

The background of the slide is an abstract composition of overlapping, semi-transparent circles and arcs in shades of green, blue, and purple. A bright light source from the upper right creates a series of radiating lines across the entire image. In the lower center, a lightbulb is visible, its filament glowing with a greenish-yellow light. The text is overlaid on this background in several rectangular boxes.

# **MOBILE BANKING**

## **How technology is reshaping microfinance & remittances**

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**EMW2009, 26 Nov. '09**



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- **Mobile Money for the Unbanked (BMGF)**
- **Microfinance on mobile (musoni.eu)**
- **Remittances on mobile (mytransfer.org)**



# Helping innovation in M Banking

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- **MMU initiative: USD 12,5 M from BMGF (Gates foundation)**
- **USD 5 bn market opportunity to reach 290 million by 2012**
- **The revolution is now!**

Region	Mobile Penetration (Q4)		
	2006	2008	2012*
Africa	22%	40%	70%
South Africa	75%	95%	113%
Kenya	22%	49%	101%
Zambia	15%	31%	63%
Ivory Coast	21%	52%	103%
Tanzania	14%	33%	61%
Sudan	13%	29%	73%
Egypt	26%	59%	100%

Source: Wireless Intelligence

\*Projected



# Mitigation of risks

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Risk	How Mobile Phones are Vulnerable	Sample of Risk Mitigation Measures
<b>Anonymity</b>	Mobile transactions do not require the same level of person-to-person interaction that conventional banking does. Ensuring that the person accessing the account is the same as the one listed is more difficult.	New technologies such as voice recognition or fingerprinting to verify ID  Requirements to check customer ID at most vulnerable points of transaction (deposit or withdrawal for example).
<b>Elusiveness</b>	Criminals can use phones to evade detection by dividing a large transfer of funds into small ones using multiple mobile phones and accounts.	Automated systems that profile a customer, flagging unusual account ownership activity.
<b>Rapidity</b>	Money is sent and received in fractions of a second, sometimes not giving financial institutions enough time to suspend a suspicious transaction.	Integrated systems of internal controls that instantly respond to suspicious transactions.
<b>Poor Oversight</b>	New innovations, including mobile phone financial services, are often not fully incorporated into the regulatory regime. This may make them vulnerable to criminal activity.	Licensing and registration procedures that identify market players  Publishing guidelines for the industry  Consult industry to make regulations

Source MMU



# The 3 leaders

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<b>Deployment</b>	M-PESA (Kenya)	MTN Banking	WIZZIT
<b>Launch Date</b>	2007	2005	2004
<b>Markets Served</b>	Kenya (primary)	South Africa	South Africa
<b>Customer Tool</b>	Mobile phone	Mobile phone and MTN debit card	Mobile phone and Maestro debit card
<b>Brand</b>	Mobile operator led (Safaricom)	Hybrid of mobile operator and bank	Third party led with a partner bank
<b>Distribution Network</b>	<b>Sales and Service:</b> Post Office Supermarket Airtime dealers ATMs Banks	<b>Sales:</b> Mobile distribution channel to capture traffic in high volume areas  <b>Service:</b> Mobile phone ATM POS WEB Banks	<b>Sales:</b> Mobile 'Wizz' Kids with local neighbourhood knowledge  <b>Service:</b> Mobile phone ATM POS WEB Banks
<b>Services Available</b>	Money transfer Airtime top-up Bill payment Salary payment Merchant payment	Money transfer Airtime top-up Bill payment  Full transactional and informational banking through mobile	Money transfer Airtime top-up Bill payment  Full transactional and informational banking through mobile
<b>Technology Used</b>	SIM toolkit	SIM toolkit	USSD2



musoni



# Why mobile microfinance in East Africa?

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- **Mobile Money Transfer systems are popular in East Africa; Safaricom in Kenya has over 6m M-PESA customers, while Zain has recently launched it's new Zap product.**
- **Over 50% of East Africans have access to mobile phones and there is a 90% mobile coverage**
- **73% of Kenyans, 79% of Ugandans and 89% of Tanzanians still do not have access to any formal banking services. Microfinance taps into this community, enabling entrepreneurs at the lower end of the market to invest and expand their businesses**
- **Mobile banking :**
  - Saves our clients time and transport costs
  - Saves us time and administration costs
  - Provides reliable and timely data (important for funders)
  - Reduces possibility of fraud

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# Challenges East Africa

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## Current situation

**Microfinance is often transaction based, short term liquidity solving**

**High real interest rates (>140%), plus additional repayment costs**

**High time involvement in the repayment process (> 8 hours per month)**

**Many MFIs remain small (<20,000 clients)**

**Many MFIs struggle with IT, funding and control**

## Musoni

**We strive for a long-term investment relation with clients**

**Much lower rates and lower repayment costs**

**Much lower time involvement (3-6 hours per month)**

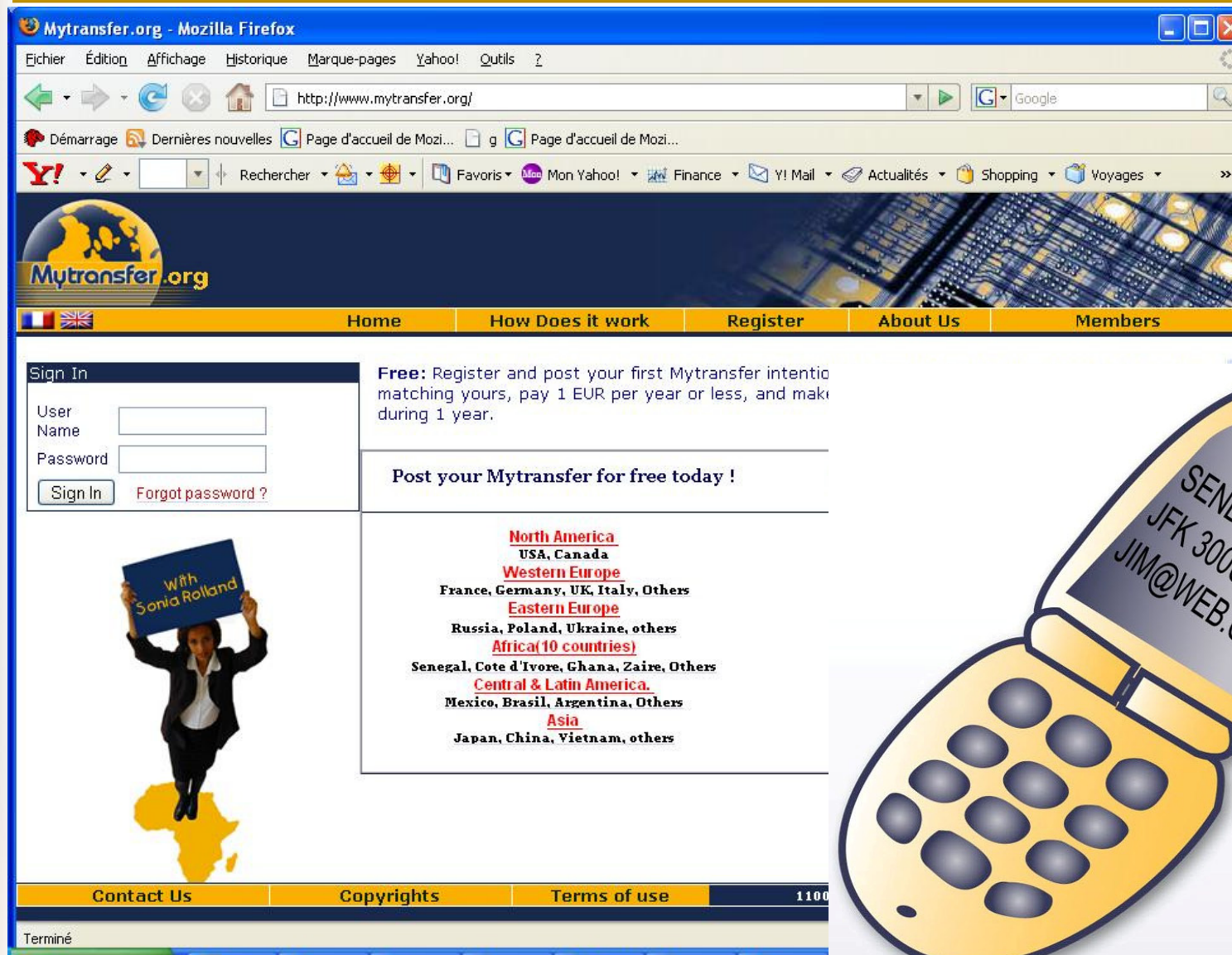
**We expect to serve 160,000 active clients after 5 years**

**We outsource these elements to a specialised service centre**



# Settlement marketplace

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Mytransfer.org - Mozilla Firefox

Fichier Édition Affichage Historique Marque-pages Yahoo! Outils ?

http://www.mytransfer.org/

Démarrage Dernières nouvelles Page d'accueil de Mozi... g Page d'accueil de Mozi...

Rechercher Favoris Mon Yahoo! Finance Y! Mail Actualités Shopping Voyages

Mytransfer.org

Home How Does it work Register About Us Members

Sign In

User Name

Password

Sign In Forgot password ?

**Free:** Register and post your first Mytransfer intention matching yours, pay 1 EUR per year or less, and make during 1 year.

Post your Mytransfer for free today !

**North America**  
USA, Canada

**Western Europe**  
France, Germany, UK, Italy, Others

**Eastern Europe**  
Russia, Poland, Ukraine, others

**Africa(10 countries)**  
Senegal, Cote d'Ivoire, Ghana, Zaire, Others

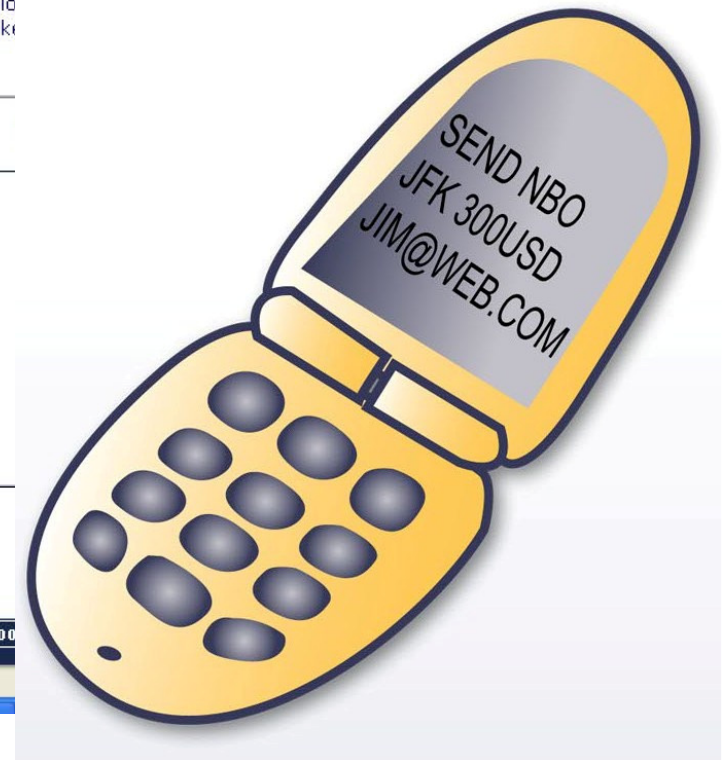
**Central & Latin America**  
Mexico, Brasil, Argentina, Others

**Asia**  
Japan, China, Vietnam, others

With Sonia Rolland

Contact Us Copyrights Terms of use 1100

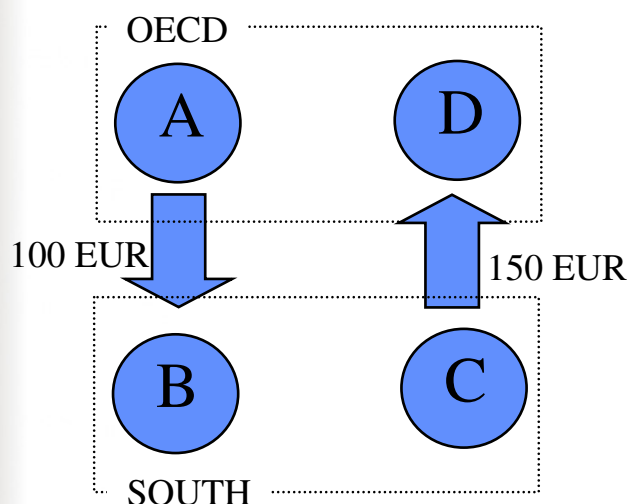
Terminé



# Bilateral settlement

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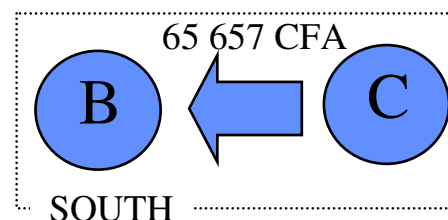
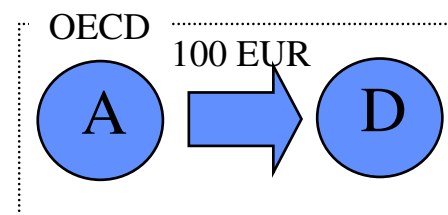
- **MyTransfer.org is offering to deliver for free the contact information of people who could settle your money transfer**



A in Paris wants to send 100 EUR to his mother (B) in Lomé

C in Lomé wants to send 150 EUR to D

**This would cost about 2 x 15 EUR/USD of transfer fees**



A and C (the senders) posts their intention on MyTransfer.org  
MyTransfer warns them and they agree on an amount (100 EUR)  
and set up an appointment for A & D to call B & C

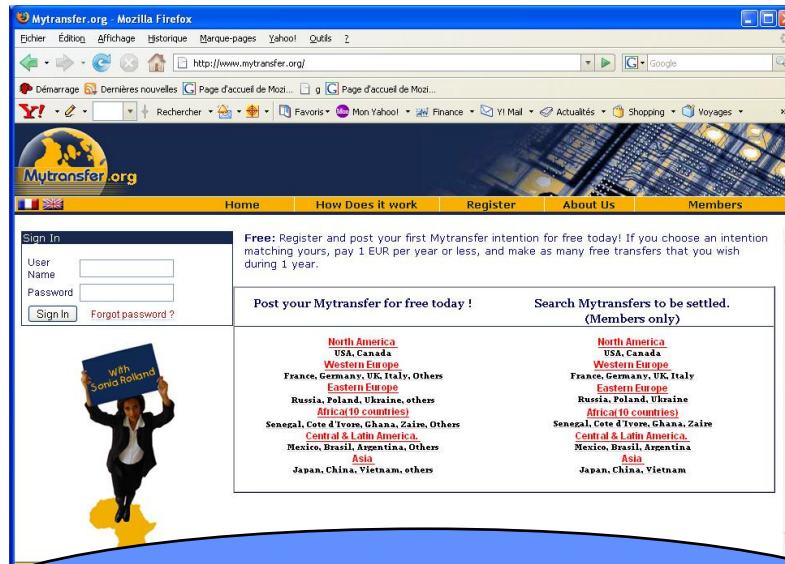
C gives the money B while A gives the money to D

**Cost: 2 min of international call through Skype (<0.30 cts)**

*Financial flows from South to North are largely underestimated.*

# Mobile orders

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Origin	Destination	Amount	Currency	Mobile#	email
JFK	DKR	200	USD	+225222222	n@wanadoo.sn
DKR	CDG	400	USD	+225222222	bibi@yahoo.com
LOM	CDG	100	EUR	+228222222	koffi@cafe.tg
CDG	LOM	50	EUR	+3362222222	toto@x.com

Same info + address and more

These 2 transfers  
can be settled!

SMS  
Gateway  
Interface

Mobile



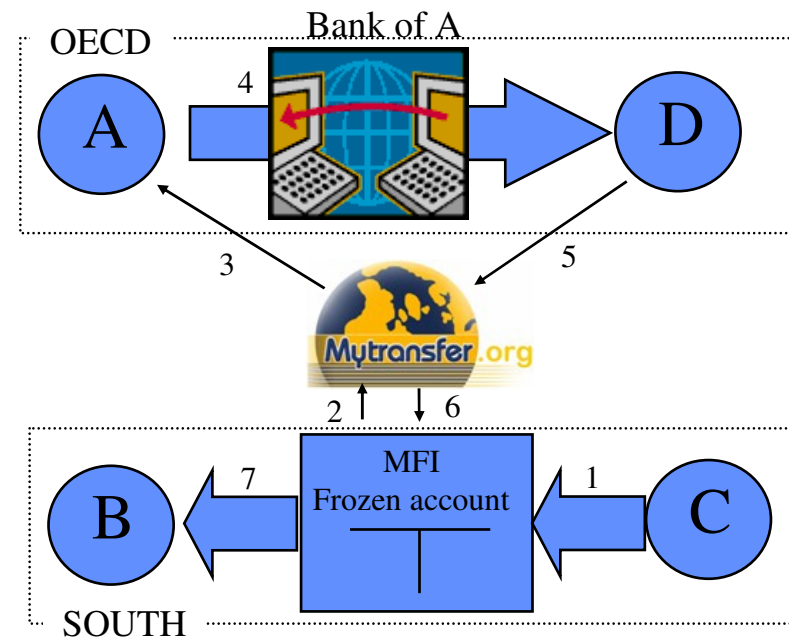
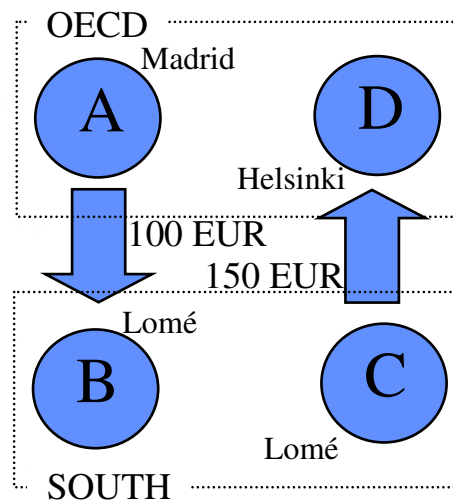
Text  
message



# Tritilateral settlement

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- A recent Directive on intra european money transfers forced banks to apply the same fee for a Paris-Paris order than for a Madrid-Helsinki; it allows MyTransfer to replace 2 costly international transfer fees by one cheap intra-european fee (often free) + a small freezing fee for the MFI



A and C (the senders) post their intention on MyTransfer.org. MyTransfer warns them and they agree on an amount (100 EUR)

1. C gives the money to the MFI
2. MFI certifies to MyTransfer the freezing
3. MyTransfer informs A
4. A transfers money to D

5. D acknowledges the receipt of the amount to MyTransfer

6. MyTransfer informs MFI

7. MFI unfreezes amount to B

(If D didn't receive the money, he can ask MFI to unfreeze money to C if the MFI get the agreement of A)

# Grouping platform

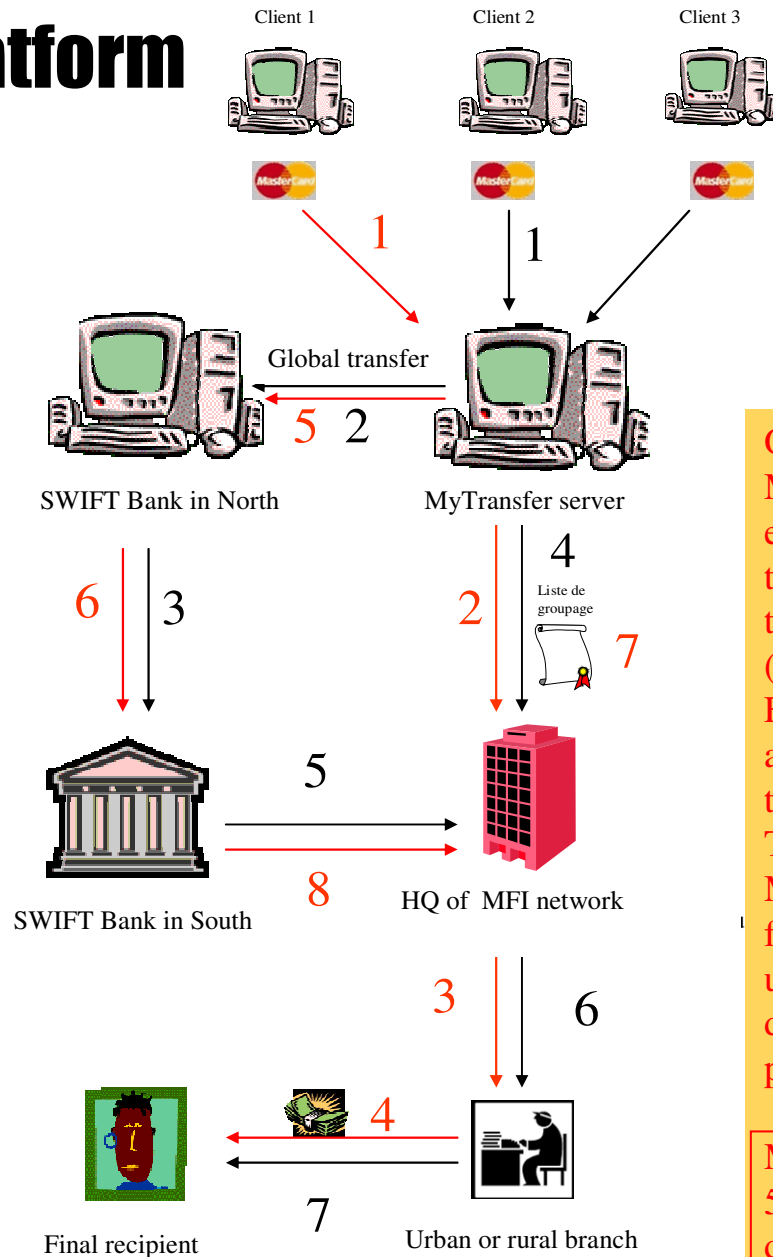
## MyTransfer Eco

**Economical periodical transfer monthly or bi-monthly**

- Customer types his transfer on MyTransfer website
- The 10 of each month, partner bank send a global transfer per country to the MFI account in a SWIFT bank (3.)
- MyTransfer send by secured mail a beneficiaries list sorted by branch
- After the receipt of the global transfer, the MFI has just to dispatch the printed list to its network of branches
- The sendee, warned by the sender, has to request the funds at the branch

**MFI revenues:**

33 % of the fees to print and send the lists to its branches, once the SWIFT transfer is arrived.



## MyTransfer Fast

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**Fast delivery transfer (12 to 48 h in most cases) for a fee slightly above**

Once the order is received, MyTransfer forwards every evening individual orders by email to the MFI HQ to ask the branch to deliver the funds in advance (1.2.3.4).

FAST transfers are settled in addition to the periodical ECO transfer (5.6.7.8).

To solve any dispute between MyTransfer and its MFI partner, funds remains on BPLC account until the acknowledgement of delivery by MFI and the MFI provides a bank guarantee letter.

**MFI revenues:**

50% to forward quickly on demand these orders by checking emails on a daily basis

# Contact information

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