Banking the Unbanked with Radiance

Team Radiance
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Agenda

- Introduction: AI model
- Consumer Research
- AI: Meeting Consumer Needs
- Banking Market Analysis
- AI: Meeting Market Needs
- Go-to-Market Strategy
- Strategy Options
- Recommendations
- Forecast

Product Positioning

User Experience Customization

User Preference Analysis, with Game Theory

Overdraft Fees Avoidance

Community Relations Improvement

Credit Builder

Customer Saving Accumulation by Reward Points

All-in-one Platform

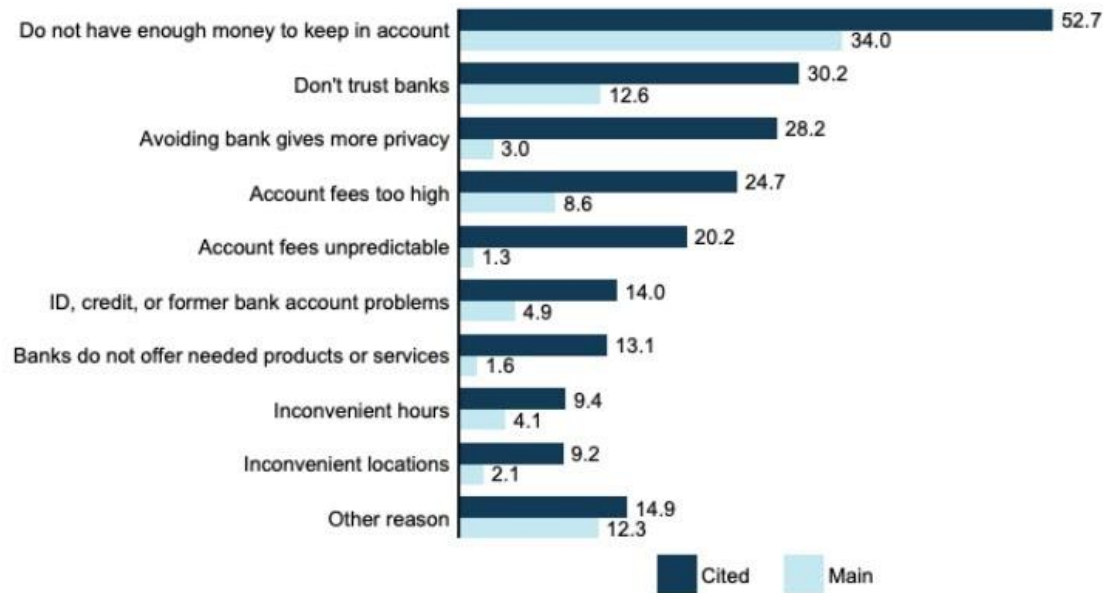Adjacent Community Bank Connections

Influencer Impact

Redeem Points for Free Gifts

Consumer Market Research

Who are the unbanked and why are they unbanked?

Figure ES.4 Reasons for Not Having a Bank Account, Unbanked Households, 2017 (Percent)

Reason	Cited	Main
Do not have enough money to keep in account	52.7	34.0
Don't trust banks	30.2	12.6
Avoiding bank gives more privacy	28.2	3.0
Account fees too high	24.7	8.6
Account fees unpredictable	20.2	1.3
ID, credit, or former bank account problems	14.0	4.9
Banks do not offer needed products or services	13.1	1.6
Inconvenient hours	9.4	4.1
Inconvenient locations	9.2	2.1
Other reason	14.9	12.3

Cited = named as a reason for not having an account

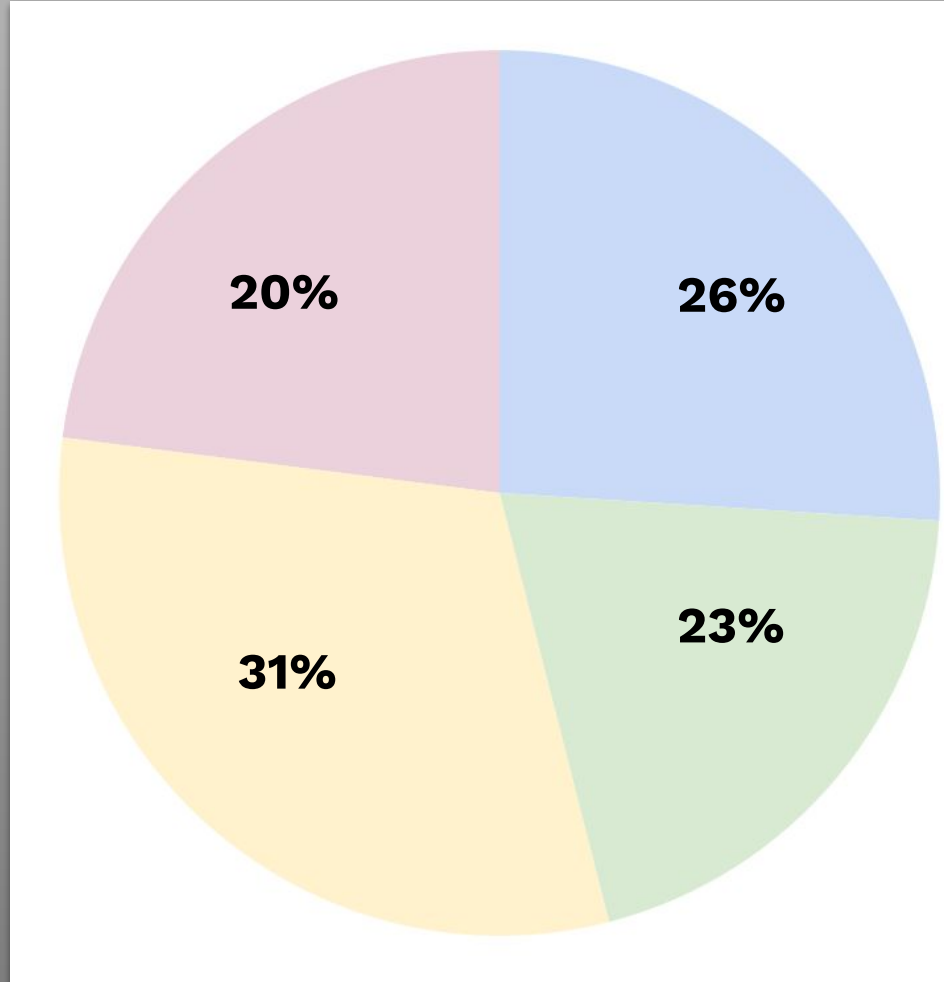Main = percent of respondents that listed the reason as the *main reason* for not having an account.

How do the Unbanked conduct their business?

Unbanked Customer Segment & Profiles

First Timers
- **Primarily Urban & Suburban**
- **25-45 yrs**
- **Primarily Hispanic**
- **Never banked**
- **Uses smartphone but no home internet**
- **In Labor force**

Return to Banking
- **Primarily Urban, 25-45 yrs**
- **Previously banked and may have lost trust or past negative experience**
- **Uses smartphone and typically has home internet**
- **In labor force**

Retired Traditionalists
- **Primarily Urban, Elderly 65+yrs**
- **70% Smartphone or phone, no home internet**
- **Not in Labor force**
- **Not disabled (disability unknown 65 above)**

Homesteaders
- **Primarily Rural, 45+ yrs**
- **High number of disabled HH**
- **Predominately white HH**
- **68% have smartphones, but no home internet**
- **Not in Labor Force**

20% **26%** **23%** **31%**

View Segmentation Analysis Dashboard

How to reach the Unbanked: 6 steps

1 Eliminate Barriers

2 Decrease Reliance on Physical Branches

3 Offer Prepaid Products as a Stepping Stone

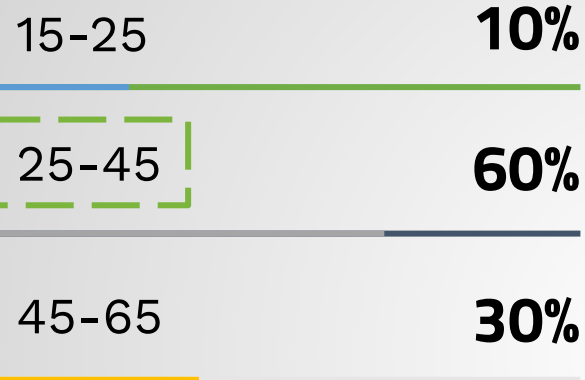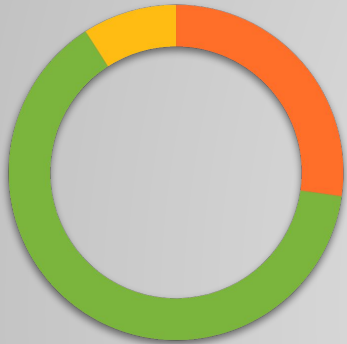**4** Create Financial Education Opportunities

5 Expand Credit and Loan Options

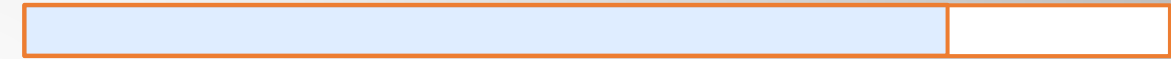**6** Design Digital Banking / AI model

Target Demographics

Market Size by Age

Age	%
15-25	**10%**
25-45	**60%**
45-65	**30%**

Demographic		Cost for Data Per Person	Percentage of Population
Sex Assignment	Male	$0.15	48.59%
	Female	$0.14	51.41%
Age	Age 18-24	$0.36	11.92%
	Age 55+	$0.05	32.33%
Ethnicity	Middle Eastern	$0.62	1.21%
	Hispanic	$0.01	8.09%
Family Annual Income	$40,000-$49,999	$0.02	4.94%
	$120,000-$149,999	$0.33	1.84%

Ideal qualities

92% Use a Smartphone

70% Pay Consistent Rent/Phone Bills

57% Previously Banked

Desired Services

Low account minimums

Gamified Savings Account

No Fees, Fee Free Overdraft

Source: FDIC, MacKeeper, YouGov

AI:
Meeting Consumer Expectations

- Fulfilling the needs of the unbanked: Personal Dashboard
- Overdrafts optional
- Credit building for first time users
- Rewards for saving
- Myriad of preliminary plans and bank products to fit individual needs
- Redeeming reward points for free gifts

Market Analysis

Challenger banks

Challenger banks are newer banks armed with the latest technology and on a mission to attract customers away from the big banks

- Pros: Like any normal bank but faster, proficient mobile access, fintech ready

- Cons: Higher risk in banking operations, no personal interactions, no protection guarantees

Community banks

Community banks, smaller in size, locally owned and operated, represent 97% of banking industry.

- Pros: flexibility, lower fees, better rates, strong presence in the community, faster service, better customer service

- Cons: Smaller cash reserves, limited tech, fewer financial products, limited accessibility, standard banking hours

How does an AI/digital banking solution help community banks competitiveness?

AI powered systems can appraise customer credit histories more accurately to avoid this level of default. Mobile banking apps track financial transactions and analyze user data. This helps banks anticipate the risks associated with issuing loans, such as customer insolvency or the threat of fraud.

Digital banking service providers: ACI Worldwide, Kasasa, Sync1 Systems, Kony (Temenos), mShift, Malauzai, Access Softek, Banno, Q2, Fiserv, NCR, CSI, FIS, Tyfone

AI:
Meeting Market Expectations

- Points reward for completing users information registration - accumulation of user information within the region

- Establishing a community culture (within the app) to cultivate closer relationships between community banks and customers

- Point rewards helps cultivate savings habit in customer, and accumulates cash deposits for banks

- Bank service recommendations through app

- Connect customers with nearby community banks

Go-to-Market Strategy

TARGET AUDIENCE: THE UNBANKED

PRODUCT: AI MODEL AND DIGITAL BANKING PLATFORM

MODEL POSITIONING: ADOPT AN AI, EXPAND BANKING TO UNBANKED HOUSEHOLDS

TARGET MARKET: COMMUNITY BANKS

MARKETING PLAN: INTEGRATING COMMUNITY BANKS WITH CHALLENGER BANKS, PROVIDE THE BEST OF BOTH WORLDS

Strategy Option A

Launch a series of challenger banks and utilize community banks in a region as the backend processing bank

Pros
Reduce operational costs in local community bank branches.

Cons
Decrease the revenue of local community banks

Strategy Option B

Regional GTM, working with community banks in a region and creating branded front end for each bank

Pros
Target needs of specific households in region and meet expectations of each regional community bank

Cons
Takes more time to brand the AI platform differently and customers will misunderstand the use of different AI model

Strategy Option C

Partner with existing community bank technology vendors to expand their offerings to include AI as a Service

Pros
Save effort of promoting AI to each bank and customized

Cons
Sharing profits with technology vendor

Our Recommendations

Adapting digital banking business model from challenger banks to community banks

Understand the market of challenger banks and to keep our product up-to-date

Partnering with existing banking technology vendors to promote AI as a service

Technology vendors have long-term partnerships with different banks, which helps to expand our market in different regions

Branding & marketing AI model as a one-fits-all product

Distinguishing our product from the competitors, emphasizing our product value partnerships with different banks

Forecast

Benefit and Estimated Revenue

- Revenue generated from partnerships with banks
- Market entry and opportunity expansion
- Platform Brand Recognition
- Awareness of Market Demands
- Community Relationship Improvement

Risk and Estimated Expense

- Partnership with existing bank technology vendor
- Competition from challenger bank

Future Market

- Regional/International Expansion
- Sales Channels Enhancement
- New Products through Future Innovations