

Serving the Poor with Mobile Technology

Using Mobile Phones to extend financial and other services to poor populations in developing countries

The dramatic spread of mobile phones in developing countries provides new opportunities to extend a range of services to poor and under-served populations, including those in more rural and remote areas. According to recent estimates, the mobile "footprint" now covers 90% of the population of most developing countries.

There is growing interest and experimentation with using mobile phones to extend financial and related financial services to a wider population in developing countries, where a significant percentage of the population – particularly the poor – is "unbanked".

Yet opportunities also exist to use these tools and models to extend a broader range of information and transaction services to the poor.

infoDev is helping the donor community and developing countries to assess experience thus far with these approaches and to chart the way forward in using mobile technology and the mobile "footprint" to expand services to the poor.

As a first step, infoDev commissioned – jointly with the GSM Association and the International Finance Corporation – a report on "Micro-Payment Systems and their Application to Mobile Networks: Examples of Mobile-Enabled Financial Services in the Philippines". This report synthesized the lessons from the experience of two mobile operators in the Philippines, where over 3.5 million people use mobile-enabled financial services that allow them to transfer money domestically and internationally.

In the Philippines, over 3.5 million people are using their mobile phones to transfer money domestically and internationally. The challenge, there and elsewhere, is to make these services available and affordable for the poor

Services Provided by m-Banking Operators in the Philippines

SMART and GLOBE, the two mobile phone operators in the Philippines who have pioneered m-Banking services there, provide a range of services to their customers, including:

- cash deposits and withdrawals
- transfers of cash to and from other users
- transfers of credit to the prepaid account
- transfers of airtime credit from one user to another
- cashless purchasing at a wide range of shops
- direct credit from employee payroll
- bill payment
- inward international remittances from overseas Filipino workers



Serving the Poor with Mobile Technology

The report also provides brief information on several other m-Banking pilots, including:

- Fundamo (South Africa)
- Safaricom (Kenya)
- MTN Banking (South Africa)
- Celpay (South Africa)

The report analyses the constraints and enablers for the rollout of such services and issues that operators, regulators, policy makers and donors need to consider in seeking to promote the growth of m-Banking services.

This joint report, along with a recent UK Department for International Development (DFID) report on "The Enabling Environment for Mobile Banking in Africa", formed the basis for a joint infoDev/DFID "Knowledge Map" on mobile-enabled financial services (m-Banking). This Knowledge Map reviews what is known about these services so as to help the development community prioritize future research and further experimentation to facilitate the expansion of these services.

Based on this work, infoDev is expanding in the coming months its focus on mobile-enabled services to the poor in two complementary directions: deepening (along with partners) its analysis of mobile-banking services and how access to such services by the poor can be maximized (with a particular emphasis on how m-banking for the poor can facilitate remittance flows), and extending its analysis of mobile-enabled services to other services particularly relevant to the needs of the poor in developing countries (including, for example, mobile-enabled price and transaction services for farmers, government services, health information, etc.)

Expanding Financial Services for the Poor: the Role of ICT

An infoDev/CGAP workshop on ICT and financial services for the poor in June 2006, detailed how emerging ICT-enabled delivery channels for final services for the poor are designed and deployed, including the various business models and technologies, as well as the primary impediments to expanding these services.

Publications available at www.infodev.org/m-banking

Micro-Payment Systems and their Application to Mobile Networks



M_Banking: A Knowledge Map



Expanding Financial Services for the Poor: The Role of ICT; A Workshop Report

