

FIQI Card

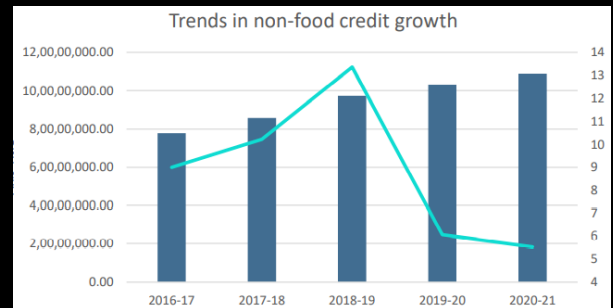
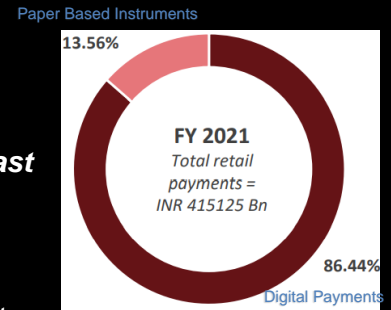
“Personal Finance made easy”

Intro & Goal

Our goal is to make a “new-age” credit card that will disrupt the way people use credit. The card should not just be a functional chip but also make a statement to create a disruptive experience.

Why build it? Scope and Industry Opportunity.

1. There is a huge problem of financial inclusion to be solved. The core need for credit comes from the fact that **“On an average, wherever the household income is <13lakh, the household often faces a problem of liquidity at least once or twice a year”**.
2. **“Products remain virtually undifferentiated”**. As solutions are functional, none **Magical**.
3. E-payment transaction value was INR 1,978.34 Trn in FY 2021. It is expected to reach INR 7,305.15 Trn by FY 2027, expanding at a CAGR of **~24.64%**.
4. India has the highest adoption rate of financial technology (~87%), as compared to a global average of ~64%; has the potential to become a center for global financial inclusive growth.
5. Two changes have emerged in credit disbursed to the corporate sector declined whereas the share of personal loans increased.
6. In the past six months, the average monthly spending on a credit card increased to about Rs 12,400 from Rs 10,700 earlier. And the momentum is only expected to continue as the economic activity improves, leading to consumer confidence and optimism.
7. In 2025, Indian credit market is forecast to have a value of \$38.9 billion (inc of 144.7% since 2020).
8. Internet penetration rate in India is expected to increase considerably over the next few years.



Who's the competition? What do they offer?

Credit Lending Institutions – Traditional Banks, NBFC's, MFIs, Fintech Startups and Co-Branded cards.

The term “credit” is used in the Indian Market for both, traditional one month credit periods and credit lines offered by companies by schemes like BNPY (Buy Now Pay Later), Pay 1/3 as well as Overdraft and P2P lending and thus they all come under competitive products even though they represent a personal loan and not credit.

Since the **job to be done** is payments, **UPI, Debit Cards, NEFT/RTGS and Internet Banking** is also competition.



Apart from the key lending players who constitute competition by virtue of doing the same job, there are credit players who do the same job in a similar fashion: -

- 1) Traditional Banking Credit Cards
- 2) **BNPL / Pay 1/3 Cards** - Posting a compound annual growth rate (CAGR) of 36%, India's BNPL sector is expected to reach \$100 Bn by the end of 2023 which indicates just how popular these lending platforms are, even in their infancy.
- 3) UPI now, Pay Later

In-depth Credit Card Product Benchmarking of leading banks/startups - [Industry Card Benchmarking](#)

Who's it for? - User Personas

Of the various user segments, the below are the most lucrative and prospective TGs. The reasons for the same are –

- 1) A large number of people are accessing formal credit for the first time in their lives - younger people, people in their first jobs, people working in the unorganized sector. They do not need heavy, burdensome products like personal loans or credit cards with high limits. They need bite-sized credit that they access alongside a purchase, which can enable them to afford things without incurring significant additional cost
- 2) Younger generations' buying power, already strong, will only grow as they age into their highest-earning years. Millennials are already on the cusp, and Generation Z is following on their heels.
- 3) These are untouched segments like customers with no- or low-bureau scores. It is also becoming popular amongst the millennial population as they don't get access to credit cards easily.



Rahul and Tina are **young adults** (18-25 yrs.). They go to college or are just starting to work. They have limited resources but multiple expenditures. Rahul likes to try out new technology that keeps coming out, maybe upgrade his phone every year. Tina likes to indulge in fashion and is tempted to purchase a new dress/accessory every 15-20 days. They have many hidden expenses like birthday parties of friends, dinner dates with their partners at expensive restaurants, impromptu trips, etc. They often have to borrow from friends/family and pay back slowly at their pace. They are technologically adept and are not afraid to try new tech. They do not like carrying a lot of cash around and are strong adopters of digital payments like UPI and internet banking.



Mihir and Tulsi are **working professionals**. (26-40) They have loans to take care of (educational, car, house, etc.). Sometimes they send money to their parents and even invest in financial instruments for savings. They live in Tier 1 and 2 cities. A large chunk of their salary goes in paying EMIs and house rent. They like to occasionally indulge in expensive gifts, experiences but there is a mismatch in their salary and expenses. Since they manage a lot of things, it becomes difficult for them to manage their expense, analyze and keep track of multiple payments (rent, utilities, groceries, fuel, investments, etc.).

Where do they use it?

- 1) Ecommerce Purchases (Online Shopping)
- 2) Offline Purchases (Using POS or Scanners)
- 3) Booking Flights, Cabs, Hotels and other travel related needs
- 4) During Dining / Other experiences (Theme parks, tours, etc.)
- 5) At petrol pumps, refueling vehicles
- 6) Paying bills – rent, utilities (electricity, water, mobile bills, etc.)
- 7) Shopping for groceries, daily essentials like milk, bread, eggs, etc.)

What are the pain points?

- 1) There are **too many** cards demanding wallet space. There are cards for memberships, services, debit, credit, metro, etc.
- 2) No flexibility to choose rewards over cashback and vice versa.
- 3) Difficult choosing the right card – too many options, co-branded vs travel vs shopping, etc. No customization based on user spend pattern available.
- 4) Need for longer credit periods (>1month)
- 5) Complexity enrolling for Emi using cards at POS/Online checkouts (Understanding rates, process, etc.)
- 6) Fear of security of payments
- 7) Steps to transact using a card (online) – too many steps; entering number, cvv, mobile verification, etc. – want to order instantly.
- 8) Difficulty to understand and analyze statement.
- 9) Tracking a refund
- 10) Overwhelmed by landing page of traditional banks (card providers) – too many links, where to click
- 11) Overuse of UPI leading to a completely disorganized and unreadable statement.
- 12) Reliant on UPI for petty transactions. Lack of internet connectivity makes payments impossible.
- 13) Non availability of credit over UPI. Need to have a bank account with money deposited.
- 14) Unable to understand when to pay; how much to pay – minimum dues vs total dues.
- 15) Unable to understand the rate and extra amount to be paid based on payment made on current outstanding and dues.
- 16) Time and effort taken to register for a new card or account.
- 17) Scheduling and getting reminded for various payments – utilities, rent, fastag recharges, etc.
- 18) Having to send money to a family member/ house help repeatedly for daily transactions/expenses.
- 19) Purchasing insurance for costlier products purchased (phones, tablets and other gadgets)
- 20) Splitting expenses with friends for common spends (foods, travel, movie ticket)
- 21) Understanding fees and lack of transparency of traditional credit cards.
- 22) Fraud detection and loss aversion (fear to be unable to pay dues)
- 23) Immediate customer support for queries.
- 24) Lack of financial literacy to understand right card to choose.
- 25) Remembering multiple pins for different accounts.
- 26) No option to scan and pay through credit card.
- 27) Functional nature of credit products as compared to the need for magical customer experiences.
- 28) Financial literacy, understanding how to build a good credit score.
- 29) Social stigma against taking credit or loans in India.
- 30) Lack of liquidity, generally for families with household incomes < 13 lakhs at once/twice a year.
- 31) Unavailability of a credit score for “*young adults*” making it difficult to apply for a credit card.
- 32) Unsure of payment success/incompletion when payment doesn't go through immediately on UPI.
- 33) Need for card to be personalized / a status symbol.
- 34) Incentivization for early payments, easy and smooth way to clear dues.

Prioritization – Since there are just 2 months to launch, we need to prioritize which solutions to launch first
Problem Prioritization Link – [**Opportunity Scoring**](#) (*Prioritization of problems basis importance and current satisfaction levels of the users*)

Solution Prioritization – The solutions have been prioritized keeping the below factors in mind: -

- 1) Scope – Limited by time to launch, only 2 months to launch
- 2) Opportunity Scores of customer pain points
- 3) RICE (Reach, Impact, Confidence and Effort) scores for each solution.
- 4) Market Norms – minimum expectations of users (expecting a magical experience)

- 5) Competitive Standards – What has been offered by competitors and can be deal breakers if not included.

Link to solutions to all User Pain Points Listed and their Prioritization - SOLUTIONS

What is the theme? - Why BNPL? Why our TG?

Based on the Primary research carried out –

- 1) Usage of the BNPL service shot up by 570% in 2020; According to the Q2 2021 BNPL Survey, BNPL payment in the country is expected to grow by 72.7% on annual basis.
- 2) BNPL has already captured 3% of the market share in the online e-commerce payments segment and the number could go up to 9% by 2024.4 BNPL is becoming a popular mode of short-term financing amongst millennials.
- 3) The credit card market in India is still under- penetrated. It was only 3%6 of the total population above 15+ years in year 2017–18 as per World Bank. This will currently be around 5–6%, which is still very under-penetrated compared to other countries like the United States (66%), United Kingdom (65%) and Brazil (30%).
- 4) FinTech's are capturing almost all the value being created in POS financing as banks have been slow to respond.
- 5) BNPL can penetrate the untouched segments like customers with no- or low-bureau scores. It is also becoming popular amongst the millennial population as they don't get access to credit cards easily. They mostly use BNPL for purchase of electronics, travelling, etc.
- 6) BNPL gives no businesses a competitive advantage anymore - Slowly becoming a necessity to stay in the game.
- 7) Among all Millennials (26 to 40 years old), 18% made at least one BNPL purchase over the past two years, in contrast to 9% of Gen Xers (41-55), 6% of Gen Zers, and 1% of Boomers and Seniors. Overall, Millennial's account for half of all consumers who have used the service in the past two years.
- 8) The majority of BNPL users, for example, are under the age of 35.
- 9) These shoppers are generally wary of traditional credit cards; Gen Z usage of store credit cards is only 27%, compared with 48% for Baby Boomers.
- 10) This younger generation also has expressed a need for an alternative form of payment that does not make them feel more indebted bur rather makes them feel confident they can afford the purchase. For this reason, 24% of Gen Z and Y shoppers reported using BNPL to avoid revolving debt, vs. just 9% of Gen X shoppers. The prevailing view among younger shoppers is that BNPL financing isn't credit. They feel they are exercising good money management by choosing alternative payment solutions.

Product Launch Strategy: -

- 1) Feature Roadmap – Based on the prioritization exercise done above, below are the features to be shipped in the first 3 iterations –

Iteration 1: -

- a) BNPL card with a pay ¼ option –Competitors following the successful model of UK and Australia. ¼ is a simple credit card, 1/3 has been offered (*western imitation*) – India is a country of savers and we need not limit ourselves to traditional 1/3 BNPL models and create a differentiated experience.
- b) Card Features – Minimal black numberless card, no clutter with multiple cobranded / segment basis (travel, shopping, food) options. The reward scheme will be simple – 2 Fiqi coins on every 100 rupees spent; reward multiplier customized basis customer spends habits (monthly) – 6x rewards for top spend category, 5x for second and 2x for third with no reward store in launch. The reward coins accumulated can be used for payment of eligible spends in current month without any fee.
- c) Incentivizing Payments – Flat 1% cashback on spends where payments done in same month.
- d) Immediate issuance of virtual card in app; can be used conjointly with the metal card post receipt.



In App Features – Option to tag every payment (E.g., Sunday Lunch at McDonald's) – to help analyze spends

- Create a visualization tool to understand spends across categories, credit exhausted, credit remaining, also allow user to set limits for each category and send warnings when he/she is close to exhausting his category limit (Possible mockup on the left)

- Create an immediate popup in app post payments and have a “convert to 1/4” toggle against each transaction indicating whether the user want to convert it to a 1/4 payment or not.
- Fingerprint authenticator for payment app redirects/validation requests of offline payments.
- Link payments through phone number – no need to remember card number (use fingerprint)
- Need to support tap and pay NFC payments (same to be supported by physical card)
- Option to set recurring payments like rent and mobile postpaid bills which are fixed in nature
- Integrate Bharat Bill Pay using API, option to save details of recurring payments.
- In app popups for high value transactions + transactions happening from devices located at different locations as compared to the users’ locations - option to validate (Fingerprint)
- Integrate an automated chat bot - outsource to agency for time being due to limited time of launch; develop inhouse later basis requirement and cost benefit analysis.
- Keep a well-defined timeout for payments - if payment not processed within given timeline, confirm to the user that he has/has not been charged and keep credit line free.
- Create an intuitive and dynamic click wheel with points on the circumference like minimum dues, total dues, etc. The center of the click wheel can be empty and show - "amount you are paying"; there can be copy at the bottom suggesting interest that will be charged basis the amount paid so that the customer can easily choose the amount based on the interest he wants/doesn't want to pay (possible mockup on the left)
- Create a weekly spends section (Bar graphs) showing spends across categories for analysis



Iteration 2: -

1) App Updates –

- Create card drawer to hold redundant cards where just membership number and details are required and no swiping is necessary.
- Store location data for each payment to make it easier to remember/figure out - Use location API available – Create a spend map (places where one has spent)
- Have separate sections of small and large ticket spends - e.g., filter by value (where value > say Rs 100 - based on users’ requirement) to help user declutter smaller spends and analyze better
- Have a sperate dashboard for UPI spends (account created in supplement to credit account as listed in below solution)

2) Similar to pre-existing market solutions like "Jupiter bullet", create a UPI address over a virtual bank account for each user - allow user to allocate limits for UPI from available credit line - mainly for low ticket purchases like Kirana shops, etc. [nudge allocations like 5k, 6k, 10k, etc.] –

3) Option to scan & pay.

Iteration 3: -

1) App Updates – **Integrate SPLITWISE using API - need to check with technical team**

- Option to tag transactions as those awaiting refunds - since the amount refunded is same, can use ML to notify user when refund has been received

2) **Social media educational campaigns to boost literacy - keep an active page**

3) **Option to create add-on cards for house help/children - credit to be utilized from parent account - option to track expenses of child account within interface for parent itself**

4) **Create one auxiliary card to be supplied with original card with an NFC chip that can read data of other cards (stored in in-app drawer) through the phones NFC chip to create one card from many**

Iteration 4+: - Create a learning platform, Options to upload photos of bills for better tracking, create a personal in-app ledger to analyze and track trends, Cibil score planner (tips and tricks to improve cibil score), Launch **Fiqi Mini** (Cards for students without Cibil scores – using PPI or creating FDs), longer EMI tenures.