# WayneX:
Executive Summary

Team Mavericks | IIM Bangalore

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WayneX should target small-ticket B2B segment for its neobank, exploiting synergies with its e-com & payments buss.

The Indian neobanking space has seen a **+106%** 5-yr. CAGR funding growth, with currently ~30 operational firms.

$8M — India: Deal Flow — $304M [2]

2016 — 2020
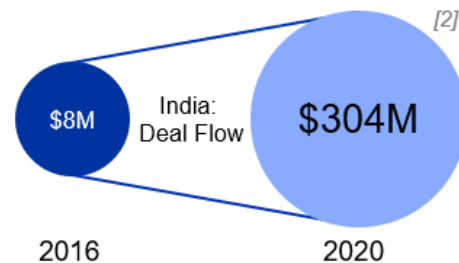
In the current situation where…:

56% Indians don't have an active bank account

90% Indians don't have access to formal credit

… Neobanking can solve critical problems on the **demand** & **supply sides** of the BFSI industry.

Retail Consumers

MSMEs

Banks

DEMAND — **SUPPLY**
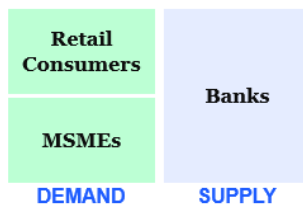
Market Evaluation

Within neobanking, our estimates project a **+$5Mn** profit at the end of Year 5 for both **B2B** & **B2C** segments, however we expect the following growths:
B2B: 13% CAGR   **B2C: 6.7% CAGR**

With the B2B segment driven by lower…

Competitive Rivalry	Buyer's Bargaining Power

… we recommend WayneX to enter the **B2B NeoBanking** segment.

Within B2B, WayneX should focus on firms having **credit needs of < Rs. 10L**, moving from firms having

Formal Fin. Statements Available	→	Thin File MSMEs

$11Bn credit gap $209 Bn credit gap

… after gaining **credibility, experience** in the market & sufficient **data** for the underwriting engine.

Synergies

Serving the suggested segments present the following synergies with WayneX's existing businesses:

Easy access to early adopters from sellers on its e-commerce platform

Serve as txn. facilitator b/w buyers & sellers on its e-commerce platform

Valuable financial data of sellers already present; can ease credit underwriting

Leverage existing credibility of the Payments Infrastructure

Positioning

The ideal positioning for our target customers should be:

"A single trustworthy solution which can satisfy all banking needs of even a business with low technological adoption."

Targeting a break even by Year 3, it can create sustainable socio-economic impact & induce trust.
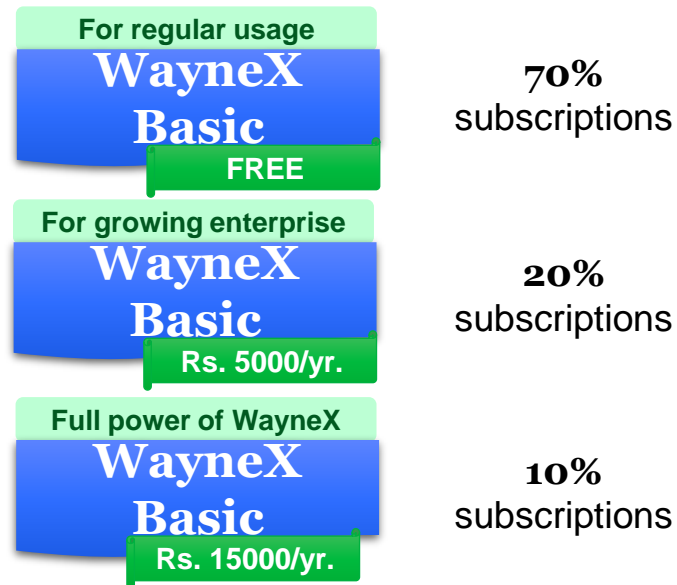
Product Features

Feature Category	Added Features
MUST BE	Payments, e-KYC, cash against TR
MORE THE BETTER	Rewards, lending, expense mgmt., BI dashboards
DELIGHTERS	Marketplace Integ.

Differentiation & Lock-in for the sellers

Differentiating using Tech

Customer facing	Process oriented
Open Banking API	**Smart Contracts**
RegTech	**Smartphone data led underwriting**

Business Model

We recommend 3 plans that customers can subscribe to:

For regular usage
WayneX Basic
FREE
— 70% subscriptions

For growing enterprise
WayneX Basic
Rs. 5000/yr.
— 20% subscriptions

Full power of WayneX
WayneX Basic
Rs. 15000/yr.
— 10% subscriptions

With the suggested business model, we can expect **20% loss** in **Year 1**, **breakeven** by **Year 3** and **18% profits** by **Year 5**.

Impact

WayneX, through its business model and technology platform, can induce sustainable impact:

Digital Financial Inclusion

Enterprise-level Impact

Macro-economic Impact

… rebuilding trust between banks & their customers.

- Incentive to ensure good credit behaviour.
- Making credit underwriting predictable.
- Ensuring timely filing of GST, EPFO, MCA.
- Transparent feeds of charges & deductions.

TRUST

We recommend WayneX to…

License technology platform as a white-label solution to potential new Neobanks.

WayneX:
The next gen NeoBank
Case Solution

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Neobanks are attracting huge VC money, globally & in India...

Neobanks are Fintech firms that provide digital banking solutions such as payments, money transfers, lending, etc. using the internet & do not have any physical branches

Integration with non-banking apps

Money management insights

Overview of transactions

Frictionless payments

AI-based personalised offers

Savings & Investments
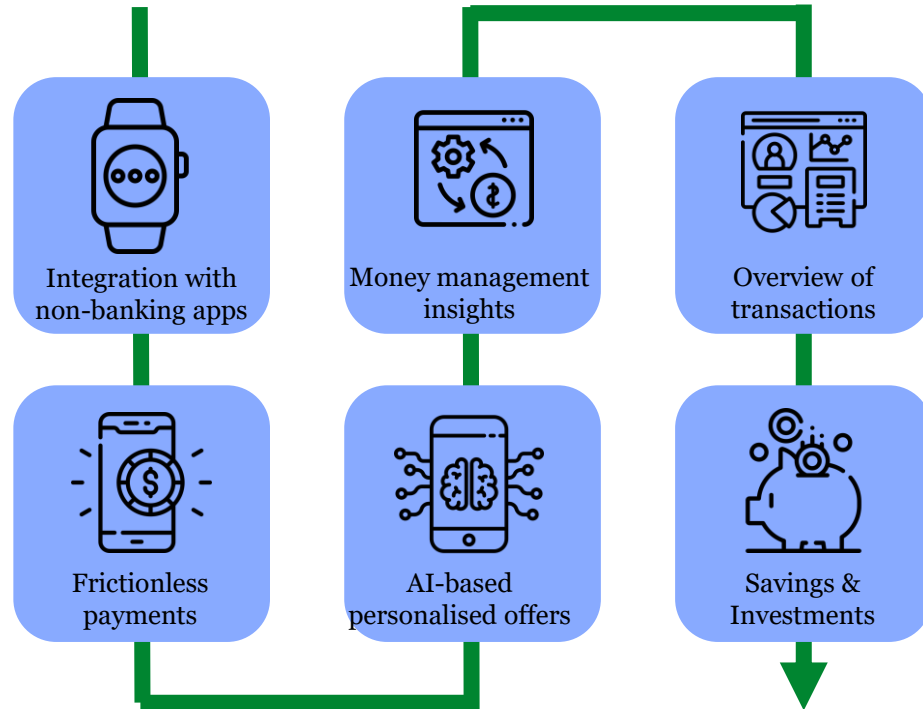
Typical features of a neo-bank

NeoBanks: Global Deal Flow (in $ Bn) [1]

Year	$BN Funding	#Rounds
2016	0.964	35
2017	0.877	43
2018	2.1	60
2019	3.8	98
2020	4.6	109

■ $BN Funding — #Rounds
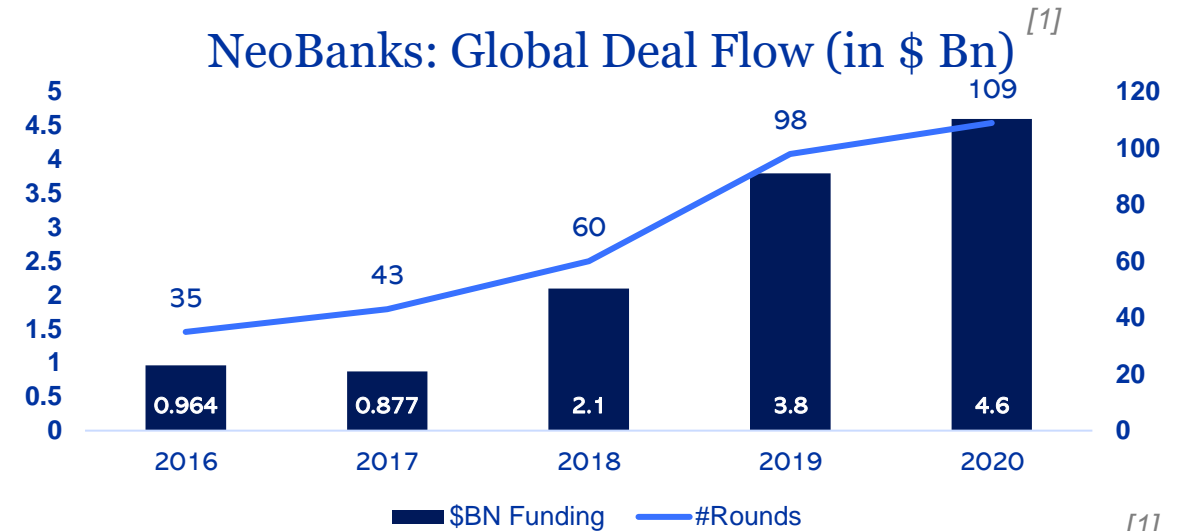
Neo-banking space is seeing a 5 yr. CAGR +68% VC fund inflow globally. [1]

Indian neo-banking space has seen CAGR **106%** funding growth with ~30 operational firms. [2]

$8M — India: Deal Flow — $304M [2]

2016   2020

... and can potentially overhaul India's financial ecosystem.

[3] Even after PMJDY, **56%** Indian population does NOT have active bank accounts due to the following:

Physical access: (only **6.2** commercial bank branches/1L) Banks find it hard to maintain branches with low amount and volume of transactions.

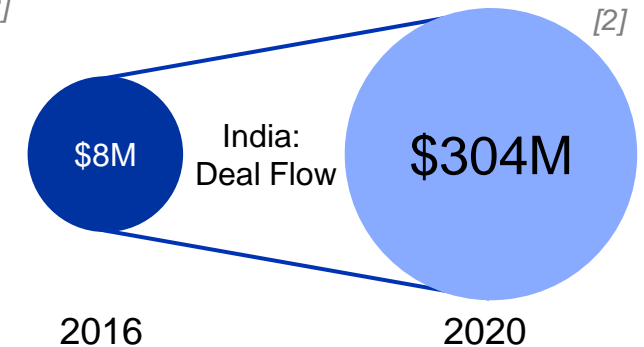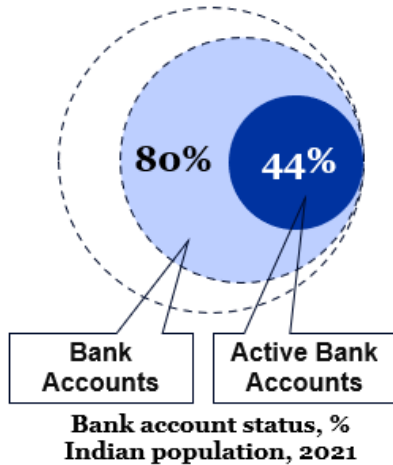**High Maintenance Charges:** In a low-income country like India, high costs like Cash Handling (**Rs. 50-150/txn.**), IMPS charges (**Rs. 1-25**), Card Replacement charges (**Rs. 50-500**) etc. & other hidden charges can push customers away.

Low Financial Literacy: Average financial literacy score are **11.9/21** (data submitted by FinMin to RS), thus most don't understand best use.

Bank account status, % Indian population, 2021

- 80% Bank Accounts
- 44% Active Bank Accounts

[4]

Proportion of population	Status	Equivalent CIBIL	Chargeable Interest Rate
<5%	Banks/NBFCs	>700	10-18%
90%	Unaddressed	600-700	16-24%
<5%	Informal Lending	<600	25-30%

90% Indian population (also MSMEs) don't have access to financial credit.

MSMEs in India also face the below issues:

- Rare access to formal credit
- Heavy documentation
- Requirement of financial records; most small business work with cash
- Slow speed of fund disbursal

CUSTOMERS

- Low Acc. Maintain. charges
- Digital model: accessibility
- Transparency
- Higher savings rate
- Real time availability
- Servicing the unaddressed

Neobanking can provide essential benefits, both to the customers and banks, themselves.

BANKS

- Lower operating costs
- Easy compliance and KYC
- Access to data for underwriting
- Enable microtargeting
- Digital model allows scale
- Quicker product dev & integs.

[3] Kapur, R. &; Reddy, R. (January 2020) Financial inclusion in rural India: Banking and ATM sector in India, Grant Thornton
[4] Aggarwal, R. & Raj, A. (November 2019) A wider circle: Digital lending and the changing landscape of financial inclusion, PwC.

WayneX should target B2B banking for higher growth & profits,...

- WayneX can serve either: **Retail customers (B2C)** or **Business customers (B2B)**

- Profitability of both the markets have been evaluated via two approaches:
  - In **Quantitative approach, TAM, revenue** and **profits** have been estimated using certain assumptions.
  - In **Qualitative approach, Porter's 5 Forces framework** has been used to compare the profitability of both the segments

B2B Market Evaluation* *Refer to Appendix I & II

	2021	2022	2023	2024	2025
Total Addresable Market (in $ Bn)	*16.79*	*18.97*	*21.44*	*24.23*	*27.38*
NeoBank Penetration in MSME Sector	0.5%	0.7%	0.9%	1.1%	1.2%
Serviceable Addressable Market (in $ Mn)	*83.96*	*136.6*	*199.4*	*264.1*	*323.1*
WayneX Market Share in % (Baseline Scenario)	1.00%	1.61%	2.58%	4.15%	6.66%
Estimated Revenue of WayneX (Baseline Scenario) (in $ Mn)	0.84	2.19	5.15	10.95	21.52
Estimated Cost of WayneX (Baseline Scenario) (in $ Mn)	1.01	2.27	5.15	9.44	16.42
Estimated Profit of WayneX (Baseline Scenario) (in $ Mn)	*-0.17*	*-0.07*	*0.00*	*1.51*	*5.10*

B2C Market Evaluation* *Refer to Appendix IV & V

	2021	2022	2023	2024	2025
Total Addresable Market (in $ Bn)	*54.98*	*58.7*	*62.67*	*66.91*	*71.44*
NeoBank Penetration in in Retail Users	0.5%	0.7%	0.9%	1.1%	1.2%
Serviceable Addressable Market (in $ Mn)	*274.9*	*422.6*	*582.9*	*729.4*	*843*
WayneX Market Share in % (Baseline Scenario)	1.00%	1.34%	1.81%	2.43%	3.27%
Estimated Revenue of WayneX (Baseline Scenario) (in $ Mn)	2.75	5.68	10.53	17.72	27.53
Estimated Cost of WayneX (Baseline Scenario) (in $ Mn)	3.37	6.07	10.80	15.94	22.08
Estimated Profit of WayneX (Baseline Scenario) (in $ Mn)	*-0.62*	*-0.39*	*-0.27*	*1.77*	*5.45*

Comparing the major market forces...

Porter's Force	B2B	B2C
Competitive Rivalry	**LOW (New Market)** **BASIS OF COMPTETITION** Product innovation -Trust & partner banks -Customer base (adds credibility)	**MODERATE** **BASIS OF COMPTETITION** -Product innovation -Trust & partner banks -Customer base (adds credibility)
Bargaining power of buyers	**LOW** -High switching costs - **Creates a lock in**	**MODERATE** -Low switching costs
Bargaining power of suppliers	**Moderately HIGH** -Individual depositors (low) -Partners (high) -VCs (high)	**Moderately HIGH** -Individual depositors (low) -Partners (high) -VCs (high)
Threat of substitutes	**LOW** -Existing banks	**LOW** -Existing banks
Threat of new entrants	**LOW** Entrants need tech, funding, partner banks	**LOW** Entrants need tech, funding, partner banks

Insights

- **Quantitative analysis**: **Similar profitability**; **B2B** has a **higher growth** (13% Vs 6.7%).
- **Qualitative analysis**: **Favours B2B** given a **lower competitive rivalry & buyer power**.

WayneX should target B2B segment for higher profitability

Situation Analysis | Market Evaluation | Positioning | Differentiation | Business Model | Business Development | Inclusive Growth

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... focusing on SMEs requiring <Rs. 10L credit annually.

*Refer to Appendix VI

Transaction Size →

Target User Personas

Credit Access Status	Small Credit Requirement (< 1 M ₹)	Large Credit Requirement (>1 M ₹)
Formal Credit Access (Formal Financial Statements Available)	• High cost/txn., low profitability for banks. • Lower fund reqmt./borrower, so hedged risks. • Fin. Data available for AI models, so serviceable. • Only major effort is to digitise the existing model for scaling and micro-targeting. ② • **Existing Credit Gap: $ 11 Bn***	Already being served by Banks / FI ①
Informal Credit Access (Formal Financial Statements Unavailable)	• Highly unaddressed market, with eq CIBIL 650. • Already paying high rates, so easy to convert. ③ • Can be served with the help of emerging technologies like Artificial Intelligence, relevant data is an existing challenge. • Constitute **90%** of India's MSME sector • **Existing Credit Gap: $ 209 Bn***	Secured loans required ④

WayneX should **start with segment 2** initially to enter into the market and then **expand into segment 3**, with enough data to predict the credit worthiness of users in segment 3. Both the segments commutatively presents a **credit gap of $ 220 Bn** in Indian economy.*[4]*

Pain Points

Credit Access
× Long time requirement for opening current account (2-3 days)
× Only registered enterprises get formal credit from Fin. Insti.
× High transaction fees and time required by banks
× High lending rates offered by informal lenders
× Access to Formal credit requires collateral and guarantee as well other documents like Balance sheets, turnover reports.

Monetary Transactions
× Traditional banks asks addition of payee details and have cooling off period
× Traditional banks does not facilitate bulk payments
× Traditional accounts fails to track payments across multiple accounts, provide analytics and business insights
× MSMEs lack financial literacy and awareness

② Local Entrepreneur – Sachin
Male, Age 30-50, Lives in Roorkee
Edu: Graduate   Inc: ₹ 10 L / yr

- Sachin owns a convenience store in town
- He is educated, comfortable with tech
- His business runs on credit cycles, which includes suppliers and buyers
- He maintains the record of all business transaction on Tally ERP
- He uses multiple accounts for meeting business and personal needs

③ The Gig Worker - Rajesh
Male, Age 25-40, Lives in Pune
Edu: ITI   Inc: ₹ 3 L / yr

- Rajesh provides carpentry services
- He has 3 labourers to assist him
- Often he requires credit to purchase tools; which is met by local money lenders.
- He documents record of purchases, income and payroll on paper
- He provides hand written invoices to the customers which are not GST compliant

Situation Analysis | **Market Evaluation** | Positioning | Differentiation | Business Model | Business Development | Inclusive Growth

An ideal positioning world be "trustworthy complete solution".

Synergies with existing Business of WayneX

Access to Early Adopters:

- WayneX already has partners with hundreds of retailers while serving its ecommerce customers.
- These partners can be easily onboarded as the early adopters of WayneX NeoBank.

Serve as Transaction facilitating platform:

- WayneX has data of its partners like, what they sell, what they purchase, their locations, etc.
- WayneX NeoBank can act as an e-comm txn facilitator b/w buyer & seller, reducing the credit cycle, thus incentivising users to onboard

Reduce credit risk with data:

- With the transaction data of existing partners, WayneX has information about the Cash Flows of the users.
- Using this information WayneX Neobank can offer customised credit and interest rates depending on business health of the MSMEs.

Leverage existing credibility of Payments Infrastructure:

- The payment portal which is used by millions of users for digital transactions, establishes a certain credibility in FinTech space.
- Manoeuvring this, WayneX NeoBank can build the trust in the minds of prospective users.

Positioning WayneX NeoBank

Characteristics of Target Users:

- Trust in the product is a prerequisite.

- Traditional businesses with low technology adoption.

- Low manpower necessitates a need for complete solution.

- Require no clutter, simplistic UI/UX in the product.

- Doesn't want to juggle with multiple solutions.

Positioning chart: Completeness of Solution (Low to High, vertical) vs User's Tech Adoption (Low to High, horizontal). Brands plotted: WayneX, RazorpayX, instantpay, chqbook, open, PaytmPaymentsBank**

* Does not offer credit
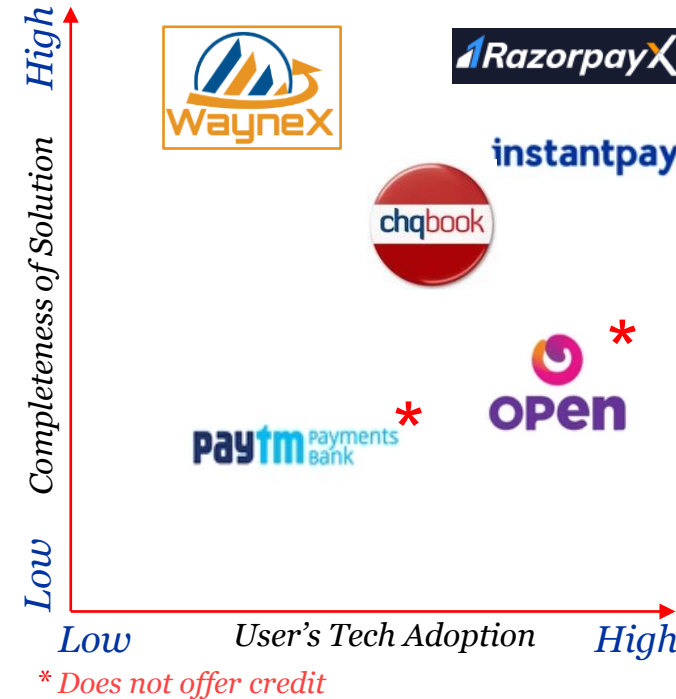
Insights

WayneX should be positioned as –
"A single trustworthy solution which can satisfy all banking needs of even a business with low technological adoption."

Situation Analysis | Market Evaluation | **Positioning** | Differentiation | Business Model | Business Development | Inclusive Growth

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WayneX shall include the following features & tech. to create a strong differentiation...
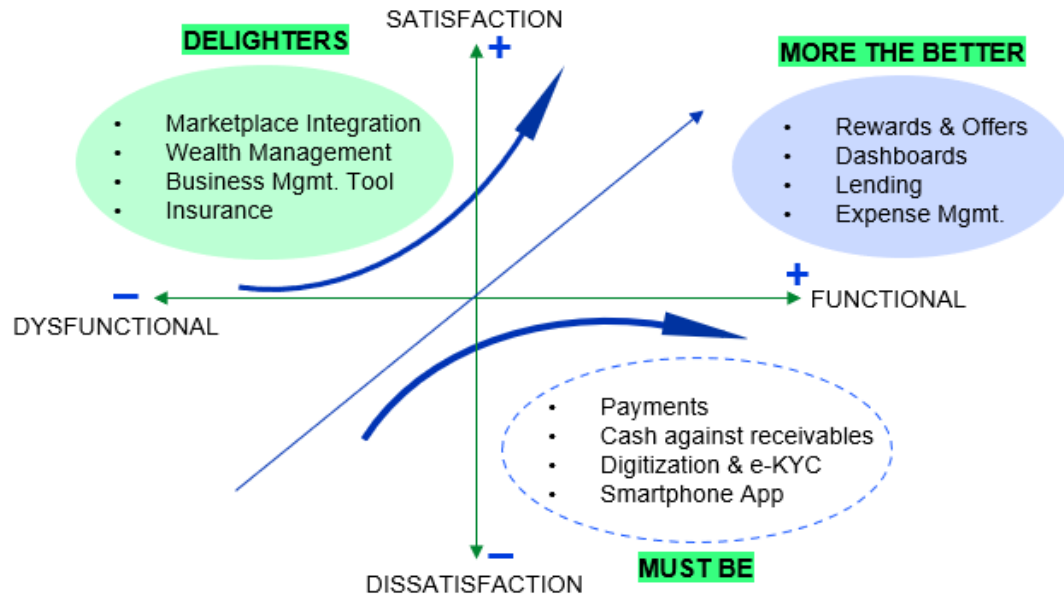
From the above analysis, we extract the below features for early-stage:

Feature Category	Added Features	Rationale
MUST BE	All	-
MORE THE BETTER	All	Low Impact/Effort
DELIGHTERS	Marketplace Integ.	Established e-comm has many sellers

Differentiation & Lock-in for the sellers

Cust. facing differentiation | Process differentiation

Use **Open Banking API** for sourcing & integrating fin info dashboards.

RegTech to detect potential risks, learning from previous regulatory failure

Smart Contracts using blockchain to sign using cryptographical keys digitally.

Credit analytics, reinforced by **smartphone data**, reducing risk costs

Basic Technology Stack

Marketing

Analytics:
GA, HotJar, Clevertap

Advertisement:
Custom Audiences, LinkedIn

Marketing Automation:
Optimizely, Google Optimise360

Core Tech.

Language & framework:
React, custom-built site
Content Hosting:
AWS CloudFront, CloudFlare
DevSecOps:
Report URI, AMZN SES
Credit Underwriting:
In-house, CreditVidya

Cust. Support

Live Chat Technology:
ZenDesk Chat

Situation Analysis | Market Evaluation | Positioning | Differentiation | Business Model | Business Development | Inclusive Growth

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With the following bus. model, we can expect to break even in Year 3.

For regular usage
WayneX Basic
FREE

100
FREE
Pay-outs/month

Post 100 Pay-outs:
IMPS/UPI

< ₹1,000	₹2
<₹50,000	₹4
< ₹50,000	₹8
NEFT / RTGS	₹3

Personalised credit rates & offerings

- Dashboards
- Bulk Pay-outs
- API Pay-outs
- Pay-outs Links
- Approval Workflows
- Insight & Reports
- IMPS, NEFT, RTCS

For growing enterprise
WayneX Plus
Rs. 5,000/yr.

300
FREE
Pay-outs/month

Post 300 Pay-outs:
IMPS/UPI

< ₹1,000	₹1.5
<₹50,000	₹3
< ₹50,000	₹7
NEFT / RTGS	₹2

WayneX Basic + ₹ 2.5L assured credit

- WayneX Basic
- Business Analytics
- Guided A/c opening
- Scheduled Pay-outs
- Priority Support
- Current Account
- Expense Mgmt.

Full Power of WayneX
WayneX Pro
Rs. 15,000/yr.

∞

FREE
Pay-outs every month

WayneX Basic + ₹ 2.5L assured credit

- WayneX Plus
- Full Access and Support for integrating with
WayneX E-Comm

Business Model & Financial Estimates*

(All estimates are for the base case)	2021	2022	2023	2024	2025
Number of MSMEs in India	6,30,00,000	7,11,90,000	8,04,44,700	9,09,02,511	10,27,19,837
Neobank Industry Penetration	0.50%	0.72%	0.93%	1.09%	1.18%
MSMEs for the Neobanking Market	**3,15,000**	**5,12,568**	**7,48,136**	**9,90,837**	**12,12,094**
Market Share of WayneX	1.00%	1.61%	2.58%	4.15%	6.66%
Total Customers	*3,150*	*8,235*	*19,310*	*41,086*	*80,746*
Basic (70% customers)	*2,205*	*5,764*	*13,517*	*28,760*	*56,522*
Plus (20% customers)	*630*	*1,647*	*3,862*	*8,217*	*16,149*
Pro (10% customers)	*315*	*823*	*1,931*	*4,109*	*8,075*
Total Revenue ($ Mn)	*0.37*	*0.96*	*2.24*	*4.77*	*9.37*
% Revenue Generated from Transactions			1%		
% Revenue Generated from Intrest on Deposits			5%		
% Revenue Generated from Subscriptions			29%		
% Revenue Generated from Credit Lent			65%		
Total Costs ($ Mn)	*0.44*	*1.04*	*2.22*	*4.29*	*7.67*
Salary (% of Revenue)	40.0%	36.0%	32.4%	29.2%	26.2%
Infrastructure (% of Revenue)	10.0%	9.5%	9.0%	8.5%	8.0%
Office Overheads (% of Revenue)	5.0%	4.5%	4.1%	3.6%	3.3%
Business Development (% of Revenue)	60.0%	54.0%	48.6%	43.7%	39.4%
IT Expenses (% of Revenue)	5.0%	5.0%	5.0%	5.0%	5.0%
Cost in % of Total Revenue	*120%*	*109%*	*99%*	*90%*	*82%*
Total Revenue ($ Mn)	0.37	0.96	2.24	4.77	9.37
Total Costs ($ Mn)	0.44	1.04	2.22	4.29	7.67
Profit Generated in ($ Mn)	*-0.07*	*-0.09*	*0.02*	*0.47*	*1.70*

WayneX can target breakeven by *Year 3.*

*Refer to Appendix VIII for detailed calculations & base case assumptions

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Situation Analysis | Market Evaluation | Positioning | Differentiation | **Business Model** | Business Development | Inclusive Growth

The below steps shall guide business development:

CUSTOMER ACQUISITION	**Attract**	**Convert**	**Close**
	Use existing platform customer data and target existing MSME customers Create a separate platform and provide financial education	Understand customer operation and provide customized product support	KYC automation and onboarding support Referral program for customer acquisition (Provide financial incentive or tools at discounted rate)

CUSTOMER ENGAGEMENT	**Touch Point**	**Experience**	**Capabilities**
	Craft personalized message and weekly newsletters Use push notifications for offers and recommendations	Build community and gather community feedback for product development Use AI based chatbot for instant query resolution	Use of expense management tools for financial insights for customers

CUSTOMER RETENTION	**Locking-In**	**Problem Redressal**	**Premiums & Gifts**
	Use of business management tools such as budget trackers, investment automation, card management systems, goal setting tools etc.	Use of AI for intent classification of customer queries and query resolution without latency	Provide customized gifts and monetary reward on achieving transactional milestone.

Situation Analysis | Market Evaluation | Positioning | Differentiation | Business Model | Business Development | Inclusive Growth

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Summarising the development to deployment process...

Duly considering the benefits, costs & risks, firms can choose to:

Develop in-house solution

Outsource back-end development

Use white label Bank-as-a-service

[5]

6-10 Months

Estimated time required for launching a NeoBank app with primary features, including development, testing and deployment.

Build the core	Dev. Customer App	Add security	Robustly test the app	Deploy NeoBank
1. Develop the API 2. Transaction Processing 3. Back-office tools	1. Accounts 2. Credit / Debit cards 3. Payments 4. Transaction history 5. Chat Help Desk	1. Active Security 2. Passive Security 3. Customer Friendly Privacy	1. Unit Testing 2. Integration Testing 3. Security Testing 4. User Acceptance Test 5. Regression Testing	1. Dev Ops 2. Regular Updates 3. Distribution Channel

Metrics to Track

Start-up stage
- Alignment with user personas
- Number of register users
- Monthly Active Users
- MoM Growth rate
- Sources of traffic
- Total payment volume

Growth stage
- CAC
- Organic User Acquisition
- Customer satisfaction Index
- Number of issues raised by users
- User LTV

Maturity stage
- Click through rates
- Daily app opens
- New User / Repeat User
- LTV of Users
- No. of Acc. Closings

Associated Risks & Challenges

- Scaling up in by targeting specific set of customers which can be catered by us.
- Finding Indian banks and financial institutions for partnerships which are strategically and technologically compatible.
- Complying to stringent legacy regulations mandated by the RBI
- Regular security upgradations to keep up with upcoming technology and standards
- Maintaining differentiation with new neobanks coming up with diverse offerings
- Competing with traditional banks which has high number of existing users and high capital reserve.

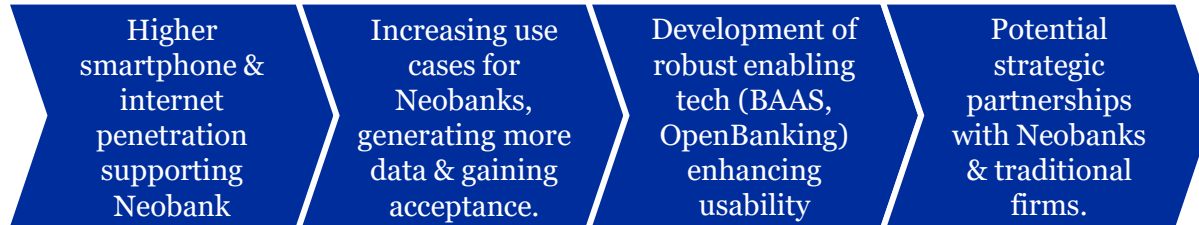Situation Analysis | Market Evaluation | Positioning | Differentiation | Business Model | **Business Development** | Inclusive Growth

[5] Kalinin, K, (July 21, 2021), How to create a Neobank from scratch in 2021, topflight. https://topflightapps.com/ideas/how-to-build-a-neobank/

WayneX, through the NeoBanking model, can create essential social and economic impact for India.

Key drivers of digital financial inclusion, including…

Higher smartphone & internet penetration supporting Neobank	Increasing use cases for Neobanks, generating more data & gaining acceptance.	Development of robust enabling tech (BAAS, OpenBanking) enhancing usability	Potential strategic partnerships with Neobanks & traditional firms.

Leading to enterprise-level impact driven by working capital, credit access, better reporting, cross-border payments etc…

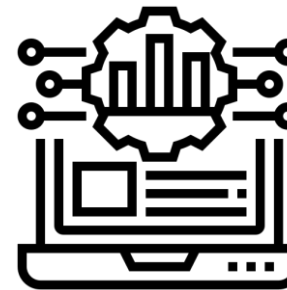**Better product offerings & inventory** | **Capital for tech upgrading** | **Empowering India's 20% women-run SME** [6]

Finally contributing to macro-economic impact…

MSMEs contributing to national GDP | **SMEs causing 110M workers' welfare** [7] | **Generated data for targeted policies**

Neobanking can thrust trust building both on the bank's side and the customer's side.

Incentive to ensure good credit behaviour.	Making credit underwriting predictable.
Ensuring timely filing of GST, EPFO, MCA.	Transparent feeds of charges & deductions.

TRUST

Recommendation

Just a few Neobanks won't be able to serve India's huge market quickly, hence:

License technology platform as a white-label solution to potential new Neobanks.

Thus, ensuring social impact and business sustainability.

[6] Rajan, S, Chawla M & Sahni Prapt (2019), Powering the economy with her: Women entrepreneurship in India, Google, Bain & Company.
[7] Beniwal, V. (May 11, 2020), India reopens economy, but millions of SME workers stay home, The Economic Times.

Appendix

Appendix I: TAM and SAM for MSME market

Method 1: To find Total Banking sector Revenue from MSME sector in India: Used State Bank of India data to find the potential revenue from the credit lent to MSME in India.		
		Assumptions / Sources
Total Credit extended to MSMEs by SBI in FY 2020 ($ Bn)	39.55	Bose S, (March 2021) SBI to Revamp MSME lending ops to increase efficiency, Financial Express
Average credit per MSME by SBI ($ '000s)	14.6	Source: Economic Times (economictimes.indiatimes.com/small-biz/sme-sector/sbi-disburses-rs-8700-crore-to-msmes-under-emergency-credit-guarantee-scheme/)
Number of MSMEs accounts with SBI ('000s)	2156	Assumption: Total Credit extended by SBI divided by Average Credit per MSMEs
Total revenue earned by SBI from MSMEs ($ Bn)	1.23	Net Interest Margin (2.94%) * Total credit lent to MSMEs in FY'20 ($39.55 Bn)
Average revenue per MSME of SBI ($)	428	Total Revenue from MSMEs ($1.23 Bn) divided by Number of MSMEs with SBI (21.56 lakhs)
Expected revenue from MSMEs (TAM) ($ Bn)	**17.96**	Average revenue per MSMEs for SBI * Total number of registered MSMEs (42 Mn). Source: IBEF (https://www.ibef.org/industry/msme.aspx)
Method 2: To find Total Banking sector Revenue from MSME sector in India: Used Total Credit Gap data in MSME sector		
		Assumptions / Sources
Total current credit demand from SMEs ($ Bn)	400	Aggarwal, R. & Raj, A. (November 2019) A wider circle: Digital lending and the changing landscape of financial inclusion, PwC.: Discounted by growth rate to get current estimates
Net Interest Margin in Indian Banking Industry	3%	
Expected revenue from MSMEs (TAM) ($ Bn)	**12**	
Average of Method 1 and Method 2 – Total Addressable Market ($ Bn) for 2020	**$14.86**	

	2020	2021	2022	2023	2024	2025	Assumptions / Sources
Total expected MSME revenue (Total Addressable Market)	14.9	16.8	19.0	21.4	24.2	27.4	Average of 17.96 and 12 = 14.9
Neobanking Industry Penetration (Target population size)	-	0.50%	0.72%	0.93%	1.09%	1.18%	Source: Statista (https://www.statista.com/outlook/dmo/fintech/neobanking/india)
Total Neobanking MSME Revenue (Serviceable Addressable Market) ($ Bn)	**-**	**84**	**137**	**199**	**264**	**323**	

Appendix II: Profit Estimation for MSME market

	2021	2022	2023	2024	2025	Assumptions / Sources
Estimated Market Shares for WayneX						*Assuming 1% market share achieved in Year 1 in all cases*
Market Share (Worst Case)	1.00%	1.21%	1.47%	1.79%	2.17%	*Assuming 50% lesser market share growth rate than the base case.*
Market Share (Base Case)	1.00%	1.61%	2.58%	4.15%	6.66%	*Assuming 15 Neobanks for SMEs and achieving 100/15 = 6.66% market share in 5 years.*
Market Share (Best Case)	1.00%	2.00%	4.00%	8.00%	16.00%	*Assuming 50% greater market share growth rate than the base case.*
Estimated Revenue for WayneX (in $ Mn)						
Revenue (Worst Case)	0.8	1.7	2.9	4.7	7.0	
Revenue (Base Case)	0.8	2.2	5.1	11.0	21.5	*Revenue = Expected SME revenue X Neobanking Industry Penetration X WayneX expected*
Revenue (Best Case)	0.8	2.7	8.0	21.1	51.7	*market share*
Total Costs incurred by WayneX (% Revenue)						
Employee Benefit Expense	40%	36%	32%	29%	26%	*Cost as % of revenue decreases by 10% annually*
Rent & Power	10%	constant	10%	constant	constant	*Absolute cost in 2022 = Absolute cost in 2021, Absolute cost in 2024, 2025 = Absolute cost in 2023: Since buildings are shifted in discrete steps*
Office Overheads	5%	5%	4%	4%	3%	*Cost as % of revenue decreases by 10% annually*
Marketing and Business Development Expenses	60%	54%	49%	44%	39%	*Cost as % of revenue decreases by 10% annually*
IT Expense	5%	5%	5%	5%	5%	*Same % of revenue as IT infrastructure is consumption based (think: cloud services)*
Estimated Profits for Waynex (in $ Mn)						
Worst Case	-0.168	-0.076	-0.001	0.577	1.533	
Base Case	-0.168	-0.073	-0.003	1.506	5.105	
Best Case	-0.168	-0.070	-0.004	3.101	12.699	

Appendix III: Potential NeoBanking Retail consumers

	Urban Users	Rural Users	Assumptions / Sources
Objective: To find Potential NeoBanking Retail Users in India for 2021			
Smartphone Users (in Mn)	*342*	*418*	*Statista, Number of smartphone users in India in 2010 to 2020, with estimates until 2040. Urban/Rural split assumed to be same as given in: Mishra, D. & Chanchani, M, For the first time, India has more rural net users than urban, Times of India.*
Users with Internet Access on Smartphone (in Mn)	*232*	*269*	*India Mobile Broadband index 2020, Nokia*
Users exposed to Digital Banking / Payments (in Mn)	*199*	*218*	*Bijapurkar, R. ,Rai, P, et.al., Digital Payments Adoption in India, 2020, NPCI. Assuming NPCIs report to be representative of the country's population and sample of internet users & 2 adults per household in the working age*
Potential NeoBank Retail Consumers in India (in Mn)	*418*		

Appendix IV: TAM and SAM for Retail User market

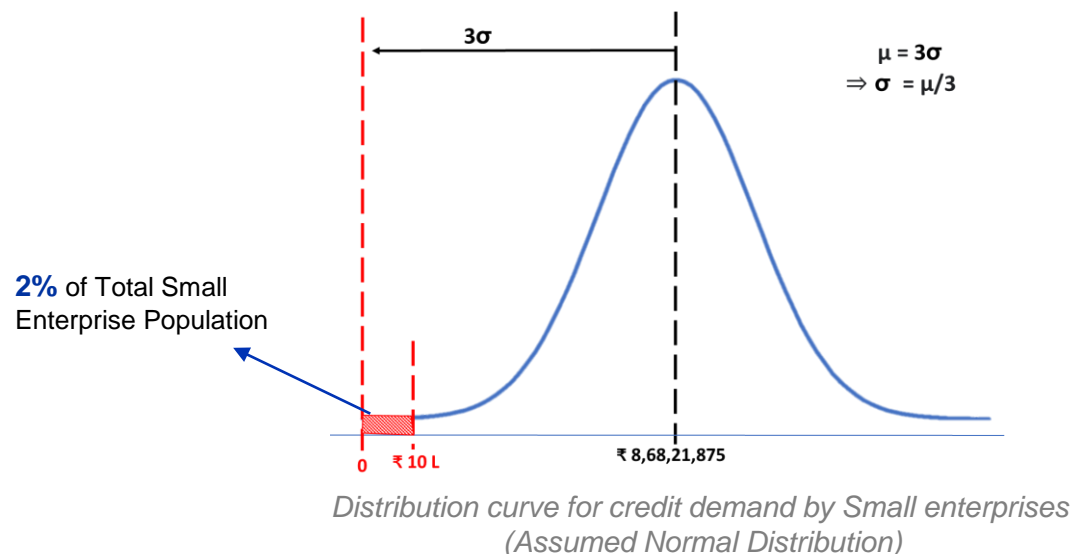| Objective: To find Total Banking sector Revenue from Retail users in India		
		Assumptions / Sources
Retail Banking Revenue (in $ Bn)	80	*Lam K., Sengupta J. et.al., Retail Banking in Asia, McKinsey & Company*
Number of Retail Bank Accounts in India (in Mn)	649	*Financial Inclusion Plan, Annual Report 2021, RBI*
Average Banking Revenue from Retail Users (in $)	123	
Potential NeoBank Retail Consumers in India (in Mn)	418	*Appendix III*
Expected revenue from Retail Consumers (TAM) ($ Bn)	**51.5**	*Average revenue per MSMEs for SBI * Total number of registered MSMEs (42 Mn). Source: IBEF (https://www.ibef.org/industry/msme.aspx)*

	2021	**2022**	**2023**	**2024**	**2025**	**Assumptions / Sources**
Total expected revenue from Retail Users (Total Addressable Market) ($ Bn)	51.49	58.7	62.7	66.9	71.4	*Expected revenue from Retail Consumers X Growth Rate (Assumed: Earnings Growth Rate X Population Growth Rate)*
Neobanking Industry Penetration (Target population size)	0.50%	0.72%	0.93%	1.09%	1.18%	*Source: Statista (https://www.statista.com/outlook/dmo/fintech/neobanking/india)*
Total Neobanking Revenue from Retail Users (Serviceable Addressable Market) ($ Mn)	**275**	**423**	**583**	**719**	**843**	

Appendix V: Profit Estimation for Retail User market

	2021	2022	2023	2024	2025	Assumptions / Sources
Estimated Market Shares of WayneX						*Assuming 1% market share achieved in Year 1 in all cases*
Worst	1.00%	1.08%	1.17%	1.27%	1.37%	*Assuming 50% lesser market share growth rate than the base case.*
Base	1.00%	1.34%	1.81%	2.43%	3.27%	*Assuming 30 Neobanks for SMEs and achieving 100/30 = 3.27% market share in 5 years.*
Best	1.00%	1.61%	2.58%	4.15%	6.66%	*Assuming 50% greater market share growth rate than the base case.*
Estimated Revenue for WayneX (in $ Mn)						
Worst	2.575	4.012	5.606	7.109	8.327	
Base	2.575	4.984	8.654	13.635	19.842	*Revenue = Expected SME revenue X Neobanking Industry Penetration X WayneX expected*
Best	2.575	5.957	12.361	23.274	40.479	*market share*
Total Costs incurred by WayneX (% Revenue)						
Employee Benefit Expense	40%	36%	32%	29%	26%	*Cost as % of revenue decreases by 10% annually*
Rent & Power	10%	constant	10%	constant	constant	*Absolute cost in 2022 = Absolute cost in 2021, Absolute cost in 2024, 2025 = Absolute cost in 2023: Since buildings are shifted in discrete steps*
Office Overheads	5%	5%	4%	4%	3%	*Cost as % of revenue decreases by 10% annually*
Marketing and Business Development Expenses	60%	54%	49%	44%	39%	*Cost as % of revenue decreases by 10% annually*
IT Expense	8%	8%	8%	8%	8%	*Same % of revenue as IT infrastructure is consumption based (think: cloud services)*
Estimated Profits for Waynex (in $ Mn)						
Worst	-0.61852	-0.36635	-0.17399	0.79162	2.04525	
Base	-0.61852	-0.38853	-0.26858	1.77352	5.44589	
Best	-0.61852	-0.41070	-0.38361	3.32095	11.75443	

Appendix VI: Debt demand that WayneX can cater

	2017	2020	Assumptions / Sources
Micro (Debt Demand $Bn) *	183	212	Source: Tandon A., Dutt N. et.al., Estimation of Debt Requirement of MSMEs in India, International Finance Corporation, 2018
Small (Debt Demand $Bn) *	333	385	
Medium (Debt Demand $Bn) *	50	58	
Total Debt Demand ($ Bn)	**566**	**655**	
Market coverage (100% Micro + 2% Small)	190	220	2% Small enterprises have a credit demand less than 10 Lakh (As shown below)
Share for customers with available documents	5%	5%	Aggarwal, R. & Raj, A. (November 2019) A wider circle: Digital lending and the changing landscape of financial inclusion, PwC
Total Debt Demand for customers with documents($ Bn)	**9**	**11**	
Total Debt Demand for customers without documents($ Bn)	**180**	**209**	

$\mu = 3\sigma$
$\Rightarrow \sigma = \mu/3$

3σ

2% of Total Small Enterprise Population

0   ₹ 10 L   ₹ 8,68,21,875

Distribution curve for credit demand by Small enterprises
(Assumed Normal Distribution)

Appendix VII: Estimation of average credit demand by Basic, Plus and Pro customers
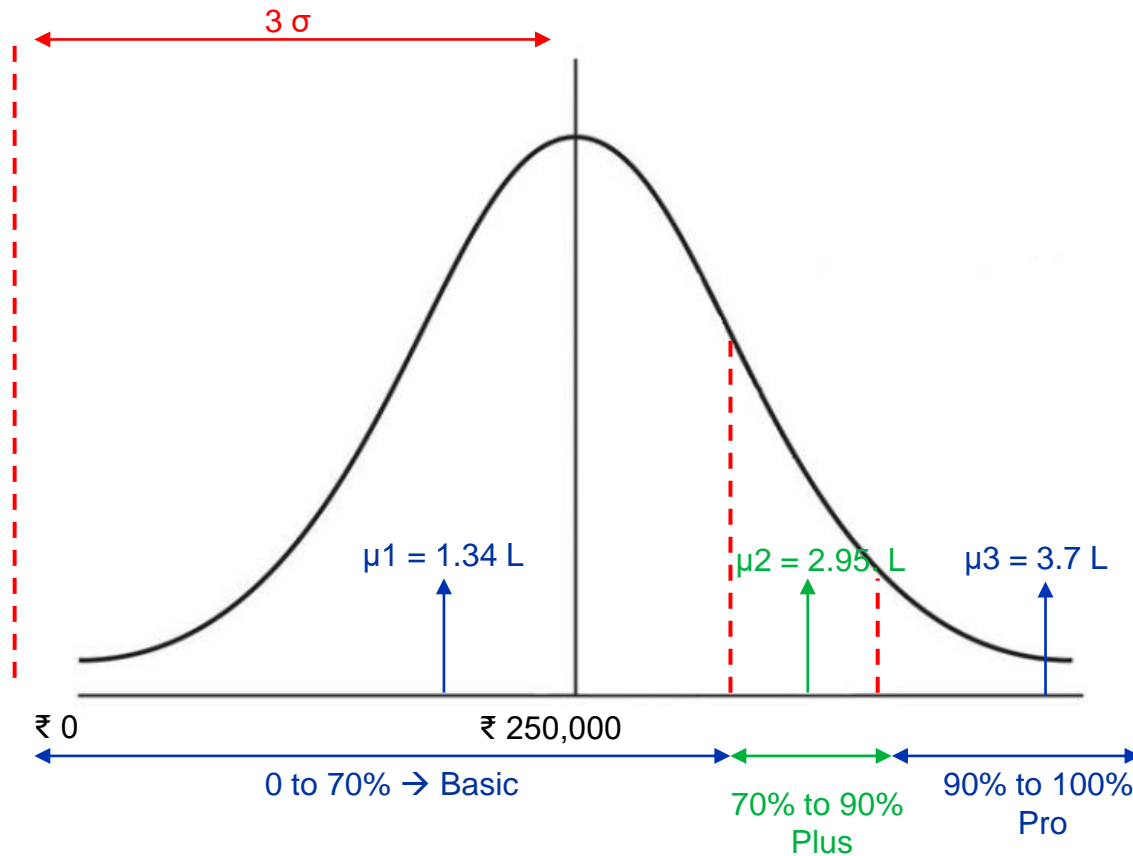
Average Debt demand of Micro Enterprises:

$$= \frac{Total\ Debt\ Demand}{Total\ number\ of\ Micro\ Enterprises}$$

$$= \frac{\$\ 211.8\ Bn * 75\ (₹/\$)}{63\ Mn} \quad ... \textit{(From Appendix VII)}$$

$$= ₹\ 252,196$$

$$\sim ₹\ 250,000$$

Chart labels:

3 σ

μ1 = 1.34 L

μ2 = 2.95 L

μ3 = 3.7 L

₹ 0

₹ 250,000

0 to 70% → Basic

70% to 90% Plus

90% to 100% Pro

	2021	2022	2023	2024	2025	Assumptions / Sources
Number of MSMEs in TG (in Mn)	63	71.2	80.4	91.0	102.7	*Min. of MSME annual report. Forecasted with MSME Gross Value Added (13%) for next 5 years.*
Industry Penetration	0.50%	0.72%	0.93%	1.09%	1.18%	*Source: Statista (https://www.statista.com/outlook/dmo/fintech/neobanking/india)*
MSMEs in the Neobanking Market	315000	512568	748136	990837	1212094	
(Base Case) Market Share	1.00%	1.61%	2.58%	4.15%	6.66%	*Assuming year 1 market share to be 1% and reaching 100/15 = 6.66% market share by Year 5, given assumption that there would be 15 MSME-focused Neobanks by Year 5.*
(Base Case) Total Estimated Customers	3150	8235	19310	41086	80746	
Number of **Basic** Customers	2205	5764	13517	28760	56522	*Assumption: 70-20-10 distribution. 10% customers are high revenue generation customers,*
Number of **Plus** Customers	630	1647	3862	8217	16149	*20% customers are mid-revenue generating and 70% are low revenue generating customers.*
Number of **Pro** Customers	315	823	1931	4109	8075	*Source: Chironga, M., Dahl, J. et.al., Micro-, small and medium-sized enterprises in emerging markets: how banks can grasp a $350 billion opportunity, McKinsey Banking Practice*
Total Revenue ($ '000)	366	956	2241	4769	9372	
Revenue Generated from Transactions ($ '000)	3	7	16	33	65	
Number of charged transactions from Basic	20	20	20	20	20	*Assumption: Basic customers will overshoot free permissible limit of 100 transactions By 20%*
Number of charged transactions from Plus	40	40	40	40	40	*Assumption: Plus customers will overshoot free permissible limit of 300 transactions By 40%*
Number of charged transactions from Pro	0	0	0	0	0	*No transaction fee for Pro Customers*
Revenue from Basics ($ '000)	1.8	4.6	10.8	23.0	45.2	*Average Transaction fee ₹3*
Revenue from Plus ($ '000)	0.8	2.1	4.8	10.3	20.2	*Average Transaction fee ₹2.35*
Revenue from Pro ($ '000)	-	-	-	-	-	
Revenue Generated from Credit Lent ($ '000)	239	625	1466	3119	6130	*Assumption: Net Interest Margin of 3%, industry standards.*
Total Credit Lent ($ '000)	7972	20839	48866	103974	204341	
Credit Lent by Basic Customers ($ '000)	3940	10299	24150	51385	100986	*Assumption: Basic customers on an average will take a credit of 1.34 Lakh Rs. ($ 1787) [Appendix: VII]*
Credit Lent by Plus Customers ($ '000)	2478	6478	15190	32321	63520	*Assumption: Plus customers on an average will take a credit of 2.95 Lakh Rs. ($ 3933) [Appendix: VII]*
Credit Lent by Pro Customers ($ '000)	1554	4062	9526	20269	39835	*Assumption: Pro customers on an average will take a credit of 3.70 Lakh Rs. ($ 4933) [Appendix: VII]*

Appendix VIII: Road to Profitability through proposed Business Model (2/3)

	2021	*2022*	*2023*	*2024*	*2025*	*Assumptions*
Revenue Generated from Interests on Deposits ($ '000)	19	49	116	247	484	*Interests gained on Deposits 6%, Industry standards*
Interests gained on Deposits from Basic ($ '000)	9	23	54	115	226	*Assumption: Monthly Average Balance to be 5000 Rs*
Interests gained on Deposits from Pro ($ '000)	5	13	31	66	129	*Assumption: Monthly Average Balance to be 10000 Rs*
Interests gained on Deposits from Plus ($ '000)	5	13	31	66	129	*Assumption: Monthly Average Balance to be 20000 Rs*
Revenue Generated from Subscriptions	105	274	644	1370	2692	
Revenue from Plus Customer ($ '000)	42	110	257	548	1077	*Subscription Charges: Rs. 5000 / year*
Revenue from Pro Customer ($ '000)	63	165	386	822	1615	*Subscription Charges: Rs. 15000 / year*
Total Cost ($ '000)	439	1042	2220	4294	7675	
Salary	40%	36%	32%	29%	26%	*All cost proportions taken as those incurred by 'ChqBook' and 'Open'. Information extracted from Traxcn*
Infrastructure	10%	10%	9%	9%	8%	
Office Overheads	5%	5%	4%	4%	3%	
Business Development	60%	54%	49%	44%	39%	
IT Expenses	5%	5%	5%	5%	5%	
Total Expenses in % of Total Revenue	**120%**	**109%**	**99%**	**90%**	**82%**	
Profit Generated in ($ Mn)	**-0.07**	**-0.09**	**0.02**	**0.47**	**1.70**	

Appendix VIII: Road to Profitability through proposed Business Model (3/3) [Summarised]

	2021	2022	2023	2024	2025
Revenue Generated from Transactions ($ Mn)	0.00	0.01	0.02	0.03	0.07
Revenue Generated from Credit Lent ($ Mn)	0.24	0.63	1.47	3.12	6.13
Revenue Generated from Subscriptions ($ Mn)	0.11	0.27	0.64	1.37	2.69
Revenue Generated from Intrest on Deposits ($ Mn)	0.02	0.05	0.12	0.25	0.48
Total Revenue ($ Mn)	0.37	0.96	2.24	4.77	9.37
Salary	40%	36%	32%	29%	26%
Infrastructure	10%	10%	9%	9%	8%
Office Overheads	5%	5%	4%	4%	3%
Business Development	60%	54%	49%	44%	39%
IT Expenses	5%	5%	5%	5%	5%
Total Cost ($ 'Mn)	0.44	1.04	2.22	4.29	7.68
Profit Generated in ($ Mn)	**-0.07**	**-0.09**	**0.02**	**0.47**	**1.70**