Business & Partnerships

- Requirements Document
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- Features, Merchants & Rates

Requirements Document

Requirements Document: [PROJECT NAME]

Version: 1.0 **Date:** YYYY-MM-DD **Author:** Business Analyst / Product Owner **Status:** Draft | In Review | Approved **Client Sign-off:** ☐

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1. Introduction

1.1 Purpose

[Why this document exists, what it covers]

1.2 Project Reference

- Project Charter: [link]
- Scope Statement: [link]

1.3 Stakeholders

Name	Role	Interest	Contact

2. Functional Requirements

FR-001: [Feature Name]

- **Priority:** Must Have | Should Have | Could Have | Won't Have
- **Description:** [What the system must do]
- **Acceptance Criteria:**

- [ ] Given [context], when [action], then [result]
- [ ] Given [context], when [action], then [result]

- **User Stories:** US-001, US-002
- **Dependencies:** [None / FR-xxx]

FR-002: [Feature Name]

- **Priority:**
- **Description:**
- **Acceptance Criteria:**
  - [ ]
- **User Stories:**
- **Dependencies:**

3. Non-Functional Requirements

3.1 Performance

Metric	Target	Measurement
Page load time	< 2s	Lighthouse
API response time	< 500ms	Server logs
Concurrent users	[X]	Load test

3.2 Security

- [ ] Authentication method: [JWT / Session / OAuth]
- [ ] Authorization model: [RBAC / ABAC]
- [ ] Data encryption: [At rest / In transit]
- [ ] GDPR compliance: [Yes/No — specify requirements]

3.3 Accessibility

- [ ] WCAG 2.1 AA compliance
- [ ] Keyboard navigation
- [ ] Screen reader support

3.4 Scalability

- ☐ Expected growth: [X users/month]
- ☐ Horizontal scaling: [Yes/No]

3.5 Reliability

- ☐ Uptime target: [99.9%]
- ☐ Backup frequency: [Daily]
- ☐ Recovery time objective: [X hours]

4. Data Requirements

4.1 Data Entities

Entity	Description	Source	Volume

4.2 Data Retention

Data Type	Retention Period	Deletion Method

5. Integration Requirements

System	Direction	Protocol	Data	Frequency
	In/Out/Both	REST/GraphQL/Webhook		Real-time/Batch

6. Constraints

- [Technical constraint 1]
- [Business constraint 1]
- [Regulatory constraint 1]

7. Assumptions

- [Assumption 1]
- [Assumption 2]

8. MoSCoW Prioritization Summary

Priority	Count	Items
Must Have		FR-001, FR-002...
Should Have		
Could Have		
Won't Have		

9. Sign-off

Role	Name	Date	Approved
Product Owner			☐
Tech Lead			☐
Client			☐

SpareBank1 Partnership Pitch

Drop x Sparebanken — Partnership Proposal

Prepared by: ALAI Holding AS **Date:** February 2026 **Contact:** Alem Bašić, CEO — alem@alai.no **Confidential**

The Opportunity

There are **1 million immigrants** living in Norway. They send **5.7 billion NOK home** every year. They shop at **30,000+ immigrant-owned businesses** across the country.

Today, they use Western Union (5-10% fees), Wise (no local presence), or cash. Their local shops pay Vipps 1.75-2.75% per transaction. Neither side is well-served.

Drop fixes both — in one app.

What is Drop?

Drop is a fintech app for everyone in Norway with two core features:

1. Remittance

Send money to family abroad. Receiver needs **no app** — money arrives to their bank account or cash pickup point.

- **Fee:** 0.5% (vs 5-10% Western Union, 0.7-1.5% Wise)
- **Corridors:** Serbia, Bosnia, Pakistan, Turkey, Poland, and more
- **Speed:** 1-2 business days

2. QR Merchant Payments

Pay at local shops by scanning a QR code. Cheaper than Vipps for merchants.

- **Merchant fee:** 1% (vs Vipps 1.75-2.75%)
- **Settlement:** Daily batch payout to merchant bank account
- **Onboarding:** 3 minutes — no hardware needed

The Flywheel

```
User sends remittance → gets familiar with Drop → pays at local shop with QR
Merchant accepts QR → recommends Drop → more users send remittance
→ REPEAT
```

No one in Norway combines remittance + QR payments. That's our edge.

Why Sparebanken?

We're not building another bank. We're building the **interface** for a community that banks don't reach effectively. But we need a banking partner to do it right.

What we need from Sparebanken:

Capability	Purpose
Open Banking (PSD2)	AISP (account information) and PISP (payment initiation)
KYC/AML infrastructure	Compliant onboarding for users and merchants
Payment rails	Settlement, SEPA, domestic transfers
Regulatory umbrella	Operate under Sparebanken's licence (agent model)
Trust	A Norwegian bank brand behind the product

What Sparebanken gets:

1. Access to an underserved 1M-person market Immigrants in Norway are underbanked in cross-border services. Drop is the distribution channel into this community — a community that trusts word-of-mouth over advertising.

2. New revenue stream — zero development cost

- Share of remittance fees (0.5% per transaction)
- Share of QR merchant fees (1% per transaction)

- Cross-sell opportunity: savings accounts, loans, insurance for Drop users

3. Innovation & ESG story Financial inclusion for immigrants is a powerful narrative. Sparebanken gets positioned as the bank that **actually serves all of Norway** — not just ethnic Norwegians.

4. Fintech partnership without the risk Drop builds and operates the product. Sparebanken provides infrastructure. Low investment, high upside.

Market Size

Metric	Value	Source
Immigrants in Norway	~1,000,000	SSB
Annual remittance from Norway	5.7 billion NOK	World Bank
Immigrant-owned businesses	30,000-50,000	SSB estimate
Average remittance transaction	~1,000 NOK	World Bank
Vipps merchant fee	1.75-2.75%	Vipps.no
Drop merchant fee	1.0%	—

Serviceable market (Year 1): Balkan + Pakistani diaspora in Oslo area = ~200,000 people, ~5,000 businesses.

Financial Projections

Period	Users	Merchants	Monthly Revenue
Month 1-3	200	20	12,000 NOK
Month 4-6	1,000	80	50,000 NOK
Month 7-12	3,000	200	130,000 NOK
Year 2	8,000	500	330,000 NOK
Year 3	15,000	1,000	650,000 NOK

Year 3 ARR: ~7.8M NOK

Revenue split model TBD — we propose **70/30** (Drop/Sparebanken) on transaction fees, with Sparebanken retaining 100% of float income and cross-sell revenue.

Competitive Landscape

	Remittance	QR Payments	Diaspora Focus	Bank Partner
Vipps	No	Yes (expensive)	No	DNB
Wise	Yes	No	No	None in Norway
Western Union	Yes (expensive)	No	Yes (bad UX)	Various
Revolut	Yes (generic)	Limited	No	None in Norway
Drop	**Yes (cheap)**	**Yes (cheap)**	**Yes (core)**	**Available**

Drop is the only product in Norway that combines remittance + QR payments. First bank partner gets exclusivity.

Detailed Comparison: Drop vs Alternatives

Why not PayPal?

	PayPal	Drop
NOK → RSD/BAM corridor	Not supported	Core feature
NOK → PKR corridor	Limited, poor rates	Supported
Cross-border fee	3-5% + currency markup	0.5% flat
Receiver requirement	Must have PayPal account	No app needed — bank transfer or cash pickup
In-store QR payment	Not available in Norway	Core feature (1% merchant fee)
Target audience	No — generic global	Yes — built for everyone in Norway
Norwegian language	Partial	Full (nb/nn)
Local bank partner	None in Norway	SpareBank 1 (proposed)

PayPal does not support the corridors that matter most to Norwegian diaspora (Balkans, Pakistan, Turkey). Drop is purpose-built for these communities.

Why not Revolut?

	Revolut	Drop

Remittance	Person-to-person only (both need account)	Receiver needs NO app
Fee	0.5-1.5% + weekend markup	0.5% flat, no markup
Merchant payments	Limited (no QR in Norway)	QR code — 1% fee
Regulatory	Lithuanian banking licence	Norwegian bank partner (proposed)
Community	Generic fintech	Local community, word-of-mouth growth
Cash pickup	Not available	Planned for Phase 2

Revolut requires the receiver to also have a Revolut account. For a grandmother in rural Bosnia or Pakistan, that's not realistic. Drop sends directly to local bank accounts.

Why not Wise?

	Wise	Drop
Fee	0.7-1.5% (variable)	0.5% flat
QR payments	None	Core feature
Merchant services	None	Dashboard, settlement, QR
Norwegian presence	No local office or support	Norwegian company, Norwegian bank
Community features	None	Locally-focused UX and corridors

Wise is excellent for one-off international transfers but offers no merchant services, no QR payments, and no local banking relationship in Norway.

Security, Compliance & Trust

Regulatory Framework

Drop will operate under the **agent model** (betalingsforetak-agent) as defined in the Norwegian Financial Institutions Act (finansforetaksloven). This means:

Aspect	Approach
Licence	SpareBank 1 holds the licence; Drop operates as registered agent
Regulator	Finanstilsynet (Norwegian FSA)
EU Directive	PSD2 compliant — Strong Customer Authentication (SCA)

Aspect	Approach
Pass-through	Drop never holds customer money — PISP/AISP via Open Banking
Reporting	All regulatory reporting through SpareBank 1's existing infrastructure

This model is proven — it's how Vipps originally launched under DNB's licence, and how several European fintech apps operate today.

AML/KYC — Anti-Money Laundering & Know Your Customer

Requirement	Implementation
User onboarding	ID verification via BankID or passport + selfie
KYC provider	Flexible — Sumsub, Onfido, or SpareBank 1's existing KYC system
Risk scoring	Automatic risk assessment at onboarding based on country, amount, frequency
Transaction monitoring	Real-time screening against sanctions lists (EU, UN, OFAC)
Suspicious Activity Reports (SAR)	Automated flagging + manual review, reported to Enheten for finansiell etterretning (EFE)
PEP screening	Politically Exposed Persons check at onboarding and ongoing
Transaction limits	Tiered limits based on KYC level (basic: 10,000 NOK/month, full: 50,000 NOK/month)
Record keeping	All KYC data and transaction records stored for minimum 5 years per hvitvaskingsloven

Data Protection & Privacy

Aspect	Implementation
GDPR compliance	Full — data processing agreement (DPA) with SpareBank 1
Data residency	All user data stored in EU/EEA (Norwegian data centres preferred)
Encryption in transit	TLS 1.3 for all API communication
Encryption at rest	AES-256 for stored personal data and credentials
Data minimisation	Only necessary data collected per GDPR Art. 5(1)(c)

Aspect	Implementation
Right to deletion	GDPR Art. 17 — users can request account deletion (except regulatory-required records)
Privacy policy	Norwegian and English, clearly written for non-native speakers

Application Security

Layer	Measure
Authentication	JWT tokens in httpOnly cookies (XSS-resistant)
Password storage	bcrypt hashing (never stored in plaintext)
SQL injection	Parameterised queries throughout (prepared statements)
Rate limiting	Per-IP rate limiting on all public endpoints
Input validation	Server-side validation on all user input
CORS policy	Strict origin policy — no wildcard
Dependency audit	Automated `npm audit` in CI/CD pipeline
Penetration testing	Planned before pilot launch — external auditor (e.g., mnemonic, NorSIS-certified)

Audit & Certification Roadmap

Milestone	Timeline	Description
Internal security review	Before pilot	Full codebase review, threat modelling
External penetration test	Before pilot	Third-party audit by certified Norwegian security firm
SOC 2 Type I	Within 6 months of launch	Controls documentation and assessment
SOC 2 Type II	Within 12 months	Operational effectiveness over time
ISO 27001	Year 2 target	Information security management system certification
PCI DSS	If card issuing implemented	Payment card industry compliance

Fraud Prevention

Mechanism	Description
Velocity checks	Maximum transactions per hour/day per user

Mechanism	Description
Amount thresholds	Transactions above threshold require additional verification
Device fingerprinting	Track trusted devices, flag new device logins
Geo-anomaly detection	Flag transactions from unusual locations
Recipient patterns	Alert on new recipients in high-risk corridors
Manual review queue	Flagged transactions reviewed by compliance team before processing

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Risk Assessment

Risk	Probability	Impact	Mitigation
Corridor closure (geopolitical)	Low	High	Multi-corridor strategy; no single-country dependency; partner with multiple payment providers
Regulatory change	Medium	High	Agent model reduces direct regulatory burden; SpareBank 1 handles compliance changes
Fraud / money laundering	Medium	High	Multi-layer AML/KYC; real-time monitoring; transaction limits; SAR reporting
User account compromise	Medium	Medium	2FA via BankID; device tracking; session management; instant account freeze
Technical outage	Low	Medium	Cloud-hosted with redundancy; health monitoring; <1h recovery target
Competition (Vipps enters remittance)	Medium	Medium	First-mover in diaspora niche; community lock-in; merchant network effect
Low adoption	Medium	Medium	Word-of-mouth growth model; community ambassadors; zero marketing spend needed for pilot

Risk	Probability	Impact	Mitigation
Partner bank exit	Low	High	Modular architecture allows switching BaaS provider; data portability by design

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Product Status

Drop MVP is **built and functional**:

- Next.js web app (mobile-first, installable as PWA)
- 22 API endpoints (auth, transactions, merchants, rates, recipients, cards)
- QR generation + scanning
- Merchant dashboard
- User dashboard with balance, send money, transaction history

Ready for: BaaS integration, compliance review, pilot launch.

Proposed Partnership Model

Phase 1: Pilot (3 months)

- 200 users, 20 merchants in Oslo
- Sparebanken provides sandbox BaaS environment
- Drop handles all development and user acquisition
- Joint compliance review

Phase 2: Launch (6 months)

- Full rollout in Oslo, Bergen, Trondheim
- Marketing co-funded (Drop leads, Sparebanken contributes brand)
- Target: 1,000 users, 80 merchants

Phase 3: Scale (12+ months)

- Nationwide rollout
- Additional corridors
- Cross-sell Sparebanken products to Drop users
- White-label option for other banks

About ALAI Holding AS

ALAI Holding AS is an AI-native digital agency based in Norway. We build software, design, and infrastructure — powered by AI at every level.

- **Team:** Lean, AI-augmented (lower costs, faster iteration)
- **Track record:** Shopify integrations, web platforms, API development
- **Approach:** Ship fast, iterate with real users, data-driven decisions

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Next Steps

1. **Intro meeting** — 30 min, virtual or in-person
2. **Technical deep-dive** — Drop architecture + Sparebanken BaaS capabilities
3. **Compliance review** — Joint assessment of regulatory requirements
4. **Pilot agreement** — Terms for Phase 1

We're ready when you are.

Features, Merchants & Rates

Drop — Merchant, Recipients & Rates

> **Note (2026-02-14):** This document predates the current architecture. Drop now uses a **pass-through PSD2 model** (PISP/AISP) — Drop NEVER holds customer money. Some sections below reference wallet/balance concepts from the earlier BaaS design. The current architecture is defined in [architecture-document.md] and [Drop CLAUDE.md].

1. Recipients

Data Model

```
interface Contact {
  id: string;
  name: string;
  iban: string;
  avatar: string;  // 2-char initials
}
```

Current Implementation

Sample contacts (hardcoded in `src/app/send/page.tsx`):

Name	IBAN	Country
Sara M.	DE89370400440532013000	Germany
Amir K.	FR7630006000011234567890189	France
Lejla H.	AT611904300234573201	Austria

Mock contacts (`src/lib/mockData.ts`):

Name	IBAN	Country
John Doe	DE89 3704 0044 0532 0130 00	Germany
Jane Smith	FR76 3000 6000 0112 3456 7890 189	France
Mike Wilson	GB29 NWBK 6016 1331 9268 19	UK

RecipientStep UI (`src/app/send/page.tsx`)

- Search bar (filters by name or IBAN)
- Contact list with avatar, name, truncated IBAN
- "Add new recipient" button (placeholder — not wired)
- Click to select → moves to AmountStep

Send Money Flow (6 steps)

```
RecipientStep → AmountStep → ConfirmStep → Processing → Success/Error
```

1. **Recipient** — select from contacts or search
2. **Amount** — input + quick buttons (€10, €50, €100, €200) + optional note
3. **Confirm** — review: amount, recipient, IBAN, note, fee (Free)
4. **Processing** — loading animation
5. **Success** — confirmation with amount and name
6. **Error** — message + retry

API: Send Money

```
POST /api/transactions
Authorization: Bearer <jwt>
Body: { toIban: string, amount: number, reference?: string }
```

Validations:

- Required: `toIban`, `amount`
- `amount > 0`
- Balance sufficient
- Creates `SepaCredit` transaction with direction `Debit`
- Updates account balance atomically

Future (not yet implemented)

- Add/edit/delete saved recipients
- Favorite/frequent contacts
- Import from phone contacts (mobile app)
- Recipient groups

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2. Merchant Payments

Current State: Demo Only

Merchant payments exist as:

- `CardTransaction` type in schema
- `simulatePurchase()` method in AppContext (no-op, logs to console)
- Demo buttons on dashboard: "Netflix €9.99", "Groceries €45"

Transaction Types

Type	Direction	Use Case
`SepaCredit`	Debit	Outgoing SEPA transfer
`SepaDebit`	Credit	Incoming SEPA transfer
`CardTransaction`	Debit	Card purchase at merchant

AppContext Method

```
const simulatePurchase = async (amount: number, merchant: string) => {
  // No-op — no API route for card purchases yet
  console.log("[AppContext] simulatePurchase not implemented:", { amount, merchant });
  return { id: 'demo_auth', amount, merchant };
};
```

Stripe Issuing Mock (`src/lib/services/mock-stripe.ts`)

Card authorization logic:

- Checks card status (active)

- Checks spending limit (`spending_limit` vs `spent_this_month + amount`)
- Returns approved/declined
- Physical card ordering supported

Transaction Display (`src/components/TransactionItem.tsx`)

Shows for each transaction:

- Icon (emoji for type)
- Description (merchant name or counterparty)
- Date (formatted)
- Amount (green for incoming, gray for outgoing)

Future (post-MVP)

- Merchant directory/discovery
- Bill pay integration
- Recurring payments to merchants
- Purchase categorization (AI)
- Merchant notifications

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3. Rates, Fees & Limits

Currency

MVP: EUR only (single account)

Formatting (`src/lib/mockData.ts`):

```
formatCurrency(amount, currency = "EUR")
// Uses Intl.NumberFormat("de-DE") → "€1.234,56"
```

Fees

Transaction Type	Fee
SEPA transfer	Free
Card top-up	Free

Transaction Type	Fee
Card payment	Free (interchange 0.2-0.3% from merchant)

All transfers show "Free" in the UI confirmation step.

Transfer Limits (from MVP spec)

Type	Daily	Monthly
Internal P2P	€5,000	€20,000
SEPA	€2,000	€10,000

Top-up Limits

Parameter	Value
Minimum	€5
Maximum	€10,000
Preset options	€20, €50, €100, €200, €500

Card Spending

Parameter	Value
Monthly limit (default)	€5,000
Tracked via	`spent_this_month` column

Revenue Model (post-MVP)

Stream	Rate
Interchange fees	0.2-0.3% of card transactions
FX markup	0.5-2% on currency conversion
Premium subscription	€5-15/month
Interest income	On deposits
Lending	Personal loans, BNPL, overdrafts

Multi-Currency (Future)

- Additional currency accounts (GBP, USD, etc.)
- Real-time FX rates display
- FX conversion with 0.5-2% markup
- Currency selection at transfer time

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4. Database Schema Reference

transactions

```
CREATE TABLE transactions (
  id TEXT PRIMARY KEY,
  account_id TEXT NOT NULL REFERENCES accounts(id),
  type TEXT NOT NULL,        -- SepaCredit | SepaDebit | CardTransaction
  amount REAL NOT NULL,
  currency TEXT DEFAULT 'EUR',
  direction TEXT NOT NULL,   -- Credit | Debit
  status TEXT DEFAULT 'Pending',  -- Pending | Booked | Rejected
  counterparty TEXT,         -- Recipient IBAN or merchant name
  reference TEXT,            -- Payment note
  created_at TEXT DEFAULT (datetime('now'))
);
```

accounts

```
CREATE TABLE accounts (
  id TEXT PRIMARY KEY,
  user_id TEXT NOT NULL REFERENCES users(id),
  iban TEXT UNIQUE NOT NULL,   -- Format: BA393912XXXXXXXX
  bic TEXT DEFAULT 'FONLBA22',
  currency TEXT DEFAULT 'EUR',
  balance REAL DEFAULT 0,
  status TEXT DEFAULT 'Opened',
  created_at TEXT DEFAULT (datetime('now'))
);
```

cards

```
CREATE TABLE cards (
  id TEXT PRIMARY KEY,
  user_id TEXT NOT NULL REFERENCES users(id),
  type TEXT NOT NULL DEFAULT 'virtual',
  brand TEXT DEFAULT 'Visa',
  last4 TEXT NOT NULL,
  exp_month INTEGER NOT NULL,
  exp_year INTEGER NOT NULL,
  status TEXT DEFAULT 'active',
  spending_limit REAL DEFAULT 5000,
  spent_this_month REAL DEFAULT 0,
  cardholder_name TEXT,
  created_at TEXT DEFAULT (datetime('now'))
);
```

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5. Open Tasks (Related)

Task	Priority	Description
#191	HIGH	Wire /send page to /api/transactions/remittance
#192	HIGH	Wire /scan page to /api/transactions/qr-payment
#193	HIGH	Wire /merchant page to real APIs
#198	LOW	Delete mock-data.ts and orphaned components