

Branchless Banking (part 2)

Strategy and Partnerships

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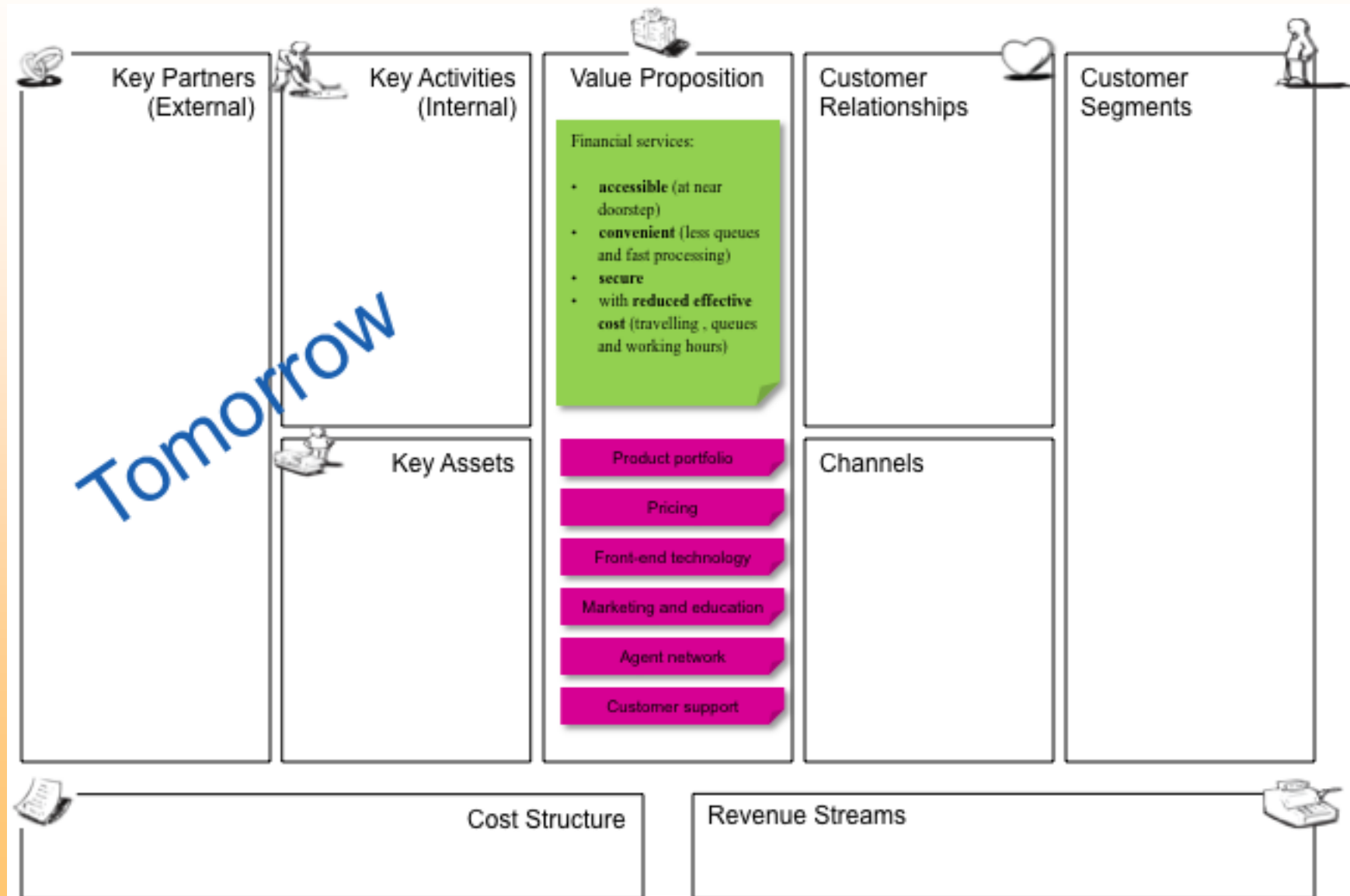
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Table of Contents

- The main activities of Branchless Banking and Mobile Financial Services (Mobile Money Value Chain) and partnership
- Some examples of financial institutions/ mobile network operators partnerships
- Panel on strategy for branchless banking
 - Fidelity Bank, Ghana
 - Mwanga Community Bank, Tanzania
 - NBS Bank, Malawi
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- Questions and answers

How to design a client-centric strategy?



Key message

« In partnership, each entity has to have the trust to let the other do what they do best. »

Nadeem Hussain, CEO, Tameer Microfinance Bank, Pakistan

Table of Contents

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Introduction

In Kenya, **Safaricom** (a mobile network operator) launched m-Pesa a mobile money service in 2007. In 2010, Safaricom partnered with **Equity Bank** to launch m-Kesho (direct access to equity bank account). And in 2012, Safaricom partnered with **CBA** (Commercial Bank of Africa) to launch m-Shwari (interest and loans).

In Pakistan, **Telenor** took a stake of 51% in **Tameer** bank to launch EasyPaisha.

In Ivory Coast, **Orange** and **MTN**, (two mobile network operators launched their own mobile money services) but partnerships with banks (**BNP Paribas** and **Société Générale**) are different.

In India, **Fino** operates as a third party for banks, government and insurers to distribute their products and services to the poor people where banks doesn't have any branches

- **Why are most of the financial institutions-operator partnerships different?**
- **What are the main activities to be performed for a successful service?**
- **What makes a good relationship?**

Introduction



Customers

- 1.2 million use OTC (Over the counter) service

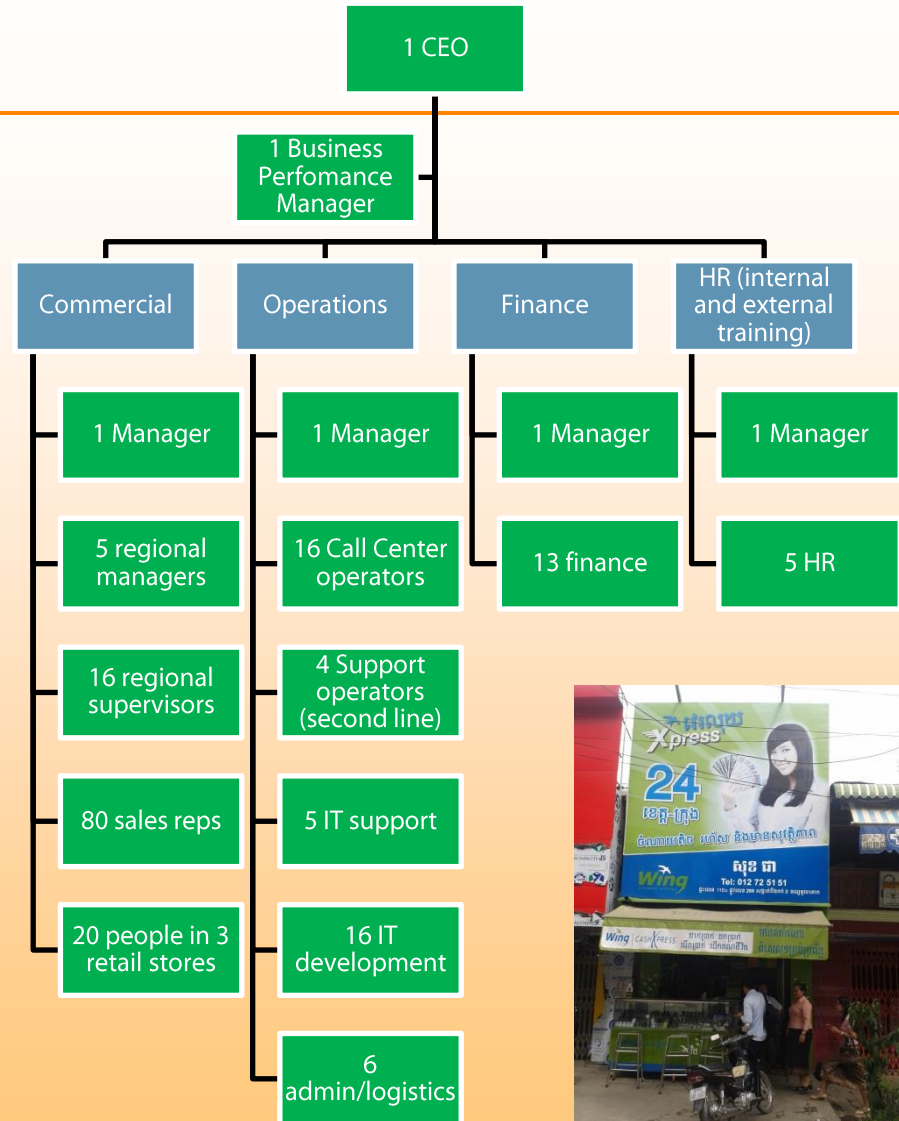
Agent network

- 1.000 agents (open 7 days a week, 7am-9pm)
- 62 Master agents
- 90% coverage of Cambodian districts
- More than 6.000 airtime dealers

Customer service

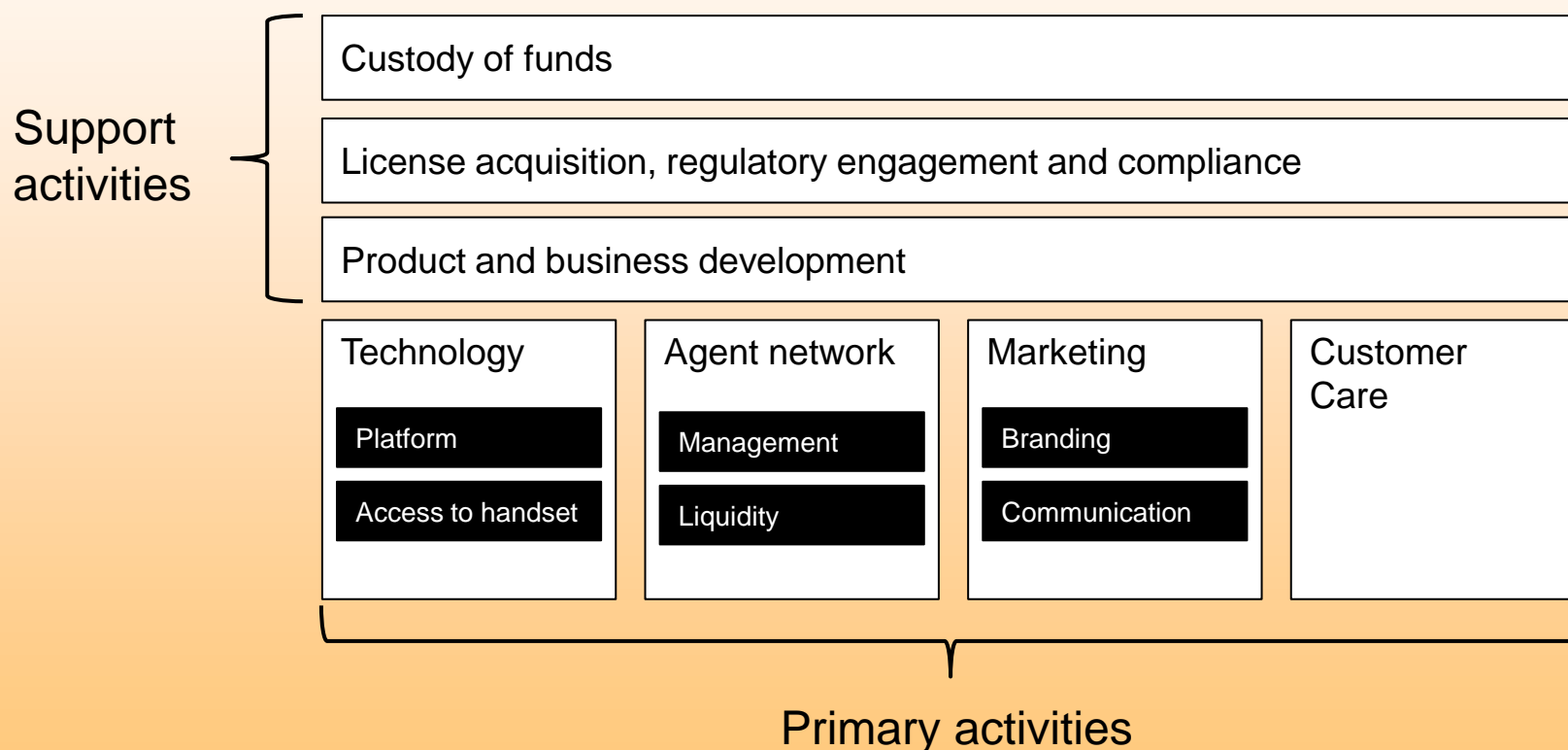
- 6000-7000 calls per week
- Mo-Su from 6am to 8pm

From 50 (2009) to more than 200 employees (2013)



The Branchless Banking and Mobile Financial Services value chain

Offering branchless banking requires a coordinated set of activities



The Branchless Banking and Mobile Financial Services value chain

Technology

Platform to handle wallets, movements between accounts, price and commissions (real time)

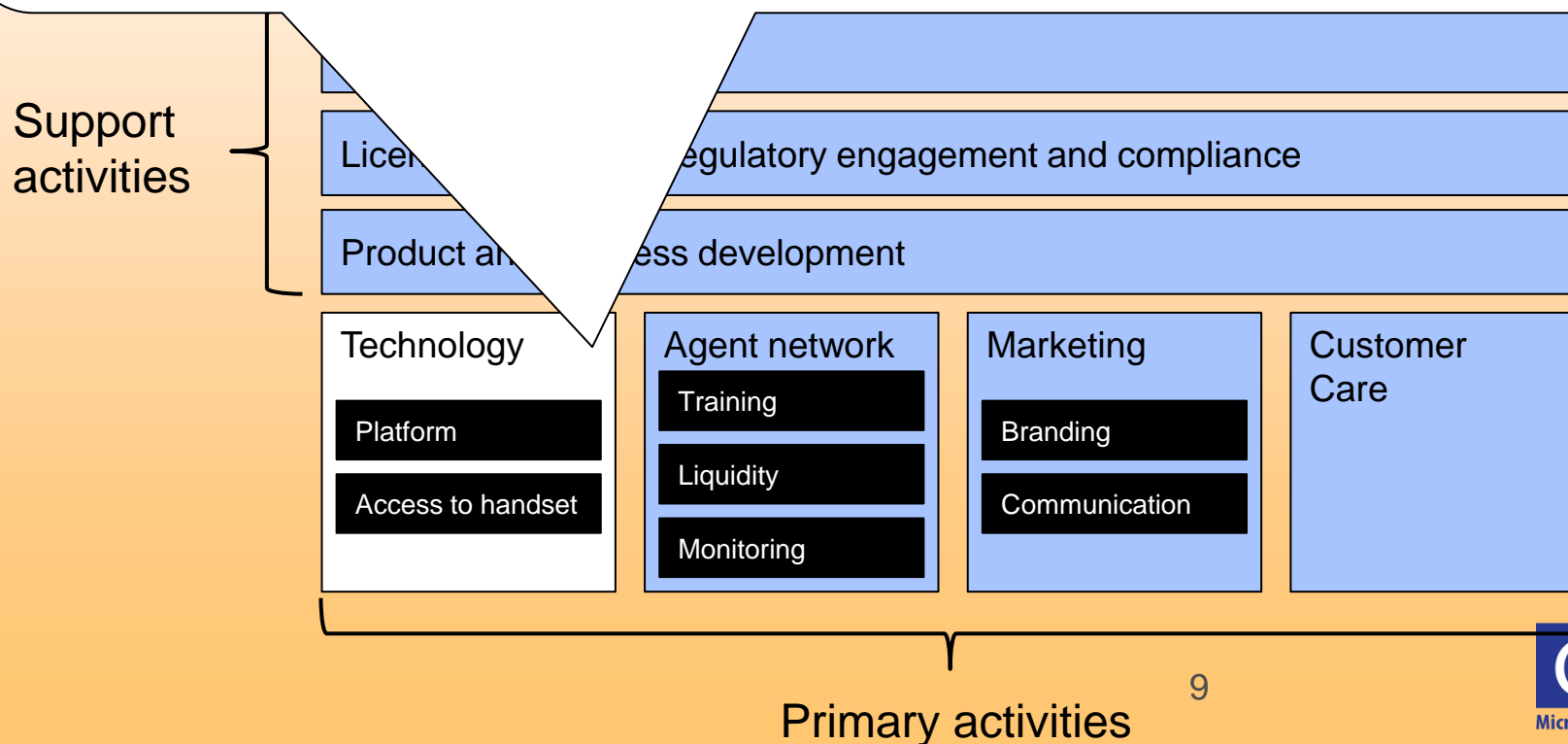
- Usually provided by external solutions providers (for financial institutions and MNOs)

Access to the handset with user-friendly experience on all mobile phones (USSD, SIM)

- Asset of MNO's

Technology

- Real-time platform for financial services
- User friendly interface accessible to all users
- Capacity to adapt rapidly to market needs



The Branchless Banking and Mobile Financial Services value chain

Agent network

Network of agents where customers can register, deposit and withdraw cash from their accounts.
Selection, training, liquidity management, quality monitoring

Mobile network operators

- Experience from their existing distribution networks (airtime)

Financial institutions

- Liquidity management
- Network of branches and ATMs



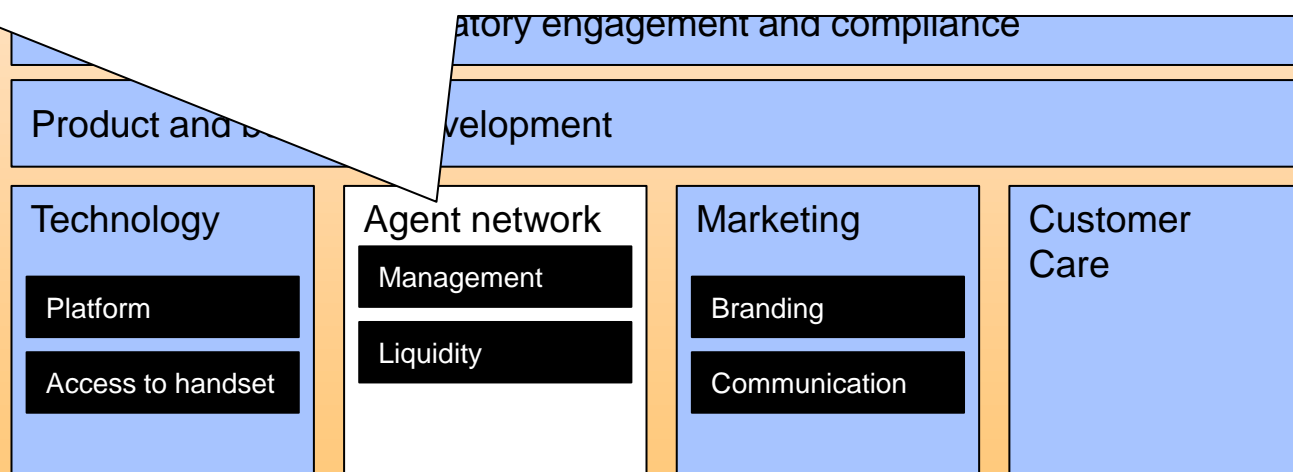
Agent network

- National coverage
- Agents trained on financial services
- Same service quality at all agents
- Lot of resources

Liquidity Management

- Liquidity available at all agents at all times

activities



The Branchless Banking and Mobile Financial Services value chain

Marketing

Branding of the services (existing, new brand or co-branded)
Investment in communications actions to reach potential consumers

Mobile network operators

- Experience in building and maintaining a mass-market brand

Financial institutions

- Experience in marketing of financial services (different that airline)

Marketing

- Marketing of financial services
- Awareness building
- Education of customers
- High budget



Support activities

License acquisition, regulatory engagement and

Product and business development

Technology

Platform

Access to handset

Agent network

Management

Liquidity

Marketing

Branding

Communication

Customer Care



Primary activities

11

The Branchless Banking and Mobile Financial Services value chain

Customer care

Customer support

Agent support

Financial institutions and Mobile network operators

- Both MNO's and banks have experience in running call centers for clients
- Training of a subset of their existing call center for mobile money

Customer service

- Response time is key
- 24/7 support
- Skilled in financial services

Support activities

Custody of funds

License acquisition, regulatory engagement and compliance

Product and business development

Technology

Platform

Access to handset

Agent network

Management

Liquidity

Marketing

Branding

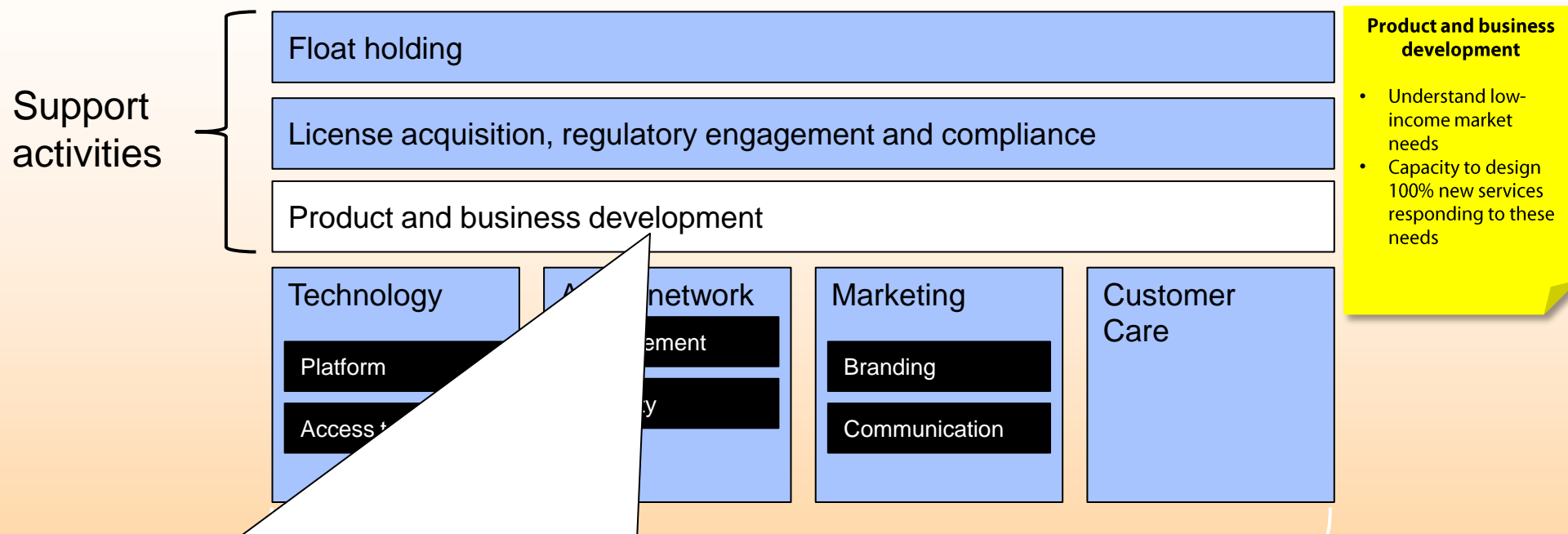
Communication

Customer Care

Primary activities

12

The Branchless Banking and Mobile Financial Services value chain



Product and business development

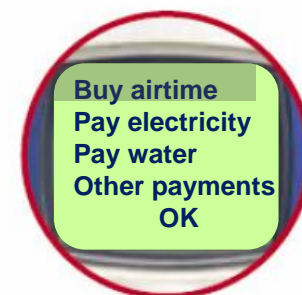
Development and launch of simple (P2P) to complex products (loan, insurance)
Assess customers needs, product design, partner agreement, pricing and launch.

Financial institutions

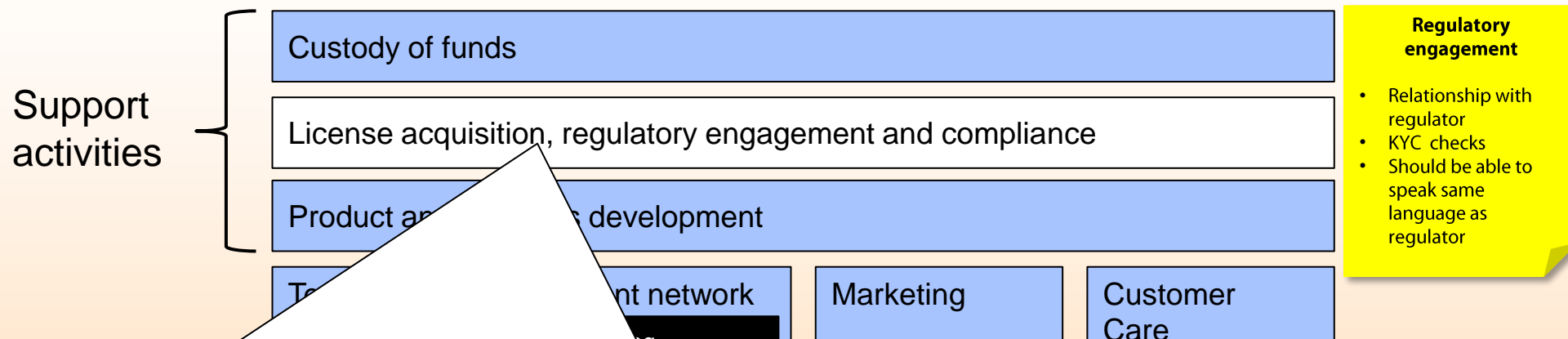
- Understand how to design and price financial services
- Knows partially the low-income market

Mobile network operators

- Know the low-income market



The Branchless Banking and Mobile Financial Services value chain



License acquisition, regulatory engagement and compliance

Permission of the national financial regulator (Central Bank) to offer mobile money/banking, agent banking

Compliance KYC and AML

Reporting to the regulator for the service

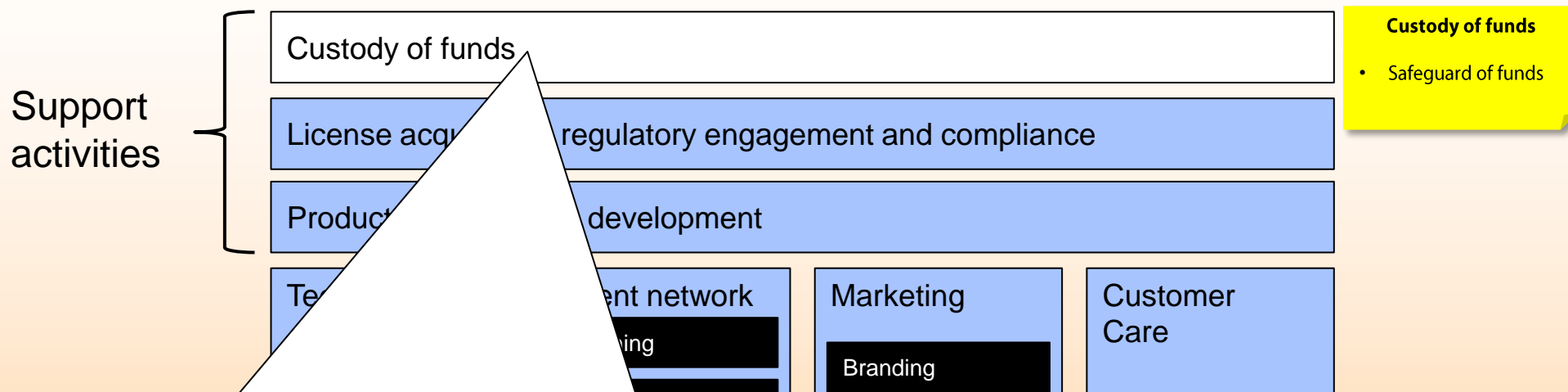
Financial institutions

- Existing relationship with regulator
- Audit MNO's for regulatory compliance

Mobile network operators

- New relationship
- Direct licensing

The Branchless Banking and Mobile Financial Services value chain



Custody of funds

Deposit which back the electronic value stored in customers' and agents' wallets

Financial Institutions

- Make money on deposits and/or transactions
- Usual activity of a bank for customers

Mobile network operators

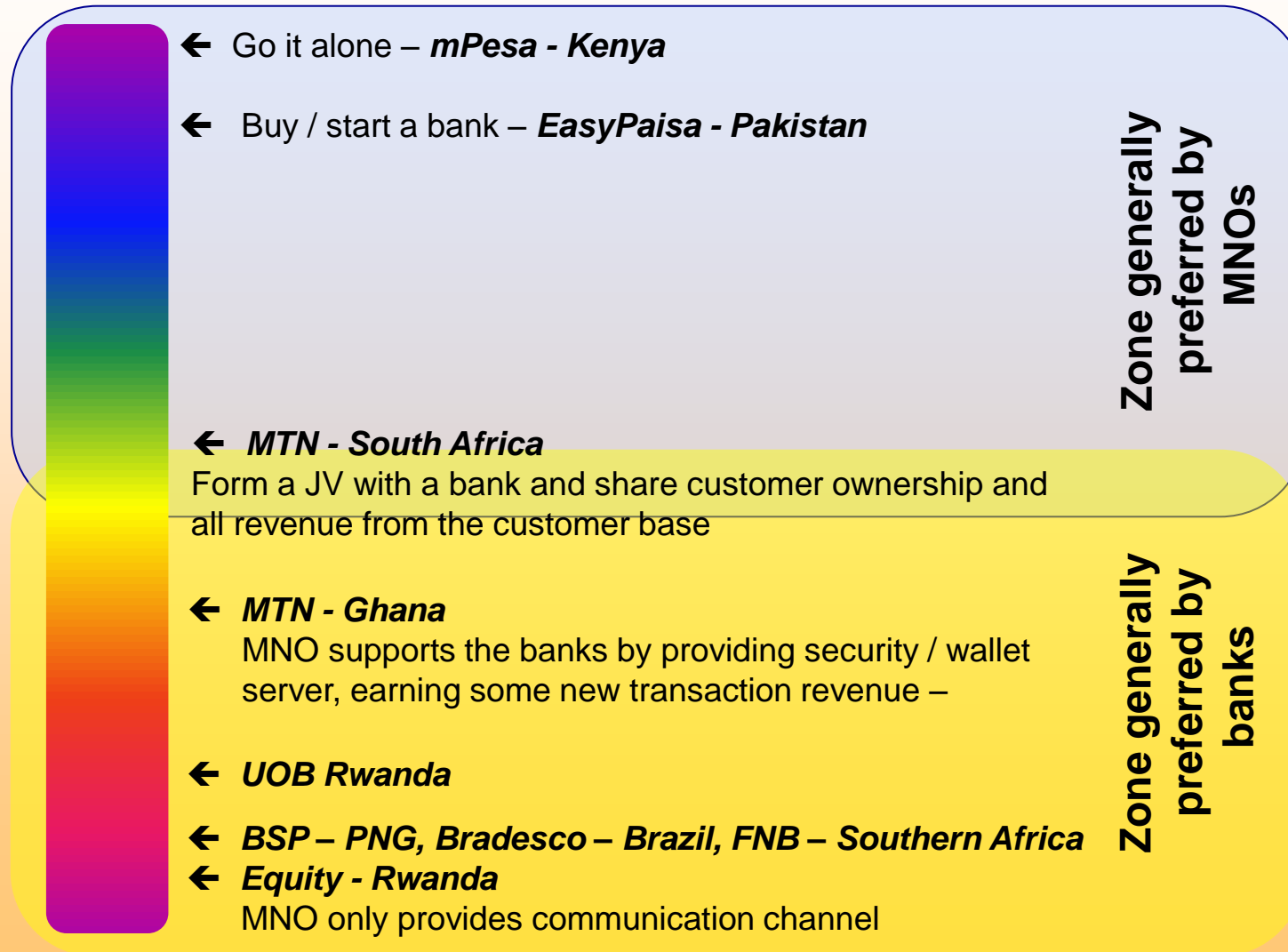
- Float can be held in one or several banks for prudential reasons



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There is a full spectrum of potential partnership models between banks and MNOs as well as other non-banks



The successful implementations have been done on very different business models ... there is not one solution !

Top 15 implementations

Model	COUNTRY	COMPANY	TYPE	(m)
Bank	BRAZIL	Bradesco	Card	32.5
Bank	BRAZIL	Caixa	Card	29.7
Banks	INDIA	FINO	Card	25.0
Bank	BRAZIL	Banco do Brasil	Card	16.6
MNO	KENYA	Safaricom M-Pesa	Mobile	13.1
MNO	TANZANIA	Vodacom M-PESA	Mobile	6.4
MNO - Bank	PHL	Smart Money	Mobile	4.5
Bank	S. AFRICA	ABSA AllPay	Card	2.5
MNO – Banks	GHANA	MTN Mobile Money	Mobile	1.8
Bank	PAKISTAN	UBL Bank Omni	Mobile	1.6
Bank	S. AFRICA	FNB	Mobile	1.5
MNO	UGANDA	MTN Mobile Money	Mobile	1.5
MNO	GHANA	Airtel Money	Mobile	1.2
Bank	KENYA	Equity Bank	Card	1.2
MNO	PHL	Globe G-Cash	Mobile	1.0

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Panel on strategy on Branchless Banking

Patrick Muriuki

Chief of Party, WOCCU, Liberia

Abby Ghuhia

Managing Director, Mwanga Community Bank, Tanzania

Dean Nyirenda

Manager -Alternate Channels, NBS Bank, Malawi

Dr. William Derban

Director Financial Inclusion, CSR & PMO, Fidelity Bank, Ghana

There is a full spectrum of potential involvement in branchless banking

FI Options

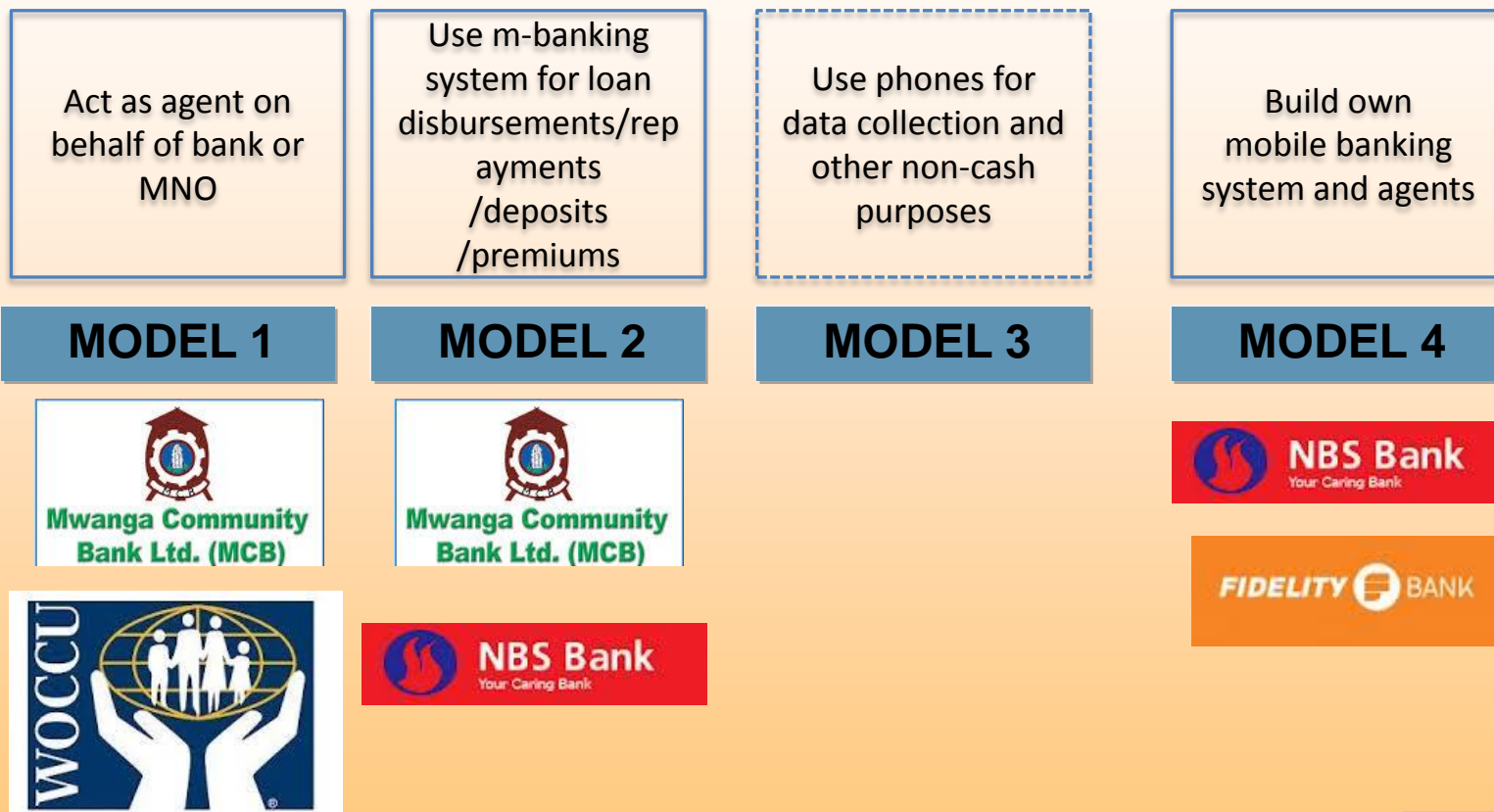


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