

# Group 9: The Social and Finance Market

By: Prince Rupapara, Julia-Marie Guinto, and Austin Fontaine

# Rise of FinTech Industry

---

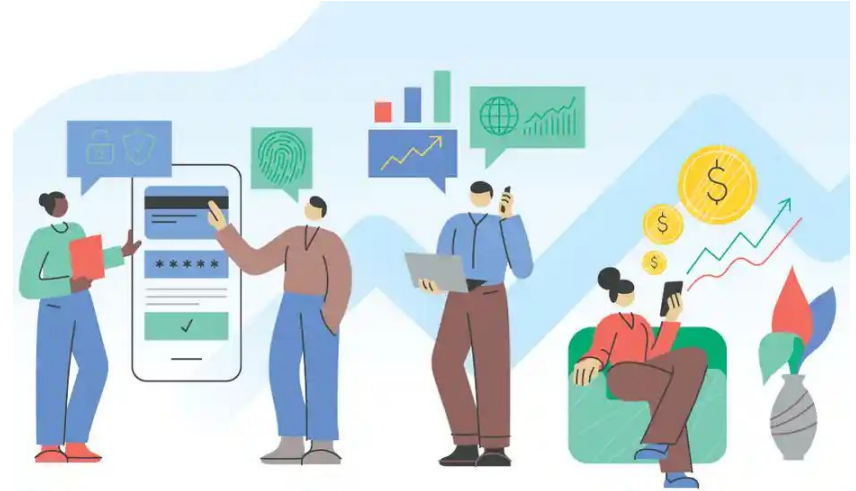


- Increased distrust in banks and other established companies
  - After crises like the Great Recession
- Venture capital funding in fintech hit \$7.5 billion, and cryptocurrency fundraising has brought in \$12 billion in 2018
- More and more of the upcoming generations have put more trust in fintech

# The Current Social Sharing of Finances

---

- Normalization of socially sharing aspects of our finances through generations
- Students are more open about their debts and financial struggles
  - Resulting in relying on technology and apps to handle finances.



# The Overlapping Market of Social and Finance

---

- Apps like Cash App, Venmo, and Zelle
  - Two stages of these apps: Interaction and Transaction
- Another form of these social transactions are done through the virtual world (mostly video games) and it is known as microtransactions.
- Increasing success popularity due to the convenience factor.



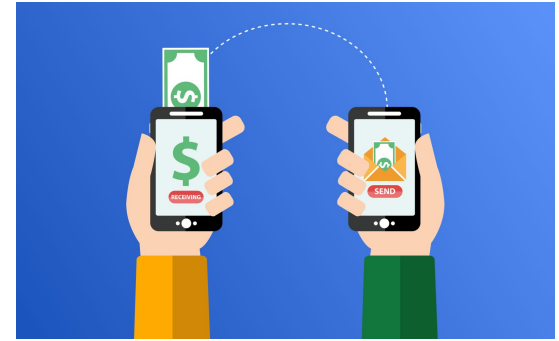
# Benefits of the Overlapping Market of Social and Finance

---

- Increased engagement across platforms
- Better retention rates
- Costs of customer acquisition decreased
- Businesses are able to:
  - Provide similar services at lower costs
  - More services at the same costs
  - More services at lower costs

# Peer to Peer Mobile Payment Apps

---

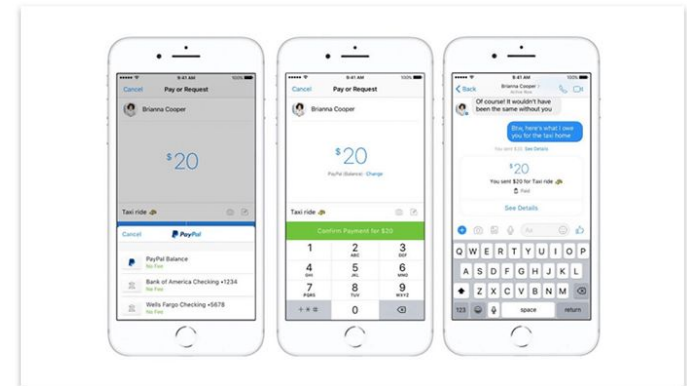


- P2P apps (peer to peer) allow people to transfer funds to another person from their linked bank account instantly.
- P2P apps have been gaining popularity due to the fact that everyone has a smartphone and that paying someone or requesting funds is very easy.
- Linking a bank account is also a fairly easy process as you just need to log in with the appropriate credentials and continue using the P2P app.

# Issues with P2P Apps

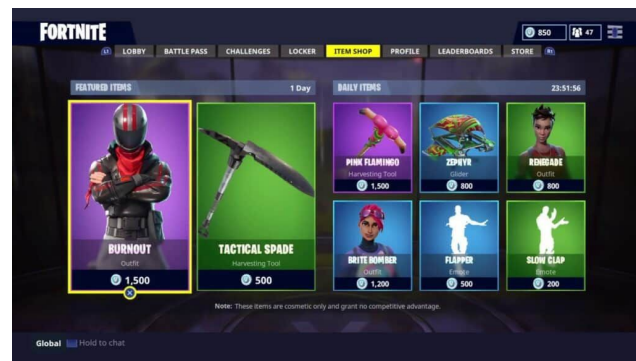
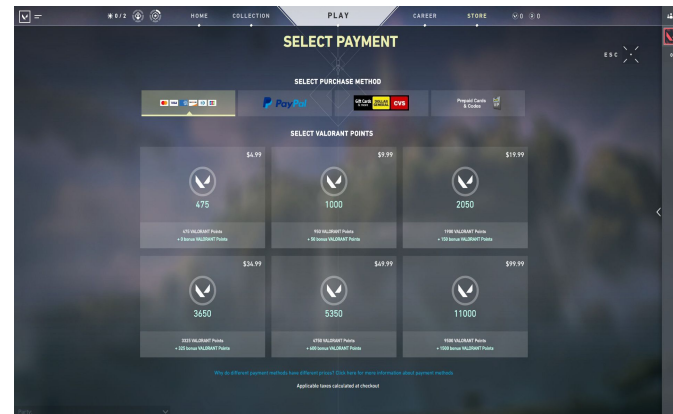
---

- Lack of strong Security Measures
  - Two factor authentication
- Lacks customer service
- Transaction fees for instant transfers
- Human error



# What are microtransactions?

- A form of payment that take place virtually to unlock a special item or feature that usually provides cosmetic validation
  - EA, Ubisoft, Epic Games, and Blizzard.
- Push players spend more money on their game and in return they unlock cosmetic upgrades
  - new character, new feature, new weapon, and new levels
- “Cheap games” = more microtransactions





# Our Proposal

---



## Subscription Based Transaction App (SubTap)

- Send or request payments between peers
- 2FA
- Can connect to bank or PayPal
- Money can be loaded onto account
  - Information not stored in this case

# How does it work for the end user?

---

- 3% processing fee (on both ends)
  - Fee is applied when sending and withdrawing money

OR

- \$7/month subscription
  - No processing fees
- Processing fee has floor of \$0.50
- Becomes “worth it” after ~\$230 sent

# Is it profitable?

---

- assuming ~50 mil users, 60% subscription rate
- everyone transfers average of \$100/month
- \$60 mil in transaction fees
- \$70 mil in subscriptions
- \$130 mil/month profit
- About as profitable as venmo

# References

— — —

- <https://www.cnbc.com/2018/09/14/a-new-generation-puts-its-trust-in-tech-over-traditional-banks.html>
- <https://future.a16z.com/podcasts/a16z-podcast-holy-grail-social-fintech/>