

# Microfinance going cashless

## Ways, results and lessons learned by MFIs

- Philippe BREUL (PHB): sector latest developments, models, results and lessons learned,
- Bram PETERS (BPS in PNG): a micro / retail bank building its own system (model 4) results and lessons learned
- Bart VAN EYK (Musoni in Kenya): a micro finance institution using M-Pesa (model 2) results and lessons learned
- François COUPIENNE (UNCDF): the donor perspective !

**Global Opportunities:** Branchless banking extends the distribution of financial services to people who are not reached by traditional bank branch networks; it lowers the cost of delivery and improves customer access.



Mobile Money Services

Remittances and  
Payments Providers

Private / Public  
Companies &  
Governments

International  
Development Agencies



Cards, ATMs & POS

Payments

Bills  
Goods & Services  
Airtime Purchase  
Salary Disbursement  
Government Benefits



Agent Networks

Banking

Financial Services  
(savings, insurance,  
loans & bank transfers)  
Account Management  
Information Services  
(balance, notifications)



Biometrics

Banks & Microfinance  
Institutions

Mobile Network  
Operators

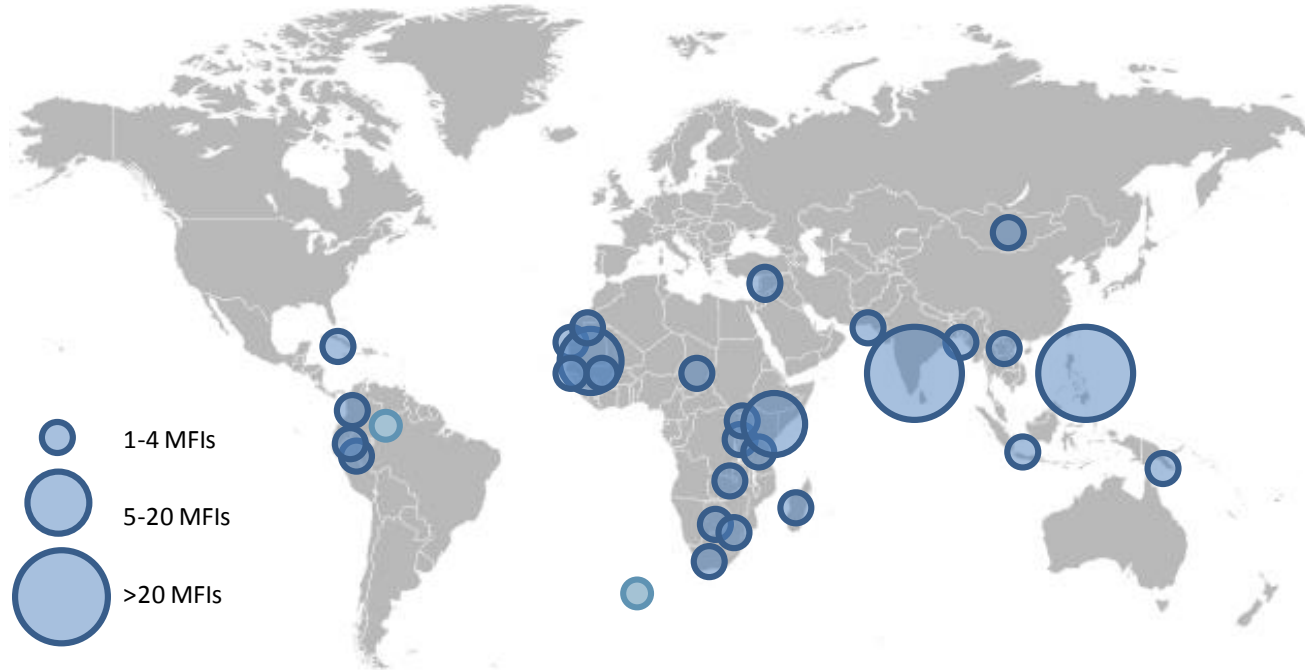
Mobile Wallet or Bank  
Account

Money Transfers  
Domestic Transfers  
International Remittances  
Cash In or Cash Out

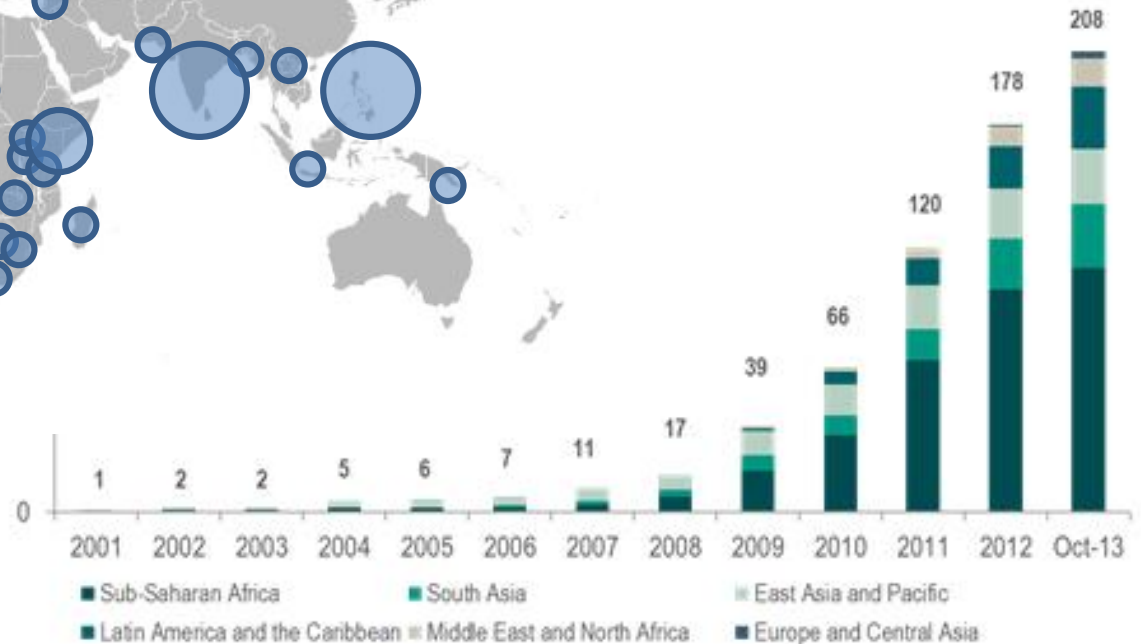
## Fis going cashless

More than 154 Fis were involved in 2012  
(There are also 208 Mobile Money services currently live in 83 countries -GSMA)

### Microfinance Institutions and MF-Banks using the mobile network



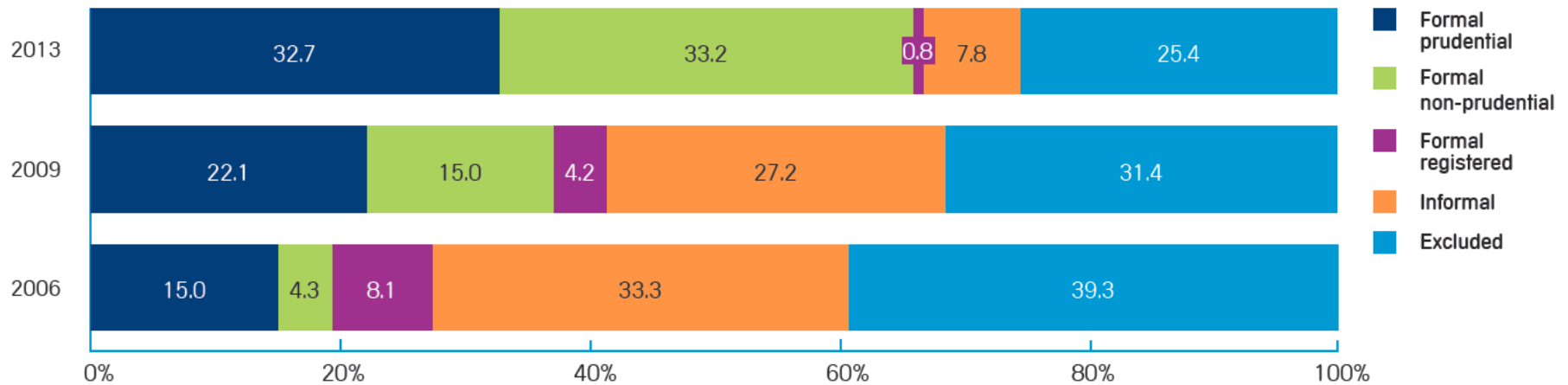
### Mobile Money Déploiements



# Massive Financial Inclusion

EUROPEAN  
MICROFINANCE WEEK 2013

THE FUTURE OF MICROFINANCE:  
INVESTING IN INCLUSIVE GROWTH



Source: Financial Access Oct. 2013

- CBK shows that deposit accounts rose by 2.15 million in the 3 months to September to stand at 21.1 million.
- The jump has been attributed to the introduction of M-Shwari, a mobile-phone based bank account launched last year. Its uptake has seen CBA's deposit accounts as at September surpass five million up from 34,884 in 2011, to leave it second only to Equity Bank which hosts over seven million accounts.
- Profitability continued to reach new heights after it posted Sh92.5 billion for the nine months to September compared to Sh80.8 billion last September.
- Customer savings however grew at a slower pace of 2.7 per cent to Sh1.91 trillion, indicating the new accounts are of small savers, consistent with mobile money users..
- KCB aims to open three million accounts in the next 12 months with its recently launched M-benki services, to see Safaricom's subscribers open bank accounts from their handsets

## Fls going cashless

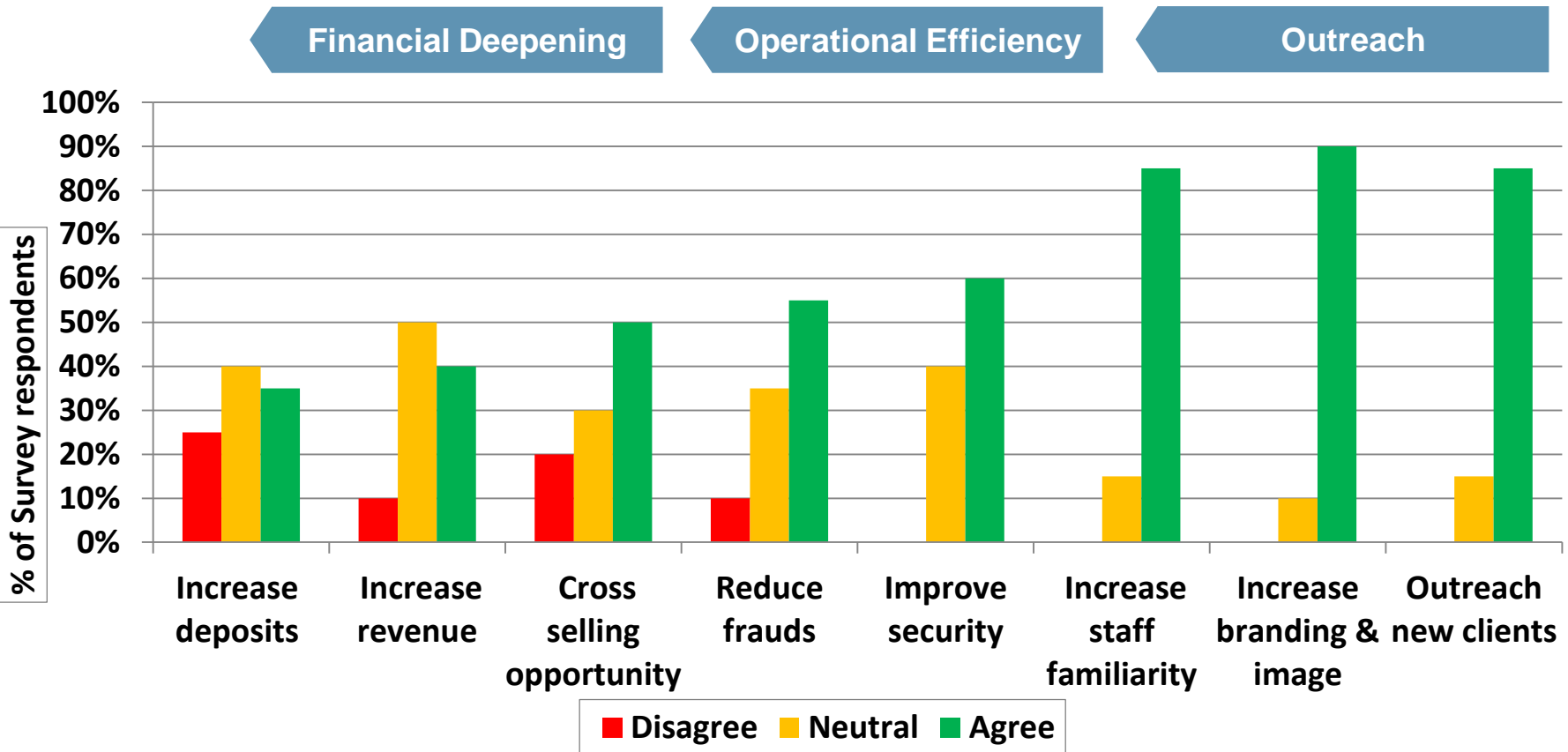
4 different models are used around the globe (PHB, 2012 survey)

Region	MFIs using M-channels	Model 1 As Agent for MFS	Model 2 Repayments, deposits, via MFS	Model 3 *) Efficient Internal Ops.	Model 4 MFI built MFS-service
Sub Sahara Africa	42	13	17	12	5
Asia	107 **)	79 **)	6	8	6
Latin America	4	1	0	2	1
Middle East and North Africa	1	1	1	0	0
<b>TOTAL</b>	<b>154 **)</b>	<b>21</b>	<b>24</b>	<b>22</b>	<b>12</b>

\*) Excluding clients SMS-services, \*\*) includes 73 rural banks in Philippines

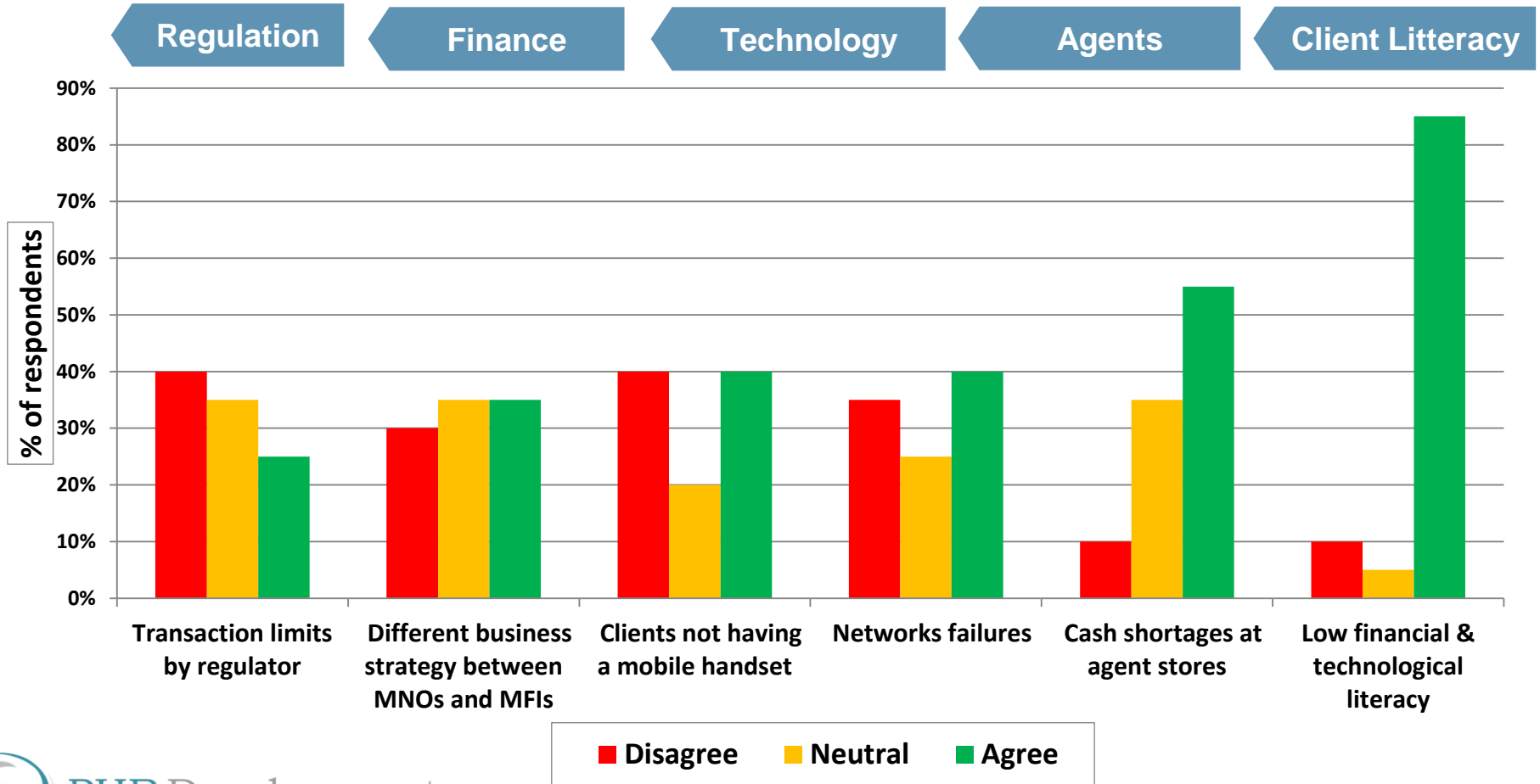
# What are the benefits of mobile banking implementation for MFIs?

As identified during our survey



# What are the challenges of mobile banking for MFIs?

As identified during our survey



Model 3: through mHose, UOB is giving customers access to the full range of banking services through their phone

Make **deposits** and **withdrawals** through network of Agents



**Other services:** Send money, buy airtime, pay bill, balance enquiry



Manage UOB **loan**:

- Repayments
- Receipt of loan

Interest is paid

**Life insurance** for customer and 2 family members



Model 3: UOB rapidly (in 6 months activity) reached its objectives

## 1. Reduce operational cash related risks

- Lending staff no longer need to handle cash
- 90 Agents registered throughout half the country, liquidity availability and customer service is acceptable

## 2. Increase efficiency and productivity

- Lending staff, data entry teams and Branch network experience benefits

## 3. Increase savings

- 300.000 US\$ additional savings (+5%) in 6 months

## 4. Provide clients with easier access to UOB

- Over 10,000 registered, USD 750,000 transacted in Sept
- Convenience and security of paying their loans
- Customers have convenient, safe and affordable access to insurance
- Especially those customers with no access to a branch

Model 3: UOB progressively (with the assistance of Triple Jump, Software Group and PHB) found answers to the challenges

## Challenges and solutions



### Protect group cohesion and liability

- SMS's to group leaders (and airtime?)
- Ensure monthly meeting attendance

### Increase customer usage: transactional and savings account

- Customer training and incentives
- Agent availability and liquidity levels



### Ensure sufficient liquidity

- Weekly forecast and coordination with staff

### Provide adequate business case

- Sufficient customer numbers and usage
- Review commission structure



### Ensure system availability and reliability

- UOB, VISA and SG to work together
- UOB to communicate and rate system issues

# Thank You !



For more information: please visit [www.phbdevelopment.com](http://www.phbdevelopment.com)

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