

# MACH<sup>DAY</sup>

INVESTORS PRESENTATION

APRIL 2021



# TODAY'S AGENDA

## A LITTLE BIT OF HISTORY

How was MACH born and what is its mission?

## WHERE ARE WE TODAY?

Current status & traction so far

## WHERE ARE WE HEADING?

MACH strategy & monetization model

## HOW DO WE RELATE WITH THE BANK?

MACH-BCI collaboration & governance model





# A LITTLE BIT OF HISTORY

How was MACH born & what is its mission?



## Challenge for the team

Surface & solve Chileans' **frictions** related to **payments**

- > Driving financial inclusion
- > Focusing on daily needs

## Strategic logic

Build a massive customer base by developing a winning solution

- > Customer-focused
- > Innovative
- > 100% digital

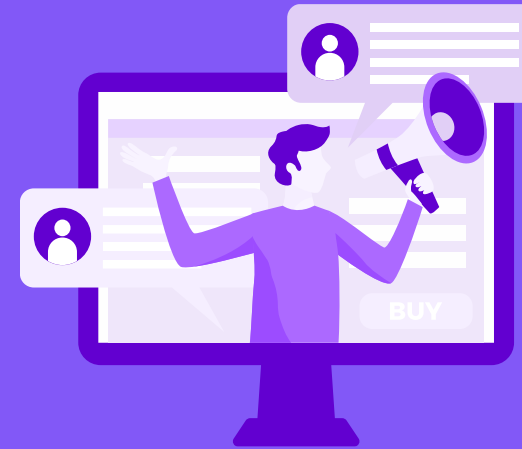


## WE IDENTIFIED OPPORTUNITIES FROM TWO SOURCES



### **Voice of the Customer**

We interacted closely with people to understand their real frictions and needs



### **Art of the Possible**

We studied local and global trends and sought inspiration from global benchmarks

Team traveled to Manhattan Beach (USA) to work with experts in incubating disruptive ventures



# We interacted closely with people

To surface their real needs

## DETAILED INTERVIEWS

One-on-one interviews

~20

interviews

90

minutes each

## ON THE SPOT INTERVIEWS

On-the-fly interviews to gather volume insights

+30

interviews

20

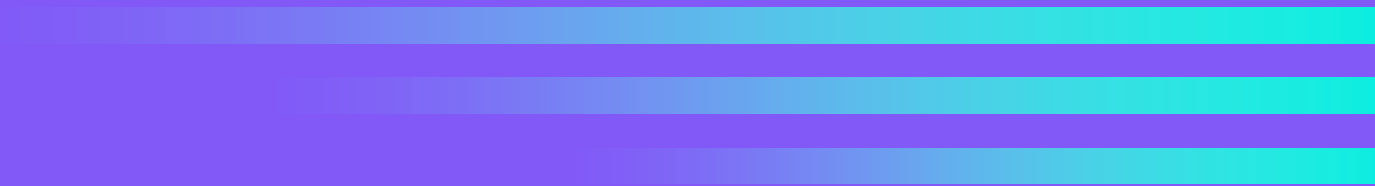
minutes each



WE DEVELOPED CONCEPTS TO SOLVE THE FRICTIONS,  
WHICH WE PRIORITIZED THROUGH SUCCESSIVE SHARK-TANKS



Prioritization  
criteria



Desirability  
Viability  
Feasibility



# MACH was created to democratize the access to payments in Chile

**D:** Multiple frictions, especially at the base of the pyramid

I can't use Netflix or Spotify because the banks won't give me a credit card.

I'm charged for using my money: I try to avoid using ATMs or making transfers

Making a transfer is complicated and I can't collect money

I don't feel safe having to carry cash everywhere I go



## MACH: Buy. Pay. Share

Online payments. Simple and free

**For everyone**

Seamless registration for any adult (+18) with a Chilean ID

**Cheaper**

Payments, purchases and withdrawals without fees

**Simpler**

Instant and easy payments/collections between contacts

**Safer**

Electronic payments backed by banking standards





# WHERE ARE WE TODAY?

Current status & traction so far



# MACH's current offering consists of three pillars

**100% digital account, opened remotely with a couple of clicks**

Free  
Open for everyone

**Account**

**Payments**

**Complete payments offering**

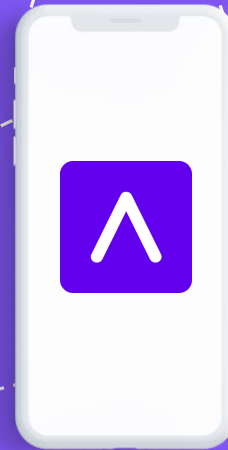
P2M online (intl. & local)  
P2M offline  
In-app purchases  
P2P payments & collections

Physical card  
Virtual card  
QR

**Closed-loop acquiring network for retailers**

Competitive fees  
Access to large customer base

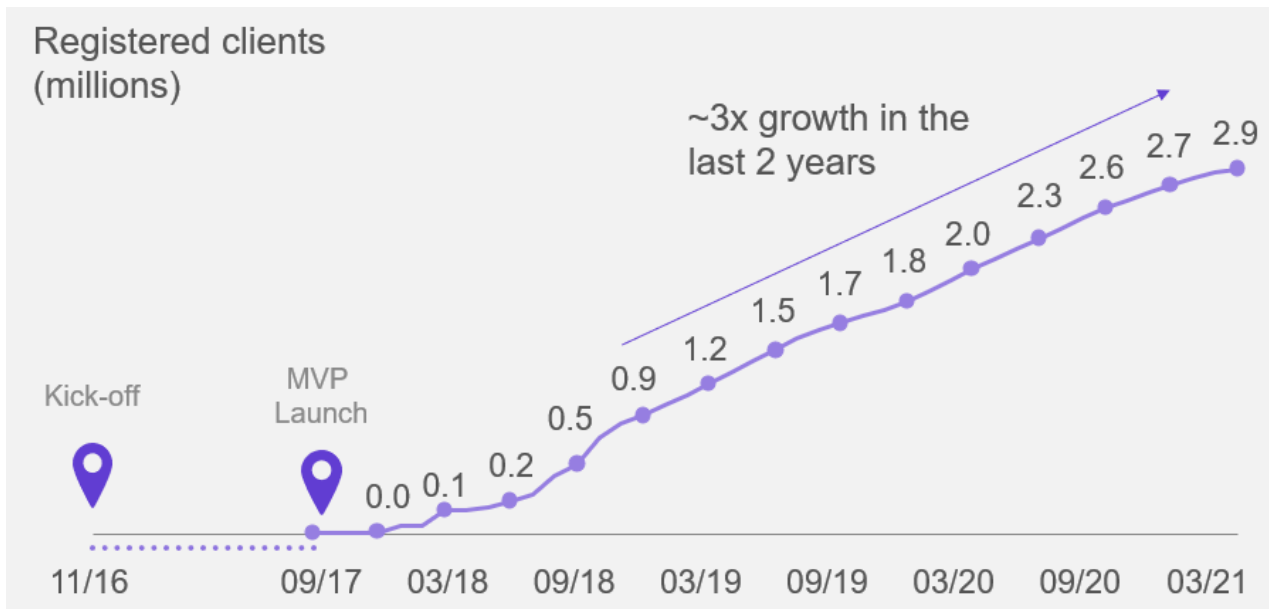
**Acquiring**



# High commercial traction at low acquisition cost

+2.9M registered customers

Acquisition cost < US\$5



## CAC < US\$5

CAC considers:

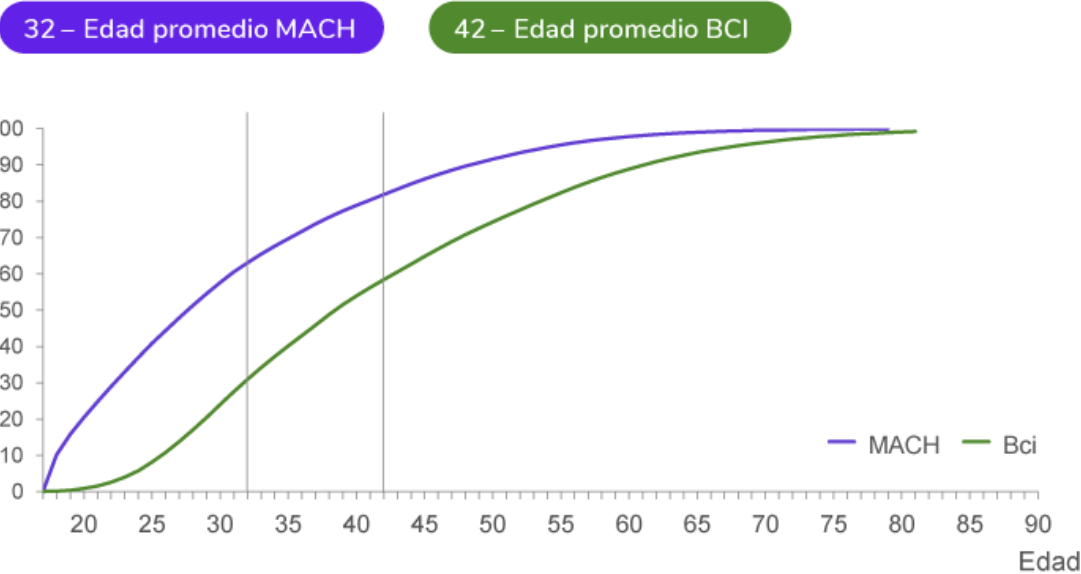
- Commercial actions
- Identity validation



# We have a young customer base, with very limited overlap with Bci's customer base

MACH's customer base considerably younger than Bci

Cumulative distribution of customers (%)



Limited customer overlap with Bci issuing businesses



Working together with Bci's D&A area has allowed us to get to know our clients in depth



# Transactions have grown exponentially: nascent acquiring business with great potential

Strong growth in individuals

Individuals



**60%**

Active client's  
growth  
YoY<sup>1</sup>

**75%**

Weekly  
client's growth  
YoY

**110%**

Daily  
client's growth  
YoY

>



**300%**

Transactions growth YoY<sup>2</sup>

Merchants



**110K**

Merchants  
acquired

>



**8x**

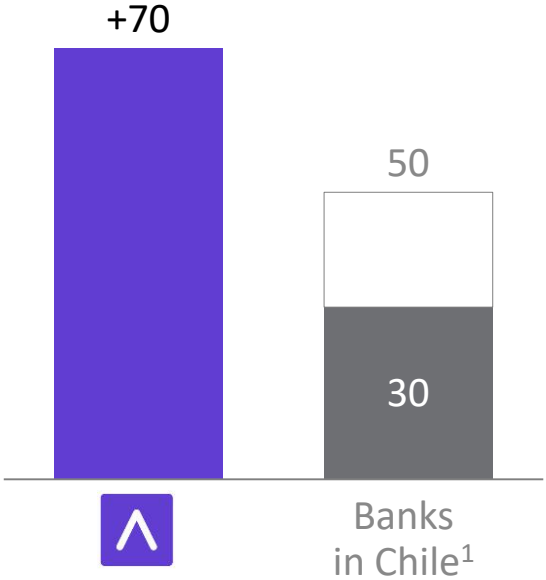
Transaction's growth<sup>4</sup>

- 1. Growth of customers with at least one transaction per month (March 2021 vs. March 2020)
- 2. Growth in total purchases and P2P transfers (March 2021 vs. March 2020)
- 3. Merchants affiliated directly or through aggregators (March 2021)
- 4. MACH Pay transaction growth, including in-app purchases (March 2021 vs. March 2020)

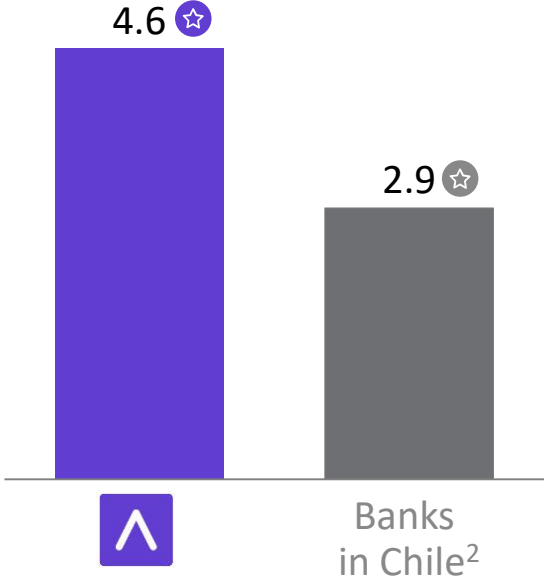


# Customer satisfaction KPIs are much better than the average for the banking industry in Chile

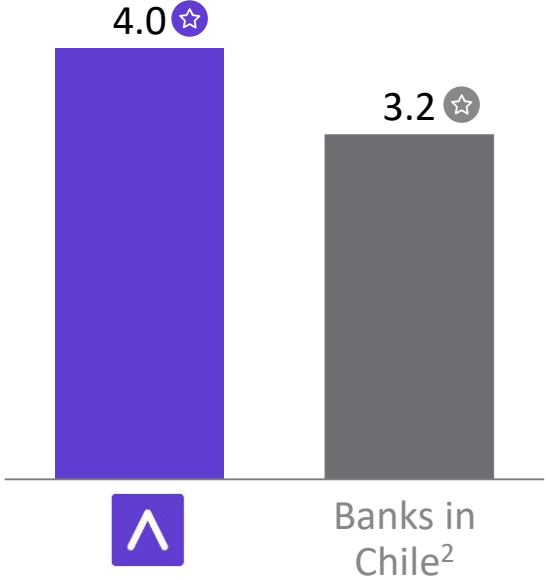
## NPS



## AppStore evaluation



## PlayStore evaluation



(1) Rank based on values reported by Bci, Banco de Chile and Santander.

(2) Simple average of app evaluations from: Banco Estado, Banco de Chile, Santander, Itau, Scotiabank, Bci, Bice and Banco Falabella.



# MACH is a big commitment for the bank: we have invested in building strong capabilities

**US\$30M**

Cumulative investment<sup>1</sup>

**110**

MACH Collaborators<sup>2</sup>  
(+65% in product and technology)

We have heavily invested in building a first-class team

← MACH capabilities →

**Technology**

**Product**

**Operations**

**Commercial**

**Risk**

**Customer Success**

**Talent management**

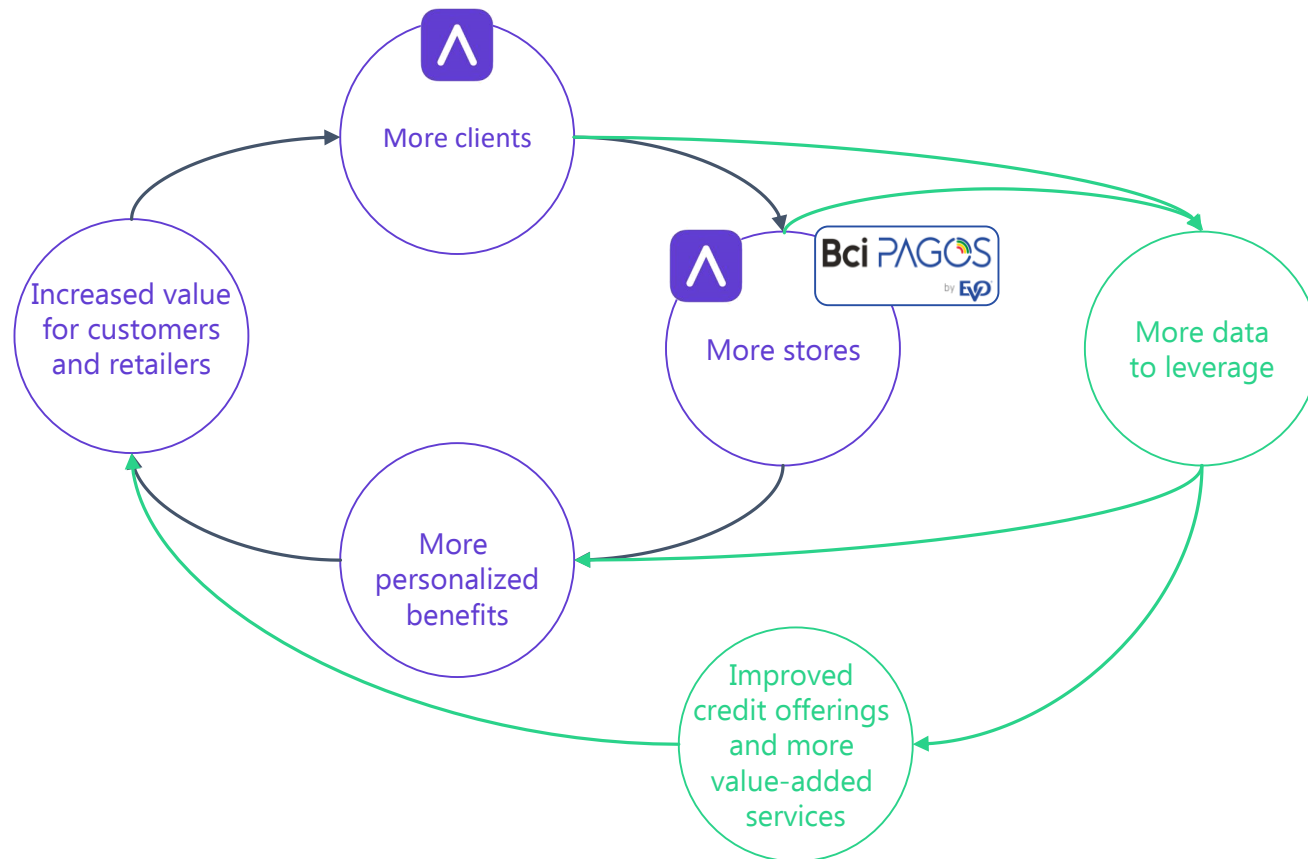
1. Includes CAPEX + OPEX since 2016

2. Employees 100% allocated to MACH, without including BCI employees in support functions with partial allocation to MACH



# MACH and BCI Pagos strongly complement each other

Generating a payment ecosystem has valuable benefits for MACH



Win-win relationship

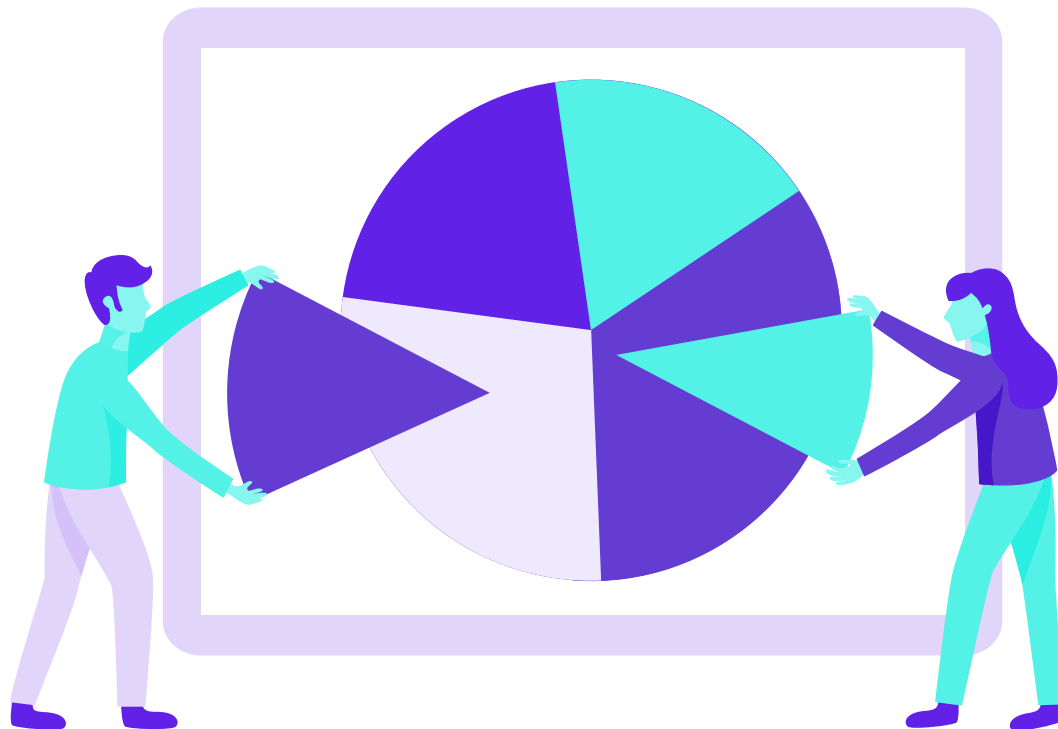


Distribution channel for MACH



Differentiating element for BciPagos





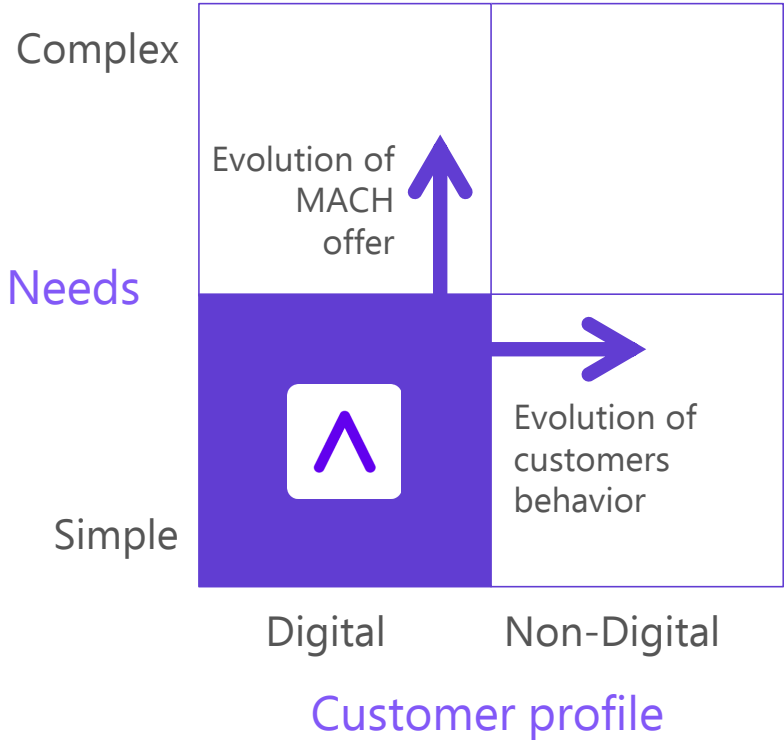
# WHERE ARE WE HEADING?

MACH strategy  
& monetization model



# Our ambition is to become the leading digital bank for individuals in Chile

Target segment: Digital customers



Value proposition based on 4 pillars



Digital products that solve frictions



Outstanding user experience and service



Competitive pricing / Freemium model available to everyone

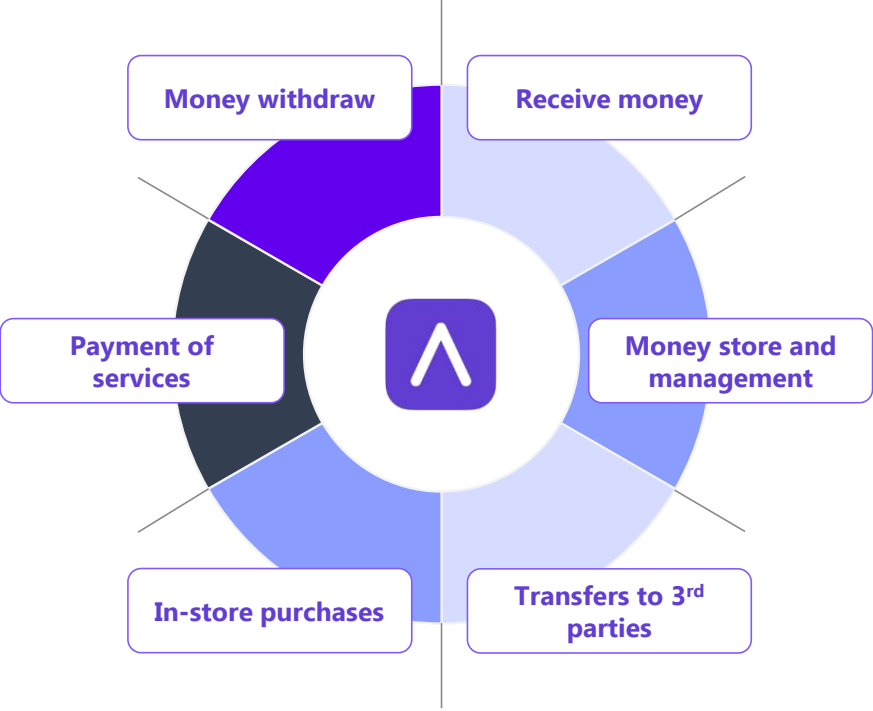


Personalized & exclusive benefits

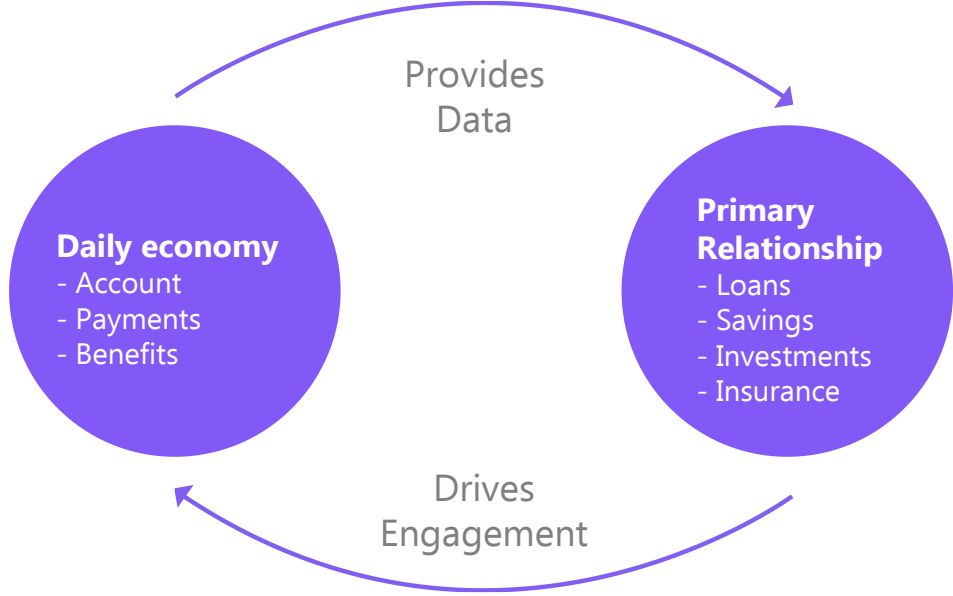


# We are very close to capture our customers' daily economy, as a steppingstone to expand into financial products

Step 1: Daily economy  
Complete MACH account features



Step 2: Financial products  
Expand offering to become customers' main bank



# We have a clear monetization plan

## Step 1: Daily economy

Monetization through merchants

### Marketplace

MACH as a distribution channel  
- In-app use cases  
- Out-of-app traffic

### Payments

Issuing  
Acquiring



## Step 2: Financial products

Monetization through individuals

### Financial products

Loans  
Investments  
Savings  
Insurance  
...

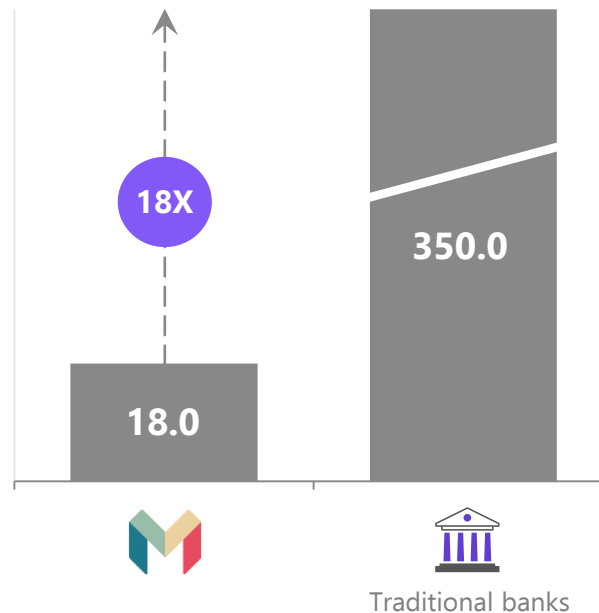


# Low-cost model allows us to offer simple and convenient products, while maintaining attractive margins

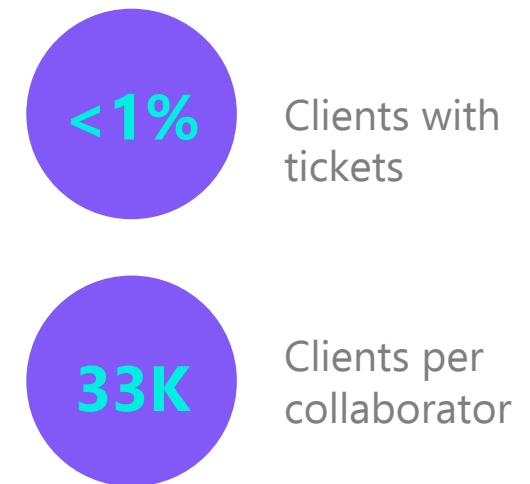
## Light and efficient operating model

- ✓ 100% digital, no physical assets
- ✓ Automated operations
- ✓ Focus on self-service and great experience

## Efficient cost to serve, in line with digital banks



## MACH has high operational efficiency



# Five key enablers for MACH strategy



**Technological  
and modern  
stack**



**Advanced  
D&A  
capabilities**



**First-level  
customer  
support**



**Efficient and  
automated  
operation**



**Highly  
talented  
team**



# We are implementing Mambu, a state-of-the-art core banking system that will enable us to deploy our strategy



Mambu is a SaaS core banking system

- Completely modular
- Highly integrable via APIs
- Cloud native

Recognized by Gartner as a high potential challenger; serving companies such as:

Global



Regional



## Advantages of Mambu implementation



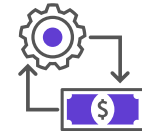
### Enables digital banking products

Functional coverage in line with needs will accelerate innovation



### Strengthens operation

High availability and real-time control of operation



### Enables low-cost model

Highly scalable model, enables low-cost model

Mambu deployment is one of the priorities for 2021





# HOW DO WE RELATE WITH THE BANK?

MACH-BCI collaboration & governance model



# MACH is a highly empowered business, which effectively leverages the capabilities of BCI

MACH capabilities & standards

BCI capabilities & standards



Full MACH empowerment

Product & strategy

Commercial

Customer Success

Technology

Operations



Leverage of Bank's capacities

Communications

Data & analytics

Talent management



Application of Bank standards

Compliance

Risk

Security

Audit and legal



# Executive summary: MACH with proven success and high potential to disrupt local banking market



## CUSTOMER-CENTRIC INNOVATION

Focus on addressing customer's needs through a 100% digital model



## UNPRECEDENTED COMMERCIAL TRACTION

Largest fintech in Chile  
#2 bank in Chile by # of customers



## PROVEN BUSINESS MODEL

Clearly identified monetization sources



## ALIGNMENT WITH BCI STRATEGY

Complements customer base and generates new capabilities



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