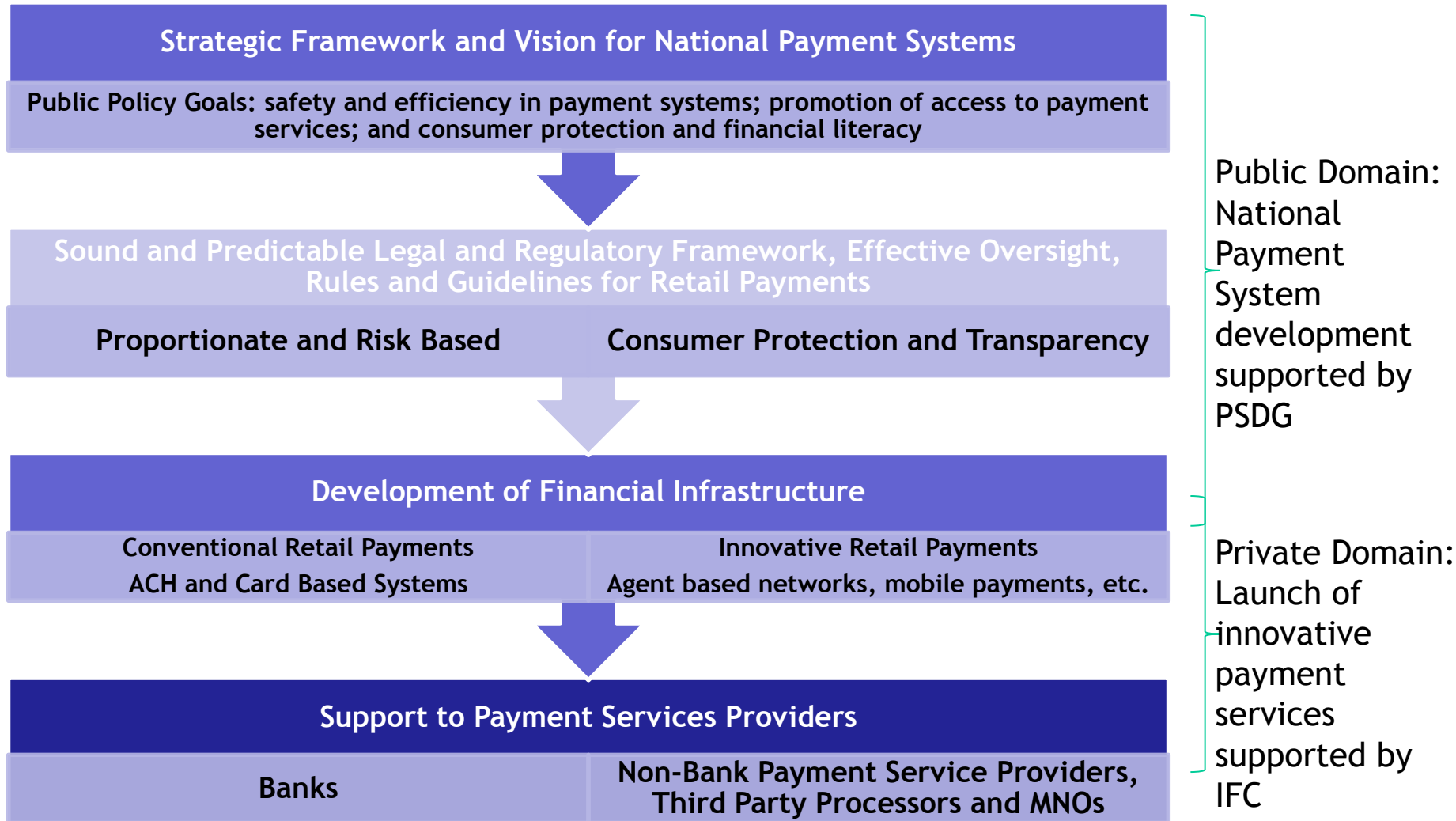
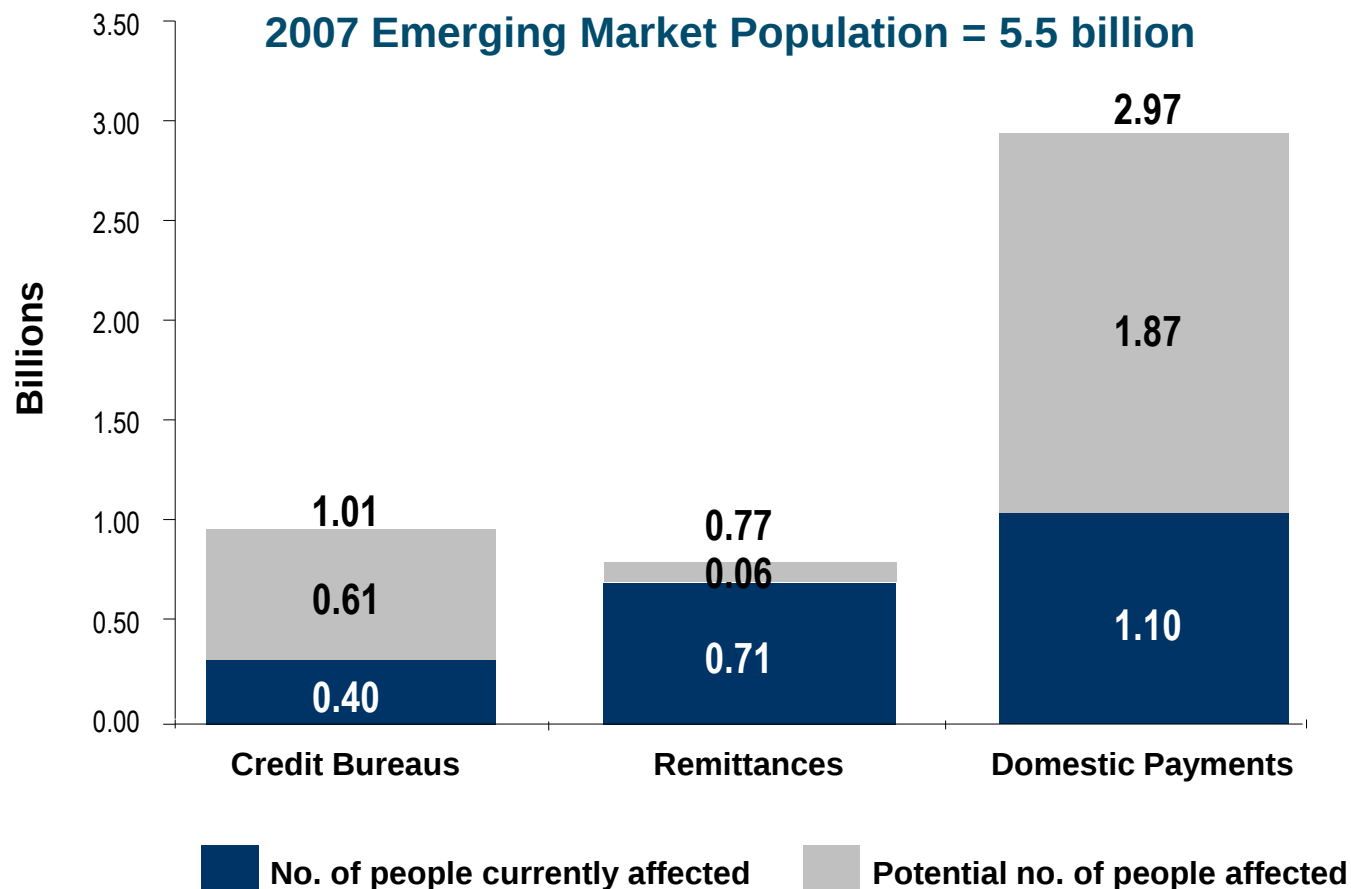


Leveraging Technology for Financial Inclusion

IFC and PSDG Provide An Integrated Approach



Improving Supply In Payments Alone Could Reach Nearly 2 Billion People



E-Money Reduces Costs That Impacts Both Supply To And Demand From The Poor

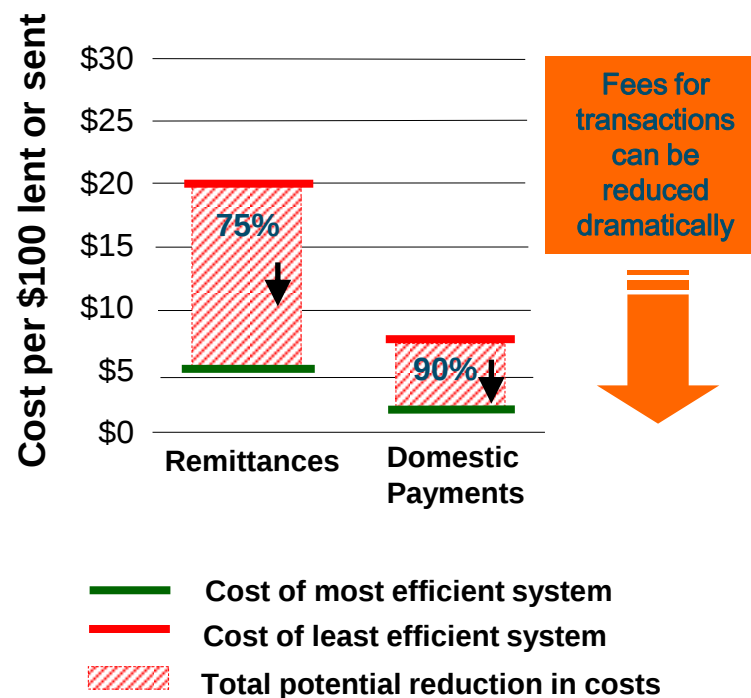
Supply Constraints

- **Affordability** (fees)
- **Availability & Convenience** (days to complete transaction, documents required, physical proximity)
- **Quality** (price transparency, fair disclosure, risk management)

Demand Constraints

- **Affordability** (fees)
- **Availability & Convenience** (time & cost to reach nearest branch)
- **Administrative** paperwork, lack of ID, illiteracy, time spend in queues

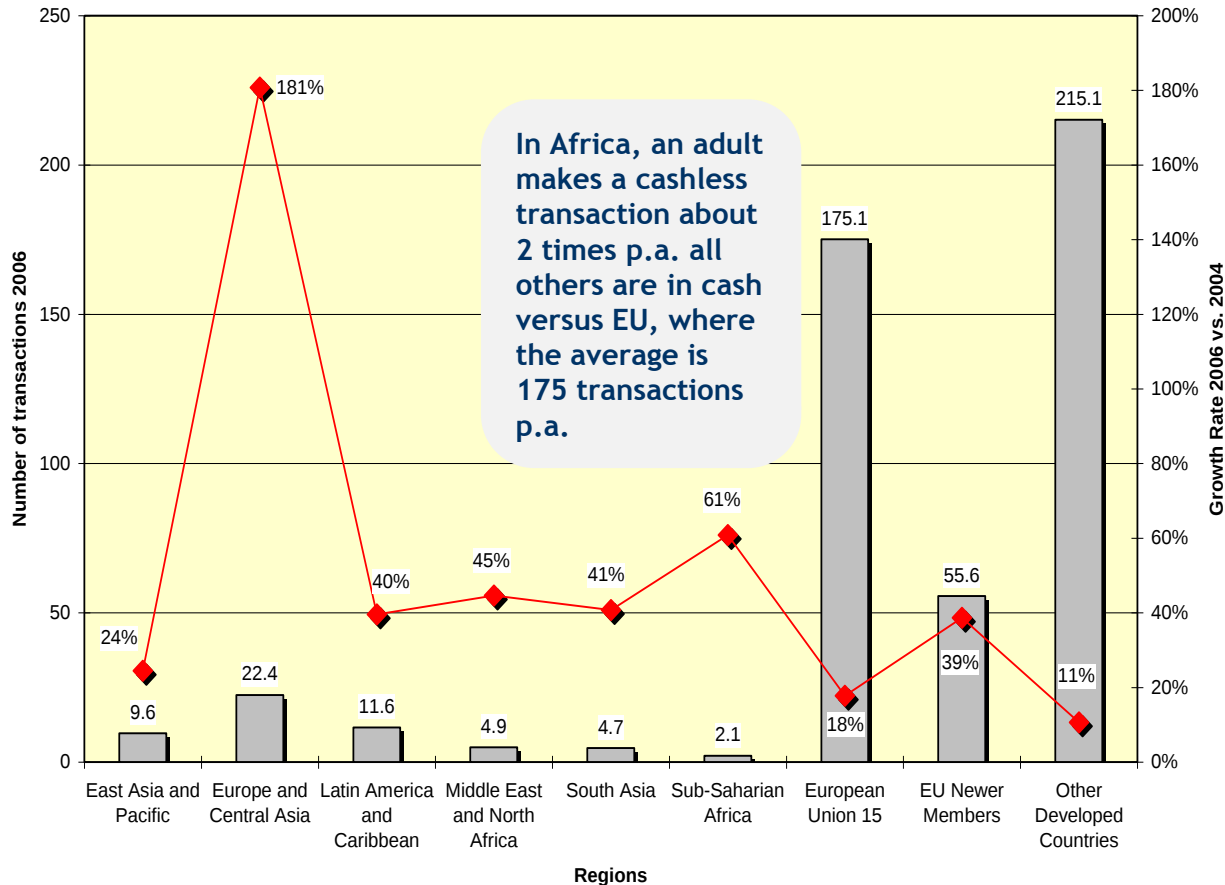
Significant potential to reduce consumer cost to transact beyond fees charged



Remittances: Cost of sending remittances to remitter's home country.
Domestic payments: Cost of sending payments within country.

Moving To E-Money Reduces The Role Of Cash, Improving Overall Economic Productivity

Cashless Retail Payment Transactions Per Capita (2006)



Source: World Bank Global Payment Systems Survey (2008)

Cost Of Cash Are High

On average e-payments are 19% cheaper than cash-based banking

- The lower the transaction value, the cheaper payments are: At a transactional value of \$23, e-banking is on average 38% cheaper than commercial banks transacting in cash
- Payments are 54% cheaper than informal options for money transfer.

For money transfers:

- Banks are the most expensive, charging an average of 13% of the total amount
- Post offices charge 9%
- Money-transfer operators charge 7%

Source: CGAP

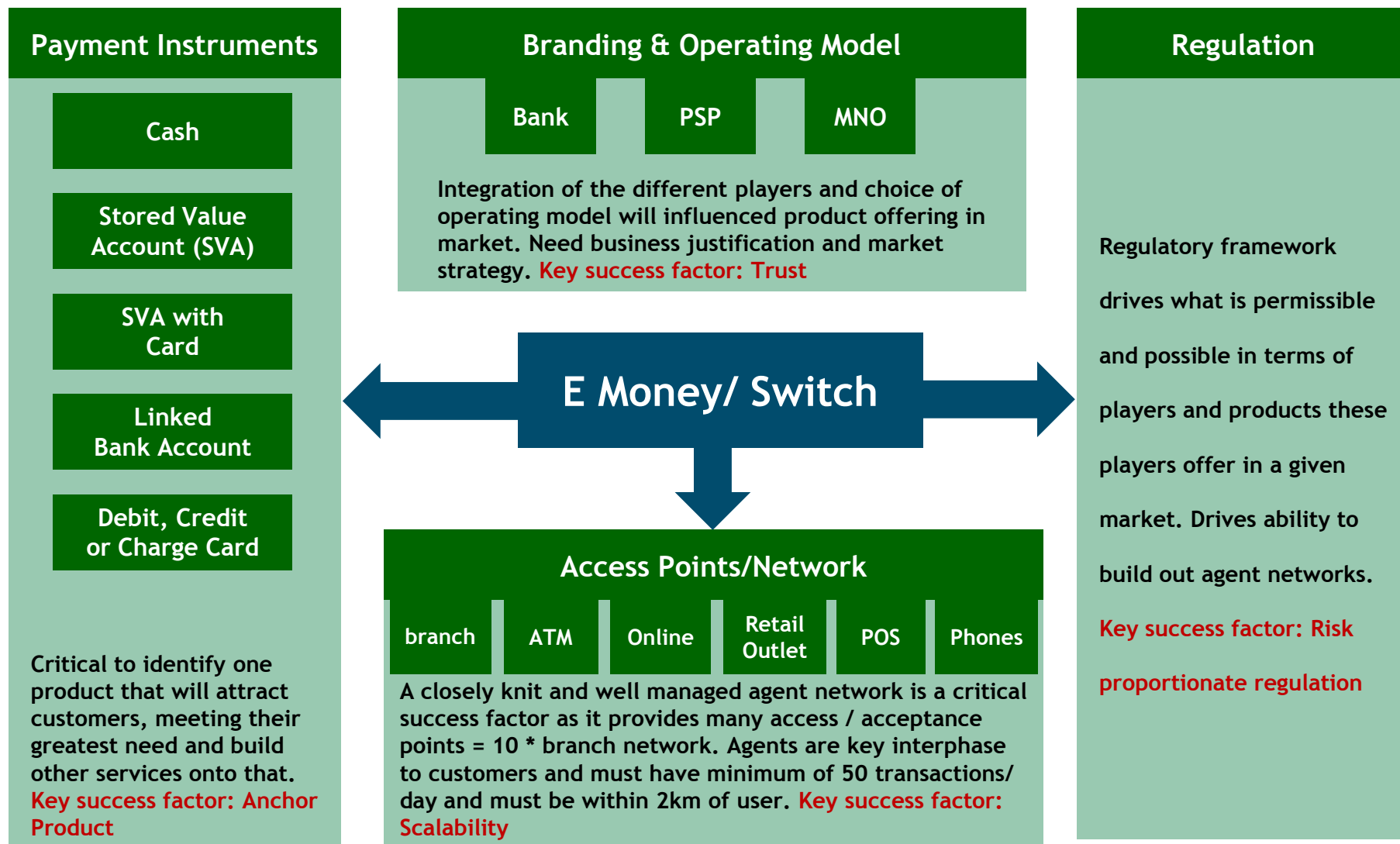
Lower Cost, Increased Outreach Constitute Opportunities For Reaching The Poor And Demand For E-Money Can Be Driven

Government to Person (G2P) payments reach 170 million poor people in 40 countries globally. 75% of payments land in an account that is in accessible in terms of cost and distance

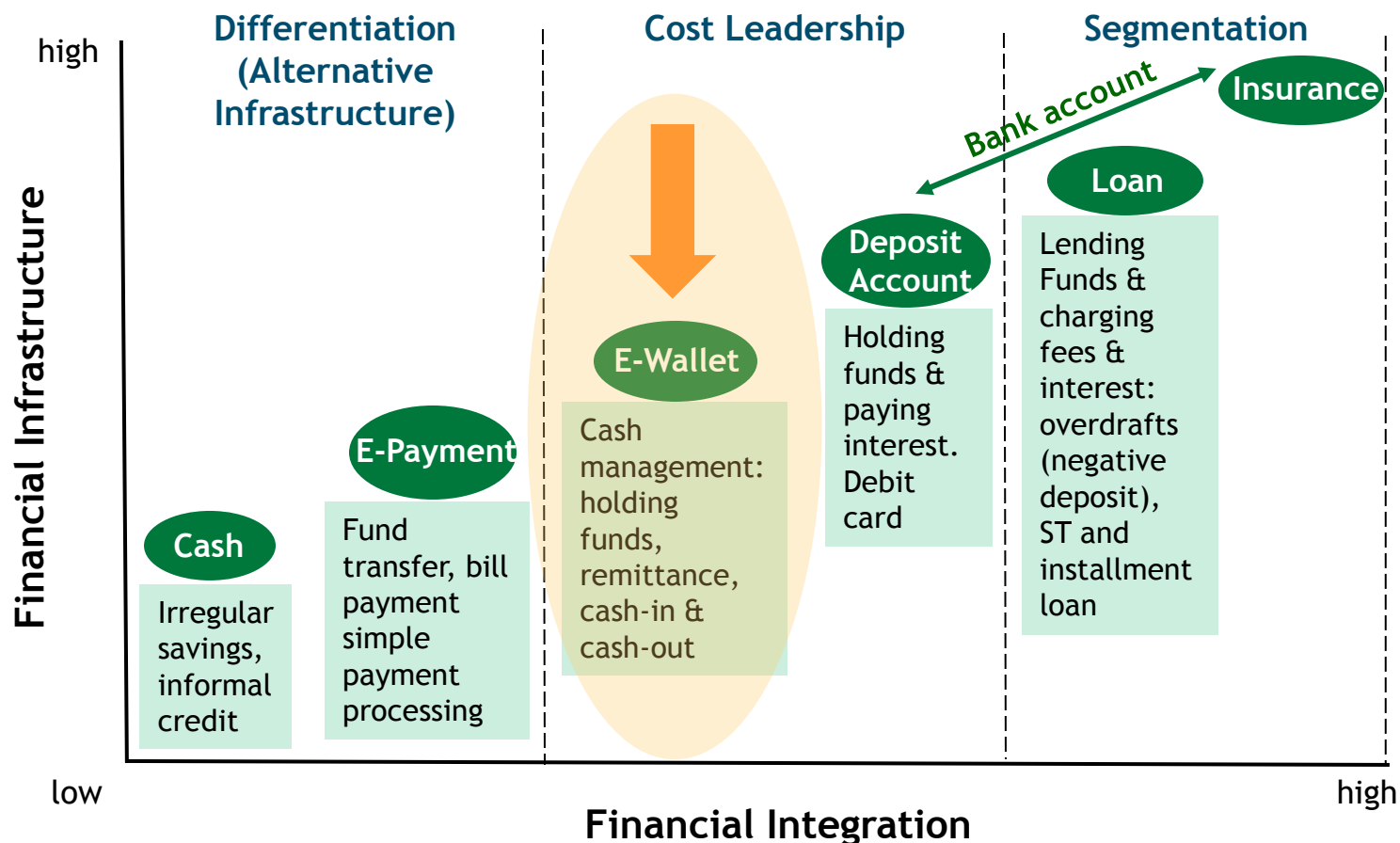
P2P includes domestic and international transfers. While there is little data on the volume of domestic transfers, data suggests that international remittances equal \$300 - 350 billion per year

- Through G2P and P2P transfers, e-payments are making it easier for the poor to manage their financial lives by:
 - Smoothing consumption in the case of seasonal or erratic earnings
 - Handle large life events and absorb unforeseen shocks
 - Support micro-entrepreneurial and livelihood activities
- Global experience shows, mobile wallets reach the poor
 - Due to MPESA the number of Kenyans considered to be financially included has almost doubled to 41% in 3 years
 - 30% of WIZZIT customers were previously unbanked and 20% of Filipino mobile money users live on < \$5/day
 - In Brazil, 398 million deposit and withdrawal transactions worth \$39.6 billion were conducted by agents in 2007, accounting for 1 in every 5 transactions
- 70% of the worlds population has access to mobile phones

The Ability To Integrate Many Components Is Key To Developing A Healthy And Scalable Ecosystem. This Ecosystem Is Not Well Developed In Many Countries



E-Wallet Is An Important Intermediate Step In Bringing Access To The Poor And PSPs Have A Vital Role To Play In Extending E-Money



PSPs Are Likely To Be Important Players In Many Markets

- We think the infrastructure and agent ecosystems may evolve into “shared resource”
- The payment service providers (PSP) are likely to evolve as independent operators that serve multiple markets; owning and maintaining the technology and the agent network
- We think there will be specialist payment service providers that can be the “back office” for multiple FIs
- We think there will be more MNOs focusing on their core business
- Banks will continue to expand their e-payment capabilities and will dominate in the savings and loan products, due to regulatory requirements
- First mover advantage is real & important for payment service providers, as long as the product offering is right. The best are likely to get the most market. There are likely to be no more than two or three per market

Our Target Market May Be Defined By The Service Offering Of The Entity Rather Than Driven By The Type Of Entity And Can Include Banks, PSPs &

MNOs

Tightly integrated B2B, B2C, B2G
and G2C PLATFORMS

Swipe / Wave
IVR / Call / Voice
SMS / USSD
Wap / MWeb
Internet / TV
Touch / See / Think

M-Wallets
Internet wallets
Plastic wallets
Prison Wallets

Issuers of e-Wallets
(banks, PSP, MNO)
To CONSUMERS

HVPS
ACH
BEP
POS Switches
ATM Switches
Internet Switches

Electronic Payments
PROCESSORS (Bank,
MNO or PSP)

POS Networks
WEB POS Networks
M-POS Networks
ATM Networks
Token Distributors

Accepting Networks
Of MERCHANTS

Interfaces, back-ends, switching, security, issuing, managing wallets, loyalty, credit, etc.

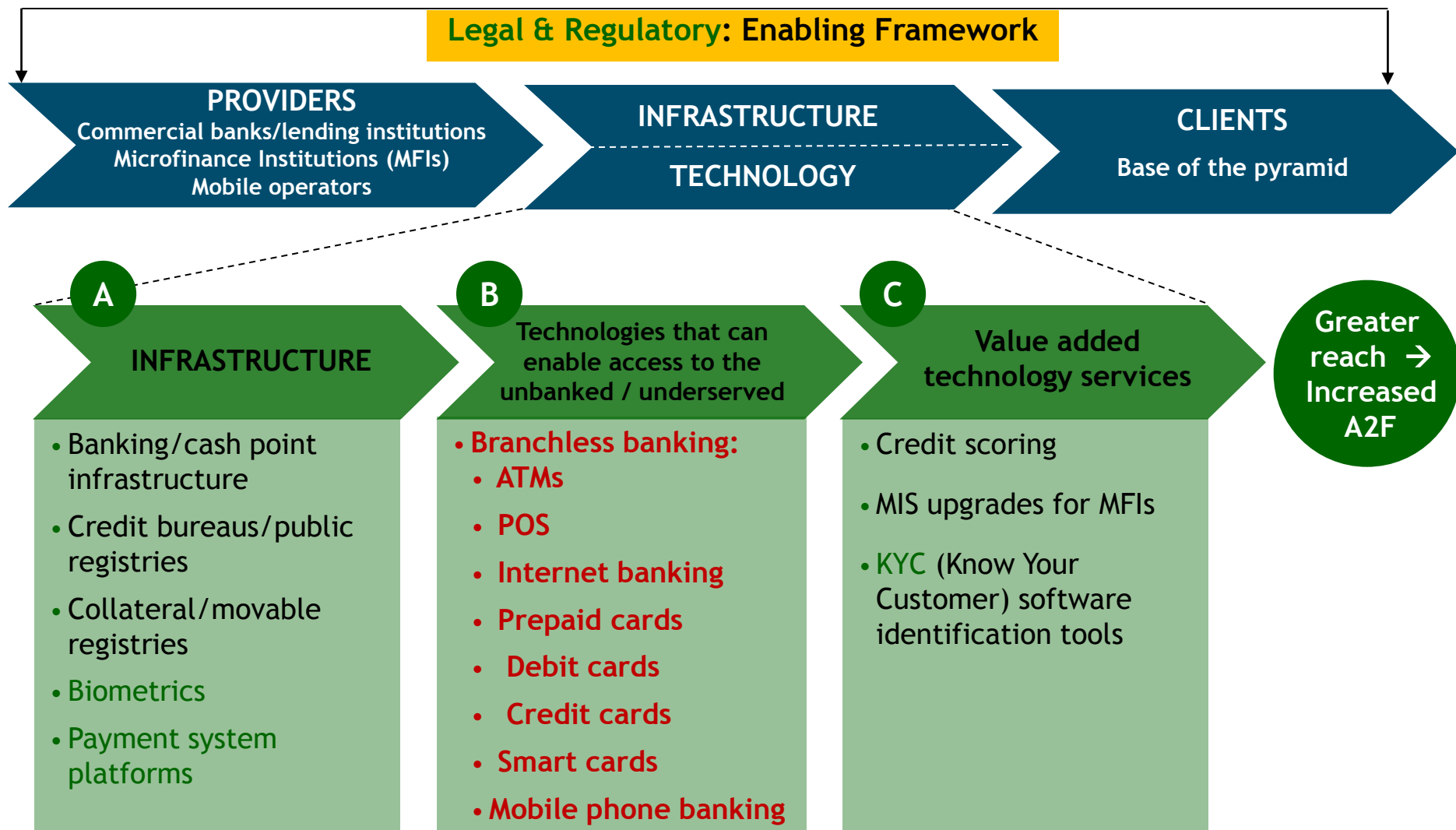


International
Finance Corporation
World Bank Group

THANK YOU FOR YOUR ATTENTION

Technology Is Not The Key Constraint, Making A Business Case And For All Involved Is, But Greater Reach Requires Technology As Enabler

Legal & Regulatory: Enabling Framework



In Many Markets Agents Are Key To Bridging The Service Gap To The Poor And Have Diverse Tasks

Business Management

- Plan all aspects of business
- Meet with retail agents on a regular basis to understand their business
- Track needs for additional training, promotional materials, other tools

Financial Planning

- Develop primary financial statements
- Perform financial forecasting
- Reconcile electronic and cash movement at end of each day

Sales

- Recruit new retail agents
- Develop sales forecasts for their network
- Motivate agents, and monitor progress against sales goals
- Report results to MFSP

Compliance

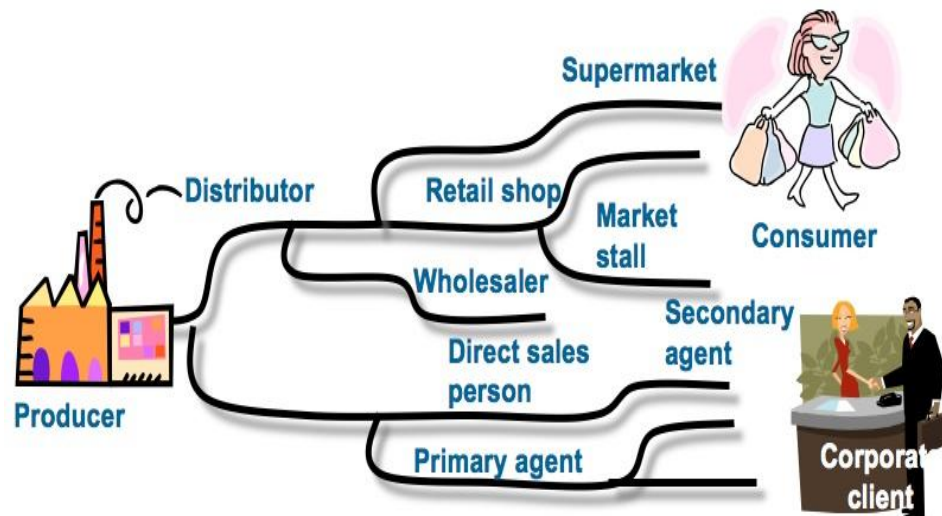
- Monitor retail agents effectiveness in achieving compliance with MFSP and regulatory policies
- Follow up on overdue or outstanding documentation

Liquidity Management

- Ensure that retail agents have sufficient electronic value on their phones
- Set up system to provide and retrieve cash, as needed by agents

Training

- Provide initial training on MFSP services
- Encourage retail agents to attend MFSP special training sessions
- Ensure retail agents are sufficiently trained



Inclusion And Business Sustainability Will Evolve Through Increasing Product Access Diversity And Transaction Over Time

