



Mobiles and Microfinance

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Mobiles and Microfinance

What is Microfinance?

- **Microfinance is the provision of financial services to the poor around the world**
- **The four basic financial services provided are:**
 - **Credit**
 - **Savings**
 - **Insurance**
 - **Remittances**
- **Other services such as leasing are provided**
- **Research indicates savings is the most important service**

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PlaNet Finance

The PlaNet Finance Group is an International Solidarity Organization, which develops and promotes networks of MFI, experts and local players in order to support the development of professional projects for men and women who wish to get out of poverty with dignity.

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PlaNet Finance

1. **TECHNICAL ASSISTANCE:** at the Centre of PlaNet Finance's activities
2. **PLANIS:** PlaNet Finance Investment Services
3. **PLANET RATING:** The Rating Agency
4. **MICROCRED:** The Investment Company
5. **FINANCITES:** The Venture Capital Company of deprived urban neighbourhoods
6. **PLANET GUARANTEE:** The Microinsurance Expert



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Village Phones

- **Very Simple Concept**
 - **Woman in village takes microfinance loan to buy mobile**
 - **Woman charges neighbours for use of phone**
 - **Village gets information on crops, market and family**
 - **Woman uses revenue to pay back loan**
 - **Woman uses profits to enhance family life**
- **Grameen Foundation offers:**
 - **Village Phone Direct - without the need for an institutional infrastructure to coordinate the operations**

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Mobile Phone Banking

There are various microfinance mobile phone banking programmes being used around the world:

- M-Pesa (Kenya, Tanzania, Afghanistan)
- Wizzit (South Africa)
- SMART (Philippines)
- GCASH (Philippines)

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Remittances

- Transferring money from overseas is a large source of income for developing countries
- World Bank estimates that US\$167 billion was remitted back to developing countries in 2006
- The very low fees (Vodafone 3%, SMART1%) make it feasible to send small amounts of money back home
- Regulatory issues (Anti-Money Laundering/Anti-Terrorism) are holding up the Vodafone/Citibank mobile phone remittance programme

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Reducing Costs

The use of technology in microfinance makes it more affordable and allows financial services to reach more of the poor using innovative methods

- **Microfinance Institutions – Allows banking without the cost of building more branches**
- **Customers**
 - **Mobile Wallet**
 - **Pay Bills**
 - **Remittances**
 - **Banking**
 - **Paying by airtime**

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Correspondent Banking/Banking Agents

- **Correspondent Banking or Banking Agent agreements allow retailers to act as agents of banks and microfinance institutions**
- **Using Point of Sale (POS) technology**
- **Correspondents provide a way to get cash into or out of a mobile phone banking systems**
- **Correspondents get the benefit of releasing excess cash**
- **Possible correspondents:**
 - **Retail stores**
 - **Supermarkets**
 - **Petrol stations**

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“Microfinance provides an excellent platform for reaching the poor. The top 300 microfinance institutions around the world reach 90 million people”

- Alex Counts (CEO, Grameen Foundation)

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