



# Bocconi Students Fintech Society

Insights about the On-Demand Salary industry

Generalist Desk

[www.bsfintechsociety.com](http://www.bsfintechsociety.com)

# What is the On-Demand Industry?



On-demand services refer to the mechanism by which buyers and consumers can instantly get the services and products they need.

**42%** Of Americans have used one or more on-demand services.<sup>1</sup>

**46%** Of Americans, because of its flexibility, are working in the on-demand industry.

The traditional approach to business is being replaced by the on-demand economy quicker than foreseen.

## Most relevant application areas:



Food Delivery



Health Care



Home and Personal Services



Logistic and Transportation

Sources:  
Gangwar, Nitin. "4 Service Industries That Drive the On-Demand Industry." JungleWorks, 27 Feb. 2019  
Nimbalkar, Nitin. "On-Demand Economy: Four Industries to Start an On-Demand Business | CustomerThink." Customerthink.com, 16 Sept. 2020  
1) "Forty-Five Million Americans Say They Have Worked in the On-Demand Economy, While 86.5 Million Have Used It, according to New Survey." The Aspen Institute, 6 Jan. 2016

# Industry Challenges & Opportunities



What **benefits** can we get from On-demand?



Relatively low price for customers

Instant availability of necessary products and services

Instant communication between customers and suppliers

Long-term gains for businesses

What are the main **challenges**?



Difficulties in attaining profits

Excessive costs of costs of operations

Regulatory problems

What do we expect from the **future**?



High expectations on the impact of technology on business models

Corporate giants have made huge funding and investments

High growth rate of the On-Demand economy

# Wages; On-Demand Salary



Fintech services offering immediate access to salaries are gaining popularity around the world, solving the problem of lack of liquidity suffered by many workers

2019



Even is an example of a financial technology company that *“makes it easy for employees to get fast access to their paychecks when it matters most, while also providing the tools necessary to create a more financially-secure future.”* In other words, they allow employees to access wages earned but not paid yet. The credit is granted through Instapay, a platform available at no additional cost to Even members and considerably cheaper than credit cards, payday loans, and overdrafts.

**Even members have saved over \$150M in fees and interest, helping them avoid the financial pitfalls of credit, overdrafts, and loans.**

Sources:

“Instapay: On-Demand Pay Platform.” *Even*, [www.even.com/platform/product](http://www.even.com/platform/product).

# Wages; On-Demand Salary



Fintech services offering immediate access to salaries are gaining popularity around the world, solving the problem of lack of liquidity suffered by many workers

2020



As of 2020 in Peru, there were three Fintechs offering on-demand salary services compared to zero one year before. On-Demand salary Fintechs are becoming more common every day and are even beginning to be seen as a "default" benefit offered by companies to their employees. For instance, Walmart offers this solution to more than 1.4 million associates worldwide.

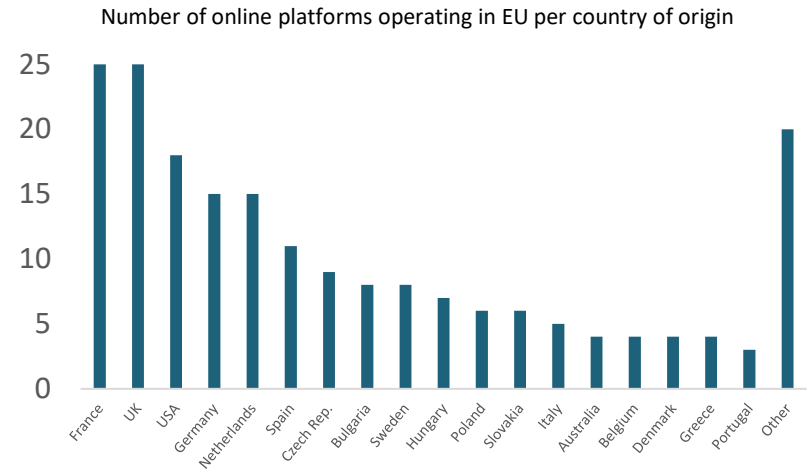
**Walmart offers this solution to more than 1.4 million associates worldwide.**

Sources:  
"Walmart Offers New Financial Wellness Services for Associates Nationwide." Walmart, 13 Dec. 2017

# EU Market & International Competition



- Most of European origin platforms **compete with international platforms, mainly from the US** as many players such as Uber are active in the European Market.
- **Large central EU countries tend to host a broad array of companies in the sector**, while the 'offer' in small peripheral EU states is more limited.



**Access EarlyPay** is an UK-based on-demand pay app which gives employees instant access to their already earned wages. It allows to access up to 50% of the salary with instant disbursement on the bank account

Sources:

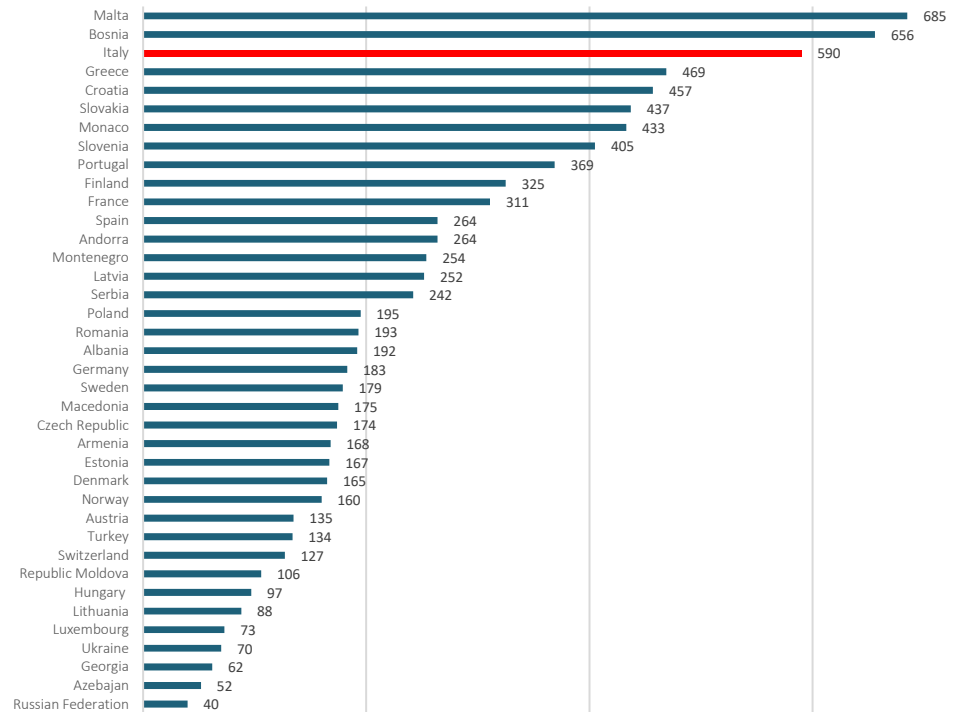
"An Overview of European Platforms: Scope and Business Models." JRC Publications Repository - European Union, 2017

# Barriers in the Italian Ecosystem



Italian ecosystem present some structural problems that limit the creation of a competitive market in the sector:

- **Low flexibility in the labor market**, disincentive productivity and innovation
- **Regulatory uncertainty** prevents the correct and efficient functioning of business activities
- **High level of bureaucracy** creates structural inertia in the system
- **Slow Civil Justice** discourage investments in the country and increase costs for firms



Average Duration (days) Civil Processes, Cepej 2014 Efficiency and quality of Justice



## What do important players in the LATAM Fintech ecosystem think about the future of fintech, especially on-demand services?



**Alvaro Castro**  
Director at SUMARA Hub Legal

“**Salary On Demand** makes its way into Latin America. It consists in providing immediate liquidity as a fraction of the employee’s salary to face expenses or emergencies. Many companies now perceive salary not as a mere transaction, but as **a solution to maintain workers’ loyalty, reduce labor turnover and improve financial inclusion.** The newly adopted user behavior of *‘I want it, I have it’*, together with greater proficiency of mobile applications and digital platforms, are important factors defining the future development of this booming category.”



**Roberto Vargas**  
President of Asociación Fintech del Peru  
(Peruvian Fintech Association)

“**On-demand services are a perfect model for the recovery of the economy.** In Latin America, highly indebted people have now a financial relief thanks to innovative fintech businesses that offer to the financially excluded the possibility to benefit from financial services. We have the opportunity to witness the emergence of an ultra-competitive value proposition: **a second generation of FinTech focused on efficiency, transparency and financial inclusion.**”



# Authors



## Project Lead



Andrea Foresio  
Head of Generalist Desk,  
Board Member



*3rd year Economics and Management BSc student at Bocconi University. Currently working as Management Consultant Intern at **KPMG Italy**. Former intern at **Links Management & Technology S.p.a**. Constantly looking towards the future to revolutionize financial services.*



Maria Teresa Bogliardi  
Project Leader



*3rd year Economics and Politics BSc student and incoming International Management MSc student at Bocconi University. Currently on exchange at Sciences Po University, Paris. Experienced in institutional relations through an internship at the **Argentine Consulate**, Milan. Incoming intern at **Sellalab** (Sellagroup's startup incubator), Milan.*



Matias Espejo  
Analyst

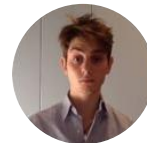


*Currently a 3rd year student at Bocconi University, coursing a BSc in International Economics and Management. Founder and CEO of **Anticipate 24/7**, a Fintech pioneering On-Demand Salaries in Peru seeking to accelerate financial inclusion in the country.*

## Generalist Desk Analysts



Valeria Vitiello  
Analyst



Ciro Scarcelli  
Analyst





[Instagram.com/bocconistudentsfintechsociety](https://www.instagram.com/bocconistudentsfintechsociety)



[LinkedIn.com/company/bsfintechsociety](https://www.linkedin.com/company/bsfintechsociety)



[Bsfintechsociety.com](https://www.bsfintechsociety.com)



[As.bsfintechsociety@unibocconi.it](mailto:As.bsfintechsociety@unibocconi.it)

[www.bsfintechsociety.com](https://www.bsfintechsociety.com)

Following presentation may have included forward-looking statements. These statements are not historical facts, but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside of our control. It is possible that the Firm's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. These materials are based on information provided by the internet or otherwise reviewed by us. We have assumed that such estimates and forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments. These materials are not intended to provide the sole basis for evaluating and should not be considered a recommendation with respect to any transaction or other matter. Prior to entering any transaction you should determine, without reliance on us, the economic risks and merits as well as the legal, tax and accounting characterizations and consequences of any such transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by us to provide or arrange any financing for any transaction or to purchase any security in connection therewith. We assume no obligation to update or otherwise revise these materials.