



Advancing financial access for the world's poor

Mobile Money 101

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9 November 2010

CGAP: Who we are

“Advancing financial access for the world’s poor”

BILL & MELINDA
GATES *foundation*



DFID Department for
International
Development

www.cgap.org/technology



Agenda

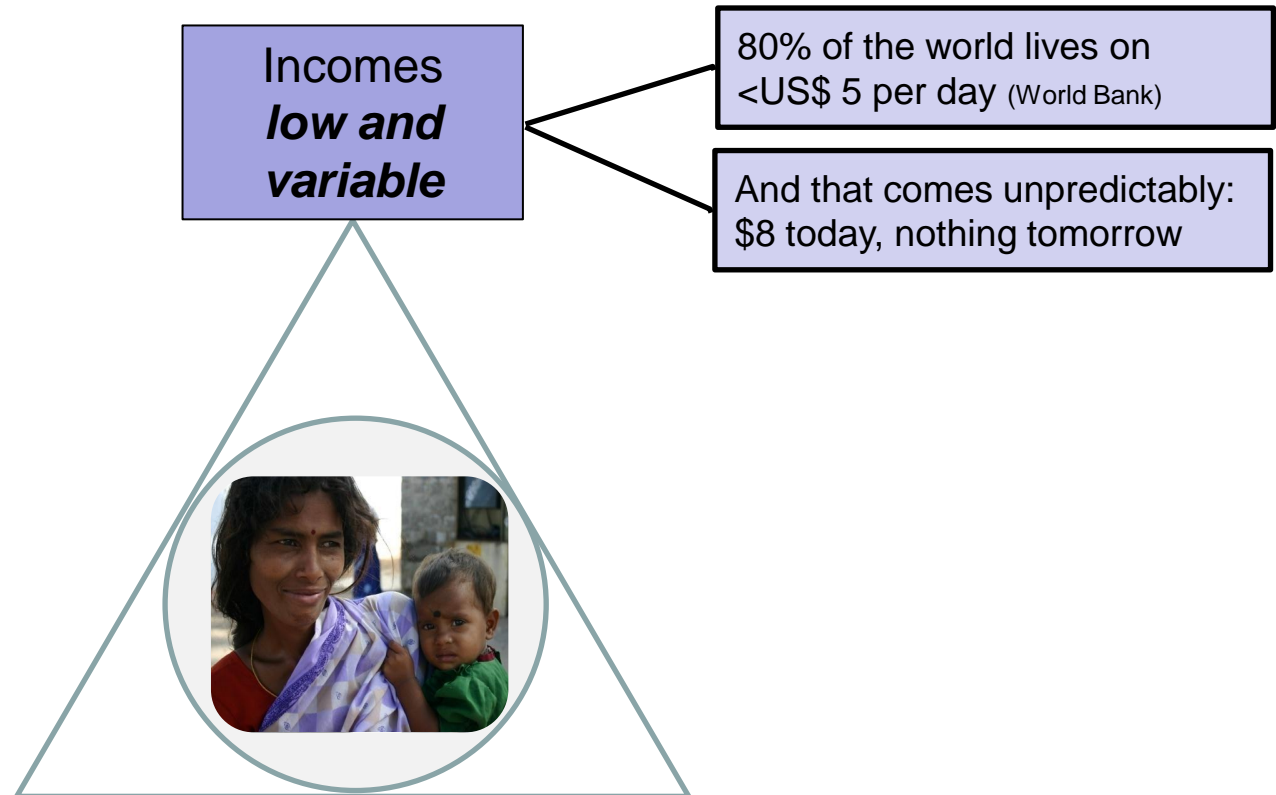
What is “mobile money”?

Does it live up to the hype?

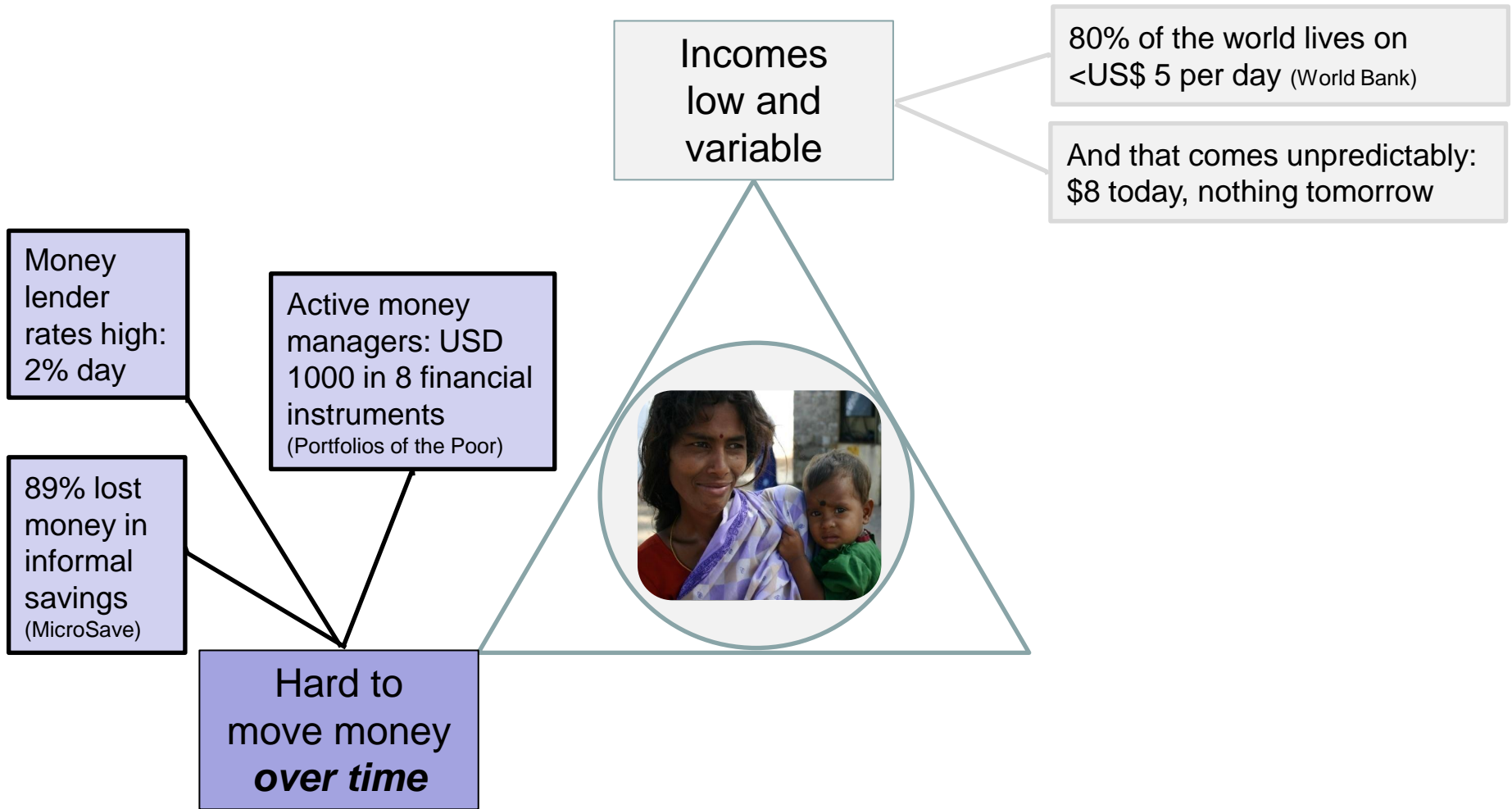
What’s the unfinished business?



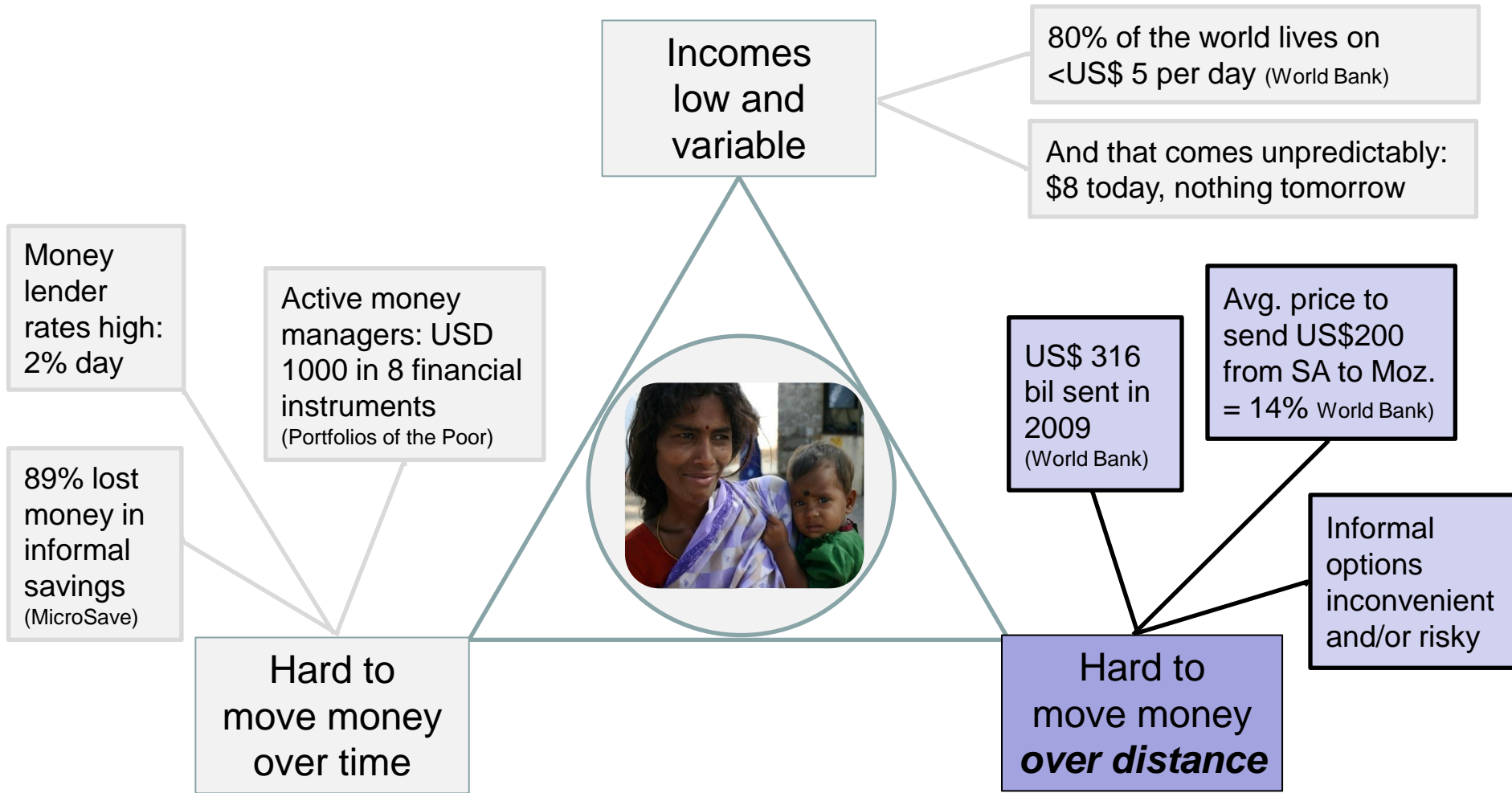
Economic lives of the poor



Economic lives of the poor



Economic lives of the poor



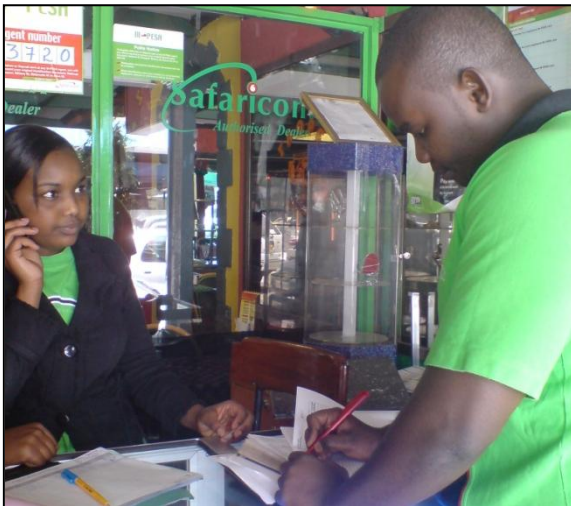
Mobile reaches the unbanked (but with some limits)

1

Globally, 1 billion people do not have a bank account but *do* have a mobile phone (CGAP, GSMA, McKinsey)

2

Wide distribution:
100,000 airtime sellers,
<2000 bank branches
and ATMs in Kenya



3

Airtime network already exchanges cash for electronic value, but with some limits”

“Expires 31 days after recharging”

VAT charged

Non-redeemable



Branchless Banking: What do we mean

“... delivery of financial services outside conventional bank branches using information and communications technologies and nonbank retail agents.”

Financial institution



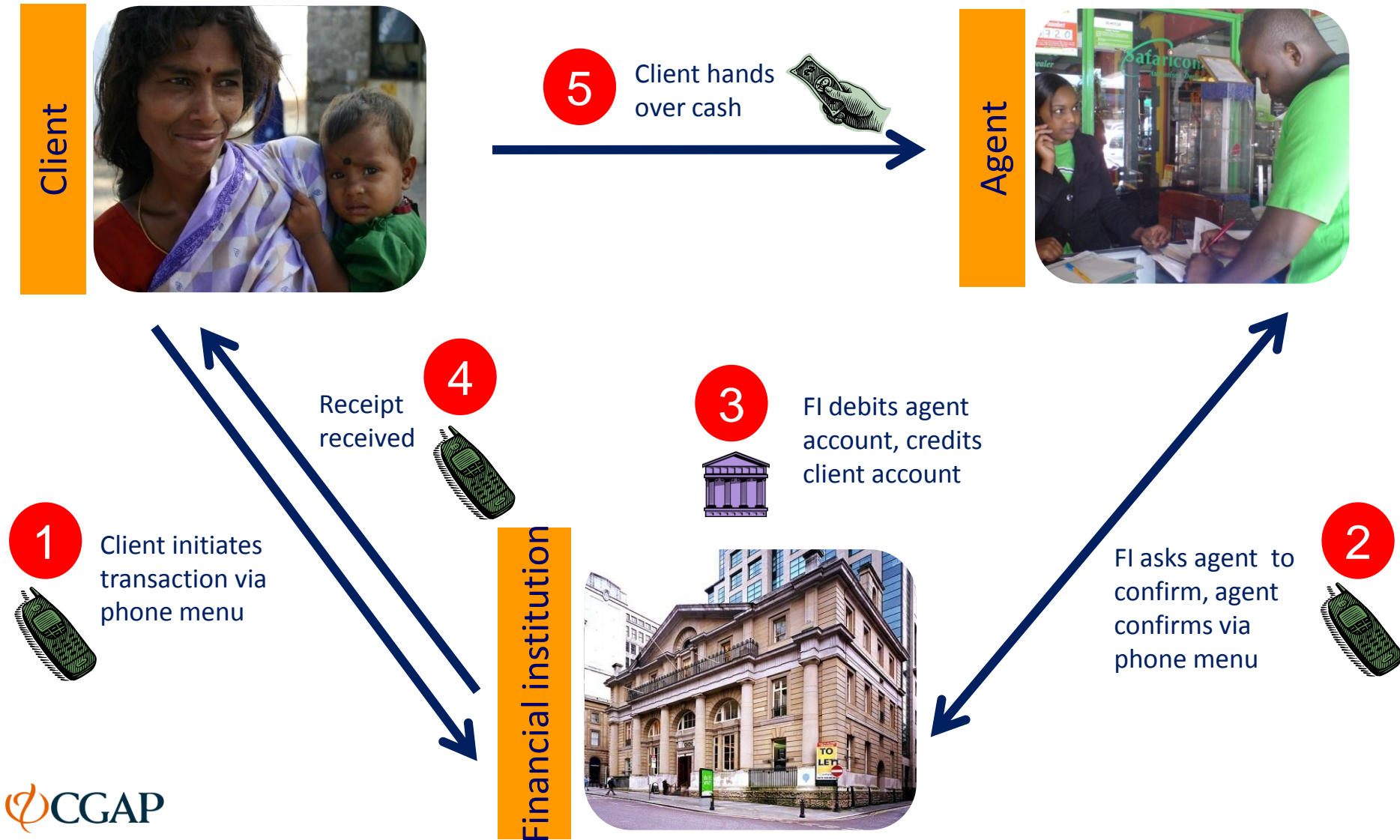
Agent



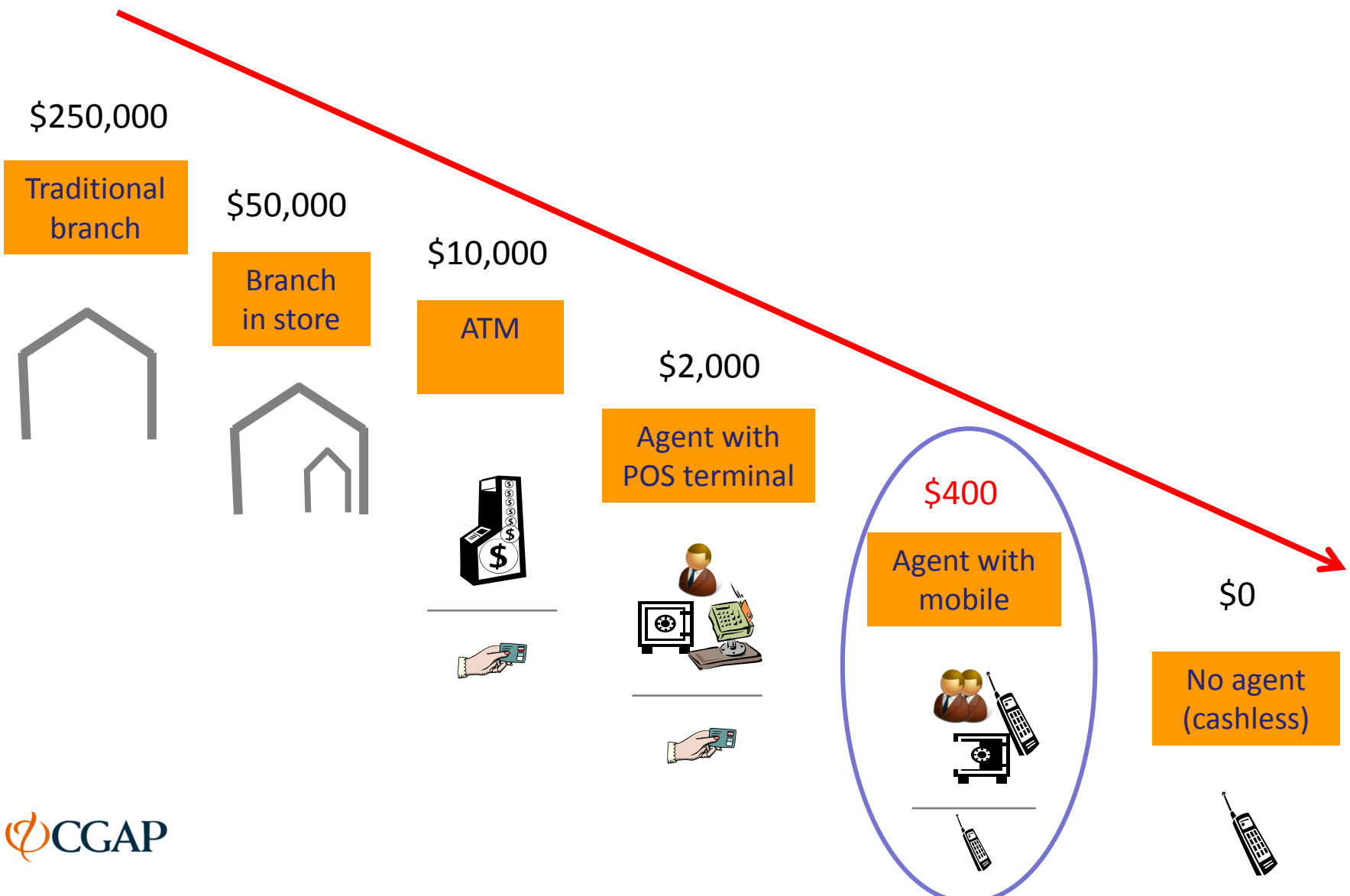
Client



How does it work? Here's a deposit transaction



Low infrastructure cost for provider = cheaper price to client



The iconic implementation so far: M-PESA

M-PESA launched March 2007
In Kenya by mobile network
operator Safaricom. Today:

- 13 million registered (+50% of adults)
- 20,000 agents (vs. <2000 branches, ATMs)
- US\$422 mil transferred in July '10
- Users say M-PESA faster (98%), more convenient (97%), and safer (98%)
- 4 out of 5 say not having it would have a “large negative impact” on their lives

Sources: Safaricom, Reuters, Jack & Suri (2010)



Other players

Kenya



- Partnership of Safaricom with Equity, Kenya's largest bank
- Pilot loan product using account data to score clients
- Micro-insurance (life & accident)

Pakistan



- MNO (Telenor) buys 51% stake in microfinance bank (Tameer) in order to launch mobile money

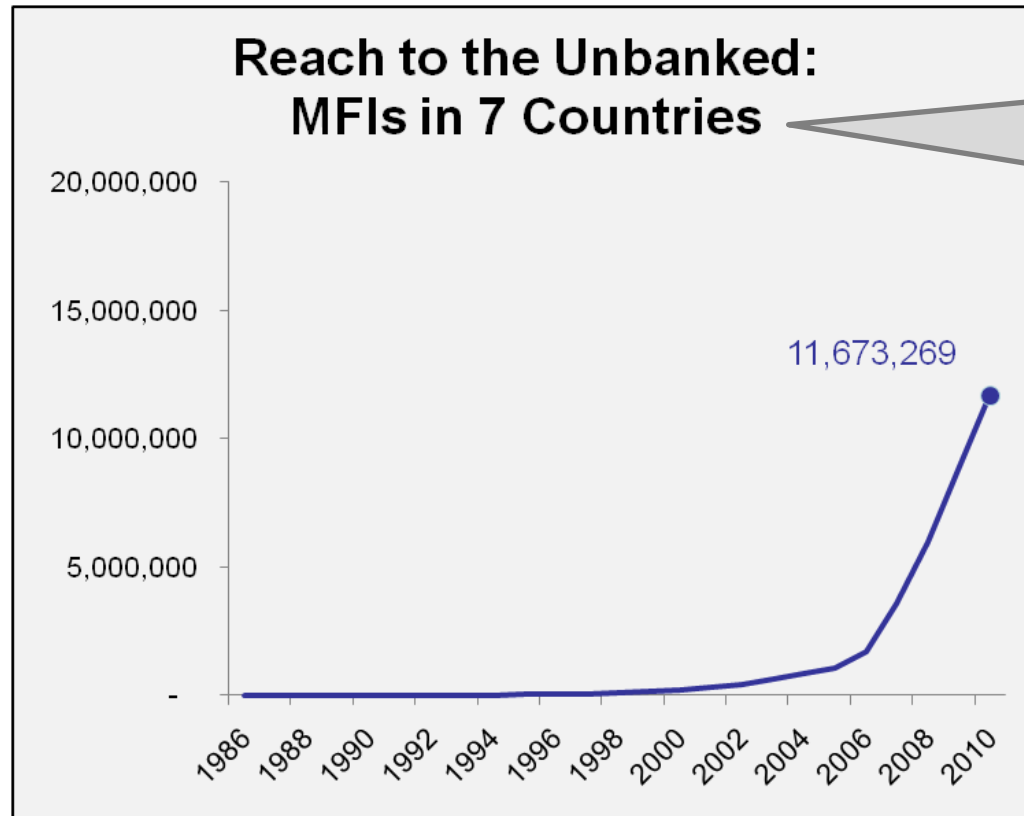
India



- Nonbank, nonMNO taking lead in channel design and management
- Probably the world's largest branchless banking institution (BBI) with more than 21 mil registered users
- Card-based, not mobile

Do branchless banking institutions (BBIs) reach the unbanked?

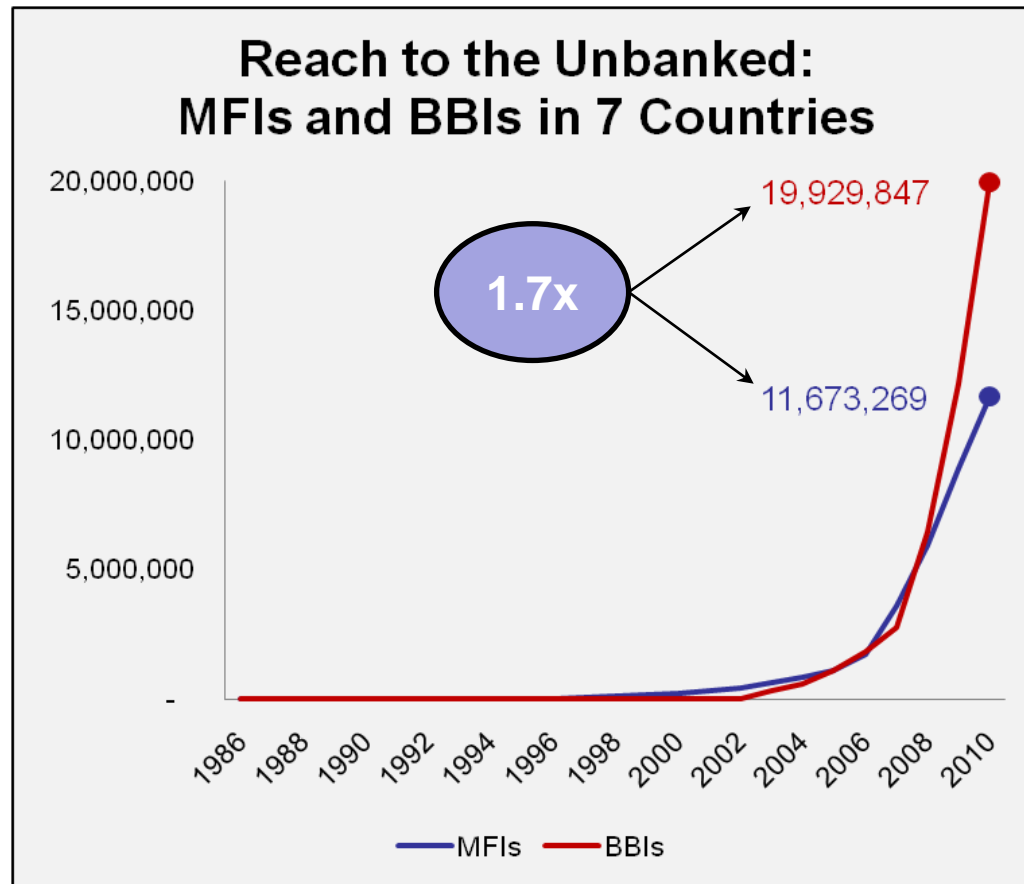
Let's use
microcredit
as a
yardstick



- Brazil
- Cambodia
- India
- Kenya
- Philippines
- S. Africa
- Tanzania

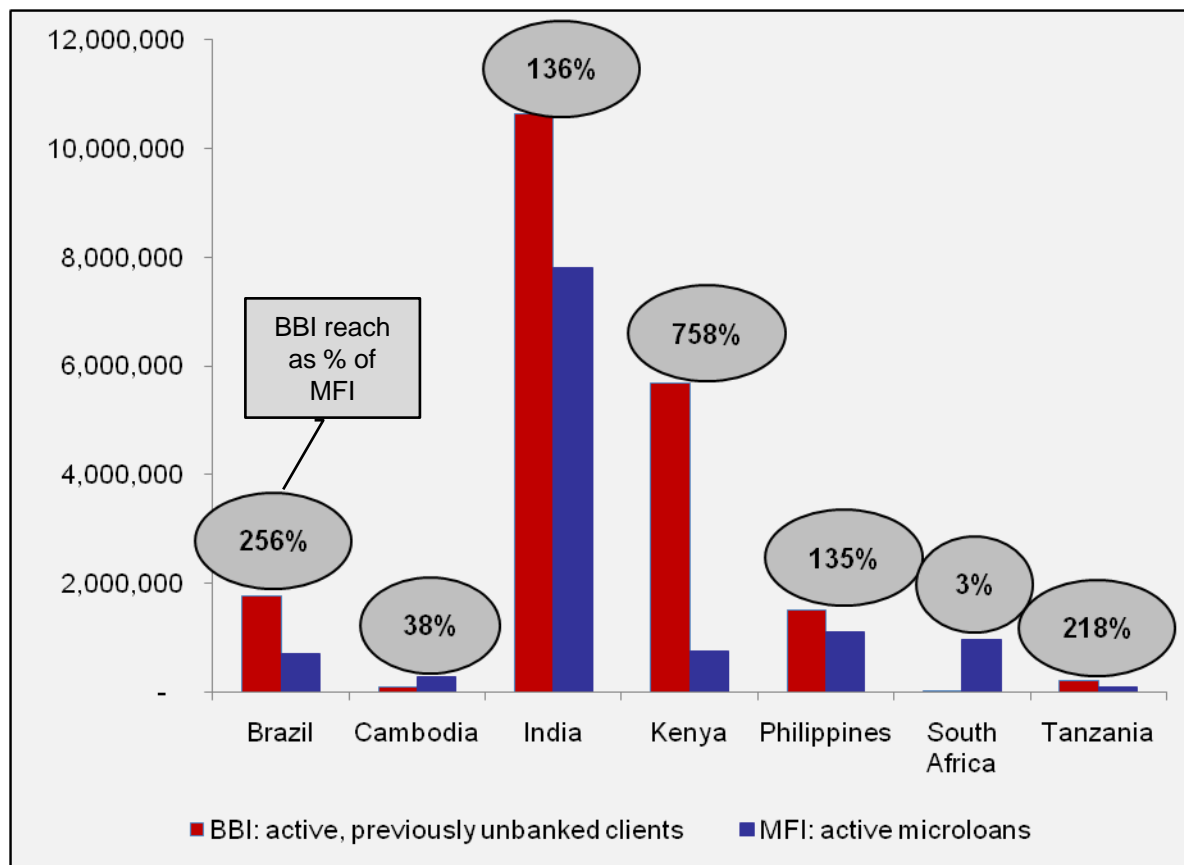
Pickens and McKay. (2010). *Branchless Banking 2010*. <http://www.cgap.org/p/site/c/template.rc/1.9.47614/>
Includes largest Microfinance Institution (MFI) in 7 markets: Aceda Bank (Cambodia), Banco do Nordeste (Brazil), BRAC (Tanzania), Capitec Bank (South Africa), CARD NGO & CARD Bank (Philippines), Equity Bank (Kenya), SKS (India). Selection based on countries with data on unbanked status of branchless banking users.

BBIs reach 1.7x more clients than MFIs in 7 countries



Pickens and McKay. (2010). *Branchless Banking 2010*. <http://www.cgap.org/p/site/c/template.rc/1.9.47614/>
Compares largest MFI to largest Branchless Banking Institution (BBIs) in 7 markets: Banco Postal (Brazil), FINO (India), M-PESA (Kenya), M-PESA (Tanzania), Smart Money (Philippines), WING (Cambodia), WIZZIT (S Africa).

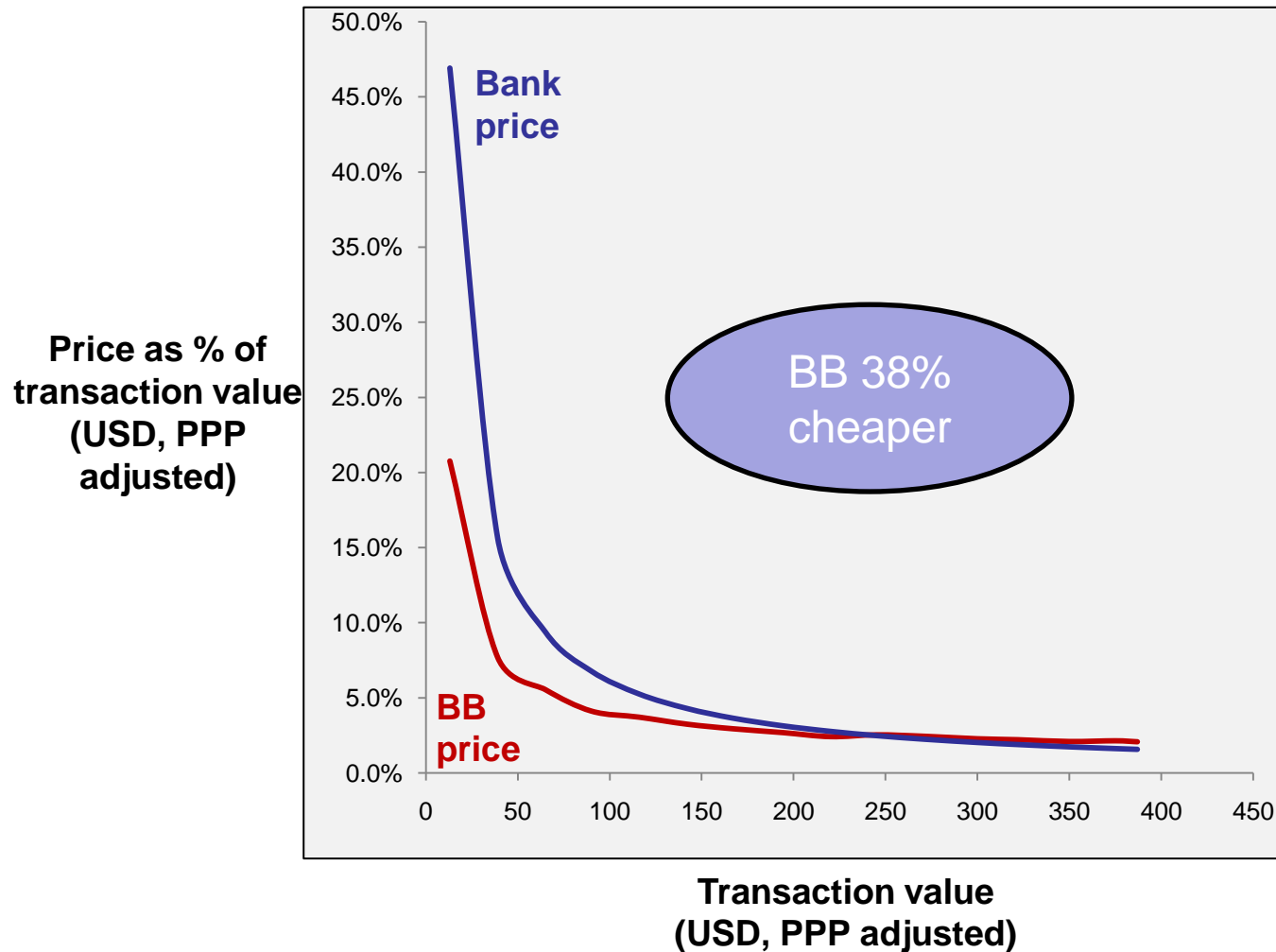
BBIs: greater reach in 5 of 7 markets, growing 2x faster



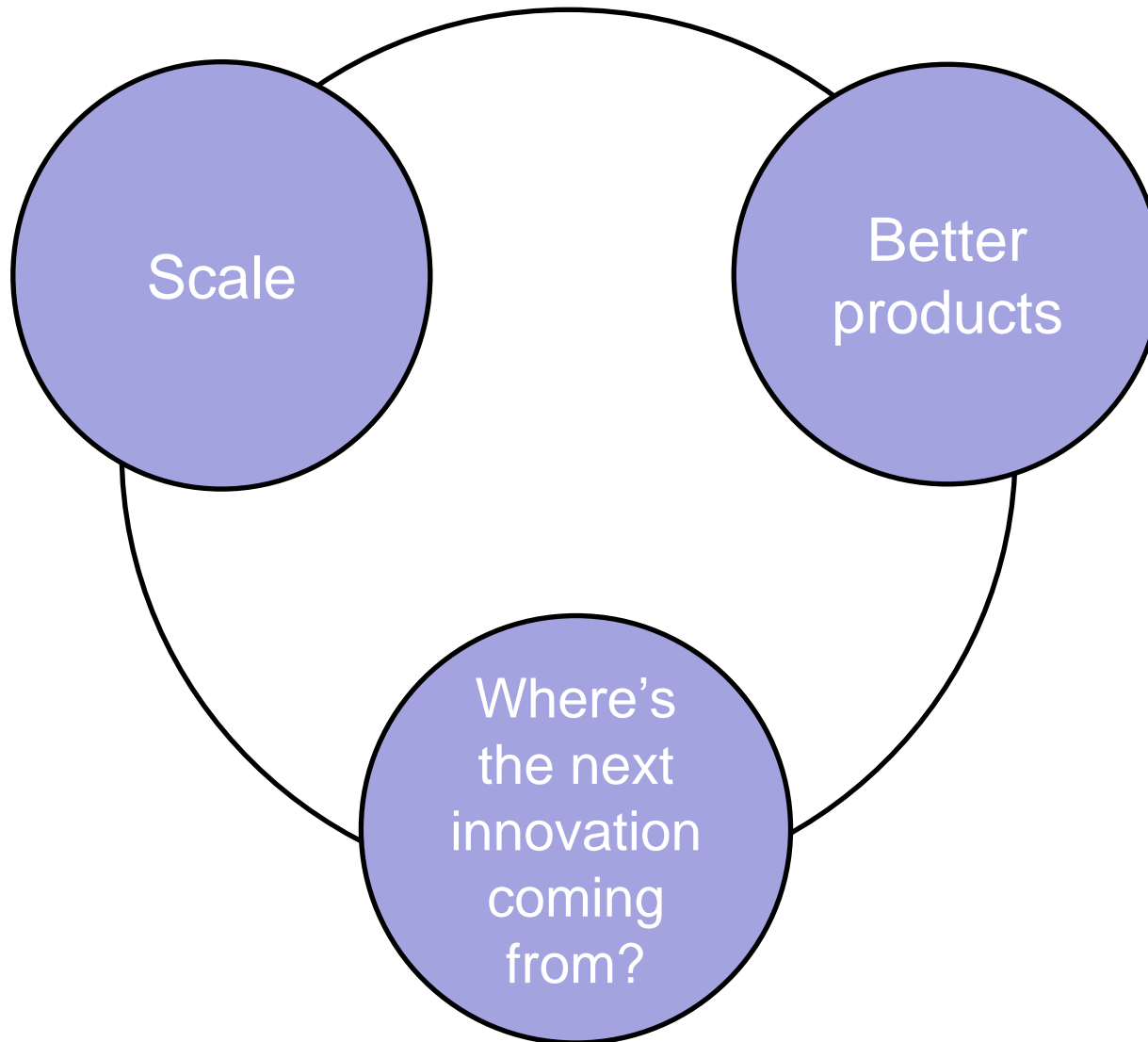
- Brazil
- Cambodia
- India
- Kenya
- Philippines
- S. Africa
- Tanzania

3 yr CAGR
BBIs: 93%
MFIs: 48%

Branchless banking cheaper than services delivered via traditional bank infrastructure



Unfinished business



CGAP Technology Program

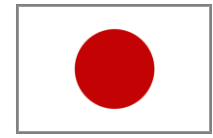


14 projects in 10 countries, 13 policy diagnostics

- Research, policy, advisory and grant funding
- Learning and knowledge sharing
- Co-funded by the Bill & Melinda Gates Foundation, CGAP and the UK Department for International Development
- Find us online at <http://www.cgap.org/technology>

What we do

- Demonstrate innovation and scale in branchless banking projects resulting from CGAP's technical assistance and/or grant funding.
- Improve broad industry knowledge and practice in the areas of customers, agents, business models and regulatory frameworks.
- Harness existing government payments and remittance flows to provide banking services to large numbers of unbanked people.
- Help policymakers develop regulations that support effective use of mobile technologies for financial inclusion.



BILL & MELINDA GATES foundation



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www.cgap.org

www.microfinancegateway.org



MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

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FORD FOUNDATION

