

Increasing access to finance using mobile banking services

what are the factors MFIs
should consider before
engaging in m-banking
solutions?

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Triple Jump Advisory Services : What we do

- Non-profit foundation
 - Improve access to financial services by supporting the expansion of viable MFIs through the stages of development with advisory services
- Provide Cost-sharing Grants and Advisory Services
- Technical Assistance for Emerging and Expanding MFIs
 1. 55% : Technology (Mobile Banking, MIS)
Social Performance Integration
 2. 20%: Product Development
 3. 25%: Governance (Risk Management, Internal Controls/Audit, etc)
- - Supported 35 MFI Partners to date



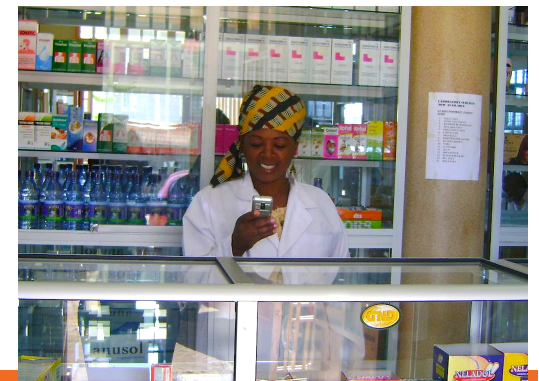
EUROPEAN
MICROFINANCE WEEK 2010
BUILDING RESPONSIBLE
PARTNERSHIPS

Our m-Banking Projects

East Africa: Kenya, Rwanda, Uganda, Tanzania

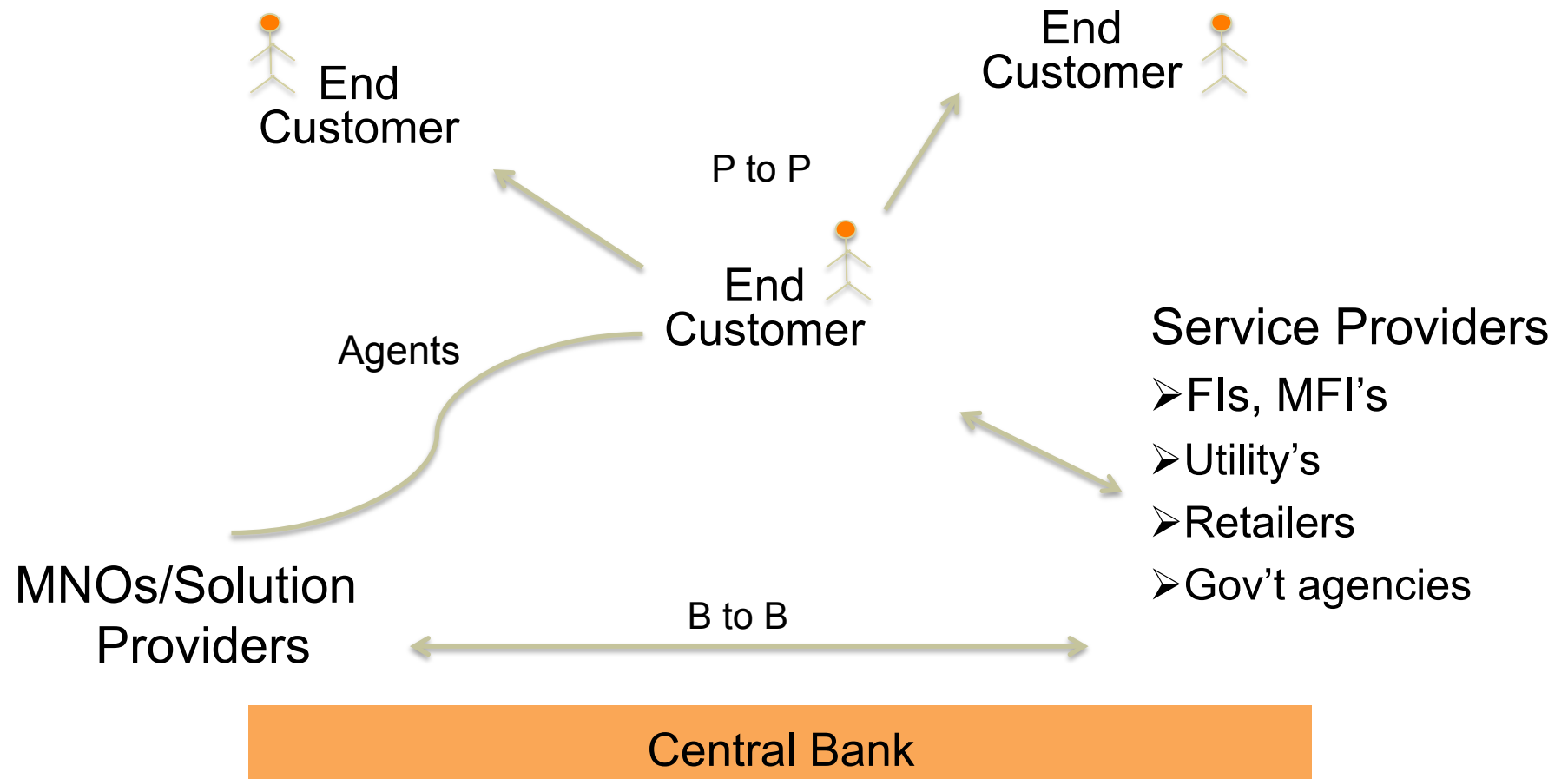
West Africa: Mali, Senegal, Togo

Caucasus: Georgia





mBanking Ecosystem





mBanking Feasibility: Market Analysis

1. What services are available on the market ?
2. What MNOs or solution providers exist, who is offering MMT or mbanking?
 - If exists, who is using
 - How does it work? How are others using it?
 - Any best practices in/out the country that can be applied
3. Who to partner with & how?
 - market share
 - target market
 - tariffs (MMT, other)
 - system functionality
 - operational requirements
4. Agent/Merchant Network– quality & coverage
 - How many, where based, contractual agreements
 - customer service process and compliance



Tujijenge customer, Dar es Salaam



mBanking Feasibility: Operational Review

1. What do my customers want, how and where?
2. What is the impact on my Operations? What change is required?
3. What is required from IT environment and MIS to allow and support this service?
4. What type of Team?
5. What type of training required?
6. costs? financing?
7. How, what and when do we market our new service offering?



mBanking Feasibility : Regulation

1. What are the Central Bank requirements
 - For MNOs, Solution Providers & for FIs
 - Effects on end-clients (daily/monthly limits)
2. What are registration requirements? Approval process?
3. KYC rules
4. do they affect MFI procedures & policies
5. How does it relate to MFI's clients
6. Who is responsible for regulating an agent network




mBanking Methodology : Why, When, How

- Biz Plan and Case development
- Partnering
- People & Capacity - internal buy-in (include staff early on to ensure useable on the ground) do you have the capacity to know what you need?
- Operations - products, procedures, processes
- Technology - MIS capacity, team, hardware, connectivity
- Launch Plan - training, marketing, troubleshooting, monitoring



Potential Benefits

MFI benefits

- Improve service offering = client loyalty and acquisition
- Reduce operational costs
- Shorter group meetings =  loan officer productivity
- Decrease PAR
- Reduce theft & fraud risk (no cash handling)
- Increase outreach
- Gain competitive advantage

Customer benefits

- save time
- more convenient (anytime anywhere)
- reduce theft
- Increase privacy
- save money
- Less meetings
- Expand meeting topics (biz training)
- Faster disbursements



VFC Solidarity Group, Gisenyi Rwanda



Potential Challenges & Risks

What should FIs be aware/mitigate :

Internal

- slow/poor adoption (trust, benefits, mob phone penetration, etc.)
 - Potential constraints: costs not less than costs for alternative methods, need mobile phone & electricity access
- Group social cohesion breakdown
- Customer illiteracy
- Limitations of Agent network service – limited supply, float constraints, churn, poor service
- non-interoperable system = narrow client offer & potential dissatisfaction
- Network weakness (latency, MNO volume stress capacity)
- Tariff increases

External

- Low/No ROI (Inability to measure)
- Solidarity demise for groups (PAR increase)
- Reporting latency (FO's not updated on client transactions)
- increase operational costs initially (ramp up investment)
- FO channel discouragement
- Human capacity management
- MIS capacity
- Knowledge management & contingency



Results: Rwanda

- **Set to launch December 2010**
- **Group & Individual customers**

Objectives:

- Save time in Group meetings - for clients and LOs
- Enlarge reach whilst offering quality service
- Reduce Costs – less paperwork for payment receipts, less Telco costs
- Eliminate cash handling risks

Results:

- Developed customized Banking feature for mobile app (select payments, deposits, withdrawals, check bank account balances) with MTN
- Created new savings product

Challenges:

- Team member time constraints
- Customer adoption – low mobile phone saturation, early stages of MMT
- Project and solution development control
- MIS customisations required
- Process re-engineering





Results: Kenya

- **Launched Q4 2008**
- **Group & Individual customers: ~7000**

Key benefits:

- Disbursements created adoption growth
- Feedback from customers differs Urban vs Rural (time savings, less trips home vs privacy)
- Group meetings cut in ½
- Theft reduced (on way & during meetings)
- Costs reduced – less paperwork for payment receipts, less Telco costs, less check processing costs
- Time savings allows LO to focus on debt recovery & customer problems to avoid churn and acquisition

Challenges:

- Agent liquidity & service
- Timely reporting (LO reports), MIS latency
- Reconciling incorrect entries or non-customer transmits – interface limitations

Current Dev: savings deposits, SMS payment reminders, late payment alerts and new product communications.





MFI as Agent: Potential Benefits & Challenges

Benefits

- additional revenue stream
- Improve service offering
- new client conversion
- positive brand association
- Gain competitive advantage

Challenges

- Non-client servicing impact
- Turnover training
- Negative brand association
- Tariff mismatch



Thank you !

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