

Umba will be the neobank of choice for young professionals living in emerging markets by providing the most comprehensive offering of financial services through convenient & accessible channels

Umba's current product set includes a peer-2-peer money transfer service, digital lending, and bill payments service.

The Challenge:

Identify two growth strategies to be implemented to grow Umba's activation 20% month-over-month (400 words max).

Umba targets African users from all walks of life: from young urban professionals living in big cities like Lagos or Nairobi, small business owners looking for easy access to capital, or previously unbanked individuals wanting to build their life savings. In order to grow Umba's activation from month-to-month, the app should provide banking services tailored to the user's demographic characteristics. Understanding the types of users as well as their financial behaviors allows for Umba to customized products and services that in the long run would help spur growth. For example, a small business owner would be more likely to apply for a loan via Umba to cover operational costs or purchase inventory. Umba could implement customized features for small business owners that can help keep track of cash-flows or customized loan repayment schedules or interest rates based on business revenue data. For young professionals living in big cities, data might suggest that these types of users are more likely to use Umba to grow their savings accounts. In this case, customized features such as money withdrawal limits/notifications and other budgeting tools would help users accomplish this goal. In sum, by tailoring Umba to match what users are looking for in a financial product, trust and retention levels could grow over time. This strategy involves finding out what users' types are, what sectors of the economy they work in, their levels of income, age, and a slew of other demographic characteristics. Are these users looking for convenience or security? Are they looking to primarily build savings or obtain easy access to credit?

Apart from understanding user intentions and user types, another important growth strategy would be to implement incentive schemes to reward retention. This is really important since user retention is typically much less costly than customer acquisition. Research done by Reichheld of Bain & Company finds that increasing customer retention rates by 5% can increase profitability by 25%-95%. There are many ways that Umba can maintain user retention but one important strategy to consider is implementing features in the app that rewards users for retention in the form of cash-back awards. The app could implement cash back rewards such as a 5% off discounts for purchases or a 5% cash-back rewards for money transfers made through the app. Another incentive scheme could involve granting users lower interest rates or granting more flexible repayment schedules for future loans after paying back their first loan via Umba.