



NOTTINGHAM
BUSINESS SCHOOL

NOTTINGHAM TRENT UNIVERSITY

B2C Challenge

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FINANCIAL
TIMES

European Business Schools
Ranking 2018



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Key Findings

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- Technological advantages
- Competitors
- Barriers



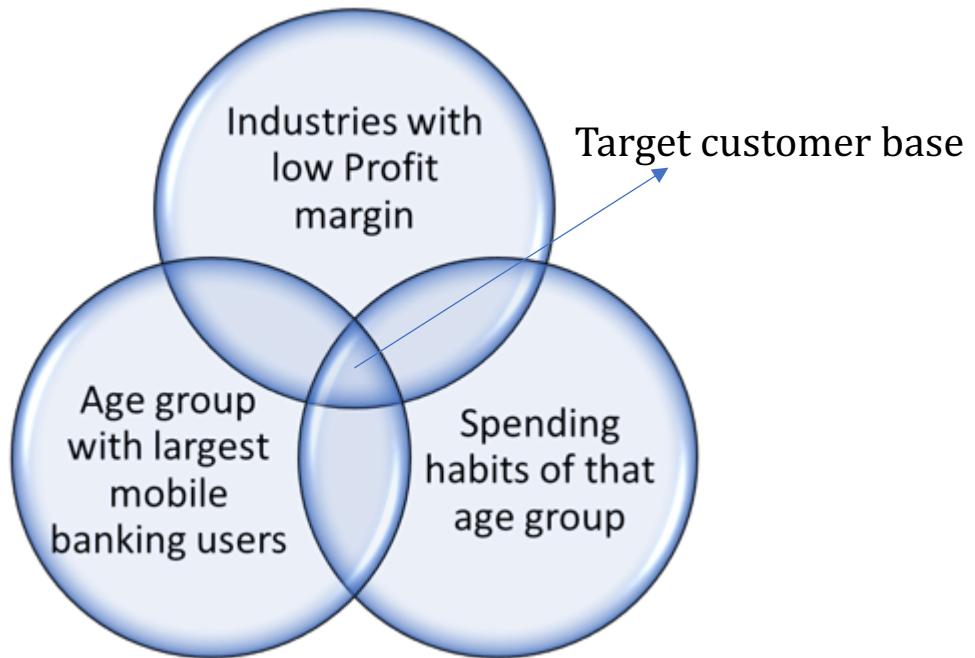
Recommendations

- Target market strategy
- Penetration strategy
- Marketing strategy
- Future offerings



Conclusion

Methodology



Identified the age group of consumers who uses mobile banking for payments ¹

Identified scenarios where mobile payments are used most ² and matched it with the spending habits of that age group ³

Identified industries which can find most benefit from cheaper transaction fees ⁴

A combination of qualitative & quantitative methods were used to come to conclusions.

Only secondary research was used to achieve the objectives.

¹ UK Finance. (2021). *Contactless now accounts for more than a quarter of all UK payments*.

² Statista. (2022). *Mobile payments by situation in the UK 2022*.

³ Williams, T. (2019). *Detailed household expenditure by age of household reference person: Table A11 - Office for National Statistics*.

⁴ Campbell, P. (2018). *Profitability Margins By Industry*.

Findings



Remote Banking

Remote banking usage very high in UK population; 93% in 25–34-year-olds (highest) and 84% in >65¹



Mobile payments

54% of adult population use mobile payments¹



Spending Habit

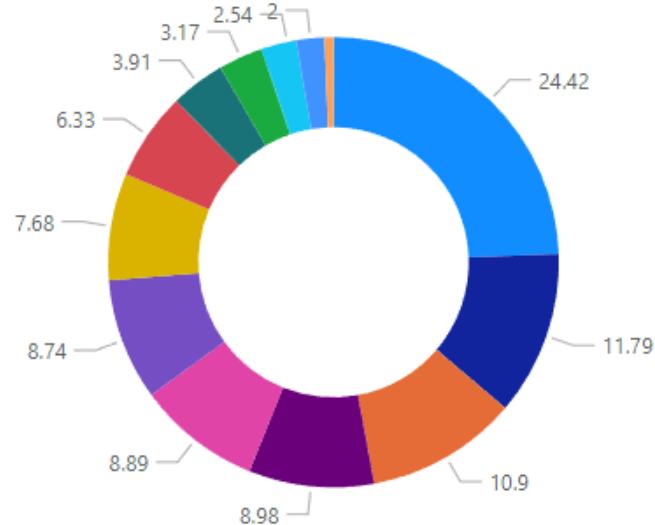
Key spending areas of UK adults:
Restaurants & hotels, Clothing,
Food & drinks which amounts to
30% of their spending²

¹ UK Finance. (2021). *Contactless now accounts for more than a quarter of all UK payments*.

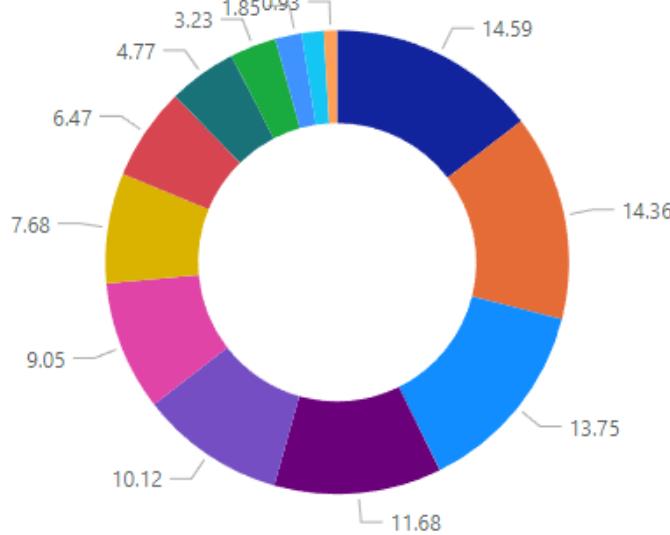
² Williams, T. (2019). *Detailed household expenditure by age of household reference person: Table A11 - Office for National Statistics*.

Spending habits by age group

0-30 by Category/ Age group



30-40 by Category/ Age group



Category/ Age group
Transport
Other
Rent & Utilities
Recreation & culture
Food & non-alcoholic dri...
Miscellaneous goods & ser...
Household goods & services
Clothing & footwear
Communication
Education
Alcoholic drink, tobacco & ...
Health

Source: Williams, T. (2019). *Detailed household expenditure by age of household reference person: Table A11 - Office for National Statistics.*

Adoption Barriers



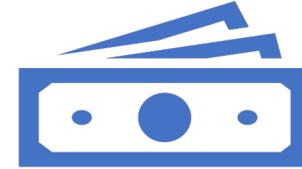
Data security

Protecting data from internal and external attackers.^{1,2}



Data privacy

Governing how data are collected, shared and used.³



Tradition barrier

Generational attachment to cash payment.⁴

Consumers relying on cash to budgeting.

Consumers aptitude towards the comfortability of old habits (NFC).⁵

¹ UK Government. (2022). Cyber Security Breaches Survey 2022: Cyber attacks- Official Statistics.

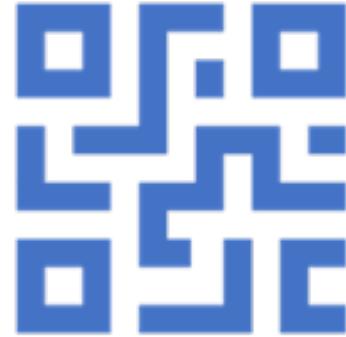
²Beutin, N. and Harmsen, M. (2019) Mobile Payment Report 2019. PwC.

³Yahoo Finance. (2021). *Only 26% of Brits want a cashless society.*

⁴Marqeta, 2022. *The European payments landscape in 2030: Implants, embedded ethics and a 'post-payments' world.*

⁵FCA. (2021). *Financial Lives 2020 survey: the impact of coronavirus.*

Technological Benefit



Scan and pay

No need for manually typing out account numbers.
No share of personal account details and waiting
for account verification.



Group Payment

Ease of settling tabs with peers.
Creating payment groups and sharing bills.

Evolving Payment Landscape

The Government's vision is for payments sector to be the forefront of technology and innovation

- Regulation
- Governance
- Faster Payments
- Customer Protection

Competitor Analysis

	Block (Square)	SumUp	Zettle	Tomato Pay
Products	<ul style="list-style-type: none"> • Card Reader • Cash App (POS App) • Invoicing Solution • QR Code • Payment Links 	<ul style="list-style-type: none"> • Card Reader • POS register (POS App) • Payment Links 	<ul style="list-style-type: none"> • Card Reader • Terminal (POS App) • Zettle Invoice • Payment Links • QR Code 	<ul style="list-style-type: none"> • All-in-one QR-code and invoice app
Transaction costs (QR Code)	2.9% + \$0.30	N/A	<ul style="list-style-type: none"> • Transactions >\$10.00: 1.9% + 0.10 USD • Transactions <\$10.01: 2.4% + 0.05 USD 	<ul style="list-style-type: none"> • Transactions <£10.00: 1p • Transactions £10.01-100: 10p • >£100: 0.1%
Revenue	\$17.661B ¹	\$534.5m ⁴	\$257.3 ⁴	N/A
Funding Raised	\$601.2M ²	\$2B ²	N/A	N/A
No of Employees	8,521 ¹	3,100 ³	875 ⁶	N/A
Employee growth	56% ¹	10.1% ⁴	-5% ⁶	N/A

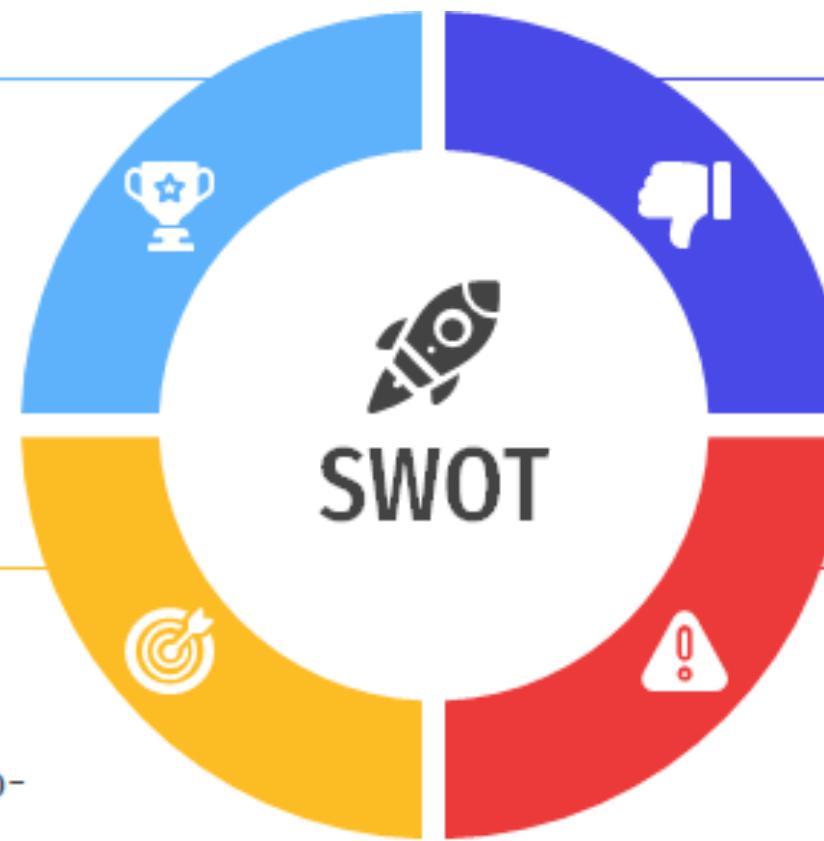
1. Macrotrends

2. Crunchbase

3. Apollo

4. Growjo

SWOT Analysis



Strengths

- Multiple payment solution
- Support digital natives
- Innovative technology
- Great product design

Weaknesses

- Social presence
- No strong early adopters
- Brand positioning

Opportunities

- Social commerce dominance
- Partnership with peer-to-peer market places

Threats

- Rapid unpredictable fintech trends and disruption
- Data privacy/Security issues
- Competition

Recommendations: Target Market Strategy

Based on our analysis, we would recommend the following:

- The ideal target customer base should be the adult population between 18-50 as the use of mobile payments is high in this age group and the barriers for adoption are lower. The younger age group in this target group is more focussed on saving for the future and open-banking can help them receive good recommendations from participating institutions.¹
- The identified market segments have lower profit margins and hence the lower transaction fees will be a motivation for the micro and small businesses in that segment to adopt Fumopay. These segments also happen to be a significant portion of the spending habits of our target customer base.²
- There is also an increasing reliance on budgeting apps to help individuals plan their expenses to cope with the rising cost of living. The public needs to be made aware that using open banking payments can help them get that customised and accurate advise on budgeting based on their spending habits.³

¹ Opened banking evolution and uses. 2021. openbanking.org

²HSBC Open banking 2021. hsbc.co.uk/openbanking.

³LSE Network Economy Forum. 2014. *Banking on a digital revolution.*

Recommendations: Penetration Strategy

The use of cash is decreasing at an alarming rate and many businesses are starting to lose out on business by not accepting card payments. Based on our analysis, Fumopay should:

- Fumopay should consider reward programs (cashback or coupons) to attract users. Rewards program attracts people of all age groups to consider using the app. This strategy has been proven with 'Paytm' and 'PhonePe' the biggest payment service providers in Asia accounting to about 80% of all transactions between them in India.¹
- Fumopay should look at locations where there is a significant young population and also a high number of micro and small businesses compared to larger chains
- Based on the reception of the product in a smaller city, the product can be launched to bigger cities.

¹ George, A., Sonawane, C. and Mishra, D., 2021. A study on the usage and relevance of mobile wallets in India in COVID-19 pandemic. *Indian Journal of Commerce & Management Studies*, XII(3), p.01.

Recommendations: Marketing Strategy

Marketing of the product plays a huge role in the way FumoPay is perceived. Our suggestions for marketing strategies would be:

- Use of online ad services (Google & Social media) for educational videos/ads which highlights: how open-banking can use their spending data to improve consumers experience on receiving custom financial product suggestions. Another topic to emphasise is the ease of sending money without having to type the account numbers and manage split bills with friends.¹
- Sponsorship or ads in music festivals or sporting events where there is a high concentration of our recommended target customer base. ^{1,2}
- Events in shopping centres where consumers can have a chance of winning a cashback on their purchases.^{3,4}

¹ Keller, k., (2001). Building Customer-Based Brand Equity: A Blueprint for Creating Strong Brands.

² Chebli, L. and Gharbi, A., (2014). The Impact of the Effectiveness of Sponsorship on Image and Memorizing: Role of Congruence and Relational Proximity.

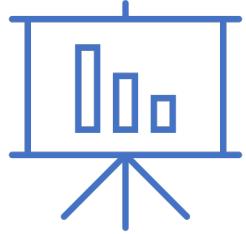
³ FCA, (2021). Discounts, Cashbacks, and Soft Toys: The Impact of Promotions on Consumer Decisions in the General Insurance Markets.

⁴ Business Insider, (2019). Pop-up shops are paying off for retailers.

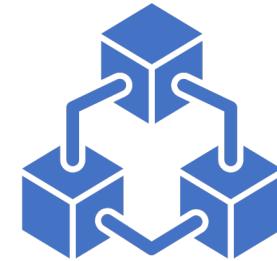
Future offerings



Foreign payments



Analytics on spending habits on
the app which help in budgeting



SuperApp

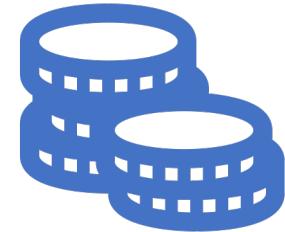
Constraints



Time



Data sources



Cost benefit analysis

Conclusion

