

Wise lifts income forecast as it reaps benefits of higher interest rates

Money transfer and payments platform Wise has lifted its full-year profit expectations after enjoying a surge in income from higher interest rates.

The fintech company said its net interest income – an important measure showing the difference between its revenues and its costs – was 148% higher over the latest quarter, compared with the previous quarter, totalling £43.5 million.

It brings its total income to £268.7 million over the last three months, an 80% increase compared to the same period a year earlier.

This surge was because of higher rates of interest on people's invested assets and growing customer balances, Wise said.

It comes as the Bank of England hiked up interest rates to 3.5% at the latest monetary policy meeting, the highest rate since October 2008, making it more expensive for people to borrow.

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As a result, Wise said its total income for the full year is expected to grow 68%-72%, compared with its previous, lower expectations of a 55%-62% growth level.

Wise admitted there is “still work to do” to share the benefits that it is reaping from higher rates with its customers.

But, until then, a large proportion of the higher income will flow to its earnings, the firm said.

It also revealed that its average fee on money transfers had gone up to 0.66% in the latest quarter, up from 0.64% the previous quarter and 0.6% at the start of last year, as it faces higher exchange rate costs.

Wise co-founder and chief executive Kristo Kaarmann said: “As interest rates increase, our customers expect a return on the balances they hold with us, and we intend to share much of the benefit of higher rates with customers.

“This quarter we launched ‘Interest’ within our assets product in the UK – a whole new way for our customers to hold their money and earn a return.

“I’m also pleased that, for the third consecutive quarter, more than 50% of cross-border payments were completed instantly.

“The investments we’ve made to deliver a superior infrastructure and product are resonating, and in this quarter more customers than ever used Wise.

“This underpins our conviction in the outlook for 2023 and beyond.”

Around 5.8 million customers transacted with Wise over the last three months, up by a third compared to the previous year.

It helped push up its revenues to £225 million, up by half from the £150 million reported this time last year.

[Shares](#) in Wise were down by nearly 6% on Tuesday morning despite the upbeat outlook.