

I'M A BUSINESS OWNER.
EXTRABANCA TRUSTED ME AND GAVE
ME THE CHANCE TO EXPAND MY
BUSINESS. NOW I HAVE TWO STORES
AND SEVEN EMPLOYEES.

Wilson - Man, 38 - Honduras

A BRIDGE TOWARDS INCLUSION

 EXTRABANCA
you're welcome



HUMAN™
FOUNDATION



A BRIDGE TOWARDS INCLUSION

 EXTRABANCA
you're welcome

“Financial inclusion is an essential part of immigrant integration”

A. Orlandini - *President of ExtraBanca*

SOCIAL VALUE

INTERNATIONAL

Statement of Report Assurance

Social Value International certifies that the report "A Bridge Towards Inclusion", by Filippo Montesi, published in August 2018, satisfies the requirements of our report assurance process.

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Awarded 10 September 2018



Ben Carpenter
Acting Chief Executive Officer
Social Value International



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INTRODUCTION



Social Return on Investment

INTRODUCTION

The integration of immigrants into our society is an issue of great topical interest that is strategically important for our future. **Financial inclusion and credit access** are essential aspects for generating positive social integration paths. **The migratory flows** that have been arriving in Italy for many years increasingly affect the **demographic balance** and the sustainability of the social security system. It is in this context of great change that **Extrabanca's activities** can be found. Since the Bank was founded in 2010, its mission has been to meet the financial needs of migrants.

With its newly created supply system, Extrabanca presents itself to the immigrant community as the intermediary best suited for guidance along the path of **financial inclusion**.

In light of our mission, Extrabanca decided to put **Human Foundation** in charge of this **forecast SROI assessment** in order to better understand the social impact of its activities.



Filippo Montesi

Evaluation Manager of Human Foundation

ACKNOWLEDGEMENTS

The evaluation has benefited from the support of Federico Mento, Nicola Cabria and Francesca Broccia, who contributed to data collection and provided insightful comments.



RESEARCH QUESTIONS:

WHAT DO THE ORGANIZATION'S ACTIVITIES CONTRIBUTE TO THE FINANCIAL INTEGRATION PATHS OF THE CLIENTS AND THEIR FAMILIES?

WHAT IMPACT DO THE PRODUCTS AND SERVICES HAVE ON THE QUALITY OF LIFE OF THE CLIENTS AND THEIR FAMILIES?

The report examines the changes produced on clients' lives by Extrabanca activities.

The analytical perspective adopted hinges upon the importance of having access to basic financial activities such as managing one's money and obtaining forms of credit. In most cases, these services become the basis for the construction of **real life projects**. Being able to access

and use these services affects the daily life of individuals as well as families contributing, where conditions allow, to an increase in their **integration level** by helping to build a sense of belonging to regions and communities where they live and work. In this way, the report is a first step towards the systematisation, analysis and quantification of **the social impact produced** by the financial activities of Extrabanca.

THE SOCIAL RETURN ON INVESTMENT IS A METHODOLOGY ABLE TO ASSIGN A QUANTIFIED MONETARY VALUE TO THE SOCIAL VALUE GENERATED BY AN ORGANIZATION'S ACTIVITIES.

This evaluation has used the methodology called **Social Return on Investment (SROI)**, which is based on the mapping of the changes that an organization produces in the short, medium, and long term, highlighting both positive and negative and expected

and unexpected impacts. Once the mapping has been done, it is possible to put a **financial value** on each outcome and therefore **determine the total monetary value and compare it with the investment.**



SROI IS A METHODOLOGY BUILT TO HIGHLIGHT AND QUANTIFY THE MATERIAL EFFECTS ON PARTICULAR STAKEHOLDERS OF AN INITIATIVE OR AN ACTIVITY.

PRINCIPLES

INVOLVE THE STAKEHOLDERS.

26 Extrabanca's clients have been interviewed in the Milan and Rome branches.

UNDERSTAND WHAT HAS CHANGED

The analysis work has focused on the material changes that happened in the lives of the stakeholders/clients thanks to Extrabanca's products and services.

CONSIDER WHAT COUNTS

Several elements have been included in the SROI assesment in order to analyse various dimensions of the migrant's financial inclusion in the receiving society.

INCLUDE WHAT IS MATERIAL

The choice of the sensitive information and data at the basis of the assessment has been made trying to include only the information necessary for the reader's and stakeholder's comprehension.

NOT OVER CLAIMING

The assessment of the described outcomes also included the contributions of other organizations. Extrabanca's contribution has been analyzed through the lens of what would have happened without its interventions.

TRANSPARENCY: IN THE REPORT ARE EXPLAINED ALL THE PROCEDURES AND METHODOLOGICAL SOLUTIONS WE APPLIED FOR THE CALCULATION OF THE SROI RATIO.

- ▶ **STEP 1**
ESTABLISHING THE SCOPE AND IDENTIFYING THE KEY STAKEHOLDERS
- ▶ **STEP 2**
MAPPING THE OUTCOMES
- ▶ **STEP 3**
EVIDENCING THE OUTCOMES AND GIVING THEM A VALUE
- ▶ **STEP 4**
ESTABLISHING IMPACT
- ▶ **STEP 5**
CALCULATING THE SROI
- ▶ **STEP 6**
REPORTING, SHARING AND SPREADING THE RESULTS

THE SROI OF EXTRABANCA

The following assessment is a forecast SROI, i.e., an assessment that values and predicts ex-ante the social value of the expected results deriving from an intervention or an organization. The assessment serves to calculate the social impact of Extrabanca's products on its clients, migrants in particular. The aim is to understand how Extrabanca's activities contribute to the integration path and the personal development of its clients.

In this regard, SROI concentrates on Extrabanca's clients, analysing how products and services offered by the Bank are able to lead to an increase in the migrants' level of financial inclusion in Italy. As stated in the 4th CESPI report (2015), migrant banking in Italy represents the cornerstone of the process of financial inclusion: it is a point both of arrival and of departure as it allows clients to access products and services.

THE ANALYSIS USED SEVERAL SOURCES:



EXTRABANCA'S OFFICIAL DOCUMENTS
USEFUL FOR UNDERSTANDING THE BANK'S PRODUCTS
AND THE CLIENT TYPES



BIBLIOGRAPHICAL RESEARCH
ESSENTIAL FOR BETTER UNDERSTANDING THE CONTEXT IN WHICH
EXTRABANCA OPERATES AND FOR SUPPORTING THE PROCESS
OF IMPACT MEASUREMENT



RESEARCH AT THE BRANCHES
IMPORTANT FOR THE OPPORTUNITY TO MORE THOROUGHLY APPRAISE THE
SOCIAL IMPACT OF THE BANK'S ACTIVITIES BY SPEAKING DIRECTLY
TO THE CLIENTS

**EXTRABANCA,
AN EXTRAORDINARY
BANK**

EXTRABANCA'S VALUE PROPOSITION

EXTRABANCA **AN EXTRAORDINARY BANK**

Extrabanca is the only Italian Bank whose specific mission is oriented towards the satisfaction of the economic and financial needs of the immigrants residing in Italy. Founded in 2010, Extrabanca today has five branches in Italy and its clients are individuals, families and enterprises of more than 20 different nationalities.

MILANO 1

Via Giovanni Battista Pergolesi 2/A, 20124 - Milano

 0039 02 277 276 10

MILANO 2

Via Bramante 7, 20154 - Milano

 0039 02 872 505 40

BRESCIA

Corso Giuseppe Garibaldi 28, 25122 - Brescia

 0039 03 029 123 11

PRATO

Via Paronese 118, 59100 - Prato (PO)

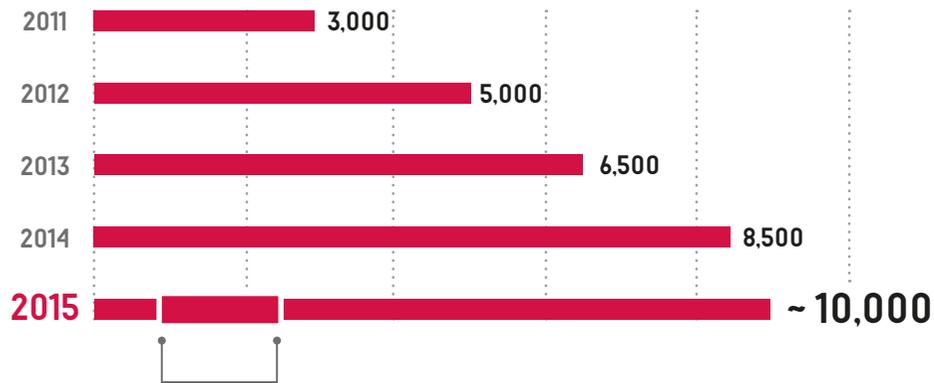
 0039 05 747 364 11

ROMA

Piazza Vittorio 100, 00185 - Roma

 0039 06 792 501 44

NUMBER OF CLIENTS STEADILY INCREASING



17% REPRESENTS ENTERPRISES OWNED BY IMMIGRANTS (8 OUT OF 10)

SOME NUMBERS

-  **7,783** PRIVATE INDIVIDUALS
-  **1,569** ENTERPRISES
-  **570** JOINT ACCOUNT
-  **2,939** FEMALES
-  **4,274** MALES

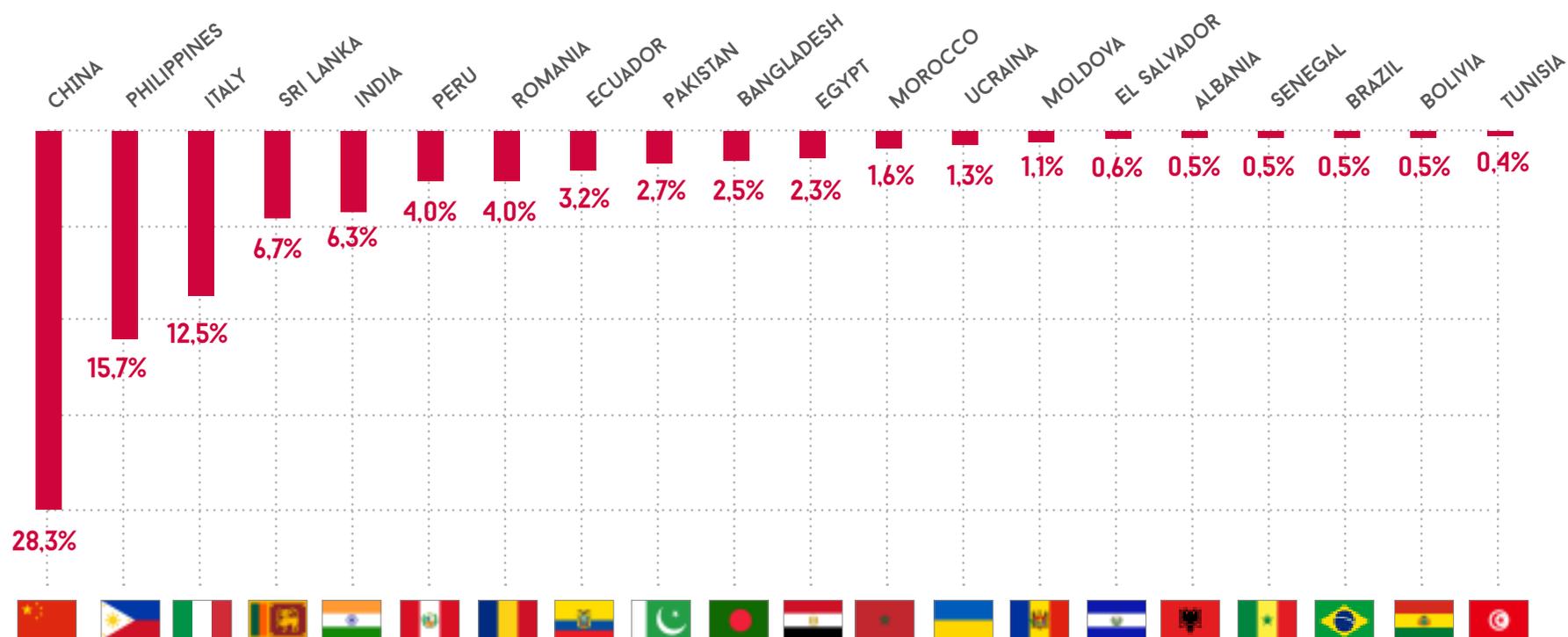


THANKS TO EXTRABANCA I CAN PAY MY THREE CHILDREN'S UNIVERSITY FEES AND HOPE FOR A BETTER FUTURE FOR THEM.

Regine - Woman, 46 - Philippine

THE BANK OFFERS SERVICES AND PRODUCTS PROMOTING SOCIAL INTEGRATION

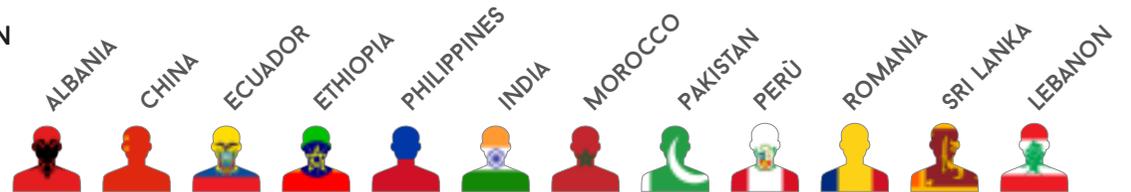
COUNTRY OF ORIGIN OF EXTRABANCA'S CLIENTS



WITH A **MULTICULTURAL** WORK-TEAM



COUNTRY OF ORIGIN
OF EXTRABANCA'S
EXPERTS



OTHER BANKS SOUND LIKE DOCTORS AND I NEVER QUITE UNDERSTOOD THE PRODUCTS AND SERVICES OFFERED. AT EXTRABANCA I MET A SRI LANKAN CONSULTANT WHO SPEAKS MY LANGUAGE

Banduka - Man, 37 - Sri Lanka

PEOPLE AND ENTERPRISES THAT OTHER BANKS HAVE REJECTED

ExtraBanca “is the first Italian Bank created to serve foreign nationals residing in Italy as well as Italians who believe in the values of **multiculturalism** and **social integration**. It is not just a credit institution. It is also a company that offers a set of services whose goal is to foster the **economic development** and **social integration** of this part of the population, which is making increasingly significant contributions to the country’s growth”. *(from the website www.extrabanca.com).*

To do this, the Bank makes **getting credit** easier by not only analysing their **clients’ financial** situation, but also their **personal** and credit history.

Which factors influence the Bank’s choices?



A FAMILY IN ITALY



THE DESIRE TO START AN ENTERPRISE



A TRACK RECORD OF PAST FINANCING



A DEFINITE PLAN FOR ONE'S FUTURE AND THAT OF ONE'S FAMILY

ACCESSIBILITY

EXTENDED OPENING HOURS
SATURDAYS OPEN



LISTENING

SUBSTANTIAL INVESTMENT IN THE
RELATIONSHIP WITH CLIENTS



*Has created an ad hoc model aimed at accompanying
clients in their personal developments projects*

SIMPLICITY

LIMITED NUMBER
OF PRODUCTS



WELCOMING

HELPFUL AND
MULTILINGUAL STAFF





A SERVICE MODEL BASED ON LISTENING...

This means investing in **contact** with the client and in the creation of a relationship through **multilingual documentation** as well as having a staff willing to accompany foreign nationals along the path of financial education and literacy by organising events

centred on specific themes. **Art exhibitions, conferences, and debates** transform the branch office into a space for **integration**, a meeting place that allows clients to share their daily problems and expectations and hear others' ideas and proposals.

I MET EXTRABANCA
THANKS TO SOME
OF MY SRI LANKAN
FRIENDS. I FEEL AT
EASE HERE BECAUSE
THEY UNDERSTAND
WHAT I NEED.

Velatancride - Woman, 52 - Sri Lanka





...ON WELCOMING...

A working team made up of 78 professionals, **50% of whom are foreign** and come from **13 different nations**. The Bank staff appreciates the differences between the various communities

and understands the specific needs of each one. Even the spatial organization of the branch offices is **welcoming**, and was especially designed to make clients feel comfortable.



THANKS TO EXTRABANCA
I HAD ACCESS TO TWO
LOANS IN FOUR YEARS.
I UNDERSTAND HOW
PRODUCTS WORK
BECAUSE I CAN SPEAK
PHILIPPINE OR ENGLISH.

Maloy - Woman, 35 - Philippine



...ON SIMPLICITY...

This is shown by an offer of just **50 products** that are easy to explain and easy for the client to understand, and comes with a transparent pricing structure. 80% of clients use only 20% of the products available.

Extrabanca's first goal is to **make credit access easier** by considering not only automatic scoring parameters but also **clients' personal and credit history**.

IT WAS EASY TO ASK
EXTRABANCA FOR
FUNDING. THEY
SPOKE PLAINLY AND I
UNDERSTOOD IMMEDIATELY
HOW IT WORKED.

Maria - Woman, 45 - Perú





...ON ACCESSIBILITY.

Accessibility is possible on both a daily basis, with the Bank's extended opening hours, and a weekly one, with the branches open **from Monday to Saturday**. Branch hours are designed to meet the different needs of local areas and migrant communities.

Lack of barriers: there are no metal detectors or security guards checking the entrance. Close seating arrangements **encourage dialogue between consultants and clients:** they sit and talk at semi-circular stations where clients' families can also be present.



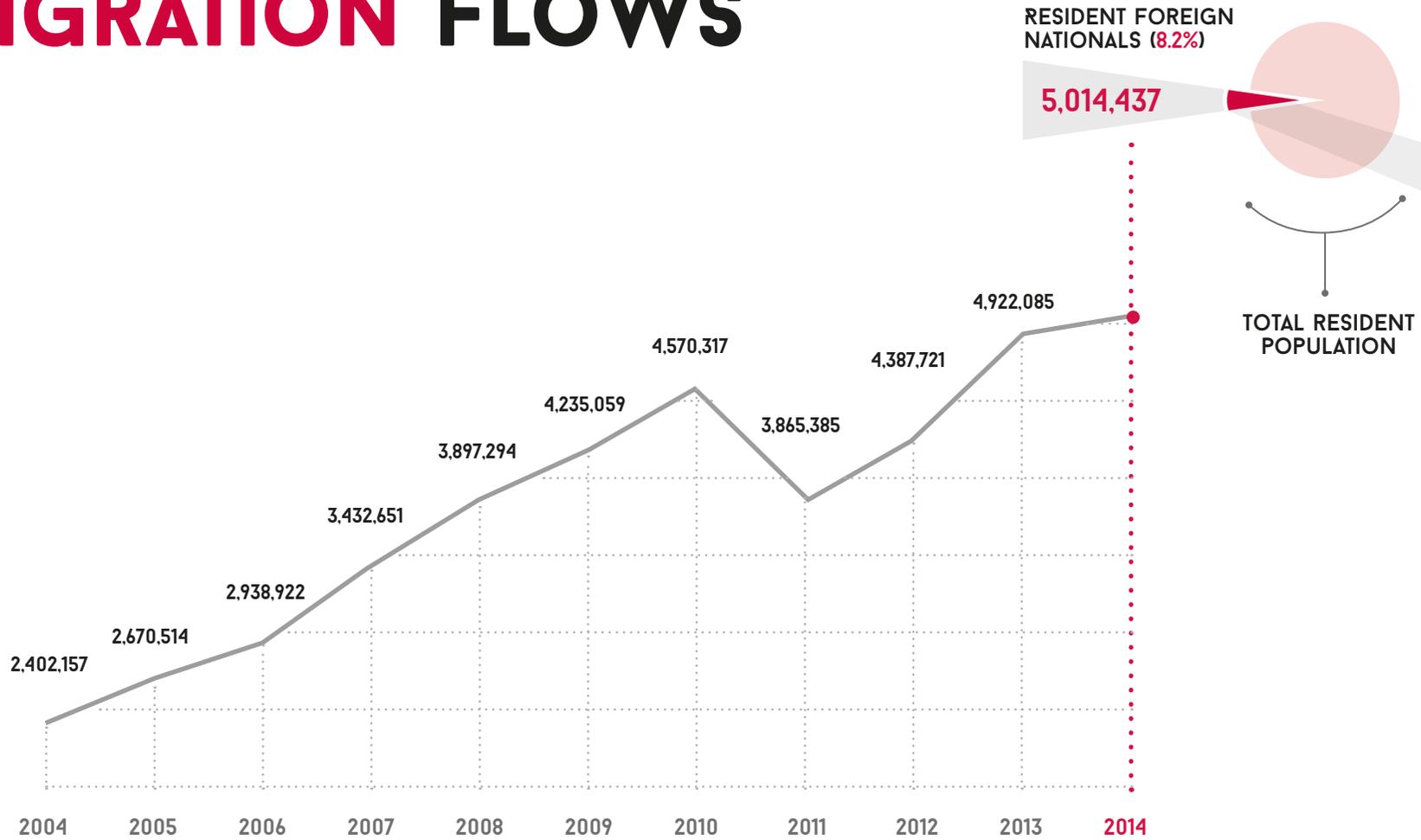
**EXTRABANCA HELPS ME
TO MANAGE MY SALARY.
NOW I FEEL LIKE I'M
ABLE TO MANAGE MY
FINANCES WELL.**

Rachelle - Woman, 53 - Philippine

IMMIGRATION IN ITALY

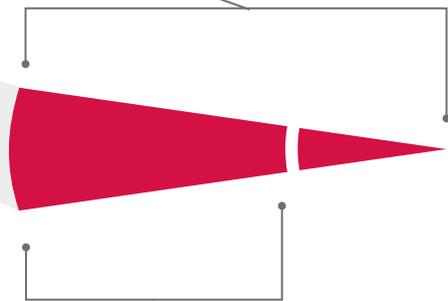
MIGRATION FLOWS

Idos, (2015), Immigrazione Dossier Statistico

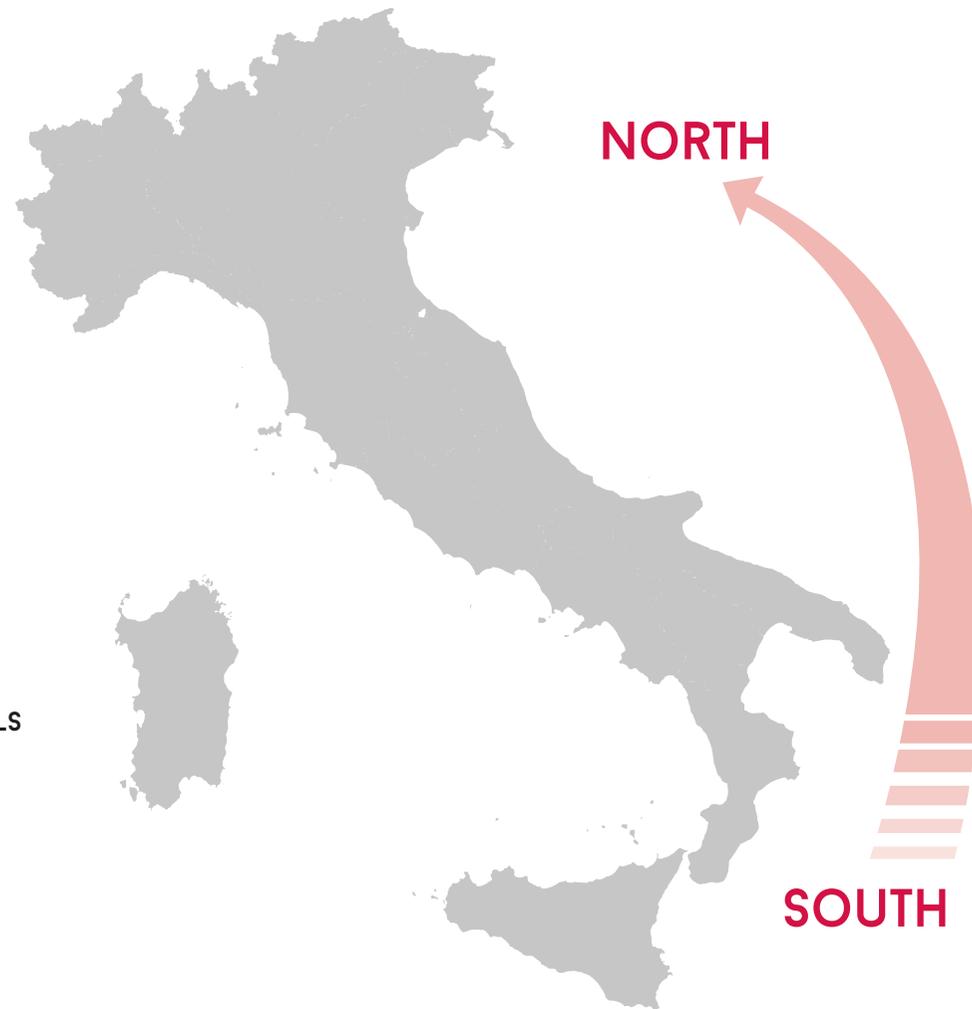


STEADY RISE OF IMMIGRATION IN ITALY

FOREIGN NATIONALS FROM
200 DIFFERENT NATIONS MAKE UP
8.2% OF THE TOTAL RESIDENT
POPULATION IN ITALY



84.8% OF THE RESIDENT FOREIGN NATIONALS
LIVE IN NORTH CENTRAL ITALY



MIGRATION FLOWS GO FROM SOUTH TO NORTH

COMPOSITION OF MIGRATION FLOWS

Istat - rilevazione su popolazione straniera residente; Idos (2015), immigrazione dossier statistico

EUROPE **52.4%**

AFRICA **20.5%**

ASIA **19.3%**

SOUTH AMERICA **7.4%**

NORTH AMERICA **0.3%**

OCEANIA & STATELESS **0.1%**

2014 Data

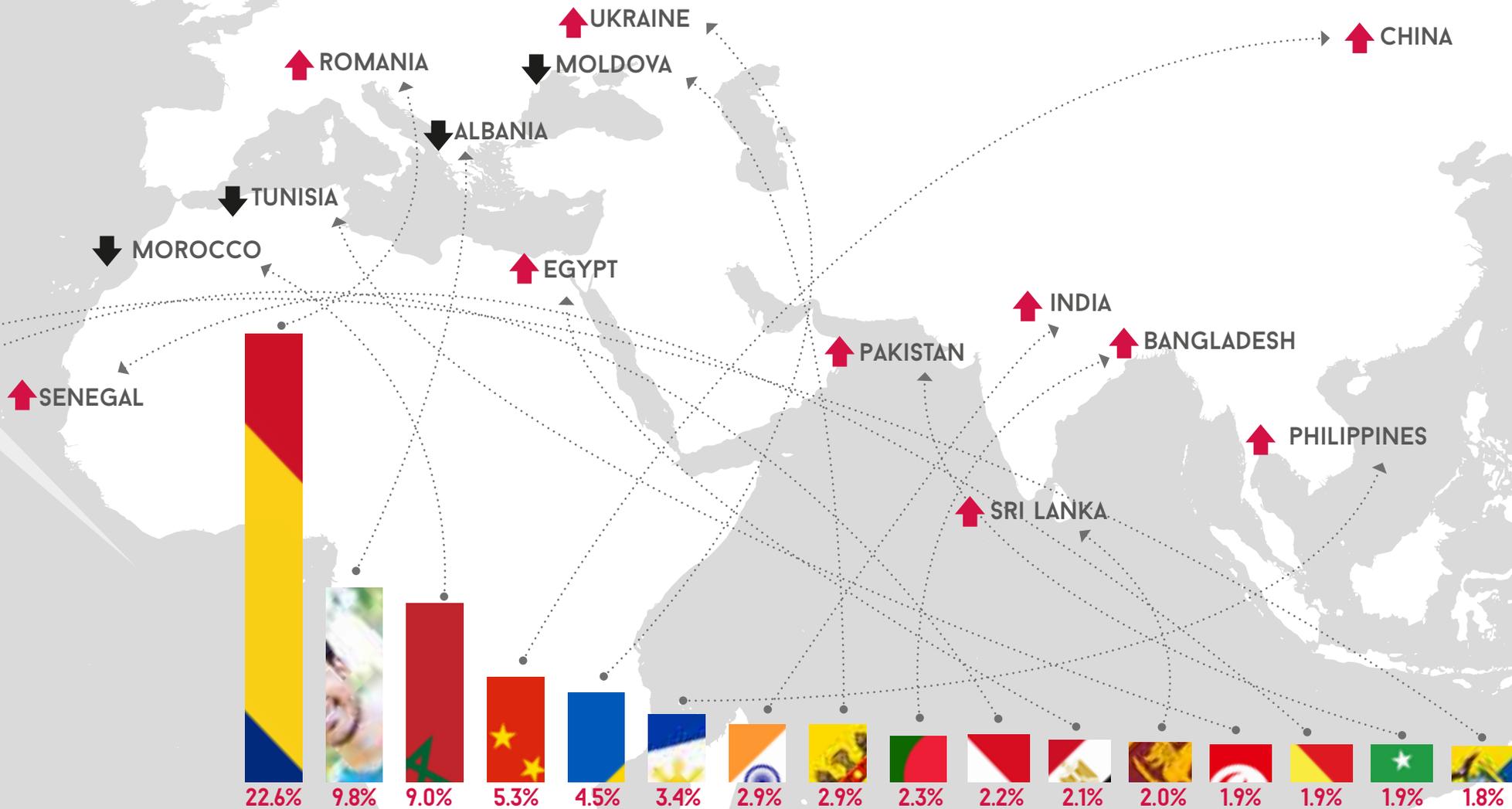
↑ INCREASING
compared to 2013

↓ DECREASING
compared to 2013

↓ ECUADOR

↓ PERU

**AFRICA AND ASIA CONTRIBUTE SIGNIFICANTLY
TO THE MIGRATION FLOW**

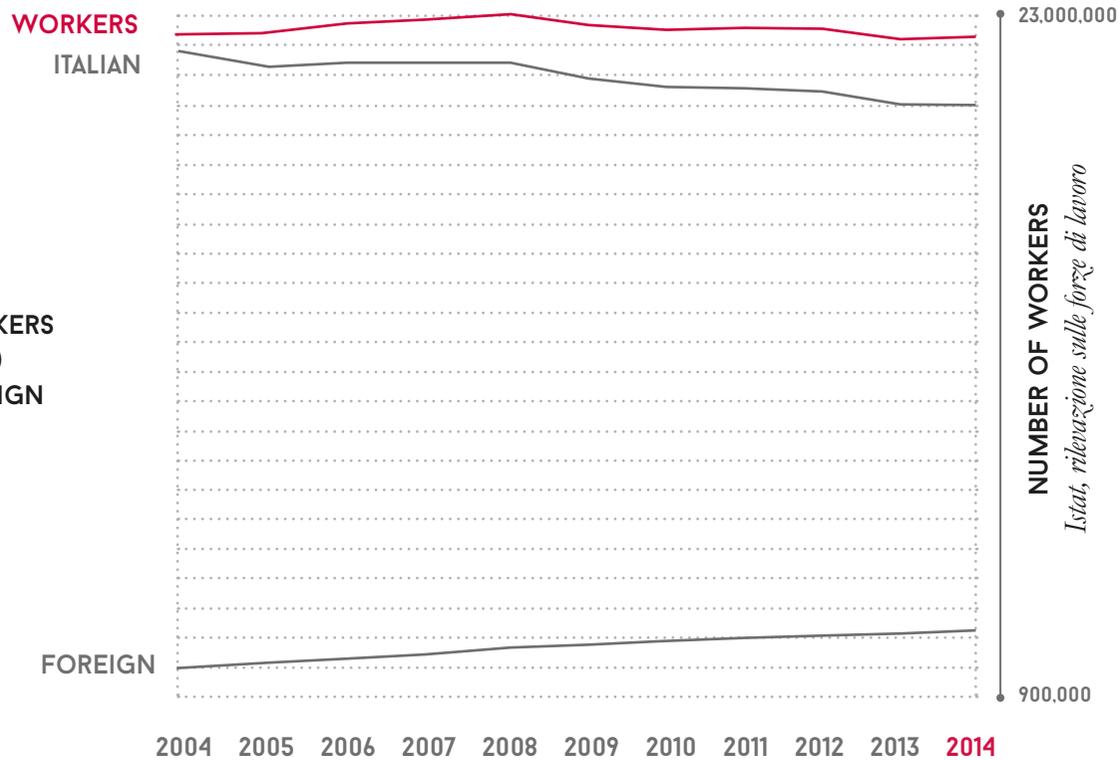


THE 16 NATIONALITIES WITH THE HIGHEST NUMBER OF RESIDENTS IN ITALY REPRESENT 76.5% OF ALL THE FOREIGN NATIONALS IN ITALY

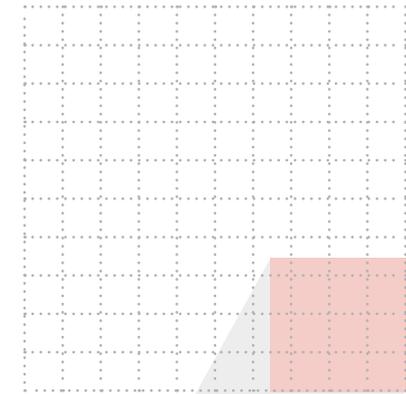
EMPLOYMENT SECTORS

10.3%

OF THE WORKERS
IN ITALY (2014)
ARE OF FOREIGN
ORIGIN



22,279,000 WORKERS



**2,294,737
OF FOREIGN
ORIGIN**

**123 BILLION EUROS IS THE AMOUNT FOREIGN NATIONALS
CONTRIBUTE TO THE ITALIAN GDP**

FOREIGNERS REPRESENT:

2/3 OF CARERS AND DOMESTIC HELPERS 

1/2 OF NON-QUALIFIED STAFF IN RESTAURANTS 

1/3 OF STREET TRADERS, LABOURERS, PORTERS 

THE TYPICAL JOB SECTORS ARE THOSE WHERE THE NATIONAL LABOUR SUPPLY IS INADEQUATE

SECTORS	% FOREIGN WORKERS	GDP* CREATED (MIO€)	%ADDED VALUE PRODUCED BY FOREIGN WORKERS
 SERVICE	45.8%	57,394	6.9%
 MANUFACTURING	18.4%	25,206	9.8%
 CONSTRUCTION	13.3%	16,695	20.3%
 HOTELS AND RESTAURANTS	9.3%	10,634	18.3%
 COMMERCE	8.5%	9,185	6.1%
 AGRICULTURE	4.7%	3,959	14.1%

123,072 OF TOTAL GDP CREATED
(MIO €)

8.8% ADDED VALUE PRODUCED

GDP gross domestic product

Elaborazione Fondazione Leone Moressa su dati Istat (2013)

THE FEMALE MIGRANT COMPONENT

THE FEMALE PERCENTAGE PER COUNTRY OF ORIGIN



IDOS, Dossier Statistico Immigrazione 2015

52.7% OF FOREIGN NATIONALS RESIDING IN ITALY ARE WOMEN

MEN OFTEN WORK IN AGRICULTURE, INDUSTRY OR CONSTRUCTION

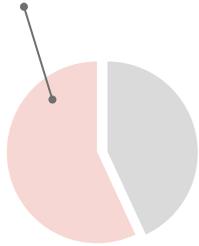


HALF OF THE FOREIGN WOMEN EMPLOYED (46.5%) WORK IN DOMESTIC SERVICES OR FAMILY CARE

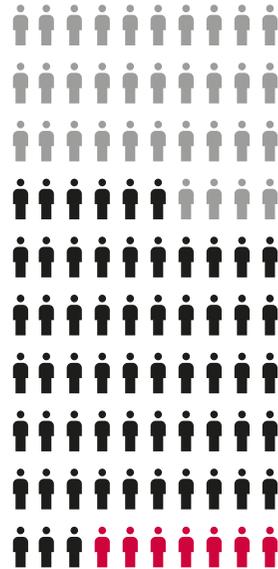
WITHOUT THIS COMPONENT, THE PUBLIC-PRIVATE WELFARE SYSTEM WOULD NOT BE ABLE TO MEET THE **NEEDS FOR ASSISTANCE** OF THE ITALIAN POPULATION

LOW MOBILITY, LITTLE DYNAMISM AND LIMITED CAREER PROSPECTS

65.7% EMPLOYED FOREIGNERS WHO WORK IN THE SERVICE SECTOR (2014)



MORE THAN ONE THIRD OF FOREIGNERS HAVE NON-QUALIFIED JOBS



ONLY 7 OUT OF 100 PRACTISE A QUALIFIED PROFESSION

					TOTAL	
	FOREIGNERS	ITALIANS	FOREIGNERS	ITALIANS	FOREIGNERS	ITALIANS
UNDEREMPLOYED	11.5%	4.3%	13.1%	4.9%	12.2%	4.6%
OVEREDUCATED	34.2%	20.4%	48.9%	21.7%	41.0%	20.9%
MONTHLY NET WAGE	1,106.00	1,471.00	798.00	1,180.00	958.00	1,340.00

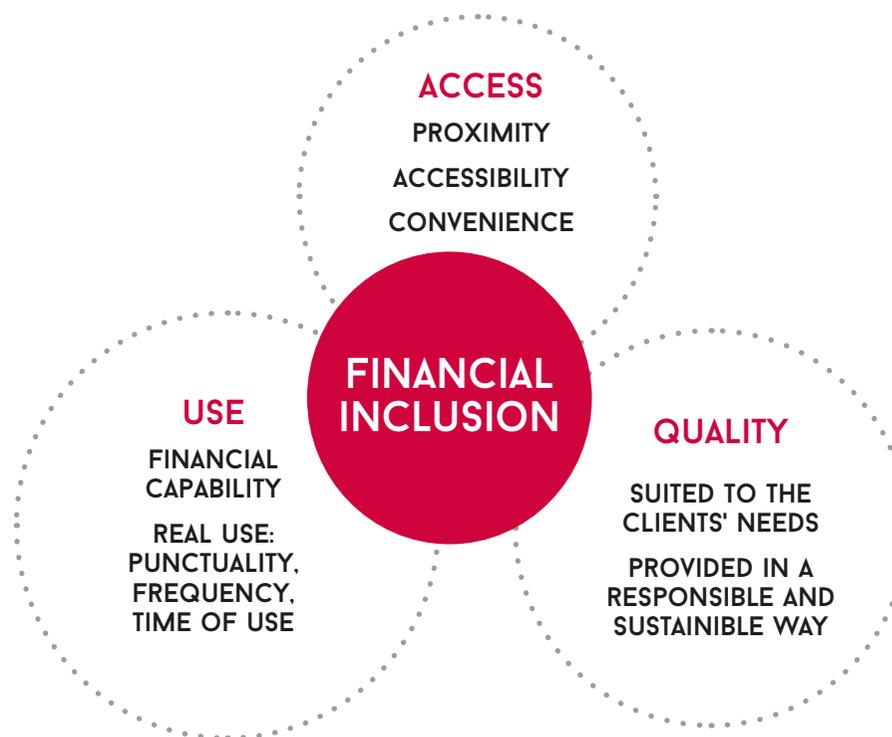
FINANCIAL INCLUSION

FINANCIAL INCLUSION AS ACTIVE PARTICIPATION IN THE ECONOMIC AND SOCIAL LIFE OF THE COMMUNITIES

Together with the social, political and cultural aspect, financial inclusion is essential to the integration and stabilisation process of migrants.

Through **financial inclusion**, migrants can create and carry out a life plan for their families and themselves and, therefore, **participate actively in the local economic life of where they live.**

Financial inclusion is therefore not only a means to access and use banking services and products; *“it is the whole of the activities developed to facilitate the effective access to and use of banking services by those subjects and organizations not fully integrated into the standard financial system. Included are financial services for credit, savings, insurance, payments, money transfers and remittances as well as for small start-ups, and financial education programs and welcoming activities in branches”* (Cespi:2014).



THE BANK AS AN AID IN MAKING A MIGRATORY PROJECT

Beginning and consolidating a lasting relationship with financial institutions play a key role in migrants' **empowerment and integration** and in improving their quality of life.

Today, the Bank furnishes the means for carrying out a number of

daily practices. It also plays an important role in fostering bonds between the country of origin and the receiving country, and in **promoting civil, social and economic rights**.

DATA SYNTHESIS	2010	2011	2012	2013	2014
NUMBER OF BANK ACCOUNTS IN MIGRANT CLIENTS' NAMES	1,782,462	1,921,899	2,440,325	2,433,068	2,427,239
SEGMENT OF INDIVIDUAL CLIENTS (NUMBER OF BANK ACCOUNTS)	1,709,370	1,837,945	2,338,473	2,328,272	2,318,175
SEGMENT OF SMALL BUSINESSES (NUMBER OF BANK ACCOUNTS)	74,237	83,954	101,852	104,797	109,065
BANKING INDEX	61.2%	72.4%	75.37%	74.26%	N.D.
NUMBER OF CREDIT CARDS WITH IBAN (BANKS+ GIRO ACCOUNTS)	N.D.	706,671	884,716	1,087,756	1,226,261

MIGRATORY PATHS

GENERAL SITUATION

FINANCIAL NEEDS

STEP 1 ARRIVING AND ADAPTING

Once in Italy, the migrants' primary concern is to **obtain legal status**. Without any financial history or assets, they run the risk of becoming involved in illegal activities.

They have just enough money for sustenance and for their family in the country of origin. Their first financial need is therefore to **be able to manage their remittances**.

STEP 2 OBTAINING LEGAL STATUS

The migrant has become legal and can now **develop a more structured life plan**.

Remittances, salary management, small savings and first financing.

STEP 3 STABILISING

They have reached a position of greater inclusion and **their standard of living has risen**. They can choose whether to change their migratory path or remain in Italy.

Their financial needs are increasingly complex. Sending money to the country of origin presents fewer problems and there is a greater need for products that deal with managing savings and accessing credit for investing in the country of origin or in the host country. Accessing substantial funding is difficult.

STEP 4 CONSOLIDATION

The migrant has a stable, satisfying job, and may even be a business owner.

At this point, the migrant is **financially independent** and often uses financial channels and credit institutions not intended specifically for migrant needs. He/she needs to manage savings and also gain access to credit in order to start or expand an enterprise and to invest in the country of origin.

IN ORDER TO UNDERSTAND THE RELATIONSHIP BETWEEN FINANCIAL INCLUSION AND SOCIAL INTEGRATION, WE HAVE CREATED A MODEL THAT ILLUSTRATES THE PATH EXPERIENCED BY MIGRANTS FROM THE TIME OF THEIR ARRIVAL IN ITALY TOGETHER WITH THEIR FINANCIAL NEEDS HAS BEEN CREATED.

RELATIONAL PATTERNS

A strong relationship with the native group helps the migrant in terms of finding housing and employment as well as his/her bearings in this new society and land.

Their native groups are still essential for social relations, but the migrants are now more familiar with the services available and the area where they live and work. They can now also start **proceedings for family reunification**.

The migrants have been **reunited with their families** and often have contact with other communities besides their native ones thanks to their jobs and their children's enrolment in local schools.

Their social status has by now been recognised, and they are often in touch with other communities, besides their native one. They now **take part in various social and cultural activities** and contribute to the development of the territory.

BARRIERS

Lacking papers they are excluded from the banking system. Moreover, language and psychological barriers hinder both their access to it and their comprehension of how it works.

Cultural and language barriers begin to crumble, even though they may hinder the full comprehension and use of financial products. Moreover, the **lack of financial history** can still represent an obstacle to credit access.

By now, **they are integrated into the banking system**, and the problems they encounter no longer derive only from the process of integration but also from the socioeconomic situation they find themselves in. Frustration results from not finding work suited more to their ambitions and skills than what the system offers.

Financial difficulties encountered are no longer connected to the migrant's position, as problems with credit access are systemic.

BARRIERS

LONG-TERM BARRIERS TO UNDERSTANDING, EVALUATING AND ACCESSING BANKING PRODUCTS



BUREAUCRATIC

Migrants are often **denied access to financial products and services** because, without assets and a financial history, they do not meet a Bank's usual criteria for allowing such access.



PSYCHOLOGICAL

Fear of being refused and of not being able to understand technical language and procedures may prevent migrants from even attempting to access financial services.



LINGUISTIC

A **limited mastery of Italian** may affect the person's comprehension of financial services and products, adding to the risk of being denied access.



CULTURAL

Having a **different vision of money management** and of relations with financial institutions can also make gaining access to financial products and services more difficult.

FUNCTIONS OF FINANCIAL INSTITUTIONS



MIGRANTS' PERCEPTION OF THE BANK: FROM 2009 TO 2014, AN EVOLUTION IN RANKING OF 4 POSITIONS



Cespi, (2015)

EXTRABANCA, A BANK BEYOND THE BANK

THE DEVELOPMENT MODEL OF EXTRABANCA FORESEES A GROWTH PATH ORIENTED TOWARDS THE BANK BECOMING A POINT OF REFERENCE FOR ITS MIGRANT CLIENTS THAT GOES BEYOND THE ECONOMIC, FINANCIAL ASPECTS.

Migrants have several needs. In addition to financial ones, they also need help of a bureaucratic nature in dealing with admission procedures, and help finding a job and a place to live as well as legal and tax assistance. Extrabanca has started a growth path for the

creation of a number of non-banking products and services aimed at accompanying migrants as they move towards integration, and has invested in innovative responses to the migrants' needs during the first, vulnerable phase of arrival and adaptation.

A MORE THOROUGH KNOWLEDGE OF ITS CLIENTS IS THE BASIS FOR THE EXTRABANCA MODEL

EXTRABANCA IS NOW OFFERING NON-BANKING SERVICES AIMED AT ACCOMPANYING MIGRANTS ON THEIR SOCIO-ECONOMIC PATH



FOCUS ON DIFFERENT MIGRATORY MODELS

Italy has become a laboratory where different migratory patterns have been created and reinforced.

The migratory flow into Italy is made up of people from countries with high levels of emigration as well as people from ones with low levels. And each ethnic community has, over the years, developed its own integration pattern with very specific characteristics. At least in the first phase of their socio-economic path, newcomers tend to replicate their native group's pattern because it is easier for them to follow it and, by doing so, they may find some of the barriers

to inclusion a little lower. The composition of immigration in Italy is highly complex due to the presence of multiple nationalities, with an evolution that has seen a succession of nationalities become dominant and a continuous emergence of new nationalities or ethnicities. The nationalities that make up the migrant population in Italy today differ in terms of occupation and the male-female ratio. There exists a link between job specialization and the country of origin, with some nationalities working mostly in certain fields.

CHINESE MIGRATION AND ENTERPRISES

Self-employment is particularly common among the Chinese population, especially with regard to the migrant one. Since 2008 we have seen an important development in **Chinese enterprises** managed by women, amounting today to about 45.9% of the whole.

The Chinese community is most active in the **manufacturing, commercial** and **restaurant sectors**.



**45.9% OF CHINESE
BUSINESS MANAGERS
ARE WOMEN**



**EXTRABANCA
BELIEVED IN OUR
BUSINESS, FINANCING
THE INVESTMENT
IN OUR NEW STORE
LOCATION.**

Mei - Woman, 32 - China



ALMOST ALL
SOUTHEAST ASIAN
MIGRANTS ARE
YOUNG MALES

SOUTHEAST ASIAN MIGRATION

Almost all **Southeast Asian migrants** are relatively young males. It has been noted that a growing number of these immigrants, in the **process of stabilisation**, have decided to remain in Italy, as testified to by the steady increase in cases of **family reunification**. Most of them work in the **commercial, restaurant and hospitality sectors**. There has been a marked increase in the number of **small enterprises** especially on the part of migrants from Bangladesh.

I LIKE EXTRABANCA
BECAUSE ITS OPENING
HOURS ARE COMPATIBLE
WITH MY JOB. I DON'T
HAVE TO LEAVE WORK
EARLY ANYMORE
TO DO A TRANSACTION.

Bhanu - Man, 30 - Bangladesh



EASTERN EUROPEAN MIGRATION

The **biggest migrant flows** towards Italy originate in **Eastern Europe**, mainly from Romania, Albania, Ukraine, Moldova and Poland.

Romanian and Albanian migrants have a **keen business sense**, particularly with regard to the **construction sector**.



EASTERN EUROPE
REPRESENTS THE **MOST**
IMPORTANT REGION OF
ORIGIN FOR MIGRANTS
TO ITALY



**MY HUSBAND SUFFERS
FROM DIABETES, AND
THANKS TO EXTRABANCA
I CAN SEND HOME
SOME MONEY FOR HIS
MEDICINE EVERY MONTH.**

Yelena - Woman, 52 - Ukraine



THE **SECOND-HIGHEST** NUMBER OF MIGRANTS IN ITALY COME FROM **NORTH AFRICA.**

NORTH AFRICAN MIGRATION

The **second-highest number of migrants** in Italy come from **North Africa.**

The Moroccan community has a long migratory history and a strong **aptitude for business.** It is the **foreign community with the most enterprises in Italy.** The Moroccans are especially active in the **service sector**, in particular in the **commercial** but also in the **construction** sectors. The Egyptian community, which has a more recent migratory history, is active in commerce and food service.

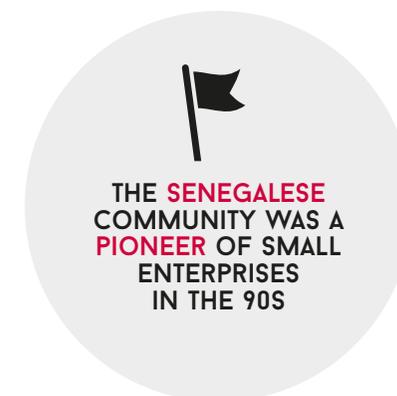
MY WIFE AND I LIVE IN ITALY. WE WERE ABLE TO BUY FURNITURE FOR OUR HOUSE AND IMPROVE OUR DAILY LIFE THANKS TO A LITTLE FINANCING.

Ahmed - Man, 30 - Egypt



SUB-SAHARAN AFRICAN MIGRATION

Sub-Saharan African migrants have a more recent migratory history, and are in particular from Senegal, Nigeria and Ghana. The Senegalese community was a **pioneer of microenterprises** in the 90s, particularly with regard to **street trading**. Business owners are older and active in **commerce**.



THANKS TO EXTRABANCA
I BOUGHT A MOPED.
NOW I GET AROUND
FASTER AND I CAN SPEND
THE TIME I SAVE MUCH
BETTER BY PLAYING
MORE WITH
MY DAUGHTER!

Patrick - Man, 30 - Senegal



**SOUTH AMERICAN
MIGRATION TO
ITALY HAS A LONG
TRADITION**

SOUTH-AMERICAN MIGRATION

South American migration to Italy has a **long tradition**. The most populous communities are those from **Peru, Brazil and Ecuador**. A significant presence of migrants is noted in the **construction, logistics and transport sectors**, in particular among the Peruvian and Ecuadorian communities.

**MY FAMILY STAYED IN
BOLIVIA. THANKS TO
EXTRABANCA I WAS ABLE
TO GIVE THEM
A BETTER HOME.**

Gonzalo - Man, 44 - Bolivia



MIGRANTS AND **ENTERPRISE**

The proposed models yield a transversal finding related to **entrepreneurship**: migrants are more dynamic than their Italian counterparts. **Migrant enterprise** is therefore increasingly important for the health of the Italian economy. And that makes financial and economic support for migrant enterprises an **essential part** of the **products and services** offered by the Bank.



MIGRANT ENTERPRISE
IS INCREASINGLY
IMPORTANT FOR
ITALY'S ECONOMIC
DEVELOPMENT



**I'M A BUSINESS OWNER.
EXTRABANCA TRUSTED ME
AND GAVE ME THE CHANCE
TO EXPAND MY BUSINESS.
NOW I HAVE TWO STORES
AND SEVEN EMPLOYEES.**

Wilson - Uomo 38 anni - Honduras

**THE THEORY
OF CHANGE
AS THE BASIS OF
THE EXTRABANCA
MODEL**

THE STAKEHOLDER OF EXTRABANCA

THE ASSESSMENT HAS IDENTIFIED THE **STAKEHOLDERS AFFECTED BY **EXTRABANCA'S ACTIVITIES**. **STAKEHOLDERS ARE CENTRAL TO THE DEFINITION OF THE ASSESSMENT BECAUSE THEY DETERMINE THE SCOPE OF THE ANALYSIS. ALL THE BANK'S STAKEHOLDERS AND SHAREHOLDERS ARE PRESENTED BELOW.****

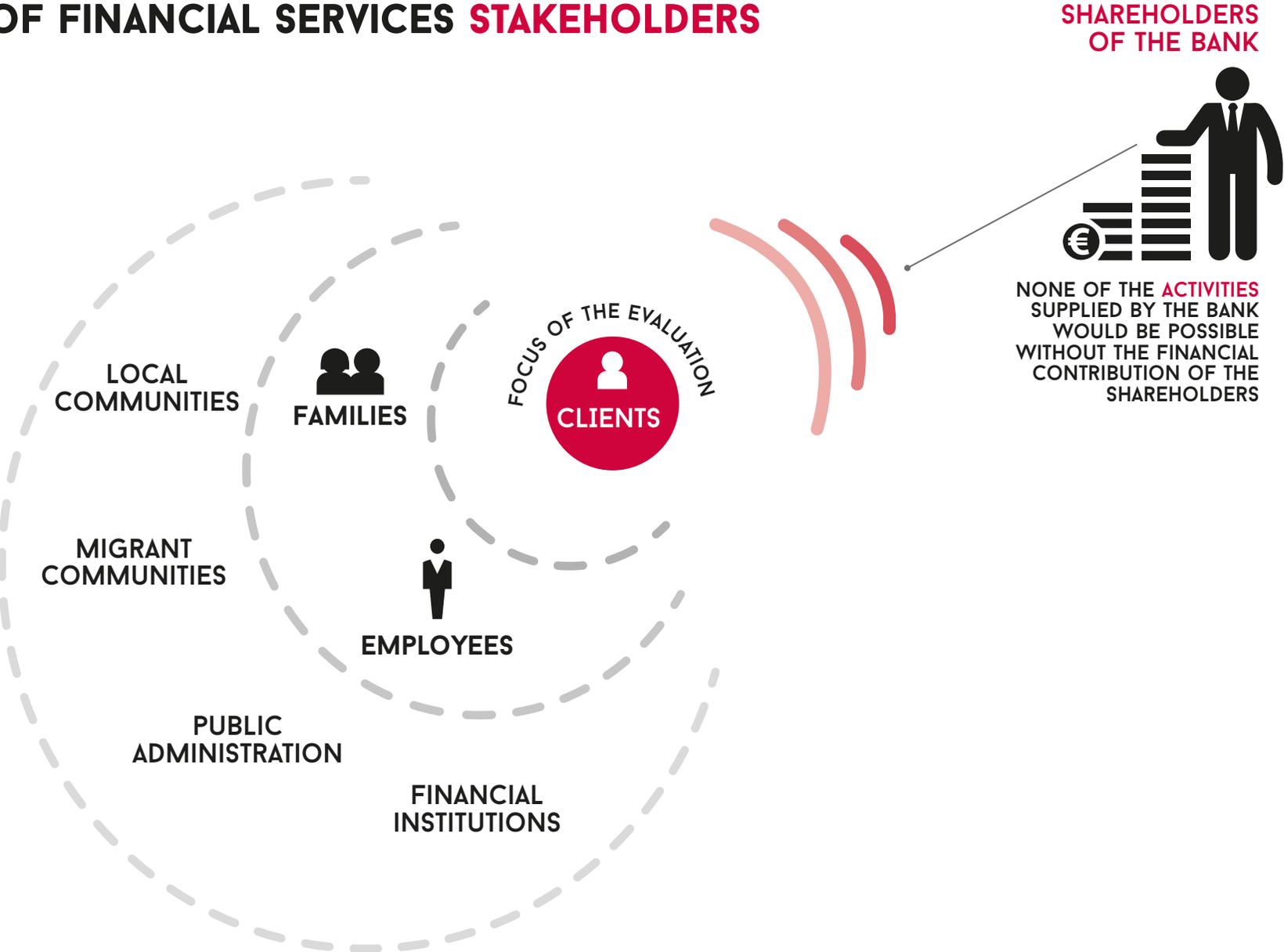
The first stakeholders of a Bank are its **shareholders**. Without their financial contribution, none of the activities carried out by the Bank would be possible. This SROI assessment focused on the main **beneficiaries** of the Bank's activities, **Extrabanca's clients**, whose lives have been significantly affected by their use of the relevant products and services provided.

The **families of immigrants** as well as the **Bank's employees** themselves are directly affected by their relation with the Bank. It would therefore be worthwhile in the future to assess the changes

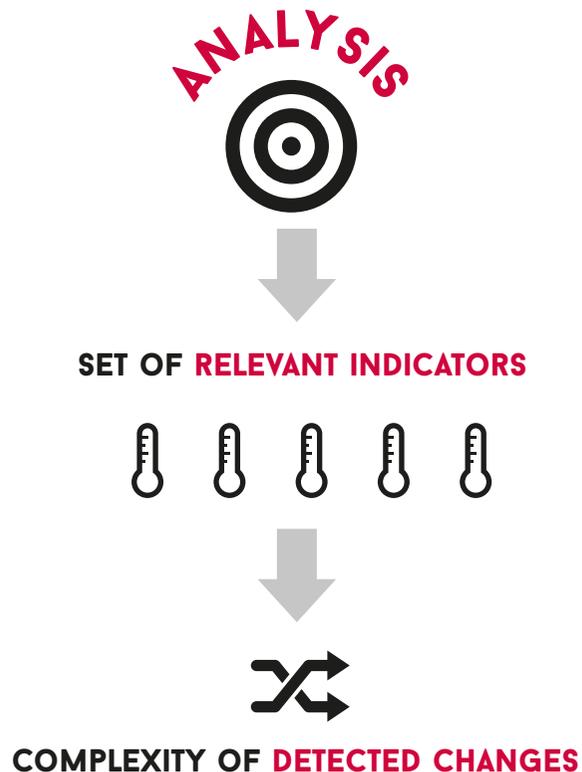
that may have occurred in these stakeholders' lives as a result of this contact.

Local and migrant communities, the public administration, and other financial institutions as well are stakeholders interested in Extrabanca's activities, though they have not experienced any relevant material changes directly connected to the Bank's activities. **Extrabanca's new non-banking products** will however generate new paths of change capable of producing such changes for these stakeholders, too.

MAP OF FINANCIAL SERVICES **STAKEHOLDERS**



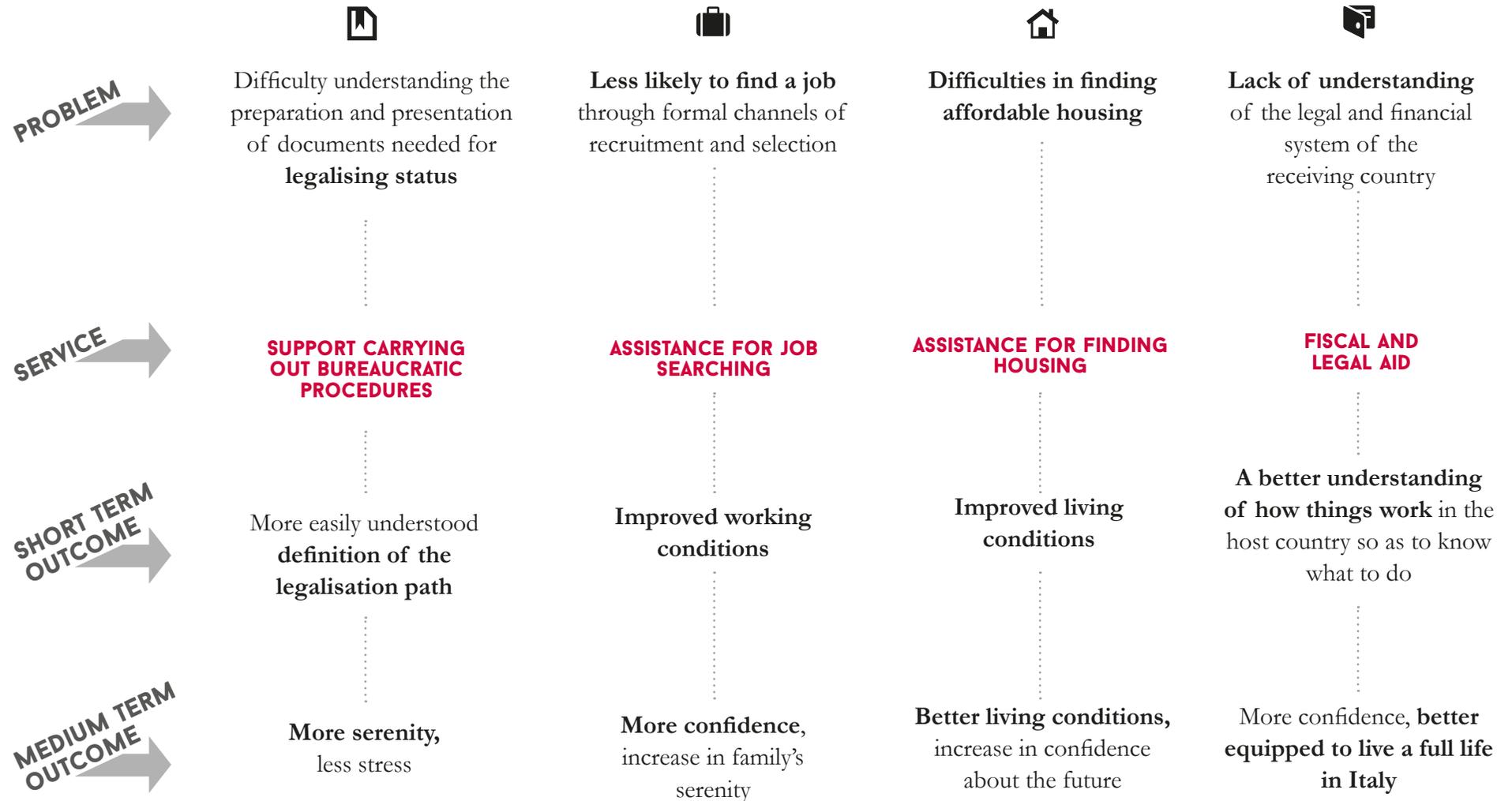
HIGHLIGHT AND GIVE VALUE TO THE **OUTCOMES**



INFORMATION LINKED TO THE INDICATORS DERIVES FROM:

- 28 interviews of which 26 with clients and 2 with employees
- Talks and meetings with the Bank management
- Data provided by Extranbanca
- Analysis of the documents published on its website
- Bibliographical research on financial migrant inclusion
- SROI assessment on financial inclusion

THE NEW OFFER OF **NON-BANKING PRODUCTS AND SERVICES** AND POSSIBLE **OUTCOMES** CREATED



FINANCIAL PROXY

 OUTCOMES	 INDICATORS	BENEFICIARIES*	PROXY	PROXY VALUE
INCREASED UNDERSTANDING OF FINANCIAL PRODUCTS	Number of people that have increased their knowledge of financial products	3,844	Cost of fiscal assistance provided by a <i>patronato</i>	€ 40.00
INCREASED COMPETENCE IN HANDLING ONE'S FINANCIAL RESOURCES	Number of people that have improved the management of their savings through financial planning	12,323	Cost of a beginner's course in financial education (via the web or in a classroom)	€ 300.00
IMPROVED LEVEL OF CONSUMPTION	Number of people that use loans to purchase durable goods	3,230	Average per capita expenditure on durable goods	€ 2,601.00
IMPROVED HOUSING CONDITION	Number of people that use loans to purchase a house/apartment	83	Average value of housing in cities where the Bank operates	€ 208,157.00
IMPROVED LIVING CONDITIONS THROUGH REMITTANCES	Number of people that use remittances to purchase consumer goods or improve the living conditions of their family in the country of origin	7,577	Average amount of remittances sent from the cities where the Bank operates	€ 1,538.00
MORE CONFIDENCE IN THE FUTURE	Number of people that declare that getting financing helped to increase their confidence in the future	3,230	Average cost of counselling to generate confidence and self-esteem 1 year, 46 meetings,	€ 2,990.00
DEVELOPMENT OF AN ENTERPRISING ATTITUDE	Number of people that have received a credit line in the last 12 months	395	Average amount of financing given to enterprises by Extrabanca	€ 19,435.00

* Source: Extrabanca's Industrial Plan, year 2017

FINANCIAL PROXY IS THE APPROXIMATE VALUE OF A GIVEN OUTCOME WHICH CANNOT BE ACCURATELY MEASURED. BELOW CAN BE FOUND THE PROXIES IDENTIFIED AND THEIR SOURCES

DURATION IN YEAR	REASONING FOR THE CHOICE OF THE PROXY	SOURCE
3	Extrabanca's staff provides an education and information service that helps to improve clients' basic knowledge of banking.	www.cisl.it
5	Extrabanca's staff provides an education and information service that helps to improve clients' competence in savings management.	http://aief.eu/corso-base/
5	Extrabanca's financing is mostly for migrants who in some cases could not have got loans anywhere else to satisfy basic needs linked to the purchase of durable goods.	Findomestic, Scenario Prometeia (2014)
3	For a migrant, being able to purchase a home is second in importance only to finding a steady job. The average price of a home underestimates its real symbolic value.	Median house price in cities where the Bank operates
10	Remittances are sent through Extrabanca's provided service for remittance sending. Funds are sent in order to improve the living conditions of one's family in the country of origin.	Idos (2014) and ISMU (2014) data processing by Human Foundation
2	Getting funding or not is a decisive variable in the migrants' quest for financial and social integration, directly affecting their level of confidence in the migratory project they have undertaken.	http://www.psicologi-psicoterapeuti.com/tariffario.htm
5	De facto, Extrabanca gives financial and consultative assistance to immigrants wanting to run a business in Italy. By disbursing loans, Extrabanca helps Italian and particularly migrant entrepreneurs to invest in their businesses.	http://www.istat.it/it/censimentopermanente/imprese

THE THEORY OF CHANGE

STEP 1

ARRIVING AND ADAPTING



PREREQUISITES FOR ACCESS

STEP 2

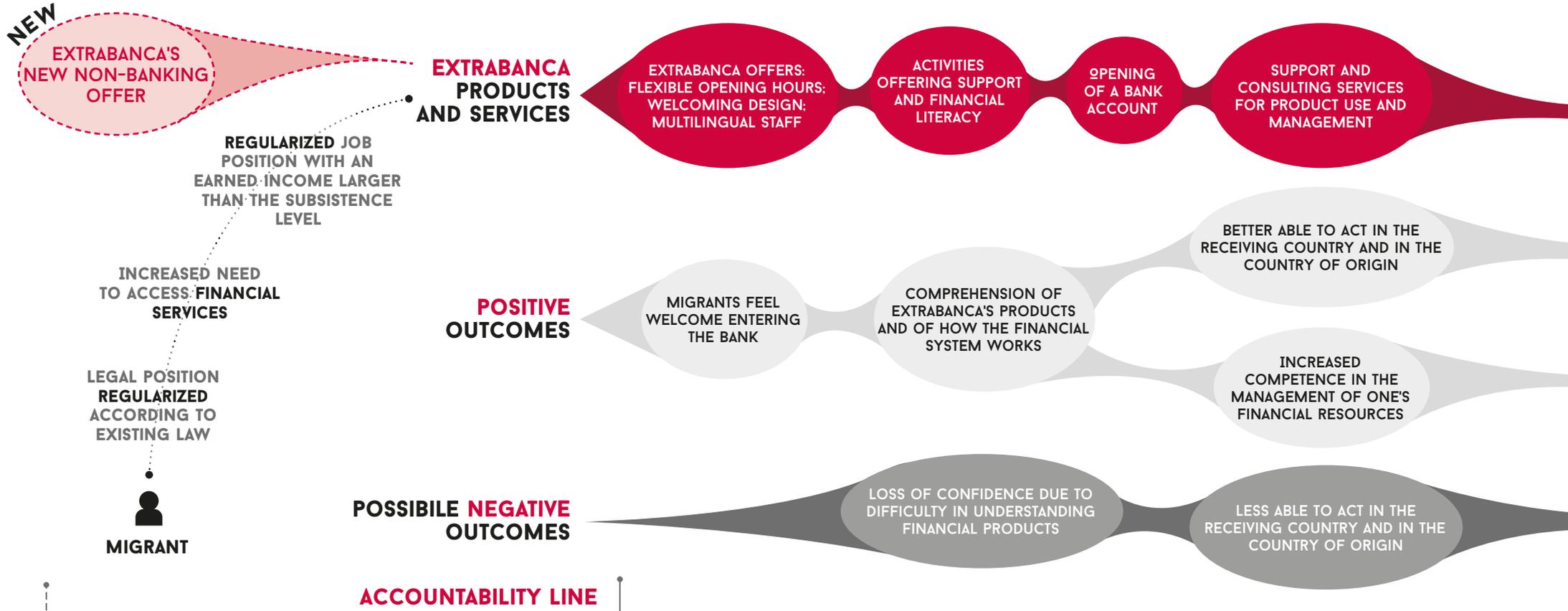
LEGALISING STATUS



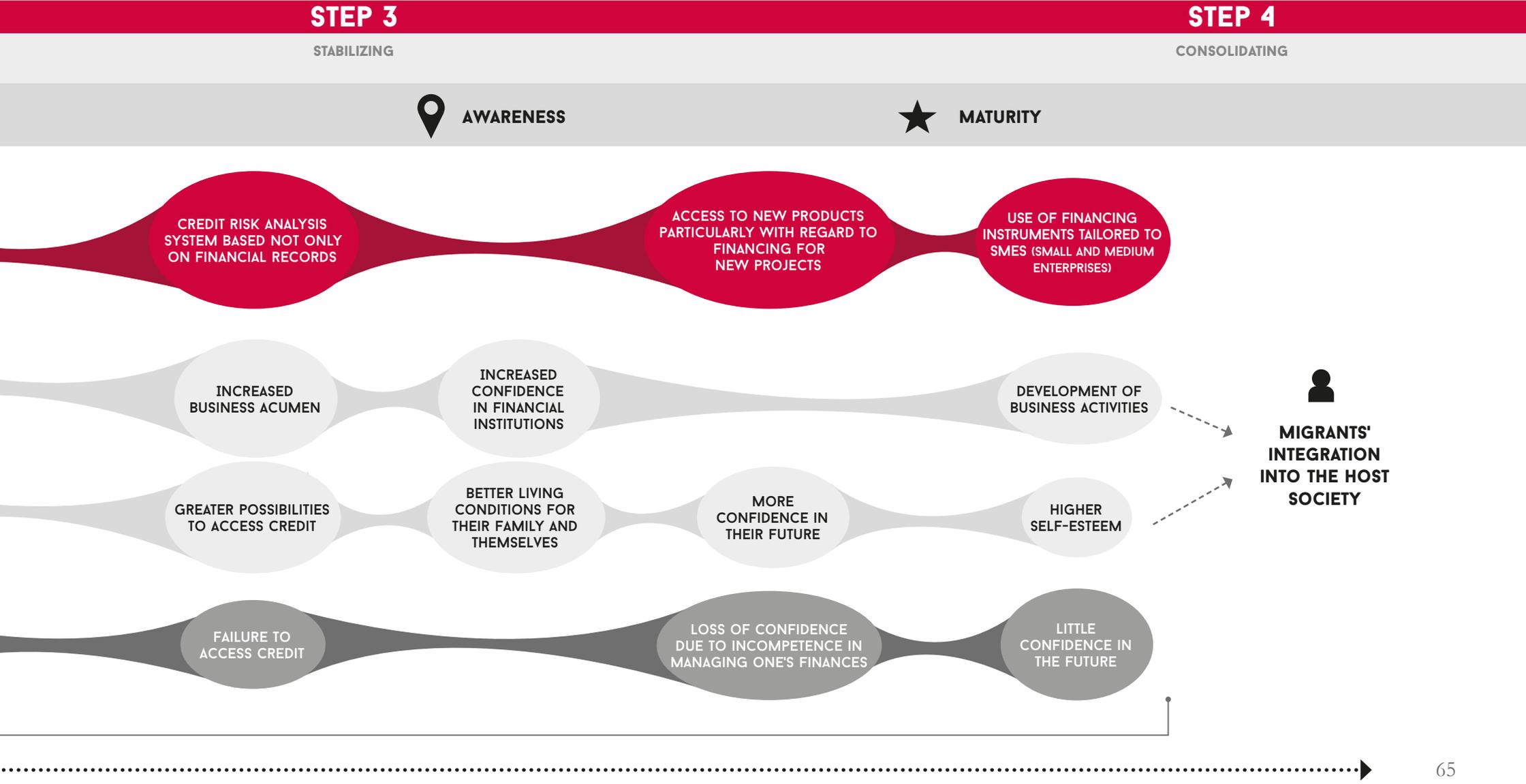
ACCESS TO BANKING SERVICES



BEGINNING OF A BANKING HISTORY



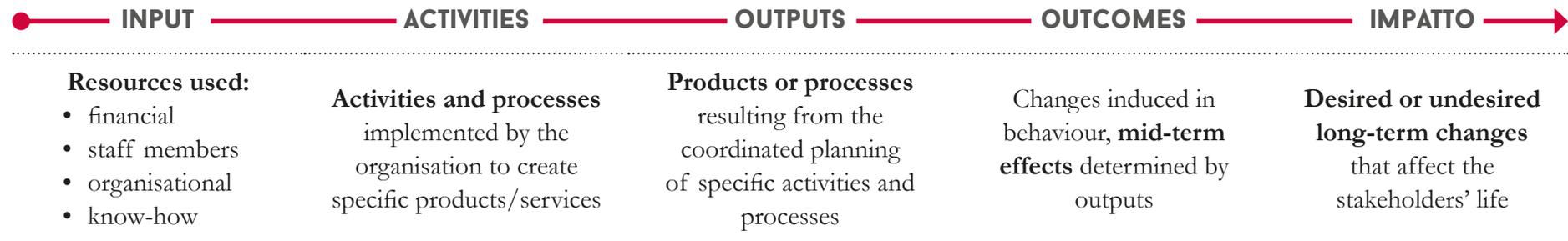
THE **THEORY OF CHANGE** IS A METHODOLOGY THAT HELPS US TO ACCOUNT FOR THE CHANGES EXPERIENCED BY THE **STAKEHOLDERS**. THE THEORY OF CHANGE HIGHLIGHTS THE **RELATIONS** EXISTING BETWEEN THE **ACTIVITIES CARRIED OUT** AND THE **OUTCOMES** CREATED.



CALCULATING THE IMPACT: THE SROI RATIO

INPUT

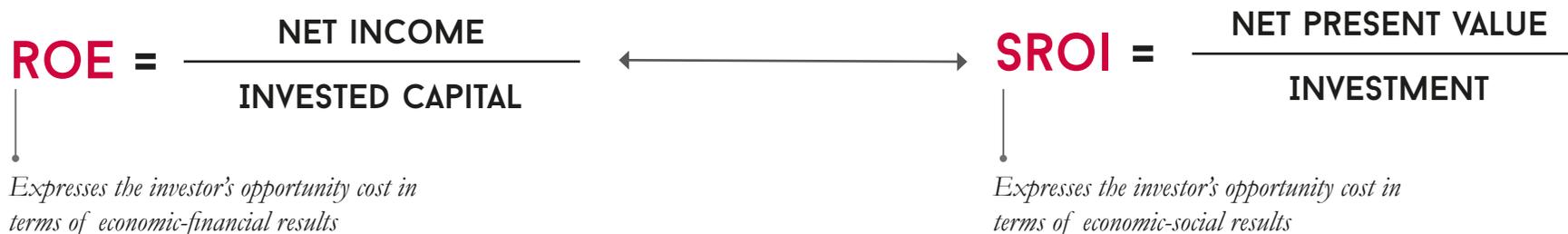
TO CALCULATE THE **SROI RATIO** IT IS NECESSARY TO ANALYSE THE **COSTS** OF IMPLEMENTING THE ACTIVITIES THAT HELP TO CREATE THE **IDENTIFIED OUTCOMES**



NONE OF THESE CHANGES WOULD HAVE BEEN POSSIBLE WITHOUT THE **STOCKHOLDERS' EQUITY**

The **Input** data provided and used to calculate the SROI ratio resulted from talks with the Bank's management. It was decided to give the **total value of equity and of the reserves** to the value of financial inputs. Such reasoning takes into consideration the particular nature of the Bank's organisation. As a credit institute, **Extrabanca's core capital (Tier 1)** constitutes the basis that supports its activities.

Through these financial resources, the Bank guarantees loans to clients as well as the possible risks of non-performing loans. Equity is therefore the **input needed for the very functioning of the Bank**, and, without it, the Bank could not operate or be able to offer the products and services essential to the changes identified in this assessment.



ESTABLISH IMPACT

To **establish the impact** it is necessary to consider and evaluate the effect of some factors on **the changes created by Extrabanca's activities** mapped earlier. It is necessary to **deduct the value of these factors** from the total calculation of the **outcomes**. In this way, we obtain a value that is closer to that of the actual impact.

The estimated value of these factors is based on research done on migrant financial inclusion and other SROI assessments that have already dealt with financial inclusion.

THERE ARE FOUR FACTORS TO TAKE INTO CONSIDERATION:

1
2
3
4

DEADWEIGHT

ATTRIBUTION

DISPLACEMENT

DROP-OFF

THE AMOUNT OF OUTCOME CREATED REGARDLESS OF EXTRABANCA'S ACTIVITIES.

IT IS A MEASURE OF WHAT WOULD HAVE HAPPENED ANYWAY

AN ASSESSMENT OF HOW MUCH OF THE OUTCOME WAS CREATED BY OTHER ORGANIZATIONS.

WHO ELSE CONTRIBUTED TO THE CHANGE EXPERIENCED BY THE STAKEHOLDERS BEING CONSIDERED?

REFERS TO THE POSSIBLE NEGATIVE EFFECTS OF THE OUTCOMES CREATED BY EXTRABANCA ON OTHER ORGANIZATIONS' ACTIVITIES OR IN OTHER PLACES

THE DURATION OF THE OUTCOMES PLAN IS ANALYSED IN ORDER TO UNDERSTAND HOW MUCH THE OUTCOMES INCREASE OR DECREASE IN EFFECTIVENESS OVER A PERIOD OF TIME

1

DEADWEIGHT

The analysis sets out 6 levels of probability concerning deadweight, a measure of the quantity of outcome that would have happened even if the activity had not occurred:

DEADWEIGHT	EFFETTO
0%	THE CHANGE WOULD NEVER HAVE OCCURRED
20%	THE CHANGE WOULD VERY PROBABLY NOT HAVE OCCURRED
40%	THE CHANGE MIGHT HAVE OCCURRED
60%	THE CHANGE WOULD HAVE PROBABLY OCCURRED
80%	THE CHANGE WOULD HAVE VERY PROBABLY OCCURRED
100%	THE CHANGE WOULD HAVE CERTAINLY OCCURRED

2

ATTRIBUTION

With attribution the part of the outcome generated by other organizations is determined, thereby identifying the part directly attributable to Extrabanca. The estimate, based on the interviews with clients and on the literature, focused on the following aspects:

- Number of Extrabanca's clients that also make use of other Banks;
- Intensity of access and use of services

ATTRIBUTION	EFFECT
100%	EXTRABANCA ACTIVITIES HAVE NOTHING TO DO WITH THE CHANGE
80%	THE CHANGE IS ONLY marginally THE RESULT OF EXTRABANCA ACTIVITIES
60%	THE CHANGE IS PARTLY THE RESULT OF EXTRABANCA ACTIVITIES
40%	THE CHANGE IS LARGELY THE RESULT OF EXTRABANCA ACTIVITIES
20%	THE CHANGE IS ALMOST ENTIRELY THE RESULT OF EXTRABANCA ACTIVITIES
0%	THE CHANGE IS COMPLETELY THE RESULT OF EXTRABANCA ACTIVITIES

3

DISPLACEMENT

Displacement analysis is helpful for understanding if and to what extent **the outcomes** of the activities analysed are **negative somewhere else and on another group of stakeholders**.



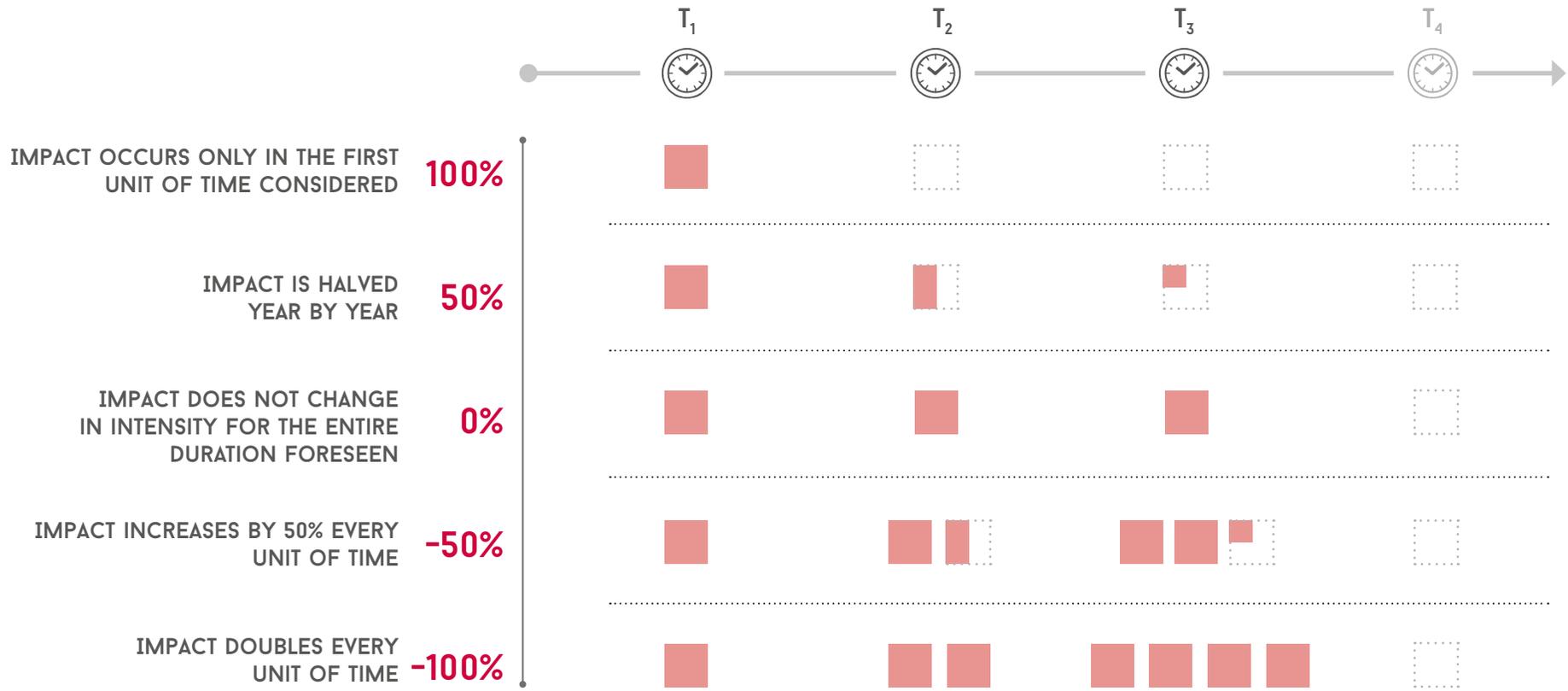
4 DROP-OFF

How long the effects of the outcome last, and **with what intensity** the impact increases/diminishes over time.

IMPACT OCCURRED

TIME UNIT (1 YEAR)

ANALYSIS OF AN IMPACT THAT LASTS FOR 3 YEARS



WEIGHT AND COUNTERWEIGHT: THE HYPOTHESES UNDERLYING THE CALCULATION OF THE **IMPACT CREATED** BY EXTRABANCA

OUTCOME		DEADWEIGHT	DISPLACEMENT	ATTRIBUTION	DROP-OFF	
INCREASED UNDERSTANDING OF FINANCIAL PRODUCTS		25%	0%	25%	0%	
INCREASED COMPETENCE IN HANDLING ONE'S FINANCIAL RESOURCES		20%	0%	30%	10%	
MORE CONFIDENCE IN THE FUTURE		50%	0%	40%	15%	
BETTER LIVING CONDITIONS	ITALY	DURABLE GOODS	40%	0%	30%	0%
		FIRST HOUSE	30%	10%	40%	5%
	COUNTRY OF ORIGIN	REMITTANCES	80%	20%	40%	0%
DEVELOPMENT OF ENTERPRISING ATTITUDE		20%	10%	30%	-7%	

This table shows **the choices made** by the author. The percentages proposed for calculating the **SROI ratio** were arrived at after a constant comparison between **the data found in the literature** (see bibliography) and that resulting from **the interviews with stakeholders**.

SENSITIVITY ANALYSIS

The results of this assessment derive from several hypotheses and variables that, in turn, are based on the interviews carried out and on primary and secondary sources.

This is the sensitivity analysis to test the hypotheses and variables, in order to **guarantee the quality and strength of the results**.

The sensitivity analysis is focused on **testing the outcomes** that carry the most weight on the “impact map” for migrants, which are:

- Better living conditions in Italy, in terms of an analysis concerning the purchase of one’s first house;
- Increased development of entrepreneurial aptitude.

Therefore, **significant variations**, which modify the ratio considerably, **have been hypothesized**. The results of our analysis are shown below.

DEADWEIGHT

DISPLACEMENT

ATTRIBUTION

BETTER LIVING CONDITIONS IN ITALY (FIRST HOUSE)	VARIATION DEADWEIGHT	0%	10%	30%	50%	70%	100%
	VARIATION SROI	2.84	2.63	2.29	1.79	1.37	0.73
DEVELOPMENT OF ENTERPRISING ATTITUDE	VARIATION DEADWEIGHT	0%	20%	50%	70%	100%	
	VARIATION SROI	2.35	2.29	2.01	1.87	1.67	
BETTER LIVING CONDITIONS IN ITALY (FIRST HOUSE)	VARIATION DISPLACEMENT	10%	25%	50%	75%	100%	
	VARIATION SROI	2.29	2.11	1.81	1.51	1.21	
DEVELOPMENT OF ENTERPRISING ATTITUDE	VARIATION DISPLACEMENT	10%	25%	50%	75%	100%	
	VARIATION SROI	2.29	2.29	2.07	1.94	1.80	
BETTER LIVING CONDITIONS IN ITALY (FIRST HOUSE)	VARIATION ATTRIBUTION	0%	20%	40%	60%	80%	100%
	VARIATION SROI	3.00	2.65	2.29	1.93	1.57	1.21
DEVELOPMENT OF ENTERPRISING ATTITUDE	VARIATION ATTRIBUTION	0%	30%	60%	100%		
	VARIATION SROI	2.50	2.29	2.08	1.80		

SROI RATIO

Beginning with the proxies identified and the percentages applied for each discount factor, it is possible to calculate the **SROI ratio**, that is, the **net social value created** by Extranbanca's activities.

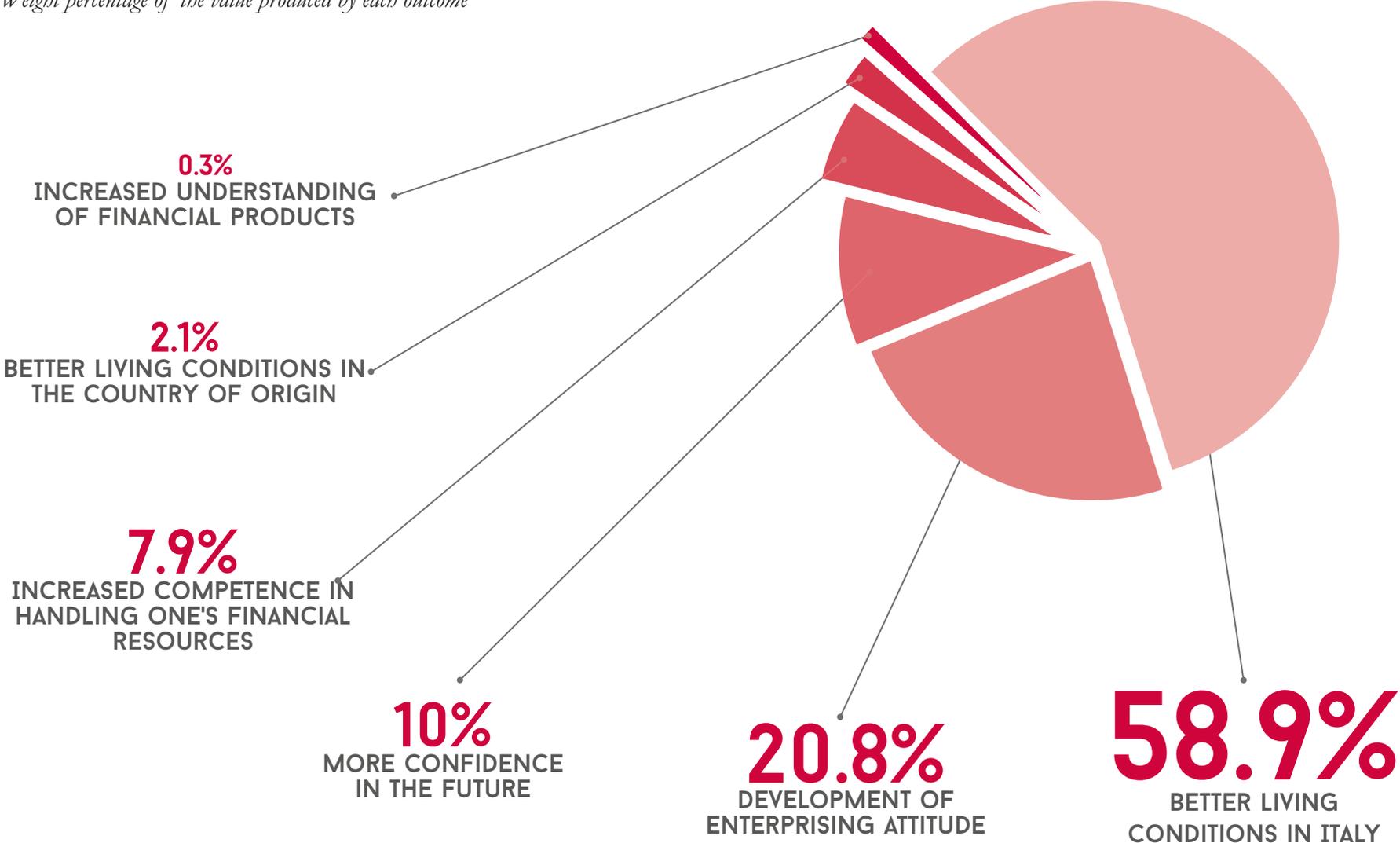


THE CALCULATION OF THE **RATIO** – THE SOCIAL VALUE

TOTAL PRESENT VALUE 93,993,662.00 €	–	INVESTMENT 41,101,000.00 €	=	NET PRESENT VALUE 52,892,662.38 €
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WEIGHT OF EACH OUTCOME (FIRST YEAR)

Weight percentage of the value produced by each outcome



RECOMMENDATIONS

THESE RECOMMENDATIONS ARE INTENDED TO INCREASE THE SOCIAL IMPACT OF EXTRABANCA'S ACTIVITIES, WHERE POSSIBLE.

- 1.** Reinforce systems for gathering information about how the financing supplied by the Bank is used in order to understand all the migrant clients' needs and create ad hoc accompanying services and financial products;
- 2.** Outline the products and services that respond to the needs of foreign nationals who have started a migratory path, as proposed in the business plan;
- 3.** Develop a scoring method that, besides the possible client's financial record, also includes details of the candidate's social profile, for example relational capital, and gives them a specific weight in determining whether or not to give credit;
- 4.** Continue the development of microfinance services (for example microcredit and microinsurance) in order to promote the inclusion of non-bankable clients by proposing innovative models for financial instruments as well as financial processes;

- 5.** Change how the money transfer service offered by the Bank is presented, if possible. This service seems to be one the clients are least familiar with and, consequently, one of the services least used by those interviewed. And it could be an important means of generating impact in the countries of origin, too;
- 6.** Make this report available in the branch offices both for employees, who can look at it and become more aware of what their actions achieve, and for clients, who can see what results have been obtained socially thanks to the daily activities they perform.
- 7.** Make an ex-post SROI that more extensively studies the existing relation between the engendering of impact on clients' lives and Extrabanca's activities, services and products.

CONCLUSION

The ex-ante assessment has allowed us to understand how the intervention model of Extrabanca creates a positive impact on the lives of migrants by contributing to cultural and social integration and to an improvement in life quality.

The aim of Extrabanca's services are, in fact, to support the economic-financial competence of foreign individuals and entrepreneurs. The increase in what the Bank offers, with new products and services for satisfying the migrants' needs on their path to social integration, is an important innovation that can, where ExtraBanca operates, make the Bank the first place migrants turn to for banking and other needs.

In particular, legal and fiscal assistance, together with help finding employment and housing, are services central to the migrant's social

integration path. At present, specific activities aimed at welcoming migrants and supporting them, carried out by a mother-tongue staff, have a significant impact on the financial education of those facing the Italian credit system for the first time.

The staff's deep knowledge of the clients' different cultures sparks a positive reaction, which in turn leads to a trusting relationship and the development of paths of growth and financial awareness. In this way, clients learn how to manage their savings and, where possible, can strive for real financial growth.

As a result, their banking history and sense of social inclusion are strengthened. It is access to credit that has the most impact, for both the increased confidence the financing bestows on the family as well as the opportunities it presents for economic growth

and an improvement in one's standard of living. Of particular importance, as the calculation of the proxies also demonstrates, are loans for buying one's first home. The purchasing of a home leads to great change, both psychological and material, in the lives of migrant families. It is something that can give meaning to the migratory path and that, in the eyes of the individuals and their native groups, denotes success.

It should be said that some of the loans provided by Extrabanca, conditions being equal, would also have been provided by other Italian Banks. The value added, the heart of Extrabanca's value proposition, lies in the relationship that the Bank establishes with its clients, one based on trust and on a series of activities for orientation and accompanying

purposes. This reflection has been duly taken into account in the calculation of the SROI ratio. Ultimately, ad hoc products and services for foreign entrepreneurs are increasingly characterising Extrabanca's offer, sensitive to its clients' growing needs.

The difficulty in gathering data directly, in particular with the Chinese component of Extrabanca's entrepreneurs (75% of the total), prevented us from conducting a more thorough survey.

The SROI assessment has shown the social value of the intervention model proposed by Extrabanca. I hope that these reflections encourage debate on a re-structuring and improved tailoring of the banking system, thereby making it more attentive to migrants' needs.

ANNEX

AUDIT TRAIL

This SROI analysis is a forecast evaluation and focuses on the outcomes expected to occur in 1 year of Extrabanca's activity (2017).

STAKEHOLDERS

The evaluation identified the key stakeholders of Extrabanca's activities and assessed the materiality of their expected outcomes. The table below explains the motivations for stakeholders' inclusion and exclusion within the scope of the research.

STAKEHOLDERS	WHAT WE THINK HAPPENS TO THEM (+ / -)	INCLUSION/ EXCLUSION	MOTIVATION
CLIENTS	Increase in financial knowledge	Included	They are direct beneficiaries of the Bank's activities and are expected to live relevant and significant changes
	Increase in financial access		
	Improvement of living conditions		
	Failure to access credit		
	Loss of confidence due to incompetence in managing one's finances		
CLIENTS' FAMILIES	Improvement of living conditions	Included	They may experience indirect effects on their livelihood from accessing to credit, however they are hard to reach. So, clients were asked about the change experienced by their families both in Italy and abroad through remittances
EXTRABANCA'S EMPLOYEES	Increase in job satisfaction	Excluded	Employees may experience a material change, however this strand of evaluation was not within the mandate of the commissioner.
	Job fatigue due to additional tasks related to non-financial support		
	Improvement in job career development		
EXTRABANCA'S SHAREHOLDERS	Financial returns from loan interest income	Excluded	Without their financial contribution, none of the activities carried out by the Bank would be possible.
	Higher risk on financial returns		However, shareholders would have been very difficult to be reached. In addition, this strand of evaluation was not within the mandate of the commissioner
MIGRANTS' COMMUNITY	Strengthened bonds within the local community	Excluded	The migrants' community may be indirectly affected by relevant effects from Extrabanca's activity, but not significantly, given the complexity of factors that shape the integration paths.
FINANCIAL INSTITUTIONS	Stronger competition from Extrabanca in an underserved market segment.	Excluded	These stakeholders do not live a material change, and are difficult to engage. In addition, this strand of the evaluation was not within the mandate of the commissioner
	Improvement in the understanding of migrants' economic potential to business growth		
PUBLIC ADMINISTRATION	Increase in tax revenues thanks to higher incomes	Excluded	Public administration can live indirect effects, however these effects are difficult to gauge and attribute to Extrabanca. In addition, this strand of the evaluation was not within the mandate of the commissioner
	Reduction in conflicts within the local community		

Based on the literature review, clients were also subdivided into ethnic groups, as indicated on pages 43-53; however, interviews did not show significant differences in legal migratory paths, in the factors that help or hinder credit access, and in the expected outcomes.

STAKEHOLDER INVOLVEMENT

STAKEHOLDER	NUMBER OF STAKEHOLDERS	METHOD OF INVOLVEMENT
EXTRABANCA'S CLIENTS	26	Structured interviews were held in Extrabanca offices in Milan and Rome. Interviews were administered randomly to immigrant clients that accessed the offices. Interviews were conducted in a questionnaire format and were recorded. Their average duration was 25 minutes. The small number of people interviewed, compared to the number of the Bank's clients, is due, on the one hand, to the forecast purposes of this evaluation, on the other one, to the in-depth typology of involvement. Based on a saturation method, after 20 interviews information tended to repeat.
EXTRABANCA'S EMPLOYEES	2	Semi-structured interviews were conducted to better understand outcomes lived by Extrabanca's clients
EXTRABANCA'S MANAGEMENT	2	The management was engaged through several face-to-face meetings, telephone calls and via email to understand and measure the value chains from inputs to outcomes through outputs of the intervention model

In light of the difficulties involved in reaching the family members of Extrabanca clients, we consulted family members who had accessed the credit line in order to explore the outcomes experienced by the borrowers' families. Information from the borrower shed light on the outcomes lived by his/her family in Italy and abroad.

INPUTS

Inputs are financial resources that cover the employees and the organisational functions of the bank beyond the credit disbursed to clients. Extrabanca's model does not require migrants to invest any inputs, either financial or time inputs, in order to have access to finance.

The Input data provided and used to calculate the SROI ratio was obtained following consultation with the Bank's management. Contrary to regular SROI approach, it was decided to give the total value of equity and of the reserves, rather than the investment, to the value of financial inputs. This decision was taken because the evaluation is not focused on a specific project but rather on the entire organisation.

As a credit institute, Extrabanca's core capital (Tier 1) constitutes the basis that supports its activities. Through these financial resources, the Bank guarantees loans to clients as well as the possible risks of non-performing loans.

Equity is therefore the input needed for the very functioning of the Bank, and, without it, the Bank would not be able to operate or to offer the products and services required to generate the changes identified in this assessment.

THEORY OF CHANGE

Migrants who regularize their legal position in accordance with existing law and begin earning more than subsistence wages, develop an increased need for financial services, for example, in order to manage their salary.

Migrants feel welcome entering the bank, as they are attended by employees who speak their language and better understand their needs. The migrant understands Extrabanca's products and how the financial system works, he or she is better able to act in the receiving country and in the country of origin, and to manage his or her own financial resources. If the migrant's understanding of the financial system does not improve, then self-confidence in his or her abilities, and ultimately, in the efficacy of her or his migration path will deteriorate. In turn, this would make migrants less able to act in the receiving country and in the country of origin.

In particular, legal and tax advice to employment research and services have been central to the path of social integration of the migrant citizen. Thus far the specific activities of reception and support, carried out by native speakers, generate impacts significant in terms of financial literacy, rather relevant of those who are found at first experience with the Italian credit/banking system. The profound knowledge that the staff has of the different cultures to which the customers belong generates a constructive dialogue which in turn determines relationships of trust, through which start paths of growth and financial awareness.

In this way, customers learn to manage their savings in a conscious way, structuring wherever possible real paths of financial maturity, which consequently affect the solidity of their banking history and the sense of social inclusion of the migrant. Their banking history and increased financial skills and competences will improve their access to credit, influencing life conditions of the migrants and their families.

In the interviews conducted the life conditions of the migrants and their families mainly tended to refer to the affordability of consumption, the quality of housing and the possibility of supporting the livelihood of the family living in the origin country. These three elements were very recurrent in interviews and were not reported as a chain of events but as different separate needs. Indeed, the concept of living conditions is defined in relation to material deprivation also by the literature. Eurostat defines material deprivation as the ability to meet unexpected expenses; afford a meal with meat, fish or a vegetarian equivalent every second day; adequately heat their dwelling; purchase a range of durable goods such as a washing machine, colour television, a telephone, or a car; and pay a mortgage (my emphasis)¹.

For migrants with more recent migration histories there is an increase in consumption levels of durable goods. This is evident in data gathered from interviews in which respondents who have been in Italy for 3-7 years, among whom a substantial increase in consumption levels was

reported. In the case of migrants with who have been in Italy for 7 years or more, a small but significant share were able to obtain a mortgage and therefore purchase a home. Conversely, remittances occur across migrant groups, as the majority of clients appear to send money to families in origin countries early on in their respective migrant journeys.

The improvement in life conditions of migrants and their families reinforces the confidence in the building of their future projects and their abilities and opportunities. A stronger relationship with the banking sector through access to credit can also improve the entrepreneurial attitude as well as deepen trust in banking institutions. The higher the confidence, the higher the risk behaviour.

From interviews also emerged other relevant outcomes for the families of Extrabanca clients, such as better access to education and employment, e.g. young people can afford access to university; financial stability can help find a job. However, this information was anecdotal and emerged in only three cases. Furthermore, the research could not be used to triangulate this information with data provided by the bank, so these outcomes were not judged significant enough to fulfil the materiality principle.

Overall, Extrabanca's activities generate changes that contribute to the migrants' social and economic inclusion into the receiving society.

1 Eurostat (2018). Living conditions in Europe — 2018 edition. Statistical books.

QUOTES FROM CLIENT INTERVIEWS

“Asking for a loan here was easy, in another bank they asked me for many documents and every time they told me that something was missing. Here, instead they were immediately clearer and I immediately understood how to do it. With the received funds I could build a house in Peru for when we will be able to come back and meanwhile I invested the money in a store, also in Peru”.

“Extra Banca has not helped me directly for my everyday life here in Italy, because we help each other a lot with our family, but it allowed me to make investments in my country of origin. With this loan I can also be economically active in my country, improving the quality of my life”

“In 2008 I decided to leave the Philippines and come to Italy to find a job. I was 28 and my husband and son stayed in the Philippines, they did not want to come here in Italy. I met ExtraBanca through a friend of mine. Thanks to ExtraBanca I was able to take out two loans in 4 years. Here I understand better how the products work because I can speak Filipino or English. I sent the funding I received to my family so that every year they can plant rice and then resell it. In this way my family can sustain itself and generate an income.”

“I arrived in ExtraBanca because there was a person from Sri Lanka. In other banks they talk like doctors and you never understand what they want and how things work, here they explain better how the products work, first there was also a girl from Sri Lanka with whom I could speak my language.”

“Here in ExtraBanca I asked for a loan with which I finished my parents’ house and I started to do the same for my wife and me for when we return to Sri Lanka.”

EVIDENCING OUTCOMES

OUTCOME	INDICATOR	METHOD OF CALCULATION	NUMBER OF BENEFICIARIES WHO LIVE A CHANGE
Increased understanding of financial products	Number of people that have increased their knowledge of financial products	Extrabanca forecast plan expected 4,271 people to become clients in 2017. 90% of migrants interviewed declared that they improved their understanding of financial products.	3,844
Increased competence in handling one's financial resources	Number of people that have improved the management of their savings through financial planning	15,403 people were expected to hold a savings account and to receive financial planning support from Extrabanca. Interviews show that clients (80% of respondents) received financial support, which allow them to better handle their resources	12,323
Increased level of consumption	Number of people that use loans to purchase durable goods	12,323 people are expected to improve their management of financial resources. As a result, a share will be able to use the loans for purchasing durable goods. Interviews with migrants showed that 7 out of 26 people (26 %) declared increased levels of consumption for durable goods, such as furniture, scooter, TV, etc.	3,230
Improved housing condition	Number of people that use loans to buy a house or apartment	Extrabanca forecast plan for 2017 expected 83 people to obtain a mortgage. A small share of interviewees declared to have used the financing for buying a home.	83
Improved living conditions through remittances	Number of people that use remittances to purchase consumer goods or improve the living conditions of their family in the country of origin	12,323 people are expected to improve their management of financial resources. As a result, a share will be able to use the loans for sending remittances. 16 out of 26 respondents (61%) declared to send remittances to their family in the country origin.	7,577
Development of an enterprising attitude	Number of people that have received a credit line in the last 12 months	Extrabanca forecast plan expected 395 people to ask and receive a credit line for small entrepreneurial investments in 2017	395
More confidence in the future	Number of people that declare that getting financing helped to increase their confidence in the future	12,323 people are expected to improve their management of financial resources. Only a share of beneficiaries (26%) declared that getting financing helped to increase their confidence in the future.	3,230

CALCULATING IMPACT: DEADWEIGHT, DISPLACEMENT, ATTRIBUTION AND DROP-OFF

OUTCOMES	DEADWEIGHT	DISPLACEMENT	ATTRIBUTION	DROP-OFF
Increased understanding of financial products	25% Extrabanca's model of intervention is focused on providing clear information and a better understanding of financial products for migrants. However, a relevant share of migrants access Extrabanca's services in a later stage of the migration path	0% The increase in the understanding of financial products is not expected to affect other groups of population	25% Interviews showed that a limited share of the migrant population also benefitted from other initiatives by other financial institutions or media	0% The understanding of financial products is not expected to decline within the time period of projection
Increased competence in handling one's financial resources	20% A relevant share of migrants access Extrabanca's services in a later stage of the migration path, when they already have developed a certain degree of awareness of financial needs and solutions	0% The increase in financial competences of Extrabanca's clients do not affect other groups of population	30% Interviews showed that a limited share of the migrant population also benefitted from other initiatives by other financial institutions or media	10% The improvement in financial competences is expected to decline slightly within the time period of projection, given the fast pace of change in the financial industry
More confidence in the future	50% Confidence is a complex state of being, which can be reinforced or supported by financial integration, but depends on many other non-observable factors	0% The increase in confidence in the future of Extrabanca's clients do not affect other groups of population.	40% Confidence is a complex state of being, which can be reinforced or supported by financial integration, but depends on many other non-observable factors	15% The improvement in confidence in the future is expected to decline slightly within the time period of projection, given the current uncertainties of migration policies and economic trends
Improved housing condition	40% A significant share of the migrant population declared that they could also have accessed credit from other financial institutions	0% the improvement in the housing conditions of Extrabanca's clients do not affect other groups of population	30% Interviews showed that some migrants benefitted from other financial resources	0% An investment in better housing is a long-term operation
Increased level of consumption	30% Migrants have skills and competences that allow them to improve their consumption	10% An increase in investments could imply a small reduction in consumption of family or community members	40% Extrabanca's credit can be a key factor for increasing consumption levels, but not the only. Interviews highlighted that credit improved available income for purchasing durable goods in a significant manner	5% Given the uncertainties in the economic outlook a minor reduction in consumption can be assumed
Improved living conditions through remittances	80% Remittances would anyway happen through different but more costly services	20% In some cases remittances could be reduced to invest money in other activities	40% Remittances can be still sent through other services or solutions	0% Remittances are expected to grow steadily, so we do not assume any reduction over the projected time
Development of enterprising attitude	20% Facilitated credit access can boost an enterprising attitude	10% An increase in the enterprise attitude of the beneficiaries could partly be associated with a reduction in other family or community members	30% The development of enterprising attitude is assumed to be influenced by other factors, such as training, community support, etc.	-7% A slight increase in enterprising attitude was assumed the more the migrants used credit for business purposes.

COMMENT TO THE SENSITIVITY ANALYSIS

As shown on page 73, outcomes were discounted by significant percentages of deadweight and attribution to reduce the risk of over claiming and to acknowledge other factors that could have contributed to change. Outcomes that last longer than one year were also discounted by drop-off; whereas, outcomes that can imply trade-off decisions were discounted by displacement.

When the two most significant outcomes in this evaluation, i.e. Development of enterprising attitude and Better housing conditions, are considered, the sensitivity analysis shows that to make the ratio change from positive to negative, assumptions should be modified fundamentally.

For instance, by increasing deadweight, displacement and attribution separately, the ratio would remain positive (above 1) even applying a 100% discount. When deadweight, displacement and attribution are all simultaneously increased at 60%, then the ratio drops at 0.96. Such simulations show that the impact calculation has been cautious and the ratio credible.

In addition, it is worth mentioning that this forecast evaluation, on the one hand, might have underestimated the impact of Extrabanca, by interviewing only its clients, and other hand, might be susceptible to some margin of error, given the bias that Extrabanca clients can have in reporting outcomes related to their families in Italy and in the origin country.

SEMI-STRUCTURED QUESTIONNAIRE (ABOUT 20-30 MINUTES)

1. PERSONAL DATA

City of interview: _____

Name/Surname: _____

Age: _____

Country of Origin: _____

2. GENDER

3. LEGAL SITUATION

◇ Italian citizen

◇ Refugee

◇ Subsidiary Protection

◇ Immigrant with residency permit

Other: _____

4. QUALIFICATION:

◇ Primary school certificate

◇ Middle school certificate

◇ High school diploma

◇ Degree

◇ Master

Other: _____

5. PROFESSION/CAREER IN ITALY

◇ Look for employment

◇ Inactive (no study/no work/no research)

◇ Employed

◇ Self-employed

◇ Businessman/ Entrepreneur

◇ Pensioner

Other: _____

MIGRATION PATH

6. HOW LONG HAVE YOU BEEN IN ITALY?

- ◇ 0-3
- ◇ 3-7
- ◇ 7-10
- ◇ More than 10

Other: _____

7. KNOWLEDGE OF THE ITALIAN LANGUAGE

Italian ◇ ◇ ◇ ◇ ◇

8. WHY DID YOU DECIDE TO IMMIGRATE?

9. ARE YOU SATISFIED WITH YOUR CHOICE?

10. THUS FAR, WHICH OF THE

FOLLOWING BEST DESCRIBES YOUR FUTURE PLANS?

- ◇ Stay in Italy forever
- ◇ Stay a few more years
- ◇ Emigrate to another country
- ◇ Return to my country of origin

Other: _____

11. WHY?

PATH OF FINANCIAL INCLUSION

12. WHEN YOU ARRIVED IN ITALY, DID YOU USE TRADITIONAL FINANCIAL CHANNELS IMMEDIATELY?

- ◇ Yes
- ◇ No

13. HOW LONG AFTER YOUR ARRIVAL DID YOU START DOING SO?

- ◇ Immediately
- ◇ Does not apply
- ◇ After two years
- ◇ After three years

14. HOW DID YOU MANAGE YOUR ECONOMIC / FINANCIAL NEEDS PRIOR TO ACCESSING TRADITIONAL FINANCIAL SERVICES? (FRIENDS, RELATIVES, COMMUNITY, INFORMAL NETWORK)

15. WHICH OF THE FOLLOWING BARRIERS OR CHALLENGES DID YOU FACE WHEN ATTEMPTING TO MEET YOUR FINANCIAL NEEDS?

- ◇ I did not know / understand how to access banking services
- ◇ I did not know the products available
- ◇ Language barriers
- ◇ Cultural barriers
- ◇ Lack of credit history
- ◇ Issues ties to Residency Permit

Other (please specify): _____

16. SATISFACTION WITH SERVICE OFFERED HOW SATISFIED ARE YOU WITH THE EXTRBANCA SERVICES AND PRODUCTS YOU HAVE USED?

- ◇ Not at all
- ◇ A little
- ◇ Moderately
- ◇ A lot
- ◇ Extremely

Other (please specify): _____

RELATIONSHIP WITH EXTRABANCA

17. HOW DID YOU LEARN ABOUT EXTRABANCA?

- ◇ Advertising
- ◇ Bank branch
- ◇ Related event
- ◇ TV
- ◇ Press
- ◇ Internet
- ◇ Word of Mouth

Other (please specify): _____

18. TYPE OF PRODUCT UTILIZED:

- ◇ Personal
- ◇ Business
- ◇ Both

19. PERSONAL

- ◇ Current account
- ◇ Cards
- ◇ Financing
- ◇ Savings
- ◇ Remittances

Other (please specify): _____

20. BUSINESS

- ◇ Current account
- ◇ Cards
- ◇ Financing
- ◇ Savings

Other (please specify): _____

OUTCOMES AND IMPACT

21. WHICH OF THE FOLLOWING DESCRIBES THE SUPPORT YOU RECEIVED FROM EXTRABANCA?

- ◇ Welcoming service
- ◇ Needs-responsive front desk service
- ◇ They speak my language
- ◇ They understand my culture
- ◇ Opening hours
- ◇ Training courses
- ◇ Economic and financial support
- ◇ Efficient products and services
- ◇ Cheaper products and services
- Other (please specify): _____

22. WHICH OF THE FOLLOWING BEST DESCRIBES THE EFFECTS OF THE USE OF EXTRABANCA SERVICES?

- ◇ I made a purchase (household goods, car, scooter, etc.)
- ◇ I obtained a mortgage
- ◇ I found employment
- ◇ I was able to access a service

Other (please specify): _____

23. HOW HAS THE SERVICE OR PRODUCT THAT YOU USE THROUGH EXTRABANCA HELPED YOU FULFIL YOUR OBJECTIVE?

24. TO WHAT EXTENT HAS THE SERVICE OR PRODUCT THAT YOU USE THROUGH EXTRABANCA CHANGED YOUR DAY-TO-DAY LIFE?

- ◇ Not at all
- ◇ A little
- ◇ Moderately
- ◇ A lot
- ◇ Extremely

Other (please specify): _____

In what way? _____

25. DID YOU IMPROVE YOUR UNDERSTANDING OF FINANCIAL PRODUCTS AND NEEDS?

26. DO YOU FEEL MORE CONFIDENCE IN THE FUTURE THANKS TO EXTRABANCA SUPPORT?

1/A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V			
2	Stakeholders	Outcome	Indicator	Source	Quantity	Duration (years)	Financial proxy	Value in Euros	Dead weight	Displacement	Attribution	Drop off	Impact	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
3		Formula											$D_n * G_n * (1 - I_n) * (1 - I_n) * (1 - I_n) * (1 - J_n)$	$IF(E_n >= 1; L_n; 0)$	$IF(E_n > 1; M_n; 0) * (1 - K_n)$	$IF(E_n > 2; N_n; 0) * (1 - K_n)$	$IF(E_n > 3; O_n; 0) * (1 - K_n)$	$IF(E_n > 4; P_n; 0) * (1 - K_n)$	$IF(E_n > 5; Q_n; 0) * (1 - K_n)$	$IF(E_n > 6; Q_n; 0) * (1 - K_n)$	$IF(E_n > 7; Q_n; 0) * (1 - K_n)$	$IF(E_n > 8; Q_n; 0) * (1 - K_n)$	$IF(E_n > 9; Q_n; 0) * (1 - K_n)$	
4	Migrants living in Italy and their families	Increased understanding of financial products	Number of people that have increased their knowledge of financial products	Data provided by Extrabanca, Interviews with migrants	3844	3	Cost of fiscal assistance provided by a patronato	€ 40	25%	0%	25%	0%	€ 86.490	€ 86.490,00	€ 86.490,00	€ 86.490,00	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
5		Increased competence in handling one's financial resources	Number of people that have improved the management of their savings through financial planning	Interviews with migrants.	12323	5	Cost of a beginner's course in financial education	€ 300	20%	0%	30%	10%	€ 2.070.264	€ 2.070.264,00	€ 1.863.237,60	€ 1.676.913,84	€ 1.509.222,46	€ 1.358.300,21	€ -	€ -	€ -	€ -	€ -	€ -
6		More confidence in the future	Number of people that declare that getting financing helped to increase their confidence in the future	Interviews with migrants	3230	5	Average cost of counselling to generate confidence and selfesteem 1 year, 46 meetings	€ 2.990	50%	0%	40%	15%	€ 2.897.310	€ 2.897.310,00	€ 2.462.713,50	€ 2.093.306,48	€ 1.779.310,50	€ 1.512.413,93	€ -	€ -	€ -	€ -	€ -	€ -
7		Increased level of consumption	Number of people that use loans to purchase durable goods	Data provided by Extrabanca, Interviews with migrants	3230	3	Average per capita expenditure on durable goods	€ 2.601	40%	0%	30%	0%	€ 3.528.517	€ 3.528.516,60	€ 3.528.516,60	€ 3.528.516,60	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
8		Improved housing condition	Number of people that use loans to buy a house or apartment	Data provided by Extrabanca, Interviews with migrants	83	10	Average value of housing in cities where the Bank operates	€ 208.157	30%	10%	40%	5%	€ 6.530.718	€ 6.530.717,72	€ 6.204.181,83	€ 5.893.972,74	€ 5.599.274,10	€ 5.319.310,40	€ 5.053.344,88	€ 4.800.677,63	€ 4.560.643,75	€ 4.332.611,57	€ 4.115.980,99	
9		Improved living conditions through remittances	Number of people that use remittances to purchase consumer goods or improve the living conditions of their family in the country of origin	Data provided by Extrabanca, Interviews with migrants	7577	2	Average amount of remittances sent from the cities where the Bank operates	€ 1.538	80%	20%	40%	0%	€ 1.118.729	€ 1.118.728,90	€ 1.118.728,90	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -
10		Development of an enterprising attitude	Number of people that have received a credit line in the last 12 months	Data provided by Extrabanca	395	5	Average amount of financing given to enterprises by Extrabanca	€ 19.435	20%	10%	30%	-7%	€ 3.869.120	€ 3.869.119,80	€ 4.139.958,19	€ 4.429.755,26	€ 4.739.838,13	€ 5.071.626,80	€ -	€ -	€ -	€ -	€ -	€ -
11									Discount Rate	3,5%	Total	€ 20.101.147	€ 20.101.147	€ 19.403.827	€ 17.708.955	€ 13.627.645	€ 13.261.651	€ 5.053.345	€ 4.800.678	€ 4.560.644	€ 4.332.612	€ 4.115.981		
12													Formula	$M11 / (1 + J11)$	$N11 / ((1 + J11) * (1 + J11))$	$O11 / ((1 + J11) * (1 + J11) * (1 + J11))$	$P11 / ((1 + J11) * (1 + J11) * (1 + J11) * (1 + J11))$	$Q11 / ((1 + J11) * (1 + J11) * (1 + J11) * (1 + J11) * (1 + J11))$	$(R11) / (1 + J11)^6$	$(S11) / (1 + J11)^7$	$T11 / (1 + J11)^8$	$U11 / (1 + J11)^9$	$V11 / (1 + J11)^{10}$	
13													Present value	€ 19.421.398	€ 18.113.680	€ 15.972.463	€ 11.875.705	€ 11.165.955	€ 4.110.899,31	€ 3.773.289,23	€ 3.463.405,57	€ 3.178.971,30	€ 2.917.896,36	
14																Total Present Value	€ 93.993.662							
15														INPUT	The total value of Extrabanca's equity and reserves	€ 41.101.000,00	Net Present Value	€ 52.892.662,38						
16																SROI Ratio	2,29							

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Human Foundation is a nonprofit organization that promotes collaboration between business, government, social enterprises, foundations, institutional investors, traders and the finance world, in order to generate and implement innovative solutions to social problems. After the successful coordination of the Italian Advisory Board to the G8's Social Impact Investment Task Force, **Human Foundation** has driven the establishment of "*Social Impact Agenda for Italy*", an association founded by key stakeholders operating in the Italian impact investment market. The mission of "*Social Impact Agenda for Italy*" is to promote the implementation of the 40 Recommendations presented to the Italian Government for fostering the social impact investment market in Italy.

In addition, **Human Foundation** is among the founding organizations of Social Value Italy, the network that supports social impact measurement in the Italian profit and nonprofit worlds. The Foundation belongs to GIIN, the network of the principal stakeholders of impact investing. In addition, **Human Foundation** supports the training of social entrepreneurs through the creation of MHUSE, a training and meeting hub for sharing experiences and strengthening social entrepreneurship.

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