



# **Mobile Phone Banking and Mobile Commerce Solutions: Philippine Case Study for Microfinance**

## **Building New Delivery Channels & Enhanced Financial Infrastructure**

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November 29, 2008

Phnom Penh, Cambodia

# Country Context: Philippines

- Population: 88.7 million
- Rural Population: 50%
- Per Capita GNI: \$1,320
- Pop. In Poverty: 30%
- Annual Remittances: \$14 B
- Mobile Phone Subscriber Base: 47.5 M
- # of Mobile Phones per 1,000 people: 536



# Challenges for Rural Banks to reach Rural Clients

## High Transaction Costs

- Transportation Cost
- Time to travel to & from the bank
- Loss of business opportunity
- Security risk



# Mobile Phone Banking & Mobile Payments

- Brings the potential to expand outreach of microfinance & banking services
- Being driven by:
  - Falling cost of technology
  - Competition
  - Ability to offer banking services at very low cost.



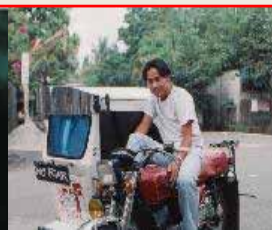
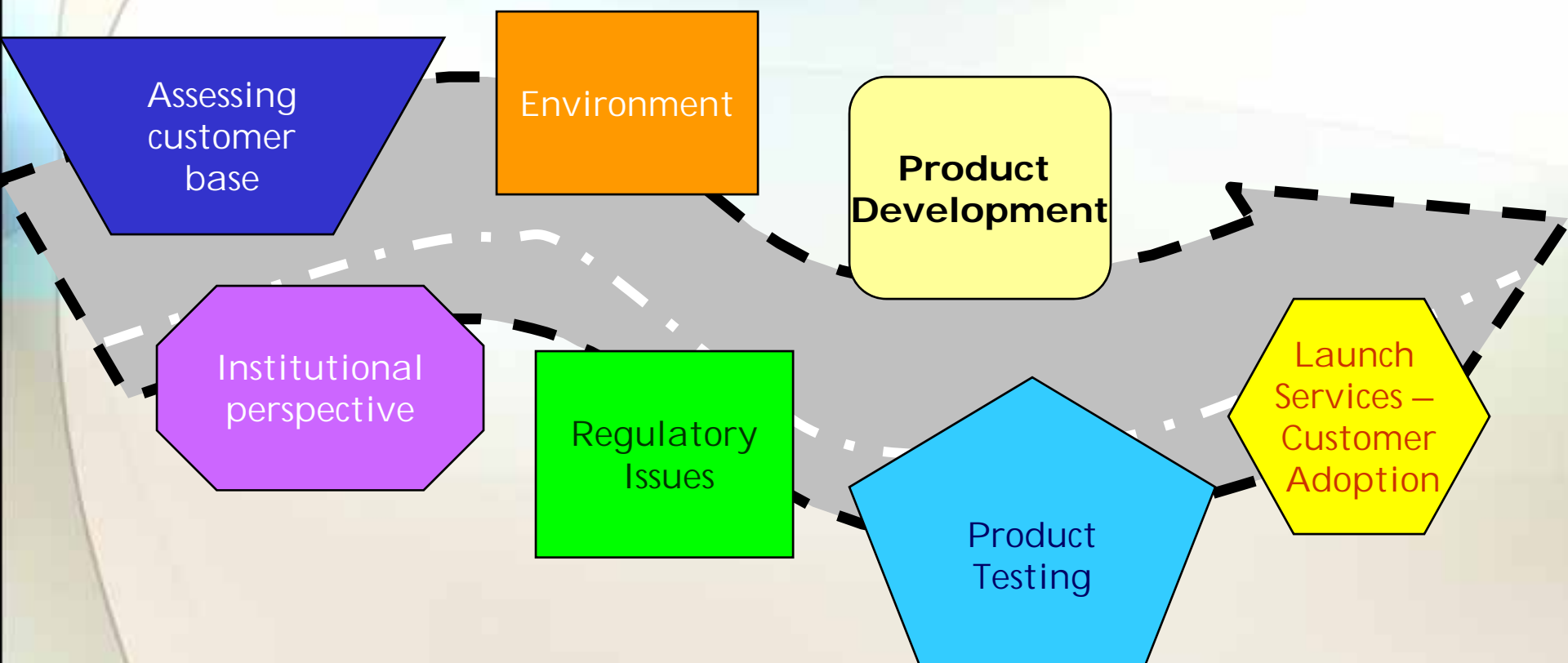
# Globe Telecom



- **Leading mobile phone operator in the Philippines**
- **Increasing focus on the “bottom of the pyramid”**
- **Handles over 1 billion messages/day**
- **Developed **G-Cash platform** in 2004**
  - **Approximately 1.5 M registered users**
  - **More than 600 G-Cash partners**
  - **More than 6,000 outlets**
  - **Current Monthly Transactions - \$100M**



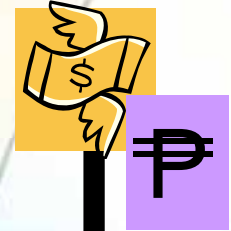
# Development Roadmap for M-Banking & M-Payment Services



# Rural Bank M-Banking & M-Commerce Ecosystem via GCash



Intl. / Dom Remco's



Rural Bank



*Text-A-Sweldo*  
(Salary Disbursement)



*Text-A-Remittance*  
Cash-in/Cash-out  
(Face-to-Face Wallet Funding)



*Text-A-Withdrawal*  
(Withdrawal from Bank Account to GCash Wallet)



*Text-A-Credit*  
(Loan / Credit Disbursement)



*Text-A-Payment*  
(Loan payment)

*Text-A-Deposit* (Deposit to Bank Account)

P2P  
(Domestic Remittance)



GCash2Load  
(Airtime Credit Purchase)



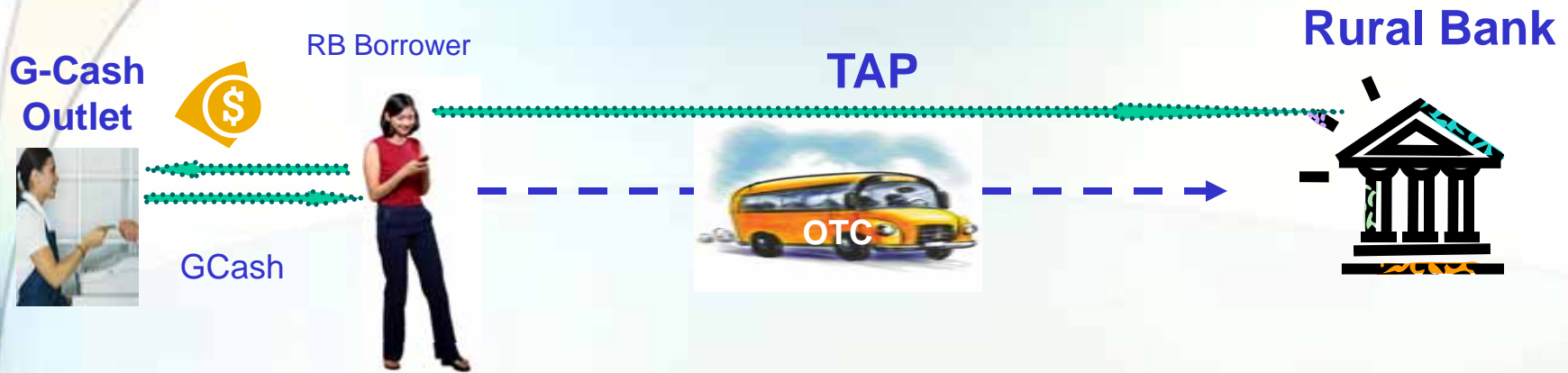
P2P  
(Purchase of Goods /Services)



*Text-a-BillPay*  
(Bills Payment)



# Example "Text-A-Payment" Loan Collection Service



	TAP	OTC	Advantages of TAP
Direct Costs (assume P1,000 deposit and min. fare)	P10 G-Cash In service fee + 1P SMS	P16 roundtrip	P6 savings
Opportunity Costs (assume travel and branch transaction time takes 4 hrs, and depositor makes P200 when engaging in business for 4 hrs)	None	P200	P200 additional earnings
Total Costs per transaction	P11	P216	P205 savings
Risks	None	Holdup	No cash-in-transit risks

# ***Benefits of M-Banking***



- **For the Client**

- Cost Savings
- Time savings and convenience
- Minimize risk of holdup

- **For the Bank**

- Increase revenues from higher value of relationship with client by improving client satisfaction, reducing costs, faster service
- Increase revenues from loan officers handling more clients
- Lower transaction cost
- No huge capital or additional operating expenses required
- Unclog lobby space

# Keys to Successful Mobile Banking/ Mobile Payment Solution

- Consumer Adoption
- Merchant Adoption
- Viable Business Models for Banks, Merchants, Telecoms, Third Parties (cash-in/cash-out locations)
- Ease of Access to Convert



ELECTRONIC MONEY



# Current & Future Developments

- Developed a Mobile Banking Website  
[www.mobilephonebanking.rba.org](http://www.mobilephonebanking.rba.org) as information portal particularly for rural banks, clients, local merchants, & customers
- Intensive effort on m-banking & m-banking customer education
- Development of interface to automate m-banking transactions



The screenshot shows the website interface for 'MOBILE PHONE BANKING FOR CLIENTS OF RURAL BANKS'. The main navigation menu includes 'Home', 'About Us', 'Frequently Asked Questions', 'Download Center', 'Videos', and 'Contact Us'. There are also sections for 'Get Started' (As Rural Bank Client, As Accredited Rural Bank, As Rural Bank Merchant) and 'Other Links' (Globe/ G-Cash Site, International Remittance Centers, Globe Accredited Merchant Partners). The main content area features a banner for 'Mobile Phone Banking and Mobile Payments Solutions' with a photo of a woman using a mobile phone. Below the banner, it states: 'Accredited Rural Banks are now offering mobile phone banking services and mobile payment solutions for their customers and clients that are secure, reliable, and affordable.' The footer includes logos for 'GCASH Text GCASH to 2882', 'RBAP WEBSITE The Rural Bankers Association of the Philippines', and 'Web Statistics Mobile Phone Banking uses AWStats, a powerful tool for...'

***Thank You***

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***Websites:***

***[www.rbapmabs.org](http://www.rbapmabs.org)***

***[www.mobilephonebanking.rbap.org](http://www.mobilephonebanking.rbap.org)***

***[www.youtube.com/RBAPMABS](http://www.youtube.com/RBAPMABS)***