

Strategy Storm

Case Study:
XFinance

DECEMBER 2017						
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- **Introduction** - SWOT Analysis of XFin
- **Understanding Customers** (Survey Analysis)
- **Pain Points**
 - a. Stocks & Mutual Funds
 - b. Credits
 - c. Insurance & Payments
- **Improvisation**
 - a. Stocks & Mutual Funds
 - b. Credits
 - c. Insurance & Payments
- Product Overview (after the changes)
- Addressing Goals

- **Competitive Advantage** (on the improved product)
- **Implementation & Budget Management**
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 - b. App Development
 - c. XFin Premium
- Marketing Strategies
 - Mobile Marketing
 - Social Media Marketing
 - Content Marketing
 - Email Marketing
- **Product Messaging**



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Strengths

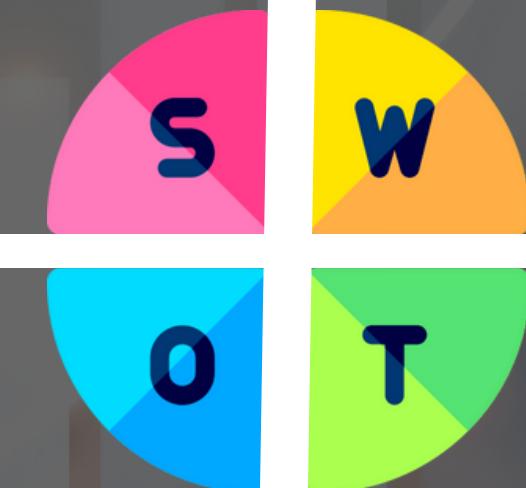


- Simple and easy-to-use UI
- One of the top fintech brands
- Massive reach on Social Media
- Ample Funds and Capital
- Large user base

Opportunities



- Inclusion of SGB, FNO, Forex, digital gold and bonds.
- Increased customer base in 16-22 segment.
- Spreading financial awareness
- Improving credit system for the young audience.



Weaknesses

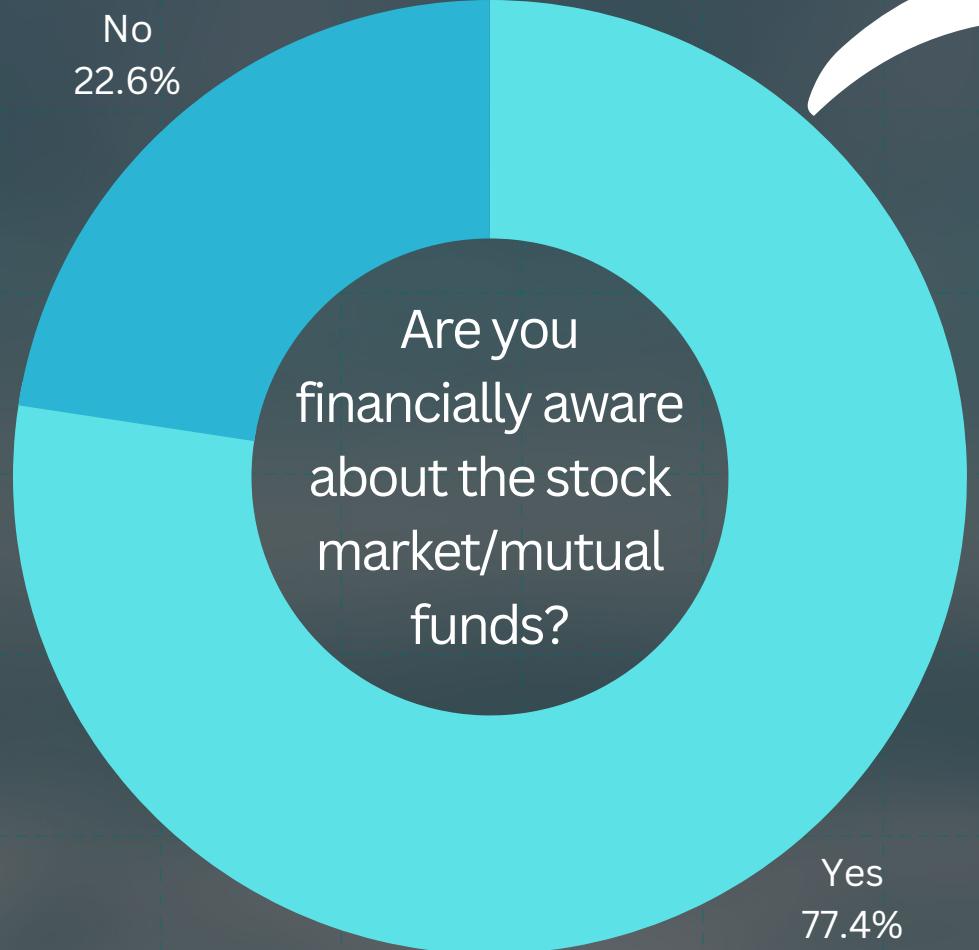


- Less % of young demographics.
- Low average session length per user.
- Underperformance of services other than stocks & mutual funds.

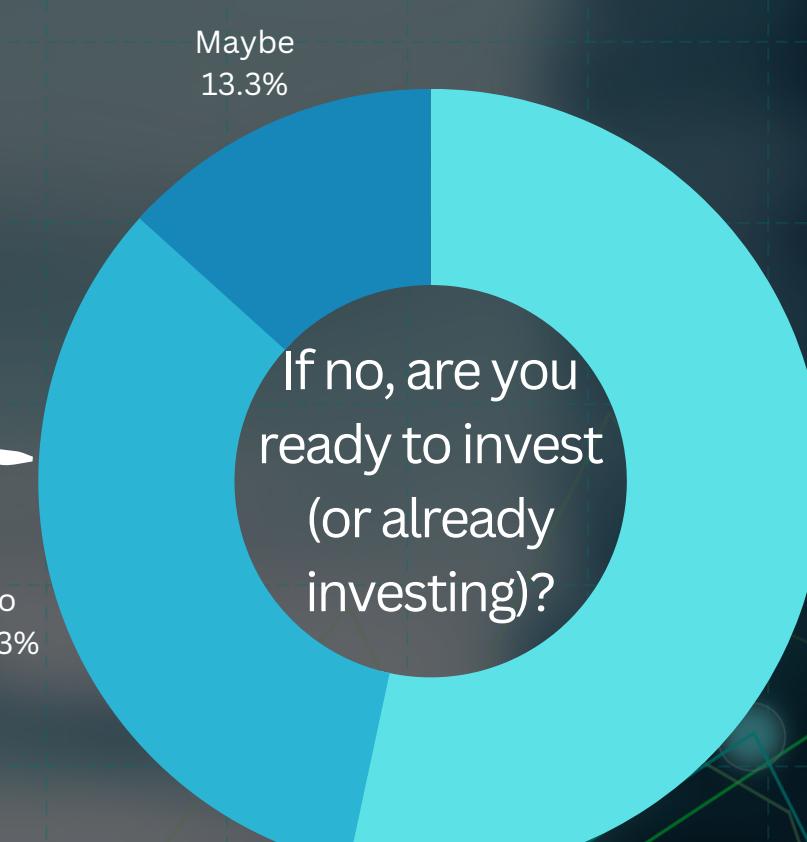
Threats



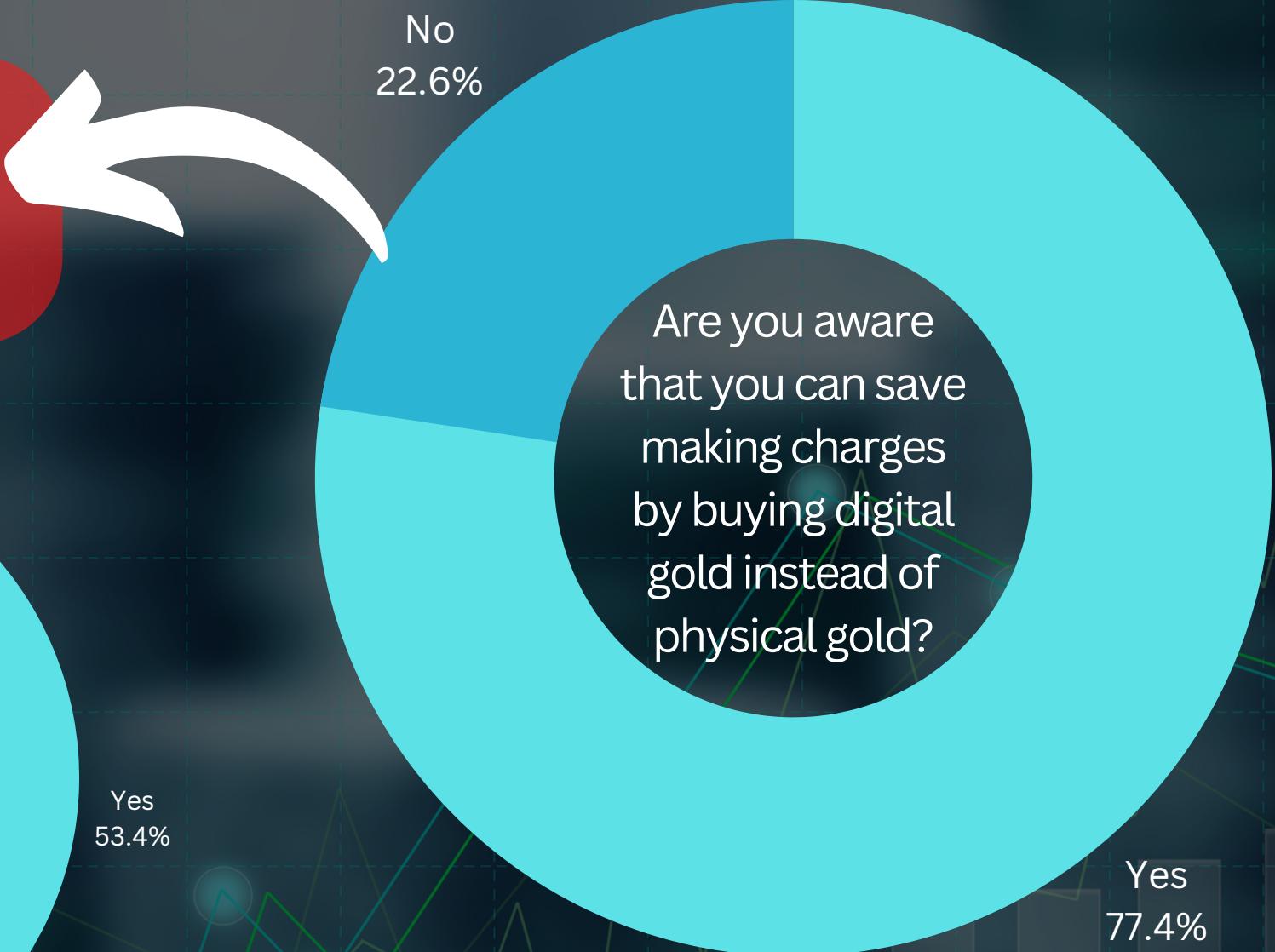
- Government policies and legislation.
- Competition from other fin-tech companies (Zerodha, Upstox).
- Increased spending habits
- Bearish market



Lack of Awareness

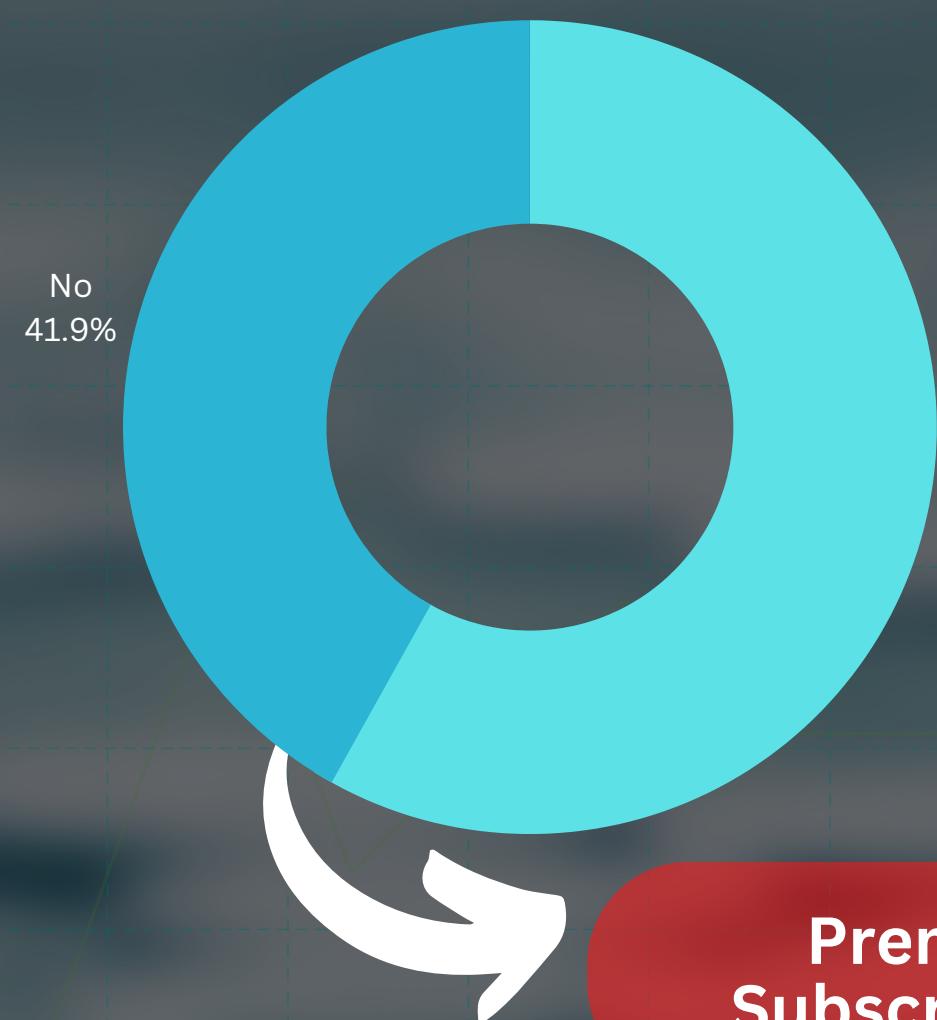


People willing to trade/ invest

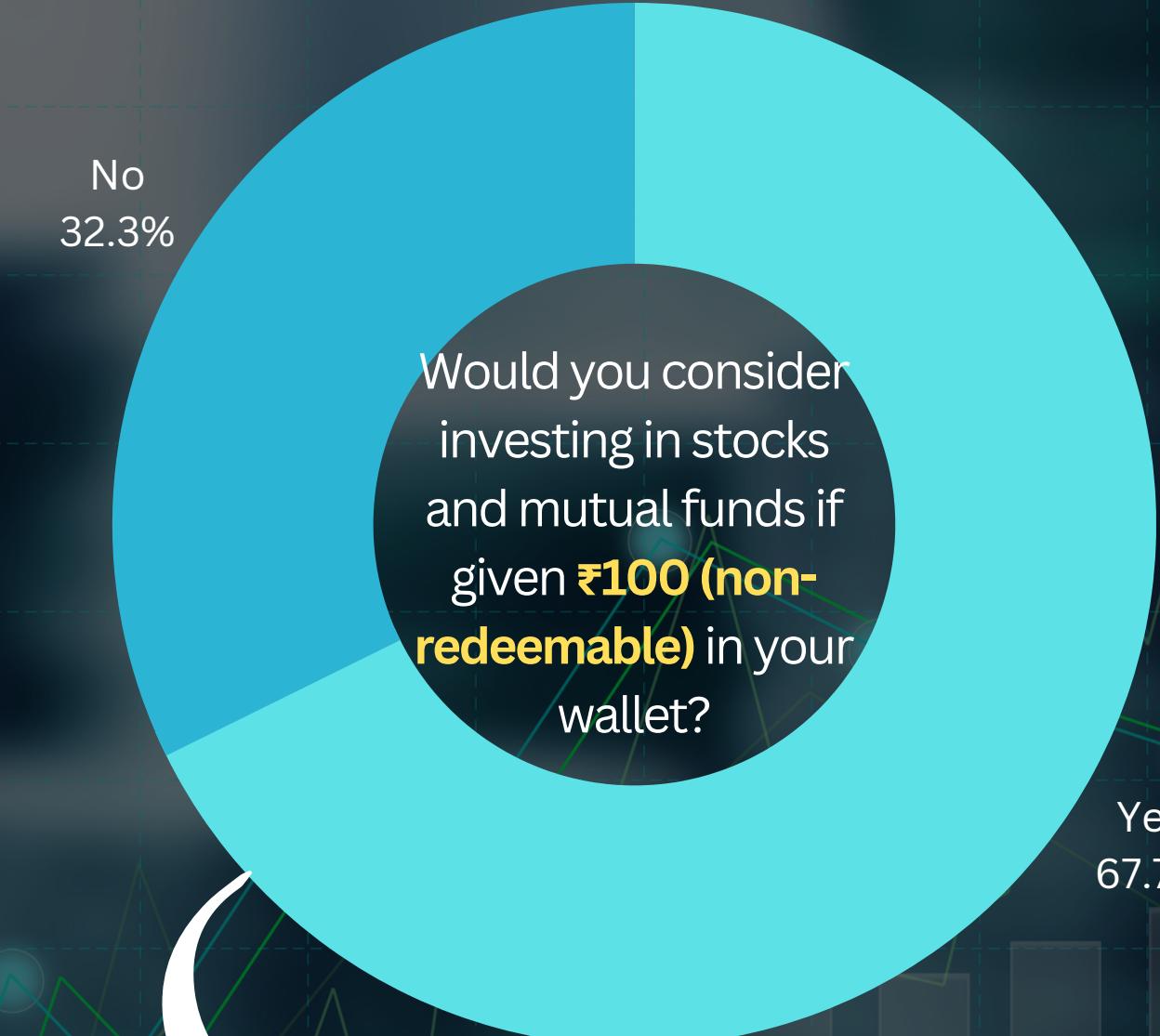
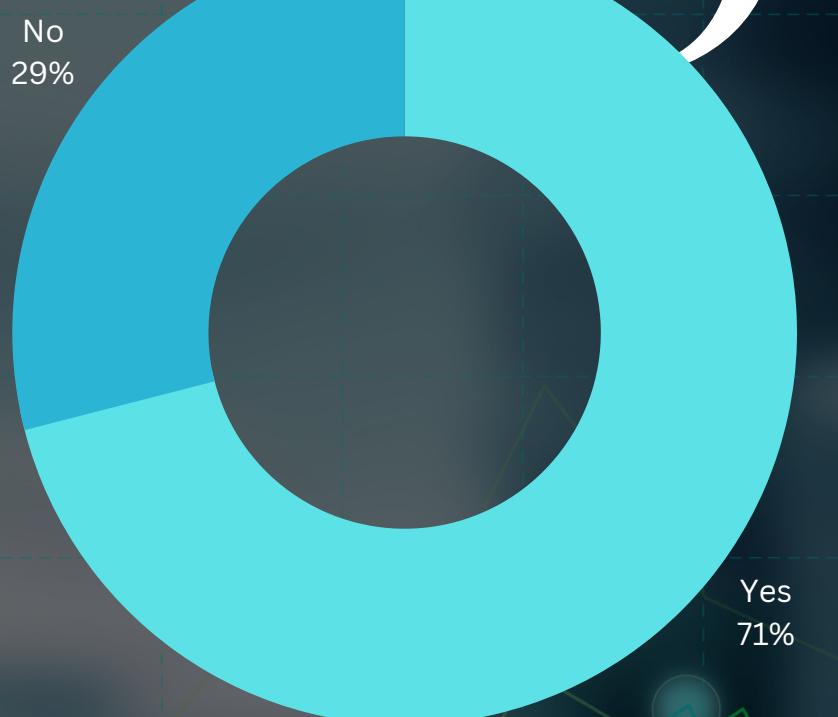


Understanding Customers.

Would you consider purchasing the **premium subscription of a Fintech app** which would include one-to-one financial advisory, access to high-quality finance articles, structured finance courses (certified), reliable stock reports and remote online workshops?



Referrals



Would you download and use a FINTECH (trading & investing) app if a friend **referred** it to you, thereby earning both of you ₹100 each?

Understanding Customers.

Pain Points.

1 Fear

People of the target demographic are fearful of the **uncertainty** that investing brings with it. They find it **risky**.

2 Lack of Awareness

Majority of the people are financially unaware (general sense). They even lack the knowledge of **picking stocks**.

3 Thought Process

The young audience thinks that they don't have enough money to **invest** right now.

4 Others

- Unavailability of all financial instruments in a single platform. Eg. bonds, forex, FNO, SGB, etc.
- High account opening/brokerage charges.
- Limited strategic tools for professional traders.
- Limited investment opportunities

Pain Points.

- Unavailability of cheaper credits & education loans for students.
- Too much **documentation** and collateral paper.
- **Time-consuming** KYC process.
- Traditional **credit score metrics** are not sufficient enough.
- No metrics to lend money to first-time loanees.

Credits

- People **aren't aware** that they can get cheaper health insurance premiums at a younger age.
- Lack of variety in insurance options.
- Not getting rewards every time they make payments.
- Unavailability of payment options for **the 16-18 age group**.

Insurance & Payments

01

Surveys Workshops & Partnerships

Conducting surveys, partnering with college competitions, and conducting financial awareness workshop would help XFIN in primary market research, and helps promote XFIN among college students.

02

Providing Advisory

[Premium Feature] It'd cater to people who lack financial knowledge and hence, are afraid to invest.

03

Other Services

Inclusion of SGB, Digital gold, Bonds, FNO

Improvisation.

04

Refer & Earn

Earn a decent amount by referring your friends to join XFINANCE. This would encourage people to open an account through XFIN and start trading.

05

Rs 100 Starting Amount

100 Rs non-redeemable wallet money to all first-time customers with a valid **student ID**. It'd attract new customers to use the app and this initial amount would motivate customers to invest in mutual funds and stock markets.

06

Scrapping Charges

Some one-time charges (like acc. opening charges) can be waived off to students having valid student ID. It'd encourage students with tight pockets to start trading.

Improvisation.

01

Alternate Credit-scoring Systems

Our own credit-scoring system based on social, lifestyle and medical metrics can be introduced as these are more representative than traditional credit scores for college students or **first-time loanees** to avail loans.

02

e-KYC Option

Completely paperless KYC option would make the process very convenient, thus making it more likely for a customer to sign-up. It'd eliminate the pain of visiting the bank and the time consumed in KYC.

Improvisation.

3

Payments

01

In-app Banking

Inclusion of a completely online payment bank within the app which provides most banking services including FD (in collaboration with some small finance banks).

02

Teenager Prepaid Cards

It'd eradicate the lack of payment options for teenagers. This would help increase MAU in the 16-18 years segment.

03

Auto Payments

Periodic payments like online subscriptions can be made convenient through an auto-payment system.

04

Reward Points

Giving reward points on every transactions (5 to 50 points) on most transaction (1000 points = Rs 10). This'd encourage users to keep making transactions using XFIN app.

05

Buy Now, Pay Later

Improvisation.

01

Need to increase cashless claims distribution channels and provide educational content to simplify the complex language used in the policies

02

Need to include new varieties of insurance. For eg. Fire insurance, travel insurance, etc.

03

**Provide
Domain-Specific
Experts**

Insurance processes have their own sets of challenges. This is why it is not always feasible for a single agent to respond to queries on all these processes.

Improvisation.

Core Product

Financial Services

- Discount Brokerage for Stocks, Mutual Funds, F&O etc.,
- Credit (**e-KYC**)
- Insurance
- Payments (**auto-payments**)
- Prepaid Cards
- **Teenager-prepaid Cards**
- **In-app Banking**
- **SGB, Digital Gold, Bonds, and FNO**

Non-Financial Features

- Social Media and Youtube content
- Events to educate users about financial services
- Virtual trading competitions
- Financial news
- **Financial Newsletter (optional)**

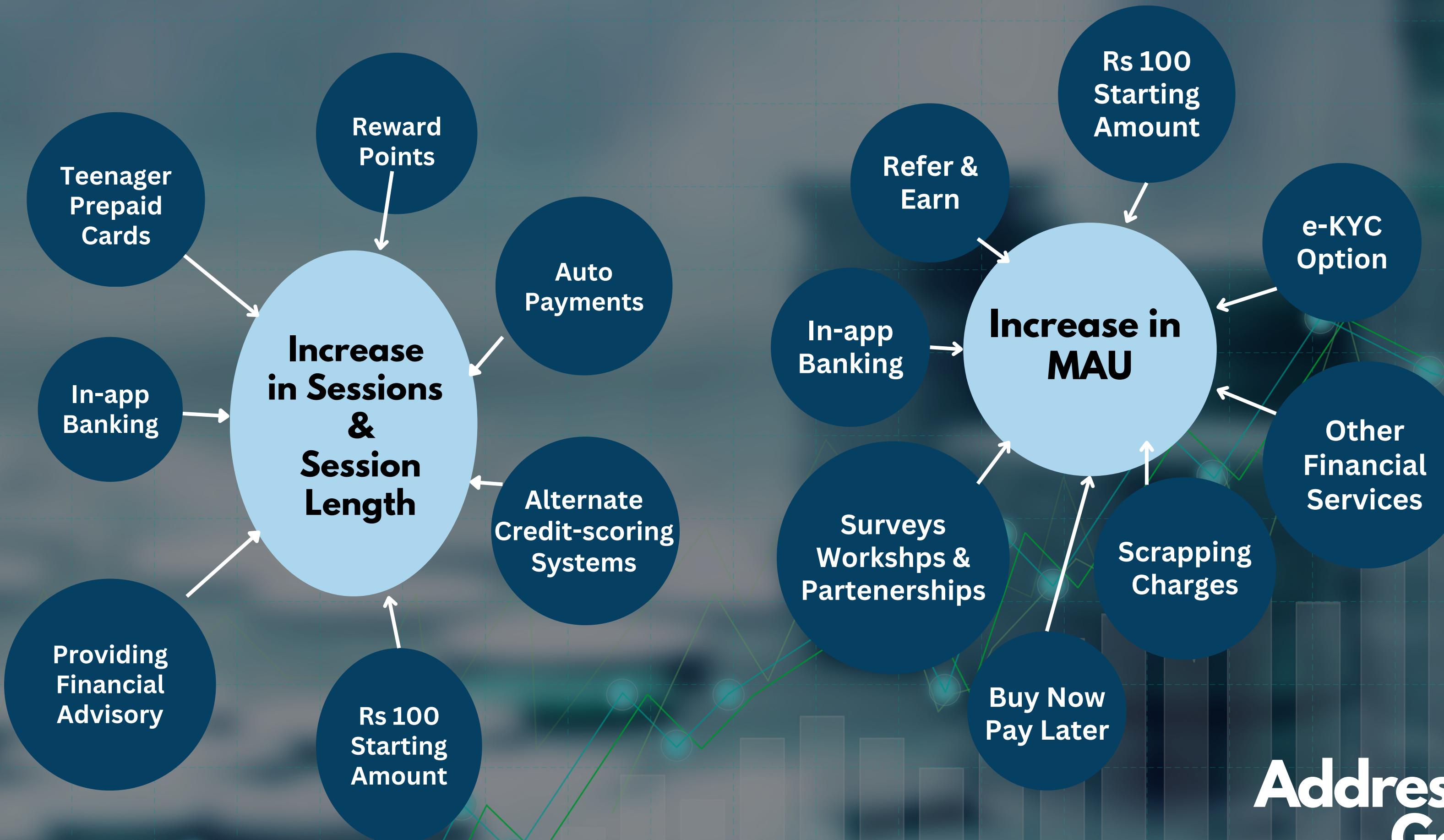
Additional Perks

- **Refer & Earn**
- **Rs 100 Starting Amount**
- **Student Discounts on Charges (one-time, brokerage etc.)**
- **Reward Points**

XFin Premium

- **General Financial Advisory**
- **Access to high-quality finance-related articles from experts.**
- **Structured finance courses (certified by XFinance)**
- **Reliable Stock Reports**
- **Remote Online Workshops**

**Product
Overview.**



Addressing Goals.

	No Acc. Opening Charges	No Acc. Maintenance Charges	NO Equity Delivery Brokerage	In-app Banking	Refer & Earn	Other Financial Services
Zerodha	✗	✗	✓	✗	Part of Brokerage	✗
Upstox	✓	✗	✗	✗	✗	✗
Angel One	✓	✗	✓	✗	Merchant Vouchers	✗
XFin	✓	✓ least	✓	✓	Ready to trade amount (Rs 100)	✓

Competitive Advantage.
(After Improvements)

1. In-app Banking

- **XFinance Payments Bank:** This would be a completely online banking system (called "payments bank" by RBI).

Unique offering among the competition

Advantages

- Transactions will become highly convenient & time-efficient as no-third party banks are involved (resulting in easy withdrawals of funds in a considerably shorter period of time).
- Reconciliation of funds won't be required thus reducing costs & manpower required.
- Integrated Services: UPI, Digital Gold, mobile recharge, bill payments etc

Capital

- [RBI] The minimum paid up voting equity capital of the Payments Bank shall be **Rs. 100 crore** and it should have a net worth of Rs 100 crore at all times.
- Additional costs would depend on deals, tieups & MoUs signed.

Time & Cost

- The bank will have to be set up within 18 months of grant of in-principle approval [RBI]. So, it'd require around 2 years.
- To set it all up, a big team of engineers, developers, lawyers & experts would be required which'd be cost intensive.

Deals & Tieups

- For issuing debit cards, tieups with VISA or RuPay or MasterCard is essential.
- Partnerships with small banks to enable FD services for customers.

Laws & RBI Guidelines

- Team of lawyers need to be hired to take into account the RBI & SEBI guidelines throughout.

Implementation.

2. App Development

Target

To fabricate the application with the suggested changes & to maintain the servers/ application at the same time.



Total Time

Keeping the overlap periods of each stage in mind, the entire team will have to work for around 9-10 weeks i.e **2 to 3 months**.

Tentative Salaries

- Front-end developer: **0.75 lac** Rs/ month * 2
- Back-end developer: **1 lac** Rs/ month * 2
- Business analysts: **1.2 lac** Rs/ month * 2
- Project Manager: **2.5 lac** Rs/ month * 1
- UI/UX Designers: **0.8 lac** Rs/ month * 2
- Beta Testers and Debuggers: **0.5 lac** Rs/ month * 2

Thus, to sustain this development an expenditure of **11 lac Rs/ month** is required. So, for a period of 2-3 months the overall cost for the development would be **22 - 33 lac Rs month**.



Implementation.



3. XFin Premium

	Advisory	Premium Courses	Elite Articles	Ticker	Cost per month
Finology	✓	✓	✓	✓	₹589
XFin Premium	✓	✓	✓	✗	₹349

Value-based Pricing
(with respect to its
closest competitor -
'Finology')

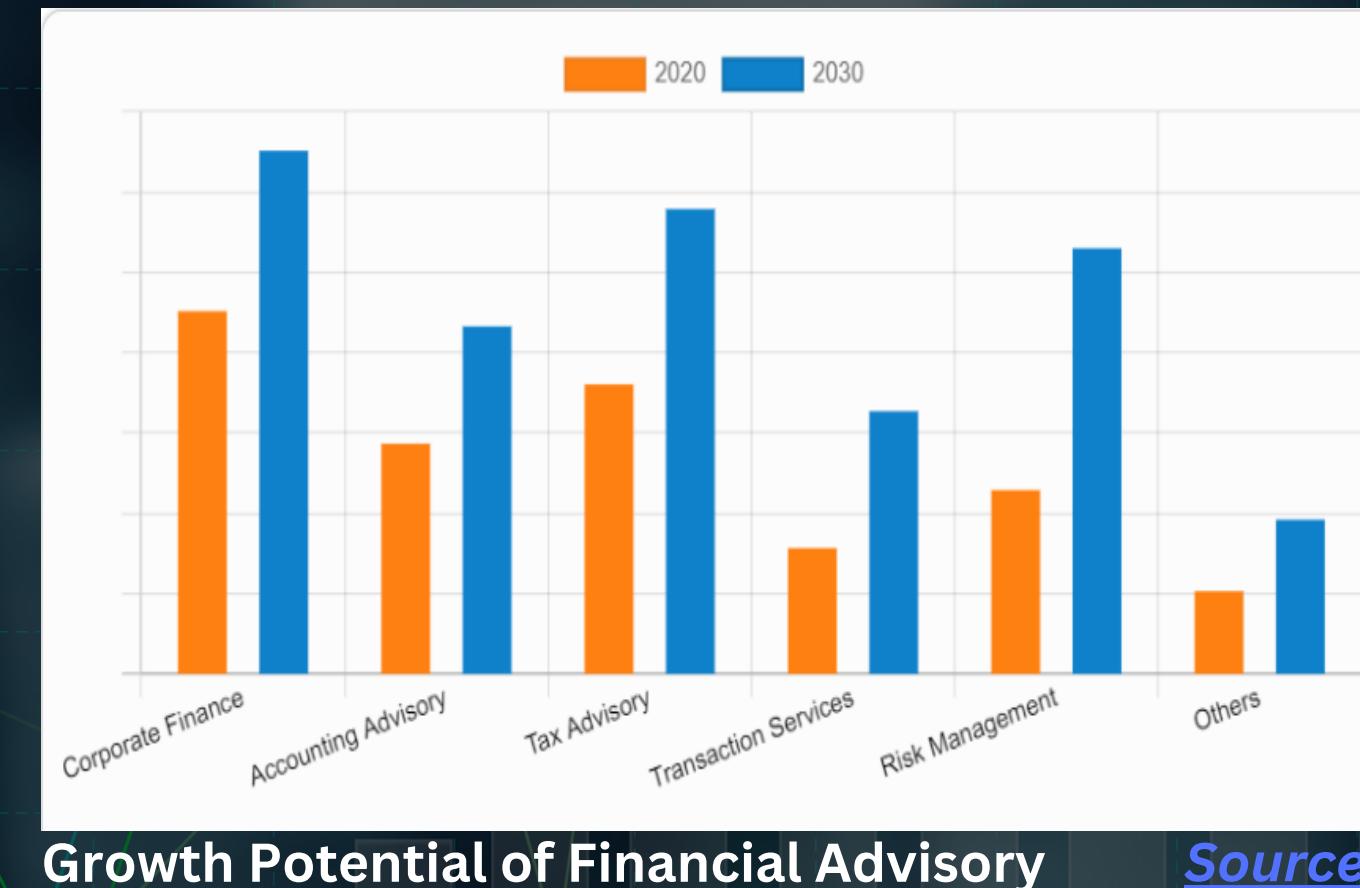
Justification: **Pricing advantage** over Finology as popular ticker platform 'tickertape' offers its services in the range of Rs 200 to Rs 249 per month which even when bundled with XFin Premium stands more economical.

Budget: We'd need to hire a team of financial advisors (**10 lacs annually for one**) in addition to app development (of premium version; already included previously).

The exact figure would depend upon the requirement which'd increase with time.

An optional offering which provides the users with some additional benefits mentioned earlier.

Prime Objective: To Offer **Financial Advisory**



[Source](#)

Implementation.

Marketing Strategy

Mobile Marketing

- In February 2022, Statista conducted a survey, in which **46%** of the respondents claimed they spend between **five to six hours a day on their phones** for personal use.
- In addition, 22% stated they spend more than 3 hours a day on their phone.
- Thus services like messaging, phone calls can be used.

Social Media Marketing

- Advantage of huge social media reach.
- Analyzing the performance of their posts and creating strategies based on that data.
- Statista reports, **88%** of industry professionals stated that an increase in exposure to their company was the leading benefit of social media marketing in 2021.
- Sponsoring young social media influencers to promote the products.

Content Marketing

- "Content" can mean blog posts, articles explaining finance related terms, resources like white papers and e-books, digital video, podcasts, and much more.
- It'd fix a place in users' minds as a go-to-company for finance-related needs.
- This can be part of a content marketing strategy, providing value to consumers and over time **convert an audience into customers.**

Email Marketing

- Creating a sense of urgency by mailing recipients to warn them that a special deal is expiring soon or is available only in limited numbers can increase the number of click throughs.
- Personalize your email by incorporating the recipient's name in the email is a proven way to increase open and click through rates

Marketing.

One-stop solution for all the services from trading,
prepaid cards & insurance to payments!

Fastest Fund Withdrawals

The app which is rewarding than ever.

No need to go to bank when bank is in your pocket.

Teens are no more bereft of bank facilities.

**Product
Messaging.**

ThankYou

Team - Mazaak ;)

Rajeev Verma
Anurag Pandey
Pranjal Saxena
Sravya Vardhani
Anchit Prasad

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