

Product Challenge

The Challenge:

Identify two growth strategies to be implemented to grow Umba's activation 20% month-over-month.

Growing Umba's activation by 20% month-over-month means acquiring new users in Africa who will adopt this mobile banking system. The African market has astounding potential for growth in the banking sector, with its growing industrial markets and its dense population of 1.341 billion people. Because Umba's current target market is middle to upper class people in Africa, I propose that the company look to expand its reach by industry and by location to achieve their growth objectives.

1. *Growth by Industry*

Umba currently services users primarily in the technology sector, with roughly 50.9% of total weekly logins being from that sector. Consumer products, finance, hospitality, and manufacturing are other industries which users come from, but each make up a significantly lower percentage of Umba's user demographic. Data from McKinsey analysis of the African market shows that consumer goods (16% compound annual growth from 2005 to 2008)¹ and manufacturing are on the rise, indicating that an increasing number of people in these industries will need to bank their money. In order to capitalize on this growth, Umba should create robust user profiles for individuals working in manufacturing and the everyday consumer.

2. *Growth by Location*

Umba also currently has a high concentration of users in the Western African territory, with 817 users coming from the West, compared to 520 from the Midwest and 381 from the East. East Africa has a vibrant services sector, which contributed to more than half (53.8%) of the region's GDP². This services sector can be heavily transactional, which lends itself to an increased need for banking services. Umba's data also currently shows no presence in Southern Africa. Southern Africa's economy is heavily dependent on tourism, which has been

¹

<https://www.mckinsey.com/featured-insights/middle-east-and-africa/africas-path-to-growth-sector-by-sector>

²

<https://news.sap.com/africa/2020/09/what-east-africa-can-teach-the-rest-of-the-continent-about-economic-growth/>

negatively impacted by COVID-19. However, as the world recovers from the pandemic, this highly transactional industry could be something Umba wants to target.

The primary metric for this growth strategy is the number of new accounts activated per month. Secondly, we may look at if users are opening up more than one account to manage their savings and checking. Knowing this information may tell us how many new accounts are truly new users and how common it is for users to open more than one account. Additionally, Umba could track the frequency of referrals and the efficacy rate of these referrals. This may suggest whether or not the company should incentivize people to refer one another or begin an ambassador program in local areas. Risks of the growth strategies I proposed is that potential political unrest in the areas Umba is looking to expand to may interrupt the growth of certain industries like manufacturing and consumer products, which in turn will result in less individuals needing to open a personal bank account. Mitigations to this would include targeting a limited demographic of upper-middle class individuals in these industries and locations before expanding access to the general population.