

eBook



Revolution Banking:

How to include the underserved population in the business strategy



How do we achieve this? _____



The population demands access to:

- **Credit**
- **Insurance**
- **Bank accounts**

A significant portion of **Mexican society feels neglected** as they do not see any products in the market designed for them.

Being individuals with limited resources, **financial institutions often overlook them, merely adapting existing products**, which drastically reduces efficiency.

This leads to increased inequality and worsening economic conditions for these individuals, ultimately exacerbating poverty and social exclusion. **We must join forces to address this reality together.**

Coinscrap Finance provides banks with the **necessary tools** to create products that perfectly match the specific needs of each user.

Thanks to our technology, **banks, neo-banks, and fintech companies can assist underserved sectors with hyper-personalized services.**

Starting Point

According to the report published by Deloitte: “Financial Inclusion in Mexico. Challenges and Opportunities 2024,” the country scores just over **40 points out of 100 in the Ipsos Financial Inclusion Index**. This indicates that users’ relationship with the financial system—in three key aspects—is deficient.


Similarly, the latest available data¹ shows that **38.8% of the population over 18 years old is very concerned about the need to take out a loan**. Unexpected expenses were a source of stress for 45.4%, causing physical discomfort such as headaches, gastrointestinal disorders, or changes in blood pressure.

Among the population suffering financial exclusion, **indigenous language speakers are the most affected** by this social gap, with only 49% having a checking account, 26% having access to credit, and only 8% having any type of insurance.

The next socio-demographic group in terms of banking level is **the rural population**, aged over 49 years and without basic education. **They lack access to branches or ATMs and suffer a greater gender gap** in access to financial products. For example, in savings accounts, this gap increased by 13.8%.²

1. National Survey on Financial Health (ENSAFI) 2023.

2. National Survey on Financial Inclusion (ENIF) 2022.



“Financial inclusion is defined as the access and use of formal financial services under appropriate regulation that guarantees protection schemes for users and promotes financial education to improve the economic capacity of all segments of the population.”

National Banking and Securities Commission (CNBV)





1 Understand the market

To increase the sector's efficiency, it is necessary to focus on:

- ▶ Establishing financial education programs that address how cognitive, emotional, and social biases can affect decision-making.
- ▶ Informing the population that they will not have to pay taxes for using banking services if they do not reach a minimum taxable annual income.
- ▶ Promoting the use of digital payment methods in municipal services, taxes, gas stations, and more, through regulation.
- ▶ Encouraging gradual reduction in cash usage by providing accurate information on cybersecurity.
- ▶ Creating simple, intuitive, and useful digital platforms that offer an excellent user experience and reduce entry barriers to zero.

2 Understand the tools

Coinscrap Finance offers banks, neo-banks, and fintech companies services and products that help meet the needs of the underserved population:

- ▶ **Micro-savings**
Allows people to save effortlessly using automatic rules and developments that include gamification among their functionalities.
- ▶ **Micro-investment:**
Introduces the population to investment financial products through small amounts they feel comfortable with.
- ▶ **Financial coach:**
Increases financial education and facilitates users' domestic economy management through advice, recommendations, and alerts.

3 Segment users with AI

When conducting **hyper-personalized campaigns**, it is very beneficial—in terms of efficiency—to segment the customer base using **machine learning algorithms**, which discover behavioral patterns, consumption habits, and specific needs.

This information allows entities to **generate financial insights** that anticipate the user's next step, becoming **a real ally that helps the population** at the most relevant moments of their lives.

For example, if a bank detects a nursery expense, it can check if the user has **life insurance** in their transaction history.

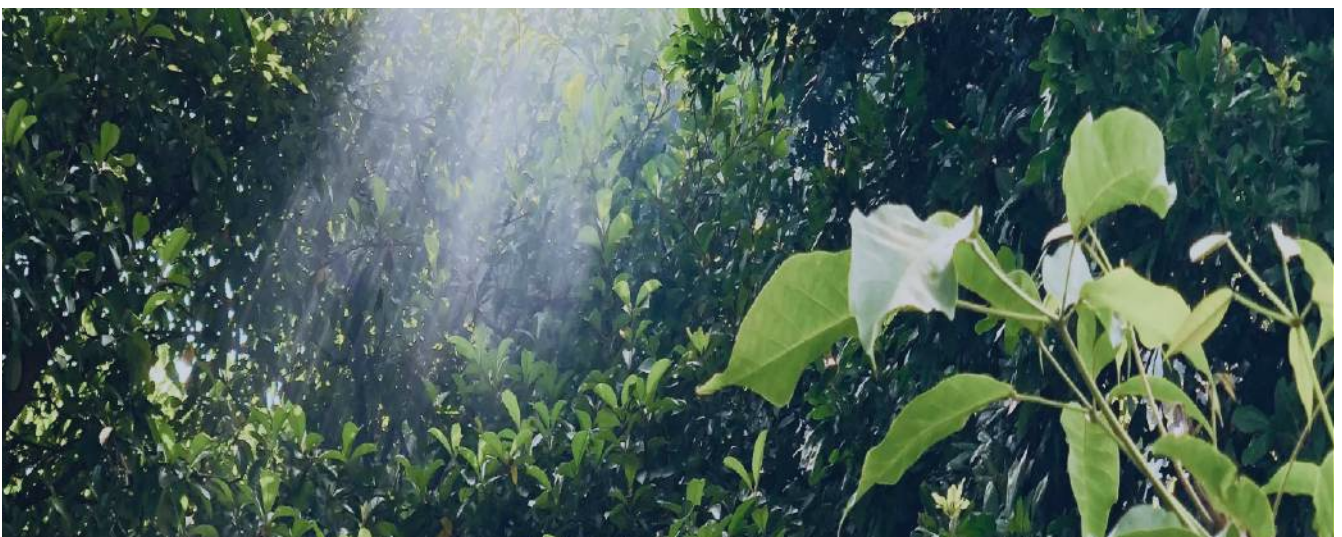
If not, this would be **the perfect time to offer a policy** or a beneficial offer to switch companies.

Additionally, the bank can **analyze behavioral patterns to tailor its offers more precisely**. AI segments users according to their spending habits, life events, and financial goals, allowing entities to make **more personalized and timely recommendations**.

4 Protect banking data

Users are **concerned** about the use of their personal information, especially banking data. This **may cause them to prefer cash** and stay away from the financial system.

To address this, **entities must shield themselves** against cyberattacks, information theft, and computer fraud. When partnering with a tech company, it is important to **prioritize certified fintechs that comply with ISO standards** and ensure their developments maintain the highest security standards.



Success cases

Banks that anticipate trends



One of the **country's leading banks**, with over 25 years of experience, has shown how beneficial and necessary it is for entities **to embrace digitalization**.

Technology has enabled it to **adapt to the changing tastes and specific needs of the Mexican market**, increasing its portfolio by 40% in the past year and reporting a cumulative net profit of 11,091 million pesos.

One of the most innovative applications they have implemented is **the use of enriched neural networks**, with user data ranging from geolocation to **emotion analysis in customer service**.

To achieve this, the bank **has increased its investment in artificial intelligence**: *"We conduct consultations on social media behavior and perform sentiment analysis,"* stated their Digital Transformation Director.

This bank truly considers the needs of its customers and knows that **technological partners are a great ally in innovation**. This is how they manage to stand out among the competition while fostering customer loyalty.

259%

Increase in digital users

150%

Growth in online banking

100%

Active digital customers

Traditional users grew only 35% in the last 4 years.

The use of the web increased with AI.

They interact with platforms at least once a month.



Digital wallets leading the way in bankarization

The international study conducted by Capterra in 2023 identifies **Mexico** as a **leader in the adoption of digital wallets**.

These are apps that allow anyone with a smartphone—or a smartwatch—to **carry the usual contents of their physical wallet** in a digital device.

They enable users to add **credit cards, IDs, or event tickets for an event**. The Mexican population also uses these electronic wallets to make purchases in stores that accept contactless payments.

An impressive 70% of the population uses this technology, and the study indicates high satisfaction with the service.

The advantage for **companies** is that they **see an increase in the usage time of their platforms**, generate additional sales, and can also offer **loyalty programs**.

Another user experience is **the ease of controlling their finances** with this service and the convenience of making payments even when they don't have cash on hand at that moment.

70%

of users utilizing digital wallets
report high satisfaction with the service

Íkualo: Breaking barriers for migrants

This neo-bank entered Europe with the mission to **provide financial system access to any citizen of the world**, regardless of their migrant status.

Aware of the challenges individuals face based on their place of birth, **Íkualo facilitates banking access** for those who only have a passport as identification.

This project, which merges technological, social and business aspects, offers a multitude of services to its customers: from **bank accounts** and **debit cards** to **transfers** and **digital payments**. Thanks to its recent partnership with Visa, its clients can shop at over 130 million merchants across 200 countries.

Currently, the company is preparing for its IPO, even though it hasn't completed its first year yet. Its impressive results include **more than 20,000 users with another 25,000 on the waiting list**, substantial cash injections from investors, and **expansion plans** in Portugal, the UK, France and Italy.

“A population excluded from the financial system is a population condemned to poverty.”

Harold Correa,
Founder and CEO of Íkualo.





“Fintechs are the perfect ally for banks because they understand the end-user very well and can meet their needs before anyone else”.

Diego Romero Tuccio,
Head of Business Development LatAm

Harness the power of
transaction data



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