

# Using alternative data to bring the underserved into the Italian formal economy



IncludiMI

## Author

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## Background

Almost two billion people worldwide are ‘unbanked’, with reduced access to financial services and credit. A smaller number have no bank accounts at all. Although most unbanked citizens live in developing countries, many people in Europe are also affected by underbanking.

Experian, a renowned credit reporting company, together with the Italian microfinance NGOs Microfinanza e Sviluppo Onlus and Microlab, launched an initiative to promote the financial inclusion of vulnerable groups in Italy.

The partners chose TESOBÉ to deliver a Minimum Viable Product (MVP) of a Personal Finance Management app to help the underbanked access financial services.



## Implementation

As a fundamental part of the project, TESOBÉ developed an application to enable the systematic recording of income and expenses in order to calculate an alternative credit score, known as an **affordability score**.

The project initially targets three segments of consumers:

- 1 Foreign caregivers
- 2 NEET (Not in Education, Employment or Training) and
- 3 Survivors/victims of violence.

Experian chose TESOBÉ to gain access to Open Bank Project software, which ensured the development and operation of the app through an existing open source platform, as well as easy integration with Experian services. TESOBÉ’s open source platform facilitated the development of the app at an affordable price while ensuring product quality.

The platform was built on an existing open source OBP application called SoFit, which allows end-users to share their banking data in real time in order to access better financial services. For this project, SoFit was modified to allow users to manually input their transactions, giving them a better view of their finances without needing to connect to a bank account.

The TESOBÉ team translated the application into Italian to better reach the selected target groups.

The user interface design was adapted to make data entry as simple as possible for the target groups. IncludiMI aggregates and breaks down the transactions based on different income and expense categories. The app dashboard provides statistics filtered by category, as well as the calculated alternative credit score (5-point rating).

#### About TESOBÉ & the Open Bank Project

TESOBÉ is a Germany-based boutique consultancy specialised in Open Banking. TESOBÉ assists regulators, banks, and non-profit organisations around the world in executing proven and effective API strategies by providing a unique blend of tools, expertise and access to a global FinTech community. TESOBÉ started its Open Bank Project initiative in early 2010 and believes that open financial data and services can raise the bar of financial transparency as well as unlock enormous potential for innovation.

#### About Microfinanza

Microfinanza is a financial services company focussed on offering microfinance to individuals and small businesses lacking access to conventional banking and related services.

#### About Experian

Experian is a multinational credit report company. For more than 125 years, they've helped individuals take financial control and access financial services and have supported businesses in making smarter decisions and thriving. Experian enables lenders to lend more responsibly and helps organisations prevent identity fraud and crime.

In addition to developing the application, TESOBÉ also ran workshops to provide guidance to the development of credit scoring and profile completeness algorithms. The team continues to provide ongoing support via online channels and app maintenance.

## Outcomes

After six months of planning and development, TESOBÉ uploaded and published the IncludiMI app on the Google Play Store. The store listing attracted approximately 2,000 downloads in little over one month, exceeding Experian's expectations.

*“Financial well-being is linked to knowledge and awareness in the use of money and financial services”*

*“And we know data is at the core of this, which is why we needed an app to reach vulnerable groups. The OBP platform is a promising choice for such projects. Aside from being open source and feature-rich, the team also has significant expertise in this area and tends to design for financial inclusion.”*

**Giampietro Pizzo**, President of Microfinanza

*“Our contribution to financial inclusion is really to provide a best-of-breed open source API platform, applications and tools which allows companies large and small to innovate on behalf of the public in a secure and cost-effective manner.”*

*“As an end user, you have the confidence that the software you use can be inspected by independent experts and by yourself if you so wish.”*

**Simon Redfern**, CEO of TESOBÉ and Founder of the Open Bank Project.

## Contact

For more information on the Open Bank Project, or if you want to innovate for financial inclusion, please contact us at:

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