

FamPay – Analysis of India's first neo-bank for teenagers

Freedom is the oxygen of the soul - Moshe Dayan.

- **FamPay, The Overview:**

Today's children and teens want more power and control over their spending. FamPay is India's first neobank for teenagers and their families with an aim to provide them with cashless convenience and financial literacy.

I am making a case in the support of the "FamPay" for the following reasons:

- **Fast-Paced and Under-Served Market, The Upside:**

40% of the Indian population is below 18 years, which is a very tech-savvy population that expeditiously adapts to new technology. There are an estimated 250 million+ teenagers in India in the 12-18 years age group of which 20 million have smartphones. They are still reliant on getting cash for their expenses from their parents and FamPay is serving a population that is very attractive and at the same time underserved. As per ASSOCHAM's survey, the average monthly pocket money for teens has risen from INR 500 in 2005 to INR 1500 in 2011. The digital (internet, payments, social) and consumption (e-commerce, OTT/videos, gaming, food delivery) economy boom in the last few years has leapfrogged internet awareness. All other data confirms this trend of teenagers being at the forefront of this boom, creating a dire need for financial services for teenagers.

- **Product differentiation, The Moat:**

Though in developed markets a number of startups including Greenlight, Step, and Till Financial are already serving teenagers and have a matured user base, in India only FamPay is solving the financial accessibility issue for teenagers. With FamPay, teens can pay through UPI, P2P, and cards without having a bank account. Parents can send teenagers money securely anytime and anywhere making payments fun and smooth for the GenZ. Numberless (extra secure) smart cards FamCard and FamCard Me (Customizable doodles) can be used for offline purchases, as well. With FamPay and its numberless & stylish prepaid card, minors can successfully make online and offline payments without the need to set up a bank account. FamPay is reimagining banking for teenagers with best-in-class product experience, gamified savings, reward programs, and in-app community

- **Stellar Founding team and firm adherence to Strategic Roadmap, The Founder-Product Fit:**

2019 founded FamPay was started by IIT Roorkee graduates Kush Taneja and Sambhav Jain, and a very close-knit founding team from the same college, and similar age group. They truly get the Target Group as they are the TG! As per the few of the podcasts, their whimsical, yet ambitious and optimistic outlook has fostered a community-focused and collaborative behavior, which will result in higher engagement and sustainable growth of the company.

- **Revenue channel, The Business Model:**

There are two major revenue channels for the startup, firstly the cost of the card is 499 and 999 for FamCard and FamCard Me, respectively. Secondly, the company generates earnings through the interchange fee on every card transaction. Recently, they have initiated affiliate marketing with a few Ed-tech and Consumer -tech companies like FrontRow, Unacademy, etc. which expanded their revenue as well.

- **Solid Unit Economics - Sole player advantage and low Opex:**

The collaboration with IDFC First bank enables FamPay to function as a “Bank-in-a-box” for the tech-savvy millennials. It has lower operational costs, due to the lack of physical branches, cloud-based technology stack, and minimal capital investment. Only a single-time purchase and no additional charges translate into easier customer acquisition and low CAC. Realization of the profits are viable due to the niche segment and lack of competitors

- **Product-Market Fit: Predictable, Repeatable, Positive Growth:**

The company has crossed 5Mn+ registered users within just 8 months of its launch and has been averaging 100 percent month-on-month growth. They have realized an amazing NPS (net promoter score) of 72% and have a very active, 72,353 users-strong discord channel where users promptly respond to the queries or issues faced by other users.

- **Speed Breakers, The Risk:**

There are a couple of concerns that may hinder the express growth of the FamPay. Firstly, for the teenagers who graduate at an older age, it would be a challenging, yet interesting task to retain them on the FamPay platform. Secondly, since the entire team has an average age of ~24 years, the inclusion and retention of the veterans and experienced professionals might be tricky for the team.

- **Final Thoughts, The Conclusion*:**

Financial literacy is one of the most invaluable skills to learn in life and an important tool to not only be stable but also for becoming financially independent. However, since the Indian education system doesn't teach about “how to save your money”, “where to invest”, “what to spend money on”, most people have to learn by hit and trial. Furthermore, FamPay is solving both the persisting problems of financial accessibility and financial literacy for teenagers. Though retaining the existing older user base require a creative solution, with a solid product-market fit, strong user base, decent business model, and almost no competition in their respective space, FamPay will soar high with unprecedented opportunities in the Indian market.