differently from a technology company, we do think that we can be both and our growth trajectory and ambition are that we can become the No. 1 bank for a 100 million active daily customers in 100 markets globally.

Q150 Lord Lilley: When we had the Bank of England people here, we asked them why they proposed to stop banks issuing stablecoin given that banks were in the money business. They gave their reasons about people being misled, conceivably, to think that a stablecoin issued by a bank was as insured and protected as a bank deposit, which is not a wholly credible argument, but they reinforced it by saying that it was the same in all the other jurisdictions—the EU and America in particular. Is that the case?

Rory Tanner: I cannot speak to what is happening in the US and the EU. My focus is on the UK. We are now a licensed bank and we are going through the FCA sandbox. Retail banks have a clear pathway to be able to issue stablecoins.

We have also seen a graduation in the Bank of England's position in its public messaging throughout 2025. When we initially spoke to it about stablecoins in late 2024, the discussion was focused on tokenising deposits. I know that Jana Mackintosh from UK Finance gave good evidence around tokenised deposits. The use cases are clearly different. We have seen the Bank of England change its perception of stablecoins and understand the use cases, which are perhaps narrow, but they are there for the retail and the wholesale perspective.

The “Dear CEO” letter as well was from 2023, and so it is now two and half years old. Again, a lot has happened since then in regulatory development and the systemic nature.

I do not believe that the default position is that banks should not be able to issue stablecoins. Also, a commercial bank is different to a retail bank, which I can speak to.

We are also a bank in the EU. RB UAB is our banking entity issued from Lithuania. We have a MiCA licence. Again, within the EU, we are able to be an issuer of stablecoins and a regulated bank. In the US, we have recently applied for a national banking charter via the OCC. We have no plans currently to issue crypto or stablecoin services within the US. With the GENIUS Act, it will be interesting to scope that but, like I said, our focus there is on a banking licence. Again, in the EU, I would say the answer is no because we are a bank and we are able to offer a stablecoin product.

The difference is that they are different entities. It is the same in the UK. RB UK, the banking entity, is a different entity to the Revolut Group, which is issuing the stablecoin. I believe the Bank of England is saying that the same entity cannot issue a stablecoin, which is correct and is still the case. However, within group structures of banking institutions, we do see a pathway forward.

Lord Lilley: They were saying that a bank can issue it if it has a separate entity doing it, but it must be separately branded. You are saying that that would be a sticking point as far as you are concerned. Is that true of your Lithuanian bank?

Rory Tanner: There are no branding restrictions there.

Q151 **Lord Smith of Kelvin:** You have been clear on your ambitions, including in non-financial areas. I have a simple question. Do you see sterling stablecoins as complementing tokenised deposits and commercial bank money or as competing with them?

Rory Tanner: We see it as complementary. Again, to go back to that point, it would be issued by different entities. We are scoping tokenised deposits now that we have a full banking licence. We have been aware of that for multiple years, but we did not want to properly scope that until we got that licence. I am sure you can understand that we did not want to get too ahead of ourselves there.

We see it as complementary because, first, different entities would issue it. Secondly, there are different use cases. It can possibly be used for peer-to-peer payments, which potentially could compete. Otherwise, we do see quite different use cases. Again, with stablecoins, the international remittance piece is valuable.

Without going too technical, tokenised deposits have issues. If a Revolut banknote is sent outside our jurisdiction, it is difficult. We are custodians of that tokenised deposit—let us say in Madagascar—but we do not have

any jurisdictional ability there and so it becomes quite messy. That is why we had to explain that the use cases for stablecoins are much more effective for something like that.

However, we do see tokenised deposits as complementary, and the retail banks in the UK, of which we are now one, are now scoping them quite strongly with UK Finance.

The Chair: Thank you very much, Mr Tanner. Thank you for coming this morning and for giving clear answers. It has been a valuable session. Thank you. We will take a short break.