

Globe Talk: Mobile banking as aid tool

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Mobile phones are becoming commonplace enough in some of the remotest parts of the world, much to the delight of both private companies and public policymakers. For phone manufacturers and service providers, some of the globe's poorest people have turned out to be one of their most profitable demographic groups, while for international development agencies, the proliferation of mobile handsets is one key means to bridge the ever-increasing technological divide between rich and poor.

Some, meanwhile, are beginning to see the potential of the cell phone beyond simply making phone calls even in countries where service is relatively basic. To be sure, a multi-functioning phone complete with built-in camera, Internet access and MP3 player is no longer novel in wealthier countries. Indeed, mobile giant Nokia pointed out earlier this month that demand for multi-functioning handsets that act more as mobile computers rather than phones is only going to increase over the next few years.

Still, even in regions where electric supply and phone connections are sporadic at best, mobile handsets are seen increasingly as a tool to make peoples' daily lives easier, including providing banking abilities.

"Microfinance isn't about a bunch of village women sitting around in a circle anymore," said Gautam Ivatury, a microfinance analyst at the World Bank. He pointed out that in countries like the Philippines and South Africa, more people who have often eschewed using commercial banks for a variety of reasons are now beginning to use their phones to

access their bank accounts and transfer funds, which is particularly convenient in locations where the nearest local bank might be miles away. For instance, a start-up called WIZZIT has tied up with the South African Bank of Athens to provide a service that allows users to use their phones not only to purchase airtime for the handsets, but also to make bill payments as well as money transfers and balance inquiries. In short, they can be part of a society that depends less on actual cash and more on credit information, which is more convenient and safer, by using a tool that they already have and are familiar with.

After all, according to the International Telecommunications Union, African mobile-phone subscribers grew from 7.5 million to 76.8 million between 1999 and 2004, while the Progressive Policy Institute expects the number to increase to 250 million over the next four years. For banks too, it means gaining access to a new client base and being able to track their credit history.

In the Philippines, meanwhile, the country's second-largest carrier, Globe Telecom, allows users to download cash onto their phones at the company's own outlets or at partner merchants. The money that is loaded down can be used like cash and can be used to pay for goods in stores or be transferred to other people with Globe accounts on their mobile phones.

"We have to adopt what we can do (to improve credit access for poor people), depending on how technology evolves," Ivatury said, pointing out that using cell phones for banking purposes would have been inconceivable only five years ago.

Of course, there are considerable limits as to what cell-phone banking can do, not least the fact that most banks and mobile-phone operators have not agreed to a single standard for securely sharing customer account information and verifying customer identity. Nevertheless, the

push to see how the power and popularity of the mobile phone can be harnessed to improve access to financial networks is something even big-name companies such as Britain's Vodafone are looking in to.

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