



Fixed-Term Deposit (FTD)
Saving Account
Fair Value Assessment

April 2023

Product name: Fixed-Term Deposit (FTD) Saving Account

Value Assessment Date: April 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 FTD Saving Account 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 product is designed to meet the needs of the target group, most notably to allow customers to place a lump sum of money (minimum of £5,000 or \$10,000, up to £/\$1 million) into the account for a specified period of time, ranging from 3, 6, and 12 months' time to maturity. The product features and criteria are designed to support these needs, including:

- Competitive rate fixed term Sharia compliant deposit account
- Open, manage & monitor funds via Nomo App, including remaining time to maturity
- Short term lengths
- Multiple currencies with competitive rates
- Competitive rates on currencies they don't have access to in their local countries

Full eligibility criteria can be accessed on our intermediary website:

<https://www.nomobank.com/fixed-term-deposits>

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 you to tailor the services you provide when you distribute the Product.



Product description	Who these products are designed for:
<p>A Fixed Term Deposit (FTD) at Nomo is a type of savings account offering that allow a client to place a lump sum of money (minimum of £5,000 or \$10,000, up to £/\$1 million) into the account for a specified period of time, ranging from 3, 6, and 12 months time to maturity. Nomo offers GBP and USD FTD currencies.</p> <p>Customers can open a fixed-term deposit account and activate it with funds available in their current account, once the account is activated, customers can view the remaining time to maturity in the mobile app.</p> <p>The deposit is held for the duration of the term chosen by the customer, and in turn earns profit on their deposit at a fixed rate agreed upon at the time of deposit.</p> <p>The FTD is a Shariah compliant deposit product (Wakala structure) where customers can save money for nominal profit rates and this agreed rate is in accordance to market for the selected term. Shariah compliance is achieved by ensuring these funds are invested in ethical assets subsequently and the profits are shared back.</p> <p>Expected profit rates would be calculated in advance based on expected investments. On maturity, the funds will be transferred back to their GBP/USD current accounts and paid gross of income tax (no tax deducted).</p> <p>The profit from the deposit is accrued daily till the maturity date. The customer will see only the expected profits before account maturity. Accrued profits won't be visible for the customer until the product has matured.</p> <p>Offer preferential AER% rates for deposits over £25,000 or \$30,000. The rates offered are reviewed weekly alongside the rate changes issued by treasury.</p>	<ul style="list-style-type: none"> • Affluent and mass-affluent Savers who are over the age of 16 and/or who meets the service availability requirements for the product and are interested in growing their wealth in a UK account. • Customers who have opened a Nomo Current Account. • Savers with >10,000 USD/GBP to save in fixed products. Customers who wish to fix their savings for periods of 3, 6 and 12month periods to invest their funds and earn profit. Customers looking for FSCS protection on their funds and customers looking for Sharia compliant savings products.
Distribution strategy	Who these products are not designed for:
<p>This product is offered to all Nomo customers following the opening of a current account and can be opened via in-app journey within minutes.</p> <p>Customers are asked to provide the following:</p> <ol style="list-style-type: none"> 1. Amount to be invested 2. Time to maturity <p>The FTD account will be created only when the funds are secured.</p>	<ul style="list-style-type: none"> • Customer under 16 years old • Customers with <10,000 GBP or USD balance in their current account • Customers wishing to have instant access to their savings



<p>No withdrawals allowed except in circumstances set out in the T&Cs (eg. Terminal illness). “Cooling off” period as required by UK regulations which allows cancellation of your fixed term deposit within fourteen (14) days from the date of our Acceptance.</p> <ul style="list-style-type: none"> The account holding your fixed term deposit is NOT automatically renewed at the end of the fixed term for a further fixed term. <p>Your eligible deposits with NOMO / BLME up to a total of £85,000 are protected by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme across the customer profile.</p>	
Customer Outcomes	Harm or Limitations
<ul style="list-style-type: none"> Safe and secure space to grow their existing wealth in a Sharia-compliant manner with minimal risk. Competitive rates on currencies they don't have access to in their local countries 	<p>Nomo must ensure no harm is caused to customers by ensuring they fully understand the products and priced fairly. Customers must be clear that the money is tied up for the term and they will not have access to those funds.</p>
Benchmarking	
Competitor Analysis	Pricing Principle
<ul style="list-style-type: none"> Nomo offers a flexible range of tenors (particularly at the shorter end), with attractive minimum investments, coupled with price scaling across its two core currencies Inside its direct competitor grouping, only HSBC, a bank of considerably larger scope and reach, can combine also offer these three elements NBK does allow for more flexibility, however its minimum investment sizes are outside of our target market's typical ticket size 	<ul style="list-style-type: none"> Nomo aims to remain competitive with its Deposit Rates as far as practicable, given its smaller balance sheet and relative size Pricing is adjusted according to the funding needs of the bank, both in terms of quantity required and currencies required Pricing is factored with a maximum 25bps margin to the business.

4. Customers with characteristics of vulnerability

Based on the current usage patterns indicate that 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 we meet all legal and regulatory requirements for marketing and offering the product in the various jurisdictions.
- Ensure funds being offered go through a sharia compliance screening and 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:

Customer Benefits	Financial	<ul style="list-style-type: none"> • Competitive Fixed rate returns on savings on GBP and USD balances • Relatively short-term lengths for the return offered gives greater financial benefits. • Financial Service Compensation Scheme (FSCS) provides financial protection from loss
	Non-Financial	<ul style="list-style-type: none"> • Confidence and security associated to fixed savings. • Return on savings generated in compliance with Sharia finance rules. • Nomo app allows for instant statement generation and view of savings accounts • Low minimum balance required to access rates makes the product more accessible
Customer Efforts	Time Required	<ul style="list-style-type: none"> • Requires a short account opening process once initial Current account has been opened (~5 mins)
	Other Efforts	<ul style="list-style-type: none"> • Must have a Nomo Current Account to open a Fixed term deposit saving account • Effort required to understand terms and conditions of fixed term deposit savings – E.g not suitable to savers wishing to access their money at short notice. • Reinvestment process should the customer wish to reinvest following maturity.



PRODUCT FAIR VALUE ASSESSMENT

Customer Costs		Customers are not charged for the FTD product. However, they may be charged by their local banks to transfer money into Nomo Current Account. There are also exchange fees for customers doing FX conversions through Nomo if they wish to convert to GBP or USD in Nomo.
Limitations		No higher term than 12 months or lower term than 3 months. No additional currencies outside GBP or USD.
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
Bank Efforts	Time Required (Attributable fixed costs)	<ul style="list-style-type: none"> • Rate checking and benchmarking to industry • Treasury and core banking rate management • Early redemption request management • Ad hoc query response • App maintenance and ongoing product development
	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)• ComplyAdvantage – transaction screening and monitoring services
Price		<ul style="list-style-type: none">• Nomo aims to remain competitive with its Deposit Rates as far as practicable, given its smaller balance sheet and relative size – e.g 3 months fix GBP at 3.25% (£5,000+)• Pricing will be adjusted according to the funding needs of the bank, both in terms of quantity required and currencies required

Results of our assessment

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