



Branchless Banking experiences and the role of German Development Cooperation

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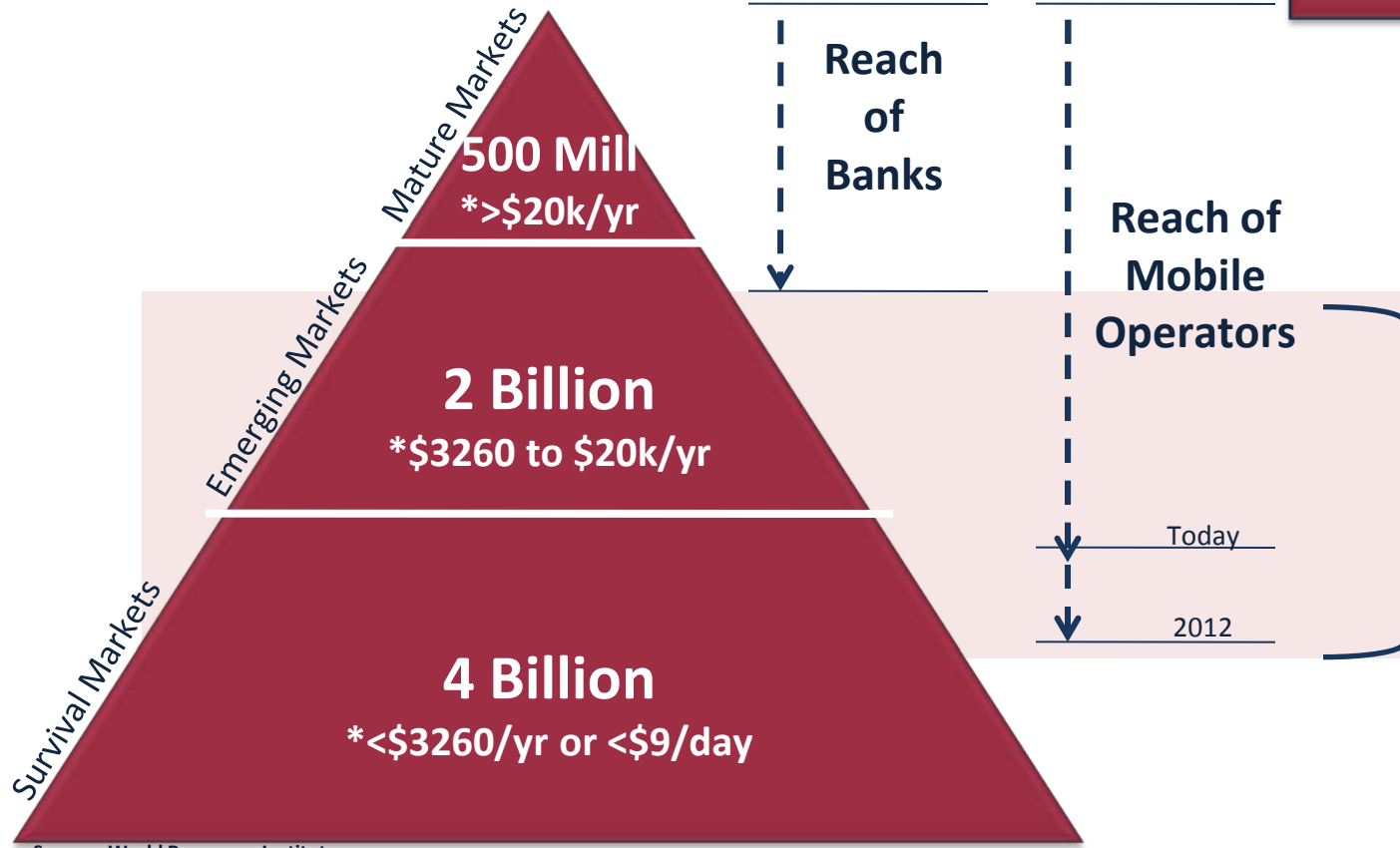


Why.....

is mobile technology important for the access to financial services?

World Economic Pyramid

100 countries, unbanked=50%
with 40 countries, unbanked=80%



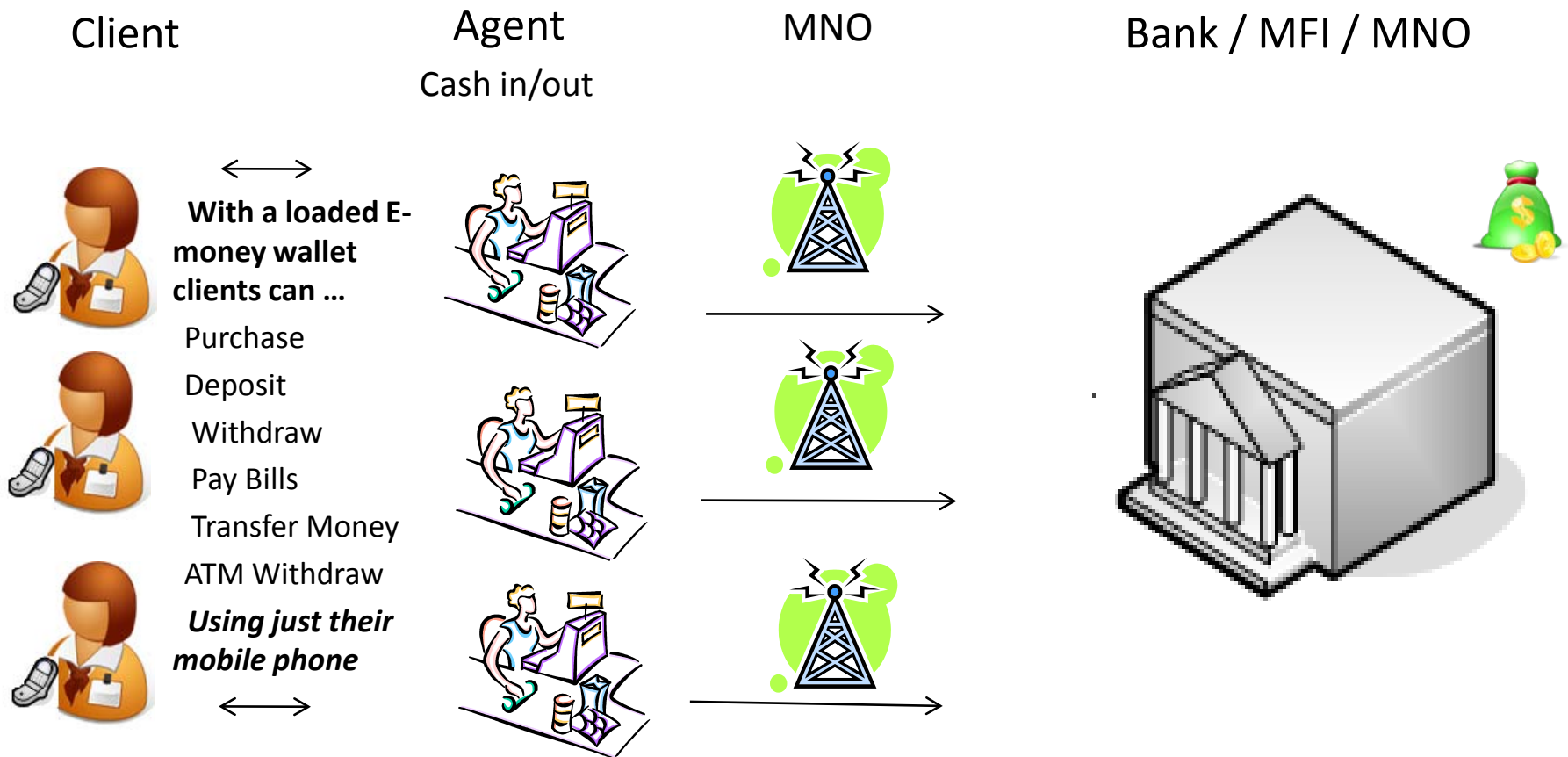
Opportunity:
1 Billion today to
1.7 Billion in
2012

Source: CGAP

Source: World Resources Institute
(*Individual Annual Income: 2005 USD Purchasing Power Parity)

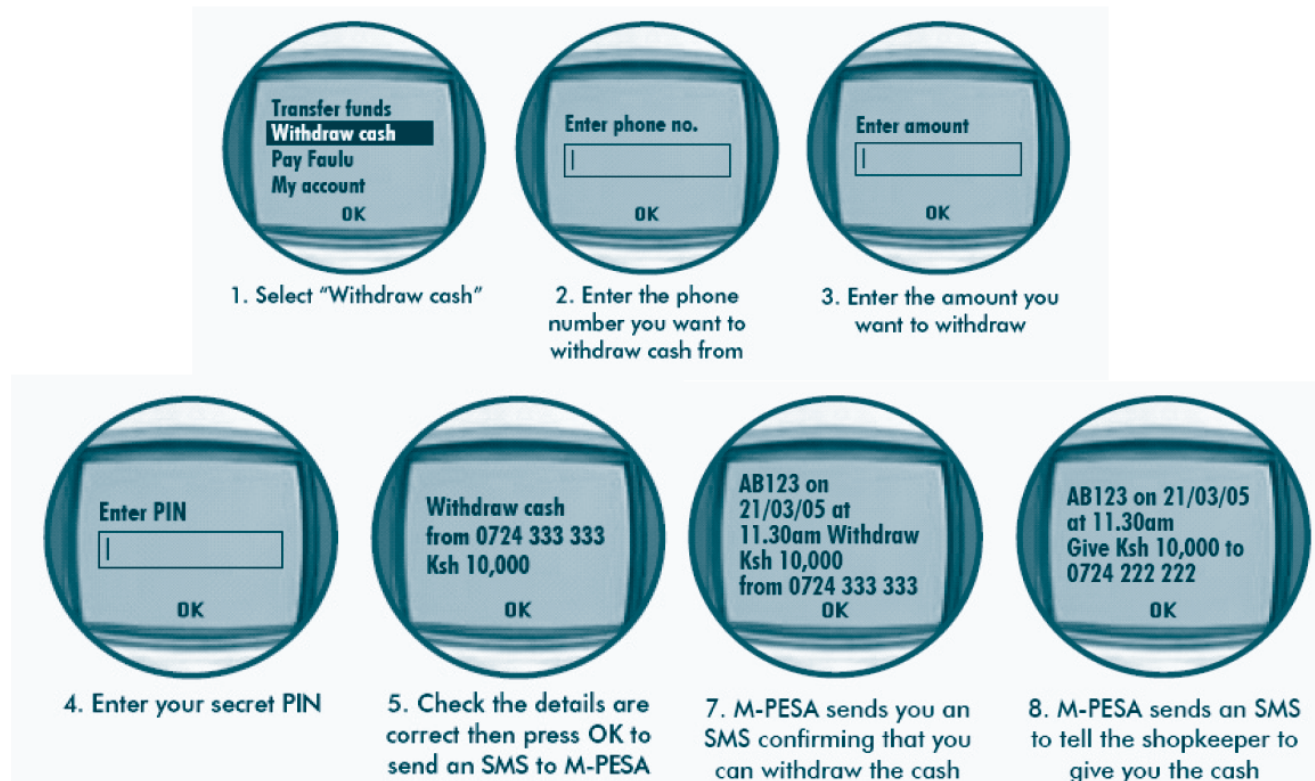


How to use mobile technology important for the access to financial services?





Example: Modern M-Banking



Mas, Ignacio, and Kabir Kumar. 2008. "Banking on Mobiles: Why, How, for Whom?" Focus Note 48. Washington, D.C.: CGAP, June.



DC's objectives in the area of Branchless Banking

**Transformative
effect**

**Simplified, cheaper
and safer
remittances transfer**

**Enabling
environment**

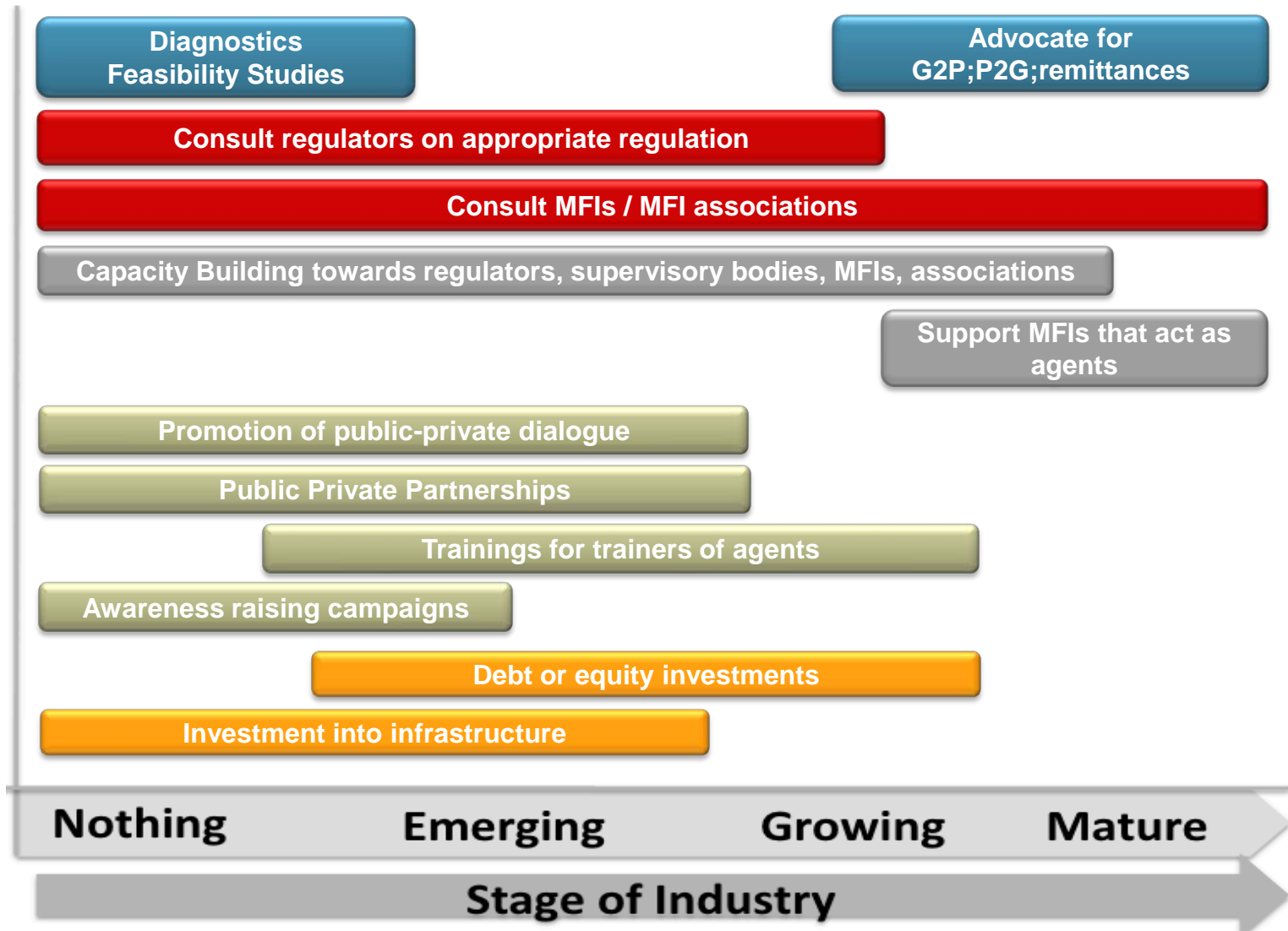
**Formalisation and
security of financial
flows**

**Consumer
protection**

**Financial system
stability**



Roles of development cooperation





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Sector Project ICT for Development



Criteria

Leading examples

Non-bank retail stores are used as customer interface for transactions

\xrightarrow{n} *Traditional bank branches; branches within retail stores e.g. Banco Azteca Mexico, Banco Ripley Chile*



The agent has a contract with and acts on behalf of the financial/payments service provider (not the customer)

\xrightarrow{n} *“Comisionistas” in Mexico*



Technology, such as payment cards or mobile phones, is used to authorize transactions in real time and record transactions electronically

\xrightarrow{n} *Hawala (informal clearing network & record-keeping)*



Customers must have an electronic account or store of value

\xrightarrow{n} *Western Union (cash-to-cash); bill payment services e.g. GTech*



The accounts are issued by licensed and regulated banking institutions

\xrightarrow{n} *M-PESA in Kenya & G-Cash in Philippines (mobile operator-only)*



Accounts are managed and maintained directly by the issuing institution

\xrightarrow{n} *Smart Money in Philippines, MTN Banking & Wizzit in South Africa (outsourced banking operations)*



Cajas Vecinas in Chile; BCP et al Peru; Bancolombia et al Colombia

Our definition of Branchless Banking