



Introduction

Dear Clients, Partners & Friends,

Welcome to the January edition of PHB Development's newsletter. 2012 was a tremendous year for branchless banking innovation, witnessing the entry of many new services; Green Bank's SEED in the Philippines; Habib Bank's suite of electronic banking products in Pakistan and Safaricom's M-Shwari in Kenya. Most notably, savings led programs have risen as service providers realize that these types of products are not only the cornerstone to financial inclusion, but are crucial to developing long standing customer relationships, and ultimately will ensure the longevity of core business lines.

Back in 2011, GSMA acknowledged that only 7 mobile network operators out of 56 truly succeeded in dramatic customer uptake of mobile money services. Hence, in 2012 they began a study looking at how to improve consumer adoption, and the full report will be disclosed at the upcoming Mobile World Congress in Barcelona. We believe that 2013 will demonstrate more cases of active customers, profit increases and sustainable services in the world of mobile money.

On the Road to Financial Inclusion: Key Achievements

We are glad to have been involved in a range of projects with international development agencies, mobile network operators, banks and microfinance institutions.

In September 2011, we began redesigning Bank of South Pacific's (BSP's) e-channel strategy, to switch branch based over the counter payments to electronic channels in Papua New Guinea. In just one year the change resulted in: a **40% boom in electronic fund transfers** through the point of sale (eftpos); transactions with **120% more eftpos merchants**; **22% increase in ATM use**; **311% rise in internet banking** and **48% growth in mobile banking**, plus a **35% upsurge in active customers**.



Bank of South Pacific was recognised for its accomplishments in accelerating financial inclusion by winning the best bank led mobile money service at the Connected World Forum Summit, Dubai in November 2012.

From BSP's experience, we understand that a simple and easy to understand fee structure, as well as accessibility through card based channels are critical factors to drive user adoption.

In Uganda, we assisted Orange to launch its mobile money service, which went live a few weeks ago and the early results are very promising; already **7,000 customer registrations** and a **high level of account activity**.

Sarah Rotman from CGAP made a **review** on the recent trends in branchless banking, mentioning Visa's **launch of mVisa**, which PHB Development, played a significant role implementing. We have also supported Urwego Opportunity Bank's ambitious plans to introduce **mobile microfinance services**, covering the provision of **loans, savings and insurance** in Rwanda.

Research & Knowledge

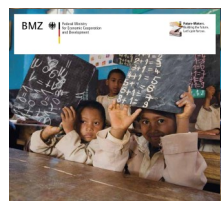
In liaison with Grameen Foundation, we invested in **research and development** to identify the best practices integrating mobile banking services with microfinance institutions, and the role donors can play, to use mobile applications and payments in value chains across Latin America.

We established the handbook on Financial Literacy for Remittances and Diaspora Investment for GIZ. Additionally, we **shared knowledge** and engaged with the microfinance community through the European Action Group on Remittances and **delivered presentations** on our experiences in mobile money for the European Commission.

We appreciated the opportunity to review IFC projects and **identify lessons learned and improvements** in South Africa with Wizzit and in Indonesia with Bank Sinar, Axis Bank and Bank Andara.

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FReDI: Financial Literacy for Remittances and Diaspora Investments
A Handbook on Methods for Project Design

Published by:



You can download the GIZ publication [here](#)

Lessons Learned & Shared

In this section, we will share some of the key lessons to achieving sustainable and scalable mobile money services.



Orange Money Uganda

Uganda is a highly competitive marketplace, with 6 mobile money services on offer and an increasing number of mobile banking products on the rise. Therefore, when we supported the design of Orange Money, our objective was to deploy a service which fills in the gaps of existing mobile money services. We wanted to make sure the system was reliable and secure by adding unique features to reduce the risk of sending information to the wrong phone number and conducting several identical transactions.

- Service providers should impose a high standard of security upon themselves, especially in Uganda, where the regulations have not yet been clearly defined. Fraud is a significant issue that influences every aspect of the service and its management; IT access rights; legal terms and conditions; pricing and commissions, customer education and agent training.
- In competitive markets, new players can differentiate themselves by other means than new features and low prices, by ensuring that basic services are well delivered. Often, customers are bombarded with new features, even though they haven't quite got used to trusting the basic services such as; P2P transfers and buying airtime. Orange addressed concerns by providing a stable platform; reliable customer care and the best possible signal network.
- Having a detailed understanding of the needs of un (der) banked customers is vital to design right products for the target markets, so service providers really should take the time to invest in the research.



mHose Rwanda

Last year, we had a busy year assisting the implementation of Urwego Opportunity Bank's (UOB's) mHose service, which allows customers access to savings accounts and microloans through the mobile channel. Migrating services to a mobile platform takes considerable time and effort because electronic systems are not as stable as one would expect, so they require thorough testing.

- Even though the technical aspects of the implementation require much attention, service providers should not neglect taking the time to develop a good client value proposition. We spent time in the field understanding the desires of current and prospective clients, which led to UOB designing a product that focussed on savings account that offered free insurance with it.
- In order to establish and run an effective distribution network, businesses need ample resources from defining a strategy to identifying and recruiting agents to training and establishing the agent management unit.
- Incorporating a new mobile channel has a major impact on the traditional business processes of microfinance institutions, which means enough time must be given for the organisation and employees to adapt. At UOB, new processes of reporting client payment transactions were introduced and significant training was given to staff about how their daily duties would be affected by the introduction of mHose.

Announcements:

Sonum Puri and Alexa Sanchez are the newest members to join the team at PHB Development. Sonum offers expertise in marketing and risk management, and Alexa brings experience covering all aspects of project management for implementing international remittance products.

Moving Forward

This year, we will continue to expand our business, based on a proven methodology that focuses on the implementation and performance improvement of alternative products and delivery channels for financial services.

The first quarter of 2013 is off to a good start with exciting projects underway including; the product development and market study of financial services targeting Senegalese migrants in Spain; an assessment of mobile money opportunities in Sierra Leone and the piloting of mobile banking services in Southern Eastern Europe.

We look forward to working with you in the future, and if you have any questions, please do not hesitate to get in touch.

Warmest regards from Brussels, Leiden and Port Moresby.

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