Mobile microfinance for social development

Workshop on the Role of Mobile Technologies in Fostering Social Development

June 2-3 2008, Sao Paulo, Brazil

Raphaël Dard, ICT for Trade Development
Mobile phones for business

An International Trade Centre service:

DE: TRADE AT HAND
MARCHÉ DE RUNGIS
LE 21.05.2007
MANGUE KENT MALI
AVION CARTON
EUROS / KG
MOY: 3.00
MINI: 2.80
MAXI: 0.50
(SOURCE SNM)

France, Paris Rungis Market, 21.05.07 21.05.07

SMS message on mobile screen

Selengue, Mali. Mango price is at hand.

marketPrices
Mobile phones for business

An International Trade Centre service:

FROM: CHAMBER OF COMMERCE
SPICES SUPPLIERS:
YOU ARE WELCOME
TO MEET BUYERS
FROM CHINA AT THE
CHAMBER, ON
10.01.08, 9h00, ROOM
42. FOR DETAILS PLS
CALL 922 11 12

A Burkina Faso Chamber of Commerce employee sending an SMS alert from the tool

SMS message on mobile screen

Better informed businesses

marketAlerts

tradeathand
World penetration growth of mobile phones…

source: wireless intelligence/GSMA
User number evolution, in Africa
1998 - 2006

Data Source: ITU, 2007
Linking urban and rural areas

Villages with access to telecommunication services, Sub-Saharan Africa, 2006

- Total number of villages
- 45% With mobile coverage
- 2.6% With fixed telephone service
- 0.38% With Internet Public Access Centres

Microfinance and its strengths

- Financial services for people who could not afford any other
- Give access to credit, savings, funds transfer, etc.
- Loans are a critical entrepreneurship-enabling factor
- Microfinance is a key poverty reduction tool
- Reimbursement rate is strong. It is sustainable

It is business, not philanthropy
Why an entrepreneurship-enabler?

- Idea generation
- Application for micro loan
- Approval and disbursement
- Periodic reimbursement
# M-banking pioneers

<table>
<thead>
<tr>
<th>Country</th>
<th>Provider</th>
<th>Model</th>
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<tbody>
<tr>
<td>Afghanistan</td>
<td>Roshan (mobile operator)</td>
<td>M-banking</td>
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<tr>
<td>DR Congo</td>
<td>Colpay (bank)</td>
<td>M-banking</td>
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<tr>
<td>India</td>
<td>SKS Microfinance (MFI)</td>
<td>M-banking</td>
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<td>State Bank of India (bank)</td>
<td>M-banking</td>
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<td>Kenya</td>
<td>Safaricom (mobile operator)</td>
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<td>Equity Bank (bank)</td>
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<td>Mongolia</td>
<td>XacBank (bank)</td>
<td>M-banking</td>
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<td>Pakistan</td>
<td>Tameer Bank (bank)</td>
<td>M-banking</td>
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<tr>
<td>Philippines</td>
<td>SMART (mobile operator)</td>
<td>M-banking</td>
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<td>GXI (mobile operator)</td>
<td>M-banking</td>
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<td>Russia</td>
<td>Tavrichesky Bank (bank)</td>
<td>M-Banking</td>
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<td>South Africa</td>
<td>MTN Banking (bank-mobile operator joint venture)</td>
<td>M-banking</td>
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<td>WIZZIT (third-party)</td>
<td>M-banking</td>
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<tr>
<td>Tanzania</td>
<td>Vodacom (mobile operator)</td>
<td>M-banking</td>
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Source: CGAP 2008
Why should microfinance go mobile?

- Use the huge mobile phone user base to spread widely the benefits of microfinance
- South America alone has 175 million “unbanked” mobile users
- Mobiles allow substantial financial transaction cost reduction
  
  (5 times cheaper than with traditional bank branches)
Mobile microfinance can boost social development by…

- **Boosting entrepreneurship**
  
  “People need money for business”

- Allowing communities to translate their development ideas into actions and solutions

- Creating an enabling environment for initiatives, therefore social development
Where there is motivation, there is creativity, and solutions...

Street Charging Services Kampala

Source: Jan Chipchase, NOKIA - www.janchipchase.com
Challenges ahead

The need to:

- Raise **awareness** on the potential, at government level
- Collect/disseminate **best practices** and models
- Propose facilitating measures and **regulations**
- Provide **revenue-sharing** schemes that benefit All
- Ensure a gradual and constant **progress** towards a global mobile-based financial network **for developing economies**
The need for a dedicated and concerned group

Ready to address collectively the challenges, and:

- A forum where all stakeholders are **represented**
- A body that **voices concerns** and **recommendations**
- A body that has **influence at a high level**
- A body that can **act** according to recommendations

**A consortium?**
"After 30 years, there are only 90 million microfinance customers. I'm predicting that mobile-phone banking will add a billion banking customers to the system in five years. That's how big it is."

Dr. Allen L. Hammond, World Resource Institute
Thank you for your attention!

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