

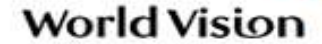
# How do we become digital?



Marie Valdez, Regional Director

**Software Group**

25 July 2014 | Century Park Hotel, Manila

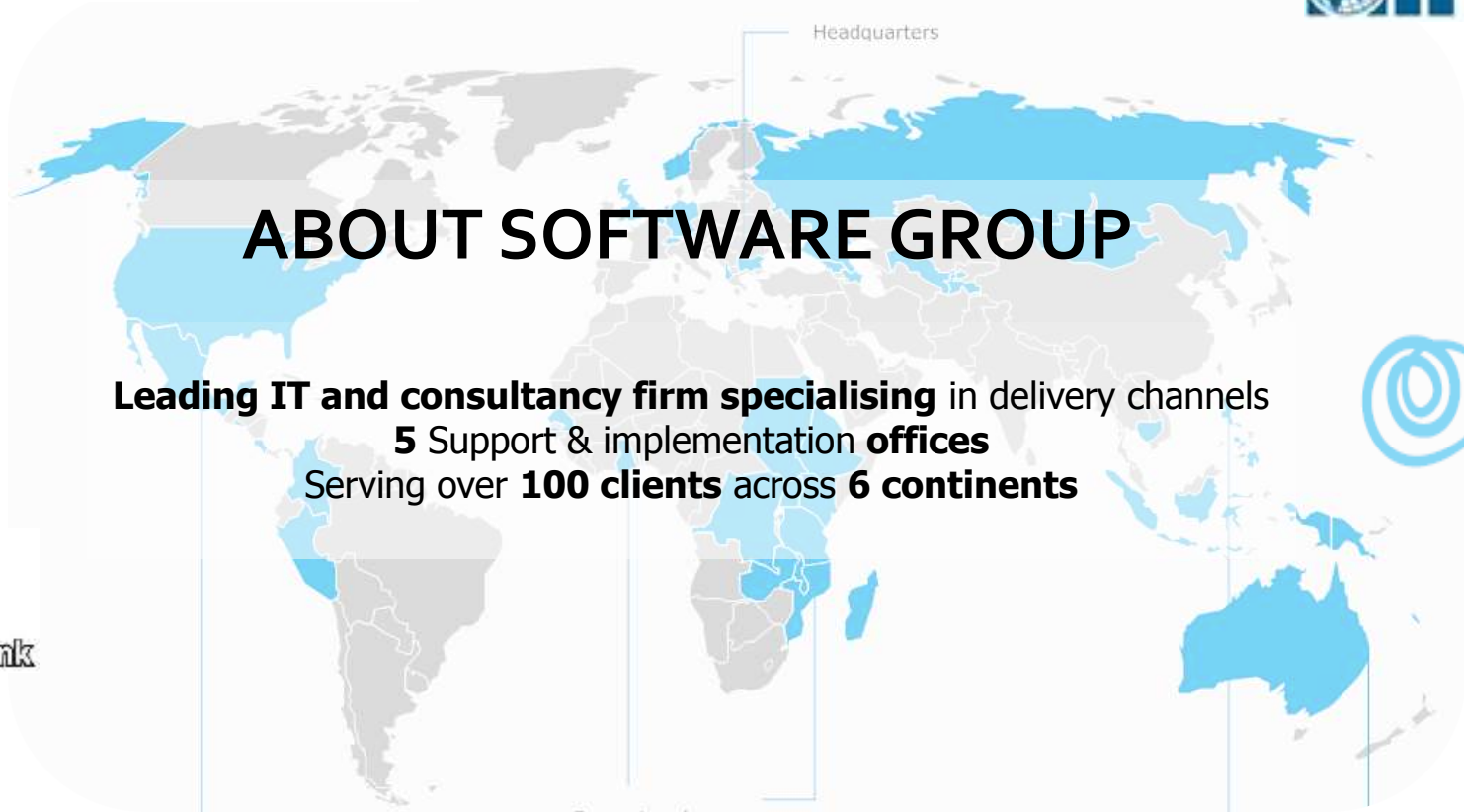


People's Micro Bank



# ABOUT SOFTWARE GROUP

Leading IT and consultancy firm specialising in delivery channels  
5 Support & implementation offices  
Serving over 100 clients across 6 continents



BILL & MELINDA GATES foundation



# KEY TERMINOLOGY

**ADC- Branchless Banking- E-banking-** these are all taken as the same and refer to the use of technology by financial service provider (FSP) to serve clients beyond the branch network.

**Mobile Wallet-** mobile money (e-money) platform that allows customers to open an account associated with their phone number. For the purpose of this discussion we will presume that as a channel we are referring to banks using existing m-wallet providers as an additional point of service for clients so that funds can be deposited or withdrawn from bank accounts via the m-wallet.

**Mobile Banking-** bank led service that enables customers to manage their bank accounts via their mobile phone. Can offer a range of services including transfer funds, pay bills, buy airtime etc. Can be added to m-wallet integration as the means by which a customer initiates a withdrawal from their bank account to their m-wallet.

**Remote data capture-** bank led initiative that refers to the use of either mobile or web based solutions to transact with customers either in the field, mini branch or agent location. Transactions could be either cash in/out or account opening, loan applications etc. Bank led agent banking falls into this category whereby the bank setups and manages their own network of agents to provide services on their behalf. No e-money or mobile money is involved in this offering as all transactions are directly to the customers bank account.

**Self Service-** refers to a type of channel whereby the customer can transact without any interaction with a staff or agent

**Over the Counter (OTC)-** a channel which requires a customer to interact with either an agent or staff of the FSP to transact.

# Delivery Channels for FSPs

	Mobile Platforms			Internet Platforms	ATM	
	SMS Banking	Mobile Wallet	Mobile Banking	Remote Data Capture	Internet Banking	ATM
Service	Self-service	Self-service OTC	Self-service	OTC	Self-service	Self-service
Model	Push Messaging Pull Messaging Alerts	MNO Led 3 <sup>rd</sup> Party Led Bank Led		Agent Network Field staff Mini Branch Branch on Wheels	Internet Banking Kiosk	CUG Open
Technology	SMS/SMPP	App-Native App- Web SIM toolkit SMS USSD	App-Native App- Web USSD	App- Native App- Web POS App Web Portal	Website	ATM
Functionality	Enquiries Reminders Notifications	Cash in Cash out Payments Transfers Enquiries	Enquiries Transfers Payments Remittances	Acct Opening Payments Cash in Cash out Remittances Loan Applications Other data capture	Enquiries Transfers Payments Remittances	Cash in Cash out Payments Transfers

# NBV, Vanuatu: Multi-Channel Strategy



How to expand financial inclusion to a network of 25 branches to support rural banking initiatives to enable secure account management and cashless transactions in rural areas considering the following:

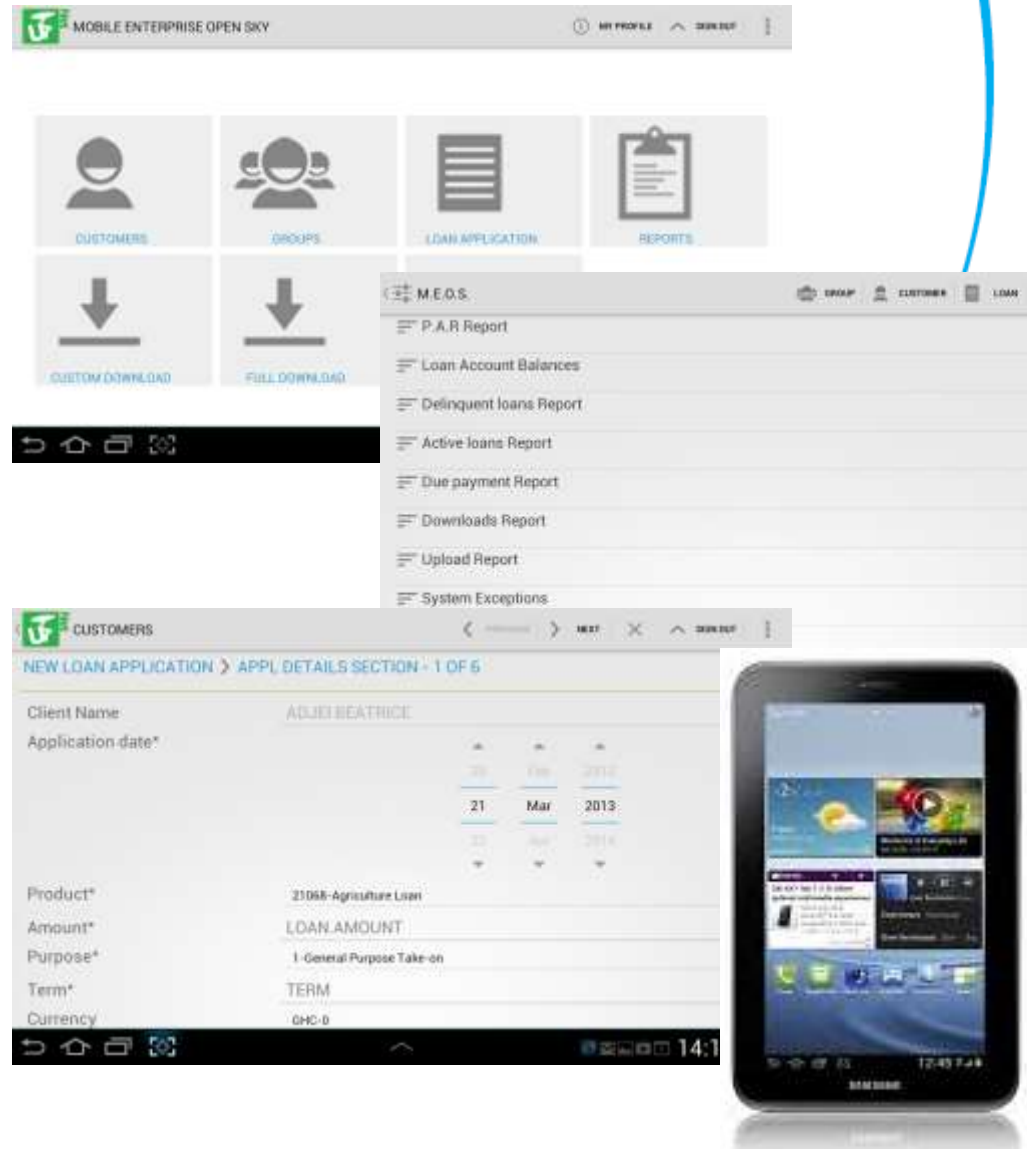
- 🌐 Lack of access to formal financial services in rural communities
- 🌐 Growing mobile penetration
- 🌐 Infrastructure challenges – communications, power
- 🌐 Demand for high quality financial services
- 🌐 Growing adoption of internet usage
- 🌐 Commitment to expand financial services to rural clients

## NBV Launched a multi-channel strategy.

- 🌐 M-Wallet Digicel Integration – Self-service, handheld via USSD
- 🌐 Agent Network – Using Digicel’s airtime distributor
- 🌐 SMS Notifications
- 🌐 Internet Banking – for SME clients with Internet access
- 🌐 ATMs and POS with Link between NBV ATMs and networks of ATM of other banks. – Self service and Open model

# OISL, Ghana: Remote Data Capture

- OTC for Field Staff/Loan Officer
- Android tablets with Bluetooth mobile printer
- Customized Mobile Application with built in work flows
- Online and Offline functionality
- Operations include:
  - Client Registration with photo and signature
  - Group Management
  - Loan Application
  - SPM/Agric data collection
  - Land mapping
- Access to operational reports
- Syncs directly to Core Banking System

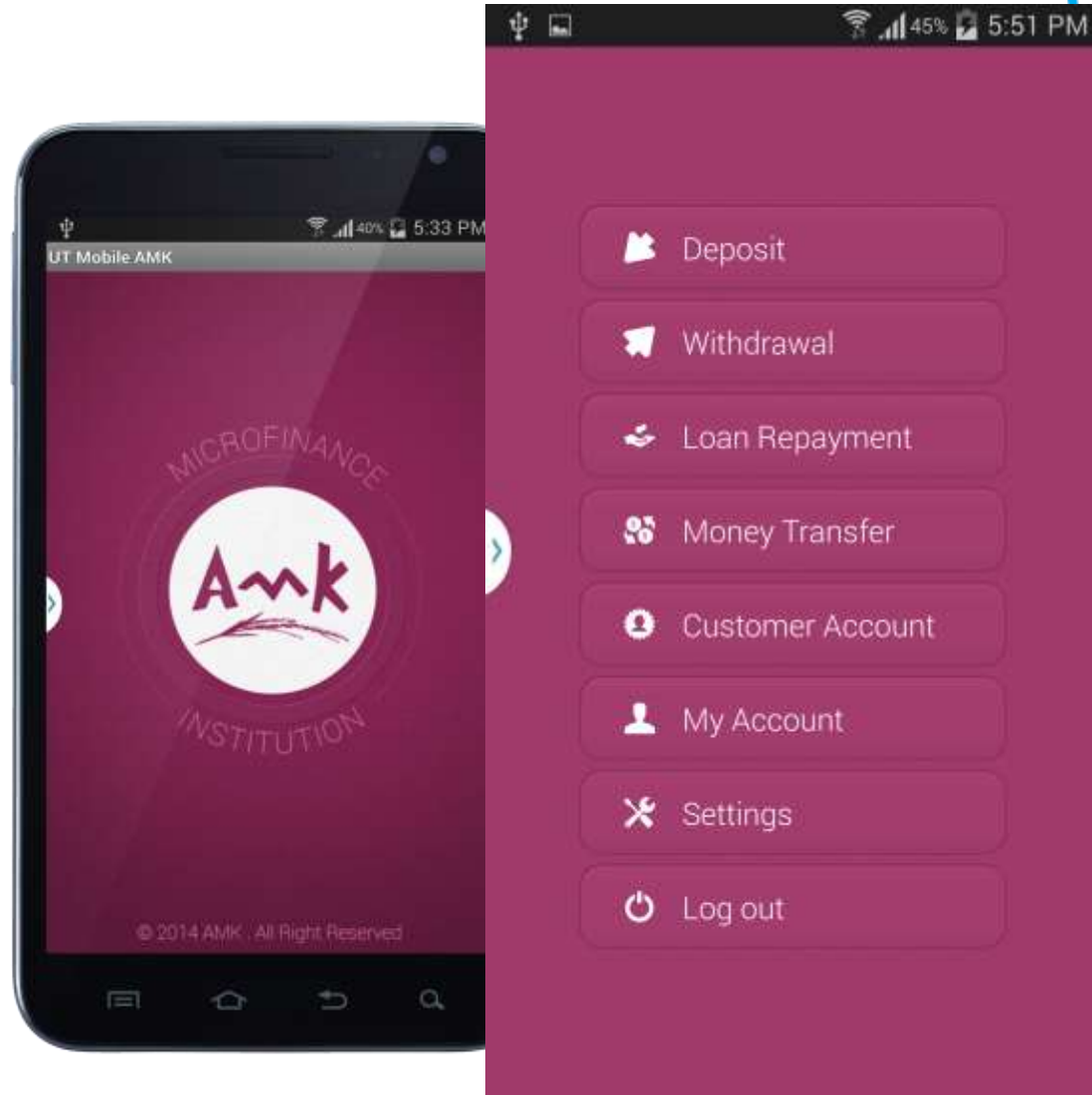


# AMK, Cambodia: Remote Data Capture with Financial Transactions

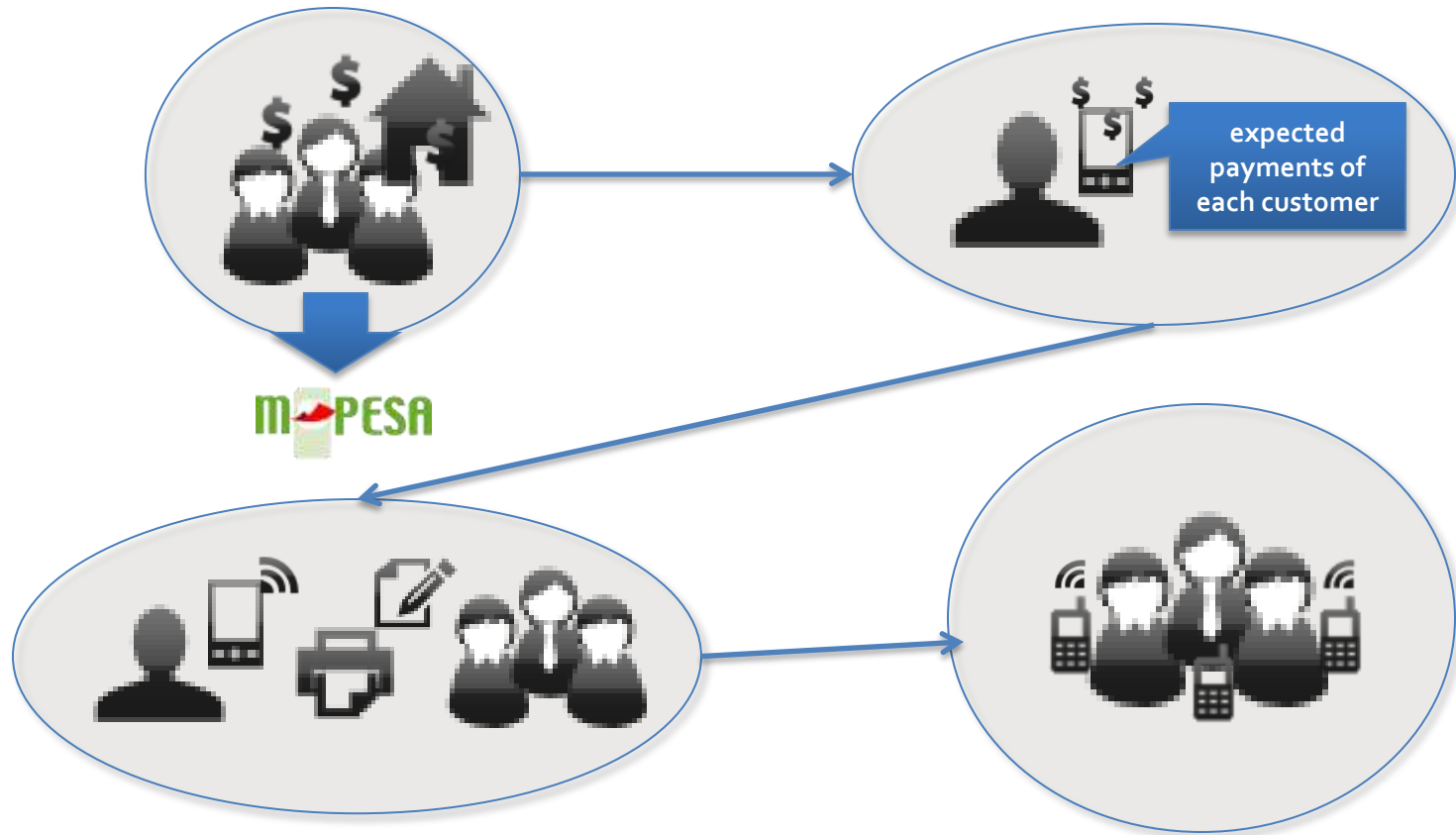
How to establish a Mobile Money Technology (MMT) system for AMK that expands the reach of its services to more clients by leveraging a network of local agents

## SOLUTION:

- OTC
- Native application (Java and Android that runs via GPRS (always has to be online))
- Web-based interface for tellers
- Deposits, withdrawals, loan repayment, money transfer, with receipts
- Agent Management at the head office
- Linked to CBS for float management



# Micro Africa, Kenya: Mobile Wallet Integration + Android Application



## Increased client satisfaction

- Security with disbursements and repayments via M-PESA
- Affordable transaction fee (1 fee per group)
- Increased confidence with SMS and receipts

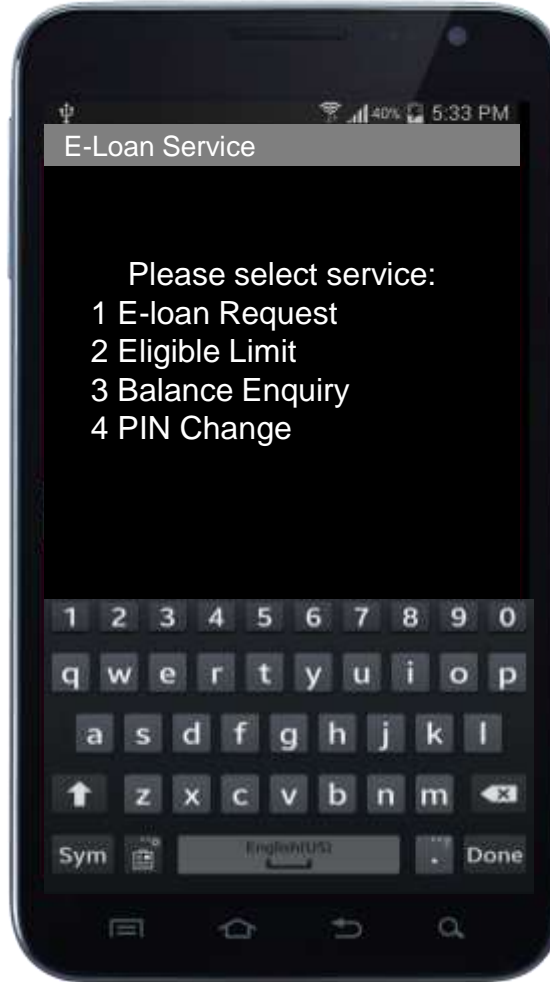




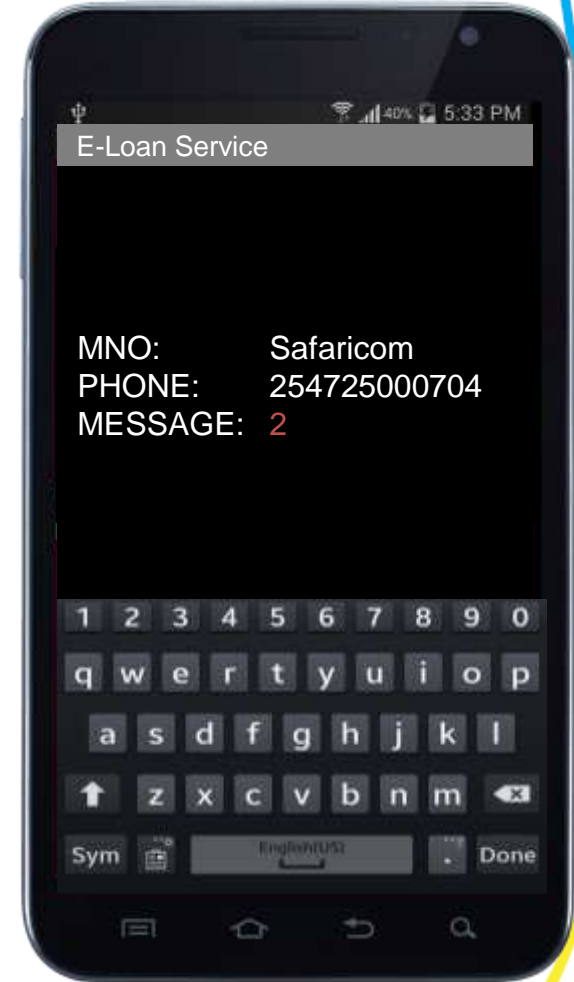
# Micro Africa, Kenya: Automated repeat loans via USSD



1. Dial the USSD code and you get request to input PIN



2. Menu of options will be displayed

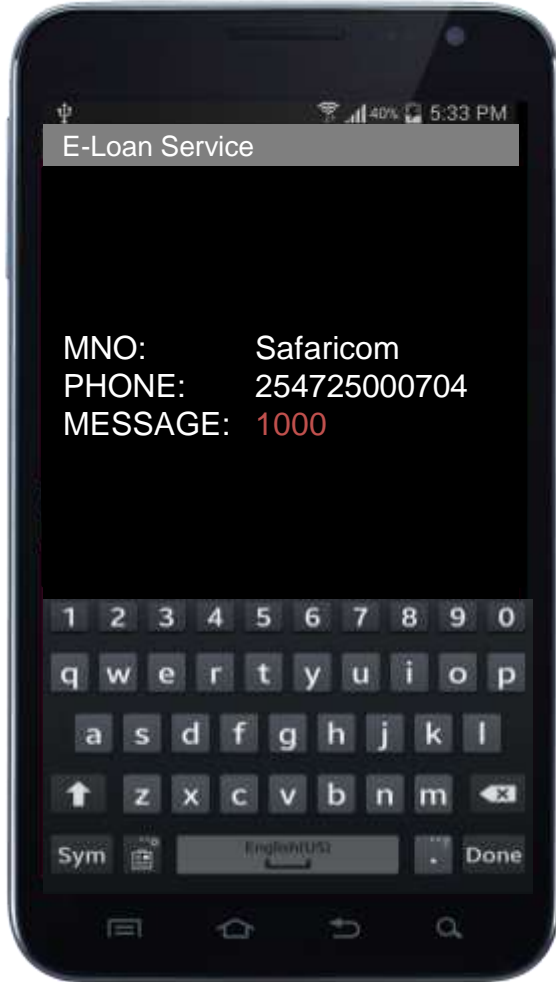


3. The customer is shown the amount they can borrow

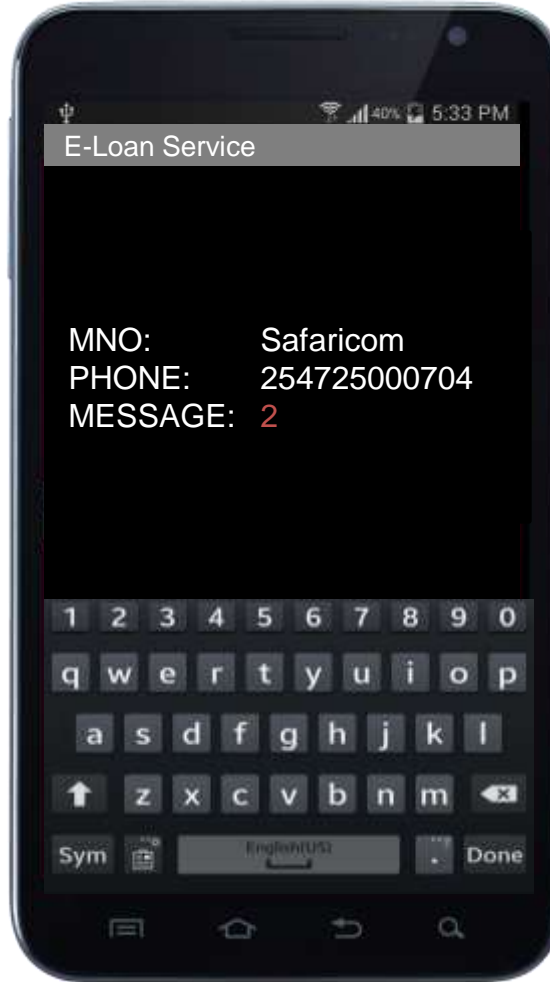


# Future: Automated Repeat Loans

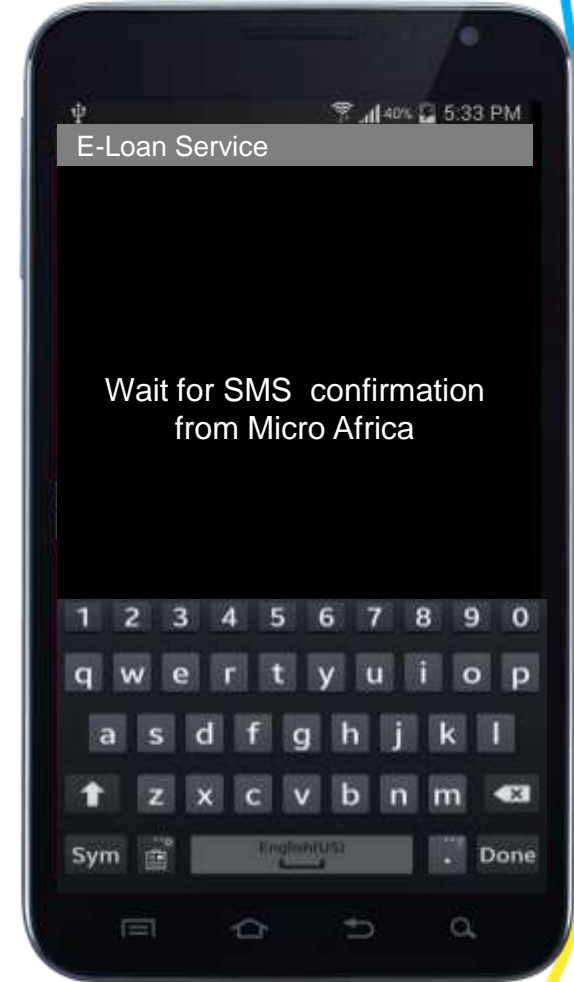
## Micro Africa, Kenya: M-Pesa and M-Collector



4. The customer inputs the amount they want to borrow



5. The customer confirms the loan application



6. The customer is sent for an sms to accept the terms and conditions

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# Maraming Salamat po!

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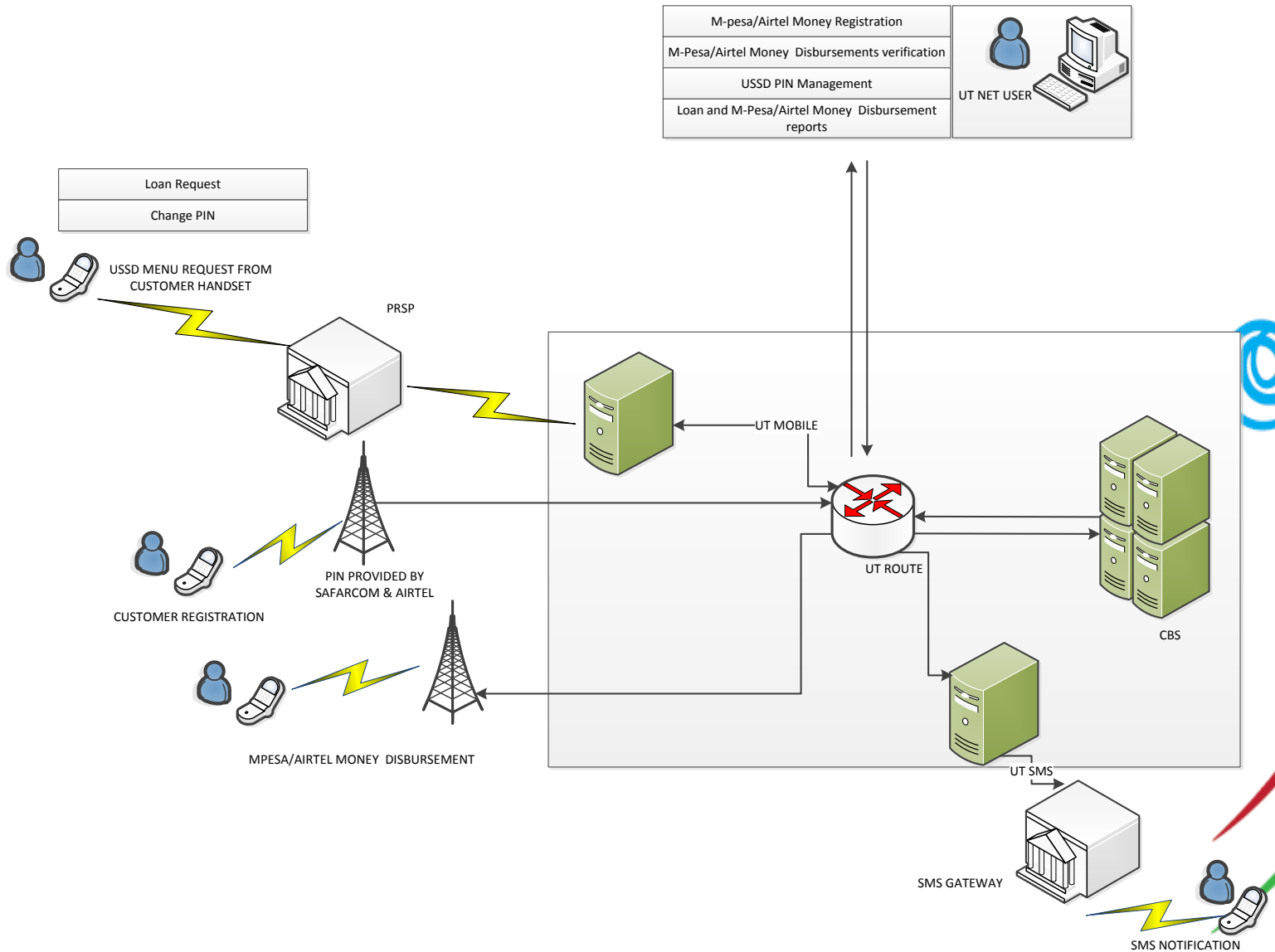
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# USSD : System Architecture



## CASE STUDY: Electronic Banking

### NBV, Vanuatu: **ATM Services**

“At present, the ATMs are only used for deposits and transfers between accounts. NBV has more ATM transactions than over-the-counter transactions. And obviously, ATM transactions can happen 24x7. This obviously reduced congestion and customer waiting time in the branches.”  
– Stuart Mathison, Head of Operations

Additional Transactions are:

- Fast-track withdrawals
- Load repayment
- Customer-to-customer transfers
- Register for SMS Alert service
- Mobile phone top-up

NBV expect that this will significantly increase ATM use, improve customer service, further reduce branch congestion, and generate new fee-income for the bank.



# Case Study :

## Remittance, Agency Banking, and Agent Management

Angkor Mikroheranhvatho Kampuchea (AMK), Cambodia

**How to establish a Mobile Money Technology (MMT) system for AMK that expands the reach of its services to more clients by leveraging a network of local agents considering the following:**



- Highly competitive financial services market
- Desire to serve both existing clients and unbanked population
- High demand for access to financial services, especially money transfer services
- Opportunity to leverage existing local infrastructure (shops, entrepreneurs, etc) to access more clients
- Infrastructure challenges – communications, power

# Case Study: Repeat

## Micro Africa, Kenya: Benefits



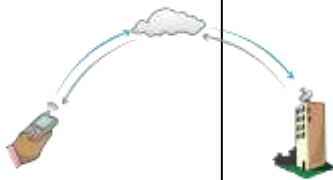
### **Increased client satisfaction**

- Security with disbursements and repayments via M-PESA
- Affordable transaction fee (1 fee per group)
- Increased confidence with SMS and receipts



### **Payments can be made to savings, loans or fees**

- Reduction of business processing time
- Real time data collection
- Standardized platform
- Option to auto sync without user



### **Real time access to MIS data**

- Increase financial transparency



### **SMS and receipt confirmation during payment collection**

- Transactions validated at source
- Real time auditing of transactions