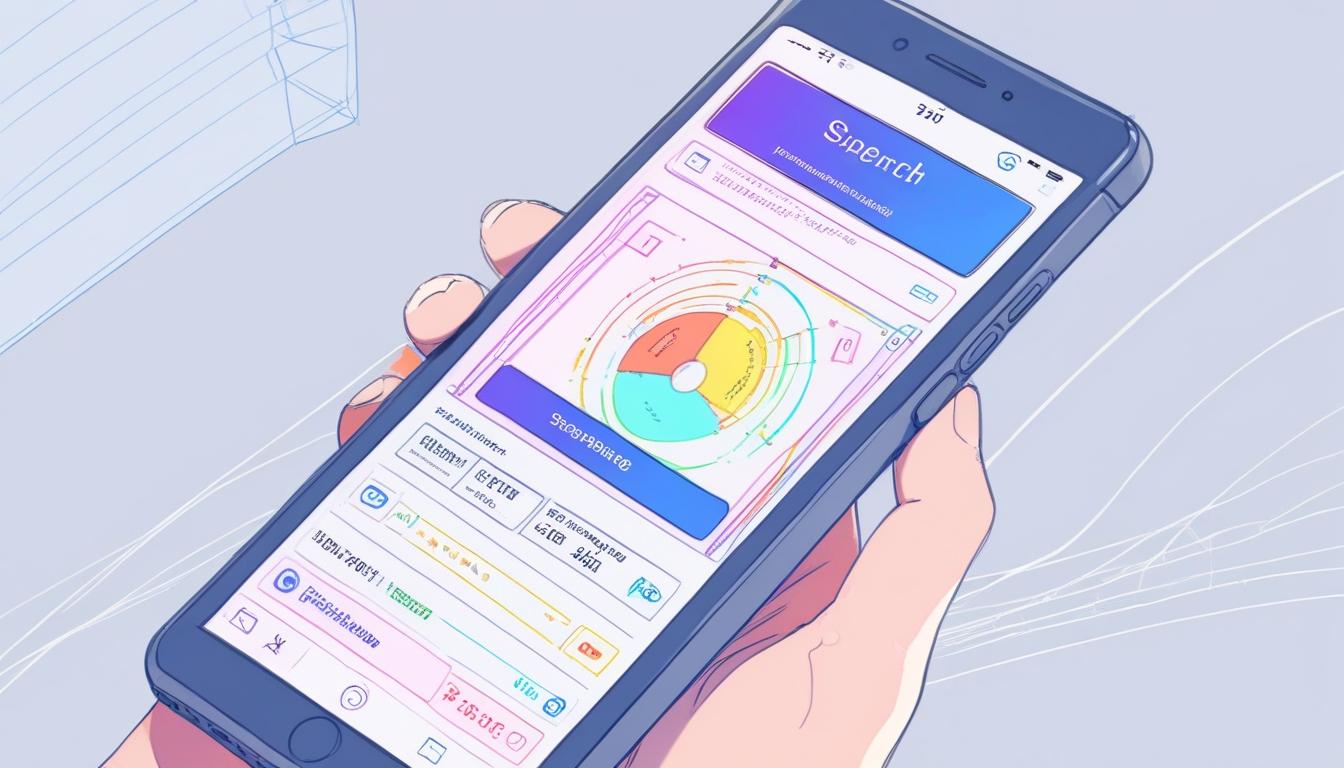
# Revolut and Octopus set to disrupt UK mobile market with fintech-backed MVNO launches



Recent developments in the UK telecommunications landscape have seen major fintech players, Octopus and Revolut, poised to enter the mobile telecoms market, potentially disrupting the dominance of the existing industry giants.

On Wednesday, Revolut revealed its intention to launch comprehensive mobile phone plans in the UK and Germany. This move is part of its broader strategy to enhance its “superapp,” integrating various products alongside its core banking services. Currently, Revolut offers an eSIM product for overseas roaming, which it identifies as its most popular non-banking offering.

The announcement from Revolut follows news that Octopus, a multibillion-pound fund with ties to the energy sector, is considering the establishment of a new mobile operator through its subsidiary, Fern Trading. Hadi Nasrallah, the telecoms general manager at Revolut, expressed a commitment to transforming consumer experiences in mobile telecommunications. “In our view, consumers are suffering with traditional network offerings due to a lack of transparency with hidden fees, painful customer experience and old, difficult to navigate design. We’re looking to solve all three,” he stated.

Both Revolut and Fern’s proposed operations would function as mobile virtual network operators (MVNOs). MVNOs do not develop their own network infrastructure but instead partner with existing major networks. The current leading players in the UK include BT-backed EE, Virgin Media O2, and the soon-to-merge Vodafone and Three. This setup allows MVNOs to offer competitive pricing by leveraging the established infrastructure of these traditional carriers.

Industry experts suggest that the rise of MVNOs presents a dual challenge for the incumbents. Not only must they contend with the emergence of virtual competitors vying for market share, but they also face pressure to secure wholesale agreements with these new entrants to allow them access to their networks. An unnamed insider noted, “The worst thing the major operators ever did was let the MVNOs get a foothold.”

MVNOs have been part of the telecommunications landscape since the launch of Virgin Mobile in the UK in 1999. However, their influence has surged recently, with research from Enders Analysis indicating that MVNOs added 1.6 million customers to their networks in 2024, a year when the major mobile operators collectively lost 180,000 subscribers—marking an unprecedented decline.

James Robinson, a senior analyst at Assembly Research, indicated that a growing consumer preference for bundled services, such as those offered by retailers like Tesco and Sky, has increased the popularity of MVNOs. He forecast that by 2028, over a quarter of all consumers could be using virtual providers, an increase from 16.5 per cent in 2024. He suggested that the entry of brands like Octopus and Revolut could further accelerate this trend.

Karen Egan, head of telecoms at Enders, elaborated on the economic context driving this shift. The cost of living crisis has heightened consumer sensitivity to pricing, prompting many to seek cheaper alternatives, which many MVNOs claim to provide. Egan also highlighted a growing competition among network operators to attract virtual operators to their networks, as they manoeuvre to secure additional revenue streams amid market pressures.

Assembly’s Robinson also noted that the competitive landscape for hosting MVNOs is expected to intensify following the anticipated merger of Vodafone and Three. He affirmed that the consolidation would enhance network capacity and attractiveness for potential MVNO entrants.

Meanwhile, the merging entities, Vodafone and Three, along with VM02, which supports MVNOs including Tesco, are positioning themselves to leverage this newfound capacity. However, James Ratzer, an analyst at New Street Research, cautioned against assuming that new entrants would drastically alter the competitive dynamics, given the already saturated state of the UK market.

Analysts have expressed skepticism about the broader viability of the superapp strategy proposed by Revolut, suggesting that such models have found more success in markets with fewer incumbents, like China. Rupak Ghose, a former research analyst at Credit Suisse, argued that Western markets are characterised by dominant existing players across various service categories.

EE has signalled that while it recognises the potential in collaborating with MVNOs, many customers may still lean towards established brands that inspire trust. Kester Mann from CCS Insight remarked that Revolut’s entrance could disrupt the mobile sector in a manner akin to its influence on financial services, potentially altering consumer patterns in the telecommunications domain.

As Octopus, Revolut, and other fintech entities consider entering the mobile market, the outcomes of these strategic moves remain to be seen, with the potential to reshape customer experiences within an industry long dominated by a handful of major operators.

Source: [Noah Wire Services](https://www.noahwire.com)

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