



Case Study

Latin America & Caribbean Brazil
Konkero

Written by Marcello Monteiro Pereira
Edited and Formatted by Fundação Dom Cabral
Translated by Pedro Conceição and Maria Paula Marques

G20 Inclusive Business Typology
Financial Services
Information and Awareness
Social Enterprise
Brazil

Executive Summary

Despite being a topic of great importance to the development of society, financial education is not yet part of everyday life for millions of Brazilians. With that in mind, Konkero was created in 2012 to fill a gap related to the financial education of low-income Brazilians. Konkero is an online financial education platform that seeks to disseminate free online content about finance explained in a simple language so that the low-income population is able to evaluate and be more aware of their possibilities and rights when buying. In recent years, government programs and incentives have allowed the low-income population to have access to most consumer goods, such as home appliances, mobile phones, computers, cars, etc. However, the education of the population, mainly related to personal finance, did not follow this growth, a fact that led to an increase in the rate of debt and default.

Konkero's main source of income are financial services and advertisements. The business works to generate value for the organisation and at the same time, empower low-income consumers and help them to have an economically sustainable way of life. The website content is divided into two major sections: personal finance and financial services. In the personal finances section financial management issues are addressed, such as: organizing expenses, saving and negotiating debts, among others. In the financial services section, an array of banking products are explained in a simple way to help the user make better decisions.

Konkero became the largest independent online personal finance platform in Brazil. Today, it receives more than 850,000 visits per month, has 1,400 articles published and 7,000 questions answered.



INTRODUCTION

"Often people have no one to ask and they feel ashamed to demand their rights"
Guilherme de Almeida Prado, founder of Konkero

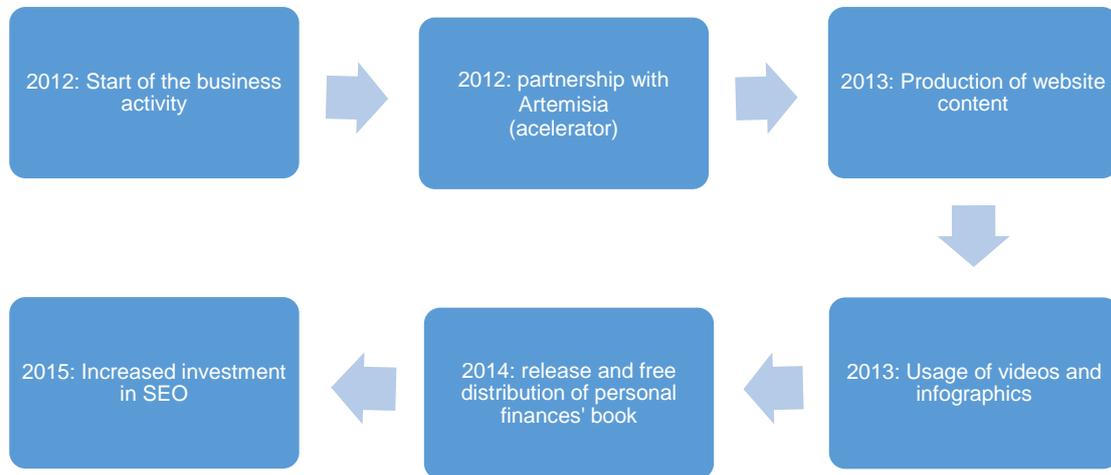
Konkero is a financial education platform aimed for low-income population. The access to the site content is free and users can sign up to receive specific information or to receive assistance from the Konkero partner banks. The company's main source of income is financial services and advertisements in the platform.

Guilherme de Almeida Prado, founding partner of Konkero, is an entrepreneur with 13 years of experience and general director of Plane1, an events agency with a staff of approximately two thousand professionals. In addition to the management experience, Prado has experience in investing in homes for low-income families in the surrounding areas of São Paulo, which is Brazil's biggest city. It was precisely the knowledge acquired on investing in housing for the population on the base of the pyramid that helped him develop Konkero.

Initially, the project was structured for offering loans to low-income families through a network of consultants. After the first business model's revision with the support of Artemisia, a non-profit organization that works with the dissemination and promotion of impact business in Brazil, in 2012, the project was restructured, focusing on the availability of information through a website. In 2013, the production and distribution of content started and in 2014, Konkero began the production and distribution of books about personal finances, and consolidated itself as the site of financial education with most access within Brazil.

With the valuable proposition of being the most reliable financial portal for the low-income population, the portal received more than 6 million access. According to the entrepreneur, visitors seek the following main services:

- Financial services explained in a simple and practical way
- Personal Finances: Advice for users to make money worth more



Source: Own authorship, 2015.

Figure 1: Timeline of Konkero



DESCRIPTION OF BUSINESS MODEL

The opportunity

Despite experiencing an economic growth in the last decade, Brazil has not established yet a sounding financial education policy for the majority of the low-income population. With the rise of an emerging class and the eradication of extreme poverty, Brazil faces new challenges. Among them, there is the financial education of a population that is unfamiliar with the management of their personal finances.

The access to credit and the ability to pay by instalment boosted the demand for goods of various categories, including clothing, mobile phones, tablets, home appliances, cars and home financing. Moreover, the lack of basic knowledge in Mathematics and Portuguese hinders the understanding of the terms and conditions of financial products, even if that part of the low-income population takes out credits and loans frequently. In addition, financial education is not as part of the school curriculum and consumers from the low-income population do not have access to information or services to guide them.

Banks could fill this gap, but their profit margin with the low-income consumer is small, while the banking sector' structure of costs is high, especially when made available through bank branches. Both aspects prevent a personalized service of the bank manager, who could support the low-income consumer. Nevertheless, it is important to note that bank managers are often seen as unreliable in Brazil, increasing the distance between the public and financial education. Another

limiting factor is the technical language used by banks and financial institutions that creates more obstacles towards financial information.

The lack of knowledge on personal finances management has an impact on the family's well-being and exposes the financial educational deficit.

Konkero, understanding this challenge, seeks the financial education of low-income population, providing access to information in a simple and objective way. Within the inclusive business framework, Konkero seeks the generation of value for the organization through the economically sustainable empowerment.

The strategy

In March 2012, Guilherme de Almeida Prado noted that few companies developed services and products focused on the low-income population. Seeking to have a positive social impact and to fill this gap in the market, Konkero was created to be a reliable information channel for the population on the base of the pyramid.

With the mission of "Transforming the financial lives of millions of Brazilians," the company defines itself as:

"The largest independent portal of personal finances in Brazil. We are an online guide with content that keeps you updated on issues involving money. Our mission is to make your money worth more, enabling you to achieve your dreams".

Inspired by microfinance projects, and after analysing the fact that large Brazilian banks did not offer a specific learning in financial education, the founder developed a digital platform in March 2012, which includes the website www.konkero.com.br and social media support.

At the beginning, the company offered quick information about personal finances supporting the website users on the purchase of their first car, property, etc. Nowadays the platform is divided into the following categories: your finances (organization, reduced spending and consumer rights); making money (aid to increase income); trade debts (how to negotiate and choose financial services); services free of charge (presentation and explanation of third sector and public services with no monetary cost) and your business (basic information to micro entrepreneurs).

According to Guilherme de Almeida, the main motivation was to develop a content that would be accessible to the low-income population

"We noticed that, when this low-income consumer was buying a car it was not only the individual's first car, but the first car that the whole family ever bought, as it was a first experience, there was a learning curve. Furthermore, these consumers were precisely those who had the worst deals and highest interest rates, which means, the lower the income, the more one paid due to lack of information".

Looking forward to expand the project and offer new services, the site began to develop its own content, using a simple language about personal finances. Inspired by a model of English business, where people before making a financial transaction consult a financial advisor who receives a commission for the appointment, Konkero began its monetization through indication of financial services.

Today there are more than 850 thousand visits per month, 1,300 articles published and 6,500 questions answered from how to write a check from which is the best personal loan.

Based on the Business Model Canvas, it is possible to present the business model as follows:

Value Proposition: To be the most reliable portal for low-income consumers by providing information in a clear and simple way about financial products and personal finances, thus enabling the reduction of risk and cost.

Segmentation: Konkero has a multilateral segmentation strategy, as it has two interdependent audiences. The first audience is composed of users who seek to buy products and services with greater awareness and information about financial products. Although they are beneficiaries of the project, they do not pay for the service, but their access to the website brings forth audience for the company to seek possible partners interested in publicizing their activities. Currently, four institutions are clients of Konkero: Bancos Pan, Intermedium, Barigui and Consórcio Rodobens. The choice of these clients is based on the size of the company, since, according to Mr. Prado, large banks do not yet have a strategy for this audience.

Relationship with the consumer: Konkero is at the stage "acquiring new customers" which involves persuading consumers to purchase the company's products and services. The relationship is made mainly through the company

website and one of the challenges that the company faces is to segment and communicate properly with their audience. For financial institutions, Konkero seeks the development of long-term partnerships, offering business development opportunities.

Channels: online communication platform and interaction with users on the company website. In addition to the website, the company also uses social media substantially to interact and answer questions from users.

Sources of Revenue: Commission of financial and advertising services.

Cost Structure: Content creation and maintenance of the online platform are the main costs of the company.

Key Partners: Artemisia, a non-profit organization pioneer in spreading and fostering businesses with social impact in Brazil, helped to develop Konkero in its first year of existence. This NGO, which aims to integrate businesses and enhance the growth of social businesses, allowed Konkero to establish a business model that today is the most reliable financial online portal for the low-income population in Brazil.

Key Activities: Konkero's key activity is to develop financial education content in a simple way so that everyone has an understanding of how the purchase of financial services works. This content is delivered through blog posts, infographics, videos and most recently through a book release. In addition to content developing, Konkero also has a customer service in which the user can send questions to the website and their respective social media accounts.

For financial institutions, Konkero has a service of lead generation for the purchase of financial services. The lead is generated through forms on the website, which are sent to the banks that come into direct contact with customers.

Key Features: as an intellectual resource, it can be highlighted the specific market expertise and understanding of the behaviour of low-income population, which is symbolized by a brand that conveys confidence and credibility. According to the founder of the company:

"Regarding human resources, the company hired employees with experience in communication with BoP consumers, in addition to the constant learning accumulated during the company's operations. And finally, all the financial resources applied to the business were collected via own investment."



CHALLENGES AND SOLUTIONS

Products and processes adaptation: Konkero enabled free access to financial information that reached thousands of people due to the platform language and adaptation towards its public. The first major challenge the company faced was related to the technical language and company awareness on social media. In order to overcome this challenge, the company keeps investing SEO (search engine optimization) tools and interaction with users, continuously adapting its language to convey the information in a simple and objective way.

Boosting the potential of low-income: the company seeks partnership with banks and financial institutions so that people from the BoP can make decisions more consciously. The user accesses the partner website with much more information about the financial product or service, which was previously explained in the Konkero's website. By clicking on a link, the user is taken to the bank's website and makes a decision about buying or not a particular product. There are also cases when the user leaves their data on Konkero's website, requesting contact from the banks. In such cases, Konkero passes this data to the partner banks and they contact users directly.

	Adapt products & processes	Investing to remove constraints	Boost the potential of low-income	Combine resources and skills	Engage in public policy dialogue
Market information					
Regulatory environment					
Physical Infrastructure	Adapting the language to the public				
Knowledge and skills			Partnership with financial institutions		
Access to financial services					

Source: Own authorship, 2015.

Figure 2: Matrix of challenges and strategies



RESULTS

Results for the company

The site has already received over 6 million accesses, with 100 thousand accesses / month being recurrent, which demonstrates that many users are developing a learning culture. In addition to the digital platform texts, Konkero started a free distribution of a book compiling the main information from the digital platform, recorded 70 videos with information about personal finance and financial services, and released a newsletter with over 3,000 subscribers. In addition to providing information Konkero also clarifies doubts in their social media. To this date, more than 6,500 questions were answered as well as replicated and disseminated in the personal pages of users.

Due to more than 1,200 of its own content pages, in 2015 Konkero implemented an internal research tool on their website to make it easier to users to find specific contents and posts. Konkero acts in two ways: clarifying specific questions and seeking to create a habit and awareness about financial education. These activities can be divided into **financial services** (explained in a simple and practical way) and **personal finances** (tips for users to increase their income).

Following the economic growth of the population and especially the internet usage growth, Konkero, with its own team of 7 people, will make in 2014, 50 thousand Brazilian reais (approximately U\$ 15.718,00) with a projected growth of 40% per year.

Konkero aims to be the leader in pre-shop of financial products. Currently, the website is the leader in visits on the segment of personal finances for the BoP population. In March 2015, the site received over 850 thousand visits.

Results for society

Data on views of the website:

- 6 million people accessed Konkero's website;
- 1 million people learned how to negotiate debts;
- 1 million people read tips on how to improve their business;
- 750 thousand people got a greater understanding on housing finances;
- 300 thousand people learned how to fill in a check;
- 280 thousand people learned how to better deal with credit card;
- 80 thousand people viewed Konkero's financial education videos.



GROWTH STRATEGIES AND FUTURE PERSPECTIVE

To achieve the goal of being the leader in pre-shop of financial products, the company's main strategy is to invest in the consolidation of partnerships with financial institutions and increase investment in SEO. The website, which has been featured in several major Brazilian media outlets, managed to fill in a financial educational gap in the country with a single language and an economically sustainable business. With the knowledge gained about the target audience Konkero can increasingly educate and help the BoP population.

Conclusions

To maintain the company's profitability and achieve its mission is the main challenge of Konkero. The business had a significant growth in the past two years, reaching six million website access. However, due to their business model, the company also needs to generate sales for partner financial institutions. While it is important to demonstrate the growing numbers of users, there is a lack of understanding of how these people are affected. The first goal of the company is being fulfilled, that is to say, to be a reference in financial education for the low-income population, but there is still a need to establish metrics and measure the financial education improvement.

The main distinguishing feature of this case is that Konkero was created to fill a gap related to the financial education of the low-income population. Through the understanding of this public, Konkero developed an easy access channel (both for its gratuity and for its simple language) that increasingly affects the users when they purchase a financial service. However, it is important to note that the financial institutions still do not possess a systematic assessment of quality and adherence to the mission of Konkero.

Konkero was developed in the last two years due to two main factors: the democratization of Internet access in Brazil and the inclusion of a large portion of the BoP population in the consumption of goods such as home appliances, mobile phones, computers and cars. By analysing the case, the major lesson learned was the adaptation of products and processes to the base of the pyramid users, through the system of clarification of doubts (which generates security and credibility to the business) and assistance through social media. Konkero, with an increased format of content delivery (text, video and book), had more than 850 thousand views in March 2015. Therefore, Konkero demonstrates a potential

business growth due to the conditions of the Brazilian environment and due to the strategies and choices adopted by the company.

REFERENCES

Publications

Conference ETHOS: Presentation of sustainable business models, 2013.

Interviews

After the initial contact with the company and project presentation, an interview with the founder of Konkero, Guilherme Almeida, was scheduled. The interview was held on 25th November and lasted two hours. During that week of November there were calls made directly to the interviewee in order to clarify his business details. After this period, the interviews by phone and e-mail were resumed in the second half of January 2015. The last contact with the company was made at the end of March 2015.