



ActivoBank Investment Challenge

Business Project Individual Report

“A pragmatic approach to the elaboration of a
future project”

ActivoBank
by Millennium

ActivoBank is a Portuguese investment and retail bank that resulted in the rebranding of the former known ActivoBanco7. It aims to “simplify” the banking world and bases its business model in 5 pillars: Simplicity, Transparency, Innovation, Credibility and Accessibility. For that, the bank promotes seven key business elements that support these pillars. The elements are:

- Product: where the bank aims to provide a simple and easy to understand product that is compatible and competitive with today’s offer
- Physical Presence: in which the Bank offers extended opening hours (from 10 a.m. to 8 p.m.) allowing customers to visit the bank outside their working hours
- Independent Sales Representative: promoting the Bank through personal and professional network
- Online presence: where the bank seeks to be the market leader regarding internet and mobile usage
- Worksites: where the bank seeks to present its benefits to other companies
- Operative: the bank leverages on its relationship with Millennium BCP, without affecting ActivoBank’s strategy
- Brand & Image: where the rebranding operation gave ActivoBank a completely new face

Today ActicoBank’s business strategy aims to enlarge its market share within the Portuguese market by offering products that are simple, affordable and attractive, to, in the long run, transform those customers into potential future investors, making them “move up the pyramid” (Appendix 1), with involvement and loyalty. The bank has been very successful in attracting new customers in recent past, as they have doubled their client base in 2013. They represent today 0.4% of the national banking market and have an approximate number of 63000 clients. Also, the Portuguese banking market is very wide and has a big number of institutions for such a small country. For our project, the most relevant institutions were the ones that have a valid offer that could compete with our business project. Those institutions are: Caixa Geral de Depósitos, Banco Espírito Santo, Banco Santander and Millennium BCP.

This Project aimed to create a financial product that would benefit Portuguese customers living abroad. This financial product needed to be aligned with the offer and global mentality of ActivoBank and be able to respond to all the needs a Portuguese

professional might have when living outside of Portugal. In order to create this project, the first necessity was to properly understand who exactly were the Portuguese citizens that seek to go abroad and what would their needs be. Only then the product could be created and implemented within ActivoBank's business strategy. For that, we develop the project into 3 phases. The first part was be the diagnosis of the problem, where we tried to understand what were the answers that can be given to this type of demand, and how they are being answered within the national and international competition. The second step relied on an internal and external analysis of this issue, where we tried to define the real target of the project and its value (share of wallet and potential value for the bank), and also, through qualitative and quantitative approach, understand its real needs. Finally, the last part of the project relied on the product creation and the elaboration of a marketing mix, where the implementation, promotion and practical issues of the product would be explained.

During this business project we were faced with numerous challenges. The first and main difficulty was to define the scope, and understand how we could reach the target market. Even if we were able to use our own personal network to reach potential future immigrants, we struggled to get in direct contact with expatriated Portuguese professionals, who's opinion would have been of great value. Also, another big difficulty was to ensure that our ideas and recommendations were always aligned with ActivoBank's strategy. As the product creation process was being undertaken, we had to keep a very tight communication channel with our business advisors, in order not to drift into the wrong path.

Finally, our project resulted in the elaboration of a new product called "Conquistador" (Appendix 2), which responded to the demand of the big majority of Portuguese emigrants, and was in direct alignment with ActivoBank's mentality and strategy.

During the elaboration of this Business Project it came to us, almost naturally, that the marketing mix demanded on the guidelines would have to be more focused on two aspects: the product itself and its promotion.

It was following this idea that I choose the topic of my individual assignment. Considering the maturity of the banking world in Portugal, and the high level of competition within the market, it was obvious that our promotion tools and ideas would be the success makers of the product. As good as the product might be it would never

attract our target market without the proper marketing campaign. In that sense I tried to look at the Portuguese banking panorama and see how could a university play a decisive attraction role for young future (and actual) professionals. Relating to the survey we had undertaken, when trying to understand our potential client's necessities, I knew that trustworthiness and transparency were two highly regarded aspects for them (Appendix 3). With that in mind I looked at the possibility of bringing the customer and the bank closer together, through a channel that could be completely open and honest – in other words where a friendly and trustful relationship can be built. That's where the idea of "game" started to grow. Considering the already very successful examples of professional games and competitions, like the Sonae Innovation Questⁱ, here in Portugal, or the BNP ACE Managerⁱⁱ worldwide, it was obvious that there was room for a new competition, but the question was, what could be the type of competition that would be beneficial for the two entities, bank and university?

Considering the university, the competition had to be related to the general courses offered, be relevant with the main characteristics of the teaching methodology, and of course, interesting for the students. Considering that, it became evident that Lisbon had to be the center of the operation, due to its geographical location, but also considering the amount of business and engineering universities that would generate possible game candidates. With schools like: Nova School of Business and Economics and Catolica Business School, and the most important engineering university in Portugal: Instituto Superior Tecnico, the amount of potential high quality competitors would then be a huge asset for the elaboration of the competition.

On the other side, considering ActivoBank, this entity had to be the most influential part when considering the type of competition. Once again, when looking at the professional competitions already existing, big companies tend to sponsor or host games and competitions that align with their field of operation. For example, as Sonae promotes fast consumers goods' product or service elaboration, Accenture sponsors a competition for creativity and innovationⁱⁱⁱ, while BNP Paribas hosts an overall banking competition. It goes without saying that a bank promoting a marketing challenge would not necessarily be a bad idea regarding brand awareness, but would make no sense regarding business development. And that was, without a doubt, the most important aspect to consider: how can this game promote the bank's business model?

As stated earlier, ActivoBank's history is heavily associated with investment banking, mainly under the umbrella of ActivoBank7. This notion is even more relevant today with the soon to be launched ActivoBank online Investment platform, which will provide support and information to current and future investors of the bank. Plus, this idea of future investors aligns directly with the bank's strategy, that aims today's customers, who thrive for simple transactional needs, and are perfectly served with the actual services of ActivoBank, into future investors, with more complex and financially endorsing banking needs. And it is within this crossroad that the "perfect" game can be created. By promoting an investment competition based on Activo's investment mentality, aimed for students and young professionals that are interested in financial markets, the bank can emerge above its competitors and become the national "face" of investment banking. Aligning this with the launch of ActivoBank's investment platform makes even more sense, as the high investment made on that online platform can gain even more value.

Furthermore, when looking at the point of view of the university, and trying to understand its openness to the idea of hosting such competition, it is important to see this as a three way advantage. First of all, by hosting the competition, and creating a long-term partnership with a strong and respected Portuguese company, the university gains a potential ally for academic projects and future recruitment, therefore reinforcing the academic entity's notoriety. Prospecting students perceive a university's level by the quality of its teaching, but also with its availability to provide a good job upon graduation^{iv}, and always welcome new potential partners to help them in that sense. Finally, hosting these types of competition also gives an academic entity the possibility to provide different ways to relate with their students. More than lectures and seminars, a competition allows the academic body to interact in a more "down to earth" perspective with their students. More than helping to know who they really are, by promoting a diversified curriculum, teachers and educators might be able to reveal real talents, that would have remain hidden behind classes and exams. It allows the university to appeal to student's skills in a different and more pedagogical way.

Regarding the exact rules, the competition would be based on an exchange market simulator, where competitors are presented with the same quantity of "play" money to invest in a set of financial products. The technical side of the competition will be entirely managed by ActivoBank, who will insert the actual simulator within its own

investment platform, where all operations, information gathering and data collecting can be done. By using a pre-defined CFD (Contracts for differences) platforms inserted into Activo's system, players will be able to simulate leveraged financial operation outside the regulated markets. This will then "simulate" a real purchase or sell, within notions that can be easy to calculate. A ranking system will then be possible to generate, where total amount of money in the investment wallet will work as the differentiator. Notions like assiduity, number of weekly operations and larger individual investment can also be part of the ranking system, but would only work as secondary differentiators. This ranking can easily be published daily online, with competitors accessing Activo's platform to see their results. Also, here, the possibility to publish a weekly ranking with a national newspaper would bring a great deal of credibility to the competition, and will also open the door to new sponsorship and partnership agreements – with a newspaper like *Diario Economico* or *Jornal de Negocios* publishing a weekly ranking, the competition could easily enhance its popularity nationwide.

Regarding the competitors, the ActivoBank Investment Challenge will work with teams, from 3 to 5 players, allowing students, professionals or even simple financial enthusiasts to team up and compete against each other. By promoting teams, this tournament will generate competition within the walls of the university, but it will as appeal to the existing rivalry between the universities in the nation. External companies, from all kinds of highly competitive areas, like banking, consulting or even innovation, will also be attracted to this tournament, where they will find a new ground to compete in, instead of the traditional and less mentally challenging, a sports competition.

Continuing with this idea, in order to promote a sense of competition but also maintaining fairness, fun and attractiveness for all the levels of the participants, the competition will be divided into two divisions, where winners of the lowest division are invited to play in the higher one, the year after. Just like a sporting competition, levels will adjust themselves and unfair competition will not be put in cause. These ideas are the most important differential points regarding all the professional competition that exist worldwide. By promoting a league with teams spread out through different divisions regarding their level, ActivoBank Invest Challenge bring a new sense of continuity to this type of games, where winning team are allowed to defend their title year after year, and all levels of participants can find their place in the competition. It is therefore more sustainable and easier to implement on a continuous basis.

Regarding logistics and time management, the competition should be inserted the most appealing period for students, as they are the biggest target for this event. Therefore, by offering registrations around October and November, and promoting the competition from February to April/March, the competition will be perfectly aligned with the most busy recruitment period of the year, and outside the traditional exams period for most of the students. By aligning with this period, the competition will benefit from a “spill-over effect” where interested competitors will be available to enter the tournament, while the ones that weren’t really sure whether they should enter the tournament or not, will, at that moment, deeply appreciate the professional prospects and CV enrichment possibilities associated to the competition.

When looking at the possible outcome of the challenge, and try to forecast the amount of participants, we can easily say that starting the competition in the current days makes perfect sense. As public opinion becomes more and more confident with the actual financial panorama, and the 2007 financial crises seems to be everyday further behind us, promoting an investment competition will allow to gather not only the finance enthusiasts but also all the curious participants that are starting to look at the finance world with better eyes – it would allow us to “surf the popularity wave”^v. With the cyclicity of financial crisis, it is possible to expect that this popularity will keep on growing within the following times, heavily benefiting the competition. Furthermore, having an investment challenge hosted by a university, allows the bank to gain favorable public opinion within the generation of the participants, but also regarding the older generations, that maintain a big influence on the youngest decision making process.

Finally, as any competition obliges, there would have to be some sort of prizes and awards for the best participants, from both divisions. With players from both academic and professional worlds, appealing to notions like notoriety and personal recognition would suit all the participants. With that in mind, promoting as winning prizes for both division champions a one page interview in one national newspaper or magazine could easily be perceived as a very desirable price that would boost the desire for victory all the competitors. Also the prize could work as a promotion tool, where, in selected billboards around town, an advertisement announcing the champion would be empty (during the registration period) and would then be filled in with the picture of the winning team (once the competition is finished). This second prize would bring a

tremendous amount of recognition to the winner, but also, should a team from a company win, and strengthened the company's notoriety and public awareness. This last idea would work as vicious cycle, as notoriety for the winner would bring more competitors, who would then attract even more sponsors, partners and competing companies.

When taking a step back, and looking at this operational blueprint as a whole, the ActivoBank Investment Challenge will become much more than a marketing tool to generate awareness, but in fact a real project, which will allow the bank to become a national leader in investment banking. The partnership with a university not only makes sense regarding approval and logistics, as stated earlier, but it also represents the linking point between the two worlds where ActivoBank wants to be present. This competition has the potential to improve Activo's brand and image, and gather and educate future investors for the bank.

But a nationwide competition like this also has to cope with difficult implementation and operational challenges. In fact, as stated earlier, a competition is based by its popularity, and that can be measured by the number of applicants. Even if the competition is attractive, and differentiate itself from all the competitors, attracting and keeping players active during the 2/3 month of the competition is not easy. By promoting player to enter the competition as team, Activo can diminish the number of early deserters. A possibility to cope with that problem would be for the university to insert this competition within one of the courses offered, within the financial or economics department supervision. Just like simulators undertook in several classes, students could enter the competition while attending a given class, and create an investment journal, where all their actions would be explained and analyzed. This would be beneficial for the players as they would be able to have some sort of guidance with the teacher of the course and, in a way, feel "safer" when investing. Regarding the competition as a whole, inserting it in the university's curriculum could be a great way to kick-start it, and therefore having a high number of participants right at the beginning of its creation. When looking at the timeframe, the course could be inserted in the second semester of the academic year, within the competition's dates. Also, when considering the first year of the competition, the problem of allocating the teams in the two divisions occurs. If for the future years, new comers would always start in the lower division and make their way to the top; all the teams signing up in the first year are

virtually on the same level. In order to avoid preferential treatment and any complaints from the players, the tournament should host all the first year teams in a big unified division, where everyone is against everyone, and only implement the two division process in the second or third year of the tournament (depending on the number of active teams registered). Another challenge that would need to be considered when creating this event is the necessity of immediate response to players and ongoing support to all competitors. Even if dealing with a 3 month event, the bank would have to allocate staff not only to work on the online platform and monitor the players' activities and ranking, but also to respond to all enquiries, demands, requests and even complaints that would normally occur from a competition (and already exist in the real financial operations). A way to answer this issue would be to have some sort of training from Activobank's staff to a number of selected volunteers, which would be able to respond to competitor's most frequent questions. This would not only take some of the load of the bank's staff, but it would also be very beneficial for the volunteer, as he or she would be receiving a financial markets formation, free of charge. Continuing with this idea, having a partnership with a university for this competition also provides a great support regarding logistics. By having a physical location that can work as a support center for all competitors, the bank allows itself to provide a communication link, in addition to the already existing online support. Plus, by being physically present in the university, the Activo Bank Investment Challenge gains in recognition and awareness within the students and potential competitors.

To conclude, the possibility of creating this competition has to be seen from three points of view: the participant, the university and the bank. For the participant, this competition will give him the possibility to explore the financial world and to develop his skills within a safe and controlled environment. The university on its side will benefit from the competition's popularity and national reach to gain notoriety regarding its competitors, and improve its attractiveness regarding prospecting students. Finally, the bank will not only gain notoriety and popularity by becoming the "face" of investment in Portugal, but they will also gain the possibility to form and educate their future potential customers – student and young professionals will start the competition as finance enthusiast and end it as experts of ActivoBank's investment platform (Appendix 4).

When looking at the business project as a whole, I can honestly mention that more than academic learning, it was in reality the abundance and implication of professionalism we were inserted in, that struck me. Since day one, my group and I were perceived by our business advisors as real consultants. Even if we were students, never for a minute our ideas were distorted or view through an “academic” filter. On the contrary, as the project evolved along the time frame given, we actually understood that our work was not only being received by the bank, but it was internally debated and deeply taken in consideration. As I see it today, the bias and destructive attitude came more from us than really from the bank. As the product elaboration process was going on, we were the ones to put the most pressure in our own work, sometime afraid or reluctant of what ActivoBank might think of our results. Questions like: “is this viable?” or “are we developing this enough?” were part of our everyday life and being able to let go of those “demons” was probably the biggest challenge we faced.

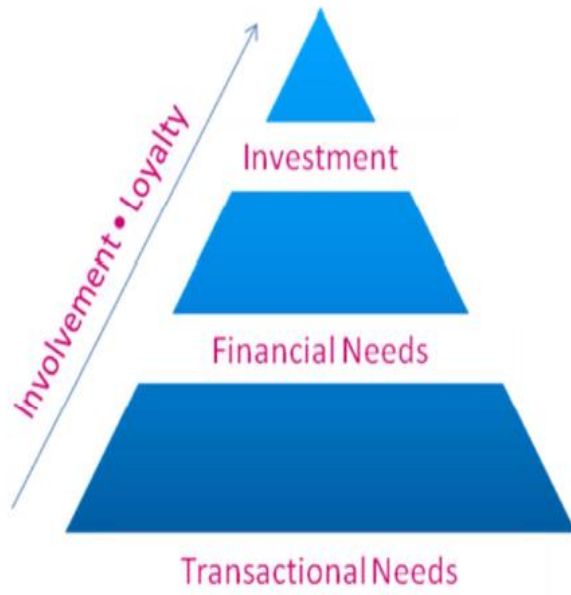
Regarding applied knowledge, as most of the project relied on problem solving and creative thinking, abstracts notion that are more individually developed, we only had to apply general marketing and banking notion taught in class. On a personal perspective, I feel that I have learned a lot regarding the “consulting way” of presenting. If notions life action title and history of the presentations were completely new for me when we started this project, I really felt that I’ve learned to properly use them, and made the best out of them, especially for our final presentation. More than presentation tools, these two notions really helped our team to present at every meeting our line of thought and exactly where we situated our findings within the timeframe of the project. Also, our academic advisor, considering her background in consulting, always provided us with great hindsight, and always knew how to push us to review our work and improve it and align it with the bank’s demands. Finally, the simple notion of “so what?” implemented within our group’s mentality by our academic advisor, was our guideline through all the project, and deeply help us to present our findings, where we always avoid to only show results, but tried to explain what we had found, and how it would benefit the project. Finally, the aspect where I fell I have learned the most is regarding syndication. This abstract notion, unknown to me before this project, really showed me how important it is, when working for someone, to also understand that we are working with them. By making the extra step to not only provide results, but also to create those results with the bank, trough feedback sessions, brainstorming and opinion sharing, our group was able

to overcome the natural challenges of the creation process, without ever losing sight of the bank's objectives.

Personally, I think my presentation skills have been a great asset for this business project. Also, considering my background in hospitality, and my professional experience, I think I had a big advantage when meeting and interacting with the business advisors, as I felt very comfortable to talk with them, question them and even, if needed, contradict them, all in favor of the development of the project. Regarding weaknesses, I think my emotional attachment to the work I provide was sometimes a problem, as it was sometimes difficult for me to see some idea or notion getting shut down. This was very relevant within one of the last presentations during the product creation process, where some of my ideas were turned down. I had a bit of a hard time moving on, and saw that event as a personal failure and took it personally. It is now evident for me that I should have been more detached from the details of the work, and by understanding a failure quickly, the project can move to the right tracks faster.

In the end, I really believe the business project was a very interesting and motivating experience both professionally and personally. Having the possibility of working hand in hand with renowned, open-minded and creative professionals from such an important company was a real pleasure for me, and the possibility of stepping into the shoes of a consultant really opened my career prospects. Regarding my project specifically, I believe that if our team would have had the possibility to work directly in ActivoBank's premises, outside the scheduled meeting hours, we would have been able to offer a project completely integrated within the bank's reality and that could have been implemented right after our final presentation.

Appendix 1 – ActivoBank's pyramid



Appendix 2 – The product “Conquistador”

1 MAIN PRODUCT – CONQUISTADOR ACCOUNT

Completely free card usage in the user’s country of residence within SEPA:

- Free withdrawals, Free transfers and Free payment operations
- The account is activated once the customers provides proof of residence or a pay slip.



→ This product is similar to Millenium BCP’s “Solução Mais Portugal”. However, instead of making the scope of this product the entire world and henceforth charging €8 per month (like Millenium BCP), our product only applies to SEPA countries but is for free.

→ This product is better than CGD’s “Caixa sem fronteiras”, because they charge an annuity of €12 + IS, whereas this product is for free.

→ The name of the account leverages on Portugal’s history of Portuguese men leaving Portugal to conquer new lands. Additionally, it is a winning name (positive connotation).

ACTIVOBANK SHOULD DEVELOP THIS PRODUCT FOR SEVERAL REASONS...

- It **meets the target’s needs** identified in the survey - good price in basic operations;
- The **costs of implementing this product are quite low** for ActivoBank because of ActivoBank’s connection with Millennium BCP, which already has a product similar to this;
- It is **consistent with ActivoBank’s values** of Simplicity, Transparency, Accessibility, Trustworthiness and Innovation;
- It **matches the existing competitor offers** in Portugal → differentiation will be made mostly through a strong communication strategy;
- Its name is also consistent with the target’s **emotional attachment to Portugal**.

ACTIONS AT UNIVERSITIES

- Offering promotional objects in key universities at Business Forums, Erasmus conferences and to new students



EVENTS

- Offering promotional objects at Meo Outjazz, Queima das Fitas and Summer Festivals



INTERNET AND SOCIAL MEDIA

- Promoting at specific websites (flight/travel-related and others)
 - Suggesting ActivoBank’s Facebook page to those who live / are moving abroad
 - Create an app to allow online banking on Facebook



TRADITIONAL CHANNELS

- Magazines : Up-Magazine, Time Out
 - Television: Fox, Fox Life, Sic Radical
 - Metro /Bus stop ads
 - Sponsor youth sport arenas
 - ATM ads at universities

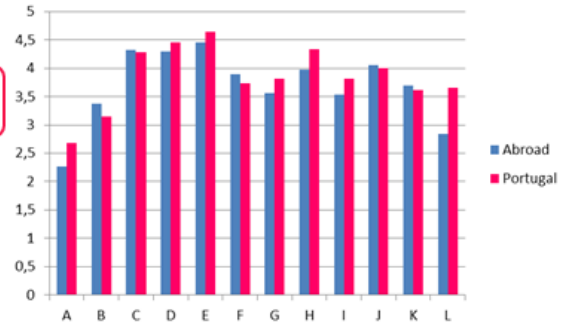


Appendix 3 – Survey result: Top choices when selecting a Bank

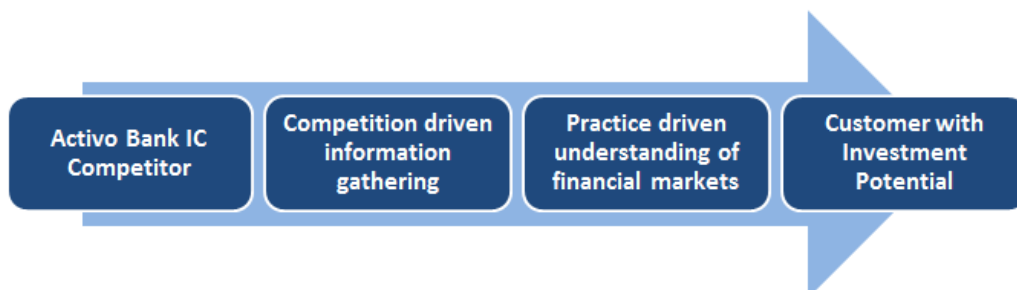
How important are the following factors when you choose your bank? (#18/#26)

- A- Bank's advertising campaigns
- B- Bank's opening hours
- C- Bank's prices**
- D- Bank's reputation**
- E- Bank's security and trustworthiness**
- F- Bank's website attractiveness / userfriendliness
- G- Empathy / relationship with account managers
- H- Interest rates on savings
- I- Interest rates on loans
- J- International compatibility
- K- Location of branches
- L- My family had an account in that bank

Top 3 Choices



Appendix 4 – Evolution of participants



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[Accessed May 21st, 2014]

ⁱ Sonae, 2014

ⁱⁱ BNP Paribas, 2014

ⁱⁱⁱ Accenture, 2012

^{iv} Financial times, 2014

^v Diario Economico, 2014