



Chore Scout Overview

HELPING BANKS WIN BY HELPING THEIR CUSTOMERS WIN

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Executive Summary

ChoreScout is an app for banks to acquire children and their parents as customers. It lets parents set chores around the home. As the children complete the chores they receive their allowances, transferred from mum and dad's bank account into theirs, which can then be used to save for goals such as skateboards and Lego or converted into cash. The intent of the app is to teach fundamental financial literacy skills such as saving and the value of money and to act as a customer acquisition tool for banks.

Back in 2013 75% of American Children under the age of 8 had access to a Smartphone or Tablet. Today 75 Percent Of 4-Year-Olds Own Smartphones. In the UK, a third of pre-school age children own their own media device and In Singapore, it is not uncommon for homework assignments to be set via WhatsApp. 68% of Aussie kids aged 3 to 17 own a smartphone and an average of 21 hours and 48 minutes per week is spent on the devices. Parents with children know this is where their children are and indeed is often being driven by schools moving from PCs to smart devices and issuing children with digital identities.

European parents spend \$50 bn and \$150bn per year on pocket money. 71% of parents give pocket with British parents, giving on average £19 per month and the Portuguese being the most generous, giving 59 euros per month.

Connecting this spend to chores via mobile apps to teach children about financial literacy is more effective than traditional kids' savings accounts, and creates customers that are more financially prudent. Whilst the pocket money value may or may not be interesting, the customer for life value proposition is. If banks can capture customers at an early age, the friction involved in changing is significantly high enough that young customers normally convert to MFI (Main Financial Institution) customers and stay with the bank at least until they begin shopping for a mortgage. This means that whilst the initial value of the relationship may be low, the life time value of these customers is extremely high with a propensity for several products and to stay.

Chore Scout is available today as a white label solution for banks who want it connected to their digital infrastructure. For more visit www.chorescout.com



Background

Building Engagement with Emotion

As financial services become more digitised, the general population is getting worse at it. Our preparedness for retirement and our use of credit for everyday living are worse than ever before. This process of digitisation is also seeing an increased level of product commoditization and a race to the bottom on price as disengaged customers fail to differentiate and perceive value. In contrast customers are getting great at activities that seem more trivial such as Facebook and Clash of Clans.



As the Internet has unfolded and financial institutions (FI) worldwide build out digital strategies to serve customers cheaper and faster, quite literally turning the bank inside out and exposing systems to customers, much of the risk management and personal connection inherent in the old world has been lost. Gone are the days when the local bank manager knew most of his customers and could guide them along their financial journey. The relationship has been dehumanised, the connection gone and many of the soft controls lost. With this FI's have lost a great deal of capacity to help build competence within the service offering and teach people the core skills needed to budget, save, pay off debt, plan, live safely, reduce risk, select and use the right products.

To compete in this world, Moroku believes that we need to replace Ease of Use with Fun to Use as a design paradigm, engaging customers in their financial life to help them win. If we can help customers to win financially, using fun and experiences they are drawn to, we can help banks compete on purpose.

Child Banking Segment

A 2013 [CYFI study](#) found that child and youth financial inclusion was a sustainability priority for less than 5% of banks. This presents an opportunity to differentiate and build deposits with CBA attesting that 20% of their savings volume is “youth related”. When assessing the rationale for working with children and youth segment, a financial institution should look beyond short-term profitability and return on investment (ROI). This segment poses a powerful CSR proposition as well as interesting opportunities to help boost profitability; improve long term customer relationships; and stay at the forefront of banking innovation.

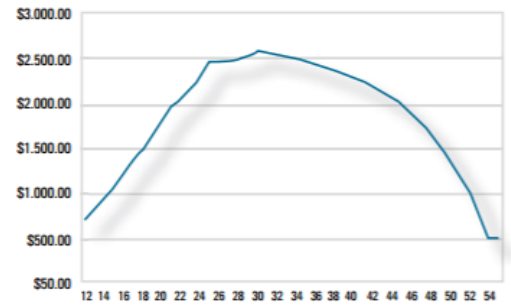


Figure 1 Average NPV at age of acquisition

Corporate Social Responsibility

Financial institutions have a key role to play in laying the groundwork for youth to realize their potential. By offering child and youth friendly financial services, banks offer children and youth a chance to believe in themselves, save for a better future, build a savings record, make payments and access other essential financial services. By learning how to manage their own resources, children can develop the necessary life skills, and skills needed for employment or entrepreneurship. Changing a young person’s life can be that simple.

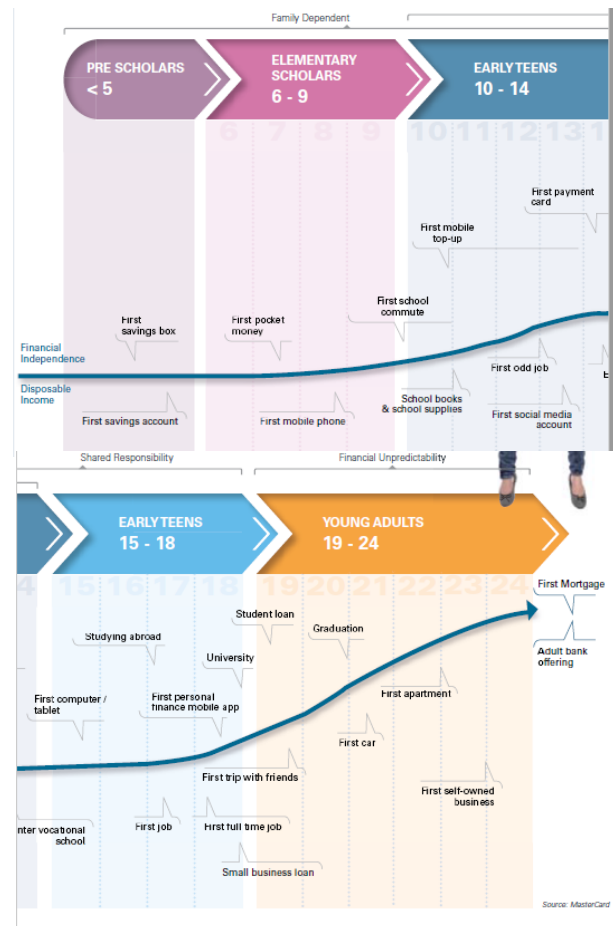
Through the delivery of digital banking applications that encourage prudent money behaviours early, banks can help parents help their children win, get into the home through the phone and demonstrate that building financial skills in the family and the community in a relevant way is a cornerstone value for the bank. As leaders in finance and economies, financial institutions have an opportunity to create the next generation of entrepreneurs, business leaders, and responsible economic citizens. Financial institutions who decide to address these issues broaden their playing field while addressing their social responsibility.

Untapped savings market

On average 37.9% of youngsters aged 15 - 25 have accounts at a formal financial institution. OECD countries and East Asia and the Pacific are above this average, whilst penetration in the Middle East is as low as 12.9%. In Eastern Europe and central Asia, these rates are as low as 3.98%. With low cost, mobile solutions that are fun and relevant this market can be captured.

Investing in long term relationships

Having savings accounts in childhood is associated with being two times more likely to own savings accounts, two times more likely to own credit cards, and four times more likely to own stocks in young adulthood. A wide variety of studies suggest a positive relationship between the ownership of a savings account and higher levels of economic and financial wellbeing. By examining the journey here, banks can begin to choose when to begin working with customers to help them win and build a bank of great customers.



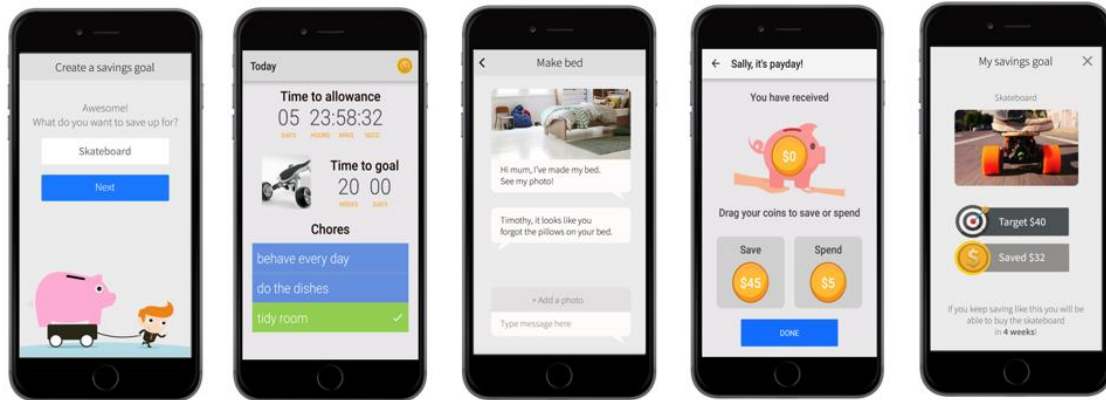
Customers who have banked with a provider throughout their teenage years are far more likely to extend this relationship into their student days and beyond when profit contribution increases significantly. Research indicates that only 10% would consider changing banks once their relationship is established, reinforcing the view that the teen segment is the optimum point of market entry. This existing relationship delivers a clear advantage when financial institutions are attempting to access friends and family of their existing account holder, with “92% of consumers saying they trust word of mouth and recommendations from friends and family above all other forms of advertising.

Improve the brand

The global financial landscape is becoming increasingly sophisticated with accelerating adoption of innovative financial technology. Serving highly technologically literate children and youth can help financial institutions rethink and perhaps diversify the services and distribution channels they offer. This in turn can have a positive impact on brand perception – the financial institution can meet/exceed/lead market needs – therefore attracting more customers.

Chore Scout

The solution is two mobile applications, one targeting customers who are parents and the other for their children. They allow the parent to create chores for their child to complete, set an allowance for them then pay an allowance, based on their child's work. Children can view a list of chores to complete, submit completed chores with photographic evidence, create a savings goal and then chose how much of their allowance to take as cash in hand (for spending) vs. sending it to their savings account towards their goal.



Moroku is committed to an ongoing program of innovation within our digital portfolio. We understand that our clients are looking for innovative products that:

- enhance customer, and in particular, youth engagement;
- increase wallet share across segments;
- empower members to take control of financial outcomes;
- encourage customers to attract their children as the next generation of customers;
- increase loyalty to your brand.

We are pleased to present Chore Scout, a mobile application that can connect to your mobile banking platform. There are 2 integrated apps – a 'parent' app and a 'child' app, and together they allow users to:

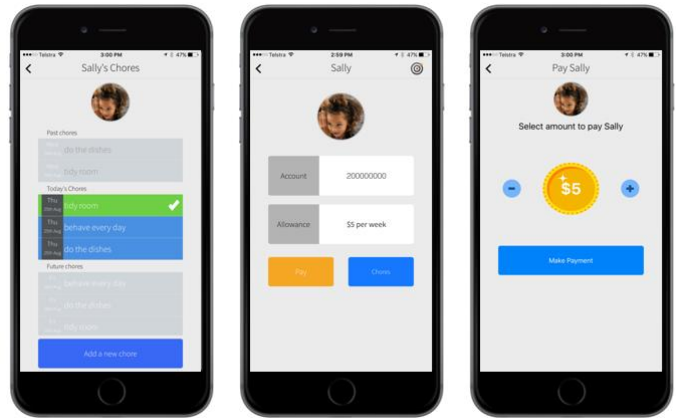
- set allowances;
- agree chores to be done around the home;
- track the successful completion of chores;
- facilitate transfer money between parents and children's banks accounts upon successful completion of the chores (payment made via Core Banking System API call);
- establish savings goals for the saved money.

Parent App

To use the apps parents must be customers of the Client and have opened accounts for their children.

Once set up, parents can create chores, allocate them to a child and review chores for completeness (once a child has submitted the task) as well as set the amount and frequency of their allowance.

When a child completes their chores, the parent is notified in app. The child can choose how much to save (towards a goal) and how much to spend (i.e. take as cash). The parent's app is notified of the child's choice and then facilitates a transfer of the savings amount from their account to the attached Child account, through the Core Banking System.



Child App

The child's version of the Chore Scout app is paired with the parent's app using a combination of WiFi and Bluetooth. There is no integration from the child app to the core banking system.

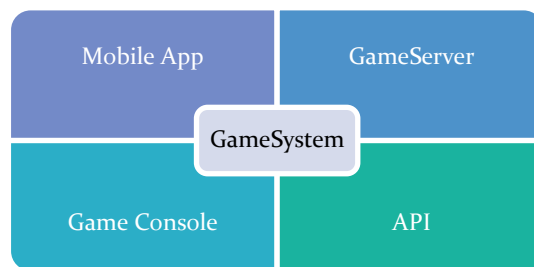
Once registered, the child can view their list of chores set by the parent as well as the allowance to be paid. A child can select a chore and view its details, including what needs to be done and when it needs to be completed by. They will also have the capability to upload an image of their completed chore before they submit the chore for review. When all chores are completed, the parent can release the allowance to the child to allocate.

The child has the choice of moving their allowance, to a savings account or requesting it as cash or a mixture of both. The interaction to move money is performed in a physical way by dragging coins on the screen.

The Child can also create a Savings Goal to work towards, this will be displayed with their chores as motivation.

Appendix 1 -Moroku GameSystem

Moroku GameSystem is complete set of technologies for the deployment and operation of the next generation of mobile banking and wealth management applications. Its four components are configured, provisioned and licensed on the world's leading banking cloud.



Mobile App

Native iOS and Android mobile libraries help us build apps that customers download and use to get their banking done. Motivated individually and collectively players sign up, download and get to work. From initial onboarding to ongoing engagement the customer is guided on their journey to mastery. The bank provides the initial registration through internet banking that provides an authorization code and sets up and connects the transaction accounts with the app.

Game Server

Non-banking interactions are all delivered through our cloud based GameServer. This incorporates the player management, their progress and performance. No Personally Identifiable Information (PII) is held within the GameSystem, enabling us to support most banking regulations with regards to the use of cloud infrastructure. An anonymisation service connected at the bank side manages the relationship between the GameSystem player and actual accounts at the bank.

Game Console

Bank staff manage and review application information via the Game Console. Using portal credentials provided as part of the license, numerous aspects of the platform can be managed such as the game rules, in-app adverts, communities, quizzes, categories and imagery. Customisable standard reports are provided to measure performance and behaviours such as payments made, click through rates and customer acquisition.

API

An API is provided as both documentation and reference implementation to integrate GameSystem with the bank's payment and internet systems. This enables the registration process to be presented via the bank's internet banking platforms, payments to be made, GameSystem data to be queried and adjustments made via third party systems. The API is a RESTful API with calls being made over HTTP and using the HTTP methods POST, PUT, GET as verbs.

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