

Empowering the Future Generation

A Prepaid Debit Card
For Minors

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"...We want to bank every African on the planet, wherever you are in the world..."

—Babs Ogundeyi, CEO, Kuda Bank

Overview

Kuda Bank, also known simply as "Kuda," is a digital bank that provides Africans with free full-service financial services. It was established in 2019. The bank wants to give all of its customers a smooth and user-friendly banking experience, especially those who are tech savvy and prefer online banking.

In order to bridge the accessibility gap between traditional financial services and modern conveniences, Kuda was established. Kuda aims to enter the market with a **prepaid** debit card in addition to the services it presently offers. With adults who are financially savvy and have a beneficial impact on Nigeria's booming economy, this will achieve its primary goal of educating kids on financial literacy from an early age.

With the help of this innovative product, minors (between the ages of 11 and 18) can make payments online and offline without the requirement to open a bank account. The **prepaid** debit card will be administered by the teen's parents, who will also apply for it, add funds, and establish transaction limits.

Customer Problem Definition

I sought to define the customer problem statement given the product and the purpose. This will describe the identified consumer segment(s) and the value proposition of the product in comparison to the market's competitors.

For minors (aged 11 – 18) residing on the African continent who has a need to be empowered through and financially included in the economy from a young age. Kuda Prepaid Debit Card for Minors is a product of Kuda Bank that offers prepaid debit cards for minors that will allow minors to make the following transactions: Purchases (online and offline), encourage saving, budgeting and investments – all under the guide of their parents and/or experts.

Unlike traditional banks, fintech companies and start-ups who do not as yet have offerings targeted for this group in Nigeria.

My product is unique due to the following reasons: Empowers minors, is easily accessible, has the capabilities for parents/guardians to monitor transactions and incorporates other requests at the touch of a button.

We'll know this is true when the following objectives are met: There is a high level of minors that are financially savvy; When there is a high adoption and retention rate of the product; High satisfaction scores as received from surveyed users and/or parents/guardians; High Net Promoter Score

What is the difference between a Debit Card and Prepaid Debit Card?

Debit Card

- Linked to an account
- Purchases can be made both online and offline
- User would have access to a temporary overdraft facility
- Ability to withdraw cash from ATM

Prepaid Debit Card

- Not linked to an account
- Purchases can be made both online and offline
- Does not help one build credit
- Transactions can only be completed with the amount loaded onto it
- ATM restricted access

SWOT Analysis: Kuda Bank

Strengths

1. User-Friendly Design: Kuda's app has a simple, user-friendly interface that is suitable for users of all ages.
2. Parental Controls: Kuda's parental control options for teen accounts answers the demands of parents looking to teach their kids about wise financial management.
3. Security Measures: Focus will foster client confidence and helps safeguard their financial information

Weaknesses

1. Market Competition: To keep its market share, Kuda must continually set itself apart as it is faced with a growing Nigerian competitor landscape.
2. Brand Recognition: It could be difficult to develop a high brand awareness in a cutthroat market given the competitor landscape in Nigeria

Opportunities

1. Youth Financial Education: Kuda has the chance to support youth financial education by focusing on prepaid debit cards for teenagers
2. Collaboration & Partnerships: To reach more parents and minors, Kuda could partner with schools, educational institutions and youth organisations
3. Growing Digital Adoption: Kuda to continuously enhance its services as more people adopt digital solutions for financial transactions

Threats

1. Regulatory Changes: Kuda's operations and services may be impacted by modifications to financial regulations or compliance standards. Kuda must maintain its agility.
2. Customer Support: Kuda has an average rating of 3.4 on Trust Pilot. This is primarily attributable to their customer service in terms of handling and resolving issues.

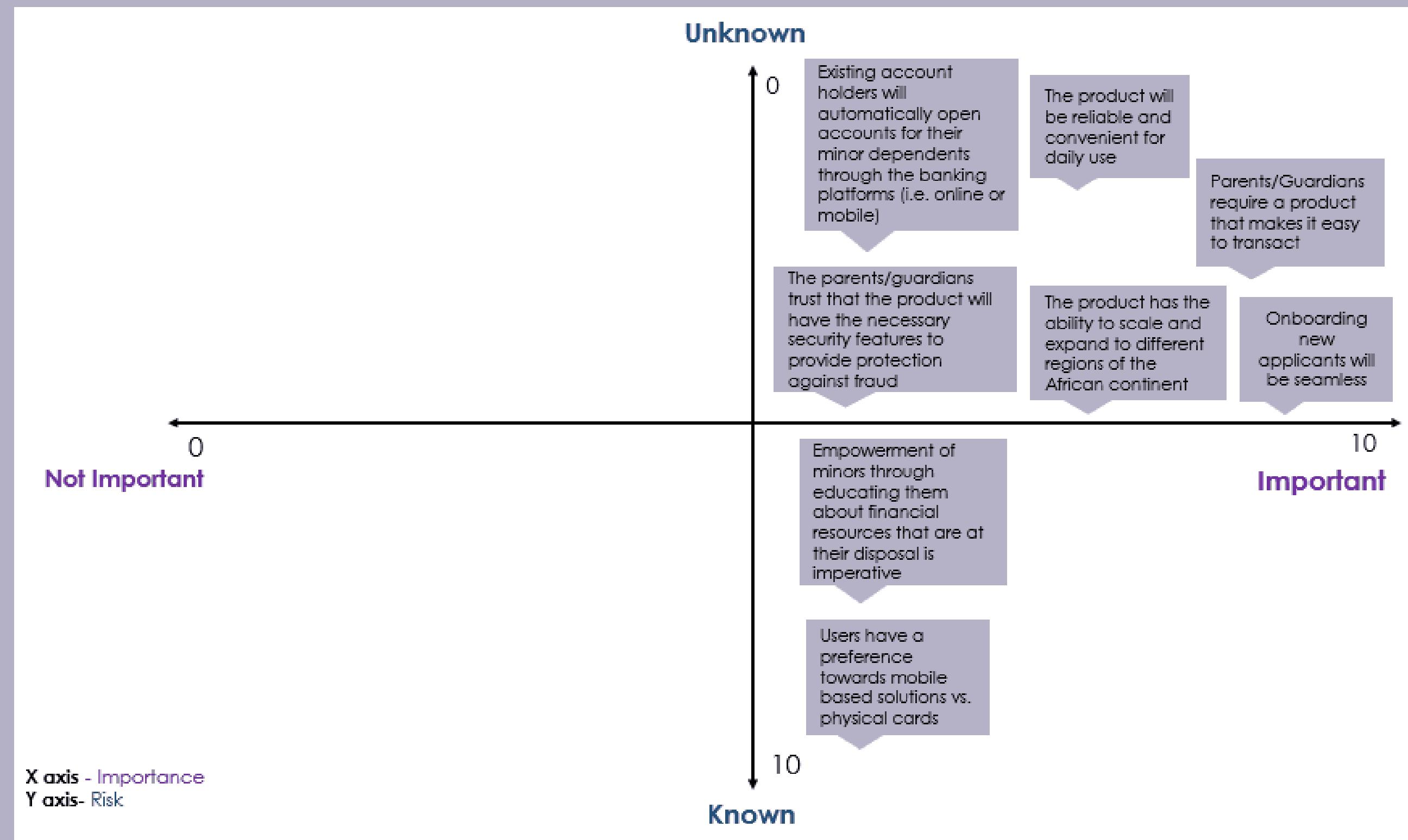
Prioritising Assumptions

After defining the Customer Problem, comparing the differences between an ordinary debit card and prepaid debit card, analysis Kuda's business, I extracted some assumptions. This is an important step as I will seek to validate the feasibility and desirability of the product

Assumptions	Importance - If we get this wrong, how likely will we fail? (0 – 10)	Risk - How much do I really know about this? (0 – 10)
1. Existing account holders will automatically open accounts for their minor dependents through the banking platforms (i.e. online or mobile)	7	5
2. Onboarding new applicants will be seamless	8	6
3. Parents/Guardians require a product that makes it easy to transact	7	6
4. Users have a preference towards mobile based solutions vs. physical cards	6	5
5. Empowerment of minors through educating them about financial resources that are at their disposal is imperative	6	6
6. The product has the ability to scale and expand to different regions of the African continent	5	6
7. The parents/guardians trust that the product will have the necessary security features to provide protection against fraud	7	7
8. The product will be reliable and convenient for daily use	7	7

Risk/Importance Graph

I then plotted the aforementioned assumptions as a visual representation of their relative importance/evidence level to the success of the product.

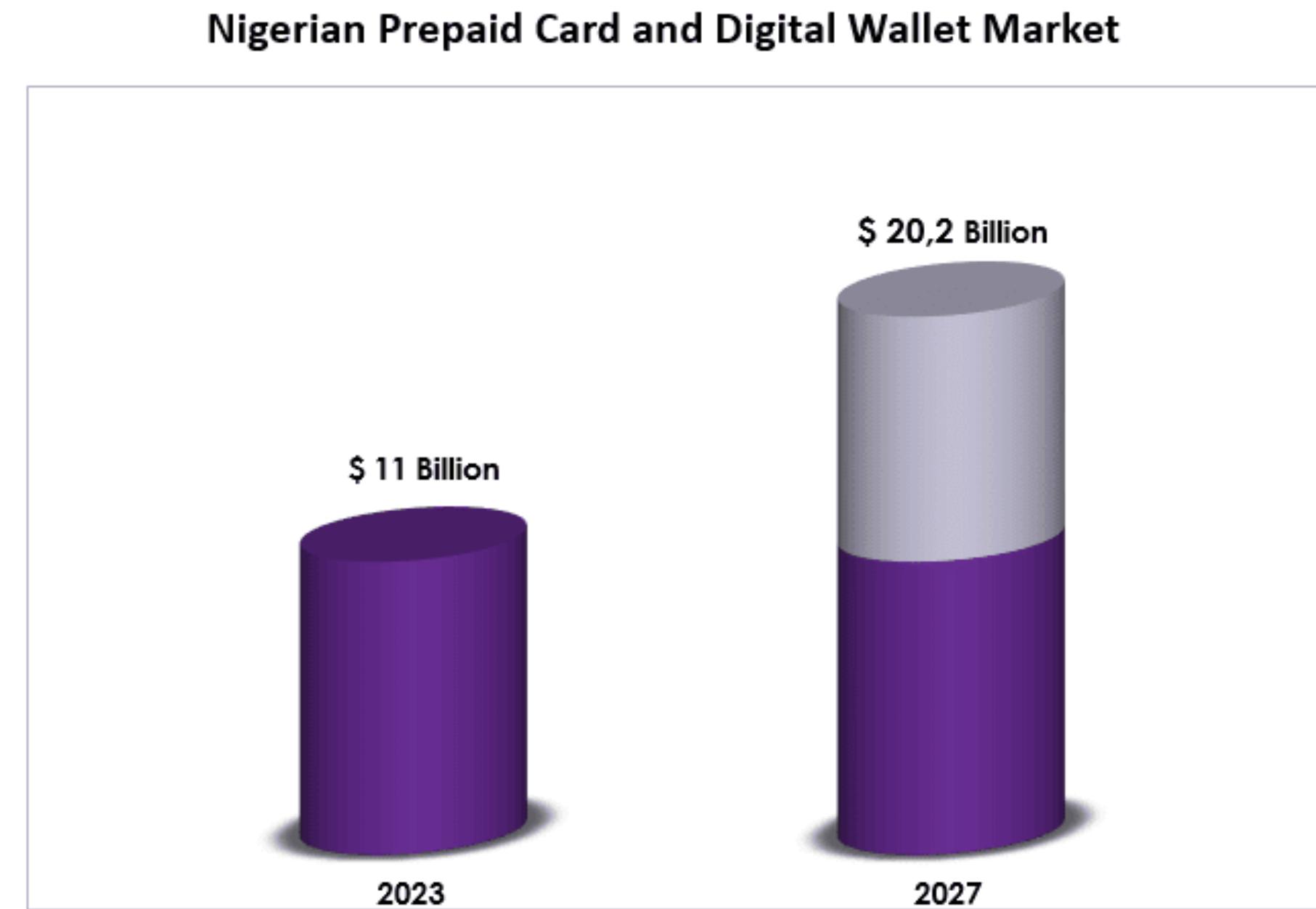


Market Research: Market Size

To validate the market potential for the product, I assessed the value of the market making use of whitepapers.

According to a report by Research and Markets, the Nigerian prepaid market grew at a Compound Annual Growth Rate (CAGR) of 14.9% between 2018 and 2022 (measured in value terms).

The market is anticipated to see a CAGR of 16.3% from 2023 to 2027, rising from US\$9.20 billion in 2022 to US\$20.16 billion by 2027.



Market Dynamics: Competitor Landscape

Further to my research, I sought to compare the competitor landscape as a means to identify strengths and weaknesses, identifying gaps and enhance the overall business strategy

Aspect	Kuda Bank	Alat	OPay	MTN
Company Overview	Kuda Bank is a leading digital bank in Nigeria, offering a range of financial services through its userfriendly app.	Alat is a wellestablished digital banking platform known for its savings and investment options.	OPay is a fintech platform that provides various financial services, including payments, ehailing services, and more.	MTN, a prominent telecommunications company, offers mobile money and digital financial services across several African countries.
Product Offering	Kuda offers prepaid debit cards, digital savings accounts, and personal finance management tools	Alat provides savings accounts, virtual cards, and investment options in addition to a suite of digital banking services.	OPay offers digital wallets, mobile money, bill payments, and ehailing services through its app.	MTN's mobile money services enable users to send and receive money, pay bills, and access financial products through their mobile phones.
User Experience	Kuda's app features a clean and intuitive design, providing easy navigation for users of all ages.	Alat's app offers a userfriendly interface, promoting seamless banking and investment experiences.	OPay's app has a visually appealing layout with distinct sections for its various services.	MTN's mobile money app is designed for simplicity, catering to users with varying levels of digital literacy.
Key Features	Personal finance management tools Peer-to-peer payments	High yield savings accounts Investment options Virtual debit cards	Mobile money and digital wallet Bill payments ehailing services	Mobile money services Bill payments Financial products
Parental Control	Offers parental controls for teenage accounts, allowing parents to monitor spending and set limits.	Not focused on providing parental controls for minors' accounts.	No specific parental control features mentioned.	Not specific to minors, but generally offers user controls for transactions.
Security Measures	Prioritizes data security with encryption and multifactor authentication for user accounts.	Emphasizes data protection and uses industrystandard security measures to safeguard user information.	Focuses on secure transactions and implements encryption for sensitive data.	MTN's mobile money platform employs encryption and PIN protection for transactions.
Market Reach	Has gained significant market share in Nigeria's digital banking landscape.	Established presence with a sizeable user base across Nigeria.	Known for its wide user base and presence in various Nigerian cities.	Offers mobile money services in several African countries where MTN operates.
Customer Base	Seeks to serve a diverse customer base, including minors and adults.	Attracts a range of customers looking for modern banking solutions.	Appeals to users seeking convenient financial services, including mobile money.	Serves users who want access to financial services via their mobile phones.

Defining the Customer Persona

- **Target Market:** The product is for minors between the ages of 11 – 18. These minors have parents/guardians between the ages of 35 – 50 who holding bank accounts, seek to empower them through financial literacy and subsequently, financial inclusion in the economy.
- **Demographics:** Live in a household where the adults are low- medium income earners
- **Geography:** Targeted audience resides in urban areas where there is access to digital infrastructure on the African continent
- **Psychographic Info:** User has access to technological devices (i.e. smartphones, laptop), is tech-savvy, has access to data and/or fibre
- **Behaviour:** Audience enjoys convenience and cheaper ways in which to - access to information, perform transactions; makes use of smartphone devices to access information, adapts quickly to new technology
- **Insights:** Requires guidance in the selection of financial instruments in relation to their goals, enjoy information that is concise, clear and can action suggestions



User Interviews

From the defined Customer Persona, a set of questions were asked of the respondents and insights gained.

Questions	Interviewee 1	Interviewee 2	Interviewee 3	Questions	Interviewee 1	Interviewee 2	Interviewee 3
1. How do you currently give your children their allowance? Cash or EFT	Mainly cash in the form of physical cash or I send cash	Both methods (Cash and EFT) are used	Both methods (Cash and EFT) are used	8. What challenges are you currently facing when making use of debit cards?	No	None to date	Limited fraud protection!
2. Do your minor children have access or know how to operate a debit card?	My children have access and know how to operate a debit card	Yes. All my children have access and know how to operate	My children know how to operate debit cards	9. Would you be interested in a loyalty program?	Yes	Yes	Yes
3. Have you ever used or heard of prepaid debit cards?	No	Yes	No	10. If you answered "yes" to the previous question, would you prefer for the loyalty program to be one based on cash-backs or a point system?	A point system	Point system	Other
4. Would you be interested in a prepaid debit card for minors? *Note that this card will be available in both physical and virtual form.	Yes	No	Yes	11. If you answered "other" to the previous question, please elaborate.	N/A	N/A	Maybe vouchers for stuff that kids like? Takeaway vouchers, movie tickets etc...
5. If you answered "No" to the previous question, please elaborate why.	N/A	My children have existing accounts which they access through me on a monthly basis	N/A	12. How do you currently monitor your child's spend of their allowance?	No set monitoring in place other than them showing me what they have purchased with their money	Banking application	Kids usually show us their purchases after the fact, so there's not much monitoring...
6. What features would be important to you when obtaining a debit card for your minor child(ren)?	Ability to monitor and control expenditure, set limits	Available balance, basic budget (setting limits by expenditure type)	1. A seamless process, preferably paperless.	13. Do you require a product with International banking options?	We don't travel often but the feature could be useful if one can activate it	No	No
7. How would you make use of the features that you have previously mentioned?	I would make use of the spending limit to manage my child's expenses, parental control to monitor transactions, and use educational tools to interact and teach responsible use of money	Monitoring use	I'd be encouraged to sign up if it's easy. I have no desire to queue at a branch.	14. Anything else that you wish to share?	Other features of interest that will make the product attractive are the following:	No	N/A

User Interviews: Key Findings

1. Both cash and EFT are a means for parents/guardians to give their children an allowance.
2. For those that already have accounts for their minor children, there is no need for prepaid debit card solution as the current debit cards they possess, fulfills the function.
3. Majority of respondents' have no set way in which they monitor use of their child(ren)'s expenses
4. Security features are important to parents/guardians, providing protection of fraud



Minimum Viable Prototype

A Minimum Viable Prototype (MVP) is a crucial step in the product development process. It allows you to test and learn from 3-4 use cases, and make a decision on whether to move forward with the concept or shelve it. While a fully executed product may have 60-70 use cases, an MVP demonstrates enough value to attract early adopters, retain them with future benefits, and provide a feedback loop for future development.

Assumptions	Success Criteria
Existing account holders will automatically open accounts for their minor dependents through the banking platforms (i.e online or mobile)	60% of existing account holders should validate this
The product will be reliable and convenient for daily use	70% of users need to validate this
Users have a preference towards mobile based solutions vs. physical cards	60% of respondents needs to validate this
The parents/guardians trust that the product will have the necessary security features to provide protection against fraud	70% of respondents need to validate this

Prototype Strategy

Idea for prototype strategy

Banner on the banking site's landing page and mobile app, informing customers of the offering, with a CTA, encouraging customers to open an account

Swift and efficient, account opening and delivery of card

Dashboard reflecting account usage

Real time feedback on transactions made to be delivered to the account holder

To find my targeted users and test my prototype, this would be done through:
Landing pages
Concierge/Sticky Tape initiatives

Landing pages and mobile applications are generally where a large conversion rate is possible due to both being customer touch points. Additionally, a functioning MVP is ideal since some mobile features would be readily available; nevertheless, a tailored approach for minors and their caregivers would be adopted. Usability testing is another method in which feedback could be obtained. The metrics for these would be:

- Steps involved in account opening
- Time taken from account opening to delivery Time taken to have the card delivered

User Stories and Features

A user story is a crucial component of Agile software development methodology. It is an informal and general explanation of a software feature that is written from the perspective of the end user or customer. User stories help to define the requirements of a software project and are used to guide the development process. They are an essential tool for ensuring that the software meets the needs of the end-users and customers. By creating user stories, software developers can ensure that they are building software that is both functional and user-friendly.

User Stories	Features
As a parent/guardian , I want to be able to easily open an account online , So I can make use of the services sooner rather than later	Open through the following platforms: Mobile Banking Website
As a minor , I want to [be empowered to handle my own finances , So I can contribute to the economy when I become an adult that is financially savvy and financially independent	Create engaging mobile content that covers the following features: Budgeting Taxes Saving Investing. This could be done through online games
As a parent/guardian , I want to be able to view my minor children's account , so I can monitor, engage and control their finances .	Account to be linked to main account holders' account through banking app
As a parent/guardian , I want for my minor child to make use of a virtual card when making online purchases , so that they are protected from cyber threats	Allow for the following features: Set daily limits, track spend, set financial goals
As a parent/guardian , I want for the account to have no/low transactional fees , So my minor child can [make better use of funds my account	Implement multi-factor authentication for both teenagers and parents (i.e. OTP)
	Allow users to reset passwords and recover accounts securely
	Integrate payment portal with selected online retailers
	Have a savings pocket linked to the account – 50% to be automatically moved into a savings pocket
	Card usage to be linked to a loyalty program. Cash back or Points generated can be saved and later used for another purpose

MSCW Explanation

The MSCW technique is a prioritization technique, used to manage requirement. It aids to reach a common understanding with stakeholders on the importance they place on the delivery of each requirement. Below is the legend, categorising each feature

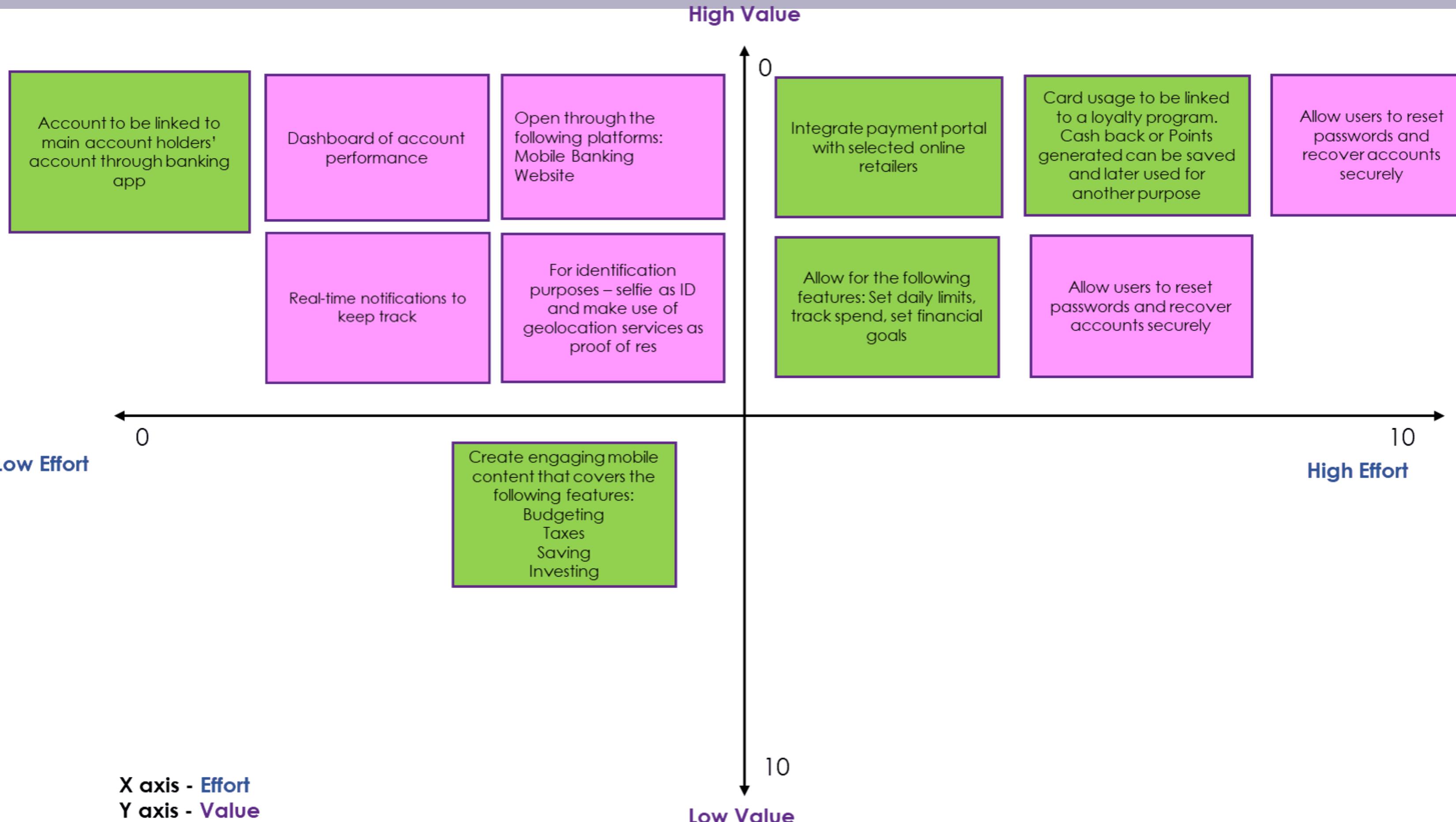
<u>Classification</u>	<u>Definition</u>
MUST	This feature is essential for account holders of the product. It plays a factor in account holders' potential decision-making
SHOULD	This is a high priority item that should be included, if possible. It is a critical requirement but can be serviced in other ways.
COULD	This item is considered desirable. It can be included if time and resources permit
WON'T	This item is likely not to be implemented in this given release. It may be considered for the future though.

MSCW Framework Continued...

Must	Should	Could	Would
Open through the following platforms: Mobile Banking Website	Allow users to reset passwords and recover accounts securely	Create engaging mobile content that covers the following features: Budgeting Taxes Saving Investing	Integrate payment portal with selected online retailers
For identification purposes – selfie as ID and make use of geolocation services as proof of res	Real-time notifications to keep track	Account to be linked to main account holders' account through banking app	
Offer support through the following channels to address : ChatBot Mobile App Email		Allow for the following features: Set daily limits, track spend, set financial goals	
Dashboard of account performance		Have a savings pocket linked to the account – 50% to be automatically moved into a savings pocket	
Implement multi-factor authentication for both teenagers and parents (i.e. OTP)		Card usage to be linked to a loyalty program. Cash back or Points generated can be saved and later used for another purpose	

Effort/Value Matrix

The Effort/Value Matrix is another prioritization technique that seeks to estimate the amount of effort taken to build a feature



Conclusion

Introducing prepaid debit cards for minors in Nigeria can bring significant benefits that align with market size, financial education, the digital landscape, cost of investment, and potential return on investment. By offering tailored financial services for teenagers, financial institutions can cater to the unique needs and preferences of this demographic.

Introducing prepaid debit cards for minors is an opportunity to educate children about financial literacy and inclusion from an early age. Prepaid debit cards align with Nigeria's digital landscape, offering a secure and convenient way for minors to manage their finances digitally.

While there might be initial costs associated with setting up the infrastructure for prepaid debit cards, the potential ROI is significant. Introducing prepaid debit cards for minors promotes financial inclusion, bringing a demographic that might have been excluded from the formal financial system into the economy.

Offering unique features such as parental controls, educational resources, and user-friendly apps can differentiate Kuda from competitors and attract a loyal customer base.

Thank You!