The emergence of a monobank in Ukraine

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Ukraine currently has many different banks. For now, we will talk about monobank. Today, monobank is one of the most famous brands that has become a trendsetter in the retail market, has managed to gain millions of loyal customers and has made many competitors worry.

CREATION OF A FINTECH BAND

The prerequisite for the emergence of the monobank was the nationalization of the largest Ukrainian bank, Privat, which was announced in December 2016. Its former top managers decided to create an IT company that would develop ready-made technical solutions for bankers. This is how Fintech Band was born.

Its founders realized that these days a fintech project can cost much more than a regular bank. They were inspired by such non-banks as Monzo, Revolut, and the Russian Tinkoff Bank, which, after its IPO in London in 2013, was valued at 7 times capital, an unattainable multiple for traditional banks.

The founders of Fintech Band are:

- Oleksandr Dubilet - former Chairman of the Board of Privat;

- Oleg Gorokhovsky, former First Deputy Chairman of the Board of Privat, developed the retail business;

- Volodymyr Yatsenko, former First Deputy Chairman of the Board of Privat, was in charge of VIP clients and corporate business;

- Liudmyla Shmalchenko, former Deputy Chairman of the Board of Privat, was in charge of the treasury and interbank business;

- Vadym Kovalev, former Head of Risk Management at Privat;

- Mykhailo Rogalsky, former head of payments and transfers at Privat;

- Dmytro Dubilet - former CIO of Privat.

According to Oleg Gorokhovsky, they were looking for a partner bank that would take over the back-office functions, while Fintech Band wanted to keep the product development, support, and sales.

Initially, they planned to partner with several banks at once. But in the end, they agreed on exclusive cooperation with Universal Bank. Shortly before that, it was bought by Sergey Tigipko, one of the founders and former co-owners of the same PrivatBank.

Fintech Band invested about $5 million in the Monobank project, and Tigipko invested another $4 million.

MONOBANK'S ENTRY INTO THE MARKET

In October 2017, Fintech Band started beta testing its app. About 18,000 users participated in the process. The monobank officially entered the market on November 22.

What was it? In fact, it is a package of services within Universal Bank and under its license, but under a separate brand. Monobank has its own app and support service.

Immediately after its launch, the project made a lot of noise because it introduced several know-how.

The first thing that caught the eye of users was remote service. There was no need to go to the bank to get a card. In a market where all banks worked with customers the old-fashioned way - through branches and managers - this was a novelty.

Registration was done in an application that was downloaded from the App Store or Google Play. In it, you had to take a photo of the documents and then activate the card, which was either brought by a courier or could be picked up at one of the points of issue.

Second, the bank was ready to pay cashback in real money, not bonuses. No one did this before mono. That is, the bank card became a tool not only for payment but also for earning money.

The third is the app itself, which has also been the subject of discussion. While all mobile banking apps before were just scaled-down versions of desktop Internet banks (including Privat24, which, although better than its counterparts, also failed to impress), the monobank launched a full-fledged banking service with all the necessary functions. At the same time, the application turned out to be extremely convenient and thoughtful.

The monobank's symbol, the cat, was not ignored. In addition to the Mono logo, which always had a cat next to it, the card came with stickers with the cat and funny slogans: "Everything is fine, there is money," "Easy, Easy! real estate tok! sink ebout it!" and so on. It was the first time a financial institution was associated with a pet.

At the time of the monobank's launch, Fintech Band employed about 150 people (not including the mono support team) and had its office in Dnipro. Cards were delivered to customers by bank employees or they could be picked up at one of 30 points of issue.

The launch was more than successful. The first card outside the test group was issued in October 2017, and on February 13, 2018, the service registered 100,000 customers, and in July - 300,000.

THE EMERGENCE OF SHAKE TO PAY

Active work on the project continued after the launch. The monobank app quickly began to acquire its own unique functionality.

The first interesting novelty was the Shake to pay technology. It was activated in an unusual way. If you shake a smartphone with the app open, it starts searching for nearby devices.

If someone nearby does the same, the apps will find each other and activate the P2P transfer function between the two cards.

This is convenient when you need to transfer money to a card to a person who is not in your contact list. One person doesn't have to dictate the card number, and the other has to enter it manually.

THE EMERGENCE OF A FREE INSTALLMENT PLAN "PURCHASE BY INSTALLMENTS"

A year after the launch, the monobank launched its free installment plan called "Purchase by installments".

Prior to its launch, mono had only a paid installment plan, essentially a consumer loan at 1.9% per month. The new service, in contrast, worked like a classic installment plan without any interest rates or overpayments.

However, while the paid one can be used in any retail outlet in the world where there is a payment terminal, the free one is available only in monobank partner stores.

However, now there are more than enough of them - about 500. So if you want, you can buy anything you want.