



INNOVATION  CHANGE



# Final Project Report

Banca Sella Team

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1

# Intro



# Introduction

## SDG Connection

The challenge addresses the following SDGs:

- **No Poverty:** Alleviate the condition of the poorest people by supporting them via microcredits.
- **Decent Work and Economic Growth:** Promote small businesses or educational paths financing them.
- **Reduce Inequalities:** Enable access to financial services for marginalized countries.
- **Peace, Justice, and Strong Institutions:** Create an institution that supports fragile people.



# Introduction

## Challenge & Problem Description

The challenge is: ***“provide accessible and sustainable micro-financing for social projects and small entrepreneurs”.***

Microcredits refers to a **loan of a small amount** (1 – 50.000€), provided to beneficiary in the absence of appropriate collateral guarantee.

The overall problem was analyzed, trying to understand why microcredit is currently not sustainable for both **loan providers** (in terms of profitability) and **beneficiaries** (in terms of high interest rates). Microcredits are provided to individuals or small businesses with limited access to traditional banking services, particularly in **underserved** or **economically disadvantaged communities**. The aim is to empower borrowers by providing them with the financial resources needed to start or expand small-scale entrepreneurial ventures, improve livelihoods, and ultimately alleviate poverty.

The major problems identified are related to:

- **High interest rates** (mainly linked to the fact that target people do not have any guarantees), often leading to over indebtedness ([Department for International Development, Competition and microcredit interest rates: international evidence](#)).
- Poor ability to **recognize trustworthy individuals** by microcredits providers (i.e. banks & microcredit institutions). For trustworthy individuals we mean people, who, despite not having concrete guarantees, would do everything in their power to repay the debt ([WORLD BANK, Credit Risk Management](#)).
- **Lack of financial training** (it is a problem mainly for beneficiaries that request microcredit to start new business activity ([European Microfinance Network](#))).

Taken together, lack of guarantees and financial knowledge imposes an intrinsic high risk for providers who either avoid entering the microcredit business or charge applicants with high interest rates. The Global Microfinance Market is expected to grow by \$ 122.46 billion during 2022–2026, accelerating at a CAGR of 11.61% during the forecast period ([Source](#)).



Initially, research efforts were concentrated on mitigating risks for providers by exploring new technologies or conceptualizing them to accurately assess beneficiaries' risk of default or enhance their repayment capabilities post-microcredit receipt. The objective was to reduce default risks, subsequently lowering interest rates and fostering a positive feedback loop. Ideas ranged from the use of gaming and physiological evaluation tools to assess applicants' attitudes and personal drivers, to the construction of an ecosystem increasing the chances of finding stable employment and, consequently, repaying the debt. Yet our ideas lacked originality and were quite weak as they didn't target a specific target segment need.

As a result, the focus shifted, and a step back was taken to better understand the actual needs of applicants. After analyzing various segments of microcredit applicants and their specific needs, the research revealed a notable **presence of immigrants who have moved to Italy** with the goal of **improving their living conditions** and **supporting their families** in their home countries. In these regions, where the cost of living is lower, even a modest sum of money can significantly enhance their quality of life.

## *Problem Statement*

How might we change the **remittance system** in Italy to empower immigrants with **irregular** or **inconsistent** income, ensuring they can **consistently** and **affordably** send money to their families?

# Immigrants in Italy

Italy is indeed home to a significant immigrant population that actively and substantially contributes to the Italian economy, as highlighted by the [Ministero del Lavoro](#) in 2023:

- 2.4 million employed foreigners.
- Accounting for 10.3% of the total workforce.
- Contributing 9% to the Italian GDP, equivalent to €154 billion.

The phenomenon of immigration in Italy is especially relevant, particularly when compared to the reduction of the Italian population as demonstrated below ([Ministero del Lavoro](#)):

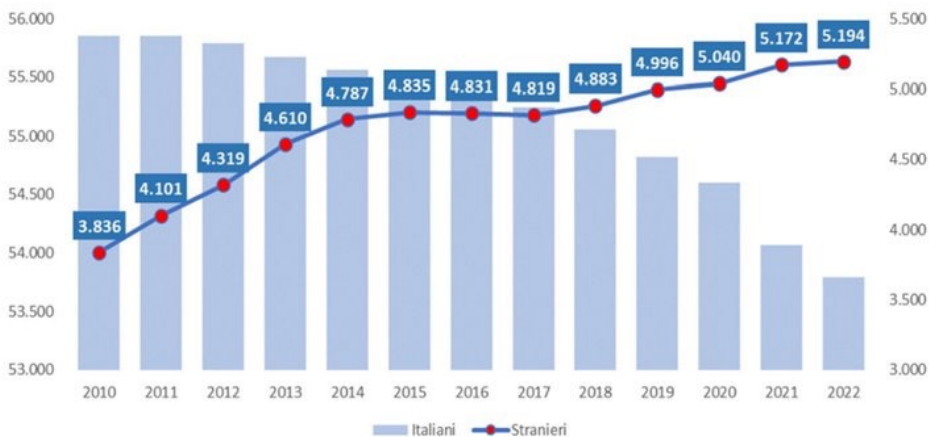
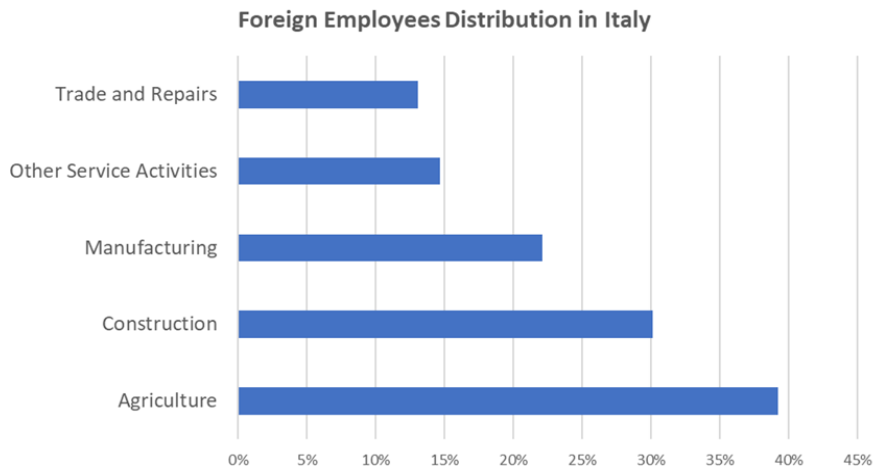


Figure 1: Resident population in Italy by citizenship as of January 1st. Values in thousands. Period 2010-2022.

At the same time is relevant to understand where immigrants are employed. In 2022, the **employment rate** among **immigrants** stood at **60.6%** (compared to **60.1%** among **Italians**), with an unemployment rate of 12% (7.6% among Italians), and an inactivity rate of 31.2% (34.8% among Italians) ([Ministero del lavoro](#)). Most immigrant workers are concentrated in the construction and agriculture sectors.





*Figure 2: Foreign Employees Distribution in Italy in 2022 (Ministero del lavoro)*

In nearly every aspect, the situation for foreigners in Italy presents significant disparities compared to Italians. From education to income to health, statistics indicate that **foreigners in Italy face notable inequalities** compared to the native population. Foreigners generally earn lower incomes than Italians, both on average and in median, across all types of income considered.

Households with **at least one foreign citizen** are at a **significantly higher risk of poverty or social exclusion** (42.2%, down from 45.1% in 2020 and 38.1% in 2019) compared to households with only Italians (23.4%, compared to 23.1% in 2020 and 24% in 2019) ([ISTAT](#)).

These data show how this part of the population is more **exposed to the crisis and financial fragility**.

# *Financial inclusion of immigrants*

The problem becomes much more significant when one considers the **financial exclusion** of these populations with **89.5% of immigrants** having bank accounts compared to **97% of Italians** in 2022 according to a [CeSPI](#) analysis.

This leads to **limited access to financial services** and a **lack of financial education**, as evidenced by the fact that only 52% of immigrant bank accounts are over 5 years old, while in 2021, 29% of the immigrant population relied on informal credit ([CeSPI](#)).

Several reasons contribute to the partial underserving of this population:

- **Perception of insufficient income or 'no need'** for a current account: Many unbanked individuals (71%) cite either insufficient income or a lack of perceived necessity for having a current account.
- **Fear of debt** and **lack of trust in banks**: Persistent concerns about accumulating debt, coupled with distrust towards financial institutions, deter individuals from engaging with banking services.
- **High costs** of current accounts: Rising costs associated with banking services over the years make them unaffordable for an increasing number of people, exacerbating the accessibility issue.

The absence of an established credit history, limited personal or family assets, fragile social and economic networks, as well as precarious economic and working conditions, further impede access to banking services. Despite these challenges, **immigrants tend to save more than Italians**, with immigrants' propensity to save money at **25%** compared to **13.1%** for Italians, according to a [CeSPI](#). This underscores the demand for money storage, investment, and transaction services within this demographic.

A significant portion of these savings is sent to their home countries, with more than half of the people having **at least one parent** in their home country and **9% having a partner** and/or **child** there, according to the [CeSPI](#) analysis. Many immigrants support their communities in their home countries through remittances, which serve as a vital lifeline for countless people worldwide. Remittances serve a variety of functions and purposes. They are typically intended to support the consumption needs of recipient families and to improve their living conditions. However, they also address solidarity needs and investment opportunities that may arise from time to time.

## How do they transfer money?

In media, each individual sends a remittance **7.6 times a year**, while the **average amount per remittance is €369**. 54% of them send at least one remittance every two months, and 19% send one every month.

The preferred channel for sending remittances is **Money Transfer Operators**, chosen by 41% of respondents as their first choice, although this is lower than the 62% reported in 2017. **Digital channels** (electronic wallets, cards, mobile sending systems) are gaining importance compared to informal channels.

On the **receiver side**, cash remains the most common method of receiving remittances, but there's a significant increase in using bank accounts (37%) and digital tools (23%) (data referring to 2022 – [CeSPI](#)).

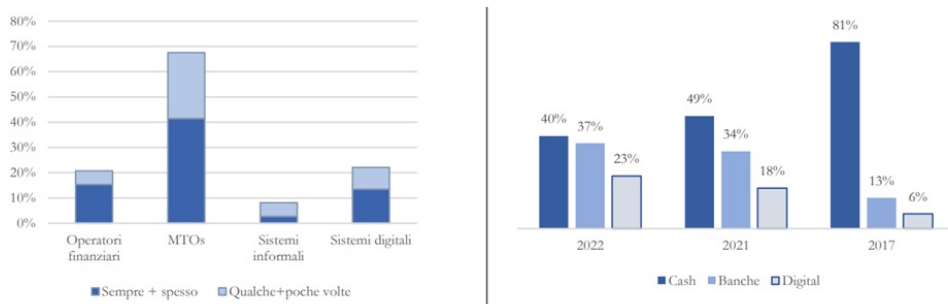
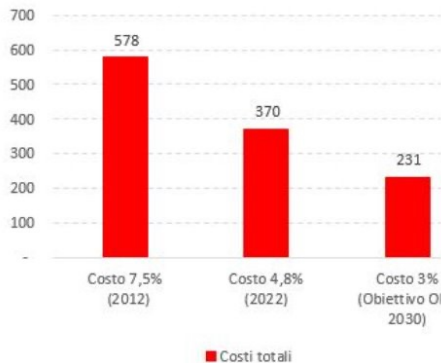


Figure 3: Transfer channel and receivers' preferences, trend from 2017 to 2022 ([CeSPI](#)).

# Remittance challenges

The remittance system faces significant challenges:

- The **high average cost per transaction** was 4.8% in 2022, although there's a positive trend in cost reduction, as depicted in the figure ([Bancaltalia](#)). Current high costs are partly due to the financial intermediaries involved and the need for compliance with international money transfer regulations, which can be expensive. Also, the ONU has identified the cost reduction towards the 3% by the 2030 ([Banca d'Italia](#)); the costs projection is visible in the following graph (y-axis is in millions):



- A substantial portion, ranging from 10% to 40%, of total remittances flows through **informal channels**, bypassing regulated intermediaries. This reliance on unregulated avenues raises concerns about financial security and traceability, compounded by potential involvement of local and international mafia. The use of informal channels can be attributed to the high costs of formal transactions and a general mistrust of financial institutions ([IlPost](#)).
- **Security** and **simplicity** are crucial for delivering money to recipients in the destination country.
- As of Q3 2023, **30% of transactions are end-to-end digital**. The demand for digital services is rapidly increasing; the share of total digital transactions has quadrupled in the last five years, which contrasts with the issue of financial exclusion ([Statista](#)).

- **Income volatility** and **uncertainty**, coupled with fear of debt, result in unstable remittance flows, making it difficult for immigrants to cope with emergencies. Immigrants in Italy often find themselves in less stable, more precarious job situations compared to native Italians. This instability is primarily due to the sectors they are commonly employed in, such as construction and agriculture, which are characterized by seasonal or temporary contracts. This job insecurity directly impacts their ability to send consistent remittances ([International Labour Organization](#)).
- **International money laundering** and **terrorism** risks emphasize the importance of robust anti-money laundering (AML) and counter-terrorism financing (CTF) measures.
- **Lack of trust** in the financial services.

Now more than ever, there's a palpable need for innovations that can transform Italy's remittance landscape, **enabling immigrants with fragmented or inconsistent incomes to reliably and affordably support their loved ones abroad.**

In response to this urgent need, technological advancements and increased social awareness among immigrant communities necessitate a new tool for transparency, security, and cost-effectiveness, thereby promoting financial inclusion and stability for both senders and recipients.

# Market analysis

## *The remittance phenomena*

- **Market size growth**

The total value of outbound remittances from Italy reached approximately US\$ 11.65 billion in 2024, with an annual growth of 0.5% from the previous year. This market is projected to continue growing at a compound annual growth rate (CAGR) of 3.5%, expected to increase to about US\$ 13.35 billion by 2028 (TMCNet).

The major countries receiving remittances from Italy include Bangladesh, Pakistan, and Philippines. These corridors represent significant flows due to the large immigrant communities from these countries residing in Italy. The remittances to these countries are critical for the local economies, supporting thousands of families (Banca d'Italia). The first ten countries receiving remittance from Italy are in the following table:

*(quote percentuali)*

	2022	2023
Bangladesh	14,6	14,3
Pakistan	8,5	8,3
Filippine	7,6	7,3
Marocco	6,9	6,9
Georgia	4,8	5,6
Romania	6,1	5,5
India	5,0	5,4
Senegal	5,3	4,1
Perù	3,5	4,0
Sri Lanka	2,9	3,9
Resto del Mondo	34,7	34,6
Totale	100	100



## Focus on major countries receiving remittance

- i. **Bangladesh:** Bangladesh is one of the major recipients of remittances from Italy. In 2023, Bangladesh received 14.3% of the total remittances sent from Italy, indicating a strong dependency of the Bangladeshi expatriate community on remittance flows ([Bancaditalia](#)).
- ii. **Pakistan:** Pakistan received 8.3% of Italy's remittance outflows in 2023. Remittances are a crucial part of Pakistan's economy, especially in times of economic difficulty. The global economic challenges and the high costs of sending money have sometimes pushed remittances into informal channels, although efforts continue to channel them through formal and regulated means ([Bancaditalia](#)) ([World Bank Blogs](#)).
- iii. **Philippines:** The Philippines also represents a significant remittance corridor from Italy, absorbing 7.3% of Italy's total remittance outflows in 2023. The remittance market in the Philippines is robust, with the inbound remittance market growing at 2.5% during 2023, reaching US\$ 39.83 billion in 2024. The market is expected to continue growing, reaching US\$ 42.47 billion by 2028 ([Bancaditalia](#)) ([Research Markets](#)). Additionally, the outbound remittance market from the Philippines has shown remarkable growth of 17.7% in 2023, expected to reach US\$ 365.2 million by 2028 ([Research Markets](#)).





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# Tech





# Solution Description

## General Idea

WeTrust offers a holistic solution **tailored for immigrants living in Italy** who wish to **securely send** remittances to their families in their native countries. This target often faces challenges in ensuring the reliable arrival of funds due to **precarious working circumstances** and **high transaction fees**. To address this issue, an innovative framework introducing the notion of "**top-up microcredits**" has been devised, guaranteeing minimal transaction fees.

By partnering with affiliated banks, WeTrust provides immigrants with branded **digital accounts** and standard **bank services**, enabling conventional digital payment and withdrawal directly from the mobile app. At subscription, the subject defines the amount of money he/she wishes to send home each month up to a maximum of 500 euros/month. In case of insufficient funds, the bank serving the individual will lend to **ensure consistent remittance transfer**.

The system provides five classes of merit, each with a gradually higher total debt limit. On an annual basis WeTrust checks the account holder's status and based on this promotes the next class, stays to the current class or in case of failure to the previous class.

The system Recipients outside Italy can access the funds through the WeTrust app, enabling convenient digital payment or withdrawal. This service has no currency exchange fees for amounts up to €1000 monthly, thanks to partnership with players already providing this service such as Revolut.

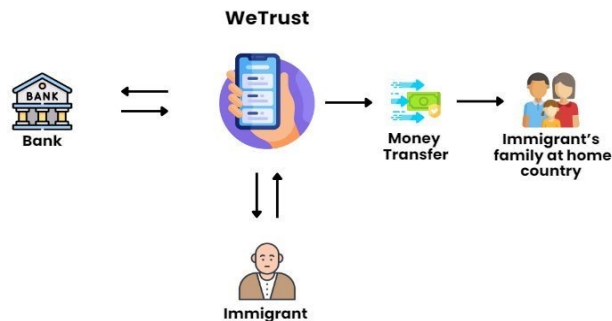


Figure 4: Ecosystem view of WeTrust solution.

To ensure the sustainability and ease of the service, and to encourage prompt debt repayment, an escalating interest rate is applied to the borrowed amount over time, with monthly increments until reaching a maximum of 7% after twelve months from each transaction date. Repaying the entire debt in one lump sum is not mandatory, the increasing interest can be applied to any remaining unpaid balance.

As our customers utilize our service, we gather valuable data by monitoring expenditures through digital card and assessing their capacity to repay debts. This process allows us to **construct their financial profile**, which may prove beneficial for other financial service providers in assessing the individual's creditworthiness.

## *Who is eligible for the service?*

The aim is to provide microcredits irrespectively of the immigrant employment status or financial history, under the premise that it is important for the client to keep the service active to ensure a stable **remittance home even in difficult times**. To measure a person' **willingness to repay** the debt, we concentrated on two distinct aspects that we believe are crucial indicators of a person's commitment and sense of responsibility towards a loved one back home. The first indicator is **time**. The more one cares about someone, the more time they are likely to spend with them. Measurable parameters of time include the frequency and duration of calls, as well as the number of messages to specific individuals. The second aspect is **responsibility**. Individuals who primarily divide their time between work and home are more likely to repay the debt compared to those who wander aimlessly. Monitoring positional data over a period (i.e. 12 months), can give a good measure of responsibility.

Over time, this data is getting captured on our phones, and it provides a rich picture of a person's life. At the moment of subscription, the app ask to the customer the access to this data, and in case of consent we acquire it through mobile application. Additionally, other useful insights on life and personality can be obtained by evaluating what app are installed. For example, the use of betting applications will automatically prevent applicants from accessing credit; while learning and news applications can positively adjust scores. All this information will be kept only for alternative financial assessment purposes and safely, it will never be shared with other entities. In compliance with GDPR law, the customer can cancel the service and request deletion of all data stored. There are many off the shelf solutions for this service on the market.

Eligible candidates can access credit directly, whereas applicants who have not met the minimum required score can solely utilize the platform to send money home using their own funds. However, there is still hope for these individuals. By using our app, we can track regular remittances and expenses, establishing an initial financial history that can gradually boost their trust score over time.

# How does the merit system work?

The merit system uses **5 classes** to identify the current maximum debt allowed and total amount of credit per year. Interest calculation is dynamic and depends on the speed of repayment but capped at 7%.

At the beginning, the person enter in the first class (max 500€ of current debt). If the overdraft reaches the maximum limit, the credit is stopped and do not disburse any again until it comes back in (totally or partially is fine). During the year, the person can receive multiple loans, but with the constraints that the current debts must be always minor of the maximum debt allowed for his class.

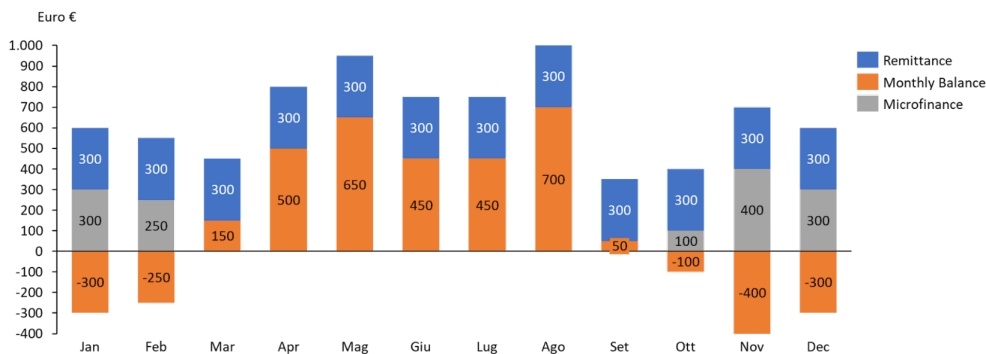


Figure 5: Example of how WeTrust solution works.

This system helps the person to alleviate his or her uncertain income and ensure family support.

Every 12 months, there is a milestone to evaluate the financial situation of the customer.

Class	Maximum debt allowed	Maximum amount per year
1	500 €	1500 €
2	1000 €	2500 €
3	1500 €	3500 €
4	2000 €	4500 €
5	2500 €	6000 €

Figure 6: Maximum debt allowed and maximum amount per Class.

Regarding interest rate, we apply an increasing system capped at 7%. Specifically, for each debt we apply an increasing interest rate (from the date of transaction) on the amount that is left to repay.

Month after the transaction	Interest rate
1	0%
2	0.58%
3	1.16%
4	1.75%
5	2.33%
6	2.91%
7	3.5%
8	4.66%
9	5.25%
10	5.88%
11	6.41%
12	7%

The result of this assessment can be:

- **Promotion:** In case of full repayment, customers are eligible for a promotion to the next class with an increase in their limit.
- **Deferral:** If the overdraft remains below 20%, customers can still request credit up to their current maximum limit, aimed at supporting them through any difficulties. The class remains the same.
- **Fail:** If the overdraft exceeds 20%, new money loans are suspended until it is reduced to at least 20% of the maximum overdraft. If the debt remains high after 6 months, the previous class is reassigned.

The validity of this system can be verified through an **initial testing phase**. The objective of this phase is to refute the assumptions made about the model. To facilitate this phase, several non-repayable funds can be used in agreement with state entities, which may be: [‘Ente Nazionale per il Microcredito’](#), [European Microfinance Network](#) or [InvestEU](#). The aim is to provide a series of microfinance to a sample of potential customers to validate the system thus illustrated.

# What documents to subscribe?

The documents for subscription are:

- Italian identity card (for the applicant).
- Identification document of the recipient.
- Self-declaration stating the place of work, address type of contract (if eligible, not mandatory), the relationship with the recipient (wife, child, more distant relative).
- Description of the means of the remittance in their native language.

Identity document are automatically analyzed and verified through the application. Data obtained from the self-declaration are cross verified with position and time data obtained from the phone.

# *App organization structure*

WeTrust is an online international payment platform supported by a mobile APP, enabling:

- To open a bank account with one of our partners banks.
- Structure the applicant's remittance base plan, like the minimum monthly remittance amount (the one the bank we'll need to top up in case of necessity).
- Transfer any amount of money from its bank account to family members in their home countries. Each time the person makes a transaction, he or she is asked if he or she wants the bank to top up his or her remittance up to a maximum of 500 euros per month and with a maximum debit limit that depends on the customer class. Of course, the subject can decide to refuse the top up and send his/her own money.

The APP has two distinct interfaces, one for the user based in Italy and one for the receivers.

## User based in Italy:

- Available cash balance.
- List of expenses/withdrawals done using the card.
- Each debt specifics (current money owed to the bank comprehensive of applied interest rates, and forecasted increase over the year).
- The total amount owed to the bank at the current date.
- Access to bank services.

## Receivers based in foreign countries:

- Available cash balance
- List of expenses/withdrawals done using the card

# Pains solved for each stakeholder

## Banks

- Enter a new business previously inaccessible due to high default risks.
- Expand current business by gaining new customers (10% immigrants do not currently have a bank account) and by having access to the credit history of people (in Italy and abroad) that will potentially need canonical services in the future

## Immigrants

- Fast, safe, reliable and economic international transactions.
- Possibility to create a financial history, potentially enabling a credit score accepted by banks to get access to conventional financial service (Entrepreneurial microcredits or standard loans)

## Institutions

- Discourage unregularized money exchange (mafia & others)
- Promote international cooperation





# Technology feasibility

## How do we expect to deal with the technology requirements?

- **System Architecture:** Implementation of a microservices architecture to ensure scalability and flexibility of the platform. This architecture supports independent scaling and updating of different services, enhancing the overall robustness and adaptability of the platform.
- **Security:** Implementation of robust security measures to safeguard sensitive user data, including advanced encryption, two-factor authentication, and continuous monitoring for suspicious activities to prevent security breaches.
- **Payment System Integration:** Integration with reliable and secure payment systems to facilitate seamless money transfers for users. This includes partnerships with online payment services, banks, and other financial service providers, enhancing transactional security and reliability.
- **User Interface:** Design of an intuitive and user-friendly interface accessible on both desktop and mobile devices. The interface will be structured to ensure users can easily navigate through various features and complete transactions with efficiency and ease.
- **Backend and Frontend Development:** Development of the backend to manage business logic, data storage, and system operations robustly. The frontend will utilize modern technologies to create a dynamic and responsive user interface, offering a seamless user experience.
- **Testing and Quality Assurance:** Comprehensive testing of the platform to ensure it is free from defects and meets all specified requirements. This will include unit testing, integration testing, system testing, and user acceptance testing to maintain high quality and reliability.
- **Hosting and Infrastructure:** Selection of a hosting location that provides the necessary infrastructure to support the expected workload, with a focus on cloud hosting to leverage scalability and flexibility.
- **Maintenance and Support:** Establishment of an organizational plan for continuous maintenance of the platform, including regular software updates, security patches, and proactive technical support for users to ensure the platform remains current and secure.
- **Regulatory Compliance:** Ensuring that the platform adheres to applicable regulatory and normative requirements within the financial services and money transfer sector, incorporating compliance into every facet of the platform's development and operation.



# Technology feasibility

## Credit risk: how we will manage the feasibility of our service?

1. **Alternative Data Analysis:** Instead of relying solely on traditional credit data, we'll leverage alternative data sources to assess the creditworthiness of our borrowers. This involves analyzing remittance patterns, mobile phone usage data and social network connections. We'll look for patterns and indicators that correlate with repayment behavior.
2. **Behavioral Analysis:** We'll monitor the behavior of our borrowers over time to identify patterns that may indicate creditworthiness or risk. For instance, frequent and consistent remittances back to their home country could be a positive indicator, while irregular or missed payments may signal increased risk.
3. **Machine Learning Models:** We'll develop machine learning models trained on historical data to predict the likelihood of default for individual borrowers. These models will consider a wide range of factors, including transaction history, demographic information, and behavioral patterns, to generate risk scores for each borrower.
4. **Portfolio Analysis:** We'll aggregate individual borrower risk scores to assess the overall credit risk of our microcredit portfolio. This involves analyzing the distribution of risk across the portfolio and identifying concentrations of risk that may need to be mitigated through diversification or other risk management strategies.
5. **Stress Testing:** We'll conduct stress tests on our microcredit portfolio to assess its resilience to adverse scenarios. This involves simulating hypothetical scenarios, such as economic downturns or changes in remittance patterns, to understand the potential impact on portfolio performance and identify areas of vulnerability.
6. **Monitoring and Surveillance:** We'll implement ongoing monitoring and surveillance of borrower behavior to detect early warning signs of potential default. This includes tracking repayment patterns, communication with borrowers, and changes in external factors that may impact credit risk.
7. **Risk Mitigation Strategies:** We'll develop risk mitigation strategies to manage and reduce the overall credit risk of our microcredit portfolio. This could include setting aside reserves for potential losses, implementing stricter underwriting criteria for new borrowers, or diversifying the portfolio across different risk segments.



# Additional Technological Considerations & Estimated Costs

## 1. Development Software Costs:

Our platform integrates both microcredit, i.e., a digital wallet for the user and the money delivery service. This estimated cost includes the cost for people involved (developers, designers and project managers) as well as software licenses and development tools. We estimated a fixed cost for the first 3 years, then we expect a progressive growth of our business, thus the estimation is based on our revenues for the following years.

## 2. Infrastructure, Hosting, Maintenance and Support:

These includes the cost for web hosting our application. This cost may increase a bit with the variation of the traffic volumes, we expect to double the original estimation in five years. Software maintenance and technical support instead, constitutes the 20% of the original development cost on an annual basis. Key factors here are resources, bandwidth, scalability together with aiming at the optimization of software performances, high user satisfaction and operational liability.

## 3. Security and Compliance Costs:

Cybersecurity investments represent the 15% of the total IT budget, underlining the critical importance of security measures in protecting sensitive user data and system integrity. Compliance costs, including legal and consultancy fees, can amount to tens of thousands of euros annually, ensuring adherence to regulatory standards and mitigating legal risks.

## 4. API Integration Costs:

These are referred to the integration of the services we offer, so they include payment processing, currency exchange, identity verification and communication services. We will be charged per transaction; therefore, these costs will depend on the number of users.



## **5. Backup and Disaster Recovery**

Cloud services typically have a cost that increases with higher traffic volumes and greater data management needs. Our needs will be affordable in the first years, then we will need to scale up the availability depending on the number of our customers. Additionally, we thought a disaster recovery planning is useful, and its cost can be estimated as the 10% the software development cost.

## **6. IT devices**

To meet our technology requirements our that we thought a sustainable practice could be to lease all our devices instead of buying them. This is why we made assumptions on how many IT employees we expect in the following years, from which we estimated the cost for our physical technological assets.

# Benchmarking and competitors analysis

## Unique Selling Point (USP) & Innovation

WeTrust is the first service that introduces the concept of **“top – up microcredit”** and to build a credit score system based on the personal commitment and sense of **responsibility towards a loved one back home**.

We believe that by targeting these people is it is possible to deliver microcredit with minimal default risk, opening a new sustainable business for banks with high social impact.

Additionally, the system work with small sums of money, further reducing the risk for providers. The system works as even a modest amount of financial aid can significantly improve the **quality of life of people living in countries** where the cost of living is much lower.



3

# Business



# Business Model

## Revenues streams

1. We charge banks a fee for each applicant
2. Banks have the option to get the financial data we collect on the application and also the credit score based on "time" and "responsibility" metrics

## Partnerships

1. Revolut or equivalent operator enabling to perform cost 0 international transaction
2. Players active in the microcredit landscape such as (charities, local churches and humanitarian communities). This partnership is both part of our marketing plan and a tool to choose candidates during the validation phase, as these communities can help us to test and optimize the reliability of our scoring system on selected individuals of known condition (positive control).

## Marketing Strategy

- Phase I: Build strong relationship with charities and associations working at the locally with immigrants
- Phase II: Word of mouth among peers, possible "bring a friend and get 20 euro free" formula
- Phase III: to promote rapid growth and expansion we should invest in social advertising on social networks and other relevant sies

# Financial Statement

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	2024	2025	2026	2027	2028	2029
EBIT Operating Income	-468.436,74 €	-562.863,10 €	-175.717,91 €	937.100,10 €	2.569.473,03 €	4.185.827,69 €
(+) depreciation and amortisation	9.170,00 €	17.170,00 €	25.170,00 €	48.980,36 €	88.634,54 €	136.749,92 €
(+) provision for severance pay	20.740,74 €	28.814,81 €	30.881,56 €	32.807,56 €	32.807,56 €	32.807,56 €
(-) accrued taxes	- €	- €	- €	-257.702,53 €	-706.605,08 €	-1.151.102,62 €
(+/-) Change in NWC						
<b>Cash flow from operations</b>	-438.526,00 €	-516.878,29 €	-119.666,36 €	761.185,49 €	1.984.310,05 €	3.204.282,55 €
(-) investments	-45.700,00 €	-40.000,00 €	-40.000,00 €	-119.051,82 €	-203.270,90 €	-280.576,88 €
<b>Cash flow from operating activities</b>	-484.226,00 €	-556.878,29 €	-159.666,36 €	642.133,67 €	1.781.039,15 €	2.923.705,67 €
(+/-) extraordinary management balance						
<b>Free cash flow to firm</b>	-484.226,00 €	-556.878,29 €	-159.666,36 €	642.133,67 €	1.781.039,15 €	2.923.705,67 €
(+/-) financial management balance						
<b>Free cash flow to equity</b>	-484.226,00 €	-556.878,29 €	-159.666,36 €	642.133,67 €	1.781.039,15 €	2.923.705,67 €
(+/-) asset management balance	1.500.000,00 €	- €	- €	- €	- €	- €
<b>Net Cash Flow</b>	0	1.015.774,00 €	-556.878,29 €	-159.666,36 €	642.133,67 €	1.781.039,15 €
<b>Cumulated cash balance</b>	1.015.774,00 €	458.895,71 €	299.229,35 €	941.363,03 €	2.722.402,18 €	5.646.107,85 €
Check with balance sheet		458.895,71 €	299.229,35 €	941.363,03 €	2.722.402,18 €	5.646.107,85 €





# Income statement

INCOME STATEMENT						
Year	2024	2025	2026	2027	2028	2029
Revenues from sales and services	0,00 €	289.725,00 €	1.718.062,00 €	4.956.666,00 €	8.458.555,00 €	11.671.759,00 €
Other revenues and income	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
<b>Total value of production</b>	<b>0,00 €</b>	<b>289.725,00 €</b>	<b>1.718.062,00 €</b>	<b>4.956.666,00 €</b>	<b>8.458.555,00 €</b>	<b>11.671.759,00 €</b>
Costs for services and raw, ancillary and consumable materials	12.666,00 €	18.818,00 €	21.554,00 €	24.303,00 €	24.589,65 €	24.890,63 €
Costs for use of third-party assets	42.000,00 €	42.000,00 €	42.000,00 €	42.000,00 €	42.000,00 €	42.000,00 €
Technology costs	6.860,00 €	174.666,29 €	967.495,06 €	2.713.301,38 €	4.491.734,97 €	6.088.240,97 €
Personnel costs						
wages and salaries	280.000,00 €	389.000,00 €	416.901,00 €	442.902,00 €	442.902,00 €	442.902,00 €
social security charges	84.000,00 €	116.700,00 €	125.070,30 €	132.870,60 €	132.870,60 €	132.870,60 €
severance pay	20.740,74 €	28.814,81 €	30.881,56 €	32.807,56 €	32.807,56 €	32.807,56 €
Total personnel costs	384.740,74 €	534.514,81 €	572.852,86 €	608.580,16 €	608.580,16 €	608.580,16 €
Other costs	13.000,00 €	65.419,00 €	264.708,00 €	582.401,00 €	633.542,65 €	585.469,63 €
<b>Total costs of production</b>	<b>459.266,74 €</b>	<b>835.418,10 €</b>	<b>1.868.609,91 €</b>	<b>3.970.585,53 €</b>	<b>5.800.447,42 €</b>	<b>7.349.181,39 €</b>
<b>EBITDA (Gross Operating margin)</b>	<b>-459.266,74 €</b>	<b>-545.693,10 €</b>	<b>-150.547,91 €</b>	<b>986.080,47 €</b>	<b>2.658.107,58 €</b>	<b>4.322.577,61 €</b>
Amortisation of intangible assets	9.170,00 €	17.170,00 €	25.170,00 €	48.980,36 €	88.634,54 €	136.749,92 €
Depreciation of tangible assets						
Depreciation of financial assets						
<b>Total depreciation</b>	<b>9.170,00 €</b>	<b>17.170,00 €</b>	<b>25.170,00 €</b>	<b>48.980,36 €</b>	<b>88.634,54 €</b>	<b>136.749,92 €</b>
<b>EBIT (Operating Income)</b>	<b>-468.436,74 €</b>	<b>-562.863,10 €</b>	<b>-175.717,91 €</b>	<b>937.100,10 €</b>	<b>2.569.473,03 €</b>	<b>4.185.827,69 €</b>
Financial expenses	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Financial income	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
<b>Income before taxes</b>	<b>-468.436,74 €</b>	<b>-562.863,10 €</b>	<b>-175.717,91 €</b>	<b>937.100,10 €</b>	<b>2.569.473,03 €</b>	<b>4.185.827,69 €</b>
Taxes on the income of the year	0,00 €	0,00 €	0,00 €	-257.702,53 €	-706.605,08 €	-1.151.102,62 €
<b>Income (loss) from operating activities</b>	<b>-468.436,74 €</b>	<b>-562.863,10 €</b>	<b>-175.717,91 €</b>	<b>679.397,57 €</b>	<b>1.862.867,95 €</b>	<b>3.034.725,08 €</b>



# Balance sheet

BALANCE SHEET						
Year	2024	2025	2026	2027	2028	2029
Cash/Cash Receivables	1.015.774,00 €	458.895,71 €	299.229,35 €	941.363,03 €	2.722.402,18 €	5.646.107,85 €
Trade Receivables	- €	- €	- €	- €	- €	- €
Inventories	- €	- €	- €	- €	- €	- €
Tangible fixed assets	- €	- €	- €	- €	- €	- €
Intangible assets	36.530,00 €	59.360,00 €	74.190,00 €	144.261,46 €	258.897,81 €	402.724,77 €
Financial fixed assets	- €	- €	- €	- €	- €	- €
Total fixed assets	36.530,00 €	59.360,00 €	74.190,00 €	144.261,46 €	258.897,81 €	402.724,77 €
<b>Totale Assets</b>	<b>1.052.304 €</b>	<b>518.256 €</b>	<b>373.419 €</b>	<b>1.085.624 €</b>	<b>2.981.300 €</b>	<b>6.048.833 €</b>
Bank liabilities	- €	- €	- €	- €	- €	- €
Amounts due to bank	- €	- €	- €	- €	- €	- €
Employee severance indemnity fund	20.740,74 €	49.555,56 €	80.437,11 €	113.244,67 €	146.052,22 €	178.859,78 €
Share capital	1.500.000,00 €	1.500.000,00 €	1.500.000,00 €	1.500.000,00 €	1.500.000,00 €	1.500.000,00 €
Legal reserve (20%)	- €	- €	- €	- €	135.879,51 €	508.453,10 €
Retained earnings (losses) carried forward	- €	-468.436,74 €	-1.031.299,84 €	-1.207.017,76 €	-663.499,70 €	826.794,66 €
Net income for the year	-468.436,74 €	-562.863,10 €	-175.717,91 €	679.397,57 €	1.862.867,95 €	3.034.725,08 €
<b>Total Liabilities</b>	<b>1.052.304 €</b>	<b>518.256 €</b>	<b>373.419 €</b>	<b>1.085.624 €</b>	<b>2.981.300 €</b>	<b>6.048.833 €</b>



# Final considerations on the FS/IS/BS

In order to fully understand the three documents, it is necessary to provide a brief detail of the most relevant items:

- Concerning the Social Capital, it is important to note that out of a planned total of 1,500,000 euros, 500,000 euros were invested by the founders, while the rest was required from the investors. Initial losses will be compensated until a positive profit is generated, which can be used to cover accumulated losses. Thereafter, 20 per cent of the profits will be set aside as a reserve to preserve the integrity of the share capital.
- Revenues were calculated as follows:

	2024	2025	2026	2027	2028	2029
Fee per customer from bank	- €	347.670,00 €	2.062.447,00 €	5.952.591,00 €	10.163.545,00 €	14.028.844,00 €
Fee % transaction	- €	115.890,00 €	688.770,00 €	1.991.850,00 €	3.409.980,00 €	4.714.170,00 €
N°C customers requesting	0	3863	22959	66395	113666	157139
Average credit [€/month]	200	200	200	200	200	200
Average credit [months]	2	2	2	2	2	2
Average transaction [€/client/year]	3000	3000	3000	3000	3000	3000
Default losses		-173.835,00 €	-1.033.155,00 €	-2.987.775,00 €	-5.114.970,00 €	-7.071.255,00 €
REVENUES	- €	289.725,00 €	1.718.062,00 €	4.956.666,00 €	8.458.555,00 €	11.671.759,00 €

Fee per customer from bank	90,00 €
Fee % transaction	1,00%
Default risk %	10,00%
Average exposure	450,00 €
Months of "goodwill"*	3,00

- Costs in the Income Statement are the sum of the individual costs categorised as follows:
  - Organisational Costs:** This category includes personnel costs, rental costs and company establishment costs.
  - Marketing Costs:** This includes expenses incurred in the acquisition of customers and the promotion of the brand in the market.
  - Technological Costs:** This includes investments to improve and start up the IT component of the company, with a reserved part for Research and Development, binding 2% of the revenues.
  - Amortisation Costs:** This category considers the amortisation of intangible components, as these are the only ones present (the choice is due to an outsourcing "leasing" of the devices and equipment that are given to the employee for use).
- With regard to the Financial Statement, it is noted that the item "investments" shows negative values with the following specifications:
  - In **2024** it refers to the initial investment for the purchase of intangible assets.
  - In the years **2027/2028/2029** there is a significant increase in research and development costs.
  - In the years **2025 and 2026** a constant investment in research and development is noted, with the exception of the first year, which includes initial costs.

*This description is based on the most relevant operating facts. For further details and insights, please refer to the Excel file produced ([Financial Analysis Excel](#)).*



# Venture Capital Method

## VENTURE CAPITAL METHODS

### EV/EBITDA METHOD

EBITDA	4.206.651,10 €
EV/EBITDA Multiple	8,24
Exit Value	34.662.805,07 €
Investment Duration	6
IRR	50%
Post money valuation	3.043.099,49 €
Investment	1.000.000,00 €
Pre money valuation	2.043.099,49 €
% share	33%

### EV/RICAVI METHOD

Revenues	11.671.759,00 €
EV/Revenues Multiple	4,36
Exit Value	50.888.869,24 €
Investment Duration	6
IRR	50%
Post money valuation	4.467.609,92 €
Investment	1.000.000,00 €
Pre money valuation	3.467.609,92 €
% share	22,38%

### FINAL THOUGHTS

Post money valuation medio	3.755.354,70 €
Investment	1.000.000,00 €
Pre money valuation	2.755.354,70 €
Total amount of share	26,63%

**Multiples Source:**

<https://www.eval.tech/valuation-multiples-by-industry>

# First Chicago Method

FIRST CHICAGO METHOD	
	Occurrence probability
WORST-CASE SCENARIO	40%
BASE-CASE SCENARIO	30%
BEST-CASE SCENARIO	30%

FINAL THOUGHTS	
Post money weighted	2.821.631,53 €
Investment	1.000.000,00 €
Pre money valuation	1.821.631,53 €

WORST-CASE SCENARIO	
EBITDA (-60%)	2.629.156,94 €
EV/EBITDA Multiple	8,24
Exit Value	21.664.253,17 €
Investment Duration	6
IRR	50%
Post money valuation	1.901.937,18 €
Investimento	1.000.000,00 €
Pre money valuation	901.937,18 €

WORST-CASE SCENARIO	
RICAVI (-60%)	7.294.849,38 €
EV/Revenues Multiple	4,36
Exit Value	31.805.543,28 €
Investment Duration	6
IRR	50%
Post money valuation	2.792.256,20 €
Investimento	1.000.000,00 €
Pre money valuation	1.792.256,20 €

WORST-CASE SCENARIO	
Post money valuation	1.347.096,69 €

BASE-CASE SCENARIO	
EBITDA	4.206.651
EV/EBITDA Multiple	8,24
Exit Value	34.662.805,07 €
Investment Duration	6
IRR	50%
Post money valuation	3.043.099,49 €
Investment	1.000.000,00 €
Pre money valuation	2.043.099,49 €

BASE-CASE SCENARIO	
Revenues	11.671.759,00 €
EV/Revenues Multiple	4,36
Exit Value	50.888.869,24 €
Investment Duration	6
IRR	50,00%
Post money valuation	4.467.609,92 €
Investment	1.000.000,00 €
Pre money valuation	3.467.609,92 €

BASE-CASE SCENARIO	
Post money valuation	3.755.354,70 €

BEST-CASE SCENARIO	
EBITDA (+25%)	5.258.313,88 €
Multiple	8,24
Exit Value	43.328.506,34 €
Investment Duration	6
IRR	50%
Post money valuation	3.803.874,36 €
Investment	1.000.000,00 €
Pre money valuation	2.803.874,36 €

BEST-CASE SCENARIO	
Revenues (+25%)	14.589.698,75 €
EV/Revenues Multiple	4,36
Exit Value	63.611.086,55 €
Investment Duration	6
IRR	50%
Post money valuation	5.584.512,40 €
Investment	1.000.000,00 €
Pre money valuation	4.584.512,40 €

BEST-CASE SCENARIO	
Post money valuation	4.694.193,38 €

# Berkus Method

## BERKUS METHOD 2024

TEAM	Assorted team with experience	4
PRODUCT	Well argued idea	3
ECONOMICS	No revenues	0
GROWTH	Constant growth	3
POTENTIAL MARKET	Italian and global market (receiver side)	3
<b>TOTAL</b>		<b>13</b>

Pre-money value	<b>1.800.000,00 €</b>
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# Considerations on the evaluation methods

**The VC valuation method** based on the industry multiple (Personal Credit Institutions) was calculated using two indicators: EV/EBITDA and EV/REVENUES. This resulted in several variables, such as EXIT VALUE: this value represents the economic exit value of the year 2029, calculated by multiplying the EBITDA or REVENUES of the last year by the sector multiple.

POST-MONEY VALUATION: this item expresses the value of the start-up after receiving the investment from external investors and is generated by discounting the Exit value at the IRR rate. After averaging the two post-money values, it was possible to calculate the PRE-MONEY VALUATION, which represents the value of the start-up before receiving the investment. This value is generated by subtracting the invested amount from the post-money valuation. Finally, it is important to note that the share due to external investors corresponds to approximately 26%.

**First Chicago's valuation method** is based on the weighted average of three different economic and financial scenarios, which were calculated considering the probability of their occurrence during the period of the start-up's investment. The first scenario is the best-case scenario, which assumes an increase in EBITDA (or REVENUES) of 25%. This means that a strong improvement in the company's economic performance has been assumed, which could be due to various factors such as a highly successful service to the target audience. The second scenario is the "base" scenario, which is based on a linear trend of the forecast. In this case, the start-up is expected to maintain a constant growth rate over time, without any peaks or troughs. The third and final scenario is the worst-case scenario, which assumes of a 60% decrease in EBITDA (or REVENUES). The possibility that the company may have difficulty in maintaining or improving its economic performance, perhaps due to internal management problems, is considered. It is then necessary to calculate the average of the results obtained in both the change in EBITDA and in REVENUES, thus obtaining a more consistent value for the post-money in all three possible scenarios. To arrive at the value of the start-up, a weighted average of the values obtained from the three scenarios is then made, considering the respective probabilities of realization during the period of the investment. In this way, a more accurate and realistic valuation of the start-up is obtained, considering possible changes in the market or in the company's internal situation over time.

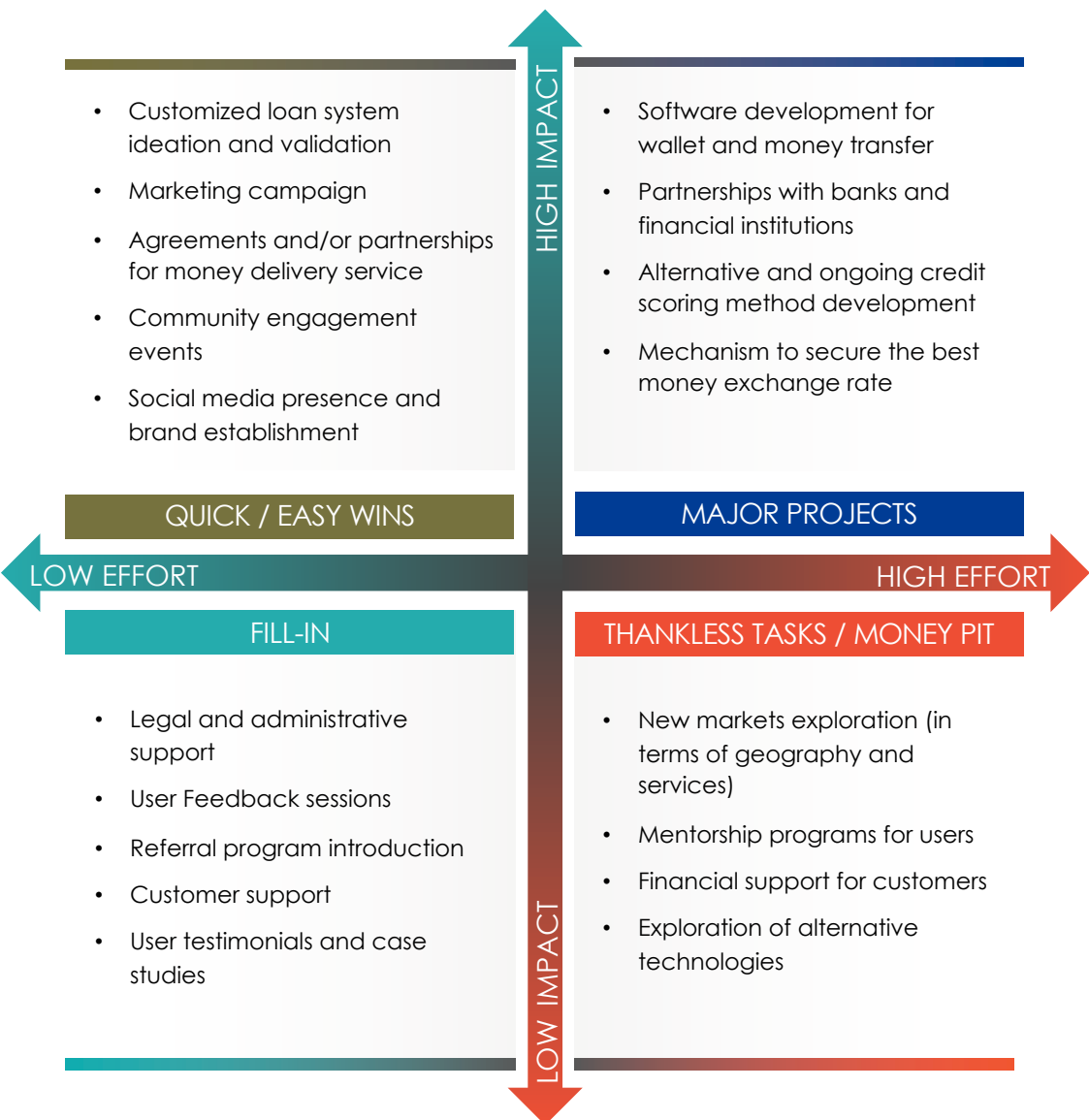
About **Berkus method**, the variables considered are as follows:

- Team**: we assigned a score of 4, since the founders are master's graduates in engineering and economics with a current MBA degree but no experience in the start-up sector;
- Product**: our idea is well argued but currently lacks a prototype to be launched on the market for the testing phase;
- Economics**: the score assigned for this variable is 0, since no revenues are expected in the assessment year considered;
- Growth**: we considered growth as the fourth variable, to which we assigned a score of 3, since it is useful to emphasize that WeTrust expects constant growth over time;
- Potential market**: the score of 3 assigned to this last variable is explained by the type of target we are addressing (Immigrants who need to send remittances), who represent a NOT served and numerous, with a growing trend.

The final value, generated by the sum of the individual variables, is 3; this represents a valuation, pre-money, between 1,500,000€ and 3,000,000€.



# Impact Matrix





# Benchmark

## Banks

- **Pros:**  
**Security:** Banks are regulated entities, making them one of the safest options for sending money abroad.  
**Full-Service:** Can handle large transactions and directly deposit money into bank accounts.
- **Cons:**  
**Cost:** Generally, have higher fees and less favorable exchange rates compared to other methods.  
**Speed:** Transfers can take several days to process.  
**Accessibility:** Requires the sender and recipient to have bank accounts.

## Money Transfer Operators (Western Union, MoneyGram, Ria)

- **Pros:**  
**Convenience:** Locations are widespread, even in remote areas, making it easy for recipients to collect cash.  
**Speed:** Transfers can be completed within minutes.
- **Cons:**  
**Fees:** Can be expensive, with higher fees for faster services and cash pickups.  
**Exchange Rates:** Often less favorable compared to other digital options.

## Online and Mobile Apps (Wise, WorldRemit, Remitly)

- **Pros:**  
**Cost-Effective:** Generally, offer lower fees and better exchange rates than traditional banks or MTOs.  
**Convenience:** Allow users to send money anywhere at any time right from their mobile device or computer
- **Cons:**  
**Internet Requirement:** Both sender and recipient need access to the internet.  
**Bank Account:** In many cases, requires the recipient to have a bank account to receive funds.



## Prepaid Debit Cards

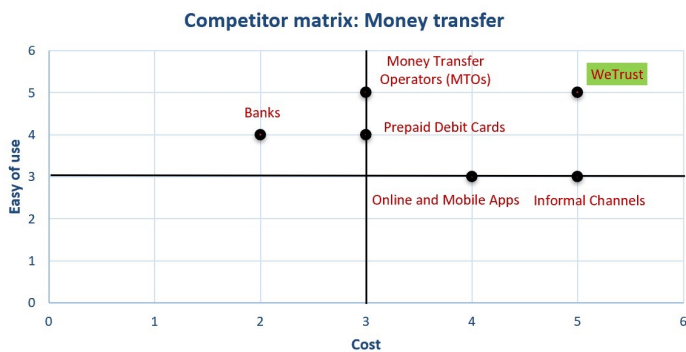
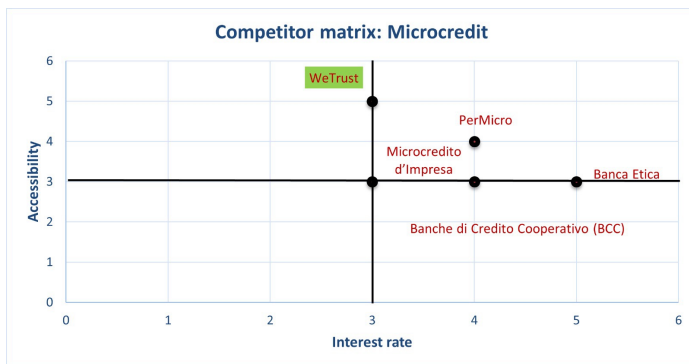
- **Pros:**  
**Direct Access to Funds:** Recipients can use the card directly to make purchases or withdraw cash.  
**Control:** Senders can reload the card as needed, offering a way to manage finances.
- **Cons:**  
**Fees:** There are usually fees associated with card issuance, reloading, and withdrawing cash.  
**Accessibility:** Depends on the recipient's access to compatible ATMs and stores.

## Informal Channels (Hawala, Hundi)

- **Pros:**  
**Cost-Effective:** Often cheaper than formal channels, with minimal to no transfer fees.  
**Speed:** Transfers can be completed quickly, sometimes within the same day.
- **Cons:**  
**Legal Concerns:** Generally unregulated, which can pose risks of money laundering and other illegal activities.  
**Security:** Less secure, as there is no formal protection or recourse if the money is lost or stolen.



# Competitor matrix



# User personas

## 1) *Ali from Pakistan*

My name is Ali, and I come from Lahore, Pakistan's second-largest city, known for its vibrant culture and rich history. Yet, beneath its bustling streets, many families, including mine, grapple with economic hardships that push people like me to seek better opportunities abroad.

Three years ago, I left my hometown for Italy, armed with hopes of securing a better future for my family. I settled in the agricultural region of Puglia, where I work as a seasonal laborer in the citrus groves. Back in Lahore, my father used to work as a tailor, but his failing eyesight forced him into early retirement. My mother manages the household, while my younger brother, Aamir, and sister, Hina, attend a local school. Education is their ticket to a better life, and I am determined to provide it for them.

Every month, I send home around €200. This money goes towards rent, school fees, groceries, and my father's medication. The process of sending money is fraught with challenges. I lack a stable bank account due to my irregular job status and the strict banking regulations here that I barely navigate. Instead, I use various money transfer services that I find in the local bazaar or through recommendations from fellow expats. These services are quick, but the fees are high, and every euro taken as a fee is a euro less for my family's needs.

The strain of not being able to provide consistently is constant. During the off-season, when work in the citrus groves dries up, I take up odd jobs—anything from helping at local markets to construction work. But these jobs are not always available, and the fear of not sending money home is terrifying. During these times, my family has to cut down on meals, my sister might miss buying school supplies, and my father's visits to the doctor become less frequent.

WeTrust service intrigues me with its potential to help me build a credit score based on my remittances to my family in Pakistan, offering access to microcredit for urgent needs, which could significantly stabilize and improve our living conditions. However, the concerns about data security, dependency on a potentially unreliable service, and unclear repayment terms make me cautious.



## 2) *Maria from Philippines*

I am Maria from Cebu City in the Philippines, a place known for its beautiful beaches and historic sites. Despite its allure, many families, including mine, face significant economic challenges that compel us to seek opportunities far from home.

Four years ago, I embarked on a journey to Italy. I now live in Torino, where I work as a caregiver—a job that is demanding but fulfilling. I look after an elderly Italian couple, assisting them with daily tasks and ensuring they are comfortable and cared for. Back in Cebu, my family's situation mirrors the lives of many who rely on remittances. My father is a fisherman, and my mother sells homemade snacks at the local market. While their income provides for basic needs, it's hardly enough to cover medical expenses especially my grandmother's one.

I try to help them by sending about €300 per month. I rely on various remittance services I find through friends or local Filipino community centers. These services are fast, but the fees are steep—each euro deducted is a missed opportunity for my family's betterment.

The inconsistency of work, especially during times when my employers are away or don't require my service, adds to the unpredictability of my financial support. In those times, I try to pick up extra shifts in other households or assist in community kitchens. The anxiety of potentially not being able to send money back home is always looming. On such days, my family back in Cebu must tighten their belts even further.

The WeTrust service piques my interest as it promises a way to build a credit score based on the remittances I send. This could be a game-changer, offering me access to microcredit for emergencies or when I fall short before the next payday. Such financial flexibility could significantly elevate our living standards. Yet, I am really scared of being involved in bank matters, I don't understand all those things and if I don't have time to learn it.

### 3) *Mohamed from Morocco*

Mohamed is a seasonal worker from Morocco on the Amalfi Coast. He navigates the highs and lows of life far from home. Working in Italy's tourist sector has been both a source of opportunity and challenge for Mohamed. He takes on various roles, from hospitality to guiding tourists through local attractions. Interacting with people from different parts of the world enriches his experience, yet the demanding nature of the job, coupled with the seasonal nature of employment, adds to the uncertainty of his financial situation.

His journey, like many others, is driven by better quality life and the desire to provide for his family back in Morocco, where his aging parents reside. Despite the allure of the tourist season's income, Mohamed grapples with the challenges of managing his finances effectively.

The inconsistency of work and the high cost of sending money home weigh heavily on Mohamed's shoulders. While he strives to support his parents financially, the unpredictability of his earnings often leaves him unable to send as much as he would like. His parents, burdened with a loan for their new home, rely on his support, especially in times of emergencies.

Mohamed's search for solutions leads him to explore various remittance services. Moreover, the complexities of accessing credit for emergencies in a banking system add another layer of anxiety.

Amidst the challenges, Mohamed's determination remains steadfast. His story reflects the resilience and sacrifices of migrant workers striving to provide a better life for their loved ones back home.

#### 4) *Sofia from Romania*

Sofia is a hardworking immigrant from Romania in Turin. For the past two years, Sofia has been employed in a cleaning cooperative in a factory. Sofia's journey to Italy was motivated by the need to provide a better life for her family, particularly her two children back in Romania. With her children under the care of her aging grandfather, Sofia shoulders the responsibility of sending money constantly to support their upbringing and ensure their well-being. She works tirelessly to support her loved ones across the border.

However, the fixed income she earns from her job, supplemented by extra earnings from additional hours worked, often falls short of meeting the financial demands of her family's needs. She faces the daily challenges of providing for her family back home while striving to make ends meet in Italy.

The high cost of living in Italy, coupled with the variability of her income, poses a significant challenge for Sofia in saving money consistently. Despite her best efforts to budget and track expenses meticulously, the fluctuating nature of her earnings makes it difficult to set aside savings regularly. This financial instability adds to Sofia's anxiety, as she grapples with the pressure of fulfilling her familial obligations while navigating the uncertainties of her financial situation.

To cope with unexpected expenses or urgent financial needs, Sofia often finds herself relying on the goodwill of friends or her employer for extra financial assistance. However, these sources of support are not always reliable, leaving Sofia in a constant state of worry and uncertainty.

When it comes to managing her finances, Sofia's tools are limited. She has only a card with an IBAN, perceiving the traditional banking system as inaccessible due to her constrained financial means. Despite this limitation, Sofia demonstrates a commendable commitment to frugality, carefully monitoring every euro spent and striving to make the most of her flexible income.

She wants a simpler and more accessible solution to his financial difficulties. His story highlights the lack of assistance from financial institutions and operators, despite his positive attitude towards saving and monitoring expenses.

# Three Horizon Framework

## Horizon 1: 5 Years

- **System Validation:** First, we need to validate our scoring system, testing the reliability of our scoring system on donations and non-repayable funds. In this way we can calculate a specific default probability and present a full integrated product to the banks. The validation phase should last between 1 and 3 yrs.
- **Sytem Enhancement:** we will continue to optimize our platform to offer an ever-improving user experience, ensuring security, reliability, and ease of use.
- **User Base Expansion:** We will focus efforts on growing our user base through targeted marketing strategies and by enhancing partnerships with migrant communities, non-governmental organizations, and financial institutions.
- **Development of a Customer Rating and Scoring System:** To establish credibility among our users, we will develop a system that documents their credit history. This portfolio, subject to user consent, can be shared with our partner financial institutions, offering valuable insights into the financial behavior of our clients.

## Horizon 2: 10–15 Years

- **Integration of Advanced Technologies:** Incorporate advanced technologies such as artificial intelligence and blockchain to further secure transactions and enhance the personalization of services. AI can be used for more sophisticated credit scoring and risk assessment, while blockchain could offer transparency and reduce fraud risks.
- **Global Expansion:** Expand operations into new geographical markets, particularly focusing on emerging economies where financial services are underdeveloped but demand is high. This will involve adapting the platform to local regulations, cultures, and financial habits.
- **Sustainable Practices and Financial Inclusion:** Increase efforts to promote financial inclusion by developing products that cater to underserved segments of the population. This could include microfinance products, insurance, and savings plans tailored to low-income users.

## Horizon 3: 20–25 Years

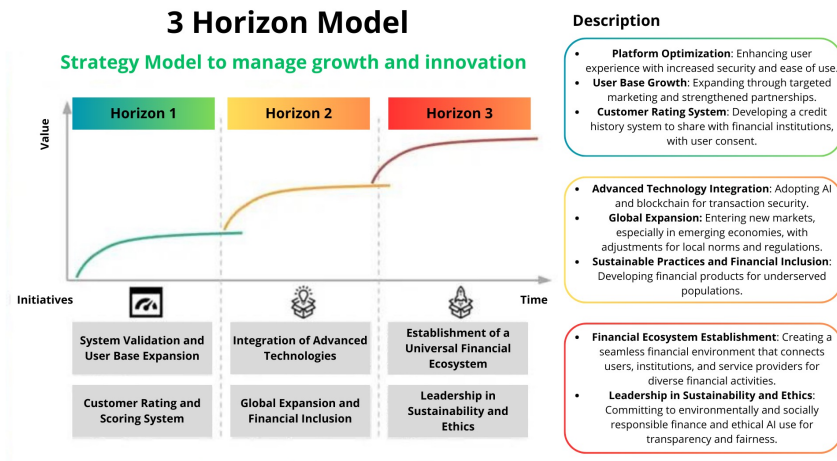
- **Establishment of a Universal Financial Ecosystem:** Aim to establish a complete financial ecosystem that connects users, financial institutions, and service providers, creating a seamless financial environment that supports a range of financial activities from payments to investments and insurance.
- **Leadership in Sustainability and Ethics:** Become a leader in sustainable finance by ensuring that all operations and investments are environmentally and socially responsible. Implement ethical AI use, ensuring transparency and fairness in automated decisions.





These long-term goals aim to not only expand the company's reach and product offerings but also integrate deeper societal and technological advancements, ensuring the platform remains relevant and vital in the evolving financial landscape.

# McKinsey Horizon Model



# Validation One-Pager

WeTrust offers a service to **immigrants in Italy** encompassing: low-fee **remittances**, digital access, and **credit-building** opportunities for .

4.4★

B2B2C

WeTrust

Assessment  
confidence level

High



Low (1-2)

Medium (3)

High (4-5)

## Problem

5★

### Description

In Italy, Immigrants struggle with the high remittance fee and economic fragility due to uncertain work condition or instable income.

### ICP

Immigrants in Italy with regular documents face challenges: sending money home, unstable income, and limited financial service.

### How problem is felt?

The banking institution recognises the underserved segment. Immigrants feel monthly anxiety and worries due to uncertainty.

### Current solution?

There is no solution to the whole problem, remittance costs are coming down with digital but microfinance and bank services for them are marginal.

### Frequency

High – immigrants send 7.6 remittances per year. Immigrant families risk 2 times more to become poor compared to family with italians.

### Market Size

Remittance market in 2023 is 8,1€ billion. Potential unbanked estimated in 2024 = 130'000. Immigrant population increased of 11,5% in 10 years.

## Why now?

4★

### Market

The immigrant population is increasing, especially among young people. In 2023, 2.4 million foreigners were employed (10.3% of the total labour force).

### Regulation

Financial inclusion is one of the SDGs, but there is no specific law for this scope.

### Tech

The technology is mature for this solution, it is a service based on existing technologies. The only innovative technology is the alternative credit scoring system.

### Other

Italian society has been changing a lot in the last 10-20 years. Due to climate change and conflict, immigration will have an increasing impact on the country.

## Why Here?

5★

- 89.5% of immigrants versus 97% of Italians do not have a bank account.
- Lack of microfinance institutions in the country, especially for this marginalised segment.
- 56% of immigrants in Italy have a parent at home.
- Immigrants save 25.0% of their income against 13,1% of Italians.
- Difficulties to integrate foreign population.

## Competition

5★

**Overview:** Noone in the market offer this bundled service of remittance and microfinance. Competitor are present worldwide in Money Transfer and Microfinance.

**Examples:**

### MTOs



### Micro-Finance



## Doubts – Top 5

3★

- Measures against money laundering and terrorism are sufficient?
- Validate the thresholds imposed in the credit system.
- Is 'member get member' marketing the best strategy to acquire new customers and is it scalable?
- Securing partnerships with multiple banks to expand the service throughout Italy.
- Legal implications due to data privacy and GDPR compliance.



# MVP concept

## Customer Journey



### Touchpoint

Ahmed, an immigrant living in Italy, has his family in Morocco. He works as a seasonal waiter at 'Il Mare', a restaurant on the Amalfi Coast. During the high season, he manages to save money and send it to his family, but encounters difficulties during the rest of the year. A friend suggests a new app called WeTrust to help him solve this problem and the friend helps him download it.



### Screening

Ahmed downloads the WeTrust app. The system first explains how the app works and then asks for permission to access the data. Ahmed understands the system and can view the stories and experiences of his friends and others. Further questions and documents are asked. The screening system returns a result.



### Subscription

Ahmed signs up for the service to send money and access micro-credit. The next day, Ahmed receives a message by the bank to set up his new current account, a financial advisor can clarify his doubt via phone or at the bank. In this way, Ahmed not only solves his problem, but opens his first current account, completely free of charge.



### Utilization

Ahmed is satisfied with the service offered by WeTrust. He can send the same amount of money to his family every month. He feels relieved because he no longer has to worry about the volatility of his income. In addition, he starts to monitor his expenses and income to better plan his daily life. Now the bank is able to offer him a huge number of services that he did not know existed.



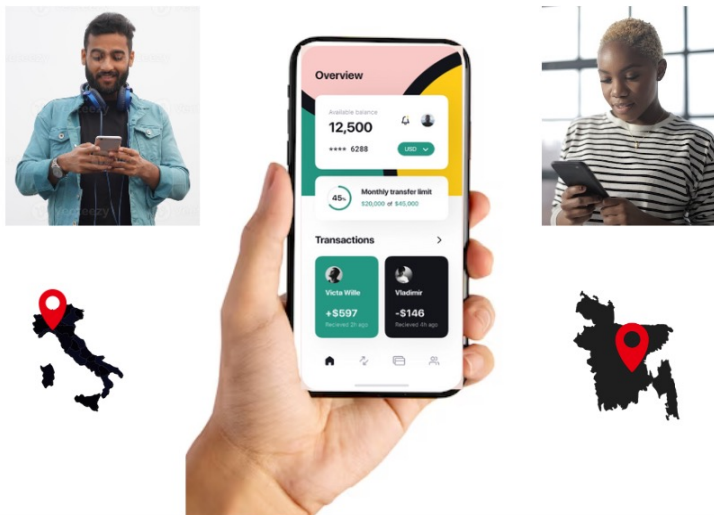
### Referral

Ahmed had a positive experience with the service and decided to recommend it to other immigrants in his social circle. He is enthusiastic about the balancing service and with his bank account he feels more secure in all transactions of daily life.



# MVP concept

## MVP Strategy



Our **MVP strategy** focuses on a video highlighting the **app's features**:

- Multilingual support.
- Simple subscription process.
- Sending money.
- Receiving money.
- Applying for micro-credit.
- Community and friends participation.

The video will emphasise the **intuitiveness** and **effectiveness** of the system, followed by a mock subscription process to gauge **user interest** and **product appeal**.

# Stakeholders Map



We realized a stakeholder map to have a clear **representation** of the relevant stakeholders involved in WeTrust, aiming to guide our **communication** to build strong and positive **relationships**.

To better direct our efforts in that sense, we identified **four major groups** of stakeholders according to their degrees of influence and interest on the initiative.

Specifically, we plan to **monitor** our competitors and to **keep satisfied** regulatory bodies and institutions such as the Ministry of Economy and the European Central Bank, ensuring compliance and support.

Our investors and partners are going to be thoroughly **informed** and **engaged**.

**Banks** will play a dual role in our initiative: on one hand, they are going to benefit from the gathering of new customers, on the other hand their ability to provide financing to our **users** is going to ensure the **delivery** of our value proposition. As a result, we will dedicate special attention to our relationships with them.

At the center of WeTrust, nevertheless, we have **people**: our employees, and our **users**. We are trying to achieve **trust** relationships with **immigrant communities** by **actively engaging** them, while ensuring alignment with the **leaders** and **trusted individuals** of the communities themselves.





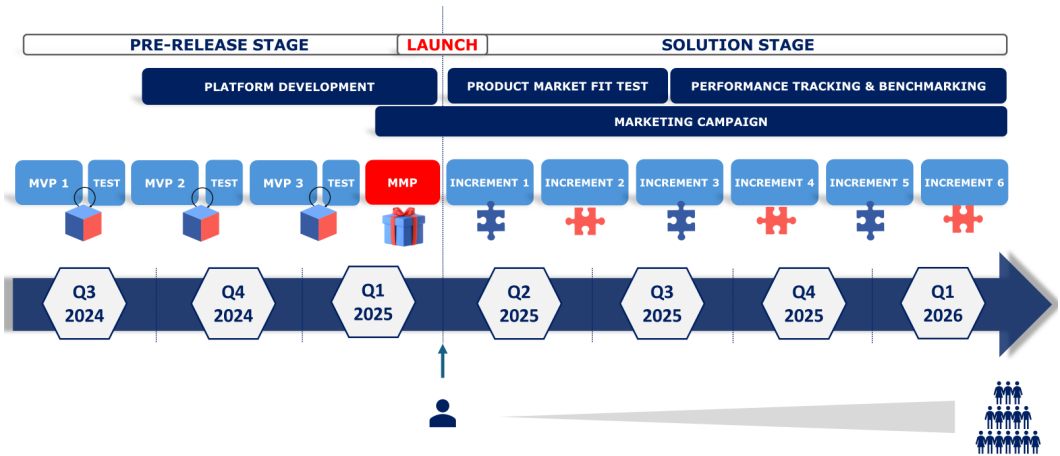
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# Next Steps



# Timeline

## Go-to-Market roadmap 2024-2026



The Go-to-Market Roadmap 2024-2026 is structured in three stages: **Pre-Release**, **Launch**, and **Solution**.

During the pre-release stage, the effort is going to be devoted to the development and validation of **three MVP iterations**, starting from the concept previously presented. The development of the MMP of the supporting platform, starting after MVP 1 validation, will culminate in the launch at the end of **Q1 2025**.

The product launch is going to be executed with the tailwinds of the Marketing campaign that will accompany every subsequent phase to gain as much traction as possible operating in three dimensions: **engaging communities** to get in touch and start building **trust** relationships, engaging individuals through social media presence and leveraging **word-of-mouth** inside the communities, and the **referral program**.

**After** the launch, the **Solution** stage is going to be centered around securing **traction** and advancing the product development: 2-month Product Increments will bring new key functionalities and features, constantly reviewing the alignment with the customer needs, synergizing with our marketing operations.

**The product-market fit** testing during the first two increments will evolve in the continuous monitoring of our product and service performances.

**KEY AMBITION:** we aim to reach 3000+ customers of by the end of 2025, surpassing 10M € in cumulated transactions volume by the first half of 2026.