



Advancing financial access for the world's poor

Financial Inclusion: New Opportunities?

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July 2009

www.cgap.org/technology

Still a long way to go

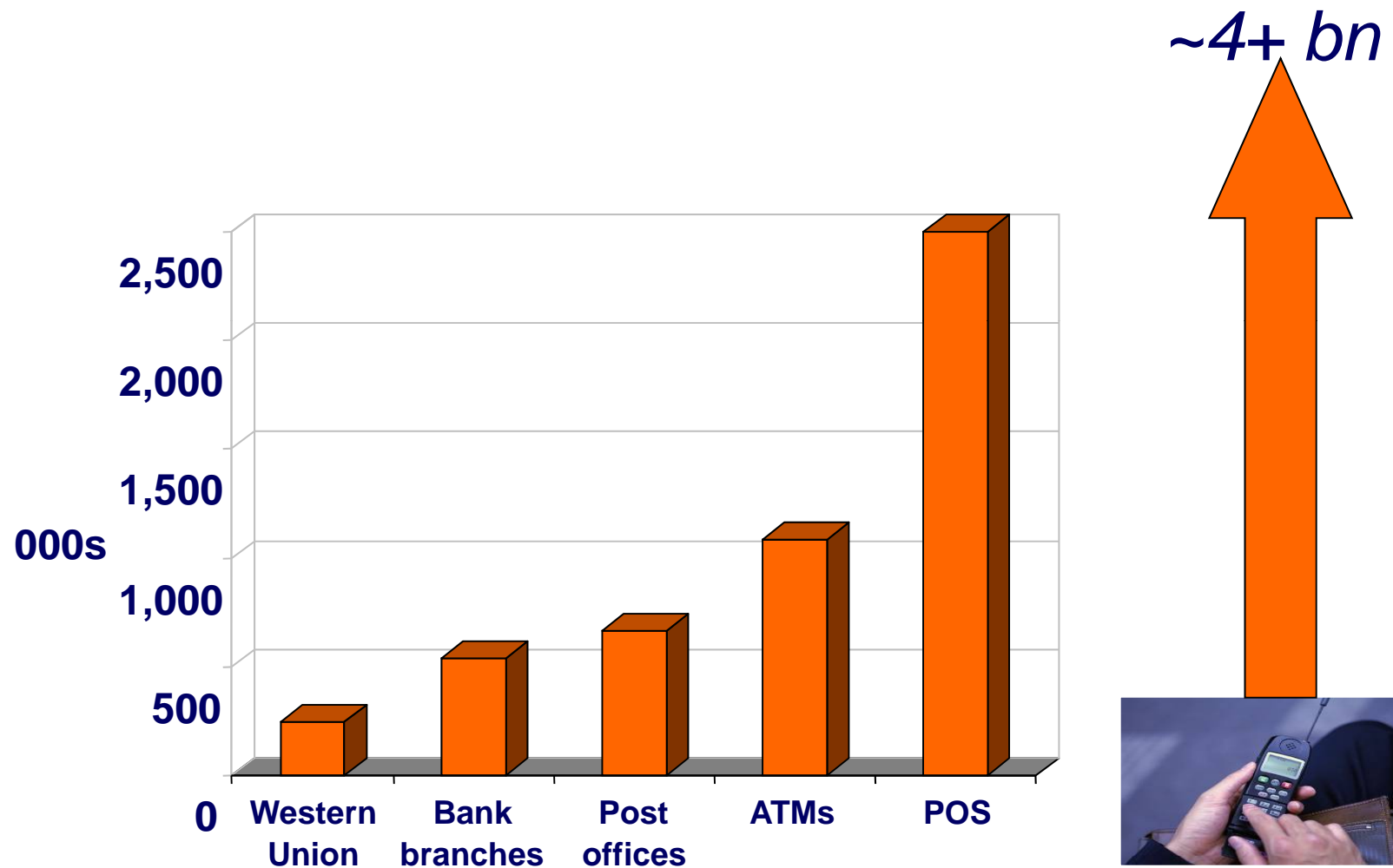
Many challenges to

- include more people
- provide services people value

What more can we do?

This presentation describes and examines branchless banking – one example of pushing the financial inclusion frontiers that is getting considerable attention today.

Reach of technology



Recent mobile money market sizing study

- There are over 1 billion people in emerging markets today who don't have a bank account but do have a mobile phone
- Mobile can reduce the cost of delivering financial services by more than 50%.
- By leveraging the strong brands, technology and distribution networks of mobile operators, mobile money services could reach 290 million unbanked people in the next three years
- Mobile money for the unbanked could represent a US\$5 billion market opportunity by 2012

M-PESA in Kenya



In first 2 years 5+ mil users in country with 3 mil deposit accounts



Impact

- Sending money home more frequently
- Change in saving patterns
- Effect on local economies

Driving adoption

- Simplicity of value proposition
- Ubiquitous agent network
- Pricing is right

Client interface: trust + deployed base



Distribution: existing retail infrastructure



Who are the actors

- Agents
 - Acquire customers or process transactions
 - Foot traffic + revenue (fees, % of float)
- Banks
 - Biggest bang for growth oriented institutions
- MFIs
 - Can they handle real time transaction capability?
 - Will it disturb group ethos?
- Mobile Network Operators
 - Large scale (at least 20% of customer base)
 - Reduce churn in an environment of declining ARPUs
 - “pipes” / account host + switch / account issuer

Issues

Banks

- Are they interested? - biggest bang for large and growth oriented institutions.

MFIs

- Business case not well defined and few examples so far.

Mobile Network Operators

- Large scale, considerable interest, but do they have what is needed to pursue a financial inclusion agenda?

Agents

- Acquire customers and / or process transactions, but need sustainable business with the right incentives.

Regulators

- Key role but often lack understanding of the issues.

Discussion

- To what extent does branchless banking represent an opportunity to take financial inclusion to the next level?
- What needs to be done if branchless banking is to be successful in reaching many poor people?
- Do current financial sector policy and regulation trends support new opportunities for promoting financial inclusion?
- What other financial service provision approaches could significantly change the financial inclusion numbers over the next ten years?

More information

- www.cgap.org/technology
 - Papers
 - Research
 - Weekly blog, available by email
- LinkedIn – 900+ professionals
- Webinars and conferences



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