



Digital Urban Finance Overhaul (Digital UFO)



Smart City
MISSION TRANSFORM-NATION

**India Smart Cities Fellowship
Team Fintech**

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Overview

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Ecosystem's Stakeholder Problems

- Low digital users
- Lack of consumer data and inability to monetize this data
- Untimely payment collection

- Low user base
- Inadequate penetration
- Inability to accurately assess risk due to lack of consumer data



- No sense of ownership
- Unappealing incentive structure by municipalities / ULBs
- Limited access to Value Added Services

- High sunken cost for non-digital payment mechanisms
- Inability to reduce demand
- Archaic penalty structures

Team Fintech is creating an ecosystem change through positive reinforcements by using Citizen Credits as a lever to foster an overhaul of Urban Finance from being Municipal led to Citizen led.

Premise

• Citizens earn points on bicycle sharing in various towns in Italy by getting redeemable points that they can use against beer at local pubs.

• Orland Park, a suburb in Chicago has started a loyalty program to incentivize citizen participation and engagement in social reform discussions.

• Hong Kong has tie ups with various financial institutions and incentivizes the use of public transportation through credit card points that are redeemable.



• Citizen Credit Points encourage a sense of ownership and belonging in a city and serve as a more effective way to incentivize good citizen behavior.

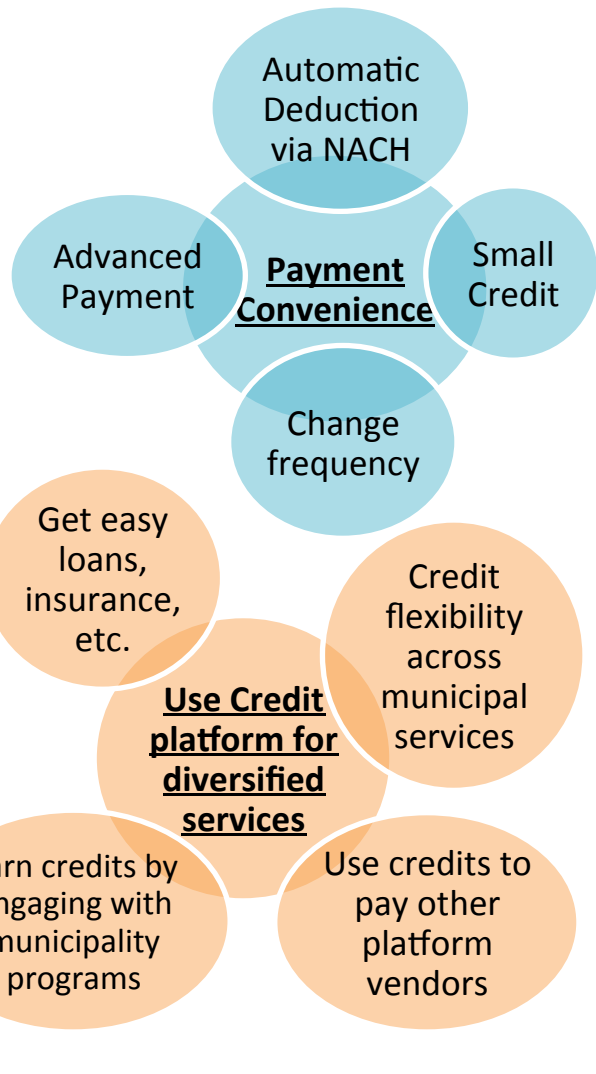
• Citizen Credit Points allow ULBs better access to citizen data which can then be used to create metrics such as a Citizen Municipal Score, etc.

• The generation of this data and metric allows the ULBs to create linkages with city agnostic as well as city specific vendors for earning and redemption of Citizen Credit Points.

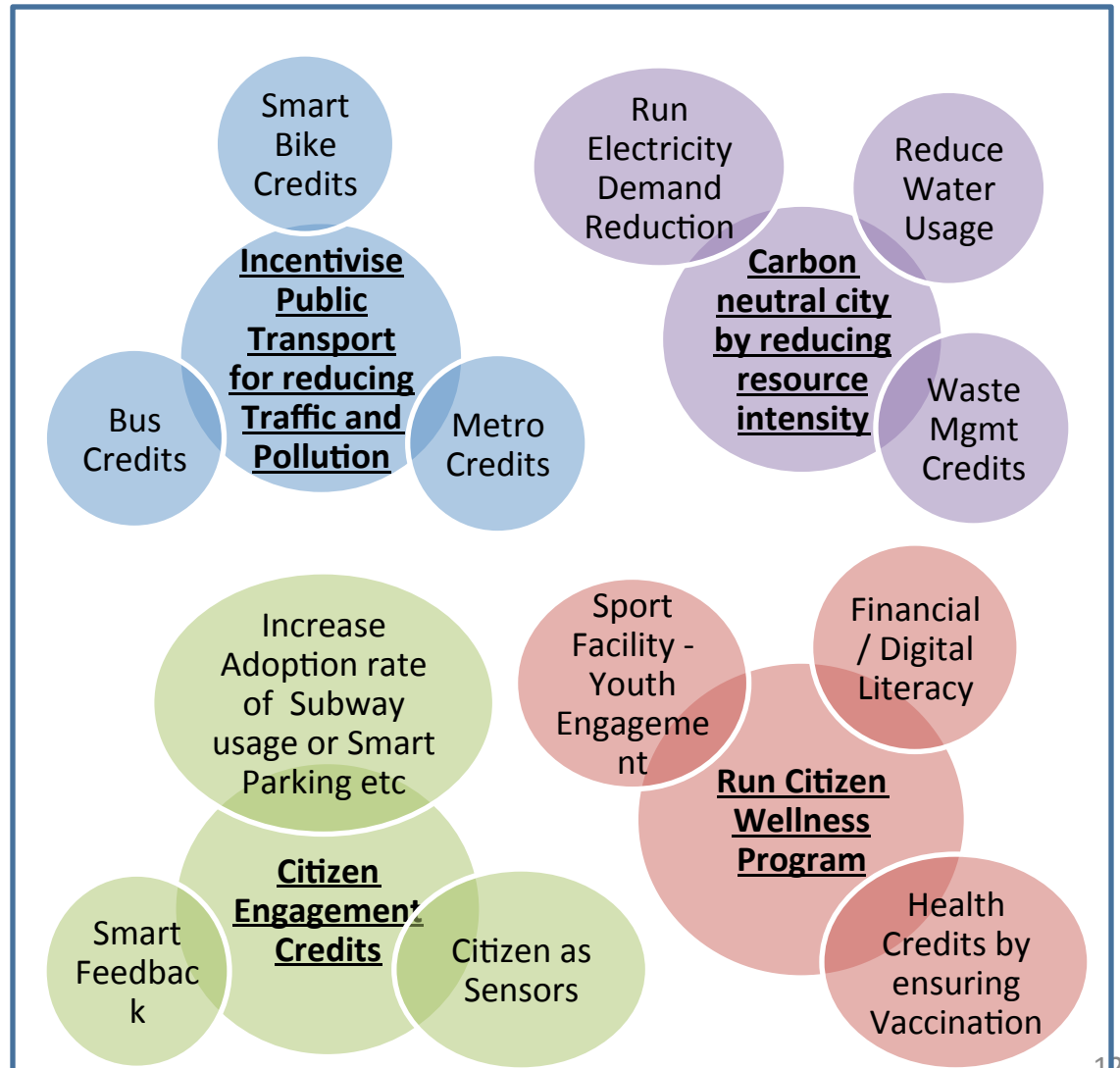


Concept

Citizen Convenience



Municipality can run multiple citizen programs



The Municipal Funnel (TMF)

This concept of creating a Municipal Funnel derives from Fluid Mechanics where a constriction in the flow direction provides an opportunity for greater exit velocity. We envisage applying this theory to the urban sector.



- Vendor Registrations
- Property tax and other tax payments
- Utility Providers
- Hospital Network
- City Transport Network
- Financial Institution linkages
- Digital Payment platform linkages

- Citizen Credit Points
- Behavior linked incentive structures
- Insurance and Loan Facilities
- Citizen Credit Score
- Avenues to enhance revenue
- Creation of a National Network of Earning, Incentivizing and Spending

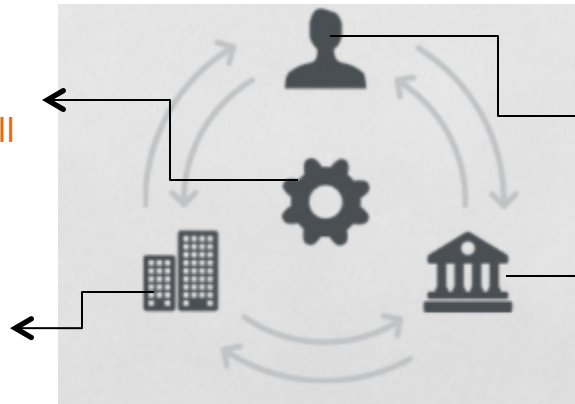
The Municipality will be the funnel through which all the transactions will flow either directly or indirectly. This will allow the Municipality access to consumer data that it can leverage efficiently to increase positive change and increase revenue.

Method

Phase 1

The Municipal Funnel will be the medium through which all urban transactions will flow

Vendors will be the intermediary through which Citizen Credit Points will be earned and spent



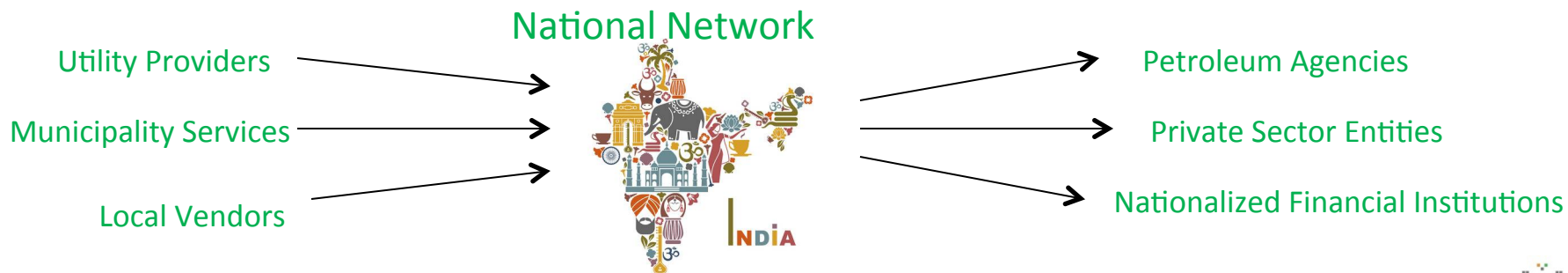
Citizens will lead the revolution to change the status quo from municipal led urban finance to citizen led urban finance

Municipalities will serve as the body that benchmarks, rewards and incentivizes citizens through these Citizen Credit Points

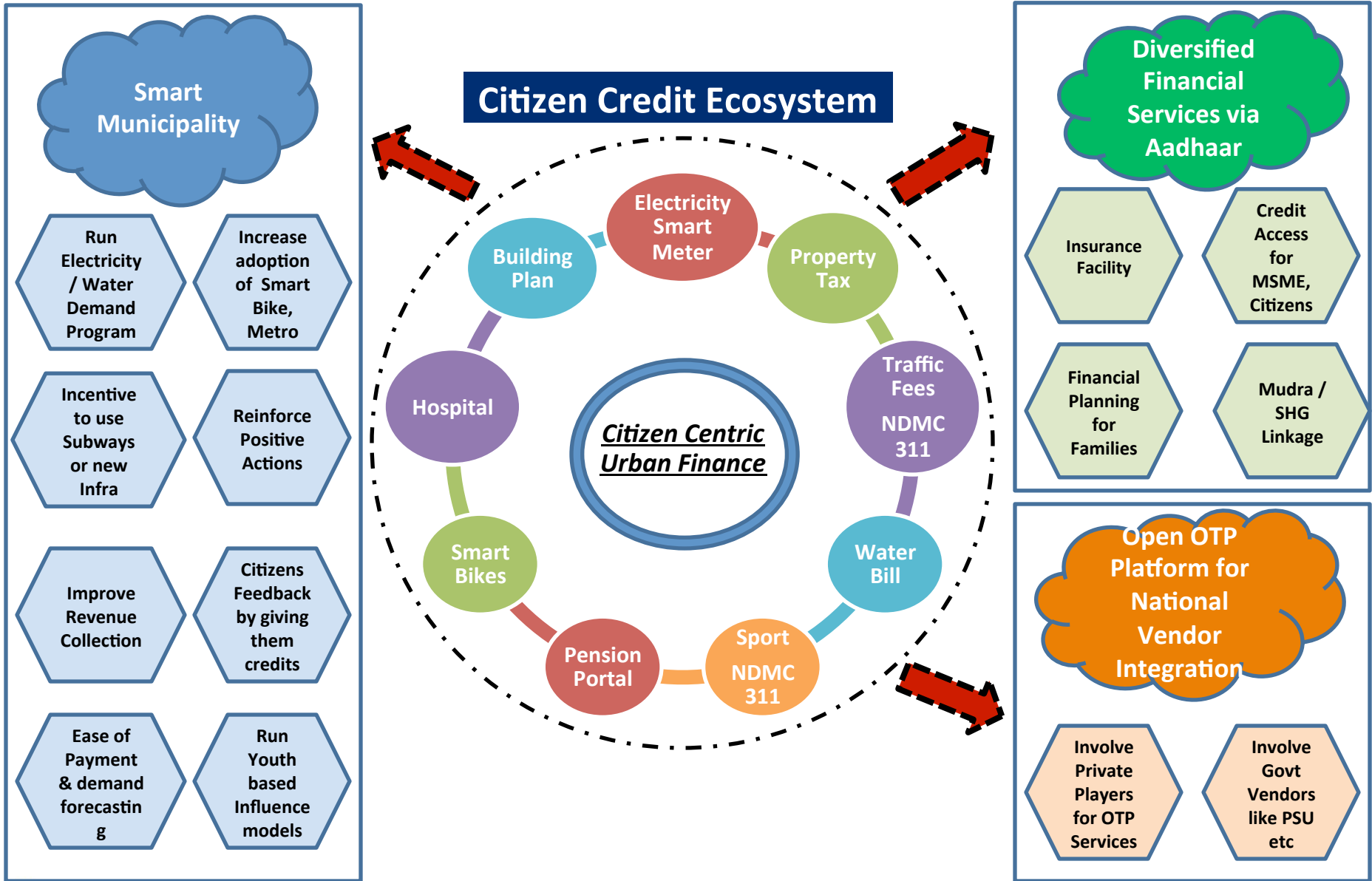
Phase 2



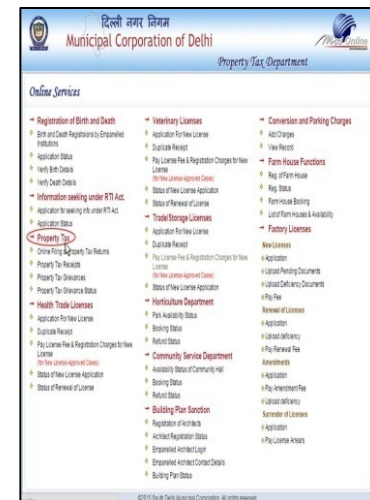
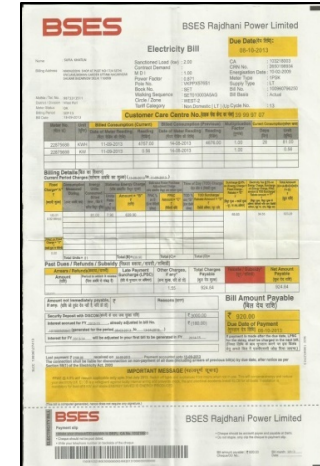
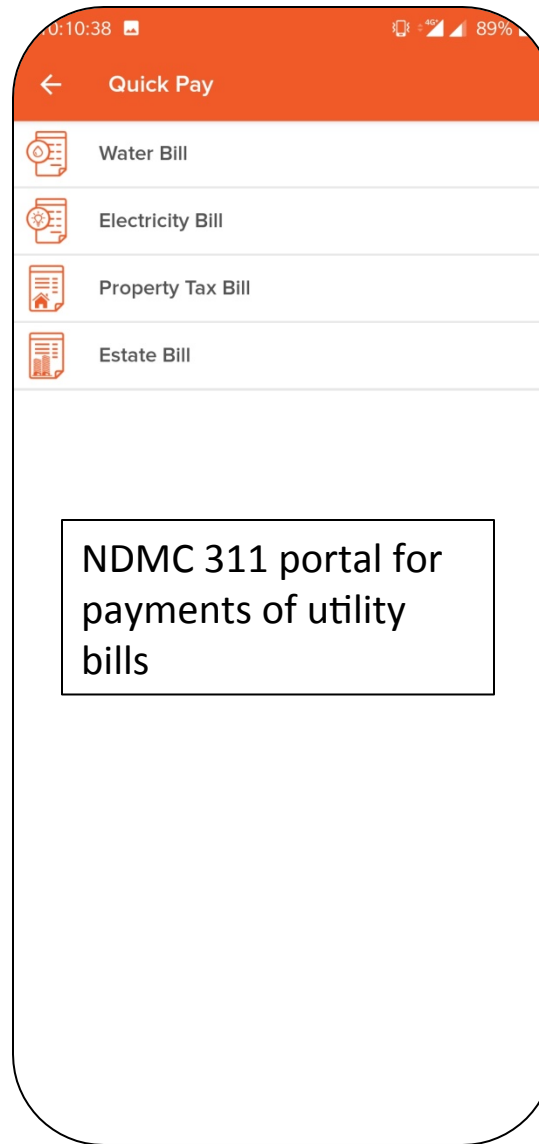
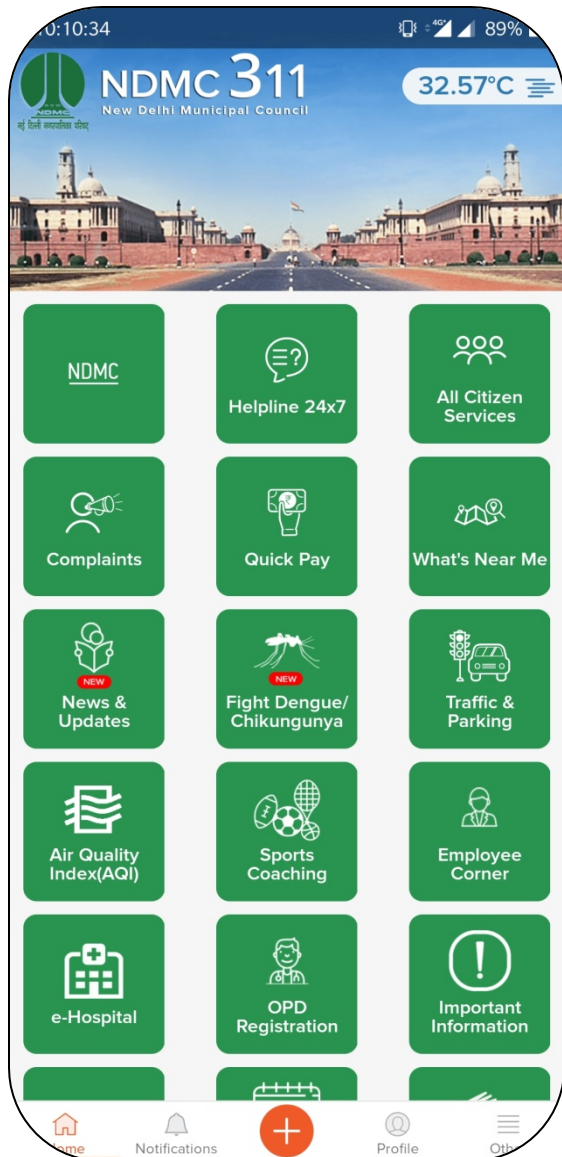
Phase 3



Core



Use Case Scenario for NDMC 311



Process

- To lead the charge in the revolution from Municipal led urban finance to Citizen led urban finance, a 4-step process will be followed to deploy the ideas.*

1

UNDERSTAND

Interactions with the SPV CEOs and other stakeholders to determine the digital maturity of a city. This will help determine the most optimum approach to solving the city's problems and the ideal entry phase for the solutions bucket.

2

CREATE

Create a mapped product offering that keeps People First, is Malleable and is able to take advantage of the various municipal stakeholders to appropriately drive the change from municipal led financing to Citizen led Urban Financing.

3

PILOT

Work hand in hand with the stakeholders of the city to deploy the solutions required in that city.

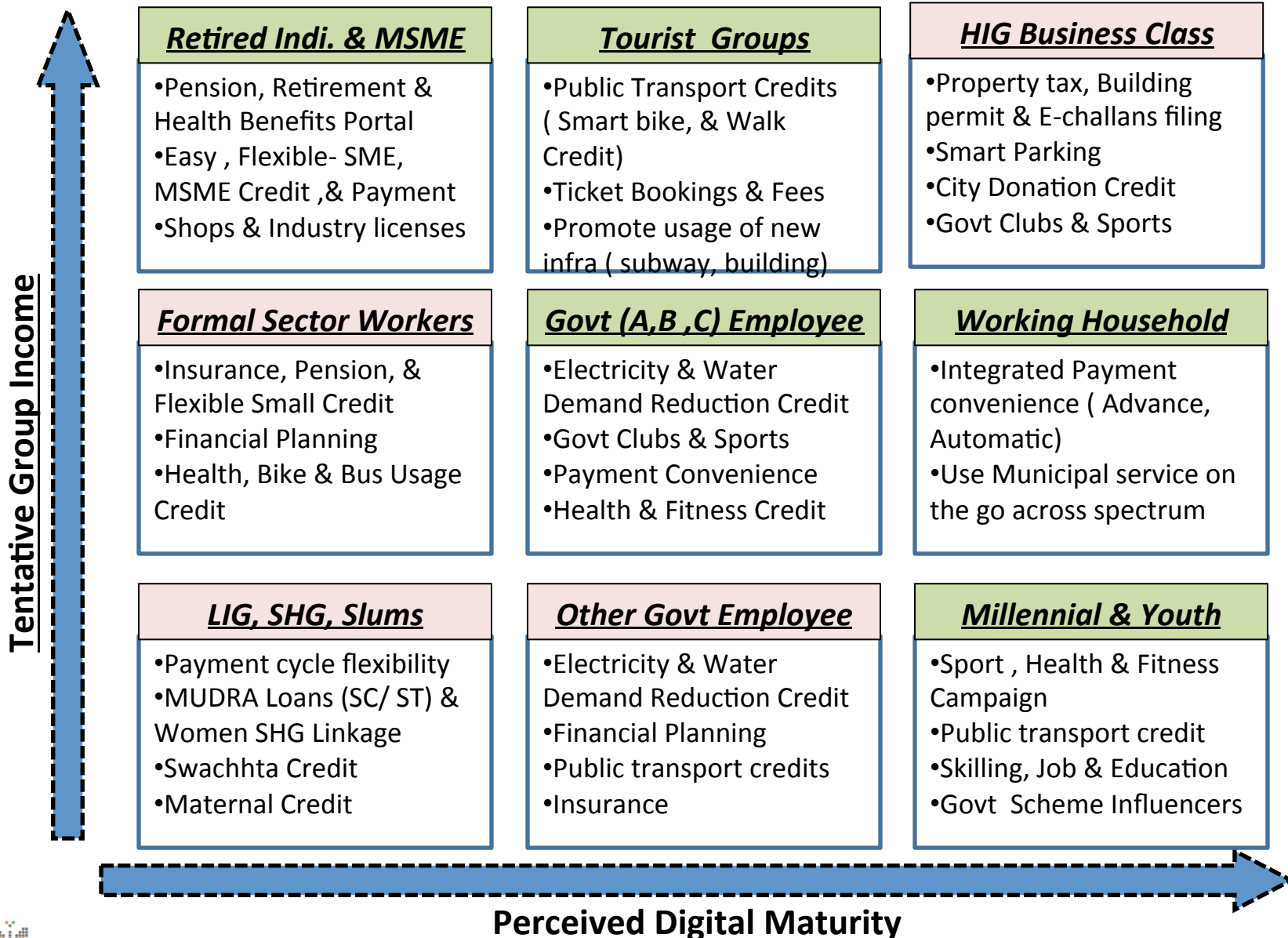
4

ASSIST

Provide capacity building and handholding support to usher in the digital and financial transition for the city.



Citizen Value Proposition



Perceived Digital Maturity

Stakeholder Value Proposition

Single Fintech platform can unlock significant value proposition for multiple stakeholders

Citizen / Business

- Citizen get loyalty program on the basis of their past billing patterns
- Business get ~0% finance on billing for small periods to save their default
- Automatic (NACH type) Billing if required
- No Need of NOC when moving from one municipality to other
- Good citizen points for timely billing to be used at availing other services and better credit scores
- Vehicle challan, waste tax & Motor insurance, parking, health Coverage & Education financing in later stages.

Municipalities

- Enforcement increases because citizen get incentivised in various forms
- By analysing data we can see if any customer is indulging in fraud. Can check if water, electricity bills are in line
- Municipality becomes customer centric and can run loyalty program easily
- People leaving the municipality will have to pay their bills before shifting otherwise they will be tracked
- On the basis of municipal billing patterns they will get easy day loans

Financial Institutions

- Banks give easy credits on the basis of payment histories
- Banks understand risk better as defaulters are flagged in the system
- Banks provide other financial products like digital insurance.
- With linkage from municipal hospitals, insurers can provided health coverage outside scope of govt umbrella.
- Education financing & Motor insurance.



Idea Timeline

1st February 2019 to 25th March 2019

25th March 2019 to 15th April 2019

Financial Services as the hook

Citizen Credit Points as the hook

1st February 2019:
Digital UFO is conceptualized

18th February 2019:
Digi UFO plan is pitched

28th February 2019:
Idea is pitched to CEOs

26th February 2019:
Idea is printed in ISCF Brochure

26th March 2019:
Interactions with CEOs and sector Experts helps chisel new idea

4th February 2019:
Goal of Digital UFO is to increase municipal revenue

28th February 2019:
Idea approved by JS

3rd April 2019:
Pitch for new idea backed by Thane, PCMC and NDMC

12th April 2019:
Internal Presentation

19th February 2019:
Linkages with Financial Institutions is seen as the primary means to increase revenue

24th March 2019:
Mentor is assigned and focus now changes to Citizen led finance rather than municipal led finance

6th April 2019:
Revised concept visualized and new plan of action prepared for future presentations

15th April 2019:
Mentor led presentation



Team



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