

FMAA Case Competition

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What Separates Finch From its Competition

Visual Based

- Displaying useful data through simplistic visuals
- Easy for all ages to understand

Aware

- Targeting the divide between youth and banks
- Looking for new marketing strategies and ideas

Responsive

- Visuals changes continuously depending on spending
- Management is active in improving any issues

Personal

- Views & Data are unique for each user
- More genuine experience than with the larger banks

We Believe the Target Market can be Extended

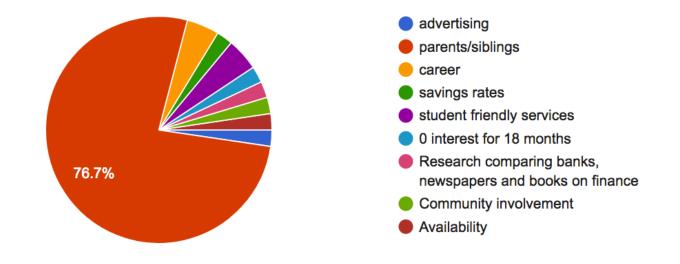
Introducing

The Family Account

We conducted a survey with over 40 students. From this survey it became clear that parents have a major influence on their child's spending. We believe this market can be targeted through Finch 2.0 with the following features:

- Ability to monitor your child's spending
- Schedule automatic weekly/monthly payments to a child (i.e. allowance)

This feature would draw in parents to the platform and as a result their children



What or who influenced your choice of bank?

Help students save money

Allow students to make smarter spending decisions

Provide parents with information on their child's spending

What is the **Purpose of Finch** 2.0

Allow student to track their finances

Widen the market

Become more than just a money transfer app

Finch 2.0: What features do students want?

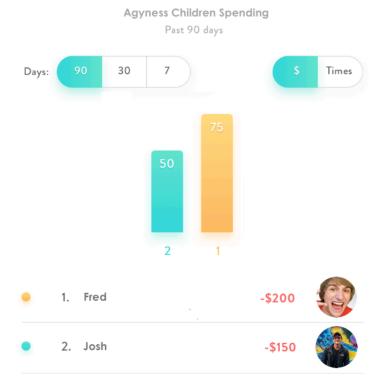
- Spending graphs
- **Income** graphs
- Spending goals
- Recurring purchase analysis
- An Allowance tracker
- Savings Accounts
 - A locked account in which a set amount is deposited each month

Survey results & quantitative analysis

Feature Type	Feature							
Percentage (%)	1	2	3	4	5	6	7	
M	8	3	10	8	5	3	3	
Р	15	10	5	10	15	21	21	
Α	31	26	18	10	23	56	21	
I	46	59	67	72	54	21	54	
R	0	3	0	0	3	0	3	
Q	0	0	0	0	0	0	0	

Showed that reoccurring purchase analysis was the only **Attractive Feature** based on the **Kano model**

Finch 2.0: Our suggestions



- Compacted the survey results into useful but simplistic charts
- Set goals/budgets
- Spending alerts
- Reoccurring purchase analysis
- Link it to another bank account, similar to Xero and other accounting software to get complete spending & income analysis



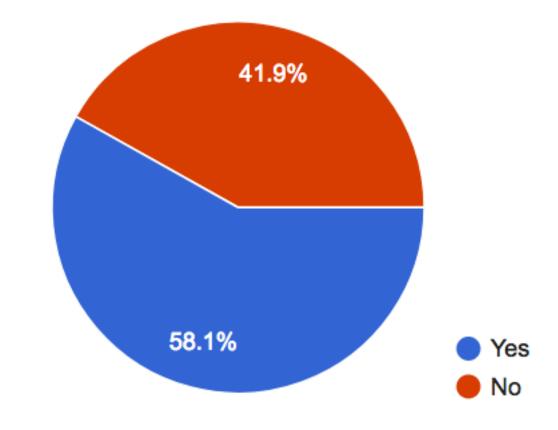
Manage Allowances

Check Child Spending

Finch 2.0: Pricing

- Charge considerably more for parents as they have much more to spend
- Use a monthly subscription to ensure continuous cash flows
- Incorporate advertising to further minimize costs for students





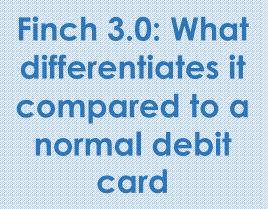
If it meant no fees for your banking account would you have adverting on your banking app?

Set Nightly Limits

On a night out, lock your account to \$50 for the next 3 hours, therefore decreasing overspending

Reduced Risk

Meant for social purposes. Less money on the card and nightly limits mean it isn't as much of a liability if lost



Enhances Features in 2.0

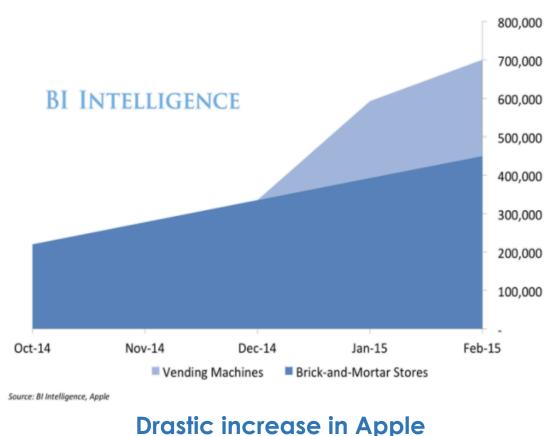
Allows finch to process all of a customers transactions and provide more useful feedback

Increased Customer Trust

Successful release of 3.0 will increase customers trust in Finch and further develop the its brand recognition

Finch 3.0: electronic vs. physical

- Finch 3.0 will be the forefront of electronic contactless payments.
- We will offer the card free for Apple Pay and Android Pay (as they do not charge users, merchants or developers).
- A fee will be charged for a pay tag that can be stuck onto the back of a phone for users without Apple or Samsung Pay.
- Thus, Finch 3.0 will have reduced costs that can save 18-25 year olds money



Drastic increase in Apple Pay-able Locations

Finch 3.0: Profitability & Distribution



Charge a 2% transaction fee

- Standard practice for banks
- Acts as a considerable source of profit, fuelling further growth



Engage MasterCard as a supplier

- Limit infrastructure costs
- Ensure security and reliability



Incorporate card on Apple/Android Pay

- Minimize distribution costs
- Offer a Pay Tag to customers who don't have the necessary technology



Timeline



February
Apply for ADI Authority
through APRA

NPV OF FINCH 2.0

\$11492.50

NPV OF FINCH 3.0

\$39769.75

Assumptions

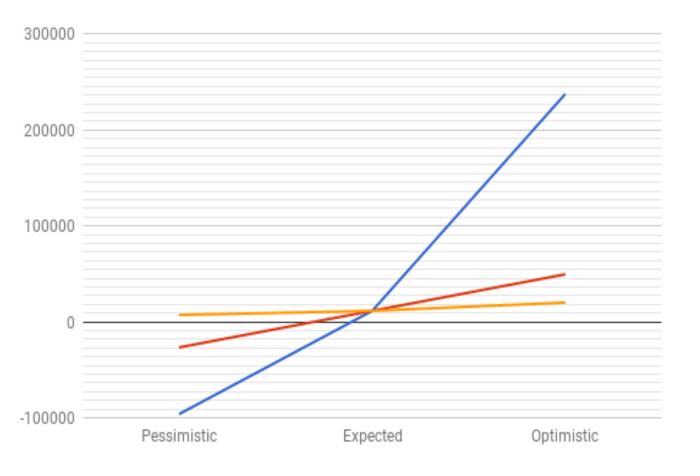
70% of Finch's current users will become users of **Finch 3.0**

Conservatively Finch has a **0.5%** share of **the remaining market**

Finch's user base will increase at a rate of **10% per annum**

10% of Finch's user base will be linked to a Family Account 98% of financial account penetration for Australians between 15-24 years old. (CGAP, 2014)

20% of the student market is not controlled by the Big 4. (PWC, 2016)



Sensitivity Analysis of Finch 2.0

Next 5 yeas are significant growth years for Finch, and this NPV can be expected to increase as the user base increases, and Finch is able to take advantage of economy of scale

Particular focus should be applied to further understanding the influence of **user volume** and **growth**, as our NPV is most sensitive here.

- User Volume / User GrowthMonthly Family Account SubscriptionPrice
- One Off Purchase Price

How can Finch be Promoted

We see Finch as having the potential to disrupt the current methods of banking between friends. For this to be accomplished its imperative that promotion is done skilfully. The best method we see is by following the footsteps of the tech giant, Spotify. The company is well known for partnering with a diverse variety of companies through ways such as a joint subscription models (e.g. The New York Times, Telstra). In this case the customer pays for a single subscription but receives the premium services from both companies. This largely benefits both business as it increases brand awareness and can attract customers that would otherwise be unable to justify a outright purchase of a Finch subscription.

We see an Aggressive Social Media Strategy as a largely beneficial decision for Finch.

Advertising not only exposes the company to a large audience for a very small price it also presents the opportunity to nurture brand loyalty by subconsciously reminding the customer about the company. Being online also allows for valuable market insights since data can easily be taken from how customers interact with the ad allowing us to adjust the campaign to fit the market accordingly.

Finch must also invest in infrastructure around Universities in Australia. This goes back to subconsciously reminding the customer about the company and getting the name out there and in conversation. By having posters, sponsorships and information seminars. This would get the target market talking about the brand which would encourage them to download the app to try it themselves.



Summary

- We believe Finch's target market can be expanded to parents
- A Kano survey of over 40 students showed there is a demand for reoccurring spending analysis
- Pricing methods include regular cash flows targeting parents
- Electronic debit card should be implemented using the infrastructure of MasterCard & Apple
 Pay to minimize costs



Appendix

Appendix: Kano Model Specifications

Emotion	So	core		
EMOTION	Functional	Dysfunctional		
hate	-2	2		
dislike	-1	1		
neutral	0	0		
like	2	-2		
love	4	-4		

Functional	Dysfunctional								
Functional	2	1	0	-2	-4				
-2	Q	R	R	R	R				
-1	M	Q	-	-	R				
0	M	I	I	I	R				
2	M	I	I	Q	R				
4	Р	А	А	А	Q				

Appendix: Raw Kano Survey Results

		Functiona	al Results A						Functiona	al Results B			
-1	0	-1	2	4	4	2	0	0	0	4	0	4	2
4	4	4	4	4	4	4	0	0	4	2	4	4	2
2	2	2	2	2	4	2	0	0	0	2	0	4	0
2	2	0	0	2	4	0	4	4	4	4	4	4	4
4	2	0	0	2	4	4	4	4	4	4	4	4	0
0	0	0	2	2	4	2	4	2	0	2	4	4	4
4	4	2	4	4	4	2	2	2	2	2	2	4	2
4	2	4	4	4	4	4	4	4	4	4	4	4	-2
2	2	2	2	2	2	2	4	2	0	2	0	4	4
2	4	2	0	2	4	4	4	4	0	2	2	2	0
2	2	2	2	2	4	2	4	4	0	2	4	4	4
0	-2	-1	0	-2	4	-1	2	2	2	2	0	2	2
2	4	2	4	4	2	4	4	0	2	2	4	4	2
2	2	2	0	2	2	2	4	4	2	4	4	4	4
4	4	0	2	4	4	4	2	0	2	0	2	4	4
0	0	0	0	4	4	4	4	4	4	2	2	2	2
4	4	4	0	0	4	0	2	2	2	2	2	4	4
0	0	2	2	0	0	4	0	0	-1	0	2	4	0
2	2	0	0	-1	2	0	4	4	2	2	2	4	2
4	2	4	2	4	4	4	0	0	0	2	2	4	2
2	2	2	2	2	4	2							

Appendix: Raw Kano Survey Results

		Dysfunctio	nal Results	Α					Dysfunctio	nal Results	В		
0	0	0	0	0	0	0	0	1	2	2	2	2	2
0	0	0	0	0	0	0	0	0	1	1	1	1	1
1	1	0	1	0	0	-2	2	2	2	2	2	2	2
0	0	0	0	0	0	0	2	2	2	2	2	2	-4
0	0	0	0	0	0	0	1	0	1	1	0	1	2
2	1	0	0	1	0	1	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1	1	1	1	1	2	0
1	1	1	1	1	1	0	0	0	0	0	0	0	0
1	0	1	2	2	2	2	1	0	1	2	2	0	0
1	1	1	1	1	1	1	2	2	2	2	2	2	2
2	2	0	1	2	2	2	1	0	1	0	1	2	2
1	1	1	1	1	1	1	1	0	0	0	0	0	1
2	1	2	0	0	1	0	1	1	1	1	1	1	1
0	0	0	1	1	0	2	0	0	0	0	0	0	0
0	0	1	0	0	0	0	2	1	0	0	1	0	0
2	1	0	0	0	0	0	0	0	0	0	0	1	1
0	0	0	0	0	0	0	0	1	2	2	2	2	2
0	0	0	0	0	0	0	0	0	1	1	1	1	1
1	0	1	0	1	0	1	2	2	2	2	2	2	2
1	1	0	0	0	0	0	2	2	2	2	2	2	-4
1	1	1	1	1	1	1							

Appendix: Discrete Kano Results

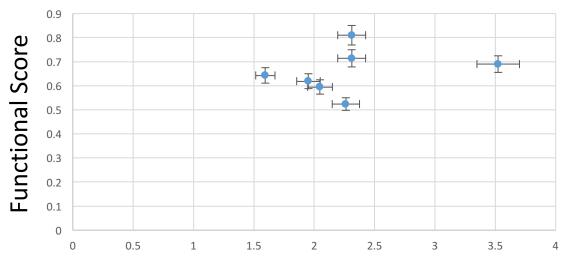
F1	F2	F3	F4	F5	F6	F7
ı	I	I	Α	ı	Α	I
1	1	1	1	Α	Α	1
Α	Α	Α	Α	Α	Α	Α
1	1		1	- 1	Α	1
1	1	1	1	- 1	Α	1
Р	1	1	1	- 1	Α	Α
I	1	1	1	- 1	Α	1
Α	Α	1	Α	Α	Α	1
Α	1	Α	Р	Р	Р	Р
I	1	1	1	- 1		1
M	Р		1	M	Р	Р
1	1	1	1	- 1	Α	I
M	R	M	1	R	Α	1
1	Α	1	Α	Α	1	Р
1	1	1	1	- 1	1	I
Р	Α	1	1	Α	Α	Α
1	1	l	1	Α	Α	Α
Α	Α	Α	I	I	Α	1
I	I	I	I	I	I	Α
				1		1

F1	F2	F3	F4	F5	F6	F7
Α	I	Α	I	А	Α	Α
- 1	- 1	1	- 1	- 1	Α	1
- 1	- 1	Α	- 1	Α	Α	1
- 1	1	- 1	- 1	- 1	Α	1
Р	Р	Р	Р	Р	Р	Р
Α	Α	Α	Α	Α	Α	1
Α	1	М	М	Р	Р	Р
- 1	1	- 1	- 1	- 1	Α	1
М	М	М	М	М	М	M
Р	Р	Р	Р	Р	Р	R
Α	- 1	- 1	- 1	- 1	Α	Р
Α	Α	1	- 1	- 1	1	1
Α	Α	ı	ı	Α	Р	Α
ı	I	1	ı	I	I	1
Α	I	1	М	Р	Α	1
Р	Р	М	Р	Р	Р	Р
1	1	I	1	1	Р	Р
Α	Α	Α	1	1	I	1
I	I	I	I	I	Α	Α

Appendix: Average Kano Continuous Results

		Function						
		1	2	3	4	5	6	7
Cooro	Functional	2.31	2.048	1.595	1.952	2.31	3.524	2.262
Score	Dysfunctional	0.81	0.595	0.643	0.619	0.714	0.69	0.524
Feature type		I	1	1	1	1	Α	l

Feature Categories



Dysfunctional Score

Appendix: Average Kano Discrete Results

Foature Type Percentage (%)	Function								
Feature Type Percentage (%)	1	2	3	4	5	6	7		
M	8	3	10	8	5	3	3		
Р	15	10	5	10	15	21	21		
Α	31	26	18	10	23	56	21		
1	46	59	67	72	54	21	54		
R	0	3	0	0	3	0	3		
Q	0	0	0	0	0	0	0		

Function	Feature Type
1	I
2	I
3	I
4	1
5	I
6	Α
7	I

Appendix: Market Sizing

- a) ABS, 2015 : <a href="http://www.abs.gov.au/ausstats/abs@.nsf/Previousproducts/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&products/3101.0Feature%20Article1Jun%202016?opendocument&tabname=Summary&pro
- b) CGAP, 2014: https://www.cgap.org/sites/default/files/Focus-Note-Business-Case-for-Youth-Savings-A-Framework-Jul-2014.pdf
- c) PWC, 2016: http://www.pwc.com.au/publications/major-banks-analysis-may2016.html

•	13.5% of 24 million Australians are 14-25 yrs old	= 3.24	million	- (a)
•	98% of 3.24 million financial account penetration in Australian youth	= 3.1752	million	- (b)
•	Big 4 have 80% market share of 3.1752 million, leaving 20% of the market	= 635,040	thousand	- (c)
	Assuming market share of Finch is 0.5%, we get Finch's initial market share	= 3175.20	thousand	

Conversion rate of Finch 2.0 to Finch 3.0 is conservatively 70%, giving an initial market share of = 2222.63 thousand

Appendix: NPV Assumptions

	Pessimistic	Expected	Optimistic
fixed cost		30,000	
variable costs		0.5	
sales volume	1905.12	3175.2	4445.28
sales growth	1.05	1.1	1.15
price/mth	9.99	11.99	13.99
family accounts	95.256	317.52	577.8864
family account per user	0.05	0.1	0.13
one off fee	1.99	2.99	4.99

Appendix: NPV User predictions

Sales Volume(S.V)	PES. S.V	EXP. S.V	OPT S.V
0	1300	3175.2	4445.28
1	1365	3492.72	5112.072
2	1433.25	3841.992	5878.8828
3	1504.9125	4226.1912	6760.71522
4	1580.158125	4648.81032	7774.82250

Family Accounts (F.A)	PES F.A	EXP. F.A	OPT F.A
0	95.256	317.52	577.8864
1	100.0188	349.272	664.56936
2	105.01974	384.1992	764.254764
3	110.270727	422.61912	878.892978
4	115.784263	464.881032	1010.72692

Appendix: NPV Sensitivity to User Volume/Growth

	PES in	PES out	PV Cashflow	EXP in	EXP out	PV Cashflow	OPT in	OPT out	PV Cashflow		
0	17592	38,372	-20779	55178	50,956	4222	96437	60,139	36298		User Volume / User Growth
1	14585	38,790	-22004	51202	53,052	-1681	97611	64,660	29956	Pessimistic	-96196.26
2	15314	39,230	-19764	56322	55,357	798	132129	69,859	51463	Expected	+11492.48
3	16080	39,691	-17739	61955	57,893	3052	151948	75,838	57183	Optimistic	+237758.31
4	16884	40,176	-15908	68150	60,682	5101	174741	82,713	62856		
			-96196			+11492			+237758		

Appendix: NPV Sensitivity to Monthly Family Account Subscription Price

	PES in	PES out	PV Cashflow	EXP in	EXP out	PV Cashflow	OPT in	OPT out	PV Cashflow		
0	47558	50,956	-3398	55178	50,956	4222	62799	50,956	11842		Monthly Family Account Subscription
1	42820	53,052	-9301	51202	53,052	-1681	59585	53,052	5939	Pessimistic	-26609
2	47102	55,357	-6822	56322	55,357	798	65543	55,357	8418	Expected	+11492
3	51812	57,893	-4568	61955	57,893	3052	72098	57,893	10672	Optimistic	+49594
4	56993	60,682	-2519	68150	60,682	5101	79307	60,682	12721		
			-26609			+11492			+49594		

Appendix: NPV Sensitivity to One Off Purchase Fee

	PES in	PES out	PV Cashflow	EXP in	EXP out	PV Cashflow	OPT in	OPT out	PV Cashflow		
0	52003	50,956	1047	55178	50,956	4222	61529	50,956	10572		One Off Purchase
1	50885	53,052	-1969	51202	53,052	-1681	51837	53,052	-1103	Pessimistic	+7162
2	55973	55,357	509	56322	55,357	798	57021	55,357	1375	Expected	+11492
3	61570	57,893	2763	61955	57,893	3052	62723	57,893	3629	Optimistic	+20152
4	67728	60,682	4812	68150	60,682	5101	68995	60,682	5678		
			+7162			+11492			+20152		

Appendix: NPV Finch 3.0

	In	out	PV Cashflow
0		120000	-120000
1		100000	-90909.09
2	207083.36	114791.66	76274.13
3	227791.70	116270.83	83787.27
4	250570.87	117897.91	90617.41
		Total	+39, 769.73