Executive Brief: Institutionalizing Parallel Remittance Flows

Subject: Strategic Integration of the Pravica Settlement Protocol (Remi) to Capture Off-Balance Sheet Liquidity

I. Executive Summary: The Market Leakage

Despite established banking infrastructures, a significant and rapidly growing volume of cross-border capital continues to bypass traditional financial institutions.

The scale of this leakage is accelerating. While 2024 saw substantial activity in Egypt, **in 2025 the volume surged to $48 billion** in value circulating annually through digital assets entirely outside the formal banking sector in Egypt. This represents a massive, expanding pool of uncaptured liquidity and lost fee revenue.

- **Macroeconomic Context:** Remittance inflows constitute **8-9% of Egypt's GDP**, driven by an expatriate workforce of approximately 15 million.

- **The Gap:** Despite these flows representing billions in annual volume, a dominant percentage is settled via informal, non-banking channels. Consequently, financial institutions are failing to monetize one of the sovereign's most critical sources of foreign currency inflow.

II. The Solution: Pravica Infrastructure

Pravica developed an enterprise-grade settlement protocol (Remi) designed to bridge the gap between informal remittance networks and regulated banking infrastructure.

By utilizing regulated stablecoin rails for backend settlement, Remi enables financial institutions to offer instant, secure cross-border value transfer. This infrastructure allows the bank to function as the primary settlement agent, ensuring full traceability and re-intermediating flows that have historically leaked into the parallel market.

III. The Business Case: Revenue & Liquidity Optimization

- Integrating Remi offers a dual-pronged approach to revenue generation: **Non-Interest Income (Fee-Based)** and **Net Interest Income (Liquidity-Based)**.

The High-Volume Corridor Opportunity (UAE-Egypt)

- **Target Demographic:** 1 million Egyptian nationals currently residing in the UAE.

- **Total Addressable Market (TAM):** $3.5 billion in annual transaction volume within this specific corridor.

- **Initial Penetration Target:** Capturing 10% of the active user base (approx. 100k users).

Projected P&L Impact

By targeting an initial flow capture of **$350 million**, the bank can unlock up to **$12 million in new annual revenue**.

Revenue Drivers:

1. **Transactional Yield:** Capture of settlement and FX conversion fees on volumes previously lost to the informal sector.

2. **Balance Sheet Optimization:** Generation of float income derived from increased USD reserve holdings and deposit mobilization.

IV. Strategic Imperatives
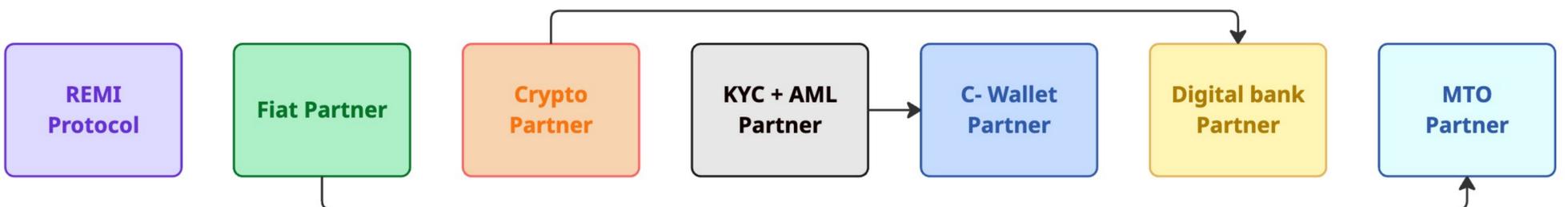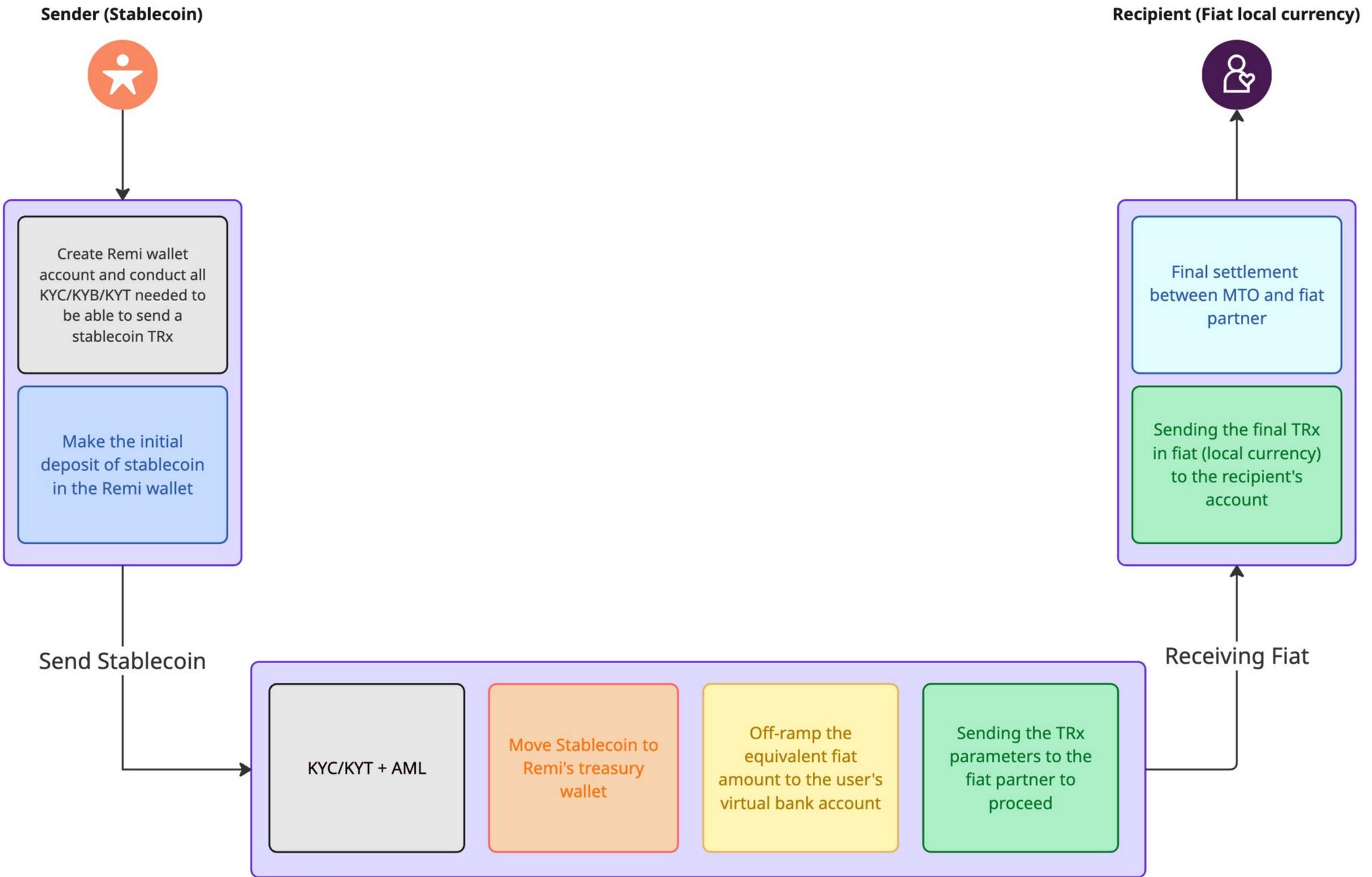
1. Liquidity Management & FX Reserves

Instead of allowing capital to circulate in the shadow economy, Remi enables the bank to build and control USD liquidity pools directly within the formal banking system. This directly strengthens the bank's foreign currency position and capital adequacy.

2. Competitive Differentiation & Market Leadership

Adopting Remi positions the bank as a first-mover in the "fin-internet" era. By transforming traditional remittance corridors into scalable, tech-driven revenue streams, the bank secures a competitive advantage in a market increasingly dominated by fintech disruptors.

3. Regulatory Alignment & Compliance

Remi serves as a technology layer, aligning digital value transfer with institutional standards. It creates a mechanism to move value compliantly, enhancing trust with regulators by bringing "dark" market flows into the light of the audited banking system.

Stablecoin/Fiat Flow

Sender (Stablecoin)

Recipient (Fiat local currency)

Create Remi wallet account and conduct all KYC/KYB/KYT needed to be able to send a stablecoin TRx

Make the initial deposit of stablecoin in the Remi wallet

Final settlement between MTO and fiat partner

Sending the final TRx in fiat (local currency) to the recipient's account

Send Stablecoin

Receiving Fiat

KYC/KYT + AML

Move Stablecoin to Remi's treasury wallet

Off-ramp the equivalent fiat amount to the user's virtual bank account

Sending the TRx parameters to the fiat partner to proceed

REMI Protocol

Fiat Partner

Crypto Partner

KYC + AML Partner

C- Wallet Partner

Digital bank Partner

MTO Partner

REMI

Powered by **REMI Protocol**

Full Detailed Flow Description: Stablecoin-to-Fiat Remittance 1/2

This workflow is structured into three phases to ensure regulatory compliance, operational speed, and liquidity efficiency.

Phase 1: Sender Onboarding & Asset Loading

- **1. Unified Compliance Onboarding:** The sender creates a **Remi Wallet** account. The system performs a comprehensive compliance check (KYC/KYB/KYT) to verify the user's identity and eligibility for both the crypto wallet and the integrated virtual banking services.

- **2**. **Initial Funding**: The verified sender deposits stablecoins into their Remi wallet. At this stage, the assets are held as digital currency (crypto) within Remi's protocol.

Phase 2: The Remi Protocol (Conversion & Isolation)

- **3**. **Transaction Initiation & Screening**: When the user sends a remittance request, the system triggers a secondary, transaction-specific **KYC/KYT + AML** check to validate the transfer and ensure no illicit activity is involved.

- **4**. **Treasury Movement**: Upon validation, the system moves the stablecoins from the user's wallet to **Remi's Treasury Wallet** to centralize the funds for processing.

- **5. The "Regulatory Firewall" (Crypto-to-Fiat):**

  - Remi Protocol engages a **crypto digital bank partner.**

  - The system off-ramps the stablecoins, converting them into the equivalent fiat amount.

  - This fiat is deposited directly into a **Virtual Bank Account** (ledger) opened for the specific user within the digital bank integration.

  - *Purpose:* This step "formalizes" the funds, ensuring the asset is legally recognized as fiat in the user's name before it interacts with the downstream payment network.

Phase 3: Disbursement & Settlement (The "Instant" Model)

- **6**. **Instruction Handover**: The system sends the validated transaction (TRx) parameters to the **Fiat Partner**. The Fiat Partner accepts the request because the source of funds has already been converted to fiat.

- **7. Instant Payout (Recipient Experience):**

  - The Fiat Partner does not wait for international settlement. Instead, they utilize their own **pre-funded local account** in the recipient's country.

  - The partner executes an immediate local transfer to the **recipient's account.**

  - *Result:* The recipient receives the funds ("receiving fiat") almost instantly.

Full Detailed Flow Description: Stablecoin-to-Fiat Remittance 2/2

- **8. Bulk Aggregation & Escrow:**

  - Back in the Remi ecosystem, the protocol aggregates fiat funds from hundreds of individual transactions held in the Digital Bank.

  - These funds are moved collectively or separately to an **MTO (Money Transfer Operator) escrow account.**

  - The MTO, acting as a licensed entity, holds the funds in a regulated escrow environment to ensure safety and compliance.

- **9. Final Net Settlement:**

  - The MTO initiates a single **Net Settlement** transaction to the Fiat Partner.

  - This bulk transfer reimburses the Fiat Partner for the liquidity they advanced.

  - *Timing:* Settlement occurs on a **T+0 to T+3** cycle, depending on transaction volume and agreed terms.

Short Summary

The **Remi Protocol** enables instant cross-border stablecoin-to-fiat remittances through a compliant, three-step "Bridge and Settle" model:

1. **Isolation:** Crypto assets are converted to fiat via a **Digital Bank** and held in user-specific **Virtual Accounts**, creating a legal firewall that prevents the payout partner from handling crypto.

2. **Instant Payout:** The **Fiat Partner** delivers funds immediately to the recipient using **Pre-Funded Local Liquidity**, ensuring a real-time user experience.

3. **Bulk Settlement:** Remi aggregates funds into a licensed **MTO Escrow Account** and reimburses the Fiat Partner via a single bulk settlement (T+0 to T+3), optimizing liquidity costs and banking compliance.