



Current Account Fair Value Assessment

April 2023

Product name: Nomo Current Account

Value Assessment Date: March 2023

Date of next assessment to be completed: Within 12 months

Our approach to meeting the Products & Services Outcome and Price & Value Outcome – Information for distributors of the Product



This summary document is being provided to you to fulfil our responsibilities under PRIN 2A.4.15R and PRIN 2A.3.12 R (2). –

It is designed to support you to comply with your responsibilities under PRIN 2A.3.16 R and PRIN 2A.4.16 R. Please note that you are ultimately responsible for meeting your obligations under ‘The Consumer Duty’.

This information is intended for intermediary and internal use only and should not be provided to customers.

1. Summary of our assessment

We have assessed that:

- Our Current Account product range continues to meet the needs, characteristics, outcomes and objectives of customers in the identified target market.
- The intended distribution strategy remains appropriate for the target market.
- The Product provides fair value to customers in the target market (i.e. the total benefits are proportionate to total costs).
- All evidenced

2. Product characteristics & benefits

The products are designed to meet the needs of the target group, most notably for non-UK residents from the GCC to hold a UK based bank account to provide easy access to their wealth in order for them to manage their finances internationally from their phone anytime and anywhere. The product features and criteria are designed to support these needs.

- Multi-currency accounts (GBP, USD, EUR, SAR, KWD, AED)
- BACS Direct Debits & Direct Credits
- Mobile Contacts Payments
- Physical and virtual debit cards
- Free Local UK transfers via FPS
- Low-fee international transfers
- International currency spend on debit cards
- Currency conversions
- Card controls

Full eligibility criteria can be accessed on our intermediary website:

<https://www.nomobank.com/current-accounts>

3. Target market assessment and distribution strategy

This target market assessment matrix segments the target customers for the Product, recognising their different needs to enable Nomo to tailor the services provided when distributing the Product.



Product description	Who these products are designed for and their desired outcomes:
<p>An international bank account domiciled in the UK, that provide residents from Kuwait (and other GCC regions) access to UK transactional banking. Multi-currency accounts are accessible in various currencies that keep money secure and on-the-go. Access to funds 24/7 while keeping track of balances and spending from the mobile app. Ability to fund the currency accounts or facilitate the making/receiving of different types of payments. Mastercard debit card issued physically and virtually through digital wallets and a suite of card controls within the app for added security. Nomo operates as a Sharia-Compliant bank and do not offer an overdraft on its accounts and accounts are non-profit bearing.</p> <ul style="list-style-type: none">• The current account is for personal use only. Customers will be provided with sort code, account number, and IBAN, which will allow them to fund and receive inbound payments current account by bank transfers. <p>A Multicurrency-enabled current account, allowing customers to spend their balance in each currency via physical card or digital wallets such as Apple Pay and Google Pay transactions, make foreign currency transfers, spend money abroad from their local currency and make mobile payments to recognised contact accounts.</p> <p>Key features include:</p> <ul style="list-style-type: none">- Multi-currency accounts- BACS Direct Debits & Direct Credits- Mobile contacts Payments- Physical and virtual debit cards- Free Local UK transfers- Low-fee international transfers- International currency spend on debit cards- Currency conversions- Card controls	<ul style="list-style-type: none">• Affluent and mass-affluent customers with international banking needs who are over the age of 16 and reside in the GCC and/or who meets the service availability requirements for the product.• Individuals looking for offshore, global investment opportunities• Individuals looking to purchase a property in the UK, either as a holiday home or as a buy to let investment• Individuals who regularly travel and need a multicurrency proposition to make travel spending easier• Individuals paying recognised accounts in multiple currencies and countries• Expat’s and Student’s migrated to the UK and their parents



Distribution strategy		Who these products are not designed for:	
<p>This product is intended for distribution via the Nomo App, available in Apple and Android App stores worldwide. Customers can contact the support team via email, phone and social media to support them with any queries.</p> <p>This product is licensed in the UK and deposits up to £85,000 are protected by the FSCS (Financial Service Compensation) Scheme across the customer profile</p>		<ul style="list-style-type: none"> • Customers who are seeking to access Overdraft facilities. • Customers who are under 16 years old. • Mass market clients who do not have a need for international banking • Customers using it as a primary account 	
Customer Outcomes		Harm or Limitations	
<ul style="list-style-type: none"> • Instant 24/7 access to funds and payment capabilities. • Fee-free international spending on the card. • Low-cost and instant UK payments. • Comprehensive international payments in currencies are important to them. • easily open a full UK current account without the need to be present in the UK and/or have a residency, tax, credit footprint in the UK. • FSCS protection on their money which they do not receive locally 		<p>Nomo must ensure no harm is caused to customers by ensuring they fully understand the products and priced fairly.</p>	
Benchmarking			
Competitor Analysis		Pricing Principle	
<ul style="list-style-type: none"> • Opening a UK bank account without a UK address and maintaining no minimum balance is a big differentiator for Nomo against other GCC-focused offerings; all other direct competitors analysed have substantial (> £50,000 minimum balance requirements or begin to charge large monthly fees) • A fully in-app onboarding journey also appears unique amongst our direct competitors • Strong travel money prospect for GCC residents due to free transaction fees and no international card fee • UK benchmarks are included for additional pricing information, as our target market is unable to access these accounts due to GCC residency 		<ul style="list-style-type: none"> • Nomo current account is currently priced ahead of market competitors and regularly reviewed and assessed through customer survey interactions • Pricing aligned to Nomo’s target audience (affluent / mass affluent) by offering a freemium model with a free current account and bolt-on services such as Home Finance. 	

4. Customers with characteristics of vulnerability

Based on the current usage patterns and research Nomo's target market mass affluent/affluent customers use Nomo as secondary/tertiary account rather than using it as 'front of wallet'.

This is in line with product design as Nomo provides a UK regulated bank account for offshore customers travelling or staying (short or longer term) in the UK.

Vulnerability considerations may come through the fact that the account is not used on a day to day basis (so communications and useful updates or calls for action could be ignored for weeks / months at a time) and English is not the first language. In addition, given the majority of customers are not UK resident, vulnerabilities should be considered from an understanding and expectations of bank accounts and associated regulations (FOS, complaints, FSCS protection, KYC etc)

Data also shows that students studying in the UK, are regular users of the Nomo account and are using Nomo account as their primary account whilst studying in the UK. Nomo students are not in the same financial position as many UK students though Government study grants and income from partners, however, they are living away from home for the first time in a foreign country and could be more susceptible to vulnerability.

To serve vulnerable customers, Nomo will look to: Identify, support and monitor.

- **Identifying customers that need additional support**
- **Accessibility review of the digital journeys/capabilities**
- **Empowering staff**
Giving staff the skills and capability to recognise and respond to the needs of vulnerable customers.
- **Introduce tech-enabled self-identification, trigger points & on-going monitoring**
Technology can help to proactively identify vulnerable customers, enhance customer experiences and automate tasks to drive operational efficiencies.

Help and support content for customers to access via digital channels



5. Product Development Process

Nomo Product Development Process

When launching new products or making significant changes to existing products, we follow a robust internal governance process that ensures that the following areas are assessed and approved:

- Identification of the target market and non-target market for each product.
- Ensure that the distribution methods align with the needs of the target market.
- Assess the costs and charges are appropriate for the product and these represent fair value for our customers.
- Consider how we are meeting the requirements of vulnerable customers through our product design and distribution methods.
- Ensure that our customer and communications are clear, easy to understand and timely.
- Ensure any legal requirements such as product terms and conditions are relevant and updated, as well as UK Banking compliance requirements are met with any product development
- Sharia auditing and processes for product approval

Annually we review the Fair Value Assessment performance of our product, additionally including:

- ✓ Product performance
- ✓ Characteristics of the product that meet the needs of the target market
- ✓ Service delivery
- ✓ Distribution
- ✓ Assurance Activity
- ✓ How the Product development process has been working

6. Our assessment of value

We have developed a comprehensive and robust assessment process which evaluates several aspects of our business to determine the value of our product. This analysis is used to ascertain whether the Product delivers fair value for customers.

The outcomes of the assessment process are presented to the Product Committee allowing for challenge and further investigation before we sign-off the outcomes and share the summary of our assessment with you.

Our fair value assessment is based on our fair value equation and does consider the following reflectively:



PRODUCT FAIR VALUE ASSESSMENT

Customer Benefits	Financial	<ul style="list-style-type: none"> - Everyday banking functionalities: Pay, transfer, spend, withdraw etc - Free UK bank transfers - Able to spend like a local when abroad – improved travel money proposition - Free at point of use under current pricing structure - Ability to exchange currencies in-app and spend with debit card as part of multicurrency proposition - Financial Service Compensation Scheme (FSCS) provides financial protection from loss
	Non-Financial	<ul style="list-style-type: none"> - Easy access to UK banking via android and apple devices - Clear reconciliation of payments - Apple pay / Google pay for improved payment access - Clear display of product and service outline at beginning of journey to assist customer decision-making - Access to the UK account for GCC residents - Current account maintained in compliance with Sharia Finance rules - Minimum requirement and commitment to maintain – part-time ‘second account’ - Keeping customers safe through transaction screening (sanctions, fraud, crime etc)
Customer Efforts	Time Required	<ul style="list-style-type: none"> - Happy path onboarding (Account opening) requiring ~10 minutes. - Time required to gather required documents ~5mins. - Direct contact points (via phone, secure messaging, social media, email) to speed up problem solving.
	Other Efforts	<ul style="list-style-type: none"> - Customer must ensure required documents are valid and up-to-date. - Multicurrency accounts, virtual and physical debit card ordering process are additional services to basic current account and subject to additional short processes once customer is onboarded. - Apple pay / Google pay setup via device-specific journey separate to the Nomo App.
Customer Costs		Customers are not charged for the current account product or spend. However, they may be charged by their local banks to transfer money into Nomo. There are also exchange fees for customers doing FX conversions through Nomo or international payments out of Nomo.
Limitations		<p>Nomo does not offer outbound standing orders.</p> <p>Nomo has 6 currencies available on its multicurrency and outbound payment proposition</p> <p>Nomo does not support digital wallets other than Apple Pay and Google Pay at this time</p>
Bank Benefits	Non-Financial	<ul style="list-style-type: none"> - Increased customer volumes due to more broad applicability of products - Develop relationships with pre-target market customers; e.g. a graduate student who in years to come will develop into a target market consumer - Ability to cross-sell other products - Ability to support activities required to execute other products (e.g. currency conversion for investments)

Bank Efforts	Time Required (attributable fixed costs)	<ul style="list-style-type: none"> -Happy path onboarding (Account opening) requiring ~10 minutes. - Time required to gather required documents ~5mins. - Direct contact points (via phone, secure messaging, social media, email) to speed up problem solving.
	Technology cost per customer (directly attributable)	<ul style="list-style-type: none"> - Mambu – core banking services - ClearBank – domestic payments management - Onfido – ID&V services - Auth0 – account security - Guardsquare – RASP capabilities - Refinitiv – customer screening services - MasterCard – card settlement scheme membership - Paymentology – card provisioning - Idemia – card manufacturing & personalisation - DHL / Aramex – card courier services
Bank Costs	Recurring costs incurred (directly attributable)	<ul style="list-style-type: none"> -Onfido – document validation (e.g. if existing document expired and customer uploads new) - Paymentology – card processing costs / transaction - ComplyAdvantage – transaction screening and monitoring services - Paymentology – card payment processing - Idemia – card manufacturing & personalisation for replacement cards - DHL / Aramex – card courier services
Price		<p>No monthly fees, international card fees, domestic outbound transfer fees or inbound international fees.</p> <p>Outbound international transfer fee: £6</p>

Results of our assessment

Our assessment concluded that the Product continues to deliver fair value for customers in the target market for the Product.