



Project Ecobank

Propelling a generation of environmentally conscious consumers



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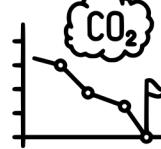


Naomi Kayama



Executive Summary



Issues	Lack of an environmentally conscious image	The market prioritizing ESG initiatives and focus	Limited in-app features and engagement	
Question	How can technology enable NAB to support individual customers in addressing one of the challenge themes?			
Strategy	<p>Project Ecobank </p> <p>A personalized carbon tracking feature supported by a rewards system that aims to educate and support customers in reducing their carbon emissions</p>			
Impact		Increasing customer base and revenue by 302.5M shifting to meet the sustainably focused market		Help NAB reach emission reduction target by 2050 through reducing customers individual emissions

The industry in Australia is highly saturated, so banks need to innovate to keep up



NAB currently offers a variety of green products, but does not seem to have been able to showcase this to their customers.



Industry outlooks and trends



Integrating carbon footprint tracking in-app

Focus on guiding and supporting customers in their financials

Alternate Payment Systems



Amex recently launched a pilot digital suite, extending on the average credit card where you earn points for spending through features such as:

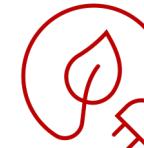
- Estimated Carbon Emissions Tracker
- Automatic contributions for Carbon Removal Projects
- Carbon Reduction Insights



Market Demand Examples

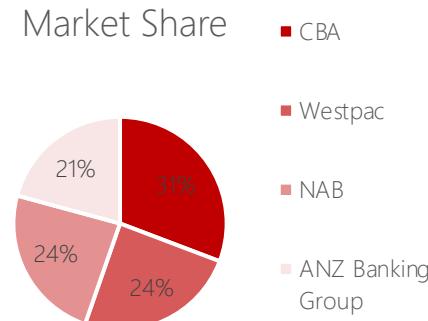


EV and Hybrid vehicle financing offered by leading banks. Demand projected to grow 6X from 2021 to 2030 (McKinsey).



Renewable energy financing with many consumers looking to solar energy as electricity prices soar.

However, NAB has not actively met this demand



Sustainability has become a key consumer focus, revealing opportunities for NAB



This will examine industry dynamics and consumer priorities



Gen-Z Hesitations

- 1 Price and convenience override decisions for a sustainable lifestyle
- 2 Lack of customer incentive and awareness to make sustainable choices in banking in comparison e.g. retail
- 3 Lack of encouragement to pay a premium

- 1 Creating sustainable solutions
- 2 Customer engagement on sustainability
- 3 Generate substantial revenue streams



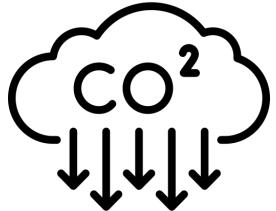
Strategy and opportunities for NAB?

- What do they need to offer to achieve these goals?
- How do they **effectively target** the Gen-Z & millennial market?
- How can they **leverage their existing resources** to appeal to sustainability trends?

Project Ecobank, a carbon credit reward system, provides customers access to personalized emission tracking



CARBON TRACKER



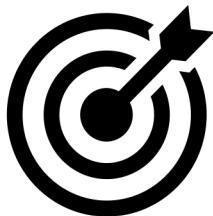
Carbon Tracker

Carbon emissions tracker

Informs customers how much carbons being emitted based on their transactions.

Powered by:

cogo

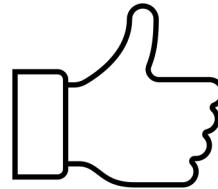


Emission Goal

A personalized emission goal feature

Enables customers to:
Set how much carbon they would like to reduce within a time period.

- Track their emissions meaningfully

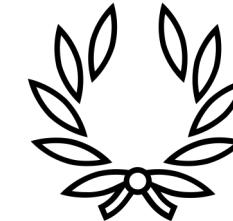


Recommendation

A personalized recommendation page

Informs customers on:
How they can reduce their emissions

- Swap out purchases for alternatives
- Achieve their emission goal.



Rewards

A tiered reward system

Provides customers with:
Vouchers to purchase sustainable goods or services

- Guaranteed rewards within each tier



Gamification

Features to incentivize customer interaction

Including

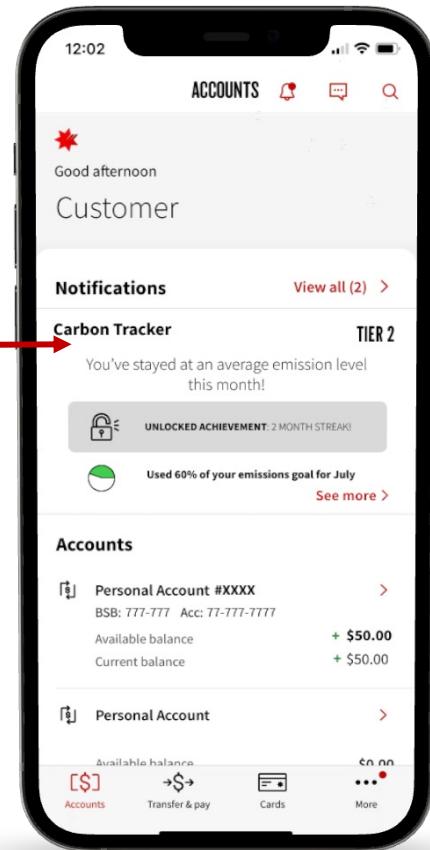
- Visual showcase of how their emissions impact the world
- Linked to rewards system to have a very engaging experience

The feature will be seamlessly integrated into the existing NAB Digital Banking App



Carbon Tracker Feature

You will be able to see your monthly emission summary in your NAB's Digital Banking App Main Page.



1

The Carbon Tracker Feature will lead you to the following emission detail:

Emission History

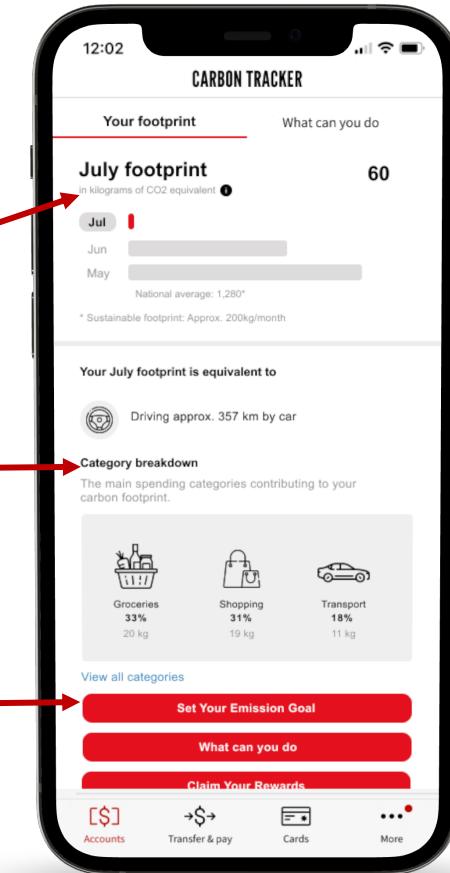
Total Carbon Footprint that you generate in a particular month.

Category Breakdown

Top three spending categories that contributes to your carbon footprint.

Access Page

Access button to access the remaining personalized carbon tracking feature.



2



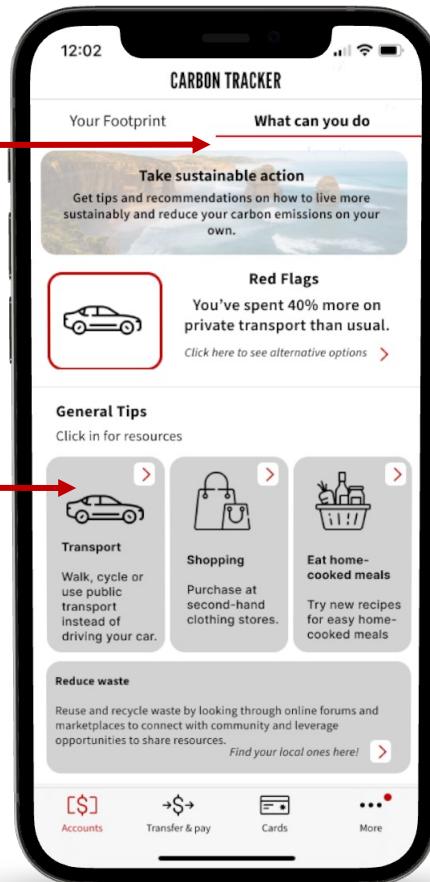
This will include personalized alternatives to purchases, and a reward systems to support customer's switching to more sustainable items

Personalized Recommendation Page

A recommendation page based on the your spending habits and your emission goals.

Tips Articles

Articles that will inform you tips on how to reduce your emissions.

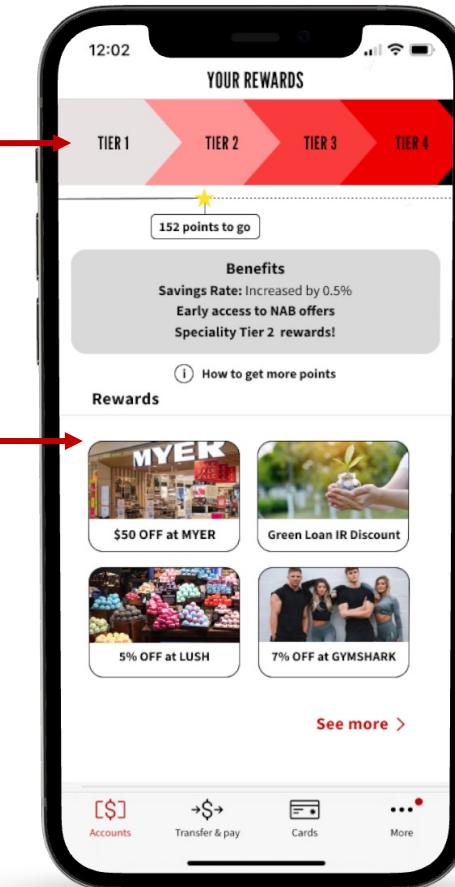


Tier Level

Informs you the tier level you currently at and the benefits that you can claim.

Tier Rewards

The rewards that you can claim at your current tier level.



3

4

Gamification of reaching milestones will further increase interaction with Project Ecobank and the app as a whole

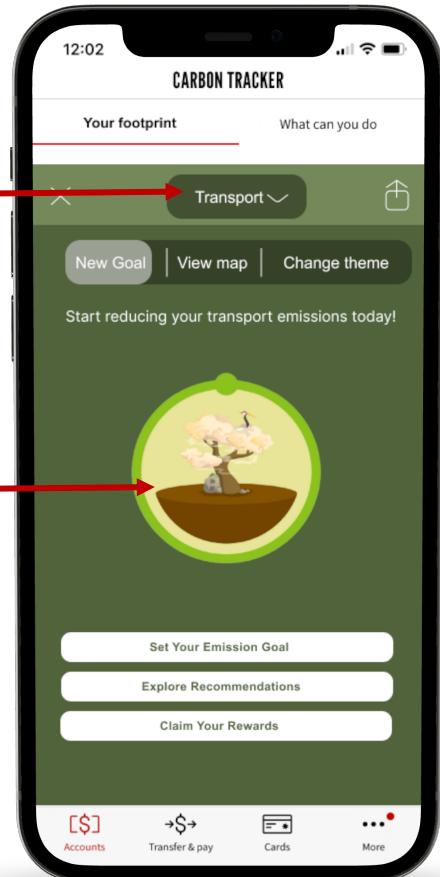


Emission Category

You can set specific emissions goals for each spending categories that you have.

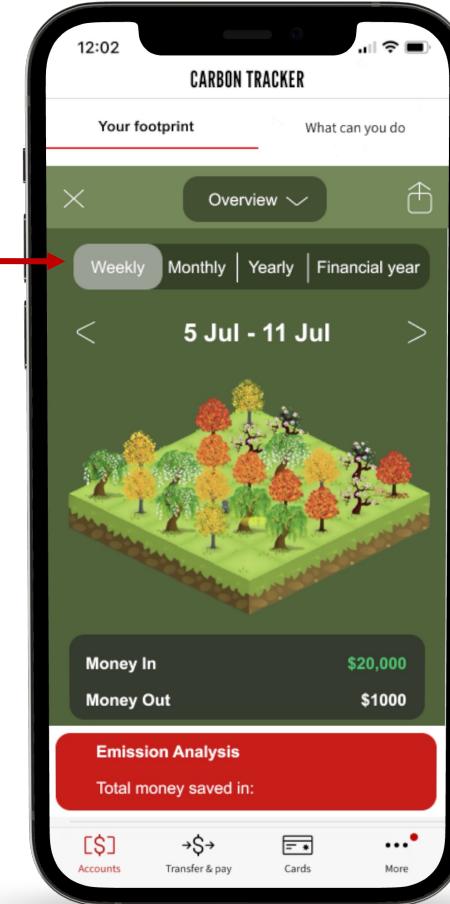
Emission Goal

Set your emission goal and pick which trees you want to grow.



Progress Timeline

You can view your emission goal progress over weekly, monthly or yearly timeframe.



5

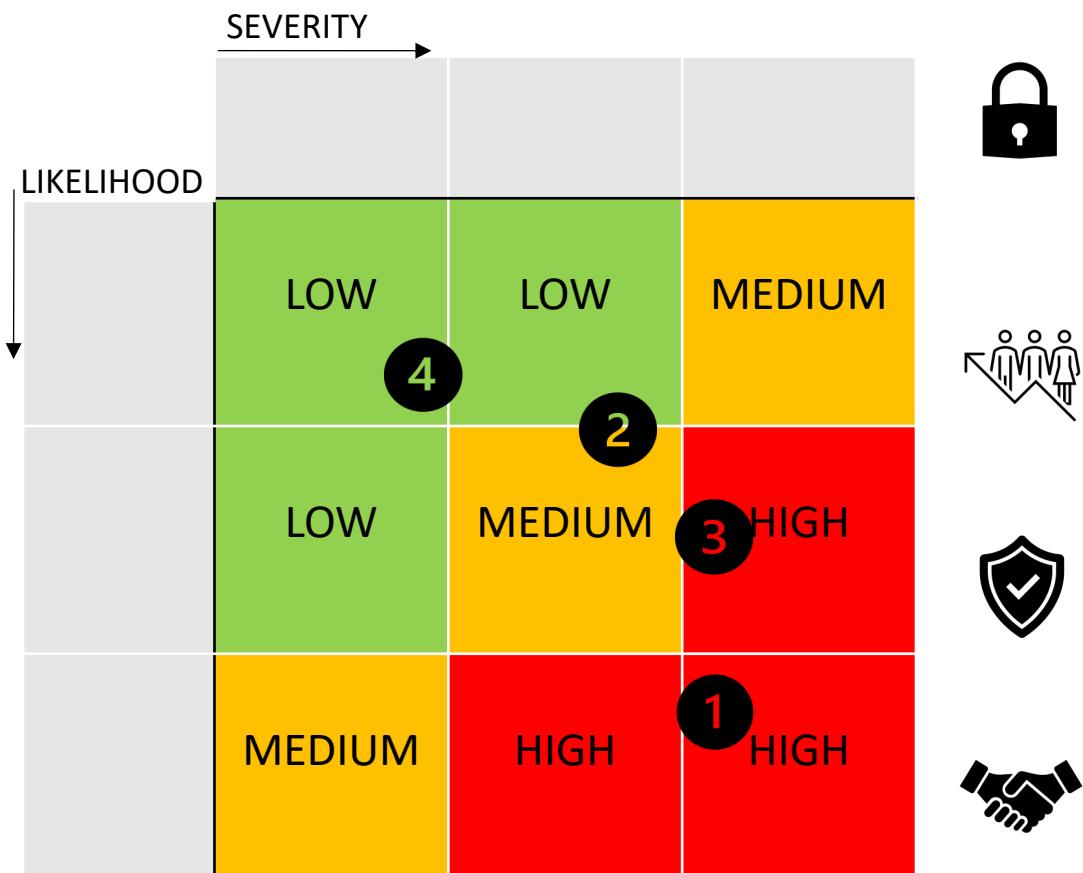
6

This will be done with an agile approach, allowing for NAB to excel faster



	Initial research and planning	Creation of MVP	Testing and Iteration	Before and During Launch	Post Launch Monitoring	OVERALL
TIME	1 month	3-4 months	1 month	6 months <i>(overlaps with development)</i>	2 months (<i>focused</i>)	~8 months till launch
TASKS	<ul style="list-style-type: none"> Internal project planning User surveys → understanding features and partnerships the customers wants 	<ul style="list-style-type: none"> Creation of a new emission tracker team with existing employees Consistent collaboration with existing product teams to integrate and build 	<ul style="list-style-type: none"> Testing within closed environments Ensuring no bugs and effective, usable UX/UI 	<ul style="list-style-type: none"> Marketing Strategy Pushing feature to current users but also bringing in new customers Post Launch Testing and Monitoring 	<ul style="list-style-type: none"> Checking everything's working properly Potentially adding and changing features depending on consumer feedback 	
BUDGET	12K	180K	37K	600K	100K	~1-1.5M

There are some risks that NAB could face in the implementation of Project Ecobank



Risk	Mitigation
1 Data privacy and security	<ul style="list-style-type: none"> Implement robust privacy and security measures to protect customers' financial information. Clear communication on data usage and obtain consent to access financial data.
2 Low customer engagement	<ul style="list-style-type: none"> Launch targeted campaigns showcasing emissions reduction benefits and rewards system. Conduct user research and usability testing to improve based on customer preferences.
3 Fraudulent use of emissions tracker for incentives	<ul style="list-style-type: none"> Validating transactions, verifying data sources and auditing customer's accounts. Monitor and analyse customer behaviour to identify any unusual trends.
4 Difficulty finding business partners	<ul style="list-style-type: none"> Invest in marketing and advertising to attract businesses promoting sustainability and reducing emissions.

This personalised carbon tracker supports customers to better understand their emissions, but will also benefit NAB in terms of growth



1

84% increase in understanding for each customer's emissions

2

Encourages consumers to decrease their individual emissions but also to shop sustainably

3

Converting 65% of customers state to be actively motivated to track their emissions reduction.

4

Encourages customers to use NAB's existing products and purchase from NAB's business partners.

5

Keeps existing customers happy, and drives customer acquisition

This will create a deeper awareness towards sustainability and emissions reduction, subsequently aiding NAB's Net Zero Goal for 2050.

Increase NAB's customer base, and subsequently revenue by ~302.5M



APPENDIX



Balance sheet growth

1

User Base: Existing users + Customer acquisition
Assume 1M active users

2

App monetization: NAB generates revenue through advertising, partnerships and in-app purchases.

3

Total monthly revenue: Rev per user x number of active users
= 25M



Forecasted Profit

Partnership revenue:

$\$50 \times 2\% \text{ (commission)} = \$1 \text{ per transaction}$
 $1 \times 1M = 1M$

Purchasing bank products revenue:

1. User conversion rate of 10%
2. Average green loan size: \$30 000 (based on Tesla Model Y – most popular of EV)
3. Yearly Revenue: $10\% \times 30\ 000 \times 1M = 300M$
4. Per month = 25M

Note: To have a more accurate rev estimate, must also consider interest rate, loan repayments.

Also in-app carbon tracker encourage engagement with NAB, leading to revenue from their other products.

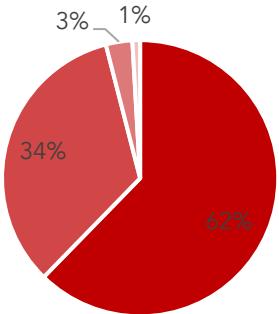
Total Revenue: $2.5M + 300M = 302.5M \text{ p.a.}$
 $302.5 / 12 = 25M \text{ per month}$



Industry Dynamics

Products & Services

Segmentation



- Home loans
- Business loans
- Personal lending sources
- Other revenue sources

Industry Trends

- 1 Industry revenue is projected to grow due to rising interest rates over the next five years
- 2 Increased regulation has boosted capital requirements and risk and compliance costs
- 3 Competition has increased with the entry of neobanks and emergence of fintech lenders
- 4 The RBA is raising the cash rate to fight inflation

Environmental Products and Services



Corporate: Green Bonds



Small and medium businesses:
Business finance for green equipment

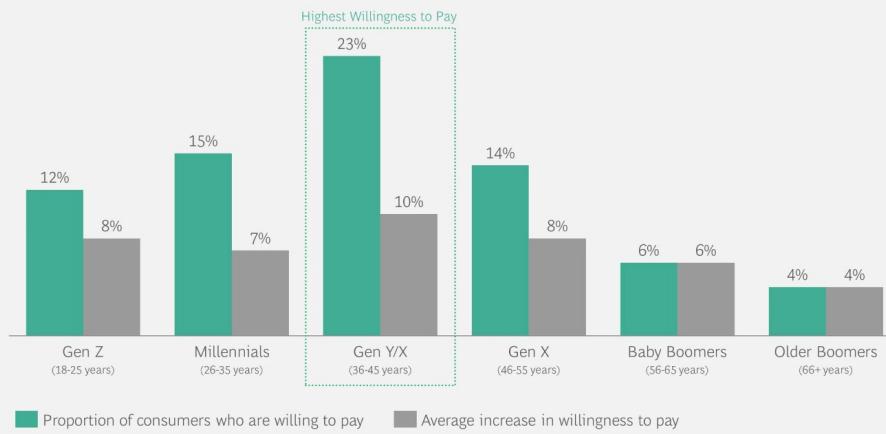


Individual: interest rate discount on eligible loans, LMI, and personal loans for green equipment

Target market

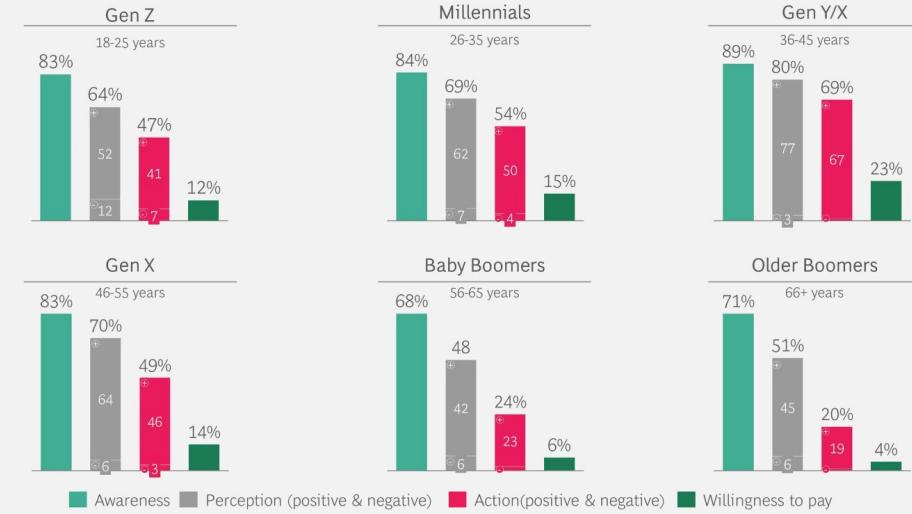


EXHIBIT 7: WILLINGNESS TO PAY BY AGE GROUP



Note: All numbers calculated at brand level, then weighted by brand purchasers for industry-level numbers. Cross-industry numbers are simple average of industry-level numbers.
Source: BCG sustainability consumer survey, August 2021.

EXHIBIT 3: PERCENTAGE OF CONSUMERS AT EACH STAGE OF THE SUSTAINABILITY JOURNEY, BY AGE GROUP



<https://www.bcg.com/publications/2021/the-consumer-sustainability-journey>

Competitor analysis ESG



ESG OVERVIEW **PEER ANALYSIS** **SUPPLY CHAIN**

ESG Peer Comparison - Na... Add Company

TRUVALUE LABS A FACTSET Company

Company Name	Ticker	ESG Rank
National Australia Bank Lim...	NAB-AU	Below Average
Commonwealth Bank of Aus...	CMWAY-US	Below Average
Westpac Banking Corporation	WBC-AU	Below Average
ANZ Group Holdings Limited	ANZGY-US	-
Bendigo & Adelaide Bank Ltd.	BEN-AU	Average
Bank of Queensland Limited	BKQNY-US	Below Average

MORNINGSTAR | SUSTAINALYTICS i

Company Name	Ticker	ESG Risk Rating
National Australia Bank Lim...	NAB-AU	-
Commonwealth Bank of Aus...	CMWAY-US	Medium
Westpac Banking Corporation	WBC-AU	Medium
ANZ Group Holdings Limited	ANZGY-US	-
Bendigo & Adelaide Bank Ltd.	BEN-AU	-
Bank of Queensland Limited	BKQNY-US	Medium

National Australia Bank Limited A\$25.64 Next Report Date: 09 Nov '23 [View CSR Document](#)

ESG OVERVIEW **PEER ANALYSIS** **SUPPLY CHAIN**

Truvalue A FACTSET Company

Sustainalytics

TRUVALUE LABS A FACTSET Company

ESG Rank Long-term performance

Below Average | **17th** Industry percentile

Adjusted Insight Long-term company ESG Score **51 / 100**

Pulse Score Short-term company ESG Score **44 / 100**

SASB Dimension Scores i

Dimensions	Insight	Spotlight Events
Business Model and Innovation	66	10
Environment	62	1
Leadership and Governance	28	7

Budget



BUDGET	Initial research and planning	Creation of MVP	Testing and Iteration	Launch	Post Launch Monitoring
70000X1/12X4X1 /2	90000X1/3X6	Small team of 5 testing everything out in numerous test cases (90K)	Marketing team cost + Social media average of 15-20K per month (70K)	Testing and development team hands on (90K)	

Tier Criteria & Benefits



TIER LEVEL	CRITERIA	BENEFITS
TIER 1	Attained a total of 0 points	<ul style="list-style-type: none">• Redeem shopping and entertainment vouchers up to \$50• 1X points
TIER 2	Attained a total of 500 points	<ul style="list-style-type: none">• Redeem up to \$100 gift cards• Redeem shopping and entertainment vouchers• 1.5X points
TIER 3	Attained a total of 20,000 points	<ul style="list-style-type: none">• Redeem up to \$250 gift cards• Redeem travelling, shopping and entertainment vouchers• 2X points
TIER 4	Attained a total of 20,000 points	<ul style="list-style-type: none">• Redeem up to \$500 gift cards• Redeem vouchers for travelling, shopping and entertainments• Receive lower interest rate for NAB's Green loans• 2.5X points

Point system:

EMISSIONS BASED:

- A sustainable footprint is Approx. 200kg/ Month
- Average emissions per capita in Australia: 1.27 tonnes/ month
- Monthly Emissions Goal - if you meet the goal, you get 50 points
- Award system of badges e.g.
 - 30 day Sustainable commuting badge
 - 30 day Energy saving badge
- Customers need to reduce their emissions every single month.

SPEND BASED (BONUS):

- Earn 2 points per \$1 spent on certified green products.
- Earn 4 points per \$1 spent on certified Australian green products.
- Customers can use their points to redeem vouchers or discounts for particular brands.

Case Studies



Commonwealth Bank (CBA)

Implementation	CBA developed a partnership which allows the bank's retail customers to view their monthly carbon footprint with a comparison to the national average.
Pros	Customers will be able to see a breakdown of their carbon emissions data grouped into everyday spending categories like Utilities, Transportation, Shopping, and other transaction segments. There is also the option to select actions to help manage their environmental footprint.
Cons	There is no personalisation within this app feature or are there specific recommendations or incentives that motivate customers to continue tracking and reducing their carbon emissions. Also, CBA have included a new feature on its internet banking that informs customers how many trees they've destroyed with their carbon footprint based on monthly spending. This could repel and even demotivate customers with this information.

Case Studies



American Express

Implementation	American Express introduced new initiatives to support low-carbon communities, including the expansion of its Carbon Footprint Tool for select Corporate clients and a digital pilot to help U.S. Consumer and Small Business Card Members understand their estimated carbon footprint. According to the latest Amex Trendex ² , a trend report from American Express, 76% of consumers surveyed feel a greater urgency to address climate change than they did a year ago. Yet, 84% of consumers surveyed agree they would like to better understand their carbon footprint, and 65% agree they are unsure of what actions they can personally take to reduce it.
Pros	Corporate clients are able to track estimated carbon emissions associated with spend across air travel, ground transportation, travel stays, food and beverage and retail. Customers gain actionable insights and recommendations and are able to contribute toward carbon removal projects.
Cons	Only American Express Card Members who have a U.S. Consumer or Small Business Basic Card have access to the carbon emissions tracker. This means holders of Additional Cards, Corporate Cards and American Express® Cards issued outside the United States are not eligible at this time.