



## *hare.financial*

### Executive Summary

Hare Financial is UX-focused peer-to-peer payments app that lets customers earn interest on their on-platform balance. We are focused on democratizing the benefits of DeFi while focusing on maintaining the incredible user experience

We provide 5% APY by partnering with leading DeFi platforms that issue Bitcoin collateralized USDC loans. This provides a better financial experience than other crypto apps like BlockFi and Celsius while providing yield — something that existing peer-to-peer payments platforms like Venmo and CashApp are unable to do.

Every time a user sends a transaction to their friends (who do not need to be current users), we invite that friend to join our platform, and the more friends are on the platform, the stronger the network effects. This lets us grow quickly and achieve a defensible competitive moat. We can then use that user base to provide other financial services, becoming a blockchain infrastructure on-ramp, and more importantly, a fintech super app aggregating core neobank features centered on our wedge of peer-to-peer payments.

### Strategy

Our company strategy going forward is heavily dependent on de-risking the business by attempting to solve the most challenging problems first. For us, the biggest question pertaining to the viability of hare.financial is our ability to achieve product-market fit and acquire loyal customers cost-effectively. The primary metric investors will evaluate our business with are CLV (customer lifetime value) per CAC (customer acquisition cost) and to optimize here we need to acquire loyal, active users with as little money as possible. If the users we acquire churn quickly and if we struggle to get users to transfer their money into the hare financial platform, the business will not be viable long-term. We have already performed significant customer interviews, but due to the nature of this as a consumer platform, the only trustworthy way of testing the efficacy is by actually launching the platform. As such, we are aiming to do this as soon as possible.

The second part of our strategy relates to the “as soon as possible” from above. Before launching anything, we also need to ensure we abide by regulations—especially since we are dealing with blockchain and cryptocurrencies. To start, the first step towards de-risking is that we are not users’ primary blockchain services provider. Circle and Genesis will be handling lending and providing us with fixed-rate interest through their USDC loans collateralized by Bitcoin. As such, this removes a large regulatory burden. With that said, to be fully comfortable launching, we will be consulting a lawyer. First, we are setting up meetings soon with experts from Penn Law.



### Value Proposition

The rise of decentralized finance and cryptocurrencies has led to many major innovations occurring in the space, it has enabled users to cut out middlemen including banks and credit card companies, it has enabled faster cross-border transactions, and it has provided a non-inflatable store of value that is much cheaper to store than gold and cash (which require vaults). With that said, the user experience takes away some of the ease of use of centralized finance options. Most importantly, this primary feature, the safety of the bank. If you lose your password to your chase.com account, you are able to regain access to your funds in numerous ways because you prove your identity to Chase. If you lose your private key, it is game over. The funds are lost. And while this is a good customer experience for some, certain users are happy to sacrifice decentralization for peace of mind and delegation of their security to a trusted third party.

This is where hare.financial comes in. We are a centralized platform powered by a decentralized backend. We are building the customer experience in between Venmo and Cash App and BlockFi. We remove the stress from crypto while giving users all the benefits. As such, our platform enables users to log in via a centralized access point, link their bank accounts via Plaid to transfer money in, and enables users to send each other their US dollars on the app via a centralized ledger (to avoid fees) in the same way as Venmo. The interesting piece is that, unlike a checking account that gives essentially zero interest, we leverage decentralized lending platforms to generate significant yield for our users. We will offer users 6% interest on their balance. Venmo and CashApp, our primary competitors, pay zero interest to users and instead pocket interest themselves. These DeFi lending platforms are difficult for many people to use and by building this customer-centric platform with mass appeal we will be able to democratize the benefits of cryptocurrency and share them with the masses.

The primary proposition is as follows: centralized finance platforms are not customer-obsessed. Middle-men take a cut of the profits at every point in time. Decentralized platforms are transformative but difficult to use for many average users and require the ease of use of centralized platforms for mainstream adoption. Hare.financial is the middle ground and will be the platform that brings crypto to the masses. We call ourselves hare.financial for one core reason: with hare.financial, *your dollars will multiply like rabbits*.

### Stakeholders

*Competition:* Venmo and CashApp are incumbents who we are attempting to disrupt. (It's worth noting that, in addition to the fact that P2P platforms do not provide interests, peer to peer payments platforms are not FDIC insured.) Eco and Burst are also attempting to solve this problem but are trying to provide yield by replacing bank accounts rather than P2P payments. Eco focuses on replacing bank accounts, Burst focuses on high yield, and we focus on P2P payments with high yield. Crypto exchanges also try to provide some financial services using crypto currencies.



Competitive Analysis	Hare Financial	Peer to Peer Payments	Crypto Exchanges	Crypto Yield Platforms	Crypto Neo-banks
High Yield	✓	✗	✗	✓	✓
Peer to peer payments	✓	✓	✗	✗	✗
Great User Experience (easy sign-in, great interface, secure)	✓	✓	✗	✗	✗
Built around USD	✓	✓	✗	✗	✓
Overcollateralized by Bitcoin	✓	✗	✗	✗	✓

Company Key: Celsius, BlockFi GEMINI eco DimeFi FTX US Burst

*New Entrants:* We will build our competitive moat around the network effects from our app. People will only be able to transact with people on our app. While these network effects are on Venmo and CashApp too, our differentiation via high APY will enable us to overcome this and acquire customers.

*Buyers (Customers):* People frustrated with the lack of customer obsession from Venmo and Cash App and crypto fans who still see value in a centralized access point for security.

*Suppliers:* API platforms include Google Cloud Platform, AWS, Plaid, Stripe, Genesis, BlockFi

*Threat of Substitutes:* Our competitors are our substitutes. We are filling a niche that is unique and nobody is exactly like us, but many competitors offer subsets of our features.

### Customer Segment

The people who crypto hasn't touched yet. Crypto startups notoriously only touch a small subset of the population. Only 46 million Americans even own Bitcoin. As such, the majority of people are being left behind by this crypto revolution which is generating an unprecedented amount of wealth for early adopters. We are targeting the 80% of Americans without crypto exposure, but who use CashApp or Venmo. We are offering them the same great experience but powered by the benefits of crypto and high yield. We are the first truly customer-obsessed fintech platform, P2P payments app, and neo-bank all in one.

### Market Research



As a consequence of the pandemic and the resultant economic environment, the past year has seen an unprecedented increase in the personal savings rate.<sup>1</sup> However, as a combination of the factors of low interest rates,<sup>2</sup> being unable to save larger portions of personal income due to financial stress, and lack of availability of suitable investment opportunities, most Americans are not realizing as much possible return on their earnings as they could with only about a quarter of Americans are invested in high yield accounts.<sup>3</sup> Combined with the fact that most Americans are not invested in the stock market<sup>4</sup> but are increasingly using apps like Venmo for payments<sup>5</sup> and storing currency without realizing returns. In consideration of the current desire to save and invest as well as the increasing engagement with payment apps, we are positioned to offer a product fulfilling this demand and providing yield to misallocated users.

Earlier on in CIS 400, as a means of gauging interest, we also conducted an informal survey during our presentation to the class. During the October 20th in-class presentation, we projected a link for a sign-up form for those who wished to stay updated on the state of the project and the app and received nine sign-ups during our presentation. We are having informal product interviews with these users.

### Market Size

The P2P payments market is expected to be a \$1.8 trillion dollar market with a 17.1% CAGR.<sup>6</sup> On the other end of the spectrum, the cryptocurrency market is a \$5 trillion dollar market with a 29% CAGR.<sup>7</sup> Looking more granularly to the relevant sub sector for hare.financial, currently, Circle has issued \$42.5 billion dollars of USDC (their stablecoin) since its inception and in 2021 USDC in circulation grew 2600%.<sup>8</sup> Hare.financial is capitalizing on the stability, security, and speed of USDC to build a fintech super app starting with a wedge of P2P payments with high yield USDC balances.

### Business Model & Costs

Initially Hare Financial generates revenue by taking a 10% cut of interest accrued by users. This will grow as a function of AUM. Long-term, Hare will offer numerous other fintech super app features including debit/credit cards, borrowing/loans, stock and equities trading (including synthetic shares), and more. The business has an excellent cost structure involving primarily marketing expenses, server and API costs, and employee costs.

### Tech Stack



<sup>1</sup> <https://fred.stlouisfed.org/series/PSAVERT>

<sup>2</sup> <https://fred.stlouisfed.org/series/INTDSRUSM193N>

<sup>3</sup> <https://www.creditkarma.com/insights/i/only-quarter-of-us-has-high-yield-savings>

<sup>4</sup> <https://www.cnbc.com/2019/10/09/over-half-of-americans-arent-taking-this-simple-step-to-grow-wealth.html>

<sup>5</sup> <https://www.statista.com/statistics/738576/user-base-of-leading-payment-apps-usa-age/>

<sup>6</sup> <https://www.yahoo.com/now/global-cryptocurrency-market-size-share-112600969.htm>

<sup>7</sup> <https://www.globenewswire.com/news-release/2021/10/05/2308407/0/en/P2P-Payment-Market-Projected-to-Reach-9-097-06-Billion-By-2030-Allied-Market-Research.html>

<sup>8</sup> <https://bitcoinke.io/2021/07/circle-publishes-latest-usdc-reserve-report/>

<http://hare.financial/>



Frontend — React Native

Database and auth — Google Firebase



Bank account integration — Plaid



ACH provider and USDC account provider — Circle



Yield Providers — Genesis





### Team

**Jonathan Kogan** - Kleiner Perkins Fellow, Google Software Intern, Goldman Sachs Private Equity Intern, Machine Learning Intern at Microblink, Partner at Rough Draft Ventures

**Shriyash Upadhyay** - Started two prior companies; one was successfully sold, one went through Y Combinator. Managing partner at Rough Draft Ventures.

**Brandon Reid** - 3x Software Intern at Facebook focusing on AR and VR

**Nolan Hendrickson** - Software Intern at Microsoft focusing on Security, Compliance, and Edge Protection

**Kaan Erdogmus** - Deep low-level systems and blockchain knowledge.