Capstone Project

MS Finance'22, CEU

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Project Title

Defining Product Specifications for an investment app for German market

Introduction

The objective of the project is to define the product specifications for an investment app to be made for the German market. The product specification defines what features need to be built in a product, why they need to be built and how the user journey would look like.

ABC is a fintech startup based in Germany. We are building an investment platform encompassing both self-directed investment and robo-advisory services. We are building the most beginner friendly investment app. Our aim is to help people build diversified portfolios in an easy, cheap, and accessible way. We do this by providing personalized advice and education to allow people to invest wisely. At the start, we are focusing only on one financial asset class i.e., ETFs (Exchange Traded Fund). Later, we are planning to add more assets like stocks and Cryptos. Currently, For the MVP, our focus in only on self-directed investments. Meaning, users can browse among the different ETFs and invest as per their needs. Later, we plan to build robo-advisory element which will recommend portfolios to users based on their financial needs, financial situation, financial knowledge and their risk appetite.

An ETF is a type of pooled financial security quite like a mutual fund. Typically, An ETF will track a particular stock index, sector, commodity, or another asset. If ETF tracks a stock index, it gives you exposure to multiple underlying stocks. An ETF can be designed to track anything from the price of an individual commodity to a large and diverse collection of securities. ETFs can be bought or sold on a stock exchange just like a regular stock unlike mutual funds. The price of an ETF fluctuates all day long as the ETF is bought and sold; this is different from mutual funds, which only trade once a day after the market closes.

There are more than 25 investment apps operating in German market with each one having their own differentiation. People interested in robo-advisory have options like Scalable capital, Growney, Liqid and Raisin and the ones who want to do trading have options like Trade Republic, Bitpanda, Bux or Robinhood. However, none of these platforms provide personalisation. Also, none of them emphasize financial literacy. Therefore, there is a gap in the beginner's segment; the population which has never invested in the capital market is left out. Currently, there are no established players in Europe that make prudent investing easy for young people, especially beginners and ABC aims to be that one. We believe this can be done by making learning & investing effortless and fun. There are success stories in other markets who

have done this. To enter the market sooner, we work with a TAAS (Trading as a service) partner who takes care of executing the trades and the custodian activities.

A Robo-advisor is a digital platform that provides automated, algorithm-driven financial planning services with little to no human supervision. A typical robo-advisor asks questions about the client's financial situation and financial knowledge and then determines their appetite to take a risk.

Current Progress

We have defined the specifications for

1. Onboarding – This includes the user creating an account (email and mobile verification), sharing personal details regulators require us to have, setting authentication mechanisms (Access PIN, Face ID & Password).

2. Online KYC verification – We will be tying up with a partner like Onfido, IDNow, etc to perform the online KYC verification of our customers.

3. Creating goals & customizing them. A goal could be to save for a car, a house, a wedding, etc.

4. Allowing a user to link an IBAN (bank account) and transfer money through SEPA

5. Allowing a user to add ETFs to their goals

6. Allowing a user to pay towards their goals either as a One-time payment or recurring payments

7. Allowing a user to sell their portfolio anytime and transfer the money to their bank account/s

8. Allowing a user to refer their friends

9. Allowing a user to educate themselves with the education content

10. Allowing a user to round-up on their daily purchases and invest the change.

Benefits to the Client

The client got necessary support in the product management area thereby freeing their precious time to focus on strategic areas of business. As I come from a technical background with prior experience in Fintech and product management, I was able to pull off the product development seamlessly. The work I performed helped them get the Product implemented with the right processes and low redundancy.

Key Outcomes

The product specifications I created are referred by the Engineering team to write the software code. The end result is the developed mobile app which can be used by the end users to browse and invest into ETFs. The product specifications are also used by the Design team to make UI (User Interface) designs. The Product specification plays an integral role in the development of the product (mobile app). At the time of this writing, most of the features considered for the MVP (Minimum Viable product i.e., minimum set of product features we can launch the product with) are developed. The next steps are to test the product features rigorously, refine the user flows, work on the UI (user interface) and UX (user experience).

Being part of the Product team, I align the product strategy to business goals thereby ensuring they are met.

Lessons Learnt

Overall, it is a very enriching experience for me to go deep into the Investment domain and the German market and contribute to building the financial literacy in the market and thereby removing the long held mental barriers against investing in capital markets.

The leadership team has good clarity on the business needs, which helps me and the team stay focused on the right things and work towards building the right product.

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