



Financial Inclusion Newsletter

Financial Services for the Poor



Technological Advancements in the Financial Inclusion Sector

Pradipto Pal, Accenture Digital, Executive

Financial inclusion for both unbanked and under-banked sectors has been a matter of great interest for most of the regional banks and other financial institutions in developing and underdeveloped countries as well as with many global telecommunication network operators offering financial services to the mass market, largely to their own mobile subscriber base.

Quite a few banks have explored the possibility of branchless banking for the mass market, however their challenge remains with the current regulatory, compliance and security requirements. Firstly, their current technology and operational costs are significantly high to profitably manage low deposit accounts, secondly bankers find it quite difficult in dynamically creating product offerings on their core banking systems such as loans, insurance etc. for a mass market, where a proper registration and Know Your Customer (KYC) is an underlying principle for good governance and discipline around disbursement and collections from their customers. In general, banks have tried in the past and they probably need a different set of operating process, regulatory framework, and technology to address this mass market consumer sector.



Pradipto Pal, Executive at Accenture Digital showing one innovative device to cater faster transaction among consumers



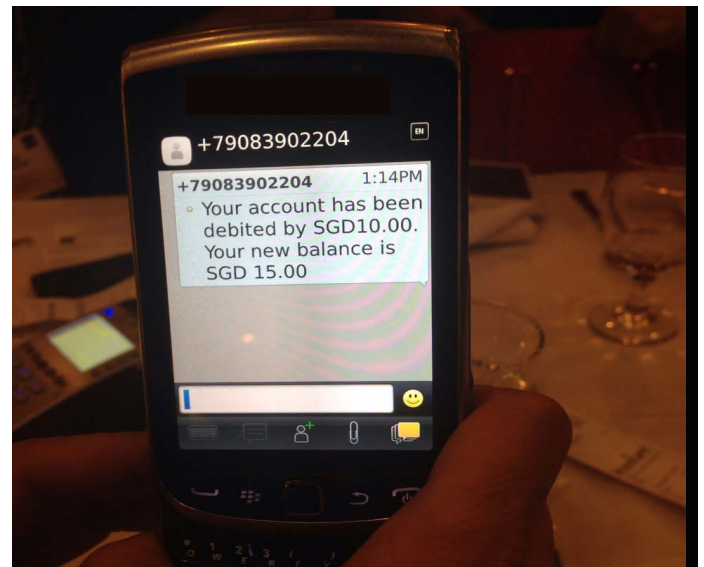
Dr. Mike Johnston, chief technical officer at Mobilis Network, demonstrating an easy deposit transaction through a wireless gadget

Telecommunication operators have the advantage of reaching out to the mass market while their operating model and costs have somehow enabled them to leverage on their mobile subscribers, to top up their airtime and at the same time, register and open mobile money / wallet accounts. Central banks have provided e-money licenses to these operators that tightly regulate the service functionalities and limits on these mobile wallet accounts, such as cash in, bill payments and person to person payment within the same network. It is a small scale payment facility for the unbanked but given the regulatory limits, such mobile money service cannot be considered as a true gateway for the 'financial empowerment of poor'.

With the advent of Mobile devices, today more or less all people around the world are 'digitally connected' and each person has a unique subscriber number that could be identified, registered, geographically located and kept that individual securely informed. The innovation around the technology provides an avenue for conducting a door to door registration of the actual person on a mobile device by an

authorized agent or correspondent, including a biometric enrolment that justifies the minimum KYC required by the banks and other financial institutions. A simple registration, that could take less than ten minutes, opens a Store Value Account (similar to a savings bank account) on a low cost financial services platform that could be in-house managed and operated by a financial institution, with an e-money license granted by the central bank. A full range of Digital Financial Services, including deposits and savings, cash outs, all types of bill and loan repayments, insurance premium, and taxes to government and municipalities can be made available to any mobile subscriber of the unbanked sector. Loans, aids, grants, scholarship, daily wages etc. can be directly remitted to the incumbent without any middle man interference. The unbanked has now an access to a wide range of financial services, to safely store, save and spend from his 'Digital or Mobile Wallet'. The account holder can check account details on the mobile device, at home or work, anytime, anywhere; repay loans, taxes, bills, insurance premiums, etc. without any intermediaries.

Merchants and agents are a big catalyst to this digital transformation for the unbanked. They enable a frictionless



Proof of successful transaction via mobile banking

experience for those people who need hand holding as they embark on a new journey on attaining their financial freedom through inclusion and empowerment.