



Spriggy Case Study

Indue makes it possible to launch a unique banking concept

BRIEF

The founders of Sydney-based startup Spriggy came to Indue with the idea for a prepaid card and mobile app that could be used by 8 to 18 year-olds to help them and their parents manage money together.

This 'digital pocket money' concept had clear appeal for families, but Spriggy was having trouble finding a banking partner willing to take a chance on a new venture with a novel business model.

Indue's dual focus on services and software gave Spriggy access to the stability, reputation and reliability of a longstanding and respected payments business. Underpinning this is the licensing that Indue holds which truly creates a differentiated offering (Australian Financial Services License holder, Visa Principal Member, AusPayNet member).

Using Indue's ability to integrate financial payment products and settlement services, Spriggy was able to get to market quickly and easily, delivering a unique product that is already carving out a valuable new niche in the financial services sector.

Spriggy's Success

- 100,000 accounts opened in less than 18 months.
- 25% month-on-month growth of accounts in first year.
- Up to 9,000 cards issued per month.

CHALLENGES

Spriggy began life as something of an accident. The company's two young founders, Alex Badran and Mario Hasanakos, had worked in financial

services and planned to set up a digital bank that would achieve better banking outcomes for millennials.

But after months of research and prototyping the duo started looking at the potential to provide services to parents and kids. "We wanted to help people make better decisions about money. Turns out most people's habits are fully formed by the time they're adults and if you want to have a positive impact, you have to start a lot younger." says Hasanakos, a former investment banker.



The driving force behind Spriggy was to build important money habits in an environment where practical financial skills are rare.

The company's prepaid card and purpose-built mobile app aimed to teach eight to 18-year-olds vital earning, saving and spending skills with real-world practice.

But even with a clear customer segment and business model in hand, Spriggy faced an early challenge. The company needed a processing platform that they were able to build on top of and traditional banks were not interested in the challenge.

"I was a physicist before I was an investment banker, and the idea that what you do on a day-to-day basis improves the quality of everyday people's lives is a new experience. It's such a joy to go to work each day to help Mums and Dads raise financially healthier kids"

Mario Hasanakos, founder, Spriggy

"There were some at the top end who had all the capability, had the technology, but were not interested unless you have 250,000 cards on day one, with marketing channels to get a million more." says Hasanakos.

Meanwhile, at the other end of the spectrum, there were providers that were eager to help but could not provide the application programming interfaces or other technical features that Spriggy needed.

HOW INDUE HELPED

Indue introduced the Spriggy team to its next-generation prepaid card platform, Nucleus, which would allow Indue to seamlessly manage the payment card process. This gave Spriggy access to the reliability of a longstanding and respected payments partner.

"You don't see that kind of progressiveness, usually, from a regulated entity like Indue. To see that kind of agility is rare," says Hasanakos.

Importantly for a product aimed at youngsters, Indue's technology meant Spriggy's prepaid cards provided a high level of security with protection provided by Indue's Orion Financial Crimes card fraud management system.



For Spriggy's team, it was crucial that it found a partner such as Indue which could not only identify valuable innovations but were also keen to help the venture get off the ground. The power of the partnership became apparent as Spriggy prepared to launch. In June 2016, the company went live with a closed beta version of the service, and in just five months it was ready to open for business.

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OUTCOME

Badran and Hasanakos's intuition that parents would be drawn to a digital version of the traditional piggy bank turned out to be right on the money. After Spriggy went live, mums flocked to the service, with 90% of all adult users being mothers.

In its first full year of business, Spriggy grew by an average of around 25% new accounts each month, opening 100,000 accounts in less than 18 months. As the company entered 2018 it was delivering almost 9,000 new cards every month.

"Our relationship with Indue has really been defined by exceptional performances by its people," says Hasanakos. "Most, if not all, the people you deal with are great. You have these individuals who are just stubborn about doing it better," says Hasanakos.

The rapid success of the business helped it raise \$2.8 million in two rounds of seed funding, provided by H2 Ventures, Alium Capital and Perle Ventures.

Echoing their original plan to create a bank that would put digital technology at the service of customers, rather than banking profits, Spriggy aims to use its platform as a springboard for financial education among youngsters.

"I think the rich set of features that we can give with the Spriggy digital user experience lets parents set up bargains that help them communicate values and drive conversations. With Spriggy you get to do something that matters to people," says Hasanakos.

"There are some really awesome financial literacy resources out there," says Hasanakos. "But the reality is that financial decisions are taught in practice and parents are really the best ones to communicate their values on life through money."



Spriggy co-founders:
Mario Hasanakos and Alexander Badran

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