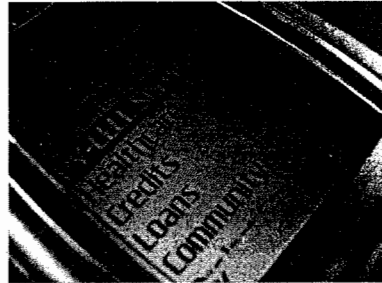




# Technologies Mobiles et la Microfinance



Eric Gerelle

IBEX Project Services

Rencontre des acteurs microfinance suisses

23 mai 2007

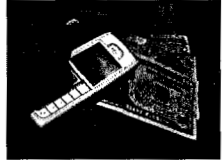
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## Technologies Mobiles et la Microfinance

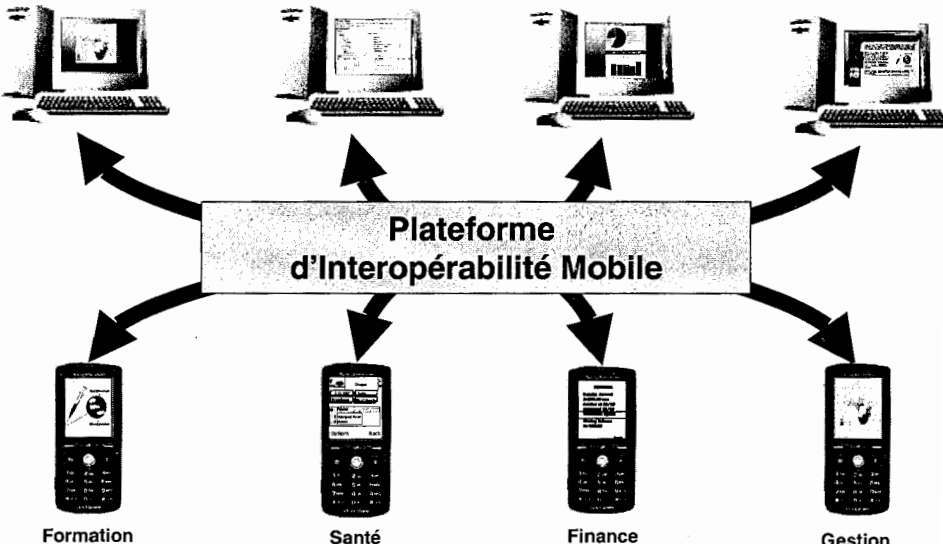
- La technologie mobile est **un moyen important pour le développement durable** en général et pour la microfinance en particulier
- Exemples de projets utilisant des technologies mobiles, bornes de point de vente, téléphones portables ou PDA
  - **Microfinance, Remises & Systems de Micropayment**
    - Celpay (RD Congo, Zambie)
    - G-Cash (Globe Telecom aux Philippines)
    - MPesa (Vodafone & Citibank et Safaricom au Kenya)
    - RTM (Uganda Microfinance Union)
    - WIZZIT (Bank of Athens en Afrique du Sud)
  - **Santé**
    - Phones for Health (PEPFAR, Accenture, Motorola, MTN, Voxiva)
    - Global Health Information Network (AED-Satellite)
  - **Kiosques Téléphoniques**
    - Village Phone (Grameen, Bangladesh)

# Systeme ouvert de virement bancaire

- **Systeme de virement bancaire** qui permet à un individu d'envoyer un ami ou un parent une remise en \$, £, € instantement à bas coût
- Garantit le transfert de la devise par l'intermédiaire d'une **transmission sécurisée bout-à-bout**
- Des **bons électroniques** pouvant être achetés dans les bureaux de postes, par l'Internet ou directement par **téléphone portable**
- Le bon électronique est **validé par l'agent autorisé** et la valeur est calculée en utilisant un taux de change quotidien
- Projets pilotes avec des banques au **Kenya et au Nigéria**



## Protocoles et interfaces ouverts et communications sécurisée



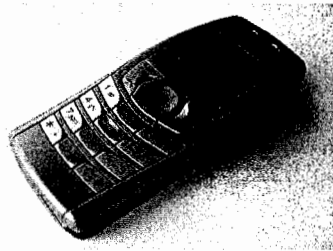
# **Avantages d'une plateforme d'interopérabilité mobile ouverte**

## ● **Fournisseurs**

- Plus de choix de services à des clients
- Plus de méthodes de paiement
- Une démographie plus large
- Moins d'effort d'intégration
- Plus de contenu numérique
- Décollage plus rapide et amélioration de la rentabilité

## ● **Clients**

- Plus de choix de services des fournisseurs
- Plus de flexibilité dans les méthodes de paiement
- Plus de concurrence



**Merci**

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# BY-CELL

## Empowering People in the Developing and Developed World

### Context

Much has been documented about the dramatic advances that mobile phones are bringing to the developing world. The BY-CELL Venture is being established to exploit this leapfrog in technology with a unique mobile internet platform to empower people and communities in critical areas of development and support. The technology transforms the mobile phone network into a global data collection system, a platform to support health insurance, health monitoring, microfinance, education and a community-based early warning system. Development organisations will be able to provide more efficient and timely support for the communities they serve. The platform also supports civil society organizations (CSOs) that help create employment opportunities provide social services. The platform will reduce the cost of delivering microinsurance and microfinance services, allowing the financial institutions to expand their client base, portfolio and increase fund liquidity.

### Market Opportunity

Mobile phone penetration in the western world is peaking. Yet in some developing countries, growth in year-on-year mobile users exceeds 100%. Several initiatives have created ubiquity in low cost handsets. Whereas projections indicate that fixed-line internet access will saturate at 1.9bn connections, mobile technology has the potential to reach more than twice as many people. BY-CELL exploits this ubiquitous infrastructure to build a global data collection platform to monitor global consumer behaviour and preferences.

### Benefits over fixed line Internet

With the Internet, people are anonymous and at risk of identity theft. In contrast, our platform authenticates people with each use. All information is automatically linked to users via their physical handset, which uniquely identifies them. Because it provides levels of security approved by Voca (previously BACS, owned by a consortium of UK banks), payments can be made and received via the platform with the certainty of being able to validate the identity of the other party.

### People

The people associated with BY-CELL are all senior managers who are entrepreneurs, many of them having developed their own businesses. Between the Partners, the base software platform exists. Their backgrounds are primarily from software development and engineering, but their business experience ranges from large multinational companies to smaller ventures they have set-up and run.

### The Proposition

BY-CELL empowers individuals by providing them with their own secure, simple to use handset-based terminal, that enables them to access and transmit their own information, status and identity via any mobile network. It is independent of the mobile operator and the network technology and has the capability to operate anywhere around the world. When connected, it optimises data transmission. Microfinance is an example of a business that can benefit from the platform. It is a profitable, low risk business opportunity. Many banks are considering starting up their own microfinance funds. International organisations are interested in linking health, education and emergency response efforts to microfinance initiatives. BY-CELL promises to address more clients with increased services at with lower overheads than available in the market today.

BY-CELL addresses the needs of the following stakeholders:

- Financial institutions who want to better manage savings, lending and loan repayments of loans
- Development organisations with humanitarian programs that would be enhanced via systematic collection of data from within the community
- Healthcare providers who wish to reach the masses with affordable insurance
- Investors and donors who want both good financial returns and to have their wealth and resources used for socially desirable purposes.

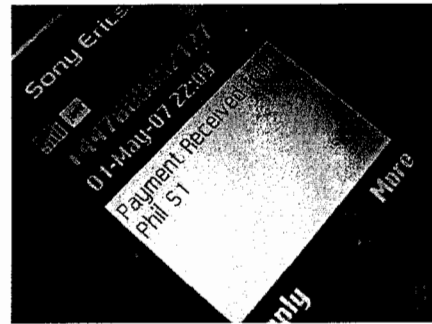
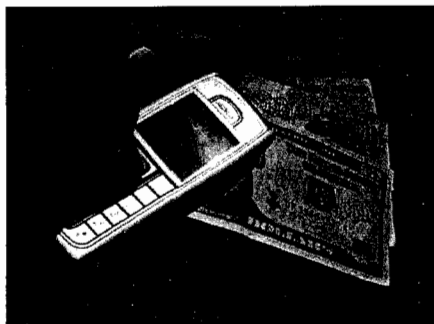
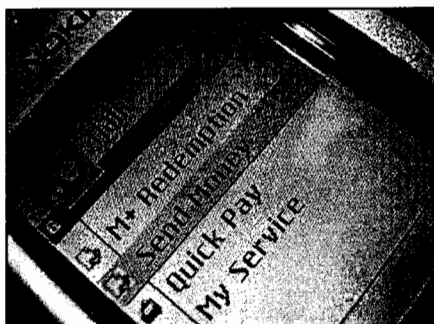
### Investment Opportunity

We are seeking investment from private and institutional investors to launch a worldwide business in these growing markets. Part of the financing will be used to set-up client projects already identified in developing countries and International organizations. Further investment is needed to market the offering to other clients, including developed countries. While the core of the software development is complete, some investment will be needed to develop the platform for new applications and integrate with other products and services.

### Exit Strategies

Several exit strategies for investors are possible: An IPO or trade sale to a larger company. BY-CELL should be of special interest to financial institutions, market research or telecommunications companies. It has the ability to generate new customers for either of these businesses and provides a significant global amount of funds to be managed.

Contact Eric Gerelle, IBEX Project Services, [erg@ibex.ch](mailto:erg@ibex.ch)



## Workers Remittance Service: Mobile+ & FE Mobile SecureLink™

Under the umbrella of the BY-CELL mobile platform venture, Mobile+ with FE-Mobile SecureLink provide a low-cost worldwide white-label remittance service.

### Proposition

The Mobile+ SecureLink Credit Transfer System enables an individual in the US, Europe or the Middle East to send a friend or relative USD, Euro or GBP instantly and at a fixed cost. It is now possible to guarantee via secure end-to-end transmission the hard-currency amount that the beneficiary will receive.

### Sending Money

By using the Mobile+ SecureLink system, it is now economic to send amounts as low as USD 20. The service enables immediate and complete value transfer to the beneficiary avoiding the complex and often prohibitive costs and frauds associated with some of the usual remittance channels. These e-vouchers can be purchased through thousands of retail outlets in Europe and the Middle East, over the Internet or directly from a SecureLink mobile application on the sender's handset.

### Receiving Money

The e-voucher can be redeemed at participating outlets that have secure access to Mobile+ servers. This is carried by an authorised retailer with a PC or a street vendor with FE Mobile's SecureLink application on a handset. The e-voucher is validated securely by the authorised agent and the beneficiary value calculated using a competitive published daily exchange rate.

The process takes seconds to complete and once the transaction has been verified, the e-voucher is cancelled and archived. The e-vouchers that have been redeemed form the basis on which the agent receives same-day reimbursement, subject to local clearing.

### Benefits

Benefits to the retailer who participates in this service include new revenue streams from the transaction fees associated with this service, increased footfall to the establishment and an opportunity to reach out to the communities. The establishment can build a strong brand both domestically and internationally and facilitate access to financial assistance from friends and family easily accessible, even in remote locations. The e-vouchers can be stored securely for any period of time or transferred to another individual if required thereby creating a virtual currency unit which can be redeemed in local currency at any time. These e-vouchers do not expire and can be stored indefinitely.

### Opportunities

The Mobile+ SecureLink service can be own-branded and made available within a particular country to offer a simple low cost mechanism to transfer funds domestically between individuals or small business with or without access to a bank account.

### Contacts

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Reducing adversities and compensating for vulnerabilities of low-income people

**Why think of insurance in this context?** Living in rural India is associated with multiple and severe risks that push people to destitution, depression, desperation. For most people, illness is the biggest risk. Catastrophes can be prevented or mitigated by providing financial protection through insurance, in tandem with other solutions or in lieu of alternative measures. *Insurance reduces the cost of risks* through pooling and diversification. A large pool works best.

**Why would poor / rural people join insurance?** Because they are aware of their risks and want to reduce exposure; we have evidence that people want coverage for expensive aggregate costs, not just coverage of rare catastrophes. But joining insurance can happen when benefit-packages are relevant and perceived as fairly priced. Relevance is judged in the light of local context, i.e. according to needs, solvent-demand, cost of goods & services or their availability. *Grassroots involvement in determining the insurance package enhances acceptance of insurance*; products are perceived as relevant, and the process as responsive to the local social context. We have evidence that the poor can make judicious choices even under severe rationing.

**How could poor / rural people pay a premium?** Spending is linked to income, and some of the revenue of the Rural Employment Guarantee Programme could be used to mitigate future risks by payment of premiums. *Linkage of employment (that generates income) with insurance (that provides the protection)* creates a virtuous cycle of decreasing catastrophic financial exposure. A recent study showed that a large low-income cohort was willing to pay about 1% to 2% of annual household income for health insurance. This virtuous cycle suits the conditions of rurals / needy.

**Best protection for poor / rurals: how?** *Broad coverage, including several heads-of-damage*, would elicit better protection against adversities and higher sustainability. For instance, *women and children*, more susceptible to illness, need health insurance to ward off higher cost of healthcare, as well as protection in case the main breadwinner dies or becomes incapacitated. Also, shifting the subscription unit from single individuals (the typical modality among commercial insurers today) to affiliation of *entire households and communities* (proposed under our model) reduces the vulnerability of the very young and very old (often excluded today), of women and children, and simultaneously reduces demand-induced ‘adverse selection’ and supply-induced ‘cherry picking’, so all members gain from better sustainability of the scheme.

**Who will do it, and how?** Community-based microinsurance schemes will carry-out most operational functions; this can reduce the cost of administration, improve accountability to the community of clients, and reduce unjustified claims that the community can filter using local information (antidote to insurer’s information asymmetry, and a remedy for moral hazard). It will also ensure ample supply of insurance to all clients (unavailable today).

**What is new about this plan?** We are distinguishable from commercial insurers in that we insist on *context-specific products* and on *en-bloc affiliation of households and entire villages*. Our operative method is to “*harness rather than invent*”, i.e. work with partners through existing networks and groups. By applying the mutual model and engaging in *collaborative relations with SHGs and other communities*, the basic motivation of all parties is to reduce the risk rather than maximize profits by selling more policies and selecting only ‘good risks’.

**What are the main features of this business model?** We combine capacity-building in insurance domain-knowledge (“*Academy for Micro Insurance*”) with supply of insurance products that respond to clients’ choices, underwriting & risk management assistance, and reinsurance of outlier risks of microinsurance units (“*Social Reinsurance*”) to obtain a large, diversified pool.