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INDUSTRY PAPER | BANK EXECUTIVE SERIES

Profitable Mass-Market Banking

A step-by-step operating blueprint for converting reach into traction, customer value and sustainable returns

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Overview

Mass-market banking becomes profitable when the bank designs for transaction frequency, low marginal cost and progressive customer value - in that order.

The strategic mistake is to treat the mass market as a smaller version of traditional retail banking. A branch-led, core-banking-led model carries fixed servicing, operations and compliance costs that are difficult to recover from low balances and low-value transactions. A wallet changes the economic design: it creates a separate, highly automated transaction layer for frequent, simple activity while preserving the bank for regulated accounts, higher-value products and relationship banking.

> **CENTRAL ARGUMENT** The route to profit is not customer acquisition alone. It is the disciplined conversion of access into active use, active use into payment flows, payment flows into fee and partner economics, and trusted transaction history into a broader banking relationship.

Six conclusions for the executive committee

1. Begin with **the cost-to-serve** problem, not with a feature catalogue.
2. Separate routine low-value transactions from high-cost channels and workflows.
3. Use partners, agents, merchants and employers to distribute the service and create reasons to transact.
4. Build volume before complexity; inactive registrations do not create an economic franchise.
5. Monetise an ecosystem of customer and business flows, not only end-user fees.
6. Treat data-led credit and adjacent products as a later value layer, introduced under explicit risk and customer-outcome controls.

The role of the Wallet

One Wallet provides the low-cost, configurable platform on which this sequence can be executed. It is designed to sit **alongside** the core banking environment, handle high-volume wallet and payment activity, support partner and merchant participation, and progressively connect customers to savings, cards, lending, insurance, rewards and insight.

The Economic Problem to Solve

Why conventional mass-market models underperform

Mass-market customers can generate substantial aggregate value, but the value arrives as many small interactions, rather than a few large balances or transactions. If each interaction touches a branch, a manual workflow, a high-cost core process or a fragmented vendor stack, the institution can grow customers and transaction counts while destroying unit economics.

Economic pressure	Typical failure mode	Design response
Acquisition cost	Expensive campaigns generate registered but inactive accounts.	Acquire through existing partner, merchant, payroll and community relationships.
Transaction cost	Routine low-value events consume infrastructure designed for richer products.	Route eligible activity to a purpose-built wallet and payment ledger.
Servicing cost	Customers depend on branches and contact centres for simple actions.	Make onboarding, limits, alerts, disputes and common service journeys digital-first.
Revenue density	Too few everyday use cases produce too little value per customer.	Build a portfolio of recurring payment, biller, merchant and business flows.
Risk cost	Complexity and exposure arrive before data and controls mature.	Use tiering, thresholds, monitoring and staged product expansion.

A practical profitability equation

ECONOMIC LENS - Contribution is the value captured from active customers, transactions, partners and adjacent products - less acquisition, processing, servicing, fraud, credit and compliance costs. Every design decision should improve at least one side of this equation without weakening the other.

Build	Measure	Protect
Reach and activation	Cost per activated customer; activation rate; first-value time	Identity confidence; consent; permitted customer tiers
Frequency and relevance	Active days; transactions per active user; payment mix	Availability; failure rate; complaints; dispute resolution
Revenue and value	Net transaction revenue; partner revenue; contribution per active user	Pricing transparency; customer outcomes; concentration
Progressive relationship	Savings, merchant, account, credit and insurance conversion	Suitability; affordability; model and portfolio governance

3. One Wallet as the profitability architecture

The recommended architecture is deliberately sequential. Each stage establishes the operating capability and evidence required for the next stage. This prevents a bank from adding risk, cost and product complexity before it has earned the transaction volume and behavioural insight needed to support them.

Figure 1. One Wallet provides a staged route from low-cost transaction processing to deeper customer value.

Stage	Primary economic job	What changes for the bank	Evidence before moving on
One Wallet	Lower the cost to serve	Routine activity moves to an automated wallet layer.	Reliable onboarding, reconciliation, controls and active use.
One Platform	Increase frequency and utility	Customers gain more reasons to transact every week.	Broad payment mix, repeat activity and stable service levels.
One Business	Monetise commercial flows	Merchants, agents, employers and SMEs become paying participants.	Positive contribution by segment or corridor.
One Account	Deepen lifetime value	Wallet behaviour informs broader banking relationships.	Controlled conversion with strong customer outcomes.

SEQUENCE MATTERS A bank should not progress merely because a release date has arrived. It should progress when operating evidence shows that the prior stage is stable, used and economically credible.

4. The eight-step build sequence

The four-stage architecture becomes executable through eight management steps. The sequence is iterative - but the economic dependencies should remain intact.

STEP 1

Set the economic mandate and boundaries

Outcome: A board-level definition of the mass-market business the bank intends to build, the value pools it will pursue and the costs and risks it will not import.

- Define target segments by needs, payment flows, geography and access constraints - not by a single income label.
- Create a baseline cost-to-serve view across acquisition, transaction processing, cash, support, compliance, fraud and technology.
- Select the initial value pools: transaction fees, biller and merchant income, partner services, float economics where permitted, and later cross-sell.
- Set product boundaries, transaction and balance limits, risk appetite, customer-outcome principles and investment gates.

> STAGE GATE The business case identifies a credible path to contribution at realistic activation and usage levels, with assumptions owned jointly by Finance, Product, Operations, Risk and Technology.

Management measures: Cost per activated customer; baseline cost per transaction; target active-user rate; contribution break-even; risk limits.

STEP 2

Build the low-cost wallet foundation

Outcome: A narrow, dependable transaction service that customers can trust and the bank can operate with limited manual intervention.

- Launch simple stored-value and payment journeys: register, verify, fund, send, receive, cash in, cash out, transfer, buy airtime and pay selected bills.
- Use tiered KYC, configurable limits and risk-based controls appropriate to the market and regulatory framework.
- Automate fees, alerts, reconciliation, agent commissions, monitoring, audit records, dormancy and exception reporting.
- Integrate One Wallet with the core only where a clear account, funding, settlement or reporting purpose exists.

> STAGE GATE Straight-through completion, reconciliation integrity, availability, fraud losses and support demand remain within approved tolerances during a controlled launch.

Management measures: Onboarding completion; first transaction; straight-through rate; failure rate; reconciliation exceptions; service contacts per 1,000 active users.

5. Build traction before complexity

STEP 3

Create distribution where customers already live and trade

Outcome: Customer access expands without replicating the fixed cost of a traditional branch network.

- Prioritise partners that combine trusted reach with payment flows: retailers, post offices, agents, employers, distributors, community institutions and government-linked networks.
- Design partner economics around productive activity, not registrations alone.
- Provide agent liquidity controls, training, exception handling, settlement visibility and commission reporting.
- Map cash-in and cash-out capacity carefully; digital scale is constrained when liquidity is unreliable.

STAGE GATE Each priority distribution corridor demonstrates accessible funding, capable service, repeat transactions and sustainable partner economics.

Management measures: Activated users per outlet; agent activity; liquidity exceptions; cost per activation; partner-sourced volume; dormant registrations.

STEP 4

Win the everyday transaction

Outcome: The wallet becomes a repeated behaviour rather than a seldom-used account.

- Sequence use cases around real payment rhythms: airtime, utilities, school fees, transport, retail, payroll, remittances and household transfers.
- Use reminders, saved beneficiaries, transparent status and simple recovery journeys to remove friction.
- Build merchant and biller acceptance in the same locations and categories where customers already spend.
- Measure the path from registration to funding to first payment to repeat use and remove the largest drop-off each cycle.

STAGE GATE A growing share of activated customers completes repeated, non-cash-out transactions across more than one relevant use case.

Management measures: 30/90-day active rate; transactions per active user; merchant and biller mix; repeat payment rate; time to second transaction.

TRACTION PRINCIPAL A wallet that is easy to open but unnecessary to use is a cost centre. The operating target is a useful position in the customer's weekly financial routine.

6. Convert activity into economic value

STEP 5

Build the commercial ecosystem

Outcome: Revenue expands beyond end-user transaction fees and becomes diversified across business payment flows.

- Add merchant acceptance, settlement and reporting; biller collection; payroll-to-wallet; supplier payments; business collections and bulk disbursements.
- Create differentiated business, merchant and agent propositions with clear service levels and commercial pricing.
- Price by value delivered - collection efficiency, reach, settlement speed, reconciliation and reduced cash handling - rather than applying one fee to every participant.
- Track profitability by segment, partner, corridor and use case so that volume does not hide weak economics.

> STAGE GATE Priority commercial flows show positive or improving contribution after partner incentives, settlement, support, fraud and platform costs.

Management measures: Net revenue per transaction; take rate; merchant activity; settlement volumes; revenue concentration; contribution by corridor.

STEP 6

Use transaction intelligence to deepen the relationship

Outcome: Consented behavioural signals improve relevance, risk decisions and conversion into broader financial services.

- Create a governed customer and transaction view covering inflows, frequency, balance behaviour, merchant patterns, device stability and repayment outcomes where relevant.
- Use insight first for service, prompts, segmentation, limits and savings pathways before introducing credit exposure.
- Introduce low-value credit only with affordability, fraud, exposure, collections, hardship and portfolio stop controls.
- Record decision reasons, data use, consent, overrides and customer communications as part of the operating design.

> STAGE GATE Decision quality, customer outcomes and portfolio performance remain within policy under controlled pilot volumes before scale.

Management measures: Offer acceptance; utilisation; repayment; arrears; complaints; hardship; fraud; limit changes; contribution after losses and servicing.

7. Scale with discipline

STEP 07

Connect wallet customers to One Account

Outcome: Frequent wallet usage becomes a bridge into a broader, enduring bank relationship without forcing every customer into a full-cost model on day one.

- Define event-based pathways into bank accounts, cards, savings, insurance, rewards and appropriate credit.
- Use eligibility and propensity signals to make relevant offers at moments of demonstrated need.
- Preserve the wallet as the economical transaction layer even after a customer adopts additional products.
- Measure incremental relationship contribution, not gross product sales.

> STAGE GATE Conversions produce incremental, risk-adjusted contribution and positive customer outcomes without materially increasing avoidable servicing demand.

Management measures: Qualified conversion; product activation; incremental balances; risk-adjusted margin; retention; complaints; cost to serve after conversion.

STEP 08

Industrialise the operating model

Outcome: Growth is supported by repeatable governance, data, partner management and platform operations rather than heroic manual intervention.

- Establish a single performance forum spanning Product, Finance, Operations, Risk, Compliance, Technology, Data and Partner Management.
- Operate release, pricing, limit and partner changes through evidence-based thresholds and maker-checker controls.
- Design dashboards for economics and customer outcomes alongside technology and risk metrics.
- Automate recurring exceptions, then eliminate their root causes; do not scale a manual workaround.

> STAGE GATE The business can add customers, transactions and partners without a proportional increase in operating headcount, failure demand or unresolved risk.

Management measures: Marginal operating cost; automation rate; exceptions; release quality; incidents; partner service levels; headcount-to-active-user ratio.

8. The target operating model

A profitable wallet business needs clear accountability across economics, experience, risk and platform operations. The executive sponsor should own the integrated outcome; functional teams should not optimise their own measures at the expense of total contribution or customer trust.

Accountability	Primary mandate	Critical decisions
Executive sponsor / steering committee	Own the economic thesis and stage gates.	Investment, market sequence, risk envelope, stop/scale decisions.
Product and customer	Own use cases, activation, frequency and outcomes.	Journey priorities, pricing, proposition, customer communications.
Finance	Maintain the contribution model and benefits evidence.	Cost allocation, revenue recognition, hurdle rates, scenario ranges.
Risk, compliance and fraud	Set proportionate controls and monitor outcomes.	KYC tiers, limits, monitoring, consent, exposure, collections.
Operations and customer care	Keep service digital-first and exceptions controlled.	Support model, disputes, agent operations, reconciliation, incidents.
Technology and data	Operate One Wallet and its interfaces as a resilient platform.	Architecture, security, observability, data lineage, release quality.
Partner and ecosystem management	Build productive distribution and acceptance.	Commercial terms, liquidity, settlement, performance and remediation.

Three design rules

- One economic view: product, partner and technology decisions use the same contribution model.
- One control view: risk, customer outcomes and operational resilience are assessed with commercial performance.
- One delivery backlog: use cases, automation, partner enablement and control improvements compete transparently for capacity.

> **PLATFORM IMPLICATION** One Wallet should be governed as a business platform with reusable capabilities - onboarding, ledger, payments, merchant services, rules, notifications, reporting and APIs - rather than as a sequence of disconnected channel projects.

9. Executive scorecard

Registered customers and gross transaction value are insufficient management measures. The scorecard should show whether the business is activating customers, creating relevant activity, capturing value and controlling total cost and risk.

Dimension	Core measures	Executive question
Reach	Eligible market; partner coverage; activated outlets; onboarding completion	Are we reaching the intended segments through economically credible channels?
Traction	30/90-day active rate; first-value time; repeat rate; transactions per active user	Is the wallet becoming part of everyday behaviour?
Value	Net revenue; partner revenue; contribution per active user; commercial-flow mix	Is activity producing diversified economic value?
Cost	Acquisition; processing; service; cash; partner; technology and compliance cost	Does scale reduce marginal cost and improve contribution?
Trust	Availability; failures; disputes; complaints; fraud; reconciliation exceptions	Can customers and partners rely on the platform?
Risk and outcomes	KYC quality; suspicious activity; losses; arrears; hardship; adverse outcomes	Are growth and monetisation consistent with policy and customer welfare?
Relationship	Savings, account, merchant, credit, insurance and rewards conversion	Are we deepening value selectively and profitably?

Decision thresholds, not dashboard theatre

Each stage should have a small set of pre-agreed thresholds that trigger one of four decisions: continue, correct, pause or scale. Measures should be segmented by cohort, channel, partner and use case so averages do not conceal weak economics or adverse outcomes.

Decision	When it applies	Management response
Continue	Performance is within tolerance but evidence is still limited.	Hold scope, learn and complete the evidence set.
Correct	A specific journey, partner, control or cost driver underperforms.	Fix root cause and retest before adding complexity.
Pause	Customer, risk, resilience or economic outcomes exceed limits.	Stop expansion; protect customers and remediate.
Scale	Usage, contribution, controls and service are consistently within gate.	Expand segments, corridors or use cases in controlled increments.

10. A phased implementation roadmap

Timing varies by market, regulation, integration scope and starting maturity. The roadmap below is a sequencing guide, not a promise of duration. Banks should release value in controlled increments and require evidence before expanding scope.

Horizon	Management objective	Priority work	Exit evidence
0-90 days	Prove the economic and operating thesis.	Segment and flow analysis; cost baseline; partner map; target architecture; risk boundaries; pilot business case.	Approved proposition, controls, delivery plan and quantified scenarios.
3-6 months	Launch a controlled wallet foundation.	Configure One Wallet; priority integrations; onboarding; funding; transfers; selected bills; agent operations; reporting.	Reliable pilot with reconciled transactions and acceptable customer outcomes.
6-12 months	Build traction and acceptance.	Expand merchants, billers and partner corridors; improve journeys; automate support; tune pricing and incentives.	Repeat usage, broader transaction mix and improving unit economics.
12-18 months	Monetise business flows.	Merchant settlement; payroll; bulk disbursements; SME wallets; partner services; commercial reporting.	Positive contribution in priority segments or corridors.
18-24+ months	Deepen relationships under governance.	Savings, cards, insurance, rewards and controlled data-led credit; One Account pathways.	Incremental, risk-adjusted customer value with stable service and controls.

What not to do

- Do not launch every possible feature in the first release.
- Do not pay partners for registrations that never become active.
- Do not use the core banking platform as the default route for every low-value event.
- Do not assume transaction volume is profitable without fully loaded cost and risk views.
- Do not introduce lending to compensate for weak payment engagement.
- Do not scale exceptions, manual reconciliations or unresolved customer failure demand.

11. The decisions executives must make

Technology selection is important, but executive choices about sequence, economics and operating discipline determine the result. Before approving a programme, the leadership team should be able to answer the following questions clearly.

- Which customer needs and payment flows will anchor weekly use?
- Which activities must move away from branches and high-cost processing?
- Which partners can supply both reach and productive transaction flows?
- What is the fully loaded cost per activated customer and per successful transaction?
- Which value pools will fund the business before advanced products are introduced?
- What evidence is required to progress from wallet to platform, business and account?
- Which customer, fraud, credit and operational outcomes will cause the bank to pause?
- Who owns end-to-end contribution after shared technology and operating costs?

> **BOARD TEST** If the programme cannot explain how a specific transaction flow becomes cheaper, more frequent or more valuable - and how that improvement will be measured - it is not yet an executable profitability strategy.

Why the platform decision matters

One Wallet is designed around the capabilities that this operating model requires: low-value stored-value transactions; digital onboarding and tiering; wallet-to-wallet, account and payment flows; configurable limits and fees; agent and merchant participation; reconciliation and reporting; rules and alerts; APIs; and progressive integration with broader financial products. This avoids forcing a bank to assemble the core economic journey from disconnected point solutions.

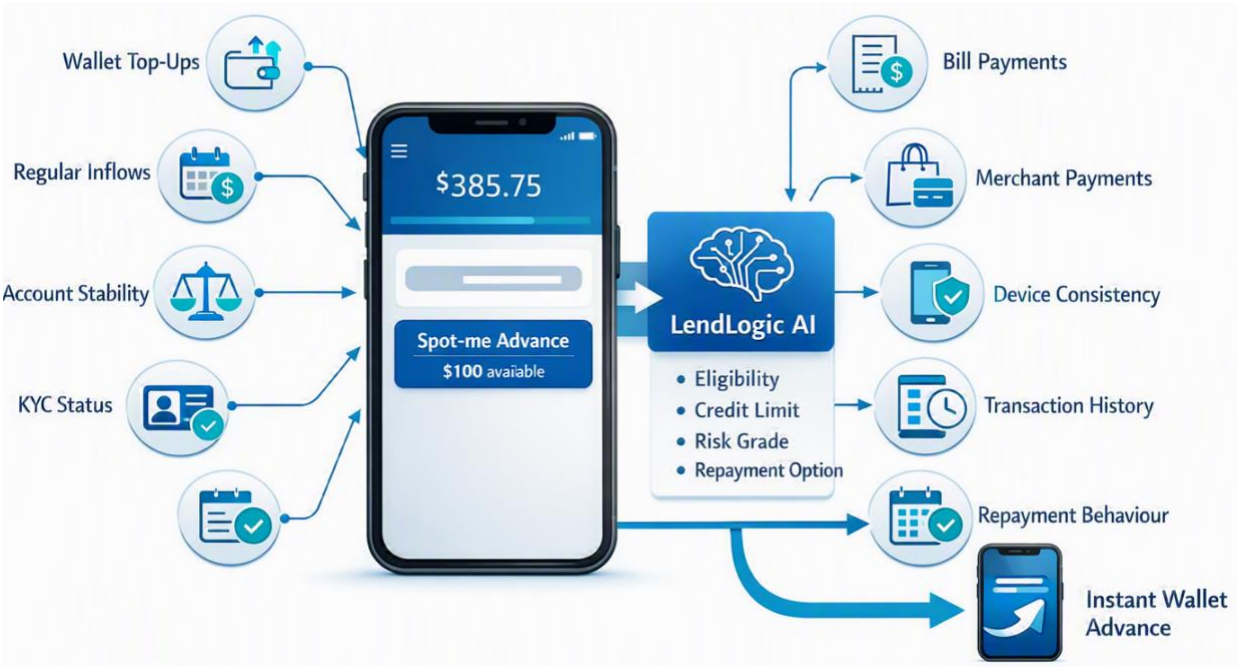

Figure 2. One Wallet can turn consented behavioural data into controlled, real-time product decisions; credit is one later-stage example.

12. Conclusion: profit is designed into the sequence

The mass market is not intrinsically unprofitable. It becomes unprofitable when the operating model prices every small interaction as if it were traditional banking.

A profitable model begins with a low-cost transaction layer, builds customer usefulness and frequency, monetises a network of commercial flows, and only then deepens the relationship through data-led products. The sequence connects inclusion and commercial discipline: customers receive accessible, relevant services, while the bank creates scale without importing a proportional cost base.

Using Solveworx One Wallet as the transaction and engagement layer

Solveworx One Wallet provides the platform foundation for this sequence. Its strategic value lies less in being another wallet and more in enabling a bank to operate a distinct mass-market business model - automated, partner-led, payment-rich, measurable and progressively connected to the wider bank.

> **FINAL PERSPECTIVE** Start with the cost to serve. Earn traction through usefulness. Build value through flows. Scale only when the evidence supports it. One Wallet turns that discipline into an executable platform model.

About Solveworx

Solveworx Digital Innovation works with financial institutions on digital banking, payments, wallets, decisioning and operating-model transformation. Its approach combines business economics, customer journeys, platform architecture, risk controls and implementation sequencing. One Wallet is the Solveworx platform for building low-cost, high-volume transaction ecosystems and connecting them to broader customer and commercial value.

Methodology notes

This industry paper synthesizes the supplied Solveworx mass-market banking, One Wallet and LendLogic materials into an executive operating framework. Financial outcomes, product classifications, pricing, data use, regulatory obligations, customer protections and implementation timing are market- and institution-specific and require validation through the bank's governance processes.