

Mobile remittance gains ground in the Philippines

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Rod Durmiendo is a software developer in Manila, and like many Filipinos, he sends money back home to family members living outside of the capital. In Durmiendo's case, he sends money to his brother in the southern city of Davao.

But instead of wiring the money or sending a cashier's check, Durmiendo uses his cell phone to channel funds.

"I don't have time to go to the bank to wire. Usually, the bank hours are only from nine to five, and I can't leave work at this time. It also takes time to queue, which wastes my time. With cell-phone remittance, I can go to any center in a mall and remit the money," Durmiendo said.

He is one of the growing number of time-strapped people who are attracted to what major telecommunications group are offering when it comes to sending money back home. Durmiendo first goes to a shop that is tied up with a carrier, and taps in the amount to be handed over onto his handset. His brother then receives a text message that alerts him of the cash that has been handed over, and he in turn can present that notification to a store that has an agreement with one of the telecom companies that will give out the cash.

In this archipelago of more than 80 million people, roughly 32.9 million owned mobile phones as of 2004, compared to just 6.4 million in 2000. That means about two out of every five Filipinos has a handset, according to a 2005 United Nations Conference on Trade and

Development study. It is expected to grow, as aggressive pricing and subscriber growth tactics by mobile operators lure even the poorest to get a cell phone.

Moreover, many Filipinos working abroad in countries like the United States, Australia, Hong Kong, Saudi Arabia and the UAE are sending money back home. Or as in the case of Durmiendo, sending money within the country.

As a result, the remittance market in the Philippines is huge. Many of these overseas Filipinos work as skilled professionals like doctors, nurses and engineers, while a large portion also work as domestic helpers, caregivers, drivers and ship crews. The Asian Development Bank estimates that around \$14 billion to \$21 billion is remitted by Filipinos abroad to those back home.

Granted, many overseas Filipinos still prefer to ask their friends and family to remit money, or through traditional ways like banks and companies like Western Union. However programs such as SMART "Padala" (loosely translated as "bring my money") and Globe Telecom's G-Cash are gaining in popularity, as many Filipinos are starting to realize the benefits of using cell phones for money remittance. Ads featuring popular matinee idols like local action star Robin Padilla often tout these money remittance services, in order for these to gain widespread acceptance.

There are also variations. Aside from mobile-phone money remittance, there is also a popular service where prepaid subscribers ask their friends and family to "loan" them pre-paid credits. A local service by one of the telecom companies calls itself "Pasa-Load," as in to pass a load of credit. This service has become popular to students and low-wage earners, who comprise most of the prepaid subscriber base.

Sending money via cell phones has other benefits too.

For one, it is prevalent, as many establishments now honor it. "It's also cheaper, around 1 percent of the total amount," Durmiendo said.

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