

# SpareBank1 Partnership Pitch

## Drop x Sparebanken — Partnership Proposal

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### 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.

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### 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
<b>Open Banking (PSD2)</b>	AISP (account information) and PISP (payment initiation)
<b>KYC/AML infrastructure</b>	Compliant onboarding for users and merchants
<b>Payment rails</b>	Settlement, SEPA, domestic transfers
<b>Regulatory umbrella</b>	Operate under Sparebanken's licence (agent model)
<b>Trust</b>	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
<b>Drop</b>	<b>Yes (cheap)</b>	<b>Yes (cheap)</b>	<b>Yes (core)</b>	<b>Available</b>

**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
<b>NOK → RSD/BAM corridor</b>	Not supported	Core feature
<b>NOK → PKR corridor</b>	Limited, poor rates	Supported
<b>Cross-border fee</b>	3-5% + currency markup	0.5% flat
<b>Receiver requirement</b>	Must have PayPal account	No app needed — bank transfer or cash pickup
<b>In-store QR payment</b>	Not available in Norway	Core feature (1% merchant fee)
<b>Target audience</b>	No — generic global	Yes — built for everyone in Norway
<b>Norwegian language</b>	Partial	Full (nb/nn)
<b>Local bank partner</b>	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
<b>Remittance</b>	Person-to-person only (both need account)	Receiver needs NO app
<b>Fee</b>	0.5-1.5% + weekend markup	0.5% flat, no markup
<b>Merchant payments</b>	Limited (no QR in Norway)	QR code — 1% fee
<b>Regulatory</b>	Lithuanian banking licence	Norwegian bank partner (proposed)
<b>Community</b>	Generic fintech	Local community, word-of-mouth growth
<b>Cash pickup</b>	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
<b>Fee</b>	0.7-1.5% (variable)	0.5% flat
<b>QR payments</b>	None	Core feature
<b>Merchant services</b>	None	Dashboard, settlement, QR
<b>Norwegian presence</b>	No local office or support	Norwegian company, Norwegian bank
<b>Community features</b>	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
<b>Licence</b>	SpareBank 1 holds the licence; Drop operates as registered agent
<b>Regulator</b>	Finanstilsynet (Norwegian FSA)

Aspect	Approach
<b>EU Directive</b>	PSD2 compliant — Strong Customer Authentication (SCA)
<b>Pass-through</b>	Drop never holds customer money — PISP/AISP via Open Banking
<b>Reporting</b>	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
<b>User onboarding</b>	ID verification via BankID or passport + selfie
<b>KYC provider</b>	Flexible — Sumsub, Onfido, or SpareBank 1's existing KYC system
<b>Risk scoring</b>	Automatic risk assessment at onboarding based on country, amount, frequency
<b>Transaction monitoring</b>	Real-time screening against sanctions lists (EU, UN, OFAC)
<b>Suspicious Activity Reports (SAR)</b>	Automated flagging + manual review, reported to Enheten for finansiell etterretning (EFE)
<b>PEP screening</b>	Politically Exposed Persons check at onboarding and ongoing
<b>Transaction limits</b>	Tiered limits based on KYC level (basic: 10,000 NOK/month, full: 50,000 NOK/month)
<b>Record keeping</b>	All KYC data and transaction records stored for minimum 5 years per hvitvaskingsloven

## Data Protection & Privacy

Aspect	Implementation
<b>GDPR compliance</b>	Full — data processing agreement (DPA) with SpareBank 1
<b>Data residency</b>	All user data stored in EU/EEA (Norwegian data centres preferred)
<b>Encryption in transit</b>	TLS 1.3 for all API communication
<b>Encryption at rest</b>	AES-256 for stored personal data and credentials

Aspect	Implementation
Data minimisation	Only necessary data collected per GDPR Art. 5(1)(c)
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 <code>npm audit</code> 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
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

# 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.

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# 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

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# 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.**

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