**FinTech Case Study: KOHO**

The organization selected for this paper is KOHO, a financial service organization that aims at building better financial products for Canadians. According to Sovereign Wealth Fund Institute (2023), the organization is based in Toronto and was incorporated in 2014. KOHO was founded by Daniel Eberhard, who acts as the present chief executive officer of the organization. After selling Kinector Renewables, Daniel Eberhard visited distinct European places and experienced firsthand the distinctions in the region’s banking system. The experience was instrumental as it motivated Daniel Eberhard to examine the Canadian banking system deeply. After looking into the Canadian system, Daniel started KOHO, an organization considered the first challenger bank in the country. The idea was to eliminate debt triggered by a system driven by hidden interest rates and fees (Alt-fi, 2023). With a reloadable visa card and integrated application, the organization is designing a savings experience. The organization has partnered with crucial and large organizations like Mastercard and provides users with an account and virtual card that provides users several perks when they utilize it. These perks include 2% cashback for their groceries, 4% interest on the balance, and a specific cashback on purchases with partner merchants. Further, KOHO provides users with savings and budgeting tools that help them in controlling their expenses and a chance to grow their credit each month.

       KOHO raised its funding from investors to get the prerequisite capital to run. As of the moment, the organization has raised $264 million in a total of eight rounds (Tracxn, 2023). The funding came from multiple investors. Unlike how banks operate and raise money, KOHO makes money using a distinct approach. As it is known, multiple financial organizations make margins through fees, investments, and interest on loans. Nonetheless, KOHO does not operate like these organizations. Accordingly, KOHO money comes from distinct sources. The initial source of money for the organization is premium account subscription fees for consumers (Virani, 2023). Another source of money or funding for the organization remains interchange fees. These fees are the costs retailers and merchants are charged once an individual purchases using a specific card. Thus, the organization helps consumers save money because of lesser charges.

**Business Activities**

**Problem Being Resolved**

KOHO attempts to counter hidden charges by financial institutions and ensure Canadians have sufficient control over their finances. Today, the financial landscape is characterized by financial intricacies that have made it hard for multiple individuals to maintain fiscal discipline and financial acumen. The problem is rife in Canada, where a considerable population cannot track their spending. In this regard, a considerable percentage of Canadians keep complaining that residing in their nation is expensive because of not planning well (Kapralos, 2023). KOHO seeks to resolve financial illiteracy by introducing tools that enable Canadians to effectively navigate individual finance's complexity. The founder understands that several Canadians experience difficulties when managing their investments, expenditures, and earning. Such financial challenges could result in several problems, like budgetary shortfalls. KOHO resolves this by introducing a tool where individuals can spend and track their savings and expenses.

**Intended Consumers**

Regarding the consumer base, the organization seeks to cater to multiple Canadians. Nonetheless, the demographic that resonates with the organization is young professionals and millennials. The demographic is crucial because it embodies particular preferences and values that match the organization’s innovative strategy. As recognized, young professionals and millennials are a population whose features include the propensity for tech-savviness and digital adoption (Lavieri & Bhat, 2019). Besides, these parties practice budgeting and value having financial transparency, a trait that characterizes KOHO. Accordingly, these individuals seek a financial partner who can showcase a commitment to modernity and forward-thing. Conventional banking systems cannot realize this demographic’s expectations since they deem them resistant to innovation and stodgy. However, KOHO has carefully designed its platform to ensure it aligns with the digital natives. Seamlessly fusing financial services using a prepaid visa card in a mobile application helps KOHO address modernity essence. Also, the approach helps introduce financial management close to their consumers. Such an approach attracts young professionals and millennials as they prioritize real-time financial perspectives, accessibility, and convenience. Also, the organization’s focus on financial literacy perfectly matches the demographic’s aspirations because they look forward to better transactional engagement.

**Unique Features**

Regarding the distinctive value proposition of the organization, KOHO has a comprehensive financial platform that gives it an edge. The platform remains anchored through a prepaid card connected to a mobile application (KOHO, 2023a). The combination is instrumental in unlocking users’ financial empowerment, providing them with a complex toolkit that helps them precisely manage their expenses. The organization has also differentiated itself by providing users with real-time transactions which are visible and instantaneous. Such transparency improves financial awareness while enhancing the detection of erroneous transactions. Besides, the organization has budgetary tools instrumental for their consumers in tracking expenses. The tool allows consumers to classify their expenditures and see how they spend money. Also, KOHO has automated saving characteristics that help customers plan their savings. Finally, KOHO has ensured its platform remains inclusive and accessible. The platform lacks the conventional banking systems’ restrictions. Accordingly, consumers can access the platform better and ensure they track their financials better.

**Technology Implementation**

           The organization’s technological commitment and prowess to security show how they have revolutionized the tracking of individual finances. The organization has advanced artificial intelligence (AI) and data analytics to ensure individualized financial perspectives for the users. The utilization of AI by KOHO is an instrumental undertaking demonstrating the strategic approach to contemporary financial landscapes. A critical fact regarding the AI and data analytics technology utilized at KOHO is that it goes past conventional banking tools. The key reason is that it encompasses financial advice and tools where consumers can see their spending habits. Thus, contemporary consumers can effectively meet their needs using the organization’s platform.

           Furthermore, for better security, the organization has introduced the cloud. The cloud remains integral for the organization’s security because it helps protect data and transactional history and information. Also, the organization helps safeguard the financial ecosystem’s entire integrity. Thus, the platform could be considered safe by several consumers.

**Landscape**

**The Domain within the Industry**

           KOHO is an organization that operates in personal finance management in the Canadian financial sector. The segment has substantially transformed because of novel consumer preferences and technology. The innovative approach embraced by KOHO has remained invaluable in ensuring it is well-positioned in the industry.

**Doman Trends**

           The industry’s growth remain visible for the past 10 years. There have been several digital solutions introduced than in the past. The transformation matches KOHO’s commitment to offering user-centric and modern financial services.

**Notable Competitors**

           KOHO remains an organization whose industry is very competitive. The reason is that the organization competes with emerging Fintech startups and banking giants. Some notable organizations in the industry are Tangerine Bank and Simpili Financial. The organization’s capacity to resonate and thrive demonstrates its innovative edge and competitive prowess.

**Results**

**Business Impact**

KOHO is an organization that has left a substantial mark on the nation’s financial landscape. As of now, the organization’s consumers have reached around 1 million (KOHO, 2023b). The statistics demonstrate the organization’s approach resonates with multiple individuals. Also, the organization has had a lot of transactions demonstrating its commitment to enhancing transparent, user-friendly, and modern banking options for those searching for financial empowerment.

**Core Metrics**

           The organization’s performance metrics, like transaction volume and number of consumers, showcase its success. The users using the app daily are a testament to the elevated engagement levels among consumers. Consequently, it is factual that KOHO provides better services that resonate with numerous individuals.

**Performance Compared to Competitors**

KOHO has strived to establish its footing in the nation just a few years after its inception. Although bigger and conventional banks might have higher consumer numbers, the achievement by KOHO demonstrates it is a considerable competitor that will edge even bigger banks. The organization’s future appears to be even brighter.

**Recommendation**

           The organization should consider growing its product portfolio. The products should include some more diversified products like insurance or investment alternatives. Such an approach would help improve the organization’s value proposition. Besides, it would help cater for more financial needs. Also, it would ensure the organization makes more revenue. The organization must also continue investing in better AI capacities and data analytics. The approach will give it a competitive edge and enhance usability resulting in more margins.

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